Pick of the Week

Garden Reach Shipbuilders & Engineers Ltd.

Jan 20, 2025

Garden Reach Shipbuilders & Engineers Ltd.

Industry	LTP	Recommendation	Base Case Fair Value	Bull Case Fair Value	Time Horizon
Aerospace & Defence	Rs 1507.45	Buy in Rs 1492-1522 band and add on dips in Rs 1350- 1378 band	Rs 1648	Rs 1790	2-3 quarters

HDFC Scrip Code	GARREA
BSE Code	542011
NSE Code	GRSE
Bloomberg	GRSE IN
CMP Jan 17, 2025	1507.45
Equity Capital (Rs Cr)	114.6
Face Value (Rs)	10.0
Equity Share O/S (Cr)	11.5
Market Cap (Rs Cr)	17268.1
Book Value (Rs)	161.0
Avg. 52 Wk Volumes	1,207,816
52 Week High	2834.6
52 Week Low	675.25

Share holding Pattern % (Dec, 2024)	
Promoters	74.5
Institutions	5.6
Non Institutions	19.9
Total	100

PRIME RESEARCH

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

Fundamental Research Analyst
Abdul Karim
abdul.karim@hdfcsec.com

Our Take:

Garden Reach Shipbuilders & Engineers Ltd (GRSE) is a ship building company in India, under the administrative control of the Ministry of Defence. The company is engaged in shipbuilding and ship repairing, engine assembling and testing, and engineering products and has built more than 107 warships for various roles, starting from state-of-the-art frigates and corvettes to fast patrol boats. The company has a total of eight units, of which seven (shipbuilding and repair, engineering and training) are located in and around Kolkata, and one (engine division) assembles and tests new diesel engines and repairs and reconditions old engines of Naval and Coast Guard Ships) at Ranchi, Jharkhand. A substantial portion of its turnover (~97.5%) is on account of the construction of warships for the Indian Navy and Coast Guard, and therefore, it is a strategically important entity from defence perspective. GOI is holding 74.50% stake in the company.

GRSE outstanding order book position stood at Rs 24,221.37 crore as on Sept 30, 2024, to be executed in the next 4-5 years; order book for shipbuilding stood at ~98% of total order book, comprising 12 projects with 43 platforms. GRSE has submitted bids for next-generation corvettes of Rs 35000 to 40000 cr. The order consists of eight ships—five would be awarded to the L1 bidder and three to the L2 bidder. This order is expected to be declared by the end of FY25.

India's Strategic Opportunity in Global Shipbuilding - With international shipyards operating at full capacity through 2028, India stands poised to significantly expand its shipbuilding capabilities and establish itself as a key player in the global maritime supply chain. The government has demonstrated its commitment to this sector through comprehensive policy reforms and targeted incentives. Government is likely to announce new shipbuilding incentive program to align with the Maritime India Vision 2030, which sets forth an ambitious target: **elevating India from its current rank of 22nd in global shipbuilding to secure a position among the world's top 10 shipbuilding nations by 2030.**

The Indian defence sector is going through a major transformational phase as the government looks committed to reducing imports and increasing indigenisation of various key defence platforms, systems and associated equipment required for these platforms. The defence shipbuilding segment continues to look promising on account of ambitious acquisition plan of Indian Navy and Indian Coast Guard which is quite encouraging for the Indian Shipbuilders and the entire eco-system. GRSE currently has the capability to construct 24 platforms concurrently (eight large vessels and 16 medium/ small ships across various stages).

On Nov 22, 2023, we had issued a stock update report (Link) on Garden Reach Shipbuilders & Engineers Ltd and recommended to buy in the Rs 802-818 band and add further on dips to Rs 700-716 band for base case target of Rs 895 and bull case target of Rs 958. The stock achieved both its targets before expiry of the call. Given healthy growth outlook and expectation of strong set of numbers in H2FY25E, we have now revised earnings and increased target price for the stock.

Valuation & Recommendation:

GRSE has established as a dependable partner in the international shipbuilding industry led by innovation, quality, and timely delivery. The company has the ability to sustain the overall performance at the present level in a competitive environment, while maintaining leadership in warship building and retaining its largely debt-free status with comfortable liquidity. Growth momentum is expected to continue in the coming quarters. While the company can pass through the higher cost, a sudden spike in prices of raw materials, like steel and energy, can impact its profitability. Given the large order book, revenue visibility s high for the company translating into higher valuations. Government is likely to announce new shipbuilding incentive program to align with the Maritime India Vision 2030. GRSE has submitted bids for next-generation corvettes of Rs 35000 to 40000 cr. Which is expected to be declared by the end of FY25.

Investors could buy in the Rs 1492-1522 band and add more on dips to Rs. 1350-1378 band (24x FY27E EPS). Base case fair value of the stock is Rs 1648 (29x FY27E EPS) and the bull case fair value of the stock is Rs 1790 (31.5x FY27E EPS) over the next two to three quarters. At the CMP of Rs 1507.45 the stock trades at 26.5x FY27E EPS.

Financial Summary:

Particulars (Rs Cr)	Q2FY25	Q2FY24	YoY-%	Q1FY25	QoQ-%	FY23	FY24	FY25E	FY26E	FY27E
Total Operating Income	1153	898	28.4	1010	-11.1	2,561	3,593	5,133	6,474	7,216
EBITDA	69	49	41.0	56	-13.3	149	234	400	570	649
Depreciation	11	10	3.5	10	-0.9	39	41	43	45	47
Other Income	75	72	4.7	74	-3.1	202	300	257	269	271
Interest Cost	2	2	-2.8	4	-41.5	6	11	3	2	2
Tax	33	27	22.5	28	-5.3	77	124	155	200	220
APAT	98	81	21.1	87	-7.4	228	357	457	591	651
Diluted EPS (Rs)	8.5	7.0	21.1	7.6	-7.4	19.9	31.2	39.9	51.6	56.8
RoE-%						17.1	23.1	24.9	26.7	24.6
P/E (x)						75.7	48.3	37.8	29.2	26.5
EV/EBITDA (x)						87.4	58.1	35.6	25.4	21.8

(Source: Company, HDFC sec)

Q2FY25 Result Update

- GRSE's numbers were above expectations and revenue grew by 28.4% YoY to Rs 1153. crore and total income increased to Rs 1228 crore, grew by 27% YoY in Q2FY25.
- The company's EBITDA stood at Rs 68.7 crore, EBITDA grew by 41% YoY, supported by lower other expenses. EBITDA margin was at 6% in Q2FY25 vs. 5.4% in Q2FY24.
- The company net profit grew by 21.1% YoY to Rs 97.8 in Q2FY25. Other income was at Rs 74.9 crore in Q2FY25 vs. Rs 71.6 crore in Q2FY24. Net profit margin stood at 8.5% in Q2FY25 vs. 9% in Q2FY24.

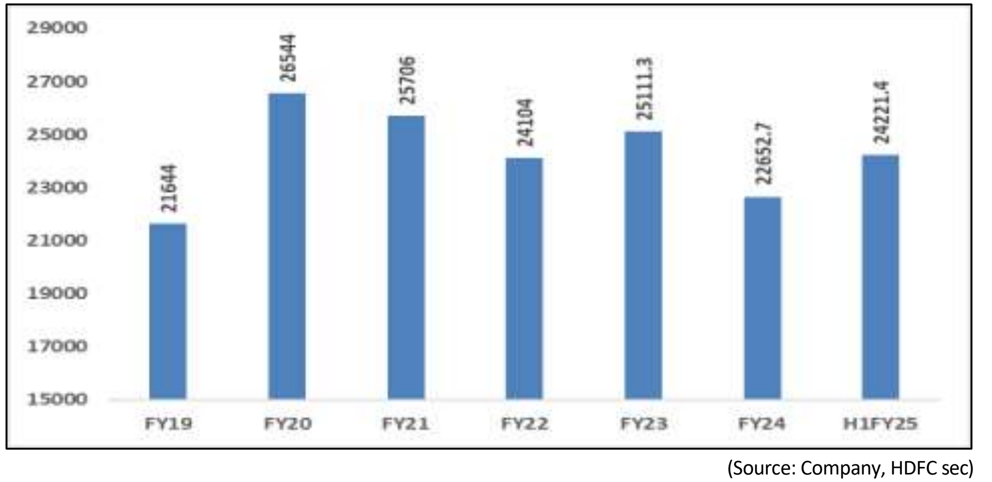
Recent updates

Robust order book and expectation of strong order pipeline brings healthy revenue visibility

GRSE outstanding order book position stood at Rs 24,221.37 crore as on Sept 30, 2024, to be executed in the next 4-5 years; order book for shipbuilding stood at ~98% of total order book, comprising 12 projects with 43 platforms. Key projects includes - P17 Alpha Advanced Stealth Frigates: 3 ships (1st ship 83% complete, 2nd ship 65%, 3rd ship 50%), expected delivery by August 2025. - Next Generation Ocean Going Patrol Vessels (NGOPV): 4 ships, with keel laid for 2 ships and 35% physical progress. - Anti-Submarine Shallow Watercraft: 8 ships, 1st ship ready for delivery in January 2025, with completion expected by October 2026. - Survey Vessel Large: 4 ships, 2 delivered, with remaining ships at 78% and 72% physical progress, expected delivery by Q1FY26.

Besides, GRSE is also executing a project for the Government of Bangladesh comprising of six Patrol Boats, and delivered one Passenger cum Cargo Vessel for the Co-operative Republic of Guyana, and one project for a next-generation electric ferry for the Government of West Bengal. The company has further solidified its export prowess by signing a contract for the construction and delivery of the fifth 7,500 DWT Multi-Purpose Vessel (MPV). This milestone follows an earlier agreement to construct four additional MPVs, highlighting GRSE's growing presence in the international market. This vessel is part of an overall order of eight ships, with an approximate total order value of USD 108 million. Each MPV is designed for optimal versatility and cargo handling, including bulk, general, and project cargo, making them highly capable of supporting global transportation needs.

Order book (Rs in Cr)



(Source: Company, HDFC sec)

On Oct 21, 2024, the company has received letters of intent (LoI) of award for contract for design, development, construction, integration of equipment, testing, certification, commissioning & supply of One Acoustic Research Ship (ARS) of Rs 491 crore from Naval Physical & Oceanographic Laboratory.

On Nov 20, 2024, signed a contract with the West Bengal Transport Department to deliver 13 hybrid ferries for the River Hooghly. The ferries will feature catamaran hulls made of aluminum and Fiber Reinforced Polymer (FRP) and will have hybrid electric propulsion systems powered by batteries and diesel generators.

GRSE has submitted bids for next-generation corvettes of Rs 36000. The order consists of eight ships—five would be awarded to the L1 bidder and three to the L2 bidder. L1 and L2 status is expected to be declared by the end of FY25.

Focus on ship repair and bridges segment to expand its presence in international market

GRSE revenue from Ship Repair activities surged to Rs 92.9 crore in FY24 from Rs 34 crore in FY23, contributed 2.6% of the total sales, reflecting substantial growth and operational efficiency. The contribution of ship repairs in order book is just about 0.5%, the company has decided to cap it to around maximum 5% in the next three to five years. Ship repairs contributes higher margins, expected to improve overall profitability as this segment grows. The company has been providing impetus to ship repairs, and the three dry docks taken over from Kolkata Port Trust have had almost 100% occupancy, carrying out refits of Coast Guard ships and commercial vessels.

GRSE is focused on its Ship Repair division which has higher margin work orders. The company has successfully completed the refit of Barracuda, a Mauritius Ship for amount of Rs 21 crore. In order to give thrust to Ship Repair and Refit business, the company has signed an agreement with Syama Prasad Mookherjee Port, Kolkata in Dec 2021 for long term lease of 3 existing Dry Docks for shipbuilding including repair & refit of ships. Recently, the company undertaken the refit of ICGS Sarojini Naidu.

The Ship Repair Division has effectively utilised all the three dry-docks taken from Syama Prasad Mukherjee Port (SPMK), Kolkata and successfully completed docking of 18 Ships and Crafts at SPMK, Kolkata and Okha in FY24. Additionally, it successfully conducted refits for 12 ships and Crafts, amounting to a total order value of Rs 91.2 crore.

The company is also actively looking for exports in new markets, like SAARC, ASEAN, African and Latin American countries for export opportunities. Besides, it has also collaborated with international companies for improving technical capabilities, which will not only provide a competitive edge in India, but also visibility in the international market. GRSE is also working towards capacity building, modernisation and upgrading technology through research and development and has done various capex in the recent past to this end.

GRSE’s modern manufacturing platform and strong design capabilities provides end to end solutions

GRSE’s manufacturing facilities and vast technical expertise gives it a significant edge over other domestic defence shipyards. Over the years, the company has significantly improved its manufacturing and other functional processes by modernisation of its facilities and adoption of Information Technology. The company produces eight large ships and 12 medium and small ships in its facilities. Besides, the company has constructed new hull shop, module shop and mega block integration, dry dock and building birth.

GRSE has a dedicated Central Design Office (CDO) which undertakes design, research and development, with a highly skilled workforce of ~100 members. Its CDO team uses various software ranging from Aveva Marine, NAPA for Naval Architectural design, AutoCAD for drafting work and other software's for structural analysis. With its dedicated CDO team, it has achieved innovative measures in carrying out complex warship designs and its ability to provide end to end solutions to its customers, ranging from product conceptualization, design, system integration and project management increases its capability to meet customer demands.

GRSE's Diesel Engine Plant at Ranchi, has developed India's first Naval Shock Standards fully qualified, 01 MW Diesel Alternator for marine application. Through strategic initiatives, the company is focused on increasing self-reliance in the maritime domain including development of 'autonomous vessels' and 'Close in Weapon Systems (CIWS)' for maritime use.

Sound financial profile

- GRSE's operating and financial performance has been robust led by negligible debt, healthy cash generating ability and consistent dividend payment to shareholders over the past and the company's production and sales has been as per the shipbuilding schedule over the past. Financial flexibility is strong, supported by robust liquidity.
- GRSE's revenue rose from Rs 922 crore in FY17 to Rs 3593 crore in FY24 - ~21% CAGR over the period. We expect that the company could report revenue ~26% CAGR over the FY24 to FY27E and EBITDA margin at 7.5-9% in next three years.
- The company has zero debt and has no further plans to raise any debt going forward. Capital structure is expected to remain comfortable and debt protection metrics could also be healthy going forward.
- The company's net financial leverage continued to remain negative with a net cash position on account of zero debt and healthy cash balance at the end of Sept-2024. GRSE will continue to have 10%–15% of order backlog in the form of client advances, or cash on asset side, which helps the company earn lucrative other income.
- The company's debt service coverage ratio (DSCR) also stood comfortable on account of the absence of long-term repayment obligations, DSCR stood at 0.3x in FY24.
- The company has sufficient cash and cash equivalent for further investment to expand its business going forward. As on Sept 30, 2024, the company has cash and cash equivalent of Rs 3,356 crore (though it includes advances from customers). Cash per share works out to a healthy ~20% of its CMP.
- The company has always been generous in declaring dividends for the last 30 consecutive years. For FY24, the company declared an Interim Dividend @ Rs. 9.4/- per equity share. We expect dividend per share of Rs 11.5/14/18 per share for FY25E/FY26E/FY27E, respectively.
- The inventory days has decreased from 416 days to 405 days, payable decreased from 167 days to 101 days, and the receivable days increased from 7 days to 20 days as on March 31, 2024. With rise in profitability as well as better return ratios in the future, we expect RoE at a range of 24.5% to 27% in FY25E to FY27E, respectively

What could go wrong?

- GRSE could see increasing competition from private players and other PSU players. However, GRSEL continues to maintain its edge over new emerging competitors by way of capacity, design, technology, processes and cost advantages.
- Any delay in project execution and the repair of ship during the guarantee period could impact its profitability due to the cost overruns and liquidated damages, as per the contract. This could impact its profitability. However, this is offset by provisions made by the company for liquidate damages.
- Higher raw materials (Steel, Steel Alloys, Paint, Diesel and gas) prices could impact its profitability going forward.
- GRSE largely depends on government projects and Budgets; also, any delay in cash realization could further increase its receivables days going forward. Also post FY27-FY28, the revenue visibility for GRSE could fall unless the spate of orders received continue. GRSE will have to procure orders for new platforms later for this. Any delay in missile frigate orders, large survey vessels and ASW vessels, and delay by platform vendors could dilute its revenue visibility.
- Any dilution by the GoI of its stake in the company by way of OFS could increase the free float and bring pressure on stock price.
- The stage of physical progress, brought out items, and provisioning can make forecasting margins quarter after quarter a difficult task.
- With the bell-curve in ship building peaking, the best value of output in the middle stage (the stage of ship building) can skew financial performance.

About the company

Garden Reach Shipbuilders & Engineers Ltd. (GRSE) is a premier shipbuilding company in India under the administrative control of the Ministry of Defence, primarily catering to the shipbuilding requirements of the Indian Navy and the Indian Coast Guard. GRSE is diversified services in the shipbuilding industry and the first Shipyard in the country to export warships and deliver 109 warships to the Indian Navy and Indian Coast Guard. GRSE is engaged in building warships and other vessel for the Indian Navy and Indian Coast Guard. The shipyard has been profit making and dividend paying company for the past 29 years.

GRSE has emerged as a leading shipyard of India, building a wide array of vessels ranging from 05 ton boats to 24,600 ton Fleet Tanker including world class Frigates and Fast Attack Crafts. Apart from Ship Building & Ship Repairs, GRSE is also diversified into engineering business with a product profile of pre-fabricated steel bridges, various deck machinery items & assembly/testing/overhauling of marine diesel engines.

Financials

Income Statement

(Rs Cr)	FY23	FY24	FY25E	FY26E	FY27E
Net Revenues	**2561**	**3593**	**5133**	**6474**	**7216**
Growth (%)	**46**	**40**	**43**	**26**	**11**
Operating Expenses	2412	3359	4732	5904	6566
EBITDA	**149**	**234**	**400**	**570**	**649**
Growth (%)	**11.7**	**57.1**	**71.0**	**42.3**	**14.0**
EBITDA Margin (%)	**5.8**	**6.5**	**7.8**	**8.8**	**9.0**
Depreciation	39	41	43	45	47
EBIT	**110**	**193**	**357**	**525**	**603**
Other Income	202	300	257	269	271
Interest expenses	6	11	3	2	2
PBT	**305**	**481**	**611**	**792**	**871**
Tax	77	124	155	200	220
RPAT	**228**	**357**	**457**	**591**	**651**
APAT	**228**	**357**	**457**	**591**	**651**
Growth (%)	16.6	56.6	27.8	29.5	10.1
EPS	19.9	31.2	39.9	51.6	56.8

Balance Sheet

As at March	FY23	FY24	FY25E	FY26E	FY27E
SOURCE OF FUNDS					
Share Capital	115	115	115	115	115
Reserves	1299	1559	1884	2315	2759
Shareholders' Funds	**1414**	**1673**	**1998**	**2429**	**2874**
Long Term Debt	9	8	8	8	8
Net Deferred Taxes	15	14	13	11	10
Long Term Provisions & Others	98	100	103	107	122
Minority Interest	**0**	**0**	**0**	**0**	**0**
Total Source of Funds	**1535**	**1796**	**2122**	**2556**	**3015**
APPLICATION OF FUNDS					
Net Block & Goodwill	509	506	532	557	579
CWIP	5	12	11	11	12
Other Non-Current Assets	296	289	308	328	284
Total Non Current Assets	**810**	**806**	**851**	**896**	**875**
Current Investments	0	0	0	0	0
Inventories	2919	3984	4922	6208	6919
Trade Receivables	51	194	281	355	395
Cash & Equivalents	4561	3720	3078	2812	3137
Other Current Assets	2435	1547	1469	1396	1326
Total Current Assets	**9966**	**9446**	**9751**	**10770**	**11777**
Short-Term Borrowings	303	57	37	22	17
Trade Payables	1174	992	1406	1774	1977
Other Current Liab & Provisions	7764	7407	7036	7314	7644
Total Current Liabilities	**9241**	**8456**	**8479**	**9110**	**9638**
Net Current Assets	**725**	**989**	**1271**	**1660**	**2140**
Total Application of Funds	**1535**	**1796**	**2122**	**2556**	**3015**

(Source: Company, HDFC sec)

Cash Flow Statement

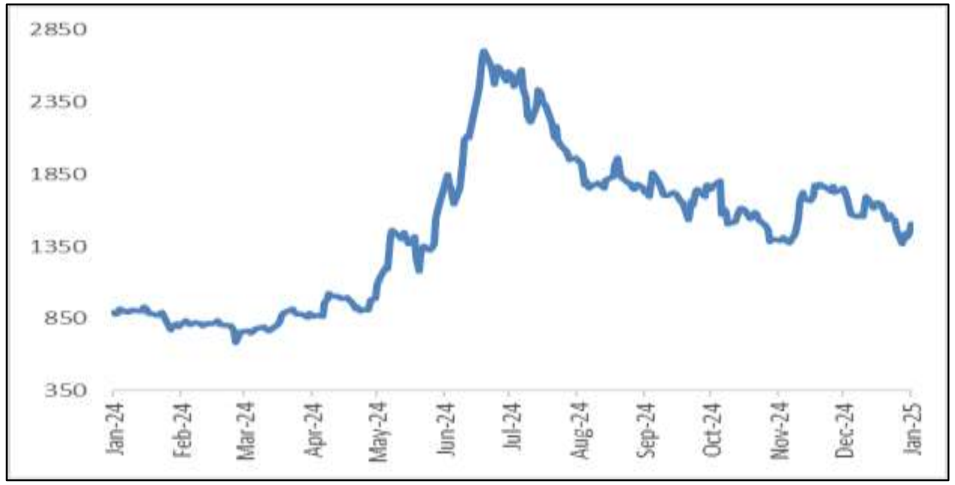
(Rs Cr)	FY23	FY24	FY25E	FY26E	FY27E
Reported PBT	305	481	611	792	871
Non-operating & EO items	-186	-300	-257	-269	-271
Interest Expenses	6	11	3	2	2
Depreciation	39	41	43	45	47
Working Capital Change	1,362	-858	-900	-637	-135
Tax Paid	-77	-124	-155	-200	-220
OPERATING CASH FLOW (a)	**1,450**	**-748**	**-655**	**-268**	**294**
Capex	-42	-45	-70	-70	-70
Free Cash Flow	1,408	-793	-725	-338	224
Investments	-37	8	-19	-20	44
Non-operating income	186	300	257	269	271
INVESTING CASH FLOW (b)	**107**	**262**	**168**	**178**	**244**
Debt Issuance / (Repaid)	600	-246	-21	-15	-5
Interest Expenses	-6	-11	-3	-2	-2
FCFE	815	-535	-701	-321	230
Share Capital Issuance	0	0	0	0	0
Dividend	-71	-107	-132	-160	-206
Other	0	0	0	0	0
FINANCING CASH FLOW (c)	**522**	**-365**	**-155**	**-177**	**-213**
NET CASH FLOW (a+b+c)	**2,079**	**-850**	**-642**	**-267**	**325**

Key Ratios

Particulars	FY23	FY24	FY25E	FY26E	FY27E
Profitability Ratio (%)					
EBITDA Margin	5.8	6.5	7.8	8.8	9.0
EBIT Margin	4.3	5.4	7.0	8.1	8.4
APAT Margin	8.9	9.9	8.9	9.1	9.0
RoE	17.1	23.1	24.9	26.7	24.6
RoCE	23.8	31.7	32.5	33.6	30.5
Solvency Ratio (x)					
Net Debt/EBITDA	-28.5	-15.6	-7.6	-4.9	-4.8
Net D/E	-3.0	-2.2	-1.5	-1.1	-1.1
PER SHARE DATA (Rs)					
EPS	19.9	31.2	39.9	51.6	56.8
CEPS	23.3	34.8	43.6	55.5	60.9
Dividend	6.2	9.4	11.5	14.0	18.0
BV	123.4	146.1	174.4	212.1	250.9
Turnover Ratios (days)					
Debtor days	7	20	20	20	20
Inventory days	416	405	350	350	350
Creditors days	167	101	100	100	100
VALUATION (x)					
P/E	75.7	48.3	37.8	29.2	26.5
P/BV	12.2	10.3	8.6	7.1	6.0
EV/EBITDA	87.4	58.1	35.6	25.4	21.8
EV / Revenues	5.1	3.8	2.8	2.2	2.0
Dividend Yield (%)	0.4	0.6	0.8	0.9	1.2

(Source: Company, HDFC sec)

One Year Price chart



(Source: Company, HDFC sec)

HDFC Sec Prime 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: 2025.01.20 06:50:42 +05'30'

Disclosure:

I, **(Abdul Karim),** Research Analyst, **(MBA),** author and the name 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.
Please note that HDFC Securities has a proprietary trading desk. This desk maintains an arm's length distance with the Research team and all its activities are segregated from Research activities. The proprietary desk operates independently, potentially leading to investment decisions that may deviate from research views.

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