

# Sudarshan Chemical

## Improving global asset footprint

Sudarshan Chemical Industries Limited (SCIL) has entered into a definitive agreement whereby its wholly owned subsidiary (WOS), Sudarshan Europe BV, shall acquire the global pigment business operations of the Heubach Group of Germany. Having a global scale is essential for success in the pigment business. It ensures sustainable growth, cheaper feedstock and, more importantly, exposure to cutting-edge technologies. We believe that the fit between Heubach and SCIL is perfect. The combination of cutting-edge technologies, a diverse product portfolio catering to a wide range of customer needs, and Heubach's expansive global production and service network uniquely position the company to serve a worldwide customer base in coatings, plastics, inks, and specialty applications. This comprehensive offering enables SCIL to deliver industry-leading products and services with a global reach. In the last four years, global players shifted away from the pigment business which would be a tailwind for the Indian pigment manufacturer. We upgrade the stock to ADD from REDUCE with a TP of INR1,161/sh.

### The acquisition will consolidate SCIL's position

Heubach is the second largest pigment manufacturer with a product basket consisting of organic pigments, inorganic pigments, dyes, dispersions and anti-corrosion pigments. Post-acquisition, SCIL will have a comprehensive pigment portfolio of high-quality products and a strong presence in major markets including Europe and the Americas. It will enhance SCIL's product portfolio, giving it deeper access to customers and a diversified asset footprint across 17 sites globally. SCIL is enhancing its product portfolio through this acquisition. It is in a sweet spot to capitalise on this opportunity by offering products comparable to global players at a lower cost (Refer to Exhibit No.1).

### Acquiring other than India assets at ~INR11.4bn

SCIL shall acquire assets of Heubach Global for a total consideration of Euro 127.5mn (~INR 11.8bn) and an infusion of Euro 100mn (~INR9.3bn) towards working capital, restructuring and meeting regulatory requirements (Exhibit No. 2). We estimate that the value of Heubach Global's stake in the Indian company Heubach Colorant is ~INR 6.3bn. Additionally, as per regulatory requirements, the company has to make an open offer to acquire a 26% stake in Heubach Colorants India. At today's valuation, it will cost ~INR 3.3bn. We estimate that SCIL is acquiring infrastructure across continents, customer base, marketing rights, and technology of Heubach Global excluding Indian assets at ~INR11.4bn, which we believe is a reasonable value.

### Financial summary (consolidated)

INR mn	1Q FY25	4Q FY24	QoQ (%)	1Q FY24	YoY (%)	FY22	FY23	FY24	FY25E	FY26E
Net Sales	6,336	7,642	(17.1)	6,081	4.2	22,008	23,017	25,388	28,613	98,929
EBITDA	806	1,191	(32.3)	699	15.3	2,748	2,106	3,164	4,082	10,183
APAT	294	580	(49.3)	211	39.7	1,300	448	2,716	1,906	5,761
AEPS (INR)	4.3	8.4	(49.3)	3.0	39.7	18.8	6.5	39.2	27.5	83.2
P/E (x)						57.3	166.4	27.4	39.1	12.9
EV/EBITDA(x)						30.0	39.1	24.8	18.9	9.6
RoE (%)						16.5	5.4	27.5	15.8	40.1

Source: Company, HSIE Research

## ADD

CMP (as on 15 Oct 2024)	INR 1,076
Target Price	INR 1,161
NIFTY	25,057

KEY CHANGES	OLD	NEW
Rating	REDUCE	ADD
Price Target	INR 765	INR 1,161
EPS %	FY25E	FY26E
	-	+117.4%

### KEY STOCK DATA

Bloomberg code	SCHI IN
No. of Shares (mn)	69
MCap (INR bn) / (\$ mn)	74/886
6m avg traded value (INR mn)	452
52 Week high / low	INR 1,235/437

### STOCK PERFORMANCE (%)

	3M	6M	12M
Absolute (%)	16.5	73.0	125.6
Relative (%)	15.1	61.5	102.1

### SHAREHOLDING PATTERN (%)

	Mar-24	June-24
Promoters	33.22	30.55
FIs & Local MFs	17.49	20.93
FPIs	4.49	6.71
Public & Others	44.80	41.82
Pledged Shares	0.00	0.00

Source: BSE

### Nilesh Ghuge

nilesh.ghuge@hdfcsec.com  
+91-22-6171-7342

### Harshad Katkar

harshad.katkar@hdfcsec.com  
+91-22-6171-7319

### Prasad Vadnere

prasad.vadnere@hdfcsec.com  
+91-22-6171-7356

### Dhawal Doshi

dhawal.doshi@hdfcsec.com  
+91-22-6171-7361

**Change in estimates (consolidated)**

Y/E Mar	FY25E Old	FY25E New	% Ch	FY26E Old	FY26E New	% Ch
EBITDA (INR mn)	4,082	4,082	-	5,045	10,183	101.8
Adj. EPS (INR/sh)	27.5	27.5	-	38.3	83.2	117.4

Source: Company, HSIE Research

**Exhibit-1: Pigment Market Structure**

Producers	Inorganic pigments	Organic pigments	Specialities
BASF	High presence	High presence	High presence
DIC (incl Sun Chemical)	Medium presence	High presence	Medium presence
Heubach	Medium presence	High presence	High presence
Ferro	High presence	Medium presence	Medium presence
Venator (ex-Huntsman)	High presence	No presence	Medium presence
Lanxess	High presence	Medium presence	Medium presence
Altana (Eckart)	Medium presence	No presence	High presence
Sudarshan (India)	Medium presence	Medium presence	Medium presence
Meghmani Organics (India)	No presence	Medium presence	No presence
Changzhou North American Chemical Group (China)	No presence	Medium presence	No presence
Lily Group (Hangzhou Baihe Chemical) (China)	No presence	Medium presence	No presence

**Key**

	High presence
	Medium presence
	Low presence
	No presence

Source: Company, HSIE Research

**Other details of deal**

# The acquisition is expected to close in 3-4 months, subject to the satisfaction of customary closing conditions, including approvals from regulators and SCIL shareholders.

- # The proposed transaction comprises acquisition by Sudarshan Europe B.V. of (i) assets and business operations of (a) Heubach Colorants Germany GmbH, (b) Heubach GmbH, (c) Dr Hans Heubach GmbH, and (iv) Heubach Group GmbH and participations held by Heubach Holding Switzerland AG in downstream Group Companies in various countries from insolvency administrator in the aforesaid countries. (ii) 100% shareholding of Heubach Holdings S.a.r.l., a Luxemburg-based Heubach Group Company having investments in shareholding in companies based in India and the US.

**Exhibit-2: Historical Acquisitions**

Deal	Currency	Deal Year	EBITDA	EV	EV/EBITDA	Remarks/Assumptions
Acquisition of pigment business of BASF by DIC Japan	Euro Mn	2019	388.35	1150	3.0	# EBITDA for 2019 and # EBITDA margin of 7.5%
Acquisition of Clariant Pigment business by Heubach group	CHF Mn	2022	158	855	5.4	Based on CY19 EBITDA of pigment business of Clariant
Promoters acquired 3.84% stake in the Clariant India	INR mn	2022	800	11,170	14	Post acquiring Clariant AG by Heubach group, promoter entities acquire stake through open offer

Source: Company, HSIE Research

# SCIL has bought the business on a debt-free basis. The acquisition would be through a cash consideration funded by a mix of debt and equity. The company will infuse cash for working capital, restructuring and meeting regulatory requirements.

# The company is planning to integrate all entities into one unified organisation and would capture synergies. Creating a customer-centric culture is the priority of SCIL.

# Post-acquisition, the company will focus on value creation across multiple areas. The management wants to restructure some of the operations where some of the sites are non-performing. The focus will be on aligning operations and market requirements.

By way of integration of IT systems and Global Business Services (GBS), the saving on SG&A cost is the second lever to capture synergies.

# SCIL is planning to take advantage of manufacturing capacities across geographies for the procurement of raw materials. Lastly, there was a volume loss by Heubach which SCIL is planning to improve.

# The company is planning to shift commodity product manufacturing to the low-cost producing unit and specialty products manufacturing to Europe, which has the market.

# The legal team is working on the details of the open offer and it will be announced as per the regulatory requirements

# The management does not expect any major infusion of working capital.

### Exhibit-3: Global assets of Heubach group

Region	City, Country	Office	Organic Pigments	Pigment Preparations	Specialty Dyes	Global Distribution	Anticorrosive	Inorganic Pigments	Number of warehouses
North America	Toronto, Canada								6
	Fairless Hills, PA, USA								
	Santa Clara, Mexico								
	Charlotte, NC, USA								
Latin America	Bogota, Colombia								4
	Suzano, Brasil								
	Maipu, Chile								
	Sao Paulo, Brasil								
	Buenos Aires, Argentina								
Europe	Langelsheim, Germany								4
	Frankfurt, Germany								
	Brussels, Belgium								
	Paris, France								
	Barcelona, Spain								
	Cologne, Germany								
	Pratteln, Switzerland								
	Milan, Italy								
	Vienna, Austria								
	Istanbul, Turkey								
IMEA	Chamdor, South Africa								7
	Nagda, India								
	Roha, India								
	Ankleshwar, India								
	Dubai, UAE,								
	Dahej, India								
	Vadodara, India								
	Mumbai, India								
Cuddalore, India									
APAC	Bangkok, Thailand								12
	Bangpoo, Thailand								
	Shah Alam, Malaysia								
	Tangerang, Indonesia								
	Tianjin, China								
	Shanghai, China								
	Seoul, South Korea								
	Tokyo, Japan								
	Osaka, Japan								
	Shizuoka, Japan								
	Taipai, Taiwan								
	Hangzhou, China								
	Singapore								

Source: Company, HSIE Research

## Financials

We expect regulatory approval to be completed by FY25-end and the consolidated financial statement of the merged entity to be reported in FY26. SCIL's revenue would grow at 5 % CAGR over FY26-28E to INR 104.3bn while EBITDA at a CAGR of 12%. Its EBITDA margin will be 11.8% in FY28 as against the EBITDA margin of 12.5% in FY24. EPS will grow at a CAGR of 7% over FY26-28.

SCIL's credit rating has always been healthy. We believe the company will raise foreign debt to acquire these assets. With these ratings, the company can raise foreign loans with ease.

### Exhibit-4: Stable Credit Rating

Year	Date	Rating	Outlook
2024	02-07-2024	IND AA	Stable
2023	04-07-2023	IND AA-	Stable
2022	05-07-2022	IND AA-	Stable
2021	06-04-2021	IND AA-	Stable
2020	06-04-2020	IND A+	Positive
2019	25-03-2019	IND A+	Stable
2018	30-10-2018	IND A+	Stable
2018	01-02-2018	IND A+	Stable
2017	25-09-2017	IND A+	Stable
2017	13-06-2017	IND A+	Stable

Source: Company, HSIE Research

## Income Statement

INR mn	FY19	FY20	FY21	FY22	FY23	FY24	FY25E	FY26E	FY27E
<b>Revenues</b>	15,930	17,082	18,641	22,008	23,017	25,388	28,613	98,929	1,04,307
<i>Growth %</i>	19.8	7.2	9.1	18.1	4.6	10.3	12.7	245.8	5.4
Raw Material	9,422	9,762	10,605	12,704	13,683	14,154	16,105	18,892	20,638
Employee Cost	1,244	1,457	1,557	1,840	1,840	2,100	2,241	2,415	2,608
Other Expenses	3,224	3,400	3,602	4,716	5,389	5,970	6,184	6,283	7,055
<b>EBITDA</b>	<b>2,040</b>	<b>2,463</b>	<b>2,878</b>	<b>2,748</b>	<b>2,106</b>	<b>3,164</b>	<b>4,082</b>	<b>10,183</b>	<b>11,532</b>
<i>EBITDA Margin (%)</i>	12.8	14.4	15.4	12.5	9.2	12.5	14.3	10.3	11.1
<i>EBITDA Growth %</i>	9.0	20.7	16.8	(4.5)	(23.3)	50.2	29.0	149.4	13.3
Depreciation	656	735	865	893	1,142	1,412	1,437	1,929	2,483
<b>EBIT</b>	<b>1,385</b>	<b>1,728</b>	<b>2,012</b>	<b>1,855</b>	<b>964</b>	<b>1,752</b>	<b>2,645</b>	<b>8,254</b>	<b>9,049</b>
Other Income (Including EO Items)	793	218	70	50	48	3,322	140	140	140
Interest	170	142	179	194	415	369	250	694	1,267
<b>PBT</b>	<b>2,007</b>	<b>1,804</b>	<b>1,904</b>	<b>1,711</b>	<b>597</b>	<b>4,705</b>	<b>2,535</b>	<b>7,700</b>	<b>7,922</b>
Tax	680	353	493	412	150	1,131	629	1,939	2,030
Profit after tax from discontinued operations	23	(5)	0	0	0	0	0	0	0
<b>RPAT</b>	<b>1,351</b>	<b>1,445</b>	<b>1,411</b>	<b>1,300</b>	<b>448</b>	<b>3,574</b>	<b>1,906</b>	<b>5,761</b>	<b>5,892</b>
EO (Loss) / Profit (Net Of Tax)	340	134	-	-	-	2,459	-	-	-
<b>APAT</b>	<b>1,011</b>	<b>1,311</b>	<b>1,411</b>	<b>1,300</b>	<b>448</b>	<b>2,716</b>	<b>1,906</b>	<b>5,761</b>	<b>5,892</b>
Share from associates	-	-	-	-	-	-	-	-	-
Minority Interest	-	-	-	-	-	-	-	-	-
<b>Consolidated APAT</b>	<b>1,011</b>	<b>1,311</b>	<b>1,411</b>	<b>1,300</b>	<b>448</b>	<b>2,716</b>	<b>1,906</b>	<b>5,761</b>	<b>5,892</b>
<i>Consolidated APAT Growth (%)</i>	19.3	29.7	7.6	(7.9)	(65.6)	506.7	(29.8)	202.3	2.3
<b>AEPS</b>	<b>14.6</b>	<b>18.9</b>	<b>20.4</b>	<b>18.8</b>	<b>6.5</b>	<b>39.2</b>	<b>27.5</b>	<b>83.2</b>	<b>85.1</b>
<i>AEPS Growth %</i>	19.3	29.7	7.6	(7.9)	(65.6)	506.7	(29.8)	202.3	2.3

Source: Company, HSIE Research

## Balance Sheet

INR mn	FY19	FY20	FY21	FY22	FY23	FY24	FY25E	FY26E	FY27E
<b>SOURCES OF FUNDS</b>									
Share Capital	138	138	138	138	138	138	138	138	138
Reserves And Surplus	5,539	5,869	7,297	8,193	8,144	11,352	12,495	15,952	19,487
<b>Total Equity</b>	<b>5,677</b>	<b>6,008</b>	<b>7,436</b>	<b>8,332</b>	<b>8,282</b>	<b>11,490</b>	<b>12,634</b>	<b>16,090</b>	<b>19,625</b>
Minority Interest	-	-	-	-	-	-	-	-	-
Long-term Debt	1,131	2,250	3,081	3,686	4,492	1,933	933	18,433	16,933
Short-term Debt	2,540	2,736	3,060	4,502	3,683	2,476	2,476	5,934	9,391
<b>Total Debt</b>	<b>3,671</b>	<b>4,986</b>	<b>6,141</b>	<b>8,187</b>	<b>8,175</b>	<b>4,409</b>	<b>3,409</b>	<b>24,367</b>	<b>26,324</b>
Deferred Tax Liability	546	446	490	519	716	911	938	967	996
Long-term Provision and others	157	193	395	438	496	591	603	615	627
<b>TOTAL SOURCES OF FUNDS</b>	<b>10,051</b>	<b>11,632</b>	<b>14,461</b>	<b>17,476</b>	<b>17,670</b>	<b>17,401</b>	<b>17,584</b>	<b>42,039</b>	<b>47,572</b>
<b>APPLICATION OF FUNDS</b>									
Net Block	4,650	6,271	6,149	8,316	11,262	11,016	10,251	19,933	19,706
Capital WIP	240	480	2,783	2,847	445	145	273	761	1,006
LT Loans And Advances	321	845	734	380	544	432	440	449	458
Total Non-current Investments	0	9	13	17	21	24	24	24	24
<b>Total Non-current assets</b>	<b>5,211</b>	<b>7,604</b>	<b>9,679</b>	<b>11,559</b>	<b>12,271</b>	<b>11,617</b>	<b>10,988</b>	<b>21,168</b>	<b>21,194</b>
Inventories	3,077	4,107	4,116	5,660	4,941	4,376	4,932	17,068	17,995
Debtors	3,461	3,641	4,847	5,007	4,861	5,853	6,596	22,780	24,010
Cash and Cash Equivalents	81	156	238	353	294	559	802	1,028	5,565
Other Current Assets	1,753	733	1,115	1,032	1,552	1,145	1,168	1,192	1,216
<b>Total Current Assets</b>	<b>8,373</b>	<b>8,637</b>	<b>10,316</b>	<b>12,051</b>	<b>11,649</b>	<b>11,933</b>	<b>13,498</b>	<b>42,067</b>	<b>48,785</b>
Creditors	2,422	3,717	4,411	5,218	5,087	5,120	5,771	19,953	21,038
Other Current Liabilities & Provns	1,111	891	1,122	917	1,163	1,028	1,131	1,244	1,369
<b>Total Current Liabilities</b>	<b>3,533</b>	<b>4,608</b>	<b>5,534</b>	<b>6,134</b>	<b>6,250</b>	<b>6,149</b>	<b>6,902</b>	<b>21,197</b>	<b>22,406</b>
<b>Net Current Assets</b>	<b>4,840</b>	<b>4,028</b>	<b>4,782</b>	<b>5,917</b>	<b>5,399</b>	<b>5,784</b>	<b>6,596</b>	<b>20,870</b>	<b>26,378</b>
<b>TOTAL APPLICATION OF FUNDS</b>	<b>10,051</b>	<b>11,632</b>	<b>14,461</b>	<b>17,476</b>	<b>17,670</b>	<b>17,401</b>	<b>17,584</b>	<b>42,039</b>	<b>47,572</b>

Source: Company, HSIE Research

### Cash Flow Statement

(INR mn)	FY19	FY20	FY21	FY22	FY23	FY24	FY25E	FY26E	FY27E
Reported PBT	2,031	1,799	1,904	1,711	597	4,705	2,535	7,700	7,922
Non-operating & EO Items	(793)	(218)	(70)	(50)	(48)	(3,322)	(140)	(140)	(140)
Interest Expenses	170	142	179	194	415	369	250	694	1,267
Depreciation	656	735	865	893	1,142	1,412	1,437	1,929	2,483
Working Capital Change	(693)	887	(672)	(1,020)	460	(121)	(569)	(14,048)	(972)
Tax Paid	(582)	(453)	(448)	(383)	48	(936)	(602)	(1,910)	(2,001)
<b>OPERATING CASH FLOW ( a )</b>	<b>789</b>	<b>2,891</b>	<b>1,757</b>	<b>1,345</b>	<b>2,614</b>	<b>2,107</b>	<b>2,912</b>	<b>(5,776)</b>	<b>8,560</b>
Capex	(736)	(2,597)	(3,046)	(3,124)	(1,686)	(866)	(800)	(12,100)	(2,500)
Free Cash Flow (FCF)	54	295	(1,289)	(1,779)	929	1,241	2,112	(17,876)	6,060
Investments	5	(9)	(4)	(4)	(4)	(4)	-	-	-
Non-operating Income	793	218	70	50	48	3,322	140	140	140
Others	5	(523)	110	355	(165)	112	(9)	(9)	(9)
<b>INVESTING CASH FLOW ( b )</b>	<b>67</b>	<b>(2,910)</b>	<b>(2,870)</b>	<b>(2,723)</b>	<b>(1,806)</b>	<b>2,564</b>	<b>(669)</b>	<b>(11,969)</b>	<b>(2,369)</b>
Debt Issuance/(Repaid)	(638)	1,315	1,155	2,046	(12)	(3,766)	(1,000)	20,958	1,958
Interest Expenses	(170)	(142)	(179)	(194)	(415)	(369)	(250)	(694)	(1,267)
FCFE	(755)	1,467	(312)	73	501	(2,894)	862	2,387	6,750
Share Capital Issuance	-	-	-	-	(0)	-	-	-	-
Dividend	(82)	(1,002)	-	-	-	-	-	-	-
Others	(26)	(77)	218	(360)	(440)	(272)	(751)	(2,292)	(2,344)
<b>FINANCING CASH FLOW ( c )</b>	<b>(917)</b>	<b>94</b>	<b>1,195</b>	<b>1,492</b>	<b>(867)</b>	<b>(4,406)</b>	<b>(2,001)</b>	<b>17,971</b>	<b>(1,654)</b>
<b>NET CASH FLOW (a+b+c)</b>	<b>(61)</b>	<b>75</b>	<b>82</b>	<b>115</b>	<b>(59)</b>	<b>265</b>	<b>243</b>	<b>226</b>	<b>4,537</b>
EO Items, Others									
<b>Closing Cash &amp; Equivalents</b>	<b>81</b>	<b>156</b>	<b>238</b>	<b>353</b>	<b>294</b>	<b>559</b>	<b>802</b>	<b>1,028</b>	<b>5,565</b>

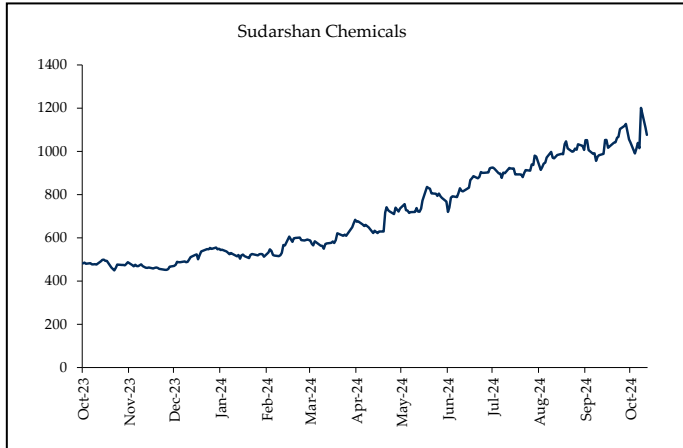
Source: Company, HSIE Research

### Key Ratios

	FY19	FY20	FY21	FY22	FY23	FY24	FY25E	FY26E	FY27E
<b>PROFITABILITY %</b>									
Gross profit margin	41	43	43	42	41	44	44	81	80
EBITDA Margin	12.8	14.4	15.4	12.5	9.2	12.5	14.3	10.3	11.1
EBIT Margin	8.7	10.1	10.8	8.4	4.2	6.9	9.2	8.3	8.7
APAT Margin	6.3	7.7	7.6	5.9	1.9	10.7	6.7	5.8	5.6
RoE	20.1	22.4	21.0	16.5	5.4	27.5	15.8	40.1	33.0
RoC	5.3	12.0	13.3	11.0	4.6	4.0	12.0	21.8	16.6
RoCE	11.2	13.1	11.8	9.1	4.3	17.1	12.0	21.1	15.3
<b>EFFICIENCY</b>									
Tax Rate %	52.9	21.7	25.9	24.1	25.1	24.0	24.8	25.2	25.6
Fixed Asset Turnover (x)	2.6	2.3	2.1	2.0	1.6	1.5	1.6	4.1	3.4
Inventory (days)	70	88	81	94	78	63	63	63	63
Debtors (days)	79	78	95	83	77	84	84	84	84
Other Current Assets (days)	40.17	16	22	17	25	16	15	4	4
Payables (days)	55.48	79.42	86.38	86.53	80.67	74	74	74	74
Other Current Liab & Provns (days)	25	19	22	15	18	15	14	5	5
Cash Conversion Cycle (days)	109	83	89	92	81	75	74	73	73
Net Debt/EBITDA (x)	1.8	2.0	2.1	2.9	3.7	1.2	0.6	2.3	1.8
Net D/E	0.6	0.8	0.8	0.9	1.0	0.3	0.2	1.5	1.1
Interest Coverage	8.1	12.1	11.3	9.6	2.3	4.7	10.6	11.9	7.1
<b>PER SHARE DATA (Rs)</b>									
EPS	14.6	18.9	20.4	18.8	6.5	39.2	27.5	83.2	85.1
CEPS	24.1	29.6	32.9	31.7	23.0	59.6	48.3	111.1	121.0
Dividend	6.0	6.3	6.0	5.0	1.5	15.7	11.0	33.3	34.0
Book Value	82.0	86.8	107.4	120.4	119.6	166.0	182.5	232.4	283.5
<b>VALUATION</b>									
P/E (x)	73.6	56.7	52.7	57.2	166.1	27.4	39.0	12.9	12.6
P/Cash EPS (x)	44.6	36.3	32.7	33.9	46.8	18.0	22.2	9.7	8.9
P/BV (x)	13.1	12.4	10.0	8.9	9.0	6.5	5.9	4.6	3.8
EV/EBITDA (x)	38.2	32.1	27.9	29.9	39.0	24.7	18.9	9.6	8.2
EV/Revenue (x)	4.9	4.6	4.3	3.7	3.6	3.1	2.7	1.0	0.9
Dividend Yield (%)	0.6	0.6	0.6	0.5	0.1	1.5	1.0	3.1	3.2
OCF/EV (%)	1.0	3.7	2.2	1.6	3.2	2.7	3.8	(5.9)	9.0
FCFF/EV (%)	0.1	0.4	(1.6)	(2.2)	1.1	1.6	2.7	(18.3)	6.4
FCFE/M Cap (%)	(1.0)	2.0	(0.4)	0.1	0.7	(3.9)	1.2	3.2	9.1

Source: Company, HSIE Research

1 Yr Price Movement



Rating Criteria

- BUY: >+15% return potential
- ADD: +5% to +15% return potential
- REDUCE: -10% to +5% return potential
- SELL: > 10% Downside return potential

**Disclosure:**

We, **Nilesh Ghuge, MMS, Harshad Katkar, MBA, Prasad Vadnere, MSc & Dhawal Doshi, CA** authors and the names subscribed to this report, hereby certify that all of the views expressed in this research report accurately reflect my 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. I also certify that no part of my 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 have/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 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.

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](mailto:complianceofficer@hdfcsec.com) Phone: (022) 3045 3600

For grievance redressal contact Customer Care Team Email: [customercare@hdfcsec.com](mailto:customercare@hdfcsec.com) Phone: (022) 3901 9400

HDFC Securities Limited, SEBI Reg. No.: NSE, BSE, MSEI, MCX: INZ000186937; AMFI Reg. No. ARN: 13549; PFRDA Reg. No. POP: 11092018; IRDA Corporate Agent License No.: CA0062; SEBI Research Analyst Reg. No.: INH000002475; SEBI Investment Adviser Reg. No.: INA000011538; CIN - U67120MH2000PLC152193

Investment in securities market are subject to market risks. Read all the related documents carefully before investing. Mutual Funds Investments are subject to market risk. Please read the offer and scheme related documents carefully before investing.

Registration granted by SEBI, membership of BASL (in case of IAs) and certification from NISM in no way guarantee performance of the intermediary or provide any assurance of returns to investors.

---

### **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)