

# Teamlease Services

**BUY**

## Mild slowdown, business drivers on track

We maintain **BUY** on Teamlease despite slight miss on revenue and margin in 2QFY20. **NETAP trainee's addition was impacted due by core sector slowdown. However, general staffing (~75% of total associates) is on growth track and will have a strong 2HFY20. Our TP Rs 3,415 is based on 40x Sep-21E EPS.**

### HIGHLIGHTS OF THE QUARTER

- Revenue stood at Rs 12.68bn up 1.3% QoQ vs est. of Rs 12.84bn. Core staffing (90% of rev, +0.8% QoQ) growth was lower than estimates due to fall in NETAP (-10.4% QoQ) offset by growth in general staffing (+2.7% QoQ).
- EBITDA margin expanded 8bps QoQ to 1.9% vs. est. of 2.2%. Adjusted for one-off margin stood at 2.2%, in line with estimate. Associate/core ratio (-5.8/+8.5% QoQ/YoY) dipped due to temporary addition of core employees to support demand.
- Mark-up continues to grow (highest in six qtrs), +1.2% QoQ to Rs 736. Salary funding exposure remained flat QoQ at 14% (lowest in the industry). Demand in general staffing continues to be strong led by BFSI, Retail, E-commerce and Food delivery segments.
- Specialised staffing (~8% of rev) grew 2.3% QoQ driven by IT staffing while Evolve (Telecom) continues to drag.

### Financial Summary

YE March (Rs mn)	2QFY20	2QFY19	YoY (%)	1QFY19	QoQ (%)	FY18	FY19	FY20E	FY21E	FY22E
Net Revenues	12,678	10,907	16.2	12,512	1.3	36,241	44,476	52,299	62,025	74,167
EBIT	179	211	(15.2)	171	5.0	596	839	893	1,231	1,593
APAT	210	250	(15.9)	193	9.0	735	980	940	1,267	1,652
Diluted adj. EPS (Rs)	12.3	14.6	(15.9)	11.3	9.0	43.0	57.3	55.0	74.1	96.6
P/E (x)						65.0	48.7	50.8	37.7	28.9
EV / EBITDA (x)						67.4	49.3	41.0	30.6	24.0
RoE (%)						18.2	20.0	16.0	18.1	19.5

Source: Company, HDFC sec Inst Research # Consolidated

EBITDA margin for specialised dipped by 15bps QoQ to 6.3%. The company is looking for acquisitions in IT staffing to enhance the business mix (higher margin). The problem with such acquisitions is higher receivables, 60-90 days vs. 7-9 days for core staffing.

- Teamlease employee PF trust has an exposure of Rs 1.74bn towards two NBFCs with maturities between FY21-27. Net impact could be Rs 0.80bn (surplus of Rs 0.90bn) over next seven years. No provisions have been made currently and are contingent in nature.

### STANCE: Quality at a premium

**We like company's low risk business model (non outcome based), focus on scaling core associates and diversified client base across sectors. There is scope for margin expansion through productivity benefits and better business mix. Teamlease's ability to grow ~20% organically, focus on driving productivity through automation, lower funding exposure, domestic exposure and high management pedigree commands premium valuations vs. peers. We expect revenue/EBIT/PAT to grow at 19/24/19% CAGR over FY19-22E. Risks include adverse macros, discontinuation of Sec 80JJAA tax incentive and delay in tax refunds.**

INDUSTRY	STAFFING
<b>CMP (as on 08 Nov 2019)</b>	<b>Rs 2,791</b>
<b>Target Price</b>	<b>Rs 3,415</b>
Nifty	11,908
Sensex	40,324
KEY STOCK DATA	
Bloomberg	TEAM IN
No. of Shares (mn)	17
MCap (Rs bn) / (\$ mn)	48/670
6m avg traded value (Rs mn)	45
STOCK PERFORMANCE (%)	
<b>52 Week high / low</b>	<b>Rs 3,210/2,361</b>
	3M 6M 12M
Absolute (%)	4.2 (3.7) 4.0
Relative (%)	(3.9) (10.5) (10.4)
SHAREHOLDING PATTERN (%)	
	Jun-19 Sep-19
Promoters	40.28 40.28
FIs & Local MFs	8.49 9.14
FPIs	47.88 47.39
Public & Others	3.35 3.19
Pledged Shares	0.49 0.49
Source : BSE	

### Amit Chandra

amit.chandra@hdfcsec.com  
+91-22-6171-7345

### Apurva Prasad

apurva.prasad@hdfcsec.com  
+91-22-6171-7327

**Core staffing/Specialised staffing/HR services grew 0.8/2.3/23.5% QoQ and contributed 90/8/2% of revenue**

**EBITDA margin for Core staffing/Specialised stood at 1.8/6.3% down 23/15 respectively. HR services was at breakeven level vs. loss last quarter**

**GM stood at 5.4% +77bps higher than our est. of 4.8%**

**Adjusted for one-off (non recurring other operating expenses) of Rs 30mn the EBITDA margin stood at 2.2% in-line with our est. of 2.2%**

**HR services collections of Rs 16mn from the Govt. training business. The company will exit the Govt. training business due to high receivables**

**The company expects Rs 200mn tax refunds in the next quarter**

### Financial Snapshot (Consolidated)

Particulars (Rs mn)	2QFY20	2QFY19	YoY (%)	1QFY19	QoQ (%)
<b>Total Revenues</b>	<b>12,678</b>	<b>10,907</b>	<b>16.2</b>	<b>12,512</b>	<b>1.3</b>
Associate + core employee cost	11,996	10,244	17.1	11,936	0.5
SG&A & other expenses	437	422	3.5	345	26.7
<b>EBITDA</b>	<b>245</b>	<b>240</b>	<b>1.9</b>	<b>232</b>	<b>5.7</b>
Depreciation	66	29	126.6	61	7.5
<b>EBIT</b>	<b>179</b>	<b>211</b>	<b>(15.2)</b>	<b>171</b>	<b>5.0</b>
Other Income	54	40	34.7	35	54.9
Interest Cost	29	14	114.1	28	5.6
<b>PBT</b>	<b>204</b>	<b>238</b>	<b>(14.2)</b>	<b>178</b>	<b>14.7</b>
Tax	-6	-12	NM	-15	NM
<b>RPAT</b>	<b>210</b>	<b>250</b>	<b>(15.9)</b>	<b>193</b>	<b>9.0</b>
EO Items (Adj For Tax)	0	0	NM	0	NM
<b>APAT</b>	<b>210</b>	<b>250</b>	<b>(15.9)</b>	<b>193</b>	<b>9.0</b>

Source: Company, HDFC sec Inst Research

MARGIN ANALYSIS	2QFY20	2QFY19	YoY (bps)	1QFY19	QoQ (bps)
Associate employee cost % of Revenue	94.6	93.9	70	95.4	(77)
SG&A Expenses % of Revenue	3.4	3.9	(42)	2.8	69
Gross Margin (%)	5.4	6.1	(70)	4.6	77
EBITDA Margin (%)	1.9	2.2	(27)	1.9	8
EBIT Margin (%)	1.4	1.9	(52)	1.4	5
Tax Rate (%)	(3.2)	(5.2)	NM	(8.6)	NM
APAT Margin (%)	1.7	2.3	(63)	1.5	12

Source: Company, HDFC sec Inst Research

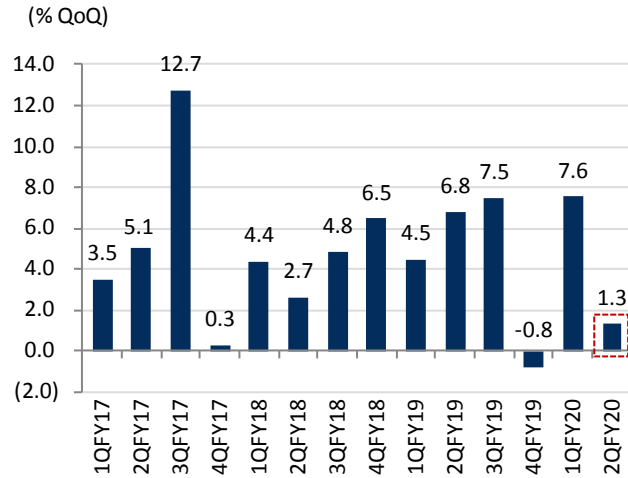
*YoY revenue growth has come-off due to slow down in NETAP (organic growth of ~20% YoY is achievable and sustainable)*

*There has been pick-up in the addition of general associates and the open positions continues to be robust*

*Specialised staffing growth is muted because of Telecom drag (EVOLVE has around 3,050 associates). HR services is down YoY because of exit from Govt. training business*

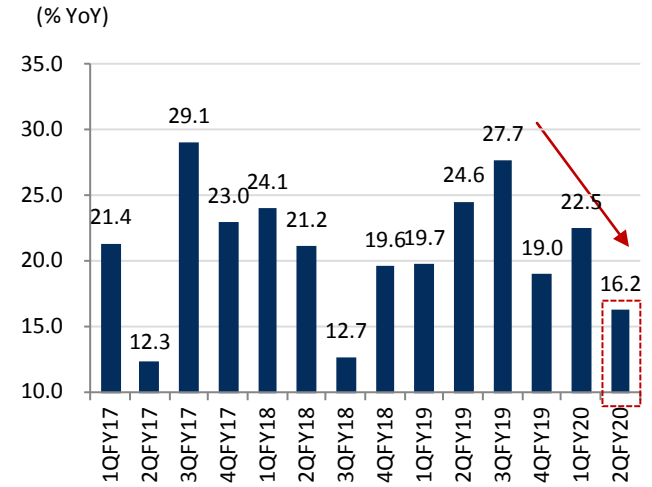
*Increased revenue contribution from higher margin Specialised staffing will boost consolidated margins*

**QoQ Revenue Growth (Core+Specialised+HR)**



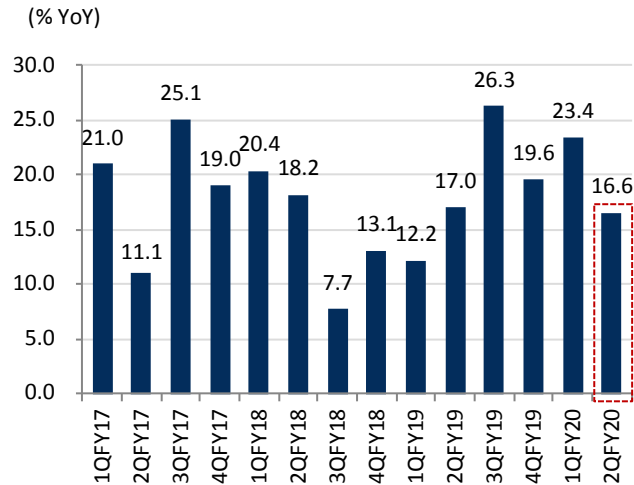
Source: Company, HDFC sec Inst Research

**YoY Revenue Growth (Core+Specialised+HR)**



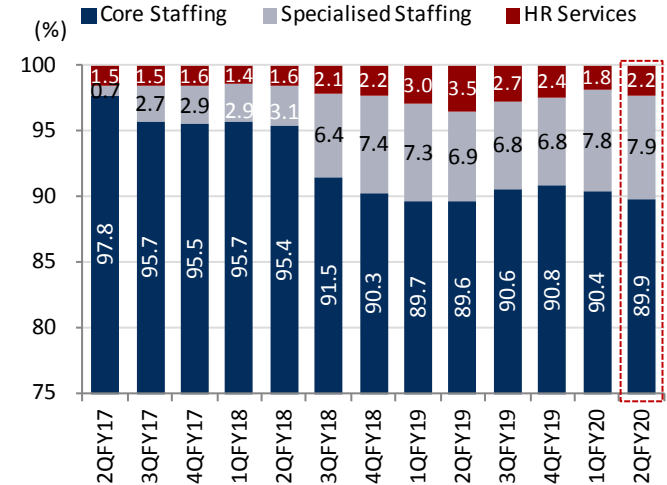
Source: Company, HDFC sec Inst Research

**YoY Core Staffing Revenue Growth**



Source: Company, HDFC sec Inst Research

**Total Revenue Mix**



Source: Company, HDFC sec Inst Research

**Total no of associates was down 0.8% QoQ to 223K.**

**General staffing/NETAP/Specialised staffing associates stood at 165.0/51.3/6.5K, +4,415/-5,915/-309 associates respectively**

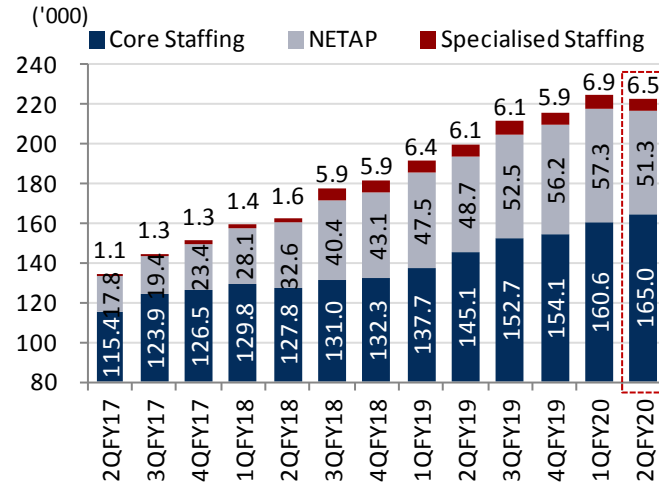
**NETAP trainees' addition declined 10.4% QoQ in the quarter to 51.3K due to issues in core sectors, will be stable in 2H**

**General staffing addition was at +2.7% QoQ and the demand is robust. This is the core business segment with lower funding exposure and lower receivables**

**EBITDA margin in core staffing will expand gradually to the 2-3% range led by productivity and automation benefits**

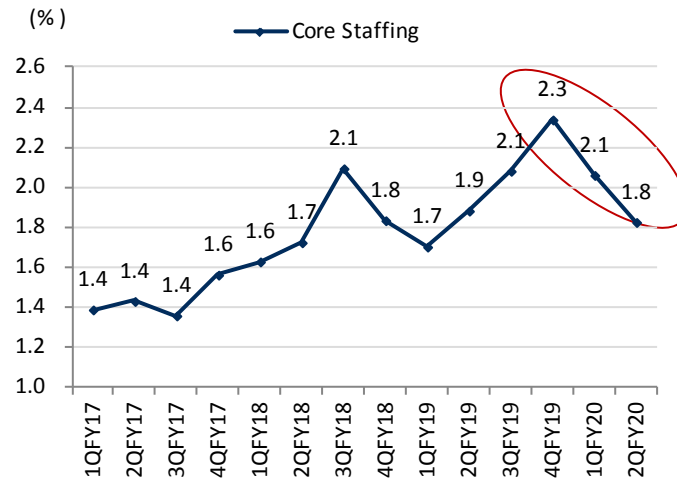
**Evolve operates at 3.5% and IT staffing operates at 9% EBITDA margin**

**Associate Strength Across Business Lines**



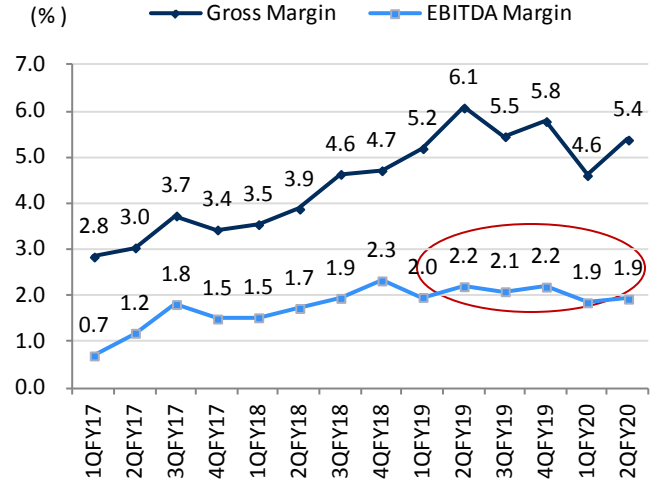
Source: Company, HDFC sec Inst Research

**Core Staffing EBITDA Margin (Recovery Likely)**



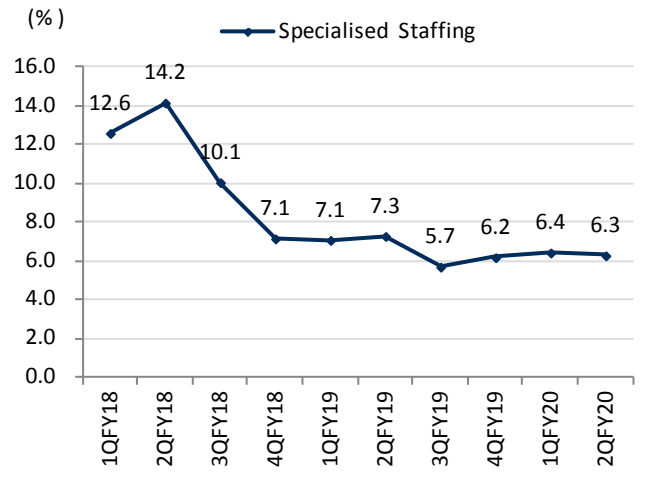
Source: Company, HDFC sec Inst Research

**Gross Margin And EBITDA Margin**



Source: Company, HDFC sec Inst Research

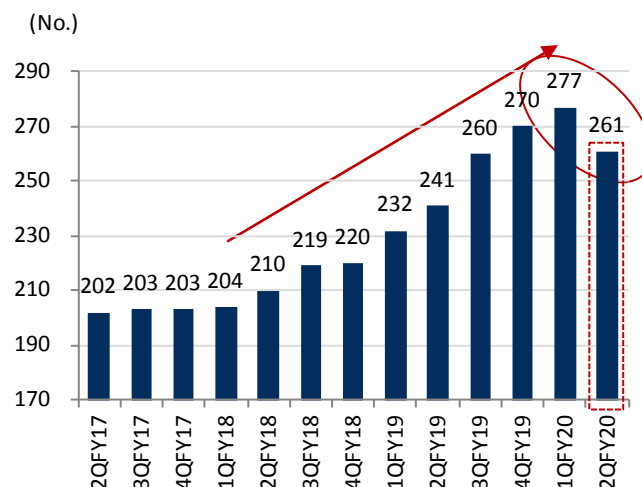
**Specialised (IT/Telecom) Staffing EBITDA Margin Stabilising**



Source: Company, HDFC sec Inst Research

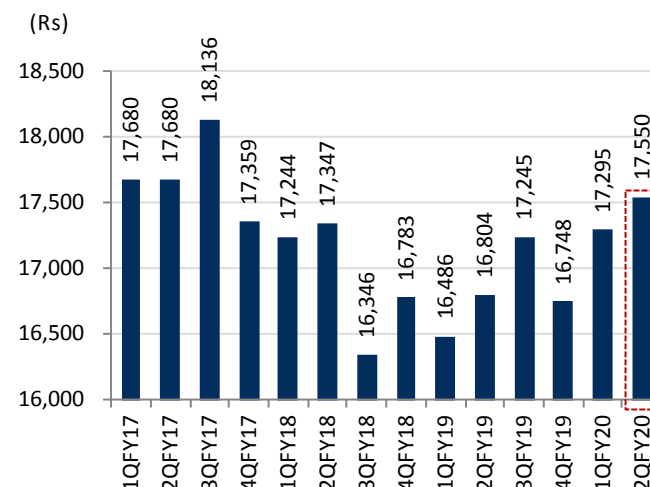
Associate/core ratio has moderated but will recover and is a margin lever

### Associate / Core Ratio (Margin Lever, Temporary Blip)



Source: Company, HDFC sec Inst Research

### Core Staffing Realisation (Including NETAP)



Source: Company, HDFC sec Inst Research

### Key Assumptions Table

Rs mn	FY18	FY19	FY20E	FY21E	FY22E
<b>Core Staffing</b>	<b>33,749</b>	<b>40,115</b>	<b>47,104</b>	<b>56,278</b>	<b>67,797</b>
YoY %	14.6	18.9	17.4	19.5	20.5
<b>Specialised Staffing</b>	<b>1,829</b>	<b>3,092</b>	<b>4,047</b>	<b>4,451</b>	<b>4,960</b>
YoY %	NM	69.0	30.9	10.0	11.4
<b>HR Services</b>	<b>663</b>	<b>1,269</b>	<b>1,148</b>	<b>1,295</b>	<b>1,410</b>
YoY %	44.9	91.5	(9.6)	12.9	8.8
<b>Total Revenue</b>	<b>36,241</b>	<b>44,476</b>	<b>52,299</b>	<b>62,025</b>	<b>74,167</b>
YoY %	19.1	22.7	17.6	18.6	19.6
Core Staffing Associates (General + NETAPP Trainees)	175,375	210,264	234,370	276,370	320,370
Specialised Staffing Associates	5,948	5,947	6,639	6,839	7,039
General Staffing Volume Growth %	4.6	16.5	16.2	14.5	12.7
NETAP Volume Growth %	83.7	30.5	(1.5)	28.9	25.2
Core Staffing Associates (General + NETAPP Trainees) Growth %	17.0	19.9	11.5	17.9	15.9
Specialised Staffing Volume Growth %	375.5	(0.0)	11.6	3.0	2.9
Total Volume Growth YoY %	20.0	19.2	11.5	17.5	15.6
EBIT Margin %	1.6	1.9	1.7	2.0	2.1

Source: Company, HDFC sec Inst Research

Volume growth in Core staffing associates will moderate in FY20E due to decline to NETAP, we expect revival in FY21E

**We cut revenue estimates by 1.4/2.5% for FY20/21E due to moderation in NETAP growth rate**

**We cut EBIT margin estimate for FY21/22E by 12/9bps because of growth moderation**

### Change In Estimates

Particulars	Earlier estimates	Revised estimates	% change
<b>FY20E</b>			
Revenue (Rs mn)	53,065	52,299	(1.4)
EBIT (Rs mn)	971	893	(8.0)
EBIT margin (%)	1.8	1.7	(12) bps
EPS (Rs)	59.6	55.0	(7.7)
<b>FY21E</b>			
Revenue (Rs mn)	63,642	62,025	(2.5)
EBIT (Rs mn)	1,340	1,231	(8.1)
EBIT margin (%)	2.1	2.0	(12) bps
EPS (Rs)	80.9	74.1	(8.3)
<b>FY22E</b>			
Revenue (Rs mn)	75,851	74,167	(2.2)
EBIT (Rs mn)	1,700	1,593	(6.3)
EBIT margin (%)	2.2	2.1	(9) bps
EPS (Rs)	103.2	96.6	(6.3)

Source: HDFC sec Inst Research

### Peer Valuation

Relative Valuation	YE	Mcap (Rs Bn)	Revenue (Rs bn)				19-22E	EBITDA (Rs bn)				19-22E	EBITDA Margin (%)				P/E (x)				RoE (%)			
			FY19	FY20E	FY21E	FY22E	CAGR %	FY19	FY20E	FY21E	FY22E	CAGR %	FY19	FY20E	FY21E	FY22E	FY19	FY20E	FY21E	FY22E	FY19	FY20E	FY21E	FY22E
Ques	Mar	77.4	84.97	104.65	123.06	142.11	18.7	4.74	6.63	8.09	9.15	24.5	5.6%	6.3%	6.6%	6.4%	30.1	26.0	19.1	15.4	9.9%	10.8%	13.2%	14.0%
SIS	Mar	69.7	69.69	85.07	96.71	109.13	16.1	3.45	5.09	5.79	6.79	25.3	5.0%	6.0%	6.0%	6.2%	32.3	25.0	21.6	17.3	18.8%	19.8%	19.1%	21.1%
<b>Teamlease</b>	<b>Mar</b>	<b>47.7</b>	<b>44.48</b>	<b>52.30</b>	<b>62.02</b>	<b>74.17</b>	<b>18.6</b>	<b>0.94</b>	<b>1.14</b>	<b>1.50</b>	<b>1.87</b>	<b>25.6</b>	<b>2.1%</b>	<b>2.2%</b>	<b>2.4%</b>	<b>2.5%</b>	<b>48.7</b>	<b>50.8</b>	<b>37.7</b>	<b>28.9</b>	<b>20.0%</b>	<b>16.0%</b>	<b>18.1%</b>	<b>19.5%</b>

Source: Bloomberg, HDFC sec Inst Research

**Consolidated Income Statement**

YE March (Rs mn)	FY18	FY19	FY20E	FY21E	FY22E
<b>Net Revenues</b>	<b>36,241</b>	<b>44,476</b>	<b>52,299</b>	<b>62,025</b>	<b>74,167</b>
<b>Growth (%)</b>	<b>19.1</b>	<b>22.7</b>	<b>17.6</b>	<b>18.6</b>	<b>19.6</b>
Employee benefits	34,712	41,972	49,498	58,648	70,224
Other expenses	841	1,560	1,663	1,879	2,074
<b>EBITDA</b>	<b>688</b>	<b>944</b>	<b>1,139</b>	<b>1,497</b>	<b>1,869</b>
<b>EBITDA Margin (%)</b>	<b>1.9</b>	<b>2.1</b>	<b>2.2</b>	<b>2.4</b>	<b>2.5</b>
<b>EBITDA Growth (%)</b>	<b>83.1</b>	<b>37.3</b>	<b>20.6</b>	<b>31.5</b>	<b>24.9</b>
Depreciation	92	105	245	266	276
<b>EBIT</b>	<b>596</b>	<b>839</b>	<b>893</b>	<b>1,231</b>	<b>1,593</b>
<b>EBIT Margin (%)</b>	<b>1.6</b>	<b>1.9</b>	<b>1.7</b>	<b>2.0</b>	<b>2.1</b>
Other Income (Including EO Items)	156	181	166	183	221
Interest	25	52	113	119	135
<b>PBT</b>	<b>728</b>	<b>968</b>	<b>946</b>	<b>1,295</b>	<b>1,679</b>
Tax (Incl Deferred)	(9)	(16)	(22)	0	0
<b>RPAT</b>	<b>735</b>	<b>980</b>	<b>940</b>	<b>1,267</b>	<b>1,652</b>
Minority Interest/Associate profit	(3)	(4)	(27)	(27)	(27)
EO (Loss) / Profit (Net Of Tax)	0	0	0	0	0
<b>APAT</b>	<b>735</b>	<b>980</b>	<b>940</b>	<b>1,267</b>	<b>1,652</b>
<b>APAT Growth (%)</b>	<b>26.5</b>	<b>33.5</b>	<b>-4.1</b>	<b>34.8</b>	<b>30.4</b>
<b>Adjusted EPS (Rs)</b>	<b>43.0</b>	<b>57.3</b>	<b>55.0</b>	<b>74.1</b>	<b>96.6</b>
<b>EPS Growth (%)</b>	<b>26.5</b>	<b>33.5</b>	<b>-4.1</b>	<b>34.8</b>	<b>30.4</b>

Source: Company, HDFC sec Inst Research

**Consolidated Balance Sheet**

YE March (Rs mn)	FY18	FY19	FY20E	FY21E	FY22E
<b>SOURCES OF FUNDS</b>					
Share Capital - Equity	171	171	171	171	171
Reserves	4,246	5,220	6,188	7,482	9,162
<b>Total Shareholders Funds</b>	<b>4,417</b>	<b>5,391</b>	<b>6,359</b>	<b>7,653</b>	<b>9,333</b>
Minority Interest	-	-	-	-	-
<b>Total Debt</b>	<b>73</b>	<b>106</b>	<b>106</b>	<b>106</b>	<b>106</b>
Net Deferred Taxes	(399)	(653)	(653)	(653)	(653)
Long Term Provisions & Others	486	661	731	867	1,037
<b>TOTAL SOURCES OF FUNDS</b>	<b>4,576</b>	<b>5,505</b>	<b>6,543</b>	<b>7,974</b>	<b>9,823</b>
<b>APPLICATION OF FUNDS</b>					
Net Block	248	261	277	259	279
CWIP	-	-	-	-	-
Goodwill	1,130	1,317	1,317	1,317	1,317
Investments	270	254	254	254	254
LT Loans & Advances	1,951	2,824	3,399	4,032	4,821
<b>Total Non-current Assets</b>	<b>3,599</b>	<b>4,655</b>	<b>5,247</b>	<b>5,861</b>	<b>6,671</b>
Inventories	323	160	209	248	297
Debtors	2,235	2,643	3,582	4,248	5,080
Other Current Assets	880	1,553	1,830	2,171	2,596
Cash & Equivalents	1,424	1,230	1,191	1,988	3,003
<b>Total Current Assets</b>	<b>3,438</b>	<b>4,356</b>	<b>5,622</b>	<b>6,667</b>	<b>7,972</b>
Creditors	176	280	287	340	406
Other Current Liabilities & Provns	3,709	4,458	5,230	6,202	7,417
<b>Total Current Liabilities</b>	<b>3,885</b>	<b>4,737</b>	<b>5,516</b>	<b>6,542</b>	<b>7,823</b>
<b>Net Current Assets</b>	<b>(447)</b>	<b>(381)</b>	<b>105</b>	<b>125</b>	<b>149</b>
<b>TOTAL APPLICATION OF FUNDS</b>	<b>4,576</b>	<b>5,505</b>	<b>6,543</b>	<b>7,974</b>	<b>9,823</b>

Source: Company, HDFC sec Inst Research

## Consolidated Cash Flow

YE March (Rs mn)	FY18	FY19	FY20E	FY21E	FY22E
Reported PBT	728	968	946	1,295	1,679
Non-operating & EO Items	(53)	(101)	(166)	(183)	(221)
Interest Expenses	25	52	113	119	135
Depreciation	92	105	245	266	276
Working Capital Change	552	(402)	(991)	(516)	(644)
Tax Paid	(655)	(862)	22	-	-
<b>OPERATING CASH FLOW ( a )</b>	<b>689</b>	<b>(240)</b>	<b>169</b>	<b>982</b>	<b>1,225</b>
Capex	(371)	(204)	(261)	(248)	(297)
Free Cash Flow (FCF)	317	(445)	(92)	733	929
Investments	0.0	0.0	0.0	0.0	0.0
Non-operating Income	94	142	166	183	221
<b>INVESTING CASH FLOW ( b )</b>	<b>(277)</b>	<b>(62)</b>	<b>(96)</b>	<b>(65)</b>	<b>(76)</b>
Debt Issuance/(Repaid)	(109)	(12)	-	-	-
Interest Expenses	(25)	(49)	(113)	(119)	(135)
FCFE	184	(506)	(206)	614	794
Share Capital Issuance/IPO	0	0	0	0	0
Dividend	0	0	0	0	0
<b>FINANCING CASH FLOW ( c )</b>	<b>(133)</b>	<b>(61)</b>	<b>(113)</b>	<b>(119)</b>	<b>(135)</b>
<b>NET CASH FLOW (a+b+c)</b>	<b>278</b>	<b>(364)</b>	<b>(40)</b>	<b>797</b>	<b>1,015</b>
EO Items, Others	(456)	170	-	-	-
Closing Cash & Equivalents	1,424	1,230	1,191	1,988	3,003

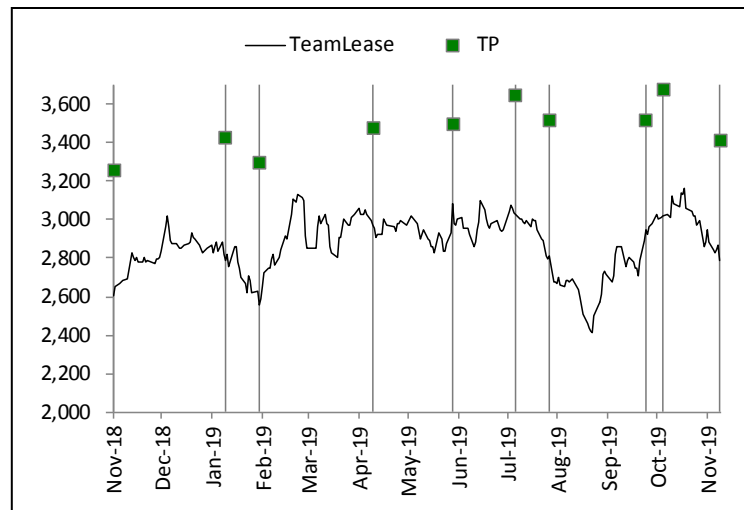
Source: Company, HDFC sec Inst Research

## Key Ratios

	FY18	FY19	FY20E	FY21E	FY22E
<b>PROFITABILITY (%)</b>					
GPM	4.2	5.6	5.4	5.4	5.3
EBITDA Margin	1.9	2.1	2.2	2.4	2.5
APAT Margin	2.0	2.2	1.8	2.0	2.2
RoE	18.2	20.0	16.0	18.1	19.5
RoIC (or Core RoCE)	15.6	16.3	13.1	15.2	17.4
RoCE	17.8	20.1	16.9	18.6	19.6
<b>EFFICIENCY</b>					
Tax Rate (%)	-1.3	-1.7	-2.3	0.0	0.0
<b>Fixed Asset Turnover (x)</b>					
Inventory (days)	3	1	1	1	1
Debtors (days)	23	22	25	25	25
Other Current Assets (days)	9	13	13	13	13
Payables (days)	2	2	2	2	2
Other Current Liab & Provns (days)	37	37	37	37	37
Cash Conversion Cycle (days)	-4.5	-3.1	0.7	0.7	0.7
Net D/E (x)	-0.3	-0.2	-0.2	-0.2	-0.3
Interest Coverage (x)	24.2	16.1	7.9	10.3	11.8
<b>PER SHARE DATA (Rs)</b>					
EPS	43.0	57.3	55.0	74.1	96.6
CEPS	48.3	63.5	69.3	89.7	112.8
Dividend	0	0	0	0	0
Book Value	258	315	372	448	546
<b>VALUATION</b>					
P/E (x)	65.0	48.7	50.8	37.7	28.9
P/BV (x)	10.8	8.9	7.5	6.2	5.1
EV/EBITDA (x)	67.4	49.3	41.0	30.6	24.0
EV/Revenues (x)	1.3	1.0	0.9	0.7	0.6
OCF/EV (%)	1.5	(0.5)	0.4	2.1	2.7
FCF/EV (%)	0.7	(1.0)	(0.2)	1.6	2.1
FCFE/Mkt Cap (%)	0.4	-1.1	-0.4	1.3	1.7
Dividend Yield (%)	0	0	0	0	0

Source: Company, HDFC sec Inst Research



**RECOMMENDATION HISTORY**


Date	CMP	Reco	Target
1-Nov-18	2,570	BUY	3,260
8-Jan-19	2,815	BUY	3,430
30-Jan-19	2,520	BUY	3,300
9-Apr-19	2,985	BUY	3,480
29-May-19	3,086	BUY	3,500
5-Jul-19	3,036	BUY	3,650
29-Jul-19	2,813	BUY	3,520
22-Sep-19	2,784	BUY	3,520
4-Oct-19	2,965	BUY	3,680
9-Nov-19	2,791	BUY	3,415

**Rating Definitions**

- BUY** : Where the stock is expected to deliver more than 10% returns over the next 12 month period  
**NEUTRAL** : Where the stock is expected to deliver (-)10% to 10% returns over the next 12 month period  
**SELL** : Where the stock is expected to deliver less than (-)10% returns over the next 12 month period

## INSTITUTIONAL RESEARCH

**Disclosure:**

We, **Amit Chandra, MBA & Apurva Prasad, 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**

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