

22 July 2021

Polycab, India

Q1 a blip; margin to normalise in coming quarters; retaining a Buy

Polycab's management sees the weaker-than-anticipated Q1 as a blip, and drivers of long-term growth intact. Rising infra spend, export opportunities and its expansion to adjacent categories would drive its B2B portfolio. A 25%+ revenue CAGR and margin expansion in FMEG would continue. It will elaborate next quarter on its vision of over Rs200bn revenue by FY26 (implied CAGR: 18%). We are optimistic on Polycab's prospects and expect 24%/23% CAGRs in revenue/PAT over FY21-23 with the RoE nearing 20% and healthy FCF continuing. Thus, we retain a Buy, with a target of Rs.2,197 (24x/28x FY23e P/Es for W&C/FMEG). Growth/margin recovery is key to support a re-rating.

Weak Q1, led by B2C categories. Revenue/EBITDA grew 93%/142% y/y but q/q down 38%/67%. PAT slid 37% y/y, 74% q/q. High RM costs and adverse operating leverage held EBITDA margin to a low 7.4% (inadequate price hikes). Further, inventory liquidation would boost cash flows.

B2B fared better; B2C to recover strongly in H2. As anticipated, projects/exports did better than retail due to the lockdown. Also, volatile copper prices hurt trade sentiment (especially HW) and led to below-normal channel inventory amid lock-down. Primary sales will catch up with secondary sales, and margins will normalize as demand recovers.

FMEG – portfolio/network expansion continued. Q1 was hit by lockdowns in its key markets. Portfolio and network expansion continued though. It acquired a technology company to bring in an innovative range of products. A 25%+ revenue CAGR and margin expansion would continue.

Q1 a blip; long-term prospects intact. Management sees the weak Q1 as a blip, and long-term growth drivers intact. It will elaborate next quarter on its vision of over Rs200bn revenue by FY26 (implied CAGR: 18%). Its B2B cable range (domestic and exports) will be driven by core and expansion into adjacent/emerging categories. Strong traction in retail wires/FMEG and new channels (online, e-commerce) would drive its B2C portfolio. It targets ~10% revenue from exports and >12% FMEG EBITDA margin by then.

Key financials (YE Mar)	FY19	FY20	FY21	FY22e	FY23e
Sales (Rsm)	79,856	88,300	89,265	116,923	136,068
Net profit (Rsm)	4,997	7,591	8,724	10,673	13,288
EPS (Rs)	35.4	51.0	58.5	71.6	89.1
P/E (x)	53.8	37.4	32.6	26.6	21.4
EV / EBITDA (x)	28.1	23.5	22.2	16.5	13.3
P/BV (x)	9.4	7.0	5.7	4.8	4.1
RoE (%)	17.6	19.8	18.4	19.1	20.0
RoCE (%) after tax	18.8	17.6	14.6	16.5	17.3
Dividend yield (%)	0.2	0.4	0.5	0.8	1.0
Net debt / equity (x)	-0.0	-0.1	-0.2	-0.2	-0.3

Source: Company, Anand Rathi Research

Anand Rathi Share and Stock Brokers Limited (hereinafter "ARSSBL") is a full-service brokerage and equities-research firm and the views expressed therein are solely of ARSSBL and not of the companies which have been covered in the Research Report. This report is intended for the sole use of the Recipient. Disclosures and analyst certifications are present in the Appendix.

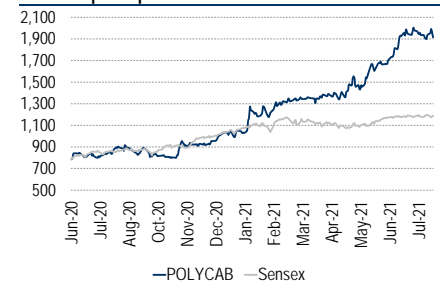
Rating: **Buy**
Target Price: Rs.2,197
Share Price: Rs1,911

Key data	POLYCAB IN
52-week high / low	Rs.2034 / 795
Sensex / Nifty	52837 / 15824
3-m average volume	\$8.6m
Market cap	Rs.285bn / \$3829.7m
Shares outstanding	149m

Shareholding pattern (%)	Jun'21	Mar'21	Dec'20
Promoters	68.4	68.4	68.4
- of which, Pledged			
Free float	31.6	31.6	31.6
- Foreign institutions	5.8	6.4	7.0
- Domestic institutions	9.5	9.9	10.3
- Public	16.3	15.3	14.3

Estimates revision (%)	FY22e	FY23e
Sales	(5)	(2)
EBITDA	(7)	(3)
PAT	(5)	(1)

Relative price performance



Source: Bloomberg

Ashish Poddar
Research Analyst

Quick Glance – Financials and Valuations (Consol.)

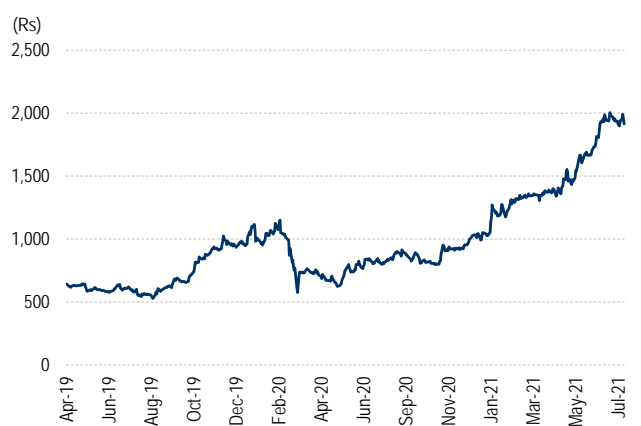
Fig 1 – Income statement (Rsm)

Year-end: Mar	FY19	FY20	FY21	FY22e	FY23e
Net revenues	79,856	88,300	89,265	116,923	136,068
<i>Growth (%)</i>	<i>17.9</i>	<i>10.6</i>	<i>1.1</i>	<i>31.0</i>	<i>16.4</i>
Direct costs	59,660	63,686	66,065	87,426	101,537
SG&A	10,668	13,263	11,530	13,874	15,738
EBITDA	9,528	11,350	11,670	15,623	18,793
<i>EBITDA margins (%)</i>	<i>11.9</i>	<i>12.9</i>	<i>13.1</i>	<i>13.4</i>	<i>13.8</i>
- Depreciation	1,414	1,609	1,866	2,103	2,310
Other income	638	928	1,282	1,003	1,490
Interest expenses	1,167	495	531	427	426
PBT	7,584	10,174	10,555	14,096	17,547
<i>Effective tax rate (%)</i>	<i>33.7</i>	<i>24.0</i>	<i>17.0</i>	<i>23.8</i>	<i>24.0</i>
+ Associates / (Minorities)	(29)	(140)	(40)	(73)	(48)
Net income	4,997	7,591	8,724	10,673	13,288
Adjusted income	4,997	7,591	8,724	10,673	13,288
WANS	141	149	149	149	149
FDEPS (Rs / sh)	35.4	51.0	58.5	71.6	89.1
<i>FDEPS growth (%)</i>	<i>39.6</i>	<i>44.1</i>	<i>14.7</i>	<i>22.3</i>	<i>24.5</i>
<i>Gross margins (%)</i>	<i>25.3</i>	<i>27.9</i>	<i>26.0</i>	<i>25.2</i>	<i>25.4</i>

Fig 3 – Cash-flow statement (Rsm)

Year-end: Mar	FY19	FY20	FY21	FY22e	FY23e
EBIT (before other income)	9,645	10,071	10,467	13,019	16,383
+ Non-cash items	1,414	1,609	1,866	2,103	2,310
Oper. prof. before WC	11,060	11,680	12,333	15,123	18,693
- Incr. / (decr.) in WC	(3,052)	6,221	(2,457)	5,212	2,691
Others incl. taxes	1,814	3,015	2,408	3,352	4,213
Operating cash-flow	12,299	2,443	12,382	6,558	11,788
- Capex (tang.+ intang.)	2,861	2,901	1,870	2,800	2,800
Free cash-flow	9,438	(458)	10,512	3,758	8,988
Acquisitions	-	-	-	-	-
- Div. (incl. buyback & taxes)	29	1,793	-	2,237	2,982
+ Equity raised	38	4,000	-	-	-
+ Debt raised	(5,651)	(1,194)	(1,075)	(300)	-
- Fin investments	1,334	(33)	8,351	3,500	8,000
- Misc. (CFI + CFF)	755	657	430	(514)	(1,029)
Net cash-flow	1,708	(69)	656	(1,765)	(965)

Source: Company, Anand Rathi Research

Fig 5 – Price movement


Source: Bloomberg

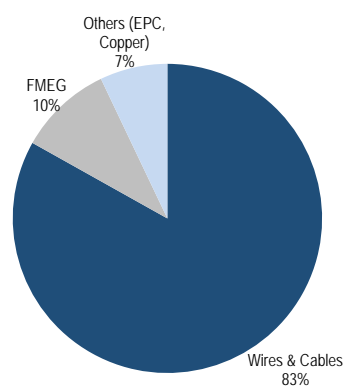
Fig 2 – Balance sheet (Rs m)

Year-end: Mar	FY19	FY20	FY21	FY22e	FY23e
Share capital	1,412	1,489	1,491	1,491	1,491
Net worth	28,470	38,364	47,539	55,975	66,280
Debt	1,920	1,221	1,926	1,626	1,626
Minority interest	84	150	188	207	228
DTL / (Assets)	231	175	418	408	398
Capital employed	30,705	39,910	50,072	58,217	68,533
Net tangible assets	12,721	14,203	18,602	19,494	20,179
Net intangible assets	35	17	94	99	104
Goodwill	-	-	-	-	-
CWIP (tang. & intang.)	1,930	2,412	991	791	591
Investments (strategic)	294	255	118	118	118
Investments (financial)	-	400	6,231	9,731	17,731
Current assets (ex cash)	38,137	39,516	38,798	49,057	55,109
Cash	3,166	2,813	5,313	3,549	2,584
Current liabilities	25,578	19,706	20,075	24,622	27,883
Working capital	12,559	19,810	18,723	24,436	27,226
Capital deployed	30,705	39,910	50,072	58,217	68,533
Contingent liabilities	4,309	3,477	-	-	-

Fig 4 – Ratio analysis

Year-end: Mar	FY19	FY20	FY21	FY22e	FY23e
P/E (x)	53.8	37.4	32.6	26.6	21.4
EV / EBITDA (x)	28.1	23.5	22.2	16.5	13.3
EV / Sales (x)	3.4	3.0	2.9	2.2	1.8
P/B (x)	9.4	7.0	5.7	4.8	4.1
RoE (%)	17.6	19.8	18.4	19.1	20.0
RoCE (%) - after tax	18.8	17.6	14.6	16.5	17.3
RoIC	19.7	25.1	22.5	22.3	22.6
DPS (Rs / sh)	3.0	7.0	10.0	15.0	20.0
Dividend yield (%)	0.2	0.4	0.5	0.8	1.0
Dividend payout (%) - incl. DDT	8.5	13.7	17.1	21.0	22.4
Net debt / equity (x)	(0.0)	(0.1)	(0.2)	(0.2)	(0.3)
Receivables (days)	67.2	66.1	64.0	62.0	60.0
Inventory (days)	91.2	79.6	81.3	79.3	77.3
Payables (days)	69.5	56.0	55.1	55.1	55.1
CFO:PAT %	246.1	32.2	141.9	61.4	88.7

Source: Company, Anand Rathi Research

Fig 6 – Revenue break-up, by segment (Q1 FY22)


Source: Company

Financial highlights

Fig 7 – Financials (consolidated)

(Rsm)	Q1 FY21	Q2 FY21	Q3 FY21	Q4 FY21	Q1 FY22	% Y/Y	% Q/Q	FY21	FY20	% Y/Y
Income	9,766	21,137	27,988	30,374	18,805	93	(38)	89,265	88,300	1
Raw material costs	7,097	15,128	21,196	22,644	14,399	103	(36)	66,065	63,686	4
Employee costs	812	897	896	997	959	18	(4)	3,604	3,657	(1)
Other expenses	1,282	1,987	2,138	2,521	2,054	60	(19)	7,926	9,606	(17)
EBITDA	575	3,125	3,758	4,213	1,393	142	(67)	11,670	11,350	3
Depreciation	443	456	478	489	521	18	7	1,866	1,609	16
Finance costs	163	114	88	166	122	(25)	(27)	531	495	7
Other income	336	327	345	274	253	(25)	(8)	1,282	928	38
Exceptional items	97	-	-	-	-	(100)	-	97	-	-
PBT	403	2,882	3,536	3,831	1,003	149	(74)	10,652	10,174	5
Tax	(785)	664	905	1,006	229	(129)	(77)	1,791	2,444	(27)
PAT	1,176	2,205	2,625	2,814	740	(37)	(74)	8,821	7,591	16
EPS (Rs)	7.9	14.8	17.6	18.9	5.0	(37)	(74)	59.2	50.9	16
As % of income						bps yoy	bps qoq			bps yoy
Gross margins	27.3	28.4	24.3	25.5	23.4	(390)	(202)	26.0	27.9	(189)
Employee costs	8.3	4.2	3.2	3.3	5.1	(322)	181	4.0	4.1	(11)
Other expenses	13.1	9.4	7.6	8.3	10.9	(220)	263	8.9	10.9	(200)
EBITDA margins	5.9	14.8	13.4	13.9	7.4	152	(646)	13.1	12.9	22
Depreciation	4.5	2.2	1.7	1.6	2.8	(176)	116	2.1	1.8	27
Other income	3.4	1.5	1.2	0.9	1.3	(210)	44	1.4	1.1	39
Finance costs	1.7	0.5	0.3	0.5	0.6	(102)	10	0.6	0.6	3
PBT	3.4	1.5	1.2	0.9	1.3	(210)	44	1.4	1.1	39
Effective tax rate	(194.9)	23.0	25.6	26.3	22.9			16.8	24.0	(721)
PAT	12.0	10.4	9.4	9.3	3.9	(811)	(533)	9.9	8.8	117
Segment revenues (Rs m)						% yoy	% qoq			% yoy
Wires & Cables	8,252	18,268	24,073	25,442	16,269	97	(36)	76,035	75,898	0
FMEG	1,378	2,440	3,055	3,468	1,919	39	(45)	10,341	8,356	24
Copper + Others (EPC)	684	2,013	3,122	2,509	1,384	102	(45)	8,327	5,965	40
Total	10,314	22,721	30,249	31,420	19,572	90	(38)	94,703	90,219	5
Less: Inter-segment revenue	424	1,342	2,011	888	640	51	(28)	4,665	1,441	224
Total revenue	9,889	21,379	28,238	30,532	18,933	91	(38)	90,038	88,778	1
Segment EBIT (%)						bps yoy	bps qoq			bps yoy
Wires & Cables	3.0	13.9	12.8	13.1	6.6	364	(648)	12.1	12.2	(16)
FMEG	(4.0)	8.0	5.9	7.0	(7.5)			5.5	2.0	346
Copper + Others (EPC)	10.1	11.1	11.2	14.9	8.7	(141)	(620)	12.2	14.8	(263)
Total	2.6	13.6	12.5	12.7	5.3	270	(743)	11.7	11.5	27

Source: Company, Anand Rathi Research

* Note: Segment EBIT margins are as reported and not adjusted for un-allocable expenses/income

Q1 FY22 Concall KTAs

OUTLOOK

- **Channel inventory lower than normal** due to volatility in copper prices. Primary sales will catch up with secondary sales in coming quarters
- **B2C categories to recover strongly in coming quarters**; gradual recovery to continue in institutional categories
- **Margins were hit by higher RM costs**, adverse operating leverage and higher employee costs; no one-offs
- **Margins will normalize in coming quarters.**
- **Cash levels to improve as WC cycle** normalizes with inventory liquidation on an increase in sales
- **Exports.** Up 37% y/y; see large opportunities in key overseas markets
- **Confident of strong long-term prospects** in all its categories driven by macro-economic factors, network/portfolio expansion and focus on A&P spending
- Acquired a technology company to enhance innovation capability

MARGIN

- EBITDA margin low at 7.4% as cost-saving measures were more than offset by higher raw material prices and adverse operating leverage
- Price hikes were inadequate - less than the RMC rises
- Employee costs increased after a healthy increment in Q4
- **Margins will normalize in coming quarters.**

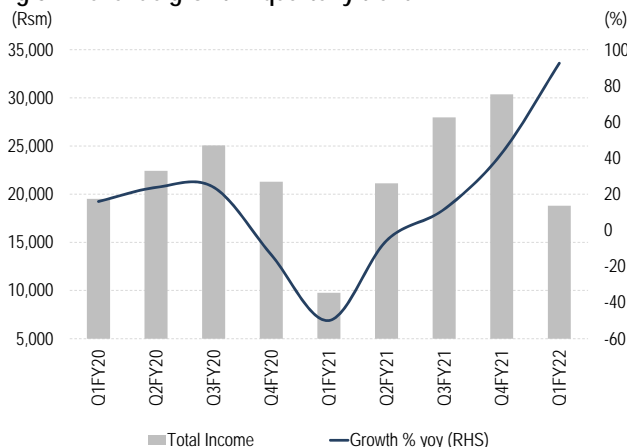
FMEG

- Fans impacted the most
- Fans mostly in-house manufactured; to increase for other categories as volumes increase
- Margin impacted due to under-absorption of fixed costs
- Dealer/distributor addition continued even during the lockdown

Q1 FY22 – marred by RM inflation, adverse operating leverage

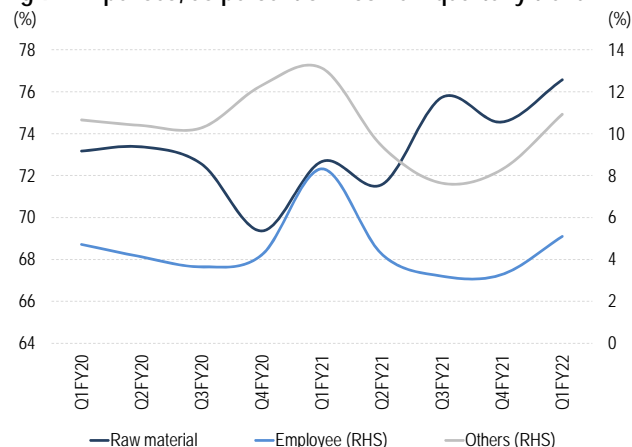
- Revenue/EBITDA up 93%/142% y/y but q/q down 38%/67%; PAT down 37% y/y, 74% q/q
- As anticipated, institutional categories fared better than retail (B2C)
- EBITDA margin low at 7.4% as cost-saving measures were more than offset by higher raw-material costs and adverse operating leverage
- **C&W** revenue down 36% q/q with 6.6% EBIT; cables/exports did better than wires q/q
- **FMEG** revenue down 45% q/q with -7.5% EBIT; fans impacted the most
- **Copper+EPC** revenue down 45% q/q; 8.7% EBIT
- **Fall in copper prices impacted trade sentiment, especially in HW**
- Net-cash levels fell q/q due to stretched WC-cycle (inventory)

Fig 8 – Revenue growth - quarterly trend



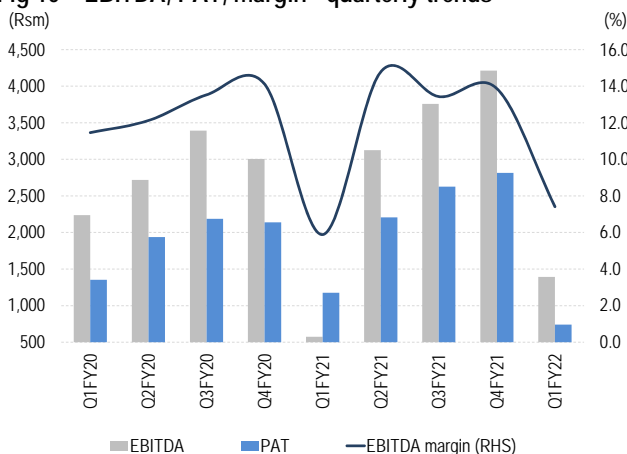
Source: Company, Anand Rathi Research

Fig 9 – Expenses, as percent of income – quarterly trend



Source: Company, Anand Rathi Research

Fig 10 – EBITDA, PAT, margin - quarterly trends



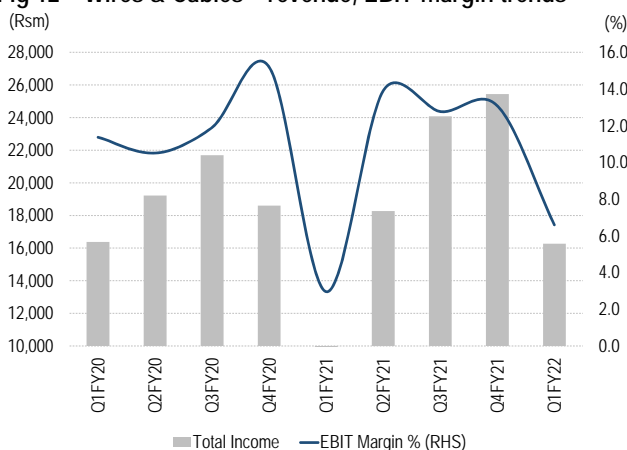
Source: Company, Anand Rathi Research

Fig 11 – Earnings growth – quarterly trend



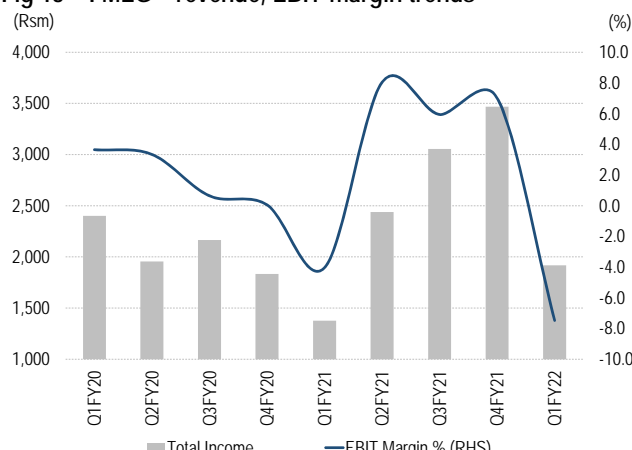
Source: Company, Anand Rathi Research

Fig 12 – Wires & Cables – revenue, EBIT-margin trends



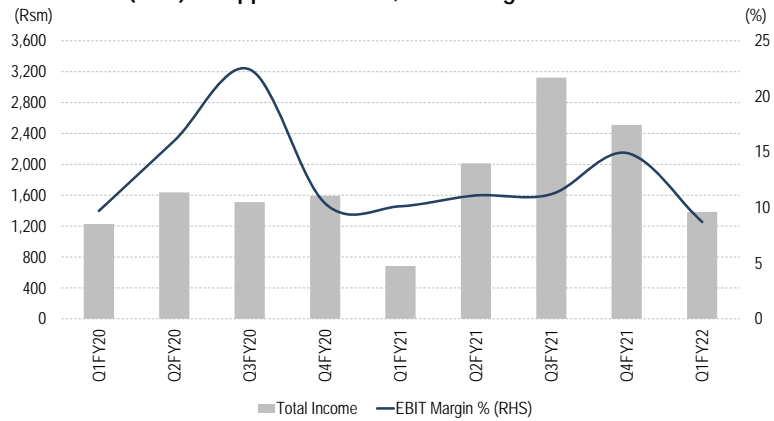
Source: Company, Anand Rathi Research

Fig 13 – FMEG – revenue, EBIT-margin trends



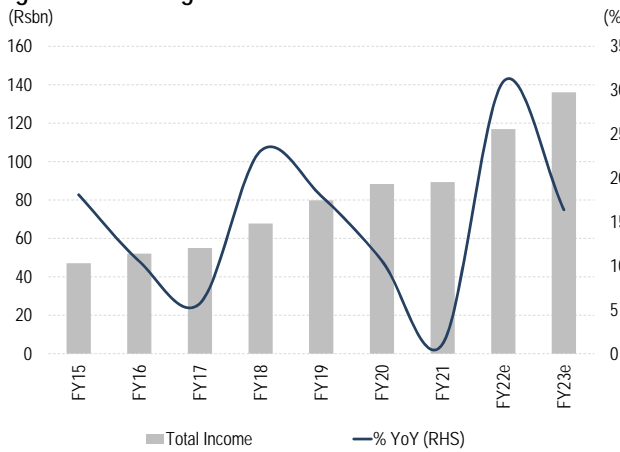
Source: Company, Anand Rathi Research

Fig 14 – Others (EPC) + copper – revenue, EBIT-margin trends



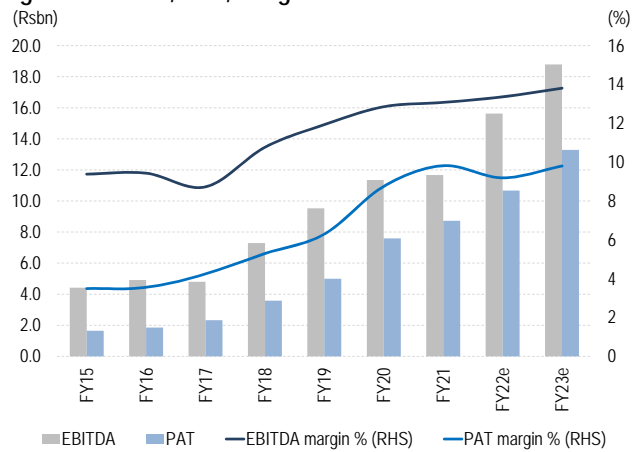
Source: Company, Anand Rathi Research

Fig 15 – Revenue growth – annual trend



Source: Company, Anand Rathi Research

Fig 16 – EBITDA, PAT, margin – annual trends



Source: Company, Anand Rathi Research

Valuation

After becoming the leader in wires & cables, in 2015 Polycab entered FMEG. We like it for its large manufacturing base, all-India distribution reach, induction of professional management, strong promoter family and focus on cash-flow. We believe all these factors, and its efforts to re-position itself as a consumer company, would drive a stock re-rating.

Over FY15-21, revenue/EBITDA/PAT registered 11%/18%/32% CAGRs. On continuing traction across divisions and channels, we expect 24%/27%/23% CAGRs over FY21-23 with the RoE nearing 20%, and healthy FCF continuing.

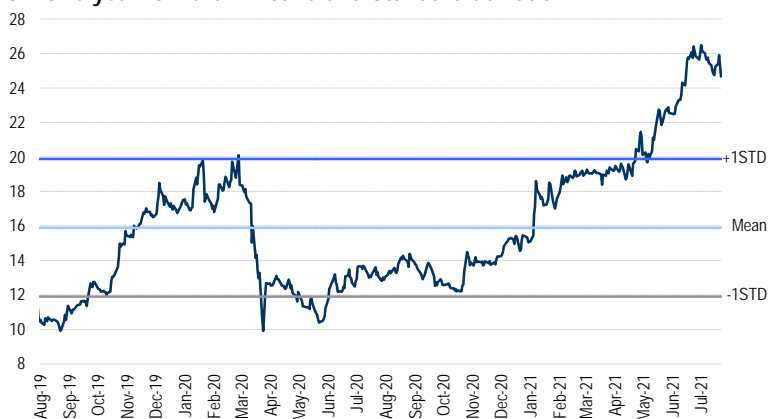
We continue to like Polycab due to its long-term prospects in W&C, strong growth in FMEG and healthy balance sheet. Thus, we retain a Buy, with a new target of Rs.2,197 (24x/28x FY23e P/Es for W&C/FMEG), earlier Rs. 1,850. Growth/margin recovery in coming quarters and FCFs are keys to support a re-rating.

Fig 17 – Change in estimates

(Rs m)	Old estimates		New estimates		% Var	
	FY22	FY23	FY22	FY23	FY22	FY23
Income	122,548	138,300	116,923	136,068	(5)	(2)
EBITDA	16,764	19,452	15,623	18,793	(7)	(3)
<i>EBITDA margins %</i>	<i>13.7</i>	<i>14.1</i>	<i>13.4</i>	<i>13.8</i>		
PAT	11,262	13,476	10,673	13,288	(5)	(1)
EPS	75.5	90.4	71.6	89.1	(5)	(1)

Source: Anand Rathi Research

Fig 18 – One-year-forward PE band and Standard deviation



Source: BSE, Company, Anand Rathi Research

Risks

- Volatile raw-material prices:** Copper and aluminium are key raw materials in W&C, constituting ~70% of costs. Any substantial volatility in raw-material prices would lead to operating-margin fluctuations and, thus, pose a key risk to our estimates.
- Slowdown in government's infra push:** The government's push on infra has been a key growth driver for W&C in the past few years. Hence, any slowdown in government spending on infra could significantly cut into Polycab's growth, especially given its huge investment in capacity and branding.

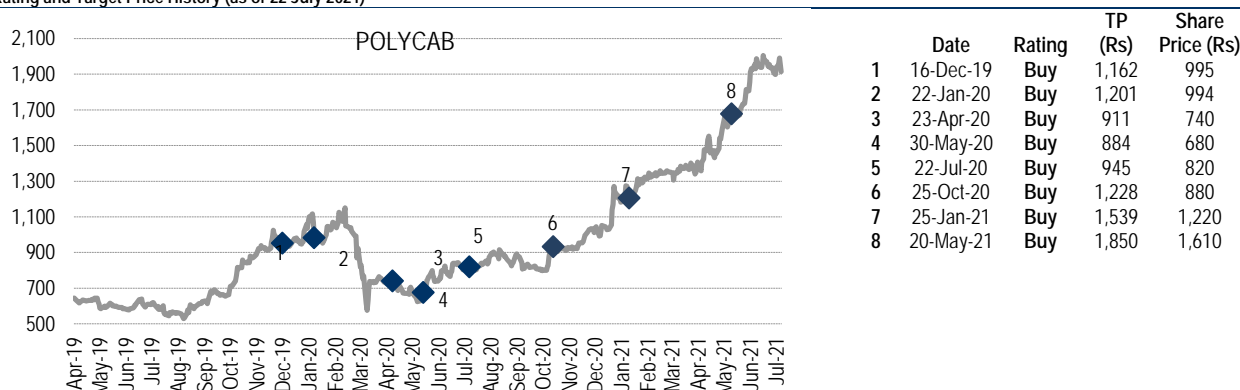
Appendix

Analyst Certification

The views expressed in this Research Report accurately reflect the personal views of the analyst(s) about the subject securities or issuers and no part of the compensation of the research analyst(s) was, is, or will be directly or indirectly related to the specific recommendations or views expressed by the research analyst(s) in this report. The research analysts are bound by stringent internal regulations and also legal and statutory requirements of the Securities and Exchange Board of India (hereinafter "SEBI") and the analysts' compensation are completely delinked from all the other companies and/or entities of Anand Rathi, and have no bearing whatsoever on any recommendation that they have given in the Research Report.

Important Disclosures on subject companies

Rating and Target Price History (as of 22 July 2021)



Anand Rathi Ratings Definitions

Analysts' ratings and the corresponding expected returns take into account our definitions of Large Caps (>US\$1bn) and Mid/Small Caps (<US\$1bn) as described in the Ratings Table below:

Ratings Guide (12 months)

	Buy	Hold	Sell
Large Caps (>US\$1bn)	>15%	5-15%	<5%
Mid/Small Caps (<US\$1bn)	>25%	5-25%	<5%

Research Disclaimer and Disclosure inter-alia as required under Securities and Exchange Board of India (Research Analysts) Regulations, 2014

Anand Rathi Share and Stock Brokers Ltd. (hereinafter refer as ARSSBL) (Research Entity) is a subsidiary of Anand Rathi Financial Services Ltd. ARSSBL is a corporate trading and clearing member of Bombay Stock Exchange Ltd, National Stock Exchange of India Ltd. (NSEIL), Multi Stock Exchange of India Ltd (MCX-SX) and also depository participant with National Securities Depository Ltd (NSDL) and Central Depository Services Ltd. ARSSBL is engaged in the business of Stock Broking, Depository Participant and Mutual Fund distributor.

The research analysts, strategists, or research associates principally responsible for the preparation of Anand Rathi research have received compensation based upon various factors, including quality of research, investor client feedback, stock picking, competitive factors and firm revenues.

General Disclaimer: This Research Report (hereinafter called "Report") is meant solely for use by the recipient and is not for circulation. This Report does not constitute a personal recommendation or take into account the particular investment objectives, financial situations, or needs of individual clients. The recommendations, if any, made herein are expression of views and/or opinions and should not be deemed or construed to be neither advice for the purpose of purchase or sale of any security, derivatives or any other security through ARSSBL nor any solicitation or offering of any investment/trading opportunity on behalf of the issuer(s) of the respective security (ies) referred to herein. These information / opinions / views are not meant to serve as a professional investment guide for the readers. No action is solicited based upon the information provided herein. Recipients of this Report should rely on information/data arising out of their own investigations. Readers are advised to seek independent professional advice and arrive at an informed trading/investment decision before executing any trades or making any investments. This Report has been prepared on the basis of publicly available information, internally developed data and other sources believed by ARSSBL to be reliable. ARSSBL or its directors, employees, affiliates or representatives do not assume any responsibility for, or warrant the accuracy, completeness, adequacy and reliability of such information / opinions / views. While due care has been taken to ensure that the disclosures and opinions given are fair and reasonable, none of the directors, employees, affiliates or representatives of ARSSBL shall be liable for any direct, indirect, special, incidental, consequential, punitive or exemplary damages, including lost profits arising in any way whatsoever from the information / opinions / views contained in this Report. The price and value of the investments referred to in this Report and the income from them may go down as well as up, and investors may realize losses on any investments. Past performance is not a guide for future performance. ARSSBL does not provide tax advice to its clients, and all investors are strongly advised to consult with their tax advisers regarding taxation aspects of any potential investment.

Opinions expressed are our current opinions as of the date appearing on this Research only. We do not undertake to advise you as to any change of our views expressed in this Report. Research Report may differ between ARSSBL's RAs and/ or ARSSBL's associate companies on account of differences in research methodology, personal judgment and difference in time horizons for which recommendations are made. User should keep this risk in mind and not hold ARSSBL, its employees and associates responsible for any losses, damages of any type whatsoever.

ARSSBL and its associates or employees may: (a) from time to time, have long or short positions in, and buy or sell the investments in/ security of company (ies) mentioned herein or (b) be engaged in any other transaction involving such investments/ securities of company (ies) discussed herein or act as advisor or lender / borrower to such company (ies) these and other activities of ARSSBL and its associates or employees may not be construed as potential conflict of interest with respect to any recommendation and related information and opinions. Without limiting any of the foregoing, in no event shall ARSSBL and its associates or employees or any third party involved in, or related to computing or compiling the information have any liability for any damages of any kind.

Details of Associates of ARSSBL and Brief History of Disciplinary action by regulatory authorities & its associates are available on our website i.e. www.rathionline.com

Disclaimers in respect of jurisdiction: This report is not directed to, or intended for distribution to or use by, any person or entity who is a citizen or resident of or located in any locality, state, country or other jurisdiction where such distribution, publication, availability or use would be contrary to law or regulation or which would subject ARSSBL to any registration or licensing requirement within such jurisdiction(s). No action has been or will be taken by ARSSBL in any jurisdiction (other than India), where any action for such purpose(s) is required. Accordingly, this Report shall not be possessed, circulated and/or distributed in any such country or jurisdiction unless such action is in compliance with all applicable laws and regulations of such country or jurisdiction. ARSSBL requires such recipient to inform himself about and to observe any restrictions at his own expense, without any liability to ARSSBL. Any dispute arising out of this Report shall be subject to the exclusive jurisdiction of the Courts in India.

Statements on ownership and material conflicts of interest, compensation - ARSSBL and Associates

Answers to the Best of the knowledge and belief of ARSSBL/ its Associates/ Research Analyst who is preparing this report

Research analyst or research entity or his associate or his relative has any financial interest in the subject company and the nature of such financial interest.	No
ARSSBL/its Associates/ Research Analyst/ his Relative have actual/beneficial ownership of one per cent or more securities of the subject company, at the end of the month immediately preceding the date of publication of the research report?	No
ARSSBL/its Associates/ Research Analyst/ his Relative have actual/beneficial ownership of one per cent or more securities of the subject company	No
ARSSBL/its Associates/ Research Analyst/ his Relative have any other material conflict of interest at the time of publication of the research report?	No
ARSSBL/its Associates/ Research Analyst/ his Relative have received any compensation from the subject company in the past twelve months	No
ARSSBL/its Associates/ Research Analyst/ his Relative have managed or co-managed public offering of securities for the subject company in the past twelve months	No
ARSSBL/its Associates/ Research Analyst/ his Relative have received any compensation for investment banking or merchant banking or brokerage services from the subject company in the past twelve months	No
ARSSBL/its Associates/ Research Analyst/ his Relative have received any compensation for products or services other than investment banking or merchant banking or brokerage services from the subject company in the past twelve months	No
ARSSBL/its Associates/ Research Analyst/ his Relative have received any compensation or other benefits from the subject company or third party in connection with the research report	No
ARSSBL/its Associates/ Research Analyst/ his Relative have served as an officer, director or employee of the subject company.	No

Other Disclosures pertaining to distribution of research in the United States of America

This research report is a product of ARSSBL, which is the employer of the research analyst(s) who has prepared the research report. The research analyst(s) preparing the research report is/are resident outside the United States (U.S.) and are not associated persons of any U.S. regulated broker-dealer and therefore the analyst(s) is/are not subject to supervision by a U.S. broker-dealer, and is/are not required to satisfy the regulatory licensing requirements of FINRA or required to otherwise comply with U.S. rules or regulations regarding, among other things, communications with a subject company, public appearances and trading securities held by a research analyst account.

This report is intended for distribution by ARSSBL only to "Major Institutional Investors" as defined by Rule 15a-6(b)(4) of the U.S. Securities and Exchange Act, 1934 (the Exchange Act) and interpretations thereof by U.S. Securities and Exchange Commission (SEC) in reliance on Rule 15a 6(a)(2). If the recipient of this report is not a Major Institutional Investor as specified above, then it should not act upon this report and return the same to the sender. Further, this report may not be copied, duplicated and/or transmitted onward to any U.S. person, which is not the Major Institutional Investor.

In reliance on the exemption from registration provided by Rule 15a-6 of the Exchange Act and interpretations thereof by the SEC in order to conduct certain business with Major Institutional Investors, ARSSBL has entered into an agreement with a U.S. registered broker-dealer, Cabrera Capital Markets. ("Cabrera"). Transactions in securities discussed in this research report should be effected through Cabrera or another U.S. registered broker dealer.

1. ARSSBL or its Affiliates may or may not have been beneficial owners of the securities mentioned in this report.
2. ARSSBL or its affiliates may have or not managed or co-managed a public offering of the securities mentioned in the report in the past 12 months.
3. ARSSBL or its affiliates may have or not received compensation for investment banking services from the issuer of these securities in the past 12 months and do not expect to receive compensation for investment banking services from the issuer of these securities within the next three months.
4. However, one or more of ARSSBL or its Affiliates may, from time to time, have a long or short position in any of the securities mentioned herein and may buy or sell those securities or options thereon, either on their own account or on behalf of their clients.
5. As of the publication of this report, ARSSBL does not make a market in the subject securities.
6. ARSSBL or its Affiliates may or may not, to the extent permitted by law, act upon or use the above material or the conclusions stated above, or the research or analysis on which they are based before the material is published to recipients and from time to time, provide investment banking, investment management or other services for or solicit to seek to obtain investment banking, or other securities business from, any entity referred to in this report.

© 2021. This report is strictly confidential and is being furnished to you solely for your information. All material presented in this report, unless specifically indicated otherwise, is under copyright to ARSSBL. None of the material, its content, or any copy of such material or content, may be altered in any way, transmitted, copied or reproduced (in whole or in part) or redistributed in any form to any other party, without the prior express written permission of ARSSBL. All trademarks, service marks and logos used in this report are trademarks or service marks or registered trademarks or service marks of ARSSBL or its affiliates, unless specifically mentioned otherwise.

Additional information on recommended securities/instruments is available on request.

ARSSBL registered address: Express Zone, A Wing, 9th Floor, Western Express Highway, Diagonally Opposite Oberoi Mall, Malad (E), Mumbai – 400097.
Tel No: +91 22 6281 7000 | Fax No: +91 22 4001 3770 | CIN: U67120MH1991PLC064106.