Sharekhan by BNP PARIBAS

Powered by the Sharekhan 3R Research Philosophy

Stock Update

Welspun India Ltd

Strong performance driven by higher export demand

Consumer Discretionary	Sharekhan code: WELSPUNIND	Result Update

3R MATRIX	+	=	-
Right Sector (RS)	✓		
Right Quality (RQ)	✓		
Right Valuation (RV)	✓		

\+ Positive = Neutral - Negative

What has changed in 3R MATRIX

	Old		New
RS		↔	
RQ		↔	
RV		↔	

Reco/View	Change
Reco: **Buy**	↔
CMP: **Rs. 142**	
Price Target: **Rs. 170**	↑

↑ Upgrade ↔ Maintain ↓ Downgrade

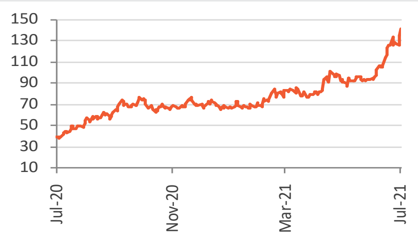
Company details

Market cap:	Rs. 14,227 cr
52-week high/low:	Rs. 143/37
NSE volume: (No of shares)	3.7 lakh
BSE code:	514162
NSE code:	WELSPUNIND
Free float: (No of shares)	30.1 cr

Shareholding (%)

Promoters	70.0
FII	7.2
DII	7.3
Others	15.5

Price chart



Price performance

(%)	1m	3m	6m	12m
Absolute	50.9	72.6	114.8	267.4
Relative to Sensex	51.5	67.2	102.9	231.2

Sharekhan Research, Bloomberg

Summary

- Welspun India Limited (WIL) registered strong all-round performance on the back of strong international demand and low base of Q1FY2021. Revenue and operating profit grew by 84%/100% y-o-y, respectively, in Q1FY2022; PAT grew by 4.1x.
- Home textile business revenue grew by 51% y-o-y, driven by sturdy volume growth of 51%, 114%, and 219% in bath linen, bed linen, and rugs and carpet segments, respectively.
- Management targets strong double-digit revenue growth in FY2022, driven by sustained good demand for home textile products in the US market and scale up in the advance textile, flooring, and branded business. OPM is likely to stand at 20-21% (RoSCTL benefit of 4% on OPM).
- We have revised upwards our earnings estimates for FY2022/FY2023 by 5.6%/8.9%, respectively. The stock is trading at 14.0x its FY2023E EPS. We maintain Buy with a revised PT of Rs. 170.

Welspun India Limited's (WIL's) Q1FY2022 performance was boosted by strong revenue growth of 84.3% to Rs. 2,214.5 crore (better than our expectation of Rs. 2,021.3 crore), driven by higher export demand across the home textile business and scale up in emerging businesses (also aided by low base of Q1FY2021, revenues were down by 30.5% y-o-y). Sales volume of bath linen, bed linen, and rugs and carpets segments grew by 51%, 114%, and 219%, y-o-y, respectively, during the quarter. Capacity utilisation of bath linen, bed linen and rugs & carpet stood at 95%, 97% and 100% respectively. Floor business and advance textile business contributed Rs. 121 crore and Rs. 63 crore, respectively, during the quarter. Gross margin declined by 389 bps y-o-y, affected by input cost inflation during the quarter. Consolidated OPM expanded by 156 bps to 20.2%. The government approved the extension of Rebate of State and Central Taxes and Levies (RoSCTL) Scheme till March 2024. As a result, WIL accrued RoSCTL benefit of Rs. 198 crore (including Rs. 105 crore for Q4FY2021) in Q1FY2022. This had a positive impact of 6.4% on OPM. Excluding RoSCTL benefit, OPM would have stood at ~14% (including one-time hit of 220 bps, led by supply disruption and higher freight cost). Overall, PAT grew by 4x y-o-y to Rs. 223 crore (much ahead of our expectation of Rs. 128 crore). Home textile business revenue grew by 80% y-o-y to Rs. 2,128 crore because of strong volume growth in all segments (sales volume on absolute basis almost sustained on sequential basis). Flooring business contributed Rs. 121 crore (capacity utilisation stood at 30%), while losses stood almost flat y-o-y at Rs. 26 crore in Q1FY2022. Advanced textile business reported y-o-y revenue growth of 7.2% to Rs. 62.5 crore. Emerging business grew by 128% y-o-y and contributed 21% to the topline versus 15% in Q1FY2021. Branded business witnessed strong growth of 131% y-o-y, contributing Rs. 299.7 crore to the topline. E-commerce business witnessed strong demand with 45% y-o-y growth. Capacity expansion of the flooring business is expected to be completed by the end of FY2022. The company aims to achieve peak level of utilisation for the flooring business by FY2026 and has guided flooring revenue to reach Rs. 2,200 crore-2,500 crore at the peak level. The government keeping RoSCTL rates unchanged is expected to add-on further 4-5% to OPM in FY2022. The business is expected to derive EBIDTA margin of around 20-21% in FY2022, aided by benefit from RoSCTL Scheme, calibrated price increases, softening of cotton and yarn prices, and higher capacity utilisation of the flooring business. The company reduced net debt by Rs. 83.2 crore in Q1FY2022 to Rs. 2,249.5 crore. With expected improvement in cash flows, debt is expected to come down further in the coming years despite the company investing in augmenting its capacity.

Key positives

- Home textile business reported 80% y-o-y growth, aided by volume growth of 51%, 114%, and 219% in bath linen, bed linen, and rugs and carpets, respectively.
- WIL accrued RoSCTL benefit of Rs. 198 crore, positively impacting EBITDA margin by 6.4%.
- Flooring business reported revenues of Rs. 121 crore on back of improving capacity utilisation and higher demand.
- WIL generated free cash flow of Rs. 83 crore; cash conversion cycle improved to 88 days from 93 days in FY2021.

Key negatives

- Gross margin contracted by 389 bps y-o-y to 50.6% due to a sharp increase in cotton and yarn prices.
- Logistics-related disruptions and inventory carry forward costs negatively impacted OPM by 2.2-2.5%.

Our Call

View – Maintain Buy with a revised PT of Rs. 170: We have revised upwards our earnings estimates for FY2022/FY2023 by 5.6% and 8.9%, respectively, to factor in higher-than-expected margins to incorporate the benefits of no-change in rate of RoSCTL scheme and higher sales volume from the home textile business. Market share gains in the home textile market in the US, higher demand from retail clients of Europe/UK coupled with strong growth in B2C business will drive the core home textile business in the near to medium term. Emerging business (including flooring) will add substantially to revenue over the next two to three years. Further, European Union removing GSP status of Pakistan can provide a level-playing field for domestic players. The stock is currently trading at 14x its FY2023E earnings. We maintain our Buy rating on the stock with a revised price target (PT) of Rs. 170.

Key Risks

Any slowdown in any of the key markets including the US and Europe or spike in key input prices such as cotton or unfavourable currency movement would act as key risks to our earnings estimates in the near term.

Valuation (Consolidated) Rs cr

Particulars	FY19	FY20	FY21	FY22E	FY23E
Revenue	6,527	6,741	7,340	8,571	10,348
OPM (%)	16.3	18.0	18.4	19.4	20.3
Adjusted PAT	419	493	551	707	1,012
% Y-o-Y growth	5.3	17.5	11.8	28.4	43.1
Adjusted EPS (Rs.)	4.2	4.9	5.5	7.0	10.1
P/E (x)	33.8	28.8	25.7	20.0	14.0
P/B (x)	5.1	4.8	3.9	3.4	2.8
EV/EBIDTA (x)	15.8	14.0	12.3	10.1	7.7
RoNW (%)	15.6	17.1	16.6	18.0	22.0
RoCE (%)	12.1	13.4	14.4	15.8	20.4

Source: Company; Sharekhan estimates

Strong revenue growth of 84.3% y-o-y, better operating leverage led to y-o-y expansion of 156 bps in OPM: WIL's revenue grew strongly by 84.3% y-o-y to Rs. 2,214.5 crore (3.7% q-o-q growth) as against our expectation of Rs. 2,021.3 crore. Strong performance was driven by 80% y-o-y growth in the home textile business, led by robust volume growth in all segments and 379% y-o-y growth in the flooring business due to increased capacity utilisation. High demand in the international market led to sales volume growth of 51%, 114%, and 219% in bath linen, bed linen, and rugs and carpets, respectively, during the quarter. Innovation product sales during the quarter were Rs. 552.9 crore (29% of sales), registering 64% y-o-y growth. Emerging business grew by 128% y-o-y and contributed 21% to the topline versus 15% in Q1FY2021. Branded business witnessed strong growth of 131% y-o-y, contributing Rs. 299.7 crore to the topline. E-commerce business witnessed strong demand with 45% y-o-y growth.

Gross margin contracted by 389 bps y-o-y to 50.6% due to a sharp increase in cotton and yarn prices. However, better operating leverage due to strong revenue growth resulted in OPM expanding by 156 bps to 20.2%, as against our expectation of 16.7%. Also the company accrued the benefit of RoSCTL scheme resulting in 6.4% addition to OPM. Excluding the flooring business losses, consolidated OPM stood much higher. Operating profit grew by ~100% y-o-y to Rs. 447.1 crore. This along with lower depreciation and lower incidence of tax led reported PAT to come in at Rs. 223 crore (much ahead of our expectation of Rs. 128.4 crore and street expectation of Rs. 120 crore). Tax rate stood at 29.0% in Q1FY2022 versus ~38% in Q1FY2021.

Net debt reduced by Rs. 83 crore q-o-q, capacity expansion on track: Despite investment of Rs. 172.2 crore during the quarter, WIL managed to reduce debt to the extent of Rs. 83.2 crore in Q1. Net debt stood at Rs. 2,249.5 crore as on June 30, 2021, as against Rs. 2,332.7 crore as on March 31, 2021. Excluding the flooring business, net debt stood at Rs. 1,483.9 crore in June 2021 versus Rs. 1,621.5 crore in March 2021, a reduction of Rs. 137.6 crore. Net debt to equity stands at 0.5x. The company is expected to incur capex of ~Rs. 600 crore during the year, out of which Rs. 172.2 crore has been spent during Q1. Terry Towel capacity enhancement by 7% to 85,400 mt per annum at Vapi and Anjar is underway. Bed sheet capacity expansion of 20% and rugs capacity expansion of 80% is expected to be concluded by Q4FY2022. Out of the total ~Rs. 1,300 crore capex for the flooring project, capex of Rs. 100 crore is remaining and the same is expected to be completed by the end of FY2022. Greenfield Spunlace capacity addition project in Telangana is on course and WIL expects commercial operations to commence from Q4FY2022. WIL generated free cash flow (FCF) of ~Rs. 83 crore in Q1FY2022 with cash conversion cycle improving to 88 days from 93 days in FY2021. The company is likely to reduce its debt in FY2022 despite capex programme towards capacity augmentation with generation of better cash flows in the coming years.

Key concall highlights:

- Improvement in consumer sentiments, opening of the economy, higher demand for hygiene and wellness products (especially from the hospitality sector), and improvement in the retailers' balance sheet are some of the key factors for strong demand in the US and European markets. China plus one strategy is playing well for domestic players as more and more international retailers are focusing on increasing their supply from the Indian market. Along with client addition, the company is also expecting increased orders from existing clients. This will help the company maintain double-digit growth momentum with better capacity utilisation in the coming years.
- In Europe, WIL has a strong position in the towels business and registered 22% growth in Q1FY2022. US market reported 53% y-o-y growth during the quarter. Both these markets registered increased market share across product categories. Likely removal of GSP status of Pakistan will benefit Indian players, as it will create a level-playing field for most domestic players (especially home textile players).
- Recently, the government has approved the extension of RoSCTL scheme till March 2024. As a result, WIL accrued RoSCTL benefit of Rs. 198 crore (including Rs. 105 crore for Q4FY2021) in Q1FY2022. This had a positive impact of 6.4% on EBIDTA margin. Further, since RoSCTL rates are going to be unchanged till FY2024, it is expected to add-on 4-5% to OPM in FY2022.

- The company has guided that OPM would be 20-21% for FY2022. Margin improvement will be because of a couple of factors, including a) benefit accruing from extension of RoSCTL scheme till March 2024, b) price hikes undertaken to pass on raw-material inflation, c) softening cotton prices in H2FY2022, which are currently at its peak, d) easing of challenges posed by supply chain disruptions, e) capacity utilisation of the flooring business is expected to improve, which will lead to reduction in losses of the flooring business, which will contribute positively to the overall business.
- The domestic flooring business was impacted by restrictions imposed on account of second wave of COVID-19. However, with easing lockdown norms, the company expects demand from the domestic market to improve prior to the festive season. The company is selling products through 400+ active channel partners and 75 distributors partners in the domestic market. In the international market, demand is strong and the company is expected to add few more clients to its business. The company aims to achieve peak level of utilisation by FY2026 and has guided revenue to reach Rs. 2,200 crore-2,500 crore at peak level.
- Advanced textile business reported y-o-y revenue growth of 7.2% to Rs. 62.5 crore. Growth was lower due to oversupply of certain products (including wet-wipes) during the pandemic. Inventory is expected to correct over the next one to two quarters and the business is expected to gain momentum from H2FY2022.
- During the quarter, WIL increased its nationwide footprint to 4,288 outlets and 80 towns with the brand Welspun, up from 3500+ outlets and 66 towns in Q4FY2021.
- Branded business witnessed strong growth of 131% y-o-y, contributing Rs. 300 crore to the topline in Q1FY2022. Martha Stewart brand is expected to achieve $25 million sales in FY2022 against sales of $14 million in FY2021. Overall, branded business is expected to generate revenues of $100 million by FY2024.

Results (Consolidated) Rs cr

Particulars	Q1FY22	Q1FY21	y-o-y (%)	Q4FY21	q-o-q (%)
Total Revenue	2214.5	1201.8	84.3	2135.7	3.7
Raw material cost	1093.0	546.4	100.0	1092.8	0.0
Employee cost	212.0	179.5	18.1	201.3	5.3
Other expenses	462.5	252.1	83.5	521.3	-11.3
Total operating cost	1767.4	977.9	80.7	1815.4	-2.6
Operating profit	447.1	223.9	99.7	320.3	39.6
Other income	12.7	14.2	-10.6	37.9	-66.4
Interest & other financial cost	48.9	41.2	18.5	64.2	-23.9
Depreciation	97.2	110.6	-12.1	114.3	-14.9
Profit Before Tax	313.8	86.3	263.6	179.7	74.6
Tax	90.9	32.6	179.1	44.9	102.4
Reported PAT	223.0	53.7	314.9	134.9	65.3
Adjusted EPS (Rs.)	2.2	0.5	314.6	1.3	65.3
			bps		**bps**
GPM (%)	50.6	54.5	-389	48.8	181
OPM (%)	20.2	18.6	156	15.0	519

Source: Company; Sharekhan Research

Business-wise revenues Rs cr

Segments	Q1FY22	Q1FY21	y-o-y (%)	Q4FY21	q-o-q (%)
Home Textile - B2B	1429.7	1013.4	41.1	1499.3	-4.6
Home Textile - Branded	191.8	57	236.5	221.7	-13.5
Home Textile - E-commerce	95.3	65.3	45.9	83.4	14.3
Total - Home Textile	**1716.8**	**1135.7**	**51.2**	**1804.4**	**-4.9**
Advance Material	**62.5**	**58.2**	**7.4**	**80.6**	**-22.5**
Flooring - B2B	100.6	15	570.7	94.2	6.8
Flooring - Branded	12.6	6.8	85.3	19.6	-35.7
Total - Flooring	**113.2**	**21.8**	**419.3**	**113.8**	**-0.5**

Source: Company; Sharekhan Research

Business-wise operations

Particulars	Units	Capacity	Q1FY22 (Prodn.)	Utilisation (%)	Q4FY21 (prodn.)	Utilisation (%)	Q1FY21 (prodn.)	Utilisation (%)
Home Textile								
Bath Linen	MT	85400	19179	95	19951	100	12439	62
Bed Linen	Mn mtrs	90	21.8	97	20.2	90	14	62
Rugs & Carpets	Mn sq mtrs	10.8	2.7	100	2.6	105	0.9	36
Advance Textile								
Spunlace	MT	11000	1848	76	2450	99	2127	77
Needle Punch	MT	3783	368	45	426	50	121	13
Wet wipes	Mn packs	91	15	49	4.2	21	9	40
Flooring	Mn sq mtrs	12.9	1.0	30.0	1.2	40.0	0.2	6.0

Source: Company; Sharekhan Research

Outlook and Valuation

■ Sector view - India's share in US home textile improving

According to OTEXA data for US imports, India's share in US imports of bed sheet products has improved substantially to 60%+ in April 2021 (Market share stood at 51.7% in CY2020). China's market share in bed sheets has fallen from 21% in CY2018 to 14% in CY2020 (and has further reduced to 11% in April 2021). On the other hand, India's market share in terry towel segment has improved to 42.1% in CY2020 from 38.8% in CY2018. It stood at 43.9% in April 2021. Increased market share, higher demand for home textile products in the current pandemic environment, and improving consumer sentiments led to strong 67% y-o-y and 22.5% y-o-y growth in April 2021 exports of bed sheets and terry towel, respectively, to the US. With a large part of US retailers increasing supply from India, we expect India's market share in the home textile exports to further improve in the coming years. With the government extending the RoSCTL scheme till March 2024 and keeping rates unchanged, it will be beneficial for textile companies and add to their profitability.

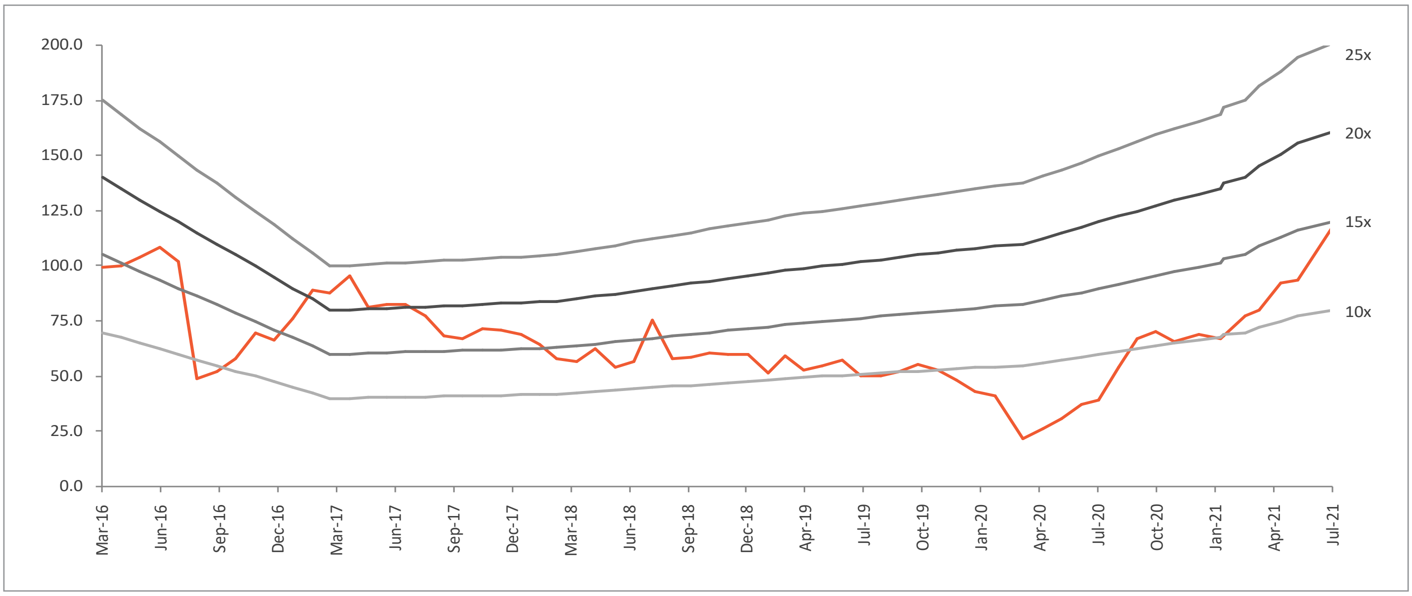
■ Company outlook - Capacity expansion and scale up in the emerging business to drive growth

Boosted by strong export demand and market share gains in the US, WIL registered robust all-round performance with revenue and operating profit growing by 84%/100% y-o-y, respectively, in Q1FY2022. The company expects to maintain double-digit revenue growth momentum over FY2021-FY2023, driven by sustained good demand for home textile products in the US market and scale up in the advance textile, flooring, and branded business. On the other hand, increased cotton and yarn prices coupled with higher freight cost will put stress on margins in the near term. However, better mix and scale up in high margins will help in mitigating the impact of increased cost. We expect WIL's revenue and PAT to post a CAGR of 18.7% and 35.6%, respectively, over FY2021-FY2023.

■ Valuation - Recommend Buy with a revised PT of Rs. 170

We have revised upwards our earnings estimates for FY2022/FY2023 by 5.6% and 8.9%, respectively, to factor in higher-than-expected margins to incorporate the benefits of no-change in rate of RoSCTL scheme and higher sales volume from the home textile business. Market share gains in the home textile market in the US, higher demand from retail clients of Europe/UK coupled with strong growth in B2C business will drive the core home textile business in the near to medium term. Emerging business (including flooring) will add substantially to revenue over the next two to three years. Further, European Union removing GSP status of Pakistan can provide a level-playing field for domestic players. The stock is currently trading at 14x its FY2023E earnings. We maintain our Buy rating on the stock with a revised price target (PT) of Rs. 170.

One-year forward P/E (x) band



Source: Sharekhan Research

Peer Comparison

Companies	P/E (x)			EV/EBIDTA (x)			RoCE (%)		
	FY21	FY22E	FY23E	FY21	FY22E	FY23E	FY21	FY22E	FY23E
KPR Mill	26.3	20.7	16.3	16.8	13.5	10.5	25.2	26.8	28.4
Himatsingka Seide	-	15.4	8.7	16.4	8.5	6.1	3.5	9.8	14.2
Welspun India	25.7	20.0	14.0	12.3	10.1	7.7	14.4	15.8	20.4

Source: Company, Sharekhan estimates

About company

WIL, a Welspun Group company, started its activities in 1985 as Welspun Winilon Silk Mills Private Limited, a synthetic yarn business, which went on to become Welspun Polyesters (India) Limited and, finally, Welspun India Limited emerged in 1995. The company offers a variety of products such as towels in different sizes and qualities, bed sheets using state-of-the-art technology, and the best quality of Egyptian cotton. WIL is Asia's largest and is among the top four terry towel producers in the world (number one player in the US). The company's business is spread across continents and has a distribution network in 50+ countries, such as US, UK, Canada, Australia, Italy, Sweden, and France. 95% of the total products are exported.

Investment theme

WIL is one of the leading players in the global textile market with capacities of 80,000 metric tonne (MT) and 90 million metres of terry towels and bed linen capacity largely catering exports markets. The company will benefit from recovery in the US, where it has a market share of 19% and 13% in the terry towel and bed sheets segments, respectively. New ventures such as flooring business and advance textile revenue would add-on to revenue in the near to medium term. This along with benign cotton prices and improved revenue mix would aid in improving profitability consistently in the near to medium term. Improving cash flows would aid the company to reduce debt on books over FY2021-FY2023.

Key Risks

- **Decline in revenue of key exporting markets:** Any decline in the revenue of key exporting markets such as US and Europe due to change in the trade policy, slowdown in the macro environment, or increased competition from other international players would be key risks to earnings estimates.
- **Unfavourable currency movement:** About 95% of WIL's revenue comes from export markets such as US and Europe. Hence, any adverse currency movement would act as a key risk to revenue growth.
- **Increased cotton prices:** Any significant increase in global cotton prices (including Egypt) would act as a key risk to profitability.

Additional Data

Key management personnel

Rajesh Mandawewala	Executive Director and MD
Dipali Goenka	CEO-MD
Sanjeev Sancheti	Chief Financial Officer
Shashikant Thorat	Company Secretary and Compliance Officer

Source: Company

Top 10 shareholders

Sr. No.	Holder Name	Holding (%)
1	DSP Investment Managers Pvt. Ltd.	3.5
2	Life Insurance Corp of India	1.9
3	L&T Mutual Fund Trustee Ltd./India	1.2
4	Vanguard Group Inc/The	1.1
5	Dimensional Fund Advisors LP	0.9
6	Aditya Birla Sun Life Asset Manage	0.7
7	Norges Bank	0.5
8	BlackRock Inc.	0.5
9	GAM Holding AG	0.2
10	Birla Sun Life Insurance Co. Ltd.	0.2

Source: Bloomberg (old data)

Understanding the Sharekhan 3R Matrix

Right Sector	
Positive	Strong industry fundamentals (favorable demand-supply scenario, consistent industry growth), increasing investments, higher entry barrier, and favorable government policies
Neutral	Stagnancy in the industry growth due to macro factors and lower incremental investments by Government/private companies
Negative	Unable to recover from low in the stable economic environment, adverse government policies affecting the business fundamentals and global challenges (currency headwinds and unfavorable policies implemented by global industrial institutions) and any significant increase in commodity prices affecting profitability.
Right Quality	
Positive	Sector leader, Strong management bandwidth, Strong financial track-record, Healthy Balance sheet/cash flows, differentiated product/service portfolio and Good corporate governance.
Neutral	Macro slowdown affecting near term growth profile, Untoward events such as natural calamities resulting in near term uncertainty, Company specific events such as factory shutdown, lack of positive triggers/events in near term, raw material price movement turning unfavourable
Negative	Weakening growth trend led by led by external/internal factors, reshuffling of key management personal, questionable corporate governance, high commodity prices/weak realisation environment resulting in margin pressure and detoriating balance sheet
Right Valuation	
Positive	Strong earnings growth expectation and improving return ratios but valuations are trading at discount to industry leaders/historical average multiples, Expansion in valuation multiple due to expected outperformance amongst its peers and Industry up-cycle with conducive business environment.
Neutral	Trading at par to historical valuations and having limited scope of expansion in valuation multiples.
Negative	Trading at premium valuations but earnings outlook are weak; Emergence of roadblocks such as corporate governance issue, adverse government policies and bleak global macro environment etc warranting for lower than historical valuation multiple.

Source: Sharekhan Research

For Private Circulation only

Disclaimer: This document has been prepared by Sharekhan Ltd. (SHAREKHAN) and is intended for use only by the person or entity to which it is addressed to. This Document may contain confidential and/or privileged material and is not for any type of circulation and any review, retransmission, or any other use is strictly prohibited. This Document is subject to changes without prior notice. This document does not constitute an offer to sell or solicitation for the purchase or sale of any financial instrument or as an official confirmation of any transaction. Though disseminated to all customers who are due to receive the same, not all customers may receive this report at the same time. SHAREKHAN will not treat recipients as customers by virtue of their receiving this report.

The information contained herein is obtained from publicly available data or other sources believed to be reliable and SHAREKHAN has not independently verified the accuracy and completeness of the said data and hence it should not be relied upon as such. While we would endeavour to update the information herein on reasonable basis, SHAREKHAN, its subsidiaries and associated companies, their directors and employees ("SHAREKHAN and affiliates") are under no obligation to update or keep the information current. Also, there may be regulatory, compliance, or other reasons that may prevent SHAREKHAN and affiliates from doing so. This document is prepared for assistance only and is not intended to be and must not alone be taken as the basis for an investment decision. Recipients of this report should also be aware that past performance is not necessarily a guide to future performance and value of investments can go down as well. The user assumes the entire risk of any use made of this information. Each recipient of this document should make such investigations as it deems necessary to arrive at an independent evaluation of an investment in the securities of companies referred to in this document (including the merits and risks involved), and should consult its own advisors to determine the merits and risks of such an investment. The investment discussed or views expressed may not be suitable for all investors. We do not undertake to advise you as to any change of our views. Affiliates of Sharekhan may have issued other reports that are inconsistent with and reach different conclusions from the information presented in this report.

This report is not directed 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, regulation or which would subject SHAREKHAN and affiliates to any registration or licensing requirement within such jurisdiction. The securities described herein may or may not be eligible for sale in all jurisdictions or to certain category of investors. Persons in whose possession this document may come are required to inform themselves of and to observe such restriction.

The analyst certifies that the analyst has not dealt or traded directly or indirectly in securities of the company and that all of the views expressed in this document accurately reflect his or her personal views about the subject company or companies and its or their securities and do not necessarily reflect those of SHAREKHAN. The analyst and SHAREKHAN further certifies that neither he or his relatives or Sharekhan associates has any direct or indirect financial interest nor have actual or beneficial ownership of 1% or more in the securities of the company at the end of the month immediately preceding the date of publication of the research report nor have any material conflict of interest nor has served as officer, director or employee or engaged in market making activity of the company. Further, the analyst has also not been a part of the team which has managed or co-managed the public offerings of the company and no part of the analyst's compensation was, is or will be, directly or indirectly related to specific recommendations or views expressed in this document. Sharekhan Limited or its associates or analysts have not received any compensation for investment banking, merchant banking, brokerage services or any compensation or other benefits from the subject company or from third party in the past twelve months in connection with the research report.

Either, SHAREKHAN or its affiliates or its directors or employees / representatives / clients or their relatives may have position(s), make market, act as principal or engage in transactions of purchase or sell of securities, from time to time or may be materially interested in any of the securities or related securities referred to in this report and they may have used the information set forth herein before publication. SHAREKHAN may from time to time solicit from, or perform investment banking, or other services for, any company mentioned herein. Without limiting any of the foregoing, in no event shall SHAREKHAN, any of its affiliates or any third party involved in, or related to, computing or compiling the information have any liability for any damages of any kind.

Compliance Officer: Mr. Joby John Meledan; Tel: 022-61150000; email id: compliance@sharekhan.com;

For any queries or grievances kindly email igc@sharekhan.com or contact: myaccount@sharekhan.com

Registered Office: Sharekhan Limited, 10th Floor, Beta Building, Lodha iThink Techno Campus, Off. JVLR, Opp. Kanjurmarg Railway Station, Kanjurmarg (East), Mumbai – 400042, Maharashtra. Tel: 022 - 61150000. Sharekhan Ltd.: SEBI Regn. Nos.: BSE / NSE / MSEI (CASH / F&O / CD) / MCX - Commodity: INZ000171337; DP: NSDL/CDSL-IN-DP-365-2018; PMS: INP000005786; Mutual Fund: ARN 20669; Research Analyst: INH000006183;