Sharekhan by BNP PARIBAS

Powered by the Sharekhan 3R Research Philosophy

Stock Update

Result Update

Schaeffler India Ltd

Upbeat on exports

Automobiles	Sharekhan code: SCHAEFFLER
Reco/View: Buy ↔	CMP: Rs. 2,852
Price Target: Rs. 3,328 ↔	

↑ Upgrade ↔ Maintain ↓ Downgrade

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		↔	

ESG Disclosure Score NEW

ESG RISK RATING 15.81

Updated Mar 08, 2023

Low Risk

NEGL	LOW	MED	HIGH	SEVERE
0-10	10-20	20-30	30-40	40+

Source: Morningstar

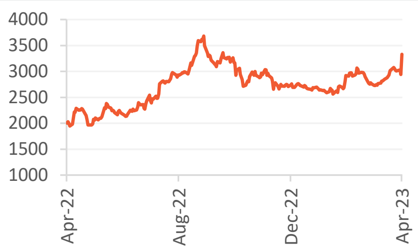
Company details

Market cap:	Rs. 44,578 cr
52-week high/low:	Rs. 3,522/2348
NSE volume: (No of shares)	1.28 lakh
BSE code:	505790
NSE code:	SCHAEFFLER
Free float: (No of shares)	4.0 cr

Shareholding (%)

Promoters	74.1
FII	4.4
DII	15.6
Others	5.9

Price chart



Price performance

(%)	1m	3m	6m	12m
Absolute	2.2	6.1	-2.8	33.0
Relative to Sensex	-0.2	7.0	0.3	24.4

Sharekhan Research, Bloomberg

Summary

- We maintain our Buy rating on Schaeffler India Limited (Schaeffler) with an unchanged PT of Rs. 3,328 in expectation of an uptick in export revenue in the coming period, success in the high-value EV business, and traction in the aftermarket segment.
- Despite headwinds Scheffler is likely to perform in export markets on strategic relocation of capacities.
- With a capex of Rs. 1,500 crore over FY2022-FY2024, Schaeffler is focusing on localisation and operating excellence.
- Except the wind energy segment, Schaeffler is performing well in all other segments.

While Schaeffler India Limited's (Schaeffler) reported operating performance for Q1CY23 was below estimates, management has guided for a (1) healthy uptick in export revenue in the coming period, backed by a strong order book, (2) robust order book in auto aftermarket, (3) continued steady performance in the railway segment and infra-related industries, and (4) increased penetration in the high-value e-mobility segment. On a sequential basis, the company has reported a 5.6% decline in revenue, 60 bps contraction in EBITDA margin to 18.6%, and a 4.9% decline in PAT, while it has missed our revenue estimates by 9.3% and EBITDA margin estimates by 120 bps. The below expected operating performance in Q1CY2023 is attributed to lack of operating leverage as domestic as well as export revenue declined on a q-o-q basis. Except the domestic automotive technology segment, all other segments registered a sequential decline in Q1CY2023. We believe the domestic automotive segment benefited from the sequential increase in OEM production during the quarter, as management has denied for any pricing action. Schaeffler continues to invest on capacity build-up and has allocated 30% of its capex for relocation/export-related capex and targeting a localisation level of 80% in the next 2-3 years from current localization level of 76%. The company would benefit from ongoing localisation, strategic expansion in the export market, and strong footprint in the aftermarket segment. The successful entry into system solution supply to EVs would enhance earnings potential on volume ramp-up and localisation. We maintain our Buy rating on the stock with a price target (PT) of Rs. 3,328.

Key positives

- The domestic automotive segment registered 5.3% q-o-q growth in Q1CY2023, led by increased OEM production.
- With a sequential decline in topline, other expenses fell by 7.6% q-o-q and as a percentage of sales also contracted by 30 bps q-o-q to 13.5% and cushioned EBIDTA margin contraction.
- Other income increased by 78.9% q-o-q to Rs. 32.7 crore.

Key negatives

- Revenue declined by 5.6% q-o-q on a sharp decline of 17.7% q-o-q in export revenue and 2.9% q-o-q decline in domestic revenue.
- The aaftermarket segment reported 13.4% q-o-q decline in revenue due to seasonality, as the company enjoys a strong order book in the aftermarket segment.
- Revenue contribution from exports has come down from 18.5% in Q4CY2022 to 16.2% in Q1CY2022 due to ongoing destocking in overseas markets and headwinds in the wind energy segment.

Management Commentary

- Despite headwinds in the global market, Schaeffler would continue to witness increase in exports due to relocation of capacities. The company has already booked an order for a year. Management aims for 20% of its revenue contribution to come from export markets in the coming year compared to 16.6% in CY2022.
- Other than the wind energy segment, most subsegments in the industrial segment are performing well.
- The company has won a prestigious order in the electric car segment to supply system solutions and is likely to expand further in the EV space.

Our Call

Valuation – Maintain Buy with an unchanged PT of Rs. 3,328: While Schaeffler's operating performance was below expectations, management is hopeful of healthy traction in most of the operating segments except for a wind segment. Despite global headwinds and challenges, Schaeffler is looking for a continued uptick in export revenue, led by a strong order book and relocation of capacities in light of high energy costs in the European region. Management aims for 20% of its revenue from exports in the coming years and has allocated 30% of its capex to benefit from the relocation of capacities. The company continues to drive on localisation and increased penetration in the high-value EV space. While soft raw-material cost benefit is yet to reflect in its financials, we believe benign raw-material cost trend would be a tailwind. While we retain our CY2024 earnings estimates, we have tweaked CY2023 earnings estimates by 4.7% to factor in Q1CY2023 performance. We maintain our Buy rating on the stock with an unchanged price target (PT) of Rs. 3,328 in expectation of an uptick in export revenue in the coming period, successful entry into the high-value EV business and continued traction in the domestic aftermarket segment, backed by a strong order book. The stock trades at a P/E multiple of 37.7x and EV/EBITDA multiple of 23.6x its CY2024 estimates.

Key Risks

A weakening global outlook and uncertainties can disrupt the supply chain and increase costs, which may affect our future estimates.

Valuation (Standalone) Rs cr

Particulars	CY20	CY21	CY22	CY23E	CY24E
Net Sales	3762	5561	6867	7847	9120
Growth (%)	-13.7	47.8	23.5	14.3	16.2
EBIDTA	536	972	1294	1491	1797
OPM (%)	14.3	17.5	18.8	19.0	19.7
Recurring PAT	291	629	879	977	1183
Growth (%)	-20.9	116.2	39.8	11.1	21.1
EPS (Rs.)	18.6	40.3	56.3	62.5	75.7
PE (x)	153.2	70.9	50.7	45.6	37.7
P/BV (x)	15.0	14.2	12.2	10.4	9.1
EV/EBIDTA (x)	80.8	44.4	33.2	28.7	23.6
RoE (%)	9.4	18.4	21.8	21.3	22.4
RoCE (%)	9.7	18.6	21.9	21.4	22.5

Source: Company; Sharekhan estimates

Q1CY2023 results: Operating performance below estimates

- While the topline missed our estimates by 9.3%, operating profit margin was 120 bps below our estimates. The company's revenue declined by 5.6% q-o-q (up 8% y-o-y) on account of a 2.9% q-o-q and 17.7% q-o-q decline in domestic and export business, respectively.
- The 2.9% q-o-q decline in the domestic business can be attributed to (1) a 5.3% q-o-q increase in the automotive business, (2) a 13.4% q-o-q decline in the auto aftermarket segment, and (3) a 9.6% q-o-q drop in the industrial segment .
- With a 20 bps contraction in gross margin and higher employee cost, EBITDA margin contracted by 60 bps q-o-q to 18.6%. While the company's revenue declined by 5.6% q-o-q, employee cost increased by 5.3%. Hence, employee cost as a percentage of sales expanded by 70 bps q-o-q.
- With this operating performance and a 78.9% q-o-q increase in other income, reported PAT declined by 5% q-o-q to Rs. 219.4 crore (against our estimate of Rs. 240 crore).

Industrial segment: Except wind, most segments are performing well

- The industrial segment registered a 9.6% q-o-q-decline in revenue in Q1CY2023, largely on account of weakness in the wind energy segment. The wind energy segment contributes ~20% to its industry revenue and has been facing challenges due to a slowdown in the European region, led by geopolitical issues.
- However, other segments including cement, steel, and infra-related segments are offering healthy business flow.
- Business from the railway segment has been steady and the company has been looking for a business opportunity in the freight segment.
- The tractor segment has been observing moderation in growth due to a high base effect.

E-mobility segment: Won a prestigious order, looking for a structural play

- Backed by its in-house efforts and support of its global parent, Scheffler India has been aggressively looking for a healthy penetration in the EV space.
- While it has been able to cater to the EV segment for bearing-related requirements, it has received a prestigious order to supply system solutions (E axle) to a leading PV player and has been looking to further expand in the system solution space going ahead.
- The production and supply for this order would begin from CY2024 as it is in the process of supplying a sample product for testing after receiving an approval for design.
- The lifetime value of this orders is ~Euro 300 mn. Management assumes that EV projects would offer more value than ICs on volume ramp-up.

Exports : Weak in Q1CY2023, likely to revive in the coming months on relocation strategy

- While exports revenue declined by 17.7% q-o-q in Q1CY2023, management has a strong positive outlook for its export segment on account of relocation of business from Europe and strong order book. The company has already booked an export order for a year, which gives healthy revenue visibility for the near term.
- Export revenue contributed 16.2% in Q1CY2023 compared to 18.5% in Q4CY2022 due to ongoing inventory correction or destocking in its overseas markets, especially in the European region.
- While export contribution has come down in Q1CY2023 on a sequential basis, management has guided for a continuous rise in export contribution to revenue in the coming years. In CY2022, export contributed 16.6% and management foresees export contribution to reach to 20% in the coming years.
- Going forward, the global slowdown would have a limited impact on its export revenue growth as its export revenue would be built up by the relocation strategy, followed by the Schaeffler Group.
- The company appears to be a key beneficiary of Europe plus one strategy and has been making efforts to utilise the opportunity, backed by its engineering expertise, given it has allocated 30% of its capex for relocation-related capacity build up.

- In general, (1) Germany constitutes 40% to its exports, (2) Asian countries constitute 40% to its exports, and (3) the rest comes from other European countries and North America. Further, ~90% of the exports revenue comes from the industrial segment.

Aftermarket segment: Robust order book

- The aftermarket segment has registered a 13.4% q-o-q decline in revenue and contributed 8.6% to the total revenue (vs, 9.4% in Q4CY2022).
- The decline in revenue in the aftermarket segment is largely due to seasonality, as Q1 of a calendar used to be a weak quarter on a sequential basis.
- Further, the company has been enjoying a strong order book in the aftermarket segment and is looking to expand its overall product portfolio and reach on pan- India basis.

Others

- **Soft raw-material cost likely in the coming period:** While the raw-material basket has been softened, the benefit of soft raw-material cost has yet to filter in its financials. Management is hopeful that raw-material cost would likely soften going ahead.
- **Capex :** During the quarter, the company has incurred capex of Rs. 118.7 crore against Rs. 182.7 crore in Q4CY2022.

Results (Standalone) Rs cr

Particulars	Q1CY23	Q1CY22	YoY %	Q4CY22	QoQ %
Net revenue	1,694	1,568	8.0	1,795	(5.6)
Operating expenses	1,379	1,259	9.5	1,449	(4.9)
EBIDTA	315	308	2.1	345	(8.8)
Depreciation	52	50	3.9	53	(1.0)
Interest	1	1	(4.8)	1	(14.0)
Other Income	33	20	63.0	18	78.9
PBT	294	277	6.2	310	(4.9)
Tax	75	70	6.7	79	(4.9)
Reported PAT	220	207	6.0	231	(4.9)
Adjusted PAT	220	207	6.0	231	(4.9)
EPS	14.1	13.3	6.0	14.8	(4.9)

Source: Company, Sharekhan Research

Key ratios

Particulars	Q1CY23	Q1CY22	YoY (bps)	Q4CY22	QoQ (bps)
Gross margin (%)	38.8	39.2	(40)	39.0	(20)
EBIDTA margin (%)	18.6	19.7	(110)	19.2	(60)
Net profit margin (%)	13.0	13.2	(20)	12.9	10
Effective tax rate (%)	25.4	25.3	10	25.4	-

Source: Company, Sharekhan Research

Segment-wise Performance Rs cr

Segment Revenue	Q1CY23	Q1CY22	YoY %	Q4CY22	QoQ %
(a) Mobility components and related solutions	**1,355.6**	**1,215.8**	**11.5**	**1,430.9**	**(5.3)**
- Automotive Technologies	737.7	609.4	21.1	700.5	5.3
- Automotive Aftermarket	146.4	124.7	17.4	169.1	(13.4)
- Industrial	281.6	286.0	(1.5)	320.7	(12.2)
- Exports & Others	189.9	195.8	(3.0)	240.6	(21.1)
(b) Others	**338.1**	**351.7**	**(3.9)**	**363.8**	**(7.1)**
- Industrial	254.3	299.7	(15.1)	271.9	(6.5)
- Exports & Others	83.8	52.0	61.1	91.9	(8.9)
Net revenue	1,693.6	1,567.5	8.0	1,794.7	(5.6)
EBIT (Rs cr)	**Q1CY23**	**Q1CY22**	**YoY %**	**Q4CY22**	**QoQ %**
(a) Mobility components and related solutions	190.2	193.0	(1.4)	222.9	(14.7)
(b) Others	72.0	65.0	10.8	69.3	3.9
Total	**262.2**	**258.0**	**1.6**	**292.2**	**(10.3)**
EBIT Margin (%)	**Q1CY23**	**Q1CY22**	**YoY (bps)**	**Q4CY22**	**QoQ (bps)**
(a) Mobility components and related solutions	14.0	15.9	(184)	15.6	(155)
(b) Others	21.3	18.5	282	19.1	224
Total	**15.5**	**16.5**	**(97)**	**16.3**	**(80)**
Geography wise revenue	**Q1CY23**	**Q1CY22**	**YoY %**	**Q4CY22**	**QoQ %**
Domestic	1420.0	1319.8	7.6	1462.1	(2.9)
Exports	273.6	247.8	10.4	332.5	(17.7)
Total	**1693.6**	**1567.5**	**8.0**	**1794.7**	**(5.6)**
Domestic / export mix (%)	**Q1CY23**	**Q1CY22**	**YoY %**	**Q4CY22**	**QoQ %**
Domestic	83.8%	84.2%		81.5%	
Exports	16.2%	15.8%		18.5%	
Total	**100%**	**100%**		**100%**	

Source: Company, Sharekhan Research

Change in earnings estimates

Particulars	Revised		Earlier		% Change	
	CY23E	CY24E	CY23E	CY24E	CY23E	CY24E
Revenue	7,847	9,120	7,983	9,120	(1.7)	0.0
EBITDA	1,491	1,797	1,557	1,797	(4.2)	(0.0)
EBITDA margin	19.0	19.7	19.5	19.7		
PAT	977	1,183	1,026	1,183	(4.8)	0.0
EPS	62.5	75.7	65.6	75.7	(4.7)	(0.0)

Source: Company, Sharekhan Research

Outlook and Valuation

■ Sector view - Demand picking up in the automotive and industrial sector

The passenger segment, both for two-wheelers and four-wheelers, is expected to remain strong, as the preference for personal transport rises. Rural demand is expected to improve on positive sentiments. We expect sequential improvement in M&HCV sales to continue, driven by rise in e-commerce, agriculture, infrastructure, and mining activities. We expect a multi-year upcycle in the CV segment, driven by improved economic activities and better financing availability. We believe strong traction in the PV segment to continue on rise in urbanisation and replacement demand. Further, two-wheeler segment is expected to recover on recovery in the rural segment Moreover, exports provide a huge growth potential, given India's cost-effective manufacturing. An introduction of PLI scheme and China plus 1 and Europe plus 1 theme would augur well for industrial production growth in India.

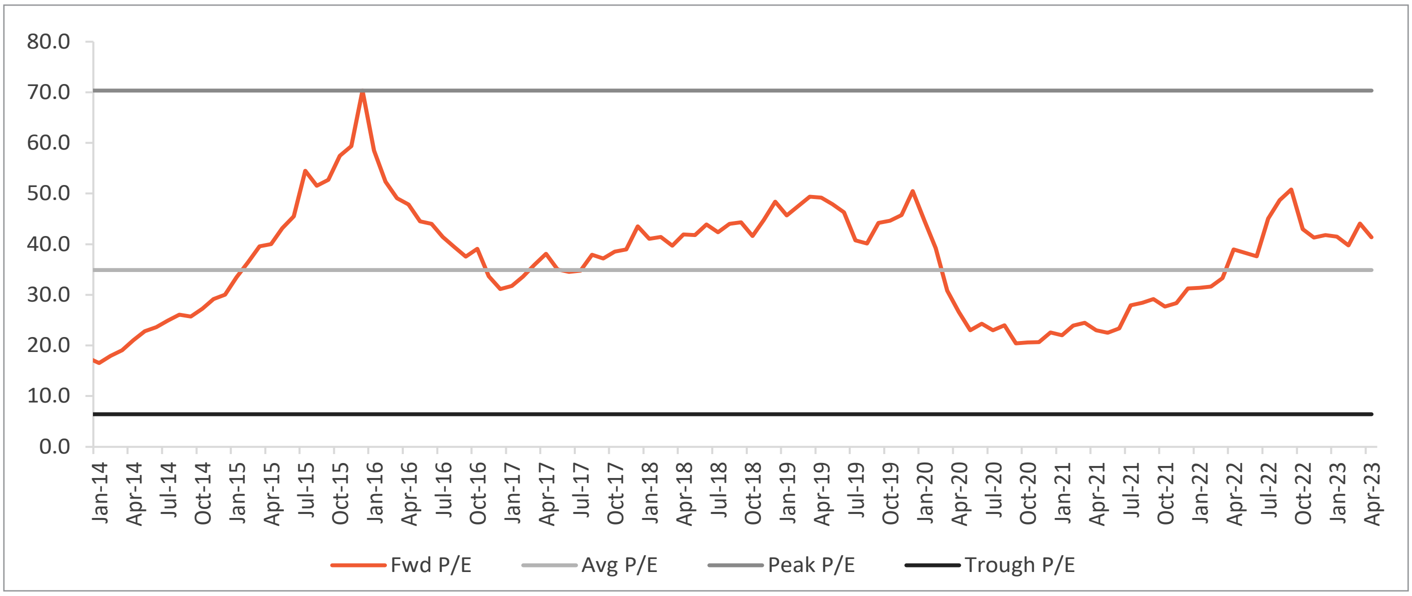
■ Company outlook - MNC with strong technological parentage and robust balance sheet

Schaeffler is part of Germany's Schaeffler Group. The Schaeffler Group has a strong research and development (R&D) DNA. In CY2021, the group filed 1,784 patents, making it the second-most innovative company in Germany. The company has established strong relationships with global OEMs worldwide. The company would benefit from its strong parentage and is expected to receive new businesses going forward. Moreover, the company's parent has identified it as a manufacturing base for supply to Asia-Pacific region. This provides a huge growth potential for the company. The company is a debt-free company with a strong return-ratio profile. We remain positive on the company's growth prospects.

■ Valuation - Maintain Buy with an unchanged PT of Rs. 3,328

While Schaeffler's operating performance was below expectations, management is hopeful of healthy traction in most of the operating segments except for a wind segment. Despite global headwinds and challenges, Schaeffler is looking for a continued uptick in export revenue, led by a strong order book and relocation of capacities in light of high energy costs in the European region. Management aims for 20% of its revenue from exports in the coming years and has allocated 30% of its capex to benefit from the relocation of capacities. The company continues to drive on localisation and increased penetration in the high-value EV space. While soft raw-material cost benefit is yet to reflect in its financials, we believe benign raw-material cost trend would be a tailwind. While we retain our CY2024 earnings estimates, we have tweaked CY2023 earnings estimates by 4.7% to factor in Q1CY2023 performance. We maintain our Buy rating on the stock with an unchanged price target (PT) of Rs. 3,328 in expectation of an uptick in export revenue in the coming period, successful entry into the high-value EV business and continued traction in the domestic aftermarket segment, backed by a strong order book. The stock trades at a P/E multiple of 37.7x and EV/EBITDA multiple of 23.6x its CY2024 estimates.

One-year forward P/E (x) band



Source: Sharekhan Research

Peer Comparison

Companies	CMP (Rs/ Share)	P/E (x)			EV/EBITDA (x)			ROCE (%)		
		FY22*	FY23E*	FY24E*	FY22*	FY23E*	FY24E*	FY22*	FY23E*	FY24E*
Schaeffler India	2,852	70.9	50.7	45.6	44.4	33.2	28.7	18.6	21.9	21.4
Sundram Fasteners	1,027	46.7	42.6	31.0	27.2	24.5	18.5	21.4	16.1	20.0
Suprajit Engineering	357	28.5	31.4	24.7	19.7	17.6	13.6	16.2	15.7	17.1
Bosch	18,714	45.3	38.1	29.0	34.5	27.0	20.0	11.2	11.8	13.7

*Source: Company; Sharekhan Research; *Note: For Schaeffler the years are CY21, CY22E and CY23E*

About company

Schaeffler's (erstwhile FAG Bearings), with four plants and 11 sales offices, has a significant presence in India with three major widely known product brands – FAG, INA, and LuK. The company produces a wide range of ball bearings, cylindrical roller bearings, deep groove balls, spherical roller bearings, and wheel bearings sold under the brand name FAG. The company manufactures engine and transmission components for front accessory drive systems, chain drive systems, valve train, shift systems, and a range of needle roller bearings and elements under the brand, INA. Schaeffler also produces clutch systems and dual mass flywheels for passenger cars, LCVs, heavy commercial vehicles, and tractors, which are sold under the brand, LuK. In addition to this, the company has dedicated engineering and R&D support based in India to augment its product teams. The company also has one of the largest aftermarket networks serving industrial and automotive markets.

Investment theme

The company is among the largest automotive and industrial suppliers with a strong parentage of the Schaeffler Group. The company is present in India since the past 50 years and has established strong relationships with leading OEMs in India and globally. Having strong manufacturing capabilities and R&D, Schaeffler's parent company has identified it as a manufacturing base for supply to Asia-Pacific region. This provides a strong opportunity for the company to expand its export business. With the Indian Government focussing on 'Make in India,' 'Atma-Nirbhar,' and PLI programmes, Schaeffler is well positioned to benefit from these programmes. The company's strategies to increase content per vehicle through product innovation and launches, while identifying new business divisions in the industrial sector, are likely to keep growth traction intact. The company's strong technological parentage and established relationships with global OEM clients would continue to provide growth opportunities. We remain positive on Schaeffler and expect strong earnings growth, driven by revenue growth and margin expansion.

Key Risks

- Delayed approval from industrial customers and late launches by automotive players can impact growth.
- Pricing pressures from automotive OEM clients can impact profitability.
- Weakening global outlook and uncertainties can disrupt the supply chain and increase costs, which may affect our future estimates.

Additional Data

Key management personnel

Ms. Eranti V Sumithasri	Chairperson
Harsha Kadam	Managing Director & CEO
Satish Patel	ED & CFO
Ashish Tiwari	Company Secretary

Source: Company

Top 10 shareholders

Sr. No.	Holder Name	Holding (%)
1	Fag Kugelfischer Gmbh	27.3
2	Schaeffler Buhl Verwaltungs Gmbh	20.6
3	Schaeffler Verwaltungsholding Sechs Gmbh	15.0
4	Industriewerk Schaeffler Ina-ingenieurdienst Gmbh	11.3
5	Kotak Mahindra AMC	3.6
6	SBI AMC	2.3
7	UTI AMC	1.5
8	Axis AMC	1.2
9	Vanguard	1.0
10	Sundaram Mutual Fund	0.9

Source: Bloomberg

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

Sharekhan
by BNP PARIBAS

Know more about our products and services

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: Ms. Binkle Oza; Tel: 022-61169602; email id: complianceofficer@sharekhan.com;

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

Registered Office: Sharekhan Limited, The Ruby, 18th Floor, 29 Senapati Bapat Marg, Dadar (West), Mumbai – 400 028, Maharashtra, INDIA, Tel: 022 - 67502000/ Fax: 022 - 24327343. 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.