Sharekhan by BNP PARIBAS

Powered by the Sharekhan 3R Research Philosophy

Stock Update

Result Update

Welspun India Ltd

Strong Q2; momentum to sustain

Textiles	Sharekhan code: WELSPUNIND

Reco/View: Buy	↔	CMP: Rs. 142	Price Target: Rs. 163	↑

↑ 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 11.30

Updated Aug 08, 2023

Low Risk

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

Source: Morningstar

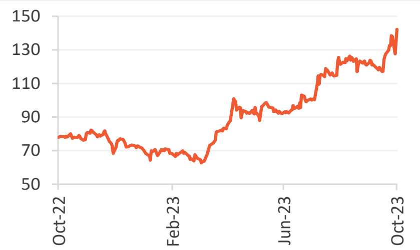
Company details

Market cap:	Rs. 13,800 cr
52-week high/low:	Rs. 145 / 62
NSE volume: (No of shares)	36.2 lakh
BSE code:	514162
NSE code:	WELSPUNIND
Free float: (No of shares)	28.7 cr

Shareholding (%)

Promoters	70.5
FII	6.7
DII	6.1
Others	16.7

Price chart



Price performance

(%)	1m	3m	6m	12m
Absolute	14.8	41.9	63.5	82.4
Relative to Sensex	17.7	45.1	57.9	74.9

Sharekhan Research, Bloomberg

Summary

- Welspun India Limited's (WIL's) Q2FY2024 numbers beat ours and the street's expectation on better-than-expected revenue growth at ~19%, while EBIDTA margin expanded by 819 bps y-o-y to 14.3%, resulting in PAT coming at Rs. 200 crore.
- Capacity utilisation of bed linen, bath linen, rugs and carpet segments stood at around 80-100%. Management is optimistic about H2 on improved demand from US retailers. Flooring business is getting good demand from the US market due to the China +1 factor.
- Management has maintained its conservative guidance of 12% revenue growth and EBIDTA margins of 15% in wake of global uncertainties reeling around Israel conflict.
- Since we upgraded the stock to Buy, the stock has moved up by 22% in the past three months. We maintain a Buy rating on the stock with a revised PT of Rs. 163. Stock trades at 23x/18x its FY2024E/25E earnings.

Welspun India Limited (WIL) registered one of the strongest quarterly performances in Q2FY2024 after several quarters of a lull with revenues and operating profit growing by 19% y-o-y and 2.8x y-o-y. Revenues came at Rs. 2,509 crore (grew by 15% q-o-q), which is the highest amongst the past several quarters. Strong revenue growth was driven by 17% y-o-y growth in the core home textile business, while the flooring business had a blockbuster quarter with a 52% y-o-y growth. Upcoming festive season in US led to increased buying by major retailers. Gross margins expanded by 489 bps y-o-y to 46.5%. This along with operating efficiencies led to 819 bps y-o-y improvement in the EBIDTA margins to 14.3%. PAT came at Rs. 200 crore (grew by 23% q-o-q). For H1FY2024, revenues grew by 15% y-o-y to Rs. 4,693.1 crore; EBIDTA margins improved by 736 bps y-o-y to 14.2% and adjusted PAT came at Rs. 359.1 crore.

Key positives

- Home textile B2B and branded business grew by 17% and 42%, respectively.
- Capacity utilisation of bath linen, terry towel and rugs and carpet improved to 80-100%.
- Flooring business grew by 52%; EBIT margins came at 8.3%.
- Net debt was down by Rs. 249 crore compared to Q1FY2024.

Key negatives

- Branded domestic business stood flat due to lower footfalls in retail shops and offtake also remained muted.

Management Commentary

- India gained market share in exports to US with terry towel export share improving to 45% from 40% earlier and for bedsheets improved 58% from 51% in pre-covid era.
- US retail sales grew by 3.8% y-o-y and 0.7% m-o-m in September 2023. For the upcoming festive season, the company is witnessing increased order flow from retailers. Strong customer connect across major international retailers has led to increased share of shelf as compared to pre-pandemic levels, both in bed and bath categories. Thus, management expects good momentum in home textile space to sustain in H2.
- The free-trade agreement (FTA) with the UK will provide incremental opportunity for the home textile companies as it contributes 10% to overall demand for home textile products.
- The flooring business will maintain its strong growth momentum at over 20% in the quarters ahead, as China + 1 factor is helping the business to witness market share gains in key international markets. The domestic business is also gaining strong traction from commercial and residential customers.
- Overall, the company has cautiously guided for 12% revenue growth with EBIDTA margins of 15% in FY2024 considering the global uncertainties caused by Israel-Gaza war.
- Net debt reduced to Rs. 1,573 crore (reduced by Rs. 249 crore versus Q1FY2024). The same is expected to reduce below Rs. 1,000 crore by FY2024-end.

Revision in estimates – We have fine-tuned our earnings estimates to factor in better-than-expected revenue growth in the core home textile and flooring businesses.

Our Call

View - Retain Buy with a revised PT of Rs. 163: WIL's management is optimistic about strong growth prospects in the core textile business and consistent scale-up in its flooring business. Sustained market share gains in export markets will help home textile players to achieve strong performance in the coming years with a favourable input cost environment. The flooring business is expected to scale up fast and will add incrementally to the company's profitability in the medium term. WIL's stock is currently trading at 23x and 18x its FY2024E and FY2025E earnings, respectively. With a consistent improvement in capacity utilisation and improving growth prospects in export markets, we maintain a Buy recommendation on the stock with revised PT of Rs. 163 (rolling it over to Sept-25 earnings).

Key Risks

Any sustained slowdown in key markets, including the US and Europe, or increased input prices/logistics cost would act as key risks to our earnings estimates in the near term.

Valuation (Consolidated) Rs cr

Particulars	FY22	FY23	FY24E	FY25E
Revenue	9,311	8,094	9,242	10,446
OPM (%)	14.6	9.3	14.8	15.5
Adjusted PAT	607	203	616	782
% Y-o-Y growth	10.2	-66.6	-	27.1
Adjusted EPS (Rs.)	6.0	2.0	6.1	7.8
P/E (x)	23.1	69.3	22.8	17.9
P/B (x)	3.5	3.4	3.0	2.7
EV/EBIDTA (x)	12.1	21.1	11.5	9.4
RoNW (%)	15.9	5.0	14.2	15.8
RoCE (%)	13.7	5.9	13.1	15.1

Source: Company; Sharekhan estimates

Strong Q2 – Double-digit revenue growth; Significant margin expansion

Welspun India (Welpsun) revenues grew by 18.7% y-o-y to Rs. 2,509.1 crore (grew by ~15% q-o-q), against our expectation of Rs. 2,252 crore and average street expectation of Rs. 2,316 crore, driven by 17% y-o-y growth in the core home textile business revenues, while the flooring business had a blockbuster quarter with 52% y-o-y growth. Branded business grew by 15% y-o-y to Rs. 380.9 crore, while innovation business grew by 66.8% y-o-y to Rs. 531.4 crore and emerging businesses (Domestic consumer business, branded, advanced textiles and flooring businesses) grew by 28% y-o-y. Gross margin increased by 489 bps y-o-y to 46.5% while EBITDA margin improved by 819 bps y-o-y to 14.3% aided by correction in the raw material and input costs coupled with stable other expenses. EBITDA margin was lower than our and the average street's expectation of 15.2%. EBIDTA margin of home textile business improved by 893 bps y-o-y to 15.3% and the flooring business improved by 562 bps y-o-y to 8.3%. Operating profit grew by 3x y-o-y to Rs. 358 crore, while adjusted PAT came at Rs. 200 crore versus Rs. 8 crore in Q2FY2024 (ahead of our and average street expectation of Rs. 171-178 crore). PAT grew by 23% q-o-q. In H1FY2024, revenue growth of 15% y-o-y to 4,693 crore and 736 bps y-o-y expansion in the EBITDA margin led to sharp improvement in PAT to Rs. 363 crore from Rs. 30 crore in H1FY2023. Net Debt stood at Rs. 1,573.4 crore versus Rs. 1,815.3 crore at June 2023-end down by Rs. 249.1 crore. In H1FY2024 the company spent Rs. 168 crore towards capex, mainly towards the setup of 30 MW Solar Power plant at its Anjar facility.

Home textiles – Double-digit revenue growth; strong margin expansion

Revenues grew by 17% y-o-y to Rs. 2,352.4 crore aided by upcoming holiday season in the US, which led to increased buying from all major retailers. Capacity utilisation for bath linen/bed linen/rugs and carpets improved to 93%/81%/98% in Q2FY2024 as against 60%/51%/58% in Q2FY2023 and 81%/57%/90% in Q1FY2024. EBITDA margin for the business increased to 15.3% in Q2FY2024 from 6.3% in Q2FY2023, led by a correction in raw-material prices and reducing freight cost.

Flooring – Revenue growth at 52% y-o-y; strong margin expansion

Revenues grew by 52% y-o-y to Rs. 242.6 crore aided by big ticket orders for soft flooring in UK with a bulk order inflow from the US and good order flow from U.S. and Middle East markets for hard flooring. Capacity utilisation stood at 63% in Q2FY2024 versus 31% in Q2FY2023 and 50% in Q1FY2024. EBITDA margin for the business increased to 8.3% in Q2FY2024 from 2.6% in Q2FY2023 due to increased revenues and better operating leverage. On domestic market front in flooring, Welspun continued to see growth in commercial and institutional segments. The company executed one of the largest wall-to-wall order in India for Bharat Mandapam, which hosted the recently concluded G20 Summit. Residential segment continues to pick up traction in all key markets.

Advanced textiles – Continued growth momentum

The advanced textile business grew by 13.3% y-o-y and 17.9% q-o-q to Rs. 111 crore, with higher capacity utilisation in spunlace and needle punch. Spunlace/needle punch capacity improved to 64%/51% in Q2FY2024 from 35%/42% in Q2FY2023 and 51%/40% in Q1FY2024, while wet wipes witnessed lower capacity utilisation at 16% in Q2FY2024 against 24%/29% in Q2FY2023/Q1FY2024, respectively. Welspun expanded into newer territories and customers during the quarter despite large scale offloading by Chinese and Turkish competition. Welspun fund base is now also approved for innovative medical applications, which has opened newer avenues.

Key conference call highlights:

- **India gaining market share; UK FTA to provide further opportunities:** As per the latest OTEXA data, India has gained back its market share in exports to U the US in terry towels from 40% to 45% and bed sheets from 51% to 58% compared to pre-COVID period. Further, FTA with UK will provide incremental opportunity for the home textile companies as it contributes 10% to overall demand for home textile products.

- **Strong momentum for home textile likely to continue in H2:** US retail sales grew by 3.8% y-o-y and 0.7% m-o-m in September 2023. For the upcoming festive season, the company is witnessing increased order flow from retailers. Strong customer connect across major international retailers has led to increased share of shelf as compared to pre-pandemic levels, both in bed and bath categories. Thus, management expects good momentum in home textile space to sustain in H2.

- **Flooring business to maintain trajectory:** The flooring business is expected to maintain its strong growth momentum at over 20% in the quarters ahead, as China + 1 factor is helping the business to witness market share gains in key international markets. The domestic business is also gaining strong traction from commercial and residential customers.
- **Outlook for FY2024 maintained:** Overall, the company has cautiously guided for 10-12% revenue growth with EBIDTA margins of 15% in FY2024 considering the global uncertainties caused by Israel-Gaza war. It aims to reduce net debt on books below Rs. 1,000 crore by FY2024-end from Rs. 1,573 crore at H1FY2024-end.

Results (Consolidated) Rs cr

Particulars	Q2FY24	Q2FY23	y-o-y (%)	Q1FY24	q-o-q (%)
Total Revenue	**2,509.1**	**2,113.5**	**18.7**	**2,184.1**	**14.9**
Raw material cost	1,343.4	1,234.8	8.8	1,154.8	16.3
Employee cost	257.4	201.4	27.8	226.1	13.8
Other expenses	550.3	548.7	0.3	492.5	11.7
Total operating cost	2,151.1	1,984.9	8.4	1,873.4	14.8
Operating profit	**358.0**	**128.5**	**-**	**310.6**	**15.2**
Other income	33.3	23.1	43.9	25.4	31.1
Interest & other financial cost	33.8	28.4	19.2	25.8	31.0
Depreciation	98.5	109.5	-10.1	99.4	-0.9
Profit Before Tax	**259.0**	**13.7**	**-**	**210.8**	**22.8**
Tax	58.7	5.5	-	51.9	13.3
Adjusted PAT before MI	200.2	8.3	-	158.9	26.0
Minority Interest (MI)/ Profit from associates	0.2	0.0	-	-0.2	-
Reported PAT	**200.4**	**8.3**	**-**	**162.7**	**23.2**
Adjusted EPS (Rs.)	2.1	0.1	-	1.6	26.0
			bps		**bps**
GPM (%)	46.5	41.6	489	47.1	-67
OPM (%)	14.3	6.1	819	14.2	5
NPM (%)	8.0	0.4	759	7.3	70
Tax rate (%)	22.7	39.9	-	24.6	-192

Source: Company, Sharekhan Research

Business-wise revenue Rs cr

Particulars	Q2FY24	Q2FY23	y-o-y %	Q1FY24	q-o-q %
Home Textile - B2B	1,535	1,315	16.8	1,337	14.8
Home Textile - branded	281	199	41.6	235	19.7
Home Textile - e-commerce	72	102	-30.2	81	-11.7
Total - Home Textile	**1,888**	**1,616**	**16.9**	**1,653**	**14.2**
Advance Textile	**111**	**98**	**13.3**	**94**	**17.9**
Flooring - B2B	199	113	76.1	164	21.4
Flooring - branded	28	30	-5.7	28	0.0
Total - Flooring	**227**	**143**	**59.0**	**192**	**18.3**

Source: Company, Sharekhan Research

Business-wise operations

Particulars	Units	Capacity	Q2FY24 (Prodn.)	Utilisation (%)	Q2FY23 (prodn.)	Utilisation (%)	Q1FY24 (Prodn.)	Utilisa-tion (%)
Home Textile								
Bath Linen	MT	90,000	21,012	93	13,538	60	18,181	81
Bed Linen	Mn mtrs	108	21.8	81	13.9	51	15.4	57
Rugs & Carpets	Mn sq mtrs	12.0	2.9	98	1.7	58	2.7	90
Advance Textile								
Spunlace	MT	27,729	4,452	64	2,438	35	3,509	51
Needle Punch	MT	3,026	389	51	316	42	305	40
Wet wipes	Mn packs	100	4.0	16	6.0	24	7.2	29
Flooring	Mn sq mtrs	18.0	2.8	63	1.4	31	2.3	50

Source: Company, Sharekhan Research

Outlook and Valuation

■ Sector view - Gradual recovery on cards; long-term growth prospects intact

In the past few quarters, inflation, rising interest rates, and geopolitical disturbances impacted export demand and led to inventory pile-up at the retailers' end. However, textile companies are likely to see gradual recovery, with improvement in the export demand. In the long term, growth prospects of the Indian textile industry are strong, aided by augmentation of capacity with value-added products, China + 1 factor, the government entering into a trade agreement in various countries, incremental benefits from the PLI scheme, and market share gains in export markets. Textile companies would benefit and report higher profitability with the government extending the RoSCTL scheme until March 2024 and keeping rates unchanged. Margins are expected to improve in the quarters ahead due to lower raw-material prices and supply costs.

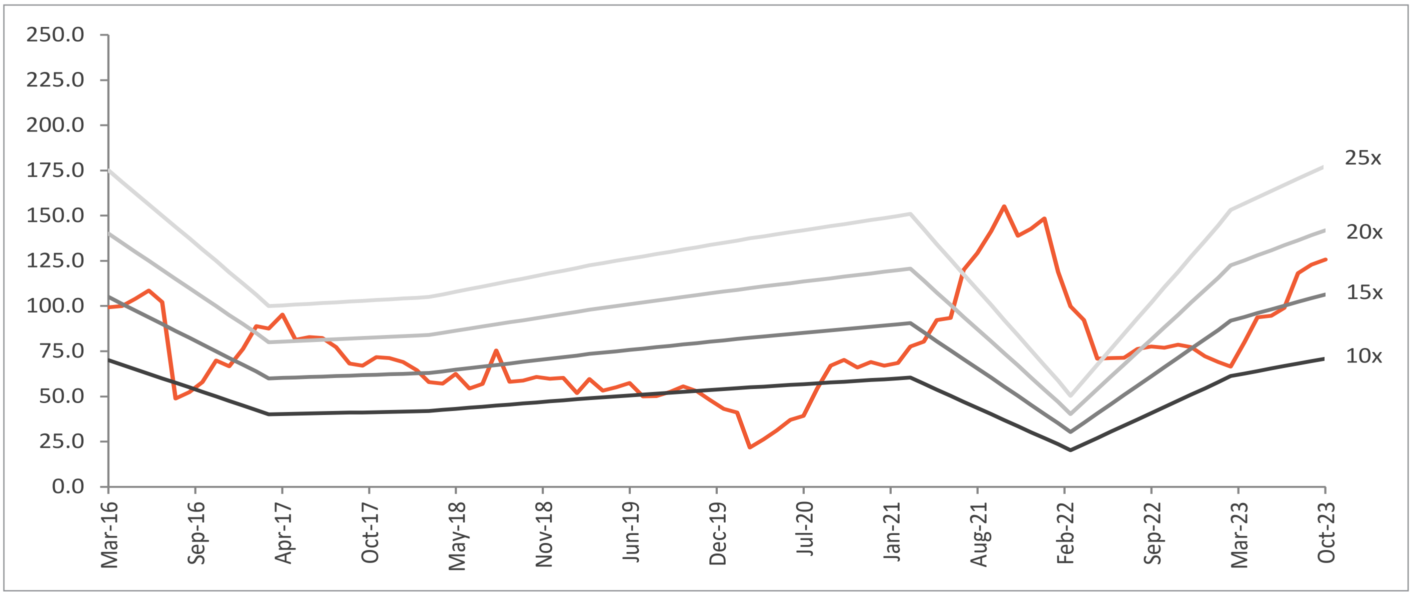
■ Company outlook - Export market outlook bright

Welspun delivered strong performance in H1FY2024, registering revenue growth of 15% y-o-y to 4,693 crore and 736 bps y-o-y expansion in the EBITDA margin, leading to sharp improvement in PAT to Rs. 363 crore from Rs. 30 crore in H1FY2023. Management is confident of achieving revenue growth of 10-12% y-o-y in FY2024, aided by recovery in demand in the global market and good demand in the domestic market. Consolidated EBTDA margin target is set at 15% in FY2024 (from 9.3% in FY2023), led by a correction in input costs, cost-optimisation initiatives, and improved efficiency. WIL aims to achieve net debt below Rs. 1,000 crore by FY2024-end and targets to get closer to net debt zero by FY2025. In the medium-long term, the company's growth drivers include sustained good demand for home textile products in the US and a scale-up in the advanced textile, flooring, and branded businesses.

■ Valuation - Retain Buy with revised PT of Rs. 163

WIL's management is optimistic about strong growth prospects in the core textile business and consistent scale-up in its flooring business. Sustained market share gains in export markets will help home textile players to achieve strong performance in the coming years with a favourable input cost environment. The flooring business is expected to scale up fast and will add incrementally to the company's profitability in the medium term. WIL's stock is currently trading at 23x and 18x its FY2024E and FY2025E earnings, respectively. With a consistent improvement in capacity utilisation and improving growth prospects in export markets, we maintain a Buy recommendation on the stock with revised PT of Rs. 163 (rolling it over to Sept-25 earnings).

One-year forward P/E (x) band



Source: Sharekhan Research

Peer Comparison

Companies	P/E (x)			EV/EBITDA (x)			RoCE (%)		
	FY23	FY24E	FY25E	FY23	FY24E	FY25E	FY23	FY24E	FY25E
KPR Mill	33.2	26.9	20.8	22.1	17.4	13.8	24.3	25.7	28.4
Himatsingka Seide	-	9.6	5.9	14.9	7.9	6.3	3.9	9.1	11.2
Weslpun India	69.3	22.8	17.9	21.1	11.5	9.4	5.9	13.1	15.1

Source: Company; Sharekhan Research

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 Egyptian cotton. WIL is Asia's largest and is among the top four terry towel producers in the world (number one player in the U.S.). The company's business is spread across continents and has a distribution network in over 50 countries, such as U.S., U.K., Canada, Australia, Italy, Sweden, and France. About 95% of the total products are exported.

Investment theme

WIL is one of the leading players in the global textile market with capacities of 85,400 metric tonne (MT) and 90 million metres of terry towels and bed linen, respectively, largely catering to export markets. The company will benefit from a recovery in the U.S., 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 advanced textile revenue would add to revenue in the near to medium term. This along with benign cotton prices and enhanced revenue mix would aid in improving profitability consistently in the near to medium term. Better cash flows would aid the company to reduce debt on books over FY2023-FY2025.

Key Risks

- Decline in revenue of key exporting markets: Any decline in the revenue of key exporting markets such as the U.S. and Europe due to any change in the trade policy, slowdown in the macro environment, or increased competition from other international players would be key risks to our earnings estimates.
- Unfavourable currency movement: About 95% of WIL's revenue comes from export markets such as the U.S. 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

Balkrishan Goenka	Chairman
Rajesh Mandawewala	Managing Director
Dipali Goenka	Chief Executive Officer and Managing Director
Sanjay Gupta	Chief Financial Officer
Shashikant Thorat	Company Secretary and Compliance Officer

Source: Company

Top 10 shareholders

Sr. No.	Holder Name	Holding (%)
1	Life Insurance Corp of India	3.74
2	Bhanshali Akash	1.46
3	Vanguard Group Inc	1.26
4	Blue Diamond Properties Pvt Ltd	1.02
5	WELSPUN INDIA EMP WELFARE TRUST	1.01
6	WELSPUN INDIA EMP WELTRUST	0.99
7	L & T Mutual Fund Trustee India	0.99
8	Dimensional Fund Advisors LP	0.82
9	Aditya Birla Sun Life AMC	0.63
10	BlackRock Inc	0.50

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

DISCLAIMER

This information/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 information/ document is subject to changes without prior notice.

Recommendation in reports based on technical and derivatives analysis is based on studying charts of a stock's price movement, trading volume, outstanding positions, as opposed to focusing on a company's fundamentals and as such, may not match with a report on a company's fundamentals. However, this would only apply for information/document focused on technical and derivatives research and shall not apply to reports/documents/ information focused on fundamental research.

This information/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 information/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 recommendations/ reports that are inconsistent with and reach different conclusions from the information presented in this recommendations/report.

This information/recommendation/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 might have dealt or traded directly or indirectly in securities of the company and that all 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 either he or his relatives or Sharekhan associates might have direct or indirect financial interest or might 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. The analyst and SHAREKHAN encourages independence in research report/ material preparation and strives to minimize conflict in preparation of research report. The analyst and SHAREKHAN does not have any material conflict of interest or has not served as officer, director or employee or engaged in market making activity of the company. The analyst and SHAREKHAN has 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 Ltd 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.

Forward-looking statements (if any) are provided to allow potential investors the opportunity to understand management's beliefs and opinions in respect of the future so that they may use such beliefs and opinions as one factor in evaluating an investment. These statements are not a guarantee of future performance and undue reliance should not be placed on them. Such forward-looking statements necessarily involve known and unknown risks and uncertainties, which may cause actual performance and financial results in future periods to differ materially from any projections of future performance or result expressed or implied by such forward-looking statements. Sharekhan/its affiliates undertakes no obligation to update forward-looking statements if circumstances or management's estimates or opinions should change except as required by applicable securities laws. The reader/investors are cautioned not to place undue reliance on forward-looking statements and use their independent judgement before taking any investment decision.

Investment in securities market are subject to market risks, read all the related documents carefully before investing. The securities quoted are for illustration only and are not recommendatory. Registration granted by SEBI, and certification from NISM in no way guarantee performance of the intermediary or provide any assurance of returns to investors.

Client should read the Risk Disclosure Document issued by SEBI & relevant exchanges and the T&C on www.sharekhan.com

---

Registration and Contact Details: Name of Research Analyst - Sharekhan Limited, Research Analyst Regn No.: INH000006183. CIN): - U99999MH1995PLC087498. Registered Office: The Ruby, 18th Floor, 29 Senapati Bapat Marg, Dadar (West), Mumbai – 400 028, Maharashtra, INDIA. Tel: 022-6115000.

Correspondence/Administrative Office: Gigaplex IT Park, Unit No 1001, 10th Floor, Building No.9, TTC Industrial Area, Digha, Airoli-West, Navi Mumbai – 400 708. Tel: 022 61169000 / 61150000, Fax No. 61169699.

Other registrations of 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.

Compliance Officer: Ms. Binkle Oza; Tel: 022-62263303; email id: complianceofficer@sharekhan.com

For any complaints/grievance, email us at igc@sharekhan.com or you may even call Customer Service desk on - 022 - 41523200/022 - 69920600