

Welspun India Ltd.

Robust performance; new capex plans – maintain LONG

CMP	Target Price
Rs 67	Rs 89
	Mar 2022
Rating	Upside
LONG	33% (↑)

- WLSI posted record-high revenues in 3QFY21 (+29% yoy to Rs 20.3bn) led by a strong 27% yoy growth in home textile revenues. Flooring revenues too jumped ~3.5x yoy off a smaller base. While home textile demand was driven by increased consumer spending, flooring demand benefitted from the alternate-to-China sourcing strategy.
- EBITDA grew 94% yoy to Rs 4bn with a ~660bps margin expansion to 19.6% led by higher gross margins, a better product mix and some currency benefits.
- With peak utilization and strong demand visibility, WLSI announced a debottlenecking capex which will enhance capacity of towels/bed linen/rugs & carpets by 7%/20%/80% by FY22E-end.
- Factoring in strong revenue visibility from robust home textiles demand and speedy scaling up of flooring business, we build in an ~11% revenue CAGR over FY21-FY23E with stable EBITDA margins at ~20%. Maintain LONG with Mar'22 TP of Rs 89.

Highest quarterly revenues, with peak margins: 3QFY21 revenues grew 29% yoy led by a 27% yoy growth in home textiles revenues and a ~3.5x growth in flooring revenues. Within home textiles, bed/bath/rugs carpets volumes grew 43%/17%/28% yoy, likely driven by an increase in homebody economy and enhanced spending on home textile products. EBITDA margins (excl. other income) expanded ~660bps yoy led by higher gross margins, a better product mix and exchange benefits. A surge in cotton prices along with higher freight costs should keep margins under pressure in the near term. We build in an ~11% revenue CAGR over FY21E-FY23E with ~20% EBITDA margins.

Capacity expansion to sustain growth: WLSI's both plants, Anjar and Vapi, are running at peak utilization. With strong revenue visibility, the company will incur debottlenecking of existing capacities at a capex of ~Rs 2.25bn in FY21E and FY22E; the exercise will enhance capacity of bed/towels/rugs by 20%/7%/80%. On the flooring side too, the hard flooring capacity is also running at optimum capacity. WLSI has already doubled its hard flooring capacity in Jan'21; this will be doubled further till 2QFY22E with the balance flooring capex.

Net debt to remain capped: WLSI has repaid ~Rs 4.9bn of debt in 9MFY21 with current net-debt levels of Rs 24.7bn. A capex of ~Rs 5bn has been planned for FY21E (~Rs 2.93bn incurred in 9MFY21) and ~Rs 6bn for FY22E towards enhancing home textile and advanced textile capacities, and completing the flooring capex. Despite this, we expect net debt levels to remain stable at ~Rs 24bn as capex will be calibrated to cashflows generated by the business.

Maintain LONG: We derive comfort from the strong demand outlook in home textile and flooring segments and current margins likely sustaining ahead. Hence, we maintain LONG on the stock with a Mar'22 TP of Rs 89 (Rs 90 earlier) set at 7x EV/EBITDA.

Estimate Revision

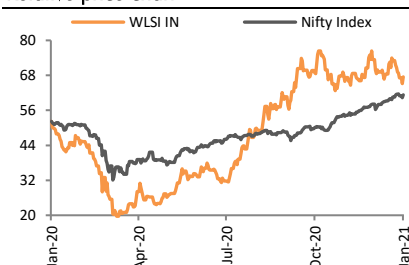
(Rs mn)	Forecasts		% Change	
	FY21E	FY22E	FY21E	FY22E
Sales	72,385	80,718	4%	2%
EBITDA	13,536	15,780	-6%	0%
PAT	5,407	6,938	-12%	-1%
EPS	5.4	6.9	-12%	-1%

Stock Information

Market Cap (Rs Mn)	67,618
52 Wk H/L (Rs)	78/18
Avg Daily Volume (1 yr)	1,443,792
Avg Daily Value (Rs Mn)	1.2
Equity Cap (Rs Mn)	903
Face Value (Rs)	1
Share Outstanding (Mn)	1,004.7
Bloomberg Code	WLSI IN
Ind Benchmark	SPBSMIP

Ownership (%)	Recent	3M	12M
Promoters	70	70	68.5
DII	7.4	7.8	10.2
FII	5.6	5	8.2
Public	17	17.2	13.1

Relative price chart



Source: Bloomberg

Analysts

Vikas Jain
vikas.jain@equirus.com
079-6190 9531

Parth Patel
parth.patel@equirus.com
079-6190 9513

Financial Summary

YE Mar Rs mn	Sales	EBITDA	Recurring PAT	EPS (Rs)	P/E (x)	P/B (x)	EV/ EBITDA A (x)	ROE (%)	Core ROIC (%)	EBITDA Margin (%)
FY20A	67,411	12,147	4,640	4.6	14.6	2.3	8.0	16.1	8.7	18.0
FY21E	72,385	13,536	5,407	5.4	12.5	2.0	6.8	17.1	9.2	18.7
FY22E	80,718	15,780	6,938	6.9	9.7	1.7	5.6	18.8	11.3	19.6
FY23E	89,952	17,630	8,110	8.1	8.3	1.4	4.5	18.5	13.5	19.6

Source: Company, Equirus Securities

Exhibit 1: Quarterly performance

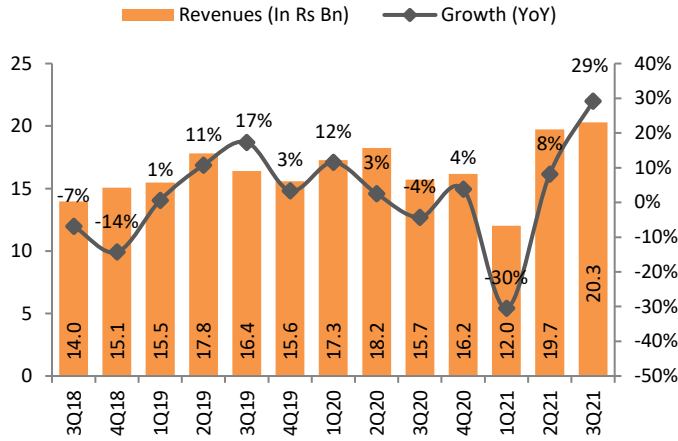
Particulars	Q3FY21	Q3FY21E	Q2FY21	Q3FY20	% Change			Comments
					Q3FY21E	Q2FY21	Q3FY20	
Net Sales	20,290	21,015	19,737	15,707	-3%	3%	29%	
COGS	9,569	10,402	9,913	7,790	-8%	-3%	23%	
Employee expenses	2,205	2,107	2,214	2,045	5%	0%	8%	
Other Expenses	4,536	4,203	3,751	3,825	8%	21%	19%	
Total Expenditures	16,310	16,712	15,878	13,660	-2%	3%	19%	
EBITDA	3,980	4,303	3,859	2,047	-8%	3%	94%	
Depreciation	1,139	1,330	1,149	1,325	-14%	-1%	-14%	
EBIT	2,841	2,972	2,710	722	-4%	5%	294%	
Interest	559	377	362	455	48%	55%	23%	
Other Income	207	196	189	342	6%	9%	-39%	
Profit before tax	2,489	2,791	2,537	609	-11%	-2%	309%	
Tax Expenses	741	703	658	292	5%	13%	154%	
Recurring PAT	1,748	2,088	1,879	317	-16%	-7%	452%	
Extraordinaires	0	0	0	-434				
Reported PAT	1,748	2,088	1,879	751	-16%	-7%	133%	
EPS (Rs)	1.7	2.1	1.9	0.3	-16%	-7%	452%	
Cost items as % of sales								
RM expenses	47.2%	49.5%	50.2%	49.6%	-234 bps	-307 bps	-243 bps	
Employee expenses	10.9%	10.0%	11.2%	13.0%	84 bps	-35 bps	-215 bps	
Other expenses	22.4%	20.0%	19.0%	24.4%	236 bps	335 bps	-200 bps	
Margin (%)								
Gross Margin	52.8%	50.5%	49.8%	50.4%	234 bps	307 bps	243 bps	
EBITDA Margin	19.6%	20.5%	19.6%	13.0%	-86 bps	6 bps	658 bps	
PAT Margin	8.6%	9.9%	9.5%	4.8%	-132 bps	-91 bps	383 bps	
Segment Details								
Home Textile revenues	19,672	-	19,242	15,490	-	2%	27%	
Home Textile EBITDA	4,348	-	4,215	2,947	-	3%	48%	
Flooring revenues	977	-	772	218	-	27%	348%	
Flooring EBITDA	-240	-	-295	-545	-	-19%	-56%	

Source: Company, Equirus Securities

Earnings Call Takeaways

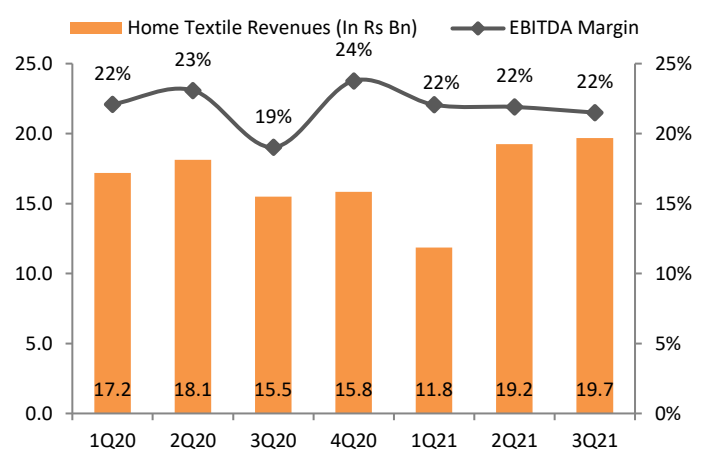
- Strong order book for 4Q.
- Heightened sales in festive season compared to last year in export markets.
- Home textiles demand increased due to health and hygiene preferences by customers.
- Rs 6bn+ sales from innovation products.
- Shift of demand from China to India. Walmart said would increase import from India substantially.
- Strong sales in online channels. Project Wave to boost E-commerce business.
- Signed association with Martha Stewart brand which has USD 20mn business.
- Target of USD 100mn from licenses brands in next 2-3 years.
- Added 341 outlets.
- Strengthened B2B network for hard flooring business by adding more dealers and retailers.
- Expansion in EU, Australia, New Zealand will be key growth markets in coming quarters.
- Opened 20 plaza and 82 portals for flooring business.
- Welspun flooring website revamped to give better shopping experience to customers.
- Flooring business will be EBITDA breakeven in Q3FY22E.
- Target of Rs 5bn full year CAPEX in FY21E.
- Net debt to remain lower than Rs 24bn in FY21E.
- Revenue target of Rs 73bn in FY21E.
- Till Q2FY22E, hard flooring capacity to be doubled on base of doubled capacity in Jan'21.
- RoDTEP scheme implemented by government from Jan'21. Rates will get announced before Mar'21.
- EBITDA margins to remain in range of 19%-20% for coming years.
- Target of Rs 6bn CAPEX plan in FY22E.
- Getting good response in market of soft flooring. It takes longer to install than hard flooring. Manufacturing synergies between soft flooring and rugs allow facilities to be used interchangeably.
- Other business segments will support home textile business giving complete home solutions to clients from bed, bath, rugs, flooring.
- Raw material prices have remained benign on yoy basis but increased qoq in 3Q.
- Other expenses increased on larger volume and elevated freight cost.
- Will source Bleach cotton from outside and hence recalibrated CAPEX plan in advanced textile. Differed in-house manufacturing of bleach cotton as of now.
- Prices of global commoditized raw material like cotton and PVC resin do not affect much as prices are passed on to the customers.
- Company will build capacities as an when required. No plan for any greenfield expansion in near future.
- Target of Rs 8 bn revenue from Advanced textile in FY24E and beyond.

Exhibit 2: Revenue grown by 29% led by strong volume growth both in textile and flooring segments



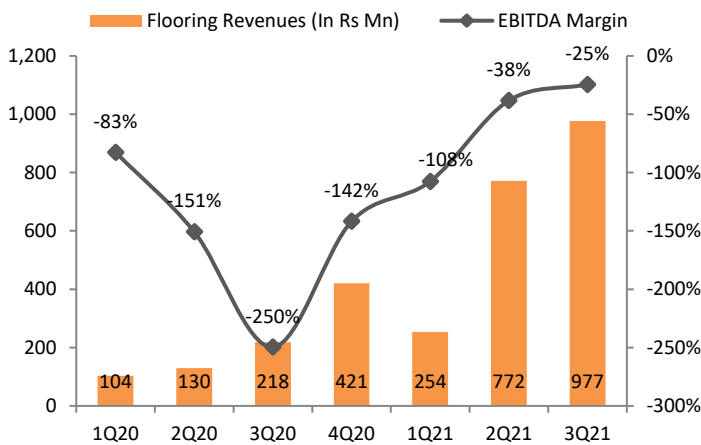
Source: Equirus, Company Data

Exhibit 3: Margins improved by 2% YoY but remained flat sequentially on higher freight costs



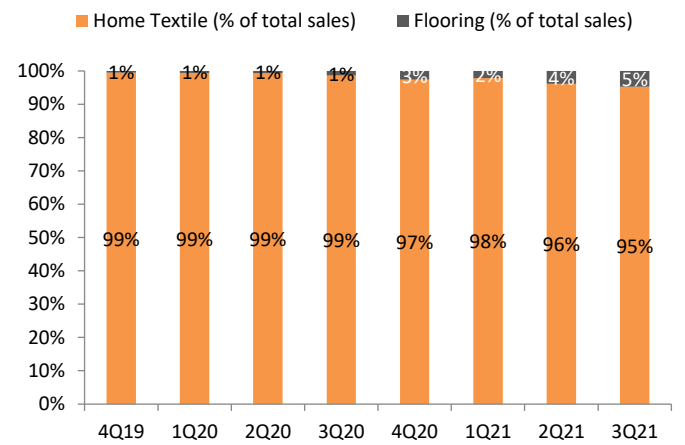
Source: Equirus, Company Data

Exhibit 4: Revenues increased ~3.5x YoY and margins improved on operating leverage



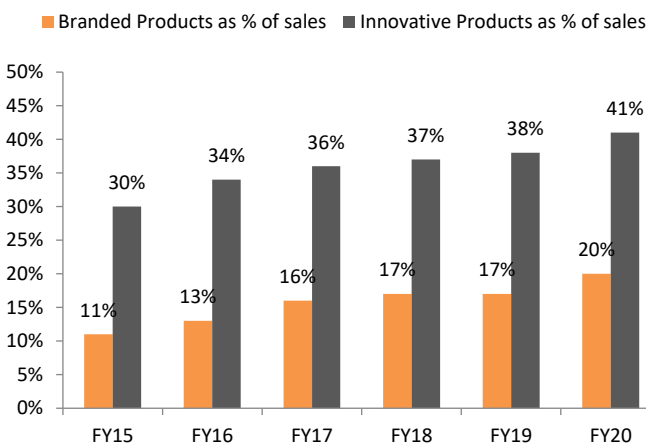
Source: Equirus, Company Data

Exhibit 5: Share of flooring business increasing in total sales reaching 5% in 3Q



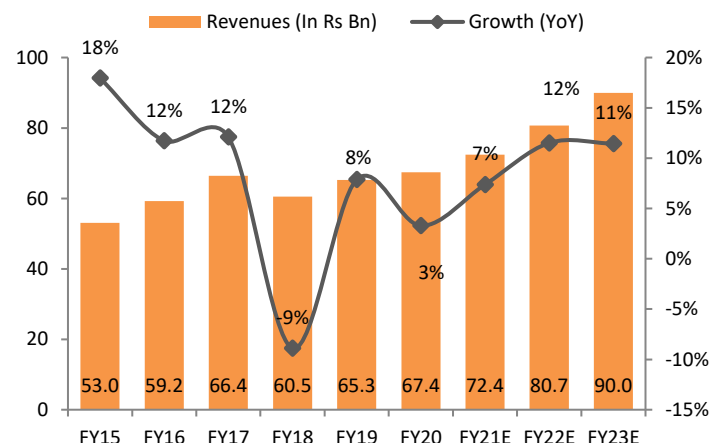
Source: Equirus, Company Data

Exhibit 6: Increasing share of branding and innovative products will drive margin improvement



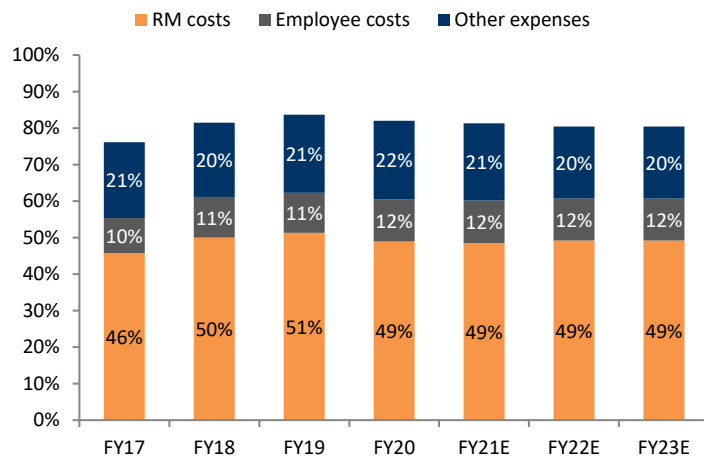
Source: Equirus, Company Data

Exhibit 7: Strong core products demand + pickup in flooring will drive ~10% revenue CAGR over FY20-23E



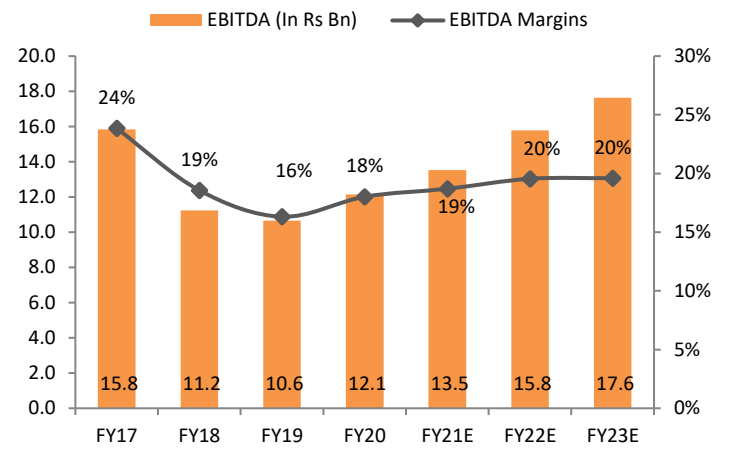
Source: Equirus, Company Data

Exhibit 8: Several cost control initiatives & favourable cotton with rising other expenses will keep total costs flat



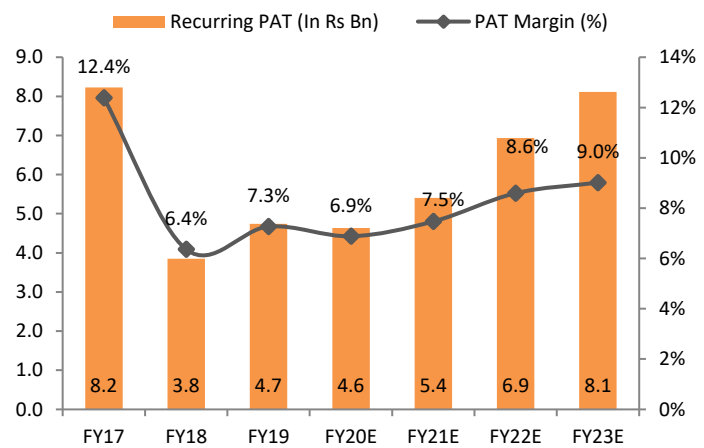
Source: Equirus, Company Data

Exhibit 9: Expect EBITDA to grow at 13% CAGR over FY20-23E with margins in range of 19%-20%



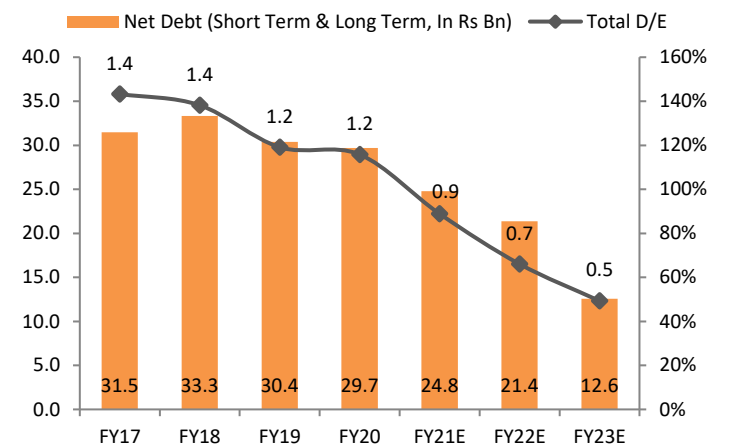
Source: Equirus, Company Data

Exhibit 10: Strong operational performance along with debt reduction will drive ~20% PAT CAGR over FY20-23E



Source: Equirus, Company Data

Exhibit 11: Strong cashflow generation with limited capex post FY22E will be used towards debt reduction.



Source: Equirus, Company Data

Company Snapshot

How we differ from consensus

Particular (Rs Mn)		Equirus	Consensus	% Diff	Comment
Sales	FY21E	72,385	70,806	2%	
	FY22E	80,718	80,288	1%	
EBITDA	FY21E	13,536	13,796	-2%	
	FY22E	15,780	15,231	4%	
PAT	FY21E	5,407	4,633	17%	
	FY22E	6,938	6,494	7%	

Key Estimates

Key Assumptions	FY20A	FY21E	FY22E	FY23E
Home Textile Revenues	66,633	70,465	77,511	86,037
Growth YoY	2%	6%	10%	11%
Flooring Revenues	872	3,009	4,514	5,417
Growth YoY	-	245%	50%	20%
Total Debt	34,421	29,921	26,421	23,421
Capex	6,762	5,000	6,000	3,000

Key Investment Arguments:

- Leading home textile exporter to benefit the most from changing industry dynamics.
- Strong traction in core business driven by increased preference for health & hygiene to drive topline growth.
- Flooring plant will ramp up at a much faster pace with increase in demand of hard flooring.
- Multiple margins tailwinds like favourable cotton & exchange rate, cost control initiatives & improving product mix to boost overall profitability.
- Debt reduction continues despite higher debt towards flooring capacities.

Key Downside risks:

- Sharp forex fluctuations, rising cotton prices, slowdown in demand for home textile products & longer than expected time to ramp-up flooring revenues.

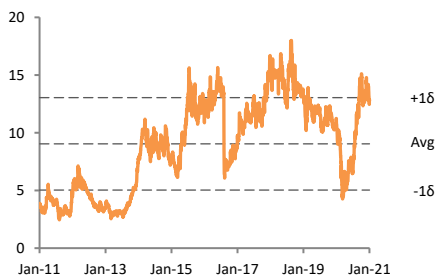
Company Description

Welspun is India's largest home textile company with a presence in cotton bedsheets, towels and rugs & carpets. It is Asia's largest and the world's 2nd largest terry towel producer. It exports more than 94% of its home textile products to >50 countries, with >68% of production to the US, 23% to Europe and the balance to Middle East, Australia & Japan. It supplies to 17 of the top-30 retail chains in the world.

Comparable valuation

Company	Reco.	CMP	Mkt Cap Rs. Mn.	Price Target	Target Date	P/E			P/ABV			RoA			RoE			Div Yield
						FY20A	FY21E	FY22E	FY20A	FY21E	FY22E	FY20A	FY21E	FY22E	FY20A	FY21E	FY22E	
Welspun India	LONG	67	67,618	89	Mar' 22	14.6	12.5	9.7	8.2	7.0	5.8	2.3	2.0	1.7	1.4	17%	19%	1%
Trident	NA	15	74,146	NA	NA	8.5	20.8	15.6	6.6	9.7	7.9	0.1	2.2	2.0	11%	11%	13%	0%
Indocount	NA	140	27,576	NA	NA	11.1	12.2	12.0	8.0	7.8	7.7	1.3	2.4	2.0	8%	20%	17%	0%

Price to earning chart



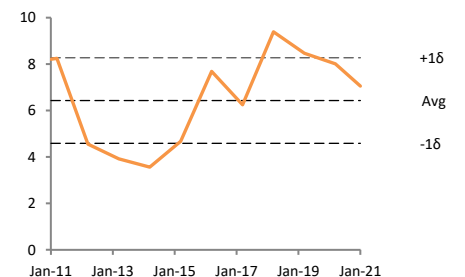
Source: Company, Equirus Research

Price to book chart



Source: Company, Equirus Research

EV-EBITDA chart



Source: Company, Equirus Research

Quarterly performance

Y/E Mar (Rs mn)	1QFY20A	2QFY20A	3QFY20A	4QFY20A	1QFY21A	2QFY21A	3QFY21A	4QFY21E
Revenue	17,281	18,249	15,707	16,173	12,018	19,737	20,290	20,340
COGS	8,572	9,154	7,790	7,447	5,464	9,913	9,569	10,161
Employee Cost	1,813	1,959	2,045	1,964	1,795	2,214	2,205	2,255
Other Expenses	3,267	3,223	3,825	4,271	2,521	3,751	4,536	4,466
EBITDA	3,631	3,913	2,047	2,491	2,239	3,859	3,980	3,459
Depreciation	1,094	1,145	1,325	1,247	1,106	1,149	1,139	1,927
EBIT	2,536	2,768	722	1,244	1,133	2,710	2,841	1,531
Interest Exp.	374	336	455	612	412	362	559	140
Other Income	0	0	0	0	0	0	0	0
Profit before Tax	2,163	2,432	267	632	721	2,348	2,282	1,391
Tax Expenses	683	528	292	197	326	658	741	419
Profit After Tax	1,479	1,904	(25)	435	395	1,690	1,541	973
Minority Interest	0	0	0	0	0	0	0	0
Profit/(Loss) from Associates	0	0	0	0	0	0	0	0
Recurring PAT	1,479	1,904	(25)	435	395	1,690	1,541	973
Exceptional Items	0	0	434	0	0	0	0	0
Reported PAT	1,479	1,904	409	435	395	1,690	1,541	973
Other comprehensive income.	0	0	0	0	0	0	0	0
PAT after comp. income.	1,479	1,904	409	435	395	1,690	1,541	973
FDEPS	1.5	1.9	0.0	0.4	0.4	1.7	1.5	1.0
Cost items as % of sales								
RM expenses	49.6	50.2	49.6	46.0	45.5	50.2	47.2	50.0
Employee expenses	10.5	10.7	13.0	12.1	14.9	11.2	10.9	11.1
Other expenses	18.9	17.7	24.4	26.4	21.0	19.0	22.4	22.0
Margin (%)								
Gross Margin	50.4	49.8	50.4	54.0	54.5	49.8	52.8	50.0
EBITDA Margin	21.0	21.4	13.0	15.4	18.6	19.6	19.6	17.0
PAT Margin	8.6	10.4	2.6	2.7	3.3	8.6	7.6	4.8
YoY Growth (%)								
Sales	11.6	2.5	(4.2)	3.9	(30.5)	8.2	29.2	25.8
EBITDA	22.5	30.1	(12.3)	19.4	(38.3)	(1.4)	94.4	38.8
EBIT	33.1	43.8	(40.7)	25.9	(55.3)	(2.1)	293.5	23.1
PAT	42.0	65.3	0.0	(57.3)	(73.3)	(11.3)	0.0	123.9

Key Financials (Consolidated)

Income Statement

Y/E Mar (Rs mn)	FY17A	FY18A	FY19A	FY20A	FY21E	FY22E	FY23E
Revenue	66,405	60,506	65,266	67,411	72,385	80,718	89,952
COGS	30,396	30,235	33,500	32,963	35,107	39,713	44,256
Employee Cost	6,373	6,754	7,114	7,781	8,469	9,283	10,344
Other Expenses	13,803	12,283	14,003	14,520	15,273	15,942	17,720
EBITDA	15,834	11,234	10,649	12,147	13,536	15,780	17,630
Depreciation	5,054	5,042	4,358	4,811	5,321	5,993	6,389
EBIT	10,780	6,192	6,291	7,336	8,215	9,788	11,242
Interest Exp.	1,583	1,408	1,593	1,777	1,473	1,313	1,192
Other Income	806	812	818	951	808	800	792
Profit before Tax	10,003	5,597	5,516	6,510	7,550	9,275	10,842
Tax Expenses	1,731	1,615	608	1,700	2,143	2,337	2,732
Profit After Tax	8,271	3,982	4,909	4,809	5,407	6,938	8,110
Minority Interest	(48)	(132)	(163)	(170)	0	0	0
Profit/(Loss) from Associates	0	0	0	0	0	0	0
Recurring PAT	8,223	3,850	4,745	4,640	5,407	6,938	8,110
Exceptional Items	(4,648)	0	(2,647)	434	0	0	0
Reported PAT	3,576	3,850	2,098	5,074	5,407	6,938	8,110
Other comprehensive income.	0	0	0	0	0	0	0
PAT after comp. income.	3,576	3,850	2,098	5,074	5,407	6,938	8,110
FDEPS	8.2	3.8	4.7	4.6	5.4	6.9	8.1
DPS	1	1	0	1	1	1	1
BVPS	24	26	28	30	34	40	47

YoY Growth (%)	FY17A	FY18A	FY19A	FY20A	FY21E	FY22E	FY23E
Sales	12.1	(8.9)	7.9	3.3	7.4	11.5	11.4
EBITDA	(0.6)	(29.1)	(5.2)	14.1	11.4	16.6	11.7
EBIT	(11.7)	(42.6)	1.6	16.6	12.0	19.1	14.9
PAT	(51.5)	7.7	(45.5)	141.8	6.6	28.3	16.9

Key Ratios

Profitability (%)	FY17A	FY18A	FY19A	FY20A	FY21E	FY22E	FY23E
Gross Margin	54.2	50.0	48.7	51.1	51.5	50.8	50.8
EBITDA Margin	23.8	18.6	16.3	18.0	18.7	19.6	19.6
PAT Margin	12.4	6.4	7.3	6.9	7.5	8.6	9.0
ROE	37.7	15.4	17.6	16.1	17.1	18.8	18.5
ROIC	16.3	7.7	9.8	9.2	9.6	11.6	12.5
Core ROIC	15.4	7.2	9.1	8.7	9.2	11.3	13.5
Dividend Payout	18.3	17.0	14.4	19.8	9.3	7.2	6.2

CAGR (%)	1 year	2 years	3 years	5 years	7 years	10 years
Revenue	3.3	5.6	0.5	4.9	9.2	13.3
EBITDA	14.1	4.0	(8.5)	(1.0)	10.7	15.6
PAT	141.8	14.8	12.4	(1.2)	12.3	12.2

Valuation (x)	FY17A	FY18A	FY19A	FY20A	FY21E	FY22E	FY23E
P/E	8.2	17.6	14.2	14.6	12.5	9.7	8.3
P/B	2.8	2.6	2.4	2.3	2.0	1.7	1.4
P/FCFF	4.6	7.8	4.8	6.1	4.1	4.2	4.4
EV/EBITDA	6.2	9.4	8.5	8.0	6.8	5.6	4.5
EV/Sales	1.5	1.7	1.4	1.4	1.3	1.1	0.9
Dividend Yield (%)	1.0	1.0	0.4	1.5	0.7	0.7	0.7

Balance Sheet

Y/E Mar (Rs mn)	FY17A	FY18A	FY19A	FY20A	FY21E	FY22E	FY23E
Equity Capital	1,005	1,005	1,005	1,005	1,005	1,005	1,005
Reserves	22,967	25,052	26,788	28,716	32,670	39,003	46,508
Net Worth	23,971	26,057	27,793	29,721	33,674	40,007	47,513
Total Debt	34,346	36,006	33,104	34,421	29,921	26,421	23,421
Other long term liabilities	3,289	811	962	2,362	2,362	2,362	2,362
Minority Interest	355	467	709	849	849	849	849
Account Payables	7,517	6,447	7,041	8,979	8,528	8,846	9,858
Other Current Liabilities	3,804	2,461	7,813	6,772	7,239	6,727	6,663
Total Liabilities	73,283	72,249	77,423	83,103	82,573	85,212	90,666
Gross Fixed Assets	45,509	48,116	50,822	61,903	66,903	72,903	75,903
Acc. Depreciation	(8,618)	(13,518)	(17,765)	(22,576)	(27,897)	(33,889)	(40,278)
Net Fixed Assets	36,890	34,599	33,057	39,328	39,007	39,014	35,625
Capital WIP	564	829	4,889	581	581	581	581
long term investments	369	506	1,335	421	421	421	421
Others	1,169	1,207	1,835	3,089	3,089	3,089	3,089
Inventory	12,810	13,054	13,342	15,287	14,874	16,586	18,483
Receivables	9,601	9,310	10,768	10,862	10,907	12,163	13,554
Loans and advances	5,577	5,165	5,648	3,228	3,228	3,228	3,228
Other current assets	3,448	4,918	3,820	5,567	5,317	5,067	4,817
Cash & Cash Equivalents.	2,857	2,661	2,728	4,741	5,149	5,063	10,867
Total Assets	73,283	72,249	77,423	83,103	82,573	85,212	90,666
Non-Cash WC	20,114	23,539	18,723	19,194	18,560	21,472	23,562
Cash Conv. Cycle	81.9	96.0	95.5	93.0	87.0	90.0	90.0
WC Turnover	3.3	2.6	3.5	3.5	3.9	3.8	3.8
Gross Asset Turnover	1.5	1.3	1.3	1.1	1.1	1.1	1.2
Net Asset Turnover	1.8	1.7	1.7	1.7	1.8	2.0	2.5
Net D/E	1.3	1.3	1.1	1.0	0.7	0.5	0.3

Days (x)	FY17A	FY18A	FY19A	FY20A	FY21E	FY22E	FY23E
Receivable Days	53	56	60	59	55	55	55
Inventory Days	70	79	75	83	75	75	75
Payable Days	41	39	39	49	43	40	40
Non-cash WC days	111	142	105	104	94	97	96

Cash Flow

Y/E Mar (Rs mn)	FY17A	FY18A	FY19A	FY20A	FY21E	FY22E	FY23E
Profit Before Tax	5,355	5,597	2,869	6,944	7,550	9,275	10,842
Depreciation	5,054	5,042	4,358	4,811	5,321	5,993	6,389
Others	501	617	(449)	(789)	0	0	0
Tax paid	1,067	1,343	1,245	1,616	2,143	2,337	2,732
Change in WC	(1,522)	(4,463)	2,535	(1,577)	634	(2,912)	(2,090)
Operating Cashflow	8,322	5,450	8,068	7,772	11,362	10,019	12,409
Capex	(6,435)	(3,203)	(6,103)	(3,231)	(5,000)	(6,000)	(3,000)
Change in Invest.	(984)	(64)	423	(1,465)	0	0	0
Others	294	252	283	103	0	0	0
Investing Cashflow	(7,124)	(3,015)	(5,398)	(4,593)	(5,000)	(6,000)	(3,000)
Change in Debt	455	(303)	299	967	(4,500)	(3,500)	(3,000)
Change in Equity	0	0	0	0	(849)	0	0
Others	(1,445)	(2,197)	(2,618)	(3,655)	(605)	(605)	(605)
Financing Cashflow	(990)	(2,500)	(2,319)	(2,689)	(5,953)	(4,105)	(3,605)
Net Change in Cash	208	(64)	351	491	408	(86)	5,804

Source: Company, Equirus Research

<p>Rating & Coverage Definitions:</p> <p>Absolute Rating</p> <ul style="list-style-type: none"> • LONG : Over the investment horizon, ATR >= Ke for companies with Free Float market cap >Rs 5 billion and ATR >= 20% for rest of the companies • ADD: ATR >= 5% but less than Ke over investment horizon • REDUCE: ATR >= negative 10% but <5% over investment horizon • SHORT: ATR < negative 10% over investment horizon <p>Relative Rating</p> <ul style="list-style-type: none"> • OVERWEIGHT: Likely to outperform the benchmark by at least 5% over investment horizon • BENCHMARK: likely to perform in line with the benchmark • UNDERWEIGHT: likely to under-perform the benchmark by at least 5% over investment horizon <p>Investment Horizon</p> <p>Investment Horizon is set at a minimum 3 months to maximum 18 months with target date falling on last day of a calendar quarter.</p>	<p>Registered Office:</p> <p>Equirus Securities Private Limited Unit No. 1201, 12th Floor, C Wing, Marathon Futorex, N M Joshi Marg, Lower Parel, Mumbai-400013. Tel. No: +91 - (0)22 - 4332 0600 Fax No: +91- (0)22 - 4332 0601</p> <p>Corporate Office:</p> <p>3rd floor, House No. 9, Magnet Corporate Park, Near Zydus Hospital, B/H Intas Sola Bridge, S.G. Highway Ahmedabad-380054 Gujarat Tel. No: +91 (0)79 - 6190 9550 Fax No: +91 (0)79 - 6190 9560</p>
---	--

© 2021 Equirus Securities Private Limited. All rights reserved. For Private Circulation only. This report or any portion hereof may not be reprinted, sold or redistributed without the written consent of Equirus Securities Private Limited

Analyst Certification

I, Vikas Jain/Parth Patel, author to this report, hereby certify that all of the views expressed in this report accurately reflect my personal views about the subject company or companies and its or their securities. I also certify that no part of my compensation was, is or will be, directly or indirectly, related to the specific recommendations or views expressed in this report.

Disclosures

Equirus Securities Private Limited (ESPL) having Corporate Identification Number U65993MH2007PTC176044 is registered in India with Securities and Exchange Board of India (SEBI) as a trading member on the Capital Market (Reg. No. INB231301731), Futures & Options Segment (Reg. No. INF231301731) of the National Stock Exchange of India Ltd. (NSE) and on Cash Segment (Reg. No. INB011301737) of Bombay Stock Exchange Limited (BSE). ESPL is also registered with SEBI as Research Analyst under SEBI (Research Analyst) Regulations, 2014 (Reg. No. INH000001154), as a Portfolio Manager under SEBI (Portfolio Managers Regulations, 1993 (Reg. No. INP000005216) and as a Depository Participant of the Central Depository Services (India) Limited (Reg. No. IN-DP-324-2017). There are no disciplinary actions taken by any regulatory authority against ESPL. ESPL is a subsidiary of Equirus Capital Pvt. Ltd. (ECPL) which is registered with SEBI as Category I Merchant Banker and provides investment banking services including but not limited to merchant banking services, private equity, mergers & acquisitions and structured finance.

As ESPL and its associates are engaged in various financial services business, it might have: - (a) received compensation (except in connection with the preparation of this report) from the subject company for investment banking or merchant banking or brokerage services in the past twelve months; (b) managed or co-managed public offering of securities for the subject company in the past twelve months; or (c) have received a mandate from the subject company; or (d) might have other financial, business or other interests in entities including the subject company (ies) mentioned in this Report. ESPL & its associates, their directors and employees may from time to time have positions or options in the company and buy or sell the securities of the company (ies) mentioned herein. ESPL and its associates collectively do not own (in their proprietary position) 1% or more of the equity securities of the subject company mentioned in the report as the last day of the month preceding the publication of the research report. ESPL or its Analyst or Associates did not receive any compensation or other benefits from the companies mentioned in the report or third party in connection with preparation of the research report. Accordingly, neither ESPL nor Research Analysts have any material conflict of interest at the time of publication of this report. Compensation of our Research Analysts is not based on any specific merchant banking, investment banking or brokerage service transactions. ESPL has not been engaged in market making activity for the subject company.

The Research Analyst engaged in preparation of this Report:-

(a) has not received any compensation from the subject company in the past twelve months; (b) has not managed or co-managed public offering of securities for the subject company in the past twelve months; (c) has not received any compensation for investment banking or merchant banking or brokerage services from the subject company in the past twelve months; (d) has not 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; (e) has not received any compensation or other benefits from the subject company or third party in connection with the research report; (f) might have served as an officer, director or employee of the subject company; (g) is not engaged in market making activity for the subject company.

This document 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 ESPL 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 a certain category of investors. Persons in whose possession of this document are required to inform themselves of, and to observe, such applicable restrictions. Please delete this document if you are not authorized to view the same. By reading this document you represent and warrant that you have full authority and all rights necessary to view and read this document without subjecting ESPL and affiliates to any registration or licensing requirement within such jurisdiction.

This document has been prepared solely for information purpose and does not constitute a solicitation to any person to buy, sell or subscribe any security. ESPL or its affiliates are not soliciting any action based on this report. The information and opinions contained herein is from publicly available data or based on information obtained in good faith from sources believed to be reliable but ESPL provides no guarantee as to its accuracy or completeness. The information contained herein is as on date of this report, and is subject to change or modification and any such changes could impact our interpretation of relevant information contained herein. While we would endeavour to update the information herein on reasonable basis, ESPL and its affiliates, their directors and employees are under no obligation to update or keep the information current. Also there may be regulatory, compliance, or other reasons that may prevent ESPL and its group companies 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. 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. This document is intended for general circulation and does not take into account the specific investment objectives, financial situation or particular needs of any particular person. ESPL and its group companies, employees, directors and agents accept no liability, and disclaim all responsibility, for the consequences of you or anyone else acting, or refraining to act, in reliance on the information contained in this publication or for any decision based on it. ESPL/its affiliates do and seek to do business with companies covered in its research report. Thus, investors should be aware that the firm may have conflict of interest.

A graph of daily closing prices of securities is available at <http://www.nseindia.com/ChartApp/install/charts/mainpage.jsp> and www.bseindia.com (Choose a company from the list on the browser and select the "three years" period in the price chart).

Disclosure of Interest statement for the subject Company	Yes/No	If Yes, nature of such interest
Research Analyst' or Relatives' financial interest	No	
Research Analyst' or Relatives' actual/beneficial ownership of 1% or more	No	
Research Analyst' or Relatives' material conflict of interest	No	

Disclaimer for U.S. Persons

Equirus Securities Private Limited (ESPL) is not a registered broker - dealer under the U.S. Securities Exchange Act of 1934, as amended (the "1934 act") and under applicable state laws in the United States. In addition ESPL is not a registered investment adviser under the U.S. Investment Advisers Act of 1940, as amended (the "Advisers Act" and together with the 1934 Act, the "Acts"), and under applicable state laws in the United States. Accordingly, in the absence of specific exemption under the Acts, any brokerage and investment services provided by ESPL, including the products and services described herein are not available to or intended for U.S. persons. This report is intended for distribution only to "Major Institutional Investors" as defined by Rule 15a-6(b)(4) of the Exchange Act and interpretations thereof by SEC (henceforth referred to as "major institutional investors"). This document must not be acted on or relied on by persons who are not major institutional investors. Any investment or investment activity to which this document relates is only available to major institutional investors and will be engaged in only with major institutional investors. In reliance on the exemption from registration provided by Rule 15a-6 of the U.S. Securities Exchange Act of 1934, as amended (the "Exchange Act") and interpretations thereof by the U.S. Securities and Exchange Commission ("SEC") in order to conduct business with Institutional Investors based in the U.S., ESPL has entered into a chaperoning agreement with a U.S. registered broker-dealer name called Xtellus Capital Partners, Inc. ("XTELLUS"). Any business interaction pursuant to this report will have to be executed within the provisions of this chaperoning agreement.

"U.S. Persons" are generally defined as a natural person, residing in the United States or any entity organized or incorporated under the laws of the United States. US Citizens living abroad may also be deemed "US Persons" under certain rules.

The Research Analysts contributing to the report may not be registered /qualified as research analyst with FINRA. Such research analyst may not be associated persons of the U.S. registered broker-dealer, XTELLUS, and therefore, may not be subject to NASD rule 2711 and NYSE Rule 472 restrictions on communication with a subject company, public appearances and trading securities held by a research analyst account.