Initiating Coverage

Welspun India Ltd.

12-July-2021

RETAIL RESEARCH

Welspun India Ltd.

Industry	LTP	Recommendation	Base Case Fair Value	Bull Case Fair Value	Time Horizon
Textile	Rs. 106.3	Buy at LTP and further add on dips at Rs.95	Rs. 115	Rs. 123	2 quarters

HDFC Scrip Code	WELINDEQNR
BSE Code	514162
NSE Code	WELSPUNIND
Bloomberg	WLSI IN
CMP July 9, 2021	106.3
Equity Capital (Rscr)	100
Face Value (Re)	1
Equity Share O/S (cr)	100
Market Cap (Rscrs)	10680
Book Value (Rs)	36
Avg. 52 Wk Volumes	19,52,200
52 Week High	110
52 Week Low	31

Share holding Pattern % (Mar, 2021)	
Promoters	70.0
Institutions	13.1
Non Institutions	16.9
Total	100.0

Fundamental Research Analyst
Nirav Savai
nirav.savai@hdfcsec.com

Our Take:

Welspun India (WIL) is an undisputed market leader in bed linens and towels and has strategic partnerships with large global retailers as a preferred supplier of these. The company has built-in a strong global distribution network with world class fully backward-integrated manufacturing facilities located in India. WIL's presence across the value chain right from spinning to made-ups makes its business model resilient and sustainable. As on CY20, WIL market share of overall US imports for towels/sheets stood at 19% and 12% respectively.

The company has been constantly enhancing its capacities in a calibrated manner for the last 3 decades. It had started with a 2000MT towel facility in 1993 and currently has scaled-up it up to 80,000MT in towels, 90Mn meters in sheets and 10 Mn Sqm in rugs and carpets. Apart from home textiles the company had also ventured in the flooring solution business and advanced textile business.

Going forward, the company's key pillars for growth includes -1) Higher focus on scaling-up the Branded B2C portfolio in the home textiles space 2) Accelerated growth in the Flooring solution and Advance textile businesses which are key future growth drivers for the company 3) Incremental capacity expansion in the home textile segment which is likely to come on-stream by Q3FY22, provides good visibility of volume growth. 4) Capture larger pie of the fast growing E-Commerce channel 5) Consistent debt reduction and strong cash flow generation resulting in top quartile balance sheet strength. Prudent capital allocation with low debt and strong free cash flow generation could lead to better profitability and enhance return ratios.

Valuations & Recommendation:

In the home textile space, we believe, WIL can be a leading beneficiary of pandemic led unlocking across the world. It caters to some of the best known names in the hospitality industry with suite of innovative products. The company supplies high-quality towels and home textiles to hotels, vacation rentals, spas/resorts, gyms and health clubs. Apart from this, its next leg of growth will be driven by newly commissioned flooring solution business which is likely to grow 2.6x over FY21-23E. Going forward, we expect, strong free cash flow generation as a large part of capex is over and its investment phase is in final stages of conclusion. Its overall Revenue and PAT are likely to register a growth CAGR of 13.4/20% over FY21-23E. The stock is currently trading at valuation of 13x FY23E earnings. We feel the base case fair value of the stock is Rs 115 (14.5x FY22E) and bull case fair value is Rs 123 (15.5x FY22E) over the next two quarters. Investors can buy the stock at LTP and further add at Rs.95.

Welspun India Ltd.

Financial Summary

Particulars (Rs cr)	Q4FY21	Q4FY20	YoY-%	Q3FY21	QoQ-%	FY19	FY20	FY21	FY22E	FY23E
Total Operating Income	2136	1617	32.1	2029	5.3	6,527	6,741	7,340	8,260	9,438
EBITDA	320	249	28.6	398	-19.5	800	1,215	1,352	1,437	1,699
Depreciation	114	125	-8.4	114	0.3	436	481	454	510	547
Other Income	38	47	-19.6	21	83.1	82	139	68	78	90
Interest Cost	64	61	4.8	56	14.9	159	178	198	175	150
Tax	45	20	130.2	74	-38.7	61	170	218	224	295
RPAT	130	86	52.0	181	-28.0	210	507	540	594	783
Diluted EPS (Rs)	1.3	0.9	51.8	1.8	-28.3	2.1	5.1	5.4	6.0	7.9
RoE						8%	17%	15%	15%	17%
P/E (x)						51	21	20	18	13
EV/EBITDA						17	11	10	10	8

(Source: Company, HDFC Sec)

Q4FY21 Result Review

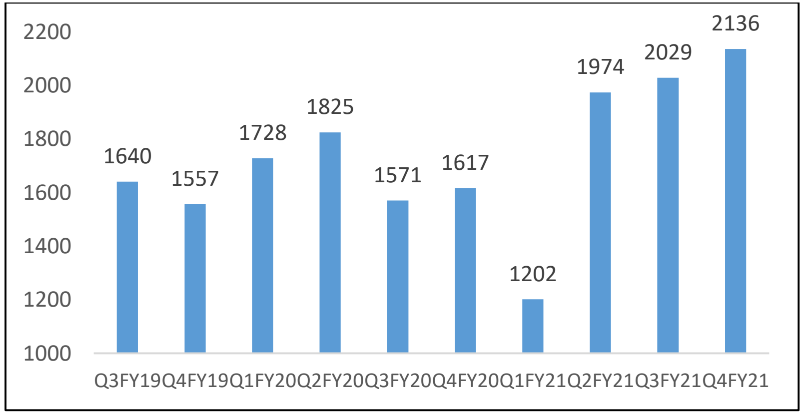
- In Q4FY21 revenues stood at Rs 2136Cr which grew by 32/5.3% on YoY/QoQ basis. This growth was mainly driven by robust volume growth. Its core home textile business registered a 30% growth while bed/bath/rugs posted 35%/19%/37% volume growth and all segments for the quarter operated at a near optimal utilization levels.
- The company's flooring business reported an improvement in revenue to Rs.120Cr (Q3FY21:Rs. 80Cr) with marginal dip in operating loss. Traction in hard flooring remains strong, while business is picking up in soft flooring. Also, the Advanced Material business posted another strong quarter (up 30% YoY) and ended FY21 with 22% growth.
- EBITDA for the quarter grew by 28/-19% on YoY/QoQ basis. EBITDA margins for the quarter stood at 15% - flat on YoY basis, while lower by 500bps on a sequential basis which was mainly on account of non-recording of RODTEP benefits and higher logistics cost. Going forward, annual EBITDA of 17-18% is sustainable depending on the rates of RODTEP declared by the government.
- Consequently, PAT for the quarter stood at Rs. 130Cr +52/-28% on YoY/QoQ basis.
- The company announced a dividend of Rs. 0.15/share and a buyback of Rs. 200Cr at a price of Rs. 120/share.

Recent Triggers

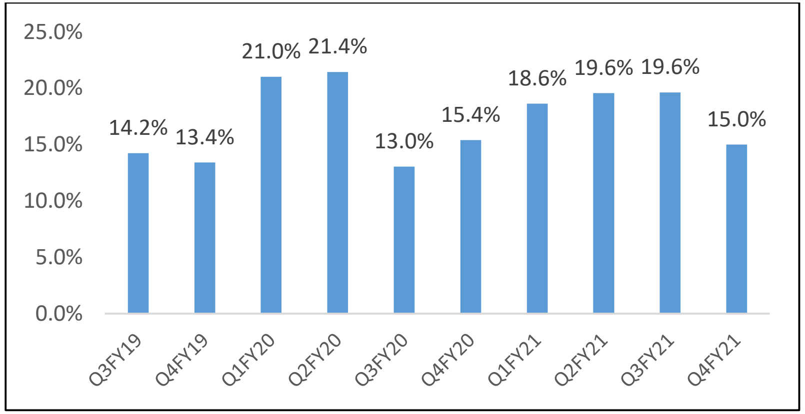
Strong pent-up demand post lockdown coupled with margin expansion driven by cost rationalization

Despite the pandemic related turmoil, WIL reported a strong operating performance for the year FY21. In H2FY21, the company registered a revenue growth of 30% compared to H2FY20. Going forward, with the opening of the economy with improved outlook in US income and spends on home improvement, we expect the momentum in demand to sustain. Also, the company has been successful in re-empaneling its client “Target” which is one of the largest retailers based in the US. Apart from this, as per the OTEXA data, the share of China imports to US has been constantly under pressure which has been favorable for India which is amongst the largest cotton producer globally. WIL being one of the largest home textile company with fully integrated business model and diversified portfolio has been a beneficiary of shift in supply chain from China by US & EU customers. On the non-textile business side, flooring segment revenue grew by 266% YoY to reach Rs 319 Cr in FY21 while E-commerce business grew 84% YoY to reach Rs 390 Cr doubling its share from 3% to 6% in FY21.

Quarterly Revenue growth Trend



Quarterly EBITDA Margin Trend



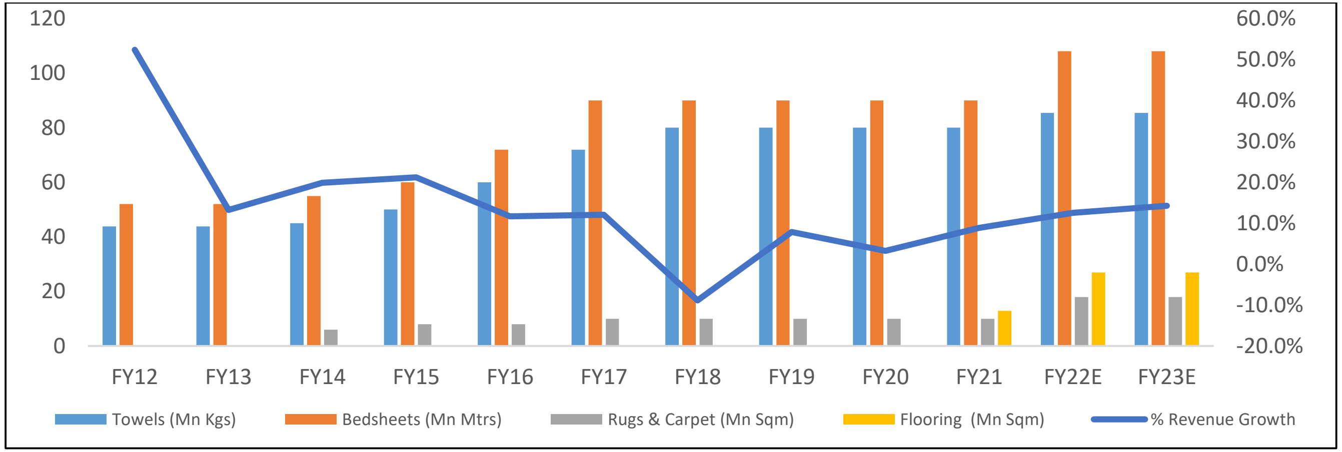
(Source: Company, HDFC sec)

Long Term Triggers

A leading global home textile powerhouse

WIL derives ~95% of its revenue from exports to various countries across the globe. The Company has a strong presence in key markets, such as USA and UK. It has a dominant presence in the towel and bed linen market in US; and is present across every major store in UK via own brand and private label. Apart from this, the company has been continuously working on increasing its footprint in newer geographies including Continental Europe, Japan, Australia, the Middle East and particularly domestic market. WIL's revenues over the last decade grew at CAGR 13.3% which were mainly driven by a consistent and a calibrated approach towards expansion of capacities across the home textile segments and a constant endeavor to re-invent itself by getting into newer categories like Rugs and Carpets and recently in flooring.

Stable revenue growth driven by consistent capacity expansion



(Source: Company, HDFC sec)

The Company has invested over ~Rs. 1200Cr behind to manufacture area rugs, carpet tiles and other innovative flooring solutions.

RETAIL RESEARCH

It had ventured into the carpet category in FY14-15 (the facility was completed in FY14 and started contributing to revenue in FY15), with offerings in decorative carpets and area rugs, and has witnessed decent momentum in its offerings since then. This, together with the existing bath rugs business, is still small, contributing to less than 10% to the overall revenue. Post scale-up in the rugs and carpet space, the company had identified Flooring Solutions segment which is likely to an important growth driver for the company. WIL plans to debottleneck its home textile plants (at Vapi and Anjar) which will result in a 7% increase in towel, 20% in bed linen, and 80% in rug and carpet division capacities at a cost of Rs. 225 crore and expects to commence these in a phased manner from Q1FY2022.

Long standing relations with large retailers

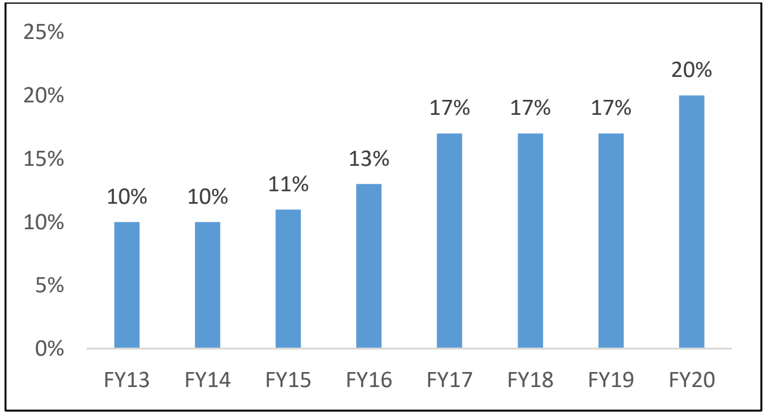
(Source: Company, HDFC sec)

Apart from constant expansion behind incremental capacities and venturing in newer categories, WIL has been aggressively scaled-up its distribution and warehousing network in US and EU markets which can facilitate Just in Time delivery to large global retailers and e-com players. It has also scaled-up its strategic partnerships with the large global retailers and thereby assisting them with collaborative forecasting, planning and replacement of products. Even in the Indian markets, WIL products have strong presence across leading large format departmental stores.

Strong Portfolio of brands catering to both classes and masses

Over the years, WIL has also been persistently focusing on transitioning itself from a B2B/ private label centric company to a B2C player positioning itself as a house of brands. As per the management, branded business is highly gross margin accretive and offers 10-15% higher gross margins compared to B2B business. The company had acquired UK based “Christy” in 2006 and since then has been constantly scaling its branded products portfolio. WIL branded products (owned and licensed brands) contribution grew from 10% of overall revenues in FY10 to 20% of revenues as on FY20. Its own brands comprises of “Christy”, “Kingsley”, “Welhome” and “Welspun Basics” in global markets while in India it owns brands like Spaces, “Welspun Bath-N-Beyond”.

Branded Products as a % of revenue



Portfolio of Self-owned/ licensed Brands

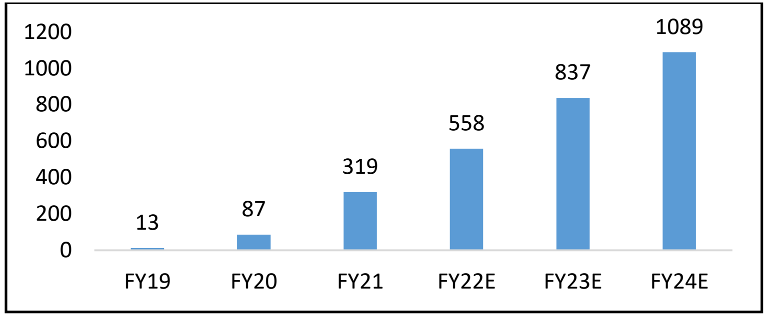
(Source: Company, HDFC sec)

In the domestic markets, the company has laid out a target of achieving a Rs. 1000Cr milestone on branded business by FY25. As on FY21, its Spaces retail format has presence spread across 370+ towns and cities through 2300+ outlets and 240+ shop in shop locations. In the global licensed brand space, the company sells its products under brands like Wimbledon, Martha and Scott Living. The company expects licensed brands to achieve a revenue milestone of $100Mn by FY24.

Flooring solutions- key growth driver

WIL in Sept ’19, had commissioned a fully integrated green-field facility in Telangana spread across 600 acres of land for its advanced flooring solutions where it manufactures hard and soft flooring under one roof. This segment mainly comprises of click n lock tiles, carpet tiles and wall to wall carpets mainly for commercial and institutional purpose which are an alternative to ceramic flooring. These products have been positioned as easy to install compared to traditional ceramic based tiling solutions and comes with a guarantee of 5 years. In terms of pricing these products are more or less in sync with ceramic tiles. Soft carpet price ranges from Rs40-200/sqft while hard carpet the price starts from Rs. 400/ sqft. China is the largest producer of this kind of flooring solutions. WIL in India is the only manufacturer of these products. The company as on FY21 has an installed capacity of 12.9Mn Sqmt which is further going to scaled-up to 27Mn sqmt by FY22 and 40Mn sqmt by FY24. Flooring segment contributed ~5% of topline in FY21 and grew by 90% YoY for Q4FY21. As per the management, it expects the business to be EBITDA break-even by H2FY22 with cash break-even by FY23. It has guided a Rs. 800Cr topline from this segment by FY22. In Q4FY22, revenue from flooring business was Rs. 119Cr up 182%YOY and 21% QOQ. EBITDA loss reduced to Rs. 19Cr versus loss of Rs. 24Cr in Q3 FY21. In Q4FY21, it had highest ever expansion of a retail footprint adding 128 dealers to the channel. Overall currently it has ~572 dealers network spread across 192 towns and cities. In the global markets, soft flooring has already started gaining traction with enquiries from US, Canada and RoW. In order to optimize the capacity utilization of the soft flooring plant, the company will produce rugs and carpets for home textiles customers which will help in reducing losses from the flooring plant.

Flooring solutions revenue growth trend



(Source: Company, HDFC sec)

Advance Textiles

Advanced Textiles is mainly into making of disposable towels and wet wipes out of non-woven textiles. It product portfolio comprises of diverse range of products which are used in three major technologies – Spunlace, Needlepunch and Thermobond. Each of them has in-house downstream conversion unit to manufacture value added products as per customer requirements. The major raw material for these products comprises of viscose and cotton. Application of products range from medical disposables, hygiene, cosmetic, coating substrate applications to various kinds of filtrations. In Spunlack the company has strategic partnership with customers such as P&G & J&J for Fem Care products. The company has also ventured in the wet wipes segment where it has expanded into cosmetic face masks segment. In the needle punch segment, the company had launched Turboelectric media for residential & commercial HVAC segment. In its Arc/Firefighting product's it has been an approved partner for Honeywell & Tara safe. As per the management, the new disinfectant wipe line in Anjar and expansion of spunlace in Telangana (expected to start by Sept '22) can get the advance textile business to a size of Rs, 400Cr by FY22 v/s ~Rs. 270Cr in FY21.

Targets to reach a milestone of Rs. 12,500Cr revenue by 2025

WIL has laid out an ambitious target to achieve a milestone of Rs 12,500Cr of revenue by FY25 which translates into a revenue CAGR growth of 14% over FY21-25E. Higher growth would be mainly driven by its high growth emerging businesses like Flooring Solutions, Advance Textiles and the B2C branded products business. As per the management guidance, it aims for a 10/50/25% CAGR in home textiles/ Flooring solutions and Advance textiles respectively over FY21-25E.

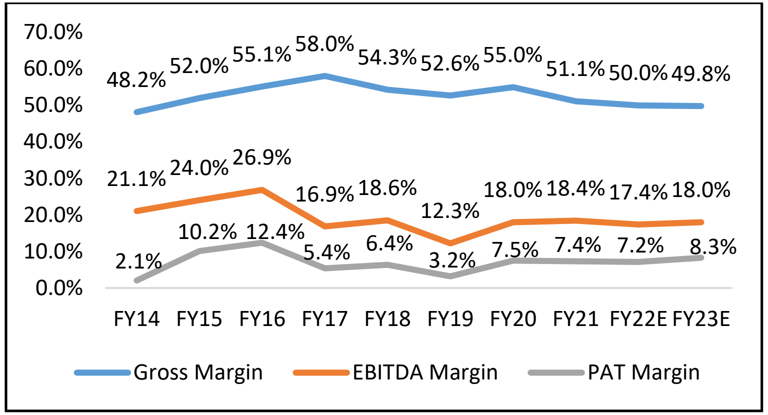
Key Financial Summary

- WIL has delivered a healthy Revenue CAGR of 13% over FY11-21 aided by its consistent focus on expanding its product portfolio along with aggressive scale-up of branded and innovative products. Despite the Covid pandemic led slowdown, the company had reported decent performance in FY21. Going forward, with unlocking of the economy and likely normalisation ahead, we are expecting the company to report a revenue CAGR of 13.4% over FY21-23E.
- Its EBITDA and PAT grew by CAGR 19.3% and 66% (on a low base) respectively over FY11-21. Despite aggressive investments in constant scale-up of capacities (10-Yr capex of ~Rs 5780Cr) the company has generated consistently strong cash flows. Going forward, we expect its operational performance to stabilize with EBITDA and PAT likely to grow at CAGR 13% and 20% over FY21-23E.

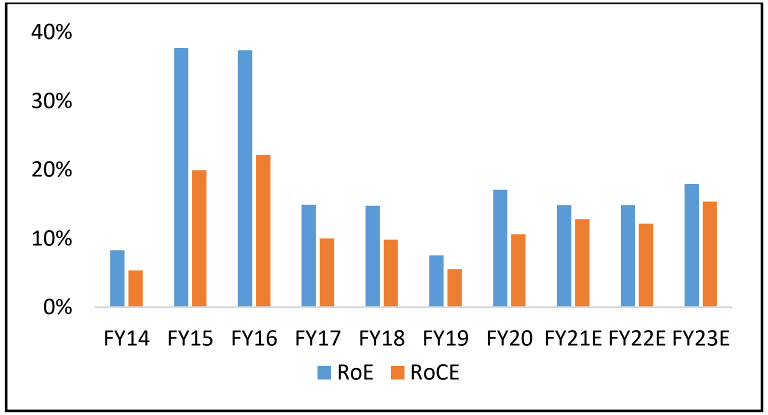
- Despite high capex behind incremental capacity, its Net D/E level has improved to 0.64x as on FYFY21 from 2.5xx in FY11. Going forward, with large part of capex behind us we expect the debt levels to further come down.

Welspun India Ltd.

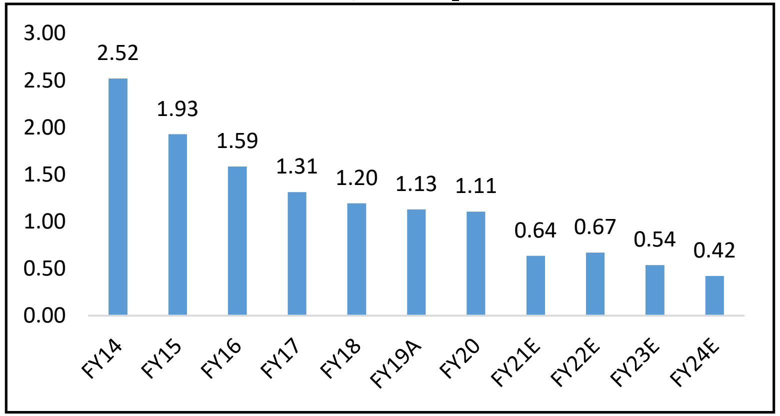
Operating Performance trend



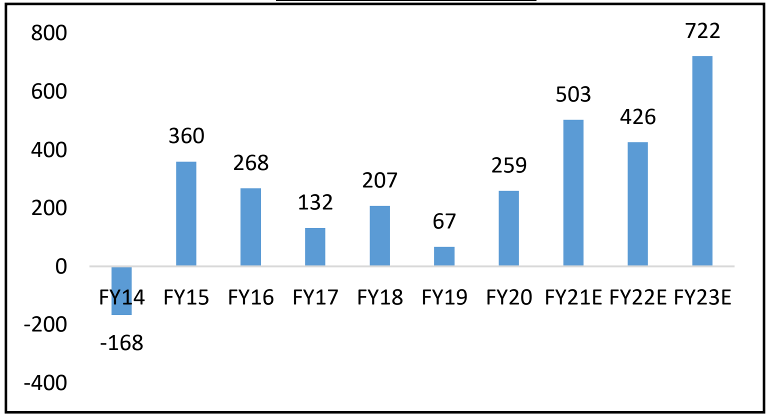
Return ratio trend



Net D/E trend_



Free Cash Flow Trend



(Source: Company, HDFC sec)

What could go wrong?

- **High input cost pressure**
  Any prolonged volatility in raw material prices (mainly cotton, PVC etc), along with the inability to pass on higher prices due to stiff competitive intensity, can impact overall profitability.

- **Inability to consistently expand the flooring solution segment**
  Flooring solution is a key growth driver for WIL over next 3-5 years. We expect this segment to report a growth of CAGR 62% over FY21-23E. In case if the company is unable to scale-up this vertical due to unexpected industry dynamics or slow pickup in demand, the company's overall growth outlook will have a downward revision.

- **Trade barriers**
  Any adverse change in import duty structure for Indian home textiles products in US/EU markets can impact the earnings of the company.

- **Change in interest subsidies, duty drawback and subvention schemes for exporters of home textiles**
  Indian home textile export business is highly dependent on government incentives in the form of interest subvention and duty drawback schemes. Currently the rates under RODTEP (wef Jan 01, 2021) are yet to be announced by the government. Any big downward revision in the government subsidies for export business can be negative for the overall industry.
- **Increase in competitive landscape**

Any higher competition from domestic/ international players can pose a threat to the growth prospects of home textiles export business.

- **Forex Volatility**
  WIL exports more than 90% of its production. With a network spanning 50 countries, the company is exposed to currency fluctuations which can significantly impact profitability.

Company Profile:

Welspun India (WIL) has been a leading and largest home textile company in India. It has state of the art fully back ward integrated manufacturing facilities at Anjar and Vapi in Gujarat where it produces an entire range of home textiles for bed & bath category. It has been one of the largest companies among home textile suppliers in the US. It has a robust network in over 32 countries including US, UK, Europe, Canada and Australia and exports to more than 50 countries around the world and has strategic tie-ups with leading global retailers. Over the years, WIL has built a strong portfolio of both company owned and licensed brands in domestic and international markets.

Peer Comparison

	Mcap	Revenue			EBITDA Margin			PAT			ROE			Net D/E		
		FY19	FY20	FY21	FY19	FY20	FY21	FY19	FY20	FY21	FY19	FY20	FY21	FY19	FY20	FY21
Welspun India	10,680	6527	6741	7340	12.3%	18.0%	18.4%	210	507	676	8%	17%	15%	1.1	1.1	0.6
Indocount Ltd	3,620	1,934	2,080	2,557	8.0%	9.0%	16.0%	60	74	251	6%	8%	20%	0.3	0.2	0.3
Trident Ltd	8,867	5,249	4,728	4,531	19.0%	18.0%	18.0%	372	340	304	13%	11%	9%	0.8	0.5	0.4

	EPS Growth	P/E		EV/EBITDA	
	FY21-23E	FY22E	FY23E	FY22E	FY23E
Welspun India	21%	18	13	10	8
Indocount Ltd	5%	14	13	8	8
Trident Ltd	41%	15	12	9	8

(Source: Company, HDFC sec)

Welspun India Ltd.

Financials

Income Statement

(Rs Cr)	FY19	FY20	FY21	FY22E	FY23E
Net Revenues	**6527**	**6741**	**7340**	**8260**	**9438**
Growth (%)	8%	3%	9%	13%	14%
Operating Expenses	5726	5526	5988	6823	7739
EBITDA	**800**	**1215**	**1352**	**1437**	**1699**
Growth (%)	**-29%**	**52%**	**11%**	**6%**	**18%**
EBITDA Margin (%)	**12.3**	**18.0**	**18.4**	**17.4**	**18.0**
Depreciation	436	481	454	510	547
EBIT	**364**	**734**	**899**	**927**	**1152**
Other Income	82	139	68	78	90
Interest expenses	159	178	198	175	150
PBT	**287**	**694**	**769**	**830**	**1092**
Tax	61	170	218	224	295
RPAT	**226**	**524**	**551**	**606**	**797**
APAT	**210**	**507**	**676**	**594**	**783**
Growth (%)	-45%	142%	7%	10%	32%
EPS	2.1	5.1	5.4	6.0	7.9

Balance Sheet

As at March	FY19	FY20	FY21	FY22E	FY23E
SOURCE OF FUNDS					
Share Capital	100	100	100	99	99
Reserves	2679	2872	3544	3800	4385
Shareholders' Funds	**2779**	**2972**	**3644**	**3898**	**4484**
Long Term Debt	3310	3521	2716	2616	2416
Net Deferred Taxes	141	77	137	142	146
Other Liabilities	244	254	427	469	516
Minority Interest	70.9	79.9	99.0	104.0	109.1
Total Source of Funds	**6546**	**6904**	**7023**	**7229**	**7671**
APPLICATION OF FUNDS					
Net Block & Goodwill	3306	3933	3723	3813	3667
CWIP	489	58	173	173	173
Other Non-Current Assets	230	234	271	330	378
Total Non-Current Assets	**4025**	**4225**	**4167**	**4317**	**4217**
Current Investments	127	244	111	117	123
Inventories	1334	1529	1773	1810	2069
Trade Receivables	1077	1086	1182	1358	1551
Cash & Equivalents	173	230	399	184	348
Other Current Assets	947	880	935	1074	1227
Total Current Assets	**3658**	**3969**	**4400**	**4543**	**5317**
Trade Payables	770	942	1092	1132	1293
Other Current Liab & Provisions	367	348	452	499	571
Total Current Liabilities	**1137**	**1290**	**1544**	**1631**	**1863**
Net Current Assets	2521	2679	2856	2913	3454
Total Application of Funds	**6546**	**6904**	**7023**	**7229**	**7671**

Welspun India Ltd.

Cash Flow Statement

(Rs Cr)	FY19	FY20	FY21	FY22E	FY23E
Reported PBT	287	694	769	830	1,092
Non-operating & EO items	-10	-56	-261	0	0
Interest Expenses	131	169	198	175	150
Depreciation	270	289	454	510	547
Working Capital Change	254	-158	-105	-265	-372
Tax Paid	-124	-162	-101	-224	-295
OPERATING CASH FLOW (a)	**807**	**777**	**953**	**1,026**	**1,122**
Capex	-740	-518	-450	-600	-400
Free Cash Flow	67	259	503	426	722
Investments	17	-144	141	-6	-6
Non-operating income	183	204	211	-60	-47
INVESTING CASH FLOW (b)	**-540**	**-458**	**-98**	**-665**	**-453**
Debt Issuance / (Repaid)	30	97	-619	-100	-200
Interest Expenses	-234	-252	-224	-175	-150
FCFE	-137	104	-340	151	372
Share Capital Issuance	0	0	0	-201.7	0
Others	-27	-113	81	3	-156
FINANCING CASH FLOW (c)	**-232**	**-269**	**-762**	**-474**	**-505**
NET CASH FLOW (a+b+c)	**35**	**51**	**92**	**-113**	**163**

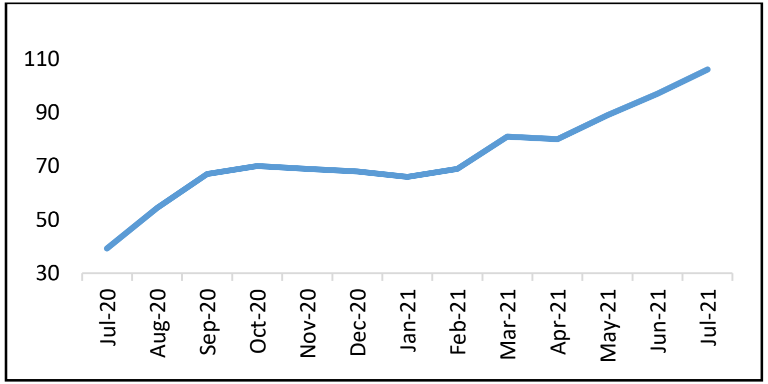
Key Ratios

(Rs Cr)	FY19	FY20	FY21	FY22E	FY23E
EBITDA Margin	12.30%	18.00%	18.40%	17.40%	18.00%
EBIT Margin	5.60%	10.90%	12.20%	11.20%	12.20%
APAT Margin	3.20%	7.50%	9.20%	7.20%	8.30%
RoE	8%	17%	15%	15%	17%
RoCE	6%	11%	13%	13%	15%
Solvency Ratio					
Net Debt/EBITDA (x)	3.9	2.7	1.7	1.7	1.2
Net D/E	1.1	1.1	0.6	0.6	0.5
PER SHARE DATA					
EPS	2.1	5.1	5.4	6	7.9
CEPS	6.4	9.8	9.9	11.2	13.5
Dividend	0.3	1	0	1.4	2
BVPS	28	30	36	39	45
Turnover Ratios (days)					
Debtor days	56	59	56	60	60
Inventory days	74	78	82	80	80
Creditors days	40	46	51	50	50
VALUATION					
P/E	50.9	21	19.8	17.7	13.4
P/BV	3.8	3.6	2.9	2.7	2.3
EV/EBITDA	17.2	11.1	10.2	9.6	8.1
EV / Revenues	2.1	2	1.9	1.7	1.5
Dividend Yield (%)	0.3%	0.9%	0.0%	1.3%	1.9%
Dividend Pay-out	14%	20%	0%	23%	25%

(Source: Company, HDFC sec)

Welspun India Ltd.

One Year Stock Price Chart



(Source: Company, HDFC sec)

Disclaimer
I, Nirav Savai, MBA, author and the names subscribed to this report, hereby certify that all of the views expressed in this research report accurately reflect our views about the subject issuer(s) or securities. HSL has no material adverse disciplinary history as on the date of publication of this report. We also certify that no part of our compensation was, is, or will be directly or indirectly related to the specific recommendation(s) or view(s) in this report.
Research Analyst or his relative or HDFC Securities Ltd. does not have any financial interest in the subject company. Also Research Analyst or his relative or HDFC Securities Ltd. or its Associate may have beneficial ownership of 1% or more in the subject company at the end of the month immediately preceding the date of publication of the Research Report. Further Research Analyst or his relative or HDFC Securities Ltd. or its associate does not have any material conflict of interest.

Any holding in stock –No
HDFC Securities Limited (HSL) is a SEBI Registered Research Analyst having registration no. INH000002475.

Disclaimer:
This report has been prepared by HDFC Securities Ltd and is solely for information of the recipient only. The report must not be used as a singular basis of any investment decision. The views herein are of a general nature and do not consider the risk appetite or the particular circumstances of an individual investor; readers are requested to take professional advice before investing. Nothing in this document should be construed as investment advice. Each recipient of this document should make such investigations as they deem necessary to arrive at an independent evaluation of an investment in securities of the companies referred to in this document (including merits and risks) and should consult their own advisors to determine merits and risks of such investment. The information and opinions contained herein have been compiled or arrived at, based upon information obtained in good faith from sources believed to be reliable. Such information has not been independently verified and no guaranty, representation of warranty, express or implied, is made as to its accuracy, completeness or correctness. All such information and opinions are subject to change without notice. Descriptions of any company or companies or their securities mentioned herein are not intended to be complete. HSL is not obliged to update this report for such changes. HSL has the right to make changes and modifications at any time.
This report is not directed to, or intended for display, downloading, printing, reproducing or for distribution to or use by, any person or entity who is a citizen or resident or located in any locality, state, country or other jurisdiction where such distribution, publication, reproduction, availability or use would be contrary to law or regulation or what would subject HSL or its affiliates to any registration or licensing requirement within such jurisdiction. If this report is inadvertently sent or has reached any person in such country, especially, United States of America, the same should be ignored and brought to the attention of the sender. This document may not be reproduced, distributed or published in whole or in part, directly or indirectly, for any purposes or in any manner.
Foreign currencies denominated securities, wherever mentioned, are subject to exchange rate fluctuations, which could have an adverse effect on their value or price, or the income derived from them. In addition, investors in securities such as ADRs, the values of which are influenced by foreign currencies effectively assume currency risk. It should not be considered to be taken as an offer to sell or a solicitation to buy any security.
This document is not, and should not, be construed as an offer or solicitation of an offer, to buy or sell any securities or other financial instruments. This report should not be construed as an invitation or solicitation to do business with HSL. HSL may from time to time solicit from, or perform broking, or other services for, any company mentioned in this mail and/or its attachments.
HSL and its affiliated company(ies), their directors and employees may; (a) from time to time, have a long or short position in, and buy or sell the securities of the company(ies) mentioned herein or (b) be engaged in any other transaction involving such securities and earn brokerage or other compensation or act as a market maker in the financial instruments of the company(ies) discussed herein or act as an advisor or lender/borrower to such company(ies) or may have any other potential conflict of interests with respect to any recommendation and other related information and opinions.
HSL, its directors, analysts or employees do not take any responsibility, financial or otherwise, of the losses or the damages sustained due to the investments made or any action taken on basis of this report, including but not restricted to, fluctuation in the prices of shares and bonds, changes in the currency rates, diminution in the NAVs, reduction in the dividend or income, etc.
HSL and other group companies, its directors, associates, employees may have various positions in any of the stocks, securities and financial instruments dealt in the report, or may make sell or purchase or other deals in these securities from time to time or may deal in other securities of the companies / organizations described in this report.
HSL or its associates might have managed or co-managed public offering of securities for the subject company or might have been mandated by the subject company for any other assignment in the past twelve months.

HSL or its associates might have received any compensation from the companies mentioned in the report during the period preceding twelve months from t date of this report for services in respect of managing or co-managing public offerings, corporate finance, investment banking or merchant banking, brokerage services or other advisory service in a merger or specific transaction in the normal course of business.
HSL or its analysts 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 HSL 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. HSL may have issued other reports that are inconsistent with and reach different conclusion from the information presented in this report.
Research entity has not been engaged in market making activity for the subject company. Research analyst has not served as an officer, director or employee of the subject company. We have not received any compensation/benefits from the subject company or third party in connection with the Research Report.

HDFC securities Limited, I Think Techno Campus, Building - B, "Alpha", Office Floor 8, Near Kanjurmarg Station, Opp. Crompton Greaves, Kanjurmarg (East), Mumbai 400 042 Phone: (022) 3075 3400 Fax: (022) 2496 5066
Compliance Officer: Binkle R. Oza Email: complianceofficer@hdfcsec.com Phone: (022) 3045 3600
HDFC Securities Limited, SEBI Reg. No.: NSE, BSE, MSEI, MCX: INZ000186937; AMFI Reg. No. ARN: 13549; PFRDA Reg. No. POP: 11092018; IRDA Corporate Agent License No.: CA0062; SEBI Research Analyst Reg. No.: INH000002475; SEBI Investment Adviser Reg. No.: INA000011538; CIN - U67120MH2000PLC152193