



Techno Funda Stock Pick – Mirza International Ltd.

06-June-2022

Fundamental Research Analyst
Harsh Sheth
harsh.sheth@hdfcsec.com

Technical Research Analyst
Nagaraj Shetti
nagaraj.shetti@hdfcsec.com

Stock	Buying Band	Adding band	Targets	SL *	Time Horizon
Mirza International Ltd.	Rs 237-244	Rs 207-213	Rs 277 and Rs 345	Rs 188	3-4 quarters

Note: * Excluding Freak Trades lasting less than a minute. SL on closing basis

Mirza International Ltd.



Technical Observations:

- The attached weekly timeframe chart of Mirza International Ltd indicates an intermediate uptrend in the stock price, which is unfolding over the last 7-8 months.
- We observe positive chart pattern like higher tops and bottoms over the period of time. After a recent higher bottom formation at Rs 162 in mid part of May 22, the stock price has moved up sharply in last week and closed higher.
- The formation of long bull candle on the weekly chart in last week signal a faster retracement on the upside of the recent 5-6 weeks of minor decline. This is positive indication and signal strength of an upside momentum in the stock price.
- The initial supports of weekly 10 and 20 period EMA are intact around Rs 196 and Rs 177 levels respectively. The stock price has been sustaining above these moving average supports during its sustainable uptrend.
- The upside breakout of last week in the stock price has accompanied with the rise in average volume, which signal buildup of long positions in the stock price.
- Weekly 14 period RSI has turned up from the upper range of 60 levels and it has more space to move up to upper 80 levels (from the current reading of 72). This could mean chances of further strengthening of upside momentum for the stock price ahead.
- The overall chart pattern of Mirza International Ltd indicates long trading opportunity. One may look to create positional long as per the levels mentioned above.

Our Take:

Founded in 1979, Mirza International Limited (MIL) is India's leading leather footwear manufacturer, marketer and exporter. MIL has a fully integrated business model from processing leather to designing shoes to manufacturing

and selling shoes in exports and domestic markets. It sources raw materials from in-house tannery; the designs are created at its own studios; leather footwear is manufactured in-house and its brands are marketed through a pan-India network of company-owned outlets. Its portfolio of brands includes; REDTAPE | MODE | BONDSTREET | oaktrak | Yezdi. The integrated setup enables it to optimise concept-to-market lead time, ensure product quality, deliver a superior experience and be in-step with evolving consumer trends.

MIL is the preferred supplier of leather footwear to leading international brands and one of the largest Indian suppliers of finished leather to overseas markets. In the international market, it is among the few Indian footwear companies to sell under its brand name. The REDTAPE brand, in particular, has gained a strong foothold in the niche markets of the UK and US, among others. Having established its mark in the most lucrative and fashionable international markets, the company is now expanding its presence in India. Its omni-channel retail strategy, with a strong emphasis on digital infrastructure, has enabled it to consistently increase its domestic reach and deliver an engaging and seamless brand experience to consumers both in-store and online. With expertise in product innovation, strong fashion sensibilities and to leverage its brand recognition and, distribution infrastructure, MIL has also forayed into clothing and accessory segments in both domestic and global markets.

Although its business fundamentals and financial profile remains robust with reducing working capital requirements and improving profitability with scaling up of branded business, comments about the sustainability of the recent strong financial performance would require more details about existing capacities, its capacity utilization, capex plans, business plans, key customers, end-under industry mix; much of these is not available in the public forum. We believe that given its strong track record with its product additions, value unlocking as result of de-merger of branded business, its R&D focus and management's focus on improving operational efficiency; there is a scope for re-rating of this stock in the shorter time horizon. **According to our conservative rough cut valuations, the base case target of stock is Rs. 277 and bull case target is Rs. 345. We feel investors can buy the in stock Rs 237-244 band and add more on dips in Rs 207-213 band.**

Valuation

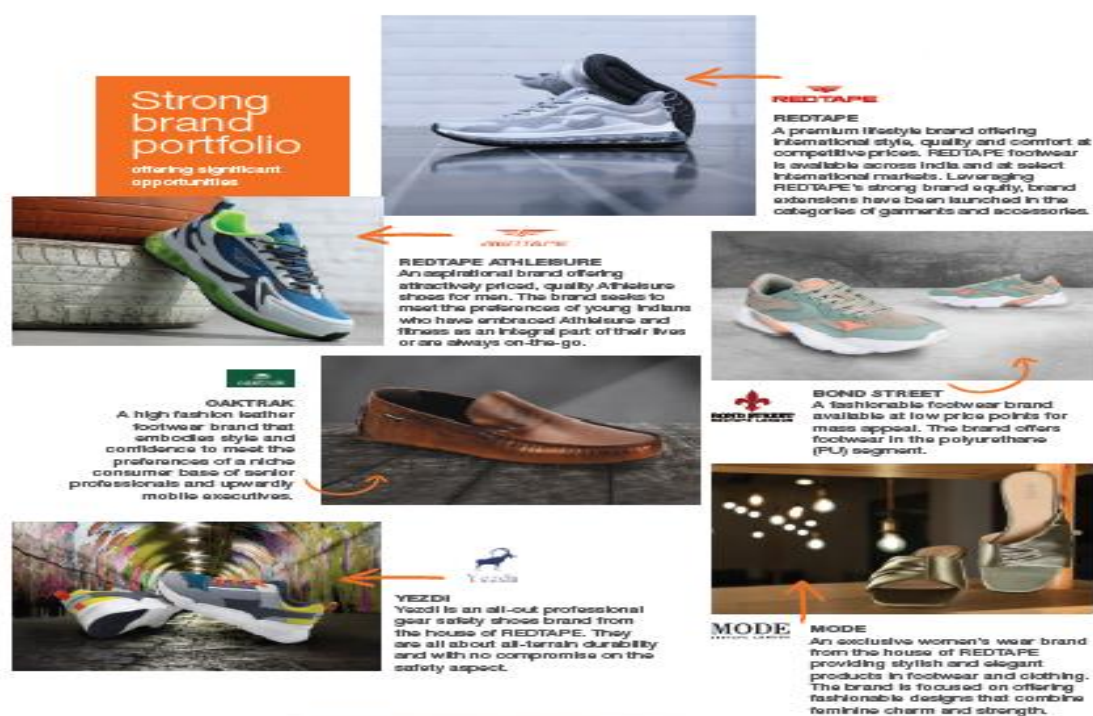
Mirza International	FY22E EPS (in Rs)	Base Case TTM P/E (60% discount to Metro and Campus)	Bull Case P/E (50% discount to Metro and Campus)
Branded business	8.39	32	40
Unbranded business	0.89	10	10
Target		277	345

Triggers:

A unique integrated business model

MIL has a fully integrated business model from processing leather to designing shoes to manufacturing and selling shoes for exports and domestic market. It has six fully integrated manufacturing units, equipped with advanced machinery and technology, enable production of high-quality leather footwear. Its manufacturing facilities are supported by more than 25 dedicated ancillary units. The company's robust ecosystem enables it to address the issues of raw material availability and achieve economies of scale and seamless operations. The company has 38 mn sqft of tannery manufacturing capacity which is sufficient enough to double its revenue in shoes business. 50-60% of tannery production is consumed internally, rest is exported or sold in domestic market. There is an entry barrier in the tannery business due to regulatory issues and stringent environmental norms followed in India. MIL's tannery business is equipped with dedicated effluent treatment plant of 1.65 MLD capacity which help in meeting environment norms. MIL, being an early entrant, enjoys security of raw material supply. Besides the above manufacturing capacities, it also outsources the production of footwear and apparels to other vendors who exclusively manufacture for it.

Strong portfolio of brands



(Source: Company, HDFC sec)

Strengthening omni-channel presence

MIL has expanded its presence to diverse formats, which includes a healthy mix of Exclusive Brand Outlets (EBOs) and E-commerce platforms. It has a total of 276 retail stores across the country with a total area of 5,07,218 sq. ft., up from 95,000 sq. ft. in 2016. Of this, 125 stores are operating in Company-owned Company-operated (COCO) model. MIL is targeting to grow its domestic brand business by expanding in new locations through EBOs and modern retail outlets. The company management believes that, EBOs and modern retail outlets would be the future for marketing and retailing branded products. The company aims to expand its presence through EBOs in tier-2 and tier-3 cities largely through franchisees and through modern retail in tier-1 cities.

Apart from EBOs, MIL intends to grow its domestic Redtape business by focusing on online channels. Currently, about 31% of domestic footwear sales come from the online segment, where MIL sell directly to the consumers through the digital platform. Staying laser-focused on digital opportunities, the company operates a direct e-commerce division in Noida, U.P. It has also built two warehouses to meet the rising e-commerce demand. Strategically located in the well-connected cities of Mumbai and Bengaluru, these warehouses help to drive product flow, delivery speed and consumer centricity.

MIL's wide brand portfolio, offering a mix of stylish, formal and casual footwear, provides the company with a compelling opportunity to address the growing aspirations for branded wear, in our view. REDTAPE is well-entrenched as a leading leather footwear brand meeting the preferences of fashion-conscious consumers. The newer brands Bond Street and REDTAPE Athleisure have resonated well with the younger male population. In addition, REDTAPE brand extensions in apparels and accessories have been well received in the market. Brand MODE is enabling it to address the sizeable opportunity in the women's branded fashionable footwear segment. In the coming years, as per market reports, women's footwear is estimated to experience the highest market growth among all footwear segments.



Expect steady growth in exports business going ahead

Mirza (UK) Ltd is a United Kingdom based subsidiary of the company and is one of the UK's largest suppliers of footwear aiming to become a leading supplier of affordable and high-quality leather footwear to the UK & European markets. It has 55,000 Sq. ft. warehouse in the logistics area of Milton Keynes. The company has built a global network that spans in 30 countries throughout the UK, Europe, USA, Canada, Australia, and New Zealand. MIL mostly fulfills the criteria of manufacturing footwear for Mirza UK on commission basis.

Acquisition of legacy brand – MIL had acquired the oldest shoe brand “Thomas Crick” in 2019. “Thomas Crick”, is in the shoe business for more than 200 years. Due to unforeseen Covid Pandemic, Mirza UK wasn't able to launch the “Thomas Crick”. However, the company is planning to launch Thomas crick in the mid-2022. Under the Brand Thomas Crick, company will sell premium class footwear with superior quality.

MIL appoints agencies to sell its product globally. Earlier MIL had tied-up with “TruPay” for helping MIL in generating sales across the globe especially in Europe. During the Covid period, Trupay was not able to generate sale for MIL which resulted in huge setbacks to MIL Business. During that time Mirza UK helped MIL in generating Sales in UK. Now, MIL has appointed “Mirza UK” as its exclusive agent for sale of its products across Europe and rest of the world

Restructuring to unlock value

In order to streamline various activities of Mirza Group, unlock the true value of its businesses, achieve management efficiencies and accelerated growth, the management of the company is proposing to consolidate entire overseas business into Mirza International Limited; and to hive off Branded Business/REDTAPE Business into a separate company. The present Composite Scheme of Arrangement is proposed to achieve the aforesaid objectives in the following manner:

- a. Amalgamation of RTS Fashions Private Limited (the Transferor Company) with and into Mirza International Limited (the Transferee Company); and de-merger of Branded Business/REDTAPE Business of Mirza International Limited (the Transferee Company) into Redtape Limited (the Resulting Company) on going concern basis.

RTS Fashions Private Limited is engaged in purchase, sale and trading of soling and packing material and other related activities. The Transferor Company, through its step down wholly owned subsidiary-Mirza (UK) Limited, is engaged in design, development, marketing and distribution of leather footwear, leather goods and accessories in UK, USA and other European Markets. Mirza International Limited (MIL) has two distinct business (a) Private Label/White Label Business which is pre-dominantly export wholesale made-to-order (MTO) business; and (b) Branded Business/REDTAPE Business which is pre-dominantly domestic retail business. The leather tannery is backward integration for captive consumption and acts as the backbone for the Private Label Business.

Scheme of the arrangement:

- a) Mirza International Ltd. will issue 22 Equity Shares of Rs 2 each for every 10 Equity Shares of Rs 10 each held in the RTS Fashions Private Limited.
- b) Redtape Limited will issue 1 Equity Share of Rs 2 each for every 1 Equity Share of Rs 2 each held in Mirza International Limited

Present issued and paid-up share capital of the Redtape Limited is Rs 1,00,000 divided into 50,000 Equity Shares of Rs 2 each, which is held by Mirza International. Upon the amalgamation, Red Tape Ltd. will have 100% mirror Equity Shareholding as that of the Mirza International Ltd. Accordingly, upon the Scheme of Arrangement

becoming effective, the pre-Scheme issued and paid-up share capital of Red Tape Ltd. will be cancelled and 50,000 9% Compulsorily Redeemable Preference Shares of Rs 2 each, aggregating Rs 1,00,000 will be created in place of such cancelled equity share capital.

Pre-Scheme Shareholding pattern of Mirza International Ltd.

Category	No. of Shares	%
Promoter Group	8, 15,50,441	67.79
Public	3,87,55,559	32.21
Total	12,03,06,000	100.00

Post-Scheme Shareholding pattern of Mirza International Ltd.

Category	No. of Shares	%
Promoter Group	9,94,46,341	71 .96
Public	3,87,55,559	28.04
Total	13,82,01,900	100.00

Post-Scheme Shareholding pattern of Redtape Ltd.

Category	No. of Shares	%
Promoter Group	9,94,46,341	71 .96
Public	3,87,55,559	28.04
Total	13,82,01,900	100.00

(Source: Company, HDFC sec)

Key advantages of restructuring: REDTAPE Business is completely independent from the Private Label Business. In REDTAPE Business, the company buys entire quantity of garments/apparels and significant quantity of footwear from various third party manufacturers. It, then, retails the same pan India through physical stores and on-line marketing. Since the Private Label Business and REDTAPE Business have different characteristics and nature, the demerger will help the company enhance its focus on high margin, high potential branded business.

The amalgamation would be advantageous to combine the activities and operations in a single company and to build strong capability to effectively meet future challenges in competitive business environment. Amalgamation will enable Mirza International Limited to leverage the expertise and resources of Mirza (UK) Limited and strengthen its sales and distribution in overseas markets.

The de-merger is expected to be completed over next 2-3 quarters.

Mirza International Ltd. - Segmental Performance									
Revenue (in Rs Cr.)					EBIT (in Rs Cr.)				
Particulars	FY19	FY20	FY21	FY22P	Particulars	FY19	FY20	FY21	FY22P
Shoes under Redtape (Domestic and Exports)	419	413	355	562	Shoes under Redtape (Domestic and Exports)	60	52	33	66
Garments	205	279	343	554	Garments	27	42	28	65
Branded Business	624	693	697	1116	Branded Business	87	93	62	131
Exports Others	453	501	256	447	Exports Others	71	49	20	53
Tannery	75	190	127	191	Tannery	-14	-20	-20	3
Unbranded Business	528	690	383	638	Unbranded Business	57	29	-1	56

(Source: Company, HDFC sec)

Valuation			
Mirza International	FY22E EPS	Base Case TTM P/E (60% discount to Metro and Campus)	Bull Case P/E (50% discount to Metro and Campus)
Branded business	8.39	32	40
Unbranded business	0.89	10	10
Target		277	345

Peer Comparison:

Company	Market Capitalisation (in Rs Cr.)	Revenue (in Rs Cr)			EBIDTA Margin			APAT (in Rs Cr)			P/E (X)		
		FY20	FY21	FY22	FY20	FY21	FY22	FY20	FY21	FY22	FY20	FY21	FY22
Bata	23639	3056	1709	2388	27.2%	9.5%	17.5%	329	-80	103	72	NA	231
Relaxo	24499	2411	2359	2653	17.0%	21.0%	15.7%	226	292	233	109	85	105
Campus	10319	732	711	1194	18.9%	16.8%	20.2%	62	27	124	166	387	85
Metro Brands	15719	1285	800	1343	27.4%	21.4%	30.5%	157	68	212	99	224	75
Mirza International	2897	1261	1049	1679	13.6%	11.3%	14.0%	48	8	113	61	346	26

(Source: Company, HDFC sec)

In footwear category, MIL is present in formal and athleisure segments and its flagship Redtape brand is priced at the highest end of its peers in India. Upon listing of the branded business, it could get appropriate premium valuations provided the management becomes more transparent about its operations and performance.

Concerns:

Forex Risk: The business operation of MIL involves importing of raw materials such as cow hide that are not available in India, and other hides during temporary interruptions in its tannery (for example during the Kumbh Mela). Further, exports account for 30-35% of revenue, which exposes the company to volatility in forex rates. Although MIL has a policy of entering into forward contracts to cover 100% export, imports are left open.

Declining revenue share from overseas markets: MIL has faced high competitive pressure in overseas market since FY17 as a result of which the company's exports revenue declined to Rs 529 Cr in FY20 and further Rs 333 Cr in FY21 from the highs of Rs 691 Cr in FY16. This situation was further aggravated by the pandemic leading to continued lockdowns in the company's primary market, UK. Improvement in overseas demand and its impact on company's revenue will remain a key monitorable.

Difficult tradeoff between sales growth and working capital management: MIL plans to grow its retail branded business through increased number of EBOs. Chasing aggressive growth would increase the working capital requirement as the company takes inventory on its own book even in franchisee model while extensive focus on working capital would result in lower growth for the company.

Inability to identify changing customer trends: MIL operates in the highly competitive footwear retail market and relies on the continued demand for its products in the markets where it has a presence. The footwear market is characterised by frequent changes, particularly customer preferences and new designs. Any error in the forecast could result in either surplus stock, which the company may not be able to sell in a timely manner, or at all, or under stocking, which will affect its ability to meet customer demand.

About the Company:

Mirza International Limited (MIL) is engaged in design, development, manufacturing, marketing, trading, export and retailing of leather footwear, sports shoes, garments & apparels, leather goods and accessories, and other related activities. It also owns and operates a leather tannery for captive consumption. The company has 6

integrated manufacturing facilities with capacity to manufacture 6.4 mn pairs per annum. ~55% of company's products are manufactured in-house while it outsources certain production of footwear to an exclusive manufacturer in China. Mirza International Limited has the following business verticals:

1. Private Label/White Label Business: MIL is engaged in design, development, manufacturing, export and sale of leather footwear to various Private Labels in United Kingdom, United States of America (USA), European and Non-European Countries. Private Label Business is pre-dominantly export wholesale made-to-order (MTO) business.
2. Branded Business/Redtape Business: It is engaged in design, development, trading, marketing and retailing of leather shoes, sports shoes, garments & apparels and other accessories under 'REDTAPE' and other Brands owned by the Company. 'REDTAPE' is a well-known brand in leather and sports footwear, garments & apparels. Branded Business is pre-dominantly domestic retail business.
3. Leather Tannery Business: The Company owns and operate of one of the most modern tanneries in India which is engaged in procuring and processing of leather. Tannery is backward integration for captive consumption and acts as the backbone for the Private Label Business.

Key Highlights of Indian Footwear Industry

Changing demographics and consumer trends to drive growth in footwear consumption

Globally, India is ranked second among footwear-producing countries in terms of unit pairs, China being first. China, India, USA, Indonesia, Brazil, Japan, Pakistan, Germany, France, UK and Italy are some of the major footwear-producing nations worldwide. China has largest production capacity and accounts for more than half of the world's footwear production. According to industry associations, global footwear production is estimated at 24.3 billion pairs as of 2019. Global average per capita annual consumption is approximately 3.2 pairs as of 2019. India's per capita annual consumption is very low, compared to its peers, at approximately 1.9 pairs.

In volume terms, the Indian footwear consumption has grown from 2.05 billion pairs in FY15 to 2.56 billion pairs in FY20, at CAGR of 4.5%. The volume growth has been supported by rise in disposable incomes, urbanisation levels and greater availability of footwear due to growth of shopping formats. In recent years, the tendency to consider footwear as fashion attire and own multiple pairs based on usage and occasion have also been on the rise. Going forward, Indian footwear consumption in volume terms is expected to grow at a CAGR of 8% to 10% between FY22 and FY25 with total footwear consumption estimated at approximately 2.9 billion pairs by FY25, driven by stabilised economies and release of pent-up consumer demand.

The growth in footwear industry in value terms has largely been supported by growth in average selling price (ASP). ASP of the Indian footwear industry has risen over the years on account of gradual shift in preference from mass-market footwear to premium categories of footwear. According to CRISIL Research estimates, the ASP of Indian footwear industry has grown from around Rs 308 per pair in FY15 to around Rs 376 per pair in FY20, recording a CAGR of approximately 4.1% on account of rise in disposal income and discretionary spending, penetration of organised retail, availability of more designs and greater awareness of fashion trends. Going forward, CRISIL Research expects the ASP to grow from approximately Rs 415 to Rs 430 in Fiscal 2022 to Rs 490 to Rs 515 in FY25 at a CAGR of 5% to 7 %. Growth in ASP is expected to be driven by an overall shift in preference for premium categories of footwear.

Footwear SKU Offer across Usage Types

Brands	Total Footwear SKUs	Casual	Sports and Athelisure	Formal	Outdoor
Bata	5176	69%	10%	17%	2%
Relaxo	5175	72%	18%	5%	0%
Campus	6388	0%	100%	0%	0%
Liberty	1516	52%	19%	18%	9%
Mirza International	1364	15%	50%	30%	4%
Khadim	1281	38%	12%	30%	17%

Customer Segment Type

Brands	Men	Women	Kids
Bata	44%	43%	14%
Relaxo	52%	35%	11%
Campus	69%	9%	22%
Liberty	54%	33%	13%
Mirza International	82%	16%	2%
Khadim	35%	45%	20%

Footwear SKU Offer across Price Segments (%)

Brands	ASP (in Rs)	Mass (<₹ 500)	Mid / Economy (₹ 501 - ₹ 1,000)	Semi-Premium (₹ 1,001 – ₹ 1,500)	(₹ 1,501 – ₹ 2,000)	(₹ 2,001 – ₹ 3,000)	Premium Plus (₹ 3,000+)
Bata	~900	0%	63%	14%	13%	0%	10%
Relaxo	150-250	9%	74%	10%	7%	0%	0%
Campus	600-700	10%	45%	23%	18%	3%	1%
Liberty	500-700	0%	51%	14%	17%	12%	6%
Mirza International	3300-3600	0%	0%	0%	0%	11%	89%
Khadim	1000-1300	10%	78%	12%	0%	0%	0%

(Source: Company, HDFC sec, Campus DRHP)

Financial Highlights (Consolidated)

Particulars (Rs cr)	Q4FY22	Q4FY21	YoY-%	Q3FY22	QoQ-%	FY19	FY20	FY21	FY22P
Operating Income	445	313	42%	590	-25%	1,151.7	1,261.2	1,048.9	1,678.7
EBITDA	70	40	75%	80	-12%	143.7	171.8	118.3	235.0
APAT	30	9	240%	44	-31%	48.8	47.7	8.4	113.0
Diluted EPS (Rs)	2.5	0.7	239%	3.7	-31%	4.1	4.0	0.7	9.4
RoE-%						8.2	7.7	1.3	16.2
P/E (x)						59.4	60.7	345.7	25.6
EV/EBITDA						22.6	18.4	25.6	12.6

(Source: Company, HDFC sec)

Income Statement

Particulars (Rs cr)	FY19	FY20	FY21	FY22P
Net Revenues	1152	1261	1049	1679
Growth (%)	18.5	9.5	-16.8	60.0
Operating Expenses	1008	1089	931	1444
EBITDA	144	172	118	235
Growth (%)	-17.4	19.6	-31.1	98.7
EBITDA Margin (%)	12.5	13.6	11.3	14.0
Depreciation	35	63	67	60
Other Income	2	2	1	6
EBIT	110	110	53	180
Interest expenses	34	46	41	27
PBT	76	64	12	154
Tax	27	17	4	41
PAT	49	48	8	113
Share of Asso./Minority Int.	0	0	0	0
Adj. PAT	49	48	8	113
Growth (%)	-37.8	-2.2	-82.4	1248.8
EPS	4.1	4.0	0.7	9.4

Balance Sheet

Particulars (Rs cr) - As at March	FY19	FY20	FY21	FY22P
SOURCE OF FUNDS				
Share Capital	24	24	24	24
Reserves	588	604	614	735
Shareholders' Funds	612	628	638	760
Minority Interest	0	0	0	0
Total Debt	357	286	138	78
Net Deferred Taxes	19	18	15	16
Total Sources of Funds	988	932	791	853
APPLICATION OF FUNDS				
Net Block & Goodwill	409	585	565	593
CWIP	5	11	11	21
Investments	1	1	2	2
Other Non-Curr. Assets	14	15	13	23
Total Non-Current Assets	429	612	591	639
Inventories	434	413	426	526
Debtors	156	141	80	155
Cash & Equivalents	7	16	12	22
Other Current Assets	90	79	62	81
Total Current Assets	686	648	580	784
Creditors	81	95	110	253
Other Current Liab & Provisions	47	234	270	317
Total Current Liabilities	128	330	380	570
Net Current Assets	558	319	200	214
Total Application of Funds	987	931	790	853

Cash Flow Statement

Particulars (Rs cr)	FY19	FY20	FY21	FY22P
Reported PBT	76	64	12	154
Non-operating & EO items	-1	0	1	-6
Interest Expenses	32	44	40	27
Depreciation	35	63	67	60
Working Capital Change	-79	75	119	-5
Tax Paid	-29	-20	-1	-37
OPERATING CASH FLOW (a)	35	228	238	193
Capex	-69	-63	-42	-82
Free Cash Flow	-33	165	196	111
Investments	0	-1	0	0
Non-operating income	2	1	1	1
INVESTING CASH FLOW (b)	-67	-63	-41	-81
Debt Issuance / (Repaid)	74	-69	-148	-62
Interest Expenses	-34	-35	-31	-15
FCFE	7	61	18	35
Share Capital Issuance	0	0	0	0
Dividend	-11	-21	0	0
Other Adjustments	-2.2	-31.6	-21.1	-25.07
FINANCING CASH FLOW (c)	29	-125	-180	-77
NET CASH FLOW (a+b+c)	-6	8	-3	10

Key Ratios

Particulars	FY19	FY20	FY21	FY22P
Profitability Ratios (%)				
EBITDA Margin	12.5	13.6	11.3	14.0
EBIT Margin	9.6	8.7	5.0	10.8
APAT Margin	4.2	3.8	0.8	6.7
RoE	8.2	7.7	1.3	16.2
RoCE	12.1	11.7	6.3	22.4
Solvency Ratio (x)				
Net Debt/EBITDA	2.4	1.6	1.1	0.2
Net D/E	0.6	0.4	0.2	0.1
PER SHARE DATA (Rs)				
EPS	4.1	4.0	0.7	9.4
CEPS	7.0	9.2	6.2	14.4
BV	50.8	52.2	53.1	63.1
Dividend	0.9	0.9	0.0	0.0
Turnover Ratios (days)				
Debtor days	45.7	42.9	38.3	25.6
Inventory days	129.3	122.5	146.1	103.5
Creditors days	26.4	25.6	35.7	39.4
VALUATION				
P/E	59.4	60.7	345.7	25.6
P/BV	4.7	4.6	4.5	3.8
EV/EBITDA	22.6	18.4	25.6	12.6
EV / Revenues	2.8	2.5	2.9	1.8
Dividend Yield (%)	0.4	0.4	0.0	0.0

(Source: Company, HDFC sec)

One Year Price Chart



(Source: Company, HDFC sec)

Disclosure:

We, **Nagaraj S. Shetti, (Graduation-BA)** and **Harsh Sheth, (MCom)**, authors 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 meant for sole use by the recipient and not for circulation. 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. This document is for information purposes only. Descriptions of any company or companies or their securities mentioned herein are not intended to be complete and 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 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. 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 the 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

Mutual Funds Investments are subject to market risk. Please read the offer and scheme related documents carefully before investing.