

## Sheela Foam Ltd.

Execution as planned; exploiting synergies

Sheela Foam Ltd. (SFL) registered sales of Rs. 8 Bn, recording a growth of ~26% on a YoY basis, primarily due to acquisition. The consolidated operating profit for the quarter decreased by 23% on a YoY basis, reporting a margin of ~7%, 464 bps less on a YoY basis. The major reason for this decline was operating deleverage caused by KEL. During the quarter, KEL underwent an integration process, which temporarily disrupted its supply chain operations, thereby impacting its sales. The overall Indian business revenue (including Kurlon Enterprises Ltd, KEL) observed a growth of 57% in Mattresses, 64% in Comfort Foam, and a decline of 17% and 1% in Furniture and Technical Foam, respectively, on a YoY basis, primarily due to a decline in raw material prices. The volume for categories improved by 73%, 79%, -4%, and 12%, respectively, on a YoY basis. However, the Company faced demand headwinds for organic growth.

### Expanding margins by exploiting synergies

Out of all the points of integration, manufacturing, purchase of raw materials and channel distribution play critical roles in saving costs for the combined entity. In terms of manufacturing footprint, the Company had identified 3 locations having facilities of both the companies, which were decided to be optimized. During the quarter, the Company shut down 2 of its factories, demonstrating its execution as per plan. The Company has also decided to match factories and products based on logistical convenience, providing economic benefits. On the channel distribution side, the management has withdrawn inventory of KEL from the regional distributors, reducing their count from 55 to 16, and promoting zonal distribution, in line with SFL. This shall provide the Company with a scope of bargaining power over the zonal distributors, given the size of volume, the combined entity can offer. The cumulative benefits shall increase the operating margin by ~5-6%, over the current average of 10-11%. However, the management plans to increase the A&P spend from the last 3-year average of ~4% to ~6-7% of the top line. Resultantly, the new sustainable EBITDA margin is guided to be ~14-15% in the next 3 years.

### Doubling the run rate of sales growth

The past 3-year sales CAGR for SFL – India has been ~4% CAGR. Post the acquisition, the management plans to gear up the India business (SFL + KEL) growth at ~15% CAGR from FY24-27. The levers the management aims to push are white space realization (filling product gaps) and increasing outlets. During the quarter, the Company added ~700 outlets over the existing mix of ~7,000 MBO and EBOs. To intensify these actions, the Company plans to bundle these with better communication through increased and improved A&P spending.

### View & Valuation

With ~85-90% integration being completed, the Company is set to reap benefits in the coming period, coupled with the improved consumer durable spending observed during the initial part of Q2. We revise our estimates and maintain our REDUCE rating at 25x EV/EBITDA on FY25E EBITDA, implying an downside of ~7%.

6<sup>th</sup> August 2024

## REDUCE

CMP: 952

Target: 885 (-7%)

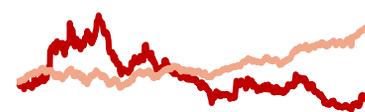
### Company Data

Bloomberg Code	SFL IN
MCAP (Rs. Mn)	1,03,678
O/S Shares (Mn)	109
52w High/Low	1,297/856
Face Value (in Rs.)	5
Liquidity (3M) (Rs. Mn)	127

### Shareholding Pattern %

	Jun-24	Mar-24	Dec-23
Promoters	65.48	65.48	65.48
FIIIs	6.4	6.32	6.12
DIIIs	23.4	24.52	24.99
Non-Institutional	4.72	3.67	3.4

### SFL vs Nifty



Aug, 21	Aug, 22	Aug, 23	Aug, 24
— SFL			
— NIFTY			

Source: Keynote Capitals Ltd.

### Key Financial Data

(Rs Bn)	FY24	FY25E	FY26E
Revenue	30	38	42
EBITDA	3	4	5
Net Profit	2	2	3
Total Assets	53	56	58
ROCE (%)	7%	7%	6%
ROE (%)	8%	7%	6%

Chirag Maroo, Research Analyst  
Chirag@keynotecapitals.net

## Q1 FY25 Result Update

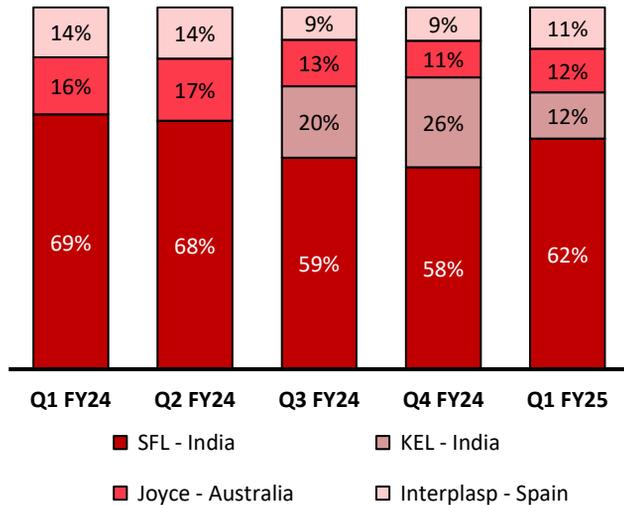
### Result Highlights (Rs. Mn)

Particulars	Q1 FY25	Q1 FY24	Change % (Y-o-Y)	Q4 FY24	Change % (Q-o-Q)	FY24
Revenue	8,098	6,451	26%	8,452	-4%	29,823
COGS	5,038	4,145	22%	5,171	-3%	18,621
Gross Profit	3,060	2,306	33%	3,280	-7%	11,202
<b>Gross Profit %</b>	<b>38%</b>	<b>36%</b>	<b>204 Bps</b>	<b>39%</b>	<b>-103 bps</b>	<b>38%</b>
Employee benefit expense	1,053	729	45%	985	7%	3,441
Other expense	1,406	801	76%	1,490	-6%	4,756
EBITDA	601	776	-23%	805	-25%	3,005
<b>EBITDA %</b>	<b>7%</b>	<b>12%</b>	<b>-462 Bps</b>	<b>10%</b>	<b>-211 bps</b>	<b>10%</b>
Depreciation	395	227	74%	413	-4%	1,158
EBIT	205	550	-63%	392	-48%	1,848
Finance cost	282	79	258%	270	5%	686
Other income	305	242	26%	367	-17%	1,171
EBT	228	713	-68%	489	-53%	2,332
Share of JV/associate	0	0	-	-30	-	-106
Exceptional items	-306	110	-	-337	-	-227
Tax	66	170	-61%	144	-54%	614
<b>PAT</b>	<b>468</b>	<b>433</b>	<b>8%</b>	<b>651</b>	<b>-28%</b>	<b>1,839</b>
<b>EPS</b>	<b>4.2</b>	<b>4.4</b>	<b>-</b>	<b>5.9</b>	<b>-</b>	<b>17.7</b>

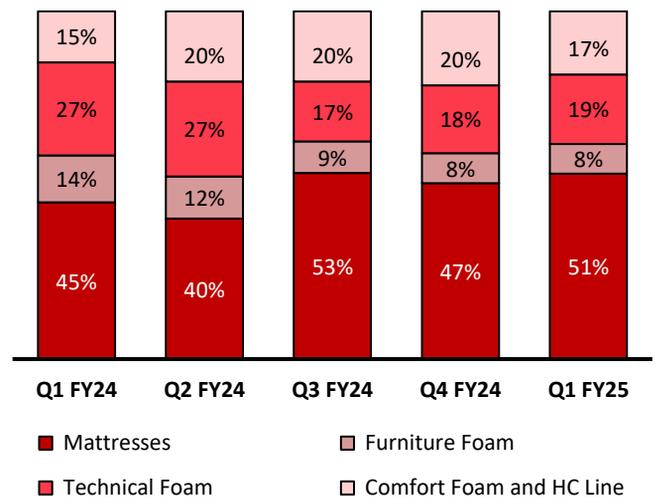
Source: Company, Keynote Capitals Ltd.

## Quarterly business progression

Revenue Mix (%)



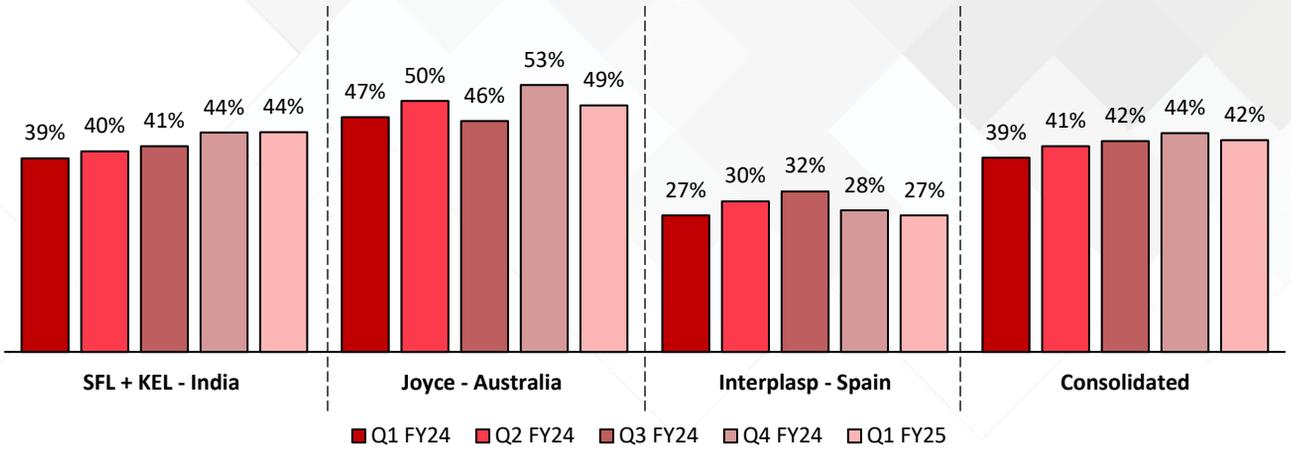
SFL & KEL - India Revenue Mix by product category (%)



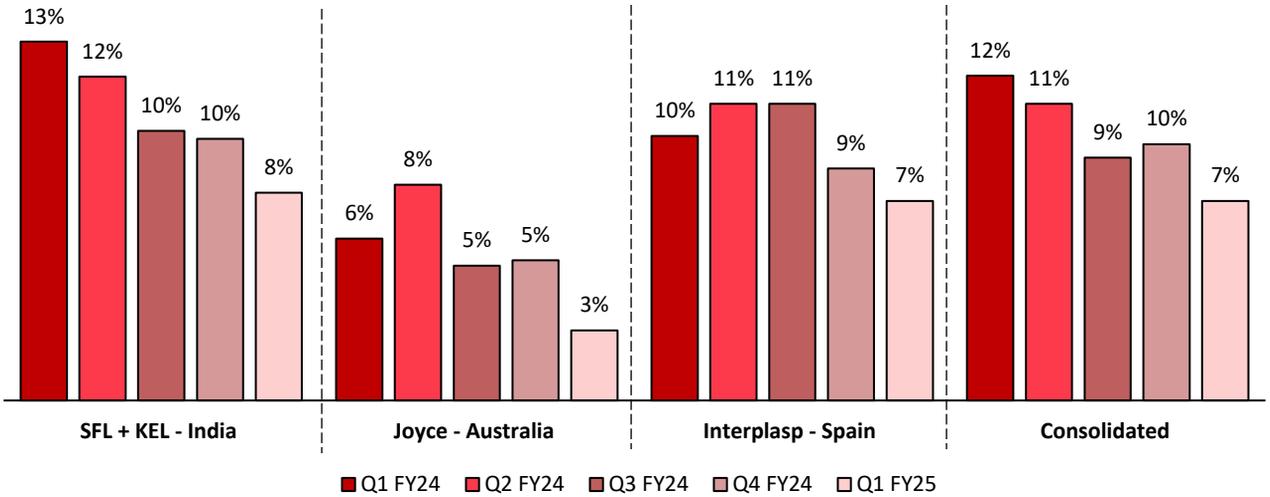
Source: Company, Keynote Capitals Ltd.

SFL + KEL - India Revenue is gross revenue, including inter-company sales ~Rs. 0.5 Bn for Q1FY25.

Gross margin (%)



EBITDA Margin (%)



SFL + KEL – India includes KEL from Q3FY24 after the completion of the acquisition  
 Source: Company, Keynote Capitals Ltd.

## SFL | Quarterly Update

### Q1 FY25 Conference Call Takeaways

#### SFL – India

- Overall mattresses volume (SFL + KEL) grew at ~9% on a QoQ basis. The signature brand Sleepwell growing at ~35% and Kurlon grew at ~5% on a YoY basis. During Q4 FY24, when the Company pivoted its strategy to focus on flagship brands and mellow down its ancillary brands like SleepX and Starlite, the Sleepwell brand's volume grew by 31%.
- The period's standalone revenue ranged from ~Rs. 4.4 Bn, with a reported top line of ~Rs. 4.9 Bn. The difference of ~Rs 0.5 Bn is due to intercompany transactions between SFL and KEL. Despite the pending merger, the businesses are operating efficiently. The intercompany arrangement reduces the Company's gross margin to 5-6% on the cost of goods sold, impacting the overall gross margin. However, the India business level gross margin improved by 0.1% on a QoQ basis, despite changes in product mix and an increase in online sales. Consequently, despite expectations of a 0.4% decrease, gross margin increased by 0.1%, a net improvement of about 0.5% from Q4FY24.
- KEL underreported revenue from its recent quarterly run rate of ~Rs. 2.5 Bn at ~Rs. 1.8 Bn due to the ongoing integration process. The biggest drawback during the quarter was the transition in the channel. Before the acquisition, KEL distributed its stock via regional distributors and thereto dealers. After the acquisition, the management decided to adopt the same channel of SFL for KEL to distribute via the zonal distributors. This withdrawal of stock from one channel and supply in another disrupted the supply chain temporarily during the quarter. This has resulted in the regional distributors declining from ~55 to 16. Subsequently, the management identified synergies worth Rs. 2.5 Bn, of which ~Rs. 1 Bn has been realized and another ~Rs. 1.5 Bn is anticipated to be realized in the remaining period of the year.
- The management integrated several departments including manufacturing. During the quarter, the management shut down 2 factories to run its operations efficiently. Consequently, the Company will be able to its reduce fixed costs.
- One of the outcomes of this integration was manufacturing foam products at SFL factories and coir at KEL, also keeping the proximity from respective customers in line.
- The management has executed ~85-90% integration process.
- The overall demand was unpleasant, which aggravated the Company's ability to be resilient in a transitory phase.
- The integration process has already begun to yield significant benefits, as evidenced by achieving ~Rs. 1 Bn run rate, which is reflected in the improved gross margin. However, the EBITDA is currently lower due to fixed cost levels. This is because the revenue, when compared to Q4, is lower by Rs. 700 Mn, adjusting which, the EBITDA margin would be ~12%. The management expects to benefit from another ~1.5 Bn in the remaining period of the year.

*Before the acquisition, the Company had pinpointed three locations where both companies had factories, to optimize capacity. The plant shutdowns demonstrate the Company's execution as per the plan. This optimization is expected to lead to ~20% improvement in overall capacity utilization and ~200 bps reduction in logistical cost. The freight (outward) and forwarding charge for FY24 was ~Rs. 1.5 Bn for the consolidated entity.*

*Economies of scale with the combined entity shall reduce the overall cost of raw materials by ~200 bps.*

## SFL | Quarterly Update

- The Company expects a CAGR of ~15% from this segment for the next 3 years ending FY27 and a blended margin of ~14-15%. This margin improvement is anticipated to be sourced from plant efficiencies, raw material landed costs, and a reduction in operational spending. While the operating profit will benefit from the synergies by an additional 2-3%, the management plans to reinvest it in the business for A&P. The marketing spend during the quarter stood at ~5.6%, ~70 bps higher on a QoQ basis.
- For the Small Town India (STI) initiative, the management has signed up with ~5,000 POS and is expected to add another ~7,000-8,000 touch points in FY25.
- The estimated distribution outlets are ~7,000, of which 3,000 are EBO and ~4,000 are MBO. During the quarter, the Company added ~700 outlets. The management has divided the country into 2,000 micro markets, with each market having a different distribution plan. The management plans to increase the channel points by ~10% in FY25.
- The M5 brand has been launched in 70-75% of the country.
- The management has filed for the merger of SFL and KEL before the NCLT.
- The monthly revenue for Furlenco has increased from ~Rs. 120 Mn before acquisition to ~Rs. 170 Mn recently, increasing the annual run rate from ~Rs. 1500 Mn before acquisition to ~Rs. 2,000. The Company turned PBT positive in Q4FY24.
- The management is optimistic about a 10% CAGR for the Australian and Spain business over the next 3 years. Due to reduced raw material prices, the share of other expenses seem elevated in both the overseas companies. However, the prices have receded, benefitting the Company in future.

## Appendix



Source: Company Investor Presentation August 2023, Keynote Capitals Ltd.

## Financial Statement Analysis

## Income Statement

Y/E Mar, Rs. Mn	FY23	FY24	FY25E	FY26E	FY27E
<b>Net Sales</b>	<b>28,733</b>	<b>29,823</b>	<b>37,817</b>	<b>42,415</b>	<b>47,582</b>
Growth %	0%	4%	27%	12%	12%
Raw Material Expenses	17,108	16,974	21,934	24,177	26,646
Employee Expenses	2,829	3,441	4,160	4,984	5,472
Other Expenses	5,814	6,402	7,563	8,483	9,516
<b>EBITDA</b>	<b>2,982</b>	<b>3,005</b>	<b>4,160</b>	<b>4,772</b>	<b>5,948</b>
Growth %	-5%	1%	38%	15%	25%
Margin%	10%	10%	11%	11%	13%
Depreciation	896	1,158	1,774	2,199	2,493
<b>EBIT</b>	<b>2,085</b>	<b>1,848</b>	<b>2,385</b>	<b>2,573</b>	<b>3,455</b>
Growth %	-11%	-11%	29%	8%	34%
Margin%	7%	6%	6%	6%	7%
Interest Paid	211	686	1,120	1,080	960
Other Income & exceptional	856	1,398	1,727	1,427	1,427
<b>PBT</b>	<b>2,731</b>	<b>2,559</b>	<b>2,992</b>	<b>2,920</b>	<b>3,922</b>
Tax	723	614	763	745	1,000
<b>PAT</b>	<b>2,008</b>	<b>1,945</b>	<b>2,229</b>	<b>2,175</b>	<b>2,922</b>
Others (Minorities, Associates)	-19	-121	-100	-68	-57
<b>Net Profit</b>	<b>1,989</b>	<b>1,824</b>	<b>2,130</b>	<b>2,107</b>	<b>2,864</b>
Growth %	-8%	-8%	17%	-1%	36%
Shares (Mn)	48.8	109.0	109.0	109.0	109.0
<b>EPS</b>	<b>20.39</b>	<b>8.37</b>	<b>9.77</b>	<b>9.67</b>	<b>13.14</b>

## Balance Sheet

Y/E Mar, Rs. Mn	FY23	FY24	FY25E	FY26E	FY27E
<b>Cash, Cash equivalents &amp; Bank</b>	<b>425</b>	<b>490</b>	<b>3,276</b>	<b>5,246</b>	<b>8,498</b>
Current Investments	7,120	178	178	178	178
Debtors	2,820	3,638	3,593	4,029	4,520
Inventory	3,313	3,394	3,948	4,352	4,796
Short Term Loans & Advances	569	752	752	752	752
Other Current Assets	86	301	301	301	301
<b>Total Current Assets</b>	<b>14,333</b>	<b>8,752</b>	<b>12,048</b>	<b>14,858</b>	<b>19,045</b>
Net Block & CWIP	11,525	32,900	32,449	31,735	30,907
Long Term Investments	564	8,602	8,517	8,464	8,422
Other Non-current Assets	1,944	3,055	3,055	3,055	3,055
<b>Total Assets</b>	<b>28,365</b>	<b>53,308</b>	<b>56,069</b>	<b>58,112</b>	<b>61,429</b>
Creditors	2,594	3,875	4,498	4,424	4,876
Provision	205	304	304	304	304
Short Term Borrowings	193	1,336	1,336	1,336	1,336
Other Current Liabilities	3,830	5,778	5,778	5,778	5,778
<b>Total Current Liabilities</b>	<b>6,822</b>	<b>11,292</b>	<b>11,915</b>	<b>11,842</b>	<b>12,293</b>
Long Term Debt	2,838	9,446	9,446	9,446	9,446
Deferred Tax Liabilities	28	-2,075	-2,075	-2,075	-2,075
Other Long Term Liabilities	2,613	4,838	4,838	4,838	4,838
<b>Total Non Current Liabilities</b>	<b>5,479</b>	<b>12,209</b>	<b>12,209</b>	<b>12,209</b>	<b>12,209</b>
Paid-up Capital	488	544	544	544	544
Reserves & Surplus	15,494	28,658	30,782	32,883	35,734
Shareholders' Equity	15,982	29,202	31,325	33,427	36,277
Non Controlling Interest	83	605	620	635	650
<b>Total Equity &amp; Liabilities</b>	<b>28,365</b>	<b>53,308</b>	<b>56,069</b>	<b>58,112</b>	<b>61,429</b>

## Cash Flow

Y/E Mar, Rs. Mn	FY23	FY24	FY25E	FY26E	FY27E
Pre-tax profit & exceptional item	2,731	2,332	2,992	2,920	3,922
Adjustments	744	969	1,409	2,094	2,268
Change in Working Capital	-548	354	113	-914	-484
Total Tax Paid	-807	-3,090	-763	-745	-1,000
<b>Cash flow from operating Activities</b>	<b>2,120</b>	<b>566</b>	<b>3,752</b>	<b>3,355</b>	<b>4,706</b>
Net Capital Expenditure	-2,099	-23,044	-1,324	-1,485	-1,665
Change in investments	-1,267	-579	0	0	0
Other investing activities	626	2,015	1,500	1,200	1,200
<b>Cash flow from investing activities</b>	<b>-2,739</b>	<b>-21,608</b>	<b>176</b>	<b>-285</b>	<b>-465</b>
Equity raised / (repaid)	-5	11,415	0	0	0
Debt raised / (repaid)	1,041	7,816	0	0	0
Dividend (incl. tax)	-28	-10	-21	-21	-29
Other financing activities	-451	-679	-1,120	-1,080	-960
<b>Cash flow from financing activities</b>	<b>556</b>	<b>18,543</b>	<b>-1,141</b>	<b>-1,101</b>	<b>-989</b>
<b>Net Change in cash</b>	<b>-63</b>	<b>-2,499</b>	<b>2,787</b>	<b>1,970</b>	<b>3,252</b>

## Valuation Ratios

	FY23	FY24	FY25E	FY26E	FY27E
--	------	------	-------	-------	-------

## Per Share Data

EPS	20	8	10	10	13
Growth %	-8%	-59%	17%	-1%	36%
Book Value Per Share	329	273	293	312	339

## Return Ratios

Return on Assets (%)	7%	4%	4%	4%	5%
Return on Equity (%)	13%	8%	7%	6%	8%
Return on Capital Employed (%)	12%	7%	7%	6%	7%

## Turnover Ratios

Asset Turnover (x)	1.1	0.7	0.7	0.7	0.8
Sales / Gross Block (x)	2.3	1.2	1.0	1.1	1.1
Working Capital / Sales (x)	17%	8%	-3%	4%	10%
Receivable Days	35	40	35	33	33
Inventory Days	69	72	61	63	63
Payable Days	58	69	68	66	63
Working Capital Days	46	42	28	29	33

## Liquidity Ratios

Current Ratio (x)	2.1	0.8	1.0	1.3	1.5
Interest Coverage Ratio (x)	14.0	4.4	3.5	3.5	4.8
Total Debt to Equity	0.2	0.4	0.3	0.3	0.3
Net Debt to Equity	0.2	0.3	0.2	0.2	0.1

## Valuation

PE (x)	48.7	112.8	103.8	104.9	77.2
Earnings Yield (%)	2%	1%	1%	1%	1%
Price to Sales (x)	3.4	3.4	2.6	2.3	2.1
Price to Book (x)	6.1	3.5	3.2	3.0	2.7
EV/EBITDA (x)	33.9	34.0	24.5	21.4	17.1
EV/Sales (x)	3.5	3.4	2.7	2.4	2.1

Source: Company, Keynote Capitals Ltd. estimates

## KEYNOTE Rating History

Date	Rating	Market Price at Recommendation	Upside/Downside
12 <sup>th</sup> June 2023	BUY	1,025	+28%
7 <sup>th</sup> August 2023	UNDER REVIEW	1,150	-
6 <sup>th</sup> November 2023	UNDER REVIEW	1,079	-
8 <sup>th</sup> February 2024	UNDER REVIEW	1,138	-
24 <sup>th</sup> May 2024	REDUCE	912	-5%
6 <sup>th</sup> August 2024	REDUCE	952	-7%

Source: Company, Keynote Capitals Ltd. estimates

## Rating Methodology

Rating	Criteria
BUY	Expected positive return of > 10% over 1-year horizon
NEUTRAL	Expected positive return of > 0% to < 10% over 1-year horizon
REDUCE	Expected return of < 0% to -10% over 1-year horizon
SELL	Expected to fall by >10% over 1-year horizon
NOT RATED (NR)/UNDER REVIEW (UR)/COVERAGE SUSPENDED (CS)	Not covered by Keynote Capitals Ltd/Rating & Fair value under Review/Keynote Capitals Ltd has suspended coverage

## Disclosures and Disclaimers

The following Disclosures are being made in compliance with the SEBI Research Analyst Regulations 2014 (herein after referred to as the Regulations).

Keynote Capitals Ltd. (KCL) is a SEBI Registered Research Analyst having registration no. INH000007997. KCL, the Research Entity (RE) as defined in the Regulations, is engaged in the business of providing Stock broking services, Depository participant services & distribution of various financial products. Details of associate entities of Keynote Capitals Limited are available on the website at <https://www.keynotecapitals.com/associate-entities/>

KCL and its associate Company(ies), their directors and Research Analyst and their relatives may; (a) from time to time, have a long or short position in, act as principal in, and buy or sell the securities or derivatives thereof of companies mentioned herein. (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.; however the same shall have no bearing whatsoever on the specific recommendations made by the analyst(s), as the recommendations made by the analyst(s) are completely independent of the views of the associates of KCL even though there might exist an inherent conflict of interest in some of the stocks mentioned in the research report.

KCL and / or its affiliates do and seek to do business including investment banking with companies covered in its research reports. As a result, the recipients of this report should be aware that KCL may have a potential conflict of interest that may affect the objectivity of this report. Compensation of Research Analysts is not based on any specific merchant banking, investment banking or brokerage service transactions.

Details of pending Enquiry Proceedings of KCL are available on the website at <https://www.keynotecapitals.com/pending-enquiry-proceedings/>

A graph of daily closing prices of securities is available at [www.nseindia.com](http://www.nseindia.com), [www.bseindia.com](http://www.bseindia.com). Research Analyst views on Subject Company may vary based on Fundamental research and Technical Research. Proprietary trading desk of KCL or its associates maintains arm's length distance with Research Team as all the activities are segregated from KCL research activity and therefore it can have an independent view with regards to Subject Company for which Research Team have expressed their views.

### Regional Disclosures (outside India)

This report is not directed or intended for distribution to or use by any person or entity resident in a state, country or any jurisdiction, where such distribution, publication, availability or use would be contrary to law, regulation or which would subject KCL & its group companies to registration or licensing requirements within such jurisdictions. The securities described herein may or may not be eligible for sale in all jurisdictions or to certain category of investors. Persons in whose possession this document may come are required to inform themselves of and to observe such restriction.

### Specific Disclosure of Interest statement for subjected Scrip in this document:

Financial Interest of Research Entity [KCL] and its associates; Research Analyst and its Relatives	NO
Any other material conflict of interest at the time of publishing the research report by Research Entity [KCL] and its associates; Research Analyst and its Relatives	NO
Receipt of compensation by KCL or its Associate Companies from the subject Company covered for in the last twelve months; Managing/co-managing public offering of securities in the last twelve months; Receipt of compensation towards Investment banking/merchant banking/brokerage services in the last twelve months; Products or services other than those above in connection with research report in the last twelve months; Compensation or other benefits from the subject Company or third party in connection with the research report in the last twelve months.	NO
Whether covering analyst has served as an officer, director or employee of the subject Company covered	NO
Whether the KCL and its associates has been engaged in market making activity of the Subject Company	NO
Whether the Research Entity [KCL] and its associates; Research Analyst and its Relatives, have actual/beneficial ownership of 1% or more securities of the subject Company, at the end of the month immediately preceding the date of publication of the research report or date of the public appearance.	NO

**The associates of KCL may have:**

- Financial interest in the subject Company
- Actual/beneficial ownership of 1% or more securities in the subject Company
- Received compensation/other benefits from the subject Company in the past 12 months
- Other potential conflicts of interests with respect to any recommendation and other related information and opinions.; however, the same shall have no bearing whatsoever on the specific recommendations made by the analyst(s), as the recommendations made by the analyst(s) are completely independent of the views of the associates of KCL even though there might exist an inherent conflict of interest in some of the stocks mentioned in the research report.
- Acted as a manager or co-manager of public offering of securities of the subject Company in past 12 months
- 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)
- Received compensation from the subject Company in the past 12 months for investment banking / merchant banking / brokerage services or from other than said services.

The associates of KCL has not received any compensation or other benefits from third party in connection with the research report.

Above disclosures includes beneficial holdings lying in demat account of KCL which are opened for proprietary investments only. While calculating beneficial holdings, it does not consider demat accounts which are opened in name of KCL for other purposes (i.e. holding client securities, collaterals, error trades etc.). KCL also earns DP income from clients which are not considered in above disclosures.

**Analyst Certification**

The views expressed in this research report accurately reflect the personal views of the analyst(s) about the subject securities or issues, and no part of the compensation of the research analyst(s) was, is, or will be directly or indirectly related to the specific recommendations and views expressed by research analyst(s) in this report.

**Terms & Conditions:**

This report has been prepared by KCL and is meant for sole use by the recipient and not for circulation. The report and information contained herein is strictly confidential and may not be altered in any way, transmitted to, copied or distributed, in part or in whole, to any other person or to the media or reproduced in any form, without prior written consent of KCL. The report is based on the facts, figures and information that are believed to be true, correct, reliable and accurate. The intent of this report is not recommendatory in nature. The information is obtained from publicly available media or other 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. The report is prepared solely for informational purpose and does not constitute an offer document or solicitation of offer to buy or sell or subscribe for securities or other financial instruments for the clients. Though disseminated to all the customers simultaneously, not all customers may receive this report at the same time. KCL will not treat recipients as customers by virtue of their receiving this report

**Disclaimer:**

The report and information contained herein is strictly confidential and meant solely for the selected recipient and may not be altered in any way, transmitted to, copied or distributed, in part or in whole, to any other person or to the media or reproduced in any form, without prior written consent. This report and information herein is solely for informational purpose and may not be used or considered as an offer document or solicitation of offer to buy or sell or subscribe for securities or other financial instruments. Nothing in this report constitutes investment, legal, accounting and tax advice or a representation that any investment or strategy is suitable or appropriate to your specific circumstances. The securities discussed and opinions expressed in this report may not be suitable for all investors, who must make their own investment decisions, based on their own investment objectives, financial positions and needs of specific recipient. This may not be taken in substitution for the exercise of independent judgment by any recipient. Each recipient of this document should make such investigations as it deems necessary to arrive at an independent evaluation of an investment in the securities of companies referred to in this document (including the merits and risks involved), and should consult its own advisors to determine the merits and risks of such an investment. The investment discussed or views expressed may not be suitable for all investors. Certain transactions -including those involving futures, options, another derivative product as well as non-investment grade securities - involve substantial risk and are not suitable for all investors. No representation or warranty, express or implied, is made as to the accuracy, completeness or fairness of the information and opinions contained in this document. The Disclosures of Interest Statement incorporated in this document is provided solely to enhance the transparency and should not be treated as endorsement of the views expressed in the report. This information is subject to change without any prior notice. The Company reserves the right to make modifications and alternations to this statement as may be required from time to time without any prior approval. KCL, its associates, their directors and the employees may from time to time, effect or have affected an own account transaction in, or deal as principal or agent in or for the securities mentioned in this document. KCL, its associates, their directors and the employees may from time to time invest in any discretionary PMS/AIF Fund and those respective PMS/AIF Funds may affect or have effected any transaction in for the securities mentioned in this document. They may perform or seek to perform investment banking or other services for, or solicit investment banking or other business from, any Company referred to in this report. Each of these entities functions as a separate, distinct and independent of each other. The recipient should take this into account before interpreting the document. This report has been prepared on the basis of information that is already available in publicly accessible media or developed through analysis of KCL. The views expressed are those of the analyst, and the Company may or may not subscribe to all the views expressed therein. This document is being supplied to you solely for your information and may not be reproduced, redistributed or passed on, directly or indirectly, to any other person or published, copied, in whole or in part, for any purpose. This report is not directed or intended for distribution to, or use by, any person or entity who is a citizen or resident of or located in any locality, state, country or other jurisdiction, where such distribution, publication, availability or use would be contrary to law, regulation or which would subject KCL to any registration or licensing requirement within such jurisdiction.

The securities described herein may or may not be eligible for sale in all jurisdictions or to certain category of investors. Persons in whose possession this document may come are required to inform themselves of and to observe such restriction. Neither the Firm, not its directors, employees, agents or representatives shall be liable for any damages whether direct or indirect, incidental, special or consequential including lost revenue or lost profits that may arise from or in connection with the use of the information. The person accessing this information specifically agrees to exempt KCL or any of its affiliates or employees from, any and all responsibility/liability arising from such misuse and agrees not to hold KCL or any of its affiliates or employees responsible for any such misuse and further agrees to hold KCL or any of its affiliates or employees free and harmless from all losses, costs, damages, expenses that may be suffered by the person accessing this information due to any errors and delays.

**Keynote Capitals Limited (CIN: U67120MH1995PLC088172)**

Compliance Officer: Mr. Jairaj Nair; Tel: 022-68266000; email id: [jairaj@keynoteindia.net](mailto:jairaj@keynoteindia.net)

Registered Office: 9th Floor, The Ruby, Senapati Bapat Marg, Dadar West, Mumbai – 400028, Maharashtra. Tel: 022 – 68266000.

SEBI Regn. Nos.: BSE / NSE (CASH / F&O / CD): INZ000241530; DP: CDSL- IN-DP-238-2016; Research Analyst: INH000007997

For any complaints email at [kcl@keynoteindia.net](mailto:kcl@keynoteindia.net)

General Disclaimer: Client should read the Risk Disclosure Document issued by SEBI & relevant exchanges and the T&C on [www.keynotecapitals.com](http://www.keynotecapitals.com); Investment in securities market are subject to market risks, read all the related documents carefully before investing.