

# IPO Flash

January 16, 2021

---

## Index

Indian Railway Finance Corporation Limited

Issue details •

About the company •

Key investment rationale •

Key risks •

Financials •

Business overview •

Key Management Personnel •

Visit us at [www.sharekhan.com](http://www.sharekhan.com)

# Sharekhan

by BNP PARIBAS

For Private Circulation only

IPO Details:	
Issue Open Date	18-January-2021
Issues Close Date	20-January-2021
Issue Size	1,782,069,000 Equity Shares of Rs10 (aggregating up to Rs. 4,633.38 crore)
Fresh Issue	1,188,046,000 Equity Shares of Rs 10 amounting Rs 3089 crore (at the upper price band)
Offer of Equity Shares by way of Offer for Sale by the Selling Shareholders	Up to 59,40,23,000 Equity Shares aggregating up to Rs. 1544.46 crore (at the upper Price band)
QIB Portion	Not more than 50% of the Net Issue shall be available for allocation to QIBs.
Non-Institutional Investors	Not less than 15% of the Net Issue
Retail Individual Investors	Not less than 35% of the Net Issue
Pre-Offer and post-Offer Equity Shares	
Equity Shares outstanding prior to the Offer	11,880,460,000 Equity Shares
Equity Shares outstanding after the Offer	13,068,506,000 Equity Shares
Price Band	
Lower Price Band	Rs25 per share
Upper Price Band	Rs 26 per share
Bid Lot	Minimum of 575 shares and in multiples of 575 shares

Source: RHP

## Objects of the issue

### Net IPO proceeds are proposed to be utilised for the following objects:

- ♦ To augment company's equity capital base to meet business future growth requirements.
- ♦ To meet general corporate purposes.

### Pre and Post IPO Shareholding Pattern

	Pre Issue Shareholding		Post Issue Shareholding		
	No of Shares	% of Shareholding	No of Shares	% of Shareholding	
Promoter	11,88,04,60,000	100%	Promoter	11,28,64,37,000	86.36%
Public and others	0	0%	Public & Others	1,78,20,69,000	13.64%
Total No of Shares	11,88,04,60,000	100%		13,06,85,06,000	100%

Source: RHP

## About the company

- ♦ Indian Railway Finance Corporation Limited (IRFC) is the dedicated market borrowing arm of the Indian Railways. Its primary business involves financing the acquisition of rolling stock assets, which includes powered and unpowered vehicles such as locomotives, coaches, wagons, trucks, flats, electric multiple units, containers, cranes, trollies of all kinds and other items of rolling stock components, etc, leasing of railway infrastructure assets and national projects of the Government of India and lending to other entities under the Ministry of Railways (MoR), Government of India.
- ♦ The MoR is responsible for the procurement of Rolling Stock Assets and for the improvement, expansion and maintenance of Project Assets. The company is responsible for raising the finances necessary for such activities.
- ♦ At the beginning of each Fiscal, the MoR provides IRFC with a target fund requirement based on its planned capital expenditure, which the company meets by raising funds through various sources including the issue of taxable and tax-free bonds in India, term loans from banks/ financial institutions, external commercial borrowings including bonds and syndicated loans, internal accruals, asset securitisation and lease financing.
- ♦ In FY2020, IRFC financed Rs. 71,392 crore accounting for 48.22% of the actual capital expenditure of the Indian Railways.

## Key investment rationale

### Strategic role in financing growth of Indian Railways

IRFC incorporated as the dedicated market borrowing arm for the Indian Railways and have played a strategic role in financing the operations of the Indian Railways. In FY2020, IRFC financed an amount of Rs. 71,392 crore, accounting for 48.22% of the actual capital expenditure of the Indian Railways. In FY2018, FY2019, FY2020, and in the six months ended September 30, 2020, IRFC financed Rolling Stock Assets worth Rs 18,669.8 crore, Rs. 24,055 crore, Rs 33,544.1 crore and Rs. 10,816.3 crore, respectively. In addition to financing Rolling Stock Assets, IRFC has also financed Project Assets worth Rs 33,940 crore and Rs. 7,500 crore in FY2020 and the six months ended September 30, 2020, respectively. We believe that the Indian Railways' extensive future expansion plans will involve significant financing and we believe that operations, as a primary financing source for the Indian Railways, will increase significantly.

### Strong credit ratings in India and diversified funding sources aid competitive borrowing costs

Indian Railway Finance Corporation Limited (IRFC) is the dedicated market borrowing arm of the Indian Railways. It funds acquisitions of Rolling Stock Assets and Project Assets through market borrowings under various maturities and currencies. IRFC's ability to source external commercial borrowings in the form of syndicated foreign currency term loans, issuance of bonds/ notes in offshore markets at competitive rates helps supplement the domestic funding. Diversified sources of funding, credit ratings and strategic relationship with the MoR have helped to keep cost of borrowing competitive.

Cost of borrowings stood at 6.82%, 7.09% and 7.27% in FY2018, FY2019 and FY2020, respectively, and at 3.91% and 3.55% (non-annualized) in the six months ended September 30, 2019 and 2020, respectively. IRFC has received the highest credit ratings from CRISIL – CRISIL AAA and CRISIL A1+, ICRA – ICRA AAA and ICRA A1+, and CARE – CARE AAA and CARE A1+. The company has also been accorded with Baa3 (Negative) rating by Moody's, BBB- (Stable) rating by Standard and Poor's, BBB- (Negative) rating by Fitch and BBB+ (Stable) rating by Japanese Credit Rating Agency.

### Consistent financial performance and cost plus model

IRFC's cost-plus based standard lease agreement with the MoR has historically provided it with a margin over the weighted-average cost of borrowing determined by the MoR in consultation with IRFC at the end of each fiscal. In FY2020, IRFC was entitled to a margin of 40 bps over the weighted average cost of incremental borrowing for financing Rolling Stock Assets and a margin of 35 bps over the weighted-average cost of incremental borrowing for financing Project Assets. The weighted average cost of incremental borrowing factors in any expenses incurred by IRFC with respect to foreign currency hedging costs and/ or losses (and gains, if any) as well as any hedging costs for interest rate fluctuations. Similarly, IRFC follows the cost-plus pricing model for financing of Other PSUs, which typically fetch relatively higher margins. Such financing activity along with the deployment of net owned funds allowed it to maintain a net interest margin of 1.83%, 1.57%, 1.38% and 0.71% in FY2018, FY2019 and FY2020, and the six months ended September 30, 2020, respectively.

### Low-risk business model

The Company's relationship with the MoR enables to maintain a low-risk profile. Typically, expenses incurred with respect to any foreign currency hedging costs and/ or losses (and gains, if any) as well as any hedging costs for interest-rate fluctuations are built into the weighted average cost of incremental borrowing. This enables IRFC to earn a margin, as determined by the MoR in consultation at the end of each fiscal, over the life of the lease. Risks relating to damage of Rolling Stock Assets as a result of natural calamities and accidents are also passed on to the MoR. Further, the MoR is required to indemnify at all times from and against any loss or seizure of the Rolling Stock Assets under distress, execution or other legal process.

As of September 30, 2020, IRFC did not have any non-performing assets. Although historically IRFC has not been required to resort to such funding from the MoR, its liquidity risk is also minimised as the ministry is required to cover any funding shortfall required by IRFC for the redemption of bonds issued by it on maturity or repay term loan facilities availed by the company. The MoR has historically never defaulted in its payment obligations under the Standard Lease Agreement.

## Experienced senior management and committed team

We believe that the industry knowledge and experience of senior management has enabled IRFC to develop and implement a consistent business plan and streamlined operational procedures, and have allowed it to maintain consistent business growth over the years. In particular, members of senior management team have extensive experience in the finance industry.

As of September 30, 2020, IRFC has had 26 permanent employees. A senior management team and executive team have a range of professional qualifications and experience in corporate lending, structured finance and law, working at government agencies as well as leading commercial banks and financial institutions.

## Key risks

- ♦ IRFC derives a significant amount of their revenue from operations from the Indian Railways. A loss of or reduction in business from the Indian Railways, any direct borrowing by the Indian Railways or introduction of any new avenues of funding by the Ministry of Railways, Government of India (the “MoR”) could have an adverse effect on the business.
- ♦ Any slowdown in the growth of Indian Railways will impact the business and results of operations.
- ♦ Any disruption in IRFC’s funding sources or any inability to raise funds at a low cost could have a material adverse effect on their business, financial condition and results of operations.
- ♦ In the event the margin on the Rolling Stock Assets leased to the MoR by the Company is not favourable, it may have an adverse impact on their financial condition and results of operation.
- ♦ Any change in the terms of the Standard Lease Agreement entered into by IRFC with the MoR may have an adverse effect on their business, financial position and result of operations.
- ♦ Any downgrade in the credit ratings or India’s debt rating could increase our finance costs and adversely affect IRFC’s ability to borrow funds and their business, results of operations, financial condition and cash flows.
- ♦ IRFC is currently exempt from provisioning requirements in respect of deferred tax assets or deferred tax liability, however, there can be no assurance that the MCA will not withdraw the exemption in future.

## Valuations

There are no directly comparable peer companies which operate in a business space similar to that of IRFC. However, when comparing it with other PSU NBFCs, IRFC stands apart with nil NPAs but lower (albeit stable) margins. On a diluted basis at the upper price band, IRFC is valued at ~1x FY20 BVPS. However, being the dedicated market borrowing arm for the Indian Railways, IRFC enjoys the highest possible credit ratings for an Indian issuer both for domestic and international borrowings.

Particulars	IRFC	REC	PFC
Gross NPA (%)	NIL	5.2	6.2
NNPA (%)	NIL	2.0	2.6
ROE (%)	12.2	13.9	12.5
ROA (%)	1.2	1.4	1.6
CMP	26.0	146.0	121.4
P/EPS	7.6	5.9	5.7
P/BVPS	1.0	0.8	0.7

### Note:

ROE, ROA, BVPS, EPS are for FY2020; GNPA/NNPA for H1 FY2021 end

Closing Price for REC, PFC as on 15-01-2021; Upper Price band for IRFC

Source: RHP, Company, Bloomberg, Sharekhan Research

**FINANCIALS**
**Restated Consolidated Statement of Profit and Loss**
**Rs in Crore**

Particulars	Half Year ended 30 September 2020	Half Year ended 30 September 2019	Year ended 31 March 2020	Year ended 31 March 2019	Year ended 31 March 2018
<b>Revenue from operations</b>					
Interest income	1,716.78	1,403.49	2,748.00	1,723.07	988.57
Dividend income	0.23	-	0.59	0.51	0.49
Lease income	5,666.11	5,171.28	10,672.43	9,263.77	8,217.91
<b>Total revenue from operations</b>	<b>7,383.12</b>	<b>6,574.77</b>	<b>13,421.02</b>	<b>10,987.35</b>	<b>9,206.97</b>
Other income	1.71	2.12	0.07	0.00	0.87
<b>Total income</b>	<b>7,384.83</b>	<b>6,576.89</b>	<b>13,421.09</b>	<b>10,987.36</b>	<b>9,207.84</b>
<b>Expenses</b>					
Finance costs	5,440.98	4,937.32	10,162.66	8,183.06	6,637.59
Impairment on financial instruments	-	-	2.14	27.54	-
Employee benefit expense	2.65	2.25	6.27	6.25	5.52
Depreciation, amortization and impairment	0.23	0.22	0.46	0.42	0.35
Other expenses	54.12	6.71	57.47	14.74	32.44
<b>Total expenses</b>	<b>5,497.99</b>	<b>4,946.50</b>	<b>10,228.99</b>	<b>8,232.01</b>	<b>6,675.90</b>
	-	-	-	-	-
Profit before exceptional items and tax	1,886.84	1,630.39	3,192.10	2,755.34	2,531.94
Exceptional items	-	-	-	-	-
<b>Profit before tax</b>	<b>1,886.84</b>	<b>1,630.39</b>	<b>3,192.10</b>	<b>2,755.34</b>	<b>2,531.94</b>
Tax expense	-	-	-	-	-
Current tax	-	-	-	615.41	530.48
Deferred tax	-	-	-	-	-
<b>Total Tax Expenses</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>615.41</b>	<b>530.48</b>
<b>Profit for the period</b>	<b>1,886.84</b>	<b>1,630.39</b>	<b>3,192.10</b>	<b>2,139.93</b>	<b>2,001.46</b>
<b>Earnings per equity share</b>					
Basic (Rs.)	1.59	1.74	3.40	3.26	3.07
Diluted (Rs.)	1.59	1.74	3.40	3.26	3.07

Source: RHP

**Restated Consolidated Statement of Assets and Liabilities**
**Rs in Crore**

<b>Balance Sheet</b>	<b>As at 30-Sep-20</b>	<b>As at 30-Sep-19</b>	<b>As at 31-Mar-20</b>	<b>As at 31-Mar-19</b>	<b>As at 31-Mar-18</b>
<b>Financial Assets</b>					
Cash and cash equivalents	1.7	1.3	1.4	3.7	1.1
Bank balances other than cash and cash equivalents	94.2	9,617.5	99.4	77.4	98.7
Derivative financial instruments	-	-	-	46.7	96.8
Receivables	-	-	-	-	-
- Lease receivables	1,53,846.8	1,34,922.5	1,48,579.8	1,25,026.5	1,09,471.7
Loans	6,243.0	5,649.5	6,423.4	5,895.5	5,238.0
Investments	11.4	11.9	11.5	13.1	14.0
Other financial assets	1,29,336.4	85,969.3	1,18,274.3	73,823.9	45,077.3
<b>Total financial assets</b>	<b>2,89,533.6</b>	<b>2,36,172.1</b>	<b>2,73,389.7</b>	<b>2,04,886.8</b>	<b>1,59,997.6</b>
<b>Non-financial Assets</b>					
Current tax assets (net)	863.1	625.2	630.8	41.5	38.8
Property, plant and equipment	10.9	11.1	11.0	11.2	11.3
Other intangible assets	0.0	0.1	0.0	0.1	0.0
Other non-financial assets	1,579.0	1,469.5	1,472.5	1,498.7	1,403.3
<b>Total non-financial assets</b>	<b>2,453.0</b>	<b>2,105.9</b>	<b>2,114.4</b>	<b>1,551.5</b>	<b>1,453.5</b>
<b>Total Assets</b>	<b>2,91,986.6</b>	<b>2,38,278.0</b>	<b>2,75,504.1</b>	<b>2,06,438.3</b>	<b>1,61,451.0</b>
<b>II. Liabilities and equity</b>					
<b>Financial Liabilities</b>					
Derivative financial instruments	388.3	310.2	406.5	310.6	749.6
Trade Payable	-	-	-	-	-
(i) total outstanding dues of micro enterprises and small enterprises	-	-	-	-	-
(ii) total outstanding dues of creditors other than micro enterprises and small enterprises	-	-	-	-	-
- Other payables	-	-	-	-	-
(i) total outstanding dues of micro enterprises and small enterprises	0.2	0.5	0.1	0.0	0.2
(ii) total outstanding dues of creditors other than micro enterprises and small enterprises	44.0	14.8	37.7	12.2	8.5
Debt securities	1,61,258.7	1,35,189.6	1,55,290.5	1,23,597.9	1,10,844.2
Borrowings (other than debt securities)	84,090.7	49,442.1	79,086.3	50,334.8	23,161.3
Other financial liabilities	14,502.9	27,050.4	10,337.4	7,299.9	5,692.8
<b>Total financial liabilities</b>	<b>2,60,284.8</b>	<b>2,12,007.6</b>	<b>2,45,158.4</b>	<b>1,81,555.4</b>	<b>1,40,456.6</b>
<b>Non-financial Liabilities</b>					
Current tax liabilities (net)	-	-	-	-	-
Provisions	9.3	14.1	13.8	11.8	10.8
Deferred tax liabilities (net)	-	-	-	-	-
Other non-financial liabilities	5.6	10.8	32.2	4.8	659.3
<b>Total non-financial liabilities</b>	<b>14.9</b>	<b>24.9</b>	<b>46.0</b>	<b>16.6</b>	<b>670.1</b>
<b>Total liabilities</b>	<b>2,60,299.6</b>	<b>2,12,032.5</b>	<b>2,45,204.4</b>	<b>1,81,572.0</b>	<b>1,41,126.8</b>
<b>Equity</b>					
Equity share capital	11,880.5	9,380.5	11,880.5	9,380.5	6,526.5
Other equity	19,806.5	16,865.0	18,419.3	15,485.8	13,797.8
<b>Total equity</b>	<b>31,687.0</b>	<b>26,245.5</b>	<b>30,299.8</b>	<b>24,866.3</b>	<b>20,324.3</b>
<b>Total liabilities and equity</b>	<b>2,91,986.6</b>	<b>2,38,278.0</b>	<b>2,75,504.1</b>	<b>2,06,438.3</b>	<b>1,61,451.0</b>

Source: RHP

**Selected Financial Information and Ratios**

Rs Crore, except percentages

Particulars	As of / for the year ended March 31,			As of/ for the six months ended	
	2018	2019	2020	2019*	2020*
	Rs Crore, except percentages				
AUM	1,54,534.67	2,00,937.33	2,66,136.99	2,21,910.25	2,78,007.59
AUM Growth (%)	24.73%	30.03%	32.45%	NA	25.28%
Average AUM	1,39,216.34	1,77,736.00	2,33,537.16	2,11,423.79	2,72,072.29
Disbursements	36,722.25	52,535.19	71,392.07	24,534.33	19,016.38
Disbursement Growth (%)	33.59%	43.06%	35.89%	NA	-22.49%
Adjusted Interest Income	10,728.76	13,697.15	18,063.56	8,621.03	10,448.54
Adjusted Finance Costs	8,174.96	10,915.57	14,839.03	7,009.57	8,515.63
Net Interest Income	2,553.80	2,781.58	3,224.53	1,611.45	1,932.91
Adjusted Total Income	2,569.38	2,804.29	3,258.36	1,637.44	1,942.14
Operating Expense	38.311	21.406	64.191	9.174	57.008
Credit Cost	0	27.544	2.141	-2.123	-14.36
Cost of Borrowings	6.82%	7.09%	7.27%	3.91%	3.55%
Net Interest Margin	1.83%	1.57%	1.38%	0.76%	0.71%
Cost to Income Ratio	1.49%	0.76%	1.97%	0.56%	2.94%
Operating Expense/ Average AUM (%)	0.03%	0.01%	0.03%	0.004%	0.02%
Gross NPA/ Net NPA	NIL	NIL	NIL	NIL	NIL

Source: RHP

**Return and Leverage Metrics**

Particulars	As of / for the year ended March 31,			As of/ for the six months ended	
	2018	2019	2020	2019*	2020*
Return on Average Net Worth (%)	12.33%	9.47%	11.57%	6.38%	6.09%
Return on Average Total Assets (%)	1.38%	1.16%	1.32%	0.73%	0.66%
Average Debt / Average Net Worth	7.38	6.81	7.4	7.02	7.74
Net Gearing Ratio	6.59	6.99	7.74	7.03	7.74
Average Net Worth as a percentage of Average Total Assets	11.19%	12.28%	11.45%	11.49%	10.92%
Earnings per Share (Rs)	3.07	3.26	3.4	1.74	1.59
Book Value per Share (Rs)	31.14	26.51	25.5	27.98	26.67

\* Ratios as of and for the period ended September 30, 2019 and 2020 are not annualized.

\* EPS for period ended September 30, 2019 and 2020 are not annualized.

Source: RHP

## Business Overview

IRFC is the dedicated market borrowing arm of the Indian Railways. Its primary business is financing the acquisition of rolling stock assets, which includes both powered and unpowered vehicles, for example locomotives, coaches, wagons, trucks, flats, electric multiple units, containers, cranes, trollies of all kinds and other items of rolling stock components as enumerated in the standard lease agreement (collectively, "Rolling Stock Assets"), leasing of railway infrastructure assets and national projects of the government of India (collectively, "Project Assets") and lending to other entities under the Ministry of Railways, government of India ("MoR"). The MoR is responsible for the procurement of Rolling Stock Assets and for the improvement, expansion and maintenance of project assets.

The company is wholly-owned by the Government of India acting through the MoR. The company is registered with the Reserve Bank of India as a NBFC (Systematically Important) and are classified under the category of an "Infrastructure Finance Company" under Section 45-IA of the Reserve Bank of India Act, 1934.

IRFC follows a financial leasing model for financing the rolling stock assets. The period of lease with respect to rolling stock assets is typically 30 years and comprises a primary period of 15 years followed by a secondary period of 15 years, unless otherwise revised by mutual consent. In terms of the leasing arrangements, the principal amount pertaining to the leased assets is effectively payable during the primary 15 years lease period, along with the weighted average cost of incremental borrowing and a margin determined by the MOR in consultation with IRFC at the end of each fiscal.

Typically, the weighted average cost of incremental borrowing factors in any expenses incurred by the company with respect to any foreign currency hedging costs and/ or losses (and gains, if any) as well as any hedging costs for interest rate fluctuations. A nominal amount of Rs 100,000 per annum shall be payable for the second 15 year period or until the rolling stock assets are sold out to the MoR or any other buyer before the completion of the lease period. The lease rentals during the second 15 year period are subject to revision with mutual consent.

As of September 30, 2020, its total AUM consisted of 55.34% of lease receivables primarily in relation to Rolling Stock Assets, 2.25% of loans to central public sector enterprises entities under the administrative control of MoR ("Other PSU Entities"), and 42.41% of advances against leasing of Project Assets.

### Other Highlights

- ◆ **Income Tax Act:** Tax savings bonds (long term - specified asset) issued by the Indian Railway Finance Corporation Limited are eligible for tax exemption u/s 54EC (ba) of the Income Tax Act 1961.
- ◆ **GST:** Services of leasing of assets (rolling stock assets including wagons, coaches, locos) by the Indian Railways Finance Corporation to Indian Railways is exempt from GST
- ◆ **Tax Liability:**
  - The Company has adopted section 115BAA w.e.f 01.04.2019 due to its adoption, the Company is not required to pay tax under MAT and now the Company has to pay tax @ 25.168%.
  - Considering adjustment of brought forward unabsorbed depreciation, tax liability of the company shall remain Nil till the unabsorbed depreciation full adjustment.
  - The Company is not liable to pay dividend distribution tax (DDT) due to abolition of Section 115O of Income Tax Act w.e.f A.Y. 2021-22.

### Key Management Personnel

- ◆ Baldeo Purushartha is a Part-time Government Director of the Company. He is an IAS officer and a Joint Secretary at the Department of Economic Affairs, Ministry of Finance, GoI. He holds a bachelor's degree and a master's degree in history, from the University of Delhi. He is on the board of several institutions, including the India Infrastructure Finance Company Limited, ONGC Videsh Limited, Indian Railway Stations Development Corporation Limited and Asian Infrastructure Investment Bank. In the past, he has discharged several governmental roles, including Secretary to the Government of Punjab, Municipal Commissioner, Chandigarh Municipal Corporation, Secretary, Lokpal, Punjab, Chandigarh and Divisional Commissioner, Jalandhar. He has also been the recipient of several awards and accolades, national and international.
- ◆ Chetan Venugopal is a Part-time Non-official Director (Independent Director) of the Company. He holds a bachelor's degree in commerce from Bangalore University. He has also participated in the Executive Education Programme on "International Financial Reporting" conducted by the Indian Institute of Management, Bangalore. He is admitted as a fellow member of the ICAI. He has prior experience in the field of finance, strategy and consulting. He is the co-founder and a director on the board of Pierian Services Private Limited and Pierian Digital Private Limited. He has previously worked with Netkraft Private Limited and was founding partner at Chetan and Gurnath, Chartered Accountants.



- ◆ Ashok Kumar Singhal is a Non-official Director (Director) of the Company. He is a former head of the Indian Cost Accounts Service. He holds a bachelor's degree in arts and a bachelor's degree in law from Dr. Bhimrao Ambedkar University (formerly, Agra University). He also holds a master's degree in science, with a specialisation in finance from the University of Strathclyde, United Kingdom. He is also a qualified chartered accountant, and fellow member of the ICAI. He has prior experience in the fields of finance, management and administration. He has held various positions with the Govt in the past, including as the additional chief advisor (cost) at the Ministry of Finance (department of expenditure), principal adviser (finance) at the Ministry of Defence, adviser (pricing) at the Ministry of chemicals & fertilisers, director (finance) at the Ministry of Finance (department of revenue), among several others.
- ◆ Bhaskar Choradia is a part-time government director. He is an officer of the Indian Railway Accounts Service. He holds a bachelor's degree in mechanical engineering from the University of Roorkee. He was appointed as an executive director, Finance (Budget) on the railway board with effect from October 28, 2020. He has prior experience in the railways accounts services in multiple capacities, including the Railway Board (New Delhi), Ministry of Commerce and West Central Railway.

# Sharekhan

by BNP PARIBAS

Know more about our products and services

For Private Circulation only

---

**Disclaimer:** This document has been prepared by Sharekhan Ltd. (SHAREKHAN) and is intended for use only by the person or entity to which it is addressed to. This Document may contain confidential and/or privileged material and is not for any type of circulation and any review, retransmission, or any other use is strictly prohibited. This Document is subject to changes without prior notice. This document does not constitute an offer to sell or solicitation for the purchase or sale of any financial instrument or as an official confirmation of any transaction. Though disseminated to all customers who are due to receive the same, not all customers may receive this report at the same time. SHAREKHAN will not treat recipients as customers by virtue of their receiving this report.

The information contained herein is obtained from publicly available data or other sources believed to be reliable and SHAREKHAN has not independently verified the accuracy and completeness of the said data and hence it should not be relied upon as such. While we would endeavour to update the information herein on reasonable basis, SHAREKHAN, its subsidiaries and associated companies, their directors and employees ("SHAREKHAN and affiliates") are under no obligation to update or keep the information current. Also, there may be regulatory, compliance, or other reasons that may prevent SHAREKHAN and affiliates from doing so. This document is prepared for assistance only and is not intended to be and must not alone be taken as the basis for an investment decision. Recipients of this report should also be aware that past performance is not necessarily a guide to future performance and value of investments can go down as well. The user assumes the entire risk of any use made of this information. Each recipient of this document should make such investigations as it deems necessary to arrive at an independent evaluation of an investment in the securities of companies referred to in this document (including the merits and risks involved), and should consult its own advisors to determine the merits and risks of such an investment. The investment discussed or views expressed may not be suitable for all investors. We do not undertake to advise you as to any change of our views. Affiliates of Sharekhan may have issued other reports that are inconsistent with and reach different conclusions from the information presented in this report.

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 SHAREKHAN and affiliates to any registration or licensing requirement within such jurisdiction. The securities described herein may or may not be eligible for sale in all jurisdictions or to certain category of investors. Persons in whose possession this document may come are required to inform themselves of and to observe such restriction.

The analyst certifies that the analyst has not dealt or traded directly or indirectly in securities of the company and that all of the views expressed in this document accurately reflect his or her personal views about the subject company or companies and its or their securities and do not necessarily reflect those of SHAREKHAN. The analyst further certifies that neither he or its associates or his relatives has any direct or indirect financial interest nor have actual or beneficial ownership of 1% or more in the securities of the company at the end of the month immediately preceding the date of publication of the research report nor have any material conflict of interest nor has served as officer, director or employee or engaged in market making activity of the company. Further, the analyst has also not been a part of the team which has managed or co-managed the public offerings of the company and no part of the analyst's compensation was, is or will be, directly or indirectly related to specific recommendations or views expressed in this document. Sharekhan Limited or its associates or analysts have not received any compensation for investment banking, merchant banking, brokerage services or any compensation or other benefits from the subject company or from third party in the past twelve months in connection with the research report.

Either SHAREKHAN or its affiliates or its directors or employees / representatives / clients or their relatives may have position(s), make market, act as principal or engage in transactions of purchase or sell of securities, from time to time or may be materially interested in any of the securities or related securities referred to in this report and they may have used the information set forth herein before publication. SHAREKHAN may from time to time solicit from, or perform investment banking, or other services for, any company mentioned herein. Without limiting any of the foregoing, in no event shall SHAREKHAN, any of its affiliates or any third party involved in, or related to, computing or compiling the information have any liability for any damages of any kind.

Compliance Officer: Mr. Joby John Meledan; Tel: 022-61150000; email id: [compliance@sharekhan.com](mailto:compliance@sharekhan.com);

For any queries or grievances kindly email [igc@sharekhan.com](mailto:igc@sharekhan.com) or contact: [myaccount@sharekhan.com](mailto:myaccount@sharekhan.com)

---

**Registered Office:** Sharekhan Limited, 10th Floor, Beta Building, Lodha iThink Techno Campus, Off. JVLR, Opp. Kanjurmarg Railway Station, Kanjurmarg (East), Mumbai – 400042, Maharashtra. Tel: 022 - 61150000. Sharekhan Ltd.: SEBI Regn. Nos.: BSE / NSE / MSEI (CASH / F&O / CD) / MCX - Commodity: INZ000171337; DP: NSDL/CDSL-IN-DP-365-2018; PMS: INP000005786; Mutual Fund: ARN 20669; Research Analyst: INH000006183;

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