

Siemens

Smart recovery priced in

We maintain REDUCE on Siemens India Ltd. (SIL) and roll forward TP (Rs 1,370) to Dec-22 (35x). We upgrade FY21E/22E/23E EPS on account of improved margin profile. SIL delivered Revenue/EBIDTA/APAT beat of 31/37/33%. After a washout 3QFY20, margins across all segments improved both YoY and QoQ, driven by higher services and exports in the revenue mix (low base of revenue for FY20). Coming two quarters will give a better visibility on sustainability of improvement in EBIDTA margins of 12.9% (+305/+1350bps YoY/QoQ) in 4QFY20. SIL has indicated good margins in order backlog backed by corrective cost optimization measures and some of it sustaining.

- **Smart recovery:** SIL delivered Revenue/EBIDTA/APAT beat of 31/37/33%. EBITDA margins came at 12.9% (+305/+1350bps YoY/QoQ) vs est of Rs 12.3%. Higher margin was driven by both cost rationalization efforts, as well as better mix in Energy & Mobility segments. Service mix improved significantly to 17.7% in FY20 from 11.6% in FY19. Exports mix improved as well to 24.1% in FY20 vs 18.4% in FY19, as exports were relatively stable amidst a strict domestic lockdown (though on low base of FY20). Both services and exports have higher margin profile. While factories had been operating with ~75% manpower (all 22 open) in 4QFY20, project sites saw ~85% personnel mobilization.
- **Book to bill continues to be at 1x (of FY21E revenues):** SIL has a strong order backlog of over one year's revenue, with new orders during 4QFY20 at Rs 32.2bn. We estimate FY20 order backlog to be at Rs ~128bn. OB has good margins, and margin quality is expected to sustain, as per SIL.
- **Hiving of the Mechanical Drives Business:** SIL has divested Mechanical Drives (MD) business to Flender Drives Private Limited, an indirect subsidiary of Siemens AG. Divested MD business contributed Rs 2.1/6.7bn to the top-line, and loss of Rs 55/9mn to the bottom-line (loss from discontinued operations) in 4QFY20/FY20. MD contributed 6.4% to FY20 revenue and 64% of POC segment revenue. Large non-wind mechanical drives and motors will continue to be part of SIL POC business. Sale of less profitable business augurs well for SIL.
- **Industry outlook:** auto sector isn't likely to see good offtake in the near term from fresh investments perspective. Verticals like pharma, F&B and T&D saw good uptick. Water/irrigation, metros/railways, warehousing, electronics, etc. are some other sectors SIL will focus on. Metals and chemicals sectors are expected to commit capex in near term. Waste heat recovery projects from cement & industrial cogeneration plants have also seen uptick. Utilities and hospitality continue to defer capex. While short cycle and services/digitization businesses continue to do well, large project orders will be muted due to lower capacity utilization.

Financial summary

(Rs mn, Sep YE)	4Q FY20	4Q FY19	YoY (%)	3Q FY20	QoQ (%)	FY20	FY21E	FY22E	FY23E
Net Revenues	35,190	38,758	(9.2)	12,074	191.5	98,694	1,29,886	1,48,724	1,66,570
EBITDA	4,529	4,283	5.7	(9)	(50,422.2)	9,903	14,007	17,497	20,086
APAT	3,331	3,496	(4.7)	101	3,198.0	7,574	10,944	13,478	15,339
Diluted EPS (Rs)	9.4	9.8	(4.7)	0.3	3,198.0	21.3	30.7	37.8	43.1
P/E (x)						71.2	49.3	40.0	35.1
EV / EBITDA (x)						48.8	34.9	27.6	23.9
RoE (%)						8.2	11.1	12.6	13.1

Source: Company, HSIE Research

REDUCE

CMP (as on 27 Nov 2020)	Rs 1,514
Target Price	Rs 1,370
NIFTY	12,969

KEY CHANGES	OLD	NEW
Rating	REDUCE	REDUCE
Price Target	Rs 1,197	Rs 1,370
EPS change %	FY21E 10.7	FY22E 14.8 FY23E 16.6

KEY STOCK DATA

Bloomberg code	SIEM IN
No. of Shares (mn)	356
MCap (Rs bn) / (\$ mn)	539/7,279
6m avg traded value (Rs mn)	2,358
52 Week high / low	Rs1,640/947

STOCK PERFORMANCE (%)

	3M	6M	12M
Absolute (%)	24.6	48.6	2.7
Relative (%)	11.7	8.9	(5.0)

SHAREHOLDING PATTERN (%)

	Jun-20	Sep-20
Promoters	75.00	75.00
FIs & Local MFs	10.13	10.44
FPIs	4.16	4.07
Public & Others	10.71	10.49
Pledged Shares	0.0	0.0

Source : BSE

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Revenue: Rs 35.2bn (-9%/+192% YoY/QoQ, 31% beat)

EBITDA: Rs 4.5bn (+5.7% YoY, beat of 37%)

EBIDTA margin: 12.9% (+305/+1350bps YoY/QoQ) vs est of 12.3%

SIL divested Mechanical Drives (MD) business to Flender Drives Private Limited, a subsidiary of Flender GmbH, which in turn is a subsidiary of Siemens AG. This business has been now classified as Discontinued. Loss from operations of this business for the quarter stood at Rs 55mn

Consequently, APAT: Rs 3.33bn (-4.7% YoY, 33% beat)

EBIT margin improved to 11.1% vs 9.7%/-5.6% YoY/QoQ. FY20 EBIT margin stood at 7.5% vs 10.1% QoQ

While DI EBIT % was stable YoY, all other segments saw improvement both YoY and QoQ

Quarterly Financials Snapshot – Standalone

Rs mn	4QFY20	4QFY19	YoY (%)	3QFY20	QoQ (%)	FY20	FY19	YoY (%)
Net Sales	35,190	38,758	(9.2)	12,074	191.5	98,694	1,30,005	(24.1)
Material Cost	23,869	27,106	(11.9)	7,281	227.8	63,207	87,561	(27.8)
Employee Cost	3,908	3,317	17.8	3,528	10.8	15,404	15,475	(0.5)
Other Expenses	2,884	4,052	(28.8)	1,274	126.4	10,180	11,854	(14.1)
EBITDA	4,529	4,283	5.7	(9)	-	9,903	15,115	(34.5)
Depreciation	630	507	24.3	665	(5.3)	2,504	1,980	26.5
EBIT	3,899	3,776	3.3	(674)	-	7,399	13,135	(43.7)
Interest	58	86	(32.6)	48	20.8	292	112	160.7
Other Income (Incl. EO)	559	1,224	(54.3)	675	(17.2)	3,090	3,578	(13.6)
PBT	4,400	4,914	(10.5)	(47)	-	10,197	16,601	(38.6)
Tax	1,124	1,608	(30.1)	(1)	-	2,632	5,732	(54.1)
RPAT	3,276	3,306	(0.9)	(46)	-	7,565	10,869	(30.4)
EO Items	(55)	(190)		(147)		(9)	(362)	
APAT	3,331	3,496	(4.7)	101	3,198.0	7,574	11,231	(32.6)

Source: Company, HSIE Research

Margin Analysis

Margin Analysis	4QFY20	4QFY19	YoY (bps)	3QFY20	QoQ (bps)	FY20	FY19	YoY (bps)
Material Cost (% net sales)	67.8	69.9	(210.8)	60.3	752.6	64.0	67.4	(330.9)
Employee Cost (% net sales)	11.1	8.6	254.7	29.2	(1,811.4)	15.6	11.9	370.4
Other Expenses (% net sales)	8.2	10.5	(225.9)	10.6	(235.6)	10.3	9.1	119.7
EBITDA Margin (%)	12.9	11.1	182.0	(0.1)	1,294.5	10.0	11.6	(159.2)
Tax rate (%)	25.5	32.7	(717.7)	2.1	2,341.8	25.8	34.5	(871.7)
APAT Margin (%)	9.5	9.0	44.6	0.8	862.9	7.7	8.6	(96.5)

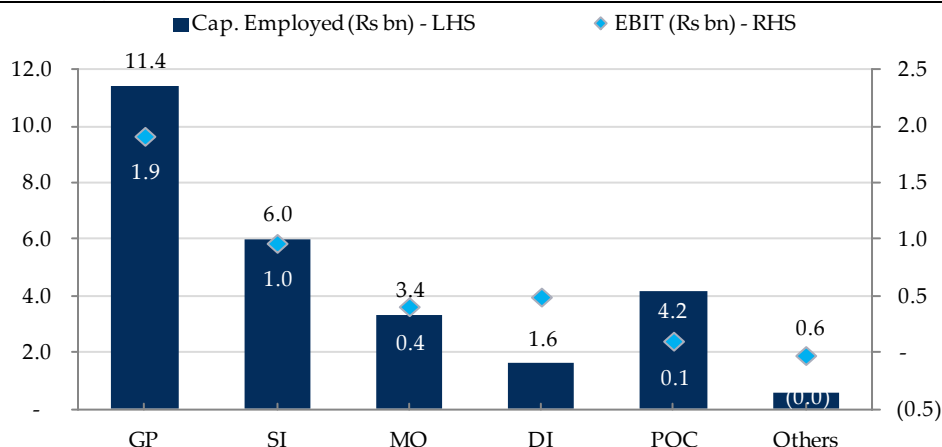
Source: Company, HSIE Research

Standalone Segmental Revenue

Rs mn	4QFY20	4QFY19	YoY (%)	3QFY20	QoQ (%)	FY20	FY19	YoY (%)
Revenues (Rs mn)								
Gas and Power	15,830	16,698	(5.2)	5,546	185.4	40,529	51,736	(21.7)
Smart infrastructure	9,208	10,808	(14.8)	3,092	197.8	27,635	37,387	(26.1)
Mobility	3,010	3,588	(16.1)	970	210.3	8,443	11,203	(24.6)
Digital Industries	6,328	7,189	(12.0)	1,819	247.9	19,415	26,874	(27.8)
Portfolio of Companies	1,276	1,226	4.1	631	102.2	3,843	4,595	(16.4)
Others	297	312	(4.8)	270	10.0	966	1,191	(18.9)
Total (Ex intersegment)	35,949	39,821	(9.7)	12,328	191.6	1,00,831	1,32,986	(24.2)
EBIT (Rs mn)								
Gas and Power	1,921	1,786	7.6	232	728.0	4,014	6,949	(42.2)
Smart infrastructure	974	1,022	(4.7)	-731	-	1,013	3,545	(71.4)
Mobility	414	377	9.8	33	1,154.5	953	1,126	(15.4)
Digital Industries	499	561	(11.1)	-236	-	1,156	1,648	(29.9)
Portfolio of Companies	109	17	541.2	(7)	-	200	-373	-
Others	-18	13	(238.5)	35	(151.4)	63	240	(73.8)
Total	3,899	3,776	3.3	-674	-	7,399	13,135	(43.7)
EBIT margins (%)								
Gas and Power	12.1	10.7	144	4.2	795	9.9	13.4	(353)
Smart infrastructure	10.6	9.5	112	-23.6	3,422	3.7	9.5	(582)
Mobility	13.8	10.5	325	3.4	1,035	11.3	10.1	124
Digital Industries	7.9	7.8	8	-13.0	2,086	6.0	6.1	(18)
Portfolio of Companies	8.5	1.4	716	(1.1)	965	5.2	-8.1	1,332
Others	-6.1	4.2	(1,023)	13.0	(1,902)	6.5	20.2	(1,363)
Total	11.1	9.7	134	(5.6)	1,666	7.5	10.1	(261)

Source: Company, HSIE Research

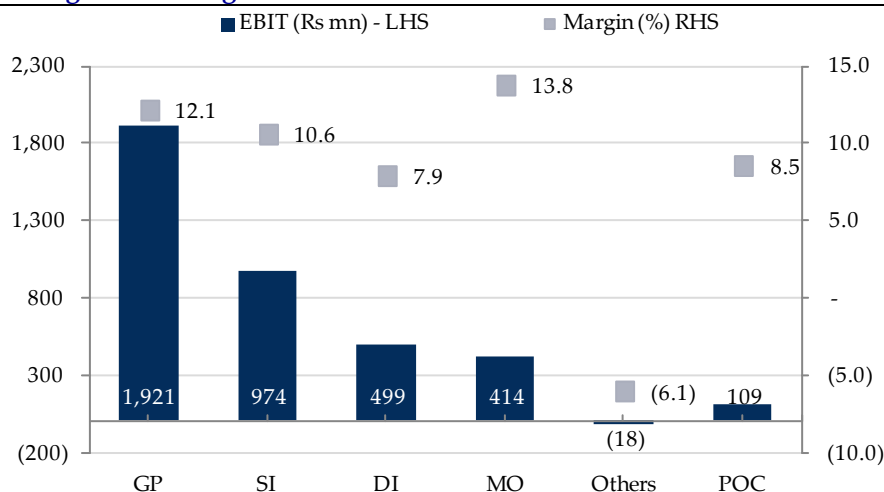
4QFY20 Segmental EBIT



Source : Company, HSIE Research; GP – Gas and Power, SI: Smart Infrastructure DI – Digital Industries, MO – Mobility, POC –Portfolio of Companies

Higher margin was driven by both cost rationalization efforts, as well as better mix in Energy & Mobility segments. Service mix and Exports mix improved in 3QFY20/4QFY20 significantly as exports were relatively stable amidst a strict domestic lockdown.

4QFY20 Segmental Margins (%)



Source : Company, HSIE Research; GP – Gas and Power, SI: Smart Infrastructure DI – Digital Industries, MO – Mobility, POC –Portfolio of Companies

While DI EBIT % was stable YoY, all other segments saw improvement both YoY and QoQ

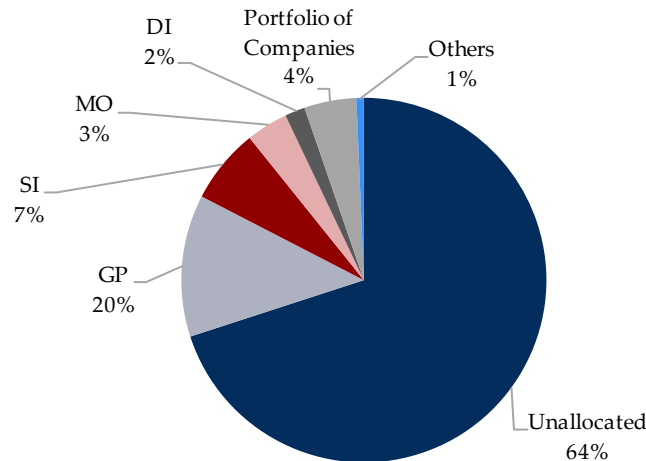
Quarterly Segmental EBIT Margins Trend

%	1QFY19	2QFY19	3QFY19	4QFY19	1QFY20	2QFY20	3QFY20	4QFY20
Gas and Power	18.1	12.7	13.6	10.7	11.0	8.6	4.2	12.1
Smart infrastructure	10.9	10.0	7.8	9.5	9.8	0.3	(23.6)	10.6
Mobility	(9.1)	18.0	11.9	10.5	11.3	11.4	3.4	13.8
Digital Industries	2.5	7.2	6.7	7.8	10.5	5.0	(13.0)	7.9
Portfolio of Companies	0.5	(6.8)	(5.9)	1.4	5.3	6.0	(1.1)	8.5
Others	(3.2)	4.2	66.9	4.2	24.2	2.9	13.0	(6.1)
Total	9.0	10.0	9.5	9.7	10.3	5.8	(5.6)	11.1

Source: Company, HSIE Research

Capital Employed – 4QFY20 (Rs 90.8bn)

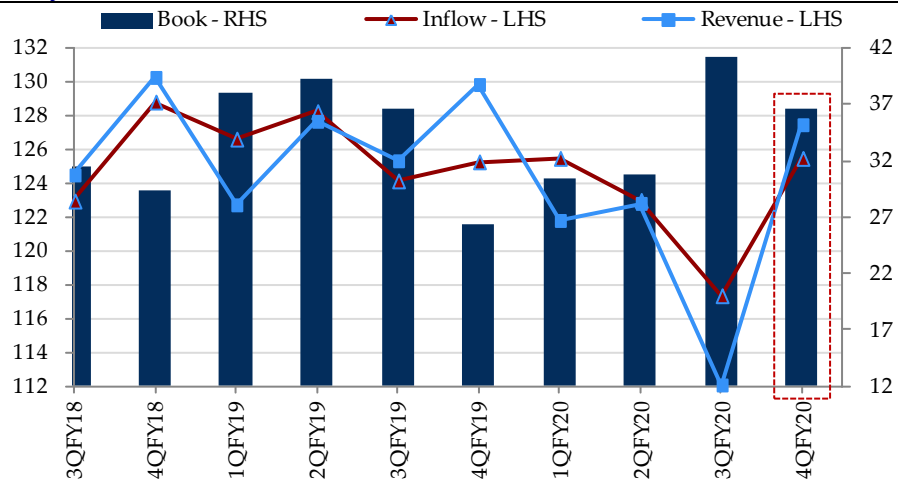
Unallocated capital employed stood at Rs 70.8bn, of the total capital employed of Rs 90.8bn



Source : Company, HSIE Research; GP – Gas and Power, SI: Smart Infrastructure DI – Digital Industries, MO – Mobility, POC –Portfolio of Companies (large drives applications)

Quarterly Order Book Movement (Rs bn)

The company states that it has a strong Order Backlog of over one year's Revenue, with new orders during 4QFY20 at Rs 32.2bn. We estimate FY20 order backlog to be at Rs ~128bn



Source : Company, HSIE Research

Change in Estimates

We tweak our FY21/22/23 estimates due to MD biz. divestment and faster than expected execution normalization. We have also baked in margins expansion on back of cost optimization measures taken by the company and better margins in the order book from newer orders

Standalone Rs Mn	FY21E			FY22E			FY23E		
	Old	Revised	% Chg	Old	Revised	% Chg	Old	Revised	% Chg
Net Sales	1,29,920	1,29,886	(0.0)	1,42,140	1,48,724	4.6	1,59,197	1,66,570	4.6
EBITDA	13,046	14,007	7.4	15,163	17,497	15.4	16,983	20,086	18.3
EBIDTA Margin (%)	10.0	10.8	74.3	10.7	11.8	109.7	10.7	12.1	13.0
Adj PAT	9,886	10,944	10.7	11,743	13,478	14.8	13,152	15,339	16.6
AEPS (Rs)	27.8	30.7	10.7	33.0	37.8	14.8	36.9	43.1	16.6
TP (Rs/share)	1,197	1,370	14.5						

Source: HSIE Research

Outlook and valuation

Maintain REDUCE Rating given punchy valuations – roll forward TP (Rs 1,370) to Dec-22 (35x). TP increase driven by FY21E/22E/23E EPS upgrades.

- While SIL is well placed to monetize its strength in digitalization of Manufacturing/Smart Infra, we feel the positives are well captured in the current valuations. A prolonged delay in private capex recovery or private investments can also dampen the inflows.
- Recent stock price run up more than adequately prices in the upsides on account of (1) Margins expansion due to cost driven measures, pricing power is still not a formidable driver given fragile recovery/sustenance of recovery (2) Manufacturing incentives yet to meaningful play out on the ground and may take longer (3) Exports and services ramp-up from here on seems to be limited after strong FY20 lower revenue base. We will wait for further evidence on demand recovery sustenance and large scale pickup of local manufacturing shift and digitalization adoption.
- **We value Siemens' standalone operations at 35x Dec-22E earnings and arrive at a TP of Rs 1,370/sh.**

*Maintain REDUCE with a
TP of Rs 1,370/sh (35x Dec-
22E EPS)*

Financials

Standalone Income Statement

Year ending September	FY17	FY18	FY19	FY20	FY21E	FY22E	FY23E
Net Revenues	1,10,148	1,27,251	1,30,005	98,694	1,29,886	1,48,724	1,66,570
Growth (%)	1.9	15.5	2.2	(24.1)	31.6	14.5	12.0
Material Expenses	73,504	85,864	87,561	63,207	86,590	99,732	1,11,210
Employee Expenses	13,926	14,487	15,475	15,404	15,917	16,768	18,780
Other Operating Expenses	12,205	13,739	11,854	10,180	13,371	14,727	16,494
EBIDTA	10,512	13,161	15,115	9,903	14,007	17,497	20,086
EBIDTA (%)	9.5	10.3	11.6	10.0	10.8	11.8	12.1
EBIDTA Growth (%)	3.0	25.2	14.8	(34.5)	41.4	24.9	14.8
Depreciation	1,967	1,967	1,980	2,504	2,418	2,544	2,670
EBIT	8,546	11,194	13,135	7,399	11,590	14,953	17,417
Other Income (Incl. EO Items)	8,222	2,800	3,578	3,090	3,130	3,161	3,193
Interest	77	82	112	292	95	103	111
PBT	16,691	13,912	16,601	10,197	14,625	18,012	20,499
Tax	5,355	4,973	5,732	2,632	3,681	4,534	5,160
RPAT	11,336	8,939	10,869	7,565	10,944	13,478	15,339
EO items (net of tax)	(4,425)	-	362	9	-	-	-
APAT	6,911	8,939	11,231	7,574	10,944	13,478	15,339
APAT Growth (%)	6.3	29.3	25.6	(32.6)	44.5	23.2	13.8
EPS	19.4	25.1	31.5	21.3	30.7	37.8	43.1
EPS Growth (%)	6.3	29.3	25.6	(32.6)	44.5	23.2	13.8

Source: Company, HSIE Research

Standalone Balance Sheet

Year ending March	FY17	FY18	FY19	FY20	FY21E	FY22E	FY23E
SOURCES OF FUNDS							
Share Capital	712	712	712	712	712	712	712
Reserves	76,335	82,342	89,724	94,028	1,01,411	1,10,972	1,22,038
Total Shareholders Funds	77,047	83,054	90,436	94,740	1,02,123	1,11,684	1,22,750
Total Debt	-	-	-	-	-	-	-
Other Non Current Liabilities	2,573	2,750	3,110	5,070	5,273	5,484	5,703
Deferred Taxes	(2,442)	(2,665)	(2,410)	(2,481)	(2,481)	(2,481)	(2,481)
TOTAL SOURCES OF FUNDS	77,178	83,139	91,136	97,329	1,04,914	1,14,686	1,25,972
APPLICATION OF FUNDS							
Net Block	13,344	13,514	11,904	11,651	11,233	10,690	10,020
CWIP	1,430	624	583	880	880	880	880
Investments	550	550	550	550	550	550	550
Other Non Current Assets	10,855	15,935	12,568	15,963	17,559	19,315	21,247
Total Non-current Assets	26,179	30,623	25,605	29,044	30,223	31,435	32,697
Inventories	10,165	11,389	10,950	11,064	11,862	13,662	15,234
Debtors	34,156	36,504	38,089	31,239	38,725	44,341	51,452
Cash & bank balances	40,713	36,457	48,913	55,517	50,135	56,789	59,106
Other Current Assets	17,576	24,854	26,137	21,386	22,455	23,578	24,757
Total Current Assets	1,02,610	1,09,204	1,24,089	1,19,206	1,23,177	1,38,370	1,50,550
Creditors	26,556	30,303	32,890	28,594	29,654	34,155	38,086
Other Current Liabilities & Provns	25,054	26,385	25,668	26,265	23,483	26,330	25,269
Total Current Liabilities	51,611	56,688	58,558	54,859	53,138	60,485	63,354
Net Current Assets	50,999	52,516	65,531	64,347	70,040	77,886	87,195
Misc Expenses & Others/Held for Sale	-	-	-	3,938	4,652	5,366	6,080
TOTAL APPLICATION OF FUNDS	77,178	83,139	91,136	97,329	1,04,914	1,14,686	1,25,972

Source: Company, HSIE Research

Standalone Cash Flow

Year ending March	FY17	FY18	FY19	FY20	FY21E	FY22E	FY23E
PBT	16,691	13,912	16,416	10,193	14,625	18,012	20,499
Non-operating & EO items	(6,826)	(1,345)	(4,704)	(1,856)	(3,130)	(3,161)	(3,193)
Interest expenses	77	82	112	292	95	103	111
Depreciation	1,966	1,967	1,980	2,504	2,418	2,544	2,670
Working Capital Change	1,744	(8,361)	4,442	(1,426)	(12,468)	(2,737)	(8,704)
Tax paid	(8,114)	(5,834)	(6,130)	(2,942)	(3,681)	(4,534)	(5,160)
OPERATING CASH FLOW (a)	5,538	421	12,116	6,765	(2,142)	10,226	6,223
Capex	3,289	(1,788)	(141)	(98)	(2,000)	(2,000)	(2,000)
Free cash flow (FCF)	8,827	(1,367)	11,975	6,667	(4,142)	8,226	4,223
Investments	(2,747)	(2,475)	(13,516)	5,330	-	-	-
Non operating income	2,137	2,691	3,333	3,057	3,130	3,161	3,193
INVESTING CASH FLOW (b)	2,679	(1,572)	(10,324)	8,289	1,130	1,161	1,193
Share capital Issuance	-	-	-	-	-	-	-
Dividend payment	(2,572)	(3,000)	(3,005)	(3,005)	(3,561)	(3,917)	(4,273)
Debt Issuance/Lease liabilities paid	-	-	-	(714)	(714)	(714)	(714)
Interest expenses	(26)	(54)	(107)	(128)	(95)	(103)	(111)
FINANCING CASH FLOW (c)	(2,598)	(3,054)	(3,112)	(3,847)	(4,370)	(4,734)	(5,098)
NET CASH FLOW (a+b+c)	5,619	(4,205)	(1,320)	11,207	(5,382)	6,653	2,318
Opening Cash & Equivalents	35,094	40,713	36,457	48,913	55,517	50,135	56,789
Others - Margin & IPO deposits (cl. Bal)	-	(51)	13,776	(4,603)	-	-	-
Closing Cash & Equivalents	40,713	36,457	48,913	55,517	50,135	56,789	59,106

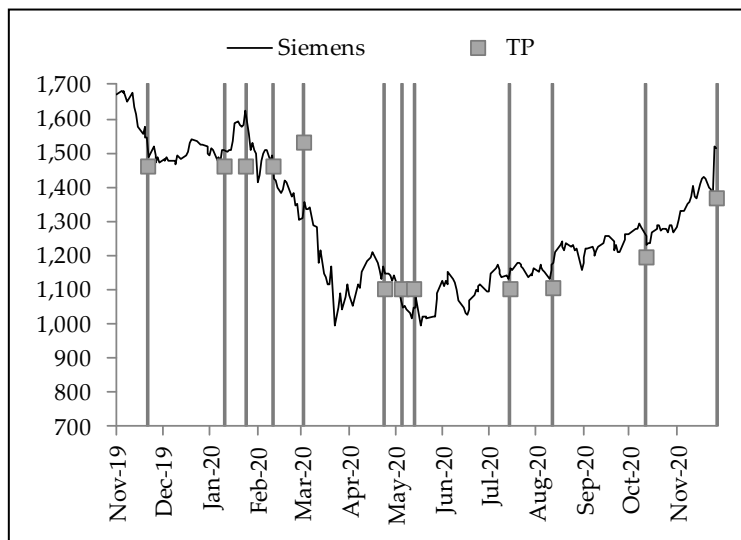
Source: Company, HSIE Research

Key Ratios

	FY17	FY18	FY19	FY20	FY21E	FY22E	FY23E
PROFITABILITY (%)							
GPM	33.3	32.5	32.6	36.0	33.3	32.9	33.2
EBITDA Margin	9.5	10.3	11.6	10.0	10.8	11.8	12.1
EBIT Margin	7.8	8.8	10.1	7.5	8.9	10.1	10.5
APAT Margin	6.3	7.0	8.6	7.7	8.4	9.1	9.2
RoE	9.5	11.2	12.9	8.2	11.1	12.6	13.1
Core RoCE	18.6	18.7	21.0	14.7	20.4	22.2	23.2
RoCE	9.6	11.2	13.0	8.4	11.2	12.7	13.2
EFFICIENCY							
Tax Rate (%)	32.1	35.7	34.5	25.8	25.2	25.2	25.2
Asset Turnover (x)	3.4	3.7	3.6	2.7	3.4	3.7	3.9
Inventory (days)	34	33	31	41	33	34	33
Debtors (days)	113	105	107	116	109	109	113
Payables (days)	88	87	92	106	83	84	83
Cash Conversion (days)	59	50	45	51	59	59	63
Other Current Assets (days)	58	71	73	79	63	58	54
Other Current Liab (days)	83	76	72	97	66	65	55
Net Working Capital Cycle (Days)	34	46	47	33	56	52	62
Debt/EBITDA (x)	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Net D/E	(0.5)	(0.4)	(0.5)	(0.6)	(0.5)	(0.5)	(0.5)
Interest Coverage	110.8	136.5	117.3	25.3	121.9	145.7	157.1
PER SHARE DATA							
EPS (Rs/sh)	19.4	25.1	31.5	21.3	30.7	37.8	43.1
CEPS (Rs/sh)	24.9	30.6	37.1	28.3	37.5	45.0	50.6
DPS (Rs/sh)	7.2	8.4	8.4	8.4	10.0	11.0	12.0
BV (Rs/sh)	216	233	254	266	287	314	345
VALUATION							
P/E	78.0	60.3	48.0	71.2	49.3	40.0	35.1
P/BV	7.0	6.5	6.0	5.7	5.3	4.8	4.4
EV/EBITDA	47.4	38.2	32.4	48.8	34.9	27.6	23.9
OCF/EV (%)	1.1	0.1	2.5	1.4	(0.4)	2.1	1.3
FCF/EV (%)	1.8	(0.3)	2.4	1.4	(0.8)	1.7	0.9
FCFE/Market Cap (%)	1.6	(0.3)	2.2	1.1	(0.9)	1.4	0.6
Dividend Yield (%)	0.5	0.6	0.6	0.6	0.7	0.7	0.8

Source: Company, HSIE Research

RECOMMENDATION HISTORY



Date	CMP	Reco	Target
22-Nov-19	1,544	NEU	1,463
10-Jan-20	1,510	NEU	1,463
25-Jan-20	1,625	NEU	1,463
12-Feb-20	1,496	NEU	1,463
2-Mar-20	1,304	ADD	1,533
24-Apr-20	1,147	REDUCE	1,104
5-May-20	1,090	REDUCE	1,104
14-May-20	1,045	REDUCE	1,104
15-Jul-20	1,128	REDUCE	1,104
12-Aug-20	1,157	REDUCE	1,107
12-Oct-20	1,260	REDUCE	1,197
1-Dec-20	1,514	REDUCE	1,370

From 2nd March 2020, we have moved to new rating system

Rating Criteria

BUY: >+15% return potential
 ADD: +5% to +15% return potential
 REDUCE: -10% to +5% return potential
 SELL: > 10% Downside return potential

Disclosure:

We, **Parikshit Kandpal, CFA, Rohan Rustagi, MBA & Chintan Parikh, MBA**, 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.

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