

# Chemplast Sanmar Ltd.



# Chemplast Sanmar Ltd.

Issue Opens On Tuesday, 10 <sup>th</sup> August 2021	Issue Closes On Thursday, 12 <sup>th</sup> August 2021	Price Band (INR) 530-541	Issue Size (INR mn) 38,500	Rating SUBSCRIBE for listing gains
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**Chemplast Sanmar Ltd (CSL)** is a specialty chemicals manufacturer primarily focused on specialty paste PVC (Polyvinyl Chloride) resin and custom manufacturing of starting materials and intermediates for pharmaceutical, agro-chemical and fine chemicals sectors. CSL is a part of SHL Chemicals Group owned by Sanmar Holdings Ltd; an oldest corporate groups in South India region. Since 2016, Fairfax India Holdings Corporation based in Canada has invested in SHL Chemicals Group through FIH Mauritius Investments Ltd.

Chemplast Cuddalore Vinyls Limited (CCVL), engaged in suspension PVC resin business demerged from CSL on a going concern basis, with effect from 1<sup>st</sup> Apr'18. Again on 31<sup>st</sup> Mar'21, CCVL became CSL's wholly owned subsidiary by way of acquisition and it has acquired 100% equity stake in CCVL. On a consolidated basis, CCVL's FY21 revenue from suspension of PVC contributed ~66% of overall revenue. CCVL is second largest manufacturer of suspension PVC resin in India based on its installed production capacity as on Dec'20.

On a standalone basis, CSL's ~70% of revenue derives from Specialty Paste PVC and Custom Manufacturing operations (~24% of revenue on consolidated basis). It is one of India's leading manufacturer of specialty PVC resin based on its installed capacity as on Dec'20. Additionally, the company deals in various other chemicals such as, caustic soda, chloromethanes, refrigerant gas and hydrogen peroxide. CSL also manufactures intermediate products that are used as raw materials such as EDC, VCM, Chlorine and hydrogen.

## OFFER STRUCTURE

Particulars	IPO Details	Indicative Timetable
Fresh Issue (INR mn)	13,000	
No. of shares (#)	2,45,28,302- 2,40,29,575	
Offer for Sale (INR mn)	25,500	
OFS No. of shares (#)	4,81,13,208- 4,71,34,935	
Price band (INR)	530 – 541	
Post issue Mcap (INR mn)	~83,800- 85,810	
		Offer Closing Date
		12 <sup>th</sup> August, 2021
		Finalization of Basis of Allotment with Stock Exchange
		18 <sup>th</sup> August, 2021
		Initiation of Refunds/ unblocking of funds from ASBA Account
		20 <sup>th</sup> August, 2021
		Credit of Equity Shares to Demat accounts
		23 <sup>rd</sup> August, 2021
		Commencement of Trading of Eq. shares on exchanges
		24 <sup>th</sup> August, 2021

Issue break-up	% of shares	Global Coordinators and BRLMs	BRLMs	Registrar to the issue
QIB	75%	Axis Capital	Ambit Private Ltd	Kfin Technologies Private Limited
Non- Institutional	15%	ICICI Securities	BOB Capital Markets	
Retail	10%	IIFL Securities	HDFC Bank	
		Credit Suisse		

Promoter Holdings	% of shares	Objects of the issue	Amount
Pre issue	100%	Early redemption of NCDs issued by CSL, in full ("NCD Redemption")	INR 12,382.5 mn
Post issue	~54%	General corporate purposes	[•]

Source: KRChoksey Research, Chemplast Sanmar Ltd RHP, Note: BRLMs- Book Running Lead Managers

Key Financials (INR mn)	FY2019	FY2020	FY2021#
Revenue from operations	12,543	12,577	37,987
EBITDA	3,210	3,123	9,615
EBITDA Margin (%)	25.6%	24.8%	25.3%
Restated Profit after tax	1,185	461	4,102
PAT Margin (%)	9.4%	3.7%	10.8%
EPS	4.53	2.04	30.60
Total Equity	24,998	19,125	-3,498
RONW (%)	8.4%	5.5%	NA*

Source: KRChoksey Research, Chemplast Sanmar Ltd RHP

# post CCVL acquisition, \*Not Applicable since networth is negative

## ANALYST

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# Chemplast Sanmar Ltd.

## COMPANY OVERVIEW

Incorporated in 1985, Chemplast Sanmar Ltd (CSL) is a specialty chemicals manufacturer, a part of SHL Chemicals Group owned by Sanmar Holdings Ltd, an oldest corporate groups in South India region. Since 2016, Canada based Fairfax India Holdings Corporation has invested in SHL Chemicals Group through FIH Mauritius Investments Ltd.

The company has four manufacturing facilities of which three facilities are located in Tamil Nadu at Mettur, Berigai, Cuddalore and other in Puducherry at Karaikal. The details of installed production capacity and utilization are mentioned in the below table.

Manufacturing facility	Installed production capacity (in kt per annum)	Capacity utilization (%)				
		FY2019	FY2020	FY2021*		
<b>Mettur Facility</b>						
Specialty paste PVC resin	66	96%	100%	91%		
Caustic soda	67	102%	82%	64%		
Chloromethanes	35	100%	99%	91%		
Hydrogen peroxide	34*	~**	21%	42%		
Refrigerant gas	1.7	39%	75%	30%		
<b>Karaikal Facility</b>						
Caustic soda	52	65%	57%	36%		
<b>Cuddalore Facility</b>						
Suspension PVC resin	300	95%	91%	88%		
<b>Berigai Facility</b>	FY2019		FY2020		FY2021	
	Capacity (in MTPA)	Capacity Utilization (%)	Capacity (in MTPA)	Capacity Utilization (%)	Capacity (in MTPA)	Capacity Utilization (%)
Installed production capacity	900	51%	1032	64%	1068	62%
Operating production capacity	785	59%	904	74%	934	71%

Source: KRChoksey Research, Chemplast Sanmar Ltd RHP

Note: \*The hydrogen peroxide capacity is calculated at 50% concentration level in line with industry standards. \*\* The hydrogen peroxide plant was commissioned in Financial Year 2020.

## Segment Revenue:

On a consolidated basis, CCVL's FY21 revenue from suspension of PVC contributed ~66% of overall revenue. On a standalone basis, CSL's ~70% of revenue derives from Specialty Paste PVC and Custom Manufacturing operations (~24% of revenue on consolidated basis). It is one of India's leading manufacturer of specialty PVC resin based on its installed capacity as on Dec'20. Additionally, the company deals in various other chemicals such as, caustic soda, chloromethanes, refrigerant gas and hydrogen peroxide.

Revenue Segments (INR mn)	FY2019	% of Total	FY2020	% of Total	FY2021	% of Total
Specialty Paste PVC	5,542	44.2%	6,297	50.1%	7,467	19.7%
Custom manufacturing	885	7.1%	1,220	9.7%	1,693	4.5%
<b>Total specialty products</b>	<b>6,427</b>	<b>51.2%</b>	<b>7,517</b>	<b>59.8%</b>	<b>9,159</b>	<b>24.1%</b>
Chloromethanes	1,708	13.6%	1,456	11.6%	1,428	3.8%
Caustic Soda	3,583	28.6%	2,414	19.2%	1,269	3.3%
Hydrogen Peroxide	~*	~*	196	1.6%	360	0.9%
Refrigerant gas	260	2.1%	395	3.1%	207	0.5%
Others	566	4.5%	598	4.8%	460	1.2%
<b>Standalone Revenue</b>	<b>12,543</b>	<b>100.0%</b>	<b>12,577</b>	<b>100.0%</b>	<b>12,883</b>	<b>33.9%</b>
Sale of suspension PVC (CCVL)	20,515		18,785		25,104	66.1%
<b>Consolidated Revenue</b>					<b>37,987</b>	<b>100.0%</b>

Source: KRChoksey Research, Chemplast Sanmar Ltd RHP

#Revenue contribution on consolidated basis only for FY2021

# Chemplast Sanmar Ltd.

## INVESTMENT RATIONALE

### Favorable industry dynamics to support company's diversified business growth

India has one of the low per capita consumption of **specialty paste PVC resin** as compared to other countries. Further, expected growth in end-user industries (leather footwear, automotive upholstery and Vinyl gloves) and absence of substitution for specialty paste PVC resin to support its business growth. **Custom manufacturing operations** are expected to grow on account of introduction of PLI scheme for bulk drug parks; higher penetration of pharmaceutical, molecule, compound and API manufacturing. **Chloromethane business** is expected to grow backed by rising demand for agrochemicals, increase usage of hydrofluorocarbons and rapid growth in pharma industry. **Caustic soda** to witness growth in demand from the alumina and chemicals industries. Also, government's plan to set up seven mega-textile parks over the next three years to boost textile industry growth. **Hydrogen Peroxide** business is expected to witness growth backed by growth in paper and pulp, textile industries and rising demand of disinfectants post COVID-19. CCVL is the second largest manufacturer of **Suspension PVC resin** in India based on its installed production capacity as on Dec'20. It has gained 19% market share of suspension PVC resin business in 2020. Diversified product portfolio with different end-user industries reduces threats from global / domestic economic changes. Other product details are provided in the table "Diversified Product Portfolio".

### Leadership position in an industry with high barriers to entry

CSL is a leading manufacturer of suspension PVC resin and specialty PVC resin with healthy market share in India. Due to lack of availability of raw materials and technology, no new player entered into specialty PVC resin business in several years. It has led to limited competition in the industry. In custom manufacturing business, stringent technical performance requirements of customers makes switching to new suppliers a lengthy and challenging process. This is expected to benefit existing manufacturers of specialty PVC resin, suspension PVC resin and custom manufacturing business.

### Efficient operations led by vertical integration

Company has built vertically integrated business model over the years which brings efficiency in its business operations.

- Stable supply of Raw Materials (RMs):
  - Internal manufacturing of EDC, VCM, and Chlorine (RMs) reduced dependence on external suppliers
  - It relies on its own marine terminal facilities at Karaikal and Cuddalore for efficient transport of ethylene and VCM (RMs) and caustic soda (finished product)
- Competitive cost structure:
  - Production of key RMs such as EDC, VCM, Chlorine and hydrogen enables CSL to lower RM costs and corresponding transportation costs. Also, it is in the process of renewal of lease deed of a salt field at Vedaranyam, Tamil Nadu to ensure a steady supply of salt in the manufacturing of caustic soda
  - Power and steam supplied by CSL's own power plants which minimizes utility costs
- Sustainable development and incremental revenues
  - CSL endeavors to fully utilize the by products from its manufacturing process (For e.g. hydrogen peroxide using hydrogen produced as a by-product during the manufacturing of caustic soda and chlorine)
  - It sells joint products such as caustic soda and value added products such as chloromethanes, to maximize operational efficiency and enhance revenues and profits

### Best manufacturing facilities certified with 'Responsible Care' by Indian Chemical Council

CSL has a strong focus on sustainable business operations. It has established desalination units at Karaikal and Cuddalore Facilities, and have installed zero discharge facilities at manufacturing facilities for the treatment of all liquid effluents. The Mettur Facility has rain water harvesting and ground water recharging capacities. It has also installed sewage treatment plants at their facilities. CSL is one of the India's 72 companies having Indian Chemical Council certification of 'Responsible Care'.

### Strong Parentage and long tenured management team

CSL is a part of SHL chemicals group which is owned by Sanmar Holdings Ltd (The Sanmar Group). Fairfax, a reputed international investor led by Mr. Prem Watsa, based in Canada, has invested, through FIH Mauritius Investments Limited in the SHL Chemicals Group since 2016. The company has strong management with long tenured relation with the company. Around 10 individuals from key management team have average ~30 years of experience in the industry.

### Efficient operations has strengthened business model

CSL has incurred capex worth INR 256 cr to develop specialty paste resin manufacturing facility by FY24 and INR 113 cr invested in FY20 to purchase plant, machinery and technology of hydrogen peroxide plant. These investments are expected to assist in capturing future market growth. CSL network is well managed with quality control, dedicated IT systems and strong reporting tools. It also provides regular internal trainings for its employees at all levels to attain efficient utilization. The key functions are centralised and shared with other companies in the Sanmar group such as finance, legal, IT, strategy, procurement and HR. CSL aims at maximizing potential synergies amongst group companies by leveraging inter linkages between business operations.

# Chemplast Sanmar Ltd.

## FUTURE GROWTH STRATEGIES

### Enhancing product portfolio to cater new industry verticals and geographies

Due to high entry barriers in specialty products and rising compliance requirements under environment regulations, the segment provides better operating margins. Thus, CSL plans to expand its product portfolio to cater to customers across new industries and geographies in order to grow its business.

### Planned expansion provides visibility in business growth

CSL has already in progress major CAPEX plan worth ~INR 620 cr as on Mar'21. The details are shown below:

Projects	Estimated cost (in ₹ million)	Amount Utilized as on Mar'21	Expected Financial Year of completion
<b>Specialty paste PVC resin</b> Increase the installed production capacity of specialty paste PVC resin by 35 kt at Cuddalore	2560	8.69	2024
<b>Custom Manufacturing</b> Setting up a multipurpose facility – block 1 (Phase I)	1850	-	2025
Setting up a multipurpose facility – block 2 (Phase II)	1550	-	2025
<b>Suspension PVC resin</b> Increase the installed production capacity of suspension PVC resin by 31 kt at Cuddalore by de-bottlenecking the suspension PVC resin plant	235	-	2023

Source: KRChoksey Research, Chemplast Sanmar Ltd RHP

It plans to continue to invest in enhancement of manufacturing facilities and upgrade equipment and manufacturing processes in order to increase production capacity. All the above mentioned expansion plans are to be funded through CSL's internal accruals. Further, it plans to improve operational efficiency in manufacturing process at the Karaikal facility by de-bottlenecking the caustic soda plant.

### Focus on operational efficiency to improve overall financial performance

CSL is expected to utilise net proceeds from this offer to repay existing indebtedness worth INR 1238.25 cr. Further, it intends to manage its operating costs with the help of strategies stipulated below.

- De-bottlenecking of facilities to improve operational metrics. It has planned to increase the manufacturing capacity at Cuddalore Facility from 160 kt in FY09 to 300 kt in FY21. Also, planned expansion of 31 kt of capacity by de-bottlenecking the suspension PVC resin plant at Cuddalore which is expected to be completed by FY23
- to focus on selling a significant majority of non-specialty products to customers in South and East India to save on freight costs
- Sustained measures taken to optimise conversion cost of suspension PVC resin
- Leveraging the scale of business operations to source raw materials at favorable prices and optimizing logistics cost

# Chemplast Sanmar Ltd.

## OUTLOOK AND VALUATION:

CSL enjoys healthy market share in India for its businesses across various products. A leading manufacturer of suspension PVC resin and specialty PVC resin, with limited competition and rising industry demand, provides positive outlook for its business growth in the medium term. The company has experienced headwinds in financial performance during FY09 to FY12 and delisted in Jun'12; however, it has strengthened its operations and remerged with CCVL as on Mar'21 (demerged in FY2018). With this, CSL's overall revenue stood at INR 37.9 bn and PAT stood at INR 4.1 bn in FY21. It has witnessed healthy EBITDA margins in the range of 24% to 26% over the last 3 years. We expect this amalgamation to benefit CSL's business operations to capitalize growth opportunities available in the specialty chemicals and suspension PVC business. Similarly, CSL and CCVL can both take advantages of co-location and common raw material sourcing. The management is focusing to keep these both businesses distinct to pursue independent growth opportunities.

On the upper price band of INR 541 and EPS of INR 30.6 for FY21, the P/E multiple works out to be 17.6x, which is at a significant discount compared to the industry average of ~31x. A leading manufacturer dominates primarily in South India with its efficient operational network and logistics. Healthy market share, limited opportunity for new entrants and stringent performance requirements by customers in the industry offers positive outlook for CSL in the medium term. **Based on a strong business model with long-tenured customer relations and discounted valuation compared to its peers, we recommend a 'SUBSCRIBE' rating for listing gains. However, key developments related to pledged shares i.e. 100% equity stake of CCVL and viability of fundamental performance would be monitored in the near-term.**

### Peer Comparison

Company Name	CMP (INR)	Revenue (INR mn)	PAT (INR mn)	EPS (INR)	P/E (x)	RoNW (%)
Chemplast Sanmar Ltd	530-541	37,987	4,102	30.6	17.7	NA*
Finolex Industries Ltd	174	34,628	7,378	11.9	14.6	28.8
Grasim Industries Ltd	1,530	760,379	41,284	65.6	23.3	6.8
DCM Shriram Ltd	972	81,154	6,733	43.2	22.5	15.5
Gujarat Alkalies and Chemicals Ltd	511	24,295	1,657	22.6	22.6	3.3
National Peroxide Ltd	2,266	2,150	212	36.8	61.5	2.3
Gujarat Fluorochemicals Ltd	1,730	26,505	-2,187	-20.2	NA	-6.1
SRF Ltd	8,905	84,000	11,983	205.5	43.3	20.3

Source: KRChoksey Research, Factset

\* Not Applicable since networth is negative

## KEY RISKS AND CONCERNs

- Increase in raw material costs could have a material adverse effect on the company's operations.
- Company operates in segments which demand high standards of quality and precision. Failure to comply with quality standards and technical specifications could lead to loss of revenues
- 100% of the share capital of CCVL, which is held by CSL, is pledged in favour of HDFC Limited
- The company faces foreign exchange fluctuation risks that could adversely affect result of operations
- There is a huge reduction in promoters' holdings from 98.8% up to ~54% post IPO

# Chemplast Sanmar Ltd.

## Diversified Product Portfolio

Products	End-user Industries	Expected Industry Growth (%)
Specialty Paste PVC Resin	Artificial leather, tarpaulin, gloves, conveyor belts and coated fabrics	FY22-25E: ~6% - 8%
Custom Manufacturing	Starting materials and intermediates for agrochemical, pharmaceutical and fine chemicals industry	FY20-25E: ~12%
Caustic Soda	Textiles, paper and pulp, water treatment, alumina, organic chemicals, inorganic chemicals, pharmaceuticals, soaps and detergents and chlorinated paraffin wax	FY20-25E: ~4% - 5%
Chloromethanes i) Methyl Chloride / Methylene Chloride (MDC) ii) Chloroform iii) Carbon Tetra Chloride (CTC)	<b>MDC</b> - solvent in pharmaceuticals, as raw material in refrigerants and agrochemicals and as a foam blowing agent <b>Chloroform</b> - solvent in pharmaceuticals and as raw material in manufacturing fluoro polymers <b>CTC</b> - raw material in cypermethrin, an insecticide and as raw material in new generation refrigerants, namely hydrofluoro olefins	For MDC, FY20-25E: ~8% - 9%
Refrigerant Gas	A cooling agent in air-conditioning systems	NA
Hydrogen peroxide	Textile bleaching, paper and pulp bleaching, and water treatment	FY20-25E: ~6% - 7%
Suspension PVC resin	Pipes and fittings, films and sheets, window and door profiles, wires and cables	FY21-25E: ~7.5% - 8.5%

Source: KRChoksey Research, Chemplast Sanmar Ltd RHP

## Management of Chemplast Sanmar Ltd:

Board of Directors	Designation
Vijay Sankar	Chairperson and Non-Executive Director
Ramkumar Shankar	Managing Director
Chandran Ratnaswami	Non-Executive Director
Amarnath Ananthanarayanan	Non-Executive Director
Dr. Lakshmi Vijayakumar	Independent Director
Aditya Jain	Independent Director
Sanjay Vijay Bhandarkar	Independent Director
Prasad Raghava Menon	Independent Director
Key Managerial Personnel	
N Krishnamoorthy	Executive Director
Dr. Krishna Kumar Rangachari	Executive Director
S Sayi Subramaniyan	Senior Vice President of CCVL
S Gajendiran	Executive Vice President
N Palanisamy	Senior Vice President of CCVL
S Mathivanan	Vice President
Mohith Balakrishnan	Senior General Manager
M Chandrasekar	Chief Financial Officer
M Raman	Company Secretary and Compliance Officer

Source: KRChoksey Research, Chemplast Sanmar Ltd RHP

### ANALYST

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# Chemplast Sanmar Ltd.

## KEY FINANCIALS

Income Statement (INR mn)	FY2019	FY2020	FY2021
<b>Revenue from operations</b>	<b>12,543</b>	<b>12,577</b>	<b>37,987</b>
Cost of goods sold	4,001	4,214	21,231
<b>Gross Profit</b>	<b>8,542</b>	<b>8,363</b>	<b>16,756</b>
Employees' benefit expense	778	828	1,136
Other expenses	4,554	4,412	6,006
<b>EBITDA</b>	<b>3,210</b>	<b>3,123</b>	<b>9,615</b>
Depreciation expense	564	874	1,310
<b>EBIT</b>	<b>2,647</b>	<b>2,250</b>	<b>8,305</b>
Finance costs	483	955	4,334
Other income	124	79	164
Share of Restated Profit / (Loss) from Joint Venture and Associate	-354	-657	-3,316
Profit on sale/redemption of investments in Joint Venture and Associate	0	0	4,810
Exceptional items	0	0	-157
<b>Restated Profit before tax</b>	<b>1,934</b>	<b>717</b>	<b>5,472</b>
Tax expense	749	256	1,369
<b>Restated Profit after tax</b>	<b>1,185</b>	<b>461</b>	<b>4,102</b>

Source: KRChoksey Research, Chemplast Sanmar Ltd RHP

Balance Sheet (INR mn)	FY2019	FY2020	FY2021
Equity Share Capital	670	670	670
Other Equity	24,327	18,455	-4,168
<b>Total Shareholder's Equity</b>	<b>24,998</b>	<b>19,125</b>	<b>-3,498</b>
Borrowings	393	12,067	20,245
Other Financial Liabilities	785	705	759
Deferred Tax Liabilities (Net)	4,867	4,845	7,199
Other non-current liabilities	52	56	174
<b>Non-current liabilities</b>	<b>6,097</b>	<b>17,672</b>	<b>28,376</b>
Borrowings	1,534	477	0
Trade Payables	2,197	2,160	16,561
Derivative liabilities	121	0	157
Other financial liabilities	1,505	1,191	2,469
Other current liabilities	1,092	228	402
Current Tax Liabilities	472	222	393
<b>Current liabilities</b>	<b>9,118</b>	<b>6,437</b>	<b>36,544</b>
<b>Total liabilities</b>	<b>15,215</b>	<b>24,110</b>	<b>64,920</b>
<b>Total equity and liabilities</b>	<b>40,213</b>	<b>43,235</b>	<b>61,422</b>
Property, plant and equipment	20,871	21,563	31,326
Capital work-in-progress	1,172	84	251
Right-of-use assets	209	179	149
Other Financial Assets	163	152	243
Other non-current assets / Investments in Joint Venture and Associate	63	14,653	102
Non-Current tax assets	182	18	43
<b>Non-current assets</b>	<b>22,661</b>	<b>36,649</b>	<b>32,114</b>
Inventories	2,003	1,818	4,071
Trade Receivables	669	482	739
Cash and cash equivalents	488	753	3,035
Derivative Assets	0	74	0
Other Bank balances	34	374	3,478
Other Financial Assets	289	808	892
Other current assets / Investments in Joint Venture	11,871	116	333
Assets classified as held for sale	0	0	199
<b>Current assets</b>	<b>15,354</b>	<b>4,426</b>	<b>12,747</b>
<b>Total assets</b>	<b>38,016</b>	<b>41,075</b>	<b>44,861</b>

Source: KRChoksey Research, Chemplast Sanmar Ltd RHP

# Chemplast Sanmar Ltd.

Cash Flow Statement (INR mn)	FY2019	FY2020	FY2021
Operating Cash Flow	2,342	1,661	10,764
Investing Cash Flow	3,109	4,377	21,516
Financing Cash Flow	33	2,981	30,167
<b>Net increase / (decrease) in cash and cash equivalent</b>	<b>800</b>	<b>265</b>	<b>2,113</b>
Opening Cash and cash equivalents	1,532	488	753
<b>Closing Cash and cash equivalents</b>	<b>488</b>	<b>753</b>	<b>3,035</b>

Key Ratios	FY2019	FY2020	FY2021
Basic EPS	4.53	2.04	30.6
Diluted EPS	4.53	2.04	30.6
RONW (%)	8.39%	5.45%	NA*
Margins (%)			
Gross Margin	68%	66%	44%
EBITDA	26%	25%	25%
EBIT	21%	18%	22%
PBT	15%	6%	14%
PAT	9%	4%	11%

Source: KRChoksey Research, Chemplast Sanmar Ltd RHP

\*Not Applicable since networth is negative

# Chemplast Sanmar Ltd.

## ANALYST CERTIFICATION:

I, Priyanka Baliga (M.Com, BMS (Finance)), research associate, author and the name subscribed to this report, hereby certify that all of the views expressed in this research report accurately reflect my views about the subject issuer(s) or securities. I 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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