

RETAIL EQUITY RESEARCH

Mrs. Bectors Food Specialities Ltd.

Food Products

Sensex: 46,099

Nifty: 13,514

SUBSCRIBE

Price Range Rs. 286 - Rs. 288

A well-positioned player with growth opportunities....

Mrs. Bectors Food Specialities Limited (MBFSL), incorporated in 1995, is one of the leading player in the premium & mid-premium biscuit and premium bakery segment in North India. The company sells biscuits under the brand name "Mrs. Bector's Cremica" whereas bakery products are manufactured under the brand name of "English Oven". All of its products are manufactured in-house across 6 strategically located manufacturing units in 5 different cities. It is also one of the largest supplier of buns in India to reputed QSR chains such as Burger King India Limited. As of June 30th, 2020, its bakery segment had a total of 96 products and the Biscuits segment had a total of 384 items.

- MBFSL is top 2 in the premium & mid-premium biscuits segment in Punjab, Himachal Pradesh, Ladakh and J&K while 'English Oven' is one of the largest selling brand in premium bakery segment in New Delhi, Mumbai & Bengaluru.
- It exports products to 64 countries all over the world with 12% market share in biscuit exports in CY19.
- Has a wide spread and established distribution network with presence in 26 states.
- For FY18-FY20, revenue grew at a CAGR of 5% while PAT de-grew by 8% CAGR. But, financial performance has started to improve in FY21, reporting PAT of Rs. 39cr on a revenue of Rs.431cr in H1FY21, up by 284% on a YoY basis.
- MBFSL has maintained a high average gross margins of 44% for Biscuits which is higher compared to peers owing to its in-house manufacturing and 51% for bakery segment, in the past three and half years.
- Invested Rs.258.5cr between FY18 to Sep 2020 for capacity expansion which has started to yield results and a new production line for biscuits at Rajpura manufacturing facility expected to improve revenue in the future.
- The company plans to increase penetration in select export markets, such as South, Central and North America, the MENA region and Australia.
- The company introduced new products such as sub breads, pizzas, garlic breads, cheese garlic bun fills, frozen cookies to improve sales.
- At the upper price band of Rs.288, MBFSL is available at a P/E of 22x on FY21E EPS (annualized), which looks attractive, given its higher profitability compared to similar sized peers. Considering its future growth prospects in packaged biscuits and QSR segment, we recommend a "Subscribe" rating with a long-term perspective.

Purpose of IPO

To raise funds for Rajpura Manufacturing Facility project to establish new biscuits production line (Rs.40.54cr). Proceeds from OFS will be paid to the selling shareholders and the Company will not receive any such proceeds.

Key Risks

- The company do not have any long-term contracts with its QSR customers.
- Overdependence on biscuits business.

Peer Valuation

Company	MCap (Rs cr)	Revenue (Rs cr)	Sales Growth CAGR (%)	EBITDA Margin (%)	P/E (FY20)	P/E (FY21E)	RoE(%)
Mrs. Bectors Food Specialities	1,692	762	5	12.2	54	22	9.3
Nestle India	1,77,434	12,925	12	22.3	89	81	70.2
Britannia Industries	89,947	11,443	6	16.1	67	48	32.4
Prataap Snacks	1,582	1,386	16	4.8	34	84	8.0
DFM Foods Ltd	1,986	508	9	8.2	82	99	17.7

Source: Geojit Research, Bloomberg; Valuations MBFSL are based on upper end of the price band, Financials as per FY21E.

Issue Details			
Date of Opening	15 th December, 2020		
Date of Closing	17 th December, 2020		
Total no. of Shares offered(cr)	1.87		
Post Issue No. of shares (cr)	5.87		
Price Band	Rs. 286- 288		
Face Value	Rs. 10		
Bid Lot	50 shares		
Minimum application for retail (upper price band for 1 lot)	Rs. 14,400		
Maximum application for retail (upper price band for 13 lot)	Rs. 1,87,200		
Listing	BSE & NSE		
Lead Manager	ICICI Securities Ltd., IIFL Securities Ltd., SBI Capital Markets Ltd.		
Registrars	Link Intime India Pvt Ltd		
Issue size (upper price)	Rs. Cr		
Fresh Issue	40.54		
OFS	500.00		
Total Issue	540.54		
Shareholding (%)	Pre-Issue	Post Issue	
Promoters	52.4	51.1	
Others	47.6	48.9	
Total	100	100	
Issue structure	Allocation %	Size Rs.cr	
Retail	35	189.02	
Non -Institutional	15	81.01	
QIB	50	270.01	
Employee Reservation	0.1	0.50	
Total	100	540.54	
Y.E March (Rs cr)	FY19	FY20	H1FY21
Sales	784	762	431
Growth (%)	13.5	-2.7	-
EBITDA	96	93	72
Margin%	12.3	12.2	16.7
PAT Adj	33	30	39
Growth (%)	-7.8	-8.2	-
EPS	5.8	5.3	6.8
P/E (x)	49.9	54.3	22*
EV/EBITDA	18.9	19.3	24.7
RoE (%)	11.8	9.3	10.3

*Annualized

Company Description

Incorporated in 1995, **Mrs. Bectors Food Specialities Limited (MBFSL)** is one of the leading companies in the premium bakery segment and premium and mid-premium biscuit segment in North India. The product portfolio consists of Biscuits (cookies, creams, crackers, digestive, etc.) and Bakery products (bread, buns, pizza bases, cakes, etc.). The company sells biscuits under its brand name "Mrs. Bector's Cremica" whereas bakery products are manufactured under the brand name of "English Oven". As of June 30th, 2020, its bakery segment has a total of 96 products and the Biscuits segment has a total of 384 items. All of its products are manufactured in-house across 6 strategically located manufacturing units in 5 different cities i.e. Maharashtra, Karnataka, UP, Himachal Pradesh, and Punjab. It sells its products in 26 states in India and also exports its products under its own brand name and third-party private labels to 64 countries all over the world. It is also the largest supplier of buns in India to reputed QSR chains such as Burger King India Limited, Connaught Plaza Restaurants Private Limited etc. **Biscuits** category accounted for 59.2% of its revenue from operations for FY20. **Bakery Products** contributed 17.1% to its revenues in FY20. Sale of bakery and frozen products such as buns, kulchas, pizzas, and cakes to QSR customers accounted for 16.8% of its topline in FY20. They also manufacture 'Oreo' biscuits and 'Chocobakes' cookies on contract basis for Mondelez

Product Portfolio

MBFSL's product portfolio includes two main categories.

❖ Biscuits

They manufacture and sell biscuits, primarily in the premium and mid-premium segments including a wide variety of cookies, creams, crackers, and digestives which accounted for 59.20%, 68.26% and 60.00% of the revenue from operations for the FY20, H1FY21, and H1FY20 respectively, and has grown by 34.47% from September 30, 2019 to September 30, 2020. The product portfolio for biscuits category consists of 384 SKUs. They also manufacture 'Oreo' biscuits and 'Chocobakes' cookies on contract basis for Mondelez India Foods Private Limited.

Competition- competitors include national players such as Britannia Industries Limited, Parle Biscuits Private Limited, ITC Limited and Anmol Industries Limited. They also face competition from certain regional players such as Surya Agro Food Limited. They also compete on a broader scale with regional bakeries in the unbranded biscuit sector.

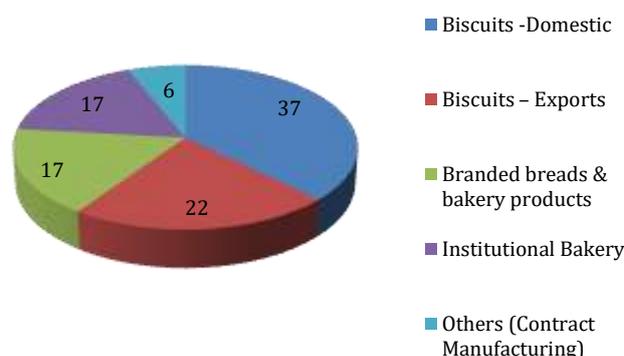
❖ Bakery Products

The company manufactures and sell various types of premium bakery products in savoury and sweets categories for retail customers such as breads, buns, pizza bases, and cakes under the 'English Oven' brand, which caters to the premium segment in Delhi NCR, Mumbai, and Bengaluru. The revenue from the sale of branded breads and bakery products to the retail customers under the 'English Oven' brand accounted for 17.09%, 20.51% and 16.05%, of the revenue from operations for the FY20, H1FY21 and H1FY20, respectively and has grown by 51.06% from September 30, 2019 to September 30, 2020.

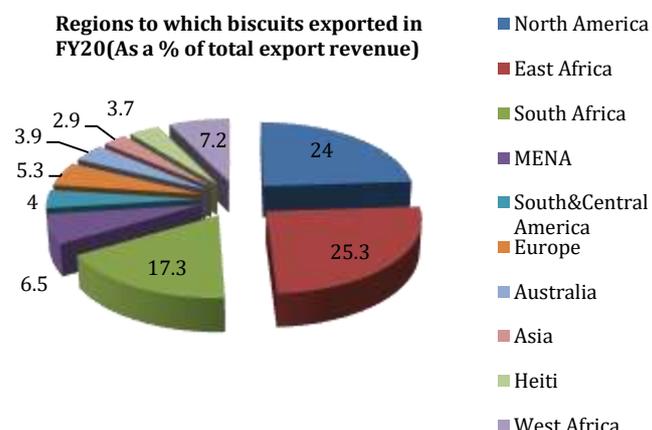
They also manufacture and sell a variety of bakery and frozen products such as buns, kulchas, pizzas, and cakes to QSR (Quick Service Restaurants) customers, cloud kitchens such as Rebel Foods Private Limited, multiplexes such as PVR Limited, as well as certain hotels, restaurants and cafés. For FY20, H1FY21, and H1FY20, the revenue from sale of buns, bakery and frozen products to institutional customers accounted for 16.84%, 5.67% and 17.40% respectively, of revenue from operations and has de-grown by 61.49% from September 30, 2019 to September 30, 2020. Recently, they have introduced new products such as sub breads, pizzas, garlic breads, cheese garlic bun fills, and frozen cookies for the retail as well as institutional customers and during period from April 1, 2020 to September 30, 2020, the diversified product portfolio for bakery segment consists of 118 SKUs. The breads business has grown at a CAGR of 29.07% in the last three Financial Years.

Competition- They face competition from Harvest Gold Foods India Private Limited, Britannia Industries Limited, Modern Food Industries (India) Limited and Bonn Nutrients Private Limited which currently have larger manufacturing capacity and have larger market presence. The Indian premium bakery market is highly fragmented, which the unbranded players contributing to about 45% of value share in the overall Indian bakery market.

Revenue Mix in FY20(%)



Regions to which biscuits exported in FY20(As a % of total export revenue)



Source: RHP, Geojit Research

Manufacturing Facilities

They manufacture biscuits in manufacturing facilities located in Phillaur and Rajpura (Punjab) and Tahliwal (Himachal Pradesh). They manufacture bakery products including breads and buns in manufacturing facilities located in Greater Noida (Uttar Pradesh), Khopoli (Maharashtra) and Bengaluru (Karnataka).

Impact of COVID on business operations

Despite various restrictions being applicable during the nation-wide lockdown, there was no significant impact on the procurement of raw materials and distributions of the products to the customers by the company. They typically maintain an inventory of raw materials for a period of 15-20 days due to which they have not faced any disruption in the manufacturing process during this period.

While there was an accelerated increase in sale of the biscuits and bakery products to the retail customers during this time, the sales of the products to the QSR customers, CSDs and Indian Railway canteens and stores were significantly impacted due to COVID-19 pandemic. While the sales of the products to the QSR customers and CSDs have improved, the operations of Indian Railway canteens are severely impacted.

According to the Technopak Report, there has been significant increase in the consumption of packaged foods, which indicates an accelerated shift to packaged foods because of increasing quality and safety concerns amongst the customers due to the COVID -19 pandemic. During this period, there has been a significant increase in demand for leading Indian packaged food brands in the export markets due to lower cost of skilled labour and processing packaged foods as compared other jurisdictions.

A leading brand in biscuits and bakery businesses in North India

They are among the top two Indian biscuit manufacturers in the premium and mid-premium biscuits segment in Punjab, Himachal Pradesh, Ladakh and Jammu and Kashmir (Source: Technopak Report). In the Financial Year 2020, they had a market share of 4.5% of the premium and mid-premium biscuits market in North India. *English Oven* is currently one of the fastest growing large-scale bakery brands in India and is one of the largest selling brands in the premium bakery segment in Delhi NCR, Mumbai and Bengaluru.

A leading exporter of biscuits

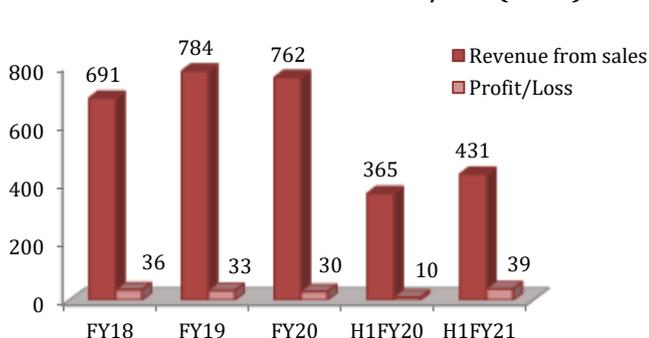
They are one of the leading exporters of biscuits from India, with approximately 12% share of the Indian biscuit export market in calendar year 2019 and contribute more than 50% by value of biscuit exports from India to countries like South Africa and Uganda and more than 25% by value of biscuit exports from India to Canada. During the Financial Year ended March 31, 2020, they exported biscuits to 64 countries. They export various types of cookies such as danish cookies, Choco chip cookies and centre filled cookies, creams, crackers and some glucose biscuits under the flagship brand 'Mrs. Bector's Cremica'. They also manufacture a wide range of biscuits for international retail chains under their private labels. Revenue from the export of biscuits constituting 22%, 24.51% and 20.87% of the revenue from operations for the Financial Year 2020, the period April 1, 2020 to September 30, 2020, and the period April 1, 2019 to September 30, 2019, respectively, which has grown by 38.82% from September 30, 2019 to September 30, 2020. In the Financial Years 2020, 2019, and 2018, the period April 1, 2020 to September 30, 2020 and the period April 1, 2019 to September 30, 2019, the price realization per kilogram from sales of the biscuits (exports) was Rs.94.29, Rs.87.33, Rs.81.04, Rs. 101.63 and Rs.95.31 respectively and has grown at the CAGR of 7.87% during Financial Years 2018 to 2020.

In the FY20, due to various reasons including the political unrest, worsening socio-economic conditions and foreign currency restrictions in certain African countries, they reduced exporting products to these countries. **They have moved focus to developed and emerging markets such as Australasia, Europe, East and South Africa, the MENA region and North America by introducing a wide range of premium products focusing on generating higher margins and are in the process of discontinuing business in certain African markets.** The exports provide flexibility to successfully cross business cycles, mitigate seasonality risk in the domestic market, and help in expanding geographical footprint to global emerging markets.

Financial Performance...

The revenue from sale of products accounted for 91.52%, 90.48%, 90.04%, 89.63% and 90.03% of the total revenue from operations for the period April 1, 2020 to September 30, 2020, the period April 1, 2019 to September 30, 2019, Financial Years 2020, 2019 and 2018, respectively.

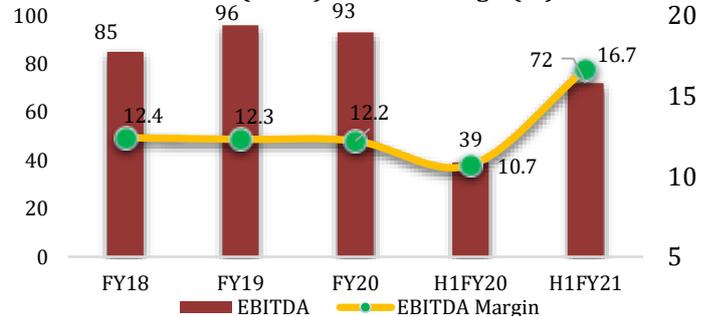
Revenue from sales and Profit/Loss(Rs.Cr)

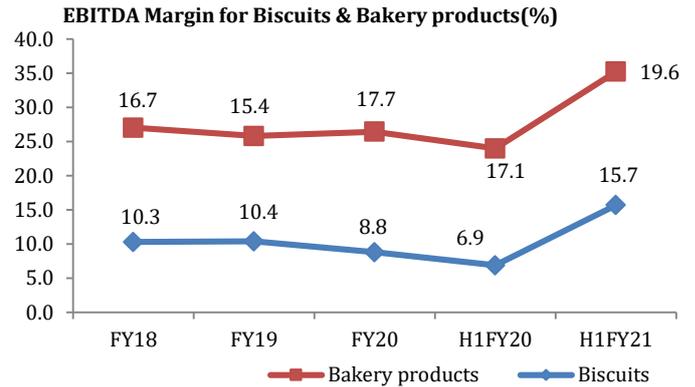
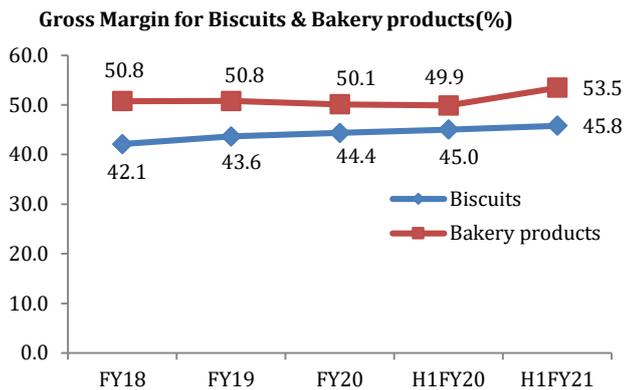


Source: RHP, Geojit Research

The total revenue from operations increased by Rs.66.3.8cr or by 18.20% from Rs.364.6cr in the period April 1, 2019 to September 30, 2019 to RS.430.9cr in the period April 1, 2020 to September 30, 2020. This increase was primarily driven by Rs.64.5cr or by 19.56% increase in revenue from sale of products. This was positively impacted by the increased sale of biscuits and breads as the demand for packaged foods significantly increased due to the COVID-19 pandemic. The company recorded an increase in profit after tax by Rs.28.7cr or by 282.18% from Rs.10.2cr in the period April 1, 2019 to September 30, 2019 to Rs.38.8cr in the period April 1, 2020 to September 30, 2020.

EBITDA(Rs. Cr)&EBITDA Margin(%)





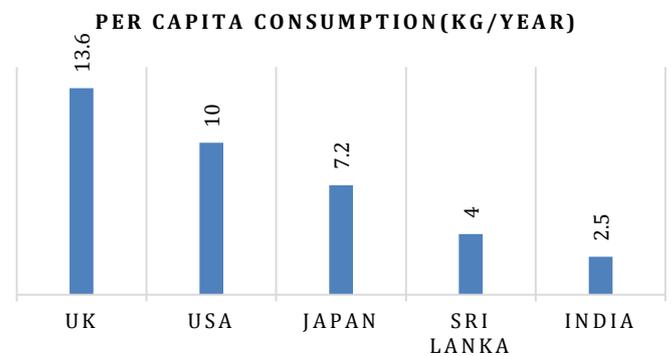
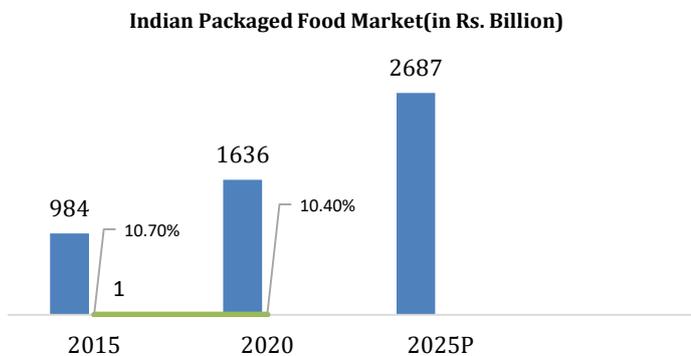
Source: RHP, Geojit Research

In FY20, the total revenue from operations decreased by Rs.18.7cr or by 2.50% from Rs.752.2cr Financial Year 2019 to Rs.733.4cr in Financial Year 2020. This decrease was primarily driven by Rs.16.2cr or by 2.30% decrease in revenue from sale of products. This decrease was primarily driven by reduction in export of biscuits to certain African countries due to political and financial instability in those jurisdictions and reduction in the supply of bakery products to the QSR and CSD customers in March 2020 due to the COVID-19 pandemic. The company recorded a decrease in the profit after tax by Rs.2.7cr or by 8.28% from Rs.33.1cr in Financial Year 2019 to Rs.30.4cr in Financial Year 2020.

In FY19, the total revenue from operations increased by Rs.89.7cr or by 12.93% from Rs.693.9cr in Financial Year 2018 to Rs.783.6cr in Financial Year 2019. This increase was primarily driven by Rs.77.6cr or by 12.42% increase in revenue from sale of products. This increase was primarily on account of growth in the domestic biscuit business due to the commissioning of the Rajpura Manufacturing Facility in August 2018, increase in export business in Financial Year 2019 and higher penetration of business in a few North Indian states (e.g., Uttar Pradesh, Rajasthan) which were catered by the new manufacturing facilities in Rajpura, Punjab and Greater Noida, Uttar Pradesh. They recorded a decrease in profit after tax by Rs.2.7cr or by 7.64% from Rs.35.8cr in Financial Year 2018 to Rs.33.1cr in Financial Year 2019.

Industry Outlook

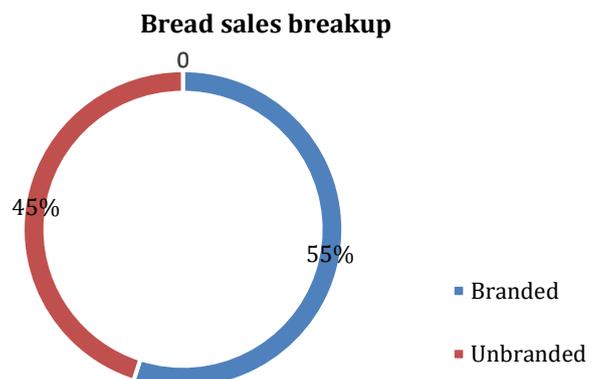
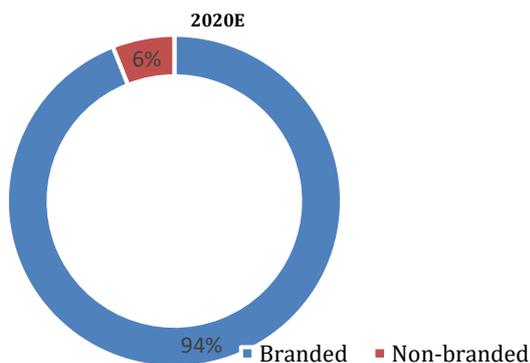
The Indian biscuits and bakery retail market is valued at Rs.450 billion and is expected to grow at a CAGR of 9% over the next five years. India's packaged food business has experienced a surge as people stocked up in panic during the lock-down which has resulted in a growth at CAGR of 10.7% from financial year 2015 to 2020. While the other sectors in retail are expected to contract by 30-35% during Financial year 2021, the packaged food segment is expected to grow at an accelerated growth rate of 14%.



Source: RHP, Geojit Research

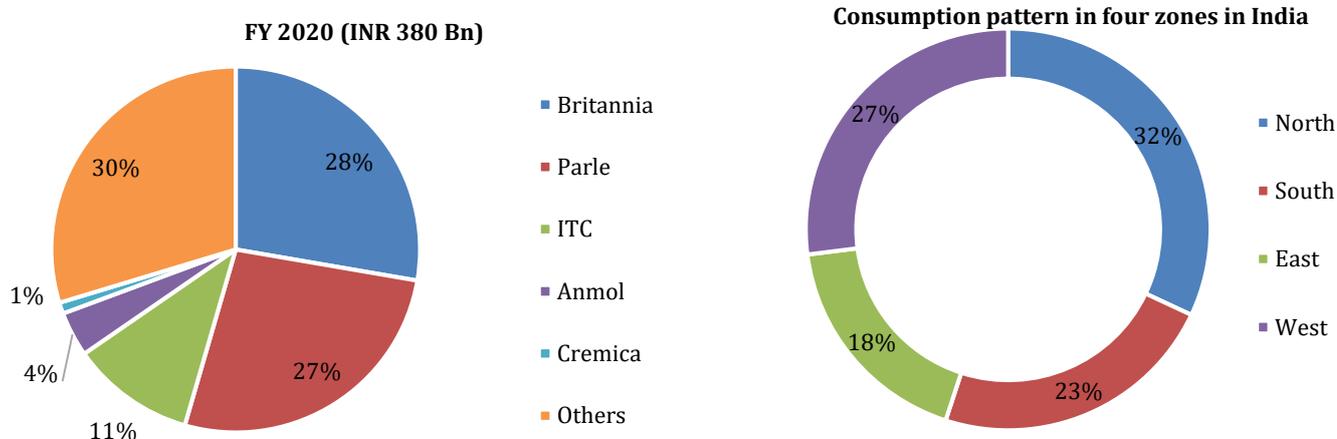
Per capita biscuit consumption of biscuits in India has increased by 16% over the last five years. Although it is far behind developed countries, there is huge headroom for growth in India. However this is a complex market that requires regional customization.

The Indian biscuit market is dominated by branded play which is likely to sustain because of increasing consumer preference and spending power.



Source: RHP, Geojit Research

The Indian biscuit market is dominated by lead brands like Britannia, Parle and ITC which has 65% market share.



Source: RHP, Geojit Research

The global export of biscuits has grown at 0.70% by value with major contribution from Britannia and Cremica with a share of 22% and 12% respectively in the total exports of biscuits from India in CY 2019.

Breads and buns retail market

The bun and retail market in India is valued at Rs.50 billion in FY20 and will continue to grow at the CAGR of 9% to reach Rs.76 billion by FY25, owing to an increase in disposable incomes, change in lifestyle and preference of consumers. Indian bread industry is dominated by branded players contributing to about 55% of the total market.

The bread industry is dominated by Britannia and Modern Foods with a total of 38% market share. Northern and Western India are the biggest consumers of bread in the country.

The average per capita consumption of bread in India varies from 1.2kg to 1.5kg in various zones. The average per capita consumption of bread in developed countries is much higher than in India.

Promoter and promoter group

Mr. Anoop Bector is the Promoter of the Company. The Promoter holds an aggregate of 12,550,800 Equity Shares, comprising 21.89% of the pre-Offer issued, subscribed and paid-up Equity Share capital of the Company. The promoter and the promoter group together holds 52.39%. The selling shareholders include Linus (22.88%), Mabel (2.41%), GW Crown (19.48%) and GW Confectionary (1.92%).

Brief Biographies of Directors

- **Subhash Agarwal** is the Chairman and Independent Director of the company. He was appointed as the Chairman on the Board on July 10, 2018. He has been on the Board since February 10, 2017.
- **Anoop Bector** is the Promoter and Managing Director of the company. He has been on the Board since the incorporation of the company and has an experience of 25 years with the company.
- **Ishaan Bector** is the Whole-time Director of the company. He is currently the Director – breads heading the breads and bakery business of the company. He has been on the Board since February 15, 2016.
- Parveen Kumar Goel is the Whole-time Director of the company. He is currently the Chief Financial Officer of the company. He has been on the Board since May 1, 2008.
- **Rajni Bector** is the Non-Executive Director of the company. She has been on the Board since September 30, 2006.
- **Rahul Goswamy** is the Non-executive Nominee Director of the company. He has been on the Board since December 8, 2015 as a nominee of Gateway Partners.
- **Nem Chand Jain** is the Independent Director of the company. He has over 36 years of experience in the banking sector. He has been on the Board since April 1, 2016.
- **Rajiv Dewan** is the Independent Director of the company. He has over 25 years of experience in Taxation and Business Restructuring consultancy. He has been on the Board since July 10, 2018.

Financials

Profit & Loss Account

Y.E March (Rscr)	FY19	FY20	H1FY21
Sales	784	762	431
% change	13.5	-2.7	-
EBITDA	96	93	72
% change	12.4	-3.4	-
Depreciation	35.2	41.5	22.2
EBIT	61	51	50
Interest	12.7	15.0	5.4
Other Income	2.4	2.9	7.6
Exceptional Items	-	-	-
PBT	51	39	52.1
% change	-4	-22.6	-
Tax	18	8.8	13.3
Tax Rate (%)	34.6	22.4	25.5
Reported PAT	33	30	39
Adj	-	-	-
Adj PAT	33	30	39
% change	-7.8	-8.2	-
No. of shares (cr)	5.73	5.73	5.73
Adj EPS (Rs)	5.8	5.3	13.2*

Balance Sheet

Y.E March (Rscr)	FY19	FY20	H1FY21
Cash	12.0	30.2	47.7
Accounts Receivable	100.3	75.0	72.9
Inventories	35	43.4	54.4
Other Cur. Assets	20	9.7	8.8
Investments	19	21.8	24.8
Net Fixed Assets	344.3	337.6	327.0
CWIP	15.5	6.6	28.8
Intangible Assets	1.6	1.0	0.7
Other Assets	24.5	36.1	40.4
Total Assets	577	566	609
Current Liabilities	63	62	81
Provisions	36	36	24
Debt Funds	170	138	131
Minority Interests	0	0	0
Def. Tax	13	10	15
Equity Capital	57	57	57
Reserves & Surplus	237	262	301
Shareholder's Fund	295	360	450
Total Liabilities	577	566	609
BVPS (Rs)	51	63	78

Cash Flow

Y.E March (Rscr)	FY19	FY20	H1FY21
PBT	-38	-77	-119
Non-cash adj.	118.7	180	83
Changes in W.C	6.4	10.6	46
C.F.O	87	114	10
Capital exp.	(331.4)	(300)	(95)
Change in inv.	-	-	-
Sale of investment	217.4	93	66.4
Other invest.CF	.02	(23.8)	.34
C.F - investing	(114)	(230)	(27.8)
Issue of equity	0	0	0
Issue/repay debt	-	-	-
Dividends paid	-	-	-
Other finance.CF	36.1	106	23.3
C.F - Financing	36.1	106	23.3
Chg. in cash	8.9	(10.8)	5.2
Closing cash	16.1	5.1	9.2

Ratios

Y.E March	FY19	FY20	H1FY21
Profitab. & Return			
EBITDA margin (%)	12.3	12.2	16.7
EBIT margin (%)	7.8	6.7	11.6
Net profit mgn.(%)	4.2	4.0	9.0
ROE (%)	11.8	9.3	10.3
ROCE (%)	9.4	8.7	8.3
W.C & Liquidity			
Receivables (days)	39.5	42.0	68.0
Inventory (days)	30.4	35.2	77.9
Payables (days)	20.4	23.0	113.4
Current ratio (x)	1.8	1.8	2.1
Quick ratio (x)	1.7	1.7	1.5
Turnover &Levg.			
Net asset T.O (x)	2.7	2.2	1.3
Total asset T.O (x)	1.4	1.3	0.7
Int. covge. ratio (x)	4.8	3.4	9.1
Adj. debt/equity (x)	0.6	0.4	0.3
Valuation ratios			
EV/Sales (x)	2.3	2.3	4.1
EV/EBITDA (x)	18.9	19.3	24.7
P/E (x)	49.9	54.3	22*
P/BV (x)	5.6	4.5	3.7

*Annualized

General Disclosures and Disclaimers

CERTIFICATION

I, SHEEN. G author(s) of this Report, hereby certify that all the views expressed in this research report reflect my personal views about any or all of the subject issuer or securities. This report has been prepared by the Research Team of Geojit Financial Services Limited, hereinafter referred to as Geojit.

COMPANY OVERVIEW

Geojit Financial Services Limited (hereinafter Geojit), a publically listed company, is engaged in services of retail broking, depository services, portfolio management and marketing investment products including mutual funds, insurance and properties. Geojit is a SEBI registered Research Entity and as such prepares and shares research data and reports periodically with clients, investors, stake holders and general public in compliance with Securities and Exchange Board of India Act, 1992, Securities And Exchange Board Of India (Research Analysts) Regulations, 2014 and/or any other applicable directives, instructions or guidelines issued by the Regulators from time to time.

DISTRIBUTION OF REPORTS

This document is not for public distribution and has been furnished to you solely for your information and must not be reproduced or redistributed to any other person. Geojit will not treat the recipients of this report as clients by virtue of their receiving this report.

GENERAL REPRESENTATION

The research reports do not constitute an offer or solicitation for the purchase or sale of any financial instruments, inducements, promise, guarantee, warranty, or as an official confirmation of any transaction or contractual obligations of any kind. This report is provided for assistance only and is not intended to be and must not alone be taken as the basis for an investment decision. The information contained herein is from publicly available data or other sources believed to be reliable, but we do not represent that it is accurate or complete and it should not be relied on as such. We have also reviewed the research report for any untrue statements of material facts or any false or misleading information. While we endeavor to update on a reasonable basis the information discussed in this material, there may be regulatory, compliance, or other reasons that prevent us from doing so.

RISK DISCLOSURE

Geojit and/or its Affiliates and its officers, directors and employees including the analyst/authors shall not be in any way be responsible for any loss or damage that may arise to any person from any inadvertent error in the information contained in this report. Investors may lose his/her entire investment under certain market conditions so before acting on any advice or recommendation in these material, investors should consider whether it is suitable for their particular circumstances and, if necessary, seek professional advice. This report does not take into account the specific investment objectives, financial situation/circumstances and the particular needs of any specific person who may receive this document. The user assumes the entire risk of any use made of this information. Each recipient of this report should make such investigation as it deems necessary to arrive at an independent evaluation of an investment in the securities of companies referred to in this report (including the merits and risks involved). The price, volume and income of the investments referred to in this report may fluctuate and investors may realize losses that may exceed their original capital.

FUNDAMENTAL DISCLAIMER

We have prepared this report based on information believed to be reliable. The recommendations herein are based on 12 month horizon, unless otherwise specified. The investment ratings are on absolute positive/negative return basis. It is possible that due to volatile price fluctuation in the near to medium term, there could be a temporary mismatch to rating. For reasons of valuations/return/lack of clarity/event we may revisit rating at appropriate time. The stocks always carry the risk of being upgraded to buy or downgraded to a hold, reduce or sell. The opinions expressed are subject to change but we have no obligation to tell our clients when our opinions or recommendations change. This report is non-inclusive and does not consider all the information that the recipients may consider material to investments. This report is issued by Geojit without any liability/undertaking/commitment on the part of itself or any of its entities. We may have issued or may issue on the companies covered herein, reports, recommendations or information which is contrary to those contained in this report.

The projections and forecasts described in this report should be evaluated keeping in mind the fact that these are based on estimates and assumptions and will vary from actual results over a period of time. The actual performance of the companies represented in the report may vary from those projected. These are not scientifically proven to guarantee certain intended results and hence, are not published as a warranty and do not carry any evidentiary value whatsoever. These are not to be relied on in or as contractual, legal or tax advice. Prospective investors and others are cautioned that any forward-looking statements are not predictions and may be subject to change without notice.

JURISDICTION

The securities described herein may not be eligible for sale in all jurisdictions or to all categories of investors. The countries in which the companies mentioned in this report are organized may have restrictions on investments, voting rights or dealings in securities by nationals of other countries. Distributing/taking/sending/dispatching/transmitting this document in certain foreign jurisdictions may be restricted by law, and persons into whose possession this document comes should inform themselves about, and observe any such restrictions. Failure to comply with this restriction may constitute a violation of any foreign jurisdiction laws. Foreign currencies denominated securities are subject to fluctuations in exchange rates that could have an adverse effect on the value or price of or income derived from the investment. Investors in securities such as ADRs, the value of which are influenced by foreign currencies effectively assume currency risk.

REGULATORY DISCLOSURES:

Geojit's Associates consists of privately held companies such as Geojit Technologies Private Limited (GTPL- Software Solutions provider), Geojit Credits Private Limited (GCPL- NBFC Services provider), Geojit Investment Services Limited (GISL- Corporate Agent for Insurance products), Geojit Financial Management Services Private Limited (GFMSL) & Geojit Financial Distribution Private Limited (GFDPL), (Distributors of Insurance and MF Units). In the context of the SEBI Regulations on Research Analysts (2014), Geojit affirms that we are a SEBI registered Research Entity and in the course of our business as a stock market intermediary, we issue research reports /research analysis etc that are prepared by our Research Analysts. We also affirm and undertake that no disciplinary action has been taken against us or our Analysts in connection with our business activities.

In compliance with the above mentioned SEBI Regulations, the following additional disclosures are also provided which may be considered by the reader before making an investment decision:

1. Disclosures regarding Ownership*:

Geojit confirms that:

- (i) It/its associates have no financial interest or any other material conflict in relation to the subject company (ies) covered herein.
- (ii) It/its associates have no actual beneficial ownership greater than 1% in relation to the subject company (ies) covered herein.



Further, the Analyst confirms that:

- (i) he, his associates and his relatives have no financial interest in the subject company (ies) covered herein, and they have no other material conflict in the subject company.
- (ii) he, his associates and his relatives have no actual/beneficial ownership greater than 1% in the subject company covered

2. Disclosures regarding Compensation:

During the past 12 months, Geojit or its Associates:

- (a) Have not received any compensation from the subject company;
- (b) Have not managed or co-managed public offering of securities for the subject company
- (c) Have not * received any compensation for investment banking or merchant banking or brokerage services from the subject company.
- (d) Have not received any compensation for products or services other than investment banking or merchant banking or brokerage services from the subject company
- (e) Have not received any compensation or other benefits from the subject company or third party in connection with the research report
- (f) The subject company is / was not a client during twelve months preceding the date of distribution of the research report.

3. Disclosure by Geojit regarding the compensation paid to its Research Analyst:

Geojit hereby confirms that no part of the compensation paid to the persons employed by it as Research Analysts is based on any specific brokerage services or transactions pertaining to trading in securities of companies contained in the Research Reports.

4. Disclosure regarding the Research Analyst's connection with the subject company:

It is affirmed that I, SHEEN. G, Research Analyst(s) of Geojit have not served as an officer, director or employee of the subject company

5. Disclosure regarding Market Making activity:

Neither Geojit/its Analysts have engaged in market making activities for the subject company.

Please ensure that you have read the "Risk Disclosure Documents for Capital Market and Derivatives Segments" as prescribed by the Securities and Exchange Board of India before investing.

Geojit Financial Services Ltd. (formerly known as Geojit BNP Paribas Financial Services Ltd.), Registered Office: 34/659-P, Civil Line Road, Padivattom, Kochi-682024, Kerala, India. Phone: +91 484-2901000, Website: www.geojit.com. For investor queries: customercare@geojit.com, For grievances: grievances@geojit.com, For compliance officer: compliance@geojit.com.

Corporate Identity Number: L67120KL1994PLC008403, SEBI Stock Broker Registration No INZ000104737, Research Entity SEBI Reg No: INH200000345, Investment Adviser SEBI Reg No: INA200002817, Portfolio Manager: INP000003203, Depository Participant: IN-DP-325-2017, ARN Regn.Nos:0098, IRDA Corporate Agent (Composite) No.: CA0226.