

RETAIL EQUITY RESEARCH

IndiaMART InterMESH Ltd.

E-Commerce

Sensex: 39,194.5

Nifty: 11,724

Neutral

Price Range Rs. 970 - Rs. 973

24th June, 2019

A leading player in India B2B online market...

IndiaMart InterMesh Ltd (IndiaMart) is a leading online market for B2B classified products, the platform enjoys a market share of ~60% in India. The company operates through online market www.indiamart.com enabling procurement needs of products and services across 54 industries. The company primarily earns revenue through the sale of subscription packages to business suppliers (monthly, annual and multi-year). Boosted by its increasing number of paying subscriptions, the company registered robust revenue CAGR of 26% over FY16-FY19. Larger corporates and leading brands are getting attracted to the IndiaMart platform on a daily basis. With increasing contribution in the number of suppliers, the company expects its average revenue realization to grow from paying customers through its competitive pricing strategies. The company is well positioned to leverage the vast opportunities from B2B space in India. Moreover, the business model of the company is such that the company earns ~45% of the sales (as of FY19) in the form of deferred revenue (advance payment) which reduces the chance of volatility in revenue.

At the upper price band of Rs973, IndiaMart is available at a EV/EBITDA of 34x FY19 which seems premium. This is because the company turned into profitability recently, not providing a clear glimpse of its current and future financial credentials. Given the lack of comparable peer's analysis the situation for investors remain unclarified. As a result, we have a neutral rating for the stock, also factoring the weak undercurrent in the broad equity market & economic data. But the company should be considered in the long term, given the sustainability of its profitability due to strong market share, healthy balance sheet, rich in cash, nil debt and healthy RoA.

Purpose of IPO

At the upper price band, total issue size stands at Rs476cr. The issue consists of only offer for sale (OFS) wherein the promoters and existing shareholders will dilute 0.49cr shares of the company. Although, IndiaMart will not receive any proceeds from this offer yet the prime purpose of the issue is to achieve the benefits of listing shares on stock exchange, enhance its visibility, brand image and provide liquidity to shareholders.

Key Risks...

- A demand slowdown for the types of products and services listed by suppliers on IndiaMart online market place.
- The company incurred losses in the preceding financial years.
- Higher employee costs may impact business functions.
- Increase in competition from other players can impact the business.

Issue Details			
Date of Opening		24 th June, 2019	
Date of Closing		26 th June, 2019	
Total no. of Shares offered(cr)		0.49	
Post Issue No. of shares (cr)		2.88	
Price Band		Rs. 970- 973	
Face Value		Rs. 10	
Bid Lot		15 shares	
Minimum application for retail (upper price band for 1 lot)		Rs. 14,595	
Maximum application for retail (upper price band for 13 lot)		Rs. 1,89,735	
Listing		BSE & NSE	
Lead Manager		ICICI Securities, Edelweiss Financial Services Ltd, Jefferies India Pvt Ltd	
Registrars		Link Intime India Private Limited	
Issue size (upper price)		Rs. Cr	
Fresh Issue			-
OFS		476	
Total Issue		476	
Shareholding (%)		Pre Issue	Post Issue
Promoters		57.6	52.6
Others		42.4	47.4
Total		100	100
Issue structure		Allocation %	Size Rs.cr
Retail		10	48
Non Institutional		15	71
QIB		75	357
Total		100	476
Y.E March (Rs cr)		FY17	FY18
Sales		318	411
Growth (%)		25	29
EBITDA#		(54)	47
Margin%		(17.1)	11.4
PBT		(64)	(60)
Growth (%)		(44)	(6.3)
PAT Adj*		(45)	178
Growth (%)		-	-
EPS		(16)	61
P/E (x)		(62.6)	15.9
EV/EBITDA		(51.9)	60.5
RoA (%)		-	46.5
P/BV (x)		(7.2)	17.6

#Adjusted net gain & loss of financial assets as per FVTPL (Fair Value Through P&L).

*Adjusted one-time loss as per FVTPL.



Company Description

IndiaMart InterMesh Ltd, incorporated in 1999, is India's largest online classified products, the platform enjoys a market share of ~60% in India. The company primarily operate through product and supplier discovery marketplace, www.indiamart.com or "IndiaMART", accessible through desktop and mobile-optimized platforms and apps. For FY19, mobile website and app together accounted 76% of total traffic to IndiaMart. The company caters 82.7 mn registered buyers and 5.55mn supplier storefronts across 54 industries in India as of FY19. IndiaMart differentiate themselves from key competitors on the basis of innovative products offerings such as IndiaMart premium number service, TrustSEAL verification program, buyer RFQs (Request for quotes), mobile site and app, large number of buyers and suppliers, strong network and community resulting in repeat suppliers and buyers.

Revenue Model...

IndiaMart earns revenue primarily through the sale of subscription packages (available on a monthly, annual and multi-year basis) to suppliers. The company also earns revenue through advertising on IndiaMART desktop and mobile optimized platforms and IndiaMART mobile app, payment facilitation service and from the sale of RFQ (Request for quotes) credits.

Revenue from operations (Rs cr)	FY17		FY18		FY19	
	Rs cr	%	Rs cr	%	Rs cr	%
Income from web services	306	96%	408	99%	502	99%
Advertisement and marketing services	12	4%	3	1%	5	1%
Total	318	100%	411	100%	507	100%

Source: RHP, Geojit Research

IndiaMart for Buyers & Suppliers...

Buyers: The online marketplace is available to buyers at no charge. Visitors can become registered buyers on IndiaMART by agreeing to privacy policy, providing contact details and setting up their own accounts. As of FY19, IndiaMART's registered buyers were based in over 1,000 cities across India, with 36% share of top eight metro cities in India. The services are free and include Search, Request for quotes (RFQ), supplier verification and secure payment.

Suppliers: IndiaMART is available to suppliers across India on completion of free registration process. Suppliers on IndiaMART include Indian SMEs and large businesses who are manufacturers, wholesalers, exporters and retailers. In addition, company has a number of large suppliers and leading brands including Agfa HealthCare India Private Limited, Case New Holland Construction Equipment (India) Private Limited, Hilti IndiaPvt. Ltd, JCB India Ltd, Nobel Hygiene Pvt. Ltd. The top 10% of customers accounted for 40% of revenue as of FY19, reflecting the diversity in suppliers.

Free Service for suppliers:

- ❖ Supplier store fronts
- ❖ Content management solution & lead management solution.
- ❖ IndiaMart premium member service.
- ❖ Assured Payments.

Paid Service for suppliers:

- ❖ Paid Subscriptions: The company offer suppliers the following multiple levels of paid subscriptions that include various features designed to increase a supplier's visibility and access to buyers on IndiaMART.
 - ✓ Silver: Standard subscription package. Silver packages at annual price of Rs30,000.
 - ✓ Gold: The average annual price range of Gold packages is between Rs25,000 and Rs50,000; and
 - ✓ Platinum: Top subscription package provided by IndiaMart.
- ❖ TrustSEAL: TrustSEAL program is verification program that addresses buyers concerns over the credibility of suppliers.
- ❖ RFQ Credits: IndiaMART connects buyers with suppliers through an automated behavioural data driven algorithmic matchmaking engine that matches buyers RFQs with relevant suppliers listed on the platform and shares the buyer's requirements with such suppliers.
- ❖ Pay with IndiaMart: This service enables paying subscription suppliers to receive payments from their buyers via debit or credit cards, netbanking or digital wallets by using third party gateway services.

Enjoys leadership position in B2B online market in India...

The company is India's largest online B2B online market for business products and services with ~60% market share of the online B2B classifieds space in India. IndiaMart has become an established and trusted pan India brand, primarily through word-of-mouth accounts of suppliers and buyer's experiences. The company's offerings are well suited to the needs of buyers and enable them to receive comprehensive information on a variety products and services and communicate effectively with a large number of suppliers. Access to the large data base of suppliers and products gives buyers the benefit of competitive and transparent prices. Similarly, IndiaMart's service offerings are well suited to the needs of suppliers seeking to search newer markets in an effective and economical platform to market their products and services. The vast and vibrant network of buyers and suppliers allows IndiaMart to act as an enabler of scale in the Indian B2B e-commerce sector. Going ahead, the company plans to increase the number of free and paying subscription suppliers, leverage scale of marketplace in developing category and leverage growth in mobile penetration. Moreover, the company intends to further enhance the buyers experience under their mission to make doing business easy and improve supplier engagement, services, retention and monetization.

Well diversified across industries with varied product and services...

Company's products and services are spread across India rather than relying on a single geography. 36% and 49% of buyers and sellers are respectively derived from the top eight metro cities in India. Moreover, the company's market place also generates traffic from second and third tier cities representing more than 1000 cities in total. The wide assortment of products and services spread across geographies allows the company to grow its marketplace by attracting buyers across geographies.

Robust mobile platform...

IndiaMart's mobile website and app are capable of handling the dynamic needs for buyers and suppliers while remaining reliable, secure and scalable. The mobile website and app together accounted for 72% and 76%, respectively, of total traffic to IndiaMART as of March 31, 2018 and March 31, 2019, compared to 63% as of March 31, 2017. IndiaMART mobile website and app is designed to optimize the buyers experience in product, service and supplier discovery, and has generated 396.9 million visits during the year ended March 31, 2018 and 550.3 million visits during the year ended March 31, 2019. IndiaMart continues to make investments in mobile web and app development by recruiting skilled workforce and to further enhance user experience, provide innovative features to buyers and suppliers and increase the speed and efficiency of mobile platforms.

Significant growth in the number of suppliers and buyers...

Particulars	2016	2017	2018	2019	CAGR (FY16-19)
Indian supplier storefronts (in mn)	2.32	3.16	4.72	5.55	34%
YoY Growth - Indian supplier storefronts		36%	49%	18%	
Paying subscription suppliers	72,335	96,025	1,08,347	1,29,589	21%
YoY Growth - Paying subscription suppliers		33%	13%	20%	
Registered buyers (in mn)	27.05	39.37	59.81	82.7	45%
YoY Growth - Registered buyers		45%	52%	38%	

Source: RHP, Geojit Research

As of FY19, the company has 82.7mn registered buyers and 5.55mn supplier storefronts in India which lists 60.73mn products and services across 54 industries. The number of registered buyers on IndiaMart (including multiple buyers by the same business) has grown over the last three years, increasing from ~39.37mn in FY17 to 59.8mn as of FY18 and 82.7mn as of FY19. The number of supplier storefronts on IndiaMart over the past few years have increased from 3.16mn in FY17 to 4.72mn in FY18 and 5.55mn storefronts in FY19. Company's proven platform attracts repeat buyers, leading to less dependence on paid traffic. For FY19, paid visits comprised less than 0.19% of overall visits. For FY18 and FY19, the company had 52.59mn and 72.52mn daily unique buyer requests, of which 52% and 55% respectively, were repeat buyers calculated on the basis of the past 90 days.

Innovative product offering, reliable platform help retain market share...

Company's products and services are spread across 54 industries rather than relying on a single target industry. The wide assortment of industry and product and service categories enables the company to secure a diversified revenue stream. Among various suppliers listed with IndiaMart, % of supplier contribution is highest from Building construction material, equipment, civil engineering and real estate (9%), followed by Apparel, Clothing & Garments (8%) and Vegetables, fruits, grains, dairy products, other FMCG items (7). The company face competition in attracting and retaining suppliers and buyers from a number of competitors, both in India and Internationally. However, IndiaMart's is able to differentiate itself from other key competitors on the basis of its innovative product offerings such as IndiaMart premium number service, TrustSEAL verification program, buyer RFQs, mobile and app site, high quality service standards, strong network and community.

Focus on attracting larger suppliers while growing core SME supplier base...

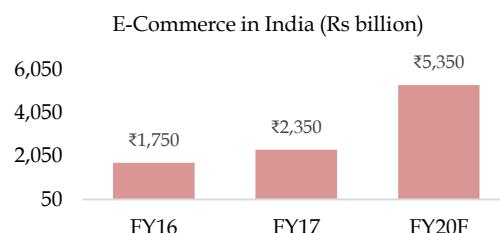
India's small and medium enterprises initially comprised the core base of the supplier community on IndiaMART. Meanwhile, larger corporates and leading brands are a growing supplier segment on platform currently. The company is well positioned to continue to attract large companies as both suppliers and buyers. With increasing contribution in the number of large corporates and leading brands, the company expects its average revenue realization to grow from paying customers through its competitive pricing strategies.

Strong revenue generation, bottom-line suffers in preceding years...

IndiaMart's revenue registered CAGR of 26% over FY16-19 to Rs507cr led by increase in the number of subscription customers and also led by increase in the amount received per paying supplier. However, the company had incurred significant operating losses in the past mainly due to operating losses and net loss on financial assets and liabilities designated at fair value through profit or loss (FVTPL). IndiaMart's operating expenses were primarily due to increasing expenditure from high employee benefits and expenses incurred to increase its scale of operations. Employee benefit expenses, the largest annual expense for the company constituted ~40% and ~47% of company's total expenses in FY19 and FY18 respectively.

Industry Outlook

The growth in internet penetration across India is helping companies move their businesses online and reach out to a larger customer base. The e-commerce market in India was estimated to be around Rs235.0cr in 2017 and is projected to continue growing to reach Rs535cr by 2020. The e-commerce market is dominated by the online travel segment which comprises around 52% of the ecommerce market share. E-tail, which is the fastest growing segment in e-commerce, represented approximately 2.5% of the total retail sales in India in 2016. This is expected to rise to 5% by 2020.



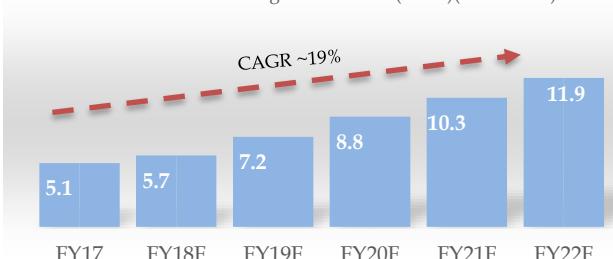
Source: RHP, Geojit Research

India had around 60 million online shoppers in 2016, which was 14% of the internet user base in the country. This penetration is forecasted to increase to 50% by 2026. A major chunk of this increased penetration is likely to emerge from the Tier II cities, which is fast emerging as the next growth frontier for E-commerce businesses. The etailing industry saw the number of online shoppers from Tier II plus cities contribute more than 40 percent of the overall shopper numbers in 2017. This trend is expected to continue with shoppers from Tier II and smaller towns expected to account for 55% of all online shoppers in 2020.

The Indian B2B e-commerce market...

The growing B2C E-commerce market has led to a large number of sellers bringing their businesses online. This online addressability has led to businesses becoming increasingly discoverable online, which is leading to the B2B E-commerce market gaining traction as well. As per a report by Walmart, the wholesale market in India is estimated to reach USD 700 billion in 2020, rising from an estimated USD 300 billion in 2015. In order to tap into this potential, B2B e-commerce players have started building platforms for SMEs and traders. The number of SMEs buying and selling online have increased over the years with 27% of the internet-enabled SMEs being engaged in e-commerce in 2015. The government of India has allowed 100% FDI in B2B e-commerce to enable greater investments and bringing in expertise and operating knowledge of global majors.

Growth of B2B digital classifieds(Rs bn)(2017-2022F)



Source: RHP, Geojit Research

The B2B landscape in India is largely fragmented with millions of unorganized MSMEs, distributors and wholesalers operating throughout the country. B2B e-commerce on the other hand, attempts to bring all these players onto a single platform with an aim to aggregate demand and

supply. While there are several B2B e-commerce platforms with different operating models, they can be broadly categorized under two broad business models –Classifieds and Transaction-based.

- ❖ **Online B2B classifieds:** Online B2B classifieds provide a cost effective and convenient channel for exchange of goods and services by connecting buyers and suppliers. They primarily operate on the revenue streams: Subscription, Pay per lead and Advertising. Some of the major online B2B classified platforms in India include IndiaMart, TradeIndia, Exporters India, Alibaba India and JD Business.
- ❖ **Transaction based Platforms:** Transaction based B2B platforms function in a similar manner to the B2C platforms where buyers can compare and purchase products offered by multiple sellers directly. However, unlike B2C, B2B transaction-based platforms have features specific to B2B requirements like applying for bulk orders, quantity discounts, ability to edit a purchase order online, quotations and RFPs for orders, pricing by customer, ability to accept different payment types like bank transfers and scheduled payments, ability to provide basic dashboards for seeing a consolidated view of purchases and sales, etc. The B2B transaction-based platforms have the monetization models like Commission in a marketplace model, Inventory based model and Advertising. Some of the major online B2B transaction-based platforms in India include Industry Buying, Power2SME, Amazon Business and Moglix.

Promoter and promoter group

Promoter and promoter group hold, in aggregate, 16,567,200 equity Shares, representing 57.6% of the issued and paid-up equity share capital of the company. Post offer, promoter and promoter group shall hold 52.6% of the paid up equity share capital of the company.

Brief Biographies of Directors

- ❖ **Dinesh Chandra Agarwal** is the promoter and Managing Director of the company. He has experience in the field of internet, networking and systems development and consulting. He was previously the proprietor of InterMESH Systems, which was subsequently acquired by the Company. He is also a member of the governing council of the Indian and Mobile Association of India. He has been a Director on Board since incorporation of the company.
- ❖ **Brijesh Kumar Agrawal**, is a whole-time Director of the Company. He has experience in the field of internet, business management and supply chain. Previously, he worked with H N Miebach Logistics India Private Limited. He is a charter member of The Indus Entrepreneurs (TiE), a global network of entrepreneurs and professionals. He has been a Director on Board since incorporation of the Company.
- ❖ **Rajesh Sawhney**, is an Independent Director of the Company. He has experience in the field of media, entertainment, telecommunications and internet industry. He has been a Director on Board since January 27, 2011.
- ❖ **Elizabeth Lucy Chapman**, is an Independent Director of the Company. She has experience in the field of adoption of digital technology in financial services. She has been a Director on Board since January 27, 2015.
- ❖ **Vivek Narayan Gour**, is an Independent Director of the Company. He has experience in the field of finance, consultancy and management. He has been a Director on Board since April 30, 2018.
- ❖ **Dhruv Prakash**, is a non-executive Director of the Company. He has experience in the field of management consulting, finance, manufacturing and chemicals. He was first appointed to company Board on May 11, 2012 and resigned from Board on January 27, 2015 and was subsequently re-appointed on September 1, 2016

Consolidated Financials

Profit & Loss Account

Y.E March (Rscr)	FY16	FY17	FY18	FY19
Sales	254	318	411	507
% change	44.4	25	29	24
EBITDA#*	-115	-54	47	82
% change	-	-	-	74
Depreciation	4	5	3	4
EBIT	-119	-59	44	78
Interest	1	-	-	-
Other Income#	5	14	19	41
Exceptional Items	-	19	123	65
PBT	-115	-64	-60	54
% change	-	-	-	-
Tax	0	0	-115	34
Tax Rate (%)	-	-	-	62.8
Reported PAT	-116	-64	55	20
Adj*	-	19.30	122.8	65.3
Adj PAT*	-116	-45	178	85
% change	-	-	-	-
No. of shares (cr)	2.90	2.90	2.90	2.90
Adj EPS (Rs)	-40	-16	61	29

*Adjusted one-time loss as per FVTPL.

#Adjusted net gain & loss of financial assets as per FVTPL (Fair Value Through P&L).

Balance Sheet

Y.E March (Rscr)	FY16	FY17	FY18	FY19
Cash	19	18	47	40
Accounts Receivable	0.2	0.53	0.68	0.57
Inventories	-	-	-	-
Other Cur. Assets	20	52	26	73
Investments	125	136	341	607
Net Fixed Assets	9.1	7.5	7.3	8.5
CWIP	0.18	0.18	0.18	0.18
Intangible Assets	0.8	1.2	0.8	0.6
Other Assets	16.6	5.3	4.3	4.4
Total Assets	191	221	543	821
Current Liabilities	184	237	314	416
Provisions	84	374	550	245
Debt Funds	-	-	-	-
Minority Interests	-	-	-	-
Def. Tax	-	-	-	-
Equity Capital	75	9	10	29
Reserves & Surplus	(153)	(399)	(331)	131
Shareholder's Fund	(77)	(390)	(321)	160
Total Liabilities	191	221	543	821
BVPS (Rs)	(26.7)	(134.5)	(110.8)	55.1

Cash flow

Y.E March (Rscr)	FY16	FY17	FY18	FY19
PBT	(115)	(64)	(60)	54
Non-cash adj.	1	11	109	33
Changes in W.C	59	53	130	168
C.F.O	(55)	(0.6)	179	255
Capital exp.	-	-	-	-
Change in inv.	(236)	(160)	(324)	(520)
Sale of investment	167	164	166	261
Other invest.CF	1	(9)	(4)	(12)
C.F - investing	(75)	(8)	(165)	(276)
Issue of equity	133	7	15	14
Issue/repay debt	-	-	-	-
Dividends paid	-	-	-	-
Other finance.CF	-		(0.25)	
C.F - Financing	132.5	7.3	15.2	14.1
Chg. in cash	2	(1)	29	(6.5)
Closing cash	12	18	47	40

Ratios

Y.E March	FY16	FY17	FY18	FY19
Profitab. & Return				
EBITDA margin (%)	(45.4)	(17.1)	11.4	16.2
EBIT margin (%)	(46.9)	(18.6)	10.7	15.4
Net profit mgn.(%)	(45.7)	(14.2)	43.3	16.8
ROE (%)	-	-	-	-
RoA (%)	-	-	46.5	13
ROCE (%)	-	-	-	-
W.C & Liquidity				
Receivables (days)	0.4	0.4	0.5	0.4
Inventory (days)	-	-	-	-
Payables (days)	-	-	-	-
Current ratio (x)	0.6	0.3	0.5	1.1
Quick ratio (x)	0.1	0.1	0.2	0.1
Turnover & Levg.				
Net asset T.O (x)	35.8	38.4	55.6	64.4
Total asset T.O (x)	1.7	1.5	1.1	0.7
Int. covge. ratio (x)	-	-	-	-
Adj. debt/equity (x)	-	-	-	-
Valuation ratios				
EV/Sales (x)	11.1	8.9	6.9	5.6
EV/EBITDA (x)	(24.4)	(51.9)	60.5	34
P/E (x)	(24.3)	(62.6)	15.8	33
P/BV (x)	(36.5)	(7.2)	(8.8)	17.6



Investment Rating Criteria

Large Cap Stocks;			Mid Cap and Small Cap;		
Buy	-	Upside is above 10%.	Buy	-	Upside is above 15%
Hold	-	Upside is between 0% - 10%.	Accumulate	-	Upside is between 10% - 15%.
Reduce	-	Downside is more than 0%.	Hold	-	Upside is between 0% - 10%.
Neutral	-	Not Applicable	Reduce/Sell	-	Downside is more than 0%.
			Neutral	-	Not Applicable

To satisfy regulatory requirements, we attribute 'Accumulate' as Buy and 'Reduce' as Sell. The recommendations 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. Please note that the stock always carries the risk of being upgraded to BUY or downgraded to a HOLD, REDUCE or SELL.

Neutral- The analyst has no investment opinion on the stock under review.

General Disclosures and Disclaimers

CERTIFICATION

We, Sheen G and Laxmi Priya, authors 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 anyof 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 We, Sheen G and Laxmi Priya, Research Analysts 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.