

RETAIL EQUITY RESEARCH

Computer Age Management Services Ltd.

SUBSCRIBE

MF-RTAs

Sensex: 38,980

Nifty: 11,516

Price Range Rs. 1,229 - Rs.1,230

The leader with an asset-light business model...

Computer Age Management Services Ltd (CAMS), incorporated in 1988, is a technology-driven financial infrastructure and services provider to mutual funds and other financial institutions, headquartered in Chennai. CAMS is India's largest registrar and transfer agent of mutual funds with an aggregate market share of about 70%, based on mutual fund average assets under management (AAUM) managed by its clients. Great Terrain is the Promoter of the Company. Four of the five largest mutual funds, as well as nine of the fifteen largest mutual funds based on AAUM, are their clients. CAMS provide services through a pan-India physical network comprising 271 service centers spread over 25 states and five union territories. Marquee shareholders include Great Terrain (an affiliate of Warburg Pincus), HDFC, HDFC Bank and NSEIL.

- In FY20, CAMS generated 87% of the revenue from the Mutual Fund services business.
- The 5 year CAGR of AUM of equity mutual funds serviced by CAMS is 19.1%.
- As of July 2020, CAMS serviced Rs.19.2 trillion of AAUM of 16 mutual fund clients.
- Company's market share grew from approximately 61% in March 2015 to approximately 70% in March 2020, based on AAUM serviced.
- Clients include HDFC AMC Limited, ICICI Prudential AMC Limited, SBI Funds Management Private Limited and Aditya Birla Capital Limited.
- CAMS also offers services to electronic payment collections, insurance, alternative investment funds, KYC registration, software solutions and banking & non-banking services business.
- CAMS subsidiary CFISPL received certificate of registration for undertaking business as an NBFC-Account Aggregator in February 2020.
- It has a 39% market share as an insurance repository.
- For FY18-20, revenue grew at a CAGR of 4% while the PAT grew at 9% CAGR. In Q1FY21, CAMS reported a profit of Rs.40.8cr on revenue of Rs.148.6cr.
- At the upper price band of Rs.1,230, CAMS is available at a P/E of 34.6x and when we annualize Q1FY21 numbers we arrive at a P/E of 36.7x for FY21E on a post issue basis. Given that there is no listed peer to compare, and based on stable financial, we assign a subscribe rating on this IPO.

Purpose of IPO

The objective of the Offer is to carry out the Offer for Sale of up to 18,246,600 Equity Shares by the NSE due to SEBI ruling and to achieve the benefits of listing the Equity Shares on the BSE.

Key Risks

- Uncertainty and future impact due to Covid 19.
- Decline in AAUM of its clients.
- Uncertainty of revenue from account aggregation business.

Issue Details	
Date of Opening	21 st September, 2020
Date of Closing	23 rd September, 2020
Total no. of Shares offered(cr)	1.82
Post Issue No. of shares (cr)	4.88
Price Band	Rs. 1229-1230
Face Value	Rs.10
Bid Lot	12 shares
Minimum application for retail (upper price band for 1 lot)	Rs. 14,760
Maximum application for retail (upper price band for 13 lot)	Rs. 1,91,880
Listing	BSE
Lead Manager	Kotak mahindra capital company Ltd, HDFC bank Ltd, ICICI Securities Ltd and Nomura Financial Advisory & securities(India) Pvt Ltd.
Registrars	Link Intime India Pvt Ltd

Issue size (upper price)	Rs. Cr
Fresh Issue	0
OFS	2,242.10
Total Issue	2,242.10

Shareholding (%)	Pre Issue	Post Issue
Promoters	30.98	30.98
Others	69.02	69.02
Total	100	100

Issue structure	Allocation %	Size Rs.cr
Employee reservation	1	20.22
Retail	35	777.66
Non -Institutional	15	333.28
QIB	49	1,110.94
Total	100	2,242.10

Y.E March (Rs cr)	FY19	FY20	Q1FY21
Sales	693.6	699.6	148.6
Growth (%)	8	1	-
EBITDA	243.6	287.3	51.4
Margin%	35.1	41.1	34.6
PAT Adj	130.9	173.5	40.8
Growth (%)	-11	33	-
EPS	26.8	35.6	33.5*
P/E (x)	45.8	34.6	36.7*
EV/EBITDA	24.7	21.0	29.4*
RoE (%)	29.6	35.4	33.1*

*Annualized

Company Description

Computer Age Management Services Ltd (CAMS), incorporated in 1988, is a technology-driven financial infrastructure and services provider to mutual funds and other financial institutions, headquartered in Chennai. Great Terrain is the Promoter of the Company. They are India's largest registrar and transfer agent of mutual funds with an aggregate market share of about 70% based on mutual fund average assets under management ("AAUM") managed by clients. Four of the five largest mutual funds, as well as nine of the fifteen largest mutual funds based on AAUM, are their clients. CAMS provide services through a pan-India physical network comprising 271 service centers spread over 25 states and five union territories. Marquee shareholders include Great Terrain (an affiliate of Warburg Pincus), HDFC, HDFC Bank and NSEIL. CAMS derive a significant portion of the revenue from the mutual funds services business. For the three months ended on June 30, 2020 and the financial years 2020, 2019 and 2018, revenue from the mutual funds services business accounted for 89.7%, 86.9%, 86.8% and 86.6% of the total revenue from operations, respectively. The company has five subsidiaries. They are CAMS Insurance Repository Services Limited (CIRSL), CAMS Investor Services Private Limited (CISPL), CAMS Financial Information Services Private Limited (CFISPL), Sterling Software Private Limited (SSPL) and Sterling Software (Deutschland) GmbH (SSDG).

Products, Services and Operations

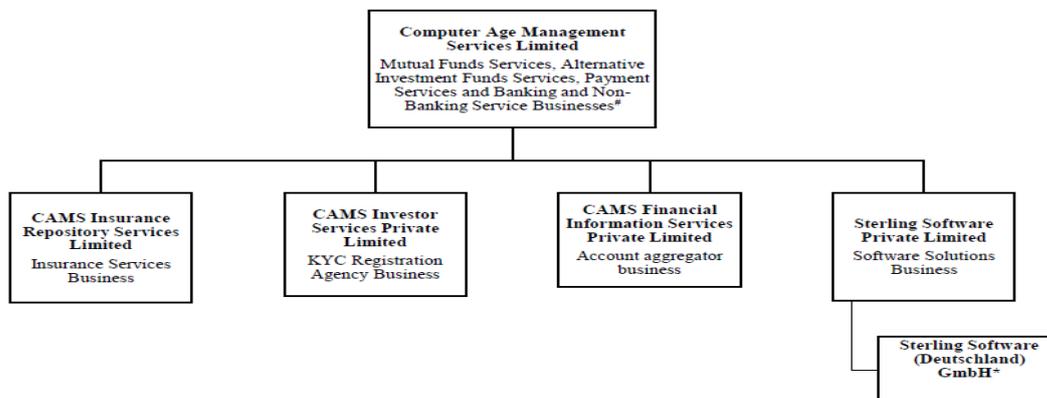
CAMS operates in seven business verticals: Mutual Funds Services Business, Electronic Payment Collection Services Business, Insurance Services Business, Alternative Investment Fund Services Business, Banking and Non-Banking Services Business, KYC Registration Agency Business and Software Solutions Business.

❖ Mutual Funds Services Business

CAMS is India's largest registrar and transfer agent (RTA) of mutual funds with an aggregate market share of approximately 70% based on mutual fund AAUM managed by the clients and serviced by the company during July 2020, according to the CRISIL Report. They have 16 mutual fund clients with an aggregate of over 71.8 million accounts held by such clients as of June 30, 2020. The main clients (4 of the 5 largest MFs) include HDFC AMC Limited, ICICI Prudential AMC Limited, SBI Funds Management Private Limited and Aditya Birla Capital Limited. Other clients include DSP Investment Managers Private Limited, Kotak Mahindra Asset Management Company Limited and Franklin Templeton Asset Management (India) Private Limited. CAMS involved through the life cycle of a MF account - from the stage of account creation to processing transactions and redemption of the amount invested. They also provide necessary statutory statements such as capital gains statements including for a zero balance account. They provide transaction origination services, operations services, investor services, risk management services and compliance services. The payment from the mutual fund clients includes fee for processing of new fund offers, monthly asset based fee (calculated basis monthly AAUM), transaction fee, application usage fee and call centre fee.

CAMS primary competitor for the mutual funds services business is KFin Technologies Private Limited.

Corporate Structure Chart



* Currently in the process of winding down the operations of Sterling Software (Deutschland) GmbH.

Currently in the process of closing our banking and non-banking services business.

Source: RHP

❖ Electronic Payment Collection Services Business

CAMS manage end-to-end automated clearing house transaction and electronic clearance services ("ECS") and service mutual funds, non-banking financial companies and insurance companies. They provide these services through CAMSPay, which is a highly automated ECS or NACH platform. They also provide services to non-banking financial companies through Immediate Payment Service and Unified Payments Interface technology.

❖ Insurance Services Business

CAMS conduct insurance services business through its Subsidiary, CAMS Insurance Repository Services Limited (CIRSL). An Insurance Repository helps the policy holders to keep the insurance policies in electronic form. According to the CRISIL Report, they had a market share of 39% of the insurance repository business, based on e-insurance policies being managed, in FY18. As part of the insurance services business, they assist the clients with agent management, branch operations, processing of new business applications, servicing policies and other permitted support functions. NSDL Database Management Limited is the main competitor in this segment with 45% market share.

❖ **Alternative Investment Fund Services Business**

In alternative investment fund services business, CAMS provide services to investors, manage records and do fund accounting and reporting. They have 77 alternative investment fund (“AIF”) clients, having an aggregate of Rs.160.27 billion in AAUM for June 2020. As of March 31, 2020, 2019 and 2018, they had 79, 66 and 60 AIF clients, respectively.

❖ **Banking and Non-Banking Services Business**

CAMS offer customer interface services and back-office processing services. In customer Interface Services the company assists the bank and NBFC clients with processing of applications and setting up of new accounts. They also assist with loan application processing and loan disbursement. In Back-office Processing they assist with managing the operations of a bank’s processing centers and hubs, assist with the digitalization of forms and mailroom and logistics functions.

However, CAMS is currently in the process of closing the banking and non-banking services business and expect to complete this process by December 2020.

❖ **KYC Registration Agency Business**

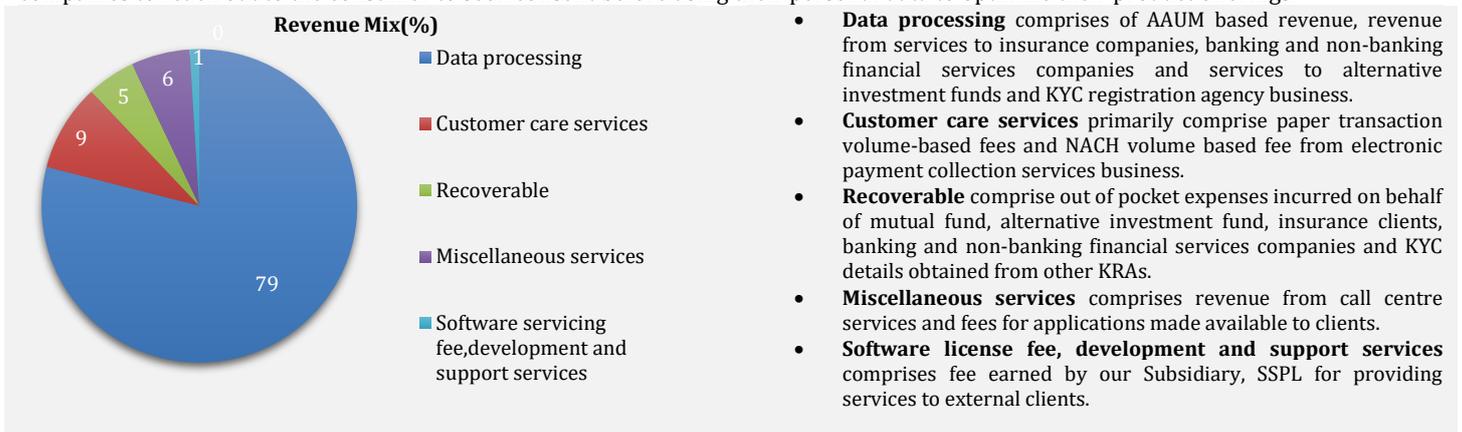
CAMS do their KYC Registration Agency Business through its Subsidiary, CAMS Investor Services Private Limited, which is one of five entities granted a KRA license by SEBI. CAMS online services on behalf of capital market intermediaries include verification of PAN card details, facilitate uploading new KYC data, entering data for new KYC applicants, scanning and uploading KYC document and viewing and downloading KYC data.

❖ **Software Solutions Business**

CAMS provide software solutions business through its subsidiary, SSPL. SSPL owns, develops and maintains the technology solutions for mutual fund clients. They have developed Investrak.NET, a scalable mutual fund transfer agency platform.

❖ **Account Aggregator Business**

CAMS Subsidiary, CFISPL is involved in the business as an account aggregator. Account aggregators are responsible for transferring, but not storing, client data. An AA ecosystem, as envisaged by the Reserve Bank of India (RBI), would be a platform for financial services companies to reach out to the consumer to seek consent before using their personal data to optimize their product offerings.



Source: RHP

COVID-19 Pandemic Impact

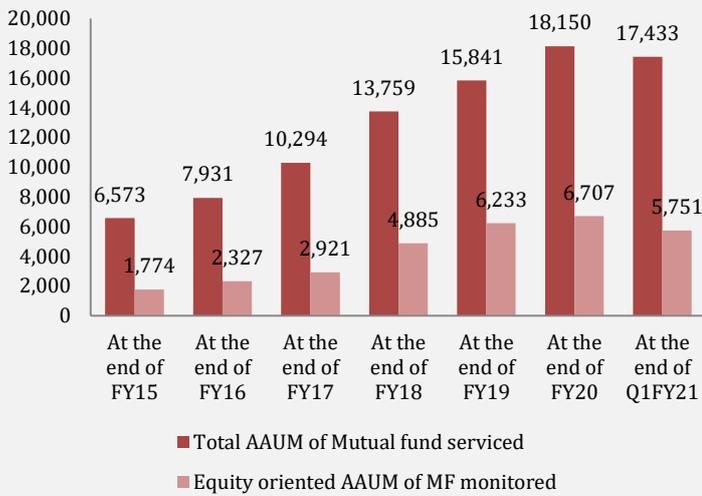
The mutual fund industry benefits from a high rate of savings, in particular financial savings. Any change in the rate of savings due to covid may affect the growth and business. The COVID-19 pandemic resulted in a significant decline and volatility in the Indian equity markets, which could cause investors to avoid higher risk assets such as equity funds and reduce their investments in such funds through withdrawals or fund exits and consequently reduce the AAUM managed by CAMS clients. The company witnessed a decline in the AAUM of equity oriented schemes managed by their clients, which adversely affected CAMS revenue from operations. Further, on account of the lockdown in India, the front office operations were affected leading to a decline in transaction volumes and related revenue across the businesses.

CAMS primarily generate income from fees that they charge their mutual fund clients, which is calculated in basis points of the AAUM serviced, as well as to a lesser extent on the number of transactions executed for their funds. In addition, the fees that CAMS charge the mutual fund clients differ between asset classes of mutual funds.. The company charge higher fees for equity funds than for other types of funds. Consequently, any reduction in, or change in the composition of AAUM of the mutual funds managed by the clients and serviced by CAMS, including on account of the COVID-19 pandemic, could adversely affect the revenue and profit. For the three months ended June 30, 2020 and the financial years 2020, 2019 and 2018, the AAUM serviced by CAMS was Rs.17,433,31cr Rs18,149,68.3cr, Rs15,841,20.2cr and Rs13,758,52.3cr, of which equity oriented schemes comprised Rs5,750,65cr, Rs6,706,67cr, Rs6,232,51cr and Rs4,884,75cr, or 33%, 37%, 39.3% and 35.5%, respectively.

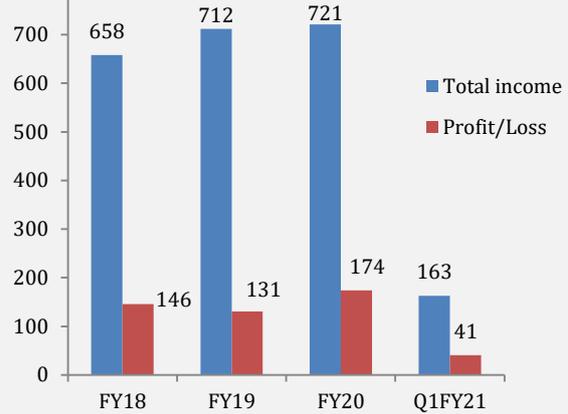
Financial track record...

CAMS has posted revenue/net profits of Rs. 641.5cr. / Rs. 146.31cr. (FY18), Rs. 693.6cr. / Rs. 130.90cr. (FY19) and Rs. 699.6cr. / Rs. 173.5cr. (FY20). For Q1FY21, it has earned a net profit of Rs. 40.83cr. on revenue of Rs. 148.6cr. When we compare Q1FY20 and Q1FY21, the revenue from operations decreased by 15.1% to Rs1,48.6cr for the three months ended June 30, 2020 from Rs175cr for the three months ended June 30, 2019, primarily due to the COVID-19 pandemic and prevailing economic and market conditions. But profit for the period increased by 1.7% to Rs40.8cr for the three months ended June 30, 2020 from Rs40.1cr for the three months ended June 30, 2019.

Total AAUM of MF serviced (in Rs. Billion) & Equity oriented AAUM of MF monitored (in Rs. Billion)



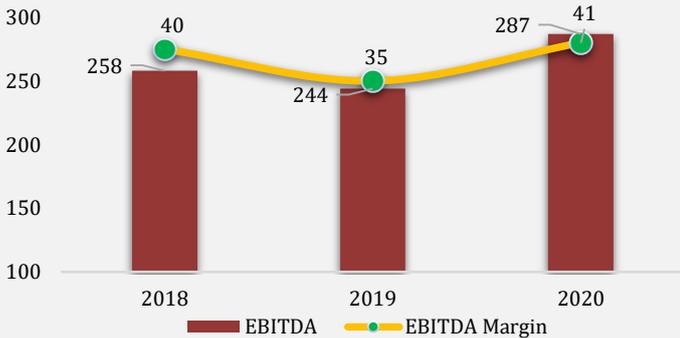
Total income & Profit/Loss (in Rs Cr)



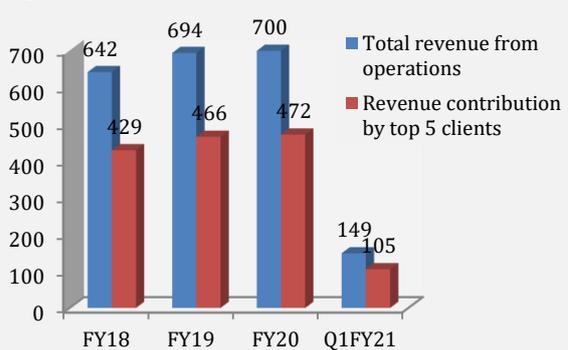
Source: RHP

CAMS dependent on a limited number of mutual fund clients for a significant portion of their revenues. For the three months ended June 30, 2020 and the financial years 2020, 2019 and 2018, the top five clients contributed Rs1,05.3cr, Rs4,71.86cr, Rs4,65.62cr and Rs4,29cr, or 70.9%, 67.4%, 67.1% and 66.9%, of the revenue from operations, respectively.

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



Revenue contribution by top 5 clients Vs Total revenue from operations (Rs cr)



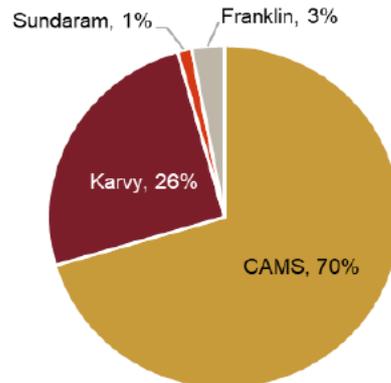
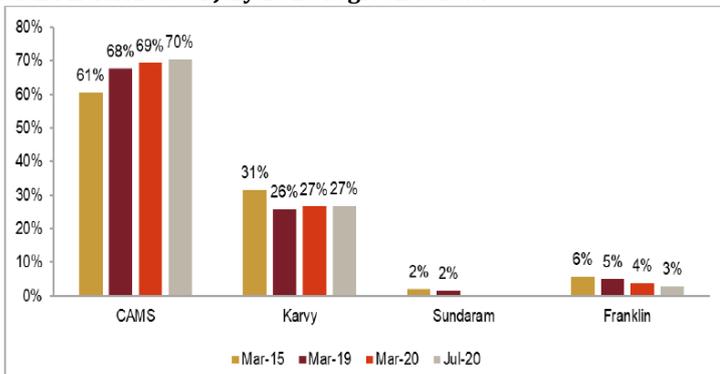
Source: RHP

Industry Outlook

In FY20, CAMS generated 87% of the revenue from the Mutual Fund services business.

Except CAMS KFin Technologies Private Limited (erstwhile Karvy Fintech Private Limited) (Karvy), Sundaram BNP Paribas Fund Services (acquired by Karvy in October 2019) and Franklin Templeton Asset Management (India) Private Limited are the other mutual fund registrar and transfer agents (MF RTA) operating in India. Among the top five AMC's, SBI Mutual Fund, HDFC Mutual Fund, ICICI Prudential Mutual Fund and Aditya Birla Sun Life Mutual Fund are serviced by CAMS and Nippon India Mutual Fund is serviced by Karvy.

The market share of various MF RTAs in terms of mutual fund AAUM managed for the periods indicated and the market shares of each MF RTAs as of July 2020 is given below.



Source: RHP

As of March 2020, CAMS is the market leader and serviced Rs17.1 trillion AAUM which constituted approximately 70% of total mutual fund industry AUM. CAMS has the highest revenue in the industry and also witnessed the highest revenue growth in the past five years

with a CAGR of 12.8% in between financial years 2015 and 2020. For the financial year 2020, the EBITDA margins and RoE of CAMS are better than its competitors. On a consolidated basis, the profitability of both Karvy Computer Share and Karvy were healthy in financial year 2020 with EBITDA margins being equal to or more than approximately 36% in their respective periods. CAMS is the most productive MF RTA with its monthly AUM per branch being the highest in industry.

The operational performance and key financial indicators of CAMS and Karvy (which together account for approximately 96% of the MF RTA industry) for the financial year 2020.

Particulars	CAMS	Karvy
Revenue from operations (in ₹ million)	6,996	4,499
CAGR growth in revenue from operations (financial year 2015-2020)	12.8%	9.1%
PAT margin	23.9%	1.0%
EBITDA margin*	42.8%	36.0%
RoE	34.1%	3.0%
Monthly AAUM (in ₹ billion) managed by fund houses serviced (March 2020)	17,142.78	6,570.45
Monthly AUM CAGR % (Financial Year 2015-2020)	18.6%	11.6%
Quarterly AAUM (in ₹ billion) managed by fund houses serviced (March 2020)	18,740.13	7,246.21
Quarterly AUM CAGR % (Financial Year 2015-2020)	21.2%	12.3%
No of clients (Top 10)	6	3
No of clients (Top 5)	4	1
No of branches/ locations	271	203
Monthly AUM/branch	6,326	3,237

Source: RHP

The fastest growing MF RTA for the last five years has been CAMS with a CAGR of 18.6% in AUM managed whereas, the CAGR growth for Karvy and Sundaram BNP Paribas Fund Services remained at 10.4% and 6.6%, respectively in the past five financial years. CAMS market share has increased from approximately 61% in financial year 2015 to approximately 69% in financial year 2020 based on AAUM serviced for the month of March for the respective financial years. As of March 2020, CAMS had a market share of approximately 73% among the top 10 mutual fund houses. During the past five financial years, the share of top 10 AMCs serviced by CAMS has risen consistently, whereas Karvy's share has been declining. The top 10 AMCs had a cumulative share of approximately 83% as on March 2020.

The following table sets forth the number of AMCs serviced by CAMS, Karvy and Sundaram BNP Paribas Fund Services for the periods indicated:

No of MF clients	CAMS	Sundaram BNP Paribas	Karvy (including Karvy Computer Share)
March 2020	16	2	22
March 2019	16	2	22
March 2018	15	2	21
March 2017	15	2	21
March 2016	15	2	22
March 2015	15	2	23

Source: RHP

Karvy services the largest number of AMCs, however their market share is lower than CAMS as they mainly service small and medium sized mutual funds.

Promoter and promoter group

Great Terrain is the Promoter of the Company. The Promoter currently holds an aggregate of 21,224,000 Equity Shares, aggregating to 43.5% of the pre-Offer issued, subscribed and paid-up Equity Share capital of the Company. Great Terrain has agreed to sell and transfer 6,108,400 Equity Shares. Pursuant to such transfer, Great Terrain will hold 15,115,600 Equity Shares, i.e. 30.98% of the pre-Offer and post-Offer paid-up capital.

Brief Profiles of Directors

- **Dinesh Kumar Mehrotra** is the Non-Executive Chairman and Independent Director of the Company. He has previously served as the chairman and the managing director of Life Insurance Corporation of India, where he also served as the executive director of international operations.
- **Anuj Kumar** is a whole time Director and CEO of the Company. He joined the Company as chief operating officer – asset management Services in March, 2016 and was appointed as the whole time Director and CEO with effect from November 6, 2018.
- **Narendra Ostawal** is a non-executive Director of the Company. He is associated with Warburg Pincus India Private Limited since 2007 where he currently holds the position of Managing Director. He has previously been associated with 3i India Private Limited and McKinsey & Company, Inc.
- **Zubin Soli Dubash** is a non-executive Director of the Company.
- **Vedanthachari Srinivasa Rangan** is a non-executive Director of the Company. He been associated with HDFC and is currently a whole time director of HDFC and is responsible for its treasury, resources and accounts functions of HDFC.
- **Natarajan Srinivasan** is an independent Director of the Company.
- **Vijayalakshmi Rajaram Iyer** is an independent Director of the Company. She has previously served as an Executive Director of Central Bank of India and the Chairperson and Managing Director of Bank of India.

Consolidated Financials

Profit & Loss Account

Y.E March (Rscr)	FY18	FY19	FY20	Q1FY21
Sales	641.5	693.6	699.6	148.6
% change		8%	1%	-15%
EBITDA	258.4	243.6	287.3	51.4
% change		-6%	18%	-24%
Depreciation	40.2	50.4	48.5	10.7
EBIT	218.2	193.2	238.8	40.8
Interest	7.9	10.5	9.7	2.3
Other Income	16.3	18.2	21.7	14.8
Exceptional Items	-	-	-	-
PBT	226.6	200.9	250.8	53.3
% change		-11%	25%	-11%
Tax	80.3	70.0	77.3	12.4
Tax Rate (%)	35%	35%	31%	23%
Reported PAT	146.3	130.9	173.5	40.8
Adj	-	-	-	-
Adj PAT	146.3	130.9	173.5	40.8
% change		-11%	33%	2%
No. of shares (cr)	4.88	4.88	4.88	4.88
Adj EPS (Rs)	30.0	26.8	35.6	33.5*
% change		-11%	33%	-6%*

Cash Flow

Y.E March (Rscr)	FY18	FY19	FY20	Q1FY21
PBT	226.6	200.9	250.8	53.3
Non-cash adj.	29.3	42.2	43.6	2.2
Changes in W.C	(94.0)	(56.3)	(93.2)	(16.5)
C.F.O	161.9	186.8	201.2	39.0
Capital exp.	(38.9)	(34.8)	(15.0)	(1.4)
Change in inv.	18.4	2.4	(70.7)	2.0
Sale of investment	-	-	-	-
Other invest.CF	1.5	1.2	1.8	0.5
C.F - investing	(18.9)	(31.2)	(83.9)	1.1
Issue of equity	-	-	-	-
Issue/repay debt	(21.9)	(26.1)	(27.3)	(7.7)
Dividends paid	(116.4)	(132.1)	(71.6)	(54.4)
Other finance.CF	-	-	-	-
C.F - Financing	(138.4)	(158.1)	(98.9)	(60.4)
Chg. in cash	4.6	(2.5)	18.4	(20.3)
Closing cash	7.4	4.9	23.2	2.9

*Annualised

Balance Sheet

Y.E March (Rscr)	FY18	FY19	FY20	Q1FY21
Cash	27.7	43.5	50.7	84.0
Accounts Receivable	22.5	27.0	32.0	43.6
Inventories	-	-	-	-
Other Cur. Assets	72.8	79.6	79.3	78.4
Investments	218.2	232.5	306.1	316.1
Deferred tax Asset	13.8	20.2	23.4	21.7
Net Fixed Assets	177.0	168.2	153.8	135.9
CWIP	-	-	-	-
Intangible Assets	146.6	151.8	144.7	142.5
Other Assets	19.4	13.5	12.6	13.3
Total Assets	697.9	736.3	802.5	835.5
Current Liabilities	68.5	88.0	75.7	110.8
Provisions	151.2	172.2	161.1	153.8
Debt Funds	25.8	24.8	25.9	42.7
Minority Interests	-	-	-	-
Def. Tax	1.1	1.9	-	-
Equity Capital	48.8	48.8	48.8	48.8
Reserves & Surplus	394.8	392.5	491.1	479.4
Shareholder's Fund	443.5	441.3	539.8	528.2
Total Liabilities	697.9	736.3	802.5	835.5
BVPS (Rs)	90.9	90.5	110.6	433.1*

Ratios

Y.E March	FY18	FY19	FY20	Q1FY21
Profitab. & Return				
EBITDA margin (%)	40.3	35.1	41.1	34.6
EBIT margin (%)	34.0	27.9	34.1	27.4
Net profit mgn.(%)	22.8	18.9	24.8	27.5
ROE (%)	66.0	29.6	35.4	33.1*
ROCE (%)	64.5	29.4	34.9	31.5*
W.C & Liquidity				
Receivables (days)	12.8	13.0	15.4	92.9
Inventory (days)	-	-	-	-
Payables (days)	19.1	18.0	18.5	97.7
Current ratio (x)	1.6	1.5	2.0	2.0
Quick ratio (x)	0.7	0.8	1.1	1.2
Turnover &Levg.				
Net asset T.O (x)	3.6	4.0	4.3	1.0
Total asset T.O (x)	0.9	1.0	0.9	0.2
Int. covge. ratio (x)	27.7	18.4	24.6	17.4
Adj. debt/equity (x)	0.1	0.1	0.0	0.1
Valuation ratios				
EV/Sales (x)	9.4	8.7	8.6	10.2*
EV/EBITDA (x)	23.3	24.7	21.0	29.4*
P/E (x)	41.0	45.8	34.6	36.7*
P/BV (x)	13.5	13.6	11.1	2.8*

General Disclosures and Disclaimers

CERTIFICATION

We, Mithun T Joseph & SheenG, 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 We, Mithun T Joseph and 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.