

Prataap Snacks

03 August 2021

RESULT UPDATE

Sector: FMCG	Rating: BUY
CMP: Rs 732	Target Price: Rs 875

Stock Info

Sensex/Nifty	53,823/ 16,131
Bloomberg	DIAMOND IN
Equity shares (mn)	24
52-wk High/Low	Rs 827/ 485
Face value	Rs5
M-Cap	Rs 17bn/USD 0.2bn
3-m Avg volume	USD 0.8mn

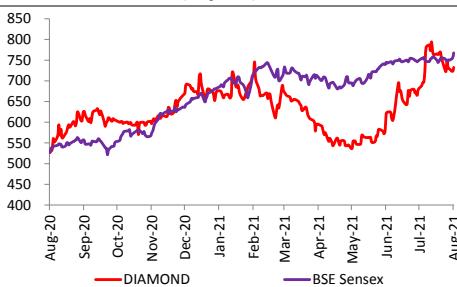
Financial Snapshot (Rs mn)

Y/E Mar	FY21	FY22E	FY23E
Sales	11,711	13,923	17,618
Adj. PAT	142	324	671
Adj. EPS (Rs)	6.0	13.8	28.6
PE (x)	121.3	52.9	25.6
EV/EBITDA (x)	26.9	17.5	11.6
P/BV (x)	2.2	2.0	1.8
EV/Sales	0.9	0.7	0.6
RoE (%)	2.3	5.1	9.8
RoCE (%)	1.2	5.1	9.9
NWC (days)	20.2	17.2	16.2
Net gearing (x)	0.1	0.0	(0.1)

Shareholding Pattern (%)

	Jun 21	Mar 21	Dec 20
Promoter	71.5	71.5	71.5
-Pledged	-	-	-
FII	4.7	4.8	4.9
DII	16.5	16.4	16.3
Others	7.4	7.3	7.3

Stock Performance (1-year)



Ashutosh Joytiraditya

ashutoshj@systematixgroup.in

+91 22 6704 8068

Premal Kamdar

premalkamdar@systematixgroup.in

+91 22 6704 8090

Strategic transformations on track

Prataap Snacks (PSL) 1QFY22 sales grew 43% YoY (vs. our estimate of 40% growth) to Rs 2.8bn, despite the closure of schools and colleges and subdued travel activities due to the second wave of COVID-19. Uninterrupted supplies to trade channels and an expanded tele-calling network aided growth. The impact of a ~65% YoY inflation in palm oil (~14% of sales) on its margins was mitigated through process re-engineering and cost-optimization. Gross margin contracted 422bps to 23.9% while EBITDA margin contracted 25bps to 4% (vs. our estimate of 2%). The new plant in Kolkata will serve as a hub for the Eastern region and also optimize distribution. The management expects the benefits of direct distribution and tele-calling to be visible in the coming quarters; it plans a total capex of ~Rs 1bn over the next 2-3 years. The demand scenario is challenging as educational institutions remain closed but PSL is operationally better prepared to capture impulse consumption as mobility improves with the increase in vaccination rates and the easing of lockdown restrictions.

We expect revenue CAGR of 23% between FY21-23E; EBITDA and PAT should grow at a CAGR of 48% and 118% led by operating leverage, a better product mix and efficiencies in distribution and logistics – PSL plans to deliver products directly to the distributors instead of selling them through super-stockists. Its RoCE is likely to improve to 10% in FY23E from 1.2% in FY21 as the revenues from sweet snacks increase and synergy benefits from the Avadh acquisition play out. We reiterate BUY with a revised target price of Rs 875 (earlier Rs 820) based on 14x FY23E EV/EBITDA (13x earlier; revised on account of market share gains from unorganized players).

Consolidated revenue grew 43% YoY to Rs 2.8bn despite the closure of schools and colleges and weak footfalls/traffic on railway stations/highways. Schools and institutional sales contribute to ~20% of PSL's revenues. The company ensured unhindered plant operations and better supply chain management, resulting in uninterrupted supplies to trade channels. The expansion of its tele-calling facility (plans to reach 2.5-3 lakh outlets) also supported faster and efficient replenishment. To drive growth in its sweet snacks portfolio (largely driven by school kids), PSL is working on new products (<Rs 10) for home consumption. Through the Kolkata plant, it can now supply the entire portfolio in the Eastern markets (*namkeens* to be delivered from the Indore plant). Avadh posted double-digit growth in 1QFY22. The company has 14 plants (seven owned) across India and a distribution network of 1.7mn outlets with 240+ super-stockists and 4,300 distributors. It is aggressively ramping up capacities pan-India mainly via the outsourcing route - outsourced share in total revenue is likely to cross 30% in 2-3 years. The response for its new sweet snack products has been encouraging and it expects the segment to contribute to ~10% of its revenue by FY25E, up from ~3% currently. We expect revenue CAGR of 23% between FY21-23E given the shift in demand from the unorganized segment, market share gains through product innovation and distribution expansion, synergies from the integration of Avadh's business and growth in the sweet snacks category.

Investors are advised to refer disclosures made at the end of the research report.

Cost optimization and process re-engineering limit margin contraction: Gross margins contracted 422bps to 23.9% despite volatility in palm oil prices (+65% YoY). The impact of high input costs was mitigated through cost-rationalization and process re-engineering initiatives. EBITDA margin contracted 25bps to 4%. On account of resignation of certain employees, PSL reassessed SAR (Stock Appreciation Rights) and reversed Rs 15.3mn in standalone results (netted from employee benefits expense). The management expects a sustainable margin of ~10% over the next 2-3 years. We expect PSL's EBITDA margin to improve to 7.8% in FY23E from 5.4% in FY21 led by operating leverage, a better product mix and efficiencies in distribution and logistics. The gross margin in sweet snacks is higher than in salty snacks. The company targets to increase the contribution of sweet snacks from 3% to 10% of revenues in 3-4 years. It plans to deliver products directly from its factories to the distributors instead of taking the super-stockist route to save on the second leg of the logistics cost. In the 1st phase, the company aims to reduce the second leg of logistics cost (3% of sales) by 30-35% over the next three years.

Maintain BUY with a revised target price of Rs 875: We expect its RoCE to improve to 10% in FY23E from 1.2% in FY21 along with a healthy FCF generation of Rs 1bn between FY22-23E. At our target price of Rs 875, PSL trades at 1.2x FY23E revenues, 14x FY23E EBITDA, 31x FY23E EPS and a 3% FCF yield.

Exhibit 1: Long-term strategies to drive sales and margins

Compressing distribution structure	Expanding 3P facilities	Enhancing distribution	Improvising product portfolio	Product optimisation
<ul style="list-style-type: none"> Moving away from the traditional three-tier distribution structure (~95% of sales) of super stockists, distributors and retailers. Doing away with stockists to save trade margins. Will reduce overheads costs like secondary freight. Permanent savings of 2-3% in EBITDA margin likely. 	<ul style="list-style-type: none"> To augment capacity through the asset light model. Production will be closer to consumption centres. Plans to have hubs at strategic locations across the country. Converted 3P facility in Bengaluru to serve as a hub for the Southern markets. Commissioned own facility in Kolkata to support direct distribution in the Eastern region. Planning to convert Hisar plant as a hub for the Northern markets. 	<ul style="list-style-type: none"> Initiated tele-calling to deepen distribution in micro-markets and drive sales. This will increase its retail touch points in the market. Will extend across the network in the coming months. 	<ul style="list-style-type: none"> Evaluating the entire portfolio to assess the impact of the pandemic on its products. Plans to add products that are suited for in-home consumption. Launched the Avadh portfolio in new markets outside Gujarat. 	<ul style="list-style-type: none"> Working on product improvements through optimization in box/laminate sizes, reduction of weight per packet and reduction of oil content in recipes. These initiatives will mitigate the impact of RM inflation.

Source: Company, Systematix Institutional Research

Exhibit 2: Actuals vs. estimates

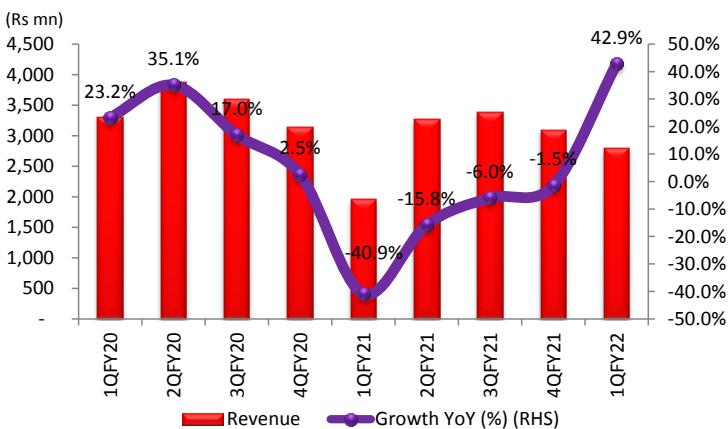
(Rs mn)	Q1FY22	1QFY22E	Variance (%)	Q1FY21	YoY growth (%)
Total Sales	2,796	2,740	2.1	1,957	42.9
EBITDA	111	52	113.1	82	34.5
EBITDA margin (%)	4.0	1.9	+210bps	4.2	-20bps
Adj. PAT	(16)	(45)		(60)	
EPS	(0.7)	(1.9)		(2.5)	

Source: Company, Systematix Institutional Research

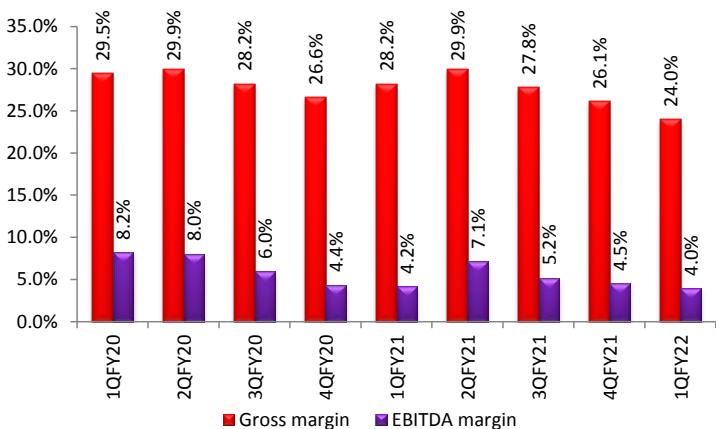
Exhibit 3: Quarterly performance

YE March (Rs mn)	Q1FY22	Q1FY21	Q4FY21	YoY (%)	QoQ (%)
Net sales	2,782	1,944	3,075		
Other operating income	14	13	20		
Net Revenues	2,796	1,957	3,095	42.9	(9.7)
Cost of goods sold	2,118	1,405	2,283	50.7	(7.2)
(% of sales)	75.8	71.8	73.7		
Purchase of stock in trade	7.2	0	5		53.3
(% of sales)	0.3	0.0	0.2		
Employee cost	104	119	133	(13.0)	(22.1)
(% of sales)	3.7	6.1	4.3		
Others	457	351	536	30.1	(14.8)
(% of sales)	16.3	17.9	17.3		
EBITDA	111	82	139	34.5	(20.4)
EBITDA margin (%)	4.0	4.2	4.5		
Other income	15	19	29	(23.1)	(49.9)
PBIT	125	101	169	23.7	(25.5)
Depreciation	131	160	131	(17.8)	0.0
Interest	16	17	15	(7.2)	10.9
PBT	(22)	(75)	23	(71.2)	(194.7)
Tax	(6)	(16)	(48)	(63.4)	(88.0)
ETR (%)	26.7	21.0	(210.3)		
Adjusted PAT	(16)	(60)	71	(73.2)	(122.4)
PATAMI margin	(0.6)	(3.0)	2.3		
Reported PAT	-15.9	-59.6	71.3	(73.2)	(122.4)
No. of shares (mn)	23.5	23.5	23.5		
Adj EPS (Rs)	(0.7)	(2.5)	3.0		

Source: Company, Systematix Institutional Research

Exhibit 4: Sales growth of 43% YoY

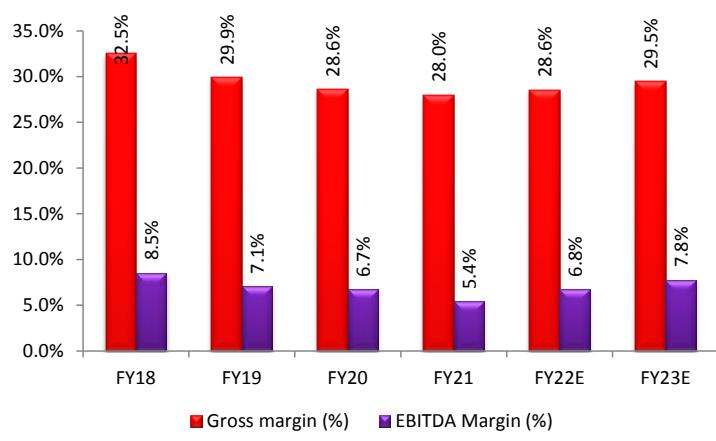
Source: Company, Systematix Institutional Research

Exhibit 5: EBITDA margin contracts 25bps

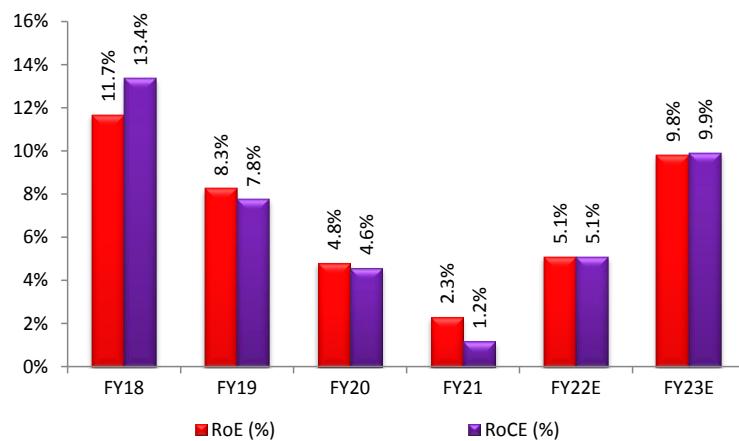
Source: Company, Systematix Institutional Research

Exhibit 6: Expect revenue CAGR of 23% over FY21-23E

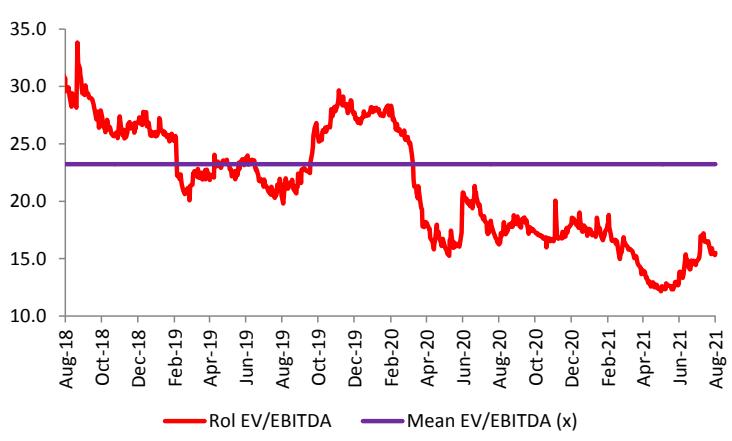
Source: Company, Systematix Institutional Research

Exhibit 7: Margins should increase gradually

Source: Company, Systematix Institutional Research

Exhibit 8: RoCE to improve from FY22 onwards

Source: Company, Systematix Institutional Research

Exhibit 9: Currently trading at 15.5x one-yr fwd EV/E multiple

Source: Bloomberg, Systematix Institutional Research

FINANCIALS

Profit & Loss Statement

YE: Mar (Rs mn)	FY19	FY20	FY21	FY22E	FY23E
Net Sales	11,706	13,938	11,711	13,923	17,618
RM Cost	8,093	9,864	8,426	9,939	12,419
Purchase of trad. Goods	111	83	5	6	8
Gross Profits	3,502	3,991	3,280	3,978	5,192
Employee costs	415	577	533	599	714
Selling & Admin costs	2,254	2,477	2,116	2,435	3,106
Total Expenses	10,874	13,001	11,080	12,979	16,246
EBITDA	832	937	631	944	1,372
Depreciation	376	617	546	573	602
Other income	109	92	88	97	131
EBIT	565	411	173	468	902
Interest cost	9	75	63	63	63
PBT	557	337	111	406	839
Taxes	110	55	-31	81	168
Adj. PAT	446	282	142	324	671
Extraordinaries	0	-188	0	0	0
Reported PAT	446	469	142	324	671
No. of shares (mn)	23	23	23	23	23
Adj. EPS	19.0	20.0	6.0	13.8	28.6

Source: Company, Systematix Institutional Research

Cash Flow

YE: Mar (Rs mn)	FY19	FY20	FY21	FY22E	FY23E
PBT	557	524	111	406	839
Add: Depreciation	376	617	546	573	602
Add: Interest	(101)	(17)	(26)	(35)	(69)
Less: taxes paid	(154)	(63)	(37)	(81)	(168)
Add: other adjustments	6	(147)	38	0	0
Less: WC changes	(575)	(164)	143	25	(70)
Total OCF	108	751	774	888	1134
OCF w/o WC changes	683	915	631	863	1204
Capital expenditure	(383)	(588)	(338)	(400)	(600)
Creation of leased assets					
Interest/Dividend recd.	100	39	43	97	131
Other Investing activites	(310)	56	(483)	0	0
Total ICF	(593)	(493)	(778)	(303)	(469)
Free Cash Flows	(275)	163	435	488	534
Share issuances	0	0	0	0	0
Change in borrowings	111	(177)	(98)	0	0
Dividends	(28)	(28)	(23)	(29)	(47)
Interest payment	(2)	(74)	(21)	(63)	(63)
Others	0	0	0	0	0
Total FCF	80	(280)	(142)	(92)	(110)
Net change in cash	(405)	(22)	(147)	494	556
Opening cash & CE	691	287	265	118	611
Closing cash & CE	287	265	118	611	1167

Source: Company, Systematix Institutional Research

Balance Sheet

YE: Mar (Rs mn)	FY19	FY20	FY21	FY22E	FY23E
Equity capital	117	117	117	117	117
Reserves and surplus	5,496	5,963	6,114	6,409	7,033
Net worth	5,614	6,080	6,231	6,526	7,150
Minority Interest	0	0	0	0	0
Total Debt/Lease	864	1,419	928	928	928
Other LT liabilities	711	671	579	579	579
Total sources	7,189	8,170	7,738	8,033	8,657
Net Block	2,873	3,593	3,393	3,220	3,219
Net deferred tax	18	2	2	2	2
Other assets	326	713	676	676	676
CWIP	67	196	209	209	209
Goodwill and intangibles	2,388	2,286	2,187	2,187	2,187
Cash	819	538	304	798	1,353
Inventories	1,195	1,323	1,307	1,439	1,773
Debtors	308	326	266	316	400
Loans & Advances	263	231	514	516	520
Current Assets	1,765	1,880	2,087	2,272	2,693
Creditors	856	875	926	1,101	1,393
Other CL	211	164	194	229	288
Current Liabilities	1,067	1,038	1,120	1,330	1,681
Net Working Capital	698	842	967	942	1,012
Total Uses	7,189	8,170	7,738	8,033	8,657

Source: Company, Systematix Institutional Research

Ratios

YE: Mar	FY19	FY20	FY21	FY22E	FY23E
YoY growth in Revenue	15.1	19.1	(16.0)	18.9	26.5
YoY growth in EBITDA	7.1	6.7	5.4	6.8	7.8
YoY growth in Net income (%)	1.1	(36.9)	(49.7)	129.2	106.8
Effective tax rate	19.8	16.4	(27.9)	20.0	20.0
EBITDA margin	7.1	6.7	5.4	6.8	7.8
Adj PAT margin	3.8	2.0	1.2	2.3	3.8
ROACE (pre-tax)	7.8	4.6	1.2	5.1	9.9
ROAE	8.3	4.8	2.3	5.1	9.8
Net debt to equity (x)	0.0	0.1	0.1	0.0	(0.1)
Inventory days	37	35	41	38	37
Debtors days	10	9	8	8	8
Payable days	27	23	29	29	29
NWC days	20	20	20	17	16
Per share numbers (Rs)					
Reported earnings	19.0	12.0	6.0	13.8	28.6
Dividend	1.0	1.0	0.5	1.3	2.0
Free cash	(11.7)	6.9	18.6	20.8	22.8
Book Value	239.4	259.2	265.7	278.3	304.9
Valuations (x)					
Price to diluted earnings	38.5	61.0	121.3	52.9	25.6
EV / EBITDA	20.4	18.1	26.9	17.5	11.6
Price to sales	1.5	1.2	1.5	1.2	1.0

Source: Company, Systematix Institutional Research

Institutional Equities Team

Nikhil Khandelwal	Managing Director	+91-22-6704 8001	nikhil@systematixgroup.in
Navin Roy Vallabhaneni	President & Head – IE & ECM	+91-22-6704 8065	navin@systematixgroup.in
Equity Research			
Analysts	Industry Sectors	Desk-Phone	E-mail
Rahul Jain	Metals & Mining	+91-22-6704 8066	rahuljain@systematixgroup.in
Ronak Sarda	Auto, Auto Ancillaries	+91-22-6704 8059	ronaksarda@systematixgroup.in
Rakesh Kumar	Banking, Insurance	+91-22-6704 8041	rakeshkumar@systematixgroup.in
Praful Bohra	Pharmaceuticals and Healthcare	+91-22-6704 8064	prafulbohra@systematixgroup.in
Shubhranshu Mishra	NBFCs & Diversified Financials	+91-22-6704 8024	shubhranshumishra@systematixgroup.in
Sanjeev Kumar Singh	Cement, Building Materials, Paints	+91-22-6704 8017	sanjeevsingh@systematixgroup.in
Premal Kamdar	Consumer Staples	+91-22-6704 8090	premalkamdar@systematixgroup.in
Amar Kedia	Infra, Cap Goods, Logistics, Consumer Durables	+91-22-6704 8084	amarkedia@systematixgroup.in
Ashutosh Joytiraditya	Consumer, Retail	+91-22-6704 8068	ashutoshj@systematixgroup.in
Naushad Chaudhary	Chemicals, Textiles, Building Materials, Midcaps	+91-22-6704 8036	naushadchaudhary@systematixgroup.in
Harsh Mittal	Cement, Building Materials, Paints	+91-22-6704 8098	harshmittal@systematixgroup.in
Poorvi Banka	Auto, Auto Ancillaries	+91-22-6704 8063	poorvibanka@systematixgroup.in
Nikhil Shah	Banking, Insurance	+91-22-6704 8091	nikhilshah@systematixgroup.in
Tausif Shaikh	Pharmaceuticals and Healthcare	+91-22-6704 8046	tausifshaikh@systematixgroup.in
Shweta Dikshit	Metals & Mining	+91-22-6704 8042	shwetadikshit@systematixgroup.in
Shilpashree Venkatesh	Macro-Strategy	+91-22-6704 8078	shilpav@systematixgroup.in
Equity Sales & Trading			
Name		Desk-Phone	E-mail
Vipul Sanghvi	Director and Head - Sales	+91-22-6704 8062	vipulsanghvi@systematixgroup.in
Ashok Kumar Agarwal	Sales	+91-22-6704 8058	ashokagarwal@systematixgroup.in
Jigar Kamdar	Sales	+91-22-6704 8060	jigarkamdar@systematixgroup.in
Rahul Khandelwal	Sales	+91-22-6704 8033	rahul@systematixgroup.in
Pawan Sharma	Director and Head - Sales Trading	+91-22-6704 8067	pawansharma@systematixgroup.in
Mukesh Chaturvedi	Vice President and Co Head - Sales Trading	+91-22-6704 8074	mukeshchaturvedi@systematixgroup.in
Vinod Bhuwad	Sales Trading	+91-22-6704 8051	vinodbhuwad@systematixgroup.in
Rashmi Solanki	Sales Trading	+91-22-6704 8097	rashmisolanki@systematixgroup.in
Rahul Thakar	Sales Trading - Derivatives	+91-22-6704 8073	rahulthakar@systematixgroup.in
Vipul Chheda	Dealer	+91-22-6704 8050	vipulchheda@systematixgroup.in
Amit Sawant	Dealer	+91-22-6704 8054	amitsawant@systematixgroup.in
Paras Shah	Dealer	+91-22-6704 8047	parasshah@systematixgroup.in
Suketu Vyas	Dealer	+91-22-6704 8050	suketuvyas@systematixgroup.in
Corporate Access			
Audrey Leolyn Mendonca	Assistant Vice President	+91-22-6704 8088	audreymendonca@systematixgroup.in
Production			
Yukti Vidyarthi	Editor	+91-22-6704 8071	yukti@systematixgroup.in
Mrunali Pagdhare	Production	+91-22-6704 8057	mrunalip@systematixgroup.in
Vijayendra Achrekar	Production	+91-22-6704 8089	vijayendraachrekar@systematixgroup.in
Operations			
Sachin Malusare	Vice President	+91-22-6704 8055	sachinmalusare@systematixgroup.in
Sugandha Rane	Assistant Vice President	+91-22-6704 8056	sugandha@systematixgroup.in
Jignesh Mistry	Manager	+91-22-6704 8049	jigneshmistry@systematixgroup.in
Ravikiran Dasaka	Manager	+91-22-6704 8622	ravikiran@systematixgroup.in
Ravi Agarwal	Assistant Manager	+91-22-6704 8016	raviagarwal@systematixgroup.in

DISCLOSURES/APPENDIX

I. ANALYST CERTIFICATION

I, **Ashutosh Joytiraditya, Premal Kamdar**, hereby certify that (1) views expressed in this research report accurately reflect my/our personal views about any or all of the subject securities or issuers referred to in this research report, (2) no part of my/our compensation was, is, or will be directly or indirectly related to the specific recommendations or views expressed in this research report by **Systematix Shares and Stocks (India) Limited (SSSIL)** or its group/associate companies, (3) reasonable care is taken to achieve and maintain independence and objectivity in making any recommendations.

Disclosure of Interest Statement	Update
Analyst holding in the stock	No
Served as an officer, director or employee	No

II. ISSUER SPECIFIC REGULATORY DISCLOSURES, unless specifically mentioned in point no. 9 below:

1. The research analyst(s), SSSIL, associates or relatives do not have any financial interest in the company(ies) covered in this report.
2. The research analyst(s), SSSIL, associates or relatives collectively do not hold more than 1% of the securities of the company(ies) covered in this report as of the end of the month immediately preceding the distribution of the research report.
3. The research analyst(s), SSSIL, associates or relatives did not have any other material conflict of interest at the time of publication of this research report.
4. The research analyst, SSSIL and its associates have not received compensation for investment banking or merchant banking or brokerage services or any other products or services from the company(ies) covered in this report in the past twelve months.
5. The research analyst, SSSIL or its associates have not managed or co-managed a private or public offering of securities for the company(ies) covered in this report in the previous twelve months.
6. SSSIL or its associates have not received compensation or other benefits from the company(ies) covered in this report or from any third party in connection with this research report.
7. The research analyst has not served as an officer, director or employee of the company(ies) covered in this research report.
8. The research analyst and SSSIL have not been engaged in market making activity for the company(ies) covered in this research report.
9. Details of SSSIL, research analyst and its associates pertaining to the companies covered in this research report:

Sr. No.	Particulars	Yes / No.
1	Whether compensation was received from the company(ies) covered in the research report in the past 12 months for investment banking transaction by SSSIL.	No
2	Whether research analyst, SSSIL or its associates and relatives collectively hold more than 1% of the company(ies) covered in the research report.	No
3	Whether compensation has been received by SSSIL or its associates from the company(ies) covered in the research report.	No
4	Whether SSSIL or its affiliates have managed or co-managed a private or public offering of securities for the company(ies) covered in the research report in the previous twelve months.	No
5	Whether research analyst, SSSIL or associates have received compensation for investment banking or merchant banking or brokerage services or any other products or services from the company(ies) covered in the research report in the last twelve months.	No

10. There is no material disciplinary action taken by any regulatory authority that impacts the equity research analysis activities.

STOCK RATINGS

BUY (B): The stock's total return is expected to exceed 15% over the next 12 months.

HOLD (H): The stock's total return is expected to be within -15% to +15% over the next 12 months.

SELL (S): The stock's total return is expected to give negative returns of more than 15% over the next 12 months.

NOT RATED (NR): The analyst has no recommendation on the stock under review.

INDUSTRY VIEWS

ATTRACTIVE (AT): Fundamentals/valuations of the sector are expected to be attractive over the next 12-18 months.

NEUTRAL (NL): Fundamentals/valuations of the sector are expected to neither improve nor deteriorate over the next 12-18 months.

CAUTIOUS (CS): Fundamentals/valuations of the sector are expected to deteriorate over the next 12-18 months.

III. DISCLAIMER

The information and opinions contained herein have been compiled or arrived at based on the information obtained in good faith from sources believed to be reliable. Such information has not been independently verified and no guaranty, representation of warranty, express or implied, is made as to its accuracy completeness or correctness.

This document is for information purposes only. This report is based on information that we consider reliable; we do not represent that it is accurate or complete and one should exercise due caution while acting on it. Description of any company(ies) or its/their securities mentioned herein are not complete and this document is not and should not be construed as an offer or solicitation of an offer to buy or sell any securities or other financial instruments. Past performance is not a guide for future performance, future returns are not guaranteed and a loss of original capital may occur. All opinions, projections and estimates constitute the judgment of the author as on the date of the report and these, plus any other information contained in the report, are subject to change without notice. Prices and availability of financial instruments are also subject to change without notice. This report is intended for distribution to institutional investors.

This report is not directed to or intended for display, downloading, printing, reproducing or for distribution to or use by, any person or entity that is a citizen or resident or located in any locality, state, country or other jurisdiction where such distribution, publication, reproduction, availability or use would be contrary to law or regulation or what would subject to SSSIL or its affiliates to any registration or licensing requirement within such jurisdiction. If this report is inadvertently sent or has reached any individual in such country, especially USA, the same may be ignored and brought to the attention of the sender. Neither this document nor any copy of it may be taken or transmitted into the United States (to U.S. persons), Canada, or Japan or distributed, directly or indirectly, in the United States or Canada or distributed or redistributed in Japan or to any resident thereof. Any unauthorized use, duplication,

redistribution or disclosure of this report including, but not limited to, redistribution by electronic mail, posting of the report on a website or page, and/or providing to a third party a link, is prohibited by law and will result in prosecution. The information contained in the report is intended solely for the recipient and may not be further distributed by the recipient to any third party.

SSSL generally prohibits its analysts, persons reporting to analysts, and members of their households from maintaining a financial interest in the securities or derivatives of any companies that the analysts cover. Additionally, SSSL generally prohibits its analysts and persons reporting to analysts from serving as an officer, director, or advisory board member of any companies that they cover. Our salespeople, traders, and other professionals or affiliates may provide oral or written market commentary or trading strategies to our clients that reflect opinions that are contrary to the opinions expressed herein. Our proprietary trading and investing businesses may make investment decisions that are inconsistent with the recommendations expressed herein. The views expressed in this research report reflect the personal views of the analyst(s) about the subject securities or issues and no part of the compensation of the research analyst(s) was, is, or will be directly or indirectly related to the specific recommendations and views expressed by research analyst(s) in this report. The compensation of the analyst who prepared this document is determined exclusively by SSSL; however, compensation may relate to the revenues of the Systematix Group as a whole, of which investment banking, sales and trading are a part. Research analysts and sales persons of SSSL may provide important inputs to its affiliated company(ies).

Foreign currencies denominated securities, wherever mentioned, are subject to exchange rate fluctuations which could have an adverse effect on their value or price or the income derived from them. In addition, investors in securities such as ADRs, the values of which are influenced by foreign currencies, effectively assume currency risk. SSSL, its directors, analysts or employees do not take any responsibility, financial or otherwise, of the losses or the damages sustained due to the investments made or any action taken on the basis of this report including but not restricted to fluctuation in the prices of shares and bonds, changes in the currency rates, diminution in the NAVs, reduction in the dividend or income, etc.

SSSL and its affiliates, officers, directors, and employees subject to the information given in the disclosures may: (a) from time to time, have long or short positions in, and buy or sell, the securities thereof, of company (ies) mentioned herein or (b) be engaged in any other transaction involving such securities and earn brokerage or other compensation (financial interest) or act as a market maker in the financial instruments of the company (ies) discussed herein or act as advisor or lender / borrower to such company (ies) or have other potential material conflict of interest with respect to any recommendation and related information and opinions. The views expressed are those of the analyst and the company may or may not subscribe to the views expressed therein.

SSSL, its affiliates and any third party involved in, or related to, computing or compiling the information hereby expressly disclaim all warranties of originality, accuracy, completeness, merchantability or fitness for a particular purpose with respect to any of this information. Without limiting any of the foregoing, in no event shall SSSL, any of its affiliates or any third party involved in, or related to, computing or compiling the information have any liability for any damages of any kind. The company accepts no liability whatsoever for the actions of third parties. The report may provide the addresses of, or contain hyperlinks to, websites. Except to the extent to which the report refers to website material of the company, the company has not reviewed the linked site. Accessing such website or following such link through the report or the website of the company shall be at your own risk and the company shall have no liability arising out of, or in connection with, any such referenced website.

SSSL will not be liable for any delay or any other interruption which may occur in presenting the data due to any technical glitch to present the data. In no event shall SSSL be liable for any damages, including without limitation, direct or indirect, special, incidental, or consequential damages, losses or expenses arising in connection with the data presented by SSSL through this presentation.

SSSL or any of its other group companies or associates will not be responsible for any decisions taken on the basis of this report. Investors are advised to consult their investment and tax consultants before taking any investment decisions based on this report.



Systematix Shares and Stocks (India) Limited:

Registered and Corporate address: The Capital, A-wing, No. 603 – 606, 6th Floor, Plot No. C-70, G Block, Bandra Kurla Complex, Bandra (East), Mumbai – 400 051
 CIN - U65993MH1995PLC268414 | BSE SEBI Reg. No.: INZ000171134 (Member Code: 182) | NSE SEBI Reg. No.: INZ000171134 (Member Code: 11327) | MCX SEBI Reg. No.: INZ000171134 (Member Code: 56625) | NCDEX SEBI Reg. No.: INZ000171134 (Member Code: 1281) | Depository Participant SEBI Reg. No.: IN-DP-480-2020 (DP Id: 34600) | PMS SEBI Reg. No.: INP000002692 | Research Analyst SEBI Reg. No.: INH200000840 | Investment Advisor SEBI Reg. No. INA000010414 | AMFI : ARN - 64917