MPS Ltd

Bloomberg Code: MPS IN

India Research - Stock Broking

BUY

Capitalizing on Outsourcing Opportunities in Digital Publishing

Declining print sales in major markets and gaining digital publishing; favourable condition for the company: Changing consumer preference towards the digital book format leading to declining print, we believe that the company stands in sweet spot to take advantage increasing flow of the global publishers outsourcing work to India and we expect the company to grow at 7.8% CAGR on standalone basis drung FY15-17E.

Successful turnaround after acquisition by rationalising employee cost and service locations, with favourable rupee depreciation against US dollar to contribute to MPS's topline: Successful turnaround with improved operating efficiency by downsizing its service locations and increasing the employee count at its low cost Dehradun facility along with favourable rupee deprecation against US dollar, we expect the company to maintain its EBITDA margin in the range of 37-38% and grow at 7.4% CAGR in FY15-17E.

Inorganic growth an appropriate path ahead, benefitting from the publishing industry consolidation: With 3 acquisitions in last two years, the company has opted for inorganic method to scale quickly in terms of range of services offered to its clients. We believe that this approach to be favourable as the publishing industry is under consolidation and also the company can quickly fill the gaps in its service offerings and help better mine the top contributing clients.

Valuation and Outlook

Increased outsourcing work from the global publishers towards India, with improving services capabilities from inorganic growth to better mine the top contributing clients of the company and tight control over operating cost, we expect the company to perform better in the near term. At CMP of Rs.798, the stock is trading at PE of 25.0x and 23.8x of its FY16E and FY17E standalone earnings respectively. We recommend a **"BUY"** rating with a target price of Rs. 930 representing an upside potential of 17%.

Key Risks

- Concentration risk due to dependability on few clients.
- Currency volatility could impact revenue estimates.
- Outcome of inorganic growth.

Exhibit 1: Valuation Summary

YE Mar (Rs. Mn)	FY13	FY14	FY15	FY16E	FY17E
Net Sales	1640	1883	2032	2170	2360
EBITDA	429	647	759	828	875
EBITDA Margin (%)	26.2	34.4	37.3	38.2	37.1
Adj. Net Profit	319	434	587	595	624
EPS (Rs.)	19.0	25.8	31.5	32.0	33.5
RoE (%)	38.6	46.9	**23.1	22.2	21.9
PE (x)*	6.6	14.1	30.0	25.0	23.8

*Source: Company, Karvy Research, *Represents multiples for FY13, FY14 & FY15 are based on historic market price.*

*** This RoE figure is taking into account QIP issuance of Mar 2015. RoE (ex. QIP issue) works out to 45.3%.*

Recommendation (Rs.)

CMP *(as on Dec 18, 2015)*	798
Target Price	930
Upside (%)	17

Stock Information

Mkt Cap (Rs.mn/US$ mn)	14872 / 224
52-wk High/Low (Rs.)	1096 / 697
3M Avg. daily volume (mn)	0.01
Beta (x)	1.09
Sensex/Nifty	25519 / 7762
O/S Shares(mn)	18.6
Face Value (Rs.)	10.0

Shareholding Pattern (%)

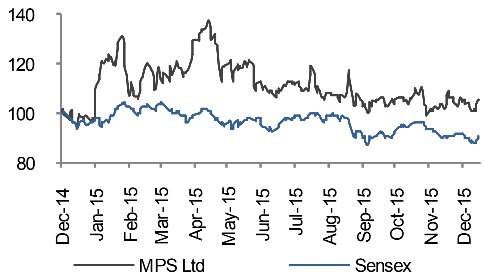
Promoters	67.8
FIIs	5.1
DIIs	5.1
Others	22.0

Stock Performance (%)

	1M	3M	6M	12M
Absolute	(2)	(1)	(4)	5
Relative to Sensex	(1)	2	2	12

Source: Bloomberg

Relative Performance*



*Source: Bloomberg; *Index 100*

Analyst Contact

Sharanabasappa VS

040 – 3321 6271

sharanabasappa.vs@karvy.com

Company Financial Snapshot (Y/E Mar)

Profit & Loss (Rs. Mn)	FY15	FY16E	FY17E
Net sales	2032	2170	2360
Optg. Exp (Adj for OI)	1273	1341	1485
EBITDA	759	828	875
Depreciation	52	54	58
Interest	3	3	3
Other Income	106	121	121
PBT	810	893	935
Tax	301	297	311
Adj. PAT	587	595	624
Profit & Loss Ratios			
EBITDA margin (%)	37.3	38.2	37.1
Net margin (%)	28.9	27.4	26.4
P/E (x)	30.0	25.0	23.8
EV/EBITDA (x)	20.9	18.0	17.0
Dividend yield (%)	2.3	2.5	2.6

Source: Company, Karvy Research

Company Background

MPS Ltd is engaged in the business of providing publishing solutions viz, typesetting and data digitalization services for the overseas publishers and supports international publishers through every stage of the author-to-reader publishing process and provides a digital-first strategy for the publishers across content production, enhancement and transformation, delivery and customer support. It offers diverse geographic spread catering to US and European countries. Earlier, in the year 2011, the company was acquired by the Adi BPO services Ltd from the HM Publishers holding Ltd. Under the current management, the company successfully witnessed turnaround in a span of four years. The company has expanded through inorganic expansion and acquired three companies in USA namely Elements LLC, Electronic Publishing Service Inc and TSI evolve Inc under its US subsidiary MPS North America LLC.

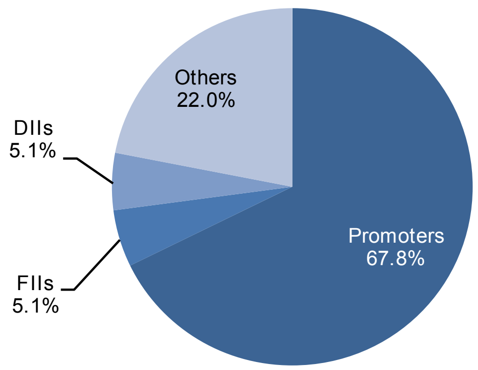
Balance sheet (Rs. Mn)	FY15	FY16E	FY17E
Total Assets	**2775**	**2940**	**3113**
Net Fixed assets	215	201	193
Current assets	2163	2238	2318
Other assets	397	502	602
Total Liabilities	**2775**	**2940**	**3113**
Networth	2536	2687	2844
Debt	0	0	0
Current Liabilities	233	248	263
Deferred Tax	6	6	6
Balance Sheet Ratios			
RoE (%)	23.1	22.2	21.9
RoCE (%)	32.1	33.3	33.0
Net Debt/Equity	(0.1)	(0.1)	(0.1)
Equity/Total Assets	11.8	13.4	14.7
P/BV (x)	6.9	5.5	5.2

***This RoE figure is taking into account QIP issuance of Mar 2015. RoE (ex. QIP issue) works out to 45.3%.*
Source: Company, Karvy Research

Cash Flow (Rs. Mn)	FY15	FY16E	FY17E
PBT	*888	893	935
Depreciation	52	54	58
Interest (net)	(11)	(119)	(119)
Tax	(258)	(298)	(312)
Changes in WC	(76)	(56)	(64)
Others	(95)	0	0
CF from Operations	**499**	**474**	**498**
Capex	(28)	(40)	(50)
Investment	(1489)	(81)	(50)
Others	15	121	121
CF from Investing	**(1501)**	**(0)**	**21**
Change in Equity	1478	0	0
Change in Debt	(4)	(3)	(3)
Dividends	(438)	(444)	(466)
CF from Financing	**1036**	**(447)**	**(468)**
Change in Cash	34	27	51

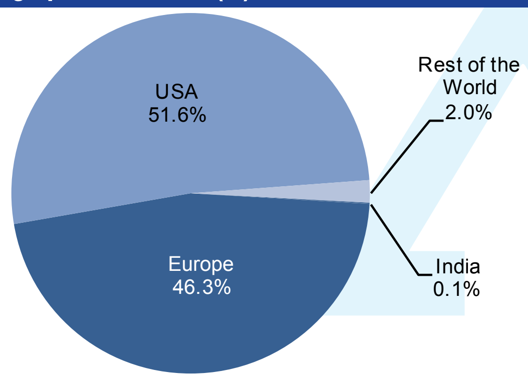
*Source: Company, Karvy Research, *Include exceptional item*

Exhibit 2: Shareholding Pattern (%)



Source: BSE, Karvy Research

Exhibit 3: Geographical Revenue (%)

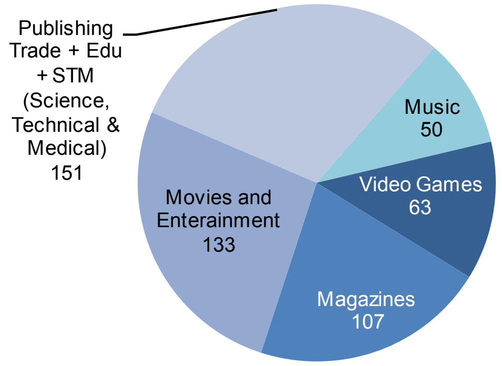


Source: Company, Karvy Research

Declining print sales across the major markets (Europe and North America) and gaining digital publishing leading to a favourable proposition for MPS:

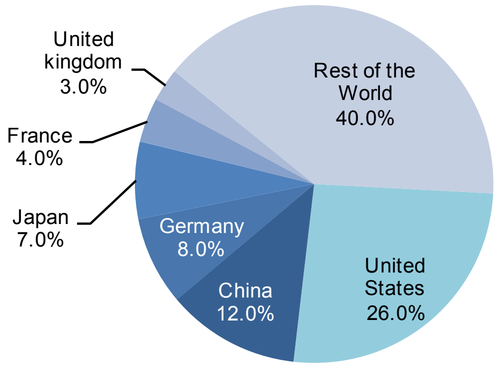
The traditional publisher's delivery model witnessed a significant change with the advent of e-commerce platform such as Amazon.com in US, which resulted in a shift towards online sales, forcing the retail book stores chain out of business. Not only did the consumers adopted the way they bought the books, even reading habits started to witness a change. With the increasing sales of the various electronic devices such as Tabs, Smart Mobile Phones and PCs, publishers had to adapt to various digital formats such as e-book, e-pub's (e-publication), XML and HTML formats suiting for various platforms such as Amazon's Kindle, Kobo's reader, etc.

Exhibit 4: Book publishing largest sector of content creation ($ Bn)



Source: Rüdiger Wischenbart for the International Publishers Association, Karvy Research

Exhibit 5: The six largest book markets (2012)



Source: Rüdiger Wischenbart for the International Publishers Association, Karvy Research

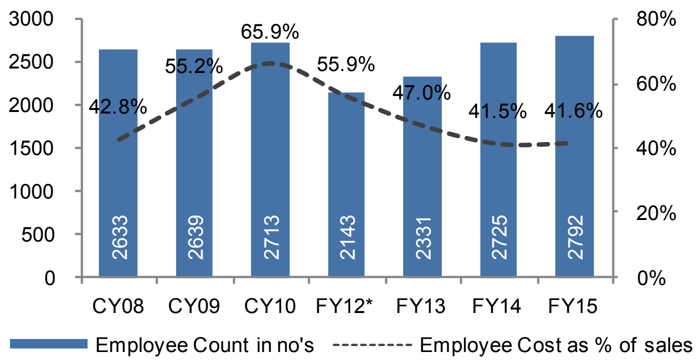
Book publishing is the largest segment in the content creation industry, with only six largest publishing markets accounting for nearly 60% of the global publishing market. Revenues from e-books accounted for a significant share of the total revenues of global publishers. During the year 2013, e-books accounted for 21% of the total trade sales in US. In the United Kingdom, e-books represented 15% of publishers' total digital and physical book sales in 2013. In the same year, in Germany, e-books comprised 3.9% of all trade sales, up from 2.4% in 2012. In terms of volume, e-books grew by 63% (compared to 200% in 2012). This adoption of the publishing industry towards digital platform has opened up opportunity for the publishing service companies like MPS Ltd. India is estimated to receive US$1.2-1.5 Bn annually of outsourcing work from the global publishers, which has witnessed a growth of 15% CAGR over past 10 years and is expected to maintain the same in coming years. We believe that MPS stands in a sweet spot to take advantage with increasing flow of global publishers outsourcing work to India, we expect the company to grow at a 7.8% CAGR on standalone basis during FY15-17E.

Successful turnaround after acquisition by rationalising employee cost and service locations, with favourable rupee depreciation to contribute to MPS' topline growth:

ADI BPO services Pvt Ltd successfully steered MPS after its acquisition in year 2011 to a comfortable position by FY15 and improved its operating margins from 9% in CY09 to 37% in FY15. The company was able to achieve the performance because of the two reasons i.e. improved operating efficiency and the grace of rupee depreciation against US dollar.

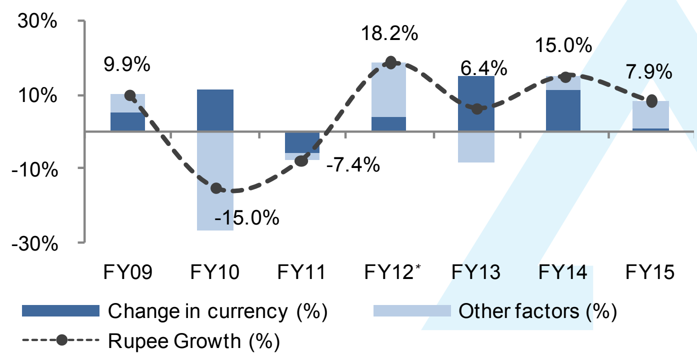
In order to improve its operating efficiency, the company downsized from 8 locations in year 2010 to 6 locations in year 2015 with consolidation in the Chennai location and included a new service location at Dehradun. With the downsizing of its location, the company was able to bring down its employee cost which was facilitated by increase in the employee count at the Dehradun facility enjoying the low cost employee advantage.

Exhibit 6: Rationalising employee cost



*Source: Company, Karvy Research, *Annualized for 12 months*

Exhibit 7: Grace of rupee depreciation againts US $ to topline



*Source: Company, Karvy Research, *Annualized for 12 months*

In terms of top line, the company stood befitted mainly by rupee depreciation. The company's revenue in dollar terms witnessed a de-growth of -2.0% CAGR from CY08-FY15, where as revenue in terms of rupee saw a growth of 3.8% CAGR during the same period on the account of rupee depreciation against the US dollar, hence realising higher rupee revenue for every dollar earned.

We expect the company to maintain its operating cost under control with management discipline to cap its employee cost in the range of 41-42% of the total sales; and also at its Dehradun facility, the company has capacity of 2,000 employee strength. Of which, currently 1,000 seats have been occupied giving enough headroom for the company to increase its employee strength without any additional facility. While we expect the business volumes to pick-up as the management is currently focusing on volumes, trading-off the price premium, and also with increasing contribution from the Top 10 & Top 5 clients due to increased mining by extending the services to be larger part of the outsourcing and with addition of new clients. But, at the same time, we maintain a cautious note on rupee appreciation against dollar exerting pressure on margins.

Inorganic growth an appropriate path ahead, benefitting from the publishing industry consolidation:

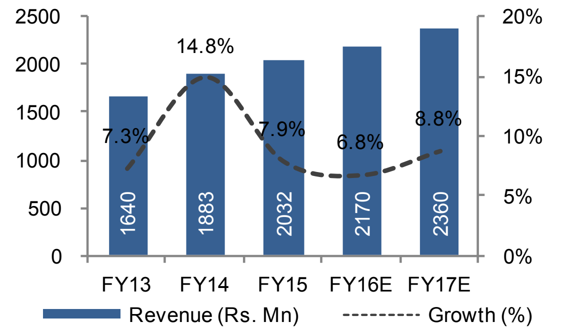
In order to increase the size and capability of the services provided in the larger publishing markets, the company has devised an inorganic approach to help scale the company quickly with complimentary capabilities. In this direction, the company has made three acquisitions in the span of last two years i.e. Elements LLC, Electronic Publishing Services Inc, (EPS) and TSI Evolve in US in the education publishing space. It has raised a QIP issue in Mar 2015 to the tune of Rs.1500 Mn, allowing the company to benefit from the opportunities from consolidation taking place in the publishing industry.

Exhibit 8: Business Assumptions

Y/E Mar (Rs. Mn)	FY14	FY15	FY16E	FY17E	Comments
Revenue	1883	2032	2170	2360	
Revenue Growth (%)	14.8	7.9	6.8	8.8	We expect the revenue to grow at the rate of 7.8% CAGR in FY15-17E on the back of increased volumes.
EBITDA	647	759	828	875	
EBITDA Margins (%)	34.4	37.3	38.2	37.1	We expect the company to manage its EBITDA margins in the range of 37-38% due to the disciplined control over the employee cost.
PAT (normalized)	434	587	595	624	
Fully Diluted EPS (Rs.)	25.8	31.5	32.0	33.5	
Fully Diluted EPS Growth (%)	36.2	22.1	1.4	4.8	
Capex (ex. Acquisition) - cash capex	(25)	(28)	(40)	(50)	
Net CFO	425	499	474	498	
Net Debt	(97)	(128)	(155)	(206)	
Free Cash Flow	400	471	434	448	

Source: Company, Karvy Research

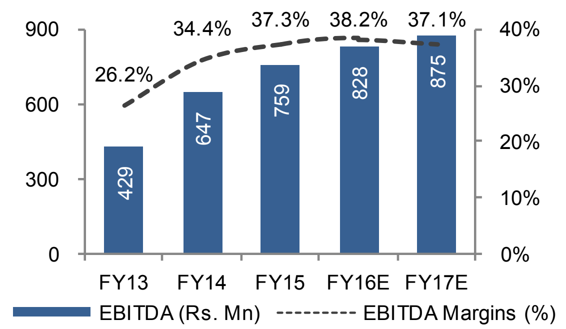
Exhibit 9: Revenue to grow at 7.8% in FY15-17E



Source: Company, Karvy Research

The company has witnessed 11% CAGR during FY13-15 in the rupee terms, but in dollar terms, it stood at 5% growth rate with dollar appreciating at 6% during the same period. We expect the company revenue in dollar terms to grow at 3.1% CAGR. However, assuming the US dollar at the average price of around Rs. 65/$, we expect the revenue in rupee terms to grow at 7.8% CAGR in FY15-17E on the standalone basis.

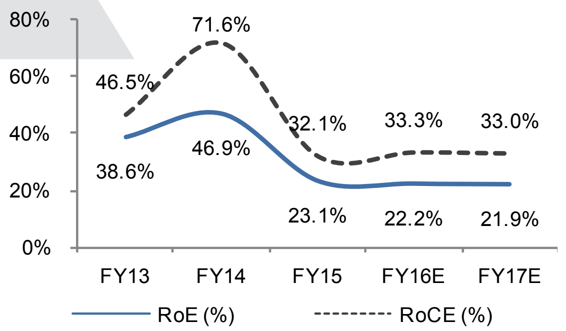
Exhibit 10: EBITDA to be in the range of 37-38% in FY16E-17E



Source: Company, Karvy Research

Employee cost being the major cost component for the company, management has strategically managed it with the relocation to the low cost facilities. The company with its discipline to maintain its employee cost between 41-42%, we expect the operating margins to be in the range of 37-38% in FY16E-17E.

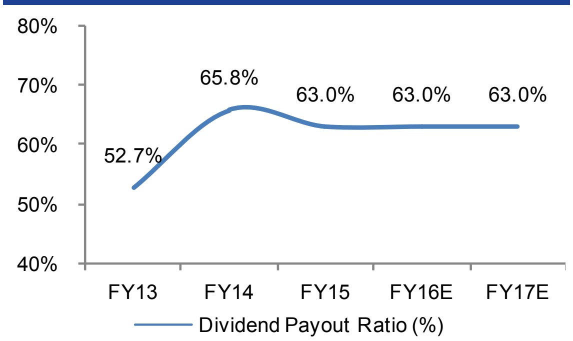
Exhibit 11: Near term effect of QIP on return ratios



Source: Company, Karvy Research

Profitability of the company witnessed improvement after the takeover during the period FY12-15 with RoE (ex. QIP issue) at 45.3% & RoCE (ex. QIP issue) at 78.5% in FY15. We expect the company to witness a drag in its returns ratio during FY16E-17E mainly on account of the QIP issue in March 2015.

Exhibit 12: Healthy dividend payout ratio



Source: Company, Karvy Research

The company has been paying consistent dividend and maintained a healthy dividend payout ratio in the range of 53-63% in the period FY13-15. We expect the company to maintain the same during year FY16E-17E in the range of 63%.

Exhibit 13: Company Snapshot (Ratings)

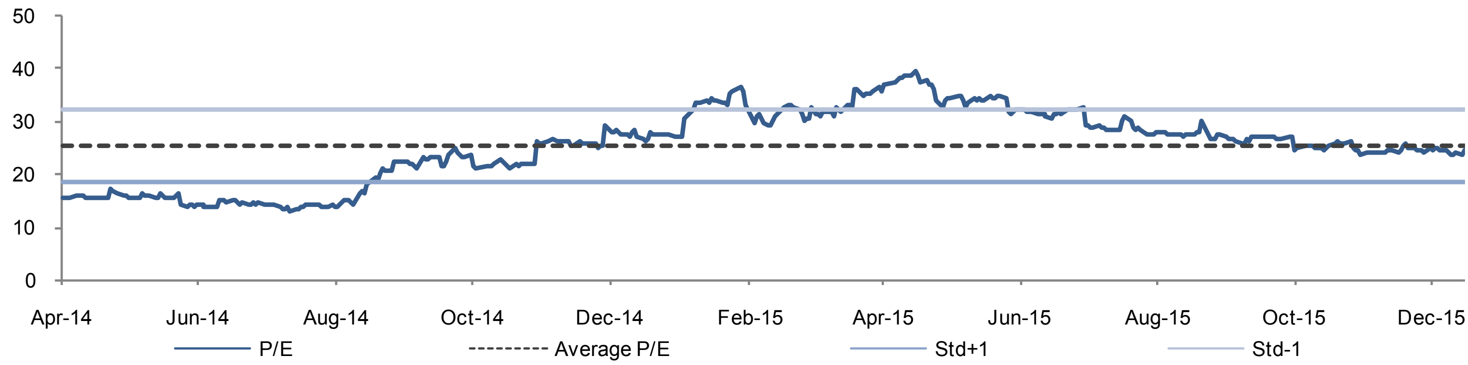
	Low				High
	1	2	3	4	5
Quality of Earnings				✓	
Domestic Sales	✓				
Exports					✓
Net Debt/Equity	✓				
Working Capital Requirement		✓			
Quality of Management				✓	
Depth of Management				✓	
Promoter				✓	
Corporate Governance				✓	

Source: Company, Karvy Research

Valuation & Outlook

Increased outsourcing work from the global publishers towards India, with improving services capabilities with inorganic growth to better mine the top contributing clients of the company and better control over the operating cost, we expect the company to perform better in the years to come. At CMP of Rs.798, the stock is trading at PE of 25.0x and 23.8x of its FY16E and FY17E standalone earnings respectively. We recommend a **"BUY"** rating with a target price of Rs. 930 representing an upside potential of 17%.

Exhibit 14: PE Band



Source: Bloomberg, Karvy Research

Exhibit 15 (a): Comparative Valuation Summary

	CMP	Mcap	EV/EBITDA (x)				P/E (x)				EPS (Rs.)			
	(Rs.)	(Rs. Mn)	FY14	FY15	FY16E	FY17E	FY14	FY15	FY16E	FY17E	FY14	FY15	FY16E	FY17E
MPS Ltd	798	14872	9.0	20.9	18.0	17.0	14.1	30.0	25.0	23.8	25.8	31.5	32.0	33.5
Repro India Ltd	488	5317	5.0	13.0	15.0	13.0	6.0	20.0	50.0	31.0	24.0	17.0	10.0	16.0

Source: Bloomberg, Karvy Research

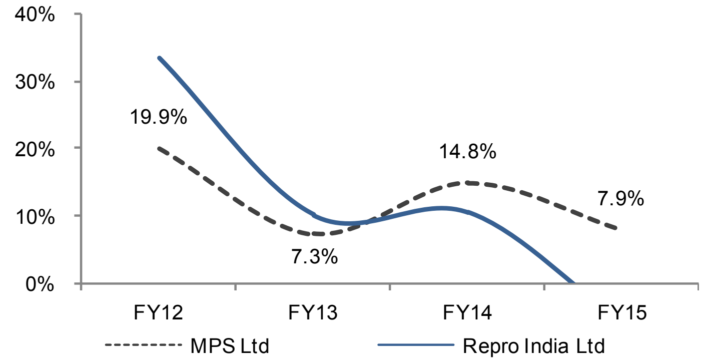
Exhibit 15 (b): Comparative Operational Metrics Summary

	CAGR % (FY15-17E)			RoE (%)				Price Perf (%)			Net Sales (Rs. Mn)			
	Sales	EBITDA	EPS	FY14	FY15	FY16E	FY17E	3m	6m	12m	FY14	FY15	FY16E	FY17E
MPS Ltd	7.8	7.4	3.1	46.9	23.1	22.2	21.9	(0.7)	(4.4)	4.7	1883	2032	2170	2360
Repro India Ltd	17.0	15.0	(3.8)	13.1	9.6	5.6	9.0	24.3	0.8	72.7	4211	3956	4718	5438

*Source: Bloomberg, Karvy Research, ** This RoE figure is taking into account QIP issuance of Mar 2015. RoE (ex. QIP issue) works out to 45.3%.*

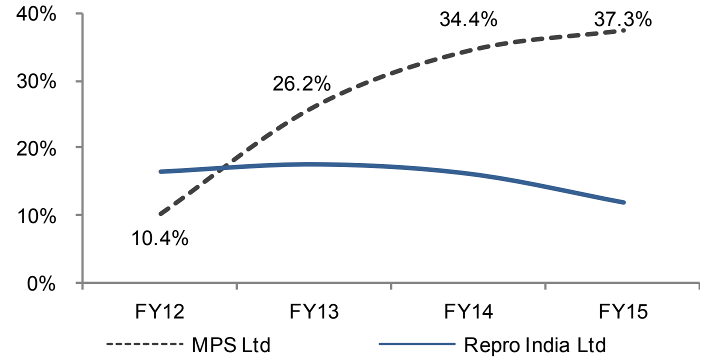
Peer Comparison

Exhibit 16: Revenue Growth (%)



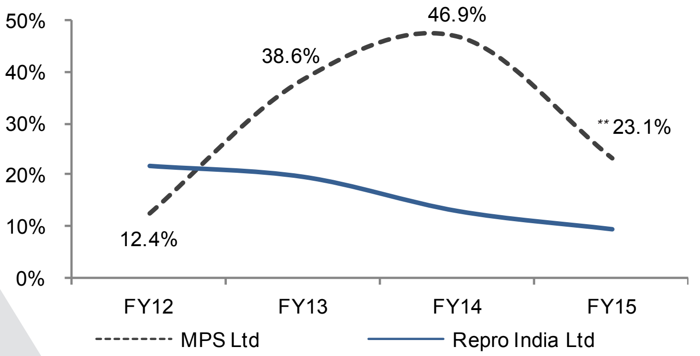
Source: Bloomberg, Karvy Research

Exhibit 17: EBITDA Margin (%)



Source: Bloomberg, Karvy Research

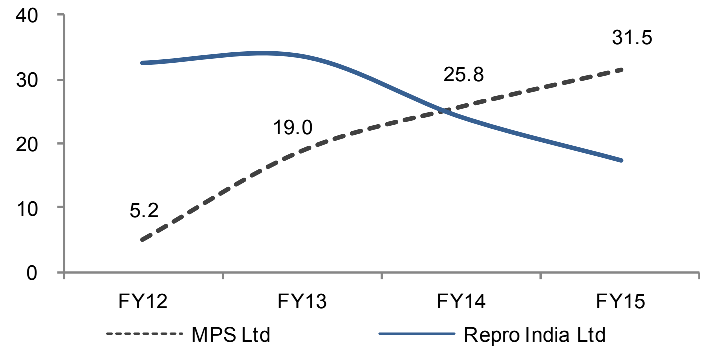
Exhibit 18: RoE (%)



Source: Bloomberg, Karvy Research.

***This RoE figure is taking into account QIP issuance of Mar 2015. RoE (ex. QIP issue) works out to 45.3%.*

Exhibit 19: EPS (Rs.)



Source: Bloomberg, Karvy Research

Key Risks

- Concentration risk due to dependability on few clients.
- Currency volatility could impact revenue estimates.
- Outcome of inorganic growth.

Financials

Exhibit 20: Income Statement

YE Mar (Rs. Mn)	FY13	FY14	FY15	FY16E	FY17E
Revenues	1640	1883	2032	2170	2360
Growth (%)	*7.3	14.8	7.9	6.8	8.8
Operating Expenses	1211	1236	1273	1341	1485
EBITDA	429	647	759	828	875
Growth (%)	*170.8	50.8	17.2	9.2	5.6
Depreciation & Amortization	74	51	52	54	58
Other Income	50	67	106	121	121
EBIT	405	663	813	895	938
Interest Expenses	6	4	3	3	3
PBT	400	659	810	893	935
Tax	81	225	301	297	311
Adjusted PAT	319	434	587	595	624
Growth (%)	*266.7	36.2	35.1	1.4	4.8

*Source: Company, Karvy Research; * Note: Calculation based on FY12 normalized value.*

Exhibit 21: Balance Sheet

YE Mar (Rs. Mn)	FY13	FY14	FY15	FY16E	FY17E
Cash & Cash Equivalents	111	97	128	155	206
Sundry Debtors	298	288	327	342	359
Inventory	89	0	0	0	0
Loans & Advances	246	230	252	280	333
Investments	177	280	1769	1850	1900
Net Block	218	189	215	201	193
Miscellaneous	20	86	84	112	122
Total Assets	**1158**	**1170**	**2775**	**2940**	**3113**
Current Liabilities & Provisions	286	243	233	248	263
Debt	45	0	0	0	0
Other Liabilities	1	1	6	6	6
Total Liabilities	**332**	**244**	**239**	**254**	**269**
Shareholders Equity	168	168	186	186	186
Reserves & Surplus	658	758	2350	2500	2658
Total Networth	**826**	**926**	**2536**	**2687**	**2844**
Total Networth & Liabilities	**1158**	**1170**	**2775**	**2940**	**3113**

Source: Company, Karvy Research

Exhibit 22: Cash Flow Statement

YE Mar (Rs. Mn)	FY13	FY14	FY15	FY16E	FY17E
PBT	399	659	888	893	935
Depreciation	74	51	52	54	58
Interest	6	4	3	3	3
Tax Paid	(85)	(191)	(258)	(298)	(312)
Inc/dec in Net WC	(17)	(81)	(76)	(56)	(64)
Other Income	(12)	(12)	(14)	(121)	(121)
Other non cash items	(49)	(4)	(95)	0	0
Cash flow from operating activities	**316**	**425**	**499**	**474**	**498**
Inc/dec in capital expenditure	(39)	(25)	(28)	(40)	(50)
Inc/dec in investments	(43)	(91)	(1475)	40	71
Others	9	3	1	0	0
Cash flow from investing activities	**(74)**	**(113)**	**(1501)**	**(0)**	**21**
Inc/dec in borrowings	(6)	(2)	(1)	0	0
Issuance of equity	0	0	1478	0	0
Dividend paid	(235)	(335)	(438)	(444)	(466)
Interest paid	(1)	(1)	(3)	(3)	(3)
Cash flow from financing activities	**(242)**	**(337)**	**1036**	**(447)**	**(468)**
Net change in cash	(0)	(25)	34	27	51

Source: Company, Karvy Research

Exhibit 23: Key Ratios

YE Mar	FY13	FY14	FY15	FY16E	FY17E
EBITDA Margin (%)	26.2	34.4	37.3	38.2	37.1
EBIT Margin (%)	24.7	35.2	40.0	41.3	39.7
Net Profit Margin (%)	19.4	23.1	28.9	27.4	26.4
Dividend Payout Ratio (%)	52.7	65.8	63.0	63.0	63.0
Net Debt/Equity (x)	(0.1)	(0.1)	(0.1)	(0.1)	(0.1)
RoE (%)	38.6	46.9	*23.1	22.2	21.9
RoCE (%)	46.5	71.6	**32.1	33.3	33.0

Source: Company, Karvy Research.

** This RoE figure is taking into account QIP issuance of Mar 2015. RoE (ex. QIP issue) works out to 45.3%.*

*** This RoCE figure is taking into account QIP issuance of Mar 2015. RoCE (ex. QIP issue) works out to 78.5%.*

Exhibit 24: Valuation Parameters

YE Mar	FY13	FY14	FY15	FY16E	FY17E
EPS (Rs.)	19.0	25.8	31.5	32.0	33.5
DPS (Rs.)	10.0	17.0	22.0	20.2	21.1
BV (Rs.)	49.1	55.1	136.2	144.3	152.8
PE (x)*	6.6	14.1	30.0	25.0	23.8
P/BV (x)*	2.6	6.6	6.9	5.5	5.2
EV/EBITDA (x)*	4.6	9.0	20.9	18.0	17.0
EV/Sales (x)*	1.2	3.1	7.8	6.9	6.3

*Source: Company, Karvy Research; *Represents multiples for FY13, FY14 & FY15 are based on historic market price*

Stock Ratings		Absolute Returns
Buy	:	> 15%
Hold	:	5-15%
Sell	:	<5%

Connect & Discuss More at

1800 425 8283 (Toll Free) research@karvy.com Live Chat

Disclaimer

Analyst certification: The following analyst(s), **Sharanabasappa VS,** who is (are) primarily responsible for this report and whose name(s) is/are mentioned therein, certify (ies) that the views expressed herein accurately reflect his (their) personal view(s) about the subject security (ies) and issuer(s) and that no part of his (their) compensation was, is or will be directly or indirectly related to the specific recommendation(s) or views contained in this research report.

Disclaimer: Karvy Stock Broking Limited [KSBL] is a SEBI registered Stock Broker, Depository Participant, Portfolio Manager and also distributes financial products. The subsidiaries and group companies including associates of KSBL provide services as Registrars and Share Transfer Agents, Commodity Broker, Currency and forex broker, merchant banker and underwriter, Investment Advisory services, insurance repository services, financial consultancy and advisory services, realty services, data management, data analytics, market research, solar power, film distribution and production, profiling and related services. Therefore associates of KSBL are likely to have business relations with most of the companies whose securities are traded on the exchange platform. The information and views presented in this report are prepared by Karvy Stock Broking Limited and are subject to change without any notice. This report is based on information obtained from public sources , the respective corporate under coverage and sources believed to be reliable, but no independent verification has been made nor is its accuracy or completeness guaranteed. The report and information contained herein is strictly confidential and meant solely for the selected recipient and may not be altered in any way, transmitted to, copied or distributed, in part or in whole, to any other person or to the media or reproduced in any form, without prior written consent of KSBL. While we would endeavor to update the information herein on a reasonable basis, KSBL is under no obligation to update or keep the information current. Also, there may be regulatory, compliance or other reasons that may prevent KSBL from doing so. The value and return on investment may vary because of changes in interest rates, foreign exchange rates or any other reason. This report and information herein is solely for informational purpose and shall not be used or considered as an offer document or solicitation of offer to buy or sell or subscribe for securities or other financial instruments. Though disseminated to all the customers simultaneously, not all customers may receive this report at the same time. KSBL will not treat recipients as customers by virtue of their receiving this report. Nothing in this report constitutes investment, legal, accounting and tax advice or a representation that any investment or strategy is suitable or appropriate to your specific circumstances. This material is for personal information and we are not responsible for any loss incurred based upon it. The investments discussed or recommended in this report may not be suitable for all investors. Investors must make their own investment decisions based on their specific investment objectives and financial position and using such independent advice, as they believe necessary. While acting upon any information or analysis mentioned in this report, investors may please note that neither KSBL nor any associate companies of KSBL accepts any liability arising from the use of information and views mentioned in this report. Investors are advised to see Risk Disclosure Document to understand the risks associated before investing in the securities markets. Past performance is not necessarily a guide to future performance. Forward-looking statements are not predictions and may be subject to change without notice. Actual results may differ materially from those set forth in projections.

- Associates of KSBL might have managed or co-managed public offering of securities for the subject company or might have been mandated by the subject company for any other assignment in the past twelve months.
- Associates of KSBL might have received compensation from the subject company mentioned in the report during the period preceding twelve months from the date of this report for investment banking or merchant banking or brokerage services from the subject company in the past twelve months or for services rendered as Registrar and Share Transfer Agent, Commodity Broker, Currency and forex broker, merchant banker and underwriter, Investment Advisory services, insurance repository services, consultancy and advisory services, realty services, data processing, profiling and related services or in any other capacity.
- KSBL encourages independence in research report preparation and strives to minimize conflict in preparation of research report.
- Compensation of KSBL's Research Analyst(s) is not based on any specific merchant banking, investment banking or brokerage service transactions.
- KSBL generally prohibits its analysts, persons reporting to analysts and their relatives from maintaining a financial interest in the securities or derivatives of any companies that the analysts cover.
- KSBL or its associates collectively or Research Analysts do not own 1% or more of the equity securities of the Company mentioned in the report as of the last day of the month preceding the publication of the research report.
- KSBL or its analysts did not receive any compensation or other benefits from the companies mentioned in the report or third party in connection with preparation of the research report and have no financial interest in the subject company mentioned in this report.
- Accordingly, neither KSBL nor Research Analysts have any material conflict of interest at the time of publication of this report.
- It is confirmed that KSBL and Research Analysts, primarily responsible for this report and whose name(s) is/ are mentioned therein of this report have not received any compensation from the subject company mentioned in the report in the preceding twelve months.
- It is confirmed that **Sharanabasappa VS**, Research Analyst did not serve as an officer, director or employee of the companies mentioned in the report.
- KSBL may have issued other reports that are inconsistent with and reach different conclusion from the information presented in this report.
- Neither the Research Analysts nor KSBL have been engaged in market making activity for the companies mentioned in the report.
- We submit that no material disciplinary action has been taken on KSBL by any Regulatory Authority impacting Equity Research Analyst activities.