

HERITAGE FOODS LTD

Result Update (**CONSOLIDATED BASIS**): Q3 FY16

BUY

| | |
|----------------------------|--------|
| CMP | 506.90 |
| Target Price | 560.00 |
| DOC CODE: FOTL_230220164_3 | |

FEBRUARY 23rd 2016

ISIN: INE978A01019

Index Details

Stock Data

| | |
|-------------------------|----------------|
| Sector | Packaged Foods |
| BSE Code | 519552 |
| Face Value | 10.00 |
| 52wk. High / Low (Rs.) | 594.00/280.00 |
| Volume (2wk. Avg.) | 3547 |
| Market Cap (Rs. in mn.) | 11759.57 |

Annual Estimated Results (A*: Actual / E*: Estimated)

| YEARS | FY15A | FY16E | FY17E |
|------------|----------|----------|----------|
| Net Sales | 20729.67 | 23563.90 | 26155.93 |
| EBITDA | 892.10 | 1346.64 | 1587.62 |
| Net Profit | 283.56 | 530.54 | 682.41 |
| EPS | 12.22 | 22.87 | 29.42 |
| P/E | 41.47 | 22.17 | 17.23 |

Shareholding Pattern (%)

| (QUARTERLY) | As on Dec-15 | As on Sep-15 |
|-------------|--------------|--------------|
| PROMOTER | 39.90 | 40.03 |
| PUBLIC | 60.10 | 59.97 |
| OTHERS | -- | -- |

1 Year Comparative Graph



HERITAGE FOODS LTD

BSE SENSEX

HIGHLIGHTS

- Heritage Foods Ltd's consolidated revenue rose by 14.05% at Rs. 5825.89 mn in Q3 FY16 against Rs. 5107.98 mn in Q3 FY15.
- During Q3 FY16, net profit Jumps to 107.73% of Rs. 113.71 mn as compared to Rs. 54.74 mn in the corresponding quarter of previous year.
- Operating profit of the company rose by 62.96% to Rs. 311.36 million in Q3 FY16 from Rs. 191.07 million in Q3 FY15.
- Profit before tax (PBT) at Rs. 179.31 million in Q3 FY16 compared to Rs. 69.99 million in Q3 FY15, registered a growth of 156.19% y-o-y.
- Dairy segment for the Dec quarter rose by 11% to Rs. 4303.50 mn from Rs. 3860.40 mn, when compared with the prior year period.
- During the quarter, Same Store growth considering 68 comparable stores stood at 6.15% for Q3 FY16.
- During Q3 FY16, No. of Bills (NOBs) have grown by 6.06% YoY to Rs. 35.90 million and ABV is increased by 1% YoY to Rs 242 mn.
- Net sales rose by 14.32% to Rs 17478.76 million for the nine months end of FY16 from Rs 15289.48 million for the nine months end of FY15.
- Net profit for the nine months ended Dec 31st, 2015 was at Rs 373.81 million, grew by 139.50% compared to Rs 156.08 million for the nine months ended of Dec 31st, 2014.
- Heritage Foods Limited opened 8 new retail stores & 2 stores closed during the quarter.
- Net Sales and PAT of the company are expected to grow at a CAGR of 13% & 7% over 2014 to 2017E respectively.

| PEER GROUPS | CMP | MARKET CAP | EPS | P/E (X) | P/BV(X) | DIVIDEND |
|---------------------------|--------|------------|-------|---------|---------|----------|
| Company Name | (Rs.) | Rs. in mn. | (Rs.) | Ratio | Ratio | (%) |
| Heritage Foods Ltd. | 506.90 | 11759.57 | 12.22 | 41.47 | 6.10 | 30.00 |
| Hatsun Agro Products Ltd. | 399.80 | 43454.90 | 7.91 | 50.54 | 19.63 | 180.00 |
| Venkys Ltd. | 246.60 | 3473.90 | 17.09 | 14.43 | 0.94 | 50.00 |
| DFM Foods Ltd. | 992.00 | 9921.70 | 16.21 | 61.20 | 21.70 | 25.00 |

QUARTERLY HIGHLIGHTS (CONSOLIDATED)

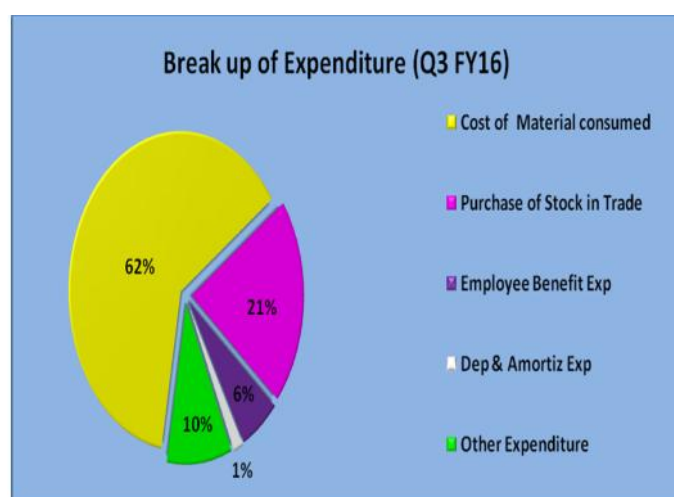
Q3 FY16;

Net sales of the company grew by 14.05% from Rs. 5107.98 million to Rs. 5825.89 million in Q3 FY16. Net profit rose by 107.73% in Q3 FY15 from Rs. 54.74 million to Rs. 113.71 million in the December quarter of FY16. EBDITA increased by 62.96% from Rs. 191.07 million to Rs. 311.36 million in Q3 FY16.

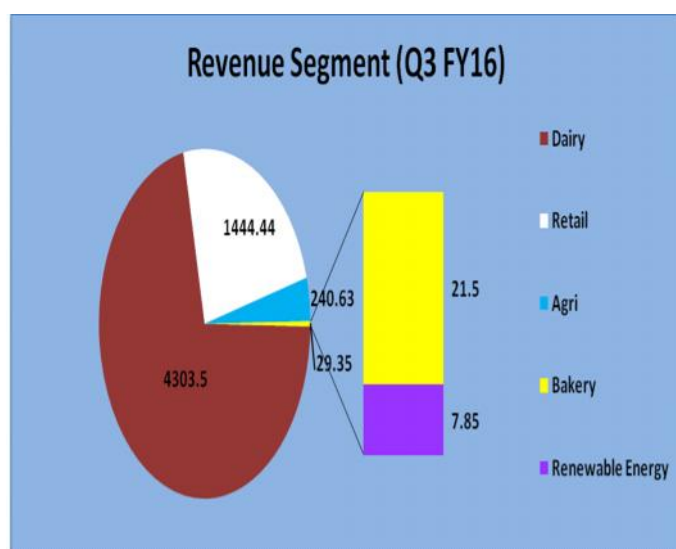
| (Rs. Mn) | Dec-15 | Dec-14 | Chng% |
|------------|---------|---------|--------|
| Net Sales | 5825.89 | 5107.98 | 14.05 |
| Net Profit | 113.71 | 54.74 | 107.73 |
| EPS | 4.90 | 2.36 | 107.73 |
| EBITDA | 311.36 | 191.07 | 62.96 |

Break up of Expenditure

| (Rs. Mn) | Q3 FY16 | Q3 FY15 | CHNG % |
|----------------------------|---------|---------|--------|
| Cost of Material consumed | 3756.28 | 3398.44 | 11% |
| Purchase of Stock in Trade | 1265.03 | 1028.96 | 23% |
| Employee Benefit Exp | 345.53 | 276.43 | 25% |
| Dep & Amortiz Exp | 85.61 | 86.35 | -1% |
| Other Expenditure | 567.70 | 486.18 | 17% |



Segment Revenue



| Rs. In Mn | Q3 FY16 | Q3 FY15 |
|------------------|---------|---------|
| Dairy | 4303.5 | 3860.4 |
| Retail | 1444.44 | 1188.31 |
| Agri | 240.63 | 211.95 |
| Bakery | 21.5 | 16.11 |
| Renewable Energy | 7.85 | 6.48 |

Latest Updates

- The Heritage Foods Ltd Board has approved the establishment / setting up 2.1MW Wind Power Project in Andhra Pradesh for Captive Consumption. The company has appointed M/s. Suzlon Energy Limited as Turnkey Contractor for setting up of the 2.1MW Wind Power Plant in Andhra Pradesh.
- The Dairy division has won the Prestigious National Energy Conservation Awards (NECA - 2015) in Dairy Sector.

Highlights Q3 FY16- Dairy

- ✓ During Q3 FY16, 11% growth in turnover to Rs 4304 million and 3% YoY growth in Milk volume sales to 8.15 LLPD (lakh liters per day).
- ✓ During Q2 FY15, 25% growth achieved in Branded Value Added Products and 32% YoY growth in Packaged Curd sales (approx. 80% of Branded Value added products sales).
- ✓ During the quarter, 20% growth achieved in milk procurement to 12.01 LLPD.
- ✓ During the quarter, EBITDA margin of 7.15 % as against margin of 5.13 % in Q3 FY15.

Highlights Q3 FY16 -Retail

- ❖ During the quarter, Same Store growth considering 68 comparable stores stood at 6.15% for Q3 FY16.
- ❖ During Q3 FY16, NOBs have grown by 6.06% YoY to Rs. 35.90 million and ABV is increased by 1% YoY to Rs 242 mn.
- ❖ During the quarter, Store Gross margin decreased by 35 bps to 20.65% and overall gross margin decreased by 45 bps.
- ❖ The Company Store fixed cost increased to Rs 164/sqft/month as against Rs. 154/sq ft/month in Q3 FY15.
- ❖ During the quarter, Regional and Corporate overheads increased by Rs 109/sq ft/month compare to Q3 FY15 (Rs 101.07/sq ft/month).
- ❖ Heritage Foods Limited opened 8 new retail stores & 2 stores closed during the quarter.

COMPANY PROFILE

The Heritage Group, founded in the year 1992 by Mr. Nara Chandrababu Naidu, is one of the fastest growing Public Listed Companies in India, with five-business divisions-Dairy, Retail, Agri, Bakery and Renewable Energy under its flagship Company Heritage Foods Limited (Formerly known as Heritage Foods (India) Limited). The annual turnover of Heritage Foods crossed Rs 2072.97 crores in financial year 2014-15. Currently Heritage's milk and milk products have a market presence in Andhra Pradesh, Telangana, Karnataka, Kerala, Tamil Nadu, Maharashtra, Odisha and NCR Delhi and its retail stores across Bangalore, Chennai and Hyderabad. Integrated agri operations are in Chittoor and Medak Districts and these are the backbone to retail operations and the state of art Bakery plant at Uppal, Hyderabad, Telangana. In 1994, Heritage Foods public Issue was oversubscribed by 54 times. The company is listed on BSE and NSE. The Company has two subsidiary companies, Heritage Foods Retail limited and Heritage Conpro Limited. Heritage Foods is the only packaging partner for curd for Nestle in South India. The company's value chain commences right from the grassroots level with over 3 lakh farmers from whom 9 lakh litres of milk is procured daily and delivered to over 15 lakh customers located across India and also various value-added milk products through Heritage Parlours and Heritage Fresh stores. The company also exports ghee and butter in bulk and consumer packs to Asia, Europe and Gulf countries including Singapore. The vertical integration of linkages between farm level production, procurement and down stream processing and trade has lead to more efficient and effective control of cost and quality as visible in the improved profit and operating margins in the past few quarters.

Dairy Division

Heritage is recognized as one of India's largest and most successful Dairy for the last 21 years in Hyderabad with an existing brand presence in Andhra Pradesh, Telangana, Tamilnadu, Karnataka, Kerala, Maharashtra, Odisha and Delhi. Heritage Dairy Plant, Gokul at Kasipentla in Chittoor District is certified and approved for export of Ghee and Butter being manufactured in this plant by the Exports Inspection Agency, India. The company's products are being exported to Europe, the Gulf and several countries in Asia including Singapore. The Dairy segment grew by 11% and stood at Rs. 4303.50 mn. Dairy Parlors as on 31.12.2015 are 1401 Nos.

Retail Division

Heritage Retail is a unique chain of retail stores with wide range of choicest fresh fruits and vegetables which are directly sourced from the farmers and reached to the stores through its integrated cold chain investment. "Farmers Pride", in-house brand under which full range of staples (rice, pulses, spices & dry fruits) of the highest quality sourced at most competitive prices are provided to customers. "Oven @ Fresh", in-house brand of bakery products which includes an extensive range of breads, cakes, pastries, savories, chocolates, cookies, sandwiches and salads. In the December quarter of FY16, Retail revenues rose by 22% Rs. 1444.44 mn as compared to Rs. 1188.31 mn in Q3 FY15.

Agri Division

Agro division aims at production of quality F&V, at reduced cost of cultivation and ensures stable and more income to farmers by eliminating middle-men and hassles of marketing faced by farmers. The vertical integration of linkages between farm level production, procurement and down stream processing and trade leads to more efficient and effective control of the quality of F&Vs in the retails stores. The company has have already established a few advanced, fully integrated Pack Houses to handle fresh produce. Heritage Agri is acting as a supply chain arm for Heritage Fresh Stores, other MRF Stores and Wholesalers. Heritage Agri has also entered into the export of Fresh & Processed Fruits and Cereals. Revenue from Agri segment rose by 14% from Rs. 211.95 mn to Rs. 240.63 mn in Q3 FY16.

Heritage Bakery

Heritage Bakery supplies high quality bakery products to leading multinational chains like KFC, Pizza Hut, Hard Rock Café, and top star hotels, apart from it's own Heritage Fresh outlets. The company's product range includes breads, cakes, pastries, desserts, savorys and cookies. The company is equipped to handle a wider range of bakery products, and are open to contract manufacturing and private label opportunities.

Renewable Energy

The project is located in Adavimasjidpally village, Mulugu Mandal, Medak dist. This is the first solar project in Medak district. Power generated will be used for the captive purpose for its dairy divisions. The company strongly committed to extending its 'Green' footprint. In line with this thinking, the company embarked on a clean energy initiative with a 2.34 MW Solar Power Project which provides captive power to one of its Dairy Units in Hyderabad. Capital Employed for Renewable Energy division Rs 127.32 mn. Turnover of Renewable energy in Q3 FY16 was at Rs. 7.85 mn. market place model. Proposed to setup 2.1 MW Wind power Project at Vajrakarur, Anantapur Dist, Andhra Pradesh.

FINANCIAL STATEMENTS & ESTIMATIONS (CONSOLIDATED) (A*- Actual, E* -Estimations & Rs. In Millions)

Balance Sheet as on 31st March 2014to 2017E

| Heritage Foods Ltd | FY14A | FY15A | FY16E | FY17E |
|-------------------------------------|----------------|----------------|----------------|----------------|
| EQUITY AND LIABILITIES | | | | |
| Shareholders' Funds: | | | | |
| a) Share Capital | 231.99 | 231.99 | 231.99 | 231.99 |
| b) Reserves and Surplus | 1555.60 | 1697.27 | 2079.16 | 2443.01 |
| Net worth (A) | 1787.59 | 1929.26 | 2311.15 | 2675.00 |
| Minority Interest (B) | 0.18 | 0.16 | 0.18 | 0.19 |
| Non-Current Liabilities: | | | | |
| a) Long-term borrowings | 391.68 | 557.41 | 598.83 | 628.77 |
| b) Deferred Tax Liabilities [Net] | 225.23 | 188.11 | 171.18 | 159.20 |
| c) Other Long Term Liabilities | 93.44 | 99.98 | 104.58 | 108.76 |
| d) Long Term Provisions | 9.34 | 15.65 | 20.35 | 24.41 |
| Long term liabilities (C) | 719.69 | 861.15 | 894.93 | 921.14 |
| Current Liabilities: | | | | |
| a) Short-term borrowings | 882.52 | 867.35 | 650.51 | 526.92 |
| b) Trade Payables | 689.77 | 775.27 | 852.80 | 912.49 |
| c) Other Current Liabilities | 709.82 | 677.77 | 860.77 | 964.06 |
| d) Short Term Provisions | 128.78 | 146.63 | 165.69 | 182.26 |
| Current Liabilities (D) | 2410.88 | 2467.02 | 2529.77 | 2585.73 |
| Total Liabilities (A+B+C+D) | 4918.34 | 5257.59 | 5736.02 | 6182.05 |
| Non-Current Assets: | | | | |
| Fixed Assets: | | | | |
| i. Tangible Assets | 2682.36 | 2781.79 | 2948.70 | 3084.34 |
| ii. Intangible Assets | 32.46 | 24.75 | 18.96 | 15.17 |
| iii. Capital work-in-progress | 111.18 | 89.97 | 78.27 | 70.44 |
| a) Total - Fixed Assets | 2825.99 | 2896.51 | 3045.93 | 3169.95 |
| b) Other non-current assets | 7.67 | 7.33 | 7.11 | 6.97 |
| c) Non Current Investments | 6.56 | 8.02 | 8.79 | 9.49 |
| d) Long Term Loans and Advances | 204.41 | 208.52 | 219.78 | 235.16 |
| (E) Total Non Current Assets | 3044.63 | 3120.38 | 3281.61 | 3421.57 |
| Current Assets: | | | | |
| a) Current Investments | 0.06 | 0.11 | 0.18 | 0.24 |
| b) Inventories | 1085.54 | 1393.69 | 1568.09 | 1722.33 |
| c) Trade Receivables | 166.11 | 242.36 | 276.29 | 309.45 |
| d) Cash and Bank Balances | 445.37 | 407.81 | 538.31 | 667.50 |
| e) Short Term Loans and Advances | 162.61 | 77.58 | 54.31 | 42.36 |
| f) Other Current Assets | 14.02 | 15.66 | 17.23 | 18.60 |
| (F) Total current Assets | 1873.70 | 2137.21 | 2454.41 | 2760.48 |
| Total Assets (E+F) | 4918.33 | 5257.59 | 5736.02 | 6182.05 |

Annual Profit & Loss Statement for the period of 2014 to 2017E

| Value(Rs. mn) | FY14A | FY15A | FY16E | FY17E |
|--------------------------------|-----------------|-----------------|-----------------|-----------------|
| Description | 12m | 12m | 12m | 12m |
| Net Sales | 17220.40 | 20729.67 | 23563.90 | 26155.93 |
| Other Income | 49.54 | 71.78 | 63.01 | 70.58 |
| Total Income | 17269.94 | 20801.45 | 23626.92 | 26226.51 |
| Expenditure | -16270.64 | -19909.35 | -22280.27 | -24638.89 |
| Operating Profit | 999.30 | 892.10 | 1346.64 | 1587.62 |
| Interest | -132.21 | -159.30 | -155.92 | -170.89 |
| Gross profit | 867.09 | 732.80 | 1190.72 | 1416.73 |
| Depreciation | -250.02 | -339.90 | -345.63 | -373.28 |
| Exceptional Items | 0.00 | 0.00 | -13.70 | 0.00 |
| Profit Before Tax | 617.07 | 392.90 | 831.39 | 1043.45 |
| Tax | -160.25 | -109.29 | -300.85 | -361.03 |
| Profit After Tax | 456.82 | 283.61 | 530.54 | 682.41 |
| Extraordinary Items | -3.75 | 0.00 | 0.00 | 0.00 |
| Minority Interest | 0.01 | -0.02 | 0.00 | 0.00 |
| Share of Profit & Loss of Asso | -0.08 | -0.03 | 0.00 | 0.00 |
| Net Profit | 453.00 | 283.56 | 530.54 | 682.41 |
| Equity capital | 231.99 | 231.99 | 231.99 | 231.99 |
| Reserves | 1555.60 | 1697.27 | 2079.16 | 2443.01 |
| Face value | 10.00 | 10.00 | 10.00 | 10.00 |
| EPS | 19.53 | 12.22 | 22.87 | 29.42 |

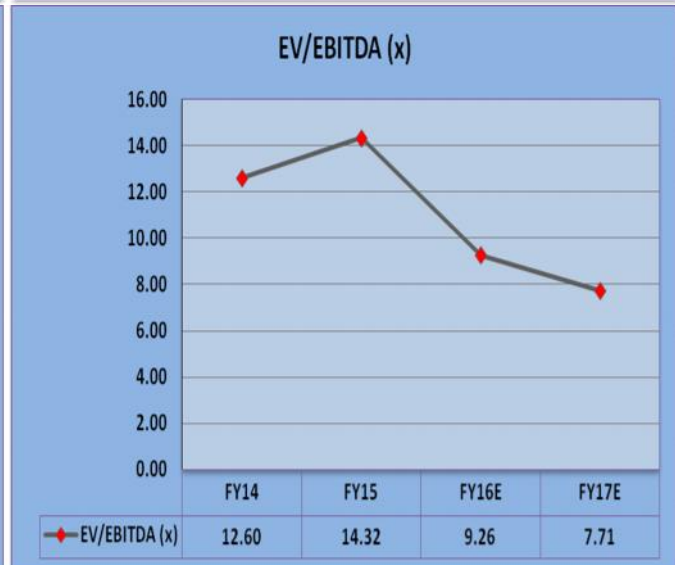
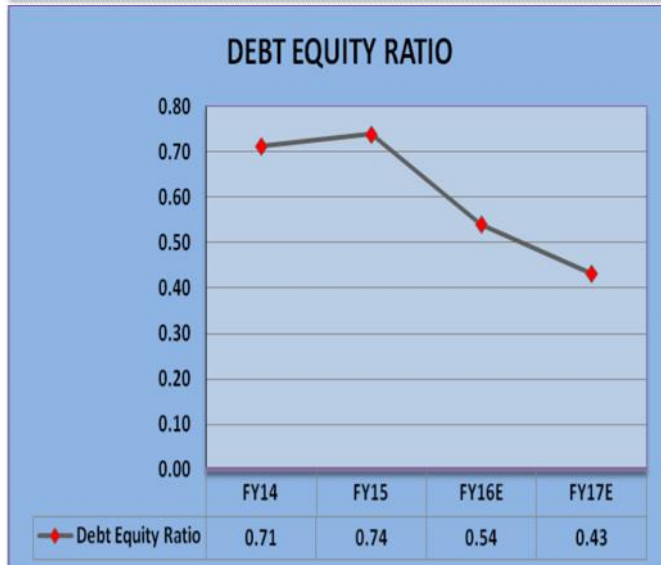
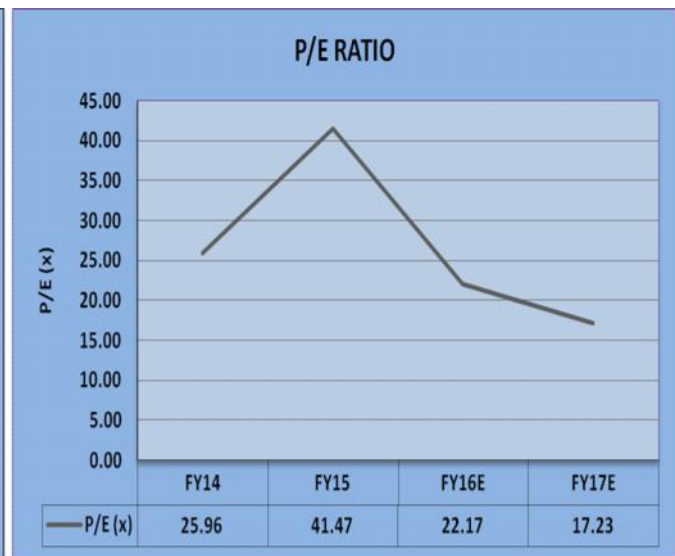
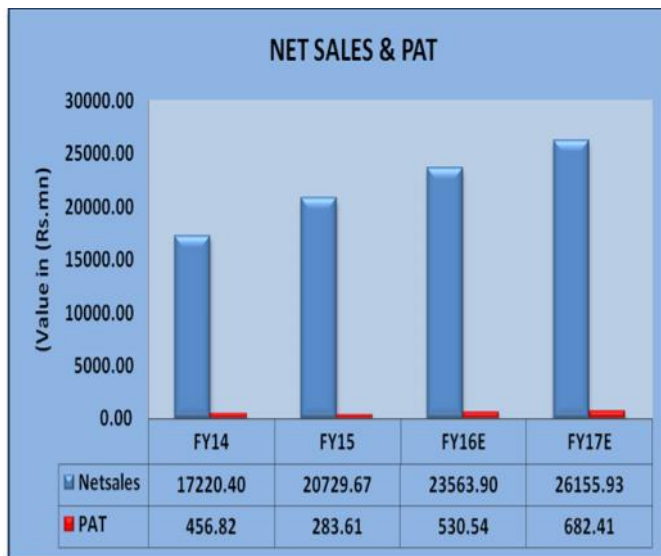
Quarterly Profit & Loss Statement for the period of 30th Jun, 2015 to 31st Mar, 2016E

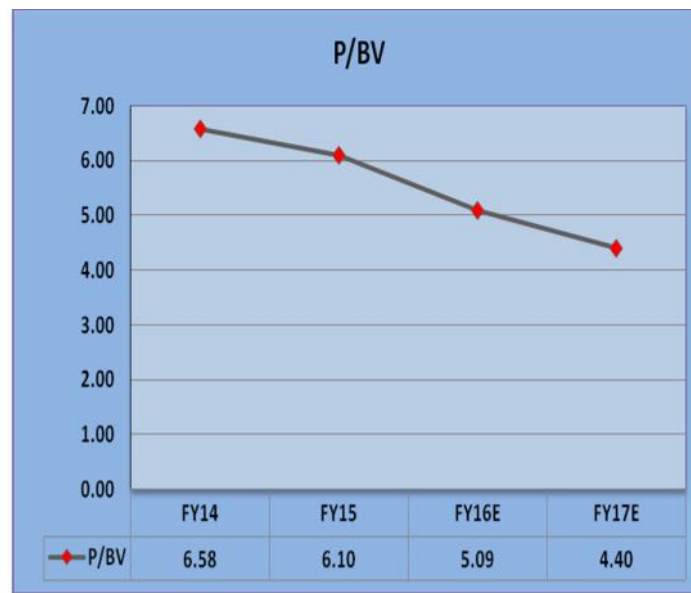
| Value(Rs.in.mn) | 30-Jun-15 | 30-Sep-15 | 31-Dec-15 | 31-Mar-16E |
|-------------------------|----------------|----------------|----------------|----------------|
| Description | 3m | 3m | 3m | 3m |
| Net sales | 5784.55 | 5868.32 | 5825.89 | 6085.14 |
| Other income | 16.88 | 12.41 | 11.71 | 22.01 |
| Total Income | 5801.43 | 5880.73 | 5837.60 | 6107.16 |
| Expenditure | -5505.54 | -5516.29 | -5526.24 | -5732.20 |
| Operating profit | 295.89 | 364.44 | 311.36 | 374.95 |
| Interest | -43.65 | -40.08 | -32.74 | -39.45 |
| Gross profit | 252.24 | 324.36 | 278.62 | 335.50 |
| Depreciation | -83.42 | -86.37 | -85.61 | -90.23 |
| Exceptional Items | 0.00 | 0.00 | -13.70 | 0.00 |
| Profit Before Tax | 168.82 | 237.99 | 179.31 | 245.27 |
| Tax | -61.65 | -85.06 | -65.60 | -88.54 |
| Net Profit | 107.17 | 152.93 | 113.71 | 156.73 |
| Equity capital | 231.99 | 231.99 | 231.99 | 231.99 |
| Face value | 10.00 | 10.00 | 10.00 | 10.00 |
| EPS | 4.62 | 6.59 | 4.90 | 6.76 |

Ratio Analysis

| Particulars | FY14A | FY15A | FY16E | FY17E |
|-------------------|-------|-------|-------|--------|
| EPS (Rs.) | 19.53 | 12.22 | 22.87 | 29.42 |
| EBITDA Margin (%) | 5.80 | 4.30 | 5.71 | 6.07 |
| PBT Margin (%) | 3.58 | 1.90 | 3.53 | 3.99 |
| PAT Margin (%) | 2.65 | 1.37 | 2.25 | 2.61 |
| P/E Ratio (x) | 25.96 | 41.47 | 22.17 | 17.23 |
| ROE (%) | 25.56 | 14.70 | 22.96 | 25.51 |
| ROCE (%) | 40.80 | 36.73 | 47.53 | 51.19 |
| Debt Equity Ratio | 0.71 | 0.74 | 0.54 | 0.43 |
| EV/EBITDA (x) | 12.60 | 14.32 | 9.26 | 7.71 |
| Book Value (Rs.) | 77.05 | 83.16 | 99.62 | 115.31 |
| P/BV | 6.58 | 6.10 | 5.09 | 4.40 |

Charts





OUTLOOK AND CONCLUSION

- At the current market price of **Rs. 506.90**, the stock P/E ratio is at 22.17 x FY16E and 17.23 x FY17E respectively.
- Earning per share (EPS) of the company for the earnings for FY16E and FY17E is seen at Rs. 22.87 and Rs. 29.42 respectively.
- Net Sales and PAT of the company are expected to grow at a CAGR of 13% & 7% over 2014 to 2017E respectively.
- On the basis of EV/EBITDA, the stock trades at 9.26 x for FY16E and 7.71 x for FY17E.
- Price to Book Value of the stock is expected to be at 5.09 x and 4.40 x respectively for FY16E and FY17E.
- We recommend '**BUY**' in this particular scrip with a target price of **Rs. 560.00** for Medium to Long term investment.

INDUSTRY OVERVIEW

Rising consumption coupled with better margins in the value added dairy products (VADPs) are driving the dairy players to get into the growth and higher profitable trajectory. Change in demographics and rapid urbanization have resulted into manifold surge in the demand for VADPs.

Milk products such as curds which were largely home made products are currently available under various brands. Due to convenience, health benefits and increased consumerism, milk derivatives like buttermilk, low fat yogurt and flavored milk are nowadays a part of regular consumption.

For decades, dairy players in India have been engaged in the liquid milk processing activity only. Backed by operation Flood in 1970s, the milk industry in India witnessed the first wave of development in the milk production which gave India its status of the largest milk producer in the world.

The growth in Dairy Industry in the West has come to a virtual halt. India is where the action is. The West is currently witnessing a stagnation in growth in dairy space, hence some players are looking at India where there is growth coming in liquid milk in general and in value-add products in particular. The value-add products which include: cheese, curd, ice-cream, and others, have impressive profit margins, unlike the liquid milk, thanks to the factors like, rapid urbanization, change in life styles, and rise in disposable income.

Highlights:

- The milk production in 2000 was at 78mn MT as compared to 140 MT in 2014 and is expected to cross 200 MT mark by 2020.
- According to FAO estimates, the milk production in India accounts for more than 15% of the total world output and 60% of total Asia's production.
- However, 'milk yield per cow' in US and New Zealand is around 11 times and 5 times higher than that of India.
- India is lowest cost producer of per liter of milk in the world, at 45 cents, compared with the U.S' 93 cents, and Japan's \$3.2 dollars.

Presently there are around 80,000 village dairy cooperatives across the country. The co-operative societies are federated into 200 district milk producers unions spread over various State cooperative dairy federations. Milk production gives employment to over 100 Mn dairy farmers.

In terms of total production, India is the leading producer of milk in the world followed by USA. According to FAO estimates, the milk production in India accounts for more than 15% of the total world output and 60% of total Asia's production. The top five milk producing nations in the world are India, USA, Russia, Germany and France.

Current Scenario:

Milk prices are rising due to a shortage in produce, and this is being reflected generally even in the prices of chocolates, milkshakes, ice creams and other milk-based products.

During 2014-15 the procurement prices of milk from farmers have gone up. The Milk production is directly linked to the monsoon and the absence of rains has caused the rise in prices of dairy products. There is a clear shortage of milk, of about 15%. The situation could be like this till we get summer showers over the next few days, milk yield will increase and shortage would reduce.

This apart, the prices of Skimmed Milk Powder (SMP) have gone up from ` 170/kg last year to ` 230/kg. When there is shortage of liquid milk the dairy companies add SMP, hence the dairy companies in India are currently storing SMP.

Retail Industry:

Over the last decade, the Indian retail industry has grown phenomenally with a remarkable shift towards organized retailing formats. However, more than 90% of the Indian retail sector still falls in the unorganized sector category. While, the market of organized retail segment despite the downturn is growing as economic growth brings more people into the consuming classes and organized retail lures more shoppers, its share remains to be at nascent 7.50%. Meanwhile, online retail business, which is relatively a new phenomenon in India, a format, which has high potential for growth in the near future, has share of 0.50%.

At about 60%, food and grocery segment is the highest contributor to the Indian retail market followed by the clothing and fashion segment, which contributes 8%. While unorganized retailing accounts for most of the food and grocery segment, penetration of the organized sector is highest in the clothing and fashion segment at 33%. The Indian retail industry has experienced high growth over the last decade with a noticeable shift towards organized retailing formats. Nevertheless, the entire industry is gradually shifting towards a modern concept of retailing, which is a seamless blend of online and offline formats. This concept is called 'Omni-Channel' retailing, which focuses on employing all kinds of shopping channels like internet, brick and mortar, mobile phone, television, direct mail and radio among many others. Merging the two formats of online and offline retailing is to blend technology with smart merchandising and imbibe community building, customer engagement and targeted marketing in their operations.

The government allows 100% FDI in the business-to-business (B2B) e-commerce segment, which has provided several small and medium manufacturers a platform to sell their products through market place model. In a market place model, online retailers do not actually stock the products but act as a facilitator for vendors who sell their products through their platform. In turn, the e-retailers get commission for the platform use

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