

**SELL**

TP: Rs 140 | ▼ 37%

**APOLLO TYRES**

| Auto Components

| 13 May 2021

## Margin headwinds ahead; maintain SELL

**Apollo Tyres (APTY) delivered an operational beat in Q4FY21 led by better margins in European operation. Consolidated revenue dipped 3% QoQ to Rs 50bn, EBITDA margin dropped 300bps to 16.2% (-500bps est.), and adj. PAT fell 36% QoQ to Rs 2.9bn. We expect consolidated margins to remain stressed given steep RM cost inflation, higher share of the lower-margin India business, and an adverse product mix as OEM demand returns in FY22. Current valuations at 25x FY23E EPS look rich – retain SELL with an unchanged Mar'22 TP of Rs 140.**

Mayur Milak | Nishant Chowhan, CFA  
research@bobcaps.in

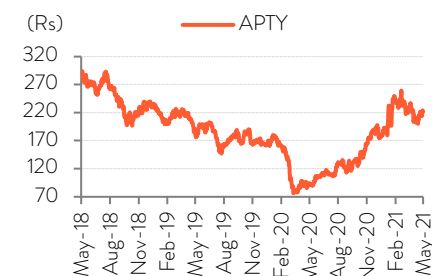
**European operations cushion margin:** APTY's consolidated Q4FY21 revenue totalled Rs 50bn (-3% QoQ) on higher volume growth across segments. Though India operations reported a below-expected 38.6% gross margin, outperformance in Europe cushioned the decline in consolidated EBITDA margin to 300bps QoQ (vs. a 500bps contraction expected). Adj. PAT decreased 36% QoQ to Rs 2.9bn.

Ticker/Price	APTY IN/Rs 221
Market cap	US\$ 1.7bn
Shares o/s	572mn
3M ADV	US\$ 25.3mn
52wk high/low	Rs 261/Rs 89
Promoter/FPI/DII	41%/23%/17%

Source: NSE

**Margin headwinds ahead:** With a 12% QoQ cost rise in the raw material basket in Q4, a further expected increase of ~10% QoQ in Q1FY22 and the inability of tyre companies to fully pass on the burden, we anticipate further margin erosion. Also, our FY21-FY23 revenue forecast at 14% CAGR for Indian operations vs. 8% for Europe implies an adverse margin mix, given better profitability in APTY's European business. Lastly, with Indian OEMs expected to clock healthy growth (vs. replacement demand), the sales mix could turn unfavourable, hurting margins.

## STOCK PERFORMANCE



Source: NSE

**Valuations full – maintain SELL:** Our FY22/FY23 revenue estimates are in line with consensus, but we are ~35% lower on EPS given weaker operating margin expectations. We pencil in a revenue/EBITDA/adj. PAT CAGR of +11%/-2%/-23% for the company over FY21-FY23. The stock is trading at an expensive 25x FY23E EPS. Maintain SELL with a Mar'22 TP of Rs 140 (16x FY23E EPS).

## KEY FINANCIALS

Y/E 31 Mar	FY19A	FY20A	FY21P	FY22E	FY23E
Total revenue (Rs mn)	175,488	163,270	173,970	194,362	215,347
EBITDA (Rs mn)	17,762	19,155	27,975	24,288	26,917
Adj. net profit (Rs mn)	6,798	4,764	9,579	4,803	5,665
Adj. EPS (Rs)	15.4	8.3	5.5	7.6	8.9
Adj. EPS growth (%)	(6.1)	(29.9)	81.2	(49.9)	17.9
Adj. ROAE (%)	6.8	4.8	8.1	4.0	4.6
Adj. P/E (x)	14.4	26.6	40.2	29.3	24.8
EV/EBITDA (x)	9.1	8.8	6.4	7.0	6.1

Source: Company, BOBCAPS Research | P – Provisional

**BOB Capital Markets Ltd is a wholly owned subsidiary of Bank of Baroda**

Important disclosures, including any required research certifications, are provided at the end of this report.



**FIG 1 – QUARTERLY PERFORMANCE – CONSOLIDATED**

(Rs mn)	Q4FY21	Q4FY20	YoY (%)	Q3FY21	QoQ (%)	FY21	FY20	YoY (%)
Net Revenues	50,257	36,101	39.2	51,538	(2.5)	173,356	163,270	6.2
<b>Total Income (A)</b>	50,257	36,101	39.2	51,538	(2.5)	173,356	163,270	6.2
<b>Operating Expenses:</b>								
Raw materials consumed	27,585	19,020	45.0	27,039	2.0	93,945	90,756	3.5
Employee Expenses	6,704	6,017	11.4	6,826	(1.8)	25,134	24,822	1.3
Other Expenses	7,821	6,314	23.9	7,779	0.5	26,917	28,537	(5.7)
<b>Total Expenditure (B)</b>	42,110	31,351	34.3	41,644	1.1	145,995	144,115	1.3
<b>EBITDA (A-B)</b>	8,147	4,750	71.5	9,894	(17.7)	27,361	19,155	42.8
Other Income	619	(24)	(2682.6)	636	(2.7)	1,908	469	306.9
Depreciation	3,477	3,137	10.8	3,273	6.2	13,150	11,381	15.5
EBIT	5,288	1,590	232.7	7,257	(27.1)	16,119	8,243	95.6
Finance Costs	1,042	912	14.2	1,049	(0.7)	4,429	2,808	57.7
PBT before excep items	4,247	677	526.9	6,208	(31.6)	11,690	5,434	115.1
Exceptional loss/ (profit)	13	-	NA	55	(77.2)	127	-	NA
PBT after excep items	4,234	677	525.0	6,153	(31.2)	11,562	5,434	112.8
Tax expense	1,361	(101)	(1444.9)	1,715	(20.6)	3,598	670	436.6
Reported PAT	2,873	779	269.0	4,438	(35.3)	7,965	4,764	67.2
<b>Adjusted PAT</b>	2,885	779	270.6	4,493	(35.8)	8,092	4,764	69.9
<b>Adj EPS (Rs)</b>	5.0	1.4	269.0	7.8	(35.3)	13.9	8.3	67.2

Source: Company, BOBCAPS Research

**FIG 2 – KEY PARAMETERS – CONSOLIDATED**

(%)	Q4FY21	Q4FY20	YoY (bps)	Q3FY21	QoQ (bps)	FY21	FY20	YoY (bps)
Gross margin	45.1	47.3	(220)	47.5	(242)	45.8	44.4	139
EBITDA margin	16.2	13.2	305	19.2	(299)	15.8	11.7	405
EBIT margin	10.5	4.4	612	14.1	(356)	9.3	5.0	425
PBT margin	8.5	1.9	657	12.0	(360)	6.7	3.3	341
Tax rate	32.2	(14.9)	4,709	27.9	428	31.1	12.3	1,878
Adj PAT margin	5.7	2.2	358	8.7	(298)	4.7	2.9	175

Source: Company, BOBCAPS Research

**FIG 3 – REGION WISE PERFORMANCE – CONSOLIDATED**

(Rs mn)	Q4FY21	Q4FY20	YoY (%)	Q3FY21	QoQ (%)	FY21	FY20	YoY (%)
<b>Revenues</b>								
India	36,876	24,742	49.0	34,494	6.9	119,187	112,555	5.9
Europe	14,044	11,638	20.7	17,469	(19.6)	56,138	52,505	6.9
Other Segment	8,872	4,911	80.6	7,979	11.2	25,276	25,781	(2.0)
(less) Intersegment and others	(9,535)	(5,190)	83.7	(8,404)	13.5	(27,245)	(27,571)	(1.2)
<b>Total</b>	50,257	36,101	39.2	51,538	(2.5)	173,356	163,270	6.2
<b>EBIT</b>								
India	4,400	1,780	147.2	5,822	(24.4)	14,695	8,000	83.7
Europe	648	(298)	(317.2)	1,182	(45.2)	649	(571)	(213.5)
Other segment	240	108	121.2	253	(5.3)	775	814	(4.8)
(less) Interest and other expenses	(1,042)	(912)	14.2	(1,049)	(0.7)	(4,429)	(2,808)	57.7
<b>Total</b>	4,246	677	526.8	6,208	(31.6)	11,689	5,434	115.1

EBIT Margin (%)	Q4FY21	Q4FY20	YoY (bps)	Q3FY21	QoQ (bps)	FY21	FY20	YoY (bps)
India	11.9	7.2	474	16.9	(495)	12.3	7.1	522
Europe	4.6	(2.6)	718	6.8	(215)	1.2	(1.1)	224
Others	2.7	2.2	49	3.2	(47)	3.1	3.2	(9)

Source: Company, BOBCAPS Research

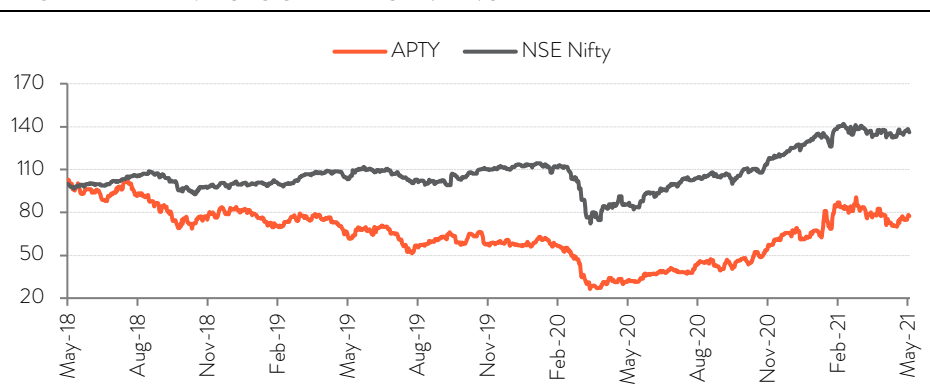
## Earnings call highlights

- Per management, demand in India continues to be steered by the replacement market as well as reviving OEM offtake. While Q1FY22 is likely to be affected by the second wave of Covid-19, we could see a pick-up in H2.
- APTY indicated that it has gained market share across segments in FY21, adding ~400bps in the passenger car radial and agri segments (to 21% currently) and 100bps in the truck & bus segment (to 30% currently).
- Blended raw material cost at India operations increased 12% QoQ in Q4FY21 and is further expected to rise by ~10% sequentially in Q1. Natural rubber was priced at Rs 140/kg in Q4, synthetic rubber at Rs 135/kg, and carbon black at Rs 75/kg.
- Revenue from European operations totalled EUR 135mn in Q4 supported by demand recovery and market share gains. EBITDA was at EUR 24mn
- Management intends to incur capex of Rs 18bn in FY22, largely towards Andhra Pradesh plant expansion, while another EUR 20mn is earmarked for European operations.
- Andhra plant expansion is on track and will result in capacities to manufacture 15,000 car tyres and 3,000 truck tyres per day. Capacities at the plant can be tripled in future before planning any greenfield expansion.
- APTY aims to downsize the Netherlands plant capacity to 0.5mn units per annum over the next 2-3 years, from 3.7mn units in FY20. The difference of ~3mn units would be sourced from its Hungary and India plants.
- Net debt at India operations stood at Rs 36bn as at end-Q4 (vs. Rs 48bn as of FY20).
- Sustainable tax rates going ahead would be 31% for India and 25% for Europe operations.

### Valuation methodology

Our FY22/FY23 revenue estimates are in line with consensus, but we are ~35% below on EPS for both years given lower operating margin expectations on the back of rising input costs and a weakening sales mix. We pencil in a revenue CAGR of 14% for the lower-margin India operations and 8% for European business over FY21-FY23. Overall, our revenue/EBITDA/adj. PAT CAGR estimates for the company stand at +11%/–2%/–23%. The stock is trading at an expensive 25x FY23E EPS. Maintain SELL with an unchanged Mar’22 TP of Rs 140, set at 16x FY23E EPS.

**FIG 4 – RELATIVE STOCK PERFORMANCE**



Source: NSE

### Key risks

- Above-expected volume growth can improve profitability and take operating performance ahead of our estimates.
- A meaningful decline in rubber and crude oil prices can support operating margins and impact our profitability estimates.

## FINANCIALS

### Income Statement

Y/E 31 Mar (Rs mn)	FY19A	FY20A	FY21P	FY22E	FY23E
<b>Total revenue</b>	<b>175,488</b>	<b>163,270</b>	<b>173,970</b>	<b>194,362</b>	<b>215,347</b>
EBITDA	17,762	19,155	27,975	24,288	26,917
Depreciation	8,127	11,381	13,150	14,466	15,770
EBIT	10,868	8,243	16,119	10,922	12,247
Net interest income/(expenses)	(1,986)	(2,808)	(4,430)	(3,961)	(4,037)
Other income/(expenses)	1,232	469	1,293	1,100	1,100
Exceptional items	2,000	0	(6,077)	0	0
EBT	10,881	5,434	5,612	6,961	8,210
Income taxes	2,083	670	2,110	2,158	2,545
Extraordinary items	0	0	0	0	0
Min. int./Inc. from associates	0	0	0	0	0
<b>Reported net profit</b>	<b>8,798</b>	<b>4,764</b>	<b>3,502</b>	<b>4,803</b>	<b>5,665</b>
Adjustments	(2,000)	0	6,077	0	0
<b>Adjusted net profit</b>	<b>6,798</b>	<b>4,764</b>	<b>9,579</b>	<b>4,803</b>	<b>5,665</b>

### Balance Sheet

Y/E 31 Mar (Rs mn)	FY19A	FY20A	FY21P	FY22E	FY23E
Accounts payables	22,102	23,090	28,067	28,804	29,459
Other current liabilities	8,960	16,980	33,324	30,722	34,607
Provisions	3,466	4,421	4,440	4,377	5,102
Debt funds	49,304	65,799	51,114	53,114	53,114
Other liabilities	7,975	15,433	20,047	20,047	20,047
Equity capital	572	572	635	635	635
Reserves & surplus	99,826	98,728	117,111	119,930	123,046
Shareholders' fund	100,398	99,300	117,746	120,565	123,681
<b>Total liabilities and equities</b>	<b>192,206</b>	<b>225,023</b>	<b>254,739</b>	<b>257,630</b>	<b>266,011</b>
Cash and cash eq.	5,626	7,496	24,772	6,554	5,038
Accounts receivables	11,547	9,399	13,808	14,577	16,151
Inventories	34,841	32,069	33,185	38,872	41,993
Other current assets	5,275	8,282	7,534	9,718	9,691
Investments	60	194	1,096	1,096	1,096
Net fixed assets	117,540	154,484	164,196	175,729	181,959
CWIP	15,393	16,420	11,065	12,000	11,000
Intangible assets	0	0	0	0	0
Deferred tax assets, net	(7,707)	(7,032)	(7,020)	(7,020)	(7,020)
Other assets	9,630	3,711	6,103	6,103	6,103
<b>Total assets</b>	<b>192,205</b>	<b>225,023</b>	<b>254,739</b>	<b>257,630</b>	<b>266,011</b>

Source: Company, BOBCAPS Research

### Cash Flows

Y/E 31 Mar (Rs mn)	FY19A	FY20A	FY21P	FY22E	FY23E
Net income + Depreciation	16,925	16,145	16,651	19,269	21,435
Interest expenses	1,986	2,808	4,430	3,961	(4,037)
Non-cash adjustments	(1,232)	(469)	(1,293)	(1,100)	(1,100)
Changes in working capital	(13,466)	25,253	18,785	(10,568)	598
Other operating cash flows	(1,929)	(286)	6,077	0	0
<b>Cash flow from operations</b>	<b>2,284</b>	<b>43,451</b>	<b>44,650</b>	<b>11,562</b>	<b>16,897</b>
Capital expenditures	(13,988)	(49,352)	(17,506)	(26,935)	(21,000)
Change in investments	13,365	(134)	(902)	0	0
Other investing cash flows	1,232	469	1,293	1,100	1,100
<b>Cash flow from investing</b>	<b>609</b>	<b>(49,017)</b>	<b>(17,115)</b>	<b>(25,835)</b>	<b>(19,900)</b>
Equities issued/Others	0	0	10,863	(63)	0
Debt raised/repaid	2,693	16,494	(14,684)	2,000	0
Interest expenses	(1,986)	(2,808)	(4,430)	(3,961)	(4,037)
Dividends paid	(2,069)	(4,310)	(1,996)	(1,921)	(2,549)
Other financing cash flows	(1,896)	(1,941)	(12)	0	0
<b>Cash flow from financing</b>	<b>(3,258)</b>	<b>7,435</b>	<b>(10,259)</b>	<b>(3,945)</b>	<b>(6,586)</b>
<b>Changes in cash and cash eq.</b>	<b>(365)</b>	<b>1,869</b>	<b>17,276</b>	<b>(18,218)</b>	<b>(9,589)</b>
<b>Closing cash and cash eq.</b>	<b>5,626</b>	<b>7,496</b>	<b>24,772</b>	<b>6,554</b>	<b>5,038</b>

### Per Share

Y/E 31 Mar (Rs)	FY19A	FY20A	FY21P	FY22E	FY23E
Reported EPS	11.9	8.3	15.1	7.6	8.9
Adjusted EPS	15.4	8.3	5.5	7.6	8.9
Dividend per share	3.0	3.0	3.1	3.0	4.0
Book value per share	175.5	173.6	185.4	189.9	194.8

### Valuations Ratios

Y/E 31 Mar (x)	FY19A	FY20A	FY21P	FY22E	FY23E
EV/Sales	0.9	1.0	1.0	0.9	0.8
EV/EBITDA	9.1	8.8	6.4	7.0	6.1
Adjusted P/E	14.4	26.6	40.2	29.3	24.8
P/BV	1.3	1.3	1.2	1.2	1.1

### DuPont Analysis

Y/E 31 Mar (%)	FY19A	FY20A	FY21P	FY22E	FY23E
Tax burden (Net profit/PBT)	80.9	87.7	62.4	69.0	69.0
Interest burden (PBT/EBIT)	100.1	65.9	34.8	63.7	67.0
EBIT margin (EBIT/Revenue)	6.2	5.0	9.3	5.6	5.7
Asset turnover (Revenue/Avg TA)	112.9	96.5	94.2	101.6	110.3
Leverage (Avg TA/Avg Equity)	1.6	1.7	1.7	1.6	1.6
Adjusted ROAE	8.9	4.8	3.2	4.0	4.6

Source: Company, BOBCAPS Research | Note: TA = Total Assets

**Ratio Analysis**

Y/E 31 Mar	FY19A	FY20A	FY21P	FY22E	FY23E
<b>YoY growth (%)</b>					
Revenue	18.2	(7.0)	6.6	11.7	10.8
EBITDA	6.5	7.8	46.0	(13.2)	10.8
Adjusted EPS	(6.1)	(29.9)	81.2	(49.9)	17.9
<b>Profitability &amp; Return ratios (%)</b>					
EBITDA margin	10.1	11.7	16.1	12.5	12.5
EBIT margin	6.2	5.0	9.3	5.6	5.7
Adjusted profit margin	3.9	2.9	5.5	2.5	2.6
Adjusted ROAE	6.8	4.8	8.1	4.0	4.6
ROCE	5.7	4.3	5.4	3.9	4.3
<b>Working capital days (days)</b>					
Receivables	27	23	24	27	26
Inventory	67	75	68	68	69
Payables	85	91	99	94	87
<b>Ratios (x)</b>					
Gross asset turnover	1.1	1.5	1.5	1.5	1.5
Current ratio	1.7	1.3	1.2	1.1	1.1
Net interest coverage ratio	5.5	2.9	3.6	2.8	3.0
Adjusted debt/equity	0.5	0.7	0.4	0.4	0.4

Source: Company, BOBCAPS Research

## Disclaimer

### Recommendation scale: Recommendations and Absolute returns (%) over 12 months

**BUY** – Expected return >+15%

**ADD** – Expected return from >+5% to +15%

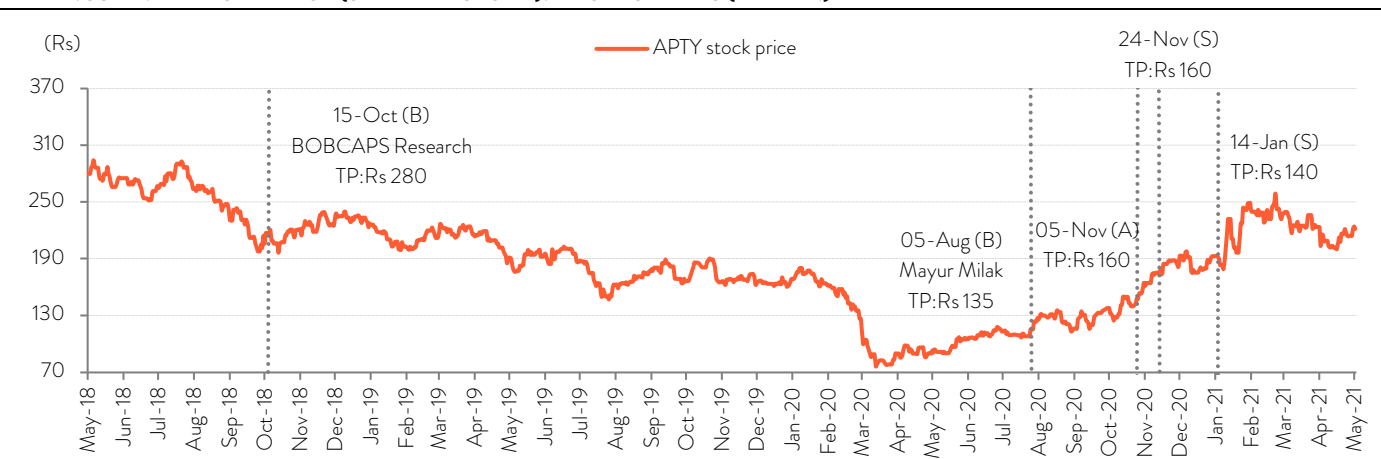
**REDUCE** – Expected return from -5% to +5%

**SELL** – Expected return <-5%

**Note:** Recommendation structure changed with effect from 1 January 2018 (Hold rating discontinued and replaced by Add / Reduce)

Our recommendation scale does not factor in short-term stock price volatility related to market fluctuations. Thus, our recommendations may not always be strictly in line with the recommendation scale as shown above.

### RATINGS AND TARGET PRICE (3-YEAR HISTORY): APOLLO TYRES (APTY IN)



B – Buy, A – Add, R – Reduce, S – Sell

### Rating distribution

As of 30 April 2021, out of 90 rated stocks in the BOB Capital Markets Limited (BOBCAPS) coverage universe, 43 have BUY ratings, 16 have ADD ratings, 5 are rated REDUCE and 26 are rated SELL. None of these companies have been investment banking clients in the last 12 months.

### Analyst certification

The research analyst(s) authoring this report hereby certifies that (1) all of the views expressed in this research report accurately reflect his/her personal views about the subject company or companies and its or their securities, and (2) no part of his/her compensation was, is, or will be, directly or indirectly, related to the specific recommendation(s) or view(s) in this report. Analysts are not registered as research analysts by FINRA and are not associated persons of BOBCAPS.

### General disclaimers

BOBCAPS is engaged in the business of Institutional Stock Broking and Investment Banking. BOBCAPS is a member of the National Stock Exchange of India Limited and BSE Limited and is also a SEBI-registered Category I Merchant Banker. BOBCAPS is a wholly owned subsidiary of Bank of Baroda which has its various subsidiaries engaged in the businesses of stock broking, lending, asset management, life insurance, health insurance and wealth management, among others.

BOBCAPS's activities have neither been suspended nor has it defaulted with any stock exchange authority with whom it has been registered in the last five years. BOBCAPS has not been debarred from doing business by any stock exchange or SEBI or any other authority. No disciplinary action has been taken by any regulatory authority against BOBCAPS affecting its equity research analysis activities.

BOBCAPS has obtained registration as a Research Entity under SEBI (Research Analysts) Regulations, 2014, having registration No.: INH000000040 valid till 03 February 2025. BOBCAPS is also a SEBI-registered intermediary for the broking business having SEBI Single Registration Certificate No.: INZ000159332 dated 20 November 2017.

BOBCAPS 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, BOBCAPS prohibits its analysts and persons reporting to analysts from serving as an officer, director, or advisory board member of any companies that the analysts cover.



Our salespeople, traders, and other professionals may provide oral or written market commentary or trading strategies to our clients that reflect opinions contrary to the opinions expressed herein, and our proprietary trading and investing businesses may make investment decisions that are inconsistent with the recommendations expressed herein. In reviewing these materials, you should be aware that any or all of the foregoing, among other things, may give rise to real or potential conflicts of interest. Additionally, other important information regarding our relationships with the company or companies that are the subject of this material is provided herein.

This material should not be construed as an offer to sell or the solicitation of an offer to buy any security in any jurisdiction where such an offer or solicitation would be illegal. We are not soliciting any action based on this material. It is for the general information of BOBCAPS's clients. It does not constitute a personal recommendation or take into account the particular investment objectives, financial situations, or needs of individual clients. Before acting on any advice or recommendation in this material, clients should consider whether it is suitable for their particular circumstances and, if necessary, seek professional advice.

The price and value of the investments referred to in this material and the income from them may go down as well as up, and investors may realize losses on any investments. Past performance is not a guide for future performance, future returns are not guaranteed and a loss of original capital may occur. BOBCAPS does not provide tax advice to its clients, and all investors are strongly advised to consult with their tax advisers regarding any potential investment in certain transactions — including those involving futures, options, and other derivatives as well as non-investment-grade securities — that give rise to substantial risk and are not suitable for all investors. The material is based on information that we consider reliable, but we do not represent that it is accurate or complete, and it should not be relied on as such. Opinions expressed are our current opinions as of the date appearing on this material only. We endeavour to update on a reasonable basis the information discussed in this material, but regulatory, compliance, or other reasons may prevent us from doing so.

We and our affiliates, officers, directors, and employees, including persons involved in the preparation or issuance of this material, may from time to time have “long” or “short” positions in, act as principal in, and buy or sell the securities or derivatives thereof of companies mentioned herein and may from time to time add to or dispose of any such securities (or investment). We and our affiliates may act as market makers or assume an underwriting commitment in the securities of companies discussed in this document (or in related investments), may sell them to or buy them from customers on a principal basis, and may also perform or seek to perform investment banking or advisory services for or relating to these companies and may also be represented in the supervisory board or any other committee of these companies.

For the purpose of calculating whether BOBCAPS and its affiliates hold, beneficially own, or control, including the right to vote for directors, one per cent or more of the equity shares of the subject company, the holdings of the issuer of the research report is also included.

BOBCAPS and its non-US affiliates may, to the extent permissible under applicable laws, have acted on or used this research to the extent that it relates to non-US issuers, prior to or immediately following its publication. Foreign currency 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. In addition, investors in securities such as ADRs, the value of which are influenced by foreign currencies, effectively assume currency risk. In addition, options involve risks and are not suitable for all investors. Please ensure that you have read and understood the Risk disclosure document before entering into any derivative transactions.

In the US, this material is only for Qualified Institutional Buyers as defined under rule 144(a) of the Securities Act, 1933. No part of this document may be distributed in Canada or used by private customers in the United Kingdom.

No part of this material may be (1) copied, photocopied, or duplicated in any form by any means or (2) redistributed without BOBCAPS's prior written consent.

### **Company-specific disclosures under SEBI (Research Analysts) Regulations, 2014**

The research analyst(s) or his/her relatives do not have any material conflict of interest at the time of publication of this research report.

BOBCAPS or its research analyst(s) or his/her relatives do not have any financial interest in the subject company. BOBCAPS or its research analyst(s) or his/her relatives do not have actual/beneficial ownership of one per cent or more securities in the subject company at the end of the month immediately preceding the date of publication of this report.

The research analyst(s) has not received any compensation from the subject company in the past 12 months. Compensation of the research analyst(s) is not based on any specific merchant banking, investment banking or brokerage service transactions.

BOBCAPS or its research analyst(s) is not engaged in any market making activities for the subject company.

The research analyst(s) has not served as an officer, director or employee of the subject company.

BOBCAPS or its associates may have material conflict of interest at the time of publication of this research report.

BOBCAPS's associates may have financial interest in the subject company. BOBCAPS's associates may hold actual / beneficial ownership of one per cent or more securities in the subject company at the end of the month immediately preceding the date of publication of this report.

BOBCAPS or its associates may have managed or co-managed a public offering of securities for the subject company or may have been mandated by the subject company for any other assignment in the past 12 months.

BOBCAPS may have received compensation from the subject company in the past 12 months. BOBCAPS may from time to time solicit or perform investment banking services for the subject company. BOBCAPS or its associates may have received compensation from the subject company in the past 12 months for services in respect of managing or co-managing public offerings, corporate finance, investment banking or merchant banking, brokerage services or other advisory services in a merger or specific transaction. BOBCAPS or its associates may have received compensation for products or services other than investment banking or merchant banking or brokerage services from the subject company in the past 12 months.