

**NOT
RATED**
**BUTTERFLY GANDHIMATHI
APPLIANCES**

Consumer Durables

18 February 2022

Fast-growing, pan-India branded play

- One of the fastest growing kitchen appliance companies in India with leadership in steel LPG stoves and tabletop wet grinders
- Successfully transitioned from B2G to B2C, now drawing 100% of revenue from branded sales
- Targeting 2x revenue growth to Rs 20bn by FY25 and double-digit margins. Trading at ~28x FY21 EV/EBITDA; we do not have a rating on the stock

Ruchitaa Maheshwari

researchreport@bobcaps.in

We interacted with the management of Butterfly Gandhimathi Appliances (BGAL, Not Rated) to gain a perspective on the company's growth prospects and sector outlook. Key takeaways:

Leading manufacturer of kitchen and electrical appliances: Over the years, BGAL has evolved from being predominantly an LPG stove manufacturer and a B2B player supplying to state governments to a branded kitchen appliances company with a reasonably diversified product portfolio. It has a solid foothold in India's southern market and a wide market reach comprising 500+ exclusive distributors catering to 25,000+ retail points across India. The company manufactures its core products (70-75% of the revenue mix) in-house, ensuring better quality, high operating leverage and stronger margins.

Transition from B2G to B2C has boosted margins: BGAL's historical operating margin was in low-single-digits as ~50% of its revenue came from the B2G segment (Tamil Nadu and Pondicherry) as on FY16. The company has successfully completed its transformation into a B2C player with 100% of revenue coming from branded sales. It has a similar gross margin profile (~42% in FY21) to other household appliance peers with a steadily narrowing gap on EBITDA margin and on trading multiple. Management expects low-double-digit margins ahead (vs. 9.2% in FY21) given launches, operating leverage and a rising share of non-south markets.

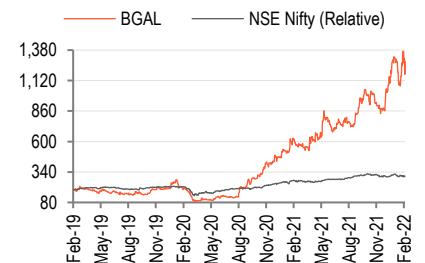
Working capital discipline in focus: Management indicated that it is focused on reducing the working capital cycle, which will have a positive impact on the bottom-line and on return ratios. The company had working capital days of 83 in FY21 vs. 137 in FY19.

Strong brand power to drive growth: BGAL looks well positioned to benefit from continued growth in the domestic kitchenware segment, led by strong historical patronage of the 'Butterfly' brand, continuous product innovation and premium quality. A growing export opportunity, in-house manufacturing and a wide after-sales service network should also support growth.

Ticker/Price	BGAL IN/Rs 1,281
Market cap	US\$ 304.88mn
Free float	35.2%
52wk high/low	Rs 1,399/Rs 1,054
Promoter/FPI/DII	65%/1%/34%

Source: NSE | Price as of 18 Feb 2022

Stock performance



Source: NSE



Contents

Leading brand in kitchen appliances	3
Sharp focus on branded sales.....	3
Expansion beyond southern markets to fuel growth	4
Diverse portfolio and mid-premium advantage	5
Initiatives to drive revenue growth and margin expansion	5
Marked improvement in working capital and gross debt	7
Limited capex, higher outsourcing to improve return ratios	7
Strong industry growth prospects.....	9
Macro tailwinds.....	9
Industry tailwinds.....	9
Company background.....	12

Leading brand in kitchen appliances

We present key takeaways from our interaction with the management of BGAL, a leading manufacturer of kitchen and electrical appliances. Established in 1986 and headquartered in Tamil Nadu, BGAL is predominantly a South India player (76% revenue share), primarily manufacturing LPG stoves, mixer-grinders, tabletop wet grinders and pressure cookers. The company’s branded revenue has clocked a 25% CAGR over FY17-FY21 fueled by growth in the branded kitchen appliances market, a strong brand connect and product portfolio expansion.

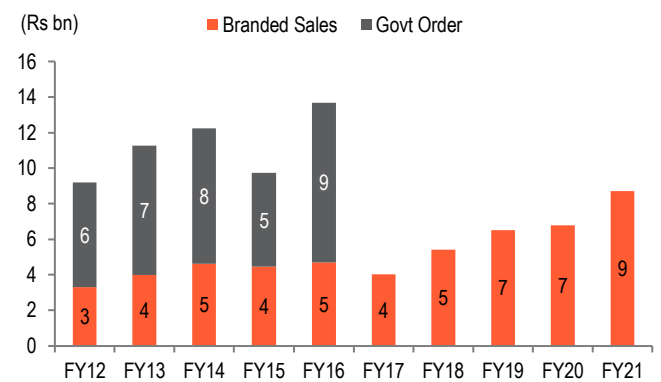
Sharp focus on branded sales

BGAL has successfully transitioned from a B2G (~50% revenue share as of FY16) to a B2C player, with 100% of revenue coming from branded sales as of FY21. Branded revenue grew 16.5% in FY21, marked by an uptick across distribution channels except the modern trade and gas dealer channels. The company has tie-ups with gas dealers of oil marketing companies (OMC), such that customers seeking new gas connections are provided with its ‘Butterfly’ brand.

Over the past decade, BGAL has expanded its portfolio from a mere 6 products in FY11 to 20+ now. Its Butterfly brand is currently available via over 500 distributors reaching more than 25,000 retail touchpoints including multi-brand outlets. The company has also increased the number of stock-keeping units (SKU) from 250 in 2011 to 731 in FY21 and aims to expand this further.

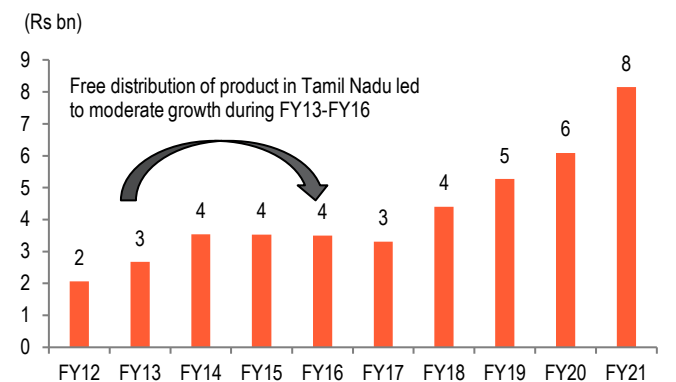
Management expects to reach 700 distributors and 50,000 retail touchpoints in the next two years, of which most additions will be in non-southern regions. Along with expanding its retail footprint, BGAL is also aggressively exploring other distribution channels such as online, modern retail and the government-owned Canteen Stores Department, which it expects will drive branded revenues. In addition, the company will launch its own website in Q1FY23 and introduce a new category of products at the start of Q2FY23.

Fig 1 – Annual net revenue breakup



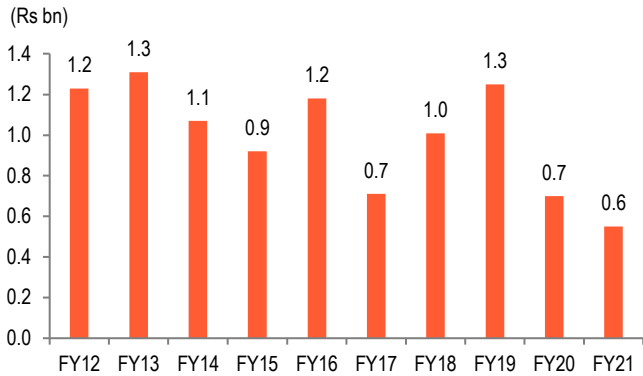
Source: Company, BOBCAPS Research

Fig 2 – Branded sales through retail channel



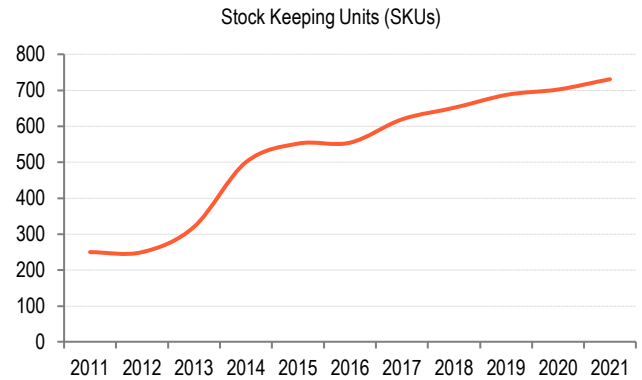
Source: Company, BOBCAPS Research

Fig 3 – Branded sales through gas dealer channel



Source: Company, BOBCAPS Research

Fig 4 – Increased product categories and SKUs have widened the portfolio and raised market share



Source: Company, BOBCAPS Research

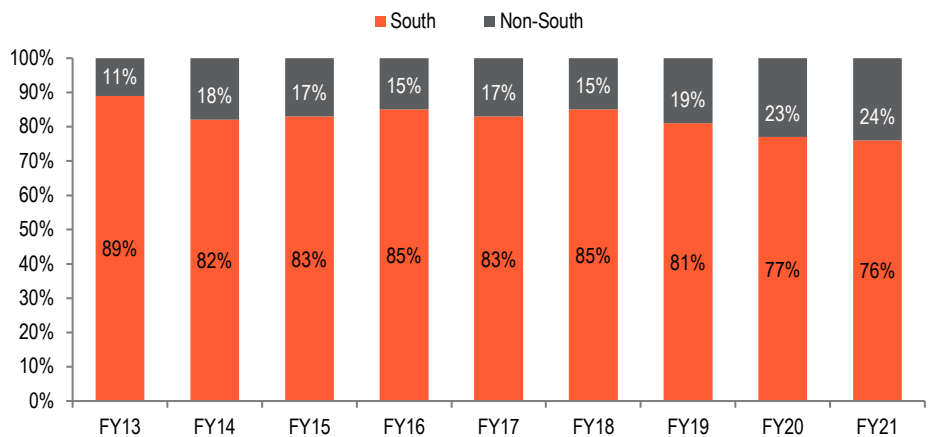
Expansion beyond southern markets to fuel growth

BGAL is one of the leading kitchen appliances players in South India with a strong brand image and business profile supported by over three decades of expertise. The company remains one of the fastest growing in the industry. Its ‘Butterfly’ brand is a household name in South India – a market that contributed 76% of BGAL’s revenue in FY21.

The brand is trusted for its quality and durability, giving the company superior pricing power. Moreover, management expects Butterfly to surpass competitors in terms of growth as it seeks new markets. The company has also been a preferred supplier of LPG stoves in South India as part of the Pradhan Mantri Ujjwala Yojana Scheme (PMUY).

Besides Tamil Nadu, the company markets its products in Kerala, Karnataka and Andhra Pradesh and has forayed into Maharashtra and Gujarat. It is now present in 29 states. BGAL continues to improve its presence outside South India by promoting its brand strengths and investing in a strong, performance-oriented execution team. Non-southern states accounted for 24% of revenue in FY21 (15% in FY18), which management believes will rise to 35% in the next 2-3 years.

Fig 5 – Rising non-South India sales contribution



Source: Company, BOBCAPS Research

Diverse portfolio and mid-premium advantage

BGAL is well placed for growth in kitchen appliances given (a) its manufacturing focus (~75% of revenue comes from manufactured products) which helps in better supply chain management and quicker introduction of new range/product categories, (b) diversified distribution model, (c) strong ecommerce presence (30-40% of revenue), and (d) mid and mid-premium positioning which will aid margin improvement. The company is a top 3 player across product categories and believes it will easily climb the premiumisation ladder.

With rising aspirations, consumers have been increasingly moving towards branded products and also upgrading to mid and mid-premium purchases. The company's Butterfly brand gives customers an opportunity to upgrade at modestly higher prices across a diverse range of appliances. Further, trade's (channel partner) preference for large, organised branded goods augurs well for players such as BGAL.

Fig 6 – BGAL's pricing compared to peers

Category	BGAL Pricing	Competitor Pricing
Mixer Grinder	Rs 2,200	Pigeon (+Rs 1,571, Preethi (Rs 2,250), Prestige (Rs 2,400)
2-burner gas stove (Steel)	Rs 2,900	Pigeon (Rs 2,149, Greenchef (Rs 2,100), Orange (Rs 2,200), Surya (Rs 2,200), Sunflame (Rs 2,600), Prestige (Rs 2,600), Priya-Gold (Rs 2,000)
3-litre Aluminum Pressure Cooker	Rs 749	Prestige (Rs 1,135), Pigeon (Rs 670), Greenchef (Rs 549), Hawkins (Rs 923), Solimo (Rs 829)
Rice Cooker	+Rs 2,500	Pigeon (+Rs 2,095), Prestige (Rs 2,800-5,000), Panasonic (Rs 2,200- 3,800)
Non-stick Kadhai	Rs 1,200-3,800	Solimo (Rs 950-1,500), Prestige (Rs 1,000-2,000), Pigeon (Rs 800-1,500), Wonderchef (Rs 1,300-5,000)

Source: Amazon, Flipkart, BOBCAPS Research

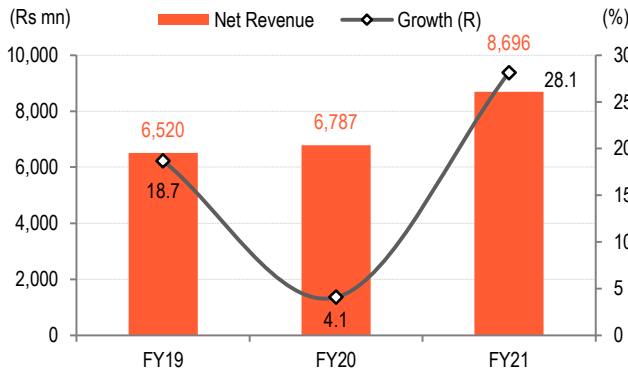
Initiatives to drive revenue growth and margin expansion

BGAL has had a lower EBITDA margin profile of 7-9% compared to 13-15% for peers owing to significant revenue share from the B2G business. The company exited the B2G business in FY16 and transitioned into B2C. Margin gains from the shift have, however, been offset by higher marketing spends – at ~9% of sales on average over FY14-FY21. Going forward, management estimates A&P spends in the range of 10-12%, which is higher than peers.

On the positive side, as BGAL works to broad-base its revenue, the proportion of OMC gas-dealer orders (that are low-margin and working capital-intensive) has started to shrink. The OMC channel has seen subdued growth in the past few years. In addition, core products (70-75% revenue share) are manufactured in-house, ensuring better quality and high operating leverage. Products manufactured in-house include LPG stoves, mixers & grinders, pressure cookers, tabletop wet grinders and vacuum flasks & bottles. Outsourced products include electric kettles, chimneys, rice cookers, toasters and non-stick cookware.

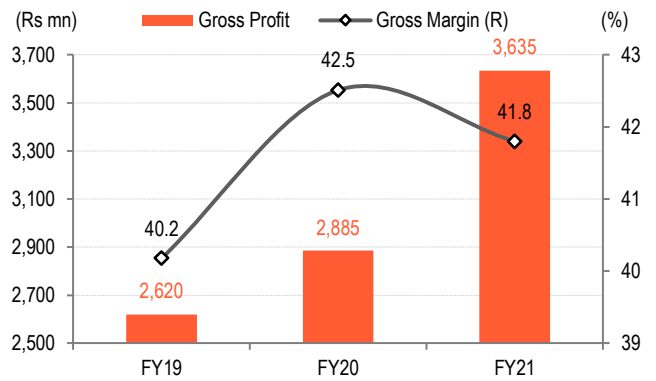
Management estimates that the company will be able to double revenue from the current run-rate of Rs 10bn to Rs 20bn by FY25 (18% CAGR over FY22-FY25) – this in turn should aid 2% improvement in gross margin from 41.8% currently. Per BGAL, revenue growth will take EBITDA margin into the low-double-digits due to operating leverage.

Fig 7 – Revenue growth



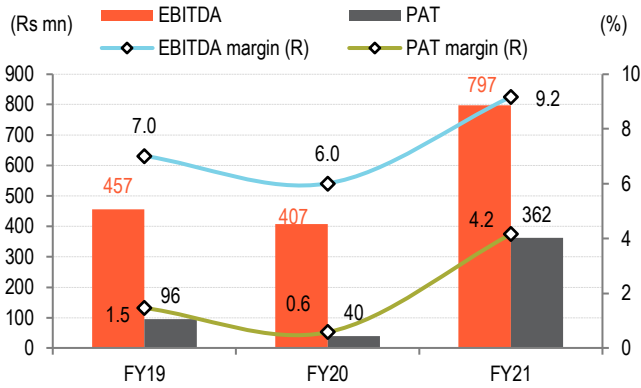
Source: Company, BOBCAPS Research

Fig 8 – Gross profit and margin



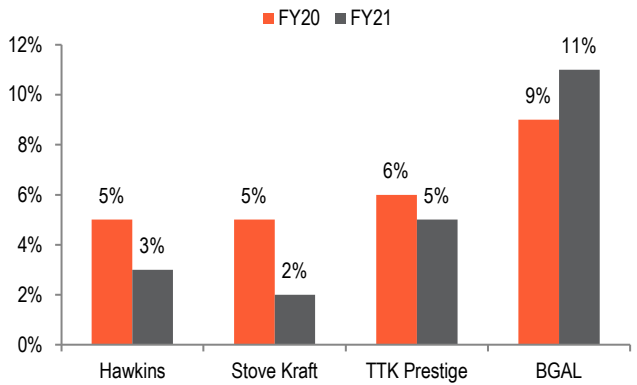
Source: Company, BOBCAPS Research

Fig 9 – EBITDA, PAT and margins



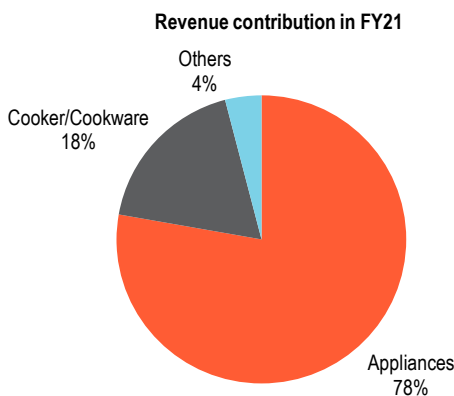
Source: Company, BOBCAPS Research

Fig 10 – A&P spends as a % of sales across peers



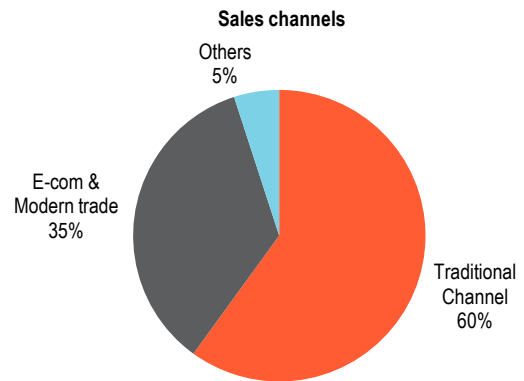
Source: Company, BOBCAPS Research

Fig 11 – Appliances remain the top revenue contributor



Source: Company, BOBCAPS Research

Fig 12 – Traditional sales channels continue to dominate



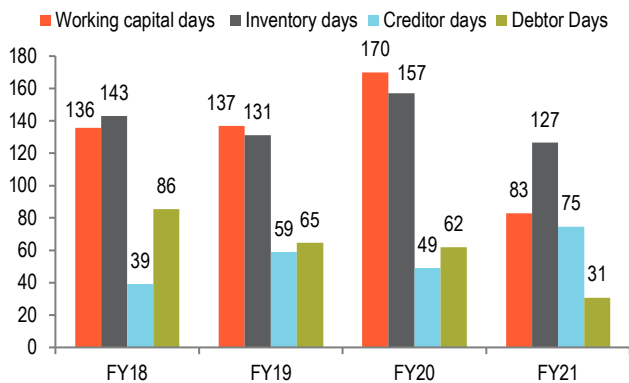
Source: Company, BOBCAPS Research

Marked improvement in working capital and gross debt

In the past, BGAL has derived much of its sales from government orders, institutional dealers and OMCs where the payment cycle is as long as 80-90 days. The company has been relentlessly striving to pare working capital by raising branded sales (which now account for 100% of revenue), further supported by bill discounting facilities and channel financing to the tune of Rs 300mn-350mn. This has reduced debtor days from 86 in FY18 to 31 days in FY21.

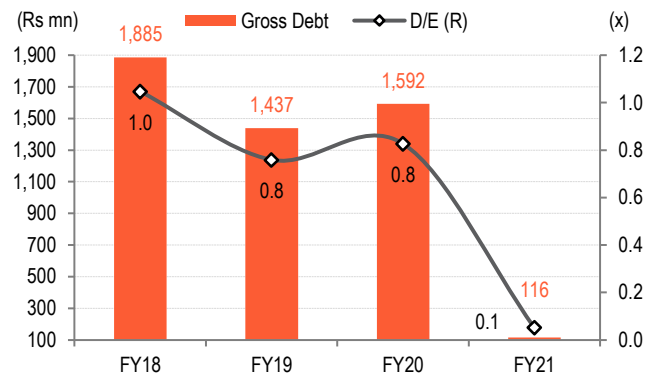
In addition, the company has started real-time tracking of inventory at the distributor/ dealer level which has helped reduce supply chain inventory to 30-35 days from 61 days earlier. By dint of all these measures, working capital days have improved from 136 in FY18 to 83 in FY21 – resulting in a significant reduction in debt levels. Gross debt has fallen from Rs 1.9bn in FY18 to Rs 0.1bn in FY21, translating to substantial interest cost savings.

Fig 13 – Improving working capital



Source: Company, BOBCAPS Research

Fig 14 – Gross debt has reduced significantly



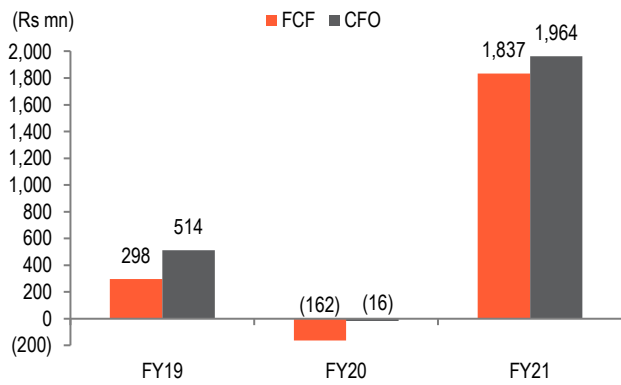
Source: Company, BOBCAPS Research

Limited capex, higher outsourcing to improve return ratios

During the next two years, BGAL expects to incur capex of Rs 300mn towards generating additional revenue of Rs 4bn. In addition, the company has increased outsourcing (15% revenue share in FY20 to 30-35% now), resulting in limited capex requirements. It is identifying vendors for new products, wherein vendors will put in the capex and manufacture exclusively for BGAL.

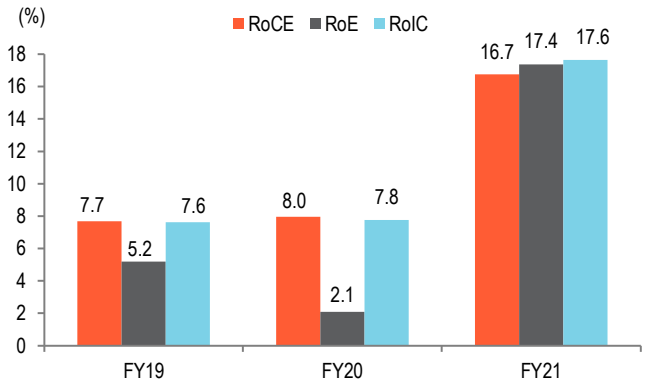
This initiative should raise operating leverage and provide enough room to expand volumes and distribution reach without major capex for the next two years. Consequently, management expects asset turnover and return ratios to improve further.

Fig 15 – FCF & CFO strong given limited capex



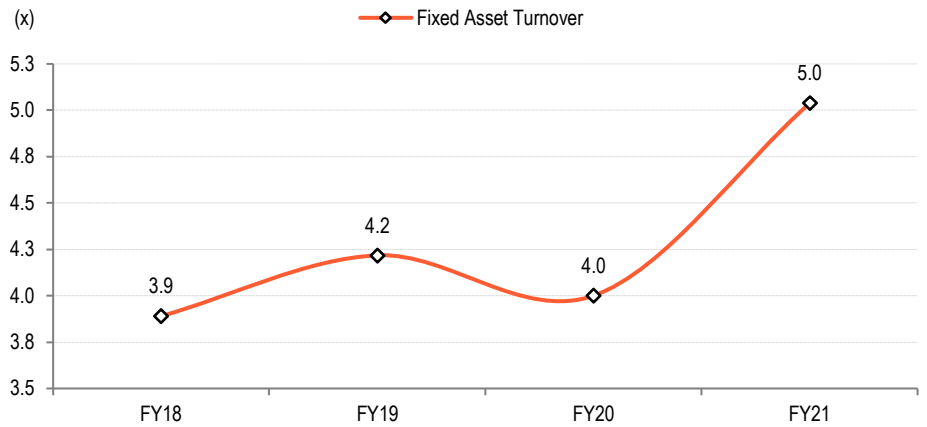
Source: Company, BOBCAPS Research

Fig 16 – Significant improvement in return ratios



Source: Company, BOBCAPS Research

Fig 17 – Better asset turnover led by higher outsourcing



Source: Company, BOBCAPS Research

Strong industry growth prospects

As per industry estimates, the Indian kitchen appliances industry is expected to log an 11% CAGR to US\$ 4.6bn over FY20-FY25, with larger appliances growing at 12.5%, smaller appliances at 8% and non-stick ware at 17%. Demand is projected to rise on account of the growing base of middle class and rich Indian consumers, improving consumer lifestyles, increasing awareness about energy-efficient and eco-friendly appliances, and product technological advancements.

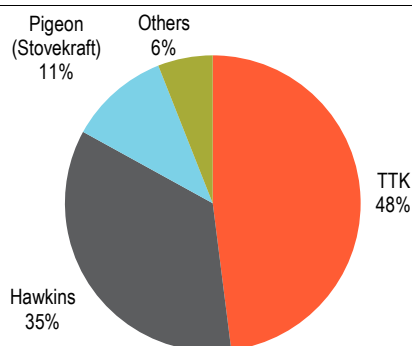
Macro tailwinds

- **Improving macro fundamentals:** These include factors such as rising disposable income and growing urbanisation. By 2025, the middle class will represent ~37% of India’s total population.
- **Increasing rural electrification:** This clearly paves the way for greater use of appliances.
- **LPG connection scheme PMUY:** The government’s Pradhan Mantri Ujjwala Yojana (PMUY) scheme aims to provide clean cooking fuel to families below the poverty line and has resulted in close to 100% LPG penetration in India. The scheme initiated a large, new audience to kitchenware such as gas stoves and to cooking appliances such as cookers and pans.

Industry tailwinds

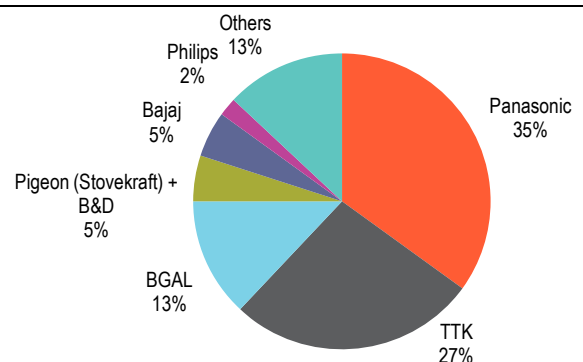
- **Advent of ecommerce:** The advent of online sales has increased product reach and acceptability.
- **Brand advantage:** Industry leaders are gaining market share from unorganised players by virtue of their strong brand power. BGAL expects to be one of the key beneficiaries of the shift from unorganised to organised segment prompted by government regulations such as GST and E-Way bills. The company also expects to benefit from the rise in brand awareness as its product positioning and pricing enables first-time consumers to buy a branded product at attractive prices versus other brands such as Prestige and Sunflame.

Fig 18 – Indian pressure cooker market, CY20



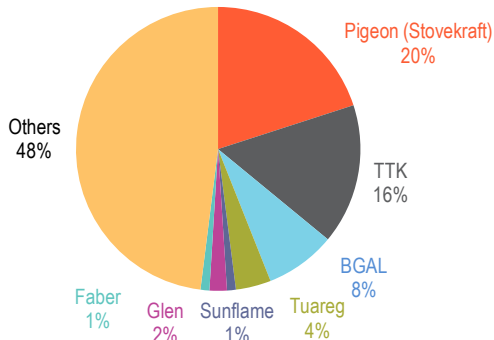
Source: Stovekraft RHP, BOBCAPS Research

Fig 19 – Indian electric cooker market, CY20



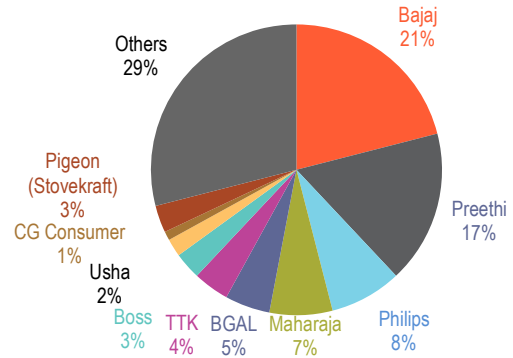
Source: Stovekraft RHP, BOBCAPS Research

Fig 20 – Indian free-standing hob market, CY20



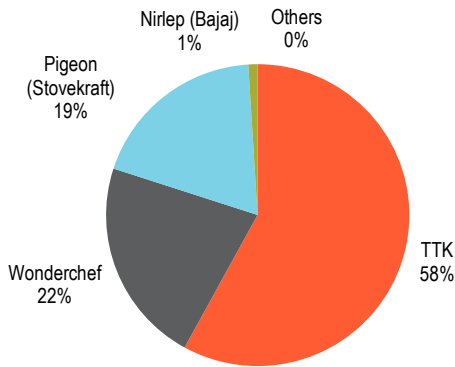
Source: Stovekraft RHP, BOBCAPS Research

Fig 21 – Indian mixer-grinder market, CY20



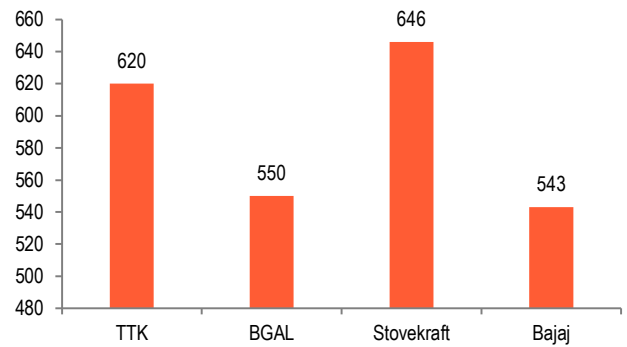
Source: Stovekraft RHP, BOBCAPS Research

Fig 22 – Indian non-stick market, CY20



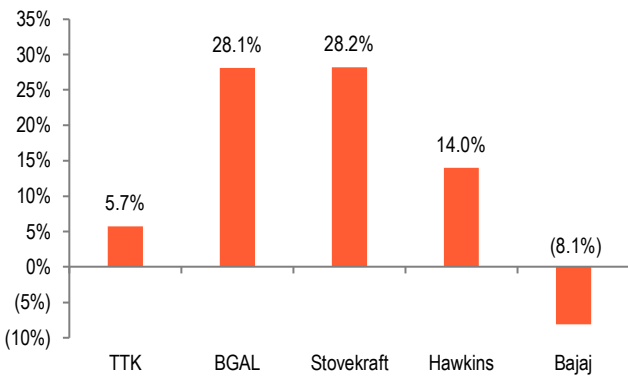
Source: Stovekraft RHP, BOBCAPS Research

Fig 23 – Number of distributors/dealers, FY21



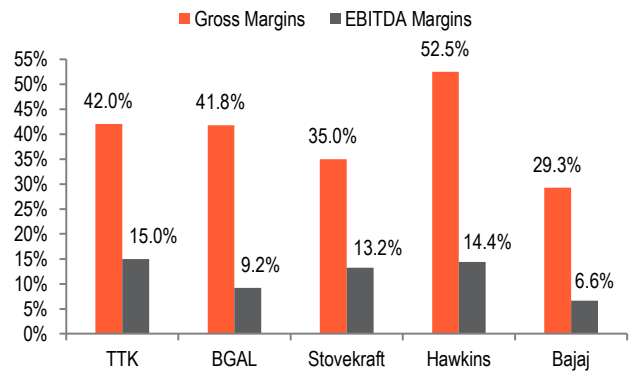
Source: Company, BOBCAPS Research

Fig 24 – Revenue growth, FY21



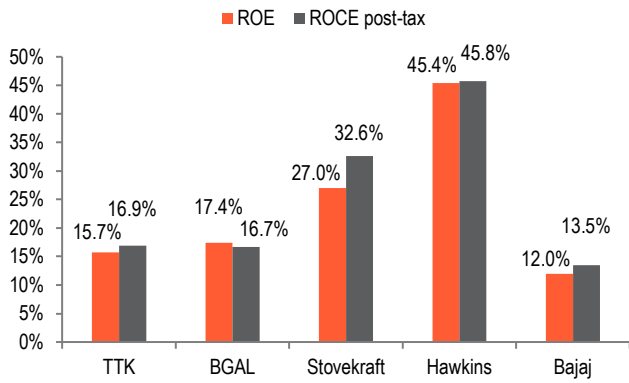
Source: Company, BOBCAPS Research

Fig 25 – Gross and EBITDA margin movement, FY21



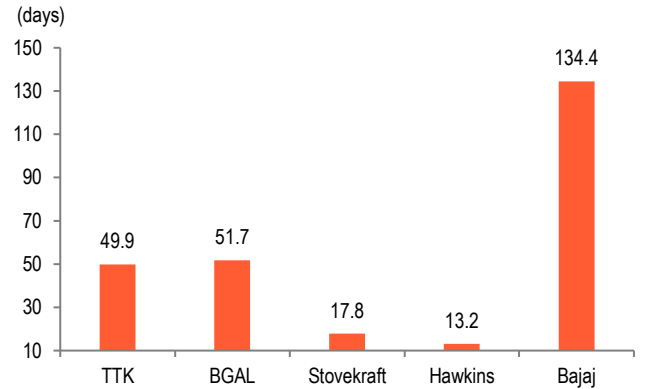
Source: Company, BOBCAPS Research

Fig 26 – Return ratios, FY21



Source: Company, BOBCAPS Research

Fig 27 – Cash conversion cycle, FY21



Source: Company, BOBCAPS Research

Company background

Established in 1986 and headquartered in Tamil Nadu, Butterfly Gandhimathi Appliances (BGAL) is a leading manufacturer of kitchen and electrical appliances. The company sells its 'Butterfly' brand of products across the country through a range of distribution channels.

Over the years, BGAL has moved from being predominantly an LPG stove manufacturer to a branded kitchen appliances company with a reasonably diversified product portfolio. The company has a state-of-the-art-manufacturing unit near Chennai, strong R&D and international industrial design facilities. It mainly manufactures LPG stoves, mixer-grinders, tabletop wet grinders and pressure cookers, amongst others. In addition, the company trades in home appliances such as air coolers, electric fans, water heaters and emergency lanterns.

BGAL is primarily a South India player with the market contributing 76% of its revenue. It has a network comprising 500+ exclusive distributors catering to 25,000+ retail points across India. Besides Tamil Nadu, the company also markets its products in Kerala, Karnataka and Andhra Pradesh and has forayed into Maharashtra and Gujarat, taking its footprint to 29 states.

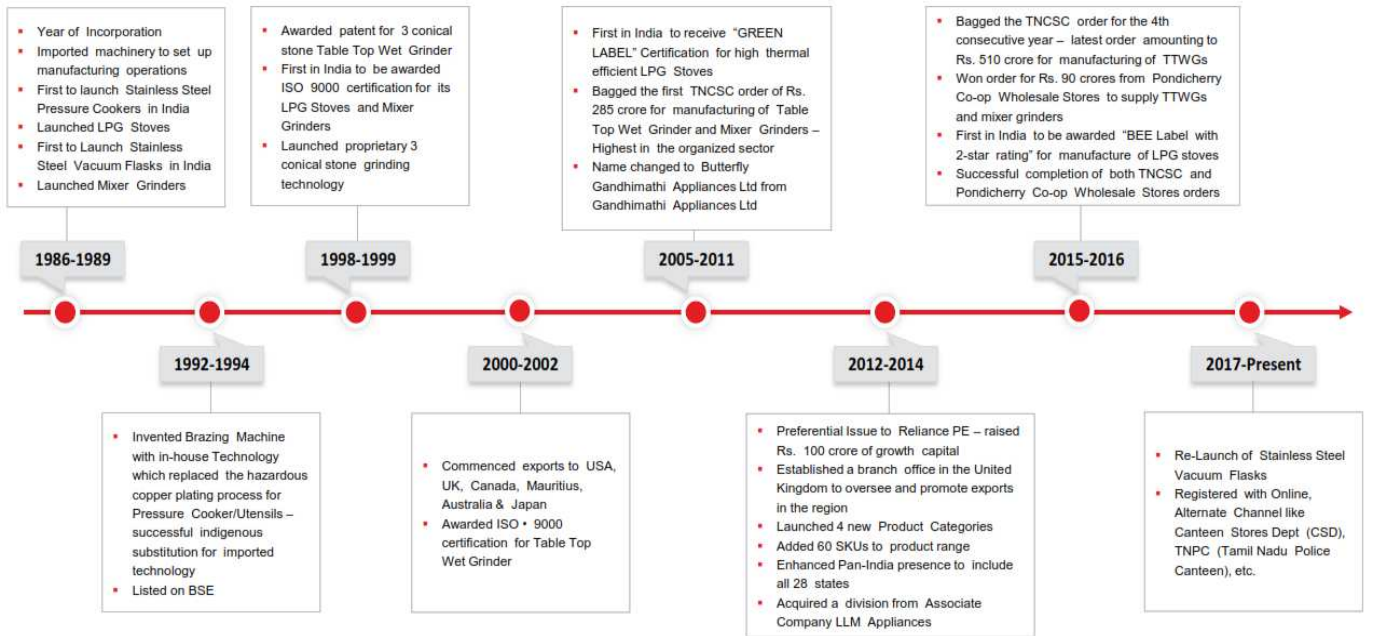
Over the past three decades, the Butterfly brand has become a household name in South India. BGAL's branded revenue has clocked a 25.3% CAGR over FY17-FY21 led by growth in the branded kitchen appliances market, a strong brand-connect and expansion of the product portfolio.

Fig 28 – BGAL: Product profile



Source: Company, BOBCAPS Research

Fig 29 – BGAL: Milestones



Source: Company, BOBCAPS Research

Fig 30 – New product launches in Q2FY22



Source: Company, BOBCAPS Research

Financials

Income statement

Y/E 31 Mar (Rs mn)	FY18	FY19	FY20	FY21
Revenue	5,493	6,520	6,787	8,696
Net Raw Materials	3,153	3,900	3,902	5,061
Power & Fuel Cost	0	0	0	0
Employee Cost	573	701	789	770
Excise Duty	88	0	0	0
Advt & Sales	535	542	941	648
Other Expenses	885	919	748	1,420
Total Expenditures	5,234	6,063	6,380	7,899
EBITDA	347	457	407	797
EBITDA %	6.3	7.0	6.0	9.2
Depreciation	(124)	(129)	(139)	(156)
Interest expense	(181)	(225)	(241)	(174)
Other income	16	20	15	16
Profit before tax	58	124	41	483
Taxes	(10)	(28)	(1)	(122)
Minorities and other	-	-	-	-
Net profit	48	96	40	362

Source: Company, BOBCAPS Research

Balance sheet

Y/E 31 Mar (Rs mn)	FY18	FY19	FY20	FY21
Equity capital	179	179	179	179
Reserves	1,623	1,715	1,748	2,061
Net worth	1,802	1,894	1,927	2,240
Minority Interest	0	0	0	0
Debt	1,885	1,437	1,592	116
Deferred tax liab (net)	(14)	(14)	(22)	13
Total liabilities	3,674	3,318	3,496	2,368
Fixed assets	1,245	1,284	1,333	1,307
Capital Work In Progress	18	65	23	21
Other Intangible assets	414	388	363	334
Goodwill	0	0	0	0
Other non current assets	25	11	70	105
Inventories	1,251	1,421	1,701	1,779
Sundry debtors	1,306	1,171	1,167	744
Loans & Advances	0	0	0	0
Other current assets	146	140	155	172
Sundry creditors	(561)	(994)	(869)	(1,636)
Other current liabilities & Prov	(428)	(313)	(534)	(884)
Cash	227	98	46	374
Other Financial Assets	30	45	39	51
Total assets	3,674	3,318	3,496	2,368

Source: Company, BOBCAPS Research

Cash flow statement

Y/E 31 Mar (Rs mn)	FY19	FY20	FY21
Profit before tax	124	41	483
Depreciation	129	139	156
Tax paid	(28)	(1)	(122)
Working capital Δ	289	(195)	1,446
Other operating items	-	-	-
Operating cashflow	514	(16)	1,964
Capital expenditure	(216)	(146)	(127)
Free cash flow	298	(162)	1,837
Equity raised	(4)	(7)	5
Investments	(1)	0	(1)
Others	26	(29)	(19)
Debt financing/disposal	(448)	154	(1,476)
Dividends paid	-	-	(54)
Other items	0	(9)	35
Net Δ in cash	(129)	(52)	327
Opening Cash Flow	227	98	46
Closing Cash Flow	98	46	374

Source: Company, BOBCAPS Research

Ratio analysis

Y/E 31 Mar	FY18	FY19	FY20	FY21
Growth matrix (%)				
Revenue growth	36.5	18.7	4.1	28.1
Op profit growth	(229.0)	31.7	(10.8)	95.6
EBIT growth	(110.3)	45.7	(18.9)	132.5
Net profit growth	(108.6)	99.5	(58.4)	808.7
Profitability ratios (%)				
EBITDA margin	6.3	7.0	6.0	9.2
Net profit margin	0.9	1.5	0.6	4.2
RoCE	10.7	7.7	8.0	16.7
RoNW	5.3	5.2	2.1	17.4
RoA	1.3	2.9	1.1	15.3
Per share ratios (Rs)				
EPS	2.7	5.4	2.2	20.2
Dividend per share	-	-	-	3.0
Cash EPS	9.6	12.6	10.0	28.9
Book value per share	100.8	105.9	107.8	125.3
Valuation ratios (x)				
P/E	431.1	216.1	519.9	57.2
P/B	11.5	10.9	10.7	9.2
EV/EBIDTA	64.4	48.2	54.6	25.6
Liquidity ratios				
Debtor days	86.8	64.6	61.9	30.8
Inventory days	88.8	131.2	157.0	126.5
Creditor days	39.8	59.0	49.0	74.6

Source: Company, BOBCAPS Research

Disclaimer

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

BUY – Expected return >+15%

HOLD – Expected return from -6% to +15%

SELL – Expected return <-6%

Note: Recommendation structure changed with effect from 21 June 2021

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.

Rating distribution

As of 31 January 2022, out of 115 rated stocks in the BOB Capital Markets Limited (BOBCAPS) coverage universe, 63 have BUY ratings, 32 have HOLD ratings, 5 are rated ADD*, 1 is rated REDUCE* and 14 are rated SELL. None of these companies have been investment banking clients in the last 12 months. (*Our ADD and REDUCE ratings are in the process of being migrated to the new recommendation structure.)

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.: INZ00159332 dated 20 November 2017. BOBCAPS CIN Number: U65999MH1996GOI098009.

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.