

SELL

TP: Rs 370 | ▼ 12%

CENTURY PLYBOARDS

Construction Materials

11 June 2021

Strong quarter; downgrade to SELL on rich valuations

- CPBI reported robust standalone revenue growth of 41% YoY off a soft base, with the plywood/MDF/laminate segments growing 43%/41%/44%
- Gross margin declined 200bps whereas operating margin increased 380bps on the back of lower employee and other expenses
- We raise FY22/FY23 PAT 2%/5% and revise our Mar'22 TP to Rs 370 (vs. Rs 310), but lower our rating to SELL from ADD as valuations look full

Arun Baid

researchreport@bobcaps.in

Strong revenue growth across segments: CPBI reported standalone revenue growth of 41% YoY to Rs 7.4bn, with plywood/MDF/laminates growing at 43%/41%/44% aided by a lockdown-hit base quarter. Volume growth in plywood was 44% YoY, laminates 38% and MDF 24%. For FY21, CPBI's standalone revenue declined 7% as the plywood and laminate segments fell 9% and 10% respectively while MDF grew just 2.5%. Working capital days increased marginally by 2 days to 69 in FY21 and look sustainable, per management.

As per management, Q4 has been the best quarter in the history of the company. Q1FY22 has been soft thus far due to Covid-19 lockdowns, but management expects strong demand revival post unlocking. For FY22, growth is guided at 10-15% in plywood and ~15% in laminates, with full utilisation in MDF (i.e. ~20% growth YoY).

Robust margin gains: Despite a 200bps YoY drop in gross margin, CPBI's standalone operating margin expanded 380bps to 17.2% as employee/other expenses declined 295bps/283bps. This yielded EBITDA/PBT growth of 81%/145% YoY. Operating margin increased across segments with plywood up 470bps YoY to 12.8% (operating leverage), laminates up 800bps to 23.1% (one-off low-cost inventory) and MDF seeing 140bps expansion to 26.8% (better capacity utilisation).

For FY22, management expects higher plywood margins of 13.5-14% due to increased turnover and price hikes effected, with laminates at 16-18% and MDF margin sustaining at 25-26%.

Downgrade to SELL on full valuations: We increase FY22/FY23 PAT estimates by 2%/5% and raise our target FY23E P/E from 22x to 25x, in line with the five-year average due to improvement in balance sheet health and growth prospects—this translates to a revised Mar'22 TP of Rs 370 (vs. Rs 310). Current valuations at 28.5x FY23E EPS look full, leading us to downgrade the stock from ADD to SELL. We continue to like CPBI for its broad wood panel product portfolio, improved balance sheet and healthy return ratios, but await a better entry point.

Key changes

Target	Rating
▲	▼

Ticker/Price	CPBI IN/Rs 419
Market cap	US\$ 1.3bn
Free float	0%
3M ADV	US\$ 1.8mn
52wk high/low	Rs 447/Rs 102
Promoter/FPI/DII	73%/5%/22%

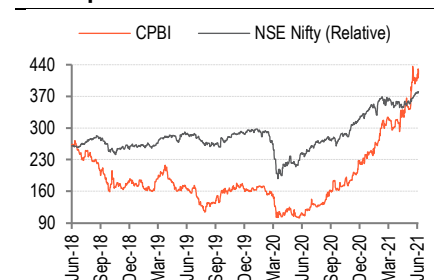
Source: NSE | Price as of 11 Jun 2021

Key financials

Y/E 31 Mar	FY21P	FY22E	FY23E
Total revenue (Rs mn)	21,304	25,467	30,401
EBITDA (Rs mn)	3,355	4,476	5,380
Adj. net profit (Rs mn)	1,996	2,652	3,261
Adj. EPS (Rs)	9.0	11.9	14.7
Cons. EPS (Rs)	8.1	11.7	13.8
Adj. ROAE (%)	16.9	19.1	19.6
Adj. P/E (x)	46.6	35.1	28.5
EV/EBITDA (x)	28.9	21.0	17.3
Adj. EPS growth (%)	26.4	32.8	23.0

Source: Company, Bloomberg, BOBCAPS Research | P – Provisional

Stock performance



Source: NSE



Fig 1 – Standalone quarterly performance

(Rs mn)	Q4FY21	Q4FY20	YoY (%)	Q3FY21	QoQ (%)	FY21	FY20	YoY (%)
Total revenues	7,386	5,242	40.9	6,544	12.9	21,135	22,827	(7.4)
Total raw material consumed	3,757	2,563	46.6	3,282	14.5	10,594	11,483	(7.7)
% of sales	50.9	48.9	198bps	50.1	72bps	50.1	50.3	(18bps)
Employee exps	1,003	866	15.7	850	17.9	3,183	3,441	(7.5)
% of sales	13.6	16.5	(295bps)	13.0	58bps	15.1	15.1	(2bps)
Other exp	1,358	1,112	22.1	1,193	13.8	4,004	4,405	(9.1)
% of sales	18.4	21.2	(283bps)	18.2	15bps	18.9	19.3	(35bps)
Total expenditure	6,118	4,541	34.7	5,325	14.9	17,781	19,330	(8.0)
% of sales	82.8	86.6	(380bps)	81.4	145bps	84.1	84.7	(55bps)
EBIDTA	1,268	701	81.0	1,219	4.1	3,354	3,497	(4.1)
% of sales	17.2	13.4	380bps	18.6	(145bps)	15.9	15.3	55bps
Depreciation	159	163	(2.2)	162	(1.8)	626	676	(7.3)
Other income	37	1	3120.4	12	209.8	107	111	(3.5)
Interest cost	29	83	(65.1)	11	168.9	108	372	(71.0)
PBT	1,117	456	144.7	1,057	5.6	2,726	2,560	6.5
Taxes	291	69	324.5	280	3.7	694	522	32.9
Effective tax rate (%)	26.0	15.0	1,104bps	26.5	(47bps)	25.5	20.4	506bps
PAT before extraordinary	826	388	112.9	777	6.3	2,032	2,038	(0.3)
Less: extraordinary items	6	0	NM	(118)	(105.4)	(112)	(456)	(75.5)
RPAT	832	388	115	659	26	1,921	1,582	21

Source: BOBCAPS Research, Company

Fig 2 – Standalone segmental performance

(Rs mn)	Q4FY21	Q4FY20	YoY (%)	Q3FY21	QoQ (%)	FY21	FY20	YoY (%)
Revenue								
Plywood & Allied products	3,992	2,792	43.0	3,571	11.8	11,232	12,343	(9.0)
Laminates	1,529	1,061	44.2	1,200	27.4	4,150	4,633	(10.4)
MDF	1,191	843	41.2	1,165	2.2	3,594	3,505	2.5
Particle Board	300	231	29.8	262	14.5	901	991	(9.1)
Container Freight Station	219	204	7.1	209	5.0	830	870	(4.6)
Others	166	120	38.2	146	13.3	459	518	(11.3)
Total	7,397	5,251	40.9	6,553	12.9	21,166	22,860	(7.4)
Less: Inter Segment revenue	10	9	14.0	9	13.3	31	33	(5.7)
Net revenues	7,386	5,242	40.9	6,544	12.9	21,135	22,827	(7.4)
EBIT								
Plywood & Allied products	603	219	175.1	417	44.7	1,285	1,084	18.6
Laminates	371	146	153.4	210	76.8	696	561	23.9
MDF	299	164	82.1	277	8.1	764	685	11.6
Particle Board	47	38	22.0	49	(4.1)	139	194	(28.3)
Container Freight Station	33	42	(21.9)	28	17.3	134	151	(11.4)
Others	21	(12)	NM	26	(19.0)	59	24	151
Total	1,373	598	129.6	1,006	36.6	3,077	2,698	13.5
EBIT Margin (%)								
Plywood & Allied products	15.1	7.9	725bps	11.7	344bps	11.4	8.8	266bps
Laminates	24.2	13.8	1,044bps	17.5	677bps	16.8	12.1	465bps
MDF	25.1	19.5	564bps	23.7	137bps	21.3	19.5	173bps
Particle Board	15.6	16.6	(100bps)	18.6	(303bps)	15.4	19.5	(413bps)
Container Freight Station	14.9	20.5	(557bps)	13.4	157bps	16.2	17.4	(125bps)

Source: BOBCAPS Research, Company

Fig 3 – Consolidated quarterly performance

(Rs mn)	Q4FY21	Q4FY20	YoY (%)	Q3FY21	QoQ (%)	FY21	FY20	YoY (%)
Total revenues	7,450	5,302	40.5	6,601	12.9	21,304	23,170	(8.1)
Total raw material consumed	3,693	2,545	45.1	3,222	14.6	10,405	11,605	(10.3)
% of sales	49.6	48.0	158bps	48.8	76bps	48.8	50.1	(124bps)
Employee exps	1,055	901	17.1	886	19.0	3,316	3,585	(7.5)
% of sales	14.2	17.0	(284bps)	13.4	73bps	15.6	15.5	9bps
Other exp	1,444	1,182	22.2	1,256	15.0	4,228	4,673	(9.5)
% of sales	19.4	22.3	(291bps)	19.0	35bps	19.8	20.2	(32bps)
Total expenditure	6,192	4,627	33.8	5,364	15.4	17,949	19,863	(9.6)
% of sales	83.1	87.3	(416bps)	81.3	185bps	84.3	85.7	(147bps)
EBIDTA	1,259	675	86.5	1,237	1.7	3,355	3,308	1.4
% of sales	16.9	12.7	416bps	18.7	(185bps)	15.7	14.3	147bps
Depreciation	176	177	(0.6)	176	0.0	687	763	(10.0)
Other income	102	13	692.1	12	729.3	173	128	35.7
Interest cost	34	87	(61.0)	16	118.0	128	389	(67.1)
PBT	1,150	423	171.9	1,057	8.8	2,714	2,283	18.9
Taxes	287	60	376.1	281	2.2	690	519	32.9
Effective tax rate (%)	25.0	14.3	1,071bps	26.6	(162bps)	25.4	22.7	268bps
PAT	863	363	137.9	776	11.2	2,024	1,764	14.8
Less: Extraordinary items	6	0	NM	1	1050	(112)	(511)	(78.1)
Less: Minority interest	(3)	(7)	(58.3)	(118)	(97.4)	2	(253)	(101.0)
PAT after minority interest	866	370	134.1	659	31.6	1,915	1,506	27.2

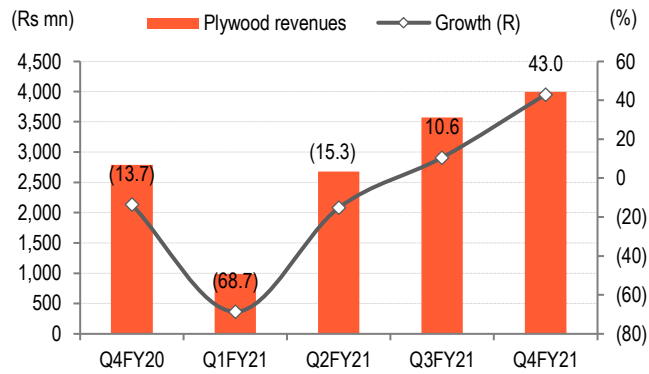
Source: BOBCAPS Research, Company

Fig 4 – Consolidated segmental performance

(Rs mn)	Q4FY21	Q4FY20	YoY (%)	Q3FY21	QoQ (%)	FY21	FY20	YoY (%)
Revenue								
Plywood & Allied products	4,056	2,852	42.2	3,628	11.8	11,401	12,686	(10.1)
Laminates	1,529	1,061	44.2	1,200	27.4	4,150	4,633	(10.4)
MDF	1,191	843	41.2	1,165	2.2	3,594	3,505	2.5
Particle Board	300	231	29.8	262	14.5	901	991	(9.1)
Container Freight Station	219	204	7.1	209	5.0	830	870	(4.6)
Others	166	120	38.1	146	13.3	459	518	(11.4)
Total	7,460	5,311	40.5	6,610	12.9	21,335	23,204	(8.1)
Less: Inter Segment revenue	10	9	14.0	9	13.3	31	33	(5.7)
Net revenues	7,450	5,302	40.5	6,601	12.9	21,304	23,170	(8.1)
EBIT								
Plywood & Allied products	643	194	231.4	422	52.4	1,293	776	66.7
Laminates	371	146	153.4	210	76.8	696	561	23.9
MDF	299	164	82.1	277	8.1	764	685	11.6
Particle Board	47	38	22.0	49	(4.1)	139	194	(28.3)
Container Freight Station	33	42	(21.9)	28	17.3	134	151	(11.4)
Others	20	(17)	(217.3)	26	(21.8)	58	17	254.1
Total	1,412	567	148.9	1,011	39.7	3,084	2,384	29.4
EBIT Margin (%)								
Plywood & Allied products	15.8	6.8	905bps	11.6	422bps	11.3	6.1	523bps
Laminates	24.2	13.8	1,044bps	17.5	677bps	16.8	12.1	465bps
MDF	25.1	19.5	564bps	23.7	137bps	21.3	19.5	173bps
Particle Board	15.6	16.6	(100bps)	18.6	(303bps)	15.4	19.5	(413bps)
Container Freight Station	14.9	20.5	(557bps)	13.4	157bps	16.2	17.4	(125bps)

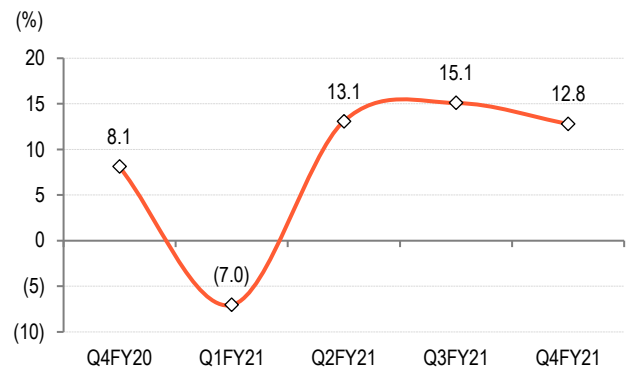
Source: BOBCAPS Research, Company

Fig 5 – Plywood revenues



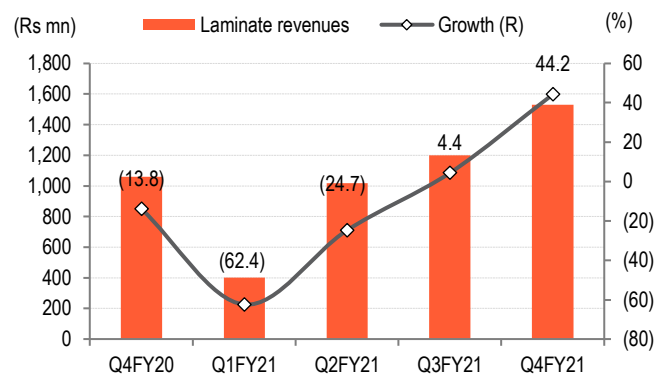
Source: Company, BOBCAPS Research

Fig 6 – Plywood EBITDA margin



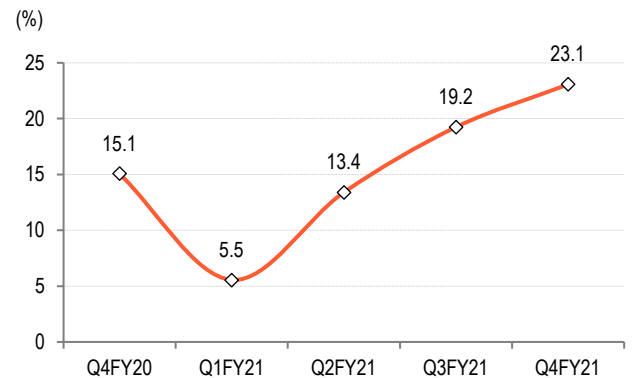
Source: Company, BOBCAPS Research

Fig 7 – Laminate revenues



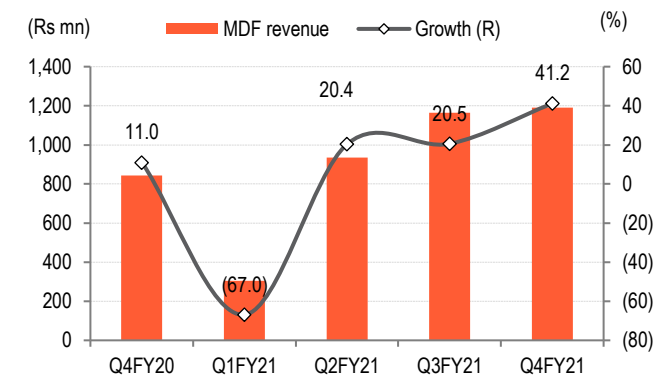
Source: Company, BOBCAPS Research

Fig 8 – Laminate EBITDA margin



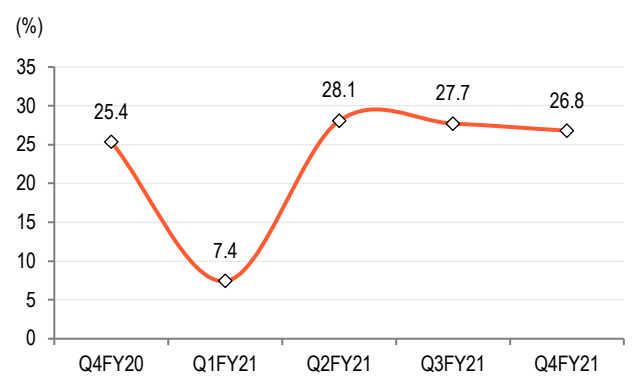
Source: Company, BOBCAPS Research

Fig 9 – MDF revenues



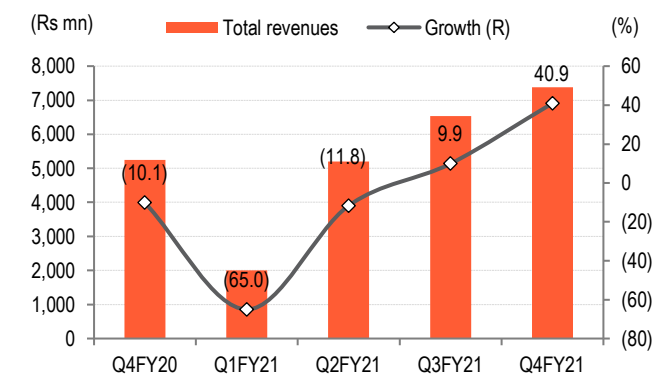
Source: Company, BOBCAPS Research

Fig 10 – MDF EBITDA margin



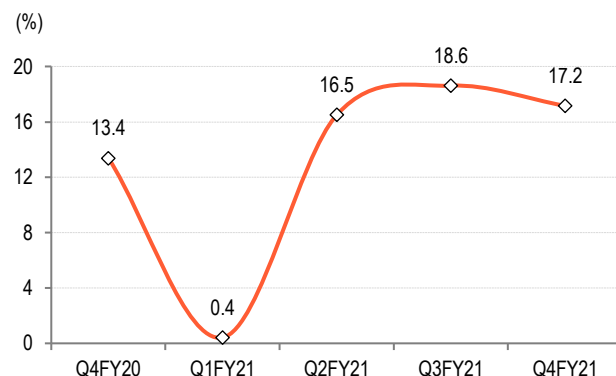
Source: Company, BOBCAPS Research

Fig 11 – Total revenues



Source: Company, BOBCAPS Research

Fig 12 – EBITDA margin



Source: Company, BOBCAPS Research

Earnings call highlights

- Q4FY21 was the best-ever quarter in CPBI's history with all divisions seeing strong growth. Q1FY22 has started on a weak note due to Covid-19 lockdowns, but the company is hopeful of a rebound as restrictions ease.
- CPBI had engaged consulting firm BCG which has suggested Rs 300bn in annual savings, especially in the MDF division and on logistics and power. The company aims to achieve these cost cuts as far as possible.
- In Q4, the company booked ~Rs 180mn in expenses such as directors' commission, CSR initiatives and sales incentives which resulted in relatively lower operating profit.
- Working capital days stood at 69 in FY21 and should sustain at these levels.
- MDF brownfield expansion will become operational by Q1FY23, raising capacity to 1,000cbm/day from 600cbm/day currently. The company is looking at South India as a possible location for setting up another MDF facility by FY24.
- Expanded capacity at the Gabon face veneer plant began operations from Q4FY21.
- CPBI is net debt-free as of Q4FY21.

Plywood

- The company expects to see good demand for plywood over the next few years alongside a gradual shift from unorganised to organised players.
- CPBI's 'Sainik' brand accounts for ~30% of revenue from the plywood business and is seeing better growth than the premium segment.

- Management has guided for weaker 10-15% growth in plywood during FY22 due to a tepid Q1, with EBITDA margin at 13.5-14% for the year and sustainable at 14-15% in the long term.
- Plywood prices were hiked 2-3% in Q1FY22 due to raw material price pressure.

Laminates

- Laminate operating margins improved in Q4 due to one-off lower cost inventory and should normalise going ahead.
- Management believes 16-18% operating margins are sustainable in this segment.
- The company expects the business to grow at 15% sustainably.

MDF

- The company expects MDF to continue seeing strong demand.
- Margins in the segment are guided to remain at 25-26% in FY22.
- The MDF plant in South India is targeted to become operational in FY24.

Valuation methodology

CPBI is the joint market leader in India's organised plywood industry along with Greenply Industries (MTLM IN). It is the third largest laminate player in the country and also has an MDF plant. Over the years, CPBI has evolved into the largest integrated wood panel company in India, equipped with a wide distribution reach, strong brand focus and comprehensive portfolio.

Following the Q4FY21 results, we increase FY22/FY23 PAT estimates by 2%/5% and raise our target FY23E P/E from 22x to 25x, in line with the five-year average due to improvement in balance sheet health and growth prospects – this translates to a revised Mar'22 TP of Rs 370 (vs. Rs 310). Current valuations at 28.5x FY23E EPS look full, leading us to downgrade the stock from ADD to SELL. We continue to like CPBI for its broad product portfolio, improved balance sheet and healthy return ratios, but await a better entry point.

Fig 13 – Revised estimates

(Rs mn)	New		Old		Change (%)	
	FY22E	FY23E	FY22E	FY23E	FY22E	FY23E
Revenues	25,467	30,401	25,137	29,448	1.3	3.2
EBIDTA	4,476	5,380	4,425	5,211	1.2	3.3
PAT	2,652	3,261	2,598	3,095	2.1	5.4

Source: BOBCAPS Research

Fig 14 – Peer comparison

Company	Rating	Target Price (Rs)	Revenue CAGR FY21-23E (%)	EPS (Rs)		ROE (%)		Target P/E (x)
				FY22E	FY23E	FY22E	FY23E	
Kajaria Ceramics	REDUCE	780	18	21.8	25.9	19.1	21.6	30
Somany Ceramics	BUY	490	17	19.7	24.4	12.1	13.3	20
Greenply Industries	BUY	195	17	9.2	10.8	23.5	22.9	18
Century Plyboard	SELL	370	19	11.9	14.7	19.1	19.6	25
Greenpanel Industries	BUY	295	24	12.1	16.3	18.4	20.4	18
Cera Sanitaryware	REDUCE	4145	16	115.4	138.1	16.2	17.1	30
Astral Ltd	SELL	1210	16	20.2	25.2	20.3	22.6	48
Finolex Industries	ADD	135	1	5.7	6.1	15.0	14.7	22
Supreme Industries	SELL	1805	8	52.8	60.1	20.2	20.8	30

Source: BOBCAPS Research

Key risks

Key upside risks to our estimates are:

- **Sharp decline in raw material prices:** Lower raw material prices may result in better-than-expected profitability.
- **Lower activity in unorganised market:** If the unorganised market witnesses below-expected traction, CPBI's growth could outperform estimates.

Financials

Income Statement

Y/E 31 Mar (Rs mn)	FY19A	FY20A	FY21P	FY22E	FY23E
Total revenue	22,804	23,170	21,304	25,467	30,401
EBITDA	3,124	3,308	3,355	4,476	5,380
Depreciation	(595)	(763)	(687)	(810)	(861)
EBIT	2,529	2,545	2,669	3,666	4,519
Net interest inc./(exp.)	(469)	(389)	(128)	(95)	(96)
Other inc./(exp.)	22	43	173	88	61
Exceptional items	0	0	0	0	0
EBT	2,081	2,199	2,714	3,658	4,484
Income taxes	(535)	(519)	(690)	(937)	(1,148)
Extraordinary items	(58)	(427)	(112)	0	0
Min. int./Inc. from assoc.	(4)	253	2	(70)	(75)
Reported net profit	1,484	1,506	1,915	2,652	3,261
Adjustments	58	73	82	0	0
Adjusted net profit	1,542	1,579	1,996	2,652	3,261

Balance Sheet

Y/E 31 Mar (Rs mn)	FY19A	FY20A	FY21P	FY22E	FY23E
Accounts payables	1,595	1,515	2,089	1,954	2,166
Other current liabilities	1,070	1,284	1,617	1,605	1,916
Provisions	120	227	325	255	304
Debt funds	5,319	2,681	1,422	1,300	1,450
Other liabilities	0	0	0	0	0
Equity capital	223	223	223	223	223
Reserves & surplus	9,527	10,684	12,451	14,903	17,965
Shareholders' fund	9,749	10,906	12,674	15,125	18,187
Total liab. and equities	18,107	16,596	18,114	20,296	24,156
Cash and cash eq.	262	248	908	421	10
Accounts receivables	2,957	2,568	3,027	3,140	3,582
Inventories	4,613	3,980	3,692	4,535	5,414
Other current assets	974	1,217	1,476	1,605	1,916
Investments	64	63	1,169	64	64
Net fixed assets	8,346	7,777	7,551	10,240	12,879
CWIP	268	160	285	285	285
Intangible assets	18	9	8	8	8
Deferred tax assets, net	603	573	(1)	(1)	(1)
Other assets	0	0	0	0	0
Total assets	18,107	16,596	18,114	20,296	24,156

Cash Flows

Y/E 31 Mar (Rs mn)	FY19A	FY20A	FY21P	FY22E	FY23E
Cash flow from operations	2,684	3,643	3,884	2,325	3,235
Capital expenditures	(1,474)	(235)	(535)	(3,500)	(3,500)
Change in investments	(3)	1	(1,106)	1,105	0
Other investing cash flows	0	0	0	0	0
Cash flow from investing	(1,477)	(234)	(1,641)	(2,395)	(3,500)
Equities issued/Others	0	0	0	0	0
Debt raised/repaid	(435)	(2,639)	(1,259)	(122)	150
Interest expenses	(469)	(389)	(128)	(95)	(96)
Dividends paid	(257)	(535)	(8)	(270)	(274)
Other financing cash flows	6	139	(187)	70	75
Cash flow from financing	(1,155)	(3,424)	(1,582)	(417)	(145)
Chg in cash & cash eq.	51	(15)	661	(487)	(411)
Closing cash & cash eq.	262	248	908	421	10

Per Share

Y/E 31 Mar (Rs)	FY19A	FY20A	FY21P	FY22E	FY23E
Reported EPS	6.7	6.8	8.6	11.9	14.7
Adjusted EPS	6.9	7.1	9.0	11.9	14.7
Dividend per share	1.0	1.0	0.0	1.0	1.0
Book value per share	43.8	49.0	57.0	68.0	81.7

Valuations Ratios

Y/E 31 Mar (x)	FY19A	FY20A	FY21P	FY22E	FY23E
EV/Sales	4.3	4.2	4.5	3.7	3.1
EV/EBITDA	31.6	29.8	28.9	21.0	17.3
Adjusted P/E	60.3	58.9	46.6	35.1	28.5
P/BV	9.6	8.5	7.4	6.2	5.1

DuPont Analysis

Y/E 31 Mar (%)	FY19A	FY20A	FY21P	FY22E	FY23E
Tax burden (Net profit/PBT)	74.1	71.8	73.6	72.5	72.7
Interest burden (PBT/EBIT)	82.3	86.4	101.7	99.8	99.2
EBIT margin (EBIT/Revenue)	11.1	11.0	12.5	14.4	14.9
Asset turnover (Rev./Avg TA)	129.1	133.5	122.8	132.6	136.8
Leverage (Avg TA/Avg Equity)	1.9	1.7	1.5	1.4	1.3
Adjusted ROAE	16.9	15.3	16.9	19.1	19.6

Ratio Analysis

Y/E 31 Mar	FY19A	FY20A	FY21P	FY22E	FY23E
YoY growth (%)					
Revenue	12.7	1.6	(8.1)	19.5	19.4
EBITDA	(6.3)	5.9	1.4	33.4	20.2
Adjusted EPS	(3.5)	2.4	26.4	32.8	23.0
Profitability & Return ratios (%)					
EBITDA margin	13.7	14.3	15.7	17.6	17.7
EBIT margin	11.1	11.0	12.5	14.4	14.9
Adjusted profit margin	6.8	6.8	9.4	10.4	10.7
Adjusted ROAE	16.9	15.3	16.9	19.1	19.6
ROCE	12.6	13.5	14.4	17.8	18.5
Working capital days (days)					
Receivables	52	44	48	44	40
Inventory	134	135	135	114	116
Payables	31	29	37	35	30
Ratios (x)					
Gross asset turnover	2.4	2.1	1.9	2.0	1.8
Current ratio	1.3	1.5	1.8	2.1	2.2
Net interest coverage ratio	5.4	6.5	20.9	38.5	46.9
Adjusted debt/equity	0.5	0.2	0.0	0.1	0.1

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

Disclaimer

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

BUY – Expected return >+15%

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

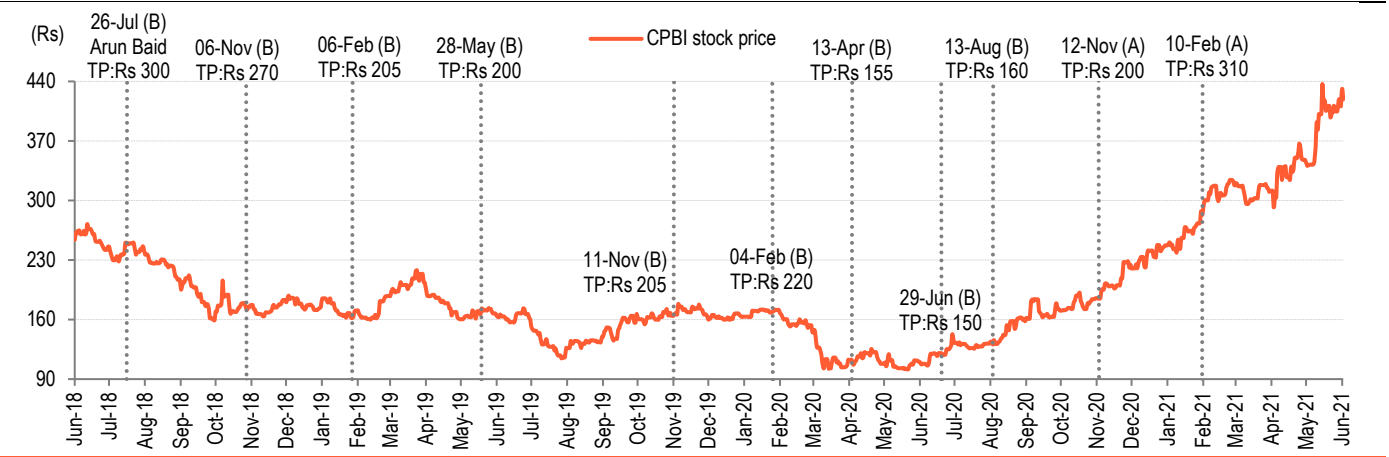
REDUCE – Expected return from -5% to +5%

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): CENTURY PLYBOARDS (CPBI IN)



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

Rating distribution

As of 31 May 2021, out of 95 rated stocks in the BOB Capital Markets Limited (BOBCAPS) coverage universe, 47 have BUY ratings, 19 have ADD ratings, 6 are rated REDUCE and 23 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.