FIRST LIGHT

06 February 2020

RESEARCH

Divi's Labs | Target: Rs 2,180 | +11% | ADD

Earnings miss but expect recovery from Q4

Hindustan Petroleum Corp | Target: Rs 325 | +37% | BUY

Earnings muted but largely priced in

Gujarat Gas | Target: Rs 360 | +22% | BUY

Volumes and margins robust

Cipla | Target: Rs 570 | +27% | BUY

EBITDA a tad lower but India/US deliver a good beat; retain BUY

Mahindra Logistics | Target: Rs 460 | +15% | BUY

Auto weakness persists, non-auto on steady footing

SUMMARY

Divi's Labs

Divi's Labs (DIVI) reported a Q3FY20 revenue/EBITDA miss of 8-10% as multiple regulatory inspections restricted full production. The company expects normalcy to return from Q4. Gross margin at 60.6% was above estimates, reflecting benefits of backward integration (despite a flat CS mix QoQ at 41%). RM price has not risen due to the coronavirus impact in China so far, as per management. FY20 revenue growth guidance remains at 10%. Maintain ADD; on rollover, we have a Mar'21 TP of Rs 2,180 (vs. Rs 1,765).

Click here for the full report.

Hindustan Petroleum Corp

HPCL's Q3FY20 PAT was below estimates due to subdued marketing business earnings of Rs 22bn (+12% YoY ex-inventory). Marketing EBITDA margins, however, remained resilient (at Rs 2,000/MT) and could sustain in the current benign crude price environment. GRMs were muted at US$ 1.4/bbl (ex-inventory), leading us to cut estimates for FY20-FY22 by ~US$ 1/bbl each – this translates to a 5-11% earnings downgrade. Rolling valuations forward, we have a revised Mar'21 TP of Rs 325 (from Rs 365).

Click here for the full report.

TOP PICKS

LARGE-CAP IDEAS

Company	Rating	Target
Bajaj Finance	Buy	5,200
Cipla	Buy	570
Eicher Motors	Buy	25,000
Petronet LNG	Buy	400
Reliance Industries	Buy	1,860

MID-CAP IDEAS

Company	Rating	Target
Alkem Labs	Buy	2,290
Future Supply	Buy	680
Greenply Industries	Buy	210
Laurus Labs	Buy	510
Ashok Leyland	Sell	68

Source: BOBCAPS Research

DAILY MACRO INDICATORS

Indicator	Current	2D (%)	1M (%)	12M (%)
US 10Y yield (%)	1.60	7bps	(19bps)	(110bps)
India 10Y yield (%)	6.51	0bps	(1bps)	(88bps)
USD/INR	71.27	0.1	0.7	0.4
Brent Crude (US$/bbl)	53.96	(0.9)	(21.3)	(12.9)
Dow	28,808	1.4	0.6	13.4
Shanghai	2,783	1.3	(9.7)	6.3
Sensex	40,789	2.3	(1.6)	11.4
India FII (US$ mn)	**3 Feb**	**MTD**	**CYTD**	**FYTD**
FII-D	28.4	28.4	(1,540.5)	1,403.6
FII-E	258.5	258.5	1,631.2	9,020.4

Source: Bank of Baroda Economics Research

BOBCAPS Research
research@bobcaps.in

Gujarat Gas

Gujarat Gas (GUJGA) reported Q3FY20 earnings above estimates at Rs 1.96bn (+26% YoY). Key highlights: (a) volumes were marginally higher at 9.3mmscmd (+42% YoY), and (b) EBITDA margins beat estimates at Rs 4.3/scm (–19% YoY, flat QoQ). We raise FY21/FY22 earnings estimates by 5.7%/5.5% on a better operating margin outlook. Our Mar'21 TP improves to Rs 360 (from Rs 280) on higher long-term margins and lower cost of equity assumptions. Sustained low LNG prices augur well for margins.

Click here for the full report.

Cipla

Cipla's adj. EBITDA missed estimates by 3% due to lower gross margins which saw a 120bps one-off impact. While EM sales were weak (deferred shipments), key positives in India (+12% YoY) and the US drove in-line revenues at Rs 43.7bn. Adj. EBITDA margin was 18.5%, 60bps lower than expected. India ROI leverage (by integrating Rx, generics, consumer health) and lower R&D spends in FY21 should enable Cipla to meet our FY21/FY22 EPS estimates. gAlbuterol deferral to H2FY21 (from H1) is negative. Retain BUY with a TP of Rs 570.

Click here for the full report.

Mahindra Logistics

Mahindra Logistics' (MLL) Q3FY20 consolidated revenue/EBITDA declined 7%/20% YoY (adj. for Ind-AS 116), marginally below estimates. While revenue from Mahindra Group continued to plummet (–18% YoY), healthy growth in focus non-auto verticals (+25% YoY), strong warehousing momentum (+30%) and new client wins were key positives. The PV slowdown may have bottomed, per management, but broad-based recovery in the auto segment is still a few quarters away. We prune FY20-FY22 EPS by ~4% but maintain our Mar'21 TP of Rs 460.

Click here for the full report.

BOBCAPS
TRUST | INNOVATION | EXCELLENCE

ADD
TP: Rs 2,180 | ⮝ 11%

DIVI'S LABS | Pharmaceuticals | 05 February 2020

Earnings miss but expect recovery from Q4

Divi's Labs (DIVI) reported a Q3FY20 revenue/EBITDA miss of 8-10% as multiple regulatory inspections restricted full production. The company expects normalcy to return from Q4. Gross margin at 60.6% was above estimates, reflecting benefits of backward integration (despite a flat CS mix QoQ at 41%). RM price has not risen due to the coronavirus impact in China so far, as per management. FY20 revenue growth guidance remains at 10%. Maintain ADD; on rollover, we have a Mar'21 TP of Rs 2,180 (vs. Rs 1,765).

Vivek Kumar
research@bobcaps.in

Q3 EBITDA miss, transient in nature: Operationally, Q3 witnessed benefits of backward integration in API, as reflected in the gross margin which came in at 60.6% (110bps higher than estimated and up 175bps QoQ). However, the 10% EBITDA miss was driven by lower revenues – this was due to a focus on compliance at Unit I (inspected in Nov'19) and Unit II (mid-Jan'20), leading to lower production. CS business was flat YoY with the sales mix flat QoQ at 41%. DIVI continues to add new customers in generic APIs (+7% YoY). Management retained its guidance of 10% revenue growth and 34-36% margins for FY20.

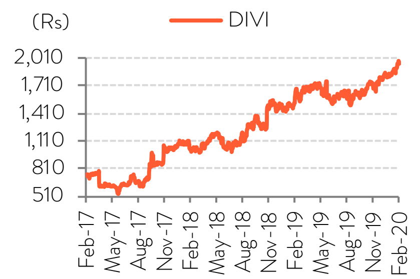
Earnings call highlights: (1) Q3 forex gain was Rs 179mn. (2) Implementation of total capex of Rs 16.9bn is on track. (2) Q3/9M capitalisation stood at Rs 200mn/Rs 2.25bn – expected total capitalisation is at Rs 12bn for FY20 incl. CWIP. (4) Nutraceutical sales rose 15% YoY to Rs 1.0bn in Q3. (5) Raw material shipment from other ports of China have not been impacted.

Retain ADD with TP of Rs 2,180: We maintain our FY20/FY21/FY22 EPS estimates of Rs 52/Rs 64/Rs 79 (9M EPS was Rs 36). While valuations appear expensive (trading at 25x FY22E EPS vs. the 3Y/5Y historical mean of 24x-26x), we believe the stock will see sustained positive momentum given DIVI's solid business model and ROCE profile.

Ticker/Price	DIVI IN/Rs 1,963
Market cap	US$ 7.3bn
Shares o/s	266mn
3M ADV	US$ 12.9mn
52wk high/low	Rs 2,022/Rs 1,466
Promoter/FPI/DII	52%/17%/17%

Source: NSE

STOCK PERFORMANCE



Source: NSE

KEY FINANCIALS

Y/E 31 Mar	FY18A	FY19A	FY20E	FY21E	FY22E
Total revenue (Rs mn)	38,906	49,462	54,713	63,852	74,121
EBITDA (Rs mn)	12,608	18,719	19,828	24,545	29,975
Adj. net profit (Rs mn)	8,482	13,219	13,902	17,104	20,988
Adj. EPS (Rs)	31.9	49.8	52.4	64.4	79.1
Adj. EPS growth (%)	(22.9)	55.8	5.2	23.0	22.7
Adj. ROAE (%)	15.0	20.6	19.3	21.4	22.8
Adj. P/E (x)	61.4	39.4	37.5	30.5	24.8
EV/EBITDA (x)	40.3	26.9	25.3	20.4	16.6

Source: Company, BOBCAPS Research

BOBCAPS
TRUST | INNOVATION | EXCELLENCE

BUY
TP: Rs 325 | ⮝ 37%

HINDUSTAN PETROLEUM CORP | Oil & Gas | 05 February 2020

Earnings muted but largely priced in

HPCL's Q3FY20 PAT was below estimates due to subdued marketing business earnings of Rs 22bn (+12% YoY ex-inventory). Marketing EBITDA margins, however, remained resilient (at Rs 2,000/MT) and could sustain in the current benign crude price environment. GRMs were muted at US$ 1.4/bbl (ex-inventory), leading us to cut estimates for FY20-FY22 by ~US$ 1/bbl each – this translates to a 5-11% earnings downgrade. Rolling valuations forward, we have a revised Mar'21 TP of Rs 325 (from Rs 365).

Rohit Ahuja | Harleen Manglani
research@bobcaps.in

Robust marketing margins: HPCL's marketing segment posted below-expected earnings in Q3FY20, but continued to exhibit resilient EBITDA levels at Rs 2,000/MT (+3.4% YoY ex-inventory). The company gained market share in petroleum product sales, delivering sales volume growth of 3.5% against industry growth of 1.5%. Market share gains were driven by LPG and other industrial products, while HPCL lost ground in retail fuel sales (petrol and diesel). Considering the benign crude price environment, we raise our marketing margin assumptions by ~10% over FY21/FY22.

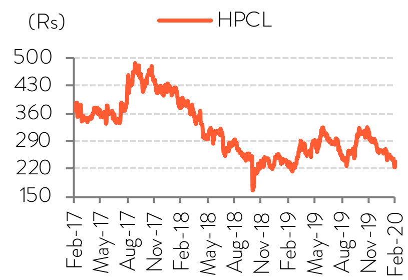
GRMs remain muted: HPCL continues to underperform on GRMs (US$ 1.45/bbl in Q3 against US$ 1.7/bbl for the Singapore benchmark). Singapore GRMs have currently fallen below US$ 1/bbl. A relatively high diesel slate in the refining portfolio puts HPCL in an advantageous position, given that the new IMO regulations (effective Jan'20) are expected to push diesel spreads above US$ 20/bbl (from ~US$ 13 currently).

Maintain BUY: At 4.8x FY22E EBITDA, valuations seem to be pricing in the worst case of low GRMs and benign marketing margins.

Ticker/Price	HPCL IN/Rs 237
Market cap	US$ 5.1bn
Shares o/s	1,524mn
3M ADV	US$ 15.5mn
52wk high/low	Rs 334/Rs 211
Promoter/FPI/DII	51%/19%/30%

Source: NSE

STOCK PERFORMANCE



Source: NSE

KEY FINANCIALS

Y/E 31 Mar	FY18A	FY19A	FY20E	FY21E	FY22E
Total revenue (Rs mn)	2,186,469	2,742,552	2,763,318	3,362,091	3,775,944
EBITDA (Rs mn)	98,502	103,490	80,577	93,725	116,873
Adj. net profit (Rs mn)	72,183	66,900	59,129	60,636	73,463
Adj. EPS (Rs)	47.4	43.9	38.8	39.8	48.2
Adj. EPS growth (%)	(12.4)	(7.3)	(11.6)	2.5	21.2
Adj. ROAE (%)	31.0	23.9	18.5	17.3	19.0
Adj. P/E (x)	5.0	5.4	6.1	6.0	4.9
EV/EBITDA (x)	4.8	4.4	5.7	5.5	4.8

Source: Company, BOBCAPS Research

RESULT REVIEW

BUY
TP: Rs 360 | ⮝ 22%

GUJARAT GAS | Oil & Gas | 06 February 2020

Volumes and margins robust

Gujarat Gas (GUJGA) reported Q3FY20 earnings above estimates at Rs 1.96bn (+26% YoY). Key highlights: (a) volumes were marginally higher at 9.3mmscmd (+42% YoY), and (b) EBITDA margins beat estimates at Rs 4.3/scm (–19% YoY, flat QoQ). We raise FY21/FY22 earnings estimates by 5.7%/5.5% on a better operating margin outlook. Our Mar'21 TP improves to Rs 360 (from Rs 280) on higher long-term margins and lower cost of equity assumptions. Sustained low LNG prices augur well for margins.

Rohit Ahuja | Harleen Manglani
research@bobcaps.in

Buoyant volumes: GUJGA reported above-estimated volumes at 9.3mmscmd in Q3, retaining demand from Morbi (Gujarat). Management sees more volume potential from Morbi and expects to average at ~9.5mmscmd levels in Q4FY20. CNG volume growth at 6% YoY remains soft, but could improve as Gujarat State Transportation (GSRTC) has approved the induction of 1,000 CNG buses (250 in Q4). Over the long term, management expects most of the GSRTC's ~7,000 fleet of buses to be converted to CNG.

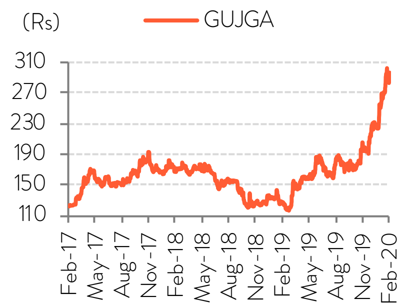
Margins robust: EBITDA margins outperformed at Rs 4.3/scm in Q3 on tepid spot LNG prices (of ~US$ 4.5/mmbtu). The recent decline in oil prices to <US$ 60/bbl could bring about lower LNG prices in the near term. GUJGA's management expects EBITDA to sustain at ~Rs 5/scm levels, insulated from sharp variations in LNG prices as customers in Morbi have become more sticky post the court order banning ceramic units running on coal-based gasifiers.

Undemanding valuations: At 16x FY22E EPS, GUJGA's valuations have run up sharply, but still remain below CGD peers (~20x for IGL/MAHGL). Considering the company's resilient margins and high volume growth potential, we expected multiples to trend higher over the long term. Reiterate BUY.

Ticker/Price	GUJGA IN/Rs 296
Market cap	US$ 2.9bn
Shares o/s	688mn
3M ADV	US$ 4.1mn
52wk high/low	Rs 308/Rs 115
Promoter/FPI/DII	61%/12%/27%

Source: NSE

STOCK PERFORMANCE



Source: NSE

KEY FINANCIALS

Y/E 31 Mar	FY18A	FY19A	FY20E	FY21E	FY22E
Total revenue (Rs mn)	61,743	77,544	120,558	139,309	147,091
EBITDA (Rs mn)	8,951	9,836	15,593	19,249	20,210
Adj. net profit (Rs mn)	2,914	4,160	11,502	11,732	12,758
Adj. EPS (Rs)	4.2	6.0	16.7	17.0	18.5
Adj. EPS growth (%)	32.7	42.8	176.5	2.0	8.7
Adj. ROAE (%)	16.7	20.6	44.2	38.6	40.7
Adj. P/E (x)	70.0	49.0	17.7	17.4	16.0
EV/EBITDA (x)	25.0	22.9	14.3	11.4	10.7

Source: Company, BOBCAPS Research

BUY
TP: Rs 570 | ⮝ 27%

CIPLA | Pharmaceuticals | 05 February 2020

EBITDA a tad lower but India/US deliver a good beat; retain BUY

Cipla's adj. EBITDA missed estimates by 3% due to lower gross margins which saw a 120bps one-off impact. While EM sales were weak (deferred shipments), key positives in India (+12% YoY) and the US drove in-line revenues at Rs 43.7bn. Adj. EBITDA margin was 18.5%, 60bps lower than expected. India ROI leverage (by integrating Rx, generics, consumer health) and lower R&D spends in FY21 should enable Cipla to meet our FY21/FY22 EPS estimates. gAlbuterol deferral to H2FY21 (from H1) is negative. Retain BUY with a TP of Rs 570.

Vivek Kumar
research@bobcaps.in

India, US beat continues: India sales growth beat estimates at 12% YoY (branded sales grew 14% YoY, trade generics 7%). Cipla has talked of an integrated approach and leveraging the distribution channel for India business, which should boost prescription (Rx) volume growth and maximise returns. US sales were a 4% beat at US$ 133mn and management expects a US$ 120mn-130mn base to be maintained. R&D spends should moderate in FY21 given that Advair generic trials are over (readouts by Mar'20; US$ 25mn spent on Advair in 9MFY20). Cipla clarified that incremental specialty spends will not be at the cost of margins.

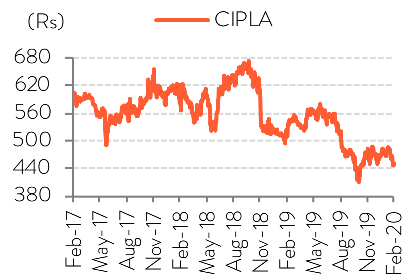
Earnings takeaways: (1) US specialty R&D spends in FY21 to be 1% of overall sales with a key focus on the hospital segment; top 3 products in the US form 25% of sales. (2) Gross margin impact due to shelf stock adjustments on gSensipar and overhead charges as per accounting standards. (3) Shipment to EMs deferred to Q4. (4) Coronavirus escalation in Mar'20 would affect the entire industry.

Implied valuation for US business attractive: We continue to expect a core EPS CAGR of 15-18% over FY19-FY22. About 70% of FY22E EBITDA is from branded generics (India, S. Africa, ROW). At CMP, US implied value is attractive at 2x FY21E EV/EBITDA (7x for peers). Advair presents an upside risk to our EPS estimates.

Ticker/Price	CIPLA IN/Rs 448
Market cap	US$ 5.1bn
Shares o/s	806mn
3M ADV	US$ 18.7mn
52wk high/low	Rs 586/Rs 390
Promoter/FPI/DII	37%/26%/13%

Source: NSE

STOCK PERFORMANCE



Source: NSE

KEY FINANCIALS

Y/E 31 Mar	FY18A	FY19A	FY20E	FY21E	FY22E
Total revenue (Rs mn)	152,181	163,604	169,751	179,280	192,699
EBITDA (Rs mn)	28,254	30,955	33,166	34,944	38,654
Adj. net profit (Rs mn)	12,340	13,409	16,057	17,667	20,160
Adj. EPS (Rs)	15.3	16.6	19.9	21.9	25.0
Adj. EPS growth (%)	(0.2)	8.7	19.7	10.0	14.1
Adj. ROAE (%)	8.9	9.0	10.1	10.2	10.6
Adj. P/E (x)	29.2	26.9	22.5	20.4	17.9
EV/EBITDA (x)	13.9	12.4	11.4	10.5	9.0

Source: Company, BOBCAPS Research

BUY
TP: Rs 460 | ⮝ 15%

MAHINDRA LOGISTICS | Logistics | 05 February 2020

Auto weakness persists, non-auto on steady footing

Mahindra Logistics' (MLL) Q3FY20 consolidated revenue/EBITDA declined 7%/20% YoY (adj. for Ind-AS 116), marginally below estimates. While revenue from Mahindra Group continued to plummet (–18% YoY), healthy growth in focus non-auto verticals (+25% YoY), strong warehousing momentum (+30%) and new client wins were key positives. The PV slowdown may have bottomed, per management, but broad-based recovery in the auto segment is still a few quarters away. We prune FY20-FY22 EPS by ~4% but maintain our Mar'21 TP of Rs 460.

Sayan Das Sharma
research@bobcaps.in

Ticker/Price	MAHLOG IN/Rs 400
Market cap	US$ 400.6mn
Shares o/s	71mn
3M ADV	US$ 0.2mn
52wk high/low	Rs 578/Rs 317
Promoter/FPI/DII	58%/17%/12%

Source: NSE

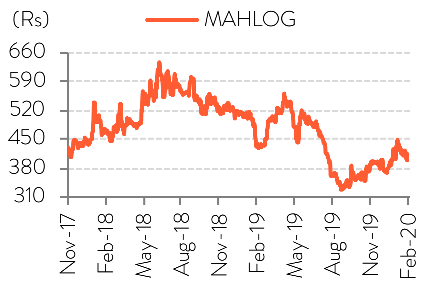
Slump in anchor client segment continues: SCM revenue declined 7% YoY owing to plunging anchor/non-anchor revenue in the auto vertical (–17%/ –7% YoY). While this was on the cards, the dip in PTS revenue (–9% YoY) was a disappointment. Management sees some green shoots in PV demand, but expects CV recovery to be more protracted. Auto logistics is likely to exhibit some uptick in Q4 due to BS-VI channel filling and expected pre-buying.

Non-auto verticals on steady footing: The non-Mahindra, non-auto sales print (+12% YoY) was healthy, notwithstanding a high base (+16% YoY in Q3FY19), and loss of a large bulk client in Q1FY20. Key verticals of consumer, pharma and e-commerce sustained strong momentum (+25% YoY). Non-Mahindra warehousing grew apace at 30%. Robust client wins and increasing wallet share is expected to drive continued growth for the non-Mahindra, non-auto vertical.

EBITDA margin contracts: Higher warehousing and value-added contribution led to lower opex (–205bps YoY, adj. for Ind-AS 116). But margins dipped 50bps YoY to 3.1% as the revenue decline led to lower absorption of fixed expenses.

Reiterate BUY: We prune FY20-FY22 EPS by ~4% but move to a target P/E of 26x (vs. 25x) as we expect gradual recovery in FY21. Our TP stays at Rs 460.

STOCK PERFORMANCE



Source: NSE

KEY FINANCIALS

Y/E 31 Mar	FY18A	FY19A	FY20E	FY21E	FY22E
Total revenue (Rs mn)	34,161	38,513	36,566	41,070	47,280
EBITDA (Rs mn)	1,197	1,512	1,171	1,518	1,937
Adj. net profit (Rs mn)	640	856	715	980	1,258
Adj. EPS (Rs)	9.0	12.0	10.0	13.7	17.6
Adj. EPS growth (%)	34.1	33.2	(16.5)	37.0	28.3
Adj. ROAE (%)	16.7	18.7	13.6	16.6	19.1
Adj. P/E (x)	44.4	33.3	39.9	29.1	22.7
EV/EBITDA (x)	23.0	18.4	23.6	17.9	13.8

Source: Company, BOBCAPS Research

Disclaimer

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)

Rating distribution

As of 31 January 2020, out of 85 rated stocks in the BOB Capital Markets Limited (BOBCAPS) coverage universe, 50 have BUY ratings, 18 are rated ADD, 8 are rated REDUCE and 9 are rated SELL. None of these companies have been investment banking clients in the last 12 months.

Analyst certification

Each of the analysts mentioned in this research report certify, with respect to the sections of the report for which they are responsible, that (1) all of the views expressed in this 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.

Important disclosures

This product is a compilation of previously published research notes. To view the complete report along with the associated Analyst certifications and Company-specific disclosures, please click on the hyperlink accompanying each excerpt.

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 2020. 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.

Other disclosures

BOBCAPS does not have any financial interest in the subject company. BOBCAPS does 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.

BOBCAPS is not engaged in any market making activities for 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.