RESULT REVIEW

BOBCAPS
TRUST | INNOVATION | EXCELLENCE

REDUCE
TP: Rs 1,220 | ∀ 4%

PVR | Media | 15 September 2020

Cost control only positive in washout quarter; cut to REDUCE

In a washout first quarter with no meaningful revenue, PVR (PVRL) reported operating and net losses of Rs 1.2bn and Rs 2.3bn respectively. The company, however, managed to contain its cash opex burden (adj. for accounting impact) at Rs 325mn/month in Q1FY21 – 20% lower than guided earlier. Post rights issue, liquidity is comfortable at Rs 5.5bn. PVRL hopes screens will reopen in Oct'20 and believes fresh content can draw patrons. We maintain our Sep'21 TP of Rs 1,220, but downgrade the stock to REDUCE from ADD after the recent rally.

Sayan Das Sharma
research@bobcaps.in

Tight leash on cost: A slew of stringent cost control measures – reduction in headcount (~33% over Mar-Jun), temporary salary cuts (25-50%), and overheads reduction – helped PVRL contain opex burn at Rs 325mn/month in Q1, a commendable ~78% YoY decline and ~20% lower than guided earlier. Staff costs in Q2 may fall by another Rs 100mn/month, led by a further 15% cut in headcount. While some of these costs are likely to shoot up once operations resume, PVRL estimates 15-20% sustainable savings on fixed costs.

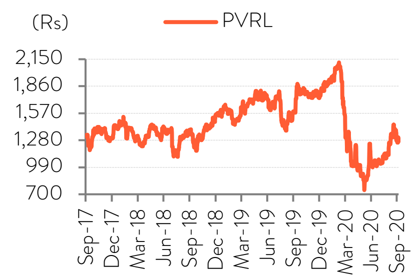
Pinning hopes on October reopening: PVRL has made several representations to government authorities and is hopeful that screens will be permitted to open from Oct'20. Per the company, the content slate is healthy, with 'Sooryavanshi', '83', 'Tenet' and 'Master' lined up, which should drive footfalls, akin to trends observed globally. For instance, PVRL's nine screens in Sri Lanka have reached 65-70% of pre-Covid occupancies, led by the 'Tenet' and 'Mulan' releases.

Downgrade to REDUCE: We expect a gradual, arduous recovery for PVRL even after screens reopen. Limits on capacity, pandemic apprehensions and depleted content will weigh on occupancies, while probable discounts could cap ATP and SPH. We expect recovery only in FY22. We maintain our Sep'21 TP of Rs 1,220 but cut our rating to REDUCE on limited near-term upside.

Ticker/Price	PVRL IN/Rs 1,265
Market cap	US$ 947.8mn
Shares o/s	55mn
3M ADV	US$ 34.7mn
52wk high/low	Rs 2,087/Rs 705
Promoter/FPI/DII	19%/37%/31%

Source: NSE

STOCK PERFORMANCE



Source: NSE

KEY FINANCIALS

Y/E 31 Mar	FY19A	FY20A	FY21E	FY22E	FY23E
Total revenue (Rs mn)	30,856	34,144	13,072	31,666	38,106
EBITDA (Rs mn)	5,863	10,766	1,876	10,191	13,198
Adj. net profit (Rs mn)	1,898	273	(5,823)	562	2,652
Adj. EPS (Rs)	40.6	5.3	(105.5)	10.2	48.1
Adj. EPS growth (%)	51.5	(85.6)	(2233.1)	(109.6)	372.1
Adj. ROAE (%)	12.7	1.8	(48.6)	4.5	18.3
Adj. P/E (x)	31.1	237.9	(12.0)	124.2	26.3
EV/EBITDA (x)	13.3	7.4	43.1	7.9	6.1

Source: Company, BOBCAPS Research

FIG 1 – QUARTERLY PERFORMANCE – CONSOLIDATED (AS REPORTED)

Y/E Mar (Rs mn)	Q1FY21	Q1FY20	YoY (%)	Q4FY20	QoQ (%)
Revenue	**127**	**8,804**	**(98.6)**	**6,451**	**(98.0)**
Movie exhibition costs	-	1,991	(100.0)	1,436	(100.0)
% of sales	-	22.6	(2,262bps)	22.3	(2,226bps)
Consumption of F&B	7	716	(99.0)	512	(98.6)
% of sales	5.6	8.1	(254bps)	7.9	(234bps)
Employee expenses	682	1,057	(35.5)	765	(10.9)
% of sales	536.8	12.0	NM	11.9	NM
Other expenses	597	2,254	(73.5)	2,012	(70.3)
% of sales	470.3	25.6	NM	31.2	NM
Total expenditure	1,286	6,018	(78.6)	4,725	(72.8)
EBITDA	**(1,159)**	**2,786**	**NM**	**1,727**	**NM**
EBITDA margin (%)	(912.7)	31.6	NM	26.8	NM
Depreciation	1,445	1,259	14.8	1,422	1.6
EBIT	**(2,604)**	**1,527**	**NM**	**304**	**NM**
Interest expense	1,240	1,314	(5.7)	1,171	5.9
Other income*	427	68	530.0	167	156.2
PBT	**(3,418)**	**281**	**NM**	**(701)**	**NM**
PBT margin (%)	(2,691.1)	3.2	NM	(10.9)	NM
Exceptional/extra-ordinary items	-	-	-	-	-
Income tax	(1,162)	104	NM	44	NM
Effective tax rate (%)	34.0	37.2	(317bps)	(6.3)	4,031bps
Reported PAT	**(2,256)**	**176**	**NM**	**(745)**	**NM**
Profit/(loss) from JVs/Minority/Associates	(0)	(1)	NM	(0)	NM
Reported PAT – after profit/(loss) from JVs/Minority/Associates	**(2,256)**	**176**	**NM**	**(745)**	**NM**
Adjustments	-	-	-	-	-
Adjusted PAT	**(2,256)**	**176**	**NM**	**(745)**	**NM**
Adjusted PAT margin (%)	(1,776.5)	2.0	NM	(11.5)	NM
Adjusted EPS	(43.9)	3.4	NM	(14.5)	NM

Source: Company, BOBCAPS Research | *Note: Other income includes a rent concession of Rs 281mn

FIG 2 – REVENUE BREAKUP (ADJ. FOR IND-AS 116 IMPACT)

(Rs mn)	Q1FY21	Q1FY20	YoY (%)	Q4FY20	QoQ (%)
Income from sale of movie tickets	-	45,659	(100.0)	32,991	(100.0)
Sale of F&B	135	26,336	(99.5)	17,690	(99.2)
Advertisement income	-	9,156	(100.0)	6,854	(100.0)
Income from movie production and distribution	292	1,738	(83.2)	1,642	(82.2)
Other income*	831	5,827	(85.7)	7,001	(88.1)
Total income	**1,258**	**88,716**	**(98.6)**	**66,178**	**(98.1)**

Source: Company, BOBCAPS Research | *Includes both other operating income and non-operating income

FIG 3 – COST CONTROL MEASURES YIELDING RESULTS (ADJ. FOR IND-AS 116 IMPACT)

(Rs mn)	Q1FY21	Q1FY20	YoY (%)	Q4FY20	QoQ (%)
Employee benefit expenses	682	1,057	(35.5)	765	(10.9)
Rent	-	1,430	(100.0)	1,391	NM
Common area maintenance (CAM)	280	374	(25.0)	395	(29.0)
Electricity and water charges	60	588	(89.9)	389	(84.7)
Other expenses	258	1,062	(75.7)	1,137	(77.3)
Total fixed expenses	**1,279**	**4,510**	**(71.6)**	**4,076**	**(68.6)**
Less: provision for CAM	280	-	-	-	-
Less: inventory write-off	25	-	-	18	-
Total cash fixed expenses	**974**	**4,510**	**(78.4)**	**4,058**	**(76.0)**
Cash fixed expenses/month	**325**	**1,503**	**(78.4)**	**1,353**	**(76.0)**

Source: Company, BOBCAPS Research

FIG 4 – SCREEN PIPELINE – MAJORITY OF WORK COMPLETED FOR 30 SCREENS; CAPEX PLAN TO BE FINALISED AFTER REOPENING

Cities	Screens	Seats	% Complete
Mysore	6	1,053	95%
Faridabad	3	618	95%
Kanpur	3	500	95%
Lucknow	1	519	95%
Gurugram	4	246	90%
Jamnagar	3	795	90%
Hyderabad	4	929	90%
Mumbai	6	868	Multiplex: 70% Drive-in: 10%
Total	**30**	**5,528**	**70-95%**

Source: Company, BOBCAPS Research

Earnings call takeaways

Cost cutting measures

- Fixed cost has reduced by 78% YoY to Rs 325mn/month in Q1FY21, lower than the Rs 400mn-450mn guided for earlier. This was driven mainly by reduction in manpower (7,529 in Jun'20 vs. 11,073 in Mar'20), temporary salary cuts in the range of 25-50% across the organisation, and control on overheads. Opex burn in Q2 is expected to be even lower (by ~Rs 100mn/ month) as PVRL has reduced the headcount further to 6,376 in Aug'20.
- The company does not intend to add to manpower once screens reopen, at least for the next three months. It has taken steps to sustainably run operations with a leaner workforce and expects a 15-20% reduction in staff cost on a sustainable basis.

- Saving of 15-20% are likely on some overheads as well. Electricity costs are also expected to be lower as some states have provided relaxation on tariffs to businesses.
- Most developers have agreed to waive off rentals for the screen shutdown phase. However, ~10% of CAM will be charged during the phase when malls were shut and ~30-35% for the period when malls are operational but screens remain shut.
- Liquidity position remains strong – Rs 5.5bn of liquidity is available, including Rs 1.6bn of undrawn bank lines.

Screen reopening

- Management is confident that the government will allow theatres to reopen as part of the next set of unlock guidelines due end-September. It has made several representations to state governments about the SOPs that have been put in place for safety of patrons.
- PVRL's nine screens in Sri Lanka have been operational for the past one month to an encouraging response. Occupancies have inched up to 65-70% of pre-Covid levels with the release of Tenet and Mulan. ATP has reached normal levels of Rs 750 (Sri Lankan Rupee), while SPH/ATP has hit 60%, higher than pre-Covid figures.
- The first two months post reopening are expected to be difficult as occupancies ramp up. Breakeven is likely at 18-20% occupancy vs. 23-24% earlier due to the cost reduction initiatives, and should occur after 50-60 days of operation.
- 75% of the audience is typically under 40 years of age.

Content pipeline

- Theatres have opened across ~80 countries and response to fresh content has been encouraging. Countries with strong local content – China and South Korea – have performed better. Local content is likely to drive the Indian box office as well.
- Big-ticket films – Sooryavanshi, 83 and Master (Telegu) – should help attract footfalls. While some movies have been released on digital platforms, regional content – especially in Telegu, Malayalam and Kannada – have been largely held back for theatrical release.

Screen expansion

- For 30 screens where construction work is 70-95% complete, further capex of Rs 400mn is required. 28 screens at fit-out stage require an additional ~Rs 750mn outlay.
- Management has maintained guidance of 80-90 screen openings for three years, from next year onwards.

Others

- The pandemic may hasten the consolidation process that was already underway. Some signs will be visible once screens resume.
- The theatrical window has not shrunk anywhere globally. Cinemas generate 60-70% of box office collections for a movie and hence theatrical releases make more economic sense than direct digital releases.

Valuation methodology

We revise our revenue estimates marginally to factor in a lower number of new screen openings in FY21, at 30 from 35 assumed earlier. We broadly maintain our FY22/FY23 EBITDA estimates but cut our FY21 forecast by 16% as PVRL has clubbed rent concessions in other income, instead of EBITDA as we had anticipated. Accordingly, our other income estimate moves up, nullifying the impact on PAT. Excluding the accounting-related changes, our adj. EBITDA estimates are largely retained across FY21-FY23.

Since our Aug'20 sector initiation report, **Opportunity in adversity**, the stock has rallied ~12% without any material change in business fundamentals. We continue to bake in an Oct'20 opening for screens and maintain our Sep'21 target price of Rs 1,220 based on 13x Sep'22E TTM adjusted EBITDA (adj. for Ind-AS 116). At the CMP of Rs 1,265, our TP implies a 4% downside for the stock, which trades at 16x FY22E EV/EBITDA (Ind-AS 116 adjusted). We downgrade to REDUCE from ADD on limited near-term upside.

We remain positive on PVRL's long-term prospects due to its leadership in the underpenetrated Indian multiplex industry, presence in premium catchment areas, and established relationships with advertisers, distributors and developers. However, we are cognizant of the near-term challenges faced by multiplexes and expect operating losses to continue in Q3FY20 as well, after a dismal H1FY20, even assuming screens were to reopen as soon as Oct'20. Given the uncertainties surrounding reopening timelines, content pipeline after screens resume, and ramp-up in operating parameters – footfalls, ATP, SPH – amidst the unabated pandemic, we believe investors should await a better entry point.

FIG 5 – REVISED ESTIMATES

(Rs mn)	FY21E			FY22E			FY23E		
	Old	New	Change (%)	Old	New	Change (%)	Old	New	Change (%)
Revenue	13,248	13,072	(1.3)	31,760	31,666	(0.3)	38,204	38,106	(0.3)
EBITDA	2,226	1,876	(15.7)	10,210	10,191	(0.2)	13,213	13,198	(0.1)
EBITDA Margin (%)	16.8	14.4	(245bps)	32.1	32.2	4bps	34.6	34.6	5bps
PAT	(5,810)	(5,823)	NM	567	562	(1.0)	2,673	2,652	(0.8)
PAT Margin (%)	(43.9)	(44.5)	(69bps)	1.8	1.8	(1bps)	7.0	7.0	(4bps)
Adj. EBITDA*	(2,485)	(2,418)	NM	4,970	4,924	(0.9)	6,986	6,999	0.2
Adj. EBITDA Margin (%)	(18.8)	(18.5)	26bps	15.6	15.6	(9bps)	18.3	18.4	8bps

Source: BOBCAPS Research | *Adjusted for Ind-AS 116 accounting impact

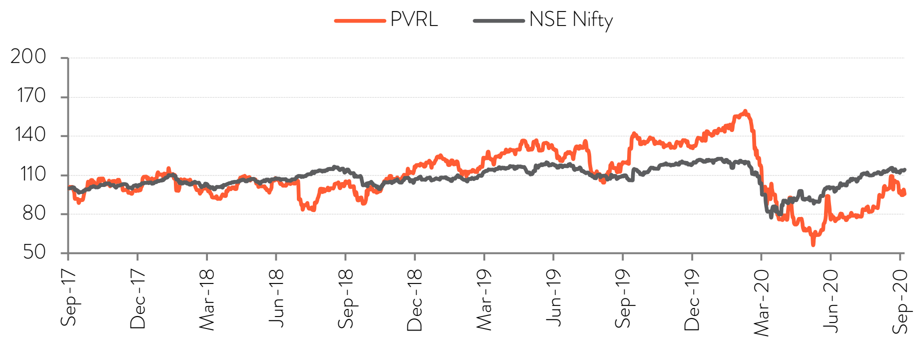
BOBCAPS
TRUST | INNOVATION | EXCELLENCE

FIG 6 – VALUATION SUMMARY

(Rs mn)	
Sep'22E TTM EBITDA	11,695
Ind-AS 116 adjusted EBITDA	5,962
EV/EBITDA multiple assigned (x)	13.0
Enterprise value	**77,504**
Net debt (FY22E)	10,162
Equity value	67.342
No. of shares (mn)	55.2
Target price per share (Rs)	**1,220**

Source: BOBCAPS Research

FIG 7 – RELATIVE STOCK PERFORMANCE



Source: NSE

Key risks

Key upside risks to our assumptions are –

- faster-than-anticipated ramp-up in footfalls,
- better content performance, and
- sharp recovery in SPH and ad revenue.

FINANCIALS

Income Statement

Y/E 31 Mar (Rs mn)	FY19A	FY20A	FY21E	FY22E	FY23E
Total revenue	**30,856**	**34,144**	**13,072**	**31,666**	**38,106**
EBITDA	5,863	10,766	1,876	10,191	13,198
Depreciation	1,913	5,425	5,397	5,575	6,156
EBIT	3,951	5,341	(3,521)	4,617	7,042
Net interest income/(expenses)	(1,280)	(4,818)	(4,642)	(4,215)	(3,896)
Other income/(expenses)	331	378	500	350	400
Exceptional items	0	0	0	0	0
EBT	3,002	901	(7,662)	751	3,546
Income taxes	(1,097)	(627)	1,839	(189)	(894)
Extraordinary items	0	0	0	0	0
Min. int./Inc. from associates	(7)	(1)	0	0	0
Reported net profit	**1,898**	**273**	**(5,823)**	**562**	**2,652**
Adjustments	0	0	0	0	0
Adjusted net profit	**1,898**	**273**	**(5,823)**	**562**	**2,652**

Balance Sheet

Y/E 31 Mar (Rs mn)	FY19A	FY20A	FY21E	FY22E	FY23E
Accounts payables	3,677	3,124	1,182	3,036	3,654
Other current liabilities	4,187	3,901	1,504	3,644	4,385
Provisions	215	180	69	166	200
Debt funds	12,824	12,947	12,947	10,947	8,947
Other liabilities	2,272	39,321	36,424	36,843	38,677
Equity capital	467	514	552	552	552
Reserves & surplus	14,494	14,292	11,428	11,990	13,979
Shareholders' fund	14,962	14,805	11,980	12,541	14,531
Total liabilities and equities	**38,136**	**74,278**	**64,105**	**67,178**	**70,394**
Cash and cash eq.	352	3,235	549	785	1,058
Accounts receivables	1,839	1,893	895	1,909	2,297
Inventories	303	307	117	284	342
Other current assets	1,439	2,102	1,287	2,249	2,707
Investments	100	11	11	11	11
Net fixed assets	14,900	16,358	16,028	16,249	17,156
CWIP	2,208	1,547	0	0	0
Intangible assets	12,525	12,455	12,455	12,455	12,455
Deferred tax assets, net	(266)	2,049	2,049	2,049	2,049
Other assets	4,736	34,322	30,714	31,187	32,319
Total assets	**38,135**	**74,278**	**64,105**	**67,178**	**70,394**

Source: Company, BOBCAPS Research

Cash Flows

Y/E 31 Mar (Rs mn)	FY19A	FY20A	FY21E	FY22E	FY23E
Net income + Depreciation	3,811	5,698	(426)	6,136	8,808
Interest expenses	1,280	4,818	4,642	4,215	3,896
Non-cash adjustments	416	(2,315)	0	0	0
Changes in working capital	1,226	(1,133)	(1,050)	708	(158)
Other operating cash flows	0	0	0	0	0
Cash flow from operations	**6,733**	**7,068**	**3,166**	**11,060**	**12,547**
Capital expenditures	(14,630)	(3,052)	(500)	(2,815)	(3,831)
Change in investments	99	89	0	0	0
Other investing cash flows	0	0	0	0	0
Cash flow from investing	**(14,531)**	**(2,963)**	**(500)**	**(2,815)**	**(3,831)**
Equities issued/Others	0	46	38	0	0
Debt raised/repaid	4,519	123	0	(2,000)	(2,000)
Interest expenses	(1,280)	(1,521)	(1,424)	(1,314)	(1,094)
Dividends paid	(112)	(205)	0	0	(663)
Other financing cash flows	4,686	336	(3,966)	(4,695)	(4,686)
Cash flow from financing	**7,812**	**(1,222)**	**(5,351)**	**(8,009)**	**(8,443)**
Changes in cash and cash eq.	**14**	**2,883**	**(2,686)**	**236**	**273**
Closing cash and cash eq.	**352**	**3,235**	**549**	**785**	**1,058**

Per Share

Y/E 31 Mar (Rs)	FY19A	FY20A	FY21E	FY22E	FY23E
Reported EPS	40.6	5.3	(105.5)	10.2	48.1
Adjusted EPS	40.6	5.3	(105.5)	10.2	48.1
Dividend per share	2.0	4.0	0.0	0.0	12.0
Book value per share	320.1	288.3	217.1	227.3	263.4

Valuations Ratios

Y/E 31 Mar (x)	FY19A	FY20A	FY21E	FY22E	FY23E
EV/Sales	2.5	2.3	6.2	2.6	2.1
EV/EBITDA	13.3	7.4	43.1	7.9	6.1
Adjusted P/E	31.1	237.9	(12.0)	124.2	26.3
P/BV	4.0	4.4	5.8	5.6	4.8

DuPont Analysis

Y/E 31 Mar (%)	FY19A	FY20A	FY21E	FY22E	FY23E
Tax burden (Net profit/PBT)	63.2	30.3	76.0	74.8	74.8
Interest burden (PBT/EBIT)	76.0	16.9	217.6	16.3	50.4
EBIT margin (EBIT/Revenue)	12.8	15.6	(26.9)	14.6	18.5
Asset turnover (Revenue/Avg TA)	100.2	60.7	18.9	48.2	55.4
Leverage (Avg TA/Avg Equity)	3.0	5.0	4.8	5.5	5.2
Adjusted ROAE	12.7	1.8	(48.6)	4.5	18.3

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

Ratio Analysis

Y/E 31 Mar	FY19A	FY20A	FY21E	FY22E	FY23E
YoY growth (%)					
Revenue	32.2	10.7	(61.7)	142.2	20.3
EBITDA	45.9	83.6	(82.6)	443.2	29.5
Adjusted EPS	51.5	(85.6)	(2233.1)	(109.6)	372.1
Profitability & Return ratios (%)					
EBITDA margin	19.0	31.5	14.4	32.2	34.6
EBIT margin	12.8	15.6	(26.9)	14.6	18.5
Adjusted profit margin	6.2	0.8	(44.5)	1.8	7.0
Adjusted ROAE	12.7	1.8	(48.6)	4.5	18.3
ROCE	16.1	11.2	(5.6)	7.6	11.5
Working capital days (days)					
Receivables	22	20	25	22	22
Inventory	4	3	3	3	3
Payables	43	33	33	35	35
Ratios (x)					
Gross asset turnover	1.8	1.6	0.5	1.2	1.3
Current ratio	0.5	0.8	1.1	0.8	0.8
Net interest coverage ratio	3.1	1.1	(0.8)	1.1	1.8
Adjusted debt/equity	0.9	0.7	1.1	0.8	0.6

Source: Company, BOBCAPS Research

Disclaimer

Recommendations and Absolute returns (%) over 12 months

BUY – Expected return >+15%

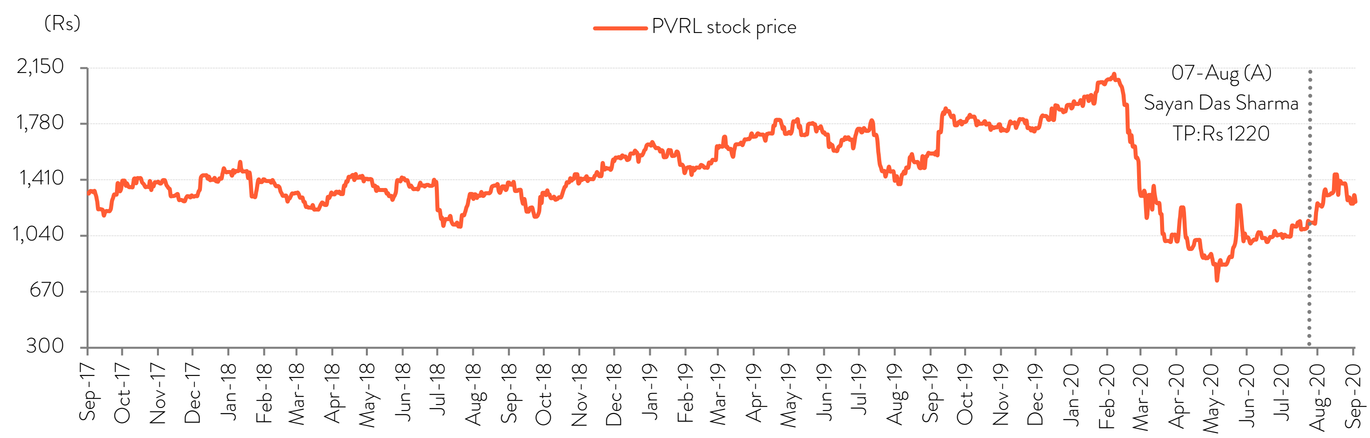
ADD – Expected return from >+5% to +15%

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)

RATINGS AND TARGET PRICE (3-YEAR HISTORY): PVR (PVRL IN)



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

Rating distribution

As of 31 August 2020, out of 100 rated stocks in the BOB Capital Markets Limited (BOBCAPS) coverage universe, 48 have BUY ratings, 21 have ADD ratings, 11 are rated REDUCE and 20 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 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.

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.