

HOLD

TP: Rs 2,055 | ▲ 13%

SUPREME INDUSTRIES

Plastic Products

26 July 2022

Healthy topline but margins soft; downgrade to HOLD

- Q1 revenue grew 64% YoY led by increased realisations (+8%) and volume recovery (+53%) on a soft base
- EBITDA margin contracted 435bps YoY to 12.2% as RM-to-sales cost surged 900bps
- We cut FY23/FY24 PAT 17%/14% and downgrade from BUY to HOLD with a revised TP of Rs 2,055 (vs. Rs 2,400)

Ruchitaa Maheshwari

research@bobcaps.in

Soft base, higher realisations and volumes aid strong topline growth: SI's Q1FY23 revenue grew 64% YoY to Rs 22bn led by volume growth of 65%/36%/12%/77% in plastic pipes/industrial products /packaging products /consumer products on a soft base of Q1FY22. The company reported an 8% YoY rise in blended realisations to Rs 201/kg (Rs 197/kg in Q4FY22). Overall volumes increased 53% YoY (-15% QoQ) to 108,922mt.

EBITDA margin contracts 435bps: Gross margin declined 900bps YoY to 26.5% due to a drop in polymer prices and inventory losses. Further, the prices of different polymers, particularly polypropylene (PP), LDPE and PVC, have fallen between Rs 19/kg and Rs 46/kg since Jan'22 – a reduction of 13-32%. This has driven inventory losses and, in turn, a 435bps YoY drop in EBITDA margin to 12.2% (-310bps QoQ).

Expect EBIT/kg to decline in Q2: SI posted EBIT/kg of ~Rs 20 in Q1 vs. Rs 24 in the year-ago quarter due to a correction in PVC prices. We expect a further decline in EBIT/kg for Q2FY23 (lean season) as PCV prices have fallen by another Rs 20/kg in the month of July. This will result in additional inventory losses in July and August. Management expects demand to improve from September onwards and believes PVC prices have bottomed out, with improvement likely ahead.

Superior topline performance vs. peer...: SI reported 65% YoY volume growth in plastic pipes vs. 29% for FNXP in Q1 on the back of strong agricultural demand and 7% higher realisations vs. 4% for FNXP. Revenue grew 76% YoY in plastic pipes vs. 34% for FNXP. On a three-year basis, the company's plastic pipe revenue clocked a 20% CAGR (Q1FY20-Q1FY23) vs. an 8% decline for its peer over the same period.

...but tepid outlook drives our downgrade to HOLD: While topline performance has been healthy, we expect SI's margins to remain under pressure in Q2 given the further drop in PVC prices in July and a seasonally lean second quarter. We lower our FY23/FY24 PAT estimates by 17%/14% to incorporate the Q1 numbers, PVC price volatility and tepid demand outlook. This translates to a revised TP of Rs 2,055 (vs. Rs 2,400), set at an unchanged 29x FY24E EPS – cut from BUY to HOLD.

Key changes

Target	Rating
▼	▼

Ticker/Price	SI IN/Rs 1,823
Market cap	US\$ 2.9bn
Free float	51%
3M ADV	US\$ 1.4mn
52wk high/low	Rs 2,694/Rs 1,666
Promoter/FPI/DII	49%/16%/35%

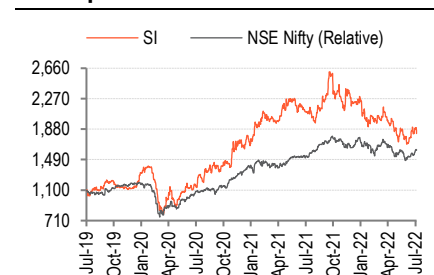
Source: NSE | Price as of 25 Jul 2022

Key financials

Y/E 31 Mar	FY22A	FY23E	FY24E
Total revenue (Rs mn)	77,728	78,640	85,831
EBITDA (Rs mn)	12,421	11,674	13,018
Adj. net profit (Rs mn)	9,684	8,087	8,997
Adj. EPS (Rs)	76.2	63.7	70.8
Consensus EPS (Rs)	76.2	76.3	84.6
Adj. ROAE (%)	27.6	19.9	20.1
Adj. P/E (x)	23.9	28.6	25.7
EV/EBITDA (x)	18.6	20.1	18.2
Adj. EPS growth (%)	1.0	(16.5)	11.3

Source: Company, Bloomberg, BOBCAPS Research

Stock performance



Source: NSE



Earnings call highlights

- **Volume and Margin guidance:** Management has guided for 15% overall volume growth in FY23 with over 15% growth in the pipes segment. EBITDA margin is guided to be in the region of 15%.
- **New unit:** SI has commenced commercial production at Guwahati (Assam) and its units at Cuttack (Odisha) and Erode (Tamil Nadu) are likely to go into production by Sep-Oct'22. The company has augmented its offering in plumbing systems by introducing PEX plain pipes and PEX composite pipes, which are preferred systems to carry hot water.
- **Cross-laminated film:** SI's business of cross-laminated film products performed poorly in Q1FY23 due to fierce competition from lookalike products. The thrust in FY23 will be on promoting non-tarpaulin products, finding new applications, targeting new customers in existing markets and reaching new markets.
- **Composite cylinders:** The company has received a letter of intent (LOI) for composite cylinders from IOCL and existing capacity is running at full utilisation. As the volume of business is large compared to the existing installed capacity, SI has taken steps to double capacity to ~1mn units per year and expects the same to become operational by Nov'22.
- **Industrial components:** As per management, business conditions in the industrial components division are showing signs of gradual improvement. SI expects the demand climate to improve for appliances such as washing machines, air conditioners, coolers and refrigerators – all segments where it has a good presence.
- **Value-added products:** Revenue from value-added products increased by 47% YoY to Rs 7.6bn in Q1FY23 compared to Rs 5.2bn in Q1FY22. The share of these products in total revenue stood at 34.5% in Q1FY23 vs. 38.5% in Q1FY22.
- **CPVC pricing:** CPVC is used for plumbing. Unlike PVC, the CPVC pricing trend was steady in Q1FY23. CPVC demand for SI had risen 55% in volume terms vs. 27% industry growth, as the company is becoming aggressive in the agriculture space. Management indicated that SI has gained market share and is currently at over 20%. Further, it expects to grow in double digits in this segment going forward.
- **Inventory:** During Q1, SI incurred inventory losses due to the significant fall in PVC prices.
- **Capex plan:** The company plans to incur capex of Rs 7bn in FY23, including carry-forward commitments of Rs 2.8bn. The entire capex and increased working capital requirement shall be funded from internal accruals.
- **Cash flows:** SI had a cash surplus of Rs 5.3bn as on 30 Jun 2022 as against a surplus of Rs 5.2bn as on 31 Mar 2022.

Fig 1 – Quarterly performance

(Rs mn)	Q1FY23	Q1FY22	YoY (%)	Q4FY22	QoQ (%)	FY22	FY21	YoY (%)
Total revenues	22,060	13,421	64.4	25,571	(13.7)	77,728	63,552	22.3
Total raw material consumed	16,224	8,662	87.3	18,439	(12.0)	53,532	40,427	32.4
% of sales	73.5	64.5	900bps	72.1	144bps	68.9	63.6	526bps
Employee expense	910	803	13.3	904	0.6	3,453	3,104	11.3
% of sales	4.1	6.0	(186bps)	3.5	59bps	4.4	4.9	(44bps)
Power & fuel expense	565	444	27.3	615	(8.1)	2,134	1,986	7.5
% of sales	2.6	3.3	(74bps)	2.4	16bps	2.7	3.1	(38bps)
Other expense	1,672	1,292	29.4	1,699	(1.6)	6,188	5,194	19.1
% of sales	7.6	9.6	(205bps)	6.6	94bps	8.0	8.2	(21bps)
EBITDA	2,689	2,220	21.1	3,914	(31.3)	12,421	12,842	(3.3)
EBITDA margin (%)	12.2	16.5	(435bps)	15.3	(312bps)	16.0	20.2	(423bps)
Depreciation	617	561	9.9	588	4.9	2,295	2,128	7.9
Other income	46	43	5.3	86	(47.1)	200	169	18.1
Interest cost	16	21	(23.5)	19	(13.3)	52	221	(76.6)
PBT	2,102	1,681	25.0	3,393	(38.1)	10,274	10,662	(3.6)
Taxes	543	430	26.4	851	(36.2)	2,633	2,341	12.5
Effective tax rate (%)	26	26	28bps	25	77bps	26	22	368bps
PAT	1,559	1,251	24.5	2,543	(38.7)	7,641	8,322	(8.2)
Share of profit of associate	580	450	28.8	696	(16.7)	2,044	1,460	40.0
RPAT	2,139	1,702	25.7	3,239	(34.0)	9,684	9,781	(1.0)

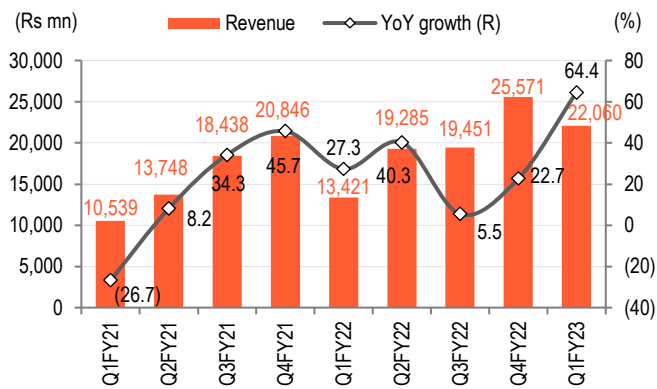
Source: Company, BOBCAPS Research

Fig 2 – Segmental performance

(Rs mn)	Q1FY23	Q1FY22	YoY (%)	Q4FY22	QoQ (%)	FY22	FY21	YoY (%)
Revenue								
Plastic Piping Products	14,633	8,311	76.1	17,997	(18.7)	50,460	40,988	23.1
Industrial Products	3,023	1,989	52.0	3,003	0.7	10,237	7,611	34.5
Packaging Products	3,263	2,441	33.7	3,190	2.3	12,101	10,351	16.9
Consumer Products	958	485	97.6	1,180	(18.8)	4,051	3,542	14.4
Others	183	195	(6.4)	201	(9.1)	880	1,079	(18.5)
Net Revenue from Operations	22,060	13,421	64.4	25,571	(13.7)	77,728	63,571	22.3
EBIT								
Plastic Piping Products	1,544	1,416	9.1	2,589	(40.4)	7,839	8,213	(4.6)
Industrial Products	256	122	109.4	314	(18.7)	853	635	34.4
Packaging Products	228	171	32.8	337	(32.4)	1,009	1,246	(19.0)
Consumer Products	110	6	1675.8	145	(24.1)	541	597	(9.4)
Others	(6)	(6)	0.0	10	(154.4)	85	242	(65.1)
Total EBIT	2,132	1,710	25	3,396	(37.2)	10,326	10,932	(5.5)
EBIT margin (%)								
Plastic Piping Products	10.6	17.0	(648bps)	14.4	(383bps)	15.5	20.0	(450bps)
Industrial Products	8.5	6.1	232bps	10.5	(202bps)	8.3	8.3	(1bps)
Packaging Products	7.0	7.0	(4bps)	10.6	(358bps)	8.3	12.0	(370bps)
Consumer Products	11.5	1.3	1022bps	12.3	(79bps)	13.3	16.8	(350bps)

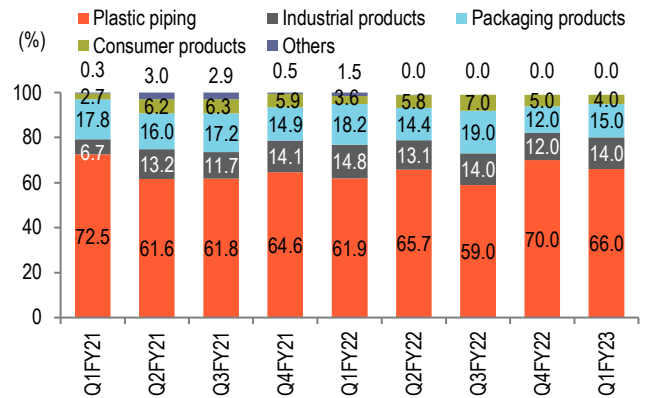
Source: Company, BOBCAPS Research

Fig 3 – Consolidated revenue growth



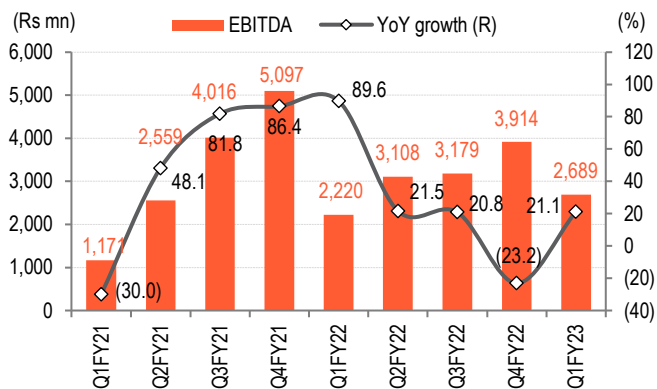
Source: Company, BOBCAPS Research

Fig 4 – Revenue mix



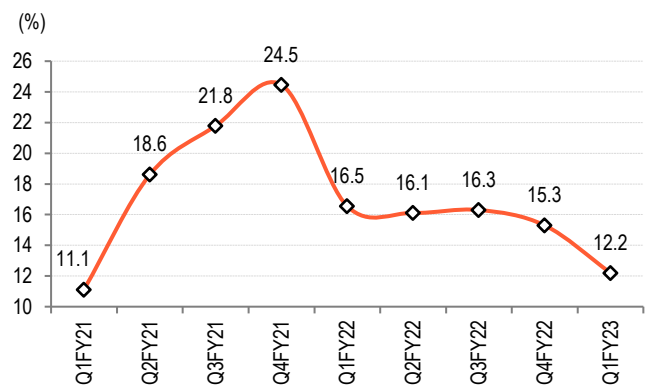
Source: Company, BOBCAPS Research

Fig 5 – Consolidated EBITDA growth



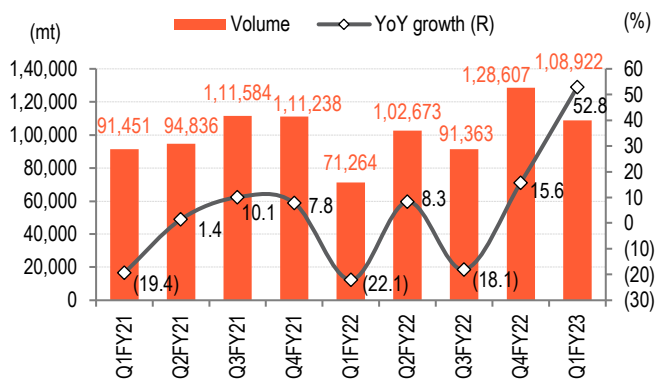
Source: Company, BOBCAPS Research

Fig 6 – Consolidated EBITDA margin



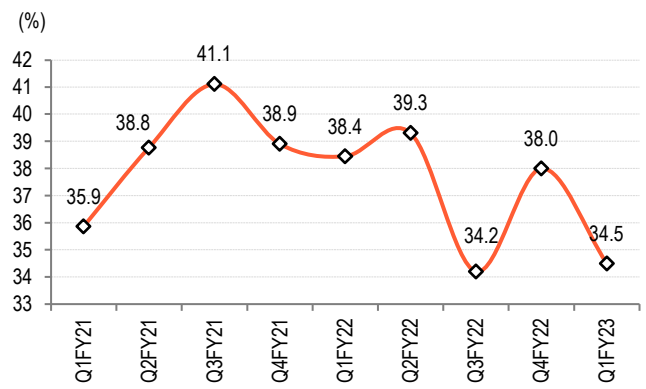
Source: Company, BOBCAPS Research

Fig 7 – Volume growth



Source: Company, BOBCAPS Research

Fig 8 – Revenue share of value-added products



Source: Company, BOBCAPS Research

Fig 9 – Segmental volume growth

(mt)	Q1FY23	Q1FY22	YoY (%)	Q4FY22	QoQ (%)
Plastic Piping	79,424	48,111	65.1	96,507	(17.7)
Industrial Products	12,901	9,512	35.6	13,131	(1.8)
Packaging Products	12,866	11,532	11.6	13,763	(6.5)
Consumer Products	3,731	2,109	76.9	5,206	(28.3)
Total	1,08,922	71,264	52.8	1,28,607	(15.3)

Source: Company, BOBCAPS Research

Valuation methodology

We remain positive on SI's growth supported by incremental capacity as well as improving housing demand, benefits from government schemes such as 'Nal Se Jal', infrastructure development, the company's net debt-free balance sheet and healthy return ratios.

SI reported 65% YoY volume growth in plastic pipes vs. 29% for FNXP (Finolex Ind) in Q1FY23 on the back of strong agricultural demand and 7% higher realisations vs. 4% for FNXP. Revenue grew 76% YoY in plastic pipes vs. 34% for FNXP. On a three-year basis, the company's plastic pipe revenue clocked a 20% CAGR (Q1FY20-Q1FY23) vs. an 8% decline for its peer over the same period.

While topline performance has been healthy, we expect SI's margins to remain under pressure in Q2FY23 given the further drop in PVC prices in July and a seasonally lean second quarter. We lower our FY23/FY24 PAT estimates by 17%/14% to incorporate the Q1 numbers, PVC price volatility and tepid demand outlook. This translates to a revised TP of Rs 2,055 (vs. Rs 2,400), set at an unchanged 29x FY24E EPS – cut from BUY to HOLD.

Fig 10 – Revised estimates

(Rs mn)	New		Old		Change (%)	
	FY23E	FY24E	FY23E	FY24E	FY23E	FY24E
Net Sales	78,640	85,831	82,438	88,019	(4.6)	(2.5)
EBITDA	11,674	13,018	13,858	14,966	(15.8)	(13.0)
EBITDA margin (%)	14.8	15.2	16.8	17.0	(200bps)	(180bps)
PAT	8,087	8,997	9,707	10,429	(16.7)	(13.7)

Source: BOBCAPS Research

Key risks

Key downside risks to our estimates are:

- slowdown in demand,
- adverse commodity price fluctuation, and
- delay in capacity expansion.

Financials

Income Statement

Y/E 31 Mar (Rs mn)	FY20A	FY21A	FY22A	FY23E	FY24E
Total revenue	55,087	63,496	77,728	78,640	85,831
EBITDA	8,563	12,786	12,421	11,674	13,018
Depreciation	(2,057)	(2,128)	(2,295)	(2,727)	(3,024)
EBIT	6,506	10,658	10,126	8,947	9,993
Net interest inc./(exp.)	(297)	(221)	(52)	(95)	(177)
Other inc./(exp.)	84	37	200	259	311
Exceptional items	(192)	189	0	0	0
EBT	6,293	10,473	10,274	9,111	10,128
Income taxes	(1,739)	(2,341)	(2,633)	(2,724)	(3,031)
Extraordinary items	0	0	0	0	0
Min. int./Inc. from assoc.	312	1,460	2,044	1,700	1,900
Reported net profit	4,674	9,781	9,684	8,087	8,997
Adjustments	192	(189)	0	0	0
Adjusted net profit	4,866	9,592	9,684	8,087	8,997

Balance Sheet

Y/E 31 Mar (Rs mn)	FY20A	FY21A	FY22A	FY23E	FY24E
Accounts payables	5,475	6,462	7,940	7,541	8,230
Other current liabilities	2,347	3,377	2,294	3,016	3,292
Provisions	313	364	320	550	601
Debt funds	4,113	10	40	908	858
Other liabilities	947	919	904	904	904
Equity capital	254	254	254	254	254
Reserves & surplus	22,358	31,438	38,190	42,381	46,479
Shareholders' fund	22,612	31,692	38,444	42,635	46,733
Total liab. and equities	35,807	42,823	49,942	55,555	60,619
Cash and cash eq.	1,614	1,039	5,307	7,167	7,302
Accounts receivables	3,128	3,898	4,668	4,955	5,408
Inventories	8,906	7,608	12,602	11,204	12,228
Other current assets	2,379	2,614	3,140	3,016	3,292
Investments	2,773	10,011	4,995	5,795	7,495
Net fixed assets	15,917	17,033	17,685	21,872	23,348
CWIP	929	508	1,546	1,546	1,546
Intangible assets	160	112	0	0	0
Deferred tax assets, net	0	0	0	0	0
Other assets	0	0	0	0	0
Total assets	35,807	42,823	49,942	55,555	60,619

Cash Flows

Y/E 31 Mar (Rs mn)	FY20A	FY21A	FY22A	FY23E	FY24E
Cash flow from operations	6,038	14,491	6,093	12,698	11,460
Capital expenditures	(2,953)	(2,774)	(4,381)	(6,407)	(4,500)
Change in investments	(550)	(7,238)	5,016	(800)	(1,700)
Other investing cash flows	(211)	0	15	0	0
Cash flow from investing	(3,714)	(10,012)	650	(7,207)	(6,200)
Equities issued/Others	0	0	0	0	0
Debt raised/repaid	2,500	(4,103)	31	868	(50)
Interest expenses	(297)	(221)	(52)	(95)	(177)
Dividends paid	(3,522)	(635)	(3,689)	(4,403)	(4,899)
Other financing cash flows	235	(94)	0	0	0
Cash flow from financing	(1,084)	(5,053)	(3,710)	(3,630)	(5,125)
Chg in cash & cash eq.	1,240	(575)	3,034	1,860	135
Closing cash & cash eq.	1,613	1,039	4,073	5,933	6,067

Per Share

Y/E 31 Mar (Rs)	FY20A	FY21A	FY22A	FY23E	FY24E
Reported EPS	36.8	77.0	76.2	63.7	70.8
Adjusted EPS	38.3	75.5	76.2	63.7	70.8
Dividend per share	14.0	14.0	24.0	28.6	31.9
Book value per share	178.0	249.5	302.6	335.6	367.9

Valuations Ratios

Y/E 31 Mar (x)	FY20A	FY21A	FY22A	FY23E	FY24E
EV/Sales	4.2	3.6	3.0	3.0	2.8
EV/EBITDA	26.8	18.0	18.6	20.1	18.2
Adjusted P/E	47.6	24.1	23.9	28.6	25.7
P/BV	10.2	7.3	6.0	5.4	5.0

DuPont Analysis

Y/E 31 Mar (%)	FY20A	FY21A	FY22A	FY23E	FY24E
Tax burden (Net profit/PBT)	79.8	90.0	94.3	88.8	88.8
Interest burden (PBT/EBIT)	93.8	100.0	101.5	101.8	101.3
EBIT margin (EBIT/Revenue)	11.8	16.8	13.0	11.4	11.6
Asset turnover (Rev./Avg TA)	162.6	161.5	167.6	149.1	147.8
Leverage (Avg TA/Avg Equity)	1.5	1.4	1.3	1.3	1.3
Adjusted ROAE	22.0	35.3	27.6	19.9	20.1

Ratio Analysis

Y/E 31 Mar	FY20A	FY21A	FY22A	FY23E	FY24E
YoY growth (%)					
Revenue	(1.8)	15.3	22.4	1.2	9.1
EBITDA	9.6	49.3	(2.9)	(6.0)	11.5
Adjusted EPS	32.1	97.1	1.0	(16.5)	11.3
Profitability & Return ratios (%)					
EBITDA margin	15.5	20.1	16.0	14.8	15.2
EBIT margin	11.8	16.8	13.0	11.4	11.6
Adjusted profit margin	8.8	15.1	12.5	10.3	10.5
Adjusted ROAE	22.0	35.3	27.6	19.9	20.1
ROCE	18.7	28.5	21.5	15.3	15.4
Working capital days (days)					
Receivables	23	20	20	22	22
Inventory	84	75	69	81	73
Payables	43	43	40	42	40
Ratios (x)					
Gross asset turnover	1.9	2.0	2.2	1.9	1.9
Current ratio	1.3	1.5	2.4	2.2	2.2
Net interest coverage ratio	21.9	48.2	196.6	94.3	56.6
Adjusted debt/equity	0.1	0.0	(0.1)	(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%

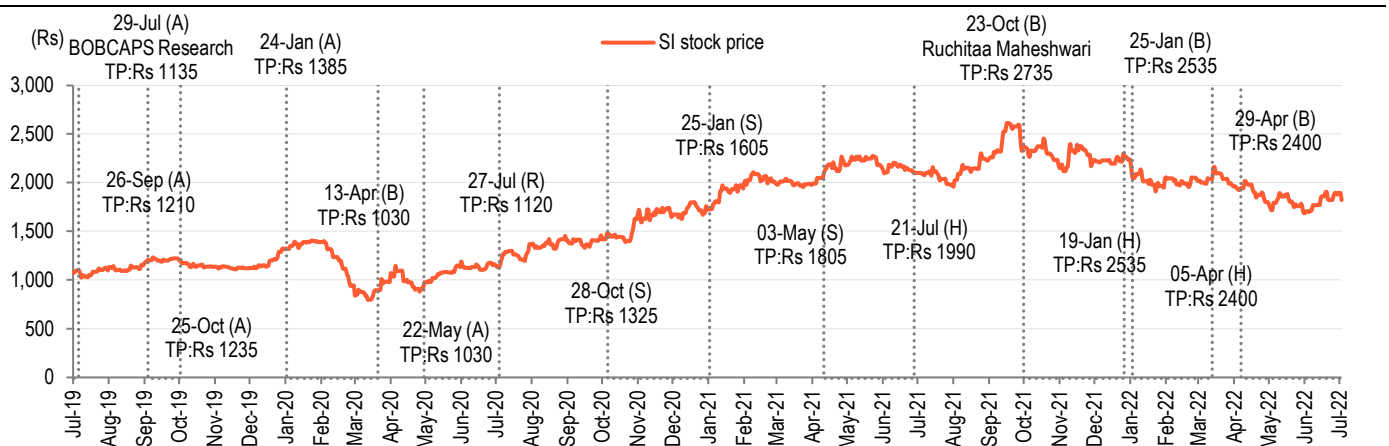
HOLD – Expected return from -6% to +15%

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.

Ratings and Target Price (3-year history): SUPREME INDUSTRIES (SI IN)



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

Rating distribution

As of 30 June 2022, out of 118 rated stocks in the BOB Capital Markets Limited (BOBCAPS) coverage universe, 73 have BUY ratings, 23 have HOLD ratings, 5 are rated ADD*, 1 is rated REDUCE* and 16 are rated SELL. Of these, 2 companies rated BUY and 1 rated ADD 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 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 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.