

**SELL**

TP: Rs 280 | ▼ 19%

**BHARAT PETROLEUM  
CORP**

| Oil & Gas

| 13 August 2019

## Macro concerns weigh heavy

**BPCL's Q1FY20 EBITDA at Rs 21.8bn (-44% YoY) outperformed estimates on higher GRMs (US\$ 2.8/bbl after US\$ 0.8/bbl inventory loss). Marketing segment EBITDA – inferred after factoring in GRM data – was well above our estimate at Rs 20.5bn (-37% YoY). That said, we maintain our earnings forecast given macro uncertainty, and roll valuations over to Sep'21 for a revised SOTP-based TP of Rs 280 (from Rs 285). Maintain SELL on valuations and sustained risks to marketing margins from political intervention.**

Rohit Ahuja | Harleen Manglani

research@bobcaps.in

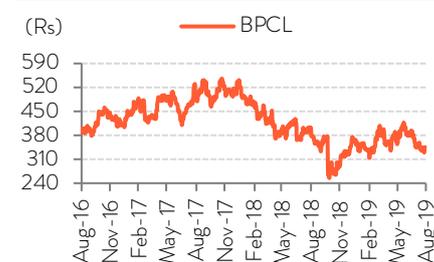
**GRMs beat estimates:** BPCL's GRMs came in ahead of expectations but continue to underperform the Singapore benchmark, weakened by low light-heavy crude spreads. Management has pinned hopes for a GRM revival on (a) IMO regulations from H2FY20, and (b) start-up of the acrylic facility at Kochi that could boost margins by US\$ 1-2/bbl. A trend reversal in light-heavy spreads could add to the upsides. We therefore maintain our GRM estimates over FY20-FY21 at ~US\$ 5.5/bbl.

Ticker/Price	BPCL IN/Rs 346
Market cap	US\$ 9.6bn
Shares o/s	1,967mn
3M ADV	US\$ 28.1mn
52wk high/low	Rs 422/Rs 239
Promoter/FPI/DII	53%/15%/31%

Source: NSE

**Marketing business earnings outperform:** BPCL's Q1 marketing business earnings beat estimates at Rs 20.5bn (~Rs 1,800/mt after Rs 1.3bn inventory loss). The recent decline in oil price offers comfort, but uncertainty remains given the recurring political compulsions (such as state elections). Marketing volumes were in line at 11.1mmt (+1.5% YoY), with market share gains in petrol, diesel and LPG. The company intends to add ~2,000 retail outlets every year until FY22.

## STOCK PERFORMANCE



Source: NSE

**Maintain SELL:** At 7.2x FY21E EPS BPCL's valuations are at a premium to its OMC peers HPCL and IOCL, while carrying a similar risk as HPCL considering its high reliance on marketing segment earnings. GRM underperformance is another key risk to earnings.

## KEY FINANCIALS

Y/E 31 Mar	FY18A	FY19P	FY20E	FY21E	FY22E
Adj. net profit (Rs mn)	97,919	85,278	89,184	94,563	101,150
Adj. EPS (Rs)	49.8	43.4	45.3	48.1	51.4
Adj. EPS growth (%)	3.0	(12.9)	4.6	6.0	7.0
Adj. ROAE (%)	29.0	21.8	20.2	19.4	18.8
Adj. P/E (x)	7.0	8.0	7.6	7.2	6.7
EV/EBITDA (x)	6.7	6.9	8.9	7.9	7.8

Source: Company, BOBCAPS Research

**BOB Capital Markets Ltd is a wholly owned subsidiary of Bank of Baroda**

Important disclosures, including any required research certifications, are provided at the end of this report.



**FIG 1 – QUARTERLY PERFORMANCE**

(Rs mn)	Q1FY20	Q1FY19	YoY (%)	Q4FY19	QoQ (%)
<b>Net sales</b>	<b>7,63,179</b>	<b>7,16,967</b>	<b>6.4</b>	<b>7,39,904</b>	<b>3.1</b>
Inc/dec in stocks	16,116	(23,042)	169.9	(15,285)	205.4
Raw materials	2,88,016	2,86,885	0.4	2,87,633	0.1
Purchase of products	3,88,684	3,59,387	8.2	3,67,655	5.7
Staff cost	9,449	8,751	8.0	10,369	(8.9)
Other expenditure	39,117	46,235	(15.4)	41,483	(5.7)
<b>EBITDA</b>	<b>21,799</b>	<b>38,752</b>	<b>(43.7)</b>	<b>48,050</b>	<b>(54.6)</b>
EBITDA margin (%)	2.9	5.4	-	6.5	-
Depreciation and amortisation	9,141	7,392	23.7	9,149	(0.1)
Interest	4,524	3,018	49.9	3,526	28.3
Other income	5,385	5,480	(1.7)	10,576	(49.1)
<b>PBT</b>	<b>13,518</b>	<b>33,823</b>	<b>(60.0)</b>	<b>45,951</b>	<b>(70.6)</b>
Provision for tax	2,767	10,890	(74.6)	14,702	(81.2)
<b>PAT</b>	<b>10,751</b>	<b>22,933</b>	<b>(53.1)</b>	<b>31,249</b>	<b>(65.6)</b>
NPM (%)	1.4	3.2	-	4.2	-
Other comprehensive income	(965)	341	-	(898)	-
<b>Total income</b>	<b>9,786</b>	<b>23,274</b>	<b>(58.0)</b>	<b>30,351</b>	<b>(67.8)</b>
<b>EPS (Rs)</b>	<b>5.47</b>	<b>11.66</b>	<b>(53.1)</b>	<b>15.89</b>	<b>(65.6)</b>
<b>Reported GRMs (US\$/bbl)</b>	<b>2.81</b>	<b>7.49</b>	<b>(62.5)</b>	<b>2.74</b>	<b>2.6</b>
<b>Refining throughput (mmt)</b>	<b>7.45</b>	<b>7.74</b>	<b>(3.7)</b>	<b>8.21</b>	<b>(9.3)</b>
<b>Market sales (mmt)</b>	<b>11.11</b>	<b>11.28</b>	<b>(1.5)</b>	<b>11.65</b>	<b>(4.6)</b>

Source: Company, BOBCAPS Research

**FIG 2 – PETROLEUM PRODUCT SALES**

(mmt)	Q1FY20	Q1FY19	YoY (%)	Q4FY19	QoQ (%)
<b>Domestic</b>					
LPG	1.51	1.49	1.3	1.79	(15.6)
MS	2.04	1.87	9.1	1.88	8.5
HSD	5.44	5.41	0.6	5.19	4.8
SKO	0.13	0.16	(18.8)	0.15	(13.3)
ATF	0.51	0.51	-	0.51	-
Others	1.48	1.52	(2.6)	1.83	(19.1)
<b>Total Domestic</b>	<b>11.11</b>	<b>10.96</b>	<b>1.4</b>	<b>11.35</b>	<b>(2.1)</b>
<b>Exports</b>	<b>0.23</b>	<b>0.31</b>	<b>(25.8)</b>	<b>0.30</b>	<b>(23.3)</b>
<b>Total Sales</b>	<b>11.34</b>	<b>11.27</b>	<b>0.6</b>	<b>11.65</b>	<b>(2.7)</b>

Source: Company, BOBCAPS Research

**FIG 3 – OPERATIONAL PERFORMANCE**

	Q1FY20	Q1FY19	YoY (%)	Q4FY19	QoQ (%)
<b>GRM (US\$/bbl)</b>	<b>2.8</b>	<b>7.5</b>	<b>(62.5)</b>	<b>2.7</b>	<b>2.6</b>
- Mumbai	3.5	8.2	(57.6)	3.6	(2.5)
- Kochi	2.3	6.8	(65.7)	2.0	14.8
<b>Inventory gains/ (loss) (US\$/bbl)</b>	<b>(0.80)</b>	<b>3.4</b>	<b>-</b>	<b>0.19</b>	<b>-</b>
- Mumbai	(0.1)	2.9	-	0.6	-
- Kochi	(1.4)	3.7	-	(0.1)	-
<b>Refining inventory gains/ (loss) (Rs mn)</b>	<b>(3,250)</b>	<b>12,750</b>	<b>-</b>	<b>840</b>	<b>-</b>
- Mumbai	(134)	5,441	-	1,143	-
- Kochi	(3,382)	7,276	-	(268)	-
<b>Normalised GRMs (US\$/bbl)</b>	<b>3.61</b>	<b>4.1</b>	<b>(12.6)</b>	<b>2.55</b>	<b>41.5</b>
- Mumbai	3.6	5.3	(32.6)	3.0	17.8
- Kochi	3.8	3.1	23.3	2.1	75.7
<b>Crude throughput (mmt)</b>	<b>7.5</b>	<b>7.7</b>	<b>(3.7)</b>	<b>8.2</b>	<b>(9.3)</b>
- Mumbai	3.1	3.8	(18.3)	3.8	(18.3)
- Kochi	4.4	4.0	10.1	4.4	(1.6)
<b>Adj. Refining EBITDA (Rs mn)</b>	<b>4,503</b>	<b>6,224</b>	<b>(27.7)</b>	<b>243</b>	<b>1,751.2</b>
- Mumbai	1,793	5,199	(65.5)	1,101	62.8
- Kochi	2,980	1,070	178.5	(877)	-
<b>Total market sales (mt)</b>	<b>11.34</b>	<b>11.28</b>	<b>0.5</b>	<b>11.65</b>	<b>(2.7)</b>
Market sales (mt) - Domestic	11.1	11.0	1.3	11.4	(2.1)
Market sales (mt) - Exports	0.23	0.31	(25.8)	0.30	(23.3)
<b>Marketing EBITDA (Rs mn)</b>	<b>20,546</b>	<b>32,529</b>	<b>(36.8)</b>	<b>46,967</b>	<b>(56.3)</b>
<b>Marketing EBITDA (Rs/mt)</b>	<b>1,812</b>	<b>2,884</b>	<b>(37.2)</b>	<b>4,031</b>	<b>(55.1)</b>
<b>Marketing inventory gains/(loss) (Rs mn)</b>	<b>(1,270)</b>	<b>14,040</b>	<b>-</b>	<b>2,720</b>	<b>-</b>
<b>Adj Marketing EBITDA (Rs mn)</b>	<b>21,816</b>	<b>18,489</b>	<b>18.0</b>	<b>44,247</b>	<b>(50.7)</b>
<b>Adj Marketing EBITDA (Rs/mt)</b>	<b>1,924</b>	<b>1,639</b>	<b>17.4</b>	<b>3,798</b>	<b>(49.3)</b>

Source: Company, BOBCAPS Research

## Earnings call takeaways

- Capex for Q1FY20 stood at Rs 11.7bn. Capex plans for the year total Rs 80bn, of which Rs 25bn is for marketing, ~Rs 20bn for the refinery business, Rs 18.3bn for petchem, Rs 8bn for upstream and the remainder for R&D expenses, JVs and CGD.
- GRMs stood at US\$ 7.5/bbl for the Bina refinery. There is no immediate plan for Bina expansion.
- Numaligarh will continue to gain from the excise duty benefit. GRMs for Q1FY20 stood at US\$ 10.7/bbl without excise duty benefit and US\$ 26.4/bbl with the benefit.
- The acrylic plant at Kochi will be commissioned by Q3FY20 and hence GRM benefits will start accruing from Q1FY21 onwards.
- LPG subsidy payment outstanding from the government stood at Rs 87bn until Mar'19, which has come down to Rs 42.7bn by Jun'19.

## Valuation methodology

At 7.2x FY21E EPS BPCL's valuations are at a premium to its OMC peers HPCL and IOCL, while carrying a similar risk as HPCL considering its high reliance on marketing segment earnings. GRM underperformance is another key risk to earnings.

That said, we maintain our earnings forecast given macro uncertainty, and roll valuations over to Sep'21 for a revised SOTP-based TP of Rs 280 (from Rs 285). Maintain SELL on valuations and sustained risks to marketing margins from political intervention.

Our SOTP valuation is arrived at as follows:

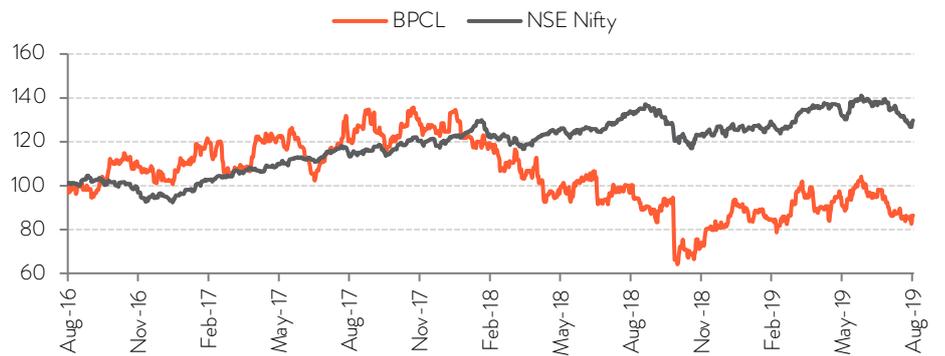
- refining businesses valued at 6x Sep'21E EBITDA,
- nil value ascribed to the marketing business on rising government control over marketing margins,
- other investments in listed entities valued at 20% discount to CMP, and
- E&P business valued at an EV/boe of US\$ 1 and US\$ 4/boe for yet-to-be developed reserves in Mozambique and Brazil respectively. Note that execution troubles and low oil prices could extend the delays in production start-up to well beyond 2023.

### FIG 4 – VALUATION SUMMARY

Business segments	EV (Rs/bn)	Value (Rs/share)	Comments
<b>Refining</b>			
Standalone	332	169	6x Sep'21E EBITDA
BORL refinery	226	115	6x Sep'21E EBITDA
Numaligarh	183	93	6x Sep'21E EBITDA
Marketing	-	-	Nil value on rising government intervention on marketing margins
<b>Total core business</b>	<b>740</b>	<b>376</b>	
Less: Net Debt	304	155	Adjusted for consolidation
<b>Equity value of core business</b>	<b>436</b>	<b>222</b>	
Total investments value	78	38	Investments in PLNG, OINL, IGL @ 20% discount to CMP
Total E&P	40	20	Brazil at EV/boe of US\$ 4, Mozambique at EV/boe of US\$ 1
<b>Total equity value for BPCL</b>	<b>554</b>	<b>280</b>	<b>At 6.2x FY21E EPS</b>

Source: BOBCAPS Research

**FIG 5 – RELATIVE STOCK PERFORMANCE**



Source: NSE

### Key risks

- **Global growth:** BPCL's valuations are highly sensitive to GRMs and marketing margins. An acceleration in global economies (and consequently the Indian economy) could lead to above-expected spreads and alter our valuation outlook.
- **Crash in oil prices:** A crash in oil prices (to <US\$ 65/bbl levels) could provoke a change in government regulation on marketing margins for retail sales of petrol/diesel. This could drive upsides to our earnings and valuation outlook.

## FINANCIALS

### Income Statement

Y/E 31 Mar (Rs mn)	FY18A	FY19P	FY20E	FY21E	FY22E
<b>Total revenue</b>	<b>2,357,698</b>	<b>2,982,256</b>	<b>3,177,241</b>	<b>3,805,207</b>	<b>4,035,290</b>
EBITDA	151,727	151,122	124,241	135,635	149,119
EBIT	122,877	116,945	89,700	98,016	108,424
Net interest income/(expenses)	(11,857)	(17,640)	(17,855)	(20,892)	(24,710)
Other income/(expenses)	17,827	20,375	43,797	43,540	44,546
EBT	128,846	119,680	115,642	120,664	128,260
Income taxes	(43,816)	(43,775)	(36,626)	(38,087)	(40,366)
Min. int./Inc. from associates	12,889	9,373	10,168	11,986	13,256
<b>Reported net profit</b>	<b>97,919</b>	<b>85,278</b>	<b>89,184</b>	<b>94,563</b>	<b>101,150</b>
<b>Adjusted net profit</b>	<b>97,919</b>	<b>85,278</b>	<b>89,184</b>	<b>94,563</b>	<b>101,150</b>

### Balance Sheet

Y/E 31 Mar (Rs mn)	FY18A	FY19P	FY20E	FY21E	FY22E
Accounts payables	132,319	173,847	207,559	250,050	266,139
Other current liabilities	220,330	211,450	261,313	247,934	297,870
Provisions	31,959	35,662	35,662	35,662	35,662
Debt funds	379,136	429,145	489,086	519,086	529,086
Other liabilities	55,224	67,920	68,874	69,841	70,809
Equity capital	19,669	19,669	19,669	19,669	19,669
Reserves & surplus	346,517	398,023	443,594	492,518	544,611
Shareholders' fund	366,186	417,692	463,262	512,187	564,280
<b>Total liabilities and equities</b>	<b>1,204,206</b>	<b>1,356,417</b>	<b>1,546,457</b>	<b>1,655,461</b>	<b>1,784,546</b>
Cash and cash eq.	13,539	6,625	93,206	33,024	37,135
Accounts receivables	52,048	69,063	59,095	70,836	75,131
Inventories	225,295	229,349	279,407	336,606	358,264
Other current assets	76,953	124,789	124,789	124,789	124,789
Investments	237,246	249,069	314,455	381,691	450,778
Net fixed assets	455,574	493,146	533,223	570,221	604,144
CWIP	98,754	141,547	99,452	95,465	91,477
Deferred tax assets, net	4,066	4,537	4,537	4,537	4,537
Other assets	40,732	38,293	38,293	38,293	38,293
<b>Total assets</b>	<b>1,204,206</b>	<b>1,356,417</b>	<b>1,546,457</b>	<b>1,655,461</b>	<b>1,784,546</b>

Source: Company, BOBCAPS Research

**Cash Flows**

Y/E 31 Mar (Rs mn)	FY18A	FY19P	FY20E	FY21E	FY22E
Net income + Depreciation	124,647	119,456	123,725	132,182	141,846
Changes in working capital	(24,095)	(30,585)	43,484	(39,827)	40,071
Other operating cash flows	(3,151)	(7,679)	(42,843)	(42,573)	(43,578)
<b>Cash flow from operations</b>	<b>97,401</b>	<b>81,192</b>	<b>124,366</b>	<b>49,782</b>	<b>138,339</b>
Capital expenditures	(75,770)	(114,543)	(32,523)	(70,630)	(70,630)
Change in investments	(23,974)	(11,823)	(65,386)	(67,236)	(69,086)
Other investing cash flows	17,827	20,375	43,797	43,540	44,546
<b>Cash flow from investing</b>	<b>(81,917)</b>	<b>(105,991)</b>	<b>(54,112)</b>	<b>(94,326)</b>	<b>(95,170)</b>
Equities issued/Others	6,556	0	0	0	0
Debt raised/repaid	19,672	50,009	59,941	30,000	10,000
Dividends paid	(52,880)	(43,724)	(43,613)	(45,639)	(49,057)
Other financing cash flows	5,862	11,601	0	0	0
<b>Cash flow from financing</b>	<b>(20,790)</b>	<b>17,886</b>	<b>16,328</b>	<b>(15,639)</b>	<b>(39,057)</b>
<b>Changes in cash and cash eq.</b>	<b>(5,307)</b>	<b>(6,913)</b>	<b>86,581</b>	<b>(60,182)</b>	<b>4,111</b>
<b>Closing cash and cash eq.</b>	<b>13,539</b>	<b>6,625</b>	<b>93,206</b>	<b>33,024</b>	<b>37,135</b>

**Per Share**

Y/E 31 Mar (Rs)	FY18A	FY19P	FY20E	FY21E	FY22E
Reported EPS	49.8	43.4	45.3	48.1	51.4
Adjusted EPS	49.8	43.4	45.3	48.1	51.4
Dividend per share	23.2	19.0	19.0	19.8	21.3
Book value per share	186.2	212.4	235.5	260.4	286.9

**Valuations Ratios**

Y/E 31 Mar (x)	FY18A	FY19P	FY20E	FY21E	FY22E
EV/Sales	0.4	0.4	0.3	0.3	0.3
EV/EBITDA	6.7	6.9	8.9	7.9	7.8
Adjusted P/E	7.0	8.0	7.6	7.2	6.7
P/BV	1.9	1.6	1.5	1.3	1.2

**DuPont Analysis**

Y/E 31 Mar (%)	FY18A	FY19P	FY20E	FY21E	FY22E
Tax burden (Net profit/PBT)	76.0	71.3	77.1	78.4	78.9
Interest burden (PBT/EBIT)	104.9	102.3	128.9	123.1	118.3
EBIT margin (EBIT/Revenue)	5.2	3.9	2.8	2.6	2.7
Asset turnover (Revenue/Avg TA)	205.5	232.9	218.9	237.7	234.6
Leverage (Avg TA/Avg Equity)	3.4	3.3	3.3	3.3	3.2
Adjusted ROAE	29.0	21.8	20.2	19.4	18.8

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

**Ratio Analysis**

Y/E 31 Mar	FY18A	FY19P	FY20E	FY21E	FY22E
<b>YoY growth (%)</b>					
Revenue	17.2	26.5	6.5	19.8	6.0
EBITDA	10.4	(0.4)	(17.8)	9.2	9.9
Adjusted EPS	3.0	(12.9)	4.6	6.0	7.0
<b>Profitability &amp; Return ratios (%)</b>					
EBITDA margin	6.4	5.1	3.9	3.6	3.7
EBIT margin	5.2	3.9	2.8	2.6	2.7
Adjusted profit margin	4.2	2.9	2.8	2.5	2.5
Adjusted ROAE	29.0	21.8	20.2	19.4	18.8
ROCE	11.2	9.1	6.7	6.6	6.9
<b>Working capital days (days)</b>					
Receivables	8	7	7	6	7
Inventory	39	32	32	32	34
Payables	20	20	23	23	24
<b>Ratios (x)</b>					
Gross asset turnover	3.3	3.7	3.6	4.0	3.9
Current ratio	0.8	0.8	0.9	0.8	0.8
Net interest coverage ratio	10.4	6.6	5.0	4.7	4.4
Adjusted debt/equity	1.0	1.0	0.9	0.9	0.9

Source: Company, BOBCAPS Research

## Disclaimer

### Recommendations and Absolute returns (%) over 12 months

**BUY** – Expected return >+15%

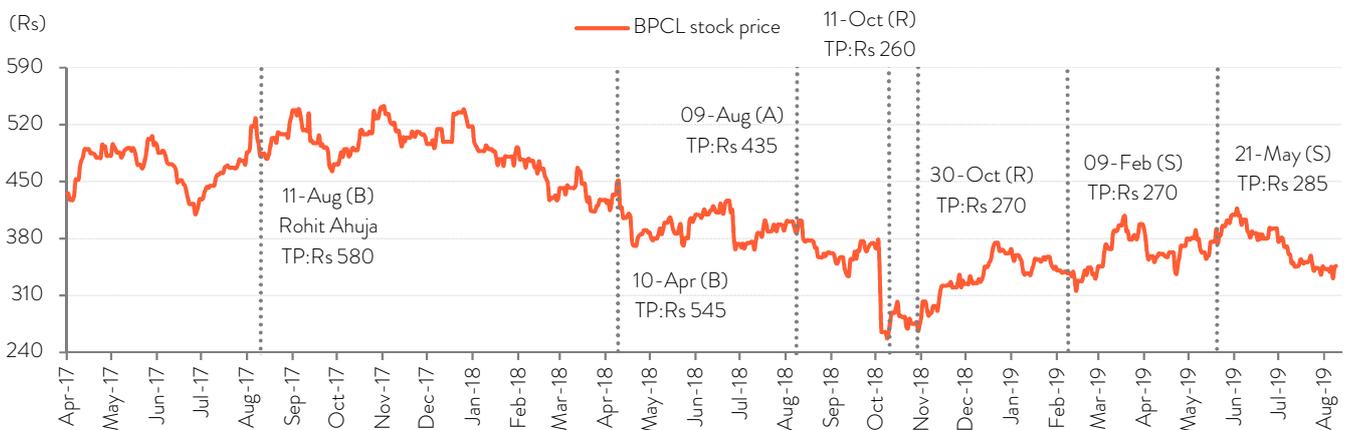
**ADD** – Expected return from >+5% to +15%

**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)

### HISTORICAL RATINGS AND TARGET PRICE: BHARAT PETROLEUM CORP (BPCL IN)



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

### Rating distribution

As of 31 July 2019, out of 77 rated stocks in the BOB Capital Markets Limited (BOBCAPS) coverage universe, 44 have BUY ratings, 16 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

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, wealth management and portfolio 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.

### **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.