

**BUY**

TP: Rs 150 | ▲ 79%

**GREENPLY INDUSTRIES**

| Construction Materials

| 05 November 2020

## Results in line; balance sheet improves significantly

**Greenply Industries' (GIL) consolidated Q2FY21 revenue slipped 22% YoY, but still bettered estimates. India operations declined 31% YoY (volumes down 27%), whereas Gabon subsidiary revenue surged 64% on better demand from Europe and higher trading revenue. Operating margins contracted 85bps YoY, causing EBITDA/PBT to drop ~28% each. Management expects a flattish H2 with margin improvement. Net debt has halved to Rs 1.3bn. We raise FY21-FY23 EPS 7-12% to bake in lower interest cost and roll to a new Dec'21 TP of Rs 150 (from Rs 135).**

**Arun Baid**

research@bocaps.in

**Gabon revenues robust, India tepid:** GIL's consolidated Q2 revenue declined 22% YoY to Rs 2.95bn as India revenues dropped 31% to Rs 2.4bn due to tepid demand. The Gabon subsidiary (face veneer operations) posted a 64% YoY increase to Rs 571mn due to better traction in Europe and higher trading sales (+120% YoY to Rs 108mn). GIL expects H2FY21 to be flat YoY with India operations reviving due to opening up of all major cities.

Ticker/Price	MTLM IN/Rs 84
Market cap	US\$ 139.0mn
Shares o/s	123mn
3M ADV	US\$ 0.6mn
52wk high/low	Rs 179/Rs 73
Promoter/FPI/DII	52%/7%/41%

Source: NSE

**Margins contract:** Consolidated operating margins contracted 85bps YoY to 10.9%, resulting in EBITDA/PBT declines of ~28% YoY each. India plywood margins declined by 110bps YoY to 9.9% due to negative operating leverage, whereas Gabon margins decreased 435bps to 15.4% due higher sales in the low-margin trading business. Management has guided for double-digit margins in FY21.

**Maintain BUY:** GIL's consolidated net debt has come down by Rs 1.27bn to Rs 1.3bn in H1FY21, mainly aided by reduction in debtors. The company is planning to cut debt further in H2. Alongside this significant improvement in balance sheet, management is guiding for improved profitability in H2. We maintain BUY and roll over to a revised Dec'21 TP of Rs 150 (earlier Rs 135), set at an unchanged 18x forward P/E.

## STOCK PERFORMANCE



Source: NSE

## KEY FINANCIALS

Y/E 31 Mar	FY19A	FY20A	FY21E	FY22E	FY23E
Total revenue (Rs mn)	14,122	14,204	11,693	13,816	15,278
EBITDA (Rs mn)	1,507	1,562	1,156	1,524	1,727
Adj. net profit (Rs mn)	852	841	577	891	1,083
Adj. EPS (Rs)	6.9	6.9	4.7	7.3	8.8
Adj. EPS growth (%)	236.1	(1.3)	(31.4)	54.4	21.5
Adj. ROAE (%)	14.0	23.6	14.3	19.1	19.9
Adj. P/E (x)	12.1	12.2	17.8	11.6	9.5
EV/EBITDA (x)	10.1	9.5	11.0	8.0	6.7

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 – CONSOLIDATED QUARTERLY PERFORMANCE**

(Rs mn)	Q2FY21	Q2FY20	YoY (%)	Q1FY21	QoQ (%)	H1FY21	H1FY20	YoY (%)
<b>Net Revenue</b>	<b>2,955</b>	<b>3,803</b>	<b>(22.3)</b>	<b>1,327</b>	<b>122.7</b>	<b>4,282</b>	<b>7,297</b>	<b>(41.3)</b>
COGS	1,779	2,193	(18.8)	708	151.5	2,487	4,216	(41.0)
% of sales	60.2	57.7	256bps	53.3	689bps	58.1	57.8	30bps
Employee expenses	351	453	(22.7)	318	10.3	668	838	(20.2)
% of sales	11.9	11.9	(6bps)	23.9	(1,209bps)	15.6	11.5	413bps
Operating Expenses	502	708	(29.2)	330	52.0	832	1,384	(39.9)
% of sales	17.0	18.6	(165bps)	24.9	(789bps)	19.4	19.0	46bps
<b>EBITDA</b>	<b>323</b>	<b>449</b>	<b>(27.9)</b>	<b>(28)</b>	<b>(1,240.6)</b>	<b>295</b>	<b>860</b>	<b>(65.7)</b>
EBITDA Margin	10.9	11.8	(86bps)	(2.1)	1,308bps	6.9	11.8	(490bps)
Depreciation/Amortisation	57	64	(12.1)	51	10.8	108	127	(15.4)
<b>EBIT</b>	<b>267</b>	<b>384</b>	<b>(30.6)</b>	<b>(79)</b>	<b>(435.6)</b>	<b>187</b>	<b>733</b>	<b>(74.4)</b>
EBIT Margin	9.0	10.1	(108bps)	(6.0)	1,502bps	4.4	10.0	(567bps)
Net Interest Expenses	38	54	(29.9)	55	(30.7)	93	104	(11.3)
Other Income	11	1	753.1	2	594.5	13	5	136.9
<b>PBT</b>	<b>240</b>	<b>332</b>	<b>(27.6)</b>	<b>(133)</b>	<b>(281.2)</b>	<b>108</b>	<b>634</b>	<b>(83.0)</b>
Tax Expenses	45	64	(30.5)	(32)	(239.6)	13	149	(91.5)
Net Income before extraordinary items	196	267	(26.9)	(101)	(294.4)	95	484	(80.4)
Share of profit/(loss) from JV	(10)	(3)	217.6	(12)	(17.5)	(22)	(10)	119.6
<b>Reported Net Income</b>	<b>185.5</b>	<b>264.2</b>	<b>(29.8)</b>	<b>(112.7)</b>	<b>(264.6)</b>	<b>72.8</b>	<b>474.3</b>	<b>(84.6)</b>

Source: Company, BOBCAPS Research

**FIG 2 – STANDALONE QUARTERLY PERFORMANCE**

(Rs mn)	Q2FY21	Q2FY20	YoY (%)	Q1FY21	QoQ (%)	H1FY21	H1FY20	YoY (%)
<b>Net Revenue</b>	<b>2,384</b>	<b>3,455</b>	<b>(31.0)</b>	<b>1,076</b>	<b>121.6</b>	<b>3,460</b>	<b>6,509</b>	<b>(46.9)</b>
COGS	1,433	2,076	(31.0)	630	127.4	2,063	3,881	(46.8)
% of sales	60.1	60.1	3bps	58.6	156bps	59.6	59.6	2bps
Employee expenses	304	412	(26.2)	276	10.4	580	768	(24.4)
% of sales	12.8	11.9	84bps	25.6	(1,285bps)	16.8	11.8	497bps
Operating Expenses	411	586	(30.0)	229	79.6	639	1,154	(44.6)
% of sales	17.2	17.0	25bps	21.2	(402bps)	18.5	17.7	75bps
<b>EBITDA</b>	<b>236</b>	<b>380</b>	<b>(38.0)</b>	<b>(58)</b>	<b>(503.4)</b>	<b>177</b>	<b>707</b>	<b>(74.9)</b>
EBITDA Margin	9.9	11.0	(112bps)	(5.4)	1,532bps	5.1	10.9	(574bps)
Depreciation/Amortisation	40	54	(25.6)	36	11.7	76	107	(28.8)
<b>EBIT</b>	<b>196</b>	<b>326</b>	<b>(40.1)</b>	<b>(94)</b>	<b>(307.1)</b>	<b>101</b>	<b>600</b>	<b>(83.2)</b>
EBIT Margin	8.2	9.4	(124bps)	(8.8)	1,698bps	2.9	9.2	(630bps)
Net Interest Expenses	23	43	(46.1)	41	(42.3)	64	85	(24.6)
Other Income	15	10	45.1	8	78.2	24	21	13.8
<b>PBT</b>	<b>187</b>	<b>293</b>	<b>(36.2)</b>	<b>(127)</b>	<b>(247.9)</b>	<b>61</b>	<b>536</b>	<b>(88.7)</b>
Tax Expenses	45	64	(30.5)	(32)	(239.6)	13	149	(91.5)
<b>Reported Net Income</b>	<b>143</b>	<b>229</b>	<b>(37.8)</b>	<b>(95)</b>	<b>(250.7)</b>	<b>48</b>	<b>386</b>	<b>(87.6)</b>

Source: Company, BOBCAPS Research

**FIG 3 – SUBSIDIARIES (PRIMARILY GABON OPERATIONS)**

(Rs mn)	Q2FY21	Q2FY20	YoY (%)	Q1FY21	QoQ (%)	H1FY21	H1FY20	YoY (%)
Revenue	571	348	64.3	251	127.5	823	788	4.4
EBITDA	88	68	28.1	30	191.9	118	153	(23.1)
EBITDA margin	15.4	19.7	(433bps)	12.0	339bps	14.3	19.4	(512bps)

Source: Company, BOBCAPS Research

## Earnings call highlights

- Sales were weak in July but demand revived in the India business during August and September.
- In Q2FY21, GIL's average realisations declined by 5.8% YoY to Rs 211/sqm due to lower sales of premium plywood (69% vs. 72% in Q2FY20).
- The company has been widening its distribution reach across rural markets in FY21. As demand for mass- and low-end plywood is higher in these markets, this too has affected realisations. With major cities now opening up, management believes premium plywood sales should pick up, supporting average realisations.
- Management expects India business to be flat YoY in H2FY21 as the pandemic still prevails.
- Margins are guided to increase in H2 due to various cost initiatives.
- GIL is targeting 400bps operating margin expansion by FY23, backed by cost efficiencies. The company believes some of its recent cost rationalisation measures can also be retained over the long term.
- Management expects FY22 to be a normal year and is hopeful of surpassing FY20 revenues in India operations.
- The company has taken steps to improve working capital and plans to continue with these going ahead.
- Good cash collections during H1 resulted in improved cash flows and a reduction in consolidated debt by Rs 1.27bn. Management aims to be net debt-free by end-FY23.
- Gabon operations saw higher sales in Europe and South East Asia and also had higher trading revenues in the quarter, leading to 64% YoY revenue growth.
- Gabon operations are guided to clock higher revenues YoY in FY21.

## Valuation methodology

GIL is the joint market leader in India's organised plywood industry along with Century Plyboards (CPBI). It has also set up operations in Gabon for face veneer. We believe GIL is poised for growth in the wood panel market, enabled by its wide distribution reach, strong brand focus, diverse product portfolio and rising market share for organised players in the wake of GST and e-way bill implementation.

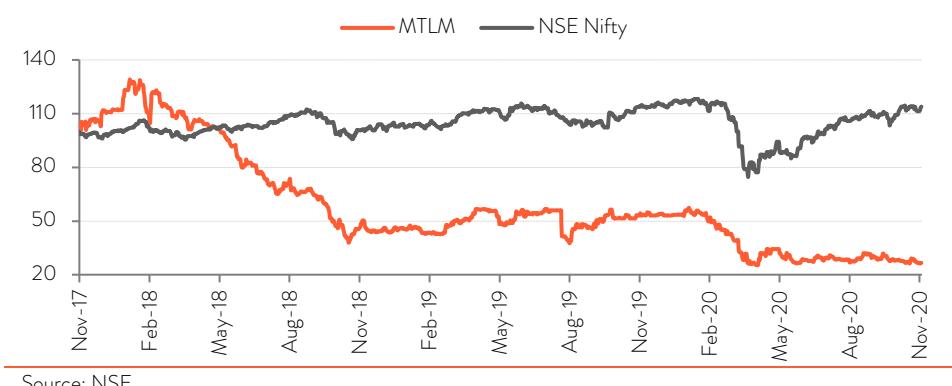
We raise FY21-FY23 EPS estimates by 7-12% mainly due to large debt reduction in Q2FY21. On rollover, we have a revised Dec'21 target price of Rs 150 (vs. Rs 135), set at an unchanged 18x one-year forward P/E. Maintain BUY given attractive valuations (at 11.6x FY22E P/E), strong return ratios and an improving balance sheet.

**FIG 4 – REVISED ESTIMATES**

(Rs mn)	New			Old			Change (%)		
	FY21E	FY22E	FY23E	FY21E	FY22E	FY23E	FY21E	FY22E	FY23E
Revenues	11,693	13,816	15,278	11,693	13,816	15,278	0.0	0.0	0.0
EBITDA	1,156	1,524	1,727	1,156	1,524	1,727	0.0	0.0	0.0
PAT	577	891	1,083	517	827	1,009	11.7	7.8	7.2

Source: BOBCAPS Research

**FIG 5 – RELATIVE STOCK PERFORMANCE**



## Key risks

- **Regulatory concerns on RM sourcing:** Wood is a key raw material for plywood. Any regulatory restrictions on sourcing of wood or face veneer will hit margins.
- **Sharp rise in raw material prices:** Higher raw material prices and an inability to pass these on may hurt profitability.
- **Prolonged slowdown in housing market:** A continued slowdown in the housing market would hit growth prospects.
- **Prolonged Covid-19 outbreak:** If pandemic fears prevail for a prolonged period of time, revenues will be adversely affected.

## FINANCIALS

### Income Statement

Y/E 31 Mar (Rs mn)	FY19A	FY20A	FY21E	FY22E	FY23E
<b>Total revenue</b>	<b>14,122</b>	<b>14,204</b>	<b>11,693</b>	<b>13,816</b>	<b>15,278</b>
EBITDA	1,507	1,562	1,156	1,524	1,727
Depreciation	(224)	(257)	(241)	(283)	(297)
EBIT	1,282	1,304	915	1,241	1,430
Net interest income/(expenses)	(186)	(208)	(156)	(103)	(62)
Other income/(expenses)	71	6	17	27	38
Exceptional items	(55)	(495)	0	0	0
EBT	1,167	1,102	776	1,165	1,405
Income taxes	(315)	(134)	(199)	(274)	(323)
<b>Reported net profit</b>	<b>797</b>	<b>473</b>	<b>577</b>	<b>891</b>	<b>1,083</b>
Adjustments	55	368	0	0	0
<b>Adjusted net profit</b>	<b>852</b>	<b>841</b>	<b>577</b>	<b>891</b>	<b>1,083</b>

### Balance Sheet

Y/E 31 Mar (Rs mn)	FY19A	FY20A	FY21E	FY22E	FY23E
Accounts payables	2,320	2,317	2,066	2,214	2,436
Other current liabilities	634	504	416	454	502
Provisions	64	348	58	69	76
Debt funds	2,500	2,674	1,420	1,200	450
Equity capital	123	123	123	123	123
Reserves & surplus	3,230	3,657	4,170	4,900	5,720
Shareholders' fund	3,352	3,779	4,293	5,022	5,843
<b>Total liabilities and equities</b>	<b>8,870</b>	<b>9,622</b>	<b>8,254</b>	<b>8,959</b>	<b>9,308</b>
Cash and cash eq.	206	103	18	129	59
Accounts receivables	3,050	3,565	2,532	2,960	3,210
Inventories	1,694	1,771	1,557	1,725	1,879
Other current assets	964	646	641	681	753
Investments	222	238	238	238	238
Net fixed assets	2,444	3,076	3,096	3,053	2,996
CWIP	173	52	0	0	0
Intangible assets	75	67	67	67	67
<b>Total assets</b>	<b>8,870</b>	<b>9,622</b>	<b>8,254</b>	<b>8,959</b>	<b>9,308</b>

Source: Company, BOBCAPS Research

**Cash Flows**

Y/E 31 Mar (Rs mn)	FY20A	FY21E	FY22E	FY23E
Net income + Depreciation	730	819	1,174	1,380
Interest expenses	208	156	103	62
Non-cash adjustments	0	0	0	0
Changes in working capital	(236)	624	(441)	(198)
Other operating cash flows	0	0	0	0
<b>Cash flow from operations</b>	<b>701</b>	<b>1,598</b>	<b>836</b>	<b>1,244</b>
Capital expenditures	(559)	(210)	(240)	(240)
Change in investments	(16)	0	0	0
Other investing cash flows	(64)	0	0	0
<b>Cash flow from investing</b>	<b>(639)</b>	<b>(210)</b>	<b>(240)</b>	<b>(240)</b>
Equities issued/Others	0	0	0	0
Debt raised/repaid	174	(1,254)	(220)	(750)
Interest expenses	(208)	(156)	(103)	(62)
Dividends paid	(59)	(63)	(162)	(262)
Other financing cash flows	(72)	0	0	0
<b>Cash flow from financing</b>	<b>(166)</b>	<b>(1,473)</b>	<b>(485)</b>	<b>(1,074)</b>
<b>Changes in cash and cash eq.</b>	<b>(103)</b>	<b>(85)</b>	<b>111</b>	<b>(70)</b>
<b>Closing cash and cash eq.</b>	<b>103</b>	<b>18</b>	<b>129</b>	<b>59</b>

**Per Share**

Y/E 31 Mar (Rs)	FY19A	FY20A	FY21E	FY22E	FY23E
Reported EPS	6.5	3.9	4.7	7.3	8.8
Adjusted EPS	6.9	6.9	4.7	7.3	8.8
Dividend per share	0.4	0.4	0.5	1.1	1.8
Book value per share	27.3	30.8	35.0	41.0	47.6

**Valuations Ratios**

Y/E 31 Mar (x)	FY19A	FY20A	FY21E	FY22E	FY23E
EV/Sales	1.1	1.0	1.1	0.9	0.8
EV/EBITDA	10.1	9.5	11.0	8.0	6.7
Adjusted P/E	12.1	12.2	17.8	11.6	9.5
P/BV	3.1	2.7	2.4	2.0	1.8

**DuPont Analysis**

Y/E 31 Mar (%)	FY19A	FY20A	FY21E	FY22E	FY23E
Tax burden (Net profit/PBT)	76.6	138.5	74.4	76.5	77.0
Interest burden (PBT/EBIT)	86.7	46.5	84.9	93.9	98.3
EBIT margin (EBIT/Revenue)	9.1	9.2	7.8	9.0	9.4
Asset turnover (Revenue/Avg TA)	95.1	153.6	130.8	160.5	167.3
Leverage (Avg TA/Avg Equity)	2.4	2.6	2.2	1.8	1.7
Adjusted ROAE	14.0	23.6	14.3	19.1	19.9

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

**Ratio Analysis**

Y/E 31 Mar	FY19A	FY20A	FY21E	FY22E	FY23E
<b>YoY growth (%)</b>					
Revenue	54.8	0.6	(17.7)	18.2	10.6
EBITDA	110.7	3.6	(26.0)	31.8	13.3
Adjusted EPS	236.1	(1.3)	(31.4)	54.4	21.5
<b>Profitability &amp; Return ratios (%)</b>					
EBITDA margin	10.7	11.0	9.9	11.0	11.3
EBIT margin	9.1	9.2	7.8	9.0	9.4
Adjusted profit margin	6.0	5.9	4.9	6.4	7.1
Adjusted ROAE	14.0	23.6	14.3	19.1	19.9
ROCE	8.4	16.5	11.2	15.9	17.6
<b>Working capital days (days)</b>					
Receivables	76	85	95	73	74
Inventory	86	76	89	74	74
Payables	65	67	76	64	63
<b>Ratios (x)</b>					
Gross asset turnover	2.3	3.6	2.6	2.9	3.1
Current ratio	1.3	1.2	1.4	1.6	1.9
Net interest coverage ratio	6.9	6.3	5.9	12.1	23.0
Adjusted debt/equity	0.7	0.7	0.3	0.2	0.1

Source: Company, BOBCAPS Research

## Disclaimer

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

**BUY** – Expected return >+15%

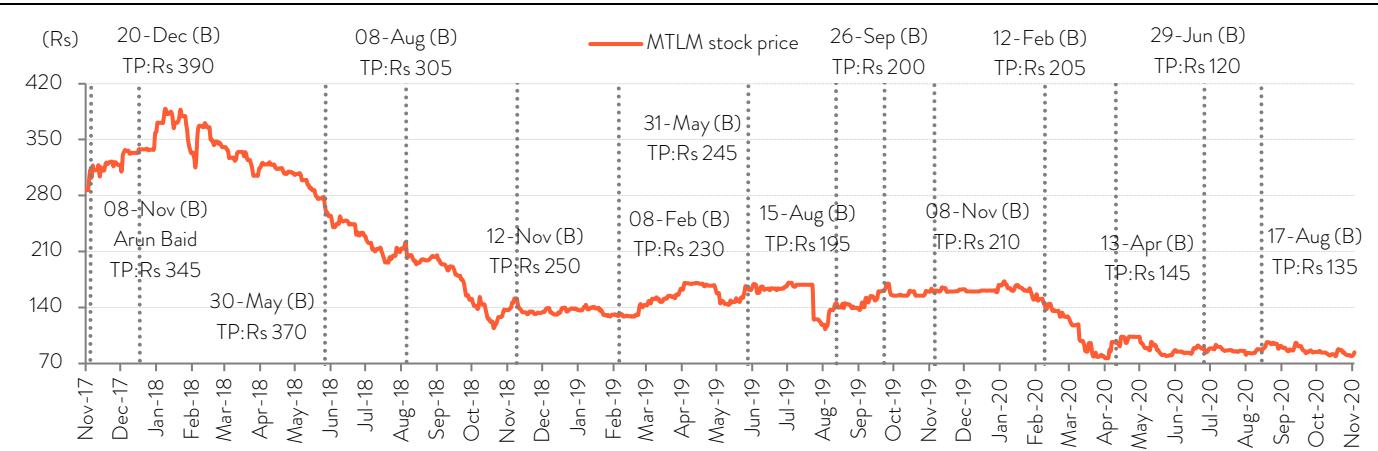
**ADD** – Expected return from >+5% to +15%

**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): GREENPLY INDUSTRIES (MTLM IN)



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

### Rating distribution

As of 31 October 2020, out of 88 rated stocks in the BOB Capital Markets Limited (BOBCAPS) coverage universe, 42 have BUY ratings, 14 have ADD ratings, 10 are rated REDUCE and 22 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.

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.