

SELL

TP: Rs 1,435 | ▼ 26%

ASTRAL POLY TECHNIK

Plastic Products

03 February 2021

Good quarter but valuations rich – downgrade to SELL

Astral Poly Technik's (ASTRA) consolidated revenue grew 35% YoY in Q3FY21, backed by 42% growth in the adhesives segment and a 33% uptick in pipes. EBITDA margins expanded 360bps YoY to 21.4% led by gains across segments, supporting EBITDA/PBT growth of 62%/89% YoY. We raise FY21-FY23 EBITDA by 6-15% and roll over to a higher Mar'22 TP of Rs 1,435 (vs. Rs 1,180) set at 45x P/E (vs. 42x). At the same time, we downgrade the stock to SELL from REDUCE as valuations at 61.1x FY23E P/E look rich post the recent rally.

Arun Baid

research@bobcaps.in

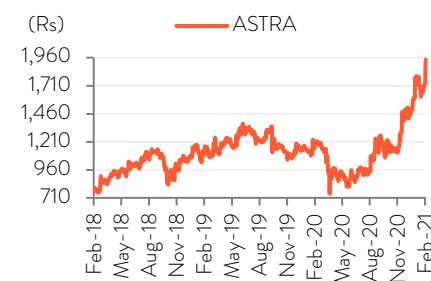
Strong revenue growth across businesses: ASTRA's Q3 consolidated revenue grew 35% YoY to ~Rs 9bn, aided by growth in both pipes and adhesives. PVC pipe standalone revenue increased 33% YoY (volumes up 15%) and the adhesives business grew 42% as benefits from a change in distribution model kicked in. Management expects pipe volumes to grow sustainably at 15% and adhesives business revenue to grow 20-25% over the next few years.

Ticker/Price	ASTRA IN/Rs 1,945
Market cap	US\$ 4.0bn
Shares o/s	151mn
3M ADV	US\$ 5.9mn
52wk high/low	Rs 2,100/Rs 746
Promoter/FPI/DII	56%/20%/24%

Source: NSE

Significant margin gains: EBITDA margins swelled 360bps YoY to 21.4% in Q3, aided by a superior showing in both segments, which fuelled EBITDA/PBT growth of 62%/89% YoY. Pipe margins increased 366bps YoY to 22.9% due to inventory gains and a better product mix. Adhesive margins increased 430bps to 16.3% on operating leverage. Management expects further improvement in the adhesives segment due to operating leverage and the launch of value-added products. The piping business is guided to have long-term margins of 15-16% but may see stronger levels in Q4 from higher PVC prices.

STOCK PERFORMANCE



Source: NSE

Valuations expensive; cut to SELL: We raise our FY21 EBITDA estimate by 15% to factor in inventory gains and also increase FY22/FY23 forecasts by ~6% each. Though we like ASTRA for its strong brand name, wide reach and robust balance sheet, valuations at 61.1x FY23E P/E appear rich. SELL.

KEY FINANCIALS

Y/E 31 Mar	FY19A	FY20A	FY21E	FY22E	FY23E
Total revenue (Rs mn)	25,073	25,779	30,220	34,263	40,616
EBITDA (Rs mn)	3,853	4,441	5,471	6,168	7,412
Adj. net profit (Rs mn)	1,992	2,498	3,297	3,862	4,792
Adj. EPS (Rs)	13.2	16.6	21.9	25.6	31.8
Adj. EPS growth (%)	17.4	25.4	32.0	17.1	24.1
Adj. ROAE (%)	17.4	18.0	20.8	21.8	24.0
Adj. P/E (x)	147.1	117.3	88.9	75.9	61.1
EV/EBITDA (x)	76.5	66.3	53.8	47.5	39.4

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)	Q3FY21	Q3FY20	YoY (%)	Q2FY21	QoQ (%)	9MFY21	9MFY20	YoY (%)
Total revenues	8,975	6,641	35.1	7,471	20.1	20,485	19,490	5.1
Total raw material consumed	5,562	4,013	38.6	4,609	20.7	12,820	12,055	6.3
% of sales	62.0	60.4	154bps	61.7	28bps	62.6	61.9	73bps
Employee exps	524	431	21.6	485	8.0	1,435	1,335	7.5
% of sales	5.8	6.5	(65bps)	6.5	(65bps)	7.0	6.8	16bps
Other exp	969	1,015	(4.5)	941	3.0	2,331	2,797	(16.7)
% of sales	10.8	15.3	(449bps)	12.6	(180bps)	11.4	14.4	(297bps)
Total expenditure	7,055	5,459	29.2	6,035	16.9	16,586	16,187	2.5
% of sales	78.6	82.2	(359bps)	80.8	(217bps)	81.0	83.1	(209bps)
EBITDA	1,920	1,182	62.4	1,436	33.7	3,899	3,303	18.0
% of sales	21.4	17.8	359bps	19.2	217bps	19.0	16.9	209bps
Depreciation	300	274	9.5	288	4.2	873	790	10.5
Other income	61	22	177.3	49	24.5	149	120	24.2
Interest cost	27	54	(50.0)	30	(10.0)	105	174	(39.7)
PBT	1,654	876	88.8	1,167	41.7	3,070	2,459	24.8
Taxes	413	194	112.9	283	45.9	721	430	67.7
Effective tax rate (%)	25.0	22.1	282bps	24.3	72bps	23.5	17.5	600bps
RPAT before extraordinaries	1,241	682	82.0	884	40.4	2,349	2,029	15.8
Less: forex loss/(gain)	(10)	(3)	233.3	(39)	(74.4)	(38)	39	(197.4)
Less: minority int	(7)	(3)	133.3	(12)	(41.7)	(23)	(12)	91.7
Less: Loss from JV	12	6	100.0	44	(72.7)	66	10	560.0
RPAT	1,232	676	82.2	867.0	42.1	2,298	1,968	16.8

Source: Company, BOBCAPS Research

FIG 2 – SEGMENTAL CONSOLIDATED PERFORMANCE

Particulars	Q3FY21	Q3FY20	YoY (%)	Q2FY21	QoQ (%)	9MFY21	9MFY20	YoY (%)
Plastics	6,727	5,057	33.0	5,503	22.2	15,323	14,905	2.8
Adhesives	2,248	1,584	41.9	1,968	14.2	5,162	4,585	12.6
Net Sales	8,975	6,641	35.1	7,471	20.1	20,485	19,490	5.1
EBIT								
Plastics	1,290	733	76.0	871	48.1	2,392	1,973	21.2
Adhesives	358	176	103.4	293	22.2	692	583	18.7
Total	1,648	909	81.3	1,164	41.6	3,084	2,556	20.7
EBIT Margin (%)								
Plastics	19.2	14.5	468bps	15.8	335bps	15.6	13.2	237bps
Adhesives	15.9	11.1	481bps	14.9	104bps	13.4	12.7	69bps

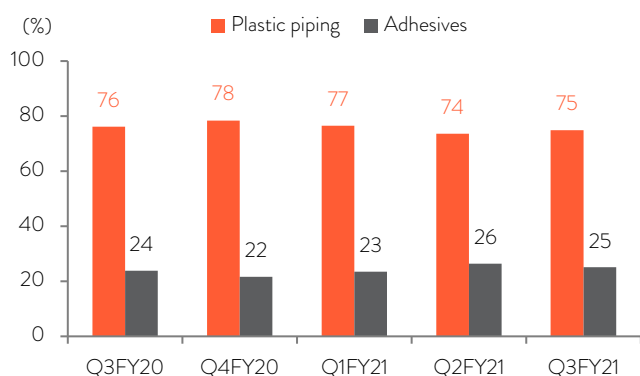
Source: BOBCAPS Research, Company

FIG 3 – STANDALONE QUARTERLY PERFORMANCE

(Rs mn)	Q3FY21	Q3FY20	YoY (%)	Q2FY21	QoQ (%)	9MFY21	9MFY20	YoY (%)
Total revenues	6,931	5,200	33.3	5,670	22.2	15,766	15,371	2.6
Total raw material consumed	4,321	3,198	35.1	3,522	22.7	9,987	9,756	2.4
% of sales	62.3	61.5	84bps	62.1	23bps	63.3	63.5	(12bps)
Employee exps	280	232	20.7	272	2.9	799	757	5.5
% of sales	4.0	4.5	(42bps)	4.8	(76bps)	5.1	4.9	14bps
Other exp	745	771	(3.4)	723	3.0	1,772	2,129	(16.8)
% of sales	10.7	14.8	(408bps)	12.8	(200bps)	11.2	13.9	(261bps)
Total expenditure	5,346	4,201	27.3	4,517	18.4	12,558	12,642	(0.7)
% of sales	77.1	80.8	(366bps)	79.7	(253bps)	79.7	82.2	(259bps)
EBIDTA	1,585	999	58.7	1,153	37.5	3,208	2,729	17.6
% of sales	22.9	19.2	366bps	20.3	253bps	20.3	17.8	259bps
Depreciation	242	228	6.1	239	1.3	717	657	9.1
Other income	45	23	95.7	39	15.4	114	109	4.6
Interest cost	15	40	(62.5)	19	(21.1)	70	135	(48.1)
PBT	1,373	754	82.1	934	47.0	2,535	2,046	23.9
Taxes	351	187	87.7	245	43.3	651	399	63.2
Effective tax rate (%)	25.6	24.8	76bps	26.2	(67bps)	25.7	19.5	618bps
APAT	1,022	567	80.2	689	48.3	1,884	1,647	14.4
Extraordinary items	0	0	NM	(70)	NM	(70)	0	NM
Forex	18	10	80.0	42	(57.1)	52	(32)	(262.5)
RPAT	1,040	577	80.2	661	57.3	1,866	1,615	15.5

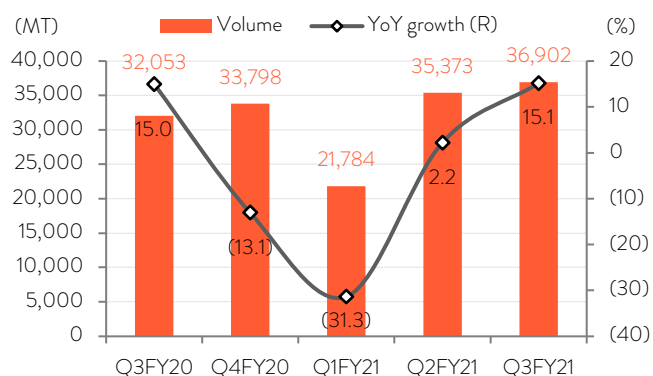
Source: Company, BOBCAPS Research

FIG 4 – CONSOLIDATED REVENUE MIX



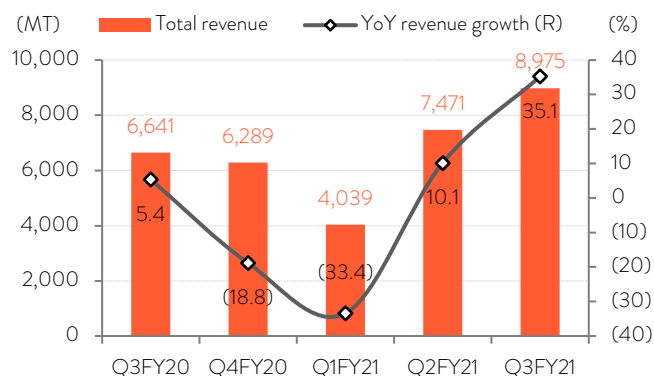
Source: Company, BOBCAPS Research

FIG 5 – PIPING VOLUME GROWTH



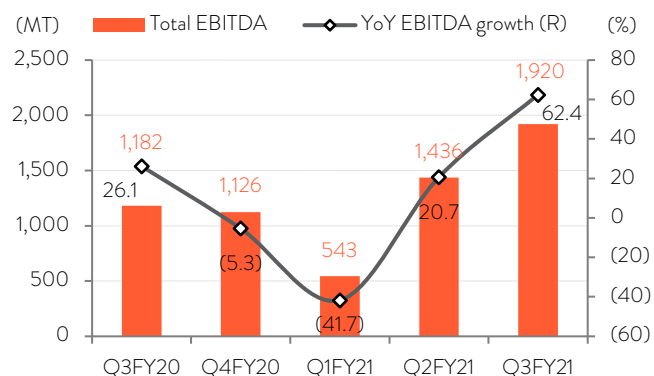
Source: Company, BOBCAPS Research

FIG 6 – CONSOLIDATED REVENUE GROWTH



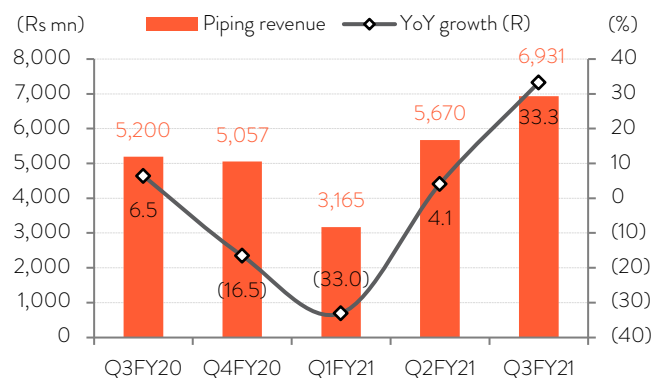
Source: Company, BOBCAPS Research

FIG 7 – CONSOLIDATED EBITDA GROWTH



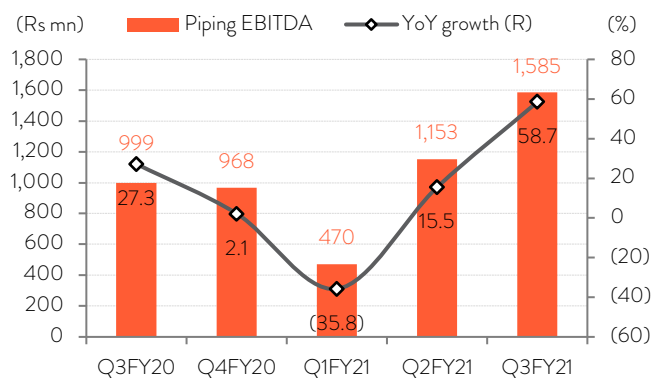
Source: Company, BOBCAPS Research

FIG 8 – STANDALONE PIPING REVENUE GROWTH



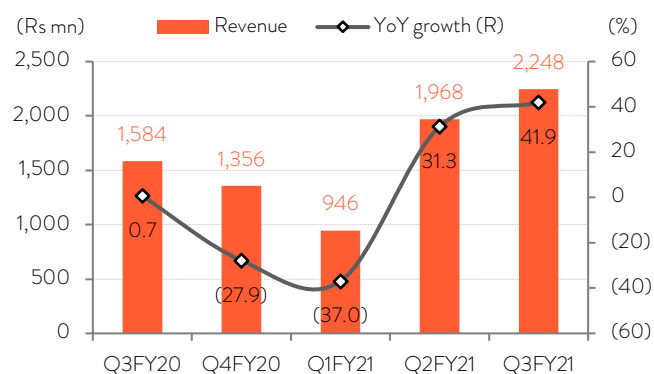
Source: Company, BOBCAPS Research

FIG 9 – STANDALONE PIPING EBITDA GROWTH



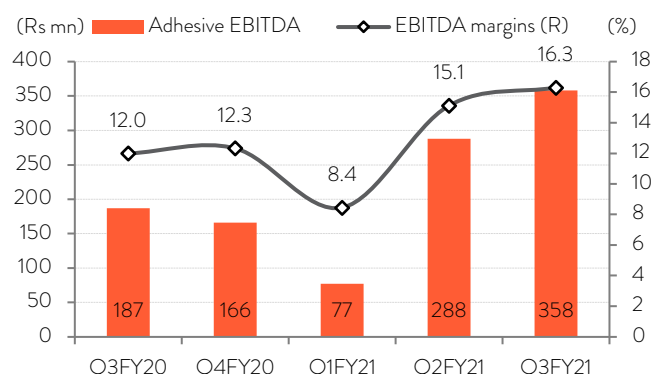
Source: Company, BOBCAPS Research

FIG 10 – STANDALONE ADHESIVES REVENUE GROWTH



Source: Company, BOBCAPS Research

FIG 11 – STANDALONE ADHESIVES EBITDA MARGIN



Source: Company, BOBCAPS Research

Earnings call highlights

- ASTRA saw good demand for pipes during the quarter. Q4FY21 is also looking strong with cumulative topline growth of 30-35% YoY in January. Demand from metros started to come in during Q3 and should increase further.
- Management is looking to grow profitability faster than revenues.
- New product launches in both the pipe and adhesive segments are on the anvil for next quarter.
- ASTRA expects the new pipe facility in Odisha to become operational by Q2FY22. With this, the company will save significantly on transportation cost, raising its competitiveness in India's eastern markets.
- The company acquired the water tank business of Shree Prabhu Petrochemicals at a consideration of Rs 510mn in Nov'20, funded via internal accruals. Management believes this business is complementary to the pipe segment and expects strong growth ahead.
- The water tank business could have sustainable margins of 14-15% once it reaches scale.
- The company is net-debt free and has surplus cash of Rs 1.17bn as of 31 Dec 2020.
- A bonus issue of 1 share for every 3 held has been announced.
- The company plans to change its name from Astral Poly Technik to Astral Ltd.

Piping segment

- Rising PVC prices led to some inventory gains during Q3, albeit limited given that a bulk of revenues come from the CPVC segment.
- A majority of PVC resin procurement is from Reliance Industries.
- Management believes this business can have sustainable volume growth of ~15% over the next few years.
- Operating margins are sustainable at 15-16% but may be higher in the near term due to rising PVC prices.

Adhesive segment

- Channel correction in FY20 is now reaping results and the company expects adhesives to continue seeing robust growth.
- This business is guided to grow at least 20-25% for the next few years.
- Margins here should improve as operations scale up.
- The company plans to launch some new products in coming months.

Valuation methodology

ASTRA is among the leading players in India’s CPVC/PVC plumbing pipe market. The company has a wide-ranging product portfolio, robust brand name and large distribution reach that will enable it to benefit from gradual formalisation of the market post GST and e-way bill implementation. Its recent foray into adhesives further boosts growth prospects.

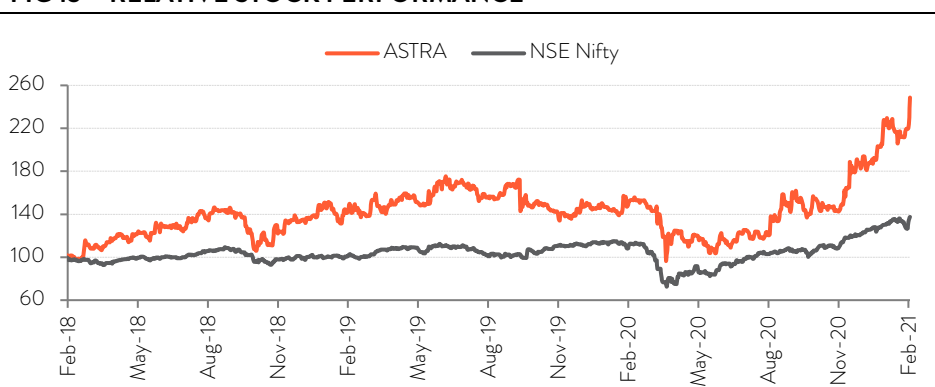
In light of the strong profitability in Q3FY21, we increase FY21-FY23 EBITDA estimates by 6-15% and PAT estimates by 6-18%. We now value the stock at 45x (earlier 42x) one-year forward P/E and roll forward to a revised Mar’22 target price of Rs 1,435 (earlier Rs 1,180). Though we like ASTRA for its strong balance sheet and comprehensive product portfolio, we believe current valuations at 61.1x FY23E P/E are rich post the recent rally and hence downgrade the stock from REDUCE to SELL.

FIG 12 – REVISED ESTIMATES

(Rs mn) Particulars	Old			New			Change (%)		
	FY21E	FY22E	FY23E	FY21E	FY22E	FY23E	FY21E	FY22E	FY23E
Revenue	27,829	33,729	39,545	30,220	34,263	40,616	8.6	1.6	2.7
EBITDA	4,742	5,842	6,972	5,471	6,168	7,412	15.4	5.6	6.3
PAT	2,793	3,647	4,439	3,297	3,862	4,792	18.0	5.9	7.9

Source: BOBCAPS Research

FIG 13 – RELATIVE STOCK PERFORMANCE



Source: NSE

Key risks

Key upside risks to our estimates are:

- above-expected growth in the housing market, and
- lower raw material prices, leading to better profitability.

FINANCIALS

Income Statement

Y/E 31 Mar (Rs mn)	FY19A	FY20A	FY21E	FY22E	FY23E
Total revenue	25,073	25,779	30,220	34,263	40,616
EBITDA	3,853	4,441	5,471	6,168	7,412
Depreciation	(814)	(1,079)	(1,168)	(1,274)	(1,381)
EBIT	3,039	3,362	4,304	4,894	6,031
Net interest income/(expenses)	(320)	(394)	(130)	(48)	(15)
Other income/(expenses)	97	115	176	215	258
EBT	2,816	3,083	4,349	5,061	6,275
Income taxes	(808)	(568)	(1,022)	(1,164)	(1,443)
Extraordinary items	(34)	(19)	0	0	0
Min. int./Inc. from associates	(15)	(17)	(30)	(35)	(40)
Reported net profit	1,958	2,479	3,297	3,862	4,792
Adjustments	34	19	0	0	0
Adjusted net profit	1,992	2,498	3,297	3,862	4,792

Balance Sheet

Y/E 31 Mar (Rs mn)	FY19A	FY20A	FY21E	FY22E	FY23E
Accounts payables	3,897	4,754	4,802	5,445	6,454
Other current liabilities	758	563	745	845	1,001
Provisions	124	92	91	103	122
Debt funds	2,753	1,856	750	200	100
Equity capital	120	151	151	151	151
Reserves & surplus	12,657	14,878	16,579	18,572	21,045
Shareholders' fund	12,777	15,029	16,730	18,723	21,195
Total liabilities and equities	20,459	22,462	23,316	25,548	29,146
Cash and cash eq.	981	1,301	979	1,723	3,217
Accounts receivables	3,391	2,278	3,560	4,036	4,785
Inventories	3,958	5,404	5,050	5,726	6,788
Other current assets	798	913	828	939	1,113
Investments	2	2	2	2	2
Net fixed assets	10,634	12,194	12,526	12,752	12,872
CWIP	808	444	444	444	444
Intangible assets	421	355	355	355	355
Deferred tax assets, net	(533)	(429)	(429)	(429)	(429)
Total assets	20,459	22,462	23,316	25,548	29,146

Source: Company, BOBCAPS Research

Cash Flows

Y/E 31 Mar (Rs mn)	FY19A	FY20A	FY21E	FY22E	FY23E
Net income + Depreciation	2,772	3,558	4,465	5,136	6,172
Interest expenses	320	394	130	48	15
Changes in working capital	(421)	181	(615)	(508)	(799)
Cash flow from operations	2,671	4,133	3,980	4,675	5,388
Capital expenditures	(3,438)	(2,085)	(1,500)	(1,500)	(1,500)
Change in investments	(2)	(1)	0	0	0
Cash flow from investing	(3,440)	(2,085)	(1,500)	(1,500)	(1,500)
Equities issued/Others	25	0	0	0	0
Debt raised/repaid	862	(897)	(1,106)	(550)	(100)
Interest expenses	(320)	(394)	(130)	(48)	(15)
Dividends paid	(188)	(240)	(1,596)	(1,869)	(2,319)
Other financing cash flows	935	(198)	30	35	40
Cash flow from financing	1,314	(1,729)	(2,802)	(2,432)	(2,394)
Changes in cash and cash eq.	545	320	(322)	744	1,494
Closing cash and cash eq.	981	1,301	979	1,723	3,217

Per Share

Y/E 31 Mar (Rs)	FY19A	FY20A	FY21E	FY22E	FY23E
Reported EPS	13.0	16.5	21.9	25.6	31.8
Adjusted EPS	13.2	16.6	21.9	25.6	31.8
Dividend per share	1.0	1.0	8.8	10.3	12.7
Book value per share	84.8	99.8	111.0	124.3	140.7

Valuations Ratios

Y/E 31 Mar (x)	FY19A	FY20A	FY21E	FY22E	FY23E
EV/Sales	11.8	11.4	9.7	8.6	7.2
EV/EBITDA	76.5	66.3	53.8	47.5	39.4
Adjusted P/E	147.1	117.3	88.9	75.9	61.1
P/BV	22.9	19.5	17.5	15.6	13.8

DuPont Analysis

Y/E 31 Mar (%)	FY19A	FY20A	FY21E	FY22E	FY23E
Tax burden (Net profit/PBT)	70.7	81.0	75.8	76.3	76.4
Interest burden (PBT/EBIT)	92.7	91.7	101.1	103.4	104.0
EBIT margin (EBIT/Revenue)	12.1	13.0	14.2	14.3	14.8
Asset turnover (Revenue/Avg TA)	136.0	120.1	132.0	140.2	148.5
Leverage (Avg TA/Avg Equity)	1.6	1.5	1.4	1.4	1.4
Adjusted ROAE	17.4	18.0	20.8	21.8	24.0

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

Ratio Analysis

Y/E 31 Mar	FY19A	FY20A	FY21E	FY22E	FY23E
YoY growth (%)					
Revenue	19.1	2.8	17.2	13.4	18.5
EBITDA	21.6	15.3	23.2	12.7	20.2
Adjusted EPS	17.4	25.4	32.0	17.1	24.1
Profitability & Return ratios (%)					
EBITDA margin	15.4	17.2	18.1	18.0	18.2
EBIT margin	12.1	13.0	14.2	14.3	14.8
Adjusted profit margin	7.9	9.7	10.9	11.3	11.8
Adjusted ROAE	17.4	18.0	20.8	21.8	24.0
ROCE	15.5	16.8	19.0	20.5	22.8
Working capital days (days)					
Receivables	47	40	35	40	40
Inventory	83	107	99	90	88
Payables	64	74	70	67	65
Ratios (x)					
Gross asset turnover	2.2	1.8	1.9	1.9	2.1
Current ratio	1.5	1.6	1.7	1.9	2.1
Net interest coverage ratio	9.5	8.5	33.0	103.0	402.1
Adjusted debt/equity	0.1	0.0	0.0	(0.1)	(0.1)

Source: Company, BOBCAPS Research

Disclaimer

Recommendations and Absolute returns (%) over 12 months

BUY – Expected return >+15%

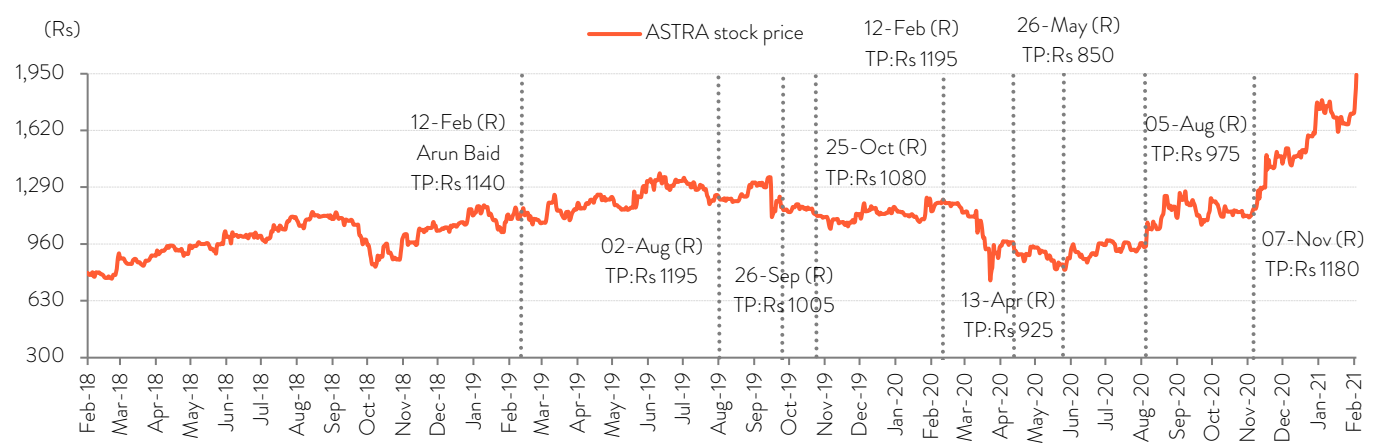
ADD – Expected return from >+5% to +15%

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): ASTRAL POLY TECHNIK (ASTRA IN)



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

Rating distribution

As of 31 January 2021, out of 88 rated stocks in the BOB Capital Markets Limited (BOBCAPS) coverage universe, 41 have BUY ratings, 13 have ADD ratings, 6 are rated REDUCE and 28 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 2025. 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.