BOBCAPS
TRUST | INNOVATION | EXCELLENCE

FIRST LIGHT

30 October 2020

RESEARCH

Maruti Suzuki | Target: Rs 6,500 | –9% | SELL

Q2 along expected lines; upside limited – downgrade to SELL

Hero MotoCorp | Target: Rs 2,700 | –8% | SELL

Optimism priced in – downgrade to SELL

InterGlobe Aviation | Target: Rs 1,750 | +31% | BUY

Weak Q2 as expected; macro uptick to support growth

PI Industries | Target: Rs 2,500 | +16% | BUY

Q2 beat; management retains healthy CSM outlook

TVS Motor | Target: Rs 315 | –25% | SELL

Valuations rich; maintain SELL

SUMMARY

Maruti Suzuki

Maruti (MSIL) reported in-line Q2FY21 earnings of Rs 13.7bn. Revenue missed estimates but above-expected operating efficiency brought earnings back in line. MSIL derives >40% of revenue from rural India. With strong farm sector growth and planned relaunch of diesel variants in H2FY21, we expect a monthly sales run-rate of ~150,000 vehicles in FY22. We estimate a revenue/PAT CAGR of 12%/13% over FY20-FY23 and retain our Sep'21 TP of Rs 6,500 (26x Sep'22E EPS). Post the recent rally, we downgrade the stock to SELL (vs. ADD).

Click here for the full report.

TOP PICKS

LARGE-CAP IDEAS

Company	Rating	Target
Cipla	Buy	850
GAIL	Buy	155
Petronet LNG	Buy	310
TCS	Buy	3,180
Tech Mahindra	Buy	980

MID-CAP IDEAS

Company	Rating	Target
Alkem Labs	Buy	3,600
Greenply Industries	Buy	135
Laurus Labs	Buy	1,200
Transport Corp	Buy	270
Mahanagar Gas	Sell	750

Source: BOBCAPS Research

DAILY MACRO INDICATORS

Indicator	Current	2D (%)	1M (%)	12M (%)
US 10Y yield (%)	0.77	0bps	12bps	(100bps)
India 10Y yield (%)	5.86	1bps	(18bps)	(64bps)
USD/INR	73.87	(0.2)	(0.4)	(4.2)
Brent Crude (US$/bbl)	39.12	(5.0)	(6.7)	(35.5)
Dow	26,520	(3.4)	(2.4)	(2.5)
Shanghai	3,269	0.5	1.5	11.2
Sensex	39,922	(1.5)	6.8	(0.3)
India FII (US$ mn)	**27 Oct**	**MTD**	**CYTD**	**FYTD**
FII-D	(139.2)	472.0	(14,207.8)	(4,448.3)
FII-E	486.7	2,814.7	6,854.7	13,457.7

Source: Bank of Baroda Economics Research

BOBCAPS Research
research@bobcaps.in

Hero MotoCorp

Hero MotoCorp's (HMCL) Q2FY21 operating performance beat estimates due to above-expected ASP. Gross margin declined (despite a steep price hike) but lower other expenses took EBITDA margin to 13.7% (12.7% est.). Our 2W channel checks suggest a flattish festive season ahead. The Harley Davidson licensing agreement is not revenue sharing yet. We continue to model for a 9% earnings CAGR over FY20-FY23 and retain our TP of Rs 2,700, but move to SELL (from REDUCE) as valuations look full at 17.3x FY22E EPS.

Click here for the full report.

InterGlobe Aviation

InterGlobe Aviation's (IndiGo) Q2FY21 RASK was in line at Rs 3.1. EBITDA stood at Rs 2.1bn but higher interest and depreciation led to a net loss of Rs 12bn. We believe the company is poised for strong growth given market leadership (>55% share), ready capacity, a sound balance sheet and firmer footing vis-à-vis peers. Easing of Covid lockdowns, benign crude and a stable INR will aid profitability. We cut fleet addition estimates based on guidance, which lowers revenue but improves margins (as fixed costs ease). Maintain BUY; TP Rs 1,750.

Click here for the full report.

PI Industries

PI Industries (PI) reported a good Q2 beat. Revenue/EBITDA grew 28%/46% YoY, ahead of our estimates by 7%/13%. Domestic sales/exports rose 33%/25% YoY. Isagro led the strong domestic sales. EBITDA margin hit a historical high of 24% (+2ppt QoQ) led by gross margin expansion from a better CSM mix (69% vs. 58% of Q1 sales) and operating leverage. Management retained FY21 guidance of >20% sales growth and long-term margins of 23%. We raise FY22-FY23 EPS by 3% each and retain BUY with a new Sep'21 TP of Rs 2,500 (vs. Rs 2,450).

Click here for the full report.

TVS Motor

TVS Motor's (TVSL) Q2FY21 revenue was marginally better than estimated due to above-expected ASP. PAT came in at Rs 1.9bn vs. Rs 1.5bn forecast. Strong rural growth is expected to boost moped and motorcycle sales, while our channel checks suggest 3W sales have been badly hit and recovery may take longer than expected. We continue to bake in a volume CAGR of 2% during FY20-FY23, leading to a revenue/EBITDA/PAT CAGR of 5%/6%/5%. Maintain SELL with an unchanged Sep'21 TP of Rs 315, based on 24x P/E.

Click here for the full report.

SELL
TP: Rs 6,500 | ∀ 9%

MARUTI SUZUKI | Automobiles | 29 October 2020

Q2 along expected lines; upside limited – downgrade to SELL

Maruti (MSIL) reported in-line Q2FY21 earnings of Rs 13.7bn. Revenue missed estimates but above-expected operating efficiency brought earnings back in line. MSIL derives >40% of revenue from rural India. With strong farm sector growth and planned relaunch of diesel variants in H2FY21, we expect a monthly sales run-rate of ~150,000 vehicles in FY22. We estimate a revenue/PAT CAGR of 12%/13% over FY20-FY23 and retain our Sep'21 TP of Rs 6,500 (26x Sep'22E EPS). Post the recent rally, we downgrade the stock to SELL (vs. ADD).

Mayur Milak | Nishant Chowhan, CFA
research@bobcaps.in

In-line performance: At Rs 187.4bn (+10% YoY), MSIL's revenue was ~6% lower than our estimate, affected by softer ASP due to an adverse product mix. EBITDA margin at 10.3% was marginally better than projected, leading to in-line EBITDA growth of 20% YoY to Rs 19.3bn. Adj. PAT for Q2 grew 1% YoY to Rs 13.7bn, meeting our expectations.

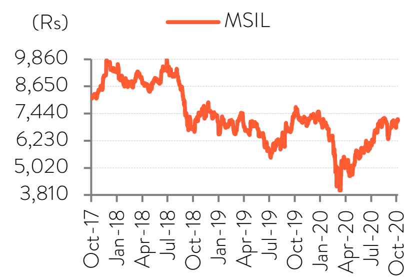
Key beneficiary of strong rural growth: Our interactions with various agri-marketplaces ('mandis') in Rajasthan, adjoining Neemuch (Madhya Pradesh), and Uttar Pradesh suggest robust growth (>2x) in annual agricultural produce led by higher cultivation. Since >40% of MSIL's domestic revenue comes from rural India, we believe it will be a direct beneficiary of this strong growth.

Valuations full; cut to SELL: With a likely rise in preference for personal mobility, rural pickup and relaunch of diesel variants in H2FY21, we believe MSIL could retrace to a monthly run-rate of ~150,000 vehicle sales in FY22. We thus model for a volume CAGR of ~8% during FY20-FY23. ROCE/ROE are forecast to improve to 13.2%/13.8% in FY23. But after the recent 14% rally in stock price since last 1 month, we find valuations expensive at 30x FY22E EPS – downgrade to SELL from ADD. We continue to value MSIL at 26x one-year forward EPS for a Sep'21 TP of Rs 6,500.

Ticker/Price	MSIL IN/Rs 7,118
Market cap	US$ 28.9bn
Shares o/s	302mn
3M ADV	US$ 109.2mn
52wk high/low	Rs 7,754/Rs 4,001
Promoter/FPI/DII	56%/21%/17%

Source: NSE

STOCK PERFORMANCE



Source: NSE

KEY FINANCIALS

Y/E 31 Mar	FY19A	FY20A	FY21E	FY22E	FY23E
Total revenue (Rs mn)	860,203	756,106	680,030	945,676	1,046,863
EBITDA (Rs mn)	109,993	73,026	61,502	98,882	111,649
Adj. net profit (Rs mn)	91,700	56,506	42,008	71,058	81,533
Adj. EPS (Rs)	193.0	187.1	139.1	235.2	269.9
Adj. EPS growth (%)	(8.9)	(3.1)	(25.7)	69.2	14.7
Adj. ROAE (%)	13.3	11.9	8.5	13.4	14.0
Adj. P/E (x)	36.9	38.1	51.2	30.3	26.4
EV/EBITDA (x)	19.5	29.3	34.8	21.7	19.2

Source: Company, BOBCAPS Research

SELL
TP: Rs 2,700 | ⮟ 8%

HERO MOTOCORP | Automobiles | 29 October 2020

Optimism priced in – downgrade to SELL

Mayur Milak | Nishant Chowhan, CFA
research@bobcaps.in

Hero MotoCorp's (HMCL) Q2FY21 operating performance beat estimates due to above-expected ASP. Gross margin declined (despite a steep price hike) but lower other expenses took EBITDA margin to 13.7% (12.7% est.). Our 2W channel checks suggest a flattish festive season ahead. The Harley Davidson licensing agreement is not revenue sharing yet. We continue to model for a 9% earnings CAGR over FY20-FY23 and retain our TP of Rs 2,700, but move to SELL (from REDUCE) as valuations look full at 17.3x FY22E EPS.

Better ASPs drive operating performance beat: Q2 revenue at Rs 93.7bn (+24% YoY) came in ahead of our estimate of Rs 86.4bn, driven by a strong 15% YoY jump in ASP while volumes for the quarter grew 7% YoY. Despite below-expected gross margins, better operating efficiencies led to a 100bps beat on EBITDA margin to 13.7%. Adj. PAT inched up 2% YoY to Rs 9.5bn, which was 22% ahead of our projection.

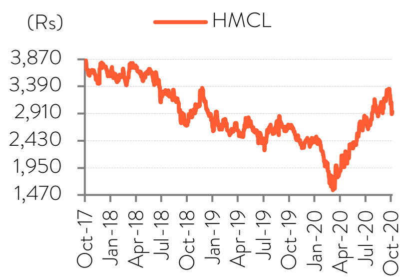
Remain cautious on near-term demand: HMCL currently has 40-44 days of 2W inventory. Our channel checks with dealers suggest that 2W festive sales in the domestic market would remain flattish YoY at best. With inventories at regular levels, sustainability of production will now depend on a pickup in retail sales. We remain cautious on demand in view of the current economic climate.

Downgrade to SELL: We expect HMCL to clock a revenue/EBITDA/PAT CAGR of 10%/9%/9% during FY20-FY23. Management indicated that the licensing agreement with Harley Davidson is not a revenue-sharing arrangement at present. We believe most optimism is priced in at current valuations of 17.3x FY22E EPS and downgrade our rating to SELL. Our Sep'21 TP of Rs 2,700 values the stock at an unchanged 15x one-year forward EPS.

Ticker/Price	HMCL IN/Rs 2,946
Market cap	US$ 8.0bn
Shares o/s	200mn
3M ADV	US$ 68.2mn
52wk high/low	Rs 3,395/Rs 1,475
Promoter/FPI/DII	35%/32%/19%

Source: NSE

STOCK PERFORMANCE



Source: NSE

KEY FINANCIALS

Y/E 31 Mar	FY19A	FY20A	FY21E	FY22E	FY23E
Total revenue (Rs mn)	336,505	288,361	278,835	343,981	378,930
EBITDA (Rs mn)	49,301	39,580	32,605	45,858	50,953
Adj. net profit (Rs mn)	33,849	29,559	22,120	33,543	38,073
Adj. EPS (Rs)	169.5	148.0	110.8	168.0	190.7
Adj. EPS growth (%)	(8.5)	(12.7)	(25.2)	51.6	13.5
Adj. ROAE (%)	26.3	20.9	14.4	19.6	19.7
Adj. P/E (x)	17.4	19.9	26.6	17.5	15.5
EV/EBITDA (x)	11.9	14.8	18.0	12.8	11.6

Source: Company, BOBCAPS Research

BUY
TP: Rs 1,750 | ⮝ 31%

INTERGLOBE AVIATION | Airlines | 29 October 2020

Weak Q2 as expected; macro uptick to support growth

InterGlobe Aviation's (IndiGo) Q2FY21 RASK was in line at Rs 3.1. EBITDA stood at Rs 2.1bn but higher interest and depreciation led to a net loss of Rs 12bn. We believe the company is poised for strong growth given market leadership (>55% share), ready capacity, a sound balance sheet and firmer footing vis-à-vis peers. Easing of Covid lockdowns, benign crude and a stable INR will aid profitability. We cut fleet addition estimates based on guidance, which lowers revenue but improves margins (as fixed costs ease). Maintain BUY; TP Rs 1,750.

Mayur Milak | Nishant Chowhan, CFA
research@bobcaps.in

Weak Q2: Revenue plunged 66% YoY to Rs 27.4bn in Q2 but RASK was in line with our estimate at Rs 3.1 (excluding other income). The company reported EBITDA of Rs 2.1bn led by the sharp decline in fuel costs and a reduction in staff expenses. Lower other income and higher interest and depreciation costs induced an adjusted net loss of Rs 12bn, translating to negative EPS of Rs 31 for the quarter.

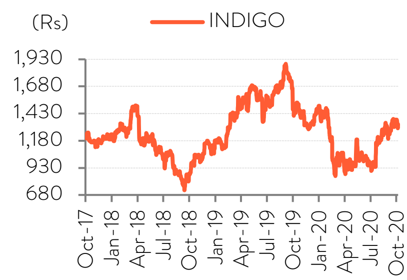
Favourable macroeconomic conditions to boost position: Benign crude prices along with a stable INR, vulnerability of most of its peers (negative net worth and massive cash burn), a strong balance sheet, and cost-benefit advantage over the railways are some of the key factors that put IndiGo in a sweet spot for growth over the next three years.

Maintain BUY: Management intends to add ~80 aircraft to its fleet over FY20-FY23 vs. 117 expected earlier. We thus cut our revenue estimates by ~15% for FY21 and ~8% each for FY22 and FY23. However, due to lower capacity utilisation and the high fixed-cost nature of business, the reduction in fleet size turns beneficial for IndiGo by way of improving its operating margins – our EPS estimates thus remain largely intact. We maintain our Sep'21 TP at Rs 1,750 and continue to value the stock at 9x Sep'22E adj. EV/EBITDAR.

Ticker/Price	INDIGO IN/Rs 1,331
Market cap	US$ 6.9bn
Shares o/s	385mn
3M ADV	US$ 42.9mn
52wk high/low	Rs 1,542/Rs 771
Promoter/FPI/DII	75%/15%/7%

Source: NSE

STOCK PERFORMANCE



Source: NSE

KEY FINANCIALS

Y/E 31 Mar	FY19A	FY20A	FY21E	FY22E	FY23E
Total revenue (Rs mn)	284,968	357,560	239,237	390,358	487,167
EBITDA (Rs mn)	(5,354)	40,382	7,507	54,552	74,335
Adj. net profit (Rs mn)	(2,283)	(2,482)	(36,973)	9,014	26,630
Adj. EPS (Rs)	(5.9)	(6.4)	(96.1)	23.4	69.2
Adj. EPS growth (%)	NA	NA	NA	NA	195.4
Adj. ROAE (%)	(3.3)	(4.2)	(170.8)	39.2	70.0
Adj. P/E (x)	(224.1)	(206.4)	(13.9)	56.8	19.2
EV/EBITDA (x)	(84.0)	10.6	55.7	8.5	6.5

Source: Company, BOBCAPS Research

BOBCAPS
TRUST | INNOVATION | EXCELLENCE

BUY
TP: Rs 2,500 | ⮝ 16%

PI INDUSTRIES | Agrochemicals | 29 October 2020

Q2 beat; management retains healthy CSM outlook

PI Industries (PI) reported a good Q2 beat. Revenue/EBITDA grew 28%/46% YoY, ahead of our estimates by 7%/13%. Domestic sales/exports rose 33%/25% YoY. Isagro led the strong domestic sales. EBITDA margin hit a historical high of 24% (+2ppt QoQ) led by gross margin expansion from a better CSM mix (69% vs. 58% of Q1 sales) and operating leverage. Management retained FY21 guidance of >20% sales growth and long-term margins of 23%. We raise FY22-FY23 EPS by 3% each and retain BUY with a new Sep'21 TP of Rs 2,500 (vs. Rs 2,450).

Vivek Kumar
research@bobcaps.in

Good beat across businesses: Q2 sales grew 28% YoY (18% ex-Isagro). Domestic sales ex-Isagro were subdued YoY as heavy showers in the north and east impacted pre-emergent herbicide sales. PI launched two products in Q2: Londax Power (insecticide) and Shield (fungicide). Given a good rabi crop outlook, PI expects high growth from its wheat herbicide Akira. In CSM, better capacity planning and higher momentum in shipments led to 25% YoY growth.

CSM outlook stays strong: The CSM order book was steady at US$ 1.5bn. PI expects good volume scale-up for products launched in the last 1-2 years and sees scope to grow >20% at least on current capacity in the next 4-6 quarters.

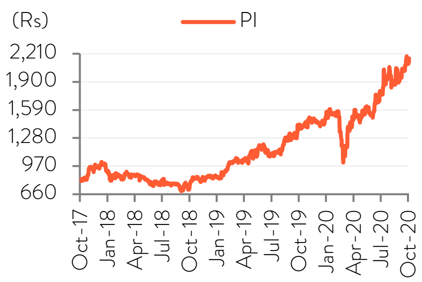
Retain BUY: Given strong execution and CSM's estimated contribution of >85% of FY23 EBITDA (~78% now), we expect a stock rerating. ROCE-focused M&A for high-chemistry capability in specialty/pharma CSM should gain pace. We expect >20% EPS CAGR in the next two years and >30% ROIC.

Earnings call takeaways: (1) Detailed evaluation of M&A targets underway; to deploy QIP money in 5-6 quarters. (2) FY21 domestic/export growth guidance at >20% each; capex Rs 6bn. (3) Isagro Q2 sales: Rs 900mn (Rs 1.9bn in H1).

Ticker/Price	PI IN/Rs 2,158
Market cap	US$ 4.4bn
Shares o/s	152mn
3M ADV	US$ 8.4mn
52wk high/low	Rs 2,225/Rs 1,370
Promoter/FPI/DII	47%/12%/18%

Source: NSE

STOCK PERFORMANCE



Source: NSE

KEY FINANCIALS

Y/E 31 Mar	FY19A	FY20A	FY21E	FY22E	FY23E
Total revenue (Rs mn)	28,409	33,075	42,081	51,879	60,473
EBITDA (Rs mn)	5,764	7,150	10,046	12,410	14,769
Adj. net profit (Rs mn)	4,102	4,537	7,533	9,375	10,784
Adj. EPS (Rs)	27.1	29.9	49.7	61.8	71.1
Adj. EPS growth (%)	11.6	10.6	66.0	24.5	15.0
Adj. ROAE (%)	19.7	18.6	19.1	16.5	16.5
Adj. P/E (x)	79.8	72.1	43.4	34.9	30.3
EV/EBITDA (x)	56.3	45.4	32.3	25.3	20.7

Source: Company, BOBCAPS Research

RESULT REVIEW

SELL
TP: Rs 315 | ⋎ 25%

TVS MOTOR | Automobiles | 29 October 2020

Valuations rich; maintain SELL

TVS Motor's (TVSL) Q2FY21 revenue was marginally better than estimated due to above-expected ASP. PAT came in at Rs 1.9bn vs. Rs 1.5bn forecast. Strong rural growth is expected to boost moped and motorcycle sales, while our channel checks suggest 3W sales have been badly hit and recovery may take longer than expected. We continue to bake in a volume CAGR of 2% during FY20-FY23, leading to a revenue/EBITDA/PAT CAGR of 5%/6%/5%. Maintain SELL with an unchanged Sep'21 TP of Rs 315, based on 24x P/E.

Mayur Milak | Nishant Chowhan, CFA
research@bobcaps.in

Beat on margins: Q2 revenue grew 6% YoY to Rs 46bn as ASPs increased 8% led by BSVI upgrades while volumes dipped 2%. Despite raw material cost pressures, better operating efficiency supported an EBITDA margin beat (9.3% vs. 7.8% est.). EBITDA increased 13% YoY to Rs 4.3bn while adj. PAT was up 10% YoY to Rs 1.9bn (Rs 1.5bn est.).

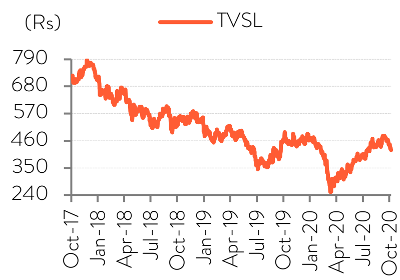
Inventory piling up; scooter and 3W sales struggling: Strong rural growth is expected to boost moped and motorcycle sales. Our channel checks suggest that besides CVs, sales in the 3W segment have been the most affected by the Covid-19 crisis and recovery may take longer than expected. Dealer inventories now stand at ~45 days. Scooters, being more of an urban product, also continue to witness slowdown. We expect a volume CAGR of 2% in TVSL's 2W segment and flattish growth in 3W sales during FY20-FY23.

Valuations expensive: ROCE is forecast to reduce from 13% to 12% and ROE to dip from 17% to ~14% over FY20-FY23. At CMP, the stock is trading at 29x FY23E EPS (34x FY22E) which looks rich. Our TP remains unchanged at Rs 315 and is based on 24x Sep'22E EPS; maintain SELL.

Ticker/Price	TVSL IN/Rs 422
Market cap	US$ 2.7bn
Shares o/s	475mn
3M ADV	US$ 17.9mn
52wk high/low	Rs 504/Rs 240
Promoter/FPI/DII	57%/11%/22%

Source: NSE

STOCK PERFORMANCE



Source: NSE

KEY FINANCIALS

Y/E 31 Mar	FY19A	FY20A	FY21E	FY22E	FY23E
Total revenue (Rs mn)	182,099	164,233	148,286	173,072	190,182
EBITDA (Rs mn)	14,332	13,459	10,511	14,597	16,127
Adj. net profit (Rs mn)	6,701	6,246	3,178	5,882	6,844
Adj. EPS (Rs)	14.1	12.5	6.7	12.4	14.4
Adj. EPS growth (%)	3.9	(11.8)	(46.3)	85.1	16.4
Adj. ROAE (%)	20.0	17.3	8.2	13.8	14.4
Adj. P/E (x)	29.9	33.9	63.1	34.1	29.3
EV/EBITDA (x)	14.1	15.0	18.8	13.5	12.4

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)

Rating distribution

As of 30 September 2020, out of 104 rated stocks in the BOB Capital Markets Limited (BOBCAPS) coverage universe, 54 have BUY ratings, 18 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

Each of the analysts mentioned in this research report certify, with respect to the sections of the report for which they are responsible, that (1) all of the views expressed in this 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.

Important disclosures

This product is a compilation of previously published research notes. To view the complete report along with the associated Analyst certifications and Company-specific disclosures, please click on the hyperlink accompanying each excerpt.

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.

Other disclosures

BOBCAPS does not have any financial interest in the subject company. BOBCAPS does 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.

BOBCAPS is not engaged in any market making activities for 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.