

ADD
TP: Rs 195 | ▲ 7%

**MANAPPURAM
FINANCE**

| NBFC

| 29 July 2020

MFI and vehicle finance to see incremental stress – cut to ADD

Manappuram Finance’s (MGFL) gold AUM surged 33% YoY to Rs 177bn in Q1FY21. Despite buoyant gold prices, MGFL prudently maintained LTV at 57% on the gold book. Lower opex fuelled 54% YoY growth in operating profit to Rs 5.4bn. PAT increased 68% YoY to Rs 3.7bn aided by low credit cost of ~30bps. We decrease FY21-FY22 earnings by 3-6% and roll over to a Jun’21 TP of Rs 195 (vs. Rs 150). Downgrade from BUY to ADD given incremental asset quality pressure in the MFI and vehicle financing businesses.

Shubhramshu Mishra
research@bobcaps.in

Better productivity fuels AUM growth: At Rs 177bn, MGFL’s gold loan AUM increased 33% YoY in Q1FY21, continuing its growth streak for the tenth consecutive quarter. This was aided by 28% YoY growth in AUM per branch to Rs 50mn. MGFL prudently maintained 57% LTV on its gold portfolio.

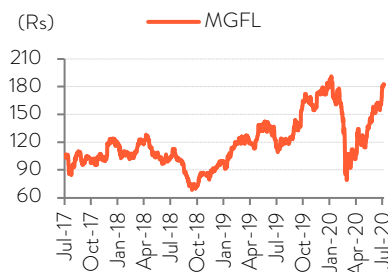
Ticker/Price	MGFL IN/Rs 182
Market cap	US\$ 2.1bn
Shares o/s	845mn
3M ADV	US\$ 21.6mn
52wk high/low	Rs 195/Rs 74
Promoter/FPI/DII	35%/38%/10%

Source: NSE

Cost control bolsters operating profit: Spreads (calc.) on gold finance decreased 20bps YoY to 18.6%, driven by yield compression of 70bps YoY to 28.2%. Opex decline of 15% YoY to Rs 2.5bn resulted in a lower expense ratio of 5.7% (-320bps YoY). Thus, operating profit grew 54% YoY to Rs 5.4bn.

STOCK PERFORMANCE

Credit costs to spike; MFI performance faces Covid-19 overhang: Credit costs were contained at ~30bps of AUM in Q1, resulting in 68% YoY growth in PAT to Rs 3.7bn. Asirvad MFI AUM grew 20% YoY to Rs 50bn due to back-ended disbursements. Management indicated that the MFI business would see a spike in delinquencies post-lockdown as ~10% of its collection centres are not operational. Collections will take 4-6 months to scale up and hence management has taken Rs 750mn of Covid-19 provisions in Q1. At ~27% capital adequacy, the MFI business remains well capitalised to absorb any increased provisioning from event risks.



KEY FINANCIALS

Y/E 31 Mar	FY19A	FY20P	FY21E	FY22E	FY23E
Net interest income	23,525	28,340	30,160	32,813	36,831
NII growth (%)	12.3	20.5	6.4	8.8	12.2
Adj. net profit (Rs mn)	7,884	12,242	12,752	14,054	16,215
EPS (Rs)	9.4	14.6	15.1	16.6	19.2
P/E (x)	19.4	12.5	12.1	10.9	9.5
P/BV (x)	3.5	2.9	2.5	2.1	1.8
ROA (%)	4.9	5.9	5.1	5.1	5.4
ROE (%)	19.3	25.2	22.0	20.9	20.8

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)	Q1FY21	Q1FY20	YoY (%)	Q4FY20	QoQ (%)
Interest Income	12,028	9,356	28.6	11,631	3.4
Interest expenses	4,326	3,039	42.4	3,918	10.4
Net Interest Income	7,702	6,317	21.9	7,713	(0.1)
Other Operating Income	231	149	55.2	280	(17.5)
Total Income	7,933	6,466	22.7	7,993	(0.7)
Operating Expenses	2,484	2,927	(15.2)	3,016	(17.7)
Operating Profit	5,449	3,539	54.0	4,977	9.5
Provisions and Cont.	501	186	169.6	370	35.4
Profit before Tax	4,949	3,353	47.6	4,607	7.4
Tax Provisions	1,257	1,150	9.3	1,210	4.0
Net Profit	3,691	2,203	67.5	3,397	8.6

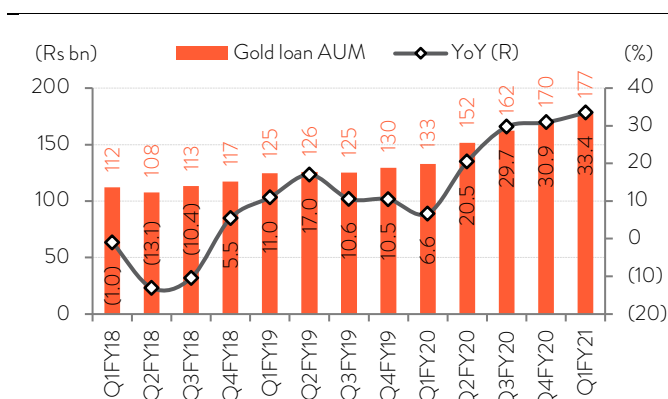
Source: Company, BOBCAPS Research

FIG 2 – ACTUAL VS. ESTIMATES

(Rs mn)	Q1FY21E	Q1FY21A	Variation (%)
Interest Income	11,812	12,028	1.8
Interest expenses	4,025	4,326	7.5
Net Interest Income	7,787	7,702	(1.1)
Other Operating Income	325	231	(28.9)
Total Income	8,112	7,933	(2.2)
Operating Expenses	3,077	2,484	(19.3)
Operating Profit	5,036	5,449	8.2
Provisions and Cont.	310	501	61.5
Profit before Tax	4,726	4,949	4.7
Tax Provisions	1,191	1,257	5.6
Net Profit	3,535	3,691	4.4

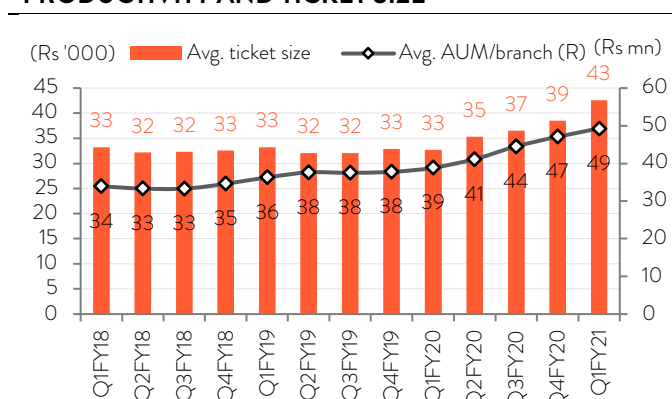
Source: Company, BOBCAPS Research

FIG 3 – GOLD LOAN AUM GREW 33% YOY...



Source: Company, BOBCAPS Research

FIG 4 – ...DUE TO INCREASING BRANCH PRODUCTIVITY AND TICKET SIZE



Source: Company, BOBCAPS Research

FIG 5 – DETAILED QUARTERLY PERFORMANCE

	FY19				FY20				FY21	Variation (%)	
	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	QoQ	YoY
Profit and Loss (Rs mn)											
Interest Income	7,701	8,377	8,858	8,767	9,356	10,188	11,077	11,631	12,028	3.4	28.6
Interest expenses	2,277	2,458	2,719	2,724	3,039	3,389	3,567	3,918	4,326	10.4	42.4
Net Interest Income (NII)	5,424	5,919	6,140	6,043	6,317	6,799	7,511	7,713	7,702	(0.1)	21.9
Fee and commission income	107	103	114	135	134	241	232	193	217	12.2	61.7
Other Income	20	28	38	24	15	344	24	87	15	(83.2)	(3.1)
Total Net Income	5,551	6,051	6,291	6,202	6,466	7,384	7,767	7,993	7,933	(0.7)	22.7
Opex	2,786	2,902	2,938	3,036	2,927	2,969	3,048	3,016	2,484	(17.7)	(15.2)
Employees	1,369	1,425	1,430	1,573	1,564	1,600	1,682	1,645	1,336	(18.8)	(14.6)
Establishment expenses	1,417	1,478	1,507	1,463	1,363	1,369	1,366	1,372	1,148	(16.3)	(15.8)
Operating profits	2,765	3,149	3,353	3,166	3,539	4,415	4,718	4,977	5,449	9.5	54.0
Provisions and write offs	109	110	14	22	186	139	154	370	501	35.4	169.6
Profit before tax	2,657	3,039	3,339	3,143	3,353	4,276	4,564	4,607	4,949	7.4	47.6
Taxes	945	1,101	1,220	1,008	1,150	914	1,224	1,210	1,257	4.0	9.3
Profit after tax	1,712	1,938	2,119	2,136	2,203	3,362	3,341	3,397	3,691	8.6	67.5
Asset quality (Overall)											
GNPA (Rs mn)	748	844	726	713	944	834	812	1,493	2,217	48.5	134.9
NNPA (Rs mn)	374	239	401	415	598	470	357	797	1,242	55.7	107.6
Provisions (Rs mn)	374	604	326	298	346	364	455	696	976	40.2	182.3
GNPA (%)	0.6	0.7	0.6	0.6	0.7	0.6	0.5	0.9	1.3	37bps	54bps
NNPA (%)	0.3	0.2	0.3	0.3	0.5	0.3	0.2	0.5	0.7	23bps	25bps
Ratios (Calc, %)											
Yields	25.8	27.1	28.6	28.0	28.9	29.3	28.8	28.6	28.2	(39bps)	(70bps)
Cost of funds	8.6	8.8	9.6	9.0	10.1	10.1	8.9	9.2	9.6	36bps	(52bps)
NIMs	17.9	18.9	19.6	19.0	19.2	19.1	19.1	18.6	17.8	(83bps)	(150bps)
Spreads	17.3	18.3	19.0	18.9	18.8	19.2	19.9	19.4	18.6	(75bps)	(18bps)
Cost income ratio	50.2	48.0	46.7	49.0	45.3	40.2	39.2	37.7	31.3	(643bps)	(1,396bps)
Cost to average AUM	9.2	9.3	9.4	9.5	8.9	8.3	7.8	7.3	5.7	(154bps)	(319bps)
AUM related											
Gold Stock Holding (In tonnes)	66.0	67.4	66.3	67.5	68.4	72.0	73.5	72.4	69.0	(4.7)	0.9
Avg gold loans per branch (Rs mn)	37.4	37.8	37.4	38.4	39.3	43.8	46.0	48.1	50.3	4.6	28.0
Overall AUM	124,650	125,928	125,249	129,620	132,920	151,683	162,430	169,672	177,368	4.5	33.4
Other details											
CAR	25.5	25.6	26.4	24.0	23.4	22.7	23.4	23.4	22.9	(50bps)	(54bps)
Reported RoA (%)	4.5	4.8	5.2	5.1	4.9	5.7	6.3	6.4	6.1	(30bps)	120bps
Reported RoE (%)	20.3	21.8	20.3	19.7	19.7	24.1	26.8	25.9	26.8	90bps	710bps
Calc. Leverage (x)	4.5	4.5	3.9	3.9	4.0	4.2	4.3	4.0	4.4	-	-

Source: Company, BOBCAPS Research

Earnings call highlights

Business

- Increased focus on digitisation; online gold loans now account for 63% of gold AUM
- 90% of branches operational

Covid-19 impact

- MGFL has consciously moderated growth in all segments except gold loans given challenging market conditions
- Collection efficiency improving every month on redoubling of efforts
- Incremental focus on gold loans due to short tenor, liquid collateral and minimal credit risk
- Stricter underwriting norms with review and reset of geographical limits, margin on collateral, and delegated powers; tighter portfolio review
- Moratorium share of gold loans was nil, vehicle finance 37%, on-lending to NBFCs 1.6%, HFC loans 32.4%
- Moratorium share of MFI loan book down from 100% in April to 85% in May, 45% in June and 25% in July

Liquidity

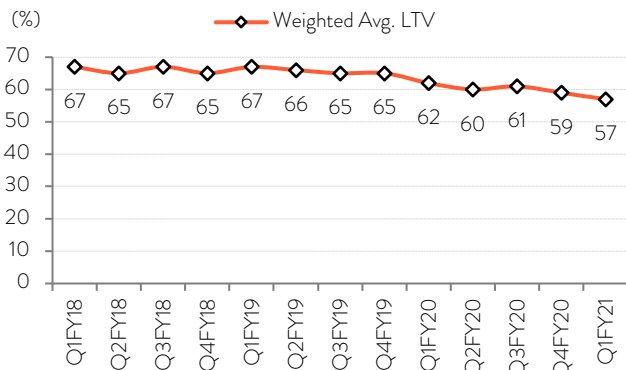
- Raised fresh borrowings of Rs 19bn in Q1FY21 on standalone basis through NCDs, CPs and bank loans
- Excess cash and undrawn bank lines total Rs 60bn as of Jun'20 at consolidated level

Subsidiaries

- Asirvad MFI proactively provided Rs 750mn during Q1 against Covid-19; cumulative provision at Rs 1.3bn – at adequate levels, per management
- 94% of MFI customers digitally traced at the start of lockdown
- Collection efficiency for MFI business improved to 55% in June and expected to reach 70% in July;
- Collections from 1.7mn customers till July; 26,000 centres out of 200,000 still can't collect
- Asirvad MFI asset quality expected to deteriorate post moratorium

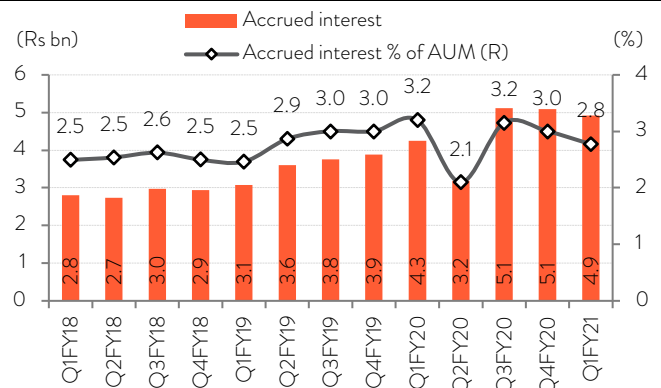
- Started MFI lending in July only to own customers. Expects to disburse Rs 750mn during the month
- Vehicle finance collection efficiency at 42% in May, 75% in June and 85% in July
- Adequate provisions made for vehicle finance
- HFC collection efficiency at 50% in April, 60% in May, 76% in June and 85% in July

FIG 6 – MGFL HAS MANAGED AVERAGE LTV ON PORTFOLIO PRUDENTLY



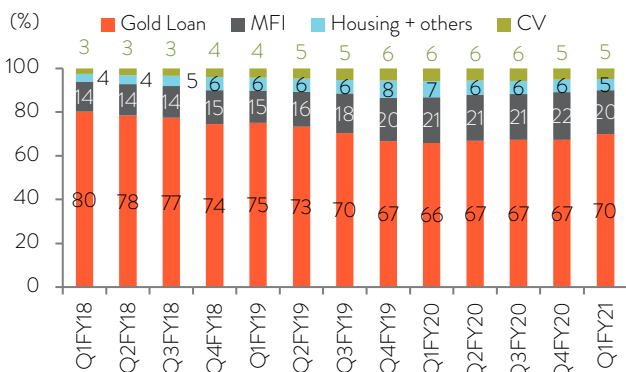
Source: Company, BOBCAPS Research

FIG 7 – ACCRUED INTEREST REMAINS AT 3% OF GOLD AUM



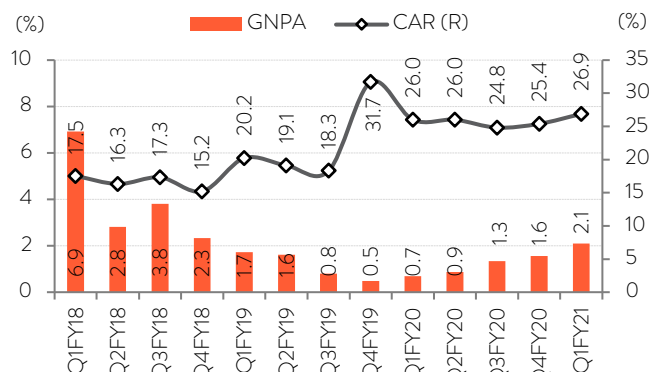
Source: Company, BOBCAPS Research

FIG 8 – ASIRVAD MFI HAS GAINED SHARE IN CONSOLIDATED AUM



Source: Company, BOBCAPS Research

FIG 9 – ASSET QUALITY LIKELY TO WEAKEN POST-LOCKDOWN, BUT ASIRVAD IS WELL CAPITALISED



Source: Company, BOBCAPS Research

Valuation methodology

MGFL is trading at 2.1x/1.8x FY22E/FY23E BV for ROE of 20.9%/20.8%. The company has retained its market share in gold finance during FY15-FY19, and we expect the business to yield steady-state ROA of ~5% and remain low-levered at ~4x over FY21-FY23.

MGFL is focusing on lower ticket sizes and on reshaping customer attitudes towards gold finance in non-south geographies. Diversification into allied businesses is also likely to meaningfully contribute to the bottomline in the near term. MFI arm Asirvad Microfinance is among the top-5 MFIs in the country and has leading productivity metrics compared to peers. MGFL will incrementally allocate capital towards growing new businesses.

Following the increased provisioning required in the vehicle finance and microfinance businesses, we decrease our FY21/FY22 earnings estimates by 6%/3%. We also introduce FY23 estimates. Rolling valuations forward, we have a revised Jun'21 target price of Rs 195 (vs. Rs 150). Despite a solid gold finance franchise, we downgrade the stock to ADD (from BUY) given the overhang of increased provisioning.

For our SOTP model, we value (a) the standalone book, which includes gold finance, vehicle finance, SME finance and on-lending, at Rs 177/sh based on 1.8x Jun'22E BV (earlier 1.6x), and (b) Asirvad MFI at Rs 18/sh based on 1.9x Jun'22E BV (earlier 1.2x), after a holding company discount of 20%.

FIG 10 – REVISED ESTIMATES

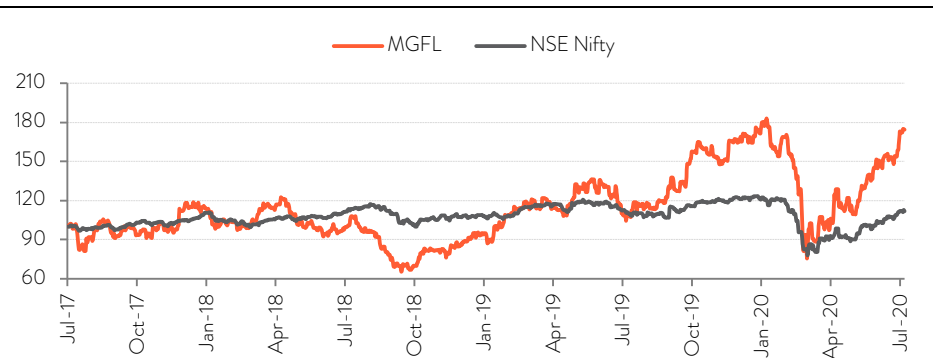
(Rs bn)	Old			New			Change (%)		
	FY21E	FY22E	FY23E	FY21E	FY22E	FY23E	FY21E	FY22E	FY23E
NII	31.1	33.4	36.8	30.2	32.8	36.8	(3.0)	(1.8)	-
Other Income	1.3	1.4	1.5	1.3	1.4	1.5	-	-	-
Net Income	32.4	34.8	38.4	31.5	34.2	38.4	(2.9)	(1.8)	-
Operating Expenses	13.1	14.1	15.2	13.1	14.1	15.2	-	-	-
Operating Profits	19.3	20.8	23.2	18.4	20.1	23.2	(4.8)	(3.0)	-
Provisions	1.3	1.4	1.5	1.3	1.4	1.5	6.5	(0.1)	-
PBT	18.1	19.4	21.7	17.0	18.8	21.7	(5.6)	(3.2)	-
Tax	4.6	4.9	5.5	4.3	4.7	5.5	(5.6)	(3.2)	-
PAT	13.5	14.5	16.2	12.8	14.1	16.2	(5.6)	(3.2)	-
Loans	200	217	242	196	221	242	(2.2)	1.9	-
Borrowings	185	201	224	194	205	224	4.5	1.9	-
Spreads (%)	14.00	14.10	14.10	14.00	14.10	14.10	0	-	-
RoAA (%)	5.4	5.4	5.4	5.1	5.1	5.4	(38)	(27)	-
RoAE (%)	23.2	21.3	20.8	22.0	20.9	20.8	(119)	(46)	-

Source: BOBCAPS Research

FIG 11 – SOTP VALUATION SUMMARY

SOTP Jun'22 Based (Rs)	Value (Rs bn)	Value (US \$bn)	Value/ Sh. (Rs)	% of total	Rationale
Core business	150	2.1	177	90.6	1.8x BV
Key Ventures					
Asirvad Microfinance	19	0.3	23	11.8	1.9x BV
Total Value of Ventures	19	0.3	23	11.8	
Less: 20% holding discount	4	0.1	5	2.4	
Value of Key Ventures	16	0.2	18	9.4	
Target Value Post 20% Holding Co Disc	165	2.4	195	100.0	
CMP	154	2.2	182		
Upside (%)	7.4	7.4	7.4		

Source: BOBCAPS Research

FIG 12 – RELATIVE STOCK PERFORMANCE

Source: NSE

Key risks

Key downside risks to our estimates are:

- slower-than-expected productivity increase,
- significant increase in credit costs for the vehicle finance and on-lending businesses, and
- higher credit costs in the microfinance business.

FINANCIALS

Income Statement

Y/E 31 Mar (Rs mn)	FY19A	FY20P	FY21E	FY22E	FY23E
Net interest income	23,525	28,340	30,160	32,813	36,831
NII growth (%)	12.3	20.5	6.4	8.8	12.2
Non-interest income	548	1,208	1,308	1,418	1,537
Total income	24,074	29,548	31,468	34,231	38,368
Operating expenses	11,657	11,961	13,075	14,086	15,183
Operating profit	12,417	17,587	18,393	20,145	23,185
Operating profit growth (%)	12.6	41.6	4.6	9.5	15.1
Provisions	260	849	1,345	1,356	1,507
PBT	12,157	16,739	17,048	18,789	21,678
Tax	4,273	4,497	4,296	4,735	5,463
Reported net profit	7,884	12,242	12,752	14,054	16,215
Adjustments	0	0	0	0	0
Adjusted net profit	7,884	12,242	12,752	14,054	16,215

Balance Sheet

Y/E 31 Mar (Rs mn)	FY19A	FY20P	FY21E	FY22E	FY23E
Equity capital	1,686	1,690	1,690	1,690	1,690
Reserves & surplus	42,236	51,869	60,795	70,633	81,984
Net worth	43,922	53,559	62,485	72,323	83,674
Deposits	0	0	0	0	0
Borrowings	127,426	175,061	193,901	205,008	224,228
Other liabilities & provisions	5,112	9,405	9,499	9,594	9,690
Total liabilities and equities	176,460	238,025	265,885	286,925	317,591
Cash & bank balance	4,425	4,508	22,450	36,101	23,086
Investments	10,108	9,311	11,639	14,548	18,185
Advances	150,052	188,420	195,840	221,409	242,166
Fixed & Other assets	16,299	40,294	58,407	50,968	57,240
Total assets	176,460	238,025	265,885	286,925	317,591
Deposit growth (%)	NA	NA	NA	NA	NA
Advances growth (%)	16.9	25.6	3.9	13.1	9.4

Per Share

Y/E 31 Mar (Rs)	FY19A	FY20P	FY21E	FY22E	FY23E
EPS	9.4	14.6	15.1	16.6	19.2
Dividend per share	2.3	2.8	3.8	4.2	4.8
Book value per share	52.1	63.4	73.9	85.6	99.0

Source: Company, BOBCAPS Research

Valuations Ratios

Y/E 31 Mar (x)	FY19A	FY20P	FY21E	FY22E	FY23E
P/E	19.4	12.5	12.1	10.9	9.5
P/BV	3.5	2.9	2.5	2.1	1.8
Dividend yield (%)	1.3	1.5	2.1	2.3	2.6

DuPont Analysis

Y/E 31 Mar (%)	FY19A	FY20P	FY21E	FY22E	FY23E
Net interest income	14.6	13.7	12.0	11.9	12.2
Non-interest income	0.3	0.6	0.5	0.5	0.5
Operating expenses	7.2	5.8	5.2	5.1	5.0
Pre-provisioning profit	7.7	8.5	7.3	7.3	7.7
Provisions	0.2	0.4	0.5	0.5	0.5
PBT	7.6	8.1	6.8	6.8	7.2
Tax	2.7	2.2	1.7	1.7	1.8
ROA	4.9	5.9	5.1	5.1	5.4
Leverage (x)	3.9	4.3	4.3	4.1	3.9
ROE	19.3	25.2	22.0	20.9	20.8

Ratio Analysis

Y/E 31 Mar	FY19A	FY20P	FY21E	FY22E	FY23E
YoY growth (%)					
Net interest income	12.3	20.5	6.4	8.8	12.2
Pre-provisioning profit	12.6	41.6	4.6	9.5	15.1
EPS	14.6	55.2	3.6	10.2	15.4
Profitability & Return ratios (%)					
Net interest margin	16.9	16.7	15.7	15.7	15.9
Fees / Avg. assets	0.3	0.4	0.3	0.3	0.4
Cost-Income	48.4	40.4	41.6	41.2	39.6
ROE	19.3	25.2	22.0	20.9	20.8
ROA	4.9	5.9	5.1	5.1	5.4
Asset quality (%)					
GNPA	0.6	0.5	0.6	0.6	0.6
NNPA	0.3	0.3	0.3	0.4	0.4
Provision coverage	41.7	41.1	40.6	40.2	39.8
Ratios (%)					
Credit-Deposit	0.0	0.0	0.0	0.0	0.0
Investment-Deposit	0.0	0.0	0.0	0.0	0.0
CAR	23.7	22.8	23.8	25.5	26.6
Tier-1	23.3	22.5	23.5	25.2	26.3

Source: Company, BOBCAPS Research

Disclaimer

Recommendations and Absolute returns (%) over 12 months

BUY – Expected return >+15%

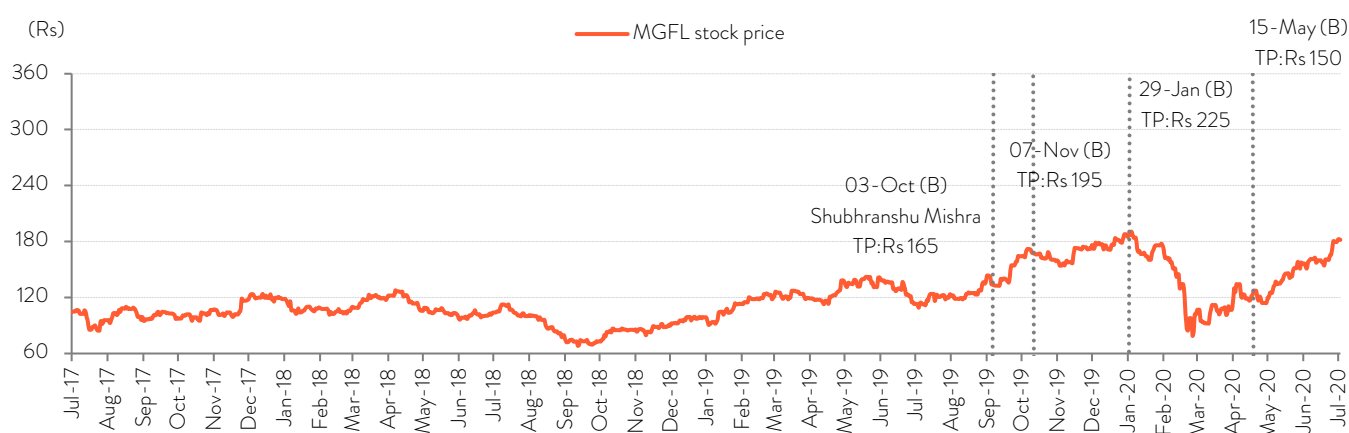
ADD – Expected return from >+5% to +15%

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): MANAPPURAM FINANCE (MGFL IN)



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

Rating distribution

As of 30 June 2020, out of 95 rated stocks in the BOB Capital Markets Limited (BOBCAPS) coverage universe, 49 have BUY ratings, 23 have ADD ratings, 12 are rated REDUCE, 10 are rated SELL and 1 is UNDER REVIEW. 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.