

REDUCE

TP: Rs 1,160 | ▲ 4%

PVR

| Media

| 04 November 2020

Another washout quarter; content availability key for turnaround

With screens being shut, PVR (PVRL) did not report any meaningful revenue in Q2FY21. Stringent cost cutting and rent waivers helped stem operating and net loss at Rs 0.8bn and Rs 1.8bn respectively, both lower sequentially. Though ~70% of screens have opened, footfalls are negligible. With Maharashtra permitting reopening from 5 November, content availability should improve. We expect operating losses in Q3 also, with higher opex but sluggish footfall. We lower FY22/FY23 EPS by 19%/11% and roll to a Dec'22 TP of Rs 1,160 (vs. Rs 1,220).

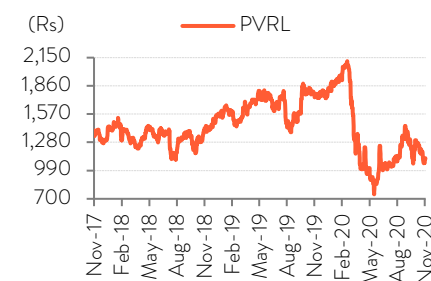
Sayan Das Sharma
 research@bobcaps.in

Fresh content holds the key: Out of PVRL's 831 screens (14 closed in Q2), 575 have resumed operations since mid-October. But the absence of fresh content has restricted occupancies to 4-5% levels, despite 25%+ discounts on ticket price and F&B. New releases are likely to trickle in after a few weeks as screens in Maharashtra – the largest Bollywood circuit with 25-30% of collections – have been allowed to reopen from 5 November. We believe content release will be key to PVRL's fortunes going ahead – healthy footfalls during the festive season in W. Bengal also corroborate the same.

Ticker/Price	PVRL IN/Rs 1,116
Market cap	US\$ 824.7mn
Shares o/s	55mn
3M ADV	US\$ 43.0mn
52wk high/low	Rs 2,125/Rs 718
Promoter/FPI/DII	19%/35%/29%

Source: NSE

Cost control minimises operating loss: Cost cutting measures – reduction in headcounts, salaries and screen opex – helped PVRL lower its cash burn to Rs 329mn/month in Q2 vs. Rs 417mn in Q1. The company has also reached a settlement with 60% of mall owners for rent waivers during the shutdown phase and a cut post reopening, and is in discussions with the remaining malls. Opex is likely to increase in Q3, which can compound operating losses unless occupancy ramps up meaningfully in Q3/Q4. Liquidity remains healthy at Rs 5.5bn.

STOCK PERFORMANCE

TP reduced: We cut our FY22/FY23 EBITDA estimates by 8% each owing to delays in key states – Maharashtra and Telangana – and weak occupancies. Rolling over, we lower our Dec'21 TP to Rs 1,160 (vs. Rs 1,220). REDUCE.

KEY FINANCIALS

Y/E 31 Mar	FY19A	FY20A	FY21E	FY22E	FY23E
Total revenue (Rs mn)	30,856	34,144	7,997	30,816	37,129
EBITDA (Rs mn)	5,863	10,766	(2,013)	9,630	12,450
Adj. net profit (Rs mn)	1,898	273	(7,414)	456	2,352
Adj. EPS (Rs)	40.6	5.3	(134.4)	8.3	42.6
Adj. EPS growth (%)	51.5	(85.6)	(2815.7)	(106.2)	415.3
Adj. ROAE (%)	12.7	1.8	(71.4)	4.2	18.7
Adj. P/E (x)	27.5	209.9	(8.3)	134.9	26.2
EV/EBITDA (x)	11.9	6.7	(36.1)	7.6	6.0

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 – CONSOLIDATED (AS REPORTED)

Y/E Mar (Rs mn)	Q2FY21	Q2FY20	YoY (%)	Q1FY21	QoQ (%)	H1FY21	H1FY20	YoY (%)
Revenue	405	9,732	(95.8)	127	218.5	532	18,536	(97.1)
Movie exhibition costs	3	1,980	(99.8)	-	NM	3	3,971	(99.9)
% of sales	0.7	20.3	(1,961bps)	-	74bps	0.6	21.4	(2,086bps)
Consumption of F&B	17	728	(97.7)	7	139.4	24	1,444	(98.3)
% of sales	4.2	7.5	(327bps)	5.6	(139bps)	4.5	7.8	(325bps)
Employee expenses	407	1,049	(61.2)	682	(40.3)	1,089	2,106	(48.3)
% of sales	100.6	10.8	8,981bps	536.8	(43,618bps)	204.8	11.4	19,346bps
Other expenses	819	2,794	(70.7)	597	37.2	1,417	5,048	(71.9)
% of sales	202.5	28.7	17,381bps	470.3	(26,779bps)	266.5	27.2	23,927bps
Total expenditure	1,246	6,551	(81.0)	1,286	(3.1)	2,532	12,569	(79.9)
EBITDA	(842)	3,181	NM	(1,159)	NM	(2,001)	5,967	NM
EBITDA margin (%)	(208.1)	32.7	(24,074bps)	(912.7)	70,462bps	(376.4)	32.2	(40,861bps)
Depreciation	1,419	1,395	1.7	1,445	(1.8)	2,864	2,654	7.9
EBIT	(2,260)	1,786	NM	(2,604)	NM	(4,865)	3,313	NM
Interest expense	1,229	1,111	10.6	1,240	(0.9)	2,469	2,426	1.8
Other income*	702	62	1,028.0	427	64.5	1,128	130	768.4
PBT	(2,788)	736	NM	(3,418)	NM	(6,205)	1,017	NM
PBT margin (%)	(689.1)	7.6	(69,672bps)	(2,691.1)	200,196bps	(1,167.5)	5.5	(117,299bps)
Exceptional/extra-ordinary items	-	-	-	-	-	-	-	-
Income tax	(951)	258	NM	(1,162)	NM	(2,113)	363	NM
Effective tax rate (%)	34.1	35.1	(93bps)	34.0	13bps	34.1	35.6	(158bps)
Reported PAT	(1,836)	478	NM	(2,256)	NM	(4,092)	655	NM
Profit/(loss) from JVs/Minority/Associates	(3)	1	-	NM	-	(4)	(0)	NM
Reported PAT – after profit/(loss) from JVs/Minority/Associates	(1,840)	479	NM	(2,256)	NM	(4,096)	654	NM
Adjustments	-	-	-	-	-	-	-	-
Adjusted PAT	(1,840)	479	NM	(2,256)	NM	(4,096)	654	NM
Adjusted PAT margin (%)	(454.8)	4.9	(45,968bps)	(1,776.5)	132,178bps	(770.6)	3.5	(77,412bps)
Adjusted EPS	(33.3)	9.9	NM	(43.9)	NM	(74.2)	13.5	NM

Source: Company, BOBCAPS Research | * Note: Other income includes a rent concession of Rs 640mn in Q2 and Rs 921mn in H1FY21

FIG 2 – REVENUE BREAKUP (ADJ. FOR IND-AS 116 IMPACT)

(Rs mn)	Q2FY21	Q2FY20	YoY (%)	Q1FY21	QoQ (%)	H1FY21	H1FY20	YoY (%)
Income from sale of movie tickets	6	45,659	(100.0)	-	NM	6	9,484	(99.9)
Sale of F&B	37	26,336	(99.9)	135	(72.4)	51	5,362	(99.1)
Advertisement income	-	9,156	(100.0)	-	NM	-	1,854	(100.0)
Income from movie production and distribution	275	1,738	(84.2)	292	(5.7)	305	735	(58.6)
Other income*	117	5,827	(98.0)	831	(85.9)	200	1,231	(83.7)
Total income	436	88,716	(99.5)	1,258	(65.3)	562	18,666	(97.0)

Source: Company, BOBCAPS Research | *Includes both other operating income and non-operating income

Earnings call takeaways

Screen reopening

- As per the Ministry of Home Affairs' (MHA) latest 'Unlock 5.0' guidelines, cinema screens have been allowed to open with a 50% cap on seating capacity from 15 October. However, some state governments – notably Telangana and Rajasthan – are yet to provide permission to reopen. Maharashtra has only now permitted screens to resume from 5 November. Currently, 575 of PVRL's 831 operational screens are running.
- After resuming operations in mid-Q2, its nine screens in Colombo, Sri Lanka, have been shut for the past two weeks following a government directive.
- Management doesn't expect permission to revert to full capacity before Q4.

Content pipeline

- Most of the big-ticket releases are delayed as screens in Maharashtra, a key box office circuit, remain closed.
- So far, only one Bollywood movie has announced a Diwali release – 'Suraj Pe Mangal Bhari'.
- Producer financials are in good stead, thanks to the aggressive content acquisition strategy of digital streaming platforms during the pandemic. A number of good scripts are available and movie production is expected to resume in full swing once restrictions are relaxed further.

Operating aspects

- Patrons have shown an encouraging response to new releases during the festive season in W. Bengal, with occupancies at ~100% (of permitted capacity).
- Overall occupancies have languished at 4-5% owing to a lack of new releases. The company is hopeful that new content will bring audiences back to screens.
- PVRL is currently offering heavy discounts on average ticket price (ATP) and food and beverage (F&B). ATPs are currently below Rs 150 levels, with SPH at 75% of pre-Covid levels. The strike rate, however, is being largely maintained.

Cost cutting measures

- PVRL has reached settlements with 60% of mall owners for (1) complete rent waiver during the shutdown period, (2) reduction in rent or revenue sharing post screen reopening, and (3) waiver or reduction in common area maintenance charges for the shutdown period.

Discussions with landlords for the balance properties are underway and are expected to conclude once cinemas open in those states. PVRL expects a 30-50% discount on CAM charges. These negotiations are valid for FY21 only, as of now.

- Fixed cost has reduced by 78% YoY to Rs 329mn/month in Q2FY21, lower than the Rs 1.5bn/month in Q2FY20 and Rs 417mn in Q1FY21. The company has maintained a tight leash over manpower expenses (-61% YoY in Q2); electricity charges (-85%) and other expenses (-74%) are lower due to the shutdown of screens.
- Opex burn is likely to increase in Q3 as screens reopen while occupancies remain below optimum levels. The company is focused on achieving EBITDA breakeven in Q4FY21.
- PVRL has started operations with 6,500 staff vs. ~14,000 pre-Covid. Even after all screens open, the company is hopeful of operating with 60% staff strength.
- Liquidity remains strong at Rs 5.5bn currently, including Rs 1.7bn of undrawn bank lines.

Screen expansion

- PVRL has decided that it will not renew leases for 14 screens this quarter, bringing down the number of operational screens to 831 from 845 in Q1FY21. Per management, these screens were not economically viable, with low or negative profitability, and better locations are available in the vicinity.
- Management expects to add 20-30 screens in FY21, for which a majority of the work is completed. Expansion plans beyond FY21 will be formulated once operational normalcy is achieved.

Valuation methodology

We slash our revenue and EBITDA estimates for FY21 factoring in a delay in screen openings in key states such as Maharashtra and Telangana, which has also impacted the release of big-ticket movies. Occupancies, ATP and SPH have been below expected for the first few weeks since screens have reopened in other states and are unlikely to improve till new content is available.

We remain positive on a recovery post FY21 led by pent-up demand for out-of-home entertainment, fresh content and allayed pandemic fears. Therefore, our FY22/FY23 revenue/EBITDA estimate cuts are lower at 3%/9% each. Rolling valuations over, we have a revised Dec'21 target price of Rs 1,160 vs. Rs 1,220, based on an unchanged 13x Dec'22E TTM adjusted EBITDA (adj. for Ind-AS 116). The stock is trading at 13.1x FY22E adj. EBITDA. Maintain REDUCE on limited near-term upside amidst growth and profitability concerns.

We remain positive on PVRL's long-term prospects due to its leadership in the underpenetrated Indian multiplex industry, presence in premium catchment areas, and established relationships with advertisers, distributors and developers. However, we are cognizant of the near-term challenges faced by multiplexes and expect operating losses to continue in Q3FY21 after a dismal H1, even though ~70% of screens have reopened from Oct'20. Given the uncertainties surrounding reopening timelines, content pipeline and ramp-up in operating parameters – footfalls, ATP, SPH – amidst the pandemic, we believe investors should await a better entry point.

FIG 3 – REVISED ESTIMATES

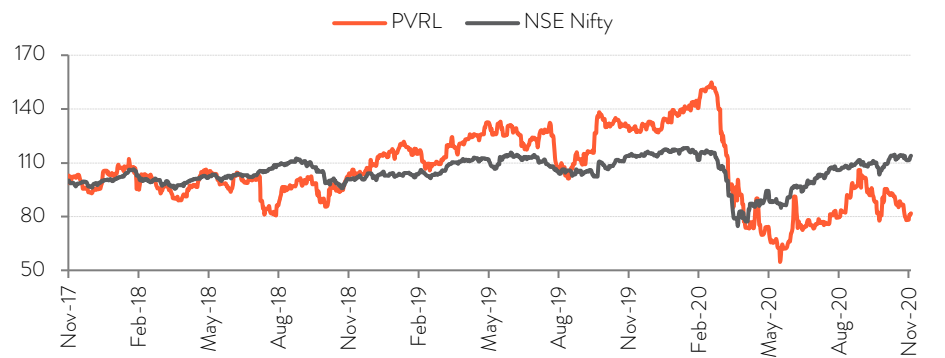
(Rs mn)	FY21E			FY22E			FY23E		
	Old	New	Change (%)	Old	New	Change (%)	Old	New	Change (%)
Revenue	13,072	7,997	(38.8)	31,666	30,816	(2.7)	38,106	37,129	(2.6)
Adj. EBITDA*	(2,418)	(4,443)	NM	4,924	4,496	(8.7)	6,999	6,395	(8.6)
Adj. EBITDA Margin (%)	(18.5)	(55.6)	(3,707bps)	15.6	14.6	(96bps)	18.4	17.2	(114bps)
PAT	(5,823)	(7,414)	NM	562	456	(18.8)	2,652	2,352	(11.3)
PAT Margin (%)	(44.5)	(92.7)	(4,816bps)	1.8	1.5	(29bps)	7.0	6.3	(63bps)

Source: BOBCAPS Research | *Adjusted for Ind-AS 116 accounting impact

FIG 4 – VALUATION SUMMARY

(Rs mn)	
Dec'22E TTM EBITDA	11,745
Ind-AS 116 adjusted EBITDA	5,920
EV/EBITDA multiple assigned (x)	13.0
Enterprise value	76,964
Net debt	13,001
Equity value	63,963
No. of shares (mn)	55.2
Target price per share (Rs)	1,160

Source: BOBCAPS Research

FIG 5 – RELATIVE STOCK PERFORMANCE

Source: NSE

Key risks

Key upside risks to our assumptions are –

- faster-than-anticipated ramp-up in footfalls,
- sharp recovery in SPH and ad revenue, and
- higher-than-expected reduction in rent and/or CAM charges.

FINANCIALS

Income Statement

Y/E 31 Mar (Rs mn)	FY19A	FY20A	FY21E	FY22E	FY23E
Total revenue	30,856	34,144	7,997	30,816	37,129
EBITDA	5,863	10,766	(2,013)	9,630	12,450
Depreciation	1,913	5,425	5,404	5,485	6,055
EBIT	3,951	5,341	(7,417)	4,145	6,395
Net interest income/(expenses)	(1,280)	(4,818)	(4,697)	(4,035)	(3,751)
Other income/(expenses)	331	378	2,358	500	500
Exceptional items	0	0	0	0	0
EBT	3,002	901	(9,755)	610	3,144
Income taxes	(1,097)	(627)	2,341	(154)	(792)
Extraordinary items	0	0	0	0	0
Min. int./Inc. from associates	(7)	(1)	0	0	0
Reported net profit	1,898	273	(7,414)	456	2,352
Adjustments	0	0	0	0	0
Adjusted net profit	1,898	273	(7,414)	456	2,352

Balance Sheet

Y/E 31 Mar (Rs mn)	FY19A	FY20A	FY21E	FY22E	FY23E
Accounts payables	3,677	3,124	723	2,955	3,560
Other current liabilities	4,187	3,901	920	3,546	4,272
Provisions	215	180	42	162	195
Debt funds	12,824	12,947	13,947	13,208	12,008
Other liabilities	2,272	39,321	35,910	35,853	37,188
Equity capital	467	514	552	552	552
Reserves & surplus	14,494	14,292	9,837	10,294	12,058
Shareholders' fund	14,962	14,805	10,389	10,846	12,609
Total liabilities and equities	38,136	74,278	61,931	66,570	69,833
Cash and cash eq.	352	3,235	305	207	425
Accounts receivables	1,839	1,893	548	1,857	2,238
Inventories	303	307	72	277	334
Other current assets	1,439	2,102	787	2,189	2,637
Investments	100	11	11	11	11
Net fixed assets	14,900	16,358	16,598	16,895	17,891
CWIP	2,208	1,547	0	0	0
Intangible assets	12,525	12,455	12,455	12,455	12,455
Deferred tax assets, net	(266)	2,049	2,049	2,049	2,049
Other assets	4,736	34,322	29,107	30,630	31,794
Total assets	38,135	74,278	61,932	66,570	69,834

Source: Company, BOBCAPS Research

Cash Flows

Y/E 31 Mar (Rs mn)	FY19A	FY20A	FY21E	FY22E	FY23E
Net income + Depreciation	3,811	5,698	(2,010)	5,941	8,407
Interest expenses	1,280	4,818	4,697	4,035	3,751
Non-cash adjustments	416	(2,315)	0	0	0
Changes in working capital	1,226	(1,133)	(110)	(186)	(156)
Other operating cash flows	0	0	0	0	0
Cash flow from operations	6,733	7,068	2,577	9,790	12,002
Capital expenditures	(14,630)	(3,052)	(1,100)	(2,845)	(3,862)
Change in investments	99	89	0	0	0
Other investing cash flows	0	0	0	0	0
Cash flow from investing	(14,531)	(2,963)	(1,100)	(2,845)	(3,862)
Equities issued/Others	0	46	38	0	0
Debt raised/repaid	4,519	123	1,000	(739)	(1,200)
Interest expenses	(1,280)	(1,521)	(1,479)	(1,154)	(1,009)
Dividends paid	(112)	(205)	0	0	(588)
Other financing cash flows	4,686	336	(3,966)	(5,151)	(5,125)
Cash flow from financing	7,812	(1,222)	(4,406)	(7,044)	(7,922)
Changes in cash and cash eq.	14	2,883	(2,930)	(98)	218
Closing cash and cash eq.	352	3,235	305	207	425

Per Share

Y/E 31 Mar (Rs)	FY19A	FY20A	FY21E	FY22E	FY23E
Reported EPS	40.6	5.3	(134.4)	8.3	42.6
Adjusted EPS	40.6	5.3	(134.4)	8.3	42.6
Dividend per share	2.0	4.0	0.0	0.0	10.7
Book value per share	320.1	288.3	188.3	196.6	228.5

Valuations Ratios

Y/E 31 Mar (x)	FY19A	FY20A	FY21E	FY22E	FY23E
EV/Sales	2.3	2.1	9.1	2.4	2.0
EV/EBITDA	11.9	6.7	(36.1)	7.6	6.0
Adjusted P/E	27.5	209.9	(8.3)	134.9	26.2
P/BV	3.5	3.9	5.9	5.7	4.9

DuPont Analysis

Y/E 31 Mar (%)	FY19A	FY20A	FY21E	FY22E	FY23E
Tax burden (Net profit/PBT)	63.2	30.3	76.0	74.8	74.8
Interest burden (PBT/EBIT)	76.0	16.9	131.5	14.7	49.2
EBIT margin (EBIT/Revenue)	12.8	15.6	(92.7)	13.5	17.2
Asset turnover (Revenue/Avg TA)	100.2	60.7	11.7	48.0	54.4
Leverage (Avg TA/Avg Equity)	3.0	5.0	4.9	6.3	6.0
Adjusted ROAE	12.7	1.8	(71.4)	4.2	18.7

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

Ratio Analysis

Y/E 31 Mar	FY19A	FY20A	FY21E	FY22E	FY23E
YoY growth (%)					
Revenue	32.2	10.7	(76.6)	285.3	20.5
EBITDA	45.9	83.6	(118.7)	(578.4)	29.3
Adjusted EPS	51.5	(85.6)	(2815.7)	(106.2)	415.3
Profitability & Return ratios (%)					
EBITDA margin	19.0	31.5	(25.2)	31.2	33.5
EBIT margin	12.8	15.6	(92.7)	13.5	17.2
Adjusted profit margin	6.2	0.8	(92.7)	1.5	6.3
Adjusted ROAE	12.7	1.8	(71.4)	4.2	18.7
ROCE	16.1	11.2	(11.8)	6.9	10.5
Working capital days (days)					
Receivables	22	20	25	22	22
Inventory	4	3	3	3	3
Payables	43	33	33	35	35
Ratios (x)					
Gross asset turnover	1.8	1.6	0.3	1.1	1.2
Current ratio	0.5	0.8	1.0	0.7	0.7
Net interest coverage ratio	3.1	1.1	(1.6)	1.0	1.7
Adjusted debt/equity	0.9	0.7	1.4	1.3	1.0

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): PVR (PVRL 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.