

**BUY**  
TP: Rs 300 | ▲ 33%

**TRANSPORT CORP OF INDIA**

Logistics

04 November 2020

## Healthy show continues

**Transport Corp (TRPC) reported a solid Q2FY21 performance for the second successive quarter, surpassing our expectations on all fronts. Consolidated revenue rose 2% YoY (-16% est.) led by the seaways and SCS segments, fuelling a 6% increase in EBITDA. PBT jumped 20% YoY, aided by lower interest and higher other income, though lower Transystem JV share and higher taxes dragged adj. PAT down 23% YoY. Baking in the outperformance, we raise FY22/FY23 EPS by 11%/10% and roll over to a new Dec'21 TP of Rs 300 (vs. Rs 270). BUY.**

**Sayan Das Sharma**

+91 22 6138 9381

sayan.sharma@bobcaps.in

**Seaways, SCS drive topline:** Improved freight availability and the addition of a large ship in Q3FY20 drove TRPC's seaways revenue (+9% YoY) in Q2. Supply chain revenue also ticked up 1% YoY, after declining for four consecutive quarters, led by revival in the key auto sector (~80% of segment revenue).

Freight revenue (consolidated) was flat YoY, as weakness in road was offset by strong growth in the rail-linked JV (+50% YoY). TRPC witnessed healthy traction in textiles, food grains, chemicals and dairy products in Q2. Going ahead, a gradual uptick in the economy should drive freight and seaways revenue. SCS is likely to benefit from higher auto volumes and traction in e-commerce.

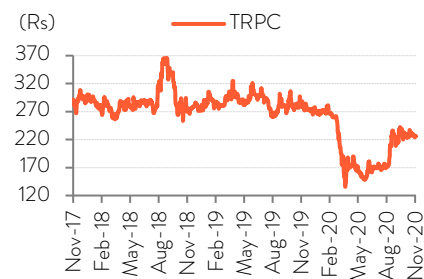
**Healthy margins:** EBITDA margin expanded 35bps YoY to 8.9% due to lower staff (-74bps) and other expenses (-85bps), negating 124bps contraction in gross margin. Freight/SCS EBIT margins rose 52bps/23bps YoY to 3.4%/6.6%; seaways fell 45bps. Elevated rates may exert pressure on the freight segment, but seaways margins should expand as bunker fuel prices have turned benign.

**TP raised:** Baking in a healthy Q2, we raise EBITDA estimates for FY22/FY23 by 8% each. Rolling valuations forward, we increase our Dec'21 TP to Rs 300 (vs. Rs 270), set at unchanged EV/EBITDA multiples for each segment. Retain BUY.

Ticker/Price	TRPC IN/Rs 226
Market cap	US\$ 232.2mn
Shares o/s	77mn
3M ADV	US\$ 0.3mn
52wk high/low	Rs 293/Rs 122
Promoter/FPI/DII	67%/2%/12%

Source: NSE

## STOCK PERFORMANCE



## KEY FINANCIALS

Y/E 31 Mar	FY19A	FY20A	FY21E	FY22E	FY23E
Total revenue (Rs mn)	27,536	27,178	25,758	30,339	33,845
EBITDA (Rs mn)	2,495	2,405	2,219	2,891	3,346
Adj. net profit (Rs mn)	1,460	1,531	1,107	1,553	1,842
Adj. EPS (Rs)	19.0	19.9	14.4	20.2	24.0
Adj. EPS growth (%)	17.7	4.6	(27.7)	40.3	18.6
Adj. ROAE (%)	17.7	16.0	10.3	12.9	13.7
Adj. P/E (x)	11.9	11.4	15.7	11.2	9.4
EV/EBITDA (x)	8.5	9.0	9.7	7.4	6.3

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**

Y/E Mar (Rs mn)	Q2FY21	Q2FY20	YoY (%)	Q1FY21	QoQ (%)	H1FY21	H1FY20	YoY (%)
<b>Total revenues</b>	<b>6,969</b>	<b>6,846</b>	<b>1.8</b>	<b>4,057</b>	<b>71.8</b>	<b>11,026</b>	<b>13,438</b>	<b>(17.9)</b>
Operating expenses	5,763	5,576	3.4	3,313	74.0	9,075	10,945	(17.1)
% of sales	82.7	81.5	124bps	81.6	104bps	82.3	81.5	86bps
Employee expenses	341	386	(11.6)	301	13.4	642	770	(16.6)
% of sales	4.9	5.6	(74bps)	7.4	(252bps)	5.8	5.7	10bps
Other expenses	243	297	(18.2)	138	76.5	380	552	(31.1)
% of sales	3.5	4.3	(85bps)	3.4	9bps	3.4	4.1	(66bps)
Total expenditure	6,346	6,258	1.4	3,751	69.2	10,097	12,266	(17.7)
<b>EBITDA</b>	<b>622</b>	<b>587</b>	<b>6.0</b>	<b>306</b>	<b>103.2</b>	<b>929</b>	<b>1,171</b>	<b>(20.7)</b>
EBITDA margin (%)	8.9	8.6	35bps	7.5	138bps	8.4	8.7	(29bps)
Depreciation	209	203	2.8	206	1.4	415	403	3.1
<b>EBIT</b>	<b>414</b>	<b>384</b>	<b>7.7</b>	<b>100</b>	<b>312.8</b>	<b>514</b>	<b>769</b>	<b>(33.2)</b>
Interest expenses	69	82	(16.1)	74	(6.2)	143	169	(15.7)
Other income	66	41	60.0	30	115.8	96	76	26.0
<b>PBT</b>	<b>410</b>	<b>343</b>	<b>19.7</b>	<b>57</b>	<b>620.7</b>	<b>467</b>	<b>676</b>	<b>(30.9)</b>
PBT margin (%)	5.9	5.0	88bps	1.4	448bps	4.2	5.0	(79bps)
Share of profit/(loss) from JV	47	92	(49.3)	(1)	(3,975.0)	45	175	(74.2)
<b>PBT - after share of profit/(loss) from JV</b>	<b>457</b>	<b>435</b>	<b>5.1</b>	<b>56</b>	<b>719.7</b>	<b>512</b>	<b>851</b>	<b>(39.8)</b>
Extraordinary income/(expense)	-	(99)	NM	-	-	-	(99)	NM
Tax rate	84	(47)	NM	9	887.1	92	26	262.4
Tax rate (%) – total	18.4	(10.7)	2,912bps	15.3	311bps	19.8	3.8	1601bps
<b>Reported PAT</b>	<b>373</b>	<b>382</b>	<b>(2.5)</b>	<b>47</b>	<b>689.6</b>	<b>420</b>	<b>727</b>	<b>(42.2)</b>
Adjustment	-	99	(100.0)	-	-	-	99	(100.0)
<b>Adjusted PAT</b>	<b>373</b>	<b>481</b>	<b>(22.5)</b>	<b>47</b>	<b>689.6</b>	<b>420</b>	<b>826</b>	<b>(49.1)</b>
Adjusted PAT margin (%)	5.3	7.0	(168bps)	1.2	418bps	3.8	6.1	(234bps)
<b>Adjusted EPS</b>	<b>4.9</b>	<b>6.3</b>	<b>(22.5)</b>	<b>0.6</b>	<b>689.6</b>	<b>5.5</b>	<b>10.8</b>	<b>(49.1)</b>

Source: Company, BOBCAPS Research

**FIG 2 – SEGMENTAL PERFORMANCE – CONSOLIDATED**

Y/E Mar (Rs mn)	Q2FY21	Q2FY20	YoY (%)	Q1FY21	QoQ (%)	H1FY21	H1FY20	YoY (%)
<b>Freight segment</b>								
Revenue	3,549	3,548	0.0	2,301	54.2	5,851	6,934	(15.6)
EBIT	120	101	18.3	41	196.3	161	192	(16.3)
EBIT margin	3.4	2.9	52bps	1.8	162bps	2.7	2.8	(2bps)
<b>Supply chain management segment</b>								
Revenue	2,513	2,478	1.4	1,145	119.5	3,658	4,918	(25.6)
EBIT	166	158	5.1	32	424.9	198	327	(39.4)
EBIT margin	6.6	6.4	23bps	2.8	385bps	5.4	6.7	(124bps)
<b>Seaways segment</b>								
Revenue	932	854	9.2	682	36.7	1,614	1,643	(1.7)
EBIT	155	145	6.3	41	280.5	195	302	(35.4)
EBIT margin	16.6	17.0	(45bps)	6.0	1,062bps	12.1	18.4	(629bps)

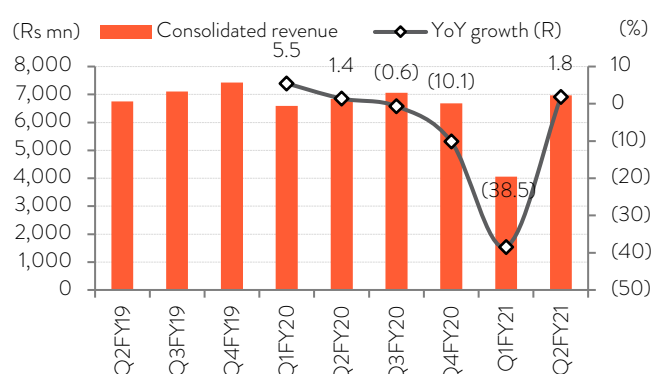
Source: Company, BOBCAPS Research

**FIG 3 – QUARTERLY PERFORMANCE – STANDALONE**

Y/E Mar (Rs mn)	Q2FY21	Q2FY20	YoY (%)	Q1FY21	QoQ (%)	H1FY21	H1FY20	YoY (%)
<b>Total revenues</b>	<b>6,122</b>	<b>6,282</b>	<b>(2.6)</b>	<b>3,280</b>	<b>86.7</b>	<b>9,402</b>	<b>12,403</b>	<b>(24.2)</b>
Operating expenses	4,976	5,062	(1.7)	2,587	92.3	7,563	10,004	(24.4)
% of sales	81.3	80.6	71bps	78.9	241bps	80.4	80.7	(21bps)
Employee expenses	329	374	(11.9)	289	14.0	618	746	(17.2)
% of sales	5.4	5.9	(57bps)	8.8	(343bps)	6.6	6.0	55bps
Other expenses	227	281	(19.3)	126	80.4	353	526	(32.9)
% of sales	3.7	4.5	(77bps)	3.8	(13bps)	3.8	4.2	(49bps)
Total expenditure	5,532	5,717	(3.2)	3,001	84.3	8,533	11,276	(24.3)
<b>EBITDA</b>	<b>590</b>	<b>566</b>	<b>4.3</b>	<b>279</b>	<b>111.9</b>	<b>869</b>	<b>1,128</b>	<b>(23.0)</b>
EBITDA margin (%)	9.6	9.0	63bps	8.5	115bps	9.2	9.1	15bps
Depreciation	198	190	4.3	195	1.4	393	376	4.6
<b>EBIT</b>	<b>392</b>	<b>376</b>	<b>4.3</b>	<b>83</b>	<b>370.8</b>	<b>476</b>	<b>752</b>	<b>(36.8)</b>
Interest expenses	64	77	(17.3)	70	(8.5)	133	159	(16.4)
Other income	71	84	(15.2)	89	(20.4)	160	159	0.6
<b>PBT</b>	<b>399</b>	<b>382</b>	<b>4.4</b>	<b>103</b>	<b>288.8</b>	<b>502</b>	<b>751</b>	<b>(33.2)</b>
PBT margin (%)	6.5	6.1	44bps	3.1	339bps	5.3	6.1	(72bps)
Extraordinary income/(expense)	-	(99)	-	-	-	-	(99)	-
Tax rate	79	(49)	NM	4	1,834.1	83	22	272.3
Tax rate (%) – total	19.9	(12.8)	3,270bps	4.0	1,587bps	16.6	3.0	1363bps
<b>Reported PAT</b>	<b>320</b>	<b>333</b>	<b>(3.8)</b>	<b>99</b>	<b>224.5</b>	<b>419</b>	<b>630</b>	<b>(33.6)</b>
Adjustment	-	99	(100.0)	-	-	-	99	(100.0)
<b>Adjusted PAT</b>	<b>320</b>	<b>432</b>	<b>(25.8)</b>	<b>99</b>	<b>224.5</b>	<b>419</b>	<b>729</b>	<b>(42.6)</b>
Adjusted PAT margin (%)	5.2	6.9	(164bps)	3.0	222bps	4.5	5.9	(142bps)
<b>Adjusted EPS</b>	<b>4.2</b>	<b>5.6</b>	<b>(25.8)</b>	<b>1.3</b>	<b>224.5</b>	<b>5.5</b>	<b>9.5</b>	<b>(42.6)</b>

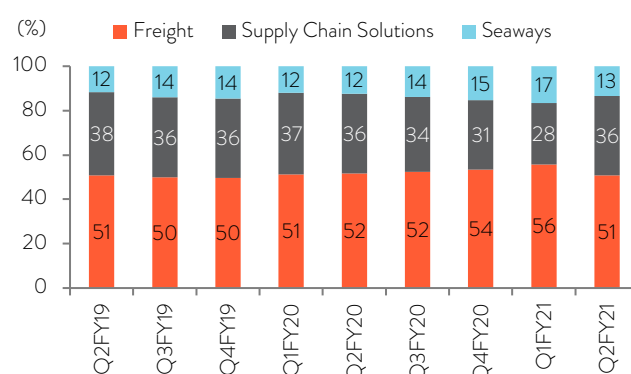
Source: Company, BOBCAPS Research

**FIG 4 – CONSOLIDATED REVENUE GREW 1.8% YOY**



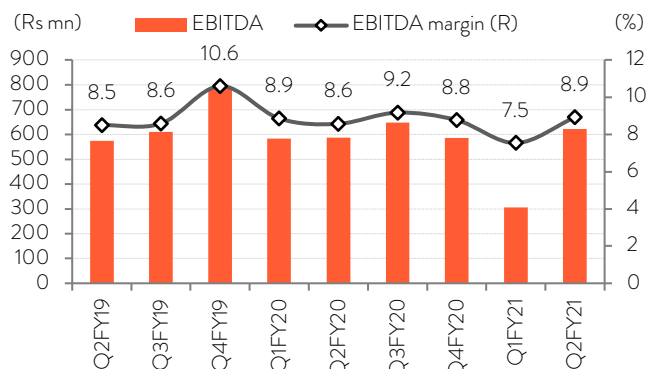
Source: Company, BOBCAPS Research

**FIG 5 – SCS SEGMENT REGAINED REVENUE SHARE**



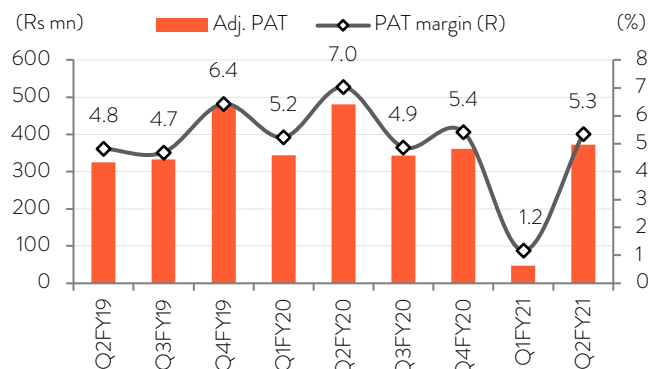
Source: Company, BOBCAPS Research

**FIG 6 – CONSOLIDATED EBITDA MARGIN EXPANDED BY 35BPS YOY TO 8.9%**



Source: Company, BOBCAPS Research

**FIG 7 – HIGHER TAX RATE DRAGGED ADJ. PAT (POST JV SHARE) DOWN 23% YOY**



Source: Company, BOBCAPS Research

**FIG 8 – CAPEX PLAN AND FUNDING PATTERN**

(Rs mn)	FY20	H1FY21	FY21E
<b>Capex details</b>			
Hub centres and small warehouses	152	350	118
Ships	509	400	-
Containers	187	280	112
Trucks and other vehicles	241	340	66
Others (IT, wind energy, WH equipment)	25	130	2
<b>Total</b>	<b>1,114</b>	<b>1,500</b>	<b>297</b>
<b>Funding pattern</b>			
Debt	700	-	440
Equity	-	-	-
Internal accrual	800	-	674
<b>Total</b>	<b>1,500</b>	<b>-</b>	<b>1,114</b>

Source: Company, BOBCAPS Research

## Valuation methodology

Baking in the Q2FY21 outperformance and improving demand outlook across key industries – auto, e-commerce – we raise our EBITDA estimates by 7%/8%/8% for FY21/FY22/FY23. We continue to value TRPC using the SOTP method, ascribing an EV/EBITDA multiple for the core business segments and P/E multiple for its 49% stake in the Transystem JV. Post estimate revision and on rolling over valuations, we have a revised Dec’21 target price of Rs 300 from Rs 270, set at unchanged TTM Dec’22E EBITDA multiples of 6x/8x/7x for the freight/SCS/seaways segments. Maintain BUY.

We continue to like TRPC for its multimodal capability – road, coastal shipping, and rail (through the JV with Container Corp), strong positioning across business segments, and robust clientele. The company should also benefit from rising LTL share within the freight segment and increasing logistics outsourcing trends in its 3PL/SCS segment. The stock is trading at attractive valuations of 11x/9.5x FY22E/FY23E EPS. We maintain our positive stance on the company as we remain optimistic on long-term business prospects.

**FIG 9 – REVISED ESTIMATES – CONSOLIDATED**

(Rs mn)	FY21E			FY22E			FY23E		
	Old	New	Change (%)	Old	New	Change (%)	Old	New	Change (%)
Revenues	25,098	25,758	2.6	29,510	30,339	2.8	32,935	33,845	2.8
EBITDA	2,067	2,219	7.4	2,686	2,891	7.6	3,111	3,346	7.6
EBITDA margin (%)	8.2	8.6	38bps	9.1	9.5	43bps	9.4	9.9	44bps
PAT	953	1,107	16.2	1,404	1,553	10.6	1,673	1,842	10.1
PAT margin (%)	3.8	4.3	50bps	4.8	5.1	36bps	5.1	5.4	36bps

Source: Company, BOBCAPS Research

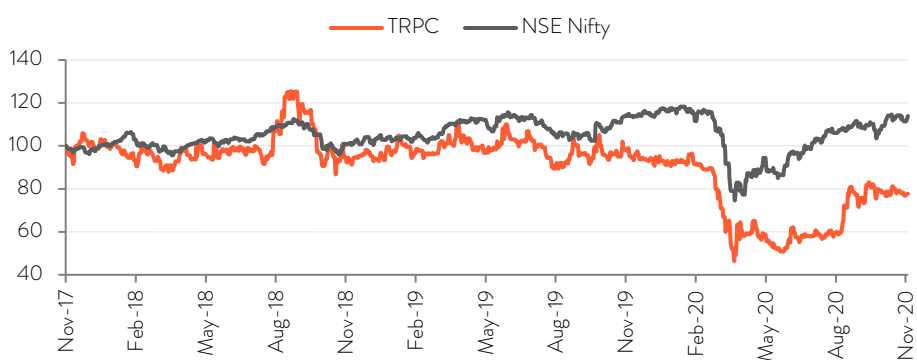
**FIG 10 – VALUATION ASSUMPTIONS**

Segment-wise valuation	(Rs mn)
<b>Freight segment</b>	
TTM Dec’22E EBITDA	743
EV/EBITDA multiple applied (x)	6.0
<b>Total EV for the segment</b>	<b>4,460</b>
<b>Supply chain segment</b>	
TTM Dec’22E EBITDA	1,256
EV/EBITDA multiple applied (x)	8.0
<b>Total EV for the segment</b>	<b>10,051</b>
<b>Seaways segment</b>	
TTM Dec’22E EBITDA	1,386
EV/EBITDA multiple applied (x)	7.0
<b>Total EV for the segment</b>	<b>9,701</b>
<b>Total EV of the consolidated business (ex. JV)</b>	<b>24,212</b>
Net debt	3,511
<b>Equity value of the consolidated business (ex. JV)</b>	<b>20,701</b>

Segment-wise valuation	(Rs mn)
TTM Dec'22E PAT of Transystem Logistics	476
P/E multiple applied (x)	10.0
Fair value of Transystem Logistics	4,759
Share of TRPC (%)	49
Valuation attributed to TRPC	2,332
Total equity value including JV	23,033
No. of shares (mn)	76.9
<b>Dec'21 Target price</b>	<b>300</b>

Source: Company, BOBCAPS Research

**FIG 11 – RELATIVE STOCK PERFORMANCE**



Source: NSE

### Key risks

Downside risks to our estimates include:

- continuing spread of the pandemic and a prolonged adverse impact on the economy,
- rising competitive intensity adversely impacting seaways volumes and/or realisations, and
- prolonged slowdown in the auto industry – a key end-user vertical for the seaways segment.

## FINANCIALS

### Income Statement

Y/E 31 Mar (Rs mn)	FY19A	FY20A	FY21E	FY22E	FY23E
<b>Total revenue</b>	<b>27,536</b>	<b>27,178</b>	<b>25,758</b>	<b>30,339</b>	<b>33,845</b>
EBITDA	2,495	2,405	2,219	2,891	3,346
Depreciation	774	825	898	1,017	1,117
EBIT	1,721	1,580	1,321	1,874	2,230
Net interest income/(expenses)	(374)	(343)	(307)	(305)	(281)
Other income/(expenses)	195	201	199	180	206
Exceptional items	0	0	0	0	0
EBT	1,542	1,438	1,212	1,749	2,154
Income taxes	(333)	(159)	(294)	(413)	(552)
Extraordinary items	(7)	(99)	0	0	0
Min. int./Inc. from associates	251	252	189	217	239
<b>Reported net profit</b>	<b>1,453</b>	<b>1,432</b>	<b>1,107</b>	<b>1,553</b>	<b>1,842</b>
Adjustments	7	99	0	0	0
<b>Adjusted net profit</b>	<b>1,460</b>	<b>1,531</b>	<b>1,107</b>	<b>1,553</b>	<b>1,842</b>

### Balance Sheet

Y/E 31 Mar (Rs mn)	FY19A	FY20A	FY21E	FY22E	FY23E
Accounts payables	674	639	554	651	724
Other current liabilities	1,336	1,259	1,553	1,829	1,855
Provisions	65	102	97	114	127
Debt funds	4,722	4,236	4,536	4,186	3,836
Other liabilities	0	0	0	0	0
Equity capital	153	154	154	154	154
Reserves & surplus	8,819	10,142	11,249	12,569	14,042
Shareholders' fund	8,972	10,296	11,403	12,722	14,196
<b>Total liabilities and equities</b>	<b>15,770</b>	<b>16,531</b>	<b>18,142</b>	<b>19,502</b>	<b>20,737</b>
Cash and cash eq.	155	259	310	675	709
Accounts receivables	5,151	4,873	5,646	6,234	6,955
Inventories	53	66	62	83	93
Other current assets	1,583	1,877	2,022	2,102	2,345
Investments	1,168	1,354	1,354	1,354	1,354
Net fixed assets	7,263	7,479	8,296	8,530	8,663
CWIP	40	216	0	0	0
Intangible assets	5	5	5	5	5
Deferred tax assets, net	(390)	(302)	(302)	(302)	(302)
Other assets	741	706	750	822	917
<b>Total assets</b>	<b>15,770</b>	<b>16,531</b>	<b>18,142</b>	<b>19,502</b>	<b>20,737</b>

Source: Company, BOBCAPS Research

### Cash Flows

Y/E 31 Mar (Rs mn)	FY19A	FY20A	FY21E	FY22E	FY23E
Net income + Depreciation	2,234	2,356	2,005	2,569	2,958
Interest expenses	374	343	307	305	281
Non-cash adjustments	(55)	(88)	0	0	0
Changes in working capital	(940)	(69)	(754)	(372)	(956)
Other operating cash flows	0	0	0	0	0
<b>Cash flow from operations</b>	<b>1,613</b>	<b>2,542</b>	<b>1,558</b>	<b>2,503</b>	<b>2,283</b>
Capital expenditures	(1,261)	(1,216)	(1,500)	(1,250)	(1,250)
Change in investments	(124)	(185)	0	0	0
Other investing cash flows	0	0	0	0	0
<b>Cash flow from investing</b>	<b>(1,386)</b>	<b>(1,401)</b>	<b>(1,500)</b>	<b>(1,250)</b>	<b>(1,250)</b>
Equities issued/Others	0	0	0	0	0
Debt raised/repaid	312	(487)	300	(350)	(350)
Interest expenses	(374)	(343)	(307)	(305)	(281)
Dividends paid	(138)	(201)	0	(233)	(368)
Other financing cash flows	(14)	(6)	0	0	0
<b>Cash flow from financing</b>	<b>(214)</b>	<b>(1,037)</b>	<b>(7)</b>	<b>(888)</b>	<b>(999)</b>
<b>Changes in cash and cash eq.</b>	<b>13</b>	<b>104</b>	<b>51</b>	<b>365</b>	<b>34</b>
<b>Closing cash and cash eq.</b>	<b>155</b>	<b>259</b>	<b>310</b>	<b>675</b>	<b>709</b>

### Per Share

Y/E 31 Mar (Rs)	FY19A	FY20A	FY21E	FY22E	FY23E
Reported EPS	19.0	18.6	14.4	20.2	24.0
Adjusted EPS	19.0	19.9	14.4	20.2	24.0
Dividend per share	1.8	2.0	0.0	3.0	4.8
Book value per share	116.4	133.2	147.6	164.8	184.0

### Valuations Ratios

Y/E 31 Mar (x)	FY19A	FY20A	FY21E	FY22E	FY23E
EV/Sales	0.8	0.8	0.8	0.7	0.6
EV/EBITDA	8.5	9.0	9.7	7.4	6.3
Adjusted P/E	11.9	11.4	15.7	11.2	9.4
P/BV	1.9	1.7	1.5	1.4	1.2

### DuPont Analysis

Y/E 31 Mar (%)	FY19A	FY20A	FY21E	FY22E	FY23E
Tax burden (Net profit/PBT)	94.7	106.4	91.3	88.8	85.5
Interest burden (PBT/EBIT)	89.6	91.0	91.8	93.3	96.6
EBIT margin (EBIT/Revenue)	6.2	5.8	5.1	6.2	6.6
Asset turnover (Revenue/Avg TA)	2.1	1.9	1.7	1.8	1.9
Leverage (Avg TA/Avg Equity)	1.6	1.5	1.4	1.4	1.3
Adjusted ROAE	17.7	16.0	10.3	12.9	13.7

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



**Ratio Analysis**

Y/E 31 Mar	FY19A	FY20A	FY21E	FY22E	FY23E
<b>YoY growth (%)</b>					
Revenue	17.2	(1.3)	(5.2)	17.8	11.6
EBITDA	15.3	(3.6)	(7.8)	30.3	15.7
Adjusted EPS	17.7	4.6	(27.7)	40.3	18.6
<b>Profitability &amp; Return ratios (%)</b>					
EBITDA margin	9.1	8.8	8.6	9.5	9.9
EBIT margin	6.2	5.8	5.1	6.2	6.6
Adjusted profit margin	5.3	5.6	4.3	5.1	5.4
Adjusted ROAE	17.7	16.0	10.3	12.9	13.7
ROCE	12.9	10.9	8.5	11.2	12.5
<b>Working capital days (days)</b>					
Receivables	68	65	80	75	75
Inventory	1	1	1	1	1
Payables	10	9	9	9	9
<b>Ratios (x)</b>					
Gross asset turnover	3.2	2.8	2.3	2.4	2.4
Current ratio	3.3	3.5	3.6	3.5	3.7
Net interest coverage ratio	4.6	4.6	4.3	6.1	7.9
Adjusted debt/equity	0.5	0.4	0.4	0.3	0.2

Source: Company, BOBCAPS Research

## Disclaimer

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

**BUY** – Expected return >+15%

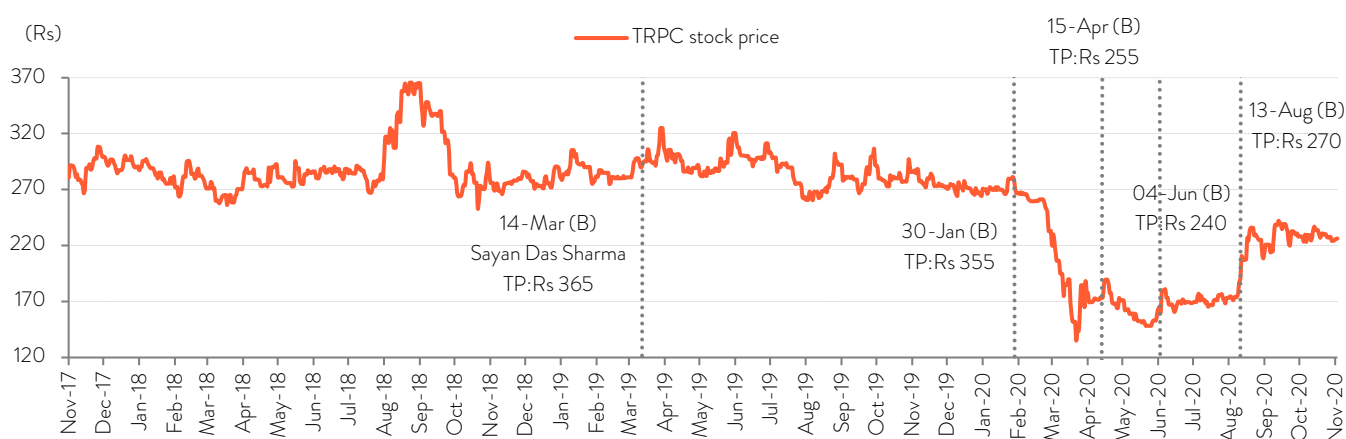
**ADD** – Expected return from >+5% to +15%

**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): TRANSPORT CORP OF INDIA (TRPC 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.