

BUY

TP: Rs 240 | ▲ 50%

**TRANSPORT CORP OF
INDIA**

Logistics

04 June 2020

Difficult Q4; growth recovery a few quarters away

Transport Corp's (TRPC) Q4FY20 consolidated revenue/EBITDA declined 10%/26% YoY, in line with our estimates. Movement restrictions imposed in late-March had a ~Rs 1bn impact on the Q4 topline, per management, and are likely to exact a heavier toll in Q1FY21. Notwithstanding near-term hurdles, we expect TRPC to benefit from (1) the shift towards alternate modes of transport (rail, shipping), (2) its unparalleled multi-modal capabilities, and (3) rising logistics outsourcing. We lower our TP to Rs 240 (vs. Rs 255) as we prune FY21-FY22 EPS 5-6%.

Sayan Das Sharma

+91 22 6138 9381

sayan.sharma@bobcaps.in

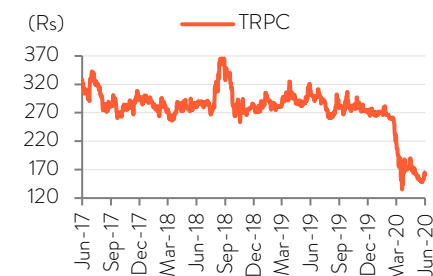
Pain across segments: Freight/SCS/seaways revenue fell 2%/21%/4% YoY in Q4. Amid tough externalities, freight was relatively resilient as the topline drop was lower than peers (TCI Express: -10%). Plummeting volumes of the key auto vertical (~80% of topline) marred the SCS segment. Despite adding a ship in Q3 (28,500dwt), seaways revenue declined due to lower freight availability and pricing pressure owing to stiff competition on the west coast.

Margin contraction: EBITDA margin contracted 180bps YoY to 8.8% as operating expenses (+100bps YoY) and staff costs (+160bps) increased as a percentage of sales. Rising LTL share cushioned the EBIT margin drop in the freight segment (-50bps YoY). Seaways margin plummeted 550bps YoY as fuel costs rose 10-15% under the IMO 2020 regime. SCS margin contracted 270bps YoY to 5%, a multi-year low, due to lower absorption of fixed costs following a topline plunge.

Near-term headwinds: TRPC's Q1FY21 print is also likely to be marred by the lockdown-induced slowdown. Breakeven requires ~50% of the Q1FY20 topline which looks difficult even if TRPC achieves its targeted 15%/30%/60% activity in Apr/May/Jun. We expect growth recovery to begin in H2FY21 followed by a strong revival in FY22 (revenue/EBITDA growth of 18%/30%).

Ticker/Price	TRPC IN/Rs 161
Market cap	US\$ 162.7mn
Shares o/s	77mn
3M ADV	US\$ 0.1mn
52wk high/low	Rs 315/Rs 122
Promoter/FPI/DII	67%/2%/9%

Source: NSE

STOCK PERFORMANCE

Source: NSE

KEY FINANCIALS

Y/E 31 Mar	FY18A	FY19A	FY20P	FY21E	FY22E
Total revenue (Rs mn)	23,499	27,536	27,178	25,117	29,545
EBITDA (Rs mn)	2,165	2,495	2,405	2,070	2,693
Adj. net profit (Rs mn)	1,238	1,460	1,531	958	1,401
Adj. EPS (Rs)	16.2	19.0	19.9	12.5	18.2
Adj. EPS growth (%)	52.4	17.7	4.6	(37.4)	46.3
Adj. ROAE (%)	17.6	17.7	16.0	9.0	12.0
Adj. P/E (x)	9.9	8.4	8.1	12.9	8.8
EV/EBITDA (x)	7.2	6.5	6.9	7.9	5.9

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)	Q4FY20	Q4FY19	YoY (%)	Q3FY20	QoQ (%)	FY20	FY19	YoY (%)
Total revenues	6,678	7,427	(10.1)	7,063	(5.5)	27,178	27,537	(1.3)
Operating expenses	5,406	5,939	(9.0)	5,792	(6.7)	22,143	22,515	(1.7)
% of sales	81.0	80.0	99bps	82.0	(105bps)	81.5	81.8	(29bps)
Employee expenses	420	350	20.3	382	10.0	1,572	1,402	12.2
% of sales	6.3	4.7	159bps	5.4	88bps	5.8	5.1	69bps
Other expenses	266	352	(24.5)	240	10.6	1,058	1,124	(5.9)
% of sales	4.0	4.7	(76bps)	3.4	58bps	3.9	4.1	(19bps)
Total expenditure	6,092	6,640	(8.3)	6,415	(5.0)	24,773	25,041	(1.1)
EBITDA	586	787	(25.6)	648	(9.7)	2,405	2,495	(3.6)
EBITDA margin (%)	8.8	10.6	(182bps)	9.2	(41bps)	8.9	9.1	(21bps)
Depreciation	208	202	2.8	215	(3.4)	825	774	6.5
EBIT	378	585	(35.3)	433	(12.8)	1,580	1,721	(8.2)
Interest expenses	85	96	(12.0)	89	(5.5)	343	374	(8.2)
Other income	68	50	34.3	57	18.2	201	195	3.1
PBT	361	539	(33.0)	401	(10.0)	1,438	1,542	(6.7)
PBT margin (%)	5.4	7.3	(185bps)	5.7	(27bps)	5.3	5.6	(31bps)
Share of profit/(loss) from JV	57	54	6.3	19	200.5	252	251	0.2
PBT - after share of profit/(loss) from JV	418	593	(29.4)	420	(0.5)	1,690	1,793	(5.8)
Extraordinary income/(expense)	-	7	(100.0)	-	NM	(99)	-	NM
Tax rate	57	102	(44.4)	77	(25.8)	159	347	(54.1)
Tax rate (%) – total	13.6	17.3	(367bps)	18.2	(465bps)	11.1	22.5	(1142bps)
Reported PAT	362	497	(27.3)	344	5.2	1,432	1,453	(1.5)
Adjustment	-	7	(100.0)	-	NM	(99)	-	NM
Adjusted PAT	362	491	(26.3)	344	5.2	1,531	1,446	5.8
Adjusted PAT margin (%)	5.4	6.6	(119bps)	4.9	55bps	5.6	5.3	38bps
Adjusted EPS	4.7	6.4	(26.3)	4.5	5.2	20.0	18.9	5.8

Source: Company, BOBCAPS Research

FIG 2 – SEGMENTAL PERFORMANCE – CONSOLIDATED

Y/E Mar (Rs mn)	Q4FY20	Q4FY19	YoY (%)	Q3FY20	QoQ (%)	FY20	FY19	YoY (%)
Freight segment								
Revenue	3,671	3,736	(1.8)	3,746	(2.0)	10,681	10,252	4.2
EBIT	121	143	(15.1)	129	(5.5)	320	282	13.7
EBIT margin	3.3	3.8	(52bps)	3.4	(12bps)	3.0	2.7	25bps
Supply chain management segment								
Revenue	2,142	2,706	(20.8)	2,431	(11.9)	7,348	7,535	(2.5)
EBIT	107	208	(48.9)	132	(19.3)	458	502	(8.8)
EBIT margin	5.0	7.7	(273bps)	5.4	(46bps)	6.2	6.7	(43bps)
Seaways segment								
Revenue	1,046	1,088	(3.9)	989	5.7	2,632	2,506	5.0
EBIT	225	294	(23.5)	226	(0.6)	1,291	441	192.9
EBIT margin	21.5	27.0	(552bps)	22.9	(136bps)	49.1	17.6	3,146bps

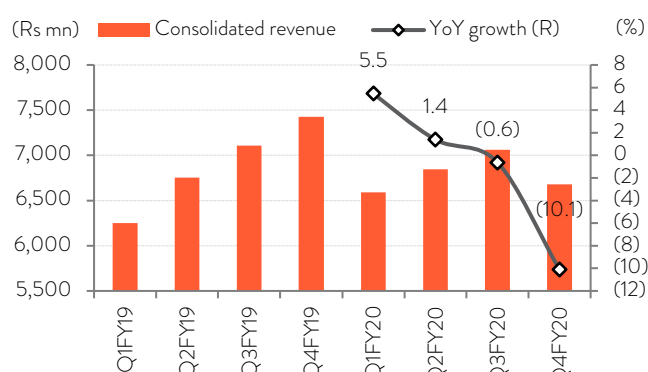
Source: Company, BOBCAPS Research

FIG 3 – QUARTERLY PERFORMANCE – STANDALONE

Y/E Mar (Rs mn)	Q4FY20	Q4FY19	YoY (%)	Q3FY20	QoQ (%)	FY20	FY19	YoY (%)
Total revenues	6,257	6,918	(9.6)	6,473	(3.3)	25,134	25,567	(1.7)
Operating expenses	5,025	5,475	(8.2)	5,241	(4.1)	20,270	20,695	(2.1)
% of sales	80.3	79.1	116bps	81.0	(66bps)	80.6	80.9	(29bps)
Employee expenses	408	338	20.5	370	10.0	1,524	1,358	12.2
% of sales	6.5	4.9	162bps	5.7	79bps	6.1	5.3	75bps
Other expenses	245	334	(26.7)	235	4.3	1,005	1,088	(7.6)
% of sales	3.9	4.8	(91bps)	3.6	29bps	4.0	4.3	(26bps)
Total expenditure	5,677	6,148	(7.7)	5,846	(2.9)	22,799	23,141	(1.5)
EBITDA	580	771	(24.8)	627	(7.5)	2,335	2,426	(3.8)
EBITDA margin (%)	9.3	11.1	(187bps)	9.7	(42bps)	9.3	9.5	(20bps)
Depreciation	197	189	4.1	204	(3.6)	777	752	3.3
EBIT	383	582	(34.2)	423	(9.4)	1,558	1,674	(6.9)
Interest expenses	80	91	(12.0)	84	(5.3)	324	356	(9.1)
Other income	67	46	45.7	58	15.8	283	285	(0.7)
PBT	370	537	(31.1)	396	(6.6)	1,517	1,603	(5.3)
PBT margin (%)	5.9	7.8	(185bps)	6.1	(21bps)	6.0	6.3	(23bps)
Extraordinary income/(expense)	-	-	NM	-	NM	(99)	-	NM
Tax rate	57	101	(43.3)	75	(23.6)	155	326	(52.7)
Tax rate (%) – total	15.5	18.8	(331bps)	18.9	(345bps)	10.2	20.4	(1,018bps)
Reported PAT	313	436	(28.3)	321	(2.6)	1,264	1,276	(1.0)
Adjustment	-	-	NM	-	NM	(99)	-	NM
Adjusted PAT	313	436	(28.3)	321	(2.6)	1,363	1,276	6.8
Adjusted PAT margin (%)	5.0	6.3	(131bps)	5.0	4bps	5.4	5.0	43bps
Adjusted EPS	4.1	5.7	(28.3)	4.2	(2.6)	17.8	16.7	6.8

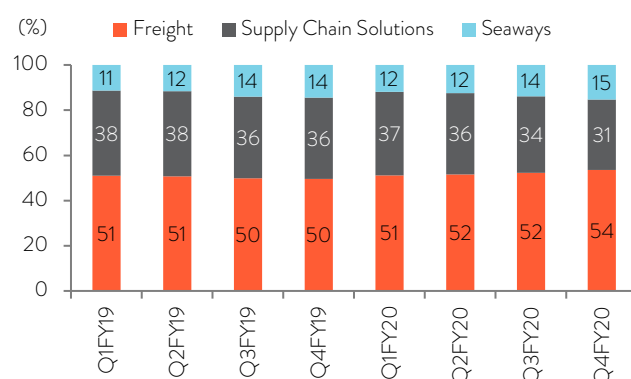
Source: Company, BOBCAPS Research

FIG 4 – CONSOL REVENUE DECLINED 10% YOY



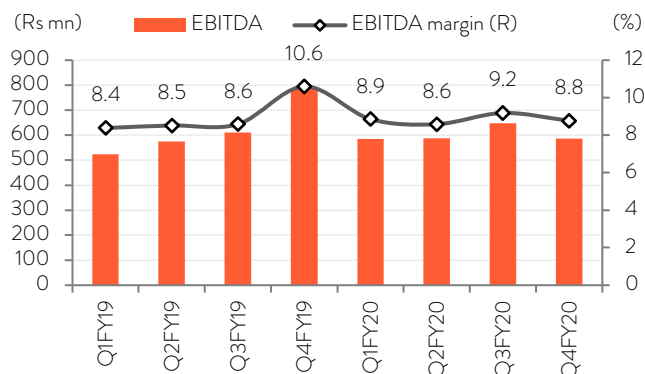
Source: Company, BOBCAPS Research

FIG 5 – REVENUE SHARE OF FREIGHT INCREASED AT THE EXPENSE OF SCS SEGMENT



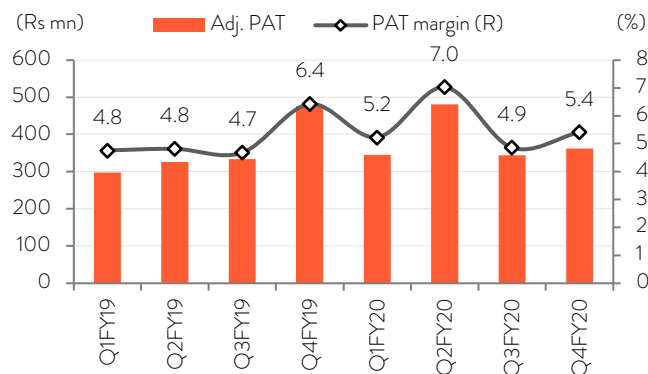
Source: Company, BOBCAPS Research

FIG 6 – EBITDA MARGIN CONTRACTED BY 180BPS TO 8.8%



Source: Company, BOBCAPS Research

FIG 7 – CONSOLIDATED ADJ. PAT (AFTER JV PROFIT SHARE) DECLINED 26% YOY



Source: Company, BOBCAPS Research

FIG 8 – CAPEX PLAN AND FUNDING PATTERN

(Rs mn)	FY19	FY20	FY21E
Capex details			
Hub centers and small warehouses	463	115	450
Ships	199	509	-
Containers	382	187	-
Trucks and other vehicles	417	243	475
Others (IT, wind energy, WH equipment)	54	25	75
Total	1,515	1,079	1,000
Funding pattern			
Debt	964	440	475
Equity	-	-	-
Internal accrual	551	639	525
Total	1,515	1,079	1,000

Source: Company, BOBCAPS Research

Earnings call takeaways

- Nationwide lockdown measures have severely disrupted the supply chain process across the country. TRPC has lost sales potential of Rs 1bn in Q4FY20 due to this disruption during the last few days of March.
- The company has set internal targets to achieve 10-15% of normal monthly business activity in April, 25-30% in May, and 50-60% in June. It expects cash breakeven at 50% of the base quarter's revenue.

Freight segment

- Despite a gradual easing of restrictions, only 35-40% of trucks are operational across the country due to a shortage of drivers and labour as well as anaemic demand.
- Rail movement has been relatively better at 50-60% of normal levels, though there is a shortage of containers and crews.
- LTL (less-than-truckload) currently accounts for ~33% of total freight revenue. Management foresees growth hurdles for the segment as SME clients are facing business challenges; hence LTL share may reduce to ~30% in FY21.
- Freight rates in some industries and regions have gone up disproportionately. However, management expects rates to stabilise once supply improves, as demand remains anaemic.
- Market share gain is possible in freight as smaller players lose out. However, TRPC will not pursue margin- and working capital-dilutive opportunities.

Supply chain solutions (SCS) segment

- Warehousing activity for e-commerce and FMCG is operational, with other industries gradually starting up.
- The auto vertical forms 75-80% of the SCS topline and is further segregated into mobility (two-wheelers, passenger vehicles), commercial vehicles, and agri-equipment. The company expects the last vertical to be relatively resilient in the near term.
- Management sees opportunities in the e-commerce, FMCG, food processing, cold chain and agri equipment spaces in the near term.
- E-commerce companies now expect demand to surpass Jan-Feb levels and TRPC has geared up accordingly.

Seaways segment

- In seaways, pricing on the western coast of India is under pressure due to heightened competition. Operating expenses have also increased due to higher fuel costs under the IMO 2020 regime – fuel costs which form 40-45% of total costs for the business increased by 10-15% after the regulations were put in place. The decline in crude prices has provided some respite.
- Some incumbents, however, have partially halted operations of late owing to the dual impact of lower volumes and higher operating costs.
- TRPC has acquired new customers in the seaways segment. However, this has not compensated for the loss of volumes from existing customers – tiles manufacturers from Morbi for example.
- Seaways is currently operating at ~40% of normal business activity. Breakeven in the business requires two-thirds of base quarter revenue.

Others

- Receivables collection has been robust. Working capital utilisation limits have gone down to ~45% currently vs. ~73% in the end of March.
- TRPC has guided for capex of Rs 1bn in FY21.

Valuation methodology

Though the Q4FY20 operating performance was largely in line with our estimates, we trim our FY21-FY22 revenue/EBITDA estimates by 4%/6% each, factoring in the lockdown extensions since [our last report](#). We 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, we slightly lower our Mar'21 target price to Rs 240 from Rs 255, set at unchanged FY22E 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 an attractive 9x FY22E EPS. We maintain our positive stance on the company as we remain optimistic on the long-term business prospects, though macro slowdown remains a near-term headwind.

FIG 9 – REVISED ESTIMATES – CONSOLIDATED

(Rs mn)	FY21E			FY22E		
	Old	New	Change (%)	Old	New	Change (%)
Revenues	26,227	25,117	(4.2)	30,672	29,545	(3.7)
EBITDA	2,197	2,070	(5.8)	2,873	2,693	(6.3)
EBITDA margin (%)	8.4	8.2	(14bps)	9.4	9.1	(25bps)
PAT	1,005	958	(4.7)	1,493	1,401	(6.2)
PAT margin (%)	3.8	3.8	(2bps)	4.9	4.7	(13bps)

Source: Company, BOBCAPS Research

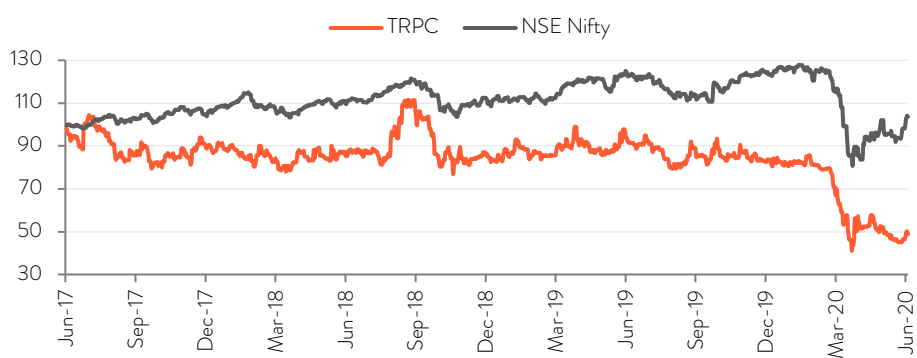
FIG 10 – VALUATION ASSUMPTIONS

Segment-wise valuation	(Rs mn)
Freight segment	
FY22E EBITDA	617
EV/EBITDA multiple applied (x)	6.0
Total EV for the segment	3,700
Supply chain segment	
FY22E EBITDA	1,028
EV/EBITDA multiple applied (x)	8.0
Total EV for the segment	8,221
Seaways segment	
FY22E EBITDA	1,131
EV/EBITDA multiple applied (x)	7.0
Total EV for the segment	7,919
Total EV of the consolidated business (ex. JV)	19,840
Net debt	3,840
Equity value of the consolidated business (ex. JV)	16,000

Segment-wise valuation	(Rs mn)
FY22E PAT of Transystem Logistics	531
P/E multiple applied (x)	10
Fair value of Transystem Logistics	5,312
Share of TRPC (%)	49%
Valuation attributed to TRPC	2,603
Total equity value including JV	18,603
No. of shares (mn)	76.9
Target price	240

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)	FY18A	FY19A	FY20P	FY21E	FY22E
Total revenue	23,499	27,536	27,178	25,117	29,545
EBITDA	2,165	2,495	2,405	2,070	2,693
Depreciation	687	774	825	933	1,044
EBIT	1,478	1,721	1,580	1,137	1,649
Net interest income/(expenses)	(322)	(374)	(343)	(311)	(309)
Other income/(expenses)	144	195	201	160	173
Exceptional items	0	0	0	0	0
EBT	1,301	1,542	1,438	986	1,513
Income taxes	(287)	(333)	(159)	(255)	(372)
Extraordinary items	0	(7)	(99)	0	0
Min. int./Inc. from associates	224	251	252	226	260
Reported net profit	1,238	1,453	1,432	958	1,401
Adjustments	0	7	99	0	0
Adjusted net profit	1,238	1,460	1,531	958	1,401

Balance Sheet

Y/E 31 Mar (Rs mn)	FY18A	FY19A	FY20P	FY21E	FY22E
Accounts payables	597	674	639	537	630
Other current liabilities	805	1,336	1,759	1,514	1,781
Provisions	55	65	102	94	111
Debt funds	4,411	4,722	3,736	4,036	3,686
Other liabilities	0	0	0	0	0
Equity capital	153	153	154	154	154
Reserves & surplus	7,511	8,819	10,142	10,947	12,158
Shareholders' fund	7,664	8,972	10,296	11,100	12,312
Total liabilities and equities	13,533	15,770	16,531	17,281	18,520
Cash and cash eq.	142	155	259	195	347
Accounts receivables	4,249	5,151	4,873	5,505	6,071
Inventories	33	53	66	61	81
Other current assets	1,198	1,583	1,877	1,971	2,047
Investments	1,044	1,168	1,354	1,354	1,354
Net fixed assets	6,252	7,263	7,479	7,762	8,118
CWIP	563	40	216	0	0
Intangible assets	6	5	5	5	5
Deferred tax assets, net	(445)	(390)	(302)	(302)	(302)
Other assets	491	741	706	731	801
Total assets	13,533	15,770	16,531	17,281	18,520

Source: Company, BOBCAPS Research

Cash Flows

Y/E 31 Mar (Rs mn)	FY18A	FY19A	FY20P	FY21E	FY22E
Net income + Depreciation	1,925	2,234	2,356	1,891	2,445
Interest expenses	322	374	343	311	309
Non-cash adjustments	50	(55)	(88)	0	0
Changes in working capital	(832)	(940)	431	(1,101)	(354)
Other operating cash flows	0	0	0	0	0
Cash flow from operations	1,465	1,613	3,042	1,100	2,400
Capital expenditures	(1,523)	(1,261)	(1,216)	(1,000)	(1,400)
Change in investments	(177)	(124)	(185)	0	0
Other investing cash flows	0	0	0	0	0
Cash flow from investing	(1,700)	(1,386)	(1,401)	(1,000)	(1,400)
Equities issued/Others	0	0	0	0	0
Debt raised/repaid	595	312	(987)	300	(350)
Interest expenses	(322)	(374)	(343)	(311)	(309)
Dividends paid	(123)	(138)	(201)	(153)	(189)
Other financing cash flows	40	(14)	(6)	0	0
Cash flow from financing	191	(214)	(1,537)	(164)	(848)
Changes in cash and cash eq.	(44)	13	104	(64)	152
Closing cash and cash eq.	142	155	259	195	347

Per Share

Y/E 31 Mar (Rs)	FY18A	FY19A	FY20P	FY21E	FY22E
Reported EPS	16.2	19.0	18.6	12.5	18.2
Adjusted EPS	16.2	19.0	19.9	12.5	18.2
Dividend per share	1.6	1.8	2.0	2.0	2.5
Book value per share	99.5	116.4	133.2	143.7	159.5

Valuations Ratios

Y/E 31 Mar (x)	FY18A	FY19A	FY20P	FY21E	FY22E
EV/Sales	0.7	0.6	0.6	0.6	0.5
EV/EBITDA	7.2	6.5	6.9	7.9	5.9
Adjusted P/E	9.9	8.4	8.1	12.9	8.8
P/BV	1.6	1.4	1.2	1.1	1.0

DuPont Analysis

Y/E 31 Mar (%)	FY18A	FY19A	FY20P	FY21E	FY22E
Tax burden (Net profit/PBT)	95.2	94.7	106.4	97.1	92.6
Interest burden (PBT/EBIT)	88.0	89.6	91.0	86.7	91.8
EBIT margin (EBIT/Revenue)	6.3	6.2	5.8	4.5	5.6
Asset turnover (Revenue/Avg TA)	2.0	2.1	1.9	1.7	1.9
Leverage (Avg TA/Avg Equity)	1.7	1.6	1.5	1.4	1.4
Adjusted ROAE	17.6	17.7	16.0	9.0	12.0

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

Ratio Analysis

Y/E 31 Mar	FY18A	FY19A	FY20P	FY21E	FY22E
YoY growth (%)					
Revenue	21.0	17.2	(1.3)	(7.6)	17.6
EBITDA	33.6	15.3	(3.6)	(13.9)	30.1
Adjusted EPS	52.4	17.7	4.6	(37.4)	46.3
Profitability & Return ratios (%)					
EBITDA margin	9.2	9.1	8.9	8.2	9.1
EBIT margin	6.3	6.2	5.8	4.5	5.6
Adjusted profit margin	5.3	5.3	5.6	3.8	4.7
Adjusted ROAE	17.6	17.7	16.0	9.0	12.0
ROCE	12.7	12.9	11.1	7.6	10.4
Working capital days (days)					
Receivables	66	68	65	80	75
Inventory	1	1	1	1	1
Payables	10	10	9	9	9
Ratios (x)					
Gross asset turnover	3.4	3.2	2.8	2.3	2.4
Current ratio	3.9	3.3	2.8	3.6	3.4
Net interest coverage ratio	4.6	4.6	4.6	3.7	5.3
Adjusted debt/equity	0.6	0.5	0.3	0.3	0.3

Source: Company, BOBCAPS Research

Disclaimer

Recommendations and Absolute returns (%) over 12 months

BUY – Expected return >+15%

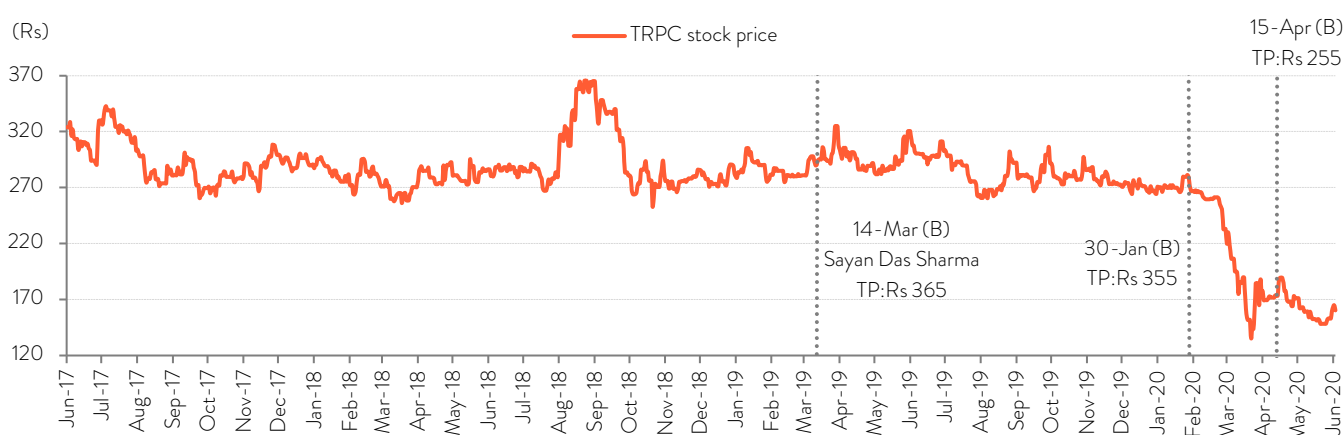
ADD – Expected return from >+5% to +15%

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)

HISTORICAL RATINGS AND TARGET PRICE: TRANSPORT CORP OF INDIA (TRPC IN)



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

Rating distribution

As of 31 May 2020, out of 92 rated stocks in the BOB Capital Markets Limited (BOBCAPS) coverage universe, 55 have BUY ratings, 20 have ADD ratings, 9 are rated REDUCE, 7 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.