

14 August 2019

Century Plyboards

Optimistic outlook, reasonable valuation; maintaining a Buy

Driven by all segments, Century's Q1 came ahead of estimates, with revenue/PAT rising ~7% each on a good base. The 16.1% EBITDA margin surprised positively, though its sustenance is the key. After a marked re-rating over FY14-19 (27x average P/E), following a 19% earnings CAGR, the stock price has fallen over 60% in a year owing to growth challenges amid weakening consumer sentiment. At ~11x FY21e P/E, we find the valuation appealing, given ~31% consolidated PAT CAGR over FY19-21. Thus, we maintain a Buy, with a lower target of ₹183 (earlier ₹202), valued at 16x FY21e P/E. Growth and margin recovery across segments are key monitorables.

Q1 PAT up 6% y/y, ahead of estimates. Revenue/EBITDA/PAT came higher ~7% y/y each and were ahead of our estimates. The EBITDA margin for all segments materially expanded q/q (up 523bps) to 16.1%, driven by lower RMC/other expenses. While plywood volumes were flat, MDF, particle-board and laminates reported 39%/35%/7% y/y increases.

Capex plans for MDF, particle board. As capacity utilisation would nearly peak in FY20, the company plans to increase MDF and particle board capacities in UP, by 500cb metres/day each, at ~₹4bn. While these plans have yet to be firmed up, we have not taken them into our estimates. It will take ~1.5 years to start production from the day of finalisation.

Margin upswing, lower interest costs to boost PAT. After a weak FY19, Century surprised in Q1 by a significant margin expansion. While short-term challenges, such as weak demand and competition in MDF, can be seen, the structural long-term growth outlook is intact. We expect 11%/20%/31% CAGRs in consolidated revenue/EBITDA/PAT over FY19-21.

Valuation. We like Century for its diversified product range, leading position in key products and disciplined balance sheet. At 11x FY21e P/E, the stock is attractively valued, considering a 31% consol. PAT CAGR over FY19-21 and the RoE approaching 20%. **Risks:** Rising input costs, currency fluctuations.

Key financials (YE Mar)	FY17	FY18	FY19	FY20e	FY21e
Sales (₹ m)	18,187	20,239	22,804	24,989	27,888
Net profit (₹ m)	1,935	1,661	1,489	2,020	2,550
EPS (₹)	8.7	7.5	6.7	9.1	11.5
PE (x)	15.0	17.4	19.4	14.3	11.3
EV / EBITDA (x)	10.9	10.3	11.1	8.8	7.1
PBV (x)	4.0	3.4	3.0	2.5	2.1
RoE (%)	27.1	19.5	15.3	17.6	18.7
RoCE (%) – after tax	14.0	11.6	11.1	13.2	14.7
Dividend yield (%)	0.8	0.8	0.8	0.9	1.1
Net debt / equity (x)	0.7	0.6	0.4	0.3	0.1

Source: Company, Anand Rathi Research

Anand Rathi Share and Stock Brokers Limited (hereinafter "ARSSBL") is a full-service brokerage and equities-research firm and the views expressed therein are solely of ARSSBL and not of the companies which have been covered in the Research Report. This report is intended for the sole use of the Recipient. Disclosures and analyst certifications are present in the Appendix.

Rating: **Buy**

Target Price: ₹183

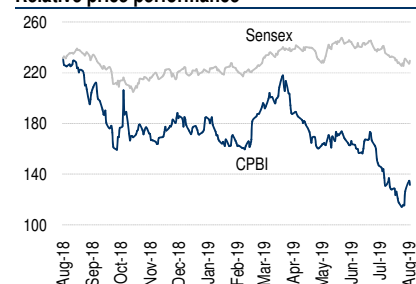
Share Price: ₹130

Key data	CPBI IN / CNTP.BO
52-week high / low	₹238 / 112
Sensex / Nifty	37354 / 11041
3-m average volume	\$0.4m
Market cap	₹29bn / \$410.8m
Shares outstanding	222m

Shareholding pattern (%)	Jun'19	Mar'19	Dec'18
Promoters	72.8	72.7	72.7
- of which, Pledged	-	-	-
Free float	27.3	27.3	27.3
- Foreign institutions	7.7	7.7	8.7
- Domestic institutions	6.8	7.3	6.2
- Public	12.7	12.3	12.4

Estimates revision (%)	FY20e	FY21e
Sales	(1.4)	(2.9)
EBITDA	(4.6)	(7.4)
PAT	(6.7)	(9.0)

Relative price performance



Source: Bloomberg

Ashish Poddar

Research Analyst

+9122 66266407

ashishpoddar@rathi.com

Devanshi Kapadia

Research Associate

devanshikapadia@rathi.com

Quick Glance – Financials and Valuations (consol.)

Fig 1 – Income statement (₹ m)

Year-end: Mar	FY17	FY18	FY19	FY20e	FY21e
Net revenues	18,187	20,239	22,804	24,989	27,888
Growth (%)	10.8	11.3	12.7	9.6	11.6
Direct costs	8,951	9,860	11,509	12,578	14,005
SG&A	6,117	7,069	8,279	8,737	9,540
EBITDA	3,120	3,311	3,016	3,674	4,344
EBITDA margins (%)	17.2	16.4	13.2	14.7	15.6
- Depreciation	593	907	595	647	688
Other income	226	79	71	80	88
Interest expenses	302	358	469	413	344
PBT	2,450	2,124	2,023	2,694	3,399
Effective tax rate (%)	21.0	21.8	26.4	25.0	25.0
+ Associates / (Minorities)	-	-	-	-	-
Net income	1,935	1,661	1,489	2,020	2,550
Adjusted income	1,935	1,661	1,489	2,020	2,550
WANS	223	223	223	223	223
FDEPS (₹ / sh)	8.7	7.5	6.7	9.1	11.5
FDEPS growth (%)	14.0	(14.1)	(10.4)	35.7	26.2
Gross margins (%)	50.8	51.3	49.5	49.7	49.8

Fig 3 – Cash-flow statement (₹ m)

Year-end: Mar	FY17	FY18	FY19	FY20e	FY21e
EBIT (excluding other income)	2,450	2,124	2,023	2,694	3,399
+ Non-cash items	623	971	664	677	728
Oper. prof. before WC	3,073	3,095	2,687	3,371	4,127
- Incr. / (decr.) in WC	-140	729	-97	678	865
Others incl. taxes	1,211	-407	216	435	611
Operating cash-flow	2,002	2,773	2,568	2,258	2,651
- Capex (tang. + intang.)	3,119	2,610	1,474	450	650
Free cash-flow	-1,117	163	1,094	1,808	2,001
Acquisitions					
- Div.(incl. buyback & taxes)	267	267	267	320	374
+ Equity raised	-	-	-	-	-
+ Debt raised	1,470	-318	-530	-1,000	-1,000
- Fin investments	-2	0	3	205	405
- Misc. (CFI + CFF)	(196)	39	243	241	240
Net cash-flow	284	-461	51	42	-18

Source: Company, Anand Rathi Research

Fig 5 – Price movement


Source: Bloomberg

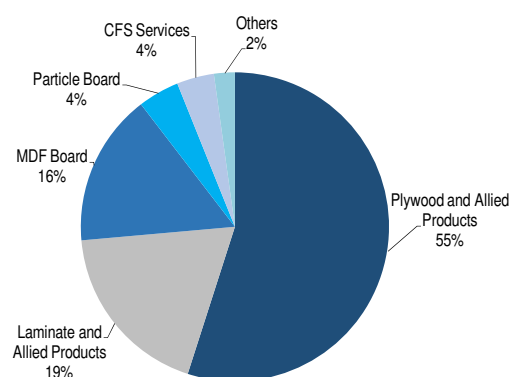
Fig 2 – Balance sheet (₹ m)

Year-end: Mar	FY17	FY18	FY19	FY20e	FY21e
Share capital	223	223	223	223	223
Net worth	7,149	8,516	9,749	11,449	13,625
Debt	5,664	5,346	4,816	3,816	2,816
Minority interest	120	184	253	283	323
DTL / (Assets)	14	23	12	14	17
Capital employed	12,947	14,069	14,830	15,562	16,781
Net tangible assets	3,041	6,475	8,348	8,201	8,213
Net intangible assets	21	18	16	16	16
Goodwill	-	-	-	-	-
CWIP (tang. & intang.)	2,988	1,261	268	218	168
Investments (strategic)	-	-	-	-	-
Investments (financial)	61	61	64	269	674
Current assets (ex cash)	9,065	9,228	9,159	9,904	10,887
Cash	672	211	262	304	286
Current liabilities	2,902	3,186	3,288	3,351	3,464
Working capital	6,163	6,042	5,870	6,553	7,423
Capital deployed	12,947	14,069	14,830	15,562	16,781
Contingent liabilities	-	-	-	-	-

Fig 4 – Ratio analysis

Year-end: Mar	FY17	FY18	FY19	FY20e	FY21e
P/E (x)	15.0	17.4	19.4	14.3	11.3
EV / EBITDA (x)	10.9	10.3	11.1	8.8	7.1
EV / Sales (x)	1.9	1.7	1.5	1.3	1.1
P/B (x)	4.0	3.4	3.0	2.5	2.1
RoE (%)	27.1	19.5	15.3	17.6	18.7
RoCE (%) - after tax	14.0	11.6	11.1	13.2	14.7
RoIC	20.3	14.9	12.9	15.6	17.7
DPS (₹ / sh)	1.0	1.0	1.0	1.2	1.4
Dividend yield (%)	0.8	0.8	0.8	0.9	1.1
Dividend payout (%) - incl. DDT	11.5	13.4	14.9	13.2	12.2
Net debt / equity (x)	0.7	0.6	0.4	0.3	0.1
Receivables (days)	69	64	47	47	47
Inventory (days)	60	69	74	74	74
Payables (days)	28	32	26	26	26
CFO : PAT %	103.5	166.9	172.5	111.8	104.0

Source: Company, Anand Rathi Research

Fig 6 – Q1 FY20 revenue break-up (standalone)


Source: Company

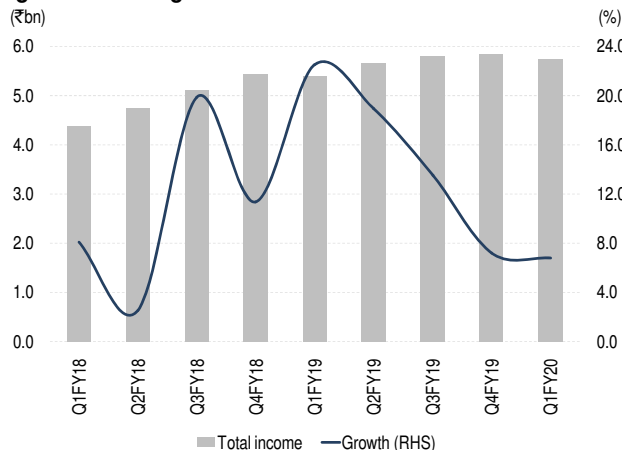
Financial highlights

Fig 7 – Financials (standalone)

(₹ m)	Q1 FY19	Q2 FY19	Q3 FY19	Q4 FY19	Q1 FY20	% Y/Y	% Q/Q	FY19	FY18	% Y/Y
Total income	5,373	5,644	5,789	5,832	5,737	7	(2)	22,638	19,672	15
RM costs	2,754	2,945	3,088	3,029	2,921	6	(4)	11,816	10,230	16
Employee costs	790	840	810	837	845	7	1	3,277	2,839	15
Other expenses	963	1,117	1,132	1,330	1,045	8	(21)	4,542	3,543	28
EBITDA	865	742	759	637	926	7	45	3,004	3,060	(2)
Depreciation	108	113	136	143	169	56	18	500	810	(38)
Interest cost	134	155	62	94	90	(33)	(5)	446	327	36
Other income	6	10	16	29	11	97	(61)	61	67	(10)
PBT	628	485	577	429	679	8	58	2,119	1,990	6
Tax	175	106	162	87	197	13	126	531	424	25
PAT	454	378	414	342	481	6	41	1,588	1,566	1
EPS (calculated) (₹)	2.0	1.7	1.9	1.5	2.2	6	41	7.1	7.0	1
As % of income						bps y/y	bps q/q			bps y/y
Gross margins	48.7	47.8	46.7	48.1	49.1	34	101	47.8	48.0	(19)
Employee costs	14.7	14.9	14.0	14.3	14.7	2	38	14.5	14.4	4
Other expenses	17.9	19.8	19.6	22.8	18.2	29	(459)	20.1	18.0	205
EBITDA margins	16.1	13.2	13.1	10.9	16.1	4	523	13.3	15.6	(229)
Depreciation	2.0	2.0	2.3	2.5	3.0	94	50	2.2	4.1	(191)
EBIT margin										
Interest	2.5	2.7	1.1	1.6	1.6	(94)	(5)	2.0	1.7	31
Other income	0.1	0.2	0.3	0.5	0.2	9	(30)	0.3	0.3	(7)
PBT	11.7	8.6	10.0	7.4	11.8	13	448	9.4	10.1	(76)
Effective tax rate	27.8	22.0	28.2	20.4	29.1	127	872	25.1	21.3	377
PAT margins	8.4	6.7	7.2	5.9	8.4	(5)	253	7.0	8.0	(95)
Segment-wise results										
Revenue (₹ m)										
Plywood and allied products	3,179	3,224	3,143	3,235	3,157	(0.7)	(2.4)	12,781	12,944	(1)
Laminate and allied products	915	1,106	1,138	1,231	1,071	17.1	(13.0)	4,390	4,094	7
Medium-density fibre boards	699	612	882	760	919	31.5	20.9	2,954	1,131	161
Particle boards	182	286	265	241	249	36.5	3.2	975	616	58
CFS services	304	264	250	219	225	(26.0)	2.7	1,037	997	4
Others	99	160	121	154	125	25.9	(18.6)	534	378	42
Revenue mix (%)						bps yoy	bps qoq			bps yoy
Plywood and allied products	59.1	57.0	54.2	55.4	54.9	(416)	(45)	56.4	64.2	(783)
Laminate and allied products	17.0	19.6	19.6	21.1	18.6	163	(244)	19.4	20.3	(95)
Medium-density fibre boards	13.0	10.8	15.2	13.0	16.0	299	297	13.0	5.6	742
Particle boards	3.4	5.1	4.6	4.1	4.3	94	20	4.3	3.1	125
CFS services	5.7	4.7	4.3	3.7	3.9	(174)	16	4.6	4.9	(37)
Others	1.8	2.8	2.1	2.6	2.2	33		2.4	1.9	48
EBITDA margins (%)						bps yoy	bps qoq			bps yoy
Plywood and allied products	17.3	15.5	12.1	9.7	14.6	(268)	485	13.6	14.3	(63)
Laminate and allied products	9.4	8.0	9.0	8.9	10.5	108	159	8.8	10.6	(179)
Medium-density fibre boards	12.9	5.9	15.9	15.3	23.5	1,052	814	13.0	17.9	(489)
Particle boards	26.6	18.9	20.8	25.4	27.4	80	203	22.4	19.0	344
CFS services	40.2	33.9	29.0	23.9	34.2	(594)	1,035	32.4	38.4	(597)

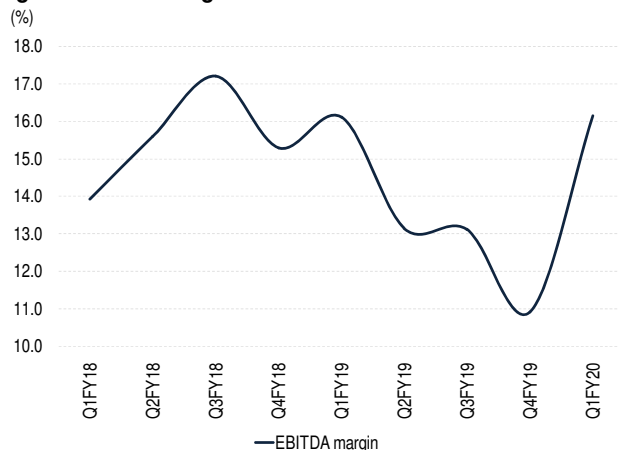
Source: Company, Anand Rathi Research

Fig 8 – Revenue-growth trend



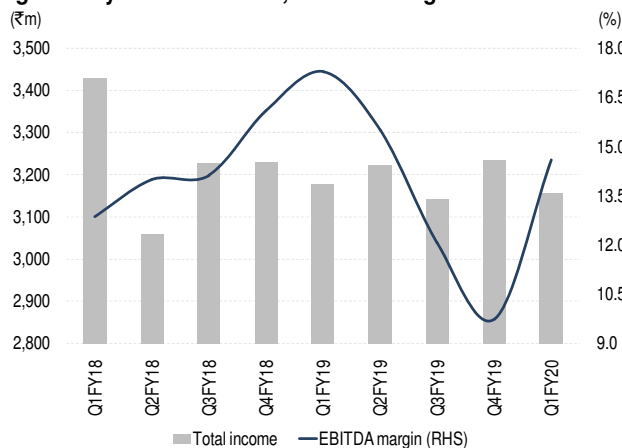
Source: Company, Anand Rathi Research

Fig 9 – EBITDA-margin trend



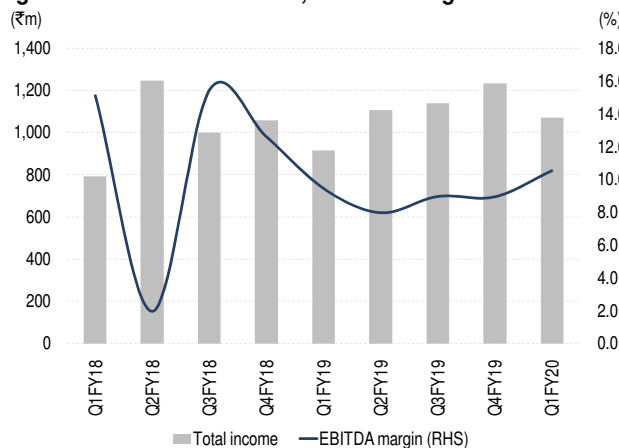
Source: Company, Anand Rathi Research

Fig 10 – Plywood – revenue, EBITDA-margin trends



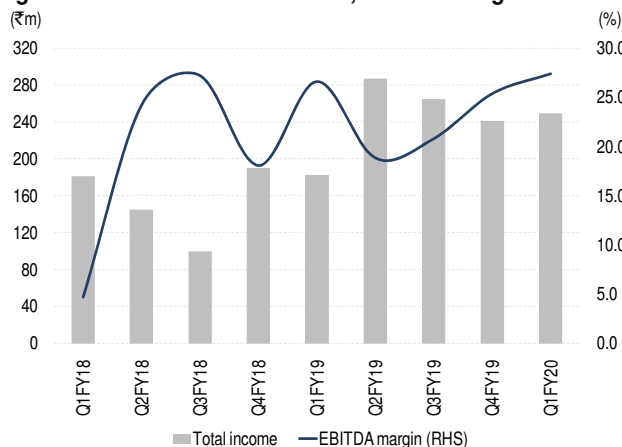
Source: Company, Anand Rathi Research

Fig 11 – Laminates – revenue, EBITDA-margin trends



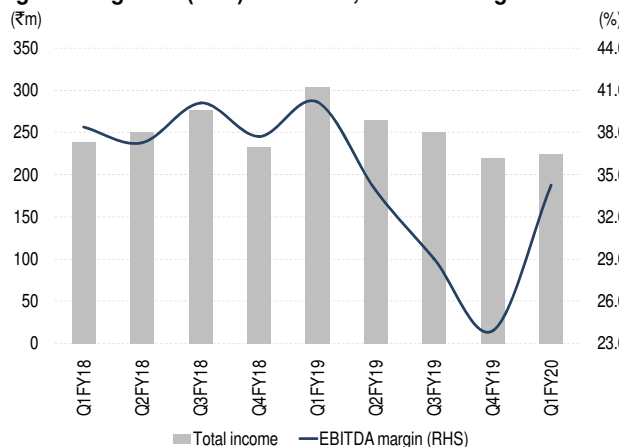
Source: Company, Anand Rathi Research

Fig 12 – Particle boards – revenue, EBITDA-margin trends



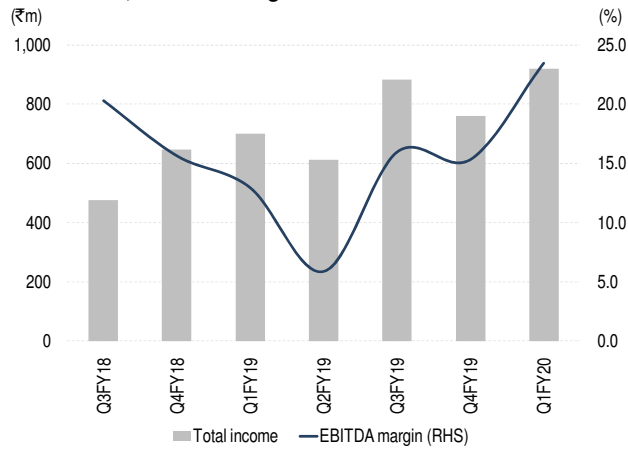
Source: Company, Anand Rathi Research

Fig 13 – Logistics (CFS) – revenue, EBITDA-margin trends



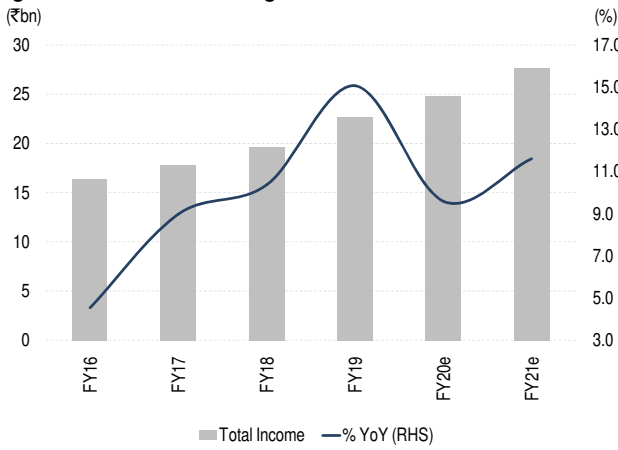
Source: Company, Anand Rathi Research

Fig 14 – MDF - revenue, EBITDA-margin trends



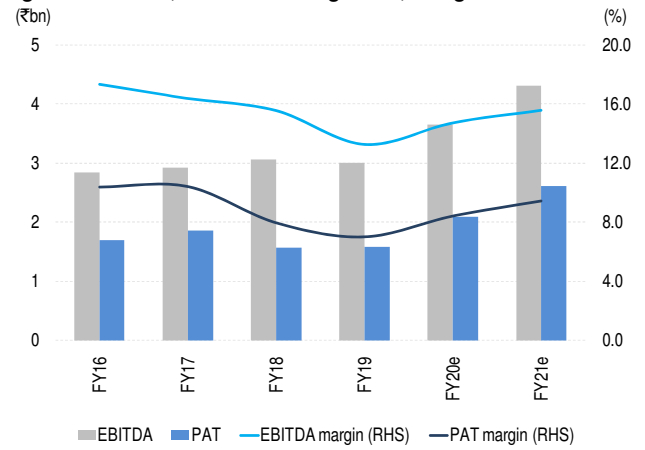
Source: Company, Anand Rathi Research

Fig 15 – Income – annual growth trend



Source: Company, Anand Rathi Research

Fig 16 – EBITDA, PAT – annual growth, margin trends



Source: Company, Anand Rathi Research

Valuation

The building materials sector is faced with several challenges. Yet, we believe in Century's long-term structural growth, supported by macro-economic factors (rising disposable incomes, the government's focus on housing for all, etc.). With its strong brand image (premium-range *Century Club* and the mid-range *Sainik* in plywood) and a diversified product range, it is set to gain from demand revival.

The lower GST and successful e-way bill implementation would aid demand shifting to the regulated sector. On the other hand, huge MDF capacity additions by domestic manufacturers are squeezing margins, expected to improve only gradually. While some short-term challenges persist, the structural long-term growth outlook is intact.

After a significant re-rating over FY14-19 (27x average P/E), following a 19% earnings CAGR, the stock price has fallen more than 60% in the last one year owing to growth challenges amid weakening consumer sentiment. At ~11x FY21e P/E, we find the valuation appealing, given a 31% consol. PAT CAGR over FY19-21. Thus, we maintain our Buy recommendation, with a lower target of ₹183 (earlier ₹202), valued at 16x FY21e P/E. Growth and margin recovery across segments are key monitorables.

Fig 17 – Change in estimates

(₹ m)	Old estimates		New estimates		% Var	
	FY20e	FY21e	FY20e	FY21e	FY20e	FY21e
Income	25,353	28,710	24,989	27,888	(1.4)	(2.9)
EBITDA	3,853	4,690	3,674	4,344	(4.6)	(7.4)
EBITDA margins %	15.2	16.3	14.7	15.6		
PAT	2,166	2,802	2,020	2,550	(6.7)	(9.0)
EPS (₹)	9.7	12.6	9.1	11.5	(6.7)	(9.0)

Source: Anand Rathi Research

Fig 18 – EV/EBITDA - one-year-forward band



Source: Company, Anand Rathi Research

Fig 19 – P/E - one-year-forward band



Source: Company, Anand Rathi Research

Risks

- **Unfavourable price movement, availability of key raw materials.** Sourcing of key raw materials (face veneers, etc.) at reasonable prices is the key challenge due to environmental concerns. Also, a few of the raw materials such as phenol follow crude-oil prices, which are volatile. These pose risks to margins.
- **Currency volatility.** Since the company imports most of its raw material, currency fluctuations could pare its margins.
- **Higher interest rate.** Exposure to interest-rate fluctuations in its foreign-currency borrowing could hurt it.

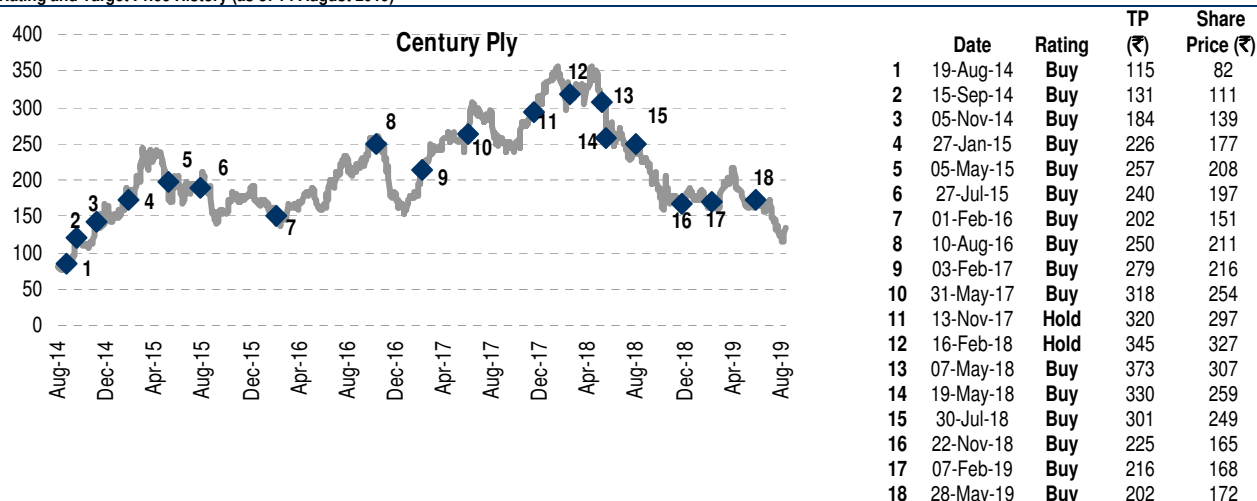
Appendix

Analyst Certification

The views expressed in this Research Report accurately reflect the personal views of the analyst(s) about the subject securities or issuers and no part of the compensation of the research analyst(s) was, is, or will be directly or indirectly related to the specific recommendations or views expressed by the research analyst(s) in this report. The research analysts are bound by stringent internal regulations and also legal and statutory requirements of the Securities and Exchange Board of India (hereinafter "SEBI") and the analysts' compensation are completely delinked from all the other companies and/or entities of Anand Rathi, and have no bearing whatsoever on any recommendation that they have given in the Research Report.

Important Disclosures on subject companies

Rating and Target Price History (as of 14 August 2019)



Anand Rathi Ratings Definitions

Analysts' ratings and the corresponding expected returns take into account our definitions of Large Caps (>US\$1bn) and Mid/Small Caps (<US\$1bn) as described in the Ratings Table below:

Ratings Guide (12 months)

	Buy	Hold	Sell
Large Caps (>US\$1bn)	>15%	5-15%	<5%
Mid/Small Caps (<US\$1bn)	>25%	5-25%	<5%

Research Disclaimer and Disclosure inter-alia as required under Securities and Exchange Board of India (Research Analysts) Regulations, 2014

Anand Rathi Share and Stock Brokers Ltd. (hereinafter refer as ARSSBL) (Research Entity) is a subsidiary of Anand Rathi Financial Services Ltd. ARSSBL is a corporate trading and clearing member of Bombay Stock Exchange Ltd, National Stock Exchange of India Ltd. (NSEIL), Multi Stock Exchange of India Ltd (MCX-SX) and also depository participant with National Securities Depository Ltd (NSDL) and Central Depository Services Ltd. ARSSBL is engaged in the business of Stock Broking, Depository Participant and Mutual Fund distributor.

The research analysts, strategists, or research associates principally responsible for the preparation of Anand Rathi research have received compensation based upon various factors, including quality of research, investor client feedback, stock picking, competitive factors and firm revenues.

General Disclaimer: This Research Report (hereinafter called "Report") is meant solely for use by the recipient and is not for circulation. This Report does not constitute a personal recommendation or take into account the particular investment objectives, financial situations, or needs of individual clients. The recommendations, if any, made herein are expression of views and/or opinions and should not be deemed or construed to be neither advice for the purpose of purchase or sale of any security, derivatives or any other security through ARSSBL nor any solicitation or offering of any investment/trading opportunity on behalf of the issuer(s) of the respective security (ies) referred to herein. These information / opinions / views are not meant to serve as a professional investment guide for the readers. No action is solicited based upon the information provided herein. Recipients of this Report should rely on information/data arising out of their own investigations. Readers are advised to seek independent professional advice and arrive at an informed trading/investment decision before executing any trades or making any investments. This Report has been prepared on the basis of publicly available information, internally developed data and other sources believed by ARSSBL to be reliable. ARSSBL or its directors, employees, affiliates or representatives do not assume any responsibility for, or warrant the accuracy, completeness, adequacy and reliability of such information / opinions / views. While due care has been taken to ensure that the disclosures and opinions given are fair and reasonable, none of the directors, employees, affiliates or representatives of ARSSBL shall be liable for any direct, indirect, special, incidental, consequential, punitive or exemplary damages, including lost profits arising in any way whatsoever from the information / opinions / views contained in this Report. The price and value of the investments referred to in this Report 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. ARSSBL does not provide tax advice to its clients, and all investors are strongly advised to consult with their tax advisers regarding taxation aspects of any potential investment.

Opinions expressed are our current opinions as of the date appearing on this Research only. We do not undertake to advise you as to any change of our views expressed in this Report. Research Report may differ between ARSSBL's RAs and/ or ARSSBL's associate companies on account of differences in research methodology, personal judgment and difference in time horizons for which recommendations are made. User should keep this risk in mind and not hold ARSSBL, its employees and associates responsible for any losses, damages of any type whatsoever.

ARSSBL and its associates or employees may; (a) from time to time, have long or short positions in, and buy or sell the investments in/ security of company (ies) mentioned herein or (b) be engaged in any other transaction involving such investments/ securities of company (ies) discussed herein or act as advisor or lender / borrower to such company (ies) these and other activities of ARSSBL and its associates or employees may not be construed as potential conflict of interest with respect to any recommendation and related information and opinions. Without limiting any of the foregoing, in no event shall ARSSBL and its associates or employees or any third party involved in, or related to computing or compiling the information have any liability for any damages of any kind.

Details of Associates of ARSSBL and Brief History of Disciplinary action by regulatory authorities & its associates are available on our website i.e. www.rathionline.com

Disclaimers in respect of jurisdiction: This report is not directed to, or intended for distribution to or use by, any person or entity who is a citizen or resident of or located in any locality, state, country or other jurisdiction where such distribution, publication, availability or use would be contrary to law or regulation or which would subject ARSSBL to any registration or licensing requirement within such jurisdiction(s). No action has been or will be taken by ARSSBL in any jurisdiction (other than India), where any action for such purpose(s) is required. Accordingly, this Report shall not be possessed, circulated and/or distributed in any such country or jurisdiction unless such action is in compliance with all applicable laws and regulations of such country or jurisdiction. ARSSBL requires such recipient to inform himself about and to observe any restrictions at his own expense, without any liability to ARSSBL. Any dispute arising out of this Report shall be subject to the exclusive jurisdiction of the Courts in India.

Statements on ownership and material conflicts of interest, compensation - ARSSBL and Associates

Answers to the Best of the knowledge and belief of ARSSBL/ its Associates/ Research Analyst who is preparing this report

Research analyst or research entity or his associate or his relative has any financial interest in the subject company and the nature of such financial interest.	No
ARSSBL/its Associates/ Research Analyst/ his Relative have actual/beneficial ownership of one per cent or more securities of the subject company, at the end of the month immediately preceding the date of publication of the research report?	No
ARSSBL/its Associates/ Research Analyst/ his Relative have actual/beneficial ownership of one per cent or more securities of the subject company	No
ARSSBL/its Associates/ Research Analyst/ his Relative have any other material conflict of interest at the time of publication of the research report?	No
ARSSBL/its Associates/ Research Analyst/ his Relative have received any compensation from the subject company in the past twelve months	No
ARSSBL/its Associates/ Research Analyst/ his Relative have managed or co-managed public offering of securities for the subject company in the past twelve months	No
ARSSBL/its Associates/ Research Analyst/ his Relative have received any compensation for investment banking or merchant banking or brokerage services from the subject company in the past twelve months	No
ARSSBL/its Associates/ Research Analyst/ his Relative have received any compensation for products or services other than investment banking or merchant banking or brokerage services from the subject company in the past twelve months	No
ARSSBL/its Associates/ Research Analyst/ his Relative have received any compensation or other benefits from the subject company or third party in connection with the research report	No
ARSSBL/its Associates/ Research Analyst/ his Relative have served as an officer, director or employee of the subject company.	No

Other Disclosures pertaining to distribution of research in the United States of America

This research report is a product of ARSSBL, which is the employer of the research analyst(s) who has prepared the research report. The research analyst(s) preparing the research report is/are resident outside the United States (U.S.) and are not associated persons of any U.S. regulated broker-dealer and therefore the analyst(s) is/are not subject to supervision by a U.S. broker-dealer, and is/are not required to satisfy the regulatory licensing requirements of FINRA or required to otherwise comply with U.S. rules or regulations regarding, among other things, communications with a subject company, public appearances and trading securities held by a research analyst account.

This report is intended for distribution by ARSSBL only to "Major Institutional Investors" as defined by Rule 15a-6(b)(4) of the U.S. Securities and Exchange Act, 1934 (the Exchange Act) and interpretations thereof by U.S. Securities and Exchange Commission (SEC) in reliance on Rule 15a 6(a)(2). If the recipient of this report is not a Major Institutional Investor as specified above, then it should not act upon this report and return the same to the sender. Further, this report may not be copied, duplicated and/or transmitted onward to any U.S. person, which is not the Major Institutional Investor.

In reliance on the exemption from registration provided by Rule 15a-6 of the Exchange Act and interpretations thereof by the SEC in order to conduct certain business with Major Institutional Investors, ARSSBL has entered into an agreement with a U.S. registered broker-dealer, Cabrera Capital Markets. ("Cabrera"). Transactions in securities discussed in this research report should be effected through Cabrera or another U.S. registered broker dealer.

1. ARSSBL or its Affiliates may or may not have been beneficial owners of the securities mentioned in this report.
2. ARSSBL or its affiliates may have or not managed or co-managed a public offering of the securities mentioned in the report in the past 12 months.
3. ARSSBL or its affiliates may have or not received compensation for investment banking services from the issuer of these securities in the past 12 months and do not expect to receive compensation for investment banking services from the issuer of these securities within the next three months.
4. However, one or more of ARSSBL or its Affiliates may, from time to time, have a long or short position in any of the securities mentioned herein and may buy or sell those securities or options thereon, either on their own account or on behalf of their clients.
5. As of the publication of this report, ARSSBL does not make a market in the subject securities.
6. ARSSBL or its Affiliates may or may not, to the extent permitted by law, act upon or use the above material or the conclusions stated above, or the research or analysis on which they are based before the material is published to recipients and from time to time, provide investment banking, investment management or other services for or solicit to seek to obtain investment banking, or other securities business from, any entity referred to in this report.

© 2019. This report is strictly confidential and is being furnished to you solely for your information. All material presented in this report, unless specifically indicated otherwise, is under copyright to ARSSBL. None of the material, its content, or any copy of such material or content, may be altered in any way, transmitted, copied or reproduced (in whole or in part) or redistributed in any form to any other party, without the prior express written permission of ARSSBL. All trademarks, service marks and logos used in this report are trademarks or service marks or registered trademarks or service marks of ARSSBL or its affiliates, unless specifically mentioned otherwise.

Additional information on recommended securities/instruments is available on request.

ARSSBL registered address: 4th Floor, Silver Metropolis, Jaicoach Compound, Opposite Bimbisar Nagar, Goregaon (East), Mumbai - 400 063.
Tel No: +91 22 4001 3700 | Fax No: +91 22 4001 3770 | CIN: U67120MH1991PLC064106.