

**BUY**

TP: Rs 3,900 | ▲ 15%

**POLYCAB INDIA**

| Consumer Durables

| 15 May 2023

### Cables business resilient

- Wires & cables shore up growth in Q4 while FMEG business struggles; international sales at a record high
- On course to achieve Project Leap revenue target of Rs 200bn by FY26, evidenced by FY21-FY23 CAGR of 27%
- We raise FY24/FY25 EPS 15%/18% and roll over to a new TP of Rs 3,900 (vs. Rs 3,300); maintain BUY

Vinod Chari | Nilesh Patil  
Swati Jhunjhunwala  
research@bobcaps.in

**Buoyant performance:** Polycab reported an all-round beat in Q4FY23 as revenue and EBITDA at Rs 43.2bn (+9% YoY) and Rs 6.1bn (+28% YoY) surpassed our expectations by 6% and 19% respectively. A better performance in wires & cables led by both domestic and international business underpinned growth. EBITDA margin at 14.1% was above management’s guidance of 11-13% on better operating leverage and higher exports. Net profit at Rs 4.2bn (+32% YoY) hit a peak.

**W&C traction to persist:** The wires & cables (W&C) segment carried forward its strong momentum to Q4 as revenue rose 15% YoY to Rs 40.8bn (4Y CAGR at 17.7%) on healthy volume growth. Management foresees robust order inflows for the domestic business given a strong demand climate led by higher public and private capex. Exports grew 125% YoY in Q4 and 50% in FY23. Prudent price revisions and higher exports resulted in segmental EBIT margin expansion of 290bps YoY.

**FMEG finding its feet:** Polycab’s FMEG business was flat in FY23 (-19.5% YoY in Q4) despite weak consumer sentiments, uncertainty in the fans business amid rating transition, and distribution channel restructuring. The company is adopting a premium product strategy in fans, evident from the higher share of premium launches (~60%) relative to total launches following rating transition. Now that headwinds are largely abating, management expects the FMEG business to rebound, aiding overall performance.

**On track to meet Rs 200bn revenue target:** Polycab has posted a 27% topline CAGR over FY21-FY23, putting the company on course to meet its FY26 revenue target of Rs 200bn set under ‘Project Leap’. We believe it is set to solidify moats in the W&C segment and deliver above-industry growth in the FMEG business.

**Maintain BUY:** We remain optimistic on Polycab’s growth prospects considering the moats in its core W&C business, growth in FMEG and B2C expansion. We raise our FY24/FY25 EPS estimates by 15%/18% to build in the strong FY23 performance and bright outlook. On rolling valuations to Mar’25E, our TP rises to Rs 3,900 (vs. Rs 3,300), based on an unchanged 35x P/E – 50% premium to the 3Y mean. BUY.

### Key changes

Target	Rating
▲	◀ ▶

Ticker/Price	POLYCAB IN/Rs 3,389
Market cap	US\$ 6.2bn
Free float	34%
3M ADV	US\$ 11.2mn
52wk high/low	Rs 3,400/Rs 2,044
Promoter/FPI/DII	66%/10%/9%

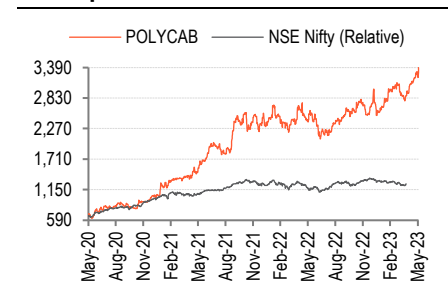
Source: NSE | Price as of 12 May 2023

### Key financials

Y/E 31 Mar	FY23P	FY24E	FY25E
Total revenue (Rs mn)	1,41,078	1,62,895	1,82,252
EBITDA (Rs mn)	18,521	21,899	24,645
Adj. net profit (Rs mn)	12,700	14,701	16,539
Adj. EPS (Rs)	84.9	98.2	110.5
Consensus EPS (Rs)	84.9	92.5	107.8
Adj. ROAE (%)	20.9	20.4	19.6
Adj. P/E (x)	39.9	34.5	30.7
EV/EBITDA (x)	27.4	23.2	20.6
Adj. EPS growth (%)	51.8	15.8	12.5

Source: Company, Bloomberg, BOBCAPS Research | P – Provisional

### Stock performance



Source: NSE



**Fig 1 – Quarterly performance**

Particulars (Rs mn)	Q4FY23	Q4FY22	YoY (%)	Q3FY23	QoQ (%)	FY23	FY22	YoY (%)
Revenue	43,237	39,700	8.9	37,152	16.4	141,078	122,038	15.6
EBITDA	6,095	4,763	28.0	5,038	21.0	18,521	12,652	46.4
EBITDA Margin (%)	14.1	12.0	210bps	13.6	50bps	13.1	10.4	280bps
Depreciation	535	503	-	525	-	2,092	2,015	-
Interest	282	125	-	93	-	598	352	-
Other Income	515	168	-	397	-	1,333	899	-
PBT	5,794	4,304	34.6	4,818	20.3	17,165	11,184	53.5
Tax	1,446	1,047	-	1,202	-	4,250	2,706	-
Adjusted PAT	4,248	3,222	31.8	3,576	18.8	12,700	8,365	51.8
Exceptional item	-	-	-	0	-	0	0	-
Reported PAT	4,248	3,222	31.8	3,576	18.8	12,700	8,365	51.8
Adj. PAT Margin (%)	9.8	8.1	170bps	9.6	20bps	9.0	6.9	210bps
EPS (Rs)	29.1	21.8	33.5	24.2	20.2	86.3	56.7	52.3

Source: Company, BOBCAPS Research

**Fig 2 – Actual vs Estimates**

Particulars (Rs mn)	Actual	Estimate	Variance (%)
Revenue	43,237	40,881	5.8
EBITDA	6,095	5,122	19.0
EBITDA Margin (%)	14.1	12.5	160 bps
Adj. PAT	4,248	3,298	28.8

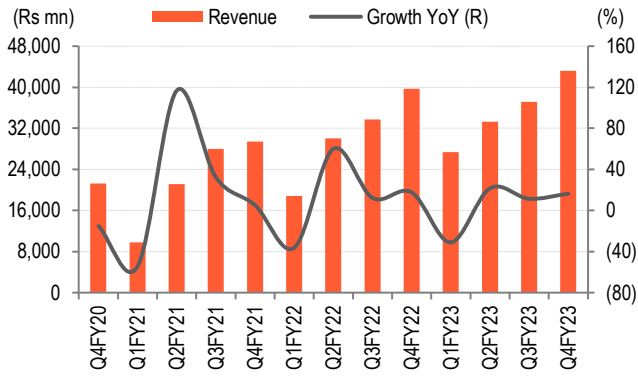
Source: Company, BOBCAPS Research

**Fig 3 – Segment-wise performance**

Particulars (Rs mn)	Q4FY20	Q1FY21	Q2FY21	Q3FY21	Q4FY21	Q1FY22	Q2FY22	Q3FY22	Q4FY22	Q1FY23	Q2FY23	Q3FY23	Q4FY23
<b>Segment revenue</b>													
Wires & Cables	18,605	8,252	18,268	24,073	25,442	16,269	26,281	29,988	35,400	24,057	29,517	33,418	40,783
Growth YoY (%)	(12.3)	(49.6)	(5.0)	11.0	36.7	97.2	43.9	24.6	39.1	47.9	12.3	11.4	15.2
% of sales	84	80	80	80	81	83	80	87	88	85	88	88	90
FMEG	1,833	1,378	2,440	3,055	3,468	1,919	3,429	3,404	3,792	3,082	3,054	3,420	3,052
Growth YoY (%)	(6.2)	(42.6)	24.7	41.0	89.3	39.2	40.6	11.4	9.3	60.6	(11.0)	0.5	(19.5)
% of sales	8	13	11	10	11	10	10	10	9	11	9	9	7
<b>EBIT</b>													
Wires & Cables	2,827	244	2,541	3,074	3,328	1,073	2,305	3,089	4,106	2,773	3,463	4,593	5,896
EBIT margin (%)	15.2	3.0	13.9	12.8	13.1	6.6	8.8	10.3	11.6	11.5	11.7	13.7	14.5
FMEG	1	(56)	196	182	244	(143)	172	63	105	64	(27)	(24)	(70)
EBIT margin (%)	0.1	(4.0)	8.0	5.9	7.0	(7.5)	5.0	1.8	2.8	2.1	(0.9)	(0.7)	(2.3)

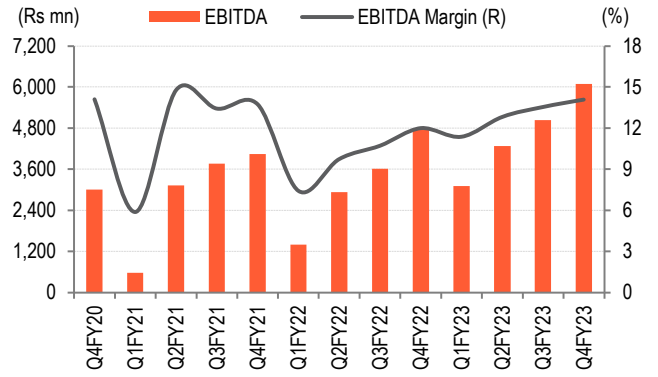
Source: Company, BOBCAPS Research

**Fig 4 – Revenue growth trend**



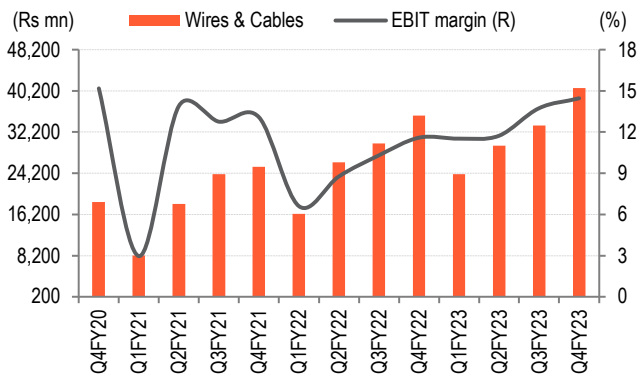
Source: Company, BOBCAPS Research

**Fig 5 – EBITDA revenue trend**



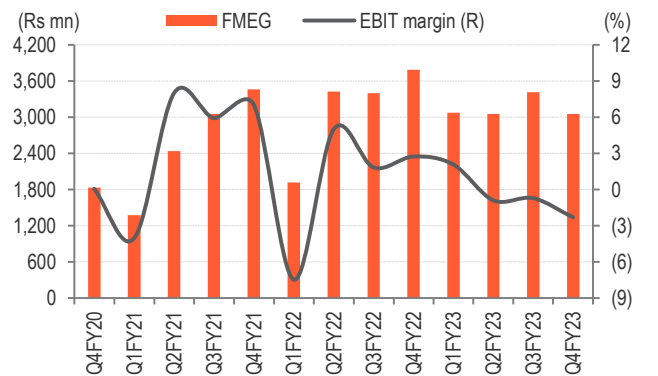
Source: Company, BOBCAPS Research

**Fig 6 – W&C segment growth trend**



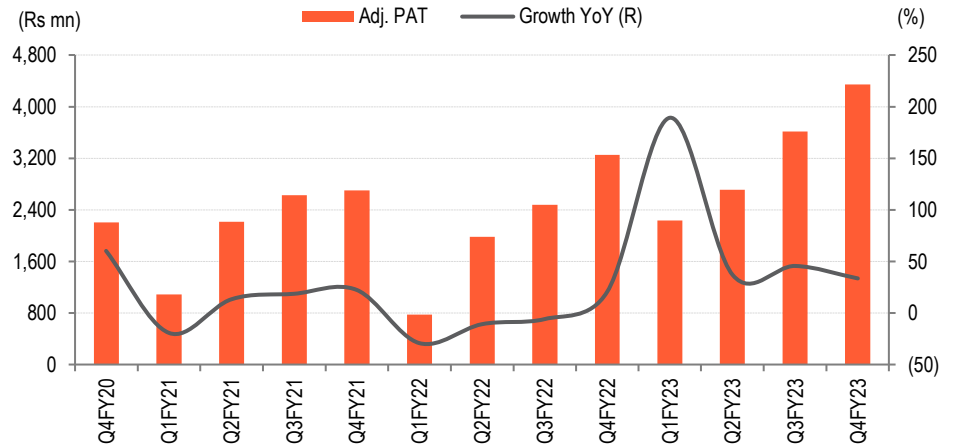
Source: Company, BOBCAPS Research

**Fig 7 – FMEG segment growth trend**



Source: Company, BOBCAPS Research

**Fig 8 – Profitability growth trend**



Source: Company, BOBCAPS Research

## Earnings call highlights

- **Revenue growth:** Polycab expects to grow in double digits in FY24.
- **Wires and Cables:** W&C EBIT margin improved by 300bps YoY to 14.5% in Q4FY23 due to price revisions and strong growth in international business. The year saw volume growth of 21% with Q4 landing at high single digits, beating our estimates primarily on account of benefits realised from merger of the heavy-duty (HDC) and light-duty cable (LDC) verticals last year.

Per management, the demand environment remains strong, supported by government measures and revival in private capex. The company expects to earn a 11-13% EBIT margin in W&C in the long run. It has a cables-to-wires ratio of 70:30, with dealers and distributors contributing ~90% of cable sales and 100% in wires.

- **Raw materials:** Polycab requires copper (50%) and aluminium (50%) for its W&C product portfolio. Wires use copper whereas cables require copper and aluminium.
- **FMEG (1/3<sup>rd</sup> of business):** The fast-moving electrical goods (FMEG) business was subdued due to a distribution channel rejig undertaken during the year. The fans segment underperformed due to heavy channel stocking ahead of the transition to new Bureau of Energy Efficiency (BEE) rating norms. The business saw negative EBIT in FY23 due to higher A&P spends, staff cost and input cost pressures. With distribution realignment completed, the company is confident of improving the topline and bottomline in the fans business from FY24, and expects to earn a 10-12% EBIT margin by FY26. TPW and ceiling fans will be manufactured at the new Halol factory.
- **Switches and Switchgears:** The company is raising its focus on this subsegment where lower competition translates to higher margins.
- **Others business:** This consists largely of the engineering, procurement and construction (EPC) business. Annual sustainable operating margin here is guided to be in high single digits over the mid-to-long term.
- **Margins:** EBITDA margin expanded 50bps YoY in Q4 due to operating leverage and strong growth in international business. For FY23, the margin expanded 270bps primarily due to price revisions and a favourable product mix.
- **International business:** Exports contributed 9.8% of Q4 sales and have historically held in the region of 10%. Polycab exports to over 70 countries and derives 50-60% of revenue from the US and the balance from others. It expects to add geographies every year. The margin profile in this segment varies by product and ranges from domestic-level margins to those earning 200-400bps more. The company is seeing traction in all types of cables, especially from the renewable and oil & gas sectors.
- **International distribution reach:** Polycab has started exporting to large institutional and EPC parties, and is setting up a distribution arm worldwide.
- **Working capital:** The company has a strong supply chain which enables stock replenishment within 24 hours. This enables dealers to store less inventory and prevent build-up. The company has guided for a 55-day working capital cycle but aims to improve this further.
- **Capex:** Management expects to incur Rs 6bn-7bn in capex during FY24.

## Valuation methodology

We remain optimistic on Polycab's growth prospects considering the moats in its core W&C business, growth in FEMG and ongoing B2C expansion. Building in the strong FY23 performance and bright outlook, we raise our FY24/FY25 EPS estimates by 15%/18%. On rolling valuations forward to Mar'25E, our TP rises to Rs 3,900 (vs. Rs 3,300), based on an unchanged 35x P/E – a 50% premium to the stock's three-year average. Maintain BUY.

**Fig 9 – Revised estimates**

Particulars (Rs mn)	New		Old		Change (%)	
	FY24E	FY25E	FY24E	FY25E	FY24E	FY25E
Sales	162,895	182,252	156,626	172,604	4.0	5.6
EBITDA	21,899	24,645	19,156	21,145	14.3	16.5
PAT	14,751	16,708	12,748	14,109	15.7	18.4
EPS (Rs)	98.3	111.3	85.2	94.3	15.3	18.0
EBITDA Margin (%)	13.4	13.5	12.2	12.3	120bps	130bps

Source: Company, BOBCAPS Research

## Key risks

Key downside risks to our estimates are:

- commodity price volatility, and
- weak FMEG performance.

## Sector recommendation snapshot

Company	Ticker	Market Cap (US\$ bn)	Price (Rs)	Target (Rs)	Rating
Amber Enterprises	AMBER IN	0.7	1,816	2,100	HOLD
Blue Star	BLSTR IN	1.7	1,417	1,650	BUY
Crompton Greaves	CROMPTON IN	2.0	255	440	BUY
Dixon Technologies	DIXON IN	2.1	2,868	4,100	BUY
Havells India	HAVL IN	10.0	1,306	1,500	BUY
KEI Industries	KEII IN	2.2	2,034	2,130	BUY
Orient Electric	ORIENTEL IN	0.6	219	240	HOLD
Polycab India	POLYCAB IN	6.2	3,389	3,900	BUY
Syrma SGS	SYRMA IN	0.7	313	400	BUY
V-Guard Industries	VGRD IN	1.3	250	260	HOLD
Voltas	VOLT IN	3.3	809	900	HOLD

Source: BOBCAPS Research, NSE | Price as of 12 May 2023

## Financials

### Income Statement

Y/E 31 Mar (Rs mn)	FY21A	FY22A	FY23P	FY24E	FY25E
<b>Total revenue</b>	<b>87,922</b>	<b>1,22,038</b>	<b>1,41,078</b>	<b>1,62,895</b>	<b>1,82,252</b>
EBITDA	11,111	12,652	18,521	21,899	24,645
Depreciation	1,762	2,015	2,092	3,124	3,597
EBIT	9,350	10,637	16,430	18,775	21,048
Net interest inc./(exp.)	(427)	(352)	(598)	(486)	(448)
Other inc./(exp.)	1,193	899	1,333	1,467	1,613
Exceptional items	0	0	0	0	0
EBT	10,116	11,184	17,165	19,755	22,213
Income taxes	1,703	2,706	4,250	4,978	5,598
Extraordinary items	0	0	0	0	0
Min. int./Inc. from assoc.	6	(26)	(93)	(26)	(26)
<b>Reported net profit</b>	<b>8,380</b>	<b>8,365</b>	<b>12,700</b>	<b>14,701</b>	<b>16,539</b>
Adjustments	0	0	0	0	0
<b>Adjusted net profit</b>	<b>8,380</b>	<b>8,365</b>	<b>12,700</b>	<b>14,701</b>	<b>16,539</b>

### Balance Sheet

Y/E 31 Mar (Rs mn)	FY21A	FY22A	FY23P	FY24E	FY25E
Accounts payables	13,480	12,175	20,326	26,777	29,959
Other current liabilities	5,776	4,436	4,430	5,922	6,625
Provisions	0	0	0	0	0
Debt funds	1,926	831	1,551	3,243	3,450
Other liabilities	1,425	1,239	1,636	1,831	2,004
Equity capital	1,491	1,494	1,498	1,498	1,498
Reserves & surplus	46,048	53,943	64,814	76,223	89,171
Shareholders' fund	47,539	55,437	66,311	77,720	90,668
<b>Total liab. and equities</b>	<b>70,147</b>	<b>74,119</b>	<b>94,255</b>	<b>1,15,493</b>	<b>1,32,707</b>
Cash and cash eq.	5,313	4,071	6,952	17,446	26,519
Accounts receivables	14,358	12,964	12,466	15,849	16,918
Inventories	19,879	21,996	29,514	31,719	36,808
Other current assets	1,945	4,739	6,650	7,679	8,591
Investments	6,231	7,641	13,505	0	0
Net fixed assets	18,261	16,170	20,104	23,480	23,884
CWIP	991	3,755	2,508	2,895	3,240
Intangible assets	94	230	203	203	203
Deferred tax assets, net	0	0	0	0	0
Other assets	3,075	2,553	2,352	2,716	3,038
<b>Total assets</b>	<b>70,147</b>	<b>74,119</b>	<b>94,255</b>	<b>1,01,988</b>	<b>1,19,202</b>

### Cash Flows

Y/E 31 Mar (Rs mn)	FY21A	FY22A	FY23P	FY24E	FY25E
<b>Cash flow from operations</b>	<b>12,382</b>	<b>5,116</b>	<b>14,275</b>	<b>19,150</b>	<b>16,951</b>
Capital expenditures	(1,911)	(5,200)	(4,584)	(6,500)	(4,000)
Change in investments	(8,193)	935	0	0	0
Other investing cash flows	(17)	(4)	(7,442)	(556)	(494)
<b>Cash flow from investing</b>	<b>(10,121)</b>	<b>(4,270)</b>	<b>(12,026)</b>	<b>(7,056)</b>	<b>(4,494)</b>
Equities issued/Others	0	0	0	0	0
Debt raised/repaid	(1,075)	(168)	332	1,691	207
Interest expenses	0	0	0	0	0
Dividends paid	(531)	(1,839)	(2,570)	(3,292)	(3,591)
Other financing cash flows	0	0	0	0	0
<b>Cash flow from financing</b>	<b>(1,606)</b>	<b>(2,007)</b>	<b>(2,238)</b>	<b>(1,601)</b>	<b>(3,384)</b>
<b>Chg in cash &amp; cash eq.</b>	<b>656</b>	<b>(1,160)</b>	<b>11</b>	<b>10,493</b>	<b>9,073</b>
<b>Closing cash &amp; cash eq.</b>	<b>5,313</b>	<b>4,071</b>	<b>6,952</b>	<b>17,446</b>	<b>26,519</b>

### Per Share

Y/E 31 Mar (Rs)	FY21A	FY22A	FY23P	FY24E	FY25E
Reported EPS	56.0	55.9	84.9	98.2	110.5
Adjusted EPS	56.0	55.9	84.9	98.2	110.5
Dividend per share	10.0	14.0	20.0	22.0	24.0
Book value per share	317.8	370.6	443.2	519.4	605.9

### Valuations Ratios

Y/E 31 Mar (x)	FY21A	FY22A	FY23P	FY24E	FY25E
EV/Sales	5.8	4.2	3.6	3.1	2.8
EV/EBITDA	45.6	40.1	27.4	23.2	20.6
Adjusted P/E	60.5	60.6	39.9	34.5	30.7
P/BV	10.7	9.1	7.6	6.5	5.6

### DuPont Analysis

Y/E 31 Mar (%)	FY21A	FY22A	FY23P	FY24E	FY25E
Tax burden (Net profit/PBT)	82.8	74.8	74.0	74.4	74.5
Interest burden (PBT/EBIT)	108.2	105.1	104.5	105.2	105.5
EBIT margin (EBIT/Revenue)	10.6	8.7	11.6	11.5	11.5
Asset turnover (Rev./Avg TA)	4.8	7.5	7.0	6.9	7.6
Leverage (Avg TA/Avg Equity)	0.4	0.3	0.3	0.3	0.3
Adjusted ROAE	19.5	16.2	20.9	20.4	19.6

### Ratio Analysis

Y/E 31 Mar	FY21A	FY22A	FY23P	FY24E	FY25E
<b>YoY growth (%)</b>					
Revenue	(0.4)	38.8	15.6	15.5	11.9
EBITDA	(2.1)	13.9	46.4	18.2	12.5
Adjusted EPS	10.4	(0.2)	51.8	15.8	12.5
<b>Profitability &amp; Return ratios (%)</b>					
EBITDA margin	12.6	10.4	13.1	13.4	13.5
EBIT margin	10.6	8.7	11.6	11.5	11.5
Adjusted profit margin	9.5	6.9	9.0	9.0	9.1
Adjusted ROAE	19.5	16.2	20.9	20.4	19.6
ROCE	19.5	16.3	21.1	20.1	19.2
<b>Working capital days (days)</b>					
Receivables	60	39	32	36	34
Inventory	83	66	76	71	74
Payables	56	36	53	60	60
<b>Ratios (x)</b>					
Gross asset turnover	3.8	4.7	4.9	4.7	4.6
Current ratio	2.4	3.0	2.6	2.1	2.3
Net interest coverage ratio	21.9	30.2	27.5	38.6	46.9
Adjusted debt/equity	0.0	0.0	0.0	0.0	0.0

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

NOT FOR DISTRIBUTION, DIRECTLY OR INDIRECTLY, IN OR INTO THE UNITED STATES OF AMERICA ("US") OR IN OR INTO ANY OTHER JURISDICTION IF SUCH AN ACTION IS PROHIBITED BY APPLICABLE LAW.

## Disclaimer

Name of the Research Entity: **BOB Capital Markets Limited**

Registered office Address: **1704, B Wing, Parinee Crescenzo, G Block, BKC, Bandra East, Mumbai 400051**

SEBI Research Analyst Registration No: **INH000000040 valid till 03 February 2025**

Brand Name: **BOBCAPS**

Trade Name: **www.barodaetrade.com**

CIN: **U65999MH1996GOI098009**



Investments in securities market are subject to market risks. Read all the related documents carefully before investing.

Registration granted by SEBI and certification from NISM in no way guarantee performance of the intermediary or provide any assurance of returns to investors.

### Recommendation scale: Recommendations and Absolute returns (%) over 12 months

**BUY** – Expected return >+15%

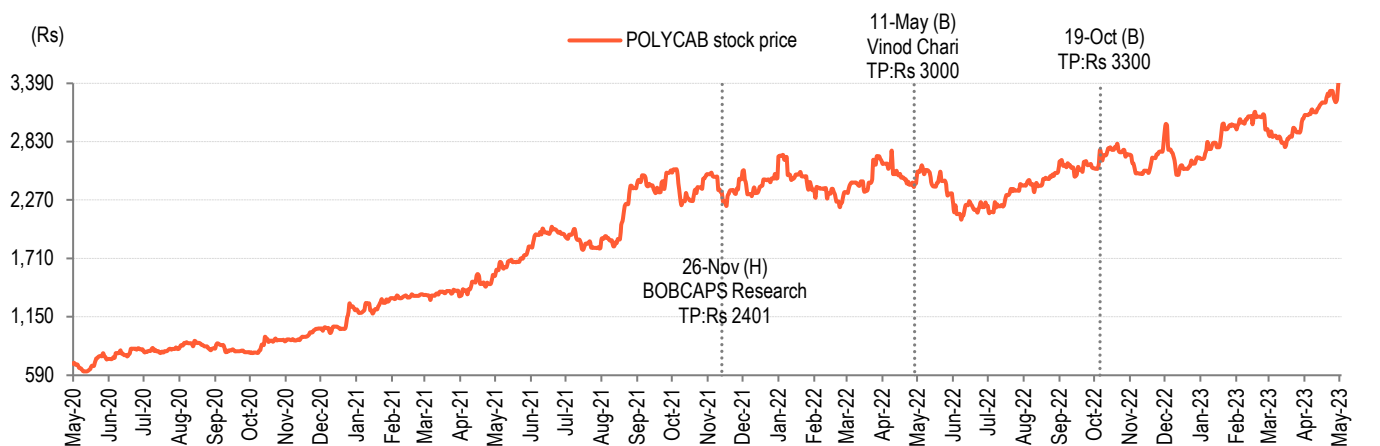
**HOLD** – Expected return from -6% to +15%

**SELL** – Expected return <-6%

**Note:** Recommendation structure changed with effect from 21 June 2021

Our recommendation scale does not factor in short-term stock price volatility related to market fluctuations. Thus, our recommendations may not always be strictly in line with the recommendation scale as shown above.

### Ratings and Target Price (3-year history): POLYCAB INDIA (POLYCAB IN)



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

### 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 BOB Capital Markets Limited (BOBCAPS).

### General disclaimers

BOBCAPS is engaged in the business of 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 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. 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. BOBCAPS research reports follow rules laid down by Securities and Exchange Board of India and individuals employed as research analysts are separate from other employees who are performing sales trading, dealing, corporate finance advisory or any other activity that may affect the independence of its research reports.



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 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.

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, except for Research Analyst Vinod Chari having 875 shares of Voltas (VOLT IN). 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 or third party in the past 12 months in connection with research report/activities. 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.

#### **Other disclaimers**

BOBCAPS and MAYBANK (as defined below) make no representation or warranty, express or implied, as to the accuracy or completeness of any information obtained from third parties and expressly disclaim the merchantability, suitability, quality and fitness of this report. The information in this report has not been independently verified, is provided on an “as is” basis, should not be relied on by you in connection with any contract or commitment, and should not be used as a substitute for enquiries, procedures and advice which ought to be undertaken by you. This report also does not constitute an offer or solicitation to buy or sell any securities referred to herein and you should not construe this report as investment advice. All opinions and estimates contained in this report constitute BOBCAPS's judgment as of the date of this report and are subject to change without notice, and there is no obligation on BOBCAPS or MAYBANK to update this report upon issuance. This report and the information contained herein may not be reproduced, redistributed, disseminated or copied by any means without the prior consent of BOBCAPS and MAYBANK.

To the full extent permitted by law neither BOBCAPS, MAYBANK nor any of their respective affiliates, nor any other person, accepts any liability howsoever arising, whether in contract, tort, negligence, strict liability or any other basis, including without limitation, direct or indirect, special, incidental, consequential or punitive damages arising from any use of this report or the information contained herein. By accepting this report, you agree and undertake to fully indemnify and hold harmless BOBCAPS and MAYBANK from and against claims, charges, actions, proceedings, losses, liabilities, damages, expenses and demands (collectively, the “Losses”) which BOBCAPS and/or MAYBANK may incur or suffer in any jurisdiction including but not limited to those Losses incurred by BOBCAPS and/or MAYBANK as a result of any proceedings or actions brought against them by any regulators and/or authorities, and which in any case are directly or indirectly occasioned by or result from or are attributable to anything done or omitted in relation to or arising from or in connection with this report.

#### **Distribution into the United Kingdom (“UK”):**

This research report will only be distributed in the United Kingdom, in accordance with the applicable laws and regulations of the UK, by Maybank Securities (London) Ltd (“MSL”) who is authorised and regulated by the Financial Conduct Authority (“FCA”) in the United Kingdom (MSL and its affiliates are collectively referred to as “MAYBANK”). BOBCAPS is not authorized to directly distribute this research report in the UK.

This report has not been prepared by BOBCAPS in accordance with the UK's legal and regulatory requirements.

This research report is for distribution only to, and is solely directed at, selected persons on the basis that those persons: (a) are eligible counterparties and professional clients of MAYBANK as selected by MAYBANK solely at its discretion; (b) have professional experience in matters relating to investments falling within Article 19(5) of the Financial Services and Markets Act 2000 (Financial Promotion) Order 2005, as amended from time to time (the “Order”), or (c) fall within Article 49(2)(a) to (d) (high net worth companies, unincorporated associations, etc. as mentioned in the stated Article) of the Order; (all such persons together being referred to as “relevant persons”).

This research report is directed only at relevant persons and must not be acted on or relied on by any persons who are not relevant persons. Any investment or investment activity to which this material relates is available only to relevant persons and will be engaged in only with relevant persons.

The relevant person as recipient of this research report is not permitted to reproduce, change, remove, pass on, distribute or disseminate the data or make it available to third parties without the written permission of BOBCAPS or MAYBANK. Any decision taken by the relevant person(s) pursuant to the research report shall be solely at their costs and consequences and BOBCAPS and MAYBANK shall not have any liability of whatsoever nature in this regard.

#### **No distribution into the US:**

This report will not be distributed in the US and no US person may rely on this communication.

#### **Other jurisdictions:**

This report has been prepared in accordance with SEBI (Research Analysts) Regulations and not in accordance with local regulatory requirements of any other jurisdiction. In any other jurisdictions, this report is only for distribution (subject to applicable legal or regulatory restrictions) to professional, institutional or sophisticated investors as defined in the laws and regulations of such jurisdictions by Maybank Securities Pte Ltd. (Singapore) and / or by any broker-dealer affiliate or such other affiliate as determined by Malayan Banking Berhad.

If the recipient of this report is not as specified above, then it should not act upon this report and return the same to the sender.

By accepting this report, you agree to be bound by the foregoing limitations.