BOBCAPS
TRUST | INNOVATION | EXCELLENCE

CEMENT | Q1FY25 Preview | 11 July 2024

Headed for a relatively slow start

- **Q1FY25 demand likely to be weak due to limited infrastructure demand, extreme summer and lull in new real estate project announcements**
- **Weak pricing is reflected in our coverage companies as realisations dropped on average by ~7%/3% YoY/QoQ**
- **EBITDA margin of our cement coverage estimated on average at ~18% vs ~17% YoY. We expect EBITDA/t to be flat at ~Rs 960 YoY**

Milind Raginwar
research@bobcaps.in

Volume growth driven by capacity addition due to higher demand: Cement demand momentum was weak in Q1FY25; however, our coverage universe delivered on average growth of 8%. This was driven by companies that added capacity in FY24, though volumes declined YoY for companies with limited capacity addition, including JK Lakshmi Cement and Orient Cement. QoQ growth fell by 5% following a lull in 1Q after busy period sales in Q4FY24. Q1FY25 demand remained weak due to various factors that include limited infrastructure demand owing to lack of clear policy framework in election phase, extreme summer climate in the northern and central India belt and lull in real estate demand with deferred real estate project announcements.

Enough supply across regions: Enough availability of headroom capacity following organic and inorganic capacity expansion by cement majors in FY24 implied strong supply. Adani Cement, UltraTech Cement, Dalmia Cement, Shree Cement and JK Cement added capacities in FY24, leading to a supply glut across regions in Q1FY25. With limited demand revival pressure on pricing imminent, Pan-India cement prices weakened by 6.7%/3.2 YoY/QoQ in Q1FY25. Most of the impact was felt in the eastern and southern regions as prices fell by 7-9% YoY and Central and West India fared better with limited fall in prices.

Effective realisations remain weak: Weak pricing is reflected in the coverage companies as realisations dropped on average by ~7%/3% YoY/QoQ. However, with no major negative cost headwinds the margins drop was to the extent of the fall in realisations only or relatively better in more efficiently driven companies.

EBITDA/t and margins flat YoY, slips QoQ: We estimate EBITDAM of our cement coverage on average at ~18% in 1QFY25 vs ~17% in Q1FY24/~19% in Q4FY24, aided by better-managed companies. We expect flat EBITDA/t at ~Rs 960 YoY.

Mergers & acquisitions activity picks up: Adani Cement through its major Ambuja Cement is acquiring Penna Cement, and UltraTech Cement is acquiring ~23% stake in India Cements apart from acquiring Kesoram Industries towards FY24-end.

Fig 1 – BOBCAPS Cement universe: Q1FY25 preview – EBTIDA growth driven by better operating efficiencies offsets muted topline growth

Y/E March	Net Sales (Rs mn)			EBITDA (Rs mn)			EBITDA Margin (%)			Adj. PAT (Rs mn)		
	Q1FY25E	YoY (%)	QoQ (%)	Q1FY25E	YoY (%)	QoQ (%)	Q1FY25E	YoY (bps)	QoQ (bps)	Q1FY25E	YoY (%)	QoQ (%)
ACC	51,714	(0.6)	(4.2)	7,960	3.5	(4.9)	15.4	60.8	(11.4)	4,373	(5.7)	(11.0)
ACEM	48,721	3.0	1.9	9,396	(0.9)	17.8	19.3	(77.0)	259.6	5,653	(12.3)	3.1
DALBHARA	37,603	3.8	(12.7)	5,376	(11.9)	(17.8)	14.3	(253.4)	(89.3)	1,405	8.1	(55.4)
JKCE	26,664	1.6	(9.3)	3,993	(0.8)	(27.1)	15.0	(36.4)	(365.5)	1,438	1.8	(36.5)
JKLC	15,387	(5.8)	(6.6)	1,698	1.3	(38.4)	11.0	77.3	(568.3)	809	8.0	(43.2)
ORCMNT	7,858	(4.8)	(11.5)	925	(6.7)	(37.5)	11.8	(24.7)	(490.4)	354	(4.5)	(48.2)
TRCL	21,386	(4.6)	(20.0)	3,261	(4.5)	(21.8)	15.2	1.2	(35.4)	509	(35.5)	(58.1)
SRCM	47,832	(4.3)	(6.2)	11,002	18.0	(17.1)	23.0	434.7	(301.6)	4,312	(25.8)	(34.8)
STRCEM	7,330	(3.6)	(19.8)	1,461	13.0	(18.7)	19.9	293.3	26.0	956	2.5	9.0
UTCEM	1,80,905	4.9	(8.7)	35,327	21.5	(12.1)	19.5	266.1	(77.0)	20,142	18.1	(10.6)
Total	**4,45,400**	**1.5**	**(8.1)**	**80,400**	**10.0**	**(12.7)**	**18.1**	**139.6**	**(94.5)**	**39,949**	**1.1**	**(18.7)**

Source: Company, BOBCAPS Research

Fig 2 – Muted realisations keep margins gains and EBITDA/t subdued

Y/E March	Sales Volume (mn tonnes)			Realisation (Rs/tonne)			EBITDA (Rs/tonne)		
	Q1FY25E	YoY (%)	QoQ (%)	Q1FY25E	YoY (%)	QoQ (%)	Q1FY25E	YoY (%)	QoQ (%)
ACC	10.39	10.5	(0.1)	4,708	(9.3)	(4.1)	766	(6.3)	(4.8)
ACEM	9.92	9.0	4.4	4,912	(5.5)	(2.4)	947	(9.1)	12.8
DALBHARA	8.10	15.7	(8.0)	4,645	(10.3)	(5.1)	637	(24.6)	(11.1)
JKCE	4.79	6.1	(6.0)	5,572	(4.2)	(3.5)	834	(6.5)	(22.4)
JKLC	2.51	(1.0)	(1.8)	6,429	(0.4)	(0.5)	678	2.3	(37.3)
ORCMNT	1.59	-	(7.9)	4,945	(4.8)	(3.9)	582	(6.7)	(32.1)
TRCL	4.53	7.0	(16.3)	4,725	(10.8)	(4.4)	698	(10.9)	(7.3)
SRCM	9.45	6.0	(0.9)	4,840	(13.7)	(1.8)	1,164	11.3	(13.8)
STRCEM	1.15	(1.2)	(18.5)	6,374	(2.4)	(1.6)	1,271	14.4	(0.2)
UTCEM	31.03	8.5	(7.0)	5,093	(4.9)	(1.9)	1,138	11.9	(5.5)
Total	**83.44**	**8.3**	**(5.0)**	**5,014**	**(7.2)**	**(2.8)**	**960**	**1.6**	**(7.7)**

Source: Company, BOBCAPS Research

Fig 3 – ACC

Particulars	Q1FY25E	Q1FY24	YoY (%)	Q4FY24	QoQ (%)	Comment
Sales volume (mn tonnes)	10.4	9.4	10.5	10.4	(0.1)	ACC dispatches include sales under market supply agreement to ACEM. Strong volume push in the northern and western regions, by tapping the non-trade segment, will likely help volume growth beat the industry average. New capacities too add to growth. Overall performance muted as realisations stay weak.
Realisations (Rs/tonne)	4,708	5,189	(9.3)	4,908	(4.1)	
Sales (Rs mn)	**51,714**	**52,011**	**(0.6)**	**53,981**	**(4.2)**	
EBITDA (Rs mn)	**7,960**	**7,690**	**3.5**	**8,371**	**(4.9)**	
EBITDA margin (%)	15.4	14.8	61bps	15.5	(11bps)	
EBITDA (Rs/tonne)	766	818	(6.3)	805	(4.8)	
Adj PAT (Rs mn)	**4,373**	**4,639**	**(5.7)**	**4,913**	**(11.0)**	
Adj PAT margin (%)	8.5	8.9	(46bps)	9.1	(65bps)	

Source: Company, BOBCAPS Research

Fig 4 – ACEM

Particulars	Q1FY25E	Q1FY24	YoY (%)	Q4FY24	QoQ (%)	Comment
Sales volume (mn tonnes)	9.92	9.10	9.0	9.50	4.4	ACEM focused on the trade segment keeping volume lower than ACC. That has helped in keeping the decline in realisations relatively low. The overall YoY performance has been muted with EBITDA margin and EBITDA/t weakening.
Realisations (Rs/tonne)	4,912	5,197	(5.5)	5,032	(2.4)	
Sales (Rs mn)	**48,721**	**47,297**	**3.0**	**47,803**	**1.9**	
EBITDA (Rs mn)	**9,396**	**9,485**	**(0.9)**	**7,978**	**17.8**	
EBITDA margin (%)	19.3	20.1	(77bps)	16.7	260bps	
EBITDA (Rs/tonne)	947	1,042	(9.1)	840	12.8	
Adj PAT (Rs mn)	**5,653**	**6,449**	**(12.3)**	**5,481**	**3.1**	
Adj PAT margin (%)	11.6	13.6	(203bps)	11.5	14bps	

Source: Company, BOBCAPS Research

Fig 5 – DALBHARA

Particulars	Q1FY25E	Q1FY24	YoY (%)	Q4FY24	QoQ (%)	Comment
Sales volume (mn tonnes)	8.10	7.00	15.7	8.80	(8.0)	We believe the eastern region will likely help gain volumes alongside new capacities in South India, together contributing to volume growth. However, there is a strong dent in realisations pointing to poor demand support. EBITDA margin and EBITDA/t take a hit as realisations are likely to drag performance in the quarter.
Realisations (Rs/tonne)	4,645	5,177	(10.3)	4,895	(5.1)	
Sales (Rs mn)	**37,603**	**36,240**	**3.8**	**43,073**	**(12.7)**	
EBITDA (Rs mn)	**5,376**	**6,100**	**(11.9)**	**6,543**	**(17.8)**	
EBITDA margin (%)	14.3	16.8	(253bps)	15.2	(89bps)	
EBITDA (Rs/tonne)	637	844	(24.6)	717	(11.1)	
Adj PAT (Rs mn)	**1,405**	**1,300**	**8.1**	**3,153**	**(55.4)**	
Adj PAT margin (%)	3.7	3.6	15bps	7.3	(358bps)	

Source: Company, BOBCAPS Research

Fig 6 – JKCE

Particulars	Q1FY25E	Q1FY24	YoY (%)	Q4FY24	QoQ (%)	Comment
Sales volume (mn tonnes)	4.8	4.5	6.1	5.1	(6.0)	JKCE's volume growth is restricted due to excess supply in the key western and northern region. Better operating efficiencies aid relatively better operating performance with flat EBITDA margin. EBTIDA/t too indicates likely pressure.
Realisations (Rs/tonne)	5,572	5,820	(4.2)	5,773	(3.5)	
Sales (Rs mn)	**26,664**	**26,236**	**1.6**	**29,389**	**(9.3)**	
EBITDA (Rs mn)	**3,993**	**4,024**	**(0.8)**	**5,475**	**(27.1)**	
EBITDA margin (%)	15.0	15.3	(36bps)	18.6	(366bps)	
EBITDA (Rs/tonne)	834	893	(6.5)	1,075	(22.4)	
Adj PAT (Rs mn)	**1,438**	**1,412**	**1.8**	**2,265**	**(36.5)**	
Adj PAT margin (%)	5.4	5.4	1bps	7.7	(231bps)	

Source: Company, BOBCAPS Research

Fig 7 – JKLC

Particulars	Q1FY25E	Q1FY24	YoY (%)	Q4FY24	QoQ (%)	Comment
Sales volume (mn tonnes)	2.5	2.5	(1.0)	2.6	(1.8)	JKLC's topline is likely to remain listless YoY/QoQ due to capacity constraints and competition in key regions (keeping realisations under pressure). However, margins retrace to the weak base of 11% and EBITDA/t clamps down below Rs 700/t.
Realisations (Rs/tonne)	6,429	6,453	(0.4)	6,459	(0.5)	
Sales (Rs mn)	**15,387**	**16,333**	**(5.8)**	**16,478**	**(6.6)**	
EBITDA (Rs mn)	**1,698**	**1,676**	**1.3**	**2,755**	**(38.4)**	
EBITDA margin (%)	11.0	10.3	77bps	16.7	(568bps)	
EBITDA (Rs/tonne)	678	662	2.3	1,080	(37.3)	
Adj PAT (Rs mn)	**809**	**749**	**8.0**	**1,424**	**(43.2)**	
Adj PAT margin (%)	5.3	4.6	67bps	8.6	(338bps)	

Source: Company, BOBCAPS Research

Fig 8 – ORCMNT

Particulars	Q1FY25E	Q1FY24	YoY (%)	Q4FY24	QoQ (%)	Comment
Sales volume (mn/tonnes)	1.59	1.59	0.0	1.73	(7.9)	ORCMNT's volume growth will be capped due to strong competition in its key regions. This is likely to impact topline growth in the medium term. Restoring EBITDA/t will be an uphill task for the company. Its presence in oversupply regions and weak prices in the non-trade segment (~45% of total sales) will likely impact the performance, in our view.
Realisations (Rs/tonne)	4,945	5,193	(4.8)	5,145	(3.9)	
Sales (Rs mn)	**7,858**	**8,252**	**(4.8)**	**8,880**	**(11.5)**	
EBITDA (Rs mn)	**925**	**992**	**(6.7)**	**1,481**	**(37.5)**	
EBITDA margin (%)	11.8	12.0	(25bps)	16.7	(490bps)	
EBITDA (Rs/tonne)	582	624	(6.7)	858	(32.1)	
Adj PAT (Rs mn)	**354**	**370**	**(4.5)**	**682**	**(48.2)**	
Adj PAT margin (%)	4.5	4.5	1bps	7.7	(318bps)	

Source: Company, BOBCAPS Research

Fig 9 – TRCL

Particulars	Q1FY25E	Q1FY24	YoY (%)	Q4FY24	QoQ (%)	Comment
Sales volume (mn tonnes)	4.5	4.2	7.0	5.4	(16.3)	We expect TRCL's topline to be driven by volume growth, even as pricing pressure due to its presence in oversupplied regions is likely to keep realisations weak YoY. Overall EBITDA stays muted and EBITDA/t is likely to fall sharply in Q1FY25, in our view.
Realisations (Rs/tonne)	4,725	5,298	(10.8)	4,945	(4.4)	
Sales (Rs mn)	**21,386**	**22,411**	**(4.6)**	**26,733**	**(20.0)**	
EBITDA (Rs mn)	**3,261**	**3,415**	**(4.5)**	**4,171**	**(21.8)**	
EBITDA margin (%)	15.2	15.2	1bps	15.6	(35bps)	
EBITDA (Rs/tonne)	698	784	(10.9)	753	(7.3)	
Adj PAT (Rs mn)	**509**	**789**	**(35.5)**	**1,214**	**(58.1)**	
Adj PAT margin (%)	2.4	3.5	(114bps)	4.5	(216bps)	

Source: Company, BOBCAPS Research

Fig 10 – SRCM

Particulars	Q1FY25E	Q1FY24	YoY (%)	Q4FY24	QoQ (%)	Comment
Sales volume (mn tonnes)	9.5	8.9	6.0	9.5	(0.9)	We expect SRCM's EBITDA margin to improve YoY partially due to a very weak base and due to softening pet coke prices. EBITDA/t is likely to beat the industry average due to better-than-industry operating efficiencies. However, with muted demand realisations slackened YoY as the company shifted its focus back to volume and overall branding (which kept realisations elevated in Q1FY24).
Realisations (Rs/tonne)	4,840	5,607	(13.7)	4,930	(1.8)	
Sales (Rs mn)	**47,832**	**49,991**	**(4.3)**	**51,010**	**(6.2)**	
EBITDA (Rs mn)	**11,002**	**9,326**	**18.0**	**13,272**	**(17.1)**	
EBITDA margin (%)	23.0	18.7	435bps	26.0	(302bps)	
EBITDA (Rs/tonne)	1,164	1,046	11.3	1,350	(13.8)	
Adj PAT (Rs mn)	**4,312**	**5,811**	**(25.8)**	**6,618**	**(34.8)**	
Adj PAT margin (%)	9.0	11.6	(261bps)	13.0	(396bps)	

Source: Company, BOBCAPS Research

Fig 11 – STRCEM

Particulars	Q1FY25E	Q1FY24	YoY (%)	Q4FY24	QoQ (%)	Comment
Sales volume (mn tonnes)	1.15	1.16	(1.20)	1.41	(18.5)	Topline gains were muted as volumes took a hit due to monsoons in May and June disrupting construction activities. Logistics costs are likely to stay high due to road connectivity disruptions during the quarter. However, a very weak base will help STRCEM deliver on EBITDA margin and EBITDA/t.
Realisations (Rs/tonne)	6,374	6,533	(2.4)	6,474	(1.6)	
Sales (Rs mn)	**7,330**	**7,605**	**(3.6)**	**9,135**	**(19.8)**	
EBITDA (Rs mn)	**1,461**	**1,293**	**13.0**	**1,797**	**(18.7)**	
EBITDA margin (%)	19.9	17.0	293bps	19.7	26bps	
EBITDA (Rs/tonne)	1,271	1,111	14.4	1,274	(0.2)	
Adj PAT (Rs mn)	**956**	**933**	**2.5**	**877**	**9.0**	
Adj PAT margin (%)	13.0	12.3	77bps	9.6	344bps	

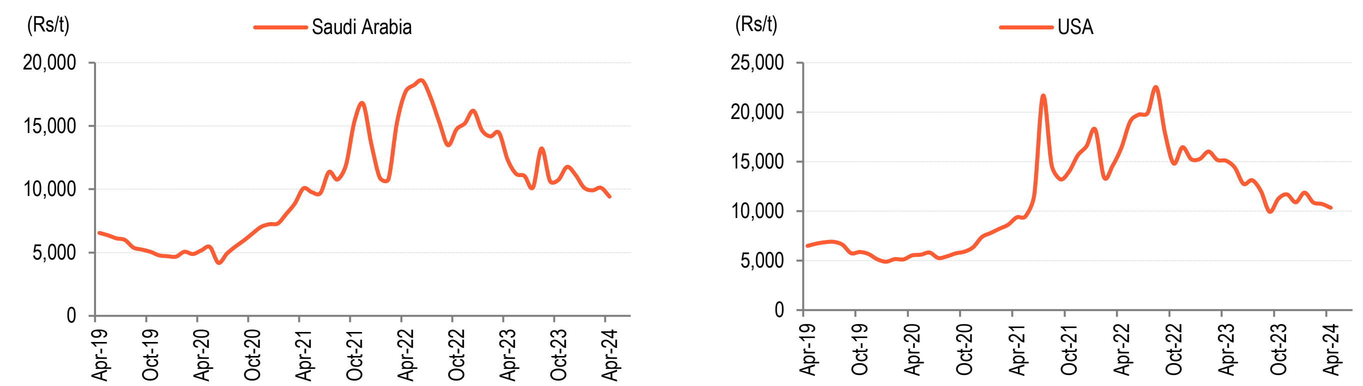
Source: Company, BOBCAPS Research

Fig 12 – UTCEM

Particulars	Q1FY25E	Q1FY24	YoY (%)	Q4FY24	QoQ (%)	Comment
Sales volume (mn tonnes)	31.0	28.6	8.5	33.4	(7.0)	UTCEM growth stayed at a higher single digit after a very strong 4QFY24 as the company focuses on retaining price at relatively better levels than its peers. Volume growth of ~8.5% is despite strong competition from the peer set. Operating efficiencies likely to move margins into positive territory.
Realisations (Rs/tonne)	5,093	5,352	(4.9)	5,193	(1.9)	
Sales (Rs mn)	**1,80,905**	**1,72,452**	**4.9**	**1,98,059**	**(8.7)**	
EBITDA (Rs mn)	**35,327**	**29,086**	**21.5**	**40,202**	**(12.1)**	
EBITDA margin (%)	19.5	16.9	266bps	20.3	(77bps)	
EBITDA (Rs/tonne)	1,138	1,017	11.9	1,204	(5.5)	
Adj PAT (Rs mn)	**20,142**	**17,055**	**18.1**	**22,520**	**(10.6)**	
Adj PAT margin (%)	11.1	9.9	124bps	11.4	(24bps)	

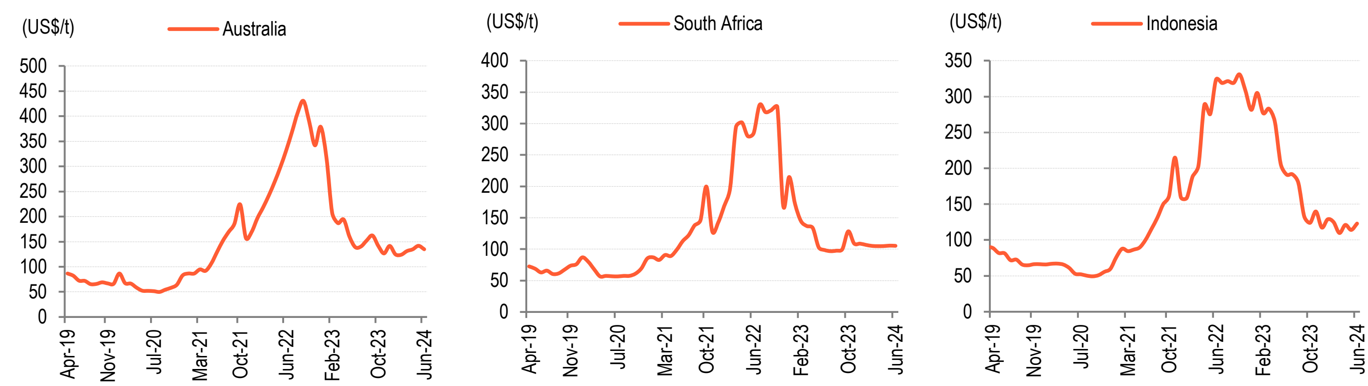
Source: Company, BOBCAPS Research

Fig 13 – Softening pet coke prices to yield cost benefit for cement companies



Source: Company, BOBCAPS Research, CMIE

Fig 14 – Coal prices overall remained listless in the recent past



Source: Company, BOBCAPS Research, CMIE

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**

Logo:

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.

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.

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 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.