BOBCAPS
TRUST | INNOVATION | EXCELLENCE

FIRST LIGHT

15 May 2024

RESEARCH

BOB ECONOMICS RESEARCH | WPI

WPI inflation accelerates

ESCORTS | TARGET: Rs 2,530 | -31% | SELL

Weakness persists and likely to continue – maintain SELL

INDRAPRASTHA GAS | TARGET: Rs 525 | +18% | BUY

Growth focus improving, reiterate BUY

AIA ENGINEERING | TARGET: Rs 4,000 | +6% | HOLD

Uneventful quarter; capacities lined up

CERA SANITARYWARE | TARGET: Rs 7,700 | +11% | HOLD

Another lacklustre quarter on soft demand

Daily macro indicators

Indicator	10-May	13-May	Chg (%)
US 10Y yield (%)	4.50	4.49	(1bps)
India 10Y yield (%)	7.13	7.12	(1bps)
USD/INR	83.50	83.53	0.0
Brent Crude (US$/bbl)	82.8	83.4	0.7
Dow	39,513	39,432	(0.2)
Hang Seng	18,964	19,115	0.8
Sensex	72,664	72,776	0.2
India FII (US$ mn)	**09-May**	**10-May**	**Chg ($ mn)**
FII-D	24.3	69.6	45.3
FII-E	(798.8)	(154.8)	644.1

Source: Bank of Baroda Economics Research

SUMMARY

INDIA ECONOMICS: WPI

WPI inflation accelerated at the fastest pace in 13 months, as it rose by 1.3% in Apr'24 from 0.5% in Mar'24. This was due to jump in both food and fuel inflation. Food inflation rose by 5.5%, on account to steep increase in vegetable prices. Within this, basic items like onions, tomato and potato have seen build-up in prices. Apart from this, food grain inflation remains relatively sticky. Paddy prices are exerting pressure, while wheat prices have noted some moderation. Separately, elevated international oil prices have had an impact on domestic fuel inflation, which rebounded to 1.4% from (-) 0.8% in Mar'24. ATF, Kerosene prices were the most impacted.

Click here for the full report.

ESCORTS

- Q4 tractor volumes dipped 14% YoY, with domestic share recovered but overall market share recovery weak as exports volume declined
- Lower commodity cost supported gross/EBITDA margin expansion despite fall in revenue by 5% YoY; margins weak QoQ
- We have revised our FY26 EPS estimates by +3%; retain SELL with revised TP of Rs 2,530 (vs. Rs 2,389)

Click here for the full report.

BOBCAPS Research
research@bobcaps.in

INDRAPRASTHA GAS

- While Q4 EBITDA missed consensus on higher expense booking in a quarter, IGL gained traction in industrials, commercials and households
- Delivery on 13% volume growth in FY25 could confirm potential beyond Delhi; we are conservative with a 7% CAGR over FY24-26E
- Our DCF-based TP increases to Rs 525 (from Rs 510) on roll forward to May'25; we believe CNG will co-exist with EVs and reiterate BUY

Click here **for the full report.**

AIA ENGINEERING

- Q4 revenue down 9.7% YoY with gross margin expanding 160bps and EBITDA margin 220bps
- FY24 volume largely in line at 297,345t, capacity expansion of 56,000t expected in FY25 with capex of Rs 2bn
- We adjust FY25E/FY26E EPS by 1.1%/1.8% to factor in Q4 and management commentary; TP unchanged at Rs 4,000

Click here **for the full report.**

CERA SANITARYWARE

- Sharp contraction in gross margin in Q4FY24 on higher discounts offered to dealers to push volumes in a weak demand environment
- CRS aims to grow its revenue at 16% CAGR over FY24-FY27, which appears to be quite optimistic based on historical performance
- Maintain HOLD with unchanged TP of Rs 7,700 on moderation in ROE profile amid poor capital allocation and expensive valuations

Click here **for the full report.**

WPI

14 May 2024

WPI inflation accelerates

Sonal Badhan
Economist

WPI inflation accelerated at the fastest pace in 13 months, as it rose by 1.3% in Apr'24 from 0.5% in Mar'24. This was due to jump in both food and fuel inflation. Food inflation rose by 5.5%, on account to steep increase in vegetable prices. Within this, basic items like onions, tomato and potato have seen build-up in prices. Apart from this, food grain inflation remains relatively sticky. Paddy prices are exerting pressure, while wheat prices have noted some moderation. Separately, elevated international oil prices have had an impact on domestic fuel inflation, which rebounded to 1.4% from (-) 0.8% in Mar'24. ATF, Kerosene prices were the most impacted.

Increased prices of other commodities on an international level, have also led to inching up of manufactured inflation, driven by basic metals. Prices of Aluminium and Copper have registered a steep jump in Apr'24. Commodity prices have seen a revival on hopes of increased demand from China. Going forward, 'higher for longer' rate scenario in the US, and demand revival in China will drive the international commodity prices. Domestically, heat wave conditions will decide the trajectory of food inflation.

Food inflation jumps sharply:

Headline WPI inflation accelerated to 1.3% in Apr'24 from 0.5% in Mar'24, higher than our estimate of 1%. This was primarily due to pick up seen in food inflation which inched up by 5.5% in Apr'24 versus 4.6% in Mar'24. Inflation increased the most in case of vegetables (23.6% in Apr'24 versus 19.5% in Mar'24), eggs, meat & fish (0.9% versus -1.9%) and other food items like tea and coffee. Amongst the vegetables, prices of potato, tomato, onion, cucumber, bottle gourd and pumpkin accelerated. On the other hand, food grain inflation slowed a tad, but remains in double digit (10.2% versus 10.5%). Within this, both cereal (8.7% versus 9%) and pulses inflation (16.6% versus 17.2%) cooled down. Amongst major cereals, while wheat inflation moderated, paddy prices picked up pace. On a global level, World Bank's pink sheet data reveals that wheat prices continue to decelerate and at a faster pace (-23.7% versus -23.1%). Paddy prices have also cooled down (19.5% versus 29.2%). Domestically, ongoing heat wave conditions in most parts of the country pose a threat to vegetable inflation going forward.

BOBCAPS
TRUST | INNOVATION | EXCELLENCE

SELL
TP: Rs 2,530 | ∨ 31%

ESCORTS | Automobiles | 14 May 2024

Weakness persists and likely to continue – maintain SELL

- **Q4 tractor volumes dipped 14% YoY, with domestic share recovered but overall market share recovery weak as exports volume declined**
- **Lower commodity cost supported gross/EBITDA margin expansion despite fall in revenue by 5% YoY; margins weak QoQ**
- **We have revised our FY26 EPS estimates by +3%; retain SELL with revised TP of Rs 2,530 (vs. Rs 2,389)**

Milind Raginwar
research@bobcaps.in

Tractor volumes continue to be weak: Escorts's Q4FY24 revenue fell by 5%/10% YoY/QoQ to Rs 20.1bn as tractor volumes remained weak, largely offsetting realisation gains. Tractor volumes fell 14%/18% YoY/QoQ to ~21k units, marginal beat to the industry which fell 16% YoY due to deficient rains and a delayed crop harvest. Net realisation per vehicle in the segment grew 4%/2% YoY/QoQ to Rs 0.65mn on the back of price hikes in (Q1-Q2FY24) and product mix by Escorts.

CE segment robust YoY; AM, RE fall: Revenue from the Agriculture Machinery (AM) segment fell 11% YoY in Q4 due to weak tractor volumes. The Railways Equipment (RE) segment contracted 10% YoY due to a lower supply schedule from the Railway department, while Construction Equipment (CE) grew 45%. Segmental EBIT margin was 11.2% for AM (10% in Q4FY23), 17% for RE (14%) and 11% for CE (8.1%). The three segments contributed 67%, 10% and 23% of revenue respectively.

Easing input cost aids margin gains: Raw material cost (inventory adjusted) fell 9%/+12% YoY/QoQ to Rs 15.5bn, but management sees limited space for further gains. Gross margin rose 343bps YoY (130bps QoQ) to 31.9% and EBITDA margin expanded 200bps (-70bps) to 12.8%. Adj. PAT grew 31%/-13% YoY/QoQ to Rs 2.4bn.

Amalgamation nod likely by Q1FY25: Amalgamation of Escorts Kubota India and Kubota Agricultural Machinery India has received all necessary approvals and a final order from the National Company Law Tribunal (NCLT) is expected in 2-3 months.

Maintain SELL: Escorts's tractor volumes slipped 7% YoY in FY24, and the ESC has only retained domestic market share in tractor segments but lost in other segments like the PNC/BHL and compactor segments in FY24. The full benefit of the Kubota integration on export sales is likely to flow in only after 12-24 months. We retain our FY25 EPS estimates but revise upwards our FY26 forecasts by 3%, baking in a revenue/EBITDA/PAT CAGR of 13%/28%/29% for Escorts over FY23-FY26. Given sustained growth headwinds, we retain SELL, while revising our TP to Rs 2,530 (vs. Rs 2,389). Our target P/E stays at 20x – in line with the stock's long-term mean.

Key changes

Target	Rating
▲	◄ ►

Ticker/Price	ESCORTS IN/Rs 3,654
Market cap	US$ 5.9bn
Free float	63%
3M ADV	US$ 10.4mn
52wk high/low	Rs 3,665/Rs 2,032
Promoter/FPI/DII	37%/22%/8%

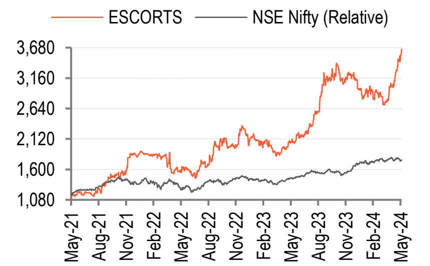
Source: NSE | Price as of 14 May 2024

Key financials

Y/E 31 Mar	FY24P	FY25E	FY26E
Total revenue (Rs mn)	87,767	1,00,738	1,21,299
EBITDA (Rs mn)	11,688	13,976	16,433
Adj. net profit (Rs mn)	10,371	11,796	13,839
Adj. EPS (Rs)	93.9	106.8	125.2
Consensus EPS (Rs)	93.8	108.9	130.0
Adj. ROAE (%)	11.3	11.5	12.0
Adj. P/E (x)	38.9	34.2	29.2
EV/EBITDA (x)	41.4	33.6	28.3
Adj. EPS growth (%)	79.5	13.7	17.3

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

Stock performance



Source: NSE

RESULT REVIEW

BUY

TP: Rs 525 | 18%

INDRAPRASTHA GAS | Oil & Gas | 14 May 2024

Growth focus improving, reiterate BUY

- **While Q4 EBITDA missed consensus on higher expense booking in a quarter, IGL gained traction in industrials, commercials and households**
- **Delivery on 13% volume growth in FY25 could confirm potential beyond Delhi; we are conservative with a 7% CAGR over FY24-26E**
- **Our DCF-based TP increases to Rs 525 (from Rs 510) on roll forward to May'25; we believe CNG will co-exist with EVs and reiterate BUY**

Kirtan Mehta, CFA
research@bobcaps.in

Q4 miss but better growth: Q4 EBITDA at Rs 5.2bn was 8% below Bloomberg consensus and 10% below our forecasts. The miss was due to sharp rise in opex to Rs 6.6/scm dragging down EBITDA to Rs 6.6/scm. More importantly, IGL was able to demonstrate traction in industrials (12% growth in Q4) with a change in pricing mechanism and domestic (15% growth in FY24) with enhanced focus.

Improving growth focus: It is positive to see IGL gearing up for 9.5mmscmd target for FY25, despite electric vehicle challenges in Delhi. For FY25, IGL aims to rightly focus on GAs outside Delhi in the NCR region to target 10% growth and on relatively newer GAs for more than 15% growth. IGL expects traction in cars to offset decline in the DTC bus segment in Delhi. While the steps are in the right direction, our forecasts remain conservative on potential CNG growth in Delhi and we build in only a 7% CAGR over FY24-26E against IGL's target of 13% growth in FY25 alone.

Factor in higher costs: IGL's gas purchase costs were Rs 3-4/scm higher than MAHGL since Q4FY23 (see page 3). We attribute it to higher transportation cost after the Unified Tariff from 1 Apr'23 and term contracts limiting benefits of cheaper spot. We note that opex was higher at Rs 5.9/scm in FY24, although Q4 is not representative due to clubbing of several expenses in a quarter.

Mid-cycle margin still possible: Despite cost escalations, IGL could maintain margin at Rs 7.7/scm in FY24 and guides for Rs 7-8.5/scm over the medium term. With CNG competitiveness supported by the availability of an HPHT gas with gas price ceiling to offset shortfall in the APM gas, and industrials aided by the pullback in LNG prices, we build a mid-cycle margin of Rs 7.8/scm over FY25-26E.

Reiterate BUY: We broadly maintain our forecasts, building in 8.5% CAGR in FY24-26E EBITDA. Rolling forward valuations to May'25, we raise our DCF-based TP to Rs 525 (from Rs 510), which assumes 11% cost of equity, 6.8% volume CAGR and ~Rs 7.8/scm average EBITDA margin over FY25-FY33, with terminal growth of 4%. Our TP implies an FY25E P/E of 17.7x, below the 5Y mean forward multiple of 18.5x. Given 18% upside to our TP, we reiterate BUY.

Key changes

Target	Rating
▲	◀ ▶

Ticker/Price	IGL IN/Rs 445
Market cap	US$ 3.8bn
Free float	55%
3M ADV	US$ 16.5mn
52wk high/low	Rs 501/Rs 376
Promoter/FPI/DII	45%/17%/24%

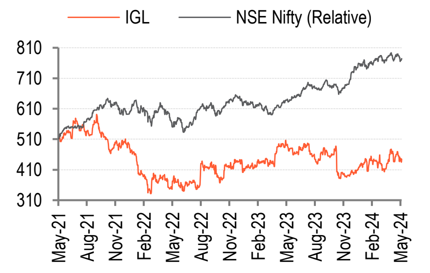
Source: NSE | Price as of 14 May 2024

Key financials

Y/E 31 Mar	FY24P	FY25E	FY26E
Total revenue (Rs mn)	1,40,000	1,47,165	1,60,220
EBITDA (Rs mn)	23,637	25,565	27,828
Adj. net profit (Rs mn)	19,834	20,737	22,122
Adj. EPS (Rs)	28.3	29.6	31.6
Consensus EPS (Rs)	28.3	28.4	31.1
Adj. ROAE (%)	22.6	20.0	18.6
Adj. P/E (x)	15.7	15.0	14.1
EV/EBITDA (x)	12.4	11.3	10.3
Adj. EPS growth (%)	21.0	4.6	6.7

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

Stock performance



Source: NSE

BOBCAPS
TRUST | INNOVATION | EXCELLENCE

HOLD
TP: Rs 4,000 | ⮝ 6%

AIA ENGINEERING | Capital Goods | 14 May 2024

Uneventful quarter; capacities lined up

- **Q4 revenue down 9.7% YoY with gross margin expanding 160bps and EBITDA margin 220bps**
- **FY24 volume largely in line at 297,345t, capacity expansion of 56,000t expected in FY25 with capex of Rs 2bn**
- **We adjust FY25E/FY26E EPS by 1.1%/1.8% to factor in Q4 and management commentary; TP unchanged at Rs 4,000**

Swati Jhunjhunwala | Arshia Khosla
research@bobcaps.in

Topline contracts, margins fair: AIAE reported a decline in topline by 9.7% YoY to Rs 11.5bn in Q4FY24. Topline for FY24 declined 1.1% YoY to Rs 48.5bn. Gross margin, however, expanded 160bps YoY to 56.2% in Q4, albeit contracting in FY24 by 60bps to 57.3%. EBITDA margin expanded 110bps YoY to 25.9% in Q4 and 220bps YoY to 27.5% in FY24. This is largely due to reduction in other expenses during the year. The order book stood at Rs 5.6bn at the end of FY24, a 27.5% increase over FY23 and a 16% decline over Dec'23.

FY25 volume may be in line: AIAE achieved sales volumes of 297,345t during FY24, growing 2.6% over FY23. Management had guided for volume growth of 30,000t at the end of FY23, when it achieved production of 291,342t. However, this was reduced to a total volume expectation of 300,000t during the last quarter, which has been missed slightly. For FY25, management aims to achieve incremental volumes of 30,000t, but no formal guidance was given.

Capacity expansion in near pipeline: AIAE expects to incur Rs 2bn in capex during FY25. Of this, Rs 900mn is expected to be incurred on brownfield capacity expansion of 36,000t. AIAE had earlier planned to add 80,000t, but plans to commission 36,000t in FY25 and defer the balance capacities indefinitely. It expects to add 60MW of captive renewable power capacities in FY25 with an estimated capex of Rs 350mn. The remaining Rs 750mn is expected to be incurred on debottlenecking efforts, and AIAE has added 20,000t of capacity after FY24 till date.

Anti-dumping duties in America: The International Commission has initiated the preliminary phase of antidumping duty for the import of high chrome grinding media (HCGM) from India during Q4, where AIAE achieved a sales volume of 27,000t in CY23. AIAE expects to defend and co-operate with the authorities as proceedings take their course.

Maintain HOLD: Baking in Q4 and management commentary, we adjust our FY25E/FY26E EPS by 1.1%/1.8%. Upon the rollover to Mar'26E, we maintain our TP at Rs 4,000 based on an unchanged target P/E of 30x.

Key changes

Target	Rating
◀▶	◀▶

Ticker/Price	AIAE IN/Rs 3,775
Market cap	US$ 4.3bn
Free float	42%
3M ADV	US$ 3.7mn
52wk high/low	Rs 4,630/Rs 2,712
Promoter/FPI/DII	59%/18%/21%

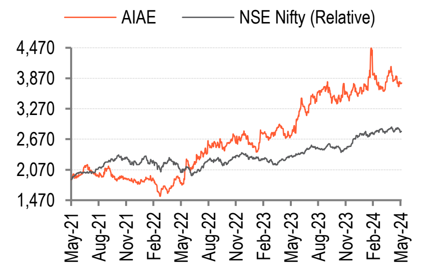
Source: NSE | Price as of 14 May 2024

Key financials

Y/E 31 Mar	FY24P	FY25E	FY26E
Total revenue (Rs mn)	48,538	53,075	54,761
EBITDA (Rs mn)	13,338	14,106	14,502
Adj. net profit (Rs mn)	11,356	11,824	12,307
Adj. EPS (Rs)	120.4	125.4	130.5
Consensus EPS (Rs)	120.4	126.4	139.2
Adj. ROAE (%)	18.4	16.5	15.0
Adj. P/E (x)	31.4	30.1	28.9
EV/EBITDA (x)	26.3	24.9	24.2
Adj. EPS growth (%)	7.5	4.1	4.1

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

Stock performance



Source: NSE

BOBCAPS
TRUST | INNOVATION | EXCELLENCE

HOLD

TP: Rs 7,700 | ⮝ 11%

CERA SANITARYWARE | Building Materials | 14 May 2024

Another lacklustre quarter on soft demand

- **Sharp contraction in gross margin in Q4FY24 on higher discounts offered to dealers to push volumes in a weak demand environment**
- **CRS aims to grow its revenue at 16% CAGR over FY24-FY27, which appears to be quite optimistic based on historical performance**
- **Maintain HOLD with unchanged TP of Rs 7,700 on moderation in ROE profile amid poor capital allocation and expensive valuations**

Utkarsh Nopany
research@bobcaps.in

Weak quarter: CRS missed our revenue estimate for Q4FY24 by 3.1%, but still managed to beat our EBITDA/APAT estimate by 3.2%/3.3% mainly due to a steep decline in advertising spend (-180bps YoY to 2.7%). Overall, CRS revenue/ EBITDA/PAT grew by 2.5%/5.0%/12.7% YoY in Q4FY24. The company posted muted revenue growth for the past four consecutive quarters due to a weak demand environment. On a 5-year CAGR basis, CRS revenue/EBITDA grew at 5.6%/7.4% rate in Q4FY24.

Key highlights: CRS's gross margin fell sharply by 292bps YoY to 50.8% in Q4FY24 due to higher discounts offered to dealers to push volumes in a weak market. Sanitaryware revenue de-grew by 2.4% YoY whereas faucet revenue grew by 9.5% YoY in Q4FY24. CRS sanitaryware revenue was relatively flat (-0.3% YoY) for FY24. As per management, CRS has not lost market share in the sanitaryware segment in FY24.

Positive medium-term outlook: The company expects the demand environment to remain weak in Q1FY25, but to improve from Q2FY25 supported by an uptick in real estate activity. The company targets its revenue to grow at 16% CAGR over FY24-FY27, which appears to be over optimistic based on historical performance. The company also expects its margin profile to improve due to focus on increasing the contribution of premium and luxury products and increased cost efficiencies. The land acquisition for the proposed greenfield sanitaryware unit is expected to be completed by Jun-Jul'24 and then it would take another 18 months to complete the product at a cost of Rs 1.25bn-1.3bn.

Maintain HOLD: We maintain our HOLD rating on the stock due to moderation in ROE profile on the back of poor capital allocation (no concrete plan to use the rising cash balance) and expensive valuations (trades at 33.7x on 1Y forward P/E vs 5Y average of 32.4x). We have reduced our EPS estimates (-2.8%/-5.7% for FY25/FY26) based on the weak Q4FY24 result, but we have kept our TP unchanged at Rs 7,700 as we roll forward our valuation from Sep'25 to Mar'26. Our target P/E remains unchanged at 35x on Mar'26E EPS.

Key changes

Target	Rating
◄►	◄►

Ticker/Price	CRS IN/Rs 6,944
Market cap	US$ 1.1bn
Free float	46%
3M ADV	US$ 2.0mn
52wk high/low	Rs 9,740/Rs 6,591
Promoter/FPI/DII	54%/21%/8%

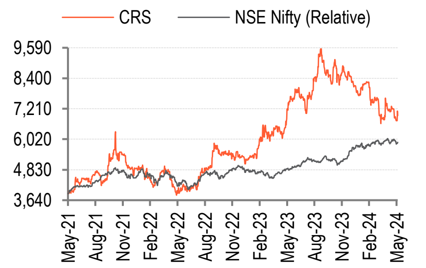
Source: NSE | Price as of 14 May 2024

Key financials

Y/E 31 Mar	FY24A	FY25E	FY26E
Total revenue (Rs mn)	18,794	20,593	22,778
EBITDA (Rs mn)	3,033	3,317	3,668
Adj. net profit (Rs mn)	2,402	2,633	2,861
Adj. EPS (Rs)	184.7	202.5	220.0
Consensus EPS (Rs)	184.7	210.0	246.1
Adj. ROAE (%)	18.9	18.2	17.5
Adj. P/E (x)	37.6	34.3	31.6
EV/EBITDA (x)	31.7	29.4	26.9
Adj. EPS growth (%)	12.3	9.6	8.7

Source: Company, Bloomberg, BOBCAPS Research

Stock performance



Source: NSE

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

Each of the analysts mentioned in this research report certify, with respect to the sections of the report for which they are responsible, that (1) all of the views expressed in this 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).

Important disclosures

This product is a compilation of previously published research notes. To view the complete report along with the associated Analyst certifications and Company-specific disclosures, please click on the hyperlink accompanying each excerpt.

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.

Other disclosures

BOBCAPS does not have any financial interest in the subject company. BOBCAPS does 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.

BOBCAPS is not engaged in any market making activities for 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.