BOBCAPS
TRUST | INNOVATION | EXCELLENCE

FIRST LIGHT

25 October 2024

RESEARCH

DIXON TECHNOLOGIES | TARGET: Rs 15,225 | +1% | HOLD

Strong performance; elevated valuations prompt HOLD

PETRONET LNG | TARGET: Rs 340 | +0% | HOLD

Visibility on Dahej utilisation is key; upgrade to HOLD

ITC | TARGET: Rs 556 | +18% | BUY

Managing inflation

GODREJ CONSUMER PRODUCTS | TARGET: Rs 1,299 | +3% | HOLD

Partial pass-through impacting margins near term

LAURUS LABS | TARGET: Rs 305 | -32% | SELL

Another weak quarter

SUMMARY

DIXON TECHNOLOGIES

- Q2 revenue jumped 133% YoY, driven by Mobile and EMS growth; EBITDA margin slid 30bps on change in business mix
- Management upbeat on growth, especially in the Mobile segment comprising about ~80% of the topline
- Raise our FY25E-FY27E by 8%-9% to bake in strong Q2, and value stock at P/E of 70x on strong return ratios. Raise TP to Rs 15,225. HOLD

Click here for the full report.

PETRONET LNG

- Q2 underlying EBITDA broadly in line factoring in UOP adjustments; Dahej utilisation can hold up in Q3 if LNG prices remain range bound
- We bake in 11% EBITDA CAGR over FY24-27E assuming Dahej utilisation at 20mmtpa in FY27, still below capacity of 22.5mmtpa
- Upgrade to HOLD with a revised TP of Rs 340 (Rs 325); improvement in visibility on utilisation of Dahej expansion is a key catalyst

Click here for the full report.

BOBCAPS Research
research@bobcaps.in

ITC

- Sales were 12% higher vs consensus likely due to the volatile, pass-through-based Agri Business segment. EBITDA was in line
- Excessive rains impacted 2QFY25 out-of-home category sales while inflation impacted margins across segments including Cigarettes
- While FY25 is inflationary, the prospects from Cigarette volume gains from illicit trade and FMCG scale up remain intact. Retain BUY

Click here **for the full report.**

GODREJ CONSUMER PRODUCTS

- Compared to Bloomberg consensus, sales were 1% higher but EBITDA beat was 4% as margins came in 60bps above expectations
- Margin expansion was strong across the International businesses despite upfront media spend in GAUM which limited margin expansion
- Inflation is mainly from palm oil. Pricing is being put through. Domestic margins will remain subdued in 3Q but largely recover in 4Q

Click here **for the full report.**

LAURUS LABS

- Earnings miss for 2Q on our and street estimates on all fronts. Revenue/PAT came short of consensus estimates by -5%/39%
- EBITDA margin for H1FY25 is 14.5%. We believe management shall not achieve guided 20% margin in FY25
- We cut our EPS estimates for FY25/FY26/FY27 and roll over valuations to Sep'26, valuing LAURUS at 45x due to its CDMO arm. Maintain SELL

Click here **for the full report.**

HOLD
TP: Rs 15,225 | ▲ 1%

DIXON TECHNOLOGIES | Consumer Durables | 25 October 2024

Strong performance; elevated valuations prompt HOLD

- **Q2 revenue jumped 133% YoY, driven by Mobile and EMS growth; EBITDA margin slid 30bps on change in business mix**
- **Management upbeat on growth, especially in the Mobile segment comprising about ~80% of the topline**
- **Raise our FY25E-FY27E by 8%-9% to bake in strong Q2, and value stock at P/E of 70x on strong return ratios. Raise TP to Rs 15,225. HOLD**

Arshia Khosla
research@bobcaps.in

Revenue surges; Mobile leads: In Q2FY25, DIXON's revenue jumped by 133% YoY to Rs 115bn, primarily fueled by 235% growth in the Mobiles and EMS segment, which contributed Rs 94.4bn. Despite this remarkable growth, EBITDA margin contracted slightly by 30bps, settling at 3.7%, due to a shift in the product mix. Management remains optimistic about future growth, particularly in the Mobile segment, which now accounts for 80% of the company's total revenue.

Enhanced financial metrics: In H1FY25, DIXON's financial performance demonstrated substantial improvement, with ROE rising by 580bps YoY to 31%, and ROCE increasing by 90bps to 38.9%. Looking forward, management is dedicated to maintaining these positive performance metrics. The focus will be on enhancing profitability, optimising working capital, and increasing asset turnover. With a strategic approach, particularly in the mobile and IT hardware sectors, DIXON aims to drive growth while ensuring continued financial strength and operational efficiency.

Client signups continue in Mobile business: The acquisition of Ismartu on 13 August 2024 enhanced the company's capabilities and bolstered its order book for brands like Tecno, Infinix, Airtel, and Nothing. The company maintained steady production volumes for Motorola, consistently achieving a rate of 1mn units per month, with a positive outlook ahead. It has secured promising export orders for the North American market. Notably, volumes for key clients Xiaomi and Oppo experienced significant QoQ growth in Q2, positioning the company for continued success.

Downgrade to HOLD post rally: Following DIXON's strong Q2FY25 performance and promising guidance, we have raised our EPS estimates by 8% for FY25 and about 9% each for FY26/FY27, now valuing the stock at 70x – 15% premium to its five-year average (previously 60x). While DIXON remains a leader in the EMS space, the stock's price tripled over the past year, prompting us to downgrade it from BUY to HOLD. With the valuations rollover, our new TP is Rs 15,225 (previously Rs 13,800).

Key changes

Target	Rating
▲	▼

Ticker/Price	DIXON IN/Rs 15,055
Market cap	US$ 10.7bn
Free float	66%
3M ADV	US$ 90.3mn
52wk high/low	Rs 15,600/Rs 5,076
Promoter/FPI/DII	34%/12%/24%

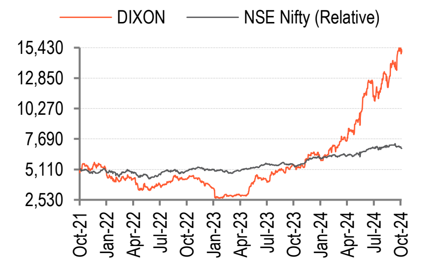
Source: NSE | Price as of 24 Oct 2024

Key financials

Y/E 31 Mar	FY24A	FY25E	FY26E
Total revenue (Rs mn)	176,909	338,444	479,639
EBITDA (Rs mn)	6,976	12,731	17,543
Adj. net profit (Rs mn)	3,678	7,334	10,930
Adj. EPS (Rs)	61.8	123.1	183.5
Consensus EPS (Rs)	61.8	125.0	186.0
Adj. ROAE (%)	24.7	33.9	34.5
Adj. P/E (x)	243.8	122.3	82.0
EV/EBITDA (x)	128.5	70.4	51.1
Adj. EPS growth (%)	43.9	99.4	49.0

Source: Company, Bloomberg, BOBCAPS Research

Stock performance



Source: NSE

BOBCAPS
TRUST | INNOVATION | EXCELLENCE

HOLD
TP: Rs 340 | ⮝ 0%

PETRONET LNG | Oil & Gas | 25 October 2024

Visibility on Dahej utilisation is key; upgrade to HOLD

- **Q2 underlying EBITDA broadly in line factoring in UOP adjustments; Dahej utilisation can hold up in Q3 if LNG prices remain range bound**
- **We bake in 11% EBITDA CAGR over FY24-27E assuming Dahej utilisation at 20mmtpa in FY27, still below capacity of 22.5mmtpa**
- **Upgrade to HOLD with a revised TP of Rs 340 (Rs 325); improvement in visibility on utilisation of Dahej expansion is a key catalyst**

Kirtan Mehta, CFA
research@bobcaps.in

Q2 underlying EBITDA in line: Underlying or Adj. EBITDA at Rs 13.9bn was only 2% below our forecast after excluding UOP (Use-or-Pay) revenue-related adjustments and inventory gains. While volume was up 7% on higher LNG consumption in India, margin was healthy at Rs 57.9/MMBtu.

Volume could hold up in Q3: Even after the restart of Dabhol terminal post monsoon, Dahej utilisation has remained high at 98% in October-till-date – despite spot RLNG prices staying elevated at US$ 13/MMBtu. With most marketers using blended RLNG pricing (blend of spot and long-term prices), average prices remain moderate and could help sustain LNG consumption if winter surge remains modest.

Settlement of CY21 UOP charges could lift headline EBITDA: With Dec'24 as the deadline for resolving UOP outstandings or settling through bank guarantees, there is a possibility that headline EBITDA could see an increase in Q3 should PLNG reverses 75% of provisions booked against Rs 3.8bn UOP charges in CY21.

Make-up cargoes could lower underlying EBITDA margin: If offtakers choose to bring in cargoes against their outstanding make-up cargo entitlement of 1mmtpa in Q3, this would earn Rs 10.7/MMBtu of differential regas charge against current regas charge of Rs 66/MMBtu, thereby lowering underlying EBITDA margin in Q3.

Dahej key driver of growth ahead: We tweak our estimates with Q2 results and continue to build 11% EBITDA CAGR over FY24-27E assuming increase in Dahej utilisation from 16.6mmtpa in FY24 to 20.0mmtpa in FY27E. Improvement of visibility on higher offtake from Dahej expansion is the key upside catalyst.

Upgrade to HOLD with revised TP of Rs 340: We raise TP for PLNG to Rs 340 (from Rs 325) factoring in revised forecasts and roll forward to Sep'25. We maintain one-year forward target P/E at 13.5x based on 7Y average and continue to strip away the Rs 47/sh of value at risk for the PDHPP project above capex of US$ 2,500/t (Refer note). Upgrade to HOLD given 0% downside to our TP. Delay in projects or downward revision of regas tariff beyond contractual terms are key risks.

Key changes

Target	Rating
▲	▲

Ticker/Price	PLNG IN/Rs 339
Market cap	US$ 6.0bn
Free float	50%
3M ADV	US$ 16.1mn
52wk high/low	Rs 384/Rs 192
Promoter/FPI/DII	50%/27%/12%

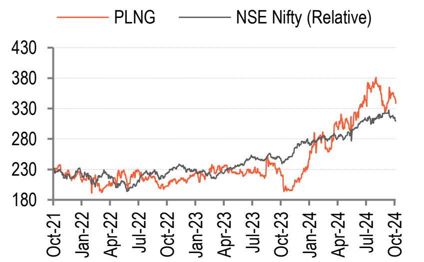
Source: NSE | Price as of 24 Oct 2024

Key financials

Y/E 31 Mar	FY24A	FY25E	FY26E
Total revenue (Rs mn)	5,27,284	5,66,979	5,90,787
EBITDA (Rs mn)	52,065	55,338	61,491
Adj. net profit (Rs mn)	35,362	37,692	41,062
Adj. EPS (Rs)	23.6	25.1	27.4
Consensus EPS (Rs)	23.6	25.2	27.0
Adj. ROAE (%)	22.2	20.9	20.2
Adj. P/E (x)	14.4	13.5	12.4
EV/EBITDA (x)	9.0	8.1	7.2
Adj. EPS growth (%)	9.1	6.6	8.9

Source: Company, Bloomberg, BOBCAPS Research

Stock performance



Source: NSE

RESULT REVIEW

BUY
TP: Rs 556 | ↑ 18%

ITC | Consumer Staples | 25 October 2024

Managing inflation

- **Sales were 12% higher vs consensus likely due to the volatile, pass-through-based Agri Business segment. EBITDA was in line**
- **Excessive rains impacted 2QFY25 out-of-home category sales while inflation impacted margins across segments including Cigarettes**
- **While FY25 is inflationary, the prospects from Cigarette volume gains from illicit trade and FMCG scale up remain intact. Retain BUY**

Lokesh Gusain
research@bobcaps.in

Sales trends: FMCG Cigarette segment sales increased 7% with volume share gains from illicit trade, while +5% growth in the Others segment was broad based with all three sub segments, Staples, Personal Care and Homecare, driving sales. Agri Business Segment sales grew 47% on leaf tobacco and value-added portfolio of coffee, fruits/vegetables and spices. Paper revenues rose only 2% with increased competition from lower-priced Chinese supplies as demand conditions remained weak. Hotel segment sales increased 12% despite a high year-ago comp – 2-year CAGR of 16.5%. Sales growth was driven by F&B, Retail and Wedding segments.

Broad based cost pressures: Cigarette margins deteriorated 100bps as leaf tobacco inflation was only partially offset by mix, savings & pricing. FMCG margins were down 40bps due to inflation in edible oil, wheat, flour etc. Paperboards, Paper & Packaging segment margins deteriorated 410bps due to further increase in wood costs on inventory shortage due to excessive rains. Hotels segment was the only exception with margins expanding 70bps on higher RevPAR, operating leverage and strategic cost management initiatives.

Our view: The current trend is inflationary, but calibrated pricing will largely offset inflation by FY25E end. We lower margin forecasts for FY25 but model a recovery in FY26. Given reasonable earnings visibility in the cigarette and FMCG businesses, we maintain BUY on ITC. Our SOTP-based TP stands revised from Rs 575 to Rs 556 (change in estimates).

ITC 2QFY25 result summary				Actual vs (%)	
(Rs mn)	Q2FY24	Q2FY25	YoY (%)	BoBCaps	Consensus
Sales	177,745	207,359	17	15	12
EBITDA	64,542	67,618	5	8	0
EBITDA margin (%)	36.3	32.6	(370bps)	(215bps)	(399bps)

Source: Company, Bloomberg, BOBCAPS Research

Key changes

Target	Rating
▼	◄►

Ticker/Price	ITC IN/Rs 472
Market cap	US$ 70.0bn
Free float	71%
3M ADV	US$ 72.7mn
52wk high/low	Rs 529/Rs 399
Promoter/FPI/DII	0%/43%/57%

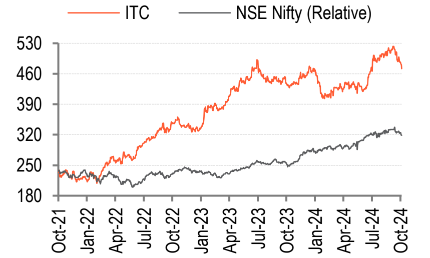
Source: NSE | Price as of 24 Oct 2024

Key financials

Y/E 31 Mar	FY24P	FY25E	FY26E
Total revenue (Rs mn)	708,810	777,947	870,792
EBITDA (Rs mn)	262,544	284,374	321,602
Adj. net profit (Rs mn)	204,663	211,111	237,556
Adj. EPS (Rs)	16.4	16.9	19.0
Consensus EPS (Rs)	15.8	17.8	18.8
Adj. ROAE (%)	27.7	27.3	29.3
Adj. P/E (x)	28.7	27.9	24.8
EV/EBITDA (x)	22.4	20.7	18.3
Adj. EPS growth (%)	6.5	2.7	12.5

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

Stock performance



Source: NSE

HOLD

TP: Rs 1,299 | ⮝ 3%

GODREJ CONSUMER PRODUCTS

| Consumer Staples | 25 October 2024

Partial pass-through impacting margins near term

- **Compared to Bloomberg consensus, sales were 1% higher but EBITDA beat was 4% as margins came in 60bps above expectations**
- **Margin expansion was strong across the International businesses despite upfront media spend in GAUM which limited margin expansion**
- **Inflation is mainly from palm oil. Pricing is being put through. Domestic margins will remain subdued in 3Q but largely recover in 4Q**

Lokesh Gusain
research@bobcaps.in

Sales and EBITDA miss: GCPL's 2QFY25 adjusted EBITDA grew 8% YoY on 2% sales growth and 117bps EBITDA margin expansion. Compared to Bloomberg consensus, sales were 1% higher but EBITDA higher by 4% as margins came in 60bps above expectations.

2QFY25 trends and outlook

- **Domestic:** Underlying sales increased 7% driven by volumes. GCPL is taking calibrated pricing to offset the palm oil inflation. Aggregate 2HFY25 pricing will be up in close to double digits. Volume growth will be in the 6%-8% range. Margins will be lower in 3QFY25 due to inflation as inflation is being largely passed through. 4Q will see sequentially improving margins.
- **International:** Indonesia constant currency sales increased 11%. EBITDA margin improved 140bps to 19.4% although the aspiration is mid 20s. Timing of media spend impacted margins so 2H will be in the targeted range. In GUAM (Godrej Africa, US, Middle East), constant currency sales were flat but FX was a 12% drag. Margins increased 590bps to 14.4%. This trend of flat to slightly positive sale will continue with margins approaching high teens in two years. Business simplification, for instance, lower SKUs/improved mix/efficiencies are the main drivers. GCPL will shift focus to top line growth once margins become reasonable. There is no plan to divest or shut businesses in Africa.

Our view & valuation: Domestic volume growth is in mid-single digits with double-digit pricing required to partially offset inflation. International is on track with stable to slightly growing sales but focus on margin expansion. Margin risk in 2HFY25 with HUVR having a cost advantage from lower palm exposure. We value GCPL at 51x 12M to Sep'26 EPS with a TP increase to Rs 1,299 (from Rs 1,543). HOLD.

2QFY25 result summary (Rs mn)	Q2FY24	Q2FY25	YoY (%)	Reported vs (%) BoBCaps	Reported vs (%) Consensus
Sales	36,020	36,663	2	(1)	1
EBITDA	7,042	7,596	8	4	4
EBITDA margin	19.5	20.7	117bps	97bps	61bps

Sources: Company, Bloomberg, BOBCAPS Research

Key changes

Target	Rating
▼	◀ ▶

Ticker/Price	GCPL IN/Rs 1,255
Market cap	US$ 15.3bn
Free float	37%
3M ADV	US$ 21.3mn
52wk high/low	Rs 1,542/Rs 960
Promoter/FPI/DII	63%/23%/14%

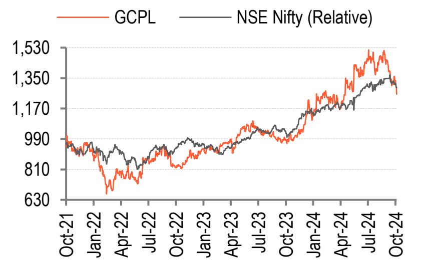
Source: NSE | Price as of 24 Oct 2024

Key financials

Y/E 31 Mar	FY24A	FY25E	FY26E
Total revenue (Rs mn)	140,961	148,495	167,524
EBITDA (Rs mn)	29,435	33,171	41,346
Adj. net profit (Rs mn)	19,763	22,214	28,594
Adj. EPS (Rs)	19.3	21.7	28.0
Consensus EPS (Rs)	19.3	23.7	28.4
Adj. ROAE (%)	15.7	16.0	18.9
Adj. P/E (x)	64.9	57.8	44.9
EV/EBITDA (x)	43.6	38.7	31.0
Adj. EPS growth (%)	12.5	12.4	28.7

Source: Company, Bloomberg, BOBCAPS Research

Stock performance



Source: NSE

BOBCAPS
TRUST | INNOVATION | EXCELLENCE

SELL
TP: Rs 305 | ⩔ 32%

LAURUS LABS | Pharmaceuticals | 25 October 2024

Another weak quarter

- **Earnings miss for 2Q on our and street estimates on all fronts. Revenue/PAT came short of consensus estimates by -5%/39%**
- **EBITDA margin for H1FY25 is 14.5%. We believe management shall not achieve guided 20% margin in FY25**
- **We cut our EPS estimates for FY25/FY26/FY27 and roll over valuations to Sep'26, valuing LAURUS at 45x due to its CDMO arm. Maintain SELL**

Foram Parekh
research@bobcaps.in

Weak Q2: Laurus's Q2FY25 result was below our and street expectations (BoBCap estimates: Revenue -5%, EBITDA -11% and APAT -36%) mainly due to the temporary shutdown of its facility, lack of demand in Oncology therapy, price erosion in the Others API portfolio, and operational deleverage from higher upfront cost towards capex. Overall, 2QFY25 revenue was flat and EBITDA declined by -5% YoY. Increased capacities raised depreciation by 15% YoY and interest costs by 24% YoY, resulting in a 46% decline in PAT.

Lower API sales offset CDMO growth: During 2QFY25, API sales declined by 13% YoY primarily due to 1) 58% decline in Oncology sales impacted by lack of demand due to increased competition, 2) flat growth in ARV API due to volume dipping on account of temporary plant shutdown for modification and 3) flat growth in the Others API impacted by price erosion. This offset 33% growth in the Synthesis segment driven by increased demand in small molecules.

Operating deleverage impacted margins: Gross margin improved 265bps YoY but was flat QoQ primarily due to healthy CDMO sales. However, higher outflow of capex and increased working capital resulted in a 77bps decline YoY in EBITDA margin to 14.6% (25bps increase QoQ).

Is guidance of 20% EBITDA margin achievable? Management guided for 20% EBITDA margin on account of a healthy H2 which could witness increase shipment and commercialisation of CDMO molecules. However, LAURUS achieved 14.5% EBITDA margin in H1FY25. Due to operating deleverage we expect the company shall achieve an optimal 18% EBITDA margin in FY25e.

Maintain SELL with unchanged TP of Rs 305: As earnings were below our estimates and we believe LAURUS will not achieve its guided EBITDA margin of 20%, we have lowered our EPS estimates (-36.7% for FY25E, -45% for FY26E and -37% for FY27E) but our TP remains at Rs 305 as we roll forward our valuation to Sep'26 ascribing a target P/E of 45x.

Key changes

Target	Rating
◀ ▶	◀ ▶

Ticker/Price	LAURUS IN/Rs 447
Market cap	US$ 2.9bn
Free float	74%
3M ADV	US$ 13.5mn
52wk high/low	Rs 518/Rs 349
Promoter/FPI/DII	27%/23%/5%

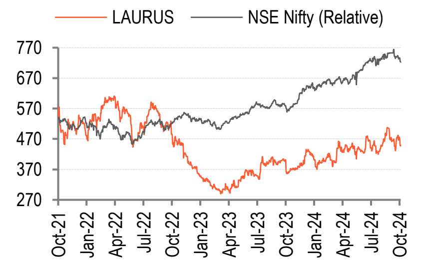
Source: NSE | Price as of 24 Oct 2024

Key financials

Y/E 31 Mar	FY24A	FY25E	FY26E
Total revenue (Rs mn)	50,410	53,473	59,195
EBITDA (Rs mn)	7,777	9,625	11,247
Adj. net profit (Rs mn)	1,607	2,375	3,119
Adj. EPS (Rs)	3.0	4.4	5.8
Consensus EPS (Rs)	3.8	8.6	13.2
Adj. ROAE (%)	3.9	5.7	7.2
Adj. P/E (x)	149.3	101.1	76.9
EV/EBITDA (x)	33.7	27.5	23.5
Adj. EPS growth (%)	(79.7)	47.8	31.3

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.