

**SELL**

TP: Rs 500 | ▼ 11%

**GREENLAM INDUSTRIES**

Building Materials

03 February 2025

## Dismal Q3; D/G to SELL on weak earnings and rich valuations

- Dismal Q3 on weak performance of laminates segment and slow ramp-up of plywood segment
- Revenue growth guidance revised down to 12-13% (vs 18-20%) for FY25; laminates margin also revised down to 14% (15-16% earlier)
- Downgrade from HOLD to SELL on weak earnings profile and expensive valuations; TP cut by 6% to Rs 500

**Utkarsh Nopany**

research@bobcaps.in

**Dismal Q3:** GRLM reported a dismal performance for Q3FY25 as it sharply missed our estimates (Revenue/EBITDA/APAT: -9%/-22%/-51%) due to weak performance of laminates and plywood segment. Overall, GRLM revenue grew by 6.9% YoY, but EBITDA/APAT was down 10.7%/38.7% YoY in Q3FY25 due to margin pressure in laminates and higher capital charge related to newly commissioned projects.

**Key highlights:** Laminates segment EBITDA de-grew by 13.6% YoY in Q3FY25 due to weak volumes (+2.6% on account of muted demand in the domestic market) and margin pressure (-269bps to 13.2%). Plywood segment reported operating loss for the seventh consecutive quarter due to the slow ramp-up of the plant (operated at 24% in Q3FY25). Veneer segment reported a slight improvement in operating performance in Q3FY25 due to the weak base. Net debt has gone up from Rs 9.9bn in Sep'24 to Rs 10.1bn in Dec'24 and is likely to peak out at Rs 10.5bn in Mar'25.

**Outlook:** GRLM has revised down its laminate segment revenue growth guidance to 12-13% (+18-20% earlier) for FY25. GRLM expects its laminate segment revenue to grow at 18-20% with operating margin of 14% in FY26. The particleboard project (292,380 CBM) was commissioned in Jan'25 at a cost of Rs 8.75bn (of which Rs 7.35bn was spent till Jan'25 and the remaining amount is expected to be incurred in CY25). GRLM expects the particleboard project to operate at 40-50% rate in FY26.

**Downgrade from HOLD to SELL, TP cut by 6% to Rs 500:** We downgrade our rating on the stock from HOLD to SELL on (a) weak earnings profile (posted negative PAT growth for the past five consecutive quarters) due to muted demand and higher raw-material cost; (b) return ratio profile to remain weak over the next 12-18 months (ROE is expected to be a high single digit in FY25 and FY26) due to high capex incurred for its particleboard project compared to industry benchmarks and expectation of unfavourable industry dynamics for particleboard sector; and (c) expensive valuations (trades at 61.2x on 1Y forward P/E vs 5Y average of 40.5x). We have cut our TP to Rs 500 (Rs 530 earlier) due to the earnings downgrade (-20%/-26%/-9% for FY25/FY26/FY27) based on the weak Q3 result. Our target P/E remains unchanged at 35x on Dec'26 EPS (Sep'26 earlier).

### Key changes

Target	Rating
▼	▼

Ticker/Price	GRLM IN/Rs 563
Market cap	US\$ 823.9mn
Free float	49%
3M ADV	US\$ 0.2mn
52wk high/low	Rs 662/Rs 431
Promoter/FPI/DII	51%/2%/16%

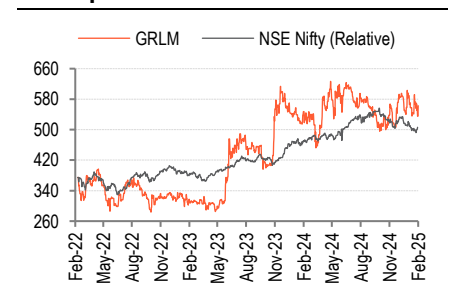
Source: NSE | Price as of 3 Feb 2025

### Key financials

Y/E 31 Mar	FY24A	FY25E	FY26E
Total revenue (Rs mn)	23,063	26,309	31,104
EBITDA (Rs mn)	2,974	2,953	3,648
Adj. net profit (Rs mn)	1,383	942	1,194
Adj. EPS (Rs)	10.8	7.4	9.4
Consensus EPS (Rs)	10.8	10.2	15.8
Adj. ROAE (%)	13.6	8.4	9.9
Adj. P/E (x)	51.9	76.2	60.1
EV/EBITDA (x)	23.3	22.4	17.2
Adj. EPS growth (%)	12.5	(31.9)	26.8

Source: Company, Bloomberg, BOBCAPS Research

### Stock performance



Source: NSE



**Fig 1 – Quarterly performance – Consolidated**

(Rs mn)	Q3FY25	Q3FY24	YoY (%)	Q2FY25	QoQ (%)	9MFY25	9MFY24	YoY (%)	BOBCAPS Q2FY25E	Variance (%)
Total operating income	6,020	5,634	6.9	6,808	(11.6)	18,876	16,823	12.2	6,647	(9.4)
Raw-Material expense	2,710	2,548	6.4	3,293	(17.7)	8,903	7,940	12.1		
Gross Profit	3,310	3,086	7.3	3,515	(5.8)	9,972	8,882	12.3		
Employee expense	1,264	1,085	16.5	1,313	(3.7)	3,806	3,123	21.9		
Other expense	1,411	1,289	9.4	1,388	1.6	4,076	3,648	11.7		
EBITDA	635	711	(10.7)	814	(22.0)	2,090	2,111	(1.0)	816	(22.2)
D&A	273	245	11.4	268	1.7	804	613	31.1		
EBIT	363	467	(22.3)	546	(33.6)	1,286	1,498	(14.1)		
Interest cost	163	143	13.5	155	4.6	456	309	47.4		
Non-operating expense/(income)	(13)	(31)	(57.8)	(82)	(83.9)	(126)	(129)	(2.6)		
PBT	213	354	(39.8)	472	(54.9)	956	1,318	(27.4)		
Tax	88	102	(13.7)	128	(31.3)	288	353	(18.6)		
Reported PAT	125	253	(50.3)	344	(63.6)	669	965	(30.7)		
Adjusted PAT	155	253	(38.7)	344	(55.0)	698	965	(27.6)	318	(51.2)
<b>As % of net revenues</b>			<b>(bps)</b>		<b>(bps)</b>			<b>(bps)</b>		
Gross margin	55.0	54.8	21	51.6	335	52.8	52.8	3		
Employee cost	21.0	19.3	174	19.3	171	20.2	18.6	160		
Other cost	23.4	22.9	54	20.4	305	21.6	21.7	(9)		
EBITDA margin	10.6	12.6	(207)	12.0	(141)	11.1	12.5	(148)		
Tax rate	41.2	28.7	1247	27.1	1412	30.1	26.8	326		
APAT margin	2.6	4.5	(191)	5.1	(249)	3.7	5.7	(204)		

Source: Company, BOBCAPS Research

**Fig 2 – Segment Performance**

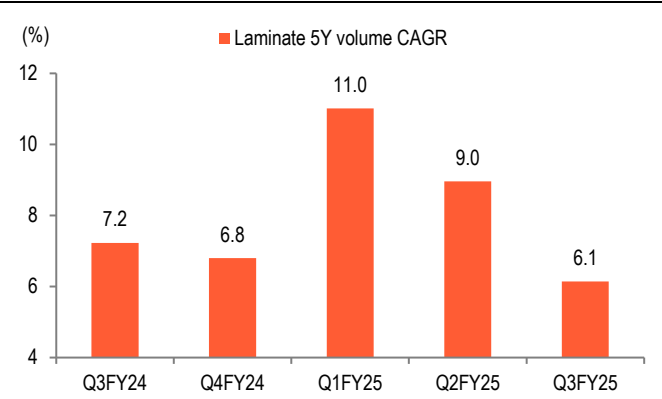
	Q3FY25	Q3FY24	YoY (%)	Q2FY25	QoQ (%)	9MFY25	9MFY24	YoY (%)
<b>Revenue (Rs mn)</b>								
Laminate	5,197	4,998	4.0	5,969	(12.9)	16,510	15,029	9.9
Veneer	519	477	8.9	579	(10.4)	1,526	1,477	3.3
Plywood	304	160	90.7	260	17.2	840	317	165.3
<b>Total</b>	<b>6,020</b>	<b>5,634</b>	<b>6.9</b>	<b>6,808</b>	<b>(11.6)</b>	<b>18,876</b>	<b>16,823</b>	<b>12.2</b>
<b>Volume</b>								
Laminate (mn sheets)	4.8	4.7	2.6	5.4	(11.5)	14.8	13.8	7.9
Decorative veneer (msm)	0.3	0.3	(16.1)	0.4	(25.7)	0.8	1.0	(16.5)
Plywood (msm)	1.2	0.7	58.9	1.0	13.7	3.3	1.4	138.6
<b>Realisation</b>								
Laminate (Rs/sheet)	1,090	1,075	1.4	1,107	(1.6)	1,113	1,093	1.9
Decorative veneer (Rs/msm)	988	868	13.8	929	6.4	1,884	1,523	23.7
Plywood (Rs/msm)	262	219	20.0	255	3.1	253	228	11.2
<b>EBITDA (Rs mn)</b>								
Laminate	684	792	(13.6)	877	(22.0)	2,290	2,362	(3.0)
Veneer	14	3	366.7	5	180.0	(8)	(27)	(70.4)
Plywood	(62)	(83)	(25.3)	(67)	(7.5)	(190)	(224)	(15.2)
<b>Total</b>	<b>636</b>	<b>711</b>	<b>(10.6)</b>	<b>814</b>	<b>(21.9)</b>	<b>2,090</b>	<b>2,111</b>	<b>(1.0)</b>
<b>EBITDA margin (%)</b>								
Laminate	13.2	15.8	(269bps)	14.7	(153bps)	13.9	15.7	(185bps)
Veneer	2.7	0.6	207bps	0.9	183bps	(0.5)	(1.8)	130bps
Plywood	(20.4)	(52.0)	3164bps	(25.8)	543bps	(22.6)	(70.7)	4812bps
<b>Total</b>	<b>10.6</b>	<b>12.6</b>	<b>(206bps)</b>	<b>12.0</b>	<b>(140bps)</b>	<b>11.1</b>	<b>12.5</b>	<b>(147bps)</b>

Source: Company, BOBCAPS Research

## Earnings call highlights

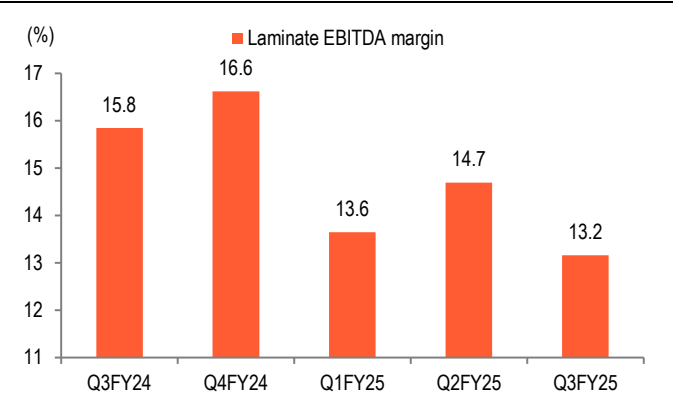
- **Guidance:** GRLM has revised down its revenue growth guidance to 12-13% (vs +18-20% earlier) for FY25 and expects to grow at 18-20% in FY26. The company has also revised down its laminate segment margin guidance to 14% (vs 15-16%) in the near future.
- **Laminates:** Segment revenue grew by a meagre 4.0% YoY in Q3FY25 driven by muted volume (+2.6% on account of weak domestic demand) and improved realisation (+1.4%). Laminate segment gross margin improved by 356bps QoQ, but EBITDA margin was down 153bps QoQ in Q3FY25 due to negative operating leverage. Segment EBITDA was down 13.6% YoY in Q3FY25.
- **Plywood:** The segment operating loss has gone down slightly from Rs 67mn in Q2FY25 to Rs 62mn in Q3FY25 due to higher volumes (+13.7% QoQ). However, the segment still operated at a low rate of 24% in Q3FY25 (23% in Q2FY25). Timber prices were quite stable in Q3FY25 and Jan'25 versus Q2FY25. The company expects to double its plywood sales in FY26 over FY25.
- **Veneer:** Segment revenue grew by 8.9% YoY in Q3FY25. Segment reported positive EBIT of Rs 29mn in Q3FY25 (vs Rs 4mn in Q3FY24). The company expects the segment EBITDA margin to be in the range of 4-5% in FY26 (vs 2.7% in Q3FY25).
- **Particleboard:** The particleboard project (292,380 CBM) was commissioned in Jan'25 at a cost of Rs 8.75bn (of which Rs 7.35bn was spent till Jan'25 and the remaining amount is expected to be incurred in CY25). As per management, the initial demand from channel partners for particleboard in Jan'25 was encouraging, and expects the segment to operate at 40-50% in FY26 (breakeven level is 50%). Depreciation cost is expected to be Rs 300mn-350mn and interest cost at Rs 350mn-400mn for the project.
- **Capex:** The company plans to spend Rs 2.5bn in FY25 (vs Rs 1.9bn in 9MFY25) and Rs 1.0bn in FY26.
- **Net debt:** has slightly gone up from Rs 9.9bn in Sep'24 to Rs 10.1bn in Dec'24 and is expected to peak out at Rs 10.5bn in FY25. Debt levels are expected to go down from FY26 due to the near completion of growth capex projects.

**Fig 3 – GRLM’s laminate volumes grew by 2.6% YoY (5Y CAGR: +6.1%) in Q3FY25**



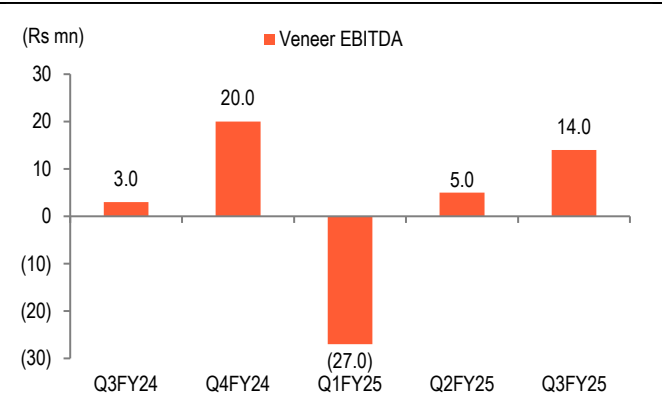
Source: Company, BOBCAPS Research

**Fig 4 – Laminate segment EBITDA margin fell 153bps QoQ in Q3FY25 due to negative operating leverage**



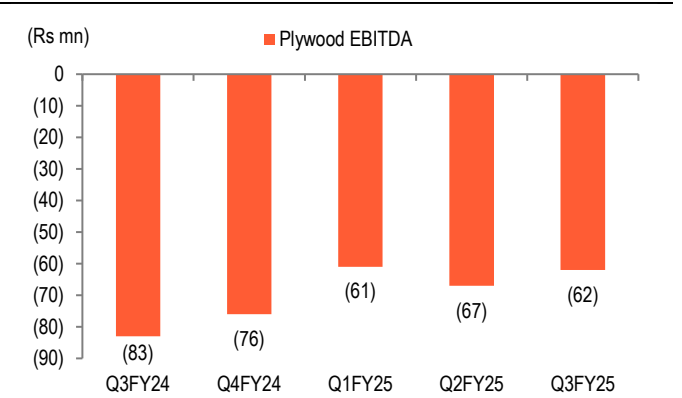
Source: Company, BOBCAPS Research

**Fig 5 – Veneer segment reported slight improvement in operating performance in Q3FY25**



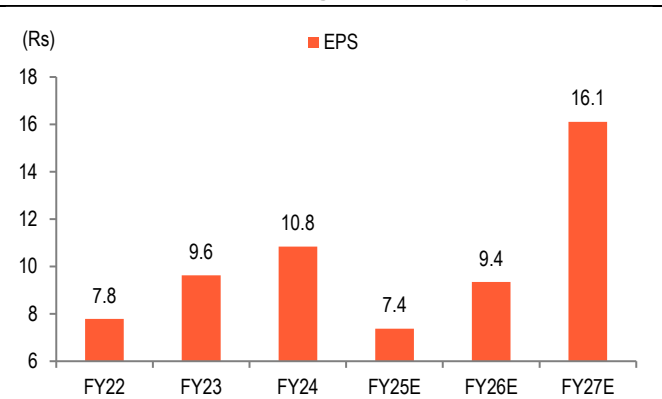
Source: Company, BOBCAPS Research

**Fig 6 – Plywood segment reported operating loss for the seventh straight quarter due to slow ramp-up of the plant**



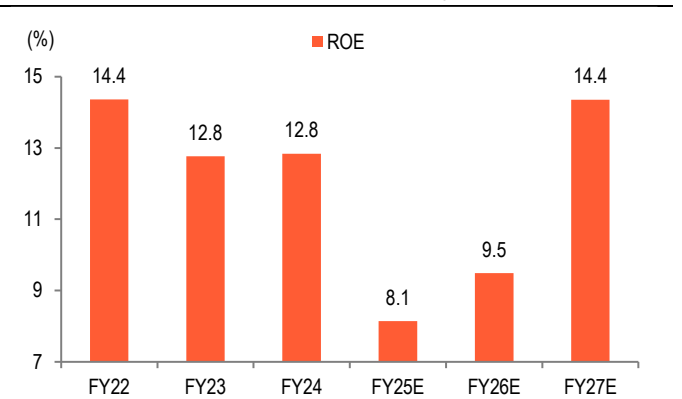
Source: Company, BOBCAPS Research

**Fig 7 – GRLM’s EPS to grow at 14.1% CAGR over FY24-FY27E on completion of large capex projects**



Source: Company, BOBCAPS Research

**Fig 8 – ROE projected to remain under pressure over the next few quarters due to weak industry outlook**



Source: Company, BOBCAPS Research

### Valuation methodology

We downgrade our rating on the stock from HOLD to SELL on (a) weak earnings profile (posted negative PAT growth for the past five consecutive quarters) due to muted demand and higher raw-material cost; (b) return ratio profile to remain weak over the next 12-18 months (we expect ROE to be in high-single-digit in FY25 and FY26) due to the high capex incurred for its particleboard project compared to industry benchmarks and expectation of unfavourable industry dynamics for the particleboard sector; and (c) expensive valuations (trades at 61.2x on 1Y forward P/E vs 5Y average of 40.5x).

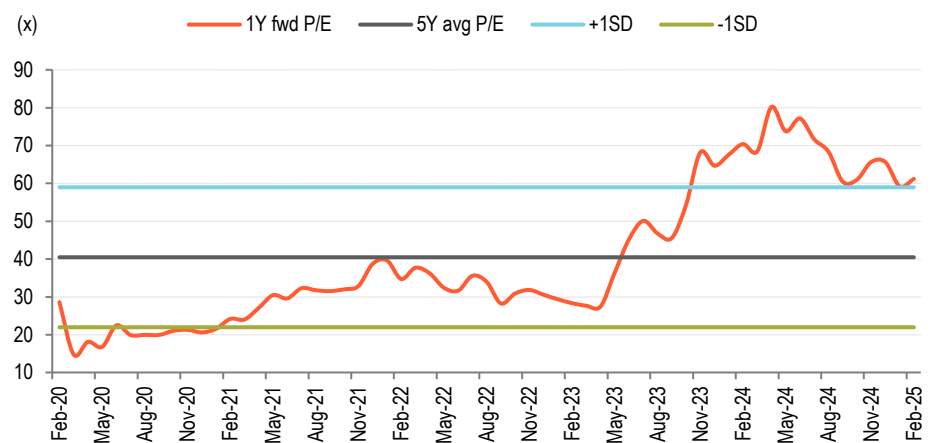
We have cut our TP to Rs 500 (Rs 530 earlier) due to earnings downgrade (-20%/-26%/-9% for FY25/FY26/FY27) based on the weak Q3 result. Our target P/E remains unchanged at 35x on Dec'26 EPS (vs Sep'26 earlier).

**Fig 9 – Revised estimates**

Consolidated (Rs bn)	New			Old			Change (%)		
	FY25E	FY26E	FY27E	FY25E	FY26E	FY27E	FY25E	FY26E	FY27E
Total operating income	26.3	31.1	36.4	27.3	32.1	37.7	(3.6)	(3.2)	(3.5)
EBITDA	3.0	3.6	4.7	3.1	3.9	4.8	(5.1)	(5.6)	(1.7)
EBITDA Margin (%)	11.2	11.7	12.9	11.4	12.0	12.7	(17bps)	(30bps)	23bps
Adjusted PAT	0.9	1.2	2.1	1.2	1.6	2.3	(20.0)	(25.7)	(9.0)
EPS (Rs)	7.4	9.4	16.1	9.2	12.6	17.7	(20.0)	(25.7)	(9.0)

Source: BOBCAPS Research

**Fig 10 – GRLM stock trades at 61.2x on 1Y forward P/E vs 5Y average of 40.5x**



Source: Bloomberg, BOBCAPS Research

**Fig 11 – Key assumptions**

(%)	FY22A	FY23A	FY24A	FY25E	FY26E	FY27E
<b>Revenue mix</b>						
Laminates	91.4	91.4	88.4	86.5	80.8	76.7
Veneer	8.6	8.6	9.0	8.4	7.8	7.3
Plywood	NA	NA	2.5	4.6	5.8	8.0
Particleboard	NA	NA	-	0.6	5.6	8.0
<b>Volume growth</b>						
Laminates	22.5	4.7	9.5	8.4	10.0	10.0
Plywood	NA	NA	NM	94.9	44.6	62.1
Particleboard	NA	NA	NA	NM	NM	66.7
<b>EBITDA margin</b>						
Laminates	12.7	13.2	16.0	14.2	15.0	15.0
Veneer	(6.2)	(5.1)	(0.3)	0.6	2.7	2.5
Plywood	NA	NA	(51.8)	(19.7)	(7.1)	4.8
Particleboard	NA	NA	NA	(32.2)	(3.4)	10.5

Source: Company, BOBCAPS Research

### Key risks

- Sharp recovery in laminates demand in the domestic as well as export market.
- Quick ramp-up of new plywood and particleboard facilities along with steep decline in timber prices.

## Financials

### Income Statement

Y/E 31 Mar (Rs mn)	FY23A	FY24A	FY25E	FY26E	FY27E
<b>Total revenue</b>	<b>20,260</b>	<b>23,063</b>	<b>26,309</b>	<b>31,104</b>	<b>36,421</b>
EBITDA	2,333	2,974	2,953	3,648	4,704
Depreciation	632	871	1,142	1,432	1,438
EBIT	1,701	2,103	1,811	2,216	3,266
Net interest inc./(exp.)	(235)	(443)	(668)	(829)	(727)
Other inc./(exp.)	180	217	178	208	208
Exceptional items	4	27	0	0	0
EBT	1,641	1,849	1,321	1,595	2,747
Income taxes	361	469	379	402	691
Extraordinary items	0	0	0	0	0
Min. int./Inc. from assoc.	4	4	0	0	0
<b>Reported net profit</b>	<b>1,284</b>	<b>1,384</b>	<b>942</b>	<b>1,194</b>	<b>2,055</b>
Adjustments	(61)	(1)	0	0	0
<b>Adjusted net profit</b>	<b>1,224</b>	<b>1,383</b>	<b>942</b>	<b>1,194</b>	<b>2,055</b>

### Balance Sheet

Y/E 31 Mar (Rs mn)	FY23A	FY24A	FY25E	FY26E	FY27E
Accounts payables	2,753	3,479	3,666	4,334	5,075
Other current liabilities	1,653	1,914	1,914	1,914	1,914
Provisions	35	48	56	67	78
Debt funds	5,699	9,988	10,572	10,155	9,239
Other liabilities	692	1,160	1,160	1,160	1,160
Equity capital	127	128	128	128	128
Reserves & surplus	9,455	10,644	11,443	12,455	14,198
Shareholders' fund	9,582	10,769	11,567	12,579	14,322
<b>Total liab. and equities</b>	<b>20,414</b>	<b>27,358</b>	<b>28,935</b>	<b>30,209</b>	<b>31,788</b>
Cash and cash eq.	2,580	1,803	441	(27)	(432)
Accounts receivables	1,440	1,521	1,874	2,216	2,594
Inventories	5,135	6,091	6,576	8,105	9,811
Other current assets	952	1,426	1,669	1,973	2,310
Investments	0	0	0	0	0
Net fixed assets	4,916	9,725	17,584	17,152	16,714
CWIP	3,801	6,110	110	110	110
Intangible assets	145	137	137	137	137
Deferred tax assets, net	62	99	99	99	99
Other assets	1,381	445	445	445	445
<b>Total assets</b>	<b>20,414</b>	<b>27,358</b>	<b>28,935</b>	<b>30,209</b>	<b>31,788</b>

### Cash Flows

Y/E 31 Mar (Rs mn)	FY23A	FY24A	FY25E	FY26E	FY27E
<b>Cash flow from operations</b>	<b>2,537</b>	<b>2,368</b>	<b>1,687</b>	<b>1,751</b>	<b>2,344</b>
Capital expenditures	(5,660)	(6,986)	(3,000)	(1,000)	(1,000)
Change in investments	0	0	0	0	0
Other investing cash flows	175	189	178	208	208
<b>Cash flow from investing</b>	<b>(5,484)</b>	<b>(6,796)</b>	<b>(2,822)</b>	<b>(792)</b>	<b>(792)</b>
Equities issued/Others	6	1	0	0	0
Debt raised/repaid	2,246	4,289	584	(416)	(916)
Interest expenses	(235)	(443)	(668)	(829)	(727)
Dividends paid	(190)	(210)	(143)	(182)	(313)
Other financing cash flows	1,936	16	0	0	0
<b>Cash flow from financing</b>	<b>3,763</b>	<b>3,652</b>	<b>(228)</b>	<b>(1,427)</b>	<b>(1,956)</b>
<b>Chg in cash &amp; cash eq.</b>	<b>815</b>	<b>(777)</b>	<b>(1,363)</b>	<b>(468)</b>	<b>(404)</b>
<b>Closing cash &amp; cash eq.</b>	<b>2,580</b>	<b>1,803</b>	<b>441</b>	<b>(28)</b>	<b>(432)</b>

### Per Share

Y/E 31 Mar (Rs)	FY23A	FY24A	FY25E	FY26E	FY27E
Reported EPS	10.1	10.8	7.4	9.4	16.1
Adjusted EPS	9.6	10.8	7.4	9.4	16.1
Dividend per share	1.5	1.7	1.1	1.4	2.5
Book value per share	75.4	84.4	90.7	98.6	112.3

### Valuations Ratios

Y/E 31 Mar (x)	FY23A	FY24A	FY25E	FY26E	FY27E
EV/Sales	3.5	3.0	2.5	2.0	1.7
EV/EBITDA	30.1	23.3	22.4	17.2	13.1
Adjusted P/E	58.4	51.9	76.2	60.1	34.9
P/BV	7.5	6.7	6.2	5.7	5.0

### DuPont Analysis

Y/E 31 Mar (%)	FY23A	FY24A	FY25E	FY26E	FY27E
Tax burden (Net profit/PBT)	74.6	74.8	71.3	74.8	74.8
Interest burden (PBT/EBIT)	96.5	87.9	72.9	72.0	84.1
EBIT margin (EBIT/Revenue)	8.4	9.1	6.9	7.1	9.0
Asset turnover (Rev./Avg TA)	99.2	84.3	90.9	103.0	114.6
Leverage (Avg TA/Avg Equity)	2.1	2.5	2.5	2.4	2.2
Adjusted ROAE	12.8	12.8	8.1	9.5	14.4

### Ratio Analysis

Y/E 31 Mar	FY23A	FY24A	FY25E	FY26E	FY27E
<b>YoY growth (%)</b>					
Revenue	18.9	13.8	14.1	18.2	17.1
EBITDA	24.2	27.5	(0.7)	23.5	29.0
Adjusted EPS	23.6	12.5	(31.9)	26.8	72.2
<b>Profitability &amp; Return ratios (%)</b>					
EBITDA margin	11.5	12.9	11.2	11.7	12.9
EBIT margin	8.4	9.1	6.9	7.1	9.0
Adjusted profit margin	6.0	6.0	3.6	3.8	5.6
Adjusted ROAE	15.2	13.6	8.4	9.9	15.3
ROCE	12.3	11.2	9.0	10.7	14.7
<b>Working capital days (days)</b>					
Receivables	26	24	26	26	26
Inventory	93	96	91	95	98
Payables	50	55	51	51	51
<b>Ratios (x)</b>					
Gross asset turnover	2.2	1.9	1.3	1.3	1.4
Current ratio	1.5	1.2	1.2	1.2	1.3
Net interest coverage ratio	7.2	4.7	2.7	2.7	4.5
Adjusted debt/equity	0.3	0.8	0.9	0.8	0.7

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

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

## Disclaimer

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

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

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

Brand Name: **BOBCAPS**

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

CIN: **U65999MH1996GOI098009**

Logo:  **BOBCAPS**  
TRUST | INNOVATION | EXCELLENCE

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

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

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

**BUY** – Expected return >+15%

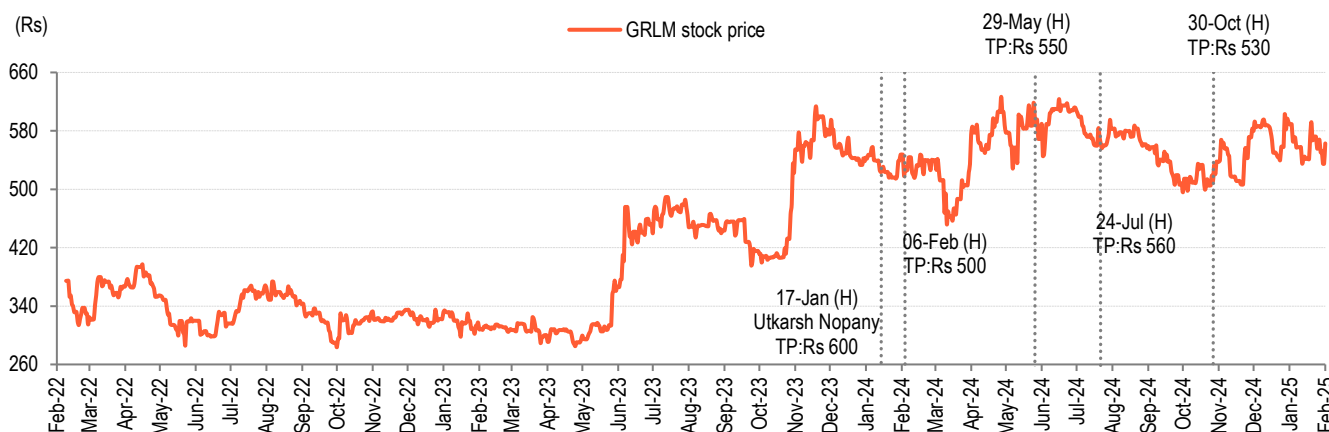
**HOLD** – Expected return from -6% to +15%

**SELL** – Expected return <-6%

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

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

### Ratings and Target Price (3-year history): GREENLAM INDUSTRIES (GRLM IN)



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

#### Analyst certification

The research analyst(s) authoring this report hereby certifies that (1) all of the views expressed in this research report accurately reflect his/her personal views about the subject company or companies and its or their securities, and (2) no part of his/her compensation was, is, or will be, directly or indirectly, related to the specific recommendation(s) or view(s) in this report. Analysts are not registered as research analysts by FINRA and are not associated persons of BOB Capital Markets Limited (BOBCAPS).

#### General disclaimers

BOBCAPS is engaged in the business of Stock Broking and Investment Banking. BOBCAPS is a member of the National Stock Exchange of India Limited and BSE Limited and is also a SEBI-registered Category I Merchant Banker. BOBCAPS is a wholly owned subsidiary of Bank of Baroda which has its various subsidiaries engaged in the businesses of stock broking, lending, asset management, life insurance, health insurance and wealth management, among others.

BOBCAPS's activities have neither been suspended nor has it defaulted with any stock exchange authority with whom it has been registered in the last five years. BOBCAPS has not been debarred from doing business by any stock exchange or SEBI or any other authority. No disciplinary action has been taken by any regulatory authority against BOBCAPS affecting its equity research analysis activities.

BOBCAPS is also a SEBI-registered intermediary for the broking business having SEBI Single Registration Certificate No.: INZ000159332 dated 20 November 2017.

BOBCAPS prohibits its analysts, persons reporting to analysts, and members of their households from maintaining a financial interest in the securities or derivatives of any companies that the analysts cover. Additionally, BOBCAPS prohibits its analysts and persons reporting to analysts from serving as an officer, director, or advisory board member of any companies that the analysts cover.

Our salespeople, traders, and other professionals may provide oral or written market commentary or trading strategies to our clients that reflect opinions contrary to the opinions expressed herein, and our proprietary trading and investing businesses may make investment decisions that are inconsistent with the recommendations expressed herein. In reviewing these materials, you should be aware that any or all of the foregoing, among other things, may give rise to real or potential conflicts of interest. Additionally, other important information regarding our relationships with the company or companies that are the subject of this material is provided herein.

This material should not be construed as an offer to sell or the solicitation of an offer to buy any security in any jurisdiction. We are not soliciting any action based on this material. It is for the general information of BOBCAPS's clients. It does not constitute a personal recommendation or take into account the particular investment objectives, financial situations, or needs of individual clients. Before acting on any advice or recommendation in this material, clients should consider whether it is suitable for their particular circumstances and, if necessary, seek professional advice. BOBCAPS research reports follow rules laid down by Securities and Exchange Board of India and individuals employed as research analysts are separate from other employees who are performing sales trading, dealing, corporate finance advisory or any other activity that may affect the independence of its research reports.



The price and value of the investments referred to in this material and the income from them may go down as well as up, and investors may realize losses on any investments. Past performance is not a guide for future performance, future returns are not guaranteed and a loss of original capital may occur. BOBCAPS does not provide tax advice to its clients, and all investors are strongly advised to consult with their tax advisers regarding any potential investment in certain transactions — including those involving futures, options, and other derivatives as well as non-investment-grade securities — that give rise to substantial risk and are not suitable for all investors. The material is based on information that we consider reliable, but we do not represent that it is accurate or complete, and it should not be relied on as such. Opinions expressed are our current opinions as of the date appearing on this material only. We endeavour to update on a reasonable basis the information discussed in this material, but regulatory, compliance, or other reasons may prevent us from doing so.

We and our affiliates, officers, directors, and employees, including persons involved in the preparation or issuance of this material, may from time to time have “long” or “short” positions in, act as principal in, and buy or sell the securities or derivatives thereof of companies mentioned herein and may from time to time add to or dispose of any such securities (or investment). We and our affiliates may assume an underwriting commitment in the securities of companies discussed in this document (or in related investments), may sell them to or buy them from customers on a principal basis, and may also perform or seek to perform investment banking or advisory services for or relating to these companies and may also be represented in the supervisory board or any other committee of these companies.

For the purpose of calculating whether BOBCAPS and its affiliates hold, beneficially own, or control, including the right to vote for directors, one per cent or more of the equity shares of the subject company, the holdings of the issuer of the research report is also included.

BOBCAPS and its non-US affiliates may, to the extent permissible under applicable laws, have acted on or used this research to the extent that it relates to non-US issuers, prior to or immediately following its publication. Foreign currency denominated securities are subject to fluctuations in exchange rates that could have an adverse effect on the value or price of or income derived from the investment. In addition, investors in securities such as ADRs, the value of which are influenced by foreign currencies, effectively assume currency risk. In addition, options involve risks and are not suitable for all investors. Please ensure that you have read and understood the Risk disclosure document before entering into any derivative transactions.

No part of this material may be (1) copied, photocopied, or duplicated in any form by any means or (2) redistributed without BOBCAPS's prior written consent.

#### **Company-specific disclosures under SEBI (Research Analysts) Regulations, 2014**

The research analyst(s) or his/her relatives do not have any material conflict of interest at the time of publication of this research report.

BOBCAPS or its research analyst(s) or his/her relatives do not have any financial interest in the subject company. 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.