HOLD

TP: Rs 1,800 | ⮝ 14%

HAVELLS INDIA | Consumer Durables | 17 January 2025

Margin miss; recovery expected ahead

- **Q3 revenue grew ~11%, driven by festive demand. However, EBITDAM contracted 110bps due to higher staff costs and other expenses**
- **ECD & Lloyd drove topline growth; while margin pressure in ECD and Switchgear is expected to normalise by FY26**
- **We cut our FY25E-FY27E EPS by 5% post Q3 results. We roll forward our valuation to Dec'26, with new TP of Rs 1,800. Maintain HOLD**

Arshia Khosla
research@bobcaps.in

Decent quarter: HAVL reported 11% YoY revenue growth, reaching Rs 48.8bn, broadly in line with our 3Q estimate of Rs 49.5bn, driven by strong festive demand. Gross margin improved by 110bps to 34.4%, supported by softer commodity prices. Despite topline growth, rising other expenses (+27% YoY) and staff costs (+22% YoY) weighed on profitability, leading to a 110bps contraction in EBITDAM to 8.7%. A&P spends remained steady at Rs 1.8bn, representing 3.6% of sales – a 40bps increase compared to the previous year. APAT stood at Rs 2.8bn.

ECD and Llyod drive topline: The ECD segment posted strong 15% YoY growth, driven by robust demand across key product categories, particularly during the festive season. Fans, SDAs, and water heaters performed well, with SDAs leading growth due to the repositioning of the appliances business. However, the EBIT margin declined by 260bps YoY to 8.6%, impacted by an unfavourable product mix, especially in SDAs. Lloyd also recorded 15% YoY revenue growth despite it being a non-seasonal quarter, with moderate AC growth and stronger performance in other products. However, Lloyd reported a Rs 360mn loss due to lower scale.

Mixed performance across segments: Switchgear sales grew 11% YoY, driven by real estate and project businesses that boosted domestic demand, while industrial switchgears remained subdued. EBIT margin contracted by 590bps YoY due to a shift in the sales mix toward projects and cost under-absorption from plant relocation. W&C segment posted a modest 7% YoY revenue growth, with strong power cable sales aided by the Tumkur plant ramp-up. However, overall segment volumes were flat, as cables grew 10-11%, but in-house wire volumes declined slightly. Meanwhile, the lighting segment saw 3% YoY growth, supported by a strong 13-15% festive volume increase, though price deflation offset some gains.

Maintain HOLD: We remain optimistic about HAVL's medium-term performance, given its strong presence in the CD space, establishment of new manufacturing units, and improving industry dynamics. We incorporate weaker-than-expected margins, and cut EPS estimates by 5% each for FY25/FY26/FY27. We roll forward to Dec'26, value HAVL at P/E of 50x (from 53x) with TP of Rs 1,800 (from Rs 1,900).

Key changes

Target	Rating
▼	◀ ▶

Ticker/Price	HAVL IN/Rs 1,574
Market cap	US$ 11.4bn
Free float	41%
3M ADV	US$ 18.6mn
52wk high/low	Rs 2,106/Rs 1,280
Promoter/FPI/DII	60%/23%/10%

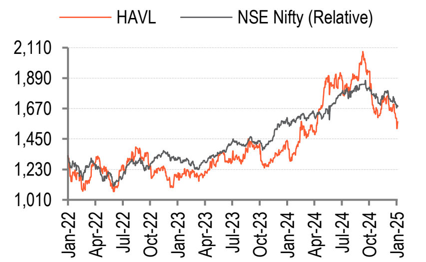
Source: NSE | Price as of 17 Jan 2025

Key financials

Y/E 31 Mar	FY24A	FY25E	FY26E
Total revenue (Rs mn)	185,900	211,581	245,916
EBITDA (Rs mn)	18,426	21,017	26,601
Adj. net profit (Rs mn)	12,708	15,219	19,105
Adj. EPS (Rs)	20.3	24.3	30.5
Consensus EPS (Rs)	20.3	24.5	30.9
Adj. ROAE (%)	18.1	19.2	20.9
Adj. P/E (x)	77.6	64.8	51.6
EV/EBITDA (x)	53.5	46.9	37.1
Adj. EPS growth (%)	18.6	19.8	25.5

Source: Company, Bloomberg, BOBCAPS Research

Stock performance



Source: NSE

BOBCAPS
TRUST | INNOVATION | EXCELLENCE

Fig 1 – Quarterly performance

Rs mn	Q3FY25	Q3FY24	YoY (%)	Q2FY25	QoQ (%)	9MFY25	9MFY24	YoY (%)	Q3FY25E	Variance (%)
Revenue	48,890	44,139	10.8	45,393	7.7	152,345	131,480	15.9	49,595	(1.4)
EBITDA	4,265	4,327	(1.4)	3,751	13.7	13,738	12,065	13.9	4,710	(9.4)
EBITDA Margin (%)	8.7	9.8	(110bps)	8.3	50bps	9.0	9.2	(20bps)	9.5	-80 bps
Depreciation	1,041	877		946		2,907	2,451			
Interest	94	102		101		280	280			
Other Income	643	559		929		2,346	1,732			
PBT	3,773	3,907	(3.4)	3,633	3.9	12,896	11,066	16.5		
Tax	994	1,028		955		3,364	2,840			
Adjusted PAT	2,780	2,879	(3.5)	2,678	3.8	9,532	8,225	15.9	3,398	(18.2)
Exceptional item						-	-			
Reported PAT	2,780	2,879	(3.5)	2,678	3.8	9,532	8,225	15.9		
Adj. PAT Margin (%)	5.7	6.5	(80bps)	5.9	(20bps)	6.3	6.3	0bps		
EPS (Rs)	4.4	4.6	(3.5)	4.3	3.8	15.2	13.1	15.9		

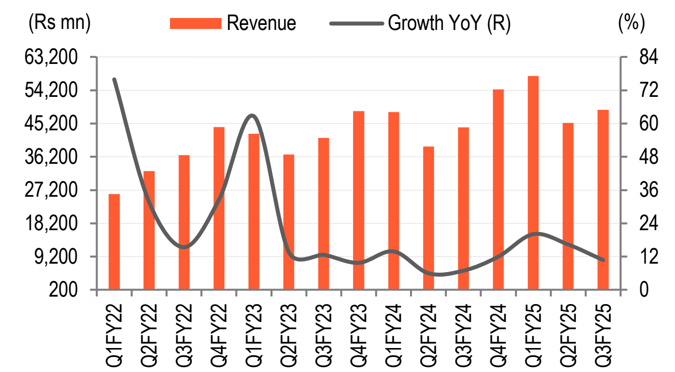
Source: Company, BOBCAPS Research

Fig 2 – Segmental performance

Rs mn	Q3FY22	Q4FY22	Q1FY23	Q2FY23	Q3FY23	Q4FY23	Q1FY24	Q2FY24	Q3FY24	Q4FY24	Q1FY25	Q2FY25	Q3FY25
Revenue													
ECD	8,955	8,727	8,396	7,735	9,357	7,495	8,775	7,331	9,615	9,104	10,554	8,564	11,048
Lighting	4,129	4,052	3,737	4,018	4,232	4,160	3,710	3,999	4,335	4,353	3,876	3,951	4,464
Switch Gears	4,960	4,745	5,169	4,879	5,143	6,010	5,409	5,336	5,206	6,513	5,768	5,513	5,769
Cables & Wires	12,058	14,881	11,929	13,594	14,121	15,682	14,852	14,702	15,727	17,896	15,212	18,052	16,879
Llyod Consumer	4,698	9,596	10,938	4,198	6,103	12,710	13,109	4,974	6,561	13,459	19,287	5,896	7,422
EBIT													
ECD	1,128	1,515	1,100	900	1,228	962	957	848	1,073	1,025	1,147	643	953
EBIT margin (%)	12.6	17.4	13.1	11.6	13.1	12.8	10.9	11.6	11.2	11.3	10.9	7.5	8.6
Lighting	874	633	614	576	536	755	532	570	614	785	630	501	651
EBIT margin (%)	21.2	15.6	16.4	14.3	12.7	18.1	14.3	14.3	14.2	18.0	16.2	12.7	14.6
Switch gear	1,448	1,239	1,354	1,220	1,271	1,721	1,499	1,409	1,256	1,836	1,422	1,150	1,048
EBIT margin (%)	29.2	26.1	26.2	25.0	24.7	28.6	27.7	26.4	24.1	28.2	24.6	20.9	18.2
Cables & wires	1,256	1,734	875	859	1,628	1,885	1,691	1,707	1,633	2,154	1,711	1,548	1,870
EBIT margin (%)	10.4	11.7	7.3	6.3	11.5	12.0	11.4	11.6	10.4	12.0	11.2	8.6	11.1
Lloyd consumer	(429)	(215)	(563)	(840)	(600)	(229)	(616)	(745)	(646)	360	636	(243)	(361)
EBIT margin (%)	(9.1)	(2.2)	(5.1)	(20.0)	(9.8)	(1.8)	(4.7)	(15.0)	(9.8)	2.7	3.3	(4.1)	(4.9)

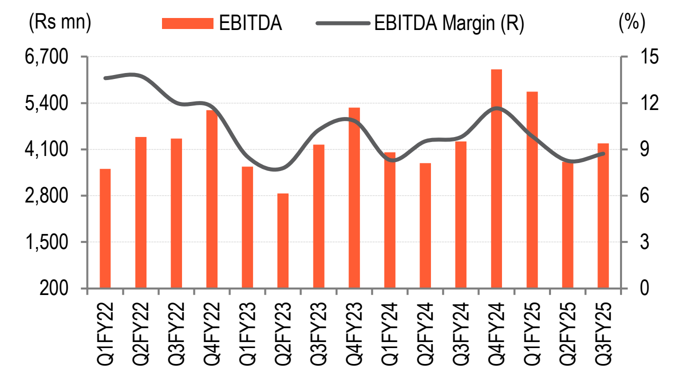
Source: Company, BOBCAPS Research

Fig 3 – Revenue trend



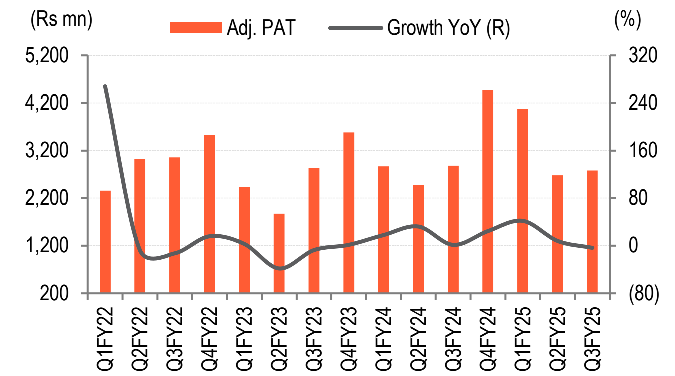
Source: Company, BOBCAPS Research

Fig 4 – EBITDA trend



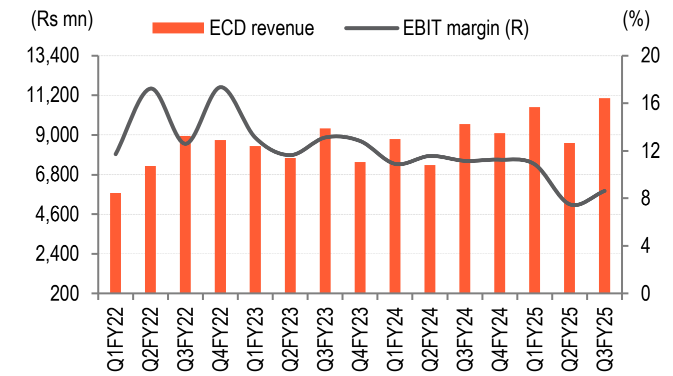
Source: Company, BOBCAPS Research

Fig 5 – Profit trend



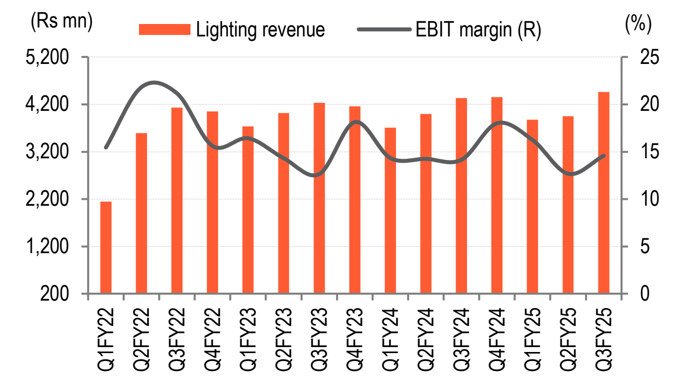
Source: Company, BOBCAPS Research

Fig 6 – ECD business growth



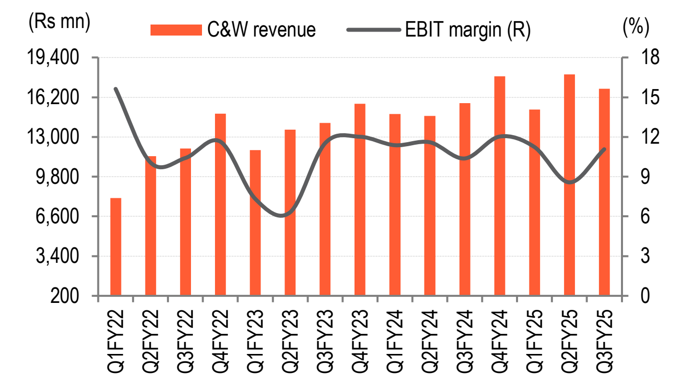
Source: Company, BOBCAPS Research

Fig 7 – Lighting's business growth



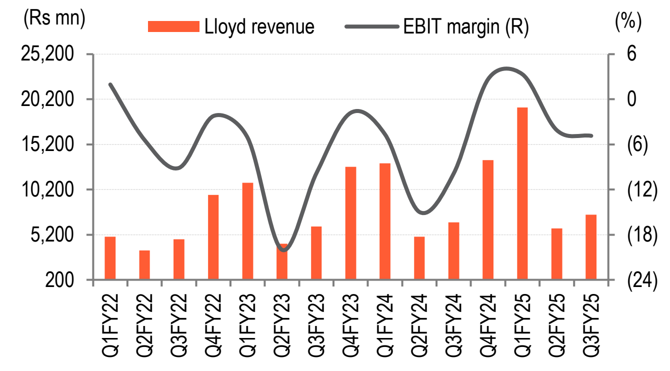
Source: Company, BOBCAPS Research

Fig 8 – Cables & Wires business growth



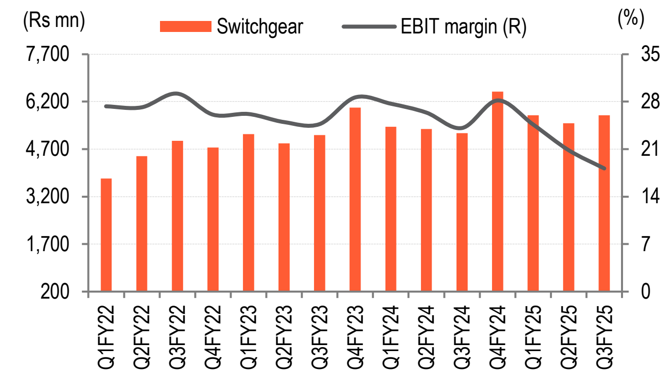
Source: Company, BOBCAPS Research

Fig 9 – Lloyd's business growth



Source: Company, BOBCAPS Research

Fig 10 – Switchgear's business growth



Source: Company, BOBCAPS Research

Earnings call highlights

- **Quarter gone by:** HAVL delivered healthy growth across categories, supported by strong festive season demand. Lloyd performed well, benefiting from cost-efficiency initiatives. However, significant commodity price fluctuations impacted margins in the wires segment, which experienced channel destocking. The commissioning of HAVL's new cables plant in Tumkur boosted power cable production to address increasing demand.
- **Demand outlook:** Consumer demand started off somewhat slow in Q3 but gained momentum towards the end of the quarter. Looking ahead to the summer, there is a sense of optimism within the channel. However, much will depend on weather conditions and consumer behavior. Notably, rural demand has remained steady.
- **Margins:** Operating margins were notably affected by higher other expenses and increased staff costs. However, management expects these costs to stabilise in the coming quarters, leading to normalisation of margins as operational efficiencies are realised.
- **Pricing adjustments in Q3:** In Q3, pricing actions were aligned with market trends. Lighting segment prices were reduced, reflecting a decline in LED costs, while wire prices were adjusted to account for fluctuations in copper prices, ensuring competitive positioning.
- **Cash conversion cycle:** HAVL's working capital cycle grew to 43 days in Q3FY25, from 37 in Q3FY24, mainly due to higher inventory and increase in debtor days.
- **Capex guidance:** HAVL has planned a capex of Rs 10bn for both FY25 and FY26. About three-fourths of this investment will be allocated to expanding its refrigerator plant and cables & wires production. The remaining portion will be directed towards routine capital expenditure for maintenance and capacity expansion in other product categories. Rs 4.8bn will be invested in the development of a new refrigerator facility in Ghiloth, Rajasthan.

ECD

- **Segment performance:** The Electrical Consumer Durables (ECD) segment saw a solid 15% YoY growth in revenue, driven by strong demand across key product categories. This growth was especially noticeable during the festive season, with fans, small domestic appliances (SDAs), and water heaters seeing good demand. Among these, SDAs grew the most, supported by the repositioning of the appliances business

- **Margins and outlook:** Despite the strong revenue growth, the EBIT margin for the ECD segment remained modest at 8.6%, mainly due to a less favourable mix of products, particularly in SDAs. However, the company expects the segment's EBIT margin to stay at 12-14% going forward, as it continues to optimise its product range and improve its operations.

Cables and Wires

- **Segmental performance:** In Q3, the Wires and Cables segment saw a modest 7% YoY revenue growth, reflecting steady demand across the category. Power cables, in particular, showed strong revenue growth, helped by the ramp-up of the new Tumkur plant. However, in Q3, volume growth for the overall segment remained flat. While cables saw 10-11% growth, volume for in-house wires experienced a slight decline.

- **Price impact and secondary sales growth:** The YoY impact of copper price fluctuations resulted in a 9-10% shift in realisation. Despite this, secondary sales growth for wires remained positive, signaling continued demand in the market.

- **Cables and wires sales mix:** The sales mix for the Cables and Wires segment is currently split at 60% for wires and 40% for cables, reflecting the demand balance between the two categories.

- **Outlook for Q4:** Looking ahead, domestic wires are expected to see re-stocking in Q4. Q4 is typically a high-volume period for underground cables, which should drive further growth in this segment.

Lloyd

- **Segment performance:** Revenue grew by 15%, indicating strong performance despite the quarter being non-seasonal. While consumer demand was somewhat subdued in the third quarter, especially in the air conditioner (AC) segment, Lloyd's non-AC categories performed exceptionally well. The strategic focus on diversifying and expanding product offerings is proving to be effective, leading to a more balanced and resilient portfolio.

- **Outlook:** Lloyd is expected to see improved margins over the next one to two years, driven by ongoing cost-efficiency improvements and increased brand recognition. The enhanced placement of non-AC products with major retailers has strengthened their market presence, positioning them for better growth moving forward.

- **Margins:** The company aims to increase its contribution margin. In the air conditioner segment, margins are improving due to the effective premiumisation strategy. However, the refrigerator business is still in the trading phase, which results in lower margins for this product.

Lighting

- **Segment performance:** The lighting segment achieved 3% YoY growth, driven by a strong 13-15% volume increase during the festive season. However, price deflation across various sectors, including chip on board (COB) technology, partially offset some of these gains. Despite these challenges, the EBIT margin remained stable at 14.6%, reflecting efficient cost management. LED prices have started to stabilise, with 13-14% volume growth, while the contribution margin is expected to remain sustainable at 31-32% in the coming quarters.

Switchgears

- **Switchgear margins expected to stabilise:** Switchgear EBIT margins are projected to settle at 24-25% in the coming quarters as the impact of the lower-margin projects business diminishes. Contribution margins, currently under pressure, are expected to revert to sustainable levels of 38-40% in the near term. The consolidation of manufacturing operations, following the relocation of the switchgear plant from Faridabad to Sahibabad, is aimed at improving operational efficiency. Temporary factory cost under-absorption caused by the relocation is likely to normalise in the upcoming quarters.

- **Well-balanced sales mix to drive growth:** The switchgear segment maintains a balanced sales mix, with domestic switchgears and switches each contributing 40% of revenue, and industrial switchgears 20%. This diversified portfolio supports consistent performance across categories. With unified manufacturing and an optimised product mix, the segment is well-positioned to deliver steady growth and improved profitability over the medium term.

Valuation methodology

We remain optimistic about HAVL's medium-term performance, given its strong presence in the consumer durables space, the establishment of new manufacturing units, and improving industry dynamics. Incorporating weaker-than-expected margins, we have lowered our EPS estimates by 5% each for FY25, FY26 and FY27 and now value the stock at a P/E of 50x (previously 53x). Upon roll forward to Dec'26, our new TP is Rs 1,800 (earlier Rs 1,900). Maintain HOLD.

Fig 11 – Revised estimates

Rs mn	New			Old			Change (%)		
	FY25E	FY26E	FY27E	FY25E	FY26E	FY27E	FY25E	FY26E	FY27E
Sales	211,581	245,916	285,928	211,581	245,916	285,928	0.0	0.0	0.0
EBITDA	21,017	26,601	32,445	22,124	28,006	34,073	(5.0)	(5.0)	(4.8)
PAT	15,219	19,105	23,154	16,060	20,173	24,390	(5.2)	(5.3)	(5.1)
EPS (Rs)	24.3	30.5	37.0	25.6	32.2	38.9	(5.2)	(5.3)	(5.1)
EBITDA Margin (%)	9.9	10.8	11.3	10.5	11.4	11.9	(50bps)	(60bps)	(60bps)

Source: Company, BOBCAPS Research

Key risks

Key upside and downside risks to our estimates are:

- better-than-anticipated growth in Lloyd, and
- steep increases in raw material prices.

Financials

Income Statement

Y/E 31 Mar (Rs mn)	FY23A	FY24A	FY25E	FY26E	FY27E
Total revenue	**169,107**	**185,900**	**211,581**	**245,916**	**285,928**
EBITDA	15,991	18,426	21,017	26,601	32,445
Depreciation	2,962	3,385	3,128	3,712	4,347
EBIT	13,030	15,041	17,890	22,889	28,098
Net interest inc./(exp.)	(336)	(457)	(479)	(495)	(515)
Other inc./(exp.)	1,777	2,490	2,614	2,745	2,882
Exceptional items	0	0	0	0	0
EBT	14,471	17,074	20,025	25,138	30,465
Income taxes	3,753	4,366	4,806	6,033	7,312
Extraordinary items	0	0	0	0	0
Min. int./Inc. from assoc.	0	0	0	0	0
Reported net profit	**10,717**	**12,708**	**15,219**	**19,105**	**23,154**
Adjustments	0	0	0	0	0
Adjusted net profit	**10,717**	**12,708**	**15,219**	**19,105**	**23,154**

Balance Sheet

Y/E 31 Mar (Rs mn)	FY23A	FY24A	FY25E	FY26E	FY27E
Accounts payables	26,432	26,919	34,780	40,425	47,002
Other current liabilities	11,562	15,305	14,465	16,813	19,548
Provisions	0	0	0	0	0
Debt funds	2,231	3,032	3,191	3,303	3,434
Other liabilities	5,095	4,604	5,240	6,090	7,081
Equity capital	627	627	627	627	627
Reserves & surplus	65,628	73,841	83,735	97,515	115,343
Shareholders' fund	66,255	74,468	84,361	98,141	115,970
Total liab. and equities	**111,574**	**124,327**	**142,039**	**164,773**	**193,035**
Cash and cash eq.	18,702	30,382	32,435	39,013	46,951
Accounts receivables	9,739	11,650	12,722	15,099	17,374
Inventories	37,086	34,086	42,598	47,301	56,281
Other current assets	5,135	2,879	1,419	1,649	1,917
Investments	0	0	0	0	0
Net fixed assets	36,236	26,063	30,935	36,223	40,876
CWIP	1,634	2,969	3,379	3,928	4,567
Intangible assets	0	0	0	0	0
Deferred tax assets, net	0	0	0	0	0
Other assets	3,042	16,299	18,551	21,561	25,069
Total assets	**111,574**	**124,327**	**142,039**	**164,773**	**193,035**

Cash Flows

Y/E 31 Mar (Rs mn)	FY23A	FY24A	FY25E	FY26E	FY27E
Cash flow from operations	**5,649**	**19,529**	**17,245**	**23,499**	**25,289**
Capital expenditures	(5,855)	(7,591)	(8,000)	(9,000)	(9,000)
Change in investments	5,004	(10,371)	0	0	0
Other investing cash flows	1,201	1,823	(2,026)	(2,708)	(3,156)
Cash flow from investing	**350**	**(16,139)**	**(10,026)**	**(11,708)**	**(12,156)**
Equities issued/Others	267	0	0	0	0
Debt raised/repaid	(4,563)	(848)	159	112	131
Interest expenses	0	0	0	0	0
Dividends paid	(4,773)	(4,488)	(5,325)	(5,325)	(5,325)
Other financing cash flows	0	0	0	0	0
Cash flow from financing	**(9,069)**	**(5,335)**	**(5,166)**	**(5,213)**	**(5,195)**
Chg in cash & cash eq.	**(3,070)**	**(1,945)**	**2,053**	**6,578**	**7,938**
Closing cash & cash eq.	**18,702**	**30,382**	**32,435**	**39,013**	**46,951**

Per Share

Y/E 31 Mar (Rs)	FY23A	FY24A	FY25E	FY26E	FY27E
Reported EPS	17.1	20.3	24.3	30.5	37.0
Adjusted EPS	17.1	20.3	24.3	30.5	37.0
Dividend per share	7.5	8.5	8.5	8.5	8.5
Book value per share	105.8	118.9	134.7	156.7	185.1

Valuations Ratios

Y/E 31 Mar (x)	FY23A	FY24A	FY25E	FY26E	FY27E
EV/Sales	5.8	5.3	4.7	4.0	3.4
EV/EBITDA	61.7	53.5	46.9	37.1	30.4
Adjusted P/E	92.0	77.6	64.8	51.6	42.6
P/BV	14.9	13.2	11.7	10.0	8.5

DuPont Analysis

Y/E 31 Mar (%)	FY23A	FY24A	FY25E	FY26E	FY27E
Tax burden (Net profit/PBT)	74.1	74.4	76.0	76.0	76.0
Interest burden (PBT/EBIT)	111.1	113.5	111.9	109.8	108.4
EBIT margin (EBIT/Revenue)	7.7	8.1	8.5	9.3	9.8
Asset turnover (Rev./Avg TA)	4.7	7.1	6.8	6.8	7.0
Leverage (Avg TA/Avg Equity)	0.6	0.4	0.4	0.4	0.4
Adjusted ROAE	17.0	18.1	19.2	20.9	21.6

Ratio Analysis

Y/E 31 Mar	FY23A	FY24A	FY25E	FY26E	FY27E
YoY growth (%)					
Revenue	21.3	9.9	13.8	16.2	16.3
EBITDA	(9.2)	15.2	14.1	26.6	22.0
Adjusted EPS	(10.4)	18.6	19.8	25.5	21.2
Profitability & Return ratios (%)					
EBITDA margin	9.5	9.9	9.9	10.8	11.3
EBIT margin	7.7	8.1	8.5	9.3	9.8
Adjusted profit margin	6.3	6.8	7.2	7.8	8.1
Adjusted ROAE	17.0	18.1	19.2	20.9	21.6
ROCE	17.0	20.5	18.9	20.6	21.3
Working capital days (days)					
Receivables	21	23	22	22	22
Inventory	80	67	73	70	72
Payables	57	53	60	60	60
Ratios (x)					
Gross asset turnover	3.5	3.9	4.4	4.4	4.4
Current ratio	1.8	1.8	1.8	1.8	1.8
Net interest coverage ratio	38.8	32.9	37.4	46.2	54.6
Adjusted debt/equity	0.0	0.0	0.0	0.0	0.0

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

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

Disclaimer

Name of the Research Entity: **BOB Capital Markets Limited**
Registered office Address: **1704, B Wing, Parinee Crescenzo, G Block, BKC, Bandra East, Mumbai 400051**
SEBI Research Analyst Registration No: **INH000000040 valid till 03 February 2025**
Brand Name: **BOBCAPS**
Trade Name: **www.barodaetrade.com**
CIN: **U65999MH1996GOI098009**

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%

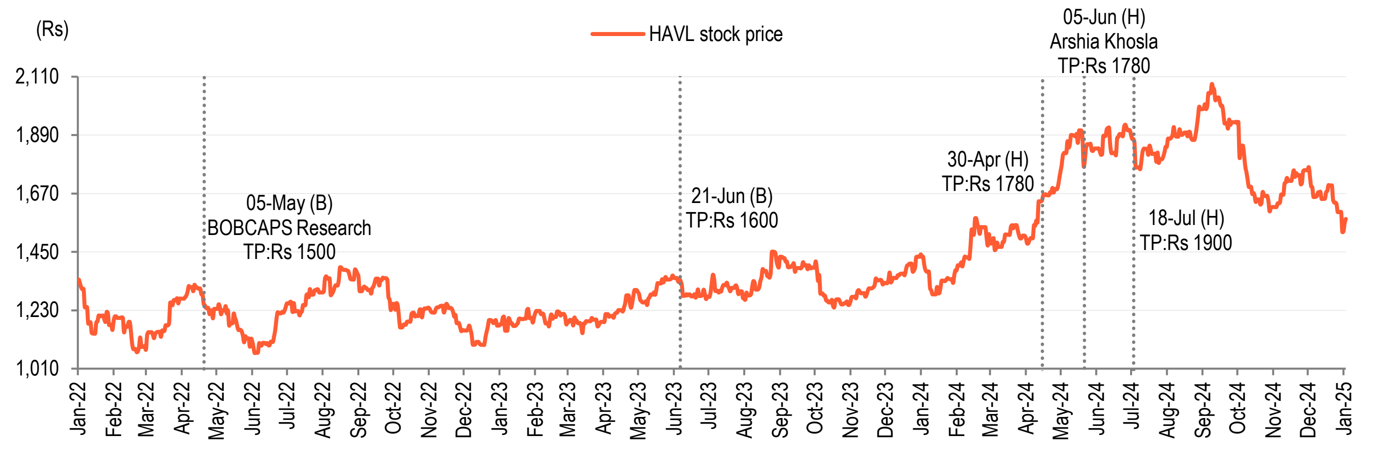
HOLD – Expected return from -6% to +15%

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.

Ratings and Target Price (3-year history): HAVELLS INDIA (HAVL 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.