

**BUY**  
 TP: Rs 850 | ▲ 30%

**SOMANY CERAMICS**

Building Materials

29 October 2024

**Guidance lowered on weak H1; positive medium-term outlook**

- Topline broadly in line; but EBITDA missed on margin contraction due to low absorption of fixed-cost overhead
- Guidance lowered as volume targeted to grow in mid-single digit (vs low double digit) with flat margin (+1.0%-1.5%) for FY25
- Maintain BUY with revised TP of Rs 850 on strong earnings growth prospects with improvement in ROE profile and reasonable valuations

**Utkarsh Nopany**  
 research@bobcaps.in

**Mixed Q2:** SOMC’s topline was broadly in line with our estimate (+1.7% YoY to Rs 6.7bn vs Rs 6.5bn estimated), but it missed our EBITDA estimate by 7.6% due to weak margin (-138bps YoY to 8.4% vs 9.3% estimated). Overall, SOMC’s EBITDA/APAT fell by 12.7%/41.5% YoY in Q2FY25.

**Key highlights:** SOMC tiles volume grew by 2.6% YoY (5Y CAGR: +7.2%) in Q2FY25. Tiles realisation was relatively flat (-0.2% QoQ) in a difficult market environment due to improved product mix (GVT share up 100bps QoQ to 38%). EBITDA margin was down 138bps YoY to 8.4% in Q2FY25 mainly due to low absorption of fixed-cost overhead (operating rate down from 89% in Q2FY24 to 77% in Q2FY25). Net debt was relatively stable on QoQ basis at Rs 2.67bn in Sep’24.

**Guidance downgrade:** SOMC has lowered its volume growth guidance to +5.0-6.5% YoY (vs low double-digit rate) with flat EBITDA margin (vs +1.0-1.5% YoY) for FY25. Management expects the medium-term outlook to remain positive in anticipation of good recovery in tiles demand from the real estate sector and margin profile to improve with the ramp up of the newly-commissioned Max plant. The Max plant continued to operate at a sub-optimal rate of 36% in Q2FY25, but the company expects the plant to operate at a better rate in H2FY25 (which would aid in improving its margin profile in the near future). The company targets to increase the share of project business from 20% in FY24 to 25% in FY25.

**Maintain BUY; TP cut by 6% to Rs 850:** We maintain our BUY rating on the stock as we see (a) strong earnings growth prospects (EPS to log 19% CAGR over FY24-FY27E) along with improvement in ROE profile (from 11.5% in FY24 to 15.2% in FY27E); and (b) reasonable valuation (trades at 22.9x on 1Y forward P/E vs. 5Y average of 25.2x). We have cut our TP to Rs 850 (Rs 900 earlier) due to the downward revision of our EPS estimates (-15.4%/-2.5%/-1.6% for FY25E/FY26E/FY27E) based on the weak Q2FY25 result. Our target P/E remains unchanged at 25x on Sep’26 estimate (Jun’26 earlier).

**Key changes**

Target	Rating
▼	◀ ▶

Ticker/Price	SOMC IN/Rs 653
Market cap	US\$ 318.7mn
Free float	45%
3M ADV	US\$ 0.3mn
52wk high/low	Rs 873/Rs 561
Promoter/FPI/DII	55%/2%/24%

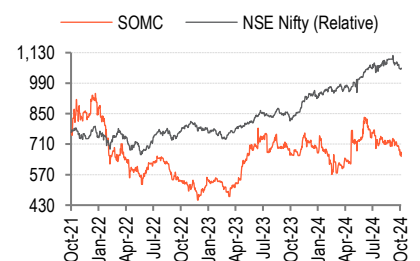
Source: NSE | Price as of 29 Oct 2024

**Key financials**

Y/E 31 Mar	FY24A	FY25E	FY26E
Total revenue (Rs mn)	25,914	26,404	29,529
EBITDA (Rs mn)	2,544	2,458	3,109
Adj. net profit (Rs mn)	991	876	1,382
Adj. EPS (Rs)	24.2	21.4	33.7
Consensus EPS (Rs)	24.2	29.7	39.8
Adj. ROAE (%)	11.5	10.1	14.3
Adj. P/E (x)	27.0	30.6	19.4
EV/EBITDA (x)	9.4	9.8	7.9
Adj. EPS growth (%)	38.1	(11.6)	57.7

Source: Company, Bloomberg, BOBCAPS Research

**Stock performance**



Source: NSE



**Fig 1 – Quarterly performance: Consolidated**

(Rs mn)	Q2FY25	Q2FY24	YoY (%)	Q1FY25	QoQ (%)	H1FY25	H1FY24	YoY (%)	BOBCAPS Q2FY25E	Variance (%)
<b>Total operating income</b>	<b>6,663</b>	<b>6,552</b>	<b>1.7</b>	<b>5,786</b>	<b>15.2</b>	<b>12,449</b>	<b>12,417</b>	<b>0.3</b>	<b>6,531</b>	<b>2.0</b>
Raw-Material expense	3,228	2,934	10.0	2,485	29.9	5,712	5,691	0.4		
Gross Profit	3,436	3,618	(5.0)	3,301	4.1	6,737	6,726	0.2		
Employee expense	891	822	8.4	868	2.7	1,759	1,582	11.2		
Energy costs	1,234	1,379	(10.5)	1,276	(3.3)	2,510	2,568	(2.2)		
Other expense	750	776	(3.3)	668	12.3	1,418	1,428	(0.7)		
<b>EBITDA</b>	<b>560</b>	<b>641</b>	<b>(12.7)</b>	<b>490</b>	<b>14.4</b>	<b>1,050</b>	<b>1,147</b>	<b>(8.5)</b>	<b>606</b>	<b>(7.6)</b>
D&A	192	176	8.7	192	(0.1)	383	344	11.5		
EBIT	368	465	(20.8)	298	23.7	666	803	(17.1)		
Interest cost	135	110	22.8	135	(0.1)	270	222	21.8		
Non-operating expense/(income)	(13)	(38)	(65.6)	(21)	(36.8)	(34)	4	(931.7)		
PBT	247	394	(37.3)	184	34.3	431	578	(25.5)		
Tax	73	98	(25.3)	61	19.9	135	157	(14.1)		
Reported PAT	173	295	(41.3)	123	41.4	296	421	(29.7)		
<b>Adjusted PAT</b>	<b>171</b>	<b>293</b>	<b>(41.5)</b>	<b>123</b>	<b>39.7</b>	<b>294</b>	<b>484</b>	<b>(39.2)</b>	<b>232</b>	<b>(26.0)</b>
<b>As % of net revenues</b>			<b>(bps)</b>		<b>(bps)</b>			<b>(bps)</b>		
Gross margin	51.6	55.2	(366)	57.1	(550)	54.1	54.2	(5)		
Employee cost	13.4	12.5	83	15.0	(162)	14.1	12.7	138		
Energy cost	18.5	21.0	(252)	22.1	(353)	20.2	20.7	(52)		
Other cost	11.3	11.8	(58)	11.5	(29)	11.4	11.5	(11)		
EBITDA margin	8.4	9.8	(138)	8.5	(6)	8.4	9.2	(81)		
Tax rate	29.7	25.0	477	33.3	(356)	31.3	27.1	413		
APAT margin	2.6	4.5	(190)	2.1	45	2.4	3.9	(153)		

Source: Company, BOBCAPS Research

**Fig 2 – Segment financials**

Particulars	Q2FY25	Q2FY24	YoY (%)	Q1FY25	QoQ (%)	H1FY25	H1FY24	YoY (%)
<b>Tiles revenue (Rs mn)</b>								
- Own	1,851	2,089	(11.4)	1,726	7.2	3,577	4,197	(14.8)
- JV	2,247	1,961	14.5	2,037	10.3	4,283	3,720	15.1
- Outsourced	1,584	1,664	(4.8)	1,210	30.9	2,793	2,918	(4.3)
<b>Non-tiles revenue (Rs mn)</b>								
Bathware	701	636	10.3	605	15.8	1,306	1,214	7.6
Adhesives	233	176	32.3	181	28.7	414	318	30.3
<b>Tiles sales volume (MSM)</b>								
- Own	6.0	6.3	(5.7)	5.5	7.9	11.5	12.8	(10.1)
- JV	6.6	5.8	12.7	6.1	7.9	12.7	11.1	14.5
- Outsourced	5.3	5.2	1.4	3.9	34.3	9.2	9.2	-
<b>Total</b>	<b>17.8</b>	<b>17.4</b>	<b>2.6</b>	<b>15.6</b>	<b>14.5</b>	<b>33.4</b>	<b>33.1</b>	<b>0.9</b>
<b>Tiles Realisation (Rs/sqm)</b>								
- Own	309	330	(6.1)	312	(0.7)	310	327	(5.2)
- JV	341	336	1.7	334	2.3	338	336	0.5
- Outsourced	302	321	(6.1)	309	(2.5)	305	319	(4.3)
<b>Blended realisation (Rs/sqm)</b>	<b>319</b>	<b>329</b>	<b>(3.1)</b>	<b>320</b>	<b>(0.2)</b>	<b>319</b>	<b>328</b>	<b>(2.6)</b>
<b>Blended EBITDA per unit (Rs/sqm)</b>	<b>31.4</b>	<b>36.9</b>	<b>(14.9)</b>	<b>31.5</b>	<b>(0.1)</b>	<b>31.5</b>	<b>34.7</b>	<b>(9.4)</b>

Source: Company, BOBCAPS Research

## Earnings call highlights

**Demand scenario:** The domestic tile demand was weak in Q2FY25 due to heavy monsoon and dumping of goods by Morbi players at a lower prices due to lower exports (-15% YoY in H1FY25) on account of high ocean freight rates.

**Pricing scenario:** SOMC needed to provide additional discounts towards the end of Q2FY25 as tiles prices in the domestic market were under pressure due to dumping of goods by Morbi players in Q2FY25. However, SOMC's average tiles realisation was relatively stable (-0.2% QoQ) due to improved product mix.

**Guidance:** SOMC has lowered its volume growth guidance to +5.0-6.5% YoY (vs low double-digit rate) with flat EBITDA margin (vs +1.0-1.5% YoY improvement targeted earlier) for FY25.

**Product mix:** GVT share rose 400bps YoY to 38% in Q2FY25.

**Sales mix:** The company targets increasing the share of project business from 20% in FY24 to 25% in FY25. The share of government business is expected to increase to 13% from 11-12% and private business to 10% from 7-8%. There is a 4-5% difference between project and retail segment margins. Tier-2, -3 and -4 cities account for 75-80% of retail sales. Project segment (25%) is divided 50:50 between metro and Tier-2, -3, -4 cities (metro being slightly higher than 50%).

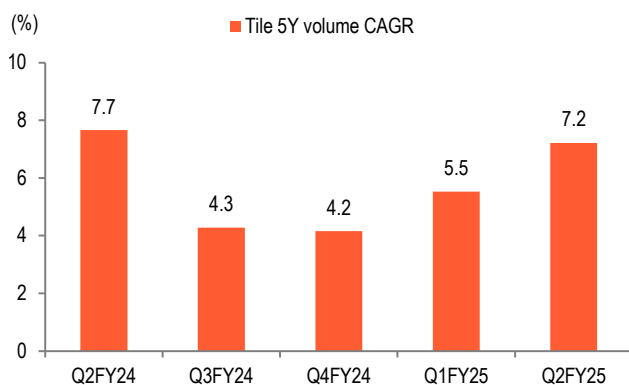
**Max plant:** The plant operated at low utilisation level (36% in Q2FY25 as well as Q1FY25) as its tiles are mainly sold to the projects segment (which was heavily affected by the monsoon) and dealers were more inclined to stock economy range products. The company expects the plant to operate at a better rate in H2FY25.

**Bathware:** Revenue grew by 10.3% YoY in Q2FY25.

**Brand spend** as a proportion of sales was down 100bps YoY to 2.0% in Q2FY25. The company plans to spend 2.5% of its revenue on branding in FY25.

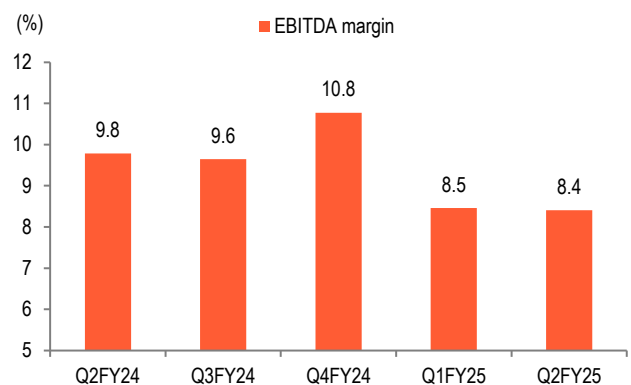
**Capex:** SOMC has no major capex plan for FY25.

**Fig 3 – SOMC's tile volumes grew by 2.6% YoY (5Y CAGR: +7.2%) in Q2FY25**



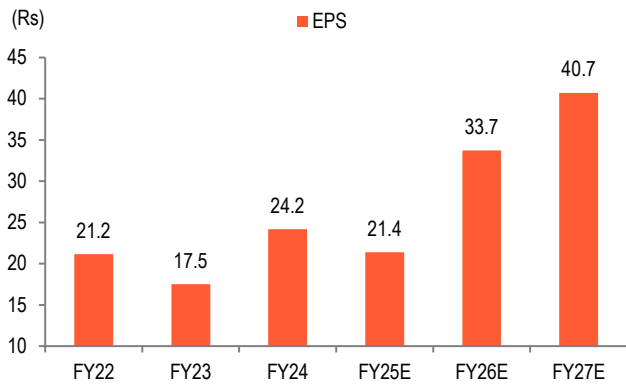
Source: Company, BOBCAPS Research

**Fig 4 – EBITDA margin was down 138bps YoY to 8.4% in Q2FY25**



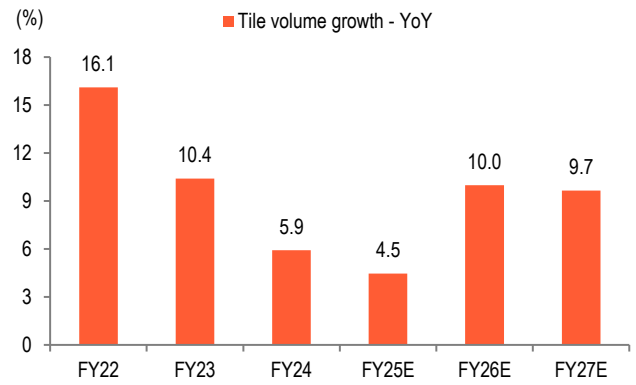
Source: Company, BOBCAPS Research

**Fig 5 – EPS projected to clock a healthy 19% CAGR over FY24-FY27E...**



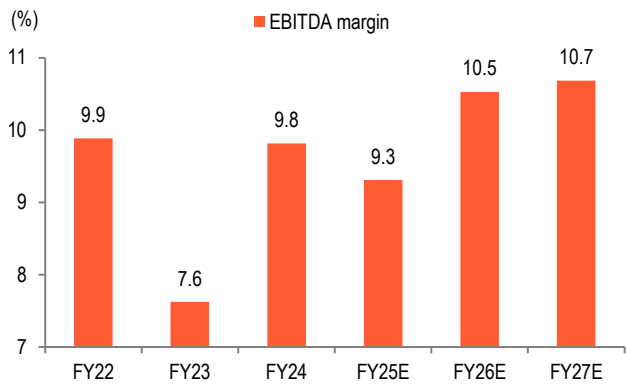
Source: Company, BOBCAPS Research

**Fig 6 – ... on expectations of reasonable volume growth assumption of 8.0% CAGR over FY24-FY27E...**



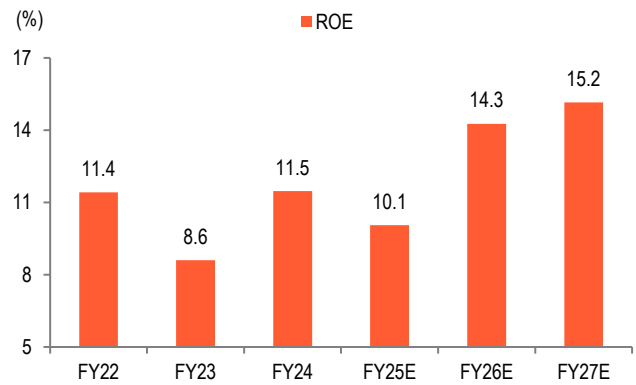
Source: Company, BOBCAPS Research

**Fig 7 – ... and improvement in EBITDA margin due to better mix and operating leverage**



Source: Company, BOBCAPS Research

**Fig 8 – ROE projected to improve on healthy earnings and completion of major growth capex**



Source: Company, BOBCAPS Research

## Valuation methodology

We maintain our BUY rating on the stock as we see (a) strong earnings growth prospects (EPS to log 19% CAGR over FY24-FY27E) along with improvement in ROE profile (from 11.5% in FY24 to 15.2% in FY27E); and (b) reasonable valuation (trades at 22.9x on 1Y forward P/E vs. 5Y average of 25.2x).

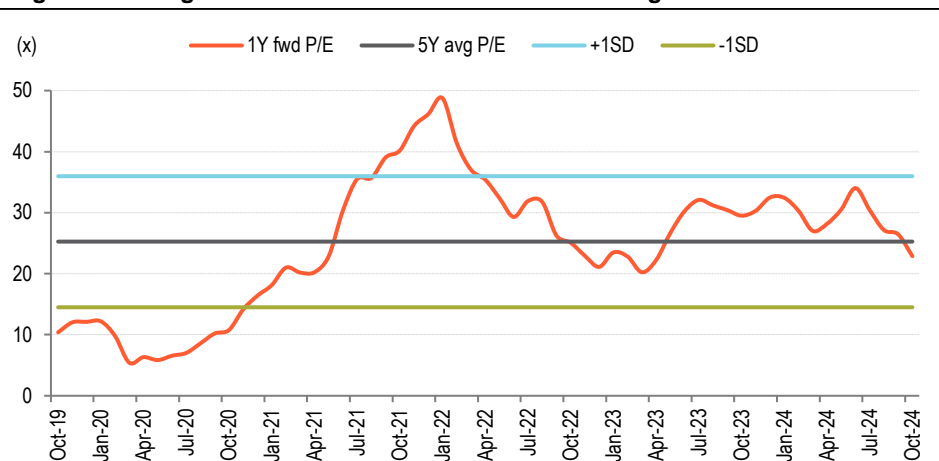
We have cut our TP to Rs 850 (Rs 900 earlier) due to the downward revision of our EPS estimates (-15.4%/-2.5%/-1.6% for FY25E/FY26E/FY27E) based on weak Q2FY25 result. Our target P/E remains unchanged at 25x on Sep'26 estimate (Jun'26 earlier).

**Fig 9 – Revised estimates**

Consolidated (Rs bn)	New			Old			Change (%)		
	FY25E	FY26E	FY27E	FY25E	FY26E	FY27E	FY25E	FY26E	FY27E
Total operating income	26.4	29.5	32.9	26.6	29.6	32.7	(0.8)	(0.3)	0.8
EBITDA	2.5	3.1	3.5	2.6	3.0	3.4	(5.9)	5.0	4.6
EBITDA Margin	9.3	10.5	10.7	9.8	10.0	10.3	(50bps)	52bps	39bps
Adjusted PAT	0.9	1.4	1.7	1.0	1.4	1.7	(15.4)	(2.5)	(1.6)
EPS	21.4	33.7	40.7	25.3	34.6	41.4	(15.4)	(2.5)	(1.6)

Source: BOBCAPS Research

**Fig 10 – Trading at 22.9x on 1Y forward P/E vs. 5Y average P/E of 25.2x**



**Fig 11 – Key assumptions**

(%)	FY22A	FY23A	FY24A	FY25E	FY26E	FY27E
Tile Volume Growth	16.1	10.4	5.9	4.5	10.0	9.7
Tile Realisation Growth	10.0	6.0	(2.8)	(2.1)	1.0	0.9
Tile Revenue Growth	27.7	17.0	2.9	2.3	11.1	10.6
Non-Tile Revenue Growth	23.4	23.8	19.2	14.3	16.1	16.1
Non-Tile Revenue Share	10.9	11.5	13.0	14.4	14.9	15.5

Source: Company, BOBCAPS Research

## Key risks

- Weak tiles exports from India on a sustained basis,
- poor offtake of the recently-launched large slab GVT tiles, and
- below-expected recovery in operating margin.

## Sector recommendation snapshot

Company	Ticker	Market Cap (US\$ bn)	Price (Rs)	Target (Rs)	Rating
Apollo Pipes	APOLP IN	0.2	510	550	HOLD
Astral	ASTRA IN	5.6	1,760	2,200	HOLD
Century Plyboards	CPBI IN	2.2	841	725	HOLD
Finolex Industries	FNXP IN	2.1	289	300	HOLD
Greenlam Industries	GRLM IN	0.8	511	560	HOLD
Greenpanel Industries	GREENP IN	0.5	375	365	HOLD
Greenply Industries	MTLM IN	0.5	355	380	HOLD
Hindware Home Innovation	HINDWARE IN	0.3	301	500	BUY
Kajaria Ceramics	KJC IN	2.3	1,209	1,450	HOLD
Prince Pipes & Fittings	PRINCPIN IN	0.6	482	750	BUY
Somany Ceramics	SOMC IN	0.3	653	850	BUY
Supreme Industries	SI IN	6.6	4,336	5,250	BUY

Source: BOBCAPS Research, NSE | Price as of 29 Oct 2024

## Financials

### Income Statement

Y/E 31 Mar (Rs mn)	FY23A	FY24A	FY25E	FY26E	FY27E
<b>Total revenue</b>	<b>24,785</b>	<b>25,914</b>	<b>26,404</b>	<b>29,529</b>	<b>32,902</b>
EBITDA	1,889	2,544	2,458	3,109	3,515
Depreciation	679	725	741	770	796
EBIT	1,211	1,819	1,717	2,339	2,719
Net interest inc./(exp.)	(404)	(465)	(539)	(539)	(539)
Other inc./(exp.)	145	106	61	57	61
Exceptional items	2	11	0	0	0
EBT	950	1,449	1,239	1,857	2,241
Income taxes	259	434	357	467	564
Extraordinary items	22	21	0	0	0
Min. int./Inc. from assoc.	46	(25)	(5)	(7)	(7)
<b>Reported net profit</b>	<b>715</b>	<b>969</b>	<b>876</b>	<b>1,382</b>	<b>1,669</b>
Adjustments	28	22	0	0	0
<b>Adjusted net profit</b>	<b>743</b>	<b>991</b>	<b>876</b>	<b>1,382</b>	<b>1,669</b>

### Balance Sheet

Y/E 31 Mar (Rs mn)	FY23A	FY24A	FY25E	FY26E	FY27E
Accounts payables	3,777	5,593	5,729	6,408	7,140
Other current liabilities	1,277	1,288	1,288	1,288	1,288
Provisions	52	48	49	55	61
Debt funds	4,884	3,351	3,371	3,500	3,639
Other liabilities	1,176	1,229	1,229	1,229	1,229
Equity capital	85	82	82	82	82
Reserves & surplus	7,785	7,119	7,885	9,091	10,549
Shareholders' fund	8,945	8,330	9,090	10,289	11,739
<b>Total liab. and equities</b>	<b>20,111</b>	<b>19,838</b>	<b>20,756</b>	<b>22,769</b>	<b>25,096</b>
Cash and cash eq.	1,864	855	1,555	1,931	2,515
Accounts receivables	2,683	3,372	3,436	3,843	4,282
Inventories	3,915	3,466	3,748	4,184	4,716
Other current assets	532	522	535	598	666
Investments	0	0	0	0	0
Net fixed assets	9,647	10,750	10,610	10,340	10,044
CWIP	473	96	96	1,096	2,096
Intangible assets	504	458	458	458	458
Deferred tax assets, net	84	81	81	81	81
Other assets	409	238	238	238	238
<b>Total assets</b>	<b>20,111</b>	<b>19,838</b>	<b>20,756</b>	<b>22,769</b>	<b>25,096</b>

### Cash Flows

Y/E 31 Mar (Rs mn)	FY23A	FY24A	FY25E	FY26E	FY27E
<b>Cash flow from operations</b>	<b>1,520</b>	<b>3,929</b>	<b>1,880</b>	<b>2,419</b>	<b>2,650</b>
Capital expenditures	(1,515)	(1,406)	(600)	(1,500)	(1,500)
Change in investments	0	0	0	0	0
Other investing cash flows	121	74	61	57	61
<b>Cash flow from investing</b>	<b>(1,394)</b>	<b>(1,332)</b>	<b>(540)</b>	<b>(1,443)</b>	<b>(1,439)</b>
Equities issued/Others	0	(3)	0	0	0
Debt raised/repaid	118	(1,533)	20	129	139
Interest expenses	(404)	(465)	(539)	(539)	(539)
Dividends paid	(132)	(126)	(111)	(176)	(212)
Other financing cash flows	70	(1,481)	(10)	(14)	(14)
<b>Cash flow from financing</b>	<b>(348)</b>	<b>(3,607)</b>	<b>(641)</b>	<b>(600)</b>	<b>(626)</b>
<b>Chg in cash &amp; cash eq.</b>	<b>(222)</b>	<b>(1,009)</b>	<b>700</b>	<b>376</b>	<b>585</b>
<b>Closing cash &amp; cash eq.</b>	<b>1,864</b>	<b>855</b>	<b>1,555</b>	<b>1,931</b>	<b>2,515</b>

### Per Share

Y/E 31 Mar (Rs)	FY23A	FY24A	FY25E	FY26E	FY27E
Reported EPS	16.8	23.6	21.4	33.7	40.7
Adjusted EPS	17.5	24.2	21.4	33.7	40.7
Dividend per share	3.0	3.0	2.7	4.3	5.2
Book value per share	185.4	175.6	194.3	223.7	259.3

### Valuations Ratios

Y/E 31 Mar (x)	FY23A	FY24A	FY25E	FY26E	FY27E
EV/Sales	1.0	0.9	0.9	0.8	0.8
EV/EBITDA	13.0	9.4	9.8	7.9	7.1
Adjusted P/E	37.3	27.0	30.6	19.4	16.0
P/BV	3.5	3.7	3.4	2.9	2.5

### DuPont Analysis

Y/E 31 Mar (%)	FY23A	FY24A	FY25E	FY26E	FY27E
Tax burden (Net profit/PBT)	78.2	68.4	70.8	74.4	74.5
Interest burden (PBT/EBIT)	78.5	79.7	72.1	79.4	82.4
EBIT margin (EBIT/Revenue)	4.9	7.0	6.5	7.9	8.3
Asset turnover (Rev./Avg TA)	123.2	130.6	127.2	129.7	131.1
Leverage (Avg TA/Avg Equity)	2.3	2.3	2.4	2.3	2.3
Adjusted ROAE	8.6	11.5	10.1	14.3	15.2

### Ratio Analysis

Y/E 31 Mar	FY23A	FY24A	FY25E	FY26E	FY27E
<b>YoY growth (%)</b>					
Revenue	18.3	4.6	1.9	11.8	11.4
EBITDA	(8.8)	34.6	(3.4)	26.5	13.1
Adjusted EPS	(17.3)	38.1	(11.6)	57.7	20.8
<b>Profitability &amp; Return ratios (%)</b>					
EBITDA margin	7.6	9.8	9.3	10.5	10.7
EBIT margin	4.9	7.0	6.5	7.9	8.3
Adjusted profit margin	3.0	3.8	3.3	4.7	5.1
Adjusted ROAE	8.6	11.5	10.1	14.3	15.2
ROCE	9.8	16.5	14.3	17.4	18.1
<b>Working capital days (days)</b>					
Receivables	40	47	47	47	47
Inventory	58	49	52	52	52
Payables	56	79	79	79	79
<b>Ratios (x)</b>					
Gross asset turnover	2.3	2.0	1.9	2.0	2.2
Current ratio	1.1	1.0	1.1	1.1	1.2
Net interest coverage ratio	3.0	3.9	3.2	4.3	5.0
Adjusted debt/equity	0.3	0.3	0.2	0.2	0.1

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**



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%

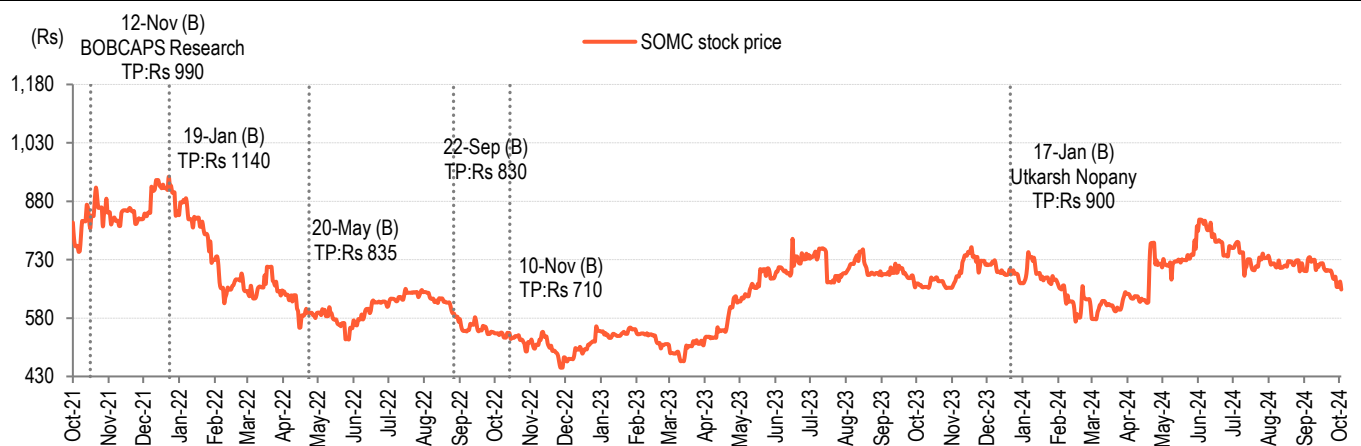
**HOLD** – Expected return from -6% to +15%

**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): SOMANY CERAMICS (SOMC 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.