

**HOLD**  
 TP: Rs 1,400 | ▲ 10%

**VOLTAS**

| Consumer Durables

| 31 January 2025

**Revenue in line with estimates, PAT sees lag**

- **Topline grew 18% YoY in Q3; EBITDA margin expanded 530bps YoY fueled by better cost efficiencies**
- **UCP revenue jumped 20% YoY in Q3 amid an unseasonal quarter; market share at 20.5% in Q3; EMP business stayed profitable**
- **Pare our FY25/FY26/FY27 EPS estimates by 8%/11%/14%. We value VOLT at P/E of 45x, on rollover to Dec'26 we cut TP to Rs 1,400. HOLD**

**Arshia Khosla**

research@bobcaps.in

**Strong Q3 performance with margin expansion:** VOLT delivered a strong Q3, with revenue up 18% YoY to Rs 31bn, in line with our estimate of Rs 30bn. Gross margin improved by 180bps YoY to 23.3%, while EBITDA grew ~6x YoY to Rs 1.9bn, due to an 11% reduction in other expenses, now constituting 9.5% of consolidated sales compared to 13% in the prior year. This cost efficiency drove an EBITDA margin increase of 530bps YoY to 6.4%, in line with our estimates of 6.3%. Key to this margin uplift was the continued positive turnaround in the EMP segment, marking its third consecutive quarter of profitability after losses from Q3FY23 to Q4FY24. PAT reached Rs 1.3bn below our estimates due to lower other income.

**UCP leads; market share maintained:** In what is traditionally an unseasonal quarter, the UCP segment delivered a standout performance, posting 20% topline growth – outpacing peers like Lloyd, which reported 13% YoY growth. UCP sales reached Rs 17.7bn, driven by strong volume expansion. As of Dec'24, VOLT retained its market-leading position with a 20.5% share, maintaining dominance in both split and window room air conditioners (RACs). Despite a 240bps YoY contraction in EBIT margins to 5.9%, the segment's robust growth underscores VOLT's resilience in a competitive market.

**EMP posted strong quarter:** EMP sales increased by 20% YoY to Rs 12bn, and remained EBIT positive for the third consecutive quarter with EBIT margins at 4.8%. This was due to timely project execution and focused initiatives in completion certifications. International growth, particularly in UAE and Saudi Arabia, added resilience to the performance. The Voltas Beko JV market share stood at 8.3% in washing machines and 5.1% in refrigerator and Beko became the second-largest player in SAWM with market share of 16.7%. Management aims to achieve breakeven in Voltas Beko by next year.

**Maintain HOLD:** Factoring in Q3, we pare our FY25/FY26/FY27 EPS estimates by 8%/11%/14% to factor in lower other income, and we wait for Voltas Beko to turn around. We now value VOLT at 45x P/E (previously 49x), and upon rollover to Dec'26 our new TP is Rs 1,400 (previously Rs 1,700).

**Key changes**

Target	Rating
▼	◀ ▶

Ticker/Price	VOLT IN/Rs 1,269
Market cap	US\$ 4.8bn
Free float	70%
3M ADV	US\$ 33.9mn
52wk high/low	Rs 1,945/Rs 990
Promoter/FPI/DII	30%/21%/33%

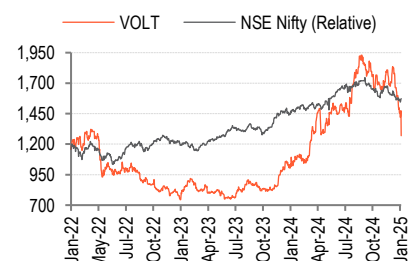
Source: NSE | Price as of 30 Jan 2025

**Key financials**

Y/E 31 Mar	FY24A	FY25E	FY26E
Total revenue (Rs mn)	124,812	151,355	180,788
EBITDA (Rs mn)	4,746	10,647	13,743
Adj. net profit (Rs mn)	2,520	7,626	9,639
Adj. EPS (Rs)	7.6	23.0	29.1
Consensus EPS (Rs)	7.6	24.5	31.0
Adj. ROAE (%)	4.5	12.5	14.3
Adj. P/E (x)	166.7	55.1	43.6
EV/EBITDA (x)	88.5	39.4	30.6
Adj. EPS growth (%)	(33.5)	202.6	26.4

Source: Company, Bloomberg, BOBCAPS Research

**Stock performance**



Source: NSE



**Fig 1 – Quarterly performance**

(Rs mn)	Q3FY25	Q3FY24	YoY (%)	Q2FY25	QoQ (%)	9MFY25	9MFY24	YoY (%)	Q3FY25E	Variance (%)
Revenue	31,051	26,257	18.3	26,191	18.6	106,452	82,783	28.6	29,359	5.8
EBITDA	1,974	284	594.5	1,622	21.7	7,834	2,840	175.8	1,861	6.1
EBITDA Margin (%)	6.4	1.1	530bps	6.2	20bps	7.4	3.4	390bps	6.3	0bps
Depreciation	179	128		164		477	358			
Interest	155	135		136		388	351			
Other Income	591	579		1,055		2,448	1,988			
PBT	2,231	599	272.1	2,377	(6.2)	9,416	4,120	128.5		
Tax	599	515		726		2,490	1,743			
Adjusted PAT	1,308	(304)	(530.0)	1,328	(1.6)	6,004	1,356	342.9	1,559	(16.1)
Exceptional item	-	-		0		-	-			
Reported PAT	1,321	(304)	(534.5)	1,340	(1.4)	6,004	1,356	342.9		
Adj. PAT Margin (%)	4.2	(1.2)	540bps	5.1	(90bps)	5.6	1.6	400bps		
EPS (Rs)	4.0	(0.9)	(534.5)	4.0	(1.4)	21	7	191.3		

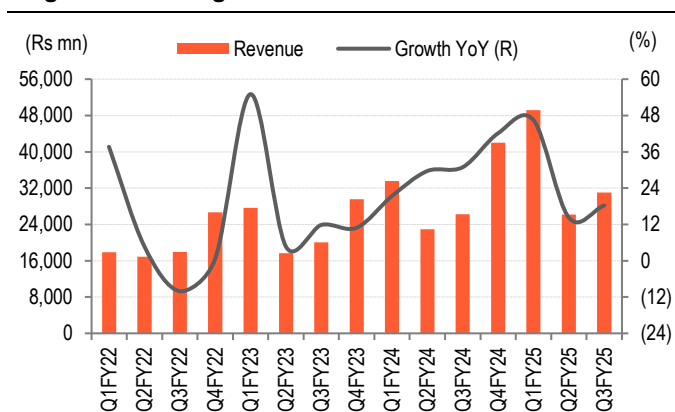
Source: Company, BOBCAPS Research

**Fig 2 – Segmental performance**

(Rs mn)	Q3FY22	Q4FY22	Q1FY23	Q2FY23	Q3FY23	Q4FY23	Q1FY24	Q2FY24	Q3FY24	Q4FY24	Q1FY25	Q2FY25	Q3FY25
<b>Revenues</b>													
Electro-Mechanical Projects And Services	5,538	6,918	4,547	5,540	6,484	7,458	6,791	9,242	9,819	10,979	9,491	8,799	11,902
YoY growth (%)	(45.5)	(21.0)	(34.0)	3.3	17.1	7.8	49.3	66.8	51.4	47.2	39.8	(4.8)	21.2
Engineering Products And Services	1,247	1,235	1,243	1,374	1,179	1,424	1,423	1,344	1,548	1,564	1,608	1,467	1,297
YoY growth (%)	3.1	26.4	8.1	9.5	(5.4)	15.3	14.5	(2.1)	31.3	9.8	13.0	9.1	(16.2)
Unitary Cooling Products	10,936	18,184	21,622	10,477	12,160	20,486	25,140	12,088	14,826	29,551	38,022	15,822	17,711
YoY growth (%)	30.3	9.9	124.5	4.1	11.2	12.7	16.3	15.4	21.9	44.2	51.2	30.9	19.5
<b>EBIT</b>													
Electro-Mechanical Projects and Services	363	476	(125)	143	(461)	(140)	(519)	(490)	(1,200)	(1,077)	675	462	567
Margin (%)	6.6	6.9	(2.7)	2.6	(7.1)	(1.9)	(7.6)	(5.3)	(12.2)	(9.8)	7.1	5.2	4.8
Engineering Products and Services	400	408	508	480	460	559	541	539	499	478	448	396	368
Margin (%)	32.1	33.0	40.9	35.0	39.0	39.3	38.0	40.1	32.2	30.6	27.9	27.0	28.4
Unitary Cooling Products For Comfort and Commercial Use	1,017	1,919	1,662	765	895	2,057	2,073	928	1,229	2,704	3,270	1,162	1,043
Margin (%)	9.3	10.6	7.7	7.3	7.4	10.0	8.2	7.7	8.3	9.2	8.6	7.3	5.9

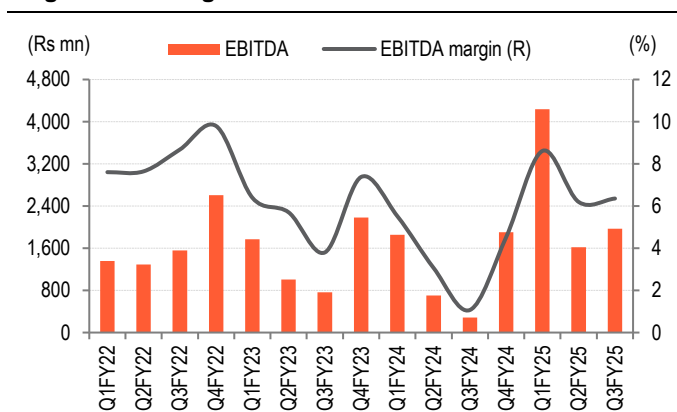
Source: Company, BOBCAPS Research

**Fig 3 – Revenue growth trend**



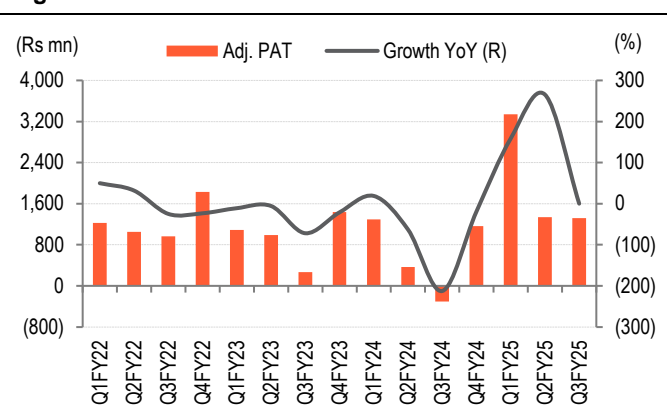
Source: Company, BOBCAPS Research

**Fig 4 – EBITDA growth trend**



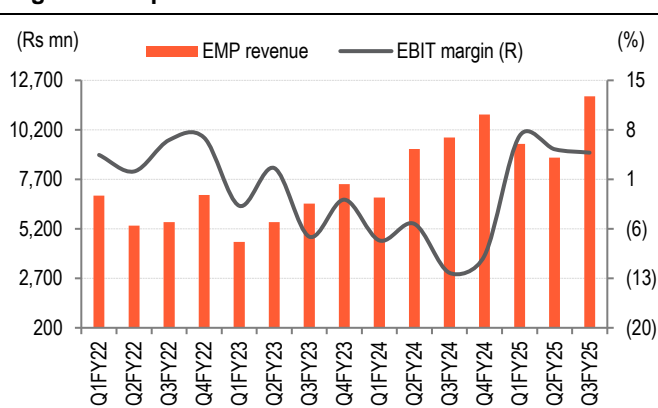
Source: Company, BOBCAPS Research

**Fig 5 – Profit trend**



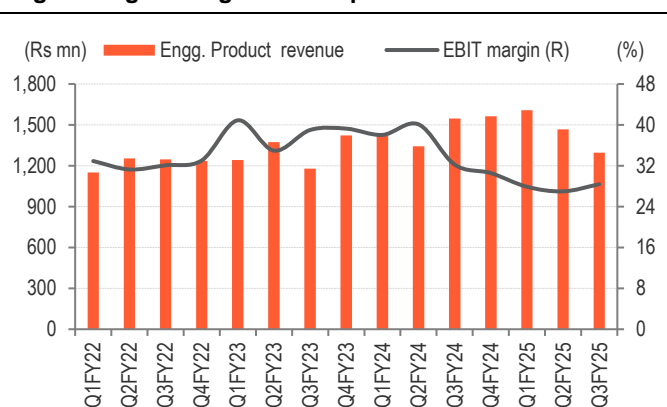
Source: Company, BOBCAPS Research

**Fig 6 – EMP performance**



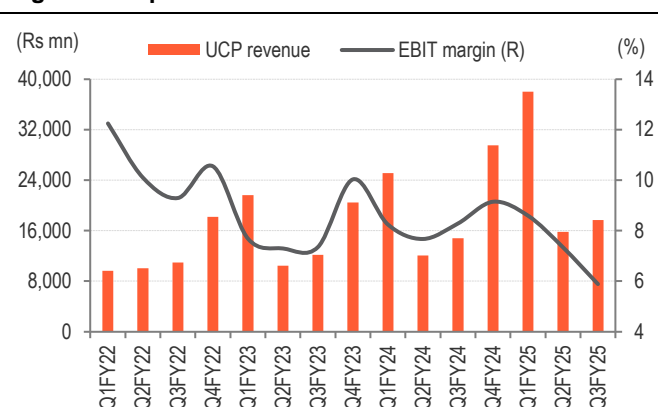
Source: Company, BOBCAPS Research

**Fig 7 – Engineering Products performance**



Source: Company, BOBCAPS Research

**Fig 8 – UCP performance**



Source: Company, BOBCAPS Research

## Earnings call highlights

- Strong growth plans amid margin pressures:** VOLT continues to make significant strides in expanding its manufacturing capabilities and strengthening its market position across key segments. With the commercialisation of all factories, annual depreciation is expected to stabilise at Rs 750mn. The UCP segment remains a key focus, with margin guidance set at high single digits. While market share gains and backward integration efforts are progressing well, margin pressures persisted in Q3 due to higher promotional expenses, commodity cost inflation, and currency depreciation.

### UCP

- RAC market share and production expansion:** VOLT maintained a 20.5% market share in the RAC segment as of Dec'24, reinforcing its leadership position. The company's Chennai AC factory has commenced commercial production following a Rs 4bn capex investment. To further strengthen its supply chain, VOLT has earmarked another Rs 4bn-4.5bn for compressor manufacturing and production ramp-up, with capacity set to increase from 1mn units currently to 1.5mn and eventually 2mn units. The compressor plant alone requires Rs 2.5bn capex, and the company is actively seeking a technology partner.

- **Backward integration and PLI benefits:** A trading and assembly-based firm with its Pantnagar plant since 2007, VOLT has now evolved into a highly backward-integrated manufacturer with its new Chennai plant and upgraded machinery at Pantnagar. Investments in injection moulding, copper tubing, winding, sheet metal, and heat exchangers are ongoing and will be completed over the next 12-18 months. The company has applied for PLI incentives under Phases 1 and 3, with Chennai plant incentives set to accrue from next year.
- **Margin impacted by costs and ad spends:** In an effort to drive market share expansion, VOLT significantly increased its advertising and sales promotion expenditure in Q3, including both above the line and below the line campaigns. The company faced 200bps YoY margin erosion due to rising commodity prices and rupee depreciation against the US dollar. While no price hikes were implemented in Q3, VOLT will assess whether to absorb future cost fluctuations through value engineering or pass them on to consumers.
- **Air coolers, water heaters and retail expansion:** VOLT is now present in 75-80% of modern trade outlets, with a growing emphasis on in-store demonstrators. Unlike previous years when demonstrators were limited to peak summer months, the company now employs them year-round, aided by its expanded air cooler and water heater portfolio. This shift has doubled in-store demonstration costs compared to last year. In Q3, VOLT's air cooler market share stood at 11.1%, while the water heater segment performed well due to strong distributor and sub-dealer partnerships.

### Commercial refrigeration

- The Commercial Refrigeration (CR) business faced headwinds due to slower inventory liquidation and weak capex spending from customers. The ramp-up of production at the new CR factory remained below expectations, adding to costs. Additionally, teething issues at the new factory and liquidation of aged inventory impacted margins. However, with these challenges being addressed, the segment is expected to recover in the coming quarters.

### Commercial AC

- The Commercial AC business posted healthy growth, led by strong demand for VRF and ducted ACs. Profitability was supported by an improved sales mix with margin-accretive products, value-engineering initiatives, and higher AMC revenue.

### International business

- No new international orders were recorded in Q3, keeping the overseas order backlog at Rs 19.6bn. VOLT remains cautious in project selection and is prioritising expedited receivables collection to optimise cash flow. Operations in UAE and Saudi Arabia continue to perform well, supporting profitability in international markets.

### Voltas Beko

- **Strengthening market position across categories:** Voltas Beko continues to expand its presence in the home appliances segment, achieving a YTD-Nov'24 market share of 8.3% in washing machines and 5.1% in refrigerators. The company

has emerged as the second-largest player in the semi-automatic washing machine (SAWM) category, with a 16.7% market share.

- **Localisation and profitability focus:** The company aims to fully localise refrigerator manufacturing in India, reducing import dependency and improving cost efficiencies. Efforts to enhance gross margin resulted in a 400bps improvement in FY25. Voltas Beko remains on track to achieve breakeven next year.
- **Brand investments and channel expansion:** Voltas Beko continues to invest in brand building and omnichannel expansion, increasing its presence across multiple distribution channels. While these investments have led to higher costs, they are expected to drive long-term market penetration and revenue growth.

## Valuation methodology

Factoring in the Q3 performance, we pare our EPS estimates for FY25 by 8%, FY26 by 11% and FY27 by 14% to factor in lower other income and waiting for Voltas Beko to turn around. We now value VOLT at a P/E of 45x (previously 49x), and upon rollover to Dec'26 our new TP is Rs 1,400 (previously Rs 1,700). Maintain HOLD.

**Fig 9 – Revised estimates**

(Rs mn)	New			Old			Change (%)		
	FY25E	FY26E	FY27E	FY25E	FY26E	FY27E	FY25E	FY26E	FY27E
Sales	151,355	180,788	209,065	151,355	180,788	209,065	0.0	0.0	0.0
EBITDA	10,647	13,743	15,850	11,555	15,190	17,941	(7.9)	(9.5)	(11.7)
PAT	7,626	9,639	10,864	8,289	10,782	12,598	(8.0)	(10.6)	(13.8)
EPS (Rs)	23.0	29.1	32.8	25.1	32.6	38.1	(8.0)	(10.6)	(13.8)
EBITDA Margin (%)	7.0	7.6	7.6	7.6	8.4	8.6	(60bps)	(80bps)	(100bps)

Source: Company, BOBCAPS Research

## Key risks

Key upside and downside risks to our estimates are:

- incremental market share despite a competitive environment, and
- unforeseen changes in foreign currency.

## Financials

### Income Statement

Y/E 31 Mar (Rs mn)	FY23A	FY24A	FY25E	FY26E	FY27E
<b>Total revenue</b>	<b>94,988</b>	<b>124,812</b>	<b>151,355</b>	<b>180,788</b>	<b>209,065</b>
EBITDA	5,724	4,746	10,647	13,743	15,850
Depreciation	396	476	514	766	1,095
EBIT	5,327	4,270	10,133	12,977	14,755
Net interest inc./(exp.)	(296)	(559)	(586)	(672)	(773)
Other inc./(exp.)	1,685	2,533	2,406	2,406	2,406
Exceptional items	0	0	0	0	0
EBT	6,716	6,244	11,953	14,711	16,389
Income taxes	1,709	2,377	3,227	3,972	4,425
Extraordinary items	2,438	0	0	0	0
Min. int./Inc. from assoc.	(1,207)	(1,386)	(1,100)	(1,100)	(1,100)
<b>Reported net profit</b>	<b>1,350</b>	<b>2,520</b>	<b>7,626</b>	<b>9,639</b>	<b>10,864</b>
Adjustments	2,438	0	0	0	0
<b>Adjusted net profit</b>	<b>3,788</b>	<b>2,520</b>	<b>7,626</b>	<b>9,639</b>	<b>10,864</b>

### Balance Sheet

Y/E 31 Mar (Rs mn)	FY23A	FY24A	FY25E	FY26E	FY27E
Accounts payables	30,126	38,557	47,687	59,437	65,870
Other current liabilities	10,029	14,060	19,490	22,784	28,639
Provisions	0	0	0	0	0
Debt funds	6,506	7,436	6,298	7,465	8,585
Other liabilities	1,609	2,099	2,473	2,888	3,288
Equity capital	331	331	331	331	331
Reserves & surplus	54,190	57,874	63,349	70,838	79,551
Shareholders' fund	54,521	58,205	63,680	71,168	79,881
<b>Total liab. and equities</b>	<b>102,790</b>	<b>120,357</b>	<b>139,628</b>	<b>163,743</b>	<b>186,263</b>
Cash and cash eq.	7,084	8,523	8,964	10,140	11,093
Accounts receivables	21,919	25,328	27,783	30,214	31,503
Inventories	15,920	21,354	25,295	30,214	34,940
Other current assets	19,543	22,042	23,652	27,260	31,524
Investments	0	0	0	0	0
Net fixed assets	3,611	3,902	6,387	9,121	11,526
CWIP	983	3,675	4,457	5,323	6,156
Intangible assets	1,142	1,127	1,366	1,632	1,887
Deferred tax assets, net	0	0	0	0	0
Other assets	32,590	34,408	41,725	49,839	57,634
<b>Total assets</b>	<b>102,790</b>	<b>120,357</b>	<b>139,628</b>	<b>163,743</b>	<b>186,263</b>

### Cash Flows

Y/E 31 Mar (Rs mn)	FY23A	FY24A	FY25E	FY26E	FY27E
<b>Cash flow from operations</b>	<b>1,594</b>	<b>7,615</b>	<b>14,693</b>	<b>14,492</b>	<b>13,967</b>
Capital expenditures	(1,774)	(2,883)	(3,000)	(3,500)	(3,500)
Change in investments	253	(3,938)	0	0	0
Other investing cash flows	706	1,597	(7,964)	(8,831)	(8,484)
<b>Cash flow from investing</b>	<b>(816)</b>	<b>(5,224)</b>	<b>(10,964)</b>	<b>(12,331)</b>	<b>(11,984)</b>
Equities issued/Others	0	0	0	0	0
Debt raised/repaid	2,728	453	(1,138)	1,166	1,121
Interest expenses	0	0	0	0	0
Dividends paid	(2,177)	(1,616)	(2,151)	(2,151)	(2,151)
Other financing cash flows	0	0	0	0	0
<b>Cash flow from financing</b>	<b>550</b>	<b>(1,163)</b>	<b>(3,289)</b>	<b>(984)</b>	<b>(1,030)</b>
<b>Chg in cash &amp; cash eq.</b>	<b>1,328</b>	<b>1,228</b>	<b>440</b>	<b>1,176</b>	<b>953</b>
<b>Closing cash &amp; cash eq.</b>	<b>7,084</b>	<b>8,523</b>	<b>8,964</b>	<b>10,140</b>	<b>11,093</b>

### Per Share

Y/E 31 Mar (Rs)	FY23A	FY24A	FY25E	FY26E	FY27E
Reported EPS	4.1	7.6	23.0	29.1	32.8
Adjusted EPS	11.4	7.6	23.0	29.1	32.8
Dividend per share	4.3	5.5	6.5	6.5	6.5
Book value per share	164.8	175.9	192.5	215.1	241.4

### Valuations Ratios

Y/E 31 Mar (x)	FY23A	FY24A	FY25E	FY26E	FY27E
EV/Sales	4.4	3.4	2.8	2.3	2.0
EV/EBITDA	73.4	88.5	39.4	30.6	26.5
Adjusted P/E	110.9	166.7	55.1	43.6	38.7
P/BV	7.7	7.2	6.6	5.9	5.3

### DuPont Analysis

Y/E 31 Mar (%)	FY23A	FY24A	FY25E	FY26E	FY27E
Tax burden (Net profit/PBT)	56.4	40.4	63.8	65.5	66.3
Interest burden (PBT/EBIT)	126.1	146.2	118.0	113.4	111.1
EBIT margin (EBIT/Revenue)	5.6	3.4	6.7	7.2	7.1
Asset turnover (Rev./Avg TA)	26.3	32.0	23.7	19.8	18.1
Leverage (Avg TA/Avg Equity)	0.1	0.1	0.1	0.1	0.2
Adjusted ROAE	6.9	4.5	12.5	14.3	14.4

### Ratio Analysis

Y/E 31 Mar	FY23A	FY24A	FY25E	FY26E	FY27E
<b>YoY growth (%)</b>					
Revenue	19.7	31.4	21.3	19.4	15.6
EBITDA	(16.0)	(17.1)	124.3	29.1	15.3
Adjusted EPS	(24.8)	(33.5)	202.6	26.4	12.7
<b>Profitability &amp; Return ratios (%)</b>					
EBITDA margin	6.0	3.8	7.0	7.6	7.6
EBIT margin	5.6	3.4	6.7	7.2	7.1
Adjusted profit margin	4.0	2.0	5.0	5.3	5.2
Adjusted ROAE	6.9	4.5	12.5	14.3	14.4
ROCE	6.7	4.5	11.8	13.6	13.6
<b>Working capital days (days)</b>					
Receivables	84	74	67	61	55
Inventory	61	62	61	61	61
Payables	116	113	115	120	115
<b>Ratios (x)</b>					
Gross asset turnover	16.6	17.9	17.1	14.9	13.4
Current ratio	1.4	1.3	1.2	1.1	1.1
Net interest coverage ratio	18.0	7.6	17.3	19.3	19.1
Adjusted debt/equity	0.1	0.1	0.1	0.1	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%

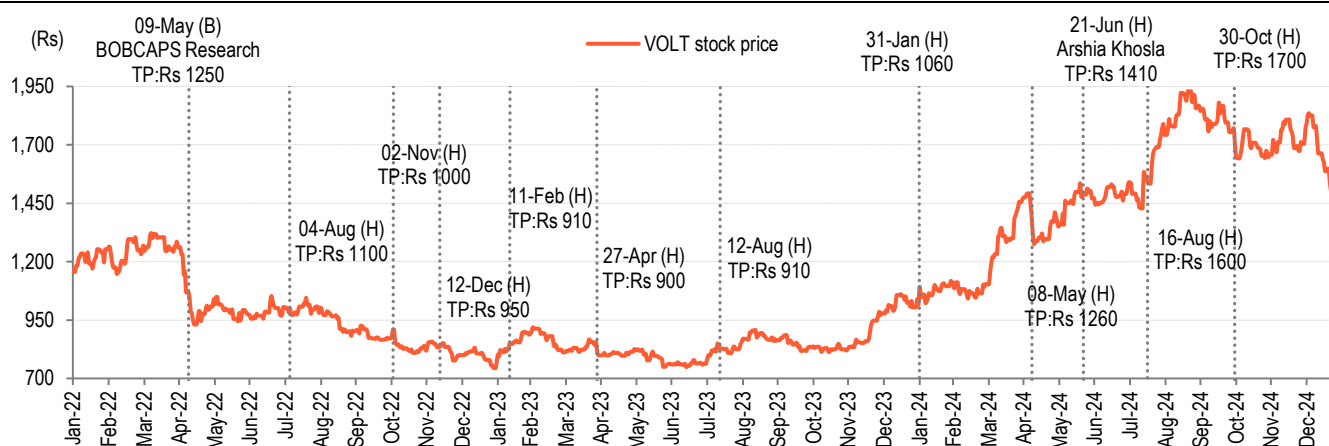
**HOLD** – Expected return from -6% to +15%

**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): VOLTAS (VOLT 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.