

**BUY**

TP: Rs 265 | ▲ 19%

**FINOLEX INDUSTRIES**

Building Materials

27 May 2025

## Cautious demand outlook; but margin expansion likely in FY26

- Beats EBITDA estimate by 47.0% on sharp sequential improvement in the pipe segment margin
- Cautious pipe demand outlook on arrival of early monsoon. Margin to improve in near future on benefits of cost savings initiatives
- Maintain BUY on strong earnings growth prospects with improving business risk profile; raise TP by 6% to Rs 265 per share

**Utkarsh Nopany**

research@bobcaps.in

**Beats estimate:** FNXP pipe volume came slightly below our estimate (+2.1% YoY vs +5.0% estimated), still beats our EBITDA estimate by 47.0% on sharp sequential improvement in the pipe segment EBITDA margin (+568bps QoQ to 10.2%). This is on account of the discontinuation of heavy discounts to dealers and unexpected decline in employees/other expenses (10.3% QoQ). Overall, FNXP revenue/EBITDA de-grew by 5%/18%, but APAT was up 0.6% YoY in Q4FY25, driven by higher Other income (+47%) and rise in the share of profit from associates (+103%).

**Highlights:** FNXP pipe segment EBITDA was down 17% YoY in Q4FY25 due to margin contraction (-201bps YoY to 10.2%). PVC resin segment EBITDA also de-grew by 19% YoY in Q4FY25, driven by lower volumes (-19%). PVC resin EBITDA margin slightly improved by 63bps YoY to 13.4% in Q4FY25, but it was lower than the 10Y average of 16.9% given weak global PVC resin spread.

**Outlook:** The company has observed strong demand for agri pipes in Apr-May 2025, but it may slow down in June 2025, due to the arrival of early monsoon. Management expects a favourable outcome on the ongoing anti-dumping duty (ADD) investigation and expects duty to be levied in the Rs 3-6/kg range. Management expects the pipe margin to improve in FY26 by focusing on cost optimisation and improved product mix. FNXP plans to ramp up pipes capacity by 50ktpa to 520ktpa by Q2FY26 (25ktpa by Q1FY26 and another 25ktpa by Q2FY26). Capex is estimated to be Rs 1.25-1.5bn in FY26.

**Maintain BUY; raise TP by 6% to Rs 265:** We maintain BUY as we expect: a) healthy earnings growth prospects over a weak base (EPS to grow at 24.9% CAGR over FY25-FY27E) b) structural improvement in business risk profile on falling B2B PVC resin revenue share and improving profitability of plastic pipes on rising share of non-agri pipe. We have broadly maintained our EPS estimates but have raised TP to Rs 265 (vs Rs 250) on roll forward of our valuation from Dec'26 to Mar'27 estimates. Our target P/E multiple remains unchanged at 22x on Mar'27E. At CMP, the stock trades at 21.5x on 1YF P/E vs 5Y average of 23.7x.

## Key changes

Target	Rating
▲	◀ ▶

Ticker/Price	FNXP IN/Rs 224
Market cap	US\$ 1.6bn
Free float	48%
3M ADV	US\$ 4.8mn
52wk high/low	Rs 356/Rs 154
Promoter/FPI/DII	52%/6%/12%

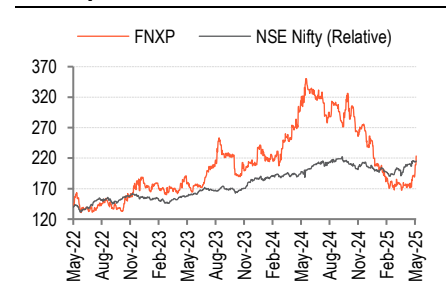
Source: NSE | Price as of 26 May 2025

## Key financials

Y/E 31 Mar	FY25A	FY26E	FY27E
Total revenue (Rs mn)	41,420	43,649	49,654
EBITDA (Rs mn)	4,758	6,702	8,469
Adj. net profit (Rs mn)	4,802	6,220	7,486
Adj. EPS (Rs)	7.8	10.1	12.1
Consensus EPS (Rs)	12.9	9.3	11.3
Adj. ROAE (%)	8.2	9.9	11.2
Adj. P/E (x)	28.8	22.2	18.5
EV/EBITDA (x)	32.6	23.5	18.9
Adj. EPS growth (%)	1.0	29.5	20.4

Source: Company, Bloomberg, BOBCAPS Research

## Stock performance



Source: NSE



**Fig 1 – Quarterly performance - Consolidated**

Particulars	Q4FY25	Q4FY24	YoY (%)	Q3FY25	QoQ (%)	FY25	FY24	YoY (%)	BOBCAPS Q2FY25E	Variance (%)
Revenue	11,718	12,354	(5.1)	10,012	17.0	41,420	43,174	(4.1)	11,930	(1.8)
RM	7,679	7,739	(0.8)	6,585	16.6	26,761	27,372	(2.2)		
Gross Profit	4,039	4,615	(12.5)	3,428	17.8	14,659	15,803	(7.2)		
Employee	513	567	(9.6)	570	(10.1)	2,223	2,114	5.2		
Others	1,814	1,959	(7.4)	2,023	(10.3)	7,717	7,846	(1.6)		
EBITDA	1,713	2,089	(18.0)	834	105.3	4,719	5,843	(19.2)	1,165	47.0
D&A	269	267	0.8	273	(1.5)	1,067	1,160	(8.0)		
EBIT	1,444	1,823	(20.8)	561	157.3	3,652	4,683	(22.0)		
Interest cost	62	73	(15.5)	100	(38.3)	296	365	(18.7)		
Int. & other income	850	539	57.8	657	29.4	2,907	2,187	32.9		
PBT	2,232	2,288	(2.5)	1,118	99.6	6,263	6,506	(3.7)		
Tax	586	639	(8.3)	178	229.7	2,432	1,770	37.5		
PAT	1,646	1,649	(0.2)	940	75.0	3,830	4,736	(19.1)		
Adj. PAT	1,659	1,649	0.6	931	78.2	4,668	4,730	(1.3)	1,032	60.7
<b>As % of net revenues</b>			<b>(bps)</b>		<b>(bps)</b>			<b>(bps)</b>		
Gross margin	34.5	37.4	(289)	34.2	24	35.4	36.6	(121)		
Employee	4.4	4.6	(21)	5.7	(132)	5.4	4.9	47		
Others	15.5	15.9	(38)	20.2	(473)	18.6	18.2	46		
EBITDA margin	14.6	16.9	(230)	8.3	628	11.4	13.5	(214)		
Tax rate	26.3	27.9	(167)	15.9	1,036	38.8	27.2	1,164		
APAT margin	14.2	13.3	81	9.3	486	11.3	11.0	32		

Source: Company, BOBCAPS Research

**Fig 2 – Segment financials**

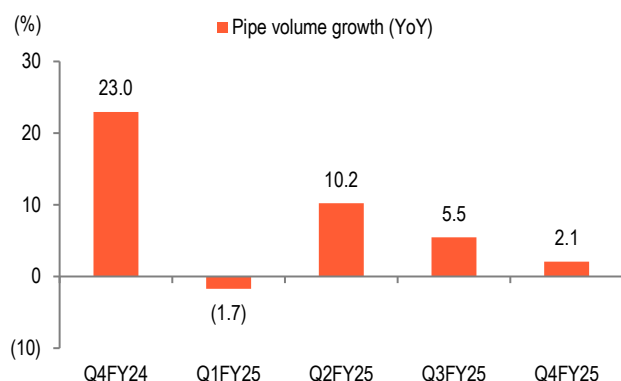
Particulars	Q4FY25	Q4FY24	YoY (%)	Q3FY25	QoQ (%)	FY25	FY24	YoY (%)
<b>Revenue (Rs mn)</b>								
External PVC Resin	34	532	(93.6)	86	(60.3)	379	1,323	(71.3)
Pipes & Fittings	11,684	11,822	(1.2)	9,927	17.7	41,041	41,852	(1.9)
<b>Sales Volume (KT)</b>								
External PVC Resin	0.2	6.4	(97.6)	1	(83.2)	4	14	(73.5)
Pipes & Fittings	102	100	2.1	86	19.2	348	337	3.4
<b>Average Realization (Rs/kg)</b>								
External PVC Resin	221	84	165.0	93	137.2	101	93	8.1
Pipes & Fittings	114	118	(3.2)	116	(1.3)	118	124	(5.2)
<b>Adjusted EBITDA (Rs mn)</b>								
PVC resin	522	647	(19.3)	386	35.1	1,912	1,245	53.6
Pipes & Fittings	1,191	1,442	(17.4)	448	165.7	2,807	4,598	(39.0)
<b>Adjusted EBITDA (Rs/kg)</b>								
PVC resin	9.3	9.3	(0.3)	7	37.1	8.6	6.3	35.6
Pipes & Fittings	11.6	14.4	(19.1)	5	122.9	8.1	13.7	(41.0)

Source: Company, BOBCAPS Research

## Earnings Call Highlights

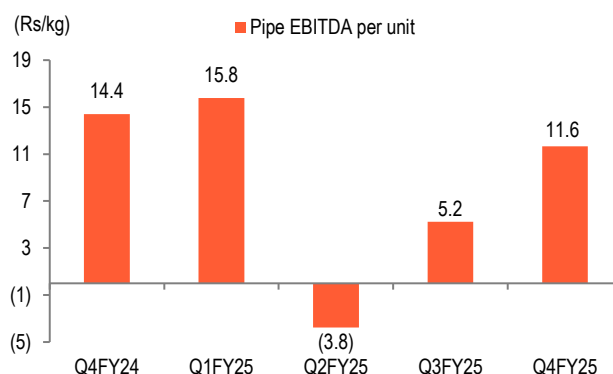
- **Demand scenario:** The company has observed strong demand for agri pipes in Apr-May 2025, but it may slow down in June 2025 due to the arrival of early monsoon. In case the monsoon gets over early then the company could witness pick-up in agri pipe demand in Q2FY26.
- **PVC resin price outlook:** PVC resin prices has moved up by Rs 2.5/kg in the last week. Going forward, management believes that the implementation of ADD and BIS norms could provide further support to PVC resin prices by restricting low-quality imports from China. Management expects the price increase of Rs 3-6/kg post ADD implementation. We believe FNXP is a direct beneficiary of ADD as it is only backward integrated plastic pipe company in India.
- **Volume guidance:** The company has not guided volume growth for FY26 due to a lot of uncertainties, but management has set an internal target of double-digit volume growth for FY26.
- **Pipe segment:** sales volume grew by 2.1% YoY in Q4FY25. Segment EBITDA margin improved sharply by 568bps QoQ to 10.2% in Q4FY25 due to discontinuation of heavy discounts to dealers and unexpected steep decline in employees/other expenses (-10.3% QoQ). CPVC pipe volume grew by 17% YoY in FY25. Going ahead, the management expects the segment margin to improve further in FY26 by focusing on cost optimization and improved product mix.
- **PVC resin segment:** EBITDA also de-grew by 19% YoY in Q4FY25 driven by lower volumes (-19%). PVC resin segment EBITDA margin slightly improved by 63bps YoY to 13.4% in Q4FY25, but it was lower than 10Y average of 16.9% due to weak global PVC resin spread.
- **Pipe volume mix:** The non-agri pipe volume share improved by 200bps/100bps YoY to 31%/33% in Q4FY25/FY25. Out of the total non-agri share, the project segment accounts for 10% and the retail accounts for the remaining.
- **Channel inventory** remains low at present due to a spike in demand in the month of Apr-May'25, but the dealers are now expected to restock the material as PVC resin prices have started trending up.
- **Capex:** The company plans to increase its pipes & fittings capacity by 50ktpa to 520ktpa by Q2FY26 (25ktpa by Q1FY26 and another 25ktpa by Q2FY26). The company plans to grow its pipe capacity in future through the brownfield route only. The company expects a total capex outlay of Rs 1.25-1.5bn in FY26.
- **Net cash** has gone up from Rs 23.0bn in Dec'24 to Rs 25.35bn in Mar'25.

**Fig 3 – FNXP pipe volume grew at a meagre 2.1% YoY in Q4FY25**



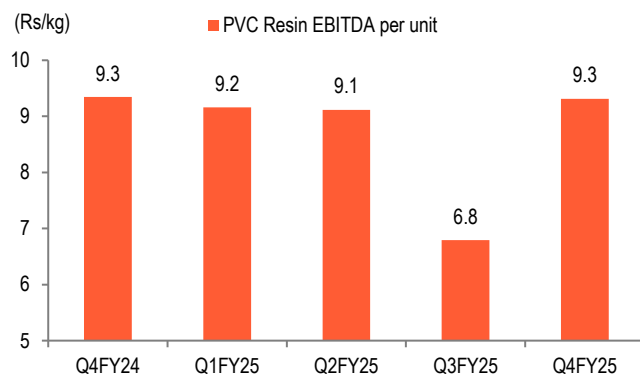
Source: Company, BOBCAPS Research

**Fig 4 – FNXP pipe EBITDA per unit fell by 19.1% YoY to Rs 11.6/kg in Q4FY25**



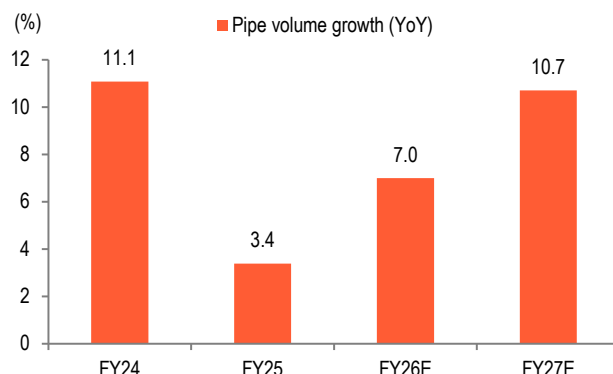
Source: Company, BOBCAPS Research

**Fig 5 – FNXP PVC resin EBITDA per unit was flat on YoY basis in Q4FY25**



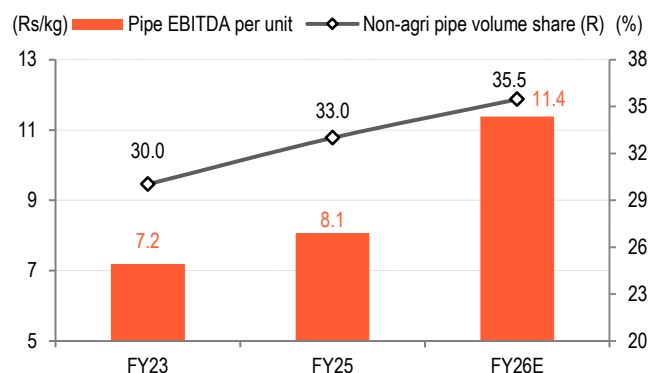
Source: Company, BOBCAPS Research

**Fig 6 – We forecast FNXP pipe volume to grow at 8.8% CAGR over FY25-FY27E**



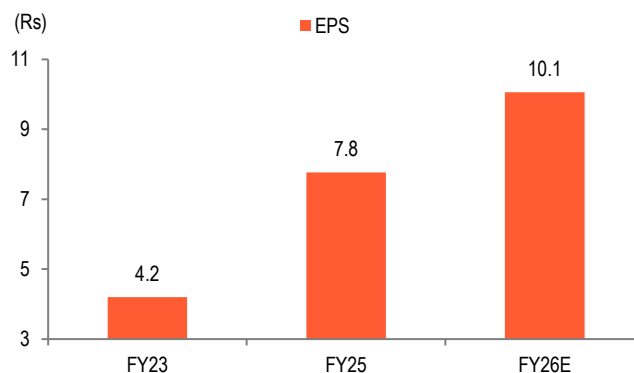
Source: Company, BOBCAPS Research

**Fig 7 – Pipe EBITDA per unit trending up on rising share of higher margin non-agri pipes**



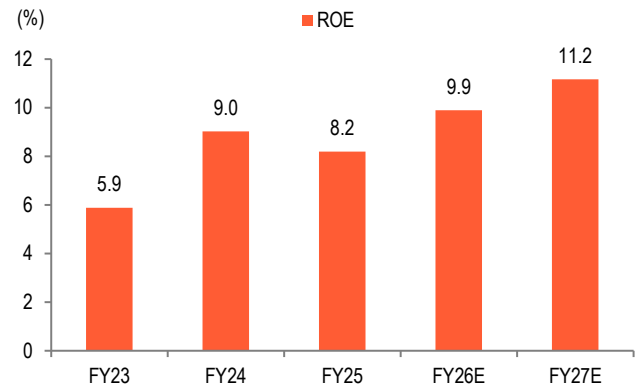
Source: Company, BOBCAPS Research

**Fig 8 – EPS to grow at a healthy rate of 24.9% CAGR over FY25-FY27E over a weak base**



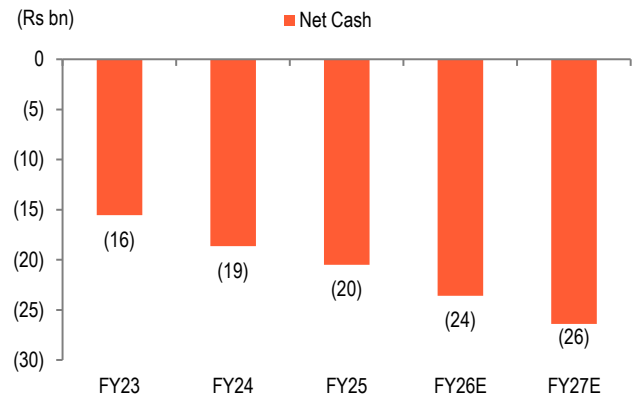
Source: Company, BOBCAPS Research

**Fig 9 – However, FNXP return ratio profile is likely to remain weak in FY26E-FY27E...**



Source: Company, BOBCAPS Research

**Fig 10 – ... due to poor capital allocation as there is no concrete plan of usage of surplus cash for growth capex**



Source: Company, BOBCAPS Research

## Valuation Methodology

We maintain BUY as we expect: a) healthy earnings growth prospects over a weak base (EPS to grow at 24.9% CAGR over FY25-FY27E) b) structural improvement in business risk profile due to falling B2B PVC resin segment revenue share and improving profitability of plastic pipe segment on rising share of non-agri pipe.

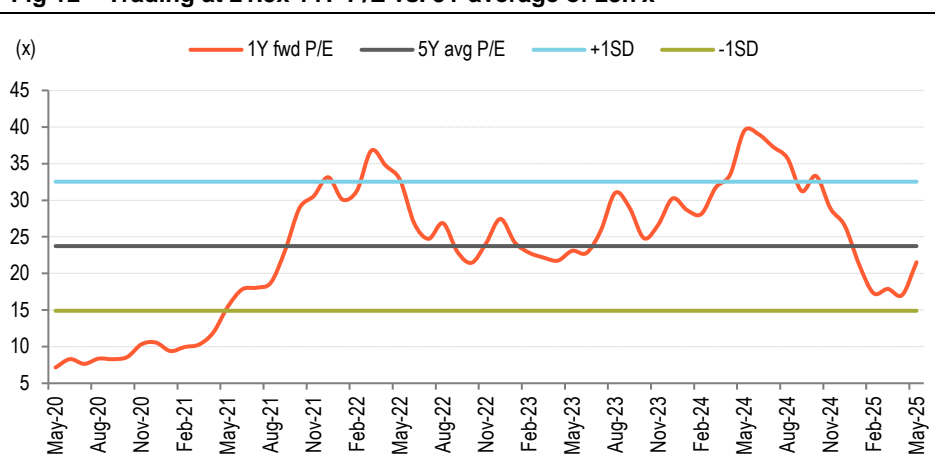
We have broadly maintained our EPS estimates, but have increased our TP to Rs 265 (vs Rs 250) due to roll forward of valuation from Dec'26 to Mar'27 estimates. Our target P/E multiple remains unchanged at 22x on Mar'27E. At CMP, the stock trades at 21.5x on 1YF P/E vs 5Y average of 23.7x.

**Fig 11 – Revised estimates**

Particulars	New		Old		Change (%)	
	FY26E	FY27E	FY26E	FY27E	FY26E	FY27E
Consolidated (Rs bn)						
Revenue	43.6	49.7	47.5	53.7	(8.0)	(7.5)
EBITDA	6.7	8.5	6.9	8.6	(3.2)	(1.5)
EBITDA margin	15.4	17.1	14.6	16.0	76bps	103bps
Adjusted PAT	6.2	7.5	6.2	7.5	1.1	0.2
Adjusted EPS	10.1	12.1	9.9	12.1	1.1	0.2

Source: BOBCAPS Research

**Fig 12 – Trading at 21.5x 1YF P/E vs. 5Y average of 23.7x**



Source: Bloomberg, BOBCAPS Research

**Fig 13 – Key assumptions**

Particulars (%)	FY22A	FY23A	FY24A	FY25A	FY26E	FY27E
<b>Revenue mix</b>						
PVC resin	17.1	6.5	3.1	0.9	0.4	0.1
Pipes & Fittings	82.9	93.5	96.9	99.1	99.6	99.9
<b>Sales Volume growth</b>						
Pipes & Fittings	11.7	27.9	11.1	3.4	7.0	10.7
<b>Realization growth</b>						
Pipes & Fittings	30.9	(16.5)	(8.4)	(5.2)	(1.0)	3.0
<b>EBITDA unit (Rs/kg)</b>						
PVC resin	32.4	4.5	6.4	8.6	11.0	14.8
Pipes & Fittings	12.7	7.2	13.7	8.1	11.4	12.4

Source: Company, BOBCAPS Research

## Key Risks

Key downside risks to our estimates:

- Steep decline in PVC resin prices
- Weak demand for agricultural pipe
- Market share loss in the plumbing pipe

## Financials

### Income Statement

Y/E 31 Mar (Rs mn)	FY23A	FY24A	FY25A	FY26E	FY27E
<b>Total revenue</b>	<b>43,971</b>	<b>43,174</b>	<b>41,420</b>	<b>43,649</b>	<b>49,654</b>
EBITDA	3,251	5,882	4,758	6,702	8,469
Depreciation	892	1,160	1,067	1,050	1,124
EBIT	2,359	4,721	3,691	5,652	7,345
Net interest inc./(exp.)	(272)	(365)	(296)	(247)	(247)
Other inc./(exp.)	1,209	1,800	2,466	2,505	2,505
Exceptional items	326	33	0	0	0
EBT	2,970	6,123	5,861	7,910	9,603
Income taxes	706	1,770	2,432	2,092	2,518
Extraordinary items	0	0	(4,170)	0	0
Min. int./Inc. from assoc.	243	382	402	402	402
<b>Reported net profit</b>	<b>2,507</b>	<b>4,736</b>	<b>8,000</b>	<b>6,220</b>	<b>7,486</b>
Adjustments	92	21	(3,198)	0	0
<b>Adjusted net profit</b>	<b>2,599</b>	<b>4,757</b>	<b>4,802</b>	<b>6,220</b>	<b>7,486</b>

### Balance Sheet

Y/E 31 Mar (Rs mn)	FY23A	FY24A	FY25A	FY26E	FY27E
Accounts payables	2,893	2,886	4,442	4,681	5,325
Other current liabilities	3,158	4,285	3,026	3,026	3,026
Provisions	45	45	99	104	118
Debt funds	5,264	3,820	2,211	2,211	2,211
Other liabilities	2,460	3,201	3,074	3,074	3,074
Equity capital	1,237	1,237	1,237	1,237	1,237
Reserves & surplus	47,794	55,106	59,732	63,479	68,182
Shareholders' fund	49,031	56,343	60,969	64,715	69,419
<b>Total liab. and equities</b>	<b>62,851</b>	<b>70,579</b>	<b>73,819</b>	<b>77,810</b>	<b>83,172</b>
Cash and cash eq.	20,818	22,465	22,694	25,806	28,593
Accounts receivables	2,975	4,576	3,793	3,997	4,546
Inventories	6,732	7,280	7,824	7,525	8,608
Other current assets	940	798	448	472	536
Investments	19,256	23,711	27,656	27,656	27,656
Net fixed assets	10,376	10,411	9,871	10,821	11,697
CWIP	438	189	732	732	732
Intangible assets	176	143	213	213	213
Deferred tax assets, net	245	215	51	51	51
Other assets	894	791	539	539	539
<b>Total assets</b>	<b>62,851</b>	<b>70,579</b>	<b>73,819</b>	<b>77,810</b>	<b>83,172</b>

### Cash Flows

Y/E 31 Mar (Rs mn)	FY23A	FY24A	FY25A	FY26E	FY27E
<b>Cash flow from operations</b>	<b>3,615</b>	<b>4,385</b>	<b>3,958</b>	<b>5,328</b>	<b>5,312</b>
Capital expenditures	(1,868)	(817)	(1,140)	(2,000)	(2,000)
Change in investments	(9,842)	(4,454)	(3,945)	0	0
Other investing cash flows	883	1,767	6,636	2,505	2,505
<b>Cash flow from investing</b>	<b>(10,827)</b>	<b>(3,505)</b>	<b>1,551</b>	<b>505</b>	<b>505</b>
Equities issued/Others	(4)	0	0	0	0
Debt raised/repaid	2,484	(1,445)	(1,609)	0	0
Interest expenses	(928)	(1,546)	(2,226)	(2,473)	(2,783)
Dividends paid	(272)	(365)	(296)	(247)	(247)
Other financing cash flows	8,177	4,122	(1,148)	0	0
<b>Cash flow from financing</b>	<b>9,457</b>	<b>767</b>	<b>(5,279)</b>	<b>(2,721)</b>	<b>(3,030)</b>
<b>Chg in cash &amp; cash eq.</b>	<b>2,245</b>	<b>1,647</b>	<b>229</b>	<b>3,112</b>	<b>2,787</b>
<b>Closing cash &amp; cash eq.</b>	<b>20,818</b>	<b>22,465</b>	<b>22,694</b>	<b>25,806</b>	<b>28,593</b>

### Per Share

Y/E 31 Mar (Rs)	FY23A	FY24A	FY25A	FY26E	FY27E
Reported EPS	4.1	7.7	12.9	10.1	12.1
Adjusted EPS	4.2	7.7	7.8	10.1	12.1
Dividend per share	1.5	2.5	3.6	4.0	4.5
Book value per share	79.3	91.1	98.6	104.7	112.3

### Valuations Ratios

Y/E 31 Mar (x)	FY23A	FY24A	FY25A	FY26E	FY27E
EV/Sales	3.4	3.6	3.7	3.6	3.2
EV/EBITDA	46.2	26.2	32.6	23.5	18.9
Adjusted P/E	53.2	29.1	28.8	22.2	18.5
P/BV	2.8	2.5	2.3	2.1	2.0

### DuPont Analysis

Y/E 31 Mar (%)	FY23A	FY24A	FY25A	FY26E	FY27E
Tax burden (Net profit/PBT)	87.5	77.7	81.9	78.6	78.0
Interest burden (PBT/EBIT)	125.9	129.7	158.8	139.9	130.7
EBIT margin (EBIT/Revenue)	5.4	10.9	8.9	12.9	14.8
Asset turnover (Rev./Avg TA)	70.0	61.2	56.1	56.1	59.7
Leverage (Avg TA/Avg Equity)	1.4	1.3	1.3	1.2	1.2
Adjusted ROAE	5.9	9.0	8.2	9.9	11.2

### Ratio Analysis

Y/E 31 Mar	FY23A	FY24A	FY25A	FY26E	FY27E
<b>YoY growth (%)</b>					
Revenue	(5.4)	(1.8)	(4.1)	5.4	13.8
EBITDA	(68.4)	80.9	(19.1)	40.9	26.4
Adjusted EPS	(66.0)	83.0	1.0	29.5	20.4

### Profitability & Return ratios (%)

EBITDA margin	7.4	13.6	11.5	15.4	17.1
EBIT margin	5.4	10.9	8.9	12.9	14.8
Adjusted profit margin	5.9	11.0	11.6	14.3	15.1
Adjusted ROAE	5.9	9.0	8.2	9.9	11.2
ROCE	6.6	10.8	9.7	12.2	13.8

### Working capital days (days)

Receivables	25	39	33	33	33
Inventory	56	62	69	63	63
Payables	24	24	39	39	39

### Ratios (x)

Gross asset turnover	1.8	1.6	1.5	1.5	1.6
Current ratio	2.8	3.2	3.6	3.8	4.0
Net interest coverage ratio	8.7	13.0	12.5	22.9	29.7
Adjusted debt/equity	(0.3)	(0.3)	(0.3)	(0.4)	(0.4)

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

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

## Disclaimer

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

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

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

Brand Name: **BOBCAPS**

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

CIN: **U65999MH1996GOI098009**

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

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

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

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

**BUY** – Expected return >+15%

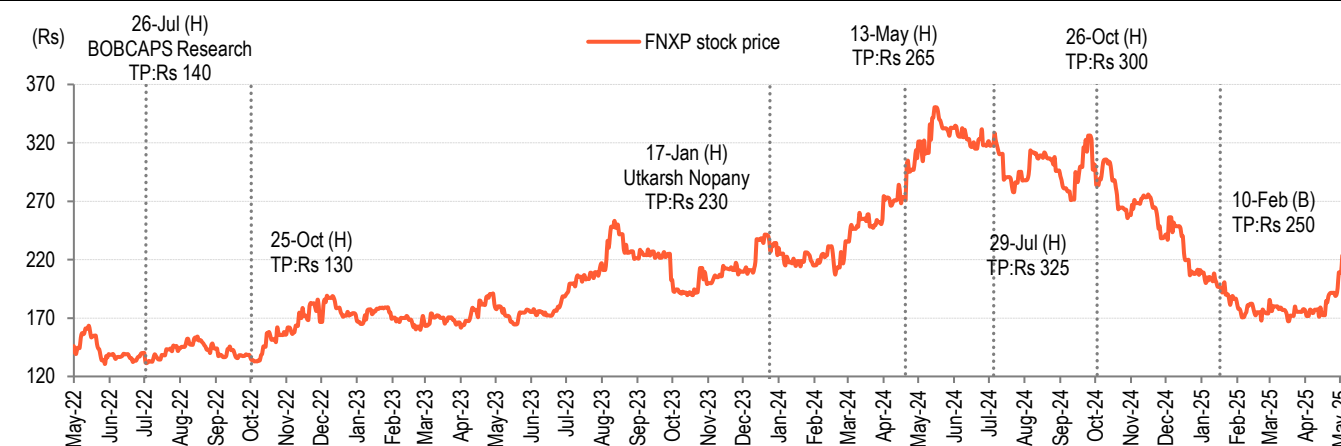
**HOLD** – Expected return from -6% to +15%

**SELL** – Expected return <-6%

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

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

## Ratings and Target Price (3-year history): FINOLEX INDUSTRIES (FNXP IN)



### 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.