

HOLD

TP: Rs 1,200 | ▼ 3%

KAJARIA CERAMICS

| Building Materials

| 22 July 2025

Beats Q1 on cost optimisation; D/G to HOLD on rich valuations

- Weak tiles sales volume in Q1 on a tepid demand environment, but sharp EBITDA beat on the benefit of cost rationalisation projects
- Management expects demand conditions to improve post Q2FY26; full benefit of cost optimisation is expected to flow in the coming quarters
- Downgrade from BUY to HOLD on rich valuation; TP raise by 30% to Rs 1,200 per share

Utkarsh Nopany

research@bobcaps.in

Mixed Q1: KJC tiles sales volume came below our estimates (+0.7% YoY vs +4.8% estimated) on a muted demand environment; still beats EBITDA estimate by 23.9% given the sharp improvement in operating margin (+134bps YoY to 16.9% vs 13.2% estimated) on the back of an unexpected improvement in gross margin (+75bps YoY) and lower other expense (-61bps YoY due to cost rationalisation). Overall, KJC revenue/EBITDA/APAT grew by 0.6%/9.3%/23.8% YoY in Q1FY26.

Highlights: Tiles sales volume grew by 0.7% YoY in Q1FY26, mainly driven by higher volumes. Despite lower tiles realisation (-1.1% YoY), segment margin improved by 115bps YoY to 13.7% due to a better mix (on account of discontinuation of economy products) and cost rationalisation (promoter voluntarily forgoes salary, sales force integration, lower brand spend). Bathware revenue grew by 0.5% YoY, but EBIT margin improved by 190bps YoY to 4.7%. Nepal JV plant operated at 69% in Q1FY26 (vs 50% rate in Q4FY25), but JV profit has gone down to Rs 9mn (vs Rs 70mn in Q4FY25).

Outlook: KJC guides that domestic demand remains soft due to weak real estate activity, but is expected to improve post Q2FY26. Management believes that the tiles exports scenario is expected to pick up in the coming months. The company has not shared tiles volume and margin guidance for FY26 but expects to see the full benefit of cost rationalisation in the coming quarters. Bathware/adhesive revenue is targeted to grow at 24%/56% YoY in FY26.

Downgrade from BUY to HOLD; TP raise by 30% to Rs 1,200: We expect KJC's EPS to grow at a strong 20.1% CAGR over FY25-FY28E. However, we downgrade our rating from BUY to HOLD, as the positive earnings trigger is already factored in the current rich valuation (trades at 40.0x on 1YF P/E vs pre-Covid 5Y average of 35.0x). We have raised our TP to Rs 1,200 per share (Rs 925 earlier), due to earnings upgrade (+18.7%/+8.6% for FY26E/ FY27E) mainly to factor the benefit of cost savings projects as well as the increase in our target P/E multiple (from 30x to 35x) on Jun'27 estimates (Mar'27 earlier).

Key changes

Target	Rating
▲	▼

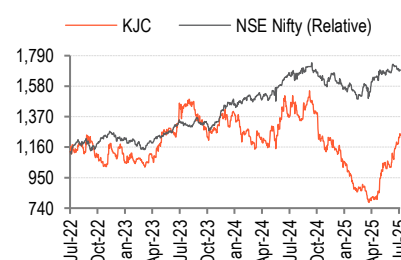
Ticker/Price	KJC IN/Rs 1,242
Market cap	US\$ 2.3bn
Free float	53%
3M ADV	US\$ 7.0mn
52wk high/low	Rs 1,579/Rs 759
Promoter/FPI/DII	47%/13%/27%

Source: NSE | Price as of 22 Jul 2025

Key financials

Y/E 31 Mar	FY25A	FY26E	FY27E
Total revenue (Rs mn)	46,351	49,397	53,998
EBITDA (Rs mn)	6,262	7,791	8,637
Adj. net profit (Rs mn)	3,426	4,739	5,336
Adj. EPS (Rs)	21.5	29.7	33.5
Consensus EPS (Rs)	18.5	27.0	33.2
Adj. ROAE (%)	12.5	16.2	16.8
Adj. P/E (x)	57.7	41.7	37.1
EV/EBITDA (x)	31.9	25.8	23.4
Adj. EPS growth (%)	(21.0)	38.3	12.6

Source: Company, Bloomberg, BOBCAPS Research

Stock performance

Source: NSE



Fig 1 – Quarterly performance - Consolidated

Particulars (Rs mn)	Q1FY26	Q1FY25	YoY (%)	Q4FY25	QoQ (%)	BOBCAPS Q1FY26E	Variance (%)
Total operating income	11,027	10,958	0.6	12,219	(9.7)	11,459	(3.8)
Raw-Material expense	4,425	4,577	(3.3)	5,395	(18.0)		
Gross Profit	6,603	6,381	3.5	6,824	(3.2)		
Employee expense	1,360	1,350	0.7	1,433	(5.1)		
Power & Fuel costs	2,240	2,127	5.3	2,340	(4.3)		
Other expense	1,135	1,194	(5.0)	1,667	(31.9)		
EBITDA	1,869	1,710	9.3	1,384	35.0	1,508	23.9
D&A	436	419	4.1	434	0.5		
EBIT	1,432	1,291	11.0	949	50.9		
Interest cost	52	33	57.3	60	(13.4)		
Non-operating expense/(income)	(141)	(78)	81.0	(195)	(27.3)		
PBT	1,522	1,336	13.9	1,084	40.4		
Tax	396	358	10.6	344	15.1		
Reported PAT from continued operations	1,126	978	15.1	740	52.1		
Profit/(loss) from discontinued operations	(23)	(55)	(58.7)	(308)	(92.7)		
Reported PAT	1,103	923	19.5	432	155.4		
Minority Interest	13	25	(46.8)	7	101.5		
Reported PAT after Minority Interest	1,090	898	21.3	425	156.2		
Adjusted PAT	1,090	898	21.3	733	48.6	817	33.4
As % of net revenues			(bps)		(bps)		
Gross margin	59.9	58.2	164	55.8	403		
Employee cost	12.3	12.3	1	11.7	61		
Power costs	20.3	19.4	90	19.1	116		
Other cost	10.3	10.9	(61)	13.6	(336)		
EBITDA margin	16.9	15.6	134	11.3	562		
Tax rate	26.0	26.8	(77)	31.8	(572)		
APAT margin	9.9	8.2	169	6.0	388		

Source: Company, BOBCAPS Research

Fig 2 – Segment performance

Particulars	Q1FY26	Q1FY25	YoY (%)	Q4FY25	QoQ (%)
Revenue (Rs mn)					
Tiles	10,113	10,048	0.6	11,113	(9.0)
Non-Tile (Bathware)	915	910	0.5	1,105	(17.2)
Total	11,027	10,958	0.6	12,219	(9.7)
EBIT margin (%)					
- Tile	13.7	12.6	115bps	8.3	547bps
- Non-Tile (Bathware)	4.7	2.8	190bps	2.8	194bps
Total	13.0	11.8	121bps	7.8	522bps
Operational Data					
Tiles Sales Volume (msm)	27.2	27.0	0.7	30.1	(9.7)
Tiles Realization (Rs/sqm)	363	367	(1.1)	362	0.4
Tiles EBIT per unit (Rs/sqm)	51	47	9.0	31	67.5

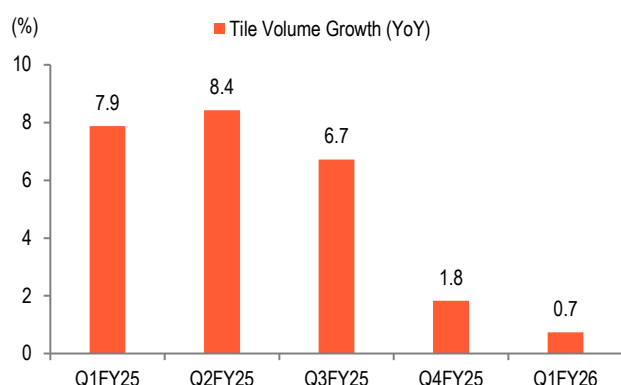
Source: Company, BOBCAPS Research

Earnings call highlights

- **Tiles demand scenario:** The company guides that domestic demand remains soft due to weak real estate activity. Management expects demand conditions to improve post Q2FY26, to be driven by increased government spending on infrastructure projects.
- **Tiles exports scenario:** Indian tiles exports are estimated to be around Rs 45bn in Q1FY26. Management expects Indian tiles exports to be Rs 180-200bn in FY26 in anticipation of a pickup in exports in the coming months.
- **Tiles pricing scenario:** remains stable in Q1FY26. Management does not expect any price hike to be implemented in the domestic market in near future, due to a muted demand environment.
- **Cost optimisation projects:** KJC has discontinued the economy-range products and would sell its product under the Kajaria brand name. Promoters have voluntarily foregone salary (Rs 170mn in FY25) till the time the company's annual operating profit reaches Rs 10bn (vs Rs 6.3bn in FY25). KJC has integrated its ceramic, PVT, and GVT tile sales force into a single marketing and sales team to enhance efficiency, reduce costs, and improve responsiveness to market dynamics. The integration project is partially completed in Q1FY26 and is expected to be fully implemented in the near future. The company has reduced its brand spend by concentrating its effort to spend more on tier 2 & 3 cities.
- **Tiles:** Revenue grew by 0.6% YoY, driven by higher volumes (+0.7%). Tiles realisation was relatively stable (+0.4% QoQ) in Q1FY26. Segment EBIT margin improved by 115bps YoY to 13.7%, owing to lower raw-material cost and the benefit of cost optimisation projects.
- **Fuel:** Average fuel costs were Rs37/unit (North: Rs 38/unit; South: Rs 39/unit; West: Rs 36/unit) in Q1FY26. Fuel cost will likely be stable on a QoQ basis in Q2FY26.
- **Dealers:** KJC has now 1,850 dealers across India, out of which 440 are exclusive dealers.
- **Nepal plant:** Operating rate has gone up from 50% in Q4FY25 to 69% in Q1FY26. However, the share of profit from JV has gone down from Rs 70mn in Q4FY25 to Rs 9mn in Q1FY26. Management does not expect much contribution from this plant in the near term, due to low capacity utilisation.
- **Bathware:** Revenue grew at a muted pace of 0.5% YoY in Q1FY26. However, segment EBIT margin improved by 190bps YoY to 4.7%. The company expects segment revenue to grow at 24% YoY in FY26.
- **Plywood:** Operation has been discontinued in Q4FY25. The segment has booked salary expense of Rs 25mn in Q1FY26. Management expects the impact of Rs 10mn in Q2FY26 and nil from Q3FY26 onwards.
- **Adhesive:** Revenue grew by 63.5% YoY in Q1FY26. The company expects segment revenue to grow at 56% YoY in FY26.

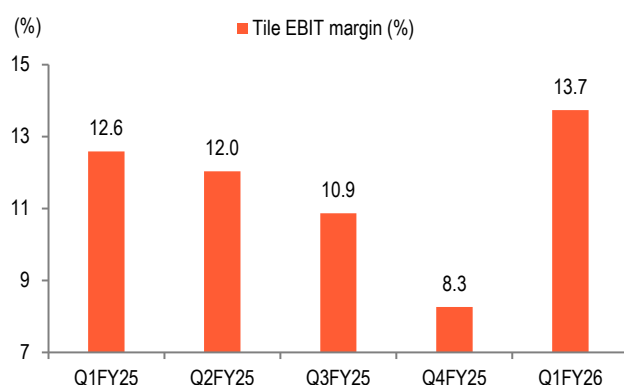
- **Working Capital:** Net working capital (WC) cycle has remained relatively stable at 73 days in Q1FY26 (vs 72 days in Q1FY25).
- **Capital allocation:** Net cash position has gone up from Rs 4.2bn in Mar'25 to Rs 5.2bn in Jun'25.
- **Capex:** KJC plans to spend Rs 2.0bn in FY26, of which Rs 0.75bn would be used for building up a new corporate office, Rs 1.0bn for maintenance capex, Rs 0.25bn for adhesive project and Rs 0.15-0.2 bn for the Nepal JV project. The company has no major growth capex plan in FY26.

Fig 3 – KJC's tile volumes grew at 0.7% YoY in Q1FY26 due to a muted demand environment



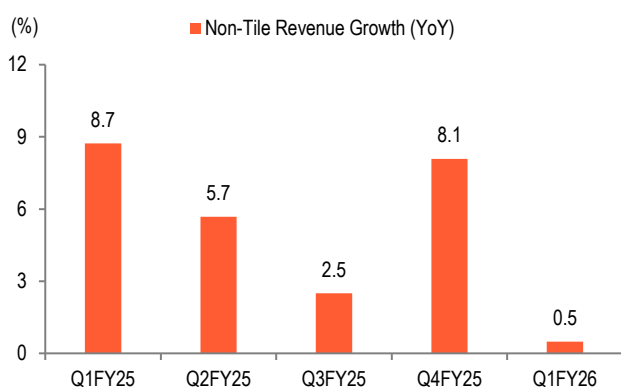
Source: Company, BOBCAPS Research

Fig 4 – However, tile EBIT margin improved by 115bps YoY to 13.7% on lower RM cost and better mix



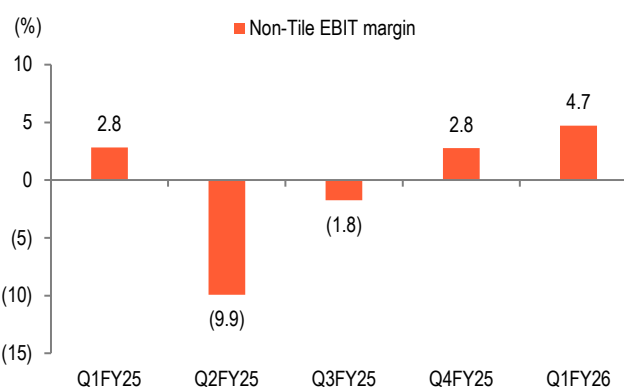
Source: Company, BOBCAPS Research

Fig 5 – Non-tile (i.e. bathware) revenue grew by 0.5% YoY in Q1FY26



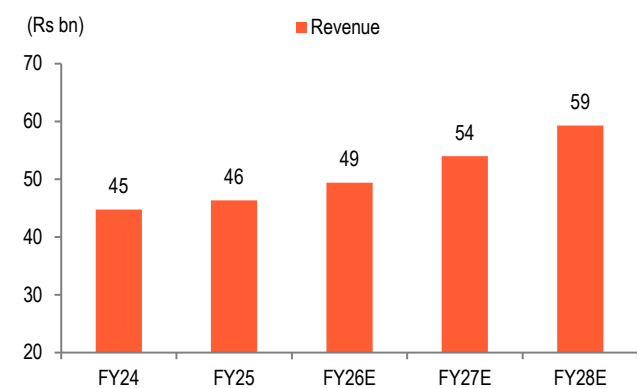
Source: Company, BOBCAPS Research

Fig 6 – Non-tile EBIT margin also improved by 190bps YoY to 4.7% in Q1FY26



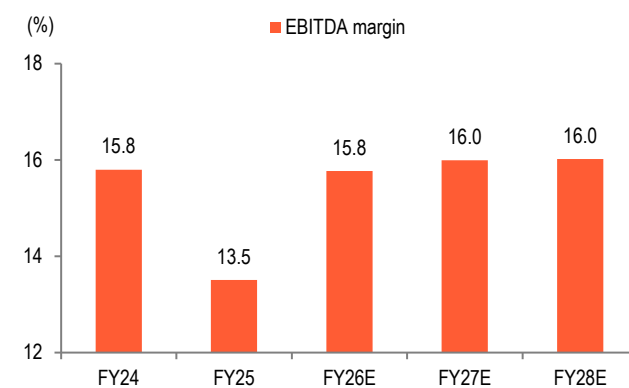
Source: Company, BOBCAPS Research

Fig 7 – KJC's revenue projected to grow at 8.6% CAGR over FY25-FY28E



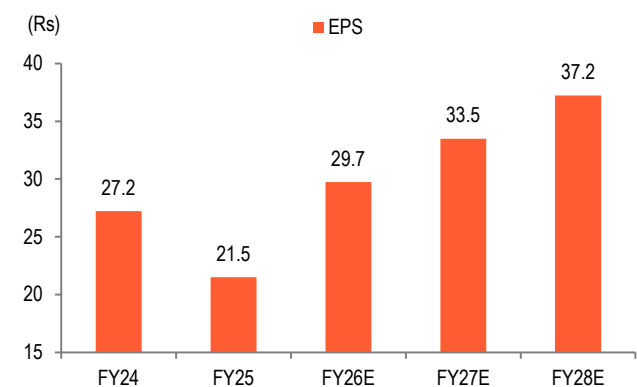
Source: Company, BOBCAPS Research

Fig 8 – KJC EBITDA margin is projected to be near to its 10Y avg level of 16.3% over FY26E-FY28E



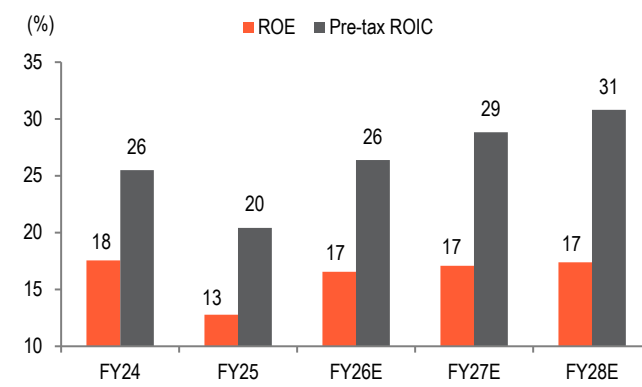
Source: Company, BOBCAPS Research

Fig 9 – EPS is forecast to grow at 20.0% CAGR over FY25-FY28E



Source: Company, BOBCAPS Research

Fig 10 – KJC is likely to generate a healthy return ratio over FY26E-FY28E



Source: Company, BOBCAPS Research

Valuation Methodology

We expect KJC's EPS to grow at a strong 20.1% CAGR over FY25-FY28E. However, we downgrade our rating on the stock from BUY to HOLD, as the positives earnings trigger is already factored in the current rich valuation (trades at 40.0x on 1YF P/E vs pre-Covid 5Y average of 35.0x).

KJC stock has traded at 45.2x on 1YF P/E basis over the last 5 years. We believe the stock is not expected to trade at such premium to its pre-Covid average level due to moderation in the tiles volume growth run-rate (from 9.1% CAGR over FY14-FY19 to 6.1% over FY19-FY25) and ROE profile (from 23.5% over FY14-FY19 to 16.4% over FY20-FY25).

Fig 11 – KJC volume growth and ROE profile during pre and post Covid period

Particulars	FY14-FY19	FY19-FY25	FY25-FY28E
Tiles volume growth CAGR (%)	9.1	6.1	5.6
ROE (%)	23.5	16.4	17.0
Average P/E multiple (x)	35.1	44.1	NA

Source: Company, BOBCAPS Research

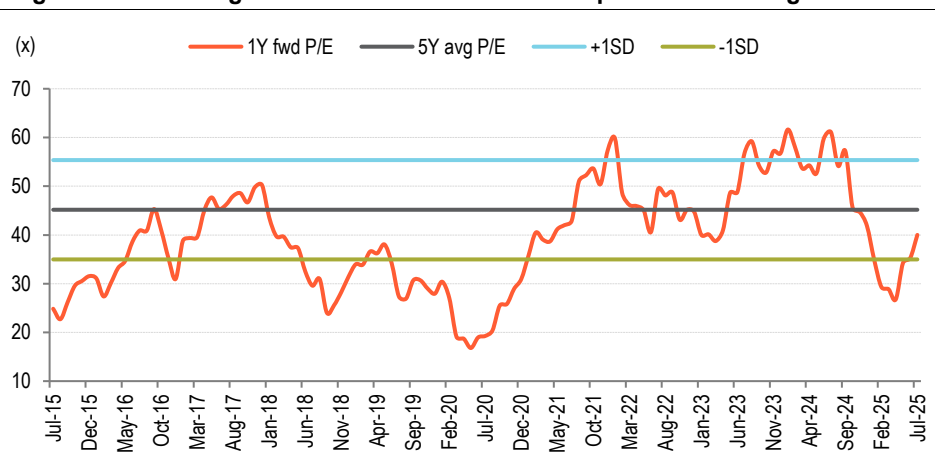
We have raised our TP to Rs 1,200 per share (Rs 925 earlier), due to earnings upgrade (+18.7%/+8.6% for FY26E/ FY27E), mainly to factor the benefit of cost savings projects as well as the increase in our target P/E multiple (from 30x to 35x) on Jun'27 estimates (Mar'27 earlier). We project KJC tiles volume to grow at a modest 5.6% CAGR over FY25-FY28E. We expect EBITDA margin to be around 16.0% over FY26E-FY28E, — near to its 10Y avg of 16.3%.

Fig 12 – Revised estimates

Particulars	New		Old		Change (%)	
	FY26E	FY27E	FY26E	FY27E	FY26E	FY27E
Consolidated (Rs bn)						
Total operating income	49.4	54.0	50.3	55.5	(1.9)	(2.6)
EBITDA	7.8	8.6	7.0	8.4	11.3	3.3
EBITDA Margin	15.8	16.0	13.9	15.1	187bps	92bps
Adjusted PAT	4.7	5.3	4.0	4.9	18.7	8.6
EPS (Rs)	29.7	33.5	25.1	30.8	18.7	8.6

Source: BOBCAPS Research

Fig 13 – KJC trading at 40.0x on 1Y forward P/E vs. pre COVID 5Y avg of 35.0x



Source: Bloomberg, BOBCAPS Research

Fig 14 – Key assumptions

Particulars (%)	FY24A	FY25A	FY26E	FY27E	FY28E
Tile Volume Growth	6.3	6.1	4.5	6.5	5.8
Tile Realization Growth	(3.3)	(3.1)	(0.3)	1.0	2.0
Tile Revenue Growth	2.8	2.7	4.2	7.6	7.9
Non-Tile Revenue Growth	20.2	(1.2)	16.2	21.7	22.1
Non-Tile Revenue Share	11.3	10.9	12.0	13.4	14.9

Source: Company, BOBCAPS Research

Key risks

Key upside/downside risks to our estimates:

- Better-than-expected recovery in real estate demand and sharp improvement in non-tile segment margins are key upside risks.
- Market share loss in tiles and a steep decline in tile exports from India are key downside risks.

Financials

Income Statement

Y/E 31 Mar (Rs mn)	FY24A	FY25A	FY26E	FY27E	FY28E
Total revenue	44,740	46,351	49,397	53,998	59,303
EBITDA	7,068	6,262	7,791	8,637	9,501
Depreciation	1,476	1,654	1,759	1,828	1,889
EBIT	5,593	4,608	6,032	6,810	7,612
Net interest inc./(exp.)	(173)	(200)	(208)	(208)	(208)
Other inc./(exp.)	462	427	530	530	530
Exceptional items	113	483	0	0	0
EBT	5,768	4,352	6,354	7,132	7,934
Income taxes	1,435	1,360	1,630	1,816	2,018
Extraordinary items	0	0	0	0	0
Min. int./Inc. from assoc.	(113)	(49)	15	20	13
Reported net profit	4,221	2,943	4,739	5,336	5,929
Adjustments	113	483	0	0	0
Adjusted net profit	4,335	3,426	4,739	5,336	5,929

Balance Sheet

Y/E 31 Mar (Rs mn)	FY24A	FY25A	FY26E	FY27E	FY28E
Accounts payables	2,933	3,381	3,603	3,939	4,326
Other current liabilities	2,385	2,352	2,352	2,352	2,352
Provisions	278	299	318	348	382
Debt funds	1,706	1,759	1,729	1,731	1,747
Other liabilities	1,372	1,670	1,670	1,670	1,670
Equity capital	159	159	159	159	159
Reserves & surplus	26,006	27,284	29,715	32,452	35,493
Shareholders' fund	26,756	28,101	30,475	33,148	36,118
Total liab. and equities	35,429	37,562	40,147	43,187	46,595
Cash and cash eq.	5,141	5,829	7,727	9,350	11,161
Accounts receivables	6,194	5,702	6,077	6,643	7,295
Inventories	5,322	6,181	6,225	6,864	7,650
Other current assets	970	474	501	541	587
Investments	148	302	302	302	302
Net fixed assets	15,336	15,839	16,080	16,253	16,364
CWIP	679	1,087	1,087	1,087	1,087
Intangible assets	1,041	1,335	1,335	1,335	1,335
Deferred tax assets, net	185	53	53	53	53
Other assets	412	760	760	760	760
Total assets	35,429	37,562	40,147	43,187	46,595

Cash Flows

Y/E 31 Mar (Rs mn)	FY24A	FY25A	FY26E	FY27E	FY28E
Cash flow from operations	6,525	5,312	6,265	6,263	6,740
Capital expenditures	(3,249)	(2,859)	(2,000)	(2,000)	(2,000)
Change in investments	(129)	(154)	0	0	0
Other investing cash flows	225	190	293	293	293
Cash flow from investing	(3,153)	(2,823)	(1,707)	(1,707)	(1,707)
Equities issued/Others	0	0	0	0	0
Debt raised/repaid	(387)	54	(30)	2	16
Interest expenses	(173)	(200)	(208)	(208)	(208)
Dividends paid	(1,963)	(1,434)	(2,308)	(2,599)	(2,888)
Other financing cash flows	353	(222)	(113)	(128)	(142)
Cash flow from financing	(2,169)	(1,802)	(2,659)	(2,933)	(3,221)
Chg in cash & cash eq.	1,203	688	1,899	1,623	1,811
Closing cash & cash eq.	5,141	5,829	7,727	9,350	11,161

Per Share

Y/E 31 Mar (Rs)	FY24A	FY25A	FY26E	FY27E	FY28E
Reported EPS	26.5	18.5	29.7	33.5	37.2
Adjusted EPS	27.2	21.5	29.7	33.5	37.2
Dividend per share	12.0	9.0	14.5	16.3	18.1
Book value per share	164.3	172.3	187.5	204.7	223.8

Valuations Ratios

Y/E 31 Mar (x)	FY24A	FY25A	FY26E	FY27E	FY28E
EV/Sales	4.5	4.3	4.1	3.7	3.4
EV/EBITDA	28.2	31.9	25.8	23.4	21.5
Adjusted P/E	45.6	57.7	41.7	37.1	33.4
P/BV	7.6	7.2	6.6	6.1	5.5

DuPont Analysis

Y/E 31 Mar (%)	FY24A	FY25A	FY26E	FY27E	FY28E
Tax burden (Net profit/PBT)	75.1	78.7	74.6	74.8	74.7
Interest burden (PBT/EBIT)	103.1	94.4	105.3	104.7	104.2
EBIT margin (EBIT/Revenue)	12.5	9.9	12.2	12.6	12.8
Asset turnover (Rev./Avg TA)	126.3	123.4	123.0	125.0	127.3
Leverage (Avg TA/Avg Equity)	1.4	1.4	1.4	1.4	1.3
Adjusted ROAE	17.1	12.5	16.2	16.8	17.1

Ratio Analysis

Y/E 31 Mar	FY24A	FY25A	FY26E	FY27E	FY28E
YoY growth (%)					
Revenue	2.1	3.6	6.6	9.3	9.8
EBITDA	19.1	(11.4)	24.4	10.9	10.0
Adjusted EPS	23.3	(21.0)	38.3	12.6	11.1
Profitability & Return ratios (%)					
EBITDA margin	15.8	13.5	15.8	16.0	16.0
EBIT margin	12.5	9.9	12.2	12.6	12.8
Adjusted profit margin	9.7	7.4	9.6	9.9	10.0
Adjusted ROAE	17.1	12.5	16.2	16.8	17.1
ROCE	21.3	16.9	20.4	21.0	21.5
Working capital days (days)					
Receivables	51	45	45	45	45
Inventory	43	49	46	46	47
Payables	24	27	27	27	27
Ratios (x)					
Gross asset turnover	1.9	1.8	1.8	1.8	1.9
Current ratio	2.6	2.6	2.8	3.0	3.2
Net interest coverage ratio	32.3	23.0	29.1	32.8	36.7
Adjusted debt/equity	(0.1)	(0.1)	(0.2)	(0.2)	(0.3)

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%

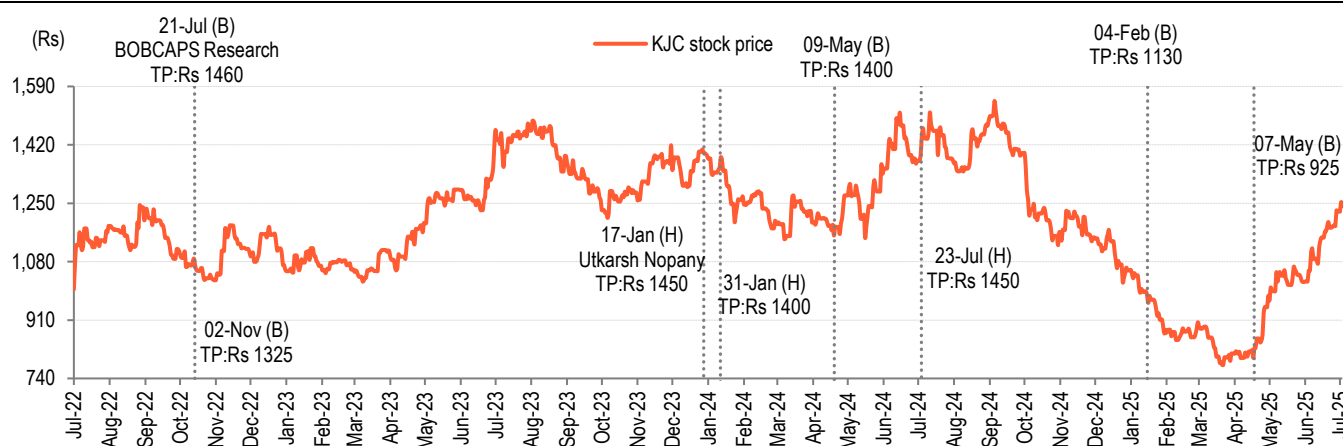
HOLD – Expected return from -6% to +15%

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): KAJARIA CERAMICS (KJC 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.