

HOLD

TP: Rs 794 | ▼ 5%

LAURUS LABS

| Pharmaceuticals

| 28 July 2025

Healthy performance to continue

- **Massive beat in earnings on all fronts. Overall healthy performance driven by non-ARV and CDMO sales, resulting in 24.3% EBITDA Margin**
- **CDMO sales contribution rose to 31% in 1QFY26 from 26% in 4QFY25 and has the potential to scale up to 50% over a period**
- **Due to a quicker shift in product mix towards CDMO, we ascribe a higher PE of 56x on June'27 to arrive at TP of Rs 794 (earlier Rs 641)**

Foram Parekh

research@bobcaps.in

Massive beat on all fronts: Sales grew by 31% YoY, driven by 130% YoY growth in CDMO and 50% growth in formulations, offset by 33% YoY decline in Laurus Bio and 4% YoY decline in generics API. The change in product mix resulted in a 432 bps YoY increase in gross margin, and 1,000 bps in EBITDA margin; as well as 123% YoY growth in EBITDA. Overall, healthy operations resulted in a multifold jump in PAT.

Good visibility in CDMO: LAURUS reported 130% YoY growth in the CDMO segment, primarily driven by several mid-to-late-stage NCE deliveries and higher sales from the new manufacturing unit. During the quarter, the animal health segment also contributed to the growth. Overall, Laurus has a healthy pipeline of 110 active projects, where 90 projects are in human health and 20 in animal health. The company is also scaling up fermentation capacity to 400kl in phase 1 that is expected to scale up to 2mn litres eventually, building good visibility of growth in the CDMO segment. Hence, we expect sales to grow at 40% CAGR from FY26-28E and the contribution to inch from 25% in FY25 to 45% in FY28E.

Current margins look sustainable: Due to a change in the product mix, LAURUS reported 59.4% gross margin and 24.3% EBITDA margin. The current change in product mix is expected to continue, where the company is witnessing healthy demand in its small molecules from the existing and new clients. CDMO contribution has gone up from 27% in 4QFY25 to 31% in 1QFY26; management sees the potential to reach up to 50% of sales over a period. We believe as the CDMO contribution grows, margins would inch up. Hence, we expect EBITDA margin to increase to 28% by FY28E from 19% in FY25.

Maintain HOLD: Factoring in the shift in focus from generics to CDMO, we have raised our FY26 and FY27 EPS by 28% and 19% to Rs 13.2 and 17.1 per share respectively. Modeling in FY28 estimates, we arrive at a sales/EBITDA/PAT CAGR of 18%/22%/25% from FY26-28E. We roll forward the valuation to June'27, ascribing 56x PE (earlier 50x PE), due to a quicker shift in the product mix towards CDMO to arrive at TP of Rs 794 (earlier Rs 641). We maintain HOLD.

Key changes

Target	Rating
▲	◀ ▶

Ticker/Price	LAURUS IN/Rs 838
Market cap	US\$ 5.2bn
Free float	74%
3M ADV	US\$ 16.4mn
52wk high/low	Rs 846/Rs 414
Promoter/FPI/DII	27%/23%/5%

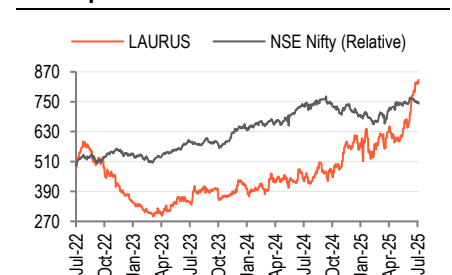
Source: NSE | Price as of 25 Jul 2025

Key financials

Y/E 31 Mar	FY25A	FY26E	FY27E
Total revenue (Rs mn)	55,540	63,175	73,879
EBITDA (Rs mn)	10,553	16,425	19,947
Adj. net profit (Rs mn)	3,583	7,099	9,156
Adj. EPS (Rs)	6.7	13.2	17.1
Consensus EPS (Rs)	6.7	10.8	15.9
Adj. ROAE (%)	8.3	14.9	16.7
Adj. P/E (x)	125.5	63.3	49.1
EV/EBITDA (x)	45.0	29.2	24.1
Adj. EPS growth (%)	122.9	98.1	29.0

Source: Company, Bloomberg, BOBCAPS Research

Stock performance



Source: NSE



Financial Highlights

Fig 1 – Quarterly snapshot

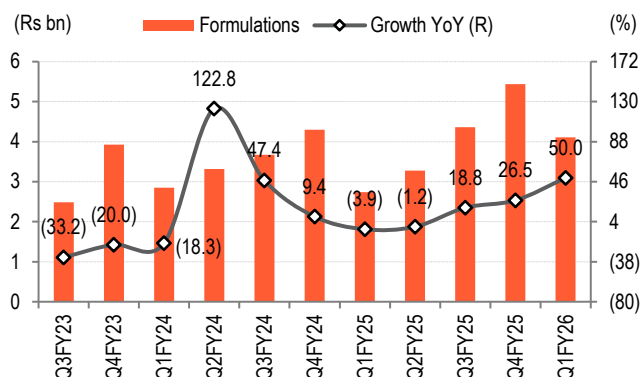
(Rs mn)	Q1FY26	Q1FY25	YoY (%)	Q4FY25	QoQ (%)	FY25	FY26E	FY27E	FY28E
Net Sales	15,696	11,949	31.4	17,203	(8.8)	55,540	63,175	73,879	87,609
Total Expenses	11,874	10,237		12,997		44,987	46,749	53,931	63,078
(%) of net sales	76	86		76		81	74	73	72
Raw material consumed	6,374	5,369	18.7	7,827	(18.6)	24,780	25,270	28,813	34,167
(%) of net sales	41	45		45		45	40	39	39
Staff cost	2,148	1,740	23.5	1,777	20.9	7,195	8,213	9,604	10,513
(%) of net sales	14	15		10		13	13	13	12
SG&A	3,353	3,129	7.2	3,393	(1.2)	10,235	10,740	12,559	14,893
(%) of net sales	21.4	26.2		19.7		18	17	17	17
EBITDA	3,821	1,712	123.2	4,206	(9.1)	10,553	16,425	19,947	24,530
Depreciation	1,168	1,061	10.2	1,104	5.8	4,301	5,185	5,985	6,785
EBIT	2,653	651	307.3	3,102	(14.5)	6,252	11,241	13,963	17,746
Interest	515	492	4.7	564	(8.7)	2,160	2,279	2,328	2,561
Other Income	104	25	315.5	586	(82.2)	751	632	739	876
PBT	2,242	185	1114.6	3,123	(28.2)	4,843	9,593	12,373	16,061
Less: Taxation	631	63	910.2	785	(19.5)	1,299	2,494	3,217	4,176
Less: Minority Interest	(19)	(3)	546.7	9	(315.6)	(39)	0	0	0
Recurring PAT	1,630	125	1203.1	2,330	(30.0)	3,544	7,099	9,156	11,885
Key Ratios (%)									
Gross Margin	59.4	55.1	432	54.5	489	55.4	60.0	61.0	61.0
EBITDA Margin	24.3	14.3	1002	24.4	(10)	19.0	26.0	27.0	28.0
Tax / PBT	28.2	33.9	(570)	25.1	304	26.8	26.0	26.0	26.0
NPM	10.4	1.0	934	13.5	(316)	6.4	11.2	12.4	13.6
EPS (Rs)	3.0	0.2	1,203.1	4.3	(30.0)	6.6	13.2	17.0	22.1

Source: Company, BOBCAPS Research

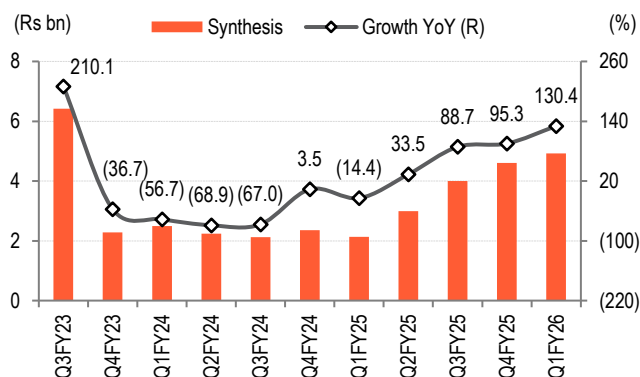
Fig 2 – Revenue Mix

(Rs Mn)	Q1FY26	Q1FY25	YoY (%)	Q4FY25	QoQ (%)	FY25	FY26E	FY27E	FY28E
Generics – API	6,370	6,640	(4.1)	6,860	(7.1)	24,380	25,599	27,391	29,034
CDMO	4,930	2,140	130.4	4,610	6.9	13,740	19,923	27,892	39,049
Formulations	4,110	2,740	50.0	5,440	(24.4)	15,820	16,453	17,275	18,139
Bio	290	430	(32.6)	290	0.0	1,600	1,200	1,320	1,386
Net Sales	15,699	11,955	31.3	17,199	(8.7)	55,540	63,171	73,874	87,604

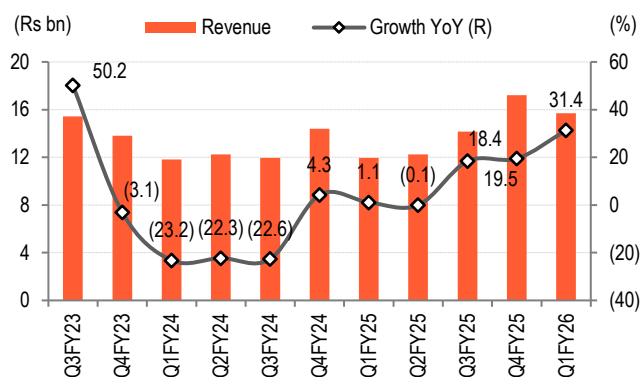
Source: Company, BOBCAPS Research

Fig 3 – Formulation sales picking up with higher shipment


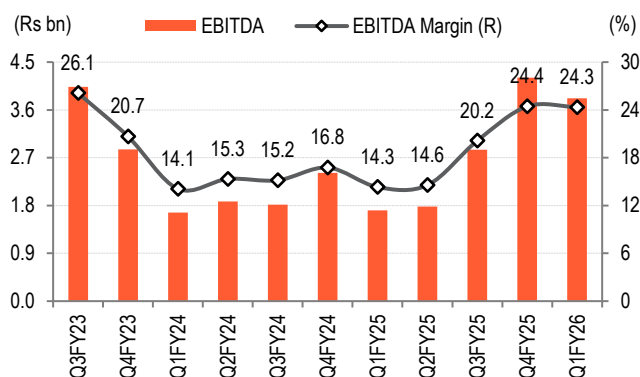
Source: Company, BOBCAPS Research

Fig 4 – CDMO sales growing with a good demand for small molecules from innovators


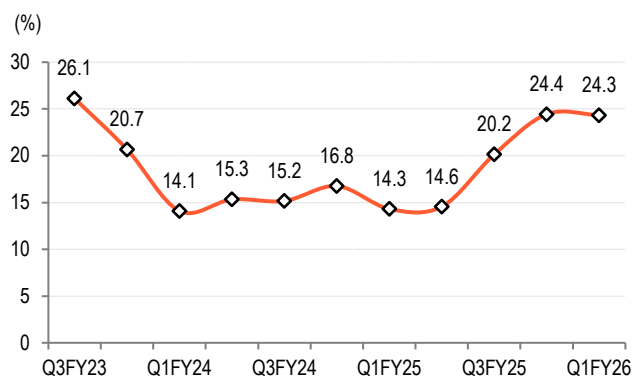
Source: Company, BOBCAPS Research

Fig 5 – Revenue increasing with the rise in CDMO sales


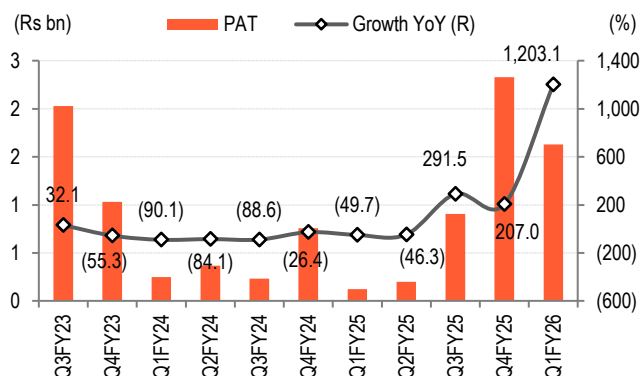
Source: Company, BOBCAPS Research

Fig 6 – EBITDA growth sustaining with higher traction in non-ARV and CDMO sales


Source: Company, BOBCAPS Research

Fig 7 – EBITDA margin towards highs due to higher traction in CDMO


Source: Company, BOBCAPS Research

Fig 8 – Healthy operations led to a healthy PAT


Source: Company, BOBCAPS Research

Earnings Call Highlights

Capex Plan: Three majority capacity expansion plans: 1) Microbial fermentation phase-I greenfield project advisor 2) gene therapy and Antibody drug conjugate GLP facility at Shamirpet 3) finished formulation facility in Hyderabad under the Krka joint venture.

CDMO:— Seeing very good progress in the segment with sustained demand in high-value integrated offerings. The growth was mainly driven by several mid-to-late-stage NCE deliveries and the ramp-up in sales of new manufacturing assets. Pipeline momentum was healthy across the clinical commercial phase with the mix shifting towards increased Big Pharma projects.

Customer interest: A lot of customer interest was seen around biocatalysis, flow chemistry, high energy chemistry controls, manufacturing, peptide manufacturing, etc.

Pipeline products: The company has a pipeline of 110+ active projects, over 90 in human health and about 20 in animal health and crop sciences.

Segments contribution: There were contributions from human health and animal health during the quarter. Nothing significant from crop sciences; meaningful revenues will only come in the next financial year.

Facility distribution: Facilities for animal health are segregated and dedicated, Similarly, the crop science facilities are also segregated and dedicated; whereas in human health, we have a large capacity where multiple sites can be operated for multiple projects at multiple scales.

Laurus Bio: Sales were impacted from the customer-specific scale-up challenges. However, management remains focused on building strong diversified pipelines across segments and customers. LAURUS has a few potential long-term partnerships under discussion with the new and existing CDMO partners utilising enjoying engineering platform.

Vizag facility: Construction work for commercial scale fermentation facility in Vizag commenced this quarter. The plan is to create 400+ km capacity in phase-I, which is expected to go on by the end of 2028 and will go to 2 mn litres in two more phases as company have very good visibility about utilization of that fermentation site.

Generics: Growth in the segment was driven by volume expansion in both ARV and developed market sales.

Filings: Filed over 90 DMFs till date, and one dossier filed and received three approval in Q1. Cumulatively, we have filed 88 products. The overall demand outlook is largely stable in the generics business.

Capital allocation: The company's strategy remains unchanged and will continue prioritizing into high-value business segments to drive near and long-term growth and returns for shareholders.

Gross Margin: Earlier gross margin was ~52%. The company expects to increase to and sustain at 55-60%.

Outlook on innovators: These big pharma companies in US have very large pipeline. Probably, a part of the supply chain will be in India, while the other part will be located out of India. Multiple announcements of investments in the US are unlikely to move core chemistry to India, however, cell and gene therapies may be moved, finishing the steps. However, demand for intermediates will stay constant or will rise, and probably for small molecules APIs as well; which are unlikely to move to the U.S.

ARV sales: ARV sales are Rs 6.4bn, out of which, API sales Rs 3.60 bn, and ARV formulation Rs 2.80bn.

ADC: The company is making payloads and linkers, and does not intend making MABs. Later manufacture conjugation, purification, and fill finish. That's the infrastructure resources LAURUS is building, internally.

Valuation Methodology

LAURUS reported a healthy set of earnings, surpassing our estimates massively on all fronts. The strong performance was driven by lower growth in ARV sales and higher growth in non-ARV sales like Formulations and CDMO. LAURUS witnessed strong demand for its integrated products of small molecules, resulting in CDMO contribution inching to 31% of sales during the quarter. Overall, due to the change in product mix, gross margin and EBITDA margin increased steeply to 59% and 24% respectively.

Management is witnessing a huge demand for CDMO projects. Hence, installing a 400K greenfield fermentation plant in Vizag in phase 1 and expects to scale further to 2mn litres over a period. For this expansion, the company intends to spend a capex of Rs 50bn over a period, which they believe can be internally funded. Strong demand and commercialisation of the Vizag plant can result in the CDMO contribution going up to 50% of sales. Management also intends to diversify into ADC technique, where it currently makes Payloads and Linkers and later manufactures conjugation and does the fill finish. Management also expects the Laurus Bio segment to pick up as the bottleneck seems resolved during the quarter.

Factoring in the shift in focus from generics to CDMO, we increase our FY26 and FY27 EPS by 28% and 19% to Rs 13.2 and 17.1 per share respectively. Modeling in FY28 estimates, we arrive at sales/EBITDA/PAT CAGR of 18%/22%/25% from FY26-28E. We roll forward the valuation to June'27, ascribing 56x PE (earlier 50x PE), due to a quicker shift in the product mix towards CDMO to arrive at TP of Rs 794 (earlier Rs 641). We maintain HOLD.

Fig 9 – Change in Estimates

(Rs mn)	Revised		Old		Change (%)	
	FY26E	FY27E	FY26E	FY27E	FY26E	FY27E
Sales	63,175	73,879	61,954	66,919	2.0	10.4
EBITDA	16,425	19,947	13,940	17,480	17.8	14.1
EBITDA margin (%)	26.0	27.0	22.5	26.1	350bps	88bps
EPS (Rs)	13.2	17.1	10.3	14.3	28.4	19.3

Source: Company, BOBCAPS Research

Financials

Income Statement

Y/E 31 Mar (Rs mn)	FY24A	FY25A	FY26E	FY27E	FY28E
Total revenue	50,410	55,540	63,175	73,879	87,609
EBITDA	7,777	10,553	16,425	19,947	24,530
Depreciation	3,846	4,301	5,185	5,985	6,785
EBIT	3,931	6,252	11,241	13,963	17,746
Net interest inc./(exp.)	(1,829)	(2,160)	(2,279)	(2,328)	(2,561)
Other inc./(exp.)	263	751	632	739	876
Exceptional items	0	0	0	0	0
EBT	2,365	4,843	9,593	12,373	16,061
Income taxes	682	1,299	2,494	3,217	4,176
Extraordinary items	0	0	0	0	0
Min. int./Inc. from assoc.	77	(39)	0	0	0
Reported net profit	1,607	3,583	7,099	9,156	11,885
Adjustments	0	0	0	0	0
Adjusted net profit	1,607	3,583	7,099	9,156	11,885

Balance Sheet

Y/E 31 Mar (Rs mn)	FY24A	FY25A	FY26E	FY27E	FY28E
Accounts payables	10,512	9,585	9,519	10,728	12,721
Other current liabilities	3,858	5,378	6,317	7,388	8,761
Provisions	1,183	1,354	1,490	1,639	1,803
Debt funds	27,162	31,013	34,114	37,526	41,278
Other liabilities	0	0	0	0	0
Equity capital	1,078	1,078	1,078	1,078	1,078
Reserves & surplus	40,078	44,947	49,866	58,011	68,886
Shareholders' fund	41,156	46,025	50,943	59,089	69,963
Total liab. and equities	83,870	93,355	102,385	116,369	134,527
Cash and cash eq.	1,417	1,505	3,877	4,151	8,321
Accounts receivables	16,629	20,072	20,770	26,313	31,203
Inventories	18,454	19,365	20,251	22,265	26,403
Other current assets	3,002	4,265	3,790	5,171	6,133
Investments	1,240	2,333	2,566	2,822	3,105
Net fixed assets	36,247	38,576	43,391	47,407	50,622
CWIP	4,228	4,584	5,084	5,584	6,084
Intangible assets	2,653	2,656	2,656	2,656	2,656
Deferred tax assets, net	0	0	0	0	0
Other assets	0	0	0	0	0
Total assets	83,870	93,355	102,385	116,369	134,527

Cash Flows

Y/E 31 Mar (Rs mn)	FY24A	FY25A	FY26E	FY27E	FY28E
Cash flow from operations	4,902	3,032	12,184	8,630	12,211
Capital expenditures	(6,783)	(6,410)	(10,000)	(10,000)	(10,000)
Change in investments	(741)	(1,093)	(233)	(257)	(282)
Other investing cash flows	0	0	0	0	0
Cash flow from investing	(7,524)	(7,503)	(10,233)	(10,257)	(10,282)
Equities issued/Others	1	0	0	0	0
Debt raised/repaid	5,087	3,852	3,101	3,411	3,753
Interest expenses	2	0	0	0	0
Dividends paid	(539)	(808)	(1,011)	(1,011)	(1,011)
Other financing cash flows	(997)	1,516	(1,670)	(500)	(500)
Cash flow from financing	3,554	4,559	421	1,901	2,242
Chg in cash & cash eq.	932	88	2,372	274	4,171
Closing cash & cash eq.	1,417	1,505	3,877	4,151	8,321

Per Share

Y/E 31 Mar (Rs)	FY24A	FY25A	FY26E	FY27E	FY28E
Reported EPS	3.0	6.7	13.2	17.1	22.1
Adjusted EPS	3.0	6.7	13.2	17.1	22.1
Dividend per share	0.8	1.2	1.5	1.5	1.5
Book value per share	76.6	83.3	94.7	109.9	130.1

Valuations Ratios

Y/E 31 Mar (x)	FY24A	FY25A	FY26E	FY27E	FY28E
EV/Sales	9.4	8.6	7.6	6.5	5.5
EV/EBITDA	60.7	45.0	29.2	24.1	19.7
Adjusted P/E	279.7	125.5	63.3	49.1	37.8
P/BV	10.9	10.1	8.8	7.6	6.4

DuPont Analysis

Y/E 31 Mar (%)	FY24A	FY25A	FY26E	FY27E	FY28E
Tax burden (Net profit/PBT)	67.9	74.0	74.0	74.0	74.0
Interest burden (PBT/EBIT)	60.2	77.5	85.3	88.6	90.5
EBIT margin (EBIT/Revenue)	7.8	11.3	17.8	18.9	20.3
Asset turnover (Rev./Avg TA)	19.3	19.1	19.5	20.3	21.1
Leverage (Avg TA/Avg Equity)	1.6	1.7	1.7	1.7	1.6
Adjusted ROAE	3.9	8.3	14.9	16.7	18.5

Ratio Analysis

Y/E 31 Mar	FY24A	FY25A	FY26E	FY27E	FY28E
YoY growth (%)					
Revenue	(16.6)	10.2	13.7	16.9	18.6
EBITDA	(51.2)	35.7	55.7	21.4	23.0
Adjusted EPS	(79.7)	122.9	98.1	29.0	29.8

Profitability & Return ratios (%)

EBITDA margin	15.4	19.0	26.0	27.0	28.0
EBIT margin	7.8	11.3	17.8	18.9	20.3
Adjusted profit margin	3.2	6.5	11.2	12.4	13.6
Adjusted ROAE	3.9	8.3	14.9	16.7	18.5
ROCE	6.4	9.6	14.6	16.2	17.9

Working capital days (days)

Receivables	120	132	120	130	130
Inventory	134	127	117	110	110
Payables	76	63	55	53	53

Ratios (x)

Gross asset turnover	0.9	0.9	0.9	0.9	1.0
Current ratio	2.5	2.8	2.8	2.9	3.1
Net interest coverage ratio	2.1	2.9	4.9	6.0	6.9
Adjusted debt/equity	0.6	0.7	0.6	0.6	0.5

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%

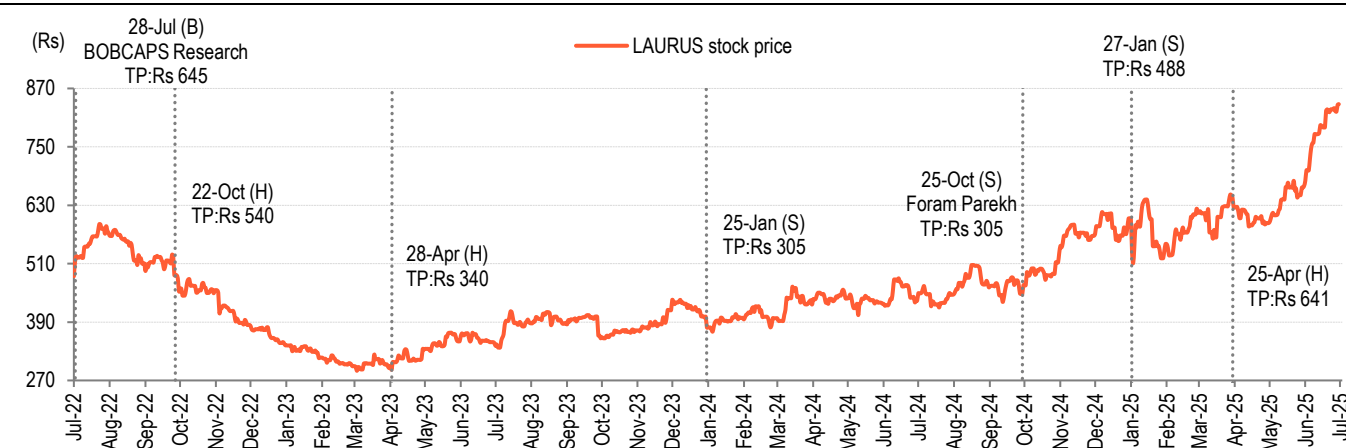
HOLD – Expected return from -6% to +15%

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): LAURUS LABS (LAURUS 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.