FIRST LIGHT

09 November 2023

RESEARCH

SHREE CEMENT | TARGET: Rs 24,792 | -6% | HOLD

Subpar quarter; earnings chasing valuations

CUMMINS INDIA | TARGET: Rs 2,200 | +29% | BUY

Strong operating performance; maintain BUY

ALEMBIC PHARMA | TARGET: Rs 700 | -5% | HOLD

Higher opex from new facilities to keep a lid on margins

VST TILLERS TRACTORS | TARGET: Rs 3,858 | +4% | HOLD

Healthy performance across segments

SUMMARY

SHREE CEMENT

- Q2 volume growth of 10% YoY could have been higher but for a pursuit of realisation gains (+10%)
- Operating efficiencies singed by higher power generation, with energy cost up 2% YoY despite lower pet coke prices
- TP reduces to Rs 24,792 (vs. Rs 25,731) as we cut FY25 EBITDA by 4%; maintain HOLD

Click here **for the full report.**

CUMMINS INDIA

- Q2 gross/EBITDA margins expand 500bps/320bps YoY on lower input costs, sustained pricing and better product mix
- Demand for CPCB-IV engines and faster inventory correction bode well for H2; longer-term positive outlook intact
- TP revised to Rs 2,200 (vs. Rs 2,110) as we raise FY24/FY25 EPS by 4% each and roll valuations over; maintain BUY

Click here **for the full report.**

Daily macro indicators

Indicator	6-Nov	7-Nov	Chg (%)
US 10Y yield (%)	4.64	4.57	(8bps)
India 10Y yield (%)	7.31	7.28	(3bps)
USD/INR	83.22	83.27	(0.1)
Brent Crude (US$/bbl)	85.2	81.6	(4.2)
Dow	34,096	34,153	0.2
Hang Seng	17,967	17,670	(1.6)
Sensex	64,959	64,942	0.0
India FII (US$ mn)	**3-Nov**	**6-Nov**	**Chg ($ mn)**
FII-D	67.5	(1.4)	(68.9)
FII-E	(10.3)	43.3	53.5

Source: Bank of Baroda Economics Research

BOBCAPS Research
research@bobcaps.in

ALEMBIC PHARMA

- Q2 revenue ticked up 8% YoY as healthy sales in international markets supported by modest India business
- EBITDA/PAT came in 13%/3% short of consensus as higher opex from three new facilities continued to dampen margins
- Our TP moves to Rs 700 (vs. Rs 615) as we revise estimates and raise our FY25E EV/EBITDA multiple from 11x to 12.5x; retain HOLD

Click here for the full report.

VST TILLERS TRACTORS

- Q2 revenue grew 19% YoY as volumes climbed 16% and realisation moved up 3%
- Raw material cost savings lifted gross/EBITDA margins by 360bps/ 170bps YoY
- TP raised to Rs 3,858 (Rs 3,464) as we increase FY24/FY25 EPS by 8%/9%; retain HOLD

Click here for the full report.

HOLD
TP: Rs 24,792 | ▼ 6%

SHREE CEMENT | Cement | 09 November 2023

Subpar quarter; earnings chasing valuations

- **Q2 volume growth of 10% YoY could have been higher but for a pursuit of realisation gains (+10%)**
- **Operating efficiencies singed by higher power generation, with energy cost up 2% YoY despite lower pet coke prices**
- **TP reduces to Rs 24,792 (vs. Rs 25,731) as we cut FY25 EBITDA by 4%; maintain HOLD**

Milind Raginwar | Shree Kirloskar
research@bobcaps.in

Topline growth steady in a monsoon quarter: SRCM's revenue grew 21% YoY (-8% QoQ) to Rs 45.8bn in Q2FY24, aided by volume growth of 10% YoY (-8% QoQ) to 8.2mn tonnes and a 10% YoY rise in aggregate realisations to Rs 5,594/t (flat QoQ). Higher volumes were helped by better YoY utilisation at 74% in the eastern region and 71% overall. SRCM's focus on higher pricing saw it foregoing better volume growth.

Energy expenses rise on higher power sales: Operating cost/tonne increased 4% YoY (flat QoQ) to Rs 4,533/t as energy cost grew 2% YoY to Rs 1,671/t. Although softer pet coke prices led to lower fuel cost, SRCM's energy cost increased due to higher power generation for external and captive sales at 880mn units (400mn units sold externally). Fuel cost declined to Rs 2.05/kcal from Rs 2.8/kcal in the year-ago quarter (Rs 2.34/kcal in Q1FY24). Raw material costs increased only 2% YoY to Rs 392/t and logistic cost was flat at Rs 1,160/t.

Low base effect pushes up EBITDA: Q2 EBITDA rose 66% YoY (-7% QoQ) to Rs 8.7bn coming off a soft base, with margin expansion to 19% from a weak 13.8% in Q2FY23 (flat QoQ). Power EBITDA stood at Rs 300mn. SRCM's EBITDA/t grew 46% YoY (-2% QoQ) to Rs 1,025/t and PAT rose 2.5x YoY (-16% QoQ) to Rs 4.9bn.

Capacity expansion plans: The 3mtpa Purulia grinding unit in West Bengal has been commissioned and the 3.5mtpa Nawalgarh (Rajasthan) unit is on track for Q4FY24. The 3mtpa integrated cement unit in Guntur, Andhra Pradesh, is also scheduled to be commissioned by FY24-end, which will take total capacity to 56mt, rising further to 62mt in FY25.

Maintain HOLD: SRCM's capacity expansion continues unabated, but the gap between dispatches and rated capacity has broadened. Opex remains high and we estimate relatively modest ROE of 12-13% in FY25. We maintain FY24 estimates but cut FY25 EBITDA by 4% and EPS by 12% to factor in higher depreciation related to capacity addition. Our TP thus reduces to Rs 24,792 (Rs 25,731 earlier), set at an unchanged 15x FY25E EV/EBITDA – 2.25x over the industry replacement cost. We find current valuations rich at 16x FY25E and hence retain HOLD.

Key changes

Target	Rating
▼	◄ ►

Ticker/Price	SRCM IN/Rs 26,271
Market cap	US$ 11.5bn
Free float	37%
3M ADV	US$ 8.8mn
52wk high/low	Rs 27,299/Rs 21,410
Promoter/FPI/DII	63%/13%/12%

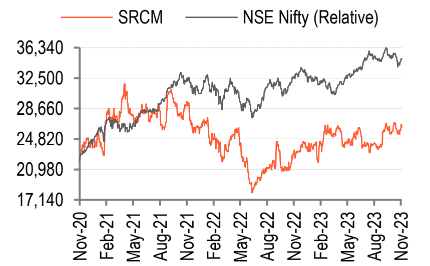
Source: NSE | Price as of 8 Nov 2023

Key financials

Y/E 31 Mar	FY23A	FY24E	FY25E
Total revenue (Rs mn)	1,64,961	1,86,384	2,16,732
EBITDA (Rs mn)	25,504	40,431	50,928
Adj. net profit (Rs mn)	13,281	20,404	26,851
Adj. EPS (Rs)	368.1	565.5	744.2
Consensus EPS (Rs)	368.1	592.0	736.0
Adj. ROAE (%)	7.5	10.7	12.7
Adj. P/E (x)	71.4	46.5	35.3
EV/EBITDA (x)	33.6	21.2	16.5
Adj. EPS growth (%)	(43.9)	53.6	31.6

Source: Company, Bloomberg, BOBCAPS Research

Stock performance



Source: NSE

BUY

TP: Rs 2,200 | ⮝ 29%

CUMMINS INDIA | Capital Goods | 08 November 2023

Strong operating performance; maintain BUY

- **Q2 gross/EBITDA margins expand 500bps/320bps YoY on lower input costs, sustained pricing and better product mix**
- **Demand for CPCB-IV engines and faster inventory correction bode well for H2; longer-term positive outlook intact**
- **TP revised to Rs 2,200 (vs. Rs 2,110) as we raise FY24/FY25 EPS by 4% each and roll valuations over; maintain BUY**

Vinod Chari | Swati Jhunjhunwala
Arshia Khosla
research@bobcaps.in

Strong operating numbers: KKC achieved revenue of Rs 19bn in Q2FY24, thanks to robust demand in the industrial and distribution businesses, which grew 23% and 20% YoY respectively, even as the generation business dropped 28%. Exports continued to hold up at Rs 5.1bn, forming 27% of sales. EBITDA margin remained robust at 18% (+320bps YoY), translating into PAT growth of 23% YoY to Rs 3.3bn.

Margin improves due to trifecta of positives: Gross margin expanded 500bps YoY to 37.1% in Q2 supported by lower commodity costs as well as a larger share of high-powered products in the mix. Moreover, due to its leadership, KKC was able to hold on to prices despite lower commodity costs, which completed the trifecta behind its buoyant gross margin.

Rating transition demand surprises positively…: During H1FY24, KKC received a positive response to its new CPCB-IV engines which formed ~20% of the revenue mix – bettering the company's own estimate of a 5-10% mix for the new engines.

…as does channel inventory normalisation: In Q2, KKC saw a sharp 60-70% YoY drop in low- and medium-horsepower (LHP/MHP) sales due to prebuying in Q1, ahead of the new emission norms. Management now highlighted that channel inventory has already normalised vs. its earlier timeline of Q4, which bodes well for demand in H2.

Positive long-term outlook: Management has reiterated revenue growth guidance at 2x GDP for KKC in FY24 and retained its annual EBITDA margin expansion target of 100bps with a focus on cost. It is cautiously optimistic about exports in the near term but bullish in the medium term and is even engineering its new CPCB-IV engines for country-specific needs.

Maintain BUY: We see visibility for sustained long-term growth in the domestic power genset market, with KKC best positioned to manage the ongoing transition to new emission norms. Post Q2, we raise our FY24/FY25 EPS estimates by 4% each and roll valuations over to Sep'25E. This causes our TP to rise to Rs 2,200 (vs. Rs 2,110), set at an unchanged 35x P/E – 25% premium to the 5Y mean. BUY.

Key changes

Target	Rating
▲	◀ ▶

Ticker/Price	KKC IN/Rs 1,699
Market cap	US$ 5.7bn
Free float	49%
3M ADV	US$ 20.7mn
52wk high/low	Rs 1,980/Rs 1,306
Promoter/FPI/DII	51%/10%/25%

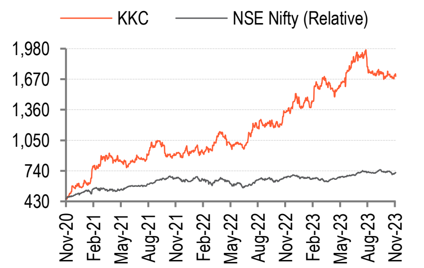
Source: NSE | Price as of 7 Nov 2023

Key financials

Y/E 31 Mar	FY23A	FY24E	FY25E
Total revenue (Rs mn)	77,721	87,152	97,675
EBITDA (Rs mn)	12,477	14,000	15,944
Adj. net profit (Rs mn)	12,425	14,342	16,621
Adj. EPS (Rs)	44.8	51.7	60.0
Consensus EPS (Rs)	44.8	48.4	56.8
Adj. ROAE (%)	22.8	23.6	24.5
Adj. P/E (x)	37.9	32.8	28.3
EV/EBITDA (x)	39.4	35.4	31.4
Adj. EPS growth (%)	59.0	15.4	15.9

Source: Company, Bloomberg, BOBCAPS Research

Stock performance



Source: NSE

RESULT REVIEW

HOLD

TP: Rs 700 | ▼ 5%

ALEMBIC PHARMA | Pharmaceuticals | 08 November 2023

Higher opex from new facilities to keep a lid on margins

- **Q2 revenue ticked up 8% YoY as healthy sales in international markets supported by modest India business**
- **EBITDA/PAT came in 13%/3% short of consensus as higher opex from three new facilities continued to dampen margins**
- **Our TP moves to Rs 700 (vs. Rs 615) as we revise estimates and raise our FY25E EV/EBITDA multiple from 11x to 12.5x; retain HOLD**

Saad Shaikh
research@bobcaps.in

Revenue growth led by international business: ALPM reported 8% YoY revenue growth to ~Rs 16bn in Q2FY24 on the back of a strong 17% rise in ROW formulation sales (continuing the momentum of the last two quarters) and increases of 6%/5%/ 10% YoY in US/India/API business. The ROW demand outlook remains strong with product registrations as well as dossier extensions to new markets on track. US business grew 13% QoQ to US$ 53mn supported by launches and market share gains in a few existing products. Upcoming launches from the three new facilities (F-II/III/IV) catering to US and ROW markets are likely to aid growth ahead.

Modest India growth; API steady: India growth was modest at 5% YoY (+10% QoQ) due to a market-wide slowdown in the acute business amid an extended summer and muted demand for antibiotics and respiratory products. The company's gynaecology and gastrointestinal segments demonstrated impressive growth vis-à-vis the market, and its API business grew at a steady 10% YoY (+6% QoQ), led by high offtake and a better product mix. The company anticipates continued growth in API business in coming quarters backed by a robust order book.

Gross margin guidance at 70%; opex to stay high: ALPM's Q2 gross margin grew 110bps YoY to 71.1% but contracted by the same degree sequentially due to a shift in product mix. Management highlighted that though US price erosion is moderating, the degree varies from product to product. EBITDA margin contracted 270bps YoY to 13.1% on higher opex, causing EBITDA/PAT to fall 13%/3% short of consensus at Rs 2.1bn/Rs 1.4bn. The company has guided for a 70% gross margin in FY24 but sees operating expenses at new facilities rising until approvals and launches kick in.

Retain HOLD: We lower our FY24/FY25 EBITDA estimates by 8%/4% as we bake in higher opex at the new units until ramp-up. At the same time, we raise our target FY25E EV/EBITDA multiple from 11x to 12.5x – a 20% discount to the 5Y average – to account for improving market conditions in the US with moderating price erosion, anticipated approvals and launches as all the new facilities have USFDA clearance, and acceleration in ROW markets. Our TP stands revised from Rs 615 to Rs 700 – given the 5% downside from the current price, we retain HOLD.

Key changes

Target	Rating
▲	◄ ►

Ticker/Price	ALPM IN/Rs 740
Market cap	US$ 1.8bn
Free float	31%
3M ADV	US$ 1.8mn
52wk high/low	Rs 839/Rs 462
Promoter/FPI/DII	70%/5%/13%

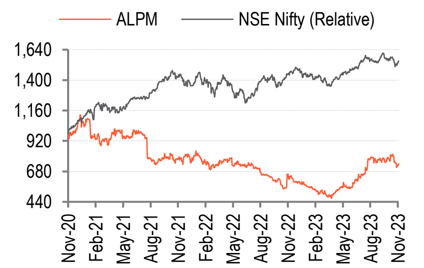
Source: NSE | Price as of 7 Nov 2023

Key financials

Y/E 31 Mar	FY23A	FY24E	FY25E
Total revenue (Rs mn)	56,526	64,687	71,309
EBITDA (Rs mn)	7,083	9,674	11,392
Adj. net profit (Rs mn)	3,729	5,517	6,982
Adj. EPS (Rs)	17.4	28.1	35.5
Consensus EPS (Rs)	17.4	27.5	35.8
Adj. ROAE (%)	7.2	12.5	14.4
Adj. P/E (x)	42.5	26.4	20.8
EV/EBITDA (x)	21.1	15.7	13.3
Adj. EPS growth (%)	(34.4)	61.4	26.5

Source: Company, Bloomberg, BOBCAPS Research

Stock performance



Source: NSE

RESULT REVIEW

HOLD

TP: Rs 3,858 | 4%

VST TILLERS TRACTORS | Automobiles | 08 November 2023

Healthy performance across segments

- **Q2 revenue grew 19% YoY as volumes climbed 16% and realisation moved up 3%**
- **Raw material cost savings lifted gross/EBITDA margins by 360bps/ 170bps YoY**
- **TP raised to Rs 3,858 (Rs 3,464) as we increase FY24/FY25 EPS by 8%/9%; retain HOLD**

Milind Raginwar | Shree Kirloskar
research@bobcaps.in

Healthy revenue growth: VSTT's Q2FY24 revenue grew 19% YoY (+13% QoQ) to Rs 2.8bn as volumes increased 16% (+15% QoQ) to 12.2k units. Despite the healthy volume push, net realisation per vehicle grew 3% YoY (-2% QoQ) to Rs 0.23mn. Tractor volumes lagged in H1FY24, declining 13% YoY, but VSTT was able to post strong growth on the back of higher sales of power tillers (+10%), power weeders (+27%) and reapers (+49%). Management expects tractor volumes to rebound in the festive third quarter.

Margin expansion continues: Raw material cost improved to 67.3% of sales from 70.9% in Q2FY23 and 68.4% in Q1FY24 owing to softer commodity prices, supporting gross margin expansion of 360bps YoY (+110bps QoQ) to 32.7%. Other expenses were under control (aided by positive leverage), helping EBITDA rise 34% YoY (+36% QoQ) to Rs 431mn with margin gains of 170bps (+260bps QoQ) to 15.5%. Adj. PAT grew 60% YoY (+11% QoQ) to Rs 365mn.

Focus on higher-HP/compact segment: Management has guided for flat tractor growth in FY24 owing to a weak H1. The *Zetor* brand of tractors will be launched in Q3 and is expected to sell 1,000 units in the first 12 months at an indicative price of Rs 0.7mn. Tractor export volumes grew ~50% YoY in H1. Per management, the response to the VST Series-9 tractors has been encouraging while its electric tractors have a ~15% cost advantage in European markets. VSTT has a target of reaching Rs 30bn in revenue with ~40% tractor contribution by FY26.

Valuations rich, maintain HOLD: We expect VSTT's focus on the high-end farm equipment business, sizeable contribution from non-farm business and regional diversification to enhance earnings. Contribution from JV partners and export markets adds comfort. Early response to the Series-9 tractors is encouraging and *Monarch* sales are likely to further boost volumes. We thus raise our FY24/FY25 volume projections, which boosts our EPS estimates by 8%/9% and takes our TP to Rs 3,858 (from Rs 3,464). We continue to value the stock at 20x FY25E EPS at premium to long term average. Valuations look rich following the recent run-up and so we retain HOLD.

Key changes

Target	Rating
▲	◀ ▶

Ticker/Price	VSTT IN/Rs 3,723
Market cap	US$ 394.2mn
Free float	45%
3M ADV	US$ 1.2mn
52wk high/low	Rs 3,914/Rs 2,100
Promoter/FPI/DII	55%/5%/15%

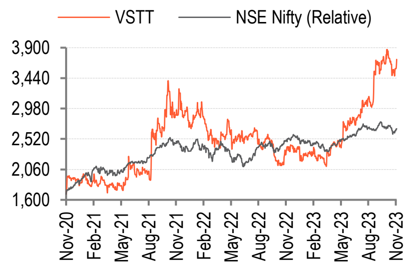
Source: NSE | Price as of 8 Nov 2023

Key financials

Y/E 31 Mar	FY23A	FY24E	FY25E
Total revenue (Rs mn)	10,064	11,584	13,475
EBITDA (Rs mn)	1,272	1,566	1,912
Adj. net profit (Rs mn)	924	1,368	1,634
Adj. EPS (Rs)	106.9	158.3	189.1
Consensus EPS (Rs)	106.9	168.0	195.0
Adj. ROAE (%)	11.2	14.5	15.1
Adj. P/E (x)	34.8	23.5	19.7
EV/EBITDA (x)	25.2	20.6	16.7
Adj. EPS growth (%)	(7.0)	48.1	19.5

Source: Company, Bloomberg, BOBCAPS Research

Stock performance



Source: NSE

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:

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.

Analyst certification

Each of the analysts mentioned in this research report certify, with respect to the sections of the report for which they are responsible, that (1) all of the views expressed in this 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).

Important disclosures

This product is a compilation of previously published research notes. To view the complete report along with the associated Analyst certifications and Company-specific disclosures, please click on the hyperlink accompanying each excerpt.

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.

Other disclosures

BOBCAPS does not have any financial interest in the subject company. BOBCAPS does 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.

BOBCAPS is not engaged in any market making activities for 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.