BOBCAPS
TRUST | INNOVATION | EXCELLENCE

# FIRST LIGHT

20 February 2024

## RESEARCH

### BOB ECONOMICS RESEARCH | CURRENCY OUTLOOK

Fortnightly forex review

### JK LAKSHMI CEMENT | TARGET: Rs 637 | -34% | SELL

Volumes slow, headwinds continue – retain SELL

### INSURANCE | Q3FY24 REVIEW

Private insurers dominate the quarter

### BUILDING MATERIALS | Q3FY24 REVIEW

Soft quarter on poor demand and margin pressure

**Daily macro indicators**

| Indicator | 14-Feb | 15-Feb | Chg (%) |
|---|---|---|---|
| US 10Y yield (%) | 4.26 | 4.23 | (3bps) |
| India 10Y yield (%) | 7.11 | 7.09 | (2bps) |
| USD/INR | 83.03 | 83.04 | 0.0 |
| Brent Crude (US$/bbl) | 81.6 | 82.9 | 1.5 |
| Dow | 38,424 | 38,773 | 0.9 |
| Hang Seng | 15,879 | 15,945 | 0.4 |
| Sensex | 71,823 | 72,050 | 0.3 |
| **India FII (US$ mn)** | **13-Feb** | **14-Feb** | **Chg ($ mn)** |
| FII-D | 83.3 | (13.7) | (97.0) |
| FII-E | 28.1 | (316.3) | (344.5) |

Source: Bank of Baroda Economics Research

## SUMMARY

### INDIA ECONOMICS: CURRENCY OUTLOOK

INR has continued to trade in a thin trading range in the fortnight ending 16 Feb 2024, appreciating marginally by 0.03%. This is notwithstanding an increase in the dollar index of more than 1%. While the possibility of Fed rate cuts has been pushed back to Jun'24 which is bolstering the dollar, INR has held its ground. The domestic currency continues to benefit from steady debt inflows, range-bound oil prices, comfortable twin-deficits, continued economic momentum and a strong growth momentum. As a result, we continue to believe that INR is likely to appreciate slowly in an orderly manner and end FY24 at ~82.5/$. For the fortnight, we expect INR to trade in the range of 82.85-83.15/$.

Click here **for the full report.**

### JK LAKSHMI CEMENT

- Q3 volumes grew only 2% YoY due to cold weather and construction halt in northern markets; realisations only steady despite weak volume
- Flat operating cost and weak base led to 455bps YoY EBITDA margin expansion to 15.3%
- Rising competition and high capex-led leverage prompt us to maintain SELL; TP revised to Rs 637 (vs. Rs 551) on rollover

Click here **for the full report.**

**BOBCAPS Research**
research@bobcaps.in

## INSURANCE: Q3FY24 REVIEW

- SBI Life, our top pick, continues to dominate peers by way of superior growth and market share gains in Q3FY24; LIC posted a recovery
- LIC's VNB margin grew in 9M due to higher non-par share; IPRU and SBI Life saw declines and HDFC Life was stable
- Private players continue to expand bancassurance sales even as agency growth remains in focus as well

**Click here for the full report.**

## BUILDING MATERIALS: Q3FY24 REVIEW

- Tepid demand climate dampens building material performance in Q3; pipe segment remains the best performer, wood panel the worst
- Maintain cautious stance on building material sector due to soft near-term demand outlook and expensive valuations
- Positive on select names (HINDWARE, MTLM, SOMC) that carry strong earnings prospects and reasonable valuations

**Click here for the full report.**

CURRENCY OUTLOOK

19 February 2024

## Fortnightly forex review

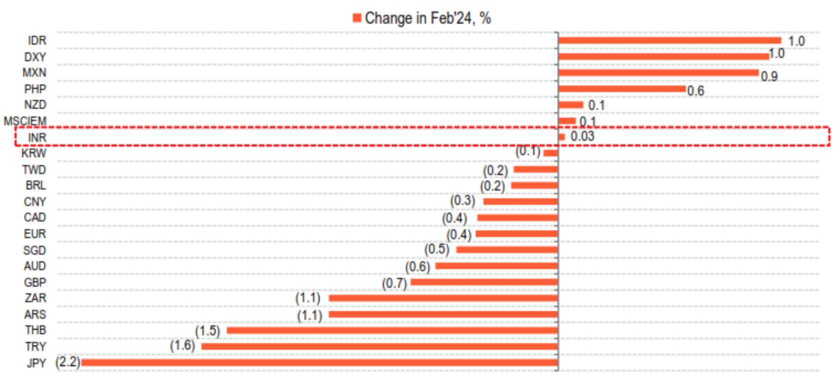
Sonal Badhan
Economist

**INR has continued to trade in a thin trading range in the fortnight ending 16 Feb 2024, appreciating marginally by 0.03%. This is notwithstanding an increase in the dollar index of more than 1%. While the possibility of Fed rate cuts has been pushed back to Jun'24 which is bolstering the dollar, INR has held its ground. The domestic currency continues to benefit from steady debt inflows, range-bound oil prices, comfortable twin-deficits, continued economic momentum and a strong growth momentum. As a result, we continue to believe that INR is likely to appreciate slowly in an orderly manner and end FY24 at ~82.5/$. For the fortnight, we expect INR to trade in the range of 82.85-83.15/$.**

### Movement in global currencies

In Feb'24, DXY rebounded and rose by 1%. Robust data from the US has led to expectations of a delay in Fed rate cut cycle which was anticipated to begin from Mar'24. Fed officials too have been favouring a wait and watch mode before starting the monetary policy easing cycle. As per the CME FedWatch tool, the probability of rate cut in Mar'24 has fallen to just 10%, compared with over 50% just a month ago. The possibility of a rate cut has been pushed back to Jun'24 (probability of 53.7%). Major currencies have depreciated against the dollar, with JPY leading the pack. JPY depreciated the most by more than 2%, and slipped below the 150/$ mark. Japan's economic woes, coupled with its ultra-dovish stance continue to weigh on JPY. Amongst other major currencies, both GBP and EUR depreciated by 0.7% and 0.4% respectively. Within EM currencies, the performance was mixed with IDR and MXN appreciating, and BRL and TWD falling against the dollar.

**Figure 1: Global currencies in February 2024**




Source: Bloomberg, Bank of Baroda Research | Note: Data as of 16 Feb 2024 | Figures in brackets indicate depreciation against the dollar

BOBCAPS
TRUST | INNOVATION | EXCELLENCE

**SELL**
**TP: Rs 637 | ∀ 34%**

**JK LAKSHMI CEMENT** | Cement | 19 February 2024

## Volumes slow, headwinds continue – retain SELL

- **Q3 volumes grew only 2% YoY due to cold weather and construction halt in northern markets; realisations only steady despite weak volume**
- **Flat operating cost and weak base led to 455bps YoY EBITDA margin expansion to 15.3%**
- **Rising competition and high capex-led leverage prompt us to maintain SELL; TP revised to Rs 637 (vs. Rs 551) on rollover**

**Milind Raginwar | Shree Kirloskar**
research@bobcaps.in

**Volumes muted, realisations steady:** JKLC reported 7%/9% YoY/QoQ revenue growth to Rs 15.9bn in Q3FY24 as volumes grew only 2%/9% YoY/QoQ to 2.4mt (standalone) due to challenging market conditions in the North India. Realisations were steady despite weak volumeat Rs 6,438/t, rising 4% YoY (flat QoQ).

**Opex flattish despite savings on fuel:** Operating cost was flattish YoY (-3% QoQ) at Rs 5,706/t as the fall in energy-adjusted raw material cost by 8%/4% YoY/QoQ to Rs 2,403/t was offset by a 5% YoY (flat QoQ) increase in logistic cost to Rs 1,330/t. Clinker purchase cost per tonne increased 22% YoY due to limited in-house availability. EBITDA for the quarter grew 52%/36% YoY/QoQ to Rs 2.4bn with healthy margin improvement to 15.3% mainly off a weak base. EBITDA/t increased 49%/25% YoY/QoQ to Rs 1,028 and adj. PAT rose 69%/49% YoY/QoQ to Rs 1.2bn.

**Expansion plans progressing:** UCWL's 1.5mt clinker unit went onstream in Q3FY24 and a 2.5mt grinding unit (GU) is targeted by Q4FY24-end. The 1.4mt GU expansion at Surat is expected by H1FY26. JKLC has also planned the addition of 2.3mt of clinker at the Durg plant (Chhattisgarh) and GU expansion projects of 4.6mt spread across Durg (1.2mt), Uttar Pradesh (1.2mt), Bihar (1.2mt) and Jharkhand (1mt, phase-I) – all to be completed by FY26-end. JKLC's board has approved the acquisition of 85% stake in Agrani Cement, offering access to 335mt of limestone reserves with plans to set up 1mt of clinker and a 1.5mt GU in phase-I.

**Maintain SELL:** We raise our FY24/FY25 EBITDA estimates by 4%/3% and adj. PAT by 5%/6% to factor in the impact of easing energy costs and healthy northern region realisations. We also introduce FY26 forecasts for the company. In our view, JKLC's performance will be determined by its ability to deliver volumes from the new capacity as its capex is largely backed by debt. We believe persistent balance sheet pressure, high leverage and growing competition in the eastern region will remain key challenges. The stock is trading at 12x FY26E EV/EBITDA. We maintain SELL and continue to value the stock at 8x while rolling valuations over to FY26E for a revised TP of Rs 637 (vs. Rs 551).

### Key changes

| Target | Rating |
|---|---|
| ▲ | ◄ ► |

| | |
|---|---|
| Ticker/Price | JKLC IN/Rs 963 |
| Market cap | US$ 1.4bn |
| Free float | 54% |
| 3M ADV | US$ 3.5mn |
| 52wk high/low | Rs 1,000/Rs 607 |
| Promoter/FPI/DII | 46%/14%/26% |

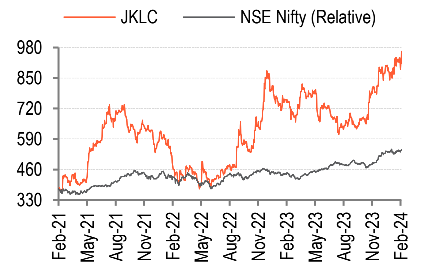
Source: NSE | Price as of 19 Feb 2024

### Key financials

| Y/E 31 Mar | FY23A | FY24E | FY25E |
|---|---|---|---|
| Total revenue (Rs mn) | 60,711 | 62,049 | 69,777 |
| EBITDA (Rs mn) | 7,043 | 8,183 | 9,841 |
| Adj. net profit (Rs mn) | 3,308 | 4,082 | 4,972 |
| Adj. EPS (Rs) | 28.1 | 34.7 | 42.2 |
| Consensus EPS (Rs) | 28.1 | 36.0 | 45.1 |
| Adj. ROAE (%) | 12.6 | 14.1 | 15.4 |
| Adj. P/E (x) | 34.3 | 27.8 | 22.8 |
| EV/EBITDA (x) | 15.7 | 13.9 | 12.3 |
| Adj. EPS growth (%) | (26.4) | 23.4 | 21.8 |

Source: Company, Bloomberg, BOBCAPS Research

### Stock performance




Source: NSE

BOBCAPS
TRUST | INNOVATION | EXCELLENCE

**INSURANCE** | Q3FY24 Review | 19 February 2024

# Private insurers dominate the quarter

- **SBI Life, our top pick, continues to dominate peers by way of superior growth and market share gains in Q3FY24; LIC posted a recovery**
- **LIC's VNB margin grew in 9M due to higher non-par share; IPRU and SBI Life saw declines and HDFC Life was stable**
- **Private players continue to expand bancassurance sales even as agency growth remains in focus as well**


**Mohit Mangal**
research@bobcaps.in


**Recommendation snapshot**

| Ticker | Price | Target | Rating |
|---|---|---|---|
| HDFCLIFE IN | 592 | 850 | BUY |
| IPRU IN | 512 | 556 | HOLD |
| LICI IN | 1,040 | 1,140 | HOLD |
| SBILIFE IN | 1,508 | 1,970 | BUY |

Price & Target in Rupees | Price as of 16 Feb 2024

**ULIPs continue to gain traction:** ULIPs saw sustained, strong demand in 9MFY24 amid a buoyant stock market. For private insurers under our coverage, ULIP APE grew in the broad range of 11-57% YoY, with HDFC Life in the lead (though SBI Life led in absolute terms). Protection APE increased by 4-24% YoY and had mixed trends – whereas SBI Life saw a decline in individual protection business but robust growth in group protection, HDFC Life and IPRU saw quite the opposite. Though ULIPs and protection plans normally make up a small fraction of LIC's APE, the company gained traction in non-par business this time round while private players suffered a downturn.

**LIC's VNB margins rise, private players hurt by product mix:** LIC reported 200bps YoY expansion in VNB margin to 16.6% in 9MFY24 due to an increase in its non-par portfolio. As the product mix shifted toward ULIPs in 9M, private life insurers were unable to maintain the higher margins reported in FY23, when demand for non-par products had risen. IPRU's VNB margin contracted 530bps YoY to 26.7% in 9M and HDFC Life reported a flat print. SBI Life's margin fell 150bps YoY to 28.1% but remained the best among our coverage.

**SBI Life tops premium growth, LIC recovers:** LIC posted a pickup in net premium growth to 5% YoY and NBP growth to 6% in Q3FY24. Net premium for our private insurer universe grew in a range of 5-16% YoY, with SBI Life heading the pack and retaining market leadership. IPRU registered single-digit growth YoY in Q3 and 9M, on both individual APE and APE basis, whereas HDFC Life's overall APE contracted in the December quarter owing to a slowdown in big-ticket policies (>Rs 0.5mn). LIC's individual APE market share fell to 33% in 9M (30% in Q3) from 34% in FY23.

**Banking channel a key driver, agent addition on the anvil as well:** LIC continues to command the largest, most productive agency force among life insurers. SBI Life and HDFC Life have aggressively moved to swell their agent ranks by 26% and 19% YoY respectively as at end-9M. Bancassurance remains the major driver for private insurers, except IPRU where business originated by parent ICICIBC remains low.

**Top pick:** SBI Life (BUY, TP Rs 1,970) remains our top life insurance pick.

BOBCAPS
TRUST | INNOVATION | EXCELLENCE

## BUILDING MATERIALS | Q3FY24 Review | 19 February 2024

# Soft quarter on poor demand and margin pressure

- **Tepid demand climate dampens building material performance in Q3; pipe segment remains the best performer, wood panel the worst**
- **Maintain cautious stance on building material sector due to soft near-term demand outlook and expensive valuations**
- **Positive on select names (HINDWARE, MTLM, SOMC) that carry strong earnings prospects and reasonable valuations**

Utkarsh Nopany
research@bobcaps.in

**Tepid topline:** Our building material universe clocked subdued revenue growth of 2.9% YoY in Q3FY24 due to a weak demand environment and a sharp drop in raw material prices. However, our universe EBITDA grew at a healthy 13.4% YoY due to a low base (-21% in Q3FY24). On a 4Y CAGR basis, EBITDA grew at a moderate pace of 10.2% in Q3. Sector-wise, the plastic pipe segment performed relatively better due to sustained demand from housing and infrastructure, whereas the wood panel segment performed the worst. Company-wise, SI fared the best in plastic pipes, HINDWARE in bathware, KJC in tiles and MTLM in wood panels.

**Pipes:** Our pipe universe EBITDA continued to grow at a healthy 17.1% YoY (4Y CAGR: +15.1%) in Q3FY24. We observed that large players (SI, ASTRA) posted strong volume growth, whereas small and midsize companies reported low volumes due to higher competitive intensity.

**Bathware:** Our bathware universe EBITDA was down 10.4% YoY in Q3 due to soft demand (revenue flat YoY) and sharp margin compression (-165bps YoY to 13.8%) on account of heavy brand spending during the Cricket World Cup.

**Tiles:** Our tiles universe volumes grew at a muted 1% YoY (4Y CAGR: +5.4%) for the quarter on account of poor demand and higher competition from Morbi players. However, EBITDA grew at a healthy 37.0% YoY (4Y CAGR: +11.9%) off a low base.

**Wood panels:** Our wood panel universe EBITDA contracted (-4.5% YoY) for the sixth straight quarter due to a dull demand environment and margin stress from high import pressure in MDF and particleboard and elevated timber prices.

**Cautious on sector, selective on stocks:** Our building material universe is trading at 41.3x on 1Y forward P/E vs. the 5Y average of 32.7x. We remain cautious on the sector amid a weak near-term demand outlook and high valuations. Even so, we are positive on select names – HINDWARE (BUY, TP Rs 600), MTLM (BUY, Rs 300), SOMC (BUY, TP Rs 900) – where we see relatively better earnings prospects and reasonable valuations. Our report of 17 January, **Strong foundations**, has details.

### Recommendation snapshot

| Ticker | Price | Target | Rating |
|---|---|---|---|
| APOLP IN | 759 | 600 | SELL |
| ASTRA IN | 1,967 | 2,000 | HOLD |
| CPBI IN | 726 | 700 | HOLD |
| CRS IN | 7,461 | 7,700 | HOLD |
| FNXP IN | 225 | 230 | HOLD |
| GREENP IN | 363 | 400 | HOLD |
| GRLM IN | 547 | 500 | HOLD |
| HINDWARE IN | 426 | 600 | BUY |
| KJC IN | 1,270 | 1,400 | HOLD |
| MTLM IN | 243 | 300 | BUY |
| PRINCPIP IN | 594 | 650 | HOLD |
| SI IN | 4,056 | 4,300 | HOLD |
| SOMC IN | 672 | 900 | BUY |

Price & Target in Rupees | Price as of 19 Feb 2024

**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.