

BUY

TP: Rs 1,092 | ▲ 25%

LICI

| Insurance

| 28 May 2025

Margin improvement, strategic execution on track

- APE and VNB growth slows, expected to normalise going ahead
- VNB margins expanded 154bps YoY to 18.8% in Q4FY25; expect this upward trajectory to continue
- Maintain BUY on LICI with revised TP to Rs 1,092 (from Rs 1,064), assigning a multiple of 0.7x its FY27 EV

Vijiya Rao | Niraj Jalan
research@bobcaps.in

Mixed performance: LICI reported a mixed quarterly performance with APE and VNB growth above the consensus estimates, while VNB margin was below expectations. This was primarily on account of redesign, relaunch of products and changes in the commission structures, owing to surrender value changes in Oct'24. Thus, the impact of regulatory changes spilled over in Q4 as well. Going ahead, we expect APE and VNB to improve, given the improving trend in monthly numbers and the impact of regulatory changes to subside leading to normalcy.

APE and VNB growth decelerates: APE de-grew 11% YoY in Q4FY25 and was flat YoY in FY25. Individual APE fell 9% YoY and 1% YoY in Q4FY25 and FY25. Group APE was down 16% YoY on a strong base of Q4FY24 and was flat Q4FY25 and FY25. However, VNB margins witnessed expansion in both Q4 and FY25, despite muted growth in APE and VNB driven by continued shift in the product mix towards non-par products. VNB de-grew by 3% YoY in Q4FY25 with VNB margin at 18.75% (up 154bps YoY). For FY25, VNB saw a growth of 5% YoY with VNB margins expanding by 80bps YoY to 17.6%. We expect VNB margins to be in the 12-14% range in FY25E-FY27E. Its APE fell 1% YoY while NBP rose 10% YoY, outpacing the industry growth of 8% YoY in Apr'25.

Persistency continues to decline: The 13th and 49th month (on premium basis) came in at 78.84% and 61.51% in FY25 vs 77.66% and 66.31% in FY24. Management remains confident of significant improvement in persistency going ahead as it has undertaken measures such as increase in ticket size, changes in the premium and commission structures.

We maintain BUY on LICI: LICI reported muted APE and VNB growth in Q4FY25, although VNB margin showed expansion. Continued focus on ramping up the share of non-par products, along with strategic changes in product offerings and pricing bode well. Additionally, emphasis on higher-yielding non-par products is expected to further support VNB margin expansion. We value LICI at 0.7x multiple with a BUY, arriving at TP of Rs 1,092 (earlier Rs 1,064).

Key changes

Target	Rating
▲	◀ ▶

Ticker/Price	LICI IN/Rs 871
Market cap	US\$ 64.6bn
Free float	0%
3M ADV	US\$ 10.4mn
52wk high/low	Rs 1,222/Rs 715
Promoter/FPI/DII	97%/0%/1%

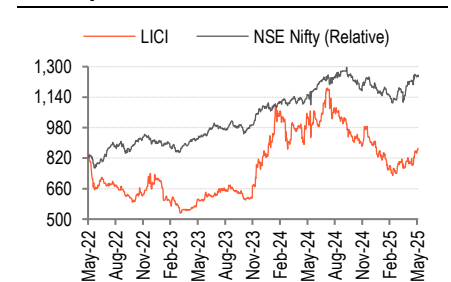
Source: NSE | Price as of 27 May 2025

Key financials

Y/E 31 Mar	FY25A	FY26E	FY27E
NBP (Rs mn)	22,67,855	25,27,349	27,92,721
APE (Rs mn)	5,68,270	6,17,982	6,82,045
VNB (Rs mn)	1,00,110	1,12,473	1,27,542
Embedded Value (Rs mn)	77,68,750	85,14,948	93,30,960
VNB margin (%)	17.6	18.2	18.7
EVPS (Rs)	1,228.3	1,346.2	1,475.3
EPS (Rs)	76.1	80.6	86.6
Consensus EPS (Rs)	0.0	0.0	0.0
P/EV (x)	0.7	0.6	0.6

Source: Company, Bloomberg, BOBCAPS Research

Stock performance



Source: NSE



Earnings Call Highlights

Business performance

- Gross premium income came in at Rs 14,78,860 mn in Q4FY25, a decline of 3% YoY, primarily due to a 20% decline in first-year premium. First year premium was down owing to the implementation of new surrender regulations and the relaunching of products thereon. However, for FY25, it increased by 3% and stood at Rs 48,88,489 mn, supported by a 4% rise in renewal premium and 3% growth in single premium.
- Market share in first year premium income is at 57.1% in FY25. LIC continues to be the market leader in individual and group businesses with 37.5% and 71.2% market share respectively.
- There was a significant decline in H2FY25 APE, largely driven by premium income decline in Q3, owing to regulatory changes that doubled the minimum ticket size, adversely affecting the participating segment. Management expects APE growth to improve going forward.
- Employee expenses declined by 57% YoY in Q4FY25, due to provisions made for pensions and other retirement liabilities in Q4FY24 and hence had a higher base.
- Out of the Rs 6,475.40 bn fair value change reported in the balance sheet, approximately Rs 2,770 bn gains are attributable to the par business, with the remainder linked to the non-par segment.

Value of New Business and VNB Margins

- VNB stood at Rs 35,340 mn in Q4FY25, a de-growth of 3% from Q4FY24. For the full year, it grew by 4.5% at Rs 1,00,110 mn. Margins stood at 18.7% while for FY25, it came in at 7.6%. Margin in the individual business is close to 21% in Q4FY25.
- VNB margins are the highest for non-par products, given their lower equity exposure and higher fixed-income component.
- Management highlighted that VNB sensitivity is higher at lower risk-free interest rates and declines as rates increase.

EV Walk

- EV increased from Rs 7,273.44 bn to Rs 7,768.76 bn, driven by positive impact in Value of New Business: Rs 100.11 bn, Unwinding of discount: Rs 700.93 bn, Operating Variance: Rs 6.68 bn, Changes in Operating Assumptions: Rs 18.48 bn and negative impact in economic assumption changes and variance: Rs 292.94 bn and dividend Payout: Rs 37.95 bn. The -2.8% impact from economic assumption changes and variance is primarily attributable to a decline in interest rates and mark-to-market (MTM) adjustments in FY25.
- The Indian Embedded Value registered a CAGR of 12.8% over FY22–FY25, reaching Rs 7,768.76 bn.

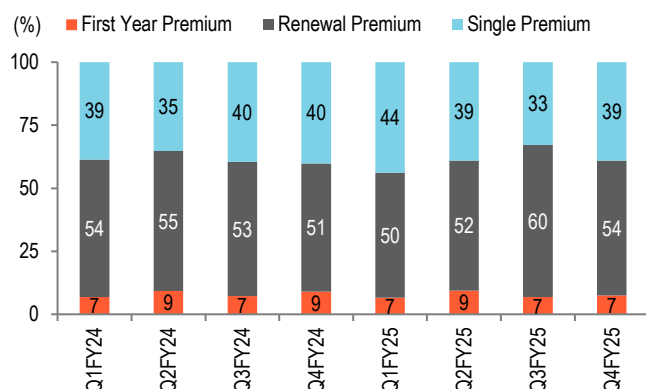
Persistence

- There is decline in the 13th month in persistency ratios. For the 13th month, larger weightage is towards the policies given in FY23-24. That period saw significant changes such as increased ticket sizes, premium hikes, and commission restructuring, impacting 13th month persistency.
- The 49th-month persistency ratio saw a temporary dip, influenced by the COVID cohort.
- LIC highlighted non-par business shows marginally better persistency compared to par business.

Others

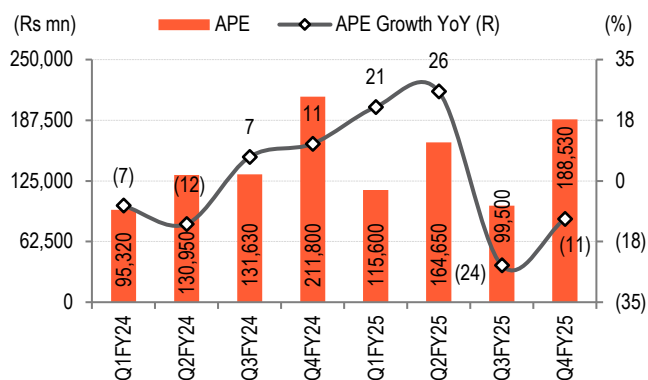
- Since the implementation of the IRDAI Insurance Product Regulation 2024, the company has launched 51 products as of March 2025 that includes 31 individual products, 12 group products, 5 individual riders and 1 group rider
- LIC sold 17.78 mn policies in FY25 against 23.09 policies in FY24. 98% of the policies were sold by the agency force.
- **Total Agents:** 1.5 mn (vs 1.4 mn in FY24), a net addition of over 72,000 agents. Market share for the same stands at 47.61%.
- **Claims Processed:** 22.52 mn, including 21.67 mn maturity and survival benefit claims.

Fig 1 – Gross premium down 3% YoY due to 20% YoY degrowth in First Year Premium



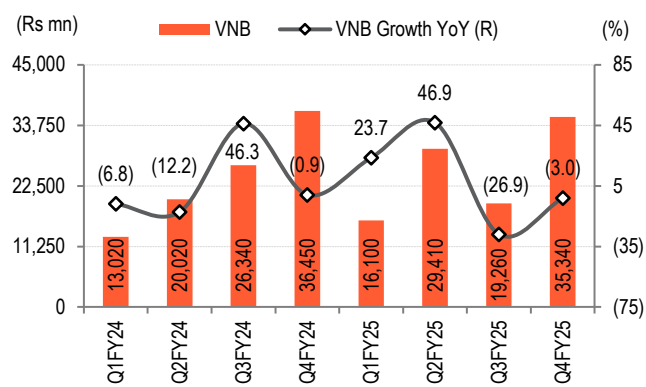
Source: Company, BOBCAPS Research

Fig 2 – APE growth de-grew 11% in FY25 mainly owing to muted performance in H2FY25



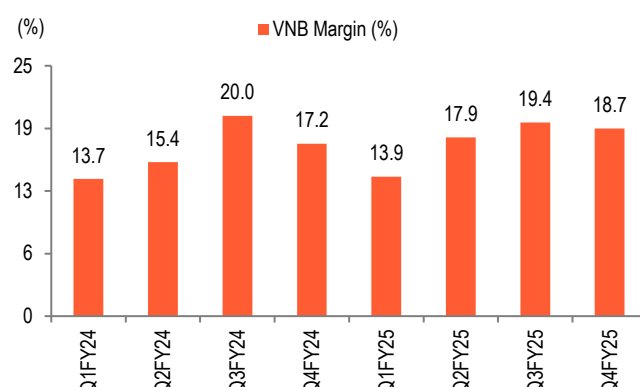
Source: Company, BOBCAPS Research

Fig 3 – VNB growth de-grew 3% in Q4FY25



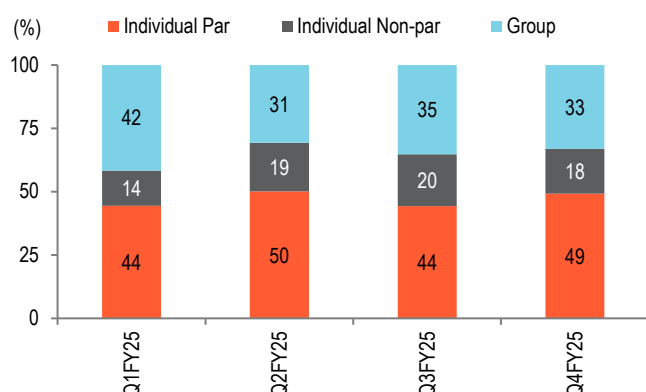
Source: Company, BOBCAPS Research

Fig 4 – VNB margin expanded 154bps YoY in Q4FY25



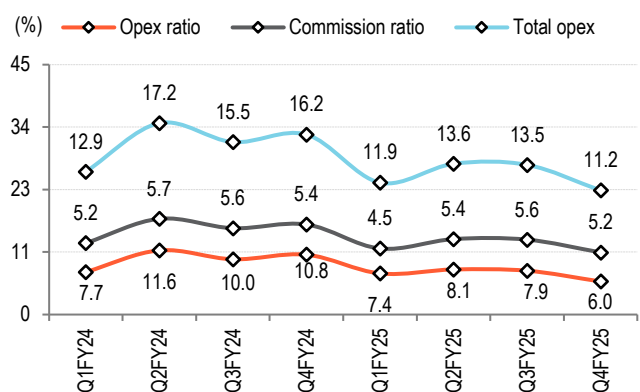
Source: Company, BOBCAPS Research

Fig 5 – Individual non-par business growing substantially within LIC's APE mix



Source: Company, BOBCAPS Research

Fig 6 – Opex ratio continues to decline led by strong decrease in employee expenses



Source: Company, BOBCAPS Research

Fig 7 – Policyholders’ account

(Rs mn)	Q3FY24	Q4FY24	Q1FY25	Q2FY25	Q3FY25	Q4FY25	YoY (%)	QoQ (%)
Net premium income	11,70,169	15,22,931	11,37,701	11,99,010	10,68,915	14,75,856	(3.1)	38.1
Income from investments (Net)	9,52,669	8,44,255	9,61,826	10,89,724	9,43,357	9,31,327	10.3	(1.3)
Other income	1,638	1,41,609	1,455	1,448	1,499	2,224	(98.4)	48.4
Total Income	21,24,470	25,09,232	21,09,098	22,96,197	20,19,937	24,16,250	(3.7)	19.6
Net Commission	65,198	82,457	50,901	65,416	59,657	77,115	(6.5)	29.3
Operating expenses	1,16,741	1,64,633	84,312	97,502	84,501	87,836	(46.6)	3.9
Benefits Paid (Net)	9,54,977	13,51,032	8,18,643	9,75,623	9,46,829	14,22,452	5.3	50.2
Change in actuarial liability	8,89,937	7,64,011	10,31,515	10,82,463	7,99,136	6,20,229	(18.8)	(22.4)
Surplus/Deficit	84,737	1,28,324	1,08,874	72,532	1,09,519	1,88,195	46.7	71.8

Source: Company, BOBCAPS Research

Fig 8 – Shareholders’ account

(Rs mn)	Q3FY24	Q4FY24	Q1FY25	Q2FY25	Q3FY25	Q4FY25	YoY (%)	QoQ (%)
Amounts transferred from Policyholders	84,375	1,27,937	1,07,799	72,423	1,08,985	1,84,028	43.8	68.9
Income From Investments	10,610	11,240	11,767	14,579	15,962	17,611	56.7	10.3
PAT	94,444	1,37,626	1,04,611	76,212	1,10,565	1,90,128	38.1	72.0

Source: Company, BOBCAPS Research

Valuation Methodology

LICI reported muted APE and VNB growth in Q4FY25, although its VNB margin showed expansion. Continued focus on increasing the share of non-par products, along with strategic changes in product offerings and pricing, bode well. Additionally, emphasis on higher-yielding non-par products is expected to further support VNB margin expansion. We value LICI at 0.7x multiple with a BUY, arriving at a TP of Rs 1,092 (earlier Rs 1,064).

Fig 9 – Actual vs Estimates

Rs mn	Q4FY25A	Q4FY25E	Actual vs Estimates (%)
Gross Premium	14,78,860	15,14,403	(2.3)
APE	1,88,530	2,15,872	(12.7)
VNB	35,340	42,442	(16.7)
VNB Margin	18.7	19.7	(90 bps)

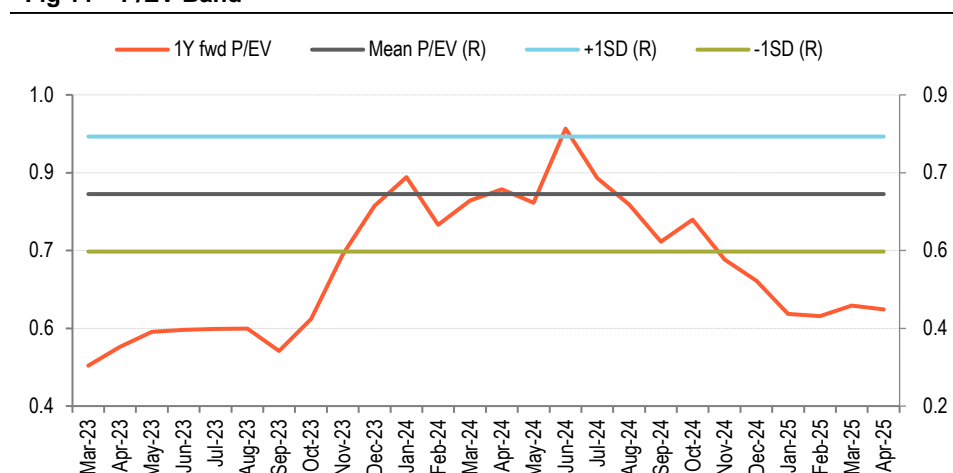
Source: Company, BOBCAPS Research

Fig 10 – EV Walk

Y/E March	FY24	FY25	FY26E	FY27E
Opening EV	58,22,430	72,73,440	77,68,750	85,14,948
Bifurcation impact	0	0	0	0
Unwind of Discount	5,21,980	7,00,930	7,02,490	7,56,549
Value of New Business	95,830	1,00,110	1,12,473	1,27,542
Operating Assumption Changes	48290	18480	0	0
Operating Experience Variance	3,680	6,680	7,135	7,820
EV Operating Profit (EVOP)	6,69,780	8,26,200	8,22,098	8,91,912
Economic Variance	9,54,640	(292940)	0	0
EV Profit	16,24,420	5,33,260	8,22,098	8,91,912
Net Capital Inflow/Outflow (dividend pay out)	(1,73,410)	(37,950)	75,900	75,900
Closing EV	72,73,440	77,68,750	85,14,948	93,30,960

Source: Company, BOBCAPS Research

Fig 11 – P/EV Band



Source: Company, BOBCAPS Research

Key Risks

Key downside risks to our estimates:

- **Intense competition:** Market leader LICl faces tough competition from private peers who are chipping away at its market dominance by the way of unique offerings and better services. The company generates most of its business from the agency channel, whereas private players are focused on the bancassurance channel for growth.
- **Strong linkage with capital markets:** LIC's embedded value is highly sensitive to capital market movements.
- **Regulatory challenges.**

Glossary

Glossary			
APE	Annual Premium Equivalent	ULIP	Unit Linked Insurance Plan
EV	Embedded Value	VNB	Value of New Business
IRDAI	Insurance Regulatory and Development Authority	WRP	Weighted Received Premium
NBP	New Business Premium		

Financials

Revenue Account (Technical)

Y/E 31 Mar (Rs mn)	FY23A	FY24A	FY25A	FY26E	FY27E
Gross premium income	47,46,681	47,57,519	48,88,489	53,77,338	59,41,959
First year premium	3,90,899	3,90,380	3,70,254	4,30,187	4,75,357
Renewal premium	24,26,175	25,30,805	26,20,634	28,49,989	31,49,238
Single premium	19,29,607	18,36,335	18,97,601	20,97,162	23,17,364
Net written premium	47,40,046	47,50,696	48,81,482	53,69,810	59,30,075
Income from investments	30,63,901	36,39,439	39,26,234	44,75,907	51,47,293
Other Income	77,786	1,46,933	33,767	6,989	7,409
Total income	78,81,734	85,37,068	88,41,482	98,52,706	1,10,84,776
Commissions	2,55,804	2,59,591	2,53,088	2,99,856	3,49,464
Operating expenses	4,81,456	4,81,217	3,54,152	3,69,304	3,87,986
Benefits and bonuses paid	34,25,768	38,88,093	41,63,547	48,29,714	56,02,469
Change in liabilities (net)	34,33,828	35,30,361	35,33,343	37,80,677	41,20,938
Others	(1,47,371)	(27,851)	(19,492)	(21,804)	(22,953)
Total expenses	74,49,484	81,31,411	82,84,637	92,57,747	1,04,37,904
Surplus before tax	4,32,250	4,05,656	5,56,845	5,94,959	6,46,872
Provision for tax	52,429	58,252	77,725	89,244	97,031
Surplus after tax	3,79,822	3,47,405	4,79,120	5,05,715	5,49,841
Trf to shareholders' a/c	3,59,077	3,74,554	4,73,234	4,99,240	5,32,016
Balance being FFA	20,745	(27,150)	5,887	6,475	17,826

Income Statement (Non-technical)

Y/E 31 Mar (Rs mn)	FY23A	FY24A	FY25A	FY26E	FY27E
Trf from policyholders' a/c	3,59,077	3,74,554	4,73,234	4,99,240	5,32,016
Income from investments	11,478	36,946	59,917	71,901	86,640
Contr. to policyholders' fund	1,301	449	45,399	49,938	54,932
Others	4	2,463	6,422	9,634	14,450
PBT	3,64,568	4,07,872	4,81,512	5,11,568	5,49,273
Provision for taxation	594	1,114	0	1,535	1,648
PAT	3,63,974	4,06,758	4,81,512	5,10,033	5,47,625
Dividend+Interim div.+DDT	0	0	0	0	0

Balance Sheet

Y/E 31 Mar (Rs mn)	FY23A	FY24A	FY25A	FY26E	FY27E
Equity	4,56,694	8,19,382	12,61,877	16,96,011	21,67,736
Policyholders' funds	4,44,13,661	5,13,84,775	5,44,63,230	5,81,65,979	6,21,55,369
FFA	39,187	12,147	18,284	24,759	42,585
Others	1,772	4,079	8,154	16,418	32,835
Total liabilities	4,49,11,314	5,22,20,383	5,57,51,546	5,99,03,167	6,43,98,525
Shareholders' funds	2,93,635	6,37,440	10,40,258	17,18,134	22,25,637
Policyholders' funds	4,18,91,778	4,87,65,124	5,13,62,788	5,46,22,297	5,83,74,554
Assets to cover linked liab.	2,63,095	3,52,578	4,83,120	4,94,911	5,05,738
Others	24,62,806	24,65,241	28,65,380	30,67,825	32,92,596
Total assets	4,49,11,314	5,22,20,383	5,57,51,546	5,99,03,167	6,43,98,525

Key Metrics

Y/E 31 Mar	FY23A	FY24A	FY25A	FY26E	FY27E
AUM (Rs mn)	4,39,72,050	5,12,18,870	5,45,22,970	6,01,92,371	6,68,13,532
NBP (Rs mn)	23,20,506	22,26,714	22,67,855	25,27,349	27,92,721
APE (Rs mn)	5,66,820	5,69,700	5,68,270	6,17,982	6,82,045
VNB (Rs mn)	91,560	95,830	1,00,110	1,12,473	1,27,542
VNB margin (%)	16.2	16.8	17.6	18.2	18.7
Embedded value (Rs mn)	58,22,430	72,73,440	77,68,750	85,14,948	93,30,960
ROEV (%)	7.7	27.9	7.3	10.6	10.5
ROE (%)	0.0	0.0	0.0	0.0	0.0
Opex ratio (%)	15.5	15.6	12.4	12.4	12.4
Cost ratio (%)	5.4	5.5	5.2	5.6	5.9
Solvency ratio (%)	187.0	198.0	0.0	0.0	0.0
EPS (Rs)	57.5	64.3	76.1	80.6	86.6
BVPS (Rs)	72.2	129.5	199.5	268.1	342.7
EVPS (Rs)	920.5	1,150.0	1,228.3	1,346.2	1,475.3

Source: Company, BOBCAPS Research

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%

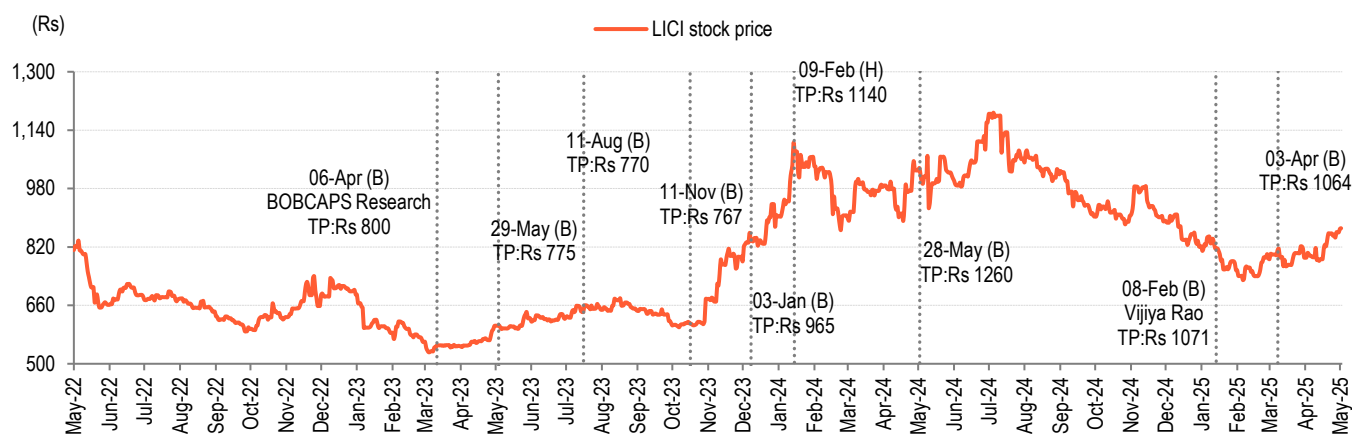
HOLD – Expected return from -6% to +15%

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): LIC (LICI 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.