

BUY

TP: Rs 675 | ▲ 16%

NIPPON LIFE INDIA AMC | NBFC

25 April 2024

Onward and upward; upgrade to BUY

- QAAUM growth robust at 47% YoY to Rs 4.3tn at end Q4 led by a strong equity segment (+63% YoY) constituting 49% of the total
- Market share expands; overall QAAUM share at 7.97% (+30bps QoQ) and equity share at 6.76% (+9bps QoQ) at end Mar'24
- Upgrade to BUY with TP increasing to Rs 675 (from Rs 580), valuing it at a higher 30x on FY26E EPS (vs. 28x)

Mohit Mangal

research@bobcaps.in

Strong growth momentum: Nippon AMC's revenue from operations increased 34% YoY to Rs 4.7bn at end-Q4FY24 (+22% YoY to Rs 16.4bn at end-FY24) and other income, which represents MTM gains on its own investments, grew 133% to Rs 923mn. The core PBT grew 41% YoY to Rs 2.8bn whereas core PAT grew 57% to Rs 2.6bn (vs. our estimate of Rs 2.1bn). PAT grew 73% YoY to Rs 3.4bn.

AUM growth robust: QAAUM grew at a robust 47% YoY to Rs 4.3tn at end Q4 FY24, wherein equity assets jumped 63% YoY and debt was up 26%. Nippon AMC experienced consistent demand growth and held a market share just hitting double digits for net equity flows (except arbitrage and index). ETFs formed 26% of the company's QAAUM. We bake in the Q4 print by raising our FY25/FY26 AUM by 13%/14% and net profit estimates by 7%/9%.

Market share rises: The company maintained its fourth rank on an overall basis with an uptick in market share. QAAUM-based share increased 30bps QoQ to 7.97% in Q4 from 7.67% in Q3FY24. Equity market share improved 9bps QoQ to 6.76% and ETF share grew the most at 135bps QoQ to 16.7% with the company retaining a dominant chunk of volumes and folios. The systematic flow market share improved 90bps QoQ to 12.1%.

Yields under pressure: Yield (calc.) fell ~1bps QoQ at ~43bps in Q4 but declined 4bps YoY due to the regulatory slab system, whereby TER declines as AUM rises. Equity yields have corrected and are now in the early 60s owing to the company's large fund size. The pressure on yields is expected to continue. We bake in 41bps/39bps on a blended basis for FY25/FY26 as compared to 45bps for FY24.

Upgrade to BUY: The stock is trading at 26x FY26E EPS. Factoring in robust equity flows, SIP flows, rising market share and continued ETF leadership, we increase our target P/E from 28x to 30x on FY26E EPS – a 15% premium to the long-term mean. Together with our estimate changes, we raise our TP of Rs 675 (from Rs 580). Our new TP carries upside potential of 16%, leading us to upgrade our rating to BUY from HOLD.

Key changes

Target	Rating
▲	▲

Ticker/Price	NAM IN/Rs 584
Market cap	US\$ 4.5bn
Free float	12%
3M ADV	US\$ 6.7mn
52wk high/low	Rs 623/Rs 230
Promoter/FPI/DII	74%/6%/9%

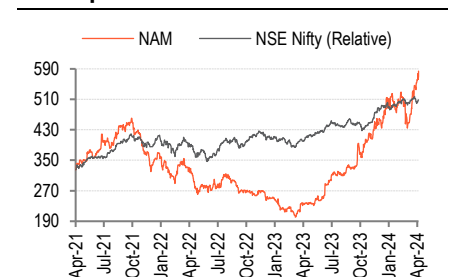
Source: NSE | Price as of 24 Apr 2024

Key financials

Y/E 31 Mar	FY24P	FY25E	FY26E
Core PBT (Rs mn)	9,584	12,257	14,433
Core PBT (YoY)	25.9	27.9	17.8
Adj. net profit (Rs mn)	11,063	12,072	14,155
EPS (Rs)	17.5	19.1	22.4
Consensus EPS (Rs)	15.4	18.5	20.8
MCap/AAAUM (%)	8.6	7.2	6.1
ROAAAUM (bps)	25.6	23.4	23.0
ROE (%)	29.5	29.8	33.9
P/E (x)	33.3	30.5	26.1

Source: Company, Bloomberg, BOBCAPS Research | P – Provisional

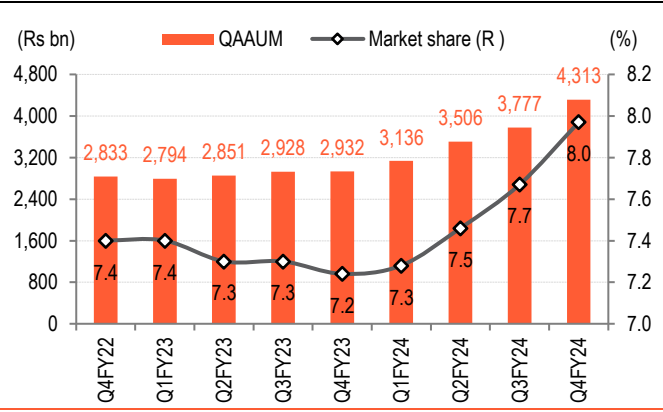
Stock performance



Source: NSE

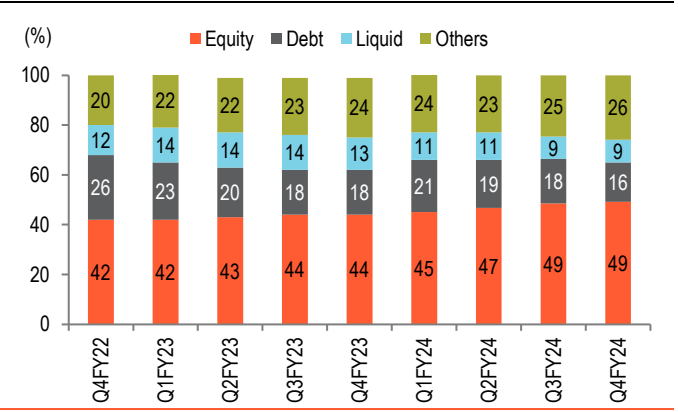


Fig 1 – Strong growth in Q4FY24 AUM



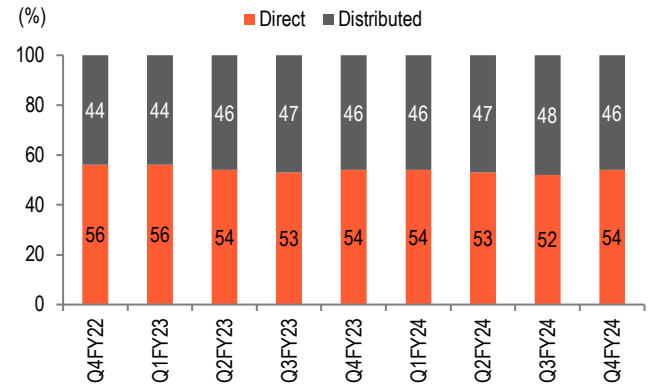
Source: Company, BOBCAPS Research

Fig 2 – Equity component rises QoQ to 49.2% of QAAUM at end-Q4



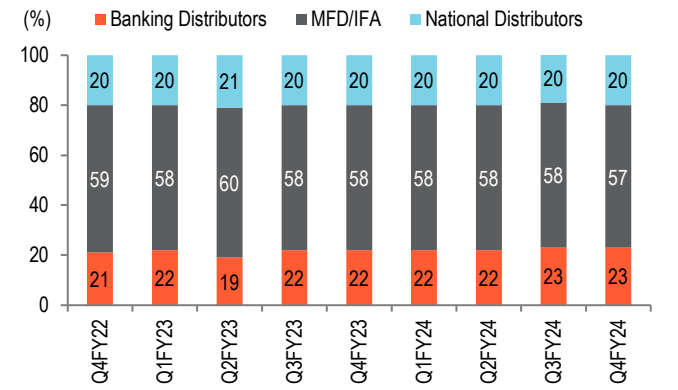
Source: Company, BOBCAPS Research

Fig 3 – Direct channel >50% of QAAUM distribution mix



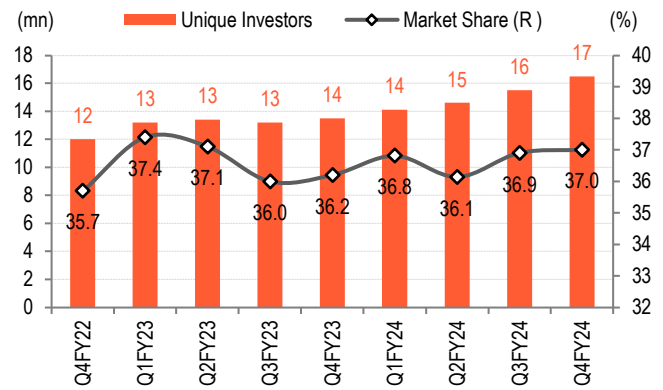
Source: Company, BOBCAPS Research

Fig 4 – Distributed assets largely dependent on MFD/IFA



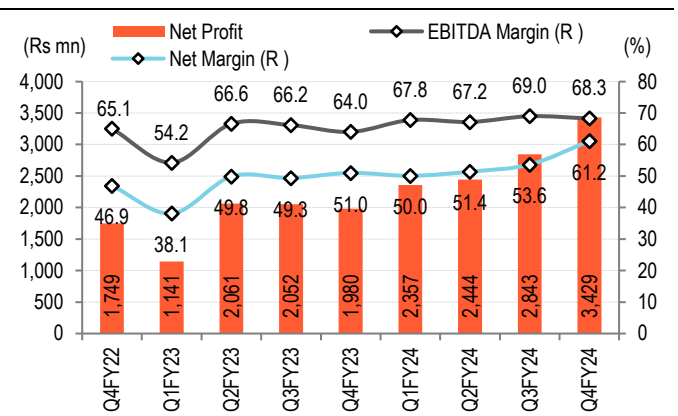
Source: Company, BOBCAPS Research

Fig 5 – Unique investors increasing with higher market share QoQ



Source: Company, BOBCAPS Research

Fig 6 – Net profit expands 73% YoY in Q4



Source: Company, BOBCAPS Research

Fig 7 – P&L account – Consolidated

Particulars (Rs mn)	Q4FY24	Q4FY23	YoY (%)	Q3FY24	QoQ (%)	FY24	FY23	YoY (%)
Revenue from Operations								
Asset Management Services	4,683	3,483	34.4	4,233	10.6	16,432	13,498	21.7
Other Income	923	397	132.6	1,071	(13.8)	3,941	1,668	136.3
Total Income	5,606	3,880	44.5	5,304	5.7	20,373	15,166	34.3
Expenses								
Fees and Commission Expenses	172	122	41.4	156	10.5	620	501	23.8
Employee Benefits Expenses	886	712	24.6	875	1.3	3,360	3,004	11.9
Other Expenses	717	562	27.6	611	17.2	2,515	2,047	22.9
Total Operating Expenses	1,775	1,395	27.3	1,642	8.1	6,495	5,551	17.0
EBITDA	3,831	2,485	54.1	3,662	4.6	13,879	9,615	44.3
Depreciation, Amortisation and Impairment	73	82	(10.0)	65	12.6	291	298	(2.2)
Finance Costs	16	12	37.9	17	(3.6)	62	40	57.2
Profit Before Tax	3,741	2,392	56.4	3,581	4.5	13,525	9,277	45.8
Tax Expense								
Current Tax	227	469	(51.7)	613	(63.1)	2,277	2,121	7.3
Deferred Tax Charge/(Credit)	88	(54)	(262.9)	127	(30.6)	186	(73)	(353.3)
Total Tax Expense	315	415	(24.1)	741	(57.5)	2,462	2,048	20.2
Share of profit in associate	3	3	3.6	3	7.4	11	4	167.5
Profit After Tax	3,426	1,977	73.3	2,840	20.6	11,063	7,229	53.0

Source: Company, BOBCAPS Research

Fig 8 – AUM breakdown

Particulars	Q4FY24	Q4FY23	YoY (%)	Q3FY24	QoQ (%)	FY24	FY23	YoY (%)
QAAUM (Rs bn)	4,313	2,932	47.1	3,777	14.2	4,313	2,932	47.1
- Equity-oriented	2,123	1,300	63.3	1,835	15.7	2,123	1,300	63.3
- Debt	681	540	26.2	671	1.6	681	540	26.2
- Liquid	394	390	0.9	342	15.1	394	390	0.9
- ETF	1,115	700	59.2	929	20.0	1,115	700	59.2
Unique Investors (mn)	16.5	13.5	22.2	15.5	6.5	16.5	13.5	22.2
Systematic Transactions - Quarterly Book (Rs bn)	70.1	32.2	117.7	59.3	18.2	70.1	32.2	117.7
SIP AUM (Rs bn)	987	580	70.2	914	8.0	987	580	70.2

Source: Company, BOBCAPS Research

Fig 9 – Margin indicators

Particulars	Q4FY24	Q4FY23	YoY (%)	Q3FY24	QoQ (%)	FY24	FY23	YoY (%)
EBITDA margin (%)	68.3	64.0	428bps	69.0	(72bps)	68.1	63.4	472bps
Net margin (%)	61.2	51.0	1,014bps	53.6	758bps	54.4	47.7	666bps
Revenue yield (bps)	43.4	47.5	(4bps)	44.8	(1bps)	44.6	46.9	(2bps)

Source: BOBCAPS Research | Note: The above data is based on consolidated P&L numbers; Revenue yield is calculated

Earnings call takeaways

Business highlights

- Nippon AMC's QAAUM grew 47% YoY (+14% QoQ) to Rs 4.3tn in Q4FY24, with equity assets constituting 49.2% of the total from 44.4% a year ago and 48.6% last quarter. It maintained its fourth rank in the AMC industry.
- Nippon AMC's market share based on QAAUM increased 30bps QoQ to 7.97% in Q4. Equity QAAUM market share also improved 9bps QoQ to 6.76%.
- The company continued to attract higher flows, with a market share just hitting double digits for net equity flows (except arbitrage and index).
- In terms of customer mix, individual AUM (retail plus HNI) accounted for 61% of the total at Rs 2.6tn. By geography, B30 locations contributed 19.5% of AUM at Rs 862bn vs. 17.9% for the industry, translating to 8.8% market share.
- Category-wise, Nippon AMC remains one of the largest ETF players in India, with ETF AUM of Rs 1.1tn and 17% market share. Nippon AMC has a 60% share in industry ETF folios and 61% share of ETF volumes on the National Stock Exchange and Bombay Stock Exchange.
- The company's SIP AUM grew 70% YoY to Rs 987bn as systematic flows swelled 117% to Rs 70.1bn. AUM wise, SIP accounts continuing for more than five years was 62% for the company vs. 28% for the industry.
- Subsidiary Nippon India Alternate Investments (NIAIF) reported an investment commitment of Rs 61.9bn as on Q4FY24. During the quarter, the company onboarded a new Fund Manager for Long Only Equity AIF Schemes.
- Unique customers in the mutual fund industry grew to 44.6mn from 37.7mn in Q4FY23, of which the company has ~37% share.

Yields

- Operating yield (calc.) fell ~1bps QoQ at ~43bps in Q4 but declined 4bps YoY due to the slab-wise TER system, whereby TER declines as AUM rises.
- Equity yield was 63bps, debt at 25bps, liquid funds at 10-12bps and ETFs at 15bps.
- Per management, it will take four to five years for the compression in blended mutual fund yields to halt.

Key financial metrics

- Nippon AMC's total revenue from operations increased 34% YoY to Rs 4.7bn in Q4, whereas total income grew 45% to Rs 5.6bn. PAT increased 73% YoY to Rs 3.4bn. Core PAT grew 57% YoY to Rs 2.6bn whereas core PBT grew 41% YoY to Rs 2.8bn.
- Other income (MTM gains) can vary depending on market movements. Other income grew 133% YoY to Rs 923mn.

- Operating expenses increased 27% YoY to Rs 1.8bn as other expenses rose 28% to Rs 717mn and employee cost was up 25% to Rs 886mn.

Others

- Tax rate remained low in Q4 owing to transfer of (i) investments from short term to long term and (ii) reversal of provisions from the earlier years.
- Employee numbers inched up from 989 in Q3 to 1,001 in Q4. Management indicated that it continues to invest in people and technology.
- Digital purchases (lumpsum + new) grew 100% YoY to 6.6mn transactions at end-FY24 compared to 3.3mn in FY23.
- The company announced a total dividend of Rs 16.5 per share for FY24 (including Rs 11 per share as proposed final dividend).

Valuation methodology

Nippon AMC, the #4 player in the asset management industry by QAAUM, continues to attract robust flows and deliver top-quartile scheme performance across the large-, mid- and small-cap equity categories. The company’s AUM market share increased 30bps QoQ to 7.97% during Q4FY24, while equity QAAUM market share also improved 9bps to 6.76%. Its continued leadership in the growing ETF space is another positive, with 61% volume share and 60% folio share at end-Q4. SIP AUM too has grown at a robust 70% YoY to Rs 987bn as systematic flows swelled 117% to Rs 70.1bn.

Following the strong and higher-than-estimated Q4FY24 print, we increase our FY25/FY26 AUM estimates by 13%/14% to Rs 5.2tn/ Rs 6.2tn. Our net profit forecasts for these years rise by 7%/9% after factoring in blended yield assumptions of 41bps/39bps as compared to 45bps in FY24.

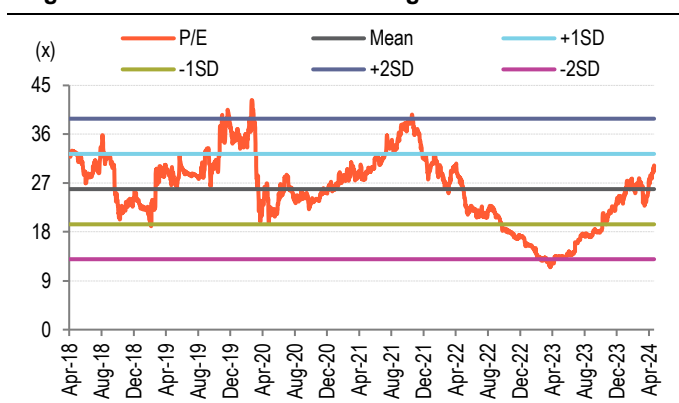
The stock is currently trading at 26x FY26E EPS. We raise our target P/E from 28x to 30x on FY26E EPS – a 15% premium to the stock’s long-term mean – for a higher TP of Rs 675 (previously Rs 580). Our new multiple factors in robust equity flows, strong growth in the SIP book, rising market share and continued ETF leadership. We upgrade it to BUY from HOLD with 16% upside.

Fig 10 – Revised estimates

(Rs mn)	New		Old		Change (%)	
	FY25E	FY26E	FY25E	FY26E	FY25E	FY26E
Total Income	23,079	26,603	21,815	24,834	5.8	7.1
EBITDA	15,850	18,549	14,821	17,049	6.9	8.8
Profit After Tax (PAT)	12,072	14,155	11,271	12,978	7.1	9.1
AUM (Rs bn)	5,169	6,162	4,565	5,389	13.3	14.3
EBITDA Margin (%)	68.7	69.7	67.9	68.6	74bps	108bps
Net Margin (%)	52.3	53.2	51.7	52.3	65bps	95bps

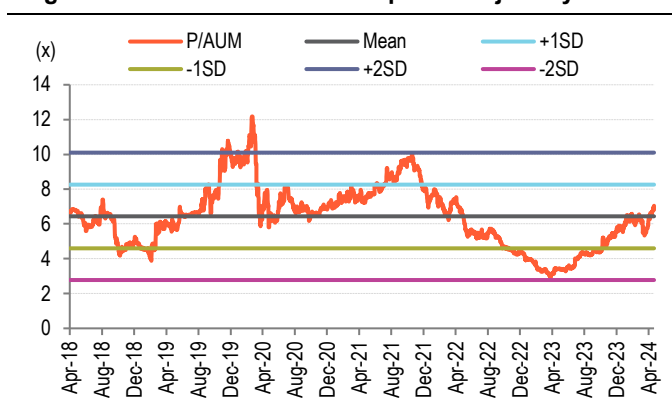
Source: BOBCAPS Research

Fig 11 – 1Y fwd P/E band – Trading close to +1SD



Source: BOBCAPS Research

Fig 12 – 1Y fwd P/AUM band – Upward trajectory



Source: BOBCAPS Research

Key risks

Downside risks

- **Decline in AUM growth due to increased competition:** Nippon AMC has witnessed intense competitive pressure in the AUM industry. Higher competition coupled with new entrants could dampen AUM growth and hurt revenue.
- **Prolonged weakness in equity markets:** Equity assets constitute a significant portion of the company's AUM. Thus, a fall in Indian equity markets would cause AUM to decline directly as the value of underlying securities falls, and indirectly as securities investments become less attractive for investors, resulting in net outflows or redemptions. Any decrease in AUM will impact fees and consequently net profit.
- **Regulatory risks:** AMCs are regulated by the Securities and Exchange Board of India and could be adversely impacted in the event of unfavourable policy changes. For instance, should the regulator mandate a further decline in total expense ratio, yields could weaken even more.
- **Covid-like disruptions:** While Covid-related lockdowns are unlikely to be unduly harsh in future, we believe that any such lockdowns/disruptions due to any pandemic/virus mutations would be a risk to retail customer acquisition and could also result in higher redemptions.

Sector recommendation snapshot

Company	Ticker	Market Cap (US\$ bn)	Price (Rs)	Target (Rs)	Rating
Aditya Birla Sun Life AMC	ABSLAMC IN	1.9	551	500	HOLD
HDFC AMC	HDFCAMC IN	9.5	3,660	3,675	HOLD
Nippon Life India AMC	NAM IN	4.5	584	675	BUY
UTI AMC	UTIAM IN	1.5	948	909	HOLD

Source: BOBCAPS Research, NSE | Price as of 24 Apr 2024

Glossary

Glossary	
AUM	Assets Under Management
AAAUM	Average Annual Assets Under Management
AIF	Alternate Investment Fund
B30	Beyond the Top 30 cities
eKYC	Electronic Know Your Customer
EPFO	Employees' Provident Fund Organisation
ETF	Exchange Traded Funds
FOF	Fund of Funds
HNI	High Net-worth Individual
IFA	Independent Financial Advisor
MAAUM	Monthly Average Assets Under Management
MF	Mutual Fund
MFD	Mutual Fund Distributor
MTM	Mark to Market
NFO	New Fund Offer
PMS	Portfolio Management Services
QAAUM	Quarterly Average Assets Under Management
SIP	Systematic Investment Plan
STP	Systematic Transfer Plan
T30	Top 30 cities
TER	Total Expense Ratio

Financials

Income Statement

Y/E 31 Mar (Rs mn)	FY22A	FY23A	FY24P	FY25E	FY26E
Investment mgmt. fees	13,066	13,498	16,432	19,859	22,888
YoY (%)	23.0	3.3	21.7	20.9	15.3
Operating expenses	5,159	5,551	6,495	7,229	8,054
Core operating profits	7,907	7,947	9,937	12,629	14,835
Core operating profits growth (%)	41.8	0.5	25.0	27.1	17.5
Depreciation and Interest	310	338	354	373	402
Core PBT	7,597	7,610	9,584	12,257	14,433
Core PBT growth (%)	46.1	0.2	25.9	27.9	17.8
Other income	2,290	1,668	3,941	3,221	3,715
PBT	9,887	9,277	13,525	15,478	18,147
PBT growth (%)	12.7	(6.2)	45.8	14.4	17.3
Tax	2,453	2,048	2,462	3,405	3,992
Tax rate (%)	24.8	22.1	18.2	22.0	22.0
Reported PAT	7,434	7,229	11,063	12,072	14,155

Balance Sheet

Y/E 31 Mar (Rs mn)	FY22A	FY23A	FY24P	FY25E	FY26E
Equity capital	6,228	6,234	6,300	6,300	6,300
Reserves & surplus	28,558	28,922	33,522	34,772	36,187
Net worth	34,786	35,156	39,822	41,072	42,487
Borrowings	0	0	0	0	0
Other liab. & provisions	3,179	3,453	3,929	5,395	6,675
Total liab. & equities	37,965	38,609	43,750	46,467	49,163
Cash & bank balance	32,801	32,959	37,832	41,103	43,994
Fixed & Other assets	4,784	5,444	5,663	5,109	4,913
Total assets	37,965	38,609	43,750	46,467	49,163

Per Share

Y/E 31 Mar (Rs)	FY22A	FY23A	FY24P	FY25E	FY26E
EPS	11.8	11.5	17.5	19.1	22.4
Dividend per share	11.0	11.5	16.5	17.4	20.4
Book value per share	55.2	56.1	63.1	65.1	67.3

Valuations Ratios

Y/E 31 Mar (x)	FY22A	FY23A	FY24P	FY25E	FY26E
P/E	49.5	50.7	33.3	30.5	26.1
P/BV	10.6	10.4	9.3	9.0	8.7
Dividend yield (%)	1.9	2.0	2.8	3.0	3.5

DuPont Analysis

Y/E 31 Mar (bps of AAAUM)	FY22A	FY23A	FY24P	FY25E	FY26E
Operating income	46.1	46.1	38.1	38.4	37.1
Operating expenses	18.2	18.9	15.1	14.0	13.1
EBITDA	36.0	32.8	32.2	30.7	30.1
Depreciation and Others	1.1	1.2	0.8	0.7	0.7
Core PBT	26.8	26.0	22.2	23.7	23.4
Other income	8.1	5.7	9.1	6.2	6.0
PBT	34.9	31.7	31.4	29.9	29.5
Tax	8.7	7.0	5.7	6.6	6.5
ROAAAUM	26.2	24.7	25.6	23.4	23.0

Ratio Analysis

Y/E 31 Mar	FY22A	FY23A	FY24P	FY25E	FY26E
YoY growth (%)					
Investment mgmt. fees	23.0	3.3	21.7	20.9	15.3
Core operating profit	41.8	0.5	25.0	27.1	17.5
EPS	62.9	8.3	(2.3)	52.0	9.1
Profitability & Return ratios (%)					
Operating income to Total inc.	85.1	89.0	80.7	86.0	86.0
Cost to Core income ratio	39.5	41.1	39.5	36.4	35.2
EBITDA margin	66.4	63.4	68.1	68.7	69.7
Core PBT margin	49.5	50.2	47.0	53.1	54.3
PBT margin (on total inc.)	64.4	61.2	66.4	67.1	68.2
ROE	22.6	20.7	29.5	29.8	33.9
Dividend payout ratio	93.2	99.7	94.1	90.0	90.0

Annual Average AUM

Y/E 31 Mar	FY22A	FY23A	FY24P	FY25E	FY26E
AAAUM (Rs bn)	2,832	2,930	4,313	5,169	6,162
YoY Growth (%)	23.9	3.5	47.2	19.8	19.2
% of AAAUM					
Equity	42	44	49	50	50
Debt	26	18	16	15	14
Liquid	12	13	9	8	7
Others	20	24	26	27	28

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**

Logo:  **BOBCAPS**
TRUST | INNOVATION | EXCELLENCE

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%

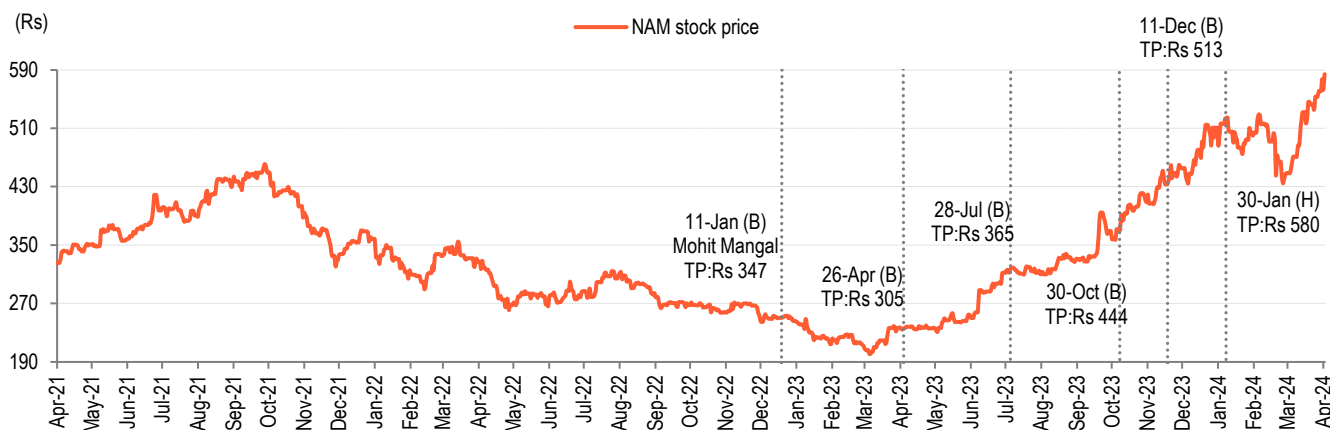
HOLD – Expected return from -6% to +15%

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): NIPPON LIFE INDIA AMC (NAM 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.