

**BUY**

TP: Rs 924 | ▲ 17%

**TATA CONSUMER  
PRODUCTS**

Consumer Staples

29 May 2023

**Annual report analysis: On a strong wicket**

- **Strong FY23 performance with revenue/PAT up 11%/29%, underpinned by innovation, premiumisation and distribution**
- **34 new products launched in FY23 vs. 19 in FY22, with doubling of direct reach to 1.5mn outlets**
- **Expect a robust revenue/PAT CAGR of 12%/19% over FY22-FY25; maintain BUY with an unchanged TP of Rs 924**

**Broad-based growth:** TCPL's focus on growing the core business and increasing its addressable market enabled 11% YoY growth (10% CC) in FY23. India revenue grew 10% YoY as (i) the salt business increased 25% led by price hikes and volume growth, and (ii) growth businesses soared 53% driven by expansion in distribution reach. India beverage sales declined marginally owing to price correction and weakness in some key markets. International business was up 5% YoY CC on account of price increases taken across markets. Within this, non-branded sales grew 21% CC led by higher realisations in the coffee plantation and extraction business.

**Innovation remains key catalyst for growth:** TCPL accelerated the pace of innovation during the year with a focus on health & wellness, convenience and premiumisation. The company launched 34 products in FY23 compared to 19 in FY22 and 14 in FY21, besides raising the innovation-to-sales ratio to 3.4% in FY23 from 0.8% in FY20. It entered new categories including plant-based meat, protein supplements, ready-to-eat (RTE) and ready-to-cook (RTC).

**Sustained focus on wider reach:** In FY23, the company increased its direct distribution network by 15% to 1.5mn outlets (more than double FY21 levels) and now has a total reach of 3.8mn outlets. TCPL remains focused on enhancing semiurban and rural distribution.

**Maintain BUY, TP 924:** We expect TCPL's focus on strengthening core businesses along with accelerating innovation and unlocking efficiencies to spur growth. The company intends to continue exploring new growth opportunities, both organic and inorganic. We expect TCPL to deliver a strong performance due to a sustained focus on network extension, premiumisation, market share gains, product launches and digitisation. We model for a strong revenue/EBITDA/PAT CAGR of 11.6%/14.8%/ 19.3% over FY22-FY25 due to TCPL's sustained thrust on network extension, premiumisation, market share gains, product launches and digitisation. We thus maintain BUY while retaining our SOTP-based TP of Rs 924.

**Vikrant Kashyap**

research@bobcaps.in

**Key changes**

Target	Rating
◀▶	◀▶

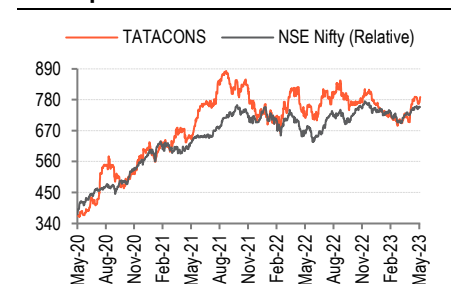
Ticker/Price	TATACONS IN/Rs 790
Market cap	US\$ 8.9bn
Free float	64%
3M ADV	US\$ 10.6mn
52wk high/low	Rs 861/Rs 687
Promoter/FPI/DII	34%/25%/41%

Source: NSE | Price as of 26 May 2023

**Key financials**

Y/E 31 Mar	FY23A	FY24E	FY25E
Total revenue (Rs mn)	1,37,832	1,54,545	1,73,125
EBITDA (Rs mn)	18,565	23,343	26,024
Adj. net profit (Rs mn)	10,443	15,498	17,297
Adj. EPS (Rs)	11.3	16.7	18.6
Consensus EPS (Rs)	11.3	16.0	18.7
Adj. ROAE (%)	7.0	8.6	9.0
Adj. P/E (x)	70.0	47.3	42.4
EV/EBITDA (x)	39.5	31.4	28.2
Adj. EPS growth (%)	28.2	28.1	11.6

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

**Stock performance**

Source: NSE



### Annual report takeaways

- India business:** During FY23, TCPL's India business grew 10% YoY to Rs 87.2bn and its share in total branded business stood at 71%. The company has been able to deliver strong growth on the back of product launches (~2x over FY22), premiumisation and consistent progress in direct as well as total reach expansion, particularly in rural and semiurban markets. Modern trade and e-commerce channels posted strong growth, contributing 14% and 9% respectively towards India sales.

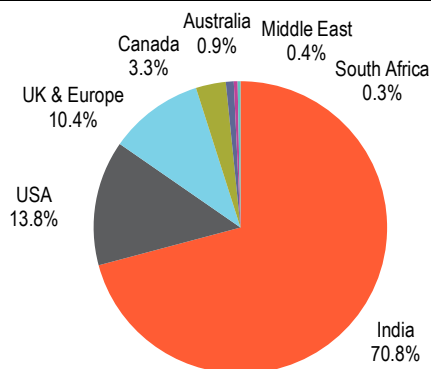
The India beverages business declined 5% (1% volume dip) owing to price correction and weakness in some key markets. To energise growth, the company has introduced several new products and sharpened its focus on premiumisation.

Salt revenue grew by 25% (three-year CAGR 19%) with the value-added portfolio up 4.5x. The *Tata Sampann* portfolio grew 29%, *Tata Soufull* was up 100% with improved profitability, *NourishCo* grew 80%, and *Himalayan* water registered a strong increase of 85% and stayed EBIT positive. The Tata Starbucks JV performed well as revenue grew 77% YoY and EBIT turned positive. The JV added 71 new stores during the year across 15 new cities and continued its expansion in tier-2 markets.

- International business:** Revenue from international business grew 8% YoY (5% CC) to Rs 35.9bn in FY23 and its total share in branded business stood at 29%. The company entered the fast-growing Indian ready foods segment with *Tata Raasa*, a range of RTE and RTC products tailored for local preferences. UK revenue remained flat in constant currency, USA coffee revenue grew 7% CC and Canada revenue was up 9% CC as the company took multiple price hikes during the year to mitigate the impact of input cost inflation, which resulted in margin expansion.

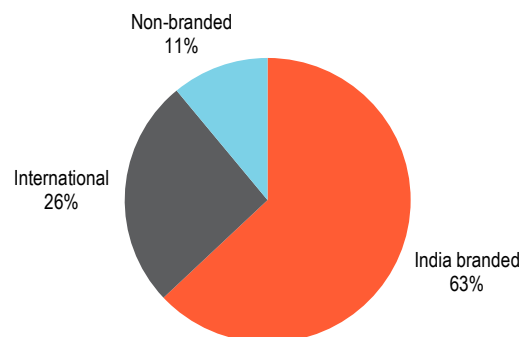
In the UK, the company integrated the *Teapigs* brand with Tata Consumer UK. In the US, it launched Tata Raasa RTE in select ethnic grocery stores. Tetley maintained market leadership in Canada aided by market share gains in the regular tea segment.

**Fig 1 – Geographical mix – branded business**



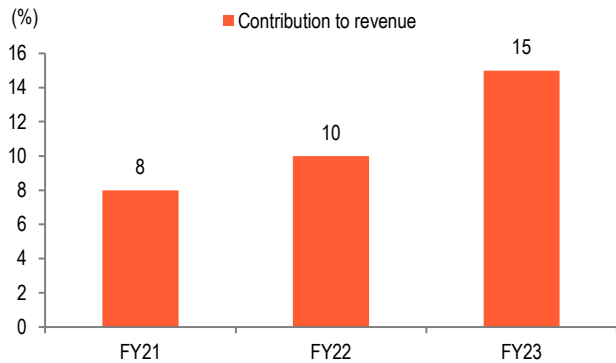
Source: Company, BOBCAPS Research

**Fig 2 – Segment revenue contribution**



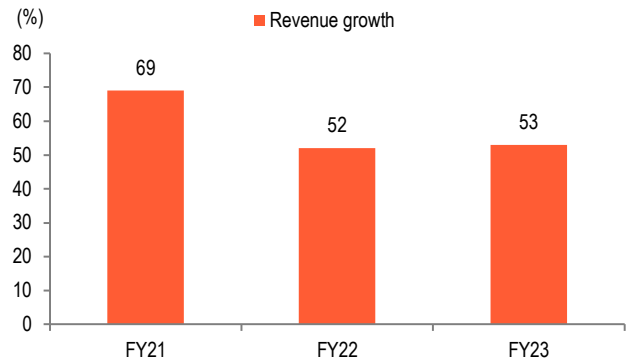
Source: Company, BOBCAPS Research

**Fig 3 – India growth businesses – contribution to revenue**



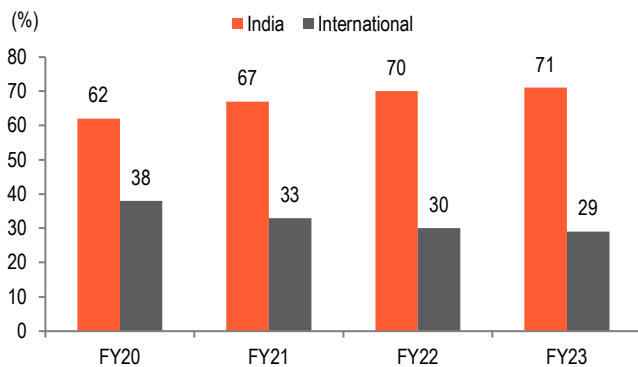
Source: Company, BOBCAPS Research

**Fig 4 – India growth businesses – annual growth**



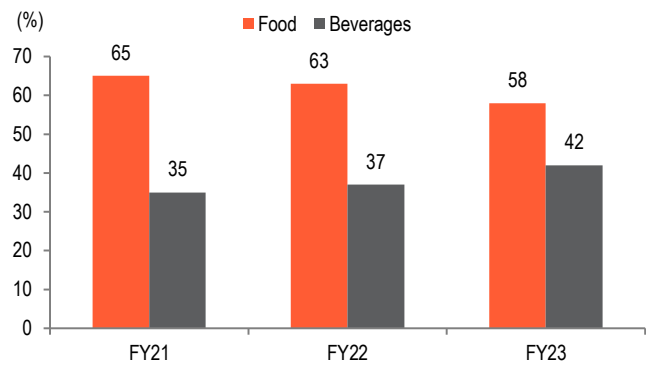
Source: Company, BOBCAPS Research

**Fig 5 – Branded business – geographical mix**



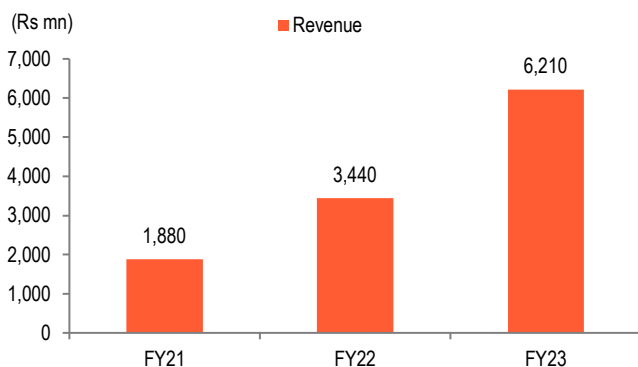
Source: Company, BOBCAPS Research

**Fig 6 – India business – segment revenue mix**



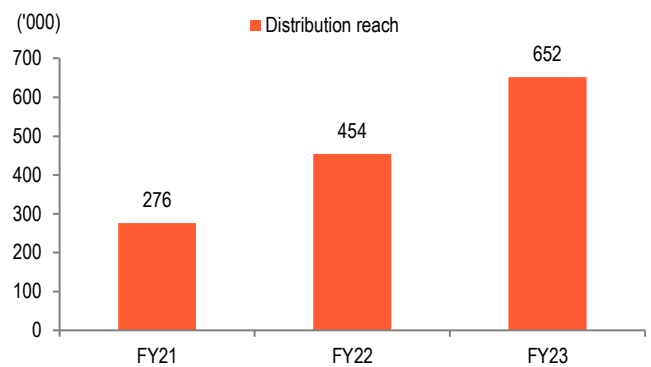
Source: Company, BOBCAPS Research

**Fig 7 – NourishCo – revenue trend**



Source: Company, BOBCAPS Research

**Fig 8 – NourishCo – distribution reach**



Source: Company, BOBCAPS Research

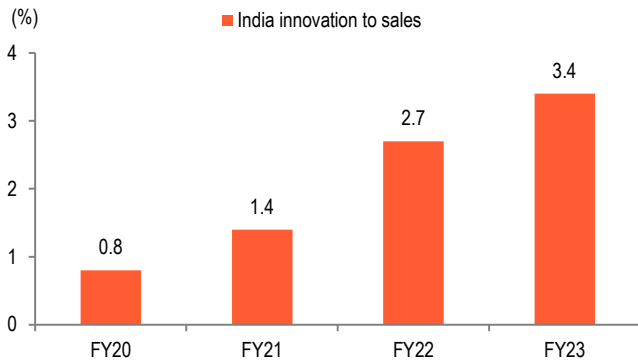
- Fortifying the FMCG business:** Over the years, TCPL has strengthened and expanded its brand portfolio with a focus on innovation, health and wellness, convenience, and premiumisation. The company has classified its product offerings under five key platforms: (1) current core (tea, coffee, salt); (2) pantry (pulses, spices, staples, RTC, dry fruits); (3) liquids (water, RTD); (4) mini meals (breakfast cereals, RTE, snacks); and (5) protein (plant-based meats, plant protein powder).

The company continues to evaluate new growth opportunities, organically as well as inorganically. During FY23, TCPL entered the protein category and also forayed into newer markets and consumer segments in the Sampann, Soufull and RTE/ RTC portfolios.

- Innovation spurring growth:** TCPL launched 34 new products during FY23 compared to 19 products in FY22 and 14 products in FY21, besides raising the innovation-to-sales ratio to 3.4% from 0.8% in FY20. The company has invested in building a 'fit-for-future' R&D capability and accelerated the pace of launches to an average of three per month, besides targeting new categories.

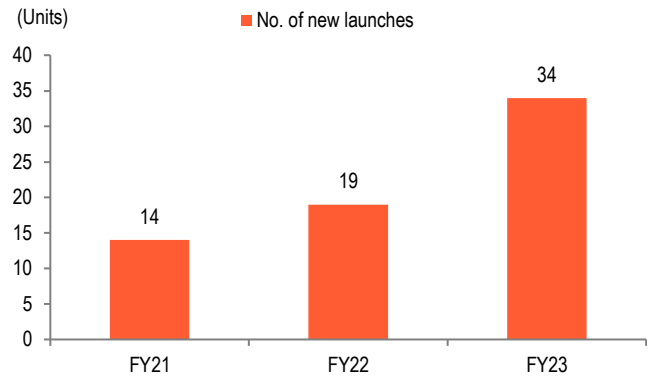
TCPL has a dedicated team of 35 R&D professionals and the company incurred Rs 363mn on R&D during FY23. It has three world-class R&D facilities in India (~20,000sft cumulatively in Mumbai, Bengaluru and Sri City) and one in London for innovation in the international beverages business.

**Fig 9 – India innovation-to-sales ratio**



Source: Company, BOBCAPS Research

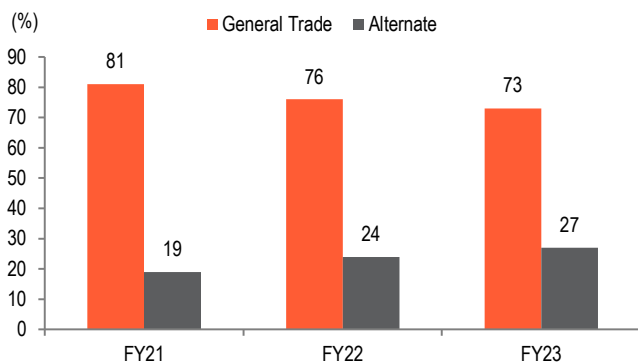
**Fig 10 – New product launches**



Source: Company, BOBCAPS Research

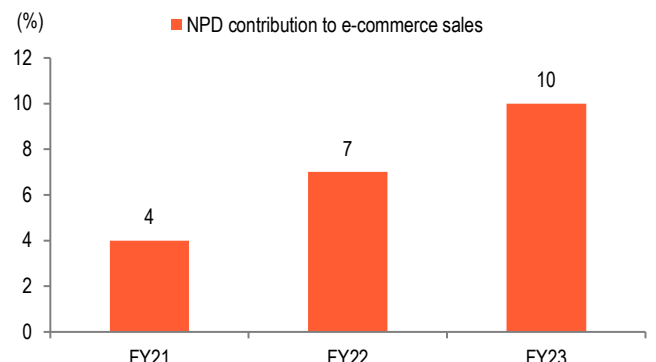
- Alternate channels remain instrumental for growth:** The e-commerce channel grew 32% YoY and contributed 9% of India business revenue in FY23, up from ~2.5% in FY20. Modern trade has grown 21% in FY23 and contributed 14% of India business. E-commerce's innovation-to-sales contribution now stands at 10% against the company average of 3.4%.

**Fig 11 – Channel contribution to India business**



Source: Company, BOBCAPS Research

**Fig 12 – NPD contribution to e-commerce sales**

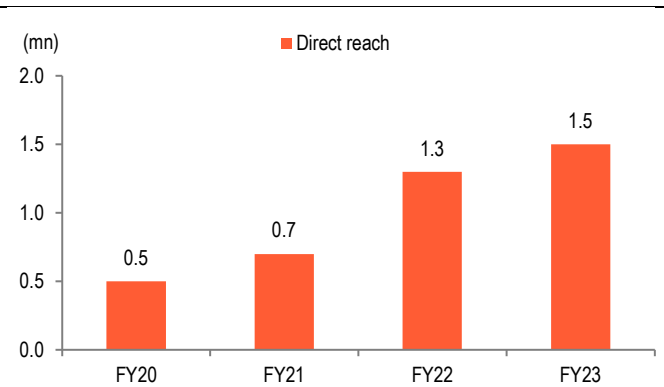


Source: Company, BOBCAPS Research

- **Steady distribution expansion:** TCPL has rapidly expanded its direct distribution reach in India by ~170,000 outlets to 1.5mn outlets in FY23, growing 3x from ~0.5mn outlets in FY20. The company is now looking to appoint distributors in all towns with a population of 50,000+ and in high-income towns with a population of 20,000+. Split routes have been implemented in towns with a population of 1mn+ which will enhance bandwidth for the salesforce at the front end.

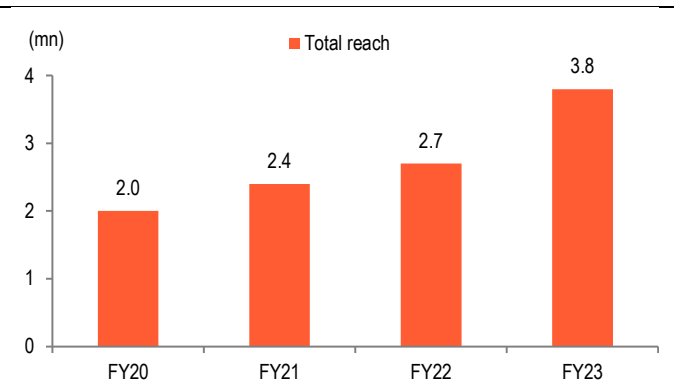
Overall, the company is on track to achieve a total reach of 4mn outlets by CY23. TCPL has further started making progress in expanding its rural and semiurban reach, with increased direct distributor coverage in semiurban areas.

**Fig 13 – Direct distribution reach**



Source: Company, BOBCAPS Research

**Fig 14 – Total distribution reach**

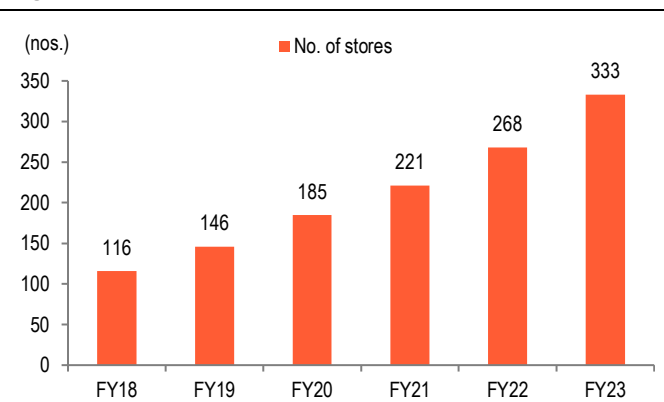


Source: Company, BOBCAPS Research

- **Tata Starbucks JV continues to broaden footprint:** The Tata Starbucks JV opened 71 new stores in FY23 (against 50 in FY22) and clocked turnover of over Rs 10bn, growing at 77% YoY and turning positive at the EBIT level. The JV is now present in 41 cities in India and has a total store count of 333 at the end of FY23.

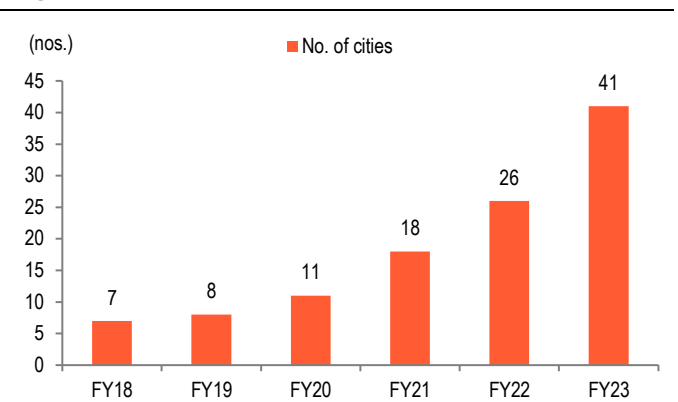
The company launched a pilot that entailed a newer food menu, wider beverage choices and a new small-size beverage ‘Picco’ in select stores and cities to recruit new consumers. The pilot was a success and hence the format will be expanded to other stores and markets.

**Fig 15 – Tata Starbucks JV – store rollout trend**



Source: Company, BOBCAPS Research

**Fig 16 – Tata Starbucks JV – expansion in new cities**



Source: Company, BOBCAPS Research

## Valuation methodology

We expect TCPL's focus on strengthening core businesses along with accelerating innovation and unlocking efficiencies to spur growth. The company intends to continue exploring new growth opportunities, both organic and inorganic. We model for a strong revenue/EBITDA/PAT CAGR of 11.6%/14.8%/ 19.3% over FY22-FY25 due to TCPL's sustained thrust on network extension, premiumisation, market share gains, product launches and digitisation. We thus maintain BUY while retaining our SOTP-based TP of Rs 924.

**Fig 17 – Valuation summary**

EV/EBITDA (Rs mn)	FY25E EBITDA	Multiple (x)	EV
India Business	20,705	36.0x	744,540
International Business	7,772	12.0x	93,260
EV/Revenue	FY25E Revenue	Multiple (x)	EV
Tata Starbucks	1,565	3.0x	4,695.84
Enterprise Value	-	-	842,497
Less: Net debt	-	-	(16141)
Market Value (Rs mn)	-	-	858638
No of share (mn)	-	-	929
Target Price (Rs)	-	-	924

Source: Company, BOBCAPS Research

## Key risks

Key downside risks to our estimates are:

- continued inflation in international markets,
- adverse currency movements, and
- delayed rural recovery.

## Sector recommendation snapshot

Company	Ticker	Market Cap (US\$ bn)	Price (Rs)	Target (Rs)	Rating
Britannia Industries	BRIT IN	13.5	4,596	5,623	BUY
Dabur India	DABUR IN	11.7	542	628	BUY
Godrej Consumer Products	GCPL IN	13.1	1,050	1,159	BUY
Hindustan Unilever	HUVR IN	85.5	2,652	3,069	BUY
ITC	ITC IN	67.1	444	486	BUY
Marico	MRCO IN	8.5	544	629	BUY
Nestle India	NEST IN	25.3	21,582	24,670	BUY
Tata Consumer Products	TATACONS IN	8.9	790	924	BUY
Zydu Wellness	ZYWL IN	1.1	1,457	1,631	HOLD

Source: BOBCAPS Research, NSE | Price as of 26 May 2023

## Financials

### Income Statement

Y/E 31 Mar (Rs mn)	FY21A	FY22A	FY23A	FY24E	FY25E
<b>Total revenue</b>	<b>1,16,020</b>	<b>1,24,254</b>	<b>1,37,832</b>	<b>1,54,545</b>	<b>1,73,125</b>
EBITDA	15,438	17,188	18,565	23,343	26,024
Depreciation	2,547	2,780	3,041	3,095	3,271
EBIT	12,890	14,408	15,524	20,248	22,752
Net interest inc./(exp.)	(687)	(728)	(872)	(940)	(940)
Other inc./(exp.)	1,214	1,401	1,689	2,261	2,261
Exceptional items	(307)	(521)	1,595	0	0
EBT	13,111	14,560	17,936	21,569	24,074
Income taxes	3,172	3,770	4,470	5,435	6,067
Extraordinary items	0	0	0	0	0
Min. int./Inc. from assoc.	104	156	900	322	360
<b>Reported net profit</b>	<b>8,567</b>	<b>9,358</b>	<b>12,038</b>	<b>15,498</b>	<b>17,297</b>
Adjustments	(307)	(521)	1,595	0	0
<b>Adjusted net profit</b>	<b>8,874</b>	<b>9,878</b>	<b>10,443</b>	<b>15,498</b>	<b>17,297</b>

### Balance Sheet

Y/E 31 Mar (Rs mn)	FY21A	FY22A	FY23A	FY24E	FY25E
Accounts payables	16,255	19,159	23,482	25,612	28,691
Other current liabilities	1,361	1,322	1,735	1,735	1,735
Provisions	2,942	2,488	2,449	2,449	2,449
Debt funds	7,206	10,106	11,828	11,828	11,828
Other liabilities	18,525	15,162	17,349	17,349	17,349
Equity capital	922	922	929	929	929
Reserves & surplus	1,55,349	1,62,014	1,70,340	1,80,101	1,90,996
Shareholders' fund	1,56,270	1,62,936	1,71,269	1,81,030	1,91,925
<b>Total liab. and equities</b>	<b>2,02,559</b>	<b>2,11,172</b>	<b>2,28,111</b>	<b>2,40,002</b>	<b>2,53,977</b>
Cash and cash eq.	20,420	14,980	15,396	22,304	29,860
Accounts receivables	7,613	8,352	7,983	8,951	10,027
Inventories	22,492	22,665	27,017	29,467	33,010
Other current assets	16,730	23,380	25,143	25,143	25,143
Investments	5,986	5,630	11,403	11,403	11,403
Net fixed assets	12,227	14,803	16,047	18,012	20,233
CWIP	932	2,094	2,861	2,861	2,861
Intangible assets	1,04,006	1,05,456	1,08,753	1,08,352	1,07,931
Deferred tax assets, net	381	427	486	486	486
Other assets	11,773	13,385	10,874	10,874	10,874
<b>Total assets</b>	<b>2,02,559</b>	<b>2,11,172</b>	<b>2,28,111</b>	<b>2,40,002</b>	<b>2,53,977</b>

### Cash Flows

Y/E 31 Mar (Rs mn)	FY21A	FY22A	FY23A	FY24E	FY25E
<b>Cash flow from operations</b>	<b>16,564</b>	<b>15,158</b>	<b>14,613</b>	<b>18,880</b>	<b>20,679</b>
Capital expenditures	(2,107)	(2,733)	(3,118)	(4,074)	(4,489)
Change in investments	4,149	(971)	(5,818)	0	0
Other investing cash flows	(5,008)	(4,512)	2,076	4,967	(1,522)
<b>Cash flow from investing</b>	<b>(4,084)</b>	<b>(13,218)</b>	<b>(8,278)</b>	<b>893</b>	<b>(6,011)</b>
Equities issued/Others	0	0	0	0	0
Debt raised/repaid	(573)	(4,947)	(38)	0	0
Interest expenses	(654)	(625)	(817)	0	0
Dividends paid	(2,582)	(3,848)	(5,734)	(6,372)	(7,112)
Other financing cash flows	(451)	(528)	(556)	0	0
<b>Cash flow from financing</b>	<b>(4,260)</b>	<b>(9,948)</b>	<b>(7,144)</b>	<b>(6,372)</b>	<b>(7,112)</b>
<b>Chg in cash &amp; cash eq.</b>	<b>8,838</b>	<b>(7,961)</b>	<b>(867)</b>	<b>13,400</b>	<b>7,555</b>
<b>Closing cash &amp; cash eq.</b>	<b>17,732</b>	<b>9,771</b>	<b>8,904</b>	<b>22,304</b>	<b>29,860</b>

### Per Share

Y/E 31 Mar (Rs)	FY21A	FY22A	FY23A	FY24E	FY25E
Reported EPS	9.3	10.2	13.0	16.7	18.6
Adjusted EPS	9.6	10.7	11.3	16.7	18.6
Dividend per share	2.7	4.1	6.1	6.9	7.7
Book value per share	169.6	176.8	185.8	196.4	208.3

### Valuations Ratios

Y/E 31 Mar (x)	FY21A	FY22A	FY23A	FY24E	FY25E
EV/Sales	6.3	5.9	5.3	4.7	4.2
EV/EBITDA	47.5	42.7	39.5	31.4	28.2
Adjusted P/E	82.0	73.7	70.0	47.3	42.4
P/BV	4.7	4.5	4.2	4.0	3.8

### DuPont Analysis

Y/E 31 Mar (%)	FY21A	FY22A	FY23A	FY24E	FY25E
Tax burden (Net profit/PBT)	65.3	64.3	67.1	71.9	71.8
Interest burden (PBT/EBIT)	101.7	101.1	115.5	106.5	105.8
EBIT margin (EBIT/Revenue)	11.1	11.6	11.3	13.1	13.1
Asset turnover (Rev./Avg TA)	57.3	58.8	60.4	64.4	68.2
Leverage (Avg TA/Avg Equity)	1.3	1.3	1.3	1.3	1.3
Adjusted ROAE	5.5	5.7	7.0	8.6	9.0

### Ratio Analysis

Y/E 31 Mar	FY21A	FY22A	FY23A	FY24E	FY25E
<b>YoY growth (%)</b>					
Revenue	20.4	7.1	10.9	12.1	12.0
EBITDA	19.5	11.3	8.0	25.7	11.5
Adjusted EPS	86.3	9.2	28.2	28.1	11.6
<b>Profitability &amp; Return ratios (%)</b>					
EBITDA margin	13.3	13.8	13.5	15.1	15.0
EBIT margin	11.1	11.6	11.3	13.1	13.1
Adjusted profit margin	7.6	8.0	7.6	10.0	10.0
Adjusted ROAE	5.5	5.7	7.0	8.6	9.0
ROCE	7.9	8.3	8.5	10.5	11.2
<b>Working capital days (days)</b>					
Receivables	24	25	21	21	21
Inventory	119	117	123	123	123
Payables	86	99	107	107	107
<b>Ratios (x)</b>					
Gross asset turnover	0.7	0.7	0.7	0.8	0.8
Current ratio	2.3	2.2	2.1	2.3	2.4
Net interest coverage ratio	18.8	19.8	17.8	21.5	24.2
Adjusted debt/equity	0.0	0.1	0.1	0.1	0.1

Source: Company, BOBCAPS Research | Note: TA = Total Assets

NOT FOR DISTRIBUTION, DIRECTLY OR INDIRECTLY, IN OR INTO THE UNITED STATES OF AMERICA ("US") OR IN OR INTO ANY OTHER JURISDICTION IF SUCH AN ACTION IS PROHIBITED BY APPLICABLE LAW.

## Disclaimer

Name of the Research Entity: **BOB Capital Markets Limited**

Registered office Address: **1704, B Wing, Parinee Crescenzo, G Block, BKC, Bandra East, Mumbai 400051**

SEBI Research Analyst Registration No: **INH000000040 valid till 03 February 2025**

Brand Name: **BOBCAPS**

Trade Name: **www.barodaetrade.com**

CIN: **U65999MH1996GOI098009**

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%

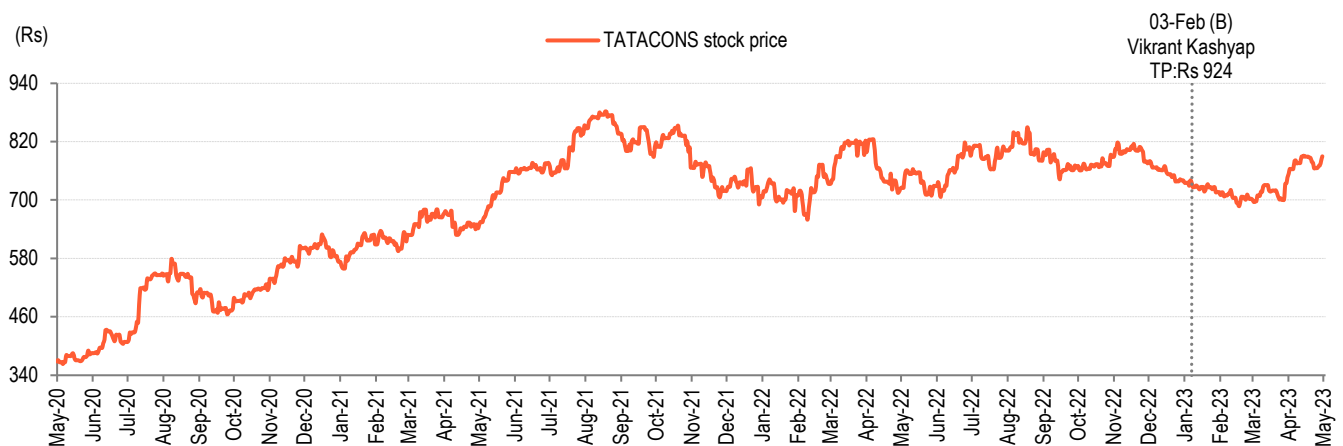
**HOLD** – Expected return from -6% to +15%

**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): TATA CONSUMER PRODUCTS (TATACONS 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.