

HOLD

TP: Rs 1,130 | ▼ 1%

TECH MAHINDRA

Technology & Internet

27 July 2023

Toughest quarter in recent times

- CME a drag (-9% QoQ) in Q1 mainly due to lower network service and discretionary spends together with deal deferrals
- Enterprise business steady (-0.3% QoQ) but no growth lever visible in the near term
- Maintain HOLD with a TP of Rs 1,130, set at 12.2x FY25E EPS

Saptarshi Mukherjee
research@bobcaps.in

All-round miss; CME stumbles: TECHM reported the slowest Q1FY24 amongst peers, marked by a revenue decline of 4.2% QoQ CC (-0.9% YoY CC) to US\$ 1.6bn as the communications, media & entertainment (CME) vertical weakened sharply (-9.4%/-8.2% QoQ/YoY to US\$ 605mn). Enterprise services revenue was flattish (-0.3% QoQ) while the manufacturing vertical led growth at 2% QoQ, supported by the auto, aerospace and industrial segments. Management attributed the Q1 revenue slowdown to the adverse external climate, client discretionary spending cuts, higher telecom exposure, client-specific ramp-downs and seasonality at Comviva.

Near-term deal headwinds to continue: Net new deal TCV stood at US\$ 359mn, down 39% QoQ (-50% YoY) in Q1 which will impact near-term growth. Europe/RoW witnessed material declines of 6.7%/8.2% QoQ in deal TCV and America was flat (-0.5%). Management expects the deal environment to remain tepid over the next couple of quarters.

One-off EBIT margin impact: Operating margin contracted 438bps QoQ to 6.8% on the back of provisions created toward bankruptcy filed by one client (-200bps margin impact), lower operating leverage due to softer revenue, wage hike impact (-130bps) and cyclicity at Comviva (-50bps). We expect margins to pick up led by better utilisation (+400bps YoY to 87% in Q1FY24) and lower subcontracting expense (-230bps), both areas where management sees headroom for further improvement.

Maintain HOLD: The stock is trading at 14.7x/12.3x FY24E/FY25E EPS. Despite a dull Q1, we believe that 5G rollout will spearhead growth in the communications vertical once the new spending cycle kicks in. Given a subdued revenue and margin outlook for the next 2-3 quarters, we maintain our target P/E at 12.2x FY25E EPS (~20% discount to WPRO), translating to an unchanged TP of Rs 1,130, and retain our HOLD rating.

Key changes

Target	Rating
◀▶	◀▶

Ticker/Price	TECHM IN/Rs 1,143
Market cap	US\$ 12.1bn
Free float	64%
3M ADV	US\$ 34.0mn
52wk high/low	Rs 1,271/Rs 981
Promoter/FPI/DII	36%/39%/25%

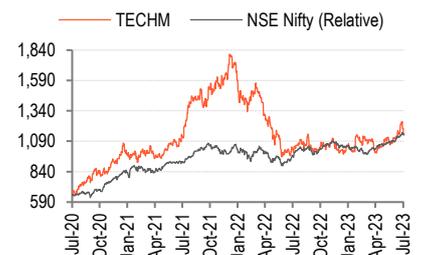
Source: NSE | Price as of 26 Jul 2023

Key financials

Y/E 31 Mar	FY23A	FY24E	FY25E
Total revenue (Rs mn)	5,37,442	6,07,222	6,79,583
EBITDA (Rs mn)	82,605	99,771	1,18,617
Adj. net profit (Rs mn)	53,171	68,487	81,638
Adj. EPS (Rs)	60.5	77.9	92.8
Consensus EPS (Rs)	60.5	80.9	93.6
Adj. ROAE (%)	18.4	21.4	22.7
Adj. P/E (x)	18.9	14.7	12.3
EV/EBITDA (x)	11.8	9.6	7.9
Adj. EPS growth (%)	(5.4)	28.8	19.2

Source: Company, Bloomberg, BOBCAPS Research

Stock performance



Source: NSE

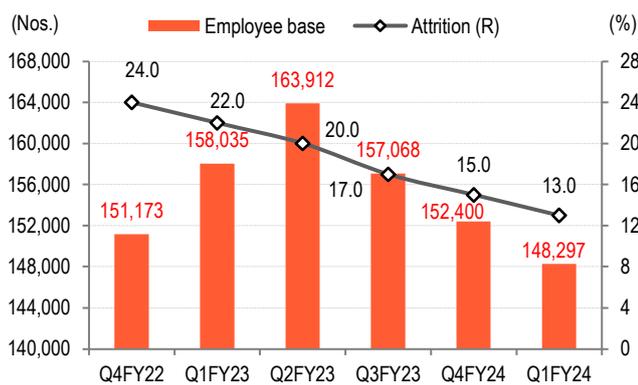


Fig 1 – Quarterly performance

(Rs mn)	Q1FY23	Q4FY23	Q1FY23	QoQ (%)	YoY (%)	Estimates	Variance (%)
US\$ Revenue (US\$ mn)	1,601	1,668	1,632	(4.0)	(1.9)	1,643	(2.6)
INR Revenue	1,31,590	1,37,182	1,27,079	(4.1)	3.5	1,35,055	(2.6)
EBIT	8,914	15,303	14,034	(41.7)	(36.5)	13,729	(35.1)
PAT	6,925	11,176	11,316	(38.0)	(38.8)	11071	(37.4)
EBIT Margin (%)	6.8	11.2	11.0	(438bps)	(427bps)	10.2	(339bps)
PAT Margin (%)	5.3	8.1	8.9	(288bps)	(364bps)	8.2	(293bps)

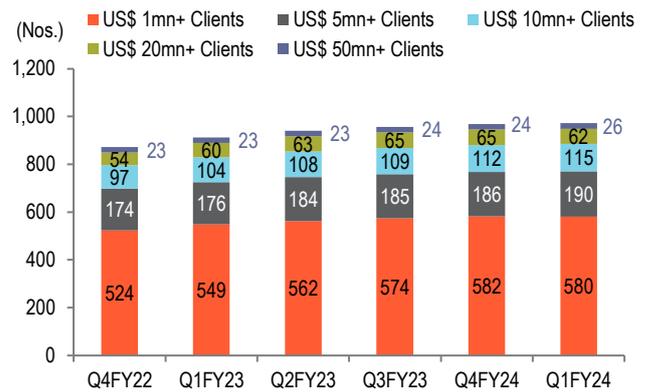
Source: Company, BOBCAPS Research

Fig 2 – Employee matrix



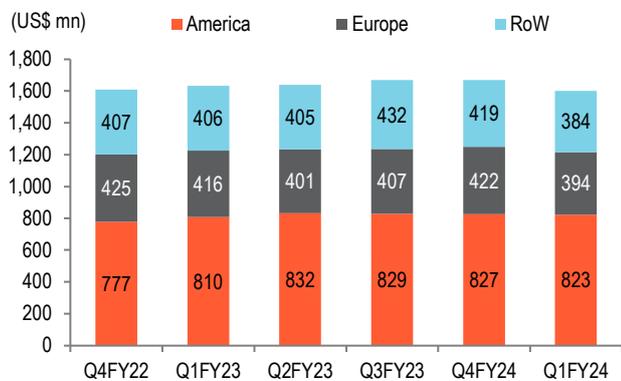
Source: Company, BOBCAPS Research

Fig 3 – Client category



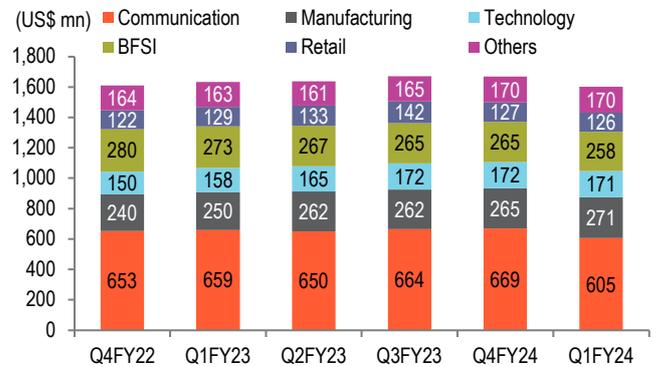
Source: Company, BOBCAPS Research

Fig 4 – Revenue by geography



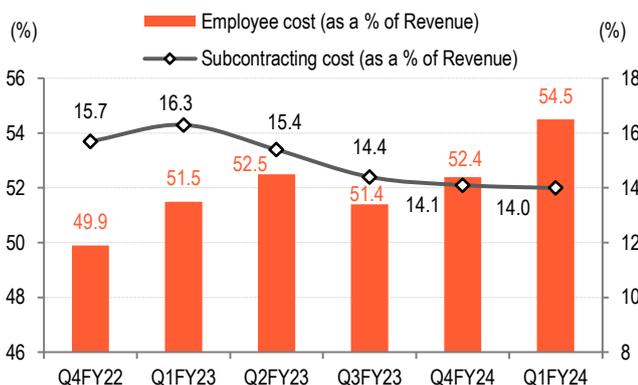
Source: Company, BOBCAPS Research

Fig 5 – Revenue by vertical



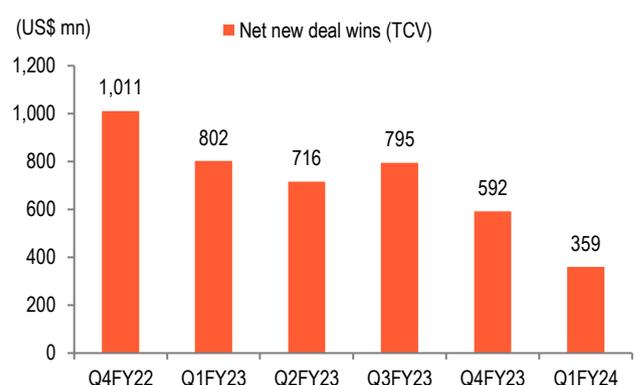
Source: Company, BOBCAPS Research |

Fig 6 – Employee and Subcontracting costs



Source: Company, BOBCAPS Research

Fig 7 – Net new deal TCV



Source: Company, BOBCAPS Research

Earnings call highlights

- TECHM's Q1FY24 topline declined 4.2% QoQ CC mainly due to IT services (-5%) whereas BPO was up marginally by ~1.3%. US revenue was flattish whereas Europe (project closure) and RoW (seasonality) declined.
- Management attributed the poor topline to a shift in IT/telecom spends, cyclical at Comviva, multiple project closures, client bankruptcy (US\$ 6mn-7mn revenue impact for the quarter), and deferred decision-making on digital transformation and cost takeout projects. The client bankruptcy is guided to impact revenues for the next 3-4 quarters as well.
- The CME vertical weakened due to client-specific issues. Management expects digital prioritisation and 5G rollout to buoy growth ahead.
- Management sees robust opportunities across sectors, service lines and geographies and believes that headwinds in the communication vertical are behind the company, with gradual recovery hereon.
- The deal pipeline remains healthy and several projects are in the final stage of conversion, per management.
- A majority of the company's workforce has received wage hikes in Q1FY24 and the leadership team will receive the same in Q2.

Valuation methodology

The stock is trading at 14.7x/12.3x FY24E/FY25E EPS. Despite a dull Q1, we believe that 5G rollout will spearhead growth in the communications vertical once the new spending cycle kicks in. Given a subdued revenue and margin outlook for the next 2-3 quarters, we maintain our target P/E at 12.2x FY25E EPS (~20% discount to WPRO), translating to an unchanged TP of Rs 1,130, and retain our HOLD rating

Key risks

- Better-than-expected improvement in the CME, enterprise and BFSI verticals in developed economies represents an upside risk to our estimates.
- Further reduction in IT-related spends by target clients is a key downside risk.

Sector recommendation snapshot

Company	Ticker	Market Cap (US\$ bn)	Price (Rs)	Target (Rs)	Rating
Affle (India)	AFFLE IN	0.3	1,077	1,110	HOLD
Coforge	COFORGE IN	3.6	4,716	4,830	HOLD
HCL Technologies	HCLT IN	36.8	1,115	1,240	HOLD
Infosys	INFO IN	69.0	1,349	1,760	BUY
Mphasis	MPHL IN	5.1	2,254	2,541	HOLD
Persistent Systems	PSYS IN	4.5	4,664	5,330	HOLD
Tata Consultancy Services	TCS IN	150.9	3,388	3,580	HOLD
Tech Mahindra	TECHM IN	12.1	1,143	1,130	HOLD
Wipro	WPRO IN	26.9	403	420	HOLD

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

Financials

Income Statement

Y/E 31 Mar (Rs mn)	FY21A	FY22A	FY23A	FY24E	FY25E
Total revenue	3,78,551	4,46,460	5,37,442	6,07,222	6,79,583
EBITDA	68,471	80,201	82,605	99,771	1,18,617
Depreciation	14,577	15,204	19,730	20,184	22,078
EBIT	53,894	64,997	62,875	79,587	96,539
Net interest inc./(exp.)	(1,740)	(1,626)	(1,853)	(1,320)	(1,320)
Other inc./(exp.)	7,871	11,123	7,153	8,585	9,510
Exceptional items	0	0	0	0	0
EBT	59,530	74,522	68,045	86,913	1,04,788
Income taxes	15,999	18,220	15,377	20,426	25,150
Extraordinary items	0	0	0	0	0
Min. int./Inc. from assoc.	762	(612)	373	2,060	2,060
Reported net profit	44,281	55,662	53,171	68,487	81,638
Adjustments	0	0	0	0	0
Adjusted net profit	44,281	55,662	53,171	68,487	81,638

Balance Sheet

Y/E 31 Mar (Rs mn)	FY21A	FY22A	FY23A	FY24E	FY25E
Accounts payables	0	0	0	0	1
Other current liabilities	1,02,292	1,45,645	1,44,299	1,49,726	1,58,259
Provisions	13,121	15,527	14,724	16,636	18,619
Debt funds	16,618	1,420	1,420	1,420	1,420
Other liabilities	12,304	12,304	12,304	12,304	12,304
Equity capital	4,370	4,388	4,388	4,388	4,388
Reserves & surplus	2,48,075	2,69,423	2,98,405	3,34,382	3,77,652
Shareholders' fund	2,52,445	2,73,811	3,02,793	3,38,770	3,82,040
Total liab. and equities	3,96,780	4,48,707	4,75,541	5,18,856	5,72,642
Cash and cash eq.	26,904	37,889	51,456	83,599	1,23,322
Accounts receivables	64,728	74,676	80,984	83,181	83,784
Inventories	242	405	405	405	405
Other current assets	1,10,932	1,38,706	1,41,210	1,43,045	1,48,001
Investments	1,04,436	49,522	49,522	49,522	49,522
Net fixed assets	80,405	1,39,318	1,43,772	1,50,914	1,59,417
CWIP	1,183	1,651	1,651	1,651	1,651
Intangible assets	40,082	74,258	74,258	74,258	74,258
Deferred tax assets, net	9,133	8,191	8,191	8,191	8,191
Other assets	0	0	0	0	0
Total assets	3,96,780	4,48,707	4,75,541	5,18,856	5,72,642

Cash Flows

Y/E 31 Mar (Rs mn)	FY21A	FY22A	FY23A	FY24E	FY25E
Cash flow from operations	64,824	52,836	52,432	80,072	95,843
Capital expenditures	(12,048)	(8,353)	(24,185)	(27,325)	(30,581)
Change in investments	43,390	57,765	0	0	0
Other investing cash flows	(64,787)	(44,597)	9,006	9,905	10,830
Cash flow from investing	(33,445)	4,815	(15,179)	(17,420)	(19,752)
Equities issued/Others	(569)	(1,238)	0	0	0
Debt raised/repaid	(13,624)	(1,625)	0	0	0
Interest expenses	(1,789)	(3,995)	0	0	0
Dividends paid	(18,660)	(39,808)	(23,687)	(30,510)	(36,368)
Other financing cash flows	0	0	0	0	1
Cash flow from financing	(34,642)	(46,666)	(23,687)	(30,510)	(36,367)
Chg in cash & cash eq.	(3,263)	10,985	13,567	32,143	39,724
Closing cash & cash eq.	26,904	37,889	51,456	83,599	1,23,322

Per Share

Y/E 31 Mar (Rs)	FY21A	FY22A	FY23A	FY24E	FY25E
Reported EPS	50.4	63.9	60.5	77.9	92.8
Adjusted EPS	50.4	63.9	60.5	77.9	92.8
Dividend per share	17.6	23.4	22.4	28.8	34.3
Book value per share	287.1	311.3	344.3	385.2	434.4

Valuations Ratios

Y/E 31 Mar (x)	FY21A	FY22A	FY23A	FY24E	FY25E
EV/Sales	2.6	2.2	1.8	1.6	1.4
EV/EBITDA	14.5	12.3	11.8	9.6	7.9
Adjusted P/E	22.7	17.9	18.9	14.7	12.3
P/BV	4.0	3.7	3.3	3.0	2.6

DuPont Analysis

Y/E 31 Mar (%)	FY21A	FY22A	FY23A	FY24E	FY25E
Tax burden (Net profit/PBT)	74.4	74.7	78.1	78.8	77.9
Interest burden (PBT/EBIT)	110.5	114.7	108.2	109.2	108.5
EBIT margin (EBIT/Revenue)	14.2	14.6	11.7	13.1	14.2
Asset turnover (Rev./Avg TA)	98.3	105.6	116.3	122.1	124.5
Leverage (Avg TA/Avg Equity)	1.6	1.6	1.6	1.5	1.5
Adjusted ROAE	18.7	21.2	18.4	21.4	22.7

Ratio Analysis

Y/E 31 Mar	FY21A	FY22A	FY23A	FY24E	FY25E
YoY growth (%)					
Revenue	2.7	17.9	20.4	13.0	11.9
EBITDA	19.6	17.1	3.0	20.8	18.9
Adjusted EPS	4.2	26.9	(5.4)	28.8	19.2
Profitability & Return ratios (%)					
EBITDA margin	18.1	18.0	15.4	16.4	17.5
EBIT margin	14.2	14.6	11.7	13.1	14.2
Adjusted profit margin	11.7	12.5	9.9	11.3	12.0
Adjusted ROAE	18.7	21.2	18.4	21.4	22.7
ROCE	16.3	19.5	18.9	22.8	27.1
Working capital days (days)					
Receivables	68	57	53	49	45
Inventory	0	0	0	0	0
Payables	121	124	116	106	100
Ratios (x)					
Gross asset turnover	4.8	4.1	3.8	4.1	4.4
Current ratio	1.8	1.6	1.7	1.9	2.0
Net interest coverage ratio	(31.0)	(40.0)	(33.9)	(60.3)	(73.1)
Adjusted debt/equity	0.0	(0.1)	(0.2)	(0.2)	(0.3)

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**



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%

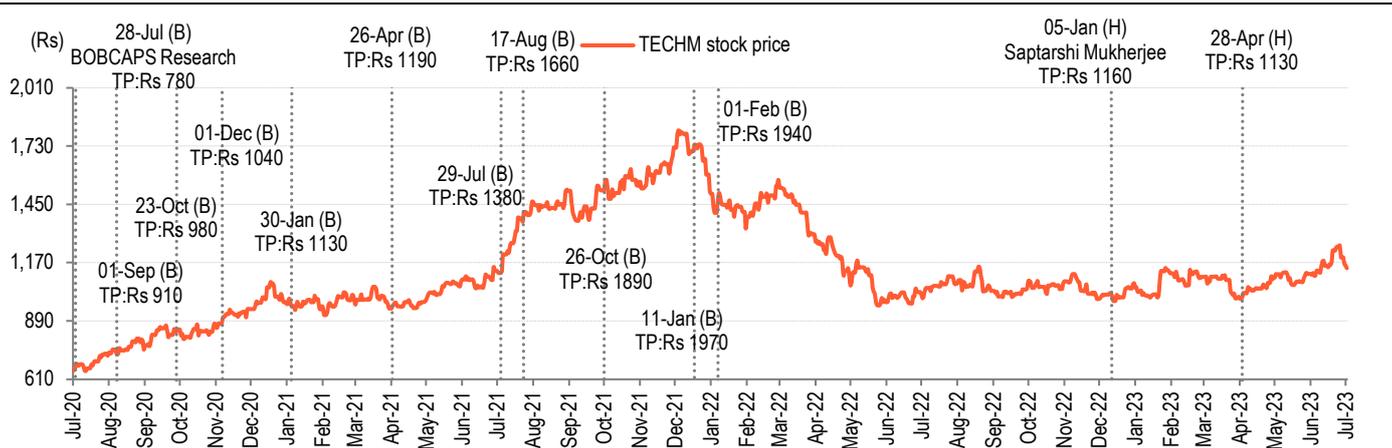
HOLD – Expected return from -6% to +15%

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): TECH MAHINDRA (TECHM 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, except for Research Analyst Saptarshi Mukherjee having 20 shares of Infosys (INFO IN). 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.