

**I India**
**ADD** (no change)

Consensus ratings\*: Buy 7 Hold 0 Sell 1

Current price:	Rs442
Target price: ▲	Rs561
Previous target:	Rs410
Up/downside:	26.9%
InCred Research / Consensus:	39.4%
Reuters:	INRM.NS
Bloomberg:	INDR IN
Market cap:	US\$547m Rs40,721m
Average daily turnover:	US\$2.2m Rs164.4m
Current shares o/s:	92.2m
Free float:	41.5%

\*Source: Bloomberg

**Key changes in this note**

- Raise FY22F/23F revenue by 7.5%/7.3%
- Raise FY22F/23F EBITDA by 12.6%/12.6%
- Raise FY22F/23F EPS by 9.7%/25.4%



Source: Bloomberg

Price performance	1M	3M	12M
Absolute (%)	(4.5)	23.7	70.1
Relative (%)	(8.2)	10.5	19.7

Major shareholders	% held
Promoters and Promoter Group	58.5
Nippon Life India Trustee Ltd	6.2
ICICI Prudent PHD Fund	4.8

**Analyst(s)**

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# Indoco Remedies Ltd

## Earnings momentum to continue

- 1QFY22 net profit earnings were above our estimates; exports continued to grow while India formulations recovered and showed robust growth.
- Management maintains its guidance of Rs8.5bn for India sales in FY22.
- We reiterate our Add rating but raise our TP to Rs561 at 22x FY23F P/E.

**1QFY22 earnings above our estimates**

Indoco's revenue grew 40.2% yoy in 1Q to Rs3.8bn (our estimate: Rs3.6bn) driven by strong growth in India and in export formulations. EBITDA for the quarter was Rs869m (our estimate: Rs701m), growing 78.6% yoy on a low base; EBITDA margin was at 22.5%, expanding by 480bp yoy and 460bp qoq mainly on higher sales. Gross margin was 71.5% during the quarter, up by 100bp yoy and 30bp qoq on favorable product mix. R&D for the quarter was 4.3% of sales at Rs165m. Reported PAT stood at Rs397m (our estimate: Rs322m), growing by 132.7% yoy on low base and higher operating performance.

**India formulations recovered with robust growth**

India formulations revenue grew a strong 45.8% in 1QFY22, led by the excellent performance of anti-infectives and respiratory therapies which was partly aided by COVID demand. The company launched two products during the quarter – Naricover Lozenges 10s and Methycal 60K, 4s Tablets. Indoco's major brands – ATM, Karvol Plus, Rexidin, Poviclean, Kidodent and Oxipod saw an uptick in sales as co-prescription products for COVID treatment. We expect India formulations revenue CAGR of 24% over FY21-23F on low base with improving market representative productivity, recovery in existing brands and new launches.

**Growth momentum to continue in US/Europe revenues**

US revenue grew 72.4% yoy in 1QFY22 with the ramp-up in oral solids and injectable launches. The major portion of growth was contributed by Brinzolamide Ophthalmic Solution that was launched in the US in Mar 2021 in partnership with Teva (first generic). Europe revenues grew 65.4% yoy in 1QFY22 with increased demand for analgesics in the UK and AOK German tender supplies boosted sales in the European Union. We expect 45%/26% revenues CAGR over FY21-23F in the US/EU.

**Upgrade EPS; reiterate Add rating with higher TP of Rs561**

We upgrade our EPS estimates for Indoco by 10%/25% in FY22F/FY23F, assuming better-than-expected India sales, operating performance, and lower taxes. We reiterate our Add rating with higher TP of Rs561 (from Rs410 at 20x) at 22x FY23F P/E, underpinned by recovery in the India formulations business and strong traction in regulated market formulations with a pick-up in capacity utilization and new launches. Downside risks: Delays in resolving the USFDA warning letter issue for the Goa Plant-I and supply disruption due to the COVID-19 pandemic. Key catalyst: Higher-than-expected high-value launches in the US.

**Financial Summary**

	Mar-19A	Mar-20A	Mar-21A	Mar-22F	Mar-23F
Revenue (Rsm)	9,685	11,066	12,415	16,586	19,462
Operating EBITDA (Rsm)	767	1,232	2,243	3,317	4,087
Net Profit (Rsm)	(29)	241	931	1,537	2,328
Core EPS (Rs)	(0.3)	2.6	10.1	16.7	25.3
Core EPS Growth	NM	NM	285.7%	65.2%	51.4%
FD Core P/E (x)	NM	168.80	43.76	26.49	17.49
DPS (Rs)	1.0	0.3	1.5	2.5	5.1
Dividend Yield	0.27%	0.08%	0.34%	0.57%	1.14%
EV/EBITDA (x)	55.80	34.39	19.04	12.77	10.17
P/FCFE (x)	124.12	519.40	(113.02)	96.95	37.35
Net Gearing	31.2%	24.3%	25.9%	18.2%	7.8%
P/BV (x)	6.16	5.99	5.30	4.53	3.75
ROE	(0.4%)	3.6%	12.8%	18.4%	23.4%
% Change In Core EPS Estimates				9.68%	25.36%
InCred Research/Consensus EPS (x)				1.18	1.35

NM: NOT MEASURABLE. SOURCES: INCRED RESEARCH ESTIMATES, COMPANY REPORTS, PRICED AS AT 11 AUG 2021

## Earnings momentum to continue

### Key takeaways from the results conference call

#### On the US business ►

- Management mentioned that the profit share from Teva from Brinzolamide's sale would be reflected from 2QFY22.
- The company will target six ANDA filings in the US in FY22.
- The company received milestone income of Rs150m in 1QFY22.
- There are 13 ophthalmic ANDAs pending for approval currently, of which four are ophthalmic suspensions. The company expects approval for one of these ANDAs by the end of FY22.
- Indoco Remedies is expecting approval for a complex oral solid dosage product.
- Management expects to relaunch four ophthalmic ANDAs, two of which would be launched in 4QFY22 and the other two in early FY23.

#### On expenses ►

- Management stated that ~60% of promotion-related costs have come back. There were big savings on travel cost in 1Q, but this would pick up in the upcoming quarters.
- R&D expenses (4.3% of sales) should stabilize at these levels during the year.
- Capex during 1Q was Rs210m. Management guided for capex of Rs750m-800m in FY22.

#### Other highlights ►

- The current capacity utilization at the Patalganga plant is 65% and is yet to be fully utilized. 65-70% of the production from this facility is going towards internal consumption.
- The company will have new manufacturing capacities commissioned over the next nine months which would add ~50% to the existing capacity.
- Management guided for a tax rate of 35% and cash tax of 18% in FY22 and 25% in FY23 after the adoption of the new tax regime.

**Figure 1: Quarterly consolidated summary**

YE 31 Mar	1QFY21	1QFY22	% yoy	4QFY21	% qoq	FY20	FY21	% yoy
Sales (Rsm)	2,759	3,868	40.2	3,051	26.7	11,066	12,415	12.2
Gross Profit (Rsm)	1,942	2,764	42.3	2,172	27.3	7,762	8,874	14.3
Gross Margin (%)	70.4	71.5	107bp	71.2	29bp	70.1	71.5	134bp
R&D exp (Rsm)	103	165	61.1	165	0.4	497	597	20.1
EBITDA (Rsm)	487	869	78.6	547	59.0	1,232	2,243	82.0
EBITDA margin (%)	17.6	22.5	483bp	17.9	455bp	11.1	18.1	693bp
Interest (Rsm)	58	42	(26.3)	46	(7.6)	263	223	(15.2)
Depreciation (Rsm)	191	222	16.2	186	19.8	708	731	3.3
Other income (Rsm)	3	9	230.8	20	(56.6)	24	31	27.9
PBT (Rsm)	240	613	155.1	335	82.9	286	1,320	361.8
Tax (Rsm)	70	216	209.4	86	152.7	45	390	773.3
Effective tax rate (%)	29.1	35.3	NM	25.5	NM	15.6	29.5	NM
PAT (Rsm)	170	397	132.7	250	59.0	241	930	285.7

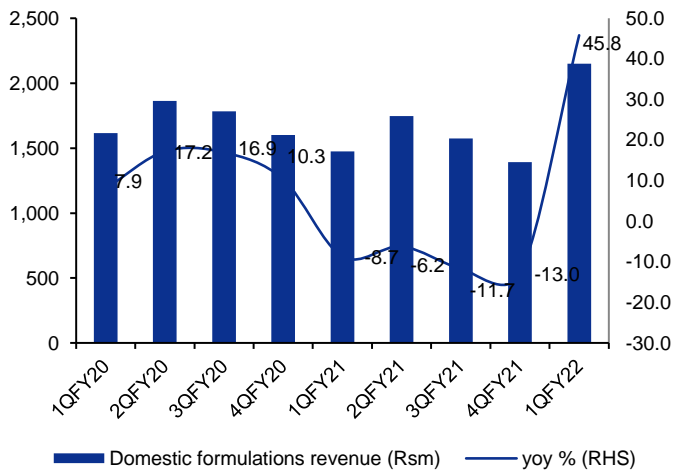
SOURCES: INCRED RESEARCH, COMPANY REPORTS

**Figure 2: Indoco's quarterly sales breakdown**

Revenue (Rsm)	1QFY21	1QFY22	% yoy	4QFY21	% qoq	FY20	FY21	% yoy
<b>Formulations</b>	<b>2,430</b>	<b>3,675</b>	<b>51.3</b>	<b>2,711</b>	<b>35.6</b>	<b>9,825</b>	<b>11,113</b>	<b>13.1</b>
India	1,475	2,151	45.8	1,392	54.5	6,862	6,190	(9.8)
Exports	955	1,523	59.7	1,318	15.7	2,963	4,924	66.2
Regulated markets	765	1,283	67.8	1,051	22.0	2,175	3,999	83.8
Semi-regulated markets	190	242	27.3	267	(9.5)	787	925	17.5
<b>API</b>	<b>222</b>	<b>109</b>	<b>(51.0)</b>	<b>199</b>	<b>(45.4)</b>	<b>860</b>	<b>940</b>	<b>9.3</b>
India	84	42	(50.5)	92	(54.6)	286	439	53.7
Outside India	138	67	(51.3)	108	(37.5)	574	501	(12.8)
<b>CRO</b>	<b>17</b>	<b>28</b>	<b>69.7</b>	<b>38</b>	<b>(27.1)</b>	<b>109</b>	<b>121</b>	<b>10.9</b>
<b>Other operating Income</b>	<b>91</b>	<b>53</b>	<b>(41.3)</b>	<b>100</b>	<b>(47.0)</b>	<b>266</b>	<b>229</b>	<b>(13.9)</b>
<b>Total revenue</b>	<b>2,759</b>	<b>3,865</b>	<b>40.1</b>	<b>3,049</b>	<b>26.8</b>	<b>11,060</b>	<b>12,403</b>	<b>12.1</b>

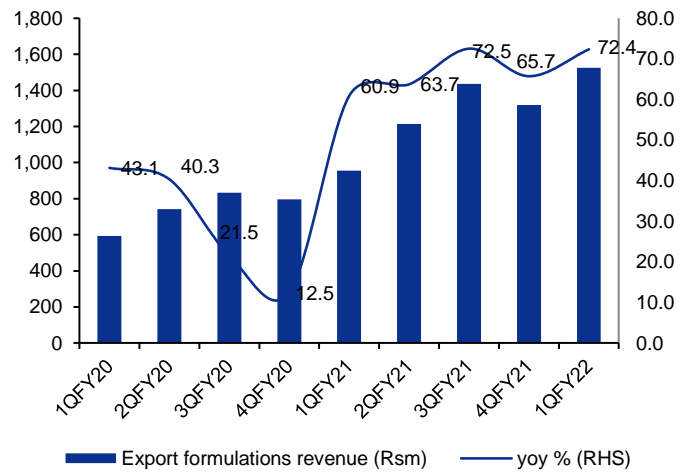
SOURCES: INCRED RESEARCH, COMPANY REPORTS

**Figure 3: Anti-infectives and respiratory segments led to strong domestic formulation revenue growth**



SOURCES: INCRED RESEARCH, COMPANY REPORTS

**Figure 4: Most of the US business growth was driven by Brinzolamide Ophthalmic solution**



SOURCES: INCRED RESEARCH, COMPANY REPORTS

**Figure 5: Revised earnings estimates**

Rsm	Old estimates		New estimates		Change (%)	
	FY22F	FY23F	FY22F	FY23F	FY22F	FY23F
Revenue	15,429	18,140	16,586	19,462	7.5	7.3
EBITDA	2,947	3,628	3,317	4,087	12.6	12.6
EBITDA Margin (%)	19.1	20.0	20.0	21.0	90bp	100bp
PAT	1,401	1,857	1,537	2,328	9.7	25.4
EPS (Rs)	15.2	20.2	16.7	25.3	9.7	25.4

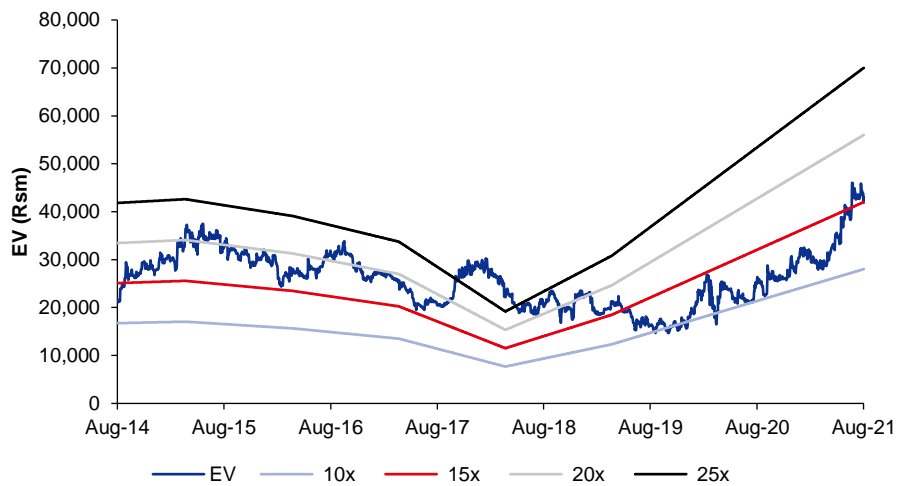
SOURCE: INCRED RESEARCH ESTIMATES

**Figure 6: Annual revenue breakdown assumptions**

Particulars (Rsm)	FY20	FY21	FY22F	FY23F
<b>Formulations</b>	<b>9,825</b>	<b>11,113</b>	<b>15,175</b>	<b>17,889</b>
% growth	17.0	13.1	36.5	17.9
% of total sales	88.8	89.6	91.5	91.9
<b>Domestic</b>	<b>6,862</b>	<b>6,190</b>	<b>8,356</b>	<b>9,526</b>
% growth	13.2	-9.8	35.0	14.0
% of formulations	69.8	55.7	55.1	53.3
<b>Exports</b>	<b>2,963</b>	<b>4,924</b>	<b>6,819</b>	<b>8,363</b>
% growth	26.9	66.2	38.5	22.6
% of formulations	30.2	44.3	44.9	46.7
<b>Regulated markets</b>	<b>2,175</b>	<b>3,999</b>	<b>5,737</b>	<b>7,096</b>
% growth	35.2	83.8	43.5	23.7
<b>Semi-regulated markets</b>	<b>787</b>	<b>925</b>	<b>1,082</b>	<b>1,266</b>
% growth	8.4	17.5	17.0	17.0
<b>APIs</b>	<b>860</b>	<b>940</b>	<b>1,078</b>	<b>1,238</b>
% growth	4.6	9.3	14.7	14.9
% of total sales	7.8	7.6	6.5	6.4
<b>Domestic</b>	<b>286</b>	<b>439</b>	<b>527</b>	<b>633</b>
% growth	-10.6	53.7	20.0	20.0
% of APIs	33.2	46.7	48.9	51.1
<b>Exports</b>	<b>574</b>	<b>501</b>	<b>551</b>	<b>606</b>
% growth	14.3	-12.9	10.0	10.0
% of APIs	66.8	53.3	51.1	48.9
<b>CRO</b>	<b>109</b>	<b>121</b>	<b>121</b>	<b>121</b>
% growth	-44.1	10.9	0.0	0.0
<b>Other operating income</b>	<b>266</b>	<b>229</b>	<b>212</b>	<b>214</b>
% growth	0.9	-13.9	-7.5	0.9
<b>Total revenue</b>	<b>11,060</b>	<b>12,403</b>	<b>16,586</b>	<b>19,462</b>
% growth	14.3	12.1	33.7	17.3

SOURCES: INCRED RESEARCH ESTIMATES, COMPANY REPORTS

**Figure 7: EV/EBITDA band: One-year forward**

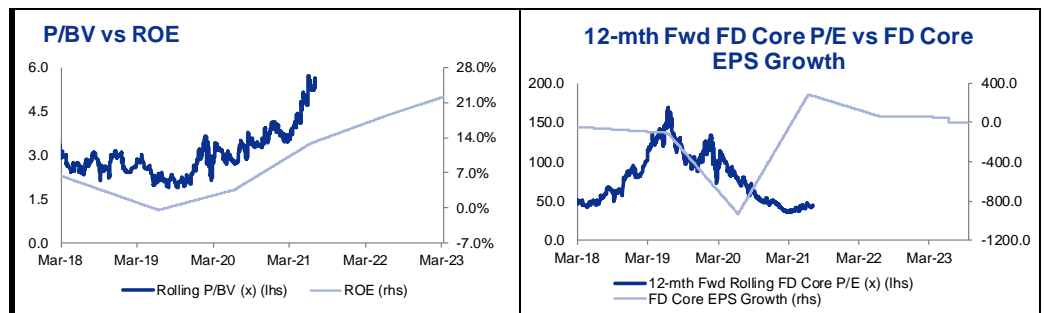


SOURCES: INCRED RESEARCH, BLOOMBERG

**Figure 8: EV/EBITDA standard deviation: One-year forward**



SOURCES: INCRED RESEARCH, BLOOMBERG

**BY THE NUMBERS**

**Profit & Loss**

(Rs mn)	Mar-19A	Mar-20A	Mar-21A	Mar-22F	Mar-23F
<b>Total Net Revenues</b>	<b>9,685</b>	<b>11,066</b>	<b>12,415</b>	<b>16,586</b>	<b>19,462</b>
<b>Gross Profit</b>	<b>6,482</b>	<b>7,762</b>	<b>8,874</b>	<b>11,859</b>	<b>14,012</b>
<b>Operating EBITDA</b>	<b>767</b>	<b>1,232</b>	<b>2,243</b>	<b>3,317</b>	<b>4,087</b>
Depreciation And Amortisation	(716)	(708)	(731)	(780)	(828)
<b>Operating EBIT</b>	<b>51</b>	<b>524</b>	<b>1,511</b>	<b>2,537</b>	<b>3,259</b>
Financial Income/(Expense)	(205)	(263)	(223)	(207)	(193)
Pretax Income/(Loss) from Assoc.					
Non-Operating Income/(Expense)	61	24	31	35	38
<b>Profit Before Tax (pre-EI)</b>	<b>(93)</b>	<b>286</b>	<b>1,320</b>	<b>2,365</b>	<b>3,104</b>
Exceptional Items					
<b>Pre-tax Profit</b>	<b>(93)</b>	<b>286</b>	<b>1,320</b>	<b>2,365</b>	<b>3,104</b>
Taxation	64	(45)	(390)	(828)	(776)
Exceptional Income - post-tax					
<b>Profit After Tax</b>	<b>(29)</b>	<b>241</b>	<b>931</b>	<b>1,537</b>	<b>2,328</b>
Minority Interests					
Preferred Dividends					
FX Gain/(Loss) - post tax					
Other Adjustments - post-tax					
<b>Net Profit</b>	<b>(29)</b>	<b>241</b>	<b>931</b>	<b>1,537</b>	<b>2,328</b>
Recurring Net Profit	(29)	241	931	1,537	2,328
<b>Fully Diluted Recurring Net Profit</b>	<b>(29)</b>	<b>241</b>	<b>931</b>	<b>1,537</b>	<b>2,328</b>

**Cash Flow**

(Rs mn)	Mar-19A	Mar-20A	Mar-21A	Mar-22F	Mar-23F
<b>EBITDA</b>	<b>767</b>	<b>1,232</b>	<b>2,243</b>	<b>3,317</b>	<b>4,087</b>
Cash Flow from Invt. & Assoc.					
Change In Working Capital	573	96	(1,321)	(1,292)	(1,057)
(Incr)/Decr in Total Provisions					
Other Non-Cash (Income)/Expense					
Other Operating Cashflow					
Net Interest (Paid)/Received	(205)	(263)	(223)	(207)	(193)
Tax Paid	(8)	(39)	(385)	(426)	(776)
<b>Cashflow From Operations</b>	<b>1,126</b>	<b>1,027</b>	<b>315</b>	<b>1,393</b>	<b>2,062</b>
Capex	(1,002)	(582)	(708)	(842)	(844)
Disposals Of FAs/subsidiaries					
Acq. Of Subsidiaries/investments					
Other Investing Cashflow	61	24	31	35	38
<b>Cash Flow From Investing</b>	<b>(941)</b>	<b>(558)</b>	<b>(677)</b>	<b>(808)</b>	<b>(806)</b>
Debt Raised/(repaid)	143	(391)	2	(165)	(165)
Proceeds From Issue Of Shares					
Shares Repurchased					
Dividends Paid	(111)	(33)	(138)	(231)	(466)
Preferred Dividends					
Other Financing Cashflow	27	(28)	263		
<b>Cash Flow From Financing</b>	<b>59</b>	<b>(453)</b>	<b>126</b>	<b>(396)</b>	<b>(631)</b>
Total Cash Generated	244	17	(236)	189	625
<b>Free Cashflow To Equity</b>	<b>328</b>	<b>78</b>	<b>(360)</b>	<b>420</b>	<b>1,090</b>
<b>Free Cashflow To Firm</b>	<b>390</b>	<b>732</b>	<b>(140)</b>	<b>792</b>	<b>1,448</b>

SOURCES: INCRED RESEARCH, COMPANY REPORTS

**BY THE NUMBERS...cont'd**

<b>Balance Sheet</b>					
<b>(Rs mn)</b>	<b>Mar-19A</b>	<b>Mar-20A</b>	<b>Mar-21A</b>	<b>Mar-22F</b>	<b>Mar-23F</b>
Total Cash And Equivalents	363	379	143	333	958
Total Debtors	1,958	2,101	2,338	3,124	3,665
Inventories	1,834	2,083	2,379	3,177	3,728
Total Other Current Assets	1,225	1,067	1,365	1,432	1,642
<b>Total Current Assets</b>	<b>5,380</b>	<b>5,631</b>	<b>6,225</b>	<b>8,066</b>	<b>9,993</b>
Fixed Assets	5,579	5,437	5,468	5,488	5,460
Total Investments					
Intangible Assets	952	968	913	956	1,000
Total Other Non-Current Assets	669	680	544	567	582
<b>Total Non-current Assets</b>	<b>7,200</b>	<b>7,085</b>	<b>6,925</b>	<b>7,010</b>	<b>7,042</b>
Short-term Debt	1,134	1,060	1,163	1,198	1,233
Current Portion of Long-Term Debt					
Total Creditors	1,707	1,656	1,132	1,490	1,727
Other Current Liabilities	1,614	1,874	1,774	1,774	1,774
<b>Total Current Liabilities</b>	<b>4,455</b>	<b>4,590</b>	<b>4,069</b>	<b>4,462</b>	<b>4,734</b>
Total Long-term Debt	1,287	969	969	769	569
Hybrid Debt - Debt Component					
Total Other Non-Current Liabilities	73	128	144	152	159
<b>Total Non-current Liabilities</b>	<b>1,360</b>	<b>1,098</b>	<b>1,114</b>	<b>921</b>	<b>729</b>
Total Provisions	160	233	278	696	714
<b>Total Liabilities</b>	<b>5,974</b>	<b>5,920</b>	<b>5,461</b>	<b>6,080</b>	<b>6,177</b>
Shareholders Equity	6,606	6,796	7,690	8,996	10,859
Minority Interests					
<b>Total Equity</b>	<b>6,606</b>	<b>6,796</b>	<b>7,690</b>	<b>8,996</b>	<b>10,859</b>

<b>Key Ratios</b>					
	<b>Mar-19A</b>	<b>Mar-20A</b>	<b>Mar-21A</b>	<b>Mar-22F</b>	<b>Mar-23F</b>
Revenue Growth	(7.4%)	14.3%	12.2%	33.6%	17.3%
Operating EBITDA Growth	(43.2%)	60.7%	82.0%	47.9%	23.2%
Operating EBITDA Margin	7.9%	11.1%	18.1%	20.0%	21.0%
Net Cash Per Share (Rs)	(22.33)	(17.90)	(21.59)	(17.74)	(9.17)
BVPS (Rs)	71.69	73.75	83.45	97.63	117.84
Gross Interest Cover	0.25	2.00	6.79	12.25	16.89
Effective Tax Rate		15.6%	29.5%	35.0%	25.0%
Net Dividend Payout Ratio	NM	11.7%	10.5%	9.7%	15.0%
Accounts Receivables Days	76.39	66.95	65.26	60.10	63.66
Inventory Days	214.74	216.37	229.95	214.51	231.28
Accounts Payables Days	182.51	185.75	143.70	101.26	107.75
ROIC (%)	0.6%	5.9%	15.0%	22.1%	25.9%
ROCE (%)	0.6%	5.9%	16.2%	24.0%	26.7%
Return On Average Assets	0.9%	4.3%	11.9%	18.2%	20.5%

<b>Key Drivers</b>					
	<b>Mar-19A</b>	<b>Mar-20A</b>	<b>Mar-21A</b>	<b>Mar-22F</b>	<b>Mar-23F</b>
Unit sales grth (% , main prod./serv.)	(7.4%)	14.3%	12.2%	33.6%	17.3%
R&D Cost/sales(%)	5.3%	4.5%	4.8%	4.2%	4.0%

SOURCES: INCRED RESEARCH, COMPANY REPORTS



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**Corporate Governance Report of Thai Listed Companies (CGR). CG Rating by the Thai Institute of Directors Association (Thai IOD) in 2020, Anti-Corruption 2020**

**ADVANC** – Excellent, Certified, **AMATA** – Excellent, Certified, **ANAN** – Excellent, n/a, **AOT** – Excellent, n/a, **AP** – Excellent, Certified, **ASP** – Excellent, n/a, **AU** – Good, n/a, **BAM** – Very Good, Certified, **BAY** – Excellent, Certified, **BBL** – Very Good, Certified, **BCH** – Good, Certified, **BCP** – Excellent, Certified, **BCPG** – Excellent, Certified, **BDMS** – Excellent, n/a, **BEAUTY** – Good, n/a, **BH** – Good, n/a, **BJC** – Very Good, n/a, **BLA** – Excellent, Certified, **BTS** – Excellent, Certified, **CBG** – Very Good, n/a, **CCET** – n/a, n/a, **CENTEL** – Excellent, Certified, **CHAYO** – Very Good, n/a, **CHG** – Very Good, n/a, **CK** – Excellent, n/a, **COM7** – Very Good, Certified, **CPALL** – Excellent, Certified, **CPF** – Excellent, Certified, **CPN** – Excellent, Certified, **CPNREIT** – n/a, n/a, **CRC** – Very Good, n/a, **DELTA** – Excellent, Certified, **DDD** – Very Good, n/a, **DIF** – n/a, n/a, **DOHOME** – Very Good, n/a, **DREIT** – n/a, n/a, **DTAC** – Excellent, Certified, **ECL** – Excellent, Certified, **EGCO** – Excellent, Certified, **EPG** – Excellent, Certified, **ERW** – Very Good, Certified, **GFPT** – Excellent, Certified, **GGC** – Excellent, Certified, **GLOBAL** – Very Good, n/a, **HANA** – Excellent, Certified, **HMPRO** – Excellent, Certified, **HUMAN** – Good, n/a, **ICHI** – Excellent, Certified, **III** – Excellent, n/a, **INTUCH** – Excellent, Certified, **IRPC** – Excellent, Certified, **ITD** – Very Good, n/a, **IVL** – Excellent, Certified, **JASIF** – n/a, n/a, **JKN** – Excellent, Declared, **JMT** – Very Good, Declared, **KBANK** – Excellent, Certified, **KCE** – Excellent, Certified, **KEX** – n/a, n/a, **KKP** – Excellent, Certified, **KSL** – Excellent, Certified, **KTB** – Excellent, Certified, **KTC** – Excellent, Certified, **LH** – Excellent, n/a, **LPN** – Excellent, Certified, **M** – Very Good, Certified, **MAKRO** – Excellent, Certified, **MC** – Excellent, Certified, **MEGA** – Very Good, n/a, **MINT** – Excellent, Certified, **MTC** – Excellent, Certified, **NETBAY** – Very Good, n/a, **NRF** – n/a, n/a, **OR** – n/a, n/a, **ORI** – Excellent, Certified, **OSP** – Very Good, n/a, **PLANB** – Excellent, Certified, **PRINC** – Very Good, Certified, **PR9** – Excellent, n/a, **PSH** – Excellent, Certified, **PTT** – Excellent, Certified, **PTTEP** – Excellent, Certified, **PTTGC** – Excellent, Certified, **QH** – Excellent, Certified, **RBF** – Good, n/a, **RS** – Excellent, n/a, **RSP** – Good, n/a, **S** – Excellent, n/a, **SAK** – n/a, n/a, **SAPPE** – Very Good, Certified, **SAWAD** – Very Good, n/a, **SCB** – Excellent, Certified, **SCC** – Excellent, Certified, **SCGP** – n/a, n/a, **SHR** – Very Good, n/a, **SIRI** – Excellent, Certified, **SPA** – Very Good, n/a, **SPALI** – Excellent, Declared, **SPRC** – Excellent, Certified, **SSP** – Good, Declared, **STEC** – n/a, n/a, **SVI** – Excellent, Certified, **SYNEX** – Very Good, n/a, **TCAP** – Excellent, Certified, **THANI** – Excellent, Certified, **TIDLOR** – n/a, n/a, **TISCO** – Excellent, Certified, **TKN** – Very Good, n/a, **TMB** – Excellent, Certified, **TOP** – Excellent, Certified, **TRUE** – Excellent, Certified, **TU** – Excellent, Certified, **TVO** – Excellent, Certified, **VGI** – Excellent, Certified, **WHA** – Excellent, Certified, **WHART** – n/a, n/a, **WICE** – Excellent, Certified, **WORK** – Good, n/a.

- CG Score 2020 from Thai Institute of Directors Association (IOD)

- Companies participating in Thailand's Private Sector Collective Action Coalition Against Corruption programme (Thai CAC) under Thai Institute of Directors (as of January 30, 2021) are categorised into: companies that have declared their intention to join CAC, and companies certified by CAC.

**Recommendation Framework**
**Stock Ratings**

Definition:

<b>Add</b>	The stock's total return is expected to exceed 10% over the next 12 months.
<b>Hold</b>	The stock's total return is expected to be between 0% and positive 10% over the next 12 months.
<b>Reduce</b>	The stock's total return is expected to fall below 0% or more over the next 12 months.

*The total expected return of a stock is defined as the sum of the: (i) percentage difference between the target price and the current price and (ii) the forward net dividend yields of the stock. Stock price targets have an investment horizon of 12 months.*

**Sector Ratings**

Definition:

<b>Overweight</b>	An Overweight rating means stocks in the sector have, on a market cap-weighted basis, a positive absolute recommendation.
<b>Neutral</b>	A Neutral rating means stocks in the sector have, on a market cap-weighted basis, a neutral absolute recommendation.
<b>Underweight</b>	An Underweight rating means stocks in the sector have, on a market cap-weighted basis, a negative absolute recommendation.

**Country Ratings**

Definition:

<b>Overweight</b>	An Overweight rating means investors should be positioned with an above-market weight in this country relative to benchmark.
<b>Neutral</b>	A Neutral rating means investors should be positioned with a neutral weight in this country relative to benchmark.
<b>Underweight</b>	An Underweight rating means investors should be positioned with a below-market weight in this country relative to benchmark.