

BUY

TP: Rs 7,080 | ▲ 61%

COFORGE

| Technology & Internet

| 27 January 2022

Robust quarter – beat on margins

- Q3 revenue grew 4.2% QoQ USD, roughly in line with estimate. Growth was driven by the BFS vertical with a modest uptick in travel
- Despite supply pressure, EBIT margin climbed 120bps QoQ to 16%, above our 14.8% estimate
- We tweak FY22-FY24 EPS and revise our TP slightly to Rs 7,080 (vs. Rs 7,040); maintain BUY

Ruchi Burde | Seema Nayak
researchreport@bobcaps.in

Growth in-line: Coforge reported revenue growth of 4.2% QoQ USD in Q3FY22, in line with our estimate of 4.3%. Growth was primarily led by the BFS vertical which was up 24.5% QoQ in rupee terms. SLK Global revenue stood at US\$ 22.4mn aided by strong cross-sales. The travel vertical grew by a modest 3.9% while insurance was flat QoQ. The top-5 and top-10 clients grew ~16% QoQ.

Margin expansion despite headwinds: Coforge reported its highest-ever EBITDA margin of 19.5% in Q3, up 85bps QoQ despite multiple headwinds such as furloughs, a sequential decline in the AdvantageGo business and increased hiring. Offshore business expanded steadily with an 8ppt YoY rise in revenue contribution, in line with the company's strategy of shifting the revenue mix towards offshore.

Order intake robust: As of Q3, the executable order book for the next 12 months was at US\$ 701mn, with 90% coming from repeat business. Order intake for the quarter was US\$ 247mn, with US\$ 91mn from America, US\$ 110mn from Europe and US\$ 47mn from RoW. Coforge signed a large, multi-year deal worth US\$ 45mn in Europe.

Attrition remains low vs. peers: The company posted its highest-ever net addition of ~1,300 employees in Q3. Utilisation stood at 77.1%, down 140bps QoQ. Attrition at 16.3% increased marginally by 100bps QoQ – still one of the lowest in the sector.

Upbeat outlook: Coforge has raised its FY22 organic revenue growth guidance to 24% CC from 22% earlier and expects overall revenue to grow 37% YoY CC. This is its third upward guidance revision in FY22. EBITDA margin is guided at 18.9-19%. As per management, the demand environment remains positive and there has been no slackening.

Maintain BUY: Overall, the Q3 results were a mixed bag with revenue growth meeting estimates but a stellar margin performance with further expansion likely in Q4. We retain BUY and tweak FY22-FY24 EPS estimates, leading to a slightly higher TP of Rs 7,080 (vs. Rs 7,040) – our target Dec'23E P/E multiple remains at 35x, which is three standard deviations above the stock's five-year mean.

Key changes

Target	Rating
▲	◀ ▶

Ticker/Price	COFORGE IN/Rs 4,401
Market cap	US\$ 3.6bn
Free float	43%
3M ADV	US\$ 25.8mn
52wk high/low	Rs 6,135/Rs 2,300
Promoter/FPI/DII	70%/13%/17%

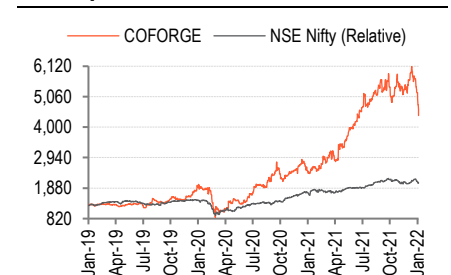
Source: NSE | Price as of 27 Jan 2022

Key financials

Y/E 31 Mar	FY21A	FY22E	FY23E
Total revenue (Rs mn)	46,628	64,109	77,885
EBITDA (Rs mn)	8,035	12,038	15,108
Adj. net profit (Rs mn)	4,556	7,600	10,580
Adj. EPS (Rs)	75.0	125.1	174.2
Consensus EPS (Rs)	75.0	112.9	143.0
Adj. ROAE (%)	18.6	28.3	33.2
Adj. P/E (x)	58.7	35.2	25.3
EV/EBITDA (x)	33.3	22.1	17.4
Adj. EPS growth (%)	2.9	66.8	39.2

Source: Company, Bloomberg, BOBCAPS Research

Stock performance



Source: NSE



Other highlights

- Coforge expects to expand its operating margin by 130bps QoQ in Q4FY22 by way of: (1) ramping up large deals, (2) increasing the offshore revenue mix, (3) tapping into tailwinds from AdvantageGo, (4) recording a higher number of billing days outside of furloughs, (5) flattening the delivery pyramid by hiring more freshers, and (6) increasing utilisation levels, helped by lack of furloughs in Q4.
- Insurance vertical growth remains robust sans AdvantageGo. Going forward, management expects AdvantageGo to bounce back.
- AdvantageGo and Wishworks have fully merged into Coforge. AdvantageGo now forms 2.5% of overall revenue.
- Coforge has rolled out various IT transformation projects for multiple airports in the Middle East.
- The company has been able to grow wallet share in the travel sector within the existing client set.

Fig 1 – Quarterly performance

(Rs mn)	Q3FY22	Q3FY21	YoY (%)	Q2FY22	QoQ (%)	9MFY22	9MFY21	YoY (%)
Revenue (US\$ mn)	221.6	160.8	37.8	212.8	4.2	634	455	39.3
Revenue	16,581	11,906	39.3	15,694	5.7	46,891	34,013	37.9
Operating Expenditure	13,355	9,897	34.9	12,771	4.6	38,383	28,146	36.4
Cost of revenues	11,210	8,096	38.5	10,656	5.2	32,116	23,112	39.0
as % of sales	67.6	68.0	-	67.9	-	68.5	68.0	-
SG&A expenses	2,145	1,801	19.1	2,115	1.4	6,267	5,034	24.5
as % of sales	12.9	15.1	-	13.5	-	13.4	14.8	-
EBITDA	3,226	2,009	60.6	2,923	10.4	8,508	5,867	45.0
Depreciation	566	462	22.5	598	(5.4)	1,688	1,387	21.7
EBIT	2,660	1,547	71.9	2,325	14.4	6,820	4,480	52.2
Other Income	(170)	19	-	(128)	-	(246)	4	-
PBT	2,332	1,566	48.9	2,062	13.1	6,026	4,180	44.2
Total Tax	360	331	8.8	446	(19.3)	1,126	894	26.0
Adjusted PAT	1,972	1,235	59.7	1,616	22.0	4,900	3,286	49.1
(Profit)/loss from JV's/Ass/MI	135.0	15	-	148.0	-	359	60	-
APAT after MI	1,837	1,220	50.6	1,468	25.1	4,541	3,226	40.8
Extra ordinary items	48	0	-	51	-	99	304	-
Reported PAT	1,885	1,220	54.5	1,519	24.1	4,640	3,530	31.5
Reported EPS	30.2	19.6	54.4	24.2	25.1	74.8	51.8	44.4
Margins (%)			(bps)		(bps)			(bps)
EBITDA	19.5	16.9	258	18.6	83	18.1	17.2	90
EBIT	16.0	13.0	305	14.8	123	14.5	13.2	137
EBT	14.1	13.2	91	13.1	93	12.9	12.3	56
PAT	11.4	10.2	112	9.7	169	9.7	9.5	20
Effective Tax rate	15.4	21.1	(570)	21.6	(619)	18.7	21.4	(270)

Source: Company, BOBCAPS Research

Fig 2 – Operating metric

(In INR terms)	Q3FY22 (% Contr. to Revenue)	Growth	
		QoQ (%)	YoY (%)
Revenue by geography			
North America	53.3	8.3	51.5
Europe	33.7	9.6	30.4
RoW	13.0	(10.2)	20.7
Revenue by vertical			
Banking and Financial Services	28.4	24.5	119.7
Insurance	27.8	0.6	21.0
Transportation	18.3	3.9	27.4
Other	25.4	(4.5)	17.9
Revenue mix onsite/offshore			
Offshore	46.0	10.5	68.6
Onsite	54.0	1.9	21.3
Client concentration			
Top 5	25.2	15.8	46.2
Non Top 5 client	74.8	2.6	37.1
Top 10	36.1	15.6	47.9
Revenue mix service lines			
Product Engineering	10.8	(10.2)	(9.4)
Intelligent Automation	14.0	3.4	27.4
Data Integration	20.5	5.1	48.7
Cloud and Infrastructure management	18.6	15.6	31.5
Application Development and Maintenance	24.7	9.2	24.2
Business Process Management	11	3.8	958.4
Number of employees	22,092	1344	10668
Attrition (%)	16.3	100bps	590bps
Utilization	77.1	(140bps)	(180bps)
DSO (Days)	70	4Days	(5Days)
	Q3FY22	Q2FY22	Q3FY21
Significant New Customers addition			
USA	8	6	4
Europe	3	5	5
ROW	2	0	2
Total	13	11	11
Fresh Order Intake (US\$ mn)			
USA	91	123	116
Europe	110	114	45
ROW	47	48	32
Total	248	285	193
Executable Order over next twelve months (US\$ mn)			
	701	688	501

Source: BOBCAPS Research, Company

Valuation methodology

Coforge has raised its FY22 organic revenue growth guidance to 'at least' 24% YoY CC (from 22% CC), backed by a 40% YoY increase in executable order book and large deal wins in Q3FY22. Post Q3, we raise FY22-FY24 EPS forecasts marginally by ~1% each as the guidance was already built into our estimates. Our Dec'22 TP now stands at Rs 7,080 (vs. Rs 7,040), based on an unchanged Dec'23E P/E multiple of 35x, which is three standard deviations above the stock's five-year mean. Our valuation factors in the steady earnings upgrades, upbeat growth outlook, record executable order book and timely revenue diversification. Reiterate BUY.

Fig 3 – Revised estimates

(Rs mn)	New			Old			Change (%)		
	FY22E	FY23E	FY24E	FY22E	FY23E	FY24E	FY22E	FY23E	FY24E
Revenues (US\$ mn)	864	1,025	1182	863	1,019	1,176	0.1	0.5	0.5
YoY growth (%)	37.7	18.7	15.3	37.5	18.2	15.3	-	-	-
Revenues	64,109	77,885	89,815	64,009	77,472	89,339	0.2	0.5	0.5
EBITDA (post RSU)	12,038	15,108	17,686	11,889	15,028	17,592	1.2	0.5	0.5
EBITDA margins (%)	18.8	19.4	19.7	18.6	19.4	19.7	-	-	-
Net Profits	7,600	10,580	12,838	7,495	10,516	12,763	1.4	0.6	0.6
EPS (Rs)	125.1	174.2	211.4	123.4	173.2	210.2	1.4	0.6	0.6

Source: BOBCAPS Research

Fig 4 – Key assumptions

Parameter	FY21	FY22E	FY23E	FY24E
Revenues (US\$ mn) (reported)	627.4	863.7	1,024.8	1,181.8
YoY Growth (%)	5.8	37.7	18.7	15.3
EBITDA Margin (%)	17.2	18.8	19.4	19.7

Source: Company, BOBCAPS Research

Fig 5 – Peer comparison

Ticker	Rating	Target Price (Rs)	US\$ revenue CAGR FY21-23E (%)	EPS (Rs)		RoE (%)		P/E (x)	
				FY22E	FY23E	FY22E	FY23E	FY22E	FY23E
TCS IN	BUY	4,770	14.1	104.0	120.3	39.6	37.5	35.1	30.3
INFO IN	BUY	2,250	17.1	54.4	62.3	29.8	32.0	30.9	26.9
WPRO IN	BUY	850	18.2	22.6	26.9	20.5	21.6	24.1	20.3
HCLT IN	BUY	1,610	12.6	49.0	56.2	20.3	20.9	22.0	19.2
TECHM IN	BUY	1,970	16.1	65.5	81.1	21.5	23.6	22.1	17.8
LTI IN	BUY	8,490	23.2	131.1	166.8	28.9	30.9	43.8	34.4
MPHL IN	HOLD	3,470	19.1	75.7	90.1	20.9	23.1	38.7	32.6
MTCL IN	BUY	5,610	23.9	97.9	105.3	34.2	31.0	36.6	34.0
PSYS IN	HOLD	4,580	27.9	82.3	98.3	22.0	22.7	49.4	41.4
COFORGE IN	BUY	7,080	27.8	125.1	174.2	28.3	33.2	35.2	25.3
ECLX IN	BUY	3,690	22.9	125.8	143.6	27.0	28.4	19.0	16.7

Source: BOBCAPS Research

Key risks

Key downside risks to our estimates are:

- recovery in the travel vertical taking longer than expected to materialise, and
- increased competition in the BFS vertical.

Sector recommendation snapshot

Company	Ticker	Market Cap (US\$ bn)	Price (Rs)	Target (Rs)	Rating
Coforge	COFORGE IN	3.6	4,401	7,080	BUY
eClerx Services	ECLX IN	1.2	2,374	3,690	BUY
HCL Technologies	HCLT IN	38.9	1,078	1,610	BUY
Infosys	INFO IN	95.1	1,679	2,250	BUY
L&T Infotech	LTI IN	13.4	5,746	8,490	BUY
Mindtree	MTCL IN	7.9	3,585	5,610	BUY
Mphasis	MPHL IN	7.3	2,934	3,470	HOLD
Persistent Systems	PSYS IN	4.3	4,067	4,580	HOLD
Tata Consultancy Services	TCS IN	182.3	3,649	4,770	BUY
Tech Mahindra	TECHM IN	16.8	1,446	1,970	BUY
Wipro	WPRO IN	40.1	545	850	BUY

Source: BOBCAPS Research, NSE | Price as of 27 Jan 2022

Financials

Income Statement

Y/E 31 Mar (Rs mn)	FY20A	FY21A	FY22E	FY23E	FY24E
Total revenue	41,839	46,628	64,109	77,885	89,815
EBITDA	7,431	8,035	12,038	15,108	17,686
Depreciation	1,730	1,836	2,157	2,028	2,180
EBIT	5,701	6,199	9,881	13,080	15,506
Net interest inc./(exp.)	0	0	0	0	0
Other inc./(exp.)	462	113	18	1,108	1,540
Exceptional items	0	0	0	0	0
EBT	5,978	5,962	9,899	14,187	17,046
Income taxes	1,203	1,302	1,803	2,979	3,580
Extraordinary items	185	350	0	0	0
Min. int./Inc. from assoc.	236	104	495	628	628
Reported net profit	4,539	4,556	7,600	10,580	12,838
Adjustments	0	0	0	0	0
Adjusted net profit	4,539	4,556	7,600	10,580	12,838

Balance Sheet

Y/E 31 Mar (Rs mn)	FY20A	FY21A	FY22E	FY23E	FY24E
Accounts payables	0	0	0	0	0
Other current liabilities	7,526	6,238	11,246	13,624	15,683
Provisions	922	921	6,323	7,682	8,858
Debt funds	0	0	0	0	0
Other liabilities	387	295	295	295	295
Equity capital	625	606	606	606	606
Reserves & surplus	23,340	24,285	28,226	34,341	41,627
Shareholders' fund	23,965	24,891	28,832	34,947	42,233
Total liab. and equities	32,800	32,345	46,697	56,548	67,070
Cash and cash eq.	8,195	7,999	14,027	20,906	29,144
Accounts receivables	5,672	5,911	12,822	15,577	17,963
Inventories	3	3	3	3	3
Other current assets	3,976	4,398	6,968	8,214	9,292
Investments	3,651	3,013	3,013	3,013	3,013
Net fixed assets	10,001	9,592	8,435	7,407	6,226
CWIP	0	0	0	0	0
Intangible assets	0	0	0	0	0
Deferred tax assets, net	1,302	1,429	1,429	1,429	1,429
Other assets	0	0	0	0	0
Total assets	32,800	32,345	46,697	56,548	67,070

Cash Flows

Y/E 31 Mar (Rs mn)	FY20A	FY21A	FY22E	FY23E	FY24E
Cash flow from operations	3,601	9,157	10,669	11,864	13,877
Capital expenditures	(703)	(757)	(1,000)	(1,000)	(1,000)
Change in investments	3,702	21	0	0	0
Other investing cash flows	(1,041)	(1,552)	18	1,108	1,540
Cash flow from investing	1,958	(2,288)	(982)	108	540
Equities issued/Others	275	(4,148)	0	0	0
Debt raised/repaid	0	0	0	0	0
Interest expenses	0	0	0	0	0
Dividends paid	(1,469)	(686)	(3,659)	(5,093)	(6,180)
Other financing cash flows	0	0	0	0	0
Cash flow from financing	(1,194)	(4,834)	(3,659)	(5,093)	(6,180)
Chg in cash & cash eq.	4,365	2,035	6,028	6,879	8,238
Closing cash & cash eq.	8,197	7,999	14,027	20,906	29,144

Per Share

Y/E 31 Mar (Rs)	FY20A	FY21A	FY22E	FY23E	FY24E
Reported EPS	72.9	75.0	125.1	174.2	211.4
Adjusted EPS	72.9	75.0	125.1	174.2	211.4
Dividend per share	10.0	24.8	50.1	69.7	84.6
Book value per share	384.8	399.7	463.0	561.2	678.2

Valuations Ratios

Y/E 31 Mar (x)	FY20A	FY21A	FY22E	FY23E	FY24E
EV/Sales	6.4	5.7	4.1	3.4	2.9
EV/EBITDA	36.3	33.3	22.1	17.4	14.5
Adjusted P/E	60.4	58.7	35.2	25.3	20.8
P/BV	11.4	11.0	9.5	7.8	6.5

DuPont Analysis

Y/E 31 Mar (%)	FY20A	FY21A	FY22E	FY23E	FY24E
Tax burden (Net profit/PBT)	75.9	76.4	76.8	74.6	75.3
Interest burden (PBT/EBIT)	104.9	96.2	100.2	108.5	109.9
EBIT margin (EBIT/Revenue)	13.6	13.3	15.4	16.8	17.3
Asset turnover (Rev./Avg TA)	138.5	143.2	162.2	150.9	145.3
Leverage (Avg TA/Avg Equity)	1.4	1.3	1.5	1.6	1.6
Adjusted ROAE	20.3	18.6	28.3	33.2	33.3

Ratio Analysis

Y/E 31 Mar	FY20A	FY21A	FY22E	FY23E	FY24E
YoY growth (%)					
Revenue	13.8	11.4	37.5	21.5	15.3
EBITDA	15.2	8.1	49.8	25.5	17.1
Adjusted EPS	10.1	2.9	66.8	39.2	21.3
Profitability & Return ratios (%)					
EBITDA margin	17.8	17.2	18.8	19.4	19.7
EBIT margin	13.6	13.3	15.4	16.8	17.3
Adjusted profit margin	10.8	9.8	11.9	13.6	14.3
Adjusted ROAE	20.3	18.6	28.3	33.2	33.3
ROCE	17.7	18.5	30.5	44.3	55.8
Working capital days (days)					
Receivables	48	45	53	67	68
Inventory	0	0	0	0	0
Payables	90	83	117	136	133
Ratios (x)					
Gross asset turnover	4.6	4.8	7.1	9.8	13.2
Current ratio	2.3	2.6	1.9	2.1	2.3
Net interest coverage ratio	NA	NA	NA	NA	NA
Adjusted debt/equity	(0.3)	(0.3)	(0.5)	(0.6)	(0.7)

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

Disclaimer

Recommendation scale: Recommendations and Absolute returns (%) over 12 months

BUY – Expected return >+15%

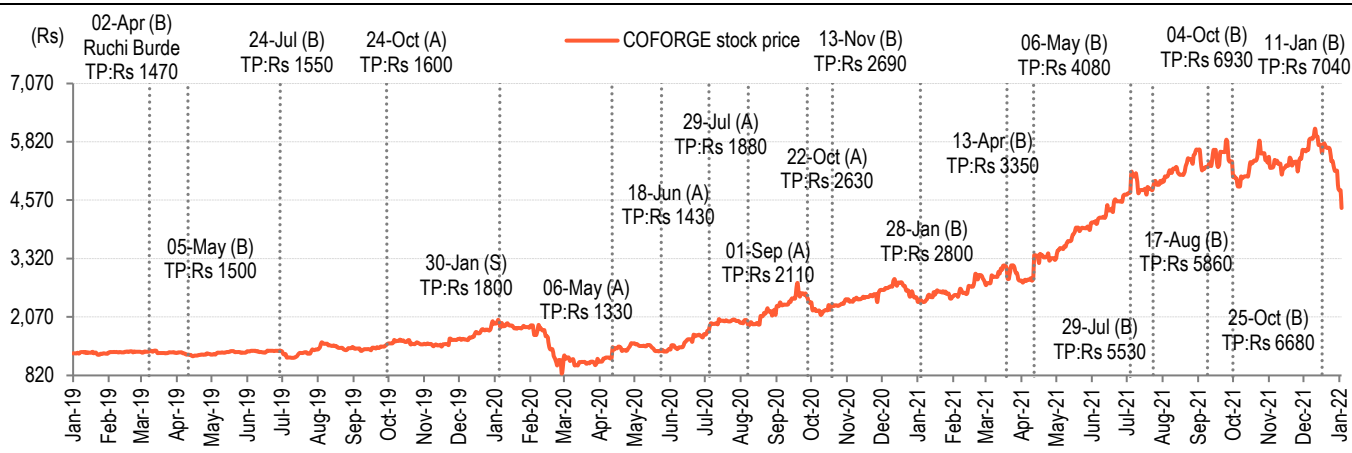
HOLD – Expected return from -6% to +15%

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): COFORGE (COFORGE IN)



B – Buy, H – Hold, S – Sell, A – Add, R – Reduce

Rating distribution

As of 31 December 2021, out of 115 rated stocks in the BOB Capital Markets Limited (BOBCAPS) coverage universe, 57 have BUY ratings, 31 have HOLD ratings, 5 are rated ADD*, 2 are rated REDUCE* and 20 are rated SELL. None of these companies have been investment banking clients in the last 12 months. (*Our ADD and REDUCE ratings are in the process of being migrated to the new recommendation structure.)

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 BOBCAPS.

General disclaimers

BOBCAPS is engaged in the business of Institutional 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 has obtained registration as a Research Entity under SEBI (Research Analysts) Regulations, 2014, having registration No.: INH000000040 valid till 03 February 2025. BOBCAPS is also a SEBI-registered intermediary for the broking business having SEBI Single Registration Certificate No.: INZ000159332 dated 20 November 2017. BOBCAPS CIN Number: U65999MH1996GOI098009.

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 where such an offer or solicitation would be illegal. 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.

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 act as market makers or 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.

In the US, this material is only for Qualified Institutional Buyers as defined under rule 144(a) of the Securities Act, 1933. No part of this document may be distributed in Canada or used by private customers in the United Kingdom.

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 in the past 12 months. 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.