

ADD

TP: Rs 2,390 | ▲ 8%

TATA CONSULTANCY SERVICES

| IT Services

| 18 January 2020

Margins resilient

TCS reported a mixed Q3FY20 as revenue missed the mark for the third quarter in a row but EBIT margins staged a strong beat. Challenges persisted in the BFSI vertical, translating into a poor showing, while retail offered relief. A revamped recruitment engine should help correct the employee pyramid. We tweak estimates and roll forward to a Mar'21 TP of Rs 2,390 (Rs 2,230 earlier). We like TCS for its strong structural backbone and believe near-term stock weakness on growth concerns should be used to build positions.

Ruchi Burde

research@bobcaps.in

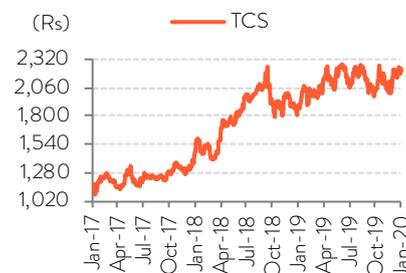
Margins resilient but revenues miss the mark: TCS reported 0.3% QoQ CC revenue growth (vs. our/consensus estimates of 0.8%/0.9%), accompanied by 25% EBIT margins (up 100bps QoQ vs. estimates of 30bps/60bps QoQ). Margins were resilient aided by operational efficiency and currency gains.

Modest deal signings; excludes Phoenix Group win: TCS bagged deals worth a modest US\$ 6bn TCV in Q3 (1.07x book-to-bill ratio). 9MFY20 TCV at US\$ 18.1bn was up 15% YoY. We highlight that the Phoenix Group deal with ~US\$ 2bn TCV was not included in Q3FY20 as the company is awaiting regulatory approval (likely in Q4FY20).

BFSI market share expands but growth stagnant: Since Q1FY19, TCS has gained ~200bps market share in BFSI. But the enhanced cost optimisation and productivity focus at large BFS clients in North America and the UK is weighing on growth. Q3 BFSI revenue declined by 0.7% QoQ in dollar terms and the near-term outlook remains gloomy. Retail & distribution vertical revenues inched up 4% QoQ on a strong uptick in CPG/travel transportation. Retail was a mixed bag with growth in the UK and EU, but challenges in US retail business. Management remains optimistic about growth in CPG/travel/transport.

Ticker/Price	TCS IN/Rs 2,219
Market cap	US\$ 117.2bn
Shares o/s	3,753mn
3M ADV	US\$ 107.1mn
52wk high/low	Rs 2,296/Rs 1,870
Promoter/FPI/DII	72%/17%/11%

Source: NSE

STOCK PERFORMANCE

Source: NSE

KEY FINANCIALS

Y/E 31 Mar	FY18A	FY19A	FY20E	FY21E	FY22E
Total revenue (Rs mn)	12,31,040	14,64,630	15,67,306	16,77,784	18,46,210
EBITDA (Rs mn)	3,25,160	3,95,050	4,21,386	4,56,066	5,09,411
Adj. net profit (Rs mn)	2,58,260	3,15,240	3,25,887	3,53,803	3,99,265
Adj. EPS (Rs)	67.1	84.0	86.8	94.3	106.4
Adj. EPS growth (%)	0.6	25.3	3.4	8.6	12.8
Adj. ROAE (%)	29.3	35.5	33.1	30.5	29.4
Adj. P/E (x)	33.1	26.4	25.6	23.5	20.9
EV/EBITDA (x)	25.5	21.0	19.6	17.9	15.8

Source: Company, BOBCAPS Research

BOB Capital Markets Ltd is a wholly owned subsidiary of Bank of Baroda

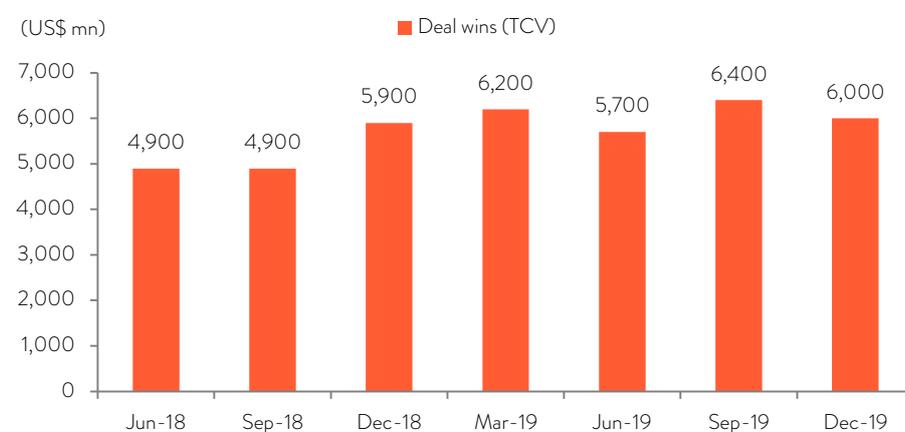
Important disclosures, including any required research certifications, are provided at the end of this report.



Earnings call highlights

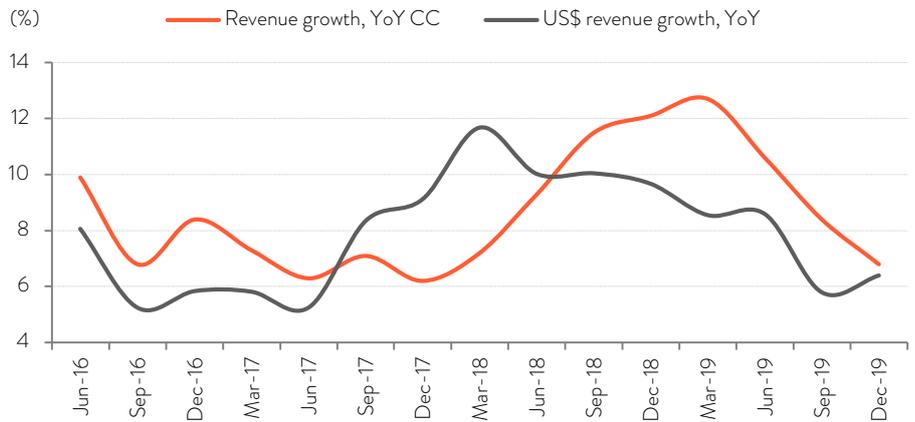
- BFSI:** TCS has expanded its client footprint with the addition of 20+ smaller clients in 9MFY20. In addition, management finds BFS budgets stable, albeit with an enhanced focus on cost optimisation and higher allocation for digital technology. The outlook on the insurance vertical remains optimistic.
- Talent and reskilling:** TCS revamped its fresh-graduate hiring engine in FY20. About 93% of the 30,000-freshers inducted in H1FY20 were deployed by the end of the Dec'19 quarter, aiding utilisation and margin improvement. TCS has rolled out plans to hire 39,000 freshers in the coming fiscal. Management indicated that employee pyramid correction will be at play going ahead, building on the success of its revamped fresher hiring engine and the strength of its mid-level employee pool.
- Deal wins:** The US\$ 6bn deal TCV signed in Q3 includes a US\$ 3.3bn contract from North America. The BFSI and retail verticals contributed TCV worth US\$ 1.8bn and US\$ 0.86bn respectively.

FIG 1 – ~US\$ 2BN PHOENIX GROUP DEAL EXCLUDED FROM Q3 TCV AS REGULATORY APPROVAL AWAITED



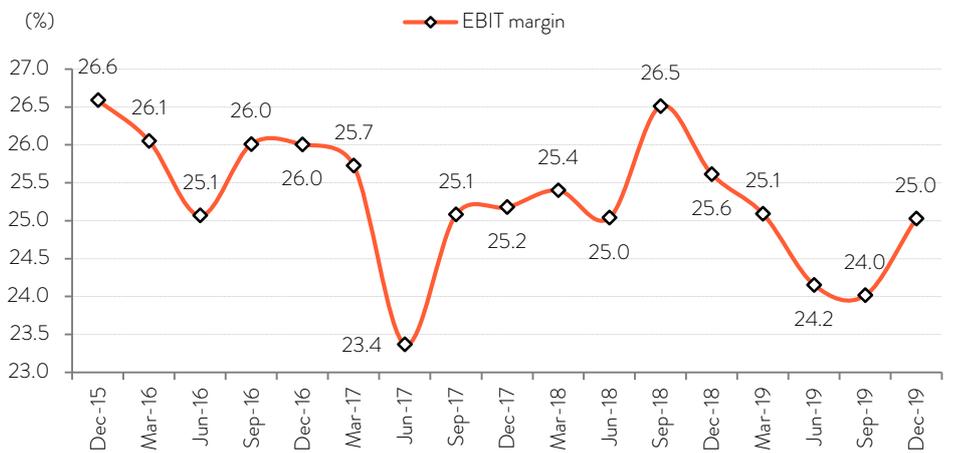
Source: Company, BOBCAPS Research

FIG 2 – REVENUE MISSED MARK FOR THIRD CONSECUTIVE QUARTER



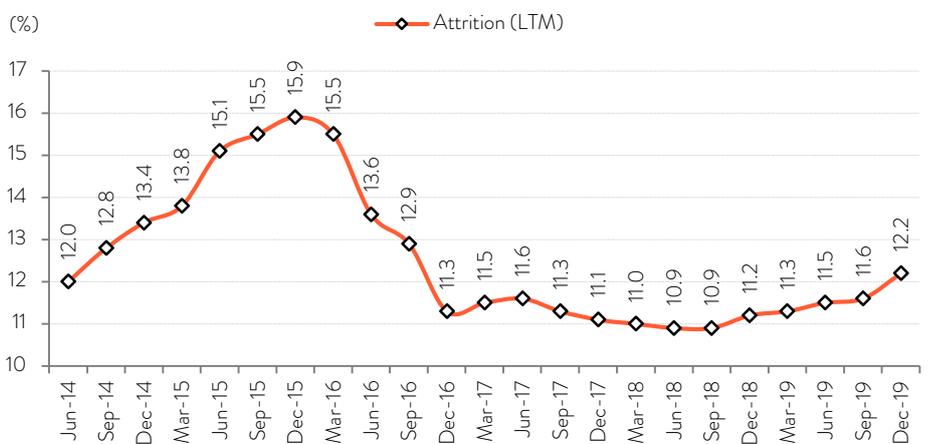
Source: Company, BOBCAPS Research

FIG 3 – EBIT MARGIN MARKS TREND REVERSAL AFTER FOUR QUARTERS



Source: Company, BOBCAPS Research

FIG 4 – ATTRITION RATE REMAINS ONE OF THE LOWEST AMONG PEERS



Source: Company, BOBCAPS Research

FIG 5 – DEC'19 QUARTER PERFORMANCE

(Rs mn)	Q1FY19	Q2FY19	Q3FY19	Q4FY19	Q1FY20	Q2FY20	Q3FY20	YoY (%)	QoQ (%)	9MFY19	9MFY20	YoY (%)
Revenues (US\$ mn)	5,051	5,215	5,250	5,397	5,485	5,517	5,586	6.4	1.3	15,516	16,588	6.9
Revenue (Rs mn)	3,42,610	3,68,540	3,73,380	3,80,100	3,81,720	3,89,770	3,98,540	6.7	2.3	10,84,530	11,70,030	7.9
Operating Expenditure	2,51,900	2,65,760	2,72,550	2,79,370	2,81,350	2,87,510	2,89,830	6.3	0.8	7,90,210	8,58,690	8.7
Cost of revenues	1,96,850	2,07,950	2,13,200	2,17,090	2,21,020	2,24,100	2,26,820	6.4	1.2	6,18,000	6,71,940	8.7
as % of sales	57.5	56.4	57.1	57.1	57.9	57.5	56.9	-	-	57.0	57.4	-
SG&A expenses	55,050	57,810	59,350	62,280	60,330	63,410	63,010	6.2	(0.6)	1,72,210	1,86,750	8.4
as % of sales	16.1	15.7	15.9	16.4	15.8	16.3	15.8	-	-	15.9	16.0	-
EBITDA	90,710	1,02,780	1,00,830	1,00,730	1,00,370	1,02,260	1,08,710	7.8	6.3	2,94,320	3,11,340	5.8
Depreciation	4,930	5,070	5,190	5,360	8,170	8,650	8,970	72.8	3.7	15,190	25,790	69.8
EBIT	85,780	97,710	95,640	95,370	92,200	93,610	99,740	4.3	6.5	2,79,130	2,85,550	2.3
Other Income	12,080	5,930	11,470	11,650	14,180	11,680	5,950	(48.1)	(49.1)	29,480	31,810	7.9
PBT	97,860	1,03,640	1,07,110	1,07,020	1,06,380	1,05,290	1,05,690	(1.3)	0.4	3,08,610	3,17,360	2.8
Total Tax	24,240	24,370	25,900	25,500	24,850	24,710	24,260	(6.3)	(1.8)	74,510	73,820	(0.9)
Adjusted PAT	73,620	79,270	81,210	81,520	81,530	80,580	81,430	0.3	1.1	2,34,100	2,43,540	4.0
(Profit)/loss from JV's/Ass/MI	(220)	260	(160)	(260)	(220)	(160)	(250)	-	-	(120)	(630)	-
APAT after MI	73,400	79,530	81,050	81,260	81,310	80,420	81,180	0.2	0.9	2,33,980	2,42,910	3.8
Reported PAT	73,400	79,530	81,050	81,260	81,310	80,420	81,180	0.2	0.9	2,33,980	2,42,910	3.8
Reported EPS	19.2	20.7	21.6	21.7	21.7	21.4	21.6	0.1	0.9	61	65	5.4
Margins (%)								(bps)	(bps)			(bps)
EBITDA	26.5	27.9	27.0	26.5	26.3	26.2	27.3	30	100	27.1	26.6	(50)
EBIT	25.0	26.5	25.6	25.1	24.2	24.0	25.0	(60)	100	25.7	24.4	(130)
EBT	28.6	28.1	28.7	28.2	27.9	27.0	26.5	(220)	(50)	28.5	27.1	(130)
PAT	21.4	21.6	21.7	21.4	21.3	20.6	20.4	(130)	(30)	21.6	20.8	(80)
Effective Tax rate	24.8	23.5	24.2	23.8	23.4	23.5	23.0	(120)	(50)	24.1	23.3	(90)

Source: Company, BOBCAPS Research

TCS has discontinued digital revenue disclosures from Q3

Management expects continued robust growth in life sciences & healthcare vertical

FIG 6 – DEC'19 QUARTER OPERATING METRICS

Particulars (in US\$ terms)	Q3FY20 (% Contr. to Revenue)	QoQ (%)	YoY (%)
Deal win TCV (US\$ mn)	6,000	(6.3)	1.7
Revenues by Geography			
Americas	50.1	0.3	4.1
UK	15.9	3.2	9.1
Europe	14.9	3.3	12.4
India	5.7	1.3	6.4
Asia Pac	9.3	0.2	5.3
Ibero America	1.9	1.3	2.2
MEA	2.2	1.3	11.5
Revenue breakup by Vertical			
BFSI	30.4	(0.7)	5.0
Manufacturing	10.0	3.3	8.6
Telecom	7.0	1.3	7.9
Life Sciences & Healthcare	8.3	3.8	16.2
Retail & Distribution	15.2	4.0	4.3
Technology & Services	8.4	(2.2)	2.7
Regional Markets & Others	20.7	1.7	6.4
	Q3FY20	Q2FY20	Q3FY19
Attrition (LTM) (%)	12.2	11.6	11.2

Source: Company, BOBCAPS Research

Valuation methodology

We tweak EPS estimates to accommodate the Dec'19 quarter performance and now build in 7.9% YoY CC (6.5% YoY dollar) revenue growth with 24.7% EBIT margins for FY20.

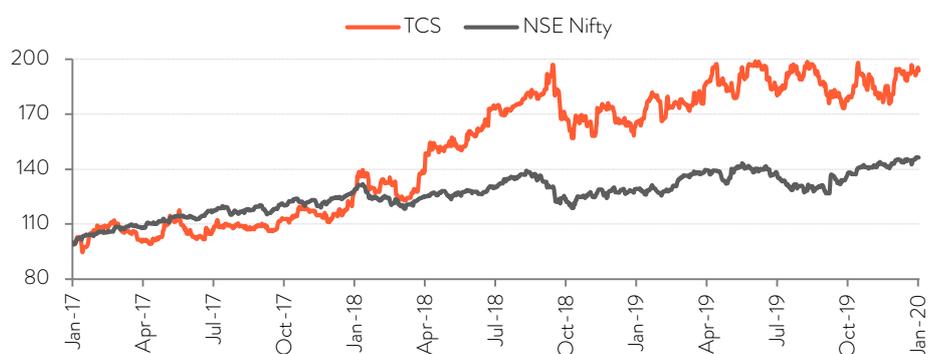
We value TCS at an unchanged P/E multiple of 22.5x. On rolling valuations forward, we arrive at a revised Mar'21 target price of Rs 2,390 (from Rs 2,230). We like TCS for its strong structural backbone and believe near-term stock weakness stemming from growth concerns should be used to build positions. Maintain ADD.

FIG 7 – REVISED ESTIMATES

(Rs mn)	FY20E			FY21E			FY22E		
	Old	New	Change (%)	Old	New	Change (%)	Old	New	Change (%)
Revenues (US\$ mn)	22,296	22,263	(0.1)	24,100	23,968	(0.5)	26,523	26,374	(0.6)
YoY growth (%)	6.6	6.5	-	8.1	7.7	-	10.1	10.0	-
Revenues	15,62,041	15,67,306	0.3	16,87,009	16,77,784	(0.5)	18,56,580	18,46,210	(0.6)
EBITDA	4,14,138	4,21,386	1.8	4,56,047	4,56,066	0.0	5,01,944	5,09,411	1.5
EBITDA margins (%)	26.5	26.9	-	27.0	27.2	-	27.0	27.6	-
Net profits	3,21,615	3,25,887	1.3	3,53,699	3,53,803	0.0	3,93,304	3,99,265	1.5
EPS (Rs)	85.7	86.8	1.3	94.3	94.3	0.0	104.8	106.4	1.5

Source: BOBCAPS Research

FIG 8 – RELATIVE STOCK PERFORMANCE



Source: NSE

Key risks

Key downside risks to our estimates are:

- a sharp decline in IT spending,
- adverse currency movements,
- inability to refresh service offerings amid rapidly changing technologies, and
- execution risk in bundled deals

FINANCIALS

Income Statement

Y/E 31 Mar (Rs mn)	FY18A	FY19A	FY20E	FY21E	FY22E
Total revenue	12,31,040	14,64,630	15,67,306	16,77,784	18,46,210
EBITDA	3,25,160	3,95,050	4,21,386	4,56,066	5,09,411
Depreciation	20,140	20,550	34,712	37,354	42,351
EBIT	3,05,020	3,74,500	3,86,673	4,18,712	4,67,059
Net interest income/(expenses)	0	0	0	0	0
Other income/(expenses)	35,900	41,130	40,130	47,871	59,341
Exceptional items	0	0	0	0	0
EBT	3,40,920	4,15,630	4,26,803	4,66,582	5,26,401
Income taxes	82,120	1,00,010	1,00,086	1,11,980	1,26,336
Extraordinary items	0	0	0	0	0
Min. int./Inc. from associates	(540)	(380)	(830)	(800)	(800)
Reported net profit	2,58,260	3,15,240	3,25,887	3,53,803	3,99,265
Adjustments	0	0	0	0	0
Adjusted net profit	2,58,260	3,15,240	3,25,887	3,53,803	3,99,265

Balance Sheet

Y/E 31 Mar (Rs mn)	FY18A	FY19A	FY20E	FY21E	FY22E
Accounts payables	0	0	0	0	0
Other current liabilities	2,05,190	2,50,000	2,70,521	2,89,590	3,18,661
Provisions	0	0	0	0	0
Debt funds	2,470	440	440	440	440
Other liabilities	0	0	0	0	0
Equity capital	1,910	3,750	3,750	3,750	3,750
Reserves & surplus	0	0	0	0	0
Shareholders' fund	8,76,430	8,98,990	10,68,825	12,53,107	14,60,966
Total liabilities and equities	10,84,090	11,49,430	13,39,786	15,43,137	17,80,067
Cash and cash eq.	48,830	72,240	2,20,482	3,84,348	5,60,719
Accounts receivables	2,49,430	2,73,460	3,00,579	3,21,767	3,54,068
Inventories	0	0	0	0	0
Other current assets	1,22,470	2,43,530	2,57,639	2,75,800	3,03,487
Investments	4,07,310	3,49,540	3,49,540	3,49,540	3,49,540
Net fixed assets	1,16,000	1,13,740	1,10,374	1,06,575	1,01,148
CWIP	0	0	0	0	0
Intangible assets	38,960	18,790	18,790	18,790	18,790
Deferred tax assets, net	34,230	26,560	26,560	26,560	26,560
Other assets	66,860	51,570	55,822	59,757	65,755
Total assets	10,84,090	11,49,430	13,39,786	15,43,137	17,80,067

Source: Company, BOBCAPS Research

Cash Flows

Y/E 31 Mar (Rs mn)	FY18A	FY19A	FY20E	FY21E	FY22E
Net income + Depreciation	2,02,850	2,36,600	3,61,429	3,91,957	4,42,416
Interest expenses	(23,930)	(25,640)	(40,130)	(47,871)	(59,341)
Non-cash adjustments	0	0	0	0	0
Changes in working capital	(2,090)	(21,690)	(24,959)	(24,214)	(36,915)
Other operating cash flows	73,840	96,660	0	0	0
Cash flow from operations	2,50,670	2,85,930	2,96,340	3,19,872	3,46,159
Capital expenditures	(18,040)	(21,320)	(31,346)	(33,556)	(36,924)
Change in investments	60,090	73,820	0	0	0
Other investing cash flows	(11,010)	(36,050)	40,130	47,871	59,341
Cash flow from investing	31,040	16,450	8,784	14,315	22,417
Equities issued/Others	0	0	0	0	0
Debt raised/repaid	(430)	(1,940)	0	0	0
Interest expenses	(1,60,820)	(1,62,310)	0	0	0
Dividends paid	(1,07,600)	(1,14,720)	(1,56,882)	(1,70,321)	(1,92,206)
Other financing cash flows	0	0	0	0	0
Cash flow from financing	(2,68,850)	(2,78,970)	(1,56,882)	(1,70,321)	(1,92,206)
Changes in cash and cash eq.	12,860	23,410	1,48,242	1,63,867	1,76,370
Closing cash and cash eq.	48,830	72,240	2,20,482	3,84,348	5,60,719

Per Share

Y/E 31 Mar (Rs)	FY18A	FY19A	FY20E	FY21E	FY22E
Reported EPS	67.1	84.0	86.8	94.3	106.4
Adjusted EPS	67.1	84.0	86.8	94.3	106.4
Dividend per share	24.1	30.0	34.7	37.7	42.6
Book value per share	227.6	239.5	284.8	333.9	389.3

Valuations Ratios

Y/E 31 Mar (x)	FY18A	FY19A	FY20E	FY21E	FY22E
EV/Sales	6.7	5.7	5.3	4.9	4.3
EV/EBITDA	25.5	21.0	19.6	17.9	15.8
Adjusted P/E	33.1	26.4	25.6	23.5	20.9
P/BV	9.8	9.3	7.8	6.6	5.7

DuPont Analysis

Y/E 31 Mar (%)	FY18A	FY19A	FY20E	FY21E	FY22E
Tax burden (Net profit/PBT)	75.8	75.8	76.4	75.8	75.8
Interest burden (PBT/EBIT)	111.8	111.0	110.4	111.4	112.7
EBIT margin (EBIT/Revenue)	24.8	25.6	24.7	25.0	25.3
Asset turnover (Revenue/Avg TA)	115.2	131.1	125.9	116.4	111.1
Leverage (Avg TA/Avg Equity)	1.2	1.3	1.3	1.2	1.2
Adjusted ROAE	29.3	35.5	33.1	30.5	29.4

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

Ratio Analysis

Y/E 31 Mar	FY18A	FY19A	FY20E	FY21E	FY22E
YoY growth (%)					
Revenue	4.4	19.0	7.0	7.0	10.0
EBITDA	0.6	21.5	6.7	8.2	11.7
Adjusted EPS	0.6	25.3	3.4	8.6	12.8
Profitability & Return ratios (%)					
EBITDA margin	26.4	27.0	26.9	27.2	27.6
EBIT margin	24.8	25.6	24.7	25.0	25.3
Adjusted profit margin	21.0	21.5	20.8	21.1	21.6
Adjusted ROAE	29.3	35.5	33.1	30.5	29.4
ROCE	27.5	34.3	35.3	37.0	40.1
Working capital days (days)					
Receivables	71	65	67	68	67
Inventory	0	0	0	0	0
Payables	74	78	83	84	83
Ratios (x)					
Gross asset turnover	10.5	12.8	14.0	15.5	17.8
Current ratio	2.4	2.6	3.1	3.6	4.0
Net interest coverage ratio	NA	NA	NA	NA	NA
Adjusted debt/equity	(0.1)	(0.1)	(0.2)	(0.3)	(0.4)

Source: Company, BOBCAPS Research

Disclaimer

Recommendations and Absolute returns (%) over 12 months

BUY – Expected return >+15%

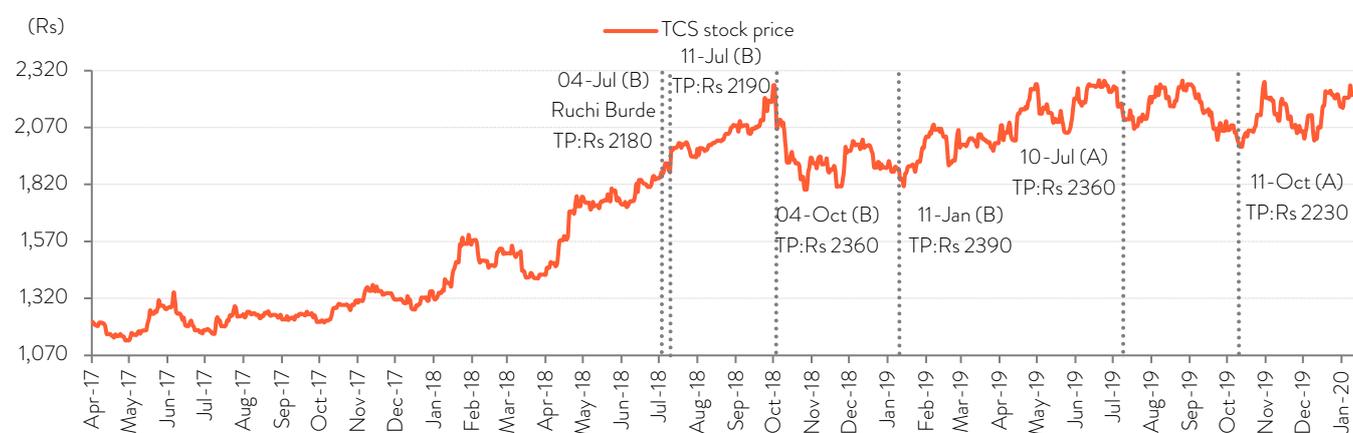
ADD – Expected return from >+5% to +15%

REDUCE – Expected return from -5% to +5%

SELL – Expected return <-5%

Note: Recommendation structure changed with effect from 1 January 2018 (Hold rating discontinued and replaced by Add / Reduce)

HISTORICAL RATINGS AND TARGET PRICE: TATA CONSULTANCY SERVICES (TCS IN)



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

Rating distribution

As of 31 December 2019, out of 83 rated stocks in the BOB Capital Markets Limited (BOBCAPS) coverage universe, 50 have BUY ratings, 18 are rated ADD, 9 are rated REDUCE and 6 are rated SELL. None of these companies have been investment banking clients in the last 12 months.

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 2020. 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 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.