

**SELL**

TP: Rs 2,080 | ▼ 25%

**V-MART RETAIL**

Retail

01 June 2021

## Anaemic quarter, near-term outlook remains bleak – SELL

Despite a soft base, V-Mart Retail (VMART) reported weak 6% YoY Q4FY21 revenue growth due to sustained Covid-19 headwinds. Adj. EBITDA margin was flattish at 8.5% and EBITDA grew 7%, but the company reported a PBT loss of Rs 76mn. A resurgent pandemic has hit demand in Q1 though management expects improvement once lockdowns are eased. We cut FY22 PAT by 54% on renewed demand concerns but hike our FY23 estimate by 22% to build in other income from QIP proceeds. Our Mar'22 TP thus rises to Rs 2,080 (vs. Rs 1,850).

Arun Baid

researchreport@bobcaps.in

**Tepid sales growth:** Sustained pandemic-led demand headwinds saw VMART report weak revenue growth of 6% YoY in Q4 (+1.5% same-store sales growth or SSSg), despite a soft base quarter (-3.4% YoY decline). FY21 revenue contracted 35% with SSSg down 40% as footfalls waned during the pandemic. Per management, Q1FY22 has been a washout thus far due to lockdowns but demand is likely to revive post unlocking as the company did see some signs of recovery in Q4. VMART maintains its plan of 20-25% area addition every year going ahead.

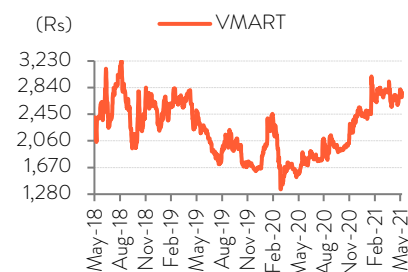
**EBITDA improves marginally:** Adj. operating margin (ex-rent concession) was up 10bps YoY at 8.5% with employee cost down 95bps and other expenses rising 210bps. Gross margin expanded 125bps YoY due to lower discounting and shrinkage. Management does not foresee any material savings from rent or employee cost going ahead, as seen in FY21.

**Maintain SELL:** VMART has performed below our expectations in FY21. We cut FY22 PAT estimates by 54% in light of continued pandemic concerns. Our FY23 PAT moves up 22% mainly due to high other income from QIP funds (EBITDA largely unchanged). Maintain SELL with a revised Mar'22 TP of Rs 2,080 (earlier Rs 1,850), based on an unchanged 30x FY23E P/E.

Ticker/Price	VMART IN/Rs 2,766
Market cap	US\$ 750.6mn
Shares o/s	20mn
3M ADV	US\$ 0.9mn
52wk high/low	Rs 3,129/Rs 1,605
Promoter/FPI/DII	47%/24%/29%

Source: NSE

## STOCK PERFORMANCE



Source: NSE

## KEY FINANCIALS

Y/E 31 Mar	FY19A	FY20A	FY21P	FY22E	FY23E
Total revenue (Rs mn)	14,337	16,620	10,755	17,677	25,942
EBITDA (Rs mn)	1,336	2,149	1,192	2,058	3,762
Adj. net profit (Rs mn)	724	485	(340)	414	1,363
Adj. EPS (Rs)	36.7	24.6	(17.2)	21.0	69.2
Adj. EPS growth (%)	(5.8)	(32.9)	(170.0)	(221.9)	229.4
Adj. ROAE (%)	19.1	11.2	(5.3)	4.9	14.6
Adj. P/E (x)	75.3	112.3	(160.5)	131.7	40.0
EV/EBITDA (x)	40.5	25.1	45.4	25.4	13.5

Source: Company, BOBCAPS Research | P – Provisional

**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.



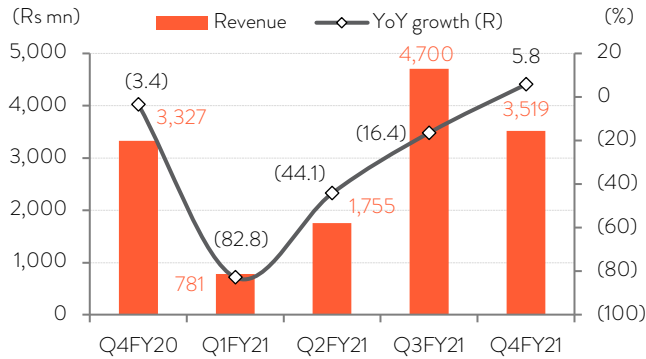
**FIG 1 – CONSOLIDATED QUARTERLY PERFORMANCE (AS PER IND-AS116)**

(Rs mn)	Q4FY21	Q4FY20	YoY (%)	Q3FY21	QoQ (%)	FY21	FY20	YoY (%)
<b>Total revenues</b>	<b>3,519</b>	<b>3,327</b>	<b>5.8</b>	<b>4,700</b>	<b>(25.1)</b>	<b>10,755</b>	<b>16,620</b>	<b>(35.3)</b>
Total raw material consumed	2,470	2,377	3.9	2,975	(17.0)	7,236	11,263	(35.8)
% of sales	70.2	71.5	(127bps)	63.3	690bps	67.3	67.8	(48bps)
Employee expense	355	368	(3.3)	325	9.5	1,169	1,536	(23.9)
% of sales	10.1	11.0	(95bps)	6.9	320bps	10.9	9.2	86bps
Other expense	395	303	30.2	402	(1.7)	1,158	1,684	(31.2)
% of sales	11.2	9.1	211bps	8.5	268bps	10.8	10.1	109bps
Total expenditure	3220	3048	5.7	3701	(13.0)	9563	14483	(34.0)
% of sales	91.5	91.6	(11bps)	78.7	1277bps	88.9	87.1	438bps
<b>EBITDA</b>	<b>298</b>	<b>278</b>	<b>7.1</b>	<b>999</b>	<b>(70)</b>	<b>1192</b>	<b>2138</b>	<b>(44.2)</b>
% of sales	8.5	8.4	11bps	21.3	(1,277bps)	11.1	12.9	(438bps)
Depreciation	255.6	252.1	1.4	253.8	0.7	1,029.7	939.2	9.6
Other income	27.8	7.9	254.2	11.0	152.3	53.0	44.8	18.3
Interest cost	146.4	138.7	5.5	150.3	(2.6)	589.5	547.8	7.6
PBT	(76)	(104)	(27.4)	606	(112.5)	(374)	695	(153.8)
Taxes	(8)	(20)	(59.5)	158	(105.1)	(35)	202	(117.2)
Effective tax rate (%)	10.8	19.3	(852bps)	26.2	(1,540bps)	9.2	29.0	(1,827bps)
APAT	(68)	(84)	(19.8)	447	(115.1)	(340)	493	(168.8)
Add/(Less): extraordinary items	53	0	NA	31	69	278	0	NA
<b>RPAT</b>	<b>(14.7)</b>	<b>(84.3)</b>	<b>(82.5)</b>	<b>479</b>	<b>(103.1)</b>	<b>(62.0)</b>	<b>493.5</b>	<b>(112.6)</b>

Source: Company, BOBCAPS Research

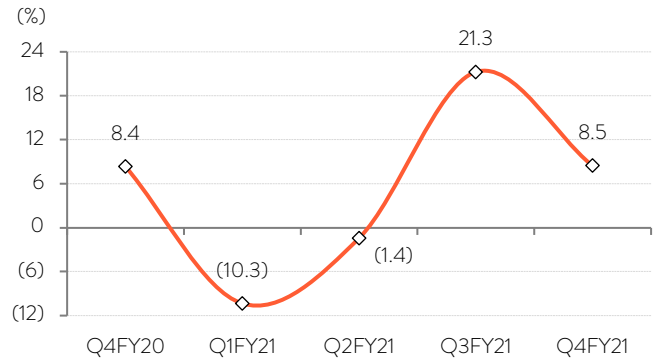
## QUARTERLY TRENDS

**FIG 2 – REVENUE & GROWTH**



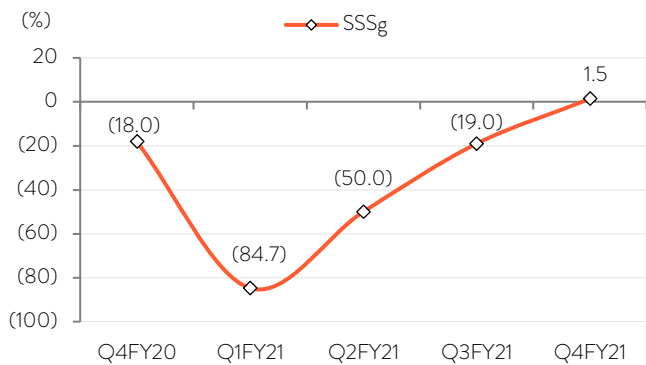
Source: Company, BOBCAPS Research

**FIG 3 – OPERATING MARGIN**



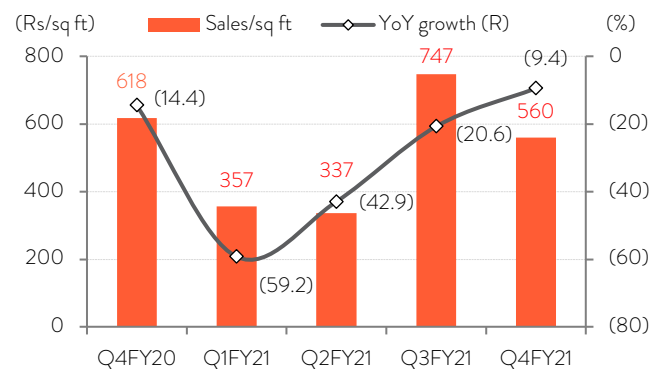
Source: Company, BOBCAPS Research

**FIG 4 – SAME-STORE SALES GROWTH, YOY**



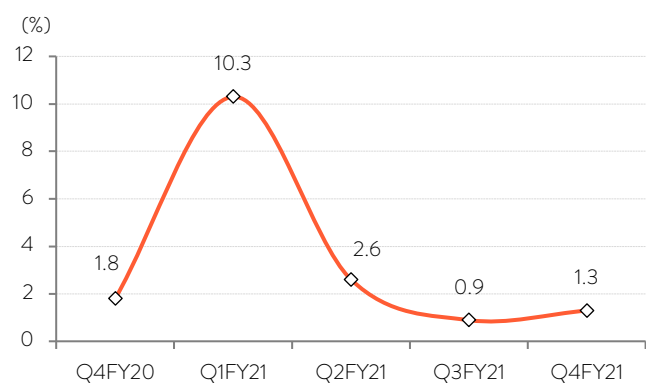
Source: Company, BOBCAPS Research

**FIG 5 – REVENUE PER SQUARE FOOT PER MONTH**



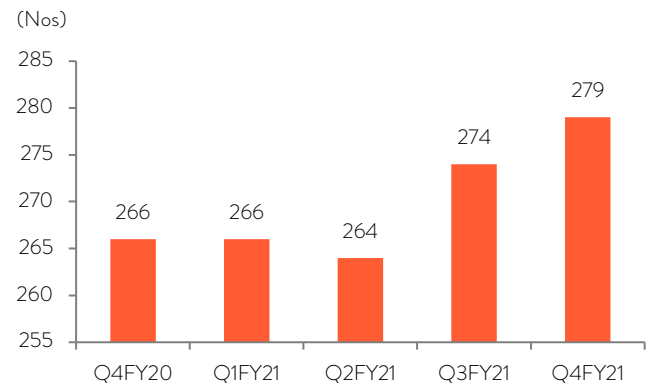
Source: Company, BOBCAPS Research

**FIG 6 – INVENTORY SHRINKAGE**



Source: Company, BOBCAPS Research

**FIG 7 – NUMBER OF STORES**



Source: Company, BOBCAPS Research

## Earnings call highlights

- In Q4FY21, consumer sentiment had revived, especially from mid-February till the last week of March. Holi festival sales were healthy during the quarter and demand was nearing normalcy, especially in leisurewear and comfort-wear, until the pandemic resurfaced.
- Q1FY22 thus far has been a washout due to renewed lockdowns. Only 15-20 of the company's stores are operational with fewer working hours. Management does not, however, expect any material cost savings from rent and manpower, as seen in FY21.
- VMART plans to continue with its normal store area addition of 20-25% and is hopeful of demand revival once restrictions ease. Per management, aspirational demand will remain a growth driver. In FY21, the company added 13 stores (net) and ended the year with 279 outlets.
- Though footfalls were ~12% lower YoY in Q4 at 7.2mn, customer conversion was higher at 61% (vs. 55% YoY). Also, average ticket size increased by 8% to Rs 851.
- To counter cost inflation in raw material and increased freight charges, VMART took price increases during the quarter.
- Apparel inventory levels increased by 35 days in FY21 to 126 days as the company was planning for a better season before the pandemic resurfaced.
- Management expects the omni channel to pick up and is targeting 5-6% of revenues from this segment over the next 2-3 years, with a strong brand and quality products potentially aiding above-industry online sales.
- The company has a presence in 192 cities/towns. About 70% of these markets has competition from at least one nationalised retail chain.
- VMART is planning to set up another warehouse in phases at a capex of Rs 1bn. The first phase is expected to be operational by end-FY22.
- During Q4, the company raised ~Rs 3.75bn via a QIP by issuing ~1.53mn shares (~8% dilution) at a price of Rs 2,450/sh. The proceeds will be used to build warehouses, expand store count etc.

## Valuation methodology

VMART is a play on the growing organised apparel retail market, high aspirational demand and rising purchasing power of middle-class India. We expect the company to benefit from a strong, efficient business model and an early-mover advantage in tier-2, tier-3 and tier-4 cities. But with several organised players expanding their footprint in VMART's markets and the pandemic exacting a severe toll on business, the company could face near-term SSSg and margin headwinds.

We cut FY22 EBITDA/PAT estimates by 32%/54% due to sustained pandemic-related demand concerns but raise our FY23 PAT by 22% (EBITDA largely unchanged) to factor in higher other income post QIP. In our view, the fund raising has given VMART sufficient liquidity to tide over the current Covid impact. However, dilution is going to erode return ratios. Maintain SELL with a revised Mar'22 target price of Rs 2,080 (earlier Rs 1,850), set at an unchanged 30x FY23E P/E which is in line with the stock's five-year average.

### FIG 8 – REVISED ESTIMATES

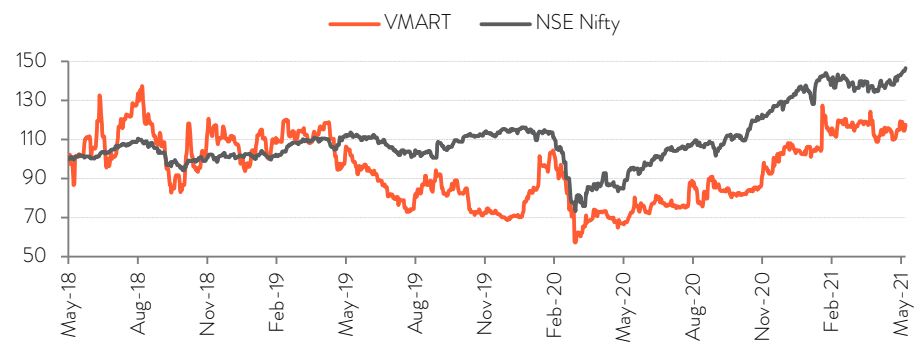
(Rs mn)	New		Old		Change (%)	
	FY22E	FY23E	FY22E	FY23E	FY22E	FY23E
Revenue	17,677	25,942	21,187	25,807	(16.6)	0.5
EBITDA	2,058	3,762	30,04	3,759	(31.5)	0.1
PAT	414	1,363	895.4	1,119	(53.8)	21.8

Source: BOBCAPS Research

### FIG 9 – KEY ASSUMPTIONS

Particulars	FY21	FY22E	FY23E
Total Area (mn sq ft)	2.3	2.7	3.3
Growth (%)	4	19	20
Revenue/sq ft (Rs)	530	625	769
Growth (%)	(30)	18	23
Total Revenues (Rs mn)	10,755	17,677	25,942
Growth (%)	(35)	64	47
EPS (Rs)	NM	21.0	69.2
Consensus EPS (Rs)*	NM	40.9	58.8
Difference (%)	-	(49)	18

Source: Bloomberg, BOBCAPS Research | \*We expect consensus EPS for FY22 to be revised downwards following the management call today

**FIG 10 – RELATIVE STOCK PERFORMANCE**

Source: NSE

### Key risks

Upside risks to our estimates include:

- faster-than-anticipated demand revival post lifting of lockdown, and
- above-expected demand from the company's key states of Uttar Pradesh and Bihar.

## FINANCIALS

### Income Statement

Y/E 31 Mar (Rs mn)	FY19A	FY20A	FY21P	FY22E	FY23E
<b>Total revenue</b>	<b>14,337</b>	<b>16,620</b>	<b>10,755</b>	<b>17,677</b>	<b>25,942</b>
EBITDA	1,336	2,149	1,192	2,058	3,762
Depreciation	(276)	(939)	(1,030)	(1,137)	(1,441)
EBIT	1,060	1,210	162	921	2,321
Net interest income/(expenses)	(16)	(548)	(589)	(599)	(713)
Other income/(expenses)	44	32	53	234	225
Exceptional items	0	0	0	0	0
EBT	1,088	694	(374)	556	1,833
Income taxes	(365)	(209)	35	(142)	(469)
Extraordinary items	(107)	8	278	0	0
Min. int./Inc. from associates	0	0	0	0	0
<b>Reported net profit</b>	<b>616</b>	<b>493</b>	<b>(62)</b>	<b>414</b>	<b>1,363</b>
Adjustments	107	(8)	(278)	0	0
<b>Adjusted net profit</b>	<b>724</b>	<b>485</b>	<b>(340)</b>	<b>414</b>	<b>1,363</b>

### Balance Sheet

Y/E 31 Mar (Rs mn)	FY19A	FY20A	FY21P	FY22E	FY23E
Accounts payables	1,483	1,968	1,917	1,743	2,559
Other current liabilities	354	328	224	339	498
Provisions	169	183	195	212	285
Debt funds	219	11	0	0	0
Equity capital	181	182	197	197	197
Reserves & surplus	3,911	4,408	8,055	8,453	9,783
Shareholders' fund	4,093	4,589	8,252	8,650	9,980
<b>Total liabilities and equities</b>	<b>6,318</b>	<b>7,080</b>	<b>10,587</b>	<b>10,944</b>	<b>13,322</b>
Cash and cash eq.	166	50	275	136	244
Accounts receivables	0	0	0	0	0
Inventories	3,290	4,779	4,283	4,359	5,686
Other current assets	443	473	573	630	711
Investments	607	79	3,895	2,800	3,200
Net fixed assets	1,622	1,477	1,260	2,718	3,178
CWIP	40	25	22	22	22
Intangible assets	33	37	28	28	28
Deferred tax assets, net	118	160	253	253	253
<b>Total assets</b>	<b>6,318</b>	<b>7,080</b>	<b>10,587</b>	<b>10,944</b>	<b>13,322</b>

Source: Company, BOBCAPS Research

**Cash Flows**

Y/E 31 Mar (Rs mn)	FY19A	FY20A	FY21P	FY22E	FY23E
Net income + Depreciation	893	1,433	968	1,551	2,804
Interest expenses	16	548	589	599	713
Non-cash adjustments	0	0	0	0	0
Changes in working capital	(356)	(1,047)	252	(173)	(362)
Other operating cash flows	(26)	(947)	(944)	(1,211)	(1,502)
<b>Cash flow from operations</b>	<b>526</b>	<b>(14)</b>	<b>865</b>	<b>766</b>	<b>1,654</b>
Capital expenditures	(489)	(546)	(406)	(1,916)	(1,084)
Change in investments	(266)	528	(3,816)	1,095	(400)
Other investing cash flows	0	0	0	0	0
<b>Cash flow from investing</b>	<b>(755)</b>	<b>(18)</b>	<b>(4,222)</b>	<b>(821)</b>	<b>(1,484)</b>
Equities issued/Others	28	0	3,713	0	0
Debt raised/repaid	213	(209)	(11)	0	0
Interest expenses	(16)	(34)	(2)	0	0
Dividends paid	(44)	0	0	(17)	(33)
Other financing cash flows	18	158	(119)	(67)	(29)
<b>Cash flow from financing</b>	<b>200</b>	<b>(84)</b>	<b>3,582</b>	<b>(84)</b>	<b>(62)</b>
<b>Changes in cash and cash eq.</b>	<b>(30)</b>	<b>(116)</b>	<b>225</b>	<b>(139)</b>	<b>108</b>
<b>Closing cash and cash eq.</b>	<b>166</b>	<b>50</b>	<b>275</b>	<b>136</b>	<b>244</b>

**Per Share**

Y/E 31 Mar (Rs)	FY19A	FY20A	FY21P	FY22E	FY23E
Reported EPS	31.3	25.0	(3.1)	21.0	69.2
Adjusted EPS	36.7	24.6	(17.2)	21.0	69.2
Dividend per share	1.6	0.0	0.0	0.7	1.4
Book value per share	207.7	232.9	418.8	438.9	506.4

**Valuations Ratios**

Y/E 31 Mar (x)	FY19A	FY20A	FY21P	FY22E	FY23E
EV/Sales	3.8	3.2	5.0	3.0	2.0
EV/EBITDA	40.5	25.1	45.4	25.4	13.5
Adjusted P/E	75.3	112.3	(160.5)	131.7	40.0
P/BV	13.3	11.9	6.6	6.3	5.5

**DuPont Analysis**

Y/E 31 Mar (%)	FY19A	FY20A	FY21P	FY22E	FY23E
Tax burden (Net profit/PBT)	66.5	69.9	90.8	74.4	74.4
Interest burden (PBT/EBIT)	102.7	57.4	(230.8)	60.4	79.0
EBIT margin (EBIT/Revenue)	7.4	7.3	1.5	5.2	8.9
Asset turnover (Revenue/Avg TA)	242.6	248.1	121.7	164.2	213.8
Leverage (Avg TA/Avg Equity)	1.6	1.5	1.4	1.3	1.3
Adjusted ROAE	19.1	11.2	(5.3)	4.9	14.6

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



**Ratio Analysis**

Y/E 31 Mar	FY19A	FY20A	FY21P	FY22E	FY23E
<b>YoY growth (%)</b>					
Revenue	17.3	15.9	(35.3)	64.4	46.8
EBITDA	0.3	60.9	(44.5)	72.7	82.7
Adjusted EPS	(5.8)	(32.9)	(170.0)	(221.9)	229.4
<b>Profitability &amp; Return ratios (%)</b>					
EBITDA margin	9.3	12.9	11.1	11.6	14.5
EBIT margin	7.4	7.3	1.5	5.2	8.9
Adjusted profit margin	5.0	2.9	(3.2)	2.3	5.3
Adjusted ROAE	19.1	11.2	(5.3)	4.9	14.6
ROCE	18.1	19.0	2.5	8.1	18.5
<b>Working capital days (days)</b>					
Receivables	0	0	0	0	0
Inventory	120	131	229	132	105
Payables	44	44	74	43	35
<b>Ratios (x)</b>					
Gross asset turnover	7.1	7.2	3.9	4.3	4.6
Current ratio	1.8	2.1	2.2	2.2	2.0
Net interest coverage ratio	65.7	2.2	0.3	1.5	3.3
Adjusted debt/equity	0.0	0.0	0.0	0.0	0.0

Source: Company, BOBCAPS Research

## Disclaimer

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

**BUY** – Expected return >+15%

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

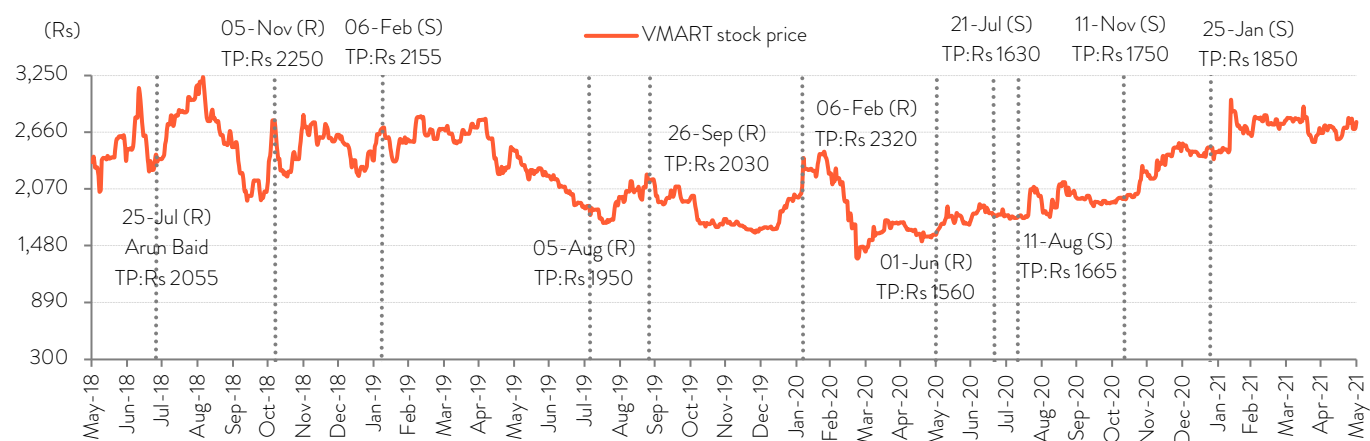
**REDUCE** – Expected return from -5% to +5%

**SELL** – Expected return <-5%

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

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): V-MART RETAIL (VMART IN)



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

### Rating distribution

As of 31 May 2021, out of 95 rated stocks in the BOB Capital Markets Limited (BOBCAPS) coverage universe, 47 have BUY ratings, 19 have ADD ratings, 6 are rated REDUCE and 23 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 2025. 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.