FIRST LIGHT

06 August 2019

RESEARCH

BOB Economics Research | Weekly Wrap

Fed cuts rate, RBI to follow

V-Mart Retail | Target: Rs 1,950 | +3% | REDUCE

Margins continue to disappoint

Dilip Buildcon | Target: Rs 600 | +54% | BUY

Delayed appointed dates continue to hurt revenue

Somany Ceramics | Target: Rs 445 | +39% | BUY

Decent volume growth but lower margins

Laurus Labs | Target: Rs 480 | +43% | BUY

High opex offsets formulation positives; expect recovery in Q2

SUMMARY

India Economics: Weekly Wrap

US-China trade war escalated as US announced additional tariffs on US$ 300bn of Chinese imports. Global manufacturing remained muted in Jul'19. As a result, global yields, equities and oil prices fell. US 10Y yield fell by (-) 23bps. US Fed cut rates by 25bps. Other central banks such as BoE, BoJ, ECB and RBI will also ease. While India's manufacturing PMI improved slightly in Jul'19, the growth outlook remains weak. We thus expect RBI to cut rates by 50bps this week to support growth as inflation remains below RBI's target of 4%.

Click here for the full report.

TOP PICKS

LARGE-CAP IDEAS

Company	Rating	Target
Cipla	Buy	630
GAIL*	Buy	245
ONGC	Buy	230
TCS	Add	2,360
HPCL	Sell	210

*GAIL target price is adjusted for the 1:1 bonus issue

MID-CAP IDEAS

Company	Rating	Target
Balkrishna Ind	Buy	1,290
Future Supply	Buy	715
Greenply Industries	Buy	245
Laurus Labs	Buy	480
PNC Infratech	Buy	235

Source: BOBCAPS Research

DAILY MACRO INDICATORS

Indicator	Current	2D (%)	1M (%)	12M (%)
US 10Y yield (%)	1.85	(5bps)	(13bps)	(110bps)
India 10Y yield (%)	6.35	(7bps)	(49bps)	(141bps)
USD/INR	69.61	(0.8)	(1.0)	(1.5)
Brent Crude (US$/bbl)	61.89	2.3	(0.8)	(15.5)
Dow	26,485	(0.4)	(1.1)	4.0
Shanghai	2,868	(1.4)	(5.8)	4.6
Sensex	37,118	0.3	(6.8)	(1.2)
India FII (US$ mn)	**1 Aug**	**MTD**	**CYTD**	**FYTD**
FII-D	(159.2)	(159.2)	2,494.8	1,950.2
FII-E	(169.0)	(169.0)	9,235.7	2,390.5

Source: Bank of Baroda Economics Research

BOBCAPS Research
research@bobcaps.in

V-Mart Retail

V-Mart Retail's (VMART) Q1FY20 revenue growth was in line at 26% YoY, with SSSg of 5.2%. Operating margins (ex-Ind-AS 116 impact) slid 330bps YoY to 8.7%, resulting in EBITDA/PBT dropping 9%/11%. Management retained guidance of ~25% area addition in FY20 with 9% margins (earlier 9-9.5%). We cut FY20/FY21 PAT by ~9% each and pare our target P/E from 32x to 30x on tough market conditions and rising competition. Rolling over, we have a Jun'20 TP of Rs 1,950 (vs. Rs 2,155). Upgrade to REDUCE post stock correction.

Click here for the full report.

Dilip Buildcon

Dilip Buildcon (DBL) reported below-expected Q1FY20 revenue at Rs 23bn, down 6% YoY, due to execution constraints from delays in award of appointed dates for HAM projects. EBITDA margin expanded 25bps YoY to 18% (17.5% est.) on receipt of an early completion bonus (Rs 379mn) for the Lucknow-Sultanpur works. Higher interest cost and depreciation charge (post Ind-AS 116) contributed to a 51% YoY drop in PAT to Rs 1.3bn. We crop FY20/FY21 EPS by 11%/10% and roll to a revised Jun'20 TP of Rs 600 (from Rs 730).

Click here for the full report.

Somany Ceramics

Somany Ceramics (SOMC) reported in-line consolidated revenue growth of 3.9% YoY in Q1FY20 to Rs 3.95bn, as tile volumes grew 8% YoY. Consolidated operating margins declined 57bps YoY to 7.7%, translating to a 3.3%/12.6% fall in EBITDA/PAT. Management has guided for high single-digit to low double-digit volume growth in tiles and stronger margins in FY20. We trim FY20/FY21 PAT estimates by 5%/9%, reduce our target P/E to 20x (vs. 22x) on weakening demand, and move to a new Jun'20 TP of Rs 445 (vs. Rs 505).

Click here for the full report.

Laurus Labs

Q1FY20 operational results were in line despite strong gross margin expansion. Higher opex was a key negative while the formulations sales delivered a good surprise. EBITDA stood at Rs 830mn with 15% margins. Headline profit of Rs 151mn included higher other income. Laurus expects benefits of high opex and shipment delays (worth Rs 750mn) in the ARV business to reflect from Q2. We cut FY21E EBITDA by 6% and our TP to Rs 480 (vs. Rs 495). Improving returns ratios and positive FCF remain key focus areas in FY21. Retain BUY.

Click here for the full report.

बैंक ऑफ़ बड़ौदा
Bank of Baroda
India's International Bank

WEEKLY WRAP

05 August 2019

Fed cuts rate, RBI to follow

Sameer Narang | Aditi Gupta
chief.economist@bankofbaroda.com

US-China trade war escalated as US announced additional tariffs on US$ 300bn of Chinese imports. Global manufacturing remained muted in Jul'19. As a result, global yields, equities and oil prices fell. US 10Y yield fell by (-) 23bps. US Fed cut rates by 25bps. Other central banks such as BoE, BoJ, ECB and RBI will also ease. While India's manufacturing PMI improved slightly in Jul'19, the growth outlook remains weak. We thus expect RBI to cut rates by 50bps this week to support growth as inflation remains below RBI's target of 4%.

Markets

- **Bonds:** Global yields closed lower led by US President's tweet on additional 10% tariff on China's imports of US$ 300bn in addition to 25% tariff on US$ 250bn of imports. US Fed which reduced policy rate by 25bps may cut further as economy slows. BoJ and BoE also hinted at lower rates. Crude prices declined by (-) 2.5% (US$ 62/bbl). India's 10Y yield fell by (-) 17bps (6.35%). System liquidity surplus swelled to Rs 2.1tn as on 2 Aug 2019 vs Rs 1.3tn in the previous week.

- **Currency:** Except JPY (up by 1.9% on safe haven demand), other global currencies closed lower against the dollar. DXY rose after US Fed signalled that it is unlikely to cut rates. However, with additional tariffs on China, world economy will slow down which may prompt Fed to change its stance later. GBP fell by (-) 1.8% on growing concerns over a no-deal Brexit. INR depreciated by (-) 1% in the week led by FII outflows of US$ 550mn.

- **Equity:** Global equity markets led by Dax and Nikkei, ended the week in red after US President announced 10% additional tariffs on Chinese imports worth US$ 300bn. Apart from that, weak earnings and softer global manufacturing PMIs also impacted investor sentiments. Sensex fell by (-) 2% owing to muted corporate earnings and global cues.

- **Upcoming key events:** Apart from developments on US-China trade war, markets await global services PMI data, China' trade data and Q2 GDP print for UK and Japan this week. Central banks of India, Australia, Thailand and Philippines will deliver their rate decisions. On the domestic front, IIP data is also scheduled to be released this week.

BOBCAPS
TRUST | INNOVATION | EXCELLENCE

REDUCE
TP: Rs 1,950 | ⮝ 3%

V-MART RETAIL | Retail | 05 August 2019

Margins continue to disappoint

Arun Baid
research@bobcaps.in

V-Mart Retail's (VMART) Q1FY20 revenue growth was in line at 26% YoY, with SSSg of 5.2%. Operating margins (ex-Ind-AS 116 impact) slid 330bps YoY to 8.7%, resulting in EBITDA/PBT dropping 9%/11%. Management retained guidance of ~25% area addition in FY20 with 9% margins (earlier 9-9.5%). We cut FY20/FY21 PAT by ~9% each and pare our target P/E from 32x to 30x on tough market conditions and rising competition. Rolling over, we have a Jun'20 TP of Rs 1,950 (vs. Rs 2,155). Upgrade to REDUCE post stock correction.

Strong revenue growth aided by area addition: VMART reported revenue growth of 25.5% YoY to Rs 4.5bn with same-store sales growth (SSSg) of 5.2% (volume SSSg of 6%). Revenue growth was aided by area addition of 27% YoY in Q1. Management maintained its guidance of adding 25% more area in FY20.

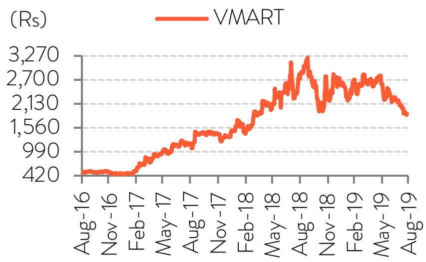
Operating margins shrink: Adjusted for Ind-AS 116, operating margins slipped 330bps YoY to 8.7% due to higher raw material prices (+295bps) and employee cost (+41bps), inducing a 9%/11% YoY drop in EBITDA/PBT. Aggressive discounting to clear old inventory, higher promotions as well as early end-of-season sales diluted gross margins, whereas employee and other costs increased due to the addition of 13 stores in Q1. Management is now targeting ~9% operating margins in FY20 but expects headwinds from tepid demand.

Upgrade to REDUCE from SELL: We like VMART for its strong growth potential, but see near-term risks to SSSg and margins from stiffer competition. Given the below-expected Q1, we scale back PAT estimates for FY20/FY21 by ~9% each. Rolling valuations forward, we have a new Jun'20 TP of Rs 1,950, set at 30x one-year forward P/E. We raise our rating a notch from SELL to REDUCE post the 30% fall in stock price since our **downgrade in Feb'19**.

Ticker/Price	VMART IN/Rs 1,893
Market cap	US$ 493.6mn
Shares o/s	18mn
3M ADV	US$ 0.3mn
52wk high/low	Rs 3,299/Rs 1,809
Promoter/FPI/DII	53%/31%/16%

Source: NSE

STOCK PERFORMANCE



Source: NSE

KEY FINANCIALS

Y/E 31 Mar	FY18A	FY19A	FY20E*	FY21E*	FY22E*
Adj. net profit (Rs mn)	768	724	894	1,111	1,373
Adj. EPS (Rs)	42.4	39.9	49.3	61.3	75.7
Adj. EPS growth (%)	101.0	(5.8)	23.5	24.3	23.6
Adj. ROAE (%)	24.9	19.1	19.8	20.3	20.7
Adj. P/E (x)	44.7	47.4	38.4	30.9	25.0
EV/EBITDA (x)	25.5	25.3	20.7	16.6	13.3

Source: Company, BOBCAPS Research | *Excluding Ind-AS 116 impact

RESULT REVIEW

BUY
TP: Rs 600 | ▲ 54%

DILIP BUILDCON | Infrastructure | 06 August 2019

Delayed appointed dates continue to hurt revenue

Dilip Buildcon (DBL) reported below-expected Q1FY20 revenue at Rs 23bn, down 6% YoY, due to execution constraints from delays in award of appointed dates for HAM projects. EBITDA margin expanded 25bps YoY to 18% (17.5% est.) on receipt of an early completion bonus (Rs 379mn) for the Lucknow-Sultanpur works. Higher interest cost and depreciation charge (post Ind-AS 116) contributed to a 51% YoY drop in PAT to Rs 1.3bn. We crop FY20/FY21 EPS by 11%/10% and roll to a revised Jun'20 TP of Rs 600 (from Rs 730).

Jiten Rushi
research@bobcaps.in

Execution constraints persist: Revenue fell 6% YoY to Rs 22.9bn (Rs 24.5bn est.) due to delayed appointed dates (AD) for HAM projects. EBITDA slipped 5% YoY, while EBITDA margin came in at 18% (17.5% est.) led by an early completion bonus for the Lucknow-Sultanpur HAM project.

PAT slumps: Adoption of Ind-AS 116 saw depreciation expense rising 39% YoY/20% QoQ to Rs 1bn. Interest cost rose 31% YoY/11% QoQ to Rs 1.6bn due to higher bank guarantee charges and interest on capitalised asset. Earnings were weak, sliding 51% YoY to Rs 1.3bn. DBL's order backlog as on Jun'19 was Rs 190bn (2.1x TTM revenue), with the executable backlog share at ~75%.

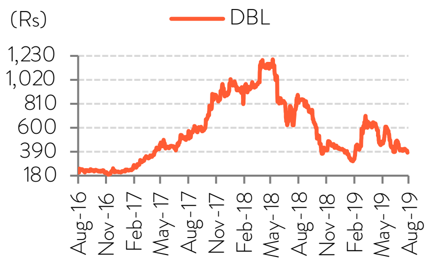
FY20 outlook unchanged: Management maintained its guidance of 15-20% revenue growth and EBITDA margins in the range of 17-18%. DBL also retained the outlook on effective tax rate (30-32%) and net D/E (0.8x as on Mar'20), with zero capex for FY20. ADs for the remaining two HAM projects are expected by end Sep'19 or early Oct'19.

Maintain BUY: We cut FY20/FY21 earnings ~10% to bake in lower revenues and higher interest/depreciation cost while paring our target P/E for the EPC business from 12x to 10x on near-term execution challenges, yielding a TP of Rs 600.

Ticker/Price	DBL IN/Rs 391
Market cap	US$ 758.2mn
Shares o/s	137mn
3M ADV	US$ 2.7mn
52wk high/low	Rs 750/Rs 312
Promoter/FPI/DII	76%/10%/5%

Source: NSE

STOCK PERFORMANCE



Source: NSE

KEY FINANCIALS (STANDALONE)

Y/E 31 Mar	FY18A	FY19A	FY20E	FY21E	FY22E
Adj. net profit (Rs mn)	6,355	7,607	5,351	6,614	8,248
Adj. EPS (Rs)	46.5	55.6	39.1	48.4	60.3
Adj. EPS growth (%)	63.4	19.7	(29.7)	23.6	24.7
Adj. ROAE (%)	29.5	26.9	15.4	16.3	17.3
Adj. P/E (x)	8.4	7.0	10.0	8.1	6.5
EV/EBITDA (x)	5.6	5.1	4.9	4.2	3.7

Source: Company, BOBCAPS Research

BUY
TP: Rs 445 | ⮝ 39%

SOMANY CERAMICS | Construction Materials | 05 August 2019

Decent volume growth but lower margins

Somany Ceramics (SOMC) reported in-line consolidated revenue growth of 3.9% YoY in Q1FY20 to Rs 3.95bn, as tile volumes grew 8% YoY. Consolidated operating margins declined 57bps YoY to 7.7%, translating to a 3.3%/12.6% fall in EBITDA/PAT. Management has guided for high single-digit to low double-digit volume growth in tiles and stronger margins in FY20. We trim FY20/FY21 PAT estimates by 5%/9%, reduce our target P/E to 20x (vs. 22x) on weakening demand, and move to a new Jun'20 TP of Rs 445 (vs. Rs 505).

Arun Baid
research@bobcaps.in

Decent volume growth: SOMC reported 3.9% YoY consolidated topline growth, with revenue from tiles increasing 6.5% (as volumes rose 8% whereas realisations fell 1.4%) and sanitaryware revenue rising ~7.6% YoY. Management stated that volumes were affected by anaemic demand conditions and the company's tight leash on debtors. SOMC has guided for high single-digit to low double-digit volume growth in FY20 (vs. a minimum of double-digit growth guided earlier for the tiles segment).

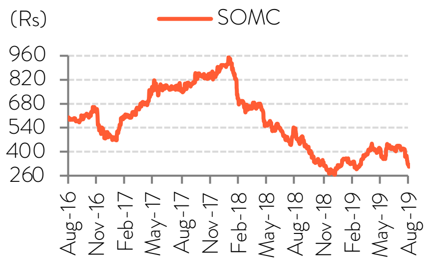
Operating margins contract: Consolidated operating margins declined 57bps YoY to 7.7% primarily due to gross margin slippage (–300bps), partly cushioned by lower employee/other expenses (–66bps/–178bps). Gross margins were depleted by lower realisations and higher sales of outsourced tiles. Management has maintained its guidance for improvement in FY20 margins.

Maintain BUY: With the results falling short of expectations, we prune FY20/FY21 EPS estimates by 5%/9%. We also cut our target one-year forward P/E multiple to 20x (from 22x) amid a continued difficult demand environment. On rolling valuations over, we have a revised Jun'20 TP of Rs 445 (earlier Rs 505).

Ticker/Price	SOMC IN/Rs 320
Market cap	US$ 192.8mn
Shares o/s	42mn
3M ADV	US$ 0.2mn
52wk high/low	Rs 560/Rs 270
Promoter/FPI/DII	51%/3%/45%

Source: NSE

STOCK PERFORMANCE



Source: NSE

KEY FINANCIALS

Y/E 31 Mar	FY18A	FY19P	FY20E	FY21E	FY22E
Adj. net profit (Rs mn)	730	590	688	895	1,087
Adj. EPS (Rs)	17.2	13.9	16.2	21.1	25.6
Adj. EPS growth (%)	(24.7)	(19.2)	16.7	30.1	21.5
Adj. ROAE (%)	13.2	9.9	10.7	12.4	13.3
Adj. P/E (x)	18.6	23.0	19.7	15.2	12.5
EV/EBITDA (x)	9.7	10.8	9.9	8.2	7.1

Source: Company, BOBCAPS Research

BOBCAPS
TRUST | INNOVATION | EXCELLENCE

BUY
TP: Rs 480 | ⮝ 43%

LAURUS LABS | Pharmaceuticals | 05 August 2019

High opex offsets formulation positives; expect recovery in Q2

Q1FY20 operational results were in line despite strong gross margin expansion. Higher opex was a key negative while the formulations sales delivered a good surprise. EBITDA stood at Rs 830mn with 15% margins. Headline profit of Rs 151mn included higher other income. Laurus expects benefits of high opex and shipment delays (worth Rs 750mn) in the ARV business to reflect from Q2. We cut FY21E EBITDA by 6% and our TP to Rs 480 (vs. Rs 495). Improving returns ratios and positive FCF remain key focus areas in FY21. Retain BUY.

Vivek Kumar
research@bobcaps.in

High formulation opex & weak ARV: Despite better gross margins, Q1 EBITDA came in line due to higher other expense at Rs 706mn (vs. Rs 600mn quarterly average). This stemmed from a ramp-up in production schedule, which saw power cost rising by Rs 50mn QoQ and a 10x rise in reinsurance premium to Rs 30mn. Weak ARV sales are attributable to lower offtake in Efavirenz and Lamivudine (down 27% YoY and 14% QoQ). Inventory levels in the ARV business were higher by Rs 750mn, which should be liquidated in Q2. Q1 annualised formulation opex is up 23% YoY at Rs1.7bn is a key negative.

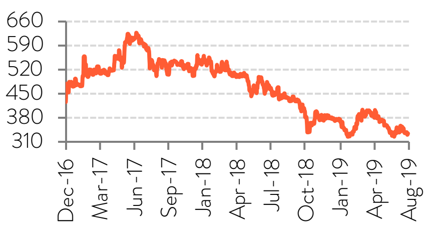
Formulation sales stronger than expected: Formulation sales, led by the LMIC market, jumped 4x QoQ to US$ 15mn (50% beat). Also, some benefits of RM integration drove ~400bps improvement in gross margins to 50% (47-48% level sustainable). Management sees US$ 40mn revenue visibility for FY20 (2x better than earlier guidance).

Earnings call highlights: (1) Deferred ARV supplies worth Rs 750mn to come in Q2; DTG offtake in South Africa remained <10%, (2) Laurus clocked formulation sales of Rs 790mn in Q1 from the LMIC region and expects similar size orders for each of the remaining quarters in FY20, (3) Vertical integration for Gemcitabine/Onco to be complete by Sep'19.

Ticker/Price	LAURUS IN/Rs 337
Market cap	US$ 515.6mn
Shares o/s	106mn
3M ADV	US$ 0.2mn
52wk high/low	Rs 472/Rs 321
Promoter/FPI/DII	33%/9%/39%

Source: NSE

STOCK PERFORMANCE



Source: NSE

KEY FINANCIALS

Y/E 31 Mar	FY18A	FY19A	FY20E	FY21E	FY22E
Adj. net profit (Rs mn)	1,483	937	1,233	2,335	3,082
Adj. EPS (Rs)	13.9	8.8	11.6	21.9	29.0
Adj. EPS growth (%)	(10.8)	(36.8)	31.5	89.4	32.0
Adj. ROAE (%)	10.5	6.2	7.7	13.2	15.3
Adj. P/E (x)	24.2	38.3	29.1	15.4	11.6
EV/EBITDA (x)	10.9	13.0	10.7	7.8	6.5

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)

Rating distribution

As of 31 July 2019, out of 77 rated stocks in the BOB Capital Markets Limited (BOBCAPS) coverage universe, 44 have BUY ratings, 16 are rated ADD, 8 are rated REDUCE and 9 are rated SELL. None of these companies have been investment banking clients in the last 12 months.

Analyst certification

Each of the analysts mentioned in this research report certify, with respect to the sections of the report for which they are responsible, that (1) all of the views expressed in this 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.

Important disclosures

This product is a compilation of previously published research notes. To view the complete report along with the associated Analyst certifications and Company-specific disclosures, please click on the hyperlink accompanying each excerpt.

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, wealth management and portfolio 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.

Other disclosures

BOBCAPS does not have any financial interest in the subject company. BOBCAPS does 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.

BOBCAPS is not engaged in any market making activities for 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.