



Connecting Public Companies with Global Investors

White Paper

www.evaluateresearch.com

2015

Evaluate Research provides institutional quality research on midcap equities on a global basis, thus helping connecting investors with public companies and adding value to everyone

Key elements of our research

The need for independent company research is greater than ever before as brokerage firms and traditional sell-side research firms continue to shrink around the world. At Evaluate, we provide quality research which is a professional and objective analysis and opinion of a company's investment potential. We disseminate this information to the widest possible audience on a global basis. Our reports comprise much superior analysis than any other alternative in terms of quality, depth and consistency of the research. This benefits the entire investment community with greater investor interest, more access to capital markets, in addition to a more fair market value and price discovery.

We determine specific price targets for all covered companies based on detailed 5-year complete forecasts of financial statements including IS, BS, CF, ratios, etc. Our price targets are supported by long-term DCF models in addition to traditional metrics and competitor relative valuation. Finally, whereas many sell-side brokers offer sketchy and irregular ongoing maintenance research of companies, if not outright dropped or termination of coverage, at Evaluate Research we systematically monitor and regularly publish Update Notes covering quarterly earnings, major corporate events, etc.

Our reports focus on the covered company's

- Business Description
- Growth Opportunities
- Catalysts
- Valuation versus Peers
- Target Price and Investment Opportunities
- SWOT Analysis
- Historical Growth & Track Record

We provide investors & the company

- A detailed 20+ Page Initiation Report
- Our Target Stock Price
- Maintaining Financial Forecasts (IS, BS, CF)
- Reporting Major News – New Orders, JV's, etc.
- Update Notes on Each Quarterly Results

Benefits - To the company

There are multiple benefits of having regular research coverage of public companies. Many institutional and retail investors will ignore and not invest in companies without research as they simply can't commit the time and effort to "reinvent the wheel" and understand a company from scratch. This is especially true for mid-size companies.

Evaluate seeks to fill in the information gap between a company and investors. We distribute our research reports to an extensive distribution list of global Fund Managers which help attract institutional investors who have a longer term investment horizon.

Our research report on a company hence helps in saving senior management's time and resources spent in communicating their investment potential to investors.

Research coverage can lead to higher liquidity, more access to capital [equity and debt] markets, a more fair stock price, more access to all sorts of investors [retail, domestic and foreign], increased visibility of the company and management, etc.

Companies without any independent analyst coverage have a lower market capitalization as compared to companies that do possess such coverage, and are susceptible to higher capital costs as compared to their analyst-covered competitors. A lack of research coverage by independent professionals limits the company's existing as well as potential shareholders' ability to acquire an informed outsider's perspective on determining strong points, weak points and spots for improvement.

Benefits to listed companies

- Greater Investor Interest
- More Fair Price Stock of the Company
- More Access to Capital Markets
- Increased Stature of the Company
- Better Stock Liquidity

Why us?

Evaluate is much superior to other alternatives -

- cover unique companies which add value to investors by being amongst the few, if not the only, analysts to follow a company
- consistently cover mid-cap stocks, with no suspended coverage midway
- have in-house analysts who are dedicated to providing quality research, with globally experienced professionals on our Advisory Board
- are not affiliated with any investment banking or brokerage firm, hence our opinions are not biased
- provide our reports with an economical pricing structure as compared to other research firms doing similar research
- look to establish our credibility and trustworthiness by being objective and fair
- make our reports available free of cost to all investors, whereas typically sell-side or brokerage reports are available only to their select set of clients

All of our research reports are **broadly disseminated globally** on leading investment information platforms including: Bloomberg, Thompson Reuters, First Call, FactSet, I/B/E/S. etc. We also seek to distribute these reports to leading Fund Managers and Analysts globally. The reports are also available on Evaluate's own website. In addition, companies may choose to have the research report on their own website or as part of their ongoing shareholder communication and dissemination.

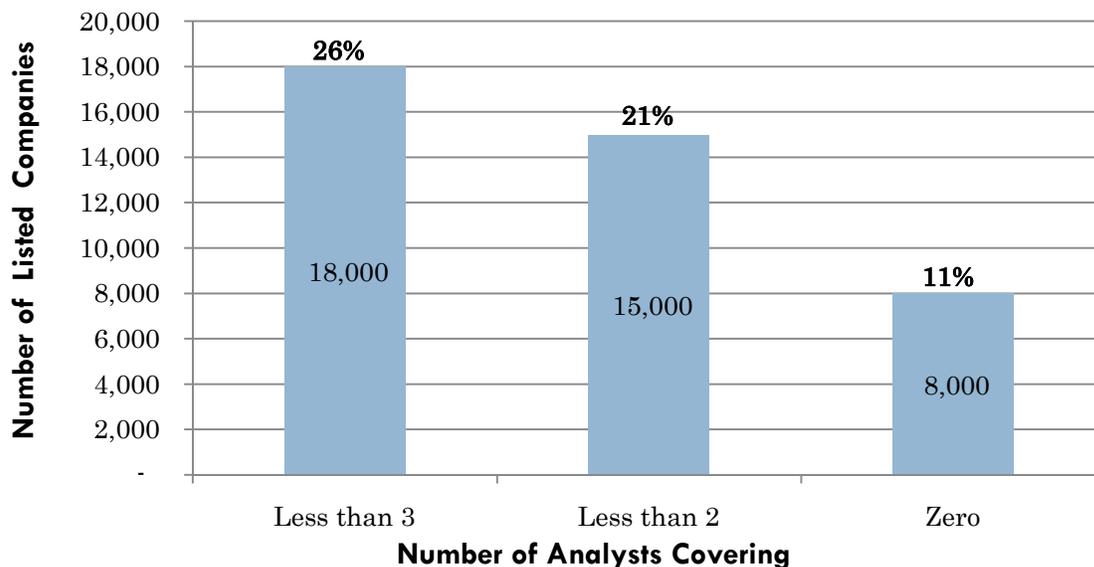
Benefits – To investors

At Evaluate, we seek to address the investor community's need for objective information on a company. Our research includes specific price targets and critical variables which helps investors form a "base case" for taking their investment decisions. Institutional and even retail investors may not always agree with the opinion and price target on any research report, but it still nonetheless helps them to quickly determine what the issues, critical variables, outlook, etc. are for a company.

In order to remain profitable, Wall Street firms have focused on big-cap stocks to generate highly lucrative investment banking deals and trading profits while ignoring a majority of publicly traded stocks.

- *Easier for Investors to Research*
- *Foreign and Institutional Investors get the needed objective information*
- *Investors get a base case to make their investment decisions*

Research Coverage of 70,000 Listed Companies Globally



As seen in the above graph, out of 70,000 total listed companies globally, nearly 18,000 (almost 26%) have two or less analysts covering them and 8,000 companies (almost 11%) have zero research coverage on them. (Source: Bloomberg)

5

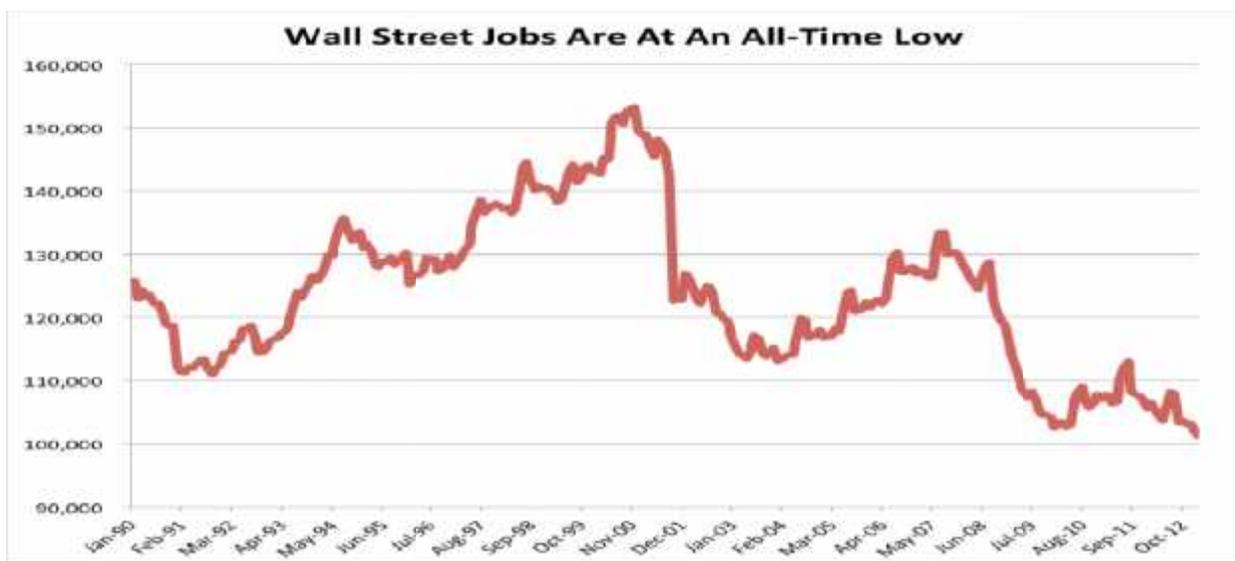
Many institutional and retail investors do not commit the time and effort to understand a stock if there is no existing research on it. Hence, our research is valuable as it fills information gaps so that each individual investor does not need to analyze every stock. This division of labor makes the market more efficient.

Need for independent research on a public company

There is a greater need for independent quality research than ever before as there is a sharp decline in quality of research provided by brokers due to the following reasons:

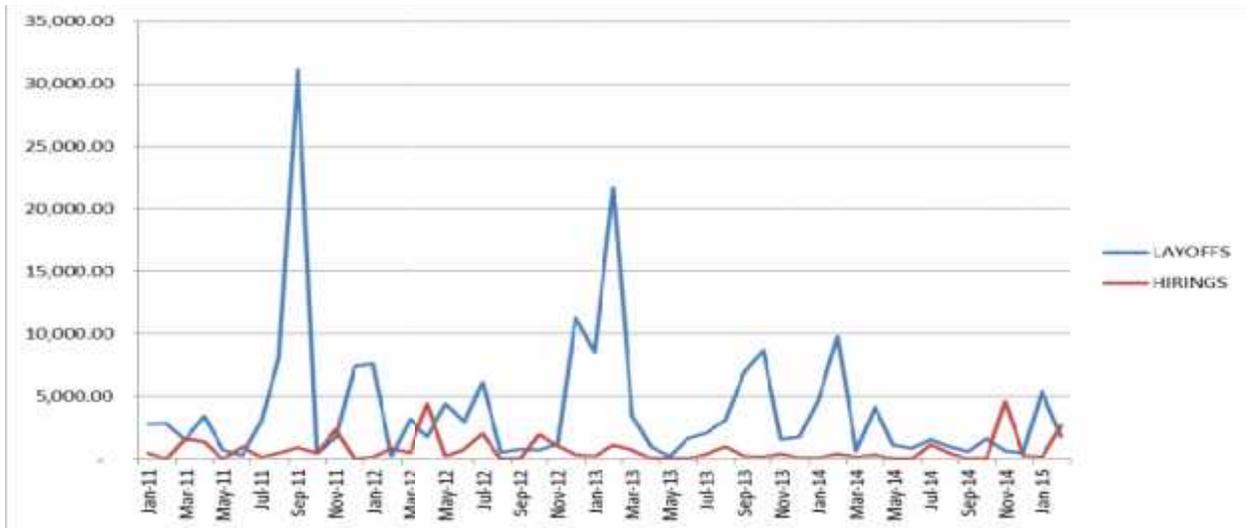
- Understaffed & Overworked Analysts
- Dropped Coverage & Less Focus
- Irregular & Poor Reports
- Lower Pay and hence Lower Quality of Analysts
- Budget Cuts

As seen in the graph below, the number of employees in the ' securities and brokerage industry ', have gone down in the past few years and this Wall Street trend is continuing in 2015. This is also the same for equity analysts globally, in spite of the bull market which has been going on for more than five years.



6

Source: Bloomberg



Source: February 2015 Challenger, Gray & Christmas Report on Wall Street Layoffs

Less Research Coverage leads to a huge Negative Impact on Mid-Sized Stocks with

- *Diminished Company Reputation*
- *Mispricing of Stock Price*
- *Lack of Local Investor Interest*
- *No Foreign Investors*
- *Reduced Growth, M&A, JV, etc.*
- *Can't Raise Equity or Debt*

Investment banks and brokerage firms at Wall Street have already cut the number of equity analysts they employ by half since the crisis in 2008. Global equity-research budgets have dropped from \$8.2 billion in 2007 to \$4.8 billion last year; this will now drop down to just \$3.4 billion by 2017, according to Frost Consulting. Asset managers are already trying to spend their research budgets more efficiently. As a result, bespoke research produced by independent providers is more valuable.

Also, a lot of research is outsourced to research firms where one cannot monitor the quality of research work done and hence limited value can be added to the company.

Objective fee-based research plays an increasingly important role in today's market because it provides investors with information that would otherwise not be available. It is often the only way that smaller, underfollowed companies can gain recognition beyond direct outreach to the financial community.

At Evaluate, we have a much more economical pricing structure than other research providers despite providing a more detailed and thorough research report with complete 5- year forecasts of Financial Models and specific price targets as well. Consequently, Evaluate meets the need for quality research which is more reliable with improved disclosures and adds more value to the company as well as the investors.

Managing conflict of interests

The reputation and credibility of a company and the research firm depends on the efforts they make to inform investors. A company does not want to be tarnished by being associated with disreputable research. Similarly, a research firm will only want to analyze companies that have strong fundamentals and long-term investment potential.

If done right, a fee-based investment research report can be objective and independent.

The companies covered in our research may pay us a fee in order for the research to be made available. Any fees are paid upfront and appropriate disclosures are made in our reports.

This makes the process more transparent as compared to the traditional sell-side firms where there may be a hidden and a larger monetary incentive to facilitate a fund raising or complete an M&A deal.

At Evaluate, we have dedicated in-house analysts and our research work is not outsourced. Hence, we have full editorial control over the reports which maintains our research quality and credibility.

Legitimate fee-based research firms have the following characteristics:

- They provide analytical, non-promotional services
- They are paid a set annual fee in cash and they do not accept any form of equity, which may cause conflicts of interest
- They provide full and clear disclosure of the relationship between the company and the research firm so investors can evaluate the objectivity of reports

Our business model focuses on writing independent and objective investment research which is issuer-paid. Evaluate Research has no banking or brokerage business and no side businesses with the client. None of our analysts' pay is directly linked to the covered company's stock performance. Hence, despite being issuer-paid, we strive to provide unbiased reports purely on the basis of our analyst's research on publicly available information.

8

This makes the process more transparent as compared to the traditional sell-side firms where there may be a hidden and a larger monetary incentive to facilitate a fund raising or complete an M&A deal.

Versus other Financial Products

- All kinds of research are paid in one way or the other. For example, in the debt market, companies have to pay the credit rating agency for bond ratings. Also, companies pay fees to auditors for an independent opinion. Our independent research is a contrast with the brokerage firms, investment banks and the “sell-side” equity research and would provide a “base case” from which to work for the investors.
- Investors read fee-based research because things changed in 2002 when the National Institute of Investor Relations (NIRI), USA, issued guidelines for the use of fee-based research. Wall Street research is no longer viewed as legitimate since it has been tainted by investment banking considerations. Realizing that Wall Street follows a limited number of companies, investors today are more educated and are looking for other sources of information.
- Fee-based research increases market efficiency and bridges the gap between investors who want research (without paying) and companies who realize that Wall Street is not likely to provide research on their stock. This research provides information to the widest possible audience at no charge to the reader because the subject company has funded the research.

The analysis at Evaluate Research is in the best interest of the investor with a sound underlying principle of quality research which fills the market’s need for objective information.

Independence of operations

Our analysts are diligent and thorough in their work, supporting their basis for opinions with appropriate levels of independent analysis and judgment.

We do not receive any kind of inside information from the company like any forward-looking information or technical information that does not comply with the securities rules. Our analysts have the freedom to carry out research based solely on their expertise and publicly available information.

To ensure the highest ethical behavior, the firm has **adopted globally recognized CFA Institute Standards** for conduct and research.

In addition to our in-house full time dedicated staff, we have a team of independent advisors [Sandy Mehta, Larry Ioffredo, Glen Kleczka] with many years of investment experience at highly regarded global investment firms.

Singapore Office:

Singapore Land Tower, 30th Floor, 50 Raffles Place, Singapore

Phone: +65 66323722

India Office:

Sai Capital Bldg , Suite 402, Opp. JW Marriott, S.B Road, Pune, India

Phone: +91 20 41284200

Business Development & Marketing Contact:

Pooja Burgul

pooja@evaluateresearch.com

Disclaimer

Evaluate Research provides institutional equity research on global public mid-cap companies. All information used in the publication of this report has been compiled from publicly available sources that are believed to be reliable; and we do not seek insider information for writing this report. Opinions, estimates and projections in this report constitute the current judgment of the analyst(s) as on the date of this report. It is not guaranteed as to accuracy, nor is it a complete statement, of the financial products, securities, or markets referred to. Opinions are subject to change without notice. To the extent permitted by law, Evaluate does not accept any liability arising from the use of information in this report.

This document is provided for information purposes only, and is not a solicitation or inducement to buy, sell, subscribe, or underwrite securities or units. Evaluate does not make individually tailored investment recommendations. Any valuation given in a research note is the theoretical result of a study of a range of possible outcomes, and not a forecast of a likely share price. The securities, issuances or investment strategies discussed in this report may not be suitable for all investors. Investments involve many risk and potential loss of capital. Past performance is not necessarily indicative of future results. Evaluate may publish further update notes on these securities/companies but has no scheduled commitment and may cease to follow these securities/companies as may be decided by the research management.

The companies or funds covered in this research may pay us a fee in order for this research to be made available. Any fees are paid upfront without recourse. Evaluate and its analysts are free to issue any opinion on the security or issuance. Evaluate seeks to comply with the CFA Institute Standards as well as NIRI Guidelines (National Investor Relations Institute, USA) for all conduct, research and dissemination of research, particularly governing independence in issuer commissioned research.

Forward-looking information or statements in this report contain information that is based on assumptions, forecasts and estimates of future results, and therefore involve known and unknown risks or uncertainties which may cause the actual results, performance or achievements of their subject matter to be materially different from the current expectations.

Evaluate makes an effort to use reliable, comprehensive information, but makes no representation that this information is accurate or complete. Evaluate is under no obligation to update or keep current the information contained herein. The compensation of the analyst who prepares any Evaluate research report is determined exclusively by Evaluate's research and senior management.

Evaluate Research Ltd. does not conduct any investment banking, stock brokerage or money management business and accordingly does not itself hold any positions in the securities mentioned in this report. However, Evaluate's directors, affiliates, and employees may have a position in any or related securities mentioned in this report at an appropriate time period after the report has already been disseminated, and in compliance with all CFA Institute Standards.

No part of this report may be reproduced or published without the prior written consent from Evaluate Research Ltd. Please cite the source when quoting.

Copyright 2015 Evaluate Research Limited. All rights reserved.