

# Sonata Software

## BUY

Near term headwinds, long term attractive

### Summary

Sonata Software (Sonata) reported subdued Q4 services revenues (down 2.4% QoQ) due to delay in large deal in healthcare. Going forward, the company expects macro challenges will lead to delay in decision making (elongated from 3-6 months to 6-9 months) and in large deal closure. Hence, the company expect flat to positive growth in H1FY25E and expect stronger H2FY25E. However, the company expects to grow above industry in FY25E. Further, subdued revenue growth in H1FY25E will lead to flat margins in H1FY25E and improvement in H2FY25E. Consequently we have downgraded our EPS estimates downwards for by 12% each for FY25E & FY26E. Hence, we lower our target price downwards from Rs 915 to Rs 770. However, considering the recent fall in price we maintain Buy rating on the stock.

### Key Highlights and Investment Rationale

- **Near term challenges, long term intact:** Although the company continues to win large deals and has 67 large deals in pursuit, the conversion to pipeline is being delayed. Hence, we have tapered our revenue estimates for FY25E by 6%. However, in long term considering traction in AI ( company expects 20% of topline from AI in 3 years), traction in Microsoft fabric, strong growth in Quant (65% YoY for FY25E), large deals, client mining , entry of fortune 20 clients in top 10 accounts and geo expansion (Poland, Mexico, Egypt & Malaysia) are expected to be key long term growth drivers. Hence we remain positive on the company from long term perspective.
- **Margins to be subdued in near term:** Tapering of revenue is expected to impact services margins by 80 bps in FY25E. However, we expect margins to improve by 70 bps in FY26E led by higher IP revenues from quant and operating leverage partially offset by investments in sales and marketing.

TP **Rs770**

**CMP Rs637**

Potential upside/downside 21%

Previous Rating BUY

### Price Performance (%)

	-1m	-3m	-12m
Absolute	(14.0)	(20.8)	48.2
Rel to Sensex	(13.1)	(22.7)	27.8

### V/s Consensus

EPS (Rs)	FY25E	FY26E
IDBI Capital	20	27
Consensus	23	29
% difference	(13.2)	(6.8)

### Key Stock Data

Bloomberg/Reuters	SSOF IN / SOFT.BO
Sector	IT Services
Shares o/s (mn)	280
Market cap. (Rs mn)	178,743
3-m daily avg Trd value(Rs mn)	19.9
52-week high / low	Rs867 / 403
Sensex / Nifty	73,512 / 22,303

### Shareholding Pattern (%)

Promoters	28.2
FII	13.9
DII	18.4
Public	39.5

### Financial snapshot

(Rs mn)

Year	FY22	FY23	FY24E	FY25E	FY26E
Revenue	55,534	74,491	86,131	98,363	1,15,176
Change (yoy, %)	31	34	16	14	17
EBITDA	4,638	6,041	7,274	8,814	10,311
Change (yoy, %)	22	30	20	21	17
EBITDA Margin(%)	8.4	8.1	8.4	9.0	9.0
Adj.PAT	3,765	4,519	4,831	5,657	7,495
EPS* (Rs)	27	33	17	20	27
Change (yoy, %)	16	20	(47)	17	32
PE(x)	23	20	37	31	24
Dividend Yield (%)	3.3	2.5	1.8	0.0	0.0
EV/EBITDA (x)	17	14	24	19	16
RoE (%)	38	38	36	34	32
RoCE (%)	35	27	23	35	44

Source: Company, IDBI Capital Research, \* EPS is bonus adjusted

### Devang Bhatt

devang.bhatt@idbicapital.com  
+91-22-4069 1846

### Con-call Highlights

- International services revenue stood at \$81.7mn which de-grew by 2.4% QoQ and in CC terms de-grew by 2.2% QoQ. The sequential decline was mainly due to seasonally soft quarter for Quant and delay in healthcare large deal. Domestic business revenue showed sequential decline, however, management expects 10-15% growth in coming years.
- EBITDA margin of international services stood at 21.1% dipped by 310bps mainly due to de-growth in revenue and higher other expenses (cost associated with large deal ramp down). EBITDA margin of domestic business stood at 3.7% declined by 40bps QoQ.
- **Large deals:** Large deal pipeline is 34% up QoQ. Total 67 large deals are in pipeline which consists of 31 in Retail & manufacturing, 13 in TMT & HLS each, 4 in BFSI and 6 in emerging vertical. 52% of large deal pipeline are with fortune 500 clients. Company expects 20% of revenue in 3years to come from Microsoft fabric & Gen AI on the back of pipeline of +75 clients and +90 clients respectively. Delayed healthcare large deal would ramp up till Q2FY25E.
- Management stated that finance cost would be on the higher side in short term due to delay in receiving regulatory approvals for repayment of borrowings.
- **Demand Outlook:** Management expects delays in decision making from client's end. Vertically, demand in healthcare & hi-tech to be in good momentum; BFSI and Hi-tech to show flattish to slight growth in near term and emerging to be continue in pressure. Company sees strong growth from digital based competencies like Managed cloud services and Digital Platformation Services (Microsoft & Open source) and focused verticals like TMT, Healthcare & Life Sciences, Manufacturing, Retail / CPG/ TTH and BFSI.
- **Guidance:** Management expects flattish revenue growth for H2FY25E, however, confident to achieve above industry leading growth (5-6%) in FY25E. Company expects delay of few quarters in achieving long term target (3-4years) of \$1.5bn revenue. It would be on the back of new large deals and growth drivers like Microsoft sell-to; Dynamics Sustain SITL momentum retail, manufacturing, travel and TMT. Management would continue to invest in sales, large deals, AI capabilities and existing verticals. Also, on margins side, company expects it to be in lower range of 20's and to improve in H2FY25E.

## Exhibit 1: Financial snapshot

(Rs mn)

Year-end: March	Q4FY24	Q3FY24	QoQ (%)	Q4FY23	YoY (%)
<b>International Revenue (US\$mn)</b>	<b>82</b>	<b>84</b>	<b>(2.4)</b>	<b>66</b>	<b>24.2</b>
<b>Revenues</b>	<b>21,916</b>	<b>24,934</b>	<b>(12.1)</b>	<b>19,135</b>	<b>14.5</b>
COGS	18,181	20,995	(13.4)	16,175	12.4
Gross profit	3,735	3,939	(5.2)	2,960	26.2
SG&A	2,294	1,861	23.2	1,444	58.9
<b>EBITDA</b>	<b>1,441</b>	<b>2,077</b>	<b>(30.6)</b>	<b>1,516</b>	<b>(4.9)</b>
Depreciation & amortization	337	337	(0.1)	189	78.0
EBIT	1,105	1,740	(36.5)	1,327	(16.8)
Other income	547	195	180.4	250	119.1
PBT	1,436	1,716	n.m	1,505	n.m
Tax	332	431	(22.9)	367	(9.5)
Minority interest					
Adjusted net profit	1,104	1,285	(14.1)	1,138	(3.0)
Extraordinary items	0	-1747	n.m	0	n.m
<b>Reported net profit</b>	<b>1,104</b>	<b>-462</b>	<b>n.m</b>	<b>1138</b>	<b>n.m</b>
<b>Recurring EPS (Rs) *</b>	<b>3.98</b>	<b>4.6</b>	<b>(14.1)</b>	<b>8.2</b>	<b>n.m</b>
<b>As % of net revenue</b>					
Gross profit	17.0	15.8		15.5	
SG&A	10.5	7.5		7.5	
EBITDA	6.6	8.3		7.9	
EBIT	5.0	7.0		6.9	
Reported net profit	5.0	5.2		5.9	
Tax rate	30.1	25.1		24.4	

Source: Company; IDBI Capital Research, \*EPS is bonus adjusted

**Exhibit 2: Earnings Revision**

Year-end: March	FY25E			FY26E		
	New	Old	Chg (%)	New	Old	Chg (%)
Revenue (Rs mn)	98,363	1,04,703	-6%	1,15,176	1,27,185	-9%
EBIT margin (%)	7.8%	8.3%	-55 bps	7.9%	8.9%	-96 bps
EPS (Rs)	20.4	23.2	-12%	27.0	30.7	-12%

Source: Company; IDBI Capital Research

**Exhibit 3: Actual vs. estimates**

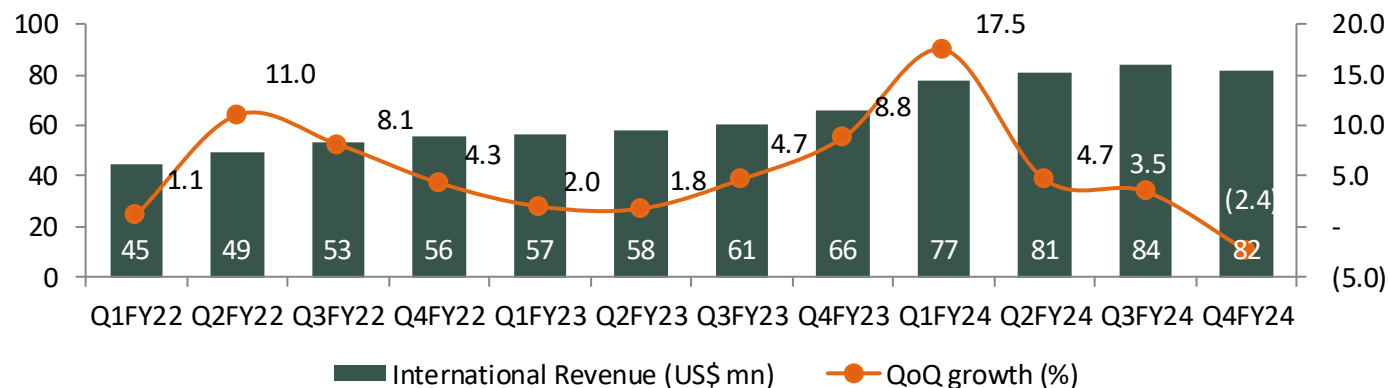
Year to March	Q4FY24	Q4FY24E	Variance (%)
International Revenue (US\$m)	82	85	-3%
Revenue (Rsmn)	21,916	22,234	-1%
EBIT (Rsmn)	1,105	1,612	-31%
EBIT margin (%)	5.0%	7.0%	-196 bps
PAT (Rsmn)	1,104	1,192	-7%
PAT margin (%)	5.0%	5.4%	-33 bps
EPS (Rs)	4.0	4.3	-8%

Source: Company; IDBI Capital Research

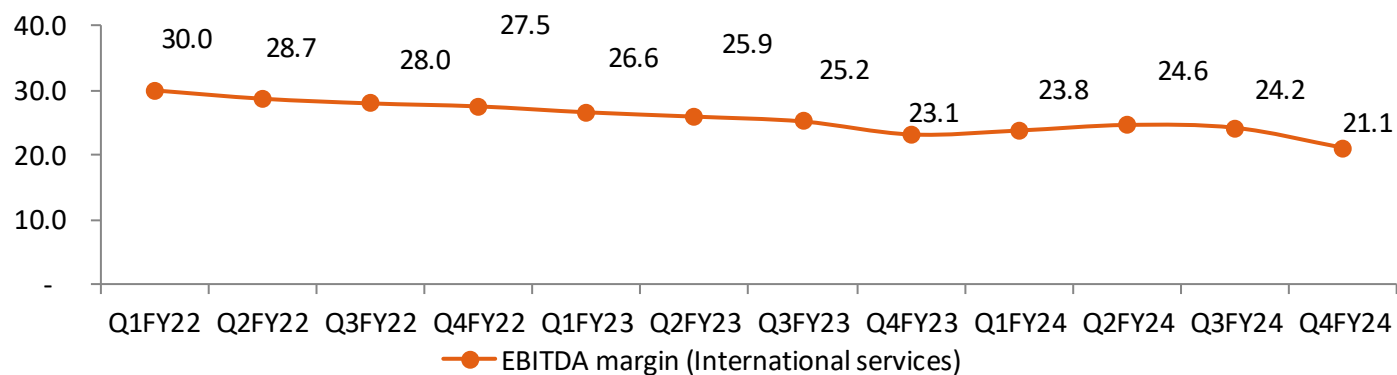
**Exhibit 4: Large client metrics**

Year-end: March	Q4FY22	Q1FY23	Q2FY23	Q3FY23	Q4FY23	Q1FY24	Q2FY24	Q3FY24	Q4FY24
Top 10	62	62	58	55	54	58	61	56	52
Top 20	72	72	65	66	66	69	70	69	61
Top 10-20	10	10	7	11	12	11	9	13	9
Non top 20	28	28	35	34	34	31	30	31	39

Source: Company; IDBI Capital Research

**Exhibit 5: Q4FY24 International revenue de-grew by 2.4% QoQ to \$81.9mn**

Source: Company; IDBI Capital Research

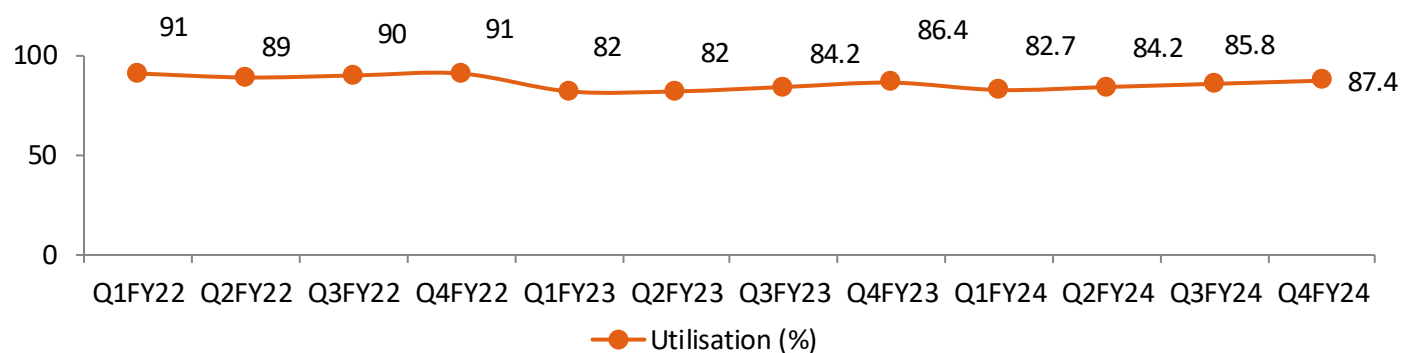
**Exhibit 6: Q4FY24 International services EBITDA margin decline by 281bps to 21.1%**

Source: Company; IDBI Capital Research

**Exhibit 7: Revenue growth across various segments (%)**

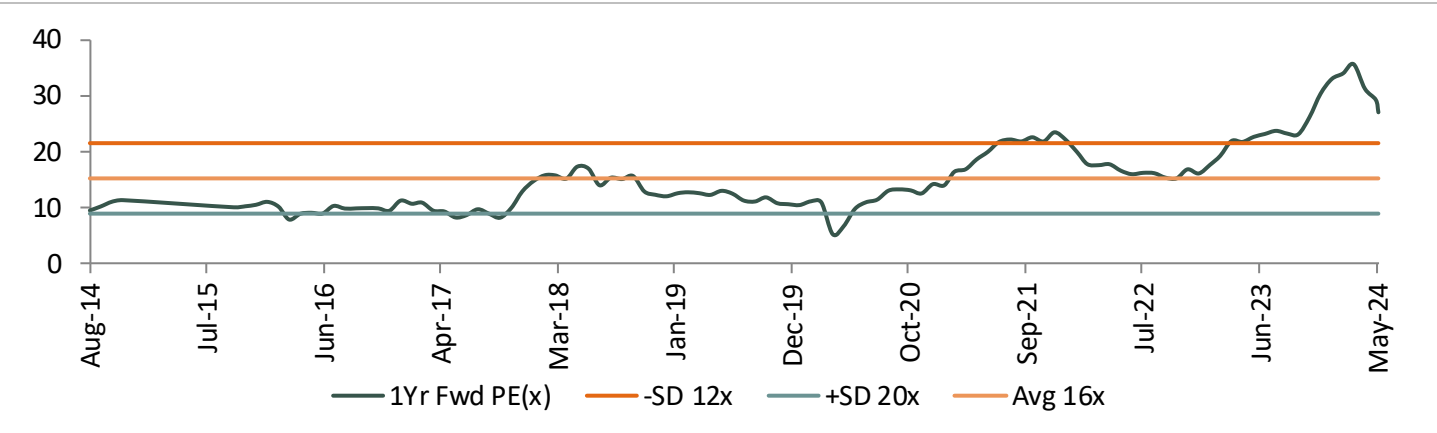
Parameters	% of revenue	growth (QoQ)	growth (YoY)
IT revenue growth		-2.2%	34%
<b>Geography</b>		<b>(QoQ)</b>	
USA	70	-3.8%	
Europe	14	5.1%	
ROW	16	4.1%	
<b>Verticals</b>		<b>(QoQ)</b>	
Retail and Manufacturing	35	0.5%	
TMT	36	13.4%	
Healthcare	12	6.5%	
BFSI	14	-19.6%	
Emerging	4	-51.2%	

Source: Company; IDBI Capital Research

**Exhibit 8: Utilization (International Services) improved QoQ by 160bps at 87.4%**

Source: Company; IDBI Capital Research

Exhibit 9: One-year forward PER trend



Source: Company; IDBI Capital Research

## Financial Summary

### Profit & Loss Account

(Rs mn)

Year-end: March	FY21	FY22	FY23	FY24	FY25E	FY26E
<b>Net sales</b>	42,281	55,534	74,491	86,131	98,363	1,15,176
<i>Change (yoy, %)</i>	13.0	31	34	16	14	17
Operating expenses	(38,487)	(50,896)	(68,450)	(78,856)	(89,549)	(1,04,865)
<b>EBITDA</b>	<b>3,794</b>	<b>4,638</b>	<b>6,041</b>	<b>7,274</b>	<b>8,814</b>	<b>10,311</b>
<i>Change (yoy, %)</i>	1.8	22	30	20	21	17
<i>Margin (%)</i>	9	8	8	8	9	9
Depreciation	(396)	(473)	(591)	(1,319)	(1,191)	(1,163)
<b>EBIT</b>	<b>3,398</b>	<b>4,165</b>	<b>5,450</b>	<b>5,955</b>	<b>7,623</b>	<b>9,148</b>
Interest paid	(154)	(180)	(185)	(850)	(666)	(318)
Other income	277	1,020	708	1,255	486	1,033
<b>Pre-tax profit</b>	<b>3,522</b>	<b>5,004</b>	<b>5,973</b>	<b>4,614</b>	<b>7,443</b>	<b>9,862</b>
Tax	(1,082)	(1,239)	(1,454)	(1,529)	(1,786)	(2,367)
<i>Effective tax rate (%)</i>	31	25	24	33	24	24
Minority Interest	-	-	-	-	-	-
<b>Net profit</b>	<b>2,440</b>	<b>3,765</b>	<b>4,519</b>	<b>3,085</b>	<b>5,657</b>	<b>7,495</b>
Exceptional items	-	-	-	(1,747)	-	-
<b>Adjusted net profit</b>	<b>2,440</b>	<b>3,765</b>	<b>4,519</b>	<b>4,831</b>	<b>5,657</b>	<b>7,495</b>
<i>Change (yoy, %)</i>	(11.9)	54	20	7	17	32
EPS	23.5	27.2	32.6	17.4	20.4	27.0
Dividend per sh	14.0	21.0	15.8	11.4	0.2	0.3
<i>Dividend Payout %</i>	60	77	48	65	1	1



**Balance Sheet**

(Rs mn)

Year-end: March	FY21	FY22	FY23	FY24	FY25E	FY26E
<b>Shareholders' funds</b>	<b>9,055</b>	<b>10,992</b>	<b>13,007</b>	<b>14,063</b>	<b>19,663</b>	<b>27,083</b>
Share capital	104	104	139	278	278	278
Reserves & surplus	8,951	10,888	12,868	13,785	19,386	26,806
<b>Total Debt</b>	<b>897</b>	<b>380</b>	<b>4,936</b>	<b>6,743</b>	<b>2,993</b>	<b>433</b>
Other liabilities	1,021	1,660	9,876	2,185	(2,380)	(6,115)
<b>Curr Liab &amp; prov</b>	<b>8,497</b>	<b>12,560</b>	<b>15,750</b>	<b>28,500</b>	<b>32,547</b>	<b>38,111</b>
Current liabilities	8,225	12,275	15,440	28,130	32,125	37,616
Provisions	272	285	311	370	422	495
<b>Total liabilities</b>	<b>10,415</b>	<b>14,600</b>	<b>30,562</b>	<b>37,428</b>	<b>33,161</b>	<b>32,429</b>
<b>Total equity &amp; liabilities</b>	<b>19,469</b>	<b>25,593</b>	<b>43,569</b>	<b>51,491</b>	<b>52,824</b>	<b>59,513</b>
Net fixed assets	3,238	4,269	17,331	16,710	16,054	15,475
Investments	1,350	1,619	2,087	3,141	3,569	4,157
Other non-curr assets	189	261	-	884	884	884
<b>Current assets</b>	<b>14,692</b>	<b>19,443</b>	<b>24,151</b>	<b>30,756</b>	<b>32,317</b>	<b>38,997</b>
Inventories	-	-	288	980	1,119	1,310
Sundry Debtors	6,158	9,220	12,362	16,051	18,330	21,464
Cash and Bank	7,425	9,144	9,361	10,971	9,722	12,539
Other current assets	1,109	1,051	2,140	2,754	3,146	3,683
<b>Total assets</b>	<b>19,469</b>	<b>25,593</b>	<b>43,569</b>	<b>51,491</b>	<b>52,824</b>	<b>59,513</b>

**Cash Flow Statement**

(Rs mn)

Year-end: March	FY21	FY22	FY23	FY24	FY25E	FY26E
Pre-tax profit	3,522	5,004	5,973	4,614	7,443	9,862
Depreciation	(396)	(473)	(591)	(1,319)	(1,191)	(1,163)
Tax paid	(1,027)	(1,311)	(1,193)	(2,413)	(1,786)	(2,367)
Chg in working capital	2,009	973	(212)	8,369	1,629	2,239
Other operating activities	892	1,788	6,772	(7,309)	(4,956)	(4,273)
<b>Cash flow from operations (a)</b>	<b>5,791</b>	<b>6,927</b>	<b>11,932</b>	<b>4,580</b>	<b>3,520</b>	<b>6,624</b>
Capital expenditure	(652)	(1,505)	(13,653)	(698)	(534)	(585)
Chg in investments	(307)	(268)	(469)	(1,054)	(428)	(588)
Other investing activities	-	-	-	-	-	-
<b>Cash flow from investing (b)</b>	<b>(1,565)</b>	<b>(2,567)</b>	<b>(14,732)</b>	<b>(2,015)</b>	<b>(962)</b>	<b>(1,172)</b>
Equity raised/(repaid)	-	-	35	139	-	-
Debt raised/(repaid)	37	(517)	4,556	1,807	(3,750)	(2,560)
Dividend (incl. tax)	(1,457)	(2,917)	(2,185)	(3,164)	(57)	(75)
Chg in minorities	-	-	-	-	-	-
Other financing activities	-	-	-	-	-	-
<b>Cash flow from financing (c)</b>	<b>(1,419)</b>	<b>(3,435)</b>	<b>2,406</b>	<b>(1,218)</b>	<b>(3,807)</b>	<b>(2,635)</b>
<b>Net chg in cash (a+b+c)</b>	<b>2,807</b>	<b>925</b>	<b>(394)</b>	<b>1,347</b>	<b>(1,248)</b>	<b>2,817</b>

**Financial Ratios**

Year-end: March	FY21	FY22	FY23	FY24	FY25E	FY26E
Book Value (Rs)	87.2	79	94	51	71	98
Adj EPS (Rs)	23.5	27.2	32.6	17.4	20.4	27.0
Adj EPS growth (%)	-11.9	16	20	-47	17	32
EBITDA margin (%)	9.0	8.4	8.1	8.4	9.0	9.0
Pre-tax margin (%)	8.3	9.0	8.0	5.4	7.6	8.6
Net Debt/Equity (x)	-0.7	-0.8	-0.3	-0.3	-0.3	-0.4
ROCE (%)	34.3	35	27	23	35	44
ROE (%)	31.0	38	38	36	34	32

**DuPont Analysis**

Asset turnover (x)	2.4	2.5	2.2	1.8	1.9	2.1
Leverage factor (x)	2.3	2.2	2.9	3.5	3.1	2.4
Net margin (%)	5.8	6.8	6.1	5.6	5.8	6.5

**Working Capital & Liquidity ratio**

Inventory days	0	0	1	4	4	4
Receivable days	53	61	61	68	68	68
Payable days	62	76	69	66	66	66

**Valuations**

Year-end: March	FY21	FY22	FY23	FY24	FY25E	FY26E
PER (x)	27	23	20	37	31	24
Price/Book value (x)	7	8	7	13	9	7
EV/Net sales (x)	1	1	1	2	2	1
EV/EBITDA (x)	16	17	14	24	19	16
Dividend Yield (%)	2.2	3.3	2.5	1.8	0.0	0.0

Source: Company; IDBI Capital Research



# Notes

Dealing	(91-22) 6836 1111	dealing@idbicapital.com
---------	-------------------	-------------------------

**Key to Ratings Stocks:**

**BUY:** 15%+; **HOLD:** -5% to 15%; **SELL:** -5% and below.

**IDBI Capital Markets & Securities Ltd.****Equity Research Desk**

6th Floor, IDBI Tower, WTC Complex, Cuffe Parade, Colaba, Mumbai – 400 005. Phones: (91-22) 4069 1700; Fax: (91-22) 2215 1787; Email: info@idbicapital.com

**SEBI Registration:** BSE & NSE (Cash & FO) – INZ000007237, NSDL – IN-DP-NSDL-12-96, Research – INH000002459, CIN – U65990MH1993GOI075578

**Compliance Officer:** Pushkar Vartak; Email: compliance@idbicapital.com; Telephone: (91-22) 4069 1907

**Disclaimer**

This report has been published by IDBI Capital Markets & Securities Ltd.(hereinafter referred to as “IDBI Capital”) for private circulation. This report should not be reproduced or copied or made available to others. No person associated with IDBI Capital is obligated to call or initiate contact with you for the purposes of elaborating or following up on the information contained in this report. The information contained herein is strictly confidential and meant for solely for the selected recipient and may not be altered in any way, transmitted to copied or distributed, in part or in whole, to any other person or to the media or reproduced in any form, without the prior written consent of IDBI Capital.

Recipients may not receive this report at the same time as other recipients. IDBI Capital will not treat recipients as customers by virtue of their receiving this report.

The information contained herein is from the public domain or sources believed to be reliable, but we do not make any representation or warranty that it is accurate, complete or up-to-date and it should not be relied upon as such. While reasonable care has been taken to ensure that information given is at the time believed to be fair and correct and opinions based thereupon are reasonable, due to the very nature of research it cannot be warranted or represented that it is accurate or complete and it should not be relied upon as such. In so far as this report includes current or historical information, it is believed to be reliable, although its accuracy and completeness cannot be guaranteed.

Opinions expressed are current opinions as of the date appearing on this material only. While we endeavor to update on a reasonable basis, the information discussed in this material, IDBI Capital, its directors, employees are under no obligation to update or keep the information current. Further there may be regulatory, compliance, or other reasons that prevent us from doing so.

Prospective investors and others are cautioned that any forward-looking statements are not predictions and may be subject to change without notice.

IDBI Capital, its directors and employees and any person connected with it, will not in any way be responsible for the contents of this report or for any losses, costs, expenses, charges, including notional losses/lost opportunities incurred by a recipient as a result of acting or non-acting on any information/material contained in the report.

This is not an offer to sell or a solicitation to buy any securities or an attempt to influence the opinion or behavior of investors or recipients or provide any investment/tax advice.

This report is for information only and has not been prepared based on specific investment objectives. The securities discussed in this report may not be suitable for all investors. Investors must make their own investment decision based on their own investment objectives, goals and financial position and based on their own analysis.

Trading in stocks, stock derivatives, and other securities is inherently risky and the recipient agrees to assume complete and full responsibility for the outcomes of all trading decisions that the recipient makes, including but not limited to loss of capital.

Opinions, projections and estimates in this report solely constitute the current judgment of the author of this report as of the date of this report and do not in any way reflect the views of IDBI Capital, its directors, officers, or employees.

This report is not directed or intended for distribution to, or use by, any person or entity who is a citizen or resident of or located in any locality, state, country or other jurisdiction, where such distribution, publication, availability or use would be contrary to law, regulation or which would subject IDBI Capital and associates to any registration or licensing requirement within such jurisdiction. The securities described herein may or may not be eligible for sale in all jurisdictions or to certain category of investors. Persons in whose possession this report may come are required to inform themselves of and to observe such restriction.

E-mail is not a secure method of communication. IDBI Capital cannot accept responsibility for the accuracy or completeness of any e-mail message or any attachment(s).

This transmission could contain viruses, be corrupted, destroyed, incomplete, intercepted, lost or arrived late. IDBI Capital, its directors or employees or associates accept no liability for any damage caused, directly or indirectly, by this email.

## Analyst Disclosures

I, Devang Bhatt, hereby certify that the views expressed in this report accurately reflect our personal views about the subject companies and / or securities. I also certify that no part of my compensation was, is or will be directly or indirectly related to the specific recommendations or views expressed in this report. Principally, I will be responsible for the preparation of this research report and have taken reasonable care to achieve and maintain independence and objectivity in making any recommendations herein.

## Other Disclosure

IDBI Capital Markets & Securities Ltd.(herein after referred to as “IDBI Capital”) was incorporated in the year 1993 under Companies Act, 1956 and is a wholly owned subsidiary of IDBI Bank Limited. IDBI Capital is one of India’s leading securities firm which offers a full suite of products and services to individual, institutional and corporate clients namely Stock broking (Institutional and Retail) , Distribution of financial products, Merchant Banking, Corporate Advisory Services, Debt Arranging & Underwriting, Portfolio Manager Services and providing Depository Services. IDBI Capital is a registered trading and clearing member of BSE Ltd. (BSE) and National Stock Exchange of India Limited (NSE). IDBI Capital is also a SEBI registered Merchant Banker, Portfolio Manager and Research Analyst. IDBI Capital is also a SEBI registered depository participant with National Securities Depository Limited (NSDL) and is also a Mutual Fund Advisor registered with Association of Mutual Funds in India (AMFI).

IDBI Capital and its associates IDBI Bank Ltd. (Holding Company), IDBI Intech Ltd. (Fellow Subsidiary), IDBI Asset Management Ltd. (Fellow Subsidiary) and IDBI Trusteeship Services Ltd. (Fellow Subsidiary).

IDBI Group is a full-serviced banking, integrated investment banking, investment management, brokerage and financing group. Details in respect of which are available on [www.idbicapital.com](http://www.idbicapital.com) IDBI Capital along with its associates are leading underwriter of securities and participants in virtually all securities trading markets in India. We and our associates have investment banking and other business relationships with a significant percentage of the companies covered by our Research Department. Investors should assume that IDBI Capital and/or its associates are seeking or will seek investment banking or other business from the company or companies that are the subject of this material. IDBI Capital generally prohibits its analysts, persons reporting to analysts, and their dependent family members having a financial conflict of interest in the securities or derivatives of any companies that the analysts cover. Additionally, IDBI Capital generally 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 sales people, traders, and other professionals may provide oral or written market commentary or trading strategies to our clients that reflect opinions that are 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. Directors of IDBI Capital or its associates may have interest in the Companies under recommendation in this report either as Director or shareholder. 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 clients of IDBI Capital. 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. We and our associates, 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. For the purpose of calculating whether IDBI Capital and its associates holds beneficially owns or controls, including the right to vote for directors, 1% of more of the equity shares of the subject issuer of a research report, the holdings does not include accounts managed by IDBI Asset Management Company/ IDBI Mutual Fund.

IDBI Capital hereby declares that our activities were neither suspended nor we have materially defaulted with any Stock Exchange authority with whom we are registered in last five years. However SEBI, Exchanges and Depositories have conducted the routine inspection and based on their observations have issued advice letters or levied minor penalty on IDBI Capital for certain operational deviations. We have not been debarred from doing business by any Stock Exchange / SEBI or any other authorities; nor has our certificate of registration been cancelled by SEBI at any point of time. IDBI Capital, its directors or employees or associates, may from time to time, have positions in, or options on, and buy and sell securities referred to herein. IDBI Capital or its associates, during the normal course of business, from time to time, may solicit from or perform investment banking or other services for any company mentioned in this document or their connected persons or be engaged in any other transaction involving such securities and earn brokerage or other compensation or act as a market maker in the financial instruments of the company(ies) discussed herein or their affiliate companies or act as advisor or lender / borrower to such company(ies)/associates companies or have other potential conflict of interest. This report may provide hyperlinks to other websites. Except to the extent to which the report refers to the website of IDBI Capital, IDBI Capital states that it has not reviewed the linked site and takes no responsibility for the content contained in such other websites. Accessing such websites shall be at recipient's own risk. IDBI Capital encourages the practice of giving independent opinion in research report preparation by the analyst and thus strives to minimize the conflict in preparation of research report. Accordingly, neither IDBI Capital nor Research Analysts have any material conflict of interest at the time of publication of this report. We offer our research services to primarily institutional investors and their employees, directors, fund managers, advisors who are registered with us. The Research Analyst has not served as an officer, director or employee of Subject Company. We or our associates may have received compensation from the subject company in the past 12 months. We or our associates may have managed or co-managed public offering of securities for the subject company in the past 12 months. We or our associates may have received compensation for investment banking or merchant banking or brokerage services from the subject company in the past 12 months. We or our associates may have received any compensation for products or services other than investment banking or merchant banking or brokerage services from the subject company in the past 12 months. We or our associates may have received any compensation or other benefits from the Subject Company or third party in connection with the research report. Research Analyst or his/her relative's may have financial interest in the subject company. IDBI Capital or its associates may have financial interest in the subject company. Research Analyst or his/her relatives does not have actual/beneficial ownership of 1% or more securities of the subject company at the end of the month immediately preceding the date of publication of Research Report. IDBI Capital or its associates may have actual/beneficial ownership of 1% or more securities of the subject company at the end of the month immediately preceding the date of publication of Research Report. The Subject Company may have been a client during twelve months preceding the date of distribution of the research report. Price history of the daily closing price of the securities covered in this note is available at [www.bseindia.com](http://www.bseindia.com); [www.nseindia.com](http://www.nseindia.com) and [www.economictimes.indiatimes.com/markets/stocks/stock-quotes](http://www.economictimes.indiatimes.com/markets/stocks/stock-quotes).