

## Coforge (COFORGE)

HOLD

Strong revenue growth to continue in medium term

## Summary

Coforge Ltd's Q3 USD revenue growth was better than peers but lower than guidance of the company. However, the company has maintained its growth guidance of 13-16%. Considering macro uncertainty, slowdown in deal conversion, soft Q3 & robust expectation from Q4 we have assumed that the company would be at the lower end of the guidance for FY24E. The company's ability to win large deals in this environment (15.8% YoY increase in executable order) we have assumed ~15% YoY & 17% YoY growth in FY25E & FY26E and 223 bps increase in EBIT margins over FY24E-FY26E. However, considering recent run up in price we maintain HOLD rating on the stock with revised target price of Rs 6,130 (26x FY26E EPS, introducing FY26E estimates, previous TP Rs 4,913).

## Key Highlights and Investment Rationale

- **Company to report industry leading revenue growth:** Despite uncertain environment the company is expected to register higher than 13% YoY growth in CC terms FY24E. This is better than mid cap and large cap peers. In addition the company sees strong growth in low code, no code, system integration, cloud and product engineering. Further the company expects strong growth across its key verticals of BFS, Travel and Insurance. In addition, the company has come out with new organisation structure to focus on US\$50-US\$100 mn clients and identified 6 services line to drive long term growth.
- **Margins to improve:** Coforge expects 150 bps expansion in Q4 led by revenue growth and absence of furloughs. We expect 223 bps increase in margins over FY24E-FY26E led by higher offshoring, stabilization of SG&A (as a % of revenues at 15%) and cost efficiency. Hence, we expect EBIT margins to improve from 13.5% in FY24E to 15.6% in FY26E.

TP Rs6,130

CMP Rs6,277

Potential upside/downside -2%

Previous Rating HOLD

## Price Performance (%)

	-1m	-3m	-12m
Absolute	(0.2)	25.6	53.1
Rel to Sensex	(0.6)	16.4	35.3

## V/s Consensus

EPS (Rs)	FY24E	FY25E	FY26E
IDBI Capital	141	195	234
Consensus	145	191	230
% difference	(2.6)	2.1	1.9

## Key Stock Data

Bloomberg/Reuters	COFORGE IN / NITT.BO
Sector	IT Services
Shares o/s (mn)	62
Market cap. (Rs mn)	387,666
3-m daily avg Trd value (Rs mn)	48.5
52-week high / low	6,788 / 3,565
Sensex / Nifty	71,424 / 21,572

## Shareholding Pattern (%)

Promoters	--
FII	34.4
DII	53.3
Public	12.3

## Financial snapshot

(Rs mn)

Year	FY22	FY23	FY24E	FY25E	FY26E
Revenue	64,320	80,146	92,519	1,07,288	1,25,498
Change (yoy, %)	38	25	15	16	17
EBITDA	11,154	14,053	15,520	19,875	23,071
Change (yoy, %)	42	26	10	28	16
EBITDA Margin(%)	17.3	17.5	16.8	18.5	18.4
Adj.PAT	6,618	6,938	8,780	12,154	14,636
EPS (Rs)	107	112	141	195	234
Change (yoy, %)	34.7	4.7	26.1	38	20
PE(x)	59	56	45	32	27
Dividend Yield (%)	0.8	1.0	1.3	2	2
EV/EBITDA (x)	35	28	25	19	16
RoE (%)	25	24	27	33	32
RoCE (%)	28	30	28	31	32

Source: IDBI Capital Research

## Devang Bhatt

devang.bhatt@idbicapital.com  
+91-22-2217 1846

### Other Key Concall Highlights

- Revenue for the quarter was up 1.8% QoQ in CC terms to \$282 mn. The quarter was impacted by higher than expected furloughs especially in Banking and Insurance. Insurance was flat QoQ in CC terms, Travel grew 1% QoQ in CC terms, Emerging vertical grew 2.5% QoQ in CC terms.
- EBIT margins increased by 190 bps QoQ mainly led by lower ESOP cost (60 bps impact) and higher gross margins partially offset by furloughs (40-50 bps impact). The company stated that it will continue to invest in SG&A to build sales capability, which led to 20 bps increase in SG&A this quarter. However, going forward the company expects SG&A to stabilise at 15% as a % of revenues. This quarter ETR was lower at 17.5% due to higher profit in low tax region. The company expects ETR to reverse in next quarter to 21%.
- Fresh order intake during the quarter stood at US\$354 mn (13%/+3% QoQ/YoY). 12 months executable order book grew 15.8% YoY to US\$974 mn. Company won 3 large deals in one in banking vertical, one in Travel vertical and one in insurance vertical during the quarter. Most of the large deal won was net new 7 new clients were added during the quarter.
- **Guidance** – Company maintained revenue growth guidance in the range of 13%-16% in constant currency for FY24E. The company expects full year guidance towards to lower end of the guidance or slightly higher. In terms of Q4 the company expects CC QoQ growth similar to Q3. The company expects margins to be in the range of 19.6% to 20.4% in Q4 due to reversal of furloughs and operating leverage. For FY25E the company expects improvement in margins led by lower ESOP Cost and gross margin expansion. This gross margin expansion will be led by offshoring (the company targets 55% from current 52%).
- **Demand environment and Outlook** – Management expects overall demand environment continues to be challenging. However, the company is seeing healthy traction within its space of regulatory, agile software and innovation. The company saw travel vertical impacted in US due to client specific challenges, however believes that it has bottomed out and could see improvement going forward. The company believes that higher order booking and market share gains will help drive growth in FY25E and expects margins to improve in FY25E.
- In terms of Gen AI the company is not seeing any deflationary impact and is seeing positive growth due to higher investment in downstream IT.

## Exhibit 1: Financial snapshot

(Rs mn)

Year-end: March	Q3FY24	Q2FY24	QoQ (%)	Q3FY23	YoY (%)
<b>Revenues (US\$ mn)</b>	<b>282</b>	<b>278</b>	<b>1.4</b>	<b>252</b>	<b>12.0</b>
<b>Revenues</b>	<b>23,233</b>	<b>22,762</b>	<b>2.1</b>	<b>20,558</b>	<b>13.0</b>
COGS	15,713	15,374	2.2	13,698	14.7
Gross profit	7,520	7,388	1.8	6,860	9.6
SG&A	3,508	3,915	(10.4)	3,245	8.1
<b>EBITDA</b>	<b>4,012</b>	<b>3,473</b>	<b>15.5</b>	<b>3,615</b>	<b>11.0</b>
Depreciation & amortization	811	772	5.1	624	30.0
EBIT	3,201	2,701	18.5	2,991	7.0
Other income	-257	-295	(12.9)	83	(409.6)
PBT	2,944	2,406	22.4	3,074	(4.2)
Tax	516	528	(2.3)	715	(27.8)
Minority interest	48	69	(30.4)	77	(37.7)
<b>Reported net profit</b>	<b>2,380</b>	<b>1,809</b>	<b>32</b>	<b>2,282</b>	<b>4</b>
Exceptional items	0	0	n.m	0	n.m.
<b>Adjusted net profit</b>	<b>2,380</b>	<b>1,809</b>	<b>32</b>	<b>2,282</b>	<b>4</b>
<b>Diluted EPS (Rs)</b>	<b>38.1</b>	<b>28.98</b>	<b>32</b>	<b>36.68</b>	<b>4</b>
<b>As % of net revenue</b>					
Gross profit	32.4	32.5		33.4	
SG&A	15.1	17.2		15.8	
EBITDA	17.3	15.3		17.6	
EBIT	13.8	11.9		14.5	
Adjusted net profit	10.2	7.9		11.1	
Tax rate	17.5	21.9		23.3	

Source: Company; IDBI Capital Research

**Exhibit 2: Actual vs. estimates**

Year to March	Q3FY24	Q3FY24E	Variance (%)
Revenue (US\$ mn)	282	282	(0.2)
Revenue (Rs mn)	23,233	23,529	(1.3)
EBIT (Rs mn)	3,201	3,220	(0.6)
EBIT margin (%)	13.8%	13.7%	9 bps
PAT (Rs mn)	2,380	2,353	1.1
PAT margin (%)	10.2%	10.0%	24 bps
EPS (Rs)	38.1	37.7	1.1

Source: Company; IDBI Capital Research

**Exhibit 3: Earnings Revision**

Year-end: March	FY24E			FY25E			FY26E
	New	Old	Chg (%)	New	Old	Chg (%)	(Introduced)
Revenue (US\$ mn)	1,124	1133	(0.8)	1,289	1,311	(1.7)	1,507
Revenue (Rs bn)	92,519	93384	(0.9)	1,07,288	1,08,815	(1.4)	1,25,498
EBIT margin (%)	13.4%	13.5%	(14.0)	15.4%	15.3%	13.0	15.6%
EPS (Rs/sh)	140.7	144.9	(2.9)	194.7	194.1	0.3	234.5

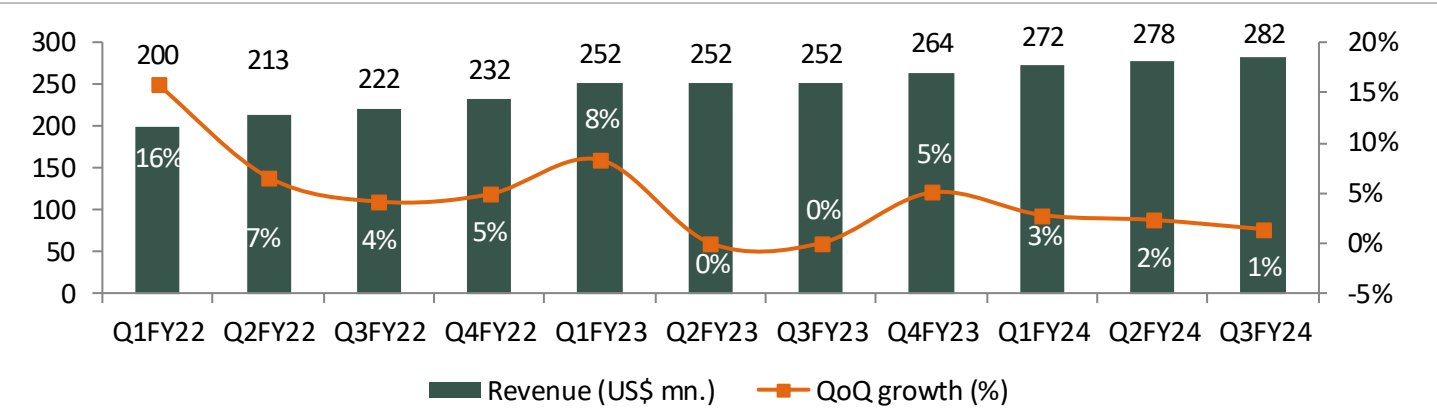
Source: Company; IDBI Capital Research

**Exhibit 4: Large clients trend**

No. of large clients	Q3FY22	Q4FY22	Q1FY23	Q2FY23	Q3FY23	Q4FY23	Q1FY24	Q2FY24	Q3FY24
USD1m – USD5m	94	100	98	97	98	101	102	104	109
USD5m – USD10m	21	19	24	26	23	23	24	23	23
USD10m+	18	18	19	19	21	21	21	23	24

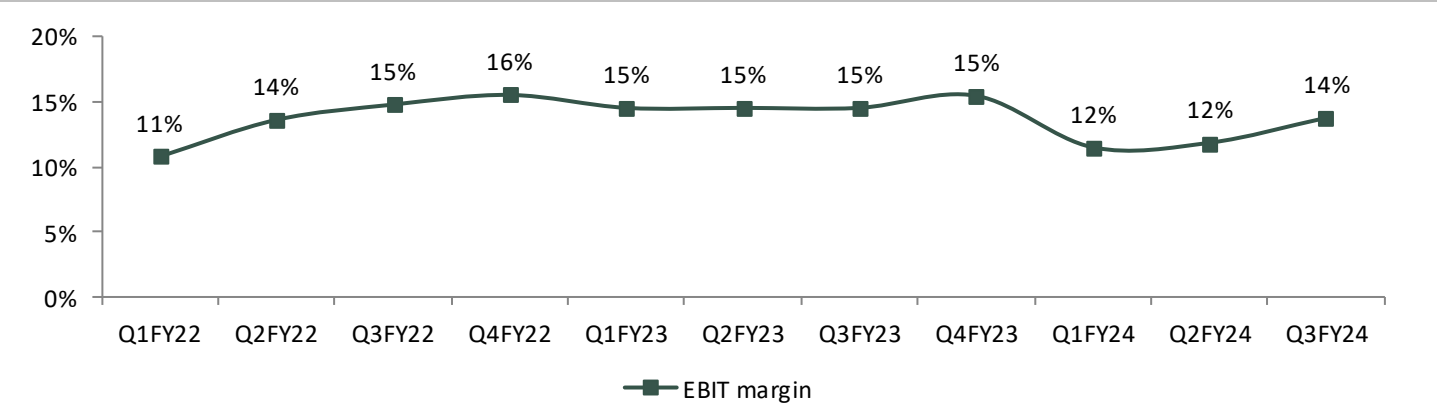
Source: Company; IDBI Capital Research

Exhibit 5: Q3FY24 revenue growth was in line with our estimates

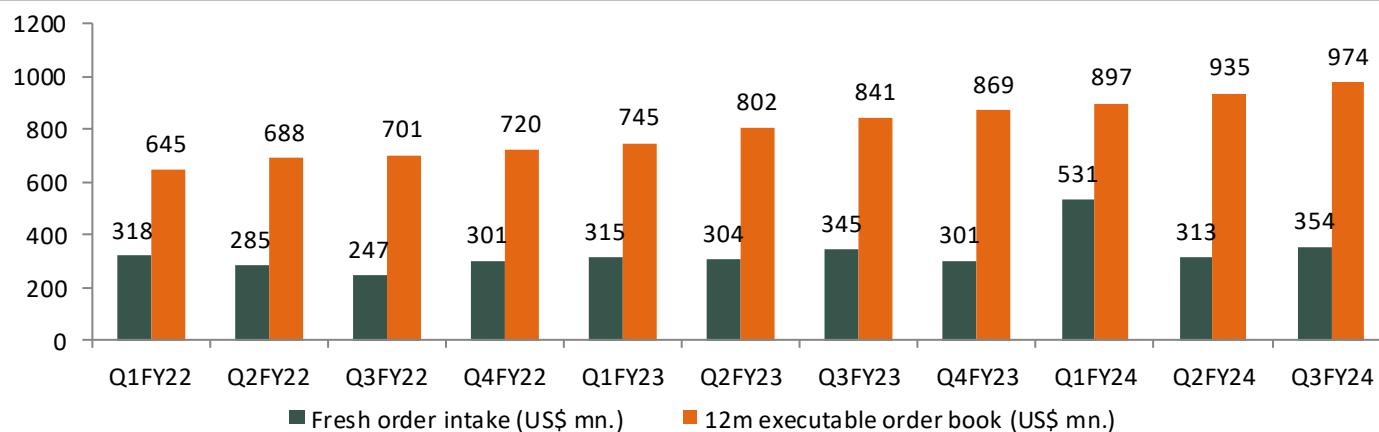


Source: Company; IDBI Capital Research

Exhibit 6: EBIT margin improved by ~191 bps QoQ



Source: Company; IDBI Capital Research

**Exhibit 7: 12 month order book continued to be robust**

Source: Company; IDBI Capital Research

**Exhibit 8: Revenue growth across various segments (%)**

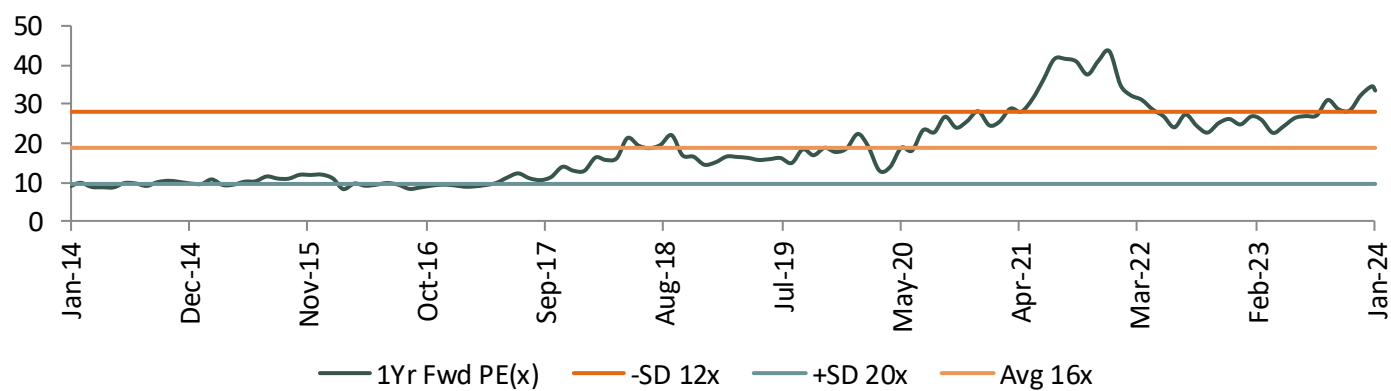
	% of revenue (%)	YoY (%)
<b>Total revenue</b>		<b>12%</b>
<b>by geography</b>		
North America	46.6%	2.3%
Europe	40.0%	7.2%
RoW	13.4%	37.8%
<b>by vertical</b>		
BFS	32.2%	16.0%
Insurance	22.0%	11.5%
Transportation	17.8%	3.3%
Others	28.1%	14.9%

Source: Company; IDBI Capital Research

**Exhibit 9: Geo wise Adj. EBITDA margin trend**

Regions	Q3FY22	Q4FY22	Q1FY23	Q2FY23	Q3FY23	Q4FY23	Q1FY24	Q2FY24	Q3FY24
Americas	20%	18%	16%	18%	15%	13%	15%	18%	19%
Europe	21%	23%	21%	21%	24%	19%	19%	17%	21%
APAC	10%	10%	9%	12%	16%	15%	9%	7%	7%
India	-9%	-11%	-17%	-19%	-15%	5%	-22%	-17%	-14%

Source: Company; IDBI Capital Research

**Exhibit 10: One-year forward PER trend**

Source: Company; IDBI Capital Research

## Financial Summary

### Profit & Loss Account

(Rs mn)

Year-end: March	FY21	FY22	FY23	FY24E	FY25E	FY26E
<b>Net sales</b>	<b>46,628</b>	<b>64,320</b>	<b>80,146</b>	<b>92,519</b>	<b>1,07,288</b>	<b>1,25,498</b>
<i>Change (yoy, %)</i>	11.4	38	25	15	16	17
Operating expenses	(38,763)	(53,166)	(66,093)	(76,999)	(87,413)	(1,02,427)
<b>EBITDA</b>	<b>7,865</b>	<b>11,154</b>	<b>14,053</b>	<b>15,520</b>	<b>19,875</b>	<b>23,071</b>
<i>Change (yoy, %)</i>	9.3	42	26	10	28	16
<i>Margin (%)</i>	16.9	17.3	17.5	16.8	18.5	18.4
Depreciation	(1,836)	(2,272)	(2,585)	(3,168)	(3,317)	(3,522)
<b>EBIT</b>	<b>6,029</b>	<b>8,882</b>	<b>11,468</b>	<b>12,352</b>	<b>16,558</b>	<b>19,549</b>
Interest paid	-	-	-	-	-	-
Other income	113	(266)	(630)	(706)	(465)	(170)
<b>Pre-tax profit</b>	<b>6,142</b>	<b>8,616</b>	<b>10,838</b>	<b>11,646</b>	<b>16,093</b>	<b>19,379</b>
Tax	(1,302)	(1,468)	(2,061)	(2,383)	(3,299)	(3,973)
<i>Effective tax rate (%)</i>	21.2	17.0	19.0	20.5	20.5	20.5
Minority Interest	(104.0)	(530.0)	(513.0)	(318.5)	(639.7)	(770.3)
<b>Net profit</b>	<b>4,556</b>	<b>6,618</b>	<b>9,590</b>	<b>9,110</b>	<b>12,154</b>	<b>14,636</b>
Exceptional items	-	-	-	-	-	-
<b>Adjusted net profit</b>	<b>4,916</b>	<b>6,618</b>	<b>6,938</b>	<b>8,780</b>	<b>12,154</b>	<b>14,636</b>
<i>Change (yoy, %)</i>	7.3	35	5	27	38	20
EPS	79.1	106.5	111.5	140.7	194.7	234.5
DPS	23.6	50.7	64.1	81.6	112.9	136.0
<i>Dividend Payout (%)</i>	29.8	47.6	57.5	58	58	58



**Balance Sheet**

(Rs mn)

Year-end: March	FY21	FY22	FY23	FY24E	FY25E	FY26E
<b>Shareholders' funds</b>	<b>24,661</b>	<b>27,331</b>	<b>30,825</b>	<b>34,513</b>	<b>39,617</b>	<b>45,765</b>
Share capital	606	609	611	611	611	611
Reserves & surplus	24,055	26,722	30,214	33,902	39,006	45,154
<b>Total Debt</b>	<b>5</b>	<b>3,365</b>	<b>3,382</b>	<b>6,382</b>	<b>4,382</b>	<b>2,382</b>
Other liabilities	1,718	5,709	4,028	8,212	9,523	11,139
<b>Curr Liab &amp; prov</b>	<b>8,750</b>	<b>12,156</b>	<b>17,725</b>	<b>15,870</b>	<b>18,214</b>	<b>21,323</b>
Current liabilities	8,525	11,840	17,365	15,416	17,687	20,707
Provisions	225	316	360	455	527	617
<b>Total liabilities</b>	<b>10,473</b>	<b>21,230</b>	<b>25,135</b>	<b>30,464</b>	<b>32,119</b>	<b>34,844</b>
<b>Total equity &amp; liabilities</b>	<b>35,134</b>	<b>49,544</b>	<b>56,834</b>	<b>66,169</b>	<b>73,568</b>	<b>83,212</b>
Net fixed assets	10,208	20,835	23,165	21,847	20,676	19,664
Investments	-	-	-	-	-	-
Other non-curr assets	3,631	4,809	5,833	6,739	7,215	7,802
<b>Current assets</b>	<b>21,295</b>	<b>23,900</b>	<b>27,836</b>	<b>37,583</b>	<b>45,678</b>	<b>55,746</b>
Inventories	-	-	-	-	-	-
Sundry Debtors	8,895	15,585	17,903	20,667	23,966	28,034
Cash and Bank	8,246	4,535	5,787	11,479	15,407	20,337
Loans and advances	-	-	-	-	-	-
<b>Total assets</b>	<b>35,134</b>	<b>49,544</b>	<b>56,834</b>	<b>66,169</b>	<b>73,568</b>	<b>83,212</b>

**Cash Flow Statement**

(Rs mn)

Year-end: March	FY21	FY22	FY23	FY24E	FY25E	FY26E
Pre-tax profit	6,142	8,616	10,838	11,646	16,093	19,379
Depreciation	138	724	2,585	3,168	3,317	3,522
Tax paid	(1,548)	(2,656)	(3,082)	(2,383)	(3,299)	(3,973)
Chg in working capital	272	(3,284)	3,251	(4,619)	(955)	(958)
Other operating activities	1,969	4,135	(2,833)	1,822	(33)	(41)
<b>Cash flow from operations (a)</b>	<b>6,973</b>	<b>7,535</b>	<b>10,759</b>	<b>9,635</b>	<b>15,123</b>	<b>17,929</b>
Capital expenditure	450	(11,351)	(4,915)	(1,850)	(2,146)	(2,510)
Chg in investments	-	-	-	-	-	-
Other investing activities	(2,817)	1,663	-	-	-	-
<b>Cash flow from investing (b)</b>	<b>(2,354)</b>	<b>(9,564)</b>	<b>(4,915)</b>	<b>(1,850)</b>	<b>(2,146)</b>	<b>(2,510)</b>
Equity raised/(repaid)	(19)	3	2	-	-	-
Debt raised/(repaid)	(43)	3,360	17	3,000	(2,000)	(2,000)
Dividend (incl. tax)	(1,467)	(3,150)	(3,989)	(5,093)	(7,049)	(8,489)
Chg in minorities	(104)	453	(622)	-	-	-
Other financing activities	(3,898)	(2,224)	-	-	-	-
<b>Cash flow from financing (c)</b>	<b>(5,531)</b>	<b>(1,558)</b>	<b>(4,592)</b>	<b>(2,093)</b>	<b>(9,049)</b>	<b>(10,489)</b>
<b>Net chg in cash (a+b+c)</b>	<b>(912)</b>	<b>(3,587)</b>	<b>1,252</b>	<b>5,692</b>	<b>3,928</b>	<b>4,930</b>

**Financial Ratios**

Year-end: March	FY21	FY22	FY23	FY24E	FY25E	FY26E
Book Value (Rs)	396.7	440	495	553	635	733
Adj EPS (Rs)	79.1	106.5	111.5	140.7	194.7	234.5
Adj EPS growth (%)	7.3	35	5	26	38	20
EBITDA margin (%)	16.9	17.3	17.5	16.8	18.5	18.4
Pre-tax margin (%)	13.2	13.4	13.5	12.6	15.0	15.4
Net Debt/Equity (x)	-0.3	0.0	-0.1	-0.1	-0.3	-0.4
ROCE (%)	22.9	28	30	28	31	32
ROE (%)	20.2	25	24	27	33	32

**DuPont Analysis**

Asset turnover (x)	1.3	1.5	1.5	1.5	1.5	1.5
Leverage factor (x)	1.4	1.6	1.8	1.9	1.9	1.8
Net margin (%)	10.5	10.3	8.7	9.5	11.3	11.7

**Working Capital & Liquidity ratio**

Inventory days	0	0	0	0	0	0
Receivable days	70	88	82	82	82	82
Payable days	35	45	38	37	37	37

**Valuations**

Year-end: March	FY21	FY22	FY23	FY24E	FY25E	FY26E
PER (x)	79	59	56	45	32	27
Price/Book value (x)	15.8	14.3	12.7	11.4	9.9	8.6
EV/Net sales (x)	8	6	5	4	4	3
EV/EBITDA (x)	49	35	28	25	19	16
Dividend Yield (%)	0.4	0.8	1.0	1.3	1.8	2.2

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) 2217 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) 2217 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 my 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).