

# Tata Consultancy Services (TCS) BUY

Key beneficiary of cost efficiency deals

## Summary

TCS reported weak set of revenues due to slowdown in discretionary projects especially in North America and project ramp downs. While the macro is uncertain, we believe TCS will continue to win cost optimization, vendor consolidation and integrated operations type of deals. We expect TCS to be a key beneficiary considering the client profile and the recent large deal wins. In addition, the shift of consumer to larger banks (TCS's clients) healthy deal pipeline (US\$10.2 bn, book to bill of 1.4x) will drive medium term growth. This coupled with company's focus on technologies like 5G, IoT, generative AI, virtual reality /metaverse, digital twin will drive long term growth. We have built in a Revenue and PAT CAGR of 7.7% and 11.6% over FY23-25E. Hence, we maintain our BUY rating and target price of Rs 3,740 (26x FY25E EPS).

## Key Highlights and Investment Rationale

- Cloud, generative AI, Data key drivers of long term growth::** The IT industry is witnessing macro challenges especially in North America leading to project ramp downs, slowdown in discretionary spend and elongation of deal tenure. We believe these are short term demand pangs and longer term tech spend trajectory remains robust led by cloud, AI, data and generative AI. Further, TCS will be a key beneficiary in challenging as well as robust macro considering its client profile, ability to win large deals and robust demand pipeline. The company is also seeing strong traction in generative AI which could be a major driver of multi-year tech spend.
- Margins to improve:** Improvement in utilisation, higher realisation, automation lower sub con cost and decelerating supply side pressure will drive margins. Hence, we expect margins to expand by 126 bps to 25.3% in FY25E.

<b>TP</b>	<b>Rs3,740</b>
<b>CMP</b>	<b>Rs3,260</b>
Potential upside/downside	15%
Previous Rating	BUY

Price Performance (%)			
	-1m	-3m	-12m
Absolute	0.4	0.6	5.7
Rel to Sensex	(3.9)	(7.7)	(15.7)

V/s Consensus		
EPS (Rs)	FY24E	FY25E
IDBI Capital	129.8	143.3
Consensus	128.9	143.9
% difference	0.7	(0.4)

Key Stock Data	
Bloomberg/Reuters	TCS IN/ TCS.BO
Sector	IT Services
Shares o/s (mn)	3,659
Market cap. (Rs mn)	11,929,239
3-m daily avg Trd value (Rs mn)	240.5
52-week high / low	Rs3,575 / 2,926
Sensex / Nifty	65,394 / 19,384

Shareholding Pattern (%)	
Promoters	72.3
FII	12.7
DII	9.1
Public	5.9

## Financial snapshot

	(Rs mn)				
Year	FY21	FY22	FY23	FY24E	FY25E
Revenue	1,641,770	1,917,540	2,254,580	2,426,191	2,662,637
Change (yoy, %)	5	17	18	8	10
EBITDA	465,460	530,570	592,600	654,964	725,298
Change (yoy, %)	11	14	12	11	11
EBITDA Margin(%)	28.4	27.7	26.3	27.0	27.2
Adj.PAT	332,140	383,270	421,150	475,022	524,511
EPS (Rs)	89.8	104.7	115.1	129.8	143.3
Change (yoy, %)	4	17	10	13	10
PE(x)	36	31	28	25	23
Dividend Yield (%)	1	1	4	2	3
EV/EBITDA (x)	25	22	19	17	15
RoE (%)	39	44	47	47	43
RoCE (%)	46	52	57	56	53

Source: IDBI Capital Research

### Other Key Concall Highlights

- Q1FY24 Dollar revenue came in at \$7,226mn +0.4%/+6.6% QoQ/YoY; CC growth of 7% YoY and flat QoQ. YoY growth in CC terms was led by United Kingdom (+16.1% ); North America (+4.6%) and Continental Europe (+3.4%). In emerging markets, Middle East & Africa grew 15.2%, India grew 14%, Latin America grew 13.5%, and Asia Pacific grew 4.7%. Segment wise growth was led by Life Sciences and Healthcare which grew 10.1% and the Manufacturing vertical which grew 9.4%. BFSI grew 3%, Retail and CPG grew 5.3%, Technology & Services grew 4.4% while Communications & Media grew 0.5%
- Company recorded EBIT margin of 23.2%, -132 bps QoQ. Contraction in margin was due to 200 bps impact of wage hike which was partially offset by reduction in sub con cost and increased efficiency.
- Order book TCV stood at record high of \$10.2 bn (book to bill of 1.4x) resulting in second successive quarter of minimum \$10bn worth TCV. Company recorded total TCV of \$36.1bn for the past 4 quarters. Management informed that deal conversion in the European region is taking time as clients continued to remain cautious of the macro economic challenges.
- Due to the macro economic challenges, clients across North America and Europe continued to remain cautious. In terms of industries, TCS believes that the difficult period has passed by for the BFSI industry. In retail industry, essential retail continued to do well while luxury retail saw demand softness. Manufacturing recorded QoQ growth as the base was lower and also due to delayed pickup in demand. Company informed that clients are focused on executing those projects which provide a faster RoI. This has led to shortening of deals and discretionary spends seeing pause. Consequently, growth challenges are expected to persist in the near term. However, strong order bookings and increase in the number of vendor consolidation deals and cost optimization deals provide growth visibility over longer time period.
- On the margins front, TCS believes it has levers like improvement in utilization, better realization and optimization of discretionary spends which can aid in margin expansion going forward. However, management believes that it will be challenging to achieve the margin aspiration of 26%-28% in FY24E given the tough demand environment.
- Closing headcount stood at 615,318 as 523 employees were added during the quarter. LTM Attrition reduced to 17.8% vs 20.1% in Q3FY23. Management expects further reduction in attrition going forward.

**Exhibit 1: Financial snapshot**

(Rs mn)

Year-end: March	Q1FY24	Q4FY23	QoQ (%)	Q1FY23	YoY (%)
<b>Revenues (US\$ mn)</b>	<b>7,226</b>	<b>7,195</b>	<b>0.4</b>	<b>6,780</b>	<b>6.6</b>
<b>Revenues</b>	<b>593,810</b>	<b>591,620</b>	<b>0.4</b>	<b>527,580</b>	<b>12.6</b>
COGS	349,730	344,270	1.6	315,530	10.8
Gross profit	244,080	247,350	(1.3)	212,050	15.1
SG&A	94,100	89,620	5.0	77,880	20.8
<b>EBITDA</b>	<b>149,980</b>	<b>157,730</b>	<b>(4.9)</b>	<b>134,170</b>	<b>11.8</b>
Depreciation & amortization	12,430	12,850	(3.3)	12,310	1.0
EBIT	137,550	144,880	(5.1)	121,860	12.9
Other income	12,340	9,030	36.7	5,900	109.2
PBT	149,890	153,910	(2.6)	127,760	17.3
Tax	38,690	39,550	(2.2)	32,570	18.8
Minority interest	460	440	4.5	410	12.2
Adjusted net profit	110,740	113,920	(2.8)	94,780	16.8
<b>Diluted EPS (Rs)</b>	<b>30.3</b>	<b>31.1</b>	<b>(2.8)</b>	<b>25.9</b>	<b>16.8</b>
<b>As % of net revenue</b>					
Gross profit	41.1	41.8		40.2	
SG&A	15.8	15.1		14.8	
EBITDA	25.3	26.7		25.4	
EBIT	23.2	24.5		23.1	
Adjusted net profit	18.6	19.3		18.0	
Tax rate	25.8	25.7		25.5	

Source: Company; IDBI Capital Research

Revenue growth of 7%, YoY in CC terms.

EBIT margin was down 132 bps QoQ to 23.2%

**Exhibit 2: Actual vs. estimates**

Year to March	Q1FY24	Q1FY24E	Variance (%)
Revenue (US\$ mn)	7,226	7,238	(0.2)
Revenue (Rs mn)	593,810	595,072	(0.2)
EBIT (Rs mn)	137,550	139,441	(1.4)
EBIT margin (%)	23.2%	23.4%	(27)bps
PAT (Rs mn)	110,740	108,039	2.5
PAT margin (%)	18.6%	18.2%	49bps
EPS (Rs)	30.3	29.5	2.5

Source: Company; IDBI Capital Research

**Exhibit 3: Earnings Revision**

Year-end: March	FY24E			FY25E		
	New	Old	Chg (%)	New	Old	Chg (%)
Revenue (US\$ mn)	29,524	29,544	(0.1)	32,401	32,424	(0.1)
Revenue (Rs bn)	2,426,191	2,431,572	(0.2)	2,662,637	2,668,543	(0.2)
EBIT margin (%)	24.9%	24.6%	26.0	25.3%	25%	42.0
EPS (Rs/sh)	129.8	127.5	1.8	143.3	142.0	0.9

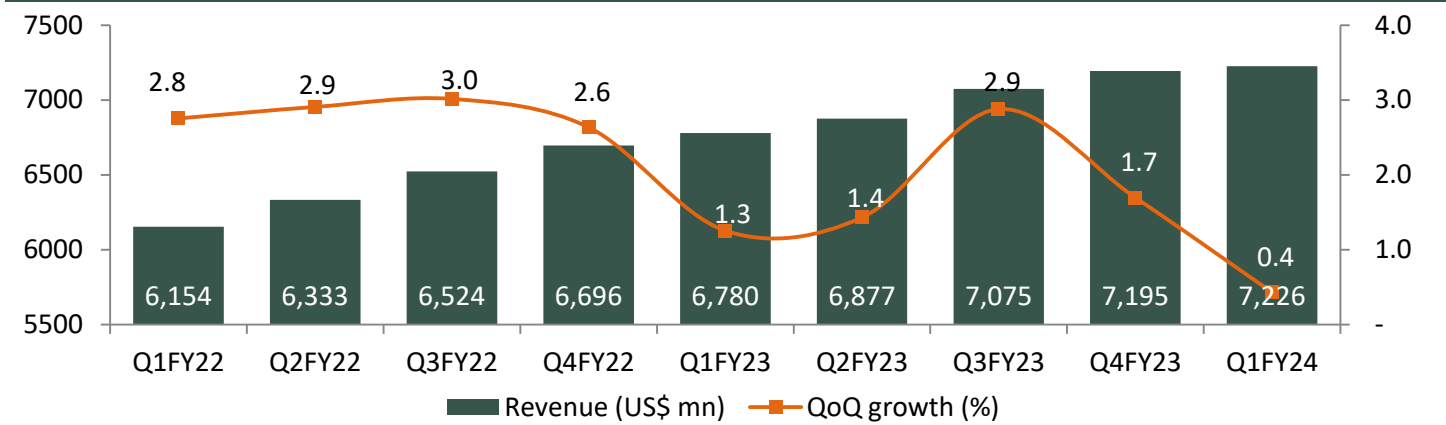
Source: Company; IDBI Capital Research

**Exhibit 4: QoQ reduction in number of clients across all sizes**

No. of large clients	Q1FY22	Q2FY22	Q3FY22	Q4FY22	Q1FY23	Q2FY23	Q3FY23	Q4FY23	Q1FY24
USD1m+	1118	1138	1175	1182	1196	1210	1217	1241	1196
USD5m+	586	609	619	638	650	650	658	665	650
USD10m+	405	417	426	439	446	455	456	461	446
USD20m+	241	247	255	268	272	283	290	291	272
USD50m+	105	114	118	120	124	124	130	133	124
USD100m+	50	54	58	58	59	59	59	60	59

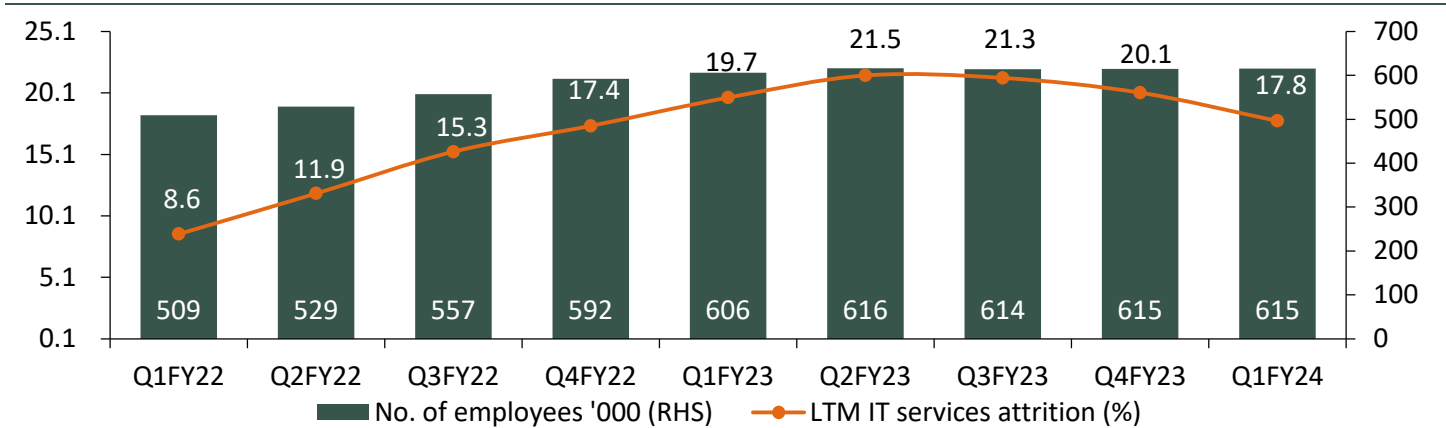
Source: Company; IDBI Capital Research

**Exhibit 5: Q1FY24 revenue growth was below consensus estimates**



Source: Company; IDBI Capital Research

**Exhibit 6: Employee details and IT services attrition trend**



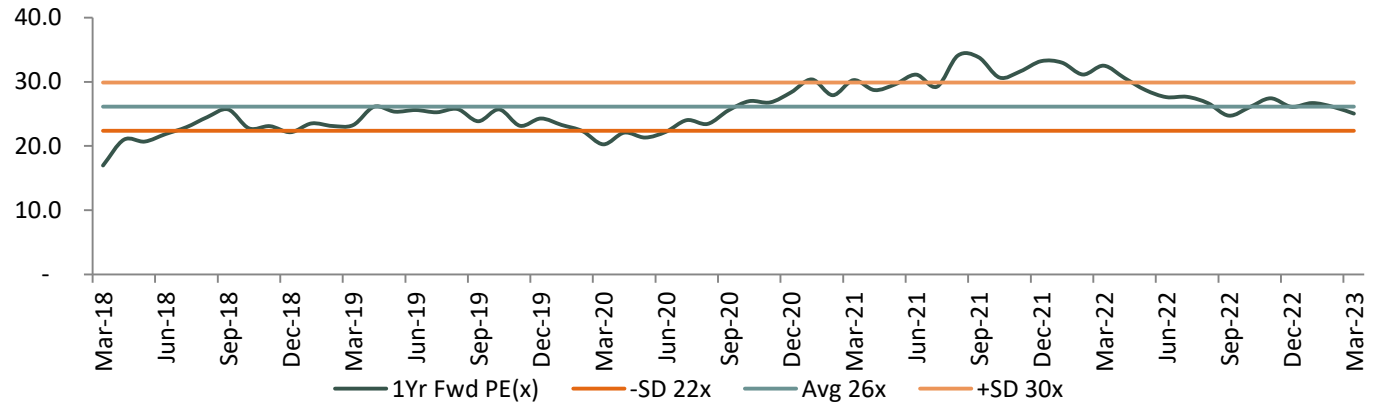
Source: Company; IDBI Capital Research

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

	% of revenue (%)	YoY in CC (%)
<b>Total revenue</b>		<b>7%</b>
<b>by geography</b>		
North America	52.0%	10.0%
Latin America	2.0%	25.1%
UK	16.4%	23.9%
Continental Europe	14.9%	10.3%
India	4.9%	14.9%
Asia Pacific	7.8%	5.8%
MEA	2.0%	25.1%
<b>by vertical</b>		
BFSI	31.0%	2.9%
Retail & CPG	15.7%	5.2%
Communication & Media	6.4%	0.3%
Manufacturing	10.2%	9.8%
Life Sciences & Healthcare	10.5%	10.8%
Technology & Services	8.6%	4.2%
Regional Markets & Others	17.6%	14.4%

Source: Company; IDBI Capital Research

**Exhibit 8: One-year forward PER trend**



Source: Company; IDBI Capital Research

## Financial Summary

### Profit & Loss Account

(Rs mn)

Year-end: March	FY20	FY21	FY22	FY23	FY24E	FY25E
<b>Net sales</b>	<b>1,569,490</b>	<b>1,641,770</b>	<b>1,917,540</b>	<b>2,254,580</b>	<b>2,426,191</b>	<b>2,662,637</b>
<i>Change (yoy, %)</i>	7	5	12	18	8	10
Operating expenses	(1,148,390)	(1,176,310)	(1,386,970)	(1,661,980)	(1,771,227)	(1,937,339)
<b>EBITDA</b>	<b>421,100</b>	<b>465,460</b>	<b>530,570</b>	<b>592,600</b>	<b>654,964</b>	<b>725,298</b>
<i>Change (yoy, %)</i>	7	11	14	12	11	11
<i>Margin (%)</i>	26.8	28.4	27.7	26.3	27.0	27.2
Depreciation	(35,300)	(40,650)	(46,040)	(50,550)	(51,522)	(51,607)
<b>EBIT</b>	<b>385,800</b>	<b>424,810</b>	<b>484,530</b>	<b>542,050</b>	<b>603,442</b>	<b>673,691</b>
Interest paid	(9,240)	(6,380)	(7,840)	(7,790)	(7,630)	(8,000)
Other income	45,920	29,610	40,180	34,490	45,575	41,861
<b>Pre-tax profit</b>	<b>422,480</b>	<b>448,040</b>	<b>516,870</b>	<b>568,750</b>	<b>641,387</b>	<b>707,552</b>
Tax	(98,010)	(114,580)	(132,380)	(146,040)	(165,005)	(181,841)
<i>Effective tax rate (%)</i>	23	26	26	26	26	26
Minority Interest	(1,070)	(1,320)	(1,220)	(1,560)	(1,360)	(1,200)
<b>Net profit</b>	<b>323,400</b>	<b>332,140</b>	<b>383,270</b>	<b>421,150</b>	<b>475,022</b>	<b>524,511</b>
Exceptional items	-	-	-	-	-	-
<b>Adjusted net profit</b>	<b>323,400</b>	<b>332,140</b>	<b>383,270</b>	<b>421,150</b>	<b>475,022</b>	<b>524,511</b>
<i>Change (yoy, %)</i>	3	3	15	10	13	10
EPS	86.2	89.8	104.7	115.1	129.8	143.3
DPS	72	37	43	115	75	85
<i>Dividend Payout (%)</i>	101	41	41	100	58	59



**Balance Sheet**

(Rs mn)

Year-end: March	FY20	FY21	FY22	FY23	FY24E	FY25E
<b>Shareholders' funds</b>	<b>841,260</b>	<b>864,330</b>	<b>891,390</b>	<b>904,240</b>	<b>1,104,762</b>	<b>1,318,173</b>
Share capital	3,752	3,699	3,660	3,660	3,660	3,660
Reserves & surplus	837,508	860,631	887,730	900,580	1,101,102	1,314,513
<b>Total Debt</b>	-	-	-	-	-	-
Other liabilities	64,160	49,110	52,720	55,260	55,260	55,260
<b>Curr Liab &amp; prov</b>	<b>269,060</b>	<b>348,090</b>	<b>426,880</b>	<b>436,120</b>	<b>469,316</b>	<b>515,053</b>
Current liabilities	197,350	229,250	288,690	293,210	315,528	346,278
Provisions	71,710	118,840	138,190	142,910	153,788	168,775
<b>Total liabilities</b>	<b>333,220</b>	<b>397,200</b>	<b>479,600</b>	<b>491,380</b>	<b>524,576</b>	<b>570,313</b>
<b>Total equity &amp; liabilities</b>	<b>1,180,710</b>	<b>1,268,280</b>	<b>1,378,060</b>	<b>1,403,440</b>	<b>1,638,518</b>	<b>1,898,866</b>
Net fixed assets	138,400	143,140	148,670	141,890	115,368	88,761
Investments	2,160	2,130	2,230	2,660	2,660	2,660
Other non-curr assets	133,800	126,640	138,950	150,980	162,472	178,306
<b>Current assets</b>	<b>906,350</b>	<b>996,370</b>	<b>1,088,210</b>	<b>1,107,910</b>	<b>1,358,018</b>	<b>1,629,139</b>
Inventories	50	80	200	280	280	280
Sundry Debtors	366,620	369,900	420,100	503,020	541,308	594,062
Cash and Bank	372,790	398,830	498,730	492,480	695,765	902,373
Loans and advances	84,750	115,010	67,560	14,980	16,120	17,691
<b>Total assets</b>	<b>1,180,710</b>	<b>1,268,280</b>	<b>1,378,060</b>	<b>1,403,440</b>	<b>1,638,518</b>	<b>1,898,866</b>

**Cash Flow Statement**

(Rs mn)

Year-end: March	FY20	FY21	FY22	FY23	FY24E	FY25E
Pre-tax profit	422,480	448,040	516,870	568,750	641,387	707,552
Depreciation	14,850	21,420	23,130	30,220	51,522	51,607
Tax paid	(102,360)	(125,730)	(131,920)	(140,010)	(165,005)	(181,841)
Chg in working capital	(4,660)	45,460	75,920	(21,180)	(6,232)	(8,587)
Other operating activities	(47,148)	(199,302)	(197,021)	161,550	(100,784)	(34,004)
<b>Cash flow from operations (a)</b>	<b>283,162</b>	<b>189,888</b>	<b>286,979</b>	<b>599,330</b>	<b>420,888</b>	<b>534,727</b>
Capital expenditure	(20,720)	(26,160)	(28,660)	(23,440)	(25,000)	(25,000)
Chg in investments	230	30	(100)	(430)	-	-
Other investing activities	-	-	-	-	81897	7,982
<b>Cash flow from investing (b)</b>	<b>(20,490)</b>	<b>(26,130)</b>	<b>(28,760)</b>	<b>(23,870)</b>	<b>56,897</b>	<b>(17,018)</b>
Equity raised/(repaid)	-	(53)	(39)	-	-	-
Debt raised/(repaid)	-	-	-	-	-	-
Dividend (incl. tax)	(327,592)	(136,865)	(157,380)	(420,900)	(274,500)	(311,100)
Chg in minorities	630	(800)	(900)	(810)	-	-
Other financing activities	-	-	-	-	-	-
<b>Cash flow from financing (c)</b>	<b>(326,962)</b>	<b>(137,718)</b>	<b>(158,319)</b>	<b>(581,710)</b>	<b>(274,500)</b>	<b>(311,100)</b>
<b>Net chg in cash (a+b+c)</b>	<b>(64,290)</b>	<b>26,040</b>	<b>99,900</b>	<b>(6,250)</b>	<b>203,285</b>	<b>206,609</b>

### Financial Ratios

Year-end: March	FY20	FY21	FY22	FY23	FY24E	FY25E
Book Value (Rs)	224	234	244	247	302	360
Adj EPS (Rs)	86	90	105	115	130	143
Adj EPS growth (%)	3	4	17	10	13	10
EBITDA margin (%)	27	28	28	26	27	27
Pre-tax margin (%)	27	27	27	25	26	27
Net Debt/Equity (x)	-0.4	-0.5	-0.6	-0.5	-0.6	-0.7
ROCE (%)	43	46	52	57	56	53
ROE (%)	37	39	44	47	47	43

### DuPont Analysis

Asset turnover (x)	1.4	1.3	1.4	1.6	1.6	1.5
Leverage factor (x)	1.3	1.4	1.5	1.5	1.5	1.5
Net margin (%)	20.6	20.2	20.0	18.7	19.6	19.7

### Working Capital & Liquidity ratio

Inventory days	0	0	0	0	0	0
Receivable days	85	82	80	81	81	81
Payable days	21	24	21	23	23	23

### Valuations

Year-end: March	FY20	FY21	FY22	FY23	FY24E	FY25E
PER (x)	37.8	36.3	31.1	28.3	25.1	22.7
Price/Book value (x)	14.5	14.0	13.4	13.2	10.8	9.1
EV/Net sales (x)	7.6	7.1	6.0	5.1	4.6	4.1
EV/EBITDA (x)	28	25	22	19	17	15
Dividend Yield (%)	2	1	1	4	2	3

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:** Christina D’souza; 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

We, Devang Bhatt and Dhawal Doshi, hereby certify that the views expressed in this report accurately reflect our personal views about the subject companies and / or securities. We also certify that no part of my compensation were, are or would be directly or indirectly related to the specific recommendations or views expressed in this report. Principally, We 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).