

CMP: ₹ 940

Target: ₹ 1095 (16%)

Target Period: 12 months

May 17, 2023

BUY

Growth momentum likely to sustain in FY24...

About the stock: Sonata Software (Sonata) offers IT services (26% of mix) and product licensing & deployment (74% of mix) in FY23.

- The company provides IT services to travel, retail, agri & commodities and manufacturing and software vendors
- Net debt free and healthy double digit return ratio (with RoCE of >30%)

Q4FY23 Results: Sonata continues to report strong revenue growth in Q4

- IT services dollar revenues in CC terms grew 8% QoQ & on organic basis grew 4.1% QoQ
- Normalised EBITDA margins in IT services excluding one-time expenses & other income grew 10 bps QoQ to 23.9%
- Won three large deals including its largest ever deal with TCV of US\$160 mn

What should investors do? Sonata's share price has grown by ~3.3x over the past five years (from ~₹ 262 in May 2018 to ~₹ 940 levels in May 2023).

- We maintain our **BUY** rating on the stock

Target Price and Valuation: We value Sonata at ₹ 1095 i.e. 22x P/E on FY25E EPS.

Key triggers for future price performance:

- Integration of Quant systems along with strong organic growth likely to bring in strong growth momentum
- Strong digital capabilities helping it to accelerate digital revenue growth enhancing digital revenue mix i.e. 73% of mix now vs. 68% a year ago
- Upgrades in Microsoft Dynamics and tapping Fortune 1000 clients in the medium to large category bode well for revenue growth
- Robust hiring trend, winning large deals prompt us to build IT service dollar revenue growth of over 26.9% CAGR over FY23-25E

Alternate Stock Idea: Apart from Sonata, in our IT coverage we also like Infosys.

- Key beneficiary of improved digital demand, industry leading revenue growth and healthy capital allocation prompt us to be positive
- BUY with a target price of ₹ 1,600



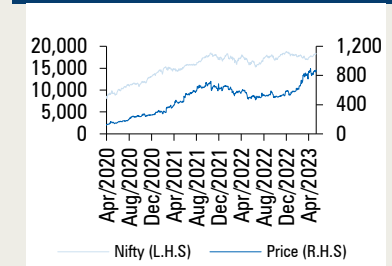
Particulars

Particular	Amount
Market Capitalization (₹ Crore)	13,029.1
Total Debt(₹ Crore)	493.6
Cash and Investments (₹ Crore)	936.1
EV (₹ Crore)	12,586.6
52 week H/L	963 / 458
Equity capital	13.9
Face value	1.0

Shareholding pattern

	Jun-22	Sep-22	Dec-22	Mar-23
Promoters	28	28	28	28
FII	13	13	13	13
DII	15	13	14	14
Public	44	46	45	45

Price Chart (Adj. Bonus issue)



Recent event & key risks

- Acquired Quant Systems & won its largest ever deal of TCV US\$160 mn in Q4
- Key Risk:** (i) Lower-than-expected revenue growth (ii) Lower than expected margins

Research Analyst

Sameer Pardikar
sameer.pardikar@icicisecurities.com
Sujay Chavan
sujay.chavan@icicisecurities.com

Key Financial Summary

(₹ Crore)	FY21	FY22	FY23	5 year CAGR (FY18-23)	FY24E	FY25E	2 year CAGR (FY23-25E)
Net Sales	4,228	5,553	7,449	24.9%	9,667	11,999	26.9%
EBITDA	379	464	604	21.2%	759	956	25.8%
EBITDA Margin (%)	9.0	8.4	8.1		7.9	8.0	
PAT	244	376	452	18.7%	537	691	23.7%
EPS (₹)	23.5	27.2	32.6		38.7	49.8	
P/E (x)	40	35	29		24	19	
RoNW (%)	26.9	34.2	34.7		35.4	38.6	
RoCE (%)	33.5	39.8	25.9		28.4	32.6	

Source: Company, ICICI Direct Research

Key takeaways of recent quarter & conference call highlights

- IT services revenue grew 8% QoQ in CC terms with Quant contribution coming in at 3.9%. In dollar terms, the company reported revenue of US\$65.8 mn, up 8.8% QoQ. In rupee terms, the company reported a revenue of ₹ 533.5 crore, up 9% QoQ. Domestic product business declined 22% due to seasonality impact in Q4 and reported revenue of ₹ 1,383.4 crore. At consolidated level, Sonata reported revenue of ₹ 1,913.5 crore
- For IT services, Sonata reported EBITDA margin excluding other income of 20.7% in Q4 compared to 23.8% in Q3. The company mentioned that the margins of IT services declined 320 bps due to the following headwinds: i) salary increase impact ~100 bps, ii) one time M&A related costs -320 bps mitigated by the tailwinds of i) SG&A optimisation impact ~+55 bps & ii) Quant Systems higher margin impact ~+45bps. The company mentioned that excluding the above its EBITDA margin improved 10 bps QoQ to 23.9% in Q4
- In the domestic products business, the company reported 100 bps QoQ EBITDA margin improvement to 3.9% while in absolute terms the EBITDA came at ₹ 54 crore. At the consolidated level, Sonata reported EBITDA excluding other income of ₹ 151.6 crore with a corresponding EBITDA margin of 7.9%. The company reported a PAT of ₹ 113.8 crore while PAT margin came in at 5.9%. The company mentioned that excluding the one time acquisition cost, PAT came in at ₹ 126.8 crore
- Geography wise in IT services US region (52% of mix) grew 6.7% QoQ while Europe region (20% of mix) grew 8.8% QoQ. Vertical wise Retail & Manufacturing (42% of mix) grew 17.1% QoQ while BFSI & Healthcare reported QoQ growth of 24.3% & 32.9%, respectively. TMT vertical (31% of mix) reported muted growth of 2.2% QoQ due to slowdown in spending of couple of clients in hitech segment, which is included in TMT vertical
- For FY23, the company reported consolidated revenue of ₹ 7,449.1 crore, up 34.1% with IT services revenue coming at US\$240.9 mn, up 18.7%. In rupee terms, IT services revenue came in at ₹ 1,920.3 crore, up 28.6% while domestic product services came in at ₹ 5,540.3 crore, up 36.2%. The company mentioned that 75.8% of the domestic cloud business was contributed by annuity business. Consolidated EBITDA excluding other income for the company came in at ₹ 604.2 crore with corresponding EBITDA margin coming at 8.1%
- The company mentioned that it continues to make progress on the targets it had given in October 2022 when the new CEO had taken charge. The company reiterated its target of achieving US\$500 mn revenues in international IT services by FY26 and the building blocks of the same are i) large deal wins ii) Quant's integration iii) improving presence in BFSI and healthcare verticals. The company mentioned that it is looking to achieve that milestone (of US\$500 mn revenues) organically (Quant integration is already complete). The company mentioned that it may go for some small tuck in acquisitions in the journey, if required but it is not looking to acquire anything bigger for this target achievement
- The company mentioned that during the quarter, integration of Quant system (QS) is complete. Sonata acquired Quant Systems, a Texas based IT services company, which is specialised in Enterprise data & cloud capabilities in BFSI & Healthcare verticals, for total consideration of US\$160 mn (4.3x CY22 revenues). QS' revenue grew more than 4x in the last three years from US\$8 mn in CY20 to US\$37 mn in CY22. The company has an EBITDA margin profile of 35%+. As far as payment of US\$160 mn is concerned, the company mentioned that US\$65 mn will be paid upfront and US\$95 mn will be deferred achievement-based payout over the next two years. Sonata indicated that for CY23 & CY24 QS' revenue is expected to grow 30-35% and EBITDA margin is expected to be in range of 30-35%. The

company mentioned that Quant System is helping the company win deals in the enterprise data and data privacy side

- The company mentioned that its large deal momentum continues as it won three large deals in Q4 on the base of two large deals in Q2 and four large deals it won in Q3 FY23. 1) Sonata won one of its largest deal of US\$160 mn with a client having strong private equity backing. It is a 10 year deal with a client in retail & finance vertical having US\$1.5 bn revenues. The company mentioned that pressure points for the client were legacy tech stack, high cost of IT operations, lack of standardisation. The company mentioned that revenue flow from this deal is likely to be in linear in nature and deal execution will start in H1FY24 while deal ramp up is likely to be from H2FY24 onwards. 2) The company also won multiyear deal with a leading network provider for its IT stock modernisation as well as cost efficiency tools. 3) it won a multi-year deal with a manufacturing company outside US. The company mentioned that in the pipeline as well as deals it is winning, 70-80% are transformation deals while rest are cost optimisation deals
- The company mentioned that unlike its peers, apart from some client specific issues at Hi-Tech vertical (25-30% of Hi-tech vertical), it is not witnessing any issue as far as other verticals are concerned. The company mentioned that in the BFSI space there facing some issues in few pockets but the company is focused on consumer banking space, data privacy and in regulatory space where the demand continues to be robust. The company also mentioned that TMT vertical growth rates may have moderated but they are not witnessing any major issue there. Overall, the company is seeing strong order wins in all verticals except Hi-Tech
- As far as EBITDA margins in IT services is concerned, the company mentioned as indicated in the earlier quarter, it is planning to invest back 150-200bps of margin for the revenue acceleration and hence margins likely to have an impact of similar numbers in FY24. The company is now targeting 20%+ EBITDA margins for FY24. The company mentioned that it is planning to give wage hike (only to senior leaders in Q1FY24), which is almost 50% of the hike they have given in Q4FY23. The company also mentioned that it is not planning to give any 'out of the cycle wage hike' to any other employees this year on account of supply side easing. The company also mentioned that its domestic product business margin is not comparable to its international IT services. The company called out following levers for margin improvement in domestic business: i) involvement of the company product implementation where it can command better margin ii) enhancing competency to make sure the company is involved into areas when it promotes their products
- The company mentioned that it is excited about generative AI and continues to make inroads here. Sonata added that it won its first contract in this space where the company is looking to take care of modernising productivity requirement of the client. The company indicated that there would be an incremental cost of ₹ 23 crore every quarter starting from Q1FY24 on account of i) amortisation impact of ₹ 9.5 crore on Quant acquisition ii) ₹ 5 crore which is interest for the loan they have taken for Quant acquisition & iii) ₹ 8.5 crore related to interest on deferred payment consideration. The company mentioned that interest related cost will come down as it plans to repay the loan in 12-15 months and deferred payments will start from January 2024
- The company mentioned that it added 15 new clients during the quarter bringing the total clients it added during the year to 57. Sonata mentioned that its revenue from top 10, top 20 clients increased 6.8% & 8.8% QoQ, respectively
- The company mentioned that it added six, three & three clients, respectively to its client's revenue mix of 1-3 mn, 3-5 mn & 5+ mn, respectively, during the quarter. The company mentioned that QS acquisition helped the

company to add four, three and two clients to 1-3 mn, 3-5 mn & 5+mn, respectively

- The company indicated that it added 707 net employees including 140 freshers in IT services business. The company net additions excluding QS employees was 409. The company mentioned as on March 2023 it had total employee of 6,429 in both IT services & domestic product business. The company mentioned that due to easing of supply side challenges the attrition is also moderating. The company mentioned that its attrition during the quarter declined to 12%. The company's utilization during the quarter improved by 220 bps QoQ to 86.4%
- The company informed that it has appointed Suresh HP as the Chief Delivery Officer. He was last associated with LTIMindtree and has over 30 years of experience across companies like Infosys, Motorola & Mindtree. The company informed that his appointment is a strategic decision as the company wants to enhance its capability of winning & delivering the large deals
- The company declared final dividend of ₹ 8.75 per share during the quarter taking the total dividend for FY23 to ₹ 15.75 per share

Exhibit 1: P&L

	Q4FY23	Q4FY22	YoY (%)	Q3FY22	QoQ (%)	Comments
Revenue	1,914	1,464	30.7	2,261	(15.4)	IT services grew by 8% QoQ in CC terms with organic growth of 4.1% QoQ. Domestic product services declined by 22% QoQ
Employee expenses	257	205	25.1	240	7.1	
Purchase of stock-in trade & other	1,361	1,036	31.3	1,755	(22.5)	
Gross Margin	296	222	33.2	266	11.4	
Gross margin (%)	15.5	15.2	28 bps	11.7	372 bps	
Other expenses	144	114	26.5	109	32.1	
EBITDA	152	108	40.2	156	(3.0)	
EBITDA Margin (%)	7.9	7.4	54 bps	6.9	101 bps	IT services EBITDA margin declined by ~315 bps QoQ to 20.7% due to the following headwinds: i) salary increase impact ~100 bps, ii) one time M&A related costs -320 bps mitigated by the tailwinds of i) SG&A optimization impact ~+55 bps & ii) Quant Systems higher margin impact ~+45bps
Depreciation & amortisation	19	13	44.8	14	38.9	
EBIT	133	95	39.6	143	(7.0)	
EBIT Margin (%)	6.9	6.5	44 bps	6.3	62 bps	
Other income (less interest)	18	41	(56.4)	13	40.2	
PBT	150	136	10.8	155	(3.1)	
Tax paid	37	35	5.1	38	(2.6)	
PAT	114	101	12.8	118	(3.3)	

Source: Company, ICICI Direct Research

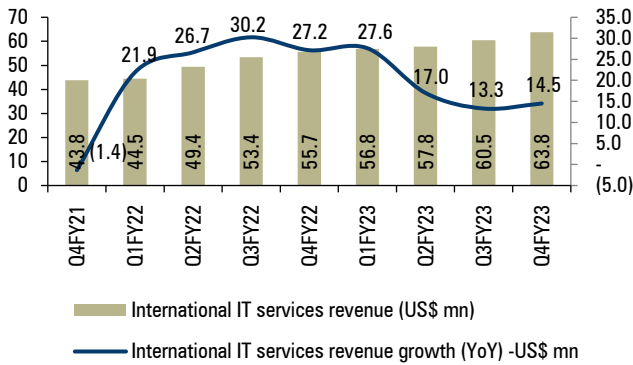
Exhibit 2: Change in estimates

(₹ Crore)	FY24E			FY25E			Comments
	Old	New	% Change	Old	New	% Change	
Revenue	8,336	9,667	16.0	9,311	11,999	28.9	Growth momentum in both IT services and domestic product business likely to sustain, as guided by management
EBITDA	798	759	-4.9	951	956	0.5	
EBITDA Margin (%)	9.6	7.9	-172 bps	10.2	8.0	-225 bps	margins trimmed due to continued investments and as per management guidance
PAT	544	537	-1.3	655	691	5.6	
EPS (₹)	38.8	38.7	-1.3	46.7	49.8	5.6	

Source: Company, ICICI Direct Research

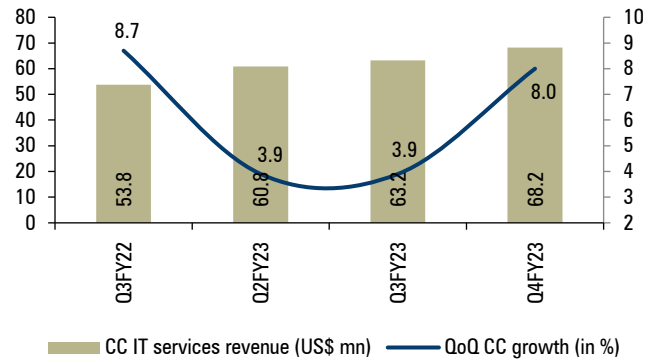
Key Metrics

Exhibit 3: IT services continues strong growth



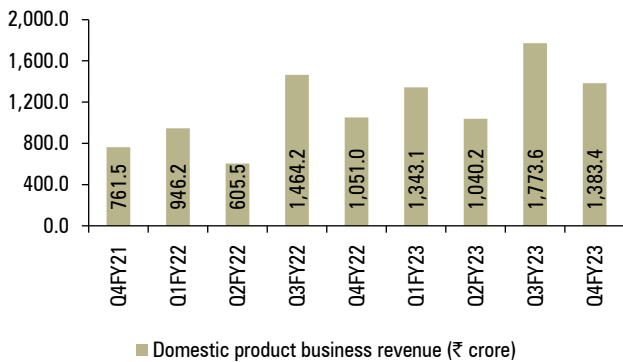
Source: Company, ICICI Direct Research

Exhibit 4: Organic growth was 4.1% QoQ in Q4



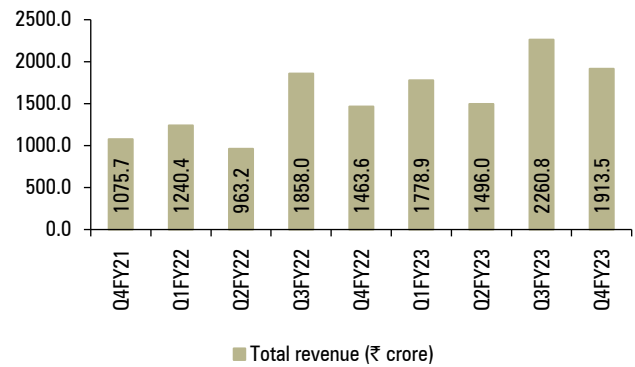
Source: Company, ICICI Direct Research

Exhibit 5: Domestic business declined due to seasonality



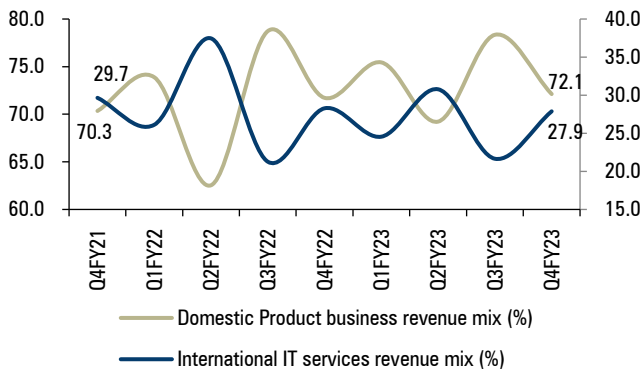
Source: Company, ICICI Direct Research

Exhibit 6: Total consolidated revenue trend



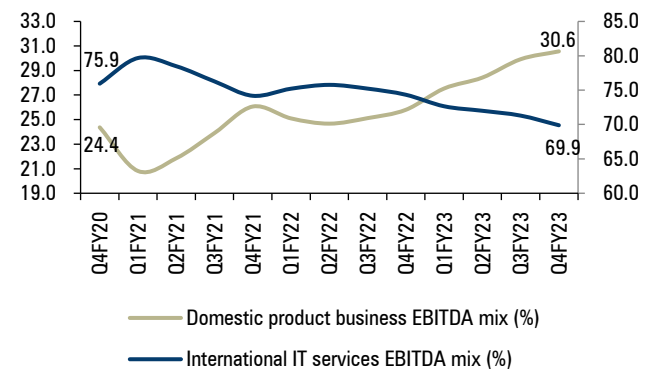
Source: Company, ICICI Direct Research

Exhibit 7: Revenue dominated by products



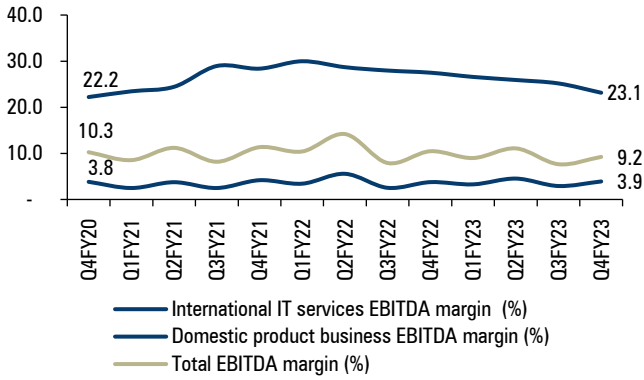
Source: Company, ICICI Direct Research

Exhibit 8: While profitability is dominated by IT services



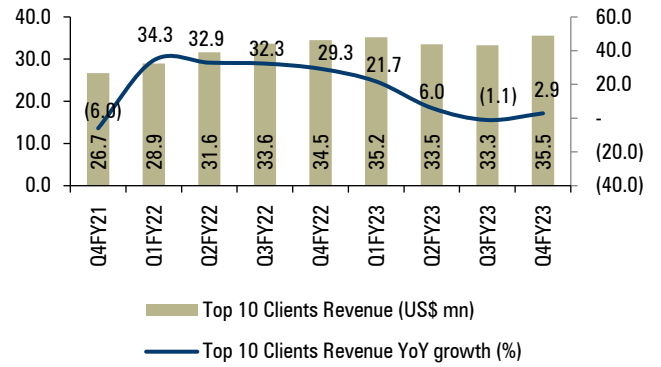
Source: Company, ICICI Direct Research

Exhibit 9: Segment wise & consolidate EBITDA margin trend



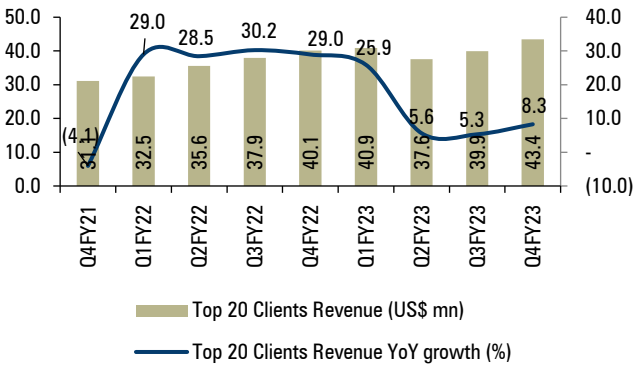
Source: Company, ICICI Direct Research

Exhibit 10: Top 10 client's growth rebounds in Q4



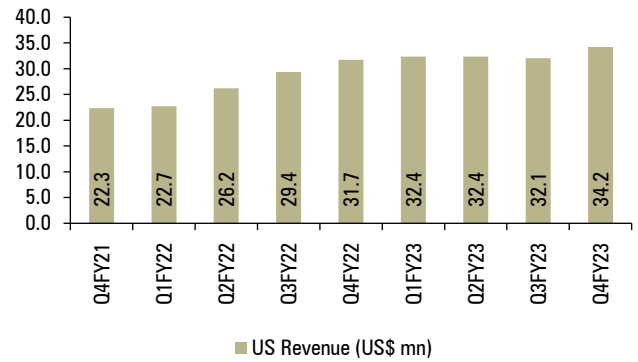
Source: Company, ICICI Direct Research

Exhibit 11: As does Top 20 customers



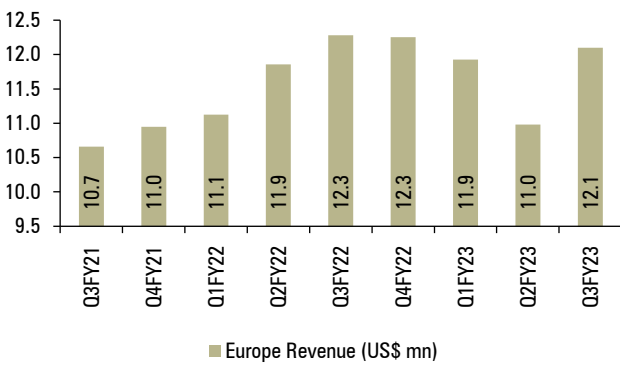
Source: Company, ICICI Direct Research

Exhibit 12: US region grows 6.7% QoQ in Q4



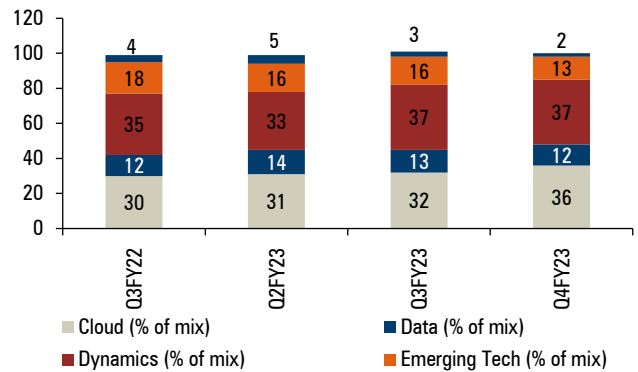
Source: Company, ICICI Direct Research

Exhibit 13: Europe continues its strong growth



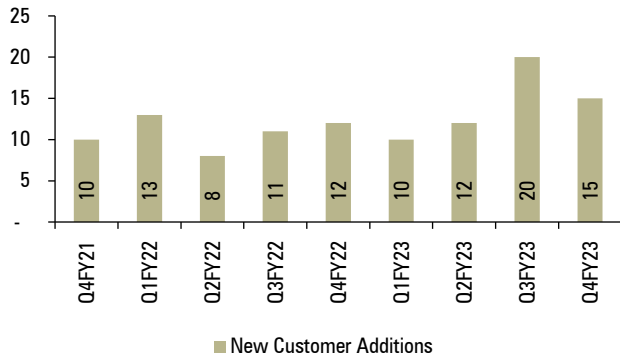
Source: Company, ICICI Direct Research

Exhibit 14: Revenue by GTMs



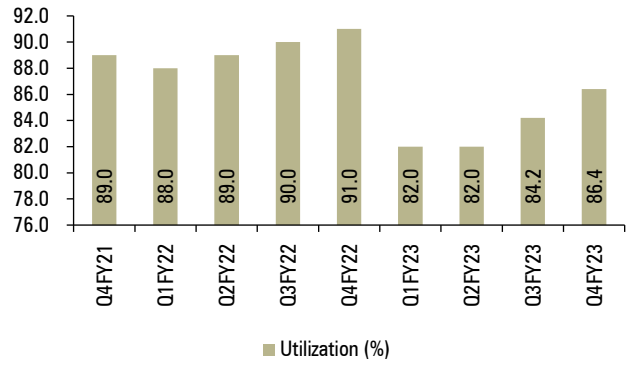
Source: Company, ICICI Direct Research

Exhibit 15: Client addition trend



Source: Company, ICICI Direct Research

Exhibit 16: Utilisation improves 220 bps in Q4



Source: Company, ICICI Direct Research

Financial summary

Exhibit 17: Profit and loss statement				
	₹ crore			
(Year-end March)	FY22	FY23	FY24E	FY25E
Total Revenues	5,553	7,449	9,667	11,999
Growth (%)	31.3	34.1	29.8	24.1
Total Operating Expenditure	5,090	6,845	8,908	11,043
EBITDA	464	604	759	956
Growth (%)	22.2	30.3	25.7	25.9
Depreciation & Amortization	47	59	97	96
Other Income	102	71	75	78
Interest costs	18	19	40	40
PBT before Exceptional Items	500	597	698	898
Growth (%)	42.1	19.4	16.8	28.7
Tax	124	145	160	207
PAT before Exceptional Items	376	452	537	691
Exceptional items	-	-	-	-
PAT before MI	376	452	537	691
Minority Int & Pft. from associates	-	-	-	-
PAT	376	452	537	691
Growth (%)	54	20	19	29
EPS	27.2	32.6	38.7	49.8
EPS (Growth %)	16	20	19	29

Source: Company, ICICI Direct Research

Exhibit 18: Cash flow statement				
	₹ crore			
(Year-end March)	FY22	FY23	FY24E	FY25E
Net profit before Tax	500	597	698	898
Depreciation & Amortization	47	59	97	96
WC changes	100	(177)	90	94
Other non cash adju.	(6)	(36)	(35)	(38)
Income taxes paid	(156)	(175)	(160)	(207)
CF from operations	486	268	689	844
Capital expenditure	(10)	(41)	(34)	(42)
Δ in investments	(126)	(852)	-	-
Other investing cash flow	17	38	75	78
CF from investing Activities	(119)	(855)	41	36
Issue of equity	-	-	-	-
Δ in debt funds/lease liabilities	(81)	421	(24)	(24)
Dividends paid	(187)	(232)	(322)	(415)
Other financing cash flow	(3)	(2)	(40)	(40)
CF from Financial Activities	(271)	187	(386)	(479)
Δ in cash and cash bank balance	96	(400)	343	401
Effect of exchange rate changes	(3)	(4)	-	-
Opening cash	641	770	730	1,074
Closing cash	770	730	1,074	1,475

Source: Company, ICICI Direct Research

Exhibit 19: Balance sheet				
	₹ crore			
(Year-end March)	FY22	FY23	FY24E	FY25E
Equity	10	14	14	14
Reserves & Surplus	1,089	1,287	1,502	1,778
Networth	1,099	1,301	1,516	1,792
Minority Interest	-	-	-	-
LT liabilities & provisions	166	588	588	588
Total Debt	38	494	494	494
Source of funds	1,303	2,382	2,597	2,873
Net fixed assets	206	635	596	566
Goodwill	221	1,098	1,098	1,098
Long term loans and advances	-	-	-	-
Other non current assets	188	209	267	328
Loans and advances	-	-	-	-
Inventories	3	29	37	46
Current Investments	145	206	206	206
Debtors	893	1,236	1,604	1,991
Cash & Cash equivalents	770	730	1,074	1,475
Other current assets	130	214	278	345
Current liabilities	1,223	1,944	2,523	3,131
Provisions	29	31	40	50
Net current assets	688	440	636	882
Application of funds	1,303	2,382	2,597	2,873

Source: Company, ICICI Direct Research

Exhibit 20: Key ratios				
	₹ crore			
(Year-end March)	FY22	FY23	FY24E	FY25E
Per share data (₹)				
EPS-diluted	27.2	32.6	38.7	49.8
Cash per share	55.5	52.6	77.4	106.3
BV	79.3	93.8	109.3	129.2
DPS	21.0	15.8	23.2	29.9
Operating Ratios (%)				
EBITDA Margin	8.4	8.1	7.9	8.0
Adjusted PBT Margin	9.0	8.0	7.2	7.5
Adjusted PAT Margin	6.8	6.1	5.6	5.8
Return Ratios (%)				
RoNW	34.2	34.7	35.4	38.6
RoCE	39.8	25.9	28.4	32.6
RoIC	107.1	37.7	50.3	72.1
Valuation Ratios (x)				
P/E	34.6	28.9	24.3	18.9
EV / EBITDA	26.2	20.8	16.1	12.4
Price to Book Value	11.9	10.0	8.6	7.3
EV/Total Revenues	2.2	1.7	1.3	1.0
MCap/Total Revenues	2.3	1.7	1.3	1.1
Turnover Ratios				
Debtor days	59	61	61	61
Creditors days	69	63	63	63
Solvency Ratios				
Debt/EBITDA	0.1	0.8	0.6	0.5
Total Debt / Equity	0.0	0.4	0.3	0.3
Current Ratio	1.5	1.2	1.2	1.3
Quick Ratio	1.5	1.2	1.2	1.3
Debt / EBITDA	0.1	0.8	0.6	0.5

Source: Company, ICICI Direct Research

RATING RATIONALE

ICICI Direct endeavours to provide objective opinions and recommendations. ICICI Direct assigns ratings to its stocks according to their notional target price vs. current market price and then categorizes them as Buy, Hold, Reduce and Sell. The performance horizon is two years unless specified and the notional target price is defined as the analysts' valuation for a stock

Buy: >15%

Hold: -5% to 15%;

Reduce: -15% to -5%;

Sell: <-15%



Pankaj Pandey

Head – Research

pankaj.pandey@icicisecurities.com

**ICICI Direct Research Desk,
ICICI Securities Limited,
Third Floor, Brillanto House,
Road No 13, MIDC,
Andheri (East)
Mumbai – 400 093
research@icicidirect.com**

ANALYST CERTIFICATION

I/We, Sameer Pardikar, MBA, Sujay Chavan, MMS, Research Analysts Research Analysts, authors and the names subscribed to this report, hereby certify that all of the views expressed in this research report accurately reflect our views about the subject issuer(s) or securities. We also certify that no part of our compensation was, is, or will be directly or indirectly related to the specific recommendation(s) or view(s) in this report. It is also confirmed that above mentioned Analysts of this report have not received any compensation from the companies mentioned in the report in the preceding twelve months and do not serve as an officer, director or employee of the companies mentioned in the report.

Terms & conditions and other disclosures:

ICICI Securities Limited (ICICI Securities) is a full-service, integrated investment banking and is, inter alia, engaged in the business of stock brokering and distribution of financial products.

ICICI Securities is Sebi registered stock broker, merchant banker, investment adviser, portfolio manager and Research Analyst. ICICI Securities is registered with Insurance Regulatory Development Authority of India Limited (IRDAI) as a composite corporate agent and with PFRDA as a Point of Presence. ICICI Securities Limited Research Analyst SEBI Registration Number – INH00000990. ICICI Securities Limited SEBI Registration is INZ000183631 for stock broker. Registered Office Address: ICICI Venture House, Appasaheb Marathe Marg, Prabhadevi, Mumbai - 400 025. CIN: L67120MH1995PLC086241, Tel: (91 22) 6807 7100. ICICI Securities is a subsidiary of ICICI Bank which is India's largest private sector bank and has its various subsidiaries engaged in businesses of housing finance, asset management, life insurance, general insurance, venture capital fund management, etc. ("associates"), the details in respect of which are available on www.icicibank.com.

Investments in securities market are subject to market risks. Read all the related documents carefully before investing.

Registration granted by Sebi and certification from NISM in no way guarantee performance of the intermediary or provide any assurance of returns to investors. None of the research recommendations promise or guarantee any assured, minimum or risk-free return to the investors.

Name of the Compliance officer (Research Analyst): Mr. Anoop Goyal

Contact number: 022-40701000 E-mail Address: complianceofficer@icicisecurities.com

For any queries or grievances: Mr. Prabodh Avadhoot **Email address:** headservicequality@icicidirect.com Contact Number: 18601231122

ICICI Securities is one of the leading merchant bankers/ underwriters of securities and participate in virtually all securities trading markets in India. We and our associates might have investment banking and other business relationship with a significant percentage of companies covered by our Investment Research Department. ICICI Securities and its analysts, persons reporting to analysts and their relatives are generally prohibited from maintaining a financial interest in the securities or derivatives of any companies that the analysts cover.

Recommendation in reports based on technical and derivative analysis centre on studying charts of a stock's price movement, outstanding positions, trading volume etc as opposed to focusing on a company's fundamentals and, as such, may not match with the recommendation in fundamental reports. Investors may visit icicidirect.com to view the Fundamental and Technical Research Reports.

Our proprietary trading and investment businesses may make investment decisions that are inconsistent with the recommendations expressed herein.

ICICI Securities Limited has two independent equity research groups: Institutional Research and Retail Research. This report has been prepared by the Retail Research. The views and opinions expressed in this document may or may not match or may be contrary with the views, estimates, rating, and target price of the Institutional Research.

The information and opinions in this report have been prepared by ICICI Securities and are subject to change without any notice. The report and information contained herein is strictly confidential and meant 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 prior written consent of ICICI Securities. While we would endeavour to update the information herein on a reasonable basis, ICICI Securities is under no obligation to update or keep the information current. Also, there may be regulatory, compliance or other reasons that may prevent ICICI Securities from doing so. Non-rated securities indicate that rating on a particular security has been suspended temporarily and such suspension is in compliance with applicable regulations and/or ICICI Securities policies, in circumstances where ICICI Securities might be acting in an advisory capacity to this company, or in certain other circumstances.

This report is based on information obtained from public sources and sources believed to be reliable, but no independent verification has been made nor is its accuracy or completeness guaranteed. This report and information herein is solely for informational purpose and shall not be used or considered as an offer document or solicitation of offer to buy or sell or subscribe for securities or other financial instruments. Though disseminated to all the customers simultaneously, not all customers may receive this report at the same time. ICICI Securities will not treat recipients as customers by virtue of their receiving this report. Nothing in this report constitutes investment, legal, accounting and tax advice or a representation that any investment or strategy is suitable or appropriate to your specific circumstances. The securities discussed and opinions expressed in this report may not be suitable for all investors, who must make their own investment decisions, based on their own investment objectives, financial positions and needs of specific recipient. This may not be taken in substitution for the exercise of independent judgment by any recipient. The recipient should independently evaluate the investment risks. The value and return on investment may vary because of changes in interest rates, foreign exchange rates or any other reason. ICICI Securities accepts no liabilities whatsoever for any loss or damage of any kind arising out of the use of this report. Past performance is not necessarily a guide to future performance. Investors are advised to see Risk Disclosure Document to understand the risks associated before investing in the securities markets. Actual results may differ materially from those set forth in projections. Forward-looking statements are not predictions and may be subject to change without notice.

ICICI Securities or its associates might have managed or co-managed public offering of securities for the subject company or might have been mandated by the subject company for any other assignment in the past twelve months.

ICICI Securities or its associates might have received any compensation from the companies mentioned in the report during the period preceding twelve months from the date of this report for services in respect of managing or co-managing public offerings, corporate finance, investment banking or merchant banking, brokerage services or other advisory service in a merger or specific transaction.

ICICI Securities or its associates might have received any compensation for products or services other than investment banking or merchant banking or brokerage services from the companies mentioned in the report in the past twelve months.

ICICI Securities encourages independence in research report preparation and strives to minimize conflict in preparation of research report. ICICI Securities or its associates or its analysts did not receive any compensation or other benefits from the companies mentioned in the report or third party in connection with preparation of the research report. Accordingly, neither ICICI Securities nor Research Analysts and their relatives have any material conflict of interest at the time of publication of this report.

Compensation of our Research Analysts is not based on any specific merchant banking, investment banking or brokerage service transactions.

ICICI Securities or its subsidiaries collectively or Research Analysts or their relatives do not own 1% or more of the equity securities of the Company mentioned in the report as of the last day of the month preceding the publication of the research report.

Since associates of ICICI Securities and ICICI Securities as a entity are engaged in various financial service businesses, they might have financial interests or actual/beneficial ownership of one percent or more or other material conflict of interest various companies including the subject company/companies mentioned in this report.

ICICI Securities may have issued other reports that are inconsistent with and reach different conclusion from the information presented in this report.

Neither the Research Analysts nor ICICI Securities have been engaged in market making activity for the companies mentioned in the report.

We submit that no material disciplinary action has been taken on ICICI Securities by any Regulatory Authority impacting Equity Research Analysis activities.

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 ICICI Securities and affiliates 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 document may come are required to inform themselves of and to observe such restriction.