

# IT Services

## A period of multiple headwinds

### Summary

In the last three months, BSE IT index (+31.4%) has performed largely in-line with BSE SENSEX (30.6%). There have been near-term headwinds on growth due to the impact of the Covid-19 pandemic. However, the sector's track record of dealing with headwinds, strong FCF profile, payouts (dividend/buyback) and corporate governance has augured well with robust FII flows and performance of broader markets.

Q1FY21 has been another quarter of currency volatility – cross-currency movement (negative for reported US\$ revenue growth) and INR depreciation (positive on EBIT margin). However, this has been overshadowed by QoQ decline in revenue (in CC) and subsequent impact on EBIT margin. We forecast Larsen & Toubro Infotech (LTI) to have one of the least impact on revenue and expect it to report a QoQ improvement in EBIT margin, unlike others.

Amongst the large-caps, we forecast revenue decline of between 5.3% and 8.8% QoQ in CC terms and decline in EBIT to the extent of 3.4% to 17% QoQ. We expect companies to wait for one more quarter to resume giving guidance. However, we would watch out for their commentary across verticals, EBIT margin outlook for rest of FY21 and on client feedback for structural changes in service delivery.

#### ■ Q1FY21 – Expect QoQ revenue decline of 5.3%-8.8% in CC for large-caps

We forecast Infosys (INFO) to report a QoQ decline of 5.3% and Tech Mahindra (TECHM) to report a 8.8% QoQ decline. We forecast cross-currency headwind of 35bps to 65bps.

#### ■ Q1FY21 EBIT margin – forecast QoQ decline of 45bps to 185bps

The QoQ revenue decline would be the biggest headwind for EBIT margin which would be offset by INR depreciation, lower travel costs, cost optimization initiatives and no CSR spend as in Q4. We forecast HCLT Technologies to see an 185bps QoQ decline in EBIT margin to 19% post a strong beat in Q4FY20

#### ■ Expect LTI to again put-up a best-in-class show

We forecast LTI to report a CC revenue decline of 4% QoQ. We expect it to be one of the few companies to report QoQ improvement in EBIT margin of 45bps QoQ to 17.1%. We also expect it to announce at least 1 large deal.

#### ■ Focus would be on:

- **Outlook:** Expect companies to take one more quarter to resume giving guidance
  - 1) On verticals like Manufacturing, Retail and ENU which have been hit the most in Q1FY21; 2) Also, on other verticals; 3) Update on client interactions and assessment of impact on IT spend due to Covid-19 pandemic especially on the pricing environment.
  - Outlook on EBIT margin
  - Outlook on receivables days
- Large deal wins, their ramp-up and growth in large clients
- Client feedback on structural change in service delivery
- Commentary on M&A and capital allocation

### Exhibit: Valuation snapshot

Companies	CMP	TP	Recommendation	Mkt Cap (Rs mn)	Revenue (Rs mn)		EPS (Rs)		P/E (x)		EV/EBITDA (x)		RoE (%)	RoCE (%)
	(Rs)	(Rs)			FY21E	FY22E	FY21E	FY22E	FY21E	FY22E	FY21E	FY22E	FY22E	FY22E
Tata Consultancy Services	2,199	1,763	HOLD	8,251,495	1,593,880	1,741,555	84.2	92.8	26.1	23.7	18.6	16.6	35.7	43.2
Infosys	763	678	HOLD	3,248,032	936,412	1,038,101	37.5	42.4	20.4	18.0	13.3	11.6	24.3	28.8
HCL Technologies	579	533	HOLD	1,571,212	722,371	774,478	39.1	44.4	14.8	13.0	9.3	7.6	20.6	24.5
Wipro	225	189	HOLD	1,284,034	602,350	637,000	14.6	15.8	15.4	14.2	9.2	8.2	14.7	12.7
Tech Mahindra	567	537	HOLD	547,823	360,716	394,563	37.8	48.9	15.0	11.6	8.9	6.5	16.9	14.9
Larsen & Toubro Infotech	1,977	1,768	HOLD	344,411	118,602	135,042	85.0	110.5	23.3	17.9	13.9	10.8	28.2	36.9
Cyient	267	272	BUY	29,357	38,316	41,614	26.3	33.9	10.1	7.9	3.7	2.8	13.9	13.0

Source: IDBI Capital Research

## Exhibit: Estimates

(Rs mn)

Company		June 20	Mar 20	June 19	QoQ %	YoY %	Comments
TCS	Revenue (US\$ mn)	5,165	5,444	5,485	(5.1)	(5.8)	<ul style="list-style-type: none"> <li>■ We forecast revenue to decline by 6.5% and cross-currency impact of -65bps.</li> <li>■ We forecast EBIT margin to decline by 85bps QoQ with headwinds from decline in revenue offset by INR depreciation, lower travel cost, lower variable payout and operational efficiencies.</li> <li>■ <b>Would watch for:</b> 1) Update on client interactions on FY21 outlook especially in key verticals - BFSI, Retail &amp; CPG and Manufacturing; 2) TCV of deal wins - likely to be much lower than US\$8.9 bn in Q4FY20; 3) Commentary on pricing, deal closures and deal pipelines; 4) Commentary on client feedback on TCS structural change in work-from-home strategy; 5) Outlook on EBIT margin; 6) DSO and outlook for rest of FY21; 7) Growth in Digital services and outlook amid the slowdown; 8) Commentary on attrition and 9) Outlook on capital allocation.</li> </ul>
	Revenue (Rs mn)	391,896	399,460	381,720	(1.9)	2.7	
	EBIT (Rs mn)	95,073	100,250	92,200	(5.2)	3.1	
	EBIT margin (%)	24.3	25.1	24.2	(84)	11	
	Net profit (Rs mn)	77,672	80,490	81,310	(3.5)	(4.5)	
	EPS (Rs)	20.7	21.5	21.7	(3.5)	(4.5)	
Infosys	Revenue (US\$ mn)	3,015	3,197	3,131	(5.7)	(3.7)	<ul style="list-style-type: none"> <li>■ We forecast revenue to decline by 5.3% QoQ in CC and cross-currency headwind of 35bps.</li> <li>■ We expect EBIT margin to decline by 45bps QoQ to 20.7% which would have been higher but for -50bps impact in Q4FY20 due to provisions for receivables and higher CSR spend.</li> <li>■ <b>Would watch for:</b> 1) FY21 guidance - we expect INFO to take one more quarter for resumption of annual guidance; 2) Update on client interactions and commentary of impact on IT spend due to Covid-19 pandemic across all verticals for rest of FY21; 3) Large deal wins (expect TCV of less than US\$1bn) and pipeline/pricing environment; 4) Outlook on EBIT margin in the current uncertainty; 5) Attrition level and commentary on reducing the same; 6) Feedback of clients on INFO's plans for structural changes in delivery model; and 7) Commentary on capital allocation..</li> </ul>
	Revenue (Rs mn)	228,750	232,670	218,030	(1.7)	4.9	
	EBIT (Rs mn)	47,459	49,270	44,710	(3.7)	6.1	
	EBIT margin (%)	20.7	21.2	20.5	(43)	24	
	Net profit (Rs mn)	39,954	43,210	37,980	(7.5)	5.2	
	EPS (Rs)	9.4	10.2	8.8	(7.5)	6.7	
Wipro	Revenue (US\$ mn)	1,958	2,143	2,103	(8.6)	(6.9)	<ul style="list-style-type: none"> <li>■ We forecast IT services revenue to decline by 8% QoQ in CC. We factor cross currency tailwind of ~45bps.</li> <li>■ We forecast EBIT margin to decline by 65bps QoQ impacted by revenue decline partly offset by INR depreciation, lower travel cost and cost optimisation.</li> <li>■ <b>Would watch for:</b> 1) Timeline for Mr Thierry Delaporte's strategy for reviving WPRO's growth; 2) Q2FY21 guidance – we expect WPRO wait for one more quarter for providing quarterly guidance; 3) Update on client interactions and assessment of impact on IT spend due to Covid-19 pandemic across verticals - especially BFSI, Consumer business unit and ENU; 4) Commentary on EBIT margin and 5) Outlook on capital allocation.</li> </ul>
	Revenue (Rs mn)	147,815	157,110	147,161	(5.9)	0.4	
	EBIT (Rs mn)	22,583	25,001	23,816	(9.7)	(5.2)	
	EBIT margin (%)	15.3	15.9	16.2	(64)	(91)	
	Net profit (Rs mn)	21,406	23,260	23,874	(8.0)	(10.3)	
	EPS (Rs)	3.8	4.1	4.0	(8.0)	(5.3)	

Company		June 20	Mar 20	June 19	QoQ %	YoY %	Comments
HCLT	Revenue (US\$ mn)	2,335	2,543	2,364	(8.2)	(1.2)	<ul style="list-style-type: none"> <li>■ We forecast CC revenue decline of 7.8% QoQ and cross-currency headwind of ~40bps.</li> <li>■ We expect EBIT margin to decline by 185bps QoQ impacted by decline in utilisation and lower product sales partly off-set by INR depreciation, lower travel cost and cost optimisation.</li> <li>■ <b>Would watch for:</b> 1) FY21 guidance - We expect HCLT to wait for one more quarter for providing annual guidance; 2) Update on client interactions and assessment of impact on IT spend due to Covid-19 pandemic across all verticals and for Mode 1/2/3 solutions; 3) Commentary on deal pipeline and pricing; 4) Commentary on products business for FY21; 5) Commentary on structural change in delivery model and outlook on EBIT margin and 6) Commentary on Capital allocation.</li> </ul>
	Revenue (Rs mn)	177,146	185,900	164,250	(4.7)	7.9	
	EBIT (Rs mn)	33,733	38,810	28,050	(13.1)	20.3	
	EBIT margin (%)	19.0	20.9	17.1	(183)	196	
	Net profit (Rs mn)	26,297	31,530	22,200	(16.6)	18.5	
	EPS (Rs)	9.7	11.6	8.2	(16.6)	18.4	
TechM	Revenue (US\$ mn)	1,174	1,295	1,247	(9.3)	(5.9)	<ul style="list-style-type: none"> <li>■ We forecast CC revenue decline of ~8.8% QoQ despite factoring +100bps benefit from consolidation of Cerium Systems and Zen3 Infosolutions. We factor cross-currency headwind of ~55bps.</li> <li>■ We expect EBIT margin to decline by ~120bps QoQ impacted by decline in utilisation which would offset the benefit from INR depreciation, lower travel cost and cost control.</li> <li>■ <b>Would watch for:</b> 1) Large deal wins (expect TCV of US\$250mn to US\$300mn); 2) Update client acceptance of change in work-from-home; 3) Update on client interactions and assessment of impact on IT spend due to Covid-19 pandemic across all verticals especially on 5G deals in H2; 4) Outlook on EBIT margin; 5) Outlook on attrition; 6) M&amp;A and capital allocation.</li> </ul>
	Revenue (Rs mn)	89,072	94,902	86,530	(6.1)	2.9	
	EBIT (Rs mn)	7,846	9,496	9,928	(17.4)	(21.0)	
	EBIT margin (%)	8.8	10.0	11.5	(120)	(266)	
	Net profit (Rs mn)	7,538	10,214	9,593	(26.2)	(21.4)	
	EPS (Rs)	8.7	11.7	11.0	(26.2)	(21.5)	
L & T Infotech	Revenue (US\$ mn)	390.8	409.9	356.5	(4.7)	9.6	<ul style="list-style-type: none"> <li>■ We forecast CC revenue decline of 4% QoQ and cross currency headwind of ~70bps QoQ.</li> <li>■ We forecast EBIT margin to improve by 45bps QoQ remain stable QoQ and remain stable QoQ adjusted for higher CSR. We expect headwinds from revenue decline to offset by lower travel cost and operational efficiency.</li> <li>■ <b>Would watch for:</b> 1) Expect LTI to announce atleast 1 large deal; 2) Update on client interactions and assessment of impact on IT spend due to Covid-19 pandemic across all verticals; 2) Commentary on large-deals pipeline, closures and pricing; 3) Outlook on 14-15% NPM in the current scenario; 4) Commentary on attrition, receivables; 5) Outlook on payout for FY21; 6) Update on joint go-to-market with Mindtree.</li> </ul>
	Revenue (Rs mn)	29,649	30,119	24,849	(1.6)	19.3	
	EBIT (Rs mn)	5,084	5,033	3,968	1.0	28.1	
	EBIT margin (%)	17.1	16.7	16.0	44	118	
	Net profit (Rs mn)	3,760	4,267	3,558	(11.9)	5.7	
	EPS (Rs)	21.6	24.5	20.5	(11.9)	5.3	

Company		June 20	Mar 20	June 19	QoQ %	YoY %	Comments
CYIENT	Revenue (US\$ mn)	126.1	149.2	156.6	(15.5)	(19.5)	<ul style="list-style-type: none"> <li>■ We forecast services revenue (in US\$) to decline by 19% QoQ and 18.5% QoQ in CC. We forecast DLM revenue of US\$19 mn vs. US\$16.9 mn QoQ.</li> <li>■ We forecast EBIT margin to decline sharply by 500bps QoQ mainly driven by severance cost. We also expect ~200bps due to the impact decline in services revenue and higher share of DLM.</li> <li>■ <b>Would watch for:</b> 1) Update on client interactions and assessment of impact on IT spend due to Covid-19 pandemic across all verticals; 2) Commentary on client feedback on structural change in service delivery; 3) Outlook on EBIT margin post the cost-control measures taken by the company; 4) Outlook on attrition; and 5) M&amp;A pipeline and commentary on capital deployment..</li> </ul>
	Revenue (Rs mn)	9,333	10,736	10,890	(13.1)	(14.3)	
	EBIT (Rs mn)	319	905	1,005	(64.7)	(68.2)	
	EBIT margin (%)	3.4	8.4	9.2	(501)	(580)	
	Net profit (Rs mn)	639	754	905	(15.2)	(29.3)	
	EPS (Rs)	5.8	6.9	8.0	(15.2)	(27.4)	

Source: IDBI Capital Research; Note: data for EBITDA Margin YOY and QOQ is in bps.

#### Exhibit: Stock price performance

Change (%)	1-mnth	3-mnth	6-mnth	1-yr	YTD
SENSEX	5.6	30.6	(13.1)	(9.6)	(12.7)
BSE IT	7.4	31.4	(1.9)	(1.1)	0.0
TCS	7.5	32.9	(0.1)	(1.7)	1.7
INFO	8.7	30.2	2.2	4.3	4.3
WPRO	6.3	24.8	(10.4)	(20.6)	(8.6)
HCLT	2.8	43.0	(1.0)	10.0	1.9
TECHM	2.6	8.9	(26.8)	(19.1)	(25.6)
LTI	7.0	46.0	9.1	14.0	13.0
Cyient	27.6	18.2	(38.7)	(50.6)	(34.8)

Source: Bloomberg

**Exhibit: Cross-currency movement trend**

Currency	Details	Q2FY19	Q3FY19	Q4FY19	Q1FY20	Q2FY20	Q3FY20	Q4FY20	Q1FY21
USD/INR	Average	70.0	72.1	70.5	69.6	70.3	71.2	72.4	75.9
	QoQ	4.5	2.9	(2.2)	(1.3)	1.1	1.3	1.6	4.8
	Closing	72.5	69.8	69.2	69.0	70.9	71.4	75.5	75.5
	QoQ	5.9	(3.8)	(0.9)	(0.2)	2.7	0.7	5.8	(0.0)
GBP/USD	Average	1.3	1.3	1.3	1.3	1.2	1.3	1.3	1.2
	QoQ	(4.2)	(1.3)	1.3	(1.3)	(4.1)	4.5	(0.6)	(3.0)
	Closing	1.3	1.3	1.3	1.3	1.2	1.3	1.2	1.2
	QoQ	(1.3)	(2.1)	2.2	(2.6)	(3.2)	7.9	(6.3)	(0.2)
EUR/USD	Average	1.2	1.1	1.1	1.1	1.1	1.1	1.1	1.1
	QoQ	(2.4)	(1.9)	(0.4)	(1.1)	(1.1)	(0.4)	(0.4)	(0.1)
	Closing	1.2	1.1	1.1	1.1	1.1	1.1	1.1	1.1
	QoQ	(0.7)	(1.2)	(2.2)	1.4	(4.2)	2.9	1.1	1.1
AUD/USD	Average	0.7	0.72	0.71	0.70	0.69	0.68	0.66	0.66
	QoQ	(3.3)	(2.0)	(0.6)	(1.7)	(2.1)	(0.2)	(3.7)	(0.1)
	Closing	0.7	0.7	0.7	0.7	0.7	0.7	0.6	0.7
	QoQ	(2.4)	(2.4)	0.7	(1.1)	(3.8)	4.0	(12.7)	12.6

Source: Bloomberg



# Notes

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

## Key to Ratings Stocks:

**BUY:** Absolute return of 15% and above; **ACCUMULATE:** 5% to 15%; **HOLD:** Upto  $\pm 5\%$ ; **REDUCE:** -5% to -15%; **SELL:** -15% and below.

## IDBI Capital Markets & Securities Ltd.

### Equity Research Desk

6th Floor, IDBI Tower, WTC Complex, Cufee 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, Urnil Shah and Jayalaxmi Gupta, 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 our 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. (hereinafter 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.economicstimes.indiatimes.com/markets/stocks/stock-quotes](http://www.economicstimes.indiatimes.com/markets/stocks/stock-quotes).