



## Sify Technologies Limited Sponsored ADR (SIFY)

**Raise Target To \$6 (From \$5); 4Q:F21 Revenue And EBITDA Beat Expectations As Accelerating Digital Transformation, Cloud Adoption Is Driving Strong Demand For Sify's ICT Services**

	F2020		F2021		F2022E		F2023E	
		OLD	NEW	OLD	NEW	OLD	NEW	
June	\$0.02	\$0.01A		\$0.02	\$0.01	\$0.02	\$0.03	
Sep.	0.02	0.02A		0.02		0.02	0.03	
Dec.	0.01	0.02A		0.02	0.03	0.03	0.04	
Mar.	0.01	0.02	0.03A	0.03		0.04		
EPS (FY)	\$0.06	\$0.08	\$0.09	\$0.10	\$0.09	\$0.12	\$0.13	
EPS (Cal.)	\$0.07	\$0.09E		\$0.11	\$0.13			
P/E (FY)					32.7x		22.6x	
P/E (Cal.)		32.7x			22.6x			
EBITDA (mil)	\$62.70	\$75.30	\$78.20A	\$82.50	\$85.40	\$91.50	\$98.80	
EV / EBITDA					7.0x		6.1x	

Note: NR = Not Rated. Risk Ratings: H = Highly risky; M = Moderately risky. F2020-F2023E EPS estimates assume a fully diluted share count of 178 million shares, constant currency USD/INR exchange rate of 65. Sum of quarterly data may not equal full-year total due to rounding and/or changes in share count. NC = Not covered by Sidoti & Company, LLC. \*EPS including amortization expense.

Year	F2014	F2015	F2016	F2017	F2018	F2019	F2020	F2021	F2022E	F2023E
Rev.(Mil.)	\$160.9	\$197.9	\$231.3	\$283.6	\$318.2	\$331.5	\$353.1	\$374.1	\$413.5	\$460.9
GAAP EPS	\$0.03	\$0.03	\$0.04	\$0.06	\$0.08	\$0.09	\$0.06	\$0.09	\$0.09	\$0.13

Description: Sify Technologies Ltd., (www.sifytechnologies.com) is one of the largest integrated Information & Communication Technology (ICT) solutions and services companies in India, offering end-to-end solutions over a common telecom data network infrastructure. Sify's network reaches more than 1,550 cities in India and connects 45 data centers, including six owned Tier 3 data centers. Headquarters are in Chennai, India.

- Sify ended F2021 on a strong note with revenue rising 19.6% to \$105.5 million, topping our \$98.1 million estimate.
- Management continued its track record of driving operating leverage as continued spending discipline led to an EBITDA gain of 40% to \$22.4 million, which also beat our \$19.4 million estimate.
- As evident in Sify's strong growth this quarter, the pandemic is accelerating the digital transformation and cloud adoption of businesses in India.
- Although the second wave of COVID now impacting India could create some challenges for Sify, the long-term outlook for growth remains strong and much like F2021, we would expect growth to quickly reaccelerate at the economy reopens.
- Given the strong demand trends and the company's solid EBITDA growth, management intends to continue adding data center capacity in F2022 and increase spending on headcount and tools to enhance the company's digital capabilities.
- Balancing the added spending and our positive outlook for growth, we raise our F2022 and F2023 revenue estimates to \$413.5 million (from \$404.7 million) and \$460.9 million (from \$441.7 million), respectively. We also increase our EBITDA estimates to \$85.4 million (from \$82.5 million) and \$98.8 million (from \$91.5 million).
- SIFY stock trades at just 6x our new F2023 EBITDA estimate, a significant discount to the peer group range of 8x-12x estimated 12-month forward EBITDA.
- We raise our price target to \$6 (from \$5), which is based on 12x our new F2023 EBITDA estimate of \$98.8 million, less projected net debt of \$130 million. The \$6 price target also implies 46x our new F2023 EPS estimate of \$0.13.
- Given the company's growth potential and modest leverage of 1.0x net debt-to-TTM EBITDA, we maintain our Moderately Risky rating.

**NR**

Price Target: \$6

Price: \$2.94

Risk Rating: M

**Gregory Burns**  
(212) 894-3317  
(gburns@sidoti.com)

### Key Statistics

Analysts Covering	1
Market Cap (Mil)	\$530
Enterprise Value	\$602
52-Week Range (NASDAQ)	6-1
5-Year EPS CAGR	20%
Avg. Daily Trading Volume	1,794,00
Shares Out (Mil)	179.223
Float Shares (Mil)	24.1
Insider Ownership	86%
Institutional Holdings	1%
Annualized Dividend	Nil
Dividend Yield	N/A
FCF Per Share (F2023E)	\$0.00
FCF Yield (F2023E)	0.0%
Net Cash Per Share (F2023E)	(\$0.72)
Price to Book Value	3.2x
Return on Equity (F2023E)	7.4%
Total Debt to Capital	41%
Interest Coverage Ratio	2.7x
Short Interest %	N/A%
Short Interest Days To Cover	4.0
Russell 2000	2,267
Russell 2000 – Last 12 Months	77.5%
SIFY – Last 12 Months	197.9%



**Demand for Sify's Data Center Centric services remains strong as 3Q:F21 revenue topped our forecast.** The pandemic is still pressuring some areas of Sify's business, mainly its Network and Application integration services, but growth in the company's Data Center Centric services has accelerated throughout F2021 as the pandemic is accelerating the digital transformation and cloud adoption of businesses in India. As a result, revenue growth accelerated in 3Q:F21, with sales rising 19.6% to \$105.5 million, exceeding our \$98.1 million estimate. The growing demand for Sify's services was evident this quarter when revenue from Data Center Centric IT services increased 47%. By business line, Sify's Data Center, Cloud and Technology Integration Services grew 49% and 15% respectively, on par with our estimates. However, growth in Sify's Technology Integration Services far exceeded our forecast with revenue rising 95%, as compared with the 17% growth we projected. This project dependent portion of Sify's business was one of the hardest hit during the pandemic as spending was delayed and sales cycles extended. That said, the strong rebound in 4Q:F21 shows the pandemic created a timing issue, demand has not slowed, and once businesses are able to, they are moving forward with their digital and cloud investments. The two areas of Sify's business that continue to be pressured by the pandemic are the Network Services and Applications Integration Services segments, which declined 3.5% and 4% respectively; both were in line with our expectations.

**EBITDA in 4Q:F21 also came in above our expectations.** The gross margin widened 90 basis points to 41.5% as compared with our 38.2% forecast. This is a strong result considering the relative growth of the typically lower margin Technology Integration Services in the quarter. Management has a good track record of driving profitable growth and delivering solid leverage on the gains. This quarter was no different where EBITDA increased 40% to \$22.4 million, handily topping our \$19.4 million estimate. Net income increased 171%, aided by a reduction in interest expense. As a result, EPS increased to \$0.03 from \$0.01 a year ago, topping our \$0.02 estimate.

Exhibit 1: Sify Technologies Preview						
	<u>4Q:F21E</u>	<u>4Q:F21A</u>	<u>Var</u>	<u>4Q:F20A</u>	<u>4Q:F21A</u>	<u>% Change</u>
Total revenue	\$98.1	105.5	7.4	\$88.2	105.5	19.6%
Gross Profit	37.5	43.8	6.3	34.9	43.8	25.5%
(%)	38.2%	41.5%		39.6%	41.5%	
EBITDA	19.4	22.4	3.0	16.0	22.4	40.0%
(%)	19.8%	21.2%		18.1%	21.2%	
Diluted EPS	\$0.02	\$0.03	\$0.01	\$0.01	\$0.03	170.0%

Sources: Sidoti & Company, LLC estimates and company filings

**Sify's business has been resilient through the pandemic.** India is now facing a second wave of COVID infections and lockdown measures. While this could slow Sify's growth for a quarter or two, we think the long-term outlook for growth remains as strong as ever. We think F2021 is instructive: Here revenue declined 5% in 1Q:F21 but then grew 2%, 7% and 20% in the successive quarters. We think any near-term slowdown caused by the second wave of Covid will be met with a similar resurgence in demand as the economy reopens. India is in the early innings of a digital transformation and Sify's data center cloud and network services are at the center of enabling this transformation, so while COVID can create some headwinds for Sify, ultimately, it is accelerating the secular technology trends that are driving demand for the company's services.

<b>Valuation</b>	<b>We raise our price target to \$6 (from \$5) on SIFY shares.</b> While the pandemic is curbing economic growth in the near term, it does not change the long-term digital transformation of India's economy. We think Sify will likely be a primary beneficiary of this transformation. With the stock trading at 6.1x our projections on a F2023 EV/EBITDA basis, SIFY is valued at a significant discount to peers in the India Telecom and application and technology integration markets, that trade in a range of 8x-12x EV/EBITDA. Given Sify's growth potential, we think the stock deserves to trade at the high-end of the peer group range. Our \$6 price target is based on 12x our F2023 EBITDA estimate of \$98.8 million (up from \$91.5 million), less projected net debt of \$130 million, to yield \$1,055 million, or \$5.89 on a per share basis. Given the company's growth potential and modest leverage, we maintain a Moderately Risky rating.		
<b>Key Risks</b>	Foreign exchange	Concentrated ownership	

## SIFY TECHNOLOGIES LIMITED SPONSORED ADR

**Table 1: Sify Technologies Ltd., Income Statement**

(Dollars in millions except where noted)

	F2020	Jun	Sep	Dec	Mar	F2021	JunE	SepE	DecE	MarE	F2022E	JunE	SepE	DecE	MarE	F2023E
Total revenue	353.1	80.9	90.8	96.9	105.5	374.1	93.5	97.7	104.5	117.8	413.5	107.4	111.1	114.6	127.9	460.9
COGS	221.4	47.7	56.1	60.6	61.7	226.1	55.2	58.0	62.4	72.3	247.9	63.9	66.6	68.6	78.4	277.5
Gross profit	131.7	33.2	34.6	36.4	43.8	148.0	38.3	39.8	42.1	45.4	165.6	43.5	44.5	46.0	49.5	183.4
SG&A	69.0	15.4	16.4	16.5	21.4	69.8	19.5	19.5	19.9	21.2	80.1	20.4	21.4	20.4	22.4	84.6
EBITDA	62.7	17.7	18.3	19.9	22.4	78.2	18.7	20.2	22.2	24.2	85.4	23.1	23.1	25.6	27.1	98.8
D&A	35.2	10.1	10.3	10.9	12.3	43.6	11.8	11.9	12.0	12.2	48.0	12.5	12.7	12.8	13.0	51.0
EBIT	27.5	7.6	8.0	8.9	10.0	34.6	6.9	8.3	10.2	12.0	37.4	10.6	10.4	12.7	14.1	47.8
Interest and other expense (income)	13.2	3.6	2.2	3.3	3.0	12.2	4.0	4.0	4.0	4.0	16.0	4.0	4.0	4.0	4.0	16.0
Other expense (income)	(1.4)	(0.1)	(0.5)	(0.6)	(1.0)	(2.2)	(0.5)	(0.5)	(0.5)	(0.5)	(2.2)	(0.5)	(0.5)	(0.5)	(0.5)	(2.2)
EBT	15.7	4.1	6.4	6.2	8.0	24.6	3.4	4.9	6.7	8.6	23.6	7.1	7.0	9.3	10.6	34.0
Taxes	4.8	1.4	2.4	2.3	2.4	8.5	1.0	1.5	2.0	2.6	7.1	2.1	2.1	2.8	3.2	10.2
Net income	10.8	2.6	4.0	3.9	5.6	16.1	2.4	3.4	4.7	6.0	16.5	5.0	4.9	6.5	7.4	23.8
EPS - diluted	\$0.06	\$0.01	\$0.02	\$0.02	\$0.03	\$0.09	\$0.01	\$0.02	\$0.03	\$0.03	\$0.09	\$0.03	\$0.03	\$0.04	\$0.04	\$0.13
Dividend	\$0.02	-	-	-	-	\$0.02	-	-	-	-	\$0.02	-	-	-	-	\$0.02
Shares outstanding - diluted	178.0	178.0	178.0	178.0	178.0	178.0	178.0	178.0	178.0	178.0	178.0	178.0	178.0	178.0	178.0	178.0
<b>Margins</b>																
Gross margin	37.3%	41.0%	38.2%	37.5%	41.5%	39.6%	40.9%	40.7%	40.3%	38.6%	40.0%	40.5%	40.1%	40.1%	38.7%	39.8%
EBITDA	17.8%	21.9%	20.2%	20.5%	21.2%	20.9%	20.0%	20.7%	21.3%	20.6%	20.7%	21.5%	20.8%	22.3%	21.2%	21.4%
Operating margin	7.8%	9.4%	8.8%	9.2%	9.5%	9.3%	7.4%	8.5%	9.7%	10.2%	9.0%	9.9%	9.4%	11.1%	11.0%	10.4%
Net margin	3.1%	3.3%	4.4%	4.0%	5.3%	4.3%	2.6%	3.5%	4.5%	5.1%	4.0%	4.6%	4.4%	5.7%	5.8%	5.2%
<b>Growth YoY</b>																
<b>YoY</b>																
Total revenue	6.5%	(4.7%)	1.6%	7.0%	19.6%	6.0%	15.5%	7.7%	7.8%	11.6%	10.5%	14.9%	13.6%	9.6%	8.6%	11.5%
Gross profit	8.2%	9.6%	4.4%	9.4%	25.4%	12.4%	15.4%	14.8%	15.6%	3.7%	11.9%	13.6%	11.9%	9.3%	8.9%	10.8%
EBITDA	30.6%	31.9%	12.1%	17.0%	40.0%	24.8%	5.6%	10.6%	11.8%	8.4%	9.2%	23.1%	14.0%	15.2%	11.9%	15.7%
EBIT	30.6%	31.9%	12.1%	17.0%	40.0%	24.8%	5.6%	10.6%	11.8%	8.4%	9.2%	23.1%	14.0%	15.2%	11.9%	15.7%
EPS	(34.2%)	(20.4%)	34.6%	53.7%	171.1%	48.1%	(9.0%)	(14.1%)	21.2%	7.5%	2.8%	107.1%	43.5%	38.3%	23.7%	44.1%

Note: Historical results and estimates assume constant currency USD/INR exchange rate of 65

Sources: Sidoti &amp; Company, LLC. estimates and company reports

**Table 2: Sify Technologies Ltd.. Cash Flow Statement**

(Dollars in millions except where noted)

	<b>F2020</b>	<b>F2021</b>	<b>F2022E</b>	<b>F2023E</b>
Net income	\$10.9	\$16.1	\$16.5	\$23.8
D&A	35.2	41.1	48.0	51.0
Provision for doubtful accounts	7.4	-	-	-
Stock compensation	0.7	0.2	0.2	0.2
Net finance (income) / expense	13.2	-	-	-
Unrealized (gain) / loss on account of exchange differences	0.1	-	-	-
Amortization of leasehold prepayments	-	-	-	-
Accounts receivable	(4.5)	(12.6)	(29.1)	(26.1)
Inventory	6.4	(0.3)	(2.0)	(2.7)
Prepaid and other current assets	(6.0)	-	-	-
Accounts payable	3.6	(3.9)	10.6	17.4
Employee benefits	0.3	-	-	-
Deferred income	-	-	-	-
Income taxes (paid)/ refund received	-	-	-	-
<b>Cash from operating activities</b>	<b>76.9</b>	<b>40.5</b>	<b>44.2</b>	<b>63.7</b>
PPE	(62.5)	(41.8)	(57.9)	(64.5)
Intangible assets	-	-	-	-
Investments in debt securities	-	-	-	-
Finance income received	-	-	-	-
<b>Cash from investing activities</b>	<b>(64.0)</b>	<b>(41.8)</b>	<b>(57.9)</b>	<b>(64.5)</b>
Proceeds (purchase) of common stock	0.1	0.0	-	-
Debt	22.9	-	-	-
Finance expenses paid	(16.1)	(7.6)	-	-
Proceeds (repayment) finance lease liabilities	(3.4)	(1.3)	-	-
Dividend and distribution tax	(3.4)	-	-	-
<b>Cash from financing activities</b>	<b>0.1</b>	<b>(8.9)</b>	<b>-</b>	<b>-</b>
FX	-	-	-	-
Net change in cash	13.0	(10.2)	(13.7)	(0.9)
Cash at the beginning of period	10.3	23.3	13.1	(0.6)
<b>Cash at the end of period</b>	<b>23.3</b>	<b>13.1</b>	<b>(0.6)</b>	<b>(1.4)</b>
FCF	14.4	(1.3)	(13.7)	(0.9)
FCF / share	\$0.08	(\$0.01)	(\$0.08)	(\$0.00)

Note: Historical results and estimates assume constant currency USD/INR exchange rate of 65

Sources: Sidoti &amp; Company, LLC. estimates and company reports

**Table 3: Sify Technologies Ltd., Balance Sheet**

(Dollars in millions except where noted)

	<b>F2020</b>	<b>F2021</b>	<b>F2022E</b>	<b>F2023E</b>
Cash	35.7	25.5	11.8	10.9
Restricted cash	5.1	5.1	5.1	5.1
Inventory	\$20.0	\$20.4	\$22.3	\$25.0
Accounts receivable	185.7	198.3	227.4	253.5
Prepaid expenses	9.5	9.5	9.5	9.5
<b>Total current assets</b>	<b>256.0</b>	<b>258.8</b>	<b>276.1</b>	<b>304.0</b>
PPE	181.6	182.3	192.1	205.6
Intangible assets	10.5	10.5	10.5	10.5
Lease payments	-	-	-	-
Other assets	14.1	14.1	14.1	14.1
Other investments	0.6	0.6	0.6	0.6
<b>Total assets</b>	<b>462.8</b>	<b>466.2</b>	<b>493.4</b>	<b>534.8</b>
Finance lease obligations	-	-	-	-
Borrowings	67.1	67.1	67.1	67.1
Bank overdraft	19.0	19.0	19.0	19.0
Accounts payable	139.6	135.7	146.3	163.7
Deferred income	-	-	-	-
<b>Total current liabilities</b>	<b>253.9</b>	<b>252.6</b>	<b>263.2</b>	<b>280.7</b>
Finance lease obligations	-	-	-	-
Long-term debt	57.6	57.6	57.6	57.6
Employee benefits	2.7	2.7	2.7	2.7
Other liabilities	38.2	38.2	38.2	38.2
<b>Total liabilities</b>	<b>352.4</b>	<b>351.2</b>	<b>361.8</b>	<b>379.2</b>
Share capital	27.8	27.9	28.1	28.2
Share premium	297.8	297.8	297.8	297.8
Share based payment reserve	5.4	5.4	5.4	5.4
Other components of equity	1.4	(10.2)	(10.2)	(10.2)
Accumulated defecit	(157.8)	(141.7)	(125.2)	(101.4)
<b>Total stockholders' equity</b>	<b>174.6</b>	<b>179.3</b>	<b>195.9</b>	<b>219.9</b>
<b>Total liabilities and equity</b>	<b>527.0</b>	<b>530.4</b>	<b>557.7</b>	<b>599.1</b>
ROE	6.3%	9.0%	8.7%	11.3%
Total Debt-to-capital	41.7%	41.0%	38.9%	36.2%
Net debt-to-TTM EBITDA	1.62x	1.44x	1.48x	1.29x
Cash (debt) per share	(\$0.58)	(\$0.64)	(\$0.71)	(\$0.72)

Note: Historical results and estimates assume constant currency USD/INR exchange rate of 65

Sources: Sidoti &amp; Company, LLC. estimates and company reports

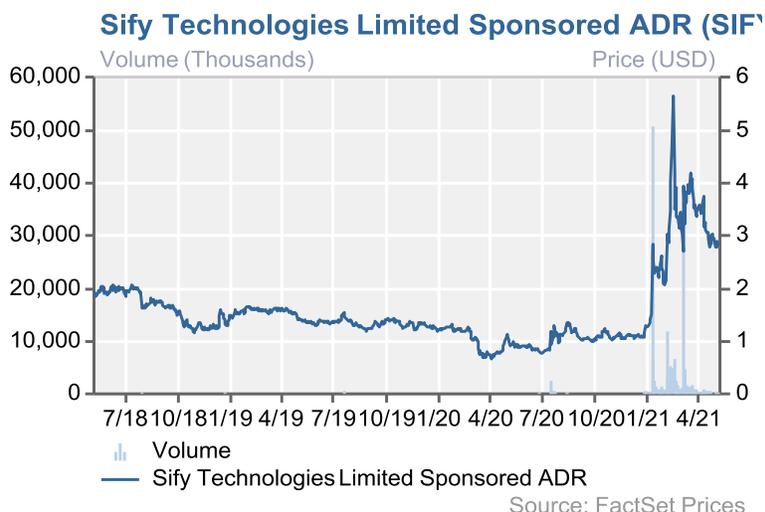
**Appendix**  
Required Disclosures

**Required Disclosures**

**Sify Technologies Limited Sponsored ADR (SIFY-\$2.94) NR Price Target: \$6 Risk Rating: M**

Rating and Price Target History Table

Action	Date	Px	Rating	PT	Risk Rating
PT	7/13/18	2		4	
PT	12/23/20	1.1		4	
PT	1/28/21	2.3		5	
PT	5/4/21	2.8		5	



<b>Valuation</b>	<p>We raise our price target to \$6 (from \$5) on SIFY shares. While the pandemic is curbing economic growth in the near term, it does not change the long-term digital transformation of India's economy. We think Sify will likely be a primary beneficiary of this transformation. With the stock trading at 6.1x our projections on a F2023 EV/EBITDA basis, SIFY is valued at a significant discount to peers in the India Telecom and application and technology integration markets, that trade in a range of 8x-12x EV/EBITDA. Given Sify's growth potential, we think the stock deserves to trade at the high-end of the peer group range. Our \$6 price target is based on 12x our F2023 EBITDA estimate of \$98.8 million (up from \$91.5 million), less projected net debt of \$130 million, to yield \$1,055 million, or \$5.89 on a per share basis. Given the company's growth potential and modest leverage, we maintain a Moderately Risky rating.</p>		
<b>Key Risks</b>	Foreign exchange	Concentrated ownership	

**Sidoti & Company.** Sidoti & Company, LLC is a licensed broker/dealer, and publishes research reports about some of the securities it follows. All research published by Sidoti & Company, LLC is based on public information, or on information from the company discussed in the report that that company is required to promptly make public. This report was prepared for market professionals and institutional investor customers. Market professionals and institutional investors should consider this report as only one factor in making their investment decisions. This report is for information purposes only and is not intended as an offer to sell or a solicitation to buy securities. This research report is not a substitute for the exercise of your independent judgment. Information contained herein is based on sources we believe to be reliable but we do not guarantee their accuracy. The stock rating on this report reflects the analyst's recommendation based on a 12-month period. It should be presumed that the analyst who authored this report has had discussions with the subject company to ensure factual accuracy prior to publication.

Sidoti does NOT own securities of the issuers described herein, and Sidoti does not make a market in any securities. Sidoti does not engage in, or receive compensation from, any investment banking or corporate finance-related activities with the company discussed in the report. Sidoti's contracts with issuers protect Sidoti's full editorial control of all research, timing of release of reports, and release from liability for negative reports. To ensure further independence, the company discussed in the report has agreed to a minimum coverage term of one Initiation Report and three Update Reports, which that company cannot unilaterally terminate earlier. Sidoti & Company, LLC takes steps to ensure analyst independence including setting fees in advance and utilizing analysts who must abide by the CFA Institute Code of Ethics and Standards of Professional Conduct. Each Sidoti & Company, LLC analyst has full discretion on the rating and revenue target based on his or her own due diligence. Analysts are paid in part based on overall profitability of Sidoti & Company, LLC. Such profitability is derived from a variety of sources and

includes payments received from issuers of securities covered by Sidoti & Company, LLC for services described below. No part of analyst compensation was, or will be, directly or indirectly, related to the specific recommendations or views expressed in any report or article. All issuers to be considered for research obtain the approval of a stock selection committee comprised of the Director of Research, the Chief Compliance Officer, and an independent outside person for screening applicants.

**Sidoti Company Sponsored Research Rating System** The Sidoti & Company, LLC *Company Sponsored Research* rating system consists of “Moderately Risky” (M) and “Highly Risky” (H) ratings. “Moderately Risky” suggests companies, that while still subject to relatively high price volatility, are characterized by more stable and predictable cash flow, a more established operating history, and an operating environment that is somewhat less competitive with a potential for loss of principal. “Highly Risky” suggests high risk equities of companies with a short or unprofitable operating history, limited or less predictable revenues, very high risk associated with success, significant financial or legal issues, or a substantial risk/loss of principal. As of 05/07/21 and immediately prior to the publication of this report, Company Sponsored Research provides research on 25 companies, of which 20 (80.0%) are rated Moderately Risky and 5 (20.0%) are rated Highly Risky. *Earnings* targets and opinions concerning the composition of market sectors included in this report reflect analyst judgments as of this date and are subject to change without notice. A risk to our *earnings* targets is that the analyst’s estimates or forecasts may not be met. This report contains forward-looking statements, which involve risks and uncertainties. Actual results may differ significantly from such forward-looking statements. Factors that may cause such differences include, but are not limited to, those discussed in the “Risk Factors” section in the issuer’s SEC filings available in electronic format through SEC Edgar filings at [www.sec.gov](http://www.sec.gov).

Every company in the Microcap sector bears certain inherent risks and Sidoti & Company, LLC will not provide any company subject to those risks with a rating below moderate because stock in the Microcap segment of the market have many risks that are not as prevalent in Large-Cap, Blue Chips, or even Small-Cap stocks. Often it is these risks that cause Microcap stocks to trade at discounts to their peers. The most common of these risks is liquidity risk, which is typically caused by small trading floats and very low trading volume which can lead to large spreads and high volatility in stock price. In addition, Microcaps tend to have significant company specific risks that contribute to lower valuations. Investors need to be aware of the higher probability of financial default and higher degree of financial distress inherent in the Microcap segment of the market.

Sidoti & Company policy is to update research reports as and when the Research Analyst and Research Management deem appropriate, based on developments with the issuer, the sector, or the market that may have a material impact on the research views or opinions stated therein. In addition, certain Research publications are intended to be updated on a regular periodic basis (weekly/monthly/quarterly/annual) and will ordinarily be updated with that frequency, unless the Research Analyst and Research Management determine that a different publication schedule is appropriate based on current conditions.

Sidoti & Company Research does not provide individually tailored investment advice. Sidoti & Company Research has been prepared without regard to the circumstances and objectives of those who receive it. Sidoti & Company recommends that investors independently evaluate particular investments and strategies, and encourages investors to seek the advice of a financial adviser. The appropriateness of an investment or strategy will depend on an investor’s circumstances and objectives. The securities, instruments, or strategies discussed in Sidoti & Company Research may not be suitable for all investors, and certain investors may not be eligible to purchase or participate in some or all of them. Sidoti & Company Research is not an offer to buy or sell or the solicitation of an offer to buy or sell any security/instrument or to participate in any particular trading strategy. The value of and income from your investments may vary because of changes in interest rates, foreign exchange rates, default rates, prepayment rates, securities/instruments prices, market indexes, operational or financial conditions of companies or other factors. There may be time limitations on the exercise of options or other rights in securities/instruments transactions. Past performance is not necessarily a guide to future performance. Estimates of future performance are based on assumptions that may not be realized. If provided, and unless otherwise stated, the closing price on the cover page is that of the primary exchange for the subject company’s securities/instruments.

These opinions may not fit to your financial status, risk and return preferences. For this reason, to make an investment decision by relying solely to this information stated here may not bring about outcomes that fit your expectations. The trademarks and service marks contained in Sidoti & Company Research are the property of their respective owners. Third-party data providers make no warranties or representations relating to the accuracy, completeness, or timeliness of the data they provide and shall not have liability for any damages relating to such data.

Investors should consider Sidoti & Company Research as only a single factor in making their investment decision. For valuation methodology and risks associated with any recommendation, rating or price target referenced in this research report, please contact the Client Support Team as follows: US/Canada +1 212-453-7000. Alternatively you may contact your investment representative or Sidoti & Company Research at 1177 Avenue of the Americas 5<sup>th</sup> Floor, (Attention: Director of Research), New York, NY 10036 USA.

**Compensation.** Sidoti & Company, LLC receives a flat fee of \$40,000, renewable annually from the company discussed in Company Sponsored Research reports for the creation and dissemination of an Initiation Report and three Update Reports. The purpose of the fee is to subsidize the high costs of research and monitoring. Sidoti holds multiple conferences a year and charges a fee of \$3,500 to \$5,500 per conference to presenting companies depending on the event. Sidoti does not currently have a current investment banking services relationship with companies discussed in Company Sponsored Research Reports, or contemporaneously with any other companies discussed in other (Sidoti) Company Sponsored Research reports. Investment banking services, as defined under FINRA Rule 2241, include, among other things, acting as an underwriter in, or as a member

of the selling group in, a securities underwriting. Sidoti's role in any issuer's investment banking transaction can be viewed in that issuer's filings at [www.sec.gov](http://www.sec.gov).

Sidoti has non-research employees who will seek compensation for brokerage commission revenue in connection with market trading the securities of this company. Sidoti & Company, LLC has received compensation for non-investment banking services on the Small-Cap Universe, and expects to receive additional compensation for non-investment banking services on the Small-Cap Universe, paid by issuers of securities covered by Sidoti & Company, LLC analysts. These non-investment banking services include investor relations services and software, financial database analysis, advertising services, brokerage services, advisory services, investment research, investment management, non-deal road shows, and attendance fees for conferences sponsored or co-sponsored by Sidoti & Company, LLC. SIFY has paid a fee to Sidoti & Company, LLC to participate at the September 2020 Virtual Investor Conference.

**Sidoti Analysts.** Sidoti policy does not allow an analyst or a member of their household (i) to own, trade, or have any beneficial interest in any securities of any company that analyst covers, or (ii) serve as an officer or director of a covered company. Sidoti employees, including research analysts, receive compensation that is based in part upon the overall performance of the firm, including revenues generated by Sidoti's investment banking and brokerage activities, but compensation is not directly related to investment banking or brokerage revenues.

Sidoti maintains and enforces written policies and procedures reasonably designed to prevent any controlling persons, officers (or persons performing similar functions), or employees of Sidoti from influencing the activities of research analysts and the content of research reports prepared by the research analyst. Sidoti research analysts seek to have management of their covered companies meet with investors during non-deal road shows. Analysts' compensation may be related to their success in scheduling non-deal road shows. This approach could be viewed as presenting potential conflicts of interest.

Reprints of Sidoti & Company, LLC reports are prohibited without permission. Additional information is available upon request. For any further questions, please contact the Chief Compliance Officer at Sidoti.

**Analyst Certification.** Gregory Burns certifies that this report accurately reflects his/her personal views about the subject securities and issuers and that none of the research analyst's compensation was, is or will be, directly or indirectly, related to the analyst's specific recommendations or views contained in this research report.

**Source**

Key Statistics data is sourced from FactSet Research Systems