Taj GVK Hotels (TAJGVK)

₹ 168

Rating matrix		
Rating	:	Buy
Target	:	₹ 190
Target Period	:	12-15 months
Potential Upside	:	13%

What's Changed?	
Target	Changed from ₹188 to ₹190
EPS FY18E	Unchanged
EPS FY19E	Changed from ₹2.2 to ₹2.6
Rating	Unchanged

Quarterly Performance

	Q1FY18	Q1FY17	YoY (%)	Q4FY17	QoQ (%)
Revenue	59.6	58.3	2.2	73.4	-18.8
EBITDA	13.5	12.6	6.5	13.5	-0.3
EBITDA (%)	22.6	21.7	91 bps	18.4	419 bps
PAT	0.1	-0.2	NA	-0.8	NA

Key Financials

₹ Crore	FY16	FY17	FY18E	FY19E
Net Sales	279.0	269.7	289.6	318.6
EBITDA	66.7	61.0	66.3	73.3
Net Profit	3.6	4.1	10.2	16.3
EPS (₹)	0.6	0.6	1.6	2.6

Valuation summary

	FY16	FY17	FY18E	FY19E
PE (x)	294.4	259.5	103.3	64.8
Target PE (x)	332.9	293.4	116.8	73.3
EV to EBITDA (x)	21.3	21.0	19.0	17.0
Price to book (x)	3.1	3.0	2.9	2.8
RoNW (%)	1.0	1.2	2.8	4.4
RoCE (%)	6.5	7.4	8.4	9.6

Stock data

Particular	Amount
Market Cap	₹ 1053 crore
Debt	₹ 232 crore
Cash	₹ 3 crore
EV	₹ 1282 crore
52 week H/L (₹)	184/93
Equity capital	₹ 12.5
Face value (₹)	2

Price performance (%)

	1M	3M	6M	12M
Indian Hotels	-6.8	-2.9	15.4	-7.3
Taj GVK	-3.4	0.1	23.1	16.4
Hotel Leela	6.8	12.0	37.2	21.5
EIH	1.8	5.1	39.5	17.7

Research Analyst

Rashesh Shah
rashes.shah@icicisecurities.com

Devang Bhatt
devang.bhatt@icicisecurities.com

Cost efficiencies drive margins…

- Taj GVK reported a mixed set of numbers. While revenues were below our estimates, EBITDA was above our estimate mainly led by a decline in raw material cost and power & fuel cost
- Revenues increased 2.2% YoY to ₹ 59.6 crore (below I-direct estimate of ₹ 62.2 crore). The EBITDA margin increased 91 bps YoY to 22.6% (above I-direct estimate of 21.2%) in Q1FY18 mainly due to a decline in raw material expenses (down 5.3% YoY) and power & fuel cost (down 4.3% YoY)
- While on a standalone basis, the company reported a net profit of ₹ 1.9 crore, at consolidated level, net profit was at ₹ 14 lakh mainly due to loss of ₹ 1.8 crore from the Mumbai property (Taj Santacruz)

Expansion to help reduce geographical concentration

The company has a modest scale of operation, with significant geographic concentration in Hyderabad i.e. 67% share in room portfolio. The remaining 33% is contributed by Chandigarh and Chennai. In line with the subdued performance of the Indian hotels industry, Taj GVK also witnessed a considerable moderation in performance since the peak of FY08. The Hyderabad centric business was impacted severely due to Telangana issue. Between FY08 and FY15, its revenue growth remained flattish while increase in fixed overheads led to a sharp contraction in margins (i.e. down from 47% in FY08 to 20.3% in FY15). Hence, to reduce the dependence on one location, the company started expanding into newer geographies of Bengaluru and Mumbai. While the Mumbai property opened in January 2016, the company was allotted 7.5 acre of land in Bengaluru for the hotel project.

Company's key markets on verge of turnaround

The business of TajGVK had been hit hard in the past two years due to concerns on the Telangana issue along with a sharp rise in room inventory. The inventory in the organised segment has almost doubled to 5,101 in the past five years. Due to this, ARR and occupancy both declined sharply in Hyderabad. With the Telangana issue now resolved and an expected pick-up in infra spend, we expect the hotel business in Telangana to improve led by improvement in occupancy, going forward.

Addition of Taj Santacruz to be long term value accretive

The company jointly with M/s Greenridge Hotels and Resorts LLP (Greenridge - a GVK company) set up a luxury hotel comprising 280 rooms near Mumbai International Airport, Santacruz, under the 'Taj' brand. Taj-GVK invested ₹ 110 crore for a 49% stake in the hotel. The hotel commenced operation from January 2016. Although the JV has reported loss of ₹ 6.2 crore for FY17, we expect the losses to narrow down in FY18E and start contributing to profitability from FY19E onwards.

Operating leverage of JV to flow from FY19E; maintain BUY

We expect occupancy levels to improve due to slowing down of capacity additions rise in spending by domestic travellers and demand revival in Telangana. However, a turnaround of JV venture (Mumbai property) holds key, which remains a short-term concern. The stock is trading at an EV/room of ₹ 1 crore/room (which is below industry average of ₹ 2.5-3.0 crore/room). Given this, we maintain our **BUY** rating on the stock with a target price of ₹ 190/share (i.e. at 19.0x FY19E EBITDA).

Variance analysis

	Q1FY18	Q1FY18E	Q1FY17	YoY (%)	Q4FY17	QoQ (%)	Comments
Total Operating Income	59.6	62.2	58.3	2.2	73.4	-18.8	We believe the increase in revenues was mainly led by higher occupancy (driven by improving demand in the region)
Raw Material Expenses	6.2	7.3	6.6	-5.3	8.1	-23.6	
Employee Expenses	15.1	15.5	14.6	3.4	15.8	-4.5	
P&F cost	7.0	8.1	7.3	-4.3	7.1	-1.7	
Other Expenses	17.9	18.1	17.3	3.6	28.9	-38.1	
EBITDA	13.5	13.2	12.6	6.5	13.5	-0.3	
EBITDA Margin (%)	22.6	21.2	21.7	91 bps	18.4	419 bps	Margins for the quarter increased on account of lower raw material and power cost
Interest	6.4	7.1	7.4	-12.9	7.0	-8.0	
Depreciation	4.3	4.6	4.5	-4.4	4.5	-4.0	
PBT	2.7	1.5	0.7	266.2	2.0	34.8	
Total Tax	0.8	0.6	0.9	-18.3	1.2	-38.2	
PAT	0.1	0.9	-0.2	NA	-0.8	NA	Loss of ₹ 1.8 crore from JV (Mumbai property) led the company to report meagre profit during the quarter
Adjusted PAT	0.1	0.9	-0.2	NA	-0.8	NA	

Source: Company, ICICIdirect.com Research

Change in estimates

	FY18E			FY19E			
(₹ Crore)	Old	New	% Change	Old	New	% Change	Comments
Revenue	298.5	289.6	-3.0	319.4	318.6	-0.3	We expect improving occupancy to drive revenues over the next two years
EBITDA	67.8	66.3	-2.2	68.7	73.3	6.7	
EBITDA Margin (%)	22.2	22.9	69 bps	21.5	23.0	150 bps	Cost rationalisation to lead to margin improvement of 38 bps over FY17-19E
PAT	10.3	10.2	-1.0	14.0	16.3	16.4	
EPS (₹)	1.6	1.6	-1.0	2.2	2.6	16.4	We expect share of loss from JV to reduce gradually over next two years

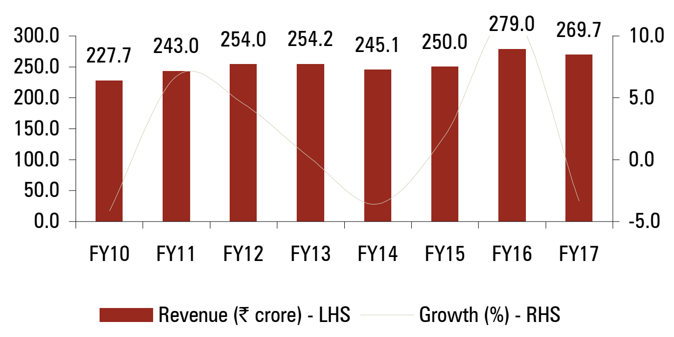
Source: Company, ICICIdirect.com Research

Company Analysis

Checking in new geographies to reduce concentration risk

The company has a modest scale of operation, with significant geographic concentration in Hyderabad i.e. 67% share in room portfolio. The remaining 33% is contributed by Chandigarh and Chennai. In line with the subdued performance of the Indian hotels industry, Taj GVK has also witnessed a considerable moderation in performance since the peak of FY08. The Hyderabad centric business also led the Telangana issue to impact the company severely. Between FY08 and FY15, its revenue growth remained flattish while increase in fixed overheads led to a sharp contraction in margins (i.e. down from 47% in FY08 to 20.3% in FY15). To reduce the dependence on one location, the company is expanding into newer geographies of Bangalore and Mumbai, which we believe would provide the company with better scale and geographic diversity over the longer term.

Exhibit 1: Annual revenue trend



Source: Company, ICICIdirect.com, Research

Exhibit 2: Hotel details

Hotel Name	Location	Rooms
Taj Krishna	Hyderabad	261
Taj Banjara	Hyderabad	122
Taj Deccan (Residency)	Hyderabad	151
Taj Chandigarh	Chandigarh	152
Taj Mount Road	Chennai	215
Taj Begumpet (Vivanta)	Hyderabad	181
Taj Santacruz (JV 49% stake)	Mumbai	137
Total		1219

Source: Company, ICICIdirect.com, Research

Telangana region on verge of recovery

The business of TajGVK has been hit hard in the past two years due to concerns on the Telangana issue along with a sharp rise in room inventory. The inventory in the organised segment has almost doubled to 5,101 in the past five years. Due to this, ARR and occupancy both declined sharply in Hyderabad. With the Telangana issue now resolved and an expected pick-up in infra spend, we expect the hotel business in Telangana to improve, going forward.

Exhibit 3: Trend of average room rates (ARR) across properties

	FY15				FY16				FY17
ARR trend	Q1	Q2	Q3*	Q4	Q1	Q2	Q3	Q4	Q1
Hyderabad									
Taj Krishna	7500	7600	7650	7700	7500	7500	7800	8000	7900
Taj Deccan	4700	4700	4800	4900	4500	4600	4900	5400	5100
Taj Banjara	4200	4200	4350	4500	4200	4200	4400	5100	4800
VBT Begumpet	4400	4600	4650	4700	4400	4600	4900	5600	5300
Chandhigarh									
Taj Chandhigarh	6300	6600	6950	7300	7000	6900	7600	7300	7100
Chennai									
Taj Mount Road	4200	4300	4400	4500	4300	4300	4300	5000	5000

Source: Company, ICICIdirect.com Research

Exhibit 4: Occupancy trend

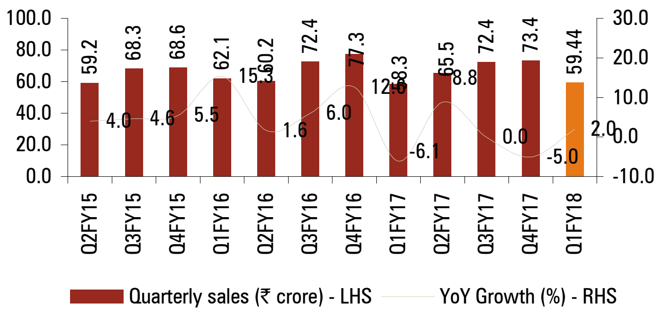
	FY15				FY16				FY17
Occupancy	Q1	Q2	Q3*	Q4	Q1	Q2	Q3	Q4	Q1
Hyderabad									
Taj Krishna	35%	37%	51%	52%	42%	41%	48%	55%	40%
Taj Deccan	56%	59%	61%	62%	61%	66%	69%	69%	56%
Taj Banjara	50%	58%	59%	61%	58%	55%	69%	63%	47%
VBT Begumpet	48%	51%	54%	55%	53%	61%	59%	62%	54%
Chandhigarh									
Taj Chandhigarh	58%	52%	53%	54%	61%	48%	61%	59%	52%
Chennai									
Taj Mount Road	58%	57%	63%	69%	65%	68%	60%	65%	58%

Source: Company, ICICIdirect.com Research

Expect revenue CAGR of 8.7% in FY17-19E

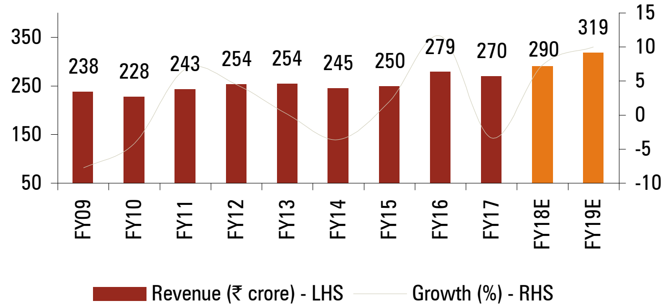
The Hyderabad centric business has led the Telangana issue to impact the company severely. Between FY08 and FY15, its revenue growth remained flattish. However, given the expected recovery in demand from Hyderabad (led by improvement in the macro environment) coupled with addition of Taj Santacruz, we expect revenue growth to improve over the next two years. Taking this into account, we expect revenue CAGR of 8.7% during FY17-19E.

Exhibit 5: Q1FY18 revenue improves 2.2% YoY



*Source: Company, ICICIdirect.com Research, *Q1FY17 are standalone numbers*

Exhibit 6: Expect revenue CAGR of 8.7% during FY17-19E

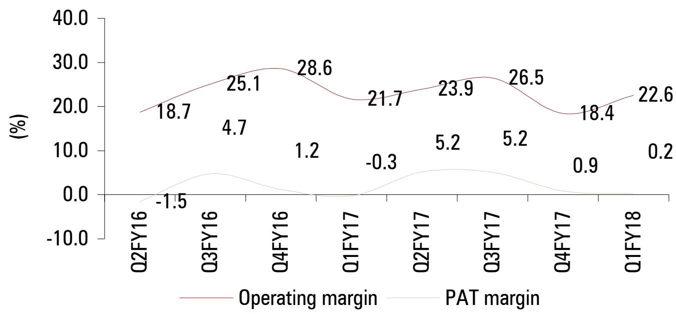


Source: Company, ICICIdirect.com Research

Margins to improve over coming years

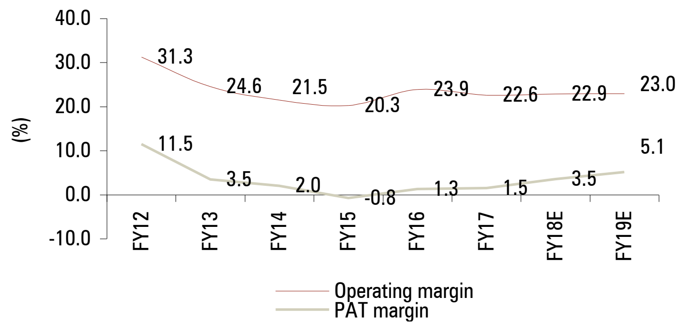
While revenue growth remained flattish due to a slowdown in Hyderabad, an increase in fixed overheads coupled with addition of new properties led to a sharp contraction in margins (i.e. down from 47% in FY08 to 20.3% in FY15). With the demand recovery in the Telangana region along with cost control initiatives, we expect margins to improve to 23.0% in FY19E.

Exhibit 7: Quarterly trend in margins



*Source: Company, ICICIdirect.com Research, *Q3FY17 are standalone numbers*

Exhibit 8: Annual trend in margins

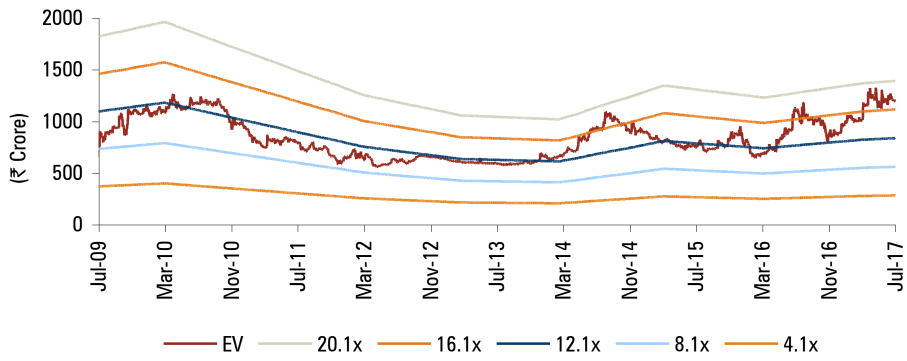


Source: Company, ICICIdirect.com Research

Outlook and valuations

We expect occupancy levels to improve due to slowing down of capacity addition, rise in spending by domestic travellers and demand revival in Telangana. However, a turnaround of the JV venture (Mumbai property) holds the key, which remains a short-term concern. The stock is trading at an EV/room of ₹ 1 crore/room (which is below industry average of ₹ 2.5-3.0 crore/room). Given this, we maintain our **BUY** rating on the stock with a target price of ₹ 190/share (i.e. at 19.0x FY19E EBITDA).

Exhibit 9: One year forward EV/EBITDA



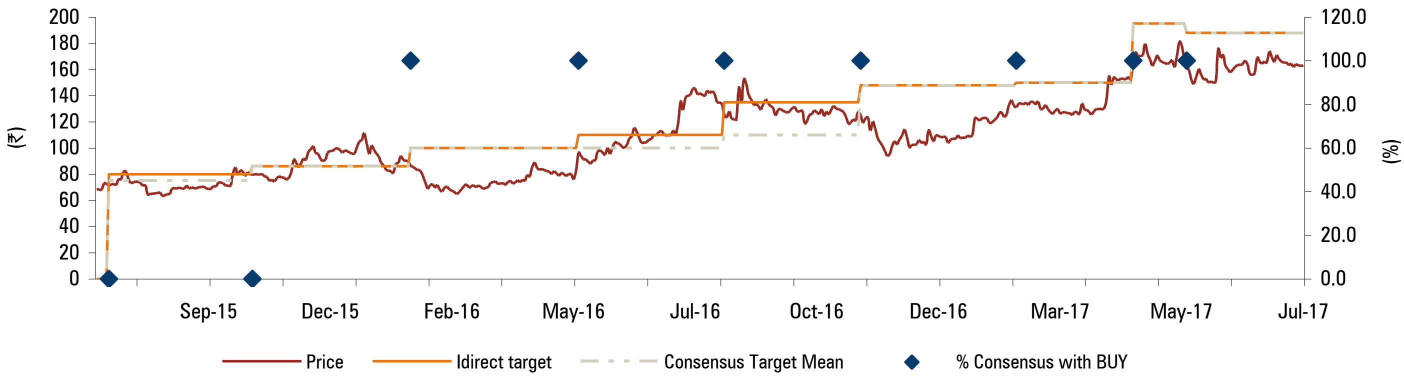
Source: Company, ICICIdirect.com Research

Exhibit 10: Valuation

	Sales (₹ cr)	Growth (%)	EPS (₹)	Growth (%)	PE (x)	EV/EBITDA (x)	RoNW (%)	RoCE (%)
FY16	279.0	11.6	0.6	NA	294.4	21.3	1.0	6.5
FY17	269.7	-3.4	0.6	12.9	259.5	21.0	1.2	7.4
FY18E	289.6	7.4	1.6	151.2	103.3	19.0	2.8	8.4
FY19E	318.6	10.0	2.6	59.4	64.8	17.0	4.4	9.6

Source: Company, ICICIdirect.com Research

Recommendation history vs. Consensus estimate



Source: Bloomberg, Company, ICICIdirect.com Research

Key events

Date	Event
Mar-07	Announces launch of its new premium Five Star Hotel in the centre of Chennai under the name Taj Mount Road
Jul-07	Adds new facilities in the existing block of Taj Deccan at a cost of ₹ 25 crore and also proposes to construct a spa and other facilities at the existing premise of Taj Krishna
Jul-07	The company's hotels at Chandigarh and Chennai clock improved occupancy levels of 75% and 63%, respectively in Q1
Dec-10	Opens new brand in Sri Lanka
Dec-11	Announces setting up of a luxury hotel comprising 275 rooms near the Mumbai International Airport, Santacruz, Mumbai, jointly with M/s. Greenridge Hotels and Resorts LLP (Greenridge - a GVK Company) under the Taj brand
Jan-16	Taj GVK opens Taj Santacruz hotel

Source: Company, ICICIdirect.com Research

Top 10 Shareholders

Rank	Name	Latest Filing Date	% O/S	Position (m)	Change (m)
1	Tata Group of Companies	31-Mar-17	25.52	16.00	0.00
2	Bhupal (Shalini)	26-May-17	18.70	11.73	-11.41
3	Bhupal (Krishna Ram)	26-May-17	18.70	11.72	11.41
4	Reddy (Krishna G V)	31-Mar-17	6.07	3.81	0.00
5	Reddy (Indira Krishna G)	31-Mar-17	6.00	3.76	0.00
6	Altavista Capital India Fund, Ltd.	31-Mar-17	3.39	2.13	0.00
7	Kabra (Kamal Shyamsunder)	31-Mar-17	2.39	1.50	0.00
8	Damani Estates & Finance Pvt. Ltd.	31-Mar-17	2.38	1.49	0.00
9	Sundaram Asset Management Company Limited	31-Mar-17	1.43	0.90	0.00
10	IDFC Asset Management Company Private Limited	30-Apr-17	0.54	0.34	0.00

Shareholding Pattern

(in %)	Jun-16	Sep-16	Dec-16	Mar-17	Jun-17
Promoter	74.99	74.99	74.99	74.99	74.99
FII	3.39	3.39	3.54	3.54	3.54
DII	0.67	0.84	2.05	2.97	6.06
Others	20.95	20.78	19.42	18.50	15.41

Source: Reuters, ICICIdirect.com Research

Recent Activity

Buys			Sells		
Investor name	Value	Shares	Investor name	Value	Shares
Bhupal (Krishna Ram)	27.04	11.41	Bhupal (Shalini)	-27.04	-11.41
			Franklin Templeton Asset Management (India) Pvt. Ltd.	-0.25	-0.10

Source: Reuters, ICICIdirect.com Research

Financial summary

Profit and loss statement				₹ Crore
(Year-end March)	FY16	FY17	FY18E	FY19E
Total operating Income	279.0	269.7	289.6	318.6
Growth (%)	11.6	-3.4	7.4	10.0
Raw Material Expenses	32.6	31.0	32.4	38.2
Employee Expenses	59.5	60.6	65.2	71.0
Power & Fuel Exp	30.1	28.8	30.5	34.8
Other Exp	90.2	88.3	95.3	101.4
Total Operating Expenditure	212.3	208.7	223.3	245.3
EBITDA	66.7	61.0	66.3	73.3
Growth (%)	9.4	-8.6	8.7	10.5
Depreciation	20.1	18.1	18.5	19.0
Interest	33.1	29.1	25.7	23.6
Other Income	0.0	-0.2	0.0	0.0
PBT	13.6	13.7	22.1	30.7
Others	0.0	1.3	5.7	3.5
Total Tax	6.6	8.3	6.2	10.9
PAT	3.6	4.1	10.2	16.3
Growth (%)	NA	12.9	151.2	59.4
EPS (₹)	0.6	0.6	1.6	2.6

Source: ICICIdirect.com Research

Cash flow statement				₹ Crore
(Year-end March)	FY16	FY17	FY18E	FY19E
Profit after Tax	3.6	4.1	10.2	16.3
Add: Depreciation	20.1	18.1	18.5	19.0
(Inc)/dec in Current Assets	-36.2	60.2	-1.2	-2.8
Inc/(dec) in CL and Provisions	33.4	2.3	1.9	9.0
CF from operating activities	20.8	84.7	29.5	41.5
(Inc)/dec in Investments	110.3	-99.3	28.0	0.0
(Inc)/dec in Fixed Assets	-144.7	72.4	-29.5	-24.0
Others	0.6	0.0	0.0	0.0
CF from investing activities	-101.0	54.7	-1.5	-24.0
Issue/(Buy back) of Equity	0.0	0.0	0.0	0.0
Inc/(dec) in loan funds	82.5	-137.7	-20.0	-20.0
Dividend paid & dividend tax	-3.0	0.0	-3.0	-3.0
Inc/(dec) in Sec. premium	0.0	0.6	0.0	0.0
Others	-0.2	0.1	0.0	0.0
CF from financing activities	79.3	-137.0	-23.0	-23.0
Net Cash flow	-0.9	2.5	5.0	-5.5
Opening Cash	1.6	0.7	3.2	8.2
Closing Cash	0.7	3.2	8.2	2.7

Source: Company, ICICIdirect.com Research

Balance sheet				₹ Crore
(Year-end March)	FY16	FY17	FY18E	FY19E
Liabilities				
Equity Capital	12.5	12.5	12.5	12.5
Reserve and Surplus	334.4	339.1	346.3	359.6
Total Shareholders funds	346.9	351.6	358.9	372.2
Total Debt	369.4	231.8	211.8	191.8
Deferred Tax Liability	47.8	56.0	56.0	56.0
Total Liabilities	764.1	639.3	626.6	619.9
Assets				
Gross Block	847.4	756.9	767.9	772.9
Less: Acc Depreciation	239.8	239.8	239.8	239.8
Net Block	607.6	517.1	528.1	533.1
Capital WIP	0.0	0.0	0.0	0.0
Total Fixed Assets	608	517.1	528.1	533.1
Investments	0.0	99.3	71.3	71.3
Inventory	8.4	9.0	8.1	10.7
Debtors	13.5	11.4	14.0	15.4
Loans and Advances	142.7	62.4	53.5	54.9
Other Current Assets	3.2	24.7	33.2	30.5
Cash	0.7	3.2	8.2	2.7
Total Current Assets	168.5	110.8	116.9	114.2
Creditors	79.6	80.8	82.6	90.9
Provisions	6.1	7.1	7.2	7.9
Total Current Liabilities	85.6	87.9	89.8	98.8
Net Current Assets	82.9	22.9	27.1	15.4
Deferred tax Assets	0.0	0.0	0.0	0.4
Application of Funds	764.1	639.3	626.6	619.9

Source: Company, ICICIdirect.com Research

Key ratios				
(Year-end March)	FY16	FY17	FY18E	FY19E
Per share data (₹)				
EPS	0.6	0.6	1.6	2.6
Cash EPS	3.8	3.5	4.6	5.6
BV	55.1	56.1	57.2	59.4
DPS	0.4	0.0	0.4	0.4
Cash Per Share	0.1	0.5	1.3	0.4
Operating Ratios (%)				
EBITDA Margin	23.9	22.6	22.9	23.0
PBT / Total Operating income	3.6	6.8	7.6	9.6
PAT Margin	1.3	1.5	3.5	5.1
Inventory days	10.8	11.8	10.8	10.8
Debtor days	17.6	15.4	17.6	17.6
Creditor days	104.1	109.4	104.1	104.1
Return Ratios (%)				
RoE	1.0	1.2	2.8	4.4
RoCE	6.5	7.4	8.4	9.6
RoIC	6.1	6.7	7.7	8.8
Valuation Ratios (x)				
P/E	294.4	259.5	103.3	64.8
EV / EBITDA	21.3	21.0	19.0	17.0
EV / Net Sales	5.1	4.8	4.3	3.9
Market Cap / Sales	3.8	3.9	3.6	3.3
Price to Book Value	3.1	3.0	2.9	2.8
Solvency Ratios				
Debt/EBITDA	5.5	3.8	3.2	2.6
Debt / Equity	1.1	0.7	0.6	0.5
Current Ratio	2.0	1.3	1.3	1.2
Quick Ratio	2.0	1.2	1.2	1.1

Source: Company, ICICIdirect.com Research

ICICIdirect.com coverage universe (Hotels)

Sector/Company	CMP (₹)	TP(₹)	Rating	M Cap (₹ Cr)	EPS FY17	EPS FY18E	EPS FY19E	P/E (X) FY17	P/E (X) FY18E	P/E (X) FY19E	EV/EBITDA FY17	EV/EBITDA FY18E	EV/EBITDA FY19E	ROCE (%) FY17	ROCE (%) FY18E	ROCE (%) FY19E	RoE (%) FY17	RoE (%) FY18E	RoE (%) FY19E
Indian Hotel (INDHOT)	126	145	BUY	12465	-0.6	1.2	0.9	NA	NA	136.5	25.1	22.4	20.5	4.8	6.1	7.0	-2.5	4.8	3.5
EIH (EIH)	136	155	BUY	7745	1.9	2.3	3.4	73.0	60.2	39.7	30.4	23.0	16.4	6.4	6.0	9.6	4.7	4.5	6.5
TajGVK Hotels (TAJGVK)	168	190	BUY	1053	0.6	1.6	2.6	259.5	103.3	64.8	21.0	19.0	17.0	7.4	8.4	9.6	1.2	2.8	4.4

Source: Company, ICICIdirect.com Research

RATING RATIONALE

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

Strong Buy: >15%/20% for large caps/midcaps, respectively, with high conviction;
Buy: >10%/15% for large caps/midcaps, respectively;
Hold: Up to +/-10%;
Sell: -10% or more;

Pankaj Pandey **Head – Research** **pankaj.pandey@icicisecurities.com**

ICICIdirect.com Research Desk,
ICICI Securities Limited,
1st Floor, Akruti Trade Centre,
Road No 7, MIDC,
Andheri (East)
Mumbai – 400 093
research@icicidirect.com

ANALYST CERTIFICATION

We /I, Rashesh Shah, CA, and Devang Bhatt, PGDBM 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.

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 Limited is a Sebi registered Research Analyst with Sebi Registration Number – INH000000990. ICICI Securities is a wholly-owned 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.

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 generally prohibits its analysts, persons reporting to analysts and their relatives from maintaining a financial interest in the securities or derivatives of any companies that the analysts cover.

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.

It is confirmed that Rashesh Shah, CA, and Devang Bhatt, PGDBM Research Analysts of this report have not received any compensation from the companies mentioned in the report in the preceding twelve months.

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 are engaged in various financial service businesses, they might have financial interests or beneficial ownership in various companies including the subject company/companies mentioned in this report.
It is confirmed that Rashesh Shah, CA, and Devang Bhatt, PGDBM Research Analysts do not serve as an officer, director or employee of the companies mentioned in the 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.