

Healthy volume growth continues in India business

Consolidated sales increased 5.2% YoY to ₹ 1,897.1 crore, mainly driven by 26% growth in the non-branded business. The tea business reported moderate growth of 4% whereas the coffee business declined 3%. On the volume front, India tea business reported healthy growth of 8%. Operating margins witnessed a slight improvement of 16 bps to 14%. Gross margins declined 134 bps due to high commodity costs as the company procured additional inventory prior to halt in auction between January-March 2019. Moreover, the company witnessed down-trading during the quarter with higher volumes from mass category brands.

Tea market share to rise led by premiumisation, innovation

TGBL commands 20% market share in tea segment in India. It expects to continue to grow above industry led by new launches. Moreover, it would be benefiting from a shift from unorganised to organised sales on the back of premiumisation, strong marketing campaigns (Jaago Re) and higher sales of new variants (Elaichi, Masala, Agni) while more innovation is expected to drive growth in UK (Tetley cold Infusions & Tetley decaf sleep) and help in consolidation of market share in other geographies. We expect 5.5% revenue CAGR in FY19-21E aided by high growth in branded tea products.

Speciality, herbal teas to drive future growth

The black tea market has been on a declining trend in developed markets as US, UK and Canada regular black tea category has declined 7%, 3% and 1%, respectively, on a MAT value basis. However, these regions have been able to post positive volume growth on the back of growth in non-black tea category i.e. in speciality and fruit & herbal teas. The company also entered the RTD and cold beverage segments and is garnering a positive response. In India, the trend suggests a slow & steady shift towards green tea.

Plans in place to increase market share in branded tea business

In a move to gain market share in the branded tea business, TGBL acquired branded tea business of Dhunseri Tea & Industries for ₹ 101 crore. Dhunseri branded tea business currently has brands '*Lalghoda*' and '*Kalaghoda*', which are among the leading local brands in Rajasthan, (a market dominated by regional players) consisting of market share of 6%. Both national tea players have an insignificant presence in Rajasthan. Hence, this acquisition would bring in synergies in terms of increased distribution network in the north to the branded tea business of TGBL.

Valuation & Outlook

TGBL's India business revenue contribution increased from the previous 45-47% to 54% with impressive EBITDA margins of 15.3% during the quarter. Hence, we value TGBL on an SOTP basis, valuing India domestic business at 4x FY21E sales, international business (US, UK, Canada) at 0.5x FY21E sales and Starbucks JV at 2x FY21E sales. We reiterate our **BUY** rating on the stock with a revised target price of ₹ 300 per share.

TATA GLOBAL BEVERAGES

Particulars	
Particulars (₹ crore)	Amount
Market Capitalization	16,408.6
Total Debt (FY19)	1,116.9
Cash and Investments (FY19)	1,616.8
EV	15,908.7
52 week H/L (₹)	277 / 178
Equity capital	63.1
Face value (₹)	1.0

Key Highlights

- UK sales grew 2% with 6% volume growth. Good performance from Tetley and new launches (cold infusions) aided growth
- US coffee business declined 1% with 4% volume growth due to higher promotion spends and increased competitive intensity
- Starbucks store count is at 151 (opened five new stores in Q1FY20)
- Reiterate BUY recommendation with revised target price of ₹ 300

Research Analyst

Sanjay Manyal
sanjay.manyal@icicisecurities.com

Kapil Jagasia, CFA
kapil.jagasia@icicisecurities.com

Key Financial Summary

Key Financials	FY17	FY18	FY19	FY20E	FY21E	CAGR (FY19-21E)
Net Sales	6779.6	6815.4	7251.5	7632.8	8077.6	5.5%
EBITDA	791.1	838.9	785.9	817.0	883.6	6.0%
EBITDA Margin %	11.7	12.3	10.8	10.7	10.9	
Net Profit	454.8	556.5	457.0	498.1	550.4	9.8%
EPS (₹)	7.2	8.8	7.2	7.9	8.7	
P/E	36.1	29.5	35.9	32.9	29.8	
RoNW %	7.2	8.1	6.5	7.2	7.6	
RoCE (%)	8.9	8.7	8.4	9.1	9.5	

Source: Company, ICICI Direct Research

Exhibit 1: Variance Analysis

	Q1FY20	Q1FY20E	Q1FY19	YoY (%)	Q4FY19	QoQ (%)	Comments
Net Sales	1,897.1	1,906.8	1,802.6	5.2	1,775.5	6.9	Net sales increased 5.2% YoY mainly driven by 26% growth in non-branded business. India tea business reported decent volume growth of 8% during the quarter
Raw Material Expenses	1,057.3	1,023.4	980.4	7.8	972.3	8.7	RM costs increased 7.8% YoY due to higher commodity costs
Employee Expenses	202.1	210.7	203.2	-0.5	203.0	-0.4	
SG&A Expenses	108.4	131.5	118.1	-8.2	129.6	-16.4	
Other operating Expenses	264.6	277.8	252.2	4.9	296.3	-10.7	
EBITDA	264.8	263.4	248.8	6.4	174.3	51.9	
EBITDA Margin (%)	14.0	13.8	13.8	16 bps	9.8	414 bps	Operating margins remained flat with a slight improvement of 16 bps to 14%. Employee expenses to sales and marketing spend to sales declined 62 bps and 84 bps, respectively. However, material costs to sales increased 134 bps on YoY basis
Depreciation	46.0	32.0	29.5	56.0	33.0	39.5	Depreciation increased owing to adoption of Ind-AS accounting standard
Interest	18.2	16.8	12.6	45.1	15.5	17.8	Interest increased owing to adoption of Ind-AS accounting standard
Other Income	30.5	33.0	28.5	7.0	35.2	-13.3	
Exceptional Expense/(Income)	8.1	0.0	18.2	NA	8.4	NA	Costs relating to proposed merger of Tata Chemicals consumer business with company
PBT	223.0	247.6	217.1	2.8	152.7	46.1	
Tax Outgo	73.9	84.4	83.5	-11.4	58.8	25.7	Tax outgo costs declined due to reduction in US, UK tax costs
PAT before MI	149.1	163.2	133.6	11.6	93.8	58.9	
Profit from Associates	-7.4	-7.2	-5.5	NA	-57.8	NA	
PAT	141.7	156.0	128.1	10.6	36.0	293.7	PAT increased 10.6% YoY on account of higher depreciation due to Ind-AS adjustment
Adj. PAT	147.1	156.0	139.3	5.6	41.1	257.4	

Source: Company, ICICI Direct Research

Exhibit 2: Change in estimates

	FY20E			FY21E			Comments
(₹ Crore)	Old	New	% Change	Old	New	% Change	
Sales	7632.8	7632.8	0.0	8077.6	8077.6	0.0	No change in estimates
EBITDA	817.0	817.0	0.0	883.6	883.6	0.0	
EBITDA Margin (%)	10.8	10.8	0 bps	10.9	10.9	0 bps	
Adj PAT	498.1	498.1	0.0	550.4	550.4	0.0	
EPS (₹)	7.9	7.9	0.0	8.7	8.7	0.0	

Source: Company, ICICI Direct Research

Exhibit 3: Assumptions

	Current				Earlier		Comments
	FY18	FY19	FY20E	FY21E	FY20E	FY21E	
Standalone Sales (₹ crore)	3,217.3	3,429.7	3,566.8	3,709.5	3,566.8	3,709.5	No change in estimates
Growth (%)	5.0	6.6	4.0	4.0	4.0	4.0	
Subsidiary Sales (₹ crore)	2,716.6	2,895.9	3,086.7	3,330.4	3,086.7	3,330.4	
Growth (%)	-2.6	6.6	6.6	7.9	6.6	7.9	
Segmental Revenues (Gross)							
Tea	4,922.8	5,202.6	5,462.7	5,790.5	5,462.7	5,790.5	
Coffee	1,079.5	1,202.8	1,275.0	1,338.8	1,275.0	1,338.8	
Others	35.7	30.8	32.3	33.9	32.3	33.9	
Non-branded	815.2	842.5	893.0	946.6	893.0	946.6	
No. of Starbucks stores	116	146	166	186	166	186	

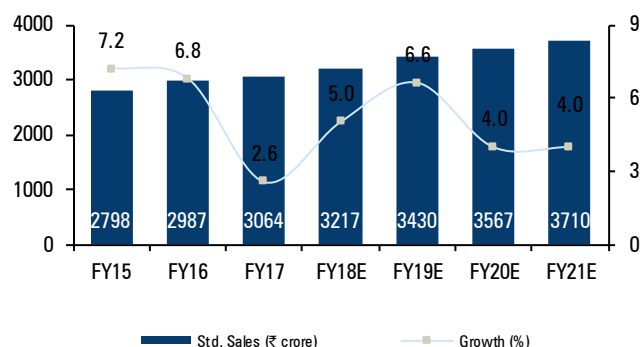
Source: Company, ICICI Direct Research

Analyst Meet Highlights

- TGBL's India business witnessed volume growth of 8% aided by double digit growth in Tata Tea Premium and Agni. Recently launched Spice Mix revenues surged 50%+ YoY. Value growth in Q1FY20 was 7% as premium brands like Chakra witnessed marginal de-growth due to a market slowdown in Tamil Nadu due to acute water crisis whereas economy brands such as Agni and Elaichi posted robust growth
- UK sales grew 2% with 6% volume growth. The company managed to gain both volume and value share gains even as the black tea market is declining. TGBL is seeing good traction in new launches (cold infusions) and decaf segment. Tetley Cold Infusions market share is now 20%+ of the category in UK
- US coffee business declined 1% due to higher promotion spends and increased competitive intensity during the quarter. However, volumes increased 4% during the quarter as Eight O'Clock's Barista and Flavors of America continued to gain distribution. K-cups volumes declined during the quarter
- Canada business sales increased 4% with 5% volume growth mainly driven by speciality teas as the category grew 8%+ by value and by volume in the quarter. Tetley speciality gained 1% value market share in the quarter. Tetley Supers value share achieved 1.6% of specialty tea segment and continued to grow. However, Tetley Regular black tea is facing headwinds
- Tata Coffee, which includes Vietnam business posted robust revenue growth of 30% driven by 18% volume growth and 8.5% EBIT margin during the quarter. Robust growth was registered in both Instant Coffee and Robusta Plantation businesses; coffee trading sales was at 2.5x of last year. Higher Instant coffee volumes were recorded with strong performances in South East Asia and Europe. Vietnam 5,000 MTPA freeze dried instant coffee plant became operational with first orders shipped during the quarter
- Starbucks store count was at 151 stores (opened five new stores in Q1FY20). Topline saw strong growth of ~23% in Q1FY20. The management highlighted that SSG for Starbucks has been robust
- Nourishco (50-50 JV with PepsiCo) revenue growth was at 8%YoY with 1% volume growth. Tata Gluco Plus did well in AP and Telangana aided by hot summer and media investment. Himalayan SKU was launched for 'on-the-go' consumption at a price point of ₹ 20. Tata Gluco Plus expanded distribution network in existing and new markets
- On the M&A update, the management highlighted that merger process with Tata Chemicals consumer business is on track as per the scheduled timeline. The scheme application is currently under review with Sebi. Post approval from Sebi, TGBL would file its application with National Company Law Tribunal (NCLT). On Dhunseri Tea & Industries brands acquisition, TGBL indicated that due diligence for the acquisition is complete and the transaction is expected to be completed soon

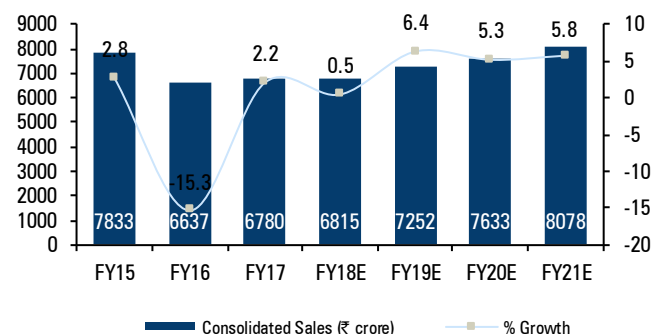
Key Metrics

Exhibit 4: Standalone revenues trend



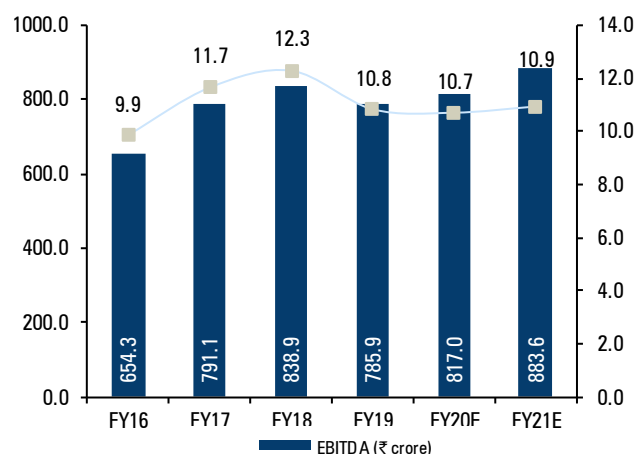
Source: ICICI Direct Research, Company

Exhibit 5: Consolidated revenue to grow at 5.5% in FY19-21E



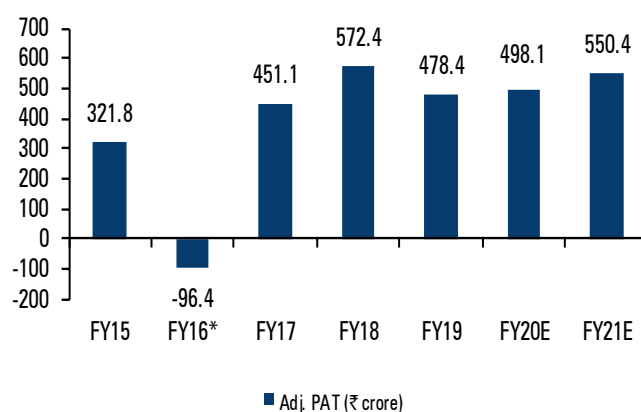
Source: ICICI Direct Research, Company

Exhibit 6: Higher adex to keep margins capped



Source: Company, ICICI Direct Research

Exhibit 7: Adjusted PAT to grow at 9.8% in FY19-21E



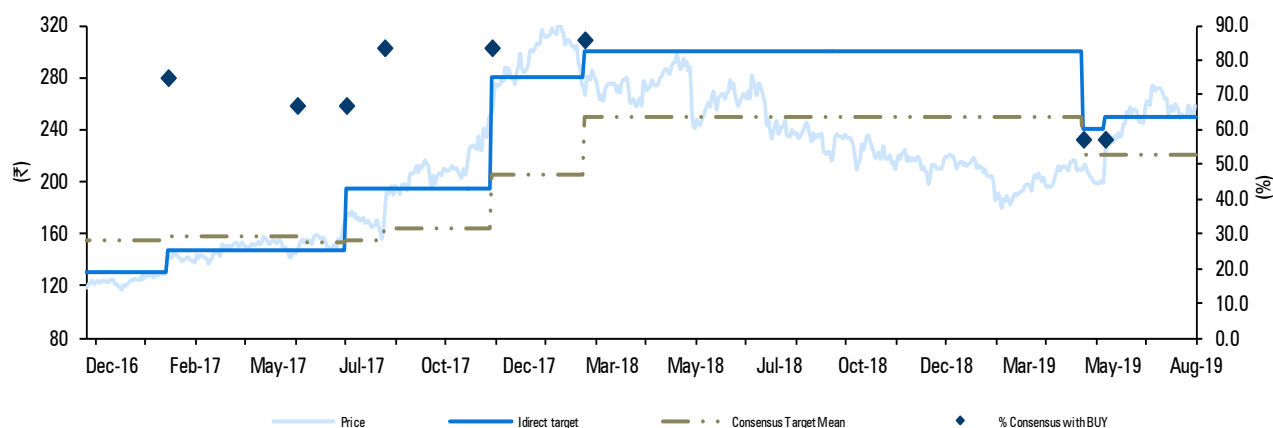
Source: Company, ICICI Direct Research

Exhibit 8: Valuation

	Sales (₹ cr)	Growth (%)	EPS (₹)	Growth (%)	PE (x)	EV/EBITDA (x)	RoNW (%)	RoCE (%)
FY18	6815.4	0.5	8.8	22.4	29.5	18.7	8.1	8.7
FY19	7251.5	6.4	7.2	-17.9	35.9	20.4	6.5	8.4
FY20E	7632.8	5.3	7.9	9.0	32.9	19.4	7.2	9.1
FY21E	8077.6	5.8	8.7	10.5	29.8	17.7	7.6	9.5

Source: Company, ICICI Direct Research

Exhibit 9: Recommendation History vs. Consensus



Source: Bloomberg, Company, ICICI Direct Research

Exhibit 10: Top 10 Shareholders

Rank	Name	Latest Filing Date	% O/S	Position (m)	Change (m)
1	Tata Group of Companies	31-Dec-18	34.34	216.7m	0.0m
2	Stewart Investors	31-Dec-18	5.03	31.8m	3.3m
3	First State Investments (U.K.) Ltd	30-Sep-18	3.63	22.9m	2.8m
4	Mirae Asset Global Investments (India) Pvt. Ltd.	31-Mar-19	2.75	17.4m	1.3m
5	Norges Bank Investment Management (NBIM)	31-Dec-18	2.04	12.9m	-1.2m
6	Life Insurance Corporation of India	31-Dec-18	1.88	11.9m	0.0m
7	Dimensional Fund Advisors, L.P.	28-Feb-19	1.75	11.1m	0.4m
8	Baron Capital Management, Inc.	31-Dec-18	1.49	9.4m	-1.3m
9	Reliance Nippon Life Asset Management Limited	31-Mar-19	1.35	8.5m	0.1m
10	National Pension Service	31-Dec-18	1.27	8.0m	1.7m

Source: Reuters, ICICI Direct Research

Exhibit 11: Recent Activity

Buys			Sells		
Investor name	Value	Shares	Investor name	Value	Shares
Stewart Investors	10.51m	3.33m	Baron Capital Management, Inc.	-3.94m	-1.25m
First State Investments (U.K.) Ltd	9.16m	2.84m	Norges Bank Investment Management (NBIM)	-3.91m	-1.24m
National Pension Service	5.26m	1.67m	Aditya Birla Sun Life AMC Limited	-3.63m	-1.15m
Mirae Asset Global Investments (India) Pvt. Ltd.	3.80m	1.29m	Manulife Asset Management (Asia)	-1.70m	-0.54m
Mirae Asset Global Investments (Hong Kong) Limited	2.50m	0.78m	State Street Global Advisors (US)	-1.21m	-0.37m

Source: Reuters, ICICI Direct Research

Exhibit 12: Shareholding Pattern

(in %)	Mar-18	Jun-18	Sep-18	Dec-18	Mar-19
Promoter	35.5	35.5	35.0	34.5	34.5
FII	21.2	22.7	24.6	24.7	25.4
DII	15.7	14.0	13.6	14.2	13.7
Others	27.7	27.8	26.9	26.6	26.5

Source: Company, ICICI Direct Research

Financial summary

Exhibit 13: Profit and loss statement ₹ crore				
(Year-end March)	FY18	FY19E	FY20E	FY21E
Total Operating Income	6815.4	7251.5	7632.8	8077.6
Growth (%)	0.5	6.4	5.3	5.8
Raw Material Expenses	3,699.3	4,007.6	4,264.0	4,452.9
Employee Expenses	821.4	806.3	842.9	932.6
Marketing Expenses	508.9	547.5	597.7	632.6
Administrative Expenses	0.0	0.0	0.0	0.0
Other expenses	946.9	1,104.1	1,111.1	1,175.9
Total Operating Expenditure	5,976.4	6,465.6	6,815.8	7,194.0
EBITDA	838.9	785.9	817.0	883.6
Growth (%)	6.0	-6.3	4.0	8.2
Depreciation	116.0	122.6	128.1	137.1
Interest	42.8	52.5	67.3	63.7
Other Income	94.2	157.1	165.0	173.2
PBT	774.3	768.0	786.6	856.1
Exceptional items	-21.1	-33.3	0.0	0.0
Total Tax	185.9	260.9	259.6	282.5
PAT	556.5	457.0	498.1	550.4
Growth (%)	22.4	-17.9	9.0	10.5
Adjusted EPS (₹)	9.1	7.6	7.9	8.7

Source: Company, ICICI Direct Research

Exhibit 14: Cash flow statement ₹ crore				
(Year-end March)	FY18	FY19E	FY20E	FY21E
Profit/Loss after Tax	453.9	457.0	498.1	550.4
Add: Depreciation	116.0	122.6	128.1	137.1
Add: Interest	8.7	52.5	67.3	63.7
(Inc)/dec in Current Assets	-127.1	-217.5	544.9	-173.1
Inc/(dec) in Current Liabilities	-11.8	-126.6	-131.6	78.0
CF from operating activities	355.6	287.9	1106.8	656.1
(Inc)/dec in Investments	231.8	-11.7	-8.6	-8.9
(Inc)/dec in Fixed Assets	-350.0	-527.0	28.9	-100.0
Others	44.2	124.3	92.0	14.2
CF from investing activities	-74.1	-414.3	112.3	-94.7
Issue/(Buy back) of Equity	0.0	0.0	0.0	0.0
Inc/(dec) in loan funds	216.0	131.3	-40.0	-40.0
Dividend paid & dividend tax	-211.8	-225.3	-225.3	-225.3
Inc/(dec) in Sec. premium	0.0	0.0	0.0	0.0
Others	-28.2	-52.5	-67.3	-63.7
CF from financing activities	-30.4	-265.8	-332.6	-329.0
Net Cash flow	251.1	-392.2	886.5	232.5
Opening Cash	404.1	698.2	306.0	1,192.5
Closing Cash	1238.1	1033.6	1192.5	1425.0

*calculated, Source: Company, ICICI Direct Research

Exhibit 15: Balance sheet ₹ crore				
(Year-end March)	FY18	FY19E	FY20E	FY21E
Liabilities				
Equity Capital	63.1	63.1	63.1	63.1
Reserve and Surplus	6,968.5	7,268.6	6,813.8	7,138.9
Total Shareholders funds	7,031.6	7,331.7	6,876.9	7,202.0
Long Term Borrowings	656.0	787.2	747.2	707.2
Long Term Provisions	144.2	152.2	244.2	258.5
Other Non-current Liabilities	1163.8	1197.6	1197.6	1197.6
Total Liabilities	8995.6	9468.8	9066.0	9365.4
Assets				
Gross Block	6,915.5	7,015.5	7,115.5	7,215.5
Less: Acc Depreciation	2,108.5	2,231.1	2,359.1	2,496.2
Net Block	4,798.2	4,913.3	4,756.4	4,719.3
Capital WIP	135.2	424.4	424.4	424.4
Non Current Investments	592.8	604.5	613.1	622.0
LT Loans & Advances/Others	531.1	448.5	448.5	448.5
Current Assets				
Inventory	1,448.3	1,609.9	1,631.1	1,726.2
Debtors	648.3	680.6	669.2	708.2
Cash	1,238.1	1,033.6	1,192.5	1,425.0
Loans & Advances	840.8	828.2	501.9	531.1
Other Current Assets	359.5	395.8	167.3	177.0
Current Liabilities				
Creditors	705.7	664.9	627.4	663.9
Provisions	98.8	49.5	125.5	132.8
Short Term Borrowings	400.2	329.7	334.6	354.1
Other CL	391.9	425.9	250.9	265.6
Net Current Assets	2,938.4	3,078.0	2,823.6	3,151.2
Total Assets	8995.6	9468.8	9066.0	9365.4

Source: Company, ICICI Direct Research

Exhibit 16: Key ratios ₹ crore				
(Year-end March)	FY18	FY19E	FY20E	FY21E
Per share data (₹)				
EPS	8.8	7.2	7.9	8.7
Cash EPS	10.7	9.2	9.9	10.9
BV	111.4	116.2	109.0	114.1
DPS	2.6	3.0	3.0	3.0
Cash Per Share	19.6	16.4	18.9	22.6
Operating Ratios (%)				
EBITDA Margin	12.3	10.8	10.7	10.9
PBT / Net Sales	11.4	10.6	10.3	10.6
PAT Margin	8.2	6.3	6.5	6.8
Inventory days	77.6	81.0	78.0	78.0
Debtor days	34.7	34.3	32.0	32.0
Creditor days	37.8	33.5	30.0	30.0
Return Ratios (%)				
RoE	8.1	6.5	7.2	7.6
RoCE	8.7	8.4	9.1	9.5
RoIC	10.0	8.9	9.8	10.5
Valuation Ratios (x)				
P/E	23.6	28.7	26.4	23.8
EV / EBITDA	14.8	16.2	15.4	13.9
EV / Net Sales	1.8	1.8	1.6	1.5
Market Cap / Sales	1.9	1.8	1.7	1.6
Price to Book Value	1.9	1.8	1.9	1.8
Solvency Ratios				
Debt/EBITDA	1.3	1.4	1.3	1.2
Debt / Equity	0.2	0.2	0.2	0.1
Current Ratio	2.8	3.1	3.0	3.0
Quick Ratio	1.5	1.7	1.3	1.3

Source: Company, ICICI Direct Research

Exhibit 17: ICICI Direct coverage universe (FMCG)

Sector / Company	CMP	TP	M Cap	EPS (₹)			P/E (x)			Price/Sales (x)			RoCE (%)			RoE (%)			
	(₹)	(₹) Rating		(₹ Cr)	FY19E	FY20E	FY21E	Y19E	FY20E	Y21E	Y19E	FY20E	FY21E	Y19E	FY20E	FY21E	FY19E	FY20E	FY21E
Colgate (COLPAL)	1,185	1,250	Hold	32,502	28.5	30.9	33.8	41.6	38.4	35.1	7.3	6.7	6.2	70.7	71.6	71.0	52.2	50.7	50.1
Dabur India (DABIND)	425	500	Buy	74,651	8.2	9.0	9.9	51.9	47.4	42.8	8.7	7.9	7.1	29.6	27.6	28.1	25.7	23.6	24.0
GSK CH (GLACON)	7,440	8,340	Buy	30,028	166.5	233.7	244.1	44.7	31.8	30.5	6.9	6.3	5.8	29.8	36.1	33.4	20.1	24.0	22.8
Hindustan Unilever (HINLEV)	1,730	1,900	Hold	378,000	28.5	32.9	37.9	60.6	52.7	45.6	9.9	8.7	7.6	100.8	123.7	162.3	87.2	106.9	141.3
ITC Limited (ITC)	270	340	Buy	352,275	10.3	11.3	12.6	26.3	24.0	21.4	7.9	7.2	6.6	30.8	32.7	33.3	21.5	22.2	22.6
Jyothy Lab (JYOLAB)	155	180	Hold	5,817	5.3	5.9	6.4	29.2	26.4	24.1	3.3	3.1	2.8	28.6	29.3	30.7	22.6	22.3	23.3
Marico (MARLIM)	368	425	Buy	46,963	8.8	8.7	9.8	41.8	42.4	37.7	6.4	5.5	4.9	38.0	42.6	41.7	31.6	35.8	34.6
Nestle (NESIND)	11,500	12,000	Buy	100,277	166.7	199.7	238.9	69.0	57.6	48.1	8.9	8.0	7.0	42.9	44.5	47.6	45.6	45.9	47.0
Tata Global Bev (TATGLO)	260	300	Buy	16,409	7.2	7.9	8.7	35.9	32.9	29.8	2.3	2.1	2.0	8.4	9.1	9.5	6.5	7.2	7.6
VST Industries (VSTIND)	3,350	4,200	Buy	5,250	146.9	174.9	190.2	22.8	19.2	17.6	4.8	4.2	3.9	51.4	53.2	52.5	34.2	35.8	35.4
Varun Beverage (VARBEV)	640	693	Hold	17,890	11.7	16.4	12.6	54.6	39.0	50.7	4.5	3.5	2.5	12.7	14.2	13.1	12.1	15.0	10.7

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

ANALYST CERTIFICATION

I/We, Sanjay Manyal, MBA (Finance) and Kapil Jagasia, CFA, MBA (Finance), 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 Limited is a SEBI registered Research Analyst with SEBI Registration Number – INH000000990. ICICI Securities Limited SEBI Registration is INZ000183631 for stock broker. 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

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.

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, 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 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 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.

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.