

## Digital prowess, power of platform long term drivers...

Tata Consultancy Services (TCS) has strong digital (new age technology) expertise which has led to the company winning large deals over the years. Going forward, global digital technologies is expected to witness robust growth (CAGR of ~20% CAGR over next five years) mainly led by business going digital and increase in work from home scenario. TCS is expected to be a key beneficiary of this trend. In addition, TCS has over the years also built strong products and platforms that have enabled it to scale existing clients efficiently while also enabling it to win new clients. Further, TCS' Secure Borderless Workspace (SBW) delivery model and Machine First Delivery Model (MFD) framework will provide unique differentiation for its services. This will enable it to grow its revenues above industry in coming years. This coupled with strong cash flow generation and dividend pay-out keeps us positive on the stock from a long-term perspective.

## Vendor consolidation, ramp up of deals, digital to drive growth

The company reported a poor set of Q1FY21 results mainly led by demand side challenges (dragged revenues by ~5.5% QoQ in CC terms) and supply side challenges (by ~1.4% QoQ). However, going forward, we expect TCS to report improving growth in coming quarters mainly led by receding challenges on supply side, ramp up of deals, vendor consolidation opportunities and traction in BFSI. The company also expects cloud, customer experience, automation and cyber security related digital technologies to gain traction in long term. We believe TCS could see a decline in FY21E revenues mainly due to a weak first quarter. However, we expect the company to register healthy growth in FY22E mainly led by ramp up of deal pipeline and acceleration in digital technologies.

## Cost efficiency to drive margins

EBIT margins in the quarter were impacted by lower utilisation and sharp fall in revenues. Going forward, we expect FY21E margins to be flat mainly due to revenue decline in Q1FY21E. The company is planning to rationalise cost by putting a hiring freeze, no salary increments and other cost optimisation. We expect FY21E margins to be impacted despite cost rationalisation and expect a meaningful recovery in FY22E.

## Valuation & Outlook

In the near term, revenues, margins are expected to be under pressure leading to a washout FY21E. However, TCS has the ability to bounce back as seen in the 2008 global financial crisis. Further, we believe there are long term drivers for the company in terms of market share gains, acceleration in digital technologies and ability to win large deals based on company's execution. Hence, we remain positive on the stock from a long-term perspective. However, the current valuation factors in most of the positives. Hence, we maintain **HOLD** on the stock with a revised target price of ₹ 2400.



### Particulars

Particular	Amount
Market Capitalization (₹Crore)	8,20,125.0
Total Debt (₹Crore)	8,174.0
Cash and equivalents (₹Cron)	35,939.0
EV (₹Crore)	7,92,360.0
52 week H/L	2302 / 1504
Equity capital (₹Crore)	375
Face value	₹1

### Key Highlights

- Near term challenges. However, in the long term, expect revenues to improve led by traction in digital technologies and market share gains.
- Cost rationalisation, rupee depreciation tailwind for margins while lower utilisation and revenue pressure key headwinds
- Maintain HOLD recommendation with revised target price of ₹ 2400

### Research Analyst

Devang Bhatt  
devang.bhatt@icicisecurities.com

### Key Financial Summary

Financials	FY18	FY19	FY20	FY21E	FY22E	CAGR (FY20-22E)
Net Sales	1,23,104	1,46,463	1,56,949	1,56,265	1,70,141	4.1%
EBITDA	32,516	39,506	42,110	42,192	46,789	5.4%
EBITDA Margins (%)	26.4	27.0	26.8	27.0	27.5	
Net Profit	25,826	31,472	32,340	31,377	35,429	4.7%
EPS (₹)	67.4	83.8	86.2	83.6	94.4	
P/E	32.3	26.0	25.3	26.1	23.1	
RoNW (%)	29.6	34.4	37.5	36.7	42.8	
RoCE (%)	37.6	43.8	43.5	42.4	49.1	

Source: Company, ICICI Direct Research

Exhibit 1: Variance Analysis

	Q1FY21	Q1FY21E	Q1FY20	YoY (%)	Q4FY20	QoQ (%)	Comments
Revenue	38,322	38,831	38,172	0.4	39,946	-4.1	Revenues in dollar terms declined 7.1% QoQ mainly due to impact on retail and manufacturing segment
Employee expenses	22,486	22,522	22,102	1.7	22,441	0.2	
Gross Margin	15,836	16,309	16,070	-1.5	17,505	-9.5	
Gross margin (%)	41.3	42.0	42.1	-78 bps	43.8	-250 bps	
SG&A expenses	5,811	5,747	6,033	-3.7	6,529	-11.0	
EBITDA	10,025	10,562	10,037	-0.1	10,976	-8.7	
EBITDA Margin (%)	26.2	27.2	26.3	-13 bps	27.5	-132 bps	
Depreciation	977	940	817	19.6	951	2.7	
EBIT	9,048	9,622	9,220	-1.9	10,025	-9.7	
EBIT Margin (%)	23.6	24.8	24.2	-54 bps	25.1	-149 bps	The decline in EBIT margin was due to lower utilisation
Other income (less interest)	456	626	1,418	-67.8	487	-6.4	
PBT	9,504	10,248	10,638	-10.7	10,512	-9.6	
Tax paid	2,455	2,357	2,485	-1.2	2,419	1.5	
PAT	7,008	7,847	8,131	-13.8	8,049	-12.9	PAT was lower than our estimate due to lower-than-expected operating margins and other income

Source: Company, ICICI Direct Research

Exhibit 2: Change in estimates

(₹Crore)	FY21E			FY22E			Comments
	Old	New	% Change	Old	New	% Change	
Revenue	1,55,383	1,56,265	0.6	1,68,498	1,70,141	1.0	We expect FY21E to be a wash out year and strong revival in FY22E
EBIT	37,292	38,441	3.1	41,703	42,705	2.4	
EBIT Margin (%)	24.0	24.6	60 bps	24.7	25.1	35 bps	FY22E to witness healthy improvement in margins
PAT	31,063	31,377	1.0	35,079	35,429	1.0	
EPS (₹)	82.8	83.6	1.0	93.5	94.4	1.0	

Source: Company, ICICI Direct Research

## Conference Call Highlights

- **Revenue outlook** – TCS' Q1FY21 revenues were down 6.9% QoQ in CC terms mainly led by the pandemic. We believe revenues were impacted by demand side challenges (dragged revenues by ~5.5% QoQ in CC terms) and supply side challenges (by ~1.4% QoQ). The company expects demand side challenges to reduce in Q2FY21E. In addition, TCS expects a healthy uptick in BFSI revenues in Q2FY21E. This will further boost Q2FY21E revenues. Also, the company expects normalcy to return in Q3FY21. However, considering the sharp fall in Q1FY21 we expect the company's FY21E dollar revenues to decline by 4.2% YoY. We expect the company to register healthy growth of 9% YoY in dollar terms mainly led by market share gains, vendor consolidation and traction in digital revenues
- **Vertical wise commentary** - The company saw healthy traction in life-science. However, rest of the verticals saw a decline. The company's BFSI segment declined due to poor growth in the UK and Canada banking. Retail was impacted most due to inclusion of travel vertical in the segment and impact on retail across geographies. Communication & media was impacted by poor performance in media. The cancellation of major events and decline in advertising impacted the media segment. The company was positively surprised in terms of demand resilience in BFSI and negatively in terms of impact on communication and media. Going forward, TCS expects BFSI (~31% of revenues) to recover from Q2FY21E mainly led by recovery in Europe, manufacturing & utility (~10% of revenues) by Q3FY21E. However, the travel vertical could see pain of at least a year while Retail (~15% of revenues) could witness a recovery in Q4FY21E or Q1FY21E
- **Margins** – The Company expects margins to improve from Q2FY21E onwards led by growth in revenues. We expect TCS to report flat FY21E margins mainly led by poor margin performance in Q1FY21
- **Digital business** – TCS has discontinued giving breakup between digital and non-digital citing blurring lines between the two parts of businesses. However, it indicated that digital technologies are gaining traction and could be the key driver of growth in the long term. The company sees cloud, cybersecurity and automation as key drivers of digital technologies. Further, TCS is also seeing traction in customer experience and analytics
- **Deal TCV** - Deal TCV was at US\$6.9 billion, down 22.5% QoQ and up 21.1% YoY. We believe this was mainly due to one deal in manufacturing, one in insurance, largest deal in communication and two large deals in manufacturing. Many large deals were due to closure of earlier period. The company has seen very large deal at top and smaller size deals at bottom. Of the total TCV, North America accounted for \$3.3 billion among geographies while vertically \$2.1 billion was from BFSI & 0.9 billion in retail
- **Client metrics** - The company count in \$100 million+ bucket increased by four YoY to 48. Eleven clients were added in US\$20 million+ and 52 in the US\$1 million+ revenue bucket taking the total to 1066
- **Employee update** - Attrition in IT services declined 100 bps QoQ to 11.1% (LTM). There was a decline of 4970 employees in this quarter. Employee strength was at 443,676 at end of Q1FY21. The company has frozen all hiring in the near term and will initiate lateral hiring only when demand visibility improves. TCS has taken a conservative approach for employees to join work from facilities. DSO was at 68 days

## Key Metrics

Exhibit 3: Geography wise break-up

	Q4FY19	Q1FY20	Q2FY20	Q3FY20	Q4FY20	Q1FY21
<b>Revenue by geography (%)</b>						
North America	50.7	50.6	50.6	50.1	50.3	51.4
Latin America	2.0	1.8	1.9	1.9	1.8	1.7
UK	15.9	15.8	15.6	15.9	16.0	15.3
Continental Europe	14.1	14.3	14.6	14.9	15.2	15.6
India	5.8	6.0	5.7	5.7	5.5	4.3
Asia Pacific	9.5	9.4	9.4	9.3	9.3	9.8
ME A	2.0	2.1	2.2	2.2	1.9	1.9
<b>Growth QoQ (%)</b>						
North America	1.8	1.4	0.6	0.3	-2.2	-5.0
Latin America	2.8	-8.5	6.2	1.3	-7.7	-12.2
UK	5.5	1.0	-0.7	3.2	-1.9	-11.1
Continental Europe	2.8	3.1	2.7	3.3	-0.6	-4.6
India	4.6	5.1	-4.4	1.3	-6.0	-27.3
Asia Pacific	3.9	0.6	0.6	0.2	-2.5	-2.1
ME A	-2.1	6.7	5.4	1.3	-15.8	-7.1

Source: Company, ICICI Direct Research

There was a decline in revenues across geographies. UK is the worst hit due to Brexit and pandemic

Exhibit 4: Vertical wise break-up

	Q4FY19	Q1FY20	Q2FY20	Q3FY20	Q4FY20	Q1FY21
<b>Revenue by verticals (%)</b>						
BFSI	30.9	30.8	31.0	30.4	29.7	31.3
Retail & CPG	15.1	15.0	14.8	15.2	15.4	14.0
Communication and Media	6.8	6.9	7.0	7.0	7.2	7.1
Manufacturing	9.6	9.8	9.8	10.0	10.1	9.7
Life Sciences & Healthcare	7.7	7.9	8.1	8.3	8.8	9.6
Technology & services	8.6	8.8	8.7	8.4	8.7	9.1
Regional markets & others	21.3	20.8	20.6	20.7	20.1	19.2
<b>Growth QoQ (%)</b>						
BFSI	3.1	1.3	1.2	-0.7	-4.8	-2.1
Retail & CPG	0.1	1.0	-0.8	4.0	-1.3	-15.5
Communication and Media	1.3	3.1	2.0	1.3	0.2	-8.4
Manufacturing	0.7	3.7	0.6	3.3	-1.6	-10.8
Life Sciences & Healthcare	4.2	4.3	3.1	3.8	3.3	1.4
Technology & services	1.6	4.0	-0.6	-2.2	0.9	-2.8
Regional markets & others	5.8	-0.8	-0.4	1.7	-5.4	-11.2

Source: Company, ICICI Direct Research

Lifesciences & healthcare had another good quarter. BFSI is expected to recover next quarter. However, retail and travel will take a longer time to recover

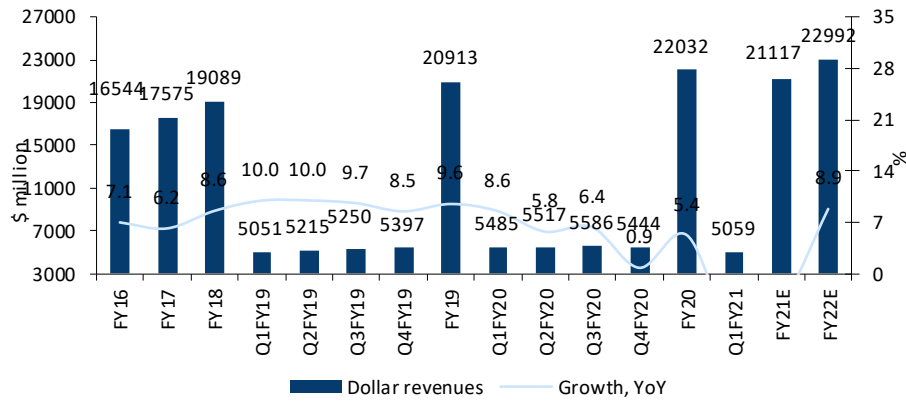
Exhibit 5: Client & human resource matrix

	Q4FY19	Q1FY20	Q2FY20	Q3FY20	Q4FY20	Q1FY21
<b>Client metrics</b>						
USD 1 mn+ clients	963	1014	1032	1053	1072	1066
USD 5 mn+ clients	495	551	554	557	565	564
USD 10 mn+ clients	350	384	398	395	391	382
USD 20 mn+ clients	207	219	225	232	240	230
USD 50 mn+ clients	97	100	101	102	105	100
USD 100 mn+ clients	38	44	47	47	49	48
<b>Headcount, Attrition</b>						
Total Employees	424285	436641	450738	446675	448646	443676
Attrition, LTM (IT Services)	11.3	11.5	11.6	12.2	12.1	11.1

Source: Company, ICICI Direct Research

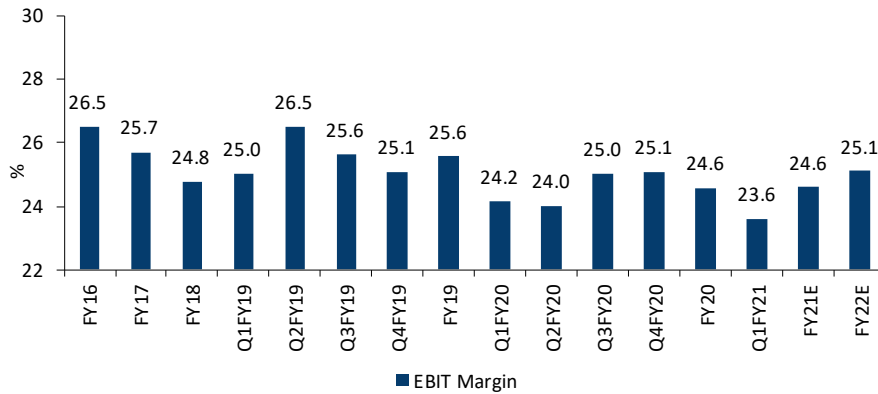
## Financial story in charts

**Exhibit 6: Dollar revenues may grow at 2.2% CAGR in FY20-22E**



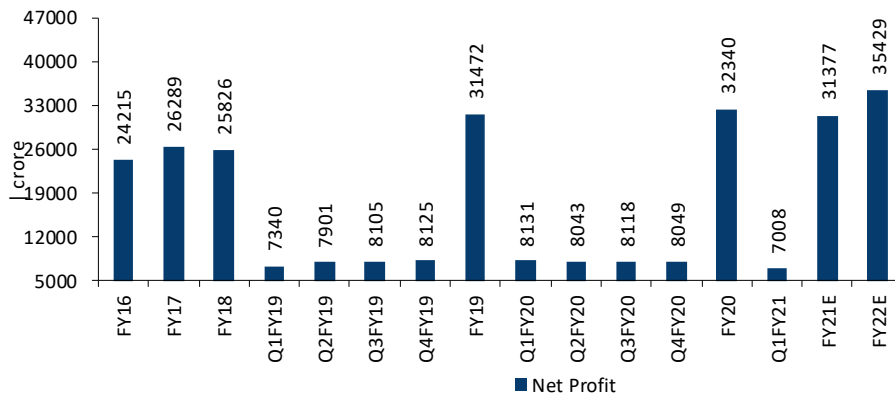
Source: Company, ICICI Direct Research

**Exhibit 7: Revision in margin estimates for FY21E & FY22E**



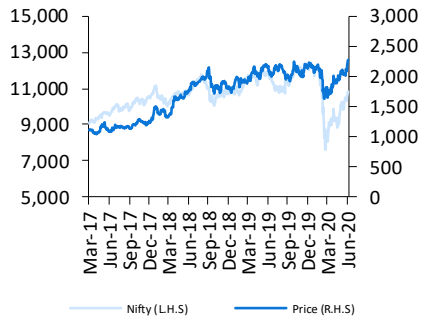
Source: Company, ICICI Direct Research

**Exhibit 8: PAT trend**



Source: Company, ICICI Direct Research

Exhibit 9: Three year price chart



Source: Company, ICICI Direct Research

## Financial summary

Exhibit 10: Profit and loss statement					₹ crore
(Year-end March)	FY19	FY20	FY21E	FY22E	
<b>Total operating income</b>	<b>1,46,463</b>	<b>1,56,949</b>	<b>1,56,265</b>	<b>1,70,141</b>	
Growth (%)	19.0	7.2	-0.4	8.9	
COGS (employee expenses)	83,102	89,635	90,009	96,130	
S,G&A expenses	23,855	25,204	24,065	27,223	
Total Operating Expenditure	1,06,957	1,14,839	1,14,073	1,23,352	
<b>EBITDA</b>	<b>39,506</b>	<b>42,110</b>	<b>42,192</b>	<b>46,789</b>	
Growth (%)	21.5	6.6	0.2	10.9	
Depreciation	2,056	3,530	3,750	4,083	
Other Income less interest	4,113	3,668	2,554	3,566	
PBT	41,563	42,248	40,995	46,271	
Total Tax	10,001	9,801	9,511	10,735	
Minority Interest	90	107	107	107	
Exceptional Item	0	0	0	0	
PAT before exceptional item	31,472	32,340	31,377	35,429	
Growth (%)	21.9	2.8	-3.0	12.9	
EPS (₹)	83.8	86.2	83.6	94.4	
<b>PAT after exceptional item</b>	<b>31,472</b>	<b>32,340</b>	<b>31,377</b>	<b>35,429</b>	
EPS - Reported (₹)	83.8	86.2	83.6	94.4	

Source: Company, ICICI Direct Research

Exhibit 11: Cash flow statement					₹ crore
(Year-end March)	FY19	FY20	FY21E	FY22E	
Profit before Tax	41,563	42,248	40,995	46,271	
Add: Depreciation	2,056	3,529	3,750	4,083	
(Inc)/dec in Current Assets	-5,910	-7,125	9,415	-3,711	
Inc/(dec) in CL and Provision	3,598	2,625	-126	2,427	
Taxes paid	-9,958	-5,846	-9,511	-10,735	
<b>CF from operating activities</b>	<b>31,667</b>	<b>35,391</b>	<b>41,919</b>	<b>35,188</b>	
(Inc)/dec in Investments	474	7,707	-1,361	-416	
(Inc)/dec in Fixed Assets	-2,132	-3,088	-3,125	-3,403	
Others	-50	0	2,604	3,148	
<b>CF from investing activities</b>	<b>-1,664</b>	<b>4,619</b>	<b>-1,882</b>	<b>-671</b>	
Inc/(dec) in loan funds	-181	0	0	0	
Dividend paid & dividend tax	-11,424	-37,634	-32,199	-38,142	
Others	-16,093	-295	0	0	
<b>CF from financing activities</b>	<b>-27,711</b>	<b>-38,991</b>	<b>-32,199</b>	<b>-38,142</b>	
Net Cash flow	2,292	1,019	7,838	-3,625	
Exchange difference	49	0	0	0	
Opening Cash	4,883	7,224	9,799	17,637	
<b>Closing cash and Bank</b>	<b>12,652</b>	<b>9,799</b>	<b>17,637</b>	<b>14,012</b>	

Source: Company, ICICI Direct Research

Exhibit 12: Balance sheet					₹ crore
(Year-end March)	FY19	FY20	FY21E	FY22E	
<b>Liabilities</b>					
Equity Capital	375	375	375	375	
Reserve and Surplus	88,615	81,932	81,110	78,397	
Share Premium	2,566	3,933	3,933	3,933	
Total Shareholders funds	91,556	86,240	85,418	82,706	
Total debt	62	8,174	8,168	8,281	
Other liabilities & Provisions	1,874	1,405	1,613	1,669	
Deferred tax liability(net)	1,042	779	779	779	
Minority Interest / Others	453	623	730	837	
<b>Total Liabilities</b>	<b>94,987</b>	<b>97,221</b>	<b>96,709</b>	<b>94,271</b>	
<b>Assets</b>					
Net assets & CWIP	11,829	20,215	19,590	18,909	
Goodwill	3,834	3,850	3,850	3,850	
Other non current assets	8,773	7,965	9,326	9,742	
Debtors	27,441	30,606	29,222	31,816	
Loans and Advances	11,847	10,171	7,813	8,507	
Other Current Assets	11,586	14,267	8,595	9,017	
Current Investments	29,091	26,140	26,140	26,140	
Cash	12,652	9,799	17,637	14,012	
Trade Payable	6,292	6,740	6,711	7,307	
OCL & Provisions	15,774	19,052	18,753	20,417	
<b>Application of Funds</b>	<b>94,987</b>	<b>97,221</b>	<b>96,709</b>	<b>94,271</b>	

Source: Company, ICICI Direct Research

Exhibit 13: Key ratios					₹ crore
(Year-end March)	FY19	FY20	FY21E	FY22E	
<b>Per share data (₹)</b>					
Adjusted EPS (Diluted)	83.8	86.2	83.6	94.4	
BV per share	244.1	230.0	227.6	220.4	
DPS	30.0	85.0	71.2	84.4	
Cash Per Share	33.7	26.1	47.0	37.3	
<b>Operating Ratios (%)</b>					
EBIT margins	25.6	24.6	24.6	25.1	
PBT Margins	28.4	26.9	26.2	27.2	
PAT Margin	21.5	20.6	20.1	20.8	
Debtor days	68	71	68	68	
Creditor days	16	16	16	16	
<b>Return Ratios (%)</b>					
RoE	34.4	37.5	36.7	42.8	
RoCE	43.8	43.5	42.4	49.1	
RoIC	70.3	63.0	72.6	78.9	
<b>Valuation Ratios (x)</b>					
P/E	26.0	25.3	26.1	23.1	
EV / Net Sales	5.3	5.0	5.0	4.6	
Market Cap / Sales	5.6	5.2	5.2	4.8	
<b>Solvency Ratios</b>					
Debt / EBITDA	0.0	0.2	0.2	0.2	
Debt / Equity	0.0	0.1	0.1	0.1	
Current Ratio	2.3	2.1	1.8	1.8	
Quick Ratio	2.3	2.1	1.8	1.8	

Source: Company, ICICI Direct Research

Exhibit 14: ICICI Direct coverage universe (IT)

Company	Cmp (₹)	TP (₹)	Rating	Mcap (₹Cr)	EPS (₹)			P/E (x)			RoCE (%)			RoE (%)		
					FY20	FY21E	FY22E	FY20	FY21E	FY22E	FY20	FY21E	FY22E	FY20	FY21E	FY22E
HCL Tech (HCLTEC)	585	585	Buy	1,54,290	40.8	39.1	43.5	14	15	13	23.0	19.8	19.5	21.6	17.8	17.0
Infosys (INFTEC)	781	750	Buy	3,29,025	38.9	39.5	44.9	19	19	17	30.8	29.0	30.2	25.2	23.6	24.4
TCS (TCS)	2,187	2,400	Hold	8,20,125	86.2	83.6	94.4	25	26	23	43.5	42.4	49.1	37.5	36.7	42.8
Tech M (TECMAH)	565	630	Buy	50,432	44.8	33.7	44.3	13	17	13	19.1	13.2	15.9	18.5	12.8	15.3
Wipro (WIPRO)	221	225	Buy	1,35,502	16.6	14.8	16.6	14	15	14	19.3	15.8	15.5	17.4	14.0	13.5
Mindtree (MINCON)	992	885	Hold	15,385	38.3	52.7	60.7	24	18	15	23.0	27.0	26.9	20.0	23.3	22.8
LTI (LTINFC)	2,085	2,050	Buy	34,130	86.6	95.0	110.4	23	21	18	30.7	29.0	28.7	28.1	25.9	25.3
NIIT Tech (NIITEC)	1,570	1,330	Hold	8,561	71.4	75.5	88.6	20	19	16	24.2	24.7	25.6	19.4	20.0	20.7
Infoedge (INFEDG)	2,909	3,290	Hold	33,948	26.8	21.6	33.8	166	129	82	18.0	13.6	19.1	13.5	10.1	14.3
Teamlease (TEASEI)	1,803	2,000	Buy	2,855	20.5	38.9	61.5	81	43	27	15.0	11.3	14.6	6.8	10.4	14.2

Source: Company, ICICI Direct Research



## RATING RATIONALE

ICICI Direct endeavors 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, Akruiti Trade Centre,  
Road No 7, MIDC,  
Andheri (East)  
Mumbai – 400 093  
research@icicidirect.com**

## ANALYST CERTIFICATION

I/We, Devang Bhatt, PGDBM, 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.

### Disclaimer in retail research report:

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 – INH00000990. ICICI Securities Limited SEBI Registration is INZ00183631 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](http://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](http://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.