

## Clarity on growth path ahead!

Tata Communication (TCom) in its investor day revisited (and revised some of) its strategic growth path. The core growth path remained same with steps like deeper engagement with key clients (along with dedicated team for remaining clients), revamped operating structure, transformation from product to platform and Focus on Fixed + Usage model for digital platforms. On the **medium term financial targets**, there were few upgrades with **a) RoCE target of 25-30% (vs. 20% target earlier)**, **b) EBITDA margin of 23-25% (earlier guidance: 22-25%)**, **c) maintaining optimal debt (vs. debt reduction guidance earlier)** and **d) double digit data revenues target (same as before) with incremental margin buffer/cash being reinvested to drive growth.**

### Revamped operating structure; to expand offering...

TCom revamped its operating structure with three business segments names voice, data and others (subsidiaries for transformation services, white label ATM, rental arm) (details on page 2, 3). Also, traditional/growth segments within data has been renamed as Core Connectivity/ Digital Platforms and Services, respectively. Growth strategy will be driven by six platforms viz. a) cloud, edge & security b) net generation connectivity c) *NetFoundry* d) *MOVE* & IoT e) collaborations and f) voice. **One key positive takeaway from the guidance bit has been explicit focus on driving revenue growth (the only muted piece in equation so far) with increased opex/capex into infra/ innovation as well as inorganic route to expand overall solutions offerings.**

### To reinvest incremental cashflows/margin buffer for growth

TCOM opted for narrower margin guidance of 23-25% with clear intention of utilising the margin growth buffer and incremental cash flows for investments into R&D/technology/ to drive the overall future growth. We now bake in 10.6% revenue CAGR in FY21-23E (vs. 9.3% earlier) in the overall data (including others) segment, driven by likely acceleration in growth from H2FY22 onwards. We expect overall margins to be muted at 25.2% in FY23 vs. 24.9% in FY21, in line with guidance.

### Valuation & Outlook

The company's strategic growth plan, focused approach and structural improvement in data segment margins has driven multiple re-rating. While deal closures delays/some segmental impact due to Covid could have near term weakness in revenues, the demand outlook is robust with the company clearly focusing on reinvesting for growth and even outlining inorganic growth intentions. Furthermore, improved cash flow generation and improved return ratios bode well for TCom. Thus, we maintain **BUY** with a revised SoTP target price of ₹ 1485/share (earlier ₹ 1290/share), as we raise our data segment target multiple to 10x EV/EBITDA vs. 9x earlier.

## TATA COMMUNICATIONS

### Particulars

| Particulars              | Amount          |
|--------------------------|-----------------|
| Market Capitalization    | ₹ 35076.4 Crore |
| Total Debt (FY21)        | ₹ 10001 Crore   |
| Cash (FY21)              | ₹ 927.1 Crore   |
| EV                       | ₹ 46605.8 Crore |
| 52 week H/L              | 1367/ 357       |
| Equity capital (₹ crore) | 285.0           |
| Face value (₹)           | 10.0            |

### Key Highlights

- Maintain BUY rating, valuing at ₹ 1485/share on SoTP basis

### Key risk to our call

- Delay in revenues growth recovery could impact operating leverage benefits and earnings growth estimates, going ahead
- Turnaround in incubation segment will hold key for overall stepping up of margins in long term. Non-fructification of the same could long term impact growth potential

### Research Analyst

Bhupendra Tiwary, CFA  
bhupendra.tiwary@icicisecurities.com

Sameer Pardikar  
sameer.pardikar@icicisecurities.com

### Key Financial Summary

| (₹ Crore)        | FY19     | FY20     | FY21     | FY22E    | FY23E    | CAGR (FY21-23E) |
|------------------|----------|----------|----------|----------|----------|-----------------|
| Net Sales        | 16,525.0 | 17,068.0 | 17,100.1 | 17,892.8 | 19,615.9 | 7.1             |
| EBITDA           | 2,744.9  | 3,289.0  | 4,260.6  | 4,365.8  | 4,943.2  | 7.7             |
| PAT              | (82.4)   | (86.0)   | 1,250.6  | 1,360.8  | 1,715.7  | 17.1            |
| P/E (x)          | NM       | NM       | 28.0     | 25.8     | 20.4     |                 |
| Price / Book (x) | NM       | NM       | 303.8    | 25.5     | 11.7     |                 |
| EPS (₹)          | (2.9)    | (3.0)    | 43.9     | 47.7     | 60.2     |                 |
| EV/EBITDA (x)    | 16.0     | 14.2     | 10.7     | 10.1     | 8.4      |                 |
| RoCE (%)         | 7.3      | 10.6     | 20.7     | 20.5     | 23.7     |                 |
| RoE (%)          | NM       | NM       | NM       | NM       | NM       |                 |

Exhibit 1: Change in estimates

| (₹ Crore)         | FY22E    |          |          | FY23E    |          |          |
|-------------------|----------|----------|----------|----------|----------|----------|
|                   | Old      | New      | % Change | Old      | New      | % Change |
| Revenue           | 17,892.8 | 17,892.8 | 0.0      | 19,212.5 | 19,615.9 | 2.1      |
| EBITDA            | 4,365.8  | 4,365.8  | 0.0      | 4,841.6  | 4,943.2  | 2.1      |
| EBITDA Margin (%) | 24.4     | 24.4     | 0 bps    | 25.2     | 25.2     | 0 bps    |
| PAT               | 1,328.1  | 1,360.8  | 2.5      | 1,636.7  | 1,715.7  | 4.8      |
| EPS (₹)           | 46.6     | 47.7     | 2.5      | 57.4     | 60.2     | 4.8      |

Source: Company, ICICI Direct Research

### Change in operating structure

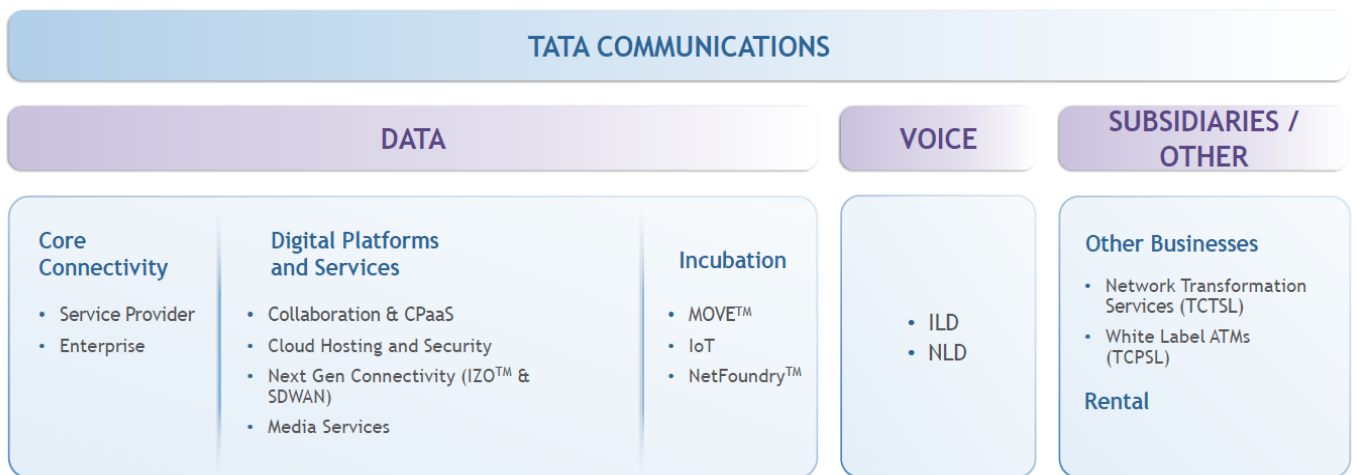
The company undertook the change in reporting structure with an intention to simplify the same. Product level revenue segmentation has been discontinued and segmentation is now on the basis of customer proposition.

**Key highlights were**

- **Three business segments now vs. two earlier:** Data, voice and others (subsidiaries for transformation services, white label ATM and rental arm which was under data segment)
- Under Data segment, **traditional services** would be renamed as **Core Connectivity** and **growth services** will be renamed as **Digital Platforms and Services**. Product grouping remains same except Content Delivery Network (CDN), which moves from Core Connectivity to Digital Platforms
- **MOVE, IoT and Netfoundry** would form a third sub-segment under Data viz. **Incubation** (vs. innovation earlier)

Exhibit 2: New reporting structure

### BEING FUTURE READY - NEW REPORTING STRUCTURE



Source: Company, ICICI Direct Research

Exhibit 3: Comparative numbers with old structure

### COMPARATIVE VIEW

#### TRADITIONAL SERVICES

Amount in ₹, Cr; except ratios

| Particulars   | Quarter Ended |          |          |           | Full Year Ended |
|---------------|---------------|----------|----------|-----------|-----------------|
|               | Mar 2021      | Dec 2020 | Sep 2020 | June 2020 | Mar 2021        |
| Gross Revenue | 2,277         | 2,288    | 2,271    | 2,229     | 9,065           |
| Net Revenue   | 1,882         | 1,871    | 1,853    | 1,802     | 7,407           |
| EBITDA        | 970           | 981      | 1,016    | 941       | 3,908           |
| EBITDA Margin | 42.6%         | 42.9%    | 44.7%    | 42.2%     | 43.1%           |

#### CORE CONNECTIVITY

Amount in ₹, Cr; except ratios

| Particulars   | Quarter Ended |          |          |           | Full Year Ended |
|---------------|---------------|----------|----------|-----------|-----------------|
|               | Mar 2021      | Dec 2020 | Sep 2020 | June 2020 | Mar 2021        |
| Gross Revenue | 2,238         | 2,250    | 2,234    | 2,193     | 8,915           |
| Net Revenue   | 1,858         | 1,845    | 1,829    | 1,779     | 7,311           |
| EBITDA        | 976           | 984      | 1,017    | 946       | 3,923           |
| EBITDA Margin | 43.6%         | 43.7%    | 45.5%    | 43.1%     | 44.0%           |

#### GROWTH SERVICES

Amount in ₹, Cr; except ratios

| Particulars   | Quarter Ended |          |          |           | Full Year Ended |
|---------------|---------------|----------|----------|-----------|-----------------|
|               | Mar 2021      | Dec 2020 | Sep 2020 | June 2020 | Mar 2021        |
| Gross Revenue | 774           | 806      | 903      | 923       | 3,406           |
| Net Revenue   | 370           | 420      | 439      | 408       | 1,637           |
| EBITDA        | 65            | 126      | 150      | 115       | 454             |
| EBITDA Margin | 8.4%          | 15.6%    | 16.6%    | 12.4%     | 13.3%           |

#### DIGITAL PLATFORMS AND SERVICES

Amount in ₹, Cr; except ratios

| Particulars   | Quarter Ended |          |          |           | Full Year Ended |
|---------------|---------------|----------|----------|-----------|-----------------|
|               | Mar 2021      | Dec 2020 | Sep 2020 | June 2020 | Mar 2021        |
| Gross Revenue | 813           | 844      | 940      | 959       | 3,556           |
| Net Revenue   | 394           | 446      | 463      | 431       | 1,734           |
| EBITDA        | 59            | 122      | 147      | 109       | 437             |
| EBITDA Margin | 7.3%          | 14.5%    | 15.6%    | 11.4%     | 12.3%           |

Source: Company, ICICI Direct Research

Exhibit 4: Segmental breakup under new structure

### SEGMENTAL BREAKUP

| Particulars                  | Quarter Ended |          |          |           | Full Year Ended |
|------------------------------|---------------|----------|----------|-----------|-----------------|
|                              | Mar 2021      | Dec 2020 | Sep 2020 | June 2020 | Mar 2021        |
| Service Provider (Wholesale) | 40%           | 40%      | 39%      | 41%       | 40%             |
| Enterprise                   | 60%           | 60%      | 61%      | 59%       | 60%             |

#### CORE CONNECTIVITY - REVENUE SEGMENTATION

Amount in ₹, Cr; except ratios

| Particulars                          | Quarter Ended |          |          |           | Full Year Ended |
|--------------------------------------|---------------|----------|----------|-----------|-----------------|
|                                      | Mar 2021      | Dec 2020 | Sep 2020 | June 2020 | Mar 2021        |
| Collaboration & CPaaS                | 44%           | 48%      | 53%      | 62%       | 52%             |
| Cloud Hosting and Security           | 30%           | 26%      | 25%      | 20%       | 25%             |
| Next Gen Connectivity (IZO™ & SDWAN) | 16%           | 14%      | 13%      | 12%       | 13%             |
| Media Services                       | 11%           | 12%      | 9%       | 6%        | 9%              |

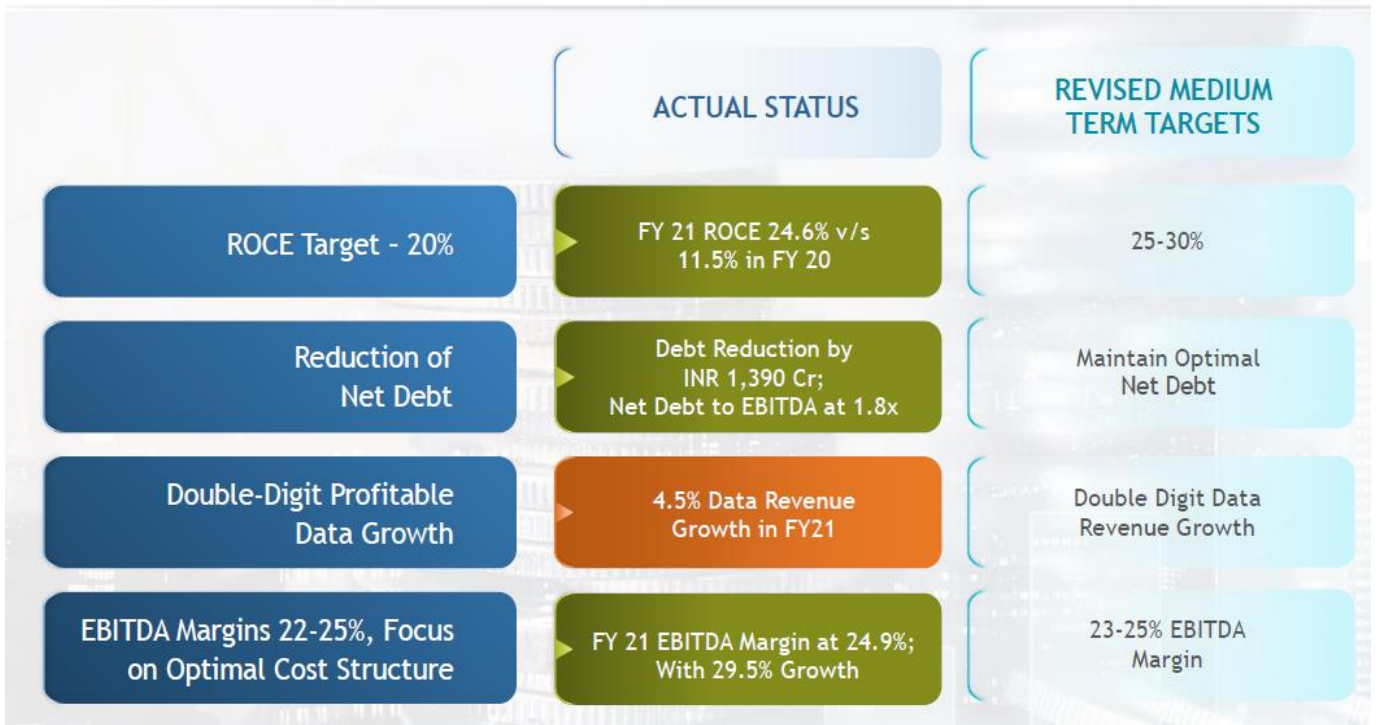
#### DIGITAL PLATFORMS AND SERVICES - REVENUE SEGMENTATION

Amount in ₹, Cr; except ratios

Source: Company, ICICI Direct Research

Exhibit 5: Medium term financial targets – Revisit and revision

HEALTHY BALANCE SHEET AND DOUBLE DIGIT PROFITABLE



Source: Company, ICICI Direct Research

Other highlights:

- The company had earlier guided for 22-25% EBITDA margin range. TCom indicated that though FY21 reported margins were 24.9%, it includes benefit of various Covid related cost savings such as travelling, rentals costs, etc. Adjusted margins would have been lower by 100 bps. The management indicated that once things normalise, costs would rise. The company has narrowed their guidance range to 23-25% now. Incremental margin buffer will be spent on opex for R&D/technologies to drive growth ahead
- The company indicated that to attain double digit growth in data revenues, they would increase their investments from the current level to support that growth in the segment. The company thus guided for higher capex (yet range bound) from the normal run rate of US\$225-250 million on a yearly basis.

## Valuations

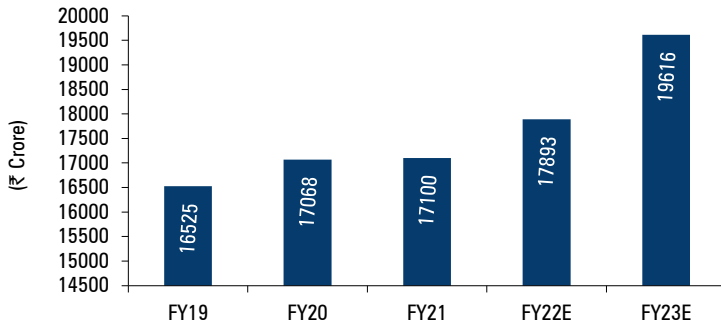
### Exhibit 6: Valuations

| Particulars  | FY23 EBITDA<br>(₹ Crore) | EV/EBITDA<br>(x) | Amount (₹<br>Crore) |
|--|--------------------------|------------------|---------------------|
| Voice Business Enterprise Value                            | 148.2                    | 2.0              | 296                 |
| Data Business Enterprise Value (incl. Rent & subsidiaries) | 4,797.2                  | 10.0             | 47,972              |
| Data Centre - 26% stake (based on 20x EV/EBITDA)           |                          |                  | 1,820               |
| Less: Net Debt (incl. Lease Liability)                     | -                        | -                | 6,502               |
| Less: AGR liability  | -                        | -                | 1,200               |
| Equity Value of the business                               | -                        | -                | 42,386              |
| No. of equity shares outstanding (crore)                   | -                        | -                | 28.5                |
| Target Price   | -                        | -                | 1,487               |
| Rounded off Target Price                                   | -                        | -                | 1,485               |

Source: Company, ICICI Direct Research

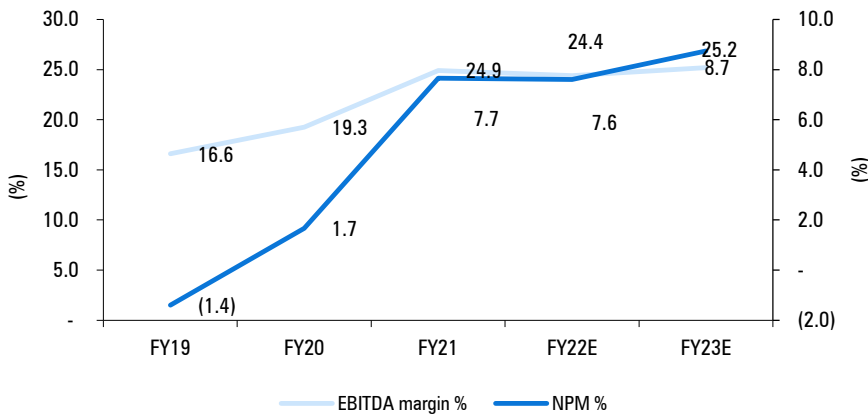
## Financial story in charts

Exhibit 7: Overall revenues trend



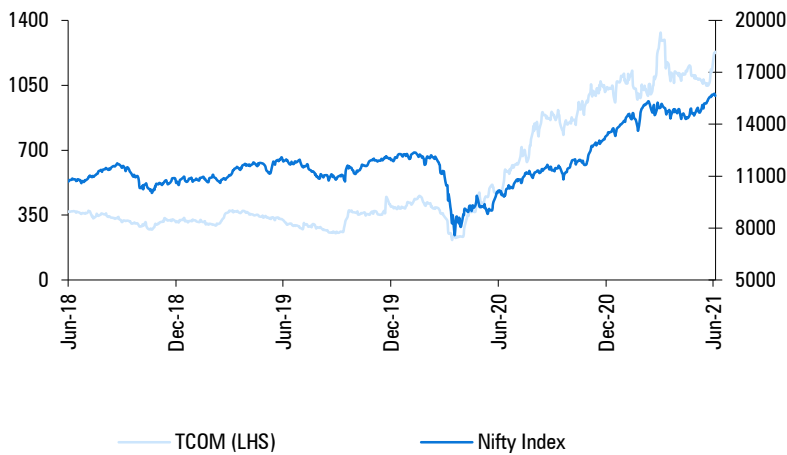
Source: Company, ICICI Direct Research

Exhibit 8: EBITDA and NPM margins trend



Source: Company, ICICI Direct Research

Exhibit 9: Price Performance



Source: Bloomberg, ICICI Direct Research

## Financial summary

| Exhibit 10: Profit and loss statement |                |                |                |                |
|---------------------------------------|----------------|----------------|----------------|----------------|
|                                       | ₹ crore        |                |                |                |
| (Year-end March)                      | FY20           | FY21           | FY22E          | FY23E          |
| <b>Total operating Income</b>         | <b>17068.0</b> | <b>17100.1</b> | <b>17892.8</b> | <b>19615.9</b> |
| Growth (%)                            | 3.3            | 0.2            | 4.6            | 9.6            |
| Employee Expenses                     | 3039.1         | 3049.1         | 3095.5         | 3393.5         |
| Network costs                         | 6777.6         | 6333.3         | 6817.2         | 7316.7         |
| Administrative Expenses               | 3962.3         | 3457.2         | 3614.3         | 3962.4         |
| Other Expenses                        | 0.0            | 0.0            | 0.0            | 0.0            |
| Total Operating Expenditure           | 13779.0        | 12839.5        | 13527.0        | 14672.7        |
| <b>EBITDA</b>                         | <b>3289.0</b>  | <b>4260.6</b>  | <b>4365.8</b>  | <b>4943.2</b>  |
| Growth (%)                            | 19.8           | 29.5           | 2.5            | 13.2           |
| Depreciation                          | 2357.7         | 2313.9         | 2272.4         | 2432.4         |
| Interest                              | 470.7          | 420.2          | 355.2          | 318.2          |
| Other Income                          | 69.7           | 156.8          | 80.0           | 100.0          |
| Exceptional Items                     | 390.6          | 74.7           | 0.0            | 0.0            |
| PBT                                   | 139.7          | 1608.6         | 1818.2         | 2292.6         |
| Minority Interest                     | 1.1            | 0.9            | 1.2            | 1.2            |
| PAT from Associates                   | 2.2            | -2.1           | 2.0            | 2.0            |
| Total Tax                             | 226.7          | 354.9          | 458.2          | 577.7          |
| <b>PAT</b>                            | <b>-86.0</b>   | <b>1250.6</b>  | <b>1360.8</b>  | <b>1715.7</b>  |
| Growth (%)                            | NM             | NM             | 8.8            | 26.1           |
| <b>Adjusted PAT</b>                   | <b>283.9</b>   | <b>1308.9</b>  | <b>1360.8</b>  | <b>1715.7</b>  |
| Growth (%)                            | NM             | 361.0          | 4.0            | 26.1           |
| <b>EPS (₹)</b>                        | <b>-3.0</b>    | <b>43.9</b>    | <b>47.7</b>    | <b>60.2</b>    |

Source: Company, ICICI Direct Research

| Exhibit 12: Balance sheet   |                 |                 |                 |                 |
|-----------------------------|-----------------|-----------------|-----------------|-----------------|
|                             | ₹ crore         |                 |                 |                 |
| (Year-end March)            | FY20            | FY21            | FY22E           | FY23E           |
| <b>Liabilities</b>          |                 |                 |                 |                 |
| Equity Capital              | 285.0           | 285.0           | 285.0           | 285.0           |
| Preference Share Capital    | 0.0             | 0.0             | 0.0             | 0.0             |
| Reserve and Surplus         | -1,563.4        | -169.5          | 1,091.3         | 2,706.9         |
| Total Shareholders funds    | -1,278.4        | 115.5           | 1,376.3         | 2,991.9         |
| Total Debt                  | 10,746.0        | 10,001.0        | 9,201.1         | 8,001.1         |
| Others                      | 4,996.6         | 4,304.0         | 4,067.0         | 3,827.6         |
| <b>Total Liabilities</b>    | <b>14,464.2</b> | <b>14,420.5</b> | <b>14,644.5</b> | <b>14,820.7</b> |
| <b>Assets</b>               |                 |                 |                 |                 |
| Gross Block                 | 36,977.0        | 36,790.4        | 38,640.4        | 40,490.4        |
| Less: Acc Depreciation      | 25,833.4        | 26,616.4        | 28,888.7        | 31,321.1        |
| Net Block                   | 11,143.6        | 10,174.1        | 9,751.7         | 9,169.3         |
| Capital WIP                 | 286.0           | 394.5           | 394.5           | 394.5           |
| Total Fixed Assets          | 11,429.6        | 10,568.5        | 10,146.1        | 9,563.8         |
| Investments                 | 1,563.1         | 2,233.4         | 2,283.4         | 2,333.4         |
| Goodwill on Consolidation   | 91.8            | 110.3           | 110.3           | 110.3           |
| Inventory                   | 73.0            | 34.4            | 36.0            | 39.5            |
| Debtors                     | 3,228.9         | 2,607.7         | 2,941.3         | 3,224.5         |
| Loans and Advances          | 259.6           | 235.8           | 246.7           | 270.5           |
| Other Current Assets        | 929.6           | 876.5           | 917.1           | 1,005.4         |
| Cash                        | 909.1           | 927.1           | 1,448.4         | 2,453.9         |
| Total Current Assets        | 5,400.2         | 4,681.5         | 5,589.6         | 6,993.9         |
| Creditors                   | 3,845.0         | 3,239.5         | 3,382.5         | 3,708.2         |
| Provisions                  | 726.0           | 688.1           | 718.5           | 787.7           |
| Other current liabilities   | 3,126.3         | 2,985.3         | 3,123.7         | 3,424.5         |
| Total Current Liabilities   | 7,697.3         | 6,912.9         | 7,224.6         | 7,920.4         |
| Net Current Assets          | -2,297.1        | -2,231.4        | -1,635.1        | -926.5          |
| Other non current assets    | 3,676.8         | 3,739.7         | 3,739.7         | 3,739.7         |
| <b>Application of Funds</b> | <b>14,464.2</b> | <b>14,420.5</b> | <b>14,644.5</b> | <b>14,820.7</b> |

Source: Company, ICICI Direct Research

| Exhibit 11: Cash flow statement     |                |                |                |                |
|-------------------------------------|----------------|----------------|----------------|----------------|
|                                     | ₹ crore        |                |                |                |
| (Year-end March)                    | FY20E          | FY21           | FY22E          | FY23E          |
| Profit after Tax                    | -86.0          | 1250.6         | 1360.8         | 1715.7         |
| Add: Depreciation                   | 2357.7         | 2313.9         | 2272.4         | 2432.4         |
| Add: Interest Paid                  | 470.7          | 420.2          | 355.2          | 318.2          |
| (Inc)/dec in Current Assets         | -516.6         | 736.7          | -386.8         | -398.8         |
| Inc/(dec) in CL and Provisions      | 1218.2         | -784.4         | 311.8          | 695.7          |
| Others                              | 0.0            | 0.0            | 0.0            | 0.0            |
| <b>CF from operating activities</b> | <b>3444.1</b>  | <b>3937.0</b>  | <b>3913.5</b>  | <b>4763.2</b>  |
| (Inc)/dec in Investments            | -71.8          | -670.3         | -50.0          | -50.0          |
| (Inc)/dec in Fixed Assets           | -2222.9        | -1452.8        | -1850.0        | -1850.0        |
| Others                              | -82.7          | -773.9         | -237.0         | -239.5         |
| <b>CF from investing activities</b> | <b>-2377.4</b> | <b>-2897.0</b> | <b>-2137.0</b> | <b>-2139.5</b> |
| Issue/(Buy back) of Equity          | 0.0            | 0.0            | 0.0            | 0.0            |
| Inc/(dec) in loan funds             | 471.7          | -745.0         | -799.9         | -1200.0        |
| Less: Interest Paid                 | -470.7         | -420.2         | -355.2         | -318.2         |
| Less: Dividend and dividend tax     | -135.7         | 0.0            | 0.0            | 0.0            |
| Others                              | -874.9         | 143.2          | -100.0         | -100.0         |
| <b>CF from financing activities</b> | <b>-1009.6</b> | <b>-1022.0</b> | <b>-1255.1</b> | <b>-1618.2</b> |
| Net Cash flow                       | 57.0           | 18.0           | 521.3          | 1005.5         |
| Opening Cash                        | 852.1          | 909.1          | 927.1          | 1448.4         |
| <b>Closing Cash</b>                 | <b>909.1</b>   | <b>927.1</b>   | <b>1448.4</b>  | <b>2453.9</b>  |

Source: Company, ICICI Direct Research

| Exhibit 13: Key ratios       |        |       |       |       |
|------------------------------|--------|-------|-------|-------|
| (Year-end March)             | FY20   | FY21  | FY22E | FY23E |
| <b>Per share data (₹)</b>    |        |       |       |       |
| EPS                          | -3.0   | 43.9  | 47.7  | 60.2  |
| Adj. EPS                     | 10.0   | 45.9  | 47.7  | 60.2  |
| BV                           | -44.9  | 4.1   | 48.3  | 105.0 |
| DPS                          | 4.8    | 0.0   | 0.0   | 0.0   |
| Cash Per Share               | 31.9   | 32.5  | 50.8  | 86.1  |
| <b>Operating Ratios (%)</b>  |        |       |       |       |
| EBITDA Margin                | 19.3   | 24.9  | 24.4  | 25.2  |
| PBT / Total Operating income | 5.5    | 11.4  | 11.7  | 12.8  |
| PAT Margin                   | 1.7    | 7.7   | 7.6   | 8.7   |
| Inventory days               | 1.6    | 0.7   | 0.7   | 0.7   |
| Debtor days                  | 69.0   | 55.7  | 60.0  | 60.0  |
| Creditor days                | 82.2   | 69.1  | 69.0  | 69.0  |
| <b>Return Ratios (%)</b>     |        |       |       |       |
| RoE                          | NM     | NM    | 98.9  | 57.3  |
| RoCE                         | 10.6   | 20.7  | 20.5  | 23.7  |
| RoIC                         | 7.8    | 17.8  | 19.4  | 24.5  |
| <b>Valuation Ratios (x)</b>  |        |       |       |       |
| P/E                          | -408.1 | 28.0  | 25.8  | 20.4  |
| EV / EBITDA                  | 14.2   | 10.7  | 10.1  | 8.4   |
| EV / Net Sales               | 2.7    | 2.7   | 2.5   | 2.1   |
| Market Cap / Sales           | 2.1    | 2.1   | 2.0   | 1.8   |
| Price to Book Value          | -27.4  | 303.8 | 25.5  | 11.7  |
| <b>Solvency Ratios</b>       |        |       |       |       |
| Net Debt/EBITDA              | 2.8    | 1.8   | 1.5   | 0.9   |
| Debt / Equity                | -8.4   | 86.6  | 6.7   | 2.7   |
| Current Ratio                | 1.0    | 1.0   | 1.0   | 1.0   |
| Quick Ratio                  | 1.0    | 0.9   | 1.0   | 1.0   |

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 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

Buy: >15%

Hold: -5% to 15%;

Reduce: -15% to -5%;

Sell: <-15%



**Pankaj Pandey**

**Head – Research**

**[pankaj.pandey@icicisecurities.com](mailto: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](mailto:research@icicidirect.com)**



## ANALYST CERTIFICATION

I/We, Bhupendra Tiwary, MBA, CFA, Sameer Pardikar, MBA, 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 is Sebi registered stock broker, merchant banker, investment adviser, portfolio manager and Research Analyst. ICICI Securities is registered with Insurance Regulatory Development Authority of India Limited (IRDAI) as a composite corporate agent and with PFRDA as a Point of Presence. ICICI Securities Limited Research Analyst 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](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 and its analysts, persons reporting to analysts and their relatives are generally prohibited 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, and 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 and ICICI Securities as a entity 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.