

Tata Consumer Products Ltd.



Tata Consumer Products Ltd.
Higher revenue growth and margin accretion from acquired businesses

CMP INR 1,147	Target INR 1,322	Potential Upside 15.2%	Market Cap (INR Mn) 10,57,275	Recommendation BUY	Sector Consumer
------------------	---------------------	---------------------------	----------------------------------	------------------------------	---------------------------

Highlights

- TATACONS announced 2 separate acquisitions: (1) 100.0% equity shares of Capital Foods, owner of the brands ‘Ching’s Secret’ and ‘Smith & Jones’, in a phased manner, with 75.0% to be acquired upfront and the balance 25.0% to be acquired within the next three years. Enterprise value on ‘no cash/no debt basis’ for 100.0% stake is INR 51 Bn, valuing Capital Foods at 6.8x FY24E Net Sales. (2) 100% of the equity share capital of Organic India from Fabindia Ltd. at an enterprise value on a ‘no cash/no debt basis’ of INR 19 Bn, along with an additional earn out for the shareholders linked to FY26E audited financials of the Target Company. The transaction values Organic India at 5.2x FY24E Net Sales.
- Both acquisitions are expected to be completed by Q4FY24E, with operational integration to be completed in 3-4 months after closing. These 2 acquisitions will lead to significant double-digit revenue growth and margin accretion in the near term for TATACONS. EPS breakeven is expected to be achieved in the 2nd year of operations (based on an assumed mix of debt and equity funding by TATACONS).
- TATACONS plans to finance the acquisitions through a combination of cash reserves on the balance sheet, debt in the form of commercial papers/ debentures, and equity issuance through Rights Issue or any other mode (subject to Board approval on 19th January 2024).

MARKET DATA

Shares O/S (Mn)	929
Mkt Cap (INR Mn)	10,57,215
52 Wk H/L (INR)	1,191/ 687
Volume Avg (3m K)	1,607
Face Value (INR)	1
Bloomberg Code	TATACONS IN

KEY FINANCIALS

Particulars (INR Mn)	FY21	FY22	FY23	FY24E	FY25E	FY26E
Revenue	116,020	124,254	137,832	153,829	169,455	185,325
EBITDA	15,438	17,188	18,565	22,467	26,148	28,825
PAT	8,567	9,358	12,038	13,808	16,736	18,380
Adj. PAT	8,873	9,878	10,443	14,005	16,736	18,380
EPS	9.3	10.2	13.0	14.9	18.0	19.8
Adj. EPS	9.6	10.7	11.2	15.1	18.0	19.8
EBITDA Margin (%)	13.3%	13.8%	13.5%	14.6%	15.4%	15.6%
Adj. NPM (%)	7.6%	8.0%	7.6%	9.1%	9.9%	9.9%

Source: Company, DevenChoksey Research

Expansion of Total Addressable Market for TATACONS

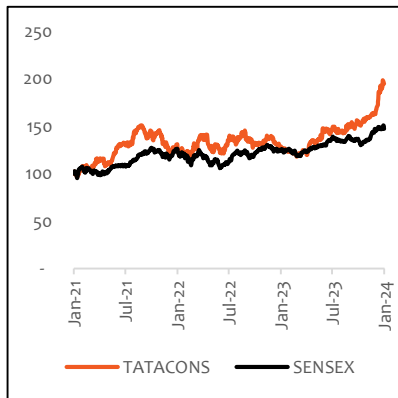
The acquisition of Capital Foods will help TATACONS to expand its pantry platform with products like Chutneys, Blended Masalas, Sauces and Soups. With this acquisition, TATACONS will be present across multiple cuisines that appeal to the Indian consumer namely Indian/Chinese cuisines through the Sampann portfolio and Chings and Western cuisines through Smith & Jones. The overall size of the categories in which Capital Foods operates in is estimated at INR 214 Bn. The acquisition of Organic India will add a new platform ‘Health & Wellness’ to TATACONS’ product portfolio with products such as Herbal Supplements, Tea & Infusions and Organic Packaged Foods. The Total Addressable Market (TAM) for the categories that Organic India is present in is INR 70 Bn in India and INR 750 Bn crores in international markets. Considering revenue for FY23, Capital Foods/ Organic India would add 5.1%/ 2.4% to TATACONS’ consolidated revenue, respectively. With a higher growth rate, these 2 businesses will contribute to a higher share of revenue going ahead.

Acquired businesses have the potential to grow revenue in high double digits due to integration with TATACONS’ distribution network

Both, Capital Foods and Organic India have a high growth potential coming from underlying growth in the relevant markets as well as a huge gap in terms of distribution vs. TATACONS’ network. With Capital Foods’ distribution at just 10.5% and Organic India’s distribution at 0.6% of TATACONS’ total reach, the 2 businesses stand to benefit from distribution synergies and have the potential to deliver very high double-digit revenue growth. TATACONS has demonstrated its ability to ramp up distribution and growth for acquired businesses in the case of Tata Soufful, which was acquired in February 2021 and has seen its revenue triple between FY21 to FY23 with a distribution expansion from 15,000 outlets to 0.4 Mn outlets in the same period.

Margin accretive businesses

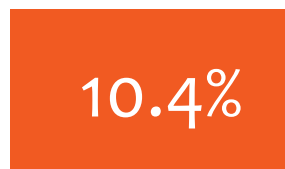
The gross margins of Capital Foods at 50.0% and Organic India at 55.0% are superior to TATACONS’ gross margins, which are in the range of 42.0% to 43.0%. In terms of EBITDA margins, Capital Foods is at 20.0%+ with a potential to deliver 25.0%+ post-integration benefits. EBITDA margins for Organic India have the potential to reach high-teens (~17.0%) post the integration benefits. These levels are higher than TATACONS, which operates in the range of 14.0% to 15.0% EBITDA margins. TATACONS expects significant double-digit growth and margin accretion from these acquisitions in the near term, while EPS breakeven will be achieved in 2nd year of operations (FY26E).

SHARE PRICE PERFORMANCE

MARKET INFO

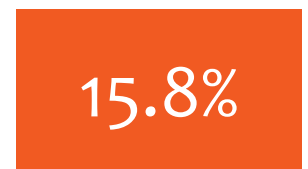
SENSEX	71,501
NIFTY	21,572

SHARE HOLDING PATTERN (%)

Particulars	Sep-23	Jun-23	Mar-23
Promoters	34.4	34.5	34.4
FIs	25.3	25.4	25.0
DIs	16.9	16.3	15.9
Others	23.4	23.8	24.7
Total	100.0	100.0	100.0



Revenue CAGR between FY23 and FY26E



EBITDA CAGR between FY23 and FY26E

Tata Consumer Products Ltd.

Details of the acquisition:

1) Capital Foods

- TATACONS will acquire 100.0% equity shares of Capital Foods, owner of the brands ‘Ching’s Secret’ and ‘Smith & Jones’, in a phased manner. 75.0% of the equity shareholding will be acquired upfront and the balance 25.0% shareholding will be acquired within the next three years. TATACONS will have full operational control even with 75.0% stake initially.
- Ching’s Secret is a market leader in ‘Desi Chinese’ across its product categories - Chutneys, Blended Masalas, Sauces and Soups. Smith & Jones is a fast-growing brand catering to in-home cooking of Italian and other western cuisines. Capital Foods ranks #1 or #2 in five large categories.
- The consideration will be in all cash. Enterprise value on ‘no cash/no debt basis’ for 100.0% of the Target Company is INR 51 Bn. The transaction is valued at 6.8x FY24E Net Sales.
- Capital Foods generated revenue of INR 6.7 Bn/ 5.7 Bn/ 7.1 Bn in FY21/ FY22/ FY23, respectively. Its gross margin/ EBITDA margin is ~50.0%/ 20.0%+ levels.
- The relevant market for Chutneys, Chinese Sauces, Instant Noodles, Blended Masalas, GGP and soups is expected to grow at a CAGR of 13.0% between FY22- FY27E, while Capital Foods’ focus categories are expected to grow at 2x (~24.0%).
- Revenue contribution from exports is ~17.0%. E-commerce salience is low at 4.0%.
- Capital Foods has 3 owned plants and 4 Third party manufacturing (3P) plants with significant scope for higher levels of utilization.

2) Organic India

- TATACONS will acquire up to 100% of the issued equity share capital of Organic India from Fabindia Ltd. The future payout to be made to the shareholders is capped.
- Organic India is a 25+ years established brand with a geographical footprint covering over 48 countries, substantially from India and the USA. Its product portfolio spans premium and high-growth categories focused on sustainable living – Herbal Supplements, Tea & Infusions and Organic Packaged Foods.
- The consideration will be in all cash. Enterprise value on a ‘no cash/no debt basis’ for 100.0% share is INR 19 Bn, along with an additional earnout for the shareholders linked to FY26E audited financials of the Target Company. The transaction is valued at 5.2x FY24E Net Sales.
- Organic India generated revenue of INR 3.9 Bn/ 3.6 Bn/ 3.2 Bn in FY21/ FY22/ FY23, respectively. Its gross margin is at ~50.0%.
- Revenue split between Domestic to International is 50:50, with 80.0% of international sales coming from the US. TATACONS’ strength in Canada and UK can be leveraged to build Organic India’s presence in these markets.
- The relevant market in India is expected to grow at a CAGR of 11.0% between FY22-FY27E, and international at 8.0%.
- The product portfolio of Organic India will help TATACONS to develop a pharma distribution channel and cross sell its other brands.

Key Conference call Highlights:

- Revenue and margins for both Capital Foods and Organic India were not consistent in the last 2-3 years due to internal issues at both companies. But in FY24E, both businesses are back to steady state.
- Within Capital Foods, 77.0% of revenue comes from Chings’ secret, 17.0% from Smith & Jones and balance from Others.
- A&P spends for Capital Foods has been 2 to 2.5x of TATACONS’ levels. While the % will go down with scale, TATACONS will continue to grow the absolute A&P investments in this business.
- Capital Foods has strong relationships with retailers in the USA, which can be leveraged to cross-sell TATACONS’ brands, namely Tata Sampann, Tata Raasa and Joyfull millets.
- Organic India has a unique, robust, scalable back-end infrastructure with a supply chain that’s hard to replicate. The brand positioning is in the ideal intersection of Indian traditional medicine and organic. With this, TATACONS has the opportunity to enter into other organic products down the line.
- Organic India’s tea and infusions products will help TATACONS in its premiumization agenda within beverages. Organic India’s tea prices are 15.0% to 20.0% higher than TATACONS’ most premium brand- Tetley.
- In India, TATACONS has some products that can be sold in the pharma channel but did not have heft to pursue it. Now with the supplements portfolio of Organic India, TATACONS can unlock this channel for its brands such as Tata GoFit, Tetley green tea, etc.
- In terms of topline synergies, the 2 acquired businesses will benefit from increasing General Trade Footprint, Increasing presence in Modern trade and E-commerce and enhancing export footprint. On the profitability front, synergies will come from optimizing trade margins, selling expenses, fixed costs and capacity utilization.
- Revenue growth of Capital Foods will be higher as it is predominantly a domestic business and will benefit from expansion into TATACONS’ distribution network. Organic India growth will be slightly lower as expansion in the export markets could take a bit of time vs. domestic distribution-led expansion.
- In terms of distribution, TATACONS will add a 3rd route in all 1 Mn+ population towns where it has split its food and beverage routes. In 0.5 Mn+ population towns, where TATACONS had only 1 route, a 2nd one will be added.
- TATACONS’ Growth businesses today contribute 20.0% of revenue. Adding Capital Foods and Organic India will take the share closer to 30.0% and the entire portfolio should continue to grow at 30.0%+.

Valuation and view

The acquisition of Capital Foods and Organic India fit well into TATACONS’ strategy of adding new vectors of growth which are margin accretive and have cross-synergy benefits with TATACONS’ existing business. TATACONS’ previous success with ramping up growth in Tata Souffull through distribution expansion give us confidence of the replication of a similar model with Capital Foods and the domestic business of Organic India. The higher growth rate and better margin profile of these businesses will help TATACONS in scaling up revenue and profitability. We expect these 2 businesses to add ~8.0%/ 9.2% to TATACONS’ revenue in FY25E/ FY26E, respectively and ~9.9%/ 11.7% to the EBITDA in the 2 years. TATACONS’ consol EBITDA can go up by ~27 bps in FY25E and 36 bps in FY26E with these 2 businesses. This is based on an estimated revenue CAGR of 27.5%/ 15.0% for Capital Foods and Organic India, respectively over FY24E to FY26E and EBITDA margin expectation of 21.0% for Capital Foods and 17.0% for Organic India in FY26E. We continue to like TATACONS for its focus on high-growth segments, premiumization, tapping into organizational synergies, business simplification and huge headroom for distribution expansion. We await details on the funding mix between debt and equity, and the accounting treatment pertaining to intangible assets and have not factored in the incremental numbers in our estimates. We have introduced our FY26E estimates for TATACONS. We expect TATACONS’ current business to deliver Revenue/ EBITDA/ Adj. PAT CAGR of 10.4%/ 15.8%/ 20.7%, respectively over FY23-FY26E. **We have valued TATACONS on a SOTP basis. For India Business, we apply an EV/EBITDA multiple of 43.5x (earlier 38x) to FY26E EBITDA; for International Business, we apply an EV/EBITDA multiple of 15.2x (unchanged) to FY26E EBITDA; and for Starbucks business, we apply an EV/Revenue multiple of 2.9x (earlier 3.2x) to FY26E Revenue. Accordingly, we revise our target price to INR 1,322 per share (INR 1,066 earlier), an upside of 16.1% over the CMP. Accordingly, we reiterate a “BUY” rating on the shares of Tata Consumer Products Ltd.**

Fund requirement for the acquisitions (INR Mn)	Capital Foods	Organic India	Total
Enterprise value on ‘no cash/no debt basis’ for 100% of the Target Company	51,000	19,000	
Current shareholding acquired (%)	75.0%	100.0%	
Funds required for acquisition	38,250	19,000	57,250
TATACONS			
Gross cash and equivalents (including current investments) as of 30 th September 2023			30,448
External funds required (considering 80.0% of the gross cash and cash equivalents is utilized for the acquisition)			32,892

Source: Company, KRChoksey Research

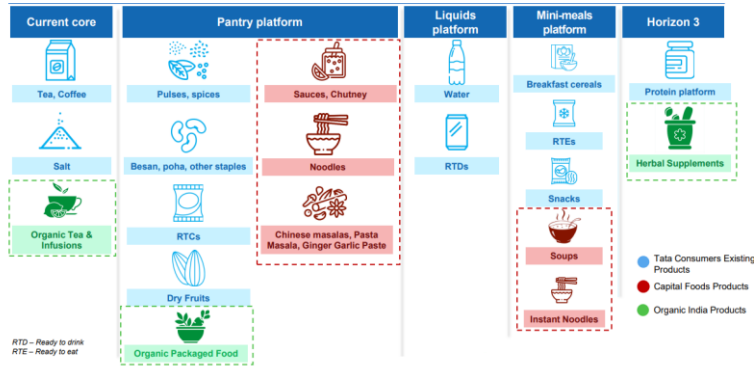
ANALYST
Unnati Jadhav, research5@krchoksey.com, +91-22-6696 5420

KRChoksey Research
is also available on Bloomberg KRCS<GO>
Thomson Reuters, Factset and Capital IQ

Phone: +91-22-6696 5555, Fax: +91-22-6691 9576
www.krchoksey.com

Tata Consumer Products Ltd.

Acquired portfolio is complementary to TATACONS's pre-identified F&B platforms



Source: Company, KRChoksey Research

Expansion of Total Addressable Market (TAM) augurs well for incremental revenue growth

Categories relevant for TATACONS (excluding international)	Market size in FY23 (INR Bn)
India	
Branded coffee	32
Branded Pulses	34
Branded salt	75
Organized Packaged water	80
Branded spices	250
Branded tea	258
Snacks/ Ready to cook	850
Capital Foods	214
Organic India - India opportunity	70
Organic India - International opportunity	750

Source: Company, KRChoksey Research

Acquired businesses have high growth potential with superior margins vs. TATACONS

Revenue, revenue growth and margin profile comparison	TATACONS (before acquisitions)	Capital Foods	Organic India
FY23 revenue as % of TATACONS		5.1%	2.4%
Revenue growth potential	High single digit to low double digit	High double digit	High double digit
Gross margins	42.3% in H1FY24	50.0%+	55.0%+
EBITDA margins	14.5% in H1FY24	20.0%+, potential to reach 25.0%+ post acquisition	Potential to reach high teens (~17.0%)

Source: Company, KRChoksey Research

Big headroom for distribution synergies for acquired businesses



Source: Company, KRChoksey Research

Proven track record of acquired businesses benefitting from TATACONS' distribution network

Tata Soufull- distribution expansion and high revenue growth since acquisition	FY21	FY23	CAGR
Total numeric reach (no. of outlets)			
Soufull (Acquired in Feb-21)	15,000	400,000	416.4%
TATACONS	2,500,000	3,800,000	23.3%
Revenue (INR Mn)			
Soufull*	214	643	73.2%
TATACONS	116,020	137,832	9.0%

*Soufull FY21 Revenue is calculated

Source: Company, DevenChoksey Research

Tata Consumer Products Ltd.

Profit & loss statement (INR Mn)	FY22	FY23	FY24E	FY25E	FY26E
Revenues	124,254	137,832	153,829	169,455	185,325
COGS	70,840	80,057	88,393	96,538	105,400
Gross profit	53,414	57,775	65,436	72,917	79,926
Employee cost	10,480	11,204	12,325	13,217	14,455
Other expenses	25,746	28,006	30,643	33,552	36,646
EBITDA	17,188	18,565	22,467	26,148	28,825
EBITDA Margin	13.8%	13.5%	14.6%	15.4%	15.6%
Depreciation & amortization	2,780	3,041	3,629	3,560	3,834
EBIT	14,408	15,524	18,839	22,587	24,991
Interest expense	728	872	1,055	940	940
Other income	1,401	1,689	2,851	2,851	2,851
PBT	14,560	17,936	20,437	24,498	26,902
Tax	3,770	4,470	5,306	6,173	6,779
Minority interest	794	1,164	1,082	1,416	1,555
PAT	9,358	12,038	13,808	16,736	18,380
Adj. PAT	9,878	10,443	14,005	16,736	18,380
EPS (INR)	10.2	13.0	14.9	18.0	19.8
Adj. EPS	10.7	11.2	15.1	18.0	19.8

Key Ratios	FY22	FY23	FY24E	FY25E	FY26E
EBITDA Margin (%)	13.8%	13.5%	14.6%	15.4%	15.6%
Tax rate (%)	25.9%	24.9%	26.0%	25.2%	25.2%
Net Profit Margin (%)	7.5%	8.7%	9.0%	9.9%	9.9%
RoE (%)	5.7%	7.0%	7.7%	8.8%	9.1%
RoCE (%)	8.3%	8.5%	9.9%	11.2%	11.7%
EPS (INR)	10.2	13.0	14.9	18.0	19.8
PE	112.1x	87.9x	76.6x	63.2x	57.6x

Particulars (INR Mn)	FY22	FY23	FY24E	FY25E	FY26E
Net Cash Generated From Operations	15,158	14,613	18,454	21,560	23,586
Net Cash Flow from/(used in) Investing Activities	(13,218)	(8,278)	(4,437)	(4,786)	(5,141)
Net Cash Flow from Financing Activities	(9,948)	(7,144)	(8,905)	(7,822)	(8,497)
Net Inc/Dec in cash equivalents	(8,008)	(809)	5,111.8	8,952	9,948
Opening Balance	17,732	9,771	8,904	14,014	22,966
Adjustments	47	(58)	(2)	0	0
Bank overdraft	5,209	6,492	6,492	6,492	6,492
Closing Balance Cash and Cash Equivalents	14,980	15,396	20,505	29,458	39,405

Source: Company, DevChoksey Research

Tata Consumer Products Ltd.

Balance Sheet (INR Mn)	FY22	FY23	FY24E	FY25E	FY26E
Property, plant and equipment	14,803	16,047	17,125	18,588	20,164
Capital work-in-progress	2,094	2,861	2,861	2,861	2,861
Goodwill (Net)	77,541	80,254	80,254	80,254	80,254
Other intangible assets	27,544	28,412	28,210	27,974	27,705
Investments accounted for using Equity method	2,343	2,927	2,927	2,927	2,927
Financial assets					
Investments	3,649	3,856	3,856	3,856	3,856
Loans	140	125	125	125	125
Other financial assets	357	428	428	428	428
Deferred tax assets (Net)	427	486	486	486	486
Non-current tax assets (Net)	1,417	1,603	1,603	1,603	1,603
Other non-current assets	3,023	1,951	1,951	1,951	1,951
Total non-current assets	139,819	145,026	145,903	147,129	148,436
Current assets					
Inventories	22,665	27,017	29,830	32,578	35,569
Financial assets					
Trade receivables	8,352	7,983	8,910	9,815	10,734
Cash and cash equivalents	14,980	15,396	20,505	29,458	39,405
Other Balances with Banks	11,019	12,574	12,574	12,574	12,574
Loans	6,599	5,297	5,297	5,297	5,297
Other financial assets	1,843	1,929	1,929	1,929	1,929
Current tax assets	13	208	208	208	208
Other current assets	3,905	5,135	5,135	5,135	5,135
Total current assets	71,357	83,086	91,935	104,541	118,399
TOTAL ASSETS	211,176	228,111	237,838	251,670	266,835
Equity					
Equity share capital	922	929	929	929	929
Other equity	150,498	161,838	167,796	177,651	188,473
Equity attributable to the equity shareholders	151,419	162,767	168,725	178,580	189,402
Non-controlling interests	11,516	8,502	9,826	11,414	13,157
Total equity	162,936	171,269	178,551	189,994	202,559
Borrowings	2,419	2,061	2,061	2,061	2,061
Provisions	1,756	1,675	1,675	1,675	1,675
Deferred tax liabilities	7,764	8,630	8,630	8,630	8,630
Non Current Tax Liabilities	135	0	0	0	0
Total non-current liabilities	16,514	17,596	17,596	17,596	17,596
Borrowings	7,687	9,767	9,767	9,767	9,767
Trade payables	19,159	23,482	25,927	28,316	30,915
Other financial liabilities	2,118	2,280	2,280	2,280	2,280
Other current liabilities	1,322	1,735	1,735	1,735	1,735
Provisions	732	774	774	774	774
Current tax liabilities (Net)	204	659	659	659	659
Total current liabilities	31,726	39,247	41,692	44,081	46,680
Total liabilities	48,240	56,843	59,288	61,677	64,276
TOTAL EQUITY AND LIABILITIES	211,176	228,111	237,838	251,670	266,835

Source: Company, DevenChoksey Research

Tata Consumer Products Ltd.

Tata Consumer Products Ltd.			
Date	CMP (INR)	TP(INR)	Recommendation
18-Jan-2024	1,139	1,322	BUY
08-Nov-23	922	1,066	BUY
03-Aug-23	835	985	BUY
27-Apr-23	762	964	BUY
08-Feb-23	724	964	BUY
27-Oct-22	767	964	BUY

Rating Legend (Expected over a 12-month period)	
Our Rating	Upside
Buy	More than 15%
Accumulate	5% – 15%
Hold	0 – 5%
Reduce	-5% – 0
Sell	Less than – 5%

ANALYST CERTIFICATION:

I, Unnati Jadhav (MMS, Finance), Research Analyst, author and the name subscribed to this report, hereby certify that all of the views expressed in this research report accurately reflect my views about the subject issuer(s) or securities. I 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:

KRChoksey Shares and Securities Pvt. Ltd (hereinafter referred to as KRCSPL) is a registered member of National Stock Exchange of India Limited and Bombay Stock Exchange Limited. KRCSPL is a registered entity with SEBI for Research Analyst in terms of SEBI (Research Analyst) Regulations, 2014 vide registration number INH00001295. It is also registered as a Depository Participant with CDSL, CDSL Registration No IN-DP-425-2019.

KRChoksey Shares & Securities Pvt Ltd. and DRChoksey Finserv Private Ltd. (Demerged entity from KRChoksey Shares & Securities Limited) are regulated by the Securities and Exchange Board of India ("SEBI") and is licensed to carry on the business of Research Analysts including preparing and distribution of Research Reports. This research report is prepared and distributed by DRChoksey Finserv Private Ltd in the capacity of a Research Analyst as per Regulation 22(1) of SEBI (Research Analysts) Regulations 2014 having SEBI Registration No. INH00001246. It may be further notified that KRCSPL carries on the activity of preparation as well as distribution of reports in the capacity of a Research Analyst as per Regulation 22(1) of SEBI (Research Analysts) Regulations 2014 having SEBI Registration No. INH000001295.

The information and opinions in this report 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 KRCSPL. While we would endeavour to update the information herein on a reasonable basis, KRCSPL is not under any obligation to update the information. Also, there may be regulatory, compliance or other reasons that may prevent KRCSPL from doing so. Non-rated securities indicate that rating on a particular security has been suspended temporarily and such suspension follows applicable regulations and/or KRCSPL policies, in circumstances where KRCSPL 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. KRCSPL 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. KRCSPL 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. Our employees in sales and marketing team, dealers and other professionals may provide oral or written market commentary or trading strategies that reflect opinions that are contrary to the opinions expressed herein, in reviewing these materials, you should be aware that any or all of the foregoing, among other things, may give rise to real or potential conflicts of interest.

We submit that no material disciplinary action has been taken on KRCSPL and its associates (Group Companies) by any Regulatory Authority impacting Equity Research Analysis activities. KRCSPL prohibits its associate, analysts, persons reporting to analysts and their relatives from maintaining a financial interest in the securities or derivatives of any companies that the analyst covers. KRCSPL or its associates (Group Companies) collectively or its research analyst, or relatives do not hold any financial interest/beneficial ownership of more than 1% (at the end of the month immediately preceding the date of publication of the research report) in the company covered by Analyst, and has not been engaged in market making activity of the company covered by research analyst.

It is confirmed that, I, Unnati Jadhav Research Analyst 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 brokerage service transactions.

KRCSPL or its Associates (Group Companies) have not managed or co-managed public offering of securities for the subject company in the past twelve months.

KRCSPL or its associates (Group Companies) collectively or its research analyst, or relatives might have received any commission/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 brokerage services or specific transaction or for products and services other than brokerage services.

KRCSPL or its associates (Group Companies) collectively or its research analyst, or relatives might have received any commission/compensation from the companies mentioned in the report during the period preceding twelve months from the date of this report other than investment banking or merchant banking or brokerage services from the subject company

KRCSPL encourages the practice of giving independent opinion in research report preparation by the analyst and thus strives to minimize the conflict in preparation of research report. KRCSPL 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 KRCSPL nor Research Analysts his associate or his relative, have any material conflict of interest at the time of publication of this report.

It is confirmed that, Unnati Jadhav, Research Analyst do not serve as an officer, director or employee of the companies mentioned in the report.

KRCSPL or its associates (Group Companies) or its research analyst has may been engaged in market making activity for the subject company.

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 KRCSPL 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 them of and to observe such restriction.

Please send your feedback to research.insti@krchoksey.com

In case of any grievances, please write to grievance@krchoksey.com

Visit us at www.krchoksey.com

KRChoksey Shares and Securities Pvt. Ltd.

CIN-U67120MH1997PTC108958

Registered Office: 1102, Stock Exchange Tower, Dalal Street, Fort, Mumbai – 400 001.

Phone: 91-22-6633 5000; Fax: 91-22-6633 8060

Corporate Office: 701-702, DLH Plaza, Opp Shoppers Stop, S V Road, Andheri (W), Mumbai 400 058

Phone: 91-22-66535000

Compliance Officer: Varsha Shinde

Email: varsha.shinde@krchoksey.com

ANALYST

Unnati Jadhav, research5@krchoksey.com, +91-22-6696 5420

KRChoksey Research

is also available on Bloomberg KRCS<GO>
Thomson Reuters, Factset and Capital IQ

Phone: +91-22-6696 5555, Fax: +91-22-6691 9576
www.krchoksey.com