# TeamLease (TEASER)

CMP: ₹ 2267 | Target: ₹ 2370 (5%) | Target Period: 12 months

**HOLD**

May 18, 2023

## Pricing remains under pressure, looking for some recovery in H2FY24…

**About the stock:** TeamLease Ltd (TLL) is one of the leading providers of human resource services in the organised segment with ~7% share in flexi staffing.

- Employment services include temporary staffing solutions, IT staffing, regulatory consultancy for labour law compliance and training & skills
- Net debt free and healthy double digit RoCE (>14%) key positives

**Q4FY23 Results:** TeamLease reported decent margins in Q4FY23 results.

- Revenue reported muted growth of 0.9% QoQ to ₹ 2,027.3 crore
- EBITDA margin improved 10 bps QoQ to 1.7%
- PAPM declined by ₹ 15 in the quarter

**What should investors do?** TeamLease's share price has declined by ~0.8x over the past five years (from ~₹ 2753 in May 2018 to ~₹ 2267 in May 2023).

- We maintain our **HOLD** rating on the stock

**Target Price and Valuation:** We value TeamLease at ₹ 2370 i.e. 25x P/E on FY25E.

### Key triggers for future price performance:

- Key beneficiary of under penetrated temporary staffing market (0.5% in 2015 vs. global average of 1.7%) and formalisation (16% in 2018)
- The pandemic has forced enterprises to shift to a variables cost structure, which is leading to increased outsourcing of flexi staffing. Hence, we expect overall revenues to increase at 7.4% CAGR in FY22-25E
- TLL is expected to recover margins albeit gradually, led by a reversal of discounts, improving of core to associate ratio, recover in specialised staffing business and higher revenue growth

**Alternate Stock Idea:** Apart from Teamlease, in our IT coverage we like Newgen.

- Established player in the market of enterprise content management (ECM), business process management (BPM) & customer communications management (CCM)
- BUY with a target price of ₹ 660

TeamLease Putting India to Work

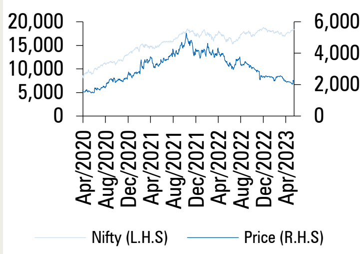
### Particulars

| Particular | Amount |
|---|---|
| Market Cap (₹ Crore) | 3,794.8 |
| Total Debt (₹ Crore) | 19.3 |
| Cash and Invst (₹ Crore) | 438.8 |
| EV (₹ Crore) | 3,375.3 |
| 52 week H/L | 4000 / 2007 |
| Equity capital | 17.1 |
| Face value | 10.0 |

### Shareholding pattern

| | Jun-22 | Sep-22 | Dec-22 | Mar-23 |
|---|---|---|---|---|
| Promoter | 31.5 | 31.5 | 31.5 | 31.5 |
| FII | 37.3 | 37.1 | 37.2 | 36.5 |
| DII | 21.1 | 21.2 | 23.8 | 24.8 |
| Public | 10.0 | 10.2 | 7.4 | 7.2 |

### Price Chart




### Recent event & key risks

- Buyback of ₹ 100 crore at ₹ 3,050 per share
- **Key Risk:** (i) Higher than expected revenue (ii) Lower than expected margins

### Research Analyst


Sameer Pardikar
sameer.pardikar@icicisecurities.com
Sujay Chavan
sujay.chavan@icicisecurities.com


Result Update

ICICI Securities – Retail Equity Research

### Key Financial Summary

| (₹ Crore) | FY21 | FY22 | FY23 | 5 year CAGR (FY18-23) | FY24E | FY25E | 2 year CAGR (FY23-25E) |
|---|---|---|---|---|---|---|---|
| Net Sales | 4,881 | 6,480 | 7,870 | 16.8 | 8,312 | 9,079 | 7.4 |
| EBITDA | 99 | 142 | 122 | 12.2 | 150 | 195 | 26.4 |
| EBITDA Margins (%) | 2.0 | 2.2 | 1.6 | | 1.8 | 2.2 | |
| Net Profit | 77.5 | 38.4 | 111.3 | 8.5 | 123.9 | 161.5 | 20.4 |
| EPS (₹) | 45.3 | 22.5 | 65.1 | | 72.5 | 94.5 | |
| P/E (x) | 50.0 | 100.9 | 34.8 | | 31.3 | 24.0 | |
| RoCE (%) | 15.2 | 16.5 | 14.7 | | 13.8 | 15.2 | |
| RoE (%) | 11.5 | (4.7) | 13.3 | | 13.1 | 14.6 | |

## Key highlights of quarter & conference call highlights

- The company reported muted sequential growth of 0.9% QoQ & 24.2% YoY to ₹ 2,027.3 crore largely due to muted performance in the general staffing business. General staffing (91.4% of mix) grew 0.8% QoQ to ₹ 1,854 crore. Specialised staffing revenue declined 0.6% QoQ to ₹ 140 crore. Other HR services reported strong growth of 16.1% QoQ to ₹ 34 crore due to billing of deferred revenue from Q3 during the quarter. The company in Q3 had indicated that there was billing delay, which would led to deferral of revenue booking to Q4 of ~₹ 3 crore

- EBITDA margins at company level improved by 10 bps QoQ to 1.7% while in absolute terms EBITDA increased 6.5% QoQ to ₹ 33.7 crore. At segment level general staffing business EBITDA margin declined ~15 bps to 1.6% while specialised staffing EBITDA margins were flat at 6.4%. Other HR services reported strong margin expansion of ~950 bps QoQ to 11.9% due to strong revenue growth in the segment during the quarter. The overall margin expansion was aided by a decline in SG&A expenses (240 bps QoQ decline) and strong margin expansion in other HR services

- The company during the quarter reported PAT of ₹ 23.9 crore with PAT margin of 1.2%. The net margin during the quarter was impacted by the following exceptional items: i) ₹ 9.8 crore impact due to the write off of loan given to Teamlease Skill University on account of lack of revenue visibility due to cancellation of NEEM program by the government, ii) ₹ 1.8 crore impact as provisions for buyback expenses mitigated by the recovery of ₹ 9.2 crore from PF trust. The net impact of exceptional items led to ₹ 2.4 crore decline in net profit of the company

- For FY23, the company reported revenue of ₹ 7,870 crore, up 21.5%. General staffing business grew 23% in FY23 to ₹ 7,179 crore while other HR services grew 12.9% to ₹ 125 crore. Specialised staffing due to macro headwinds in IT sector reported muted growth of 6.6%. General staffing, specialised staffing & other HR services declined 20 bps, 110 bps & 120 bps, respectively. At the company level, the margin declined 60 bps to 1.6% during the fiscal year

- In specialised staffing, the company mentioned that the impact of macro headwinds in the IT sector had a significant impact on its business in FY23. The company mentioned that it begun the year on optimism growth of FY22 would continue in FY23 but the demand scenario changed during the year leading to a decline in hiring and later to a general freeze across the IT sector. The company mentioned that it was able to divert its headcounts due to a pick-up in demand of tech hiring in the non IT space. The company, however, had made investment in specialised staffing business & the change in demand impacted margins in the segment. The company also mentioned that it is not seeing a further decline in specialised staffing as of now but indicated that demand is expected to be muted until the IT sector hiring picks up. The company also mentioned that margins in specialised staffing business have bottomed out at the current level unless there is occurrence of any uncertain event

- TeamLease also said its net headcount in specialised staffing declined by 500 QoQ to 8,600. The company indicated that decline was largely due to discontinuation of large mandate with a telecom company due to payment issues and some as per the cost optimisation activities of the company. It said that it added 57 new clients in FY23. The company, however, mentioned that the ramp up with these clients will be gradual as clients generally start small and gradually ramp up their business. TeamLease mentioned that it generally works on a rate card model and margins from clients are generally in the range of 15-22% in specialised staffing business

- In general staffing business, the company added 8500 associates in Q4 on a net basis taking the total associates to 223500. On a YoY basis the company added 28900 associates in FY23 on the base of 34700 net additions in FY22. The company mentioned that the demand in large clients is picking up and it is witnessing healthy traction in the sector of BFSI, consumables & telecom. The company mentioned that consumables & BFS has grown by 20% & 18%, respectively, during FY23. TeamLease, however, mentioned that the funding freeze has impacted its business in startups & e-commerce clients. The company, however, maintained they are expecting a gradual recovery in H2FY24 based on the pipeline and discussion with clients. It expects demand to be driven by segments of BFS, FMCG, telecom and manufacturing sector

- The company mentioned that although the demand in large clients is increasing, it also pays lower PAPM, which, is impacting the overall realisations of the company. TeamLease mentioned since volumes with large clients is increasing, it is expecting pricing efficiency, which had led to a decline of ~₹ 15 in the PAPM to ~₹ 700. The company mentioned that PAPM was already under pressure since Covid as it was unable to roll back the discount offered during Covid times and lower PAPM from larger clients will further impact overall realisations of the company. The company, however, mentioned that it is working on strategies by way of opportunity to upsell and cross sell to improve its PAPM

- In Degree Apprenticeship, the company mentioned that the cancellation of NEEM program by the government continues to impact its operations. The company mentioned that it has reduced ~9000 associates during the quarter in addition to 20000 reduction in Q3. The company mentioned that impact of reduction of associates in Q3 & Q4 on the revenue of the company was ~₹ 5 crore and on the EBITDA was ₹ 2.5 crore. TeamLease added that it will further reduce ~9000 associates in the NEEM program over one to two quarters in FY24. The same will have an impact of ~₹ 3 crore on the margins of the company

- The company mentioned that its top 10 clients gave 38% of associate volume in Q4FY22 while in Q4FY23 it increased 4% to 42%. The company mentioned it consider large clients as those who employ 1000+ associate, medium clients with associate volume between 100-1000 & small clients with associates less than 100. The company mentioned that it has ~25 large clients, 200-300 medium clients and the remaining client base is made of small clients. The company mentioned that 80% of its client base is on PAPM model and 20% is on percentage markup model. TeamLease also mentioned that it charges large clients on 1x of realisations while medium & small clients are charged 1.5x & 2x of realisations, respectively

- The company mentioned that the government has not announced any alternative program in place of the NEEM program. The government, however, has allowed companies to deploy their own apprentices for the clients under NAPS program. The company mentioned that it is looking to deploy associates under the said program and it has signed a few clients however, it expects demand in the same to pick up from Q2FY24 onwards

- The company continued its cost rationalisation activities as it wants to optimise its expenses to maintain the current expenses level in FY24. The company mentioned that its core employees declined by 20 to 780 in Q4. TeamLease mentioned that the decline was largely in specialised staffing & DA business. Productivity improved by 1.2% QoQ to 350 in Q4

- The company mentioned that it will roll out wage hike and will have an impact of ₹ 4 crore per quarter in FY24. It said that it will continue its cost optimisation activities to maintain its margins

- The company mentioned that it has received income tax refund of ₹ 72 crore in FY23 and as on March 2023 its TDS receivable stands at ₹ 230 crores

- TeamLease added that its buyback program announced in February will be completed by next month in June. The company had announced buyback

327,869 shares at a buyback amount of ₹ 3,050 per share for total amount of ₹ 100 crore

- The company informed that Ritu Chakraborty (also a co-founder of the company) has resigned from the position of Executive Director and she will continue as non-executive & non-independent director with effect from 1st June 2023. She was associated with the company for over 20 years & in her last role she was largely responsible for the Degree Apprenticeship program of the company

Exhibit 1: Variance Analysis

| | Q4FY23 | Q4FY23E | Q4FY22 | YoY (%) | Q3FY23 | QoQ (%) | Comments |
|---|---|---|---|---|---|---|---|
| Revenue | 2,027 | 2,047 | 1,633 | 24.2 | 2,008 | 0.9 | General staffing revenue increased 0.8% QoQ while specialised staffing declined 0.6% QoQ. Other HR services reported a strong revenue growth of 16.1% QoQ |
| Employee expenses | 1,951 | 1,974 | 1,541 | 26.6 | 1,933 | 0.9 | |
| Gross Profit | 77 | 72 | 92 | -16.7 | 76 | 1.3 | |
| Gross margin (%) | 4 | 4 | 5.6 | -186 bps | 3.8 | 1 bps | |
| Other expenses | 43 | 43 | 38 | 13.4 | 44 | -2.4 | |
| EBITDA | 34 | 29 | 54 | -37.8 | 32 | 6.5 | |
| EBITDA Margin (%) | 1.7 | 1.4 | 3.3 | -166 bps | 1.6 | 9 bps | Margin expansion due to continued cost control activities of the company & higher margin expansion in other HR services |
| Depreciation | 13 | 12 | 12 | 2.3 | 11 | 13.0 | |
| EBIT | 21 | 18 | 42 | -49.8 | 20 | 2.9 | |
| EBIT Margin (%) | 1 | 1 | 2.6 | -152 bps | 1.0 | 2 bps | |
| Other income | 10 | 12 | 5 | 106.4 | 10 | -0.8 | |
| PBT | 31 | 30 | 46 | -33.7 | 30 | 1.7 | |
| Tax paid | 2 | 0 | 10 | | 0 | | |
| PAT | 24 | 28 | 37 | -34.8 | 29 | -17.7 | PAT impacted by exceptional items during the quarter |
| Adjusted PAT | 24 | 28 | 37 | -34.8 | 29 | -17.7 | |

*Source: Company, ICICI Direct Research*

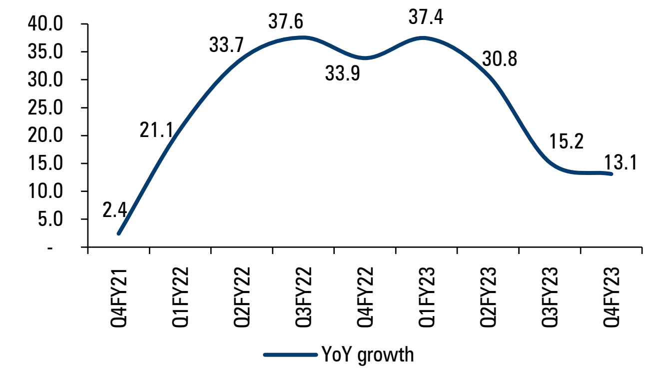
Exhibit 2: Change in estimates

| | FY24E | | | FY25E | | | Comments |
|---|---|---|---|---|---|---|---|
| (₹ Crore) | Old | New | % Change | Old | New | % Change | |
| Revenue | 8,581 | 8,312 | -3.1 | 9,289 | 9,079 | -2.3 | Baking in recovery in hiring trends in FY25 |
| EBITDA | 159 | 150 | -5.2 | 189 | 195 | 3.5 | |
| EBITDA Margin (%) | 1.9 | 1.8 | -4 bps | 2.0 | 2.2 | 12 bps | |
| PAT | 133 | 124 | -6.5 | 160 | 161 | 1.1 | |
| EPS (₹) | 77.5 | 72.5 | -6.5 | 93.4 | 94.5 | 1.1 | |

*Source: Company, ICICI Direct Research*

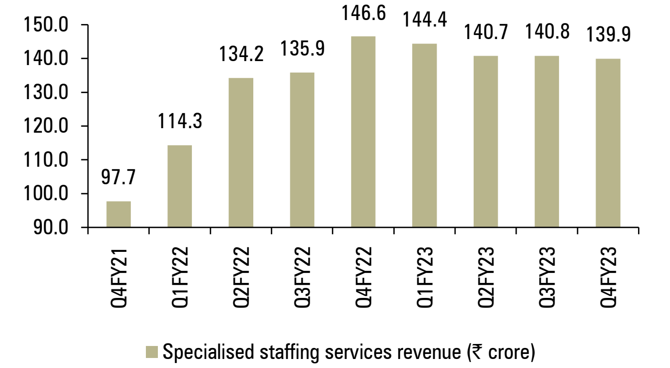
## Key Metrics

**Exhibit 3: General staffing impacted by NEEM cancellation**



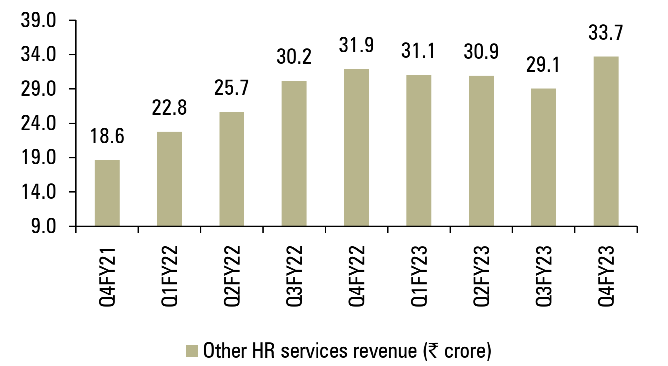

*Source: Company, ICICI Direct Research*

**Exhibit 4: Weak demand in IT sector impacting revenues**



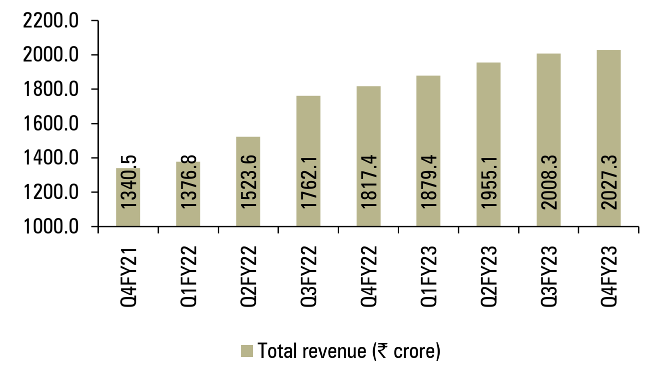

*Source: Company, ICICI Direct Research*

**Exhibit 5: Other HR services revenue trend**



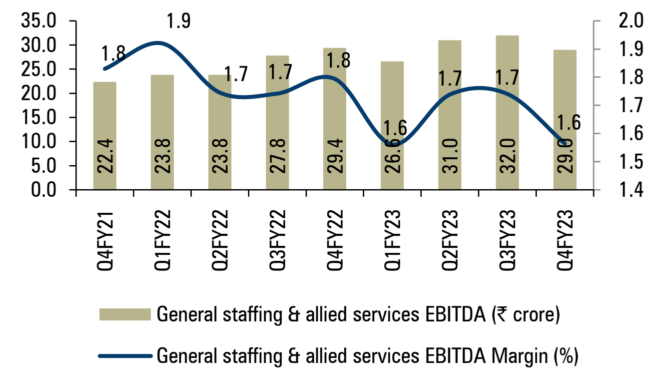

*Source: Company, ICICI Direct Research*

**Exhibit 6: Total revenue growth muted at 0.9% QoQ**



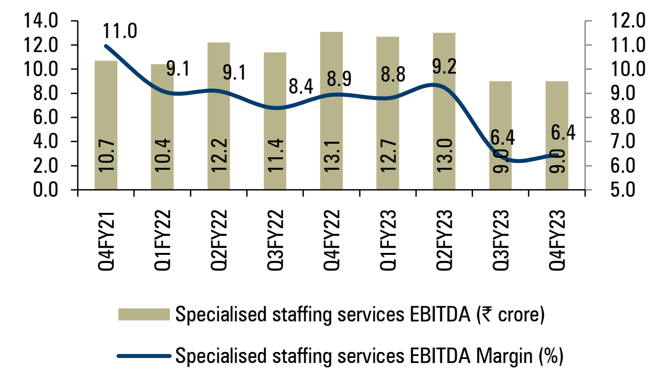

*Source: Company, ICICI Direct Research*

**Exhibit 7: General staffing margins declining**



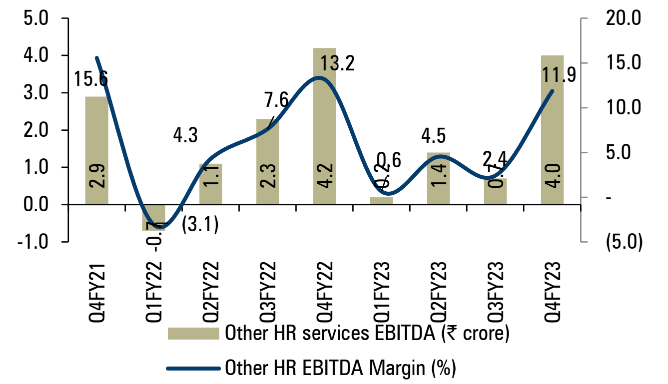

*Source: Company, ICICI Direct Research*

**Exhibit 8: Specialised staffing flat in Q4**



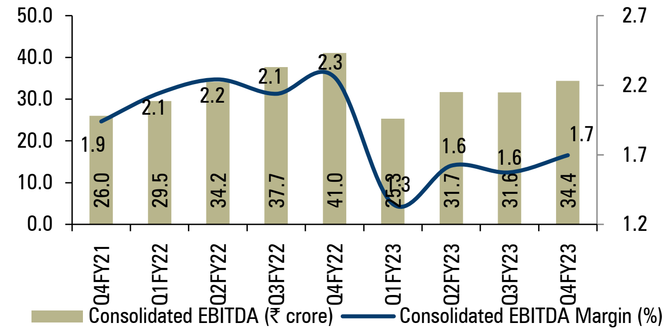

*Source: Company, ICICI Direct Research*

Exhibit 9: Other HR services margin strong in Q4



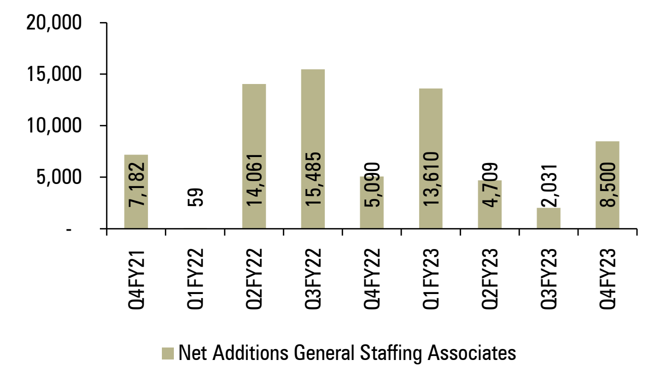

*Source: Company, ICICI Direct Research*

Exhibit 10: Consolidated EBITDA margin improves 10 bps



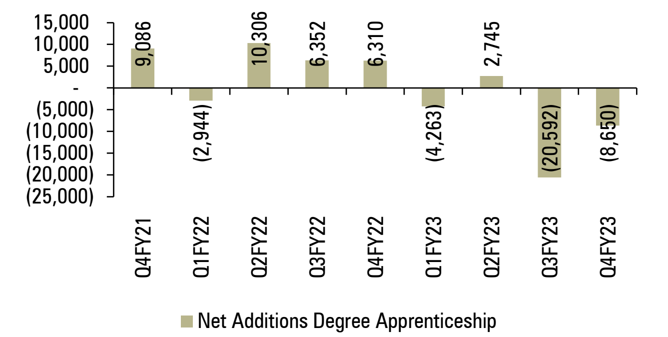

*Source: Company, ICICI Direct Research*

Exhibit 11: General staffing picks up in Q4



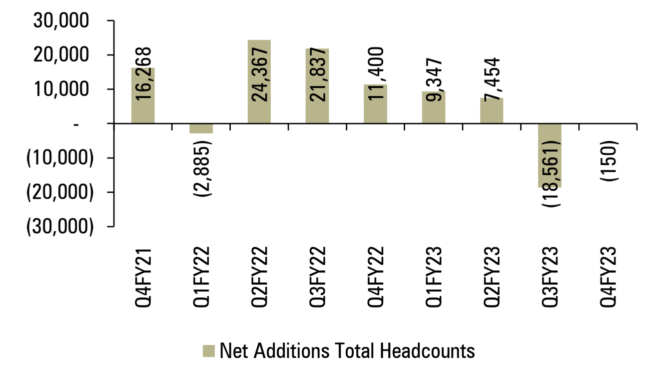

*Source: Company, ICICI Direct Research*

Exhibit 12: NEEM cancellation leads to decline



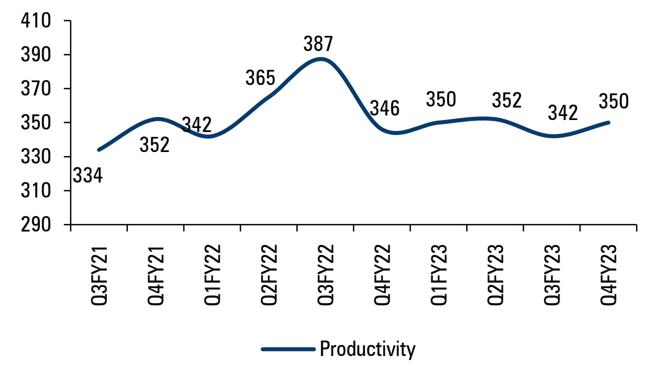

*Source: Company, ICICI Direct Research*

Exhibit 13: Total net additions




*Source: Company, ICICI Direct Research*

Exhibit 14: Productivity improves by 1.2% QoQ




*Source: Company, ICICI Direct Research*

# Financial summary

**Exhibit 15: Profit and loss statement** ₹ crore

| (₹ Crore) | FY22 | FY23 | FY24E | FY24E |
|---|---|---|---|---|
| **Revenue from operations** | **6,479.8** | **7,870.0** | **8,312.1** | **9,079.0** |
| Growth (%) | 32.7 | 21.5 | 5.6 | 9.2 |
| Other Income | 19.7 | 43.9 | 34.6 | 34.6 |
| Total Revenue | 6,499.5 | 7,913.9 | 8,346.7 | 9,113.6 |
| Employee benefits expense | 6,180.7 | 7,569.8 | 7,979.6 | 8,679.5 |
| Other Expenses | 156.7 | 177.9 | 182.0 | 204.3 |
| Total Operating Expenditure | 6,337.5 | 7,747.7 | 8,161.6 | 8,883.8 |
| | | | | |
| **EBITDA** | **142.4** | **122.3** | **150.4** | **195.2** |
| Growth (%) | 44.5 | (14.1) | 23.1 | 29.7 |
| Interest | 4.0 | 5.7 | 5.1 | 4.6 |
| Depreciation | 40.8 | 43.2 | 52.0 | 58.5 |
| PBT | 117.3 | 117.4 | 127.9 | 166.7 |
| Tax | 6.1 | 3.5 | 3.8 | 5.0 |
| **PAT** | **38.4** | **111.3** | **123.9** | **161.5** |
| Growth (%) | (50.4) | 189.7 | 11.3 | 30.4 |
| Diluted EPS | 22.5 | 65.1 | 72.5 | 94.5 |
| Growth (%) | (50.4) | 189.7 | 11.3 | 30.4 |

*Source: Company, ICICI Direct Research*

**Exhibit 16: Cash flow statement** ₹ crore

| (Year-end March) | FY22 | FY23 | FY24E | FY24E |
|---|---|---|---|---|
| Profit before Tax | 117.3 | 117.4 | 127.9 | 166.7 |
| Add: Depreciation | 40.8 | 43.2 | 52.0 | 58.5 |
| (Inc)/dec in Current Assets | (184.7) | (31.3) | (66.5) | (94.2) |
| Inc/(dec) in CL and Provisions | 88.9 | 94.8 | 45.2 | 78.5 |
| Taxes paid | (59.3) | (76.1) | (3.8) | (5.0) |
| **CF from operating activities** | **(6.1)** | **126.2** | **154.8** | **204.4** |
| (Inc)/dec in Investments | (65.4) | (103.6) | 34.6 | 34.6 |
| (Inc)/dec in Fixed Assets | (23.1) | (19.6) | (41.6) | (43.2) |
| Others | | | | |
| **CF from investing activities** | **(88.5)** | **(123.2)** | **(7.0)** | **(8.6)** |
| Inc/(dec) in loan funds | (10.0) | (17.7) | - | - |
| Dividend paid & dividend tax | - | - | - | - |
| Others | (3.1) | (6.6) | (5.1) | (4.6) |
| **CF from financing activities** | **(13.1)** | **(24.4)** | **(5.1)** | **(4.6)** |
| Net Cash flow | (107.7) | (21.3) | 142.7 | 191.3 |
| Opening Cash | 259.1 | 151.4 | 130.1 | 272.8 |
| **Closing Cash** | **151.4** | **130.1** | **272.8** | **464.0** |

*Source: Company, ICICI Direct Research*

**Exhibit 17: Balance sheet** ₹ crore

| (₹ Crore) | FY22 | FY23 | FY24E | FY24E |
|---|---|---|---|---|
| Equity Capital | 17.1 | 17.1 | 17.1 | 17.1 |
| Reserve and Surplus | 688.7 | 803.4 | 927.3 | 1,088.8 |
| Total Shareholders funds | 705.8 | 820.5 | 944.4 | 1,105.9 |
| Long term borrowings | - | - | - | - |
| Short term borrowings | - | - | - | - |
| Bank overdraft | 27.7 | 19.3 | 19.3 | 19.3 |
| Total Debt | 27.7 | 19.3 | 19.3 | 19.3 |
| Other long term liabilities | 142.5 | 190.7 | 201.4 | 220.0 |
| Long term provisions | - | - | - | - |
| **Liabilities Total** | **876** | **1,031** | **1,165** | **1,345** |
| Fixed Assets | 280.0 | 320.2 | 329.0 | 313.4 |
| Tangible | 40.1 | 87.8 | 76.4 | 63.7 |
| Intangible+ Goodwill | 222.0 | 215.5 | 235.7 | 232.8 |
| Non-current Investments | 3.0 | 3.0 | 3.0 | 3.0 |
| Deferred tax asset | 2.6 | 6.8 | 7.1 | 7.8 |
| Long terms loans and advances | - | - | - | - |
| Other non-current assets | 266.2 | 339.8 | 346.3 | 357.6 |
| Inventories | - | - | - | - |
| Trade receivables | 369.7 | 380.3 | 401.6 | 438.7 |
| Current Investments | 166.8 | 289.4 | 289.4 | 289.4 |
| Cash | 176.5 | 149.5 | 272.8 | 464.0 |
| Short term loans and advances | - | - | - | - |
| Other current assets | 275.6 | 278.9 | 294.6 | 321.8 |
| Total Current Assets | 988.6 | 1,098.0 | 1,258.4 | 1,513.9 |
| Trade Payable | 41.9 | 44.8 | 47.3 | 51.7 |
| Other current liabilities | 622.5 | 692.5 | 731.4 | 798.9 |
| Short term provisions | - | - | - | - |
| Total Current Liabilities | 664.4 | 737.3 | 778.7 | 850.5 |
| Net Current Assets | 324.2 | 360.8 | 479.7 | 663.4 |
| **Assets Total** | **876** | **1,031** | **1,165** | **1,345** |

*Source: Company, ICICI Direct Research*

**Exhibit 18: Key ratios** ₹ crore

| (Year-end March) | FY22 | FY23 | FY24E | FY24E |
|---|---|---|---|---|
| **Per share data (₹)** | | | | |
| EPS | 22.5 | 65.1 | 72.5 | 94.5 |
| Cash EPS | (53.4) | 92.3 | 102.9 | 128.7 |
| BV | (475.7) | 490.2 | 552.4 | 646.8 |
| DPS | - | - | - | - |
| Cash Per Share | (119.0) | 89.3 | 159.5 | 271.4 |
| **Operating Ratios (%)** | | | | |
| EBIT Margin | 1.6 | 1.0 | 1.2 | 1.5 |
| PBT Margin | 1.8 | 1.5 | 1.5 | 1.8 |
| PAT Margin | (0.5) | 1.4 | 1.5 | 1.8 |
| Debtor days | 21 | 18 | 18 | 18 |
| Creditor days | 2 | 2 | 2 | 2 |
| **Return Ratios (%)** | | | | |
| RoE | (4.7) | 13.3 | 13.1 | 14.6 |
| RoCE | 16.5 | 14.7 | 13.8 | 15.2 |
| RoIC | 26.0 | 19.7 | 24.5 | 36.8 |
| **Valuation Ratios (x)** | | | | |
| P/E | 100.9 | 34.8 | 31.3 | 24.0 |
| EV / EBITDA | 24.4 | 27.6 | 21.6 | 15.7 |
| EV / Net Sales | 0.5 | 0.4 | 0.4 | 0.3 |
| Market Cap / Sales | 0.6 | 0.5 | 0.5 | 0.4 |
| Price to Book Value | (4.8) | 4.6 | 4.1 | 3.5 |
| **Solvency Ratios** | | | | |
| Debt / EBITDA | 0.2 | 0.2 | 0.1 | 0.1 |
| Debt / Equity | 0.0 | 0.0 | 0.0 | 0.0 |
| Current Ratio | 1.2 | 1.1 | 1.1 | 1.1 |
| Quick Ratio | 1.2 | 1.1 | 1.1 | 1.1 |

*Source: Company, ICICI Direct Research*

# RATING RATIONALE

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

Buy: >15%

Hold: -5% to 15%;

Reduce: -15% to -5%;

Sell: <-15%

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

**ICICI Direct Research Desk,**
**ICICI Securities Limited,**
**Third Floor, Brillanto House,**
**Road No 13, MIDC,**
**Andheri (East)**
**Mumbai – 400 093**
**research@icicidirect.com**

## ANALYST CERTIFICATION

I/We, Sameer Pardikar, MBA, Sujay Chavan, MMS, Research Analysts 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. Registered Office Address: ICICI Venture House, Appasaheb Marathe Marg, Prabhadevi, Mumbai - 400 025. CIN: L67120MH1995PLC086241, Tel: (91 22) 6807 7100. 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.

### Investments in securities market are subject to market risks. Read all the related documents carefully before investing.

Registration granted by Sebi and certification from NISM in no way guarantee performance of the intermediary or provide any assurance of returns to investors. None of the research recommendations promise or guarantee any assured, minimum or risk-free return to the investors.

Name of the Compliance officer (Research Analyst): Mr. Anoop Goyal

Contact number: 022-40701000 E-mail Address: complianceofficer@icicisecurities.com

For any queries or grievances: Mr. Prabodh Avadhoot **Email address:** headservicequality@icicidirect.com Contact Number: 18601231122

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 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 or its associates might have received any compensation for products or services other than investment banking or merchant banking or brokerage services from the companies mentioned in the report in the past twelve months.

ICICI Securities encourages independence in research report preparation and strives to minimize conflict in preparation of research report. ICICI Securities or its associates or its analysts did not receive any compensation or other benefits from the companies mentioned in the report or third party in connection with preparation of the research report. Accordingly, neither ICICI Securities nor Research Analysts and their relatives have any material conflict of interest at the time of publication of this report.

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 actual/beneficial ownership of one percent or more or other material conflict of interest 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.