

Strategy to drive category growth; execution is key

About the stock: Colgate-Palmolive (India) (CPIL) is the largest oral care company in India. The company has ~50% market share in the toothpaste category. The major brands include Colgate Strong Teeth, Colgate Total, Colgate Max-Fresh. The company is looking to drive consumption levels in rural regions & premium brands in urban India. Recently, it launched toothpaste for diabetics, Colgate Visible White O2, Palmolive range in face cleansing and Visible White pen.

- Colgate has a distribution reach of 6.5 million outlets. It commands very high gross margins to support existing brands and new launches through marketing spend of 12-13% of sales

Q4FY23 Results: Colgate reported domestic sales growth of 5.4% in Q4

- Overall sales were up 3.7% YoY led by pricing growth; volumes were flat
- EBITDA was at ₹ 451.9 crore, up 5.2% YoY, with margins at 33.5%
- Consequently, adjusted PAT was at ₹ 317.6 crore (down 1.8% YoY)

What should investors do? Colgate's share price has underperformed the FMCG index in the last five years with 33% return.

- The oral care category is fully penetrated. Hence, the growth lever remains increasing per person consumption, expansion of personal care category. However, we believe execution of this strategy is essential to drive growth
- We maintain our **HOLD** rating on the stock

Target Price and Valuation: We value the stock at ₹ 1560, valuing the business at 35x FY25 earnings.

Key triggers for future price performance:

- Rural household daily usage of toothpaste is close to ~45%, urban usage of toothpaste twice a day is only ~20%. Rising per capita consumption and driving premiumisation in oral care category is key to growth
- The company has strong brand equity of 'Palmolive' brand. However, it has been unable to leverage this brand for brand extension in personal care categories over the years. It is now expanding this brand in body wash
- Gross margin is expected to remain elevated at ~65% given the decline in crude-based commodity prices. The company would increase ad-spends to perk up volumes across segments

Alternate Stock Idea: Besides CPIL, we like Tata Consumer in our FMCG coverage.

- Strong innovation & premiumisation strategy in salt, tea, Sampaan & Soulful in the Indian market expected to drive sales & margins
- We value the stock at ₹ 980 with a BUY rating



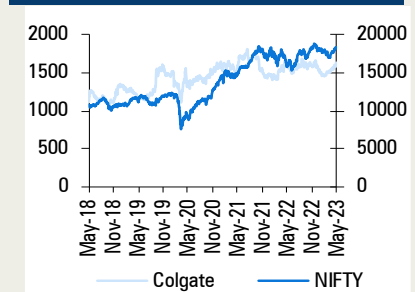
Particulars

Particulars (₹ crore)	Amount
Market Capitalization	44,233.1
Total Debt (FY23)	56.7
Cash and Investments (FY23)	923.0
EV	43,366.8
52 week H/L (₹)	1695 / 1434
Equity capital	27.2
Face value (₹)	1.0

Shareholding pattern

(in %)	Jun-22	Sep-22	Dec-22	Mar-23
Promoter	51.0	51.0	51.0	51.0
FII	18.7	19.5	21.1	21.5
DII	8.8	9.3	7.8	7.3
Others	21.5	20.3	20.1	20.2

Price Chart



Recent event & key risks

- Launched 'Visible White Pen' Devise during the quarter
- Key Risk:** (i) Regaining market share in white toothpaste could lead to higher growth (ii) volatility in RM may be spoiler for margins

Research Analyst

Sanjay Manyal
sanjay.manyal@icicisecurities.com

Key Financial Summary

Key Financials	FY21	FY22	FY23	5 Year CAGR (FY18-FY23)	FY24E	FY25E	CAGR (FY23-25E)
Total Operating Income	4841.2	5099.8	5226.2	4.5%	5584.0	5913.1	6.4%
EBITDA	1509.6	1565.9	1547.0	6.8%	1661.8	1768.1	6.9%
EBITDA Margin %	31.4	30.9	29.8		30.0	30.1	
Net Profit	1035.4	1078.3	1047.2	9.2%	1125.4	1196.8	6.9%
EPS (₹)	38.1	39.6	38.5	9.2%	41.4	44.0	6.9%
P/E	42.7	41.0	42.2		39.3	37.0	
RoNW %	88.8	62.2	61.5		68.4	76.5	
RoCE (%)	106.4	77.8	79.3		89.6	100.0	

Key takeaways of recent quarter

Q4FY23 Results: Commodity price dip leads to margin recovery to all time high levels...

- Colgate witnessed revenue growth of 3.7% led by 5.4% domestic sales growth. Export sales were muted during the quarter. This growth in domestic sales was led by high single digit growth in the toothpaste segment. However, toothbrush sales de-grew in Q4FY23
- With softening of commodity prices, gross margins expanded sequentially by 100 bps and remained flat YoY. Employee & overhead spends were up 13 bps & 18 bps, respectively. Marketing spends were down 70 bps to 10.6% of sales. This was mainly due to start of major advertisement campaign for 'Colgate Strong Teeth' brand in Q1FY24
- Stable gross margins along with cut in ad-spends resulted in operating profit growth of 5.2% to ₹ 451.9 crore. Operating margins expanded 48 bps to 33.7%. PBT witnessed growth of 8.4% in Q4FY23 but net profit declined 2.3% mainly on account of tax reversal in the base quarter
- Oral care category volumes are still in a declining trend mainly due to a decline in rural consumption levels impacted by high inflation last year. The company has seen high single digit growth in toothpaste sales driven by strategy of driving higher consumption & premiumisation
- Given penetration level of toothpaste category is near 100%, the company is focusing on driving per capita consumption. Comparing the Philippines toothpaste market, India's per capita toothpaste consumption is 0.6x of Philippines toothpaste consumption level. The diversion is even higher in rural with 0.5x whereas urban consumption level is at 0.7x. The opportunity in the toothpaste market is 2x from the current market size (reaching Philippines consumption level)
- Only 45% Indian rural households brush on a daily basis whereas brushing twice a day in urban household is ~20%. The company is looking to drive consumption by increasing daily brushing habits in rural with twice a day brushing habit in urban households
- Toothbrush category growth has also become stagnant over the years. However, currently urban household changes brush every six months whereas rural households change brush every 15 months. Changing habits would also drive growth in the toothbrush category. Toothpaste pricing has also been stagnant over the years. The company is looking to drive growth in higher price point products in this category
- Total 86% of the toothpaste market is at the price point of ₹ 110 or below. This gives immense premiumisation opportunity to the company. Similarly, in the toothbrush market, 63% of the market is at the price point below ₹ 30. Moreover, 22% of the market is in the ₹ 30-40 range and only 16% of the market is above ₹ 40 price point. The ₹ 40 price point sub-category is growing at 15% whereas below ₹ 40 price point category is stagnant
- The company is re-launching 'Colgate Strong Teeth' and increasing its ad-spend on the brand with positioning of new 'Arginine technology' for 2x stronger teeth. The company sees high opportunity to grow this brand in rural regions
- It has also launched 'Visible White Teeth Whitening Pen' in whitening oral care product category. The brand has been launched exclusively through professional partners & Dentist
- Colgate max fresh penetration increased by 580 bps in 2022. The company would be doubling its ad-spends on 'Colgate Max Fresh'. It is trying to add younger consumers with specific advertisement targeting these consumers
- Naturals toothpaste category has become stagnant. This segment has seen 900 bps market share gain between 2016 and 2020. However, in the last

Colgate - ESG Disclosure Score*

ESG Disclosure Score			
Score	FY20	FY21	FY22
Environmental	16.8	16.8	54.6
Social	22.3	22.3	21.8
Governance	78.6	78.6	78.6
Overall ESG Score	39.3	39.3	51.7

Source: Bloomberg, ICICI Direct Research, *Score ranges from 0 - 100 with a higher score indicating higher ESG disclosures

three years it has become stagnant and lost 30 bps market share. Along with Ved-Shakti & Active Salt Brand, the company is still growing in this sub-category

- Colgate visible white & some of its extensions are part of the premium product portfolio. Penetration of whitening toothpaste is merely 1.5%. The launch of whitening pen devise is also part of driving premium product portfolio
- The company would be driving growth in 'Palmolive' brand in bodywash personal care category with increase in distribution reach and new innovations. The category size is small with low penetration. Hence, the headroom for growth is much larger. Palmolive is looking to leverage the category transition from soaps to bodywash in the premium category
- CPIL has four strategies mainly (1) drive category growth in toothpaste through volumes & grow the core brands, (2) propel premiumisation, (3) grow toothbrush category with products at higher price points and (4) Expand Palmolive brand in the bodywash category
- The company declared a second interim dividend of ₹ 21/ share. The total dividend for FY23 is at ₹ 39/share

Exhibit 1: Peer Comparison

Sector / Company	CMP (₹)	TP (₹)	Rating	M Cap (₹ Cr)	Sales growth (%)				EBITDA Margins (%)				P/E(x)			RoE (%)				RoCE (%)				
					FY22E	FY23E	FY24E	FY25E	FY22E	FY23E	FY24E	FY25E	FY22E	FY23E	FY24E	FY22E	FY23E	FY24E	FY25E	FY22E	FY23E	FY24E	FY25E	
Colgate (COLPAL)	1626	1560	Hold	44233	5.3	2.5	6.8	5.9	30.9	29.8	30.0	30.1	41.0	42.2	39.3	37.0	62.2	61.5	68.4	76.5	77.8	79.3	89.6	100.0
Hindustan Unilever (HINLEV)	2623	2780	Hold	579879	11.3	15.5	8.0	10.1	24.8	23.4	23.8	24.2	69.9	61.9	57.8	51.4	18.1	19.9	20.6	22.5	20.2	22.0	23.7	25.9

Source: Company, ICICI Direct Research

The growth in the oral care category has stagnated with penetration levels in both urban & rural regions reaching close to 100% level. In last eight years, the company lost market share with the emergence of naturals & ayurveda brands. Naturals category has become 30% of the toothpaste market in the last eight years. The company is looking to regain market share and grow the category with driving consumption levels by increasing daily brushing habit in rural India and twice a day brushing habit in urban regions. It would also be expanding the Palmolive brand in the bodywash category to grow in the personal care category. The company has highest gross margin among FMCG companies, which gives it leeway to increase spend towards advertisement & promotions for driving growth. We believe successfully execution of category growth, expansion in personal care & premiumisation strategies would define long term growth for the company. We remain cautious on the growth outlook in the medium term. We maintain our **HOLD** rating on the stock with a revised target price of ₹ 1560/share (₹ 1440/earlier).

Exhibit 2: Variance Analysis

	Q4FY23	Q4FY23E	Q4FY22	YoY (%)	Q3FY23	QoQ (%)	Comments
Total Operating Income	1,350.6	1,376.4	1,301.3	3.8	1,291.3	4.6	Revenue witnessed growth of 3.8% led by high single digit growth in toothpaste & decline in tooth brush sales
Operating Income	8.9	5.9	7.9	12.9	10.1	-11.1	
Raw Material Expenses	447.5	459.1	431.7	3.7	440.7	1.5	With softening of major commodities, the company was able to maintain gross margins at previous year's level
Employee Expenses	89.8	98.9	84.9	5.8	98.9	-9.2	
SG&A Expenses	142.9	166.1	146.8	-2.7	169.9	-15.9	Marketing spends were down 70 bps (% to sales) given the company was building to launch a massive campaign for Colgate Strong teeth in Q1FY24
Other operating Expenses	218.5	203.5	208.5	4.8	220.3	-0.8	
EBITDA	451.9	448.8	429.4	5.2	361.5	25.0	
EBITDA Margin (%)	33.5	32.6	33.0	46 bps	28.0	547 bps	Operating margin expanded 46 bps mainly on account of stable gross margins and cut in marketing spends
Depreciation	43.1	44.9	43.8	-1.6	43.7	-1.3	
Interest	1.1	2.1	1.4	-20.0	1.3	-14.3	
Other Income	20.4	11.4	8.9	129.7	10.4	95.5	
PBT before exceptional	428.1	413.2	393.1	8.9	326.9	30.9	
Exceptional Items	1.9	0.0	0.0	NA	0.0	NA	
Tax Outgo	110.0	101.8	69.6	58.1	83.7	31.4	Higher income tax rate during the quarter
PAT	316.2	311.5	323.6	-2.3	243.2	30.0	Net profit de-grew 2.3% on account of higher income tax
Adjusted PAT	317.6	311.5	323.6	-1.8	243.2	30.6	

Source: Company, ICICI Direct Research

Exhibit 3: Change in estimates

₹ Crore)	FY24E			FY25E			Comments
	Old	New	% Change	Old	New	% Change	
Net sales	5,544.9	5,544.9	0.0	5,873.2	5,873.2	0.0	No change in our revenue estimates
EBITDA	1650.0	1661.8	0.7	1,710.0	1768.1	3.4	We estimate higher gross as well as operating margins owing to softening of commodity prices
EBITDA Margin (%)	29.8	30.0	17 bps	29.1	30.1	99 bps	
PAT	1122.4	1125.4	0.3	1,161.8	1196.8	3.0	We estimate slightly lower other income
EPS (₹)	41.3	41.4	0.2	42.7	44.0	3.0	

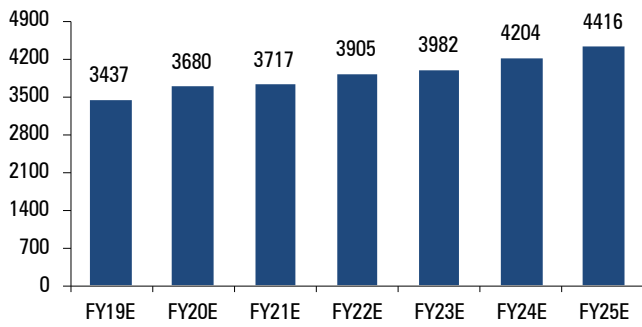
Source: ICICI Direct Research

Exhibit 4: Assumptions

	Current						Earlier		Comments
	FY20E	FY21E	FY22E	FY23E	FY24E	FY25E	FY24E	FY25E	
Toothpaste Vol. Growth(%)	6.0	1.0	2.5	-1.0	2.5	2.0	2.5	2.0	No change in our revenue estimates
Toothpaste Value Growth(%)	7.1	1.0	5.1	2.0	5.6	5.1	5.6	5.1	
Toothbrush Vol. Growth(%)	6.0	-4.0	7.0	6.0	6.0	6.0	6.0	6.0	
Toothbrush Value Growth(%)	4.0	-4.0	9.1	8.1	8.1	8.1	8.1	8.1	
Raw Material/Sales %	34.8	32.0	32.7	34.3	34.5	34.7	34.9	35.0	With softening of commodity prices, we estimate higher gross margins
Marketing Exp./Sales %	13.8	12.9	12.6	12.1	12.6	12.9	12.6	12.9	

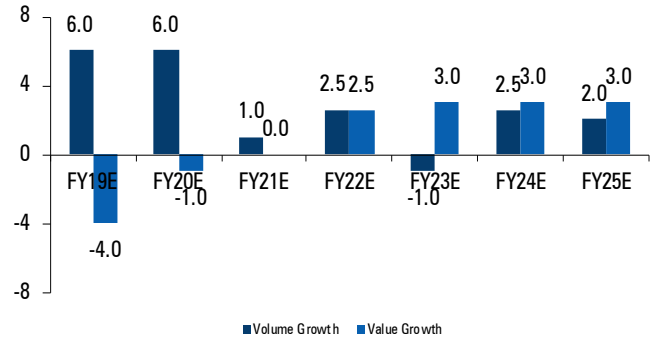
Source: ICICI Direct Research

Exhibit 5: Toothpaste revenue trend (I-direct estimate)



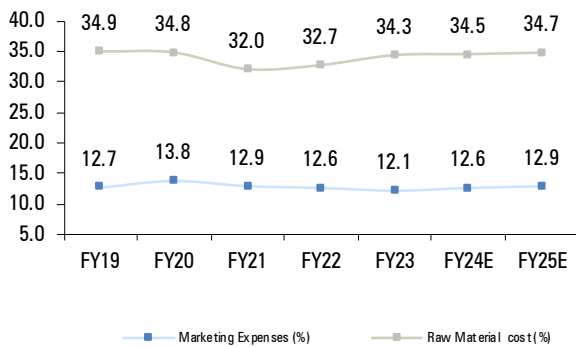
Source: ICICI Direct Research, Company

Exhibit 6: Toothpaste volume growth trend (I-direct estimate)



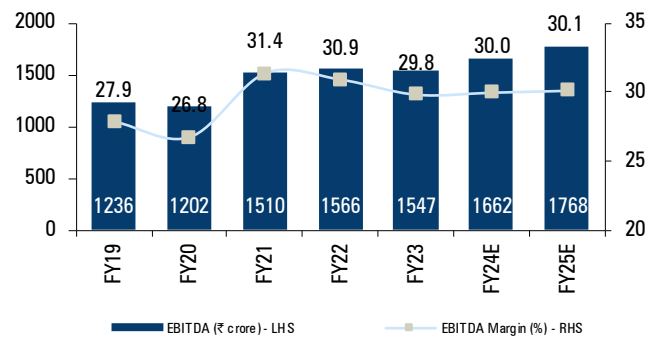
Source: ICICI Direct Research, Company

Exhibit 7: A&P & RM cost trend



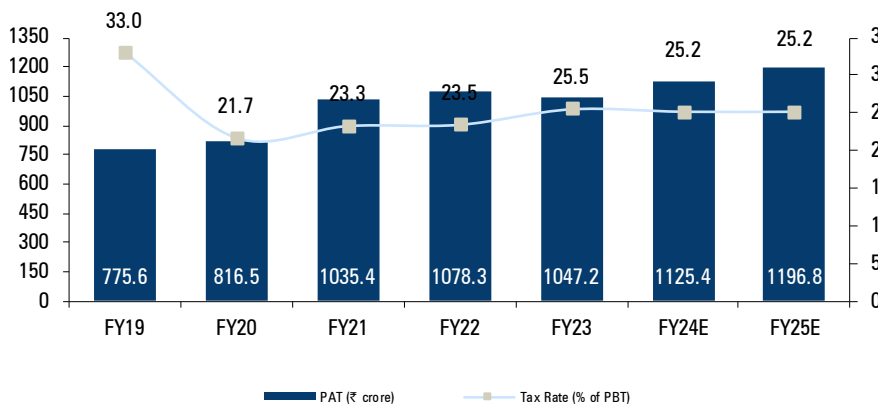
Source: ICICI Direct Research, Company

Exhibit 8: EBITDA margin trend (%)



Source: ICICI Direct Research, Company

Exhibit 9: PAT growth trend



Source: Company, ICICI Direct Research

Exhibit 10: Valuations

	Net Sales (₹ cr)	Growth (%)	EPS (₹)	Growth (%)	PE (x)	EV/EBITDA (x)	RoNW (%)	RoCE (%)
FY22	5066.5	5.3	39.6	4.1	41.0	27.6	62.2	77.8
FY23	5187.9	2.4	38.5	-2.9	42.2	27.8	61.5	79.3
FY24E	5544.9	6.9	41.4	7.5	39.3	25.9	68.4	89.6
FY25E	5873.2	5.9	44.0	6.3	37.0	24.3	76.5	100.0

Source: Company, ICICI Direct Research

Financial Summary

Exhibit 11: Profit and loss statement				
	₹ crore			
(Year-end March)	FY22	FY23	FY24E	FY25E
Total Operating Income	5,099.8	5,226.2	5,584.0	5,913.1
Growth (%)	5.3	2.5	6.8	5.9
Raw Material Expenses	1,667.5	1,794.2	1,925.3	2,054.2
Employee Expenses	385.1	377.0	410.3	443.4
Marketing Expenses	643.1	634.1	704.2	763.5
Administrative Expenses	0.0	0.0	160.8	146.8
Excise Duty	0.0	0.0	0.0	0.0
Other expenses	838.1	874.0	721.6	737.0
Total Operating Expenditure	3,533.8	3,679.2	3,922.2	4,144.9
EBITDA	1,565.9	1,547.0	1,661.8	1,768.1
Growth (%)	3.7	-1.2	7.4	6.4
Depreciation	177.3	174.8	189.3	197.8
Interest	5.9	4.9	5.4	5.9
Other Income	26.3	53.6	37.5	35.6
PBT	1,409.0	1,420.9	1,504.6	1,600.0
Exceptional items	-3.6	30.5	0.0	0.0
Total Tax	330.7	362.5	379.2	403.2
PAT	1,078.3	1,047.2	1,125.4	1,196.8
Growth (%)	4.1	-2.9	7.5	6.3
EPS (₹)	39.6	38.5	41.4	44.0

Source: Company, ICICI Direct Research

Exhibit 12: Cash flow statement				
	₹ crore			
(Year-end March)	FY22	FY23	FY24E	FY25E
Profit/Loss after Tax	1,039.1	1,040.0	1,125.4	1,196.8
Add: Depreciation	176.9	175.2	189.3	197.8
Add: Interest	5.9	4.9	5.4	5.9
(Inc)/dec in Current Assets	431.1	-12.5	-172.2	-47.2
Inc/(dec) in Current Liabilities	-16.0	3.5	47.1	67.0
CF from operating activities	1,625.7	1,176.3	1,195.1	1,420.4
(Inc)/dec in Investments	19.1	0.0	0.0	0.0
(Inc)/dec in Fixed Assets	-49.6	-70.1	-32.3	-100.0
Others	-77.2	62.6	15.8	-1.3
CF from investing activities	-107.7	-7.5	-16.5	-101.3
Issue/(Buy back) of Equity	0.0	0.0	0.0	0.0
Inc/(dec) in loan funds	0.0	0.0	-56.7	0.0
Dividend paid & dividend tap	-1,057.2	-1,057.5	-1,196.7	-1,278.3
Inc/(dec) in Sec. premium	-33.4	-29.3	-5.4	-5.9
Others	0.0	0.0	0.0	0.0
CF from financing activities	-1,090.6	-1,086.7	-1,258.9	-1,284.3
Net Cash flow	427.5	82.0	-80.2	34.8
Opening Cash	296.6	724.0	806.0	725.8
Cash with bank	30.7	116.9	116.9	116.9
Closing Cash	754.7	923.0	842.7	877.5

Source: Company, ICICI Direct Research

Exhibit 13: Balance Sheet				
	₹ crore			
	FY22	FY23	FY24E	FY25E
Liabilities				
Equity Capital	27.2	27.2	27.2	27.2
Reserve and Surplus	1,707.5	1,689.2	1,617.9	1,536.3
Total Shareholders funds	1,734.7	1,716.4	1,645.1	1,563.5
Total Debt	69.0	56.7	0.0	0.0
Long Term Provisions	14.0	23.6	38.8	41.1
Other Non-current Liabilities	1.7	1.6	1.6	1.6
Total Liabilities	1,819.4	1,798.4	1,685.5	1,606.3
Assets				
Gross Block	2,077.5	2,177.5	2,277.5	2,377.5
Less: Acc Depreciation	1,114.5	1,289.3	1,478.6	1,676.5
Net Block	963.0	861.8	798.8	701.0
Capital WIP	121.8	114.1	20.0	20.0
Deferred Tax Asset	0.0	0.0	0.0	0.0
Non Current Investments	0.0	0.0	0.0	0.0
LT Loans & Advances/Others	334.2	330.4	358.7	362.3
Current Assets				
Inventory	357.2	335.5	334.2	354.0
Debtors	224.7	157.4	258.3	273.5
Cash	754.7	923.0	842.7	877.5
Loans & Advances	107.3	87.6	143.8	152.3
Other Current Assets	39.0	44.5	60.8	64.4
Current Liabilities				
Creditors	785.4	773.3	729.2	772.4
Provisions	84.0	90.5	68.4	72.4
Other CL	213.0	220.8	334.2	354.0
Net Current Assets	400.4	463.2	508.0	523.0
Total Assets	1,819.4	1,769.5	1,685.5	1,606.2

Source: Company, ICICI Direct Research

Exhibit 14: Key ratios				
	FY22	FY23	FY24E	FY25E
Per share data (₹)				
EPS	39.6	38.5	41.4	44.0
Cash EPS	46.2	44.9	48.3	51.3
BV	63.8	63.1	60.5	57.5
DPS	19.0	39.0	44.0	47.0
Cash Per Share	27.7	33.9	31.0	32.3
Operating Ratios (%)				
EBITDA Margin	30.9	29.8	30.0	30.1
PBT / Net Sales	27.8	27.4	27.1	27.2
PAT Margin	21.3	20.2	20.3	20.4
Inventory days	25.7	23.6	22.0	22.0
Debtor days	16.2	11.1	17.0	17.0
Creditor days	56.6	54.4	48.0	48.0
Return Ratios (%)				
RoE	62.2	61.5	68.4	76.5
RoCE	77.8	79.3	89.6	100.0
Valuation Ratios (x)				
P/E	41.0	42.2	39.3	37.0
EV / EBITDA	27.6	27.8	25.9	24.3
EV / Net Sales	8.5	8.3	7.8	7.3
Market Cap / Sales	8.7	8.5	8.0	7.5
Price to Book Value	25.5	25.8	26.9	28.3
Solvency Ratios				
Debt/EBITDA	0.0	0.0	0.0	0.0
Debt / Equity	0.0	0.0	0.0	0.0
Current Ratio	0.7	0.6	0.7	0.7
Quick Ratio	0.4	0.3	0.4	0.4

Source: Company, ICICI Direct Research

Exhibit 15: ICICI Direct coverage universe (FMCG)

	CMP	TP	M Cap	EPS (₹)				P/E (x)				Price/Sales (x)				RoCE (%)				RoE (%)				
	(₹)	(₹) Rating		(₹ Cr)	FY22	FY23E	FY24E	FY25E	FY22	FY23E	FY24E	FY25E	FY22	FY23E	FY24E	FY25E	FY22	FY23E	FY24E	FY25E	FY22	FY23E	FY24E	FY25E
Colgate (COLPAL)	1,626	1,560	Hold	44,233	39.6	38.5	41.4	44.0	41.0	42.2	39.3	37.0	8.7	8.5	8.0	7.5	77.8	79.3	89.6	100.0	62.2	61.5	68.4	76.5
Dabur India (DABIND)	518	675	Buy	93,745	9.9	9.6	11.3	12.9	52.6	54.0	45.7	40.2	8.6	8.1	7.4	6.6	24.9	21.3	23.0	24.4	20.8	19.0	20.4	21.3
Hindustan Unilever (HINLEV)	2,623	2,780	Hold	5,79,879	37.5	42.4	45.4	51.1	69.9	61.9	57.8	51.4	11.5	10.0	9.2	8.4	20.2	22.0	23.7	25.9	18.1	19.9	20.6	22.5
ITC Limited (ITC)	420	450	Buy	4,67,841	12.4	14.7	16.0	17.4	33.9	28.6	26.2	24.2	7.9	6.8	6.2	5.7	31.4	36.0	37.5	39.1	24.5	27.7	28.7	29.9
Jyothy Lab (JYOLAB)	208	215	Hold	7,485	4.3	6.7	7.8	8.5	48.9	31.2	26.7	24.5	3.5	3.1	2.8	2.6	18.7	27.5	31.4	32.6	16.6	24.2	27.0	27.9
Marico (MARLIM)	542	570	Buy	63,691	9.7	10.2	11.6	12.6	55.7	52.9	46.8	43.0	6.7	6.5	6.1	5.7	41.2	38.1	41.2	43.3	37.5	34.8	37.3	38.6
Nestle (NESIND)	21,794	23,000	Hold	1,99,195	222.4	247.9	299.9	352.7	98.0	87.9	72.7	61.8	13.6	11.9	10.5	9.5	57.3	54.4	57.0	61.6	104.1	87.0	84.5	86.5
Patanjali Foods (RUCSOY)	931	1,750	Buy	50,721	27.3	30.9	43.5	52.7	34.1	30.1	21.4	17.6	2.1	1.7	1.5	1.4	13.2	15.6	17.3	19.0	13.1	11.3	14.2	15.3
Tata Consumer Products (TAT)	789	980	Buy	68,740	11.0	14.2	16.4	19.0	71.6	55.5	48.3	41.5	5.5	5.0	4.5	4.1	8.4	8.7	10.5	11.6	7.0	7.4	9.0	10.1
Varun Beverage (VARBEV)	1,556	1,470	Hold	92,041	17.2	23.9	27.5	32.3	90.3	65.2	56.5	48.1	10.4	7.0	6.1	5.4	17.1	23.8	28.7	32.2	18.3	30.4	27.8	26.9
VST Industries (VSTIND)	3,277	3,300	Hold	5,059	207.4	211.8	210.0	245.5	15.8	15.5	15.6	13.3	4.3	3.9	3.7	3.4	39.0	35.7	39.0	50.9	29.8	27.7	29.3	38.2
Zydus Wellness (ZYDWEL)	1,516	2,000	Buy	8,979	48.5	55.0	67.4	75.6	31.2	27.6	22.5	20.0	4.5	4.0	3.6	3.2	6.1	6.8	8.1	9.2	6.4	7.1	8.3	9.0

Source: Bloomberg, 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, Sanjay Manyal, MBA (FINANCE) Research Analysts, authors and the names subscribed to this report, hereby certify that all of the views expressed in this research report accurately reflect our views about the subject issuer(s) or securities. We also certify that no part of our compensation was, is, or will be directly or indirectly related to the specific recommendation(s) or view(s) in this report. It is also confirmed that above mentioned Analysts of this report have not received any compensation from the companies mentioned in the report in the preceding twelve months and do not serve as an officer, director or employee of the companies mentioned in the report.

Terms & conditions and other disclosures:

ICICI Securities Limited (ICICI Securities) is a full-service, integrated investment banking and is, inter alia, engaged in the business of stock brokering and distribution of financial products. ICICI Securities 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 Securities, Brillanto House Road Number 13, MIDC, Andheri (E), Mumbai - 400 093. 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.