

Focus remains on high priced cigarettes...

About the stock VST Industries (VST) is cigarette company in India, involved in manufacturing, marketing cigarettes & trading of unmanufactured tobacco

- The company has two cigarettes manufacturing facilities in Hyderabad, AP. It has five major brands which includes, 'Total', 'Charms', 'Moment', 'Special', & 'Edition' and a direct distribution reach of over 1.1 million outlets

Q1FY23 Results: VST reported strong results with 9% cigarettes volume growth

- Sales were up 9.3% YoY led by cigarettes sales growth of 10.5% YoY
- EBITDA was at ₹ 112.9 crore, up 22.8% YoY, with margins at 37.5%
- Consequent PAT was at ₹ 87.1 crore (up 23.7% YoY)

What should investors do? VST industries share price has underperformed the market with mere 10% return in last five years (from ₹ 2901 in August 2017 to ₹ 3197 in July 2022).

- We maintain our numbers for VST Industries. However, believe stable taxation in cigarettes would lead to mid-single digit volume growth.
- We continue to maintain our HOLD rating on the stock

Target Price and Valuation: We maintain our Hold rating & target of ₹3425 valuing the business 14x FY24 earnings

Key triggers for future price performance:

- VST saw 9% cigarette volume growth in Q1FY23 on a low base adversely impacted by Covid-19. It is focusing on brand building through higher spends at point of sale, consumer promotions & product innovation
- High priced cigarettes 'Total' & 'Edition' contributing 45% to the volumes. The contribution of high priced cigarettes would continue to rise. The company is looking to introduce new brands at higher price points
- Duties & taxes on cigarettes to remain stable given increasing prevalence of illicit & contraband cigarettes
- Dividend pay-out is restored at ~70% after two years of lower dividend due to liquidity concerns during Covid-19 disruption

Alternate Stock Idea: We like TCPL in our FMCG coverage

- Strong innovation & premiumisation strategy in salt, tea, Sampaan & Soulful in Indian market expected to drive sales & margins

We value the stock at ₹910 with BUY rating



VST Industries Ltd.

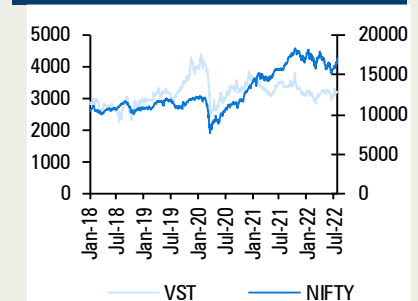
Particulars

Particulars (₹ crore)	Amount
Market Capitalization	4,937.1
Total Debt (FY22)	0.0
Cash and Investments (FY22)	777.7
EV	4,159.3
52 week H/L (₹)	3893 / 2786
Equity capital	₹ 15.4
Face value (₹)	10.0

Shareholding pattern

(in %)	Sep-21	Dec-21	Mar-22	Jun-22
Promoter	32.2	32.2	32.2	32.2
FII	2.1	1.8	1.8	1.8
DII	16.2	16.3	16.6	16.6
Others	49.5	49.7	49.5	49.4

Price Chart



Recent event & key risks

- VST has launched 'Total T3' brand in KSFT segment during the quarter
- Key Risk:** (i) Any increase in GST or cess (ii) faster Increase in high price cigarette contribution

Research Analyst

Sanjay Manyal
sanjay.manyal@icicisecurities.com

Key Financial Summary

Key Financials	FY20	FY21	FY22	5 Year CAGR (FY17-22)	FY23E	FY24E	CAGR (FY22-24E)
Net Sales	1238.1	1109.8	1176.7	5.1	1293.4	1403.2	9.2%
EBITDA	414.7	410.6	411.7	10.7	463.7	511.6	11.5%
EBITDA Margin %	33.5	37.0	35.0		35.9	36.5	
Net Profit	304.1	310.8	320.3	16.1	354.0	390.5	10.4%
EPS (₹)	196.95	201.29	207.44	16.2	229.30	252.85	10.4%
P/E	16.2	15.9	15.4		13.9	12.6	
RoNW %	38.6	33.0	30.0		33.4	37.8	
RoCE (%)	52.1	43.4	39.2		44.6	50.6	

Key takeaways of recent quarter

Q1FY23 Results: High competition in capsule brands; VST is still below pre-covid volumes

- Revenue witnessed a growth of 9.3% to ₹ 301 crore (net of excise) on the back of strong recovery in cigarettes business. Cigarette sales has grown at 10.5% to ₹352.4 crore during the quarter aided by 9% YoY volume growth. Sequentially volume increased by 6%. The tobacco exports sales were down 2.5% to ₹ 39 crore given freight costs continue to remain high.
- The company is focussing on investing behind brands through marketing spends at the point of sale rather than giving excessive trade promotions.
- Competitive activity is very high in capsule brands given these brands contributes 45% to the volumes vs 14% for competitor.
- The company has extended 'Total' brand in KSFT (King Size Filter Cigarette) segment by launching new brand 'Total T3' in demi slim format with finger fresh technology (no smell in fingers). The pilot launch has been done in Delhi, Chennai & Vijayawada
- The company has not taken any price increase in last two years & it is not looking to alter prices in near future. Industry wise ₹10 price points is witnessing strong traction in last few years.
- VST's total distribution has reached to 1.13 million outlets as against 0.7 million in 2014-15. Its operational coverage has increased to 80% of the country as against 60% in 2014-15. This has been driven by brand portfolio changing retail presence from 1-2 SKUs per region to 3-4 SKUs per region
- Gross margins expanded by 483 bps mainly on account of reduction in trade discounts. Some of the raw material costs like paperboard, prices of filter have gone up sharply however the company is looking for alternate sourcing for these raw materials
- The employee spends were down by 162 bps (% to sales) during the quarter however, overhead spends were up by 233 bps (% to sales) mainly on account of lower spends in base quarter. The increase was also due to high fuel costs & increasing marketing activity at a point of sale.
- Led by expansion in gross margins & reduction in employee spends, operating profit grew by 22.8% to ₹112.9 crore. Operating margins expanded by 413 bps to 37.5%. Net profit grew by 23.7% to ₹87.1 crore led by higher operating profit.

Exhibit 1: Peer Comparison

Sector / Company	CMP			M Cap (₹ Cr)	Sales growth (%)			EBITDA Margins (%)			P/E(x)			RoE (%)			RoCE (%)		
	(₹)	TP (₹)	Rating		FY22E	FY23E	FY24E	FY22E	FY23E	FY24E	FY22E	FY23E	FY24E	FY22E	FY23E	FY24E	FY22E	FY23E	FY24E
ITC Limited (ITC)	303	310	Buy	360223	23.1	8.2	9.9	32.0	34.7	35.4	23.6	20.9	18.9	24.5	26.7	28.1	31.3	35.3	37.9
VST Industries (VSTIND)	3197	3425	Hold	4937	6.1	9.9	8.5	35.0	35.9	36.5	15.4	13.9	12.6	30.0	33.4	37.8	39.2	44.6	50.6

Source: Company, ICICI Direct Research

VST Industries have lost market share in FY22 given the market leader has been aggressive in its promotion activity with trade channels however the company has a long term strategy of increasing its brand proposition rather than giving high trade discounts. It has been focusing on high priced brands like 'Total' & 'Edition' to grow the sales through product mix improvement. With the same strategy, it has expanded 'Total' brand in King size segment. Considering the taxation on cigarettes have been stable since last five years, the category is likely to witness mid-single digit volume growth in medium term. With the focus on high priced brand, the company would be able to further enhance its cigarettes realisation, which is likely to improve margins. However, we are still cautious about sustainable long term volume growth of the category & increasing competitive activity by market leader. We maintain our **Hold** rating & target price on the stock at ₹ 3425 / share

Exhibit 2: Variance Analysis

	Q1FY23	Q1FY23E	Q1FY22	YoY (%)	Q4FY22	QoQ (%)	Comments
Total Operating Income	301.0	309.1	275.4	9.3	302.6	-0.6	Net sales witnessed a growth of 9.3% on the back of 10.5% growth in cigarette sales led by 9% volume growth
Other Operating Income	0.5	0.5	0.3	57.6	0.6	-8.8	
Raw Material Expenses	119.8	139.1	122.9	-2.5	127.3	-5.9	Gross margins expanded by 483 bps given the company is not participating in trade discount battle in competitors
Employee Expense	30.3	31.7	32.2	-5.9	27.3	10.9	Employee spends were down by 162 bps mainly due to base was higher due to some one-offs
Excise Duty	100.9	100.4	92.8	8.7	97.6	3.4	
Other operating Expenses	38.0	32.9	28.3	34.1	41.7	-8.9	Overhead spends were up by 233 bps as base quarter had lower spends due to covid-19 second wave
EBITDA	112.9	105.5	92.0	22.8	106.3	6.2	Operating profit saw strong growth of 22.8%
EBITDA Margin (%)	37.5	34.1	33.4	413 bps	35.1	240 bps	Operating margins saw uptick of 413 bps
Depreciation	7.2	8.2	6.4	12.8	8.8	-18.0	
Interest	0.0	0.0	0.0	NA	0.0	NA	
Other Income	11.4	11.1	9.3	22.8	17.5	-35.0	
PBT	117.1	108.3	94.8	23.5	115.0	1.8	
Tax Outgo	29.9	27.3	24.4	22.9	27.8	7.7	
PAT	87.1	81.0	70.4	23.7	87.2	-0.1	Net profit growth was at 23.7% inline with the growth in operating profit
Key Metrics							
Cigarette Sales (₹ crore)	362.3	352.4	327.8	10.5	336.7	7.6	Cigarette sales was up by 10.5% led by 9% volume growth
Tobacco Sales (₹ crore)	39.0	56.7	40.0	-2.5	63.0	-38.1	Tobacco sales was down by 2.5% given higher freight issues still persist

Source: Company, ICICI Direct Research

Exhibit 3: Change in estimates

(₹ Crore)	FY23E			FY24E			Comments
	Old	New	% change	Old	New	% change	
Net sales	1,293.4	1,293.4	0.0	1,403.2	1,403.2	0.0	No change in our estimates
EBITDA	463.7	463.7	0.0	511.6	511.6	0.0	
EBITDA Margin (%)	35.8	35.8	0 bps	36.5	36.5	0 bps	
PAT	354.0	354.0	0.0	390.5	390.5	0.0	
EPS (₹)	229.3	229.3	0.0	252.9	252.9	0.0	

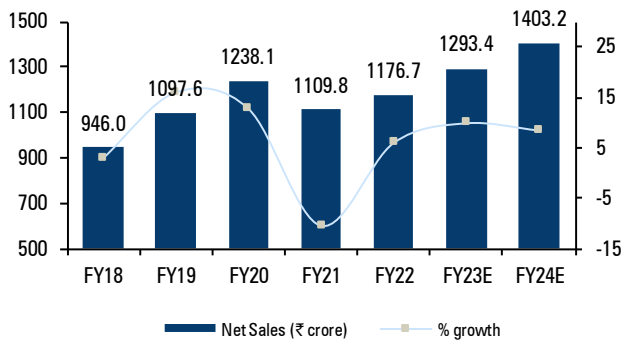
Source: ICICI Direct Research

Exhibit 4: Assumptions

	Current				Earlier				Comments
	FY19	FY20	FY21	FY22	FY23E	FY24E	FY23E	FY24E	
Cig. Vol. (mn sticks)	8,031.1	8,753.9	7,866.0	8,338.0	8,754.9	9,105.1	8,754.9	9,105.1	No change in our estimates
Cig. Vol. Growth (%)	9.0	9.0	-10.1	6.0	5.0	4.0	5.0	4.0	
Realization/cig (₹)	1.2	1.3	1.6	1.6	1.7	1.7	1.7	1.7	
Tobacco Sales (₹ crore)	238.9	238.8	200.0	212.0	226.8	236.0	226.8	236.0	
% of <64mm in sales	40.0	40.0	40.0	40.0	40.0	40.0	40.0	40.0	
% of >64mm in sales	60.0	60.0	60.0	60.0	60.0	60.0	60.0	60.0	

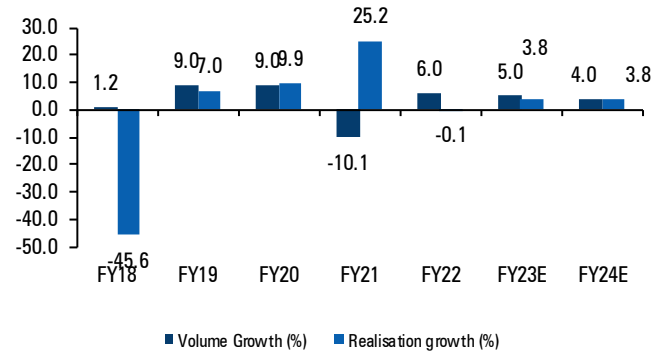
Source: ICICI Direct Research

Exhibit 5: Net revenue to grow at 9.2% CAGR over FY22-24E



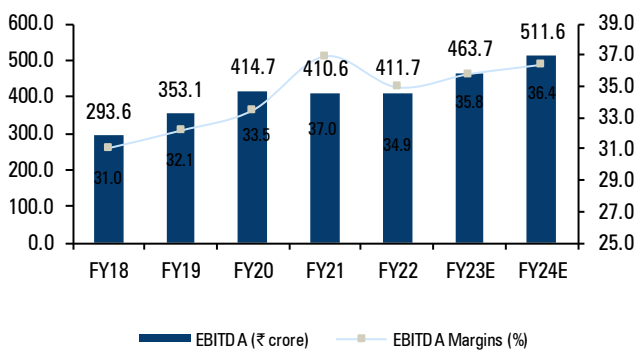
Source: ICICI Direct Research, Company

Exhibit 6: Volume recovery expected in FY22E



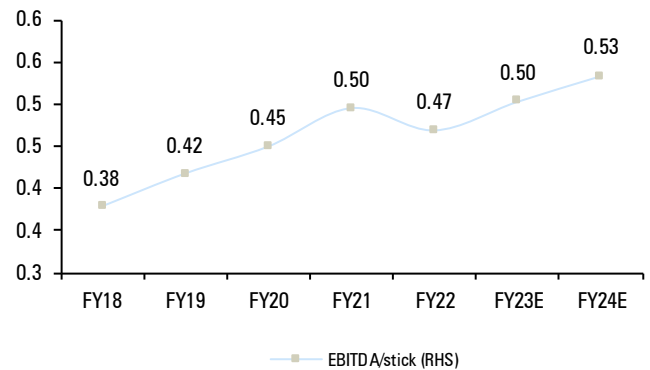
Source: ICICI Direct Research, Company

Exhibit 7: Improved product mix to aid EBITDA margins



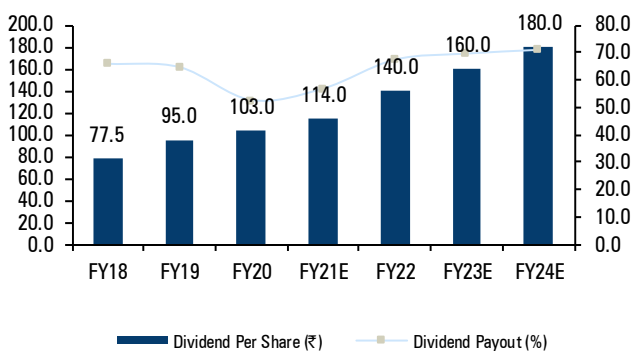
Source: ICICI Direct Research, Company

Exhibit 8: Healthy growth in EBITDA/stick (₹)



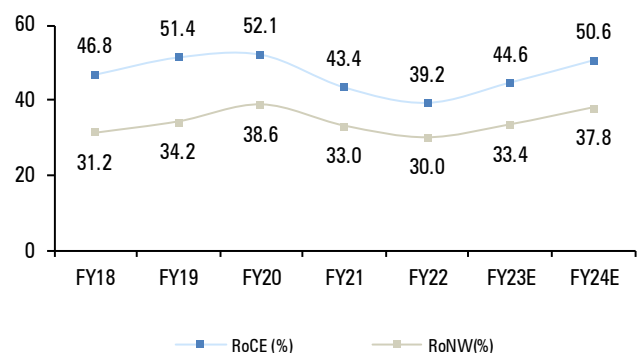
Source: ICICI Direct Research, Company

Exhibit 9: High dividend pay out to continue



Source: ICICI Direct Research, Company

Exhibit 10: Attractive Return ratios %



Source: ICICI Direct Research, Company

Exhibit 11: Valuations

	Sales (₹ cr)	Growth (%)	EPS (₹)	Growth (%)	PE (x)	EV/EBITDA (x)	RoNW (%)	RoCE (%)
FY21	1109.8	-10.4	201.3	2.2	15.9	11.9	33.0	43.4
FY22	1176.7	6.0	207.4	3.1	15.4	11.4	30.0	39.2
FY23E	1293.4	9.9	229.3	10.5	13.9	10.6	33.4	44.6
FY24E	1403.2	8.5	252.9	10.3	12.6	9.6	37.8	50.6

Source: Company, ICICI Direct Research

Financial Summary

Exhibit 12: Profit and loss statement				
	₹ crore			
(Year-end March)	FY21	FY22	FY23E	FY24E
Total Operating Income	1111.0	1178.2	1295.3	1405.4
Growth (%)	-10.4	6.1	9.9	8.5
Raw Material Expenses	478.9	513.5	567.7	614.6
Employee Expenses	114.4	116.4	126.8	136.1
Excise Duty	361.9	382.5	401.6	417.7
Administrative Expenses	0.0	0.0	0.0	0.0
Other expenses	107.1	136.7	137.1	143.1
Total Operating Expenditure	700.4	766.5	831.5	893.8
EBITDA	410.6	411.7	463.7	511.6
Growth (%)	-1.0	0.3	12.6	10.3
Depreciation	35.1	30.1	32.9	34.1
Interest	0.0	0.0	0.0	0.0
Other Income	0.0	0.0	0.0	0.0
PBT	417.3	428.3	475.2	524.1
Others	41.8	46.7	44.3	46.6
Total Tax	106.5	108.0	121.2	133.6
PAT	310.8	320.3	354.0	390.5
Growth (%)	2.2	3.1	10.5	10.3
EPS (₹)	201.3	207.4	229.3	252.9

Source: Company, ICICI Direct Research

Exhibit 13: Cash flow statement				
	₹ crore			
(Year-end March)	FY21	FY22	FY23E	FY24E
Profit after Tax	310.8	320.3	354.0	390.5
Add: Depreciation	35.1	30.1	32.9	34.1
(Inc)/dec in Current Assets	-103.6	103.3	-229.5	-48.3
Inc/(dec) in CL and Provisions	-66.8	-29.9	45.3	84.2
CF from operating activities	175.4	423.8	202.6	460.4
(Inc)/dec in Investments	-0.9	-200.4	201.3	-0.2
(Inc)/dec in Fixed Assets	-41.4	-29.4	-12.8	-35.0
(Inc)/dec in LT Loans & Adv.	0.0	0.0	0.0	0.0
Others	7.6	-12.9	-19.1	0.3
CF from investing activities	-34.7	-242.7	169.4	-34.8
Issue/(Buy back) of Equity	0.0	0.0	0.0	0.0
Inc/(dec) in loan funds	0.0	0.0	0.0	0.0
Dividend paid & dividend tax	-159.0	-280.9	-362.0	-419.4
Inc/(dec) in Reval. Reserve	0.0	0.0	0.0	0.0
Inc/(dec) in Exch. Fluc. Res.	0.0	0.0	0.0	0.0
CF from financing activities	-157.4	-191.7	-362.0	-419.4
Net Cash flow	-16.7	-10.7	10.0	6.2
Opening Cash	26.2	9.6	-1.1	8.9
Closing Cash	20.8	10.1	20.1	26.3

Source: Company, ICICI Direct Research

Exhibit 14: Balance Sheet				
	₹ crore			
(Year-end March)	FY21	FY22	FY23E	FY24E
Liabilities				
Equity Capital	15.4	15.4	15.4	15.4
Reserve and Surplus	925.0	1,053.6	1,045.6	1,016.6
Total Shareholders funds	940.5	1,069.0	1,061.0	1,032.0
Total Debt	0.0	0.0	0.0	0.0
Long Term Provisions	22.1	23.0	3.9	4.2
Total Liabilities	962.5	1092.0	1064.9	1036.2
Assets				
Gross Block	365.8	395.8	425.8	455.8
Less: Acc Depreciation	193.0	223.1	256.0	290.0
Net Block	172.8	195.0	169.8	165.8
Capital WIP	33.3	10.5	15.5	20.5
Deferred Tax Asset	25.2	21.6	21.6	21.6
Non Current Investments	2.7	203.1	1.8	1.9
LT Loans & Advances/Others	1.1	18.5	18.5	18.5
Current Assets				
Inventory	297.2	295.6	326.0	338.3
Debtors	15.2	33.3	39.0	19.2
Cash	20.8	10.1	20.1	26.3
Loans & Advances	0.0	0.4	8.9	9.6
Current Investments	884.4	767.6	947.6	997.6
Other CA	33.1	29.7	34.7	39.7
Current Liabilities				
Creditors	131.5	103.4	113.4	161.5
Provisions	0.0	0.0	0.0	0.0
Other CL	391.8	390.0	425.2	461.3
Net Current Assets	727.4	643.4	837.7	808.0
Total Assets	962.5	1092.0	1064.9	1036.2

Source: Company, ICICI Direct Research

Exhibit 15: Key ratios				
(Year-end March)	FY21	FY22	FY23E	FY24E
Per share data (₹)				
EPS	201.3	207.4	229.3	252.9
Cash EPS	224.0	226.9	250.6	274.9
BV	609.1	692.4	687.2	668.3
DPS	114.0	140.0	160.0	180.0
Cash Per Share	13.5	6.6	13.0	17.0
Operating Ratios (%)				
EBITDA Margin	37.0	34.9	35.8	36.4
PBT / Net Sales	37.6	36.4	36.7	37.3
PAT Margin	28.0	27.2	27.4	27.8
Inventory days	97.7	91.7	92.0	88.0
Debtor days	5.0	10.3	11.0	5.0
Creditor days	43.2	32.1	32.0	42.0
Return Ratios (%)				
RoE	33.0	30.0	33.4	37.8
RoCE	43.4	39.2	44.6	50.6
RoIC	21.3	24.3	22.3	24.6
Valuation Ratios (x)				
P/E	15.9	15.4	13.9	12.6
EV / EBITDA	11.9	11.4	10.6	9.6
EV / Net Sales	4.4	4.0	3.8	3.5
Market Cap / Sales	4.4	4.2	3.8	3.5
Price to Book Value	5.2	4.6	4.7	4.8
Solvency Ratios				
Debt/EBITDA	0.0	0.0	0.0	0.0
Debt / Equity	0.0	0.0	0.0	0.0
Current Ratio	2.4	2.3	2.5	2.3
Quick Ratio	1.8	1.7	1.9	1.7

Source: Company, ICICI Direct Research

Exhibit 16: ICICI Direct coverage universe (FMCG)

	CMP	TP	M Cap	EPS (₹)			P/E (x)			Price/Sales (x)			RoCE (%)			RoE (%)			
	(₹)	(₹) Rating		(₹ Cr)	FY22E	FY23E	FY24E	FY22E	FY23E	FY24E	FY22E	FY23E	FY24E	FY22E	FY23E	FY24E	FY22E	FY23E	FY24E
Colgate (COLPAL)	1,586	1,690	Hold	42,548	39.6	40.6	44.4	40.0	39.1	35.7	8.4	7.8	7.2	77.8	84.1	91.2	62.2	64.1	69.6
Dabur India (DABIND)	584	680	Buy	96,113	9.9	11.7	13.1	59.3	49.7	44.5	8.8	8.0	7.2	24.9	25.3	26.1	20.8	22.7	22.9
Hindustan Unilever (HINLEV)	2,637	2,700	Hold	6,10,844	37.5	40.9	44.8	70.3	64.5	58.8	12.1	10.8	10.1	20.2	22.5	24.6	18.1	19.7	21.5
ITC Limited (ITC)	303	310	Buy	3,60,223	12.4	14.0	15.5	24.4	21.6	19.6	6.1	5.6	5.1	31.4	34.9	36.6	24.5	26.7	28.1
Jyothy Lab (JYOLAB)	171	145	Hold	6,077	4.3	5.6	6.4	40.3	30.6	26.9	2.8	2.5	2.3	18.7	24.2	27.7	16.6	21.2	23.8
Marico (MARLIM)	518	530	Hold	64,929	9.7	10.6	11.7	53.2	49.0	44.2	6.8	6.3	5.8	41.2	46.8	52.9	37.5	41.4	47.4
Nestle (NESIND)	19,352	21,600	Hold	1,84,201	222.4	238.3	294.0	87.0	81.2	65.8	12.6	11.2	10.2	58.7	57.0	64.7	111.3	111.1	118.3
Tata Consumer Products (TAT)	812	910	Buy	67,201	11.0	15.0	17.5	73.7	54.2	46.4	5.4	4.9	4.5	8.4	10.3	11.3	7.0	8.8	9.8
VST Industries (VSTIND)	3,197	3,425	Hold	4,937	207.4	229.3	252.9	15.4	13.9	12.6	4.2	3.8	3.5	39.2	44.6	50.6	30.0	33.4	37.8
Varun Beverage (VARBEV)	883	900	Buy	55,179	17.2	17.3	20.2	51.3	51.2	43.7	6.3	5.1	4.5	17.1	25.6	29.7	18.3	22.8	23.0
Zydus Wellness (ZYDWEL)	1,612	2,100	Buy	10,254	48.5	57.5	71.0	33.2	28.0	22.7	5.1	4.5	4.1	6.1	7.1	8.4	6.4	7.3	8.7

Source: Bloomberg, ICICI Direct Research

RATING RATIONALE

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

Buy: >15%

Hold: -5% to 15%;

Reduce: -15% to -5%;

Sell: <-15%



Pankaj Pandey

Head – Research

pankaj.pandey@icicisecurities.com

**ICICI Direct Research Desk,
ICICI Securities Limited,
1st Floor, Akruiti Trade Centre,
Road No 7, MIDC,
Andheri (East)
Mumbai – 400 093
research@icicidirect.com**

ANALYST CERTIFICATION

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

Terms & conditions and other disclosures:

ICICI Securities Limited (ICICI Securities) is a full-service, integrated investment banking and is, inter alia, engaged in the business of stock brokering and distribution of financial products.

ICICI Securities is Sebi registered stock broker, merchant banker, investment adviser, portfolio manager and Research Analyst. ICICI Securities is registered with Insurance Regulatory Development Authority of India Limited (IRDAI) as a composite corporate agent and with PFRDA as a Point of Presence. ICICI Securities Limited Research Analyst SEBI Registration Number – INH000000990. ICICI Securities Limited SEBI Registration is INZ000183631 for stock broker. ICICI Securities is a subsidiary of ICICI Bank which is India's largest private sector bank and has its various subsidiaries engaged in businesses of housing finance, asset management, life insurance, general insurance, venture capital fund management, etc. ("associates"), the details in respect of which are available on www.icicibank.com.

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 customer 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.