

Healthy balance sheet to help sail through tough times

The quarter has seen strong growth of 18.9% in gross sales led by dealer stocking before Budget 2020 and price hike after the budget. The company paid excise duty of ₹ 58.2 crore against ₹ 22.6 crore in the corresponding quarter, mainly due to a sharp increase in excise duty in Budget 2020. Net of excise duty, sales increased 6.9%. Operating margins expanded 272 bps to 32.5% led by favourable change in product mix towards high priced cigarettes. With higher EBITDA & cut in corporate tax rate, net profit increased 33.2%. Our estimate suggest ~10% volume growth during the quarter with ~9% price hike & product mix change. In the last two years, the company has increased its volume contribution of high priced cigarettes (₹ 5, ₹ 6 & ₹ 10) to more than 50%. We believe the price gap between the company & leader in low end cigarettes helped former gain market share.

Double whammy of excise, lockdown to impact FY21 PAT

Though the March quarter was largely unaffected by lockdown given pre-stocking by dealers, we believe Q1FY21 would be significantly impacted by 45 days production halt as well as shutdown of most retail shops in the country. We expect loss of sales during this period, which is likely to result in volume decline by 8% in FY21. Moreover, price increase due to the hike in excise duty in February 2020 would also lead to realisation growth to the tune of ~22% (including the mix change due to higher contribution from high priced cigarettes). This would help in more than absorbing the excise increase in Budget. In FY22, we believe the company would be able to recoup lost volumes (assuming normal operations). We estimate 16% volume growth along with 10% price hike/mix change. We expect revenue & earnings CAGR of 6.4% & 4.8%, respectively, during FY20-22E.

Strong balance sheet with steady cash flows

The company has a strong cash flow from operations to the tune of ₹ 300 crore every year (FY21 would be exceptional). Further, VST has been maintaining ~65% dividend payout every year. It holds more than ₹ 700 crore as liquid investments. We believe the consistent earnings growth & limited capex requirement may further increase the dividend payout in future. The company would be able to maintain its healthy return ratios (FY20 RoCE – 52.6%, RoNW – 38.6%).

Valuation & Outlook

With a wide presence at lower price points and strong distribution of 1 million retail outlets, VST's brand has been especially popular in West Bengal, Bihar, Uttar Pradesh, Andhra Pradesh and Telangana contributing ~60% of volumes. The company is also expanding its reach in western India. Though FY21 numbers would be largely impacted by 45 days lockdown in April-May, we believe operations would return to normal by Q2FY21. Further, the possibility of curbs on illicit cigarettes and expectation of increasing taxation on non-cigarettes tobacco could help drive the volume growth for VST in future. We retain our positive stance on the stock with a target price of ₹ 4,000/share and **BUY** recommendation.

Key Financial Summary

Key Financials	FY18	FY19	FY20E	FY21E	FY22E	CAGR (FY20-22E)
Net Sales	946.0	1097.6	1238.1	1093.0	1402.2	6.4%
EBITDA	293.6	353.1	414.7	255.8	448.4	4.0%
EBITDA Margin %	31.0	32.2	33.5	23.4	32.0	
Net Profit	181.5	226.8	304.1	192.7	333.9	4.8%
EPS (₹)	117.52	146.90	196.95	124.82	216.26	
P/E	26.6	21.3	15.9	25.0	14.5	
RoNW %	31.2	34.2	38.6	24.3	33.7	
RoCE (%)	46.8	51.4	52.1	32.9	45.6	

Source: Company, ICICI Direct Research



VST Industries Ltd.

Particulars

Particulars (₹ crore)	Amount
Market Capitalization	4,825.6
Total Debt (FY19)	0.0
Cash and Investments (FY20)	788.6
EV	4,036.9
52 week H/L (₹)	4856 / 2550
Equity capital	₹ 15.4
Face value (₹)	10.0

Key Highlights

- Gross revenues was up 18.9% mainly on account of dealers stocking before budget
- Operating margins expanded 272 bps mainly due to price hikes & increasing contribution of high priced cigarettes.
- With the loss of sale in last 45 days, the company should see a significant decline in FY21 numbers
- Maintain BUY rating on stock with target price of ₹ 4,000 per share

Research Analyst

Sanjay Manyal
sanjay.manyal@icicisecurities.com

Exhibit 1: Variance Analysis

	Q4FY20	Q4FY20E	Q4FY19	YoY (%)	Q3FY20	QoQ (%)	Comments
Total Operating Income	291.5	284.8	272.6	6.9	343.8	-15.2	Gross sales increased 18.9% on account of dealer stocking before Budget & price hikes taken post Budget. However, a sharp increase in excise duty in Budget negatively impacted net sales, which grew 6.9%
Other Operating Income	0.2	0.6	0.3	-32.1	0.6	-70.3	
Raw Material	139.9	145.5	146.2	-4.3	178.2	-21.5	
Employee Expense	21.3	27.4	21.2	0.5	30.5	-30.3	
Excise Duty	58.2	22.6	21.6	169.3	24.7	135.5	
Other operating Expenses	35.7	29.1	24.1	47.8	26.7	33.5	
EBITDA	94.7	83.4	81.1	16.7	108.4	-12.6	
EBITDA Margin (%)	32.5	33.5	29.8	272 bps	31.5	96 bps	Product mix change & price hikes & lower employee cost led to the 272 bps increase in operating margins
Depreciation	12.9	9.5	11.2	15.2	10.3	25.2	
Interest	0.0	0.0	0.0	NA	0.0	NA	
Other Income	12.3	11.3	10.8	13.9	11.1	11.0	
PBT	94.1	85.2	80.8	16.5	109.2	-13.8	
Tax Outgo	23.5	22.5	27.8	-15.2	27.7	-15.0	
PAT	70.6	62.6	53.0	33.2	81.5	-13.3	Led by higher operating profit & cut in tax rate, net profit increased 33.2%
Key Metrics							
Cigarette Sales (₹ crore)	285.5	224.8	237.1	20.4	267.8	6.6	Strong growth mainly due to stocking by dealers before Budget & price hike after Budget
Tobacco Sales (₹ crore)	64.0	60.0	56.9	12.5	100.0	-36.0	

Source: Company, ICICI Direct Research

Exhibit 2: Change in estimates

(₹ Crore)	FY21E			FY22E			Comments
	Old	New	% change	Old	New	% change	
Net sales	1285.5	1093.0	-15.0	1,401.5	1,402.2	0.1	We revise our FY21 estimates by factoring in 8% dip in volumes due to lockdown situation across the country and negative impact of increase in excise duty in Budget 2020
EBITDA	414.0	255.8	-38.2	456.2	448.4	-1.7	
EBITDA Margin (%)	32.2	23.4	-880 bps	32.6	32.0	-57 bps	We believe recouping lost volumes & higher realisation growth due to price hikes & change in mix would lead to a recovery in earnings growth in FY22
PAT	295.4	192.7	-34.8	325.2	333.9	2.7	
EPS (₹)	191.3	124.82	-34.8	210.6	216.26	2.7	

Source: Company, ICICI Direct Research

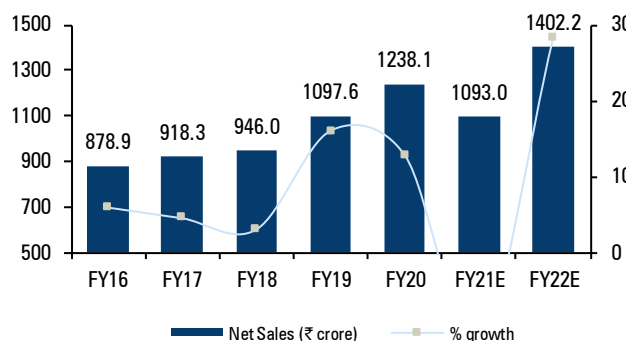
Exhibit 3: Assumptions

	Current				Earlier		Comments
	FY18	FY19	FY20E	FY21E	FY22E	FY20E	
Cig. Vol. (mn sticks)	7,370.0	8,031.1	8,753.9	8,053.6	9,342.2	8,753.9	We downward revise volume estimates factoring in 8% decline due to 45 days loss of sales in FY21
Cig. Vol. Growth (%)	1.2	9.0	9.0	-8.0	16.0	9.0	
Realization/cig (₹)	2.9	1.2	1.3	1.5	1.7	1.3	
Tobacco Sales (₹ crore)	250.0	238.9	264.7	251.5	282.1	270.0	
% of <64mm in sales	50.0	40.0	40.0	40.0	40.0	40.0	
% of >64mm in sales	50.0	60.0	60.0	60.0	60.0	60.0	

Source: Company, ICICI Direct Research

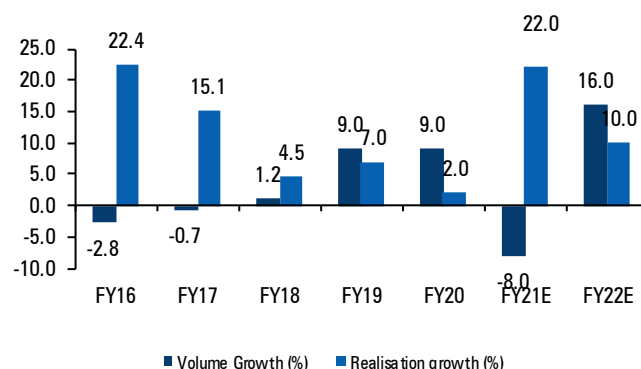
Key Metrics

Exhibit 4: Net revenue to grow at 6.4% CAGR over FY20-22E



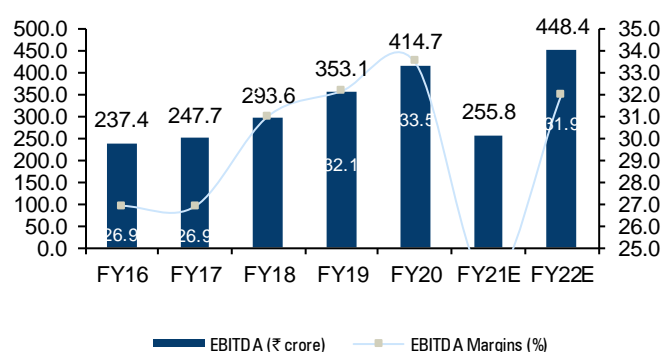
Source: ICICI Direct Research, Company

Exhibit 5: Volume growth to stabilise in FY22



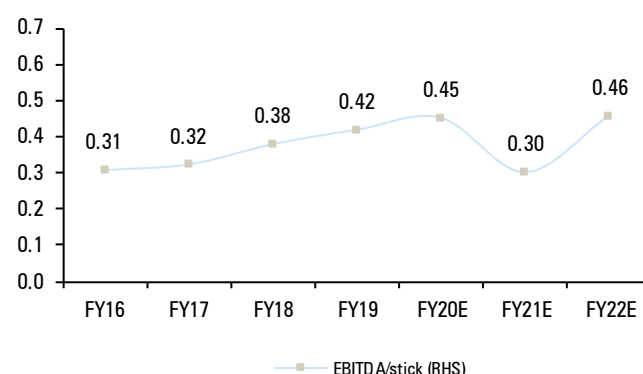
Source: ICICI Direct Research, Company

Exhibit 6: Improved product mix to aid EBITDA margins



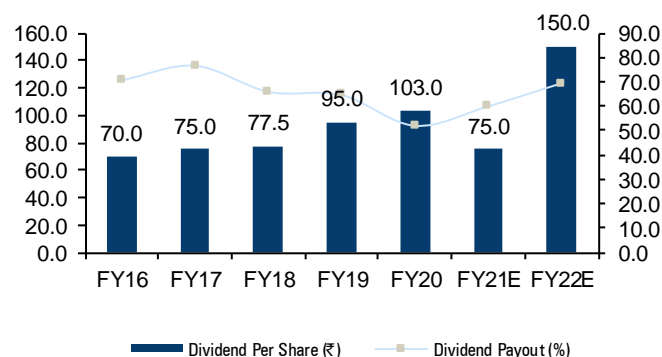
Source: Company, ICICI Direct Research

Exhibit 7: Healthy growth in EBITDA/stick (₹)



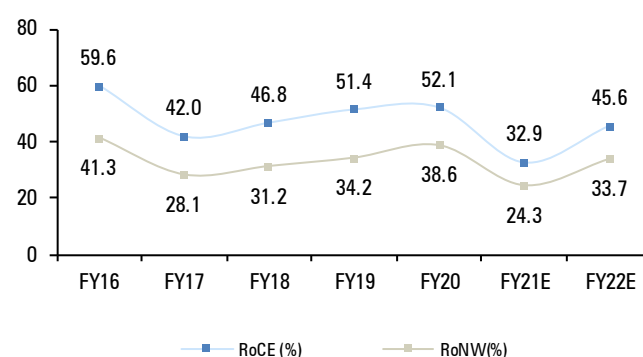
Source: Company, ICICI Direct Research

Exhibit 8: High dividend payout to continue



Source: Company, ICICI Direct Research

Exhibit 9: Attractive Return ratios % (except bump in FY21)



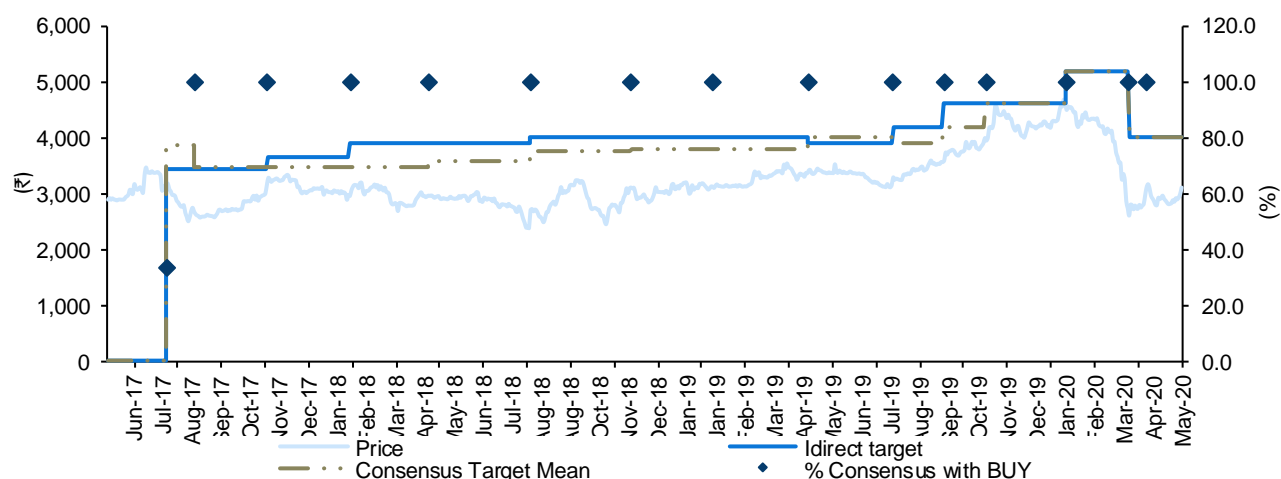
Source: Company, ICICI Direct Research

Exhibit 10: Valuation

	Sales (₹ cr)	Growth (%)	EPS (₹)	Growth (%)	PE (x)	EV/EBITDA (x)	RoNW (%)	RoCE (%)
FY19	1097.6	16.0	146.9	25.0	21.3	13.5	34.2	51.4
FY20	1238.1	12.8	196.9	34.1	15.9	11.5	38.6	52.1
FY21E	1093.0	-11.7	124.8	-36.6	25.0	18.7	24.3	32.9
FY22E	1402.2	28.3	216.3	73.3	14.5	10.6	33.7	45.6

Source: Company, ICICI Direct Research

Exhibit 11: Recommendation History vs. Consensus



Source: Bloomberg, Company, ICICI Direct Research

Exhibit 12: Top 10 Shareholders

Rank	Investor Name	Filing Date	% O/S	Position (m)	Change (m)
1	Bright Star Investme	31-Mar-20	26.0	4.0	0.0
2	Raleigh Investment C	31-Mar-20	23.5	3.6	0.0
3	British American Tob	31-Mar-20	8.7	1.3	0.0
4	Hdfc Asset Managemen	31-Mar-20	7.1	1.1	0.0
5	Matthews Intl Capita	31-Mar-20	5.6	0.9	-0.2
6	Damani S Radhakrishna	31-Mar-20	5.0	0.8	0.8
7	L&T Mutual Fund	31-Mar-20	2.7	0.4	-0.1
8	New India Assurance	30-Jun-19	1.5	0.2	0.0
9	Dsp Blackrock Invest	31-Mar-20	1.4	0.2	0.0
10	Axis Asset Managemen	31-Mar-20	0.9	0.1	0.0

Source: Reuters, ICICI Direct Research

Exhibit 13: Shareholding Pattern

(in %)	Mar-19	Jun-19	Sep-19	Dec-19	Mar-20
Promoter	32.2	32.2	32.2	32.2	32.2
FII	8.9	8.8	7.8	6.8	5.5
DII	17.9	18.3	18.5	16.7	15.5
Others	41.1	40.8	41.5	44.4	46.8

Source: Company, ICICI Direct Research

Financial summary

Exhibit 14: Profit and loss statement ₹ crore				
(Year-end March)	FY19	FY20	FY21E	FY22E
Gross Revenue	1099.0	1239.4	1094.5	1404.1
Growth (%)	16.0	12.8	-11.7	28.3
Raw Material Expenses	550.2	598.6	609.2	706.1
Employee Expenses	92.3	102.4	109.3	115.0
Excise Duty	85.1	131.1	398.9	462.7
Administrative Expenses	13.7	0.0	0.0	0.0
Other expenses	82.4	123.7	120.2	134.6
Total Operating Expenditure	745.9	824.7	838.8	955.7
EBITDA	353.1	414.7	255.8	448.4
Growth (%)	20.3	17.4	-38.3	75.3
Depreciation	41.3	41.8	41.4	42.9
Interest	0.0	0.0	0.0	0.0
Other Income	0.0	0.0	0.0	0.0
PBT	350.7	420.3	262.2	454.3
Others	38.9	47.4	47.8	48.8
Total Tax	123.8	116.2	69.5	120.4
PAT	226.8	304.1	192.7	333.9
Growth (%)	25.0	34.1	-36.6	73.3
EPS (₹)	146.9	196.9	124.8	216.3

Source: Company, ICICI Direct Research

Exhibit 15: Cash flow statement ₹ crore				
(Year-end March)	FY19	FY20	FY21E	FY22E
Profit after Tax	222.0	314.8	192.7	333.9
Add: Depreciation	41.3	41.8	41.4	42.9
(Inc)/dec in Current Assets	4.5	-29.0	86.6	-295.4
Inc/(dec) in CL and Provisions	58.6	49.6	-99.0	131.2
CF from operating activities	290.2	331.4	221.7	212.7
(Inc)/dec in Investments	-122.3	-133.3	0.3	-0.4
(Inc)/dec in Fixed Assets	-25.8	-21.9	-40.0	-35.0
(Inc)/dec in LT Loans & Adv.	0.0	0.0	0.0	0.0
Others	0.0	0.5	-16.6	0.9
CF from investing activities	-148.0	-154.8	-56.3	-34.5
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	-144.3	-176.9	-186.1	-135.5
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	-144.3	-176.9	-186.1	-135.5
Net Cash flow	-2.1	-0.2	-20.6	42.7
Opening Cash	28.5	26.4	26.2	5.6
Closing Cash	36.9	37.4	16.8	59.5

Source: Company, ICICI Direct Research

Exhibit 16: Balance sheet ₹ crore				
(Year-end March)	FY19	FY20	FY21E	FY22E
Liabilities				
Equity Capital	15.4	15.4	15.4	15.4
Reserve and Surplus	648.6	771.7	778.3	976.7
Total Shareholders funds	664.0	787.1	793.7	992.2
Total Debt	0.0	0.0	0.0	0.0
Long Term Provisions	18.5	19.9	3.3	4.2
Total Liabilities	682.5	806.9	797.0	996.4
Assets				
Gross Block	329.5	345.0	375.0	405.0
Less: Acc Depreciation	116.2	157.9	199.3	242.2
Net Block	213.3	187.1	175.7	162.8
Capital WIP	0.3	12.7	22.7	27.7
Deferred Tax Asset	31.0	26.4	26.4	26.4
Non Current Investments	2.3	1.8	1.5	1.9
LT Loans & Advances/Others	1.3	5.4	5.4	5.4
Current Assets				
Inventory	281.9	297.7	260.5	338.1
Debtors	14.3	15.4	13.5	19.2
Cash	36.9	37.4	16.8	59.5
Loans & Advances	0.0	0.0	7.5	9.6
Current Investments	573.1	751.2	691.2	896.2
Other CA	50.6	62.0	67.0	72.0
Current Liabilities				
Creditors	83.0	142.8	131.8	161.4
Provisions	0.0	0.0	0.0	0.0
Other CL	439.4	447.3	359.3	461.0
Net Current Assets	434.3	573.6	565.4	772.2
Total Assets	682.5	806.9	797.0	996.4

Source: Company, ICICI Direct Research

Exhibit 17: Key ratios ₹ crore				
(Year-end March)	FY19	FY20	FY21E	FY22E
Per share data (₹)				
EPS	146.9	196.9	124.8	216.3
Cash EPS	173.7	224.0	151.6	244.0
BV	430.0	509.8	514.1	642.6
DPS	95.0	103.0	75.0	150.0
Cash Per Share	23.9	24.3	10.9	38.5
Operating Ratios (%)				
EBITDA Margin	32.1	33.5	23.4	31.9
PBT / Net Sales	31.9	33.9	24.0	32.4
PAT Margin	20.7	24.6	17.6	23.8
Inventory days	93.7	87.8	87.0	88.0
Debtor days	4.8	4.5	4.5	5.0
Creditor days	27.6	42.1	44.0	42.0
Return Ratios (%)				
RoE	34.2	38.6	24.3	33.7
RoCE	51.4	52.1	32.9	45.6
RoIC	26.3	25.3	15.1	22.9
Valuation Ratios (x)				
P/E	21.3	15.9	25.0	14.5
EV / EBITDA	13.5	11.5	18.7	10.6
EV / Net Sales	4.3	3.8	4.4	3.4
Market Cap / Sales	4.4	3.9	4.4	3.4
Price to Book Value	7.3	6.1	6.1	4.9
Solvency Ratios				
Debt/EBITDA	0.0	0.0	0.0	0.0
Debt / Equity	0.0	0.0	0.0	0.0
Current Ratio	1.8	1.9	2.1	2.1
Quick Ratio	1.2	1.4	1.6	1.6

Source: Company, ICICI Direct Research

Exhibit 18: ICICI Direct coverage universe (FMCG)

Sector / Company	CMP	TP	Rating	M Cap (₹ Cr)	EPS (₹)			P/E (x)			Price/Sales (x)			RoCE (%)			RoE (%)		
	(₹)	(₹)			FY20E	FY21E	FY22E	FY20E	FY21E	FY22E	FY20E	FY21E	FY22E	FY20E	FY21E	FY22E	FY20E	FY21E	FY22E
Colgate (COLPAL)	1,322	1,430	Hold	36,990	28.5	30.6	32.6	46.4	43.2	40.5	8.3	8.0	7.4	70.7	75.5	82.9	52.2	59.7	65.1
Dabur India (DABIND)	435	550	Buy	86,947	8.9	9.9	10.9	48.9	43.8	39.8	9.6	8.8	8.1	30.2	29.9	30.6	25.9	26.7	27.2
Hindustan Unilever (HINLEV)	1,984	2,250	Hold	472,464	31.2	33.5	41.3	63.6	59.2	48.0	12.3	11.8	9.8	82.5	24.4	30.3	85.7	20.2	25.0
ITC Limited (ITC)	186	230	Buy	219,868	11.8	13.2	14.9	15.8	14.1	12.5	4.7	4.3	4.0	29.3	29.6	30.2	22.6	22.7	23.1
Jyothy Lab (JYOLAB)	101	110	Hold	4,113	5.3	3.2	4.4	19.2	31.6	23.1	2.3	2.2	2.0	28.6	18.6	23.9	22.6	14.0	18.5
Marico (MARLIM)	315	300	Hold	36,513	8.1	7.8	9.5	39.0	40.1	33.3	5.0	5.2	4.4	41.0	40.1	46.9	34.5	33.8	40.3
Nestle (NESIND)	16,219	18,000	Buy	164,136	204.3	241.5	281.6	79.4	67.1	57.6	13.3	11.7	10.5	56.9	60.9	66.1	101.9	113.4	116.0
Tata Consumer Product (TATGLO)	363	440	Buy	33,433	5.0	8.7	10.9	72.7	41.8	33.3	3.5	3.2	3.0	6.9	7.9	8.8	4.6	5.9	7.1
VST Industries (VSTIND)	3,125	4,000	Buy	4,826	196.9	124.8	216.3	15.9	25.0	14.5	3.9	4.4	3.4	52.1	32.9	45.6	38.6	24.3	33.7
Varun Beverage (VARBEV)	582	580	Reduce	17,662	16.6	9.9	18.1	35.0	58.8	32.1	4.4	3.5	2.5	15.5	11.3	16.3	14.2	8.8	14.2

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,
1st Floor, Akruti 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 Limited is a SEBI registered Research Analyst with 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 generally prohibits its analysts, persons reporting to analysts and their relatives 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, target price of the Institutional Research.

The information and opinions in this report have been prepared by ICICI Securities and are subject to change without any notice. The report and information contained herein is strictly confidential and meant solely for the selected recipient and may not be altered in any way, transmitted to, copied or distributed, in part or in whole, to any other person or to the media or reproduced in any form, without prior written consent of ICICI Securities. While we would endeavour to update the information herein on a reasonable basis, ICICI Securities is under no obligation to update or keep the information current. Also, there may be regulatory, compliance or other reasons that may prevent ICICI Securities from doing so. Non-rated securities indicate that rating on a particular security has been suspended temporarily and such suspension is in compliance with applicable regulations and/or ICICI Securities policies, in circumstances where ICICI Securities might be acting in an advisory capacity to this company, or in certain other circumstances.

This report is based on information obtained from public sources and sources believed to be reliable, but no independent verification has been made nor is its accuracy or completeness guaranteed. This report and information herein is solely for informational purpose and shall not be used or considered as an offer document or solicitation of offer to buy or sell or subscribe for securities or other financial instruments. Though disseminated to all the customers simultaneously, not all customers may receive this report at the same time. ICICI Securities will not treat recipients as customers by virtue of their receiving this report. Nothing in this report constitutes investment, legal, accounting and tax advice or a representation that any investment or strategy is suitable or appropriate to your specific circumstances. The securities discussed and opinions expressed in this report may not be suitable for all investors, who must make their own investment decisions, based on their own investment objectives, financial positions and needs of specific recipient. This may not be taken in substitution for the exercise of independent judgment by any recipient. The recipient should independently evaluate the investment risks. The value and return on investment may vary because of changes in interest rates, foreign exchange rates or any other reason. ICICI Securities accepts no liabilities whatsoever for any loss or damage of any kind arising out of the use of this report. Past performance is not necessarily a guide to future performance. Investors are advised to see Risk Disclosure Document to understand the risks associated before investing in the securities markets. Actual results may differ materially from those set forth in projections. Forward-looking statements are not predictions and may be subject to change without notice.

ICICI Securities or its associates might have managed or co-managed public offering of securities for the subject company or might have been mandated by the subject company for any other assignment in the past twelve months.

ICICI Securities or its associates might have received any compensation from the companies mentioned in the report during the period preceding twelve months from the date of this report for services in respect of managing or co-managing public offerings, corporate finance, investment banking or merchant banking, brokerage services or other advisory service in a merger or specific transaction.

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

Compensation of our Research Analysts is not based on any specific merchant banking, investment banking or brokerage service transactions.

ICICI Securities or its subsidiaries collectively or Research Analysts or their relatives do not own 1% or more of the equity securities of the Company mentioned in the report as of the last day of the month preceding the publication of the research report.

Since associates of ICICI Securities are engaged in various financial service businesses, they might have financial interests or beneficial ownership in various companies including the subject company/companies mentioned in this report.

ICICI Securities may have issued other reports that are inconsistent with and reach different conclusion from the information presented in this report.

Neither the Research Analysts nor ICICI Securities have been engaged in market making activity for the companies mentioned in the report.

We submit that no material disciplinary action has been taken on ICICI Securities by any Regulatory Authority impacting Equity Research Analysis activities.

This report is not directed or intended for distribution to, or use by, any person or entity who is a citizen or resident of or located in any locality, state, country or other jurisdiction, where such distribution, publication, availability or use would be contrary to law, regulation or which would subject ICICI Securities and affiliates to any registration or licensing requirement within such jurisdiction. The securities described herein may or may not be eligible for sale in all jurisdictions or to certain category of investors. Persons in whose possession this document may come are required to inform themselves of and to observe such restriction.