

Thrust on new launches to propel growth

Nestlé India's (NIL) results were below our estimates with 9% revenue, 2.2% earnings growth. Domestic revenue growth was 10.1% whereas coffee exports were down 7.7%. Demand conditions in two-thirds of its product portfolio, comprising Maggi noodles, Nescafe Classic, KitKat were strong. These brands reported double digit growth in CY20 driven by higher 'at-home' consumption. With significant decline in milk prices in last 10 months, gross margins expanded 231 bps. Employee spends were up 150 bps due to higher incentives in pandemic year. Though overhead spends were similar to the corresponding quarter, NIL has utilised saving in some overhead spends for higher marketing spends. It has increased A&P spends to support many new launches in last one year. Operating profit was up 14.6% to ₹ 777 crore while operating margins expanded 111 bps to 22.6%. PAT rose 2.2% to ₹ 483.3 crore mainly on account of higher depreciation & income tax provisioning. The company declared a dividend of ₹ 65/share.

Continued thrust on new category, product launches

The company continued its thrust on new launches & foray in sub-categories. New launches are contributing 3-4% of total sales. Moreover, e-com channels' contribution has more than doubled in CY20 at 3.7% to total sales. NIL has been aggressive in terms of new launches in the last five years with introduction of more than 70 new products, variants. It forayed into breakfast cereals poha, upma in last two years that have grown faster in CY20. It has also been raising its marketing spend to support these brands. With higher consumption in rural areas, smaller towns, it is increasing its rural penetration by introducing smaller SKUs across segments. We estimate 10.1% revenue CAGR in CY20-22E backed by new products, increasing rural penetration & higher contribution of e-com channel.

Benign milk prices help increase advertisement spends

Key raw material prices like milk, wheat are down by 10-15% in the last one year. Moreover, sugar & green coffee prices have been largely stable. We believe the company would continue to benefit from lower milk prices given major companies tend to procure SMPs during flush winter season. We believe NIL would focus on increasing marketing spends to support new launches in future as well and try to maintain operating margins at current levels. We expect operating margins of 24.8% & 25.1% in CY21E & CY22E respectively (100 bps expansion over CY20).

Valuation & Outlook

The company is undertaking a major capex of ₹ 2600 crore in the next three to four years to ensure swift supplies in case of significant demand traction in any of the categories. Our channel checks suggest NIL was facing supply constraints for Maggi noodles in Q2CY20 and Q3CY20, which could have impelled the company to undertake capacity expansion. Despite huge capex, in the next four years, we believe NIL would be able to maintain dividend-payout at 80%. The stock is trading at premium valuation multiples at 65x CY21E & 59x CY22E. We maintain our **HOLD** recommendation and target price of ₹ 18000/share on the stock.



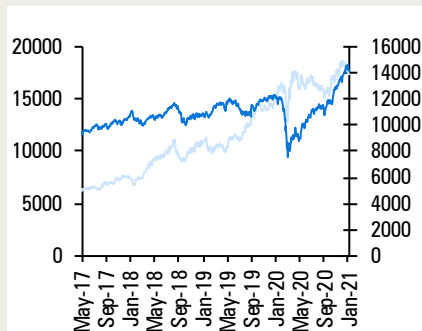
Particulars

Particulars (₹ crore)	Amount
Market Capitalization	161600
Total Debt (CY20)	97.5
Cash & Investments (CY20)	2,492.8
EV	159,204.6
52 week H/L (₹)	18944 / 15500
Equity capital	96.4
Face value (₹)	10.0

Key Risk

- Strong demand conditions for its major brands like Maggi, Nescafe & KitKat may lead to stronger than anticipated sales growth
- Any sudden or sharp movement in commodity prices may pressurise margins, going forward

Price Performance



Research Analyst

Sanjay Manyal
sanjay.manyal@icicisecurities.com

Key Financial Summary

Key Financials	CY18	CY19	CY20	CY21E	CY22E	CAGR (CY20-22E)
Net Sales	11216.2	12295.3	13290.2	14667.3	16109.7	10.1%
EBITDA	2759.8	2864.3	3201.5	3633.6	4036.8	12.3%
EBITDA Margin %	24.6	23.3	24.1	24.8	25.1	
Net Profit	1606.9	1969.6	2082.4	2451.1	2736.8	14.6%
EPS (₹)	166.66	204.27	215.97	254.21	283.85	
P/E	100.6	82.0	77.6	65.9	59.0	
RoNW %	45.6	101.9	103.1	124.3	142.5	
RoCE (%)	42.9	56.9	54.6	62.6	69.1	

Source: Company, ICICI Direct Research

Exhibit 1: Variance Analysis

Particulars (₹ crore)	Q4CY20	Q4CY20E	Q4CY19	YoY (%)	Q3CY20	QoQ (%)	Comments
Total Operating Income	3,432.6	3,558.7	3,149.3	9.0	3,541.7	-3.1	Revenue grew 9% led by healthy 10.1% growth in domestic business and 7.7% decline in exports
Operating Income	15.1	3.0	18.6	-18.8	16.3	-7.6	
Raw Material Expenses	1,404.5	1,471.8	1,361.4	3.2	1,484.3	-5.4	With benign milk prices prevailing for the last six months, gross margins expanded 231 bps in Q4
Employee Expenses	403.3	371.0	322.7	25.0	369.7	9.1	Employee spends saw a substantail increase due to higher incentives provided in a pandemic impacted year
Other operating Expenses	847.8	881.0	787.4	7.7	804.2	5.4	The company increased marketing spends during the quarter to support newly launched products in last one year
EBITDA	777.0	834.8	677.9	14.6	883.6	-12.1	
EBITDA Margin (%)	22.6	23.5	21.5	111 bps	24.9	-231 bps	Operating margins improved 110 bps with strong gross margins expansion during the quarter
Depreciation	95.5	95.0	79.6	20.0	91.1	4.8	
Interest	42.0	43.3	28.4	47.9	40.5	3.8	
Other Income	30.6	41.7	44.7	-31.5	34.5	-11.2	
Exceptional Items	0.0	0.0	0.0	NA	0.0	NA	
PBT	670.2	738.1	614.6	9.0	786.5	-14.8	
Tax Outgo	186.9	186.0	141.6	32.0	199.4	-6.3	
PAT	483.3	552.1	473.0	2.2	587.1	-17.7	PAT increased mere 2.2% despite strong growth in operating profit due to higher income tax provisioning
Adjusted PAT	483.3	555.4	473.0	2.2	587.1	-17.7	

Source: Company, ICICI Direct Research

Exhibit 2: Change in estimates

(₹ Crore)	CY21E			CY22E			Comments
	Old	New	% Change	Old	New	% Change	
Net Sales	14,667.3	14,667.3	0.0	16,109.7	16,109.7	0.0	No change in our estimates
EBITDA	3620.4	3633.6	0.4	4022.3	4036.8	0.4	
EBITDA Margin(%)	24.7	24.8	9 bps	25.0	25.1	9 bps	
PAT	2443.3	2451.1	0.3	2740.3	2736.8	-0.1	
EPS (₹)	253.4	254.2	0.3	284.2	283.8	-0.1	

Source: Company, ICICI Direct Research

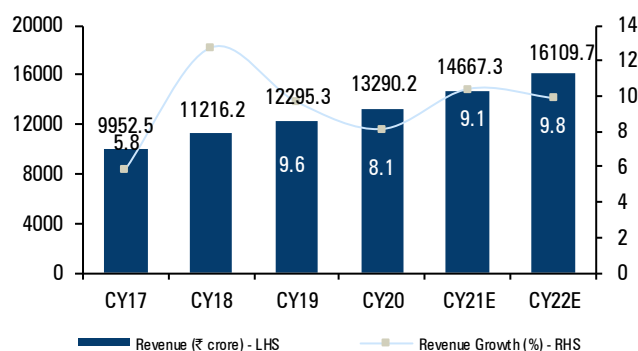
Exhibit 3: Assumptions

	Current							Earlier		Comments
	CY16	CY17	CY18	CY19E	CY20E	CY21E	CY22E	CY21E	CY22E	
Gross Sales (₹ crore)										
Milk Product and Nutrition	4,635.0	4,819.6	5,187.6	5,651.8	6,228.9	6,736.5	7,354.9	6,736.5	7,354.9	No change in our estimates
Beverages	1,286.1	1,387.0	1,522.6	1,501.8	1,547.1	1,672.8	1,790.9	1,672.8	1,790.9	
Prepared dishes	2,317.6	2,707.1	3,105.3	3,498.2	3,883.0	4,356.7	4,928.3	4,356.7	4,928.3	
Chocolate & confectionery	1,170.9	1,221.4	1,400.7	1,643.5	1,692.8	1,901.3	2,035.6	1,901.3	2,035.6	
Volume Growth (%)										
Overall Volume Growth	25.0	10.9	11.1	7.0	8.5	8.2	9.4	8.2	9.4	
Milk Product and Nutrition	-2.4	1.6	4.8	1.4	7.0	5.0	6.0	5.0	6.0	
Beverages	-0.2	10.6	10.6	-2.3	2.0	6.0	6.0	6.0	6.0	
Prepared dishes	71.5	19.0	14.5	9.6	11.0	10.0	12.0	10.0	12.0	
Chocolate & confectionery	6.7	4.3	14.7	16.2	3.0	8.0	6.0	8.0	6.0	

Source: Company, ICICI Direct Research

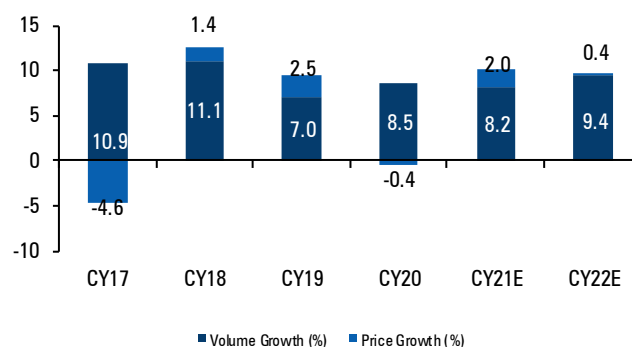
Key Metrics

Exhibit 4: Revenue growth trend



Source: Company, ICICI Direct Research

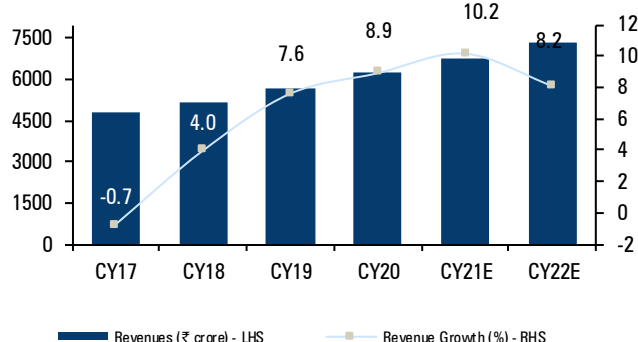
Exhibit 5: Volume growth to drive revenue



Source: Company, ICICI Direct Research

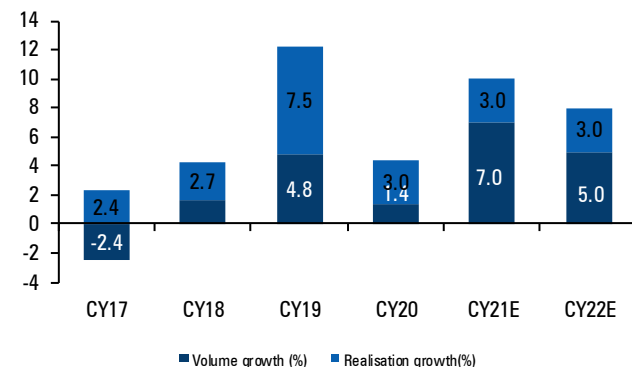
Milk products & nutrition

Exhibit 6: Revenue to grow at 8.7% CAGR over CY20-22E



Source: Company, ICICI Direct Research

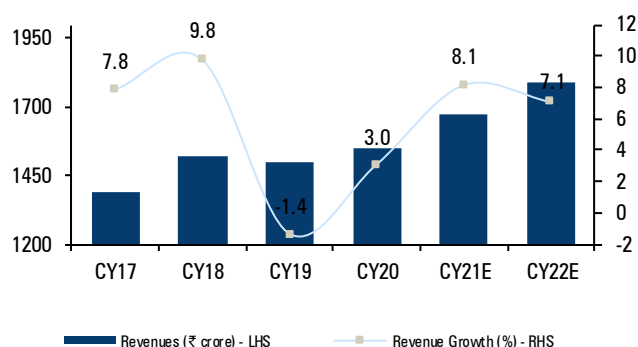
Exhibit 7: Revenue growth to be mix of volume & price growth



Source: Company, ICICI Direct Research

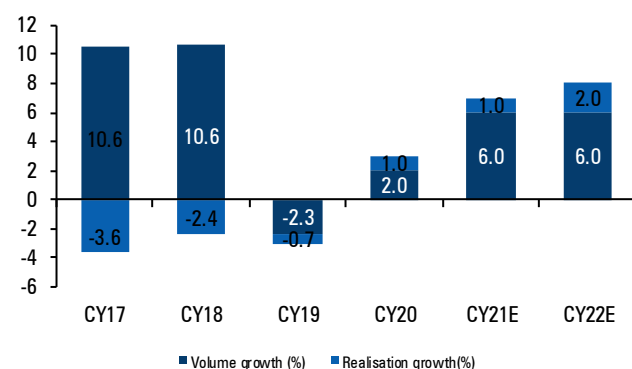
Beverages

Exhibit 8: Beverages revenue growth expected at 7.6% CAGR during CY20-22E



Source: Company, ICICI Direct Research

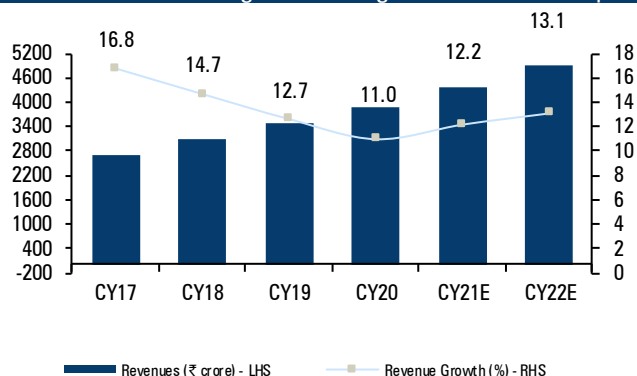
Exhibit 9: Volume growth has not been significantly impacted by lockdown



Source: Company, ICICI Direct Research

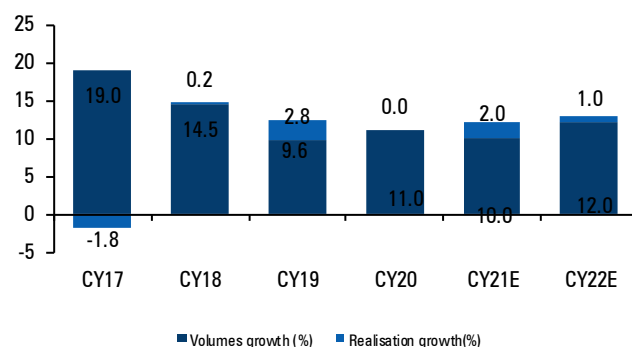
Prepared dishes

Exhibit 10: Volumes to grow with high in-home consumption



Source: Company, ICICI Direct Research

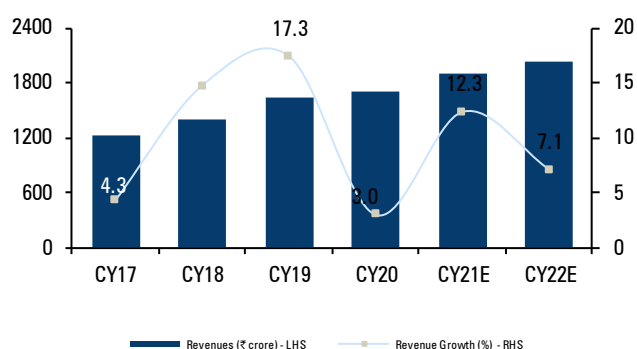
Exhibit 11: Growth aided by strong demand for convenience food



Source: Company, ICICI Direct Research

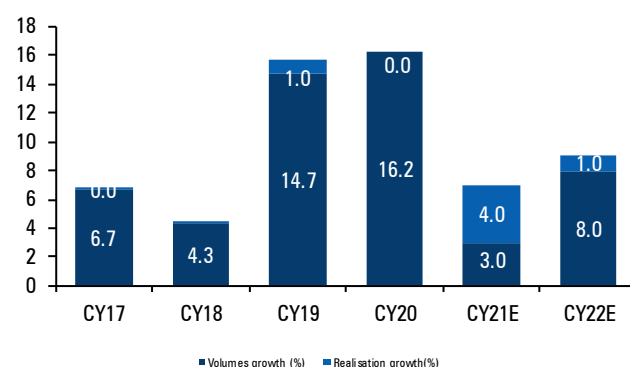
Chocolate & confectionery

Exhibit 12: Sales to gain traction, going forward



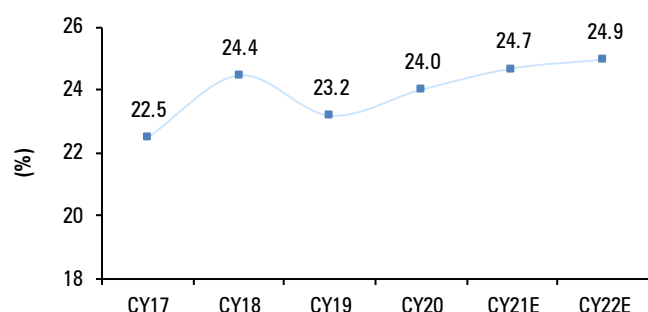
Source: Company, ICICI Direct Research

Exhibit 13: Volume & realisation growth trend



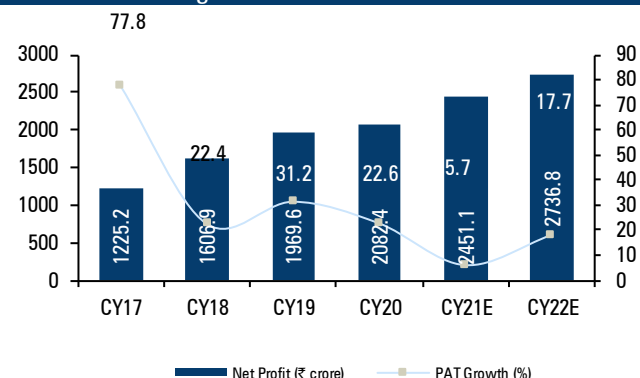
Source: Company, ICICI Direct Research

Exhibit 14: EBITDA margin to remain above 24%



Source: Company, ICICI Direct Research

Exhibit 15: PAT to grow at 14.6% CAGR over CY20-22E



Source: Company, ICICI Direct Research

Exhibit 16: Valuation

	Sales (₹ cr)	Growth (%)	EPS (₹)	Growth (%)	PE (x)	EV/EBITDA (x)	RoNW (%)	RoCE (%)
CY19	12295.3	9.6	204.3	22.6	82.0	56.0	101.9	56.9
CY20	13290.2	8.1	216.0	5.7	77.6	50.0	103.1	54.6
CY21E	14667.3	10.4	254.2	17.7	65.9	44.3	124.3	62.6
CY22E	16109.7	9.8	283.8	11.7	59.0	40.0	142.5	69.1

Source: Company, ICICI Direct Research

Financial summary

Exhibit 17: Profit and loss statement ₹ crore				
(Year-end December)	CY19	CY20	CY21E	CY22E
Total operating Income	12,368.9	13,350.0	14,733.2	16,182.1
Growth (%)	9.5	7.9	10.4	9.8
Raw Material Expenses	5,223.9	5,673.9	6,303.4	6,877.5
Employee Expenses	1,263.0	1,501.0	1,540.1	1,659.3
Marketing Expenses	0.0	0.0	0.0	0.0
Administrative Expenses	63.2	60.4	88.0	96.7
Other expenses	2,954.5	2,913.3	3,168.1	3,511.9
Total Operating Expenditure	9,504.6	10,148.5	11,099.6	12,145.3
EBITDA	2,864.3	3,201.5	3,633.6	4,036.8
Growth (%)	3.8	11.8	13.5	11.1
Depreciation	316.4	370.4	374.2	405.1
Interest	119.8	164.2	159.3	165.7
Other Income	246.9	145.9	176.8	192.9
PBT	2,675.0	2,812.8	3,276.9	3,658.9
Others	0.0	0.0	0.0	0.0
Total Tax	705.4	730.4	825.8	922.0
PAT	1,969.6	2,082.4	2,451.1	2,736.8
Growth (%)	22.6	5.7	17.7	11.7
EPS (₹)	204.3	216.0	254.2	283.8

Source: Company, ICICI Direct Research

Exhibit 18: Cash flow statement ₹ crore				
(Year-end December)	CY19	CY20	CY21E	CY22E
Profit after Tax	1,969.6	2,082.4	2,451.1	2,736.8
Add: Depreciation	316.4	370.4	374.2	405.1
(Inc)/dec in Current Assets	617.8	93.9	-1,145.1	-350.1
Inc/(dec) in CL	292.6	345.0	169.5	256.9
CF from operating activities	3,196.2	2,891.8	1,849.6	3,048.7
(Inc)/dec in LT loans & adv	-6.8	0.4	46.6	0.0
(Inc)/dec in other investments	-10.2	2.8	-20.0	-20.0
(Inc)/dec in Fixed Assets	-180.6	-818.4	-720.0	-720.0
Others	401.0	365.1	77.9	100.0
CF from investing activities	194.8	-478.9	-506.3	-640.0
Issue/(Buy back) of Equity	0.0	0.0	0.0	0.0
Inc/(dec) in loan funds	18.0	44.3	0.0	0.0
Dividend paid & dividend tax	-3,957.1	-2,277.2	-2,498.0	-2,788.5
Inc/(dec) in Sec. premium	0.0	0.0	0.0	0.0
Others	246.0	281.9	0.0	0.0
CF from financing activities	-3,693.0	-1,951.0	-2,498.0	-2,788.5
Net Cash flow	-302.0	461.8	-1154.7	-379.8
Opening Cash	1,610.1	1,308.1	1,769.9	615.2
Closing Cash	1,308.1	1,769.9	615.2	235.4

Source: Company, ICICI Direct Research

Exhibit 19: Balance sheet ₹ crore				
(Year-end December)	CY19	CY20	CY21E	CY22E
Liabilities				
Equity Capital	96.4	96.4	96.4	96.4
Reserve and Surplus	1,835.8	1,922.9	1,876.0	1,824.4
Total Shareholders funds	1,932.3	2,019.3	1,972.4	1,920.8
Total Debt	53.1	97.5	97.5	97.5
Deferred Tax Liability	18.0	0.0	0.0	0.0
Long Term Provisions	2,906.9	3,268.3	3,368.3	3,468.3
Total Liabilities	4,910.7	5,407.2	5,438.2	5,486.6
Assets				
Gross Block	3,785.4	3,951.0	4,651.0	5,351.0
Less: Acc Depreciation	1,401.2	1,771.5	2,145.7	2,550.8
Net Block	2,226.7	2,179.4	2,505.2	2,800.2
Capital WIP	143.3	638.6	658.6	678.6
Total Fixed Assets	2,370.0	2,818.0	3,163.8	3,478.7
LT Loans & Advances	47.0	46.6	0.0	0.0
Inventory	1,283.1	1,416.5	1,607.4	1,765.4
Debtors	124.3	164.9	160.7	176.5
Loans and Advances	12.5	13.2	160.7	176.5
Current Investments	1,089.3	820.6	1,631.5	1,791.9
Cash	1,308.1	1,769.9	615.2	235.4
Total Current Assets	3,817.2	4,185.1	4,175.6	4,145.9
Creditors	1,494.7	1,516.6	1,768.1	1,942.0
Provisions	85.5	106.0	241.1	264.8
Other Current Liabilities	567.4	870.0	652.8	712.1
Total Current Liabilities	2,147.5	2,492.6	2,662.0	2,918.9
Net Current Assets	1,669.7	1,692.5	1,513.6	1,227.0
Application of Funds	4,910.7	5,407.2	5,438.2	5,486.6

Source: Company, ICICI Direct Research

Exhibit 20: Key ratios ₹ crore				
(Year-end December)	CY19	CY20	CY21E	CY22E
Per share data (₹)				
EPS	204.3	216.0	254.2	283.8
Cash EPS	237.1	254.4	293.0	325.9
BV	200.4	209.4	204.6	199.2
DPS	342.0	196.0	215.0	240.0
Cash Per Share	145.3	183.7	222.5	264.6
Operating Ratios (%)				
EBITDA Margin	23.2	24.0	24.7	24.9
PBT / Net Sales	21.8	21.2	22.3	22.7
PAT Margin	16.0	15.7	16.7	17.0
Inventory days	38.1	38.9	40.0	40.0
Debtor days	3.7	4.5	4.0	4.0
Creditor days	44.4	41.7	44.0	44.0
Return Ratios (%)				
RoE	101.9	103.1	124.3	142.5
RoCE	56.9	54.6	62.6	69.1
RoIC	70.4	93.5	77.3	78.6
Valuation Ratios (x)				
P/E	82.0	77.6	65.9	59.0
EV / EBITDA	56.0	50.0	44.3	40.0
EV / Net Sales	13.0	12.0	11.0	10.0
Market Cap / Sales	13.1	12.2	11.0	10.0
Price to Book Value	83.6	80.0	81.9	84.1
Solvency Ratios				
Debt/EBITDA	0.0	0.0	0.0	0.0
Debt / Equity	0.0	0.1	0.1	0.1
Current Ratio	1.2	1.0	1.4	1.4
Quick Ratio	0.6	0.4	0.7	0.7

Source: Company, ICICI Direct Research

Exhibit 21: ICICI Direct coverage universe (FMCG)

	CMP	TP		M Cap	EPS (₹)			P/E (x)			Price/Sales (x)			RoCE (%)			RoE (%)		
	(₹)	(₹)	Rating	(₹ Cr)	FY21E	FY22E	FY23E	FY21E	FY22E	FY23E	FY21E	FY22E	FY23E	FY21E	FY22E	FY23E	FY21E	FY22E	FY23E
Colgate (COLPAL)	1,590	1,860	Buy	43,654	35.0	37.8	40.5	45.4	42.0	39.3	9.3	8.5	8.0	76.7	80.2	83.7	58.7	61.5	64.3
Dabur India (DABIND)	520	620	Buy	91,067	9.9	11.0	12.3	52.5	47.2	42.4	9.4	8.5	7.7	26.5	27.0	27.4	22.9	23.0	23.3
Hindustan Unilever (HINLEV)	2,164	2,600	Hold	561,507	33.6	40.5	45.0	64.4	53.5	48.1	12.4	10.8	10.0	25.3	29.4	31.7	19.1	22.5	24.3
ITC Limited (ITC)	217	245	Hold	267,970	10.7	12.8	14.1	20.3	17.0	15.4	5.8	5.1	4.7	26.3	31.0	33.1	20.1	23.7	25.3
Jyothy Lab (JYOLAB)	152	175	Hold	5,728	5.9	6.4	7.1	25.9	23.8	21.4	3.1	2.8	2.6	30.6	31.1	31.6	26.0	25.9	26.3
Marico (MARLIM)	413	490	Buy	53,156	9.1	9.8	10.9	45.4	42.3	37.8	6.8	6.1	5.5	42.9	45.4	48.2	37.1	38.6	40.9
Nestle (NESIND)	16,735	18,000	Hold	161,600	216.0	254.2	283.8	77.5	65.8	59.0	12.2	11.0	10.0	54.6	62.6	69.1	103.1	124.3	142.5
Tata Consumer Products (TATGLO)	628	700	Buy	53,448	11.0	12.5	14.1	57.0	50.3	44.5	4.6	4.3	4.0	8.9	9.8	10.5	7.2	8.1	8.8
VST Industries (VSTIND)	3,592	4,200	Hold	5,809	202.4	218.7	235.2	17.7	16.4	15.3	5.1	4.7	4.3	44.7	47.4	52.8	33.2	35.2	39.0
Varun Beverage (VARBEV)	945	965	Hold	26,011	12.5	21.0	26.5	75.3	45.1	35.7	4.0	3.4	3.1	10.9	17.2	20.1	10.3	15.1	16.5
Zydus Wellness (ZYDWEL)	1,884	2,500	Buy	12,343	19.0	60.3	71.3	99.3	31.2	26.4	6.6	5.8	5.3	6.2	7.8	9.0	5.5	8.0	9.3

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 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. 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 endeavor 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 and ICICI Securities as a entity 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.