

## Losing market share with high competitive intensity

**About the stock** VST Industries (VST) is a 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

**Q4FY22 Results:** VST reported dismal results with 5% cigarette volume de-growth.

- Sales were up 8.8% YoY while cigarettes volumes saw 5% YoY dip
- EBITDA was at ₹ 106.3 crore, up 8.2% YoY, with margins at 35.1%
- Consequent PAT was at ₹ 87.2 crore (up 19.7% YoY)

**What should investors do?** VST's share price has underperformed the market with mere 6% return in last five years (from ₹ 3048 in April 2017 to ₹ 3229 in April 2022).

- Though cigarette industry volumes have reached pre-Covid levels, we believe excessive duties, emergence of e-cigarettes & regulatory framework would keep volume growth in low-single digit in stable tax scenario
- We continue to maintain our **HOLD** rating on the stock

**Target Price and Valuation:** We maintain our Hold rating with a target price of ₹ 3425 valuing the business 14x FY24 earnings.

**Key triggers for future price performance:**

- The company saw 6% cigarette volume growth in FY22 after 10% volume de-growth last year. VST is focusing on brand building through higher adspends at point of sale, consumer promotions & product innovation
- High priced cigarettes 'Total' & 'Edition' contributing 45% to volumes. The contribution of high priced cigarettes would continue to rise
- Duties & taxes on cigarettes to remain stable given increasing prevalence of illicit & contraband cigarettes
- Dividend payout 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

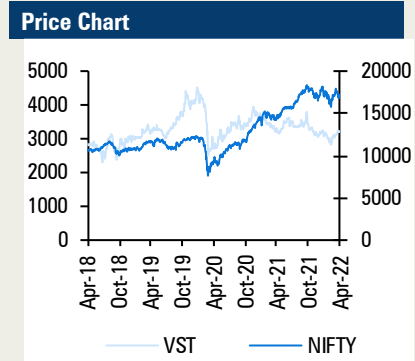
We value the stock at ₹ 910 with BUY rating



VST Industries Ltd.

Particulars	
Particulars (₹ crore)	Amount
Market Capitalization	4,986.0
Total Debt (FY22)	0.0
Cash and Investments (FY22)	777.7
EV	4,208.3
52 week H/L (₹)	3893 / 2786
Equity capital	₹ 15.4
Face value (₹)	10.0

Shareholding pattern				
(in %)	Jun-21	Sep-21	Dec-21	Mar-22
Promoter	32.2	32.2	32.2	32.2
FII	2.4	2.1	1.8	1.8
DII	17.3	16.2	16.3	16.6
Others	48.1	49.5	49.7	49.5



- Recent event & key risks**
- The company launched new variant cigarette in FY22
  - 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	1176.6	5.1	1293.4	1403.2	9.2%
EBITDA	414.7	410.6	411.6	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	320.2	16.1	354.0	390.5	10.4%
EPS (₹)	196.95	201.29	207.40	16.1	229.30	252.85	10.4%
P/E	16.4	16.0	15.6		14.1	12.8	
RoNW %	38.6	33.0	30.0		33.4	37.8	
RoCE (%)	52.1	43.4	39.2		44.6	50.6	

Source: Company, ICICI Direct Research

## Key takeaways of recent quarter

### Q4FY22 Results: Cigarette volumes continue to remain under pressure

- Consolidated sales witnessed muted growth of 8.8% to ₹ 302.6 crore on the back of ~3% dip in cigarette sales & 80% jump in tobacco sales
- Cigarette volumes have declined ~5% in Q4FY22. On a full year basis, cigarette volumes have jumped up by 6% to 834 crore cigarettes sticks. The company has lost market share in cigarettes in FY22 given market leader has aggressively uptick trade promotions in last one year
- 'Edition' is available at ₹ 11/ stick price point whereas 'Total' is available at ₹6-7 / stick price points. 'Charms, Moment & Special' brands are available between ₹4.5/stick to ₹7.0/stick price points. VST has not taken any price hikes in last two years
- Tobacco sales jumped 80% mainly on account of low base impacted by container scarcity last year. Tobacco business enjoys ~12% margin
- Gross margin has expanded 159 bps given the company has reduced the trade discounts & offers. Operating profit witnessed a growth of 8.2% to ₹ 106.3 crore. The company is spending more on product development, advertisement at point of sale & consumer promotions. Net profit grew by 19.7% to ₹ 87.2 crore mainly on account of 3x increase in other income (due to reversal of old provisioning) & lower tax provisioning
- The company declared a dividend of ₹ 140 / share (dividend pay-out of ~68%). The company reduced its pay-out to ~55% in last two years mainly to improve liquidity during Covid-19 disruptions. However, it has re-stored the dividend pay-out to its previous levels
- The company has moved away from consistent trade discounts & it is only continuing higher discounts & offers for a particular period. However, it has increased the marketing spends at the points of sales to improve the brand visibility & brand building
- VST would be looking to consolidate its presence in Telangana, Andhra Pradesh, West Bengal, Bihar, UP & North East States. The company has launched new variants 'Total Royal Twist' under the brand 'Total' in Q2FY22
- In last five years, the company has increased its wholesale dealers from 700 to 848 & direct retail reach from 0.8 million retail outlets to 1.1 million retail outlets. The company has enhanced its presence Delhi, Mumbai, UP & Bihar
- Legal cigarette industry in India constitutes 9% of tobacco consumption & its contribution towards duties & taxes is 80% of the total tobacco products. On the other hand, other tobacco products (bidis, non-smoke tobacco products) contributes 91% to the volumes & only 20% to the duties & taxes. Illegal & contraband is ~8% of the total volumes & consistent increase in duties & taxes on legal cigarettes industry is counterproductive with consumption shift from legal to contrabands

### Exhibit 1: Peer Comparison

Sector / Company	CMP	TP	M Cap	Sales growth (%)			EBITDA Margins (%)			P/E(x)			RoE (%)			RoCE (%)			
	(₹)	(₹)		Rating	(₹ Cr)	FY22E	FY23E	FY24E	FY22E	FY23E	FY24E	FY22E	FY23E	FY24E	FY22E	FY23E	FY24E		
ITC Limited (ITC)	259	260	Hold	287822	19.2	5.2	10.5	34.1	38.5	38.8	18.6	16.1	14.5	25.0	27.7	29.6	31.6	36.6	39.2
VST Industries (VSTIND)	3229	3425	Hold	4986	6.0	9.9	8.5	35.0	35.9	36.5	15.6	14.1	12.8	30.0	33.4	37.8	39.2	44.6	50.6

Source: Company, ICICI Direct Research

Though, we believe cigarette companies have been able to reach pre-Covid volumes in last two quarters, VST has lost market share in FY22 mainly due to aggressive trade promotion strategy by competitor. VST is concentrating on high priced brands from last few years, which has resulted in improvement in operating margins over the years. We believe stable taxation & concomitant volume growth in cigarette category would be the key growth drivers for the industry. However, losing market share is concerning factor for the company. We maintain our HOLD rating & target price on the stock at ₹ 3425 / share.

**Exhibit 2: Variance Analysis**

	Q4FY22	Q4FY22E	Q4FY21	YoY (%)	Q3FY21	QoQ (%)	Comments
Total Operating Income	302.6	329.6	278.1	8.8	328.6	-7.9	Revenue saw dismal growth due to de-growth in cigarettes volumes on account of reduction in trade discounts & offers
Other Operating Income	0.6	0.4	0.3	103.6	0.3	67.6	
Raw Material Expenses	127.3	142.9	121.5	4.8	154.1	-17.3	Gross margins were lower by 159 bps as the company reduce trade offers & discounts
Employee Expense	27.3	34.6	27.6	-1.1	28.8	-5.3	
Excise Duty	97.6	115.7	104.6	-6.7	102.9	-5.2	Excise was down in-line with cigarette volumes
Other operating Expenses	41.7	33.9	30.8	35.4	36.6	13.9	
EBITDA	106.3	118.2	98.3	8.2	109.1	-2.6	Operating profit was up by 8.2%
EBITDA Margin (%)	35.1	35.9	35.3	-21 bps	33.2	192 bps	
Depreciation	8.8	9.2	7.9	12.0	7.8	12.8	
Interest	0.0	0.0	0.0	NA	0.0	NA	
Other Income	17.5	9.2	6.3	177.0	9.7	80.2	
PBT	115.0	118.3	96.7	18.9	111.0	3.6	
Tax Outgo	27.8	32.0	23.9	16.3	28.3	-1.7	
PAT	87.2	86.3	72.8	19.7	82.7	5.4	Net profit grew by 19.7% led by higher other income & lower tax provisioning
<b>Key Metrics</b>							
Cigarette Sales (₹ crore)	336.7	382.2	347.4	-3.1	359.1	-6.3	Cigarette sales was down on the back of 5% decline in cigarette volumes
Tobacco Sales (₹ crore)	63.0	62.7	35.0	80.0	72.0	-12.5	Tobacco sales was up by 80% from low base, which was adversely impacted by high container prices

Source: Company, ICICI Direct Research

**Exhibit 3: Change in estimates**

(₹ Crore)	FY23E			FY24E			Comments
	Old	New	% change	Old	New	% change	
Net sales	1,293.1	1,293.4	0.0	1405.9	1,403.2	-0.2	No change in revenue estimates
EBITDA	480.8	463.7	-3.6	527.6	511.6	-3.0	We have tweaked our operating profit estimates given company is spending more towards advertisement at point of sales, product development & consumer promotions
EBITDA Margin (%)	37.1	35.8	-133 bps	37.5	36.5	-107 bps	
PAT	360.9	354.0	-1.9	405.7	390.5	-3.8	
EPS (₹)	233.8	229.3	-1.9	262.8	252.9	-3.8	

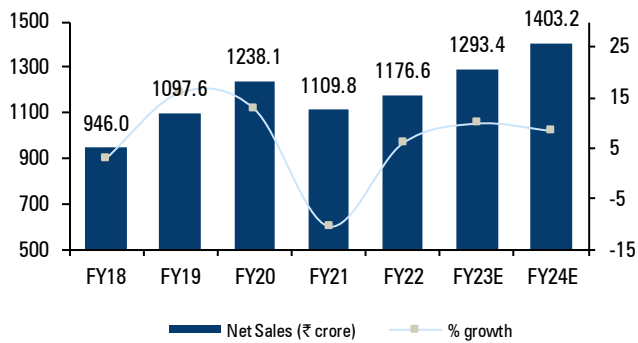
Source: ICICI Direct Research

**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	9,085.2	9,448.6	Change in cigarettes volumes given lower than expected volume number in FY22
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	229.1	240.6	

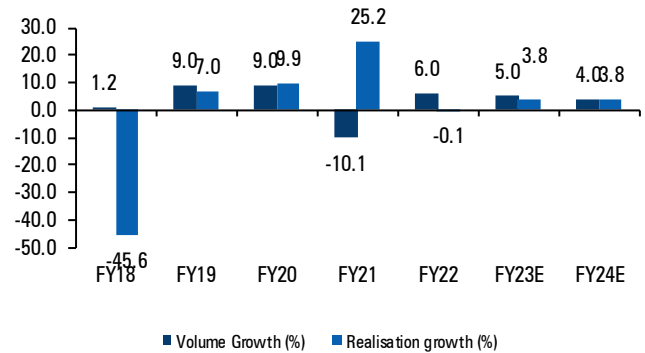
Source: ICICI Direct Research

Exhibit 5: Net revenue to grow at 8.3% CAGR over FY21-24E



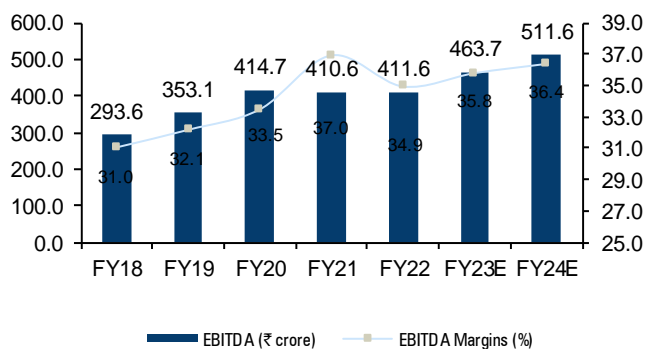
Source: ICICI Direct Research, Company

Exhibit 6: Volume recovery expected in FY22E



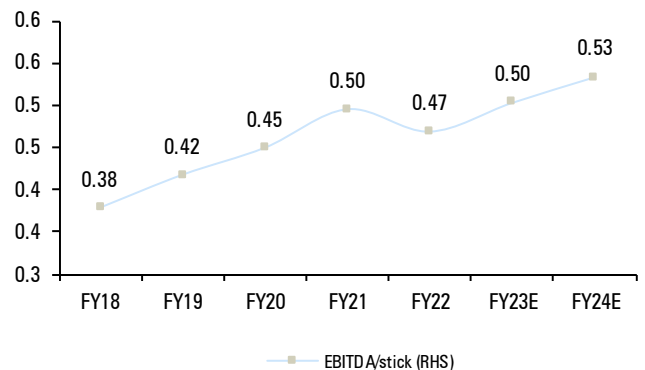
Source: ICICI Direct Research, Company

Exhibit 7: Improved product mix to aid EBITDA margins



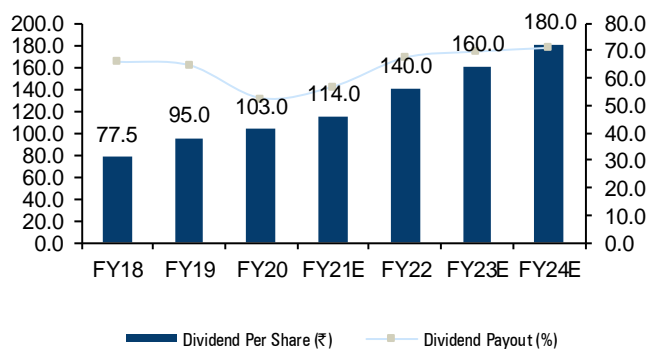
Source: ICICI Direct Research, Company

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



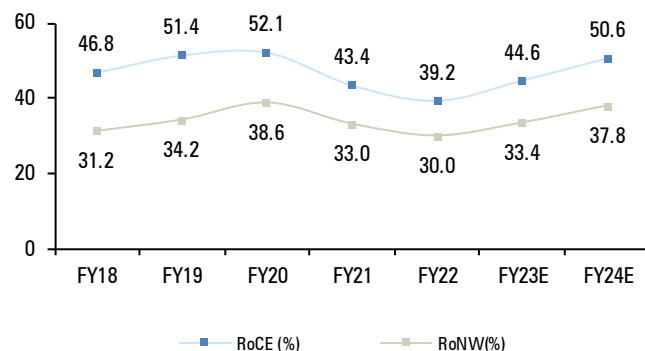
Source: ICICI Direct Research, Company

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	16.0	12.0	33.0	43.4
FY22	1176.6	6.0	207.4	3.0	15.6	11.5	30.0	39.2
FY23E	1293.4	9.9	229.3	10.6	14.1	10.7	33.4	44.6
FY24E	1403.2	8.5	252.9	10.3	12.8	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
<b>Total Operating Income</b>	<b>1111.0</b>	<b>1178.2</b>	<b>1295.3</b>	<b>1405.4</b>
Growth (%)	-10.4	6.0	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
<b>EBITDA</b>	<b>410.6</b>	<b>411.6</b>	<b>463.7</b>	<b>511.6</b>
Growth (%)	-1.0	0.3	12.7	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	428.2	475.2	524.1
Others	41.8	46.7	44.3	46.6
Total Tax	106.5	108.0	121.2	133.6
<b>PAT</b>	<b>310.8</b>	<b>320.2</b>	<b>354.0</b>	<b>390.5</b>
Growth (%)	2.2	3.0	10.6	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	320.2	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
<b>CF from operating activities</b>	<b>175.4</b>	<b>423.7</b>	<b>202.6</b>	<b>460.4</b>
(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
<b>CF from investing activities</b>	<b>-34.7</b>	<b>-242.7</b>	<b>169.4</b>	<b>-34.8</b>
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	-362.1	-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
<b>CF from financing activities</b>	<b>-157.4</b>	<b>-191.7</b>	<b>-362.1</b>	<b>-419.4</b>
Net Cash flow	-16.7	-10.7	10.0	6.2
Opening Cash	26.2	9.6	-1.2	8.8
<b>Closing Cash</b>	<b>20.8</b>	<b>10.1</b>	<b>20.1</b>	<b>26.2</b>

Source: Company, ICICI Direct Research

Exhibit 14: Balance Sheet				
	₹ crore			
(Year-end March)	FY21	FY22	FY23E	FY24E
<b>Liabilities</b>				
Equity Capital	15.4	15.4	15.4	15.4
Reserve and Surplus	925.0	1,053.5	1,045.5	1,016.5
Total Shareholders funds	940.5	1,068.9	1,060.9	1,031.9
Total Debt	0.0	0.0	0.0	0.0
Long Term Provisions	22.1	23.0	3.9	4.2
<b>Total Liabilities</b>	<b>962.5</b>	<b>1091.9</b>	<b>1064.8</b>	<b>1036.2</b>
<b>Assets</b>				
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
<b>Current Assets</b>				
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	26.2
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
<b>Current Liabilities</b>				
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	643.3	837.6	807.9
<b>Total Assets</b>	<b>962.5</b>	<b>1091.9</b>	<b>1064.8</b>	<b>1036.1</b>

Source: Company, ICICI Direct Research

Exhibit 15: Key ratios				
(Year-end March)	FY21	FY22	FY23E	FY24E
<b>Per share data (₹)</b>				
EPS	201.3	207.4	229.3	252.9
Cash EPS	224.0	226.9	250.6	274.9
BV	609.1	692.3	687.1	668.3
DPS	114.0	140.0	160.0	180.0
Cash Per Share	13.5	6.5	13.0	17.0
<b>Operating Ratios (%)</b>				
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
<b>Return Ratios (%)</b>				
RoE	33.0	30.0	33.4	37.8
RoCE	43.4	39.2	44.6	50.6
RoIC	21.3	24.2	22.3	24.6
<b>Valuation Ratios (x)</b>				
P/E	16.0	15.6	14.1	12.8
EV / EBITDA	12.0	11.5	10.7	9.6
EV / Net Sales	4.4	4.0	3.8	3.5
Market Cap / Sales	4.5	4.2	3.9	3.6
Price to Book Value	5.3	4.7	4.7	4.8
<b>Solvency Ratios</b>				
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
Colgate (COLPAL)	1,625	1,575	Hold	37,937	38.5	40.8	45.0	42.2	39.8	36.2	7.4	6.8	6.2	109.6	112.7	116.7	84.9	86.6	89.7
Dabur India (DABIND)	560	745	Buy	98,242	10.9	12.2	13.6	51.6	46.0	41.2	8.9	8.1	7.3	26.0	27.3	27.8	22.7	23.2	23.2
Hindustan Unilever (HINLEV)	2,148	2,460	Hold	537,543	37.2	41.0	44.7	57.7	52.3	48.1	10.6	9.7	9.0	23.7	25.9	28.1	18.5	20.3	22.0
ITC Limited (ITC)	259	260	Hold	287,822	12.6	14.6	16.2	20.6	17.8	16.0	5.0	4.8	4.3	32.4	35.9	38.5	25.0	27.7	29.6
Jyothy Lab (JYOLAB)	158	150	Hold	5,133	4.2	6.2	6.5	37.2	25.3	24.2	2.3	2.2	2.0	19.1	26.6	28.0	16.5	23.1	23.7
Marico (MARLIM)	530	550	Buy	60,768	10.0	11.4	12.3	52.8	46.4	42.9	6.3	5.9	5.5	42.6	47.5	49.1	38.4	41.4	42.7
Nestle (NESIND)	18,416	19,050	Hold	175,243	222.4	252.9	291.6	82.8	72.8	63.2	12.0	10.8	9.8	58.7	58.8	62.9	111.3	110.4	111.8
Tata Consumer Products (TAT)	822	910	Buy	70,404	11.7	14.1	16.2	70.0	58.5	50.7	5.6	5.1	4.7	8.9	9.9	10.8	7.2	8.3	9.2
VST Industries (VSTIND)	3,229	3,425	Hold	4,986	229.3	252.9	290.5	14.1	12.8	11.1	4.2	3.9	3.6	39.2	44.6	50.6	30.0	33.4	37.8
Varun Beverage (VARBEV)	1,071	1,050	Hold	41,121	17.2	20.5	25.2	62.1	52.3	42.4	4.7	4.2	3.8	17.1	20.5	24.9	18.3	18.9	21.3
Zydus Wellness (ZYDWEL)	1,670	2,200	Buy	10,819	51.4	62.6	73.0	32.5	26.7	22.9	5.3	4.8	4.3	6.7	8.0	9.1	6.9	8.3	9.4

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](mailto: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](mailto: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](http://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 [icidirect.com](http://icidirect.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.