

May 27, 2020

Q4FY20 Result Update

Change in Estimates | Target | Reco

Change in Estimates

	Current		Previous	
	FY21E	FY22E	FY21E	FY22E
Rating	HOLD		HOLD	
Target Price	422		431	
Sales (Rs. m)	89,061	1,00,032	89,158	1,00,144
% Chng.	(0.1)	(0.1)		
EBITDA (Rs. m)	18,334	21,079	18,372	21,121
% Chng.	(0.2)	(0.2)		
EPS (Rs.)	8.8	10.6	9.2	10.8
% Chng.	(4.0)	(1.9)		

Key Financials - Standalone

Y/e Mar	FY19	FY20	FY21E	FY22E
Sales (Rs. bn)	85	87	89	100
EBITDA (Rs. bn)	17	18	18	21
Margin (%)	20.4	20.6	20.6	21.1
PAT (Rs. bn)	14	14	16	19
EPS (Rs.)	8.2	8.2	8.8	10.6
Gr. (%)	5.1	0.1	7.8	19.8
DPS (Rs.)	2.8	3.2	3.8	4.5
Yield (%)	0.6	0.7	0.9	1.1
RoE (%)	25.4	23.6	22.2	23.5
RoCE (%)	24.1	23.5	21.3	22.2
EV/Sales (x)	8.9	8.6	8.4	7.4
EV/EBITDA (x)	43.6	41.5	40.7	35.1
PE (x)	52.8	52.7	48.9	40.8
P/BV (x)	13.5	11.5	10.2	9.0

Key Data

DABU.BO | DABUR IN

52-W High / Low	Rs.525 / Rs.377
Sensex / Nifty	31,605 / 9,315
Market Cap	Rs.762bn/ \$ 10,059m
Shares Outstanding	1,767m
3M Avg. Daily Value	Rs.3267.14m

Shareholding Pattern (%)

Promoter's	67.88
Foreign	17.43
Domestic Institution	7.61
Public & Others	7.07
Promoter Pledge (Rs bn)	-

Stock Performance (%)

	1M	6M	12M
Absolute	(12.4)	(8.2)	7.7
Relative	(12.0)	19.2	35.3

Amnish Aggarwal

amnishaggarwal@plindia.com | 91-22-66322233

Charmi Mehta

charmimehta@plinida.com | 91-22-66322256

Heet Vora

heetvora@plindia.com | 91-22-66322381

Aggression in new launches positive; Hold

Quick Pointers:

- 4Q India FMCG volume declined 14.6%. 4Q20 Sales/PAT lower by Rs 3.6bn/Rs 1.2bn due to Covid-19.
- 1Q21 impact estimated at Rs4.5bn on sales and Rs600-800mn on PAT
- Dabur undertakes slew of launches in wellness and Immunity boosters
- Dabur looking at acquisitions on benign prices post COVID

We are cutting FY21 and FY22 EPS estimates by 4.0% and 1.9% following lower than expected sales and profitability in 4Q20 and significant impact in 1Q21. Dabur has adopted aggressive approach in the current COVID scenario with launch of a slew of immunity boosters, Juices and Milkshake and a new shampoo and Covid care products (Hand, Surface sanitizer, COVID kit and Veggies wash etc.), which will help neutralize the COVID impact to some extent. Dabur is positive on rural demand revival given large scale migration, however we believe that overall impact on demand would be negative given large scale erosion in pricing power. We estimate just 1.5% EPS growth in FY21 and 10.7% CAGR over FY20-22. While the endeavor to drive growth and invest gains in business is positive, sustained momentum in new launches post 1Q21 needs to be watched out for. We believe any significant acquisition beyond its traditional strongholds would be positive. We value the stock at 40x FY22 EPS to arrive at target price of Rs422 (Rs431 based on 40x FY22 EPS earlier). Retain Hold given rich valuations.

Consolidated sales down 12.3% on 14.6% volume decline: Consolidated sales declined 12.3% at Rs 18.7bn. Volumes de-grew 14.6% (Est -5%). International business CC sales declined marginally, 0.6%. Gross margins contracted by 70bps to 49.1%. EBITDA declined 23.0% to Rs 3.5bn (PLe Rs4.1bn) and EBITDA margins contracted 260bps to 18.9% due to lower fixed cost absorption. Adj PAT declined 24.4% to Rs 2.8bn (Est 3.4bn). Standalone sales and EBIDTA declined 17.3% and 24.3%. which translated to PAT de-growth of 33.1%.

Market share YTD Feb 20: Dabur Chawyanprash and Glucose up 100bps and 400 bps respectively. Toothpaste market share grew 30bps while Hair oil sales grew mid-single digit (3.4%) due to slowdown in category with market share growing 60 bps. Shampoo market share grew 40bps 5.6% MAT basis

Concall and Other Highlights

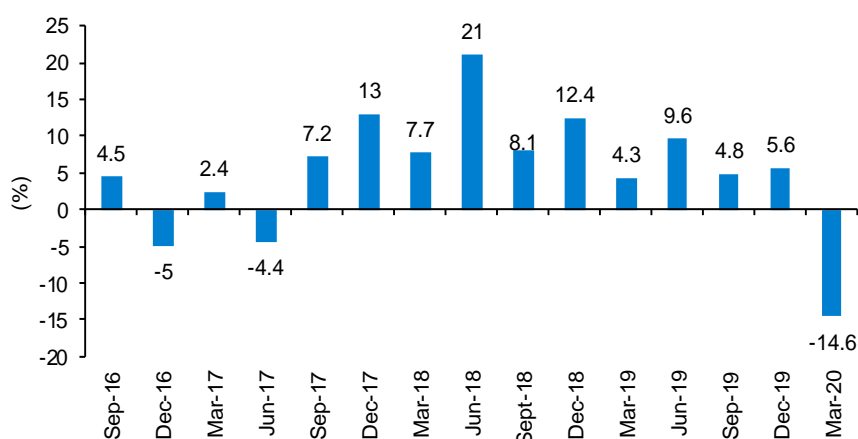
- 4Q revenue impact of Rs3.6bn and profit impact of RsRs1.15bn. 1Q sales impact estimated at Rs4.5bn with profit impact at Rs600-800mn.
- 4Q Revenues impacted due to loss in pre-summer sales of juices, glucose, hair oils, Pudina hara and ethical portfolio.

- Factory operations started from 2nd week of April, current utilization at 65-70%. There is shortage of manpower, so will look at fresh hiring. Supply chain and supply of material is slowly coming back to normal
- Dabur has net cash of Rs38bn to tide over Covid crisis, the money has been kept to undertake acquisitions. Hopes that the cost of acquisitions in post Covid scenario will come down
- Rural demand to revive faster given labor migration to villages, hence the focus is to increase direct reach to villages to 60000 by FY21 (52700 villages in FY20). Rural contributes to 45% to domestic sales.
- There is strong demand for Healthcare, Hygiene and essential products. Discretionary products demand was impacted; however, it is gradually recovering. **Focus on Immunity products has resulted in strong sales of Honey (up 80% YoY) and Chawyanprash in April.**
- Western region sales impacted due to Covid, however the other regions are witnessing good demand. (East has slowed down due to cyclone).
- IBD growth has been less impacted by the COVID so far, while IBD growth was hit by 200bps, domestic growth has been hit by 500bps. international business is facing headwinds due to lockdown possibility in MENA region.
- Even before COVID, healthcare segment was star performer and increased share in sales mix by 160bps, it grew 11.4% till Feb2020
- Dabur accelerated **new launches** during lockdown with a focus on health, wellness and Hygiene. Dabur has launched a spate of new products like Hand, Air and Surface Sanitizers, Veggie wash, Tulsi, Haldi, Amla and Giloy immunity boosters. It has also launched Ayurvedic shampoo and COVID kit with masks, sanitizer, gloves etc.
- In Juices Dabur launched Real Activ Coconut water, Sugarcane Juice and Pink Guava Juice. Dabur also launched small packs of Juices (Real) and drinks under Coolerz (Rs10) and Milkshake. Dabur will launch smaller tetrapack at Rs 35 and Rs 65 (vs Rs 100 currently) of Real juices to increase affordability.
- Dabur has reoriented its marketing communication with a focus on Immunity and wellness. The mode of communication shifted towards Digital, DD, Movies and Kids shows. Dabur even aired 30-year-old ad of Hajmola “Chatpata Swad, Jhatpat Aaram” trying to reignite growth in the category.
- Dabur has Partnered with Dunzo and Swiggy for delivery and also sells through Amazon, Big basket, Jio Mart. E-commerce contributes 3.1% to the topline.

Exhibit 1: Q4FY20 Results: Sales down 12.3% led by 14.6% volume decline

Y/e March	Q4FY20	Q4FY19	YoY gr. (%)	Q3FY20	FY20	FY19	YoY gr. (%)
Revenues	18,654	21,282	(12.3)	23,530	87,036	85,331	2.0
Gross Profit	9,158	10,589	(13.5)	11,785	43,433	42,240	2.8
<i>% of Net Sales</i>	<i>49.1</i>	<i>49.8</i>		<i>50.1</i>	<i>49.9</i>	<i>49.5</i>	
Other Expenses	5,635	6,016	(6.3)	6,856	25,510	24,845	2.7
<i>% of Net Sales</i>	<i>30.2</i>	<i>28.3</i>		<i>29.1</i>	<i>29.3</i>	<i>29.1</i>	
EBITDA	3,523	4,572	(23.0)	4,929	17,923	17,396	3.0
<i>Margins</i>	<i>18.9</i>	<i>21.5</i>		<i>20.9</i>	<i>20.6</i>	<i>20.4</i>	
Depreciation	588	462	27.3	544	2,205	1,769	24.6
Interest	86	124	(31.0)	105	495	596	(16.9)
Other Income	758	661	14.7	745	3,053	2,962	3.1
PBT	3,606	4,647	(22.4)	5,025	18,276	17,993	1.6
Tax	587	178	229.9	835	2,797	2,786	0.4
<i>Effective tax rate (%)</i>	<i>16.3</i>	<i>3.8</i>		<i>16.6</i>	<i>15.3</i>	<i>15.5</i>	
Minority interest	4	1	680.0	2	30	30	(101.0)
Adjusted PAT	3,016	4,468	(32.5)	4,188	15,449	15,177	1.8

Source: Company Data, PL Research

Exhibit 2: Lockdown resulted in volume decline of 14.6%


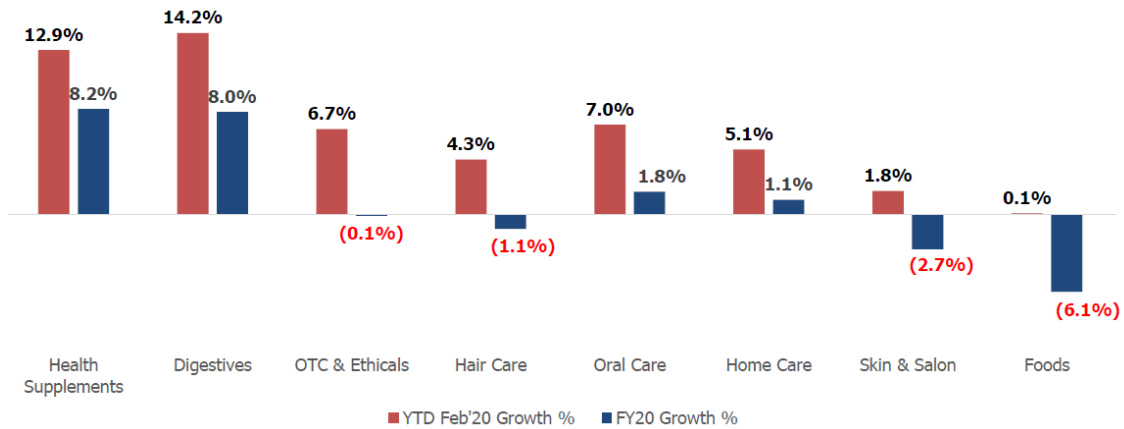
Source: Company, PL

Exhibit 3: 4Q performance impacted by de-growth across all product categories

Category Growth (%)	4QFY18	1QFY19	2QFY19	3QFY19	4QFY19	1QFY20	2QFY20	3QFY20	4QFY20
Hair Care									
Hair Oils	8.8	18.8	11.1	23.6	2.5	12.1	2.6	0.4	-20.8
Shampoos	31.3	30.3	49.0	25.2	3.3	10.9	12.0	5.1	-16.8
Health Supplements	14.0	27.5	12.3	13.8	10.2	19.6	14.4	12.2	-9.5
Honey	23.7	42.0	12.8	19.8	4.0	5.0			
Oral Care	11.0	17.3	3.9	10.0	8.2	11.4	4.4	8.5	-15.8
Toothpaste	13.7	16.8	6.2	11.1	9.3				
Red Toothpaste		31.2	19.5	22.6	17.5	15.0	9.5	9.5	
Foods	N.A	26.0	1.5	11.1	-6.5	1.5	-5.0	-1.7	-20.6
Digestives	7.2	21.6	10.8	22.5	11.9	18.2	10.2	15.9	-9.5
Skin care	8.5	27.1	11.9	19.3	11.2	12.1	1.0	-0.3	-24.2
Home Care	0.0	17.4	10.9	8.9	16.2	10.9	7.0	2.5	-18.4
OTC	7.8	13.3	10.0	17.7	16.6	13.1	4.2	5.5	-20.6
Ethicals		23.4	6.1	17.4	9.7	15.9	7.2	2.7	

Source: Company, PL

Exhibit 4: Dabur was on track to achieve good growth if not for Covid



Source: Company, PL

Exhibit 5: Tapping new opportunities in Healthcare



Source: Company, PL

Exhibit 6: Covid led innovations in Home and Personal Care



Source: Company, PL

Exhibit 7: New launches of Real Juices



Real Pink Guava



Real Masala Sugarcane



Real Activ Coconut Water

Source: Company, PL

Exhibit 8: Retooling media mix in current context

Medium	Change	Shifted focus to Digital and News Channels, Kids Channels, Movie Channels on TV	Advertisements on DD with serials like Ramayana, Mahabharata
TV (News, Kids, Movies, DD)	↑		
TV (GEC)	↓		
Digital	↑	High Impact Integration with marquee events on TV, like PM Modi's Address to the Nation	
Print	×		
Outdoor	×		

Source: Company, PL

Financials

Income Statement (Rs m)

Y/e Mar	FY19	FY20	FY21E	FY22E
Net Revenues	85,150	87,036	89,061	1,00,032
YoY gr. (%)	10.3	2.2	2.3	12.3
Cost of Goods Sold	42,910	43,603	43,956	49,029
Gross Profit	42,240	43,433	45,105	51,003
Margin (%)	49.6	49.9	50.6	51.0
Employee Cost	9,379	9,477	10,608	11,718
Other Expenses	7,157	9,533	7,948	8,731
EBITDA	17,396	17,923	18,334	21,079
YoY gr. (%)	7.6	3.0	2.3	15.0
Margin (%)	20.4	20.6	20.6	21.1
Depreciation and Amortization	1,769	2,205	2,443	2,589
EBIT	15,627	15,719	15,892	18,489
Margin (%)	18.4	18.1	17.8	18.5
Net Interest	596	495	372	321
Other Income	2,962	3,053	2,962	3,930
Profit Before Tax	17,993	18,276	18,482	22,099
Margin (%)	21.1	21.0	20.8	22.1
Total Tax	2,786	2,797	2,883	3,412
Effective tax rate (%)	15.5	15.3	15.6	15.4
Profit after tax	15,206	15,479	15,599	18,687
Minority interest	30	30	30	30
Share Profit from Associate	-	-	-	-
Adjusted PAT	14,423	14,449	15,569	18,658
YoY gr. (%)	5.4	0.2	7.8	19.8
Margin (%)	16.9	16.6	17.5	18.7
Extra Ord. Income / (Exp)	-	-	-	-
Reported PAT	14,423	14,449	15,569	18,658
YoY gr. (%)	6.5	0.2	7.8	19.8
Margin (%)	16.9	16.6	17.5	18.7
Other Comprehensive Income	29	1,037	-	-
Total Comprehensive Income	14,452	15,486	15,569	18,658
Equity Shares O/s (m)	1,766	1,767	1,767	1,767
EPS (Rs)	8.2	8.2	8.8	10.6

Source: Company Data, PL Research

Balance Sheet Abstract (Rs m)

Y/e Mar	FY19	FY20	FY21E	FY22E
Non-Current Assets				
Gross Block	28,028	33,070	34,551	36,601
Tangibles	27,095	31,933	33,364	35,364
Intangibles	933	1,137	1,187	1,237
Acc: Dep / Amortization	11,698	13,903	16,345	18,934
Tangibles	11,094	13,208	15,543	18,021
Intangibles	604	695	802	913
Net fixed assets	16,330	19,167	18,206	17,666
Tangibles	16,001	18,725	17,821	17,343
Intangibles	329	442	385	324
Capital Work In Progress	638	1,466	500	500
Goodwill	3,361	3,360	3,360	3,360
Non-Current Investments	27,286	19,624	32,728	36,009
Net Deferred tax assets	(231)	(174)	(174)	(174)
Other Non-Current Assets	890	1,122	1,200	1,320
Current Assets				
Investments	7,254	13,910	15,556	20,374
Inventories	13,005	13,796	13,261	14,895
Trade receivables	8,336	8,140	8,439	9,478
Cash & Bank Balance	3,282	8,113	3,563	4,608
Other Current Assets	3,597	4,676	3,741	4,201
Total Assets	84,353	93,531	1,00,999	1,12,913
Equity				
Equity Share Capital	1,766	1,767	1,767	1,767
Other Equity	54,551	64,290	72,708	82,862
Total Network	56,317	66,058	74,475	84,629
Non-Current Liabilities				
Long Term borrowings	261	1,629	1,329	1,029
Provisions	595	629	623	700
Other non current liabilities	-	-	-	-
Current Liabilities				
ST Debt / Current of LT Debt	6,732	3,042	2,742	2,442
Trade payables	14,554	14,822	15,932	17,578
Other current liabilities	5,303	6,766	5,283	5,886
Total Equity & Liabilities	84,353	93,531	1,00,998	1,12,913

Source: Company Data, PL Research

Cash Flow (Rs m)

Y/e Mar	FY19	FY20	FY21E	FY22E
PBT	17,993	18,142	18,482	22,099
Add. Depreciation	1,769	2,336	2,443	2,589
Add. Interest	596	525	372	321
Less Financial Other Income	2,962	3,053	2,962	3,930
Add. Other	(2,945)	(2,515)	(2,962)	(3,930)
Op. profit before WC changes	17,412	18,488	18,334	21,079
Net Changes-WC	(2,332)	(15,485)	7,669	(6,181)
Direct tax	(2,786)	(2,779)	(2,883)	(3,412)
Net cash from Op. activities	12,294	223	23,120	11,486
Capital expenditures	(1,401)	(6,000)	(515)	(2,050)
Interest / Dividend Income	2,962	2,515	2,962	3,930
Others	3,831	12,241	(17,745)	(3,171)
Net Cash from Inv. activities	5,392	8,756	(15,299)	(1,291)
Issue of share cap. / premium	801	594	(242)	-
Debt changes	(2,382)	(2,322)	(600)	(600)
Dividend paid	(15,970)	(6,165)	(6,909)	(8,504)
Interest paid	(596)	(525)	(372)	(321)
Others	-	-	-	-
Net cash from Fin. activities	(18,147)	(8,418)	(8,123)	(9,424)
Net change in cash	(461)	561	(302)	771
Free Cash Flow	10,893	(5,777)	22,605	9,436

Source: Company Data, PL Research

Key Financial Metrics

Y/e Mar	FY19	FY20	FY21E	FY22E
Per Share(Rs)				
EPS	8.2	8.2	8.8	10.6
CEPS	9.2	9.4	10.2	12.0
BVPS	31.9	37.4	42.1	47.9
FCF	6.2	(3.3)	12.8	5.3
DPS	2.8	3.2	3.8	4.5
Return Ratio(%)				
RoCE	24.1	23.5	21.3	22.2
ROIC	21.2	22.0	19.4	21.0
RoE	25.4	23.6	22.2	23.5
Balance Sheet				
Net Debt : Equity (x)	(0.1)	(0.3)	(0.2)	(0.3)
Net Working Capital (Days)	29	30	24	25
Valuation(x)				
PER	52.8	52.7	48.9	40.8
P/B	13.5	11.5	10.2	9.0
P/CEPS	47.0	45.7	42.3	35.8
EV/EBITDA	43.6	41.5	40.7	35.1
EV/Sales	8.9	8.6	8.4	7.4
Dividend Yield (%)	0.6	0.7	0.9	1.1

Source: Company Data, PL Research

Quarterly Financials (Rs m)

Y/e Mar	Q1FY20	Q2FY20	Q3FY20	Q4FY20
Net Revenue	22,733	22,120	23,530	18,654
YoY gr. (%)	9.3	4.1	7.0	(12.3)
Raw Material Expenses	11,477	10,885	11,745	9,496
Gross Profit	11,256	11,235	11,785	9,158
Margin (%)	49.5	50.8	50.1	49.1
EBITDA	4,576	4,895	4,929	3,523
YoY gr. (%)	18.5	8.6	10.7	(23.0)
Margin (%)	20.1	22.1	20.9	18.9
Depreciation / Depletion	528	545	544	588
EBIT	4,049	4,351	4,385	2,934
Margin (%)	17.8	19.7	18.6	15.7
Net Interest	153	152	105	86
Other Income	733	818	745	758
Profit before Tax	4,629	5,016	5,025	3,606
Margin (%)	20.4	22.7	21.4	19.3
Total Tax	794	582	835	587
Effective tax rate (%)	17.2	11.6	16.6	16.3
Profit after Tax	3,835	4,434	4,190	3,020
Minority interest	(3)	(2)	2	4
Share Profit from Associates	-	-	-	-
Adjusted PAT	3,838	4,436	4,188	3,016
YoY gr. (%)	16.3	17.5	14.1	(32.5)
Margin (%)	16.9	20.1	17.8	16.2
Extra Ord. Income / (Exp)	(81)	(400)	(200)	(200)
Reported PAT	3,757	4,036	3,988	2,816
YoY gr. (%)	16.5	11.6	11.8	(24.4)
Margin (%)	16.5	18.2	17.0	15.1
Other Comprehensive Income	-	-	-	-
Total Comprehensive Income	3,757	4,036	3,988	2,816
Avg. Shares O/s (m)	1,766	1,766	1,766	1,766
EPS (Rs)	2.2	2.5	2.4	1.7

Source: Company Data, PL Research

Price Chart
Recommendation History


No.	Date	Rating	TP (Rs.)	Share Price (Rs.)
1	15-Apr-20	Hold	431	503
2	30-Jan-20	Hold	486	479
3	03-Jan-20	Hold	452	456
4	05-Nov-19	Hold	484	481
5	03-Oct-19	Hold	464	434
6	11-Sep-19	Hold	437	444
7	13-Aug-19	Hold	437	429
8	19-Jul-19	Hold	437	420
9	04-Jul-19	Hold	430	403

Analyst Coverage Universe

Sr. No.	Company Name	Rating	TP (Rs)	Share Price (Rs)
1	Asian Paints	Accumulate	1,687	1,651
2	Avenue Supermarts	Reduce	1,658	2,398
3	Britannia Industries	BUY	3,744	2,837
4	Colgate Palmolive	Reduce	1,224	1,313
5	Crompton Greaves Consumer Electricals	BUY	267	199
6	Dabur India	Hold	431	503
7	Emami	Hold	285	227
8	Future Retail	Under Review	-	332
9	GlaxoSmithKline Consumer Healthcare	Hold	9,377	9,247
10	Havells India	Reduce	485	511
11	Hindustan Unilever	Hold	2,017	2,195
12	ITC	BUY	250	189
13	Jubilant FoodWorks	Hold	1,392	1,530
14	Kansai Nerolac Paints	BUY	486	360
15	Marico	Hold	318	284
16	Nestle India	Reduce	13,127	17,462
17	Pidilite Industries	Hold	1,327	1,349
18	Titan Company	Hold	844	892
19	Voltas	Accumulate	553	509

PL's Recommendation Nomenclature (Absolute Performance)

Buy	: > 15%
Accumulate	: 5% to 15%
Hold	: +5% to -5%
Reduce	: -5% to -15%
Sell	: < -15%
Not Rated (NR)	: No specific call on the stock
Under Review (UR)	: Rating likely to change shortly

ANALYST CERTIFICATION

(Indian Clients)

We/I, Mr. Amnish Aggarwal- MBA, CFA, Ms. Charmi Mehta- CA, Mr. Heet Vora- CA 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.

(US Clients)

The research analysts, with respect to each issuer and its securities covered by them in this research report, certify that: All of the views expressed in this research report accurately reflect his or her or their personal views about all of the issuers and their securities; and No part of his or her or their compensation was, is or will be directly related to the specific recommendation or views expressed in this research report.

DISCLAIMER

Indian Clients

Prabhudas Lilladher Pvt. Ltd, Mumbai, India (hereinafter referred to as "PL") is engaged in the business of Stock Broking, Portfolio Manager, Depository Participant and distribution for third party financial products. PL is a subsidiary of Prabhudas Lilladher Advisory Services Pvt Ltd. which has its various subsidiaries engaged in business of commodity broking, investment banking, financial services (margin funding) and distribution of third party financial/other products, details in respect of which are available at www.plindia.com.

This document has been prepared by the Research Division of PL and is meant for use by the recipient only as information and is not for circulation. This document is not to be reported or copied or made available to others without prior permission of PL. It should not be considered or taken as an offer to sell or a solicitation to buy or sell any security.

The information contained in this report has been obtained from sources that are considered to be reliable. However, PL has not independently verified the accuracy or completeness of the same. Neither PL nor any of its affiliates, its directors or its employees accepts any responsibility of whatsoever nature for the information, statements and opinion given, made available or expressed herein or for any omission therein.

Recipients of this report should be aware that past performance is not necessarily a guide to future performance and value of investments can go down as well. The suitability or otherwise of any investments will depend upon the recipient's particular circumstances and, in case of doubt, advice should be sought from an independent expert/advisor.

Either PL or its affiliates or its directors or its employees or its representatives or its clients or their relatives may have position(s), make market, act as principal or engage in transactions of securities of companies referred to in this report and they may have used the research material prior to publication.

PL may from time to time solicit or perform investment banking or other services for any company mentioned in this document.

PL is in the process of applying for certificate of registration as Research Analyst under Securities and Exchange Board of India (Research Analysts) Regulations, 2014

PL submits that no material disciplinary action has been taken on us by any Regulatory Authority impacting Equity Research Analysis activities.

PL or its research analysts or its associates or his relatives do not have any financial interest in the subject company.

PL or its research analysts or its associates or his relatives do not have actual/beneficial ownership of one per cent or more securities of the subject company at the end of the month immediately preceding the date of publication of the research report.

PL or its research analysts or its associates or his relatives do not have any material conflict of interest at the time of publication of the research report.

PL or its associates might have received compensation from the subject company in the past twelve months.

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

PL or its associates might have received any compensation for investment banking or merchant banking or brokerage services from the subject company in the past twelve months.

PL or its associates might have received any compensation for products or services other than investment banking or merchant banking or brokerage services from the subject company in the past twelve months

PL or its associates might have received any compensation or other benefits from the subject company or third party in connection with the research report.

PL encourages independence in research report preparation and strives to minimize conflict in preparation of research report. PL or its analysts did not receive any compensation or other benefits from the subject Company or third party in connection with the preparation of the research report. PL or its Research Analysts do not have any material conflict of interest at the time of publication of this report.

It is confirmed that Mr. Amnish Aggarwal- MBA, CFA, Ms. Charmi Mehta- CA, Mr. Heet Vora- CA Research Analysts of this report have not received any compensation from the companies mentioned in the report in the preceding twelve months

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

The Research analysts for this report certifies that all of the views expressed in this report accurately reflect his or her personal views about the subject company or companies and its or their securities, and no part of his or her compensation was, is or will be, directly or indirectly related to specific recommendations or views expressed in this report.

The research analysts for this report has not served as an officer, director or employee of the subject company PL or its research analysts have not engaged in market making activity for the subject company

Our sales people, traders, and other professionals or affiliates may provide oral or written market commentary or trading strategies to our clients that reflect opinions that are contrary to the opinions expressed herein, and our proprietary trading and investing businesses may make investment decisions that are inconsistent with the recommendations expressed herein. In reviewing these materials, you should be aware that any or all of the foregoing, among other things, may give rise to real or potential conflicts of interest.

PL and its associates, their directors and employees may (a) from time to time, have a long or short position in, and buy or sell the securities of the subject company or (b) be engaged in any other transaction involving such securities and earn brokerage or other compensation or act as a market maker in the financial instruments of the subject company or act as an advisor or lender/borrower to the subject company or may have any other potential conflict of interests with respect to any recommendation and other related information and opinions.

US Clients

This research report is a product of Prabhudas Lilladher Pvt. Ltd., which is the employer of the research analyst(s) who has prepared the research report. The research analyst(s) preparing the research report is/are resident outside the United States (U.S.) and are not associated persons of any U.S. regulated broker-dealer and therefore the analyst(s) is/are not subject to supervision by a U.S. broker-dealer, and is/are not required to satisfy the regulatory licensing requirements of FINRA or required to otherwise comply with U.S. rules or regulations regarding, among other things, communications with a subject company, public appearances and trading securities held by a research analyst account.

This report is intended for distribution by Prabhudas Lilladher Pvt. Ltd. only to "Major Institutional Investors" as defined by Rule 15a-6(b)(4) of the U.S. Securities and Exchange Act, 1934 (the Exchange Act) and interpretations thereof by U.S. Securities and Exchange Commission (SEC) in reliance on Rule 15a 6(a)(2). If the recipient of this report is not a Major Institutional Investor as specified above, then it should not act upon this report and return the same to the sender. Further, this report may not be copied, duplicated and/or transmitted onward to any U.S. person, which is not the Major Institutional Investor.

In reliance on the exemption from registration provided by Rule 15a-6 of the Exchange Act and interpretations thereof by the SEC in order to conduct certain business with Major Institutional Investors, Prabhudas Lilladher Pvt. Ltd. has entered into an agreement with a U.S. registered broker-dealer, Marco Polo Securities Inc. ("Marco Polo").

Transactions in securities discussed in this research report should be effected through Marco Polo or another U.S. registered broker dealer.

Prabhudas Lilladher Pvt. Ltd.

3rd Floor, Sadhana House, 570, P. B. Marg, Worli, Mumbai-400 018, India | Tel: (91 22) 6632 2222 Fax: (91 22) 6632 2209

www.plindia.com