

Hindustan Unilever

ACCUMULATE

Positive surprise

Summary

Hindustan Unilever (HUVR) 4QFY21 result was above our estimates. Revenue on comparable basis, grew 21%YoY (+16%YoY volume growth) driven by continued double-digit growth momentum in health, hygiene and nutrition portfolio. Gross margin declined for the fourth consecutive quarter due to raw material cost inflation. Inflation in palm oil price has been alarming (40-50%YoY) however; HUL has taken c. 7-8% price hike to offset the same. As per our channel check, HUL has taken 13-20% hike in select SKUs of key brands; Lifebuoy, Rexona, Liril etc. Positively, HUL has launched Rs2 sachets in Horlicks and Boost brand to drive market development and penetration in HFD category. During current pandemic, HUL is better prepared compared to last crisis. As on date c. 90% of eligible employees already received first dose of the vaccine. We maintain our estimates for FY22-23E. We maintain ACCUMULATE rating with a TP of Rs2,607.

Key Highlights and Investment Rationale

Strong all around recovery in topline

On comparable basis revenue grew 21%YoY driven by 16%YoY volume growth and strong recovery in food and refreshment business (+36%YoY on like to like). Revenue from home care (32% of revenue) and beauty and personal care (37% of revenue) grew 15%YoY and 20%YoY respectively. In beauty and personal care portfolio; all sub-segments (skin cleansing, hair care, oral care, skin care) grew at strong double-digit while color cosmetics improved sequentially. Overall Health, Hygiene and Nutrition portfolio grew in double-digit (+22%YoY) for the 3rd consecutive quarter while Discretionary portfolio and Out of Home categories improved sequentially.

Margins impacted due to inflationary raw material

Gross margin declined 117bp YoY to 52.6% due to inflationary raw material cost. EBITDA margin expanded 146bp to 24.4% due to lower other expense (-172bp YoY as % of revenue) and ad spends (-127bp YoY as % of revenue). Adjusted PAT grew 35%YoY to Rs21bn.

Maintain ACCUMULATE

We maintain our earnings estimates for FY22-23E. HUL derives >80 revenue from health and hygiene while 15% from discretionary and 5% from out of home. We expect moderate impact on out-of-home portfolio which is already baked in our estimates. We maintain ACCUMULATE rating with a TP of Rs2,607 (55x FY23E EPS).

TP	Rs2,607
CMP	Rs2,409
Potential upside / downside	+8%
Previous Rating	ACCUMULATE

V/s Consensus

EPS (Rs)	FY22E	FY23E
IDBI Capital	42.9	47.4
Consensus	40.4	46.4
% difference	6.1	2.1

Shareholding Pattern (%)

Promoters	61.9
FII	15.0
DII	7.6
Public	15.5

Price Performance (%)

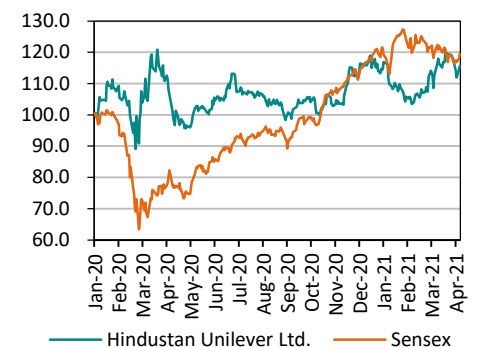
	-1m	-3m	-12m
Absolute	4.1	4.6	5.2
Rel to Sensex	2.5	(1.6)	(49.8)

Q4FY21 Result Review

Key Stock Data

Bloomberg / Reuters	HUVR IN / HLL.BO
Sector	Personal Products
Shares o/s (mn)	2,350
Market cap. (Rs mn)	5,660,226
Market cap. (US\$ mn)	75,815
3-m daily average value (Rs mn)	3,197.7
52-week high / low	Rs 2,504 / 1,902
Sensex / Nifty	49,766 / 14,895

Relative to Sensex (%)



Financial snapshot

Year	FY19	FY20	FY21	FY22E	FY23E
Revenue	382,240	387,850	459,960	519,301	572,603
EBITDA	86,370	96,000	113,240	143,685	158,430
EBITDA (%)	22.6	24.8	24.6	27.7	27.7
Adj. PAT	60,360	67,380	79,540	100,929	111,391
EPS (Rs)	27.9	31.2	33.8	42.9	47.4
EPS Growth (%)	15.3	11.6	8.5	26.9	10.4
PE (x)	86.2	77.2	71.2	56.1	50.8
Dividend Yield (%)	0.9	1.2	1.1	1.3	1.4
EV/EBITDA (x)	59.8	53.7	49.6	38.8	35.0
RoE (%)	81.9	85.9	28.7	20.7	21.4
RoCE (%)	90.0	86.6	30.4	22.4	23.5

Source: Company; IDBI Capital Research

Conference Call Highlights

On Business Operations

- Revenue (excluding GSK business) and volume grew by 21% and 16% respectively. Revenue including GSK's business grew by 35%.
- HUVR gained volume share in 86% of the portfolio. 87% of HUVR business gaining penetration.
- Health, hygiene, and nutrition (80% of business) grew in double-digits for the third consecutive quarter, while discretionary and out-of-home categories improved sequentially.
- Launched 150 SKUs in FY21.
- Localized lockdown is a better decision than a blanket lockdown. The physical movement of goods is not hampered like it was in last June.
- Witnessed demand momentum picking up from March onwards, however the second wave of covid hit. Situation is extremely fluid due to rising covid cases, therefore demand projection is difficult. However, in the first two weeks of April demand momentum was similar to March whereas, in the last 2 weeks of April, the demand was impacted but is not as bad as last June.

Costs

- Aiming to drive savings upward of 8% in FY22 via variabilizing cost structures and calibrating price hikes.
- Palm oil prices are up 40-50% YoY. HUL took price hikes in skin cleansing portfolio in the Dec and March quarter. However, industry will have to take a price hike of 11-13% to mitigate the impact of raw material inflation. By April end, HUL had taken a price hike of 7-8%.
- Tea witnessed sizable inflation in Sept and Dec quarters and the company took price hikes to mitigate some impact. New crop of tea is expected in the next few months.
- In home care, reversed price cuts for some products as price of crude has started to trend upwards.
- HUL received Rs91cr during the quarter for sale of assets, which helped reduce the impact of the restructuring cost of GSK merger.
- Tax rate for FY22 would be around 26% (v/s 24% in FY21).

Channel commentary

- HUVR has new manufacturing partners which have increased capacity 1.3x vs pre-covid levels.
- Shikhar (B2B app) has onboarded 3.5 lac retailers in FY21. The total no. of retailers on Shikhar app stands at 5 lac. Sales from this channel have increased 6 times YoY in March quarter.
- Shikhar is a complementary channel and not a replacement. Speed of supply replenishment is higher via Shikhar with delivery done the very next day v/s after 3 days when order is placed via salesperson.
- No. of users and no. of times app is used- both these parameters have seen good progress.
- Ecommerce contributes 5-6% to overall revenue. Ecommerce is the most profitable channel for the company, more than MT and GT.
- HUVR has 1.36 lac Shakti entrepreneurs in 18 states, which help in tapping rural markets.

Nutrition portfolio

- The portfolio reported volume growth in high teens during the quarter. HUL is focusing on driving penetration and volume-led growth.
- On LTL basis, margins for this business segment improved by ~370bps, however, they were re-invested in the business for improving product quality, increasing distribution, and investing in price.
- To drive category penetration (i) launched Rs2 sachet pack, (ii) increased grammage of Rs5 packs, and (iii) reduced prices of pouch packs by 20%.
- Expanded the product portfolio to adult nutrition and launched Plus range.
- Penetration of HFD hovers around 25% therefore provides a huge headroom to grow. South and East are important pockets for the business. Boost has been expanded nationally.
- HUL is still undecided on its strategy on biscuit portfolio from the GSK merger. Biscuit saw good traction in the first half of the year and then it tapered off.

Home Care

- Household care grew double-digit led by Vim. Purifier's performance improved sequentially led by acceleration in ecommerce.
- Domex is a big brand and the company does not want to restrict it to toilet cleaning. It has a strong germ and virus kill proposition therefore the brand can go beyond toilet to surface cleaners etc.
- Fabric wash witnessed a strong rebound led by an increase in mobility. Liquid and premium portfolios grew ahead of the market.

Food & refreshment

- Soup and ketchup portfolio reported double-digit growth. Expanded knorr portfolio to pizza and pasta sauces.
- All brands in the tea segment grew by double-digit. The growth was a good mix of volume and price. Coffee had a stable performance in the quarter.
- Ice cream segment witnessed strong recovery led by innovations.

Beauty & personal care

- Skin cleansing reported strong performance led by double-digit growth in lifebuoy. Premium skincare continues to do well and HUL will be setting up a separate e-commerce team that will cater to this segment.
- Oral care growth momentum sustained, close up delivered strong results. HUVR has gained market share in the oral care category.
- Growth in hair care segment for the company was ahead of the industry. Reported double-digit growth across all brands.
- Skincare had a strong performance led by its winter care portfolio. Glow and lovely saw a sequential pickup in turnover and penetration during the quarter.
- Color cosmetics demand improved sequentially, however with the second wave of covid cases this segment can be impacted negatively. However, in the long term HUL is positive about the category.

Exhibit 1: Standalone Quarterly Snapshot

(INR m)	Q4FY21	Q4FY20	YoY (%)	Q3FY21	QoQ (%)	YTD FY21	YTD FY20	YoY (%)
Revenues	121,320	90,110	34.6	118,620	2.3	459,960	387,850	18.6
COGS	57,560	41,700	38.0	54,590	5.4	216,770	177,930	21.8
Gross profit	63,760	48,410	31.7	64,030	-0.4	243,190	209,920	15.8
<i>Gross Margin (%)</i>	<i>52.6</i>	<i>53.7</i>	<i>-117 bps</i>	<i>54.0</i>	<i>-142 bps</i>	<i>52.9</i>	<i>54.1</i>	<i>-125 bps</i>
Employee expenses	5,220	3,550	47.0	5,560	-6.1	22,290	16,910	31.8
<i>% of net sales</i>	<i>4.3</i>	<i>3.9</i>	<i>36 bps</i>	<i>4.7</i>	<i>-38 bps</i>	<i>4.8</i>	<i>4.4</i>	<i>49 bps</i>
Advertisement expenses	14130.0	11640	21.4	13880	1.80	47370	46860	1.1
<i>% of net sales</i>	<i>11.6</i>	<i>12.9</i>	<i>-127 bps</i>	<i>11.7</i>	<i>-5 bps</i>	<i>10.3</i>	<i>12.1</i>	<i>-178 bps</i>
Other Expenses	14,840	12,570	18.1	16,050	-7.5	60,290	50,150	20.2
<i>% of net sales</i>	<i>12.2</i>	<i>13.9</i>	<i>-172 bps</i>	<i>13.5</i>	<i>-130 bps</i>	<i>13.1</i>	<i>12.9</i>	<i>18 bps</i>
EBITDA	29,570	20,650	43.2	28,540	3.6	113,240	96,000	18.0
<i>EBITDA Margin (%)</i>	<i>24.4</i>	<i>22.9</i>	<i>146 bps</i>	<i>24.1</i>	<i>31 bps</i>	<i>24.6</i>	<i>24.8</i>	<i>-13 bps</i>
Depreciation	2,490	2,550	-2.4	2,720	-8.5	10,120	9,380	7.9
EBIT	27,080	18,100	49.6	25,820	4.88	103,120	86,620	19.0
Other Income	1,090	2,660	-59.0	970	12.4	5,130	7,330	-30.0
Interest Expenses	90	260	-65.4	410	-78.0	1,080	1,060	1.9
PBT	28,080	20,500	37.0	26,380	6.4	107,170	92,890	15.4
Taxes	6,790	4,730	43.6	6,750	0.6	25,360	23,540	
Adjusted PAT	21,290	15,770	35.0	19,630	8.5	81,810	69,350	18.0
Extra-ordinary items	140	-580	-124.1	-420		-2,270	-1,970	
Reported PAT	21,430	15,190	41.1	19,210	11.6	79,540	67,380	18.0
EPS	9.1	7.0	29.7	8.2	11.6	33.8	31.2	8.5

Source: Company; IDBI Capital Research

Exhibit 2: Segmental revenue and EBIT break up

(INR m)	Q4FY21	Q4FY20	YoY (%)	Q3FY21	QoQ (%)	YTD FY21	YTD FY20	YoY (%)
Segmental Revenue								
Home Care	38,400	33,500	14.6	34,090	12.6	139,590	136,420	2.3
Beauty & Personal Care	45,490	38,010	19.7	48,410	-6.0	179,640	173,450	3.6
Foods & Refreshments	35,110	17,880	96.4	33,560	4.6	132,040	74,500	77.2
Other operations	2,320	720	222.2	2,560	-9.4	8,690	3,480	149.7
Segmental EBIT								
Home Care	8,120	6,360	27.7	6,460	25.7	27,730	25,590	8.4
Beauty & Personal Care	12,520	9,450	32.5	14,130	-11.4	51,270	48,700	5.3
Foods & Refreshments	5,750	2,250	155.6	4,730	21.6	21,890	12,320	77.7
Others (includes OTC business, Chemicals, Water, etc)	690	40	1,625.0	500	38	2,230	60	
Segmental Margin								
Home Care	21.1%	19.0%	216 bps	18.9%	220 bps	19.9%	18.8%	111 bps
Beauty & Personal Care	27.5%	24.9%	266 bps	29.2%	-167 bps	28.5%	28.1%	46 bps
Foods & Refreshments	16.4%	12.6%	379 bps	14.1%	228 bps	16.6%	16.5%	4 bps
Others	29.7%	5.6%	2419 bps	19.5%	1021 bps	25.7%	1.7%	2394 bps

Source: Company; IDBI Capital Research

Exhibit 3: Actual vs. Estimates

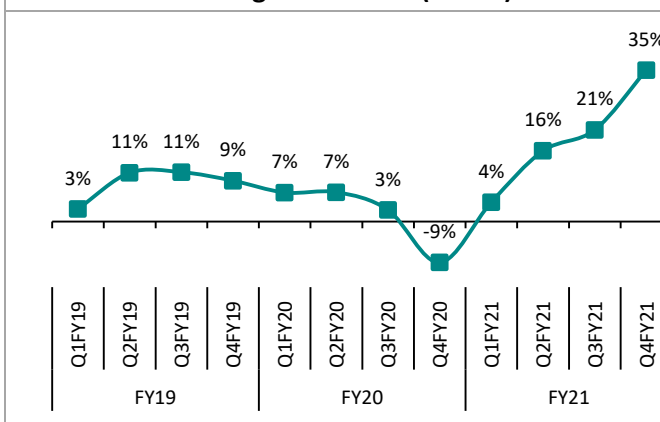
Particulars	Actual	IDBI Estimate	% variation IDBI
Revenue	121,320	116,364	4.3
EBITDA	29,570	28,160	5.0
Margin (%)	24.4	24.2	
PAT	21,430	19,350	10.7

Source: Company; IDBI Capital Research

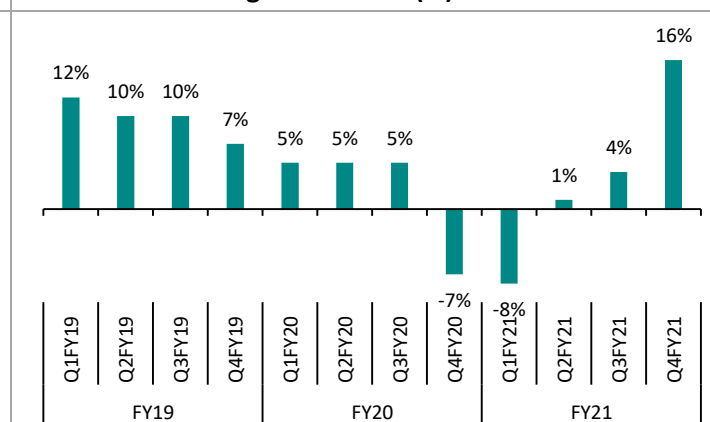
Exhibit 4: Change in estimates

	FY21E			FY22E		
	New	Old	(%) Chg	New	Old	(%) Chg
Revenue (Rs mn)	519,301	514,847	0.9	572,603	567,469	0.9
EBITDA (Rs mn)	143,685	144,867	-0.8	158,430	160,605	-1.4
EBITDA margin (%)	27.7	25.1		27.7	28.3	
Net profit (Rs mn)	100,929	100,932	0.0	111,391	111,353	0.0
EPS (Rs)	42.9	42.9	0.0	47.4	47.4	0.0

Source: Company; IDBI Capital Research

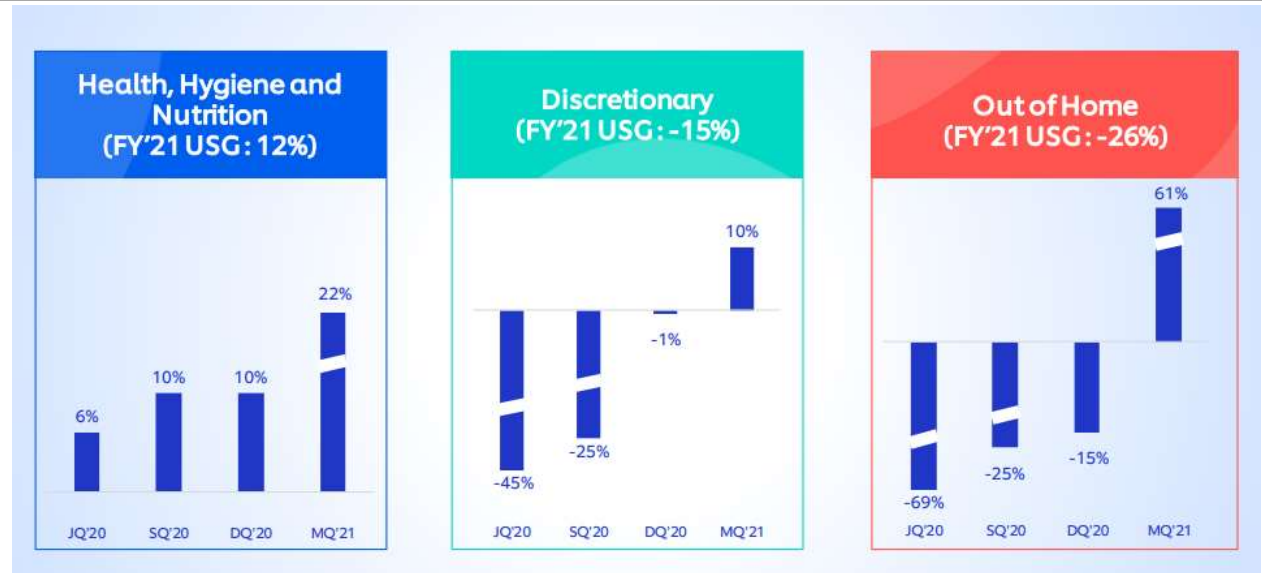
Exhibit 5: Revenue growth trend (% YoY)


Source: Company; IDBI Capital Research

Exhibit 6: Volume growth trend (%)


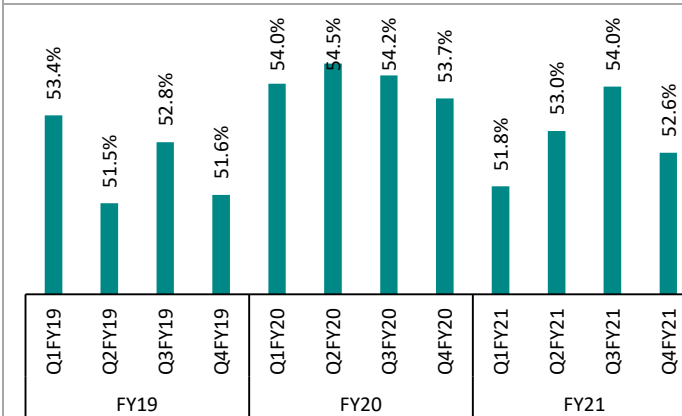
Source: Company; IDBI Capital Research

Exhibit 7: Healthy, hygiene and nutrition (80% of revenue) grew at 22% YoY



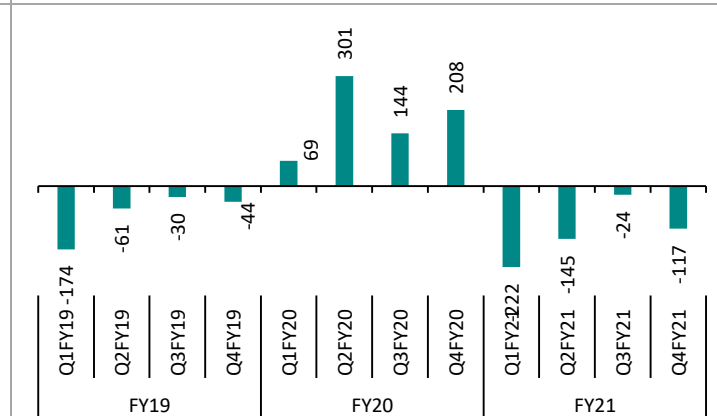
Source: Company; IDBI Capital Research

Exhibit 8: Gross Margin (%)

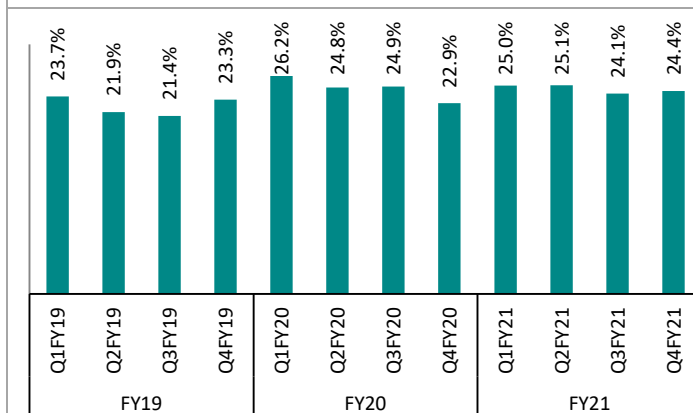


Source: Company, IDBI Capital Research

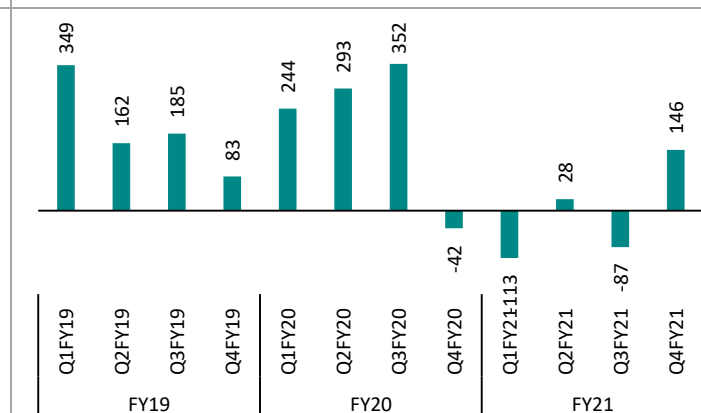
Exhibit 9: Gross Margin (YoY in bp)



Source: Company, IDBI Capital Research

Exhibit 10: EBITDA Margin (%)


Source: Company, IDBI Capital Research

Exhibit 11: EBITDA Margin (YoY in bp)


Source: Company, IDBI Capital Research

Financial Summary

Profit & Loss Account

(Rs mn)

Year-end: March	FY20	FY21	FY22E	FY23E
Net sales	387,850	459,960	519,301	572,603
<i>Growth (%)</i>	<i>1.5</i>	<i>18.6</i>	<i>12.9</i>	<i>10.3</i>
Operating expenses	(291,850)	(346,720)	(375,616)	(414,174)
EBITDA	96,000	113,240	143,685	158,430
<i>Growth (%)</i>	<i>11.1</i>	<i>18.0</i>	<i>26.9</i>	<i>10.3</i>
Depreciation	(9,380)	(10,120)	(11,974)	(13,081)
EBIT	86,620	103,120	131,711	145,349
Interest paid	(1,060)	(1,080)	(1,147)	(1,232)
Other income	7,330	5,130	5,643	6,207
Pre-tax profit	92,890	107,170	136,207	150,325
Tax	(23,540)	(25,360)	(35,278)	(38,934)
<i>Effective tax rate (%)</i>	<i>25.3</i>	<i>23.7</i>	<i>25.9</i>	<i>25.9</i>
Minority Interest	-	-	-	-
Net profit	69,350	81,810	100,929	111,391
Exceptional items	1,970	2,270	-	-
Adjusted net profit	67,380	79,540	100,929	111,391
<i>Growth (%)</i>	<i>11.6</i>	<i>18.0</i>	<i>26.9</i>	<i>10.4</i>
<i>Shares o/s (mn nos)</i>	<i>2,160</i>	<i>2,350</i>	<i>2,350</i>	<i>2,350</i>

Cash Flow Statement

(Rs mn)

Year-end: March	FY20	FY21	FY22E	FY23E
Pre-tax profit	90,920	104,900	136,207	150,325
Depreciation	9,380	10,690	11,974	13,081
Tax paid	(24,650)	(23,670)	(35,278)	(38,934)
Chg in working capital	(380)	3,380	4,639	4,167
Other operating activities	(2,220)	(5,730)	1,147	1,232
Cash flow from operations (a)	73,050	89,570	118,689	129,870
Capital expenditure	(7,540)	(6,290)	(8,621)	(9,506)
Chg in investments	22,250	-	-	-
Other investing activities	4,550	(7,380)	-	-
Cash flow from investing (b)	19,260	(13,670)	(8,621)	(9,506)
Equity raised/(repaid)	-	-	-	-
Debt raised/(repaid)	-	-	-	-
Dividend (incl. tax)	(62,440)	(62,510)	(72,380)	(77,973)
Chg in minorities	-	-	-	-
Other financing activities	(4,320)	(30,290)	(1,147)	(1,232)
Cash flow from financing (c)	(66,760)	(92,800)	(73,527)	(79,205)
Net chg in cash (a+b+c)	25,550	(16,900)	36,541	41,159

Balance Sheet

(Rs mn)

Year-end: March	FY20	FY21	FY22E	FY23E
Net fixed assets	55,870	516,670	513,318	509,742
Investments	2,520	3,120	3,120	3,120
Other non-curr assets	18,730	25,140	25,140	25,140
Current assets	1,18,900	136,230	179,261	226,251
Inventories	26,360	33,830	38,194	42,115
Sundry Debtors	10,460	16,480	18,606	20,516
Cash and Bank	50,170	43,210	79,751	120,910
Marketable Securities	-	-	-	-
Loans and advances	-	-	-	-
Total assets	1,96,020	681,160	720,839	764,254
Shareholders' funds	80,310	474,340	502,889	536,306
Share capital	2,160	2,350	2,350	2,350
Reserves & surplus	78,150	471,990	500,539	533,956
Total Debt	-	-	-	-
Secured loans	-	-	-	-
Unsecured loans	-	-	-	-
Other liabilities	24,670	98,410	98,410	98,410
Curr Liab & prov	91,040	108,410	119,540	129,537
Current liabilities	86,860	103,500	114,630	124,627
Provisions	4,180	4,910	4,910	4,910
Total liabilities	1,15,710	206,820	217,950	227,947
Total equity & liabilities	1,96,020	681,160	720,839	764,254
Book Value (Rs)	37	202	214	228

Source: Company; IDBI Capital Research

Financial Ratios

Year-end: March	FY20	FY21	FY22E	FY23E
Adj. EPS (Rs)	31.2	33.8	42.9	47.4
Adj. EPS growth (%)	11.6	8.5	26.9	10.4
EBITDA margin (%)	24.8	24.6	27.7	27.7
Pre-tax margin (%)	23.9	23.3	26.2	26.3
ROE (%)	85.9	28.7	20.7	21.4
ROCE (%)	86.6	30.4	22.4	23.5
Turnover & Leverage ratios (x)				
Asset turnover (x)	2.1	1.0	0.7	0.8
Leverage factor (x)	2.4	1.6	1.4	1.4
Net margin (%)	17.4	17.3	19.4	19.5
Net Debt/Equity (x)	(0.6)	(0.1)	(0.2)	(0.2)
Working Capital & Liquidity ratio				
Inventory days	25	27	27	27
Receivable days	10	13	13	13
Payable days	93	91	95	95

Valuation

Year-end: March	FY20	FY21E	FY22E	FY23E
P/E (x)	77.2	71.2	56.1	50.8
Price / Book value (x)	64.8	11.9	11.3	10.6
PCE (x)	67.8	63.1	50.1	45.5
EV / Net sales (x)	13.3	12.2	10.7	9.7
EV / EBITDA (x)	53.7	49.6	38.8	35.0
Dividend Yield (%)	1.2	1.1	1.3	1.4



Notes

Dealing

(91-22) 6836 1111

dealing@idbicapital.com

Key to Ratings Stocks:

BUY: Absolute return of 15% and above; **ACCUMULATE:** 5% to 15%; **HOLD:** Upto ±5%; **REDUCE:** -5% to -15%; **SELL:** -15% and below.

IDBI Capital Markets & Securities Ltd.
Equity Research Desk

6th Floor, IDBI Tower, WTC Complex, Cuffe Parade, Colaba, Mumbai – 400 005. Phones: (91-22) 2217 1700; Fax: (91-22) 2215 1787; Email: info@idbicapital.com

SEBI Registration: BSE & NSE (Cash & FO) – INZ000007237, NSDL – IN-DP-NSDL-12-96, Research – INH000002459, CIN – U65990MH1993GOI075578

Compliance Officer: Christina D’souza; Email: compliance@idbicapital.com; Telephone: (91-22) 2217 1907

Disclaimer

This report has been published by IDBI Capital Markets & Securities Ltd. (hereinafter referred to as “IDBI Capital”) for private circulation. This report should not be reproduced or copied or made available to others. No person associated with IDBI Capital is obligated to call or initiate contact with you for the purposes of elaborating or following up on the information contained in this report. The information contained herein is strictly confidential and meant for 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 the prior written consent of IDBI Capital.

Recipients may not receive this report at the same time as other recipients. IDBI Capital will not treat recipients as customers by virtue of their receiving this report.

The information contained herein is from the public domain or sources believed to be reliable, but we do not make any representation or warranty that it is accurate, complete or up-to-date and it should not be relied upon as such. While reasonable care has been taken to ensure that information given is at the time believed to be fair and correct and opinions based thereupon are reasonable, due to the very nature of research it cannot be warranted or represented that it is accurate or complete and it should not be relied upon as such. In so far as this report includes current or historical information, it is believed to be reliable, although its accuracy and completeness cannot be guaranteed.

Opinions expressed are current opinions as of the date appearing on this material only. While we endeavor to update on a reasonable basis, the information discussed in this material, IDBI Capital, its directors, employees are under no obligation to update or keep the information current. Further there may be regulatory, compliance, or other reasons that prevent us from doing so.

Prospective investors and others are cautioned that any forward-looking statements are not predictions and may be subject to change without notice.

IDBI Capital, its directors and employees and any person connected with it, will not in any way be responsible for the contents of this report or for any losses, costs, expenses, charges, including notional losses/lost opportunities incurred by a recipient as a result of acting or non-acting on any information/material contained in the report.

This is not an offer to sell or a solicitation to buy any securities or an attempt to influence the opinion or behavior of investors or recipients or provide any investment/tax advice.

This report is for information only and has not been prepared based on specific investment objectives. The securities discussed in this report may not be suitable for all investors. Investors must make their own investment decision based on their own investment objectives, goals and financial position and based on their own analysis.

Trading in stocks, stock derivatives, and other securities is inherently risky and the recipient agrees to assume complete and full responsibility for the outcomes of all trading decisions that the recipient makes, including but not limited to loss of capital.

Opinions, projections and estimates in this report solely constitute the current judgment of the author of this report as of the date of this report and do not in any way reflect the views of IDBI Capital, its directors, officers, or employees.

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 IDBI Capital and associates 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 report may come are required to inform themselves of and to observe such restriction.

E-mail is not a secure method of communication. IDBI Capital cannot accept responsibility for the accuracy or completeness of any e-mail message or any attachment(s).

This transmission could contain viruses, be corrupted, destroyed, incomplete, intercepted, lost or arrived late. IDBI Capital, its directors or employees or associates accept no liability for any damage caused, directly or indirectly, by this email.

Analyst Disclosures

We, Varun Singh, Upasana Madan, hereby certify that the views expressed in this report accurately reflect our personal views about the subject companies and / or securities. We also certify that no part of our compensation were, are or would be directly or indirectly related to the specific recommendations or views expressed in this report. Principally, We will be responsible for the preparation of this research report and have taken reasonable care to achieve and maintain independence and objectivity in making any recommendations herein.

Other Disclosure

IDBI Capital Markets & Securities Ltd.(hereinafter referred to as "IDBI Capital") was incorporated in the year 1993 under Companies Act, 1956 and is a wholly owned subsidiary of IDBI Bank Limited. IDBI Capital is one of India's leading securities firm which offers a full suite of products and services to individual, institutional and corporate clients namely Stock broking (Institutional and Retail) , Distribution of financial products, Merchant Banking, Corporate Advisory Services, Debt Arranging & Underwriting, Portfolio Manager Services and providing Depository Services. IDBI Capital is a registered trading and clearing member of BSE Ltd. (BSE) and National Stock Exchange of India Limited (NSE). IDBI Capital is also a SEBI registered Merchant Banker, Portfolio Manager and Research Analyst. IDBI Capital is also a SEBI registered depository participant with National Securities Depository Limited (NSDL) and is also a Mutual Fund Advisor registered with Association of Mutual Funds in India (AMFI).

IDBI Capital and its associates IDBI Bank Ltd. (Holding Company), IDBI Intech Ltd. (Fellow Subsidiary), IDBI Asset Management Ltd. (Fellow Subsidiary) and IDBI Trusteeship Services Ltd. (Fellow Subsidiary).

IDBI Group is a full-serviced banking, integrated investment banking, investment management, brokerage and financing group. Details in respect of which are available on www.idbicapital.com IDBI Capital along with its associates are leading underwriter of securities and participants in virtually all securities trading markets in India. We and our associates have investment banking and other business relationships with a significant percentage of the companies covered by our Research Department. Investors should assume that IDBI Capital and/or its associates are seeking or will seek investment banking or other business from the company or companies that are the subject of this material. IDBI Capital generally prohibits its analysts, persons reporting to analysts, and their dependent family members having a financial conflict of interest in the securities or derivatives of any companies that the analysts cover. Additionally, IDBI Capital generally prohibits its analysts and persons reporting to analysts from serving as an officer, director, or advisory board member of any companies that the analysts cover. Our sales people, traders, and other professionals 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. Directors of IDBI Capital or its associates may have interest in the Companies under recommendation in this report either as Director or shareholder. Additionally, other important information regarding our relationships with the company or companies that are the subject of this material is provided herein. This material should not be construed as an offer to sell or the solicitation of an offer to buy any security in any jurisdiction where such an offer or solicitation would be illegal. We are not soliciting any action based on this material. It is for the general information of clients of IDBI Capital. It does not constitute a personal recommendation or take into account the particular investment objectives, financial situations, or needs of individual clients. Before acting on any advice or recommendation in this material, clients should consider whether it is suitable for their particular circumstances and, if necessary, seek professional advice. The price and value of the investments referred to in this material and the income from them may go down as well as up, and investors may realize losses on any investments. Past performance is not a guide for future performance, future returns are not guaranteed and a loss of original capital may occur. We and our associates, officers, directors, and employees, including persons involved in the preparation or issuance of this material, may from time to time have "long" or "short" positions in, act as principal in, and buy or sell the securities or derivatives thereof of companies mentioned herein. For the purpose of calculating whether IDBI Capital and its associates holds beneficially owns or controls, including the right to vote for directors, 1% or more of the equity shares of the subject issuer of a research report, the holdings does not include accounts managed by IDBI Asset Management Company/ IDBI Mutual Fund.

IDBI Capital hereby declares that our activities were neither suspended nor we have materially defaulted with any Stock Exchange authority with whom we are registered in last five years. However SEBI, Exchanges and Depositories have conducted the routine inspection and based on their observations have issued advice letters or levied minor penalty on IDBI Capital for certain operational deviations. We have not been debarred from doing business by any Stock Exchange / SEBI or any other authorities; nor has our certificate of registration been cancelled by SEBI at any point of time. IDBI Capital, its directors or employees or associates, may from time to time, have positions in, or options on, and buy and sell securities referred to herein. IDBI Capital or its associates, during the normal course of business, from time to time, may solicit from or perform investment banking or other services for any company mentioned in this document or their connected persons or 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 company(ies) discussed herein or their affiliate companies or act as advisor or lender / borrower to such company(ies)/associates companies or have other potential conflict of interest. This report may provide hyperlinks to other websites. Except to the extent to which the report refers to the website of IDBI Capital, IDBI Capital states that it has not reviewed the linked site and takes no responsibility for the content contained in such other websites. Accessing such websites shall be at recipient's own risk. IDBI Capital encourages the practice of giving independent opinion in research report preparation by the analyst and thus strives to minimize the conflict in preparation of research report. Accordingly, neither IDBI Capital nor Research Analysts have any material conflict of interest at the time of publication of this report. We offer our research services to primarily institutional investors and their employees, directors, fund managers, advisors who are registered with us. The Research Analyst has not served as an officer, director or employee of Subject Company. We or our associates may have received compensation from the subject company in the past 12 months. We or our associates may have managed or co-managed public offering of securities for the subject company in the past 12 months. We or our associates may have received compensation for investment banking or merchant banking or brokerage services from the subject company in the past 12 months. We or our associates may 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 12 months. We or our associates may have received any compensation or other benefits from the Subject Company or third party in connection with the research report. Research Analyst or his/her relative's may have financial interest in the subject company. IDBI Capital or its associates may have financial interest in the subject company. Research Analyst or his/her relatives does not have actual/beneficial ownership of 1% or more securities of the subject company at the end of the month immediately preceding the date of publication of Research Report. IDBI Capital or its associates may have actual/beneficial ownership of 1% or more securities of the subject company at the end of the month immediately preceding the date of publication of Research Report. The Subject Company may have been a client during twelve months preceding the date of distribution of the research report. Price history of the daily closing price of the securities covered in this note is available at www.bseindia.com; www.nseindia.com and www.economictimes.indiatimes.com/markets/stocks/stock-quotes.