

United Spirits

NEUTRAL

| INDUSTRY | FMCG |
|---------------------------------|-------------------|
| CMP (as on 31 May 17) | Rs 2,267 |
| Target Price | Rs 2,335 |
| Nifty | 9,621 |
| Sensex | 31,146 |
| KEY STOCK DATA | |
| Bloomberg | UNSP IN |
| No. of Shares (mn) | 145 |
| MCap (Rs bn) / (\$ mn) | 329/5,102 |
| 6m avg traded value (Rs mn) | 1,036 |
| STOCK PERFORMANCE (%) | |
| 52 Week high / low | Rs 2,703/1,773 |
| | 3M 6M 12M |
| Absolute (%) | (3.4) 18.1 (8.3) |
| Relative (%) | (11.8) 1.2 (25.1) |
| SHAREHOLDING PATTERN (%) | |
| Promoters | 58.5 |
| FIs & Local MFs | 5.5 |
| FPIs | 22.1 |
| Public & Others | 13.9 |
| Source : BSE | |

Sonali Salgaonkar
sonali.salgaonkar@hdfcsec.com
+91-22-6171-7322

Near-term headwinds, positives priced in

In 4QFY17, United Spirits (UNSP) demonstrated strong operating performance. Net sales were almost flat YoY at Rs 20.3 bn (lower than estimates), owing to a run up to the highway ban, liquor prohibition in Bihar and franchising of regular brands. Excluding these one-offs, net sales grew by 7% YoY. EBITDA improved by 129% YoY to Rs 2.6 bn (13.1% margin vs. 5.7% YoY). Margin improved mainly owing to a better product mix, productivity initiatives and franchising of regular brands. Adj. PAT grew ~5x to Rs 1.86 bn (Rs 331 mn YoY). Owing to an exceptional item of Rs 2.9 bn in 4QFY17, UNSP registered a loss of Rs (1.04 bn) vs. profit of Rs 14 mn YoY. This one-off was mainly for a customer claim, rising out of legacy commercial terms.

Trend in premiumisation is playing out on expected lines. In FY17, net sales in Prestige and above segments grew by 13% YoY, and contributed 58/41% to value and volumes resp. (37/51% in FY16). Net sales in UNSP's popular segment declined by 9% YoY.

While we remain constructive on UNSP's premiumisation drive and market leadership, near-term headwinds such as impact of GST (on the input costs side), as well as the highway liquor ban could decelerate revenue growth and profitability over the near term.

In light of the recent run-up in stock price (~20% in the past month), we revise our rating downward to NEUTRAL. Our TP stands at Rs 2,335 (45x Mar-19E EPS).

- Mgt. guidance:** Company's medium term goal is to grow the topline by double digit and improve operating margins to mid-teens. Mgmt. has also indicated that it could monetise Rs 20 bn worth of non-core assets over the next 3-4 years, which could aid further deleveraging (*currently not factored in our estimates*).
- Near-term outlook:** While we believe the company's focus on premiumization would remain strong. However, near term headwinds such as impact of GST and highway liquor ban could be challenging.

Financial Summary

| (Rsmn) | 4QFY17 | 4QFY16 | YoY (%) | 3QFY17 | QoQ (%) | FY16 | FY17P | FY18E | FY19E |
|--------------------------|--------|--------|---------|--------|---------|--------|--------|--------|---------|
| Net Sales | 20,140 | 20,370 | (1.1) | 24,455 | (17.6) | 84,949 | 88,175 | 95,338 | 105,990 |
| EBIDTA | 2,651 | 1,158 | 128.9 | 2,935 | (9.7) | 9,803 | 10,038 | 12,583 | 15,406 |
| APAT | 1,866 | 331 | 463.6 | 1,476 | 26.4 | 1,708 | 4,611 | 5,304 | 7,542 |
| Diluted adj. EPS (Rs/sh) | 12.8 | 2.3 | 463.6 | 10.2 | 26.4 | 11.8 | 31.7 | 36.5 | 51.9 |
| P/E (x) | | | | | | 216.1 | 71.4 | 62.1 | 43.7 |
| RoE (%) | | | | | | 14.9 | 27.0 | 25.9 | 28.0 |

Source: Company, HDFC sec Inst Research

Net sales were almost flat YoY owing to run up to highway ban, liquor prohibition in Bihar and franchising of regular brands. Excluding these one-offs, net sales grew by 7% YoY.

Margin improved mainly owing to better product mix, productivity initiatives and franchising of regular brands.

In FY17, net sales in Prestige and above segments grew by 13% YoY, and contributed 58/41% to value and volumes (37/51% in FY16)

Overall net sales in UNSP's popular segment declined by 9% YoY

Quarterly Financials Snapshot

| Particulars | 4QFY17 | 4QFY16 | YoY (%) | 3QFY17 | QoQ (%) |
|---------------------------------|----------------|---------------|-------------|---------------|-------------|
| Net Sales | 20,140 | 20,370 | -1% | 24,455 | -18% |
| Other Operating Income | 110 | 64 | 72% | 98 | 12% |
| Net sales (incl OOI) | 20,250 | 20,434 | -1% | 24,553 | -18% |
| Material Expenses | 11,306 | 12,107 | -7% | 14,229 | -21% |
| Employee Expenses | 1,210 | 1,418 | -15% | 1,615 | -25% |
| Advertisement & sales promotion | 1,645 | 1,801 | -9% | 2,042 | -19% |
| Other Operating Expenses | 3,438 | 3,950 | -13% | 3,732 | -8% |
| EBITDA | 2,651 | 1,158 | 129% | 2,935 | -10% |
| Depreciation | 418 | 271 | 54% | 313 | 34% |
| EBIT | 2,233 | 887 | 152% | 2,622 | -15% |
| Other Income (including EO) | (2,765) | 577 | | 356 | -877% |
| Interest Cost | 853 | 1,009 | -15% | 922 | -8% |
| PBT | (1,385) | 455 | - | 2,056 | - |
| Tax | (343) | 441 | - | 580 | - |
| RPAT | (1,042) | 14 | - | 1,476 | - |
| EO Items (Adj For Tax) | (2,908) | (317) | | - | |
| APAT | 1,866 | 331 | 464% | 1,476 | 26% |
| Adj EPS | 12.8 | 2.3 | 464% | 10.2 | 26% |

Source: Company, HDFC sec Inst Research

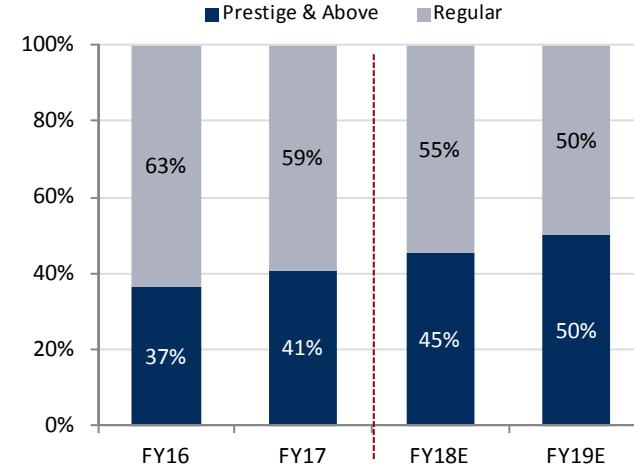
Margin Analysis

| | 4QFY17 | 4QFY16 | YoY (bps) | 3QFY17 | QoQ (bps) |
|---|-------------|------------|--------------|-------------|--------------|
| Material Expenses % Net Sales | 56.1 | 59.4 | (329.8) | 58.2 | (204.8) |
| Employee Expenses % Net Sales | 6.0 | 7.0 | (95.3) | 6.6 | (59.6) |
| Advertisement & sales promotion % Net Sales | 8.2 | 8.8 | (67.4) | 8.4 | (18.2) |
| Other Operating Expenses % Net Sales | 17.1 | 19.4 | (232.1) | 15.3 | 181.0 |
| EBITDA Margin (%) | 13.2 | 5.7 | 747.8 | 12.0 | 116.1 |
| Tax Rate (%) | 24.8 | 96.9 | - | 28.2 | (343.7) |
| APAT Margin (%) | 9.3 | 1.6 | 764.0 | 6.0 | 323.0 |

Source: Company, HDFC sec Inst Research

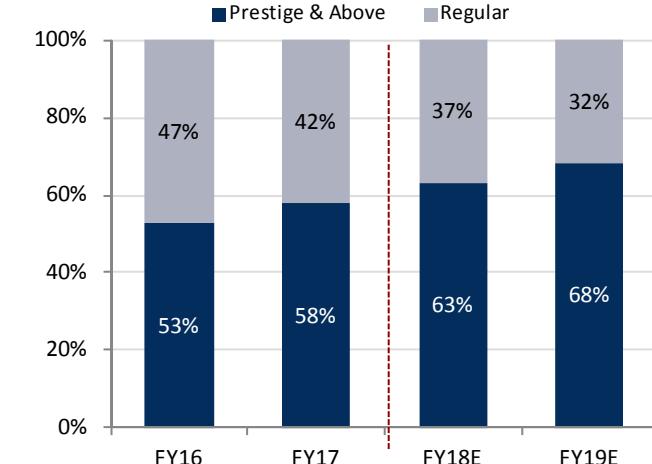
Financials

Volume Break-up: Prestige Vs. Regular (%)



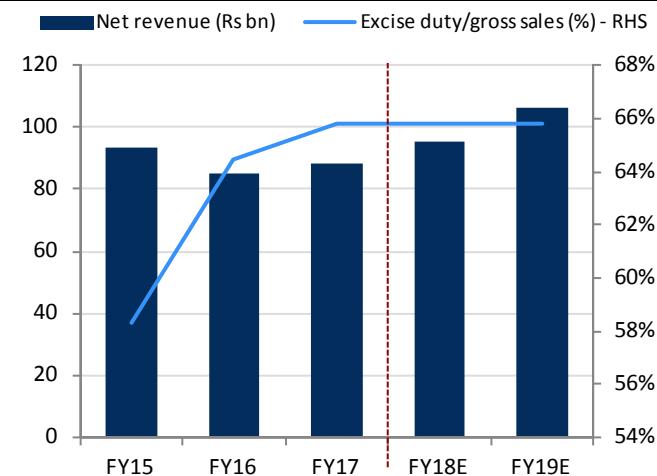
Source: Company, HDFC sec Inst Research

Value Break-up: Prestige Vs. Regular (%)



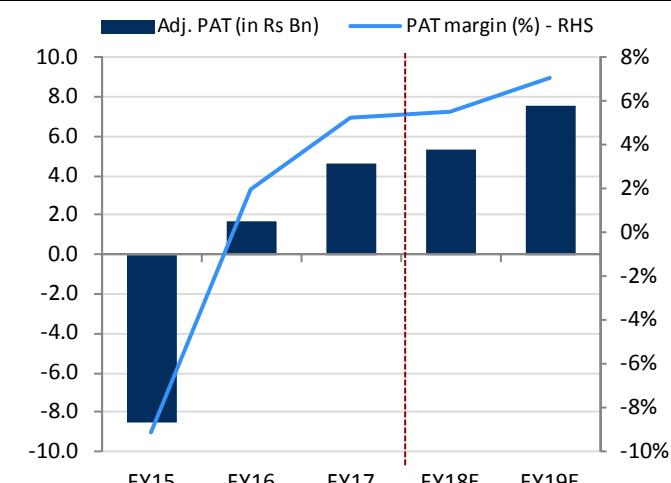
Source: Company, HDFC sec Inst Research

Trend In Net Revenue & Excise As % To Gross Sales



Source: Company, HDFC sec Inst Research

Trend In Adj. PAT And Margins



Source: Company, HDFC sec Inst Research

Premiumisation strategy to play out - contribution of the Prestige and above segment to UNSP's volumes and revenue to increase

Prestige and above to contribute to 68% to UNSP's revenue and 50% to volumes by FY19E

Net revenues to grow at ~10% CAGR over the period FY17-19E ; downsizing of regular segment assumed

Improvement in operating margins, coupled with deleveraging is expected to improve PAT margin

Key Assumptions

| (in units) | FY15 | FY16 | FY17 | FY18E | FY19E |
|--------------------|-----------|-----------|-----------|-----------|-----------|
| Gross revenues | 224,060 | 239,209 | 257,568 | 278,491 | 309,607 |
| % YoY | | 6.8% | 7.7% | 8.1% | 11.2% |
| Net revenues | 93,350 | 84,949 | 88,175 | 95,338 | 105,990 |
| % YoY | | -9.0% | 3.8% | 8.1% | 11.2% |
| Gross margins (%) | 44.1% | 44.0% | 44.1% | 44.6% | 45.1% |
| EBITDA margins (%) | 0.4% | 11.5% | 11.4% | 13.2% | 14.5% |
| Net margins (%) | -9.1% | 2.0% | 5.2% | 5.6% | 7.1% |
| (in mn cases) | FY15 | FY16 | FY17 | FY18E | FY19E |
| Prestige & above | 31 | 34 | 37 | 40 | 44 |
| % YoY | | 9.7% | 8.2% | 8.0% | 10.0% |
| Regular | 63 | 59 | 53 | 48 | 44 |
| % YoY | | -6.3% | -9.7% | -10.0% | -9.0% |
| Total Sales | 94 | 93 | 90 | 88 | 87 |
| % YoY | | -1.1% | -3.1% | -2.6% | -0.4% |

Source: Company, HDFC sec Inst Research

Peer Valuations

| FMCG companies | Mcap (Rs bn) | CMP (Rs) | Rating | TP (Rs) | P/E (x) | | P/BV (x) | |
|----------------|-----------------|--------------|------------|--------------|-------------|-------------|-------------|-------------|
| | | | | | FY18E | FY19E | FY18E | FY19E |
| RDCK IN* | 16 | 120 | NR | - | 15.7 | 12.7 | 1.5 | 1.3 |
| UBBL IN* | 212 | 800 | NR | - | 69.1 | 50.5 | 8.3 | 7.2 |
| UNSP IN | 329 | 2,267 | NEU | 2,335 | 62.1 | 43.7 | 14.2 | 10.7 |

Source: HDFC sec Inst Research; * Bloomberg Consensus

Change In Estimates

| Rs mn | Previous | | New | | % Chg | |
|-----------|----------|--------|-------|--------|-------|-------|
| | FY18E | FY19E | FY18E | FY19E | FY18E | FY19E |
| Net Sales | 100973 | 108999 | 95338 | 105990 | -6% | -3% |
| EBIT | 12558 | 14974 | 12583 | 15406 | 0% | 3% |
| APAT | 5610 | 7532 | 5304 | 7542 | -5% | 0% |

Source: HDFC sec Inst Research

Income Statement (Consolidated)

| Year ending March (Rs mn) | FY15 | FY16 | FY17 | FY18E | FY19E |
|---|-----------------|----------------|---------------|---------------|----------------|
| Net Revenues | 93,350 | 84,949 | 88,175 | 95,338 | 105,990 |
| Growth (%) | (12.1) | (9.0) | 3.8 | 8.1 | 11.2 |
| Material Expenses | 52,190 | 47,572 | 49,297 | 52,775 | 58,142 |
| Power & Fuel expenses | 368 | 360 | 374 | 404 | 449 |
| Employee Expenses | 7,779 | 6,800 | 6,882 | 6,964 | 7,742 |
| Other Operating Expenses | 32,683 | 20,414 | 21,584 | 22,612 | 24,251 |
| EBITDA | 330 | 9,803 | 10,038 | 12,583 | 15,406 |
| EBITDA Margin (%) | 0.4 | 11.5 | 11.4 | 13.2 | 14.5 |
| EBITDA Growth (%) | (124.0) | 2,872.8 | 2.4 | 25.3 | 22.4 |
| Depreciation | 2,229 | 1,572 | 1,886 | 2,129 | 2,312 |
| EBIT | (1,899) | 8,231 | 8,152 | 10,454 | 13,094 |
| Other Income (Including EO Items) | (7,581) | 5 | (2,774) | 875 | 1,055 |
| Interest | 6,873 | 4,574 | 3,751 | 3,398 | 2,877 |
| PBT | (16,353) | 3,662 | 1,627 | 7,931 | 11,272 |
| Tax (Incl Deferred) | 521 | 2,228 | 697 | 2,617 | 3,720 |
| Minority Interest & Profit/loss from associates | 4 | - | - | 10 | 10 |
| RPAT | (16,878) | 1,434 | 930 | 5,304 | 7,542 |
| EO (Loss) / Profit (Net Of Tax) | (8,392) | (274) | (3,681) | - | - |
| APAT | (8,486) | 1,708 | 4,611 | 5,304 | 7,542 |
| APAT Growth (%) | n.a | n.a | 169.9 | 15.0 | 42.2 |
| Adjusted EPS (Rs) | (58.4) | 11.8 | 31.7 | 36.5 | 51.9 |
| EPS Growth (%) | n.a | n.a | 169.9 | 15.0 | 42.2 |

Source: Company, HDFC sec Inst Research

Balance Sheet (Consolidated)

| Year ending March (Rs mn) | FY15 | FY16 | FY17 | FY18E | FY19E |
|-----------------------------------|---------------|---------------|---------------|---------------|---------------|
| SOURCES OF FUNDS | | | | | |
| Share Capital - Equity | 1,453 | 1,453 | 1,453 | 1,453 | 1,453 |
| Reserves | 5,142 | 14,894 | 16,403 | 21,707 | 29,249 |
| Total Shareholders Funds | 6,595 | 16,347 | 17,856 | 23,160 | 30,702 |
| Minority Interest | 8 | 56 | (25) | 10 | 10 |
| Long term debt | 26,737 | 7,305 | 8,697 | 7,697 | 7,097 |
| Short term loans | 23,132 | 29,969 | 29,069 | 26,069 | 23,069 |
| Total Debt | 49,869 | 37,274 | 37,766 | 33,766 | 30,166 |
| Net Deferred Taxes | (878) | 1,579 | 1,536 | 1,536 | 1,536 |
| Long Term Provisions & Others | 1,881 | 1,075 | 442 | 500 | 600 |
| TOTAL SOURCES OF FUNDS | 57,475 | 56,331 | 57,575 | 58,972 | 63,015 |
| APPLICATION OF FUNDS | | | | | |
| Net Block (excluding goodwill) | 18,590 | 18,415 | 18,486 | 19,357 | 20,045 |
| CWIP | 1,141 | 2,821 | 1,993 | 2,155 | 2,396 |
| Goodwill | 620 | 1,125 | 680 | 680 | 680 |
| Investments | 2,164 | 9 | 1 | 5 | 5 |
| Other non-current assets | 8,110 | 6,156 | 8,528 | 8,500 | 8,000 |
| Total Non-current Assets | 30,625 | 28,526 | 29,688 | 30,697 | 31,126 |
| Inventories | 17,581 | 19,519 | 19,276 | 19,836 | 21,886 |
| Debtors | 17,515 | 23,032 | 29,534 | 30,603 | 34,023 |
| Loans and advances | 8,659 | 8,948 | 7,808 | 8,104 | 9,009 |
| Cash & Equivalents | 3,629 | 1,368 | 872 | 1,009 | 1,301 |
| Total Current Assets | 47,384 | 52,867 | 57,490 | 59,553 | 66,219 |
| Creditors | 7,838 | 10,189 | 12,247 | 12,369 | 13,647 |
| Other Current Liabilities & Provs | 12,695 | 14,873 | 17,356 | 18,909 | 20,684 |
| Total Current Liabilities | 20,533 | 25,062 | 29,603 | 31,278 | 34,331 |
| Net Current Assets | 26,850 | 27,805 | 27,887 | 28,275 | 31,888 |
| TOTAL APPLICATION OF FUNDS | 57,475 | 56,331 | 57,575 | 58,972 | 63,015 |

Source: Company, HDFC sec Inst Research

Cash Flow (Consolidated)

| Year ending March (Rs mn) | FY15 | FY16 | FY17E | FY18E | FY19E |
|----------------------------------|-----------------|-----------------|----------------|----------------|----------------|
| Reported PBT | (16,353) | 3,662 | 1,627 | 7,931 | 11,272 |
| Interest expenses | 6,243 | 4,506 | 3,751 | 3,398 | 2,877 |
| Depreciation | 2,229 | 1,577 | 1,886 | 2,129 | 2,312 |
| Working Capital Change | (7,665) | (6,455) | (2,993) | (223) | (2,822) |
| Tax Paid | (1,413) | (1,900) | (697) | (2,617) | (3,720) |
| Others | 14,996 | 997 | (907) | (885) | (1,065) |
| OPERATING CASH FLOW (a) | (1,964) | 2,387 | 2,667 | 9,733 | 8,855 |
| Capex | (626) | (2,329) | (1,129) | (3,162) | (3,241) |
| <i>Free cash flow (FCF)</i> | (2,590) | 58 | 1,538 | 6,571 | 5,614 |
| Investments | (0) | 8,686 | 8 | (4) | - |
| Non-operating Income | 39,181 | 1,705 | 4,588 | 875 | 1,055 |
| INVESTING CASH FLOW (b) | 38,554 | 8,063 | 3,467 | (2,291) | (2,186) |
| Debt Issuance/(Repaid) | (27,847) | (1,417) | 492 | (4,000) | (3,600) |
| Interest Expenses | (7,204) | (4,612) | (3,751) | (3,398) | (2,877) |
| FCFE | (37,640) | (5,971) | (1,721) | (827) | (863) |
| Share Capital Issuance | - | - | - | - | - |
| Dividend | (9) | (3) | - | - | - |
| Others | (4,950) | (6,678) | (3,372) | 93 | 100 |
| FINANCING CASH FLOW (c) | (40,009) | (12,710) | (6,631) | (7,305) | (6,377) |
| NET CASH FLOW (a+b+c) | (3,419) | (2,260) | (496) | 137 | 292 |
| Opening bal of Cash & Cash Equ | 7,047 | 3,628 | 1,368 | 872 | 1,009 |
| Closing Cash & Equivalents | 3,628 | 1,368 | 872 | 1,009 | 1,301 |

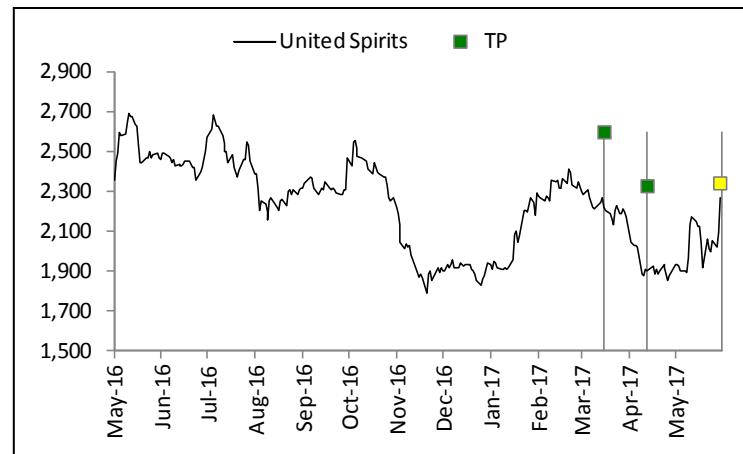
Source: Company, HDFC sec Inst Research

Key Ratios (Consolidated)

| | FY15 | FY16 | FY17 | FY18E | FY19E |
|------------------------------------|---------|-------|-------|-------|-------|
| PROFITABILITY (%) | | | | | |
| GPM | 44.1 | 44.0 | 44.1 | 44.6 | 45.1 |
| EBITDA Margin | 0.4 | 11.5 | 11.4 | 13.2 | 14.5 |
| APAT Margin | (9.1) | 2.0 | 5.2 | 5.6 | 7.1 |
| RoE | (46.0) | 14.9 | 27.0 | 25.9 | 28.0 |
| RoIC (or Core RoCE) | 7.0 | 5.8 | 11.1 | 11.2 | 13.5 |
| RoCE | (1.6) | 6.2 | 11.9 | 13.0 | 15.5 |
| EFFICIENCY | | | | | |
| Tax Rate (%) | (3.2) | 60.8 | 42.8 | 33.0 | 33.0 |
| Fixed Asset Turnover (x) | 4.0 | 4.6 | 4.8 | 5.0 | 5.4 |
| Inventory (days) | 68.7 | 83.9 | 79.8 | 75.9 | 75.4 |
| Debtors (days) | 68.5 | 99.0 | 122.3 | 117.2 | 117.2 |
| Other Current Assets (days) | 33.9 | 38.4 | 32.3 | 31.0 | 31.0 |
| Payables (days) | 30.6 | 43.8 | 50.7 | 47.4 | 47.0 |
| Other Current Liab & Provns (days) | 49.6 | 63.9 | 71.8 | 72.4 | 71.2 |
| Cash Conversion Cycle (days) | 90.8 | 113.6 | 111.8 | 104.4 | 105.3 |
| Debt/EBITDA (x) | 151.2 | 3.8 | 3.8 | 2.7 | 2.0 |
| Net D/E (x) | 7.0 | 2.2 | 2.1 | 1.4 | 0.9 |
| Interest Coverage (x) | (0.3) | 1.8 | 2.2 | 3.1 | 4.6 |
| PER SHARE DATA (Rs) | | | | | |
| EPS | (58.4) | 11.8 | 31.7 | 36.5 | 51.9 |
| CEPS | (100.8) | 20.7 | 19.4 | 51.2 | 67.8 |
| Dividend | - | - | - | - | - |
| Book Value | 45.4 | 112.5 | 122.9 | 159.4 | 211.3 |
| VALUATION | | | | | |
| P/E (x) | (62.8) | 216.1 | 71.4 | 62.1 | 43.7 |
| P/BV (x) | 80.8 | 22.6 | 18.4 | 14.2 | 10.7 |
| EV/EBITDA (x) | 1,755.4 | 41.3 | 36.5 | 28.8 | 23.3 |
| EV/Revenues (x) | 6.2 | 4.8 | 4.2 | 3.8 | 3.4 |
| OCF/EV (%) | (0.3) | 0.6 | 0.7 | 2.7 | 2.5 |
| FCF/EV (%) | (0.4) | 0.0 | 0.4 | 1.8 | 1.6 |
| FCFE/Mkt Cap (%) | (7.1) | (1.6) | (0.5) | (0.3) | (0.3) |

Source: Company, HDFC sec Inst Research

RECOMMENDATION HISTORY



| Date | CMP | Reco | Target |
|-----------|-------|------|--------|
| 17-Mar-17 | 2,217 | BUY | 2,600 |
| 14-Apr-17 | 1,906 | BUY | 2,330 |
| 31-May-17 | 2,267 | NEU | 2,335 |

Rating Definitions

BUY : Where the stock is expected to deliver more than 10% returns over the next 12 month period

NEUTRAL : Where the stock is expected to deliver (-)10% to 10% returns over the next 12 month period

SELL : Where the stock is expected to deliver less than (-)10% returns over the next 12 month period

Disclosure:

I, **Sonali Salgaonkar, MBA**, author and the name 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. HSL has no material adverse disciplinary history as on the date of publication of this report. 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.

Research Analyst or his/her relative or HDFC Securities Ltd. **does not have** any financial interest in the subject company. Also Research Analyst or his relative or HDFC Securities Ltd. or its Associate may have beneficial ownership of 1% or more in the subject company at the end of the month immediately preceding the date of publication of the Research Report. Further Research Analyst or his relative or HDFC Securities Ltd. or its associate **does not have** any material conflict of interest.

Any holding in stock –No

HDFC Securities Limited (HSL) is a SEBI Registered Research Analyst having registration no. INH000002475.

Disclaimer:

This report has been prepared by HDFC Securities Ltd and is meant for sole use by the recipient and not for circulation. The information and opinions contained herein have been compiled or arrived at, based upon information obtained in good faith from sources believed to be reliable. Such information has not been independently verified and no guaranty, representation of warranty, express or implied, is made as to its accuracy, completeness or correctness. All such information and opinions are subject to change without notice. This document is for information purposes only. Descriptions of any company or companies or their securities mentioned herein are not intended to be complete and this document is not, and should not be construed as an offer or solicitation of an offer, to buy or sell any securities or other financial instruments. This report is not directed to, or intended for display, downloading, printing, reproducing or for distribution to or use by, any person or entity who is a citizen or resident or located in any locality, state, country or other jurisdiction where such distribution, publication, reproduction, availability or use would be contrary to law or regulation or what would subject HSL or its affiliates to any registration or licensing requirement within such jurisdiction.

If this report is inadvertently send or has reached any individual in such country, especially, USA, the same may be ignored and brought to the attention of the sender. This document may not be reproduced, distributed or published for any purposes without prior written approval of HSL.

Foreign currencies denominated securities, wherever mentioned, are subject to exchange rate fluctuations, which could have an adverse effect on their value or price, or the income derived from them. In addition, investors in securities such as ADRs, the values of which are influenced by foreign currencies effectively assume currency risk.

It should not be considered to be taken as an offer to sell or a solicitation to buy any security. HSL may from time to time solicit from, or perform broking, or other services for, any company mentioned in this mail and/or its attachments.

HSL and its affiliated company(ies), 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 company(ies) mentioned herein 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 company(ies) discussed herein or act as an advisor or lender/borrower to such company(ies) or may have any other potential conflict of interests with respect to any recommendation and other related information and opinions.

HSL, its directors, analysts or employees do not take any responsibility, financial or otherwise, of the losses or the damages sustained due to the investments made or any action taken on basis of this report, including but not restricted to, fluctuation in the prices of shares and bonds, changes in the currency rates, diminution in the NAVs, reduction in the dividend or income, etc.

HSL and other group companies, its directors, associates, employees may have various positions in any of the stocks, securities and financial instruments dealt in the report, or may make sell or purchase or other deals in these securities from time to time or may deal in other securities of the companies / organizations described in this report.

HSL 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.

HSL 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 in the normal course of business.

HSL 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 HSL nor Research Analysts 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. HSL may have issued other reports that are inconsistent with and reach different conclusion from the information presented in this report.

Research entity has not been engaged in market making activity for the subject company. Research analyst has not served as an officer, director or employee of the subject company. We have not received any compensation/benefits from the subject company or third party in connection with the Research Report.

HDFC securities Limited, I Think Techno Campus, Building - B, "Alpha", Office Floor 8, Near KanjurMarg Station, Opp. Crompton Greaves, KanjurMarg (East), Mumbai 400 042 Phone: (022) 3075 3400 Fax: (022) 2496 5066

Compliance Officer: Binkle R. Oza Email: complianceofficer@hdfcsec.com Phone: (022) 3045 3600

HDFC Securities Limited, SEBI Reg. No.: NSE-INB/F/E 231109431, BSE-INB/F 011109437, AMFI Reg. No. ARN: 13549, PFRDA Reg. No. POP: 04102015, IRDA Corporate Agent License No.: HDF 2806925/HDF C000222657, SEBI Research Analyst Reg. No.: INH000002475, CIN - U67120MH2000PLC152193

Mutual Funds Investments are subject to market risk. Please read the offer and scheme related documents carefully before investing.

