

Dabur India

Refer to important disclosures at the end of this report

Weak outlook drives earning cut

- Dabur's performance was disappointing with consolidated revenue being 5% below estimate. The slowdown in the rural market and prolonged winter led to weak domestic volume growth of 4.3%. International business growth remained subdued at 1.9%.
- EBITDA declined 6%, 15% below our estimate. Margins contracted by 240bps due to higher promotions spends, higher employee cost due to ESOPs, and adverse currency movement, which was offset in part by a 22% reduction in ad spends.
- Management is optimistic of a recovery in rural demand and expects to drive double-digit domestic growth by focusing on power brands and LUPs. Headwinds in the international business and higher competitive intensity may limit margin expansion, in our view.
- We cut our estimates by ~7% for FY20/21E, factoring in the weak performance and muted margin outlook. Valuations at 35x FY21E EPS are not attractive yet. Maintain Hold with a revised target price of Rs415 (previously Rs430), valuing it at 38x FY21E EPS.

Rural slowdown impacts domestic performance; international remains subdued: The domestic business grew 6%, with volume growth of 4.3%, 5% below expectations on a slowdown in the rural market and delayed summer affecting the foods business. Health care grew 11.2% and Home & Personal care (HPC) grew 6.8%. The Foods segment declined 6% on prolonged winter and higher competitive intensity. The international business reported subdued sales growth of 1.9%, impacted by the currency devaluation in Turkey and a slowdown in the GCC markets. In our view, higher comparable in Q1 and the slowdown in rural growth momentum, along with the weak performance of international markets, may drag overall performance in the near term.

Margin outlook getting weak due to slower demand and competitive intensity: Higher promotional spends and adverse currency movements led to a 90bps contraction of gross margin. Employee cost increased by 34% due to higher ESOPs (excluding which it grew 12%), which will normalize in FY20. Despite the pull-back of A&P by 22% during the quarter, EBITDA margin contracted 240bps. Factoring in the currency devaluation in Turkey, the company has taken an impairment of Rs753mn for the Hobi business. Higher promotional spends on heightened competitive intensity across categories and currency headwinds in the international business may limit margin expansion, in our view.

Cut EPS estimates by 7%; maintain Hold: We cut FY20-21E EPS by 7% after factoring in lower growth and margins. At 35x FY21E EPS, valuation still does not offer a meaningful upside. We maintain Hold rating with a revised target price of Rs415, valuing it at 38x FY21E EPS. Key risks: prolonged weakness in the rural market and higher currency headwinds in the international business.

Please see our sector EAP (page 8): [Emkay Alpha Portfolio – Consumer Goods & Retail](#)

Financial Snapshot (Consolidated)

(Rs mn)	FY17	FY18	FY19	FY20E	FY21E
Revenue	76,136	77,219	85,331	96,266	108,824
EBITDA	15,090	16,174	17,396	19,843	22,627
EBITDA Margin (%)	19.8	20.9	20.4	20.6	20.8
APAT	12,770	13,723	15,216	16,698	19,248
EPS (Rs)	7.2	7.8	8.6	9.5	10.9
EPS (% chg)	1.9	7.5	10.6	9.7	15.3
ROE (%)	28.3	26.0	26.8	27.0	26.2
P/E (x)	52.8	49.1	44.4	40.5	35.1
EV/EBITDA (x)	44.6	41.6	38.6	33.3	28.7
P/BV (x)	13.9	11.8	12.0	10.1	8.4

Source: Company, Emkay Research

CMP	Target Price
Rs 383 as of (May 2, 2019)	Rs 415 (▼) 12 months
Rating	Upside
HOLD (■)	8.4 %

Change in Estimates

EPS Chg FY20E/FY21E (%)	(6.6)/(6.5)
Target Price change (%)	(3.5)
Target Period (Months)	12
Previous Reco	HOLD

Emkay vs Consensus

EPS Estimates		
	FY20E	FY21E
Emkay	9.5	10.9
Consensus	10.1	11.8
Mean Consensus TP (12M)	Rs 471	

Stock Details

Bloomberg Code	DABUR IN
Face Value (Rs)	1
Shares outstanding (mn)	1,766
52 Week H/L	491 / 359
M Cap (Rs bn/USD bn)	676 / 9.74
Daily Avg Volume (nos.)	2,544,900
Daily Avg Turnover (US\$ mn)	15.6

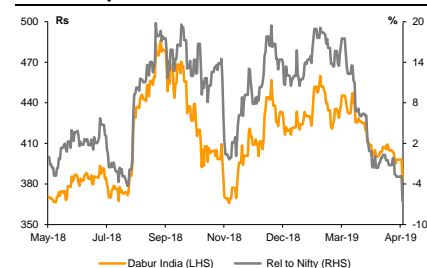
Shareholding Pattern Mar '19

Promoters	67.9%
FIIs	18.2%
DIIIs	6.7%
Public and Others	7.2%

Price Performance

(%)	1M	3M	6M	12M
Absolute	(5)	(15)	4	4
Rel. to Nifty	(5)	(21)	(8)	(4)

Relative price chart



Source: Bloomberg

This report is solely produced by Emkay Global. The following person(s) are responsible for the production of the recommendation:

Ashit Desai

ashit.desai@emkayglobal.com
+91 22 6612 1340

Dhiraj Mistry, CFA

dhiraj.mistry@emkayglobal.com
+91 22 6612 1281

Exhibit 1: Actual vs. Estimates for Q4FY19

Rs mn	Actual	Estimate		% variation		Comment
		Emkay	Consensus	Emkay	Consensus	
Revenues	21,282	22,402	22,198	-5.0%	-4.1%	Slowdown in domestic demand momentum impacts growth
EBITDA	4,572	5,378	5,162	-15.0%	-11.4%	Higher employee cost due to ESOPs and promotion spends impact margins
EBITDA Margin (%)	21.5%	24.0%	23.3%	-252	-177	
APAT	4,468	4,443	4,246	0.6%	5.2%	

Source: Company, Emkay Research

Exhibit 2: Quarterly performance (consolidated)

Y/E, Mar (Rs. m)	4QFY18	1QFY19	2QFY19	3QFY19	4QFY19	YoY (%)	QoQ (%)	FY18	FY19	Gr (%)
Revenue	20,329	20,807	21,250	21,992	21,282	4.7	-3.2	77,483	85,331	10.1
Expenditure	15,477	16,946	16,741	17,538	16,710	8.0	-4.7	61,309	67,935	10.8
Consumption of RM	10,024	10,486	10,758	11,153	10,693	6.7	-4.1	38,464	43,090	12.0
as % of sales	49.3%	50.4%	50.6%	50.7%	50.2%			49.6%	50.5%	
Employee Cost	1,807	2,241	2,343	2,376	2,419	33.8	1.8	7,928	9,379	18.3
as % of sales	8.9%	10.8%	11.0%	10.8%	11.4%			10.2%	11.0%	
Advertising & SP	1,256	1,990	1,335	1,781	978	-22.2	-45.1	6,067	6,083	0.3
as % of sales	6.2%	9.6%	6.3%	8.1%	4.6%			7.8%	7.1%	
Other expenditure	2,390	2,229	2,305	2,229	2,620	9.6	17.6	8,850	9,382	6.0
as % of sales	11.8%	10.7%	10.8%	10.1%	12.3%			11.4%	11.0%	
EBITDA	4,852	3,861	4,508	4,454	4,572	-5.8	2.7	16,174	17,396	7.6
Depreciation	426	427	431	449	462	8.5	3.1	1,622	1,769	9.1
EBIT	4,426	3,434	4,077	4,005	4,110	-7.1	2.6	14,553	15,627	7.4
Other Income	732	737	812	753	661	-9.8	-12.2	3,052	2,962	-3.0
Interest	132	149	156	167	124	-6.3	-25.9	531	596	12.3
PBT	5,026	4,022	4,734	4,591	4,647	-7.5	1.2	17,074	17,993	5.4
Total Tax	1,052	724	961	924	178	-83.1	-80.7	3,354	2,786	-16.9
Adjusted PAT	3,974	3,298	3,773	3,667	4,469	12.5	21.9	13,720	15,206	10.8
(Profit)/loss from JV's/Ass/MI	1.8	-2.2	-2.7	-5.2	0.5	-72.2	-109.6	-2.4	-9.6	300.0
APAT after MI	3,972	3,300	3,776	3,672	4,468	12.5	21.7	13,723	15,216	10.9
Extra ordinary items	0	0	0	0	-753	-	-	-145	-753	418.2
Reported PAT	3,972	3,300	3,776	3,672	3,715	-6.5	1.2	13,577	14,463	6.5
Adjusted EPS	2.3	1.9	2.1	2.1	2.5	12.2	21.7	7.8	8.6	10.6
Margins (%)						(bps)	(bps)			(bps)
EBIDTA	23.9	18.6	21.2	20.3	21.5	-240	120	20.9	20.4	-50
EBIT	21.8	16.5	19.2	18.2	19.3	-250	110	18.8	18.3	-50
EBT	24.7	19.3	22.3	20.9	21.8	-290	100	22.0	21.1	-90
PAT	19.5	15.9	17.8	16.7	21.0	150	430	17.7	17.8	10
Effective Tax rate	20.9	18.0	20.3	20.1	3.8	-1,710	-1,630	19.6	15.5	-420

Source: Company, Emkay Research

Management call takeaways

- Management highlighted growth was impacted by a slowdown in growth momentum across categories; however, there was some revival in demand in April. Management is confident of achieving double-digit growth, driven by high single-digit volume growth with a focus on power brands and LUPs.
- The company has achieved the highest market share of 56% in Juices (450bps expansion in FY19) despite higher competitive intensity. Competitive intensity has gone down in oral care with market share improvement by ~45bps. Dabur Red (~70% of oral care sales) grew 17.5%, while Meswak grew in low single-digits. Babool declined, and the company plans to relaunch it in the coming quarter.
- In the Hair oil, market share has increased by 70bps with good growth in the Amla franchise after the relaunch with improved packaging. The company will relaunch Dabur Vatika next year. Anmol Coconut oil and Jasmine have performed well.
- In the international business, Namaste is expected to grow in single-digits, mainly driven by double-digit growth in North Africa, offset by single-digit growth in the US. The recovery is expected in the Middle East by Q2 on product innovation.
- ESOPs cost was Rs770mn in FY19 vs. Rs35mn in FY18. The increment cost of ESOPs in Q4FY19 was Rs400mn. ESOPs cost is expected to remain ~Rs750mn in FY20.
- In India, the tax rate is expected to be MAT rate at 22% for the next five years.

Exhibit 3: Revision in earnings estimates

YE, Mar (Rs mn)	FY20E			FY21E		
	Earlier	Revised	% Change	Earlier	Revised	% Change
Revenues	97,948	96,266	-1.7	110,345	108,824	-1.4
EBITDA	20,779	19,843	-4.5	23,673	22,627	-4.4
EBITDA Margin (%)	21.2	20.6	-60 bps	21.5	20.8	-70 bps
APAT	17,869	16,698	-6.6	20,585	19,248	-6.5
EPS	10.1	9.5	-6.6	11.7	10.9	-6.5

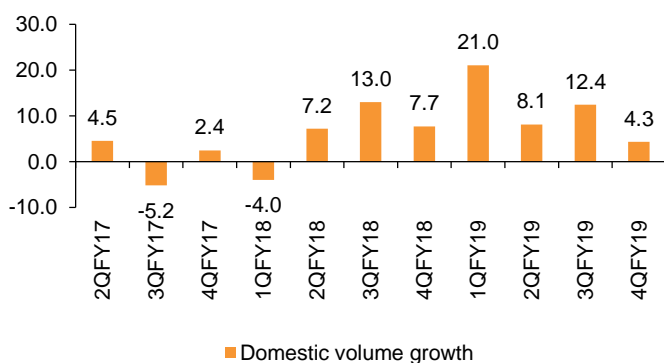
Source: Company, Emkay Research

Exhibit 4: Revenue assumptions

	FY17	FY18	FY19	FY20E	FY21E
Domestic Revenue Growth	-1%	4%	13%	13%	13%
International Revenue Growth	-5%	-8%	6%	12%	12%
Total Revenue (Rs mn)	76,801	76,803	85,304	96,301	108,855
Total revenue growth	-2%	0%	11%	13%	13%

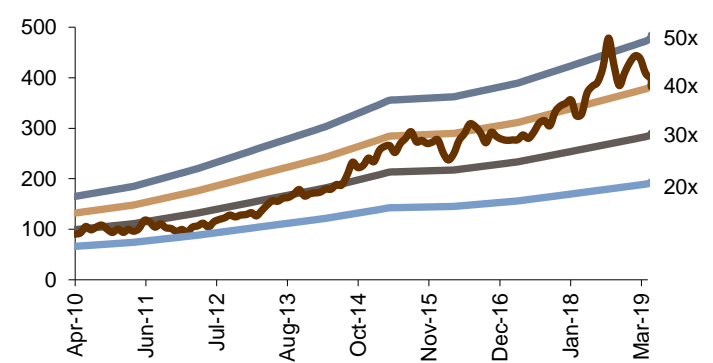
Source: Company, Emkay Research

Exhibit 5: Volume growth momentum has moderated



Source: Emkay Research, Bloomberg

Exhibit 6: Dabur's one-year forward PE band chart



Source: Emkay Research, Bloomberg

Exhibit 7: Relative valuation

Companies	Price (Rs)	Mcap (Rs bn)	Reco	TP (Rs)	P/E (x)			EV / EBITDA (x)			ROE (%)		
					FY19E	FY20E	FY21E	FY19E	FY20E	FY21E	FY19E	FY20E	FY21E
ITC	304	3,428	Sell	260	30.6	27.9	25.2	18.9	17.0	15.2	22.6	22.6	22.9
HUL	1,723	3,730	Buy	1,900	60.0	50.4	42.4	41.8	35.1	29.5	84.2	91.5	98.3
Dabur	383	676	Hold	415	44.4	40.5	35.1	38.6	33.3	28.7	26.8	27.0	26.2
Marico	355	458	Buy	400	48.4	38.1	32.3	34.7	27.2	23.1	35.3	39.6	40.2
Britannia	2,780	668	Hold	3,000	57.8	49.5	41.8	38.1	33.0	27.6	30.2	28.6	28.1
Colgate	1,182	321	Hold	1,240	42.8	37.2	32.2	25.2	22.1	19.2	49.7	54.4	55.2
Emami	383	174	Hold	450	31.4	27.4	23.6	21.9	18.9	16.1	17.4	19.7	22.0
GCPL	651	665	Hold	760	43.9	37.2	31.5	30.5	26.2	22.5	22.8	24.0	25.0
Nestle	10,590	1,021	Buy	11,100	59.3	51.3	43.6	37.6	32.3	27.7	48.5	51.3	54.2
United Spirits	543	395	Sell	530	55.4	47.7	38.7	32.5	28.2	23.6	25.2	23.2	22.7
United Breweries	1,415	374	Buy	1,635	60.3	49.7	41.1	30.4	25.7	21.6	20.9	20.8	20.7
Parag	238	20	Hold	285	17.2	15.3	12.7	9.1	8.1	6.9	15.2	14.8	15.5
Heritage	501	23	Buy	660	27.1	21.9	17.9	13.1	10.9	8.9	10.6	11.8	13.0
Asian Paints	1,442	1,383	Hold	1,300	61.7	51.0	43.3	38.0	31.2	26.5	25.3	27.3	28.7
Berger Paints	315	306	Hold	320	59.7	47.9	39.5	34.0	27.4	22.6	22.0	24.2	25.7
Pidilite	1,230	625	Hold	1,000	67.2	55.3	47.7	44.0	36.1	30.9	24.2	25.4	25.4

Source: Bloomberg, Emkay Research,

*Nestle estimates are for CY18-20

Key Financials (Consolidated)**Income Statement**

Y/E Mar (Rs mn)	FY17	FY18	FY19	FY20E	FY21E
Revenue	76,136	77,219	85,331	96,266	108,824
Expenditure	61,047	61,044	67,935	76,423	86,197
EBITDA	15,090	16,174	17,396	19,843	22,627
Depreciation	1,429	1,622	1,769	1,891	2,029
EBIT	13,661	14,553	15,627	17,952	20,598
Other Income	2,984	3,052	2,962	3,495	4,054
Interest expenses	540	531	596	450	450
PBT	16,104	17,074	17,993	20,996	24,202
Tax	3,303	3,354	2,786	4,304	4,961
Extraordinary Items	0	(145)	(753)	0	0
Minority Int./Income from Assoc.	31	2	10	(6)	(7)
Reported Net Income	12,770	13,577	14,463	16,698	19,248
Adjusted PAT	12,770	13,723	15,216	16,698	19,248

Balance Sheet

Y/E Mar (Rs mn)	FY17	FY18	FY19	FY20E	FY21E
Equity share capital	1,762	1,762	1,766	1,766	1,766
Reserves & surplus	46,713	55,304	54,551	65,402	78,272
Net worth	48,475	57,065	56,317	67,169	80,039
Minority Interest	248	265	314	314	314
Loan Funds	9,758	9,375	5,243	5,243	5,243
Net deferred tax liability	1,080	1,447	716	716	716
Total Liabilities	59,560	68,152	62,589	73,441	86,311
Net block	19,584	20,281	19,691	20,800	21,770
Investment	32,402	38,052	33,588	33,588	33,588
Current Assets	24,905	28,216	30,429	39,591	54,114
Cash & bank balance	3,048	3,061	3,282	14,305	25,731
Other Current Assets	413	4,728	4,479	409	409
Current liabilities & Provision	17,751	18,812	21,755	21,174	23,798
Net current assets	7,154	9,404	8,673	18,416	30,316
Misc. exp	0	0	0	0	0
Total Assets	59,560	68,152	62,589	73,441	86,311

Cash Flow

Y/E Mar (Rs mn)	FY17	FY18	FY19	FY20E	FY21E
PBT (Ex-Other income) (NI+Dep)	13,121	14,022	15,031	17,502	20,148
Other Non-Cash items	0	0	0	0	0
Chg in working cap	592	(1,871)	220	1,280	(473)
Operating Cashflow	15,331	13,858	17,048	20,319	21,254
Capital expenditure	(3,706)	(2,313)	(1,401)	(3,000)	(3,000)
Free Cash Flow	11,625	11,545	15,647	17,319	18,254
Investments	(6,100)	(5,650)	4,464	0	0
Other Investing Cash Flow	(2,984)	(3,052)	(2,962)	(3,495)	(4,054)
Investing Cashflow	(9,806)	(7,963)	3,063	(3,000)	(3,000)
Equity Capital Raised	3	0	5	0	0
Loans Taken / (Repaid)	1,836	(383)	(4,132)	0	0
Dividend paid (incl tax)	(4,770)	(4,770)	(15,944)	(5,846)	(6,378)
Other Financing Cash Flow	(1,203)	(199)	777	0	0
Financing Cashflow	(4,675)	(5,883)	(19,890)	(6,296)	(6,828)
Net chg in cash	850	12	221	11,023	11,427
Opening cash position	2,198	3,048	3,061	3,282	14,305
Closing cash position	3,048	3,060	3,282	14,305	25,731

Source: Company, Emkay Research

Key Ratios

Profitability (%)	FY17	FY18	FY19	FY20E	FY21E
EBITDA Margin	19.8	20.9	20.4	20.6	20.8
EBIT Margin	17.9	18.8	18.3	18.6	18.9
Effective Tax Rate	20.5	19.6	15.5	20.5	20.5
Net Margin	16.8	17.8	17.8	17.3	17.7
ROCE	30.2	27.6	28.4	31.5	30.9
ROE	28.3	26.0	26.8	27.0	26.2
RoIC	60.1	57.8	60.4	71.8	80.4

Per Share Data (Rs)	FY17	FY18	FY19	FY20E	FY21E
EPS	7.2	7.8	8.6	9.5	10.9
CEPS	8.1	8.7	9.6	10.5	12.0
BVPS	27.5	32.4	31.9	38.0	45.3
DPS	2.3	2.3	7.5	2.8	3.0

Valuations (x)	FY17	FY18	FY19	FY20E	FY21E
PER	52.8	49.1	44.4	40.5	35.1
P/CEPS	47.1	43.6	39.5	36.1	31.5
P/BV	13.9	11.8	12.0	10.1	8.4
EV / Sales	8.9	8.8	7.9	6.9	6.0
EV / EBITDA	44.6	41.6	38.6	33.3	28.7
Dividend Yield (%)	0.6	0.6	2.0	0.7	0.8

Gearing Ratio (x)	FY17	FY18	FY19	FY20E	FY21E
Net Debt/ Equity	0.0	0.0	(0.1)	(0.2)	(0.3)
Net Debt/EBIDTA	0.0	(0.1)	(0.3)	(0.8)	(1.2)
Working Cap Cycle (days)	19.7	30.0	23.1	15.6	15.4

Growth (%)	FY17	FY18	FY19	FY20E	FY21E
Revenue	(2.1)	1.4	10.5	12.8	13.0
EBITDA	(0.6)	7.2	7.6	14.1	14.0
EBIT	(1.4)	6.5	7.4	14.9	14.7
PAT	2.1	6.3	6.5	15.5	15.3

Quarterly (Rs mn)	Q4FY18	Q1FY19	Q2FY19	Q3FY19	Q4FY19
Revenue	20,329	20,807	21,250	21,992	21,282
EBITDA	4,852	3,861	4,508	4,454	4,572
EBITDA Margin (%)	23.9	18.6	21.2	20.3	21.5
PAT	3,972	3,300	3,776	3,672	3,715
EPS (Rs)	2.3	1.9	2.1	2.1	2.1

Source: Company, Emkay Research

Shareholding Pattern (%)	Mar-18	Jun-18	Sep-18	Dec-18	Mar-19
Promoters	68.1	67.9	67.9	67.9	67.9
FIs	17.2	17.7	18.2	18.2	18.2
DIs	8.6	8.1	6.9	6.9	6.7
Public and Others	6.2	6.4	7.1	7.0	7.2

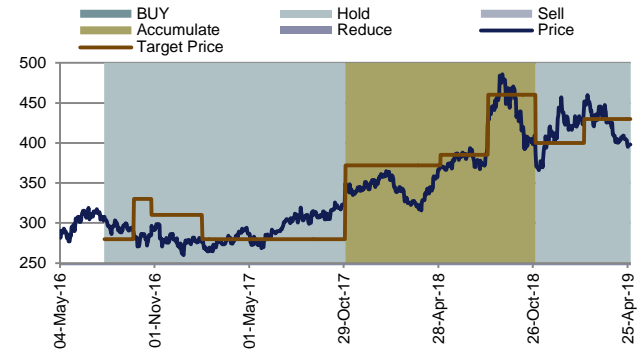
Source: Capitaline

RECOMMENDATION HISTORY TABLE

Date	Closing Price	TP	Period (months)	Rating	Analyst
09-Apr-19	404	430	12m	Hold	Ashit Desai
01-Feb-19	452	430	12m	Hold	Ashit Desai
31-Oct-18	385	400	12m	Hold	Ashit Desai
01-Aug-18	432	460	12m	Accumulate	Ashit Desai
02-May-18	372	385	12m	Accumulate	Ashit Desai
01-Nov-17	350	372	12m	Accumulate	Amit Purohit
04-Aug-17	307	280	12m	Hold	Amit Purohit
22-Jun-17	289	280	12m	Hold	Amit Purohit
02-May-17	285	280	12m	Hold	Amit Purohit
31-Jan-17	276	280	12m	Hold	Amit Purohit
26-Oct-16	297	310	12m	Hold	Amit Purohit
22-Sep-16	285	330	12m	Hold	Amit Purohit
28-Jul-16	308	280	12m	Hold	Prashant Kutty

Source: Company, Emkay Research

RECOMMENDATION HISTORY CHART



Source: Bloomberg, Company, Emkay Research

Note:

We have updated our Rating Distribution with effect from **March 20, 2019** – **Kindly refer the Disclaimer page**, however for our erstwhile recommendations till **March 19, 2019**, the rating distribution of the expected total return stands as (**Buy** – Over 25%, **Accumulate** – Over 10% , **Hold** – Upto 10%, **Reduce** – Below 10%, **Sell** – Underperforms the broad market indices or its related universe).

Emkay Alpha Portfolio – Consumer Goods & Retail



Analyst: Ashit Desai

Contact Details

ashit.desai@emkayglobal.com
+91 22 6612 1340

Sector

Consumer Goods & Retail

Analyst bio

Ashit Desai holds a PGDM and FRM (US GARP) with 12 years of research experience on the sell side. His team currently covers 24 stocks in the Indian Consumer and Retail space.

Exhibit 8: EAP sector portfolio

Company Name	EAP Weight	BSE200 Weight	OW/UW (%)	OW/UW (bps)	EAP Weight (Normalised)
Consumer Goods & Retail	12.12	12.12	0%	0	100.00
Asian Paints	0.85	1.08	-22%	-23	7.00
Berger Paints	0.42	0.13	229%	30	3.50
Britannia Industries	0.36	0.58	-37%	-21	3.00
Colgate-Palmolive	0.24	0.27	-9%	-2	2.00
Dabur India	0.37	0.37	0%	0	3.07
Emami	0.08	0.08	0%	0	0.65
Glaxosmithkline Consumer	0.24	0.14	73%	10	2.00
Godrej Consumer Products	0.24	0.41	-41%	-17	2.00
Heritage Foods	0.12	0.00	NA	12	1.00
Hindustan Unilever	2.06	2.06	0%	0	17.02
ITC	2.42	4.30	-44%	-188	20.00
Marico	0.85	0.31	177%	54	7.00
Nestle India	0.73	0.65	12%	8	6.00
Parag Milk Foods	0.00	0.00	NA	0	0.00
Pidilite Industries	0.24	0.31	-22%	-7	2.00
United Breweries	0.73	0.16	345%	56	6.00
United Spirits	0.00	0.00	NA	0	0.00
ABFRL	0.36	0.11	228%	25	3.00
Future Lifestyle	0.12	0.00	NA	12	1.00
Jubilant FoodWorks	0.70	0.16	333%	54	5.77
Page Industries	0.18	0.22	-16%	-3	1.50
Raymond	0.00	0.00	NA	0	0.00
Shoppers Stop	0.00	0.00	NA	0	0.00
Titan Company	0.79	0.79	0%	0	6.49
Cash	0.00	0.00	NA	0	0.01

Source: Emkay Research

* Not under coverage: Equal Weight

■ High Conviction/Strong Over Weight ■ High Conviction/Strong Under Weight

Exhibit 9: Sector portfolio NAV

	Base	Current	3m	6m	12m
	1-Apr-19	30-Apr-19			
EAP - Consumer Goods & Retail	100.0	99.7			
BSE200 Equal Weighted Portfolio (ETF)	100.0	99.9			

*Performance measurement base date 1st April 2019

Source: Emkay Research

- We have increased overweight position on Jubilant Foodworks by 23bps due to the recent price correction

Emkay Rating Distribution

Ratings	Expected Return within the next 12-18 months.
BUY	Over 15%
HOLD	Between -5% to 15%
SELL	Below -5%

Completed Date: 03 May 2019 01:24:23 (SGT)

Dissemination Date: 03 May 2019 01:25:23 (SGT)

Sources for all charts and tables are Emkay Research unless otherwise specified.

GENERAL DISCLOSURE/DISCLAIMER BY EMKAY GLOBAL FINANCIAL SERVICES LIMITED (EGFSL):

Emkay Global Financial Services Limited (CIN-L67120MH1995PLC084899) and its affiliates are a full-service, brokerage, investment banking, investment management and financing group. Emkay Global Financial Services Limited (EGFSL) along with its affiliates are participants in virtually all securities trading markets in India. EGFSL was established in 1995 and is one of India's leading brokerage and distribution house. EGFSL is a corporate trading member of Bombay Stock Exchange Limited (BSE), National Stock Exchange of India Limited (NSE), MCX Stock Exchange Limited (MCX-SX). EGFSL along with its subsidiaries offers the most comprehensive avenues for investments and is engaged in the businesses including stock broking (Institutional and retail), merchant banking, commodity broking, depository participant, portfolio management, insurance broking and services rendered in connection with distribution of primary market issues and financial products like mutual funds, fixed deposits. Details of associates are available on our website i.e. www.emkayglobal.com

EGFSL is registered as Research Analyst with SEBI bearing registration Number INH000000354 as per SEBI (Research Analysts) Regulations, 2014. EGFSL hereby declares that it has not defaulted with any stock exchange nor its activities were suspended by any stock exchange with whom it is registered in last five years, except that NSE had disabled EGFSL from trading on October 05, October 08 and October 09, 2012 for a manifest error resulting into a bonafide erroneous trade on October 05, 2012. However, SEBI and Stock Exchanges have conducted the routine inspection and based on their observations have issued advice letters or levied minor penalty on EGFSL for certain operational deviations in ordinary/routine course of business. EGFSL has not been debarred from doing business by any Stock Exchange / SEBI or any other authorities; nor has its certificate of registration been cancelled by SEBI at any point of time.

EGFSL offers research services to clients as well as prospects. The analyst 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.

Other disclosures by Emkay Global Financial Services Limited (Research Entity) and its Research Analyst under SEBI (Research Analyst) Regulations, 2014 with reference to the subject company(s) covered in this report

EGFSL and/or its affiliates may seek investment banking or other business from the company or companies that are the subject of this material. Our salespeople, 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 may be 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 including but not limited to those stated herein. Additionally, other important information regarding our relationships with the company or companies that are the subject of this material is provided herein. This report is not directed to, 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 or regulation or which would subject EGFSL or its group companies to any registration or licensing requirement within such jurisdiction. Specifically, this document does not constitute an offer to or solicitation to any U.S. person for the purchase or sale of any financial instrument or as an official confirmation of any transaction to any U.S. person. Unless otherwise stated, this message should not be construed as official confirmation of any transaction. No part of this document may be used by private customers in United Kingdom. All material presented in this report, unless specifically indicated otherwise, is under copyright to Emkay. None of the material, nor its content, nor any copy of it, may be altered in any way, transmitted to, copied or distributed to any other party, without the prior express written permission of EGFSL. All trademarks, service marks and logos used in this report are trademarks or registered trademarks of EGFSL or its Group Companies. The information contained herein is not intended for publication or distribution or circulation in any manner whatsoever and any unauthorized reading, dissemination, distribution or copying of this communication is prohibited unless otherwise expressly authorized. Please ensure that you have read "Risk Disclosure Document for Capital Market and Derivatives Segments" as prescribed by Securities and Exchange Board of India before investing in Indian Securities Market. In so far as this report includes current or historic information, it is believed to be reliable, although its accuracy and completeness cannot be guaranteed.

- This publication has not been reviewed or authorized by any regulatory authority. There is no planned schedule or frequency for updating research publication relating to any issuer.
- Please contact the primary analyst for valuation methodologies and assumptions associated with the covered companies or price targets

Disclaimer for U.S. persons only: This research report is a product of Emkay Global Financial Services Limited (Emkay), 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 Financial Institutions Regulatory Authority (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 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.

GENERAL DISCLOSURE/DISCLAIMER BY DBS BANK LTD AS DISTRIBUTOR OF THE RESEARCH REPORT

This report is solely intended for the clients of DBS Bank Ltd, its respective connected and associated corporations and affiliates only and no part of this document may be (i) copied, photocopied or duplicated in any form or by any means or (ii) redistributed without the prior written consent of DBS Bank Ltd.

The research set out in this report is based on information obtained from sources believed to be reliable, but we (which collectively refers to DBS Bank Ltd, its respective connected and associated corporations, affiliates and their respective directors, officers, employees and agents (collectively, the "DBS Group") have not conducted due diligence on any of the companies, verified any information or sources or taken into account any other factors which we may consider to be relevant or appropriate in preparing the research. Accordingly, we do not make any representation or warranty as to the accuracy, completeness or correctness of the research set out in this report. Opinions expressed are subject to change without notice. This research is prepared for general circulation. Any recommendation contained in this document does not have regard to the specific investment objectives, financial situation and the particular needs of any specific addressee. This document is for the information of addressees only and is not to be taken in substitution for the exercise of judgement by addressees, who should obtain separate independent legal or financial advice. The DBS Group accepts no liability whatsoever for any direct, indirect and/or consequential loss (including any claims for loss of profit) arising from any use of and/or reliance upon this document and/or further communication given in relation to this document. This document is not to be construed as an offer or a solicitation of an offer to buy or sell any securities. The DBS Group, along with its affiliates and/or persons associated with any of them may from time to time have interests in the securities mentioned in this document. The DBS Group, may have positions in, and may effect transactions in securities mentioned herein and may also perform or seek to perform broking, investment banking and other banking services for these companies. Any valuations, opinions, estimates, forecasts, ratings or risk assessments herein constitutes a judgment as of the date of this report, and there can be no assurance that future results or events will be consistent with any such valuations, opinions, estimates, forecasts, ratings or risk assessments. The information in this document is subject to change without notice, its accuracy is not guaranteed, it may be incomplete or condensed, it may not contain all material information concerning the company (or companies) referred to in this report and the DBS Group is under no obligation to update the information in this report. This publication has not been reviewed or authorized by any regulatory authority in Singapore, Hong Kong or elsewhere. There is no planned schedule or frequency for updating research publication relating to any issuer.

The valuations, opinions, estimates, forecasts, ratings or risk assessments described in this report were based upon a number of estimates and assumptions and are inherently subject to significant uncertainties and contingencies. It can be expected that one or more of the estimates on which the valuations, opinions, estimates, forecasts, ratings or risk assessments were based will not materialize or will vary significantly from actual results. Therefore, the inclusion of the valuations, opinions, estimates, forecasts, ratings or risk assessments described herein IS NOT TO BE RELIED UPON as a representation and/or warranty by the DBS Group (and/or any persons associated with the aforesaid entities), that: (a) such valuations, opinions, estimates, forecasts, ratings or risk assessments or their underlying assumptions will be achieved, and (b) there is any assurance that future results or events will be consistent with any such valuations, opinions, estimates, forecasts, ratings or risk assessments stated therein. Please contact the primary analyst for valuation methodologies and assumptions associated with the covered companies or price targets. Any assumptions made in this report that refers to commodities, are for the purposes of making forecasts for the company (or companies) mentioned herein. They are not to be construed as recommendations to trade in the physical commodity or in the futures contract relating to the commodity referred to in this report.

DBSVUSA, a US-registered broker-dealer, does not have its own investment banking or research department, has not participated in any public offering of securities as a manager or co-manager or in any other investment banking transaction in the past twelve months and does not engage in market-making.

ANALYST CERTIFICATION BY EMKAY GLOBAL FINANCIAL SERVICES LIMITED (EGFSL)

The research analyst(s) primarily responsible for the content of this research report, in part or in whole, certifies that the views about the companies and their securities expressed in this report accurately reflect his/her personal views. The analyst(s) also certifies that no part of his/her compensation was, is, or will be, directly or indirectly, related to specific recommendations or views expressed in the report. The research analyst (s) primarily responsible of the content of this research report, in part or in whole, certifies that he or his associate¹ does not serve as an officer, director or employee of the issuer or the new listing applicant (which includes in the case of a real estate investment trust, an officer of the management company of the real estate investment trust; and in the case of any other entity, an officer or its equivalent counterparty of the entity who is responsible for the management of the issuer or the new listing applicant). The research analyst(s) primarily responsible for the content of this research report or his associate does not have financial interests² in relation to an issuer or a new listing applicant that the analyst reviews. EGFSL has procedures in place to eliminate, avoid and manage any potential conflicts of interests that may arise in connection with the production of research reports. The research analyst(s) responsible for this report operates as part of a separate and independent team to the investment banking function of the EGFSL and procedures are in place to ensure that confidential information held by either the research or investment banking function is handled appropriately. There is no direct link of EGFSL compensation to any specific investment banking function of the EGFSL.

¹ An associate is defined as (i) the spouse, or any minor child (natural or adopted) or minor step-child, of the analyst; (ii) the trustee of a trust of which the analyst, his spouse, minor child (natural or adopted) or minor step-child, is a beneficiary or discretionary object; or (iii) another person accustomed or obliged to act in accordance with the directions or instructions of the analyst.

² Financial interest is defined as interest that are commonly known financial interest, such as investment in the securities in respect of an issuer or a new listing applicant, or financial accommodation arrangement between the issuer or the new listing applicant and the firm or analysis. This term does not include commercial lending conducted at the arm's length, or investments in any collective investment scheme other than an issuer or new listing applicant notwithstanding the fact that the scheme has investments in securities in respect of an issuer or a new listing applicant.

COMPANY-SPECIFIC / REGULATORY DISCLOSURES BY EMKAY GLOBAL FINANCIAL SERVICES LIMITED (EGFSL):

Disclosures by Emkay Global Financial Services Limited (Research Entity) and its Research Analyst under SEBI (Research Analyst) Regulations, 2014 with reference to the subject company(s) covered in this report:-

1. EGFSL, its subsidiaries and/or other affiliates do not have a proprietary position in the securities recommended in this report as of May 2, 2019
 2. EGFSL, and/or Research Analyst does not market make in equity securities of the issuer(s) or company(ies) mentioned in this Research Report
- Disclosure of previous investment recommendation produced:**
3. EGFSL may have published other investment recommendations in respect of the same securities / instruments recommended in this research report during the preceding 12 months. Please contact the primary analyst listed in the first page of this report to view previous investment recommendations published by EGFSL in the preceding 12 months.
 4. EGFSL, its subsidiaries and/or other affiliates and Research Analyst or his/her relative's does not have any material conflict of interest in the securities recommended in this report as of May 2, 2019.
 5. EGFSL, its subsidiaries and/or other affiliates and Research Analyst or his/her relative's does not have actual/beneficial ownership of 1% or more securities of the subject company at the end of the month immediately preceding the May 2, 2019
 6. EGFSL, its subsidiaries and/or other affiliates and Research Analyst have not received any compensation in whatever form including compensation for investment banking or merchant banking or brokerage services or for products or services other than investment banking or merchant banking or brokerage services from securities recommended in this report (subject company) in the past 12 months.
 7. EGFSL, its subsidiaries and/or other affiliates and/or and Research Analyst have not received any compensation or other benefits from securities recommended in this report (subject company) or third party in connection with the research report.
 8. Securities recommended in this report (Subject Company) has not been client of EGFSL, its subsidiaries and/or other affiliates and/or and Research Analyst during twelve months preceding the May 2, 2019

COMPANY-SPECIFIC / REGULATORY DISCLOSURES BY DBS BANK LTD AS DISTRIBUTOR OF THE RESEARCH REPORT

1. DBS Bank Ltd., DBS HK, DBS Vickers Securities (Singapore) Pte Ltd ("DBSVS") or their subsidiaries and/or other affiliates do not have a proprietary position in the securities recommended in this report as of 30 Apr 2018.
2. Neither DBS Bank Ltd nor DBS HK market makes in equity securities of the issuer(s) or company(ies) mentioned in this Research Report.

Compensation for investment banking services:

3. DBSVUSA, does not have its own investment banking or research department, nor has it participated in any public offering of securities as a manager or co-manager or in any other investment banking transaction in the past twelve months. Any US persons wishing to obtain further information, including any clarification on disclosures in this disclaimer, or to effect a transaction in any security discussed in this document should contact DBSVUSA exclusively.

Disclosure of previous investment recommendation produced:

4. DBS Bank Ltd. DBS Vickers Securities (Singapore) Pte Ltd ("DBSVS"), their subsidiaries and/or other affiliates may have published other investment recommendations in respect of the same securities / instruments recommended in this research report during the preceding 12 months. Please contact the primary analyst listed in the first page of this report to view previous investment recommendations published by DBS Bank Ltd. DBS Vickers Securities (Singapore) Pte Ltd ("DBSVS"), their subsidiaries and/or other affiliates in the preceding 12 months.

RESTRICTIONS ON DISTRIBUTION

General	This report is not directed to, 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 or regulation.
Australia	This report is not for distribution into Australia.
Hong Kong	This report is not for distribution into Hong Kong.
Indonesia	This report is being distributed in Indonesia by PT DBS Vickers Sekuritas Indonesia.
Malaysia	This report is not for distribution into Malaysia.
Singapore	This report is distributed in Singapore by DBS Bank Ltd (Company Regn. No. 16800306E) or DBSVS (Company Regn. No. 1860024G) both of which are Exempt Financial Advisers as defined in the Financial Advisers Act and regulated by the Monetary Authority of Singapore. DBS Bank Ltd and/or DBSVS, may distribute reports produced by its respective foreign entities, affiliates or other foreign research houses pursuant to an agreement under Regulation 32C of the financial Advisers Regulations. Singapore recipients should contact DBS Bank Ltd at 6327 2288 for matters arising from, or in connection with the report.
Thailand	This report is being distributed in Thailand by DBS Vickers Securities (Thailand) Co Ltd.
United Kingdom	This report is disseminated in the United Kingdom by DBS Vickers Securities (UK) Ltd, ("DBSVUK"). DBSVUK is authorised and regulated by the Financial Conduct Authority in the United Kingdom. In respect of the United Kingdom, this report is solely intended for the clients of DBSVUK, its respective connected and associated corporations and affiliates only and no part of this document may be (i) copied, photocopied or duplicated in any form or by any means or (ii) redistributed without the prior written consent of DBSVUK. This communication is directed at persons having professional experience in matters relating to investments. Any investment activity following from this communication will only be engaged in with such persons. Persons who do not have professional experience in matters relating to investments should not rely on this communication.
Dubai International Financial Centre	This research report is being distributed by DBS Bank Ltd., (DIFC Branch) having its office at units 608-610, 6 th Floor, Gate Precinct Building 5, PO Box 506538, Dubai International Financial Centre (DIFC), Dubai, United Arab Emirates. DBS Bank Ltd., (DIFC Branch) is regulated by The Dubai Financial Services Authority. This research report is intended only for professional clients (as defined in the DFSA rulebook) and no other person may act upon it.
United Arab Emirates	This report is provided by DBS Bank Ltd (Company Regn. No. 196800306E) which is an Exempt Financial Adviser as defined in the Financial Advisers Act and regulated by the Monetary Authority of Singapore. This report is for information purposes only and should not be relied upon or acted on by the recipient or considered as a solicitation or inducement to buy or sell any financial product. It does not constitute a personal recommendation or take into account the particular investment objectives, financial situation, or needs of individual clients. You should contact your relationship manager or investment adviser if you need advice on the merits of buying, selling or holding a particular investment. You should note that the information in this report may be out of date and it is not represented or warranted to be accurate, timely or complete. This report or any portion thereof may not be reprinted, sold or redistributed without our written consent.
United States	DBSVUSA did not participate in its preparation. The research analyst(s) named on this report are not registered as research analysts with FINRA and are not associated persons of DBSVUSA. The research analyst(s) are not subject to FINRA Rule 2241 restrictions on analyst compensation, communications with a subject company, public appearances and trading securities held by a research analyst. This report is being distributed in the United States by DBSVUSA, which accepts responsibility for its contents. This report may only be distributed to Major U.S. Institutional Investors (as defined in SEC Rule 15a-6) and to such other institutional investors and qualified persons as DBSVUSA may authorize. Any U.S. person receiving this report who wishes to effect transactions in any securities referred to herein should contact DBSVUSA directly and not its affiliate.
Other jurisdictions	In any other jurisdictions, except if otherwise restricted by laws or regulations, this report is intended only for qualified, professional, institutional or sophisticated investors as defined in the laws and regulations of such jurisdictions.

Emkay Global Financial Services Ltd.

CIN - L67120MH1995PLC084899

7th Floor, The Ruby, Senapati Bapat Marg, Dadar - West, Mumbai - 400028. India

Tel: +91 22 66121212 Fax: +91 22 66121299 Web: www.emkayglobal.com

SINGAPORE**DBS Bank Ltd**

Contact: Janice Chua
12 Marina Boulevard, Marina Bay Financial Centre Tower 3
Singapore 018982
Tel. 65-6878 8888
Fax: 65 65353 418
e-mail: equityresearch@dbs.com
Company Regn. No. 196800306E

THAILAND**DBS Vickers Securities (Thailand) Co Ltd**

Contact: Chanpen Sirithanarattanakul
989 Siam Piwat Tower Building,
9th, 14th-15th Floor
Rama 1 Road, Pathumwan,
Nagkok Thailand 10330
Tel. 66 2 857 7831
Fax: 66 2 658 1269
e-mail: research@th.dbs.com
Company Regn. No 0105539127012
Securities and Exchange Commission, Thailand

INDONESIA**PT DBS Vickers Sekuritas (Indonesia)**

Contact: Maynard Priajaya Arif
DBS Bank Tower
Ciputra World 1, 32/F
Jl. Prof. Dr. Satrio Kav. 3-5
Jakarta 12940, Indonesia
Tel. 62 21 3003 4900
Fax: 62 21 3003 4943
e-mail: research@id.dbsvickers.com



Ashit Desai
ashit.desai@emkayglobal.com
+91 22 66121340