

# Coromandel International

Refer to important disclosures at the end of this report

## Realization improvement to offset margin pressure; maintain Buy

- Consolidated revenue increased 11.5% yoy to Rs30.5bn and was above our and consensus estimates. EBITDA margins contracted by 200bps yoy to 10% vs. Emkay estimate of 11.7% due to a rise in raw material prices, delay in pricing increase, and INR depreciation.
- Fertilizer EBIT decreased 8.7% yoy to Rs2.4bn, with EBIT margins of 9.2% (down 210bps yoy). However, EBIT/MT increased to Rs2,344/MT in Q3FY19 vs. Rs2,233/MT in Q3FY18. Fertilizer segment realization increased 28.8% yoy to Rs25,446/MT.
- The crop protection segment reported revenue growth of 3.1% yoy to Rs4.5bn. However, margins contracted 77bps yoy to 15.7%, resulting in a 1.7% yoy decline in EBIT to Rs699mn.
- Initiatives to increase the contribution of unique grades in the Fertilizer segment and new product launches in domestic along with capacity expansion in the agrochemical market look positive. We maintain Buy with a TP of Rs569 (17x FY21E EPS of Rs33.4).

### Price hike to partially absorb margin pressure...

- The company posted revenue growth of 11.5% yoy to Rs30.5bn, which came in ahead of our estimate (Rs28.6bn). The Fertilizer segment's revenue grew 12.1% yoy to Rs26.2bn (vs. our estimate of Rs24.6bn), driven by a 28.8% rise in realization, partially offset by a 13.0% decline in volumes. The improvement in realization was largely due to an increase in contribution from NPK and SSP coupled with a significant decline in the revenue contribution from Urea (yoy). The Crop protection segment reported a 3.1% yoy increase in revenues to Rs 4.5bn, broadly in line with our estimate of Rs4.3bn.
- Fertilizer EBIT declined 8.4% yoy to Rs2.77bn, with EBIT margins of 9.2%, down 209bps yoy and below our estimate of Rs3.08bn. However, EBIT/MT increased to Rs2,344/MT in Q3FY19 vs. Rs2,233/MT in Q3FY18. Consolidated EBITDA margins decreased by 200bps yoy to 10.0% and were lower than our estimate of 11.7%. Consolidated EBITDA decreased 7.2% yoy to Rs3.03bn and was below our and consensus estimates.
- Higher tax rate at 34.9% vs. 33.7% in Q3FY18 led to a 14.5% yoy decline in consolidated APAT to Rs1.54bn, which was below our (Rs1.79bn) and consensus estimate (Rs1.66bn). The price hike in NPK (effective November 1, 2018) to the tune of 10-15% along with price pass-on in crop chemicals should partially offset the margin pressure going forward.

### Outlook remains positive; maintain Buy

The concerns about gross margins are addressed to an extent by consecutive price hikes in the Fertilizer segment. In crop protection, five new product launches should drive growth momentum in the domestic market. Mancozeb capacity expansion should bode well for crop protection export volumes in FY20/21E. We maintain Buy with a TP of Rs569 (17x FY21E EPS of Rs33.4).

### Financial Snapshot (Consolidated)

(Rs mn)	FY17	FY18	FY19E	FY20E	FY21E
Net Sales	1,00,308	1,09,467	1,35,955	1,47,835	1,59,028
EBITDA	9,827	12,269	14,463	15,727	16,917
EBITDA Margin (%)	9.8	11.2	10.6	10.6	10.6
APAT	4,770	6,636	7,514	8,588	9,732
EPS (Rs)	16.4	22.7	25.7	29.4	33.3
EPS (% chg)	33.3	38.8	13.2	14.3	13.3
ROE (%)	17.3	22.1	21.9	21.0	20.0
P/E (x)	26.6	19.2	17.0	14.8	13.1
EV/EBITDA (x)	15.1	12.2	10.3	9.3	8.4
P/BV (x)	4.4	4.1	3.4	2.9	2.4

Source: Company, Emkay Research

<b>CMP</b> Rs 436 as of (January 22, 2019)	<b>Target Price</b> Rs 569 (■) 12 months
<b>Rating</b> BUY (■)	<b>Upside</b> 30.6 %

### Change in Estimates

EPS Chg FY19E/FY20E (%)	0.8/0.2
Target Price change (%)	NA
Target Period (Months)	12
Previous Reco	BUY

### Emkay vs Consensus

	EPS Estimates	
	FY19E	FY20E
Emkay	25.7	29.4
Consensus	25.0	29.5
Mean Consensus TP (12M)	Rs 520	

### Stock Details

Bloomberg Code	CRIN IN
Face Value (Rs)	1
Shares outstanding (mn)	292
52 Week H/L	580 / 339
M Cap (Rs bn/USD bn)	127 / 1.78
Daily Avg Volume (nos.)	1,22,827
Daily Avg Turnover (US\$ mn)	0.7

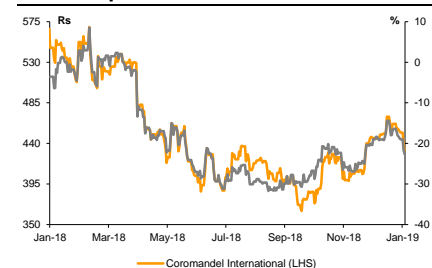
### Shareholding Pattern Dec '18

Promoters	61.8%
FIIIs	3.6%
DIIIs	13.6%
Public and Others	21.0%

### Price Performance

(%)	1M	3M	6M	12M
<b>Absolute</b>	(2)	17	12	(24)
<b>Rel. to Nifty</b>	(4)	9	13	(24)

### 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:

#### Amar Mourya

amar.mourya@emkayglobal.com  
+91 22 6624 2425

#### Himanshu Binani

himanshu.binani@emkayglobal.com  
+91 22 6612 1474

**Exhibit 1: Actual vs. Estimates (Q3FY19)**

(Rs mn)	Actual	Estimate		% Variation		Comment
		Emkay	Consensus	Emkay	Consensus	
Net Sales	30,495	28,608	30,927	6.6	-1.4	Ahead of estimates led by better realization in fertilizer segment
EBITDA	3,039	3,343	3,179	-9.1	-4.4	EBITDA and margin below estimates due to increase in RM cost in fertilizer segment
EBITDA %	10	12	10	-170bps	-30bps	
APAT	1,365	1,794	1,666	-23.9	-18.1	Below estimates due to lower EBITDA base and higher tax expenses

Source: Company, Emkay Research, Bloomberg

**Exhibit 2: Key Assumptions**

Parameter	FY18	FY19E	FY20E	FY21E
Total Fertiliser Sales Volumes (mn MT)	4.43	4.57	4.78	4.98
Avg Realization (Rs/MT)	21,684	25,848	26,623	27,156
Non Fertiliser Revenue Growth	10%	14%	15%	15%
Non Fertiliser EBIT Margin (%)	16.3	16.1	16.0	16.0

Source: Company, Emkay Research

**Exhibit 3: Change in estimates**

All figures in Rs mn (ex Margin/EPS)	FY19E			FY20E			FY21E
	Old	New	% Change	Old	New	% Change	New
Revenues	1,35,945	1,35,955	0.0	1,44,797	1,47,835	2.1	1,59,028
EBITDA	14,463	14,463	0.0	14,894	16,022	7.6	17,235
EBITDA margins %	10.6	10.6	0.0	10.3	10.8	5.4	10.8
Net profits	7,455	7,514	0.8	8,782	8,787	0.1	9,760
EPS	25.5	25.7	0.8	30.0	30.1	0.2	33

Source: Company, Emkay Research

**Exhibit 4: Quarterly Performance**

Rs Mn	Q3FY18	Q2FY19	Q3FY19	YoY (%)	QoQ (%)	9MFY18	9MFY19	YoY %
Revenue	27,349	50,083	30,495	11.5	-39.1	86,438	1,05,862	22.5
Operating Expenditure	19,007	36,369	21,300	12.1	(41.4)	59,317	74,869	26.2
Gross Profit	8,342	13,714	9,195	10.2	-32.9	27,121	30,994	14.3
as % of sales	30.5	27.4	30.2			31.4	29.3	
SG&A expenses	5,068	7,051	6,156	21.5	-12.7	16,392	19,156	16.9
as % of sales	18.5	14.1	20.2			19.0	18.1	
EBITDA	3,274	6,663	3,039	-7.2	(54.4)	10,728	11,838	10.3
Depreciation	252	263	269	7.0	2.5	750	788	5.0
EBIT	3,022	6,400	2,770	-8.4	(56.7)	9,979	11,051	10.7
Other Income	125	98	98	(21.5)	0.2	430	285	-33.7
Interest Expenses	422	696	514	21.6	(26.2)	1,277	1,854	45.2
PBT	2,725	5,802	2,354	-13.6	-59.4	9,131	9,481	3.8
Total Tax	919	1,944	821	-10.7	-57.8	3,086	3,188	3.3
Adjusted PAT	1,806	3,858	1,534	-15.1	(60.2)	6,045	6,293	4.1
(Profit)/Loss from JV/Ass/MI	1	5	-14	NA	(393.6)	1	-9	
APAT after MI	1,805	3,853	1,547	-14.3	(59.8)	6,045	6,302	4.3
Extra ordinary items	-	197	4			-	201	
Reported PAT	1,805	3,656	1,543	-14.5	(57.8)	6,045	6,101	0.9
Reported EPS	6.2	12.5	5.3	-14.5	(57.8)	20.8	20.9	0.9

Margins (%)				(bps)	(bps)			(bps)
EBITDA	12.0	13.3	10.0	-200	-334	12.4	11.2	-123
EBIT	11.1	12.8	9.1	-197	-370	11.5	10.4	-111
EBT	10.0	11.6	7.7	-224	-386	10.6	9.0	-161
PAT	6.6	7.3	5.1	-154	-224	7.0	5.8	-123
Effective Tax Rate	33.7	33.5	34.9	112	135	33.8	33.6	-17

**Segment Revenue**

Nutrient and Other Allied Business	23,386	44,734	26,209	12.1	(41.4)	75,401	92,246	22.3
Crop Protection	4,329	5,704	4,464	3.1	(21.7)	13,035	14,390	10.4

**Segment Results (EBIT)**

Nutrient and Other Allied Business	2,643	5,669	2,414	-8.7	(57.4)	8,679	9,799	12.9
Crop Protection	711	1,051	699	-1.7	(33.5)	2,266	2,321	2.5

**Segment EBIT Margins**

				(bps)	(bps)			(bps)
Nutrient and Other Allied Business	11.3	12.7	9.2	-209	-346	11.5	10.6	-89
Crop Protection	16.4	18.4	15.7	-77	-276	17.4	16.1	-125

Source: Company, Emkay Research

## Conference Call Highlights

### Industry sales volume down 20% yoy to 3.9mn mt

For YTD FY19, industry-wide sales of total complex fertilizers were down 20% yoy to 3.9mn mt, compared with 4.8mn mt in the same period last year. This was due to a significant decline in sales of indigenous DAP (-53% yoy) and NPK (-21% yoy) along with traded fertilizers (MoP -32% yoy; SSP -19% yoy). Sales of imported DAP and NPK rose sharply by 395% yoy and 33% yoy, respectively.

### Manufactured sales volume down 15%; overall Phos sales volume down 4%

Coromandel's total Phos Fertilizer volume decline 4% yoy to 0.59mn MT, led by lower sales of unique grades which registered 9.5% decline yoy. The share of unique grades decreased from 41% in Q3FY18 to 39% in Q3FY19. Manufactured Fertilizers volume decreased 15% yoy to 0.52mn MT. However, traded DAP volume stood at 70,000 MT. MOP volume stood at 40,000 MT vs 30,000 last year. SSP market share stood at 14% (13% in Q3FY18) with volume growth remaining flat at 0.15mn MT. New products launched in the segment are doing well.

For 9MFY19, phosphatic volumes were down 12% yoy, led by a 5% decline in the unique grades to 0.84mn mt. However, the share of unique grade to the overall fertilizer stood at 39% vs. 36%, with a marginal increase in the overall market share from 16% to 17%. In 9MFY19, manufactured fertilizers stood at 2.11mn MT, with 0.46mn MT of DAP and 1.64mn MT of NPK. The capacity utilization for 9MFY19 stood at 88%.

### New patented combination molecule launched, a few more unique products to be launched in the coming quarters

The Crop Protection segment's revenue increased 3.1% yoy to Rs4.4bn, driven by export markets, partially offset by a decline in the domestic segment. EBIT margin contracted by 77bps yoy to 15.7%, primarily due to an increase in RM costs of key products and an inability to take further price hikes. Management cited that prices of key RMs have started to show some signs of revival and the margins should improve in the coming quarters, with overall raw material availability showing signs of improvement. The company launched in-house patented combination product for mancozeb, which is Coromandel's key product. The company expects to launch a few more differentiated molecules in the coming quarters. Five new products are likely add nearly Rs900mn to the FY19 revenue.

The revenue breakdown between subsidy and non-subsidy business for Q3FY19 stood at 78%-22%, while at the EBITDA level, the ratio was 60%-40%. For Q3FY18, the revenue breakdown stood at 74%-26%, while at the EBITDA level, the ratio was 60%-40%.

### Subsidy outstanding at Rs20.2bn in Dec'18 vs. Rs22.7bn last year

Outstanding subsidy decreased by Rs2.5bn yoy to Rs20.2bn from Rs22.7bn in Q3FY18. The company has received Rs12.69bn toward subsidy vs. Rs3.34bn in the same period last year. The company has also received subsidy claims of Rs6.48bn under DBT. Management has indicated that claims under DBT are being received within 3-4 weeks, provided all sales have been recorded via the POS machines. During the quarter, the company has claimed total subsidies of Rs11bn, which includes the Rs5.0bn subsidy of pre-DBT.

### 10,000MT Mancozeb facility commissioned at Dahej

The company has successfully added another 10,000MT capacity in Mancozeb segment taking the total installed capacity to 45,000MT. It has good market for Mancozeb in South-east Asia, Africa and Central America and is looking to explore more in Brazil, which is the biggest market for UPL and DoW.

**Key Financials (Consolidated)****Income Statement**

Y/E Mar (Rs mn)	FY17	FY18	FY19E	FY20E	FY21E
<b>Net Sales</b>	<b>1,00,308</b>	<b>1,09,467</b>	<b>1,35,955</b>	<b>1,47,835</b>	<b>1,59,028</b>
<b>Expenditure</b>	<b>90,481</b>	<b>97,198</b>	<b>1,21,492</b>	<b>1,32,108</b>	<b>1,42,110</b>
<b>EBITDA</b>	<b>9,827</b>	<b>12,269</b>	<b>14,463</b>	<b>15,727</b>	<b>16,917</b>
Depreciation	1,007	976	1,014	1,191	1,267
<b>EBIT</b>	<b>8,820</b>	<b>11,293</b>	<b>13,449</b>	<b>14,535</b>	<b>15,650</b>
Other Income	541	578	230	382	383
Interest expenses	2,238	1,783	2,374	2,156	1,721
<b>PBT</b>	<b>7,123</b>	<b>10,088</b>	<b>11,305</b>	<b>12,761</b>	<b>14,312</b>
Tax	2,353	3,452	3,792	4,173	4,580
Extraordinary Items	(17)	24	0	0	0
Minority Int./Income from Assoc.	0	0	0	0	0
<b>Reported Net Income</b>	<b>4,753</b>	<b>6,661</b>	<b>7,514</b>	<b>8,588</b>	<b>9,732</b>
<b>Adjusted PAT</b>	<b>4,770</b>	<b>6,636</b>	<b>7,514</b>	<b>8,588</b>	<b>9,732</b>

**Balance Sheet**

Y/E Mar (Rs mn)	FY17	FY18	FY19E	FY20E	FY21E
Equity share capital	292	292	292	292	292
Reserves & surplus	28,616	30,966	37,203	43,914	52,768
<b>Net worth</b>	<b>28,908</b>	<b>31,259</b>	<b>37,495</b>	<b>44,206</b>	<b>53,061</b>
<b>Minority Interest</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>
<b>Loan Funds</b>	<b>22,540</b>	<b>27,539</b>	<b>27,539</b>	<b>22,539</b>	<b>17,539</b>
Net deferred tax liability	0	0	0	0	0
<b>Total Liabilities</b>	<b>51,448</b>	<b>58,797</b>	<b>65,034</b>	<b>66,745</b>	<b>70,600</b>
<b>Net block</b>	<b>13,495</b>	<b>13,514</b>	<b>15,000</b>	<b>14,684</b>	<b>15,292</b>
<b>Investment</b>	<b>4,590</b>	<b>3,110</b>	<b>2,710</b>	<b>1,710</b>	<b>1,710</b>
<b>Current Assets</b>	<b>68,366</b>	<b>80,649</b>	<b>94,722</b>	<b>1,00,818</b>	<b>1,07,323</b>
Cash & bank balance	1,678	5,508	5,683	3,999	3,174
Other Current Assets	0	0	0	0	0
<b>Current liabilities &amp; Provision</b>	<b>35,002</b>	<b>38,475</b>	<b>47,398</b>	<b>50,467</b>	<b>53,726</b>
<b>Net current assets</b>	<b>33,363</b>	<b>42,173</b>	<b>47,324</b>	<b>50,351</b>	<b>53,598</b>
Misc. exp	0	0	0	0	0
<b>Total Assets</b>	<b>51,448</b>	<b>58,797</b>	<b>65,034</b>	<b>66,745</b>	<b>70,600</b>

**Cash Flow**

Y/E Mar (Rs mn)	FY17	FY18	FY19E	FY20E	FY21E
<b>PBT (Ex-Other income) (NI+Dep)</b>	<b>6,582</b>	<b>9,510</b>	<b>11,075</b>	<b>12,379</b>	<b>13,929</b>
Other Non-Cash items	0	0	0	0	0
Chg in working cap	399	(4,980)	(4,975)	(4,711)	(4,072)
<b>Operating Cashflow</b>	<b>4,209</b>	<b>(2,318)</b>	<b>3,552</b>	<b>5,069</b>	<b>6,927</b>
Capital expenditure	254	485	(2,900)	(1,875)	(1,875)
<b>Free Cash Flow</b>	<b>4,463</b>	<b>(1,834)</b>	<b>652</b>	<b>3,194</b>	<b>5,052</b>
Investments	1,144	1,480	400	1,000	0
Other Investing Cash Flow	0	0	0	0	0
<b>Investing Cashflow</b>	<b>1,398</b>	<b>1,964</b>	<b>(2,500)</b>	<b>(875)</b>	<b>(1,875)</b>
Equity Capital Raised	35	61	0	0	0
Loans Taken / (Repaid)	(4,483)	5,001	0	(5,000)	(5,000)
Dividend paid (incl tax)	1,459	877	877	877	877
Other Financing Cash Flow	(679)	29	619	402	(33)
<b>Financing Cashflow</b>	<b>(5,907)</b>	<b>4,184</b>	<b>(877)</b>	<b>(5,877)</b>	<b>(5,877)</b>
<b>Net chg in cash</b>	<b>(300)</b>	<b>3,830</b>	<b>175</b>	<b>(1,684)</b>	<b>(825)</b>
Opening cash position	1,978	1,678	5,508	5,683	3,999
<b>Closing cash position</b>	<b>1,678</b>	<b>5,508</b>	<b>5,683</b>	<b>3,999</b>	<b>3,174</b>

Source: Company, Emkay Research

**Key Ratios**

<b>Profitability (%)</b>	<b>FY17</b>	<b>FY18</b>	<b>FY19E</b>	<b>FY20E</b>	<b>FY21E</b>
EBITDA Margin	9.8	11.2	10.6	10.6	10.6
EBIT Margin	8.8	10.3	9.9	9.8	9.8
Effective Tax Rate	33.0	34.2	33.5	32.7	32.0
Net Margin	4.8	6.1	5.5	5.8	6.1
ROCE	17.9	21.5	22.1	22.6	23.3
ROE	17.3	22.1	21.9	21.0	20.0
RoIC	19.4	23.7	25.2	24.7	24.7

<b>Per Share Data (Rs)</b>	<b>FY17</b>	<b>FY18</b>	<b>FY19E</b>	<b>FY20E</b>	<b>FY21E</b>
EPS	16.4	22.7	25.7	29.4	33.3
CEPS	19.8	26.0	29.2	33.4	37.6
BVPS	99.1	106.9	128.2	151.2	181.5
DPS	5.0	3.0	3.0	3.0	3.0

<b>Valuations (x)</b>	<b>FY17</b>	<b>FY18</b>	<b>FY19E</b>	<b>FY20E</b>	<b>FY21E</b>
PER	26.6	19.2	17.0	14.8	13.1
P/CEPS	21.8	16.6	14.8	12.9	11.5
P/BV	4.4	4.1	3.4	2.9	2.4
EV / Sales	1.5	1.4	1.1	1.0	0.9
EV / EBITDA	15.1	12.2	10.3	9.3	8.4
Dividend Yield (%)	1.1	0.7	0.7	0.7	0.7

<b>Gearing Ratio (x)</b>	<b>FY17</b>	<b>FY18</b>	<b>FY19E</b>	<b>FY20E</b>	<b>FY21E</b>
Net Debt/ Equity	0.7	0.7	0.6	0.4	0.3
Net Debt/EBIDTA	2.1	1.8	1.5	1.2	0.8
Working Cap Cycle (days)	115.3	122.3	111.8	114.4	115.7

<b>Growth (%)</b>	<b>FY17</b>	<b>FY18</b>	<b>FY19E</b>	<b>FY20E</b>	<b>FY21E</b>
Revenue	(12.6)	9.1	24.2	8.7	7.6
EBITDA	28.2	24.9	17.9	8.7	7.6
EBIT	33.5	28.0	19.1	8.1	7.7
PAT	38.6	40.1	12.8	14.3	13.3

<b>Quarterly (Rs mn)</b>	<b>Q3FY18</b>	<b>Q4FY18</b>	<b>Q1FY19</b>	<b>Q2FY19</b>	<b>Q3FY19</b>
Revenue	27,349	24,118	25,285	50,083	30,495
EBITDA	3,274	1,850	2,136	6,663	3,039
<b>EBITDA Margin (%)</b>	<b>12.0</b>	<b>7.7</b>	<b>8.4</b>	<b>13.3</b>	<b>10.0</b>
PAT	1,805	896	902	3,656	1,543
<b>EPS (Rs)</b>	<b>6.2</b>	<b>3.1</b>	<b>3.1</b>	<b>12.5</b>	<b>5.3</b>

Source: Company, Emkay Research

<b>Shareholding Pattern (%)</b>	<b>Dec-17</b>	<b>Mar-18</b>	<b>Jun-18</b>	<b>Sep-18</b>	<b>Dec-18</b>
Promoters	61.8	61.8	61.8	61.8	61.8
FIs	5.9	5.6	4.4	3.8	3.6
DIs	9.2	10.5	12.1	12.8	13.6
Public and Others	23.1	22.1	21.7	21.6	21.0

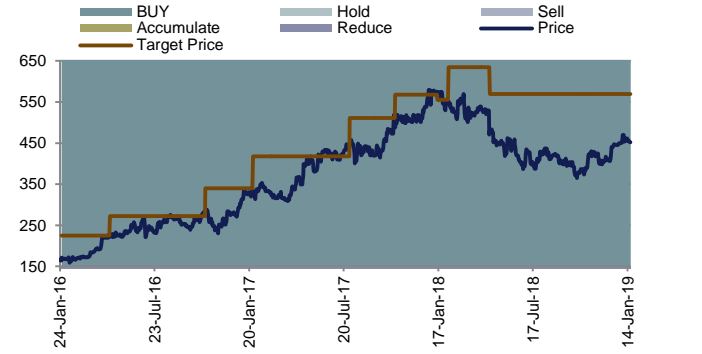
Source: Capitaline

## RECOMMENDATION HISTORY TABLE

Date	Closing Price	TP	Period (months)	Rating	Analyst
29-Oct-18	396	569	12m	Buy	Amar Mourya
21-Sep-18	400	569	12m	Buy	Amar Mourya
01-Aug-18	428	569	12m	Buy	Pratik Tholiya
25-Apr-18	482	569	12m	Buy	Pratik Tholiya
02-Apr-18	535	635	12m	Buy	Pratik Tholiya
07-Mar-18	539	635	12m	Buy	Pratik Tholiya
05-Feb-18	552	635	12m	Buy	Pratik Tholiya
15-Jan-18	575	555	12m	Buy	Pratik Tholiya
26-Oct-17	488	568	12m	Buy	Pratik Tholiya
31-Jul-17	450	511	12m	Buy	Pratik Tholiya
02-May-17	360	418	12m	Buy	Pratik Tholiya
27-Jan-17	332	418	12m	Buy	Pratik Tholiya
09-Dec-16	284	340	12m	Buy	Rohan Gupta
28-Oct-16	286	340	12m	Buy	Rohan Gupta
29-Jul-16	255	272	12m	Buy	Rohan Gupta
28-Jul-16	245	272	12m	Buy	Rohan Gupta
07-Jul-16	228	272	12m	Buy	Rohan Gupta
18-May-16	225	272	12m	Buy	Rohan Gupta
28-Apr-16	222	272	12m	Buy	Rohan Gupta
25-Apr-16	220	225	12m	Buy	Rohan Gupta
04-Mar-16	173	225	12m	Buy	Rohan Gupta
18-Feb-16	168	225	12m	Buy	Rohan Gupta
27-Jan-16	171	225	12m	Buy	Rohan Gupta

Source: Company, Emkay Research

## RECOMMENDATION HISTORY CHART



Source: Bloomberg, Company, Emkay Research

## Emkay Rating Distribution

BUY	Expected total return (%) (Stock price appreciation and dividend yield) of over 25% within the next 12-18 months.
ACCUMULATE	Expected total return (%) (Stock price appreciation and dividend yield) of over 10% within the next 12-18 months.
HOLD	Expected total return (%) (Stock price appreciation and dividend yield) of upto 10% within the next 12-18 months.
REDUCE	Expected total return (%) (Stock price depreciation) of upto (-) 10% within the next 12-18 months.
SELL	The stock is believed to underperform the broad market indices or its related universe within the next 12-18 months.

### 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

**DISCLAIMERS AND DISCLOSURES:** 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 or its associates may have financial interest in the subject company.

Research Analyst or his/her relative's financial interest in the subject company. (NO)

EGFSL or its associates and Research Analyst or his/her relative's does not have any material conflict of interest in the subject company. The research Analyst or research entity (EGFSL) have not been engaged in market making activity for the subject company.

EGFSL 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.

Research Analyst or his/her relatives 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. (NO)

EGFSL or its associates may have received any compensation including for investment banking or merchant banking or brokerage services from the subject company in the past 12 months. EGFSL or its associates may have received compensation for products or services other than investment banking or merchant banking or brokerage services from the subject company in the past 12 months. EGFSL or its associates may have received any compensation or other benefits from the Subject Company or third party in connection with the research report. Subject Company may have been client of EGFSL or its associates during twelve months preceding the date of distribution of the research report and EGFSL may have co-managed public offering of securities for the subject company in the past twelve months.

The research Analyst has served as officer, director or employee of the subject company: (NO)

The Research Analyst has received any compensation from the subject company in the past twelve months: (NO)

The Research Analyst has managed or co-managed public offering of securities for the subject company in the past twelve months: (NO)

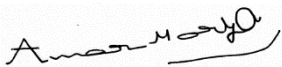
The Research Analyst has received any compensation for investment banking or merchant banking or brokerage services from the subject company in the past twelve months: (NO)

The Research Analyst has received any compensation for products or services other than investment banking or merchant banking or brokerage services from the subject company in the past twelve months: (NO)

The Research Analyst has received any compensation or other benefits from the subject company or third party in connection with the research report: (NO)

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 distributed in Canada or 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.





Amar Mourya, MBA

amar.mourya@emkayglobal.com

+91 22 6624 2425