

# Coal India (COAL IN)

Rating: HOLD | CMP: Rs253 | TP: Rs265

May 30, 2019

## Q4FY19 Result Update

■ Change in Estimates | ■ Target | ■ Reco

### Change in Estimates

	Current		Previous	
	FY20E	FY21E	FY20E	FY21E
<b>Rating</b>	HOLD		HOLD	
<b>Target Price</b>	265		265	
Sales (Rs. m)	1,004,265	1,056,450	1,004,088	1,056,269
% Chng.	-	-	-	-
EBITDA (Rs. m)	228,959	222,889	228,959	222,889
% Chng.	-	-	-	-
EPS (Rs.)	22.7	21.8	22.7	21.8
% Chng.	-	-	-	-

### Key Financials

	FY18	FY19	FY20E	FY21E
Sales (Rs. bn)	852	995	1,004	1,056
EBITDA (Rs.bn)	93	250	229	223
Margin (%)	10.9	25.1	22.8	21.1
PAT (Rs. bn)	70	175	140	134
EPS (Rs.)	11.3	28.3	22.7	21.8
Gr. (%)	(21.7)	149.9	(20.0)	(3.8)
DPS (Rs.)	16.5	13.2	16.0	16.0
Yield (%)	6.5	5.2	6.3	6.3
RoE (%)	31.5	74.9	51.0	46.2
RoCE (%)	25.3	85.5	65.4	59.3
EV/Sales (x)	1.5	1.3	1.2	1.2
EV/EBITDA (x)	13.7	5.0	5.4	5.5
PE (x)	22.3	8.9	11.2	11.6
P/BV (x)	7.8	5.9	5.5	5.2

### Key Data

COAL.BO | COAL IN

52-W High / Low	Rs.303 / Rs.211
Sensex / Nifty	39,832 / 11,946
Market Cap	Rs.1,561bn/ \$ 22,330m
Shares Outstanding	6,163m
3M Avg. Daily Value	Rs.4802.08m

### Shareholding Pattern (%)

Promoter's	70.96
Foreign	7.13
Domestic Institution	18.96
Public & Others	2.95
Promoter Pledge (Rs bn)	-

### Stock Performance (%)

	1M	6M	12M
Absolute	0.4	3.4	(12.4)
Relative	(1.6)	(6.0)	(23.2)

Amit Khimesra

amitkhimesra@plindia.com | 91-22-66322244

## Earnings marginally above estimates, Outlook on volumes remains weak

**Coal India (COAL) reported Q4FY19 earnings marginally above our estimates on earnings on the back of better than expected FSA realisations. We note that company changed accounting for provisions related to quality variance by adjusting from revenue against earlier practice of providing as cost. Accordingly, revenues for FY19 were revised lower by Rs5bn to account for grade slippage. Hence, we keep our estimates unchanged for FY20e and FY21e as volatile grade and lower E-auction volumes would offset higher pre-grade adjustment realisations.**

**Volumes growth continued to remain weak due to structural issues related to land acquisition, logistics and statutory clearances. Volumes for Apr'19 grew by 2.6% YoY, however, we factor in 5.3%/5.5% growth in FY20e/FY21e. Given the weak outlook on volumes and deteriorating B/S (resulting in dividend cuts), we reiterate Hold with TP of Rs265, P/E of 9.8x FY21E.**

- Higher share of FSA volumes negated by lower e-Auction volumes:** Volumes rose 2.9% YoY to 163.5mn (PLe:162.3mn) t. FSA volumes rose 12.7% YoY to 142mn (PLe: 139mn) t. E-auction volumes fell 43% YoY to 16.7mn (PLe: 20.5mn) t due to diversion of volumes to power sector. Washed coal volumes remains. Share of FSA volumes in total volume improved by 755bps at 87.1% (79.6%/88.3% in Q4FY18/Q3FY19) however, share of E-auction contracted by 820bps to 10.2% (18.4%/9.4% in Q4FY18/Q3FY19)
- Higher than expected FSA drove the beat in overall realisations:** Led by 10% price hike in non-coking coal in January-2018, FSA realisations rose 4% YoY (+9.4% QoQ) to Rs1,460 (PLe:Rs1,410). E-auction realisations rose 30% YoY (↓3.3 QoQ) to Rs2,754 (PLe:Rs2,600). Washed coal realisations fell 1.5% YoY (↑4.4% QoQ) to Rs2,879 (PLe:Rs2,900). Hence, blended realisations came above our estimate at Rs1,633 (PLe:Rs1,608); up 4.8% YoY/+7.4% QoQ.
- Lower than expected costs led to marginal beat at EBITDA level:** Cash cost (net of OBR and provisions) arrived marginally above our estimates at Rs1,102 (PLe:Rs1,084) however, fell 27% YoY due to 35% reduction in employee cost partially negated by 21% YoY increase in miscellaneous expenses. Adjusted for OBR adj and provisions, EBITDA rose 4x YoY (+32% QoQ) to Rs105.3bn (PLe:Rs102.6bn). Aided by lower than expected tax rate (32% v/s PLe:35%), Adj. PAT came above our estimate at Rs60.3bn (PLe:Rs60.1bn), up 4.7x YoY.

**Exhibit 1: Q4FY19 Result Overview (Rs m)**

Y/e March	Q4FY19	Q4FY18	YoY gr. (%)	Q4FY19	FY19	FY18	YoY gr. (%)
<b>Net operating revenue</b>	<b>2,67,043</b>	<b>2,47,471</b>	<b>7.9</b>	<b>2,33,854</b>	<b>9,28,961</b>	<b>8,14,022</b>	<b>14.1</b>
Other operating income	18,420	18,005	2.3	16,604	66,508	41,624	59.8
Revenue (including other operating income)	<b>2,85,463</b>	<b>2,65,476</b>	<b>7.5</b>	<b>2,50,458</b>	<b>9,95,469</b>	<b>8,55,646</b>	<b>16.3</b>
(Accretion)/Decretion in Stocks	(16,829)	(13,785)	22.1	(88)	8,562	16,795	(49.0)
Consumption of stores and spares	22,036	21,439	2.8	19,446	73,314	68,104	7.7
Employees' Remuneration & Benefits	1,07,008	1,66,512	(35.7)	95,176	3,87,701	4,26,218	(9.0)
Power & Fuel	6,046	6,310	(4.2)	6,062	24,431	25,164	(2.9)
CSR expenses	2,876	2,010	43.1	367	4,165	4,838	(13.9)
Repairs	5,482	5,957	(8.0)	2,980	14,464	14,393	0.5
Contractual Expenses	38,386	38,924	(1.4)	36,275	1,33,780	1,27,547	4.9
Miscellaneous expenses	15,171	12,501	21.4	10,568	47,411	42,039	12.8
Overburden Removal Adjustment	22,077	24,847	(11.1)	11,777	50,712	33,583	
Provision and write off	1,088	(1,172)	(192.8)	15	1,157	12,149	(90.5)
Total Cost of Sales	2,03,340	2,63,542	(22.8)	1,82,580	7,45,697	7,70,830	(3.3)
<b>EBITDA</b>	<b>82,122</b>	<b>1,933</b>	<b>4,147.6</b>	<b>67,878</b>	<b>2,49,772</b>	<b>84,816</b>	<b>194.5</b>
<i>as a % of Sales</i>	30.8	0.8		29.0	26.9	10.4	
Depreciation	10,372	9,308	11.4	8,611	34,504	30,630	12.6
<b>EBIT</b>	<b>71,751</b>	<b>(7,374)</b>	<b>(1,073.0)</b>	<b>59,267</b>	<b>2,15,268</b>	<b>54,186</b>	<b>297.3</b>
Interest	1,019	1,127	(9.6)	620	2,750	4,300	(36.0)
<b>PBT (before other income)</b>	<b>70,731</b>	<b>(8,502)</b>	<b>(932.0)</b>	<b>58,648</b>	<b>2,12,518</b>	<b>49,886</b>	<b>326.0</b>
Other Income	18,196	20,002	(9.0)	11,633	58,737	57,746	1.7
<b>PBT before extraordinary</b>	<b>88,927</b>	<b>11,500</b>	<b>673.3</b>	<b>70,281</b>	<b>2,71,255</b>	<b>1,07,633</b>	<b>152.0</b>
Exceptional items	-	-		-	-	-	
<b>PBT after extraordinary</b>	<b>88,927</b>	<b>11,500</b>	<b>673.3</b>	<b>70,281</b>	<b>2,71,255</b>	<b>1,07,633</b>	<b>152.0</b>
Provision for Taxation	28,659	(1,420)	NA	24,623	96,625	37,067	160.7
<b>Reported PAT</b>	<b>60,268</b>	<b>12,920</b>	<b>366.5</b>	<b>45,657</b>	<b>1,74,630</b>	<b>70,566</b>	<b>147.5</b>
<b>Adjusted PAT</b>	<b>60,268</b>	<b>12,920</b>	<b>366.5</b>	<b>45,657</b>	<b>1,74,630</b>	<b>70,566</b>	<b>147.5</b>

Source: Company, PL

**Exhibit 2: Operating Metrics**

Y/e March (Rs mn)	Q4FY19	Q4FY18	YoY gr. (%)	Q3FY19	FY19	FY18	YoY gr. (%)
Coal production (m tonnes)	194.5	183.5	6.0	156.0	606.9	567.4	7.0
Coal sales volume (m tonnes)	163.5	158.9	2.9	153.8	608.1	580.3	4.8
<b>Net realisation (Excl. Other Operating Income)</b>	<b>1,633</b>	<b>1,558</b>	<b>4.8</b>	<b>1,520</b>	<b>1,528</b>	<b>1,403</b>	<b>8.9</b>
Realisation (Inc. Other Operating Income)	1,746	1,671	4.5	1,628	1,637	1,475	11.0
Total cost/tonne	1,244	1,659	(25.0)	1,187	1,226	1,328	(7.7)
<b>Cash cost/t (excluding OBR and Provisions)</b>	<b>1,102</b>	<b>1,510</b>	<b>(27.0)</b>	<b>1,110</b>	<b>1,141</b>	<b>1,250</b>	<b>(8.7)</b>
EBITDA/tonne	502	12	4,026.8	441	411	146	181.0
<b>Adjusted EBITDA/tonne</b>	<b>644</b>	<b>161</b>	<b>299.5</b>	<b>518</b>	<b>496</b>	<b>225</b>	<b>120.5</b>
<b>Sales volume mix (m tonnes)</b>							
FSA	142.4	126.4	12.7	135.9	525.5	460.0	14.2
E-auction	16.7	29.3	(42.9)	14.7	68.5	106.2	(35.5)
Washed coal	3.3	3.1	6.7	2.9	11.2	11.5	(1.9)
<b>Realisation per tonne (Rs)</b>							
FSA	1,460	1,403	4.0	1,334	1,357	1,257	8.0
E-auction	2,754	2,112	30.4	2,847	2,632	1,839	43.1
Washed coal	2,879	2,923	(1.5)	2,866	2,713	3,023	(10.2)

Source: Company, PL

## Financials

### Income Statement (Rs m)

Y/e Mar	FY18	FY19	FY20E	FY21E
<b>Net Revenues</b>	<b>852,442</b>	<b>995,469</b>	<b>1,004,265</b>	<b>1,056,450</b>
YoY gr. (%)	8.7	16.8	0.9	5.2
Cost of Goods Sold	84,928	81,877	84,888	98,524
Gross Profit	767,515	913,592	919,377	957,927
Margin (%)	90.0	91.8	91.5	90.7
Employee Cost	426,218	387,701	380,164	381,533
Other Expenses	223,250	251,689	281,074	320,561
<b>EBITDA</b>	<b>92,882</b>	<b>249,771</b>	<b>228,959</b>	<b>222,889</b>
YoY gr. (%)	(25.3)	168.9	(8.3)	(2.7)
Margin (%)	10.9	25.1	22.8	21.1
Depreciation and Amortization	30,627	34,504	37,530	41,070
<b>EBIT</b>	<b>62,255</b>	<b>215,268</b>	<b>191,429</b>	<b>181,819</b>
Margin (%)	7.3	21.6	19.1	17.2
Net Interest	4,301	2,750	3,000	3,000
Other Income	49,749	58,737	56,073	56,425
<b>Profit Before Tax</b>	<b>107,703</b>	<b>271,255</b>	<b>244,502</b>	<b>235,244</b>
Margin (%)	12.6	27.2	24.3	22.3
Total Tax	37,323	96,625	104,785	100,817
Effective tax rate (%)	34.7	35.6	42.9	42.9
<b>Profit after tax</b>	<b>70,380</b>	<b>174,630</b>	<b>139,717</b>	<b>134,427</b>
Minority interest	-	-	-	-
Share Profit from Associate	-	-	-	-
<b>Adjusted PAT</b>	<b>70,380</b>	<b>174,630</b>	<b>139,717</b>	<b>134,427</b>
YoY gr. (%)	(21.7)	148.1	(20.0)	(3.8)
Margin (%)	8.3	17.5	13.9	12.7
Extra Ord. Income / (Exp)	-	-	-	-
<b>Reported PAT</b>	<b>70,380</b>	<b>174,630</b>	<b>139,717</b>	<b>134,427</b>
YoY gr. (%)	(24.1)	148.1	(20.0)	(3.8)
Margin (%)	8.3	17.5	13.9	12.7
Other Comprehensive Income	-	-	-	-
Total Comprehensive Income	70,380	174,630	139,717	134,427
<b>Equity Shares O/s (m)</b>	<b>6,207</b>	<b>6,163</b>	<b>6,163</b>	<b>6,163</b>
<b>EPS (Rs)</b>	<b>11.3</b>	<b>28.3</b>	<b>22.7</b>	<b>21.8</b>

Source: Company Data, PL Research

### Balance Sheet Abstract (Rs m)

Y/e Mar	FY18	FY19	FY20E	FY21E
<b>Non-Current Assets</b>				
<b>Gross Block</b>	<b>362,533</b>	<b>447,405</b>	<b>532,788</b>	<b>624,108</b>
Tangibles	362,533	447,405	532,788	624,108
Intangibles	-	-	-	-
<b>Acc: Dep / Amortization</b>	<b>86,792</b>	<b>121,296</b>	<b>156,111</b>	<b>197,180</b>
Tangibles	86,792	121,296	156,111	197,180
Intangibles	-	-	-	-
<b>Net fixed assets</b>	<b>275,741</b>	<b>326,110</b>	<b>376,678</b>	<b>426,927</b>
Tangibles	275,741	326,110	376,678	426,927
Intangibles	-	-	-	-
Capital Work In Progress	102,727	96,616	121,983	132,129
Goodwill	-	-	-	-
Non-Current Investments	136,391	148,924	148,132	156,132
Net Deferred tax assets	53,551	42,692	53,551	53,551
Other Non-Current Assets	25,141	19,650	27,454	28,454
<b>Current Assets</b>				
Investments	4,006	17,500	2,056	2,056
Inventories	64,439	55,839	74,871	80,319
Trade receivables	62,578	54,986	76,753	80,610
Cash & Bank Balance	312,800	311,242	342,419	357,637
Other Current Assets	183,461	213,462	185,124	185,449
<b>Total Assets</b>	<b>1,254,707</b>	<b>1,327,188</b>	<b>1,444,713</b>	<b>1,538,956</b>
<b>Equity</b>				
Equity Share Capital	62,074	61,627	61,627	61,627
Other Equity	139,713	202,912	221,571	237,378
<b>Total Networkth</b>	<b>201,787</b>	<b>264,539</b>	<b>283,198</b>	<b>299,005</b>
<b>Non-Current Liabilities</b>				
Long Term borrowings	10,544	14,723	15,377	15,377
Provisions	500,245	524,196	584,655	641,861
Other non current liabilities	43,666	48,537	48,666	51,166
<b>Current Liabilities</b>				
ST Debt / Current of LT Debt	4,765	7,305	-	-
Trade payables	69,744	68,155	51,629	54,223
Other current liabilities	408,682	382,662	445,141	460,962
<b>Total Equity &amp; Liabilities</b>	<b>1,254,707</b>	<b>1,327,188</b>	<b>1,444,713</b>	<b>1,538,956</b>

Source: Company Data, PL Research

**Cash Flow (Rs m)**

Y/e Mar	FY18	FY19	FY20E	FY21E
PBT	110,043	300,927	244,502	235,244
Add. Depreciation	30,468	33,632	37,530	41,070
Add. Interest	-	-	-	-
Less Financial Other Income	49,749	58,737	56,073	56,425
Add. Other	7,991	15,230	19,450	27,047
Op. profit before WC changes	148,502	349,790	301,482	303,361
Net Changes-WC	138,450	(18,403)	(13,646)	1,291
Direct tax	(74,329)	(128,967)	(104,785)	(100,817)
<b>Net cash from Op. activities</b>	<b>212,623</b>	<b>202,420</b>	<b>183,051</b>	<b>203,834</b>
Capital expenditures	(85,293)	(90,317)	(100,867)	(101,466)
Interest / Dividend Income	24,044	26,512	28,814	28,969
Others	(15,514)	-	-	-
<b>Net Cash from Invt. activities</b>	<b>(76,763)</b>	<b>(63,805)</b>	<b>(72,053)</b>	<b>(72,497)</b>
Issue of share cap. / premium	-	(10,500)	-	-
Debt changes	(14,778)	-	-	-
Dividend paid	(123,238)	(97,824)	(118,620)	(118,620)
Interest paid	(370)	-	-	-
Others	2,513	2,500	2,500	2,500
<b>Net cash from Fin. activities</b>	<b>(135,873)</b>	<b>(105,824)</b>	<b>(116,120)</b>	<b>(116,120)</b>
<b>Net change in cash</b>	<b>(12)</b>	<b>32,791</b>	<b>(5,122)</b>	<b>15,218</b>
Free Cash Flow	297,916	292,738	283,918	305,300

Source: Company Data, PL Research

**Quarterly Financials (Rs m)**

Y/e Mar	Q1FY19	Q2FY19	Q3FY19	Q4FY19
<b>Net Revenue</b>	<b>240,708</b>	<b>218,840</b>	<b>250,458</b>	<b>285,463</b>
YoY gr. (%)	25.6	20.6	15.4	7.5
Raw Material Expenses	-	-	-	-
Gross Profit	240,708	218,840	250,458	285,463
Margin (%)	100.0	100.0	100.0	100.0
<b>EBITDA</b>	<b>56,600</b>	<b>43,171</b>	<b>67,878</b>	<b>82,122</b>
YoY gr. (%)	2,827.5	(23.7)	57.2	21.0
Margin (%)	23.5	19.7	27.1	28.8
Depreciation / Depletion	7,452	8,069	8,611	10,372
<b>EBIT</b>	<b>49,148</b>	<b>35,102</b>	<b>59,267</b>	<b>71,751</b>
Margin (%)	20.4	16.0	23.7	25.1
Net Interest	1,103	8	620	1,019
Other Income	12,824	16,084	11,633	18,196
<b>Profit before Tax</b>	<b>60,869</b>	<b>51,178</b>	<b>70,281</b>	<b>88,927</b>
Margin (%)	25.3	23.4	28.1	31.2
Total Tax	23,025	20,317	24,623	28,659
Effective tax rate (%)	37.8	39.7	35.0	32.2
<b>Profit after Tax</b>	<b>37,844</b>	<b>30,861</b>	<b>45,657</b>	<b>60,268</b>
Minority interest	(1)	(2)	(1)	(1)
Share Profit from Associates	-	-	-	-
<b>Adjusted PAT</b>	<b>37,844</b>	<b>30,861</b>	<b>45,657</b>	<b>60,268</b>
YoY gr. (%)	60.9	733.2	50.0	366.5
Margin (%)	15.7	14.1	18.2	21.1
Extra Ord. Income / (Exp)	1	2	1	1
<b>Reported PAT</b>	<b>37,845</b>	<b>30,863</b>	<b>45,658</b>	<b>60,269</b>
YoY gr. (%)	60.9	734.2	50.0	366.4
Margin (%)	15.7	14.1	18.2	21.1
Other Comprehensive Income	-	-	-	-
<b>Total Comprehensive Income</b>	<b>37,845</b>	<b>30,863</b>	<b>45,658</b>	<b>60,269</b>
Avg. Shares O/s (m)	-	-	-	-
<b>EPS (Rs)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>

Source: Company Data, PL Research

**Key Financial Metrics**

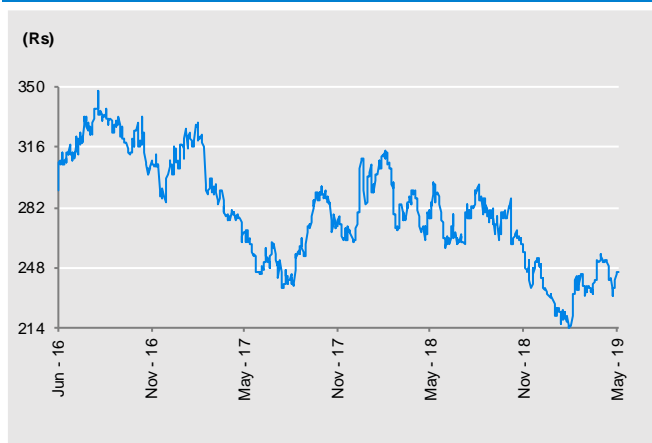
Y/e Mar	FY18	FY19	FY20E	FY21E
<b>Per Share(Rs)</b>				
EPS	11.3	28.3	22.7	21.8
CEPS	16.3	33.9	28.8	28.5
BVPS	32.5	42.9	46.0	48.5
FCF	48.0	47.5	46.1	49.5
DPS	16.5	13.2	16.0	16.0
<b>Return Ratio(%)</b>				
RoCE	25.3	85.5	65.4	59.3
ROIC	7.4	18.8	15.8	14.5
RoE	31.5	74.9	51.0	46.2
<b>Balance Sheet</b>				
Net Debt : Equity (x)	(1.5)	(1.2)	(1.2)	(1.2)
Net Working Capital (Days)	25	16	36	37
<b>Valuation(x)</b>				
PER	22.3	8.9	11.2	11.6
P/B	7.8	5.9	5.5	5.2
P/CEPS	15.6	7.5	8.8	8.9
EV/EBITDA	13.7	5.0	5.4	5.5
EV/Sales	1.5	1.3	1.2	1.2
Dividend Yield (%)	6.5	5.2	6.3	6.3

Source: Company Data, PL Research

**Key Operating Metrics**

Y/e Mar	FY18	FY19	FY20E	FY21E
Raw coal prod (mn tn)	567	607	639	674
Coal despatches (mn tn)	580	608	639	674
Vol sold under FSA/MoU (mn tn)	460	525	564	599
Vol sold under E-auction (mn tn)	106	89	60	60
Beneficiated coal vol (mn tn)	11	11	12	12
Vol sold to power utilities (mn tn)	453			
Real. / tonne (Rs)	1,409	1,536	1,461	1,454
Total cost per tonne (Rs)	1,215	1,315	1,176	1,213
Cash cost per tonne (Rs)	1,166	1,257	1,108	1,137
Employee cost / tonne (Rs)	605	751	618	595
EBITDA / tonne (Rs)	165	468	358	330
OBR adj / tonne (Rs)	48	59	69	76

Source: Company Data, PL Research

**Price Chart**
**Recommendation History**


No.	Date	Rating	TP (Rs.)	Share Price (Rs.)
1	1-Jun-18	BUY	340	295
2	10-Jul-18	BUY	340	261
3	13-Aug-18	BUY	340	279
4	5-Oct-18	BUY	340	273
5	12-Nov-18	BUY	330	264
6	26-Dec-18	Hold	270	248
7	7-Jan-19	Hold	262	235
8	12-Feb-19	Hold	250	223
9	5-Apr-19	Hold	265	235

**Analyst Coverage Universe**

Sr. No.	CompanyName	Rating	TP (Rs)	Share Price (Rs)
1	ACC	BUY	1,735	1,662
2	Ambuja Cement	Hold	205	221
3	Coal India	Hold	265	235
4	Heidelberg Cement India	BUY	214	182
5	Hindalco Industries	Accumulate	224	195
6	Hindustan Zinc	Hold	275	272
7	Jindal Steel & Power	Accumulate	171	162
8	JK Lakshmi Cement	Hold	373	393
9	JSW Steel	Accumulate	300	284
10	NMDC	Reduce	86	105
11	Shree Cement	Hold	19,370	20,346
12	Steel Authority of India	Hold	50	59
13	Tata Steel	BUY	685	511
14	The Ramco Cements	Hold	740	762
15	Ultratech Cement	Accumulate	4,700	4,432

**PL's Recommendation Nomenclature (Absolute Performance)**

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

## ANALYST CERTIFICATION

### (Indian Clients)

We/I, Mr. Amit Khimesra- MBA Research Analysts, authors and the names subscribed to this report, hereby certify that all of the views expressed in this research report accurately reflect our views about the subject issuer(s) or securities. We also certify that no part of our compensation was, is, or will be directly or indirectly related to the specific recommendation(s) or view(s) in this report.

### (US Clients)

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

## DISCLAIMER

### Indian Clients

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

It is confirmed that Mr. Amit Khimesra- MBA Research Analysts of this report have not received any compensation from the companies mentioned in the report in the preceding twelve months

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

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

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

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

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

### US Clients

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

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

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

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

---

### **Prabhudas Lilladher Pvt. Ltd.**

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

**[www.plindia.com](http://www.plindia.com) | Bloomberg Research Page: PRLD <GO>**