

Coromandel International

Refer to important disclosures at the end of this report

Delivers on high expectation; remain positive

CMP: Rs 790

as of (July 27, 2020)

TP: Rs 910 (■)

12 months

Rating: BUY (■)

Upside: 15.3 %

We appreciate your support in the [Asiamoney Brokers Poll 2020](#)

- CRIN delivered its best-ever Q1 EBITDA of Rs4.1bn (+111% yoy). The early onset of monsoon, backward integration of Phos Acid (RM) and robust demand in crop protection (CP) and nutrient segments aided EBITDA growth.
- CRIN capitalized better than the industry on robust demand and increased the retail market share by 280bps to 14.8%. Our back of the envelope calculations suggest that manufactured fertilizer EBITDA/ton stood at ~Rs4050/ton, which is at the higher end of management guidance of Rs3500-4000/ton.
- The CP business bounced back on growth with 55% revenue growth. Adjusted for the plant shutdown in the base quarter, our calculations suggest comparable growth of ~32%, which is above of our expectation. CRIN's investment in R&D (102% jump over FY18-20) has started to yielding results in the CP business and we expect an upward trajectory in the coming quarters.
- Backward integration in the fertilizer business has reduced the volatility in profits as well as aided in margin improvement. We remain positive on CRIN due to: 1) a structural change in the nutrient segment ROCE, 2) lower exchange rate risk than the historical trend, and 3) aggressive new launches in the CP segment. We maintain Buy with a TP of Rs910, based on 19x Jun-22E EPS. We remain marginally UW in our EAP.

Higher volumes, backward integration and operating leverage drive EBITDA margins expansion: Manufactured volumes increased 72% yoy on the back of robust demand and market share gains. Higher volumes, backward integration and operating leverage led to a 243bps jump in the nutrient segment's EBIT margins. CP segment's EBIT margins improved 1075bps yoy to 12.9% albeit on lower comparable but still lower than its historical average in Q1 due to sale of higher share of generics in the domestic market.

Delayed subsidy payment could further consolidate market share: Management indicated that the government had not paid subsidy to NPK players in May and June to prioritize payment to urea players. In spite of lower subsidy receipts, management expects improvement in working capital on the back of efficiency in the supply chain (lower inventories), which is commendable. We believe that this could be one of the key reasons for improvement in the market share as CRIN's strong balance sheet allows it to withstand temporary working capital stress.

Outlook: We continue to remain positive on CRIN due to its robust balance sheet, structural improvement in the margin profile and aggressive new launches in the CP segment. Maintain Buy.

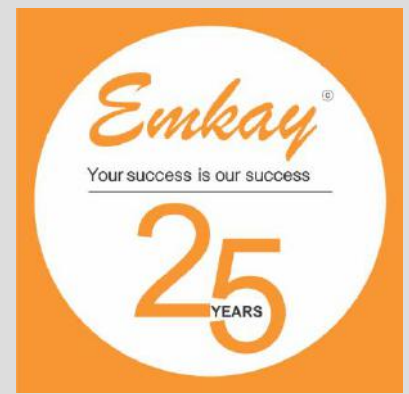
Key risks: 1) sharp movement in raw material prices, 2) adverse weather, 3) forex movement and 4) delay in capex on the back of Covid-19.

Please see our sector model portfolio (Emkay Alpha Portfolio): [Agri Input & Chemicals \(page 9\)](#)

Financial Snapshot (Consolidated)

(Rs mn)	FY19	FY20	FY21E	FY22E	FY23E
Net Sales	132,246	131,367	137,533	147,685	157,339
EBITDA	14,431	17,310	20,121	21,349	22,737
EBITDA Margin (%)	10.9	13.2	14.6	14.5	14.5
APAT	7,443	10,643	12,905	13,772	14,861
EPS (Rs)	25.4	36.3	44.0	47.0	50.7
EPS (% chg)	7.6	42.7	21.3	6.7	7.9
ROE (%)	23.8	27.7	27.0	23.9	21.7
P/E (x)	31.0	21.7	17.9	16.8	15.6
EV/EBITDA (x)	17.9	14.3	12.3	11.4	10.4
P/BV (x)	6.9	5.4	4.4	3.7	3.1

Source: Company, Emkay Research



Change in Estimates

EPS Chg FY21E/FY22E (%)	-/-
Target Price change (%)	NA
Target Period (Months)	12
Previous Reco	BUY

Emkay vs Consensus

	EPS Estimates	
	FY21E	FY22E
Emkay	44.0	47.0
Consensus	39.8	44.4
Mean Consensus TP (12M)	Rs 814	

Stock Details

Bloomberg Code	CRIN IN
Face Value (Rs)	1
Shares outstanding (mn)	293
52 Week H/L	830 / 337
M Cap (Rs bn/USD bn)	231 / 3.09
Daily Avg Volume (nos.)	745,230
Daily Avg Turnover (US\$ mn)	6.7

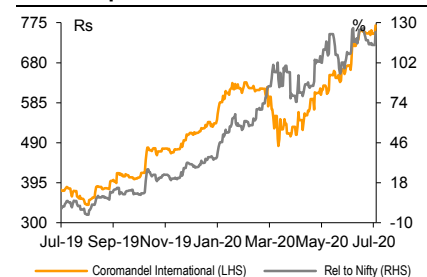
Shareholding Pattern Jun '20

Promoters	59.6%
FII's	4.3%
DII's	21.3%
Public and Others	14.9%

Price Performance

(%)	1M	3M	6M	12M
Absolute	4	39	31	107
Rel. to Nifty (3)	16	42	110	

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:

Varshit Shah

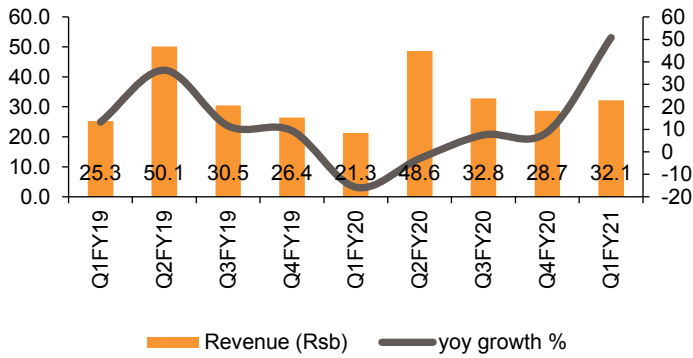
varshit.shah@emkayglobal.com
+91 22 6612 1358

Karan Shah

karan.shah@emkayglobal.com
+91 22 661 21257

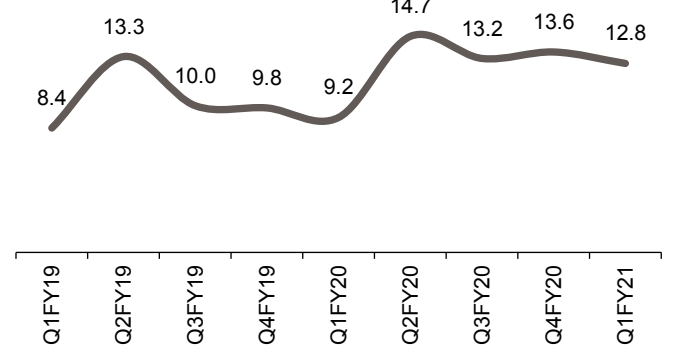
Story in Charts

Exhibit 1: Robust 51% yoy revenue growth



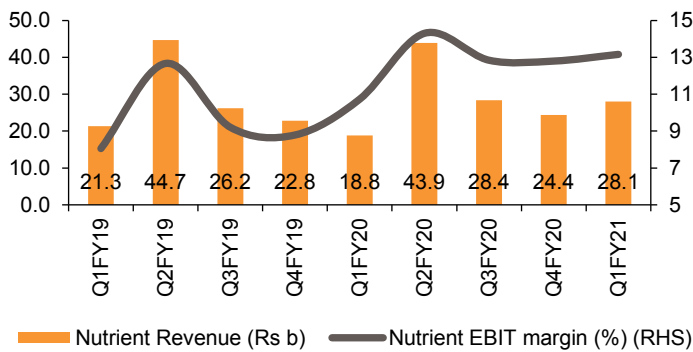
Source: Company, Emkay Research

Exhibit 2: Sharp 367bps yoy expansion in EBITDA margin



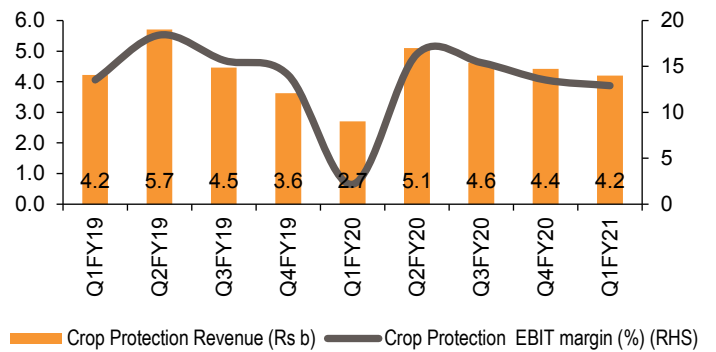
Source: Company, Emkay Research

Exhibit 3: 243bps EBIT margin expansion in Nutrient segment



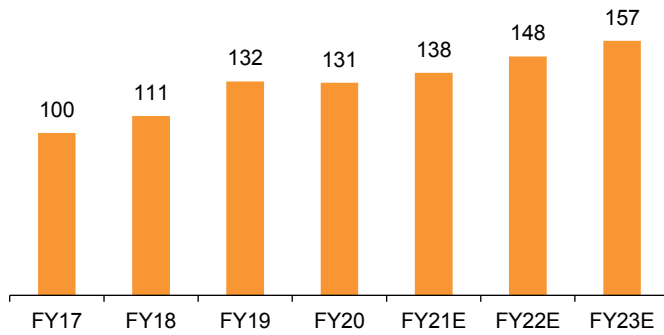
Source: Company, Emkay Research

Exhibit 4: Strong 55% yoy revenue growth in CP



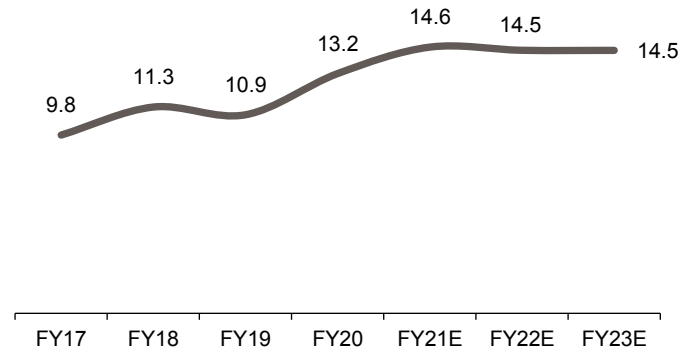
Source: Company, Emkay Research

Exhibit 5: Expect 6% revenue CAGR over FY20-23E



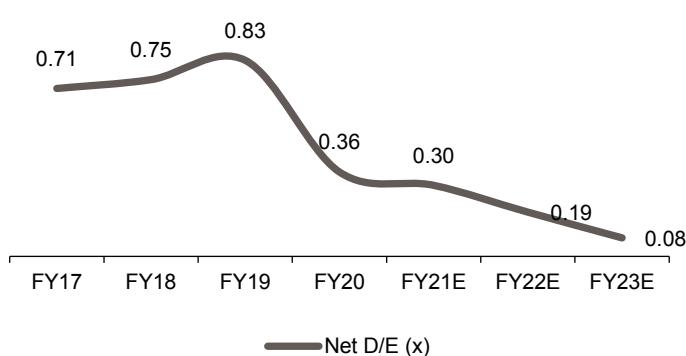
Source: Company, Emkay Research

Exhibit 6: EBITDA margin expansion of 127bps over FY20-23E



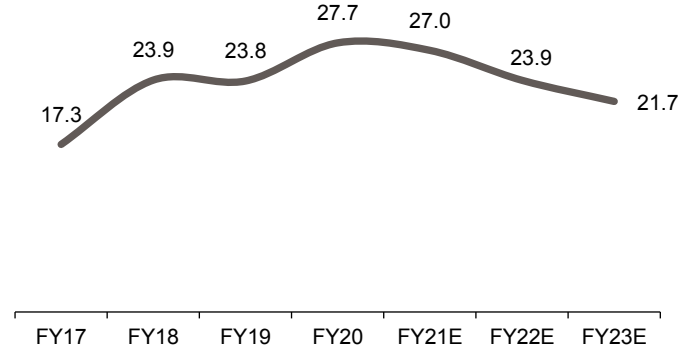
Source: Company, Emkay Research

Exhibit 7: Comfortable debt position



Source: Company, Emkay Research

Exhibit 8: ROE (%)



Source: Company, Emkay Research

Exhibit 9: Actual vs Estimates (Q1FY21)

(Rs mn)	Actual	Estimates		% variation		Comments
		Emkay	Consensus	Emkay	Consensus	
Sales	32,132	27,606	31,633	16%	2%	CP revenue above our estimates
EBITDA	4,125	4,003	4,076	3%	1%	In-line with our and consensus estimates
EBITDA Margin	12.8%	14.5%	12.9%	-166 bps	-5 bps	Below estimates due to higher traded volumes
PAT	2,506	2,450	2,423	2%	3%	In-line with our and consensus estimates

Source: Company, Bloomberg, Emkay Research

Exhibit 10: Quarterly snapshot

Rs. Mn	Q1FY20	Q2FY20	Q3FY20	Q4FY20	Q1FY21	YoY%	QoQ%
Sales	21,307	48,580	32,787	28,693	32,132	50.8	12.0
Cost of Raw Material	14,217	35,215	22,466	18,658	22,812	60.5	22.3
as % of sales	66.72	72.49	68.52	65.03	70.99		
Employee expenses	1,107	1,128	1,207	1,169	1,216	9.8	4.0
as % of sales	5.20	2.32	3.68	4.07	3.78		
Other expenses	4,030	5,107	4,794	4,959	3,980	(1.2)	(19.7)
as % of sales	18.92	10.51	14.62	17.28	12.39		
Total Expenditure	19,354	41,450	28,467	24,786	28,007	44.7	13.0
EBITDA	1,953	7,130	4,320	3,907	4,125	111.2	5.6
Depreciation	305	417	408	451	421	38.2	(6.5)
EBIT	1,648	6,713	3,912	3,457	3,704	124.7	7.2
Other Income	100	95	91	115	107	7.3	(7.0)
Interest cost	796	664	459	434	434	(45.4)	0.0
PBT	952	6,145	3,544	3,137	3,376	254.7	7.6
Total Tax	326	1,110	899	800	896	174.8	12.1
PAT before Minority Interest	626	5,035	2,644	2,338	2,480	296.3	6.1
Minority Interest	-	-	-	-	-		
P&L from associate/JV	-2	4	1	4	26		
PAT before extra	624	5,039	2,645	2,342	2,506	301.4	7.0
Exceptional Items	-	-	-	-	-		
Reported PAT	624	5,039	2,645	2,342	2,506	301.4	7.0

Margins (%)

						bps	bps
EBIDTA	9.2	14.7	13.2	13.6	12.8	367	(78)
EBIT	7.7	13.8	11.9	12.0	11.5	379	(52)
PBT	4.5	12.6	10.8	10.9	10.5	604	(43)
PAT	2.9	10.4	8.1	8.1	7.7	478	(43)
Effective Tax rate (% of PBT)	34.3	18.1	25.4	25.5	26.5	(772)	105

Segmental Details**Segment Revenue**

Nutrient and Other Allied Business	18,816	43,914	28,408	24,362	28,072	49.2	15.2
Crop Protection	2,710	5,099	4,625	4,420	4,202	55.1	(4.9)

Segment Results (EBIT)

Nutrient and Other Allied Business	2,020	6,282	3,649	3,119	3,695	83.0	18.5
Crop Protection	59	834	713	598	542	825.6	(9.3)

Segment EBIT Margins

Nutrient and Other Allied Business	10.7	14.3	12.8	12.8	13.2	243	36
Crop Protection	2.2	16.3	15.4	13.5	12.9	1075	-62

Source: Company, Emkay Research

Conference call highlights

Industry commentary

- Overall industry volume increased by 37% to 5.06m ton.
- Complex fertilizer volumes increased 52% in Q1FY21.
- DAP volumes increased 26% in Q1FY21.
- Phos acid prices have increased currently over the last quarter to USD625/ton from USD 607/ton in Q1FY21.

Nutrient business

- Subsidy:Non-subsidy revenue split stood at 80:20 vs. 79:21 in Q1FY20.
- Subsidy:Non-subsidy EBITDA split stood at 79:21 vs 84:16 in Q1FY20.
- Outstanding subsidy currently stands at Rs 25bn.
- Market share increased to 16.3% from 12.9% in Q1FY20 and POS sales share to 14.8% from 12% in Q1FY20.
- April month product was impacted due to the lockdown in India
- SSP volumes increased by 5% yoy to 0.13m MT.

Crop protection

- Growth was driven by both domestic and export markets.
- New products gained a strong momentum during the quarter.
- CRIN would continue to focus on introducing new molecules (both off-patented and co-marketing) and introduce 3-4 new molecules every year.

Backward integration/expansion

- CRIN would spend Rs 1-1.25bn over the next 2 years for de-bottlenecking across its plants to increase capacity by 0.15-0.2m MT.

Others

- Various digital initiatives were taken to create awareness and market the product to farmers.

Exhibit 11: Change in estimates

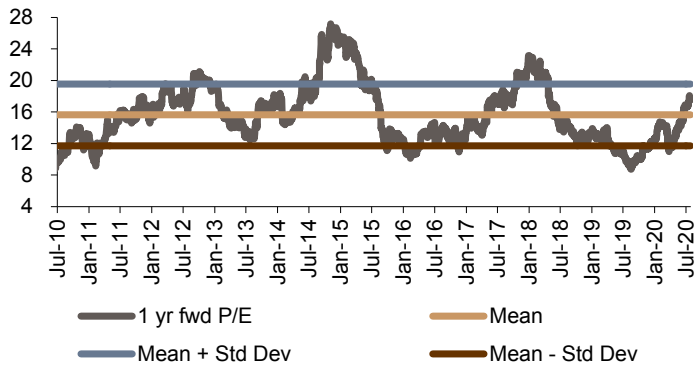
All fig in Rs mn (except % and EPS)	FY21E			FY22E			FY23E		
	Old	New	% change	Old	New	% change	Old	New	% change
Revenues	137,533	137,533	0%	147,685	147,685	0%	157,339	157,339	0%
EBITDA	20,121	20,121	0%	21,349	21,349	0%	22,737	22,737	0%
EBITDA margins, %	14.6%	14.6%	0 bps	14.5%	14.5%	0 bps	14.5%	14.5%	0 bps
Net profits	12,905	12,905	0%	13,772	13,772	0%	14,861	14,861	0%
EPS	44.0	44.0	0%	47.0	47.0	0%	50.7	50.7	0%

Source: Emkay Research

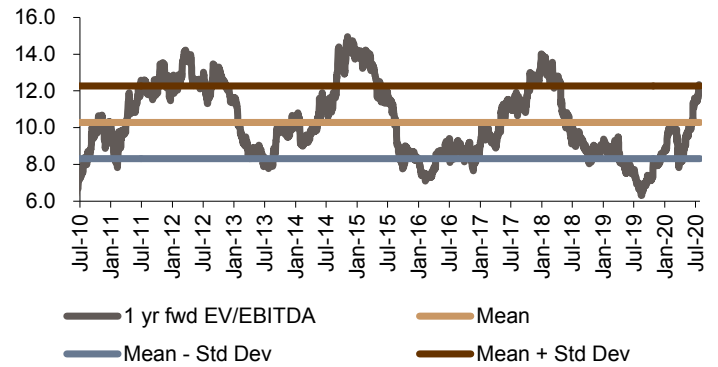
Exhibit 12: Key assumptions

Rs bn	FY17	FY18	FY19	FY20	FY21E	FY22E	FY23E
Nutrient segment revenue	89	96	115	116	119	127	133
Crop Protection segment revenue	14	17	18	17	19	22	25
Tax Rate (%)	33.0	33.4	33.4	22.8	25.2	25.2	25.2

Source: Company, Emkay Research

Exhibit 13: CRIN 1-yr fwd PE

Source: Company, Bloomberg, Emkay Research

Exhibit 14: CRIN 1-yr fwd EV/EBITDA

Source: Company, Bloomberg, Emkay Research

Exhibit 15: Peer Valuation

Company Name	Price (Rs)	Mkt Cap (Rs bn)	Reco	TP (Rs)	PE (x)			EBITDA margin (%)			ROE (%)		
					FY20	FY21E	FY22E	FY20	FY21E	FY22E	FY20	FY21E	FY22E
Coromandel International	790	231	Buy	910	21.7	17.9	16.8	13.2	14.6	14.5	27.7	26.9	23.9
Chambal Fertilizers*	162	67	NA	NA	5.9	5.7	6.3	17.1	17.0	16.4	29.2	23.1	19.3
Fertilizer Avg.					13.8	11.8	11.5	15.1	15.8	15.4	28.5	25.0	21.6

Source: Company, *Bloomberg estimates, Emkay Research

Key Financials (Consolidated)**Income Statement**

Y/E Mar (Rs mn)	FY19	FY20	FY21E	FY22E	FY23E
Net Sales	132,246	131,367	137,533	147,685	157,339
Expenditure	117,815	114,057	117,412	126,336	134,602
EBITDA	14,431	17,310	20,121	21,349	22,737
Depreciation	1,138	1,580	1,810	2,021	2,233
EBIT	13,292	15,730	18,311	19,328	20,504
Other Income	371	400	420	450	480
Interest expenses	2,507	2,353	1,485	1,373	1,125
PBT	11,156	13,777	17,246	18,405	19,859
Tax	3,721	3,135	4,341	4,633	4,999
Extraordinary Items	238	(8)	0	0	0
Minority Int./Income from Assoc.	0	0	0	0	0
Reported Net Income	7,205	10,650	12,905	13,772	14,861
Adjusted PAT	7,443	10,643	12,905	13,772	14,861

Balance Sheet

Y/E Mar (Rs mn)	FY19	FY20	FY21E	FY22E	FY23E
Equity share capital	293	293	293	293	293
Reserves & surplus	33,291	42,884	52,273	62,530	73,874
Net worth	33,584	43,177	52,566	62,823	74,167
Minority Interest	0	0	0	0	0
Loan Funds	29,545	16,251	16,751	13,751	11,251
Net deferred tax liability	1,502	1,005	1,025	1,057	1,089
Total Liabilities	64,630	60,433	70,342	77,631	86,507
Net block	13,095	20,323	22,513	24,991	27,259
Investment	2,008	2,113	2,113	2,113	2,113
Current Assets	88,723	78,393	87,481	95,416	104,996
Cash & bank balance	1,593	784	894	1,961	5,431
Other Current Assets	8,257	5,849	6,605	7,093	7,556
Current liabilities & Provision	41,104	41,051	42,419	45,544	48,515
Net current assets	47,619	37,342	45,062	49,872	56,481
Misc. exp	0	0	0	0	0
Total Assets	64,630	60,433	70,342	77,631	86,507

Cash Flow

Y/E Mar (Rs mn)	FY19	FY20	FY21E	FY22E	FY23E
PBT (Ex-Other income) (NI+Dep)	10,785	13,377	16,826	17,955	19,379
Other Non-Cash items	0	0	0	0	0
Chg in working cap	(9,799)	8,969	(7,589)	(3,711)	(3,107)
Operating Cashflow	5,264	18,619	8,612	13,455	15,112
Capital expenditure	(1,997)	(6,878)	(4,000)	(4,500)	(4,500)
Free Cash Flow	3,268	11,741	4,612	8,955	10,612
Investments	206	(105)	0	0	0
Other Investing Cash Flow	(4,551)	4,363	(420)	(450)	(480)
Investing Cashflow	(5,971)	(2,219)	(4,000)	(4,500)	(4,500)
Equity Capital Raised	0	1	0	0	0
Loans Taken / (Repaid)	2,260	(13,294)	500	(3,000)	(2,500)
Dividend paid (incl tax)	(2,813)	(2,292)	(1,234)	(3,516)	(3,516)
Other Financing Cash Flow	623	706	(3,786)	0	0
Financing Cashflow	(2,437)	(17,231)	(6,005)	(7,889)	(7,141)
Net chg in cash	(3,144)	(832)	(1,394)	1,066	3,471
Opening cash position	4,465	1,338	506	(887)	179
Closing cash position	1,593	784	894	1,961	5,431

Source: Company, Emkay Research

Key Ratios

Profitability (%)	FY19	FY20	FY21E	FY22E	FY23E
EBITDA Margin	10.9	13.2	14.6	14.5	14.5
EBIT Margin	10.1	12.0	13.3	13.1	13.0
Effective Tax Rate	33.4	22.8	25.2	25.2	25.2
Net Margin	5.6	8.1	9.4	9.3	9.4
ROCE	22.3	25.8	28.6	26.7	25.6
ROE	23.8	27.7	27.0	23.9	21.7
RoIC	24.5	27.1	29.6	27.7	27.1

Per Share Data (Rs)	FY19	FY20	FY21E	FY22E	FY23E
EPS	25.4	36.3	44.0	47.0	50.7
CEPS	29.3	41.7	50.2	53.9	58.3
BVPS	114.8	147.4	179.4	214.4	253.1
DPS	6.5	12.0	12.0	12.0	12.0

Valuations (x)	FY19	FY20	FY21E	FY22E	FY23E
PER	31.0	21.7	17.9	16.8	15.6
P/CEPS	26.9	18.9	15.7	14.6	13.5
P/BV	6.9	5.4	4.4	3.7	3.1
EV / Sales	2.0	1.9	1.8	1.6	1.5
EV / EBITDA	17.9	14.3	12.3	11.4	10.4
Dividend Yield (%)	0.8	1.5	1.5	1.5	1.5

Gearing Ratio (x)	FY19	FY20	FY21E	FY22E	FY23E
Net Debt/ Equity	0.8	0.4	0.3	0.2	0.1
Net Debt/EBIDTA	1.9	0.9	0.8	0.6	0.3
Working Cap Cycle (days)	127.0	101.6	117.2	118.4	118.4

Growth (%)	FY19	FY20	FY21E	FY22E	FY23E
Revenue	19.3	(0.7)	4.7	7.4	6.5
EBITDA	14.9	20.0	16.2	6.1	6.5
EBIT	14.9	18.3	16.4	5.6	6.1
PAT	4.2	47.8	21.2	6.7	7.9

Quarterly (Rs mn)	Q1FY20	Q2FY20	Q3FY20	Q4FY20	Q1FY21
Revenue	21,307	48,580	32,787	28,693	32,132
EBITDA	1,953	7,130	4,320	3,907	4,125
EBITDA Margin (%)	9.2	14.7	13.2	13.6	12.8
PAT	624	5,039	2,645	2,342	2,506
EPS (Rs)	2.1	17.2	9.0	8.0	8.6

Source: Company, Emkay Research

Shareholding Pattern (%)	Jun-19	Sep-19	Dec-19	Mar-20	Jun-20
Promoters	61.7	61.7	61.7	61.6	59.6
FII	4.3	3.4	3.5	3.5	4.3
DII	14.0	18.6	18.5	19.7	21.3
Public and Others	20.0	16.3	16.3	15.2	14.9

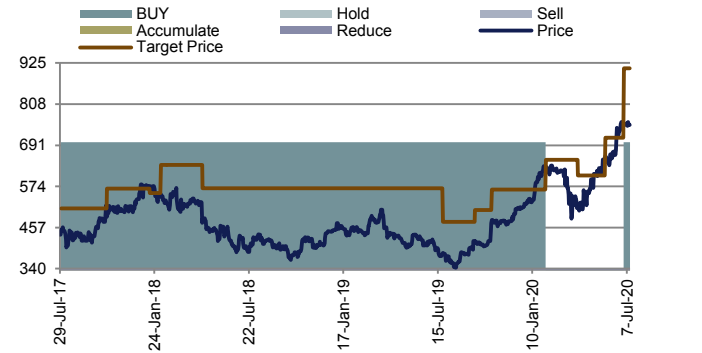
Source: Capitaline

RECOMMENDATION HISTORY TABLE

Date	Closing Price	TP	Period (months)	Rating	Analyst
1-Jul-20	752	910	12m	Buy	Varshit Shah
27-May-20	661	712	12m	Hold	Varshit Shah
19-May-20	606	605	12m	Hold	Varshit Shah
17-May-20	626	605	12m	Hold	Varshit Shah
13-Apr-20	509	605	12m	Hold	Varshit Shah
5-Apr-20	512	605	12m	Hold	Varshit Shah
4-Feb-20	620	650	12m	Hold	Varshit Shah
25-Oct-19	479	565	12m	Buy	Varshit Shah
23-Sep-19	414	507	12m	Buy	Varshit Shah
24-Jul-19	385	473	12m	Buy	Varshit Shah
25-Apr-19	434	569	12m	Buy	Amar Mourya
23-Jan-19	434	569	12m	Buy	Amar Mourya
29-Oct-18	396	569	12m	Buy	Amar Mourya
21-Sep-18	400	569	12m	Buy	Amar Mourya
1-Aug-18	428	569	12m	Buy	Pratik Tholiya
25-Apr-18	482	569	12m	Buy	Pratik Tholiya
2-Apr-18	535	635	12m	Buy	Pratik Tholiya
7-Mar-18	539	635	12m	Buy	Pratik Tholiya
5-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

Source: Company, Emkay Research

RECOMMENDATION HISTORY CHART



Source: Bloomberg, Company, Emkay Research

Emkay Alpha Portfolio – Agri Input & Chemicals



Analyst: Varshit Shah

Contact Details

varshit.shah@emkayglobal.com
+91 22 6612 1358

Sector

Agro-Chemicals and Fertilizers

Analyst bio

Varshit Shah is a Chartered Accountant and a commerce graduate from Narsee Monjee College of Commerce and Economics, Mumbai. He comes with total eight years of experience across sectors such as Chemicals, Education, Telecom, IT and Midcaps. His team currently covers 12 stocks in Agro Chemicals, Fertilizers and Midcaps.

EAP sector portfolio

Company Name	BSE200 Weight	EAP Weight	OW/UW (%)	OW/UW (bps)	EAP Weight (Normalised)
Agri Input & Chemicals	0.94	0.94	0%	0	100.00
Bayer CropScience*	0.13	0.13	-1%	0	14.06
Chambal Fertilisers*	0.00	0.00	NA	0	0.00
Coromandel International	0.15	0.14	-8%	-1	14.58
DCM Shriram*	0.00	0.00	NA	0	0.00
Deepak Fertilisers*	0.00	0.00	NA	0	0.00
Dhanuka Agritech	0.00	0.00	NA	0	0.00
GSFC*	0.00	0.00	NA	0	0.00
Insecticides India*	0.00	0.00	NA	0	0.00
PI Industries	0.24	0.24	-1%	0	25.36
Rallis India	0.00	0.00	NA	0	0.00
Sharda Cropchem*	0.00	0.00	NA	0	0.00
UPL	0.42	0.43	4%	2	46.00
Cash	0.00	0.00	NA	0	0.00

Source: Emkay Research

* Not under coverage: Equal Weight

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

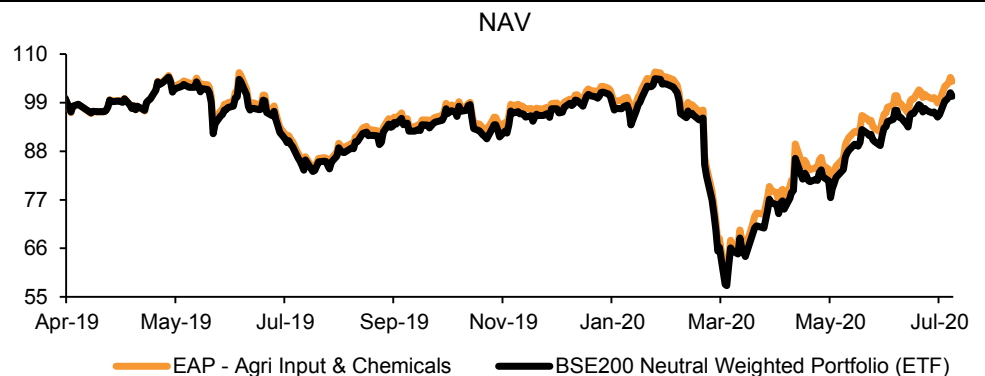
Sector portfolio NAV

	Base					Latest
	1-Apr-19	23-Oct-19	24-Jan-20	24-Apr-20	24-Jun-20	24-Jul-20
EAP - Agri Input & Chemicals	100.0	97.0	99.4	77.4	100.6	103.9
BSE200 Neutral Weighted Portfolio (ETF)	100.0	95.9	97.7	74.9	97.3	100.5

*Performance measurement base date 1st April 2019

Source: Emkay Research

NAV chart



Source: Emkay Research

Please see our model portfolio (Emkay Alpha Portfolio): [SMID](#)

Please see our model portfolio (Emkay Alpha Portfolio): [Nifty](#)

“Emkay Alpha Portfolio – SMID and Nifty are a supporting document to the Emkay Alpha Portfolios Report and is updated on regular intervals”

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: 28 Jul 2020 02:49:02 (SGT)

Dissemination Date: 28 Jul 2020 02:50:02 (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.

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 July 27, 2020
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 July 27, 2020.
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 July 27, 2020
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 July 27, 2020

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