16 August 2021
1QFY22 Results Update | Sector: Agri

Kaveri Seeds

CMP: INR607	TP: INR710 (+17%)	Buy

Estimate change	
TP change	
Rating change	

Bloomberg	KSCL IN
Equity Shares (m)	63
M.Cap.(INRb)/(USDb)	36.6 / 0.5
52-Week Range (INR)	816 / 463
1, 6, 12 Rel. Per (%)	-23/11/-46
12M Avg Val (INR M)	237

Financials & Valuations (INR b)

Y/E Mar	2021	2022E	2023E
Sales	10.4	9.9	11.7
EBITDA	3.0	2.2	3.3
PAT	3.1	2.2	3.3
EBITDA (%)	28.8	21.9	28.2
EPS (INR)	51.6	37.0	54.7
EPS Gr. (%)	19.7	(28.3)	47.9
BV/Sh. (INR)	206	236	282
Ratios			
Net D/E	(0.5)	(0.5)	(0.6)
RoE (%)	28.3	16.7	21.1
RoCE (%)	30.0	17.7	23.8
Payout (%)	8.8	18.4	16.6
Valuations			
P/E (x)	11.8	16.4	11.1
EV/EBITDA (x)	12.8	17.7	11.5
Div Yield (%)	0.7	1.0	1.3
FCF Yield (%)	6.0	5.2	7.3

Shareholding pattern (%)

As On	Jun-21	Mar-21	Jun-20
Promoter	55.5	55.5	55.5
DII	11.0	8.5	10.8
FII	16.4	19.8	20.2
Others	17.1	16.2	13.5

Lower cotton seed volumes drag down overall performance

Earnings below estimates

- Kaveri Seeds (KSCL)'s 1QFY22 revenue fell 12% on account of de-growth in the Cotton and Maize, offset by growth in the Hybrid Rice and Vegetables segments. Cotton seed sales volumes were impacted by lower cotton acreage and the use of herbicide-tolerant Bt (HTBt) seeds, which further impacted branded seed sales. Also, the pandemic affected the supply chain, resulting in the lower absorption of cotton hybrids by dealers and distributors and the consequent unavailability for the farmer.
- Operating performance was further impacted by write-offs over government dues and the absence of operating leverage.
- Factoring in the 1QFY22 performance, we lower our earnings estimate for FY22 by 34% as 1Q contributes ~70% to annual revenue. We lower our earnings estimate for FY23 by 11%, primarily due to a decrease in cotton seed sales volumes (7m packets v/s 7.5m earlier) as well as margin estimates for the segment.
- We value the stock at 13x FY23E EPS to arrive at TP of INR710. Maintain Buy.

Absence of operating leverage drags down overall earnings

- 1QFY22 revenue (consolidated) was down 12% YoY to INR6,298m (v/s est. INR7,945m), weighed by lower cotton revenue and no maize sales to governments. EBITDA fell 30% YoY to INR1,996m (v/s est. INR3,205m). The EBITDA margin contracted 820bp YoY to 31.7%, primarily due to the absence of operating leverage and higher-than-average returns of seeds (35% in 1QFY22 v/s average of 20%). This led to the provisioning of INR220m and a drop in market share.
- Adj. PAT fell 31% YoY to INR2,037m (v/s est. INR3,186m). PAT de-growth was due to lower revenue and provisions for bad debts, against realized revenue for government business amounting to INR149m in FY20.
- Cotton seed volumes de-grew 29% to 4.97m packets, thereby leading to revenue de-growth of 28% to INR3,079m. Despite market share gains in Gujarat and Haryana, KSCL reported loss of sales in AP, Karnataka, and Telangana – coupled with a drop in volume contribution from new products to 21.3% (v/s 36.2% in 1QFY21).
- Maize seed volumes fell 18% to 4,348mt and corresponding revenue de-grew 8% YoY to INR842m. The weak performance was attributable to no government sales in 1QFY22 (v/s INR175m worth of sales in 1QFY21).
- Hybrid rice volumes increased 33% to 6,569m packets, leading to 43% revenue growth to INR1,635m. Selection rice volumes increased 5% to 11,709mt and revenue 15% to INR860m.
- Vegetable seed revenue grew 22% YoY to INR185m, driven by 2.2x volume growth to 38m packets.

Sumant Kumar - Research Analyst (Sumant.Kumar@MotilalOswal.com)
Research Analyst: Darshit Shah (Darshit.Shah@motilaloswal.com) / **Yusuf Inamdar** (yusuf.inamdar@motilaloswal.com)

Highlights from management commentary

- Industry cotton seed sales were impacted as 15% of the seeds sold during the quarter were illegal HTBt seeds. The sale of illegal cotton seeds and low branded seed sales have nearly doubled v/s last year, impacting the company's performance. Industry branded cotton seed sales declined 30% YoY during the quarter.
- Every year, ~20% of seeds produced by KSCL are returned to the company. However, as per KSCL's internal estimates, 35–36% of seeds are expected to be returned (the majority in the Non-Cotton Crops segment) in FY22. As a result, the company has already created provisions worth INR220m.

Valuation and view

- Despite market share gains in cotton seed in Gujarat and Haryana, KSCL lost sales in AP, Telangana, and Karnataka due to (a) lower acreage, (b) loss of volume market share due to lockdown related restrictions, and (c) higher HTBt seed sales. This resulted in overall revenue decline of 12% in 1QFY22; thereby, the company lost the season for FY22.
- However, KSCL is well on track to diversify from cotton seed sales by increasing the share of rice and vegetables – which are not only growing at a faster pace but also yielding higher margins (v/s the Cotton segment).
- Factoring in the 1QFY22 performance, we lower our earnings estimate for FY22 by 34% as 1Q contributes ~70% to annual revenue. We lower our earnings estimate for FY23 by 11%, primarily due to a decrease in cotton seed sales volumes (7m packets v/s 7.5m earlier) as well as margin estimates for the segment.
- We value the company at 13x FY23E EPS (in line with five-year average P/E) to arrive at TP of INR710. Maintain Buy.

Quarterly - Consolidated (INR m)

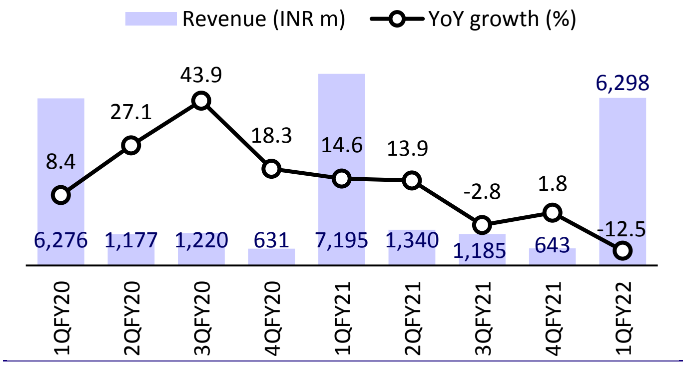
Y/E March	FY21				FY22				FY21	FY22E	FY22	Var.
	1Q	2Q	3Q	4Q	1Q	2QE	3QE	4QE			1Q	%
Net Sales	**7,195**	**1,340**	**1,185**	**643**	**6,298**	**1,524**	**1,361**	**688**	**10,363**	**9,871**	**7,945**	**-21**
YoY Change (%)	14.6	13.9	-2.8	1.8	-12.5	13.7	14.8	7.1	11.4	-4.7	10.4	
Total Expenditure	4,325	1,174	1,083	801	4,302	1,321	1,237	855	7,383	7,714	4,740	
EBITDA	**2,869**	**167**	**102**	**-158**	**1,996**	**204**	**123**	**-166**	**2,980**	**2,157**	**3,205**	**-38**
Margins (%)	39.9	12.4	8.6	-24.6	31.7	13.4	9.1	-24.1	28.8	21.9	40.3	
Depreciation	55	56	56	56	48	65	70	70	222	253	60	
Interest	1	2	0	2	0	2	2	2	5	6	2	
Other Income	235	105	75	42	151	115	83	47	457	395	259	
PBT before EO expense	**3,049**	**214**	**121**	**-174**	**2,099**	**252**	**134**	**-192**	**3,210**	**2,293**	**3,401**	
Extra-Ord. expense	0	0	0	0	0	0	0	0	0	0	0	
PBT	**3,049**	**214**	**121**	**-174**	**2,099**	**252**	**134**	**-192**	**3,210**	**2,293**	**3,401**	
Tax	84	-20	30	4	52	15	8	-12	98	63	204	
Rate (%)	2.8	-9.4	24.4	-2.4	2.5	6.0	6.0	6.0	3.1	2.8	6	
Minority Interest & Profit/Loss of Asso. Cos.	-11	1	0	4	-10	1	0	4	-7	-6	-12	
Reported PAT	**2,953**	**235**	**91**	**-174**	**2,037**	**237**	**126**	**-176**	**3,105**	**2,225**	**3,186**	**-36**
Adj. PAT	**2,953**	**235**	**91**	**-174**	**2,037**	**237**	**126**	**-176**	**3,105**	**2,225**	**3,186**	**-36**
YoY Change (%)	28.6	72.1	10.4	-329.3	-31.0	1.1	38.2	1.3	19.9	-28.4	8	
Margins (%)	41.0	17.5	7.7	-27.0	32.4	15.6	9.3	-25.6	30.0	22.5	40.1	

Key Performance Indicators

Y/E March	FY21				FY22				FY21	FY22E
	1Q	2Q	3Q	4Q	1Q	2QE	3QE	4QE		
Segment Revenue Growth (%)										
Cotton seed	4.8	(69.3)	(111.8)	27.6	(27.5)	7.1	7.1	4.0	(2.2)	(26.3)
Hybrid Rice	53.2	(65.7)	443.5	(74.5)	43.3	16.6	16.6	16.6	55.9	39.6
Maize Seeds	8.7	112.7	(26.4)	97.9	(7.8)	13.4	13.4	(11.2)	18.4	1.8
Cotton Seed Vol (mn packets)	7.0	0.1	(0.1)	0.1	5.0	0.1	(0.1)	0.1	7.1	5.1
Cost Break-up										
RM Cost (% of sales)	52.4	57.5	48.1	45.8	55.9	57.5	48.1	45.8	**52.2**	**54.4**
Staff Cost (% of sales)	2.3	15.7	20.7	35.4	3.2	35.4	35.4	35.4	**8.2**	**9.6**
Other Cost (% of sales)	5.4	14.4	22.6	43.4	9.2	14.0	23.0	43.0	**10.9**	**14.2**
Gross Margins (%)	47.6	42.5	51.9	54.2	44.1	42.5	51.9	54.2	**47.8**	**45.6**
EBITDA Margins (%)	39.9	12.4	8.6	-24.6	31.7	13.4	9.1	-24.1	**28.8**	**21.9**
EBIT Margins (%)	42.4	16.1	10.3	-26.8	33.3	16.6	10.0	-27.6	**34.6**	**22.2**

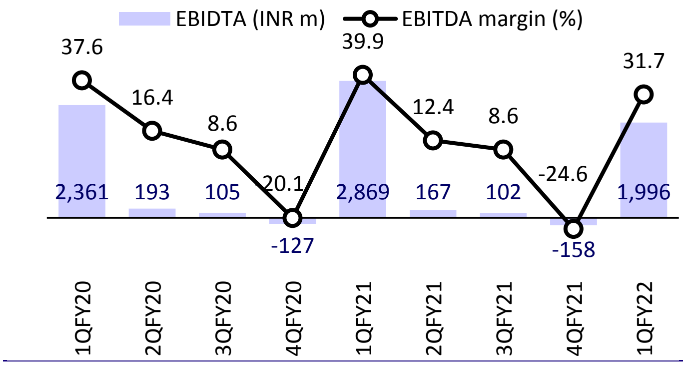
Key exhibits

Exhibit 1: Revenue trend



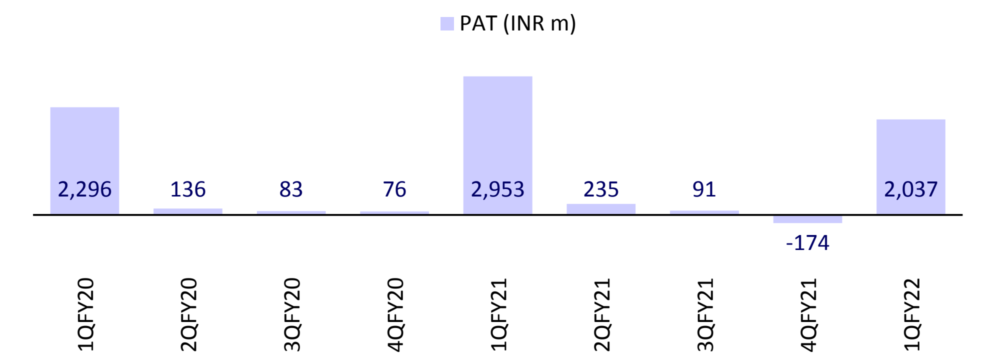
Source: Company, MOSL

Exhibit 2: EBITDA margin trend



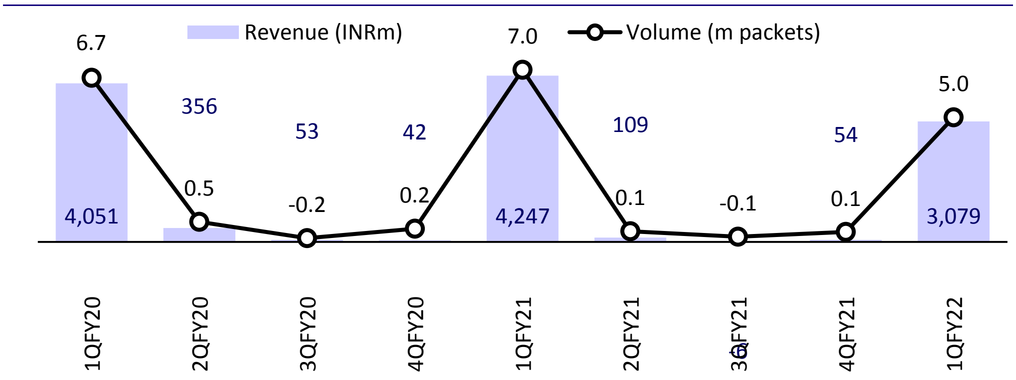
Source: Company, MOSL

Exhibit 3: Adj. PAT trend



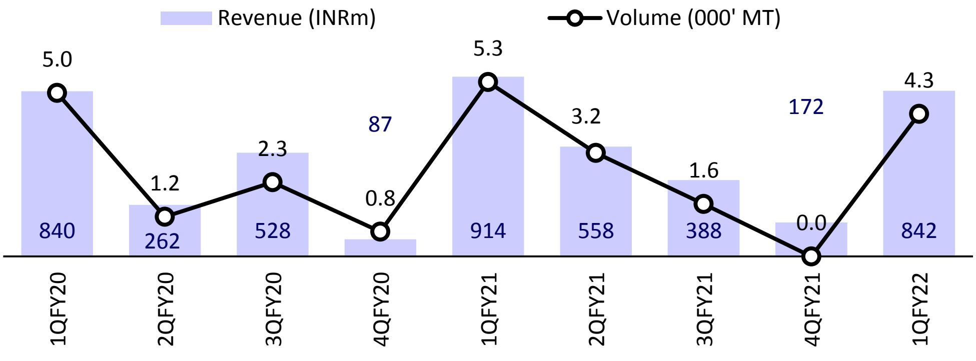
Source: Company, MOSL

Exhibit 4: Cotton revenue and volume trend



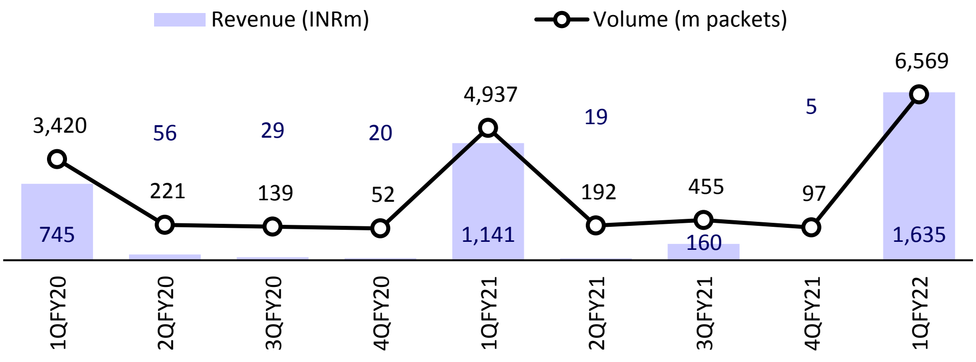
Source: Company, MOSL

Exhibit 5: Maize revenue and volume trend



Source: Company, MOSL

Exhibit 6: Hybrid rice revenue and volume trend



Source: Company, MOSL

Conference call highlights

Cotton

- Cotton acreage was lower YoY by 8.7%. The area under cultivation has decreased in all major cotton-growing states. The highest decline has been seen in AP, followed by Punjab, Karnataka, Rajasthan, Maharashtra, MP, Haryana, and Telangana. The decline is largely attributable to lower yields and the pink bollworm infestation over the past two years, which has made farmers turn away despite the very high prices of cotton this year.
- 1QFY22 volumes and revenue are down by about 28% in cotton seed. The company gained cotton seed market share in Gujarat and Haryana, but lost sales in AP, Telangana, and Karnataka.
- The contribution of new products fell from 36% to 21% of volumes. New products include KCH 111, Viplav, and Money Maker.
- Farmers have shifted to other crops, which impacted cotton seed sales during the quarter.
- Cotton seeds sales for the industry were impacted as 15% of the seeds sold during the quarter were illegal HTBt seeds. The sale of illegal cotton seeds and low branded seed sales has nearly doubled v/s last year, impacting the company's performance. Industry branded cotton seed sales declined 30% YoY during the quarter.
- The company has not lost market share in the Branded Cotton Seeds segment.

Maize

- Overall maize acreage was almost stable, with a slight decrease of 0.2%. The area under cultivation increased significantly in major maize-growing states such as Telangana, Karnataka, Assam, and Gujarat. It declined in key states such as Chhattisgarh, Jharkhand, AP, Maharashtra, HP, and Rajasthan. Commodity prices have improved towards the closing of the season. The decline in area in many states was largely due to very poor rainfall and poor commodity prices last year as well as due to COVID during the peak sowing season.
- Maize volumes decreased 18% and revenue 8% during the quarter; the decrease was primarily attributable to no government sales in the quarter v/s sales worth INR175m in the corresponding quarter last year. Ex-government sales, revenue increased 14% YoY during the quarter.
- The contribution of new products has gone up significantly from 7% to 18%.

Paddy

- The rice area under cultivation has decreased by about 4% YoY. The major impact on acreage was largely from a delayed monsoon arrival and a long dry spell after the first showers. COVID also impacted sowing in many states due to the high impact of the second wave during the peak sowing season. Bajra is down by about 8.8%, largely due to very poor rainfall. Sunflower is up by about 34%, while Jowar is down by about 15%.
- Paddy sales grew significantly despite overall acreage declining. Hybrid rice grew 43%, while selection rice improved 15%.
- Hybrid Rice: Revenue grew 43% in 1QFY22. The contribution of new hybrids went up from 64% to 75%.
- Selection Rice: Revenue grew 15% in 1QFY22. A consistent performance was seen across geographies. New products Chintu, 828, Sampurna, and KV99 scaled up very well during the quarter. The contribution of new hybrids went up from 17% to 18%.
- In the Hybrid Rice segment, the company expects growth of 20–25%.

Vegetables:

- Key crops for the company include tomato, okra, and chilly.
- Vegetable sales revenue increased 22% during the quarter.
- Major growth was driven by hot peppers, gourds, and okra.
- The company introduced new hybrids such as Srimukhi (KHPH 1223), which has delivered good growth on the back of good commercial price and export demand. Coriander hybrid Parimal helped deliver good volume growth.
- The contribution of new hybrids in the Vegetables segment went up from 74% to 96%.

Financial

- The 1QFY22 provision of INR149m was towards bad debt towards government sales in FY20. The company does not expect any write-offs from the government in FY22.
- The Non-Cotton business was up 16% YoY in 1QFY22, driven by volume growth in Rice; new products in Maize, Rice, and Bajra; and a price increase in key lead hybrids across crops.

- Every year, the company typically provides for sales return of 20% (of sales); however, in 1QFY22, it provided for 35–36% of sales as sales return. The majority of the write-off was from non-cotton crops typically. The company had written off INR70–80m in FY21 v/s INR220m in 1QFY22.
- Gross margins have been impacted by write-offs and the EBITDA margin has been impacted by the absence of operating leverage.
- In the Non-Cotton segment, the operating margin is higher v/s the Cotton Seeds segment.
- Other expenses have increased v/s last year on the back of bad debt provisions and an increase in traveling expenses.
- Land lease: The company has leased 100k acres of land and aims to carry out the production of all seeds, with a moderately higher focus on hybrid seeds.
- Cash (including investments) stood at INR5.6b as of Jun'21.

Valuation

- Despite market share gains in cotton seed in Gujarat and Haryana, KSCL lost sales in AP, Telangana, and Karnataka due to (a) lower acreage, (b) loss of volume market share due to lockdown related restrictions, and (c) higher HTBt seed sales. This resulted in overall revenue decline of 12% in 1QFY22; thereby, the company lost the season for FY22.
- However, KSCL is well on track to diversify from cotton seed sales by increasing the share of rice and vegetables – which are not only growing at a faster pace but also yielding higher margins (v/s the Cotton segment).
- Factoring in the 1QFY22 performance, we lower our earnings estimate for FY22 by 34% as 1Q contributes ~70% to annual revenue. We lower our earnings estimate for FY23 by 11%, primarily due to a decrease in cotton seed sales volumes (7m packets v/s 7.5m earlier) as well as margin estimates for the segment.
- We value the company at 13x FY23E EPS (in line with five-year average P/E) to arrive at TP of INR710. Maintain Buy.

Exhibit 7: Change in estimates

Earnings Change	Old		New		Change	
(INR m)	FY22E	FY23E	FY22E	FY23E	FY22E	FY23E
Revenue	11,519	12,389	9,871	11,741	-14%	-5%
EBITDA	3,366	3,590	2,157	3,314	-36%	-8%
Adj. PAT	3,380	3,689	2,230	3,298	-34%	-11%

Source: MOFSL

Financials and valuations

Consolidated Income Statement								(INR m)
Y/E March	FY16	FY17	FY18	FY19	FY20	FY21	FY22E	FY23E
Net Sales	**7,449**	**7,050**	**8,192**	**8,094**	**9,303**	**10,363**	**9,871**	**11,741**
Change (%)	-35.9	-5.4	16.2	-1.2	14.9	11.4	-4.7	18.9
EBITDA	**1,875**	**1,395**	**2,218**	**2,116**	**2,532**	**2,980**	**2,157**	**3,314**
Margin (%)	25.2	19.8	27.1	26.1	27.2	28.8	21.9	28.2
Depreciation	274	302	251	230	257	222	253	293
EBIT	**1,601**	**1,093**	**1,967**	**1,887**	**2,275**	**2,758**	**1,904**	**3,021**
Int. and Finance Charges	2	2	6	5	5	5	6	6
Other Income - Rec.	131	344	237	430	456	457	395	494
PBT bef. EO Exp.	**1,729**	**1,435**	**2,198**	**2,311**	**2,727**	**3,210**	**2,293**	**3,508**
EO Expense/(Income)	0	592	0	0	0	0	0	0
PBT after EO Exp.	**1,729**	**843**	**2,198**	**2,311**	**2,727**	**3,210**	**2,293**	**3,508**
Current Tax	58	75	87	117	118	67	63	211
Deferred Tax	-3	-5	-3	20	10	31	0	0
Tax Rate (%)	3.2	8.3	3.8	5.9	4.7	3.1	2.8	6.0
Reported PAT	**1,675**	**773**	**2,114**	**2,174**	**2,599**	**3,112**	**2,230**	**3,298**
PAT Adj for EO items	**1,675**	**1,316**	**2,114**	**2,174**	**2,599**	**3,112**	**2,230**	**3,298**
Change (%)	-44.4	-21.4	60.6	2.8	19.5	19.7	-28.3	47.9
Margin (%)	22.5	18.7	25.8	26.9	27.9	30.0	22.6	28.1

Consolidated Balance Sheet								(INR m)
Y/E March	FY16	FY17	FY18	FY19	FY20	FY21	FY22E	FY23E
Equity Share Capital	138	138	132	126	121	121	121	121
Total Reserves	9,134	10,005	9,992	9,942	9,466	12,325	14,138	16,888
Net Worth	**9,272**	**10,143**	**10,124**	**10,069**	**9,587**	**12,445**	**14,259**	**17,009**
Minority Interest	-2	-7	-6	-6	2	10	10	10
Deferred Liabilities	0	0	168	202	182	157	157	157
Total Loans	16	46	29	68	58	11	11	11
Capital Employed	**9,286**	**10,182**	**10,315**	**10,332**	**9,829**	**12,622**	**14,436**	**17,186**
Gross Block	3,033	3,322	3,463	4,199	4,551	4,733	5,133	5,533
Less: Accum. Deprn.	1,018	1,320	1,571	1,800	2,057	2,279	2,532	2,825
Net Fixed Assets	**2,015**	**2,002**	**1,892**	**2,399**	**2,494**	**2,454**	**2,601**	**2,708**
Capital WIP	197	340	376	384	185	311	197	235
Total Investments	**5,064**	**6,569**	**6,226**	**5,096**	**3,839**	**5,990**	**7,390**	**9,490**
Curr. Assets, Loans&Adv.	**6,327**	**6,358**	**6,153**	**7,626**	**9,255**	**10,850**	**10,403**	**11,958**
Inventory	5,044	4,478	4,428	5,612	6,391	7,195	6,747	7,751
Account Receivables	804	854	859	846	1,180	1,057	1,082	1,287
Cash and Bank Balance	94	210	139	87	81	141	205	220
Loans and Advances	386	817	727	1,081	1,603	2,457	2,369	2,700
Curr. Liability & Prov.	**4,320**	**5,095**	**4,340**	**5,180**	**5,957**	**6,997**	**6,171**	**7,221**
Account Payables	4,237	3,026	2,202	2,411	2,669	3,584	2,940	3,378
Provisions	83	9	116	72	68	117	72	86
Other current liabilities	0	2,060	2,022	2,696	3,221	3,296	3,159	3,757
Net Current Assets	**2,007**	**1,263**	**1,814**	**2,446**	**3,297**	**3,852**	**4,232**	**4,738**
Appl. of Funds	**9,286**	**10,182**	**10,315**	**10,332**	**9,829**	**12,622**	**14,436**	**17,186**

Financials and valuations

Ratios								
Y/E March	**FY16**	**FY17**	**FY18**	**FY19**	**FY20**	**FY21**	**FY22E**	**FY23E**
Basic (INR)								
EPS	**27.8**	**21.8**	**35.0**	**36.0**	**43.1**	**51.6**	**37.0**	**54.7**
Cash EPS	32.3	26.8	39.2	39.8	47.3	55.3	41.2	59.5
BV/Share	153.7	168.1	167.8	166.9	158.9	206.3	236.4	281.9
DPS	5.0	3.0	3.0	3.0	3.0	4.0	6.0	8.0
Payout (%)	24.7	32.2	11.7	11.3	9.5	8.8	18.4	16.6
Valuation (x)								
P/E				16.8	14.1	11.8	16.4	11.1
Cash P/E				15.2	12.8	11.0	14.7	10.2
P/BV				3.6	3.8	2.9	2.6	2.2
EV/Sales				4.7	4.1	3.7	3.9	3.2
EV/EBITDA				18.1	15.1	12.8	17.7	11.5
Dividend Yield (%)				0.5	0.5	0.7	1.0	1.3
FCF per share				8.5	29.3	36.6	31.3	44.2
Return Ratios (%)								
EBITDA Margins (%)	25.2	19.8	27.1	26.1	27.2	28.8	21.9	28.2
Net Profit Margins (%)	22.5	18.7	25.8	26.9	27.9	30.0	22.6	28.1
RoE	19.9	13.6	20.9	21.5	26.4	28.3	16.7	21.1
RoCE	21.2	16.0	22.5	24.2	28.9	30.0	17.7	23.8
RoIC	42.0	33.8	61.5	47.9	45.4	47.7	30.5	46.1
Working Capital Ratios								
Fixed Asset Turnover (x)	2	2	2	2	2	2	2	2
Asset Turnover (x)	0.8	0.7	0.8	0.8	0.9	0.8	0.7	0.7
Inventory (Days)	247	232	197	253	251	253	249	241
Debtor (Days)	39	44	38	38	46	37	40	40
Creditor (Days)	208	157	98	109	105	126	109	105
Working Capital Turnover (Days)	94	55	75	106	126	131	149	140
Leverage Ratio (x)								
Current Ratio	1.5	1.2	1.4	1.5	1.6	1.6	1.7	1.7
Interest Cover Ratio	670	453	326	345	476	546	302	465
Debt/Equity	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0

Consolidated Cash Flow Statement								(INR m)
Y/E March	**FY16**	**FY17**	**FY18**	**FY19**	**FY20**	**FY21**	**FY22E**	**FY23E**
Net P / L Bef. Tax and Eo Items	1,729	1,435	2,198	2,311	2,727	3,210	2,293	3,508
Depreciation	274	302	251	230	257	222	253	293
Interest & Finance Charges	2	2	6	5	5	5	6	6
Direct Taxes Paid	58	75	87	117	118	67	63	211
(Inc)/Dec in WC	407	860	-621	-1,150	-952	-852	-316	-491
CF from Operations	**2,355**	**2,525**	**1,747**	**1,279**	**1,918**	**2,519**	**2,174**	**3,107**
EO Expense	467	-245	0	0	0	0	0	0
CF from Operating incl EO	**2,822**	**2,280**	**1,747**	**1,279**	**1,918**	**2,519**	**2,174**	**3,107**
(inc)/dec in FA	-262	-432	-177	-744	-153	-308	-287	-437
Free Cash Flow	**2,560**	**1,848**	**1,570**	**535**	**1,765**	**2,211**	**1,887**	**2,669**
(Pur)/Sale of Investments	-2,114	-1,505	343	1,130	1,257	-2,151	-1,400	-2,100
Others	-4	-5	2	438	21	286	0	0
CF from Investments	**-2,380**	**-1,943**	**168**	**824**	**1,125**	**-2,173**	**-1,687**	**-2,537**
Issue of Shares	-5	0	-2,000	-2,000	-2,404	0	0	0
(Inc)/Dec in Debt	2	30	-18	39	-10	-47	0	0
Interest Paid	-2	-2	-6	-5	-5	-5	-6	-6
Dividend Paid	-414	-249	-247	-247	-247	-274	-411	-548
CF from Fin. Activity	**-415**	**-221**	**-1,985**	**-2,156**	**-3,049**	**-285**	**-423**	**-554**
Inc/Dec of Cash	**28**	**116**	**-71**	**-52**	**-6**	**60**	**64**	**15**
Add: Beginning Balance	66	94	210	139	87	81	141	205
Closing Balance	**93**	**210**	**139**	**87**	**81**	**141**	**205**	**220**

Explanation of Investment Rating	
Investment Rating	**Expected return (over 12-month)**
BUY	>=15%
SELL	< - 10%
NEUTRAL	< - 10 % to 15%
UNDER REVIEW	Rating may undergo a change
NOT RATED	We have forward looking estimates for the stock but we refrain from assigning recommendation

*In case the recommendation given by the Research Analyst is inconsistent with the investment rating legend for a continuous period of 30 days, the Research Analyst shall within following 30 days take appropriate measures to make the recommendation consistent with the investment rating legend.

Disclosures

The following Disclosures are being made in compliance with the SEBI Research Analyst Regulations 2014 (herein after referred to as the Regulations).

Motilal Oswal Financial Services Ltd. (MOFSL) is a SEBI Registered Research Analyst having registration no. INH000000412. MOFSL, the Research Entity (RE) as defined in the Regulations, is engaged in the business of providing Stock broking services, Investment Advisory Services, Depository participant services & distribution of various financial products. MOFSL is a subsidiary company of Passionate Investment Management Pvt. Ltd.. (PIMPL). MOFSL is a listed public company, the details in respect of which are available on www.motilaloswal.com. MOFSL (erstwhile Motilal Oswal Securities Limited - MOSL) is registered with the Securities & Exchange Board of India (SEBI) and is a registered Trading Member with National Stock Exchange of India Ltd. (NSE) and Bombay Stock Exchange Limited (BSE), Multi Commodity Exchange of India Limited (MCX) and National Commodity & Derivatives Exchange Limited (NCDEX) for its stock broking activities & is Depository participant with Central Depository Services Limited (CDSL) National Securities Depository Limited (NSDL),NERL, COMRIS and CCRL and is member of Association of Mutual Funds of India (AMFI) for distribution of financial products and Insurance Regulatory & Development Authority of India (IRDA) as Corporate Agent for insurance products. Details of associate entities of Motilal Oswal Financial Services Limited are available on the website at http://onlinereports.motilaloswal.com/Dormant/documents/List%20of%20Associate%20companies.pdf

MOFSL and its associate company(ies), their directors and Research Analyst and their relatives may; (a) from time to time, have a long or short position in, act as principal in, and buy or sell the securities or derivatives thereof of companies mentioned herein. (b) be engaged in any other transaction involving such securities and earn brokerage or other compensation or act as a market maker in the financial instruments of the company(ies) discussed herein or act as an advisor or lender/borrower to such company(ies) or may have any other potential conflict of interests with respect to any recommendation and other related information and opinions.; however the same shall have no bearing whatsoever on the specific recommendations made by the analyst(s), as the recommendations made by the analyst(s) are completely independent of the views of the associates of MOFSL even though there might exist an inherent conflict of interest in some of the stocks mentioned in the research report

MOFSL and / or its affiliates do and seek to do business including investment banking with companies covered in its research reports. As a result, the recipients of this report should be aware that MOFSL may have a potential conflict of interest that may affect the objectivity of this report. Compensation of Research Analysts is not based on any specific merchant banking, investment banking or brokerage service transactions. Details of pending Enquiry Proceedings of Motilal Oswal Financial Services Limited are available on the website at https://galaxy.motilaloswal.com/ResearchAnalyst/PublishViewLitigation.aspx

A graph of daily closing prices of securities is available at www.nseindia.com, www.bseindia.com. Research Analyst views on Subject Company may vary based on Fundamental research and Technical Research. Proprietary trading desk of MOFSL or its associates maintains arm's length distance with Research Team as all the activities are segregated from MOFSL research activity and therefore it can have an independent view with regards to Subject Company for which Research Team have expressed their views.

Regional Disclosures (outside India)

This report is not directed or intended for distribution to or use by any person or entity resident in a state, country or any jurisdiction, where such distribution, publication, availability or use would be contrary to law, regulation or which would subject MOFSL & its group companies to registration or licensing requirements within such jurisdictions.

For Hong Kong:

This report is distributed in Hong Kong by Motilal Oswal capital Markets (Hong Kong) Private Limited, a licensed corporation (CE AYY-301) licensed and regulated by the Hong Kong Securities and Futures Commission (SFC) pursuant to the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong) "SFO". As per SEBI (Research Analyst Regulations) 2014 Motilal Oswal Securities (SEBI Reg No. INH000000412) has an agreement with Motilal Oswal capital Markets (Hong Kong) Private Limited for distribution of research report in Hong Kong. This report is intended for distribution only to "Professional Investors" as defined in Part I of Schedule 1 to SFO. Any investment or investment activity to which this document relates is only available to professional investor and will be engaged only with professional investors." Nothing here is an offer or solicitation of these securities, products and services in any jurisdiction where their offer or sale is not qualified or exempt from registration. The Indian Analyst(s) who compile this report is/are not located in Hong Kong & are not conducting Research Analysis in Hong Kong.

For U.S.

Motilal Oswal Financial Services Limited (MOFSL) is not a registered broker - dealer under the U.S. Securities Exchange Act of 1934, as amended (the"1934 act") and under applicable state laws in the United States. In addition MOFSL is not a registered investment adviser under the U.S. Investment Advisers Act of 1940, as amended (the "Advisers Act" and together with the 1934 Act, the "Acts), and under applicable state laws in the United States. Accordingly, in the absence of specific exemption under the Acts, any brokerage and investment services provided by MOFSL , including the products and services described herein are not available to or intended for U.S. persons. This report is intended for distribution only to "Major Institutional Investors" as defined by Rule 15a-6(b)(4) of the Exchange Act and interpretations thereof by SEC (henceforth referred to as "major institutional investors"). This document must not be acted on or relied on by persons who are not major institutional investors. Any investment or investment activity to which this document relates is only available to major institutional investors and will be engaged in only with major institutional investors. In reliance on the exemption from registration provided by Rule 15a-6 of the U.S. Securities Exchange Act of 1934, as amended (the "Exchange Act") and interpretations thereof by the U.S. Securities and Exchange Commission ("SEC") in order to conduct business with Institutional Investors based in the U.S., MOFSL has entered into a chaperoning agreement with a U.S. registered broker-dealer, Motilal Oswal Securities International Private Limited. ("MOSIPL"). Any business interaction pursuant to this report will have to be executed within the provisions of this chaperoning agreement.

The Research Analysts contributing to the report may not be registered /qualified as research analyst with FINRA. Such research analyst may not be associated persons of the U.S. registered broker-dealer, MOSIPL, and therefore, may not be subject to NASD rule 2711 and NYSE Rule 472 restrictions on communication with a subject company, public appearances and trading securities held by a research analyst account.

For Singapore

In Singapore, this report is being distributed by Motilal Oswal Capital Markets Singapore Pte Ltd ("MOCMSPL") (Co.Reg. NO. 201129401Z) which is a holder of a capital markets services license and an exempt financial adviser in Singapore.As per the approved agreement under Paragraph 9 of Third Schedule of Securities and Futures Act (CAP 289) and Paragraph 11 of First Schedule of Financial Advisors Act (CAP 110) provided to MOCMSPL by Monetary Authority of Singapore. Persons in Singapore should contact MOCMSPL in respect of any matter arising from, or in connection with this report/publication/communication. This report is distributed solely to persons who qualify as "Institutional Investors", of which some of whom may consist of "accredited" institutional investors as defined in section 4A(1) of the Securities and Futures Act, Chapter 289 of Singapore ("the SFA"). Accordingly, if a Singapore person is not or ceases to be such an institutional investor, such Singapore Person must immediately discontinue any use of this Report and inform MOCMSPL.

Specific Disclosures

1 MOFSL, Research Analyst and/or his relatives does not have financial interest in the subject company, as they do not have equity holdings in the subject company.
2 MOFSL, Research Analyst and/or his relatives do not have actual/beneficial ownership of 1% or more securities in the subject company
3 MOFSL, Research Analyst and/or his relatives have not received compensation/other benefits from the subject company in the past 12 months
4 MOFSL, Research Analyst and/or his relatives do not have material conflict of interest in the subject company at the time of publication of research report
5 Research Analyst has not served as director/officer/employee in the subject company
6 MOFSL has not acted as a manager or co-manager of public offering of securities of the subject company in past 12 months
7 MOFSL has not received compensation for investment banking/ merchant banking/brokerage services from the subject company in the past 12 months
8 MOFSL has not received compensation for other than investment banking/merchant banking/brokerage services from the subject company in the past 12 months
9 MOFSL has not received any compensation or other benefits from third party in connection with the research report
10 MOFSL has not engaged in market making activity for the subject company

The associates of MOFSL may have:
- financial interest in the subject company
- actual/beneficial ownership of 1% or more securities in the subject company
- received compensation/other benefits from the subject company in the past 12 months
- other potential conflict of interests with respect to any recommendation and other related information and opinions.; however the same shall have no bearing whatsoever on the specific recommendations made by the analyst(s), as the recommendations made by the analyst(s) are completely independent of the views of the associates of MOFSL even though there might exist an inherent conflict of interest in some of the stocks mentioned in the research report.
- acted as a manager or co-manager of public offering of securities of the subject company in past 12 months
- be engaged in any other transaction involving such securities and earn brokerage or other compensation or act as a market maker in the financial instruments of the company(ies) discussed herein or act as an advisor or lender/borrower to such company(ies)
- received compensation from the subject company in the past 12 months for investment banking / merchant banking / brokerage services or from other than said services.

The associates of MOFSL has not received any compensation or other benefits from third party in connection with the research report
Above disclosures include beneficial holdings lying in demat account of MOFSL which are opened for proprietary investments only. While calculating beneficial holdings, It does not consider demat accounts which are opened in name of MOFSL for other purposes (i.e holding client securities, collaterals, error trades etc.). MOFSL also earns DP income from clients which are not considered in above disclosures.

Analyst Certification

The views expressed in this research report accurately reflect the personal views of the analyst(s) about the subject securities or issues, and no part of the compensation of the research analyst(s) was, is, or will be directly or indirectly related to the specific recommendations and views expressed by research analyst(s) in this report.

Terms & Conditions:

This report has been prepared by MOFSL and is meant for sole use by the recipient and not for circulation. The report and information contained herein is strictly confidential and may not be altered in any way, transmitted to, copied or distributed, in part or in whole, to any other person or to the media or reproduced in any form, without prior written consent of MOFSL. The report is based on the facts, figures and information that are considered true, correct, reliable and accurate. The intent of this report is not recommendatory in nature. The information is obtained from publicly available media or other sources believed to be reliable. Such information has not been independently verified and no guaranty, representation of warranty, express or implied, is made as to its accuracy, completeness or correctness. All such information and opinions are subject to change without notice. The report is prepared solely for informational purpose and does not constitute an offer document or solicitation of offer to buy or sell or subscribe for securities or other financial instruments for the clients. Though disseminated to all the customers simultaneously, not all customers may receive this report at the same time. MOFSL will not treat recipients as customers by virtue of their receiving this report.

Disclaimer:

The report and information contained herein is strictly confidential and meant solely for the selected recipient and may not be altered in any way, transmitted to, copied or distributed, in part or in whole, to any other person or to the media or reproduced in any form, without prior written consent. This report and information herein is solely for informational purpose and may not be used or considered as an offer document or solicitation of offer to buy or sell or subscribe for securities or other financial instruments. Nothing in this report constitutes investment, legal, accounting and tax advice or a representation that any investment or strategy is suitable or appropriate to your specific circumstances. The securities discussed and opinions expressed in this report may not be suitable for all investors, who must make their own investment decisions, based on their own investment objectives, financial positions and needs of specific recipient. This may not be taken in substitution for the exercise of independent judgment by any recipient. Each recipient of this document should make such investigations as it deems necessary to arrive at an independent evaluation of an investment in the securities of companies referred to in this document (including the merits and risks involved), and should consult its own advisors to determine the merits and risks of such an investment. The investment discussed or views expressed may not be suitable for all investors. Certain transactions -including those involving futures, options, another derivative products as well as non-investment grade securities - involve substantial risk and are not suitable for all investors. No representation or warranty, express or implied, is made as to the accuracy, completeness or fairness of the information and opinions contained in this document. The Disclosures of Interest Statement incorporated in this document is provided solely to enhance the transparency and should not be treated as endorsement of the views expressed in the report. This information is subject to change without any prior notice. The Company reserves the right to make modifications and alternations to this statement as may be required from time to time without any prior approval. MOFSL, its associates, their directors and the employees may from time to time, effect or have effected an own account transaction in, or deal as principal or agent in or for the securities mentioned in this document. They may perform or seek to perform investment banking or other services for, or solicit investment banking or other business from, any company referred to in this report. Each of these entities functions as a separate, distinct and independent of each other. The recipient should take this into account before interpreting the document. This report has been prepared on the basis of information that is already available in publicly accessible media or developed through analysis of MOFSL. The views expressed are those of the analyst, and the Company may or may not subscribe to all the views expressed therein. This document is being supplied to you solely for your information and may not be reproduced, redistributed or passed on, directly or indirectly, to any other person or published, copied, in whole or in part, for any purpose. This report is not directed 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, regulation or which would subject MOFSL to any registration or licensing requirement within such jurisdiction. The securities described herein may or may not be eligible for sale in all jurisdictions or to certain category of investors. Persons in whose possession this document may come are required to inform themselves of and to observe such restriction. Neither the Firm, not its directors, employees, agents or representatives shall be liable for any damages whether direct or indirect, incidental, special or consequential including lost revenue or lost profits that may arise from or in connection with the use of the information. The person accessing this information specifically agrees to exempt MOFSL or any of its affiliates or employees from, any and all responsibility/liability arising from such misuse and agrees not to hold MOFSL or any of its affiliates or employees responsible for any such misuse and further agrees to hold MOFSL or any of its affiliates or employees free and harmless from all losses, costs, damages, expenses that may be suffered by the person accessing this information due to any errors and delays.

Registered Office Address: Motilal Oswal Tower, Rahimtullah Sayani Road, Opposite Parel ST Depot, Prabhadevi, Mumbai-400025; Tel No.: 022 71934200/ 022-71934263; Website www.motilaloswal.com.CIN no.: L67190MH2005PLC153397.Correspondence Office Address: Palm Spring Centre, 2nd Floor, Palm Court Complex, New Link Road, Malad(West), Mumbai- 400 064. Tel No: 022 7188 1000.

Registration Nos.: Motilal Oswal Financial Services Limited (MOFSL)*: INZ000158836(BSE/NSE/MCX/NCDEX); CDSL and NSDL: IN-DP-16-2015; Research Analyst: INH000000412. AMFI: ARN - 146822; Investment Adviser: INA000007100; Insurance Corporate Agent: CA0579;PMS:INP000006712. Motilal Oswal Asset Management Company Ltd. (MOAMC): PMS (Registration No.: INP000000670); PMS and Mutual Funds are offered through MOAMC which is group company of MOFSL. Motilal Oswal Wealth Management Ltd. (MOWML): PMS (Registration No.: INP000004409) is offered through MOWML, which is a group company of MOFSL. Motilal Oswal Financial Services Limited is a distributor of Mutual Funds, PMS, Fixed Deposit, Bond, NCDs,Insurance Products and IPOs.Real Estate is offered through Motilal Oswal Real Estate Investment Advisors II Pvt. Ltd. which is a group company of MOFSL. Private Equity is offered through Motilal Oswal Private Equity Investment Advisors Pvt. Ltd which is a group company of MOFSL. Research & Advisory services is backed by proper research. Please read the Risk Disclosure Document prescribed by the Stock Exchanges carefully before investing. There is no assurance or guarantee of the returns. Investment in securities market is subject to market risk, read all the related documents carefully before investing. Details of Compliance Officer: Name: Neeraj Agarwal, Email ID: na@motilaloswal.com, Contact No.:022-71881085.

* MOSL has been amalgamated with Motilal Oswal Financial Services Limited (MOFSL) w.e.f August 21, 2018 pursuant to order dated July 30, 2018 issued by Hon'ble National Company Law Tribunal, Mumbai Bench.