

# Fertilisers

## Monthly Update

September 8, 2021

### Exhibit 1: PL Coverage Universe

Company Name	Rating	CMP (Rs)	TP (Rs)
Bayer Cropscience	ACCUMULATE	5,402	6,506
Coromandel Intl.	ACCUMULATE	789	991
Dhanuka Agritech	HOLD	817	1,008
Godrej Agrovet	HOLD	664	639
Insecticides India	ACCUMULATE	728	817
P.I. Industries	ACCUMULATE	3,365	3,363
Rallis India	HOLD	292	321
Sharda Cropchem	BUY	328	457
Sumitomo Chem. India	REDUCE	411	376
UPL	HOLD	752	740

Source: Company, PL

### DAP supply shortages accelerating decline in industry sales

- Fertiliser sales declined 17% YoY in August driven by 48% decline in DAP sales (to 6.5 lakh tons). Urea/NPK sales declined 5%/8% to 2.8/1.1 mn tons. Imported fertiliser sales declined 39% to 0.9 mn tons due to 69%/26% decline in DAP/NPK sales. Sale of indigenously manufactured DAP declined 21% YoY.
- CRIN/CHMB/ Mangalore Chemical/Deepak Fert reported 19%/40%/39%/36% YoY decline in total sales. GSFC clocked 12% growth in sales.
- Continuous increase in price of Phosphatic fertiliser raw materials internationally coupled with fixation of DAP MRP at Rs 1200/bag in India has put tremendous pressure on the profitability of DAP manufacturers and importers and created supply shortages in the market.
- China's key fertiliser firms may suspend exports on govt diktat in order to bolster domestic supplies. The move may lead to further increase in fertiliser price internationally which could be negative for the industry as it may increase the subsidy burden/RM cost. China is the world's largest exporter of phosphate and has shipped 3.2 mn tons of DAP in 1HCY21, of which 2.4 mn tons was shipped to India & Pakistan.
- We have Accumulate rating on CRIN with TP of Rs 991. Despite RM cost inflation, the company stands firm footed to defend its FY21 profitability primarily driven by higher NBS subsidy by GoI, benefits of backward integration, price hikes and investment in projects to enhance efficiency.

### Exhibit 2: All cos except GSFC report decline in sales

Company wise sales	Aug-21	Aug-20	YoY gr.	Jul-21	YTD'22	YTD'21	YoY gr.
Coromandel Int'l	4,44,105	5,47,530	-18.9%	5,11,299	19,97,350	21,58,263	-7.5%
Chambal Fertilisers	2,49,905	2,23,800	11.7%	1,58,323	8,20,401	10,77,007	-23.8%
GSFC	75,073	75,682	-0.8%	83,846	3,01,789	3,18,426	-5.2%
GNFC	3,32,553	5,56,006	-40.2%	5,26,997	19,17,520	24,29,339	-21.1%
Deepak Fertilisers	45,564	70,770	-35.6%	59,118	3,16,665	2,73,901	15.6%
RCF	2,39,346	3,12,656	-23.4%	2,90,186	12,36,598	13,06,814	-5.4%
NFL	3,47,833	4,45,426	-21.9%	4,69,355	17,61,726	20,37,407	-13.5%
Mangalore Chemicals	64,084	1,05,169	-39.1%	74,322	94,964	12,96,45	-26.8%
Zuari Group	2,67,547	2,72,047	-1.7%	2,77,783	11,46,338	11,99,301	-4.4%

Source: GoI, PL

### Exhibit 3: DAP sales decline 48% YoY

Productwise sales	Aug-21	Aug-20	YoY gr.	Jul-21	YTD'22	YTD'21	YoY gr.
Urea	28,41,980	29,92,851	-5.0%	30,23,639	97,69,027	1,08,24,554	-9.8%
DAP	6,52,961	12,48,282	-47.7%	10,60,166	29,30,234	38,22,615	-23.3%
NPKS	11,35,572	12,34,826	-8.0%	12,20,190	38,85,417	38,68,577	0.4%
SSP	3,93,835	3,67,038	7.3%	4,02,905	17,11,151	17,98,091	-4.8%
MOP	1,61,204	3,77,302	-57.3%	2,66,422	7,84,967	10,00,752	-21.6%
Compost	23,359	20,962	11.4%	32,881	1,16,341	78,434	48.3%
<b>Total</b>	<b>52,08,910</b>	<b>62,41,261</b>	<b>-16.5%</b>	<b>60,06,204</b>	<b>1,91,97,138</b>	<b>2,13,93,021</b>	<b>-10.3%</b>

Source: GoI, PL

Prashant Biyani

prashantbiyani@plindia.com | 91-22-66322260

## Company-wise Sales

**Exhibit 4: Coromandel Intl- NPK volumes down 8%**

Particulars (tons)	Aug-21	Aug-20	YoY gr.	Jul-21	MoM gr.	YTD'22	YTD'21	YoY gr.
Urea	55,116	56,944	-3.2%	47,983	14.9%	1,55,176	1,85,045	-16.1%
Manufacture	-	-	NA	-	NA	-	-	NA
Imports	55,116	56,944	-3.2%	47,983	14.9%	1,55,176	1,85,045	-16.1%
DAP	68,781	72,644	-5.3%	64,279	7.0%	2,29,016	3,28,589	-30.3%
Manufacture	10	10,602	-99.9%	12,595	-99.9%	1,08,498	1,62,396	-33.2%
Imports	68,771	62,042	10.8%	51,685	33.1%	1,20,519	1,66,193	-27.5%
Complex Fertilisers	2,95,750	3,22,539	-8.3%	3,40,176	-13.1%	13,33,756	12,80,930	4.1%
Manufacture	2,92,729	3,22,539	-9.2%	3,40,176	-13.9%	13,23,438	12,80,930	3.3%
Imports	3,020	-	NA	-	NA	10,318	-	NA
SSP	18,704	69,871	-73.2%	51,855	-63.9%	2,39,777	2,69,515	-11.0%
MoP	2,928	23,567	-87.6%	4,763	-38.5%	22,287	79,202	-71.9%
Compost	2,828	1,964	44.0%	2,242	26.1%	17,338	14,982	15.7%
<b>TOTAL VOLUME</b>	<b>4,44,105</b>	<b>5,47,530</b>	<b>-18.9%</b>	<b>5,11,299</b>	<b>-13.1%</b>	<b>19,97,350</b>	<b>21,58,263</b>	<b>-7.5%</b>

Source: GOI, PL

**Exhibit 5: GSFC reports 50% growth in Urea sales**

Particulars (tons)	Aug-21	Aug-20	YoY gr.	Jul-21	MoM gr.	YTD'22	YTD'21	YoY gr.
Urea	1,19,244	79,308	50.4%	51,952	129.5%	3,12,557	3,01,024	3.8%
Manufacture	32,030	30,575	4.8%	34,068	-6.0%	1,21,293	1,46,705	-17.3%
Imports	87,215	48,733	79.0%	17,885	387.7%	1,91,263	1,54,319	23.9%
DAP	29,801	40,439	-26.3%	16,998	75.3%	1,40,153	2,83,201	-50.5%
Manufacture	29,801	40,243	-25.9%	16,875	76.6%	1,39,706	2,72,907	-48.8%
Imports	-	196	-100.0%	123	-100.0%	448	10,294	-95.7%
Complex Fertilisers	1,00,859	1,01,254	-0.4%	89,367	12.9%	3,67,458	4,89,983	-25.0%
Manufacture	1,00,859	98,964	1.9%	89,367	12.9%	3,66,855	4,25,782	-13.8%
Imports	-	2,290	-100.0%	-	NA	603	64,201	-99.1%
MoP	2	2,799	NA	6	-70.5%	15	2,799	-99.5%
Compost	-	-	NA	-	NA	218	-	NA
<b>TOTAL VOLUME</b>	<b>2,49,905</b>	<b>2,23,800</b>	<b>11.7%</b>	<b>1,58,323</b>	<b>57.8%</b>	<b>8,20,401</b>	<b>10,77,007</b>	<b>-23.8%</b>

Source: GOI, PL

**Exhibit 6: Chambal Fertilisers- Urea sales down 10%**

Particulars (tons)	Aug-21	Aug-20	YoY gr.	Jul-21	MoM gr.	YTD'22	YTD'21	YoY gr.
Urea	2,70,242	2,99,118	-9.7%	3,43,523	-21.3%	14,18,645	15,95,311	-11.1%
Manufacture	2,70,242	2,99,118	-9.7%	3,43,523	-21.3%	14,18,645	15,95,311	-11.1%
Imports	-	-	NA	-	NA	-	-	NA
DAP	34,518	2,06,140	-83.3%	1,66,385	-79.3%	4,34,966	6,37,697	-31.8%
Manufacture	-	-	NA	-	NA	-	-	NA
Imports	34,518	2,06,140	-83.3%	1,66,385	-79.3%	4,34,966	6,37,697	-31.8%
Complex Fertilisers	16,818	2,281	637.2%	1,789	840.1%	61,904	51,698	19.7%
Manufacture	-	-	NA	-	NA	-	-	NA
Imports	16,818	2,281	637.2%	1,789	840.1%	61,904	51,698	19.7%
MoP	10,976	48,467	-77.4%	15,300	-28.3%	2,005	1,44,634	-98.6%
<b>TOTAL VOLUME</b>	<b>3,32,553</b>	<b>5,56,006</b>	<b>-40.2%</b>	<b>5,26,997</b>	<b>-36.9%</b>	<b>19,17,520</b>	<b>24,29,339</b>	<b>-21.1%</b>

Source: GOI, PL

**Exhibit 7: Deepak Fertilisers- NPK volumes down 35%**

Particulars (tons)	Aug-21	Aug-20	YoY gr.	Jul-21	MoM gr.	YTD'22	YTD'21	YoY gr.
DAP	5,012	1,056	374.6%	12	43104.3%	5,012	24,796	-79.8%
<i>Manufacture</i>	-	-	NA	-	NA	-	-	NA
<i>Imports</i>	5,012	1,056	374.6%	12	43104.3%	5,012	24,796	-79.8%
Complex Fertilisers	45,562	69,714	-34.6%	59,106	-22.9%	3,11,645	2,48,993	25.2%
<i>Manufacture</i>	45,546	69,474	-34.4%	58,987	-22.8%	2,99,774	2,47,547	21.1%
<i>Imports</i>	16	240	NA	119	-86.7%	11,871	1,446	721.0%
MoP	-	-	NA	0	NA	8	112	-92.7%
<b>TOTAL VOLUME</b>	<b>50,574</b>	<b>70,770</b>	<b>-28.5%</b>	<b>59,118</b>	<b>-14.5%</b>	<b>3,16,665</b>	<b>2,73,901</b>	<b>15.6%</b>

Source: GOI, PL

**Exhibit 8: RCF- Urea sales down 21%**

Particulars (tons)	Aug-21	Aug-20	YoY gr.	Jul-21	MoM gr.	YTD'22	YTD'21	YoY gr.
Urea	1,64,976	2,09,248	-21.2%	1,97,692	-16.5%	9,51,763	9,37,319	1.5%
<i>Manufacture</i>	1,64,976	2,09,248	-21.2%	1,97,692	-16.5%	9,51,763	9,37,319	1.5%
<i>Imports</i>	-	-	NA	-	NA	-	-	NA
DAP	-	30,916	NA	-	NA	-	92,003	NA
<i>Manufacture</i>	-	-	NA	-	NA	-	-	NA
<i>Imports</i>	-	30,916	NA	-	NA	-	92,003	NA
Complex Fertilisers	69,864	69,072	1.1%	88,673	-21.2%	2,58,180	2,61,456	-1.3%
<i>Manufacture</i>	61,392	48,263	27.2%	52,939	16.0%	1,86,626	2,05,056	-9.0%
<i>Imports</i>	8,472	20,809	NA	35,734	-76.3%	71,554	56,400	NA
MoP	-	-	NA	1,073	NA	23,058	337	NA
Compost	4,506	3,420	31.8%	2,749	63.9%	3,596	15,700	-77.1%
<b>TOTAL VOLUME</b>	<b>2,39,346</b>	<b>3,12,656</b>	<b>-23.4%</b>	<b>2,90,186</b>	<b>-17.5%</b>	<b>12,36,598</b>	<b>13,06,814</b>	<b>-5.4%</b>

Source: GOI, PL

**Exhibit 9: NFL- Urea sales down 17%**

Particulars (tons)	Aug-21	Aug-20	YoY gr.	Jul-21	MoM gr.	YTD'22	YTD'21	YoY gr.
Urea	3,18,287	3,83,393	-17.0%	3,82,205	-16.7%	15,74,869	18,10,893	-13.0%
<i>Manufacture</i>	2,16,860	3,18,483	-31.9%	2,84,984	-23.9%	13,14,706	15,54,917	-15.4%
<i>Imports</i>	1,01,427	64,910	56.3%	97,222	4.3%	2,60,163	2,55,975	NA
DAP	10,127	48,413	-79.1%	59,360	-82.9%	84,197	1,33,910	-37.1%
<i>Manufacture</i>	-	-	NA	-	NA	-	-	NA
<i>Imports</i>	10,127	48,413	-79.1%	59,360	-82.9%	84,197	1,33,910	-37.1%
Complex Fertilisers	3,342	6,056	-44.8%	16,985	-80.3%	54,233	55,946	-3.1%
<i>Manufacture</i>	-	-	NA	-	NA	-	-	NA
<i>Imports</i>	3,342	6,056	-44.8%	16,985	-80.3%	54,233	55,946	-3.1%
MoP	14,238	4,573	211.4%	8,509	NA	32,428	27,822	NA
Compost	1,838	2,990	-38.5%	2,295	-19.9%	15,999	8,836	81.1%
<b>TOTAL VOLUME</b>	<b>3,47,833</b>	<b>4,45,426</b>	<b>-21.9%</b>	<b>4,69,355</b>	<b>-25.9%</b>	<b>17,61,726</b>	<b>20,37,407</b>	<b>-13.5%</b>

Source: GOI, PL

**Exhibit 10: Zuari group's total volume down 2%**

Particulars (tons)	Aug-21	Aug-20	YoY gr.	Jul-21	MoM gr.	YTD'22	YTD'21	YoY gr.
Urea	83,263	1,02,720	-18.9%	79,905	4.2%	3,41,271	3,64,448	-6.4%
<i>Manufacture</i>	83,263	1,02,720	-18.9%	79,905	4.2%	3,41,271	3,64,448	-6.4%
<i>Imports</i>	-	-	NA	-	NA	-	-	NA
DAP	63,456	79,627	-20.3%	75,176	-15.6%	3,03,571	4,69,411	-35.3%
<i>Manufacture</i>	63,426	29,427	115.5%	75,176	-15.6%	3,03,531	3,05,659	-0.7%
<i>Imports</i>	31	50,201	-99.9%	-	NA	40	1,63,752	-100.0%
Complex Fertilisers	1,19,074	77,734	53.2%	1,09,685	8.6%	4,51,063	3,41,762	32.0%
<i>Manufacture</i>	1,19,074	77,734	53.2%	1,09,508	8.7%	4,50,886	3,41,762	31.9%
<i>Imports</i>	-	-	NA	177	NA	177	-	NA
SSP	-	-	NA	-	NA	-	124	-100.0%
MoP	322	10,348	NA	11,125	-97.1%	40,980	16,202	152.9%
Compost	1,433	1,618	-11.4%	1,892	-24.3%	9,454	7,355	28.5%
<b>TOTAL VOLUME</b>	<b>2,67,547</b>	<b>2,72,047</b>	<b>-1.7%</b>	<b>2,77,783</b>	<b>-3.7%</b>	<b>11,46,338</b>	<b>11,99,301</b>	<b>-4.4%</b>

Source: GOI, PL

**Exhibit 11: GNFC report flattish volumes YoY**

Particulars (tons)	Aug-21	Aug-20	YoY gr.	Jul-21	MoM gr.	YTD'22	YTD'21	YoY gr.
Urea	59,528	59,203	0.5%	65,746	-9.5%	2,50,904	2,46,588	1.8%
<i>Manufacture</i>	59,528	59,203	0.5%	65,746	-9.5%	2,50,904	2,46,588	1.8%
<i>Imports</i>	-	-	NA	-	NA	-	-	NA
Complex Fertilisers	15,330	16,420	-6.6%	17,757	-13.7%	48,763	70,017	-30.4%
<i>Manufacture</i>	15,330	16,420	-6.6%	17,757	-13.7%	48,763	70,017	-30.4%
<i>Imports</i>	-	-	NA	-	NA	-	-	NA
Compost	-	-	NA	-	NA	-	-	NA
<b>TOTAL VOLUME</b>	<b>216</b>	<b>59</b>	<b>266.1%</b>	<b>343</b>	<b>-37.0%</b>	<b>2,123</b>	<b>1,821</b>	<b>16.6%</b>

Source: GOI, PL

## Fertiliser Industry Performance

**Exhibit 12: 17% decline in industry sales driven by 69% reduction in DAP imports**

Particulars (Mn tons)	Aug-20	Aug-20	YoY gr.	Jul-20	MoM gr.	YTD FY22	YTD FY21	YoY gr.
UREA	2.842	2.993	-5.0%	3.024	-6.0%	12.611	13.817	-8.7%
<i>Manufacture</i>	2.290	2.412	-5.0%	2.419	-5.3%	10.696	11.555	-7.4%
<i>Imports</i>	0.552	0.581	-5.0%	0.605	-8.8%	1.915	2.262	-15.4%
DAP	0.653	1.248	-47.7%	1.060	-38.4%	3.583	5.071	-29.3%
<i>Manufacture</i>	0.436	0.552	-21.0%	0.571	-23.6%	2.305	3.150	-26.8%
<i>Imports</i>	0.217	0.696	-68.8%	0.489	-55.6%	1.278	1.921	-33.5%
NPKS	1.136	1.235	-8.0%	1.220	-6.9%	5.021	5.103	-1.6%
<i>Manufacture</i>	1.036	1.100	-5.8%	1.091	-5.1%	4.585	4.554	0.7%
<i>Imports</i>	0.100	0.135	-26.3%	0.129	-22.8%	0.436	0.549	-20.6%
MOP	0.161	0.377	-57.3%	0.266	-39.5%	0.946	1.378	-31.3%
SSP	0.394	0.367	7.3%	0.403	-2.3%	2.105	2.165	-2.8%
COMPOST	0.023	0.021	11.4%	0.033	-29.0%	0.140	0.099	40.5%
<b>TOTAL INDUSTRY VOLUME</b>	<b>5.209</b>	<b>6.241</b>	<b>-16.5%</b>	<b>6.006</b>	<b>-13.3%</b>	<b>24.406</b>	<b>27.634</b>	<b>-11.7%</b>

Source: GOI, PL

**Exhibit 13: Cos have started to take price hike in NPK**

Particulars (Rs/ton)	Jul-21	Jul-20	YoY gr.	Jun-21	MoM gr.	Avg FY21
UREA	5,360	5,360	0.0%	5,360	0.0%	5,360
DAP	24,000	24,957	-3.8%	31,940	-24.9%	24,967
NPK 12-32-16	26,698	24,528	8.8%	25,400	5.1%	24,643
NPK 10-26-26	27,031	24,392	10.8%	25,728	5.1%	24,576
NPK 20-20-0-13	22,269	20,019	11.2%	21,002	6.0%	19,950
NPK 14-35-14	28,450	25,757	10.5%	28,000	1.6%	25,733
NPK 17-17-17	25,000	25,000	0.0%	25,000	0.0%	25,000
SSP	7,487	8,065	-7.2%	7,611	-1.6%	8,032
MOP	19,485	18,027	8.1%	19,169	1.7%	17,873

Source: GOI, PL

**Exhibit 14: Raw material are steady at elevated levels**

Particulars (USD/ton)	Jul-21	Jul-20	YoY gr.	Jun-21	MoM gr.	Avg FY21	Avg FY20	YoY gr.
Ammonia	585	205	185.4%	548	6.8%	264	240	10.0%
Rock Phosphate	144	99	45.5%	131	9.9%	99	108	-8.2%
Phosphoric Acid	1,128	625	80.5%	998	13.0%	670	648	3.4%
Sulphur	221	78	183.3%	226	-2.2%	108	88	22.2%
MOP	280	230	21.7%	280	0.0%	239	286	-16.5%
Urea	507	243	108.6%	413	22.8%	281	270	4.0%
DAP	615	323	90.4%	580	6.0%	368	333	10.5%

Source: GOI, PL

**Exhibit 15: Valuation Summary**

Company Names	S/C	Rating	CMP (Rs)	TP (Rs)	Mcap (Rs bn)	Sales (Rs bn)				EBITDA (Rs bnm)				PAT (Rs bn)				EPS (Rs)				RoE (%)				PE (x)			
						FY19	FY20E	FY21E	FY22E	FY19	FY20E	FY21E	FY22E	FY19	FY20E	FY21E	FY22E	FY19	FY20E	FY21E	FY22E	FY19	FY20E	FY21E	FY22E	FY19	FY20E	FY21E	FY22E
Bayer Cropscience	S	Acc	5,402	6,506	242.8	36.1	42.6	47.7	52.5	7.3	8.1	9.4	10.7	6.0	6.2	7.2	8.4	134.6	136.9	161.3	185.9	25.1	24.0	25.0	22.9	40.1	39.5	33.5	29.1
Coromandel Intl.	S	Acc	789	991	230.7	131.4	142.1	184.9	195.7	17.3	20.2	22.8	23.7	10.7	13.3	15.8	16.1	36.4	45.4	54.1	55.1	27.7	28.1	28.0	24.1	21.7	17.4	14.6	14.3
Dhanuka Agritech	S	HOLD	817	1,008	38.0	11.2	13.9	15.1	17.5	1.7	2.7	2.9	3.3	1.3	2.1	2.3	2.6	28.3	45.8	48.6	56.0	20.0	28.4	25.7	24.3	28.8	17.8	16.8	14.6
Godrej Agrovet	C	HOLD	664	639	127.5	69.6	62.7	71.5	78.2	4.9	5.6	7.4	8.2	3.1	3.1	4.2	4.7	15.9	16.3	21.7	24.7	17.6	16.1	19.0	19.2	41.6	40.7	30.7	26.9
Insecticides India	S	Acc	728	817	15.1	13.6	14.2	16.0	17.3	1.6	1.5	2.0	2.3	0.9	1.0	1.3	1.5	41.2	47.5	66.7	74.3	12.2	12.7	14.9	14.5	17.7	15.3	10.9	9.8
P.I. Industries	S	Acc	3,365	3,363	511.5	33.7	45.8	59.1	80.8	7.2	10.1	13.9	19.1	4.6	7.5	9.4	12.8	33.1	49.4	61.5	84.1	18.6	18.9	16.3	19.2	101.6	68.1	54.7	40.0
Rallis India	C	HOLD	292	321	56.9	22.5	24.3	27.0	30.8	2.6	3.2	3.8	4.9	1.7	2.2	2.3	3.1	8.9	11.3	11.9	16.0	12.9	14.6	14.1	17.1	32.8	25.9	24.6	18.2
Sharda Cropchem	S	BUY	328	457	29.6	20.0	24.0	28.6	32.0	2.8	4.4	5.5	6.2	1.4	2.5	2.8	3.2	15.9	27.9	31.3	35.1	10.7	16.7	15.7	15.0	20.6	11.8	10.5	9.3
Sumitomo Chem. India	C	Reduce	411	376	205.2	24.2	26.4	30.2	34.7	3.3	4.9	5.6	7.0	2.4	3.5	4.0	4.9	4.7	6.9	8.0	9.9	20.8	25.0	23.5	24.2	87.1	59.4	51.7	41.6
UPL	C	HOLD	752	740	575.3	357.6	387.0	420.1	453.7	67.7	83.5	94.5	106.6	24.0	31.1	40.7	48.9	31.4	40.7	53.2	64.0	14.1	15.5	18.8	21.1	24.0	18.5	14.1	11.8

Source: Company, PL

S=Standalone / C=Consolidated / Acc=Accumulate

**Analyst Coverage Universe**

Sr. No.	Company Name	Rating	TP (Rs)	Share Price (Rs)
1	Bayer Cropscience	Accumulate	6,506	6,092
2	Coromandel International	Accumulate	991	887
3	Dhanuka Agritech	Hold	1,008	949
4	Godrej Agrovat	Hold	639	660
5	Insecticides India	Accumulate	817	763
6	P.I. Industries	Accumulate	3,363	3,317
7	Rallis India	Hold	321	326
8	Sharda Cropchem	BUY	457	350
9	Sumitomo Chemical India	Reduce	376	430
10	UPL	Hold	740	809

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<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

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**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**

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