ANANDRATHI

India I Equities

Plywood
Result Update

Change in Estimates ☑ Target ☑ Reco ☐

16 February 2018

Century Ply Boards

Rating: **Hold**
Target Price: ₹345
Share Price: ₹327

MDF segment to drive growth in the near term; Hold

With 53% utilisation in the first quarter of operation and full utilisation expected in the next 2-3 years, Century Ply's new high-margin MDF plant has started well. While plywood and laminates would report low growth, high growth in MDF would be supported by little competition from imported MDFs in the northern region. We broadly maintain our estimates and maintain a Hold rating on the stock.

Growth driven by newer business/capacities. Revenue grew ~20% y/y in Q3 FY18, driven by additional revenue from the MDF division (₹480m) while plywood and laminates reported flat growth broadly. During the quarter, the company raised a ₹1.42bn loan from the promoter at 6.75% interest. Demand is still subdued as the GST impact has yet to ease. E-way bills may have some impact for 1-2 quarters, but will be beneficial in the long run. The company is planning a price hike to combat input costs.

Ramp-up of the MDF plant to fuel growth in FY19-20. The MDF plant ran at 53% capacity and added 10% to revenue in the first quarter of its operation. The MDF market is estimated to grow manifold and the company expects the plant to achieve 70-80% utilisation in FY19 and higher in FY20, at a ~25% EBITDA margin. New lines in laminates commenced production in Jan'18 and MDF door capacity would be functional in FY19.

Outlook. Century's planned capex of ₹0.81bn would be complete by FY19 and growth would depend on demand revival across segments. Reduction in GST on plywood from 28% to 18% would support demand shifting to the regulated sector. While some short-term challenges can be seen, the structural long-term growth outlook is intact.

Valuation. We expect PAT to come at an 18% CAGR over FY17-20, with a 26% RoE in FY20. We retain our Hold recommendation, with a target price of ₹345 (25x FY20e EPS). **Risks.** Currency fluctuations; threat from substitutes.

Key financials (YE Mar)	FY16	FY17	FY18e	FY19e	FY20e
Sales (₹ m)	16,357	17,825	20,204	24,375	28,309
Net profit (₹ m)	1,698	1,856	1,809	2,571	3,075
EPS (₹)	7.6	8.3	8.1	11.6	13.8
PE (x)	43.2	39.6	40.6	28.6	23.9
EV / EBITDA (x)	27.5	27.0	24.3	19.1	16.0
PBV (x)	14.0	10.4	8.7	6.9	5.6
RoE (%)	36.0	30.1	23.2	26.9	26.0
RoCE (%)	23.4	19.2	15.0	18.6	19.7
Dividend yield (%)	0.3	0.3	0.5	0.5	0.8
Net debt / equity (x)	0.8	0.8	0.7	0.6	0.3

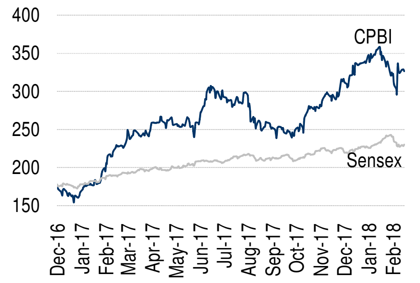
Source: Company, Anand Rathi Research

Key data	CPBI IN / CNTP.BO
52-week high / low	₹363 / 223
Sensex / Nifty	34011/ 10452
3-m average volume	$1.8m
Market cap	₹73bn / $1,128m
Shares outstanding	222m

Shareholding patter (%)	Dec'17	Sep'17	Jun'17
Promoters	72.0	72.0	72.0
- of which, Pledged	-	-	1.9
Free float	28.0	28.0	28.0
- Foreign institutions	11.1	11.4	12.2
- Domestic institutions	4.7	3.8	4.5
- Public	12.2	12.8	11.2

Estimates revision (%)	FY18e	FY19e	FY20e
Sales	5.7	1.9	1.7
EBITDA	3.9	1.9	1.7
PAT	(2.4)	3.2	3.7

Relative price performance



Source: Bloomberg

Ashish Poddar
Research Analyst
+9122 66266407
ashishpoddar@rathi.com

Surbhi Lodha
surbhilodha@rathi.com

Quick Glance – Financials and Valuations

Fig 1 – Income statement (₹ m)

Year-end: Mar	FY16	FY17	FY18e	FY19e	FY20e
Net revenues	16,357	17,825	20,204	24,375	28,309
Growth (%)	***4.5***	***9.0***	***13.3***	***20.6***	***16.1***
Direct costs	9,677	10,575	12,163	14,576	16,901
SG&A	3,845	4,329	4,766	5,633	6,542
EBITDA	**2,835**	**2,920**	**3,275**	**4,166**	**4,866**
EBITDA margins (%)	*17.3*	*16.4*	*16.2*	*17.1*	*17.2*
- Depreciation	437	524	808	798	841
Other income	65	227	204	204	146
Interest expenses	465	286	270	317	280
PBT	1,998	2,337	2,402	3,254	3,892
Effective tax rate (%)	*15.0*	*20.6*	*24.7*	*21.0*	*21.0*
+ Associates / (minorities)	-	-	-	-	-
Net income	1,698	1,856	1,809	2,571	3,075
Adjusted income	1,698	1,856	1,809	2,571	3,075
WANS	223	223	223	223	223
FDEPS (₹ / sh)	7.6	8.3	8.1	11.6	13.8
FDEPS growth	12.6	9.3	(2.5)	42.2	19.6
Gross margin (%)	*48.5*	*48.5*	*47.7*	*48.0*	*48.0*

Fig 2 – Balance sheet (₹ m)

Year-end: Mar	FY16	FY17	FY18e	FY19e	FY20e
Share capital	223	223	223	223	223
Net worth	5,251	7,086	8,478	10,633	13,057
Total debt	4,599	6,093	6,593	6,093	5,093
Minority interest	-	-	-	-	-
DTL / (assets)	(655)	(689)	(689)	(689)	(689)
Capital employed	**9,195**	**12,490**	**14,382**	**16,037**	**17,461**
Net tangible assets	1,963	2,487	5,528	6,830	6,490
Net intangible assets	12	7	-	-	-
Goodwill	-	-	-	-	-
CWIP (tang. & intang.)	930	2,842	1,000	500	200
Investments (strategic)	497	960	960	960	960
Investments (financial)	0	0	-	-	-
Current assets (ex cash)	7,172	8,024	9,095	10,839	12,613
Cash	190	538	464	108	881
Current liabilities	1,570	2,368	2,665	3,200	3,683
Working capital	5,602	5,655	6,430	7,638	8,930
Capital deployed	**9,195**	**12,490**	**14,382**	**16,037**	**17,461**
Contingent liabilities	733	841	-	-	-

Fig 3 – Cash-flow statement (₹ m)

Year-end: Mar	FY16	FY17	FY18e	FY19e	FY20e
PBT	1,998	2,337	2,402	3,254	3,892
+ Non-cash items	437	524	808	798	841
Oper. prof. before WC	2,435	2,861	3,210	4,053	4,733
- Incr. / (decr.) in WC	(236)	53	775	1,208	1,292
Others incl. taxes	300	481	593	683	817
Operating cash-flow	2,372	2,326	1,842	2,161	2,624
- Capex (tang. + intang.)	1,105	2,955	2,000	1,600	200
Free cash-flow	1,267	(629)	(158)	561	2,424
Acquisitions					
- Div.(incl. buyback & taxes)	267	267	417	417	651
+ Equity raised	0	-	-	-	-
+ Debt raised	(446)	1,494	500	(500)	(1,000)
- Fin investments	44	463	-	-	-
- Misc. (CFI + CFF)	489	(214)	0	(0)	(0)
Net cash-flow	20	348	(75)	(356)	773

Source: Company, Anand Rathi Research

Fig 4 – Ratio analysis

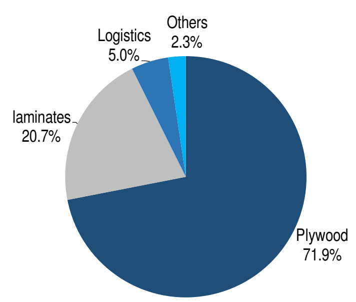
Year-end: Mar	FY16	FY17	FY18e	FY19e	FY20e
P/E (x)	43.2	39.6	40.6	28.6	23.9
EV / EBITDA (x)	27.5	27.0	24.3	19.1	16.0
EV / sales (x)	4.8	4.4	3.9	3.3	2.7
P/B (x)	14.0	10.4	8.7	6.9	5.6
RoE (%)	36.0	30.1	23.2	26.9	26.0
RoCE (%) - after tax	23.4	19.2	15.0	18.6	19.7
RoIC	23.9	19.9	15.6	18.9	20.3
DPS (₹ / sh)	1.0	1.0	1.6	1.6	2.5
Dividend yield (%)	0.3	0.3	0.5	0.5	0.8
Dividend payout (%) - incl. DDT	13.1	12.0	19.7	13.8	18.1
Net debt / equity (x)	0.8	0.8	0.7	0.6	0.3
Receivables (days)	64	69	69	67	67
Inventory (days)	61	54	54	54	54
Payables (days)	40	53	53	54	54
CFO:PAT %	139.7	125.4	101.8	84.1	85.3

Source: Company, Anand Rathi Research

Fig 5 – Price movement

Source: Bloomberg

Fig 6 – FY17 revenue break-up (standalone)



Source: Company

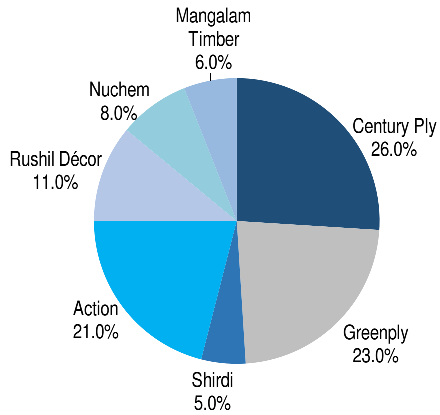
Newer capacities to drive growth

The company has recently expanded its plywood capacity, commissioned a new MDF plant and is in the process of expanding its laminates plant, envisaged to drive earnings over FY18-20. All the planned capacity-expansion programs will be completed in FY19, after which the company will consider setting up MDF capacities at new locations.

MDF division began production in Q3 FY18

Century entered MDF by commissioning its 198,000-cubic-metre plant in Q3 FY18, the largest capacity of any operator at present. The plant ran at 53% capacity, reporting profit in the very first quarter of operation. This higher-margin segment contributed ~9.5% to revenue in Q3. The plant is expected to touch ~80% utilisation in FY19, with ~25% EBITDA margin (vs. ~15% in plywood).

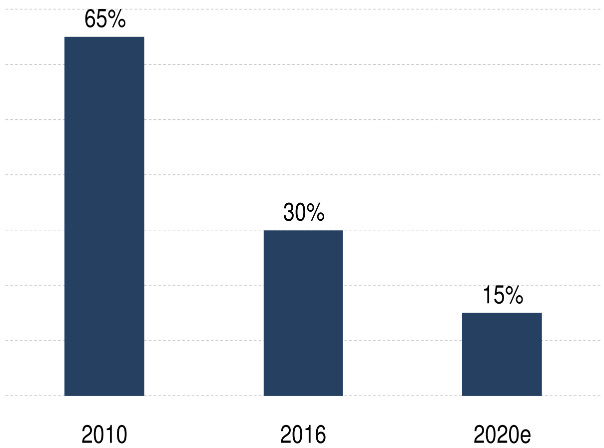
Fig 7 – Century Ply has the largest MDF capacity in India



Source : Company Presentations, Annual Reports

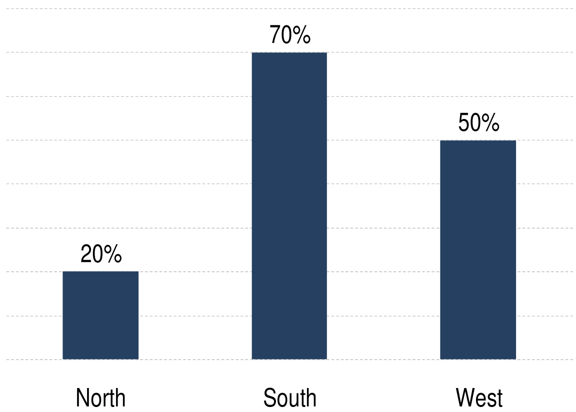
The plant is strategically located in Punjab where access to raw material is easy at favourable prices. Although demand is high in the North, the threat of imports is low, resulting in less competition as most imports from Thailand, Malaysia, Sri Lanka, China, New Zealand, Indonesia and Vietnam arrive at southern ports. After freight charges, it becomes unviable to sell imported goods in northern markets.

Fig 8 – Lower MDF imports as India setting up capacities



Source: Company Presentations, Annual Reports

Fig 9 – MDF imports – South, the highest; North, the lowest



Source: Company Presentations, Annual Reports

The MDF segment in India is at a very nascent stage and has the potential to grow manifold as MDF is more suitable for readymade furniture. The company expects Indian MDF to grow five times in the next five years to 5m tons (from ~1m tons now). China is sitting on 14m tons of MDF capacity.

MDF door projects deferred fully to FY19

Century has entered into a JV (60:40) with a Chinese company, "Goldea", to manufacture MDF doors. The project, earlier expected to start in H2 FY18, has being deferred to FY19. The company will invest ~₹0.6bn in the first phase. Also, it plans to introduce flooring tiles and other value-added products.

Rooftop-solar-panel project to save 5-10% in electricity bills

The company is setting up rooftop solar panels on its plants at ~₹400m. In the initial phase, the Chennai unit will have 1.056 MW. The company expects to save 5-10% in electricity costs due to this project.

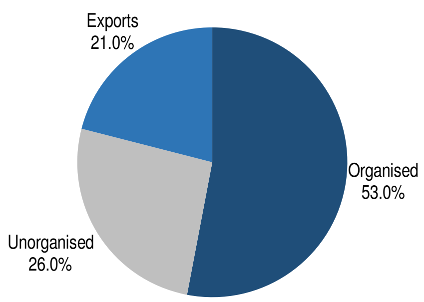
Laminates – one line operational in Jan'18

The company was working on expanding two of its lines in laminates to increase capacity from 4.8m sheets, to 7.2m. After the expansion, Century will be the third-largest in laminates, with an 18% market share in the regulated segment.

While it is operating at near-full capacity, we believe the newly added capacity will also be absorbed soon due to the increasing shift from non-brand to brand-named products, value-added products (textured, exterior grade, compact) and focus on thicker laminates (1mm).

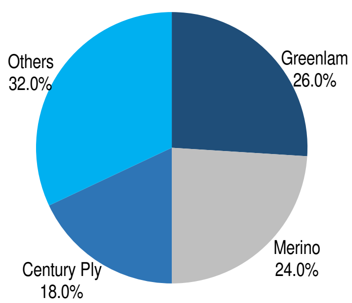
The Indian laminates industry is worth ₹50bn, of which 20% is exported. The regulated market is ~55% and growth in this industry depends on the growth in the substrate (plywood, MDF, particle board).

Fig 10 – Laminates - Regulated operators have 53% share; Exports also play key role



Source: Company Presentations, Annual Reports

Fig 11 – Greenlam, the highest share in laminates (regulated) followed by Merino and Century Ply



Source: Company Presentations, Annual Reports

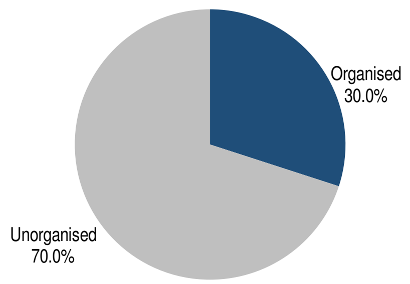
Plywood – increasing outsourcing of 'Sainik' brand; sharper focus on premium variants

Century sells plywood in the mid-premium segment under the 'Sainik' brand. It mainly obtains this from small/unregulated operators and focuses on premium variants in-house. It outsources ~12% of its sales in plywood, expected to go up in the next two years as smaller operators would find it difficult in terms of working capital and their ability to compete against larger operators, post-GST and the E-way bill implementation.

The company has 245,000 cubic metres of plywood capacity at seven manufacturing plants across India and a unit in Myanmar.

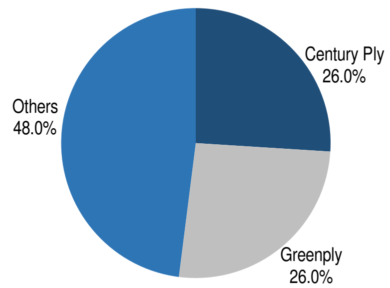
The Indian plywood sector is largely dominated by unregulated operators (70%). Century and Greenply control 50% of the regulated market.

Fig 12 – Plywood sector - highly unregulated



Source: Company Presentations, Annual Reports

Fig 13 – Century, Greenply holds 52% of the regulated market

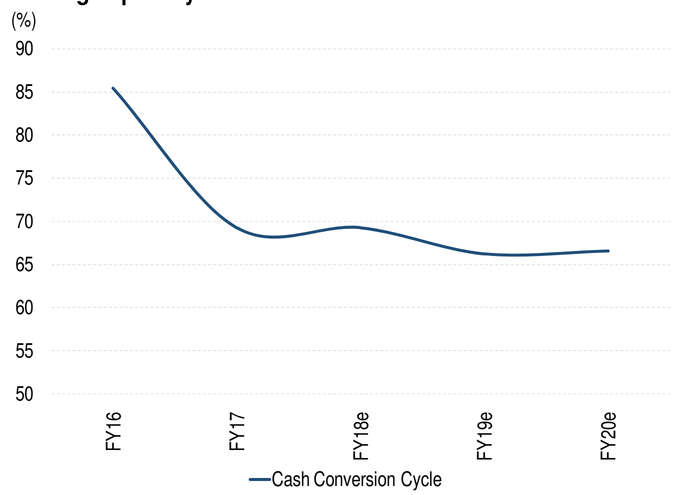


Source: Company Presentations, Annual Reports

Working-capital cycle declining despite rising production

The company has appointed Vector Consultants to shorten the working-capital cycle. This seems to be helping. Despite rising sales, the company has been able to well control its working-capital cycle, which fell by four days in 9M FY18.

Fig 14 – Working-capital cycle well under control



Source: Company, Anand Rathi Research

Raised ₹1.42bn loan from promoter

In Q3 FY18, the company raised a ₹1.42bn loan from the promoter on an arm's-length basis at 6.75%, close to the interest rate in markets in various instruments. Long-term debt (including buyers' credit) at end-Q3 FY18 is ₹2.77bn, compared to ₹2.39bn at FY17-end.

Fig 15 – Capex Details

(₹ m)	Budgeted Costs	FY15-17	9M FY18	Q4 FY18e	FY18e	FY19e	Total
MDF	3,800	2,828	352	320	672	-	3,500
Plywood at Punjab	640	-	-	-	-	640	640
Particle board	677	605	-	-	-	-	605
Laminates	625	87	356	183	538	-	625
Door project	600	-	-	-	-	600	600
Solar panel project	400	-	28	50	78	323	400
CFS	-	158	12	-	12	-	170
Corporate office	580	338	268	44	312	-	650
Joka unit	-	204	26	-	26	-	230
Gandhidham unit	-	167	12	-	12	-	179
Karnal unit	-	37	22	-	22	-	58
Guwahati unit	-	207	33	-	33	-	240
Chennai unit	-	-	131	-	131	-	131
Others	-	56	10	-	10	-	66
Total	**7,322**	**4,686**	**1,248**	**596**	**1,845**	**1,563**	**8,093**

Source : Company

Fig 16 – Q3FY18 standalone financial performance

(₹ m)	Q3 FY17	Q4 FY17	Q1 FY18	Q2 FY18	Q3 FY18	% Y/Y	% Q/Q	9M FY17	9M FY18	% Y/Y
Income	4,255	4,885	4,386	4,746	5,099	19.9	7.5	12,939	14,231	10.0
EBITDA	674	838	611	740	878	30.2	18.5	2,115	2,229	5.4
PBT	445	798	421	529	594	33.6	12.3	1,539	1,545	0.4
PAT	373	559	341	401	467	25.1	16.2	1,297	1,209	(6.7)
EPS (calculated)	1.7	2.5	1.5	1.8	2.1	25.1	16.2	5.8	5.4	(6.7)
As % of income						bps YoY	bps QoQ			bps YoY
Gross margin	**48.3**	**48.2**	**46.7**	**46.4**	**48.9**	**59**	**250**	**48.6**	**47.4**	**(125)**
Employee cost	15.0	13.7	15.7	14.2	14.2	(81)	(7)	14.7	14.7	(1)
Other expenses	17.5	17.4	17.0	16.5	17.5	3	96	17.6	17.0	(55)
EBITDA margin	**15.8**	**17.1**	**13.9**	**15.6**	**17.2**	**137**	**161**	**16.3**	**15.7**	**(68)**
PBT	10.5	16.3	9.6	11.2	11.7	120	50	11.9	10.9	(104)
Effective tax rate	16.1	30.0	19.0	24.2	21.5	536	(268)	15.7	21.7	598
PAT margin	8.8	11.4	7.8	8.5	9.2	38	69	10.0	8.5	(152)
Segment-wise results										
Revenue mix (%)						bps YoY	bps QoQ			bps YoY
Plywood and allied products	70.0	70.7	71.9	63.6	62.6	(742)	(94)	70.2	65.9	(428)
Laminate and allied products	21.5	20.8	18.7	25.9	19.4	(213)	(652)	21.5	21.3	(22)
Medium-density fibre board	0.1	0.1	0.1	0.0	9.2	915	920	0.2	3.3	307
Particle board	2.2	2.2	2.3	3.0	1.9	(28)	(106)	1.0	2.4	145
CFS services	4.4	4.4	5.0	5.2	5.3	98	16	4.6	5.2	55
EBIT margin (%)						bps YoY	bps QoQ			bps YoY
Plywood and allied products	14.7	19.8	11.2	13.2	13.1	(164)	(11)	14.3	12.4	(185)
Laminate and allied products	12.4	10.0	10.3	16.9	12.2	(14)	(463)	13.6	13.5	(10)
Medium-density fibre board	(4.1)	(108.1)	(29.9)	27.2	0.2	432	(2,697)	16.2	(0.1)	(1,628)
Particle board	(23.6)	(28.3)	(33.6)	1.7	8.3	3,195	665	(26.9)	(7.5)	1,942
CFS services	20.1	25.5	28.1	27.1	30.9	1,081	382	27.1	28.8	172
EBIT Mix (%)						bps YoY	bps QoQ			bps YoY
Plywood and allied products	81.1	87.1	76.9	58.9	65.7	(1,536)	679	73.8	66.2	(760)
Laminate and allied products	20.9	13.0	18.3	30.7	19.0	(192)	(1,168)	21.5	23.2	169
Medium-density fibre board	(0.0)	(0.7)	(0.4)	0.1	0.2	19	10	0.3	(0.0)	(27)
Particle board	(4.1)	(3.9)	(7.5)	0.4	1.3	543	94	(1.9)	(1.5)	45
CFS services	6.9	7.0	13.4	9.9	13.3	636	338	9.2	12.0	282

Source: Company, Anand Rathi Research

Concall Highlights

Q3 FY18 – key developments

- Q3 is generally a soft quarter so overall growth mainly came from newer businesses like MDF.
- The impact of the GST has yet to ease fully.
- The narrowing price gap (25% earlier to ~7-8% now) between the formal market and unregulated operators would help demand return for the former
- **Forex exposure.** The company has foreign currency exposure of ₹3.57bn, mainly in dollars (84%) and euros.

Price hike

- It has not recently hiked prices but has fully passed on the benefits of the GST rate cut from 28% to 18%
- It is now planning to raise prices to combat the rise in raw material prices

Plywood business

- The plywood division has registered a 15% CAGR in the last many years; we expect it to clock a 5-10% CAGR in coming years, lower than MDF and particle board
- The Sainik brand is a low-range one, chiefly outsourced since the company focuses more on value-added products; H2 CY18 should see major growth returning for this product once everything is stabilised.

MDF business

- Utilisation was 53% in the very first quarter of commissioning and the company reported profits too; utilisation is expected to touch ~80% in FY19, with ~25% EBITDA margin
- Touched ~65% of the targeted dealer network.
- Gained market share from nil, but others also grew strongly as the overall industry is expanding
- 70% revenue came from the North, 30% from the South and West
- MDF in India is at very nascent stage; the company expects it to reach 5m tons in the next five years, from 1m tons now. China has 14m tons annual capacity.

CFS business – the entry of newer operators such as Allcargo is constricting strong growth. However, this business will see steady growth with long relationships with existing clients and as more traffic comes to the Kolkata port.

E-way bill

- Will help regulated operators in big way once implemented by Jun'18
- There could be some disturbance for a short period due to transition-related issues (like the GST).

Capex

- Guidance for FY18 lowered to ~₹1.85bn, vs ~₹2.48bn earlier on account of ~₹300m cost savings in the MDF plant and shifting of the door project fully to FY19.
- Once done with all planned capex in FY19, the company will explore further capex in MDF and others.

Loans from promoter – The company raised a ₹1.42bn loan from the promoter at an arm's-length basis at 6.75%.

Competition from cement board

- No real competition from cement board panels like Bison Panel due to different usage, barring a few common uses
- MDF is very user-friendly and aims to replace cheaper plywood.

Concall Highlights of the previous quarter (Q2 FY18)

- Revenue for the quarter was mainly driven by the laminates division. The company expects this division to report ~15-20% growth in revenue.
- Non-availability of low-priced raw material from Myanmar and Laos curtailed plywood margins during the quarter. Also, the dealers expected a decline in the GST rate, from 28% to 18%; hence, they maintained low inventories, impacting the plywood division's performance.
- The increase in commercial veneer realisations was chiefly because of greater sales of quality timber in the open market.
- The high-margin MDF division is expected to contribute from Q3 FY18 with ~₹1.5bn-2bn in revenue and realisations of ₹23,500/cbm. Management expects ~25-30% margins from MDF. The plant is expected to operate at 75% capacity in Q3 FY18 and 85-90% in Q4 FY18.
- The GST rate for laminates is 18% (28% earlier). To stay competitive and further penetrate the market, the company cut its laminate prices accordingly.
- Also, it has started producing value-added pre-laminated particle-board. Expecting ~₹700m-800m in revenue from particle boards (incl. value-added products).
- Management clarified that in Apr'17 the Myanmar government removed the ban (on cutting of timber). The company expects that after all government approvals, from Jan'18, it would receive material at a lower cost, which would result in higher margins. Exports of veneer have been banned in Laos so the company is converting that veneer into plywood and exporting it to India.

Valuation

The government's focus on Housing-for-All would increase real-estate activities, which are prime users of plywood and laminates. With a strong brand image (especially its mid-range "Sainik") and planned capex, Century is set to gain from demand revival across products. The separate campaigns for laminates and the Sainik brand would help to greater operational efficiency. Reduction in GST on plywood (from 28% to 18%) would support demand shifting to the regulated sector. While some short-term challenges remain, the structural long-term growth outlook is intact.

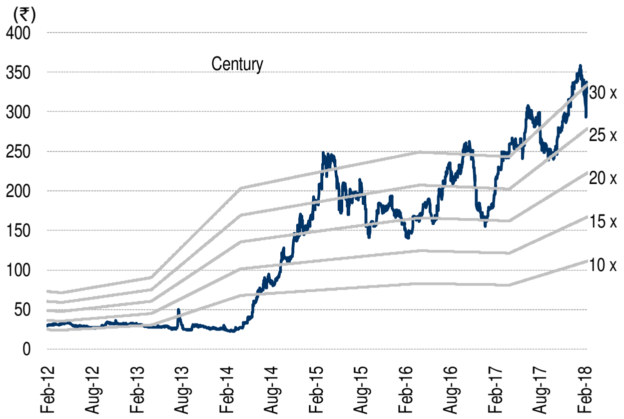
The stock trades at ~22x FY20e EPS, in line with its peers. We maintain our Hold rating on the stock, with a revised target price of ₹345 (25x FY20e EPS vs. 26x, the median of the last three years).

Fig 17 – Change in estimates

(₹ m)	Old estimates			New estimates			Change (%)		
	FY18e	FY19e	FY20e	FY18e	FY19e	FY20e	FY18e	FY19e	FY20e
Revenue	19,111	23,914	27,835	20,204	24,375	28,309	5.7	1.9	1.7
EBITDA	3,152	4,087	4,785	3,275	4,166	4,866	3.9	1.9	1.7
PAT	1,854	2,491	2,966	1,809	2,571	3,075	(2.4)	3.2	3.7
EPS	8	11	13	8	12	14	(2.1)	3.2	3.9

Source: Anand Rathi Research

Fig 18 – PE band



Source: Bloomberg, Anand Rathi Research

Fig 19 – Peer comparison

	M-cap	CAGR (FY17-20e)		EBITDA margin		RoE %		P/E (x)	
	(₹ bn)	Revenue	PAT	FY19	FY20	FY19	FY20	FY19	FY20
Century Ply (AR est)	73.3	16.7	18.3	17.1	17.2	26.9	26.0	28.3	23.7
Century Ply	73.3	17.4	19.4	18.0	18.6	27.0	27.5	28.3	22.6
Greenply	45.9	17.0	18.2	15.2	15.7	17.0	17.8	27.8	22.2
Greenlam	27.9	13.2	36.6	14.9	15.8	23.8	25.3	29.5	22.0

Source: Bloomberg, Anand Rathi Research

Risks

- **Currency volatility.** Since the company imports the major portion of its raw material, currency fluctuations could cut into its margins.
- **Threat from substitutes.** The shifting focus of consumers from plywood to multi-density fibreboard (MDF, less expensive than ply) would pose a threat.
- **Higher interest rate.** Century Plyboards' exposure to interest-rate fluctuations in its foreign-currency borrowing could hurt it.

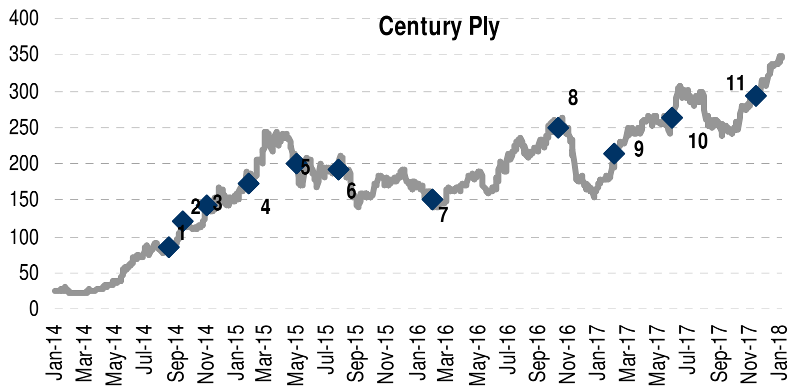
Appendix

Analyst Certification

The views expressed in this Research Report accurately reflect the personal views of the analyst(s) about the subject securities or issuers and no part of the compensation of the research analyst(s) was, is, or will be directly or indirectly related to the specific recommendations or views expressed by the research analyst(s) in this report. The research analysts are bound by stringent internal regulations and also legal and statutory requirements of the Securities and Exchange Board of India (hereinafter "SEBI") and the analysts' compensation are completely delinked from all the other companies and/or entities of Anand Rathi, and have no bearing whatsoever on any recommendation that they have given in the Research Report.

Important Disclosures on subject companies

Rating and Target Price History (as of 16 February 2018)



	Date	Rating	TP (₹)	Share Price (₹)
1	19-Aug-14	Buy	115	82
2	15-Sep-14	Buy	131	111
3	05-Nov-14	Buy	184	139
4	27-Jan-15	Buy	226	177
5	05-May-15	Buy	257	208
6	27-Jul-15	Buy	240	197
7	01-Feb-16	Buy	202	151
8	10-Aug-16	Buy	250	211
9	03-Feb-17	Buy	279	216
10	31-May-17	Buy	318	254
11	13-Nov-17	Hold	320	297

Anand Rathi Ratings Definitions

Analysts' ratings and the corresponding expected returns take into account our definitions of Large Caps (>US$1bn) and Mid/Small Caps (<US$1bn) as described in the Ratings Table below:

Ratings Guide (12 months)	Buy	Hold	Sell
Large Caps (>US$1bn)	>15%	5-15%	<5%
Mid/Small Caps (<US$1bn)	>25%	5-25%	<5%

Research Disclaimer and Disclosure inter-alia as required under Securities and Exchange Board of India (Research Analysts) Regulations, 2014

Anand Rathi Share and Stock Brokers Ltd. (hereinafter refer as ARSSBL) (Research Entity) is a subsidiary of Anand Rathi Financial Services Ltd. ARSSBL is a corporate trading and clearing member of Bombay Stock Exchange Ltd, National Stock Exchange of India Ltd. (NSEIL), Multi Stock Exchange of India Ltd (MCX-SX), United Stock Exchange and also depository participant with National Securities Depository Ltd (NSDL) and Central Depository Services Ltd. ARSSBL is engaged in the business of Stock Broking, Depository Participant and Mutual Fund distributor.

The research analysts, strategists, or research associates principally responsible for the preparation of Anand Rathi research have received compensation based upon various factors, including quality of research, investor client feedback, stock picking, competitive factors and firm revenues.

General Disclaimer: This Research Report (hereinafter called "Report") is meant solely for use by the recipient and is not for circulation. This Report does not constitute a personal recommendation or take into account the particular investment objectives, financial situations, or needs of individual clients. The recommendations, if any, made herein are expression of views and/or opinions and should not be deemed or construed to be neither advice for the purpose of purchase or sale of any security, derivatives or any other security through ARSSBL nor any solicitation or offering of any investment /trading opportunity on behalf of the issuer(s) of the respective security (ies) referred to herein. These information / opinions / views are not meant to serve as a professional investment guide for the readers. No action is solicited based upon the information provided herein. Recipients of this Report should rely on information/data arising out of their own investigations. Readers are advised to seek independent professional advice and arrive at an informed trading/investment decision before executing any trades or making any investments. This Report has been prepared on the basis of publicly available information, internally developed data and other sources believed by ARSSBL to be reliable. ARSSBL or its directors, employees, affiliates or representatives do not assume any responsibility for, or warrant the accuracy, completeness, adequacy and reliability of such information / opinions / views. While due care has been taken to ensure that the disclosures and opinions given are fair and reasonable, none of the directors, employees, affiliates or representatives of ARSSBL shall be liable for any direct, indirect, special, incidental, consequential, punitive or exemplary damages, including lost profits arising in any way whatsoever from the information / opinions / views contained in this Report. The price and value of the investments referred to in this Report and the income from them may go down as well as up, and investors may realize losses on any investments. Past performance is not a guide for future performance. ARSSBL does not provide tax advice to its clients, and all investors are strongly advised to consult with their tax advisers regarding taxation aspects of any potential investment.

Opinions expressed are our current opinions as of the date appearing on this Research only. We do not undertake to advise you as to any change of our views expressed in this Report. Research Report may differ between ARSSBL's RAs and/ or ARSSBL's associate companies on account of differences in research methodology, personal judgment and difference in time horizons for which recommendations are made. User should keep this risk in mind and not hold ARSSBL, its employees and associates responsible for any losses, damages of any type whatsoever.

ARSSBL and its associates or employees may; (a) from time to time, have long or short positions in, and buy or sell the investments in/ security of company (ies) mentioned herein or (b) be engaged in any other transaction involving such investments/ securities of company (ies) discussed herein or act as advisor or lender / borrower to such company (ies) these and other activities of ARSSBL and its associates or employees may not be construed as potential conflict of interest with respect to any recommendation and related information and opinions. Without limiting any of the foregoing, in no event shall ARSSBL and its associates or employees or any third party involved in, or related to computing or compiling the information have any liability for any damages of any kind.

Details of Associates of ARSSBL and Brief History of Disciplinary action by regulatory authorities & its associates are available on our website i.e. www.rathionline.com

Disclaimers in respect of jurisdiction: 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 ARSSBL to any registration or licensing requirement within such jurisdiction(s). No action has been or will be taken by ARSSBL in any jurisdiction (other than India), where any action for such purpose(s) is required. Accordingly, this Report shall not be possessed, circulated and/or distributed in any such country or jurisdiction unless such action is in compliance with all applicable laws and regulations of such country or jurisdiction. ARSSBL requires such recipient to inform himself about and to observe any restrictions at his own expense, without any liability to ARSSBL. Any dispute arising out of this Report shall be subject to the exclusive jurisdiction of the Courts in India.

Statements on ownership and material conflicts of interest, compensation - ARSSBL and Associates

Answers to the Best of the knowledge and belief of ARSSBL/ its Associates/ Research Analyst who is preparing this report

ARSSBL/its Associates/ Research Analyst/ his Relative have actual/beneficial ownership of one per cent or more securities of the subject company, at the end of the month immediately preceding the date of publication of the research report?	No
ARSSBL/its Associates/ Research Analyst/ his Relative have actual/beneficial ownership of one per cent or more securities of the subject company	No
ARSSBL/its Associates/ Research Analyst/ his Relative have any other material conflict of interest at the time of publication of the research report?	No
ARSSBL/its Associates/ Research Analyst/ his Relative have received any compensation from the subject company in the past twelve months	No
ARSSBL/its Associates/ Research Analyst/ his Relative have managed or co-managed public offering of securities for the subject company in the past twelve months	No
ARSSBL/its Associates/ Research Analyst/ his Relative have received any compensation for investment banking or merchant banking or brokerage services from the subject company in the past twelve months	No
ARSSBL/its Associates/ Research Analyst/ his Relative have received any compensation for products or services other than investment banking or merchant banking or brokerage services from the subject company in the past twelve months	No
ARSSBL/its Associates/ Research Analyst/ his Relative have received any compensation or other benefits from the subject company or third party in connection with the research report	No
ARSSBL/its Associates/ Research Analyst/ his Relative have served as an officer, director or employee of the subject company.	No

Other Disclosures pertaining to distribution of research in the United States of America

This report was prepared, approved, published and distributed by the Anand Rathi Share and Stock Brokers Limited (ARSSBL) located outside of the United States (a "non-US Group Company"). This report is distributed in the U.S. by Enclave Capital LLC, a U.S. registered broker dealer, on behalf of ARSSBL only to major U.S. institutional investors (as defined in Rule 15a-6 under the U.S. Securities Exchange Act of 1934 (the "Exchange Act")) pursuant to the exemption in Rule 15a-6 and any transaction effected by a U.S. customer in the securities described in this report must be effected through Enclave Capital. ARSSBL accepts responsibility for its contents. Any US customer wishing to effect transactions in any securities referred to herein or options thereon should do so only by contacting a representative of Enclave Capital LLC at 646-454-8600

Neither the report nor any analyst who prepared or approved the report is subject to U.S. legal requirements or the Financial Industry Regulatory Authority, Inc. ("FINRA") or other regulatory requirements pertaining to research reports or research analysts. No non-US Group Company is registered as a broker-dealer under the Exchange Act or is a member of the Financial Industry Regulatory Authority, Inc. or any other U.S. self-regulatory organization.

This material was produced by ARSSBL, solely for information purposes and for the use of the recipient. It is not to be reproduced under any circumstances and is not to be copied or made available to any person other than the recipient. It is distributed in the United States of America by Enclave Capital LLC (19 West 44th Street, Suite 1700, New York, NY 10036) and elsewhere in the world by ARSSBL or an authorized affiliate of ARSSBL (such entities and any other entity, directly or indirectly, controlled by ARSSBL, the "Affiliates"). This document does not constitute an offer of, or an invitation by or on behalf of ARSSBL or its Affiliates or any other company to any person, to buy or sell any security. The information contained herein has been obtained from published information and other sources, which ARSSBL or its Affiliates consider to be reliable. None of ARSSBL or its Affiliates accepts any liability or responsibility whatsoever for the accuracy or completeness of any such information. All estimates, expressions of opinion and other subjective judgments contained herein are made as of the date of this document. Emerging securities markets may be subject to risks significantly higher than more established markets. In particular, the political and economic environment, company practices and market prices and volumes may be subject to significant variations. The ability to assess such risks may also be limited due to significantly lower information quantity and quality. By accepting this document, you agree to be bound by all the foregoing provisions.

1. ARSSBL or its Affiliates may or may not have been beneficial owners of the securities mentioned in this report.

2. ARSSBL or its affiliates may have or not managed or co-managed a public offering of the securities mentioned in the report in the past 12 months.

3. ARSSBL or its affiliates may have or not received compensation for investment banking services from the issuer of these securities in the past 12 months and do not expect to receive compensation for investment banking services from the issuer of these securities within the next three months.

4. However, one or more of ARSSBL or its Affiliates may, from time to time, have a long or short position in any of the securities mentioned herein and may buy or sell those securities or options thereon, either on their own account or on behalf of their clients.

5. As of the publication of this report, ARSSBL does not make a market in the subject securities.

6. ARSSBL or its Affiliates may or may not, to the extent permitted by law, act upon or use the above material or the conclusions stated above, or the research or analysis on which they are based before the material is published to recipients and from time to time, provide investment banking, investment management or other services for or solicit to seek to obtain investment banking, or other securities business from, any entity referred to in this report.

Enclave Capital LLC is distributing this document in the United States of America. ARSSBL accepts responsibility for its contents. Any US customer wishing to effect transactions in any securities referred to herein or options thereon should do so only by contacting a representative of Enclave Capital LLC.

Additional information on recommended securities/instruments is available on request.

ARSSBL registered address: 4th Floor, Silver Metropolis, Jaicoach Compound, Opposite Bimbisar Nagar, Goregaon (East), Mumbai - 400 063.
Tel No: +91 22 4001 3700 | Fax No: +91 22 4001 3770 | CIN: U67120MH1991PLC064106.