

Strong show led by solid spreads, maintain Hold

We maintain our Hold rating on Tata Sponge (TSIL) with a revised TP of Rs1130 as we see valuations fair with historic high spreads having marginal downside risks and surplus cash on books expected to be deployed as CWIP in the steel plant capex over the next few years. Q4 earnings were very strong YoY led by better pricing and solid volumes. TSIL's spreads in sponge iron business have continued to improve but sustenance of the same at current high levels for long periods of time is difficult and hence we continue to build our annual estimates well below the current run-rate.

- Operational performance strong YoY led by robust realisation growth:** TSIL's volumes were strong at 108kt, up 5.9% YoY. EBITDA rose 139% YoY and 28% QoQ to Rs616mn. Realisations improved 40% YoY to ~Rs21300 and spreads (gross profit/t) were ~34% higher QoQ led by better realisations partially negated by higher coal costs. EBITDA/t stood at Rs5700, up 125% YoY.
- Steel plant capex announcement still remains elusive:** TSIL's board had earlier approved the set-up of a steel plant of up to 1.5 mtpa in stages. Management has indicated that the likely route for plant set-up would be BF-BOF combination with an approx. size of ~0.8 MT in first phase and this would be a brownfield expansion with a competitive capex cost/t. TSIL would be foraying into long product manufacturing in the steel plant and we expect TSIL to start deploying its existing cash pile and internal accruals into steel plant set-up from FY19E.
- Earnings outlook:** TSIL management guided towards a possibility of applying for environment clearance for further production to the tune of 30-40ktpa (vs existing EC of 425ktpa) from existing kilns and feasibility studies for the same are currently going on. We maintain our volume estimates at 421kt/425kt for FY19E/20E but increase our realization estimates as sponge iron prices have gone up sharply in line with upward movement in global scrap and steel prices. Coal availability in domestic market remains tight and we have factored in imports/domestic sourcing of 90%/10% for TSIL. We revise our coal costs higher to account for higher global prices. We have revised our EBITDA estimates higher by ~8%/1% for FY19E/20E.
- Valuation and risks – Maintain Hold:** We remain positive on TSIL due to better visibility on spread improvement and its sustenance. We are also positive on the announcement of forward integration into steelmaking considering the improved outlook for the steel sector and strong parentage, but would wait for final details on capex to factor its impact on TSIL's fair value. We continue to value the company at 5x FY20E EV/EBITDA and value the surplus cash at 75% as this cash is expected to be deployed as CWIP for the steel plant over next few years. We revise our TP to Rs1130 and maintain Hold. Key downside risks are fall in sponge iron prices and higher coal costs while upside risks are higher volumes and better spread.

Y/E Mar (Rs mn)	Q4FY18	Q4FY17	YoY(%)	Q3FY18	QoQ(%)	Q4FY18E	Var(%)
Net sales	2,435	1,672	45.7	2,145	13.5	2,498	(2.5)
Raw materials (net)	1,463	1,110	31.7	1,370	6.8	1,590	(8.0)
Employee costs	113	114	(1.1)	101	11.7	115	(1.7)
Other expenses	244	189	28.7	193	26.5	207	17.6
EBITDA	616	258	138.8	481	28.0	585	5.3
EBITDA margin (%)	25.3	15.4	987bps	22.4	286bps	23.4	186bps
Depreciation	30	32	(7.8)	31	(3.9)	32	(7.2)
Other income	117	96	21.1	117	0.2	112	4.2
PBT	700	318	120.3	543	28.7	660	6.0
Tax	233	106	120.6	183	26.9	218	6.8
PAT	467	212	120.2	360	29.7	442	5.6

Source: Company, Centrum Research

Y/E Mar (Rs mn)	Revenue	YoY (%)	EBITDA	EBITDA (%)	Adj. PAT	YoY (%)	EPS	RoE (%)	RoCE (%)	PE (x)	EV/EBITDA(x)
FY16	5,735	(27.4)	240	4.2	319	(65.3)	20.7	3.9	4.2	22.7	4.3
FY17	5,573	(2.8)	616	11.1	588	84.1	38.2	7.0	6.8	15.7	5.4
FY18P	8,002	43.6	1,827	22.8	1,409	139.7	91.5	15.4	14.5	12.3	6.2
FY19E	8,502	6.3	1,983	23.3	1,657	17.6	107.6	15.9	14.7	10.4	4.9
FY20E	8,163	(4.0)	1,919	23.5	1,678	1.3	109.0	14.1	13.2	10.3	4.2

Source: Company, Centrum Research Estimates; All ratios based on average mcap for year

In the interest of timeliness, this document is not edited

Centrum Equity Research is available on Bloomberg, Thomson Reuters and FactSet

Target Price		Rs1,130	Key Data	
CMP*	Rs1,121	Bloomberg Code	TTSP IN	
Upside	0.8%	Curr Shares O/S (mn)	15.4	
Previous Target	Rs1,165	Diluted Shares O/S(mn)	15.4	
Previous Rating	Buy	Mkt Cap (Rsbn/USDmn)	17.3/263.8	
Price Performance (%)*		52 Wk H / L (Rs)	1249/768.3	
	1M	6M	1Yr	
TTSP IN	13.5	21.3	37.5	5 Year H / L (Rs)
Nifty	3.2	3.1	15.6	1249/217.9
				Daily Vol. (3M NSE Avg.)
				297371

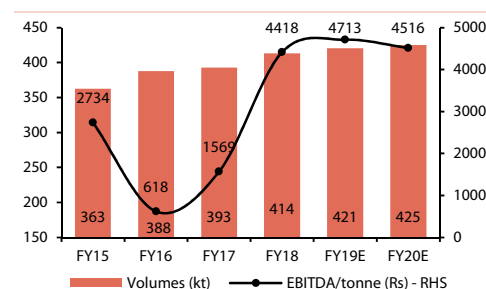
*as on 18 April 2018; Source: Bloomberg, Centrum Research

Shareholding pattern (%)*

	Dec-17	Sep-17	Jun-17	Mar-17
Promoter	54.5	54.5	54.5	54.5
FII's	8.4	7.0	8.2	8.2
Dom. Inst.	0.9	0.8	0.9	0.9
Public & Others	36.2	37.7	36.4	36.4

Source: BSE, *as on 18 April 2018

EBITDA/tonne trend



Source: Company, Centrum Research Estimates

Earnings Revision

Particulars (Rs mn)	FY19E			FY20E		
	New	Old	Chg (%)	New	Old	Chg (%)
Sales	8,502	8,292	2.5	8,163	8,163	0.0
EBITDA	1,983	1,845	7.5	1,919	1,907	0.6
EBITDA Margin (%)	23.3	22.2	108 bps	23.5	23.4	15 bps
PAT	1,657	1,559	6.3	1,678	1,668	0.6

Source: Centrum Research Estimates

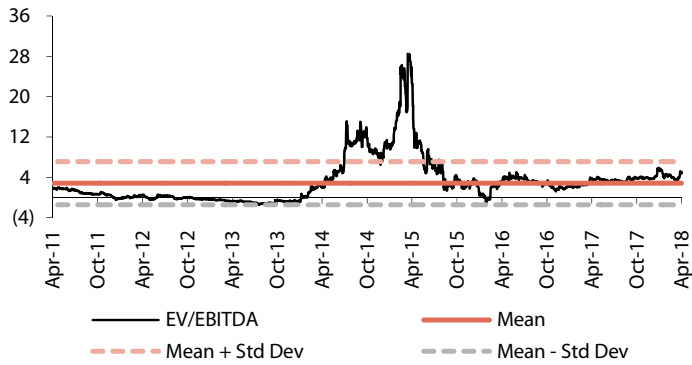
Abhisar Jain, CFA, abhisar.jain@centrum.co.in, 91 22 4215 9928

Exhibit 1: Sensitivity Analysis (FY19E)

Sensitivity to key variables	% change	% impact on EBITDA	% impact on EPS
Sales volume	1	3.6	2.8
Realization	1	4.0	3.2
Iron ore cost increase	1	(1.0)	(0.8)

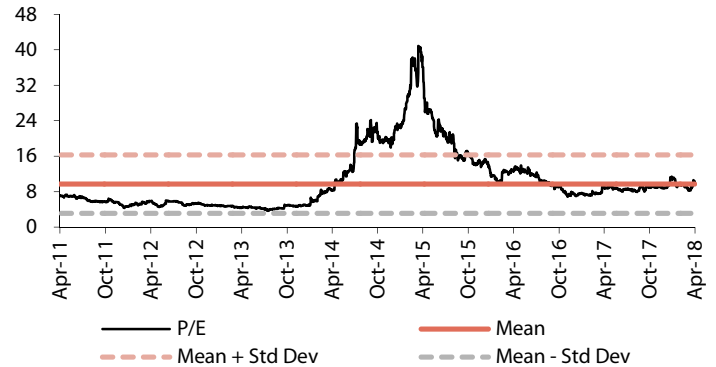
Source: Company, Centrum Research Estimates

Exhibit 2: 1 year forward EV/EBITDA chart



Source: Bloomberg, Company, Centrum Research Estimates

Exhibit 3: 1 year forward P/E chart



Source: Bloomberg, Company, Centrum Research Estimates

Exhibit 4: Valuations

(Rsmn)	Mar'20E
EBITDA	1,919
Justified EV/EBITDA (x)	5.0
EV	9,597
Net Cash	9,206
Add: Net Cash (@75%)	6,904
Add: Coal block investment (@50%)	900
Fair Value Mkt Cap	17,401
No. of Shares (mn)	15.4
Fair value/share (Rs)	1,130

Quarterly financials, operating metrics and key performance indicators

Exhibit 5: Quarterly Financials

Particulars (Rs mn)	Q1FY17	Q2FY17	Q3FY17	Q4FY17	Q1FY18	Q2FY18	Q3FY18	Q4FY18
Net Sales	1,077	1,380	1,435	1,672	1,750	1,672	2,145	2,435
Other operating income	3	7	1	0	0	0	0	0
Total Income	1,079	1,387	1,435	1,672	1,750	1,672	2,145	2,435
(Accretion)/Decretion of stock	-97	48	(4)	85	-209	62	78	22
Cost of Raw Materials consumed	813	897	962	1,025	1,263	1,010	1,292	1,441
Staff Cost	101	97	150	114	98	106	101	113
Other Operational expenses	180	175	220	189	212	150	193	244
Operating Profit (Core EBITDA)	82	169	108	258	386	344	481	616
Depreciation	31	33	32	32	32	31	31	30
EBIT	51	137	75	226	354	313	450	586
Interest	6	6	9	5	5	1	23	3
Other Revenue/Income	96	93	86	96	103	95	117	117
Other Exceptional Items	0	0	0	0	0	0	0	0
Profit Before Tax	141	224	153	318	452	407	543	700
Tax	36	63	43	106	147	131	183	233
<i>Tax rate (%)</i>	<i>25.3</i>	<i>28.2</i>	<i>28.1</i>	<i>33.2</i>	<i>32.4</i>	<i>32.1</i>	<i>33.8</i>	<i>33.3</i>
Profit After Tax	105	161	110	212	306	276	360	467
Growth (%)								
<i>Net Sales</i>	<i>(24.1)</i>	<i>(8.4)</i>	<i>3.4</i>	<i>19.1</i>	<i>62.6</i>	<i>21.1</i>	<i>49.5</i>	<i>45.7</i>
<i>EBITDA</i>	<i>101.2</i>	<i>1,265.3</i>	<i>362.2</i>	<i>75.1</i>	<i>373.6</i>	<i>103.2</i>	<i>346.7</i>	<i>138.8</i>
<i>Adj. PAT</i>	<i>47.9</i>	<i>182.2</i>	<i>109.4</i>	<i>65.4</i>	<i>190.3</i>	<i>71.9</i>	<i>228.2</i>	<i>120.2</i>
Margin (%)								
<i>EBITDA</i>	<i>7.6</i>	<i>12.2</i>	<i>7.5</i>	<i>15.4</i>	<i>22.1</i>	<i>20.6</i>	<i>22.4</i>	<i>25.3</i>
<i>EBIT</i>	<i>4.7</i>	<i>9.9</i>	<i>5.2</i>	<i>13.5</i>	<i>20.2</i>	<i>18.7</i>	<i>21.0</i>	<i>24.1</i>
<i>PAT (reported bef minority interest)</i>	<i>9.8</i>	<i>11.6</i>	<i>7.6</i>	<i>12.7</i>	<i>17.5</i>	<i>16.5</i>	<i>16.8</i>	<i>19.2</i>
Key Drivers								
Sponge Iron Sales (kt)	84.4	108.5	97.9	101.9	98.5	92.0	115.0	108.0
Net Sales realizations - Sponge Iron (Rs/t)	11,386	11,500	13,470	15,152	16,282	16,895	17,330	21,263
EBITDA/t (Rs)	966	1,560	1,100	2,530	3,919	3,739	4,183	5,703

Source: Company, Centrum Research

Exhibit 6: Key Performance Indicators

	FY15	FY16	FY17	FY18	FY19E	FY20E
Sponge Iron						
Sales Volumes (kt)	363	388	393	414	421	425
YoY %	(3.3)	6.9	1.3	5.3	1.8	1.0
Net Realizations (Rs/t)	19,805	15,046	14,345	18,011	19,000	18,000
YoY%	3.5	(24.0)	(4.7)	25.6	5.5	(5.3)
Power						
Sales Volumes (mn units)	121	113	132	144	137	139
YoY %	(13.8)	(6.7)	16.8	9.1	(4.7)	1.1
Realizations (Rs/unit)	3.8	4.2	3.8	4.5	3.7	3.7
YoY%	19.5	11.2	(10.5)	18.5	(17.6)	0.0

Source: Company, Centrum Research Estimates

Financials

Exhibit 7: Income Statement

Y/E March (Rs mn)	FY16	FY17	FY18	FY19E	FY20E
Revenues	5,735	5,573	8,002	8,502	8,163
Materials cost	4,269	3,729	4,959	5,218	4,888
% of revenues	74.4	66.9	62.0	61.4	59.9
Employee cost	340	463	418	460	506
% of revenues	5.9	8.3	5.2	5.4	6.2
Others	887	764	798	842	850
% of revenues	15.5	13.7	10.0	9.9	10.4
EBITDA	240	616	1,827	1,983	1,919
EBITDA margin (%)	4.2	11.1	22.8	23.3	23.5
Depreciation & Amortisation	129	128	123	123	131
EBIT	111	489	1,704	1,860	1,789
Interest expenses	54	24	33	25	25
PBT from operations	57	464	1,672	1,835	1,764
Other income	377	371	431	638	743
PBT	434	835	2,102	2,473	2,505
Taxes	115	247	693	816	827
Effective tax rate (%)	26.4	29.6	33.0	33.0	33.0
Adjusted PAT	319	588	1,409	1,657	1,678

Source: Company, Centrum Research Estimates

Exhibit 8: Key Ratios

Y/E March (Rs mn)	FY16	FY17	FY18P	FY19E	FY20E
Growth Ratio (%)					
Revenue	(27.4)	(2.8)	43.6	6.3	(4.0)
EBITDA	(75.9)	157.3	196.4	8.5	(3.2)
Adjusted PAT	(65.3)	84.1	139.7	17.6	1.3
Margin Ratios (%)					
EBITDA	4.2	11.1	22.8	23.3	23.5
PBT from operations	1.0	8.3	20.9	21.6	21.6
Adjusted PAT	5.6	10.5	17.6	19.5	20.6
Return Ratios (%)					
ROE	3.9	7.0	15.4	15.9	14.1
ROCE	4.2	6.8	14.5	14.7	13.2
ROIC	3.6	11.7	29.3	33.6	32.8
Turnover Ratios (days)					
Gross block turnover ratio (x)	3.6	3.3	4.5	4.5	4.0
Debtors	19	23	27	25	25
Inventory	21	32	38	35	35
Creditors	26	34	31	30	30
Cash conversion cycle	13	21	35	30	30
Solvency Ratio (x)					
Net debt-equity	(0.8)	(0.7)	(0.6)	(0.7)	(0.7)
Debt-equity	0.0	0.0	0.0	0.0	0.0
Interest coverage ratio	0.5	0.0	0.0	0.0	0.0
Gross debt/EBITDA	0.0	0.0	0.0	0.0	0.0
Current Ratio	4.6	4.5	3.9	4.3	5.2
Per share Ratios (Rs)					
Adjusted EPS	20.7	38.2	91.5	107.6	109.0
BVPS	536.4	561.6	629.7	725.6	822.9
CEPS	29.1	46.5	99.5	115.6	117.5
DPS	10.0	11.0	20.0	10.0	10.0
Dividend payout %	48.2	28.8	21.9	9.3	9.2
Valuation (x)*					
P/E (adjusted)	22.7	15.7	12.3	10.4	10.3
P/BV	0.9	1.1	1.8	1.5	1.4
EV/EBITDA	4.3	5.4	6.2	4.9	4.2
Dividend yield %	2.1	1.8	1.8	0.9	0.9
5 Yr Avg AOCF/EV yield %	58.2	15.5	3.4	4.9	9.3

Source: Company, Centrum Research Estimates; * All ratios based on average mcap for year

Exhibit 9: Balance Sheet

Y/E March (Rs mn)	FY16	FY17	FY18P	FY19E	FY20E
Equity Share Capital	154	154	154	154	154
Reserves & surplus	8,106	8,495	9,544	11,020	12,519
Shareholders' fund	8,260	8,649	9,698	11,174	12,673
Def tax liab. (net)	217	191	180	180	180
Total Liabilities	8,478	8,840	9,877	11,354	12,854
Gross Block	1,686	1,722	1,842	1,962	2,082
Less: Acc. Depreciation	49	175	298	421	552
Net Block	1,637	1,547	1,544	1,541	1,531
Capital WIP	92	56	58	88	118
Net Fixed Assets	1,730	1,603	1,602	1,629	1,649
Investments	2,854	2,634	2,634	2,634	2,634
Inventories	324	491	841	815	783
Sundry debtors	294	358	588	582	559
Cash	2,521	3,068	3,359	5,018	6,580
Loans & Advances	2,113	2,232	2,789	2,935	2,818
Other assets	39	73	163	70	67
Total Current Asset	5,291	6,222	7,740	9,420	10,807
Trade payables	407	525	669	699	671
Other current Liab.	424	488	798	745	716
Provisions	565	606	631	885	850
Net Current Assets	3,895	4,603	5,642	7,091	8,571
Total Assets	8,478	8,840	9,877	11,354	12,854

Source: Company, Centrum Research Estimates

Exhibit 10: Cash Flow

Y/E March (Rs mn)	FY16	FY17	FY18P	FY19E	FY20E
Operating profit bef WC	257	631	1,827	1,983	1,919
Changes in working capital	638	(252)	(758)	209	83
Cash flow from operations	771	195	376	1,376	1,175
Adj. OCF (OCF - Interest)	717	170	344	1,351	1,150
Net Capex	172	38	122	150	150
Adj. FCF	545	132	222	1,201	1,000
Cash flow from investments	(584)	536	309	488	593
Cash flow from financing	(183)	(185)	(393)	(205)	(205)
Net change in cash	3	546	292	1,658	1,562

Source: Company, Centrum Research Estimates

Appendix A

Disclaimer

Centrum Broking Limited ("Centrum") is a full-service, Stock Broking Company and a member of The Stock Exchange, Mumbai (BSE) and National Stock Exchange of India Ltd. (NSE). Our holding company, Centrum Capital Ltd, is an investment banker and an underwriter of securities. As a group Centrum has Investment Banking, Advisory and other business relationships with a significant percentage of the companies covered by our Research Group. Our research professionals provide important inputs into the Group's Investment Banking and other business selection processes.

Recipients of this report should assume that our Group is seeking or may seek or will seek Investment Banking, advisory, project finance or other businesses and may receive commission, brokerage, fees or other compensation from the company or companies that are the subject of this material/report. Our Company and Group companies and their officers, directors and employees, including the analysts and others involved in the preparation or issuance of this material and their dependants, may on the date of this report or from, time to time have "long" or "short" positions in, act as principal in, and buy or sell the securities or derivatives thereof of companies mentioned herein. Centrum or its affiliates do not own 1% or more in the equity of this company. Our sales people, dealers, traders and other professionals may provide oral or written market commentary or trading strategies to our clients that reflect opinions that are contrary to the opinions expressed herein, and our proprietary trading and investing businesses may make investment decisions that are inconsistent with the recommendations expressed herein. We may have earlier issued or may issue in future reports on the companies covered herein with recommendations/ information inconsistent or different those made in this report. In reviewing this document, you should be aware that any or all of the foregoing, among other things, may give rise to or potential conflicts of interest. We and our Group may rely on information barriers, such as "Chinese Walls" to control the flow of information contained in one or more areas within us, or other areas, units, groups or affiliates of Centrum. Centrum or its affiliates do not make a market in the security of the company for which this report or any report was written. Further, Centrum or its affiliates did not make a market in the subject company's securities at the time that the research report was published.

This report is for information purposes only and this document/material should not be construed as an offer to sell or the solicitation of an offer to buy, purchase or subscribe to any securities, and neither this document nor anything contained herein shall form the basis of or be relied upon in connection with any contract or commitment whatsoever. This document does not solicit any action based on the material contained herein. It is for the general information of the clients of Centrum. Though disseminated to clients simultaneously, not all clients may receive this report at the same time. Centrum will not treat recipients as clients by virtue of their receiving this report. It does not constitute a personal recommendation or take into account the particular investment objectives, financial situations, or needs of individual clients. Similarly, this document does not have regard to the specific investment objectives, financial situation/circumstances and the particular needs of any specific person who may receive this document. The securities discussed in this report may not be suitable for all investors. The securities described herein may not be eligible for sale in all jurisdictions or to all categories of investors. The countries in which the companies mentioned in this report are organized may have restrictions on investments, voting rights or dealings in securities by nationals of other countries. The appropriateness of a particular investment or strategy will depend on an investor's individual circumstances and objectives. Persons who may receive this document should consider and independently evaluate whether it is suitable for his/ her/their particular circumstances and, if necessary, seek professional/financial advice. Any such person shall be responsible for conducting his/her/their own investigation and analysis of the information contained or referred to in this document and of evaluating the merits and risks involved in the securities forming the subject matter of this document.

The projections and forecasts described in this report were based upon a number of estimates and assumptions and are inherently subject to significant uncertainties and contingencies. Projections and forecasts are necessarily speculative in nature, and it can be expected that one or more of the estimates on which the projections and forecasts were based will not materialize or will vary significantly from actual results, and such variances will likely increase over time. All projections and forecasts described in this report have been prepared solely by the authors of this report independently of the Company. These projections and forecasts were not prepared with a view toward compliance with published guidelines or generally accepted accounting principles. No independent accountants have expressed an opinion or any other form of assurance on these projections or forecasts. You should not regard the inclusion of the projections and forecasts described herein as a representation or warranty by or on behalf of the Company, Centrum, the authors of this report or any other person that these projections or forecasts or their underlying assumptions will be achieved. For these reasons, you should only consider the projections and forecasts described in this report after carefully evaluating all of the information in this report, including the assumptions underlying such projections and forecasts.

The price and value of the investments referred to in this document/material 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. Future returns are not guaranteed and a loss of original capital may occur. Actual results may differ materially from those set forth in projections. Forward-looking statements are not predictions and may be subject to change without notice. Centrum does not provide tax advice to its clients, and all investors are strongly advised to consult regarding any potential investment. Centrum and its affiliates accept no liabilities for any loss or damage of any kind arising out of the use of this report. Foreign currencies denominated securities are subject to fluctuations in exchange rates that could have an adverse effect on the value or price of or income derived from the investment. In addition, investors in securities such as ADRs, the value of which are influenced by foreign currencies effectively assume currency risk. Certain transactions including those involving futures, options, and other derivatives as well as non-investment-grade securities give rise to substantial risk and are not suitable for all investors. Please ensure that you have read and understood the current risk disclosure documents before entering into any derivative transactions.

This report/document has been prepared by Centrum, based upon information available to the public and sources, believed to be reliable. No representation or warranty, express or implied is made that it is accurate or complete. Centrum has reviewed the report and, in so far as it includes current or historical information, it is believed to be reliable, although its accuracy and completeness cannot be guaranteed. The opinions expressed in this document/material are subject to change without notice and have no obligation to tell you when opinions or information in this report change.

This report or recommendations or information contained herein do/does not constitute or purport to constitute investment advice in publicly accessible media and should not be reproduced, transmitted or published by the recipient. The report is for the use and consumption of the recipient only. This publication may not be distributed to the public used by the public media without the express written consent of Centrum. This report or any portion hereof may not be printed, sold or distributed without the written consent of Centrum.

The distribution of this document in other jurisdictions may be restricted by law, and persons into whose possession this document comes should inform themselves about, and observe, any such restrictions. Neither Centrum nor 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.

This document does not constitute an offer or invitation to subscribe for or purchase or deal in any securities and neither this document nor anything contained herein shall form the basis of any contract or commitment whatsoever. This document is strictly confidential and is being furnished to you solely for your information, may not be distributed to the press or other media and may not be reproduced or redistributed to any other person. The distribution of this report in other jurisdictions may be restricted by law and persons into whose possession this report comes should inform themselves about, and observe any such restrictions. By accepting this report, you agree to be bound by the foregoing limitations. No representation is made that this report is accurate or complete.

The opinions and projections expressed herein are entirely those of the author and are given as part of the normal research activity of Centrum Broking and are given as of this date and are subject to change without notice. Any opinion estimate or projection herein constitutes a view as of the date of this report and there can be no assurance that future results or events will be consistent with any such opinions, estimate or projection.

This document has not been prepared by or in conjunction with or on behalf of or at the instigation of, or by arrangement with the company or any of its directors or any other person. Information in this document must not be relied upon as having been authorized or approved by the company or its directors or any other person. Any opinions and projections contained herein are entirely those of the authors. None of the company or its directors or any other person accepts any liability whatsoever for any loss arising from any use of this document or its contents or otherwise arising in connection therewith.

Centrum and its affiliates have not managed or co-managed a public offering for the subject company in the preceding twelve months. Centrum and affiliates have not received compensation from the companies mentioned in the report during the period preceding twelve months from the date of this report for service in respect of public offerings, corporate finance, debt restructuring, investment banking or other advisory services in a merger/acquisition or some other sort of specific transaction.

As per the declarations given by them, Mr. Abhisar Jain research, analyst and and/or any of his family members do not serve as an officer, director or any way connected to the company/companies mentioned in this report. Further, as declared by him, he has not received any compensation from the above companies in the preceding twelve months. He does not hold any shares by him or through his relatives or in case if holds the shares then will not to do any transactions in the said scrip for 30 days from the date of release such report. Our entire research professionals are our employees and are paid a salary. They do not have any other material conflict of interest of the research analyst or member of which the research analyst knows of has reason to know at the time of publication of the research report or at the time of the public appearance.

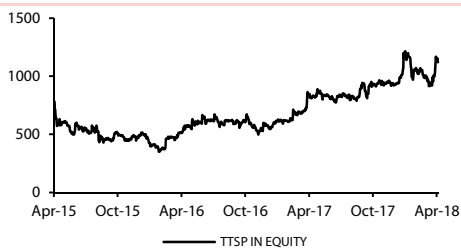
While we would endeavour to update the information herein on a reasonable basis, Centrum, its associated companies, their directors and employees are under no obligation to update or keep the information current. Also, there may be regulatory, compliance or other reasons that may prevent Centrum from doing so.

Non-rated securities indicate that rating on a particular security has been suspended temporarily and such suspension is in compliance with applicable regulations and/or Centrum policies, in circumstances where Centrum is acting in an advisory capacity to this company, or any certain other circumstances.

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 Centrum Broking Limited or its group companies to any registration or licensing requirement within such jurisdiction. Specifically, this document does not constitute an offer to or solicitation to any U.S. person for the purchase or sale of any financial instrument or as an official confirmation of any transaction to any U.S. person unless otherwise stated, this message should not be construed as official confirmation of any transaction. No part of this document may be distributed in Canada or used by private customers in United Kingdom.

The information contained herein is not intended for publication or distribution or circulation in any manner whatsoever and any unauthorized reading, dissemination, distribution or copying of this communication is prohibited unless otherwise expressly authorized. Please ensure that you have read "Risk Disclosure Document for Capital Market and Derivatives Segments" as prescribed by Securities and Exchange Board of India before investing in Indian Securities Market.

Tata Sponge price chart



Source: Bloomberg, Centrum Research

Disclosure of Interest Statement

1	Business activities of Centrum Broking Limited (CBL)	Centrum Broking Limited (hereinafter referred to as "CBL") is a registered member of NSE (Cash, F&O and Currency Derivatives Segments), MCX-SX (Currency Derivatives Segment) and BSE (Cash segment), Depository Participant of CDSL and a SEBI registered Portfolio Manager.
2	Details of Disciplinary History of CBL	CBL has not been debarred/ suspended by SEBI or any other regulatory authority from accessing /dealing in securities market.
3	Registration status of CBL:	CBL is registered with SEBI as a Research Analyst (SEBI Registration No. INH000001469)

		Tata Sponge
4	Whether Research analyst's or relatives' have any financial interest in the subject company and nature of such financial interest	No
5	Whether Research analyst or relatives have actual / beneficial ownership of 1% or more in securities of the subject company at the end of the month immediately preceding the date of publication of the document.	No
6	Whether the research analyst or his relatives has any other material conflict of interest	No
7	Whether research analyst has received any compensation from the subject company in the past 12 months and nature of products / services for which such compensation is received	No
8	Whether the Research Analyst has received any compensation or any other benefits from the subject company or third party in connection with the research report	No
9	Whether Research Analysts has served as an officer, director or employee of the subject company	No
10	Whether the Research Analyst has been engaged in market making activity of the subject company.	No

Rating Criteria

Rating	Market cap < Rs20bn	Market cap > Rs20bn but < 100bn	Market cap > Rs100bn
Buy	Upside > 20%	Upside > 15%	Upside > 10%
Hold	Upside between -20% to +20%	Upside between -15% to +15%	Upside between -10% to +10%
Sell	Downside > 20%	Downside > 15%	Downside > 10%

Member (NSE and BSE)**Regn No.:**

CAPITAL MARKET SEBI REGN. NO.: BSE: INB011454239
CAPITAL MARKET SEBI REGN. NO.: NSE: INB231454233
DERIVATIVES SEBI REGN. NO.: NSE: INF231454233
(TRADING & CLEARING MEMBER)
CURRENCY DERIVATIVES: MCX-SX INE261454230
CURRENCY DERIVATIVES: NSE (TM & SCM) – NSE 231454233

Depository Participant (DP)

CDSL DP ID: 120 – 12200
SEBI REGD NO.: CDSL : IN-DP-CDSL-661-2012

PORTFOLIO MANAGER

SEBI REGN NO.: INP000004383

Website: www.centrum.co.in

Investor Grievance Email ID: investor.grievances@centrum.co.in

Compliance Officer Details:

Kavita Ravichandran

(022) 4215 9842; Email ID: Compliance@centrum.co.in

Centrum Broking Ltd. (CIN :U67120MH1994PLC078125)

Registered Office Address Bombay Mutual Building , 2nd Floor, Dr. D. N. Road, Fort, Mumbai - 400 001	Corporate Office & Correspondence Address Centrum House 6th Floor, CST Road, Near Vidya Nagari Marg, Kalina, Santacruz (E), Mumbai 400 098. Tel: (022) 4215 9000
---	---