

## Stellar performance...

Tata Steel's Q2FY21 consolidated performance was better than our estimates on all fronts. For Q2FY21, sales volume for Indian operations were at 5.05 MT (up 72% QoQ, 22% YoY) while sales volume from European operations were at 2.27 MT (down 1% YoY, up 15% QoQ). Consolidated topline came in at ₹ 37154 crore (up 7% YoY, 53% QoQ), higher than our estimate of ₹ 34768 crore. Consolidated EBITDA was at ₹ 6111 crore while adjusted EBITDA was at ₹ 5425 crore, (our estimate: ₹ 4495 crore). Standalone operations reported EBITDA/tonne of ₹ 12861/tonne (our estimate: ₹ 12000/tonne) while European operations reported negative EBITDA/tonne of US\$27/tonne (our estimate of negative EBITDA/tonne of US\$35/tonne). PAT from continuing operations was at ₹ 1635 crore.

## Discussion starts for potential sale of Netherland plant...

The company has initiated the process to separate Tata Steel Netherlands, Tata Steel UK and will pursue separate strategic paths for the Netherlands, UK business in future. Tata Steel has entered into negotiation with SSAB, the Swedish company, to sell its Netherland facility including Ijmuiden steelworks (time frame of six to nine months to complete, if the potential transaction happens). The company is committed to deploying proceeds of any strategic restructuring towards additional deleveraging of the balances sheet. Tata Steel will continue to own and operate the UK business. The company has continued its discussion with the UK Government on potential measures to safeguard the long-term future of Tata Steel UK and is also reviewing all options to make the business self-sustaining without need for any funding support from Tata Steel India in future.

## Healthy outlook for H2FY21....

For the Indian operation, on the back of a series of price hikes, coupled with improvement in product-mix, the blended realisation for Q3FY21 is likely to be sequentially higher by ₹ 4000-5000/tonne QoQ (as compared to Q2FY21). Furthermore, coking coal prices for Indian operations are expected to be lower by US\$5-10/tonne QoQ. European operations EBITDA/tonne is also likely to improve in H2FY21 on the back of increase in gross spreads. For European operations, average gross spreads in Q2FY21 were at €170/tonne, which is expected to increase to ~€200/tonne in Q3FY21 (spot gross spreads at Europe is ~€225/tonne).

## Valuation & Outlook

On the back of increase in realisations, we expect a healthy H2FY21 for the company. We model consolidated EBITDA margin of 12.9% for FY21E and 15.6% for FY22E (H1FY21 consolidated EBITDA margin was 10.8%). The debt repayment drive also augurs well. We value the stock on SoTP basis and arrive at a target price of ₹ 625. We upgrade the stock from HOLD to **BUY** recommendation.



### Particulars

Particular	Amount
Market Capitalization (₹ Crore)	60,418
Total Debt (FY20) (₹ Crore)	113,289
Cash & Cash Eq. (FY20) (₹ Crore)	8,055
EV (₹ Crore)	165,652
52 week H/L (₹)	530 / 251
Equity capital	₹ 1145 Cr.
Face value	₹ 10

### Key Highlights

- On the balance-sheet front majority of FCF earned by the company in H1FY21 was primarily utilised to reduce debt. During H1FY21, the company generated FCF of ₹ 8510 crore (₹ 7832 crore in Q2FY21). Net debt reduction in H1FY21 was ₹ 8285 crore (₹ 8197 crore in Q2FY21)
- Upgrade the stock to BUY with revised target price of ₹ 625

### Research Analyst

Dewang Sanghavi  
dewang.sanghavi@icicisecurities.com

### Key Financial Summary

(₹ Crore)	FY18	FY19	FY20	FY21E	FY22E
Net Sales	131,700	157,669	139,817	143,122	168,151
EBITDA	21,891	29,383	17,463	18,436	26,757
Adj PAT	8,164	8,995	4,737	2,106	6,651
EPS (₹)	71.3	78.6	41.4	18.4	58.1
EV/EBITDA (x)	6.9	5.1	9.6	8.7	5.6
RoCE (%)	12.3	13.8	4.8	5.0	8.7
RoE (%)	17.7	13.0	6.4	2.8	7.7

**Exhibit 1: Variance Analysis (Consolidated Performance)**

	Q2FY21	Q2FY21E	Q2FY20	YoY (%)	Q1FY21	QoQ (%)	Comments
<b>Revenue</b>	37154	34678	34579	7%	24,289	53%	Consolidated topline was higher than our estimate
Other Income	222	200	184	21%	193	15%	
Employee Expense	4248	4250	4605	-8%	4,546	-7%	
Raw Material Expense	15324	14483	14848	3%	10,401	47%	
Other operating Expenses	11471	11450	11307	1%	8,837	30%	
<b>EBITDA</b>	6111	4495	3820	60%	506	1109%	EBITDA was higher than our estimates
<b>EBITDA Margin (%)</b>	16.4	13.0	11.0	540 bps	2.1	1437 bps	
Depreciation	2261	2250	2127	6%	2,111	7%	
Interest	1940	1950	1871	4%	1,998	-3%	
Exceptional Item and Share of associates	117	0	-11	PL	73	59%	
<b>PBT</b>	2248	495	-7	PL	-3,338	LP	
Tax Outgo	613	370	-4050	LP	1,272	-52%	
<b>PAT from continued operations</b>	1635	125	4043	-60%	-4,609	LP	PAT came in higher than our estimates
<b>Key Metrics</b>							
TSI Steel Sales (MT) (Standalone operations)	3.6	3.6	3.0	20%	2.1	71%	Standalone sales came in line with our estimate
TSE Steel Sales (MT)	2.3	2.3	2.3	0%	2.0	14%	
Adjusted TSI EBITDA/tonne (₹/tonne)	12861	12000	11200	15%	5920	117%	EBITDA/tonne came in higher than our estimates
TSE EBITDA/tonne (US\$/tonne)	-27.0	-35.0	10.0	PL	-57.0	-53%	

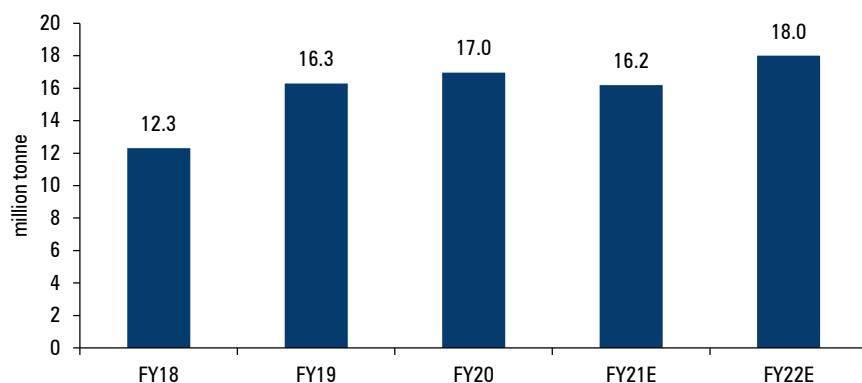
Source: Company, ICICI Direct Research, Adjusted EBITDA came in at ₹1038 crore.

## Conference Call Highlights

- For the Indian operation, on the back of a series of price hikes coupled with improvement in product-mix, the blended realisation for Q3FY21 is likely to be sequentially higher by ₹4000-5000/tonne compared to Q2FY21
- For Q3FY21, coking coal prices for Indian operations are expected to be sequentially lower by US\$5-10/tonne compared to Q2FY21
- During H1FY21, the company generated FCF of ₹ 8510 crore (₹ 7832 crore in Q2FY21). The net debt reduction during H1FY21 was ₹ 8285 crore (₹ 8197 crore in Q2FY21)
- Tata Steel is also reorganising its India footprint and folding listed and unlisted subsidiaries into four clusters to drive scale, synergies and simplification and to create value for all stakeholders. The business clusters are long products, downstream, mining and utilities & infrastructure
- The boards of Tata Steel Long Products, Tata Metaliks and Indian Steel and Wire Products approved the merger of Tata Metaliks and Indian Steel and Wire Products into Tata Steel Long products. The proposed consolidation will create synergies and position the company towards future growth in the long products segment. This process is expected to be completed in the next six to nine months, subject to necessary regulatory approvals
- With respect to the European operations, during the quarter the company made provision of £58 million for purchase of carbon credits (gain of £78 million in Q1FY21)
- For the European operations average gross spreads during Q2FY21 were at €170/tonne, which is expected to increase to ~€200/tonne (spot gross spreads are ~US\$225/tonne)
- During Q2FY21, consolidated capex was at ~₹ 1500 crore while for H1FY21, capex was at ~₹ 3200 crore. The management is expected to take a call on KPO-Phase 2 capex at the end of Q3FY21
- On a consolidated basis, the company is committed to deleveraging its balance-sheet. The target is US\$1 billion annually

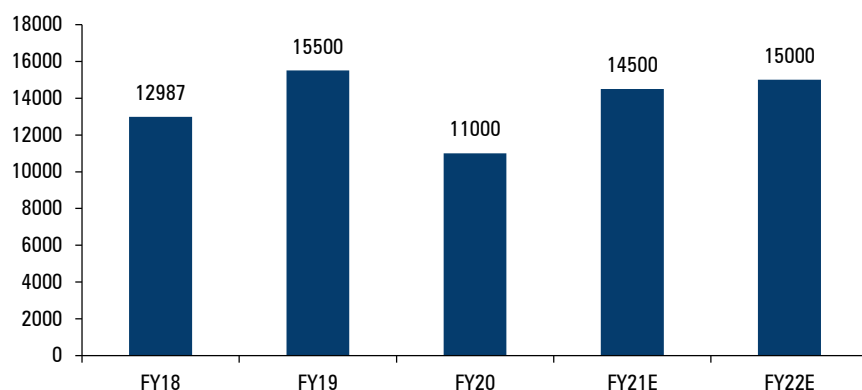
## Financial story in charts

Exhibit 2: Tata Steel + Bhushan Steel volume trend, going forward



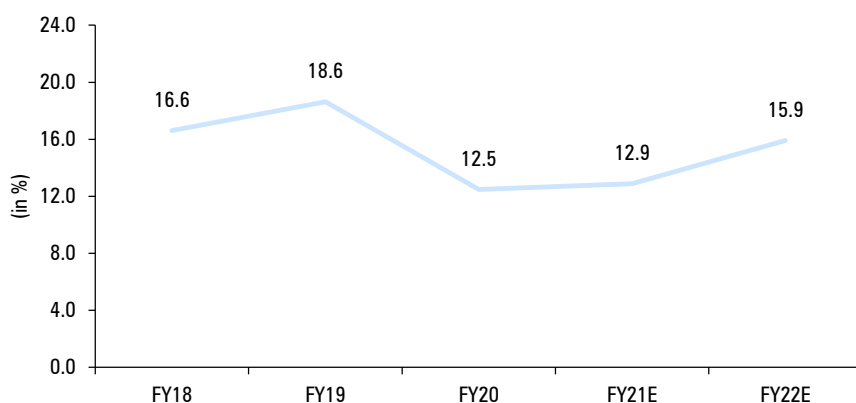
Source: Company, ICICI Direct Research

Exhibit 3: Tata Steel standalone operation EBITDA... (in ₹/tonne)



Source: Company, ICICI Direct Research

Exhibit 4: Consolidated EBITDA margins trend....(in %)



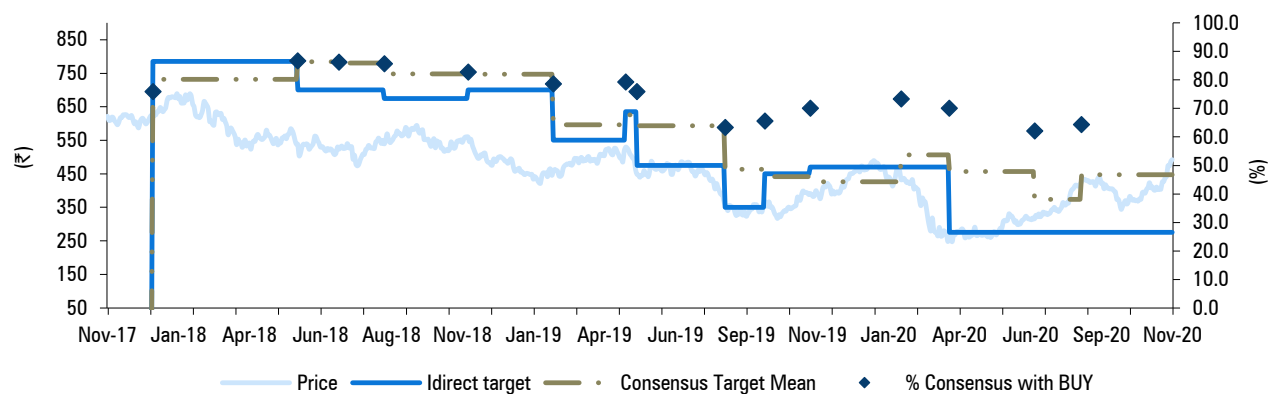
Source: Company, ICICI Direct Research

Exhibit 5: Valuation

	Total Op. Income	Growth	EPS	Growth	PE	EV/EBIDTA	P/ BV	RoNW	RoCE
	(₹ Crore)	% YoY	(₹)	% YoY	(x)	(x)	(x)	(%)	(%)
FY18	131,700	17.3	71.3	69.1	7.4	6.9	1.3	17.7	12.3
FY19	157,669	19.7	78.6	10.2	6.7	5.1	0.9	13.0	13.8
FY20	139,817	(11.3)	41.4	(47.3)	12.7	9.6	0.8	6.4	4.8
FY21E	143,122	2.4	18.4	(55.5)	28.5	8.7	0.8	2.8	5.0
FY22E	168,151	17.5	58.1	215.8	9.0	5.6	0.7	7.7	8.7

Source: Company, ICICI Direct Research

Exhibit 6: Recommendation History vs. Consensus



Source: Bloomberg, Company, ICICI Direct Research

Exhibit 7: Top 10 Shareholders

Rank	Name	Latest Filing	% O/S	Position (m)	Change (m)
1	TATA SONS LTD	30-06-2020	35.2	396.5	0.0
2	LIFE INSURANCE CORP	30-06-2020	11.0	123.5	0.0
3	HDFC ASSET MANAGEMEN	30-06-2020	5.2	58.4	0.0
4	ICICI PRUDENTIAL ASS	31-10-2020	1.9	20.9	-1.8
5	SBI FUNDS MANAGEMENT	31-10-2020	1.7	19.1	-0.7
6	UTI ASSET MANAGEMENT	30-09-2020	1.2	13.5	0.4
7	RELIANCE CAPITAL TRU	30-06-2020	1.2	13.0	-0.7
8	ICICI PRUDENTIAL LIF	30-06-2020	1.1	12.7	0.0
9	NORGES BANK	31-12-2019	1.0	11.6	0.0
10	VANGUARD GROUP	31-10-2020	0.9	10.1	0.1

Source: Bloomberg, ICICI Direct Research

Exhibit 8: Shareholding Pattern

(in %)	Mar-20	Jun-20	Sep-20
Promoter	34.4	34.4	34.4
Others	65.6	65.6	65.6
Total	100.0	100.0	100.0

Source: Company, ICICI Direct Research

## Financial summary

Exhibit 9: Profit and loss statement				
	₹ crore			
(Year-end March)	FY19	FY20	FY21E	FY22E
<b>Total Operating Inc.</b>	<b>157669</b>	<b>139817</b>	<b>143122</b>	<b>168151</b>
Growth (%)	19	-11	-23	16
Total Operating Expend.	128286	122354	124687	141395
<b>EBITDA</b>	<b>29383</b>	<b>17463</b>	<b>18436</b>	<b>26757</b>
Growth (%)	34	-41	6	45
Depreciation	7342	8441	8797	9735
Interest	7660	7533	7708	8124
Other Income	1421	1843	996	1202
<b>PBT</b>	<b>15802</b>	<b>3332</b>	<b>2927</b>	<b>10099</b>
Exceptional Item	104	-3564	0	0
Total Tax	6718	-2568	863	3487
<b>PAT</b>	<b>9187</b>	<b>2337</b>	<b>2064</b>	<b>6613</b>
Growth (%)	-48	-75	-12	220
Minorities, Associates, etc	-89	-1164	43	38
Rep PAT after Assoc. MI	9098	1172	2106	6651
<b>Adj PAT after Assoc.</b>	<b>8995</b>	<b>4737</b>	<b>2106</b>	<b>6651</b>
Growth (%)	10.2	-47.3	-55.5	215.8
<b>EPS (₹)</b>	<b>78.6</b>	<b>41.4</b>	<b>18.4</b>	<b>58.1</b>

Source: Company, ICICI Direct Research

Exhibit 10: Cash flow statement				
	₹ crore			
(Year-end March)	FY19	FY20	FY21E	FY22E
Profit after Tax	9098	1172	2106	6651
Add: Depreciation	7342	8441	8797	9735
(Inc)/dec in Current Assets	-10455	-141	23021	-19521
Inc/(dec) in CL and Prov.	10456	-7756	-24822	18774
Others	1416	-2425	3000	3000
<b>CF from operating activities</b>	<b>17856</b>	<b>-708</b>	<b>12102</b>	<b>18640</b>
(Inc)/dec in Investments	12161	-547	0	200
(Inc)/dec in Fixed Assets	-37808	-10347	-5917	-9617
Others	-7502	-867	43	38
<b>CF from investing activities</b>	<b>-33150</b>	<b>-11761</b>	<b>-5874</b>	<b>-9379</b>
Issue/(Buy back) of Equity	0	0	0	0
Inc/(dec) in loan funds	2471	22145	2500	-7000
Dividend paid & dividend tax	-1340	-1340	-1145	-1145
Inc/(dec) in Share Cap	15091	-4182	1777	4000
Others	330	570	256	0
<b>CF from financing activities</b>	<b>16552</b>	<b>17193</b>	<b>3389</b>	<b>-4145</b>
Net Cash flow	1259	4724	9616	5116
Opening Cash	2073	3331	8055	17671
<b>Closing Cash</b>	<b>3331</b>	<b>8055</b>	<b>17671</b>	<b>22787</b>

Source: Company, ICICI Direct Research

Exhibit 11: Balance sheet				
	₹ crore			
(Year-end March)	FY19	FY20	FY21E	FY22E
<b>Liabilities</b>				
Equity Share Capital	1145	1145	1145	1145
Hybrid Perpetual securities	2275	2275	2275	2275
Reserve and Surplus	65505	70156	73093	82599
<b>Total Shareholders' f</b>	<b>68925</b>	<b>73576</b>	<b>76513</b>	<b>86019</b>
<b>Total Debt</b>	<b>91145</b>	<b>113289</b>	<b>115789</b>	<b>108789</b>
<b>Deferred Tax Liability</b>	<b>12460</b>	<b>9261</b>	<b>9261</b>	<b>9261</b>
Minority Interest & Other:	10821	11816	14859	17897
<b>Total Liabilities</b>	<b>183350</b>	<b>207943</b>	<b>216422</b>	<b>221967</b>
<b>Assets</b>				
Gross Block	229689	248131	254548	264665
Less: Impairment	0	0	0	0
Less: Acc Depreciation	108559	117000	125796	135532
Net Block	121130	131131	128751	129133
CWIP	17957	18862	18362	17862
Investments	5738	6285	6285	6085
Inventory	31656	31069	15979	21335
Debtors	11811	7885	7231	8424
Loans and Advances	29343	35663	29385	40807
Other Current Assets	7810	6144	5144	6694
Cash	3331	8055	17671	22787
Total Current Assets	83952	88816	75411	100048
Current Liabilities	48983	40813	14990	35364
Provisions	1249	1664	2664	1064
Current Liabilities & Prov	50232	42476	17654	36428
Net Current Assets	33720	46340	57757	63620
others	4806	5325	5267	5267
<b>Application of Funds</b>	<b>183350</b>	<b>207943</b>	<b>216422</b>	<b>221967</b>

Source: Company, ICICI Direct Research

Exhibit 12: Key ratios				
	₹ crore			
(Year-end March)	FY19	FY20	FY21E	FY22E
<b>Per share data (₹)</b>				
Adj EPS	78.6	41.4	18.4	58.1
Cash EPS	142.7	115.1	95.2	143.1
BV	602.0	642.6	668.3	751.3
Adj BV (adj for Goodwill)	567.1	607.2	633.4	716.4
DPS	10.0	10.0	10.0	10.0
Cash Per Share	29.1	70.4	154.3	199.0
<b>Operating Ratios (%)</b>				
EBITDA Margin	18.6	12.5	12.9	15.9
PBT / Total Operating income	10.0	2.4	2.0	6.0
Adj PAT Margin	5.7	3.4	1.5	4.0
Inventory days	180	199	175	195
Debtor days	29	26	25	25
Creditor days	249	288	300	285
<b>Return Ratios (%)</b>				
Adj RoE	13.0	6.4	2.8	7.7
Adj RoCE	13.8	4.8	5.0	8.7
Adj RoIC	14.1	5.0	5.5	9.9
<b>Valuation Ratios (x)</b>				
P/E	6.7	12.7	28.5	9.0
EV / EBITDA	5.1	9.6	8.7	5.6
EV / Net Sales	1.0	1.2	1.2	1.0
Market Cap / Sales	0.4	0.4	0.5	0.4
Price to Book Value	0.9	0.8	0.8	0.7
Price to Adj Book Value	0.9	0.9	0.8	0.7
<b>Solvency Ratios</b>				
Debt/EBITDA	3.0	6.0	5.3	3.2
Debt / Equity	1.3	1.4	1.3	1.0
Current Ratio	1.7	2.1	4.3	2.7
Quick Ratio	1.0	1.4	3.4	2.2

Source: Company, ICICI Direct Research

**Exhibit 13: ICICI Direct coverage universe (Metals and Mining)**

	<b>CMP</b>	<b>TP</b>	<b>M Cap</b>	<b>EPS (₹)</b>			<b>P/E (x)</b>			<b>EV/EBITDA (x)</b>			<b>ROCE(%)</b>			<b>ROE(%)</b>			
	(₹)	(₹) Rating		(₹ Cr)	FY20	FY21E	FY22E	FY20	FY21E	FY22E	FY20	FY21E	FY22E	FY20	FY21E	FY22E	FY20	FY21E	FY22E
Coal India	128	130	Hold	79517	27.1	22.2	22.6	4.5	5.5	5.4	2.4	4.0	4.2	55.5	40.2	39.7	51.9	39.0	36.5
Hindalco	213	240	Buy	47861	18.2	25.3	34.4	11.3	8.1	6.0	5.8	6.0	5.0	7.8	7.7	9.2	6.9	9.0	10.9
Hind Zinc	223	230	Hold	94351	16.1	17.1	21.1	13.8	13.1	10.6	8.2	7.8	5.8	20.8	25.5	27.4	16.9	23.5	24.1
JSW Steel	347	330	Hold	83913	19.5	21.3	33.5	16.4	15.0	9.6	11.2	8.7	6.3	7.2	9.7	13.1	12.7	12.2	16.2
NMDC	97	100	Hold	29593	11.8	11.6	9.0	8.3	8.4	10.8	4.9	5.4	5.9	20.3	14.3	9.9	13.1	11.3	8.3
Ratnamani	1522	1475	Buy	7112	65.8	53.1	73.8	19.2	23.8	17.2	13.7	16.6	11.7	22.2	16.1	21.8	18.0	13.1	15.7
Graphite Ind.	179	200	Hold	3611	2.0	1.0	21.0	80.8	231.3	8.7	NA	NA	3.2	-2.6	-5.4	6.0	1.0	0.3	8.7
Tata Steel	520	625	Buy	60269	41.4	18.4	58.1	12.6	28.3	9.0	9.6	8.7	5.5	4.8	5.0	8.7	6.4	2.8	7.7
Vedanta	107	100	Hold	38436	10.7	17.9	19.9	9.1	5.5	4.9	3.5	3.2	2.6	10.8	13.6	14.9	7.3	11.5	12.1

Source: Company, ICICI Direct Research

## RATING RATIONALE

ICICI Direct endeavours to provide objective opinions and recommendations. ICICI Direct assigns ratings to its stocks according to their notional target price vs. current market price and then categorizes them as Buy, Hold, Reduce and Sell. The performance horizon is two years unless specified and the notional target price is defined as the analysts' valuation for a stock

Buy: >15%

Hold: -5% to 15%;

Reduce: -15% to -5%;

Sell: <-15%



**Pankaj Pandey**

**Head – Research**

**[pankaj.pandey@icicisecurities.com](mailto:pankaj.pandey@icicisecurities.com)**

**ICICI Direct Research Desk,  
ICICI Securities Limited,  
1st Floor, Akruiti Trade Centre,  
Road No 7, MIDC,  
Andheri (East)  
Mumbai – 400 093  
[research@icicidirect.com](mailto:research@icicidirect.com)**



## ANALYST CERTIFICATION

I/We, Dewang Sanghavi MBA (Finance) Research Analysts, authors and the names subscribed to this report, hereby certify that all of the views expressed in this research report accurately reflect our views about the subject issuer(s) or securities. We also certify that no part of our compensation was, is, or will be directly or indirectly related to the specific recommendation(s) or view(s) in this report. It is also confirmed that above mentioned Analysts of this report have not received any compensation from the companies mentioned in the report in the preceding twelve months and do not serve as an officer, director or employee of the companies mentioned in the report.

### Terms & conditions and other disclosures:

ICICI Securities Limited (ICICI Securities) is a full-service, integrated investment banking and is, inter alia, engaged in the business of stock brokering and distribution of financial products. ICICI Securities Limited is a SEBI registered Research Analyst with SEBI Registration Number – INH000000990. ICICI Securities Limited SEBI Registration is INZ000183631 for stock broker. ICICI Securities is a subsidiary of ICICI Bank which is India's largest private sector bank and has its various subsidiaries engaged in businesses of housing finance, asset management, life insurance, general insurance, venture capital fund management, etc. ("associates"), the details in respect of which are available on [www.icicibank.com](http://www.icicibank.com)

ICICI Securities is one of the leading merchant bankers/ underwriters of securities and participate in virtually all securities trading markets in India. We and our associates might have investment banking and other business relationship with a significant percentage of companies covered by our Investment Research Department. ICICI Securities generally prohibits its analysts, persons reporting to analysts and their relatives from maintaining a financial interest in the securities or derivatives of any companies that the analysts cover.

Recommendation in reports based on technical and derivative analysis centre on studying charts of a stock's price movement, outstanding positions, trading volume etc as opposed to focusing on a company's fundamentals and, as such, may not match with the recommendation in fundamental reports. Investors may visit [icicidirect.com](http://icicidirect.com) to view the Fundamental and Technical Research Reports.

Our proprietary trading and investment businesses may make investment decisions that are inconsistent with the recommendations expressed herein.

ICICI Securities Limited has two independent equity research groups: Institutional Research and Retail Research. This report has been prepared by the Retail Research. The views and opinions expressed in this document may or may not match or may be contrary with the views, estimates, rating, target price of the Institutional Research.

The information and opinions in this report have been prepared by ICICI Securities and are subject to change without any notice. 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 of ICICI Securities. While we would endeavour to update the information herein on a reasonable basis, ICICI Securities is under no obligation to update or keep the information current. Also, there may be regulatory, compliance or other reasons that may prevent ICICI Securities 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 ICICI Securities policies, in circumstances where ICICI Securities might be acting in an advisory capacity to this company, or in certain other circumstances.

This report is based on information obtained from public sources and sources believed to be reliable, but no independent verification has been made nor is its accuracy or completeness guaranteed. This report and information herein is solely for informational purpose and shall 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. Though disseminated to all the customers simultaneously, not all customers may receive this report at the same time. ICICI Securities will not treat recipients as customers by virtue of their receiving this report. 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. The recipient should independently evaluate the investment risks. The value and return on investment may vary because of changes in interest rates, foreign exchange rates or any other reason. ICICI Securities accepts no liabilities whatsoever for any loss or damage of any kind arising out of the use of this report. Past performance is not necessarily a guide to future performance. Investors are advised to see Risk Disclosure Document to understand the risks associated before investing in the securities markets. 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.

ICICI Securities or its associates might have managed or co-managed public offering of securities for the subject company or might have been mandated by the subject company for any other assignment in the past twelve months.

ICICI Securities or its associates might have received any compensation from the companies mentioned in the report during the period preceding twelve months from the date of this report for services in respect of managing or co-managing public offerings, corporate finance, investment banking or merchant banking, brokerage services or other advisory service in a merger or specific transaction.

ICICI Securities encourages independence in research report preparation and strives to minimize conflict in preparation of research report. ICICI Securities or its associates or its analysts did not receive any compensation or other benefits from the companies mentioned in the report or third party in connection with preparation of the research report. Accordingly, neither ICICI Securities nor Research Analysts and their relatives have any material conflict of interest at the time of publication of this report.

Compensation of our Research Analysts is not based on any specific merchant banking, investment banking or brokerage service transactions.

ICICI Securities or its subsidiaries collectively or Research Analysts or their relatives do not own 1% or more of the equity securities of the Company mentioned in the report as of the last day of the month preceding the publication of the research report.

Since associates of ICICI Securities are engaged in various financial service businesses, they might have financial interests or beneficial ownership in various companies including the subject company/companies mentioned in this report.

ICICI Securities may have issued other reports that are inconsistent with and reach different conclusion from the information presented in this report.

Neither the Research Analysts nor ICICI Securities have been engaged in market making activity for the companies mentioned in the report.

We submit that no material disciplinary action has been taken on ICICI Securities by any Regulatory Authority impacting Equity Research Analysis activities.

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 ICICI Securities and affiliates 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.