

Longer term drivers remain intact...

About the stock: Tata Motors (TML) is an auto OEM from the house of Tatas, operating in domestic (PV, CV) as well as global markets (Jaguar Land Rover i.e. JLR).

- JLR is a luxury car brand, which includes two prominent names i.e. Jaguar (models like I-pace, etc.) & Land Rover (models like Defender, Evoque, etc)
- FY21 consolidated revenue mix – JLR 78%, India CV ~13%, India PV ~7%

Q1FY22 Results: TML reported a muted consolidated performance in Q1FY22.

- Net sales down 25.1% QoQ to ₹ 66,406 crore (JLR, India down 24%, 40.6%)
- EBITDA margins down 550 bps QoQ to 11% (JLR margins down 631 bps QoQ to 9%) amid negative operating leverage
- TML reported loss at PAT level of ₹ 4,450 crore in Q1FY22

What should investors do? TML's stock price has underperformed Nifty Auto index in past five years, having de-grown at ~9% CAGR (~₹ 470 levels in July 2016).

- We maintain **BUY** on continued deleveraging focus and EV proactiveness

Target Price and Valuation: We value TML at an unchanged target price of ₹ 375 on SOTP basis (11x, 3.3x FY23E EV/EBITDA on India, JLR businesses respectively).

Key triggers for future price performance:

- Near term blips (JLR chip shortage, India Covid disruption) aside, we expect healthy 20.9% revenue CAGR over FY21-23E backed by 17% volume CAGR
- Cost control, efficiency improvement-led FCF generation targets for ongoing deleveraging push (FY21 net automotive debt at ~₹ 41,000 crore)
- Continued EV alertness in India (PV market leader with Nexon; plans to introduce 10 models by 2025) and JLR (Jaguar all-electric by 2025; 6 BEVs in Land Rover in next 5 years)
- Margins seen at ~15% in FY23E along with RoCE of ~15%

Alternate Stock Idea: Apart from TML, in our OEM coverage we also like M&M.

- Focused on prudent capital allocation, UV differentiation & EV proactiveness
- BUY with target price of ₹ 1,000

TATA MOTORS

Connecting Aspirations

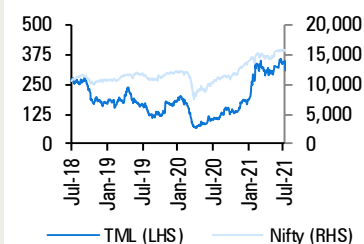
Particulars

Particular	₹ crore
Market Capitalization	1,12,228
Total Debt (FY21)	1,35,905
Cash and Investments (FY21)	65,844
EV (FY21)	1,82,289
52 week H/L (₹)	360 / 101
Equity capital (₹ crore)	765.8
Face value (₹)	2.0

Shareholding pattern

	Sep-20	Dec-20	Mar-21	Jun-21
Promoter	42.4	42.4	46.4	46.4
FII	15.8	15.6	13.8	14.3
DII	13.1	12.6	11.9	11.5
Other	28.7	29.4	27.9	27.8

Price Chart



Recent event & key risks

- Reports muted Q1FY22 but remains committed to long term targets
- Key Risk:** (i) Slip up in maintaining product offering-capex need balance on EVs, (ii) Delay in outlined debt, FCF plans

Research Analyst

Shashank Kanodia, CFA
shashank.kanodia@icicisecurities.com

Jaimin Desai
jaimin.desai@icicisecurities.com

Key Financial Summary

Key Financials	FY19	FY20	FY21	5 year CAGR (FY16-21)	FY22E	FY23E	2 year CAGR (FY21-23E)
Net Sales	3,01,938.4	2,61,068.0	2,49,794.8	-1.9%	2,98,745.4	3,65,331.5	20.9%
EBITDA	29,794.8	23,914.1	35,782.0	-3.1%	39,966.2	54,498.3	23.4%
EBITDA Margins (%)	9.9	9.2	14.3		13.4	14.9	
Net Profit	(28,724.2)	(11,975.4)	(13,395.0)	PL	329.7	14,518.8	LP
EPS (₹)	(79.8)	(33.3)	(35.0)		0.9	37.9	
P/E	(3.7)	(8.8)	(8.4)		340.4	7.7	
RoNW (%)	(47.3)	(18.7)	(23.6)		0.6	20.3	
RoCE (%)	3.7	1.3	6.3		7.9	14.8	

Source: Company, ICICI Direct Research

Key takeaways of recent quarter & conference call highlights

Q1FY22 Results: Margin performance disappoints

- India sales down 40.6% QoQ (volume led) to ₹ 11,904 crore. Margins down 618 bps QoQ to 2.5%; loss after tax at ₹1,321 crore
- JLR volumes at 97,141 units, down ~29% QoQ with sales at £4.96 billion down 24% amid 6.7% rise in ASPs to £51,122/unit. Margins at 9.0% were hurt by negative operating leverage. JLR posted negative PAT, negative FCF of £286 million, £996 million
- Consolidated loss after tax of ₹ 4,450 crore includes an exceptional tax charge with net Q1FY22 tax incidence of ₹1,742 crore

Q1FY22 Earnings Conference Call highlights

- JLR near term retail performance could be impacted by reduced inventory levels at both company and dealer levels. Domestic CV recovery is likely to be gradual, with lower transporter profitability, semiconductor shortage & bus sluggishness being a challenge
- Net automotive debt was at ~₹ 61,300 crore as of Q1FY22 vs. ~₹ 41,000 crore as of FY21, hurt by adverse working capital of ~₹ 16,500 crore. Normalisation, going forward, would reverse the adverse movement
- JLR's 'Refocus' programme delivered £150 million in benefits in Q1FY22 (full year target - £1 billion). This was mainly via reduced variable marketing spends (VME; 3.1% of revenues and to be sustained below 6% going forward). JLR is targeting 10% cost savings per unit
- JLR's orderbook as of Q1FY22 was at 1.1 lakh units, including 29,000 units for Defender. This represents ~three months sales cover
- Non-ICE share of JLR volumes was at 65.6% in Q1FY22 (57.1% MHEV, 6.5% PHEV, 2% BEV). India EV sales were at 3% of Q1FY22 PV volumes
- TML India PV inventory is at ~17 days vs. 30+ days for the industry. The company took price increases of ~2.5% in April and ~1-2% in July in the CV domain. Current India EV orderbook stands at 14-16 weeks

India CV posted EBITDA breakeven in Q1FY22. India PV margins were at 4.1%.

Investment spends in JLR, India were at £571 million, ₹ 672 crore, respectively

Exhibit 1: JLR near, medium and long term guidance

	FY22 OUTLOOK		MEDIUM AND LONG TERM TARGETS	
	Q2	H2	FY24	FY26
REVENUE	£3.7b	NOT GUIDED	INCREASING	>£30b
EBIT MARGIN	NEGATIVE	POSITIVE	≥7%	≥10%
INVESTMENT	£2.5b FULL YEAR		c. £2.5b	c. £3b
FREE CASH FLOW	< £1b OUTFLOW	POSITIVE	POSITIVE	POSITIVE

The company maintained its guidance on margin, capex and FCF fronts for JLR

Source: Company, ICICI Direct Research

Peer comparison

Exhibit 2: ICICI Direct coverage universe (4-W/CV OEMs)

Company	CMP	TP	Rating	Mcap	Total lakh volumes			EBITDA margin (%)			RoE (%)			RoCE (%)			P/E		
	₹	₹		₹ crore	FY21	FY22E	FY23E	FY21	FY22E	FY23E	FY21	FY22E	FY23E	FY21	FY22E	FY23E	FY21	FY22E	FY23E
Tata Motors (TATMOT)	293	375	Buy	1,12,228	9.0	10.4	12.3	14.3	13.4	14.9	(23.6)	0.6	20.3	6.3	7.9	14.8	NM	340.4	7.7
Maruti Suzuki (MARUTI)	7,236	6,080	Reduce	2,18,579	14.6	17.5	19.6	7.6	8.0	9.2	8.2	9.5	11.4	4.3	6.6	9.1	51.7	41.8	32.1
Ashok Leyland (ASHLEY)	122	150	Buy	35,667	1.0	1.3	1.6	3.5	6.5	10.1	(4.4)	4.5	16.5	(1.9)	4.8	15.7	(114.0)	110.6	27.8

Source: Company, ICICI Direct Research

(Note – We have compared TML with Maruti Suzuki and Ashok Leyland as proxies for the India PV and India CV businesses, respectively. JLR does not have a comparable player in the Indian listed space).

Exhibit 3: Variance Analysis

	Q1FY22	Q1FY22E	Q1FY21	YoY (%)	Q4FY21	QoQ (%)	Comments
Total Operating Income	66,406	56,672	61,467	8.0	88,628	-25.1	Topline came in ahead of estimates tracking higher than anticipated wholesale numbers at JLR as well as beat on ASP's
Raw Material Expenses	42,550	37,312	39,775	7.0	56,993	-25.3	
Employee Expenses	7,995	6,854	7,720	3.6	7,983	0.1	Employee costs came in higher at 12% of sales
Other expenses	12,093	9,509	14,289	-15.4	12,601	-4.0	
Operating Profit (EBITDA)	7,301	6,964	3,789	92.7	14,617	-50.1	
EBITDA Margin (%)	11.0	12.3	6.2	483 bps	16.5	-550 bps	EBITDA margins came in lower than estimates tracking perils of negative operating leverage
Depreciation	6,202	6,045	5,112	21.3	6,217	-0.2	
Interest	2,203	2,090	1,712	28.7	2,145	2.7	
Product development expenditure	2,044	1,299	794	157.4	1,872	9.2	
Tax	1,742	(367)	196	788.4	(132)	-1,415.7	Tax for the quarter came in much higher due to non-cash exceptional tax charge at JLR
PAT	(4,450)	(1,663)	(3,680)	20.9	(7,585)	-41.3	PAT came in much lower than estimates tracking exceptional tax charge as well as higher product development expenses
EPS	(11.6)	(4.3)	(10.2)	13.6	NA	NA	
Key Metrics							
JLR sales (mn GBP)	4,966	4,187	2,859	73.7	6,538	(24.0)	
JLR margins (%)	9.0	10.5	3.5	547 bps	15.3	-631 bps	JLR margins came in lower at 9%, a sharp dip of ~630 bps QoQ due to lower volumes
JLR PAT (mn GBP)	(276.0)	(100.5)	(648.0)	(57.4)	(911.0)	(69.7)	
Domestic revenues (₹ crore)	11,904	11,619	2,687	343.1	20,046	(40.6)	Indian business performance was broadly on expected lines
Domestic margins (%)	2.5	2.6	(26.2)	2870 bps	8.7	-618 bps	
Domestic PAT (₹ crore)	(1,321)	(1,049)	(2,191)	39.7	1,646	(180.3)	

Source: Company, ICICI Direct Research

Exhibit 4: Change in estimates

(₹ Crore)	FY22E			FY23E			Comments
	Old	New	% Change	Old	New	% Change	
Revenue	2,81,373	2,98,745	6.2	3,50,418	3,65,332	4.3	Marginally tweaked our estimates incorporating management commentary particularly on commodity costs led price hikes across product profile
EBITDA	36,772	39,966	8.7	52,228	54,498	4.3	
EBITDA Margin (%)	13.1	13.4	28 bps	14.9	14.9	1 bps	Broadly maintained estimates. We expect Tata Motors to clock consolidated margins of ~15% in FY23E
PAT	2,093	330	-84.2	14,395	14,519	0.9	
EPS (₹)	5.5	0.9	-84.2	37.6	37.9	0.9	PAT estimates gets revised downward incorporating Q1FY22 results which had exceptional tax incidence. Broadly maintained FY23E estimates

Source: ICICI Direct Research

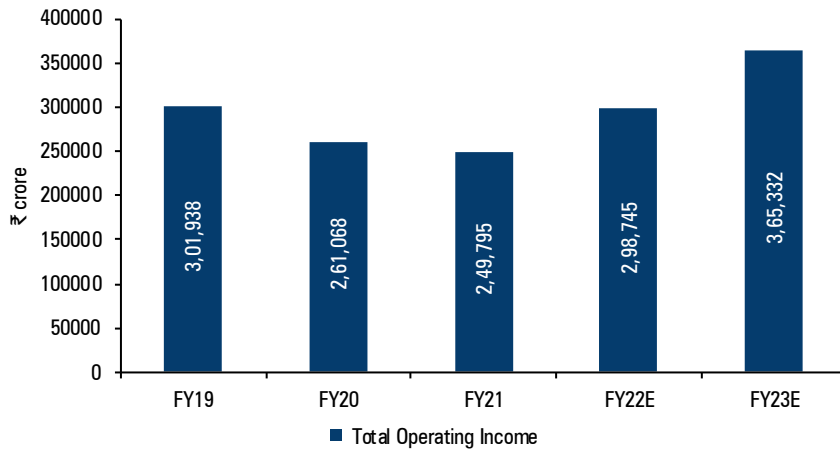
Exhibit 5: Assumptions

Units	Now				Earlier		Comments
	FY20	FY21P	FY22E	FY23E	FY22E	FY23E	
JLR							
Jaguar Sales Volume	1,44,270	90,440	78,355	62,684	89,005	71,204	
Land Rover Sales Volume	3,81,132	3,22,471	3,49,801	4,52,536	3,39,080	4,44,207	
Total JLR Sales Volume	5,25,402	4,12,911	4,28,156	5,15,221	4,28,084	5,15,410	Broadly maintained JLR volume estimates as it already imbibes the management caution over near term volumes at JLR amid global chip shortage. Expect JLR volumes to grow at 11.7% CAGR over FY21-23E
Growth (YoY, %)	-7%	-21%	4%	20%			
India							
M&HCV	1,23,172	90,152	1,20,955	1,50,565	1,19,205	1,48,453	
LCV	2,17,339	1,72,618	2,12,160	2,43,984	2,15,835	2,48,211	
PV	1,32,677	2,22,591	2,81,967	3,24,262	2,77,271	3,18,861	
Total India Sales Volume	4,73,188	4,85,361	6,15,083	7,18,811	6,12,311	7,15,525	Marginally upgraded our volumes estimates for the Indian business tracking robust performance at Tata Motors PV division and cyclical upturn expectations in the domestic CV space. Expect Indian business volumes to grow at 21.7% CAGR over FY21-23E
Growth (YoY, %)	-35%	3%	27%	17%			

Source: ICICI Direct Research

Financial story in charts

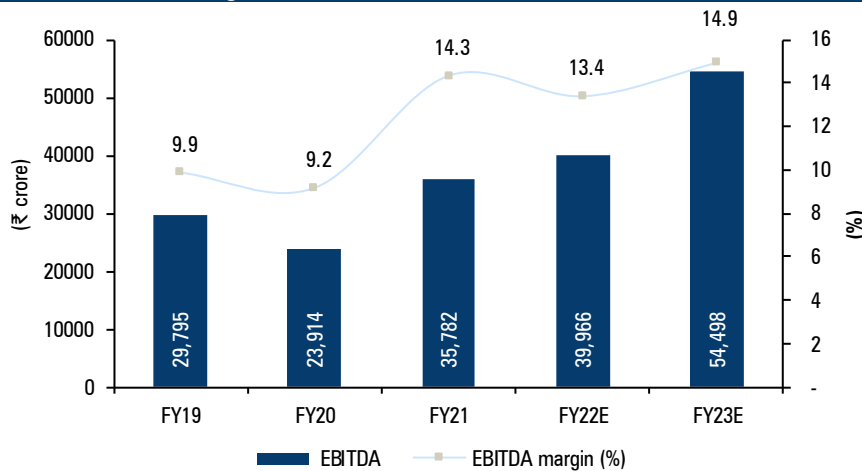
Exhibit 6: Trend in topline



We expect net sales to grow at 20.9% CAGR over FY21-23E on the back of 17.2% volume CAGR

Source: Company, ICICI Direct Research

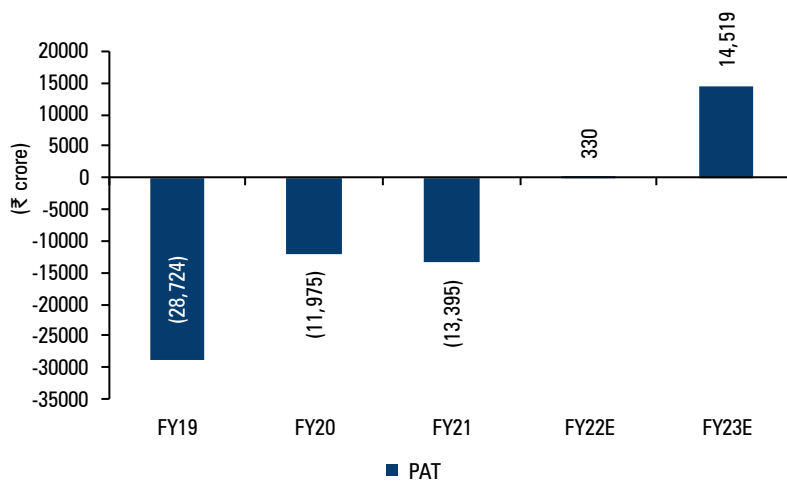
Exhibit 7: Trend in margins



Margins are expected to rise to 14.9% by FY23E on the back of cost controls, lowered breakeven levels and higher operating leverage

Source: Company, ICICI Direct Research

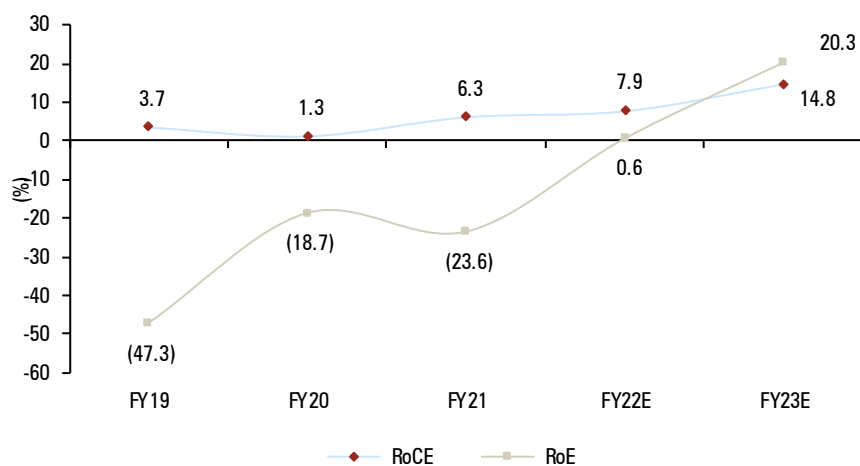
Exhibit 8: Trend in profitability



We expected consolidated PAT of |14,519 crore in FY23E

Source: Company, ICICI Direct Research

Exhibit 9: Trend in return ratios



Higher margins and lower interest outgo on reduced debt is seen leading to return to double digit return ratios in FY23E

Source: Company, ICICI Direct Research

Exhibit 10: Valuation summary

	Sales (₹ cr)	Growth (%)	EPS (₹)	Growth (%)	PE (x)	EV/EBITDA (x)	RoNW (%)	RoCE (%)
FY19	3,01,938	2.5	(79.8)	NA	NM	5.9	-47.3	3.7
FY20	2,61,068	-13.5	(33.3)	NA	NM	7.8	-18.7	1.3
FY21	2,49,795	-4.3	(35.0)	NA	NM	5.1	-23.6	6.3
FY22E	2,98,745	19.6	0.9	NA	340.4	4.9	0.6	7.9
FY23E	3,65,332	22.3	37.9	4,303.2	7.7	3.2	20.3	14.8

Source: Company, ICICI Direct Research

Exhibit 11: SOTP valuation

Particulars	Parameters	EBITDA	Multiple	Per Share Equity Value
Tata Motors Core business	FY23E EV/EBITDA	6,911	11.0	170
JLR	FY23E Adj EV/EBITDA	38,898	3.3	187
Other Investments	3x P/B on FY21	2,369	3.0	18
Total value per share				375

Source: ICICI Direct Research

Financial Summary

Exhibit 12: Profit and loss statement					₹ crore
(Year-end March)	FY20	FY21	FY22E	FY23E	
Total operating Income	2,61,068	2,49,795	2,98,745	3,65,332	
Growth (%)	-13.5	-4.3	19.6	22.3	
Raw Material Expenses	1,67,131	1,58,291	1,94,397	2,37,917	
Employee Expenses	30,439	27,648	31,292	32,351	
Marketing Expenses	57,087	40,922	47,079	54,738	
Capitalised Expenses	-17,503	-12,849	-13,988	-14,173	
Total Operating Expenditure	2,37,154	2,14,013	2,58,779	3,10,833	
EBITDA	23,914	35,782	39,966	54,498	
Growth (%)	-19.7	49.6	11.7	36.4	
Product development Exp	4189	5227	6192	6543	
Depreciation	21425	23547	24646	25573	
Interest	7243	8097	8494	8025	
Other Income	2973	2643	2650	2703	
PBT	(3,520)	8,513	9,461	23,603	
Minority Interest	0	0	0	0	
Total Tax	395	2542	2912	3412	
Reported PAT	(11,975)	(13,395)	330	14,519	
Growth (%)	-58.3	NM	LP	4,303.2	
EPS (₹)	(33.3)	(35.0)	0.9	37.9	

Source: Company, ICICI Direct Research

Exhibit 13: Cash flow statement					₹ crore
(Year-end March)	FY20	FY21	FY22E	FY23E	
Profit after Tax	(11,975.4)	(13,395.0)	329.7	14,518.8	
Add: Depreciation	21,425	23,547	24,646	25,573	
(Inc)/dec in Current Assets	6,254	-6,045	-10,756	-18,004	
Inc/(dec) in CL and Provisions	-6,111	9,999	8,478	25,579	
Others	11,743	21,444	3,494	8,025	
CF from operating activities	21,336	35,549	26,193	55,692	
(Inc)/dec in Investments	-538	-8,312	9,750	-750	
(Inc)/dec in Fixed Assets	-41,007	-33,809	-28,500	-28,000	
Others	5,230	4,317	-2,643	3,561	
CF from investing activities	(36,315)	(37,803)	(21,393)	(25,189)	
Issue/(Buy back) of Equity	40	46	0	0	
Inc/(dec) in loan funds	12,635	17,094	0	-15,000	
Dividend paid & dividend tax	0	0	0	0	
Inc/(dec) in Sec. premium	2,984	3,424	0	0	
Others (incl finance costs)	397	-5,244	-8,494	-8,025	
CF from financing activities	16,057	15,320	(8,494)	(23,025)	
Net Cash flow	1,078	13,066	-3,694	7,478	
Opening Cash	32,649	33,727	46,792	43,098	
Closing Cash	33,727	46,792	43,098	50,577	

Source: Company, ICICI Direct Research

Exhibit 14: Balance Sheet					₹ crore
(Year-end March)	FY20	FY21	FY22E	FY23E	
Liabilities					
Equity Capital	720	766	766	766	
Reserve and Surplus	61,492	54,481	54,811	69,330	
Others	1,681	1,574	1,574	1,574	
Total Shareholders funds	63,892	56,820	57,150	71,669	
Total Debt	1,18,811	1,35,905	1,35,905	1,20,905	
Deferred Tax Liability	1,942	1,556	1,861	2,276	
Long term provisions	14,737	13,607	13,286	16,247	
Minority Interest / Others	18,595	21,095	22,241	27,199	
Total Liabilities	2,17,976	2,28,982	2,30,442	2,38,295	
Assets					
Gross Block	3,11,583	3,46,703	3,85,203	4,18,203	
Less: Acc Depreciation	1,85,252	2,08,799	2,33,446	2,59,019	
Net Block	1,26,330	1,37,904	1,51,757	1,59,184	
Capital WIP	35,622	20,964	15,964	10,964	
Total Fixed Assets	1,61,952	1,58,868	1,67,721	1,70,148	
Investments	16,308	24,620	14,870	15,620	
Inventory	37,457	36,089	42,561	52,047	
Debtors	11,173	12,679	14,733	20,018	
Loans and Advances	935	1,749	2,092	2,559	
Cash	33,727	46,792	43,098	50,577	
Total Current Assets	1,08,726	1,27,836	1,34,898	1,60,380	
Creditors	63,627	68,180	73,663	90,082	
Provisions	10,329	12,848	13,881	16,975	
Total Current Liabilities	1,04,145	1,14,143	1,22,622	1,48,201	
Net Current Assets	4,581	13,693	12,277	12,180	
Deferred Tax Asset	5,458	4,520	5,406	6,611	
Application of Funds	2,17,976	2,28,982	2,30,442	2,38,295	

Source: Company, ICICI Direct Research

Exhibit 15: Key ratios				
(Year-end March)	FY20	FY21	FY22E	FY23E
Per share data (₹)				
EPS	-33.3	-35.0	0.9	37.9
Cash EPS	26.3	26.5	65.2	104.7
BV	177.6	148.4	149.3	187.2
DPS	0.0	0.0	0.0	0.0
Cash Per Share	123.9	172.0	136.2	157.0
Operating Ratios				
EBITDA Margin (%)	9.2	14.3	13.4	14.9
PBT / Net sales (%)	1.0	4.9	5.1	7.9
PAT Margin (%)	-4.6	-5.4	0.1	4.2
Inventory days	52.4	52.7	52.0	52.0
Debtor days	15.6	18.5	18.0	20.0
Creditor days	89.0	99.6	90.0	90.0
Return Ratios (%)				
RoE	-18.7	-23.6	0.6	20.3
RoCE	1.3	6.3	7.9	14.8
RoIC	2.4	11.4	12.1	23.4
Valuation Ratios (x)				
P/E (adjusted)	NM	NM	NM	5.7
EV / EBITDA	7.8	5.1	4.9	3.2
EV / Net Sales	0.7	0.7	0.7	0.5
Market Cap / Sales	0.4	0.4	0.4	0.3
Price to Book Value	1.7	2.0	2.0	1.6
Solvency Ratios				
Debt/EBITDA	5.0	3.8	3.4	2.2
Debt / Equity	1.9	2.4	2.4	1.7
Current Ratio	0.6	0.6	0.6	0.7
Quick Ratio	0.2	0.3	0.3	0.3

Source: Company, ICICI Direct Research

Exhibit 16: ICICI Direct coverage universe (Auto & Auto Ancillary)

Sector / Company	CMP	TP	Rating	M Cap	EPS (₹)			P/E (x)			EV/EBITDA (x)			RoCE (%)			RoE (%)		
	(₹)	(₹)		(₹ Cr)	FY21P	FY22E	FY23E	FY21P	FY22E	FY23E	FY21P	FY22E	FY23E	FY21P	FY22E	FY23E	FY21P	FY22E	FY23E
Apollo Tyre (APOTYR)	230	275	Buy	14,606	5.5	9.9	16.2	41.7	23.3	14.2	6.9	7.1	5.2	7.6	6.1	9.1	6.4	5.3	8.2
Ashok Leyland (ASHLEY)	122	150	Buy	35,667	-1.1	1.1	4.4	-114.0	110.6	27.8	72.2	30.1	14.8	-1.9	4.8	15.7	-4.4	4.5	16.5
Bajaj Auto (BAAUTO)	3,836	4,350	Hold	1,11,012	157.4	167.7	193.6	24.4	22.9	19.8	18.1	16.9	14.2	18.2	19.3	22.5	18.1	18.9	21.4
Balkrishna Ind. (BALIND)	2,336	2,250	Buy	45,153	59.8	68.2	80.5	39.1	34.2	29.0	20.8	17.9	15.1	19.3	20.4	21.6	19.2	19.0	19.4
Bharat Forge (BHAFOR)	784	875	Buy	36,487	-2.7	15.9	25.0	NM	49.4	31.4	45.0	23.2	16.6	2.2	8.0	12.1	3.3	12.3	16.9
Eicher Motors (EICMOT)	2,563	2,970	Hold	69,873	49.3	66.7	87.4	52.0	38.4	29.3	37.0	28.4	21.6	11.3	13.5	15.8	11.8	14.3	16.6
Escorts (ESCORT)	1,154	1,140	Hold	14,149	71.2	62.0	76.9	16.2	18.6	15.0	10.0	11.5	9.0	18.7	13.8	14.8	16.2	12.6	13.7
Hero Moto (HERHON)	2,810	3,440	Buy	56,120	148.4	170.8	196.5	18.9	16.4	14.3	12.2	10.3	8.8	20.8	23.1	24.5	19.5	20.7	21.7
M&M (MAHMAH)	754	1,000	Buy	93,775	2.3	29.9	37.8	335.0	25.3	20.0	13.9	16.5	13.2	9.5	8.2	10.5	2.7	9.6	11.1
Maruti Suzuki (MARUTI)	7,236	6,080	Reduce	2,18,579	140.0	172.9	225.1	51.7	41.8	32.1	28.9	21.5	16.0	4.3	6.6	9.1	8.2	9.5	11.4
Minda Industries (MININD)	756	725	Buy	20,559	7.6	10.9	19.1	99.5	69.5	39.5	29.5	20.6	14.5	9.1	10.6	16.7	10.4	14.2	19.6
Motherson (MOTSUM)	231	300	Buy	72,822	3.3	7.4	10.0	NM	31.0	23.1	16.0	10.5	8.5	6.7	16.2	20.5	8.8	16.7	19.7
Tata Motors (TATMOT)	293	375	Buy	1,12,228	-35.0	0.9	37.9	NM	340.4	7.7	5.1	4.9	3.2	6.3	7.9	14.8	-23.6	0.6	20.3

Source: Company, ICICI Direct Research

RATING RATIONALE

ICICI Direct endeavors 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

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

ANALYST CERTIFICATION

I/We, Shashank Kanodia, CFA, MBA (Capital Markets) and Jaimin Desai, CA, 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 is Sebi registered stock broker, merchant banker, investment adviser, portfolio manager and Research Analyst. ICICI Securities is registered with Insurance Regulatory Development Authority of India Limited (IRDAI) as a composite corporate agent and with PFRDA as a Point of Presence. ICICI Securities Limited Research Analyst 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.

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 and its analysts, persons reporting to analysts and their relatives are generally prohibited 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 icidirect.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, and 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 and ICICI Securities as a entity 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.