Sharekhan by BNP PARIBAS

Powered by the Sharekhan 3R Research Philosophy

Tata Power Company Ltd

Decent Q2; solar EPC margin recovery encouraging

Power Utilities	Sharekhan code: TATAPOWER

Reco/View: Buy	↔	CMP: Rs. 225	Price Target: Rs. 260	↔

↑ Upgrade ↔ Maintain ↓ Downgrade

3R MATRIX	+	=	-
Right Sector (RS)	✓		
Right Quality (RQ)	✓		
Right Valuation (RV)	✓		

+ Positive = Neutral – Negative

What has changed in 3R MATRIX

	Old		New
RS		↔	
RQ		↔	
RV		↔	

ESG Disclosure Score NEW

ESG RISK RATING 41.63

Updated Oct 08, 2022

Severe Risk

NEGL	LOW	MED	HIGH	SEVERE
0-10	10-20	20-30	30-40	40+

Source: Morningstar

Company details

Market cap:	Rs. 71,895 cr
52-week high/low:	Rs. 298/190
NSE volume: (No of shares)	182.6 lakh
BSE code:	500400
NSE code:	TATAPOWER
Free float: (No of shares)	169.8 cr

Shareholding (%)

Promoters	46.9
FII	10.3
DII	14.2
Others	28.7

Price chart

Price performance

(%)	1m	3m	6m	12m
Absolute	6.0	1.4	-7.1	5.0
Relative to Sensex	-0.3	-2.8	-12.2	3.9

Sharekhan Research, Bloomberg

Summary

- Q2FY23 consolidated PAT grew by 94% y-o-y to Rs. 819 crore reflecting higher coal profits, favourable CERC order of Rs. 461 crore for capacity charge at Mundra, improved solar EPC margin and good standalone performance (higher power prices and dividend income). However, Rs. 151 crore in CERC order pertains to Q1FY23, adjusting for the same PAT of Rs. 668 crore (up 59% y-o-y) was below our estimate of Rs. 740 crore.
- Profits from coal business remained strong with a 13% q-o-q rise to Rs. 1,096 crore driven by elevated coal price. Solar EPC posted strong margin recovery to 11% (versus only 1% in Q1FY23) on deferment of low margin projects; however, RE generation PAT declined by 22% y-o-y to Rs. 123 crore. Within Odisha discoms, TPWODL PAT soared to Rs. 46 crore (versus a loss in Q2FY22) on lower AT&C losses.
- Mundra UMPP's current arrangement has been extended by three months till December 2022 and the final CERC tariff is expected soon. Mundra UMPP turnaround (potential favourable CERC tariff and long-term agreement with states) and higher profitability at Odisha discoms are catalysts.
- We maintain Buy on Tata Power with an unchanged PT of Rs. 260. At CMP, the stock trades at 2.9x/2.6x FY23E/FY24E P/BV.

Tata Power Company Limited's (TPCL's) Q2FY23 reported PAT of Rs. 819 crore rose 94% y-o-y led by higher coal profits, benefit of additional revenue of Rs. 461 crore for favourable CERC order for capacity charge at Mundra, improved performance of solar EPC and higher dividend income of the standalone business. However, adjusting for Rs. 151 crore (related to Q1FY23) of capacity charges, PAT works out to be Rs. 668 crore, up 59% y-o-y, but below our estimate of Rs. 740 crore. Profits from the coal business grew strongly by 111% y-o-y/13% q-o-q to Rs. 1096 crore given continued elevated profitability driven by higher coal price while standalone PAT stood at Rs. 662 crore (versus a net loss of Rs. 319 crore in Q2FY22) supported by higher power price in its distribution business, improved availability in Mundra plant and increase in dividend income (Rs. 1,102 crore in Q2FY23). The renewable energy (RE) portfolio's performance was mixed with solar EPC witnessing sharp margin recovery to 11% (versus 5%/1% in Q2FY22/Q1FY23) led by deferment of project which had impact on margin and thus PAT for the segment grew by 67% y-o-y to Rs. 50 crore and versus loss of Rs. 33 crore in Q1FY23. On the other hand, RE power generation PAT declined by 22% y-o-y to Rs. 123 crore due to rise in interest/depreciation cost offsetting 13% y-o-y rise EBITDA. Odisha discoms (North, West, Central and South) reported a combined PAT of Rs. 62 crore in Q2FY23 versus Rs. 21 crore in Q2FY23 supported by sharp turnaround at TPWODL with profit of Rs. 46 crore (versus a net loss of Rs. 16 crore in Q2FY22) given lower AT&C losses at 29% in H1FY23 (versus 37% in H1FY22) and higher collection efficiency at 90%. However, PAT for TPCODL/TPSODL/TPNODL stood at Rs. 3 crore/Rs.9 crore/Rs. 4 crore, down 80%/47%/20% y-o-y.

Key positives

- Tata Power Solar System reported strong EBITDA margin recovery to 11% in Q2FY23 versus 5%/1% in Q2FY22/Q1FY23.
- Continued strong profits from coal mining business with PAT growth of 111%/13% y-o-y/q-o-q in Q2FY23.

Key negatives

- RE generation PAT declined by 22% y-o-y to Rs. 123 crore due rise in interest/depreciation cost.

Management Commentary

- Mundra UMPP – The current arrangement of operation under section 11 of Electricity Act and full cost pass through (based on interim tariff by MoP) has been extended by three months till December 2022. The management is hopeful of no under-recoveries going forward and expect final tariff to be announced by CERC soon. No separate financial for Mundra, while there no fixed under-recovery but it's there on variable costs.
- Management indicated that solar EPC bids are now at higher rate and reflects seriousness in bidding process.
- Solar EPC order book increased to Rs. 16,695 crore (solar utility/rooftop solar order book of Rs. 15,261 crore/Rs. 1434 crore) versus Rs. 15,380 as of June 2022.
- The company has made provision drawback of Rs. 0.2/unit or Rs. 461 crore (Rs. 151 crore for Q1FY23) given favourable CERC order for determination of capacity charge at Mundra UMPP.
- Consolidated net debt declined by 7% q-o-q to Rs. 39,486 crore supported by equity infusion of Rs. 2000 crore despite capex of Rs. 1500 crore in Q2FY23.

Revision in estimates – We fine-tuned our FY23-24 earnings estimate to factor H1FY23 result. We have also introduced our FY25 earnings estimate

Our Call

Valuation – We maintain a Buy on TPCL with an unchanged of Rs. 260: TPCL's focus on business restructuring (recently completed CGPL merger) and focus on high growth RE business and entry into power transmission would play a crucial role for sustained earnings growth and improved earnings quality (expect RoE to improve to 12.5% in FY24E versus only 7.8% in FY22). In addition, management's business restructuring plans to increase share of high growth RE business would drive sustained improvement in ESG scores. Hence, we maintain a Buy on Tata Power with an unchanged PT of Rs.260. At CMP, the stock is trading at 2.9x/2.6x FY23E/FY24E P/BV. Turnaround of Mundra UMPP and higher profitability at Odisha discoms are catalysts.

Key Risks

1) Slower-than-expected ramp-up of RE portfolio and expansion in distribution business, 2) Lower-than-expected profitability in Solar EPC business, 3) Delay in plan to monetise RE asset and 4) volatility in international coal prices

Valuation (consolidated) Rs cr

Particulars	FY21	FY22	FY23E	FY24E	FY25E
Revenue	32,468	42,816	48,097	53,151	58,332
OPM (%)	21.3	17.5	23.7	24.1	24.0
Adjusted PAT	1,283	1,741	2,845	3,262	3,793
% YoY growth	6.8	35.7	63.4	14.7	16.3
Adjusted EPS (Rs.)	4.0	5.4	8.9	10.2	11.9
P/E (x)	56.0	41.3	25.3	22.0	19.0
P/B (x)	3.2	3.2	2.9	2.6	2.3
EV/EBITDA (x)	15.1	15.0	9.6	8.3	7.5
RoNW (%)	6.1	7.8	12.0	12.5	13.0
RoCE (%)	6.1	6.5	9.7	11.5	12.0

Source: Company; Sharekhan estimates

Decent Q2 performance

Q2FY23 reported PAT of Rs. 819 crore rose 94% y-o-y led by higher coal profits, benefit of additional revenue of Rs. 461 crore for favourable CERC order for capacity charge at Mundra, improved performance of solar EPC and higher dividend income of the standalone business. However, adjusting for Rs. 151 crore (related to Q1FY23) of capacity charges, PAT works out to be Rs. 668 crore, up 59% y-o-y, but below our estimate of Rs. 740 crore. Profits from the coal business grew strongly by 111% y-o-y/13% q-o-q to Rs. 1096 crore given continued elevated profitability driven by higher coal price while standalone PAT stood at Rs. 662 crore (versus a net loss of Rs. 319 crore in Q2FY22) supported by higher power price in its distribution business, improved availability in Mundra plant and increase in dividend income (Rs. 1,102 crore in Q2FY23). The renewable energy (RE) portfolio's performance was mixed with solar EPC witnessing sharp margin recovery to 11% (versus 5%/1% in Q2FY22/Q1FY23) led by deferment of project which had impact on margin and thus PAT for the segment grew by 67% y-o-y to Rs. 50 crore and versus loss of Rs. 33 crore in Q1FY23. On the other hand, RE power generation PAT declined by 22% y-o-y to Rs. 123 crore due to rise in interest/depreciation cost offsetting 13% y-o-y rise EBITDA. Odisha discoms (North, West, Central and South) reported a combined PAT of Rs. 62 crore in Q2FY23 versus Rs. 21 crore in Q2FY23 supported by sharp turnaround at TPWODL with profit of Rs. 46 crore (versus a net loss of Rs. 16 crore in Q2FY22) given lower AT&C losses at 29% in H1FY23 (versus 37% in H1FY22) and higher collection efficiency at 90%. However, PAT for TPCODL/TPSODL/TPNODL stood at Rs. 3 crore/Rs.9 crore/Rs. 4 crore, down 80%/47%/20% y-o-y.

Conference call highlights

- **Dip in power demand:** Demand has decreased in Q2FY23 due to extended monsoon and has dipped from the peak levels which were seen in the months of April-May 2022.
- **Mundra cost pass through update:** Mundra UMPP is operating under section 11 of Electricity Act and full cost pass through (fixed + variable) is provided based in interim tariff decided by MoP. The current arrangement is extended by 3 months till December 2022. Management expects CERC to soon decide on final tariff and is hopeful there would not be any under-recoveries going forward.
- **Odisha discoms' performance:** Odisha discoms are performing well, and company has been able to reduce AT&C losses and improve customer reliability and connect. AT&C loss reduced to 30%/34%/29%/26% for TPCODL/TPSODL/TPWODL/TPNODL in H1FY23 versus 36%/49%/37%/39% in H1FY22.
- **Solar EPC performance:** The company won 125 MW project from NHDC, 100 MW project from SJVN and implemented 625 MW of third-party EPC projects in Q2FY23. The order book of solar EPC projects as on 30th September 2022 is 3,799 MW worth Rs. 15,261 crore.
- **Solar rooftop performance:** Company won 330 new orders worth Rs. 1,233 crore and implemented 138 MW of capacity in Q2. The order book as on 30th September 2022 is 393 MW worth Rs. 1,434 crore. The cumulative rooftop portfolio is 1,150 MWs.
- **Other updates** - 1) Consolidated net debt decreased to Rs. 39,486 crore versus Rs. 42,343 crore as on Q1FY23; net debt to equity improved to 1.32 vs 1.55 in Q1FY23 and company expects to maintain it going forward, 2) Management said they have maintained the receivable days and states like Andhra Pradesh have also started making payments of the disputed amount in instalments. 3) RE capacity of 5.66 GW, which includes installed capacity of 3.87 GW and 1.79 GW under various stages of implementation. 4) Company received dividend of Rs. 1,102 crore from subsidiaries in Q2. 5) Company expects international coal prices to remain high for the next 12 months.

Results (consolidated) Rs cr

Particulars	Q2FY23	Q2FY22	y-o-y (%)	Q1FY23	q-o-q (%)
Revenue	**14,031**	**9,810**	**43.0**	**14,495**	**-3.2**
Total Expenditure	12,270	8,147	50.6	12,812	-4.2
Reported operating profit	**1,760**	**1,664**	**5.8**	**1,683**	**4.6**
Other Income	150	377	-60.1	143	4.9
EBITDA	1,911	2,041	-6.4	1,827	4.6
Interest	1,052	946	11.1	1,026	2.5
Depreciation	838	771	8.6	822	1.9
Reported PBT	**21**	**323**	**-93.4**	**-21**	**NA**
Add: Net movement in regulatory deferral account balances (net of tax)	132	-308	NA	280	-52.9
Add: Share of Profit of Associates and JV	1,219	623	95.8	803	51.9
PBT after regulatory deferral account and share of profit from JV	**1,373**	**638**	**115.3**	**1,062**	**29.3**
Tax	438	132	231.4	179	145.2
Reported PAT before MI	**935**	**506**	**84.9**	**884**	**5.8**
Minority Interest	116	84	38.0	89	30.5
Reported PAT after MI	**819**	**422**	**94.3**	**795**	**3.1**
Add: Profit from Discontinued Operations	0	0	NA	0	NA
Reported PAT	**819**	**422**	**94.3**	**795**	**3.1**
Adjusted PAT	**819**	**422**	**94.3**	**795**	**3.1**
No. of Equity Shares (cr)	319.6	319.6	0.0	319.6	0.0
Reported EPS (Rs.)	2.6	1.3	94.3	2.5	3.1
Adjusted EPS (Rs.)	2.6	1.3	94.3	2.5	3.1
Margins (%)			**BPS**		**BPS**
Adjusted OPM	12.5	17.0	-441	11.6	93
Adjusted NPM	5.8	4.3	154	5.5	36
Effective tax rate	31.9	20.7	1,117	16.8	1,507

Source: Company, Sharekhan Research

TPCL's consolidated performance for Q1FY23

Particulars	Op Income		EBITDA^^		PAT	
	Q2 FY23	Q2 FY22	Q2 FY23	Q2 FY22	Q2 FY23	Q2 FY22
Consolidated before exceptional items	14,163	9,502	2,043	1,732	935	506
Standalone & Key Subsidiaries						
Tata Power (Standalone)	4,888	2,116	1,683	539	662	(319)
MPL (Maithon Power)*	810	773	191	201	82	98
TPDDL (Delhi Discom)**	2,964	2,391	332	307	113	95
TPTCL (Power Trading)	160	121	(6)	23	(6)	16
Tata Power Solar (Solar Mfg)	1,135	1,515	125	117	50	30
TPREL Standalone (Renewable Power)	416	343	326	302	29	48
WREL (Renewable Power)	275	292	260	279	92	87
Coal SPVs (Investment Companies)	(0)	0	(1)	(1)	(151)	(56)
TERPL (Shipping Co)	138	96	(8)	243	(29)	214
TP Central Odisha Dist Ltd (CESU)**	1,222	956	66	62	3	15
TP Southern Odisha Dist Ltd (SOUTHCO)**	547	438	35	38	9	17
TP Western Odisha Dist Ltd (WESCO)**	1,640	1,024	102	12	46	(16)
TP Northern Odisha Dist Ltd (NESCO)**	817	685	45	40	4	5
TPIPL (Overseas Investment Co)	-	-	7	17	(20)	(0)
Others	311	259	116	72	(3)	23
TOTAL - A	15,323	11,009	3,272	2,250	881	257
Joint Venture and Associates	-	-	-	-	1,219	623
TOTAL - B	15,323	11,009	3,272	2,250	2,101	880
Eliminations#	(1,161)	(1,507)	(1,229)	(518)	(1,166)	(374)
TOTAL - C	14,163	9,502	2,043	1,732	935	506

Previous year numbers are restated
*Tata Power (TPCL) stake-74%; **TPCL stake-51%; # Eliminations include inter-company transactions; ^^ including other income

Source: Company

Share of JVs and Associates

Particulars	% Share	Op Income		EBITDA		PAT		Op Income		EBITDA		PAT	
		Q2 FY23	Q2 FY22	Q2 FY23	Q2 FY22	Q2 FY23	Q2 FY22	YTD FY23	YTD FY22	YTD FY23	YTD FY22	YTD FY23	YTD FY22
Coal Companies (KPC, BSSR, AGM)	30% / 26%	5,452	3,112	1,622	1,083	1,096	520	10,278	5,641	3,072	1,766	2,092	799
Coal Infrastructure Companies (NTP)	30%	49	64	65	69	39	44	82	135	52	133	11	84
Powerlinks Trans Ltd	51%	16	16	14	15	9	10	32	31	29	30	19	21
Industrial Energy Ltd (IEL)	74%	66	53	46	36	31	22	131	106	92	74	62	47
Resurgent Power	26%	327	264	82	100	29	45	598	523	147	172	42	65
Tata Projects	48%	2,028	1,476	88	39	6	(37)	3,751	2,965	(123)	105	(216)	(51)
Others JVs (including adjustments)		37	32	29	19	10	18	45	51	38	38	12	23
Total- Joint Ventures & Associates		7,975	5,019	1,945	1,361	1,219	623	14,916	9,452	3,307	2,317	2,022	989

Source: Company

Odisha Discoms performance in Q2FY23 Rs. crore

	TPCODL	TPSODL	TPWODL	TPNODL
Purchase (Mus)	2,723	1,097	3,403	1,677
Sales (Mus)	2,063	828	2,792	1,337
Revenue per unit (INR)	5.62	6.60	5.72	5.66
Power Cost per unit (INR)	3.24	2.52	3.88	3.46
Actual Technical losses (%) (YTD)	24.1%	24.1%	20.0%	19.7%
Actual AT&C losses (%) (YTD)	29.9%	34.3%	28.7%	25.9%
Vesting order Target AT&C losses (%) (YTD)	23.7%	26.0%	20.0%	19.2%
Key Financials (INR Cr)				
Income from Operation	1,222	547	1,640	817
EBITDA	66	35	102	45
PAT	3	9	46	4

Source: Company

Tata Power Solar Systems Limited - Robust margin recovery

Particulars (INR Cr)	Q2 FY23	Q2 FY22	Qtr Var	YTD FY23	YTD FY22	YTD Var	Quarter Variance Remarks
Operating Income	1,135	1,515	-380	2,488	3,464	-976	
Operating expenses	1,011	1,438	427	2,351	3,329	978	
Operating profit	**124**	**77**	**48**	**137**	**135**	**2**	
Margin	***11.0%***	***5.1%***		***5.5%***	***3.9%***		
Other income	0	40	-39	3	56	-54	PY includes interest income on receivable
EBITDA	**125**	**117**	**8**	**140**	**191**	**-51**	
Margin	***11.0%***	***7.7%***		***5.6%***	***5.5%***		
Interest cost	35	61	26	77	91	14	Better WC management
Depreciation	16	15	-1	31	29	-2	
PBT	74	41	34	32	71	-39	
Tax	24	10	-14	15	18	4	
PAT	50	30	20	17	52	-35	
Margin	***4.4%***	***2.0%***		***0.7%***	***1.5%***		

Source: Company

TPCL's Debt Profile Rs. crore

PARTICULARS	CONSOLIDATED				
	Q2 FY23			Q1 FY23	Q2 FY22
	Rupee	Forex	Total	Total	Total
Long term	26,206	3,391	29,597	30,014	27,854
Short term	10,010	1,798	11,808	11,007	10,383
Current Maturity of LT	8,130	-	8,130	8,672	7,275
Total Debt	**44,346**	**5,189**	**49,535**	**49,693**	**45,512**
Less: Cash			8,251	5,987	5,077
Less: Debt against dividend in Coal SPVs			1,798	1,363	976
Net External Debt			**39,486**	**42,343**	**39,459**
Equity			**29,881**	**27,284**	**24,425**
Net Debt to Equity			1.32	1.55	1.62

Source: Company

Outlook and Valuation

■ **Sector view - Regulated tariffs provide earnings visibility; reforms to strengthen balance sheets of power companies**

India's power sector is regulated by the CERC with an availability-based earnings model (fixed RoE on power generation assets) and, thus, the regulated tariff model provides strong earnings visibility for power-generation, transmission & distribution companies. Moreover, the government's power sector package of over Rs. 3 lakh crore announced in recent Union Budget would help power discoms clear dues of power generation and transmission companies. This would reduce receivables of the power sector and strengthen companies' balance sheets.

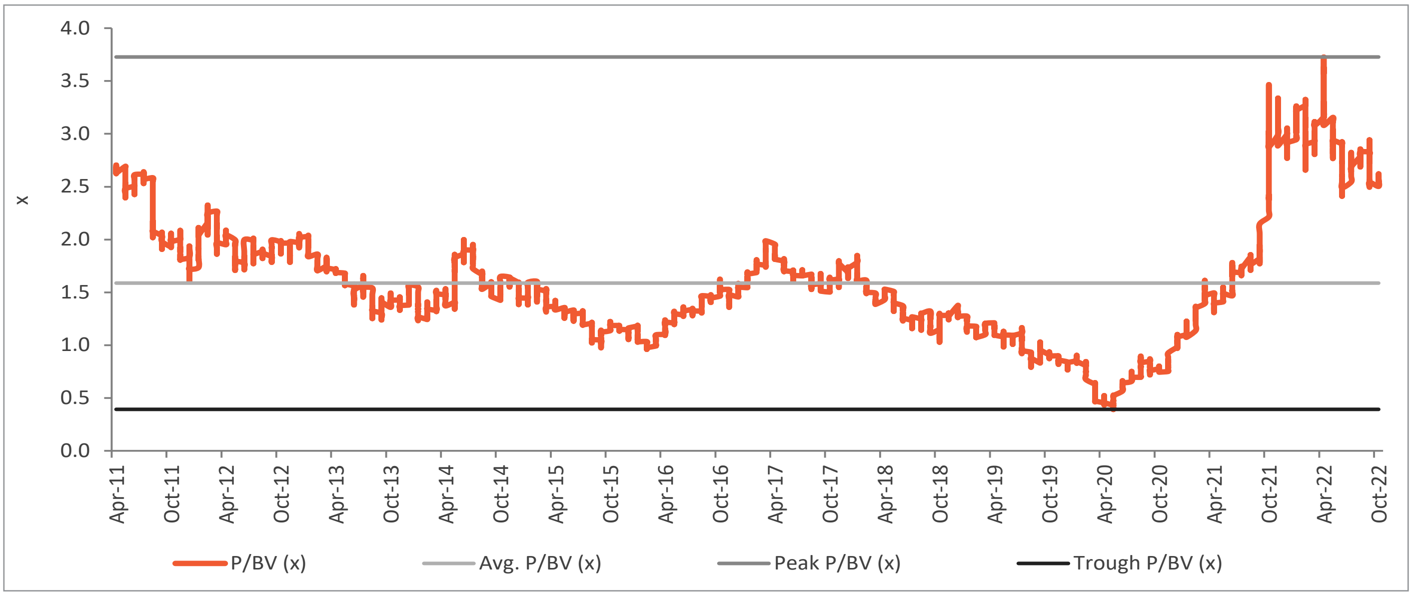
■ **Company outlook - Focus on distribution and RE business to drive robust earnings growth**

Tata Power has a well-planned strategy to shift towards clean energy and targets for 4x rise in its PAT by FY2027E over FY2022 and RoE to 13% (versus 7.8% in FY22). We believe that growth would be largely driven by distribution and renewable energy (RE) business. We expect PAT to clock a CAGR of 37% over FY2022-FY2024E with a sharp improvement in RoE to 12.5% by FY2024E.

■ **Valuation - We maintain Buy on TPCL with an unchanged of Rs. 260**

TPCL's focus on business restructuring (recently completed CGPL merger) and focus on high growth RE business and entry into power transmission would play a crucial role for sustained earnings growth and improved earnings quality (expect RoE to improve to 12.5% in FY24E versus only 7.8% in FY22). In addition, management's business restructuring plans to increase share of high growth RE business would drive sustained improvement in ESG scores. Hence, we maintain a Buy on Tata Power with an unchanged PT of Rs.260. At CMP, the stock is trading at 2.9x/2.6x FY23E/FY24E P/BV. Turnaround of Mundra UMPP and higher profitability at Odisha discoms are catalysts.

One-year forward P/BV (x) band



Source: Sharekhan Research

About company

Tata Power is India's largest integrated private power company with presence in power generation (capacity of 12808 MW with 69% from thermal and 31% from renewables), transmission, distribution (largest private sector player with a customer base of 11.7 million), trading and Solar EPC (largest solar EPC player in India).

Investment theme

Tata Power's core earnings are resilient even in demand down cycle as it gets regulated returns on power generation and distribution assets. The company's focus to shift from a B2G to B2C model would drive robust earnings growth (to be driven by RE and distribution business) over the next 4-5 years and materially improve its RoE to ~9.4% by FY2024E (from just 6.1% in FY2021). Monetisation of renewable assets and potential improvement in ESG rating could re-rate the company while focus on debt reduction would strengthen balance sheet.

Key Risks

- Slower-than-expected ramp-up of RE portfolio and expansion in distribution business.
- Lower-than-expected profitability in Solar EPC business. Continued losses at Mundra UMPP in case of high imported coal prices.
- Delay in plan to monetise RE assets.
- Volatility in international coal prices

Additional Data

Key management personnel

Mr. Natarajan Chandrasekaran	Chairman
Dr. Praveer Sinha	Managing Director and CEO
Ramesh Subramanyam	CEO and Managing Director

Source: Company

Top 10 shareholders

Sr. No.	Holder Name	Holding (%)
1	Life Insurance Corporation of India	6.75
2	Vanguard Group Inc	2.34
3	Blackrock Inc	1.36
4	HDFC Life Insurance	1.22
5	Matthews International Capital Management LLC	1.18
6	Matthews Pacific Tiger FD	1.12
7	Franklin Resources Inc	0.57
8	L&T Mutual Fund Trustee/India	0.50
9	Dimensional Fund Advisors LP	0.44
10	Kotak Mahindra Asset Management Co Ltd	0.40

Source: Bloomberg (old data)

Understanding the Sharekhan 3R Matrix

Right Sector	
Positive	Strong industry fundamentals (favorable demand-supply scenario, consistent industry growth), increasing investments, higher entry barrier, and favorable government policies
Neutral	Stagnancy in the industry growth due to macro factors and lower incremental investments by Government/private companies
Negative	Unable to recover from low in the stable economic environment, adverse government policies affecting the business fundamentals and global challenges (currency headwinds and unfavorable policies implemented by global industrial institutions) and any significant increase in commodity prices affecting profitability.
Right Quality	
Positive	Sector leader, Strong management bandwidth, Strong financial track-record, Healthy Balance sheet/cash flows, differentiated product/service portfolio and Good corporate governance.
Neutral	Macro slowdown affecting near term growth profile, Untoward events such as natural calamities resulting in near term uncertainty, Company specific events such as factory shutdown, lack of positive triggers/events in near term, raw material price movement turning unfavourable
Negative	Weakening growth trend led by led by external/internal factors, reshuffling of key management personal, questionable corporate governance, high commodity prices/weak realisation environment resulting in margin pressure and detoriating balance sheet
Right Valuation	
Positive	Strong earnings growth expectation and improving return ratios but valuations are trading at discount to industry leaders/historical average multiples, Expansion in valuation multiple due to expected outperformance amongst its peers and Industry up-cycle with conducive business environment.
Neutral	Trading at par to historical valuations and having limited scope of expansion in valuation multiples.
Negative	Trading at premium valuations but earnings outlook are weak; Emergence of roadblocks such as corporate governance issue, adverse government policies and bleak global macro environment etc warranting for lower than historical valuation multiple.

Source: Sharekhan Research

Know more about our products and services

For Private Circulation only

Disclaimer: This document has been prepared by Sharekhan Ltd. (SHAREKHAN) and is intended for use only by the person or entity to which it is addressed to. This Document may contain confidential and/or privileged material and is not for any type of circulation and any review, retransmission, or any other use is strictly prohibited. This Document is subject to changes without prior notice. This document does not constitute an offer to sell or solicitation for the purchase or sale of any financial instrument or as an official confirmation of any transaction. Though disseminated to all customers who are due to receive the same, not all customers may receive this report at the same time. SHAREKHAN will not treat recipients as customers by virtue of their receiving this report.

The information contained herein is obtained from publicly available data or other sources believed to be reliable and SHAREKHAN has not independently verified the accuracy and completeness of the said data and hence it should not be relied upon as such. While we would endeavour to update the information herein on reasonable basis, SHAREKHAN, its subsidiaries and associated companies, their directors and employees ("SHAREKHAN and affiliates") are under no obligation to update or keep the information current. Also, there may be regulatory, compliance, or other reasons that may prevent SHAREKHAN and affiliates from doing so. This document is prepared for assistance only and is not intended to be and must not alone be taken as the basis for an investment decision. Recipients of this report should also be aware that past performance is not necessarily a guide to future performance and value of investments can go down as well. The user assumes the entire risk of any use made of this information. Each recipient of this document should make such investigations as it deems necessary to arrive at an independent evaluation of an investment in the securities of companies referred to in this document (including the merits and risks involved), and should consult its own advisors to determine the merits and risks of such an investment. The investment discussed or views expressed may not be suitable for all investors. We do not undertake to advise you as to any change of our views. Affiliates of Sharekhan may have issued other reports that are inconsistent with and reach different conclusions from the information presented in this report.

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 SHAREKHAN 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.

The analyst certifies that the analyst has not dealt or traded directly or indirectly in securities of the company and that all of the views expressed in this document accurately reflect his or her personal views about the subject company or companies and its or their securities and do not necessarily reflect those of SHAREKHAN. The analyst and SHAREKHAN further certifies that neither he or his relatives or Sharekhan associates has any direct or indirect financial interest nor have actual or beneficial ownership of 1% or more in the securities of the company at the end of the month immediately preceding the date of publication of the research report nor have any material conflict of interest nor has served as officer, director or employee or engaged in market making activity of the company. Further, the analyst has also not been a part of the team which has managed or co-managed the public offerings of the company and no part of the analyst's compensation was, is or will be, directly or indirectly related to specific recommendations or views expressed in this document. Sharekhan Limited or its associates or analysts have not received any compensation for investment banking, merchant banking, brokerage services or any compensation or other benefits from the subject company or from third party in the past twelve months in connection with the research report.

Either, SHAREKHAN or its affiliates or its directors or employees / representatives / clients or their relatives may have position(s), make market, act as principal or engage in transactions of purchase or sell of securities, from time to time or may be materially interested in any of the securities or related securities referred to in this report and they may have used the information set forth herein before publication. SHAREKHAN may from time to time solicit from, or perform investment banking, or other services for, any company mentioned herein. Without limiting any of the foregoing, in no event shall SHAREKHAN, any of its affiliates or any third party involved in, or related to, computing or compiling the information have any liability for any damages of any kind.

Compliance Officer: Ms. Binkle Oza; Tel: 022-61150000; email id: compliance@sharekhan.com;

For any queries or grievances kindly email igc@sharekhan.com or contact: myaccount@sharekhan.com

Registered Office: Sharekhan Limited, The Ruby, 18th Floor, 29 Senapati Bapat Marg, Dadar (West), Mumbai – 400 028, Maharashtra, INDIA, Tel: 022 - 67502000/ Fax: 022 - 24327343. Sharekhan Ltd.: SEBI Regn. Nos.: BSE / NSE / MSEI (CASH / F&O / CD) / MCX - Commodity: INZ000171337; DP: NSDL/CDSL-IN-DP-365-2018; PMS: INP000005786; Mutual Fund: ARN 20669; Research Analyst: INH000006183.