

21 October 2023

India | Equity Research | Q2FY24 result review

JSW Steel

Metals

Standalone division drives robust performance

JSW Steel (JSTL)'s Q2FY24 performance was ahead of our estimates. Key points: 1) Standalone EBITDA/te at INR 12,750 surpassed estimates on lower iron ore and coking coal cost. 2) Overseas subsidiaries posted mixed performance. 3) Enhanced focus on more profitable domestic market and increased sales to value added segments. 4) Net debt rose to INR 692bn due to the JISPL merger. Management retained its sales volume guidance of 25mtpa for FY24 and reiterated its target of reaching 50mtpa capacity by FY30. Taking cognizance of additional volume from BPSL from end-FY24, we raise our FY25E EBITDA by 2%, resulting in a revised TP of INR 775 on an unchanged 6.6x FY25E EBITDA. Maintain **HOLD**.

Performance surpasses estimates

JSTL's Q2FY24 performance surpassed estimates. Key points: 1) Standalone volume of 5.4mnte (up 6% YoY) was slightly ahead of our 5.2mnte estimate. 2) Standalone EBITDA/te, at INR 12,750 (our estimate: INR 10,540), was aided by lower iron ore sourcing from captive mines at 38%, versus 45% in Q1FY24, leading to reduced cost. Besides, coking coal cost was down by USD 54/te QoQ compared to the USD45-50/te guidance. 3) Exports formed a mere 11% of overall volumes due to lower traction from the overseas market. 4) Overseas subsidiaries performance was hurt by lower steel prices, though Piombino fared better owing to robust rail orders. 5) Net debt rose QoQ, mainly due to the JISPL merger adding INR 22bn in Q2FY24. Management expects the impact of higher coking coal cost (up by USD30/te) in Q3FY23 to be likely mitigated by a series of price hikes taken since mid-Aug'23. On the volumes front, management retained its guidance of 25mtpa of sales for FY24.

On the growth path; but spread uncertainties pose a risk

In our view, JSTL's capacity is likely to reach 37mtpa by FY25E; however, the massive capex outlay of INR 520bn through to FY26 poses a risk, particularly in the current operating environment of uncertain spreads. While we believe that global steel prices are near the bottom and coking coal price is unlikely to sustain at the current elevated levels, we believe that the company is more susceptible to the risk of spread compression compared to peers.

Financial Summary

Y/E March (INR mn)	FY22A	FY23A	FY24E	FY25E
Net Revenue	14,63,710	16,59,600	20,71,429	22,17,025
EBITDA	3,90,070	1,85,470	3,41,965	4,20,580
EBITDA Margin (%)	26.6	11.2	16.5	19.0
Net Profit	2,16,790	35,480	1,51,548	2,03,863
EPS (Rs)	89.7	14.7	62.6	84.3
EPS % Chg YoY	179.6	(80.2)	266.1	34.5
P/E (x)	8.9	45.0	12.3	9.1
EV/EBITDA (x)	6.3	13.6	7.4	5.9
RoCE (%)	19.1	5.6	12.2	14.6
RoE (%)	43.2	5.9	21.2	25.2

Amit Dixit

amit.dixit@icicisecurities.com
+91 22 6807 7289

Mohit Lohia

mohit.lohia@icicisecurities.com

Prithish Urumkar

Prithish.urumkar@icicisecurities.com

Market Data

Market Cap (INR)	1,882bn
Market Cap (USD)	22,643mn
Bloomberg Code	JSTL IN
Reuters Code	JSTL.BO
52-week Range (INR)	840 /615
Free Float (%)	38.0
ADTV-3M (mn) (USD)	22.6

Price Performance (%)	3m	6m	12m
Absolute	(3.7)	7.9	23.0
Relative to Sensex	(0.8)	(2.8)	11.0

ESG Disclosure	2021	2022	Change
ESG score	57.6	56.8	(0.9)
Environment	50.6	50.6	-
Social	37.3	34.7	(2.6)
Governance	84.9	84.9	-

Note - Score ranges from 0 - 100 with a higher score indicating higher ESG disclosures.

Source: Bloomberg, I-sec research

Earnings Revisions (%)	FY24E	FY25E
Revenue	3.8	7.3
EBITDA	(1.1)	1.9
EPS	3.1	7.8

Previous Reports

21-07-2023: [Q1FY24 results review](#)

21-05-2023: [Q4FY23 results review](#)

Outlook: Mixed outlook; maintain HOLD

JSTL's Q2FY24 performance was ahead of consensus and our estimates. However, we believe that the massive capital outlay in an environment of uncertain spreads is the key risk. Additionally, steel prices in the domestic market are at a premium to landed cost of imports. This makes JSTL more susceptible to compression in spreads. We believe that at CMP, risk-reward stays balanced. Taking cognizance of Q2FY24 performance and additional volume of BPSL expansion in FY25, we raise FY25E EBITDA by 2%, resulting in a revised TP of INR 775 (earlier INR 755) on an unchanged 6.6x FY25E EBITDA.

Exhibit 1: Earnings Revision

(INR mn)	FY24E			FY25E		
	New	Old	% Chg	New	Old	% Chg
Sales	20,71,429	19,96,294	3.8	22,17,025	20,65,762	7.3
EBITDA	3,41,965	3,45,674	(1.1)	4,20,580	4,12,790	1.9
PAT	1,51,548	1,46,986	3.1	2,03,863	1,89,059	7.8

Source: I-Sec research

Q2FY24 conference call takeaways

- The company mentioned Indian steel demand to grow at 8–10% in the medium term. Steel prices have largely been range bound due to strong domestic steel demand.
- Average capacity utilisation during Q2FY24 was 89% as the company has taken some maintenance shutdowns during the Q2FY24.
- Share of exports in Q2FY24 was 11% (15% in Q1FY24). Exports declined due to global headwinds.
- Share of value added products increased to 62% in Q2FY24 (61% in Q1FY24)
- Highest ever quarterly Auto sales, growing by 4% YoY; sales to renewables (solar + wind) sector grew 125% YoY while sales to appliances sector grew 37% YoY.
- Merger of JISPL with JSW Steel has become effective on 31st Jul; JISPL has been consolidated in JSW Steel financials from 1st Aug'23.
- Outlook for overseas operations: Q2FY24 performance was impacted due to global headwinds, which includes fall in steel prices and holiday season. Expect performance at Baytown to remain stable while Ohio operations may see impact due to market condition but expected to be better than Q2FY24. In Italy, performance is expected to remain range bound in H2FY24.
- The increase in net debt is largely drive by consolidation of net debt of INR 22bn due to JISPL merger.
- Revenue acceptance of USD2.15bn and capital acceptance of USD 227mn.
- Price outlook: Management mentioned that realisation is likely to higher due to a series of price hikes taken since Aug'23.
- Coking coal: Management mentioned that current level of coking coal price is unsustainable. In Q2FY24, the company achieved cost reduction of USD 54/te against guidance of USD 45-50/te. For Q3FY24, the adverse impact of coking coal cost is likely to be USD 30/te .

- Iron ore: Decline in iron ore royalty/te is mainly because of lower production and offtake from captive mines
- Spread outlook: Management mentioned that the price hikes taken thus far are enough to mitigate the bulk of impact of higher coking coal prices.
- All the ongoing projects (brownfield expansion) are on track and progressing well and most of these facilities are expected to be completed by FY24end. BPSL phase 2 (3.5mnte to 5mnte) expansion on track and is expected to be completed by FY24end. Full benefit will come in FY25.
- Capex: In Q2FY24 capex was INR37bn on standalone and INR 38.16bn consol. In H1FY24, the company incurred capex of INR79.96bn on consolidated basis. It planned capex of INR 520bn till FY26 and these will be funded mostly from the internal accruals.
- Coking coal security: The company operates two mines in Jharkhand capable of producing ~1mnte of clean coking coal annually and will be able to meet 5% of coking coal requirement. The company is also exploring coking coal opportunities both in domestic and globally. It is also looking for strategic alliance.
- Iron ore security: The company continues to focus on improving the iron ore security. JSTL currently has 13 operating mines and has won seven more mines across Karnataka – Maharashtra – Goa. These new mines are being developed, and the ones in Karnataka mines will be operational earlier than Maharashtra and Goa.
- JSW has submitted its EOI for NMDC Steel plant. The due diligence process will take place as per directives of the government.

Exhibit 2: JSW's standalone Q2FY24 result review

Standalone (INR mn)	Q2FY24	Q2FY23	% Chg YoY	Q1FY24	% Chg QoQ	FY23	FY22	% Chg YoY
Net sales	3,37,380	3,24,940	3.8	3,27,910	2.9	13,16,870	11,88,200	10.8
Raw Material Consumed	1,62,900	1,89,430	(14.0)	1,80,370	(9.7)	7,62,840	5,16,910	47.6
Stock Adjustment	12,940	28,100	(54.0)	(9,210)	(240.5)	(5,900)	(31,120)	(81.0)
Gross Margin	1,61,540	1,07,410	50.4	1,56,750	3.1	5,59,930	7,02,410	(20.3)
Gross Margin (%)	47.9%	33.1%		47.8%		42.5%	59.1%	
Employee cost	5,760	4,990	15.4	5,900	(2.4)	19,750	18,700	5.6
Power & Fuel cost	29,270	36,080	(18.9)	29,520	(0.8)	1,38,420	89,300	55.0
Royalties	18,160	8,280	119.3	29,220	(37.9)	74,570	1,38,940	(46.3)
Other expenditure	39,370	40,640	(3.1)	43,500	(9.5)	1,73,480	1,36,790	26.8
EBITDA	68,980	17,420	296.0	48,610	41.9	1,53,710	3,18,680	(51.8)
Margin (%)	20.4%	5.4%		14.8%		11.7%	26.8%	
Other Income	4,290	4,220	1.7	4,380	(2.1)	15,720	19,290	(18.5)
Depreciation	13,590	12,070	12.6	12,650	7.4	49,520	45,110	9.8
EBIT	59,680	9,570	523.6	40,340	47.9	1,19,910	2,92,860	(59.1)
Interest	15,310	10,930	40.1	14,570	5.1	50,230	38,490	30.5
Extraordinary Items	2,010	-		-		-	-	
PBT	46,380	(1,360)	(3,510.3)	25,770	80.0	69,680	2,47,150	(71.8)
Tax expense:	17,250	(450)	(3,933.3)	8,720	97.8	20,310	80,130	(74.7)
PAT	29,130	(910)	(3,301.1)	17,050	70.9	49,370	1,67,020	(70.4)
Sales Volume (mnte)	5.41	5.1	6.1	4.93	9.7	19.76	16.41	20.4
RM Cost (INR/te)	30,167	37,886	(20.4)	33,156	(9.0)	36,552	29,337	24.6
Power Cost (INR/te)	5,410	7,075	(23.5)	5,988	(9.6)	7,005	5,442	28.7
Realisation (INR/te)	61,527	62,902	(2.2)	65,966	(6.7)	65,809	71,254	(7.6)
EBITDA (INR/te)	12,750	3,416	273.3	9,860	29.3	7,779	19,420	(59.9)

Source: Company data, I-Sec research

Exhibit 3: JSW's consolidated Q2FY24 result review

Consolidated (INR mn)	Q2FY24	Q2FY23	% Chg YoY	Q1FY24	% Chg QoQ	FY23	FY22	% Chg YoY
Net sales	4,45,840	4,17,780	6.7	4,22,130	5.6	16,59,600	14,63,710	13.4
Raw Material Consumed	2,16,560	2,42,630	(10.7)	2,35,650	(8.1)	9,59,700	6,28,710	52.6
Stock Adjustment	27,090	34,730	(22.0)	(21,950)	(223.4)	(26,360)	(36,010)	(26.8)
Gross Margin	2,02,190	1,40,420	44.0	2,08,430	(3.0)	7,26,260	8,71,010	(16.6)
Gross Margin (%)	45.4%	33.6%		49.4%		43.8%	59.5%	
Employee cost	10,970	9,640	13.8	11,610	(5.5)	39,150	34,930	12.1
Power & Fuel cost	38,240	46,020	(16.9)	37,810	1.1	1,74,520	1,12,890	54.6
Royalties	18,160	8,280	119.3	29,220	(37.9)	74,570	1,38,940	(46.3)
Other expenditure	55,960	58,960	(5.1)	59,330	(5.7)	2,52,550	1,94,180	30.1
EBITDA	78,860	17,520	350.1	70,460	11.9	1,85,470	3,90,070	(52.5)
Margin (%)	17.7%	4.2%		16.7%		11.2%	26.6%	
Other Income	2,370	1,880	26.1	3,310	(28.4)	10,300	15,310	(32.7)
Depreciation	20,190	18,050	11.9	19,000	6.3	74,740	60,780	23.0
EBIT	61,040	1,350	4,421.5	54,770	11.4	1,21,030	3,44,600	(64.9)
Interest	20,840	15,230	36.8	19,630	6.2	69,020	49,680	38.9
Extraordinary Items	5,890	5,910		-		5,910	(7,410)	
PBT	46,090	(7,970)		35,140		46,100	3,02,330	
Tax expense:	18,120	620	2,822.6	10,520	72.2	15,160	88,070	(82.8)
PAT	27,970	(8,590)	(425.6)	24,620	13.6	30,940	2,14,260	(85.6)
Sales Volume (mn te)	6.54	5.98	9.4	6.04	8.3	20.93	17.50	19.6
RM Cost (INR/te)	33,091	40,552	(18.4)	38,998	(15.1)	45,843	35,923	27.6
Power Cost (INR/te)	5,843	7,692	(24.0)	6,257	(6.6)	8,336	6,450	29.2
Realisation (INR/te)	66,980	68,730	(2.5)	69,128	(3.1)	78,170	82,180	(4.9)
EBITDA (INR/te)	12,050	2,928	311.5	11,661	3.3	8,859	22,288	(60.2)

Source: I-Sec research, Company data

Exhibit 4: US – plate and pipe mill quarterly performance

US - Plate & Pipe (USD mn)	Q2FY24	Q2FY23	% Chg YoY	Q1FY24	% Chg QoQ	FY23	FY22	% Chg YoY
Sales (te)	98,758	79,241	24.6	1,19,902	(17.6)	3,38,524	2,78,956	21.4
Plates	92,423	74,665	23.8	1,08,519	(14.8)	3,17,306	2,66,574	19.0
Pipes	6,335	4,576	38.4	11,383	(44.3)	21,218	12,382	71.4
Revenue	167	158	5.2	207	(19.5)	633	458	38.1
EBITDA	26	25	5.0	45	(42.3)	101	80	25.8

Source: I-Sec research, Company data

Exhibit 5: US – Ohio quarterly performance

US - Ohio (USD mn)	Q2FY24	Q2FY23	% Chg YoY	Q1FY24	% Chg QoQ	FY23	FY22	% Chg YoY
Sales (mn te)	0.18	0.12	50.4	0.26	(31.6)	0.58	0.53	9.6
Revenue	132	106	25.3	228	(41.9)	513	637	(19.5)
EBITDA	(29)	(40)	(27.0)	3	(1,230.4)	(74)	127	(158.3)

Source: I-Sec research, Company data

Exhibit 6: Italy – Piombino quarterly performance

Italu - Piombino (EU mn)	Q2FY24	Q2FY23	% Chg YoY	Q1FY24	% Chg QoQ	FY23	FY22	% Chg YoY
Production (mn te)	0.62	0.08	714.7	0.11	466.2	0.08	0.32	(73.7)
Sales (mn te)	0.09	0.07	30.8	0.08	5.6	0.08	0.32	(73.6)
Revenue	89	67	34.1	96	(6.8)	387	241	60.3
EBITDA	8	1	760.2	18	(52.4)	(1)	6	(123.7)

Source: Company data, I-Sec research

Exhibit 7: JSW Steel coated products quarterly performance

JSW Steel Coated (INR mn)	Q2FY24	Q2FY23	% Chg YoY	Q1FY24	% Chg QoQ	FY23	FY22	% Chg YoY
Production (kte)	1.07	0.68	57.4	0.98	9.2	3.09	2.93	5.5
Sales (kte)	1.09	0.79	38.0	0.94	16.0	3.38	3.23	4.6
Revenue	89,650	67,230	33.3	81,790	9.6	2,93,280	3,17,750	(7.7)
Realisations (INR/te)	82,248	85,101	(3.4)	87,011	(5.5)	87,601	98,454	(11.0)
EBITDA	4,110	(790)	(620.3)	3,870	6.2	2,490	28,900	(91.4)
EBITDA (INR/te)	3,771	(1,000)	(477.1)	4,117	(8.4)	374	9,301	(96.0)
PAT	1,130	(2,600)	(143.5)	1,190	(5.0)	2,370	18,860	(87.4)

Source: I-Sec research, Company data

Exhibit 8: BPSL quarterly performance

BPSL (INR mn)	Q2FY24	Q2FY23	% Chg YoY	Q1FY24	% Chg QoQ	FY23	FY22	% Chg YoY
Production (kte)	0.77	0.63	22.2	0.74	4.1	2.76	2.04	35.3
Sales (kte)	0.80	0.64	25.0	0.69	15.9	2.51	2.12	18.4
Revenue	58,170	48,050	21.1	54,740	6.3	2,00,770	1,76,860	13.5
Realisations (INR/te)	72,713	75,078	(3.2)	79,333	(8.3)	79,988	83,425	(4.1)
EBITDA	7,450	(1,830)	(507.1)	7,030	6.0	18,050	51,220	(64.8)
EBITDA (INR/te)	9,313	(2,859)	(425.7)	10,188	(8.6)	7,191	24,160	(70.2)
PAT	2,100	(3,400)	(161.8)	1,990	5.5	1,600	24,610	(93.5)

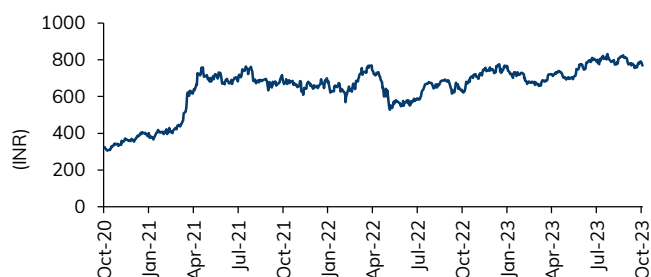
Source: I-Sec research, Company data

Exhibit 9: Shareholding pattern

%	Mar'23	Jun'23	Sep'23
Promoters	45.4	45.4	44.8
Institutional investors	35.5	35.6	35.6
MFs and others	1.8	2.2	2.5
Insurance	7.7	7.4	7.0
FIIIs	26.0	26.0	26.1
Others	19.1	19.0	19.6

Source: Bloomberg, I-Sec research

Exhibit 10: Price chart



Source: Bloomberg, I-Sec research

Financial Summary

Exhibit 11: Profit & Loss

(INR mn, year ending March)

	FY22A	FY23A	FY24E	FY25E
Net Sales	14,63,710	16,59,600	20,71,429	22,17,025
Operating Expenses	4,80,940	5,40,790	6,75,905	6,95,639
EBITDA	3,90,070	1,85,470	3,41,965	4,20,580
EBITDA Margin (%)	26.6	11.2	16.5	19.0
Depreciation & Amortization	60,010	74,740	78,757	86,791
EBIT	3,30,060	1,10,730	2,63,208	3,33,789
Interest expenditure	49,680	69,020	67,119	67,661
Other Non-operating Income	15,310	10,300	8,240	9,064
Recurring PBT	2,95,690	52,010	2,04,329	2,75,192
Profit / (Loss) from Associates	9,170	(1,370)	700	700
Less: Taxes	88,070	15,160	53,481	72,029
PAT	2,07,620	36,850	1,50,848	2,03,163
Less: Minority Interest	-	-	-	-
Extraordinaries (Net)	(7,410)	5,910	-	-
Net Income (Reported)	2,09,380	41,390	1,51,548	2,03,863
Net Income (Adjusted)	2,16,790	35,480	1,51,548	2,03,863

Source Company data, I-Sec research

Exhibit 12: Balance sheet

(INR mn, year ending March)

	FY22A	FY23A	FY24E	FY25E
Total Current Assets	6,53,740	6,81,500	6,79,321	7,69,114
of which cash & cash eqv.	1,73,910	2,07,190	1,49,774	1,84,238
Total Current Liabilities & Provisions	3,45,700	4,24,150	4,67,756	4,97,673
Net Current Assets	3,08,040	2,57,350	2,11,565	2,71,441
Investments	51,120	48,870	58,870	68,870
Net Fixed Assets	9,95,810	10,42,380	11,11,713	11,74,922
ROU Assets	-	-	-	-
Capital Work-in-Progress	1,69,050	2,21,660	2,59,660	2,94,660
Total Intangible Assets	1,190	1,280	1,280	1,280
Other assets	-	-	-	-
Deferred Tax assets	-	-	-	-
Total Assets	16,19,150	16,86,630	17,58,178	19,26,264
Liabilities				
Borrowings	8,29,730	9,15,890	8,64,397	8,64,397
Deferred Tax Liability	76,210	79,360	79,360	79,360
provisions	27,860	20,990	20,990	20,990
other Liabilities	-	-	-	-
Equity Share Capital	3,010	3,010	3,010	3,010
Reserves & Surplus	6,69,960	6,53,940	7,76,981	9,45,067
Total Net Worth	6,72,970	6,56,950	7,79,991	9,48,077
Minority Interest	12,380	13,440	13,440	13,440
Total Liabilities	16,19,150	16,86,630	17,58,178	19,26,264

Source Company data, I-Sec research

Exhibit 13: Quarterly trend

(INR mn, year ending March)

	Dec-22	Mar-23	Jun-23	Sep-23
Net Sales	3,91,340	4,69,620	4,22,130	4,45,840
% growth (YOY)	(12.8)	12.5	(9.7)	4.5
EBITDA	45,470	79,390	70,460	78,860
Margin %	11.6	16.9	16.7	17.7
Other Income	1,880	4,650	3,310	2,370
Extraordinaries	-	-	-	5,890
Adjusted Net Profit	4,900	36,640	25,740	40,710

Source Company data, I-Sec research

Exhibit 14: Cashflow statement

(INR mn, year ending March)

	FY22A	FY23A	FY24E	FY25E
Operating Cashflow	2,62,700	2,23,230	2,77,552	3,23,839
Working Capital Changes	(72,630)	93,170	(11,632)	(25,412)
Capital Commitments	(2,48,580)	(1,74,750)	(1,88,000)	(1,85,000)
Free Cashflow	14,120	48,480	89,552	1,38,839
Other investing cashflow	88,710	67,640	(1,760)	(936)
Cashflow from Investing Activities	(1,59,870)	(1,07,110)	(1,89,760)	(1,85,936)
Issue of Share Capital	(10)	-	-	-
Interest Cost	(45,840)	(66,550)	(67,119)	(67,661)
Inc (Dec) in Borrowings	1,85,680	86,160	(51,493)	0
Dividend paid	(48,927)	(6,227)	(26,597)	(35,778)
Others	(2,37,473)	(73,153)	-	-
Cash flow from Financing Activities	(1,46,570)	(59,770)	(1,45,209)	(1,03,439)
Chg. in Cash & Bank balance	(43,740)	56,350	(57,416)	34,464
Closing cash & balance	1,73,910	2,07,190	1,49,774	1,84,238

Source Company data, I-Sec research

Exhibit 15: Key ratios

(Year ending March)

	FY22A	FY23A	FY24E	FY25E
Per Share Data (INR)				
Reported EPS	86.6	17.1	62.6	84.3
Adjusted EPS (Diluted)	89.7	14.7	62.6	84.3
Cash EPS	114.5	45.6	95.2	120.2
Dividend per share (DPS)	17.3	2.2	9.4	12.6
Book Value per share (BV)	278.4	271.6	322.4	391.9
Dividend Payout (%)	20.0	12.9	15.0	15.0
Growth (%)				
Net Sales	83.3	13.4	24.8	7.0
EBITDA	97.4	(52.5)	84.4	23.0
EPS (INR)	179.6	(80.2)	266.1	34.5
Valuation Ratios (x)				
P/E	8.9	45.0	12.3	9.1
P/CEPS	6.7	16.9	8.1	6.4
P/BV	2.8	2.8	2.4	2.0
EV / EBITDA	6.3	13.6	7.4	5.9
Dividend Yield (%)	2.2	0.3	1.2	1.6
Operating Ratios				
Gross Profit Margins (%)	59.5	43.8	49.1	50.3
EBITDA Margins (%)	26.6	11.2	16.5	19.0
Effective Tax Rate (%)	29.8	29.1	26.2	26.2
Net Profit Margins (%)	14.2	2.2	7.3	9.2
Net Debt / Equity (x)	0.9	1.0	0.8	0.6
Net Debt / EBITDA (x)	1.6	3.6	1.9	1.5
Fixed Asset Turnover (x)	1.5	1.4	1.5	1.4
Inventory Turnover Days	124	93	78	76
Receivables Days	27	20	19	18
Payables Days	113	107	90	84
Profitability Ratios				
RoCE (%)	19.1	5.6	12.2	14.6
RoE (%)	43.2	5.9	21.2	25.2
RoIC (%)	22.7	6.7	14.3	17.0

Source Company data, I-Sec research

This report may be distributed in Singapore by ICICI Securities, Inc. (Singapore branch). Any recipients of this report in Singapore should contact ICICI Securities, Inc. (Singapore branch) in respect of any matters arising from, or in connection with, this report. The contact details of ICICI Securities, Inc. (Singapore branch) are as follows: Address: 10 Collyer Quay, #40-92 Ocean Financial Tower, Singapore - 049315, Tel: +65 6232 2451 and email: navneet_babbar@icicisecuritiesinc.com, Rishi_agrawal@icicisecuritiesinc.com.

"In case of eligible investors based in Japan, charges for brokerage services on execution of transactions do not in substance constitute charge for research reports and no charges are levied for providing research reports to such investors."

New I-Sec investment ratings (all ratings based on absolute return; All ratings and target price refers to 12-month performance horizon, unless mentioned otherwise)
BUY: >15% return; ADD: 5% to 15% return; HOLD: Negative 5% to Positive 5% return; REDUCE: Negative 5% to Negative 15% return; SELL: < negative 15% return

ANALYST CERTIFICATION

I/We, Amit Dixit, PGDM, B.Tech; Mohit Lohia, CA; Pritish Urumkar, MBATech (Finance); 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. Analysts are not registered as research analysts by FINRA and are not associated persons of the ICICI Securities Inc. 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. Registered Office Address: ICICI Venture House, Appasaheb Marathe Marg, Prabhadevi, Mumbai - 400 025. CIN: L67120MH1995PLC086241, Tel: (91 22) 6807 7100. ICICI Securities is Sebi registered stock broker, merchant banker, investment adviser, portfolio manager, Research Analyst and Alternative Investment Fund. 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 AIF Trust's SEBI Registration number is IN/AIF3/23-24/1292 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 Institutional 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 Retail 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 or its associates might have received any compensation for products or services other than investment banking or merchant banking or brokerage services from the companies mentioned in the report in the past twelve months.

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 an entity are engaged in various financial service businesses, they might have financial interests or actual/ beneficial ownership of one percent or more or other material conflict of interest 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.

This report has not been prepared by ICICI Securities, Inc. However, ICICI Securities, Inc. 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.

Investment in securities market are subject to market risks. Read all the related documents carefully before investing.

Registration granted by SEBI and certification from NISM in no way guarantee performance of the intermediary or provide any assurance of returns to investors. None of the research recommendations promise or guarantee any assured, minimum or risk free return to the investors.

Name of the Compliance officer (Research Analyst): Mr. Atul Agrawal, Contact number: 022-40701000, E-mail Address : complianceofficer@icicisecurities.com

For any queries or grievances: [Mr. Prabodh Avadhoot](mailto:Mr.Prabodh.Avadhoot) Email address: headservicequality@icicidirect.com Contact Number: 18601231122
