

November 8, 2024

Q2FY25 Result Update

☑ Change in Estimates | ☑ Target | ■ Reco

Change in Estimates

	Current		Previous	
	FY26E	FY27E	FY26E	FY27E
Rating	ACCUMULATE		ACCUMULATE	
Target Price	161		181	
Sales (Rs bn)	2,822	3,041	2,833	3,057
% Chng.	(0.4)	(0.5)		
EBITDA (Rs bn)	420	486	446	518
% Chng.	(5.9)	(6.1)		
EPS (Rs.)	14.8	19.8	16.6	21.8
% Chng.	(11.3)	(9.2)		

Key Financials - Consolidated

Y/e Mar	FY24	FY25E	FY26E	FY27E
Sales (Rs. bn)	2,292	2,392	2,822	3,041
EBITDA (Rs. bn)	223	287	420	486
Margin (%)	9.7	12.0	14.9	16.0
PAT (Rs. bn)	30	87	184	247
EPS (Rs.)	2.4	7.0	14.8	19.8
Gr. (%)	(66.4)	190.6	112.1	34.4
DPS (Rs.)	2.9	3.9	3.9	4.3
Yield (%)	1.9	2.6	2.6	2.9
RoE (%)	3.1	9.2	17.8	20.6
RoCE (%)	7.0	10.5	17.1	19.3
EV/Sales (x)	1.1	1.1	0.9	0.8
EV/EBITDA (x)	11.7	9.4	6.4	5.3
PE (x)	63.1	21.7	10.2	7.6
P/BV (x)	2.0	1.9	1.7	1.4

Key Data

TISC.BO | TATA IN

52-W High / Low	Rs.185 / Rs.118
Sensex / Nifty	79,542 / 24,199
Market Cap	Rs.1,884bn/ \$ 22,334m
Shares Outstanding	12,483m
3M Avg. Daily Value	Rs.7068.48m

Shareholding Pattern (%)

Promoter's	33.19
Foreign	19.95
Domestic Institution	22.84
Public & Others	24.02
Promoter Pledge (Rs bn)	-

Stock Performance (%)

	1M	6M	12M
Absolute	(8.2)	(8.1)	26.2
Relative	(6.4)	(15.1)	3.0

Tushar Chaudhari

tusharchaudhari@plindia.com | 91-22-663222391

Weak pricing to negate volume benefits

Quick Pointers:

- Recently commissioned KPO-II BF is in the ramp-up phase and expected to touch full utilization by Q4F25 from current ~50%
- For Q3FY25, Tata Steel expects NSR to decline by Rs2,000/t in India, GBP70/t at TSN, and GBP55/t at TSUK due to the weak pricing environment

Tata Steel (TATA) delivered better-than-expected cons operating performance on the back of sturdy India (TSI) EBITDA. TSI delivered strong 6% YoY volume growth amid a seasonally weak quarter. Average NSR fell 5% QoQ due to weak steel pricing. Excluding Rs4bn one off in other expenses, EBITDA/t at Rs12,176 was better than PLe. TSE EBITDA loss widened QoQ to USD75/t due to subdued demand dynamics and stock build-up at TSUK. Going forward, fixed cost at TSUK is expected to decline by GBP100/t over the next 2 quarters, and TSN/TSI volume growth would improve as both furnaces are being ramped up. Recently commissioned KPO-II furnace is being ramped up well; it is expected to touch full utilization by Q4F25 from current ~50%. TSI expects incremental ~1.1mt/3.5mt/5mt in FY25/26/27 from KPO-II and savings of Rs3k-4k/t on full ramp-up. As only 20% of KPO capex is pending to be spent and new projects are in the approval stage, capex intensity would be lower than in the past 2 years, and the mgmt would focus on deleveraging plans. As part of the next phase of capacity expansion in India, work has started at Ludhiana 1mtpa EAF and 4mtpa NINL expansion.

We cut FY26E/27E EBITDA estimates by 6% each considering lower steel pricing. We expect EBITDA CAGR of 30% over FY24-27E on the back of KPO volume ramp-up and TSE turnaround. At CMP, the stock is trading at 6.4x/5.3x EV of FY26E/FY27E EBITDA. We maintain 'Accumulate' rating with revised TP of Rs161 (earlier Rs181) valuing at 6x EV of Sep'26E TSI EBITDA.

- TSI revenue affected by decline in NSR:** TSI sales volume grew 6% YoY to 5.1mt (3% QoQ) in a seasonally weak quarter. Average realization declined 5% QoQ to Rs63,528/t (-10% YoY; PLe Rs64,051/t) resulting in revenue degrowth of 2% QoQ to Rs324bn. Export volumes grew 15% YoY to 0.23mt (~5% of volumes). Going forward, exports to TSUK would increase on full ramp-up of KPO facility as the mgmt targets to export 1mt substrate from KPO and 0.7mt from TSN to TSUK.
- EBITDA aided by strong TSI:** Cons EBITDA grew 44% YoY to Rs61.4bn (-8% QoQ; PLe Rs53.4bn) on strong India operating performance. TSI EBITDA declined 10% YoY to Rs62bn (-8% QoQ; PLe Rs58bn) as the impact of weak NSR was compensated by lower RM costs and other expenses. RM cost increased 6% QoQ to Rs27,283/t, while other expenses declined 11% QoQ to Rs20,266/t on lower royalty rates and taxes. Staff costs decreased 12% QoQ to Rs3,804/t. As a result, EBITDA/t declined 11% QoQ to Rs12,176/t (PLe of Rs11,350/t).

- **TSE turnaround by 1HFY26:** TSE EBITDA losses further widened to USD75/t vs loss of USD28/t QoQ (loss of USD169/t YoY). Avg realization declined 1% QoQ to USD1,155/t, while sales volumes declined 1% QoQ to 2.13mt on better volumes from TSN. TSN sales volumes grew 2% QoQ (aided by volumes to TSUK), while NSR declined 6% QoQ to GBP864/t due to falling steel prices. TSN EBITDA/t declined to GBP15/t from GBP29/t QoQ on account of higher emission costs, consumables and bulk gas related costs. TSUK volumes declined 7% QoQ to 0.63mt on subdued demand dynamics. EBITDA loss was at GBP232/t. However over next 2 quarters, fixed costs at TSUK to reduce by GBP100/t while higher volumes from TSN should aid TSE turnaround.

Q2FY25 Conference Call Highlights:

- Exports share stood at 10% of total sales of Q2FY25.
- KPO-II blast furnace is being ramped up, and will produce 15kt per day by Q4FY25 from current 7.5kt per day. Steel volumes from KPO-II will be ~1.1mt/3.5-4mt/5mt in FY25/26/27.
- Annealing line at CRM is in progress and expected to be commissioned by Q3FY25. Two galvanizing lines are expected to come up in Mar'25 and Jun'25.
- TATA has received approvals for the amalgamation of Indian Steel and Wire Products Ltd. The standalone financial statements for Q2FY25 reflect the merger and past periods have been restated as applicable.
- Equipment orders for the 0.85mtpa EAF plant in Ludhiana have been placed, and select orders have started arriving. The plant is expected to be ready by 2026.
- TATA is also setting up a 0.5mtpa mill in Gamharia, Jamshedpur, in its downstream facility for supplying high-end forging requirement for 2W industry.
- Working capital turned negative during the quarter due to Rs8.5bn release of inventory and Rs10bn of debtor.
- For Q3FY25, the management expects NSR to decline by Rs2,000/t in India, GBP70/t in the Netherlands, and GBP55/t in the UK. Coking coal costs are expected to drop by USD20/t in India and USD10/t in TSN; iron ore costs are also set to decline by USD10/t for TSN.
- Fixed costs at TSUK are expected to reduce by GBP100/t over the next 2 quarters. KPO cost is expected to come down by Rs3,000-4,000/t once fully ramped up.
- TATA has taken price hike in Oct'24 in both long and flat products.
- Out of the allotted capex of Rs270bn for KPO-II, TATA has already spent ~Rs200bn.
- Water charges of Rs4bn paid earlier to Jharkhand government were reversed in other expenses.
- TATA has kept GBP150-160mn as redundancy provisions over the next 3 quarters.

- Capex for the quarter stood at Rs48bn. Capex for FY26 is expected to be relatively lower as no immediate projects are planned post KPO-II commissioning.
- A public hearing is scheduled for approval of expansion at NINL to 10mtpa. The first phase will increase NINL's capacity from 1mtpa to 5mtpa.

Exhibit 1: Q2FY25 Consolidated Result Overview

Y/e March (Rs bn)	2QFY25	2QFY24	YoY gr. (%)	2QFY25E	% Var.	1QFY25	QoQ gr. (%)	1HFY25	1HFY24	YoY gr. (%)
Net Sales	539.0	556.8	(3.2)	542.6	(0.7)	547.7	(1.6)	1,086.8	1,151.7	(5.6)
Raw Material	239.4	259.0	(7.6)	206.0	16.2	224.2	6.8	463.7	533.8	(13.1)
<i>% of Net Sales</i>	<i>44.4</i>	<i>46.5</i>		<i>38.0</i>		<i>40.9</i>		<i>42.7</i>	<i>46.3</i>	
Staff Costs	63.3	59.2	6.9	65.6	(3.5)	64.7	(2.2)	127.9	118.4	8.0
<i>% of Net Sales</i>	<i>11.7</i>	<i>10.6</i>		<i>12.1</i>		<i>11.8</i>		<i>11.8</i>	<i>10.3</i>	
Other Expenses	174.9	195.9	(10.7)	217.6	(19.6)	191.9	(8.8)	366.8	405.1	(9.5)
<i>% of Net Sales</i>	<i>32.5</i>	<i>35.2</i>		<i>40.1</i>		<i>35.0</i>		<i>33.8</i>	<i>35.2</i>	
Total Expenditure	477.6	514.1	(7.1)	489.2	(2.4)	480.8	(0.7)	958	1,057	(9.4)
EBITDA	61.4	42.7	43.9	53.4	15.0	66.9	(8.3)	128.4	94.4	35.9
<i>Margin (%)</i>	<i>11.4</i>	<i>7.7</i>		<i>9.8</i>		<i>12.2</i>		<i>11.8</i>	<i>8.2</i>	
Depreciation	26.0	24.8	4.7	26.4	(1.8)	25.4	2.4	51.3	48.9	4.9
Other income	6.0	2.3	162.3	1.1	432.3	2.6	130.3	8.6	14.1	(38.9)
EBIT	41.4	20.2	105.5	28.1	47.4	44.2	(6.2)	85.6	59.5	43.8
Interest	19.7	19.6	0.6	18.0	9.3	17.8	11.0	37.5	37.8	(1.0)
PBT	21.7	0.6	3,722.8	10.1	115.6	26.4	(17.8)	48.1	21.7	121.8
Extraordinary income/(expense)	0.2	(69.0)	NA	-	NA	(3.6)	NA	(3.4)	(68.9)	(95.1)
PBT (After EO)	21.9	(68.4)	(132)	10.1	117	22.8	(4.1)	44.7	(47.2)	NA
Tax	14.1	(2.3)	(716)	8.2	71	14.6	(3.6)	28.6	11.0	159.8
<i>% PBT</i>	<i>64.2</i>	<i>3.3</i>		<i>81.5</i>		<i>63.8</i>		<i>64.0</i>	<i>-23.4</i>	
Reported PAT	7.8	(66.1)	(112)	1.9	321	8.3	NA	16.1	(58.2)	NA
Minority interest	(0.7)	(3.15)	NA	(0.3)	119	(0.41)	82	(1.16)	(4.24)	(72.7)
Share of profit/(loss) of associates	(0.3)	1.0	(124.8)	1.0	(124.5)	0.9	NA	0.7	(1.7)	(139.8)
Net Profit attributable to shareholders	8.3	(62.0)	(113)	3.2	157	9.6	NA	17.9	(55.6)	NA
Adjusted Net Profit attributable to shareholders	8.3	4.7	74.9	3.2	155.0	10.9	(24.1)	19.2	11.0	73.9

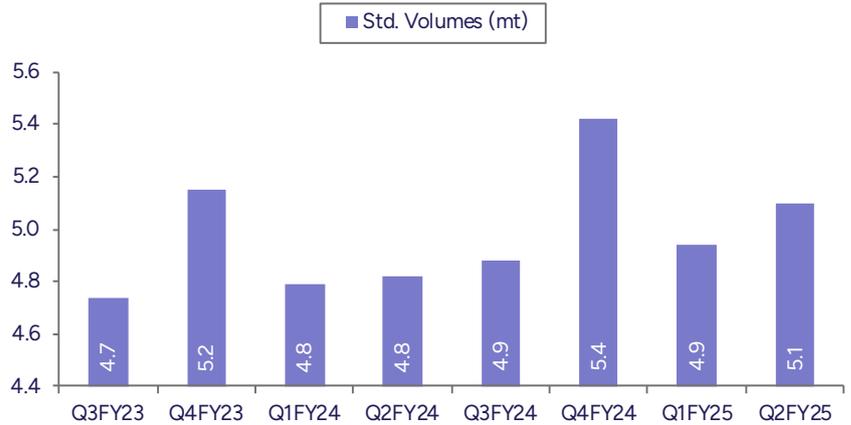
Source: Company, PL

Exhibit 2: Operating Performance

Y/e March	2QFY25	2QFY24	YoY gr. (%)	2QFY25E	% Var.	1QFY25	QoQ gr. (%)	1HFY25	1HFY24	YoY gr. (%)
Indian Operations										
Volume (mt)	5.1	4.8	5.8	5.1	-	4.9	3.2	10.0	9.6	4.5
Revenue (Rs bn)	324.0	341.9	(5.2)	326.7	(0.8)	329.6	(1.7)	653.6	688.8	(5.1)
EBITDA (Rs bn)	62.1	68.7	(9.6)	57.9	7.3	67.7	(8.3)	129.8	134.8	(3.7)
Realization (Rs/t)	63,528	70,924	(10.4)	64,051	(0.8)	66,720	(4.8)	65,099	71,673	(9.2)
EBITDA (Rs/t)	12,176	14,248	(14.5)	11,350	7.3	13,711	(11.2)	12,931	14,029	(7.8)
Europe operations (TSUK +TSN)										
Volume (mt)	2.1	1.8	17.7	2.2	(3.6)	2.2	(0.9)	5.7	3.8	51.1
Revenue (USD mn)	2,461	2,461	0.0	2,659	(7.5)	2,515	(2.1)	7,364	5,056	45.6
EBITDA (USD mn)	(161)	(305.3)	NA	(171)	(6.0)	(60.3)	NA	(841)	(496)	NA
Realization/t (USD)	1,155	1,359	(15.0)	1,203	(4.0)	1,170	(1.2)	1,283	1,330	(3.6)
EBITDA/t (USD)	(75)	(169)	NA	(77)	(2.5)	(28)	NA	(146)	(131)	NA

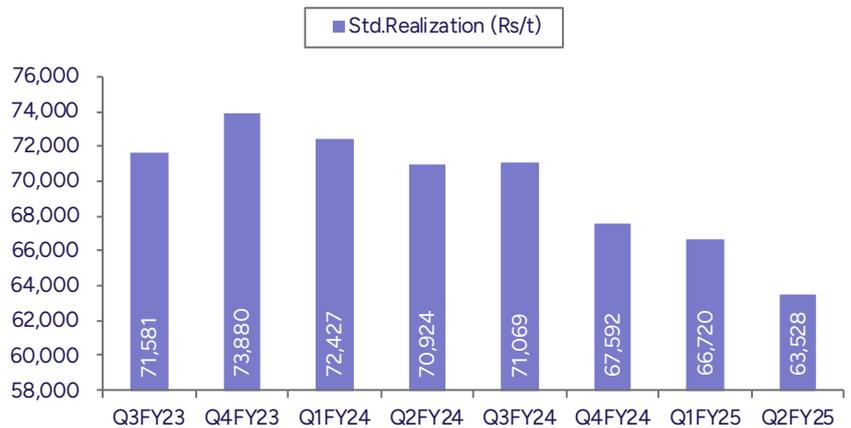
Source: Company, PL

Exhibit 3: TSI volumes grew 6% YoY despite monsoon season



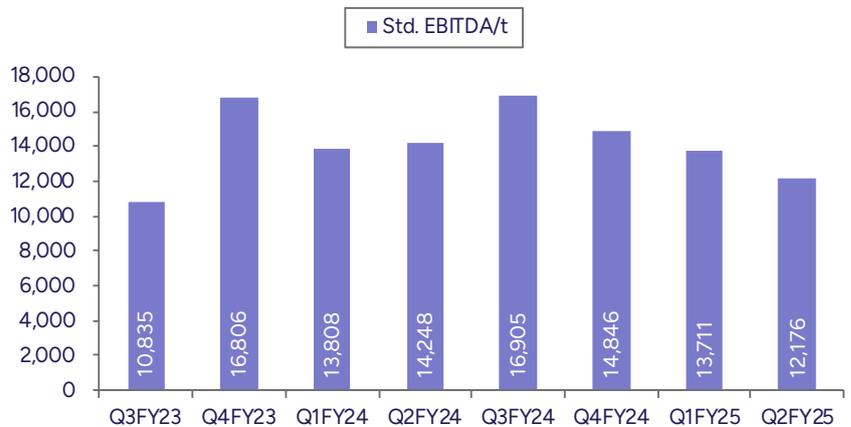
Source: Company, PL

Exhibit 4: TSI realization declined 5% QoQ on falling steel prices



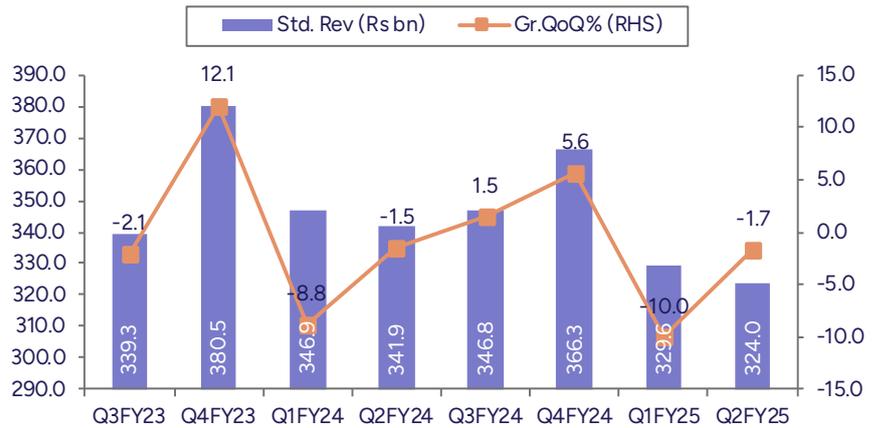
Source: Company, PL

Exhibit 5: TSI EBITDA/t declined 11% QoQ on weak NSR



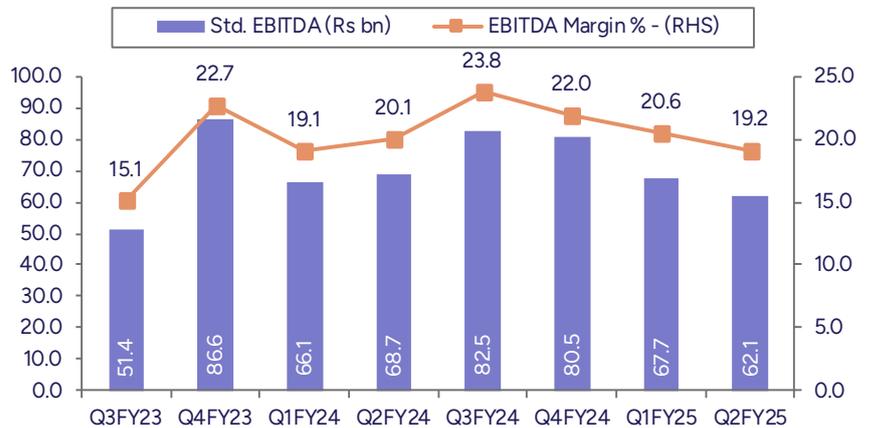
Source: Company, PL

Exhibit 6: Std revenue declined 5% QoQ on weak pricing amid monsoon



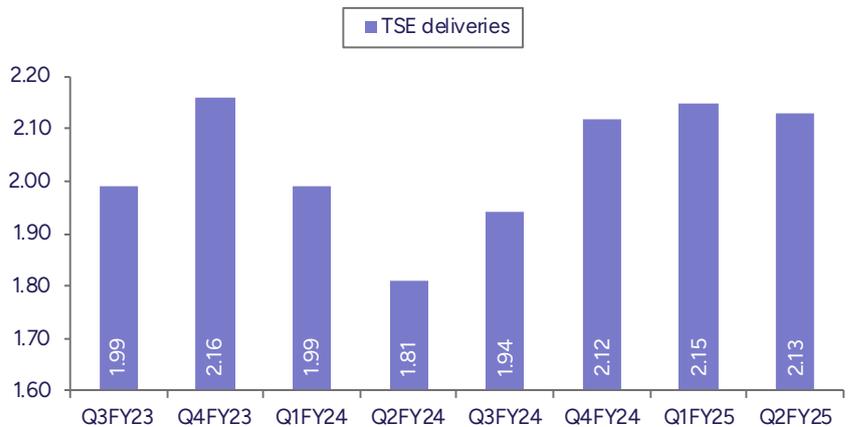
Source: Company, PL

Exhibit 7: EBITDA margins aided by higher operating leverage



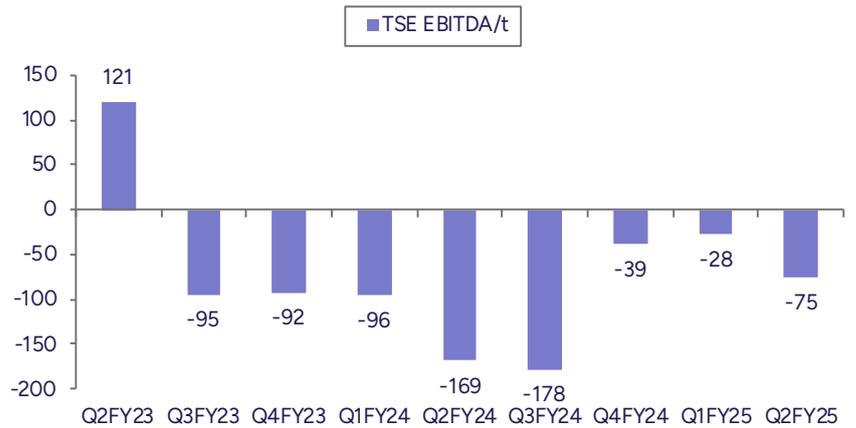
Source: Company, PL

Exhibit 8: TSE volumes grew 18% YoY aided by Netherlands performance



Source: Company, PL

Exhibit 9: TSE EBITDA loss widened further QoQ (USD/t)



Source: Company, PL

Exhibit 10: Valuation Summary

Figures in Rs bn	EV/EBITDA (Sep-26E)	EBITDA (Rs bn)	Value (Rs bn)
Indian operations	6.0	395	2,373
Other domestic operations	6.0	13	78
Tata steel Europe	6.0	39	232
South East Asean operations	5.0	6	32
Total EV			2,715
Debt			811
Cash			27
Net debt			783
Shareholder's value			1,932
Value per share			161

Source: PL

Financials

Income Statement (Rs bn)

Y/e Mar	FY24	FY25E	FY26E	FY27E
Net Revenues	2,292	2,392	2,822	3,041
YoY gr. (%)	(5.8)	4.4	18.0	7.7
Cost of Goods Sold	1,019	980	1,089	1,126
Gross Profit	1,273	1,412	1,733	1,915
Margin (%)	55.5	59.0	61.4	63.0
Employee Cost	245	262	299	318
Other Expenses	804	863	1,015	1,112
EBITDA	223	287	420	486
YoY gr. (%)	(30.9)	28.9	45.9	15.8
Margin (%)	9.7	12.0	14.9	16.0
Depreciation and Amortization	99	103	109	115
EBIT	124	184	311	371
Margin (%)	5.4	7.7	11.0	12.2
Net Interest	75	80	75	60
Other Income	18	21	22	22
Profit Before Tax	(11)	122	258	333
Margin (%)	(0.5)	5.1	9.2	11.0
Total Tax	38	49	84	97
Effective tax rate (%)	(345.5)	39.8	32.6	29.0
Profit after tax	(49)	74	174	236
Minority interest	(5)	(8)	(7)	(8)
Share Profit from Associate	(1)	4	4	4
Adjusted PAT	30	87	184	247
YoY gr. (%)	(65.7)	190.6	112.1	34.4
Margin (%)	1.3	3.6	6.5	8.1
Extra Ord. Income / (Exp)	(74)	(2)	-	-
Reported PAT	(44)	85	184	247
YoY gr. (%)	(150.7)	(290.9)	117.2	34.4
Margin (%)	(1.9)	3.5	6.5	8.1
Other Comprehensive Income	-	-	-	-
Total Comprehensive Income	(44)	85	184	247
Equity Shares O/s (bn)	12	12	12	12
EPS (Rs)	2.4	7.0	14.8	19.8

Source: Company Data, PL Research

Balance Sheet Abstract (Rs bn)

Y/e Mar	FY24	FY25E	FY26E	FY27E
Non-Current Assets				
Gross Block	2,522	2,630	2,795	2,967
Tangibles	2,522	2,630	2,795	2,967
Intangibles	-	-	-	-
Acc: Dep / Amortization	1,091	1,194	1,302	1,418
Tangibles	1,091	1,194	1,302	1,418
Intangibles	-	-	-	-
Net fixed assets	1,431	1,436	1,493	1,550
Tangibles	1,431	1,436	1,493	1,550
Intangibles	-	-	-	-
Capital Work In Progress	354	409	409	409
Goodwill	57	57	57	57
Non-Current Investments	75	78	82	85
Net Deferred tax assets	(89)	(91)	(94)	(97)
Other Non-Current Assets	71	71	71	71
Current Assets				
Investments	7	7	7	7
Inventories	492	505	595	642
Trade receivables	63	131	155	167
Cash & Bank Balance	87	(21)	(38)	(9)
Other Current Assets	43	48	53	58
Total Assets	2,734	2,778	2,940	3,094
Equity				
Equity Share Capital	12	12	12	12
Other Equity	908	956	1,091	1,290
Total Networkth	920	968	1,104	1,302
Non-Current Liabilities				
Long Term borrowings	816	816	756	676
Provisions	54	54	54	54
Other non current liabilities	111	96	81	66
Current Liabilities				
ST Debt / Current of LT Debt	-	-	-	-
Trade payables	354	376	439	471
Other current liabilities	330	324	367	389
Total Equity & Liabilities	2,734	2,778	2,940	3,094

Source: Company Data, PL Research

Cash Flow (Rs bn)

Y/e Mar	FY24	FY25E	FY26E	FY27E
PBT	(11)	126	258	333
Add. Depreciation	99	103	109	115
Add. Interest	75	80	75	60
Less Financial Other Income	18	21	22	22
Add. Other	60	(9)	(6)	(7)
Op. profit before WC changes	222	300	435	502
Net Changes-WC	34	(86)	(29)	(25)
Direct tax	(53)	(47)	(81)	(93)
Net cash from Op. activities	203	167	325	383
Capital expenditures	(176)	(163)	(165)	(172)
Interest / Dividend Income	7	6	6	7
Others	27	-	-	-
Net Cash from Invst. activities	(143)	(158)	(159)	(166)
Issue of share cap. / premium	-	-	-	-
Debt changes	12	-	(60)	(80)
Dividend paid	(44)	(37)	(49)	(49)
Interest paid	(81)	(80)	(75)	(60)
Others	2	-	-	-
Net cash from Fin. activities	(111)	(117)	(183)	(189)
Net change in cash	(50)	(107)	(17)	29
Free Cash Flow	21	4	160	211

Source: Company Data, PL Research

Quarterly Financials (Rs bn)

Y/e Mar	Q3FY24	Q4FY24	Q1FY25	Q2FY25
Net Revenue	553	587	548	539
YoY gr. (%)	(3.1)	(6.8)	(7.9)	(3.2)
Raw Material Expenses	224	261	224	239
Gross Profit	329	326	323	300
Margin (%)	59.4	55.5	59.1	55.6
EBITDA	63	66	67	61
YoY gr. (%)	54.7	(8.6)	29.4	43.9
Margin (%)	11.3	11.2	12.2	11.4
Depreciation / Depletion	24	26	25	26
EBIT	38	40	42	35
Margin (%)	6.9	6.9	7.6	6.6
Net Interest	19	18	18	20
Other Income	2	2	3	6
Profit before Tax	19	18	23	22
Margin (%)	3.4	3.0	4.2	4.1
Total Tax	14	13	15	14
Effective tax rate (%)	75.8	70.8	63.8	64.2
Profit after Tax	4	5	8	8
Minority interest	-	(1)	-	(1)
Share Profit from Associates	1	-	1	-
Adjusted PAT	6	8	11	8
YoY gr. (%)	(161.8)	(53.8)	73.2	74.9
Margin (%)	1.1	1.3	2.0	1.5
Extra Ord. Income / (Exp)	-	-	-	-
Reported PAT	5	6	10	8
YoY gr. (%)	(123.2)	(64.1)	51.4	(113.5)
Margin (%)	0.9	1.0	1.8	1.5
Other Comprehensive Income	-	-	-	-
Total Comprehensive Income	5	6	10	8
Avg. Shares O/s (bn)	-	-	-	-
EPS (Rs)	-	-	-	-

Source: Company Data, PL Research

Key Financial Metrics

Y/e Mar	FY24	FY25E	FY26E	FY27E
Per Share(Rs)				
EPS	2.4	7.0	14.8	19.8
CEPS	10.3	15.2	23.5	29.1
BVPS	73.8	77.6	88.5	104.4
FCF	1.7	0.3	12.8	16.9
DPS	2.9	3.9	3.9	4.3
Return Ratio(%)				
RoCE	7.0	10.5	17.1	19.3
ROIC	33.0	6.3	11.3	13.7
RoE	3.1	9.2	17.8	20.6
Balance Sheet				
Net Debt : Equity (x)	0.8	0.9	0.7	0.5
Net Working Capital (Days)	32	40	40	40
Valuation(x)				
PER	63.1	21.7	10.2	7.6
P/B	2.0	1.9	1.7	1.4
P/CEPS	10.3	15.2	23.5	29.1
EV/EBITDA	11.7	9.4	6.4	5.3
EV/Sales	1.1	1.1	0.9	0.8
Dividend Yield (%)	1.9	2.6	2.6	2.9

Source: Company Data, PL Research

Key Operating Metrics

Y/e Mar	FY24	FY25E	FY26E	FY27E
Sales volume India (mt)	20	22	24	25
Real./t - India (Rs)	70,812	66,064	68,259	69,744
EBITDA/t- India (Rs)	14,984	14,047	15,479	16,440
Sales volume TSE (mt)	8	8	10	10
Real./t-TSE (USD)	1,254	1,150	1,200	1,250
EBITDA/Tonne-TSE (USD)	(117)	(15)	30	60

Source: Company Data, PL Research

Price Chart



Recommendation History

No.	Date	Rating	TP (Rs.)	Share Price (Rs.)
1	07-Oct-24	Accumulate	181	167
2	02-Aug-24	Accumulate	175	163
3	07-Jul-24	Accumulate	186	175
4	31-May-24	Accumulate	172	164
5	12-Apr-24	Accumulate	170	165
6	26-Jan-24	Accumulate	137	134
7	05-Jan-24	Accumulate	140	134

Analyst Coverage Universe

Sr. No.	Company Name	Rating	TP (Rs)	Share Price (Rs)
1	ACC	BUY	3,262	2,238
2	Ambuja Cement	BUY	708	569
3	Dalmia Bharat	Accumulate	2,073	1,831
4	Hindalco Industries	BUY	847	748
5	Jindal Stainless	Accumulate	814	740
6	Jindal Steel & Power	Accumulate	1,090	1,021
7	JSW Steel	Accumulate	1,014	944
8	National Aluminium Co.	Sell	186	220
9	NMDC	Accumulate	266	237
10	Nuvoco Vistas Corporation	Accumulate	372	342
11	Shree Cement	Accumulate	27,481	26,034
12	Steel Authority of India	Reduce	131	139
13	Tata Steel	Accumulate	181	167
14	Ultratech Cement	Accumulate	12,401	10,869

PL's Recommendation Nomenclature (Absolute Performance)

Buy	: > 15%
Accumulate	: 5% to 15%
Hold	: +5% to -5%
Reduce	: -5% to -15%
Sell	: < -15%
Not Rated (NR)	: No specific call on the stock
Under Review (UR)	: Rating likely to change shortly

ANALYST CERTIFICATION

(Indian Clients)

We/I, Mr. Tushar Chaudhari- MMS-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.

(US Clients)

The research analysts, with respect to each issuer and its securities covered by them in this research report, certify that: All of the views expressed in this research report accurately reflect his or her or their personal views about all of the issuers and their securities; and No part of his or her or their compensation was, is or will be directly related to the specific recommendation or views expressed in this research report.

DISCLAIMER

Indian Clients

Prabhudas Lilladher Pvt. Ltd, Mumbai, India (hereinafter referred to as "PL") is engaged in the business of Stock Broking, Portfolio Manager, Depository Participant and distribution for third party financial products. PL is a subsidiary of Prabhudas Lilladher Advisory Services Pvt Ltd. which has its various subsidiaries engaged in business of commodity broking, investment banking, financial services (margin funding) and distribution of third party financial/other products, details in respect of which are available at www.plindia.com.

This document has been prepared by the Research Division of PL and is meant for use by the recipient only as information and is not for circulation. This document is not to be reported or copied or made available to others without prior permission of PL. It should not be considered or taken as an offer to sell or a solicitation to buy or sell any security.

The information contained in this report has been obtained from sources that are considered to be reliable. However, PL has not independently verified the accuracy or completeness of the same. Neither PL nor any of its affiliates, its directors or its employees accepts any responsibility of whatsoever nature for the information, statements and opinion given, made available or expressed herein or for any omission therein.

Recipients of this report should be aware that past performance is not necessarily a guide to future performance and value of investments can go down as well. The suitability or otherwise of any investments will depend upon the recipient's particular circumstances and, in case of doubt, advice should be sought from an independent expert/advisor.

Either PL or its affiliates or its directors or its employees or its representatives or its clients or their relatives may have position(s), make market, act as principal or engage in transactions of securities of companies referred to in this report and they may have used the research material prior to publication.

PL may from time to time solicit or perform investment banking or other services for any company mentioned in this document.

PL is a registered with SEBI under the SEBI (Research Analysts) Regulation, 2014 and having registration number INH000000271.

PL submits that no material disciplinary action has been taken on us by any Regulatory Authority impacting Equity Research Analysis activities.

PL or its research analysts or its associates or his relatives do not have any financial interest in the subject company.

PL or its research analysts or its associates or his relatives do not have actual/beneficial ownership of one per cent or more securities of the subject company at the end of the month immediately preceding the date of publication of the research report.

PL or its research analysts or its associates or his relatives do not have any material conflict of interest at the time of publication of the research report.

PL or its associates might have received compensation from the subject company in the past twelve months.

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

PL or its associates might have received any compensation for investment banking or merchant banking or brokerage services from the subject company in the past twelve months.

PL or its associates might have received any compensation for products or services other than investment banking or merchant banking or brokerage services from the subject company in the past twelve months

PL or its associates might have received any compensation or other benefits from the subject company or third party in connection with the research report.

PL encourages independence in research report preparation and strives to minimize conflict in preparation of research report. PL or its analysts did not receive any compensation or other benefits from the subject Company or third party in connection with the preparation of the research report. PL or its Research Analysts do not have any material conflict of interest at the time of publication of this report.

It is confirmed that Mr. Tushar Chaudhari- MMS-Finance Research Analysts of this report have not received any compensation from the companies mentioned in the report in the preceding twelve months

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

The Research analysts for this report certifies that all of the views expressed in this report accurately reflect his or her personal views about the subject company or companies and its or their securities, and no part of his or her compensation was, is or will be, directly or indirectly related to specific recommendations or views expressed in this report.

The research analysts for this report has not served as an officer, director or employee of the subject company PL or its research analysts have not engaged in market making activity for the subject company

Our sales people, traders, and other professionals or affiliates may provide oral or written market commentary or trading strategies to our clients that reflect opinions that are contrary to the opinions expressed herein, and our proprietary trading and investing businesses may make investment decisions that are inconsistent with the recommendations expressed herein. In reviewing these materials, you should be aware that any or all of the foregoing, among other things, may give rise to real or potential conflicts of interest.

PL and its associates, their directors and employees may (a) from time to time, have a long or short position in, and buy or sell the securities of the subject company or (b) be engaged in any other transaction involving such securities and earn brokerage or other compensation or act as a market maker in the financial instruments of the subject company or act as an advisor or lender/borrower to the subject company or may have any other potential conflict of interests with respect to any recommendation and other related information and opinions.

US Clients

This research report is a product of Prabhudas Lilladher Pvt. Ltd., which is the employer of the research analyst(s) who has prepared the research report. The research analyst(s) preparing the research report is/are resident outside the United States (U.S.) and are not associated persons of any U.S. regulated broker-dealer and therefore the analyst(s) is/are not subject to supervision by a U.S. broker-dealer, and is/are not required to satisfy the regulatory licensing requirements of FINRA or required to otherwise comply with U.S. rules or regulations regarding, among other things, communications with a subject company, public appearances and trading securities held by a research analyst account.

This report is intended for distribution by Prabhudas Lilladher Pvt. Ltd. only to "Major Institutional Investors" as defined by Rule 15a-6(b)(4) of the U.S. Securities and Exchange Act, 1934 (the Exchange Act) and interpretations thereof by U.S. Securities and Exchange Commission (SEC) in reliance on Rule 15a 6(a)(2). If the recipient of this report is not a Major Institutional Investor as specified above, then it should not act upon this report and return the same to the sender. Further, this report may not be copied, duplicated and/or transmitted onward to any U.S. person, which is not the Major Institutional Investor.

In reliance on the exemption from registration provided by Rule 15a-6 of the Exchange Act and interpretations thereof by the SEC in order to conduct certain business with Major Institutional Investors, Prabhudas Lilladher Pvt. Ltd. has entered into an agreement with a U.S. registered broker-dealer, Marco Polo Securities Inc. ("Marco Polo").

Transactions in securities discussed in this research report should be effected through Marco Polo or another U.S. registered broker dealer.

Prabhudas Lilladher Pvt. Ltd.

3rd Floor, Sadhana House, 570, P. B. Marg, Worli, Mumbai-400 018, India | Tel: (91 22) 6632 2222 Fax: (91 22) 6632 2209

www.plindia.com