

ICICI Securities Limited
is the author and
distributor of this report

Q1FY22 result review and
earnings change

Metals

Target price: Rs1,365

Earnings revision

| (%) | FY22E | FY23E |
|--------|--------|-------|
| Sales | ↓ 3.6 | ↑ 0.5 |
| EBITDA | ↓ 10.3 | ↑ 2.3 |
| PAT | ↓ 12.0 | ↑ 2.4 |

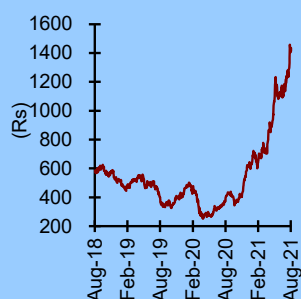
Target price revision

Rs1,365 from Rs1,108

Shareholding pattern

| | Dec '20 | Mar '21 | Jun '21 |
|-------------------------|---------|---------|---------|
| Promoters | 34.4 | 34.4 | 34.4 |
| Institutional investors | 42.7 | 43.7 | 41.2 |
| MFs and others | 10.1 | 11.6 | 11.1 |
| FIs/Banks | 0.1 | 0.0 | 0.1 |
| Insurance Cos | 15.5 | 13.5 | 7.9 |
| FII | 17.0 | 18.6 | 22.1 |
| Others | 22.9 | 21.9 | 24.4 |

Price chart



Research Analyst:

Abhijit Mitra

abhijit.mitra@icicisecurities.com
+9122 6637 7289

INDIA

ICICI Securities

Tata Steel

HOLD

Maintained

Higher working capital didn't allow deleveraging

Rs1,435

Tata steel consolidated EBITDA was below our estimates at Rs159bn (I-Sec Rs169bn). The major miss is Europe with an EBITDA of US\$89/te – expectations were firmed up post peer results. Further, working capital buildup didn't allow deleveraging in Q1FY22, net debt was down marginally at ~Rs740bn (Rs753bn QoQ) - Rs83bn being working capital increase. Standalone operations reported a beat on the back of forex gains and better than expected raw material performance – EBITDA/te increased ~ Rs8000/te QoQ to Rs35,808/te. We maintain HOLD with a revised target of Rs1365/share (Rs1108/share earlier) at 1.1x FY23E P/B. With steel prices yet to show meaningful correction, Q1FY22 was a missed deleveraging opportunity. Management has guided for significantly lower net debt by FY22E end.

- **India reports EBITDA beat on the back of lower other expenses.** Other expenses: declined primarily due to gain on FX revaluation of loan given to T Steel Holding and lower conversion charges largely due to lower activities at FAMD. Despite increase in coal costs, RM costs per te was flat QoQ, another source of surprise. Standalone steel volumes were down 31% QoQ.
- **Europe reports a big miss in EBITDA/te.** Europe EBITDA came at US\$89/te against US\$190/te expected. Raw Material cost; increased primarily due to increase in iron ore and coal consumption cost with higher prices. Other expenses increased primarily due to unfavorable forex impact on foreign currency transactions and movement in derivatives losses/gain with higher repairs & maintenance and rent expenses; partially offset by lower provision on account of carbon emission rights.
- **Medium-term targets (across cycle).** Management has given Net Debt to EBITDA target of 2x and Interest cover target of 4x. Post recent analyst meet, it can be safely assumed that Net Debt to EBITDA will fall much lower in the interim before recovering to 2x in the medium term – that too 2x can be treated as a cap. Management is targeting 15% RoIC – with 15% RoIC. Management also guides for progressive dividend policy with a robust payout. Short term targets (FY22) includes Continued focus on capital allocation, cashflow and working capital management, US\$2bn+ gross debt reduction while prioritize off-shore debt pre-payment and a capex of Rs100-120bn (This as per last analyst meet was supposed to be India capex only – hence needs to be clarified on call whether there is a watering down of consolidated capex guidance for FY22E)
- **Maintain HOLD.** Sharp reduction in iron ore prices, is increasing the profitability of Chinese players in a weakening demand environment. Chinese production cuts may allow some support to the steel prices, but may not arrest its decline. With steel prices expected to creep down, Q1FY22 miss in deleveraging doesn't augur well adversely impacting risk reward. We maintain HOLD on Tata Steel.

| | | | | | | |
|--------------------------|---------------------|--------------------|-----------|-----------|-----------|-----------|
| Market Cap | Rs1729bn/US\$23.3bn | Year to March | FY20 | FY21P | FY22E | FY23E |
| Reuters/Bloomberg | TATA.BO/TATA IN | Revenue (Rs mn) | 13,98,167 | 15,55,759 | 20,40,842 | 18,47,874 |
| Shares Outstanding (mn) | 1,202.4 | Net Income (Rs mn) | 64,716 | 88,079 | 3,67,360 | 1,93,189 |
| 52-week Range (Rs) | 1459/344 | EPS (Rs) | 53.7 | 73.1 | 305.0 | 160.4 |
| Free Float (%) | 65.4 | % Chg YoY | (37.8) | 36.1 | 317.1 | (47.4) |
| FII (%) | 22.1 | P/E (x) | 19.9 | 14.6 | 3.5 | 6.7 |
| Daily Volume (US\$/'000) | 2,67,193 | CEPS (Rs) | 119.1 | 138.5 | 379.4 | 238.3 |
| Absolute Return 3m (%) | 24.5 | EV/E (x) | 12.6 | 6.5 | 2.6 | 3.8 |
| Absolute Return 12m (%) | 254.1 | Dividend Yield (%) | 0.8 | 0.8 | 0.8 | 0.8 |
| Sensex Return 3m (%) | 13.3 | RoCE (%) | 6.0 | 12.2 | 32.2 | 17.1 |
| Sensex Return 12m (%) | 44.5 | RoE (%) | 8.3 | 10.0 | 30.8 | 13.8 |

Please refer to important disclosures at the end of this report

Table 1: Tata Steel consolidated Q1FY22 result review

| (Rs mn) | Q1FY22 | Q1FY21 | % Chg YoY | Q4FY21 | % Chg QoQ |
|--|----------------|-----------------|----------------|----------------|-------------|
| Net Sales | 533,718 | 242,885 | 119.7 | 499,774 | 6.8 |
| Expenses | 372,613 | 237,830 | 56.7 | 357,933 | 4.1 |
| Inc./Dec in stock | (32,919) | 7,862 | | (16,421) | |
| Purchase of steel etc | 36,939 | 6,085 | | 35,218 | |
| Raw materials | 163,501 | 90,058 | | 132,364 | |
| Total Raw materials | 167,521 | 104,005 | | 151,161 | |
| Staff expenses | 56,626 | 45,456 | | 53,912 | |
| Purchase of Power | - | - | | - | |
| Freight & Handling | - | - | | - | |
| Other Expenditure | 148,466 | 88,369 | | 152,861 | |
| Total Expenditure | 372,613 | 237,830 | | 357,933 | |
| EBITDA | 161,106 | 5,055 | 3,087.0 | 141,841 | 13.6 |
| <i>Margins (%)</i> | <i>30.2</i> | <i>2.1</i> | | <i>28.4</i> | |
| Other Income | 1,622 | 1,926 | (15.8) | 2,722 | (40.4) |
| Interest | 18,114 | 19,983 | (9.4) | 18,663 | (2.9) |
| Depreciation | 23,245 | 21,108 | 10.1 | 23,924 | (2.8) |
| Operational PBT | 121,368 | (34,110) | (455.8) | 101,976 | 19.0 |
| ExtraOrdinary | (1,823) | 584 | | (9,911) | |
| PBT | 119,545 | (33,526) | | 92,065 | 29.8 |
| Tax | 23,084 | 12,715 | | 21,950 | |
| PAT | 96,461 | (46,242) | NM | 70,115 | |
| Adj.PAT | 98,284 | (46,825) | NM | 80,026 | 22.8 |
| Minority Interest | 8,614 | 2,356 | | 5,178 | |
| Share of Associates | 1,223 | 150 | | 1,504 | |
| Adjusted PAT excluding dis. Operations | 90,893 | (49,031) | NM | 56,530 | 60.8 |
| Reported PAT including dis. Operations | 89,070 | (43,736) | NM | 66,442 | 34.1 |

Source: Company data, I-Sec research

Table 2: Tata Steel's standalone Q1FY22 result review

| (Rs mn) | Q1FY22 | Q1FY21 | % Chg YoY | Q4FY21 | % Chg QoQ |
|------------------------|----------------|----------------|--------------|----------------|--------------|
| Net Sales | 207,983 | 93,388 | 122.7 | 212,026 | (1.9) |
| Other Operating Income | 1,953 | 1,929 | 1.3 | 3,849 | (49.2) |
| Expenses | | | | | |
| Total Raw materials | 35,071 | 25,614 | 36.9 | 42,716 | (17.9) |
| Staff expenses | 13,783 | 13,097 | 5.2 | 13,526 | 1.9 |
| Other Expenditure | 57,079 | 42,166 | 35.4 | 63,907 | (10.7) |
| Total Expenditure | 105,933 | 80,877 | 31.0 | 120,148 | (11.8) |
| EBITDA | 102,050 | 12,510 | 715.7 | 91,878 | 11.1 |
| <i>Margin (%)</i> | <i>49.1</i> | <i>13.4</i> | | <i>43.3</i> | |
| Other Income | 2,642 | 1,212 | 118.1 | 1,898 | 39.2 |
| Interest | 6,685 | 9,083 | (26.4) | 8,297 | (19.4) |
| Depreciation | 9,749 | 9,693 | 0.6 | 10,410 | (6.3) |
| Operational PBT | 88,258 | (5,054) | NM | 75,069 | NM |
| ExtraOrdinary Exp. | 1,527 | 20,589 | | 9,493 | |
| Rep. PBT | 89,785 | 15,535 | 478.0 | 84,561 | 6.2 |
| Tax | 21,985 | 3,602 | 510.4 | 18,626 | |
| PAT | 67,800 | 11,933 | 468.2 | 65,935 | 2.8 |
| Adj.PAT | 66,274 | (8,656) | NM | 56,443 | 17.4 |

Source: Company data, I-Sec research

Table 3: Tata Steel's standalone volumes, realisations and EBITDA

| Rs mn | Q1FY22 | Q1FY21 | YoY (%) | Q4FY21 | % Chg QoQ |
|----------------------|---------|--------|---------|---------|-----------|
| Net Sales | 207,983 | 93,388 | 122.7 | 212,026 | (1.9) |
| EBITDA | 102,050 | 12,510 | 715.7 | 91,878 | 11.1 |
| Volumes (mt) | 2.87 | 2.1 | 36.0 | 3.31 | (13.2) |
| Realisations (Rs/te) | 68,989 | 43,346 | 59.2 | 62,989 | 9.5 |
| EBITDA (Rs/te) | 35,570 | 5,929 | 499.9 | 27,800 | 28.0 |

Source: Company data, I-Sec research

Table 4: Tata Steel Europe's volumes, realisations and EBITDA

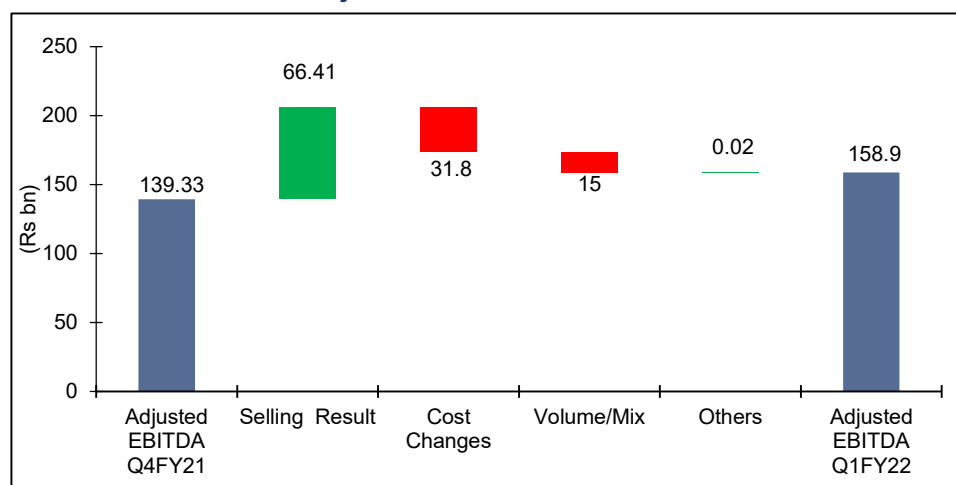
| US\$ mn | Q1FY22 | Q1FY21 | YoY (%) | Q4FY21 | % Chg QoQ |
|------------------------|--------|--------|---------|--------|-----------|
| Net Sales | 2,637 | 1,479 | 78.3 | 2,367 | 11.4 |
| EBITDA | 208 | (82) | NM | 164 | 27.0 |
| Volumes (mnte) | 2.3 | 2.0 | 17.7 | 2.5 | (5.7) |
| Realisations (US\$/te) | 1,132 | 747 | 51.5 | 958 | 18.1 |
| EBITDA (US\$/te) | 89 | (42) | NM | 66 | NM |

Source: Company data, I-Sec research

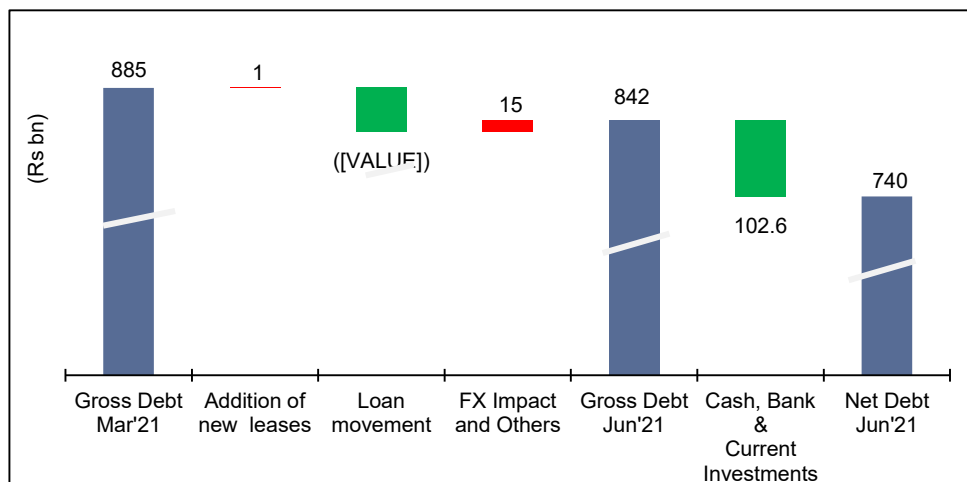
Table 5: Consolidated QoQ variations

| Rs mn | 1QFY22 | 4QFY21 | 1QFY21 | Key drivers for QoQ change |
|-----------------------------------|---------|---------|---------|---|
| Production (mn tons) ¹ | 7.88 | 8.02 | 5.54 | |
| Deliveries (mn tons) | 7.11 | 7.83 | 5.34 | |
| Total revenue from operations | 533,720 | 499,770 | 254,750 | Revenues improved across key entities (except at Tata Steel Standalone) with increase in realisation; partially offset by lower deliveries |
| Raw material cost | 200,440 | 167,580 | 103,800 | |
| Change in inventories | -32,920 | -16,420 | 7,030 | Raw Material cost: increased primarily due to increase in purchased Iron Ore and Coal consumption cost with higher prices |
| Employee benefits expenses | 56,630 | 53,910 | 46,790 | |
| Other expenses | 148,470 | 152,860 | 91,740 | Change in inventories: inventory value increased with higher prices and lower deliveries |
| EBITDA | 161,850 | 142,900 | 6,300 | Employee benefit expenses: increased primarily with annual increments across key entitie |
| Adjusted EBITDA | 158,920 | 139,330 | 10,710 | |
| EBITDA per ton (Rs.) | 227,790 | 182,530 | 11,810 | |
| Other income | 1,620 | 2,720 | 1,880 | |
| Finance cost | 18,110 | 18,660 | 20,060 | Other expenses: declined primarily at Tata Steel standalone; partially offset by adverse FX impact at overseas entities, and increase at Tata Steel Europe and Tata Steel Long Products |
| Pre-exceptional PBT | 122,590 | 103,480 | -34,390 | |
| Exceptional items (gain)/loss | 1,820 | 9,910 | -580 | Exceptional item: for the quarter reflects charge on Employees Family Protection Scheme for COVID-19 |
| Tax expenses | 23,080 | 21,950 | 12,680 | |
| Reported PAT | 97,680 | 71,620 | -46,480 | |
| Other comprehensive income | 6,150 | -10,310 | -49,830 | |

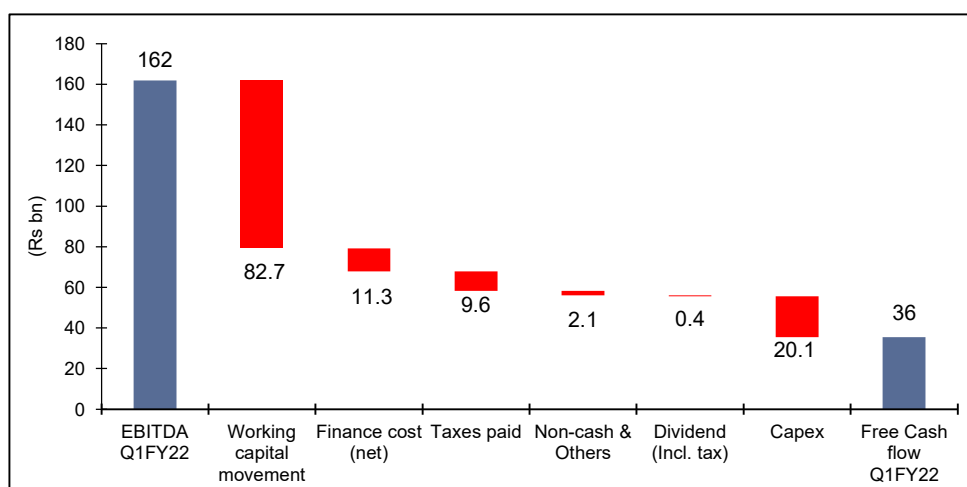
Source: Company data, I-Sec research

Chart 1: Consolidated adjusted EBITDA movement

Source: Company data, I-Sec research

Chart 2: Consolidated debt movement

Source: Company data, I-Sec research

Chart 3: Consolidated FCF movement

Source: Company data, I-Sec research

Tata Steel valuations and assumptions

We maintain HOLD with a target price of Rs1,365/share based on FY23E P/B of 1.1x. With near zero loss probability, ND/EBITDA of < 1x at FY22E end, the financials may well pivot towards a through cycle RoE of 15% (management has guided for a through cycle RoIC of 15%).

Key risks to our call are not earnings-linked. We would continue to emphasise the irrelevance of earnings-based analysis in the sector. Key upside risks are continued resilience of steel prices. The downside risks are lower steel prices puts a break to deleveraging, but staying high enough to lead to announcement of greenfield/brownfield capex.

Revision of earnings

We have factored-in higher realisations and higher EBITDA in Tata Steel India business for FY22/23E.

Table 6: Earnings change

(Rs mn)

| | FY22E | | | FY23E | | |
|--------|-----------|-----------|--------|-----------|-----------|-------|
| | New | Old | % Chg | New | Old | % Chg |
| Sales | 2,394,791 | 2,485,051 | (3.6) | 2,027,452 | 2,018,153 | 0.5 |
| EBITDA | 786,673 | 876,933 | (10.3) | 412,893 | 403,594 | 2.3 |
| PAT | 498,470 | 566,164 | (12.0) | 224,948 | 219,618 | 2.4 |

Source: Company data, I-Sec research

Financial summary

Table 7: Profit & Loss statement

(Rs mn, year ending March 31)

| | FY20 | FY21 | FY22E | FY23E |
|----------------------|-----------|-----------|-----------|-----------|
| Operating Income | 1,489,717 | 1,562,942 | 2,394,791 | 2,027,452 |
| Operating Expenses | 1,311,441 | 1,257,899 | 1,608,118 | 1,614,559 |
| EBITDA | 178,276 | 305,043 | 786,673 | 412,893 |
| % margins | 12.0 | 19.5 | 32.8 | 20.4 |
| D&A expense | 87,077 | 92,336 | 92,411 | 96,804 |
| Gross Interest | 75,807 | 76,067 | 42,000 | 30,100 |
| Other Income | 18,220 | 8,956 | 8,000 | 9,577 |
| Recurring PBT | 33,612 | 145,595 | 660,262 | 295,566 |
| Add: Extraordinary | (49,296) | (10,432) | - | - |
| Less: Taxes | (25,529) | 56,539 | 165,065 | 73,892 |
| Recurring Net Income | 64,861 | 85,334 | 491,474 | 217,952 |
| Reported Net Income | 11,725 | 81,898 | 498,470 | 224,948 |

Source: Company data, I-Sec research

Table 8: Balance sheet

(Rs mn, year ending March 31)

| | FY20 | FY21P | FY22E | FY23E |
|---------------------------|------------------|------------------|------------------|------------------|
| Assets | | | | |
| Total Current Assets | 596,691 | 564,227 | 594,249 | 595,023 |
| Of which cash & cash eqv. | 80,547 | 57,822 | 9,019 | 20,636 |
| Total Current Liabilities | 365,934 | 532,381 | 476,789 | 479,245 |
| Net Current Assets | 230,758 | 31,846 | 117,460 | 115,778 |
| Investments | 62,852 | 106,819 | 106,819 | 106,819 |
| Strategic/Group | 28,533 | 34,630 | 34,630 | 34,630 |
| Other Marketable | 34,319 | 72,189 | 72,189 | 72,189 |
| Net Fixed Assets | 1,414,432 | 1,409,869 | 1,437,458 | 1,490,654 |
| Capital Work-in-Progress | 194,968 | 190,074 | 227,963 | 257,963 |
| Goodwill | 40,545 | 43,447 | 43,447 | 43,447 |
| Total Assets | 1,834,084 | 1,686,491 | 1,799,694 | 1,851,207 |
| Liabilities | | | | |
| Borrowings | 1,263,278 | 981,831 | 600,000 | 430,000 |
| Deferred Tax Liability | 67,318 | 100,858 | 100,858 | 100,858 |
| Minority Interest | 25,866 | 32,697 | 39,693 | 46,688 |
| Equity Share Capital | 11,450 | 11,976 | 11,976 | 11,976 |
| Face Value per share (Rs) | 10 | 11 | 11 | 11 |
| Reserves & Surplus | 701,564 | 722,662 | 1,210,701 | 1,425,218 |
| Net Worth | 713,013 | 734,638 | 1,222,677 | 1,437,194 |
| Total Liabilities | 1,834,084 | 1,686,491 | 1,799,694 | 1,851,207 |

Source: Company data, I-Sec research

Table 9: Cashflow statement

(Rs mn, year ending March 31)

| | FY20 | FY21 | FY22E | FY23E |
|---|----------------|------------------|-----------------|----------------|
| Operating Cashflow | 83,918 | 172,437 | 579,607 | 308,902 |
| Working Capital | | | | |
| Changes | 101,120 | 176,187 | (134,417) | 13,300 |
| Capital Commitments | (140,665) | (137,134) | (120,000) | (150,000) |
| Free Cashflow | 44,373 | 211,489 | 325,190 | 172,201 |
| Cashflow from Investing Activities | (4,638) | (35,012) | 8,000 | 9,577 |
| Issue of Share Capital | 1,875 | 527 | - | - |
| Buyback of shares | (12) | - | - | - |
| Inc (Dec) in Borrowings | 76,073 | (290,458) | (381,831) | (170,000) |
| Dividend paid | (18,152) | (11,459) | (10,431) | (10,431) |
| Extraordinary Items | - | - | - | - |
| Chg. in Cash & Bank balances | 39,438 | (127,161) | (61,319) | (899) |

Source: Company data, I-Sec research

Table 10: Key ratios

(Year ending March 31)

| | FY20 | FY21 | FY22E | FY23E |
|---------------------------------|--------|-------|-------|--------|
| Per Share Data (Rs) | | | | |
| EPS(Basic Recurring) | 56.6 | 71.3 | 410.4 | 182.0 |
| Diluted Recurring EPS | 54.2 | 71.3 | 410.4 | 182.0 |
| Recurring Cash EPS | 122.1 | 151.5 | 490.7 | 265.9 |
| Dividend per share (DPS)** | 12.4 | 9.6 | 8.7 | 8.7 |
| Adj. BV/share (BV)* | 587 | 577 | 985 | 1,205 |
| Growth Ratios (%) | | | | |
| Operating Income | (5.5) | 4.9 | 53.2 | (15.3) |
| EBITDA | (35.2) | 71.1 | 157.9 | (47.5) |
| Valuation Ratios (x) | | | | |
| P/E | 26.5 | 20.1 | 3.5 | 7.9 |
| P/CEPS | 11.8 | 9.5 | 2.9 | 5.4 |
| P/BV | 2.3 | 2.3 | 1.4 | 1.2 |
| EV / EBITDA | 14.3 | 7.4 | 2.4 | 4.2 |
| EV / Operating Income | 1.7 | 1.4 | 0.8 | 0.9 |
| EV / Operating FCF | 13.7 | 6.4 | 4.3 | 5.4 |
| Operating Ratios (%) | | | | |
| Raw Material/Sales | 52.0 | 43.2 | 38.7 | 44.7 |
| SG&A/Sales | 16.0 | 13.5 | 10.7 | (2.6) |
| Other Income / PBT | 54.2 | 6.2 | 1.2 | 3.2 |
| Effective tax rate | 162.8 | 41.8 | 25.0 | 25.0 |
| NWC / Total Assets | 8.2 | (1.5) | 6.0 | 5.1 |
| Inventory Turnover (days) | 102.7 | 120.8 | 107.5 | 112.5 |
| Receivables (days) | 18.9 | 21.8 | 21.8 | 21.8 |
| Payables (days) | 101.8 | 154.5 | 148.5 | 144.1 |
| D/E Ratio (x) | 1.87 | 1.47 | 0.57 | 0.37 |
| Profitability Ratios (%) | | | | |
| Rec Net Income Margins | 3.9 | 5.7 | 20.6 | 10.9 |
| RoCE | 6.1 | 12.6 | 40.3 | 17.8 |
| RoNW | 8.3 | 12.1 | 40.5 | 15.4 |
| Dividend Payout Ratio | 22.0 | 13.4 | 2.1 | 4.8 |
| Dividend Yield | 0.9 | 0.7 | 0.6 | 0.6 |
| EBITDA Margins | 12.0 | 19.5 | 32.8 | 20.4 |

Source: Company data, I-Sec research

* Adj. for goodwill. ** On fully diluted no of shares

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, #40-02 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, **Abhijit Mitra, MBA (Finance), BE**; 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 broking 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 icicidirect.com to view the Fundamental and Technical Research Reports.

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

ICICI Securities Limited has two independent equity research groups: Institutional Research and Retail Research. This report has been prepared by the 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 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.

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.