

# Jindal Steel & Power

Estimate change



TP change



Rating change



**CMP: INRR698**

**TP: INR790 (+13%)**

**Buy**

## Revenue in line; lower input costs and better operational efficiencies drive EBITDA beat

- Sales volumes grew 6% YoY to 1.8mt (in line with our estimate of 1.9mt) and exports stood at 10% of total sales.
- Revenue grew 4% YoY at INR126b, in line with our estimate of INR129b. ASP rose by INR2,034/t YoY to INR68,415/t, below our estimate of INR66,381/t.
- EBITDA declined 24% YoY to INR26b, 16% above our estimate of INR23b. The beat was led by lower input costs, partially offset by higher other expenses. EBITDA/t stood at INR14,283 vs. estimate of INR11,653.
- APAT improved 15% YoY to INR17b (our estimate INR9b), aided by lower finance costs and depreciation, strong operating performance and negligible tax outgo.
- Net debt stood at INR68b (down ~INR1.4b QoQ) and the net debt-to-EBITDA ratio stood at a comfortable level of 0.75x and D/E ratio was 0.3x.

## Signing of coal mining lease

- During the quarter, JSP signed mining lease for Gare Palma IV/6 and Utkal C, with total R&R of 294mt.
- EC for these mines is 7.37PRC p.a. and the mines are expected to commence in the next couple of quarters. Once operational, it will reduce JSP's dependence on the import of coal and merchant miners.

## Highlights from the management commentary

- After the expansion, the total crude steel capacity is expected to reach 15.9mt by FY25E and pellet capacity to 21mt by FY24E.
- JSP has elongated its capex implementation timeline by few quarters and now expects the entire capex to be completed by 4QFY25.
- While there is no guidance for FY24 volumes, the company is seeing strong demand in the domestic market. JSP expects volumes to pick up in FY24 amid increased government spending.
- The cost of coking coal h increased in 1QFY24, offset by low iron ore costs.

## Valuation and view

- The 1Q performance was stronger than estimates, driven by low input costs, low interest expenses, low depreciation, high other income and negligible tax outgo.
- Once the pellet plant and coal block are fully operational, they could give strong benefits, which would materially flow from FY24-end onward.
- Considering the 1Q performance and a robust demand outlook, we raise our EBITDA/APAT estimates by 4%/16% for FY24 and by 8%/9% for FY25.
- We maintain our **BUY** rating on JSP with a revised TP of INR790, based on 5.5x FY25E EV/EBITDA. We believe JSP's focused approach on deleveraging, along with capacity and margin expansion initiatives, augurs well for the company.
- The stock is currently trading at 4.9x FY25E EV/EBTIDA and 1.4x FY25E P/B.



Bloomberg	JSP IN
Equity Shares (m)	1005
M.Cap.(INRb)/(USDb)	712.4 / 8.6
52-Week Range (INR)	700 / 377
1, 6, 12 Rel. Per (%)	12/11/65
12M Avg Val (INR M)	1688
Free float (%)	38.8

### Financials & Valuations (INR b)

Y/E MARCH	2023	2024E	2025E
Sales	527	527	636
EBITDA	99	113	153
APAT	37	56	78
Adj. EPS (INR)	36	55	77
EPS Gr. (%)	-57.7	52.4	39.2
BV/Sh. (INR)	385	435	502

### Ratios

Net D:E	0.2	0.1	0.1
RoE (%)	9.9	13.5	16.5
RoCE (%)	12.6	14.2	18.4
Payout (%)	5.5	9.0	11.6

### Valuations

P/E (x)	19.2	12.6	9.0
P/BV (x)	1.8	1.6	1.4
EV/EBITDA(x)	7.7	6.6	4.9
Div. Yield (%)	0.3	0.7	1.3
FCF Yield (%)	1.2	6.1	3.9

### Shareholding pattern (%)

As On	Jun-23	Mar-23	Jun-22
Promoter	61.2	61.2	60.4
DII	14.8	13.9	15.8
FII	14.2	14.9	11.7
Others	9.9	10.0	12.1

FII Includes depository receipts

**Alok Deora - Research analyst** (Alok.Deora@MotilalOswal.com)

**Parthiv Deepak Jhonsa - Research analyst** (Parthiv.Jhonsa@MotilalOswal.com)

**Investors are advised to refer through important disclosures made at the last page of the Research Report.**

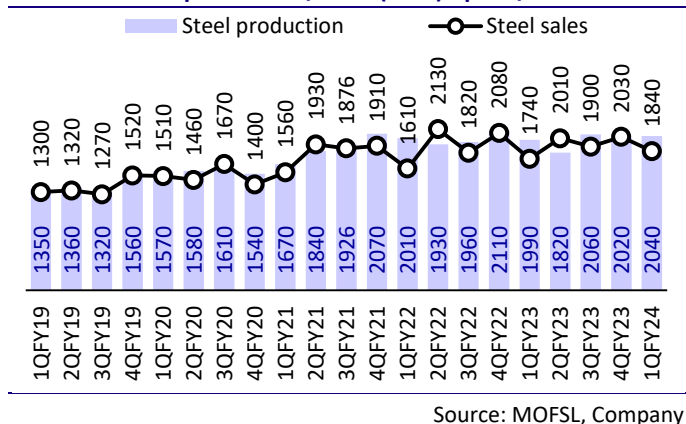
Motilal Oswal research is available on [www.motilaloswal.com/Institutional-Equities](http://www.motilaloswal.com/Institutional-Equities), Bloomberg, Thomson Reuters, Factset and S&P Capital.

## Consolidated quarterly performance (INR b)

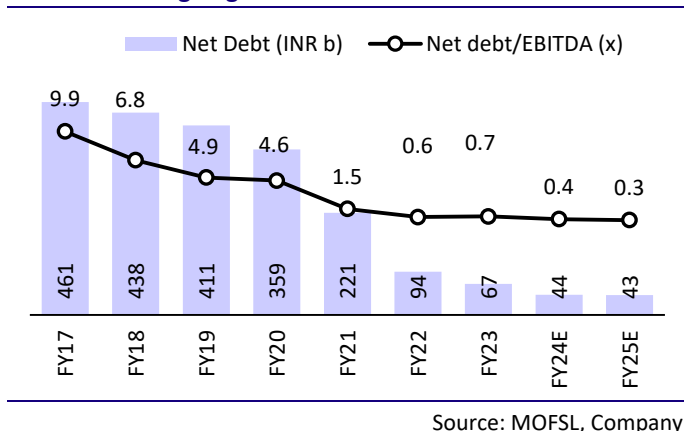
Y/E March	FY23				FY24E				FY23	FY24E	FY24E	vs Est
	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4Q			1Q	(%)
<b>Net Sales</b>	<b>130</b>	<b>135</b>	<b>125</b>	<b>137</b>	<b>126</b>	<b>124</b>	<b>131</b>	<b>146</b>	<b>527</b>	<b>527</b>	<b>129</b>	<b>-2.1</b>
Change (YoY %)	23.0	-0.7	-0.6	-4.5	-3.5	-8.6	5.4	6.9	3.2	0.0		
Change (QoQ %)	-9.0	3.6	-7.9	10.0	-8.1	-1.8	6.2	11.5				
<b>Reported EBITDA</b>	<b>34</b>	<b>19</b>	<b>24</b>	<b>22</b>	<b>26</b>	<b>25</b>	<b>28</b>	<b>33</b>	<b>99</b>	<b>113</b>	<b>23</b>	<b>16.4</b>
Change (YoY %)	-24.2	-58.0	-28.2	-28.8	-23.6	31.5	19.3	50.3	-36.0	13.7		
Change (QoQ %)	12.0	-43.8	23.1	-8.0	20.2	-3.4	11.7	15.9				
<b>EBITDA/t</b>	<b>19,763</b>	<b>9,609</b>	<b>12,513</b>	<b>10,775</b>	<b>14,283</b>	<b>12,038</b>	<b>13,451</b>	<b>14,298</b>	<b>12,936</b>	<b>13,511</b>	<b>11,653</b>	
Interest	4	4	3	4	3	4	4	4	14	15		
Depreciation	6	6	6	9	6	7	8	8	27	29		
Other Income	0	0	0	0	1	0	0	0	1	1		
<b>PBT (before EO item)</b>	<b>25</b>	<b>10</b>	<b>14</b>	<b>10</b>	<b>18</b>	<b>15</b>	<b>17</b>	<b>20</b>	<b>59</b>	<b>70</b>	<b>11</b>	
Extra-ordinary Income	8	-9	-4	-2	0	0	0	0	-6	0		
<b>PBT (after EO item)</b>	<b>33</b>	<b>1</b>	<b>11</b>	<b>8</b>	<b>18</b>	<b>15</b>	<b>17</b>	<b>20</b>	<b>53</b>	<b>70</b>	<b>11</b>	
Total Tax	6	-2	5	3	1	4	4	5	13	14		
<b>Reported PAT</b>	<b>28</b>	<b>2</b>	<b>5</b>	<b>5</b>	<b>17</b>	<b>11</b>	<b>13</b>	<b>15</b>	<b>40</b>	<b>56</b>		
MI - Loss/(Profit)	0	0	-0	0	0	0	0	0	0	0		
Associate	-0	0	0	0	-0	0	0	0	-0	0		
<b>Adjusted PAT</b>	<b>15</b>	<b>7</b>	<b>9</b>	<b>6</b>	<b>17</b>	<b>11</b>	<b>13</b>	<b>15</b>	<b>37</b>	<b>56</b>	<b>9</b>	<b>97.4</b>
Change (YoY %)	-42	-73.4	-44.8	-68.4	15.3	62.3	40.6	146.0	-57.9	52.4		
Change (QoQ %)	-25	-53.1	30.7	-31.3	173.8	-34.0	13.3	20.1				

## Story in charts

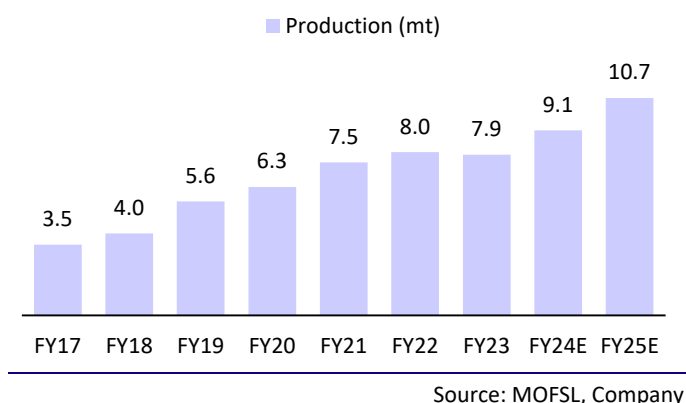
**Exhibit 1: Steel production/sales (in kt) up 3%/6%YoY**



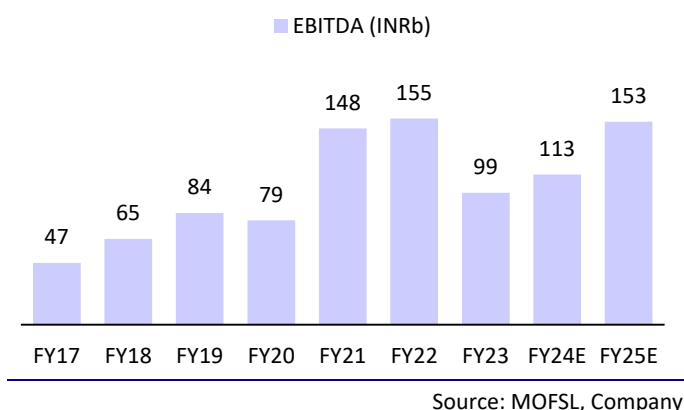
**Exhibit 2: Net debt/EBITDA at 15-year low and expected to further reduce going forward**



**Exhibit 3: Annual steel production (mt), consistent growth visible; JSP on track to achieve ~11mt production by FY25E**



**Exhibit 4: EBITDA to improve in FY24E after touching a low in FY23**



## Key highlights from the management commentary

### Costs and ASP

- The iron ore cost during the quarter was low, which was marginally offset by the higher coal cost.
- The domestic steel price in 1QFY24 was lower by ~10-11% and domestic ASP is further expected to be slightly lower in 2QFY24.

### Coal mines

- During the quarter, JSP signed mining lease for Gare Palma IV/6 and Utkal C, with total R&R of 294mt.
- EC for these mines is 7.37PRC p.a. and the mines are expected to commence in the next couple of quarters.
- Once operational, they will reduce JSP's dependence on the import of coal and merchant miners.

**Net debt and cash**

- JSP has reduced its net debt considerably by ~83% in the last five years and the company continues to chart the same course.
- Net debt stood at INR68b (down ~INR1.4b QoQ), the lowest in the last 15 years.
- The net debt-to-EBITDA ratio stood at a comfortable level of 0.75x and D/E ratio at 0.3x.

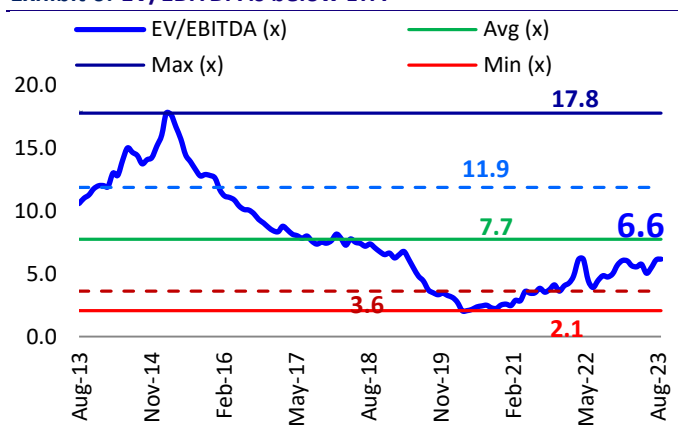
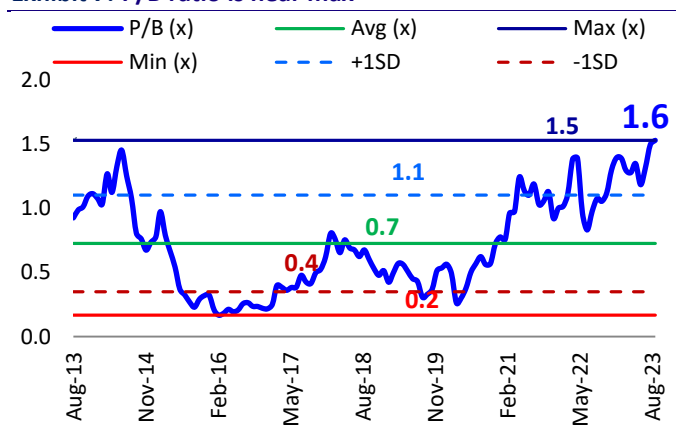
**Capex and timelines**

- JSP has elongated its tentative capex timelines by few quarters and is now expected to be concluded by the end of FY25.
- JSP is still contemplating between BoF-III and EAF and the same will be finalized in the next few months.
- The total capex for FY24E is expected to be around INR56b and JSP expects to spend ~INR150b over the next three-four years.
- After the expansion, the total installed capacity will be 15.9mt and the pellet capacity will be 21mt.
- The product mix will also change after all the facilities are on stream. HSM which is currently 33% of the total volumes will increase to ~56% and BRM will reduce to 16% from 36%.

**Exhibit 5: Valuation and target price**

Y/E March	UoM	FY25E
Volume	mt	9.7
Blended EBITDA/t	INR	15,815
Consol EBITDA	INR b	153
Target EV/EBITDA(x)	x	5.5
Target EV	INR b	840
Net Debt	INR b	43
Equity Value	INR b	797
No of shares o/s	b	1.0
<b>Target price (INR/share)</b>	<b>INR/sh</b>	<b>790</b>
<b>CMP</b>	<b>INR/sh</b>	<b>698</b>

Source: MOFSL

**Exhibit 6: EV/EBITDA is below LTA****Exhibit 7: P/B ratio is near max**

**Exhibit 8: Global steel valuation comparable**

Steel Company	Company	M-Cap USD m	P/E (x)		EV/EBITDA (x)		P/B (x)		RoE (%)	
			CY22/FY23	CY23/FY24	CY22/FY23	CY23/FY24	CY22/FY23	CY23/FY24	CY22/FY23	CY23/FY24
<b>India</b>		<b>India</b>								
Tata Steel	Tata*	17,715	16.9	13.2	6.6	7.3	1.5	1.4	8.3	11.1
JSW Steel	JSW*	24,278	56.6	17.7	14.0	8.6	3.1	2.7	5.3	16.2
Jindal Steel & Power	JSP*	8,334	19.2	12.6	7.7	6.6	1.8	1.6	9.9	13.5
Steel Authority of India	SAIL*	4,635	18.7	10.6	8.4	6.0	0.7	0.6	3.7	6.3
<b>Japan</b>		<b>Japan</b>								
JFE Holdings Inc	JFE	9,499	8.6	7.2	7.0	6.2	0.6	0.6	7.4	8.5
Nippon Steel Corp	Nippon Steel	22,142	4.9	8.4	5.2	6.2	0.8	0.7	17.3	8.9
Kobe Steel	Kobe Steel	4,959	11.4	7.7	8.1	5.6	0.8	0.7	7.5	10.0
<b>Korea</b>		<b>Korea</b>								
POSCO Holdings Inc	POSCO	37,486	15.0	12.1	7.2	6.2	0.9	0.8	5.9	6.9
Hyundai Steel Co	Hyundai Steel	3,513	5.2	4.8	4.5	3.9	0.2	0.2	4.7	5.0
<b>US</b>		<b>US</b>								
Nucor Corp	Nucor	41,353	9.0	13.8	5.7	7.9	1.9	1.7	22.2	12.4
United States Steel Corp	US Steel	5,017	5.9	11.7	3.2	4.3	0.5	0.5	9.6	5.0
Steel Dynamics Inc	Steel Dynamics	16,911	6.6	11.3	4.5	7.2	1.8	1.6	29.7	14.9
<b>Europe</b>		<b>Europe</b>								
ArcelorMittal SA	AM	23,221	5.4	5.8	3.7	3.8	0.4	0.4	8.2	7.2
SSAB AB	SSAB	5,973	5.3	8.7	2.4	3.4	0.9	0.9	17.9	10.7
thyssenkrupp AG	TKA	4,713	23.8	9.0	0.6	0.6	0.3	0.3	1.5	3.9
voestalpine AG	VOE	5,462	5.0	7.9	2.9	3.8	0.6	0.6	13.7	8.1
<b>China</b>		<b>China</b>								
Baoshan Iron & Steel Co	Baosteel	19,458	10.1	8.7	5.0	4.3	0.7	0.7	6.7	7.4

Source: MOFSL, Company, Bloomberg(\*) denotes MOFSL estimates

**Exhibit 9: Key assumptions and changes to our estimates**

	UoM	FY24E			FY25E		
		New	Old	Change	New	Old	Change
Consolidated							
Revenue	INR b	527	530	-0.5%	636	636	0.0%
EBITDA	"	113	109	3.5%	153	142	7.7%
PAT	"	56	48	15.8%	78	71	9.4%

Source: Company, MOFSL

## Financials and valuation

### Consolidated Income Statement

(INR b)

Y/E March	FY17	FY18	FY19	FY20	FY21	FY22	FY23	FY24E	FY25E
<b>Net sales</b>	<b>210</b>	<b>276</b>	<b>394</b>	<b>370</b>	<b>389</b>	<b>511</b>	<b>527</b>	<b>527</b>	<b>636</b>
Change (%)	14	31	43	-6	5	31	3	0	21
Total Expenses	164	212	310	291	241	356	428	414	483
<b>EBITDA</b>	<b>47</b>	<b>65</b>	<b>84</b>	<b>79</b>	<b>148</b>	<b>155</b>	<b>99</b>	<b>113</b>	<b>153</b>
As a percentage of Net Sales	22	23	21	21	38	30	19	21	24
Depn. and Amortization	39	39	42	42	35	21	27	29	33
<b>EBIT</b>	<b>7</b>	<b>26</b>	<b>42</b>	<b>37</b>	<b>113</b>	<b>134</b>	<b>72</b>	<b>84</b>	<b>119</b>
Net Interest	34	39	43	41	31	19	14	15	16
Other income	0	0	0	0	4	1	1	1	1
<b>PBT before EO</b>	<b>-27</b>	<b>-13</b>	<b>0</b>	<b>-4</b>	<b>86</b>	<b>116</b>	<b>59</b>	<b>70</b>	<b>104</b>
EO income	-4	-6	-28	2	-13	-19	-6	0	0
<b>PBT after EO</b>	<b>-30</b>	<b>-19</b>	<b>-28</b>	<b>-2</b>	<b>73</b>	<b>97</b>	<b>53</b>	<b>70</b>	<b>104</b>
Tax	-5	-2	-4	2	18	29	13	14	26
Rate (%)	17	13	14	-63	24	30	25	25	25
<b>Reported PAT</b>	<b>-25</b>	<b>-16</b>	<b>-24</b>	<b>-4</b>	<b>55</b>	<b>68</b>	<b>40</b>	<b>56</b>	<b>78</b>
Minority interests	-3	-2	-8	0	3	0	0	0	0
Preference dividend	0	0	0	0	0	0	0	0	0
Share of Associates	0	0	0	0	0	0	0	0	0
<b>Adjusted PAT</b>	<b>-19</b>	<b>-8</b>	<b>11</b>	<b>-3</b>	<b>66</b>	<b>87</b>	<b>37</b>	<b>56</b>	<b>78</b>
Change (%)	NA	NA	LP	PL	LP	32	-58	52	39

### Consolidated Balance Sheet

(INR b)

Y/E March	FY17	FY18	FY19	FY20	FY21	FY22	FY23	FY24E	FY25E
Share Capital	1	1	1	1	1	1	1	1	1
Reserves	300	303	323	320	317	355	386	436	503
<b>Net Worth</b>	<b>301</b>	<b>304</b>	<b>324</b>	<b>321</b>	<b>318</b>	<b>356</b>	<b>387</b>	<b>437</b>	<b>504</b>
Minority Interest	6	4	-3	-8	-9	15	3	3	3
Total Loans	467	443	415	368	293	139	124	119	119
Deferred Tax Liability	54	50	54	56	62	73	59	59	59
<b>Capital Employed</b>	<b>827</b>	<b>802</b>	<b>790</b>	<b>738</b>	<b>665</b>	<b>582</b>	<b>574</b>	<b>619</b>	<b>686</b>
Gross Block	783	847	900	951	833	765	742	802	862
Less: Accum. Deprn.	129	168	210	252	286	307	334	363	397
<b>Net Fixed Assets</b>	<b>654</b>	<b>679</b>	<b>690</b>	<b>699</b>	<b>547</b>	<b>458</b>	<b>408</b>	<b>439</b>	<b>465</b>
Capital WIP	97	50	40	20	9	17	71	67	102
Goodwill and Revaluation	6	6	6	6	5	4	1	1	1
Investments	4	1	1	1	1	1	1	1	1
<b>Curr. Assets</b>	<b>146</b>	<b>157</b>	<b>158</b>	<b>171</b>	<b>216</b>	<b>285</b>	<b>213</b>	<b>231</b>	<b>247</b>
Inventory	36	50	65	64	59	73	59	59	71
Account Receivables	17	18	30	35	28	13	10	10	12
Cash and Bank Balance	5	5	4	10	72	45	57	75	76
Loans and advances and others	88	84	58	62	57	155	87	87	87
<b>Curr. Liability and Prov.</b>	<b>79</b>	<b>91</b>	<b>106</b>	<b>159</b>	<b>113</b>	<b>184</b>	<b>120</b>	<b>120</b>	<b>130</b>
Account Payables	22	28	32	56	41	53	47	47	57
Provisions and Others	57	62	74	104	73	132	73	73	73
<b>Net Current Assets</b>	<b>67</b>	<b>66</b>	<b>52</b>	<b>12</b>	<b>103</b>	<b>101</b>	<b>93</b>	<b>111</b>	<b>116</b>
<b>Appl. of Funds</b>	<b>827</b>	<b>802</b>	<b>790</b>	<b>738</b>	<b>665</b>	<b>582</b>	<b>574</b>	<b>619</b>	<b>686</b>

## Financials and valuation

### Consolidated ratios

Y/E March	FY17	FY18	FY19	FY20	FY21	FY22	FY23	FY24E	FY25E
<b>Basic (INR)</b>									
<b>EPS</b>	<b>-20.9</b>	<b>-8.5</b>	<b>11.5</b>	<b>-2.9</b>	<b>64.7</b>	<b>86.0</b>	<b>36.4</b>	<b>55.5</b>	<b>77.3</b>
Cash EPS	15.4	23.3	18.4	36.9	88.0	87.7	66.3	84.5	110.6
BV/Share	328.4	313.9	335.0	315.1	311.9	352.5	385.1	434.8	501.6
DPS	0.0	0.0	0.0	0.0	0.0	3.0	2.0	5.0	9.0
Payout (%)	0.0	0.0	0.0	0.0	0.0	3.5	5.5	9.0	11.6
<b>Valuation (x)</b>									
P/E	-33.4	-82.3	60.5	-243.4	10.8	8.1	19.2	12.6	9.0
Cash P/E	45.4	29.9	37.9	18.9	7.9	8.0	10.5	8.3	6.3
P/BV	2.1	2.2	2.1	2.2	2.2	2.0	1.8	1.6	1.4
EV/Sales	5.2	4.0	2.8	2.9	2.4	1.6	1.5	1.4	1.2
EV/EBITDA	23.6	17.2	12.9	13.6	6.3	5.2	7.7	6.6	4.9
Dividend Yield (%)	0.0	0.0	0.0	0.0	0.0	0.4	0.3	0.7	1.3
<b>Return Ratios (%)</b>									
EBITDA Margin (%)	22.2	23.4	21.3	21.2	38.0	30.4	18.8	21.4	24.0
Net Profit Margin (%)	-9.1	-3.0	2.8	-0.8	17.0	17.0	6.9	10.6	12.2
RoE	-7.9	-2.6	3.6	-0.9	20.6	25.9	9.9	13.5	16.5
RoCE (pre-tax)	1.0	3.2	5.3	4.9	16.7	21.6	12.6	14.2	18.4
RoIC (pre-tax)	1.1	3.6	5.7	5.1	17.7	24.6	15.1	18.3	24.3
<b>Working Capital Ratios</b>									
Fixed Asset Turnover (x)	0.3	0.4	0.5	0.5	0.7	1.1	1.1	1.0	1.1
Asset Turnover (x)	0.3	0.3	0.5	0.5	0.6	0.9	0.9	0.4	0.4
Inventory (Days)	63	66	60	63	56	52	41	41	41
Debtor (Days)	30	24	28	35	26	9	7	7	7
Payable (Days)	39	38	30	55	38	38	33	33	33
Work. Cap. Turnover (Days)	29	22	12	1	8	11	7	7	7
<b>Growth (%)</b>									
Sales	14.4	31.4	42.5	-6.0	5.0	31.5	3.2	0.0	20.6
EBITDA	35.5	38.8	29.9	-6.6	87.9	5.1	-36.0	13.7	35.3
PAT	NA	NA	LP	PL	LP	31.8	-57.9	52.4	39.2
<b>Leverage Ratio (x)</b>									
Current Ratio	1.8	1.7	1.5	1.1	1.9	1.5	1.8	1.9	1.9
Interest Coverage Ratio	0.2	0.7	1.0	0.9	3.7	7.1	5.0	5.5	7.4
Debt/Equity ratio	1.5	1.4	1.3	1.1	0.7	0.3	0.2	0.1	0.1

### Consolidated Cash Flow Statement

(INR b)

Y/E March	FY17	FY18	FY19	FY20	FY21	FY22	FY23	FY24E	FY25E
EBITDA	47	65	84	79	148	155	99	113	153
Non-cash exp./ (income)	-1	3	1	2	-2	25	-5	0	0
(Inc.) / Dec. in Wkg. Cap.	7	-9	-24	19	-12	-8	11	0	-4
Tax Paid	0	-1	0	0	1	-20	-27	-14	-26
others	16	14	22	16	-14	9	-6	0	0
<b>CF from Op. Activity</b>	<b>69</b>	<b>72</b>	<b>84</b>	<b>115</b>	<b>120</b>	<b>160</b>	<b>73</b>	<b>99</b>	<b>122</b>
(Inc.) / Dec. in FA + CWIP	-25	-26	-14	-17	-9	-29	-64	-56	-95
(Pur.) / Sale of Investments	5	12	2	0	0	1	0	0	0
Loans and advances	-1	-2	3	0	-11	4	23	0	0
Int. and Dividend Income	1	2	1	1	1	2	1	1	1
Other investing activities	2	-1	-1	0	8	-13	5	0	0
<b>CF from Inv. Activity</b>	<b>-18</b>	<b>-15</b>	<b>-9</b>	<b>-16</b>	<b>-11</b>	<b>-36</b>	<b>-35</b>	<b>-55</b>	<b>-94</b>
Equity raised / (repaid)	0	14	0	5	0	-5	-2	0	0
Debt raised / (repaid)	-10	-24	-30	-61	-23	-119	-6	-5	0
Dividend (incl. tax)	0	0	0	0	0	-1	-2	-6	-11
Interest paid	-41	-47	-46	-40	-23	-26	-15	-15	-16
<b>CF from Fin. Activity</b>	<b>-52</b>	<b>-57</b>	<b>-75</b>	<b>-94</b>	<b>-46</b>	<b>-151</b>	<b>-25</b>	<b>-26</b>	<b>-27</b>
<b>(Inc.) / Dec. in Cash</b>	<b>-1</b>	<b>0</b>	<b>-1</b>	<b>5</b>	<b>62</b>	<b>-27</b>	<b>13</b>	<b>18</b>	<b>1</b>
Add: Opening Balance	6	5	5	4	10	72	45	57	75
<b>Closing Balance</b>	<b>5</b>	<b>5</b>	<b>4</b>	<b>10</b>	<b>72</b>	<b>45</b>	<b>57</b>	<b>75</b>	<b>76</b>

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

NOTES



Explanation of Investment Rating	
Investment Rating	Expected return (over 12-month)
BUY	>=15%
SELL	< - 10%
NEUTRAL	< - 10 % to 15%
UNDER REVIEW	Rating may undergo a change
NOT RATED	We have forward looking estimates for the stock but we refrain from assigning recommendation

\*In case the recommendation given by the Research Analyst is inconsistent with the investment rating legend for a continuous period of 30 days, the Research Analyst shall be within following 30 days take appropriate measures to make the recommendation consistent with the investment rating legend.

#### Disclosures

The following Disclosures are being made in compliance with the SEBI Research Analyst Regulations 2014 (herein after referred to as the Regulations).

Motilal Oswal Financial Services Ltd. (MOFSL) is a SEBI Registered Research Analyst having registration no. INH000000412. MOFSL, the Research Entity (RE) as defined in the Regulations, is engaged in the business of providing Stock broking services, Depository participant services & distribution of various financial products. MOFSL is a listed public company, the details in respect of which are available on [www.motilaloswal.com](http://www.motilaloswal.com). MOFSL (erstwhile Motilal Oswal Securities Limited - MOSL) is registered with the Securities & Exchange Board of India (SEBI) and is a registered Trading Member with National Stock Exchange of India Ltd. (NSE) and Bombay Stock Exchange Limited (BSE), Multi Commodity Exchange of India Limited (MCX) and National Commodity & Derivatives Exchange Limited (NCDEX) for its stock broking activities & is Depository participant with Central Depository Services Limited (CDSL) National Securities Depository Limited (NSDL), NERL, COMRIS and CCRL and is member of Association of Mutual Funds of India (AMFI) for distribution of financial products and Insurance Regulatory & Development Authority of India (IRDA) as Corporate Agent for insurance products. Details of associate entities of Motilal Oswal Financial Services Limited are available on the website at <http://online.reports.motilaloswal.com/Dormant/documents/List%20of%20Associate%20companies.pdf>. MOFSL and its associate company(ies), their directors and Research Analyst and their relatives may; (a) from time to time, have a long or short position in, act as principal in, and buy or sell the securities or derivatives thereof of companies mentioned herein. (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 company(ies) discussed herein or act as an advisor or lender/borrower to such company(ies) or may have any other potential conflict of interests with respect to any recommendation and other related information and opinions.; however the same shall have no bearing whatsoever on the specific recommendations made by the analyst(s), as the recommendations made by the analyst(s) are completely independent of the views of the associates of MOFSL even though there might exist an inherent conflict of interest in some of the stocks mentioned in the research report.

MOFSL and / or its affiliates do and seek to do business including investment banking with companies covered in its research reports. As a result, the recipients of this report should be aware that MOFSL may have a potential conflict of interest that may affect the objectivity of this report. Compensation of Research Analysts is not based on any specific merchant banking, investment banking or brokerage service transactions. Details of pending Enquiry Proceedings of Motilal Oswal Financial Services Limited are available on the website at <https://galaxy.motilaloswal.com/ResearchAnalyst/PublishViewLitigation.aspx>

A graph of daily closing prices of securities is available at [www.nseindia.com](http://www.nseindia.com), [www.bseindia.com](http://www.bseindia.com). Research Analyst views on Subject Company may vary based on Fundamental research and Technical Research. Proprietary trading desk of MOFSL or its associates maintains arm's length distance with Research Team as all the activities are segregated from MOFSL research activity and therefore it can have an independent view with regards to Subject Company for which Research Team have expressed their views.

#### Regional Disclosures (outside India)

This report is not directed or intended for distribution to or use by any person or entity resident in a state, country or any jurisdiction, where such distribution, publication, availability or use would be contrary to law, regulation or which would subject MOFSL & its group companies to registration or licensing requirements within such jurisdictions.

#### For Hong Kong:

This report is distributed in Hong Kong by Motilal Oswal capital Markets (Hong Kong) Private Limited, a licensed corporation (CE AYY-301) licensed and regulated by the Hong Kong Securities and Futures Commission (SFC) pursuant to the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong) "SFO". As per SEBI (Research Analyst Regulations) 2014 Motilal Oswal Securities (SEBI Reg. No. INH000000412) has an agreement with Motilal Oswal capital Markets (Hong Kong) Private Limited for distribution of research report in Hong Kong. This report is intended for distribution only to "Professional Investors" as defined in Part I of Schedule 1 to SFO. Any investment or investment activity to which this document relates is only available to professional investor and will be engaged only with professional investors." Nothing here is an offer or solicitation of these securities, products and services in any jurisdiction where their offer or sale is not qualified or exempt from registration. The Indian Analyst(s) who compile this report is/are not located in Hong Kong & are not conducting Research Analysis in Hong Kong.

#### For U.S.

Motilal Oswal Financial Services Limited (MOFSL) is not a registered broker - dealer under the U.S. Securities Exchange Act of 1934, as amended (the "1934 act") and under applicable state laws in the United States. In addition MOFSL is not a registered investment adviser under the U.S. Investment Advisers Act of 1940, as amended (the "Advisers Act" and together with the 1934 Act, the "Acts"), and under applicable state laws in the United States. Accordingly, in the absence of specific exemption under the Acts, any brokerage and investment services provided by MOFSL, including the products and services described herein are not available to or intended for U.S. persons. This report is intended for distribution only to "Major Institutional Investors" as defined by Rule 15a-6(b)(4) of the Exchange Act and interpretations thereof by SEC (henceforth referred to as "major institutional investors"). This document must not be acted on or relied on by persons who are not major institutional investors. Any investment or investment activity to which this document relates is only available to major institutional investors and will be engaged in only with major institutional investors. In reliance on the exemption from registration provided by Rule 15a-6 of the U.S. Securities Exchange Act of 1934, as amended (the "Exchange Act") and interpretations thereof by the U.S. Securities and Exchange Commission ("SEC") in order to conduct business with Institutional Investors based in the U.S., MOFSL has entered into a chaperoning agreement with a U.S. registered broker-dealer, Motilal Oswal Securities International Private Limited. ("MOSIPL"). Any business interaction pursuant to this report will have to be executed within the provisions of this chaperoning agreement.

The Research Analysts contributing to the report may not be registered/qualified as research analyst with FINRA. Such research analyst may not be associated persons of the U.S. registered broker-dealer, MOSIPL, and therefore, may not be subject to NASD rule 2711 and NYSE Rule 472 restrictions on communication with a subject company, public appearances and trading securities held by a research analyst account.

#### For Singapore

In Singapore, this report is being distributed by Motilal Oswal Capital Markets Singapore Pte Ltd ("MOCMSPL") (Co. Reg. NO. 201129401Z) which is a holder of a capital markets services license and an exempt financial adviser in Singapore. As per the approved agreement under Paragraph 9 of Third Schedule of Securities and Futures Act (CAP 289) and Paragraph 11 of First Schedule of Financial Advisers Act (CAP 110) provided to MOCMSPL by Monetary Authority of Singapore. Persons in Singapore should contact MOCMSPL in respect of any matter arising from, or in connection with this report/publication/communication. This report is distributed solely to persons who qualify as "Institutional Investors", of which some of whom may consist of "accredited" institutional investors as defined in section 4A(1) of the Securities and Futures Act, Chapter 289 of Singapore ("the SFA"). Accordingly, if a Singapore person is not or ceases to be such an institutional investor, such Singapore Person must immediately discontinue any use of this Report and inform MOCMSPL.

#### Specific Disclosures

- 1 MOFSL, Research Analyst and/or his relatives does not have financial interest in the subject company, as they do not have equity holdings in the subject company.
- 2 MOFSL, Research Analyst and/or his relatives do not have actual/beneficial ownership of 1% or more securities in the subject company
- 3 MOFSL, Research Analyst and/or his relatives have not received compensation/other benefits from the subject company in the past 12 months
- 4 MOFSL, Research Analyst and/or his relatives do not have material conflict of interest in the subject company at the time of publication of research report
- 5 Research Analyst has not served as director/officer/employee in the subject company
- 6 MOFSL has not acted as a manager or co-manager of public offering of securities of the subject company in past 12 months
- 7 MOFSL has not received compensation for investment banking/ merchant banking/brokerage services from the subject company in the past 12 months
- 8 MOFSL has not received compensation for other than investment banking/merchant banking/brokerage services from the subject company in the past 12 months
- 9 MOFSL has not received any compensation or other benefits from third party in connection with the research report
- 10 MOFSL has not engaged in market making activity for the subject company

The associates of MOFSL may have:

- financial interest in the subject company
- actual/beneficial ownership of 1% or more securities in the subject company at the end of the month immediately preceding the date of publication of the Research Report or date of the public appearance.
- received compensation/other benefits from the subject company in the past 12 months
- any other potential conflict of interests with respect to any recommendation and other related information and opinions.; however the same shall have no bearing whatsoever on the specific recommendations made by the analyst(s), as the recommendations made by the analyst(s) are completely independent of the views of the associates of MOFSL even though there might exist an inherent conflict of interest in some of the stocks mentioned in the research report.
- acted as a manager or co-manager of public offering of securities of the subject company in past 12 months
- 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 company(ies) discussed herein or act as an advisor or lender/borrower to such company(ies)
- received compensation from the subject company in the past 12 months for investment banking / merchant banking / brokerage services or from other than said services.
- Served subject company as its clients during twelve months preceding the date of distribution of the research report.

The associates of MOFSL has not received any compensation or other benefits from third party in connection with the research report

Above disclosures include beneficial holdings lying in demat account of MOFSL which are opened for proprietary investments only. While calculating beneficial holdings, It does not consider demat accounts which are opened in name of MOFSL for other purposes (i.e holding client securities, collaterals, error trades etc.). MOFSL also earns DP income from clients which are not considered in above disclosures.

#### Analyst Certification

The views expressed in this research report accurately reflect the personal views of the analyst(s) about the subject securities or issues, and no part of the compensation of the research analyst(s) was, is, or will be directly or indirectly related to the specific recommendations and views expressed by research analyst(s) in this report.

#### Terms & Conditions:

This report has been prepared by MOFSL and is meant for sole use by the recipient and not for circulation. The report and information contained herein is strictly confidential 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 MOFSL. The report is based on the facts, figures and information that are considered true, correct, reliable and accurate. The intent of this report is not recommendatory in nature. The information is obtained from publicly available media or other sources believed to be reliable. Such information has not been independently verified and no guaranty, representation of warranty, express or implied, is made as to its accuracy, completeness or correctness. All such information and opinions are subject to change without notice. The report is prepared solely for informational purpose and does not constitute an offer document or solicitation of offer to buy or sell or subscribe for securities or other financial instruments for the clients. Though disseminated to all the customers simultaneously, not all customers may receive this report at the same time. MOFSL will not treat recipients as customers by virtue of their receiving this report.

#### Disclaimer:

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. This report and information herein is solely for informational purpose and may 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. 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. 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. Certain transactions -including those involving futures, options, another derivative products as well as non-investment grade securities - involve substantial risk and are not suitable for all investors. No representation or warranty, express or implied, is made as to the accuracy, completeness or fairness of the information and opinions contained in this document. The Disclosures of Interest Statement incorporated in this document is provided solely to enhance the transparency and should not be treated as endorsement of the views expressed in the report. This information is subject to change without any prior notice. The Company reserves the right to make modifications and alternations to this statement as may be required from time to time without any prior approval. MOFSL, its associates, their directors and the employees may from time to time, effect or have effected an own account transaction in, or deal as principal or agent in or for the securities mentioned in this document. They may perform or seek to perform investment banking or other services for, or solicit investment banking or other business from, any company referred to in this report. Each of these entities functions as a separate, distinct and independent of each other. The recipient should take this into account before interpreting the document. This report has been prepared on the basis of information that is already available in publicly accessible media or developed through analysis of MOFSL. The views expressed are those of the analyst, and the Company may or may not subscribe to all the views expressed therein. This document is being supplied to you solely for your information and may not be reproduced, redistributed or passed on, directly or indirectly, to any other person or published, copied, in whole or in part, for any purpose. 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 MOFSL 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. Neither the Firm, not its directors, employees, agents or representatives shall be liable for any damages whether direct or indirect, incidental, special or consequential including lost revenue or lost profits that may arise from or in connection with the use of the information. The person accessing this information specifically agrees to exempt MOFSL or any of its affiliates or employees from, any and all responsibility/liability arising from such misuse and agrees not to hold MOFSL or any of its affiliates or employees responsible for any such misuse and further agrees to hold MOFSL or any of its affiliates or employees free and harmless from all losses, costs, damages, expenses that may be suffered by the person accessing this information due to any errors and delays.

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.

Registered Office Address: Motilal Oswal Tower, Rahimtullah Sayani Road, Opposite Parel ST Depot, Prabhadevi, Mumbai-400025; Tel No.: 022 - 71934200 / 71934263; www.motilaloswal.com.

Correspondence Address: Palm Spring Centre, 2nd Floor, Palm Court Complex, New Link Road, Malad (West), Mumbai- 400 064. Tel No: 022 71881000. Details of Compliance Officer: Neeraj Agarwal,

Email Id: na@motilaloswal.com, Contact No.:022-40548085.

Grievance Redressal Cell:

Contact Person	Contact No.	Email ID
Ms. Hemangi Date	022 40548000 / 022 67490600	query@motilaloswal.com
Ms. Kumud Upadhyay	022 40548082	servicehead@motilaloswal.com
Mr. Ajay Menon	022 40548083	am@motilaloswal.com

Registration details of group entities.: Motilal Oswal Financial Services Ltd. (MOFSL): INZ000158836 (BSE/NSE/MCX/NCDEX); CDSL and NSDL: IN-DP-16-2015; Research Analyst: INH000000412 . AMFI:

ARN : 146822. IRDA Corporate Agent – CA0579. Motilal Oswal Financial Services Ltd. is a distributor of Mutual Funds, PMS, Fixed Deposit, Insurance, Bond, NCDs and IPO products.

Customer having any query/feedback/ clarification may write to query@motilaloswal.com. In case of grievances for any of the services rendered by Motilal Oswal Financial Services Limited (MOFSL) write to grievances@motilaloswal.com, for DP to dpgrievances@motilaloswal.com.