

Transport Corporation of India (TRPC IN)

Winds of grace in shipping

INDIA | LOGISTICS | Quarterly Update

30 October 2021

Top takeaways from 2QFY22

- Results better than expectations. Strong profitability in shipping.
- Benefit of integrated diversified services and multi-modal capabilities.

Key highlights

Consolidated revenue increased by 20.3%yoy (up 20.6% qoq) to Rs 7.3bn (4.8% higher than estimates of Rs 7.0bn). Freight division revenue up by 22.0%yoy (up 17.9% qoq) to Rs 3.4bn; Supply Chain revenue increased by 9.4%yoy (up 25.8% qoq) to Rs 2.7bn; Seaway's revenue grew by 44.0%yoy (up 16.7%qoq) to Rs 1.3bn. Gross margins increased by 350bps yoy to 22.2% in 2QFY22. EBITDA increased by 67.5% yoy (39.1% qoq) to Rs 988mn, 26% higher than estimates of Rs 781mn. EBITDA margins increased from 9.6% in 2QFY21 to 13.4% in 2QFY22. EBIT in supply chain declined marginally by 1.9% to Rs 161mn while up by 42.9% to Rs 140mn in freight division. EBIT in seaways grew by 210%yoy from Rs 155mn in 1QFY21 to Rs 480mn in 2QFY22. Other income down from Rs 71mn in 2QFY21 to Rs 56mn in 2QFY22. Interest cost declined by 56.5%yoy to Rs 28mn. PBT increased by 94.0% yoy to Rs 774mn. Adjusted profit at Rs 684mn in 2QFY22 vs estimates of profit of Rs 461mn.

Conference call takeaways

- EBITDA in freight division grew by 31.9%yoy to Rs 150mn with margin improvement of 30bps yoy to 4.4% in 2QFY22; EBITDA in SCM grew by 10.6%yoy to Rs 281mn and in seaways increased by 140.4%yoy to Rs 589mn. EBITDA margins in SCM increased marginally by 10bps yoy to 10.4% and Seaways improved from 26.3% in 2QFY21 to 43.9% in 2QFY22.
- Seaways division container volume declined by c.8% in 1HFY22 while benefited from increased freight rates and high value return cargo from Myanmar. The very high rates in shipping may not sustain and could moderate profits in this division going ahead.
- LTL is c. 33% of freight business supporting the margins and expect LTL share to increase to 40% by 2025. Growth and profits in SCM were impacted by supply chain and chip shortage issue in Auto sector which account for c.75% of SCM division.
- JV performance: TCI Concor operating asset light rail operations reported stable revenue of Rs 1.5bn in 1HFY22. Transystem focused on automotive logistics reported revenue growth of 76%yoy to Rs 2bn in 1HFY22. TCI Cold chain reported revenue of Rs 278mn in 1HFY22 compared to Rs 147mn in 1HFY21.
- The company has aggressive capex plan to capture next cycle of growth and has planned capex of Rs 2.25bn in FY22 compared to Rs 1.1bn in FY21. Capex could be lower in FY22 considering postponement of ship purchase due to asset price increase.

Outlook and valuation: At CMP, stock trades at 19x our FY23 earnings. TCI has a strong history of maintaining growth in different economic cycles. It is best placed to provide a cost-effective solution to the customized needs of its clients due to its national network (historical asset base at strategic locations) and multimodal capabilities. We have revised earnings by 27%/3% for FY22/FY23 considering strong profits in seaways and value 20x FY23EPS (earlier 17x FY23) to arrive at a target of Rs 665 (earlier Rs 545).

Consolidated (Rs mn)	2QFY22	2QFY21	yoy	1QFY22	qoq %	vs. expect. %	Comments
Revenue	7365	6122	20.3	6108	20.6	4.8	Freight +22%yoy; SCM +9.4%yoy; Seaways +44%yoy
EBITDA	988	590	67.5	711	39.1	26.6	Cost control and realization growth
EBITDA margins	13.4%	9.6%	378bps	11.6%	178bps		Recovery in margins with strong performance in shipping
Other income	56	71		107	-47.8	-38.0	
Depreciation	242	198	22.2	234	3.6	-8.7	Capex of Rs 1.1bn FY21
Interest	28	64	-56.5	41	-32.1	-56.5	
PBT	774.6	399.3	94.0	543.3	42.6	42.9	
PAT	684	320	113.6	484	41.2	48.4	

NEUTRAL (Downgrade)

CMP RS 629

TARGET RS 665 (+6%)

SEBI CATEGORY: SMALL CAP

COMPANY DATA

O/S SHARES (MN) :	77
MARKET CAP (RSBN) :	49
MARKET CAP (USDBN) :	0.6
52 - WK HI/LO (RS) :	697 / 222
LIQUIDITY 3M (USDMN) :	2
PAR VALUE (RS) :	2

SHARE HOLDING PATTERN, %

	Sep 21	Jun 21	Mar 21
PROMOTERS :	66.5	66.7	66.7
DII :	12.7	12.4	12.2
FII :	2.1	2.4	1.7
OTHERS :	18.7	18.5	19.4

KEY FINANCIALS

Rs mn	FY21	FY22E	FY23E
Net Sales	28,024	33,650	38,011
EBITDA	2,612	3,866	3,821
Net Profit	1,471	2,642	2,548
EPS, Rs	19.1	34.3	33.1
PER, x	33.0	18.4	19.0
EV/EBITDA, x	19.5	13.1	13.2
PBV, x	4.1	3.4	2.9
ROE, %	13.3	20.3	16.5

CHANGE IN ESTIMATES

Rs mn	Revised Est.		% Revision	
	FY22E	FY23E	FY22E	FY23E
Revenue	33,650	38,011	0%	1%
EBITDA	3,866	3,821	18%	3%
Core PAT	2,642	2,548	27%	3%
EPS (Rs)	34.3	33.0	27%	3%

Vikram Suryavanshi, Research Analyst
(+9198673 27414) vsuryavanshi@phillipcapital.in

Consolidated

Year End March (Rs mn)	2QFY21	3QFY21	4QFY21	1QFY22	2QFY22
Revenue	6122	7152	7966	6108	7365
Operating expense	4976	5760	6416	4835	5730
Opex as % of sales	81.3%	80.5%	80.5%	79.2%	77.8%
Employee	329	359	425	391	404
Other expenses	227	278	271	171	243
EBITDA	590	754	856	711	988
EBITDA margins (%)	9.6%	10.5%	10.7%	11.6%	13.4%
Other Income	70.8	86.4	105.4	106.8	55.8
Depreciation	197.9	220.2	267.7	233.5	241.9
Interest	63.7	58.2	56.0	40.8	27.7
PBT	399.3	562.3	637.3	543.3	774.6
Tax	79.3	57.5	73.4	59.4	91.1
Tax rate (%)	19.9%	10.2%	11.5%	10.9%	11.8%
Adj PAT	320	505	564	484	684
Extraordinary	5.2	-104.3	-35.3	0.0	0.0
Reported PAT	325	401	529	484	684
EPS (Rs)	4.2	6.6	7.3	6.3	8.9

Source: PhillipCapital India Research

Segmental details

Standalone	2QFY21	3QFY21	4QFY21	1QFY22	2QFY22
Freight Division	2781	3278	3871	2878	3393
Supply chain	2467	2929	2924	2145	2700
Seaways	932	1038	1301	1150	1342
Energy	17	3	5	15	21
EBIT (Rs mn)					
Freight Division	98	137	161	105	140
Supply chain	164	198	203	116	161
Seaways	155	235	305	293	480
Energy	11	-3	-1	10	15
EBIT (%)					
Freight Division	3.5%	4.2%	4.1%	3.6%	4.1%
Supply chain	6.6%	6.8%	6.9%	5.4%	5.9%
Seaways	16.6%	22.6%	23.5%	25.5%	35.8%

Source: PhillipCapital India Research

Coverage Universe

Company	Size	Fw PE	Reco/UpSide	
Container Corporation	M	23.8	BUY	23%
Praj Industries Ltd	S	22.1	BUY	35%
Pennar Industries Ltd	S	5.6	BUY	79%
Indo Count Industries	S	12.2	BUY	30%
KDDL	S	24.5	BUY	-19%
Gateway Distriparks Ltd	S	17.8	BUY	44%
Navkar Corporation	S	7.0	BUY	71%
Allcargo Logistics Ltd	S	16.9	Neutral	-11%
Aegis Logistics	S	17.1	Neutral	45%
Mahindra Logistics Limited	S	36.1	Neutral	-3%
Transport Corporation of India	S	19.3	Neutral	4%
VRL Logistics Ltd	S	18.6	BUY	8%

Source: Company, PhillipCapital India Research (Note: L/M/S = Large/Mid/Small Cap)

Financials

Income Statement

Y/E Mar, Rs mn	FY20	FY21	FY22E	FY23E
Net sales	27,178	28,024	33,650	38,011
Growth, %	(1.3)	3.1	20.1	13.0
Other operating income	-	-	-	-
Raw material expenses	22,143	22,972	27,425	30,979
Employee expenses	1,572	1,455	1,884	2,129
Other Operating expenses	1,058	984	475	1,083
EBITDA (Core)	2,405	2,612	3,866	3,821
Growth, %	(3.6)	8.6	48.0	(1.2)
Margin, %	8.9	9.3	11.5	10.1
Depreciation	825	928	1,030	1,090
EBIT	1,580	1,684	2,836	2,731
Growth, %	(8.2)	6.6	68.4	(3.7)
Margin, %	5.8	6.0	8.4	7.2
Interest paid	343	267	268	288
Other Income	201	255	211	221
Non-recurring Items	-	-	-	-
Pre tax profit	1,438	1,672	2,779	2,663
Tax provided	159	238	417	479
Profit after tax	1,523	1,602	2,642	2,548
Minorities/JV shares	243	168	280	364
Net Profit	1,424	1,471	2,642	2,548
Growth, %	3.1	26.6	(17.3)	5.0
Net Profit (adjusted)	1,424	1,471	2,642	2,548
Unadj. shares (m)	77	77	77	77
Wtd avg shares (m)	77	77	77	77

Balance Sheet

Y/E Mar, Rs mn	FY20	FY21	FY22E	FY23E
Cash & bank	259	395	1,094	1,485
Marketable securities at cost	16	29	30	31
Debtors	4,873	5,110	6,269	7,290
Inventory	66	71	78	86
Loans & advances	268	265	317	355
Other current assets	1,122	1,340	1,474	1,621
Total current assets	6,587	7,181	9,232	10,838
Investments	1,783	1,883	2,298	2,642
Gross fixed assets	10,590	10,653	11,973	13,773
Less: Depreciation	(3,111)	(3,275)	(4,305)	(5,395)
Add: Capital WIP	216	52	183	183
Net fixed assets	7,699	7,461	7,903	8,613
Non - current assets	234	638	750	880
Total assets	16,320	17,191	20,213	23,004
Trade Payables	639	759	830	937
Provisions	102	86	94	104
Total current liabilities	2,036	2,278	2,584	2,707
Non - current liabilities	4,166	2,846	3,312	3,570
Total liabilities	14,283	14,914	17,629	20,297
Paid - up capital	154	154	154	154
Reserves & surplus	10,085	11,543	13,995	16,404
Minorities	57	86	57	57
Shareholders' equity	10,296	11,783	14,206	16,615
Total equity & liabilities	16,320	17,191	20,213	23,004

Cash Flow

Y/E Mar, Rs mn	FY20	FY21	FY22E	FY23E
Pre-tax profit	1,438	1,672	2,779	2,663
Depreciation	825	928	1,030	1,090
Chg in working capital	(44)	(217)	(1,047)	(1,090)
Total tax paid	(159)	(238)	(417)	(479)
Cash flow from operating activities	2,446	2,325	2,682	2,615
Capital expenditure	(1,285)	101	(1,451)	(1,800)
Chg in investments	112	(113)	(415)	(346)
Chg in marketable securities	-	-	-	-
Cash flow from investing activities	(971)	243	(1,656)	(1,925)
Free cash flow	1,780	2,797	1,254	927
Equity raised/(repaid)	47	80	338	-
Debt raised/(repaid)	(405)	(1,147)	293	258
Dividend (incl. tax)	(138)	(92)	(139)	(139)
Cash flow from financing activities	(1,371)	(2,432)	(327)	(299)
Net chg in cash	104	136	699	391

Valuation Ratios

	FY20	FY21	FY22E	FY23E
Per Share data				
EPS (INR)	18.5	19.1	34.3	33.1
Growth, %	(2.0)	3.3	79.6	(3.6)
Book NAV/share (INR)	132.8	151.7	183.5	214.8
FDEPS (INR)	18.5	19.1	34.3	33.1
CEPS (INR)	29.2	31.1	47.6	47.2
CFPS (INR)	31.7	30.2	34.8	33.9
DPS (INR)	1.5	1.2	1.5	1.5

Return ratios

Return on assets (%)	8.9	8.8	14.1	11.8
Return on equity (%)	14.8	13.3	20.3	16.5
Return on capital employed (%)	11.1	11.1	14.7	11.9
ROIC (%)	10.0	9.9	14.6	11.9

Turnover ratios

Asset turnover (x)	3.5	3.8	4.3	4.4
Sales/Net FA (x)	3.5	3.8	4.3	4.4
Working capital/Sales (%)	16.7	17.5	19.8	21.4
Receivable days	67.3	65.0	61.7	65.1
Inventory days	1.0	1.1	1.0	1.0
Payable days	8.8	9.1	8.6	8.5
Working capital days	61.1	63.9	72.1	78.1

Liquidity ratios

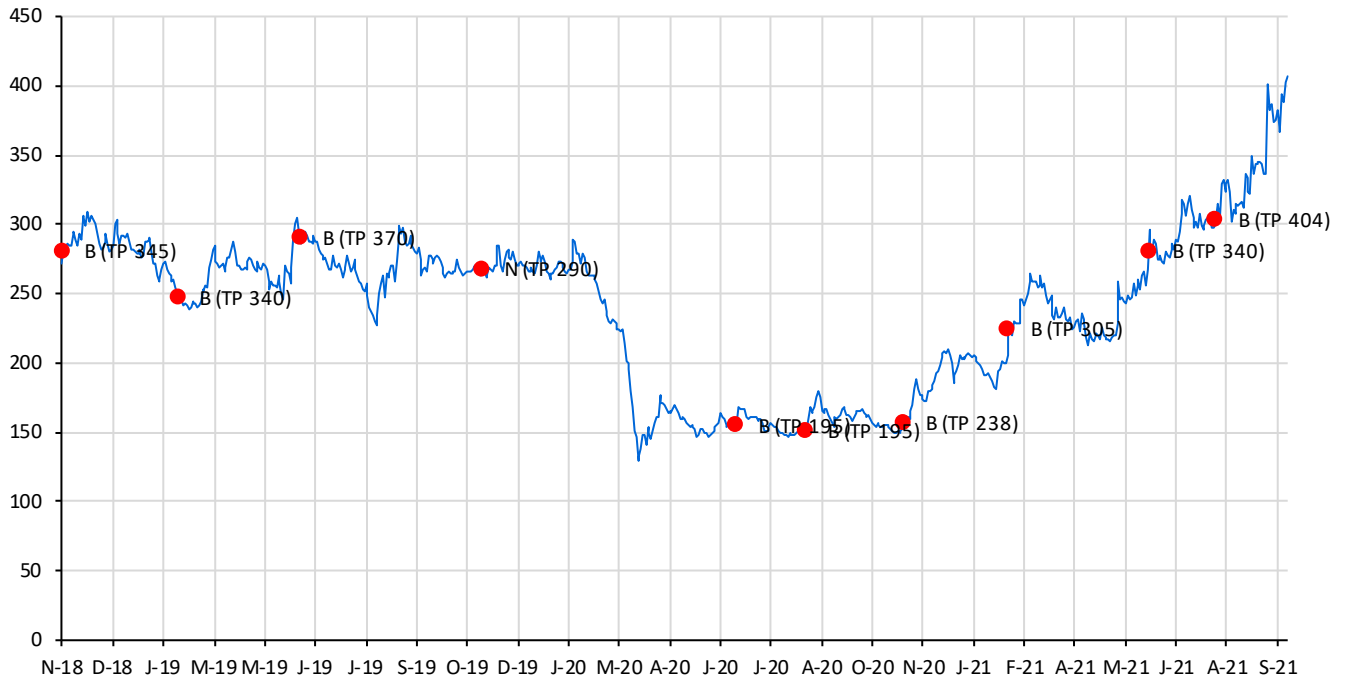
Current ratio (x)	3.2	3.2	3.6	4.0
Quick ratio (x)	0.5	0.5	0.5	0.5
Interest cover (x)	4.6	6.3	10.6	9.5
Total debt/Equity (x)	0.4	0.2	0.2	0.2
Net debt/Equity (x)	0.4	0.2	0.2	0.1

Valuation

PER (x)	34.1	33.0	18.4	19.0
PEG (x) yoy growth	(17.0)	9.9	0.2	(5.4)
Price/Book (x)	4.7	4.1	3.4	2.9
EV/Net sales (x)	1.9	1.8	1.5	1.3
EV/EBITDA (x)	21.8	19.5	13.1	13.2
EV/EBIT (x)	33.2	30.3	17.9	18.5

Source: Company, PhillipCapital India Research

Stock Price, Price Target and Rating History



Source: PhillipCapital India Research

Rating Methodology

We rate stock on absolute return basis. Our target price for the stocks has an investment horizon of one year. We have different threshold for large market capitalisation stock and Mid/small market capitalisation stock. The categorisation of stock based on market capitalisation is as per the SEBI requirement.

Large cap stocks

Rating	Criteria	Definition
BUY	$\geq +10\%$	Target price is equal to or more than 10% of current market price
NEUTRAL	$(10\% > \text{to} < +10\%)$	Target price is less than +10% but more than (10%
SELL	$\leq (10\%)$	Target price is less than or equal to (10%.

Mid cap and Small cap stocks

Rating	Criteria	Definition
BUY	$\geq +15\%$	Target price is equal to or more than 15% of current market price
NEUTRAL	$(15\% > \text{to} < +15\%)$	Target price is less than +15% but more than (15%
SELL	$\leq (15\%)$	Target price is less than or equal to (15%.

Disclosures and Disclaimers

PhillipCapital (India) Pvt. Ltd. has three independent equity research groups: Institutional Equities, Institutional Equity Derivatives, and Private Client Group. This report has been prepared by Institutional Equities Group. The views and opinions expressed in this document may, may not match, or may be contrary at times with the views, estimates, rating, and target price of the other equity research groups of PhillipCapital (India) Pvt. Ltd.

This report is issued by PhillipCapital (India) Pvt. Ltd., which is regulated by the SEBI. PhillipCapital (India) Pvt. Ltd. is a subsidiary of Phillip (Mauritius) Pvt. Ltd. References to "PC IPL" in this report shall mean PhillipCapital (India) Pvt. Ltd unless otherwise stated. This report is prepared and distributed by PC IPL for information purposes only, and neither the information contained herein, nor any opinion expressed should be construed or deemed to be construed as solicitation or as offering advice for the purposes of the purchase or sale of any security, investment, or derivatives. The information and opinions contained in the report were considered by PC IPL to be valid when published. The report also contains information provided to PC IPL by third parties. The source of such information will usually be disclosed in the report. Whilst PC IPL has taken all reasonable steps to ensure that this information is correct, PC IPL does not offer any warranty as to the accuracy or completeness of such information. Any person placing reliance on the report to undertake trading does so entirely at his or her own risk and PC IPL does not accept any liability as a result. Securities and Derivatives markets may be subject to rapid and unexpected price movements and past performance is not necessarily an indication of future performance.

This report does not regard the specific investment objectives, financial situation, and the particular needs of any specific person who may receive this report. Investors must undertake independent analysis with their own legal, tax, and financial advisors and reach their own conclusions regarding the appropriateness of investing in any securities or investment strategies discussed or recommended in this report and should understand that statements regarding future prospects may not be realised. Under no circumstances can it be used or considered as an offer to sell or as a solicitation of any offer to buy or sell the securities mentioned within it. The information contained in the research reports may have been taken from trade and statistical services and other sources, which PC IL believe is reliable. PhillipCapital (India) Pvt. Ltd. or any of its group/associate/affiliate companies do not guarantee that such information is accurate or complete and it should not be relied upon as such. Any opinions expressed reflect judgments at this date and are subject to change without notice.

Important: These disclosures and disclaimers must be read in conjunction with the research report of which it forms part. Receipt and use of the research report is subject to all aspects of these disclosures and disclaimers. Additional information about the issuers and securities discussed in this research report is available on request.

Certifications: The research analyst(s) who prepared this research report hereby certifies that the views expressed in this research report accurately reflect the research analyst's personal views about all of the subject issuers and/or securities, that the analyst(s) have no known conflict of interest and no part of the research analyst's compensation was, is, or will be, directly or indirectly, related to the specific views or recommendations contained in this research report.

Additional Disclosures of Interest:

Unless specifically mentioned in Point No. 9 below:

1. The Research Analyst(s), PCIL, or its associates or relatives of the Research Analyst does not have any financial interest in the company(ies) covered in this report.
2. The Research Analyst, PCIL or its associates or relatives of the Research Analyst affiliates collectively do not hold more than 1% of the securities of the company (ies) covered in this report as of the end of the month immediately preceding the distribution of the research report.
3. The Research Analyst, his/her associate, his/her relative, and PCIL, do not have any other material conflict of interest at the time of publication of this research report.
4. The Research Analyst, PCIL, and its associates have not received compensation for investment banking or merchant banking or brokerage services or for any other products or services from the company(ies) covered in this report, in the past twelve months.
5. The Research Analyst, PCIL or its associates have not managed or co(managed in the previous twelve months, a private or public offering of securities for the company (ies) covered in this report.
6. PCIL or its associates have not received compensation or other benefits from the company(ies) covered in this report or from any third party, in connection with the research report.
7. The Research Analyst has not served as an Officer, Director, or employee of the company (ies) covered in the Research report.
8. The Research Analyst and PCIL has not been engaged in market making activity for the company(ies) covered in the Research report.
9. Details of PCIL, Research Analyst and its associates pertaining to the companies covered in the Research report:

Sr. no.	Particulars	Yes/No
1	Whether compensation has been received from the company(ies) covered in the Research report in the past 12 months for investment banking transaction by PCIL	No
2	Whether Research Analyst, PCIL or its associates or relatives of the Research Analyst affiliates collectively hold more than 1% of the company(ies) covered in the Research report	No
3	Whether compensation has been received by PCIL or its associates from the company(ies) covered in the Research report	No
4	PCIL or its affiliates have managed or co(managed) in the previous twelve months a private or public offering of securities for the company(ies) covered in the Research report	No
5	Research Analyst, his associate, PCIL or its associates have received compensation for investment banking or merchant banking or brokerage services or for any other products or services from the company(ies) covered in the Research report, in the last twelve months	No

Independence: PhillipCapital (India) Pvt. Ltd. has not had an investment banking relationship with, and has not received any compensation for investment banking services from, the subject issuers in the past twelve (12) months, and PhillipCapital (India) Pvt. Ltd does not anticipate receiving or intend to seek compensation for investment banking services from the subject issuers in the next three (3) months. PhillipCapital (India) Pvt. Ltd is not a market maker in the securities mentioned in this research report, although it, or its affiliates/employees, may have positions in, purchase or sell, or be materially interested in any of the securities covered in the report.

Suitability and Risks: This research report is for informational purposes only and is not tailored to the specific investment objectives, financial situation or particular requirements of any individual recipient hereof. Certain securities may give rise to substantial risks and may not be suitable for certain investors. Each investor must make its own determination as to the appropriateness of any securities referred to in this research report based upon the legal, tax and accounting considerations applicable to such investor and its own investment objectives or strategy, its financial situation and its investing experience. The value of any security may be positively or adversely affected by changes in foreign exchange or interest rates, as well as by other financial, economic, or political factors. Past performance is not necessarily indicative of future performance or results.

Sources, Completeness and Accuracy: The material herein is based upon information obtained from sources that PCIPL and the research analyst believe to be reliable, but neither PCIPL nor the research analyst represents or guarantees that the information contained herein is accurate or complete and it should not be relied upon as such. Opinions expressed herein are current opinions as of the date appearing on this material, and are subject to change without notice. Furthermore, PCIPL is under no obligation to update or keep the information current. Without limiting any of the foregoing, in no event shall PCIL, any of its affiliates/employees or any third party involved in, or related to computing or compiling the information have any liability for any damages of any kind including but not limited to any direct or consequential loss or damage, however arising, from the use of this document.

Copyright: The copyright in this research report belongs exclusively to PCIPL. All rights are reserved. Any unauthorised use or disclosure is prohibited. No reprinting or reproduction, in whole or in part, is permitted without the PCIPL's prior consent, except that a recipient may reprint it for internal circulation only and only if it is reprinted in its entirety.

Caution: Risk of loss in trading/investment can be substantial and even more than the amount / margin given by you. Investment in securities market are subject to market risks, you are requested to read all the related documents carefully before investing. You should carefully consider whether trading/investment is appropriate for you in light of your experience, objectives, financial resources and other relevant circumstances. PhillipCapital and any of its employees, directors, associates, group entities, or affiliates shall not be liable for losses, if any, incurred by you. You are further cautioned that trading/investments in financial markets are subject to market risks and are advised to seek independent third party trading/investment advice outside PhillipCapital/group/associates/affiliates/directors/employees before and during your trading/investment. There is no guarantee/assurance as to returns or profits or capital protection or appreciation. PhillipCapital and any of its employees, directors, associates, and/or employees, directors, associates of PhillipCapital's group entities or affiliates is not inducing you for trading/investing in the financial market(s). Trading/Investment decision is your sole responsibility. You must also read the Risk Disclosure Document and Do's and Don'ts before investing.

Kindly note that past performance is not necessarily a guide to future performance.

For Detailed Disclaimer: Please visit our website www.phillipcapital.in

IMPORTANT DISCLOSURES FOR U.S. PERSONS

This research report is a product of PhillipCapital (India) Pvt. Ltd. which is the employer of the research analyst(s) who has prepared the research report. PhillipCapital (India) Pvt Ltd. is authorized to engage in securities activities in India. PHILLIPCAP is not a registered broker(dealer in the United States and, therefore, is not subject to U.S. rules regarding the preparation of research reports and the independence of research analysts. This research report is provided for distribution to "major U.S. 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"). 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 a Major Institutional Investor.

Any U.S. recipient of this research report wishing to effect any transaction to buy or sell securities or related financial instruments based on the information provided in this research report should do so only through Rosenblatt Securities Inc, 40 Wall Street 59th Floor, New York NY 10005, a registered broker dealer in the United States. Under no circumstances should any recipient of this research report effect any transaction to buy or sell securities or related financial instruments through PHILLIPCAP. Rosenblatt Securities Inc. accepts responsibility for the contents of this research report, subject to the terms set out below, to the extent that it is delivered to a U.S. person other than a major U.S. institutional investor.

The analyst whose name appears in this research report is not registered or qualified as a research analyst with the Financial Industry Regulatory Authority ("FINRA") and may not be an associated person of Rosenblatt Securities Inc. and, therefore, may not be subject to applicable restrictions under FINRA Rules on communications with a subject company, public appearances and trading securities held by a research analyst account.

Ownership and Material Conflicts of Interest

Rosenblatt Securities Inc. or its affiliates does not 'beneficially own,' as determined in accordance with Section 13(d) of the Exchange Act, 1% or more of any of the equity securities mentioned in the report. Rosenblatt Securities Inc, its affiliates and/or their respective officers, directors or employees may have interests, or long or short positions, and may at any time make purchases or sales as a principal or agent of the securities referred to herein. Rosenblatt Securities Inc. is not aware of any material conflict of interest as of the date of this publication

Compensation and Investment Banking Activities

Rosenblatt Securities Inc. or any affiliate has not managed or co-managed a public offering of securities for the subject company in the past 12 months, nor received compensation for investment banking services from the subject company in the past 12 months, neither does it or any affiliate expect to receive, or intends to seek compensation for investment banking services from the subject company in the next 3 months.

Additional Disclosures

This research report is for distribution only under such circumstances as may be permitted by applicable law. This research report has no regard to the specific investment objectives, financial situation or particular needs of any specific recipient, even if sent only to a single recipient. This research report is not guaranteed to be a complete statement or summary of any securities, markets, reports or developments referred to in this research report. Neither PHILLIPCAP nor any of its directors, officers, employees or agents shall have any liability, however arising, for any error, inaccuracy or incompleteness of fact or opinion in this research report or lack of care in this research report's preparation or publication, or any losses or damages which may arise from the use of this research report.

PHILLIPCAP may rely on information barriers, such as "Chinese Walls" to control the flow of information within the areas, units, divisions, groups, or affiliates of PHILLIPCAP.

Investing in any non(U.S. securities or related financial instruments (including ADRs) discussed in this research report may present certain risks. The securities of non(U.S. issuers may not be registered with, or be subject to the regulations of, the U.S. Securities and Exchange Commission. Information on such non(U.S. securities or related financial instruments may be limited. Foreign companies may not be subject to audit and reporting standards and regulatory requirements comparable to those in effect within the United States.

The value of any investment or income from any securities or related financial instruments discussed in this research report denominated in a currency other than U.S. dollars is subject to exchange rate fluctuations that may have a positive or adverse effect on the value of or income from such securities or related financial instruments.

Past performance is not necessarily a guide to future performance and no representation or warranty, express or implied, is made by PHILLIPCAP with respect to future performance. Income from investments may fluctuate. The price or value of the investments to which this research report relates, either directly or indirectly, may fall or rise against the interest of investors. Any recommendation or opinion contained in this research report may become outdated as a consequence of changes in the environment in which the issuer of the securities under analysis operates, in addition to changes in the estimates and forecasts, assumptions and valuation methodology used herein.

No part of the content of this research report may be copied, forwarded or duplicated in any form or by any means without the prior written consent of PHILLIPCAP and PHILLIPCAP accepts no liability whatsoever for the actions of third parties in this respect.

PhillipCapital (India) Pvt. Ltd.

Registered office: 18th floor, Urmi Estate, Ganpatrao Kadam Marg, Lower Parel (West), Mumbai – 400013, India.