

# Transport Corporation of India (TRPC IN)

## Leveraging multimodal capabilities

INDIA | LOGISTICS | Quarterly Update

08 February 2024

### Top takeaways from 3QFY24

- Results lower than expectations. Improvement in SCM while weakness in Shipping profits.
- Benefit of integrated diversified services and multi-modal capabilities.

### Key highlights

Consolidated revenue grew by 3.7% yoy (flat qoq) to Rs 10.0bn (in line with estimates of Rs 10.3bn). Freight division revenue remained flat yoy and qoq to Rs 4.8bn; Supply Chain revenue increased by 16.4%yoy (flat qoq) to Rs 3.8bn; Seaway's revenue declined by 16.2% yoy (up 5.3%qoq) to Rs 1.4bn. Gross margins declined by 83bps yoy to 19.5% in 3QFY24. EBITDA declined by 12.7% yoy (flat qoq) to Rs 999mn, 14.3% lower than estimates of Rs 1.16bn. EBITDA margins down from 11.8% in 3QFY23 to 10.0% in 3QFY24. EBIT in supply chain increased by 26.3%yoy to Rs 253mn while it is down by 45.4%yoy to Rs 149mn in freight division. EBIT in seaways declined by 31.3%yoy to Rs 315mn in 3QFY24. Interest cost remained negligible at Rs 35mn. PBT declined by 16.8% yoy to Rs 728mn. Adjusted profit down by 7%yoy at Rs 794mn in 3QFY24, 15.3% lower than estimates of Rs 937mn.

### Conference call takeaways

- EBITDA in freight division declined by 28.4%yoy to Rs 141mn with 134bps margin decline on yoy basis to 3.5% in 3QFY24; EBITDA in SCM increased by 19.7%yoy to Rs 352mn and in seaways declined by 23.7% yoy to Rs 490mn. EBITDA margins in SCM improved by 43bps yoy to 9.7% and Seaways declined from 40.4% in 3QFY23 to 36.3% in 3QFY24.
- SCM maintained growth momentum on back of auto segment performance and expansion of business with existing clients and new business acquisitions. Management expect SCM revenue CAGR 15-18% over 2-3 years driving growth.
- Seaways has long term potential while financial performance impacted due to weaker demand and increase in bunker price. Expect delivery of 2 new ship in FY26.
- LTL is c. 37% of freight business supporting the margins and expect LTL share to increase to 40% by 2025. The company opened 30 new branches in 9MFY24 and will add 20 more in 4QFY24 to enhance the network. Weaker demand and competitive pressure impacted margins in freight business.
- JV performance: TCI Concor operating asset light rail operations reported 6.0% increase in revenue to Rs 2.4bn in 9MFY24. Transystem focused on automotive logistics reported revenue growth of 48.6%yoy to Rs 7.3bn while TCI Cold chain reported revenue growth of 25.7% yoy to Rs 573mn in 9MFY24.
- TCI had capital expenditure of Rs 468mn in FY22 and Rs 1.2bn in FY23. Capex planned for FY24 is Rs 2.5bn including ship and automotive rake and container addition.

**Outlook and valuation:** At CMP, stock trades at 17.1x our FY26 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 roll over our valuation from 20x FY25 to 20x FY26 EPS with target price to Rs 1,040 (earlier Rs 995).

## BUY (Maintain)

CMP RS 891

TARGET RS 1,040 (+17%)

SEBI CATEGORY: SMALL CAP

### COMPANY DATA

O/S SHARES (MN) :	78
MARKET CAP (RSBN) :	69
MARKET CAP (USDBN) :	0.8
52 - WK HI/LO (RS) :	1,080 / 591
LIQUIDITY 3M (USDMN) :	1
PAR VALUE (RS) :	2

### SHARE HOLDING PATTERN, %

	Dec 23	Sep 23	Jun 23
PROMOTERS :	68.9	68.9	68.9
DII :	12.8	12.9	12.8
FII :	2.6	2.6	2.5
OTHERS :	15.7	15.6	15.8

### KEY FINANCIALS

Rs mn	FY24E	FY25E	FY26E
Net Sales	40,374	45,319	51,253
EBITDA	3,996	4,543	5,199
Net Profit	3,294	3,526	4,047
EPS, Rs	42.4	45.4	52.1
PER, x	21.0	19.6	17.1
EV/EBITDA, x	17.0	14.8	12.7
PBV, x	3.2	2.8	2.4
ROE, %	16.8	14.9	14.8

### CHANGE IN ESTIMATES

Rs mn	Revised Est.		% Revision	
	FY24E	FY25E	FY24E	FY25E
Revenue	40,374	45,319	-6%	-7%
EBITDA	3,996	4,543	-17%	-16%
Core PAT	3,294	3,526	-3%	-8%
EPS (Rs)	42.5	45.5	-3%	-8%

Vikram Suryavanshi, Research Analyst  
vsuryavanshi@phillipcapital.in

Consolidated (Rs mn)	3QFY24	3QFY23	yoy	2QFY24	qoq %	vs. expect. %	Comments
Revenue	10020	9667	3.7	9935	0.9	-2.6	Freight +0.6%yoy; SCM +16.4%yoy; Seaways -16.2%yoy
EBITDA	999	1144	-12.7	1004	-0.5	-14.3	Revenue mix and decline in shipping & freight segment profits
EBITDA margins	10.0%	11.8%	-187bps	10.1%	-14bps		
Other income	95	71	34.8	113	-15.9	11.8	
Depreciation	331	314	5.4	311	6.4	5.1	
Interest	35	26	34.1	34	2.9	0.0	
PBT	728	875	-16.8	772	-5.7	-19.2	
PAT	794	858	-7.4	870	-8.7	-15.3	

**Standalone**

Year End March (Rs mn)	3QFY23	4QFY23	1QFY24	2QFY24	3QFY24
Revenue	8808	8897	8598	9002	8999
Operating expense	6939	7010	6789	7164	7156
Opex as % of sales	78.8%	78.8%	79.0%	79.6%	79.5%
Employee	476	493	533	550	544
Other expenses	305	340	309	320	358
EBITDA	1088	1054	967	968	941
EBITDA margins (%)	12.4%	11.9%	11.2%	10.8%	10.5%
Other Income	288.8	114.4	277.0	118.0	446.0
Depreciation	301.4	298.5	295.0	298.0	307.0
Interest	21.9	20.6	21.0	31.0	25.0
PBT	1053.4	849.7	928.0	757.0	1055.0
Tax	100.0	98.4	95.0	87.0	99.0
Tax rate (%)	9.5%	11.6%	10.2%	11.5%	9.4%
Adj PAT	953	751	833	670	956
Extraordinary	0.0	0.0	0.0	0.0	0.0
Reported PAT	953	751	833	670	956
EPS (Rs)	12.4	9.8	10.8	8.7	12.4

Source: PhillipCapital India Research

**Segmental details**

Standalone	3QFY23	4QFY23	1QFY24	2QFY24	3QFY24
Freight Division	4045	4228	3964	3995	4009
Supply chain	3196	3317	3466	3730	3651
Seaways	1702	1521	1254	1354	1426
Energy	15	11	16	21	7
<b>EBIT (Rs mn)</b>					
Freight Division	187	191	136	143	128
Supply chain	187	216	216	246	234
Seaways	458	422	366	310	315
Energy	8	4	8	12	0
<b>EBIT (%)</b>					
Freight Division	4.6%	4.5%	3.4%	3.6%	3.2%
Supply chain	5.9%	6.5%	6.2%	6.6%	6.4%
Seaways	26.9%	27.7%	29.2%	22.9%	22.1%

Source: PhillipCapital India Research

**Coverage Universe**

Company	Size	Fw PE (FY25)	Reco/Upside	
Container Corporation	M	31.3	BUY	26%
Adani Ports & SEZ	L	20.5	BUY	15%
Praj Industries Ltd	S	25.8	BUY	31%
Pennar Industries Ltd	S	10.7	BUY	30%
Indo Count Industries	S	14.5	BUY	22%
KDDL	S	29.2	Neutral	-3%
Gateway Distriparks Ltd	S	15.8	BUY	23%
Allcargo Logistics Ltd	S	16.3	Neutral	-1%
Aegis Logistics	S	20.7	Neutral	-3%
Mahindra Logistics Limited	S	49.6	BUY	23%
Transport Corporation of India	S	19.6	BUY	17%
VRL Logistics Ltd	S	24.9	BUY	21%

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

## Financials

### Income Statement

Y/E Mar, Rs mn	FY23	FY24E	FY25E	FY26E
<b>Net sales</b>	<b>37,826</b>	<b>40,374</b>	<b>45,319</b>	<b>51,253</b>
Growth, %	16.1	6.7	12.2	13.1
Other operating income	-	-	-	-
Raw material expenses	30,307	32,501	36,482	41,259
Employee expenses	1,965	2,301	2,629	3,024
Other Operating expenses	1,314	1,575	1,666	1,772
<b>EBITDA (Core)</b>	<b>4,241</b>	<b>3,996</b>	<b>4,543</b>	<b>5,199</b>
Growth, %	3.7	(5.8)	13.7	14.4
Margin, %	11.2	9.9	10.0	10.1
Depreciation	1,214	1,284	1,413	1,493
<b>EBIT</b>	<b>3,027</b>	<b>2,713</b>	<b>3,130</b>	<b>3,706</b>
Growth, %	2.3	(10.4)	15.4	18.4
Margin, %	8.0	6.7	6.9	7.2
Interest paid	98	120	138	133
Other Income	303	400	320	323
Non-recurring Items	-	-	-	-
<b>Pre tax profit</b>	<b>3,231</b>	<b>2,993</b>	<b>3,312</b>	<b>3,896</b>
Tax provided	434	449	596	740
<b>Profit after tax</b>	<b>3,208</b>	<b>3,294</b>	<b>3,526</b>	<b>4,047</b>
Minorities/JV shares	411	750	810	891
<b>Net Profit</b>	<b>3,208</b>	<b>3,294</b>	<b>3,526</b>	<b>4,047</b>
Growth, %	52.0	32.2	(20.0)	1.0
<b>Net Profit (adjusted)</b>	<b>3,208</b>	<b>3,294</b>	<b>3,526</b>	<b>4,047</b>
Unadj. shares (m)	78	78	78	78
Wtd avg shares (m)	78	78	78	78

### Balance Sheet

Y/E Mar, Rs mn	FY23	FY24E	FY25E	FY26E
Cash & bank	1,846	2,158	2,941	4,125
Marketable securities at cost	882	917	954	992
Debtors	5,609	7,743	8,691	9,829
Inventory	50	55	61	67
Loans & advances	12	14	17	21
Other current assets	1,866	2,239	2,687	3,224
Total current assets	9,383	12,210	14,397	17,266
Investments	2,482	3,474	3,995	4,595
Gross fixed assets	12,648	14,748	16,948	19,148
<b>Less: Depreciation</b>	<b>(5,471)</b>	<b>(6,754)</b>	<b>(8,167)</b>	<b>(9,660)</b>
Add: Capital WIP	260	183	183	183
Net fixed assets	7,465	8,229	9,016	9,723
Non-current assets	707	900	1,000	1,000
<b>Total assets</b>	<b>20,919</b>	<b>25,730</b>	<b>29,362</b>	<b>33,576</b>
Trade Payables	760	774	869	983
Provisions	283	312	343	377
Total current liabilities	2,135	2,413	2,702	3,045
Non-current liabilities	962	900	846	797
Total liabilities	18,784	23,316	26,660	30,531
Paid-up capital	155	155	155	155
Reserves & surplus	16,863	21,445	24,831	28,738
Minorities	301	307	313	320
Shareholders' equity	17,319	21,907	25,299	29,213
<b>Total equity &amp; liabilities</b>	<b>20,919</b>	<b>25,730</b>	<b>29,362</b>	<b>33,576</b>

### Cash Flow

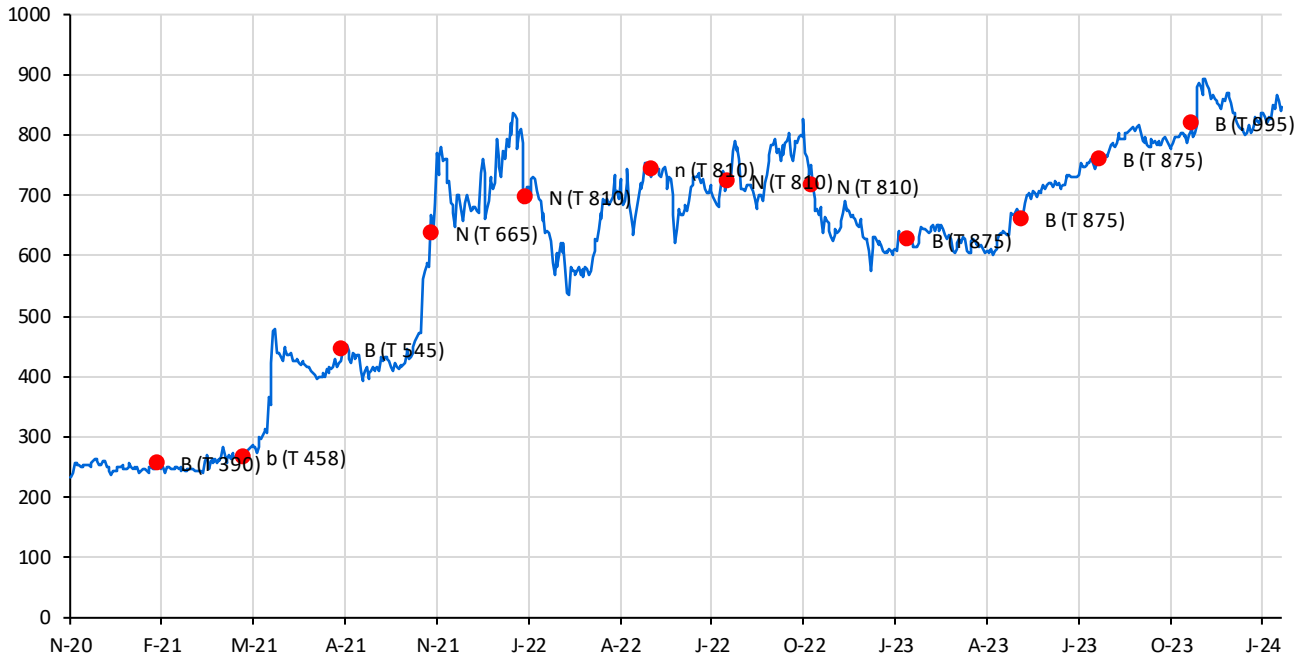
Y/E Mar, Rs mn	FY23	FY24E	FY25E	FY26E
Pre-tax profit	3,231	2,993	3,312	3,896
Depreciation	1,214	1,284	1,413	1,493
Chg in working capital	(588)	(2,236)	(1,116)	(1,342)
Total tax paid	(434)	(449)	(596)	(740)
<b>Cash flow from operating activities</b>	<b>3,629</b>	<b>2,062</b>	<b>3,641</b>	<b>4,008</b>
Capital expenditure	(578)	(2,024)	(2,200)	(2,200)
Chg in investments	(1,186)	(1,028)	(558)	(637)
Chg in marketable securities	-	-	-	-
<b>Cash flow from investing activities</b>	<b>(1,462)</b>	<b>(2,651)</b>	<b>(2,438)</b>	<b>(2,514)</b>
Free cash flow	2,253	(488)	1,316	1,601
Equity raised/(repaid)	271	-	-	-
Debt raised/(repaid)	(22)	(55)	(49)	(43)
Dividend (incl. tax)	(140)	(140)	(140)	(140)
<b>Cash flow from financing activities</b>	<b>(118)</b>	<b>(445)</b>	<b>(456)</b>	<b>(445)</b>
Net chg in cash	2,050	(1,035)	747	1,048

### Valuation Ratios

	FY23	FY24E	FY25E	FY26E
<b>Per Share data</b>				
EPS (INR)	41.3	42.4	45.4	52.1
Growth, %	10.8	2.7	7.1	14.8
Book NAV/share (INR)	219.1	278.1	321.7	372.0
FDEPS (INR)	41.3	42.4	45.4	52.1
CEPS (INR)	56.9	58.9	63.6	71.3
CFPS (INR)	46.7	26.5	46.9	51.6
DPS (INR)	1.5	1.5	1.5	1.5
<b>Return ratios</b>				
Return on assets (%)	16.5	14.1	12.8	12.9
Return on equity (%)	20.1	16.8	14.9	14.8
Return on capital employed (%)	15.3	11.3	10.6	10.7
ROIC (%)	15.5	10.9	10.8	11.4
<b>Turnover ratios</b>				
Asset turnover (x)	5.1	4.9	5.1	5.3
Sales/Net FA (x)	5.1	4.9	5.0	5.3
Working capital/Sales (%)	19.2	24.3	25.8	27.7
Receivable days	51.6	60.4	66.2	65.9
Inventory days	0.8	0.6	0.6	0.6
Payable days	7.8	6.9	6.6	6.6
Working capital days	69.9	88.6	94.2	101.3
<b>Liquidity ratios</b>				
Current ratio (x)	4.4	5.1	5.3	5.7
Quick ratio (x)	0.5	0.5	0.5	0.6
Interest cover (x)	30.8	22.6	22.7	27.9
Total debt/Equity (x)	0.1	0.0	0.0	0.0
Net debt/Equity (x)	(0.1)	(0.1)	(0.1)	(0.1)
<b>Valuation</b>				
PER (x)	21.6	21.0	19.6	17.1
PEG (x) yoy growth	2.0	7.8	2.8	1.2
Price/Book (x)	4.1	3.2	2.8	2.4
EV/Net sales (x)	1.8	1.7	1.5	1.3
EV/EBITDA (x)	16.1	17.0	14.8	12.7
EV/EBIT (x)	22.6	25.0	21.4	17.8

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 "PCIPL" in this report shall mean PhillipCapital (India) Pvt. Ltd unless otherwise stated. This report is prepared and distributed by PCIPL 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 PCIPL to be valid when published. The report also contains information provided to PCIPL by third parties. The source of such information will usually be disclosed in the report. Whilst PCIPL has taken all reasonable steps to ensure that this information is correct, PCIPL 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 PCIPL 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 PCIPL 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 PCIL and the research analyst believe to be reliable, but neither PCIL 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, PCIL 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 PCIL. All rights are reserved. Any unauthorised use or disclosure is prohibited. No reprinting or reproduction, in whole or in part, is permitted without the PCIL'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](http://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. PHILLPCAP 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 PHILLPCAP. 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.