

Institutional Equity Research

## Godawari Power & Ispat

Metal Mining | India

Visit Note | 11 April, 2022

CMP* (Rs)	440
Upside/ (Downside) (%)	25
Bloomberg Ticker	GODPI IN
Market Cap. (Rs bn)	62
Free Float (%)	32
Shares O/S (mn)	141

**BUY** 

1 Year Target Price: Rs551

### Set to Ride the Pellet Demand Wave Coming from China

We recently visited Godawari Power & Ispat's (GPIL) Siltara integrated plant and Urla rolling mill in Chhattisgarh and came back even more convinced about the company's prospects. GPIL is a fully backward integrated steel company with a strong presence across the value chain – from operating captive iron ore mines to manufacturing and selling value-added steel products. The company is one of the largest pellets manufacturers in India and the only manufacturer of high-grade pellets. GPIL has facilities in Chhattisgarh along with two iron ore mines. Apart from pellets, it also manufactures sponge iron, long steel products, ferro alloys and green energy.

The company has embarked on a low-cost capacity expansion plan, wherein it is spending Rs1.25bn to increase its iron ore mining and beneficiation capacity from 2.1mn tonnes to 3.05mn tonnes. In addition, the company is looking to add a 95MW solar power plant for captive use in GPIL and 60MW in HFAL and will be spending Rs6.35bn towards the same. This will reduce the power cost from current Rs5/unit to ~Rs2.5/unit.

#### Capacity expansion

	Current Capacity (MTPA)	Post Expansion	Capex (Rs mn)
Iron ore Mining & Beneficiation	2.1	3.05	1,250
Steel Billets	0.4	0.7	350
Solar PV Project - Rajnandgaon	-	70 MW	2,600
Solar PV Project - Bemetara	-	25 MW	1,100
Solar PV Project – Bemetara - HFAL	-	60 MW	2,650

Source: Company

#### Outlook & Valuation

**We maintain our BUY rating on GPIL, with a 1-year SOTP-based Target Price of Rs551, valuing the company at a mid-cycle EV/EBITDA multiple of 4x on FY24E basis, and at a 33% discount to large steel players.** Godawari Power & Ispat Limited (GPIL) has two captive iron ore mines with a combined production capacity of 2.1mn tonnes, which is being expanded to 3 MTPA. The delivered cost of iron ore from these mines stands at ~Rs3,000/tonne, while the market rate for iron ore is likely to sustain around Rs5,500/t. Current rate is closer to Rs8,500/tonne. Reserves as of now are enough to last for over 35 years. GPIL is set to ride a structural demand shift from low to high quality iron ore led by China. The company's primary product, pellets, is a high value-added iron ore, used in both blast furnaces and DRI plants. The demand for pellets is on the rise in China as sintering facilities are shutting down due to tougher pollution control regulations. While we have factored a decline in pellet realization from Rs12,850/tonne in FY22E to Rs9,250/tonne in FY24E on the back of lower iron ore prices, we believe the company is slated to report a sustainable EBITDA of Rs10bn even beyond FY24E due to firm spreads. Further, GPIL is expected to have a net cash balance of Rs26.66bn at FY24-end. Hence, despite a sharp surge in the stock price in recent years, we believe valuations continue to remain undemanding at 3.2x FY24E EV/EBITDA.

#### Key Financials (Standalone)

Y/E Mar (Rs mn)	FY20	FY21	FY22E	FY23E	FY24E
Revenue	27,740	36,409	50,370	41,420	38,337
EBITDA	4,400	10,440	18,748	12,633	10,900
EBITDA Margin(%)	15.9	28.7	37.2	30.5	28.4
Adj.PAT	1,214	5,628	13,146	8,898	7,716
EPS (Rs)	8.6	39.9	93.3	63.1	54.7
EPS Growth (%)	(43)	364	134	(32)	(13)
PE(x)	51.0	11.0	4.7	7.0	8.0
Dividend Yield (%)	-	1.1	1.2	2.2	1.9
EV/EBITDA (x)	16.7	6.4	2.7	3.3	3.2
RoE (%)	10.1	31.2	35.7	19.6	14.8
RoCE (%)	15.5	39.6	45.9	24.6	18.2

Source: RSec Research

Recos/View	Old	Revised	Change
Recos	BUY	BUY	↔
Price Target (Rs)	551	551	↔
↑ Upgrade   ↔ Maintain   ↓ Downgrade			

Share price (%)	1 mth	3 mth	12 mth
Absolute performance	25.3	57.7	117.9
Relative to Nifty	14.3	57.9	98.4

Shareholding Pattern (%)	Dec-21	Sep-21
Promoter	67.5	67.5
Public	32.5	32.5

#### 1 Year Stock Price Performance



Note: \* CMP as on April 08, 2022

**Research Analyst:**  
Kunal Motishaw

Contact: (022) 4303 4628 / 9820421206  
Email: Kunal.Motishaw@relianceada.com

## Plant & Product Details

### Exhibit 1: Iron Ore Mining (Current Capacity 2.1MTPA)



Source: Company

GPIL has two captive iron ore mines in Chhattisgarh, Ari Dongri and Boria Tibu, with a combined production capacity of 2.1mn tonnes, which is being expanded to 3MTPA. The delivered cost of iron ore from these mines stands at ~Rs3,000/tonne, while the current market rate for iron ore is closer to Rs8,500/tonne. The estimated reserves at Ari Dongri are ~80mn tonnes, while that at Boria Tibu is ~85mn tonnes, with the exploration activity still in process. These mines have sufficient reserves to last over 35 years.

Currently, iron ore from the mines is delivered to the company's plant by road despite having railway sidings nearby. As per the management, the cost/tonne to transport iron ore by road is ~Rs900/tonne compared to the rail cost of ~Rs550-600/tonne. Going forward, iron ore will continue to be transported by road despite the additional cost, as the trucks are owned by villagers nearby and it gives them an employment medium. This we believe displays the highest level of CSR focus of the top management, thus winning investors faith.

Post change in regime of free allocation of iron ore resources, the structure of Indian iron ore industry has been altered. Around 30% of India's iron ore industry got auctioned and it saw heightened bidding. Two major impacts, one most of these erstwhile merchant mines were taken away by large steel companies reducing retail supply of iron ore. Secondly, the royalty bid was on average around 90-100% of iron ore selling price and this has increased the cost curve permanently by Rs1,500/t.

GPIL was allocated two iron ore mines in 2006. It battled through low-grade reserves of magnetite ore and Naxalite issues to get these mines up and running, turning these adversities into an opportunity by putting up a pellet plant to make this iron ore usable and is now ramping up capacity to 3MTPA from 2.1 MTPA currently. These mines are valid for over 30yrs, and production costs stand at ~Rs3,000/tonne. This gives GPIL competitive advantage, which we believe is going to increase further as ~30% of iron ore capacity in India recently got auctioned and saw royalty bids in the range of 90% -140% of selling price. The bidders had to quote a percentage of selling price to be paid as royalty and the highest bid has been declared winner. IBM (Indian Bureau of Mines) publishes market rates for various minerals, and they form basis for calculation of this royalty.

The iron ore mines which were auctioned in Orissa were previously classified as merchant mines, however given the intense competition only 19% mines have been won by merchant miners. These winning bids were at an average premium of 129% of the IBM (Indian Bureau of Mines) price. What it means is that these merchant miners are willing to pay 129% of the market price (as published by IBM) and in addition they will have to pay 20% of selling price as existing royalty and District Mineral Fund charges and 5% GST. If integrated steel players like JSW expect costs from these mines to be much higher than current market rate, then merchant miners do not stand a chance. We believe that there could be a high possibility that these mines which have been won by merchant mines would end up being re-auctioned.



**Exhibit 2: Pellet Plant (Current Capacity 2.4MTPA)**

Source: Company

GPIL recently commissioned its iron ore beneficiation plant and now all the production of iron ore pellets are of high grade (66%+ Fe). Notably, due to the use of these high-grade pellets, for making billets, the steel quality is now at par with the big steel companies. Pellet price premium over iron ore prices has been on an uptrend over the past few years, as GPIL has been increasing the value-addition and productivity to improve its sustainable EBITDA. Further, we believe that GPIL's improving competitive advantage over peers will continue due to the increase in iron ore's marginal cost of production. Around 1.1 tonne of iron ore is required to make 1 tonne of pellet.

**Exhibit 3: Iron ore Pellets**

Source: Company

**Exhibit 4: Sponge Iron Plant (Current Capacity 0.495mn tonnes)**

Source: Company

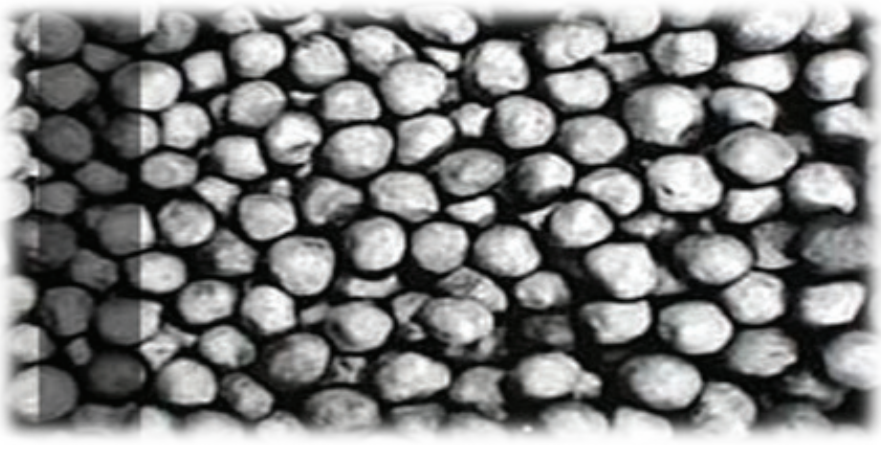
GPIL operates a 0.495MTPA sponge iron plant that has been expanded to 0.6MTPA. While the capacity has been enhanced, the company is awaiting the state pollution control board's permission, which has been delayed and is expected soon. The sponge iron plant runs only on RB1 South African coal (16% ash content), as the domestic coal quality is inferior and hence 100% is imported. 1 tonne of DRI (direct reduced iron)/sponge iron requires ~1.3 tonnes of pellet and ~800kg of coal. The current cost/tonne to produce 1 tonne of DRI is ~Rs33,300/tonne, while the realization is ~Rs38,000/tonne. ~90% of the sponge iron produced is consumed internally to make billets.



**Exhibit 5: Power Plant**

Source: Company

GPIL has In-plant power generation capacity of 73 MW. Out of which 42 MW captive energy is from waste heat recovery; 11 MW is from coal thermal plant and 20 MW is biomass power capacity. This is used for captive consumption. DRI production emits hot gases which is used to produce power that is used for captive consumption. 1 Ton of sponge iron leads to 450 KWH of power generation.

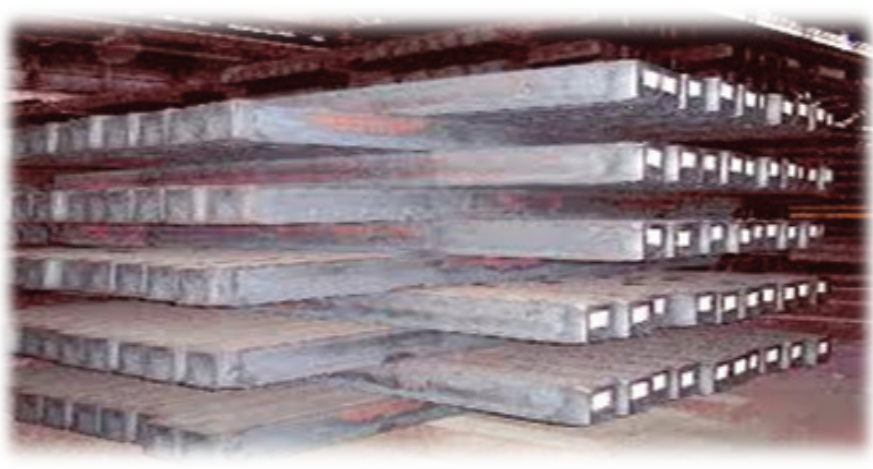
**Exhibit 6: Sponge Iron**

Source: Company

**Exhibit 7: Steel Melting Shop/Billets (Current Capacity 0.4MTPA)**

Source: Company

GPIL has a 0.4MTPA steel melting shop, which is used to make billets. This induction furnace uses 92% DRI and 8% scrap to make billets. The company is in the process of increasing capacity from 0.4MTPA to 0.7MTPA, with an outlay of Rs600mn. However, due to some changes in business plan, the increase in capacity has been delayed to 4QFY23, from 4QFY22. ~1.12 tonne of sponge iron is required to make 1 tonne of billet. Further, ~80% of the billet is used to make wire rods, while the balance is sent to its subsidiary RR Ispat.

**Exhibit 8: Steel Billets**

Source: Company



**Exhibit 9: Silico Manganese Plant (Current Capacity 16,500TPA)**



Source: Company

GPIL operates a 16,500TPA ferro alloy plant, which manufactures silico manganese. Silico manganese is an alloy with 65% to 68% manganese, 16% to 21% silicon, and 1.5% to 2% carbon. It is produced by smelting of slag from high-carbon ferro manganese or manganese ore with coke and a quartz flux. The company uses ~40% of the output for captive use, while the balance is sold either domestically or exported as per demand.

**Exhibit 10: Silico Manganese**



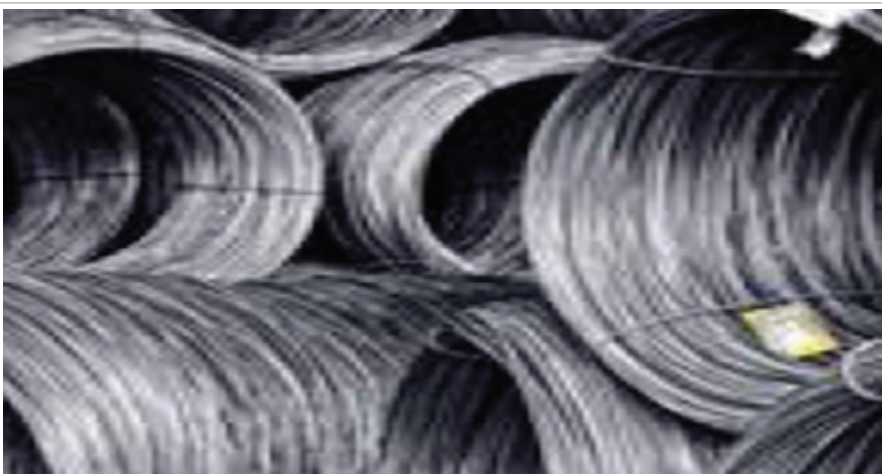
Source: Company

Notably, ~12-13kg of silico manganese is required to produce 1 tonne of steel.

**Exhibit 11: Rolling Mill & Wire Rods (Current Capacity – 0.4MTPA)**

Source: Company

GPIL operates a 0.4MTPA wire rods mill that offers different sizes like 5mm, 5.5mm and 6mm diameters, TMT in 5.5mm-6mm and cold rolled TMT also known as "Taquari" in 5mm diameters from this unit. The mill is operated with advanced rolling equipment such as reducing and sizing mill (RSM), high speed shear, pinch rolls and laying heads along with controlled temperature rolling and controlled cooling to meet the processing requirements of various grades of carbon and alloy steel

**Exhibit 12: Wire Rods**

Source: Company

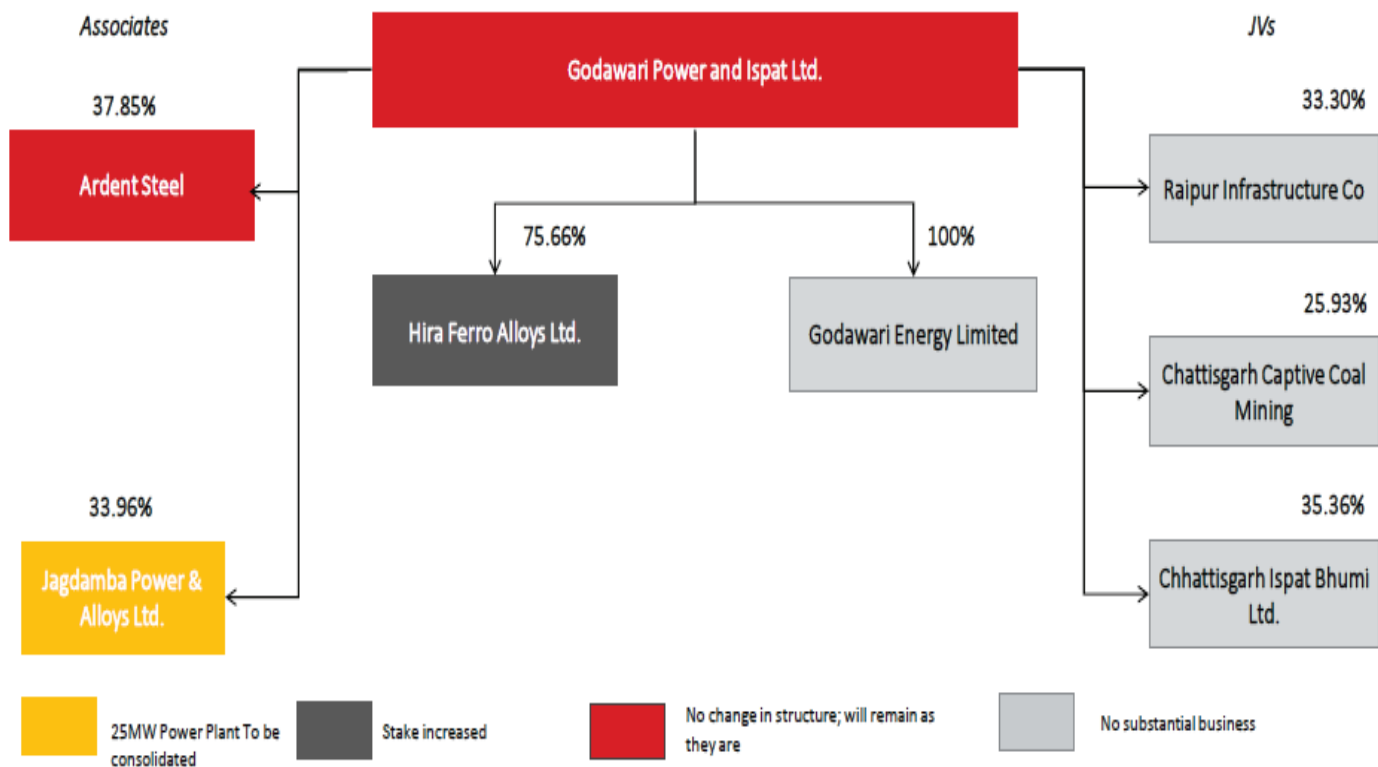


**Exhibit 13: Solar PV Project – Rajnandgaon – (Current Capacity – 70MW)**

Source: Company

GPIL is in the process of commissioning its 70MW solar plant at Rajnandgaon, with a capex of Rs2.6bn. The company targets to commission it by the end of this month as the panel fittings for ~40MW are yet to be done. The solar plant is spread over 185 acres and is expected to generate 0.15mn units of power per MW and will operate at 17.5% PLF. The maintenance contract has been given to an O&M company @Rs0.275mn/MW/year, with a 4% per annum price escalation for the next 5 years. Power generated from this plant will be offered to the grid through open access and net metering, while GPIL will draw power at its Siltara plant through the grid. There are no transmission and wheeling charges in Chhattisgarh, only banking charges of Rs2.5/unit will be levied. Normal charges of power from grid are Rs6.75/unit. So, saving of Rs4.25/unit will be there.

Exhibit 14: Group Structure



Source: Company



## Key Revenue Stream

GPIL (Rs36bn - FY21) (Standalone)				
Key Product Segment	Iron Ore Pellets	MS Rounds	Steel Billets	Others
Revenue (Rs mn FY21)	16,152	6,176	4,600	9,480
Revenue Mix (%)	44	17	13	26
CAGR (FY16-FY20) (%)	19	56	17	9
CAGR (FY21-FY24E) (%)	(2)	5	11	0

### Key Sectoral Theme

- ▶ We believe that domestic steel companies are well-positioned to benefit from multi-year high spreads due to structural advantages. We are of the opinion that China is serious on its path to controlling production, lowering exports and decarbonisation, which means that there will be higher capex / opex and hence, structurally we see better spreads as compared to past cycles. Further, the Indian steel industry demand is poised to grow with considerable investments expected in the construction, infrastructure, and manufacturing sectors in view of the expected economic revival over the next few years.

### Key Investment Theme

- ▶ Captive iron ore - the biggest competitive advantage - GPIL has two captive iron ore mines with a combined production capacity of 2.1mn tonnes, which is being expanded to 3 MTPA. The delivered cost of iron ore from these mines stands at ~Rs3,000/tonne, while the market rate for iron ore is likely to sustain around Rs5,500/t. Current rate is closer to Rs8,500/tonne. Reserves as of now are enough to last for over 20 years.
- ▶ Net cash balance sheet to help next leg of growth - GPIL has reduced its debt significantly from Rs 12.5bn in FY15 to Rs 4.42bn in FY21. In 1HFY22, GPIL became debt free on a standalone basis and we expect the company to have net cash to the tune of Rs27.83bn by the end of FY24E. Also, company has been looking to simplify its corporate structure while disposing non-core assets. GPIL has turned into a pure play full integrated steel major.

### Key Risks

- ▶ Lower than estimated realisation
- ▶ Export tax on Pellets

## Key Charts

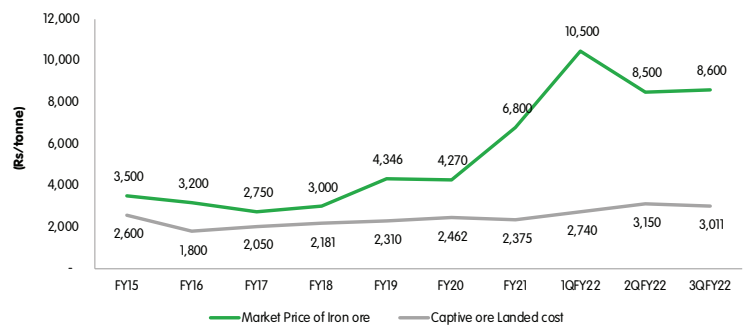
► GPIL has two captive iron ore mines with a combined production capacity of 2.1mn tonnes, which is being expanded to 3 MTPA. The delivered cost of iron ore from these mines stands at ~Rs3,000/tonne, while the market rate for iron ore is likely to sustain around Rs5,500/t. Current rate is closer to Rs8,500/tonne. Reserves as of now are enough to last for over 20 years.

► GPIL recently commissioned its iron ore beneficiation plant and now all the production of iron ore pellets is high grade (66%+ Fe). It must be noted that due to using these high-grade pellets, for making billets, the quality of steel is now at par with big steel companies.

► Pellet Price premium over iron ore prices have been on an uptrend over the past few years as GPIL has been increasing value addition and productivity to improve its sustainable EBITDA. Further, we believe that the improving competitive advantage of Godawari over its peers will continue due to rise in marginal cost of production of iron ore.

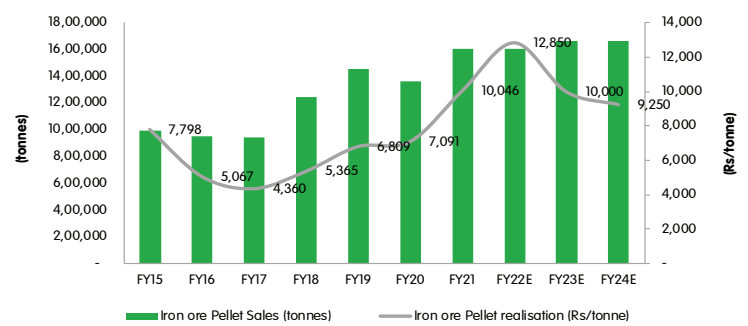
► GPIL's focus over the past few years has been to deleverage its balance sheet. Supported by strong cashflows, the company has been repaying almost 2x the scheduled repayments due and has become debt free on a standalone basis in 2HFY22. Further, despite prepaying debt, the company has been able to undertake low capex projects with payback period of less than 1-year to enhance the sustainable EBITDA

Exhibit 15: Captive Mining Advantage



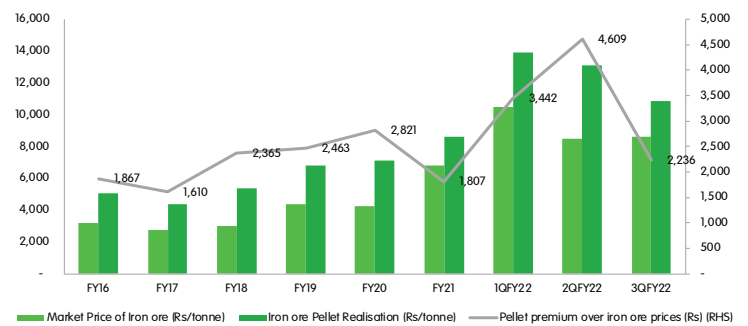
Source: Company, RSec Research

Exhibit 16: Pellets to remain backbone of the company



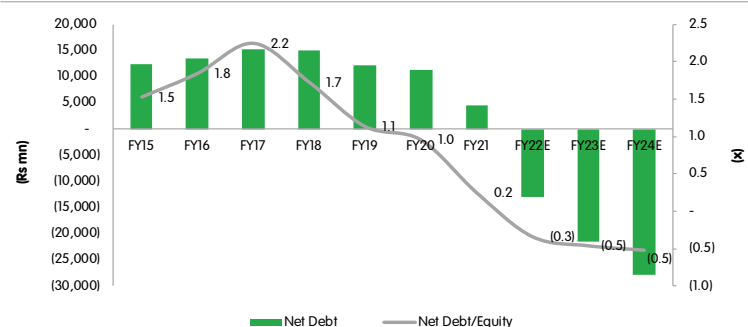
Source: Company, RSec Research

Exhibit 17: Pellet realisation Vs. Iron ore



Source: Company, RSec Research

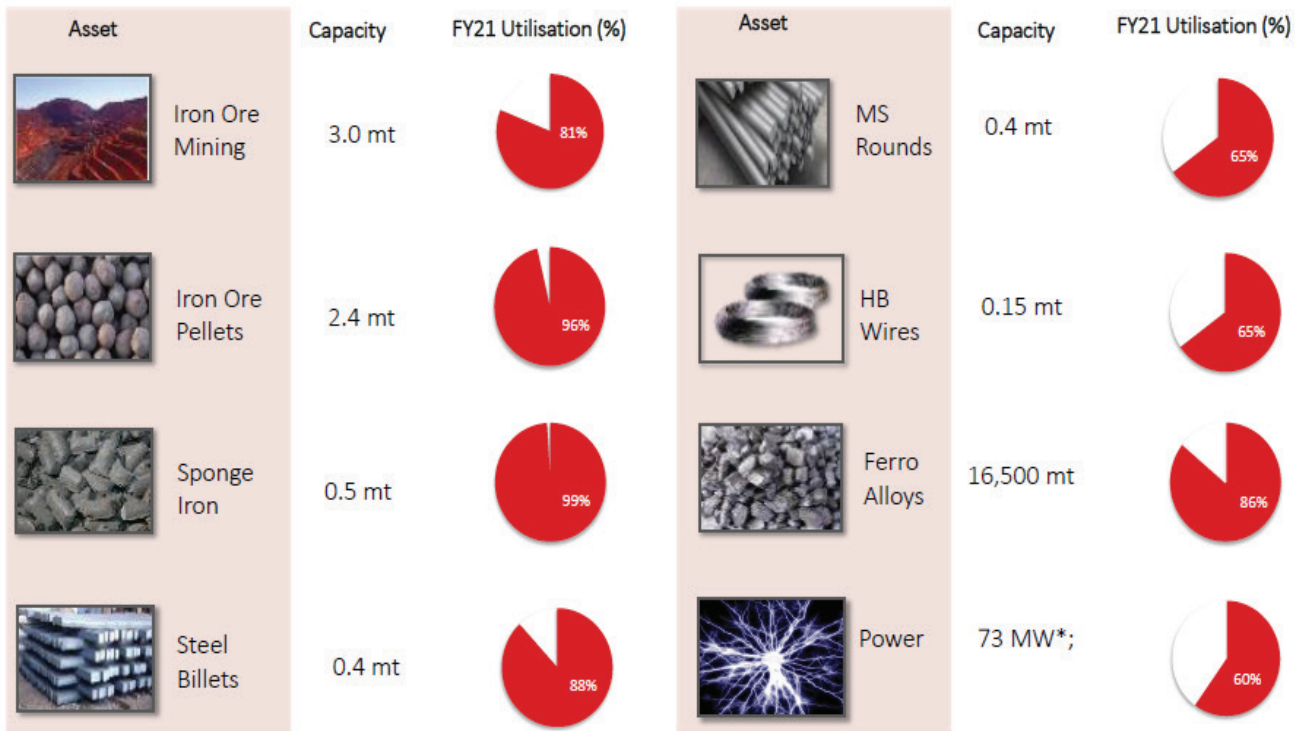
Exhibit 18: Healthy balance sheet



Source: Company, RSec Research



Exhibit 19: FY21 Utilization



mt: Million tonnes  
\* excluding 50 MW of solar power

Source: Company

## Key Financials

### Profit & Loss Statement (Standalone)

Y/E Mar (Rs mn)	FY20	FY21	FY22E	FY23E	FY24E
<b>Net Sales</b>	<b>27,740</b>	<b>36,409</b>	<b>50,370</b>	<b>41,420</b>	<b>38,337</b>
Less:-					
Raw Material Costs	(16,182)	(17,234)	(20,733)	(19,440)	(18,515)
Employee Costs	(1,083)	(1,240)	(1,413)	(1,554)	(1,710)
Other Expenses	(6,075)	(7,496)	(9,476)	(7,792)	(7,212)
<b>EBITDA</b>	<b>4,400</b>	<b>10,440</b>	<b>18,748</b>	<b>12,633</b>	<b>10,900</b>
margins%	15.9%	28.7%	37.2%	30.5%	28.4%
Other Income	29	52	20	492	662
Finance Cost	(1,537)	(1,100)	(226)	(186)	(172)
Depreciation	(916)	(965)	(1,013)	(1,075)	(1,102)
Less:- Exceptional Items	-	630	-	-	-
<b>PBT</b>	<b>1,976</b>	<b>9,057</b>	<b>17,528</b>	<b>11,864</b>	<b>10,288</b>
Taxes	(762)	(2,800)	(4,382)	(2,966)	(2,572)
<b>Reported PAT</b>	<b>1,214</b>	<b>6,258</b>	<b>13,146</b>	<b>8,898</b>	<b>7,716</b>
<b>Adjusted PAT</b>	<b>1,214</b>	<b>5,628</b>	<b>13,146</b>	<b>8,898</b>	<b>7,716</b>
<b>Total outstanding Shares (mn)</b>	<b>140.9</b>	<b>140.9</b>	<b>140.9</b>	<b>140.9</b>	<b>140.9</b>
Reported EPS (Rs)	8.6	44.4	93.3	63.1	54.7
Adjusted EPS (Rs)	8.6	39.9	93.3	63.1	54.7



**Balance Sheet (Standalone)**

Y/E Mar (Rs mn)	FY20	FY21	FY22E	FY23E	FY24E
<b>EQUITY &amp; LIABILITIES</b>					
<b>Shareholders funds</b>					
Share Capital	341	341	682	682	682
Reserves and Surplus	11,631	17,719	36,094	44,604	51,454
Net Worth	11,972	18,060	36,776	45,286	52,137
<b>Non-Current Liabilities</b>					
Long term Borrowings	10,023	4,112	-	-	-
Deferred Tax Liabilities	402	1,612	1,612	1,612	1,612
Other Long Term Liabilities	21	30	53	40	34
Long Term Provisions	117	139	168	138	128
<b>Current Liabilities</b>					
Short Term Borrowings	1,527	789	1,007	828	767
Trade Payables	1,298	1,958	1,215	977	971
Other Current Liabilities	909	1,302	1,512	1,244	1,151
Short Term Provisions	-	8	8	8	8
<b>TOTAL EQUITY AND LIABILITIES</b>	<b>26,269</b>	<b>28,008</b>	<b>42,351</b>	<b>50,133</b>	<b>56,806</b>
<b>ASSETS</b>					
<b>Non-Current Assets</b>					
Fixed Assets	13,689	13,135	13,582	13,864	13,362
Intangible Assets	1,029	928	839	760	719
Capital Work-In-Progress	529	610	625	1,700	3,400
Total Non Current Assets	15,247	14,672	15,046	16,323	17,481
Non Current Investments	3,463	3,411	2,433	2,733	2,733
Other Non-Current Assets	120	110	157	129	120
<b>Deferred Tax Assets</b>					
<b>Current Assets</b>					
Inventories	4,459	4,981	6,900	5,674	5,252
Trade Receivables	1,554	2,661	2,760	2,270	2,101
Cash and Bank Balance	168	480	12,829	21,173	27,426
Other Current Assets	1,259	1,693	2,226	1,830	1,694
<b>TOTAL ASSETS</b>	<b>26,269</b>	<b>28,008</b>	<b>42,351</b>	<b>50,133</b>	<b>56,806</b>

**Cash Flow Statement**

Y/E Mar (Rs mn)	FY20	FY21	FY22E	FY23E	FY24E
<b>Operating cash flow</b>					
Profit Before Tax	1,976	8,427	17,528	11,864	10,288
Interest Expense	1,537	1,100	226	186	172
Interest / Dividend Income	(22)	(17)			
Depreciation	916	965	1,013	1,075	1,102
Other non cash items	(29)	78	33		
<b>Change in Working Capital</b>					
Change in Inventory	1,125	(522)	(1,919)	1,226	422
Change in Recievables	(286)	(1,184)	(99)	490	169
Change in Payables	(524)	660	743	238	7
Change in Others	(132)	(201)	(201)	(201)	(201)
Tax Paid	(604)	(1,297)	(4,382)	(2,966)	(2,572)
<b>Operating cash flow</b>	<b>3,958</b>	<b>8,009</b>	<b>12,944</b>	<b>11,913</b>	<b>9,388</b>
<b>Investing cash flow</b>					
Capex	(1,461)	(365)	(1,375)	(2,325)	(2,200)
Sale of Asset			6,400		
Investment income	22	17	17	17	17
Other investing cash flow	2	690	690	690	690
Net Investment	119	(251)	(251)	(251)	(251)
Increase of Stake in Subsidiary			(1,171)		
<b>Investing cash flow</b>	<b>(1,318)</b>	<b>91</b>	<b>4,311</b>	<b>(1,869)</b>	<b>(1,744)</b>
<b>Financing cash flow</b>					
Equity Issuance / Buy Back	-	-	341	-	-
Debt Issuance / Redemption	(322)				
Dividends Paid	-	(176)	(723)	(1,335)	(1,157)
Interest paid	(1,537)	(1,100)	(226)	(186)	(172)
Repayment of Borrowing	(774)	(6,763)	(3,893)	(179)	(62)
<b>Financing cash flow</b>	<b>(2,633)</b>	<b>(8,039)</b>	<b>(4,501)</b>	<b>(1,700)</b>	<b>(1,391)</b>
Total cash flow	7	61	12,754	8,345	6,253
Opening Cash Balance	7	14	75	12,829	21,173
<b>Closing Cash Balance</b>	<b>14</b>	<b>75</b>	<b>12,829</b>	<b>21,173</b>	<b>27,426</b>



**Key Ratios**

Y/E Mar	FY20	FY21	FY22E	FY23E	FY24E
Adj EPS (Rs)	8.6	39.9	93.3	63.1	54.7
Adj EPS growth (%)	(43)	364	134	(32)	(13)
EBITDA margin (%)	15.9	28.7	37.2	30.5	28.4
Pre-tax margin (%)	7.1	24.9	34.8	28.6	26.8
ROE (%)	10.1	31.2	35.7	19.6	14.8
ROCE (%)	15.5	39.6	45.9	24.6	18.2
<b>Turnover &amp; Leverage ratios (x)</b>					
Asset turnover (x)	1.1	1.3	1.2	0.8	0.7
Net margin (%)	4.4	15.5	26.1	21.5	20.1
Net Debt/Equity (x)	1.0	0.2	(0.3)	(0.4)	(0.5)
<b>Working Capital &amp; Liquidity ratio</b>					
Inventory days	66	47	50	50	50
Receivable days	18	21	20	20	20
Payable days	21	16	20	20	20

## Change in Ratings

We have changed our rating system and included **HOLD** recommendation. We have **BUY, HOLD and SELL** recommendation now.

We have also shifted to **1-Year Target Price** from **2-Year Target Price**.

## Rating History

Date	Reco	CMP	TP
25 Mar 22	BUY	389	551

[PLEASE CLICK HERE FOR PREVIOUS REPORTS](#)

## Rating Guides

Rating	Expected absolute returns (%) over 12 months
BUY	≥10%
HOLD	0% to <10%
SELL	<0%

Reliance Securities Limited (RSL), the broking arm of Reliance Capital is one of the India's leading retail broking houses. Reliance Capital is amongst India's leading and most valuable financial services companies in the private sector. Reliance Capital has interests in asset management and mutual funds, life and general insurance, commercial finance, equities and commodities broking, wealth management services, distribution of financial products, private equity, asset reconstruction, proprietary investments and other activities in financial services. The list of associates of RSL is available on the website [www.reliancecapital.co.in](http://www.reliancecapital.co.in). RSL is registered as a Research Analyst under SEBI (Research Analyst) Regulations, 2014

**General Disclaimers:** This Research Report (hereinafter called 'Report') is prepared and distributed by RSL for information purposes only. The recommendations, if any, made herein are expression of views and/or opinions and should not be deemed or construed to be neither advice for the purpose of purchase or sale of any security, derivatives or any other security through RSL nor any solicitation or offering of any investment /trading opportunity on behalf of the issuer(s) of the respective security(ies) referred to herein. These information / opinions / views are not meant to serve as a professional investment guide for the readers. No action is solicited based upon the information provided herein. Recipients of this Report should rely on information/data arising out of their own investigations. Readers are advised to seek independent professional advice and arrive at an informed trading/investment decision before executing any trades or making any investments. This Report has been prepared on the basis of publicly available information, internally developed data and other sources believed by RSL to be reliable. RSL or its directors, employees, affiliates or representatives do not assume any responsibility for, or warrant the accuracy, completeness, adequacy and reliability of such information / opinions / views. While due care has been taken to ensure that the disclosures and opinions given are fair and reasonable, none of the directors, employees, affiliates or representatives of RSL shall be liable for any direct, indirect, special, incidental, consequential, punitive or exemplary damages, including lost profits arising in any way whatsoever from the information / opinions / views contained in this Report.

**Risks:** Trading and investment in securities are subject to market risks. There are no assurances or guarantees that the objectives of any of trading / investment in securities will be achieved. The trades/ investments referred to herein may not be suitable to all categories of traders/investors. The names of securities mentioned herein do not in any manner indicate their prospects or returns. The value of securities referred to herein may be adversely affected by the performance or otherwise of the respective issuer companies, changes in the market conditions, micro and macro factors and forces affecting capital markets like interest rate risk, credit risk, liquidity risk and reinvestment risk. Derivative products may also be affected by various risks including but not limited to counter party risk, market risk, valuation risk, liquidity risk and other risks. Besides the price of the underlying asset, volatility, tenor and interest rates may affect the pricing of derivatives.

**Disclaimers in respect of jurisdiction:** The possession, circulation and/or distribution of this Report may be restricted or regulated in certain jurisdictions by appropriate laws. No action has been or will be taken by RSL in any jurisdiction (other than India), where any action for such purpose(s) is required. Accordingly, this Report shall not be possessed, circulated and/or distributed in any such country or jurisdiction unless such action is in compliance with all applicable laws and regulations of such country or jurisdiction. RSL requires such recipient to inform himself about and to observe any restrictions at his own expense, without any liability to RSL. Any dispute arising out of this Report shall be subject to the exclusive jurisdiction of the Courts in India.

**Disclosure of Interest:** The research analysts who have prepared this Report hereby certify that the views /opinions expressed in this Report are their personal independent views/opinions in respect of the securities and their respective issuers. None of RSL, research analysts, or their relatives had any known direct /indirect material conflict of interest including any long/short position(s) in any specific security on which views/opinions have been made in this Report, during its preparation. RSL's Associates may have other potential/material conflict of interest with respect to any recommendation and related information and opinions at the time of publication of research report. RSL, its Associates, the research analysts, or their relatives might have financial interest in the issuer company(ies) of the said securities. RSL or its Associates may have received a compensation from the said issuer company(ies) in last 12 months for the brokerage or non brokerage services. RSL, its Associates, the research analysts or their relatives have not received any compensation or other benefits directly or indirectly from the said issuer company(ies) or any third party in last 12 months in any respect whatsoever for preparation of this report.

The research analysts has served as an officer, director or employee of the said issuer company(ies)?: No

RSL, its Associates, the research analysts or their relatives holds ownership of 1% or more, in respect of the said issuer company(ies)?: No

**Copyright:** The copyright in this Report belongs exclusively to RSL. This Report shall only be read by those persons to whom it has been delivered. No reprinting, reproduction, copying, distribution of this Report in any manner whatsoever, in whole or in part, is permitted without the prior express written consent of RSL.

RSL's activities were neither suspended nor have defaulted with any stock exchange with whom RSL is registered. Further, there does not exist any material adverse order/judgments/strictures assessed by any regulatory, government or public authority or agency or any law enforcing agency in last three years. Further, there does not exist any material enquiry of whatsoever nature instituted or pending against RSL as on the date of this Report.

Important These disclaimers, risks and other disclosures must be read in conjunction with the information / opinions / views of which they form part of.

**RSL CIN:** U65990MH2005PLC154052. SEBI registration no. (Stock Brokers: NSE - INB / INF / INE 231234833; BSE - INB / INF / INE 011234839, Depository Participants: CDSL IN-DP-257-2016 IN-DP-NSDL-363-2013, Research Analyst: INH000002384); AMFI ARN No.29889.