

## TATA MOTORS

*Eye on the future*

INR 725

BUY

for more reports!



Tata Motors's Q4FY07 results were marginally ahead of our expectations primarily on higher-than-expected other income. Net profit, without adjusting for foreign exchange gains, increased 28.4% Y-o-Y to INR 5.77 bn. The company booked a forex gain of INR 602 mn, on hedging its export receivables and translation of its outstanding FCCB issue. Adjusted for forex gains (considering hedging gains as operating income), EBITDA margins declined steeply by 145bps Q-o-Q to 11.3% in Q4FY07. We believe that Tata Motors faced margin pressures following slow down in CV sales and therefore, the sales mix had a higher proportion of passenger vehicles.

The basic demand drivers for CV sales i.e., freight generation from improved industrial activity and stable freight operator profitability rates, remain intact. However, in context of the recent rise in interest rates we are cautious on the volume growth outlook in the near term. Sales for the first quarter may decline by 6-8%. We continue to like the stock on back the of stable CV volume growth expectation for FY08, improved volume outlook for the car business on new model launches in the next few months, steady margins, and value in the balance sheet. The stock, at 11.6x FY08E and 10.2x FY09E consolidated earnings, looks attractive in relation to the rest of the automobile space. We reiterate 'BUY' recommendation.

## Result highlights

- ◆ **Robust revenue growth:** Tata Motors's Q4FY07 net revenues increased by 19.6% to INR 82.4 bn, driven by an overall 16% Y-o-Y increase in volumes. Net revenues have been adjusted for hedging gains on export receivables. Average selling price (adjusting for translational gains on forex) increased 3.1% Y-o-Y, but was down 1.3% Q-o-Q, as the product mix favored LCVs and passenger cars with M&HCV sales slowing down in March.
- ◆ **Margins hit by product mix:** EBITDA margins, again adjusting for translational forex losses, fell 145bps Q-o-Q and 125bps Y-o-Y. The Y-o-Y margin decline also has to be seen in context of the absence of vehicle finance income which contributed about 5-6% to EBITDA, or about 50-60bps to EBITDA margin. Without the adjustments, the EBITDA margin fell 210bps Q-o-Q and 125bps Y-o-Y.
- ◆ **Net profit above expectations:** Net profit, unadjusted, increased 28.4% Y-o-Y to INR 5.77 bn. Adjusted for forex gain, net profit increased 27.6% Y-o-Y to INR 5.5 bn. Consolidated EPS for FY07 stood at INR 56.3, in line with our estimates.

## Financials

Year to March	Q4FY07	Q4FY06	Y-o-Y%	Q3FY07	Q-o-Q%	FY07E	FY08E
Net revenues (INR mn)	82,351	68,828	19.6	68,852	19.6	274,755	313,623
EBITDA (INR mn)	9,663	8,928	8.2	9,522	1.5	33,134	33,521
Net profit (INR mn)	5,771	4,494	28.4	5,136	12.4	19,149	21,491
EPS (INR)	15.0	11.7	27.6	13.3	12.3	49.7	55.0
P/E (x)						14.6	13.2
Consolidated EPS (INR)						56.3	62.3
Consolidated P/E (x)						12.9	11.6
EV/EBITDA (x)						9.1	7.4
ROE (%)						28.0	24.8

May 21, 2007

Ashutosh Goel  
+91-22-2286 4287  
ashutosh.goel@edelcap.com

Reuters : TAMO.BO  
Bloomberg : TTMT IN

## Market Data

52-week range (INR) : 975 / 651  
Share in issue (mn) : 382.9  
M cap (INR bn/USD mn) : 277.5 / 6,804.9  
Avg. Daily Vol. BSE/NSE ('000) : 2,006.6

## Share Holding Pattern (%)

Promoters : 33.4  
MFs, Fls & Banks : 16.4  
FIs : 19.9  
Others : 30.3

Visit <http://deadpresident.blogspot.com> for more reports!

### Other highlights

#### \* Volume outlook: Moderate for M&HCVs; robust for LCVs

We expect M&HCV sales growth to moderate to around 10% in FY08E (on the higher base of FY07) from 33% in FY07. We believe basic demand drivers for CV sales—freight generation from improved industrial activity and stable freight operator profitability rates—remain intact. However, the rising interest rate scenario impels us to express caution on volume growth in the near term. The first quarter could, in fact, see a decline vis-à-vis the previous year. LCV sales growth is expected to remain strong at around 25% for FY08E on the back of strong sales of the *Tata ACE* with enhanced capacity and nationwide rollout. The greenfield plant at Uttarakhand for making *Tata ACE* and its variants has commenced operations in April with a capacity of 100,000 units p.a.

#### \* Passenger vehicle segment to grow in line with industry

Tata Motors's passenger vehicle business is expected to remain robust in FY08, with the company being present in the high growth compact and entry-level mid-size segments. However, with new models being launched by other players (*Chevrolet Spark*, *New Hyundai Getz*, and *Mahindra Logan*) in these segments, we expect pricing power and profitability to remain under pressure.

Maruti's *Swift* diesel continues to perform well in the market and we expect some impact on the top-end of *Indica diesel* /*Indigo DICOR*. The company launched the *Tata Indigo XL* (petrol version costs INR 670,000 and the diesel version costs INR 735,000) expanding its product portfolio in the mid-size segment.

The company commenced construction work for its small car project at Singur, West Bengal, in January 2007 and expects to launch the car by mid-2008. There continue to be protests and attempts at disruption of construction work at the site and if the situation continues, we believe, it could potentially delay the launch of the car by a few months.

The Tata-Fiat alliance will add strength to Tata Motors's passenger car business, through access to technology (particularly powertrain), products, and overseas markets. The manufacturing joint venture at Ranjangaon will also provide Tata Motors with enhanced assembly capacity.

#### \* Capacity expansion and capital expenditure programme

Tata Motors is running near capacity in most of its product segments and has embarked on a programme to significantly enhance capacity. The company has indicated a capex programme of INR 120 bn over the next three-four years (FY07-10). Of this, about INR 40 bn is for capacity expansion and sustenance and around INR 80 bn is for new products including the *World Truck*.

In addition, the company is expected to invest in a new joint venture and subsidiaries. In FY07, the company invested around INR 5.5 bn in TML Financial Services (INR 2 bn in Q4FY07) and about INR 116 mn in Tata Motors (Thailand) Ltd. (its 70:30 joint venture with Thonburi for making pick-ups in Thailand).

Visit <http://deadpresident.blogspot.com> for more reports!

**Table 1: Tata Motors—Capacity expansion plan over next two years**

('000 p.a.)	Current capacity	Expansion to	When
Cars	225	300	Mar-08
Utility vehicles	60	90	Mar-08
LCV	60	90	Mar-08
Ace	75	200	Oct-07
M&HCV	175	275	Jun-08

Source: Company

**Table 2: Tata Motors—Capital expenditure planned over next three-four years**

	(INR bn)
Routine sustenance & capacity expansion	40
New product launches	80
<b>Total</b>	<b>120</b>

Source: Company

#### \* Incremental vehicle financing through TMLFS

Tata Motors hived off its vehicle finance business into a separate subsidiary, TML Financial Services (TMLFS), in Q3FY07. We expect this move to reduce the strain on Tata Motors's balance sheet. Most of the incremental vehicle financing business will be done through TMLFS, though Tata Motors's vehicle financing business cannot be discontinued in the near future, in order to obtain tax benefits from the accumulated losses of Tata Finance which was merged with Tata Motors in 2005. The absence of vehicle financing income has removed 50-60bps from the EBITDA margin this quarter on a Y-o-Y basis.

**Table 3: Tata Motors—Key balance sheet data**

	Mar-07	Dec-06
Gross total debt	40.1	40.3
Net debt	33.0	35.3
Investible surplus	7.1	4.9
Capex (cumulative upto)	23.0	15.7
Vehicle finance		
Disbursals (cumulative upto)	94.2	63.6
Tata Motors	54.3	48.2
TML Financial services	39.9	15.4
Outstanding receivables	85.5	64.3
Tata Motors	42.9	49.3
TML Financial services	42.6	15.0

Source: Company

#### \* Subsidiary performance robust

Key subsidiaries of Tata Motors have continued their robust performance with aggregate profits increasing by 82% Y-o-Y in Q4FY07 and by 71% Y-o-Y for FY07.

Visit <http://deadpresident.blogspot.com> for more reports!

**Table 4: Tata Motors—Quarterly performance of key subsidiaries**

	Turnover (INR mn)		Change (%)	PAT (INR mn)		Change (%)
	Q4FY07	Q4FY06		Q4FY07	Q4FY06	
Tata Daewoo, Korea	7,117	4,757	49.6	161	125	29.1
Telco construction equipment	6,191	4,350	42.3	664	347	91.4
Tata Technologies (Cons.)	4,263	2,187	94.9	103	(25)	(515.4)
HV Transmissions	505	372	35.8	123	92	34.6
HV Axles	570	435	31.1	131	159	(17.5)
TML Financial services	1,081	-	NM	89	-	NM

Source: Company

**Table 5: Tata Motors—Annual performance of key subsidiaries**

	Turnover (INR mn)		Change (%)	PAT (INR mn)		Change (%)
	FY07	FY06		FY07	FY06	
Tata Daewoo, Korea	23,336	15,849	47.2	830	583	42.4
Telco Construction Equipment	18,277	13,050	40.1	1,839	868	111.9
Tata Technologies (Cons.)	9,605	5,450	76.2	163	116	40.5
HV Transmissions	1,756	1,277	37.5	450	301	49.5
HV Axles	1,967	1,439	36.7	579	463	25.1
TML Financial services	1,602	-	NM	128	-	NM

Source: Company

Visit <http://deadpresident.blogspot.com> for more reports!

Financial snapshot (Standalone)	(INR mn)							
	Q4FY07	Q4FY06	Y-o-Y%	Q3FY07	Q-o-Q%	FY06	FY07	FY08E
<b>Volumes</b>								
CV	87,475	71,475	22.4	77,226	13.3	214,950	298,681	389,648
M&HCV	51,076	43,060	18.6	44,824	13.9	128,714	172,889	203,069
LCV	36,399	28,415	28.1	32,402	12.3	86,236	125,792	186,579
PV	69,883	61,346	13.9	52,991	31.9	188,856	226,893	275,812
UVs	16,543	12,985	27.4	11,425	44.8	37,905	47,893	56,955
Cars	53,340	48,361	10.3	41,289	29.2	150,951	179,000	218,857
Total domestic	157,358	132,821	18.5	130,217	20.8	403,806	525,574	596,152
Total export	14,568	15,334	(5.0)	11,610	25.5	48,795	53,301	69,308
Total vehicles sold	171,926	148,155	16.0	141,827	21.2	452,601	578,875	665,459
Avg realisation (INR)	478,991	464,564	3.1	485,467	(1.3)	452,278	474,637	471,289
Gross sales	95,691	79,793		79,758	-	238,721	318,428	364,362
Less:excise	13,340	10,965		10,906	-	34,019	43,673	50,739
Net sales	82,351	68,828		68,852	-	204,702	274,755	313,623
Total income from operations	82,351	68,828	19.6	68,852	19.6	204,702	274,755	313,623
Dec/(Inc) in stock	2,936	4,137	-	(1,355)	-		(3,497)	
Raw materials consumed	55,618	43,924	26.6	48,976	13.6	140,070	193,749	217,192
Staff cost	3,647	3,141	16.1	3,581	1.8	11,431	13,678	15,319
Other expenditure	10,488	8,697	20.6	8,129	29.0	28,724	37,690	47,591
Total expenditure	72,689	59,899	21.4	59,330	22.5	180,225	241,621	280,102
EBITDA	9,663	8,928	8.2	9,522	1.5	24,477	33,134	33,521
Other income	604	44	1,267.4	143	322.1	4,883	2,455	7,885
Interest	598	692	(13.6)	852	(29.8)	2,935	3,131	4,100
Depreciation	1,583	1,363	16.1	1,435	10.3	5,209	5,863	7,451
Product development expenses	285	529.1	(46.1)	287	(0.5)	681	850	1,200
Profit before tax	7,802	6,389	22.1	7,092	10.0	20,534	25,745	28,655
Tax	2,030	1,895	7.1	1,956	3.8	5,245	6,597	7,164
Adj. Net profit	5,771	4,494	28.4	5,136	12.4	15,289	19,149	21,491
Extraordinary items	(3)	87	(103.9)	(5)	(26.1)	1,643	(14)	-
Net profit	5,768	4,581	25.9	5,132	12.4	13,646	19,135	21,491
Equity capital (face value of Rs 10)	3,854	3,829	-	3,853	-	3,829	3,854	3,909
No. equity shares	385	383	-	385	-	383	385	391
EPS	15.0	11.7	27.6	13.3	12.3	35.6	49.7	55.0
<b>% of net sales</b>								
Raw material	71.1	69.8		69.2		68.4	69.2	69.3
Staff cost	4.4	4.6		5.2		5.6	5.0	4.9
Other expenditure	12.7	12.6		11.8		14.0	13.7	15.2
EBITDA	11.7	13.0		13.8		12.0	12.1	10.7
Net profit	7.0	6.5		7.5		7.5	7.0	6.9
Tax rate	26.0	29.7		27.6		25.5	25.6	25.0

Visit <http://deadpresident.blogspot.com> for more reports!

## Company Description

Tata Motors Limited is India's largest automobile company, with a presence in commercial and passenger vehicles. It is the leader in nearly all commercial vehicle segments, and the second largest in the passenger vehicles market with successful products in the compact and midsize car, and utility vehicle segments. The company is the world's fifth largest medium and heavy commercial vehicle manufacturer. Tata Motors is listed on the New York Stock Exchange (since September 2004). It derives about 10% of its revenues from exports. The company has R&D centers in Pune, Jamshedpur, Lucknow, in India, and in South Korea, Spain, and the UK.

## Investment Theme

Tata Motors is in a strong position to ride the growth seen in commercial vehicles due to increased industrial activity. For the company's passenger car business, the recent alliance with Fiat strengthens its position significantly from the standpoint of access to world class technology in a highly competitive environment. We expect Tata Motors to have stable margins going forward. In addition, the company has significant potential for value unlocking from its investments in a variety of automotive and related businesses, such as auto components and automotive and engineering design.

## Key Risks

A slowdown in economic activity may affect CV sales significantly. Another key risk is the increasing competition in the passenger vehicle space, especially in diesel cars, and also in the compact segment. Also, increases in input prices could affect margins, as competition limits the company's ability to pass on cost hikes entirely. The company plans to invest significant amount of money in launch of new products. Non-acceptance of these products in the market could cause a substantial financial setback for the company.

Visit <http://deadpresident.blogspot.com> for more reports!  
**Financial Statements**

<b>Income statement</b>						<b>(INR mn)</b>
<b>Year to March</b>	<b>FY05</b>	<b>FY06</b>	<b>FY07E</b>	<b>FY08E</b>	<b>FY09E</b>	
Total volume (nos)	399,561	454,345	578,805	665,459	745,711	
<i>% growth</i>	<i>27.1</i>	<i>13.7</i>	<i>27.4</i>	<i>15.0</i>	<i>12.1</i>	
Income from operations	173,135	204,702	274,755	317,379	356,657	
Raw material cost	117,855	140,070	186,863	217,192	244,412	
Power and fuel	2,378	2,585	3,727	4,330	4,894	
Employee cost	10,393	11,431	13,678	15,319	17,617	
Factory and administrative expenses	20,453	24,527	34,553	39,830	45,367	
Selling and advertising expenses	3,583	4,700	6,479	7,841	8,506	
Total operating expenses	154,662	183,314	245,300	284,512	320,796	
EBITDA	18,473	21,388	29,454	32,867	35,861	
Add: Manufactured goods capitalised	2,181	3,089	3,680	4,410	5,133	
Total other income	3,354	4,883	3,201	4,130	5,504	
PBDIT	24,008	29,359	36,335	41,407	46,498	
Amortisation of deferred expenses	671	738	850	1,200	1,400	
Interest	2,178	2,935	3,869	4,100	3,125	
Depreciation and amortisation	4,502	5,209	5,863	7,451	8,946	
Provisions	97	-97	0	0	0	
Employee separation cost	42	40	0	0	0	
Profit before tax	16,519	20,534	25,754	28,655	33,027	
Extraordinary items	0	1,643	14	0	0	
Provision for tax	4,150	5,245	6,597	7,164	8,092	
Profits after tax	12,370	15,289	19,171	21,491	24,935	
Adj. profit after tax*	12,370	13,646	19,143	21,491	24,935	
Consolidated profit after tax*	13,853	15,638	21,700	24,367	28,995	
Shares outstanding	361.8	382.9	385.4	390.9	407.2	
Dividend per share	14.3	14.8	17.6	19.4	21.6	
Dividend payout (%)	41.8	37.1	35.3	35.4	35.4	

\*Excluding extraordinary income/expenses

#### Common size metrics- as % of net revenues

<b>Year to March</b>	<b>FY05</b>	<b>FY06</b>	<b>FY07E</b>	<b>FY08E</b>	<b>FY09E</b>
Operating expenses	89.3	89.6	89.3	89.6	89.9
Depreciation	2.6	2.5	2.1	2.3	2.5
Interest expenditure	1.3	1.4	1.4	1.3	0.9
EBITDA margins	10.7	10.4	10.7	10.4	10.1
Net profit margins	7.0	7.3	6.9	6.7	6.9

#### Growth metrics (%)

<b>Year to March</b>	<b>FY05</b>	<b>FY06</b>	<b>FY07E</b>	<b>FY08E</b>	<b>FY09E</b>
Revenues	32.4	18.2	34.2	15.5	12.4
EBITDA	18.9	18.5	35.4	12.5	10.0
PBT	27.8	24.3	25.4	11.3	15.3
Adj. net profit	52.6	10.3	40.3	12.3	16.0
Adj. EPS	50.6	4.2	39.4	10.7	11.4

Visit <http://deadpresident.blogspot.com> for more reports!

<b>Balance sheet</b>					
	(INR mn)				
<b>As on 31st March</b>	<b>FY05</b>	<b>FY06</b>	<b>FY07E</b>	<b>FY08E</b>	<b>FY09E</b>
Equity capital	3,618	3,829	3,854	3,909	4,072
Reserves & surplus	37,496	51,542	64,584	82,640	112,232
Shareholders funds	41,114	55,371	68,438	86,549	116,304
Deferred tax liability (net)	5,653	6,225	6,225	6,225	6,225
Secured loans	4,898	8,228	19,228	19,178	18,473
Unsecured loans	20,056	21,141	20,870	16,653	3,570
Borrowings	24,954	29,368	40,098	35,831	22,043
<b>Sources of funds</b>	<b>71,721</b>	<b>90,965</b>	<b>114,761</b>	<b>128,605</b>	<b>144,572</b>
Gross block	66,120	79,716	100,352	125,449	154,100
Depreciation	34,543	44,015	49,878	57,330	66,275
Net block	31,577	35,700	50,474	68,120	87,824
Capital work in progress	5,388	9,512	12,012	14,012	10,512
Intangible assets	0	0	0	0	1
Investments	29,121	20,152	42,141	66,601	66,601
Inventories	16,014	20,122	25,885	25,777	26,218
Sundry debtors	7,986	7,158	11,094	12,889	14,566
Cash and bank balances	20,050	11,194	8,243	9,521	10,700
Loans and advances	26,749	58,077	51,894	26,609	29,540
Other current assets	61	62	62	62	62
Total current assets	70,860	96,613	97,178	74,858	81,084
Sundry creditors and others	54,146	59,003	73,905	80,976	86,183
Provisions	11,261	12,150	13,239	14,070	15,287
Total current liab. and provisions	65,407	71,154	87,144	95,046	101,470
Net current assets	5,454	25,460	10,033	-20,188	-20,386
Others	182	141	101	60	20
<b>Uses of funds</b>	<b>71,721</b>	<b>90,965</b>	<b>114,761</b>	<b>128,605</b>	<b>144,573</b>
Book value per share (BV) (INR)	114	145	178	221	286

<b>Cash flow statement</b>					
	(INR mn)				
<b>Year to March</b>	<b>FY05</b>	<b>FY06</b>	<b>FY07E</b>	<b>FY08E</b>	<b>FY09E</b>
PBIT	17,209	20,588	28,459	31,109	33,434
Less: Actual tax paid	4,150	5,245	6,597	7,164	8,092
Less: Tax shield on interest	668	900	1,186	1,257	958
Add: Tax on interest & investment income	704	1,092	617	873	1,263
NOPLAT	13,096	15,535	21,293	23,561	25,647
Add: Depreciation	4,502	5,209	5,863	7,451	8,946
Gross cash flow	17,598	20,744	27,156	31,012	34,592
Less: Capital expenditure	8,989	13,457	23,137	27,097	25,150
Less: Working capital investment	(5,180)	(1,909)	(5,203)	(5,385)	(3,089)
Less: Increase in other assets	15,183	0	0	0	0
Add: Increase in other liab./provisions	7,303	557	1,089	830	1,217
Add: Extra-ordinary income	0	0	0	0	1
<b>Free cash flow</b>	<b>5,909</b>	<b>9,753</b>	<b>10,311</b>	<b>10,130</b>	<b>13,749</b>



Visit <http://deadpresident.blogspot.com> for more reports!

#### Ratios

Year to March	FY05	FY06	FY07E	FY08E	FY09E
ROE (%)	30.1	27.6	28.0	24.8	21.4
ROCE (%)	28.3	27.7	27.3	26.8	26.1
Inventory days	34	37	35	30	27
Debtors days	17	13	15	15	15
Fixed assets T/o (x)	2.6	2.6	2.7	2.5	2.3
Debt/Equity	0.6	0.5	0.6	0.4	0.2

#### Valuation parameters

Year to March	FY05	FY06	FY07E	FY08E	FY09E
EPS (INR)	34.2	39.9	49.7	55.0	61.2
Adj. EPS (INR)	34.2	35.6	49.7	55.0	61.2
<i>Y-o-Y growth (%)</i>	<i>52.6</i>	<i>10.3</i>	<i>40.3</i>	<i>12.3</i>	<i>16.0</i>
Consolidated EPS	38.3	40.8	56.3	62.3	71.2
CEPS (INR)	46.6	53.5	65.0	74.0	83.2
P/E (x)	21.2	18.1	14.6	13.2	11.8
PE (x) Consolidated	18.9	17.7	12.9	11.6	10.2
Price/BV (x)	6.4	5.0	4.1	3.3	2.5
EV/Sales (x)	1.4	1.3	1.0	0.8	0.7
EV/EBITDA (x)	12.9	12.9	9.1	7.4	6.7

**Edelweiss Securities**

14<sup>th</sup> Floor, Express Towers,  
Nariman Point, Mumbai – 400 021  
Board: (91-22) 2286 4400  
Email: [research@edelcap.com](mailto:research@edelcap.com)



Naresh Kothari – 2286 4246

Head, Institutional Equities

Vikas Khemani – 2286 4206

Head, Institutional Equities

INDIA RESEARCH	SECTOR	INSTITUTIONAL SALES
Shriram Iyer - 2286 4256	Head – Research	Nischal Maheshwari - 2286 4205
Gautam Roy - 2286 4305	Airlines, Textile	Rajesh Makharia - 2286 4202
Ashutosh Goel - 2286 4287	Automobiles, Auto Components	Vikrant Oak - 4019 4712
Vishal Goyal, CFA - 2286 4370	Banking & Finance	Shabnam Kapur - 2286 4394
Revathi Myneni - 2286 4413	Cement	Abhijit Chakraborty - 4019 4823
Sumeet Budhraj - 2286 4430	FMCG	Balakumar V - (044) 4263 8283
Harish Sharma - 2286 4307	Infrastructure, Auto Components, Mid Caps	Ashish Agrawal - 2286 4301
Priyanko Panja - 2286 4300	Infrastructure, Engineering, Telecom	Nikhil Garg - 2286 4282
Hitesh Zaveri - 2286 4424	Information Technology	Swati Khemani - 2286 4266
Parul Inamdar - 2286 4355	Information Technology	Neha Shahra - 2286 4276
Priyank Singhal - 2286 4302	Media, Retail	Priya Ramchandran - 2286 4389
Prakash Kapadia - 4097 9843	Mid Caps	Anubhav Kanodia - 2286 4361
Niraj Mansingka - 2286 4304	Oil & Gas, Petrochemicals	Tushar Mahajan - 2286 4439
Nimish Mehta - 2286 4295	Pharmaceuticals, Agrochemicals	Harsh Biyani - 2286 4419
Manika Preamsingh - 4019 4847	Economist	Nirmal Ajmera - 2286 4258
Sunil Jain - 2286 4308	Alternative & Quantitative	Ankit Doshi - 2286 4671
Yogesh Radke - 2286 4328	Alternative & Quantitative	Dipesh Shah - 2286 4434

Email addresses: [firstname.lastname@edelcap.com](mailto:firstname.lastname@edelcap.com)e.g. [naresh.kothari@edelcap.com](mailto:naresh.kothari@edelcap.com)*unless otherwise specified***RATING INTERPRETATION**

<b>Buy</b>	Expected to appreciate more than 20% over a 12-month period	<b>Reduce</b>	Expected to depreciate up to 10% over a 12-month period
<b>Accumulate</b>	Expected to appreciate up to 20% over a 12-month period	<b>Sell</b>	Expected to depreciate more than 10% over a 12-month period
<b>Trading Buy</b>	Expected to appreciate more than 10% over a 45-day period	<b>Trading Sell</b>	Expected to depreciate more than 10% over a 45-day period

This document has been prepared by Edelweiss Securities Private Limited (Edelweiss). Edelweiss and its holding company and associate companies are a full service, integrated investment banking, portfolio management and brokerage group. Our research analysts and sales persons provide important input into our investment banking activities. This document does not constitute an offer or solicitation for the purchase or sale of any financial instrument or as an official confirmation of any transaction. The information contained herein is from publicly available data or other sources believed to be reliable, but we do not represent that it is accurate or complete and it should not be relied on as such. Edelweiss or any of its affiliates shall not be in any way responsible for any loss or damage that may arise to any person from any inadvertent error in the information contained in this report. This document is provided for assistance only and is not intended to be and must not alone be taken as the basis for an investment decision. The user assumes the entire risk of any use made of this information. Each recipient of this document should make such investigation 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 his own advisors to determine the merits and risks of such investment. The investment discussed or views expressed may not be suitable for all investors. We and our affiliates, officers, directors, and employees may: (a) from time to time, have long or short positions in, and buy or sell the securities thereof, of company (ies) mentioned herein or (b) be engaged in any other transaction involving such securities and earn brokerage or other compensation or act as advisor or lender / borrower to such company (ies) or have other potential conflict of interest with respect to any recommendation and related information and opinions. This information is strictly confidential and is being furnished to you solely for your information. This information should not be reproduced or redistributed or passed on directly or indirectly in any form 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 Edelweiss and affiliates to any registration or licensing requirements within such jurisdiction. The distribution of this document in certain jurisdictions may be restricted by law, and persons in whose possession this document comes, should inform themselves about and observe, any such restrictions. The information given in this document is as of the date of this report and there can be no assurance that future results or events will be consistent with this information. This information is subject to change without any prior notice. Edelweiss reserves the right to make modifications and alterations to this statement as may be required from time to time. However, Edelweiss is under no obligation to update or keep the information current. Nevertheless, Edelweiss is committed to providing independent and transparent recommendation to its client and would be happy to provide any information in response to specific client queries. Neither Edelweiss nor any of its affiliates, directors, employees, agents or representatives shall be liable for any damages whether direct, indirect, special or consequential including lost revenue or lost profits that may arise from or in connection with the use of the information. The analyst for this report certifies that all of the views expressed in this report accurately reflect his or her personal views about the subject company or companies and its or their securities, and no part of his or her compensation was, is or will be, directly or indirectly related to specific recommendations or views expressed in this report. Analyst holding in stock: no.