

Valuations: Indian companies

	Price (INR)	EV/EBITDA FY13E	EV/EBITDA FY14E	P/BV FY13E
Steel				
Tata Steel	410	6.9	6.1	1.5
SAIL	86	8.9	7.4	0.9
JSW Steel	739	6.5	6.0	1.0
JSPL	417	9.4	8.8	2.0
NMDC	189	5.2	3.9	2.5
Sesa Goa	172	5.8	4.5	1.0
Non-ferrous				
Sterlite Inds.	101	3.9	3.6	0.7
HZL	136	5.7	4.1	1.8
Nalco	51	7.3	6.5	1.1
Hindalco	125	7.3	6.4	1.2

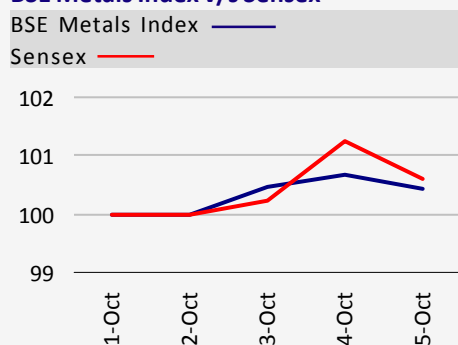
Note: Detailed table on pg 23 Source: MOSL

Valuations: Global companies

	Price	EV/EBITDA CY11	EV/EBITDA CY12	P/BV CY11
Mining				
BHP	AUD 33.3	6.2	5.5	2.7
FMG	AUD 3.6	5.5	3.7	2.6
Rio Tinto	AUD 54.9	5.8	4.8	1.8
Vale	USD 17.7	4.9	4.5	1.2
Teck Res.	USD 30.7	5.5	4.9	1.0
Xstrata	GBp 953.5	7.5	5.8	1.0
Steel				
A. Mittal	EUR 11.4	6.3	5.3	0.4
Posco	k KRW 365	5.6	4.9	0.8
US Steel	USD 19.8	5.4	4.4	0.9
Nucor	USD 38.6	8.9	6.3	1.6
JFE	JPY 1037	7.7	6.3	0.5
Gerdau	BRL 18.7	8.9	7.3	1.1
Bao Steel	CNY 4.6	5.7	5.8	0.8
Non-ferrous				
Alcoa	USD 9.09	9.3	6.5	0.7
Norsk Hyd.	NOK 28.1	9.5	6.4	0.8
Rusal	HKD 4.6	16.9	12.7	0.9

Detailed on pg 23 Source: Bloomberg

BSE Metals Index v/s Sensex



Source: Bloomberg

Note: Indexed to 100 on 1 October 2012

Stock performance table on pg 24

Investors are advised to refer through disclosures made at the end of the Research Report.

Metal Prices

	CMP 8-Oct	%	Week 1-Oct	%	Quarter 2-Jul	%	YTD FY13 2-Apr
STEEL							
TMT- Mumbai (INR/ton)	36,200	0	36,300	-1	36,400	-9	39,900
HRC- Mumbai (INR/ton)	33,531	0	33,383	-8	36,493	-12	37,921
HRC (USD/ton) fob CIS	538	0	540	-3	553	-15	635
METALLICS							
Sponge iron - Raipur (INR/ton)	22,100	0	22,050	-2	22,600	-9	24,200
Pig iron - Raipur (INR/ton)	26,000	0	26,000	2	25,385	2	25,385
Iron ore spot (USD/ton) cfr China	108	0	108	-22	139	-28	150
Coke (USD/ton) fob	325	2	320	-8	355	-12	370
Shred. scrap (USD/ton) Rotterdam	345	0	345	-13	398	-16	410
ALUM.							
LME inventories ('000 ton)	5,033	-1	5,059	4	4,823	-1	5,077
LME Spot (USD/ton)	2,087	1	2,068	14	1,834	-1	2,098
Indian prices (INR '000/ton)	108	-2	110	3	105	0	108
ZINC							
LME inventories ('000 ton)	994	0	996	0	995	11	896
LME Spot (USD/ton)	2,032	0	2,037	10	1,843	1	2,003
Indian prices (INR '000/ton)	105	-3	109	1	104	2	103
COPPER							
LME inventories ('000 ton)	223	-1	224	-13	256	-14	258
LME Spot (USD/ton)	8,298	1	8,191	9	7,604	-2	8,480
Indian prices (INR '000/ton)	430	-2	437	-1	433	0	431
OTHERS							
Gold (INR/10gms)	30,882	-1	31,301	5	29,510	10	28,075
Sliver (INR/1kg)	60,338	-1	60,915	15	52,256	8	55,950
Lead Spot LME (USD/ton)	2,265	1	2,238	26	1,796	12	2,020
FC 6-8% C basis 60% Cr (USD/lb Cr)	1.04	-1	1.05	-10	1.15	-13	1.19
MISC.							
INR/USD	52.1	-1	52.5	-6	55.4	2	50.9
BDI	875	13	777	-13	1,004	-6	934

Source: Metal Bulletin/Bloomberg/Steel Mint/MOSL

NMDC cuts iron ore prices by an average of 6%

- NMDC cuts iron ore prices by only 2% QoQ for lumps and 10-11% QoQ for fines for 3QFY13. Despite weaker steel demand, iron ore market remains tight in India. In a recent e-auction (5th Oct) for iron ore in Karnataka, while Iron Ore fines bids were lower by INR200-300/t from earlier, Lumps prices were firm.
- Indian long steel prices decreased 0.3% WoW while flat steel prices increased 0.4% WoW. Indian domestic HRC prices are not feeling pinch of INR appreciation against USD as Chinese export offers have firmed up by USD10-15/t to USD580cfr.
- Global steel prices continue to remain subdued declining 1.9%, 0.6%, 4.1% and 3% WoW in Europe, China, Turkey and North America. In North America, scrap prices corrected as much as 9% WoW to USD359/t.
- 63.5% Fe iron ore prices were flat WoW at USD108/t while the coking coal prices recovered by USD0.5 WoW to USD142/t fob.
- Base metals prices were mixed with Al, Cu and Pb increasing 0.9%, 1% and 1.2% WoW respectively while Zn decreased 0.3% WoW.
- FeCr benchmark fell to USD1.10 per lb for Q4 2012, lowest level since Q1 2010 due to oversupply in FeCr amid lower demand from steel producers.
- SAIL hot metal production increased 7% YoY to 3.6mt. Crude steel and saleable steel production was 3.39mt and 3.17mt in 2QFY13.

Contents

	Page No.
Ferrous	3-10
India	3 & 4
European Union	5
China	6
Other regions	7 & 8
Steel raw material	9 & 10
Ferro alloys	11
Non ferrous	12-18
Aluminum	12
Copper	14
Zinc	15
Lead	16
Commodity curve analysis	17
China non-ferrous trade data	18
Key indicators	19-20
Industrial production growth across the globe	21
BSE Exchange announcements	22
Metals valuation matrix	23
Metals stock performance	24

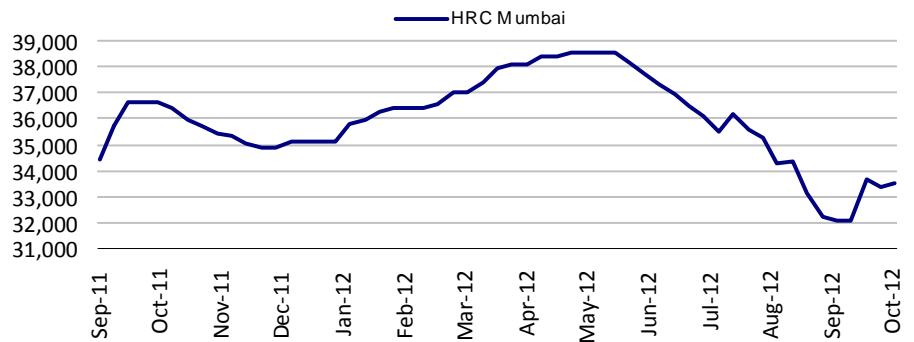
Ferrous

Ferrous

INDIA

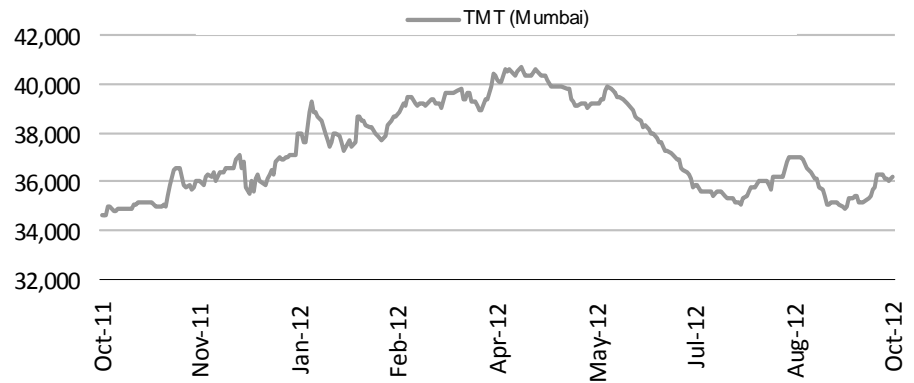
HRC Mumbai prices increased 0.4% WoW to INR33,531/t

Indian flat steel prices (INR/T, excl. ED & VAT)



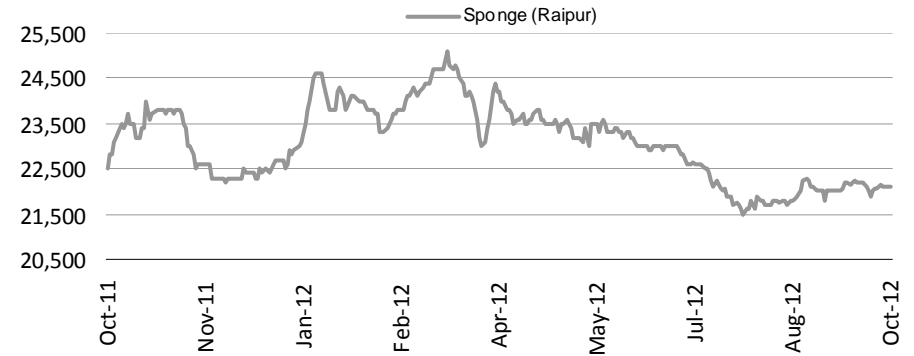
TMT Mumbai prices decreased 0.3% WoW to INR 36,200/t

Indian long steel price (INR/T, excl. ED & VAT)

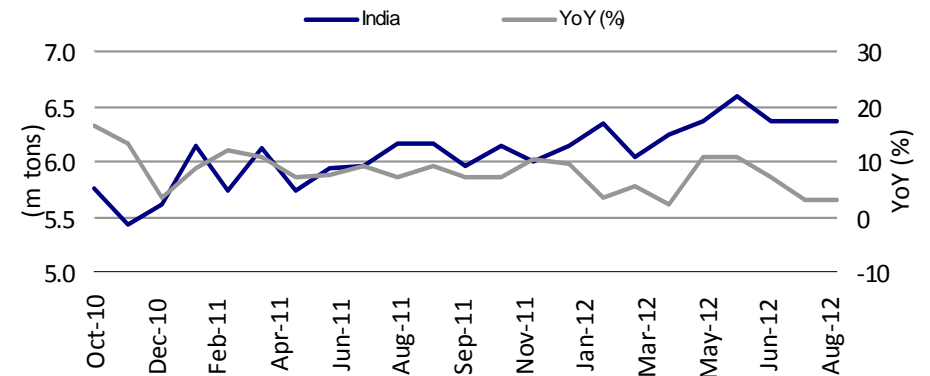


Sponge iron prices increased 0.2% WoW to INR 22,100/t

Steel intermediates prices (INR/T, excl. ED & VAT)



India: Monthly crude steel production



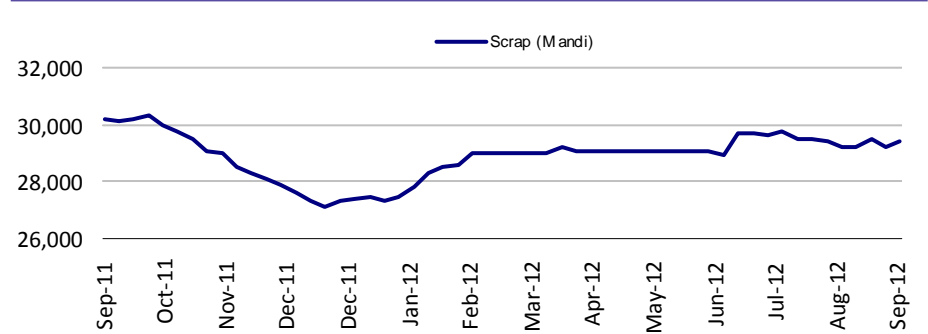
Source: SteelMint/WSA/MOSL

Ferrous

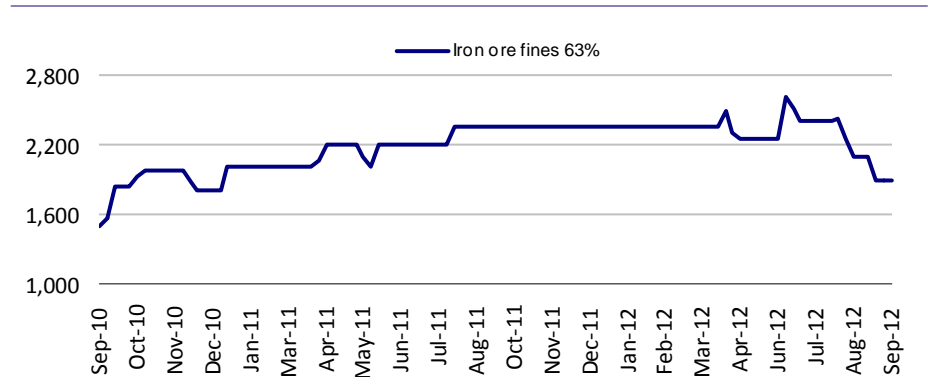
INDIA

Scrap (Mandi) prices increased 0.2% WoW to INR29,500/t

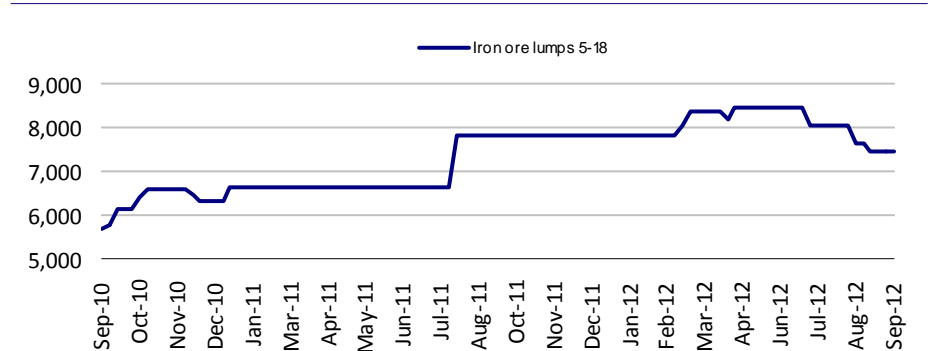
Scrap Mandi (INR/t)



Iron ore fines 63% (INR/t) ex mine

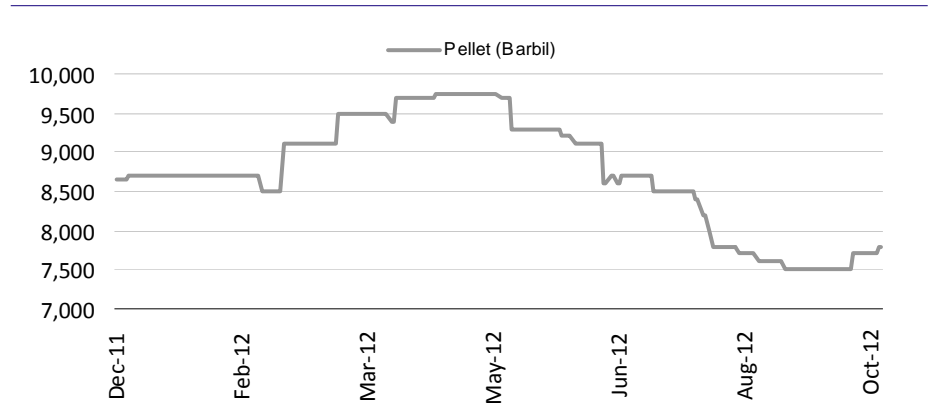


Iron ore lumps 63% 5-18 (INR/t)



Pellet (Barbil) INR/t

Pellet prices increased 1.3% WoW to INR7,800/t

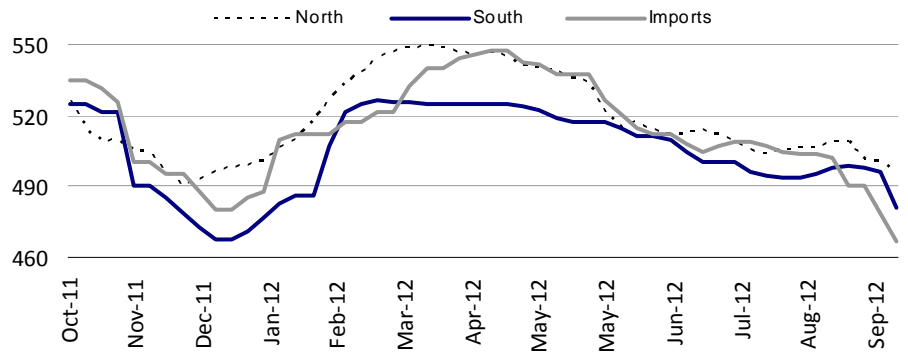


Source: SteelMint/WSA/MOSL

European Union

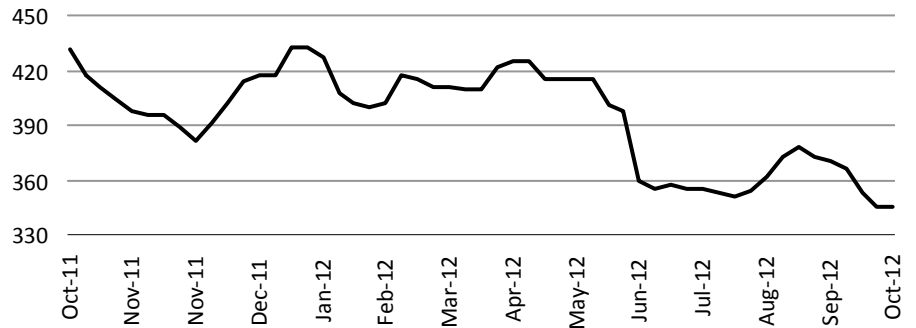
European steel prices (EUR/ton)

European HRC prices decreased 0.7% WoW to Euro496/t

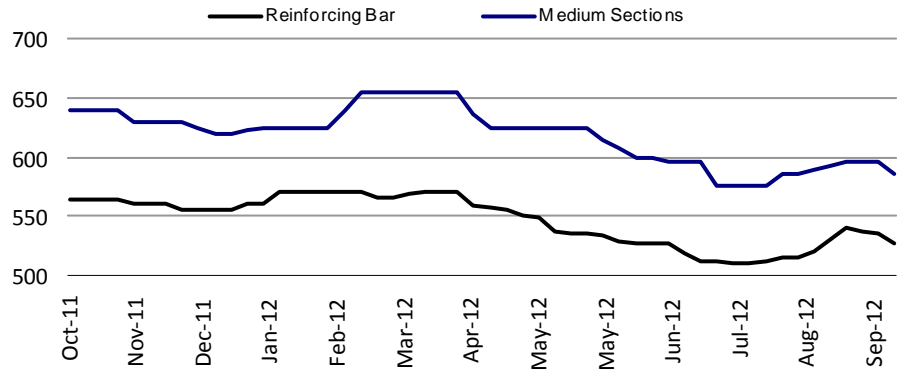


Rotterdam: shredded scrap prices (USD/t)

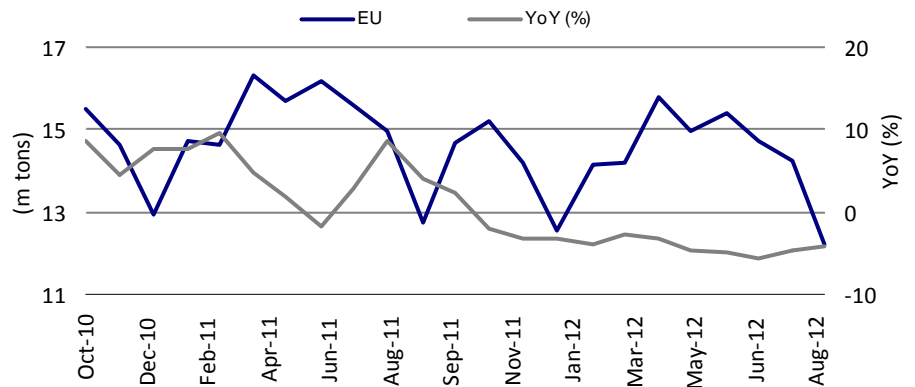
Rotterdam Shredded scrap prices were flat WoW at USD345t



European medium section prices (EUR/ton)



European Union: Monthly crude steel production

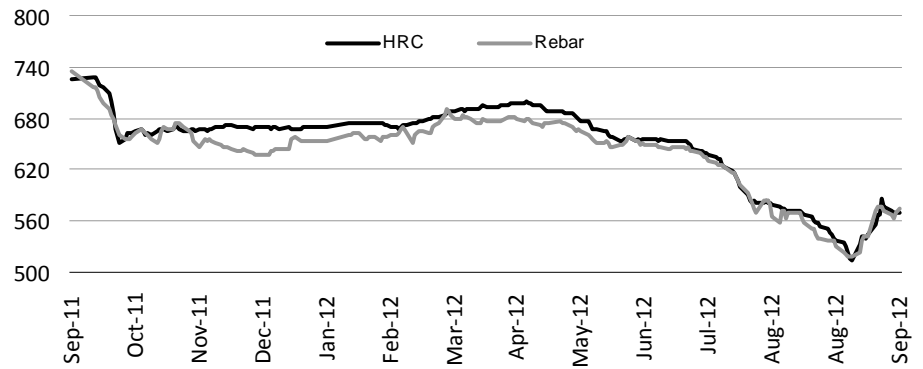


Source: Metal Bulletin/Bloomberg/WSA/MOSL

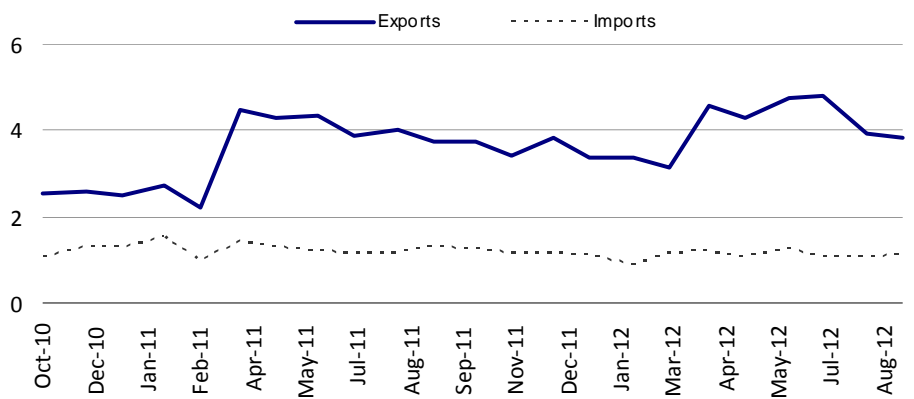
China

China HRC prices decreased 1.4% WoW to USD570/t

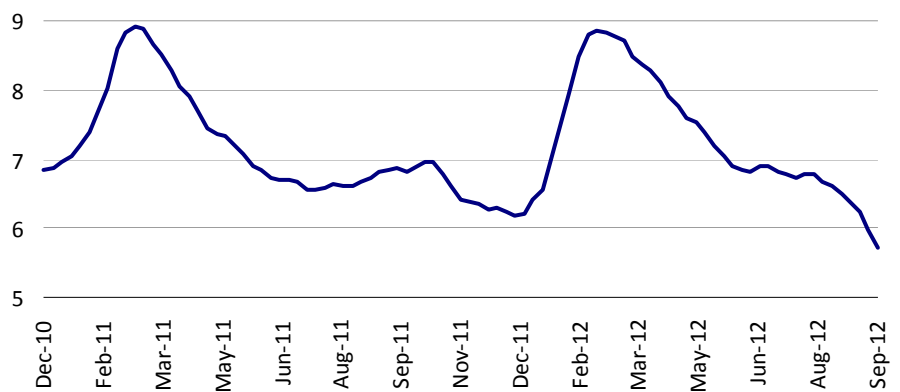
China domestic prices (USD/ton)



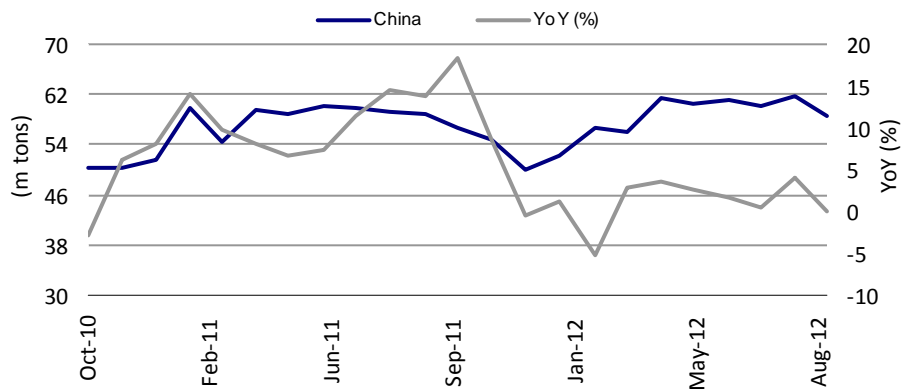
Steel trade (m ton)



Steel inventories (m tons)



Monthly crude steel production

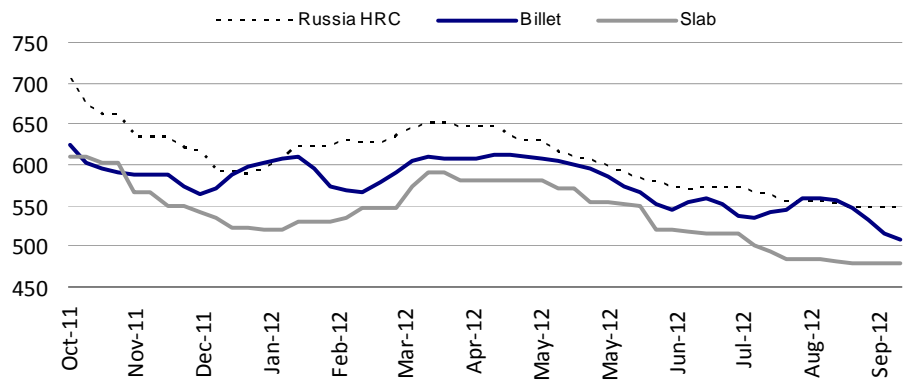


Source: Metal Bulletin/Bloomberg/WSA/MOSL

Other regions

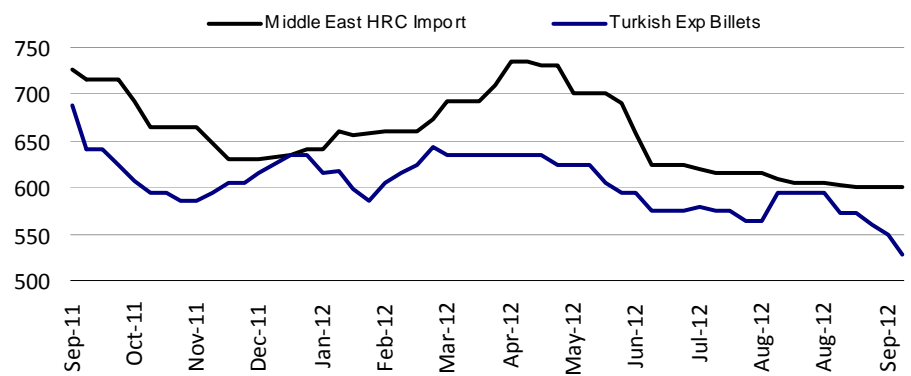
CIS steel export prices (USD/ton)

Russian HRC prices were flat WoW to USD548/t to their two year low levels



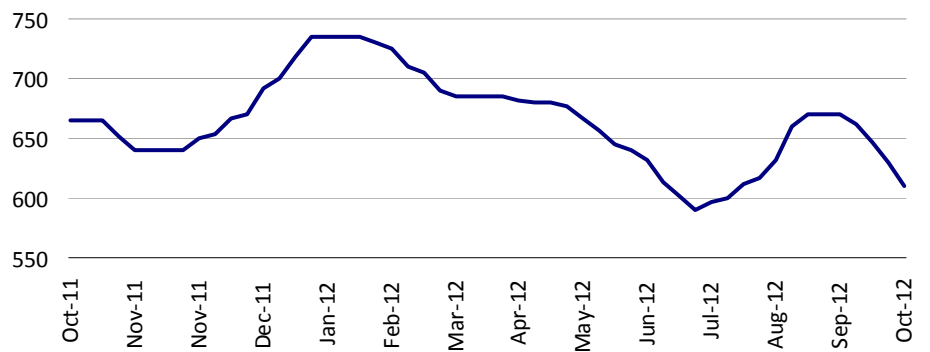
Middle East import and Turkish export steel prices (USD/ton)

Middle east import HRC prices were flat WoW at USD600/t

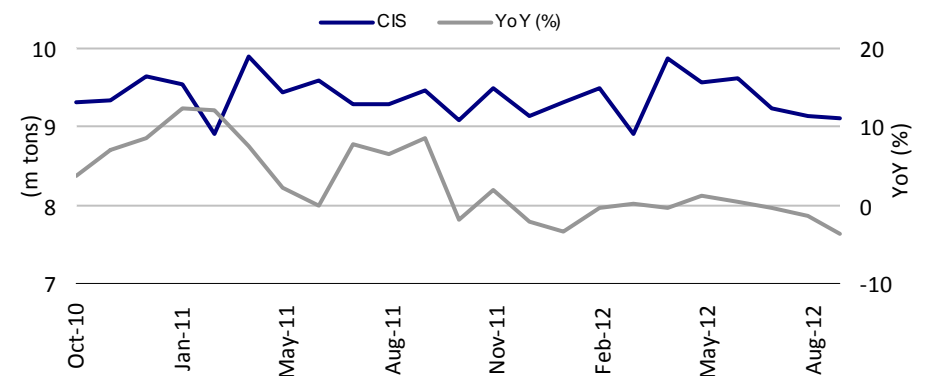


North America HRC prices (USD/ton)

North American local HRC prices decreased 3% WoW to USD610/t



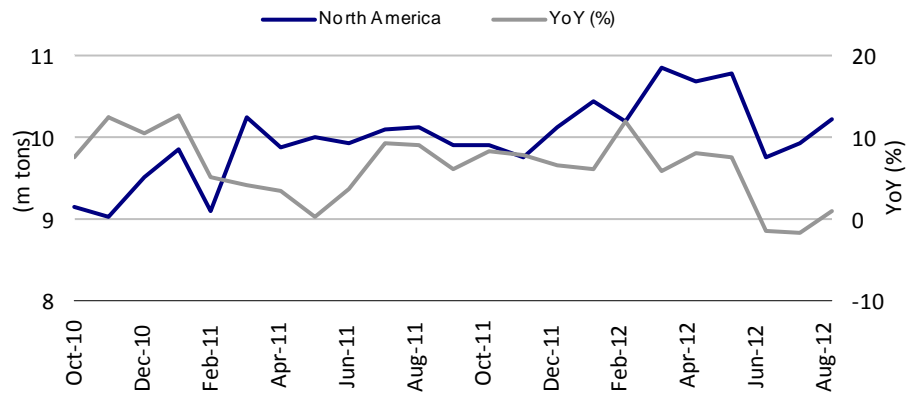
CIS: Monthly crude steel production



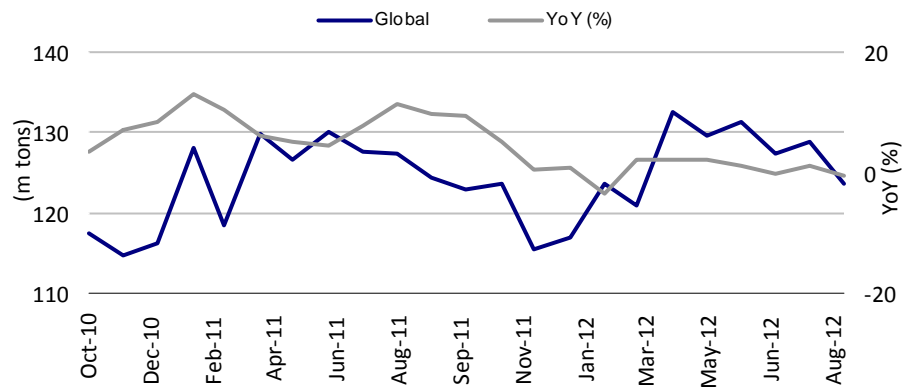
Source: Metal Bulletin/WSA/Bloomberg/MOSL

Other regions

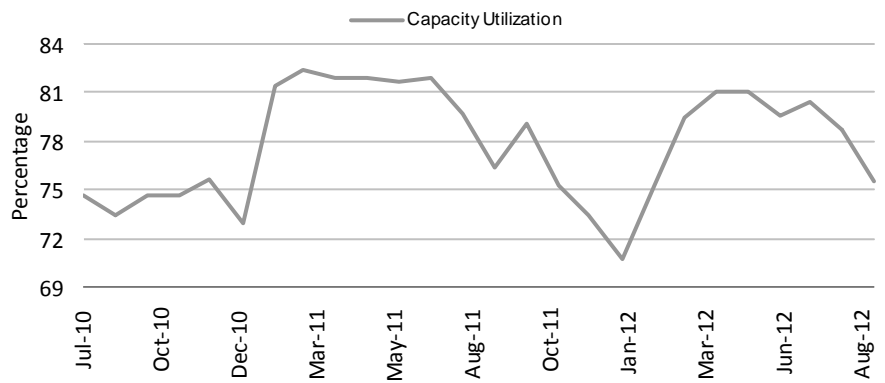
North America: Monthly crude steel production



Global: Monthly crude steel production



Global: Monthly crude steel capacity utilization

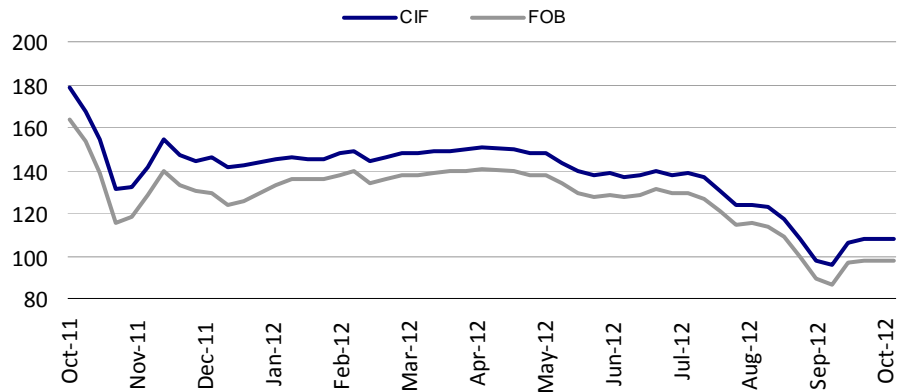


Source: Bloomberg/WSA/MOSL

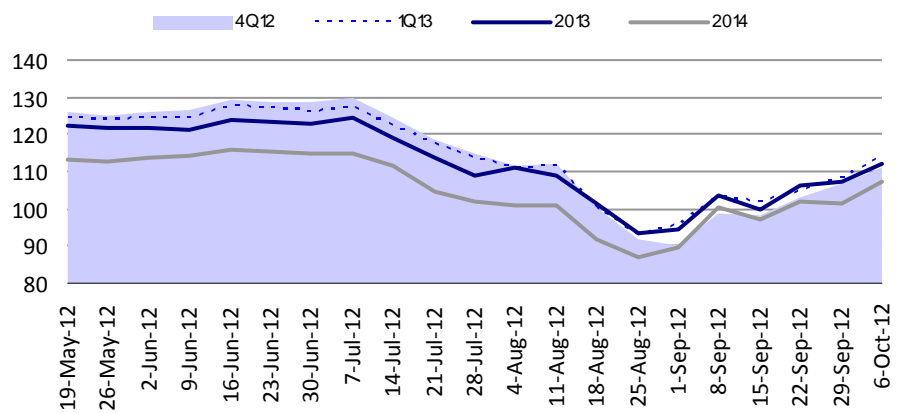
Steel raw materials

Indian 63.5% grade iron-ore fines in China (USD/ton)

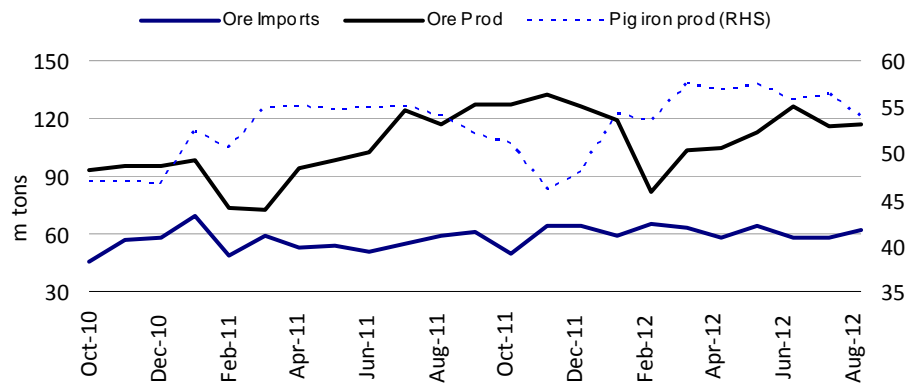
China spot CFR iron ore prices were flat WoW at USD108/ton DMT



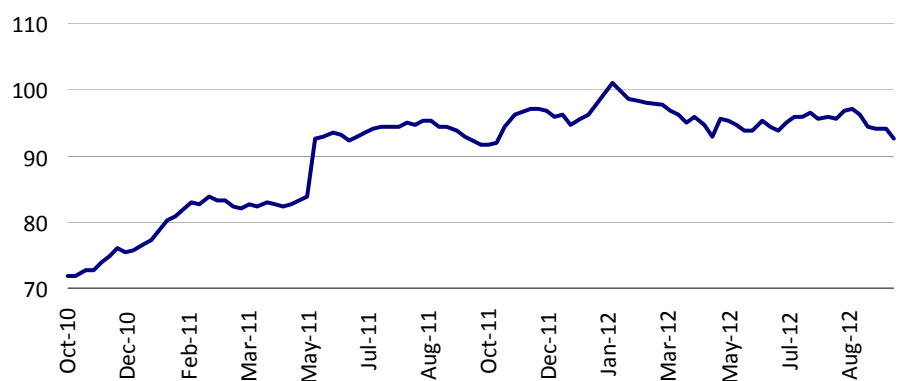
OTC iron-ore swaps (USD/ton)



China iron-ore production and imports (m tons)



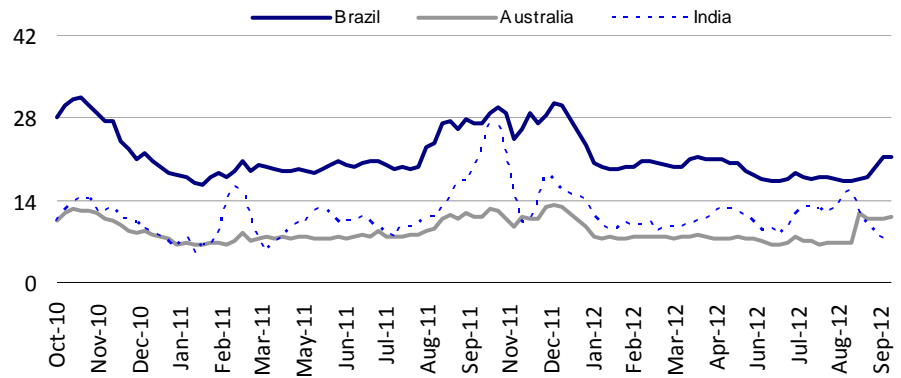
China iron-ore inventories (m tons)



Source: Metal Bulletin/Bloomberg/MOSL

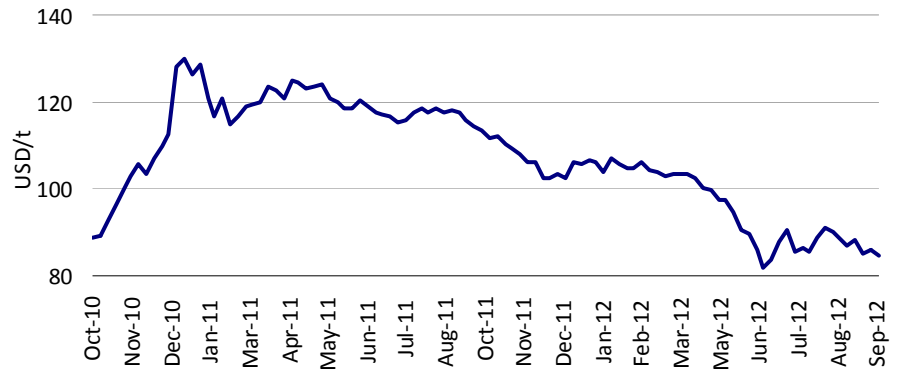
Steel raw material

Freight rates to China (USD/ton)



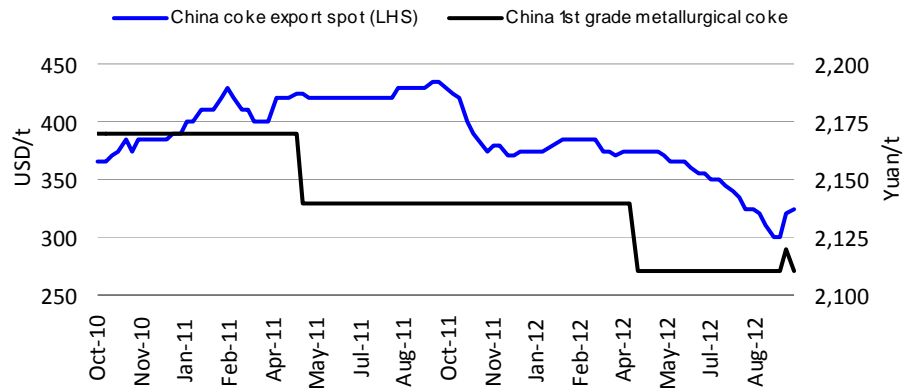
Coal price index

Richards Bay Steam Coal

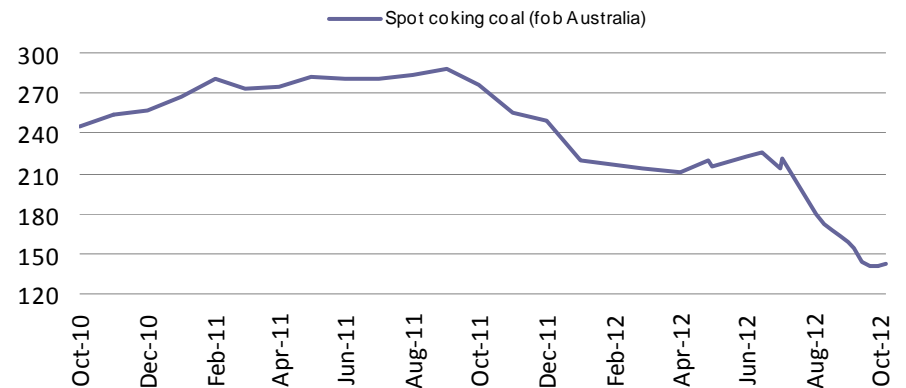


Richard bay steam coal price decreased 2% WoW to USD85/ton

Coke price index



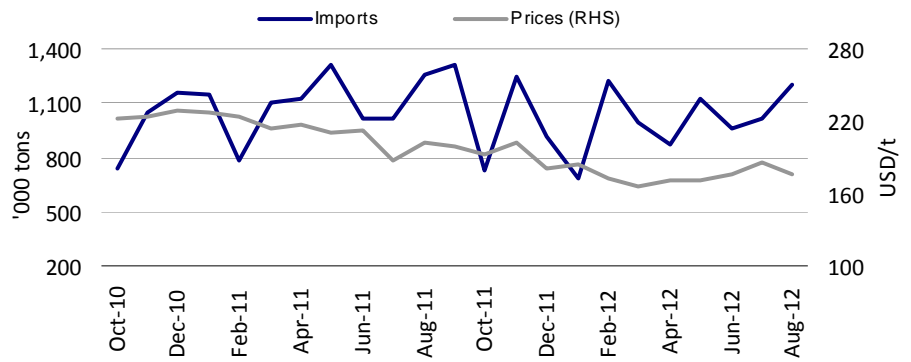
Coking coal (USD/t)



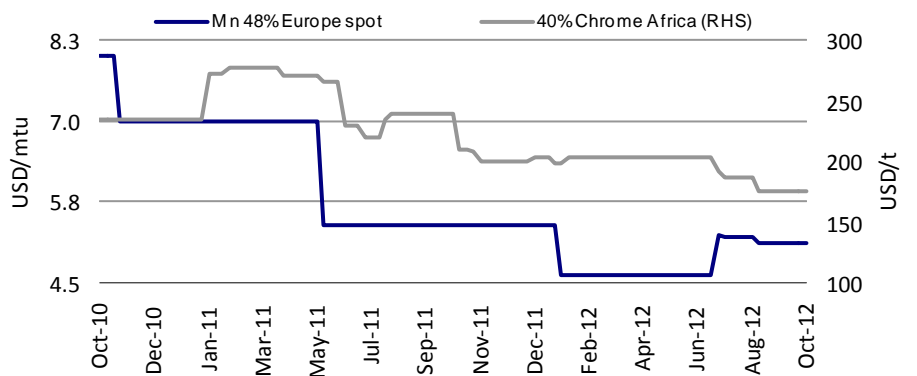
Source: Metal Bulletin/Bloomberg/MOSL

Ferro alloys

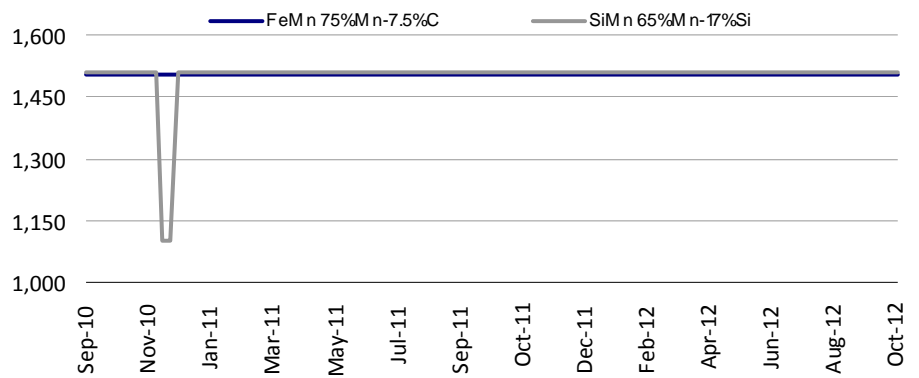
China's imports of manganese ore and conc



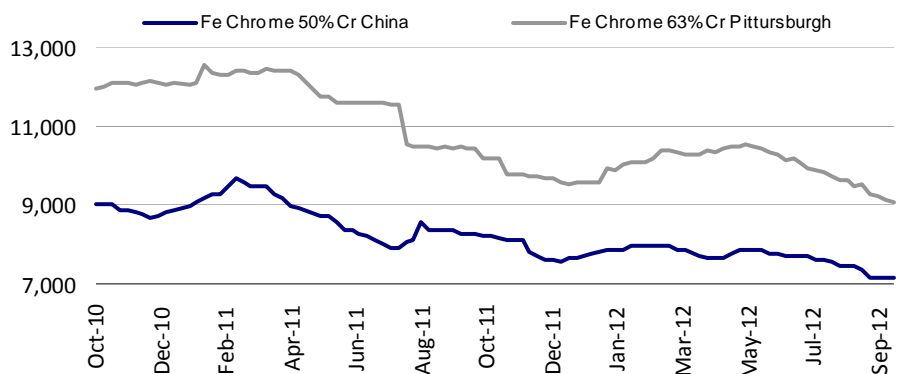
Manganese and chrome ore FOB spot prices



Ferro and silico manganese prices (USD/t)



Ferro chrome CIF prices (CNY/t)



Source: Metal Bulletin/Bloomberg/MOSL

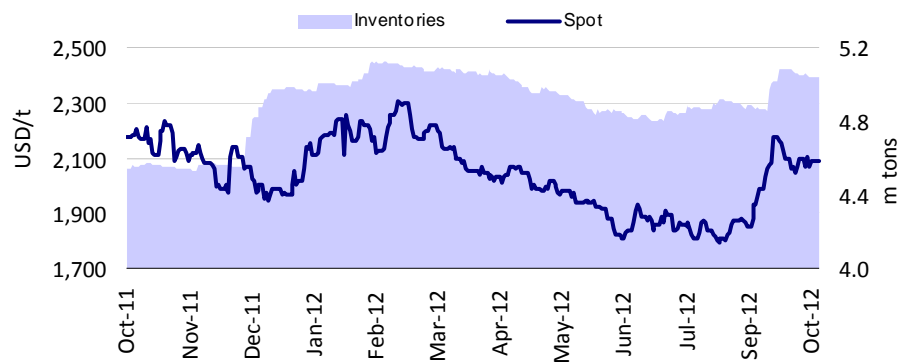
Non-ferrous

Non-ferrous

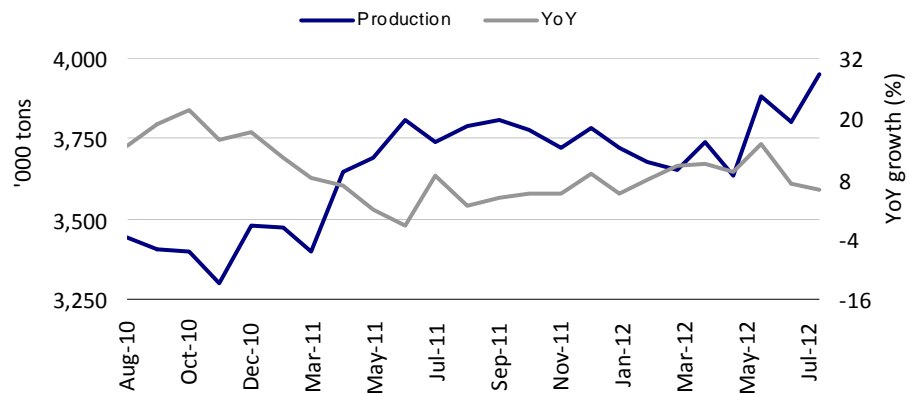
Aluminum

Aluminum spot prices increased 0.9% WoW to USD2,087/ton

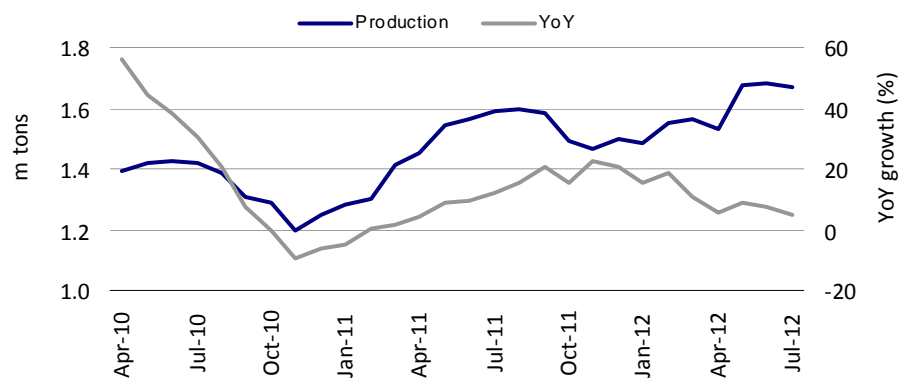
LME inventories and prices



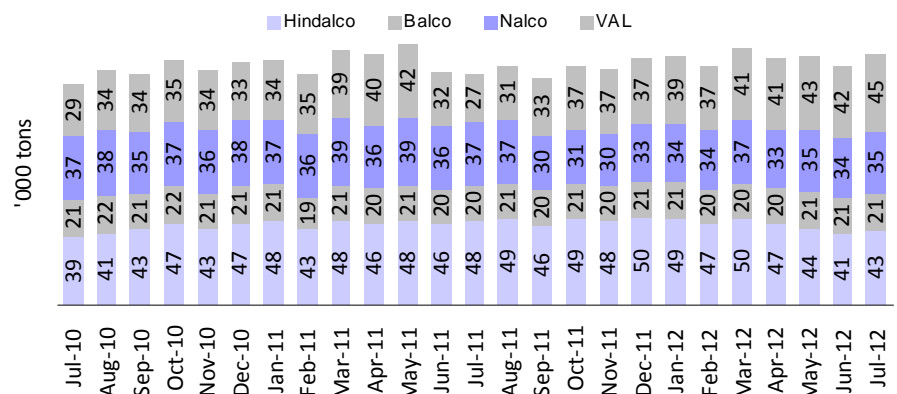
Global primary aluminum monthly production and YoY growth



China primary aluminum monthly production and YoY growth



India: Company-wise primary aluminum monthly production

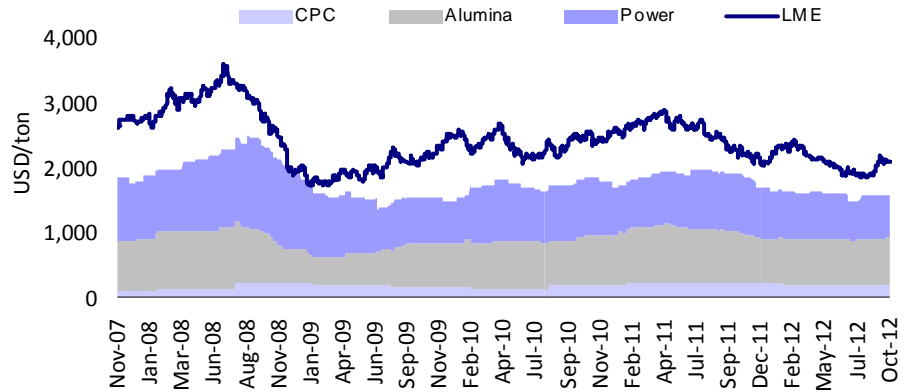


Source: Metal Bulletin/Bloomberg/MOSL

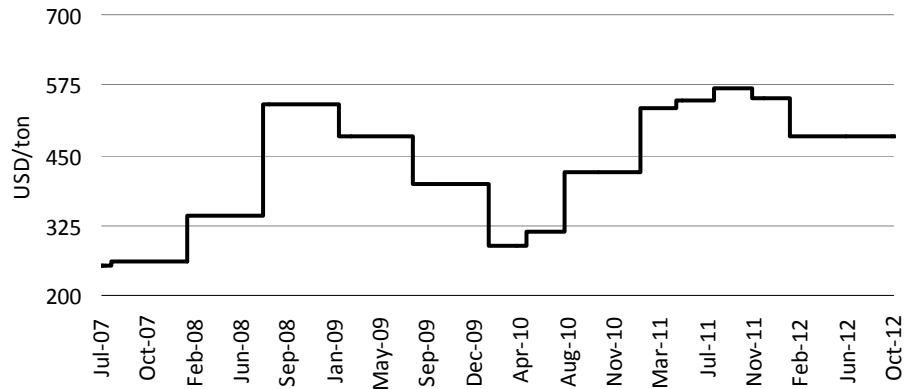
Non-ferrous

Aluminum

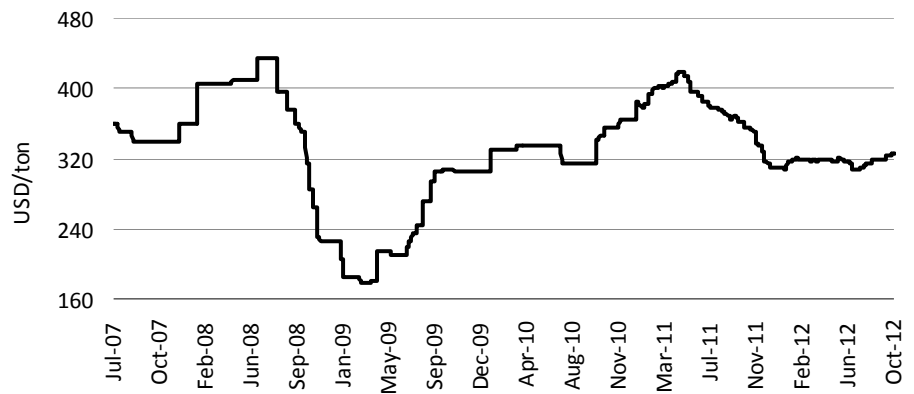
Aluminum raw material and power cost for marginal producer in US



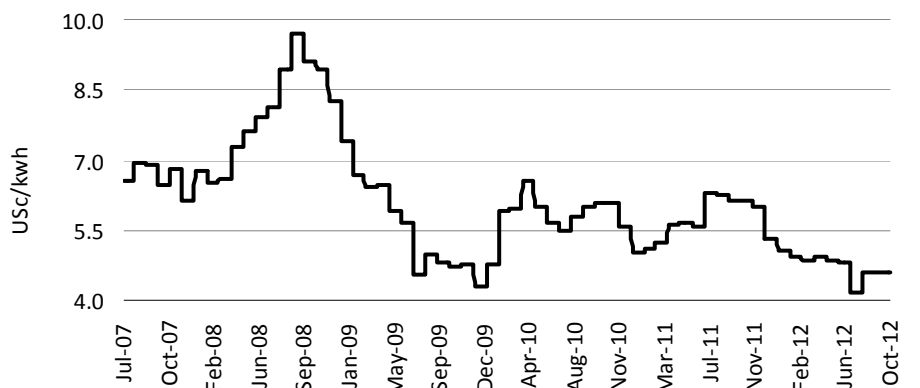
CPC US



Alumina



Industrial power US (Louisiana)



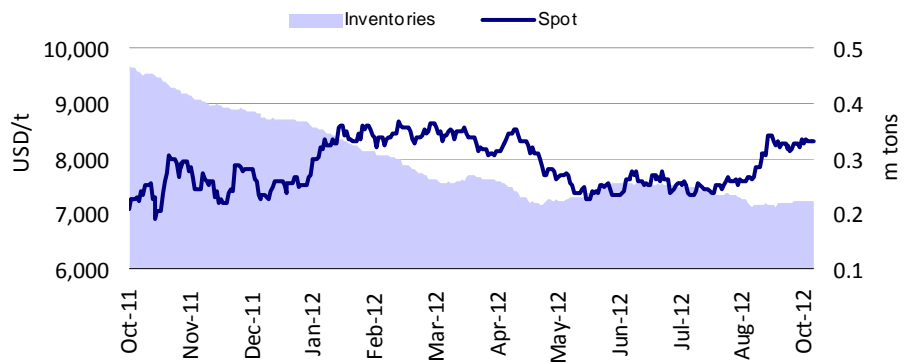
Source: Metal Bulletin/Bloomberg/Industry/MOSL

Non-ferrous

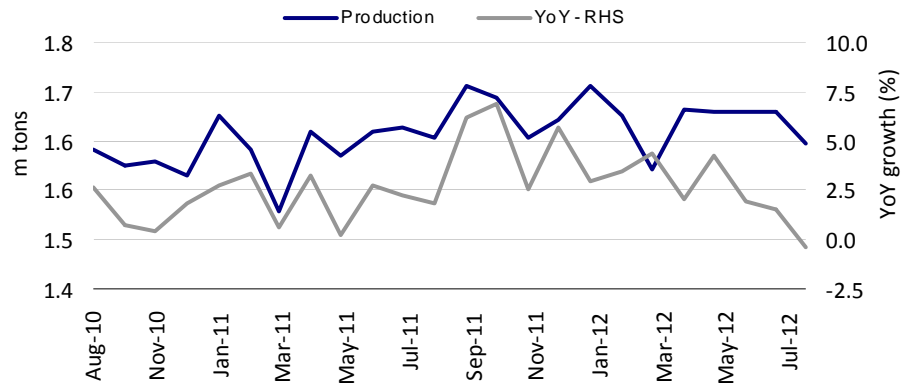
Copper

Copper spot prices increased 1% WoW to USD8,298/ton

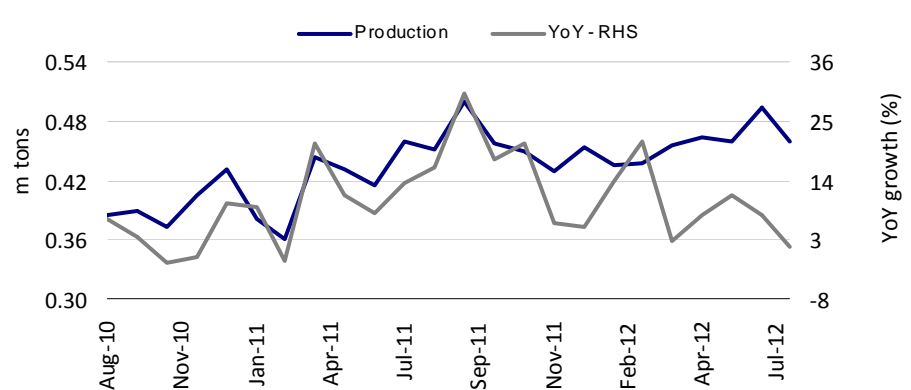
LME inventories and prices



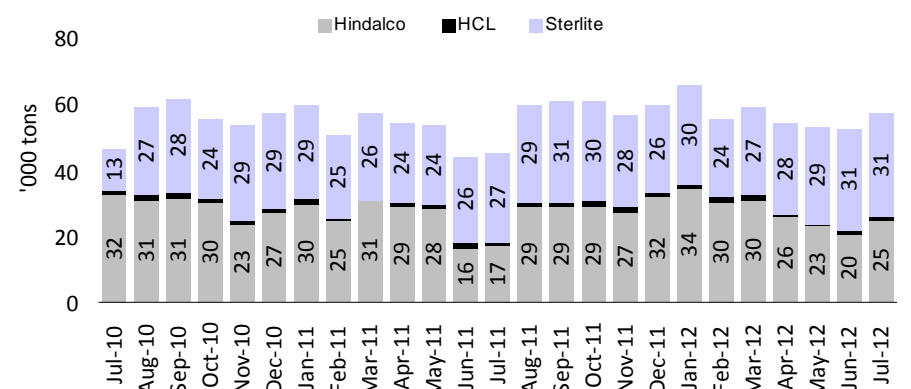
Global refined copper monthly production and YoY growth



China: Refined copper monthly production and YoY growth



India: Company-wise refined copper monthly production



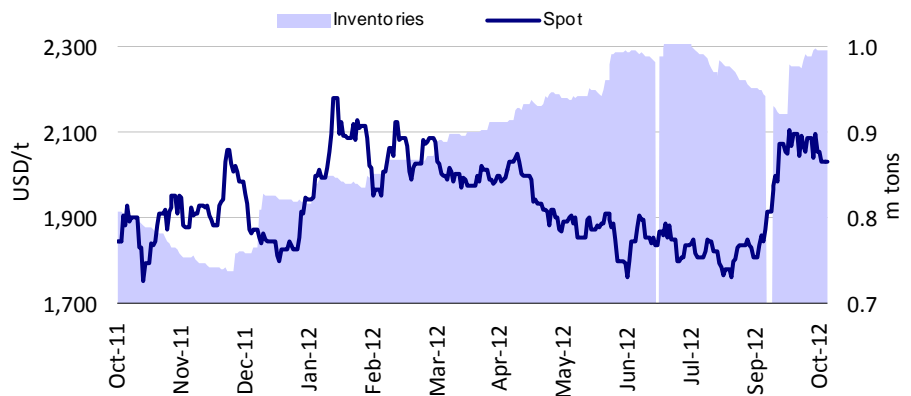
Source: Metal Bulletin/Bloomberg/MOSL

Non-ferrous

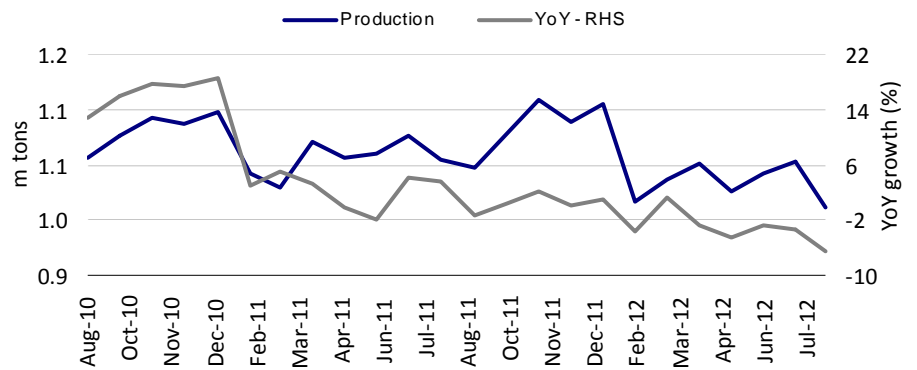
Zinc

LME inventories and prices

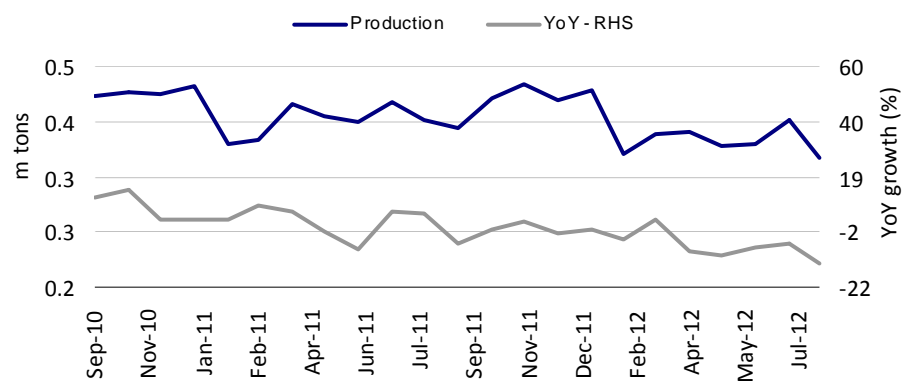
Zinc spot prices decreased 0.3% WoW to USD2,032/ton



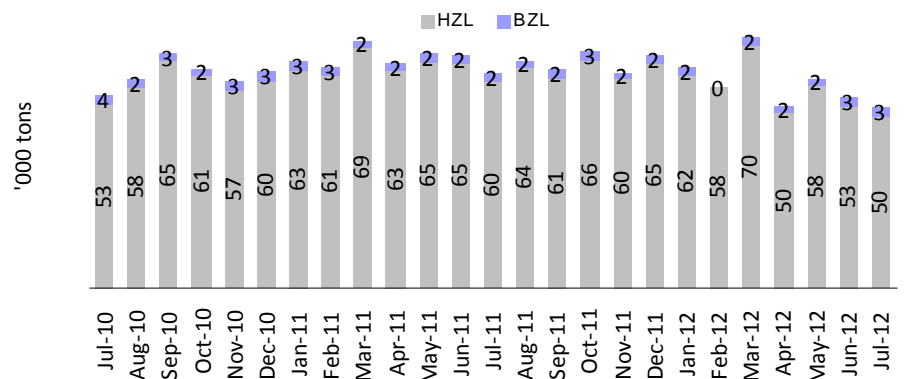
Global refined zinc monthly production and YoY growth



China: Refined zinc monthly production and YoY growth



India: Company-wise refined zinc monthly production



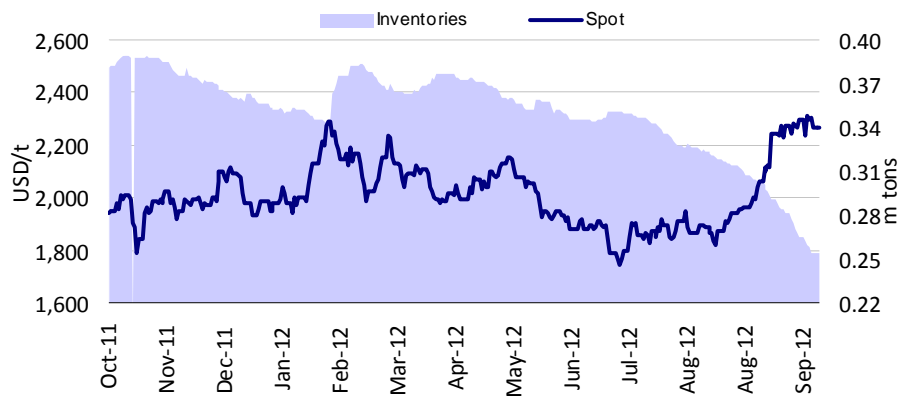
Source: Metal Bulletin/Bloomberg/MOSL

Non-ferrous

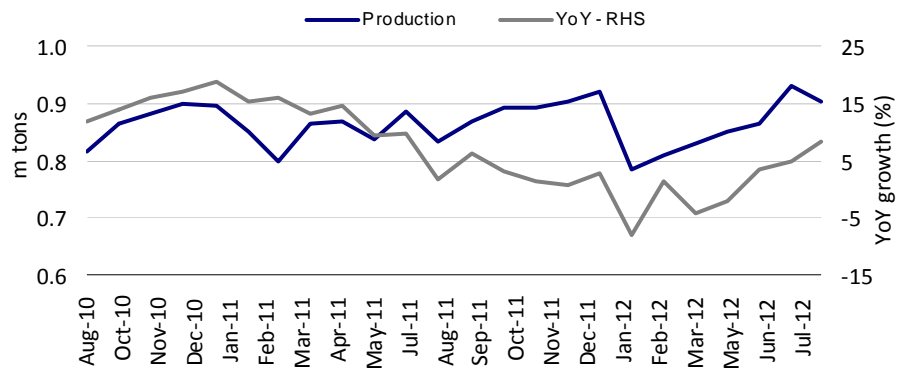
Lead

Lead spot prices increased 1.2% WoW to USD2,265/ton

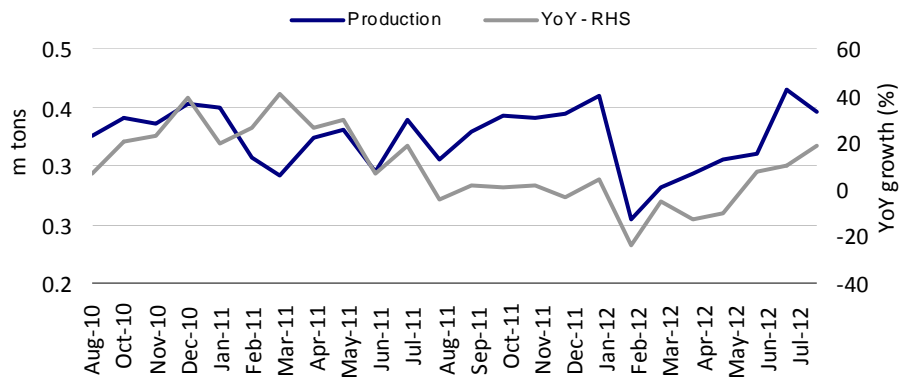
LME inventories and prices



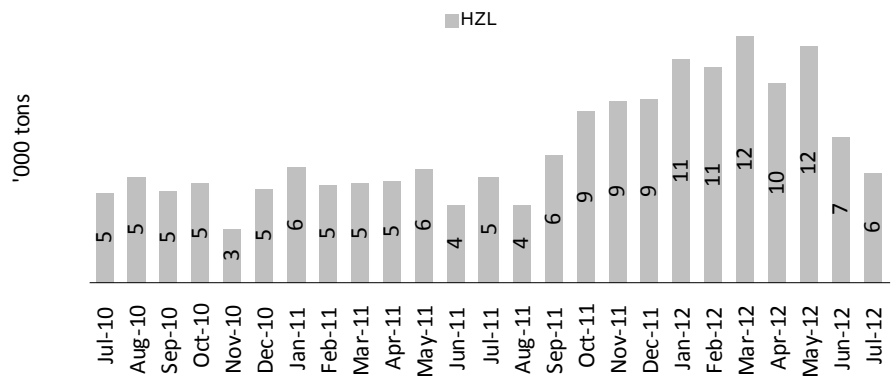
Global refined lead monthly production and YoY growth



China: Refined lead monthly production and YoY growth



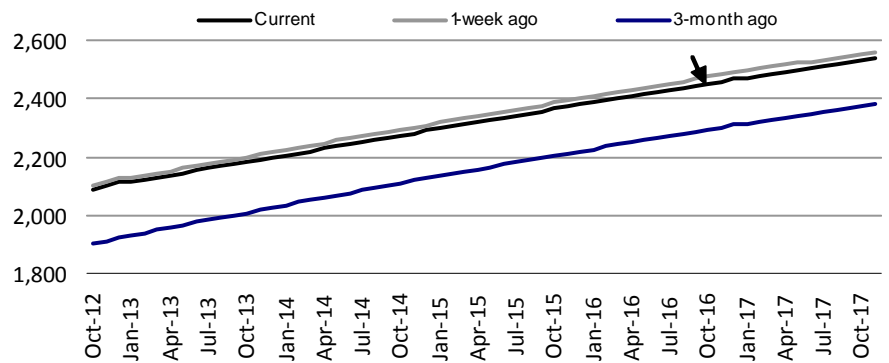
India: Company-wise refined lead monthly production



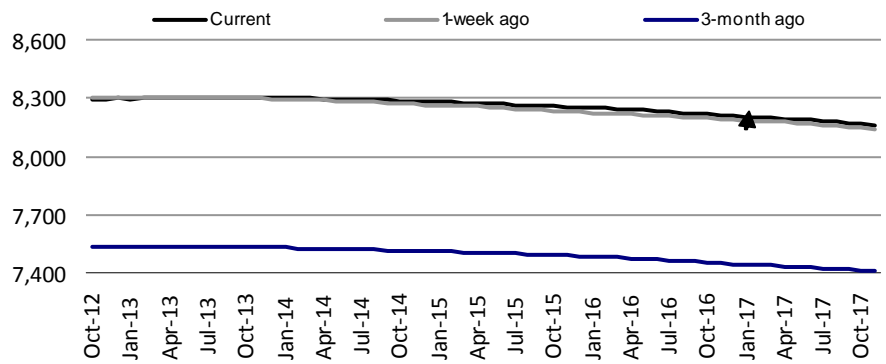
Source: Metal Bulletin/Bloomberg/MOSL

Commodity forward curves

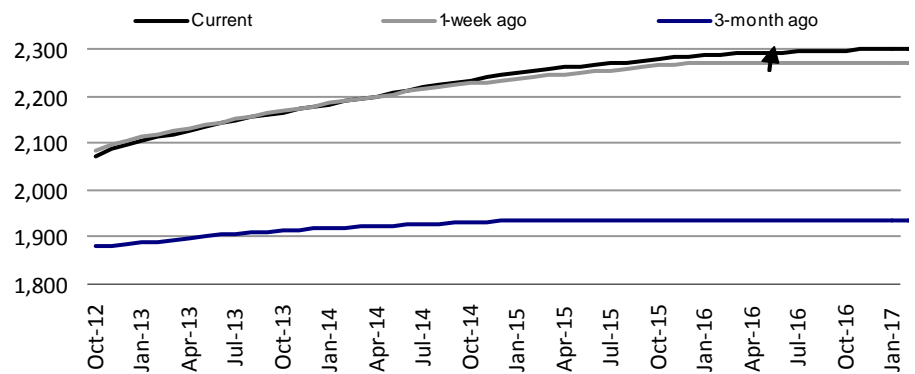
LME aluminum (USD/ton)



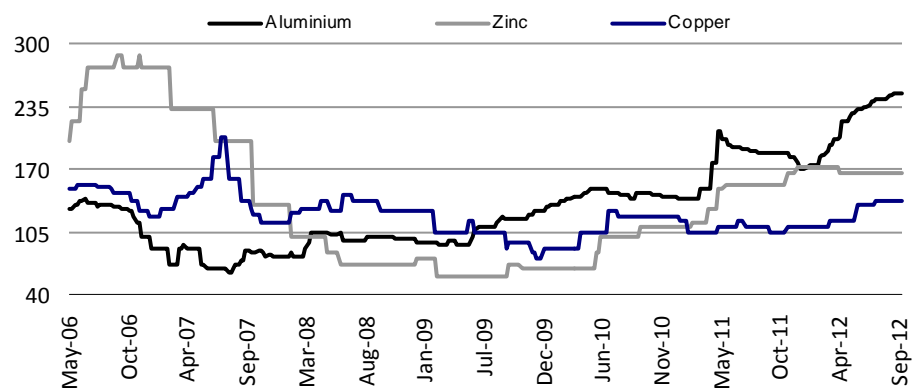
LME copper (USD/ton)



LME zinc futures (USD/ton)



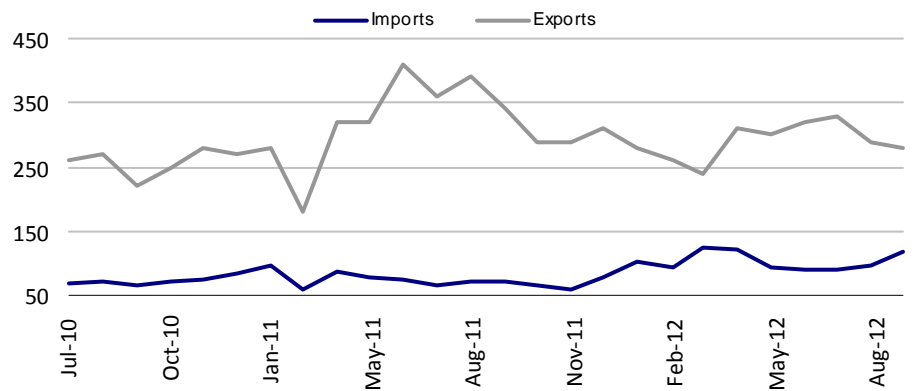
Base metals US spot premium (USD/ton)



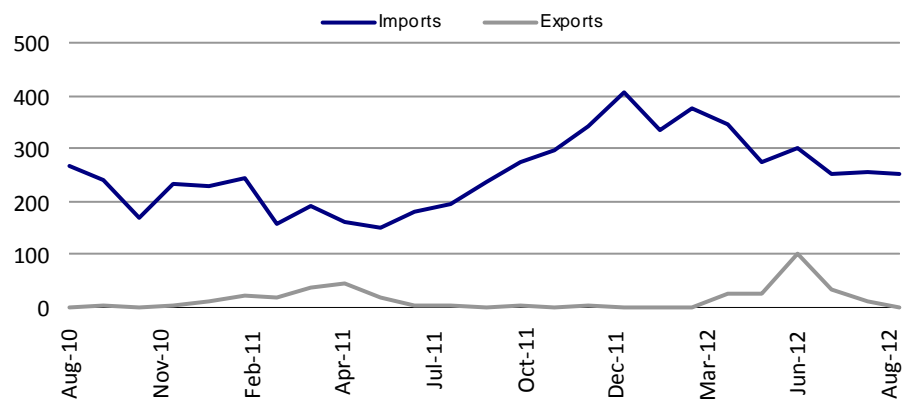
Source: Metal Bulletin/Bloomberg/MOSL

China non-ferrous trade data

China's aluminum trade ('000 tons)



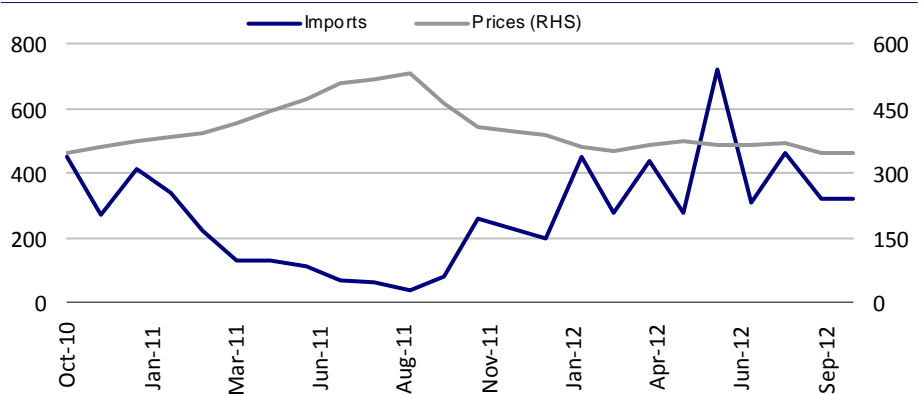
China's refined copper trade ('000 tons)



China's refined zinc trade ('000 tons)



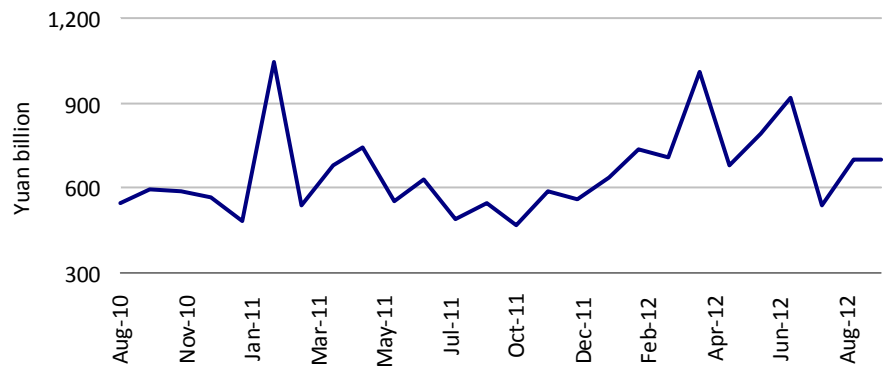
China's alumina imports ('000 tons) and prices (USD/ton)



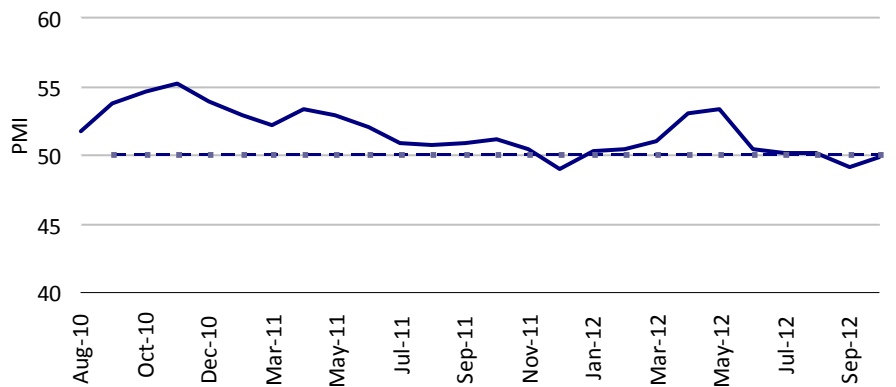
Source: Metal Bulletin/Bloomberg/MOSL

Key indicators

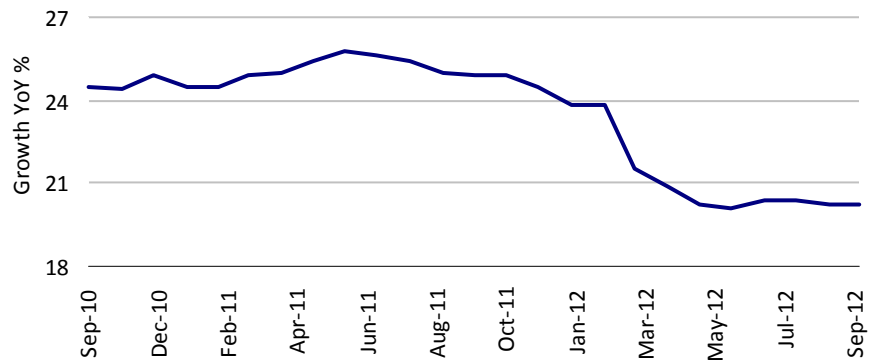
China new loan growth



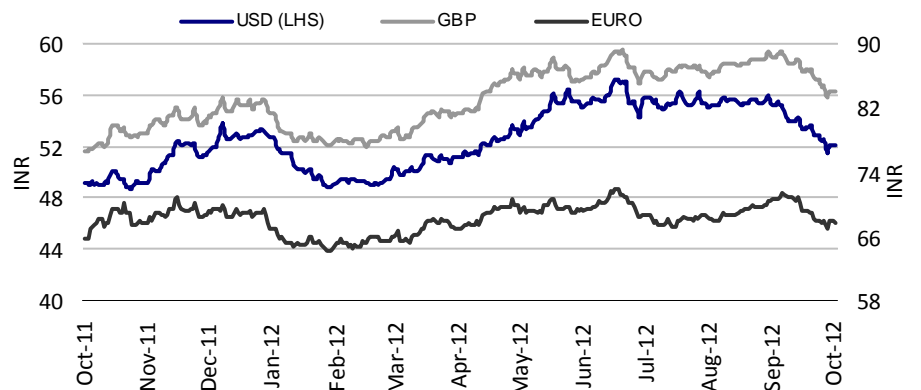
China PMI



China: Fixed asset investment



Currency movement with respect to the rupee

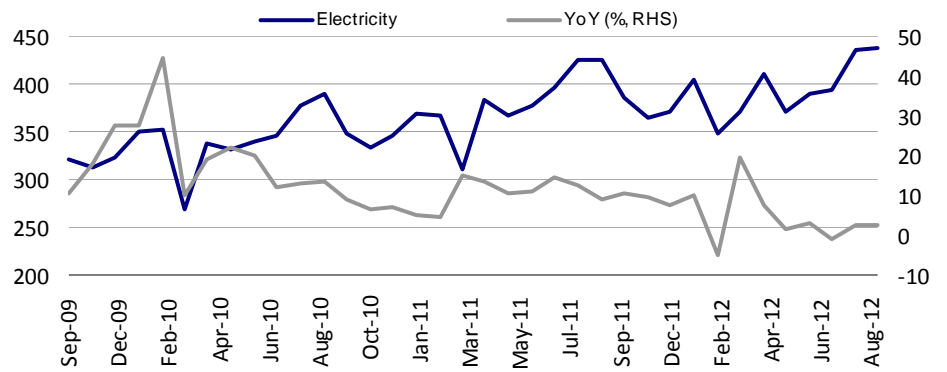


The rupee appreciated 0.6% WoW against the US dollar and was trading at INR52.13/USD

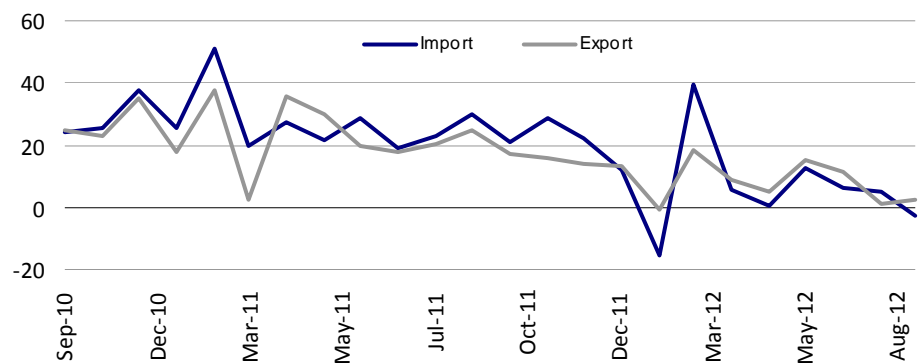
Source: Bloomberg/MOSL

Key indicators (Contd..)

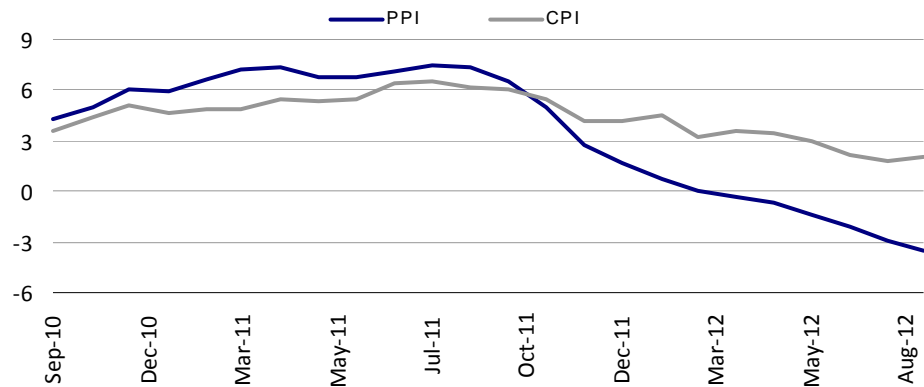
China Energy Production Electricity (b kwh)



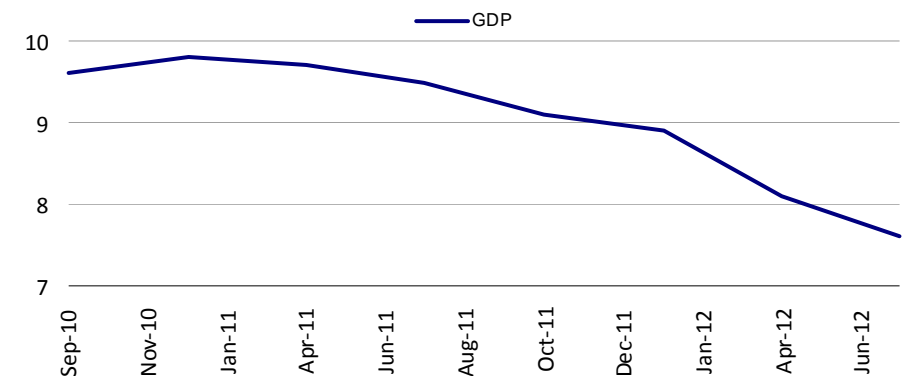
China Monthly Trade YoY (%)



China Price Index YoY (%)



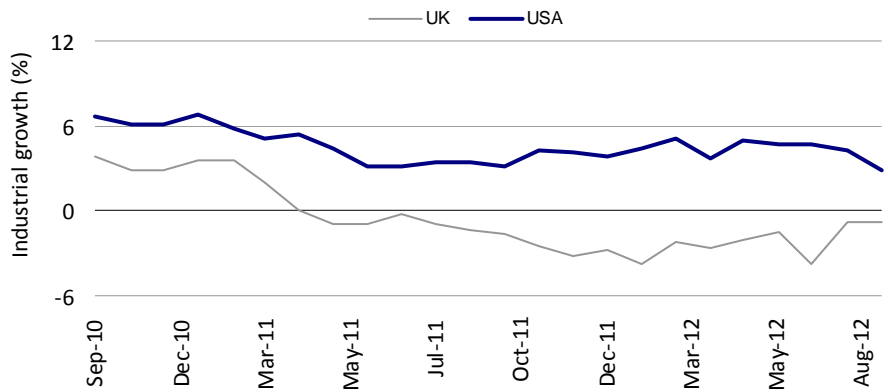
China GDP YoY (%)



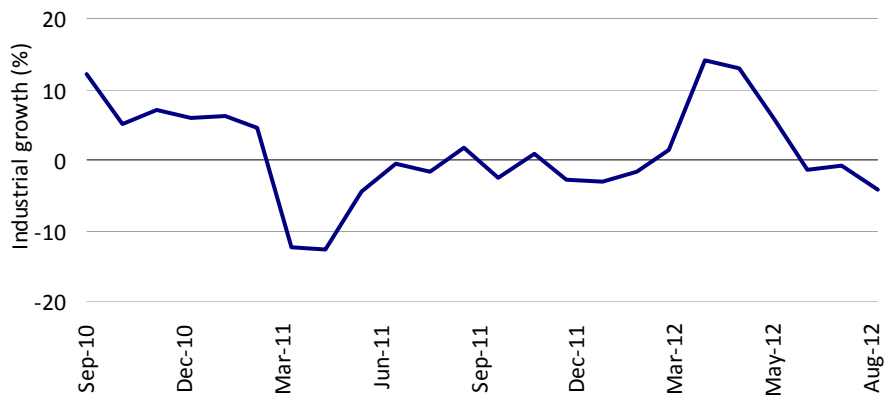
Source: Bloomberg/MOSL

Industrial production growth

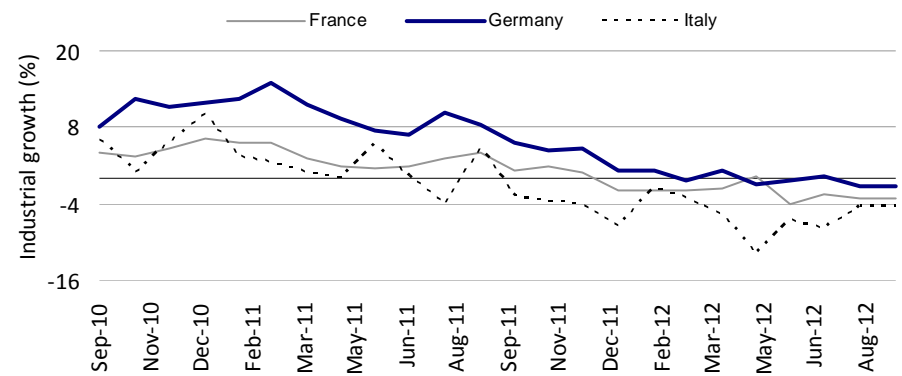
The UK and the US



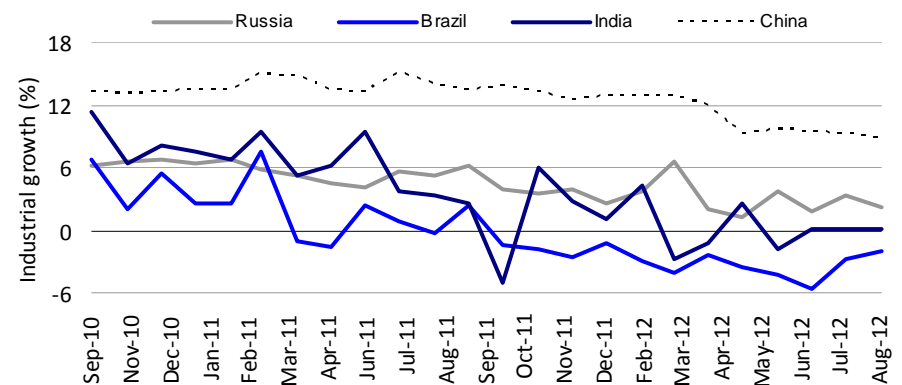
Japan



European Union



BRIC



Source: Bloomberg/MOSL

Stock Exchange announcements

- **JSPL** has constituted Nomination and Remuneration Committee and has accepted resignation of Shri Naveen Jindal from Managing Directorship of the Company and appointed him as Wholetime Director. It has also appointed Shri Ravi Uppal as Managing Director & CEO of the Company from October 01, 2012.
- **Sesa Goa** has said in a press release that Supreme Court of India ruled that the ban on mining activities will continue in Goa and referred the matter to Central Empowered Committee (CEC) to file a preliminary report in next four weeks. Until such time the court has also restricted any movement of ore from mines / stockyard till CEC files its preliminary report.
- **Sterlite Industries (India)** announced that the first 80 MW unit of its 160 MW thermal power plant at Tuticorin has been successfully synchronized on 30th September 2012. The power from the first unit will be predominantly used for captive consumption at its Copper Smelter operations at Tuticorin.
- **Rain Commodities'** shareholders have approved the buyback of 12.7m shares of the company at the maximum price of INR46 per share for an amount not exceeding INR460m.

Results announcements

- **Tata Sponge** - 19th October 2012
- **Hindalco** - 6th November 2012

Metals Valuation Matrix

Valuations: Indian companies

	Rating	Price (INR)	Mkt Cap (USD M)	EPS (INR)			P/E (X)		EV/EBITDA (X)		P/B (X)	
				FY12	FY13E	FY14E	FY13E	FY14E	FY13E	FY14E	FY13E	FY14E
Steel												
Tata Steel	Sell	410	7,562	18.6	31.2	56.6	13.2	7.2	6.9	6.1	1.5	1.3
SAIL	Sell	86	6,755	9.0	6.7	8.6	12.9	10.0	8.9	7.4	0.9	0.8
JSW Steel	Sell	739	3,126	66.5	49.9	73.7	14.8	10.0	6.5	6.0	1.0	0.9
JSPL	Neutral	417	7,396	42.4	39.8	38.5	10.5	10.8	9.4	8.8	2.0	1.7
NMDC	Buy	189	14,242	18.5	20.4	24.9	9.3	7.6	5.2	3.9	2.5	2.0
Sesa Goa	Neutral	172	2,836	31.8	35.9	33.5	4.8	5.1	5.8	4.5	1.0	0.9

Non-Ferrous

Sterlite Inds.	Buy	101	6,437	16.7	16.3	17.7	6.2	5.7	3.9	3.6	0.7	0.7
Hindustan Zinc	Buy	136	10,886	13.2	14.4	16.7	9.4	8.1	5.7	4.1	1.8	1.5
Nalco	Neutral	51	2,501	3.4	3.5	3.3	14.7	15.6	7.3	6.5	1.1	1.1
Hindalco	Buy	125	4,719	17.1	18.9	20.6	6.6	6.1	7.3	6.4	1.2	1.0

CMP=current market price

Source: MOSL

Valuations: Global companies

	BBG Code	Currency	Price	Mkt Cap (USD M)	P/E (X)		EV/EBITDA(X)		P/BV CY11
					CY11	CY12	CY11	CY12	
Mining									
BHP-Billiton	BHP AU	AUD	33.3	173,863	12.0	10.3	6.2	5.5	2.7
FMG	FMG AU	AUD	3.6	11,578	8.1	4.9	5.5	3.7	2.6
Rio Tinto	RIO AU	AUD	54.9	92,161	9.9	8.5	5.8	4.8	1.8
Vale	Vale US	USD	17.7	93,923	7.5	6.5	4.9	4.5	1.2
Teck Resources	TCK US	USD	30.7	18,052	11.1	9.5	5.5	4.9	1.0
Xstrata	XTA LN	GBP	953.5	46,133	12.5	10.8	7.5	5.8	1.0
Steel									
Arcelor Mittal	MT NA	EUR	11.4	23,103	16.9	9.1	6.3	5.3	0.4
Posco	005490 KS	k KRW	365.0	28,039	10.3	8.9	5.6	4.9	0.8
US Steel	X US	USD	19.8	2,861	14.0	9.6	5.4	4.4	0.9
Nucor	NUE US	USD	38.6	12,248	21.9	12.3	8.9	6.3	1.6
JFE	5411 JT	JPY	1,037.0	8,112	9.9	6.4	7.7	6.3	0.5
Gerdau	GGBR4 BZ	BRL	18.7	14,904	16.4	13.0	8.9	7.3	1.1
Bao Steel	600019 CH	CNY	4.6	12,704	7.0	10.2	5.7	5.8	0.8
Non-Ferrous									
Alcoa	AA US	USD	9.1	9,698	37.3	12.7	9.3	6.5	0.7
Norsk Hydro	NHY NO	NOK	28.1	10,193	85.8	20.4	9.5	6.4	0.8
Rusal	486 HK	HKD	4.6	8,740	15.1	8.2	16.9	12.7	0.9

Source: Bloomberg

Metals Stock Performance

Among large-cap companies, Hindalco has outperformed and Nalco has underperformed the BSE Sensex over the last one month

Among mid-cap companies, Adhunik Metaliks outperformed and Bhushan Steel has underperformed the BSE Sensex over the last one month

Among global mining companies, FMG was the best performer while Xstrata was the worst performing stock over the last one month

Among global steel majors, Thyssen Krupp was the best performer while Arcelor Mittal was the worst performing stock over the last one month

Metals stock performance on absolute and relative basis (%)

Months	Absolute Perf (%)				Relative Perf to Sensex (%)			
	1	3	6	12	1	3	6	12
Steel								
Tata Steel	17.0	-8.3	-13.6	-2.2	7.8	-16.4	-21.9	-18.9
SAIL	12.4	-8.4	-12.0	-16.7	3.2	-16.5	-20.3	-33.3
JSW Steel	12.1	3.3	2.8	30.9	2.9	-4.8	-5.5	14.2
JSPL	21.7	-8.4	-20.7	-13.5	12.5	-16.5	-29.0	-30.1
NMDC	3.4	-3.7	12.8	-19.6	-5.8	-11.8	4.5	-36.2
Sesa Goa	5.5	-13.1	-11.6	-15.8	-3.7	-21.2	-19.9	-32.4
Non-ferrous								
Sterlite Inds.	7.6	-6.1	-8.7	-11.0	-1.6	-14.2	-17.0	-27.7
Hindustan Zinc	8.0	9.0	5.7	15.0	-1.1	0.9	-2.6	-1.6
Nalco	2.8	-17.6	-16.5	-17.4	-6.4	-25.7	-24.8	-34.1
Hindalco	22.9	0.8	-6.1	-0.8	13.7	-7.3	-14.4	-17.4
Mid Caps								
Monnet Ispat	7.6	-19.6	-33.4	-36.3	-1.6	-27.7	-41.7	-53.0
Godawari	9.0	0.4	4.9	10.5	-0.2	-7.7	-3.4	-6.2
Sarda Energy	17.7	0.7	-1.7	7.8	8.6	-7.4	-10.0	-8.9
Tata Sponge	9.5	-5.1	0.1	6.5	0.3	-13.2	-8.2	-10.2
Adhunik Metaliks	24.6	-13.5	-30.7	-28.8	15.4	-21.6	-39.0	-45.5
Bhushan Steel	7.5	4.8	20.7	50.3	-1.7	-3.3	12.4	33.6
Jai Balaji	18.8	19.8	-5.8	-59.3	9.6	11.7	-14.1	-76.0
Rain Commodities	24.1	28.9	12.7	75.9	14.9	20.8	4.4	59.3
Prakash Industries	14.0	-8.3	3.1	11.7	4.8	-16.4	-5.2	-5.0
SENSEX	9.2	8.1	8.3	16.7	-	-	-	-

■ Best performer ■ Worst performer

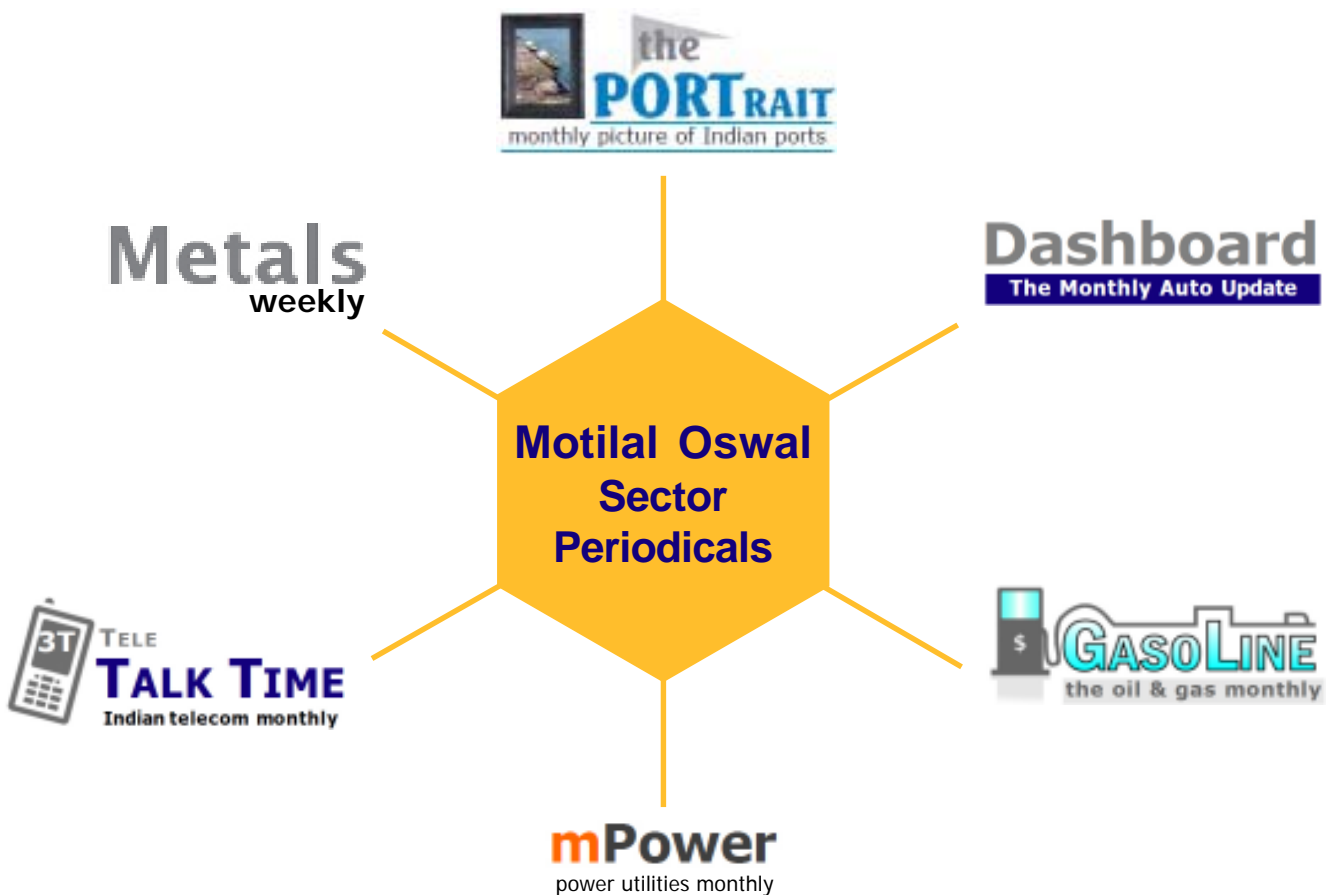
Source: MOSL/Bloomberg

Global metals stock performance on absolute basis (%)

	Absolute Perf (%)				
	1week	1month	3 months	6 months	12 months
Mining					
Rio Tinto	3.5	5.0	-2.7	-13.7	-5.6
BHP Billiton	0.8	6.3	3.8	-3.3	-10.4
Vale	-1.1	4.9	-11.1	-22.7	-24.2
FMG	3.4	21.5	-26.0	-38.4	-26.3
Xstrata	-0.4	-2.6	15.4	-12.2	7.3
Anglo American	-0.2	-1.5	-13.9	-21.1	-22.2
Vedanta	7.0	18.6	20.4	-10.9	-5.1
Steel					
US Steel	4.0	3.2	-5.5	-29.3	-9.6
Nucor	0.8	1.3	0.6	-7.5	17.4
Arcelor Mittal	2.1	-4.2	-6.2	-17.0	-13.6
Bao Steel	0.0	2.9	7.0	-5.0	-10.2
Posco	-0.1	2.4	-2.7	-2.0	-2.9
JFE Holdings	0.7	8.5	-15.1	-38.9	-27.1
Nippon	-1.3	5.3	-9.7	-25.5	-27.2
Thyssen Krupp	6.1	10.2	34.2	-2.1	-8.8
Voest Alpine	4.3	0.1	15.3	2.0	10.3
Gerdau	-2.4	-1.7	6.5	-2.4	28.0
Aluminium					
Alcoa	2.7	3.8	4.2	-5.6	-6.4
Rusal	2.9	10.3	5.7	-20.0	-33.0
Chalco	2.2	13.9	-3.2	-11.4	-11.1

■ Best performer ■ Worst performer

Source: MOSL/Bloomberg



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