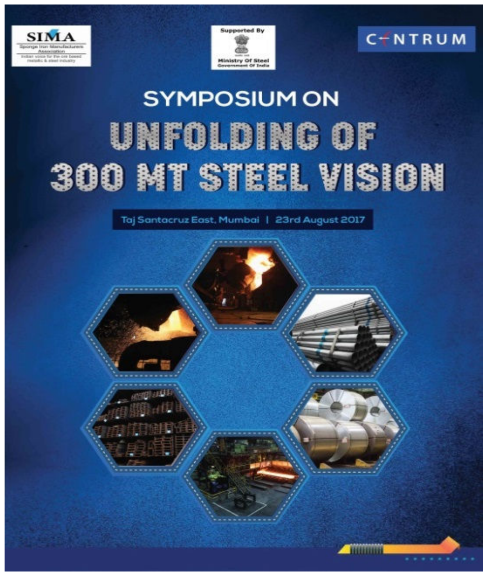
Symposium on National Steel Policy – Unfolding of 300 MT steel vision – Key Takeaways

We hosted the first ever symposium on the recently announced "National Steel Policy 2017" which had several eminent leaders from the Steel Ministry as well as the steel, mining & banking industry as key speakers. The symposium involved panel discussions with various stakeholders and a detailed presentation from the Steel Secretary, Dr. Aruna Sharma. The symposium focused on the preparedness of the industry and the government to deal effectively with the cyclicality of the steel industry and create a platform for further investment and growth in light of the ambitious 300 MTPA capacity goal by FY31.

- **Steel Ministry – several policy actions under work, confident of MSME potential:** Optimism on demand revival and sharp pick-up in per capita consumption of steel going ahead was highlighted and a strong assertion was made by the Ministry that the MSME sector (<0.5 mtpa capacity and <Rs20bn investment) is expected to play a significant role in the 300 MTPA vision on account of its low capex requirement (~Rs20bn per MT), low switching cost and better quality with optimised inputs. The MSME sector has little to no NPAs as an added advantage. Apart from implementing duty protection measures, a slew of other policy measures are being worked upon, these include: i) coking coal dis-aggregation (washeries) and making it available at 13 percent ash to the steel industry, ii) reclassification of iron ore/pellets at par with coal to reduce logistics cost, iii) suitable modifications in MMDR act to make the iron ore mine auction in 2020 predictable and effective, iv) increase natural gas availability to the steel industry to reduce reliance of BFs on coking coal, v) Reduction in power rates for steel making already started with the states of Punjab and Chhattisgarh, and vi) discussion with railways to offer volume based discounts and consider reducing the busy season timeframe from 9 months currently. There was strong indications that best efforts are being made to bring down the duties to NIL on key RM like coal.
- **Steel producers – NSP goal achievable, need for faster clearances and operational improvements:** The goal of 300 MTPA capacity by FY31 is achievable and the industry is well on track to meet the FY20 goal of 160 MT. Huge land availability in several existing big plants would ensure substantial brownfield capacity additions over the next 10 years and limit the need for big ticket greenfield projects. The panel had a consensus view in terms of the need for i) optimising logistics cost which is presently very high for the industry, ii) increasing investments in R&D, and iii) improving operational efficiency through higher blast furnace productivity, reducing specific consumption and improving quality of locally available raw materials.
- **Banking Institutions - looking for more accountability and equity from steelmakers:** Main factors impacting credit to the sector are a) steel players' inability to modernize and b) non-transparency of data by the corporates that makes banks wary of lending to the space. It was clearly indicated that direct rate reductions for the sector can't be provided given the cost of funds for banks and alternate mechanisms need to be thought of like PSL or infrastructure status for the sector to reduce borrowing costs. Other requisites for availing better & faster credit include, a) all project related approvals, b) land issues sorted in terms of ownership, and c) promoters investing equity in a timely and appropriate manner.
- **Mining & logistic companies – Need for better collaboration with steel industry and improved logistics:** Miners stressed upon the need for better collaboration between the mining & steel industry which are often seen to be at loggerheads over supply and pricing issues. Focus on new age scientific mining and reducing logistics cost was seen as the need of the hour for the industry. Developing a system of quarterly/long term contracts for iron ore was stressed upon. From Railways support for the steel industry, reduction in freight rates in the near term was ruled out but investments in capacity creation would improve the logistics for the steel industry and optimise the turnaround time. Railways would be equipped in time to handle the needs of 300 MT capacity of the steel industry.

Key Speakers for the event

1. **Sh. Vishnu Deo Sai**
   Hon'ble MInister of State for Steel
2. **Dr. Aruna Sharma**
   Secretary, Ministry of Steel
3. **Sh. Syedain Abbasi**
   Jt. Secretary, Ministry of Steel
4. **Sh. Saraswati Prasad**
   Addtnl. Secretary & Financial advisor, Ministry of Steel
5. **Ms. Arundhati Bhattacharya**
   Chairman, SBI
6. **Mr. T.V Narendran**
   MD, Tata Steel
7. **Mr. Seshagiri Rao**
   Jt. MD & Group CFO, JSW Steel
8. **Mr. B.K Goenka**
   Chairman, Welspun Group
9. **Mr. Tuhin Mukherjee**
   MD, Essel Mining
10. **Mr. T R K Rao**
    Director-Commercial, NMDC
11. **Mr. M.V Subbarao**
    CMD, KIOCL
12. **Mr. Prabhas Dansana**
    ED - TTS, Railway Board
13. **Mr. D.P Deshpande**
    Chairman, SIMA
14. **Mr. Deependra Kashiva**
    ED, SIMA



Abhisar Jain, CFA, *abhisar.jain@centrum.co.in*, 9122 4215 9928

Inaugural Session - Ministry's Vision for Steel Industry

Sh. Vishnu Deo Sai

Minister of State for Steel

Dr. Aruna Sharma

Secretary, Ministry of Steel

Presentation - **Dr. Aruna Sharma, Secretary, Ministry of Steel**

Keynote Address - **Sh. Vishnu Deo Sai, Minister of State for Steel**

Session Youtube link - https://youtu.be/pBfz9GBbzj0

Key takeaways from the presentation & discussion:-

Goal of NSP 2017 and key role of MSME units in capacity creation

- The per capita consumption of steel is beginning to accelerate and would grow strongly going ahead (50kgs to 60kgs took almost 10 years but 60kgs to 64kgs has happened in the last two years).
- Erstwhile "Secondary Steel" classification has been removed and replaced with "MSME for steel industry". MSME units are identified with investments of <=Rs2000cr and turnover of <=Rs1000cr and capacity of <=0.5 mtpa.
- *The MSME sector is expected to play a significant role in the 300 MTPA vision* on account of low capex requirement (~Rs20bn per MT as per MoS), low switching cost and better quality with optimised inputs. The MSME sector has little to no NPAs as an added advantage and could add ~140 mtpa capacity at a capex of Rs2.8 lakh crore by FY31.
- Government will take steps to increase R&D efforts in the sector. Joint venture routes will also be encouraged.
- Ministry expects increase in FDI in the sector given the favourable policy environment, visibility of procuring raw material through transparent auctions and faster approvals.
- Ministry also expects steel to be the frontrunner in resolution under NCLT as well as in cases where debt is <Rs50bn. Post resolutions which is expected to accelerate in the next 6-12 months, there could be higher capacity utilisation followed by capacity expansion at many of these assets.

Key Policy measures under works

- While the policy measures around imposition of safeguard and anti-dumping duties are well known and talked about, *the Ministry has been working on a slew of other policy measures, the results of which are in the pipeline*. These measures are a) coking coal dis-aggregation (washeries) and making it available at 13 percent ash to the steel industry, b) advocacy for right of way along the railway lines to slurry pipeline for iron ore fines, c) reclassification of iron ore/pellets at par with coal to reduce logistics cost to the tune of Rs8bn annually, d) suitable modifications in MMDR act to make the iron ore mine auction in 2020 predictable and effective, e) increase natural gas availability to the steel industry on affordable & assured basis to reduce reliance of BFs on coking coal, f) Reduction in power rates for steel making already started with the states of Punjab (Rs5/unit supply started) and Chhattisgarh, g) railways to offer volume based discounts and consider reducing the busy season timeframe from currently 9 months.
- *The ministry is focused on bringing down the duties on various inputs to NIL. Special focus is on reducing duties (2.5% currently) and providing a clean energy cess (Rs400/t currently) on coking & thermal coal.*
- A special committee of secretaries has been formed to deliberate on sustainable iron ore pricing formula and the outcome on the same is likely by Oct'2017.
- GST implementation is a big plus for the sector as rate is 5% on inputs and 18% on finished goods. Reduced transportation time and better set-off mechanism are the main benefits of GST.

Debt stress in the sector and need for lower interest rates for effective revival

- Steel sector is grappling with high leverage with total exposure of Rs4.1 lakh crore and 52% of debt with companies having debt/EBITDA of >12x and remaining stressed even after the recent steel price surge. The exposure of flat:longs is 52%/48%.
- *On the other hand, with a debt equity ratio of 1:1, total NPAs in small scale steel plants are less than 10% of the Bank's exposure.*
- *Strong focus needs to be given on reducing the financing cost for the steel sector* from current 9-10% range to 6-7% range so that industry can be sustainable with long term average. EBITDA margins of 17-18%

Steel Producers Session – Capacity creators geared up for the challenge?

Mr. Syedain Abbasi

Jt. Secretary, Ministry of Steel

Mr. T.V Narendran

MD, Tata Steel

Mr. Seshagiri Rao

Jt. MD & Group CFO, JSW Steel

Mr. B.K Goenka

Chairman, Welspun Group

Mr. Mr. D.P Deshpande

Chairman, SIMA

Mr. Deependra Kashiva

ED, SIMA

Panel – Mr. T.V Narendran (MD, Tata Steel), Mr. Seshagiri Rao (JT. MD & Group CFO, JSW Steel), Mr. B.K Goenka (Chairman, Welspun Group), Mr. D.P Deshpande (Chairman, SIMA), Mr. Deependra Kashiva (ED, SIMA)

Moderator – Mr. Syedain Abbasi (Jt. Secretary, Ministry of Steel)

Session Youtube link - https://youtu.be/suAS7nkHLj4

Key takeaways from the panel discussion:-

On NSP 2017 Goal of 300 MTPA

- *The goal of 300 MTPA capacity by FY31 is achievable and the industry is well on track to meet the FY20 goal of 160 MT.*
- Huge land availability in several existing big plants would ensure a lot of brownfield capacity additions over the next 10 years.
- Need of big ticket Greenfield projects might remain limited.
- Industry could be at a demand inflection point currently with an increase in per capita consumption coupled with progress in several infrastructure projects.

Industry's expectations from GoI

- Logistics is a big cost so infrastructure should be developed to reduce that cost. Transportation cost from China to India is $30/ton, as compared to $60/ton from India's eastern region to western region. Rigorous follow-up of key policy measures required to reduce logistics cost apart from infrastructure build-up.
- *In India R&D expense is <1% of revenue for steel industry, whereas globally it is 2-3% of the revenue and industry needs to invest in R&D.*
- Higher interest cost and depreciation are issues in the sector which need immediate attention for sustainable solutions.
- Most of the steel companies are EBITDA positive however a major problem lies in higher capex cost. Due to delays in project implementation capex cost escalates. Faster government clearances are required for reducing capex cost.
- Government should incentivize green steel production.
- Two key initiatives by GoI in the last few years has helped the industry – i) implementation of BIS standards, and ii) the preference for domestic steel in government projects.

Steps needed from the industry itself for improvement

- Blast furnace efficiency should increase from current level to high levels similar to China's steel producers'.
- Improving productivity, specific consumptions by the industry as a permanent measure to improve the profitability, even after the disadvantage of poor quality of raw materials.
- Improve the quality of domestic coking coal and increase its consumption in steel making

Role of small scale units (MSME) in capacity creation

- MSME re-classification and scrapping of the secondary steel sector would help the industry and incentivise investments by smaller players with much stronger balance sheets
- There are 300 DRI manufacturers across India. It is a good substitute to scrap. DRI requires lesser skills/automation compared to the steel industry. Energy efficiency of sponge iron producers is increasing

Banking Institutions Session – Pillars gearing back to support growth?

Mr. Saraswati Prasad

Additional Secretary, Ministry of Steel

Ms. Arundhati Bhattacharya

Chairman, SBI

Panel – Ms. Arundhati Bhattacharya (Chairman, SBI)

Moderator – Mr. Saraswati Prasad (Additional Secretary, Ministry of Steel)

Session Youtube link - https://youtu.be/8B7w1rUra3g

Key takeaways from the panel discussion:-

Why is the banking sector reluctant to lend to the sector:

- Steel sector accounts for 4-5% of the overall banking credit. However, in terms of overall GNPAs, the steel sector's GNPA is at 19% vs. 0.54% for the housing sector. With NIM at 2.5%, on a standalone basis, the provisioning towards these exposures/ sector would tantamount to losses on the income statement.
- The steel sector is seeing large amounts of NPAs owing to overleveraging which was mainly due to the inability to service interest during the construction phase or cost/time overruns. *Subvention scheme, similar to the one provided for the textile industry can prove beneficial to the steel sector.*

What is it that the steel companies need to get in place:

- From a systemic perspective, development of the steel sector is vital for nation building. However margins remain thin in this space and susceptible to cyclicality. *Main factors impacting credit to the sector have been a) steel players' inability to modernize, and b) non-transparency of data by the corporates, both of these make banks wary of lending to this space.* Steel companies should collaborate rather than cannibalize each other as stiff competition is unhealthy.
- In the longer-run, steel plays an important role in the development of the economy and job creation. Implementation of GST too has had a positive impact.
- *The pre-requisites for availing project finance include: a) all project related approvals should be in place, b) land issues should be sorted in terms of ownership, and c) the promoters should invest equity in a timely and appropriate manner. According to the SBI chief, "Banks will support credit demand of the sector / corporate that makes commercial sense".*

On lending rate / alternate mechanisms to fund the credit requirement of the sector:

- According to Steel secretary – Dr. Aruna Sharma, sustainable EBIDTA margin for the sector is 17-18% which can service interest cost of 6-7%. The existing effective lending rate is at 9-10% and thus the sector is in stress. In a reply to the same, SBI chief commented, a rate cut cannot effectively translate to lower lending rates as: For SBI, 97% of the sources of funds are deposits, the balance 3% being borrowings. The impact of a repo rate cut is only on 3% of the sources of funds. The CASA deposits (40-45% of total deposits) are interest rate insensitive and only fixed deposits are rate sensitive and over 2-3 years these rates have already reduced from 9-9.5% to 6-7%. SBI MCLR is at 8% (one of the lowest in the space) making it impossible for banks to lend at a lower rate owing to higher risks in the steel sector as compared to housing.
- **Alternate mechanism like a) PSL status** can be given to the sector which may reduce the lending yield for banks as in the current scenario banks are grappling with fulfilling their PSL requirements and the PSLC certificates are anyway unattractive from a margin perspective owing to low yields and/or b) **Infrastructure status** to the sector could enable corporates to attract money from investors at relatively lower rates.
- Interest subvention scheme can be sought from the Finance Ministry by the Steel Ministry but the steel secretary clarified that this was not being considered currently by the Steel Ministry.
- Modernization of steel units is important and hence GoI can think of TUF like schemes for such kind of modernization related funding

Mining & Logistics Companies Session – Decisive pieces in the NSP Design

Mr. Syedain Abbasi

Jt. Secretary, Ministry of Steel

Mr. Tuhin Mukherjee

MD, Essel Mining

Mr. T R K Rao

Director-Commercial, NMDC

Mr. M V Subbarao

CMD, KIOCL

Mr. Prabhas Dansana

ED - TTS, Railway Board

Panel – Mr. Tuhin Mukherjee (MD, Essel Mining), Mr. T R K Rao (Director-Commercial, NMDC), Mr. M V Subbarao (CMD, KIOCL), Mr. Prabhas Dansana (ED - TTS, Railway Board)

Moderator – Mr. Syedain Abbasi (Jt. Secretary, Ministry of Steel)

Session Youtube link - https://youtu.be/kesgIS_ElM8

Key takeaways from the panel discussion:-

On pricing and relationship with steel sector

- Iron ore buyers and sellers are always at loggerheads but they need to work together for a better growth path.
- Merely owning captive mines will also not help. Many companies across the world are making money without having captive mines.
- There was an iron ore shortage due to illegal mining issues but now there is abundant availability.
- Iron ore prices have cooled off but other costs have gone up for miners.
- Iron ore prices are deregulated. *There has to be some price discovery with composite dialogue with all stakeholders. There is merit in having quarterly/long term contracts and hence spot prices do not change business dynamics there.*
- Iron ore prices follow steel prices not vice versa.
- Logistics cost is an important and significant cost for miners and steelmakers alike. Focus on optimising the same is paramount.
- There should be focus on scientific mining and on inclusive mining. Mining cost consideration should also focus on the size of the mine.

Railways' support for the steel sector:

- Steel industry is important to the Railways as the steel ecosystem comprises 23% of the total railway traffic in India.
- **High freight cost by railways has been a recurring issue at various meetings with the industry.**
- From Railways' perspective, there are lots of capacity constraints which have only recently been taken up by the current government which has earmarked Rs8.5 lakh crore till 2019.
- The Railways is also subsiding Rs30,000Cr every year in passenger freight which needs to be covered through goods freight.
- As the Railways is currently in expansion phase, it will also need to fund its interest expense. Hence, it does not see a case of freight rate reduction in the near term.
- **Railways seem well on course on capacity addition which can meet the logistics need of 300MT by 2030.**
- It is also setting up Private Freight terminals and special type of wagons which can improve logistics for the steel sector.
  It has started partnering with industry through asking private customers to invest in special type of wagons and they will be given handling support/facilities.

Appendix A

Disclaimer

Centrum Broking Limited ("Centrum") is a full-service, Stock Broking Company and a member of The Stock Exchange, Mumbai (BSE) and National Stock Exchange of India Ltd. (NSE). Our holding company, Centrum Capital Ltd, is an investment banker and an underwriter of securities. As a group Centrum has Investment Banking, Advisory and other business relationships with a significant percentage of the companies covered by our Research Group. Our research professionals provide important inputs into the Group's Investment Banking and other business selection processes.

Recipients of this report should assume that our Group is seeking or may seek or will seek Investment Banking, advisory, project finance or other businesses and may receive commission, brokerage, fees or other compensation from the company or companies that are the subject of this material/report. Our Company and Group companies and their officers, directors and employees, including the analysts and others involved in the preparation or issuance of this material and their dependants, may on the date of this report or from, time to time have "long" or "short" positions in, act as principal in, and buy or sell the securities or derivatives thereof of companies mentioned herein. Centrum or its affiliates do not own 1% or more in the equity of this company Our sales people, dealers, traders and other professionals may provide oral or written market commentary or trading strategies to our clients that reflect opinions that are contrary to the opinions expressed herein, and our proprietary trading and investing businesses may make investment decisions that are inconsistent with the recommendations expressed herein. We may have earlier issued or may issue in future reports on the companies covered herein with recommendations/ information inconsistent or different those made in this report. In reviewing this document, you should be aware that any or all of the foregoing, among other things, may give rise to or potential conflicts of interest. We and our Group may rely on information barriers, such as "Chinese Walls" to control the flow of information contained in one or more areas within us, or other areas, units, groups or affiliates of Centrum. Centrum or its affiliates do not make a market in the security of the company for which this report or any report was written. Further, Centrum or its affiliates did not make a market in the subject company's securities at the time that the research report was published.

This report is for information purposes only and this document/material should not be construed as an offer to sell or the solicitation of an offer to buy, purchase or subscribe to any securities, and neither this document nor anything contained herein shall form the basis of or be relied upon in connection with any contract or commitment whatsoever. This document does not solicit any action based on the material contained herein. It is for the general information of the clients of Centrum. Though disseminated to clients simultaneously, not all clients may receive this report at the same time. Centrum will not treat recipients as clients by virtue of their receiving this report. It does not constitute a personal recommendation or take into account the particular investment objectives, financial situations, or needs of individual clients. Similarly, this document does not have regard to the specific investment objectives, financial situation/circumstances and the particular needs of any specific person who may receive this document. The securities discussed in this report may not be suitable for all investors. The securities described herein may not be eligible for sale in all jurisdictions or to all categories of investors. The countries in which the companies mentioned in this report are organized may have restrictions on investments, voting rights or dealings in securities by nationals of other countries. The appropriateness of a particular investment or strategy will depend on an investor's individual circumstances and objectives. Persons who may receive this document should consider and independently evaluate whether it is suitable for his/ her/their particular circumstances and, if necessary, seek professional/financial advice. Any such person shall be responsible for conducting his/her/their own investigation and analysis of the information contained or referred to in this document and of evaluating the merits and risks involved in the securities forming the subject matter of this document.

The projections and forecasts described in this report were based upon a number of estimates and assumptions and are inherently subject to significant uncertainties and contingencies. Projections and forecasts are necessarily speculative in nature, and it can be expected that one or more of the estimates on which the projections and forecasts were based will not materialize or will vary significantly from actual results, and such variances will likely increase over time. All projections and forecasts described in this report have been prepared solely by the authors of this report independently of the Company. These projections and forecasts were not prepared with a view toward compliance with published guidelines or generally accepted accounting principles. No independent accountants have expressed an opinion or any other form of assurance on these projections or forecasts. You should not regard the inclusion of the projections and forecasts described herein as a representation or warranty by or on behalf of the Company, Centrum, the authors of this report or any other person that these projections or forecasts or their underlying assumptions will be achieved. For these reasons, you should only consider the projections and forecasts described in this report after carefully evaluating all of the information in this report, including the assumptions underlying such projections and forecasts.

The price and value of the investments referred to in this document/material and the income from them may go down as well as up, and investors may realize losses on any investments. Past performance is not a guide for future performance. Future returns are not guaranteed and a loss of original capital may occur. Actual results may differ materially from those set forth in projections. Forward-looking statements are not predictions and may be subject to change without notice. Centrum does not provide tax advice to its clients, and all investors are strongly advised to consult regarding any potential investment. Centrum and its affiliates accept no liabilities for any loss or damage of any kind arising out of the use of this report. Foreign currencies denominated securities are subject to fluctuations in exchange rates that could have an adverse effect on the value or price of or income derived from the investment. In addition, investors in securities such as ADRs, the value of which are influenced by foreign currencies effectively assume currency risk. Certain transactions including those involving futures, options, and other derivatives as well as non-investment-grade securities give rise to substantial risk and are not suitable for all investors. Please ensure that you have read and understood the current risk disclosure documents before entering into any derivative transactions.

This report/document has been prepared by Centrum, based upon information available to the public and sources, believed to be reliable. No representation or warranty, express or implied is made that it is accurate or complete. Centrum has reviewed the report and, in so far as it includes current or historical information, it is believed to be reliable, although its accuracy and completeness cannot be guaranteed. The opinions expressed in this document/material are subject to change without notice and have no obligation to tell you when opinions or information in this report change.

This report or recommendations or information contained herein do/does not constitute or purport to constitute investment advice in publicly accessible media and should not be reproduced, transmitted or published by the recipient. The report is for the use and consumption of the recipient only. This publication may not be distributed to the public used by the public media without the express written consent of Centrum. This report or any portion hereof may not be printed, sold or distributed without the written consent of Centrum.

The distribution of this document in other jurisdictions may be restricted by law, and persons into whose possession this document comes should inform themselves about, and observe, any such restrictions. Neither Centrum nor its directors, employees, agents or representatives shall be liable for any damages whether direct or indirect, incidental, special or consequential including lost revenue or lost profits that may arise from or in connection with the use of the information.

This document does not constitute an offer or invitation to subscribe for or purchase or deal in any securities and neither this document nor anything contained herein shall form the basis of any contract or commitment whatsoever. This document is strictly confidential and is being furnished to you solely for your information, may not be distributed to the press or other media and may not be reproduced or redistributed to any other person. The distribution of this report in other jurisdictions may be restricted by law and persons into whose possession this report comes should inform themselves about, and observe any such restrictions. By accepting this report, you agree to be bound by the fore going limitations. No representation is made that this report is accurate or complete.

The opinions and projections expressed herein are entirely those of the author and are given as part of the normal research activity of Centrum Broking and are given as of this date and are subject to change without notice. Any opinion estimate or projection herein constitutes a view as of the date of this report and there can be no assurance that future results or events will be consistent with any such opinions, estimate or projection.

This document has not been prepared by or in conjunction with or on behalf of or at the instigation of, or by arrangement with the company or any of its directors or any other person. Information in this document must not be relied upon as having been authorized or approved by the company or its directors or any other person. Any opinions and projections contained herein are entirely those of the authors. None of the company or its directors or any other person accepts any liability whatsoever for any loss arising from any use of this document or its contents or otherwise arising in connection therewith.

Centrum and its affiliates have not managed or co-managed a public offering for the subject company in the preceding twelve months. Centrum and affiliates have not received compensation from the companies mentioned in the report during the period preceding twelve months from the date of this report for service in respect of public offerings, corporate finance, debt restructuring, investment banking or other advisory services in a merger/acquisition or some other sort of specific transaction.

As per the declarations given by them, Mr. Abhisar Jain, research analyst and and/or any of his family members do not serve as an officer, director or any way connected to the company/companies mentioned in this report. Further, as declared by him, he has not received any compensation from the above companies in the preceding twelve months. He does not hold any shares by him or through his relatives or in case if holds the shares then will not to do any transactions in the said scrip for 30 days from the date of release such report. Our entire research professionals are our employees and are paid a salary. They do not have any other material conflict of interest of the research analyst or member of which the research analyst knows of has reason to know at the time of publication of the research report or at the time of the public appearance.

While we would endeavour to update the information herein on a reasonable basis, Centrum, its associated companies, their directors and employees are under no obligation to update or keep the information current. Also, there may be regulatory, compliance or other reasons that may prevent Centrum from doing so.

Non-rated securities indicate that rating on a particular security has been suspended temporarily and such suspension is in compliance with applicable regulations and/or Centrum policies, in circumstances where Centrum is acting in an advisory capacity to this company, or any certain other circumstances.

This report is not directed to, 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 or regulation or which would subject Centrum Broking Limited or its group companies to any registration or licensing requirement within such jurisdiction. Specifically, this document does not constitute an offer to or solicitation to any U.S. person for the purchase or sale of any financial instrument or as an official confirmation of any transaction to any U.S. person unless otherwise stated, this message should not be construed as official confirmation of any transaction. No part of this document may be distributed in Canada or used by private customers in United Kingdom.

The information contained herein is not intended for publication or distribution or circulation in any manner whatsoever and any unauthorized reading, dissemination, distribution or copying of this communication is prohibited unless otherwise expressly authorized. Please ensure that you have read "Risk Disclosure Document for Capital Market and Derivatives Segments" as prescribed by Securities and Exchange Board of India before investing in Indian Securities Market.

Disclosure of Interest Statement		
1	Business activities of Centrum Broking Limited (CBL)	Centrum Broking Limited (hereinafter referred to as "CBL") is a registered member of NSE (Cash, F&O and Currency Derivatives Segments), MCX-SX (Currency Derivatives Segment) and BSE (Cash segment), Depository Participant of CDSL and a SEBI registered Portfolio Manager.
2	Details of Disciplinary History of CBL	CBL has not been debarred/ suspended by SEBI or any other regulatory authority from accessing /dealing in securities market.
3	Registration status of CBL:	CBL is registered with SEBI as a Research Analyst (SEBI Registration No. INH000001469)

Rating Criteria

Rating	Market cap < Rs20bn	Market cap > Rs20bn but < 100bn	Market cap > Rs100bn
Buy	Upside > 20%	Upside > 15%	Upside > 10%
Hold	Upside between -20% to +20%	Upside between -15% to +15%	Upside between -10% to +10%
Sell	Downside > 20%	Downside > 15%	Downside > 10%

Member (NSE and BSE)

Regn No.:
CAPITAL MARKET SEBI REGN. NO.: BSE: INB011454239
CAPITAL MARKET SEBI REGN. NO.: NSE: INB231454233
DERIVATIVES SEBI REGN. NO.: NSE: INF231454233
(TRADING & CLEARING MEMBER)
CURRENCY DERIVATIVES: MCX-SX INE261454230
CURRENCY DERIVATIVES:NSE (TM & SCM) – NSE 231454233

Depository Participant (DP)
CDSL DP ID: 120 – 12200
SEBI REGD NO. : CDSL : IN-DP-CDSL-661-2012

PORTFOLIO MANAGER

SEBI REGN NO.: INP000004383

Website: www.centrum.co.in
Investor Grievance Email ID: investor.grievances@centrum.co.in

Compliance Officer Details:
Kavita Ravichandran
(022) 4215 9842; Email ID: Compliance@centrum.co.in

Centrum Broking Ltd. (CIN :U67120MH1994PLC078125)	
Registered Office Address	**Corporate Office & Correspondence Address**
Bombay Mutual Building , 2nd Floor, Dr. D. N. Road, Fort, Mumbai - 400 001	Centrum House 6th Floor, CST Road, Near Vidya Nagari Marg, Kalina, Santacruz (E), Mumbai 400 098. Tel: (022) 4215 9000