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PRABHUDAS LILLADHER

INSTITUTIONAL
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INITIATING COVERAGE
June 2026

Usha Martin (USM IN)

More than meets the eye

Rating: BUY | CMP: INR 466 | TP: INR 570

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Usha Martin (USM IN)

Initiating
Coverage

June 24, 2026

More than meets the eye

Key Data

USBL.BO | USM IN

BSE Code	517146
NSE Code	USHAMART
52-W High / Low	INR 527 / INR 307
Face Value	1
Sensex / Nifty	76,991 / 24,022
Market Cap	INR 142 bn / \$ 1,500 mn
Shares Outstanding	304.74 mn
3M Avg. Daily Value	INR 359.75 mn

Shareholding Pattern (%)

Promoters	40.52
FIIs	14.76
Mutual Funds	12.46
Domestic Institutions	2.35
Pubic & Others	29.91
Promoter's Pledge (Rs bn)	-

Stock Performance (%)

	1M	3M	6M	12M
Absolute	0.0	18.4	2.6	40.3
Relative	(2.0)	13.9	13.9	49.5

Key Financials - Consolidated

Y/e Mar	FY26	FY27E	FY28E	FY29E
Sales (INR mn)	36,911	40,852	45,165	48,871
EBITDA (INR mn)	7,051	8,129	9,205	10,020
Margin (%)	19.1	19.9	20.4	20.5
PAT (INR mn)	4,660	5,860	6,655	7,250
EV (INR mn)	138,794	135,831	132,131	128,446
Total Debt (INR mn)	1,455	1,305	1,105	805
C&C Eq. (INR mn)	2,418	5,235	8,738	12,126
EPS (INR)	15.3	19.2	21.8	23.8
Gr. (%)	14.4	25.8	13.6	8.9
DPS (INR)	3.8	4.1	4.5	5.0
Yield (%)	0.8	0.9	1.0	1.1
RoE (%)	15.4	16.6	16.5	15.8
RoCE (%)	18.0	18.6	18.8	18.2
EV/Sales (x)	3.8	3.3	2.9	2.6
EV/EBITDA (x)	19.7	16.7	14.4	12.8
PE (x)	30.5	24.2	21.4	19.6
P/BV (x)	4.3	3.8	3.3	2.9

Quick Pointers

- Focus on penetrating high-value OEM business globally, which paves the way for aftermarket sales too
- Gradual capacity addition as per market needs

Usha Martin (USM) is India's largest manufacturer of steel wire ropes and specialty wire products, catering to critical applications across sectors such as mining, realty, oil & offshore, infrastructure, marine, engineering and industrial. Over the last decade, USM has increased its focus toward value-added segments by penetrating the high-margin OEM chain competing with global players. We believe USM is at an inflection point with its rising global market share (~4%) and leadership in the domestic market (over 60%). USM is expected to continue to deliver superior operating performance driven by: 1) improving market share across global OEMs; 2) timely expansion across its diversified end user industries; 3) focus on high-value specialty-grade ropes and wires; 4) improved supply-chain efficiency through the One Usha Martin initiative, and 5) growing after-market revenue share. We expect revenue/EBITDA/PAT to grow at ~10%/12%/16% CAGR over FY26-29E driven by planned capacity addition and improving utilization. We initiate coverage on USM with 'BUY' and TP of INR570 assigning 25x PER to Sep'28 earnings.

Driving value through premiumization: Over the last few years, USM has consciously shifted its focus away from volume-led growth and commodity products, toward specialized, high-value applications where technical capabilities, customer approvals and reliability matter more than the price, especially in premium segments such as crane, mining and offshore ropes. As a result, share of general-purpose (GP) ropes declined from 50% in FY22 to 35% in FY26 and value-added product (VAP) share improved to 36% from 26%. With USM gradually penetrating global OEM markets, aftersales business is also expected to increase.

Focus on sticky customer relationships and newer geographies: Once a wire rope product is qualified for a critical application, customers are often reluctant to switch suppliers given the operational and safety risks involved. USM works directly with leading elevator OEMs, port operators and industrial customers across multiple geographies. In India alone, USM operates through a network of 18 exclusive dealers, most of whom have been associated with USM for multiple generations. Over the last few years, USM has seen strong traction from Europe, the US and MENA region in oil & offshore, cranes, etc. Revenue share from international markets has improved to 57% in FY26 from 51% in FY22, resulting in overall wire rope realization rising by 7% CAGR. Bridge infrastructure in India also presents a significant import-substitution opportunity for USM.

Gradual capacity expansion as per market needs: USM is adding capacities, gradually supporting its diversified end user industry base, as per demand uptick and competitive scenarios. Most of the future capex is directed toward specialized and higher margin applications, rather than commoditized volume growth. USM is adding 6ktpa for elevator ropes with total capex of INR3bn over next 2 years.

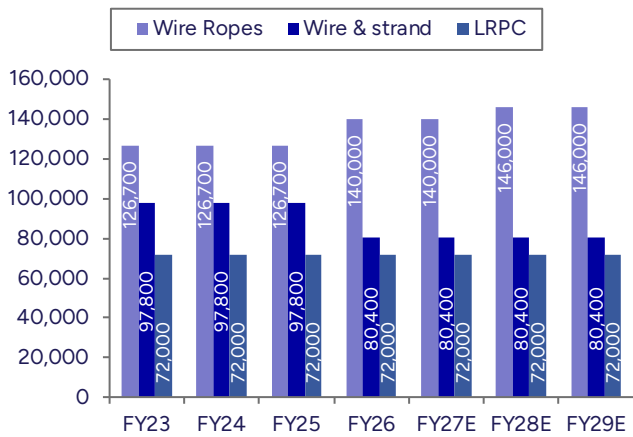
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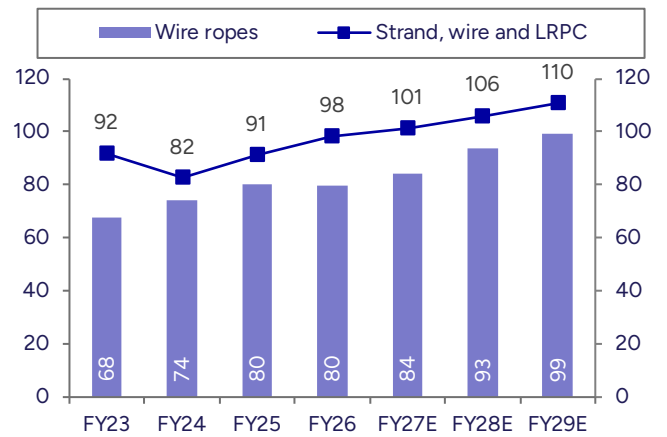
Story in Charts

Exhibit 1 : Product-wise capacities (tpa)



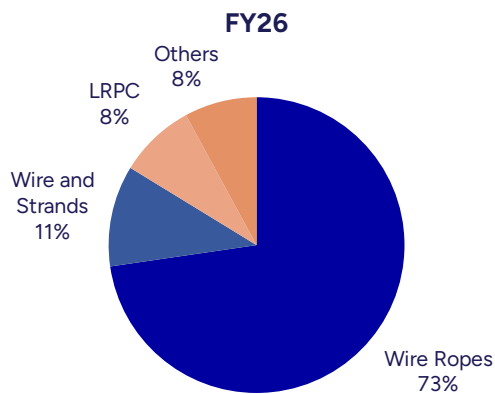
Source: Company, PL

Exhibit 2 : Product-wise production (tpa)



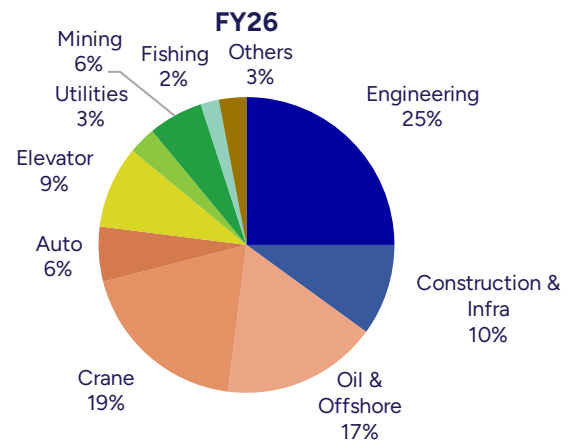
Source: Company, PL

Exhibit 3 : Diversified revenue split



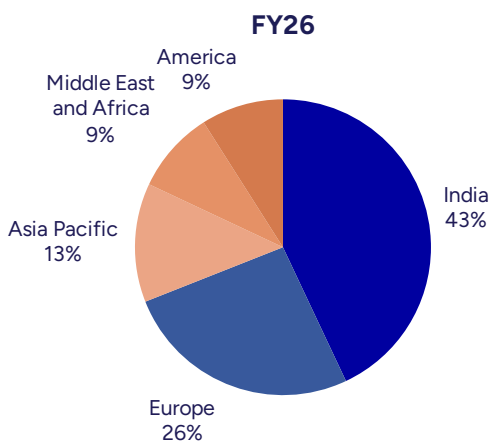
Source: Company, PL

Exhibit 4 : End-user industry split - By volume



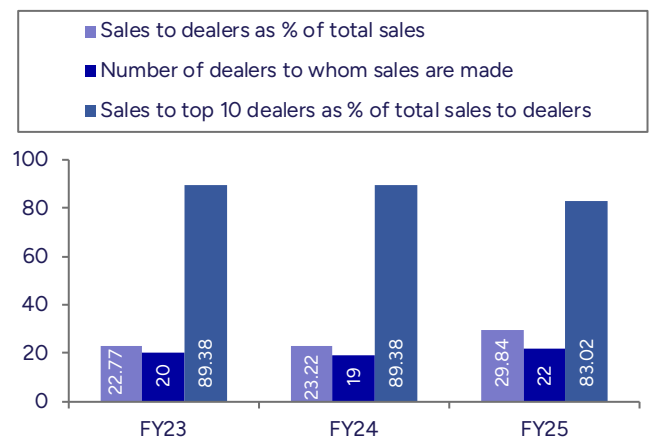
Source: Company, PL

Exhibit 5 : Geography-wise split



Source: Company, PL

Exhibit 6 : Expanding dealer network, lower concentration risk



Source: Company, PL

Company Overview

USM: High-performance engineered products and solutions

A leading manufacturer of wire ropes and specialty wire products with over 6 decades of expertise, multi-country presence, and large portfolio of specialized products catering to various end users

Usha Martin is one of the world's leading manufacturers of wire ropes and specialty wire products, catering to critical applications across mining, cranes, elevators, oil & offshore, infrastructure, marine, material handling and industrial sectors. USM converts steel wire rods into high-performance engineered products, which are used in mission-critical applications where reliability, safety and technical approvals are critical.

USM's product portfolio includes wire ropes used in cranes, mining, elevator, oil & offshore, fishing, aerial transportation, structural, and forestry; conveyor cords; specialty wires; and low relaxation prestressed concrete (LRPC) strands.

Exhibit 7 : Global footprint



Source: Company, PL

While steel is the primary raw material, USM's value lies in its manufacturing expertise, product design capabilities, certifications and long-standing customer relationships rather than the underlying steel itself. USM manufactures one of the most comprehensive range of wire ropes globally, conforming to major international specifications, including ISO, API, DNV, ABS, Lloyd's, EN, JIS, DIN and GOST standards. Its products are available in various diameters and grades, serving a wide range of demanding industrial applications. USM also provides customized rope solutions designed to maximize performance and enhance customer productivity.

Founded in 1960 through a collaboration with Martin Black (UK), USM established its first wire rope manufacturing facility in Ranchi, Jharkhand, which remains its flagship integrated manufacturing complex. Over the following decades, USM has expanded its product offerings and geographical presence through strategic investments, partnerships and acquisitions. A key milestone in the international expansion of USM was the establishment of Usha Siam in Thailand in 1980, providing access to ASEAN markets and enhancing manufacturing capabilities. This was followed by the acquisition of Brunton Shaw UK in 2000, which

strengthened the company's presence in offshore, mining and crane rope applications while significantly expanding its global reach. USM subsequently established and acquired operations across the UAE, the Netherlands, Singapore and Vietnam, creating a diversified global manufacturing and distribution platform.

USM's ambition of becoming a fully integrated steel player during the late 2000s, however, proved unsuccessful. Weak commodity steel prices from 2013, coupled with the cancellation of captive coal block allocations in 2014, led to a sharp increase in debt and heightened tensions between the promoter brothers. In Apr'19, USM sold its 1mtpa steel business to Tata Steel for INR40.9bn.

Following the divestment, the management adopted a focused strategy centered on high-margin wire ropes and allied products. Since then, USM has pursued a disciplined and relatively cautious approach to capacity expansion, prioritizing profitability, cash generation and return ratios over volume-led growth.

USM has distribution and service networks in more than 75 countries and 250 distribution centers and channel partners globally

Today, USM operates manufacturing facilities across India, Thailand, the UK and Dubai, supported by an extensive distribution and service network spanning more than 75 countries. The company's global footprint is reinforced by over 250 distribution centers and channel partners across Europe, North America, the Middle East, Australia and Southeast Asia, enabling it to serve customers through a localized sales and service model.

Innovation remains a key pillar of the business; dedicated R&D centers in Ranchi and Italy facilitate continuous product development, process improvements and cross-border technology exchange, enabling USM to develop advanced wire rope solutions tailored to evolving customer requirements.

Over the last few years, USM has undergone strategic transformation from a volume-oriented integrated steel and wire rope manufacturer to a focused, high-margin wire rope solutions provider. USM has sharpened its focus on premium products, value-added applications, exports and specialized end markets, positioning itself as a global engineering-led solutions provider rather than a conventional commodity manufacturer.

Exhibit 8 : Key milestones

Year	Milestone
1960	Established wire rope manufacturing facility at Ranchi, Jharkhand, in collaboration with Martin Black (UK)
1980	Established Usha Siam in Bangkok, Thailand, expanding manufacturing presence and access to ASEAN markets
2000	Acquired Brunton Shaw UK and established the Singapore distribution center, strengthening capabilities in offshore, mining and crane ropes
2003	Incorporated Brunton Wolf Wire Ropes in the UAE, enhancing Middle East presence
2005	Acquired the Hoshiarpur facility in Punjab, expanding domestic rope and wire manufacturing capacity
2009	Incorporated Usha Martin Vietnam, expanding presence in Southeast Asia
2010	Expanded portfolio of specialized products, including ropes for oil & gas, elevators and other high-performance applications
2012-19	Operated integrated steelmaking capacity of ~1mtpa before initiating a strategic shift toward VAPs in wire rope segment
2020	Post selling steel unit to Tata Sponge, USM undertook strategic transformation focused on premium wire ropes, specialized applications, exports, deleveraging and return-ratio improvement

Source: Company, PL

Exhibit 9 : Location-wise capacity

Wire ropes (ktpa)	FY25	FY26	FY27E	FY28E
Ranchi	72,000	91,000	91,000	97,000
Hoshiarpur	9,600	11,000	11,000	11,000
Thailand	18,600	18,600	18,600	18,600
Dubai	15,000	12,000	12,000	12,000
UK	11,500	7,400	7,400	7,400
Total	126,700	140,000	140,000	146,000

Source: Company, PL

Industry Overview

Steel wire ropes are used in lifting, hauling and material handling applications. They are manufactured by twisting multiple steel wires into strands, which are then wound around a fiber or steel core. This construction provides a unique combination of strength, flexibility and durability, allowing wire ropes to perform reliably under demanding operating conditions.

Global steel wire rope market was valued at ~USD10bn in 2025 and is expected to grow at 3-4% CAGR over the long term

Wire ropes are widely used across industries such as mining, cranes, elevators, oil & gas, ports, marine, construction and infrastructure. Global wire rope industry serves a diverse set of end markets and is supported by long-term trends such as urbanization, infrastructure development, industrial automation and growing investments in energy and transportation. Improvements in steel grades, coatings and manufacturing processes have further enhanced product performance.

Global steel wire rope market was valued at ~USD10bn in 2025 and is expected to grow at 3-4% CAGR over the long term. Despite its large size, the global wire rope market remains fragmented. Global players like Kiswire, Bridon-Bekaert and WireCo together account for a relatively small share of the overall market. In India, however, the industry is far more consolidated, with USM enjoying a strong leadership position across several key end-user segments.

Wire rope industry differs significantly from most steel product categories. Wire ropes are used in safety-critical applications where reliability and performance are paramount. As a result, customers typically prioritize product quality, technical support and service capability over price. The industry is also highly certification driven. Products often require approvals from global agencies and customers before they can be deployed in critical applications such as mining, offshore, elevators and infrastructure projects. The approval process can take several months and, in some cases, years, creating high entry barriers for new participants.

Another important characteristic is the replacement-driven nature of demand. Wire ropes require periodic replacement as part of regular maintenance and safety requirements. This results in recurring demand and provides better revenue visibility for manufacturers.

A strong distribution and service network is another key competitive advantage. Customers often require quick deliveries, technical support and customized solutions, making local inventory and service capabilities increasingly important.

Key End User Industries

Cranes

Cranes are among the largest end-use segments for wire ropes. Demand is closely linked to construction activity, infrastructure spending, industrial expansion and port development. Tower, crawler and mobile cranes, and port handling equipment all require specialized ropes capable of operating under high loads and continuous usage.

Elevators

Rising urbanization, high-rise construction and smart city developments continue to drive elevator installations globally. Given the stringent safety requirements and recurring replacement demand, elevator ropes and fine cords typically command higher value addition compared to standard industrial ropes. Indian elevator market stood at US\$1.63bn in 2024 and is expected to reach US\$2.87bn by 2030 (9.9% CAGR). India installs over 60,000 new elevators every year, each requiring reliable service for decades. In 2024, India became the world's second-largest market for elevators, after China.

Mining

Mining remains one of the most demanding applications for wire ropes. These products are used in hoisting, hauling and material handling operations, where they are exposed to heavy loads, abrasive conditions and

Indian elevator market stood at US\$1.63bn in 2024 and is expected to reach US\$2.87bn by 2030 (9.9% CAGR). India installs over 60,000 new elevators every year

continuous operation. As a result, mining ropes require frequent replacement, making the segment an important source of recurring demand.

Oil & Offshore

Wire ropes play a critical role in offshore drilling, mooring and lifting operations. These applications require specialized products capable of performing in highly corrosive and demanding environments. Demand is largely linked to offshore exploration activity, energy investments and deep-water projects.

Steel Strands and LRPC

Steel strands are high-strength steel wires twisted together to provide superior tensile strength and durability. They are primarily used in pre-stressed concrete structures, to improve load-bearing capacity and enhance structural performance.

A specialized category within this segment is LRPC strands. These strands are designed to minimize the loss of tension over time, helping structures maintain their strength and durability throughout their lifecycle. LRPC strands are widely used in bridges, highways, flyovers, metro systems, dams, high-rise buildings and other large infrastructure projects. Their ability to improve structural efficiency while reducing maintenance requirements has made them a preferred solution in modern construction.

Key applications include:

- **Cable-stayed bridges:** Use high-strength steel strands and cables to support the bridge deck through a series of stay cables. Examples include major sea links and long-span river bridges
- **Suspension bridges:** Depend extensively on steel cables and strands to carry loads across large distances while maintaining structural flexibility
- **Structural strengthening and rehabilitation:** LRPC strands are increasingly used in retrofitting and strengthening ageing bridges and infrastructure assets to improve load-bearing capacity and extend service life.

As bridge engineering becomes increasingly customized and technologically advanced, the demand for high-performance pre-stressing solutions is expected to grow steadily. Unlike wire ropes, which benefit from both replacement and industrial demand, LRPC demand is closely linked to infrastructure creation and government-led capex. With domestic competition in LRPC segment intensifying over the last few years, USM has targeted high value plasticated LRPC and converting capacities for the same. Although volume growth may not be significant in LRPC, value growth would be higher as average realization for plasticated LRPC is much higher. LRPC contributed ~8% of the revenue (~INR3.08bn) and 48,000mt of volume in FY26.

Exhibit 10 : Segment-wise replacement cycle, volume and revenue

Segment	Replacement cycle	FY26 volume	FY26 revenue (INR mn)
Mining	Few months - 1 year	6%	2,215
Cranes	1-3 years	19%	7,013
Oil & gas	2-5 years	17%	6,275
Infra & construction	3-5 years	10%	3,691
Engineering/ Industrial	3-6 years	25%	9,228
Elevators	5-10 years; commercial shorter vs. residential	9%	3,322
Utilities	8-15 years	3%	1,107
Bridges (Infra)	80-100 years	-	-

Source: Company, PL

One of the key characteristics of the wire rope industry is recurring replacement demand. Since wire ropes operate under continuous mechanical stress and stringent safety requirements, they require periodic replacement depending on the intensity of usage and operating environment. While applications such as elevators and ropeways typically have longer replacement cycles, segments such as mining, ports, shipping and oil & gas witness more frequent replacements due to harsher operating conditions and with no compromise to safety requirements. This replacement-driven demand provides a steady source of revenue and acts as a steady revenue driver.

Exhibit 11 : End user industry



Source: Company, PL

Exhibit 12 : High-performance wire rope - Chenab Bridge



Source: Company, PL

Exhibit 13 : New Pamban Bridge – Structural wire ropes supplied by USM



Source: Company, PL

Exhibit 14 : Cable-stayed bridge



Source: Company, PL

Exhibit 15 : Mining rope



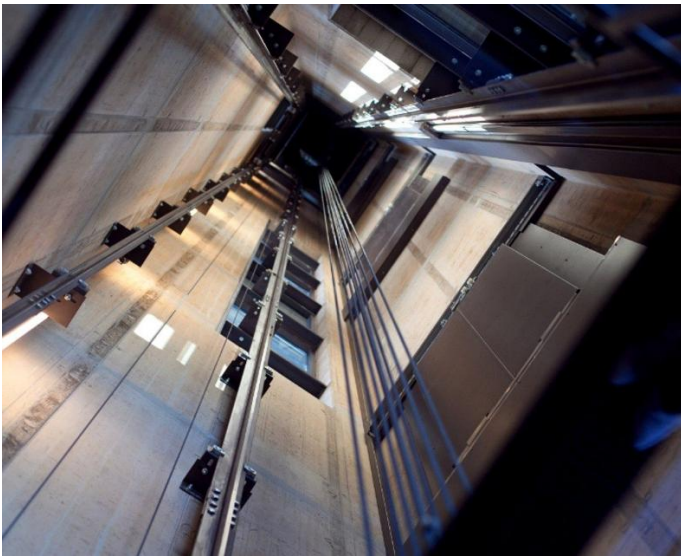
Source: Company, PL

Exhibit 16 : Oil & offshore rope



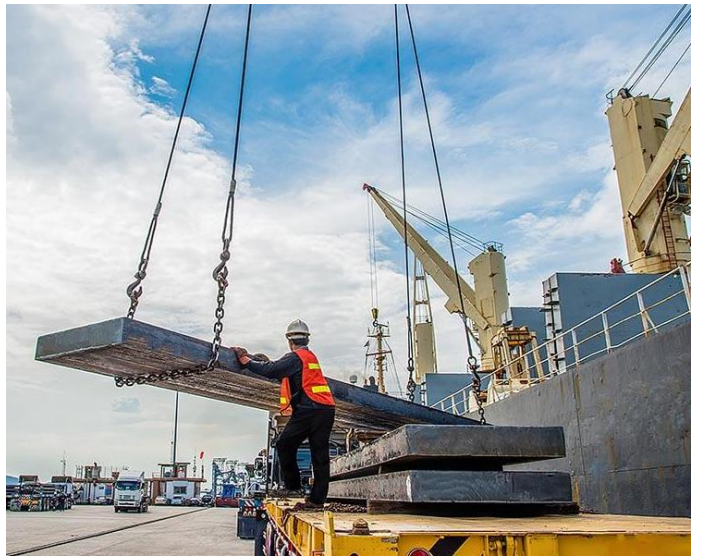
Source: Company, PL

Exhibit 17 : Elevator rope



Source: Company, PL

Exhibit 18 : General engineering rope



Source: Company, PL

Exhibit 19 : Aerial transportation rope



Source: Company, PL

Exhibit 20 : Fishing wire rope



Source: Company, PL

Understanding Usha Martin's business model

USM is not a steel producer but a value-added engineering company that converts steel wire rods into highly specialized wire ropes, strands and related products used in critical industrial applications. While steel is the primary raw material, USM's value lies in its manufacturing expertise, product design capabilities, certifications and long-standing customer relationships rather than the underlying steel itself.

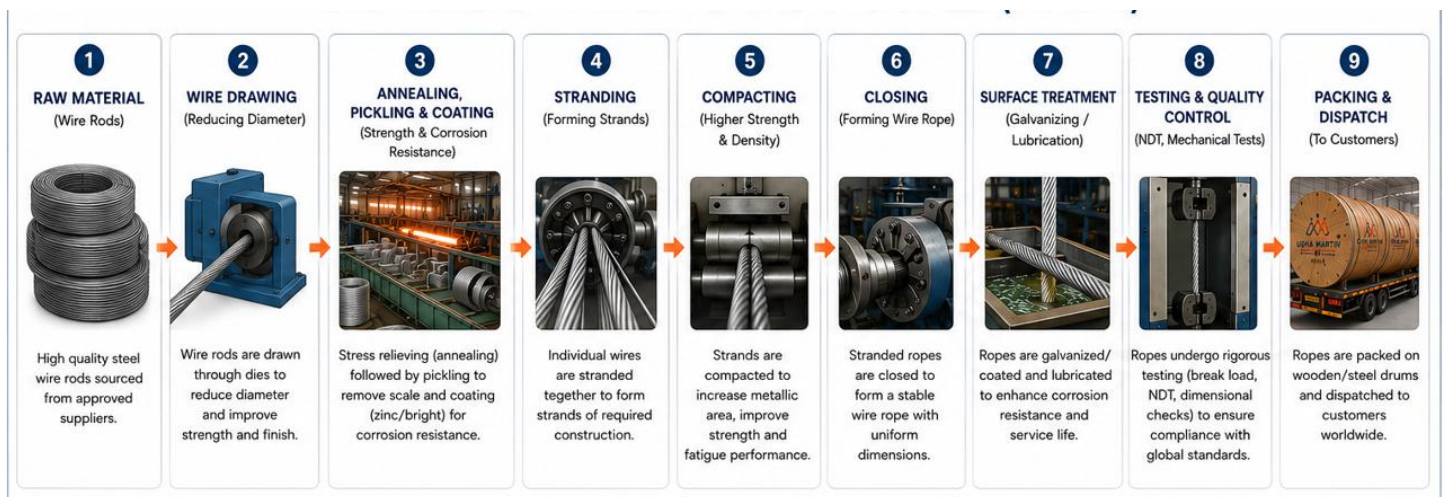
Under the One Usha Martin initiative, USM is redesigning this model by leveraging India's manufacturing scale and cost competitiveness

The manufacturing process begins with the procurement of high-carbon steel wire rods from approved steel manufacturers like JINDALST, TATA and ELSC. These wire rods undergo a series of drawing operations, where they are gradually reduced in diameter to produce fine steel wires with the required strength and dimensional accuracy. The wires are then subjected to various heat treatment and surface treatment processes to enhance their mechanical properties, improve durability and ensure they can withstand demanding operating conditions.

Once processed, multiple steel wires are twisted together to form strands. Several such strands are then closed around a steel or fiber core to manufacture wire ropes. Depending on the end application, additional processes such as galvanizing, coating, plastication and specialized finishing may be carried out to improve corrosion resistance, fatigue life and performance characteristics.

The final products are not standardized commodities but are often customized to suit specific customer requirements. A mining rope, elevator rope, crane rope or offshore rope may differ significantly in design, construction, tensile strength and performance specifications.

Exhibit 21 : Usha Martin's manufacturing chain: From raw material to finished product



Source: Company, PL

Investment Arguments

Driving value through premiumization

Over the last few years, USM has consciously shifted its focus away from volume-led growth and commodity products, toward specialized, high-value applications where technical capabilities, customer approvals and reliability matter more than the price. USM is increasingly focusing on premium segments such as crane, mining, offshore and elevator ropes, plasticated LRPC strands, and *Oceanfibre* synthetic lifting solutions.

Unlike standard wire ropes, these products require extensive customer approvals, have higher realizations and face lower competitive intensity. In many cases, wire ropes account for a small fraction of the customer's overall project cost, but their failure can result in significant operational disruptions and safety risks. As a result, customers prioritize product performance and reliability over price, creating a strong 'right to win' for established suppliers such as USM.

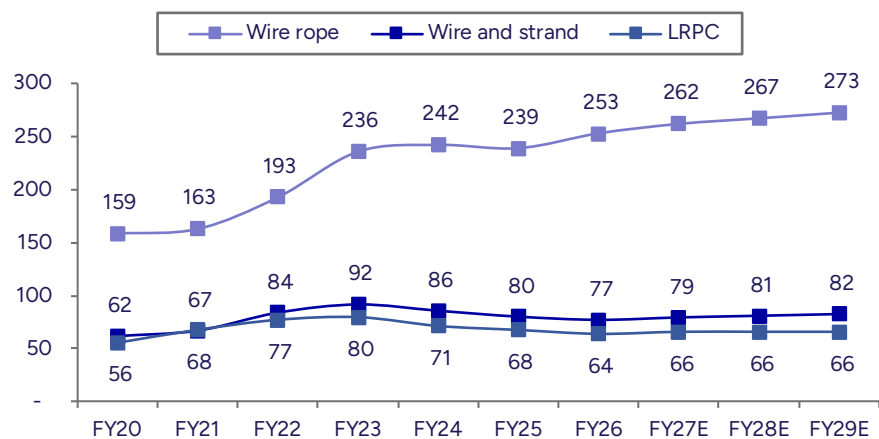
This transition toward VAPs is already visible in the company's product mix and is expected to remain a key driver of margin expansion over the medium term.

Exhibit 22 : Rising share of high-margin wire ropes in product portfolio (% of total volumes)

Product	FY20	FY21	FY22	FY23	FY24	FY25	FY26	FY27E	FY28E	FY29E
Wire rope	44%	45%	45%	48%	52%	52%	51%	51%	52%	52%
Wire and strand	31%	26%	21%	19%	18%	21%	26%	27%	28%	29%
LRPC	25%	28%	34%	32%	30%	27%	23%	20%	18%	17%

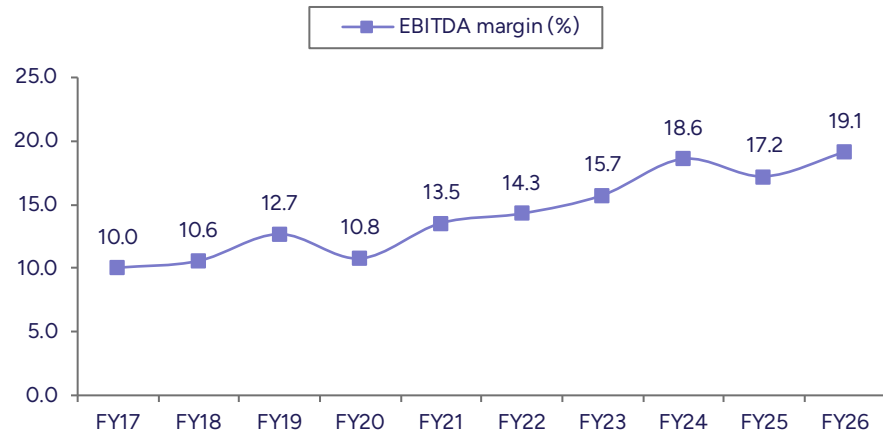
Source: Company, PL

Exhibit 23 : Realization of wire rope improving in line with share of high-margin OEMs (INR '000/t)



Source: Company, PL

Exhibit 24 : EBITDA margin improves to 19% over last 5 years



Source: Company, PL

Focus on sticky customer relationships and newer geographies

The wire rope business is characterized by long approval cycles and deeply entrenched customer relationships. Once a product is qualified for a critical application, customers are often reluctant to switch suppliers given the operational and safety risks involved. USM works directly with leading elevator OEMs, port operators and industrial customers across multiple geographies. In India alone, USM operates through a network of 18 exclusive dealers, many of whom have been associated with USM for multiple generations and have sold USM products for over 5 decades. USM's leadership position in elevators, ports and specialized lifting applications, combined with its global approvals and technical capabilities, creates significant barriers for new entrants.

USM has manufacturing facilities and distribution centers spread across geographies. Over the last few years, share of GP ropes has declined from 50% to ~35% and demand from oil & gas and cranes has gone up. In Europe, USM is seeing strong traction in oil & offshore, and cranes verticals. USM is working with ~15 reputed OEMs, and the list is increasing with its competitive offerings. Under the One USM initiative, USM has shifted a few of the European customers deliveries to India, thus saving time and logistics costs. The company is also focusing on increasing market share from OEMs in the US and Canadian markets. US markets are doing well despite tariffs. USM also caters to the UAE region via Brunton Wire Ropes FZCo, Dubai; however, the region business is down 10-15% due to the ongoing war scenario. However, traction is expected to improve as demand remains strong. As a result, revenue share from international markets is expected to increase further (57% in FY26 from 51% in FY22).

Gradual capacity expansion as per customer demand and competitive scenario

USM is adding capacities gradually, supporting its diversified user industry base as per demand uptick and competitive scenarios. Most of the future capex is being directed toward specialized and higher margin applications rather than commoditized volume growth. Capex of INR2-2.5bn is expected every year to cater to growing user industries. At present, order inflows are ahead of available capacity in certain product categories, supporting the ongoing capex. Recently USM has announced capex of ~INR3bn toward building 6,000tpa facility focused on elevator segment along with other infrastructure to be commissioned by Q1FY28. Of this, INR1.5-1.6bn is machinery-related capex, while the balance is allocated toward infrastructure and building development. This project is expected to generate asset turnover 2.2-2.3x with payback period of 2.5-3 years at full utilization.

The attractive economics of the value-added business within the portfolio, where ~INR2bn of capital employed translates into ~INR4bn of annual revenue and ~INR0.8bn of EBITDA.

Exhibit 25 : Capex for VAPs and asset turnover

Metric	Value
Capex	INR2bn
Revenue	INR4bn
EBITDA	INR0.8bn
EBITDA margin	20%
Asset turnover	~2x

Source: Company, PL

These economics demonstrate the benefits of focusing on specialized applications and VAPs. Unlike commodity manufacturing businesses that require significant capital for incremental growth, several of USM's niche product categories generate healthy asset turns and attractive returns on capital, supporting long-term value creation.

USM targets 3.5-4kt of plasticated LRPC in FY27E and 6kt in FY28E and is actively shifting the product mix away from conventional black LRPC to higher value plasticated offerings. This is a clear shift to value over volume strategy. Plasticated LRPC is emerging as a key growth driver for USM, with revenues 6-8x higher than conventional black LRPC and NSR ~2x higher. A rising share of plasticated products is expected to support revenue growth and margin expansion over the medium term.

Plasticated LRPC has revenue potential of 6-8x higher than conventional black LRPC and NSR ~2x higher

Bridge infrastructure presents a significant import-substitution opportunity

One of the emerging growth opportunities for USM lies in the bridge infrastructure segment. USM has already been supplying to leading bridge engineering companies such as Freyssinet and Bridgecon. In addition, approvals from one of the world's largest bridge engineering and post-tensioning specialists, are currently in the final stages after nearly 2 years of qualification work. This is expected to contribute ongoing growth in ropes segment over the next few years given India's focus on infrastructure building. The company in talks with commands a significant share of the bridge construction market in India and has historically relied on imported strands for a large portion of its requirements. As global engineering companies increasingly look to localize sourcing and reduce dependence on imports, USM sees a meaningful import-substitution opportunity in this segment which would act as a win-win situation for both.

These bridge engineering specialists are also involved in infrastructure projects across Europe, North America and several international markets. Successful qualification and subsequent partnership could therefore open opportunities not only within India but also across their global project network, creating a potentially large addressable market for USM's LRPC products.

Exhibit 26 : Sudarshan Setu – Cable stayed bridge



Source: Company, PL

Exhibit 27 : Santacruz-Chembur Link Road's cable-stayed bridge



Source: Company, PL

Recurring replacement demand driving earnings resilience

A large portion of USM's business is supported by replacement demand over greenfield project activities. Segments such as mining, ports, cranes, offshore and industrial lifting require periodic rope replacement owing to safety requirements and continuous operating stress. Majority of the demand for USM is supported by aftermarket and replacement requirements, which creates greater demand visibility, reduces cyclicality and provides resilience across economic cycles. The combination of recurring replacement demand, increasing premiumization, import substitution opportunities and global market-share gains augurs well for USM.

Global market disruption creating a rare market-share opportunity

Several global competitors are currently facing strategic and operational challenges, creating an opportunity for USM to strengthen its position in international markets. With rising energy costs and general inflation, overall operating costs for competitors have increased across developed markets over the last few years, paving the way for USM to further penetrate OEM markets.

Global competitors challenges & industry consolidation are creating a favorable backdrop for market share gains for USM

As per industry sources, WireCo has been dealing with internal challenges (quality issues, operational disruptions and elevated leverage), while a few others are undergoing consolidation and have closed multiple manufacturing facilities. At the same time, Chinese manufacturers continue to focus largely on domestic markets and standardized products, particularly in elevator ropes, with limited participation in specialized crane and offshore applications.

These developments have created better opportunities for USM to gain share with global OEMs and aftermarket customers across the EU and North America. USM has already secured mandates with several major crane and offshore customers.

Aftermarket and replacement requirements, create greater demand visibility, reduce cyclicalities, and provide resilience across economic cycles

One Usha Martin initiative to improve margins further and reduce working capital

One Usha Martin, a group-wide transformation initiative, was launched to consolidate manufacturing and value addition activities within India. Historically, wire ropes and strands manufactured in India were often shipped to Brunton Shaw in the UK for further processing before being supplied to end customers. This resulted in higher logistics costs, longer delivery cycles, and significant working capital being tied up in inventory moving across multiple geographies.

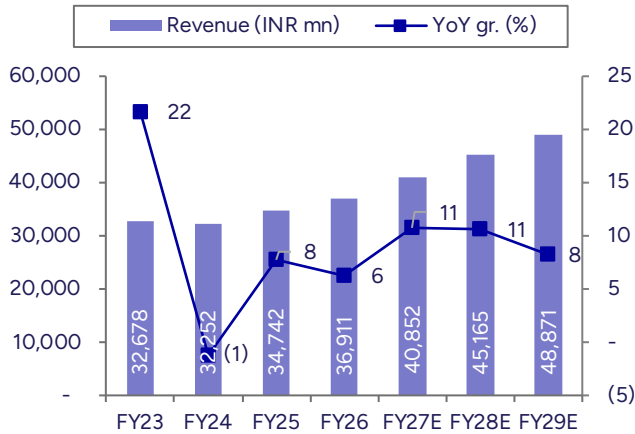
Under the initiative, USM is redesigning its business model by leveraging India's manufacturing scale and cost competitiveness. Complete rope manufacturing for several product categories is now being carried out in Ranchi and the products are supplied directly to customers across global markets. Only highly specialized products, such as certain large-diameter offshore and oil & gas ropes, continue to be produced through UK operations.

This change delivers multiple benefits. First, it reduces inventory and working capital requirements as products no longer need to pass through multiple manufacturing and distribution locations. Second, it lowers freight and handling costs by eliminating unnecessary movement of semi-finished goods across continents. Third, it shortens lead times and improves responsiveness to customers. Finally, the lower cost structure enhances USM's competitiveness in international markets.

Importantly, USM can share a portion of these logistics savings with customers through more competitive pricing while still retaining better profitability due to significantly improved supply-chain efficiency. As a result, One Usha Martin is expected to support margin expansion, improve cash conversion, strengthen return ratios, and enhance the company's ability to compete globally.

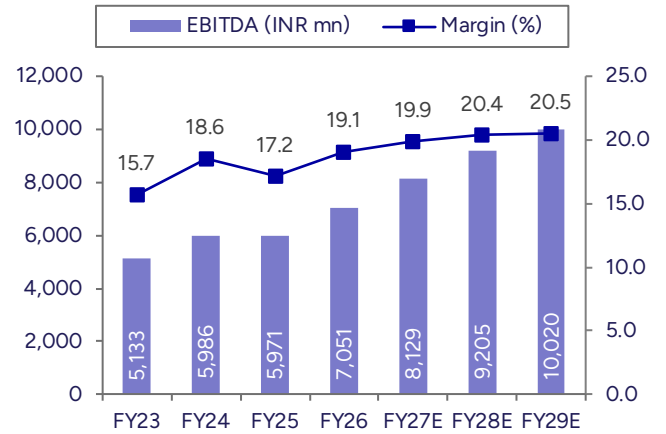
Beyond manufacturing integration, the initiative also includes centralized procurement, global logistics management, common digital platforms, shared service centers, and unified performance metrics across subsidiaries. Collectively, these measures are intended to reduce costs, improve collaboration, optimize working capital, and scale faster.

Exhibit 28 : Revenue growth to be in double digits



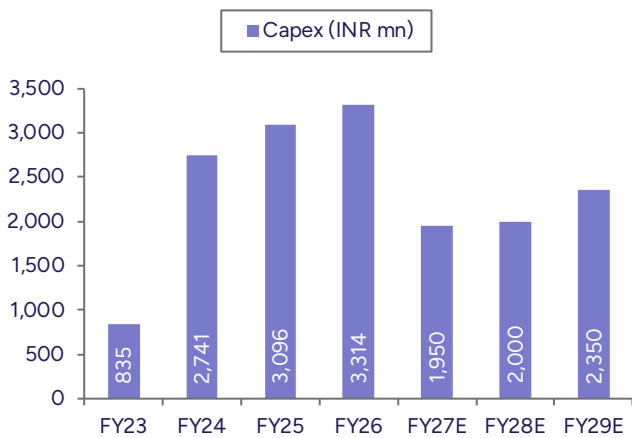
Source: Company, PL

Exhibit 29 : EBITDA margin to expand beyond 20%



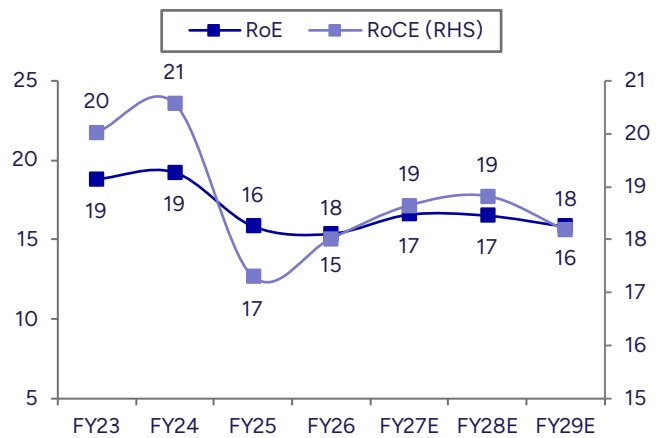
Source: Company, PL

Exhibit 30 : Capex mainly for VAPs over the next 2 years



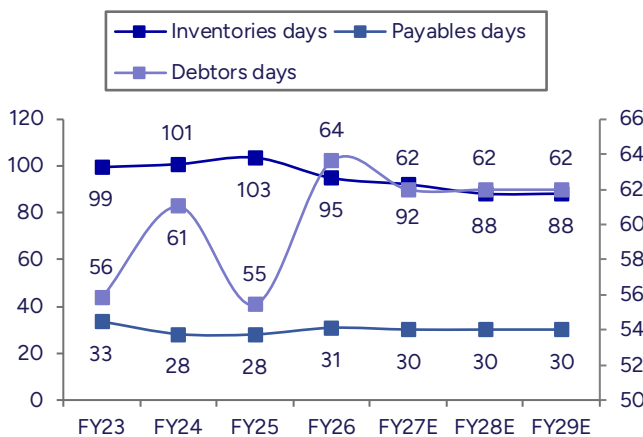
Source: Company, PL

Exhibit 31 : RoE & RoCE on an upward trajectory



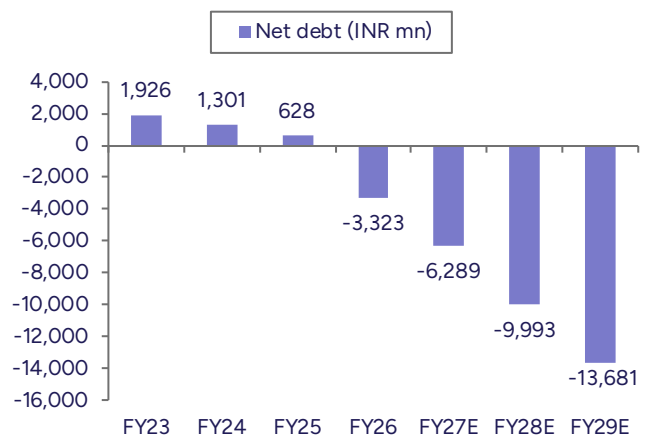
Source: Company, PL

Exhibit 32 : Improving working capital efficiency



Source: Company, PL; parameters calculated on revenue

Exhibit 33 : Sustained balance sheet strength



Source: Company, PL

Financials

Volume/Revenue to grow at 7%/10% CAGR over FY26-29E

We expect USM to deliver double-digit revenue CAGR over FY26-29E as:

- Volume is expected to clock 7% CAGR. In absolute terms, we estimate the volume to grow to ~250mt by FY29E, compared to 207mt in FY26. The management has guided revenue growth of 10-12% for FY27E, driven by a richer product mix, higher contribution from specialized products, and continued traction across international markets.
- Within the portfolio, the specialty wires business is expected to be the fastest-growing segment, with the management indicating growth of 15-20%. Growth is likely to be supported by increasing demand from elevators, infrastructure and engineering applications, along with the ramp-up of recently added capacities. The wire rope business is expected to deliver ~10% growth during FY27E. In the LRPC segment, overall volume is expected to remain broadly flat on a YoY basis. The conventional black LRPC market is becoming increasingly commoditized, resulting in higher competitive intensity. However, USM is consciously shifting its product mix towards plasticated LRPC strands, which command significantly higher realizations vs. black LRPC products. As a result, while LRPC volume may remain largely unchanged in FY27E, revenue and profitability from the segment are expected to improve due to a more favorable product mix and higher value addition.
- Average realization for wire ropes has improved 8.1% CAGR over FY20-26. We expect 3% CAGR over FY26-29E as higher share of specialized products is set to keep NSR higher.

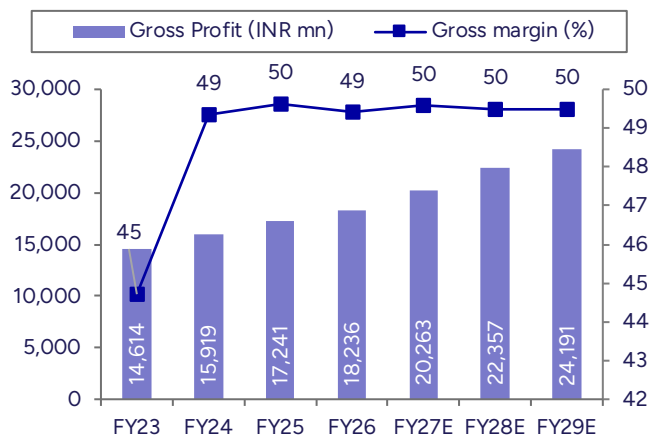
Higher share of specialized products to keep NSR higher; to grow at 2% CAGR over FY26-29E

EBITDA to grow at 12% CAGR over FY26-29E

Over the last 5 years, USM's margins have improved from 14% to 19% on account of a) higher share of wire ropes volumes, b) benefits from the One Usha initiative, and c) rising steel prices, which were largely passed on. In Q4FY26, USM delivered its highest-ever quarterly EBITDA and EBITDA margin at INR2,115mn and 21.6%, respectively, and EBITDA/t of ~INR40k. USM is targeting to achieve ~20% margin in the near term, despite volatility in steel prices.

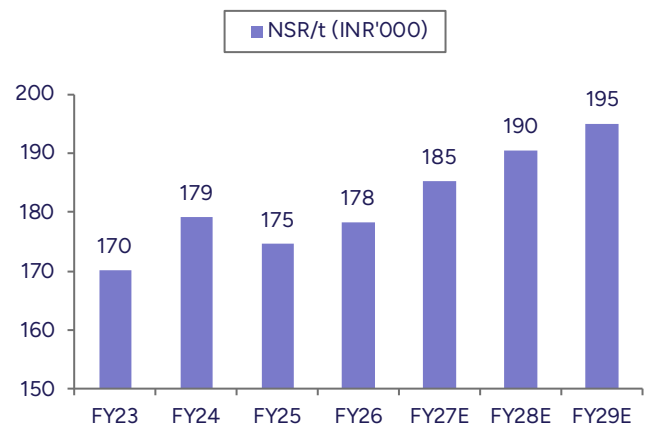
International operations remained a key growth driver during FY26. Demand was particularly strong across Europe and the Americas, with cranes, elevators, mining and offshore applications witnessing healthy traction. The share of international business increased to 57% of revenue in FY26, compared with 55% in FY25.

Exhibit 34 : Gross margin to remain consistent



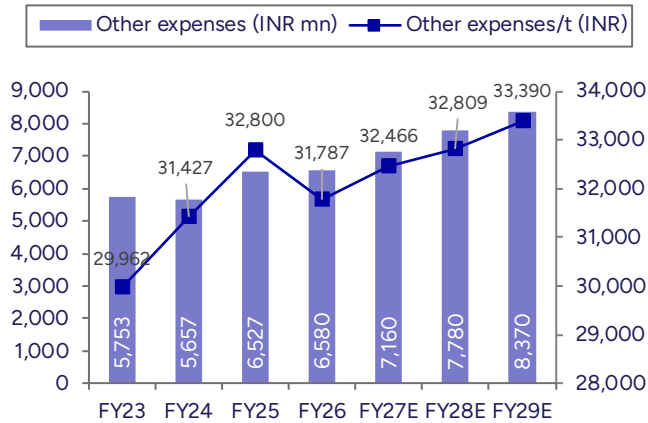
Source: Company, PL

Exhibit 35 : NSR to see consistent uptick YoY



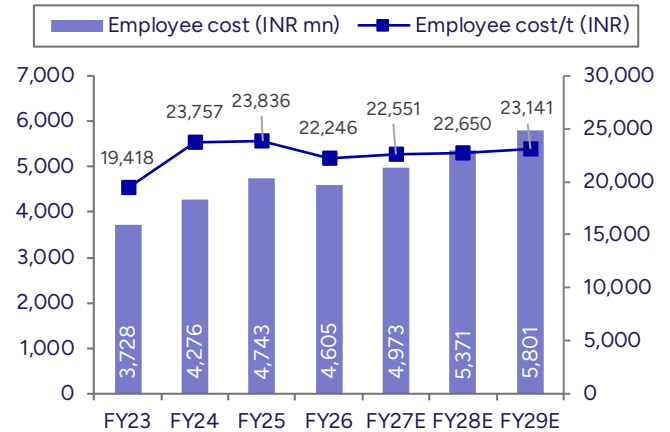
Source: Company, PL

Exhibit 36 : Operating leverage driving cost efficiency



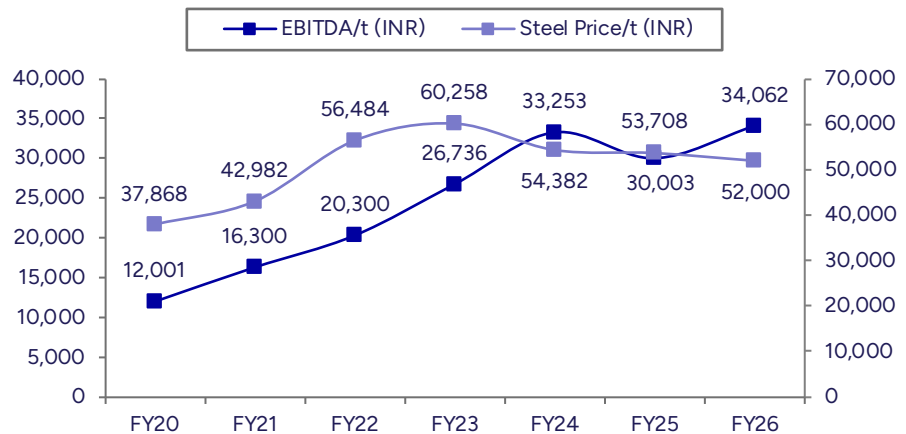
Source: Company, PL

Exhibit 37 : Employee costs well contained



Source: Company, PL

Exhibit 38 : Historical rebar prices vs. EBITDA/t for USM



Source: Company, PL

The chart highlights a key characteristic of USM's business model: earnings are driven more by value addition than by commodity cycles. Unlike steel producers, whose profitability is heavily influenced by fluctuations in steel prices, USM converts steel wire rods into highly engineered products used in safety-critical applications. USM's EBITDA/t has steadily improved, despite volatility in the underlying steel market.

PAT to grow at 16% CAGR, USM to maintain its net debt free position

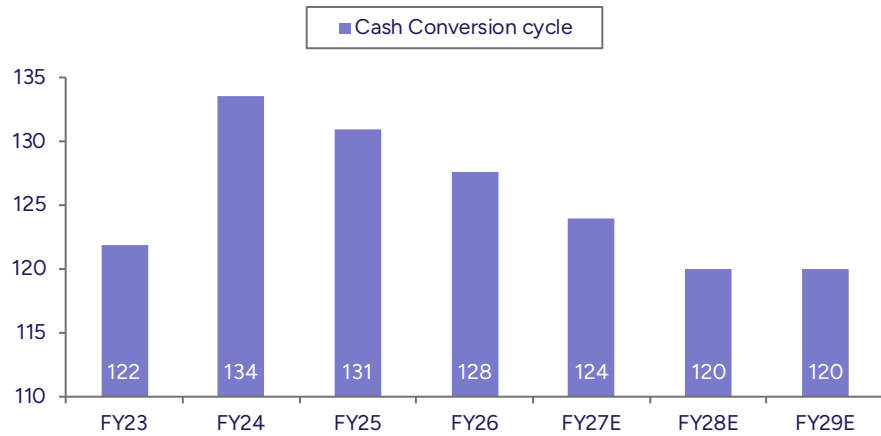
USM incurred capex of INR1.98bn in FY26. The company remains in a strong financial position to fund future growth, having transitioned from a net debt position of INR0.63bn in FY25 to a net cash company with INR3.32bn of net cash in FY26.

USM had capital-work-in-progress of INR889mn as of FY26. While depreciation expenses are set to rise, interest cost would come down as USM turned net cash positive in FY26, and the interest would be related to the short-term working capital and for its Thailand subsidiary, which is expected to come off over the next few years. We expect PAT CAGR of 15% over FY26E-29E.

Cash conversion cycle stood at close to 128 days as of FY26 end, which is the lower compared to its domestic peer and some of its international competitors. We anticipate the current working capital cycle to improve as One Usha Martin benefits kick in over the next 2 years.

Exhibit 39 : Cash conversion cycle to remain stable over FY26-29E

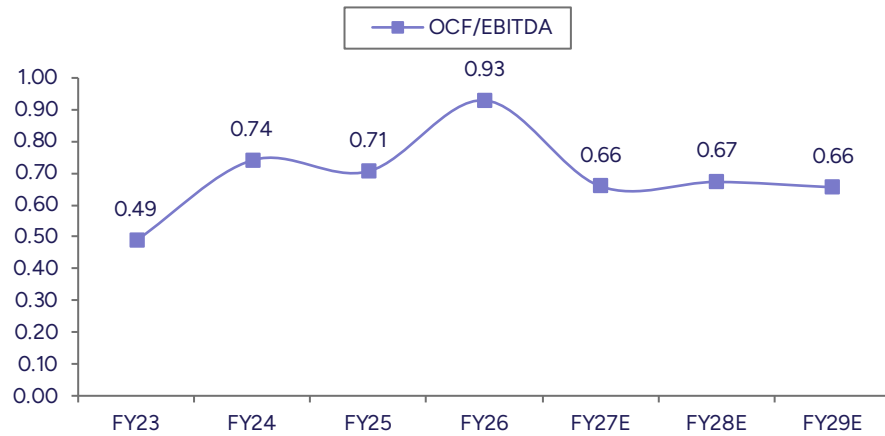
Working capital cycle to improve further as USM reaps the benefits of the One Usha Martin initiative



Source: Company, PL; parameters calculated on revenue

USM has maintained a dividend payout ratio of 20% or more since FY22. Even after considering similar payout in future, USM is expected to accumulate over INR900mn cash by FY29E. This gives USM an opportunity for a) accelerated capex in the area where demand is growing faster; b) opportunistic small size acquisitions/ JVs in global wire ropes market; and c) higher dividend payout.

Exhibit 40 : OCF conversion to remain above 60%

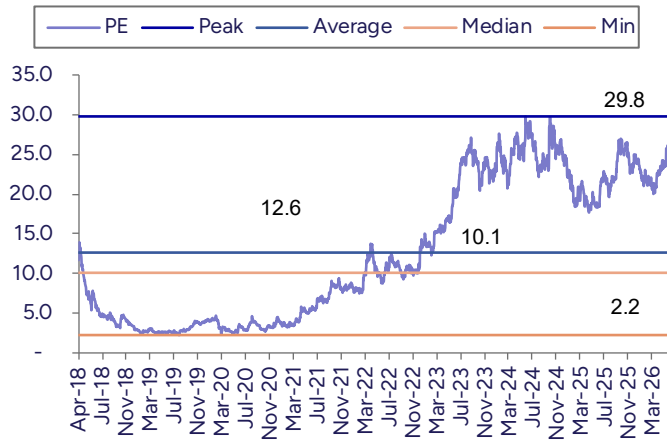


Source: Company, PL

Valuation

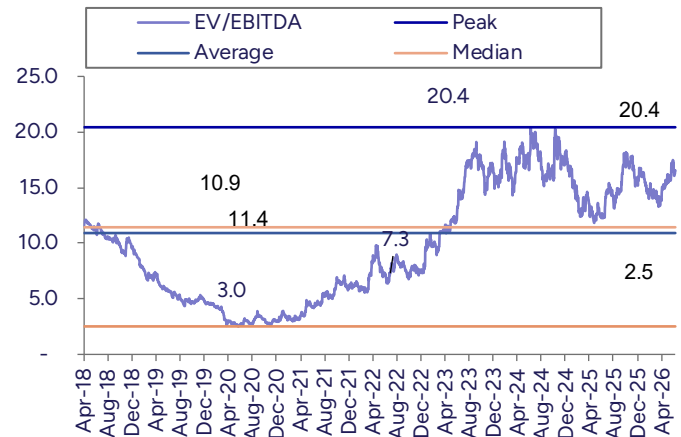
At CMP, USM trades at P/E of 21.4x FY28E EPS on a 1-year forward basis, which is much higher than historical median P/E of 10.1x for the last 10 years. However, the company has transformed itself from a debt-laden integrated steel manufacturing company to a specialized wire rope producer having significant share of aftermarket sales. The stock has seen significant re-rating since 2021 and has constantly traded above the median since then. We expect this to continue as USM is continuously learning from its past mistakes and undertaking projects delivering higher RoCEs.

Exhibit 41 : 1-year forward P/E chart



Source: Company, PL

Exhibit 42 : 1-year forward EV/EBITDA chart



Source: Company, PL

Stock consistently trading above median since mid-2021

Post exiting the steel business, USM has successfully improved its margins, despite volatility in steel prices, particularly during periods of rising steel prices such as the Russia-Ukraine conflict and the implementation of safeguard duties. Some inventory write-down can happen in case of falling steel prices, but increasing contribution from OEM customers, a higher share of wire ropes, and growing volume of plasticated LRPC are expected to support steady operating performance over the next few years.

Given that USM has consistently outperformed our expectations, we believe the company deserves a higher valuation multiple, supported by its improving return profile. The stock has historically traded at average 1-year forward P/E of 9x over the last 10 years, a period that included losses from the steel business and average RoCE of just 3.5%. Following the divestment of its steel business in Apr'19, the average valuation multiple expanded to 13.8x, alongside improvement in average RoCE to 14%. With RoCE expected to approach 20% over the medium term, we assign 1-year forward P/E multiple of 25x to our Sep'28 EPS estimate of INR22.8, resulting in TP of INR570, assigning 'BUY' rating to the stock.

Exhibit 43 : Valuation summary

Target Price Calculation- Sep'28 basis	
PAT (INR mn)	6,952
Number of shares outstanding (mn) (FV: INR 1)	305.1
EPS (INR)	22.8
Target Multiple (x)	25
Target Price (INR)	570

Source: Company, PL

Exhibit 44 : Peer comparison

For FY26/CY25	Revenue (INR mn)	EBITDA (INR mn)	EBITDA Margin	PAT (INR mn)	P/E (x)	EV/EBITDA (x)	RoCE (%)	ROE (%)
Usha Martin	36,911	7,051	19%	4,660	18	21	18	15
Bharat Wire Ropes	5,905	1,308	22%	725	15	9	9	9
Kiswire	111,006	7,331	7%	590	60	5	0	1
Bekaert	365,346	56,196	15%	26,058	29	7	4	12

Source: Company, PL

Key Management Personnel and Board of Directors

Exhibit 45 : Management team

Name	Position
Vijay Singh Bapna	Chairman (Independent Director)
Rajeev Jhavar	Managing Director
Ramni Nirula	Independent Director
V Ramakrishna Iyer	Independent Director
Sethurathnam Ravi	Independent Director
S B N Sharma	Whole Time Director
Chirantan Chatterjee	Whole Time Director
Shreya Jhavar	Non-Executive & Non-Independent Director
Dimitri Bracco Gartner	Non-Executive & Non-Independent Director
Sabyasachi Majumder	Non-Executive & Non-Independent Director
Abhijit Paul	Chief Financial Officer
Manish Agarwal	Company Secretary & Compliance Officer

Source: Company, PL

USM is a promoter-led, professionally managed company. It has successfully transformed itself from a leveraged steel-and-wire business into a focused, cash-generative global wire rope company.

USM is led by a well-balanced board comprising executive, non-executive and independent directors, bringing together expertise across industry, finance, governance and public administration. The presence of 4 independent directors provides an additional layer of oversight and supports strong corporate governance practices.

The combination of promoter leadership, professional management and independent oversight provides a strong foundation for the company's long-term growth strategy and global expansion plans.

Key Risks

- **Exposure to price competition in certain general product categories:** While USM continues to increase its presence in specialized products and VAPs, certain segments of the wire rope industry remain exposed to pricing pressure from low-cost manufacturers, particularly from East Asia.
- **Slowdown in industrial and infra-activity:** Demand for wire ropes and LRPC strands is linked to sectors such as mining, cranes, ports, oil & gas, elevators and infrastructure. Any prolonged slowdown in industrial activity, construction spending or government-led infrastructure investments could adversely impact volume growth across key end markets.
- **Working capital and inventory intensity:** USM's business model requires maintaining inventory across multiple geographies to ensure product availability and support customer requirements. Delays in project execution, extended customer payment cycles or slower inventory movement could result in higher working capital requirements and impact cash flows.
- **Geopolitical and supply chain disruptions:** USM operates a global manufacturing, distribution and servicing network. Geopolitical tensions, trade restrictions, shipping disruptions, changes in tariff structures, or volatility in freight costs could affect supply chains, delivery schedules and profitability across certain markets.
- **Raw material price volatility:** Steel wire rods constitute the primary raw material for the company. While USM generally passes on raw material cost fluctuations over time, sharp movements in steel prices or timing mismatches between procurement and customer contracts may temporarily impact margins, leading to a one-time inventory loss on the books.
- **Customer approval and qualification risk:** USM's growth strategy is increasingly focused on high-performance and specialized products that require lengthy customer qualification and approval processes. Delays in approvals, failure to secure certifications or slower-than-expected conversion of potential customers could impact growth in new product categories and geographies.
- **Foreign exchange risk:** Given its significant export exposure and overseas operations, the company remains exposed to currency fluctuations across key markets. Adverse movements in exchange rates could affect reported revenues, profitability and competitiveness in certain regions.

Financials

Income Statement (INR mn)

Y/e Mar	FY26	FY27E	FY28E	FY29E
Net Revenues	36,911	40,852	45,165	48,871
YoY gr. (%)	6.2	10.7	10.6	8.2
Cost of Goods Sold	18,675	20,590	22,808	24,680
Gross Profit	18,236	20,263	22,357	24,191
Margin (%)	49.4	50.0	50.0	50.0
Employee Cost	4,605	4,973	5,371	5,801
Other Expenses	6,580	7,160	7,780	8,370
EBITDA	7,051	8,129	9,205	10,020
YoY gr. (%)	18.1	15.3	13.2	8.9
Margin (%)	19.1	19.9	20.4	20.5
Depreciation and Amortization	1,164	1,287	1,400	1,526
EBIT	5,887	6,842	7,805	8,494
Margin (%)	15.9	16.7	17.3	17.4
Net Interest	196	110	96	76
Other Income	689	730	789	852
Profit Before Tax	5,962	7,462	8,497	9,269
Margin (%)	16.2	18.3	18.8	19.0
Total Tax	1,484	1,791	2,039	2,225
Effective Tax Rate (%)	24.9	24.0	24.0	24.0
Profit After Tax	4,478	5,671	6,458	7,045
Minority Interest	3	3	3	3
Share Profit from Associate	185	193	200	208
Adjusted PAT	4,660	5,860	6,655	7,250
YoY gr. (%)	14.4	25.8	13.6	8.9
Margin (%)	12.6	14.3	14.7	14.8
Extra Ord. Income / (Exp)	-	-	-	-
Reported PAT	4,660	5,860	6,655	7,250
YoY gr. (%)	14.4	25.8	13.6	8.9
Margin (%)	12.6	14.3	14.7	14.8
Other Comprehensive Income	-	-	-	-
Total Comprehensive Income	4,660	5,860	6,655	7,250
Equity Shares O/s (mn)	305	305	305	305
EPS (INR)	15.3	19.2	21.8	23.8

Source: Company, PL

Balance Sheet (INR mn)

Y/e Mar	FY26	FY27E	FY28E	FY29E
Non-Current Assets				
Gross Block	24,695	25,695	28,665	30,115
Tangibles	22,064	23,064	26,034	27,484
Intangibles	2,631	2,631	2,631	2,631
Acc: Dep / Amortization	9,001	10,288	11,689	13,215
Tangibles	7,268	8,555	9,956	11,482
Intangibles	1,733	1,733	1,733	1,733
Net Fixed Assets	15,694	15,407	16,976	16,900
Tangibles	14,796	14,509	16,078	16,002
Intangibles	898	898	898	898
Capital Work In Progress	891	1,841	871	1,771
Goodwill	552	552	552	552
Non-Current Investments	1,298	1,298	1,298	1,298
Net Deferred Tax Assets	(571)	(571)	(571)	(571)
Other Non-Current Assets	790	790	790	790
Current Assets				
Investments	-	-	-	-
Inventories	9,578	10,297	10,889	11,783
Trade Receivables	6,434	6,939	7,672	8,301
Cash & Bank Balance	4,778	7,595	11,098	14,486
Other Current Assets	1,157	1,157	1,157	1,157
Total Assets	42,118	46,822	52,250	57,984
Equity				
Equity Share Capital	305	305	305	305
Other Equity	32,714	37,316	42,587	48,313
Total Network	33,019	37,621	42,892	48,618
Non-Current Liabilities				
Long Term Borrowings	241	91	91	91
Provisions	563	563	563	563
Other Non Current Liabilities	-	-	-	-
Current Liabilities				
ST Debt / Current of LT Debt	1,214	1,214	1,014	714
Trade Payables	3,110	3,358	3,712	4,017
Other Current Liabilities	2,633	2,633	2,633	2,633
Total Equity & Liabilities	42,118	46,822	52,250	57,984

Source: Company, PL

Cash Flow (INR mn)

Y/e Mar	FY26	FY27E	FY28E	FY29E
PBT	6,123	7,462	8,497	9,269
Add. Depreciation	1,164	1,287	1,400	1,526
Add. Interest	196	110	96	76
Less Financial Other Income	689	730	789	852
Add. Other	186	(730)	(789)	(852)
Op. Profit before WC Changes	7,669	8,129	9,205	10,020
Net Changes-WC	(310)	(976)	(970)	(1,218)
Direct Tax	(806)	(1,791)	(2,039)	(2,225)
Net Cash from Op. Activities	6,553	5,363	6,196	6,577
Capital Expenditures	(1,660)	(1,950)	(2,000)	(2,350)
Interest / Dividend Income	185	730	789	852
Others	(2,191)	-	-	-
Net Cash from Inv. Activities	(3,667)	(1,220)	(1,211)	(1,498)
Issue of Share Cap. / Premium	-	-	-	-
Debt Changes	(2,123)	(150)	(200)	(300)
Dividend Paid	(914)	(1,259)	(1,384)	(1,523)
Interest Paid	(179)	(110)	(96)	(76)
Others	-	-	-	-
Net Cash from Fin. Activities	(3,215)	(1,519)	(1,681)	(1,899)
Net Change in Cash	(328)	2,624	3,303	3,180
Free Cash Flow	4,573	3,413	4,196	4,227

Source: Company, PL

Quarterly Financials (INR mn)

Y/e Mar	Q1FY26	Q2FY26	Q3FY26	Q4FY26
Net Revenues	8,872	9,076	9,171	9,793
YoY gr. (%)	7.4	1.8	6.6	9.3
Raw Material Expenses	4,631	4,641	4,649	4,754
Gross Profit	4,241	4,435	4,522	5,039
Margin (%)	47.8	48.9	49.3	51.5
EBITDA	1,446	1,730	1,759	2,115
YoY gr. (%)	(6.1)	7.6	23.3	51.6
Margin (%)	16.3	19.1	19.2	21.6
Depreciation / Depletion	287	277	288	312
EBIT	1,159	1,453	1,471	1,803
Margin (%)	13.1	16.0	16.0	18.4
Net Interest	63	51	48	35
Other Income	155	227	41	267
Profit before Tax	1,251	1,451	1,331	1,999
Margin (%)	14.1	16.0	14.5	20.4
Total Tax	288	402	301	493
Effective Tax Rate (%)	23.0	27.7	22.6	24.6
Profit After Tax	963	1,049	1,030	1,507
Minority Interest	(1)	1	1	2
Share Profit from Associate	45	49	47	45
Adjusted PAT	1,009	1,097	1,076	1,549
YoY gr. (%)	(3.1)	-	16.2	53.4
Margin (%)	11.4	12.1	11.7	15.8
Extra Ord. Income / (Exp)	-	-	-	-
Reported PAT	1,009	1,097	1,076	1,549
YoY gr. (%)	(3.1)	-	16.2	53.4
Margin (%)	11.4	12.1	11.7	15.8
Other Comprehensive Income	-	-	-	-
Total Comprehensive Income	1,009	1,097	1,076	1,549
Avg. Shares O/s (mn)	305	305	305	305
EPS (INR)	3.3	3.6	3.5	5.1

Source: Company, PL

Key Financial Metrics

Y/e Mar	FY26	FY27E	FY28E	FY29E
Per Share (INR)				
EPS	15.3	19.2	21.8	23.8
CEPS	19.1	23.4	26.4	28.8
BVPS	108.2	123.3	140.6	159.4
FCF	15.0	11.2	13.8	13.9
DPS	3.8	4.1	4.5	5.0
Return Ratio (%)				
RoCE	18.0	18.6	18.8	18.2
ROIC	15.8	17.9	19.5	20.0
RoE	15.4	16.6	16.5	15.8
Balance Sheet				
Net Debt : Equity (x)	(0.1)	(0.2)	(0.2)	(0.3)
Net Working Capital (Days)	128	124	120	120
Valuation (x)				
PER	30.4	24.2	21.3	19.6
P/B	4.3	3.7	3.3	2.9
P/CEPS	24.4	19.8	17.6	16.1
EV/EBITDA	19.6	16.7	14.3	12.8
EV/Sales	3.7	3.3	2.9	2.6
Dividend Yield (%)	0.8	0.8	0.9	1.0
FCFF Yield (%)	3.2	2.4	2.9	2.9
PEG Ratio	2.1	0.9	1.5	2.1

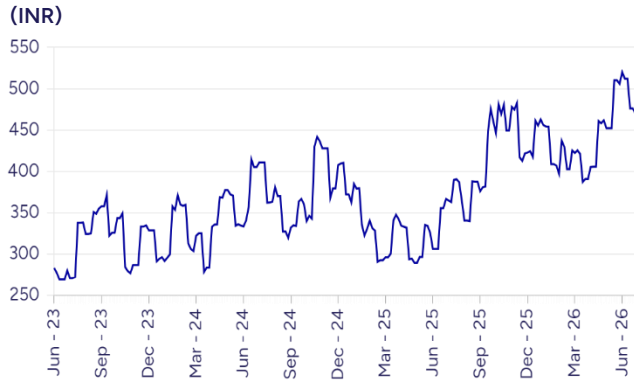
Source: Company, PL

Key Operating Metrics

Y/e Mar	FY26	FY27E	FY28E	FY29E
Total Volumes (kt)	207	221	237	251
Average NSR (INR/t)	178,312	185,239	190,458	194,959
Average EBITDA/t (INR)	34,062	36,862	38,818	39,974

Source: Company, PL

Price Chart



PL's Recommendation Nomenclature (Absolute Performance)

BUY	: > 15%
Accumulate	: 5% to 15%
Hold	: +5% to -5%
Reduce	: -5% to -15%
Sell	: < -15%
Not Rated (NR)	: No specific call on the stock
Under Review (UR)	: Rating likely to change shortly

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