HOLD (Downgrade from ADD)

CMP: **INR 69** Target Price: **INR 70 (INR 95)** ▲ 1%

ICICI Securities

ICICI Securities Limited is the author and distributor of this report

09 November 2024

India | Equity Research | Q2FY25 results review

Equitas Small Finance Bank

Financials

Lack of visibility on credit cost normalisation; FY25 profitability to remain subdued

Equitas SFB's (Equitas) Q2FY25 financial performance continued to be marred by elevated credit cost, which remained lofty at 3.7% vs. 3.5% QoQ, resulting in negligible PAT at INR 129mn (RoA at only 11bps). With sustained stress in MFI and incrementally-higher stress in vehicle loans, PAT during H1FY25 stood at INR 386mn, down 90% YoY. After creating a floating provision of INR 1.8bn during Q1FY25, to lower NNPL ratio below 1%, one-time additional provision of INR 1bn towards MFI portfolio kept credit cost elevated during H1FY25. Factoring in the weak H1FY25 earnings, we cut our earnings estimate by 50%/20% for FY25E/FY26E. We also downgrade the stock to **HOLD** (from Add) and lower our TP to INR 70 (from INR 95), as we cut our target multiple to 1.2x (from 1.5x) on Sep'25E BVPS, considering subdued RoE of 5% in FY25E and only 12% in FY26E.

AUM growth revives; still notably lower than historical run-rate

AUM growth decelerated sharply to <20% YoY in Q1FY25 for the first-time post Covid-19, as it calibrated growth in MFI and maintained this approach in Q2FY25 as well, resulting in growth further moderating to 15% YoY (lowest in past many quarters). However, growth in a few product segments revived during Q2FY25, evident in strong 7% QoQ growth in used CV and SBL, 12% QoQ in used car and 11% QoQ in MSE finance. The same was driven by strong 20% QoQ growth in disbursements during Q2FY25. MFI portfolio fell 6% QoQ and 10% YTDFY25. Management expects strong traction continuing in its non-MFI portfolio.

INR1bn one-off provision towards MFI portfolio dents earnings

PAT, during Q2FY25, fell 50% QoQ to INR 129mn, hit by: 1) an INR 1bn one-off provision towards MFI portfolio and additional INR 0.46bn provision towards strengthening IRAC norms; 2) elevated cost-income ratio at 66%; and 3) a 28bps QoQ contraction in NIM. Overall credit cost stood at 3.6% during H1FY25, adjusted for MFI portfolio provisions the same remained comfortable at 1%. However, management highlighted that stress in its MFI portfolios is likely to continue in the near term, and the same poses a risk of elevated credit cost during H2FY25. Excluding the one-off provision of INR 1.8bn during Q1FY25 towards improving PCR, credit cost stands at 2.6% during H1FY25.

Financial Summary

Y/E March	FY23A	FY24A	FY25E	FY26E
NII (INR mn)	25,447.2	30,797.6	33,823.9	42,286.9
Op. profit (INR mn)	11,760.1	13,773.6	14,128.1	19,272.6
Net Profit (INR mn)	5,735.6	7,989.6	2,879.2	8,197.1
EPS (INR)	5.2	7.0	2.5	7.2
EPS % change YoY	130.3	36.3	(64.0)	184.7
P/BV (x)	1.5	1.3	1.2	1.1
GNPA(%)	2.8	2.7	2.3	2.2
RoA (%)	1.9	2.0	0.6	1.4
RoE (%)	12.2	14.4	4.7	12.3

Renish Bhuva
renish.bhuva@icicisecurities.com
+91 22 6807 7465
Chintan Shah
chintan.shah@icicisecurities.com
Palak Bhatt
palak.bhatt@icicisecurities.com

Market Data

Market Cap (INR)	78bn
Market Cap (USD)	926mn
Bloomberg Code	EQUITASB IN
Reuters Code	EQUI BO
52-week Range (INR)	117 /66
Free Float (%)	97.0
ADTV-3M (mn) (USD)	4.3

Price Performance (%)	3m	6m	12m
Absolute	(13.0)	(27.2)	(28.5)
Relative to Sensex	(13.8)	(35.4)	(50.9)

ESG Score	2022	2023	Change
ESG score	NA	69.1	NA
Environment	NA	44.9	NA
Social	NA	62.1	NA
Governance	NA	84.1	NA

Note - Score ranges from 0 - 100 with a higher number indicating a higher ESG score.

Source: SES ESG, I-sec research

Earnings Revisions (%)	FY25E	FY26E
PAT	(50)	(20)

Previous Reports

28-07-2024: Q1FY25 results review

25-04-2024: Q4FY24 results review

Non-MFI products showing signs of revival; disbursements in MFI to remain sluggish

In order to protect NIM and improve profitability, management calibrated its growth strategy and lowered disbursements in low-yielding segments such as NBFC funding and new cars. This resulted in range-bound quarterly disbursements of INR 48–50bn during FY24. The trend continued in H1FY25 amid extended stress in the MFI segment. As a result, total disbursements fell 2% YoY with MFI disbursements falling by 33% YoY during Q2FY25. However, disbursements in non-MFI products showed revival, with growth ranging from 5–90% YoY across segments, except new CV and housing.

Increasing trend in cost of deposits continued, but it rationalises rates during Q2FY25 to manage NIMs in coming quarters

Equitas' differentiated pricing strategy is working well, evident in total deposit growth at 29% YoY/6% QoQ with retail TD growth at 39% YoY. Strong retail TD growth is cannibalising SA growth, in our opinion, given steady decline in CASA ratio to 31% by Sep'24 vs. 38% in June'23. The bank's retail TD contribution, at 69%, as on Sep'24, is among the best in the SFB space. However, cost of deposit continued to rise, evident in blended CoD 7.50% vs. 7.46% QoQ vs. 7.21% YoY with SA cost fell 13bps QoQ to 6.05% and a 4bps QoQ increase in TD cost to 8.37%.

The bank has defined its 'Liability 2.0' strategy to be implemented from 2025–28, which will be driven by its deep understanding of the customer gained over the period of eight years. As part of this strategy, Equitas will move from unit-level sourcing to family-level sourcing whilst continuing to target the mass affluent segments. As it derived comfort from improving liability franchise, it reduces interest rate tiers in savings accounts and also cut 444-day TD rates to 8.25% w.e.f. Oct'24 from earlier rate of 8.5%. Given SA rate rationalization in Jul'24 already resulting in 13bps QoQ moderation in SA cost during Q2FY25, it expects cut in TD rate to bring down overall CoF in coming quarters.

Sustained stress in MFI resulted in >5% slippage ratio; management expects revival only by Q4FY25

Fresh slippages during Q2FY25 increased to INR 5.1bn (annualised 6% vs. 4.8% QoQ vs. 3.8% YoY), of which slippage ratio in MFI remained at 8.7% and 5.2% for the non-MFI portfolio. Similarly, write-offs too remained elevated at INR 1.5bn vs. INR1.1bn QoQ. Higher slippages and management's decision to provide additional INR 1bn towards MFI portfolio resulted in credit cost at 3.7%. Management further highlighted that stress in MFI (~16% of portfolio) is likely to continue in near-term; hence, it would continue to observe emerging trends in collection in Q3FY25. Overall, GNPL ratio increased to 2.95% vs. 2.73% QoQ with GNPL in MFI portfolio increasing to 4.8% vs. 3.8% QoQ, SBL to 2.19% vs. 2.03% QoQ, MSE to 9.35% vs. 7.04% QoQ. SMA 0 and 1 portfolio at the bank level and in the MFI segment continued to rise on a sequential basis. As on Sep'24, total SMA book stands at 5.2% for MFI segment and >8% at the bank level (including MFI portfolio). MFI portfolio in 31–90 DPD bucket has increased to 3.75% in Q2FY25, from 2.32% in Q1FY25 and 3.98%, as on Oct'24.

Key risks

- Lower than anticipated stress
- Deceleration in AUM growth

Exhibit 1: Q2FY25 result review

Profit and loss (INR mn)	Q2FY25	Q2FY24	% chg YoY	Q1FY25	% chg QoQ
Interest Income	15,549	13,590	14.4	15,010	3.6
Interest Expended	7,526	5,934	26.8	6,995	7.6
Net interest income (NII)	**8,023**	**7,656**	**4.8**	**8,015**	**0.1**
Other income	2,389	1,814	31.7	2,087	14.5
Total income	10,412	9,470	10.0	10,102	3.1
Operating expenses	**6,915**	**6,168**	**12.1**	**6,698**	**3.2**
-Staff expenses	4,024	3,315	21.4	3,747	7.4
-Other expenses	2,891	2,853	1.3	2,951	-2.0
Operating profit	**3,497**	**3,302**	**5.9**	**3,404**	**2.7**
Total provisions	3,297	632	421.6	3,046	8.2
Profit before tax	**201**	**2,670**	**-92.5**	**358**	**-43.9**
Tax	72	689	-89.6	100	-28.3
Profit after tax	**129**	**1,981**	**-93.5**	**258**	**-50.0**

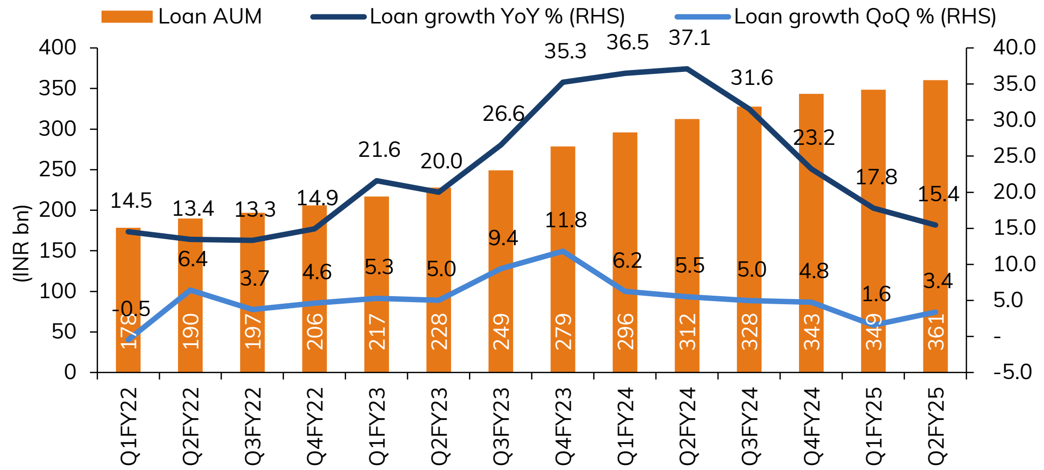
Balance sheet (INR mn)	Q2FY25	Q2FY24	% chg YoY	Q1FY25	% chg YoY
Gross NPL (INR mn)	10,228	6,605	54.9	8,890	15.0
Gross NPL (%)	2.95	2.1	83	2.7	22
Net NPL (INR mn)	3,303	2,790	18.4	2,641	25.0
Net NPL (%)	1.0	0.9	6	0.8	14
Coverage ratio	67.1	57.1	1,004	69.6	(248)

Ratios (%)	Q2FY25	Q2FY24	% chg YoY	Q1FY25	% chg YoY
Profitability ratios					
Yield on Advances	16.5	16.5	(1)	0.0	1,649
Cost of Funds	7.5	7.2	29	7.5	4
NIM	**7.69**	**8.4**	**(74)**	**8.0**	**(28)**
RoaA	0.1	2.0	(192)	0.2	(11)
RoaE	0.9	14.6	(1,376)	1.7	(86)
Business & Other Ratios					
CASA ratio	31.0	34.0	(300)	31.0	-
Cost-income ratio	66.4	65.1	128	66.3	11
CAR	19.4	21.3	(197)	20.6	(119)

AuM mix	Q2FY25	Q2FY24	% chg YoY	Q1FY25	% chg YoY
Micro Finance	**56,360**	**58,780**	**-4.1**	**59,730**	**-5.6**
Vehicle Finance	**88,770**	**77,770**	**14.1**	**84,720**	**4.8**
Used CV	*41,850*	*36,750*	13.9	38,950	7.4
New CV	*31,890*	*31,180*	2.3	32,380	-1.5
Used Car	*15,030*	*9,840*	52.7	13,390	12.2
Small Business Loans	**1,65,470**	**1,29,500**	**27.8**	**1,54,410**	**7.2**
Small Business Loans & Agri loans	*1,46,780*	*1,15,500*	27.1	1,37,470	6.8
MSE Finance	*13,660*	*10,380*	31.6	12,350	10.6
Others	*5,030*	*3,620*	39.0	4,590	9.6
Housing Finance	**43,890**	**35,820**	**22.5**	**43,420**	**1.1**
Corporate Loans	**6,040**	**10,420**	**-42.0**	**6,430**	**-6.1**
Total	**3,60,530**	**3,12,290**	**15.4**	**3,48,710**	**3.4**

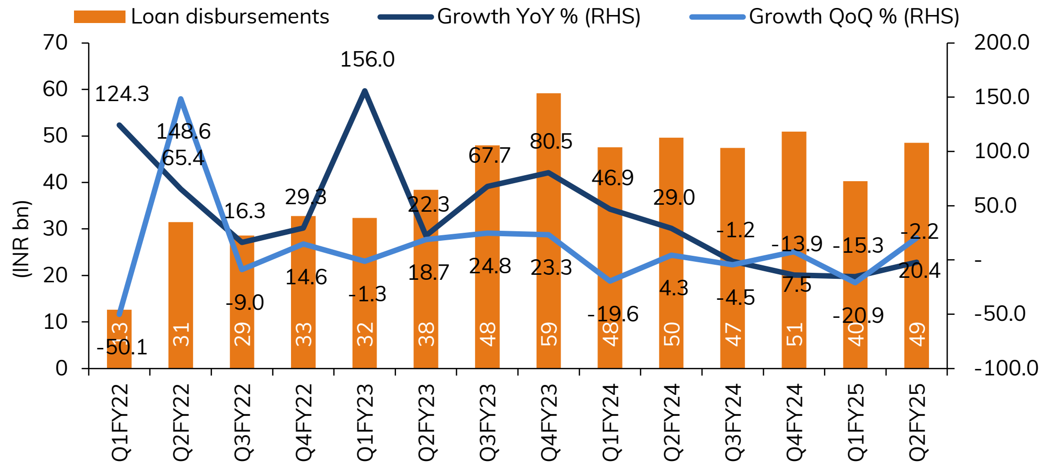
Source: Company data, I-Sec research

Exhibit 2: Growth deceleration continued; however, non-MFI segments showing signs of revival in Q2FY25



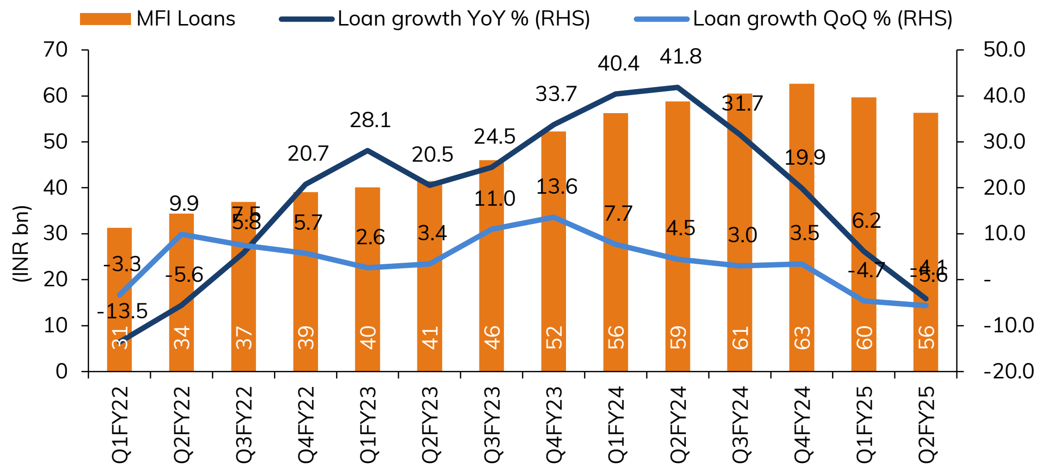
Source: Company data, I-Sec research

Exhibit 3: Extended stress in MFI segment and management's cautious approach resulted in lower disbursements during H1FY25...



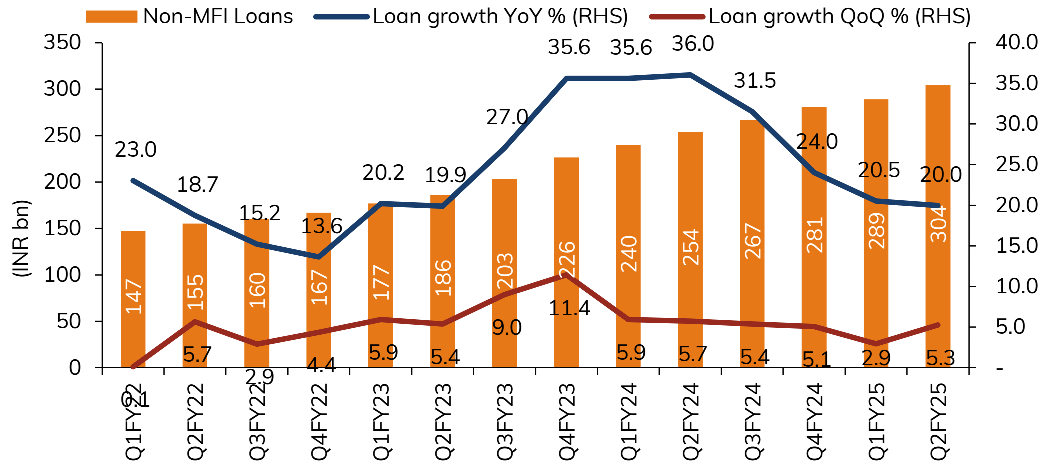
Source: Company data, I-Sec research

Exhibit 4: ...the same resulted in subdued growth in MFI segment



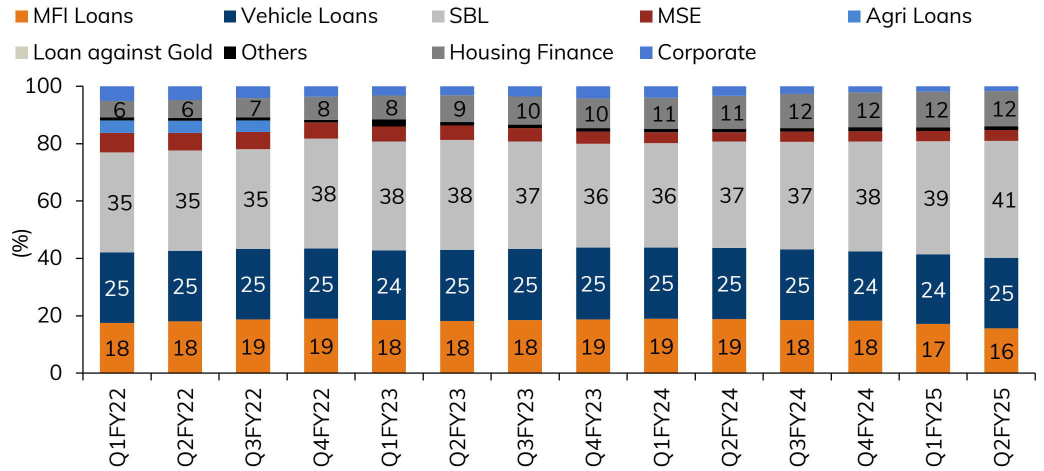
Source: Company data, I-Sec research

Exhibit 5: Sequential growth in non-MFI book bounced back to 5% during Q2FY25, after falling to 3% in Q1FY25



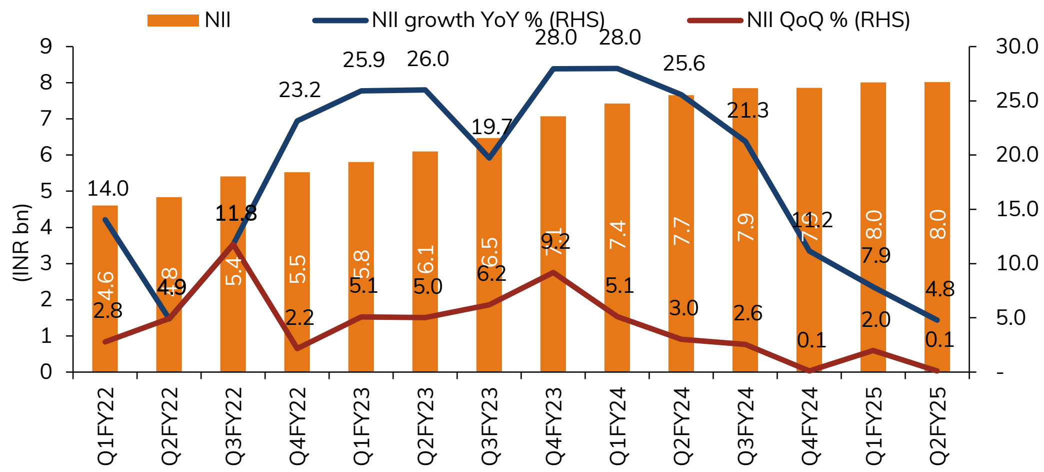
Source: Company data, I-Sec research

Exhibit 6: SBL share inching up gradually in overall book



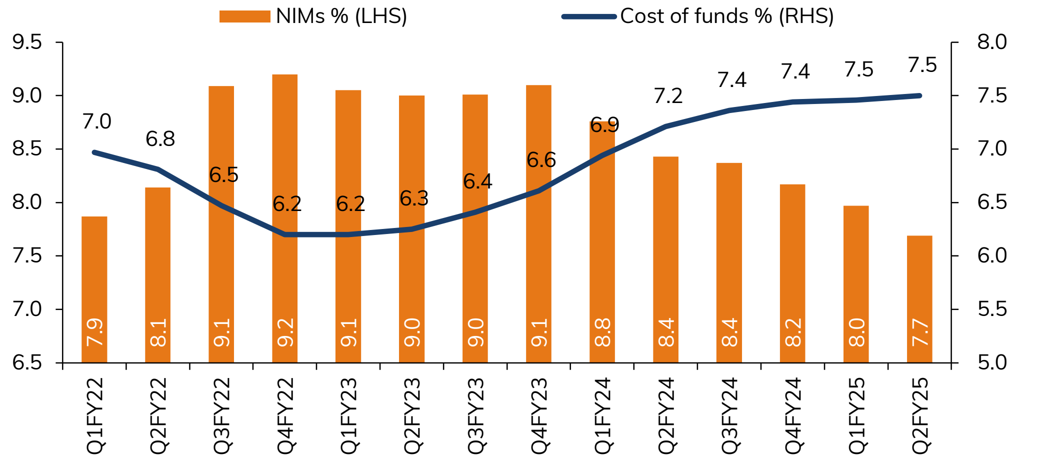
Source: Company data, I-Sec research

Exhibit 7: NII flat QoQ, due to <20bps QoQ NIM contraction



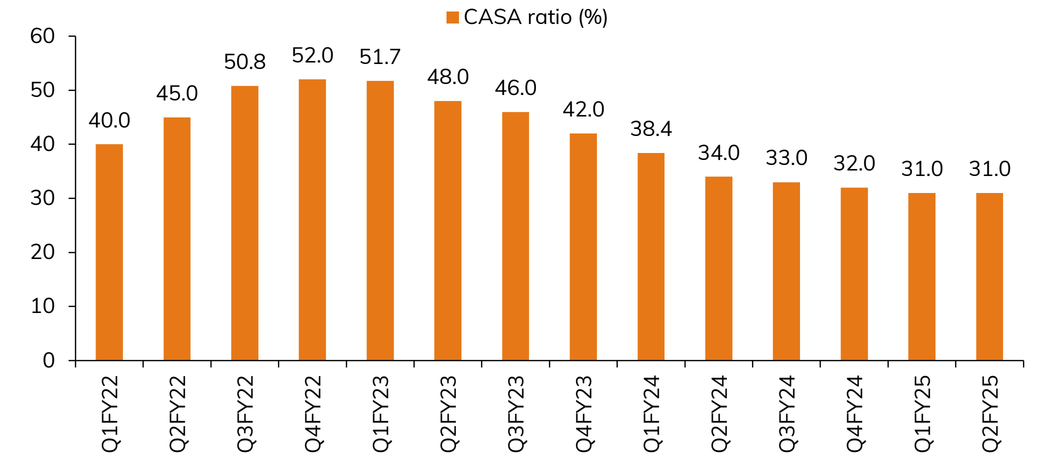
Source: Company data, I-Sec research

Exhibit 8: Increasing trend in cost of deposits continued during Q2FY25; however, rate rationalisation in Jul'24 and Oct'24 to provide cushion to NIM going ahead



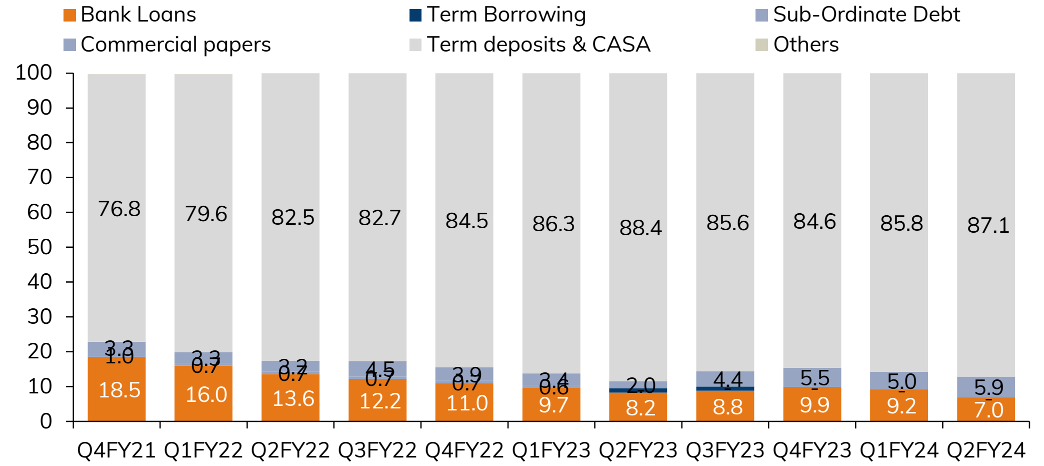
Source: Company data, I-Sec research

Exhibit 9: CASA ratio remained flat QoQ at 31% during Q2FY25



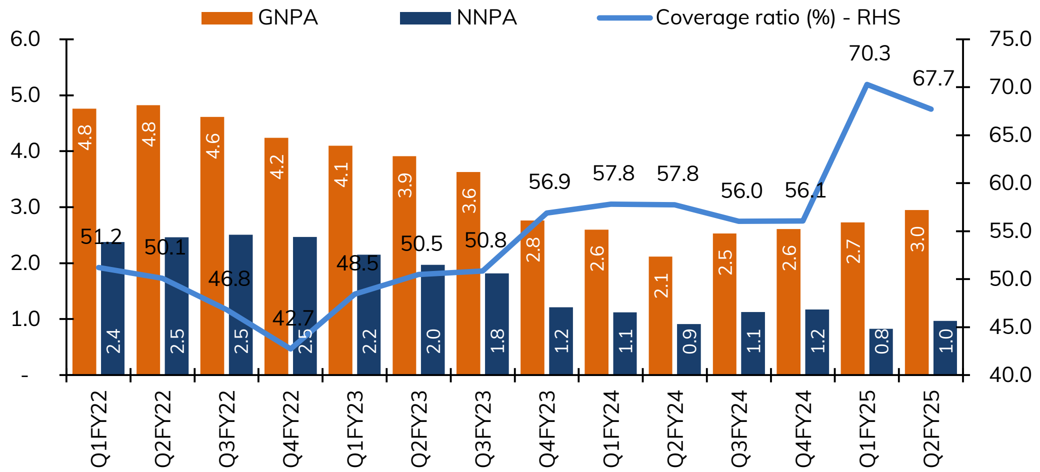
Source: Company data, I-Sec research

Exhibit 10: Liabilities shaping up well



Source: Company data, I-Sec research

Exhibit 11: Fresh slippages increased due to higher stress in CV and MFI, which led to rise in GNPA



Source: Company data, I-Sec research

Exhibit 12: Shareholding pattern

%	Mar'24	Jun'24	Sep'24
Promoters	0.0	0.0	0.0
Institutional investors	64.7	65.1	60.6
MFs and other	38.2	38.4	38.2
FIs/ Banks	0.0	2.6	2.9
Insurance	4.5	4.4	2.6
FIIs	22.1	19.7	16.9
Others	35.3	34.9	39.4

Source: Bloomberg, I-Sec research

Exhibit 13: Price chart

Source: Bloomberg, I-Sec research

Financial Summary

Exhibit 14: Profit & Loss

(INR mn, year ending March)

	FY23A	FY24A	FY25E	FY26E
Interest income	41,619	54,864	64,955	79,457
Interest expense	(16,172)	(24,066)	(31,131)	(37,170)
Net interest income	**25,447**	**30,798**	**33,824**	**42,287**
Non interest income	6,696	7,987	8,934	10,787
Operating income	**32,143**	**38,784**	**42,758**	**53,074**
Operating expense	(20,383)	(25,011)	(28,630)	(33,802)
- Staff expense	(10,967)	(13,688)	(14,733)	(16,422)
Pre-provisions profit	**11,760**	**13,774**	**14,128**	**19,273**
Core operating profit	**11,760**	**13,774**	**14,128**	**19,273**
Provisions & Contingencies	(4,072)	(3,142)	(10,297)	(8,365)
Pre-tax profit	**7,688**	**10,631**	**3,831**	**10,907**
Tax (current + deferred)	(1,952)	(2,642)	(952)	(2,710)
Net Profit	**5,736**	**7,990**	**2,879**	**8,197**
Adjusted net profit	**5,736**	**7,990**	**2,879**	**8,197**

Source Company data, I-Sec research

Exhibit 15: Balance sheet

(INR mn, year ending March)

	FY23A	FY24A	FY25E	FY26E
Cash and balance with RBI/Banks	12,443	35,004	22,848	28,103
Investments	66,646	90,653	1,22,382	1,50,529
Advances	2,57,986	3,09,643	3,76,814	4,59,713
Fixed assets (Net block)	3,791	6,047	6,350	6,667
Other assets	8,716	10,906	11,997	13,197
Total assets	**3,49,581**	**4,52,253**	**5,40,391**	**6,58,210**
Deposits	2,53,806	3,61,290	4,66,064	5,73,259
Other interest bearing liabilities	44,196	17,092	11,760	14,187
Other liabilities and provisions	14,459	14,184	15,603	17,163
Share capital	11,106	11,349	11,349	11,349
Reserve & surplus	40,474	48,338	51,217	59,414
Total equity & liabilities	**3,49,581**	**4,52,253**	**5,40,391**	**6,58,210**

Source Company data, I-Sec research

Exhibit 16: Key ratios

(Year ending March)

	FY23A	FY24A	FY25E	FY26E
No. of shares and per share data				
No. of shares (mn)	1,111	1,135	1,135	1,135
Adjusted EPS (Rs)	5.2	7.0	2.5	7.2
Nominal Book Value per share (Rs)	46	53	55	62
Adjusted BVPS (Rs)	44	49	52	59
Valuation ratio				
PER (x)	**13.3**	**9.7**	**27.1**	**9.5**
Price/ Nominal Book (x)	1.5	1.3	1.2	1.1
Profitability ratio				
Yield on advances (%)	16.7	17.3	16.5	16.5
Yields on Assets	14.0	14.2	13.6	13.7
Cost of funds	**6.5**	**7.3**	**7.4**	**7.2**
NIMs (%)	8.5	8.0	7.1	7.3
Cost/Income (%)	(63.4)	(64.5)	(67.0)	(63.7)
Dupont Analysis (as % of Avg Assets)				
Interest Income	13.4	13.7	13.1	13.3
Interest expended	(5.2)	(6.0)	(6.3)	(6.2)
Net Interest Income	8.2	7.7	6.8	7.1
Non-interest income	**2.2**	**2.0**	**1.8**	**1.8**
Total Income	10.4	9.7	8.6	8.9
Staff costs	(3.5)	(3.4)	(3.0)	(2.7)
Non-staff costs	-	-	-	-
Total Cost	(6.6)	(6.2)	(5.8)	(5.6)
PPoP	**3.8**	**3.4**	**2.8**	**3.2**
Non-tax Provisions	(1.3)	(0.8)	(2.1)	(1.4)
PBT	2.5	2.7	0.8	1.8
Tax Provisions	**(0.6)**	**(0.7)**	**(0.2)**	**(0.5)**
ROA (%)	**1.9**	**2.0**	**0.6**	**1.4**
Leverage (x)	6.8	7.6	8.6	9.3
ROE (%)	**12.6**	**15.1**	**5.0**	**12.7**
Asset quality ratios				
Gross NPLs (%)	**2.8**	**2.7**	**2.3**	**2.2**
Net NPLs (%)	1.2	1.2	0.9	0.9
PCR (%)	**56.9**	**56.1**	**60.0**	**60.0**
Gross Slippages (% of PY loans)	**5.6**	**4.4**	**3.6**	**3.6**
Net NPLs / Networth (%)	6.0	6.0	5.6	5.7
Capitalisation ratios				
Tier I cap.adequacy (%)	23.8	20.4	17.6	16.5
Total cap.adequacy (%)	0.5	0.5	0.5	0.5

Source Company data, I-Sec research

This report may be distributed in Singapore by ICICI Securities, Inc. (Singapore branch). Any recipients of this report in Singapore should contact ICICI Securities, Inc. (Singapore branch) in respect of any matters arising from, or in connection with, this report. The contact details of ICICI Securities, Inc. (Singapore branch) are as follows: Address: 10 Collyer Quay, #40-92 Ocean Financial Tower, Singapore - 049315, Tel: +65 6232 2451 and email: navneet_babbar@icicisecuritiesinc.com, Rishi_agrawal@icicisecuritiesinc.com.

"In case of eligible investors based in Japan, charges for brokerage services on execution of transactions do not in substance constitute charge for research reports and no charges are levied for providing research reports to such investors."

New I-Sec investment ratings (all ratings based on absolute return; All ratings and target price refers to 12-month performance horizon, unless mentioned otherwise)
BUY: >15% return; ADD: 5% to 15% return; HOLD: Negative 5% to Positive 5% return; REDUCE: Negative 5% to Negative 15% return; SELL: < negative 15% return

ANALYST CERTIFICATION
I/We, *Renish Bhuva, CFA (ICFAI); Chintan Shah, CA; Palak Bhatt*, CA; authors and the names subscribed to this report, hereby certify that all of the views expressed in this research report accurately reflect our views about the subject issuer(s) or securities. We also certify that no part of our compensation was, is, or will be directly or indirectly related to the specific recommendation(s) or view(s) in this report. Analysts are not registered as research analysts by FINRA and are not associated persons of the ICICI Securities Inc. It is also confirmed that above mentioned Analysts of this report have not received any compensation from the companies mentioned in the report in the preceding twelve months and do not serve as an officer, director or employee of the companies mentioned in the report.

Terms & conditions and other disclosures:
ICICI Securities Limited (ICICI Securities) is a full-service, integrated investment banking and is, inter alia, engaged in the business of stock brokering and distribution of financial products. Registered Office Address: ICICI Venture House, Appasaheb Marathe Marg, Prabhadevi, Mumbai - 400 025. CIN: L67120MH1995PLC086241, Tel: (91 22) 6807 7100. ICICI Securities is Sebi registered stock broker, merchant banker, investment adviser, portfolio manager, Research Analyst and Alternative Investment Fund. ICICI Securities is registered with Insurance Regulatory Development Authority of India Limited (IRDAI) as a composite corporate agent and with PFRDA as a Point of Presence. ICICI Securities Limited Research Analyst SEBI Registration Number – INH000000990. ICICI Securities Limited SEBI Registration is INZ000183631 for stock broker. ICICI Securities AIF Trust's SEBI Registration number is IN/AIF3/23-24/1292 ICICI Securities is a subsidiary of ICICI Bank which is India's largest private sector bank and has its various subsidiaries engaged in businesses of housing finance, asset management, life insurance, general insurance, venture capital fund management, etc. ("associates"), the details in respect of which are available on www.icicibank.com.

ICICI Securities is one of the leading merchant bankers/ underwriters of securities and participate in virtually all securities trading markets in India. We and our associates might have investment banking and other business relationship with a significant percentage of companies covered by our Investment Research Department. ICICI Securities and its analysts, persons reporting to analysts and their relatives are generally prohibited from maintaining a financial interest in the securities or derivatives of any companies that the analysts cover.

Recommendation in reports based on technical and derivative analysis centre on studying charts of a stock's price movement, outstanding positions, trading volume etc as opposed to focusing on a company's fundamentals and, as such, may not match with the recommendation in fundamental reports. Investors may visit icicidirect.com to view the Fundamental and Technical Research Reports.

Our proprietary trading and investment businesses may make investment decisions that are inconsistent with the recommendations expressed herein.

ICICI Securities Limited has two independent equity research groups: Institutional Research and Retail Research. This report has been prepared by the Institutional Research. The views and opinions expressed in this document may or may not match or may be contrary with the views, estimates, rating, and target price of the Retail Research.

The information and opinions in this report have been prepared by ICICI Securities and are subject to change without any notice. The report and information contained herein is strictly confidential and meant solely for the selected recipient and may not be altered in any way, transmitted to, copied or distributed, in part or in whole, to any other person or to the media or reproduced in any form, without prior written consent of ICICI Securities. While we would endeavour to update the information herein on a reasonable basis, ICICI Securities is under no obligation to update or keep the information current. Also, there may be regulatory, compliance or other reasons that may prevent ICICI Securities 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 ICICI Securities policies, in circumstances where ICICI Securities might be acting in an advisory capacity to this company, or in certain other circumstances.

This report is based on information obtained from public sources and sources believed to be reliable, but no independent verification has been made nor is its accuracy or completeness guaranteed. This report and information herein is solely for informational purpose and shall not be used or considered as an offer document or solicitation of offer to buy or sell or subscribe for securities or other financial instruments. Though disseminated to all the customers simultaneously, not all customers may receive this report at the same time. ICICI Securities will not treat recipients as customers by virtue of their receiving this report. Nothing in this report constitutes investment, legal, accounting and tax advice or a representation that any investment or strategy is suitable or appropriate to your specific circumstances. The securities discussed and opinions expressed in this report may not be suitable for all investors, who must make their own investment decisions, based on their own investment objectives, financial positions and needs of specific recipient. This may not be taken in substitution for the exercise of independent judgment by any recipient. The recipient should independently evaluate the investment risks. The value and return on investment may vary because of changes in interest rates, foreign exchange rates or any other reason. ICICI Securities accepts no liabilities whatsoever for any loss or damage of any kind arising out of the use of this report. Past performance is not necessarily a guide to future performance. Investors are advised to see Risk Disclosure Document to understand the risks associated before investing in the securities markets. 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.

ICICI Securities or its associates might have managed or co-managed public offering of securities for the subject company or might have been mandated by the subject company for any other assignment in the past twelve months.

ICICI Securities or its associates might have received any compensation from the companies mentioned in the report during the period preceding twelve months from the date of this report for services in respect of managing or co-managing public offerings, corporate finance, investment banking or merchant banking, brokerage services or other advisory service in a merger or specific transaction.

ICICI Securities or its associates might have received any compensation for products or services other than investment banking or merchant banking or brokerage services from the companies mentioned in the report in the past twelve months.

ICICI Securities encourages independence in research report preparation and strives to minimize conflict in preparation of research report. ICICI Securities or its associates or its analysts did not receive any compensation or other benefits from the companies mentioned in the report or third party in connection with preparation of the research report. Accordingly, neither ICICI Securities nor Research Analysts and their relatives have any material conflict of interest at the time of publication of this report.

Compensation of our Research Analysts is not based on any specific merchant banking, investment banking or brokerage service transactions.

ICICI Securities or its subsidiaries collectively or Research Analysts or their relatives do not own 1% or more of the equity securities of the Company mentioned in the report as of the last day of the month preceding the publication of the research report.

Since associates of ICICI Securities and ICICI Securities as a entity are engaged in various financial service businesses, they might have financial interests or actual/ beneficial ownership of one percent or more or other material conflict of interest in various companies including the subject company/companies mentioned in this report.

ICICI Securities may have issued other reports that are inconsistent with and reach different conclusion from the information presented in this report.

Neither the Research Analysts nor ICICI Securities have been engaged in market making activity for the companies mentioned in the report.

We submit that no material disciplinary action has been taken on ICICI Securities by any Regulatory Authority impacting Equity Research Analysis activities.

This report is not directed or intended for distribution to, or use by, any person or entity who is a citizen or resident of or located in any locality, state, country or other jurisdiction, where such distribution, publication, availability or use would be contrary to law, regulation or which would subject ICICI Securities and affiliates to any registration or licensing requirement within such jurisdiction. The securities described herein may or may not be eligible for sale in all jurisdictions or to certain category of investors. Persons in whose possession this document may come are required to inform themselves of and to observe such restriction.

This report has not been prepared by ICICI Securities, Inc. However, ICICI Securities, Inc. 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.