

BANDHAN

RESULT UPDATE

VOTE NOW

ASIA MONEY
 BROKERS POLL 2023

KEY DATA

Rating	HOLD
Sector relative	Neutral
Price (INR)	222
12 month price target (INR)	242
52 Week High/Low	315/182
Market cap (INR bn/USD bn)	357/4.3
Free float (%)	6,001.0
Avg. daily value traded (INR bn)	2,085.3

SHAREHOLDING PATTERN

	Mar-23	Dec-22	Sep-22
Promoter	39.99%	39.99%	39.99%
FII	31.93%	32.39%	30.15%
DII	13.3%	12.52%	12.57%
Pledge	0%	0%	0%

FINANCIALS

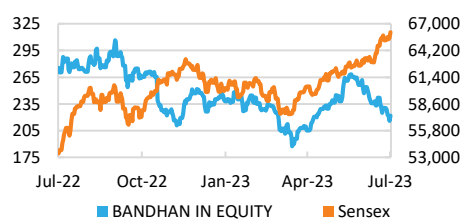
(INR mn)

Year to March	FY22A	FY23E	FY24E	FY25E
Revenue	115373	117282	142010	169236
PPoP	80139	70912	84446	99660
Adjusted profit	1263	21945	41865	50714
Diluted EPS (INR)	0.2	13.6	26.0	31.5
EPS growth (%)	(94.3)	8589.4	90.8	21.1
P/E (x)	1416.1	16.3	8.5	7.1
RoAE (x)	0.7	11.9	19.6	20.1
P/ABV (x)	2.1	1.8	1.5	1.3
Dividend yield (%)	0	0.7	1.8	2.1

CHANGE IN ESTIMATES

	Revised estimates		% Revision	
Year to March	FY24E	FY25E	FY24E	FY25E
Revenue	142010	169236	0.0	0.0
EBITDA	84446	99660	0.0	0.0
Adjusted profit	41865	50714	0.0	0.0
Diluted EPS (INR)	26.0	31.5	0.0	0.0

PRICE PERFORMANCE



Asset quality falls short of expectations

While Bandhan posted weak Q1FY24 earnings, it is in line with consensus. Meanwhile, earnings expectations have been rebased since the business update. But asset quality fell short of expectations with non-ECLGS EEB slippage staying high (6%) and total EEB slippage, including ECLGS, also high (10%). Importantly, total SMA pool ex-ECLGS has risen to 5.5% vs. 4.6% QoQ despite high slippage, indicating a high forward flow. Guidance on growth, NIM and credit cost held.

With continued high forward flow and evolving ECLGS disclosure, we reckon asset quality has still not fully stabilised versus a marked improvement for peers. Given high forward flow, we are cutting the target BV to 1.4x FY25E (from 1.5x); retain 'HOLD with new INR242 TP.

PPOP weak but in line with consensus

Loans grew 7% YoY/dipped 5% QoQ due to a sharp, seasonal decline of 10% QoQ in EEB and a sharp drop in retail driven by maturity of a short-term loan against deposit of INR23bn. Deposits grew 17% YoY/were flat QoQ with an 8% dip in CASA and 11% growth in RTD. NIM remained flat QoQ at 7.3%. NII edged down 1% YoY and edged up 1% QoQ. Other income slid 39% QoQ/grew 17% YoY. PPOP declined 13% YoY/14% QoQ. Credit cost fell to 2.7% from 5.8% QoQ. PAT dropped 19% YoY/11% QoQ.

Sharp rise in GNPL; PCR falls; SMA remains sticky

Excluding ECLGS, EEB slippage remained high at INR9.2bn or 6% of loans. The bank recognised INR5.8bn of ECLGS loans as NPLs in Q1FY24, which were earlier part of SMA2. Including ECLGS and other segments, whole bank slippage was higher at INR19.4bn/8%. Other banks were conservatively classifying ECLGS loans as NPLs on 90+DPD norm, but Bandhan did it in Q1FY24 based on an RBI notification. In ECLGS, the government guarantees only the additional finance, so the government guaranteed portion would be ~INR1bn of INR5.8bn. The SMA (1+ DPD) book ex ECLGS has grown 8% QoQ to 5.5% of loans despite high slippage. Within that, SMA 1+2 has remained flat QoQ despite high slippage from SMA2. We calculate that the bank carries a PCR of 79% on EEB NPLs and 38% on SMA 1+2 in EEB. Total PCR on whole bank NPLs has declined from 77% to 69% QoQ.

Outlook and valuation: TP revised down to INR242; maintain 'HOLD'

We are cutting the target to 1.4x BV FY25E from 1.5x) to reflect high forward flow. At our new TP of INR242 (earlier INR255), the rating is unchanged at 'HOLD'. While the stock has corrected, we believe Bandhan lags peers on asset quality improvement and revival in EEB loans. As such, we do not see upside triggers.

Financials

Year to March	Q1FY24	Q1FY23	% Change	Q3FY23	% Change
Net Revenue	24,906	25,144	-0.9	24,718	0.8
Pre-provisioning Profits	15,623	18,206	-14.2	17,957	-13.0
Reported Profits	7,211	8,864	-18.7	8,083	-10.8
EPS	4.48	5.50	-18.5	5.02	-10.8

Financial Statements

Income Statement (INR mn)

Year to March	FY22A	FY23E	FY24E	FY25E
Net interest income	87,145	92,596	1,15,040	1,39,710
Non interest income	28,228	24,686	26,970	29,526
Net revenues	1,15,373	1,17,282	1,42,010	1,69,236
Operating expense	35,234	46,369	57,564	69,576
Employee exp	21,349	27,151	32,581	39,097
Other opex	13,886	19,219	24,983	30,479
Preprovision profit	80,139	70,912	84,446	99,660
Provisions	78,848	41,984	27,027	29,415
PBT	1,291	28,929	57,419	70,244
Taxes	28	6,983	15,555	19,530
PAT	1,263	21,945	41,865	50,714
Extraordinaries	0	0	0	0
Reported PAT	1,263	21,945	41,865	50,714
Diluted EPS (INR)	0.2	13.6	26.0	31.5
DPS (INR)	0	1.5	3.9	4.7

Important Ratios (%)

Year to March	FY22A	FY23E	FY24E	FY25E
Yield on advances	13.9	14.8	15.4	15.4
Yield on investments	5.6	6.1	6.1	6.1
Yield on assets	11.6	12.5	13.2	13.1
Net interest margins	7.4	7.0	7.5	7.5
Cost-income	30.5	39.5	40.5	41.1
Tax rate	2.2	24.1	27.1	27.8

Valuation Metrics

Year to March	FY22A	FY23E	FY24E	FY25E
Diluted PE (x)	1416.1	16.3	8.5	7.1
Price/BV (x)	10.3	1.8	1.5	1.3
Dividend yield (%)	0	0.7	1.8	2.1

Source: Company and Nuvama estimates

Balance Sheet (INR mn)

Year to March	FY22A	FY23E	FY24E	FY25E
Equity capital	16,110	16,108	16,110	16,110
Reserves	1,57,704	1,79,733	2,15,360	2,55,994
Net worth	1,73,814	1,95,842	2,31,470	2,72,104
Deposits	9,63,300	10,80,693	13,40,059	16,21,472
Borrowings	1,99,216	2,47,108	2,76,761	3,09,973
Other liabilities	52,336	34,057	39,165	43,082
Total	13,88,665	15,57,700	18,87,456	22,46,631
Assets				
Loans	9,39,749	10,47,558	12,57,069	15,08,483
Investments	2,90,787	3,23,659	4,11,624	4,90,996
Cash & equi	93,214	82,497	98,751	1,08,627
Fixed assets	5,879	8,546	10,255	12,306
Other assets	59,037	95,440	1,09,756	1,26,219
Total	13,88,665	15,57,700	18,87,456	22,46,631
BV/share (INR)	21.6	121.6	143.7	168.9

Balance Sheet Ratios (%)

Year to March	FY22A	FY23E	FY24E	FY25E
Credit growth	15.1	11.5	20.0	20.0
Deposit growth	23.5	12.2	24.0	21.0
EA growth	17.2	9.8	21.6	19.3
C-D ratio	97.6	96.9	93.8	93.0
Gross NPA ratio	6.8	4.9	5.2	5.1

ROA Decomposition (%)

Year to March	FY22A	FY23E	FY24E	FY25E
NII/Assets	7.4	7.0	7.5	7.5
Fees/Assets	2.1	1.9	1.7	1.6
Inv profits/Assets	9.8	8.8	9.2	9.1
Net revenues/assets	(3.0)	(3.5)	(3.7)	(3.7)
Opex/Assets	(6.7)	(3.2)	(1.8)	(1.6)
Provisions/Assets	(6.7)	(3.2)	(1.8)	(1.6)
Taxes/Assets	0	(0.5)	(1.0)	(1.0)
Total costs/Assets	(9.7)	(7.2)	(6.5)	(6.4)
RoA	0.1	1.6	2.7	2.7
Equity/Assets	14.8	13.9	13.9	13.5
RoAE	0.7	11.9	19.6	20.1

Valuation Drivers

Year to March	FY22A	FY23E	FY24E	FY25E
EPS growth (%)	(94.3)	8589.4	90.8	21.1
RoAE (%)	0.7	11.9	19.6	20.1
Payout ratio (%)	0	11.0	15.0	15.0

Slippage remains elevated

- Bandhan's EEB slippage remained elevated with core slippage of INR9.2bn and total EEB slippage of INR15bn, including ECLGS.
- The SMA pool (1-90 dpd) excluding ECLGS rose 8% QoQ to 5.5% of loans even after the high slippage.
- Of the total SMA pool, SMA 1+2 at INR14.9bn/2.9% in Q1FY24 remained broadly similar to INR15bn QoQ even after high slippage of INR9.2bn most of which would have been from the SMA2 pool disclosed in March.
- The SMA pool has remained sticky even after huge slippage in FY23E. Bandhan's EEB stress improvement lags peers.
- Total slippage (EEB + other loans) stood at INR19.4bn / 8% of loans versus INR11bn QoQ
- Housing NPLs grew 5% QoQ, SME grew 20% QoQ while EEB NPLs grew 40% QoQ.
- Total NPLs grew 32% with GNPL ratio moving up from 4.9% to 6.8%.

Explaining ECLGS slippage in EEB loans

- Under the ECLGS scheme, the government guarantees the additional finance of 20%. The lender will have to provide for the non-guaranteed portion.
- Because ECLGS is guaranteed, the bank had not classified 90+ DPD accounts as NPL, but they were classified as SMA2. Based on a notification from the RBI in Apr-23, Bandhan was required to classify ECLGS 90+ DPD as NPL in Q1FY24. So, the bank has classified INR5.8bn of ECLGS exposure as NPL.
- Of INR5.8bn, we calculate that the government guaranteed portion is INR1bn.
- The company says it has already recovered INR0.8bn of the delinquent ECLGS exposure.
- Management also mentioned that they carry provisions against this exposure.
- Based on earnings calls of state banks, we gather that they have always been classifying 90+ DPD in ECLGS as NPLs, even before the RBI circular of April 2023.

Provisioning

- PCR on total loans declined to 69% from 77% QoQ.
- We calculate PCR on EEB NPLs at 79%. Including recovery on CGFMU and ECLGS, PCR on NPLs would be well above 100%.
- PCR on SMA 1+2 in EEB works out to 38% based on our calculation.

Guidance on asset quality

- Management expects slippages to decline materially in Q2FY24.
- Management also expects CGFMU recovery of INR13bn in Q2.
- A normalized level of SMA0 would be 2% because CE is at 98%.
- Credit cost will range from 2–2.2%.
- There will be no material impact on asset quality from floods.

- Management indicated that the government guaranteed portion of ECLGS will be recovered in FY23. Under ECLGS, claims have to be submitted on a case-by-case basis and not in bulk. So processing takes time. However, bulk processing could be introduced for ECLGS within six months.

Other guidance

- Management reiterated guidance on loan growth and margins
- Loans will grow 20% in FY24 despite a weak onset.
- NIM will hold up at 7.3–7.5%.
- The weighted average cost of term deposits is 7% while the marginal cost is 7.7%.

Q1FY24 earnings call: Key takeaways

Loans

- Total loans grew 6.7% YoY/declined 5.5% QoQ to INR1,031.7bn. The QoQ decline in the loans was attributed to: i) Decline in MFI book by 9.7% QoQ on account of weather disturbances in few states and seasonality. MFI loans had declined 6% QoQ/9% QoQ in Q1FY23/Q1FY22. ii) Repayment of a short-term loan account of INR21.5bn in TD-OD. Growth in retail and CB continue to be strong.
- Retail loan book, which includes gold loans, personal loans, two-wheeler loans and auto loans, grew ~86% YoY to INR33.7bn.
- Commercial Banking, which includes FIG and SME, grew 78% YoY to INR215.5bn.
- Housing finance was sluggish last quarter (declined -0.6% QoQ), however, Bandhan is witnessing normalcy in this segment now. During Q1FY24, housing loans grew 1.4% QoQ to INR269.5bn.
- Management guided for overall loan growth of 20%+ in FY24 and stated that it would focus on the retail segment and diversification.

Deposits

- Deposits grew at 16.6% YoY to INR1084.8bn – faster than the industry growth of ~12% YoY primarily because of focus on granular deposits by Bandhan and growth in retail TD (+10.7% QoQ/ 16.5% YoY)
- During the quarter, liability customers increased 3.4% QoQ/ 11.5% YoY (~0.7mn new customers), transaction volumes increased 9% QoQ/ 50% YoY, value of transactions improved 5% QoQ / 15% YoY. Digital transactions grew 49% YoY and average digital transaction per customer account grew 33% YoY.
- Decline in CASA deposit (-8.8% QoQ) was attributed to the seasonal impact. However, management believes that CASA ratio of 36% is healthy.
- Deposits are expected to grow faster than the loans at 24%+ YoY.

RBI notification on new IRAC norms

- Pursuant to the RBI notification on the new IRAC norms, which came into effect from April, loans guaranteed under NCGTC schemes/funds were required to be classified as NPAs as they become NPA. However, there was no requirement to make provisions on such loans by the banks.
- Bandhan had provided loans guaranteed by NCGTC under the ECLGS scheme and the CGMFU Scheme. It further has a coverage of 86% of the NPAs covered under these schemes (even where it is not required to make provisions).
- Loans under the CGMFU Scheme were already being classified as NPA on becoming 90+dpd and accordingly there was no impact on GNPA of the RBI notification. However, loans of INR5.8bn under the ECLGS scheme were re-classified in Q1FY24 and treated as NPA.
- Between ARC and CGMFU, the total amount of recovery is INR2.7bn, of which INR2.3bn in ARC and INR0.4bn in CGMFU pool.
- The recovery process under ECLGS is slower than CGMFU and, therefore, takes time for an NPA to move out of the book. However, management expects that CGMFU-like process shall be introduced for ECLGS as well in six months or so.

Exhibit 1: Recovery of EEB stress pool

INR bn	Q2FY23	Q3FY23	Q4FY23	Q1FY24
Total stress pool (A)	94.8	75.9	54.7	62.2
of which NPL	50.7	51.3	33.4	47.7
of which standard stress	44.1	24.6	21.3	14.5
Provisions	53.0	50.0	38.0	43.0
CGMFU recovery	25.0	17.0	17.0	16.0
ECLGS Guaranteed	-	-	-	5.0
Assam relief	-	-	-	-
Total provisions + recovery (B)	78.0	67.0	55.0	64.0
Net stress C = A - B	16.8	8.9	-0.3	-1.8

Source: Company, Nuvama Research

Exhibit 2: Movement in EEB NPLs

INR bn	Q2FY23	Q3FY23	Q4FY23	Q1FY24
Opening EEB NPL	53.3	50.5	51.3	33.4
Slippage	36.2	28.5	7.3	9.2
ECLGS Slippage	-	-	-	5.8
Recovery	3.6	3.8	4.7	0.9
Write off	35.4	24.0	20.5	0.0
Closing	50.5	51.3	33.4	47.5
Core Slippage ratio, % of lagged EEB loans	26.8%	19.8%	4.7%	6.3%
Slippage including ECLGS, %	26.8%	19.8%	4.7%	10.3%

Source: Company, Nuvama Research

Exhibit 3: GNPL and PCR by segment

Q1FY24, %	GNPL	PCR
EEB	9.3	79.0
SME	4.9	58.0
Housing	4.0	40.0
Retail	1.8	45.0
Total	6.7	69.2

Source: Company, Nuvama Research

Exhibit 4: GNPLs by segment

INR bn	Q4FY23	Q1FY24
EEB	33.4	47.5
SME	8.8	10.6
Housing	10.4	10.8
Retail	0.4	0.6
Total	53.0	69.5

Source: Company, Nuvama Research

Exhibit 5: Breakdown of EEB provisions ex-CGFMU recovery

Q1FY24	INR bn
Specific	37.4
Standard provisions	5.6
Total provisions	43.0
NPL in EEB	47.5
SMA in EEB	28.2
SMA 1+2	14.9
PCR on NPL	79%
PCR on SMA 1+2	38%

Source: Company, Nuvama Research

Exhibit 6: SMA loans in EEB

	1-30 dpd		31-60 dpd		61-90 dpd	Of which ECLGS stress	61-90 dpd ex- ECLGS	Total SMA ex-ECLGS	
	INR bn	% of EEB loans	INR bn	% of EEB loans	INR bn	INR bn	INR bn	INR bn	% of EEB loans
Q4FY22	18.7	3.0	10.0	1.6	11.9	5.8	6.1	34.8	5.6
Q1FY23	27.3	4.7	14.0	2.4	32.6	5.8	26.8	68.0	11.7
Q2FY23	25.9	4.8	14.0	2.6	30.7	5.8	24.9	64.8	12.0
Q3FY23	17.9	3.4	10.6	2.0	14.2	5.8	8.4	36.9	7.0
Q4FY23	10.8	1.9	7.4	1.3	13.6	5.8	7.8	26.0	4.6
Q1FY24	13.3	2.6	7.7	1.5	7.2	-	7.2	28.2	5.5

Source: Company, Nuvama Research

Exhibit 7: Movement in total NPLs

INR Mn	Q3FY23	Q4FY23	Q1FY24
Opening NPLs	68,538	69,638	52,938
Slippage	32,650	11,180	13,600
Recovery/upgrade	6,220	4,680	2,800
Write-offs	25,330	23,200	-
ECLGS guaranteed	-	-	5,800
Closing NPLs	69,638	52,938	69,538
Slippage , %	14.8%	4.5%	8.0%

Source: Company, Nuvama Research

Exhibit 8: Movement of NIM

%	Q1FY23	Q2FY23	Q3FY23	Q4FY23	Q1FY24	YoY (bps)	QoQ (bps)
NIM	8.0	7.0	6.5	7.3	7.3	-70bps	0bps
Cost of funds	5.3	5.5	5.8	5.8	6.4	110bps	60bps
Yield	12.9	12.0	12.0	12.7	13.3	40bps	60bps

Source: Company, Nuvama Research

Exhibit 9: Asset book mix

INR bn	Q1FY23	Q2FY23	Q3FY23	Q4FY23	Q1FY24	YoY (%)	QoQ (%)
Micro	581.3	539.2	527.6	568.2	513.0	-12%	-10%
Mortgages	246.2	258.0	267.3	265.8	269.5	9%	1%
Retail	18.1	21.6	26.3	55.2	33.7	86%	-39%
SME, NBFC - MFI & NBFC - Others	120.9	139.5	156.7	202.0	215.5	78%	7%
Total	966.5	958.3	977.9	1,091.2	1,031.7	7%	-5%

Source: Company, Nuvama Research

Exhibit 10: Deposit mix

INR bn	Q1FY23	Q2FY23	Q3FY23	Q4FY23	Q1FY24	YoY (%)	QoQ (%)
Current account	43.7	50.5	47.4	64.2	52	19%	-19%
Saving account	358.2	354.7	324.7	360.4	338.7	-5%	-6%
Term deposit - Retail	327.6	331.4	338.4	344.9	381.7	17%	11%
Term deposit - Others	201.1	257.1	312.3	311.2	312.4	55%	0%
Total deposits	930.6	993.7	1022.8	1080.7	1084.8	17%	0%

Source: Company, Nuvama Research

Exhibit 11: Income statement summary

INR mn	Q1FY23	Q2FY23	Q3FY23	Q4FY23	Q1FY24	YoY (%)	QoQ (%)
Interest on advances	35,518	32,646	32,603	36,984	39,057	10%	6%
Income on investments	4,422	4,555	4,864	5,021	5,158	17%	3%
Interest on other resources	316	138	141	98	236	-26%	142%
Others	297	395	468	579	778	162%	34%
Interest Income	40,554	37,735	38,076	42,683	45,229	12%	6%
Interest expended	15,409	15,805	17,272	17,965	20,323	32%	13%
Net Interest Income	25,144	21,930	20,804	24,718	24,906	-1%	1%
Non-interest income	3,297	4,764	10,333	6,291	3,851	17%	-39%
Total Revenue	28,441	26,694	31,137	31,009	28,757	1%	-7%
Employee expenses	6,346	6,663	6,867	7,274	8,117	28%	12%
Other Operating expenses	3,889	4,502	5,049	5,778	5,017	29%	-13%
Total Operating expenses	10,236	11,165	11,916	13,053	13,134	28%	1%
Operating Profit	18,206	15,529	19,222	17,957	15,623	-14%	-13%
Provisions	6,424	12,797	15,415	7,348	6,021	-6%	-18%
PBT	11,781	2,732	3,807	10,609	9,602	-18%	-9%
Tax	2,917	640	901	2,526	2,392	-18%	-5%
Net Profit	8,864	2,093	2,906	8,083	7,211	-19%	-11%

Source: Company, Nuvama Research

Company Description

Bandhan Bank started its journey as a not-for-profit entity in 2001, which became an NBFC in 2009 and then the first microfinance company to receive a banking licence from the RBI in August 2015. The company was established by Mr. Chandra Shekhar Ghosh to provide micro loans to women that are socially disadvantaged and economically exploited. It is a bank for all, but its focus remains on meeting financial needs of people that are overlooked by the formal banking system—economically disadvantaged sections of society—and acting as a vehicle-of-empowerment and creating better education, health care and self-employment opportunities.

In January 2019, Bandhan decided to merge with Gruh Finance. Gruh Finance is a housing finance company with a loan book of ~INR177bn (June 2019) engaged in retail home loans (95% are retail loans and 5% are developer loans). The synergies from this merger include geographical, loan book diversification, cross-sell opportunities, lower cost of funds for Gruh's liabilities, etc. The bank has a network of 1,542 branches, 4,598 banking units and 438 ATMs spread across the country.

Investment Theme

Bandhan plans to diversify out of its core competency into highly competitive segments. With low visibility on long term earnings and no upside triggers, we maintain HOLD. We have cut our target multiple to 1.4x BV FY25E from 1.5x to reflect high forward flow. Our revised TP is INR 242 (versus INR 255 earlier).

Key Risks

- Asset quality risks in the microfinance portfolio
- Pressure on deposit growth

Additional Data

Management

MD & CEO	Chandra Shekhar Ghosh
Chairman	Anup Kumar Sinha
COO	Sunil Samdani
Director	Bhaskar Sen
Auditor	E&Y

Holdings – Top 10*

	% Holding		% Holding
Caladium Invst	7.78	SBI Arbitrage O	1.46
HDFC	3.69	Kuwait Investme	1.17
Aditya Birla Su	2.37	MFs Emerging Ma	1.00
Fidelity Invest	1.86		
Nippon Life	1.57		

*Latest public data

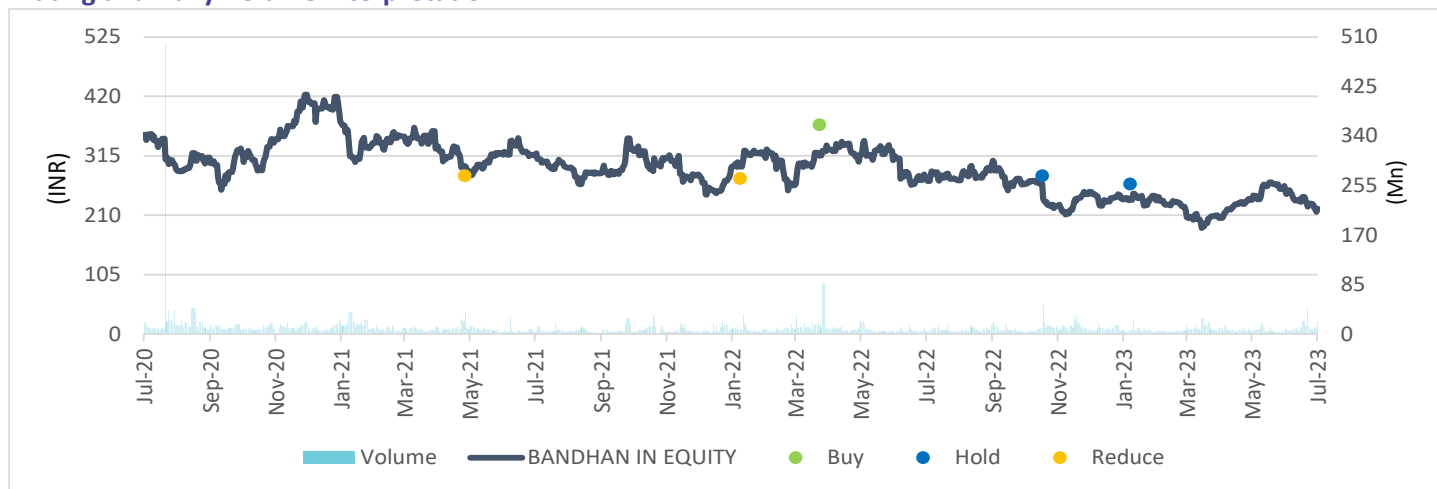
Recent Company Research

Date	Title	Price	Reco
19-May-23	Earnings rebound sharply; <i>Result Update</i>	238	Hold
20-Jan-23	Asset quality rebounds; <i>Result Update</i>	237	Hold
01-Dec-22	Pain to persist in Q3FY23; no hurry to b; <i>Company Update</i>	236	Hold

Recent Sector Research

Date	Name of Co./Sector	Title
20-Sep-21	Banking	Reimagining credit; <i>Sector Update</i>
11-Feb-20	Union Bank (I)	Union Bank of India - Result Update Q3FY; <i>Result Update</i>
17-Jan-20	South Ind.Bank	South Indian Bank - Result Update Q3FY20; <i>Result Update</i>

Rating and Daily Volume Interpretation



Source: Bloomberg, Nuvama research

Rating Rationale & Distribution: Nuvama Research

Rating	Expected absolute returns over 12 months	Rating Distribution
Buy	15%	192
Hold	<15% and >-5%	65
Reduce	<-5%	16

DISCLAIMER

Nuvama Wealth Management Limited (formerly Edelweiss Securities Limited) (defined as “NWML” or “Research Entity”) a company duly incorporated under the Companies Act, 1956 (CIN No U67110MH1993PLC344634) having its Registered office situated at 801- 804, Wing A, Building No. 3, Inspire BKC, G Block, Bandra Kurla Complex, Bandra East, Mumbai – 400 051 is regulated by the Securities and Exchange Board of India (“SEBI”) and is licensed to carry on the business of broking, Investment Adviser, Research Analyst and other related activities.

This Report has been prepared by NWML in the capacity of a Research Analyst having SEBI Registration No. INH000011316 and distributed as per SEBI (Research Analysts) Regulations 2014. This report does not constitute an offer or solicitation for the purchase or sale of any financial instrument or as an official confirmation of any transaction. Securities as defined in clause (h) of section 2 of the Securities Contracts (Regulation) Act, 1956 includes Financial Instruments and Currency Derivatives. The information contained herein is from publicly available data or other sources believed to be reliable. This report is provided for assistance only and is not intended to be and must not alone be taken as the basis for an investment decision. The user assumes the entire risk of any use made of this information. Each recipient of this report should make such investigation as it deems necessary to arrive at an independent evaluation of an investment in Securities referred to in this document (including the merits and risks involved), and should consult his own advisors to determine the merits and risks of such investment. The investment discussed or views expressed may not be suitable for all investors.

This information is strictly confidential and is being furnished to you solely for your information. This information should not be reproduced or redistributed or passed on directly or indirectly in any form to any other person or published, copied, in whole or in part, for any purpose. This report is not directed or intended for distribution to, or use by, any person or entity who is a citizen or resident of or located in any locality, state, country or other jurisdiction, where such distribution, publication, availability or use would be contrary to law, regulation or which would subject NWML and associates, subsidiaries / group companies to any registration or licensing requirements within such jurisdiction. The distribution of this report in certain jurisdictions may be restricted by law, and persons in whose possession this report comes, should observe, any such restrictions. The information given in this report is as of the date of this report and there can be no assurance that future results or events will be consistent with this information. This information is subject to change without any prior notice. NWML reserves the right to make modifications and alterations to this statement as may be required from time to time. NWML or any of its associates / group companies shall not be in any way responsible for any loss or damage that may arise to any person from any inadvertent error in the information contained in this report. NWML is committed to providing independent and transparent recommendation to its clients. Neither NWML nor any of its associates, group companies, directors, employees, agents or representatives shall be liable for any damages whether direct, indirect, special or consequential including loss of revenue or lost profits that may arise from or in connection with the use of the information. Our proprietary trading and investment businesses may make investment decisions that are inconsistent with the recommendations expressed herein. Past performance is not necessarily a guide to future performance. The disclosures of interest statements incorporated in this report are provided solely to enhance the transparency and should not be treated as endorsement of the views expressed in the report. The information provided in these reports remains, unless otherwise stated, the copyright of NWML. All layout, design, original artwork, concepts and other Intellectual Properties, remains the property and copyright of NWML and may not be used in any form or for any purpose whatsoever by any party without the express written permission of the copyright holders.

NWML shall not be liable for any delay or any other interruption which may occur in presenting the data due to any reason including network (Internet) reasons or snags in the system, break down of the system or any other equipment, server breakdown, maintenance shutdown, breakdown of communication services or inability of the NWML to present the data. In no event shall NWML be liable for any damages, including without limitation direct or indirect, special, incidental, or consequential damages, losses or expenses arising in connection with the data presented by the NWML through this report.

We offer our research services to clients as well as our prospects. Though this report is disseminated to all the customers simultaneously, not all customers may receive this report at the same time. We will not treat recipients as customers by virtue of their receiving this report.

NWML and its associates, officer, directors, and employees, research analyst (including relatives) worldwide may: (a) from time to time, have long or short positions in, and buy or sell the Securities, mentioned herein or (b) be engaged in any other transaction involving such Securities and earn brokerage or other compensation or act as a market maker in the financial instruments of the subject company/company(ies) discussed herein or act as advisor or lender/borrower to such company(ies) or have other potential/material conflict of interest with respect to any recommendation and related information and opinions at the time of publication of research report or at the time of public appearance. (c) NWML may have proprietary long/short position in the above mentioned scrip(s) and therefore should be considered as interested. (d) The views provided herein are general in nature and do not consider risk appetite or investment objective of any particular investor; readers are requested to take independent professional advice before investing. This should not be construed as invitation or solicitation to do business with NWML (e) Registration granted by SEBI and certification from NISM in no way guarantee performance of NWML or provide any assurance of returns to investors and clients.

NWML or its associates may have received compensation from the subject company in the past 12 months. NWML or its associates may have managed or co-managed public offering of securities for the subject company in the past 12 months. NWML or its associates may have received compensation for investment banking or merchant banking or brokerage services from the subject company in the past 12 months. NWML or its associates may have received any compensation for products or services other than investment banking or merchant banking or brokerage services from the subject company in the past 12 months. NWML or its associates have not received any compensation or other benefits from the Subject Company or third party in connection with the research report. Research analyst or his/her relative or NWML's associates may have financial interest in the subject company. NWML and/or its Group Companies, their Directors, affiliates and/or employees may have interests/ positions, financial or otherwise in the Securities/Currencies and other investment products mentioned in this report. NWML, its associates, research analyst and his/her relative may have other potential/material conflict of interest with respect to any recommendation and related information and opinions at the time of publication of research report or at the time of public appearance.

Participants in foreign exchange transactions may incur risks arising from several factors, including the following: (i) exchange rates can be volatile and are subject to large fluctuations; (ii) the value of currencies may be affected by numerous market factors, including world and national economic, political and regulatory events, events in equity and debt markets and changes in interest rates; and (iii) currencies may be subject to devaluation or government imposed exchange controls which could affect the value of the currency. Investors in securities such as ADRs and Currency Derivatives, whose values are affected by the currency of an underlying security, effectively assume currency risk.

Research analyst has served as an officer, director or employee of subject Company: No

NWML has financial interest in the subject companies: No

NWML's Associates may have actual / beneficial ownership of 1% or more securities of the subject company at the end of the month immediately preceding the date of publication of research report.

Research analyst or his/her relative has actual/beneficial ownership of 1% or more securities of the subject company at the end of the month immediately preceding the date of publication of research report: No

NWML has actual/beneficial ownership of 1% or more securities of the subject company at the end of the month immediately preceding the date of publication of research report: No

Subject company may have been client during twelve months preceding the date of distribution of the research report.

There were no instances of non-compliance by NWML on any matter related to the capital markets, resulting in significant and material disciplinary action during the last three years.

A graph of daily closing prices of the securities is also available at www.nseindia.com

Analyst Certification:

The analyst for this report certifies that all of the views expressed in this report accurately reflect his or her personal views about the subject company or companies and its or their securities, and no part of his or her compensation was, is or will be, directly or indirectly related to specific recommendations or views expressed in this report.

Additional Disclaimers

Disclaimer for U.S. Persons

This research report is a product of NWML, which is the employer of the research analyst(s) who has prepared the research report. The research analyst(s) preparing the research report is/are resident outside the United States (U.S.) and are not associated persons of any U.S. regulated broker-dealer and therefore the analyst(s) is/are not subject to supervision by a U.S. broker-dealer, and is/are not required to satisfy the regulatory licensing requirements of FINRA or required to otherwise comply with U.S. rules or regulations regarding, among other things, communications with a subject company, public appearances and trading securities held by a research analyst account.

This report is intended for distribution by NWML only to "Major Institutional Investors" as defined by Rule 15a-6(b)(4) of the U.S. Securities and Exchange Act, 1934 (the Exchange Act) and interpretations thereof by U.S. Securities and Exchange Commission (SEC) in reliance on Rule 15a 6(a)(2). If the recipient of this report is not a Major Institutional Investor as specified above, then it should not act upon this report and return the same to the sender. Further, this report may not be copied, duplicated and/or transmitted onward to any U.S. person, which is not the Major Institutional Investor.

In reliance on the exemption from registration provided by Rule 15a-6 of the Exchange Act and interpretations thereof by the SEC in order to conduct certain business with Major Institutional Investors, NWML has entered into an agreement with a U.S. registered broker-dealer, Nuvama Financial Services Inc.(formerly Edelweiss Financial Services Inc.) ("NFSI"). Transactions in securities discussed in this research report should be effected through NFSI.

Disclaimer for U.K. Persons

The contents of this research report have not been approved by an authorised person within the meaning of the Financial Services and Markets Act 2000 ("FSMA").

In the United Kingdom, this research report is being distributed only to and is directed only at (a) persons who have professional experience in matters relating to investments falling within Article 19(5) of the FSMA (Financial Promotion) Order 2005 (the "Order"); (b) persons falling within Article 49(2)(a) to (d) of the Order (including high net worth companies and unincorporated associations); and (c) any other persons to whom it may otherwise lawfully be communicated (all such persons together being referred to as "relevant persons").

This research report must not be acted on or relied on by persons who are not relevant persons. Any investment or investment activity to which this research report relates is available only to relevant persons and will be engaged in only with relevant persons. Any person who is not a relevant person should not act or rely on this research report or any of its contents. This research report must not be distributed, published, reproduced or disclosed (in whole or in part) by recipients to any other person.

Disclaimer for Canadian Persons

This research report is a product of NWML, which is the employer of the research analysts who have prepared the research report. The research analysts preparing the research report are resident outside the Canada and are not associated persons of any Canadian registered adviser and/or dealer and, therefore, the analysts are not subject to supervision by a Canadian registered adviser and/or dealer, and are not required to satisfy the regulatory licensing requirements of the Ontario Securities Commission, other Canadian provincial securities regulators, the Investment Industry Regulatory Organization of Canada and are not required to otherwise comply with Canadian rules or regulations regarding, among other things, the research analysts' business or relationship with a subject company or trading of securities by a research analyst.

This report is intended for distribution by NWML only to "Permitted Clients" (as defined in National Instrument 31-103 ("NI 31-103")) who are resident in the Province of Ontario, Canada (an "Ontario Permitted Client"). If the recipient of this report is not an Ontario Permitted Client, as specified above, then the recipient should not act upon this report and should return the report to the sender. Further, this report may not be copied, duplicated and/or transmitted onward to any Canadian person.

NWML is relying on an exemption from the adviser and/or dealer registration requirements under NI 31-103 available to certain international advisers and/or dealers. Please be advised that (i) NWML is not registered in the Province of Ontario to trade in securities nor is it registered in the Province of Ontario to provide advice with respect to securities; (ii) NWML's head office or principal place of business is located in India; (iii) all or substantially all of NWML's assets may be situated outside of Canada; (iv) there may be difficulty enforcing legal rights against NWML because of the above; and (v) the name and address of the NWML's agent for service of process in the Province of Ontario is: Bamac Services Inc., 181 Bay Street, Suite 2100, Toronto, Ontario M5J 2T3 Canada.

Disclaimer for Singapore Persons

In Singapore, this report is being distributed by Nuvama Investment Advisors Private Limited (NIAPL) (Previously Edelweiss Investment Advisors Private Limited ("EIAPL")) (Co. Reg. No. 201016306H) which is a holder of a capital markets services license and an exempt financial adviser in Singapore and (ii) solely to persons who qualify as "institutional investors" or "accredited investors" as defined in section 4A(1) of the Securities and Futures Act, Chapter 289 of Singapore ("the SFA"). Pursuant to regulations 33, 34, 35 and 36 of the Financial Advisers Regulations ("FAR"), sections 25, 27 and 36 of the Financial Advisers Act, Chapter 110 of Singapore shall not apply to NIAPL when providing any financial advisory services to an accredited investor (as defined in regulation 36 of the FAR. Persons in Singapore should contact NIAPL in respect of any matter arising from, or in connection with this publication/communication. This report is not suitable for private investors.

Disclaimer for Hong Kong persons

This report is distributed in Hong Kong by Nuvama Investment Advisors (Hong Kong) Private Limited (NIAHK) (Previously Edelweiss Securities (Hong Kong) Private Limited (ESHK)), a licensed corporation (BOM -874) licensed and regulated by the Hong Kong Securities and Futures Commission (SFC) pursuant to Section 116(1) of the Securities and Futures Ordinance "SFO". This report is intended for distribution only to "Professional Investors" as defined in Part I of Schedule 1 to SFO. Any investment or investment activity to which this document relates is only available to professional investor and will be engaged only with professional investors." Nothing here is an offer or solicitation of these securities, products and services in any jurisdiction where their offer or sale is not qualified or exempt from registration. The report also does not constitute a personal recommendation or take into account the particular investment objectives, financial situations, or needs of any individual recipients. The Indian Analyst(s) who compile this report is/are not located in Hong Kong and is/are not licensed to carry on regulated activities in Hong Kong and does not / do not hold themselves out as being able to do so.

INVESTMENT IN SECURITIES MARKET ARE SUBJECT TO MARKET RISKS. READ ALL THE RELATED DOCUMENTS CAREFULLY BEFORE INVESTING.

Abneesh Roy

Head of Research Committee

Abneesh.Roy@nuvama.com
