

ICICI Securities Limited
is the author and
distributor of this report

Q1FY23 result review
and earnings revision

Financials

Target price Rs470

Earnings revision

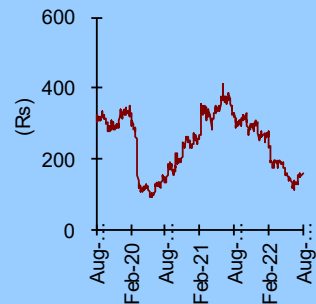
%	FY23E	FY24E
PAT	↓ 2	-

Shareholding pattern

	Dec '21	Mar '22	Jun '22
Promoters	37.1	37.1	37.1
Institutional investors	39.0	37.6	37.0
MFs and others	21.0	19.7	16.6
Banks & FIs	0.0	0.0	0.0
FIs	18.0	17.9	20.4
Others	23.9	25.3	29.9

Source: BSE

Price chart



Research Analysts:

Kunal Shah

kunal.shah@icicisecurities.com
+91 22 6807 7572

Renish Bhuva

renish.bhuva@icicisecurities.com
+91 22 6807 7465

Chintan Shah

chintan.shah@icicisecurities.com
+91 22 6807 7658

Repco Home Finance

BUY
Maintained

Lower credit cost leads to earnings beat;
margins shrink as growth gathers momentum

Rs158

Repco Home Finance (Repco) reported PAT of Rs621mn in Q1FY23, ahead of our expectations, due to lower credit cost at Rs237mn (80bps) vs our estimate of >Rs500mn. GNPA's, after remaining flat at 7.0% in Q4FY22, moderated to 6.4% as recoveries of Rs1.4bn more than offset slippages of Rs850mn. Company increased coverage on stage-3 assets to 37% (vs 32%/30% in Q4/Q3FY22) and created Rs200mn of contingency provisions during Q1FY23. Being offset by release of provisioning on stage-2 assets, credit cost was contained at 80bps. Disbursement rate picked pace and was up 7% QoQ. This, coupled with a lower repayment/prepayment run-rate, has arrested sequential decline in the loan portfolio Q1FY23 onwards. Yields contracted 60bps QoQ due to conscious efforts of repricing loans lower to curtail balance transfer as well as waiving processing fees in a few cases. This dragged NIM and NII growth below expectations.

Under the leadership of new MD & CEO, Mr. K. Swaminathan, growth strategy seems to be delivering the right results. Company's business franchise is currently undervalued – the stock trades below its FY23E book and at 3.4x FY23E earnings, and is available at <0.1x AUM. Maintain BUY with an unchanged target price of Rs470, assigning 1.1x Sep'23E book value. Key risk: behaviour of the restructured portfolio.

► **Stage-3 assets moderated QoQ by 60bps to 6.4%; restructured pool to move out of moratorium Q2FY23 onwards; created contingency buffer towards the same:** Post revised asset classification norms, GNPA's, after remaining flat at 7.0% in Q4, witnessed moderation to 6.4% as recoveries of Rs1.4bn had more than offset slippages of Rs850mn. Repco has increased coverage on stage-3 assets to 37% (vs 32%/30% in Q4/Q3FY22) through incremental net provisions of Rs200mn. This was offset by reversal of provision of Rs170mn against stage-2 pool. Outside of cumulative ECL provisions of Rs4.75bn, it has created Rs200mn of contingency provisions during Q1FY23. Therefore, impact of provisioning on overall earnings was Rs237mn translating into credit cost of 80bps. Home loans' GNPA moderated 40bps QoQ to 5.9% while LAP GNPA improved significantly by 130bps QoQ to 8.5%. On customer profile, salaried segment GNPA witnessed 20bps QoQ improvement to 3.5% while non-salaried GNPA declined 70bps QoQ to 9.3%. Restructured pool remained at ~Rs7bn and contingency provision of Rs200mn was created for this restructured pool. The pool will move out of the principal moratorium Q2FY23 onwards and there is a likelihood of slippages from this restructured pool, which will result in relatively higher stage-3 assets QoQ in Q2FY23. Overall, it is now carrying cumulative provisions of 4.0% (vs 4.0%/3.5% in Q4/Q3FY22) on total assets. We expect stage-3 pool to be ~7.1% in FY23E and then descend further to 6.3% in FY24E. We are building-in credit cost of 0.7% / 0.6% for FY23E / FY24E respectively.

Market Cap	Rs9.9bn/US\$124mn	Year to March	FY21	FY22	FY23E	FY24E
Reuters/Bloomberg	RHFL.BO/REPCO IN	NII (Rs mn)	5,446	5,682	5,561	5,945
Shares Outstanding (mn)	62.6	Net Income (Rs mn)	2,876	1,916	2,913	3,363
52-week Range (Rs)	330/115	EPS (Rs)	46.0	30.6	46.6	53.8
Free Float (%)	62.9	% Chg YoY	2.6	(33.4)	52.1	15.5
FII (%)	20.4	P/E (x)	3.5	5.2	3.4	3.0
Daily Volume (US\$'000)	554	P/BV (x)	0.5	0.4	0.4	0.4
Absolute Return 3m (%)	1.9	Net NPA (%)	2.2	4.8	4.7	3.9
Absolute Return 12m (%)	(50.9)	Dividend Yield (%)	1.6	-	1.6	1.8
Sensex Return 3m (%)	13.1	RoA (%)	2.4	1.6	2.4	2.5
Sensex Return 12m (%)	9.8	RoE (%)	15.0	8.9	12.3	12.6

Please refer to important disclosures at the end of this report

- ▶ **Disbursements up 7% QoQ; conscious efforts to curtail BT-out; trend of sequential decline in loanbook arrested during this quarter:** As was indicated by the management that pace of disbursements witnessed in Q4FY22 is likely to sustain in Q1FY23 as well, disbursements encouragingly were up 7% QoQ to Rs6.4bn. This, on a lower base, translated to 168% YoY growth. This in turn, coupled with repayment/prepayment run-rate at Rs1.8bn per month (compared to >Rs2bn QoQ), arrested the sequential decline in loan portfolio. Loanbook was up 1% QoQ and down 1% YoY to Rs118.6bn. Company has made intentional efforts to curtail BT (out) by offering competitive rates, reflected in lower yields QoQ. BT out (annualised) run-rate improved to 17-18% of AUM as against 21-22% in Q4FY22. Overall, management is looking at AUM growth of 10% for FY23. We are building-in AUM growth of 5%/10% for FY233/FY24E respectively.
- ▶ **Yields contracted 60bps QoQ thereby dragging NIM and NII growth below expectations:** Yield on assets corrected 60bps QoQ to 10.2%, which was due to the following reasons: i) Rs24mn due to repricing the loans at lower interest rates to curtail balance transfer; ii) Rs30mn-40mn by way of impact of repayment of higher-yielding loans and contracting incremental disbursements at relatively lower yield; iii) also, penal interest charges were lower QoQ by Rs45mn; iv) offers/waiver of processing fee too had an impact of Rs35mn; v) recovery from technically written-off accounts was lower by Rs15mn. Going ahead, the company has increased lending rates in two tranches in Jul'22, which will help improve book yields in Q2FY23.

Overall borrowings were lower by 4% QoQ (in absolute terms lower by Rs3.7bn). However, cost of funds was flat QoQ as Repco repaid low-cost NHB borrowings. As a result, spreads were lower 60bps QoQ to 3.2% and management has guided for spreads in the range of 3.1-3.2%. Net interest income, down 5% YoY as well as QoQ, settled much below our expectations.

We are building-in spreads of 3.2% for FY23E and expect it to contract further to 3% in FY24E

Table 1: Quarterly profit and loss

(Rs mn)	Q1FY22	Q4FY22	Q1FY23	YoY%	QoQ%
Income from operations	3,160	3,084	2,980	(5.7)	(3.4)
Interest expenses	1,757	1,680	1,653	(5.9)	(1.6)
Net interest income	1,403	1,405	1,327	(5.4)	(5.6)
Other income	64	158	90	41.8	(42.8)
Net Operating income	1,467	1,563	1,417	(3.4)	(9.3)
Employee cost	161	231	203	25.8	(12.1)
Depreciation / Amortization	31	34	41	34.4	21.4
Other expenditure	54	103	95	75.5	(8.3)
Operating expenses	246	368	339	37.8	(7.9)
Pre-provisioning profit (PPoP)	1,221	1,195	1,078	(11.7)	(9.8)
Provisions and loan losses	783	613	237	(69.7)	(61.3)
PBT	437	582	841	92.4	44.6
Tax	116	161	220	89.9	36.7
Tax Rate	26.5	27.7	26.2	(1.3)	(5.5)
Extraordinary items					
PAT	321	420	621	93.2	47.6

Source: Company data, I-Sec research

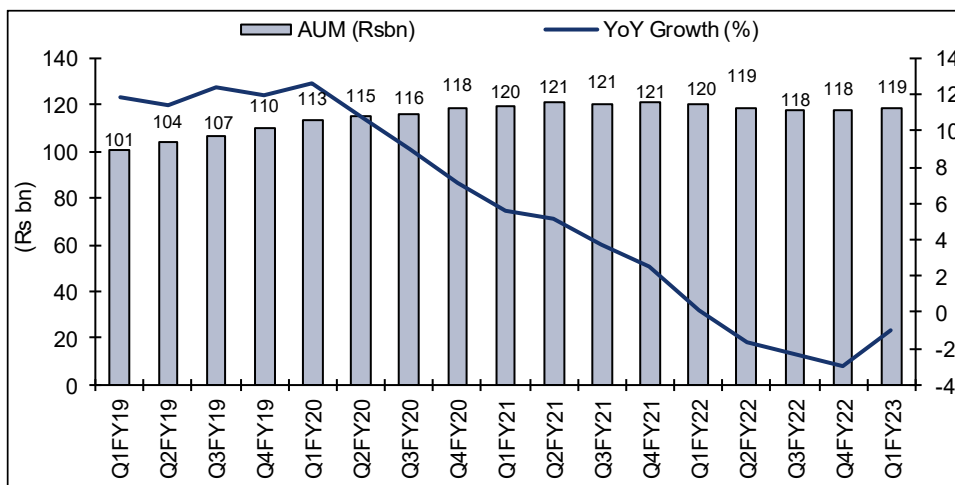
Table 2: Key performance indicators

(Rs mn)

	Q1FY22	Q4FY22	Q1FY23	YoY%	QoQ%
Disbursement	2,397	6,012	6,422	167.9	6.8
Total AUM	1,19,855	1,17,590	1,18,619	(1.0)	0.9
-Individual Home Loan (%)	81.3	80.9	80.7	-60bps	-21bps
-LAP (%)	18.7	19.1	19.3	59bps	20bps
Reported NIM	4.8	5.1	4.6	-20bps	-50bps
CAR (%) - Entire Tier 1	31.2	33.6	34.2	300bps	60bps
GNPA (%)	4.4	7.0	6.4	200bps	-60bps
NNPA (%)	2.6	4.8	4.1	149bps	-69bps
Provisioning Coverage	42.1	31.8	36.8	-527bps	494bps

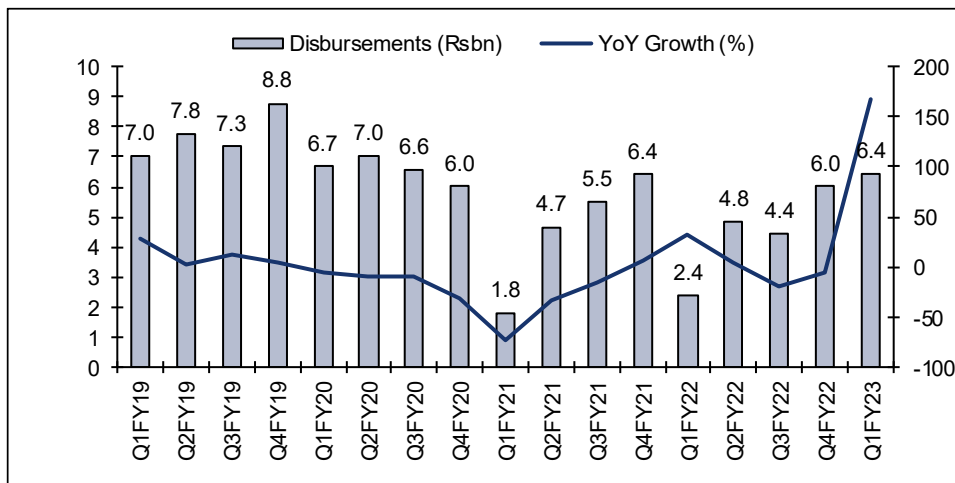
Source: Company data, I-Sec research

Chart 1: Trend of sequential decline in loan book arrested this quarter



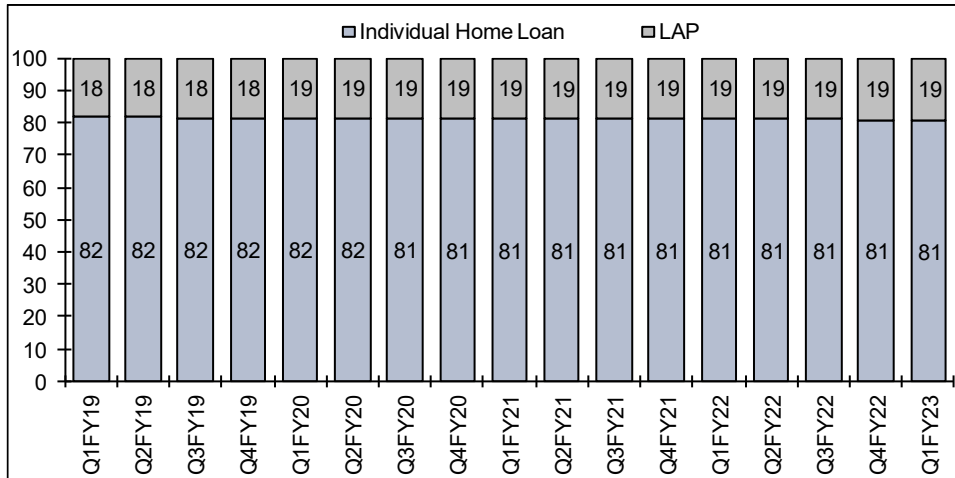
Source: Company data, I-Sec research

Chart 2: Disbursements up 7% QoQ; conscious efforts to curtain BT-out



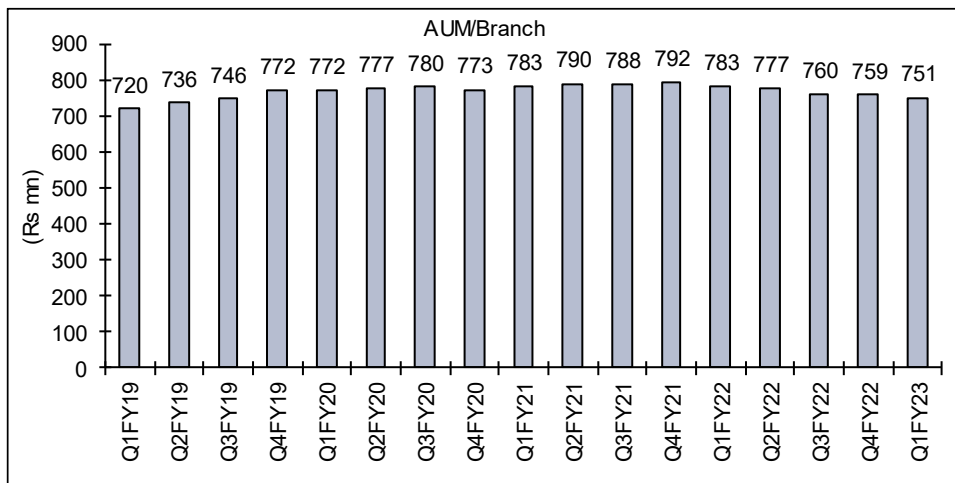
Source: Company data, I-Sec research

Chart 3: Portfolio mix largely unchanged over the past few quarters (%)



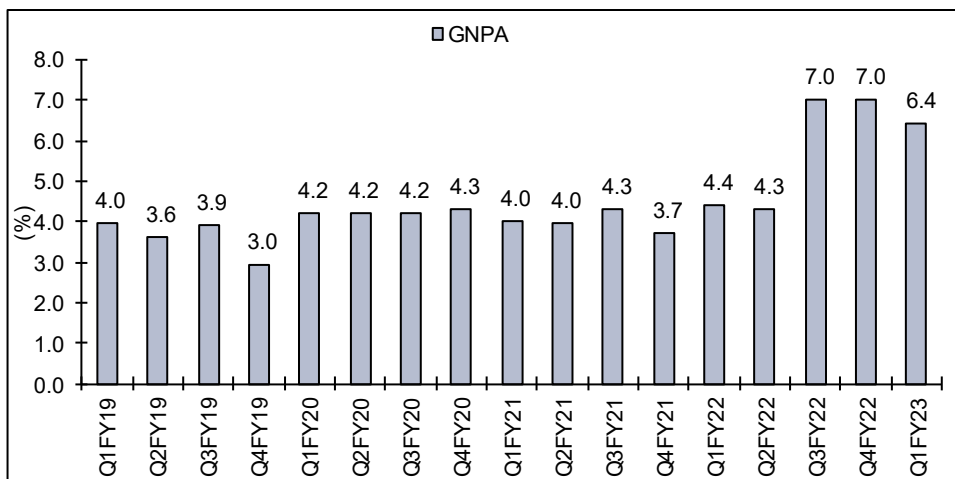
Source: Company data, I-Sec research

Chart 4: Branch productivity dips during the quarter



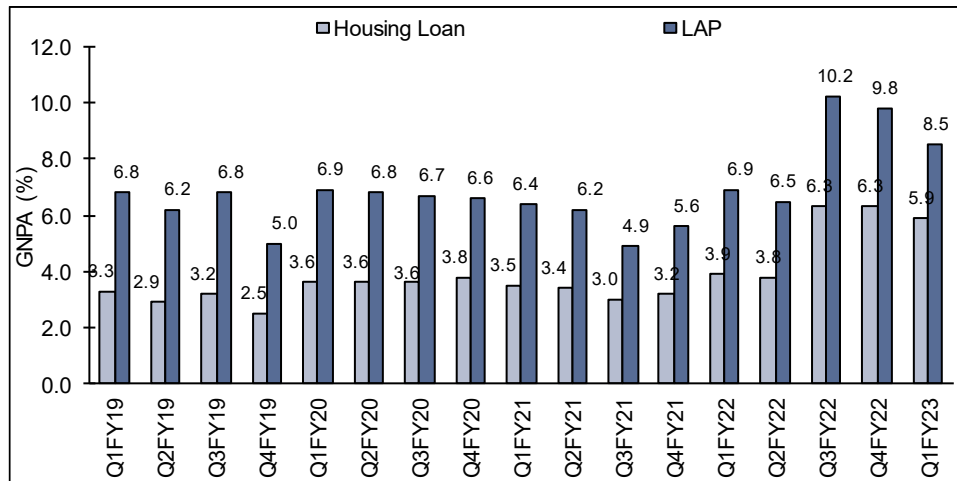
Source: Company data, I-Sec research

Chart 5: Stage-3 assets moderated QoQ by 60bps to 6.4%



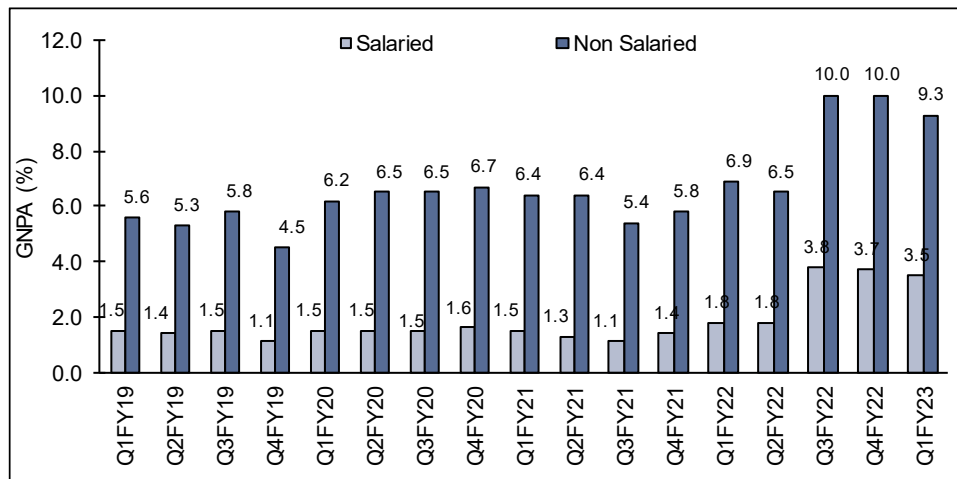
Source: Company data, I-Sec research

Chart 6: Home loans GNPA fell 40bps QoQ, while LAP GNPA also fell 130bps QoQ to 8.5%



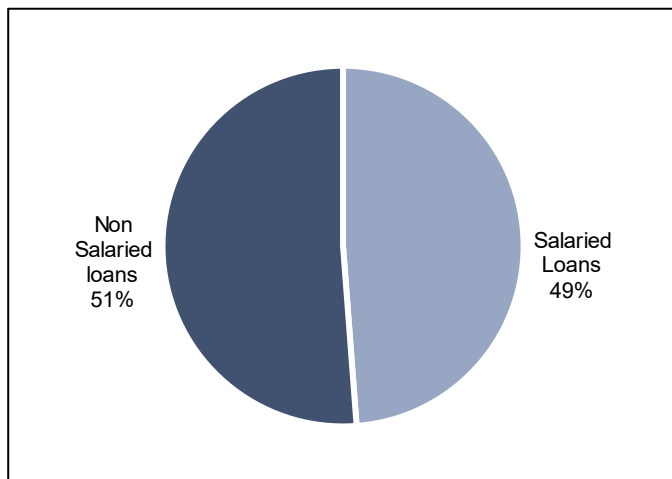
Source: Company data, I-Sec research

Chart 7: Stress dominance towards the non-salaried customer segment



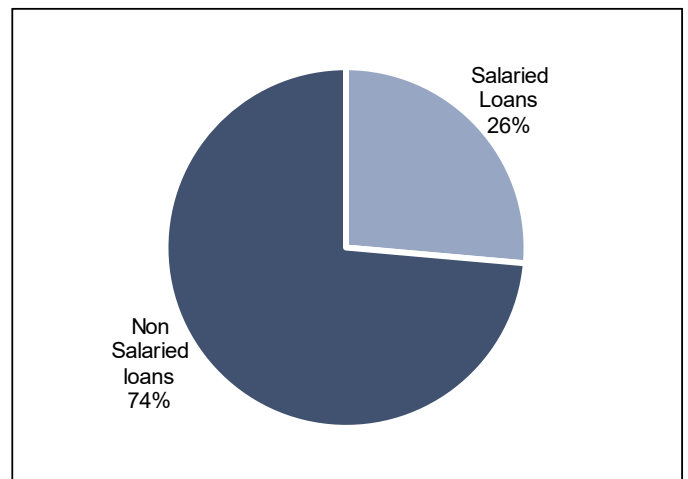
Source: Company data, I-Sec research

Chart 8: Non-salaried customer segment forms ~51% of the AUM mix...



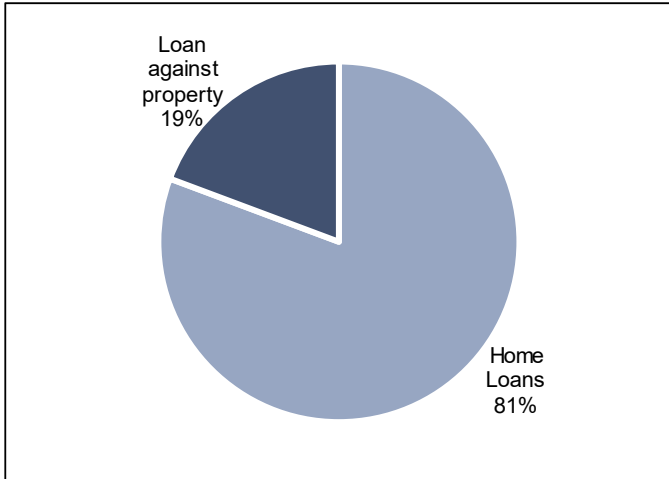
Source: Company data, I-Sec research

Chart 9: ...but contributes a huge ~74% to GNPA



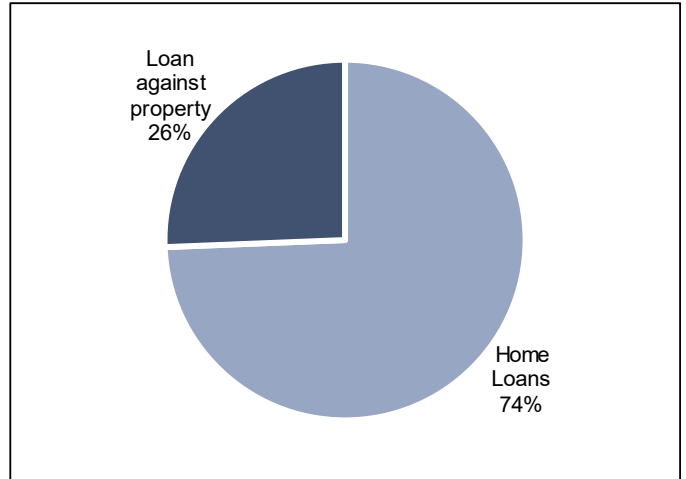
Source: Company data, I-Sec research

Chart 10: LAP forms ~19% of the AUM mix...



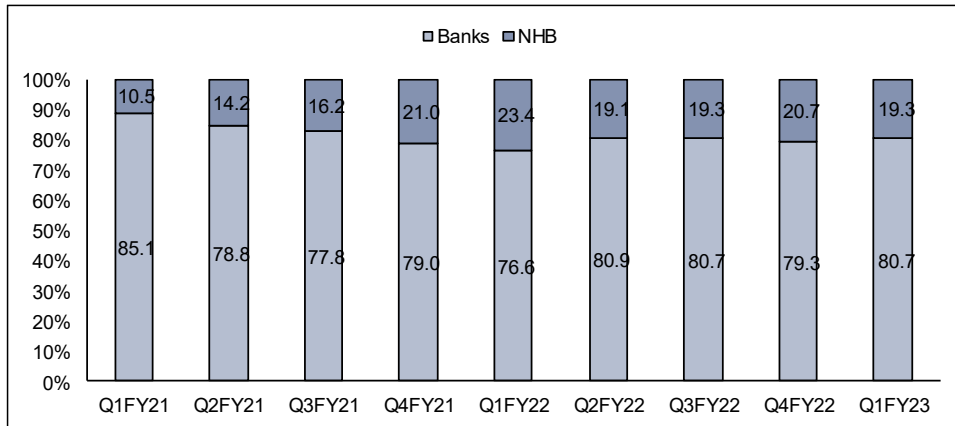
Source: Company data, I-Sec research

Chart 11: ...but contributes ~26% to stage-3



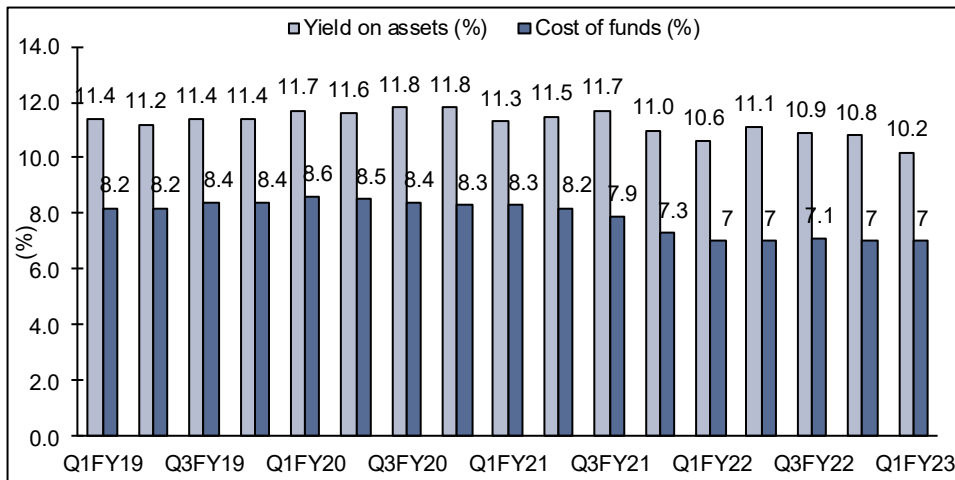
Source: Company data, I-Sec research

Chart 12: NHB borrowings dip due to NHB loan repayments in Q1



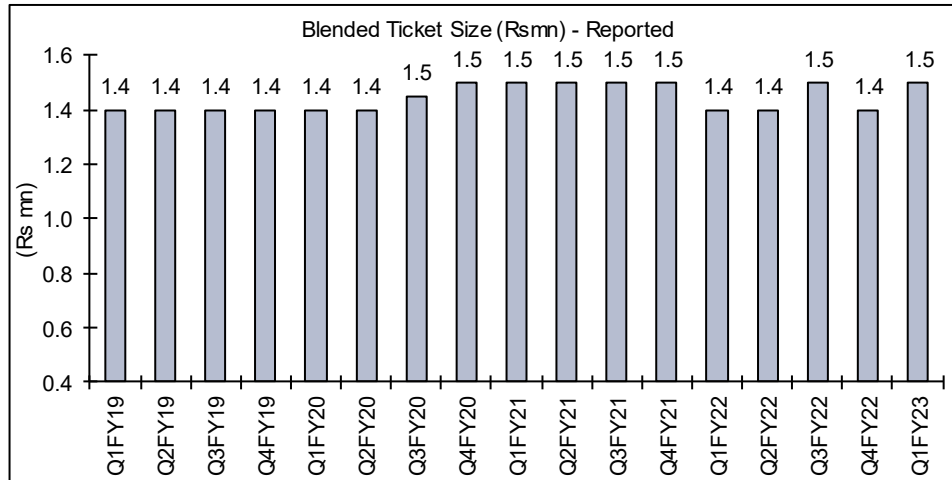
Source: Company data, I-Sec research

Chart 13: Yields contract 60bps QoQ thereby dragging NIM and NII growth



Source: Company data, I-Sec research

Chart 14: Blended ticket size broadly range-bound



Source: Company data, I-Sec research

Repco Home Finance Q4FY22 Earnings Conference Call Takeaways

Loanbook and disbursements

- Loan sanctions and disbursements recorded good growth during Q4
- **Expect loan book growth of 10-11% in FY23 which should take AUM to ~Rs130bn**
- **Annualised repayment ratio at 21% in Q4 including regular repayments (Rs 4.66bn repayments during the quarter)**
- **Repayment ratio at 17.6% in FY22 as 13.1% in FY21**
- **Repayments: Rs 4.66bn in Q4, Rs 2.1bn in Q2, Rs 2.85bn Q3**

Asset quality

- **Slippages: Q1 - Rs 0.95bn, Q3 - Rs 2.77bn (with RBI circular) and Rs 1.13bn (without RBI) and Q4 at Rs 0.9bn**
- **60-120bps decline in GNPA can be expected in GNPA, which will gradually decline from Q2FY23 onwards.**
- **Targeting GNPA decline of Rs 1-1.5bn in FY23 or ~Rs7bn by FY23-end.**
- **Aim is to bring coverage ratio to 50% on Stage-3**
- ECL provisions improved 0.5% QoQ to 4%
- Company is not aggressive on provisions and they are largely in-line with the requirements. It will also help strengthen balance sheet
- **Credit cost estimate for FY23 at Rs 0.8-1bn**
- Of the total provisions, Rs 150mn were towards Stage-3 for the quarter
- **There have been no write-offs during the quarter**

Margins

- Home loan yield at 9.7% (9.3% is for salaried and 10.2% is for non-salaried)
- Planning to introduce CIBIL score based interest rates on loans
- Almost entire asset book is floating in nature

Miscellaneous

- Capital adequacy at 33.6% of which Tier 1 is 33%
- 155 branches and 24 satellite centres. Company would look to increase branch network from Q2FY23 onwards
- LCR comfortable at 238% vs. regulatory requirement of 50%. Plan to make investments in better yielding g-sec for the excess liquidity.
- First quarter where there were no issues with respect to covid after past few quarters
- Declared Rs 2.5/share as dividend for FY22

Repco Home Finance Q3FY22 Earnings Conference Call Takeaways

Opening remarks

- New MD & CEO is expected to join later this month
- K Lakshmi has joined as CFO in February 2022 in place of T Karunakaran, who has been elevated to post of whole time director

Asset quality

- Provisioning cycle will normalise in FY23
- Total impact of RBI circular on PBT is Rs 560mn
- *Company is not looking to reverse provisions in FY22. It would review the situation in Q1FY23*
- **Asset quality of the book after 2018 is excellent with NPA below 2%**
- *Company has not lost much money in business and is confident of recovering the money, but with a time lag*
- **GNPA at 7% seems to have peaked out**
- **Stage-3 post RBI circular: Total at 7%, Housing 6.3%, Home equity 10.2%, Salary 3.8%, Non-salaried 10.0%**
- Technical w/off at Rs 400mn during the quarter
- **Total principal W/off for the past 10 years - Rs 100mn**

Disbursements and growth

- Disbursements should come back to pre-covid levels from Q2FY23 onwards once new management is in place
- Entire loan book is floating in nature

Borrowings

- Currently company is borrowing at 6.9% on an average

Profit & loss

- There has been a rise in travelling cost YoY since travel has increased as compared to previous year where travel was limited due to the pandemic
- There is no impact on margins due to excess GNPA of 2.6% due to RBI circular

Margins

- Existing margins of 5% is not sustainable
- For the quarter, spreads well above guidance of 3% and even margins well above guidance of 4.3%
- **Long-term margins guidance is 4.3-4.5%**

Financials

Table 3: Profit and Loss statement

(Rs mn, year ending March 31)

	FY20	FY21	FY22	FY23E	FY24E
Interest earned	13,174	13,518	12,582	12,332	13,377
Interest expended	8,250	8,072	6,899	6,772	7,432
Net interest income	4,924	5,446	5,682	5,561	5,945
Other income	337	404	484	597	829
Staff cost	664	714	786	898	986
Depreciation	129	130	129	173	195
Other operating expenses	271	301	326	354	361
Total operating cost	1,065	1,144	1,241	1,425	1,542
Pre-provisioning op profit	4,196	4,706	4,926	4,732	5,232
Provisions & contingencies	594	808	2,331	828	738
Profit before tax	3,602	3,898	2,595	3,904	4,494
Income taxes	798	1,022	680	991	1,131
PAT	2,804	2,876	1,916	2,913	3,363

Source: Company data, I-Sec research

Table 4: Balance sheet

(Rs mn, year ending March 31)

	FY20	FY21	FY22	FY23E	FY24E
Capital	626	626	626	626	626
Reserves & surplus	17,243	19,967	21,730	24,456	27,609
Net worth	17,869	20,593	22,356	25,081	28,234
Total borrowings	94,288	1,01,974	96,882	96,008	1,05,688
	358	358	358	358	358
Provisions	159	159	159	184	224
Other Liabilities	7,265	(202)	(1,760)	6,802	6,274
Total liabilities & stockholders' equity	1,19,939	1,22,882	1,17,995	1,28,435	1,40,779
Loans & advances	1,18,261	1,21,215	1,17,590	1,23,449	1,35,400
Investments	220	248	279	305	330
Fixed Assets	372	387	403	420	437
Current & other assets (Including Cash & Bank)	1086	1032	-277	4261	4612
Total Assets	1,19,939	1,22,882	1,17,995	1,28,435	1,40,779

Source: Company data, I-Sec research

Table 5: Key ratios*(Year ending March 31)*

	FY20	FY21	FY22	FY23E	FY24E
Growth (%):					
AUM	7.2	2.5	(3.0)	5.0	9.7
Disbursements	(15.0)	(29.9)	(3.9)	57.2	20.0
Loan book (on balance sheet)	7.2	2.5	(3.0)	5.0	9.7
Net Interest Income (NII)	9.7	10.6	4.3	(2.1)	6.9
Non-interest income	27.7	19.8	19.8	23.3	39.0
Pre provisioning operating profits (PPoP)	11.4	12.1	4.7	(3.9)	10.6
PAT	19.6	2.6	(33.4)	52.1	15.5
EPS	19.7	2.6	(33.4)	52.1	15.5
Yields, interest costs and spreads (%)					
NIM	4.3	4.5	4.8	4.6	4.6
Yield on loan assets (on-book)	11.5	11.3	10.5	10.2	10.3
Average cost of funds	8.8	8.2	6.9	7.0	7.4
Interest Spread on loan assets (on -book)	2.7	3.1	3.6	3.2	3.0
Operating efficiencies					
Non-interest income as % of net income	6.4	6.9	7.8	9.7	12.2
Cost to income ratio (%)	20.2	19.6	20.1	23.1	22.8
Op.costs/avg AUM (%)	0.93	0.96	1.04	1.18	1.19
No of employees (including off rolls)	994	980	925	938	942
Average annual salary (Rs mn)	0.7	0.7	0.9	1.0	1.0
Annual inflation in average salary(%)	5.9	8.9	16.8	12.6	9.4
Salaries as % of non-interest costs (%)	62.4	62.3	63.4	63.0	64.0
NII /employee (Rs mn)	5.0	5.6	6.1	5.9	6.3
AUM/employee(Rs mn)	119.0	123.7	127.1	131.6	143.7
Capital Structure					
Debt-Equity ratio	5.3	5.0	4.3	3.8	3.7
Leverage (x)	6.7	6.0	5.3	5.1	5.0
CAR (%)	21.9	24.3	28.0	29.5	30.7
Tier 1 CAR (%)	21.9	24.3	28.0	29.5	30.7
Tier 2 CAR (%)	-	-	-	-	-
Asset quality and provisioning					
GNPA (% of AUM)	4.3	3.7	7.0	7.1	6.3
NNPA (% of AUM)	2.8	2.2	4.8	4.7	3.9
GNPA (Rs mn)	5,117	4,461	8,198	8,807	8,576
NNPA (Rs mn)	3,287	2,690	5,587	5,743	5,292
Coverage ratio (%)	35.8	39.7	31.8	34.8	38.3
Credit costs as % of average AUM	0.5	0.7	2.0	0.7	0.6
Return ratios & capital management					
RoAA (%)	2.4	2.4	1.6	2.4	2.5
RoAE (%)	16.9	15.0	8.9	12.3	12.6
Payout ratio (%)	5.6	5.4	-	5.4	5.2
Valuation Ratios					
EPS (Rs)	44.8	46.0	30.6	46.6	53.8
Price to Earnings	3.5	3.5	5.2	3.4	3.0
BVPS (Rs)	285.6	329.2	357.4	400.9	451.3
Price to Book	0.6	0.5	0.4	0.4	0.4
Dividend yield (%)	1.6	1.6	-	1.6	1.8

Source: Company data, I-Sec research

Table 6: DuPont analysis

(%)	FY20	FY21	FY22	FY23E	FY24E
Interest earned	11.5	11.1	10.4	10.0	9.9
Interest expended	7.2	6.6	5.7	5.5	5.5
Gross Interest Spread	4.3	4.5	4.7	4.5	4.4
Credit cost	0.5	0.7	1.9	0.7	0.5
Net Interest Spread	3.8	3.8	2.8	3.8	3.9
Operating cost	0.9	0.9	1.0	1.2	1.1
Lending spread	2.8	2.9	1.8	2.7	2.7
Non- interest income	0.3	0.3	0.4	0.5	0.6
Final spread	3.1	3.2	2.2	3.2	3.3
Tax rate (%)	22.2	26.2	26.2	25.4	25.2
ROAAUM	2.4	2.4	1.6	2.4	2.5
Effective leverage (AAUM/ AE)	6.9	6.3	5.6	5.2	5.0
RoAE	16.9	15.0	8.9	12.3	12.6

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, *Kunal Shah, CA; Renish Bhuvra, CFA (ICFAI); Chintan Shah, 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.

ICICI Securities is Sebi registered stock broker, merchant banker, investment adviser, portfolio manager and Research Analyst. 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 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.