

ICICI Securities Limited
is the author and
distributor of this report

Company update, TP,
earnings & reco change

Housing Finance

Target price: Rs678

Earnings revision

(%)	FY22E	FY23E
PAT	↑ 9	↑ 17

Target price revision

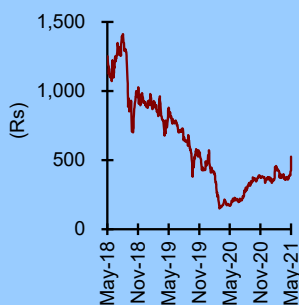
Rs678 from Rs385

Shareholding pattern

	Sep '20	Dec '20	Mar '21
Promoters	32.7	32.7	32.6
Institutional investors	27.6	28.0	27.8
MFs and others	2.3	2.1	2.1
FIs/Banks	0.8	0.8	0.2
Insurance	0.3	0.3	0.8
FII	24.2	24.8	24.7
Others	39.7	39.3	39.6

Source: CMIE

Price chart



Research Analysts:

Kunal Shah

kunal.shah@icicisecurities.com
+91 22 6637 7572

Renish Bhuva

renish.bhuva@icicisecurities.com
+91 22 6637 7465

Chintan Shah

chintan.shah@icicisecurities.com
+91 22 6637 7658

Piyush Kherdikar

piyush.kherdikar@icicisecurities.com
+91 22 6637 7465

INDIA

ICICI Securities

PNB Housing Finance

BUY

Upgrade from Hold

Capital infusion brings notable triggers

Rs526

PNB Housing Finance's (PNBHF) Board approval for preferential issue reduces the overhang on much awaited equity infusion and/or stake sale. It also brings with it a few notable positive triggers: 1) Carlyle raising its stake to 50% and PNB's stake to be down to 20% (not expected to go below this), putting to rest the overhang of any further stake sale in the interim; 2) Mr. Aditya Puri's nomination to the Board will lend considerable credence to the company's business transition and strategic intentions; 3) capital buffer (CAR of >28%) is enhanced to adequately face the potential stress due to covid disruption, and gradually improve visibility on rating upgrade. Strategically, business transformation is underway with new agenda to target mass retail housing, build the high-yield *Unnati* portfolio and drive efficiency through cost management. However, in the interim transitioning phase, growth and RoE will be modest. Strengthening of the Board, management, governance and risk management, coupled with scarcity premium, can drive rerating to 1.2x FY23E book. Upgrade to BUY with a revised target price of Rs678 (earlier: Rs385). Key risks: 1) Business transitioning taking longer than expected; and 2) Corporate book stabilisation and resolution of stress would be key monitorable.

- ▶ **Preferential issue to existing shareholders reduces overhang:** PNBHF Board has approved a much-awaited capital raising plan of Rs40bn @ Rs390 per share through a preferential issue. Carlyle will be contributing 80% of the issue, thereby raising its stake to 50%. Other existing shareholders, viz. funds managed by Ares SSG and General Atlantic, will also participate to maintain their stake at 10% each. A further confidence-boosting announcement is, Salisbury Investments, family investment vehicle of Mr. Aditya Puri (former CEO & MD of HDFC Bank), will also invest Rs250mn in the capital raise (0.2% stake post infusion). In addition, Mr. Puri is expected to be nominated to the Board by Carlyle in due course. This would be in line with the company's stated strategy of strengthening governance, management and the Board.
- ▶ **Sharp uptick in CAR has reduced gearing though it is book value dilutive:** Equity infusion of Rs40bn will lead to sharp uptick in CAR to 28% and reduce gearing to <5x (from 6.7x). This will instil confidence to debt market, thereby improving visibility on debt rating upgrade. PNBHF will also accelerate its borrowing capabilities (at lower cost) for retail-focused growth. Given equity dilution of more than 60% and that too below book value, it would be dilutive to the extent of 10% to book value and 25-30% to EPS and would moderate RoEs further to 10% (from 12%).
- ▶ **Strategically, business transformation is underway with new agenda:** Business transformation is underway with a new agenda targeting mass retail housing leveraging the in-house expertise and building the high-yielding *Unnati* portfolio by strengthening distribution in tier-2/3 cities. To strengthen the core, PNBHF is firming up its management team with five external hires (Head – Collections, Chief Information Security Officer, Head of SG&A, Internal Auditor, and business head of affordable housing) and two internal promotions. It is also accelerating the digital drive, augmenting the data analytics team, improving business positioning, and strengthening underwriting and collection under the project IGNITE.

Market Cap	Rs88.5bn/US\$1.2bn	Year to Mar	FY20	FY21P	FY22E	FY23E
Reuters/Bloomberg	PNBH.BO/ PNBHOUSI IN	NII (Rs mn)	23,081	23,229	23,519	26,438
Shares Outstanding (mn)	168.3	PAT (Rs mn)	6,462	9,299	9,290	15,217
52-week Range (Rs)	525/172	EPS (diluted) (Rs)	38.1	55.2	34.3	56.2
Free Float (%)	67.4	% Chg YoY	-46.0	44.7	-37.9	63.8
FII (%)	24.7	P/E (x)	13.8	9.5	15.3	9.4
Daily Volume (US\$'000)	2,515	P/BV (x)	1.1	1.0	1.0	0.9
Absolute Return 3m (%)	19.4	Net NPA (%)	1.8%	2.5%	3.8%	3.4%
Absolute Return 12m (%)	198.7	Dividend Yield (%)	0.0%	0.0%	0.4%	0.4%
Sensex Return 3m (%)	6.0	RoA (%)	0.8%	1.2%	1.3%	2.0%
Sensex Return 12m (%)	62.1	RoE (%)	8.3%	11.0%	8.2%	10.4%

Please refer to important disclosures at the end of this report

- ▶ **Capital buffer augmented to face any potential stress:** In the corporate book, 12.7% is in stage-3 assets, while for retail assets it is 2.5%. However, retail stage-2 at 5.1%, corporate stage-2 at 10% and restructuring at >2.7% can make the balance sheet vulnerable to incremental stress. Company has restructured Rs13.9bn of retail portfolio (2.7%) and Rs3.37bn of corporate portfolio (2.9%) as of FY21. From the current proforma stage-3 of 4.5%, we expect it to touch 6.5% by FY22E and are therefore building-in credit cost of ~130/70bps for FY22E/FY23E.
- ▶ **Corporate book – stabilisation and resolution of stress is key:** Currently, 58% of the corporate book comprises under-construction projects, 83% is zero DPD, and 78% is performing well. Collection efficiency in corporate portfolio with prepayments is in excess of 100%. Currently 13% of corporate book is in stage-3 (provided for at 60%) and 10% is in stage-2. Five accounts with exposure of Rs8.75bn (7% of corporate book) were identified for voluntary SICR (classified in stage-2). Resolution efforts are underway for the balance stress (Vipul Ltd with exposure of Rs3.5bn is in final stage). However, delay in resolutions and the concentrated nature of the portfolio (top-20 exposures forming 69% of corporate book with average ticket size of Rs4bn) expose PNBHF to the risk of even higher credit cost. It has a provision buffer of 14% on the overall corporate book.

Table 1: Capital raise through preferential issues of shares and warrants

Structure	Amount (Rs bn)
Preferential Equity Shares (80% of the capital raise)	32
Warrants (20% of the capital raise)	8
Total	40

Source: Company data, I-Sec research

Table 2: Post fund raise, Carlyle Group's stake to increase to ~50%, PNB's stake down to 20%

Name of the proposed investor	Capital raise amount (Rs bn)	Proposed allocation (number of shares in mn)			Shareholding %	
		Equity shares	Warrants	Total	Current	Post preferential issue
Carlyle group	31.85	65.30	16.30	81.60	32.2%	50.2%
General Atlantic Singapore	3.90	8.00	2.00	10.00	9.9%	9.8%
SSG Group	4.00	8.20	2.10	10.30	9.9%	10.0%
Salisbury Investments Pvt Ltd	0.25	0.50	0.10	0.60	0.2%	0.2%
Total	40.00	82.00	20.50	102.50		

Note: Investment Opportunities V Pte. Limited considered under funds managed by SSG Group

Note: Quality Investment Holdings considered under Carlyle Group

Source: Company data, BSE, I-Sec research

Table 3: Equity dilution of >60% below book value will be dilutive

	Pre-issue	Pref issue	Post issue
No. of shares (mn)	168	103	271
Share cap (Rs mn)	1,683	1,025	2,708
Reserves (Rs mn)	87,548	38,975	1,26,523
Networth (Rs mn)	89,230	40,000	1,29,230
Book value (Rs)	530	390	477

Source: Company data, I-Sec research

Table 4: Despite earnings upgrade, extent of dilution drags down EPS and RoE

Particulars	FY22E			FY23E		
	Earlier	Revised	Change	Earlier	Revised	Change
RoE (%)	9.1%	8.2%	-94 bps	12.5%	10.4%	-206 bps
RoA (%)	1.2%	1.3%	9 bps	1.8%	2.0%	25 bps
PAT (Rs mn)	8,503	9,290	9%	12,998	15,217	17%
EPS (Rs)	50	34	-32%	77	56	-27%
Leverage (x)	7.3x	5.3x		6.9x	5.1x	
Capital adequacy ratio (%)	26.3%	36.0%	970 bps	27.8%	37.2%	938 bps
Book Value per share (Rs)	580	510	-12%	655	565	-14%

Source: Company data, I-Sec research

Financial summary

Table 5: Profit and Loss statement

(Rs mn, year ending Mar 31)

	FY19	FY20	FY21P	FY22E	FY23E
Interest Income	71,010	80,244	72,604	68,916	71,571
Net gain on fair value changes	1,289	1,586	1,623	1,371	1,246
Interest Expenses	51,664	58,750	50,998	46,768	46,379
Net Interest Income (NII)	20,635	23,081	23,229	23,519	26,438
Other Income	4,533	3,066	2,014	2,780	3,657
Total Income (net of interest expenses)	25,168	26,146	25,243	26,299	30,094
Employee benefit expenses	3,039	2,331	2,113	2,155	2,306
Depreciation and amortization	314	659	590	620	651
Fee and commission expenses	546	89	116	78	178
Other operating expenses	2,036	2,444	1,735	1,873	2,116
Total Operating Expense	5,935	5,522	4,554	4,726	5,251
Pre Provisioning Profits (PPoP)	19,233	20,624	20,689	21,573	24,844
Provisions and write offs	1,889	12,514	8,619	9,662	5,335
Profit before tax (PBT)	17,344	8,110	12,070	11,911	19,509
Total tax expenses	5,430	1,648	2,771	2,620	4,292
Profit after tax (PAT)	11,914	6,462	9,299	9,290	15,217

Source: Company data, I-Sec research

Table 6: Balance sheet

(Rs mn, year ending Mar 31)

	FY19	FY20	FY21P	FY22E	FY23E
Share capital	1,674	1,682	1,683	2,709	2,710
Reserves & surplus	73,764	78,296	87,548	1,35,596	1,50,295
Shareholders' funds	75,439	79,978	89,230	1,38,305	1,53,005
Borrowings	7,23,620	6,82,160	6,23,389	5,91,360	6,29,133
Provisions	252	189	184	193	203
Deferred tax liabilities (net)	0	0	0	0	0
Current Liabilities and short-term provisions	1,272	869	1,119	1,175	1,233
Other Liabilities	38,107	26,101	0	0	0
Total Liabilities and SHE	8,38,690	7,89,297	7,13,922	7,31,033	7,83,574
Fixed assets	1,077	2,546	1,831	1,959	2,096
Loans	7,40,230	6,75,710	6,22,550	6,48,461	7,07,740
Investments	45,607	20,757	20,448	21,266	24,456
Deferred tax assets (net)	610	2,859	4,296	4,726	5,199
Current Assets including cash and bank	40,341	85,144	69,686	60,000	50,000
Other Assets	10,825	2,281	-4,890	-5,379	-5,917
Total Assets	8,38,690	7,89,297	7,13,922	7,31,033	7,83,574

Source: Company data, I-Sec research

Table 7: Key ratios*(Year ending Mar 31)*

	FY19	FY20	FY21P	FY22E	FY23E
AUM and Disbursements (Rs mn)					
AUM	8,47,220	8,33,460	7,44,690	7,54,024	8,13,494
On-book Loans	7,40,230	6,75,710	6,22,550	6,48,461	7,07,740
Off-book Loans	1,06,990	1,57,750	1,22,140	1,05,563	1,05,754
Disbursements	3,60,790	1,86,260	1,04,450	1,54,826	2,00,194
Growth (%):					
Total AUM	36.1	-1.6	-10.7	1.3	7.9
Housing AUM (including construction finance)	35.7	-2.1	-11.6	4.2	8.6
Non-Housing AUM (LAP, NRPL, LRD, CTL)	37.2	-0.4	-8.3	-5.5	6.0
Disbursements	8.7	-48.4	-43.9	48.2	29.3
Loan book (on balance sheet)	29.8	-8.7	-7.9	4.2	9.1
Total Assets	33.1	-5.9	-9.5	2.4	7.2
Net Interest Income (NII)	35.6	11.9	0.6	1.2	12.4
Non-interest income	54.8	-32.4	-34.3	38.0	31.6
Total Income (net of interest expenses)	38.7	3.9	-3.5	4.2	14.4
Operating Expenses	34.4	-7.0	-17.5	3.8	11.1
Pre provisioning operating profits (PPoP)	40.1	7.2	0.3	4.3	15.2
PAT	69.5	-45.8	43.9	-0.1	63.8
EPS	69.4	-45.7	43.9	-23.5	32.8
Yields, interest costs and spreads (%)					
NIM - on AUM	2.8%	2.7%	2.9%	3.1%	3.4%
Yield on loan assets	10.1%	10.9%	11.1%	10.6%	10.3%
Yield on IEA	9.2%	8.7%	8.4%	8.4%	8.5%
Borrowings (Rs mn)	7,23,620	6,82,160	6,23,389	5,91,360	6,29,133
Cost of borrowings	8.2%	8.4%	7.8%	7.7%	7.6%
Interest Spreads	2.0%	2.5%	3.3%	2.9%	2.7%
Operating efficiencies					
Non interest income as % of total income	18.0%	11.7%	8.0%	10.6%	12.2%
Cost to income ratio	23.6%	21.1%	18.0%	18.0%	17.4%
Op.costs/avg assets (%)	0.81%	0.68%	0.61%	0.65%	0.69%
Op.costs/avg AUM (%)	0.81%	0.66%	0.58%	0.63%	0.67%
No of employees (estimate)	1,610	1,549	1,391	1,447	1,505
No of branches	102	105	96	100	105
Average annual salary (Rs)	1.9	1.5	1.5	1.5	1.5
Annual inflation in average salary(%)	69%	-20%	1%	-2%	3%
Salaries as % of non-interest costs (%)	51.2	42.2	46.4	45.6	43.9
NII /employee (Rs mn)	12.8	14.9	16.7	16.3	17.6
AUM/employee(Rs mn)	526	538	535	521	541
AUM/ branch (Rs mn)	8,306	7,938	7,757	7,540	7,748
Capital Structure					
Average gearing ratio	9.0	9.0	7.7	5.3	4.2
Leverage (x)	11.1	9.9	8.0	5.3	5.1
CAR (%)	14.0%	18.0%	18.7%	36.0%	37.2%
Tier 1 CAR (%)	11.0%	15.2%	15.5%	33.5%	34.7%
Tier 2 CAR (%)	3.0%	2.8%	3.2%	2.5%	2.5%
RWA (estimate)	5,80,200	4,91,430	4,50,587	4,13,079	4,40,765
Loan assets	6,55,185	7,07,970	6,49,130	6,35,505	6,78,101
RWA as a % of loan assets	89	69	69	65	65
Asset quality and provisioning					
GNPA (%)	0.48%	2.75%	4.44%	6.50%	6.00%
NNPA (%)	0.38%	1.77%	2.48%	3.84%	3.39%
GNPA (Rs mn)	3,549	18,562	27,620	42,150	42,464
NNPA (Rs mn)	2,805	11,838	15,130	24,236	23,355
Coverage ratio (%)	21%	36%	45%	43%	45%
Credit Costs as a % of avg AUM (bps)	26	149	109	129	68
Return ratios					
RoAA (%)	1.6%	0.8%	1.2%	1.3%	2.0%
RoAE (%)	16.9%	8.3%	11.0%	8.2%	10.4%
Payout ratio (%)	15%	0%	0%	5%	4%

	FY19	FY20	FY21P	FY22E	FY23E
Valuation Ratios					
No of shares	167	168	168	271	271
No of shares (fully diluted)	169	169	168	271	271
ESOP Outstanding	0.0	1.2	0.2	0.0	0.0
EPS (Rs)	71.2	38.4	55.3	34.3	56.2
EPS fully diluted (Rs)	70.7	38.1	55.2	34.3	56.2
Price to Earnings	7.4	13.7	9.5	15.3	9.4
Price to Earnings (fully diluted)	7.4	13.8	9.5	15.3	9.4
Book Value (fully diluted)	448	472	530	510	565
Adjusted book value	435	420	463	444	501
Price to Book	1.2	1.1	1.0	1.0	0.9
Price to Adjusted Book	1.2	1.2	1.1	1.2	1.0
DPS (Rs)	9.0	0.0	0.0	2.0	2.0
Dividend yield (%)	1.7%	0.0%	0.0%	0.4%	0.4%

Source: Company data, I-Sec research

Table 8: DuPont analysis (on average assets)*(Rs mn, year ending Mar 31)*

	FY19	FY20	FY21P	FY22E	FY23E
Average Assets (Rs mn)	7,34,417	8,13,994	7,51,610	7,22,478	7,57,304
Average Equity (Rs mn)	70,556	77,708	84,604	1,13,768	1,45,655
Interest earned	9.7%	9.9%	9.7%	9.5%	9.5%
Net gain on fair value changes	0.2%	0.2%	0.2%	0.2%	0.2%
Interest expended	7.0%	7.2%	6.8%	6.5%	6.1%
Gross Interest Spread	2.8%	2.8%	3.1%	3.3%	3.5%
Credit cost	0.3%	1.5%	1.1%	1.3%	0.7%
Net Interest Spread	2.6%	1.3%	1.9%	1.9%	2.8%
Operating cost	0.8%	0.7%	0.6%	0.7%	0.7%
Lending spread	1.7%	0.6%	1.3%	1.3%	2.1%
Non interest income	0.6%	0.4%	0.3%	0.4%	0.5%
Final Spread	2.4%	1.0%	1.6%	1.6%	2.6%
Tax rate (%)	0.7%	0.2%	0.4%	0.4%	0.6%
ROAA	1.6%	0.8%	1.2%	1.3%	2.0%
Effective leverage (AA/ AE)	10.4	10.5	8.9	6.4	5.2
RoAE	16.9%	8.3%	11.0%	8.2%	10.4%

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 Bhuva, CFA (ICFAI); Chintan Shah, CA; Piyush Kherdikar, PGDM, B Tech;* 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 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 an entity are engaged in various financial service businesses, they might have financial interests or beneficial ownership 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.