



KEY HIGHLIGHTS

1. RESULTS OVERVIEW:

- The company improved its net debt to equity ratio from 1.3x in FY21 to 0.9x in FY22.
- ROCE of the company improved to 27.7% in FY22 from 12.3% in FY21.
- Consolidated EBITDA stood at Rs.204 cr grew by 36% YoY with margin of 28% (increased by 1% YoY). Revenue for the quarter stood at Rs.731 cr, up 32.15% YoY.

2. MANAGEMENT COMMENTARY:

- Organization anticipates sales momentum to sustain (volume and value during FY23 likely to be flat, low double digit on YoY basis) with improving demand for ready inventories, and newer launches.
- Board expects revenue in the manufacturing unit to improve to ~Rs.400 crore (at pre-Covid level) during FY23. However, as raw material cost is increasing which will put higher pressure on margins and due to which company is expecting that contractual business unit is likely to witness moderation in FY23.
- The Management anticipates that margin in FY23 should sustain (in spite of increase in raw material costs) as significant costs have already been incurred in projects due for handover.
- Organization expects mid-single digit ascend in unit costs during FY23 with critical expansion in land obtaining cost, significant worker/workers compensation gains and higher input costs pressure.
- Going ahead, the organization's solid spotlight stays on paying off its debt with higher sales and better cash flow generation.

3. PRICE PERFORMANCE (%)

Particulars	3 M	1 Y
Sobha Ltd	-25.01	15.83%
Nifty Realty	-13.95	11.53
Nifty 50	-7.70	-0.18

4. CONCALL SUMMARY:

- The revenue from real estate business was Rs.533 crore in Q4 FY22 and Rs.2,010 crore in FY22, up by 53% YoY. The revenue from contractual and manufacturing segment was at Rs.199 crore in Q4 FY22 and Rs.720 crore in FY22.
- The company delivered a strong quarter and year with robust operational cashflow that enabled debt reduction. Post lockdown, businesses opened up quickly with the housing sector recovering to normalcy steadily towards Q3 FY22. This trend continued into Q4 FY22 backed by robust demand for housing.
- They had a quarterly cash inflow of Rs.1,291 crore in Q4 FY22, up 32% YoY & 22% QoQ. Their real estate cash inflow of was Rs.1,060 crore in Q4 FY22, an increase of 48% YoY and 26% QoQ. The improvement in project progress related milestone collections boosted cash inflows.
- The net debt reduced by Rs.317 crore in Q4 FY22 and by Rs.516 crore in FY22, taking the total net debt to Rs.2,337 crore and the net debt to equity stood at 0.93x as on 31st March 2021. Cost of debt currently stands at ~8.4% for the company.
- Their Q4 FY22 sales was Rs.1,110 crore and they sold 1.34 million sq ft at an average price of Rs.8,265/ sq ft. In FY22, they sold 4.91 million sq ft and saw sales of Rs.3,870 crore of which Sobha's share stood at Rs.3,268 crore. Bengaluru & Gurugram sales momentum continued with Pune, GIFT City, Kochi, Chennai being steady.
- They completed real estate projects located across 7 cities with total development area of 63.04 million sq ft and super built-up area of 47.63 million sq ft. They have under construction projects located across 10 cities with total developable area of 29.33 million sq ft and super built-up area of 19.16 million sq.
- Their forthcoming residential projects located across 7 cities exhibits a super built-up area of 13.53 million sq ft.

5. VALUATION AND OUTLOOK:

- Their completed and unsold inventory was 0.37 million sq ft in Q4 FY22 which reduced from 0.44 million sq ft at the end of Q3 FY22. The company sees good visibility of launch pipeline in FY23 & FY24 to cater to the elevated demand in times ahead.
- Strong cash generation will enable business development and further growth visibility in future.
- We initiate BUY rating on stock and value the stock at 21x FY24 earnings to arrive at the target of Rs.594.**

RECOMMENDATION – ACCUMULATE

CMP –534
TARGET – 594 (11%)

Industry	Construction- Real Estate
NSE CODE	SOBHA
BSE CODE	532784
Market Cap (₹ Cr)	5062
Shares outstanding (in Cr)	9.48
52 wk High/Low (₹)	1045/459
P/E	43.0
P/BV	2.0
Face Value (₹)	10.0
Book Value (₹)	265
EPS (₹)	12.3
Dividend Yield (%)	0.7
Debt / Equity	0.98
Interest coverage	1.2

SHAREHOLDING PATTERN

	Mar 22	Dec 21	Sep 21
Promoters	51.99	51.99	51.99
Mutual Funds	11.63	10.59	12.04
FII/FPI	16.16	18.06	17.05
Non Institutions	18.47	17.29	17.24
Promoter Pledging	13.69	20.28	20.28

FINANCIAL SNAPSHOT (₹ Cr)

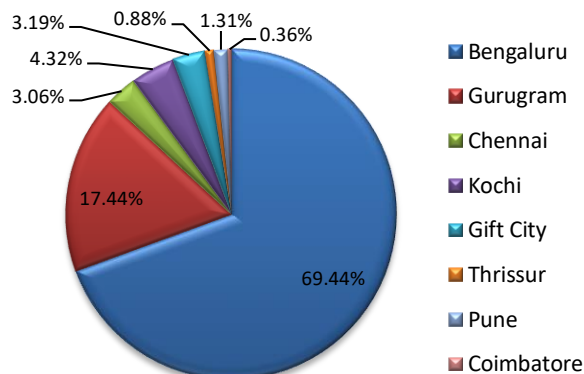
Y/E March	2022A	2023E	2024E
Core			
Sales	2731	2950	3285
Sales Gr. (%)	29.4	8.0	11.4
EBITDA	889	510	607
EBITDA mrg. (%)	33	17.3	18.5
PAT	117	206	268
EPS (₹)	12.3	21.7	28.3
EPS Gr. (%)	87.4	76.3	30.4
Ratios			
RoE (%)	4.7	7.9	9.6
RoCE (%)	27.7	10.1	12.2
Valuation			
P/E (x)	57.5	24	21
Net Debt/ equity	0.98	0.8	0.8

Particulars	TTM	5 Yr Avg
Historical P/E :	42.9	26.0
Industry P/E :	37.3	
Historical P/B :	2.0	1.5
Industry P/B :	2.9	

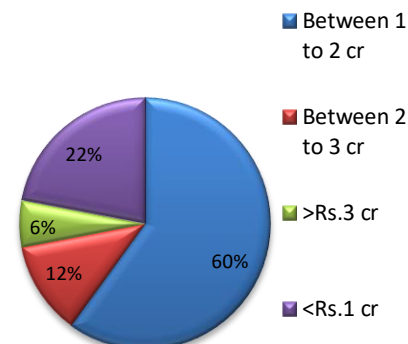


REVENUE SPLIT (%) Q4 FY22

Region Wise Contribution to Total Sales



% Contribution Per Price Brackets



QUARTERLY PERFORMANCE (CONSOLIDATED)

(₹ Cr)

Y/E March	FY21				FY22				FY23	FY22	FY23E*
	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4Q	1QE*		
Net sales	350	522	684	553	512	819	668	731	821	2731	2950
YoY change (%)	-70.26	-33.4	-22.5	-39.2	46.37	56.92	-2.4	32.15	232.7	29.44	8.0
Total Expenditure	157	369	506	404	311	563	441	527	630	1842	2440
EBITDA	193	154	179	150	201	256	228	204	191	889	510
Margins (%)	55	29	26	27	39	31	34	28	23.6	33	17.3
Depreciation	19	20	21	20	18	18	18	19	18	72	73
Interest	178	135	138	150	184	186	195	185	100	750	254
Other income	9	24	12	36	13	13	29	36	19	91	91
PBT	5	23	32	15	13	65	44	36	92	158	274
Tax	-1	7	11	-3	2	17	12	11	27.6	41	68
Rate (%)	-22	29	33	-23	14	26	26	31	30	26.0	24.8
Adjusted PAT	7	16	22	18	11	48	33	25	64.4	117	206
YoY change (%)	-92.7	-0.35	-70.49	-64.69	63.64	94.51	51.39	39.66	485.5	88.71	76.1
Key Performance Indicators											
RM Cost (% of Sales)	-6.14	11.03	-5.48	-41.43	6.09	3.74	-12.32	-13.21	-	-4.00	-
Staff Cost (% of Sales)	8.69	8.77	7.06	9.50	10.09	7.59	8.43	8.11	-	8.00	-
Other Costs (% of Sales)	97.45	80.02	98.42	131.93	83.82	88.67	103.89	105.1	-	96.00	-
EBITDA Margin (%)	55	29	26	27	39	31	34	28	23.6	33	17.3
PAT Margin (%)	2	3.1	3.2	3.2	2.1	5.9	4.9	3.4	7.8	4.3	7.0

Source: Company, Hem Securities Research.

*Insights into the assumptions:

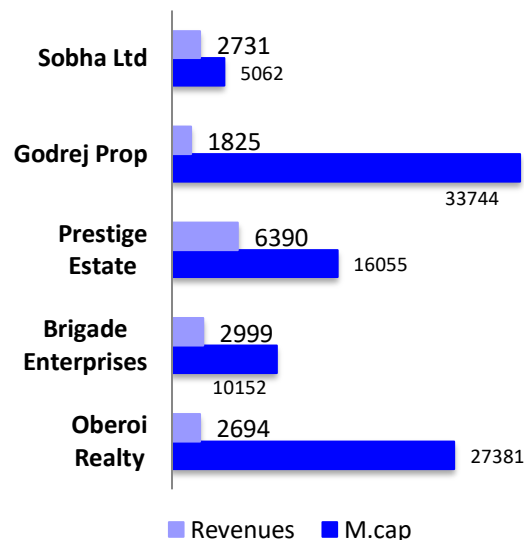
- 1> Expected to see sharp growth in FY23 on the back of Owning to the improving demand dynamics and a strong sales performance in FY22.
- 2> Near term focus of company is to de leverage the balance sheet.
- 3> We expect EBITDA and PAT margins to improve in line with dedicated cost cutting efforts by the company.



INDUSTRY OVERVIEW

- Real estate sector is one of the most globally recognized sectors. It comprises of four sub sectors - housing, retail, hospitality, and commercial. The growth of this sector is well complemented by the growth in the corporate environment and the demand for office space as well as urban and semi-urban accommodations.
- By 2040, real estate market will grow to Rs. 65,000 crore (US\$ 9.30 billion) from Rs. 12,000 crore (US\$ 1.72 billion) in 2019. Real estate sector in India is expected to reach a market size of US\$ 1 trillion by 2030 from US\$ 120 billion in 2017 and contribute 13% to the country's GDP by 2025. Retail, hospitality, and commercial real estate are also growing significantly, providing the much-needed infrastructure for India's growing needs.
- Demand for residential properties has surged due to increased urbanization and rising household income. India is among the top 10 price appreciating housing markets internationally.
- As per ICRA estimates, Indian firms are expected to raise >Rs. 3.5 trillion (US\$ 48 billion) through infrastructure and real estate investment trusts in 2022, as compared with raised funds worth US\$ 29 billion to date.
- Private market investor, Blackstone, which has significantly invested in the Indian real estate sector (worth Rs. 3.8 lakh crore (US\$ 50 billion), is seeking to invest an additional Rs. 1.7 lakh crore (US\$ 22 billion) by 2030. Overall Real Estate sector is in bull trend.

KEY PLAYERS



PEER PERFORMANCE

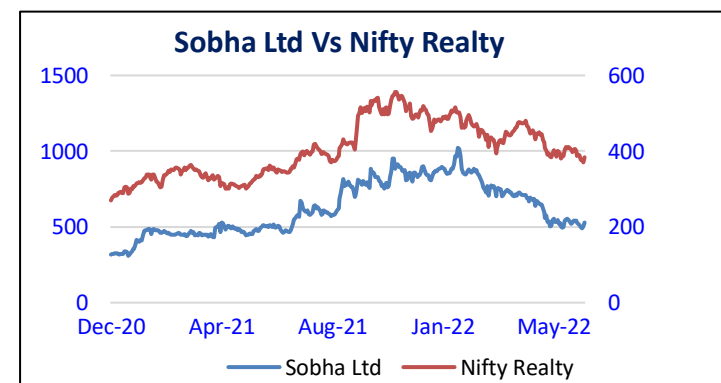
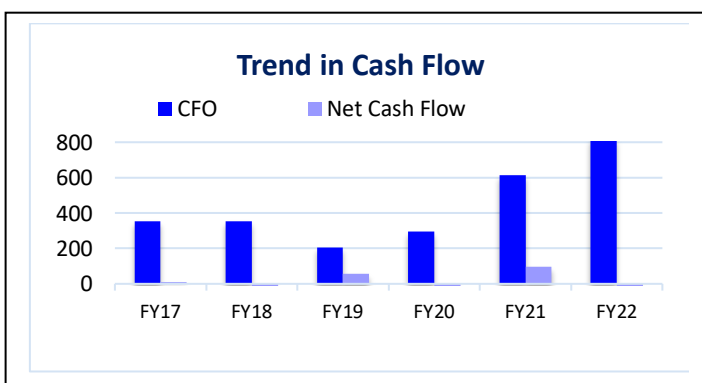
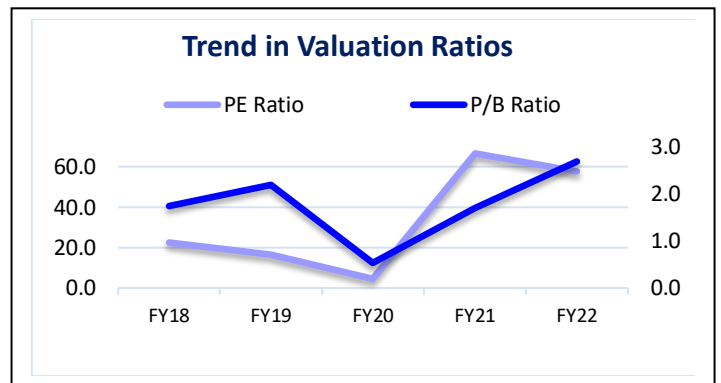
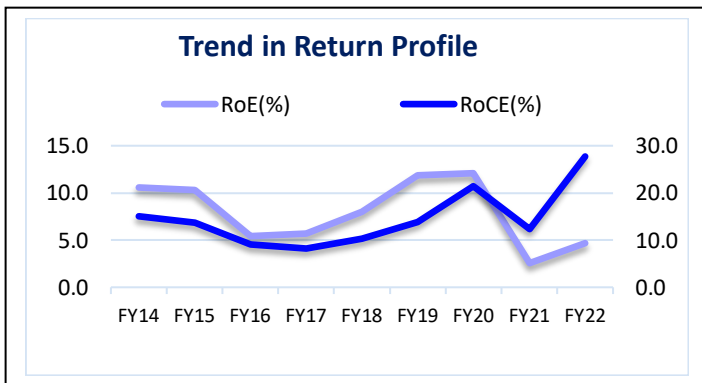
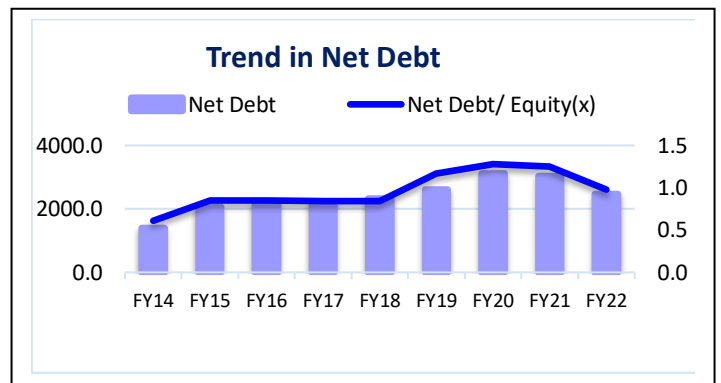
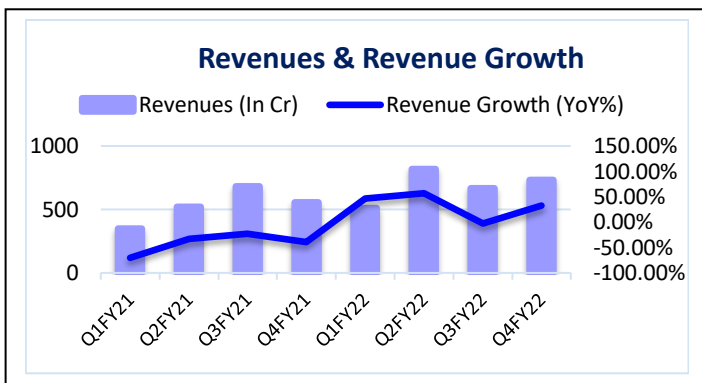
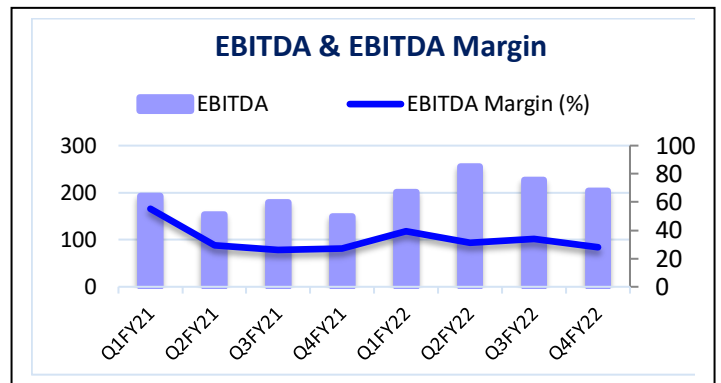
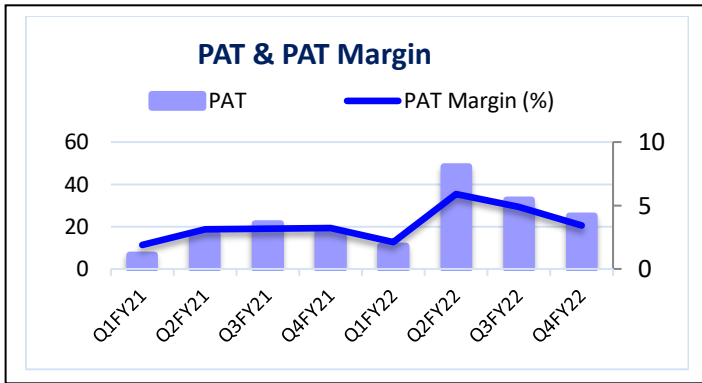
(₹ Cr)

Particulars	Sobha Ltd	Brigade Enterprises	Prestige Estate	Godrej Properties	Oberoi Realty Ltd
Market Cap	5062	10152	16055	33744	27381
Net Sales	2731	2999	6390	1825	2694
EBITDA	889	766	1517	-56	1181
PAT	117	83	1150	352	1047
EPS (Rs)	12.31	3.59	28.69	12.68	28.8
EBITDA MARGIN %	33	26	24.0	-3.0	44.0
PAT MARGIN %	4.3	2.8	18.0	19.3	38.9
ROCE %	27.7	6.4	8.7	8.9	9.3
ROE %	4.7	2.8	12.6	4.1	10.1
P/E	57.5	-140.8	17.2	131.9	32.6
P/B	2.7	4.1	2.2	5.4	3.3
EV/EBITDA	9.2	18.9	14.1	56.3	29.6
Debt to Equity	0.9	1.7	0.7	0.6	0.3
Return on assets	1.0	0.5	3.8	1.9	6.7

Source: Company, Hem Securities Research.



STORY IN CHARTS





INVESTMENT RATIONALE:

- Company is one of India's most established brands with presence in 10 cities, viz. Bengaluru, Gurugram, Chennai, Pune, Coimbatore, Thrissur, Kozhikode, Kochi, Gujarat (Gift City) and Mysore.
- The demand is likely to improve even further over medium to longer term to be driven by a) better affordability, b) conducive government policies, c) growing working population and increasing affordability, d) shifting to nuclear families, e) financially stable developers, and f) improving digital sales and marketing capabilities.
- Company has reduced its net debt position by Rs.317 crore QoQ basis and its net debt at the end of March 2022 was at Rs. 2,337 crore (net D/E: 0.93x). Going forward, the company's strong focus remains on reducing its debt with higher sales and better cash flow generation.
- With demonetisation and RERA implementation, organized players such as Sobha benefited immensely from their brand value and high quality. Also, company gained from historically low lending rates, tax cuts, and consumer preference for ready-to-move-in/timely-completed projects.
- Given the established brand and favorable dynamics, Company will continue to capitalize on upcoming opportunities.
- Going forward, the management expects revenue in the manufacturing unit likely to improve to ~ Rs.400 crore (at pre-Covid level) during FY23. However, the contractual business unit is likely to witness moderation in FY23 as the company has turned cautious with increase in raw material costs, in turn, higher pressure on margin.
- Going forward, the management expects margin in FY23 to sustain (despite increase in raw material) as significant costs have already been incurred in projects due for handover.
- Company has Robust ongoing & completed project with Rs.6731 crore of potential cash flow.
- Company has a Huge captive land bank providing enough ammunition to expand overall residential sales volumes trajectory.

RISK FACTORS:

- Any decline in property prices could exert pressure on the real estate market. Further, there is uncertainty about events such as government policy changes, market movements and in general demographic preferences, which could cause considerable damage to players operating in the real estate industry.
- Interest rates play a pivotal role in real estate and are one of the key demand boosters. Any adverse movement in interest rates can lead to a reduction in demand and impact the industry and the company's growth prospects.

COMPANY RECAP

- Sobha Limited, incorporated in 1995, is a real estate developer engaged in construction to operations of townships, housing projects, commercial premises, and other related activities. The Co. is also engaged in manufacturing activities related to interiors, glazing and metal works, and concrete products.
- Company has categorized its revenue into three categories:-
 - Real Estate (64% of the revenue, FY21):** It includes the sale of housing and commercial leasing of properties.
 - Contract and Manufacturing (36%):** It comprises the development of commercial premises and other related activities, including manufacturing activities related to interiors, glazing and metal works, and concrete products.
- Co.'s corporate clients include LuLu group, Biocon, Dell, Bosch, Syngene, Taj Hotels, HCL, ITC Hotels, Huawei Technologies, and many more.
- Co.'s Contractual portfolio includes developing offices, convention centres, software development blocks, multiplex theatres, hostel facilities, hotels, guest houses, food courts, restaurants, research centres, club houses and factory buildings for its many well-known and respected corporate clients.
- The product-mix offered by the Company has been well accepted by its customers. The Company, on an ongoing basis, analyses its customer base and the analysis revealed that its customer profile has a healthy mix, comprising IT/ITES professionals, non-IT professionals, entrepreneurs, and professionals. About 65 percent of its customers are in the salaried category, which includes 49 per cent from IT/ITES and 16 per cent from non-IT industries. In addition, 4 per cent of the Company's customers are from the business and entrepreneur category.
- It is the only company in the sector to have a full-fledged backward integrated model of operations. Under the backward integration model, the Co. has three manufacturing divisions - Glazing and Metal Works, Interiors and Concrete Products which are used for the manufacturing of houses. It also has a very high-end mattress manufacturing unit under the brand name Sobha Restoplus, started in 2007.
- Sobha has a presence in the residential segment in 10 cities and its overall footprint extends to 27 cities in 14 states across India. However, the company derives 67% of the revenue only from Bangalore.
- Region wise contribution to sales value:-
 - * Bangalore: 71.04%
 - * Gurugram: 9.47%
 - * Chennai: 1.46%
 - * Thrissur : 4.17%
 - * Pune : 3.49%
 - * Coimbatore : 0.37%
 - * Kochi : 7.64%
 - * Kozhikode : 0.18%
 - * Gift City :2.18%



ANNUAL PERFORMANCE

Financials & Valuations

Income Statement

	2017	2018	2019	2020	2021	2022	2023E	2024E
March							(₹ Cr)	
Revenue from operations	2,229.1	2783.0	3,442.1	3753.9	2109.8	2731	2950	3285
Growth YoY (%)	14.7	24.9	23.7	9.1	-43.8	29.4	8.0	11.4
Total Expenditure	1809.3	2263.3	2768.8	2638.9	1434.6	1842	2440	2678
(%) of sales	81.2	81.3	80.4	70.3	68.0	67.4	82.7	81.5
EBITDA	419.7	519.7	673.3	1115.2	675.1	889	510	607
EBITDA Growth (%)	-3.9	24.2	31.2	59.0	-36.3	31.7	-42.6	19.0
EBITDA Margin (%)	20.4	20.4	21.7	31.6	35.8	32.6	17.3	18.5
Depreciation	63.8	54.4	62.3	72.3	79.4	72	73	75
EBIT	308.9	371.5	510.5	505.4	154.6	817	437	532
Growth (%)	-5.5	30.5	32.9	62.9	-39.3	428	-46.5	21.7
Interest Expenses	149.7	197.8	236.2	681.6	601.2	750	254	261
Other Income	38.6	49.6	73.5	71.8	80.6	91	91	92
Exceptional Items	-	-	-	-	-	-	-	-
Earnings before Taxes	244.9	317.1	448.2	433.2	75.2	158	274	363
Growth (%)	0.4	29.5	41.3	-3.3	-82.6	110	73.4	32.5
EBT Margin (%)	10.9	11.4	13.0	11.5	3.6	5.8	9.3	11.0
Tax-Total	97.1	100.3	151.2	151.2	12.9	41	68	95
Rate of tax (%)	39.6	31.6	33.7	35	17.2	26	24.8	26.2
Net Profit	147.8	216.9	297.0	281.7	62.3	117	206	268
Growth (%)	9.5	46.7	36.9	-5.2	-77.9	87.8	76.1	30.1
PAT Margin (%)	6.6	7.8	8.6	7.5	3.0	4.3	7.0	8.2
EPS	16.7	22.9	31.3	29.7	6.6	12.31	21.7	28.3
EPS Growth (%)	18.6	37.0	36.9	-5.2	-77.9	86.9	76.3	30.4

Balance Sheet

Y/E March	2017	2018	2019	2020	2021	2022
Equity Share Capital	96.0	95	95	95	95	95
Reserves & Surplus	2548	2675	2134	2336	2333	2416
Total Shareholder's Funds (A)	2644	2770	2229	2431	2428	2511
Long Term Borrowings	2222	2331	2604	3131	3052	2463
Non-Controlling Interest	-	-	-	-	-	-
Total Non-Current Liabilities (B)	2222	2331	2604	3131	3052	2463
Advance from customers	885	1126	4189	3914	4300	-
Trade Payables	769	720	1133	957	732	675
Other Liability Items	2372	2077	585	577	697	5761
Total Current Liabilities (C)	4027	3924	5907	5448	5729	6436
Total Equity and Liabilities (A+B+C)	8893	9025	10740	11010	11209	11410
Property, Plant & Equipment	595	610	678	919	903	817
Capital Work in progress	1	0	0	0	0	0
Investments	0	112	113	114	114	115
Total Non-Current Assets (A)	593	722	791	1033	1017	932
Inventory	5096	4835	6517	6704	7125	7427
Debtors	227	327	327	360	194	350
Cash and Bank Balance	147	119	177	88	204	178
Loans and advances	2391	2533	2389	2265	1956	202
Other Current Assets	437	487	539	558	712	2320
Total Current Assets (B)	8298	8302	9949	9976	10191	10478
Total Assets(A+B)	8893	9025	10740	11010	11209	11410

Source: Company, Hem Securities Research.



Ratios						
Y/E March (Basic (INR))	2017	2018	2019	2020	2021	2022
Profitability and return ratios						
Net profit margin (%)	6.6	7.8	8.6	7.5	2.9	4.3
EBITDA margin (%)	20.4	20.4	21.7	31.6	35.8	33
EBIT margin (%)	17.6	18.5	19.9	29.7	32.1	33.2
ROE (%)	5.7	8.0	11.9	12.1	2.6	4.7
ROCE (%)	8.2	10.3	13.8	21.5	12.3	27.7
Working Capital & liquidity ratios						
Payables (Days)	113.1	121.1	146.6	108.3	741.2	-
Inventory (Days)	760.6	650.3	601.9	642.8	1196.3	-
Receivables (Days)	38.9	36.3	34.7	33.4	47.9	47
Current Ratio (x)	1.4	1.4	1.1	1.1	1.1	1.2
Valuations Ratios						
EV/sales (x)	2.4	2.5	2.1	1.2	3.3	2.7
EV/EBITDA (x)	11.7	12.4	9.8	3.6	9.2	9.2
P/E (x)	20.5	6.0	16.4	4.6	66.4	57.5
P/BV (x)	1.3	1.7	2.2	0.5	1.7	2.7
Dividend Yield (%)	0.7	1.4	1.4	5.2	0.8	0.7
Return on Assets (%)	1.7	2.4	3.0	2.6	0.6	1.0
Leverage Ratio						
Debt/Equity (x)	0.8	0.8	1.2	1.3	1.3	0.9

Cash Flow Statement						
Y/E March	2017	2018	2019	2020	2021	2022
CF from Operating activities (A)	354	353	206	294	613	821
CF from Investing Activities (B)	2	-129	-61	-307	-33.2	38
CF from Financing Activities (C)	-345	-243	-86	-84	-483	-884
Net Cash Flow	10	-18	58	-97	96	-25
Add: Opening Bal.	114	124	106	164	68	164
Closing Balance	124	106	164	68	164	139

Source: Company, Hem Securities Research.



RATING CRITERIA

INVESTMENT RATING	EXPECTED RETURN
BUY	>=15%
ACCUMULATE	5% to 15%
HOLD	0 to 5%
REDUCE	-5% to 0
SELL	<-5%

RECOMMENDATION SUMMARY

DATE	RATING	TARGET
26 th June 2022	ACCUMULATE	594

DISCLAIMER

HEM Securities Limited (“Research Entity or HSL”) is regulated by the Securities and Exchange Board of India (“SEBI”) and is licensed to carry on the business of broking, depository services and other related activities. Broking services offered by HEM Securities Limited are under SEBI Registration No.: INZ000168034.

This Report has been prepared by HEM Securities Limited in the capacity of a Research Analyst having SEBI Registration No. INH100002250 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. 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 the securities of companies 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. This should not be construed as invitation or solicitation to do business with HSL. 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 HSL and associates / 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. HSL reserves the right to make modifications and alterations to this statement as may be required from time to time. HSL 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. HSL is committed to providing independent and transparent recommendation to its clients. Neither HSL 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.

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.



HSL 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 thereof, of company(ies), 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.

Investments in securities market are subject to market risks, read all the related documents carefully before investing.

ANALYST CERTIFICATION/ DISCLOSURE OF INTEREST

Name of the Research Analyst: Deepanshu Jain

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.

SN	Particulars	Yes/No
1.	Research Analyst or his/her relative's or HSL's financial interest in the subject company(ies)	No
2.	Research Analyst or his/her relative or HSL's actual/beneficial ownership of 1% or more securities of the subject company(ies) at the end of the month immediately preceding the date of publication of the Research Report	No
3.	Research Analyst or his/her relative or HSL has any other material conflict of interest at the time of publication of the Research Report	No
4.	Research Analyst has served as an officer, director or employee of the subject company(ies)	No
5.	HSL has received any compensation from the subject company in the past twelve months	No
6.	HSL has received any compensation for investment banking or merchant banking or brokerage services from the subject company in the past twelve months	No
7.	HSL has received any compensation for products or services other than investment banking or merchant banking or brokerage services from the subject company in the past twelve months	No
8.	HSL has received any compensation or other benefits from the subject company or third party in connection with the research report	No
9.	HSL has managed or co-managed public offering of securities for the subject company in the past twelve months	No
10.	Research Analyst or HSL has been engaged in market making activity for the subject company(ies)	No

Since HSL and its associates are engaged in various businesses in the financial services industry, they may have financial interest or may have received compensation for investment banking or merchant banking or brokerage services or for any other product or services of whatsoever nature from the subject company(ies) in the past twelve months. Associates of HSL may have actual/beneficial ownership of 1% or more and/or other material conflict of interest in the securities discussed herein.

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