

August 1, 2024

Q1FY25 Result Update

☑ Change in Estimates | ☑ Target | ■ Reco

Change in Estimates

	Current		Previous	
	FY25E	FY26E	FY25E	FY26E
Rating	BUY		BUY	
Target Price	300		290	
NII (Rs. m)	4,90,446	5,41,323	4,91,019	5,34,863
% Chng.	(0.1)	1.2		
Op. Profit (Rs. m)	3,15,886	3,39,402	3,22,043	3,39,382
% Chng.	(1.9)	-		
EPS (Rs.)	35.0	35.4	34.7	35.4
% Chng.	0.9	(0.1)		

Key Financials - Standalone

Y/e Mar	FY23	FY24	FY25E	FY26E
NII (Rs m)	4,13,560	4,47,215	4,90,446	5,41,323
Op. Profit (Rs m)	2,68,635	3,09,652	3,15,886	3,39,402
PAT (Rs m)	1,41,096	1,77,888	1,81,290	1,83,354
EPS (Rs.)	27.3	34.4	35.0	35.4
Gr. (%)	94.0	26.1	1.9	1.1
DPS (Rs.)	5.5	7.6	7.0	7.1
Yield (%)	2.2	3.0	2.8	2.8
NIM (%)	3.2	3.1	3.0	3.0
RoAE (%)	16.5	17.8	15.5	13.7
RoAA (%)	1.0	1.2	1.1	1.0
P/BV (x)	1.4	1.2	1.0	0.9
P/ABV (x)	1.6	1.3	1.1	1.0
PE (x)	9.3	7.4	7.2	7.2
CAR (%)	16.2	16.3	16.8	16.9

Key Data

BOB.BO | BOB IN

52-W High / Low	Rs.300 / Rs.186
Sensex / Nifty	81,741 / 24,951
Market Cap	Rs.1,312bn/ \$ 15,666m
Shares Outstanding	5,171m
3M Avg. Daily Value	Rs.6000.04m

Shareholding Pattern (%)

Promoter's	63.97
Foreign	11.45
Domestic Institution	16.04
Public & Others	8.54
Promoter Pledge (Rs bn)	-

Stock Performance (%)

	1M	6M	12M
Absolute	(7.9)	2.4	25.4
Relative	(10.9)	(10.1)	2.1

Gaurav Jani

gauravjani@plindia.com | 91-22-66322235

Harshada Gite

harshadagite@plindia.com | 91-22-66322237

Aditya Modani

adityamodani@plindia.com | 91-22-66322257

Bank of Baroda (BOB IN)

Rating: BUY | CMP: Rs254 | TP: Rs300

NIM better again; overall commentary positive

Quick Pointers:

- Good quarter with better NIM, opex and provisions; fees were lower.
- Soft loan/deposit growth; balance sheet mix improves. FY25 guidance intact.

BOB saw a good quarter since NII/NIM, opex and asset quality were better. However, fees were lower which led to core PPOp miss of 2.6%. Adjusted for 13bps recovery impact in Q4FY24, reported margins improved by 4bps QoQ to 3.14% as (1) incremental loan growth was led by retail and (2) NIM dilutive corporate assets/liabilities were shed since the bank strategically wanted to improve balance sheet mix which led to muted loan/deposit growth at 9.0% YoY. However, bank sounded confident of achieving a 12-14% loan growth for FY25E with deposit growth of 10-12%; LDR would remain between 80-82%. Due to better asset quality, provision guidance has been reduced to 75bps from 100bps. Strong LCR at 138% should suffice to absorb the impact of draft RBI circular. Stock is valued at 1.0x on Mar'26 ABV (31% discount to SBI). We maintain multiple at 1.2x but increase TP to Rs300 from 290 led by Rs32bn increase in equity due to revised investment norms. Retain 'BUY'.

- **Lower fees offset by better NII/opex; asset quality improves:** NII was a beat at Rs116bn (PLe 113.8bn) due to better margins as loan growth was in-line. NIM was ahead at 3.16% (PLe 3.11%) owing to higher investment yields and better credit mix. Loan and deposit growth as expected was 8.8%/8.9% YoY. Other income was a miss at Rs24.9bn due to lower fees at Rs16.9bn (PLe Rs19.0bn) and TWO recovery. Opex was 1.5% below PLe at Rs69.3bn due to other opex at Rs29.1bn (PLe Rs30.3bn). Core PPOp at Rs69.1bn was 2.65% below PLe; PPOp was Rs71.6bn (PLe Rs74.6bn). Asset quality was better; net slippages were lower at Rs13.6bn (PLe Rs17bn) due to stronger recoveries. GNPA declined by 4bps QoQ to 2.88% (PLe Rs2.95%). Provisions were lower at Rs10.1bn (PLe Rs18bn) due to better recoveries. Core PAT at Rs42.8bn was 10.6% ahead of PLe while PAT was Rs44.6bn.
- **NIM continues to surprise; asset quality better:** Previous quarter margin included 12bps one-time impact of bulky recoveries. Adjusted for same NIM for Q1FY25 was up 6bps QoQ to 3.16% (reported NIM +4bps) since incremental loan growth was led by retail while the bank shed higher cost bulk deposits and allowed lower cost wholesale loans to mature. Bank commentary suggests that focus would be on profitable growth which would support margins. NIM has been guided to remain near 3.15%. Asset quality improved with stronger recoveries, despite Q1 usually being soft for the banking sector and bank reduced its provision guidance from 100bps to 75bps. Target for FY25 is to recover Rs100bn from GNPA and TWO (Rs22.1bn in Q1FY25).
- **Credit growth led by retail; balance sheet mix improves:** Credit declined by 1.7% QoQ due to a 6.4% fall in corporate; retail growth was decent at 3% QoQ driven by home, auto and others. While PL accretion was a bit slower at 3% due to seasonality, bank expects PL to grow by 30-35% in FY25. Despite weak loan growth in Q1FY25E, bank sounded confident of achieving 12-14% in FY25; we raise credit growth by 1% for FY25/26E. Bank is strengthening the balance sheet construct and liability mix also improved QoQ since wholesale deposits of Rs239bn were shed in Q1FY25. Focus is on improving CASA and reducing dependency on bulk deposits. Bank expects deposits to grow between 10-12% in FY25E while LDR could remain between 80-82%.

Exhibit 1: PAT beat led by better NII and opex offset by miss on fees

Financial Statement (Rs m)	Q1FY25	Q1FY24	YoY gr. (%)	Q4FY24	QoQ gr. (%)
Interest Income	2,96,287	2,65,558	11.6	2,95,834	0.2
Interest Expense	1,80,286	1,55,591	15.9	1,77,906	1.3
Net Interest Income (NII)	1,16,001	1,09,967	5.5	1,17,928	(1.6)
- Treasury income	880	9,560	(90.8)	5,190	(83.0)
Other income	24,873	33,223	(25.1)	41,915	(40.7)
Total income	1,40,873	1,43,189	(1.6)	1,59,843	(11.9)
Operating expenses	69,261	64,946	6.6	78,782	(12.1)
-Staff expenses	40,140	37,544	6.9	45,467	(11.7)
-Other expenses	29,121	27,402	6.3	33,315	(12.6)
Operating profit	71,613	78,243	(8.5)	81,061	(11.7)
Core operating profit	70,733	68,683	3.0	75,871	(6.8)
Total provisions	10,107	19,468	(48.1)	13,019	(22.4)
Profit before tax	61,506	58,775	4.6	68,042	(9.6)
Tax	16,924	18,075	(6.4)	19,177	(11.7)
Profit after tax	44,582	40,701	9.5	48,865	(8.8)
Balance sheet (Rs m)					
Deposits	1,30,69,941	1,19,99,084	8.9	1,32,69,578	(1.5)
Advances	1,04,79,487	96,34,909	8.8	1,06,57,817	(1.7)
Profitability ratios					
RoaA	1.2	1.2	(1)	1.3	(11)
NIM	3.2	3.3	(9)	3.3	(9)
Yield on Advances	9.0	9.0	2	9.1	(6)
Cost of Deposits	5.3	5.0	27	5.2	9
Asset Quality					
Gross NPA (Rs m)	3,08,731	3,48,322	(11.4)	3,18,336	(3.0)
Net NPA (Rs m)	72,315	74,825	(3.4)	72,133	0.3
Gross NPL ratio	2.9	3.5	(64)	2.9	(4)
Net NPL ratio	0.7	0.8	(9)	0.7	1
Coverage ratio	76.6	78.5	(194)	77.3	(76)
Business & Other Ratios					
Low-cost deposit mix	34.4	40.3	(597)	35.1	(79)
Cost-income ratio	49.2	45.4	381	49.3	(12)
Non int. inc / total income	17.7	23.2	(555)	26.2	(857)
Credit deposit ratio	80.2	80.3	(12)	80.3	(14)
CAR	16.8	15.8	98	16.3	51
Tier-I	14.7	13.6	101	14.1	58

Source: Company, PL

NII decreased sequentially by 1.6%

Other income declined sequentially on account of lower fees and TWO recovery

Opex was lower at Rs69.3bn due to lower other opex.

Advances and deposits grew in-line at 8.8%/8.9% YoY respectively.

NIM at 3.16% was ahead due to better investment yields.

Asset quality saw improvement with GNPA/NNPA at 2.9%/0.7%.

Q1FY25 Conference Call Highlights

Balance Sheet/Others

- Bank focused on reducing dependency on bulk deposits which led to a 10.7% QoQ decline in wholesale deposits. More focus is on improving CASA.
- Corporate loans de-grew in Q1FY25 as bank strategically shed low priced loans. However, as per BOB, there is a good pipeline of large corporate loans and hence corporate could grow 12% in Q2FY25.
- While personal loan growth was soft in Q1FY25, bank expects it to bounce back and grow by 30-35% in FY25. MSME advances may increase by 14-15%.
- Overall loan growth guidance maintained at 12-14% while deposit accretion could be 10-12%. LDR might remain between 80-82%.
- LCR sharply rose QoQ from 122% to 138% in Q1FY25. As per management, current LCR is sufficient to absorb liquidity impact of draft RBI circular.
- As per the 5-year plan submitted to the govt., bank intends to grow at a CAGR of 13.5% for next 5 years which could result in doubling the PAT from FY24.
- Bank has no plans to raise equity capital.

Profit & Loss

- Yield on investments increased due to (1) RBI circular and (2) favorable overseas scenario leading to better return on international investments.
- Drivers for QoQ decrease in other income: i) reduction in processing fees due to decrease in corporate loans and ii) investment reclassification to the tune of Rs32bn owing to revised RBI norms.
- Guidance provided: NIM – 3.15% RoA – 1.1% and RoE in excess of 15%.

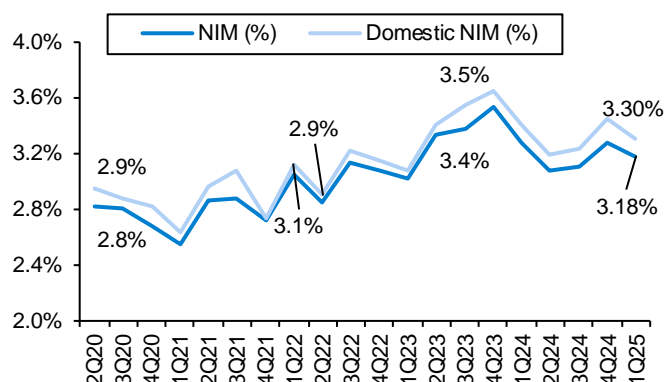
Asset quality

- Slippages in retail increased QoQ due to certain one-off accounts which could not be recovered due to seasonality. As per management, asset quality for MSME portfolio has fairly improved.
- Banks expects slippage ratio to be between 1-1.25% while provision guidance has been revised lower from <10bps to <75bps despite considering any additional ECL impact from draft RBI circular.
- Target is to recover Rs100bn from GNPA and TWO (Rs22.1bn in Q1FY25).
- Guaranteed recovery on 100 accounts led to write-back in provisions, resulting in overall decrease in provisions for Q1FY25.

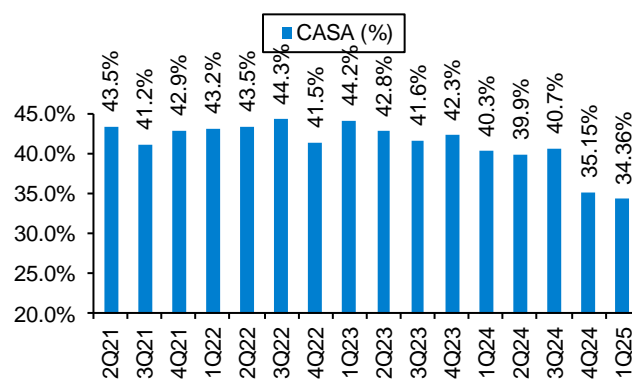
Exhibit 2: QoQ loan growth led by retail at 3.5%, Corporate degrew by 6.4%

Loan break up (Rs mn)	Q1FY25	Q1FY24	YoY gr. (%)	Q4FY24	QoQ gr. (%)
Domestic Advances	88,17,850	81,26,260	8.5	89,81,160	(1.8)
Corporate	35,53,750	34,68,220	2.5	37,97,470	(6.4)
SME	11,99,400	10,92,200	9.8	11,94,150	0.4
Retail	22,24,940	18,40,910	20.9	21,49,420	3.5
Agri	13,91,600	12,75,830	9.1	13,86,400	0.4
Other/Misc	4,48,160	4,49,100	(0.2)	4,53,720	(1.2)
Advances Mix					
Domestic Advances	82	82	0	82	(0)
Corporate	33	35	(5)	35	(5)
SME	11	11	2	11	2
Retail	21	19	12	20	5
Agri	13	13	1	13	2
Other/Misc	4	5	(8)	4	1

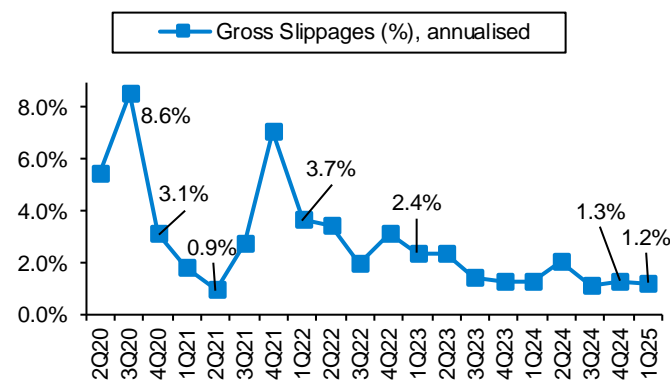
Source: Company, PL

Exhibit 3: Domestic NIM declines to 3.2%


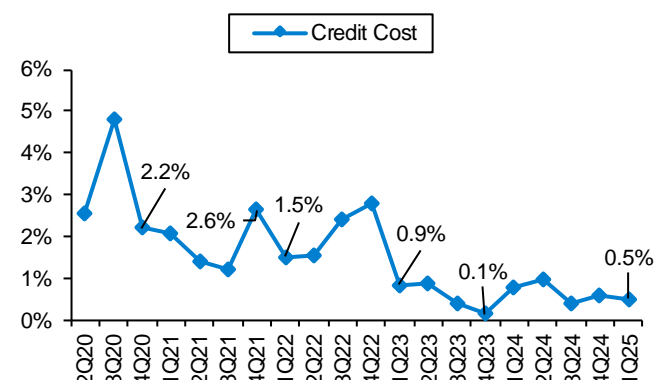
Source: Company, PL

Exhibit 4: CASA ratio declined by 79bps QoQ to 34.4%


Source: Company, PL

Exhibit 5: Gross slippages declines by 8bps to 1.2%


Source: Company, PL

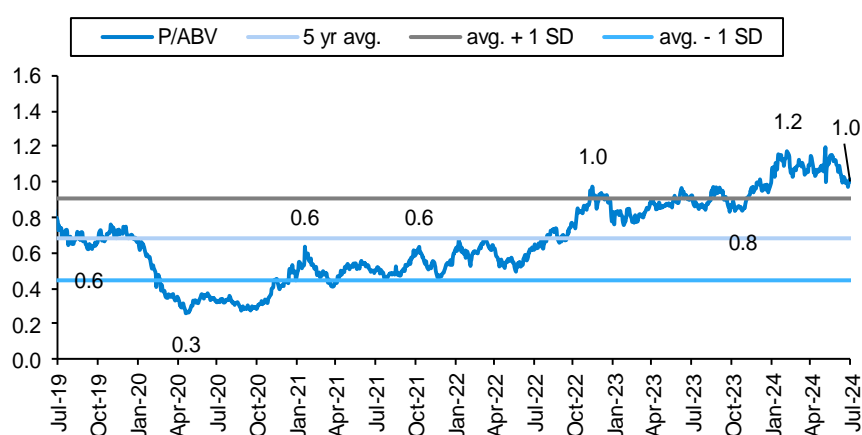
Exhibit 6: Credit cost decreased by 9bps to 0.5%


Source: Company, PL

Exhibit 7: Return ratios to range between 14%-15%

ROAE decomposition	FY19	FY20	FY21	FY22	FY23	FY24	FY25E	FY26E
NII/Assets	2.9	2.5	2.5	2.7	3.0	2.9	2.9	2.9
Other Income/Assets	1.0	0.9	1.1	0.9	0.7	1.0	0.8	0.8
Net revenues/Assets	3.8	3.4	3.6	3.6	3.8	3.9	3.7	3.6
Opex/Assets	2.0	1.6	1.8	1.8	1.8	1.9	1.8	1.8
Provisions/Assets	2.5	1.9	1.4	1.1	0.5	0.4	0.4	0.5
Taxes/Assets	0.3	-0.2	0.4	0.2	0.4	0.5	0.4	0.4
ROAA	-0.9	0.0	0.1	0.6	1.0	1.2	1.1	1.0
ROAE	-17.8	0.9	1.2	9.6	16.5	17.8	15.5	13.7

Source: Company, PL Note – FY20 represents merged numbers

Exhibit 8: One-year forward P/ABV trades at 1.0x


Source: Company, PL



Income Statement (Rs. m)

Y/e Mar	FY23	FY24	FY25E	FY26E
Int. Earned from Adv.	6,40,735	8,50,982	9,60,059	10,53,737
Int. Earned from invt.	2,21,560	2,48,657	2,69,760	2,95,344
Others	19,216	9,210	13,012	15,000
Total Interest Income	8,95,885	11,26,059	12,57,322	13,80,255
Interest Expenses	4,82,325	6,78,844	7,66,875	8,38,933
Net Interest Income	4,13,560	4,47,215	4,90,446	5,41,323
Growth(%)	26.8	8.1	9.7	10.4
Non Interest Income	1,00,258	1,44,954	1,31,518	1,41,881
Net Total Income	5,13,818	5,92,169	6,21,965	6,83,204
Growth(%)	22.4	27.6	9.3	9.6
Employee Expenses	1,33,527	1,58,160	1,67,930	1,89,007
Other Expenses	1,11,657	1,24,357	1,38,149	1,54,794
Operating Expenses	2,45,183	2,82,517	3,06,079	3,43,802
Operating Profit	2,68,635	3,09,652	3,15,886	3,39,402
Growth(%)	20.0	15.3	2.0	7.4
NPA Provision	44,548	64,709	57,411	70,587
Total Provisions	71,369	60,756	67,107	88,233
PBT	1,97,266	2,48,896	2,48,779	2,51,169
Tax Provision	56,170	71,008	67,489	67,816
Effective tax rate (%)	28.5	28.5	27.1	27.0
PAT	1,41,096	1,77,888	1,81,290	1,83,354
Growth(%)	94.0	26.1	1.9	1.1

Balance Sheet (Rs. m)

Y/e Mar	FY23	FY24	FY25E	FY26E
Face value	2	2	2	2
No. of equity shares	5,178	5,178	5,178	5,178
Equity	10,355	10,355	10,355	10,355
Networth	9,82,229	11,22,236	13,11,314	14,57,997
Growth(%)	14.3	14.3	16.8	11.2
Adj. Networth to NNPA's	83,843	72,133	69,630	72,390
Deposits	1,20,36,878	1,32,69,578	1,47,91,670	1,65,63,400
Growth(%)	15.1	10.2	11.5	12.0
CASA Deposits	47,50,968	51,43,662	49,42,571	54,75,940
% of total deposits	39.5	38.8	33.4	33.1
Total Liabilities	1,45,85,615	1,58,57,971	1,77,74,232	1,99,27,880
Net Advances	94,09,983	1,06,57,817	1,18,33,336	1,32,50,720
Growth(%)	21.1	13.3	11.0	12.0
Investments	36,24,854	36,98,168	42,66,970	48,27,753
Total Assets	1,45,85,615	1,58,57,971	1,77,74,232	1,99,27,880
Growth (%)	14.1	8.7	12.1	12.1

Asset Quality

Y/e Mar	FY23	FY24	FY25E	FY26E
Gross NPAs (Rs m)	3,67,637	3,18,336	3,02,726	3,14,726
Net NPAs (Rs m)	83,843	72,133	69,630	72,390
Gr. NPAs to Gross Adv.(%)	3.8	2.9	2.5	2.3
Net NPAs to Net Adv. (%)	0.9	0.7	0.6	0.5
NPA Coverage %	77.2	77.3	77.0	77.0

Profitability (%)

Y/e Mar	FY23	FY24	FY25E	FY26E
NIM	3.2	3.1	3.0	3.0
RoAA	1.0	1.2	1.1	1.0
RoAE	16.5	17.8	15.5	13.7
Tier I	14.0	14.1	14.6	14.6
CRAR	16.2	16.3	16.8	16.9

Source: Company Data, PL Research

Quarterly Financials (Rs. m)

Y/e Mar	Q2FY24	Q3FY24	Q4FY24	Q1FY25
Interest Income	2,78,616	2,86,051	2,95,834	2,96,287
Interest Expenses	1,70,309	1,75,038	1,77,906	1,80,286
Net Interest Income	1,08,307	1,11,013	1,17,928	1,16,001
YoY growth (%)	6.4	2.6	2.3	5.5
CEB	19,250	14,820	18,540	14,190
Treasury	-	-	-	-
Non Interest Income	41,712	28,105	41,915	24,873
Total Income	3,20,328	3,14,156	3,37,749	3,21,160
Employee Expenses	37,064	38,085	45,467	40,140
Other expenses	32,758	30,882	33,315	29,121
Operating Expenses	69,821	68,967	78,782	69,261
Operating Profit	80,197	70,151	81,061	71,613
YoY growth (%)	33.0	(14.8)	0.4	(8.5)
Core Operating Profits	75,417	69,771	75,871	70,733
NPA Provision	22,850	10,070	14,850	12,690
Others Provisions	21,606	6,663	13,019	10,107
Total Provisions	21,606	6,663	13,019	10,107
Profit Before Tax	58,592	63,488	68,042	61,506
Tax	16,063	17,694	19,177	16,924
PAT	42,529	45,793	48,865	44,582
YoY growth (%)	28.4	18.9	2.3	9.5
Deposits	1,24,96,469	1,24,52,996	1,32,69,578	1,30,69,941
YoY growth (%)	14.6	8.3	10.2	8.9
Advances	99,79,948	1,02,40,986	1,06,57,817	1,04,79,487
YoY growth (%)	19.3	15.0	13.3	8.8

Key Ratios

Y/e Mar	FY23	FY24	FY25E	FY26E
CMP (Rs)	254	254	254	254
EPS (Rs)	27.3	34.4	35.0	35.4
Book Value (Rs)	178	207	244	272
Adj. BV (Rs)	162	193	230	258
P/E (x)	9.3	7.4	7.2	7.2
P/BV (x)	1.4	1.2	1.0	0.9
P/ABV (x)	1.6	1.3	1.1	1.0
DPS (Rs)	5.5	7.6	7.0	7.1
Dividend Payout Ratio (%)	20.2	22.1	20.0	20.0
Dividend Yield (%)	2.2	3.0	2.8	2.8

Efficiency

Y/e Mar	FY23	FY24	FY25E	FY26E
Cost-Income Ratio (%)	47.7	47.7	49.2	50.3
C-D Ratio (%)	78.2	80.3	80.0	80.0
Business per Emp. (Rs m)	275	317	348	385
Profit per Emp. (Rs lacs)	18	24	24	24
Business per Branch (Rs m)	2,603	2,889	3,205	3,578
Profit per Branch (Rs m)	17	21	22	22

Du-Pont

Y/e Mar	FY23	FY24	FY25E	FY26E
NII	3.02	2.94	2.92	2.87
Total Income	3.76	3.89	3.70	3.62
Operating Expenses	1.79	1.86	1.82	1.82
PPoP	1.96	2.03	1.88	1.80
Total provisions	0.52	0.40	0.40	0.47
RoAA	1.03	1.17	1.08	0.97
RoAE	16.48	17.83	15.54	13.74

Source: Company Data, PL Research

Price Chart

Recommendation History



No.	Date	Rating	TP (Rs.)	Share Price (Rs.)
1	08-Jul-24	BUY	290	274
2	11-May-24	BUY	290	255
3	09-Apr-24	BUY	270	268
4	01-Feb-24	BUY	270	248
5	08-Jan-24	BUY	240	235
6	05-Nov-23	BUY	240	204
7	07-Oct-23	BUY	235	215
8	06-Aug-23	BUY	235	191

Analyst Coverage Universe

Sr. No.	Company Name	Rating	TP (Rs)	Share Price (Rs)
1	AAVAS Financiers	Accumulate	1,875	1,778
2	Axis Bank	BUY	1,425	1,239
3	Bank of Baroda	BUY	290	274
4	Can Fin Homes	BUY	930	845
5	City Union Bank	Accumulate	185	169
6	DCB Bank	BUY	180	137
7	Federal Bank	BUY	210	205
8	HDFC Asset Management Company	BUY	4,700	4,196
9	HDFC Bank	BUY	2,000	1,607
10	ICICI Bank	BUY	1,520	1,207
11	IndusInd Bank	BUY	1,404	1,750
12	Kotak Mahindra Bank	BUY	2,125	1,821
13	LIC Housing Finance	Hold	660	771
14	Nippon Life India Asset Management	BUY	700	636
15	State Bank of India	BUY	910	860
16	UTI Asset Management Company	BUY	1,050	1,049

PL's Recommendation Nomenclature (Absolute Performance)

Buy	: > 15%
Accumulate	: 5% to 15%
Hold	: +5% to -5%
Reduce	: -5% to -15%
Sell	: < -15%
Not Rated (NR)	: No specific call on the stock
Under Review (UR)	: Rating likely to change shortly

ANALYST CERTIFICATION

(Indian Clients)

We/I, Mr. Gaurav Jani- CA, Passed CFA Level II, Ms. Harshada Gite- CA, Mr. Aditya Modani- CA, Passed CFA Level II Research Analysts, 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.

(US Clients)

The research analysts, with respect to each issuer and its securities covered by them in this research report, certify that: All of the views expressed in this research report accurately reflect his or her or their personal views about all of the issuers and their securities; and No part of his or her or their compensation was, is or will be directly related to the specific recommendation or views expressed in this research report.

DISCLAIMER

Indian Clients

Prabhudas Lilladher Pvt. Ltd, Mumbai, India (hereinafter referred to as "PL") is engaged in the business of Stock Broking, Portfolio Manager, Depository Participant and distribution for third party financial products. PL is a subsidiary of Prabhudas Lilladher Advisory Services Pvt Ltd. which has its various subsidiaries engaged in business of commodity broking, investment banking, financial services (margin funding) and distribution of third party financial/other products, details in respect of which are available at www.plindia.com.

This document has been prepared by the Research Division of PL and is meant for use by the recipient only as information and is not for circulation. This document is not to be reported or copied or made available to others without prior permission of PL. It should not be considered or taken as an offer to sell or a solicitation to buy or sell any security.

The information contained in this report has been obtained from sources that are considered to be reliable. However, PL has not independently verified the accuracy or completeness of the same. Neither PL nor any of its affiliates, its directors or its employees accepts any responsibility of whatsoever nature for the information, statements and opinion given, made available or expressed herein or for any omission therein.

Recipients of this report should be aware that past performance is not necessarily a guide to future performance and value of investments can go down as well. The suitability or otherwise of any investments will depend upon the recipient's particular circumstances and, in case of doubt, advice should be sought from an independent expert/advisor.

Either PL or its affiliates or its directors or its employees or its representatives or its clients or their relatives may have position(s), make market, act as principal or engage in transactions of securities of companies referred to in this report and they may have used the research material prior to publication.

PL may from time to time solicit or perform investment banking or other services for any company mentioned in this document.

PL is a registered with SEBI under the SEBI (Research Analysts) Regulation, 2014 and having registration number INH000000271.

PL submits that no material disciplinary action has been taken on us by any Regulatory Authority impacting Equity Research Analysis activities.

PL or its research analysts or its associates or his relatives do not have any financial interest in the subject company.

PL or its research analysts or its associates or his relatives do not have actual/beneficial ownership of one per cent or more securities of the subject company at the end of the month immediately preceding the date of publication of the research report.

PL or its research analysts or its associates or his relatives do not have any material conflict of interest at the time of publication of the research report.

PL or its associates might have received compensation from the subject company in the past twelve months.

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

PL or its associates might have received any compensation for investment banking or merchant banking or brokerage services from the subject company in the past twelve months.

PL or its associates might 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 twelve months

PL or its associates might have received any compensation or other benefits from the subject company or third party in connection with the research report.

PL encourages independence in research report preparation and strives to minimize conflict in preparation of research report. PL or its analysts did not receive any compensation or other benefits from the subject Company or third party in connection with the preparation of the research report. PL or its Research Analysts do not have any material conflict of interest at the time of publication of this report.

It is confirmed that Mr. Gaurav Jani- CA, Passed CFA Level II, Ms. Harshada Gite- CA, Mr. Aditya Modani- CA, Passed CFA Level II Research Analysts of this report have not received any compensation from the companies mentioned in the report in the preceding twelve months

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

The Research analysts 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.

The research analysts for this report has not served as an officer, director or employee of the subject company PL or its research analysts have not engaged in market making activity for the subject company

Our sales people, traders, and other professionals or affiliates may provide oral or written market commentary or trading strategies to our clients that reflect opinions that are contrary to the opinions expressed herein, and our proprietary trading and investing businesses may make investment decisions that are inconsistent with the recommendations expressed herein. In reviewing these materials, you should be aware that any or all of the foregoing, among other things, may give rise to real or potential conflicts of interest.

PL and its associates, their directors and employees may (a) from time to time, have a long or short position in, and buy or sell the securities of the subject company 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 or act as an advisor or lender/borrower to the subject company or may have any other potential conflict of interests with respect to any recommendation and other related information and opinions.

US Clients

This research report is a product of Prabhudas Lilladher Pvt. Ltd., 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 Prabhudas Lilladher Pvt. Ltd. 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, Prabhudas Lilladher Pvt. Ltd. has entered into an agreement with a U.S. registered broker-dealer, Marco Polo Securities Inc. ("Marco Polo").

Transactions in securities discussed in this research report should be effected through Marco Polo or another U.S. registered broker dealer.

Prabhudas Lilladher Pvt. Ltd.

3rd Floor, Sadhana House, 570, P. B. Marg, Worli, Mumbai-400 018, India | Tel: (91 22) 6632 2222 Fax: (91 22) 6632 2209

www.plindia.com