

It is in one of the best Cycle currently !!!

During the COVID phase, profitability which was impacted badly due to rise in NPLs; recovered smartly in FY23. GNPLs of the bank in the last 2 years have been reduced drastically from 11.8% in FY22 to 3.1% in FY23 which was mainly driven by ARC sale, better recoveries and write-offs. MFI cycle is in one of the best phase currently with strong disbursements growth, improvement in collection efficiency and substantial reduction in the NPLs. SFBs are well placed currently to ride on the current MFI recovery.

For Suryoday SFB, from a loss of INR 0.9 bn in FY22, it posted a profit of INR 0.8 bn which was led by healthy asset growth and reduction in incremental slippages. Going forward, the bank is expecting asset to grow by 30-35% over the next 2 years time. In our view, positives are not fully captured in the valuations yet; it is trading at 0.8x FY25e ABV (based on bloomberg consensus). We are positively biased on the stock.

Visibility of strong asset growth ahead – MFI sector has recovered in a big way which was impacted badly during the COVID time. Recent asset growth numbers are quite encouraging – with AUM growth of 21% and disbursements growth at 44% in FY23 period. Going forward, management has guided that loan book to grow by 30-35% over the next 2 years’ time which will be led by unsecured MFI loans and secured retail assets.

Financial Summary

Y/E Mar (Rs mn)	FY20	FY21	FY22	FY23
NII	4,905	4,105	5,845	7,466
Net profit	1,109	119	(930)	777
Networth	10,662	15,969	15,051	15,847
Adj BVPS	121	133	115	141
EPS (Rs)	12.8	1.1	-8.8	7.3
P/ABV (x)	1.2	1.1	1.3	1.0
P/E (x)	11.2	128.9	-	19.7

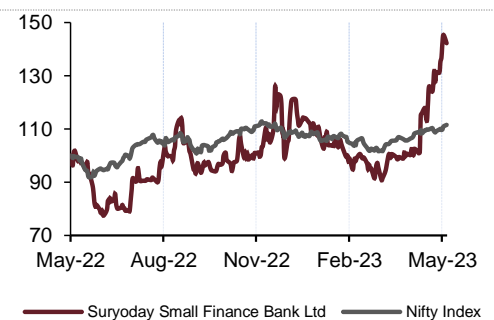
Source: Dalal & Broacha Research, Company

Market data

Current price	Rs	146
Market Cap (Rs.Bn)	(Rs Bn)	16
Market Cap (US\$ Mn)	(US\$ Mn)	188
Face Value	Rs	10
52 Weeks High/Low	Rs	149.75 / 77
Average Daily Volume	('000)	1,348
BSE Code		543279
Bloomberg		SURYODAY.IN

Source: Bloomberg

One Year Performance



Source: Bloomberg

% Shareholding	Mar-23	Dec-22
Promoters	23	23
Public	77	77
Total	100	100

Source: Bloomberg

Anusha Raheja
 +91 22 6714486
anusha.raheja@dalal-broacha.com

Customer base to increase from current 23 lacs to 35 lacs in next 3 years

The bank is adding nearly 30000-40000 customers each month taking annual number to ~3.3-4.8 lacs customers. From the current customer base of ~23 lacs, management expects to increase to ~35 lacs over the period of next 3 years time. It is likely to nearly double its balance sheet growth over the next 2.5 years.

Asset quality has improved remarkably

Given MFI is cyclical business wherein there is ultimate loss of ~10% of the loan book over the period of 4-5 years time. In order to cover for that, management is creating a contingent provision buffer of ~1.5% each year so that in bad period these provisions can be used. Also, on normalised slippages, management does not expect credit cost to go beyond 1% each year over the next 3-4 years time. In addition to this, the bank is taking CGFMU on MFI & Vikas loans which will cost ~1% of the loans (this will be part of opex).

Outlook and Valuations

It is currently trading at 0.8x FY25e ABV (Bloomberg consensus estimates). Given MFI cycle has seen good recovery, NPAs have been reduced substantially and asset growth is strong, current valuations still do not capture positives. **We are positively biased on the stock from the long term perspective.**

About the company

The bank commenced operations in FY2008 by serving customers in unbanked and in under-banked segments in India while promoting financial inclusion. It received NBFC-MFI status in FY2014 and Small Finance Bank license in FY2016. It came out with an IPO in FY21 with issue size of INR 5.8 bn at price band of INR303-305. Currently, the bank has AUM size of ~60 bn, customer base of 23 lakh and branch network of 577 as on FY23.

During the period 2008-2014, it has received investments from HDFC Holdings, HDFC Life Insurance and later from IFC, DWM, IDFC First Bank, ASK Pravi, Kiran Vyapar, Evolvence India, Gaja Capital, TVS Shriram, SBI Life Insurance, Axis MF, Aditya Birla Sun Life Insurance and ICICI Prudential Life Insurance amongst others.

Currently, micro-finance book & Vikas loans (loans given to graduated MFI customers) contribute 61% of the total loan book and nearly ~60% of the loans comes from state of Maharashtra, Tamil Nadu, Odhisa. And balance 40% of the loans consists of retail assets comprising of small-ticket size loans for home loans, commercial loans, vehicle loans and loan against property.

The promoters currently holds 23.3% in the bank. In the promoter group, the founder & promoter of the bank, Mr.Baskar Babu Ramachandran holds 5.94% stake in the bank wherein all his shares are pledged ones. Other promoters are Peruvamba Subramaniam Jadgish (3.33% stake), Gealgeo V Alankara (0.51%), P Surendra Pai & his related family members (12.7%).

Bank History in Charts



2008 · Commenced operations as Suryoday Microfinance

2010 · RBI NBFC License
· Cumulative Disbursement Crosses Rs 100 Cr

2012 · 30 Branches in 4 States
· 1 lakh + Active Customers

2014 · NBFC -MFI Status
· AUM Crosses Rs 300 Cr
· Branch Network at 70

2016 · RBI SFB License
· AUM crosses Rs 1000 crores
· Branch Network - 190

2017 · Commenced SFB Operations
· Branch network crosses 200
· Customer Base at 7.5 lakh

2019 · AUM crosses Rs 3,000 crores
· 382 branches in 11 states in Uts

2021 · IPO Of Rs 581 crores
· Listed on NSE & BSE
· Branch Network – 556 in 13 states and Ut's

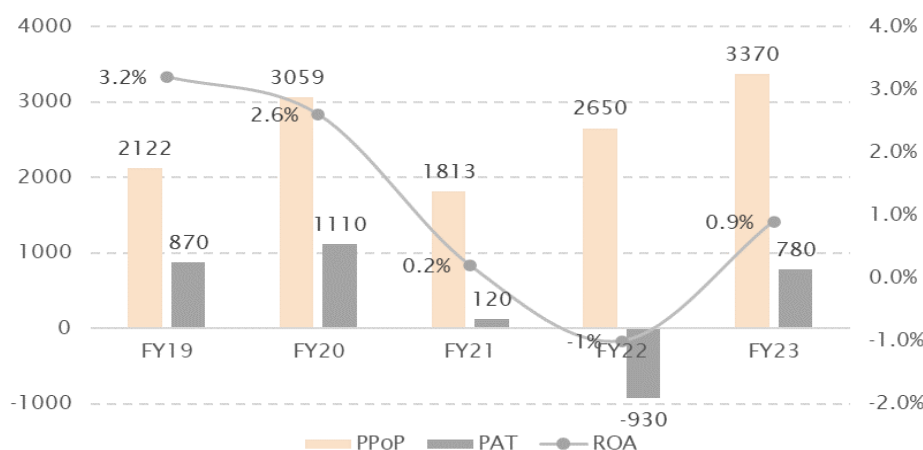
2023 · AUM: Crosses Rs 6000 crores
· Customer Base of 23.1 lakhs
· Deposits crosses Rs 5000 crores
· Vikas loan portfolio crosses Rs 1200 crores

Source: Dalal & Broacha Research, Company

Management Meet Key Takeaways

Profitability of the bank which was impacted badly during COVID phase; recovered smartly in FY23 – During COVID period, profitability of the bank was hit badly; from a PAT of INR 1.1 bn in FY20 to loss of INR 0.9 bn in FY22. This was mainly due to huge surge in NPLs (largely on MFI loans) which rose from 1.8% in FY19 to 11.8% in FY22. However, the bank made sizeable amount of write-offs and recoveries and recovered smartly from that phase – gross NPLs was brought down to 3.1% levels from 11.8% in FY22. Also, the bank is trying to make the balance sheet more secure by increasing the share of secured retail assets to 50% (from current 39% share) over the next 2-3 years' time and bring down the share of unsecured MFI book to 50% (from current 61% share). Secondly, the bank is also building the contingent provision cover to the tune of 1.5% of assets which can be used in the bad period. Thirdly, it is also taking CGFMU cover on MFI loans including Vikas loans. Hence, profitability going forward will not be very severely impacted during macro uncertain environment.

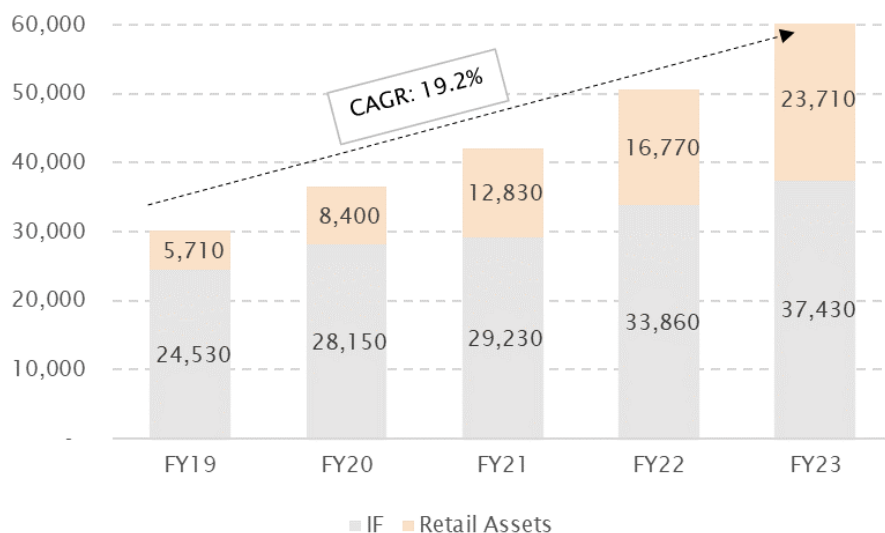
Chart 2: Trajectory of profitability over the years (Rs Mn)



Source: Company, Dalal & Broacha Research

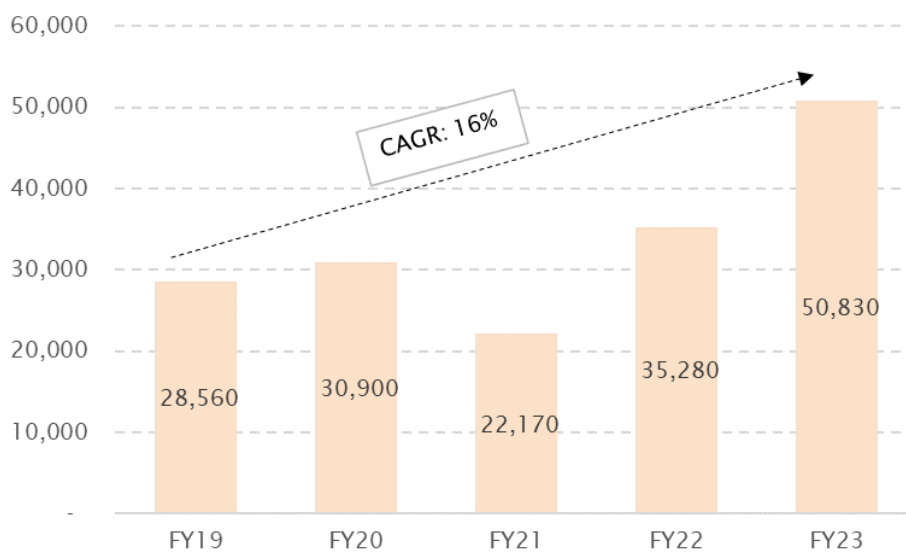
Visibility of strong asset growth ahead – MFI sector has recovered in a big way which was impacted badly during the COVID time. Recent asset growth numbers are quite encouraging – with AUM growth of 21% and disbursements growth at 44% in FY23 period. Going forward, management has guided that loan book to grow by 30-35% over the next 2 years' time which will be led by unsecured MFI loans and secured retail assets.

Chart 3: Gross advances of the bank (Rs Mn)



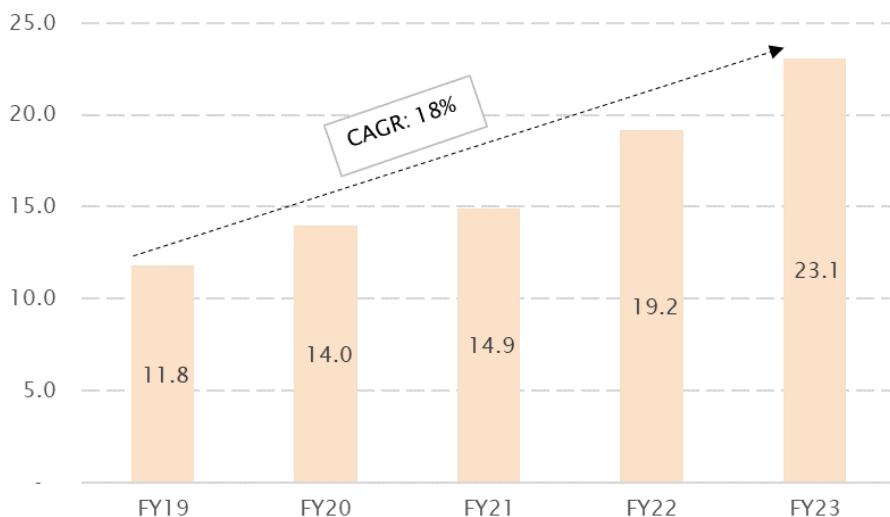
Source: Company, Dalal & Broacha Research

Chart 4: Disbursements of the bank (Rs Mn)



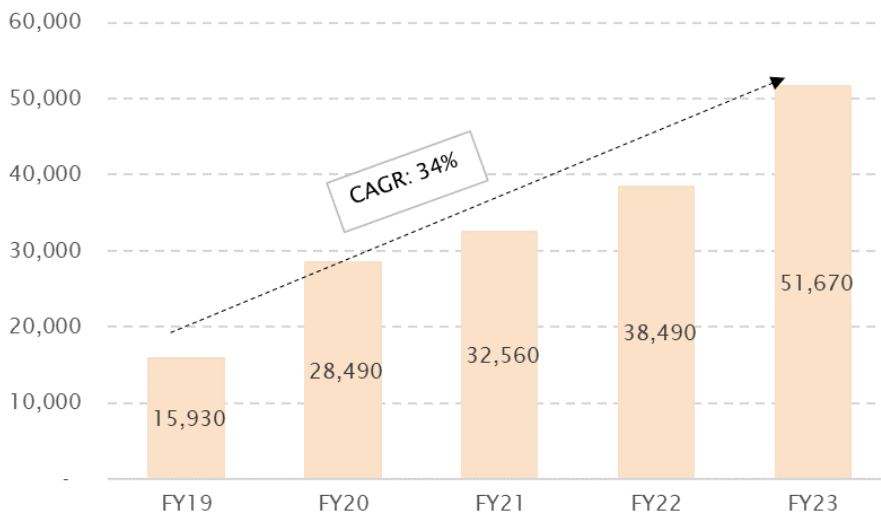
Source: Company, Dalal & Broacha Research

Chart 5: Customer Base (in lakhs)



Source: Company, Dalal & Broacha Research

Chart 6: Deposits of the bank (Rs Mn)



Source: Company, Dalal & Broacha Research

Details about the various loan products of the bank

Micro-finance loans (40% share) - For micro-finance loans, lending is done via JLG (Joint Liability Group) with average size of the group being at ~8-10 people and with average ticket size of ~35000 and yield of ~25%. Current share of MFI loans constitutes 40% of the total loans as on FY23

Vikas Loans (20% share) - Vikas loans, bank's flagship product, are basically loans given to the graduated JLG customers where the average ticket size of the loans is ~70000 vs. micro-finance JLG customers ATS of ~INR 35000. The yields are higher at ~28% and collection efficiency is at 99.5% and portfolio at risk (PAR) is ~1%. The bank has created curated pool of customers which are good rated customers who had shown resilience during COVID times - such customers qualify for the Vikas loan products. These loans have completed one cycle of ~2 years.

Mortgages loans (11% share) - These are nothing but the affordable housing loans given to the self-employed and salaried customers for the acquisition of apartments or self-construction of their properties. The average ticket size of the loans is ~12 lacs and average term of 198 months, yield of ~11.5-12%. Besides Maharashtra, the bank has started lending in other states like Gujarat & Odisha. Loan growth in mortgages is expected to ~50% in FY24. Within this, there is micro-mortgages loans with asset size of ~INR 1 bn (ATS ~3-7 lacs) which is likely to grow to INR 4-5 bn in FY24 (blended yield in this segment is ~18%).

Commercial Vehicles (6.2% share) - The bank is looking at 60-70% growth in the CV portfolio in FY24. In this segment, refinancing is provided for new vehicles with ATS of ~10-15 lacs and average duration of ~5-7 years' time. The bulk of this book was generated in FY21 with avg. GNPA of ~2.5%. During FY22, the yield in this book was ~12.7% and the approach of the bank changed from financing large automobiles to refinancing used or medium-sized vehicles to small and retail transporters. Also, large strategic deals in this segment will be restricted to ~15% of the overall CV book.

Loan book details

Loan Details	% Share in total loans	Loan Book Size (Rs.bn)	ATS (Rs)	Avg. Yield (%)	GNPA (%)	NNPA (%)	PCR (%)
MFI Loans	40%	24.5	~35000	~25%	3.6%	1.9%	48.7%
Vikas Loans	20%	12.2	~70000	~28%	3.6%	1.9%	48.7%
Home Loans	11%	6.7	~12 lacs	~11.5-12%	1.7%	1.4%	35.5%
Commercial Loans	6%	3.8	~10-15 lacs	~12.7%	2.4%	0.5%	78.0%
Small Business Loans	7%	4.1			1.8%	1.6%	26.2%
Financial Institution Group	11%	6.9			0.0%	0.0%	0.0%
Others	4%	2.5			12.4%	4.3%	68.1%
Total Loan Size		61.2					

Source: Company, Dalal & Broacha Research

Mix of the loans between unsecured and unsecured is expected to be at 50:50

The bank is aiming to have unsecured MFI led loans share to decline from current 60% to 50% over the next 1-2 years' time while share of secured retail loans will increase from current 40% to 50% for the same period. **In our view, this would be strategically more profitable and is likely to bring more sustainability in the numbers given increase in the secured assets of the bank**

Branch network to increase by 15% in FY24

The bank has total branch network of 577, of this, liability focused branches are 95, asset focused branches are 324 and rural centers 158. Nearly, 18% of the branches are located in the state of Tamil Nadu, 28% Maharashtra and 16% in Odisha. The bank is incrementally entering new geographies like Karnataka, Madhya Pradesh, Rajasthan and Chhattisgarh.

Geographical distribution of the branches

Geographical Mix Of Branches				
Outlets	Asset Focused	Liability Focused	URC	Total
Tamil Nadu	64	22	17	103
Maharashtra	77	34	52	163
Odisha	28	10	56	94
Karnataka	45	11	17	73
Madhya Pradesh	27	2	5	34
Gujarat	36	5	0	41
Others	47	11	11	69
Total	324	95	158	577

Source: Company, Dalal & Broacha Research

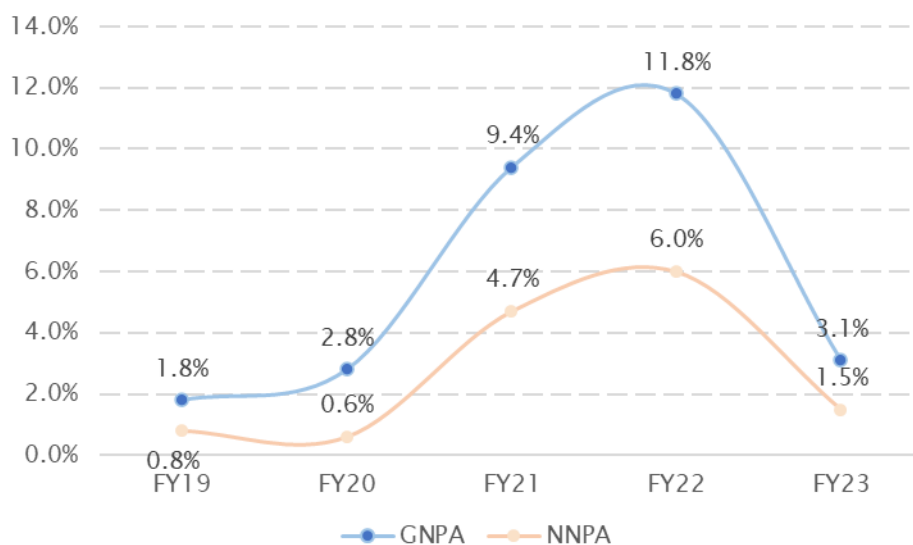
Asset quality has improved remarkably

Post COVID, GNPA of the bank had shot up to 11.8% in FY22 as COVID had impacted the income of the small & marginal borrowers by very large margin. It has total GNPA of ~190 cr, of this, 100 cr is provided and 50 cr is covered under ECLGS Scheme – provisions are not made since its covered under a scheme and while 40 cr provisions are likely to come in Q1FY24.

Given MFI is cyclical business wherein there is ultimate loss is of ~10% of the loan book over the period of 4-5 years time. In order to cover for that, management is creating a contingent provision buffer of ~1.5% each year so that in bad period these provisions can be used. Also, on normalised slippages, management does not expect credit cost to go beyond 1% each year over the next 3-4 years time.

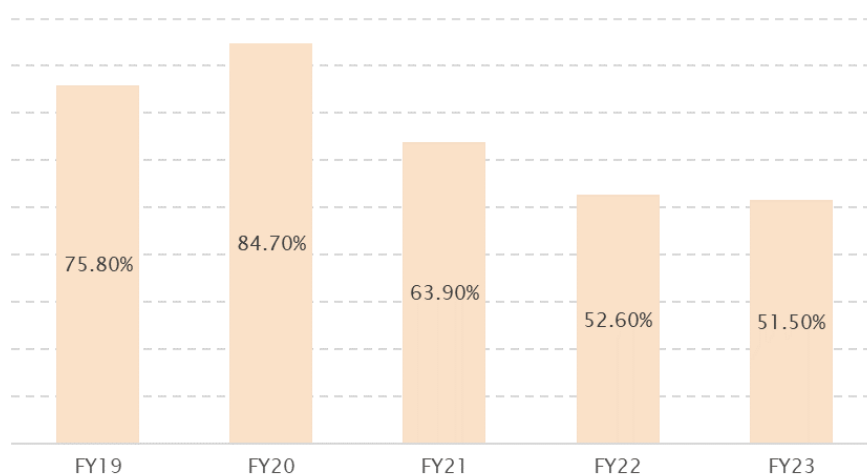
In addition to this, the bank is taking CGFMU (Credit Guarantee Fund for Micro Units) cover on the micro-finance loans (which will be part of opex), which is nothing but insurance cover costing 1% of the loans. Also, as on FY23, MFI restructured book stands reduced to INR 0.8-0.9 bn while rest is either written off or recovered.

GNPA & NNPA (%)



Source: Company, Dalal & Broacha Research

PCR Ratio (%)



Source: Company, Dalal & Broacha Research

Collection efficiency improved across players

Particulars	2020	2021	2022	2023
Suryoday Small Finance Bank Ltd	46%	85%	86%	98%
Bandhan Bank Ltd		98%	97%	99%
Equitas Small Finance Bank Ltd		99%		100%
Ujjivan Small Finance Bank Ltd		98%	100%	100%

Source: Company, Dalal & Broacha Research

Customer base to increase from current 23 lacs to 35 lacs in next 3 years

The bank is adding nearly 30000-40000 customers each month taking annual number to ~3.3-4.8 lacs customers. From the current customer base of ~23 lacs, management expects to increase to ~35 lacs over the period of next 3 years' time. It is likely to nearly double its balance sheet growth over the next 2.5 years.

CD ratio is likely to be brought down to 100% from current 116%

Current CD ratio of the bank is ~116% i.e. credit growth is running ahead of the deposit growth. The bank plans to bring down its CD ratio to 100% over the period of next 2 years i.e. to 110% in FY24 and to 100% in FY25. The bank is planning to grow deposits at higher rate of 35-40% ahead of the credit growth in FY24.

Management expects margins to remain stable to marginally positive in FY24

The bank is expecting the margins for FY24 to sustain at the current levels of 9.5-10% levels. For FY23 period, margins improved by 90 bps which was led by improvement in the yields (by 110 bps from 18.2% in FY22 to 19.3% in FY23) and decline in borrowings cost (50 bps yoy down to 6.3% levels). In our view, margins are likely to remain flat with slightly positive bias going ahead led by 1) with the softening of interest rates expected in FY24, borrowings cost have further room to come down 2) higher growth in the higher-yielding Vikas Loans will get compensated by the relatively higher growth in low-yielding secured retail assets. Also, avg. cost of deposits of the bank is ~6.9% which is one of the lowest among the SFBs despite having lower CASA deposits among peers. As 80% of the CASA deposits are pure retail deposits and there is no institutional CASA deposits there. CASA ratio is expected to be at 22% in FY24 vs. 17% in FY23

Key Concern

Pledged shares - Founder & promoter of the Bank Mr.Baskar Babu Ramachandran, which has 5.94% stake in the bank, has all its shares pledged. However, the management has highlighted that above said promoter is not likely to offload any shares & does not intend to reduce its holding in the bank.

Outlook and Valuations

The bank is expecting ROE of ~15% and ~2.2% in FY24. The bank is currently trading at 0.8x FY25e ABV (bloomberg consensus estimates). Given MFI cycle has seen good recovery, NPAs have been reduced substantially and asset growth is strong, current valuations still do not capture positives. We are positively biased on the stock.

Peer Comparison – on major important parameters

FY23 (Rs.bn)	CMP	Mkt cap (Rs.bn)	Promoter Holding (%)	Mkt Share (%)	Key Geographies	Clients (lakhs)	Yield on advances (%)	NIM (%)	Cost/Income (%)	Branch Network	GNPA (%)	NNPA (%)	PCR (%)	CAR (%)
Equitas SFB	86	95	0.00%		Presence in 18 States	-	17.20%	9.00%		922	2.8	1.1	57	23.8
Ujjivan SFB	36	70	73.70%		Presence in 25 States & 271 Districts incl. TN, Karnataka, West Bengal, Maharashtra, Gujarat, Bihar	77		9.50%	55.00%	629	2.6	0.1	98	25.8
Suryoday SFB	144	15	23.30%		Tamil Nadu, Maharashtra, Odisha, Karnataka, Madhya Pradesh, Gujarat, others	23.1	19.30%	9.50%	60.00%	577	3.1	1.5	52	33.7
Creditaccess Grameen	1213	193	73.70%		Bihar, Chhattisgarh, Gujarat, Jharkhand, Madhya Pradesh, Karnataka, Kerela, Maharashtra, Odisha, Puducherry, Rajasthan, tamil Nadu, Uttar Pradesh, West bengal		18.90%	11.60%	36.00%	1727	1.7	0.6	71	23.6

Peer Comparison – Relative Valuations

FY23 (Rs.bn)	ROA (%)				ROE (%)				P/ABV		
	FY22	FY23	FY24e	FY25e	FY22	FY23	FY24e	FY25e	FY23	FY24e	FY25e
Equitas SFB	1.1	1.9	2	2	7.8	12.6	14.2	15.9	2	1.8	1.6
Ujjivan SFB	-1.9	3.9	2.9	2.7	31.4	-13.8	24.7	23	1.8	1.4	1.2
Suryoday SFB	-2	0.7*	1.9	2.1	-13.8	3.3*	10.6	13.9	1	1	0.8
Creditaccess Grameen	2.2	3.8	4.1	4.3	9.1	16.2	18.8	19.9	4	3.3	2.7

Source: Company, Dalal & Broacha Research

Quarterly Financials

(Rs mn)	Q4FY23	Q4FY22	YoY (%)	Q3FY23	QoQ (%)	FY23	FY22	YoY (%)
Interest earned	3,294	2,366	39.30	2,918	12.90	11,837	9,418	25.7
-Interest/discount on advances/bills	2,901	2,035	42.50	2,529	14.70	10,249	8,173	25.4
-Income on investmets	376	303	23.80	377	-0.40	1,497	1,117	34.1
-Interest on bal. with RBI	18	27	-34.10	11	54.40	90	127	-29.1
-Others	-	0	-100.00	-		0	2	-80
Interest expenses	1,193	902	32.40	1,083	10.20	4,371	3,574	22.3
Net Interest Income (NII)	2,101	1,464	43.50	1,835	14.50	7,466	5,845	27.7
Other Income	340	200	70.10	257	32.40	974	936	4.1
Total income	2,441	1,664	46.70	2,091	16.70	8,440	6,780	24.5
Operating expenses	1,424	1,180	20.70	1,459	-2.40	5,065	4,131	22.6
-Employee cost	731	664	10.10	644	13.50	2,424	2,282	6.2
-Other operating expenses	693	516	34.30	814	-14.90	2,642	1,849	42.8
Operating profit	1,017	484	110.00	633	60.80	3,375	2,649	27.4
Provision for contingencies	515	1,121	-54.10	397	29.70	2,366	3,920	-39.6
PBT	502	(636)	-	236	113.10	1,009	(1,271)	-
Provision for taxes	113	(155)	-	55	105.10	232	(340)	-
Net profit	389	(481)	-	181	115.60	777	(930)	-
Equity	1,062	1,062	0.00	1,062	0.00	1,062	1,062	0
EPS	4	(5)		17	-78.50	7	(9)	-
Ratios (%)								
Int. exp/Int earned (%)	36	38	-	37	-	37	38	-
Cost/Income ratio (%)	58	71	-	70	-	60	61	-
Gross NPAs (Rs)	1,914	2,289	-16.40	44	4232.00	1,914	5,974	-68
Net NPAs (Rs)	930	2,834	-67.20	1,460	-36.30	930	2,834	-67.2
Gross NPAs (%)	0	0	-	0	-	-	0	-
Net NPAs (%)	-	0	-	-	-	-	0	-
ROA (%)	-	-	-	-	-	-	-	-
CAR (%)	0	0	-	0	-	0	0	-
Balance Sheet (Rs.mn)								
Deposits	51,667	38,539	34.10	46,970	10.00	51,667	38,539	34.1
Gross Advances	61,140	50,630	20.80	54,080	13.10	61,140	50,630	20.8

Source: Company, Dalal & Broacha Research

Financials

P&L (Rs Mn)	FY20	FY21	FY22	FY23
Interest income	7,667	7,761	9,418	11,837
Interest expense	2,762	3,657	3,574	4,371
NII	4,905	4,105	5,845	7,466
Non-interest income	875	764	936	974
Net revenues	5,780	4,869	6,780	8,440
Operating expenses	2,721	3,286	4,131	5,065
PPOP	3,058	1,583	2,649	3,374
Provisions	1,519	1,462	3,920	2,366
PBT	1,540	121	(1,271)	1,008
Tax	430	2	(340)	232
PAT	1,109	119	(930)	777

Balance sheet	FY20	FY21	FY22	FY23
Share capital	866	1,061	1,062	1,062
Reserves & surplus	9,796	14,908	13,990	14,786
Net worth	10,662	15,969	15,051	15,847
Deposits	28,487	32,557	38,498	51,667
Borrowings	12,646	16,666	25,513	27,654
Other liability	1,850	1,928	2,739	3,444
Total liabilities	53,645	67,120	81,802	98,612
Fixed assets	387	432	1,152	1,645
Investments	8,082	18,737	20,577	25,702
Loans	35,319	39,828	47,509	60,151
Cash	8,376	5,966	9,777	8,331
Other assets	1,481	2,156	2,787	2,784
Total assets	53,645	67,120	81,802	98,612

Source: Company, Dalal & Broacha Research

Ratios	FY20	FY21	FY22	FY23
Growth (%)				
NII	44.8	-16.3	42.4	27.7
PPOP	44.1	-48.3	67.4	27.4
PAT	28.1	-89.3	-	-
Advances	31.8	12.8	19.3	26.6
Deposits	78.8	14.3	18.2	34.2
Spread (%)				
Yield on Funds	17.4	13.3	13.2	13.8
Cost of Funds	8.1	8.1	6.3	6.1
Spread	9.3	5.3	6.9	7.7
NIM	11.2	7.1	8.2	8.7
Asset quality (%)				
Gross NPAs (Rs)	1013	3937	5974	1900
Net NPAs (Rs)	204	1881	2834	930
Gross NPAs (%)	2.8	9.4	11.8	3.1
Net NPAs (%)	0.6	4.7	6.0	1.5
Provisions	80	52	53	51
Return ratios (%)				
RoE	-	0.9	-6.0	5.0
RoA	-	0.2	-1.2	0.9
Per share (Rs)				
EPS	13	1	-9	7
BV	123	150	142	149
ABV	121	133	115	141
Valuation (x)				
P/E	11.2	128.0	-	19.5
P/BV	1.2	1.0	1.0	1.0
P/ABV	1.2	1.1	1.2	1.0
Other Ratios (%)				
Cost/Income	47.1	67.5	60.9	60.0
CD ratio	124.0	122.3	123.4	116.4
CASA ratio	11.4	15.4	18.8	17.1
CAR	-	-	51.5	37.9
-Tier I Capital	35.4	51.5	47.23	34.4
-Tier II Capital	34.3	47.2	4.24	3.42

Source: Company, Dalal & Broacha Research

Disclaimer

Dalal & Broacha Stock Broking Pvt Ltd, hereinafter referred to as D&B (CINU67120MH1997PTC111186) was established in 1997 and is an integrated financial services player offering an extensive range of financial solutions and services to a wide spectrum of customers with varied needs ranging from equities to mutual funds to depository services.

D&B is a corporate trading member of Bombay Stock Exchange Limited (BSE), National Stock Exchange of India Limited (NSE). D&B along with its affiliates offers the most comprehensive avenues for investments and is engaged in the securities businesses including stock broking (Institutional and retail), depository participant, portfolio management and services rendered in connection with distribution of primary market issues and financial products like mutual funds, fixed deposits. Details of associates are available on our website i.e. www.dalal-broacha.com

D&B is registered as Research Analyst with SEBI bearing registration Number INH000001246 as per SEBI (Research Analysts) Regulations, 2014.

D&B hereby declares that it has not defaulted with any stock exchange nor its activities were suspended by any stock exchange with whom it is registered in any time in the past. It has not been debarred from doing business by any Stock Exchange / SEBI or any other authorities; nor has its certificate of registration been cancelled by SEBI at any point of time.

SEBI and Stock Exchanges have conducted the routine inspection and based on their observations have issued advice letters or levied minor penalty on D&B for certain operational deviations in routine course of business.

D&B offers research services to clients as well as prospects. 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.

Other disclosures by D&B (Research Entity) and its Research Analyst under SEBI (Research Analyst) Regulations, 2014 with reference to the subject company(s) covered in this report:-

D&B or its associates may have financial interest in the subject company.

D&B or its associates do not have any material conflict of interest in the subject company.

The Research Analyst or Research Entity (D&B) has not been engaged in market making activity for the subject company.

D&B or its associates may have actual/beneficial ownership of 1% or more securities of the subject company at the end of the month immediately preceding the date of publication of Research Report.

Disclosures in respect of Research Analyst:

Whether Research Analyst or his/her relatives have actual/beneficial ownership of 1% or more securities of the subject company at the end of the month immediately preceding the date of publication of Research Report:	No
Whether the Research Analyst or his/her relative's financial interest in the subject company.	No
Whether the research Analyst has served as officer, director or employee of the subject company	No
Whether the Research Analyst has received any compensation from the subject company in the past twelve months	No
Whether the Research Analyst has managed or co-managed public offering of securities for the subject company in the past twelve months	No
Whether the Research Analyst has received any compensation for investment banking or merchant banking or brokerage services from the subject company in the past twelve months	No
Whether the Research Analyst 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
Whether the Research Analyst has received any compensation or other benefits from the subject company or third party in connection with the research report	No

D&B and/or its affiliates may seek investment banking or other business from the company or companies that are the subject of this material. Our salespeople, traders, and other professionals 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 may be 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 including but not limited to those stated herein. Additionally, other important information regarding our relationships with the company or companies that are the subject of this material is provided herein. This report is not directed to, 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 or regulation or which would subject D&B or its group companies to any registration or licensing requirement within such jurisdiction. Specifically, this document does not constitute an offer to or solicitation to any U.S. person for the purchase or sale of any financial instrument or as an official confirmation of any transaction to any U.S. person. Unless otherwise stated, this message should not be construed as official confirmation of any transaction. No part of this document may be distributed in Canada or used by private customers in United Kingdom. All material presented in this report, unless specifically indicated otherwise, is under copyright to D&B. None of the material, nor its content, nor any

copy of it, may be altered in any way, transmitted to, copied or distributed to any other party, without the prior express written permission of D&B. All trademarks, service marks and logos used in this report are trademarks or registered trademarks of D&B or its Group Companies. The information contained herein is not intended for publication or distribution or circulation in any manner whatsoever and any unauthorized reading, dissemination, distribution or copying of this communication is prohibited unless otherwise expressly authorized. Please ensure that you have read "Risk Disclosure Document for Capital Market and Derivatives Segments" as prescribed by Securities and Exchange Board of India before investing in Indian Securities Market. In so far as this report includes current or historic information, it is believed to be reliable, although its accuracy and completeness cannot be guaranteed.

Address: - 508, Maker Chambers V, 221 Nariman Point, Mumbai 400 021.

Tel: 91-22- 2282 2992 | E-mail: equity.research@dalal-broacha.com