

State Bank of India

03 August 2020

Reuters: SBI.BO; Bloomberg: SBIN IN

Well provided for; visibility on recoveries; downside risks limited

State Bank Of India (SBI) reported strong earnings for 1QFY21, led by margin expansion (up 4bps to 3.01% on reported basis). We were expecting the margin to contract due to high liquidity of the balance sheet amid lack of credit opportunities. As a result, Nil grew by 16.1% YoY and 17% QoQ. Domestic NIM improved by 23bps YoY and 5bps QoQ to 3.24%. Besides an improving asset quality and reduction in the quantum of reversals, what also supported the NIM was the reduction in cost of deposits (down by 46bps QoQ to 4.48%). Non-interest income was nearly flat YoY and down 40% QoQ. Fee income was down 13.7% YoY and 43.2% QoQ. Total opex grew by 2.1% YoY but was down 11.3% QoQ, led by decline in other expenses. Operating profit grew by 24.7% YoY and 5% QoQ. Provisions remained elevated, up 36.1% YoY (down 7.4% QoQ). The bank has upfronted provisions on a fraud HFC account as against spreading the same over four quarters. The bank also provided against SMA1&2 accounts. For the rest of the year, the provisioning run-rate could be lower than 1QFY21 as a few large accounts that are 100% provided for are expected to be resolved over the next two quarters. The management expects recoveries of about Rs100-110bn in the near term. Net profit grew by 81.2% YoY and 17% QoQ. Asset quality improved with NPA ratios coming down. At the same time, PCR increased to 67.1% in 1QFY21 from 65.2% in 4QFY20. With some prospects of large account recoveries in the near term coupled with the moratorium percentage coming down, the balance sheet should be well placed to cushion the asset quality impact from covid-19 once the moratorium ends. Currently, 9.5% of the total loan book is under moratorium. Slippage guidance is for 1.5-1.6% in FY21, excluding the impact of covid-19. The bank is looking at a loan book growth of 8% in FY21, which we are skeptical of. Deposit inflows were strong (up 16% YoY and 5.5% QoQ). CASA deposits grew by 16.7% YoY and 6.2% QoQ. As per our estimates, the standalone bank currently trades at 0.4x FY22E ABV, which we believe presents limited downside risks. What is most comforting is that the NPAs are well provided for, there is visibility on recoveries in the near term and the moratorium book has come down. We retain SBI as our most preferred buy in the PSB space. We have revised our estimates for FY21/FY22 and retained Buy rating on SBI with a target price of Rs326, valuing the standalone entity at 0.8x FY22E P/ABV and ascribing a value of Rs139 for subsidiaries.

Loan growth on expected lines; skeptical of 8% growth: Advances grew by 7.7% YoY but were down 1.2% QoQ. The loan book movement was broadly as anticipated. Domestic gross advances grew by 6% YoY but were down 1.2% QoQ. Large corporate book declined by 7.3% YoY but was flat QoQ. SME book was down 1% YoY but up 4.1% QoQ. Growth in the retail portfolio was strong at 13% YoY, though flat QoQ. Within the retail book, home loans grew by 11% YoY (flat QoQ), auto loans were down 2% YoY and 3.5% QoQ. The international portfolio grew by 11% YoY but down 3.6% QoQ. The bank is looking to deliver 8% credit growth in FY21, which we remain skeptical of. Considering the broader macros and the RBI's commentary on negative GDP growth, we do not envisage a case for high growth in FY21. But, we note that sanctions and disbursements trends in the home/auto/personal loan segments have improved quite significantly in June 2020. The corporate pipeline is also strong as per the bank.

NBIE Values your patronage- Vote for The Team in the Asia Money poll 2020. [Click Here](#)

BUY

Sector: Banking

CMP: Rs196

Target Price: Rs326

Upside: 66%

Raghav Garg, CFA

Research Analyst

raghav.garg@nirmalbang.com

+91-22-6273 8192

Arjun Bagga

Research Associate

arjun.bagga@nirmalbang.com

+91-22-6273 8111

Key Data

Current Shares O/S (mn)	8,924.6
Mkt Cap (Rsbn/US\$bn)	1,708.6/22.8
52 Wk H / L (Rs)	351/149
Daily Vol. (3M NSE Avg.)	74,988,150

Price Performance (%)

	1 M	6 M	1 Yr
SBI	7.3	(39.9)	(42.4)
Nifty Index	7.5	(7.4)	(0.4)

Source: Bloomberg

Y/E Mar (Rsmn)	Q1FY21	Q1FY20	Q4FY20	YoY (%)	QoQ (%)
Interest Income	6,65,004	6,26,378	6,26,814	6.2	6.1
Interest Expenses	3,98,588	3,96,990	3,99,145	0.4	-0.1
Net Interest Income	2,66,416	2,29,388	2,27,669	16.1	17.0
Domestic NIM (%)	3.24	3.01	2.94	23 bps	30 bps
Non Interest Income	79,575	80,154	1,33,461	-0.7	-40.4
Total Income	3,45,990	3,09,542	3,61,130	11.8	-4.2
Staff Cost	1,18,651	1,09,181	1,20,387	8.7	-1.4
Other Op Exp	62,126	67,900	83,406	-8.5	-25.5
Total Operating Expenses	1,80,777	1,77,081	2,03,793	2.1	-11.3
Cost to Income (%)	52.2	57.2	56.4	-496 bps	-418 bps
Pre-Provisioning Operating Profit	1,65,214	1,32,462	1,57,338	24.7	5.0
Provisions	1,25,013	91,829	1,34,951	36.1	-7.4
Exceptional Items	15,397	0	27,313	#DIV/0!	-43.6
PBT	55,598	40,632	49,700	36.8	11.9
Tax	13,704	17,510	13,892	-21.7	-1.4
-effective tax rate	24.6	43.1	28.0	-1845 bps	-330 bps
PAT	41,893	23,122	35,808	81.2	17.0
EPS (Rs)	4.7	2.6	4.0	81.2	17.0
BV (Rs)	270.8	249.4	260.0	8.6	4.2
Deposits	3,41,93,628	2,94,88,207	3,24,16,207	16.0	5.5
Advances	2,29,83,462	2,13,47,737	2,32,52,896	7.7	-1.2

Source: Company, Nirmal Bang Institutional Equities Research

Asset quality on the mend, moratorium nos. down: The loan book under moratorium is down to 9.5% (by value), lower than most large and mid-size banks. GNPA ratio is down from 6.15% in 4QFY20 to 5.44% in 1QFY21. Total fresh slippages stood at Rs36.4bn, out of which Rs13.3bn were from the retail PER segment. The bank is positive on rectifying these accounts. On a net basis, the absolute level of GNPA declined by Rs194.3bn during the quarter. The reduction was led by Rs36.1bn worth of upgrades/recoveries. Net NPA ratio declined from 2.23% in 4QFY20 to 1.86% in 1QFY21. PCR improved to 67.1% from 65.2% in 4QFY20. Corporate PCR improved to 83.2% from 78.4% in 4QFY20. Reduction in corporate NPA has been substantial (GNPA ratio down 194bps QoQ). Large HFC, declared as fraud recently, has been fully provided for. The bank expects resolution and good recovery on this account by December 2020.

Balance sheet on strong footing: With some prospects of large account recoveries in the near term coupled with the moratorium percentage coming down, the balance sheet should be well placed to cushion the asset quality impact from covid-19 once the moratorium ends. The bank carries covid-related provisions to the tune of ~Rs30bn. The bank has made 100% covid-related provisions on interest and 15% on principal in SMA accounts as on 29th February 2020, which have paid less than two EMIs.

Strong NIM; further expansion unlikely: The bank reported domestic NIM of 3.24%, up 30bps QoQ. Whole bank NIM was 3.01% compared to 2.97% in 4QFY20 and 2.81% in 1QFY20. On a sustainable basis, the bank is expected to deliver NIM of 3-3.2%. NIM improvement during the quarter came on the back of lower reversals and declining share of NPAs. In addition, cost of deposits fell by 46bps QoQ to 4.48%.

Comprehensive Webcast Takeaways

Asset Quality

- HFC account classified as fraud has been fully provided for (Rs35bn). Recovery in the account is expected by 3QFY21. Rs55bn worth of provisions were made in excess of regulatory requirements, including those on SMA 1 or 2 accounts. Covid-related provisions stand at Rs30bn while standard asset provisions stand at Rs2.8bn.
- From a slippages standpoint, lower end corporate and MSMEs are being monitored. Telecom exposure is mainly non-fund based.
- Rs100-110bn worth of recoveries are expected over the next two quarters, including those from steel account and couple of power assets where OTS is going on. This includes HFC account on which PCR stands at 100%. Provisions released from resolution would help cushion slippages from the covid impact. The bank has requested the Supreme Court for an early hearing on the steel account.
- Retail slippages during the quarter were majorly from accounts sanctioned after 1st March where borrowers incorrectly assumed that they were included in morat. In the SME segment, slippages were mainly due to technical reasons. Customers who accessed moratorium, but have paid all EMIs are not considered as part of the morat figure. Morat in housing loans stands at Rs320bn and in SME at Rs230bn.
- Credit cost requirement for legacy NPAs stands at ~60bps. FY21 baseline slippages are expected at 1.5-1.6%.

Business and Loan Growth

- 95% of CRE exposure is LRD to offices of high quality MNCs, IT companies etc. Average tenure stands at 8-10 years.
- Under ECLGS, Rs210bn has been sanctioned while Rs150bn has been disbursed. Corporate segment pipeline is quite healthy. FY21 credit growth is expected at 8%.
- Home loan portfolio is mostly to salaried customers employed with govt entities. LTV stands at 60% and 92% of the customers are first time buyers.

Margin, Liabilities and Liquidity

- Growth in deposits was driven by improved customer service, digital capabilities and higher liquidity.
- Margin improvement during the quarter was mainly on account of absence of interest reversals, increased proportion of performing loans and decline in cost of deposits. Further improvement in NIM may not be possible. Impact of MCLR reduction is fully reflected in the current quarter.

Operating Expenses

- Rs10bn was provided for wage revisions. Actual payments are expected in 2QFY21. Growth in expenses was lower due to productivity gains from digital channels.

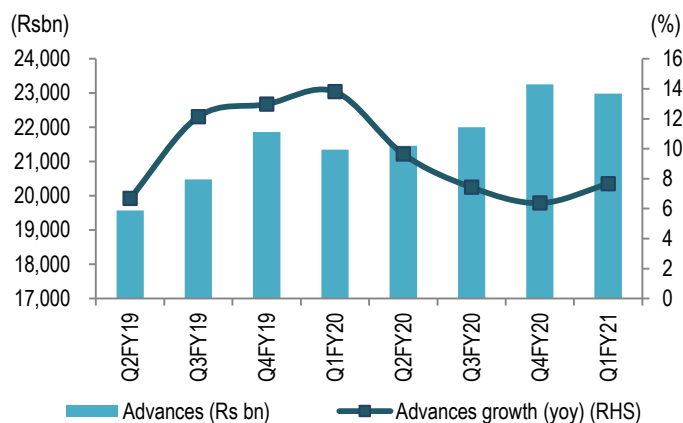
Capital Adequacy

- While an enabling resolution has been taken from the board regarding capital raise, a final decision will be taken if capital is required.

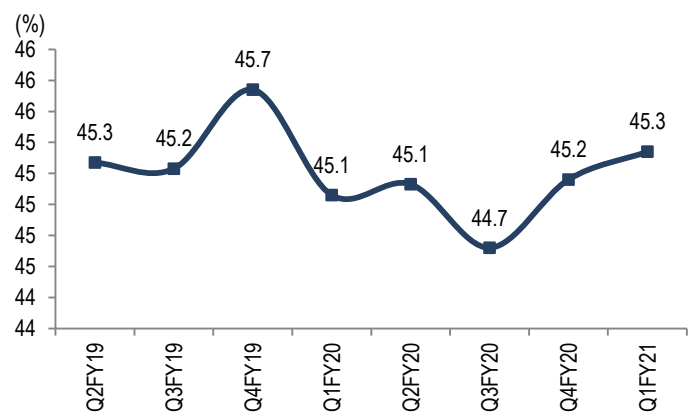
Subsidiary Valuation

Entity	Valuation Methodology	Holding	Value per share (INR)
			FY22E
SBI Life Insurance	3.0x FY22E EV	57.6%	67.1
SBI Cards	Current mcap	74.0%	53.1
SBI General Insurance	2.5x Latest BV	74.0%	4.6
SBI Capital Markets	15.0x Latest PAT	100.0%	4.0
SBI AMC	10% Latest AUM	63.0%	25.7
Holding co. discount (%)			10%
Value of total (INR per share)			139.1

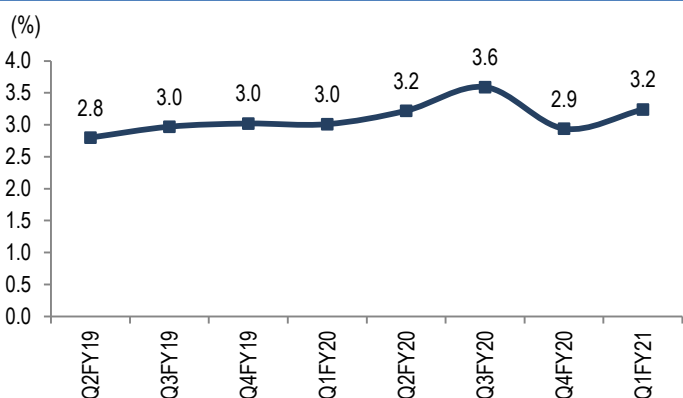
Source: Company, Nirmal Bang Institutional Equities Research

Exhibit 1: Advances, advances growth


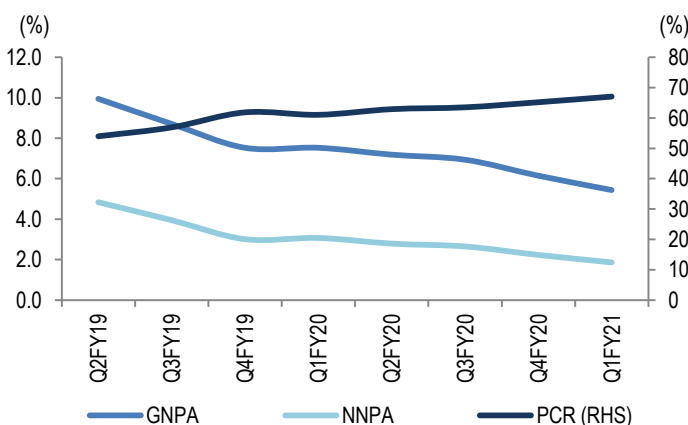
Source: Company, Nirmal Bang Institutional Equities Research

Exhibit 2: CASA ratio (%)


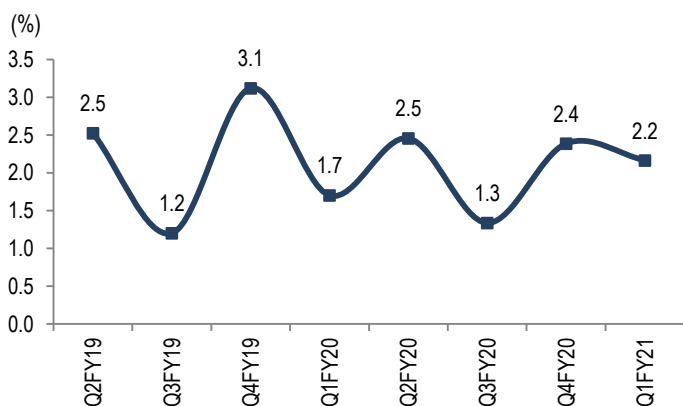
Source: Company, Nirmal Bang Institutional Equities Research

Exhibit 3: NIM (Domestic, Reported, %)


Source: Company, Nirmal Bang Institutional Equities Research

Exhibit 4: Asset Quality (%)


Source: Company, Nirmal Bang Institutional Equities Research

Exhibit 5: Credit Cost (Calculated, Annualized, %)


Source: Company, Nirmal Bang Institutional Equities Research

Advances Mix (%)	Q2FY19	Q3FY19	Q4FY19	Q1FY20	Q2FY20	Q3FY20	Q4FY20	Q1FY21
Corporate	36	36	37	35	34	33	35	33
SME	13	14	13	13	12	12	11	12
Agriculture	9	9	9	9	9	9	9	9
Retail	28	28	28	30	30	31	31	31
Home Loans	17	18	17	18	19	19	19	19
Auto Loans	3	3	3	3	3	3	3	3
Personal Loans	7	7	8	8	8	9	9	9
International Loans	14	13	13	14	14	14	15	14

Segment wise Advances growth (YoY,%)	Q2FY19	Q3FY19	Q4FY19	Q1FY20	Q2FY20	Q3FY20	Q4FY20	Q1FY21
Corporate	14	21	15	12	3	0	-1	0
SME	5	9	7	2	3	-5	-7	-1
Agriculture	0	2	8	7	6	6	2	2
Retail	14	18	19	19	19	17	15	13
Home Loans	24	27	28	28	18	16	14	11
Auto Loans	8	9	8	7	6	4	1	-2
Personal Loans	-2	4	5	5	27	28	25	24
International Loans	0	-8	0	16	10	17	18	11

Source: Company, Nirmal Bang Institutional Equities Research

Exhibit 6: Financial summary

Y/E March (Rsmn)	FY18	FY19	FY20	FY21E	FY22E
Net interest income	7,48,537	8,83,489	9,80,848	11,03,609	11,96,227
Pre-provisioning operating profit	5,95,110	5,54,360	6,19,170	7,62,565	8,83,376
PAT	(65,475)	8,622	1,44,881	1,71,710	3,69,936
EPS (Rs)	(7.3)	1.0	16.2	19.2	41.5
BV (Rs)	245.5	247.5	260.0	283.0	321.6
P/E (x)	(17.9)	135.6	8.1	6.8	3.2
P/BV (x)	0.6	0.5	0.5	0.5	0.4
Gross NPAs (%)	10.9	7.5	6.2	6.2	5.9
Net NPAs (%)	5.7	3.0	2.2	1.8	1.5
RoA (%)	(0.2)	0.0	0.4	0.4	0.8
RoE (%)	(3.2)	0.4	6.4	7.1	13.7

Source: Company, Nirmal Bang Institutional Equities Research

Exhibit 7: Actual performance versus our estimates

(Rsmn)	Q1FY21	Q1FY20	Q4FY20	YoY (%)	QoQ (%)	Q1FY21E	Devi. (%)
Net interest income	2,66,416	2,29,388	2,27,669	16.1	17.0	2,30,968	15.3
Pre-provisioning operating profit	1,65,214	1,32,462	1,57,338	24.7	5.0	1,48,033	11.6
PAT	41,893	23,122	35,808	81.2	17.0	20,980	99.7

Source: Company, Nirmal Bang Institutional Equities Research N.B.

Exhibit 8: Change in our estimates

	Revised Estimate		Earlier Estimate		% Revision	
	FY21E	FY22E	FY21E	FY22E	FY21E	FY22E
Net Interest Income (Rsmn)	11,03,609	11,96,227	10,71,607	11,60,629	3.0	3.1
NIMs (%)	3.0	3.1	2.9	3.0	9 bps	9 bps
Operating Profit (Rsmn)	7,62,565	8,83,376	7,12,887	8,29,750	7.0	6.5
Profit after tax (Rsmn)	1,71,710	3,69,936	1,34,452	3,29,716	27.7	12.2

Source: Company, Nirmal Bang Institutional Equities Research

Exhibit 9: One-year forward P/BV



Source: Company, Nirmal Bang Institutional Equities Research

Financial statements
Exhibit 10: Income statement

Y/E March (Rsmn)	FY18	FY19	FY20	FY21E	FY22E
Interest Income	22,04,993	24,28,687	25,73,236	27,22,081	29,21,814
Interest expense	14,56,456	15,45,198	15,92,388	16,18,472	17,25,587
Net interest income	7,48,537	8,83,489	9,80,848	11,03,609	11,96,227
Fees	2,29,968	2,33,039	2,37,250	2,36,017	2,64,054
Other Income	2,16,039	1,34,710	1,52,808	1,60,251	1,75,154
Net Revenue	11,94,544	12,51,238	13,70,907	14,99,877	16,35,435
Operating Expense	5,99,434	6,96,877	7,51,737	7,37,313	7,52,059
-Employee Exp	3,31,787	4,10,547	4,57,150	4,66,293	4,75,619
-Other Exp	2,67,648	2,86,330	2,94,587	2,71,020	2,76,441
Pre-Provisioning Operating Profit	5,95,110	5,54,360	6,19,170	7,62,565	8,83,376
Provisions	7,50,392	5,38,286	4,30,699	5,33,618	3,90,129
-Loan Loss Provisions	7,13,742	5,46,177	4,27,760	5,19,237	3,77,220
-Investment Depreciation	80,876	(7,621)	5,390	5,035	5,723
-Other Provisions	(44,226)	(271)	(2,440)	9,346	7,185
Exceptional Items	0	15,606	62,156	0	0
PBT	(1,55,282)	16,075	2,50,628	2,28,947	4,93,248
Taxes	(89,808)	7,453	1,05,747	57,237	1,23,312
PAT	(65,475)	8,622	1,44,881	1,71,710	3,69,936

Source: Company, Nirmal Bang Institutional Equities Research

Exhibit 12: Balance sheet

Y/E March (Rsmn)	FY18	FY19	FY20	FY21E	FY22E
Equity capital	8,925	8,925	8,925	8,925	8,925
Reserves & surplus	21,82,361	22,00,214	23,11,150	25,16,805	28,61,082
Shareholders' funds	21,91,286	22,09,138	23,20,074	25,25,729	28,70,007
Deposits	2,70,63,433	2,91,13,860	3,24,16,207	3,54,95,747	3,79,80,449
-Current deposits	19,01,739	20,58,752	21,74,150	26,26,685	28,86,514
-Saving deposits	1,01,37,745	1,09,17,520	1,19,35,660	1,36,65,863	1,48,12,375
-Term deposit	1,50,23,949	1,61,37,588	1,83,06,397	1,92,03,199	2,02,81,560
Borrowings	36,21,421	40,30,171	31,46,557	33,03,884	34,69,079
Other liabilities	16,71,381	14,55,973	16,31,101	18,51,832	20,12,221
Total liabilities	3,45,47,520	3,68,09,142	3,95,13,939	4,31,77,192	4,63,31,755
Cash/Equivalent	19,18,986	22,24,901	25,10,970	31,94,617	34,18,240
Advances	1,93,48,802	2,18,58,769	2,32,52,896	2,39,50,482	2,63,45,531
Investments	1,06,09,867	96,70,219	1,04,69,545	1,24,23,511	1,25,98,545
Fixed assets	3,99,923	3,91,976	3,84,393	4,22,832	4,65,115
Other assets	22,69,942	26,63,277	28,96,136	31,85,749	35,04,324
Total assets	3,45,47,520	3,68,09,142	3,95,13,939	4,31,77,192	4,63,31,755

Source: Company, Nirmal Bang Institutional Equities Research

Exhibit 11: Key ratios

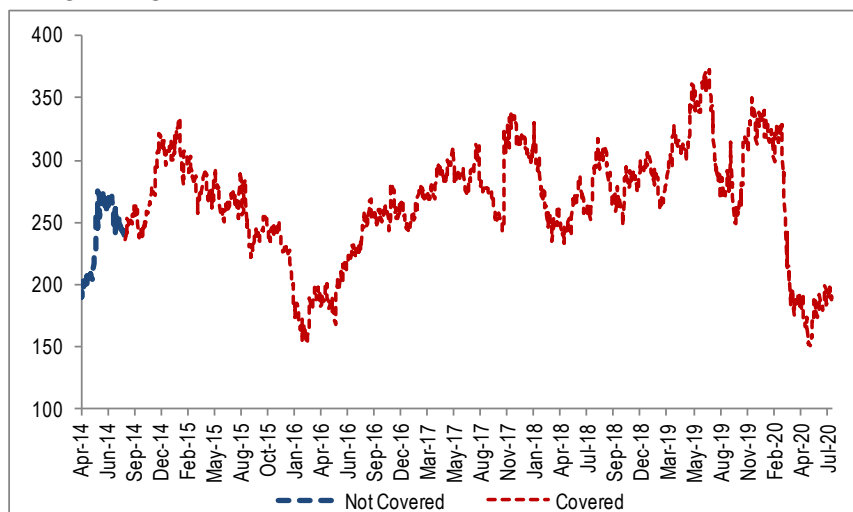
Y/E March	FY18	FY19	FY20	FY21E	FY22E
Growth (%)					
NII growth	21.0	18.0	11.0	12.5	8.4
Pre-provision profit growth	17.0	(6.8)	11.7	23.2	15.8
PAT growth	(162.5)	(113.2)	1,580.3	18.5	115.4
Business (%)					
Deposits growth	N.A.	7.6	11.3	9.5	7.0
Advances growth	N.A.	13.0	6.4	3.0	10.0
Business growth	N.A.	9.8	9.2	6.8	8.2
Credit deposit	71.5	75.1	71.7	67.5	69.4
CASA deposit	44.5	44.6	43.5	45.9	46.6
Operating efficiency (%)					
Cost-to-income	50.2	55.7	54.8	49.2	46.0
Cost-to-assets	1.9	2.0	2.0	1.8	1.7
Spread (%)					
Yield on advances	8.1	7.8	8.0	7.9	7.9
Yield on investments	7.7	7.3	6.8	6.8	6.8
Cost of deposits	5.7	5.0	4.8	4.5	4.4
Yield on assets	8.0	7.7	7.6	7.5	7.5
Cost of funds	5.4	4.8	4.6	4.4	4.3
NIM	2.7	2.8	2.9	3.0	3.1
Capital adequacy (%)					
Tier I	10.4	10.7	11.0	10.8	10.7
Tier II	2.2	2.1	2.1	2.0	2.0
Total CAR	12.6	12.7	13.1	12.8	12.7
Asset quality (%)					
Gross NPAs	10.9	7.5	6.2	6.2	5.9
Net NPAs	5.7	3.0	2.2	1.8	1.5
Specific provision coverage	50.4	61.9	65.2	71.9	75.5
Provision coverage (incl w/off)	58.0	71.8	78.0	83.3	86.0
Slippage	9.1	1.6	2.4	2.6	2.0
Credit costs	4.1	2.7	1.9	2.2	1.5
Return (%)					
RoE	(3.2)	0.4	6.4	7.1	13.7
RoA	(0.2)	0.0	0.4	0.4	0.8
RoRWA	(0.4)	0.0	0.7	0.8	1.5
Per share					
EPS	(7.3)	1.0	16.2	19.2	41.5
BV	245.5	247.5	260.0	283.0	321.6
ABV	93.5	146.1	174.2	206.1	249.7
Valuation (x)					
P/E	(17.9)	135.6	8.1	6.8	3.2
P/BV	0.6	0.5	0.5	0.5	0.4
P/ABV	1.5	0.9	0.8	0.7	0.5

Source: Company, Nirmal Bang Institutional Equities Research

Rating track

Date	Rating	Market price (Rs)	Target price (Rs)
14 August 2014	Buy	2,418	2,915
8 October 2014	Buy	2,411	2,915
17 November 2014	Buy	2,785	3,200
22 December 2014	Buy	304	363
8 January 2015	Buy	301	363
16 February 2015	Buy	308	375
25 May 2015	Buy	282	375
12 August 2015	Buy	268	375
9 November 2015	Buy	244	375
12 February 2016	Buy	155	220
30 May 2016	Buy	201	240
16 August 2016	Buy	244	280
15 November 2016	Buy	272	315
13 February 2017	Buy	275	315
14 February 2017	Buy	272	335
22 May 2017	Buy	309	355
14 August 2017	Buy	280	325
13 November 2017	Buy	333	386
12 February 2018	Buy	296	364
23 May 2018	Buy	254	331
13 August 2018	Buy	304	353
9 October 2018	Buy	266	329
6 November 2018	Buy	295	347
13 December 2018	Buy	285	344
4 February 2019	Buy	284	347
8 April 2019	Buy	317	366
13 May 2019	Buy	308	373
8 July 2019	Buy	371	430
5 August 2019	Buy	308	370
7 October 2019	Buy	250	354
29 October 2019	Buy	282	365
8 January 2020	Buy	320	377
1 February 2020	Buy	318	377
27 March 2020	Buy	192	315
9 April 2020	Buy	183	315
8 June 2020	Buy	189	274
9 July 2020	Buy	192	227
3 August 2020	Buy	196	326

Rating track graph



DISCLOSURES

Research Reports that are published by Nirmal Bang Securities Private Limited (hereinafter referred to as “NBSPL”) are for private circulation only. NBSPL is a registered Research Analyst under SEBI (Research Analyst) Regulations, 2014 having Registration no. INH000001766. NBSPL is also a registered Stock Broker with National Stock Exchange of India Limited, BSE Limited, Metropolitan Stock Exchange of India Limited, Multi Commodity Exchange of India Limited, National Commodity and Derivative Exchange Limited and Indian Commodity Exchange Limited in cash and Equity and Commodities derivatives segments.

NBSPL has other business divisions with independent research teams separated by Chinese walls, and therefore may, at times, have different or contrary views on stocks and markets.

NBSPL or its associates have not been debarred / suspended by SEBI or any other regulatory authority for accessing / dealing in securities Market. NBSPL, its associates or analyst or his relatives do not hold any financial interest (Except Investment) in the subject company. NBSPL or its associates or Analyst do not have any conflict or material conflict of interest at the time of publication of the research report with the subject company. NBSPL or its associates or Analyst or his relatives may or may not hold beneficial ownership of 1% or more in the subject company at the end of the month immediately preceding the date of publication of this research report.

NBSPL or its associates / analyst has not received any compensation / managed or co-managed public offering of securities of the company covered by Analyst during the past twelve months. NBSPL or its associates have not received any compensation or other benefits from the company covered by Analyst or third party in connection with the research report. Analyst has not served as an officer, director or employee of Subject Company. NBSPL / analyst has not been engaged in market making activity of the subject company.

Analyst Certification: We, Raghav Garg, the research analyst and Arjun Bagga, research associate, authors of these reports, hereby certify that the views expressed in this research report accurately reflects my/our personal views about the subject securities, issuers, products, sectors or industries. It is also certified that no part of the compensation of the analyst(s) was, is, or will be directly or indirectly related to the inclusion of specific recommendations or views in this research. The analyst(s) principally responsible for the preparation of this research report and has taken reasonable care to achieve and maintain independence and objectivity in making any recommendations.

Disclaimer

Stock Ratings Absolute Returns

BUY > 15%

ACCUMULATE -5% to 15%

SELL < -5%

DISCLAIMER

This report is for the personal information of the authorized recipient and does not constitute to be any investment, legal or taxation advice to you. NBSPL is not soliciting any action based upon it. Nothing in this research shall be construed as a solicitation to buy or sell any security or product, or to engage in or refrain from engaging in any such transaction. In preparing this research, we did not take into account the investment objectives, financial situation and particular needs of the reader.

This research has been prepared for the general use of the clients of NBSPL and must not be copied, either in whole or in part, or distributed or redistributed to any other person in any form. If you are not the intended recipient you must not use or disclose the information in this research in any way. Though disseminated to all the customers simultaneously, not all customers may receive this report at the same time. NBSPL will not treat recipients as customers by virtue of their receiving this report. This report is not directed or intended for distribution to or use by any person or entity resident in a state, country or any jurisdiction, where such distribution, publication, availability or use would be contrary to law, regulation or which would subject NBSPL & its group companies to registration or licensing requirements within such jurisdictions.

The report is based on the information obtained from sources believed to be reliable, but we do not make any representation or warranty that it is accurate, complete or up-to-date and it should not be relied upon as such. We accept no obligation to correct or update the information or opinions in it. NBSPL or any of its affiliates or employees 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. NBSPL or any of its affiliates or employees do not provide, at any time, any express or implied warranty of any kind, regarding any matter pertaining to this report, including without limitation the implied warranties of merchantability, fitness for a particular purpose, and non-infringement. The recipients of this report should rely on their own investigations.

This information is subject to change without any prior notice. NBSPL reserves its absolute discretion and right to make or refrain from making modifications and alterations to this statement from time to time. Nevertheless, NBSPL is committed to providing independent and transparent recommendations to its clients, and would be happy to provide information in response to specific client queries.

Before making an investment decision on the basis of this research, the reader needs to consider, with or without the assistance of an adviser, whether the advice is appropriate in light of their particular investment needs, objectives and financial circumstances. There are risks involved in securities trading. The price of securities can and does fluctuate, and an individual security may even become valueless. International investors are reminded of the additional risks inherent in international investments, such as currency fluctuations and international stock market or economic conditions, which may adversely affect the value of the investment. Opinions expressed are subject to change without any notice. Neither the company nor the director or the employees of NBSPL accept any liability whatsoever for any direct, indirect, consequential or other loss arising from any use of this research and/or further communication in relation to this research. Here it may be noted that neither NBSPL, nor its directors, employees, agents or representatives shall be liable for any damages whether direct or indirect, incidental, special or consequential including lost revenue or lost profit that may arise from or in connection with the use of the information contained in this report.

Copyright of this document vests exclusively with NBEPL.

Our reports are also available on our website www.nirmalbang.com

Access all our reports on Bloomberg, Thomson Reuters and Factset.

Team Details:			
Name		Email Id	Direct Line
Rahul Arora	CEO	rahul.arora@nirmalbang.com	-
Girish Pai	Head of Research	girish.pai@nirmalbang.com	+91 22 6273 8017 / 18
Dealing			
Ravi Jagtiani	Dealing Desk	ravi.jagtiani@nirmalbang.com	+91 22 6273 8230, +91 22 6636 8833
Michael Pillai	Dealing Desk	michael.pillai@nirmalbang.com	+91 22 6273 8102/8103, +91 22 6636 8830

Nirmal Bang Equities Pvt. Ltd.

Correspondence Address

B-2, 301/302, Marathon Innova,

Nr. Peninsula Corporate Park,

Lower Parel (W), Mumbai-400013.

Board No. : 91 22 6273 8000/1; Fax. : 022 6273 8010