January 7, 2023

Robust growth, steady cost to aid traction in earnings

In Q3FY23, we expect the earnings momentum to continue to remain strong led by 1) robust credit offtake, 2) steady margins on the back of continued yield repricing and rising CD ratio offsetting higher cost of deposit, 3) absence of treasury losses and 4) steady slippages leading to stable credit cost. We expect continued strong guidance in terms of resilience in credit demand and, thus, outlook on business momentum. While the operational performance is expected to remain positive across lenders, PSU banks are seen delivering a robust recovery in earnings.

The fag end of the fiscal year, which is generally strong for the financial industry, is expected to witness continued traction in retail credit demand. In addition, corporates (especially MSMEs) are turning to banks for working capital limits. Bank credit to the industry segment should continue to show a gradual improvement, going ahead. Hence, we expect bank credit growth for FY23E to be in the 14-16% range (compared to earlier estimates of early double digit), which remains a positive phenomenon for the industry.

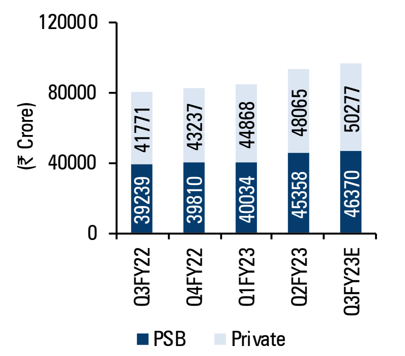
For banks and NBFCs, following are key expected highlights:

- For our coverage universe, credit growth is expected to be above industry at 18.2% YoY to ₹ 72.9 lakh crore, driven by retail (home, auto & credit card) and MSME segment. Latest RBI fortnightly data has indicated growth of 17.4% YoY for the overall banking sector compared to single digit growth a year ago, indicating continued resilience in credit offtake. Private sector banks' (PVBs) advances are expected to grow 19.0% YoY while PSBs are also seen witnessing healthy traction at 17.6% YoY. Thus, NII is expected to grow 19.3% YoY aided by healthy business growth and steady margins
- Deposit traction is expected to remain behind at ~9% YoY. Higher traction in term deposits, led by increase in rates, could lead to a sequential decline in CASA ratio. However, higher CD ratio is expected to offset the effect of increase in cost of funds for banks
- Continued transmission of rate hikes, increasing CD ratio and focus towards high yielding retail segment is seen offsetting pressure from increasing cost of deposits thereby keeping NIM steadier
- With a marginal moderation in yields, we do not anticipate any significant treasury gains/losses especially for PSU banks in Q3FY23. Core fee based income should witness healthy growth supporting overall performance
- Slippage from restructured book and seasonality with agri book are expected to result in a marginal increase in GNPA ratio. However, given adequate provision coverage, credit cost is expected to normalise with no negative surprise anticipated. For our coverage universe, we believe GNPA should fall ~5 bps QoQ to 3.05%
- With healthy growth, steady margins and normalised credit cost (on the back of adequate provision buffer), we expect healthy traction in PAT to continue at 33.8% YoY and 3.3% QoQ to ₹ 39724 crore. Opex is expected to remain elevated though CI ratios should moderate on sequential basis

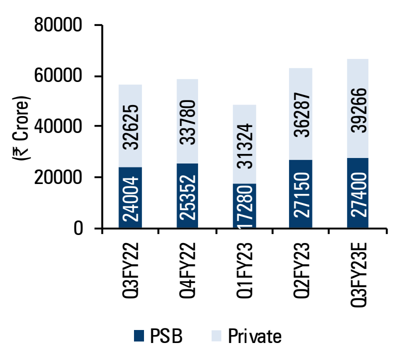
Commentary on business growth, liabilities to be watched

With the market factoring in robust business growth (on the back of announcement of pre-result updates), commentary on sustainability of credit growth and margin trajectory beyond FY24E needs to be watched. Further, behaviour of stressed book remains under the scanner to determine any substantial impact on RoA ahead.

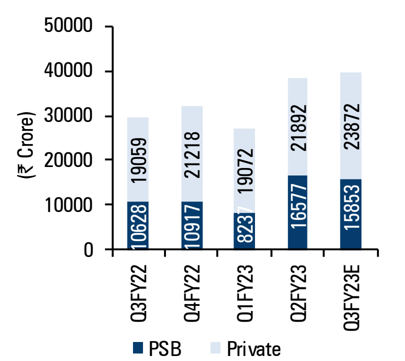
NII



PPP



PAT



Top Picks

State Bank of India

IndusInd Bank

IDFC First Bank

Research Analysts

Kajal Gandhi
kajal.gandhi@icicisecurities.com

Vishal Narnolia
vishal.narnoliai@icicisecurities.com

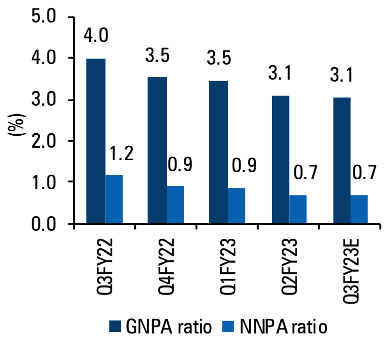
Pravin Mule
pravin.mule@icicisecurities.com

Exhibit 1: Estimates for Q3FY23E (₹ crore)

	NII	Change (%)		PPP	Change (%)		NP	Change (%)	
	Q3FY23E	YoY	QoQ	Q3FY23E	YoY	QoQ	Q3FY23E	YoY	QoQ
Public Sector Banks									
Bank of Baroda	10147.4	18.7%	-0.3%	6042.2	10.2%	0.2%	3293.5	49.9%	-0.6%
SBI	36222.3	18.0%	3.0%	21357.9	15.3%	1.1%	12559.1	49.0%	-5.3%
Total	**46369.6**	**18.2%**	**2.2%**	**27400.1**	**14.1%**	**0.9%**	**15852.6**	**49.2%**	**-4.4%**
Private Banks									
Axis Bank	10764.5	24.4%	3.9%	7950.6	29.0%	3.0%	5443.9	50.6%	2.1%
Federal Bank	1822.2	18.4%	3.4%	1254.5	37.2%	3.5%	769.1	47.4%	9.3%
HDFC Bank	21834.9	18.4%	3.9%	19193.3	14.4%	10.4%	12021.4	16.2%	13.3%
IDFC Bank	3394.7	31.6%	13.1%	1231.4	60.0%	5.4%	583.5	107.6%	5.0%
Indusind Bank	4455.6	17.5%	3.6%	3675.8	14.7%	4.4%	1915.4	64.9%	7.2%
Kotak Bank	5383.3	24.2%	5.6%	3800.4	40.7%	6.5%	2699.3	26.6%	4.6%
Bandhan Bank	2281.8	7.4%	4.0%	1981.6	1.6%	27.6%	300.3	-65.0%	43.5%
CSB Bank	339.8	12.0%	4.6%	178.9	21.2%	13.7%	139.1	-6.2%	15.4%
Total	50276.9	20.4%	4.6%	39266.4	20.4%	8.2%	23872.0	25.3%	9.0%
Total Banks	**96646.5**	**19.3%**	**3.5%**	**66666.5**	**17.7%**	**5.1%**	**39724.7**	**33.8%**	**3.3%**
HDFC	4932.4	18%	6.3%	5459.3	22.9%	-7.3%	3869.8	18.7%	-13.1%
Bajaj Finance	7387.1	23.2%	5.5%	4712.8	20.3%	5.0%	2942.2	38.4%	5.8%
Bajaj Finserv	20883.7	18.5%	0.4%	4165.8	28.2%	-2.2%	1589.7	26.6%	2.1%
SBI Life Insurance	18534.2	2.8%	12.5%	394.5	67.1%	9.6%	407.5	11.9%	8.1%
HDFC Life Insurance	15146.0	24.9%	15.5%	259.9	41.1%	9.0%	336.9	23.1%	3.3%
HDFC AMC	640.7	0.8%	-1.3%	479.8	-1.1%	-2.7%	362.2	0.7%	-0.5%
Muthoot Finance	1837.2	-2.6%	16.9%	1276.7	-12.9%	11.1%	929.0	-9.7%	7.1%
Star Health	2856.5	13.0%	2.2%	273.7	-136.4%	41.2%	205.0	-135.4%	22.6%
ICICI Lombard	4218.8	15.4%	13.8%	-243.1	-9.7%	59.6%	367.6	15.8%	-37.7%
Total	**76436.6**	**14.7%**	**8.0%**	**16779.6**	**29.5%**	**-0.8%**	**11010.0**	**31.0%**	**-4.1%**

Source: Company, ICICI Direct Research

Asset Quality (Coverage Universe)



NPA trend (Coverage Universe)

Q3FY23E (₹ crore)	GNPA	QoQ (%)	NNPA	QoQ (%)
PSB				
Bank of Baroda	46188	-0.4	9549	-1.3
SBI	109304	2.3	25172	6.8
Private Banks				
Axis Bank	20971	5.4	3582	-10.3
Bandhan Bank	7962	16.2	2246	33.8
Federal Bank	3829	-5.0	1287	2.0
HDFC Bank	18484	1.0	4932	1.0
Indusind Bank	5595	0.5	1536	-3.0
Kotak Mahindra Ba	6040	-2.7	1631	0.0
IDFC First Bank	4279	-2.7	1604	8.4
CSB Bank	289	-0.7	97	-1.9

Exhibit 2: Bank Specific Views

Banks	Remarks
Bank of Baroda	Bank of Baroda is expected to report loan growth in line with industry trend. For Q3FY23, we expect overall loan growth of 17.5% YoY and 2.8% QoQ. We may see some dip in growth of retail & agri segment but corporate loan segment is expected to propel growth. Overall deposits should grow 12.8% YoY at ₹ 11.0 lakh crore. NII is estimated to grow 18.7% YoY to ₹ 10147 crore. NIMs are expected to inch up to ~3.4%. Provisions should see a decline both QoQ and YoY, resulting in 49.9% YoY jump in PAT at ₹ 3294 crore. CI is likely to increase to ~52.5%, mainly due to wage revision. Slippage ratio is expected to remain largely steady while GNPA is further expected to decline ~10 bps QoQ
State Bank of India	Robust loan growth of 17-18% YoY to ₹ 3135200 crore is expected to continue in Q3FY23 while estimated deposit growth at 10% YoY to stay keeping cost of funds elevated. Overall NII growth is seen at ~18% YoY due to high base in Q2FY22. We expect slippages at ~₹ 4000 -5000 crore. Overall NPA provisions are seen at ₹ 4500 crore. Investment provisions write-back may not be seen this quarter with yields stable. Expect strong profit growth to ₹ 12560 crore, up 49% YoY
Axis Bank	Axis Bank is expected to post advance growth of 15.7% YoY, 5.2% QoQ to ₹ 7.68 lakh crore while deposits are expected to grow 9.1% YoY, 3.8% QoQ to ₹ 8.41 lakh crore wherein CASA should remain steady at ~46%. Net interest income is likely to grow 24.4% YoY, 3.9% QoQ to ₹ 10765 crore while NIMs may see improvement at ~4%. CI ratio to be at ~47% vs. ~50% in Q3FY22. On a sequential basis, provisions are expected to go up to ₹ 692 crore vs. ₹ 550 crore. We expect PAT to register growth of 50% YoY at ₹ 5444 crore. Asset quality is likely to improve in Q3FY23 with GNPA ratio at 2.4%, led by lower slippages and healthy recoveries
HDFC Bank	The bank reported 20% YoY advances growth to ₹ 150700 crore. Deposits also surged 19.9% YoY to ₹ 1733500 crore. CASA grew 15.4% YoY. Accordingly, NII growth is seen at 18.5% YoY to ₹ 21835 crore and expect margins stable QoQ. Other income is expected to see an improvement QoQ while asset quality may see seasonal agri slippages. Hence, expect provision at ₹ 3164 crore with PAT growth expected to be 16% YoY to ₹ 12021 crore
CSB Bank	As per latest disclosure, CSB's advances grew 25.7% YoY, 5.6% QoQ to ₹ 18643 crore while deposits were up 18.9% YoY, 8.0% QoQ at ₹ 22664 crore. We expect NII growth of 12% YoY at ₹ 339 crore with improvement in NIMs QoQ to 5.9%. Growth in other income is expected to be partly aided by PSLC income. Investment in branches and tech are expected to keep CI ratio elevated at ~55%. Credit cost should continue to trend downwards QoQ, YoY. Thus, we expect PAT at ₹ 139 crore vs. ₹ 148 crore in Q3FY22. Management outlook on gold loans will be watched

Source: Company, ICICI Direct Research

Exhibit 3: Bank Specific views continued…

Federal Bank	Federal Bank's provisional numbers indicate robust advances growth at 4.3% QoQ (up 19.1% YoY) to ₹ 1.71 lakh crore. Deposits growth of 6.8% QoQ (14.8% YoY) to ₹ 2.0 lakh crore with CASA ratio at 34.25%. NII is expected to grow 18.4% YoY and 3.4% QoQ to ₹ 1822 crore. Margins are expected to improve QoQ by 10-14 bps. Other income is expected to grow 30.3% YoY and 3.5% QoQ. Credit cost is expected to continue to decline further both QoQ, YoY leading to PAT growth of ~47% YoY (9% QoQ) at ₹ 769 crore. Management commentary, especially in the business banking segment would be key to watch
Kotak Mahindra Bank	During Q3FY23, Kotak Mahindra Bank is expected to report strong growth in advances of 22.5% YoY, 5.4% QoQ to ₹ 3.09 lakh crore while deposits are expected to grow 12.5% YoY, 5.6% QoQ to ₹ 3.43 lakh crore. CASA ratio is seen steady at ~56% of deposits. NII is estimated to grow 24.2% YoY to ₹ 5383 crore while NIMs are expected to improve ~13 bps QoQ at 5.3%. Slight moderation in C/I ratio can be seen in Q3FY23 (CI to be at ~48.5%). Thus, we expect 26.6% YoY, 4.6% QoQ growth in earnings at ₹ 2699 crore. GNPA is expected to improve ~13 bps QoQ to 1.95%, led by improvement in retail segment
IndusInd Bank	As per provisional numbers IndusInd bank's advances reported strong growth of 19% YoY, 4.6% QoQ at ₹ 2.71 lakh crore. Deposits registered growth of 14.3% YoY and 3.0% QoQ at ₹ 3.25 lakh crore. CASA ratio was largely stable at ~42% during Q3FY23. NII is expected to grow 17.5% YoY, 3.6% QoQ to ₹ 4456 crore while non-interest income is expected to grow 12% YoY at ₹ 2101 crore. CI ratio is likely to be largely stable at ~44%. Subsequently, PAT may grow 64.9% YoY (7.2% QoQ) at ₹ 1915 crore. Overall asset quality trend is expected to improve sequentially with GNPA at ~2% levels. Management outlook on growth would be key monitorable
Bandhan Bank	Bandhan Bank is expected to report growth at 16% YoY in advances; non-MFI book to report sustained traction. Deposit growth is expected to remain strong at 22% YoY. Margins are seen remaining steady at ~7.1-7.2% and CI ratio at 36-37%. Slippages from the stressed book are seen leading to ~60 bps QoQ uptick in GNPA ratio at 7.8%. Thus, credit cost is expected to remain elevated at ~1.5% of advances. Recovery of ₹ 920 crore from CGFMU and proceeds from sale of written off pool to partially support earnings seen at ₹ 300 crore; up 44% QoQ
IDFC First Bank	IDFC First bank is expected to report better than industry average growth of ~25% YoY (5.2% QoQ) at ₹ 152861 crore. NII growth of 31.6% YoY, 13.1% QoQ is expected to be primarily driven by retail assets. NIMs are likely to remain largely steady QoQ at ~6%. Other income at ₹ 1006 crore is expected to see growth of 30.9% YoY. Provisions are expected to inch up slightly to ₹ 458.6 crore sequentially. The bank is anticipated to double the profit YoY at ₹ 583.5 crore (5% growth QoQ). Overall asset quality is expected to improve further with GNPA ratio at ~3% vs. 3.18% in Q2FY23. Management outlook on growth needs to be watched

Source: Company, ICICI Direct Research

Exhibit 4: NBFC Specific views

HDFC Ltd	HDFC Ltd expected is expected to witness loan growth of ~18% YoY to ₹ 622538 crore, led by continued demand in home loan. Hence, growth in NII is seen at 17.9% YoY to ₹ 4932 crore. Pressure on NIM due to bank competition may be witnessed. Dividend income came in lower QoQ to ₹ 482 crore vs. ₹ 1360 crore in Q2. Accordingly, overall other income at ₹ 1100 crore remains subdued. Provisions are seen at ₹ 498 crore leading to standalone profit growth of 18% YoY to ~₹ 3870 crore. On a QoQ basis, PAT is seen down 13% due to lower non interest income. Subsidiaries are expected to continue their strong stable performance
HDFC AMC	In Q3FY23, HDFC AMC is expected to witness a revival in AUM led by improved performance. Thus, AUM is expected to increase 5.6% QoQ to ₹ 4.44 lakh crore, led by uptick in equities and continued traction in SIP inflows. Debt schemes are also expected to witness a gradual uptick in inflows. Yields are seen steady at ~52 bps, resulting in 5.3% QoQ growth in core revenue. Other income is seen at ₹ 67 crore. With opex remaining steady at ~14 bps, PAT is seen at ₹ 362 crore; ~33 bps of AUM. Core PAT is expected to increase ~6% QoQ
Bajaj Finance	Growth at 27% YoY for Q3FY23 was sequentially lower but in line with management guidance. New loan additions came in strong to 78 lakh vs. 68 lakh QoQ. Number of customer additions also grew QoQ to 31 lakh vs. 26 lakh. We expect NII growth of 23% YoY to ₹ 7387 crore and PAT to grow 38% YoY to ₹ 2942 crore
Bajaj Finserv	Consolidated revenue is expected to grow 22% YoY to ₹ 20883 crore, led by a pick-up in lending business, healthy traction in premium accretion in insurance businesses and steady yields. Client acquisition and healthy AUM growth is expected to boost the operational performance. Focus on individual business and persistency in life insurance & healthy motor & individual health business, in general insurance, to support premium accretion. Steady opex and moderate slippages (in lending business), business mix and steady claims (in insurance business) are expected to result in ~27% YoY growth in earnings at ₹ 1590 crore
SBI Life Insurance	SBI Life Insurance is expected to report muted accretion in premium owing to base effect of higher group premium in previous year. Non par business is expected to contribute to incremental new business while renewals are seen remaining steady at ~82%. Normalisation of claims and steadier yields are expected to lead to surplus of ₹ 394 crore. Thus, slower premium accretion, partially offset by steady efficiency and normalisation of claims, are expected to lead to earnings growth of 12% YoY to ₹ 408
HDFC Life Insurance	For HDFC Life, individual business traction is expected to remain healthy led by non-par individual business. Further, anticipated improvement in persistency to boost renewals, thereby resulting in ~24% YoY growth in overall premium to ₹ 15300 crore. Normalisation of claims and steadier yields is expected to lead to surplus of ₹ 260 crore; up 41% YoY due to base effect. Thus, improving persistency coupled with normalisation of claims are expected to lead to earnings growth at 23% YoY to ₹ 337 crore. Commentary on premium trajectory should remain in focus
MCX	For MCX, options volumes continued to remain robust with ~23% QoQ jump in turnover in Q3FY23. Crude oil and natural gas continue to contribute ~95% of turnover in options. Turnover in futures segment remained broadly steady. Incremental contribution from options is seen bringing down yields but may propel topline, which is expected to improve ~51% YoY, 6% QoQ to ₹ 135 crore. While topline is expected to improve, opex is set to play spoilsport led by higher software expense related to delay in migration to new software. Thus, PAT is expected to decline ~24% QoQ to ₹ 48 crore. Update on migration to new software needs to be watched
Muthoot Finance	We believe credit growth should be better than H1FY23. We estimate loan growth of 10% YoY at ₹ 60322 crore in Q3FY23 supported by a marginal increase in gold price in Q3FY23. NII is expected to grow 16.9% QoQ% at ₹ 1837 crore, primarily driven by improvement in margins due to better yields (as teaser rates are behind now). Opex could slightly be higher but overall C/I should largely remain steady at ~30% levels. credit cost should fall 5-10 bps sequentially to ~0.1% (calculation not annualised) due to improvement in asset quality. As a result, we expect PAT growth of 7.1% QoQ to ₹ 929 crore. Management commentary on competitive intensity and growth will be key monitorables

Source: Company, ICICI Direct Research

Exhibit 5: NBFC Specific views (Continued)

ICICI Lombard	We expect ICICI Lombard to report healthy accretion in premium at 19% YoY to ₹ 5695 crore, led by continued healthy auto sales. Investment in health business is seen starting to deliver a gradual uptick in premium accretion. Improvement in claim ratio to 69-70% and steady non claim expense at ~32% is seen leading to underwriting loss at ₹ 243 crore. Investment income at ₹ 566 crore is seen resulting in PAT of ₹ 368 crore; up 16% YoY. With a revival in premium growth, commentary on combined ratio needs to be watched
Star Health Insurance	Star Health is expected to witness a pick-up in premium accretion at 14% YoY to ₹ 2915 crore, led by healthy renewals and new customer addition. Recently introduced "Star Extra Protect" is expected to start contributing to premium accretion. Claims ratio is expected to improve further at 62%, in-line with management's guidance while non-claim expense is seen to remain steady at ~30% of premium. Thus, expect underwriting profit at ₹ 154 crore during the quarter. Further, investment income of ₹ 1200 crore should enable PAT at ₹ 205 crore compared to the loss in the previous year. Management commentary on business growth needs to be watched

Source: Company, ICICI Direct Research

Exhibit 6: ICICI Direct Research coverage universe (BFSI)

Sector / Company	CMP			M Cap	EPS (₹)			P/E (x)			P/ABV (x)			RoE (%)		
	(₹)	TP(₹)	Rating	(₹ Bn)	FY22	FY23E	FY24E	FY22	FY23E	FY24E	FY22	FY23E	FY24E	FY22	FY23E	FY24E
BoB (BANBAR)	183	220	Buy	947	14.0	21.1	22.8	13.0	8.7	8.0	1.3	1.1	1.0	8.9	11.8	11.2
SBI (STABAN)	600	750	Buy	5360	35.5	47.2	54.5	16.9	12.7	11.0	2.1	1.8	1.5	11.9	14.0	14.1
Indian Bank (INDIBA)	293	335	Buy	365	31.7	42.5	55.0	9.3	6.9	5.3	1.1	1.0	0.8	11.2	11.8	13.9
Axis Bank (AXIBAN)	939	1000	Buy	2890	42.4	66.1	72.9	22.1	14.2	12.9	2.7	2.3	2.2	12.0	16.3	16.2
City Union (CITUNI)	175	215	Buy	129	10.3	12.6	13.8	17.0	13.9	12.7	2.4	2.0	1.7	12.2	13.2	13.6
Federal Bank (FEDBAN)	134	155	Buy	284	9.0	12.0	14.6	14.9	11.1	9.2	1.6	1.5	1.3	10.8	12.8	13.9
HDFC Bank (HDFBAN)	1594	1750	Buy	8891	66.7	76.9	94.1	23.9	20.7	16.9	3.8	3.3	2.9	16.7	16.6	17.7
IndusInd Bank (INDBA)	1181	1450	Buy	916	59.5	91.3	107.0	19.8	12.9	11.0	2.0	1.8	1.5	10.1	13.9	14.4
Kotak Bank (KOTMAH)	1786	2250	Buy	3548	43.0	48.8	57.0	41.5	36.6	31.3	5.0	4.4	3.9	12.6	12.5	12.9
CSB Bank (CSBBAN)	243	275	Buy	42	26.4	27.1	29.3	9.2	9.0	8.3	1.8	1.5	1.3	19.0	16.3	15.1
Bandhan (BANBAN)	242	300	Hold	390	0.8	20.5	29.6	309.9	11.8	8.2	2.5	2.1	1.7	0.8	17.5	21.1
IDFC First (IDFBAN)	60	70	Buy	371	0.2	3.4	4.3	254.2	17.7	13.8	1.9	1.6	1.5	0.8	9.5	11.1
HDFC (HDFC)	2594	2850	Buy	4740	75.8	89.0	103.6	34.2	29.1	25.0	3.9	3.9	3.6	12.0	13.3	14.8
Bajaj Finserv (BAFINS)	1429	1850	Hold	2277	52.7	43.1	56.5	27.1	33.2	25.3	2.8	4.8	4.1	11.1	15.7	17.4
Bajaj Finance (BAJFI)	5980	8650	Buy	3620	116.7	190.5	226.4	51.3	31.4	26.4	8.4	7.0	5.2	17.4	23.4	21.6
SBI Cards (SBICARD)	773	950	Hold	731	17.1	23.8	32.0	45.1	32.4	24.1	9.7	7.8	5.8	23.0	26.0	25.8
Muthoot Finance (MUTFIN)	1069	1150	Hold	429	98.5	84.4	103.9	10.8	12.7	10.3	2.5	2.2	1.9	23.5	17.3	18.8
HDFC AMC (HDFAMC)	2137	2600	Buy	456	66.4	68.5	79.3	32.2	31.2	27.0	8.1	7.4	6.7	25.2	23.7	24.9
Nippon AMC (RELNIP)	250	300	Hold	156	12.0	11.7	13.0	20.9	21.3	19.3	4.5	4.2	4.0	17.0	14.3	15.8
SBI Life Insurance	1270	1500	Buy	1271	15.1	16.3	20.0	84.4	77.8	63.4	3.2	2.8	2.4	8.5	10.9	13.0
HDFC Life	611	635	Buy	1314	5.7	6.8	8.2	106.9	89.3	74.7	4.3	3.4	2.8	18.0	18.1	18.2
Star Health	585	850	Buy	340	-20.5	8.7	14.4	-28.5	67.0	40.6	7.9	4.9	3.4	-27.8	7.3	8.3
ICICI Lombard	1270	1300	Hold	624	-20.1	18.8	16.9	-63.2	67.7	75.0	6.8	6.0	5.2	14.5	14.5	14.6

Source: Bloomberg, ICICI Direct Research

RATING RATIONALE

ICICI Direct endeavours to provide objective opinions and recommendations. ICICI Direct assigns ratings to its stocks according to their notional target price vs. current market price and then categorizes them as Buy, Hold, Reduce and Sell. The performance horizon is two years unless specified and the notional target price is defined as the analysts' valuation for a stock

Buy: >15%

Hold: -5% to 15%;

Reduce: -15% to -5%;

Sell: <-15%

Pankaj Pandey | Head – Research | pankaj.pandey@icicisecurities.com

ICICI Direct Research Desk,
ICICI Securities Limited,
1st Floor, Akruti Trade Centre,
Road No 7, MIDC,
Andheri (East)
Mumbai – 400 093
research@icicidirect.com

ANALYST CERTIFICATION

I/We, Kajal Gandhi, CA, Vishal Narnolia, MBA and Pravin Mule, MBA, MCom Research Analysts 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. It is also confirmed that above mentioned Analysts of this report have not received any compensation from the companies mentioned in the report in the preceding twelve months and do not serve as an officer, director or employee of the companies mentioned in the report.

Terms & conditions and other disclosures:

ICICI Securities Limited (ICICI Securities) is a full-service, integrated investment banking and is, inter alia, engaged in the business of stock brokering and distribution of financial products.

ICICI Securities is Sebi registered stock broker, merchant banker, investment adviser, portfolio manager and Research Analyst. ICICI Securities is registered with Insurance Regulatory Development Authority of India Limited (IRDAI) as a composite corporate agent and with PFRDA as a Point of Presence. ICICI Securities Limited Research Analyst SEBI Registration Number – INH000000990. ICICI Securities Limited SEBI Registration is INZ000183631 for stock broker. ICICI Securities is a subsidiary of ICICI Bank which is India's largest private sector bank and has its various subsidiaries engaged in businesses of housing finance, asset management, life insurance, general insurance, venture capital fund management, etc. ("associates"), the details in respect of which are available on www.icicibank.com.

ICICI Securities is one of the leading merchant bankers/ underwriters of securities and participate in virtually all securities trading markets in India. We and our associates might have investment banking and other business relationship with a significant percentage of companies covered by our Investment Research Department. ICICI Securities and its analysts, persons reporting to analysts and their relatives are generally prohibited from maintaining a financial interest in the securities or derivatives of any companies that the analysts cover.

Recommendation in reports based on technical and derivative analysis centre on studying charts of a stock's price movement, outstanding positions, trading volume etc as opposed to focusing on a company's fundamentals and, as such, may not match with the recommendation in fundamental reports. Investors may visit icicidirect.com to view the Fundamental and Technical Research Reports.

Our proprietary trading and investment businesses may make investment decisions that are inconsistent with the recommendations expressed herein.

ICICI Securities Limited has two independent equity research groups: Institutional Research and Retail Research. This report has been prepared by the Retail Research. The views and opinions expressed in this document may or may not match or may be contrary with the views, estimates, rating, and target price of the Institutional Research.

The information and opinions in this report have been prepared by ICICI Securities and are subject to change without any notice. The report and information contained herein is strictly confidential and meant solely for the selected recipient and may not be altered in any way, transmitted to, copied or distributed, in part or in whole, to any other person or to the media or reproduced in any form, without prior written consent of ICICI Securities. While we would endeavour to update the information herein on a reasonable basis, ICICI Securities is under no obligation to update or keep the information current. Also, there may be regulatory, compliance or other reasons that may prevent ICICI Securities from doing so. Non-rated securities indicate that rating on a particular security has been suspended temporarily and such suspension is in compliance with applicable regulations and/or ICICI Securities policies, in circumstances where ICICI Securities might be acting in an advisory capacity to this company, or in certain other circumstances.

This report is based on information obtained from public sources and sources believed to be reliable, but no independent verification has been made nor is its accuracy or completeness guaranteed. This report and information herein is solely for informational purpose and shall not be used or considered as an offer document or solicitation of offer to buy or sell or subscribe for securities or other financial instruments. Though disseminated to all the customers simultaneously, not all customers may receive this report at the same time. ICICI Securities will not treat recipients as customers by virtue of their receiving this report. Nothing in this report constitutes investment, legal, accounting and tax advice or a representation that any investment or strategy is suitable or appropriate to your specific circumstances. The securities discussed and opinions expressed in this report may not be suitable for all investors, who must make their own investment decisions, based on their own investment objectives, financial positions and needs of specific recipient. This may not be taken in substitution for the exercise of independent judgment by any recipient. The recipient should independently evaluate the investment risks. The value and return on investment may vary because of changes in interest rates, foreign exchange rates or any other reason. ICICI Securities accepts no liabilities whatsoever for any loss or damage of any kind arising out of the use of this report. Past performance is not necessarily a guide to future performance. Investors are advised to see Risk Disclosure Document to understand the risks associated before investing in the securities markets. Actual results may differ materially from those set forth in projections. Forward-looking statements are not predictions and may be subject to change without notice.

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

ICICI Securities or its associates might have received any compensation from the companies mentioned in the report during the period preceding twelve months from the date of this report for services in respect of managing or co-managing public offerings, corporate finance, investment banking or merchant banking, brokerage services or other advisory service in a merger or specific transaction.

ICICI Securities or its associates might have received any compensation for products or services other than investment banking or merchant banking or brokerage services from the companies mentioned in the report in the past twelve months.

ICICI Securities encourages independence in research report preparation and strives to minimize conflict in preparation of research report. ICICI Securities or its associates or its analysts did not receive any compensation or other benefits from the companies mentioned in the report or third party in connection with preparation of the research report. Accordingly, neither ICICI Securities nor Research Analysts and their relatives have any material conflict of interest at the time of publication of this report.

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

ICICI Securities or its subsidiaries collectively or Research Analysts or their relatives do not own 1% or more of the equity securities of the Company mentioned in the report as of the last day of the month preceding the publication of the research report.

Since associates of ICICI Securities and ICICI Securities as a entity are engaged in various financial service businesses, they might have financial interests or actual/beneficial ownership of one percent or more or other material conflict of interest various companies including the subject company/companies mentioned in this report.

ICICI Securities may have issued other reports that are inconsistent with and reach different conclusion from the information presented in this report.

Neither the Research Analysts nor ICICI Securities have been engaged in market making activity for the companies mentioned in the report.

We submit that no material disciplinary action has been taken on ICICI Securities by any Regulatory Authority impacting Equity Research Analysis activities.

This report is not directed or intended for distribution to, or use by, any person or entity who is a citizen or resident of or located in any locality, state, country or other jurisdiction, where such distribution, publication, availability or use would be contrary to law, regulation or which would subject ICICI Securities and affiliates to any registration or licensing requirement within such jurisdiction. The securities described herein may or may not be eligible for sale in all jurisdictions or to certain category of investors. Persons in whose possession this document may come are required to inform themselves of and to observe such restriction.