

SOUTH BANK

Industry **BANKING**
 Bloomberg **SIB IN**
 BSE Code **532218**
 NSE Code **SOUTHBANK**

Thursday, August 23, 2018

RATING	BUY
CMP	17.7
Price Target	21.5
Previous Target	29
Potential Upside	21%

Stock Info

52wk Range H/L	35/18
Mkt Capital (Rs Cr)	3,203
Free float (%)	100%
Avg. Vol 1M (,000)	15,427
No. of Shares (Crore)	181
Promoters Pledged %	0%

Slippages remained elevated

Key Highlights

- ☑ SIB's advances has transformed into better space by 13% CAGR growth in 3 years driven by the strong pick in Retail, SME and Agri loans. Retail advances grew by 29% yoy while SME grew by 21% yoy. The corporate advances (above 100 cr) ratings below BBB have come down significantly to 18% (24% a year back) which signifies better asset quality going forward. Since last six quarters the advances growth has shown strong momentum due to change in loan mix.
- ☑ SIB's is Kerala-based bank with total lending exposure of 41% to the state and due to worse condition of flood in the Kerala region the bank is likely to be at risk in the form of increased slippages. The bank has 464 branches in Kerala, out of total 855 branches.
- ☑ Stressed assets declined to 2.70% in FY18 from 5.19% in FY16. However this has increased to 3.31% during the quarter. Bank claims to have zero watch list account. Specific PCR ratio of the bank is low at only 29%.
- ☑ CASA ratio is low at 25%. NIM has come under pressure due to rising of cost of fund. However the management expects it to be at 2.8% in FY19.

1Q FY19 Result:

SIB reported decline in PAT growth of 77% yoy due to lower other income during the quarter. NII growth was muted by 7% yoy due to lower NIM. Advances grew by 19% yoy, driven by strong growth in retail and SME segment. NIM declined by 13 bps qoq to 2.60% due to increase in the cost of fund. Other income dipped by 34% yoy due to decline in trading profit. Operating expenses grew by 23% yoy, which led the cost to income (C/I) ratio to climb to 57.9% vs 44.2% in Q1FY18. Slippages were Rs 609 cr (Rs 614 cr in 4QFY18).

View and Valuation

Despite the zero watch list, slippages remained elevated during the quarter at Rs 600 Cr. Management has also increased their full year slippages guidance to Rs 1200-1300 Cr from earlier guidance of Rs 600 Cr. Now in a recent calamity in Kerala, slippages may again surpass the guidance as its 41% of credit book of SIB is exposed in Kerala. Factoring higher slippages we have increased our credit cost estimation. Lower treasury income has also impacted the other income. Rising bond yield has impacted the NIM however advances growth has picked up strongly. We believe healthier growth in advances with declining stress book will result in improved earnings in medium to long run but due to recent higher slippages and lower treasury gain will have dismal FY19 earning performance. Kerala flood impact will also be under key watch. We reduce our PAT estimate for FY19 by more than 50%. We are valuing the stock at 0.95x Adj. P/BV FY20e and cut down our target price to Rs 21.5 from Rs 29 earlier. We maintain BUY.

Key Risks to our rating and target

- ◆ Continuous rise in bond yield will impact NIM.
- ◆ Higher slippages will continue to result in elevated provisions.

KEY FINANCIAL/VALUATIONS	FY16	FY17	FY18	FY19E	FY20E
NII	1510	1675	1966	2019	2411
PPP	879	1215	1481	1311	1719
PAT	333	393	335	188	699
NIM %	2.7	2.6	2.7	2.4	2.5
EPS (Rs)	2	2	2	1	4
EPS growth (%)	8.5	-11.8	-15.0	-43.9	272.4
ROE (%)	9.0	9.0	6.6	3.5	12.4
ROA (%)	0.5	0.6	0.4	0.2	0.7
BV	28	27	29	30	33
P/B (X)	0.6	0.8	0.8	0.6	0.5
P/E (x)	7.1	9.8	12.3	17.1	4.6

Research Analyst

DEEPAK KUMAR

Deepak.kumar@narnolia.com

The views expressed above accurately reflect the personal views of the authors about the subject companies and its(their) securities. The authors have not and will not receive any compensation for providing a specific recommendation or view. Microsec Capital Ltd and other Narnolia group companies does and seeks to do business with companies covered in its research reports. As a result investors should be aware that the firm may have a conflict of interest that could affect the objectivity of this report. Investors should consider this report as only a single factor in making their investment decision.

1Q FY 19 Results
Below expectation

Lower Income Growth

Financials	1QFY18	2QFY18	3QFY18	4QFY18	1QFY19	YoY %	QoQ%	FY17	FY18	YoY %
Interest Inc.	1,491	1,536	1,577	1,589	1,654	11.0%	4.1%	5,847	6,193	5.9%
Interest Exp.	1,030	1,033	1,068	1,097	1,160	12.6%	5.7%	4,172	4,227	1.3%
NII	461	503	509	492	494	7.3%	0.4%	1,675	1,966	17.3%
Other Income	219	280	159	179	146	-33.5%	-18.3%	716	837	17.0%
Total Income	680	784	668	671	640	-5.9%	-4.6%	2,391	2,803	17.2%
Opex Exp.	301	323	338	360	371	23.3%	2.9%	1,176	1,322	12.4%
PPP	379	460	330	311	270	-28.9%	-13.3%	1,215	1,481	21.9%
Provisions	224	454	154	149	232	3.2%	55.8%	614	981	59.7%
PBT	155	7	176	162	38	-75.4%	-76.5%	600	500	-16.7%
Tax	54	2	61	48	15	-71.9%	-68.7%	208	165	-20.6%
Net Profit	101	4	115	114	23	-77.3%	-79.8%	393	335	-14.7%

NIM declined, opex increased.

NIM declined both on qoq and yoy basis by 13bps and 20bps respectively led by higher interest reversals on account of higher slippages and increase in cost of fund. Yield on advances declined by 56 bps yoy to 9.50% and the yield on total assets declined by 19 bps yoy to 7.95%. On the other hand, the cost of deposit fell by 18 bps yoy, while total cost of funds declined by 4 bps yoy. The bank has increased the MCLR by 25 bps and the management expects the benefit of it to accrue in the next 6 months. Management has guided NIM to be at 2.8% for FY19.

Operating expenses grew by 23% yoy, mainly on account of charging of entire deferred expenditure towards gratuity liability amounting to Rs 20 cr in the current quarter and decline in other income, which led jump in C/I ratio to 57.9% vs 44.2% in Q1FY18.

Sharp fall in other income.

Other income declined sharply by 34% yoy and 18% qoq, due to reduction in the trading profit of 73 cr. Fee income grew by only 9% yoy, due to lower growth in both transaction fees/technology fees of 9%/7%(Previous quarter +17%/15%).

Advances growth picked-up driven by retail & SME.

Advances grew by 19% yoy backed by a strong retail and MSE advances growth. Retail/gold loan book grew 11%/16% QoQ and 29%/6% YoY. While SME book grew by 1% QoQ (+21% YoY). Agriculture book declined by 1% qoq and grew 14% yoy. Retail book portfolio increased to 24%, while the corporate portfolio declined to 36% (37% in 1QFY18). Exposure towards AA and A rated advances is continuously on increasing trend and BBB and below rated company's advances is declining. This will lead to better asset quality going forward.

Deposits grew by 10% yoy and 0.64% qoq, while CASA ratio improved by 90 bps qoq and stood at 24.7%. NRI deposit continued to be more robust at 13% yoy. Whereas term deposit grew by 11% yoy.

Slippages remained elevated.

SIB's asset quality was impacted GNPA at 4.54% (vs 3.59% QoQ) and NNPA at 3.27% (vs 2.60% QoQ). Slippage during the quarter was higher mainly due to NPA in corporate and SME book. Corporate slippages were Rs 308 cr, while MSME stood at 226 cr. On the other hand agriculture and retail slippages stood at Rs 11 cr and Rs 61 cr respectively. Two accounts in Kerala particularly from Cashew industry facing stress slipped into NPA amounting to Rs 117 cr. One EPC contractor account which was under restructured standard has also slipped amounting to Rs 22 cr. The gross credit cost during the quarter was 12 bps higher on qoq basis and PCR stood at 39%.

Concall Highlights :

- ✓ The decline in NIM by 13 bps was mainly due to increase in the interest rates on deposit front. Expected NIM for FY19 is 2.8%.
- ✓ The O/P expenses grew by 23% mainly on account of charging of entire deferred expenditure towards gratuity liability amounting to Rs 20 cr in the current quarter.
- ✓ Management expects the credit cost of 1% for the whole FY19.
- ✓ Expect recovery not less than 500 cr. Under NCLT -2 account left amounted to 336 cr classified as NPA. Total exposure in cashew account is 415 cr out of which 174 cr is NPA.
- ✓ In the current quarter the bank has absorbed entire MTM provision on investment deferred of last year end amounting to Rs 34 cr.
- ✓ During the next 3 quarters the slippages is expected to be in the range of 600-700 cr going forward. If one medical institution will fall into NPA then it will be 700 cr, neither 600 cr.

Profitability Matrix

	3QFY17	4QFY17	1QFY18	2QFY18	3QFY18	4QFY18	1QFY19	YoY (+/-)	QoQ (+/-)
C/I Ratio %	44.2	51.3	44.2	41.3	50.6	53.7	57.9	13.69	4.22
Empl. Cost/ Tot. Exp. %	58.6	56.1	55.6	52.0	54.7	53.7	57.0	1.41	3.27
Other Exp/Tot. Exp.%	41.4	43.9	44.4	48.0	45.3	46.3	43.0	-1.41	-3.27
Provision/PPP %	54.8	58.9	59.1	98.6	46.7	47.8	85.9	26.76	38.06
Tax Rate %	34.6	34.6	34.6	34.4	34.6	29.7	39.5	4.93	9.87
Int Exp./Int Inc. (%)	71.8	70.1	69.1	67.2	67.7	69.0	70.1	1.02	1.09
Other Inc./Net Inc. %	38.2	23.9	32.2	35.8	23.8	26.6	22.8	-9.46	-3.84
PAT/ Net Income %	16.5	13.1	14.9	0.6	17.2	17.0	3.6	-11.32	-13.41
RoE %	10.6	6.6	8.2	0.3	9.1	8.9	1.8	-6.49	-7.16
RoA %	0.6	0.4	0.6	0.0	0.6	0.6	0.1	-0.44	-0.45

Margin Performance

Margin %	3QFY17	4QFY17	1QFY18	2QFY18	3QFY18	4QFY18	1QFY19	YoY (+/-)	QoQ (+/-)
Yield on Advances	10.3	10.0	10.1	10.0	9.9	9.6	9.5	-0.56	-0.11
Yield (Total Assets)	8.3	8.2	8.1	8.1	5.4	7.8	8.0	-0.19	0.12
Cost of Deposits	6.5	6.3	6.2	6.1	6.0	6.0	6.1	-0.18	0.02
Cost Of Funds	6.0	5.7	5.6	5.4	5.4	5.4	5.6	-0.04	0.18
NIM	2.7	2.7	2.8	3.0	2.9	2.7	2.6	-0.20	-0.13

Exhibit: Yield and Cost

Increase in cost

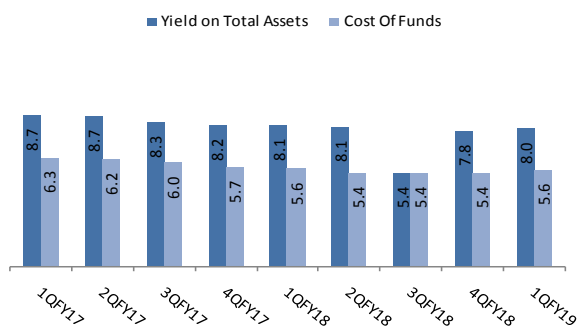
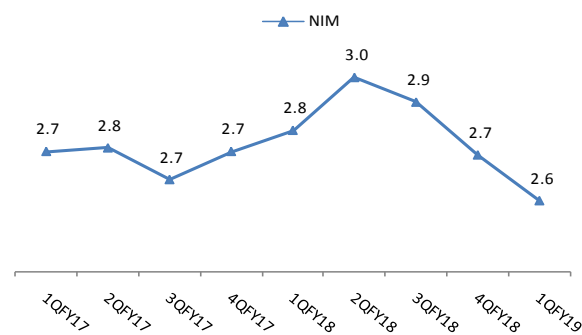


Exhibit: Net Interest Margin

Downward trend in NIM



Other Income Break Up- smart growth in distribution income

	1QFY17	2QFY17	3QFY17	4QFY17	1QFY18	2QFY18	3QFY18	4QFY18	1QFY19
Transaction Fees/Commissio	54	48	45	59	54	64	67	69	59
Processing Fees									
Technology	25	26	22	27	30	29	31	31	32
Forex	24	5	8	9	8	9	7	11	9
Total Core Fee Income	103	79	75	95	92	102	105	111	100
Growth YoY %	25.6	23.4	-15.7	11.8	-10.7	29.1	40.0	16.8	8.7
Other	13	16	57	25	39	110	43	55	30
Profit on Sale of Inv.	57	51	127	18	89	68	11	13	16
Total Other Income	173	146	259	138	220	280	159	179	146
Growth YoY %	64.8	20.7	69.3	0.0	27.2	91.8	-38.6	29.7	-33.6

Exhibit: Fee Income/Advances %

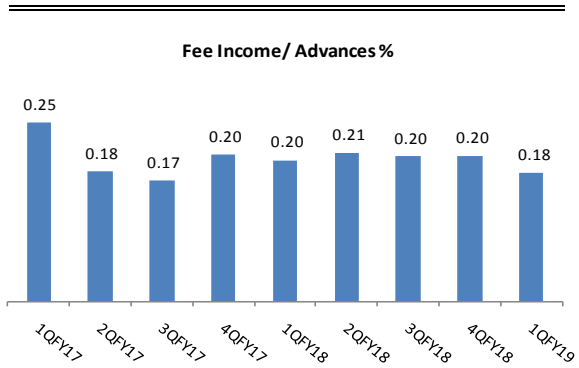
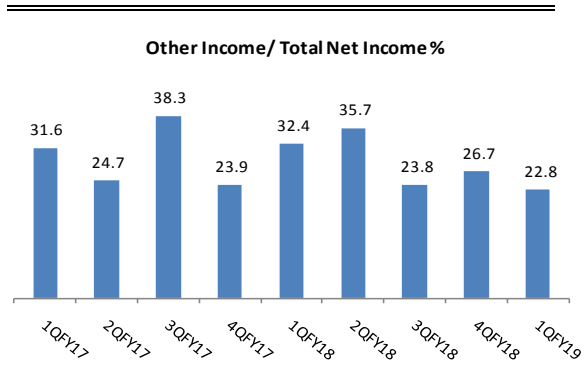


Exhibit: Other Income/ Total Income %



Asset Quality

	3QFY17	4QFY17	1QFY18	2QFY18	3QFY18	4QFY18	1QFY19	YoY (+/-)	QoQ (+/-)
GNPA (Rs in Cr)	1,787	1,149	1,695	1,765	1,774	1,981	2,552	51%	29%
GNPA %	4.0	2.5	3.6	3.6	3.4	3.6	4.5	0.93	0.95
NNPA (Rs in Cr)	1,115	675	1,183	1,256	1,211	1,416	1,814	53%	28%
NNPA %	2.5	1.5	2.5	2.6	2.4	2.6	3.3	0.73	0.67
Slippages (Rs in Cr)	197	1,150	686	252	258	614	609	-11%	-1%
Stand Restr. Assets %	1.5	0.7	0.5	0.5	0.5	0.1	0.0	-0.48	-0.07
Net Stress Assets %	7	3	3	3	3	3	3	8%	23%
PCR %	50.2	55.1	44.6	44.1	49.4	41.2	39.1	-5.54	-2.10
Credit Cost %	1.5	2.0	1.6	1.0	1.8	1.1	1.3	-0.32	0.12
Prov/Avg Adv% (Annl.)	1.9	1.5	1.9	3.8	1.2	1.1	1.7	-0.25	0.56

Sector wise Slippages %

	1QFY17	2QFY17	3QFY17	4QFY17	1QFY18	2QFY18	3QFY18	4QFY18	1QFY19
Agriculture	0.4	0.3	0.5	0.9	0.3	0.4	0.2	0.7	0.1
SME	0.6	0.5	0.4	0.6	0.9	0.8	0.2	0.3	1.7
Retail Credit	0.6	0.4	0.1	0.9	0.6	0.3	0.4	0.2	0.4
Corporate	0.0	0.6	0.7	2.4	3.5	0.5	0.0	2.4	1.5

Exhibit: Asset Quality

Impacted assets quality

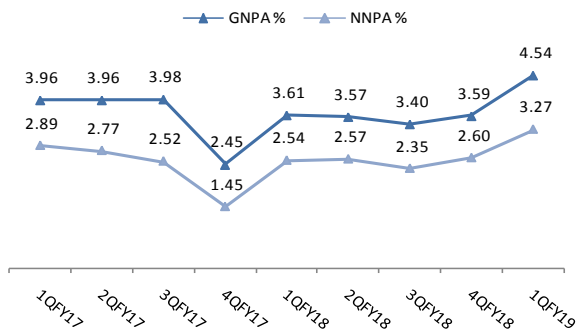
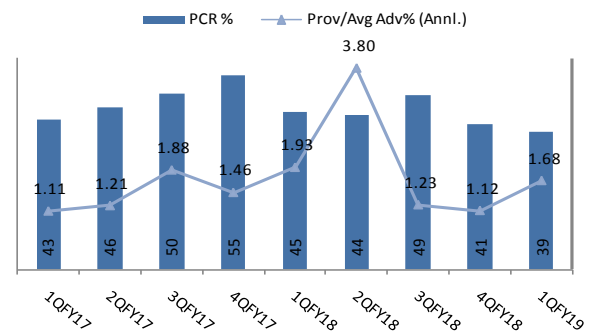


Exhibit: Provisions

PCR ratio declined



Financial Details

Balance Sheet

Y/E March	FY13	FY14	FY15	FY16	FY17	FY18	FY19E	FY20E
Share Capital	134	134	135	135	180	181	181	181
>> <i>Equity Capital</i>	134	134	135	135	180	181	181	181
>> <i>Preference Capital</i>	-	-	-	-	-	-	-	-
Reserves & Surplus	2,872	3,236	3,457	3,711	4,668	5,062	5,163	5,754
Networth	3,006	3,370	3,592	3,846	4,848	5,243	5,344	5,935
Deposits	44,262	47,491	51,912	55,721	66,117	72,030	83,663	96,016
Change (%)	21.3	7.3	9.3	7.3	18.7	8.9	16.2	14.8
>> <i>CASA Deposits</i>	8,233	9,825	10,686	12,459	15,747	17,142	20,916	24,004
Change (%)	14.7	19.3	8.8	16.6	26.4	8.9	22.0	14.8
Borrowings	1,285	2,731	2,232	2,315	1,958	4,043	4,647	4,825
Other Liabilities & Provisions	1,242	1,394	1,380	1,294	1,388	1,370	1,554	1,920
Total Liabilities	49,795	54,986	59,116	63,175	74,312	82,686	95,208	108,696
Cash & Bank	4,336	3,218	3,595	3,099	3,888	4,221	4,851	5,586
Investments	12,523	14,352	14,086	14,619	19,430	18,363	21,752	24,964
Change (%)	33.2	14.6	(1.9)	3.8	32.9	(5.5)	18.5	14.8
Advances	31,816	36,230	37,392	41,086	46,389	54,563	62,747	71,532
Change (%)	16.6	13.9	3.2	9.9	12.9	17.6	15.0	14.0
Fixed Assets	396	412	479	487	656	681	715	751
Other Assets	724	774	3,564	3,884	3,949	4,858	5,143	5,863
Total Assets	49,795	54,986	59,116	63,175	74,312	82,686	95,208	108,696

Income Statement

Y/E March	FY13	FY14	FY15	FY16	FY17	FY18	FY19E	FY20E
Interest income	4,434	5,015	5,286	5,557	5,847	6,193	7,035	8,353
Interest expended	3,153	3,616	3,920	4,048	4,172	4,227	5,017	5,942
Net Interest Income	1,281	1,399	1,366	1,510	1,675	1,966	2,019	2,411
Change (%)	25.4	9.2	(2.3)	10.5	11.0	17.3	2.7	19.4
Other Income	335	368	497	517	716	837	715	895
Change (%)	35.6	10.0	34.9	4.1	38.3	17.0	(14.5)	25.1
>> <i>Care Fee Income</i>	200	258	289	320	352	410	447	510
>> <i>Treasury Income</i>	58	70	166	136	253	181	89	185
>> <i>Others</i>	78	41	42	61	111	246	180	200
Total Net Income	1,616	1,767	1,863	2,027	2,391	2,803	2,734	3,306
Operating Expenses	767	883	1,047	1,148	1,176	1,322	1,423	1,587
Change (%)	24.3	15.1	18.6	9.6	2.5	12.4	7.6	11.5
>> <i>Employee Expenses</i>	473	529	634	692	677	713	768	826
Pre-provisioning Profit	849	884	816	879	1,215	1,481	1,311	1,719
Change (%)	30.2	4.2	(7.7)	7.7	38.1	21.9	(11.5)	31.1
Provisions	161	155	414	370	614	981	1,023	660
Change (%)	103.3	(3.5)	166.4	(10.7)	66.2	59.7	4.3	(35.5)
PBT	656	729	446	510	600	500	288	1,059
Tax	154	221	138	176	208	165	100	360
Profit After Tax	502	508	307	333	393	335	188	699
Change (%)	25.1	1.0	(39.5)	8.5	17.8	(14.7)	(43.9)	272.4

Financial Details
Key Ratios

Y/E March	FY13	FY14	FY15	FY16	FY17	FY18	FY19E	FY20E
Balance Sheet Metrics								
Loan Growth (%)	16.6	13.9	3.2	9.9	12.9	17.6	15.0	14.0
Deposit Growth (%)	21.3	7.3	9.3	7.3	18.7	8.9	16.2	14.8
C/D Ratio (%)	71.9	76.3	72.0	73.7	70.2	75.8	75.0	74.5
CASA (%)	18.6	20.7	20.6	22.4	23.8	23.8	25.0	25.0
Investment/Deposit (%)	28.3	30.2	27.1	26.2	29.4	25.5	26.0	26.0
CRAR (%)	13.7	12.4	12.1	11.8	12.4	12.7	11.0	10.7
>> Tier 1 (%)	-	10.8	10.5	9.8	10.9	10.4	9.0	8.8
>> Tier 2 (%)	-	1.6	1.6	2.0	1.5	2.3	1.9	1.8

Assets Quality Metrics

Gross NPA	434	433	643	1,562	1,149	1,981	3,005	3,191
Gross NAP (%)	1.3	1.2	1.7	3.8	2.5	3.6	4.7	4.4
Net NPA	250	282	357	1,185	675	1,416	1,863	1,819
Net NPA (%)	0.8	0.8	1.0	2.9	1.5	2.6	3.0	2.5
Slippages (%)	1.9	2.0	1.4	4.3	4.2	3.9	2.6	1.0
Provision Coverage (%)	53.2	62.7	61.0	40.2	55.1	41.2	51.4	58.1
Provision/Average Advances (%)	0.5	0.5	1.1	0.9	1.4	1.9	1.7	1.0

Margin Metrics

Yield On Advances (%)	12.1	11.6	11.3	11.1	10.2	9.4	9.4	9.7
Yield On Investment (%)	6.8	7.1	7.4	7.0	7.2	6.7	6.6	7.1
Yield on Earning Assets (%)	10.3	10.1	9.9	9.8	9.2	8.5	8.5	8.8
Cost Of Deposits (%)	7.6	7.5	7.4	7.1	6.5	5.8	6.0	6.2
Cost Of Funds (%)	7.5	7.4	7.4	7.1	6.5	5.8	6.0	6.2
Spread (%)	2.9	2.6	2.5	2.7	2.6	2.7	2.5	2.6
NIM (%)	3.0	2.8	2.6	2.7	2.6	2.7	2.4	2.5

Profitability & Efficiency Metrics

Int. Expense/Int.Income (%)	71.1	72.1	74.2	72.8	71.3	68.3	71.3	71.1
Fee Income/NII (%)	15.6	18.4	21.2	21.2	21.0	20.9	22.1	21.1
Cost to Income (%)	47.5	50.0	56.2	56.6	49.2	47.2	52.0	48.0
Cost on Average Assets (%)	1.8	1.8	2.0	2.0	1.8	2.6	2.4	2.4
Tax Rate (%)	23.4	30.4	31.1	34.6	34.6	33.0	34.7	34.0

Valuation Ratio Metrics

EPS (Rs)	4	4	2	2	2	2	1	4
Change (%)	5.9	0.6	(39.7)	8.5	(11.8)	(15.0)	(43.9)	272.4
ROAE (%)	19.4	15.9	8.8	9.0	9.0	6.6	3.5	12.4
ROAA (%)	1.1	1.0	0.5	0.5	0.6	0.4	0.2	0.7
Dividend Payout (%)	18.7	21.2	26.4	20.3	18.4	21.6	48.2	12.9
Dividend yield (%)	2.9	3.6	2.4	2.8	1.9	1.8	2.8	2.8
Book Value (Rs)	22	25	27	28	27	29	30	33
Change (%)	17.3	11.7	6.1	7.1	(5.6)	7.8	1.9	11.1
ABVPS (Rs)	21	23	24	20	23	21	19	23
P/B (X)	1.1	0.9	0.9	0.6	0.8	0.8	0.6	0.5
Adj P/B (X)	1.2	1.0	1.1	0.9	0.9	1.1	0.9	0.8
P/E (X)	6.5	5.9	11.1	7.1	9.8	12.3	17.1	4.6

Financial Details
Exhibit: DuPont Analysis

	FY14	FY15	FY16	FY17	FY18	FY19E	FY20E
Interest Income	9.6	9.3	9.1	8.5	7.9	7.9	8.2
Interest expended	6.9	6.9	6.6	6.1	5.4	5.6	5.8
Net Interest Income	2.7	2.4	2.5	2.4	2.5	2.3	2.4
Non-Fund Based Income	0.7	0.9	0.8	1.0	1.1	0.8	0.9
>> Core Fee Income	0.5	0.5	0.5	0.5	0.5	0.5	0.5
>> Trading and Other Income	0.2	0.4	0.3	0.5	0.5	0.3	0.4
Core Operating Income	3.2	2.9	3.0	2.9	3.0	2.8	2.9
Total Income	3.4	3.3	3.3	3.5	3.6	3.1	3.2
Total Operating Expenses	1.7	1.8	1.9	1.7	1.7	1.6	1.6
>> Employee Expenses	1.0	1.1	1.1	1.0	0.9	0.9	0.8
>> Other Expenses	0.7	0.7	0.7	0.7	0.8	0.7	0.7
Operating Profit	1.7	1.4	1.4	1.8	1.9	1.5	1.7
Provisions	0.3	0.7	0.6	0.9	1.2	1.2	0.6
Others	-	0.1	-	-	-	-	-
PBT	1.4	0.8	0.8	0.9	0.6	0.3	1.0
Tax	0.4	0.2	0.3	0.3	0.2	0.1	0.4
PAT/RoA	1.0	0.5	0.5	0.6	0.4	0.2	0.7
>> Equity Multiplier (x)	16.4	16.4	16.4	15.8	15.6	16.8	18.1
RoE	15.9	8.8	9.0	9.0	6.6	3.5	12.4

Disclosures: The following Disclosures are being made in compliance with the SEBI Research Analyst Regulations 2014 (herein after referred to as the Regulations). Narnolia Financial Advisors Ltd. (Formerly Microsec Capital Ltd) (MCL) is a SEBI Registered Research Analyst having registration no. INH300002407. MCL, the Research Entity (RE) as defined in the Regulations, is engaged in the business of providing Stock broking services, Depository participant services, Merchant Banking, Portfolio Management & distribution of various financial products. MCL is a subsidiary company of G Raj & Company Consultants Ltd. (GRaj). MCL is registered with the Securities & Exchange Board of India (SEBI) and is a registered Trading Member with National Stock Exchange of India Ltd. (NSE), Bombay Stock Exchange Limited (BSE) and Metropolitan Stock Exchange Of India Ltd. (MSEI) for its stock broking activities & is Depository participant with Central Depository Services Limited (CDSL) & National Securities Depository Limited (NSDL) and is member of Association of Mutual Funds of India (AMFI) for distribution of financial products. MCL is also SEBI registered Category 1 Merchant Banker & Portfolio Manager. Details of associate entities of MCL is available on the website at www.narnolia.com

No penalties have been levied on MCL by any Regulatory/Statutory authority. MCL, its associates, Research Analyst or their relative may have any financial interest in the subject company. MCL and/or its associates and/or Research Analyst may have beneficial ownership of 1% or more securities in the subject company at the end of the month immediately preceding the date of publication of the Research Report. MCL and its associate company(ies), their directors and Research Analyst and their relatives may; (a) from time to time, have a long or short position in, act as principal in, and buy or sell the securities or derivatives thereof of companies mentioned herein. (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 company(ies) discussed herein or act as an advisor or lender/borrower to such company(ies) or may have any other potential conflict of interests with respect to any recommendation and other related information and opinions.; however the same shall have no bearing whatsoever on the specific recommendations made by the analyst(s), as the recommendations made by the analyst(s) are completely independent of the views of the associates of MCL even though there might exist an inherent conflict of interest in some of the stocks mentioned in the research report. Research Analyst may have served as director/officer, etc. in the subject company in the last 12 month period. MCL and/or its associates may have received any compensation from the subject company in the past 12 months. In the last 12 months period ending on the last day of the month immediately preceding the date of publication of this research report, MCL or any of its associates may have: a) managed or co-managed public offering of securities from subject company of this research report, b) received compensation for investment banking or merchant banking or brokerage services from subject company of this research report, c) received compensation for products or services other than investment banking or merchant banking or brokerage services from the subject company of this research report. d) Subject Company may have been a client of MCL or its associates during twelve months preceding the date of distribution of the research report. MCL and its associates have not received any compensation or other benefits from the subject company or third party in connection with the research report. MCL and / or its affiliates do and seek to do business including investment banking with companies covered in its research reports. As a result, the recipients of this report should be aware that MCL may have a potential conflict of interest that may affect the objectivity of this report. Compensation of Research Analysts is not based on any specific merchant banking, investment banking or brokerage service transactions.

Terms & Conditions: This report has been prepared by MCL and is meant for sole use by the recipient and not for circulation. The report and information contained herein is strictly confidential 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 MCL. The report is based on the facts, figures and information that are considered true, correct, reliable and accurate. The intent of this report is not recommendatory in nature. The information is obtained from publicly available media or other sources believed to be reliable. Such information has not been independently verified and no guaranty, representation of warranty, express or implied, is made as to its accuracy, completeness or correctness. All such information and opinions are subject to change without notice. The report is prepared solely for informational purpose and does not constitute an offer document or solicitation of offer to buy or sell or subscribe for securities or other financial instruments for the clients. Though disseminated to all the customers simultaneously, not all customers may receive this report at the same time. MCL will not treat recipients as customers by virtue of their receiving this report.

Analyst Certification The views expressed in this research report accurately reflect the personal views of the analyst(s) about the subject securities or issues, and no part of the compensation of the research analyst(s) was, is, or will be directly or indirectly related to the specific recommendations and views expressed by research analyst(s) in this report.

Disclosure of Interest Statement Companies where there is interest
Analyst's ownership of the stocks mentioned NIL

A graph of daily closing prices of securities is available at www.nseindia.com, www.bseindia.com.

Research Analyst's views on Subject Company may vary based on Fundamental research and Technical Research. Proprietary trading desk of MCL or its associates maintains arm's length distance with Research Team as all the activities are segregated from MCL research activity and therefore it can have an independent view with regards to subject company for which Research Team have expressed their views.

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 MCL & its group companies to registration or licensing requirements within such jurisdictions.

Disclaimer: 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. This report and information herein is solely for informational purpose and may 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. 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. Each recipient of this document should make such investigations as it deems necessary to arrive at an independent evaluation of an investment in the securities of companies referred to in this document (including the merits and risks involved), and should consult its own advisors to determine the merits and risks of such an investment. The investment discussed or views expressed may not be suitable for all investors. Certain transactions -including those involving futures, options, another derivative products as well as non-investment grade securities - involve substantial risk and are not suitable for all investors. No representation or warranty, express or implied, is made as to the accuracy, completeness or fairness of the information and opinions contained in this document. This information is subject to change without any prior notice. The Company reserves the right to make modifications and alternations to this statement as may be required from time to time without any prior approval. MCL, its associates, their directors and the employees may from time to time, effect or have effected an own account transaction in, or deal as principal or agent in or for the securities mentioned in this document. They may perform or seek to perform investment banking or other services for, or solicit investment banking or other business from, any company referred to in this report. Each of these entities functions as a separate, distinct and independent of each other. The recipient should take this into account before interpreting the document. The views expressed are those of the analyst, and the Company may or may not subscribe to all the views expressed therein. This document is being supplied to you solely for your information and may not be reproduced, redistributed or passed on, directly or indirectly, to any other person or published, copied, in whole or in part, for any purpose. This report is not directed or intended for distribution to, or use by, any person or entity who is a citizen or resident of or located in any locality, state, country or other jurisdiction, where such distribution, publication, availability or use would be contrary to law, regulation or which would subject MCL to any registration or licensing requirement within such jurisdiction. The securities described herein may or may not be eligible for sell 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. Neither the Firm, not 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 profits or lost opportunities that may arise from or in connection with the use of the information. The person accessing this information specifically agrees to exempt MCL or any of its affiliates or employees from, any and all responsibility/liability arising from such misuse and agrees not to hold MCL or any of its affiliates or employees responsible for any such misuse and further agrees to hold MCL or any of its affiliates or employees free and harmless from all losses, costs, damages, expenses that may be suffered by the person accessing this information due to any errors and delays.

Correspondence Office Address: Arch Waterfront, 5th Floor, Block GP, Saltlake, Sector 5, Kolkata 700 091; Tel No.: 033-40541700; www.narnolia.com. Registered Office Address: Shivam Chambers, 1st Floor, 53, Syed Amir Ali Avenue, Kolkata 700 091. Compliance Officer: Manish Kr Agarwal, Email Id: mkagarwal@narnolia.com, Contact No.:033-4054 1766.

Registration details Company & Group entities: MCL: SEBI Registration: INZ000166737 (BSE/NSE/MSE); CDSL: IN-DP-424-2007; NSDL: IN-DP-NSDL-245-2005; Research Analyst: INH300002407, Merchant Banking: (Registration No.: INM000010791), PMS: (Registration No.: INP000002304), AMFI: ARN 3087

SEBI Registration: BSE Broker INZ260010731; NSDL DP: IN-DP-NSDL-371-2014 G. Raj & Company Consultants Ltd (G RAJ), MCX/NCDEX Commodities Broker: INZ000051636 Microsec Commerze Limited, PMS: INP000005109Narnolia Velox Advisory Ltd., Investment Adviser: INA300005439 Eastwind Capital Advisors Pvt Ltd. (EASTWIND),IRDA License No.134 (Microsec Insurance Brokers Limited), AMFI: ARN 20558, PFRDA NPS POP: 35012016 Narnolia Securities Ltd. (NSL), RBI Registered NBFC:B.05.02568 Narnolia Capital Advisors Pvt. Ltd.