

August 02, 2019

IPO Note

Spandana Sphoorty Financial Ltd.

One of the leading NBFC-MFIs in India

Spandana Sphoorty Financial Ltd (SSFL) is a leading, rural focused NBFC-MFI with geographically diversified presence in India. The company offers income generating loans under the joint liability group (JLG) model, predominantly to women from low-income households in the rural areas. It is the 4th largest NBFC-MFI in India in terms on Assets Under Management (AUM) at ₹4,437 crore as on 31 Mar'19, a growth of ~40% backed by a healthy growth of 29% in disbursements.

Recommendation: At higher end of the price band of ₹856, issue is priced at 4.0x/2.9x its FY18/19 adjusted book value on post dilution equity basis. SSFL's successful exit from corporate debt restructuring (CDR) mechanism in Mar'17 (well ahead of scheduled date of Mar'18), consistent profits along with a healthy asset book, builds confidence in the prospects. Given the low penetration of financial services in the rural India, the ability of MFIs to reach out to the hinterlands and SSFL's high operational efficiencies, we believe the company could have a considerable scope for growth going ahead. Hence, we suggest investors to subscribe to the issue. However, in light of the current market conditions one must invest in the IPO from a long term perspective.

Objects of the issue: The IPO consists of a fresh issue of 0.47 crore shares (at the higher end of the price band of ₹856) and offer for sale (OFS) to the tune of 0.82 crore shares by the promoter group and 0.12 crore shares by others. The net proceeds of the fresh issue are proposed to be utilised for augmenting the company's capital base and for general corporate purposes.

Strong overall business performance: The company has displayed a strong performance despite going into CDR post the Andhra Pradesh (AP) loan crisis in 2010 and has successfully exited the CDR framework in Mar'17 with profits in all the years post FY14. According to ICRA Research, SSFL is one of the only two major MFIs to successfully exit from CDR post AP crisis. Further, post-demonetisation in Nov'16, SSFL has efficiently managed the situation and maintain industry leading portfolio quality with collection efficiency for FY17 at 97.1% on a standalone basis and at 99.3% and 99.7% in for FY18 and FY19, on a consolidated basis respectively.

Improvement in efficiencies resulted in high profitability: The company has improved their operational efficiencies by streamlined systems and procedures and scalable workforce deployment. As a result, SSFL's AUM per branch increased from ₹2.47 crore in FY17 to ₹4.80 crore in FY19 and the AUM per employee also improved from ₹0.45 crore to ₹1.26 crore, over the same period. This has helped in achieving lower operating costs and better profitability with RoE increasing to 16.5% in FY19 vs. 13.5% in FY18.

Healthy financials: During FY19 (over FY18-19), the net interest income, pre-provisioning profit and net profit of the company grew at a robust pace of 87.5% to ₹640 crore, 109.8% to ₹519 crore and 66.0% to ₹312 crore, respectively. The high profitability was supported by a 560bps YoY decline in the cost-income ratio at 24.9%, thus resulting in return ratios of 6.3% RoA (vs. 5.0% in FY18) and 16.5% RoE (vs. 13.5% in FY18). The robust AUM growth was led by disbursements increasing ~29% during the year. Further, the company also maintained healthy asset quality with gross stage III (GS3) accounts at 0.1% and net stage III (NS3) at 0.01% along with a collection efficiency of 99.7%, as of 31 Mar'19.

Risk factors: 1) Regional concentration – over ~72% of AUM coming from top 5 states; 2) Socio-political issues in borrowing community; 3) Unsecured nature of loans may affect asset quality & profitability in case of defaults;

Financial Summary (consolidated)

Y/E March (₹ Cr)	NII	YoY (%)	Net Profit	YoY (%)	Net NPA (%)	RoE (%)	RoA (%)	Adj. BV (₹/sh) [^]	P/BV (x) [^]
FY18	341	-	188	-	0.17	13.5	5.0	215	4.0
FY19	640	87.5	312	66.0	0.02	16.5	6.3	294	2.9

Source: Company RHP, Centrum Wealth Research, [^]Note: Post-dilution basis at the higher end of the price band (₹856) has been considered

Rating



Issue Details

Price Band (₹)	853 – 856
Face Value (₹)	10.00
Pre Issue no of Eq. share (Cr)	5.96
No. of Eq. Sh. Fresh Issue (Cr)	0.47
No. of Eq. Sh. Offer for sale (Cr)	0.94
Post Issue no of Eq. share (Cr)	6.43
Net Size of Issue (₹ Cr)	1,198 / 1,201
M. Cap. post issue (₹ Cr)	5,487 / 5,505
Minimum Lot Size	17 shares
Issue Opens	5 Aug'19
Issue Closes	7 Aug'19

Shareholding Pattern (%)

	Pre Issue	Post Issue [^]
Promoters	81.2	62.6
Public + others	18.8	37.4

[^]@Higher Band of ₹856

Issue Structure (%)

	Portion (%)
QIB	50%
Non-Institutions	15%
Retail	35%

BRLM

Axis Capital Ltd
 ICICI Securities Ltd
 IIFL Securities Ltd
 JM Financial Ltd
 IndusInd Bank Ltd
 YES Securities (India) Ltd
 Source: Company RHP

Rating Scale

★ ☆ ☆ ☆ ☆	Avoid
★ ★ ☆ ☆ ☆	Neutral
★ ★ ★ ☆ ☆	Subscribe for long term
★ ★ ★ ★ ☆	Subscribe
★ ★ ★ ★ ★	High conviction subscribe

Payal V. Pandya, AVP Research

About the company

Spandana Sphoorty Financial Ltd (SSFL) is a leading, rural focused NBFC-MFI with geographically diversified presence in India. The company offers income generating loans under the joint liability group (JLG) model, predominantly to women from low-income households in the rural areas. The company was incorporated as a public company in 2003 and registered as an NBFC with the RBI in 2004. Subsequently, SSFL registered as an NBFC-MFI in 2015. During 2005-10, the company grew their microfinance operations and were the second largest MFI in terms of AUM as on 31 Mar'10 (*Source: ICRA Research*).

In Oct'10, the MFI industry was severely impacted due to external regulatory action, as the government of the formerly unified Andhra Pradesh (AP) promulgated the *AP Microfinance Ordinance 2010*, which enforced several restrictions on the operations of MFIs, thus severely impacting SSFL's collections. As a result, the consequent cash-flow shortage impacted SSFL's ability to service their debt and in-turn impaired growth and profitability. The lenders of SSFL referred the company to the *corporate debt restructuring (CDR)* mechanism of the RBI to develop a plan to restructure their borrowings and revive the business. The company agreed on a CDR plan with the lenders, which allowed them to get cash-flow relaxations to enable them to continue the efforts towards portfolio diversification, process improvement and cost rationalization. With the help of these measures, the company turned profitable in the year FY14 and continued to make profits for the four consecutive years while operating under the CDR mechanism. The company exited CDR in Mar'17, post which they increased their lender base, diversified borrowings to new banks and NBFCs and issued NCDs in the capital markets (leading to a reduction in Average Effective Cost of Borrowing from 16.3% for FY17 to 14.7% for FY18 and the same declined further to 12.8% in FY19).

As of 31 Mar'19, the company was the fourth largest NBFC-MFI and the sixth largest amongst NBFC-MFIs and Small Finance Banks (SFBs) in India with Assets under Management (AUM) at ₹4,437 crore. (*Source: ICRA Research*) According to ICRA, SSFL's operating expense to average managed assets (AMA) ratio was better than the industry as a whole during FY19. Over FY18 and FY19, the disbursements increased by 87.3% and 28.8% (from ₹2,059 crore to ₹3,858 crore as of FY18 and to ₹4,969 crore as of 31 Mar'19) and the consolidated gross AUM grew from ₹3,167 crore as of 31 Mar'18 to ₹4,437 crore at the end of FY19. As of 31 Mar'19, SSFL has a healthy asset quality with gross stage III (GS3) accounts at 0.1% and net stage III (NS3) at 0.01% along with a collection efficiency of 99.7%.

Exhibit 1: Details of selling shareholders

	Pre-offer		OFS (in Cr.)	Post-offer	
	Eq. Holding (in Cr.)	% of total Eq. Capital		Eq. Holding (in Cr.)	% of total Eq. Capital
Promoter Shareholding					
Kangchenjunga	3.53	59.1	0.60	2.93	45.6
Padmaja Gangireddy	1.17	19.6	0.14	1.02	15.9
Vijay Siva Rami Reddy Vendidandi	0.15	2.5	0.08	0.07	1.1
Total of Promoter Group	4.84	81.2	0.82	4.02	62.6
Non-Promoters					
Valiant Mauritius Partners FDI Ltd	0.46	7.8	0.08	0.38	6.0
Helion Venture Partners II LLC	0.08	1.3	0.01	0.07	1.0
Kedaara AIF 1	0.08	1.3	0.01	0.06	1.0
Helion Venture Partners LLC	0.07	1.2	0.01	0.06	0.9
Total of Non-Promoters	0.69	11.6	0.12	0.57	8.9
Total OFS	5.53	92.8	0.94	4.60	71.5

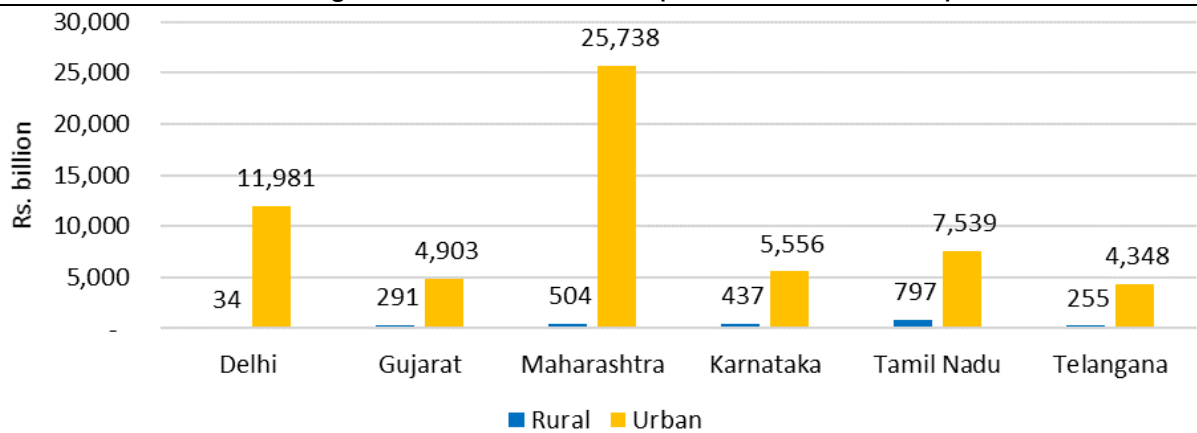
Source: Company RHP, Centrum Wealth Research

Note: The issue also consists of fresh issue of 0.47 crore shares (at the higher end of the price band of ₹856/share)

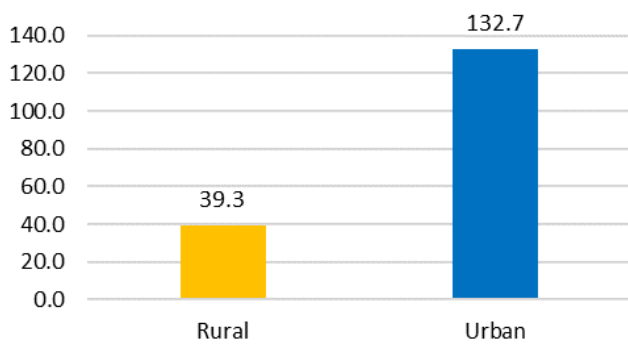
Industry Overview

Low penetration of banking credit in rural areas

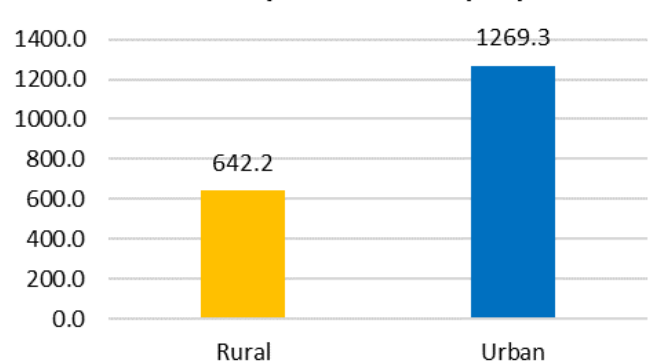
Exhibit 2: State-wise Credit Outstanding – Rural and Urban – Dec’18 (Total credit > ₹4.0 trillion)



No. of credit accounts (Mn)



No. of deposit accounts (Mn)



Source: Company RHP, Centrum Wealth Research

As of 31 Mar’18, there were only ~642 million deposit accounts and ~39 million credit accounts in rural India, which accounted for ~34% of the total deposit accounts and ~23% of the loan accounts in scheduled commercial banks despite rural India making up ~68% of the total population. The significant under-penetration of credit in rural areas offers strong potential for improvement. Given that microfinance institutions (MFIs) have relatively deeper reach, existing customer relationships and employee bases, they are well placed to address this demand which is currently being met by informal sources of funds such as local money lenders.

Key steps taken by government to boost financial inclusion

1. **PSL Requirements:** The priority sector lending (PSL) target set (40% of the adjusted net bank credit - ANBC or credit equivalent amount of off-balance sheet exposure, whichever is higher) by the RBI for banks, are aimed at providing access to financial services to borrowers with modest credit profiles (including loans to farmers for agriculture and allied activities, poor people for housing, students for education, social infrastructure and renewable energy). The PSL status for NBFC-MFIs and allowing them to act as business correspondents for banks augurs well for funding profile of NBFC-MFIs.
2. **Pradhan Mantri Jan Dhan Yojana:** The scheme ensures access to basic financial services such as banking accounts, remittance, credit, insurance and pensions in an affordable manner.
3. **Small Finance Banks:** Of the approvals given to 10 applicants by RBI, 7 were NBFC MFIs. Such schemes are likely to increase financial inclusion as the new licensees have the ability to offer full range of services like deposits and a diversified asset mix as opposed to a singular primary credit product (for NBFC-MFIs).

Key Competitive Strengths

➤ **Seasoned business model with resilient performance through business cycles** – SSFL has been able to leverage the inherent strength of their client centric business model, focus on internal controls, the expertise of the Individual Promoter and core management team to maintain SSFL’s status as a leading NBFC-MFI. During the 2010 Andhra Pradesh (AP) crisis, while the company was under CDR, they continued operations outside AP in various states and focused on rebuilding profitable operations through portfolio diversification, cost rationalization, customer retention, and recovery from the AP portfolio. These measures helped SSFL to raise new debt from existing lenders and gain capital infusion from Kangchenjunga, the Corporate Promoter and Kedaara AIF 1, which helped the company to exit from CDR in Mar’17. According to ICRA Research, SSFL is one of the only two major MFIs to successfully exit from CDR post AP crisis.

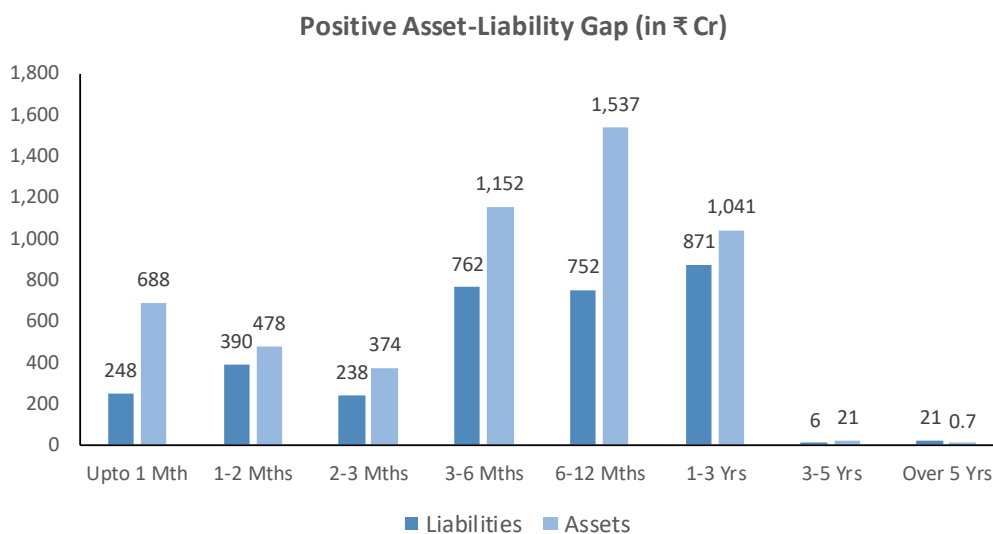
Further post demonetisation, the company adopted practices that allowed borrowers to repay a portion of their instalments and also supported them with interim loans. SSFL also conducted meetings with clients, encouraging them to continue attending centre meetings. This allowed SSFL to manage the situation and maintain industry leading portfolio quality with collection efficiency for FY17 at 97.1% on a standalone basis and at 99.3% and 99.7% in for FY18 and FY19, on a consolidated basis respectively.

➤ **Geographically diversified operations leading to risk containment and business resilience** – As of 30 Jun’19, SSFL was present in 74,749 villages in 269 districts in 16 states and 1 union territory across India through 929 branches. The company’s operations are well-diversified at the branch, district and state levels. Such presence in widespread geographies in India offers the company a potential growth opportunity to further improve their business penetration in same areas and also reach out to more congruent geographies. To address geographic concentration risk, we have specified exposure caps at the state, district and branch levels –

- a) the gross loan portfolio (GLP) of each state must not exceed 22.5% of the total portfolio (for AP and Telangana the combined cap at 6% of GLP);
- b) the GLP for each district must not exceed 2.5% of total portfolio and 7.5% of net worth;

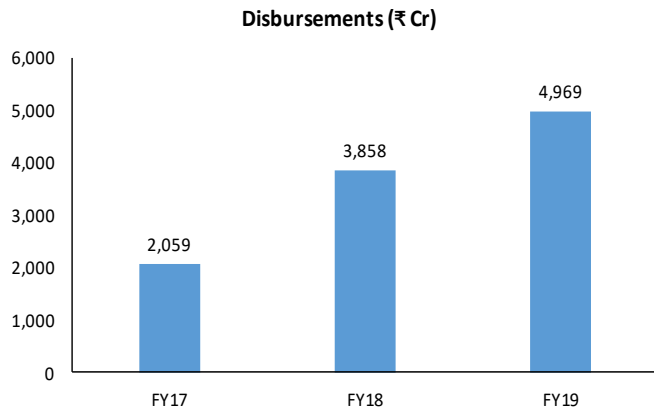
➤ **Focus on the high potential and under-served rural segment** – SSFL strategically focuses on clients in the rural areas which are a highly under-served market for formal banking services in terms of access, availability and suitability of products and services. According to ICRA Research, while rural India accounts for approximately 68% of India’s population as of Mar’18, it accounted for only 34% of total deposit accounts and 23% of the loan accounts in scheduled commercial banks. The significant under penetration of credit in rural areas offers strong potential for improvement and that given the relatively deeper reach, existing client relationships and employee base, micro-finance institutions are well placed to address this demand, which is currently being met by informal sources such as local money lenders. Hence, SSFL has maintained its focus on the rural segment as of 31 Dec’18 with 88% of portfolio located in rural areas as compared with 61% for 33 NBFC-MFIs as a whole.

Exhibit 3: SSFL has positive ALM across all tenures



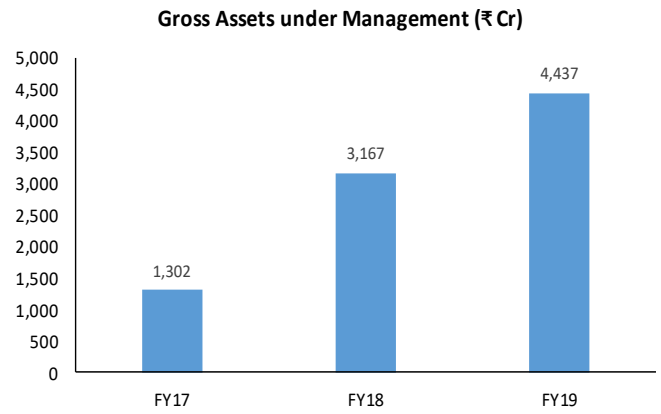
Source: Company RHP, Centrum Wealth Research

Exhibit 4: Disbursements grew 28.8% in FY19



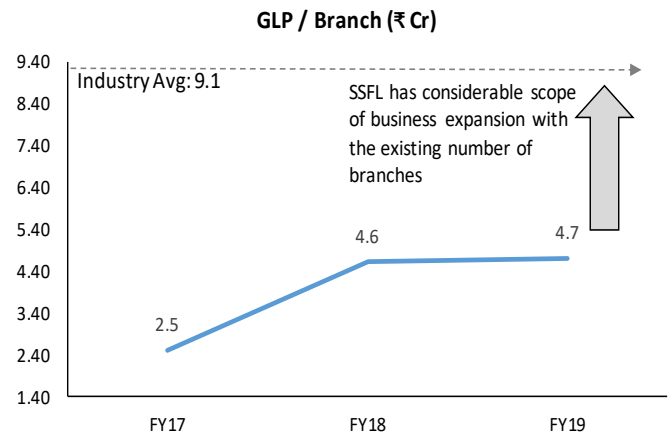
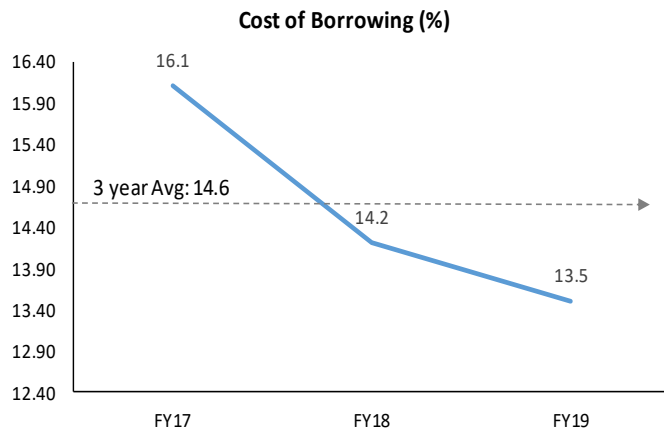
Source: Company RHP, Centrum Wealth Research
 Note: FY17 nos. are on standalone basis (proforma)

Exhibit 5: Gross AUM grew 40.1% in FY19

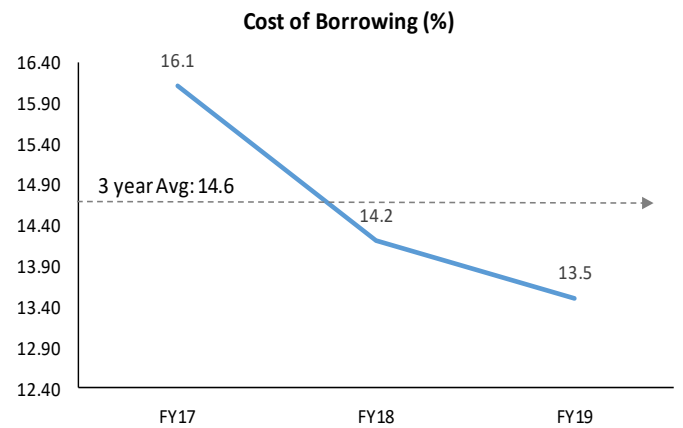
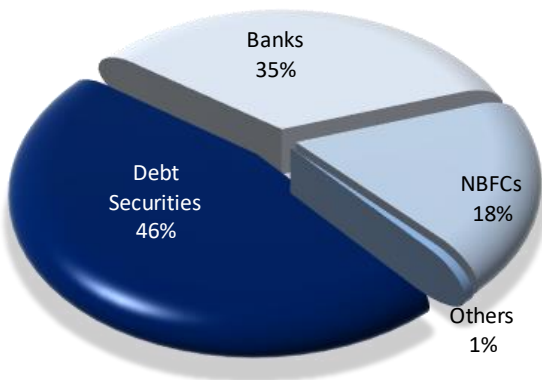


Source: Company RHP, Centrum Wealth Research
 Note: FY17 nos. are on standalone basis (proforma)

Exhibit 6: SSFL is improving operational efficiencies across parameters and has further scope with existing branches



Diversified borrowing mix (FY19)



Source: Company RHP, Centrum Wealth Research; Note: GLP = Gross Loan Portfolio, All data is as on 31 Mar'19 (as per company RHP), FY17 nos. are on standalone basis (proforma)

Exhibit 7: Strong performance over the past 2 years post exit from CDR

	Mar'17 (Exit from CDR)	Mar'19 (4 th largest NBFC-MFI in India)
Gross AUM (₹ Cr)	1,302	4,437
Networth (₹ Cr)	928	1,889
PAR 0+ (₹ Cr)	139	38
Profit Before Tax (₹ Cr)	46	474
Cost-Income Ratio (%)	41.8	24.9
No. of lenders (x)	3	28
Avg. Eff. Borrowing Cost (%)	16.3	12.8
Credit Rating	NA	A- (Stable)
Avg. Eff. Borrowing Cost (%)	16.3	12.8

Source: Company RHP, Centrum Wealth Research;

Note: PAR 0+ = Portfolio at Risk with 1 day onwards delay in paying

Peer Comparison**Exhibit 8: Relative Valuation**

Company	M. Cap (₹ Cr)	Net Profit (₹ Cr)	Gross Loan Book (₹ Cr)	Net NPA (%)	RoE (%)	RoA (%)	Adj. BV (₹/sh)	P/Adj. BV (x)
Bandhan Bank	57,263	1,952	44,800	0.58	17.4	3.9	94	5.1
Bharat Financial Incl #	12,384	985	17,394	0.22	23.3	9.7	300	2.9
Spandana Sphoorty ^	5,505	312	4,437	0.01	16.5	6.3	294	2.9
Ujjivan Financial Serv.	3,487	150	11,049	0.30	8.0	1.7	157	1.8
Satin Creditcare*	1,392	202	7,068	1.60	17.5	3.1	237	1.1

Source: Bloomberg, Company RHP, Centrum Wealth Research

Note: * NPAs imply the Expected Credit Loss (ECL) as per FY19 PPT; # Bharat Financial Inclusion is suspended to be merged with IndusInd Bank, hence the M. Cap is calculated on the basis of the merger swap ratio;

^ Higher end of price band of ₹856 has been considered;

All market prices of listed stocks are as on 1 Aug'19;

Financials - Consolidated

Income Statement

Y/E Mar (₹ Cr)	FY18	FY19
Interest Income	573	998
Finance Cost	232	358
Net interest income	341	640
Non-interest Income	14	51
Net total income	356	691
Operating Expenses	108	172
Pre-provisioning profit	247	519
Provisions / impairments	(35)	45
PBT	283	473
Tax	95	162
Net Profit	188	312

Source: Company RHP, Centrum Wealth Research

Balance Sheet

Y/E Mar (₹ Cr)	FY18	FY19
Eq. Share Capital	298	596
Reserves/Other equity	13,609	18,298
Networth	13,906	18,894
Non-Controlling Interest	-	9
Total Debt	23,314	29,677
Other Financial liabilities	145	445
Current Tax Liabilities (net)	93	63
Provisions	4	4
Other Non-Financial liabilities	180	225
Total Liabilities	37,642	49,317
Cash & Bank Balance	2,078	3,518
Trade Receivables	25	35
Loan Portfolio	30,896	42,678
Investments	1	1
Current tax assets (net)	42	83
Deferred tax assets (net)	3,841	2,000
Fixed Assets	85	94
Goodwill	-	174
Other Assets	675	734
Total Assets	37,642	49,317

Source: Company RHP, Centrum Wealth Research

Key Ratios[^]

	FY18	FY19
Growth (%)		
Net Interest Income	-	87.5
Pre-provisioning profit	-	109.8
Net profit	-	66.0
Loan book	-	38.1
Total debt	-	27.3
Profitability (%)		
RoE	13.5	16.5
RoA	5.0	6.3
Asset Quality		
Gross Stage III	2.27	0.1
Net Stage III	0.38	0.01
Valuations		
EPS (₹/share)	29.23	48.50
P/E (x)	29.3	17.6
BV (₹/share)	216	294
ABV (₹/share)	215	294
P/BV (x)	4.0	2.9
P/ABV (x)	4.0	2.9

[^] Note: Calculations based on higher end of the price band – ₹856

Source: Company RHP, Centrum Wealth Research

Note: The financial statements mentioned above show the company's performance post its exit from the Corporate Debt Restructuring (CDR) scheme in Mar'17.

Appendix

Disclaimer

Centrum Broking Limited ("CBL") is a full-service, Stock Broking Company and a member of The Stock Exchange, Mumbai (BSE), National Stock Exchange of India Ltd. (NSE) and Metropolitan Stock Exchange of India Limited (MCEI). One of our group companies, Centrum Capital Ltd is an investment banker and an underwriter of securities. As a group Centrum has Investment Banking, Advisory and other business relationships with a significant percentage of the companies covered by our Research Group. Our research professionals provide important inputs into the Group's Investment Banking and other business selection processes.

Recipients of this report should assume that our Group is seeking or may seek or will seek Investment Banking, advisory, project finance or other businesses and may receive commission, brokerage, fees or other compensation from the company or companies that are the subject of this material/report. Our Company and Group companies and their officers, directors and employees, including the analysts and others involved in the preparation or issuance of this material and their dependants, may on the date of this report or from, time to time have "long" or "short" positions in, act as principal in, and buy or sell the securities or derivatives thereof of companies mentioned herein. CBL, its client or its affiliates may own 1% or more in the equity of this company. Our sales people, dealers, 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 are inconsistent with the recommendations expressed herein. We may have earlier issued or may issue in future reports on the companies covered herein with recommendations/information inconsistent or different those made in this report. In reviewing this document, you should be aware that any or all of the foregoing, among other things, may give rise to or potential conflicts of interest. We and our Group may rely on information barriers, such as "Chinese Walls" to control the flow of information contained in one or more areas within us, or other areas, units, groups or affiliates of CBL. CBL and its affiliates do not make a market in the security of the company for which this report or any report was written. Further, CBL or its affiliates did not make a market in the subject company's securities at the time that the research report was published.

This report is for information purposes only and this document/material should not be construed as an offer to sell or the solicitation of an offer to buy, purchase or subscribe to any securities, and neither this document nor anything contained herein shall form the basis of or be relied upon in connection with any contract or commitment whatsoever. This document does not solicit any action based on the material contained herein. It is for the general information of the clients of CBL. Though disseminated to clients simultaneously, not all clients may receive this report at the same time. Centrum will not treat recipients as clients by virtue of their receiving this report. It does not constitute a personal recommendation or take into account the particular investment objectives, financial situations, or needs of individual clients. Similarly, this document does not have regard to the specific investment objectives, financial situation/circumstances and the particular needs of any specific person who may receive this document. The securities discussed in this report may not be suitable for all investors. The securities described herein may not be eligible for sale in all jurisdictions or to all categories of investors. The countries in which the companies mentioned in this report are organized may have restrictions on investments, voting rights or dealings in securities by nationals of other countries. The appropriateness of a particular investment or strategy will depend on an investor's individual circumstances and objectives. Persons who may receive this document should consider and independently evaluate whether it is suitable for his/ her/their particular circumstances and, if necessary, seek professional/financial advice. Any such person shall be responsible for conducting his/her/their own investigation and analysis of the information contained or referred to in this document and of evaluating the merits and risks involved in the securities forming the subject matter of this document.

The projections and forecasts described in this report were based upon a number of estimates and assumptions and are inherently subject to significant uncertainties and contingencies. Projections and forecasts are necessarily speculative in nature, and it can be expected that one or more of the estimates on which the projections and forecasts were based will not materialize or will vary significantly from actual results, and such variances will likely increase over time. All projections and forecasts described in this report have been prepared solely by the authors of this report independently of the Company. These projections and forecasts were not prepared with a view toward compliance with published guidelines or generally accepted accounting principles. No independent accountants have expressed an opinion or any other form of assurance on these projections or forecasts. You should not regard the inclusion of the projections and forecasts described herein as a representation or warranty by or on behalf of the Company, CBL, Centrum group, the authors of this report or any other person that these projections or forecasts or their underlying assumptions will be achieved. For these reasons, you should only consider the projections and forecasts described in this report after carefully evaluating all of the information in this report, including the assumptions underlying such projections and forecasts.

The price and value of the investments referred to in this document/material and the income from them may go down as well as up, and investors may realize losses on any investments. Past performance is not a guide for future performance. Future returns are not guaranteed and a loss of original capital may occur. 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. We do not provide tax advice to our clients, and all investors are strongly advised to consult regarding any potential investment. CBL and its affiliates accept no liabilities for any loss or damage of any kind arising out of the use of this report. Foreign currencies denominated securities are subject to fluctuations in exchange rates that could have an adverse effect on the value or price of or income derived from the investment. In addition, investors in securities such as ADRs, the value of which are influenced by foreign currencies effectively assume currency risk. Certain transactions including those involving futures, options, and other derivatives as well as non-investment-grade securities give rise to substantial risk and are not suitable for all investors. Please ensure that you have read and understood the current risk disclosure documents before entering into any derivative transactions.

This report/document has been prepared by CBL, based upon information available to the public and sources, believed to be reliable. No representation or warranty, express or implied is made that it is accurate or complete. CBL has reviewed the report and, in so far as it includes current or historical information, it is believed to be reliable, although its accuracy and completeness cannot be guaranteed. The opinions expressed in this document/material are subject to change without notice and have no obligation to tell you when opinions or information in this report change.

This report or recommendations or information contained herein do/does not constitute or purport to constitute investment advice in publicly accessible media and should not be reproduced, transmitted or published by the recipient. The report is for the use and consumption of the recipient only. This publication may not be distributed to the public used by the public media without the express written consent of CBL. This report or any portion hereof may not be printed, sold or distributed without the written consent of CBL.

The distribution of this document in other jurisdictions may be restricted by law, and persons into whose possession this document comes should inform themselves about, and observe, any such restrictions. Neither CBL 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 profits that may arise from or in connection with the use of the information.

This document does not constitute an offer or invitation to subscribe for or purchase or deal in any securities and neither this document nor anything contained herein shall form the basis of any contract or commitment whatsoever. This document is strictly confidential and is being furnished to you solely for your information, may not be distributed to the press or other media and may not be reproduced or redistributed to any other person. The distribution of this report in other jurisdictions may be restricted by law and persons into whose possession this report comes should inform themselves about, and observe any such restrictions. By accepting this report, you agree to be bound by the foregoing limitations. No representation is made that this report is accurate or complete.

The opinions and projections expressed herein are entirely those of the author and are given as part of the normal research activity of CBL and are given as of this date and are subject to change without notice. Any opinion estimate or projection herein constitutes a view as of the date of this report and there can be no assurance that future results or events will be consistent with any such opinions, estimate or projection.

This document has not been prepared by or in conjunction with or on behalf of or at the instigation of, or by arrangement with the company or any of its directors or any other person. Information in this document must not be relied upon as having been authorized or approved by the company or its directors or any other person. Any opinions and projections contained herein are entirely those of the authors. None of the company or its directors or any other person accepts any liability whatsoever for any loss arising from any use of this document or its contents or otherwise arising in connection therewith.

CBL and its affiliates have not managed or co-managed a public offering for the subject company in the preceding twelve months. CBL and affiliates have not received compensation from the companies mentioned in the report during the period preceding twelve months from the date of this report for service in respect of public offerings, corporate finance, debt restructuring, investment banking or other advisory services in a merger/acquisition or some other sort of specific transaction.

As per the declarations given by his/her, research analyst and the author of this report and/or any of his/her family members do not serve as an officer, director or any way connected to the company/companies mentioned in this report. Further, as declared by his/her, he/she has not received any compensation from the above companies in the preceding twelve months. Our entire research professionals are our employees and are paid a salary. They do not have any other material conflict of interest of the research analyst or member of which the research analyst knows of has reason to know at the time of publication of the research report or at the time of the public appearance. The Research analysts or their associates have not dealt or traded in the recommended scrip within 30 days before the publication of this research report and will not deal or trade in the recommended scrip within 5 days after the publication of this research report.

The Research analysts or their associates have not purchased or received securities of the issuer before issuer's initial public offering (applicable to recommendation to IPO issues)

While we would endeavour to update the information herein on a reasonable basis, CBL, its associated companies, their directors and employees are under no obligation to update or keep the information current. Also, there may be regulatory, compliance or other reasons that may prevent Centrum 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 Centrum policies, in circumstances where CBL is acting in an advisory capacity to this company, or any certain other circumstances.

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 Centrum Broking Limited 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.

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.

Disclosures under the SEBI (Research Analysts) Regulations 2014

Disclosure of Interest Statement		
1	Business activities of Centrum Broking Limited (CBL)	Centrum Broking Limited (hereinafter referred to as "CBL") is a registered member of NSE (Cash, F&O and Currency Derivatives Segments), MSEI (Currency Derivatives Segment) and BSE (Cash segment), Depository Participant of CDSL, SEBI registered Portfolio Manager and an AMFI registered Mutual Fund Distributor.
2	Details of Disciplinary History of CBL	CBL has not been debarred/ suspended by SEBI or any other regulatory authority from accessing /dealing in securities market.
3	Registration status of CBL	CBL is registered with SEBI as a Research entity (SEBI Registration No. INH000001469)
4	Whether Research analysts or relatives' have any financial interest in the subject company and nature of such financial interest	No
5	Whether Research analysts or relatives have actual / beneficial ownership of 1% or more in securities of the subject company at the end of the month immediately preceding the date of publication of the document.	No
6	Whether the research analysts or his relatives has any other material conflict of interest	No
7	Whether research analysts have received any compensation from the subject company in the past 12 months and nature of products / services for which such compensation is received	No
8	Whether the Research Analysts have received any compensation or any other benefits from the subject company or third party in connection with the research report	No
9	Whether Research Analysts has served as an officer, director or employee of the subject company	No
10	Whether the Research Analysts has been engaged in market making activity of the subject company.	No
11	Whether CBL ,Research analyst or its associates have managed or co-managed public offering of securities for the subject company in the past twelve months;	No
12	Whether CBL ,Research analyst or its associates have received any compensation for investment banking or merchant banking or brokerage services from the subject company in the past twelve months;	No
13	Whether CBL ,Research analyst or its associates have received any compensation for products or services other than investment banking or merchant banking or brokerage services from the subject company in the past twelve months;	No

Member (NSE,MSEI and BSE)**Regn No.:**

SEBI Single Registration No.:- INZ000205331

Depository Participant (DP)

CDSL DP ID: 120 – 12200 | SEBI REGD NO. : CDSL: IN-DP-CDSL-661-2012

PORTFOLIO MANAGER | SEBI REGN NO.: INP000004383

Research Analyst | SEBI Registration No. INH000001469

Mutual Fund Distributor | AMFI REGN No. ARN- 147569

Website: www.centrum.co.in | Investor Grievance Email ID: investor.grievances@centrum.co.in**Compliance Officer Details:**

Ashok D Kadambi

(022) 4215 9937; Email ID: compliance@centrum.co.in**Centrum Broking Ltd. (CIN: U67120MH1994PLC078125)**

REGD. OFFICE Address	Corporate Office & Correspondence Address
Bombay Mutual Bldg., 2nd Floor, Dr. D.N. Road, Fort, Mumbai - 400 001	Centrum House 6th Floor, CST Road, Near Vidya Nagari Marg, Kalina, Santacruz (E) Mumbai 400 098. Tel: (022) 4215 9000 Fax: +91 22 4215 9344