Near-Term MFI Pain to Persist, HOLD Stays!

Est. Vs. Actual for Q3FY25: NII – INLINE; PPOP – MISS; PAT – MISS

Changes in Estimates post Q3FY25

FY25E/26E/FY27E (in %): NII: 0.1/-0.1/-0.9; **PPOP:** -1.7/-1.3/-1.7; **PAT:** -35.1/-19.7/-12.7

Recommendation Rationale

- **MFI pain far from over, eyes on X-bucket collections improvement:** EQSFB's X-bucket collection effieicny (CE) in the MFI segment has sabilised in Q3FY25. **However, this will result in elevated credit costs continuing over the next couple of quarters.** The management has indicated that the X-bucket CE in Jan'25 has remained broadly similar to that in Dec'24, with no meaningful improvement. Hopes are pinned on improvement over Feb-Mar'25 so that the bank can have better clarity on the trajectory of credit costs from Q2FY26 onwards. The bank has added 800 of the 1000 fresh recruits towards collections in Q3FY25 and expects improvement. During the quarter, EQSFB has witnessed an improvement in the SMA 0 and SMA 1 levels in the MFI pool. However, SMA 2 continued to inch up. Elevated credit costs over the next couple of quarters and lower visibility on X-bucket collections improving remain a significant overhang on the profitability. Apart from the MI portfolio, the non-MFI portfolio's credit costs remain manageable.
- **Focus shifts towards secured assets:** The bank will continue to de-focus on the MFI segment, resulting in its mix in the overall portfolio dropping to single-digit vs 14% currently. Owing to the uncertainty in the segment, the management has refrained from guiding growth in the MFI segment. EQSFB has identified the MLAP segment as the one that drives growth. The top 15% of the MFI customers are the identified target customer segment for MLAP, and the bank will continue to ramp up disbursements in this segment. Amongst the secured products, the bank will continue to pursue growth in the affordable housing portfolio, such as used cars, used CVs, and SBL. The affordable housing book is yet to turn profitable. The management expects the book to turn profitable in FY26, thereby contributing to the overall RoA. The bank has launched personal loans primarily for its existing deposit customers and will look to roll out credit cards by the end of FY25. While near-term challenges may keep growth muted, we expect credit growth to pick up in FY26, assuming the stress in the MFI segment stabilises and expect EQSFB to deliver a ~19% CAGR advances growth over FY25-27E, largely led by the secured segment.
- **NIMs to find support as interest rate cycle reverses:** ~80% of EQSFB's portfolio is fixed rate and should benefit as the interest rate cycle reverses. The bank has introduced a slab rate vs flat rates charged earlier on MFI loans. The yields would range between 20-25% depending on the vintage of the customer, repayment track record and certain other credit parameters. This could impact the MFI yields by 100-150bps.

Sector Outlook: Positive

Company Outlook: The stress in the MFI portfolio will keep credit costs elevated, thereby denting earnings. Slower growth in the MFI segment, portfolio shift towards secured products and potentially higher slippages from the MFI pool would continue to keep NIMs under pressure. However, the bank is set to benefit during the rate cut cycle, given the majority of its book is a fixed rate. The bank has renewed its deposit strategy to build a granular, retail-led deposit franchise to ensure customer stickiness and gradual deceleration in CoF to bring it in line with larger banks. We expect EQSFB to deliver RoA/RoE of 1.1-1.3%/10-13% over FY26-27E.

Current Valuation: 1.2x Sep'26E ABV Earlier Valuation: 1.2x Sep'26E ABV

Current TP: Rs 72/share Earlier TP: Rs 75/share

Recommendation: We **maintain our HOLD** recommendation on the stock.

Financial Performance:

- **Operational Performance:** Disbursements grew by 9/6% QoQ, led by the non-MFI segments (19/2% YoY/QoQ. MFI disbursements de-grew by 17% YoY and grew by 20% QoQ. Advances growth slowed down to 14/4% YoY/QoQ, with growth steered by SBL (+27/6% YoY/QoQ) and Vehicle Finance (+14/4% YoY/QoQ) and Home Loans (+18/4% YoY/QoQ). MFI portfolio de-grew by 11/5% YoY/QoQ; thereby, its mix declined to 14% vs 18/16% YoY/QoQ. Deposits growth was strong at 26/2% YoY/QoQ, primarily led by growth in TDs (+33/5% YoY/QoQ). CASA deposits grew by ~10% YoY and de-grew by 4% QoQ. CASA ratio stood at 28.6% vs 32.7/30.6% YoY/QoQ. CD Ratio inched up to 91.7% vs 90.5% QoQ.
- **Financial Performance:** NII grew by 4/2% YoY/QoQ owing to modest credit growth momentum and a continued NIM compression (30bps QoQ). NIMs stood at 7.39% vs 7.69% QoQ (with 18 bps contributed by a drop in MFI portfolio and 12 bps contributed by a dip in Treasury income). Non-interest grew by 16% YoY and was flat QoQ. Opex growth stood at 15/5% YoY/QoQ, which was led by higher employee costs (6% QoQ). C-I Ratio was increased to 68.5% vs 63.6/66.4% YoY/QoQ. PPOP growth was weak at -8/-5% YoY/QoQ. Elevated credit costs continued to hurt earnings. Credit costs stood at 2.65% vs 3.72% QoQ. The credit cost for 9MFY25 is at ~3.3%, with the non-MFI credit cost at 1.12% for 9MFY25. In Q3FY25, PAT de-grew sharply by 67% YoY.
- **Asset Quality** remained broadly stable despite elevated slippages. GNPA/NNPA stood at 3.0/1.0%, flat QoQ.

Key Financials (Standalone)

(Rs Cr)	Q3FY25	QoQ (%)	YoY (%)	Axis Est.	Variance
Net Interest Income	818	+2.0	+4.2	821	-0.3
PPOP	333	-4.8	-7.6	356	-6.4
Net Profit	66	-26.3	-67.2	74	-11.0
NNPA (%)	1.0	-1 bps	+3 bps	1.0	-3 bps
RoA (%)	0.5	+42 bps	-144 bps	0.6	-7 bps

Source: Company, Axis Securities Research

(CMP as of 31st January, 2025)

CMP (Rs)	66.4
Upside /Downside (%)	8%
High/Low (Rs)	110/61
Market cap (Cr)	7,573
Avg. daily vol. (6m) Shrs.	45,56,507
No. of shares (Cr)	113.9

Shareholding (%)

	Jun-24	Sep-24	Dec-24
Promoter	0.0	0.0	0.0
FIIs	19.7	16.9	15.4
MFs / UTI	38.4	38.2	37.3
Others	41.9	44.9	47.3

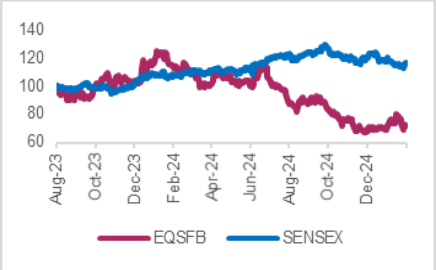
Financial & Valuations

Y/E Mar (Rs Cr)	FY25E	FY26E	FY27E
NII	3,269	3,815	4,530
PPOP	1,361	1,644	2,061
Net Profit	189	629	915
EPS (Rs)	1.7	5.5	8.1
ABV (Rs)	51.4	56.4	63.5
P/ABV (x)	1.3	1.2	1.0
RoA (%)	0.4	1.1	1.3
NNPA (%)	0.9	0.8	0.7

Change in Estimates (%)

Y/E Mar	FY25E	FY26E	FY27E
NII	0.1	-0.1	-0.9
PPOP	-1.7	-1.3	-1.7
PAT	-35.1	-19.7	-12.7

Relative performance



Source: Ace Equity, Axis Securities

Dnyanada Vaidya
Research Analyst
Email: dnyanada.vaidya@axissecurities.in

Pranav Nawale
Research Associate
Email: pranav.nawale@axissecurities.in

Outlook

We believe growth would be an outcome of asset quality trends, especially in the MFI pool. However, the growth in the non-MFI pool would continue to remain healthy. Continued stress with low visibility of stress peaking out will continue to weigh on earnings growth for the bank. Resultantly, we hack our earnings estimates by 13-19% over FY26-27E.

Valuation & Recommendation

The stock has already corrected sharply by ~16% over the past 6 months, anticipating asset quality concerns in the MFI growth and its impact on growth. However, owing to limited clarity on recovery alongside a delay in RoA inching back to the aspirational 2%, **we maintain our HOLD rating on the stock**. We value EQSFB at 1.2x Sep'26E ABV (vs. current valuations of 1.1x Sep'26E) to arrive at a target price of Rs 72/share, implying an 8% upside from the CMP.

Key Risks to Our Estimates and TP

- The key risk to our estimates remains a slowdown in overall credit growth, potentially derailing our earnings estimates.
- Asset quality concerns cropping from the new businesses remain a risk to our earnings estimates

Change in Estimates

	Revised			Old			% Change		
	FY25E	FY26E	FY27E	FY25E	FY26E	FY27E	FY25E	FY26E	FY27E
NII	3,269	3,815	4,530	3,266	3,820	4,572	0.1	-0.1	-0.9
PBP	1,361	1,644	2,061	1,385	1,666	2,098	-1.7	-1.3	-1.7
Provisions	1,102	803	837	997	623	701	10.5	28.8	19.5
PAT	189	629	915	291	783	1,049	-35.1	-19.7	-12.7

Source: Company, Axis Securities Research

Results Review (Standalone)

	Q3FY25	Q3FY24	% YoY	Q2FY25	% QoQ	9MFY25	9MFY24	% YoY
Net Interest Income	818	785	4.2	802	2.0	2,422	2,294	5.6
Non-Interest Income	238	205	16.0	239	-0.2	686	558	22.9
Operating expenses	724	630	14.9	692	4.7	2,085	1,849	12.7
Staff Cost	*425*	*346*	*23.0*	*402*	*5.7*	*1,203*	*1,006*	*19.6*
Pre provision profits	333	360	-7.6	350	-4.8	1,023	1,003	2.0
Provisions and contingencies	243	84	188.1	330	-26.3	877	208	322.6
PBT	90	276	-67.5	20	347.4	146	795	-81.7
Provision for Tax	23	74	-68.3	7	226.6	41	204	-80.1
PAT	66	202	-67.2	13	414.7	105	591	-82.3
Business Update								
Disbursements	5,143	4,739	8.5	4,850	6.0	14,022	14,458	-3.0
AUM	**37,345**	**32,776**	13.9	**36,053**	3.6	**37,345**	**32,776**	13.9
MFI	*5,370*	*6,056*	*-11.3*	*5,636*	*-4.7*	*5,370*	*6,056*	-11.3
Vehicle Finance	*9,263*	*8,093*	*14.5*	*8,877*	*4.3*	*9,263*	*8,093*	14.5
SBL	*15,564*	*12,285*	*26.7*	*14,678*	*6.0*	*15,564*	*12,285*	26.7
MSE	*1,499*	*1,167*	*28.4*	*1,366*	*9.7*	*1,499*	*1,167*	28.4
NBFC	*550*	*887*	*-38.0*	*604*	*-8.9*	*550*	*887*	-38.0
Affordable Housing	*4,565*	*3,884*	*17.5*	*4,389*	*4.0*	*4,565*	*3,884*	17.5
Others	*534*	*404*	*32.2*	*503*	*6.2*	*534*	*404*	32.2
Operational Metrics								
Cost-Income ratio (%)	68.5	63.6	488bps	66.4	209bps	67.1	64.9	220bps
Yields on Advances (%)	16.6	16.5	10bps	16.5	6bps	16.5	16.4	7bps
Cost of Deposits (%)	7.5	7.4	13bps	7.5	-1bps	7.5	7.2	31bps
Cost of Funds (%)	7.5	7.4	13bps	7.5	-1bps	7.5	7.2	31bps
NIMs (%)	7.4	8.4	-98bps	7.7	-30bps	7.7	8.5	-84bps
Asset Quality								
Gross NPA (%)	3.0	2.5	51bps	3.0	2bps	3.0	2.5	51bps
Net NPA (%)	1.0	0.9	3bps	1.0	-1bps	1.0	0.9	3bps
PCR (%)	68.3	62.4	586bps	67.7	57bps	68.3	62.4	586bps
Slippages (Rs. Cr.)	*567.0*	*312.2*	*81.6*	*505.8*	*12.1*	*1458.2*	*782.9*	*86.2*
Slippage Ratio (%)	*6.2*	*3.9*	*228bps*	*5.7*	*47bps*	*5.4*	*3.4*	*203bps*
Capital Adequacy								
CRAR	20.3	20.2	5bps	19.4	93bps	20.3	20.2	5bps
Tier I	17.5	19.7	-219bps	18.1	-61bps	17.5	19.7	-219bps
Tier II	2.8	0.6	224bps	1.3	154bps	2.8	0.6	224bps

Source: Company, Axis Securities Research

Financials (Standalone)

Profit & Loss

(Rs Cr)

Y/E March	FY24	FY25E	FY26E	FY27E
Net Interest Income	**3,080**	**3,269**	**3,815**	**4,530**
Non-Interest Income	799	924	1,044	1,184
Total Income	**3,878**	**4,193**	**4,858**	**5,714**
Operating Expenses	2,503	2,832	3,215	3,652
Pre-Provision Profits	**1,375**	**1,361**	**1,644**	**2,061**
Provisions	314	1,102	803	837
PBT	**1,061**	**259**	**841**	**1,224**
Tax	264	70	212	309
Profit After Tax	**797**	**189**	**629**	**915**

Source: Company, Axis Securities Research

Balance Sheet

(Rs Cr)

Y/E March	FY24	FY25E	FY26E	FY27E
Equity Share Capital	1,135	1,135	1,135	1,135
Reserves & Surplus	4,834	5,022	5,588	6,412
Net Worth	**5,969**	**6,157**	**6,723**	**7,547**
Deposits	36,129	43,918	53,405	64,966
Borrowings	1,788	1,619	892	443
Other Liabilities	1,418	1,671	1,972	2,358
Total Liabilities	**45,304**	**53,365**	**62,993**	**75,314**
Cash & Bank balances	3,579	3,516	4,009	4,876
Investments	9,065	11,854	13,881	16,885
Loans	30,964	35,678	42,369	50,282
Fixed Assets & Others	1,695	2,317	2,735	3,270
Total Assets	**45,304**	**53,365**	**62,993**	**75,314**

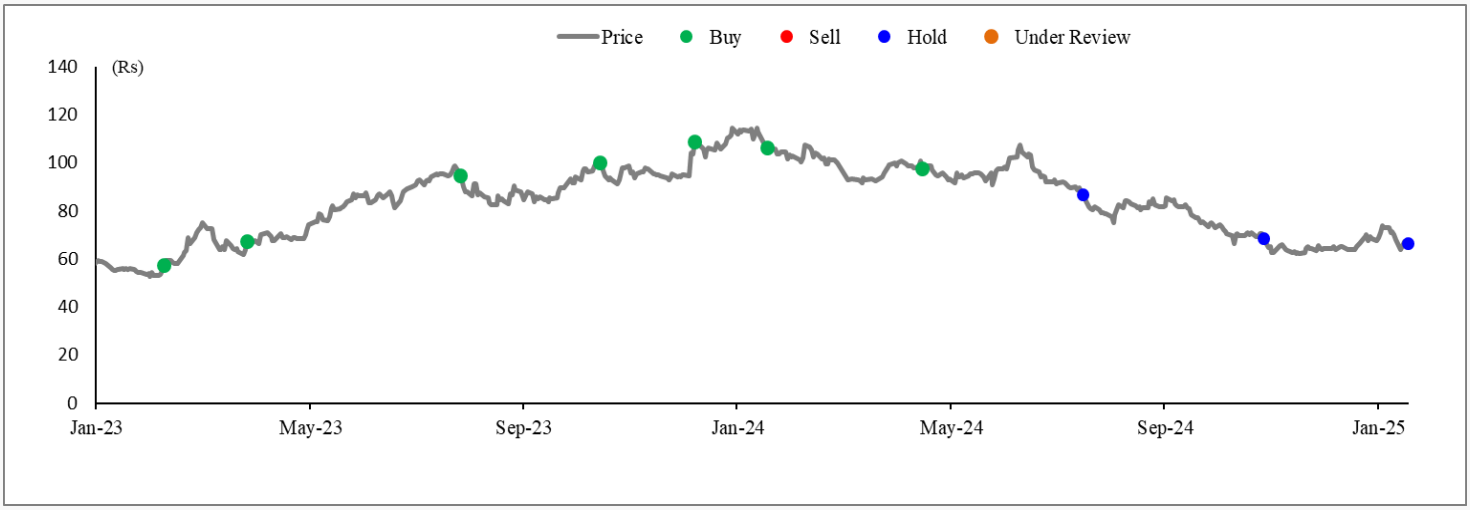
Source: Company, Axis Securities Research

Ratio Analysis **(%)**

Y/E March	FY24	FY25E	FY26E	FY27E
VALUATION RATIOS				
EPS	7.0	1.7	5.5	8.1
Earnings Growth (%)	*16%*	*-76%*	*233%*	*46%*
BVPS	52.6	54.3	59.2	66.5
Adj. BVPS	49.4	51.4	56.4	63.5
RoA (%)	2.0	0.4	1.1	1.3
ROAE (%)	14.3	3.1	9.8	12.8
P/E (x)	9.5	40.0	12.0	8.2
P/ABV (x)	1.3	1.3	1.2	1.0
OPERATING EFFICIENCY				
NIM (%)	8.4	7.3	7.2	7.2
Cost/Avg. Asset Ratio (%)	6.2	5.7	5.5	5.3
Cost-Income Ratio (%)	64.5	67.5	66.2	63.9
BALANCE SHEET STRUCTURE RATIOS				
Loan Growth (%)	23.2	15.2	18.8	18.7
Deposits Growth (%)	42.3	21.6	21.6	21.6
Equity/Assets (%)	13.2	11.5	10.7	10.0
Equity/Loans (%)	19.3	17.3	15.9	15.0
Total Capital Adequacy Ratio (CAR)	21.7	19.0	17.5	16.4
ASSET QUALITY				
Gross NPLs (%)	2.5	2.8	2.4	2.2
Net NPLs (%)	1.2	0.9	0.8	0.7
Coverage Ratio (%)	56.1	70.1	70.1	70.1
Provision/Avg. AUM (%)	1.1	3.3	2.1	1.8
ROAA TREE (on Total Assets)				
Net Interest Income	7.7	6.6	6.6	6.6
Non-Interest Income	2.0	1.9	1.8	1.7
Operating Cost	6.2	5.7	5.5	5.3
Provisions	0.8	2.2	1.4	1.2
Tax	0.7	0.1	0.4	0.4
ROAA	2.0	0.4	1.1	1.3
Leverage (x)	7.2	8.1	9.0	9.7
ROAE	14.3	3.1	9.8	12.8

Source: Company, Axis Securities Research

Equitas Small Finance Bank Price Chart and Recommendation History



Date	Reco	TP	Research
10-Feb-23	BUY	70	Result Update
31-Mar-23	BUY	78	Company Update
08-May-23	BUY	88	Result Update
01-Aug-23	BUY	109	Result Update
23-Oct-23	BUY	114	Result Update
xx-Dec-23	BUY	125	Company Update
29-Jan-24	BUY	122	Result update
25-Apr-24	BUY	111	Result Update
29-Jul-24	HOLD	87	Result Update
11-Nov-24	HOLD	75	Result Update
01-Feb-25	HOLD	72	Result Update

Source: Axis Securities Research

Disclaimer

Axis Securities Limited is a subsidiary company of Axis Bank Ltd. Axis Bank Ltd. is a listed public company and one of India's largest private sector banks and has its various subsidiaries engaged in businesses of Asset management, NBFC, Merchant Banking, Trusteeship, Venture Capital, Stock Broking, the details in respect of which are available on www.axisbank.com.

Axis Securities Limited, is registered as a

- Stock Broker, Depository Participant, Portfolio Manager, Investment Adviser and Research Analyst with Securities and Exchange Board of India
- Corporate Agent with Insurance Regulatory and Development Authority of India
- Point of Presence with Pension Fund Regulatory and Development Authority
- Distributor for Mutual Funds with AMFI

Registration Details:

SEBI Single Reg. No.- NSE, BSE,MSEI, MCX & NCDEX – INZ000161633 | SEBI Depository Participant Reg. No. IN-DP-403-2019 | Portfolio Manager Reg. No.- INP000000654 | Investment Advisor Reg No. INA000000615 | SEBI-Research Analyst Reg. No. INH000000297 | IRDA Corporate Agent (Composite) Reg. No. CA0073| PFRDA – POP Reg. No. POP387122023 | Mutual Fund Distributor ARN- 64610.

Compliance Officer Details: Name – Mr. Maneesh Mathew, Tel No. – 022-68555574, Email id – compliance.officer@axisdirect.in.;

Registered Office Address – Axis Securities Limited, Unit No.002, Building- A, Agastya Corporate Park, Piramal Realty, Kamani Junction, Kurla (W), Mumbai – 400070.

Administrative office address: Axis Securities Limited, Aurum Q Parć, Q2 Building, Unit No. 1001, 10th Floor, Level – 6, Plot No. 4/1 TTC, Thane – Belapur Road, Ghansoli, Navi Mumbai, Pin Code – 400710.

In case of any grievances please call us at 022-40508080 or write to us helpdesk@axisdirect.in.

We hereby declare that our activities were neither suspended nor we have defaulted with any stock exchange authority with whom we are registered in last five years. However, SEBI, Exchanges, Clearing Corporations and Depositories etc. have conducted the routine inspection and based on their observations have issued advise/warning/show cause notices/deficiency letters/ or levied penalty or imposed charges for certain deviations observed in inspections or in normal course of business, as a Stock Broker / Depository Participant/Portfolio Manager. We have not been debarred from doing business by any Stock Exchange / SEBI or any other authorities; nor has our certificate of registration been cancelled by SEBI at any point of time.

Investments in securities market are subject to market risks. Read all the related documents carefully before investing.
By referring to any particular sector, Axis Securities does not provide any promise or assurance of favourable view for a particular industry or sector or business group in any manner.

Registration granted by SEBI, membership of BASL (in case of IAs) and certification from NISM in no way guarantee performance of the intermediary or provide any assurance of returns to investors. None of the research recommendations promise or guarantee any assured, minimum or risk-free return to the investors. Our research should not be considered as an advertisement or advice, professional or otherwise. This research report and its respective content by Axis Securities made available on this page or otherwise do not constitute an offer to sell or purchase or subscribe for any securities or solicitation of any investments or investment services for the residents of Canada and / or USA or any jurisdiction where such an offer or solicitation would be illegal.

Subject company(ies) may have been client during twelve months preceding the date of distribution of the research report. Derivatives are a sophisticated investment device. The investor is requested to take into consideration all the risk factors before actually trading in derivative contracts.

Past performance should not be taken as an indication or guarantee of future performance, and no representation or warranty, express or implied, is made regarding future performance. Information, opinions and estimates contained in this report reflect a judgment of its original date of publication by ASL and are subject to change without notice. The price, value of and income from any of the securities or financial instruments mentioned in this report can fall as well as rise. The value of securities and financial instruments is subject to exchange rate fluctuation that may have a positive or adverse effect on the price or income of such securities or financial instruments.

The information and opinions in this report have been prepared by Axis 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 Axis Securities. The report must not be used as a singular basis of any investment decision. The views herein are of a general nature and do not consider the risk appetite, investment objective or the particular circumstances of an individual investor. The investor is requested to take into consideration all the risk factors including their financial condition, suitability to risk return profile and the like and take professional advice before investing.

While we would endeavour to update the information herein on a reasonable basis, Axis Securities is under no obligation to update or keep the information current. Also, there may be regulatory, compliance or other reasons that may prevent Axis 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 Axis Securities policies, in circumstances where Axis Securities might be acting in an advisory capacity to this company, or in certain other circumstances.

This report is based on information obtained in good faith 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. Axis 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. Axis 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. Axis 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. Axis 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. Axis 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. Axis Securities encourages independence in research report preparation and strives to minimize conflict in preparation of research report. Axis Securities or its associates or its analysts did not receive any compensation or other benefits from the companies mentioned in the

NEERAJ CHADAWAR Digitally signed by NEERAJ CHADAWAR Date: 2025.02.01 09:20:51 +05'30'

report or third party in connection with preparation of the research report. Accordingly, neither Axis Securities nor Research Analysts and / or their relatives have any material conflict of interest at the time of publication of this report. Please note that Axis Securities has a proprietary trading desk. This desk maintains an arm's length distance with the Research team and all its activities are segregated from Research activities. The proprietary desk operates independently, potentially leading to investment decisions that may deviate from research views.

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

Research Analyst may have served as an officer, director or employee of subject company(ies). Axis Securities 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 Axis Securities and Axis Securities as an 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 in various companies including the subject company/companies mentioned in this report. Axis Securities may have issued other reports that are inconsistent with and reach different conclusion from the information presented in this report. Certain transactions -including those involving futures, options and other derivatives as well as non-investment grade securities - involve substantial risk and are not suitable for all investors. Reports based on technical analysis centres on studying charts of a stock'sprice movement and trading volume, as opposed to focusing on a company's fundamentals and as such, may not match with a report on a company's fundamentals.

We and our affiliates/associates, officers, directors, and employees, Research Analyst(including relatives) worldwide may: (a) from time to time, have long or short positions in, and buy or sell the securities thereof, of company (ies) mentioned herein or (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 subject company/company (ies) discussed herein or act as advisor or lender / borrower to such company (ies) or have other potential/material conflict of interest with respect to any recommendation and related information and opinions at the time of publication of Research Report or at the time of public appearance. Axis Securities may have proprietary long/short position in the above mentioned scrip(s) and therefore may be considered as interested. This should not be construed as invitation or solicitation to do business with Axis Securities. Axis Securities is also a Portfolio Manager. Portfolio Management Team (PMS) takes its investment decisions independent of the PCG research and accordingly PMS may have positions contrary to the PCG research recommendation.

RATING SCALE: Definitions of ratings

Ratings	**Expected absolute returns over 12 – 18 months**
BUY	More than 10%
HOLD	Between 10% and -10%
SELL	Less than -10%
NOT RATED	We have forward looking estimates for the stock, but we refrain from assigning valuation and recommendation.
UNDER REVIEW	We will revisit our recommendation, valuation and estimates on the stock following recent events
NO STANCE	We do not have any forward-looking estimates, valuation or recommendation for the stock

Note: Returns stated in the rating scale are our internal benchmark.