IDBI capital

# Cholamandalam Investment BUY

## NIMs improved QoQ; AUM growth guidance at 25%


## Summary

**CIFC NIM improved by 40bps QoQ backed by improvement in yields. We expect benefit of lower interest rate environment on account of fixed rate VF book. Company sustained robust AUM growth (@37% YoY) backed by 33% YoY (FY24) growth in disbursements. Management guided for 25-30% AUM growth led by 22-25% disbursement growth in FY25. Asset quality improved with GS3 at 2.48% vs 2.82% led by better collection efficiency. NII grew by 13% QoQ; however PPoP grew by 7% QoQ led by higher operating expenses (up 21% QoQ). PAT grew by 21% QoQ led by decline in provisions (down 47% QoQ). We have revised estimates upwards by 8% EPS FY26E backed by strong AUM growth. We maintain "BUY" with a new TP of Rs.1,480 (earlier Rs.1,450) based on P/BV of 4.1x FY26E as growth prospects remain strong.**


## Key Highlights and Investment Rationale

- **Robust AUM growth; disbursements up 40% YoY:** For FY24, AUM growth remain strong at 37% YoY. Disbursements grew by 33% YoY FY24 led by growth across the segments. We expect AUM to grow at 23% CAGR (FY24-26E) compared to 21% CAGR (FY20-23) backed by new business segment.

- **Margins surprised positively:** NIMs improved by 40bps QoQ to 7.8% QoQ due to rise in yields to combat rise in cost of funds. Management shared the cost of funds have peaked out and expect improvement going forward.

- **Asset quality improved:** Asset quality improved as GS3 stood at 2.48% vs 2.82% QoQ. In newer segment (others), NPA was key concern area; has slighly inched up; CSEL – 1.17% vs 1.10% QoQ & SBPL – 0.42% vs 0.30% QoQ.

- **Outlook:** We believe premium valuation should sustain backed by strong growth. With a diverse product portfolio and a widespread distribution network, CIFC is well-positioned to capitalize on the growth potential.

| TP | Rs.1,480 |
|---|---|
| **CMP** | **Rs.1,194** |
| Potential upside/downside | 24% |
| Previous Rating | BUY |

**Price Performance (%)**

| | -1m | -3m | -12m |
|---|---|---|---|
| Absolute | 0.7 | 4.1 | 37.0 |
| Rel to Sensex | 0.0 | 0.2 | 15.2 |

**V/s Consensus**

| EPS (Rs) | FY25E | FY26E |
|---|---|---|
| IDBI Capital | 48.9 | 64.1 |
| Consensus | 51.4 | 64.7 |
| *% difference* | *(4.9)* | *(0.9)* |

**Key Stock Data**

| | |
|---|---|
| Bloomberg / Reuters | CIFC IN /CHLA.BO |
| Sector | Finance |
| Shares o/s (mn) | 840 |
| Market cap. (Rs mn) | 1,003,009 |
| 3-m daily average value (Rs mn) | 52.1 |
| 52-week high / low | Rs1,310 / 872 |
| Sensex / Nifty | 74,483 / 22,605 |

**Shareholding Pattern (%)**

| | |
|---|---|
| Promoters | 50.4 |
| FII | 26.0 |
| DII | 15.7 |
| Public | 7.9 |

**Financial snapshot** (Rs mn)

| Year | FY2022 | FY2023 | FY2024 | FY2025E | FY2026E |
|---|---|---|---|---|---|
| NII | 52,680 | 63,334 | 96,146 | 1,23,600 | 1,51,432 |
| *Change (yoy, %)* | *13%* | *20%* | *52%* | *29%* | *23%* |
| Net Profit | 21,467 | 26,662 | 34,228 | 41,108 | 54,962 |
| *Change (yoy, %)* | *42%* | *24%* | *28%* | *20%* | *34%* |
| EPS (Rs) | 26.1 | 32.4 | 40.7 | 48.9 | 64.1 |
| *Change (yoy, %)* | *42%* | *24%* | *26%* | *20%* | *31%* |
| ABV (Rs) | 126.0 | 157.7 | 212.9 | 262.7 | 339.6 |
| PER (x) | 45.7 | 36.8 | 29.3 | 24.4 | 18.6 |
| P/ABV (x) | 9.5 | 7.6 | 5.6 | 4.5 | 3.5 |
| ROE (%) | 20.2 | 20.5 | 20.2 | 19.0 | 20.1 |
| ROA (%) | 2.7 | 2.7 | 2.5 | 2.4 | 2.6 |
| GNPA (%) | 4.4 | 3.0 | 2.5 | 2.5 | 2.5 |
| NNPA (%) | 2.7 | 1.7 | 1.4 | 1.4 | 1.4 |
| CAR (%) | 18.1 | 14.8 | 20.6 | 20.0 | 20.0 |

*Source: IDBI Capital Research;*


**Bunty Chawla**
Bunty.chawla@idbicapital.com
+91-22-4069 1843

**Rishit Savla**
Rishit.savla@idbicapital.com
+91-22-4069 1819

## Conference Call Highlights

### Operational Performance:

- The company has delivered the best ever disbursals, collections and profitability
- VF up by 6% aided by steady growth, LAP grew by 55% and HL by 24% driven by geographical expansion into tier 3 and tier 4 locations, other businesses grew by 24%.
- The company hold a liquidity position where is has Rs.78.99bn cash balance at the end of FY24. ALM is comfortable with no negative cumulative mismatches
- BOD of Chola Home finance have approved an equity infusion of Rs.0.25bn in Chola securities (wholly owned subsidiary) which is subject to regulator's approval
- Historically, Q4 has usually been a high opex quarter taking into account various expenses like CSR and provision for salary incentives, etc.
- The company had shifted a large part of its outsourced employees to its payroll which has led to employee costs being inflated for FY24
- The company has taken a price hike on its VF portfolio in Dec'23. Further, the company has also taken a price hike on LAP portfolio however, the same has only been taken in Mar'24

### Advances & Disbursements:

- PV entry level segments is seeing good demand which has been supported by demand from self-employed customers from Tier2, Tier 3 and Tier 4 towns and cities.
- Average tenure on the traditional book is ~48 months. Further, the weighted average tenure for SME portfolio will depend on the change in the product mix
- ~10-12% of the overall LAP disbursements are micro LAP disbursements

### Future Guidance

- Disbursement growth will be in the range is ~20-25% while AUM growth is expected to be in the range of ~25-30% in the medium term
- The management is of the opinion that there is sufficient opportunity to grow ROA and it expects the ROA to peak In the next 2 years.

- The management is positive that it will be able to achieve an opex to avg asset ratio of 3% in FY25. The opex to avg assets remained slightly higher than targets in FY24 by ~10bps
- ROA expansion for SME and other new businesses will come from a reduction in opex as the branches increase the volume of business done by them
- The management expects a certain degree of slowdown in vehicle finance portfolio in Q1 based on historical trends. However, on an industry basis, new vehicle production has remained strong which is a positive sign
- The management will continue to focus on further improving its high yielding segments like 2 wheelers and used vehicles going forward
- The management expects the cost of funds to increase marginally as it is expanding its borrowing profile
- The PBT-ROA for the new businesses are expected to improve on the back of improved opex
- The company is more focused on used light and medium CV segment and is not keen on heavy CV segment
- The banks are more into salaried customers located in metro and tier 1 cities which is a different market than what the company caters to. Hence, the management does not foresee any significant increase in competitive intensity from banks
- The income from SME and other portfolios which are floating rate loans have been repriced and hence, the management expects the income from the same to improve.
- The VF is a fixed rate based portfolio so the management expects the same to improve only after 2 years once the interest rates start coming down.
- For HL segment, the management expects to grow at a better than market growth rate. It estimates Q1FY25 growth to be ~25%. Further the focus will remain on reducing the opex and improving the operating efficiency
- The management expects the margins to return back to pre-covid levels going forward

**Exhibit 1: Quarterly Snapshot** **(Rs mn)**

| Year-end: March | Q4FY24 | Q4FY23 | Q3FY24 | *YoY (%)* | *QoQ (%)* |
|---|---|---|---|---|---|
| Interest Income | 54,202 | 37,008 | 49,597 | *46.5* | *9.3* |
| Interest Expenses | 25,793 | 17,342 | 24,390 | *48.7* | *5.8* |
| **Net Interest Income** | **28,409** | **19,667** | **25,207** | ***44.5*** | ***12.7*** |
| ***NIM (%)*** | ***7.8*** | ***7.8*** | ***7.4*** | ***0 bps*** | ***40 bps*** |
| Fee & Other Income | 718 | 934 | 590 | *-23.1* | *21.8* |
| Operating Income | 29,127 | 20,601 | 25,797 | *41.4* | *12.9* |
| Staff Cost | 7,658 | 3,793 | 6,667 | *101.9* | *14.9* |
| Other Op Exp | 5,192 | 4,077 | 3,973 | *27.3* | *30.7* |
| Total Operating Expenses | 12,850 | 7,870 | 10,640 | *63.3* | *20.8* |
| *Cost to Income (%)* | 44.1 | 38.2 | 41.2 | *591 bps* | *287 bps* |
| *Cost to AUM (%)* | 3.7 | 3.1 | 3.3 | *56 bps* | *38 bps* |
| **Operating Profit** | **16,278** | **12,731** | **15,157** | ***27.9*** | ***7.4*** |
| Provisions | 1,908 | 1,140 | 3,588 | *67.4* | *-46.8* |
| Credit Cost (%) | 0.1 | 0.1 | 0.3 | *2 bps* | *-14 bps* |
| **PBT** | **14,369** | **11,591** | **11,569** | ***24.0*** | ***24.2*** |
| Tax | 3,788 | 3,063 | 2,807 | *23.7* | *34.9* |
| *-effective tax rate* | *26.4* | *26.4* | *24.3* | *-6 bps* | *210 bps* |
| **PAT** | **10,581** | **8,528** | **8,762** | ***24.1*** | ***20.8*** |
| EPS (Rs) | 12.9 | 10.4 | 10.7 | *24.1* | *20.8* |
| BV (Rs) | 238.5 | 174.3 | 226.8 | *36.8* | *5.2* |
| Loans | 14,44,243 | 10,47,483 | 13,25,320 | *37.9* | *9.0* |
| AUM | 14,55,720 | 10,64,980 | 13,37,940 | *36.7* | *8.8* |
| Disbursement | 2,47,840 | 2,10,190 | 2,23,840 | *17.9* | *10.7* |

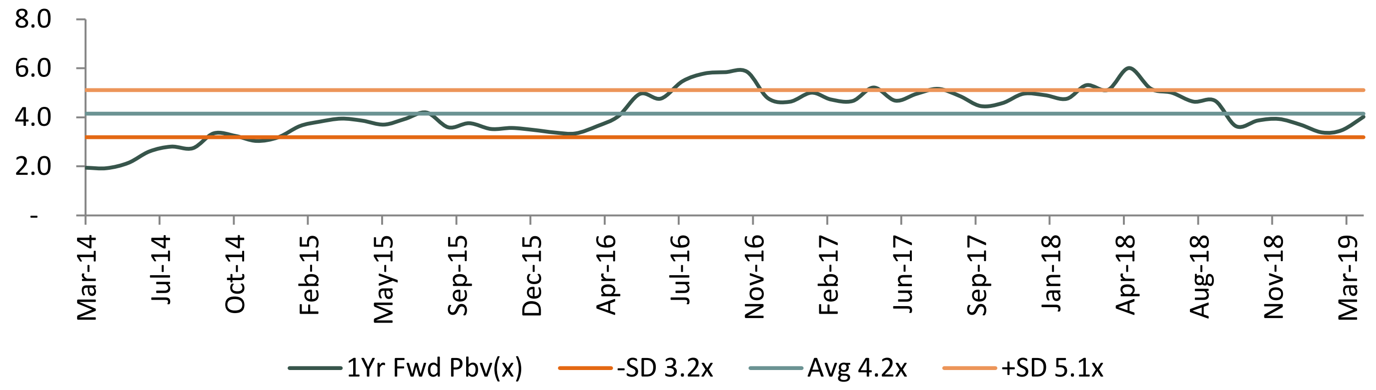
*Source: Company; IDBI Capital Research*

**Exhibit 2: ROE Decomposition**

| (%) | FY22 | FY23 | FY24 | FY25E | FY26E |
|---|---|---|---|---|---|
| **NII** | **6.7** | **6.5** | **7.1** | **7.1** | **7.2** |
| Other Income | 0.7 | 0.9 | 0.3 | 0.3 | 0.3 |
| **Net Revenue** | **7.4** | **7.4** | **7.4** | **7.4** | **7.5** |
| Op.Exp | 2.6 | 2.8 | 3.0 | 2.9 | 2.9 |
| **Op.Profit** | **4.8** | **4.5** | **4.4** | **4.6** | **4.7** |
| Provisions | 1.1 | 0.9 | 1.0 | 1.4 | 1.2 |
| PBT | 3.7 | 3.7 | 3.4 | 3.2 | 3.5 |
| Tax | 0.9 | 1.0 | 0.9 | 0.8 | 0.9 |
| **PAT** | **2.7** | **2.7** | **2.5** | **2.4** | **2.6** |
| Leverage (x) | 7.4 | 7.5 | 8.0 | 8.0 | 7.7 |
| **ROE** | **20.2** | **20.5** | **20.2** | **19.0** | **20.1** |

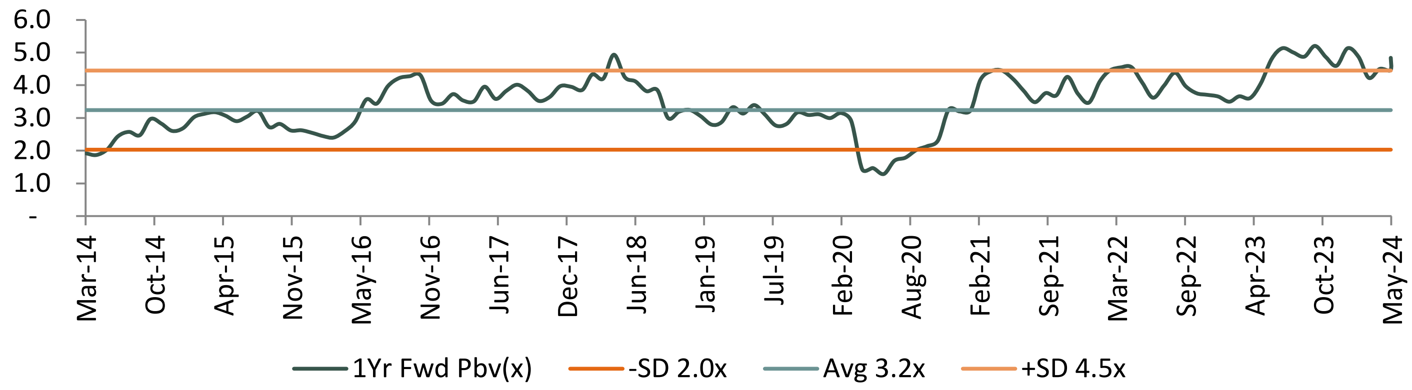
*Source: Company; IDBI Capital Research*

**Exhibit 3: One-year forward P/ABV (FY14-19)**



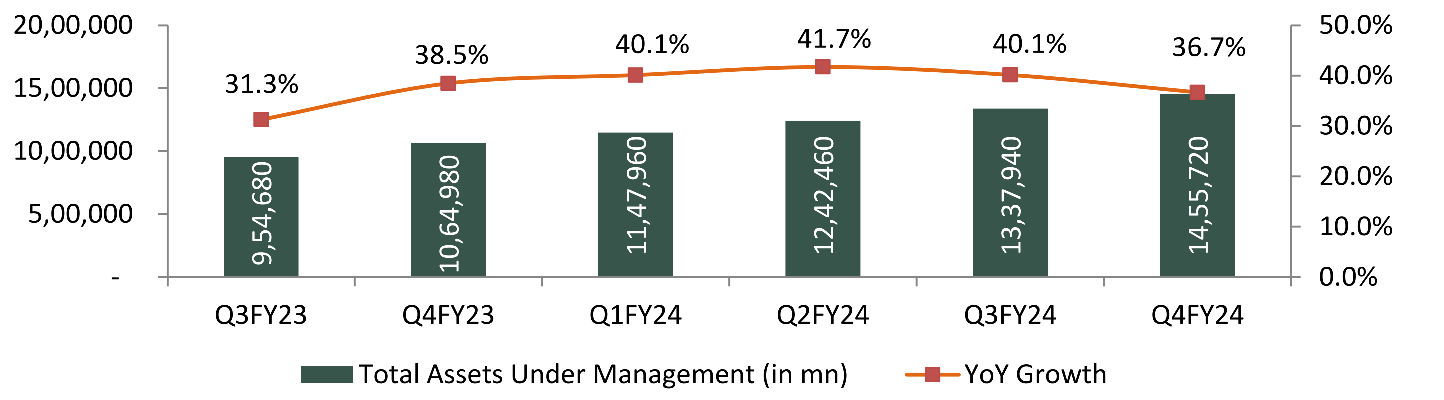

*Source: Company; IDBI Capital Research*

**Exhibit 4: One-year forward P/ABV (FY14-25)**



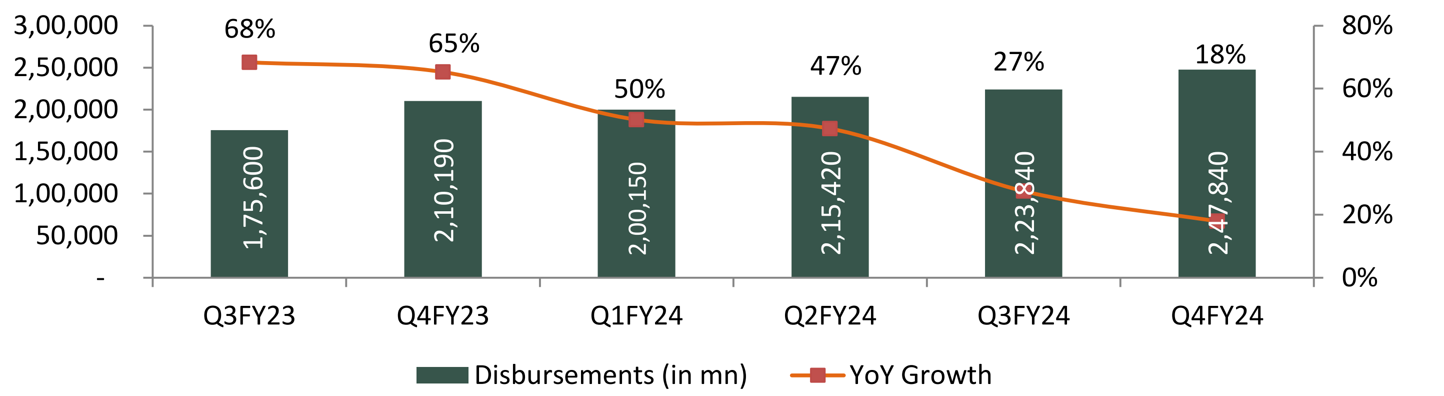

*Source: Company; IDBI Capital Research*

**Exhibit 5: AUM growth continued strong growth momentum**



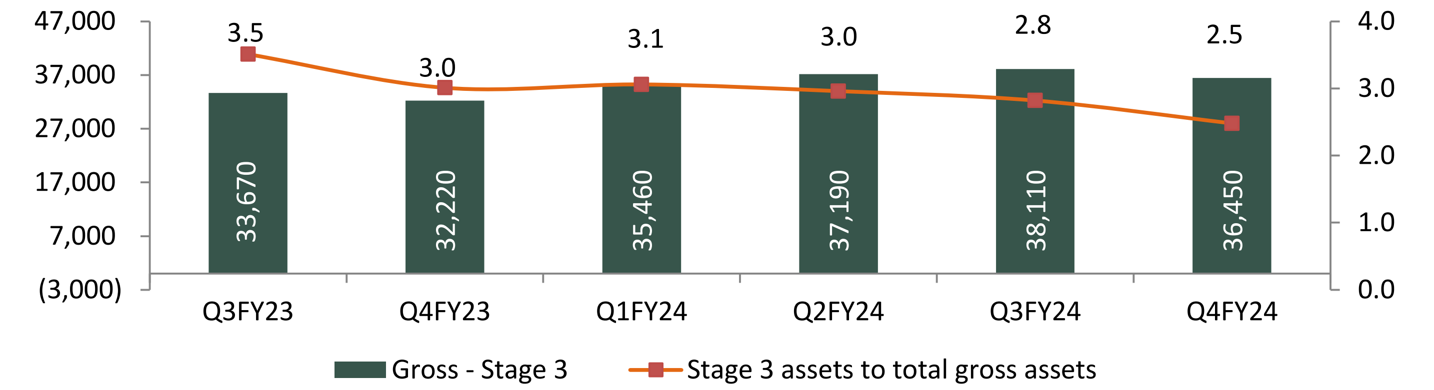

*Source: Company; IDBI Capital Research*

**Exhibit 6: Disbursements growth (YoY) moderated**



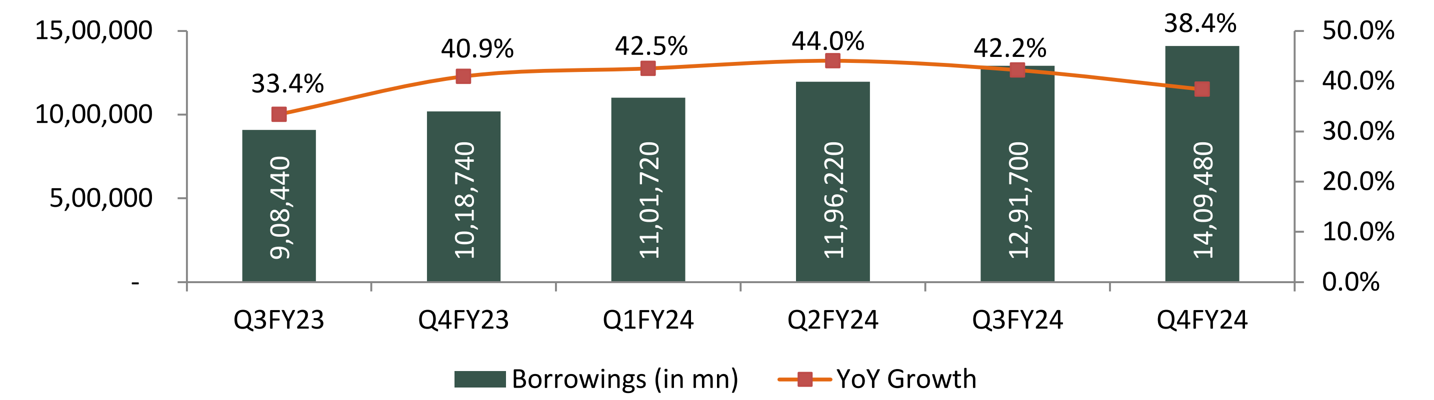

*Source: Company; IDBI Capital Research*

**Exhibit 7: Asset quality improved on a sequential basis**



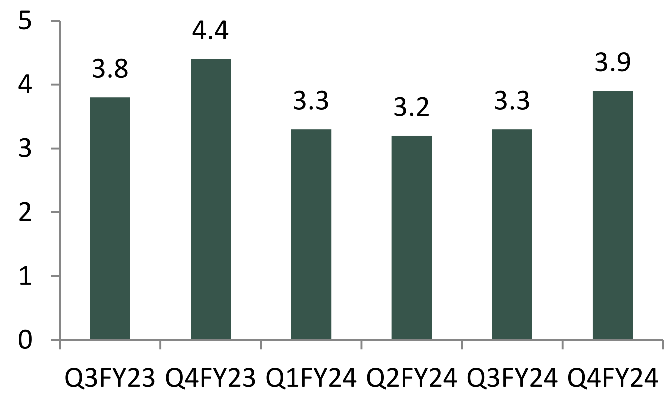

*Source: Company; IDBI Capital Research*

**Exhibit 8: Borrowings continued to grow strong QoQ**



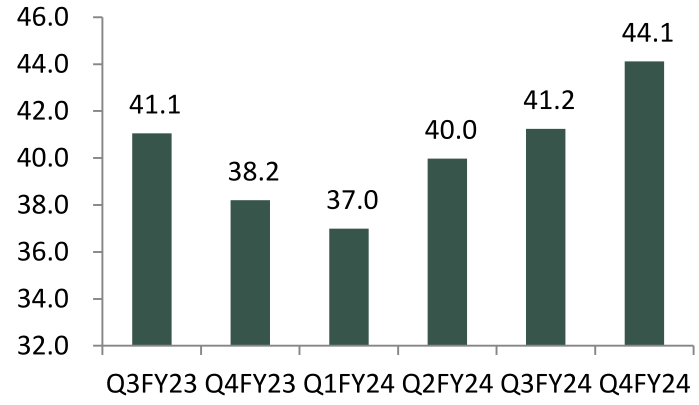

*Source: Company; IDBI Capital Research*

**Exhibit 9: ROA (PBT) improved sequentially**



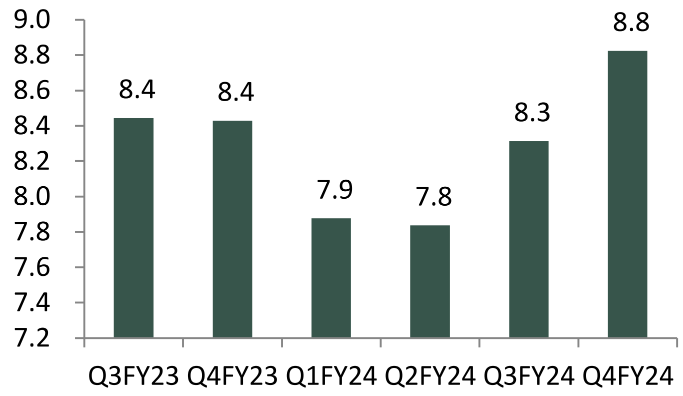

*Source: Company; IDBI Capital Research*

**Exhibit 10: Cost to Income Ratio increased QoQ**



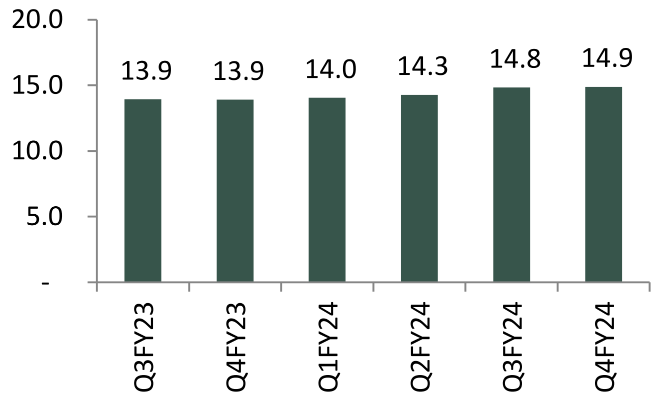

*Source: Company; IDBI Capital Research*

**Exhibit 11: Cost of Funds increased on QoQ basis**



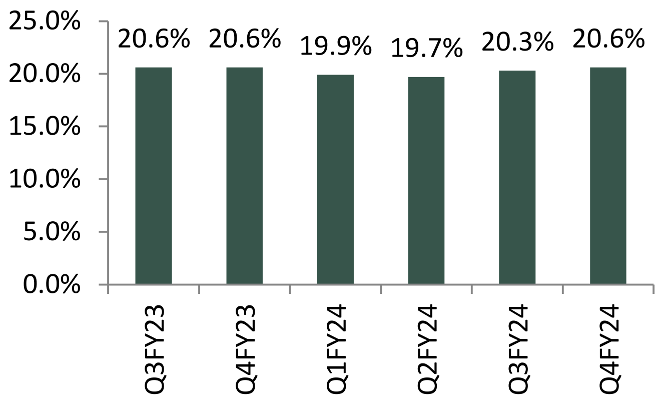

*Source: Company; IDBI Capital Research*

**Exhibit 12: Yields improved sequentially**



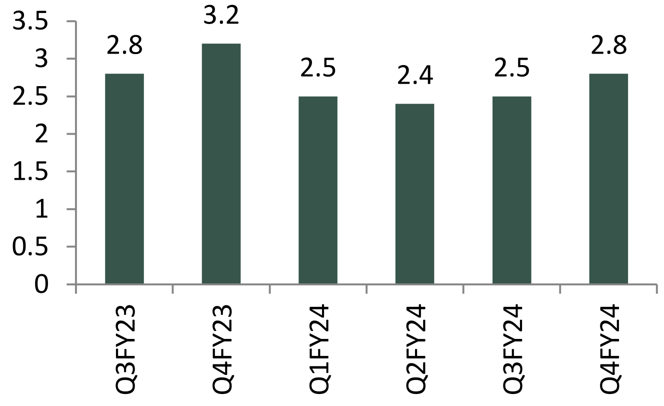

*Source: Company; IDBI Capital Research*

**Exhibit 13: Return on Equity improved QoQ**



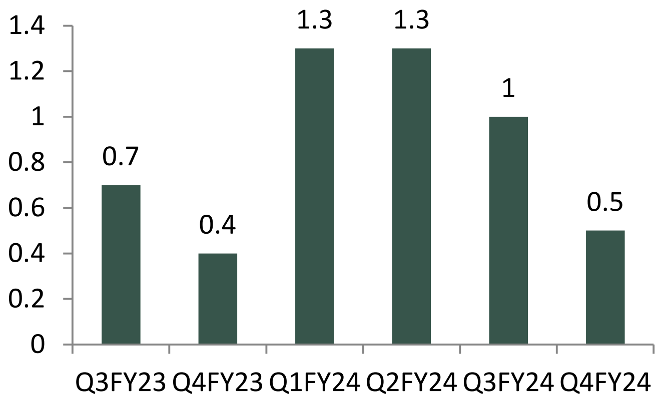

*Source: Company; IDBI Capital Research*

**Exhibit 14: ROTA-PAT inched up sequentially**



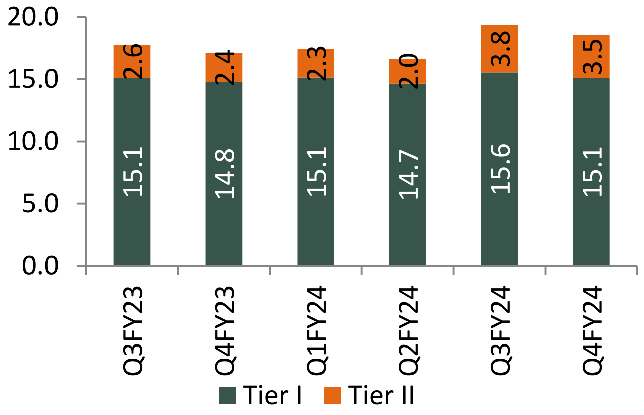

*Source: Company; IDBI Capital Research*

**Exhibit 15: Losses and provisions - after additional provision**




*Source: Company; IDBI Capital Research*

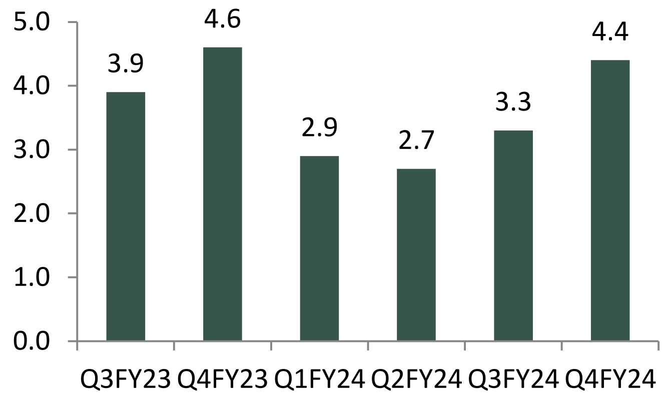
**Exhibit 16: CAR remains comfortable**




*Source: Company; IDBI Capital Research*

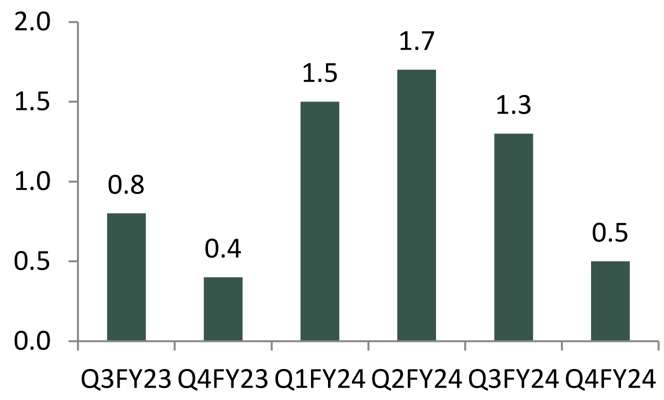
## Asset Ratios - Vehicle Finance PF

**Exhibit 17: ROTA–PBT witnessed uptick sequentially**



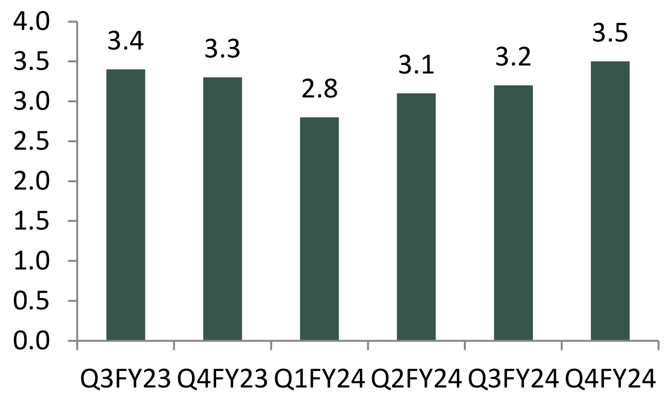

*Source: Company; IDBI Capital Research*

**Exhibit 18: Losses and provisions declined QoQ**



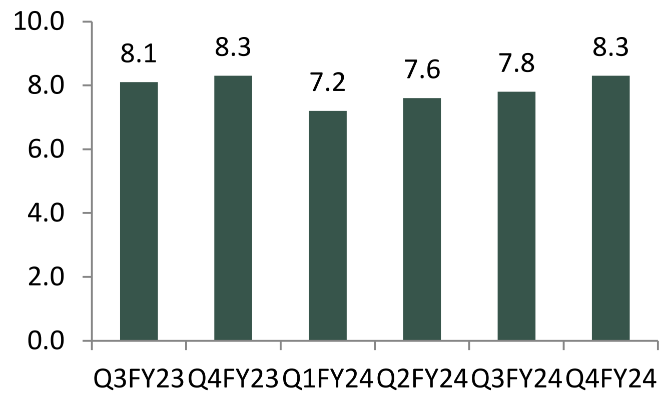

*Source: Company; IDBI Capital Research*

**Exhibit 19: Expenses Ratio increased sequentially**



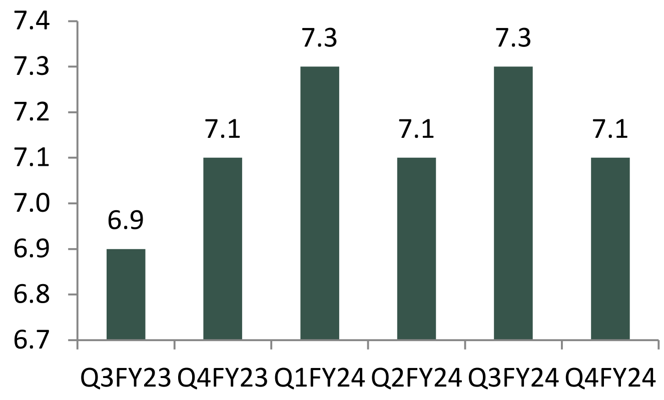

*Source: Company; IDBI Capital Research*

**Exhibit 20: Net Income Margin improved sequentially**



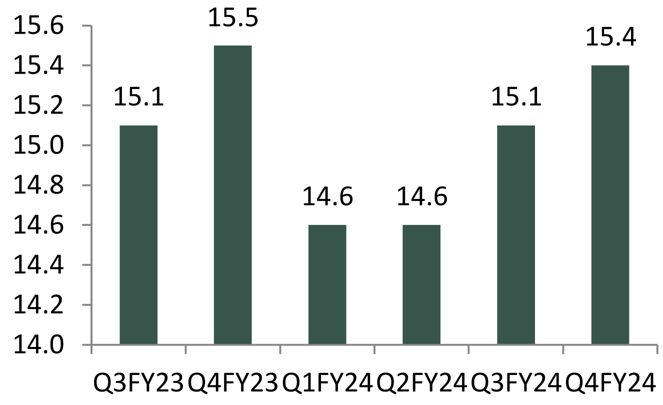

*Source: Company; IDBI Capital Research*

**Exhibit 21: Cost of Funds moderated sequentially**




*Source: Company; IDBI Capital Research*

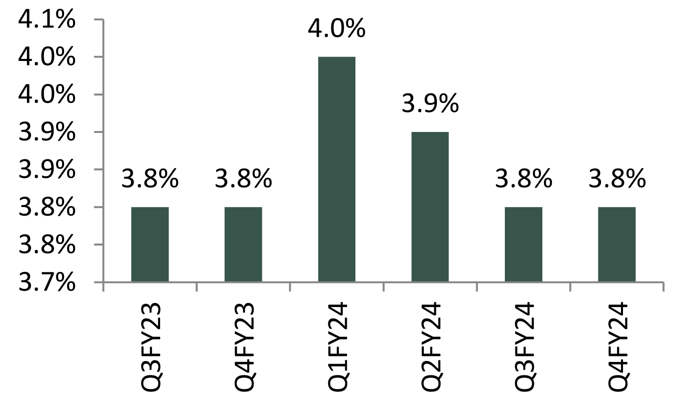
**Exhibit 22: Yields on AUM improved sequentially**




*Source: Company; IDBI Capital Research*

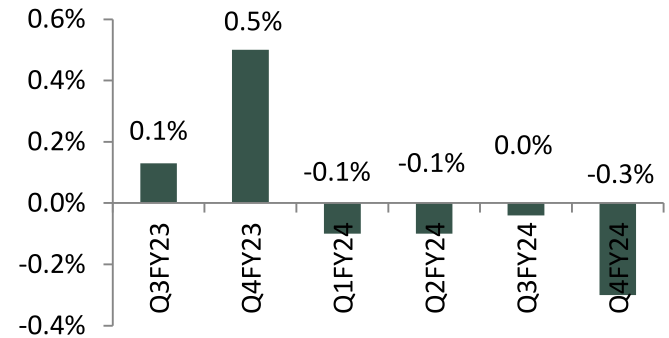
## Asset Ratios - Home Equity PF

**Exhibit 23: ROTA–PBT remained stable sequentially**



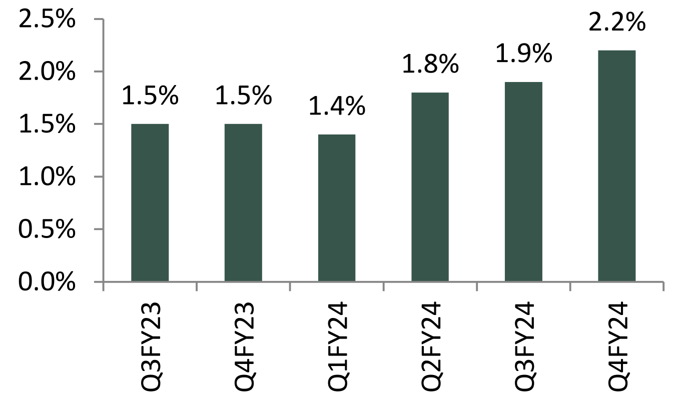

*Source: Company; IDBI Capital Research*

**Exhibit 24: Losses and provisions improved sequentially**



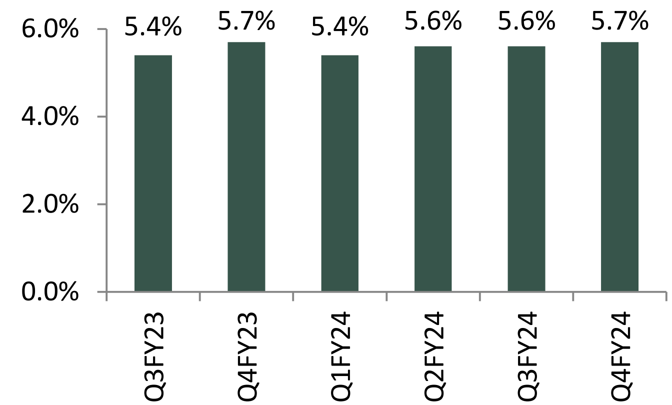

*Source: Company; IDBI Capital Research*

**Exhibit 25: Expenses Ratio witnessed uptick QoQ**



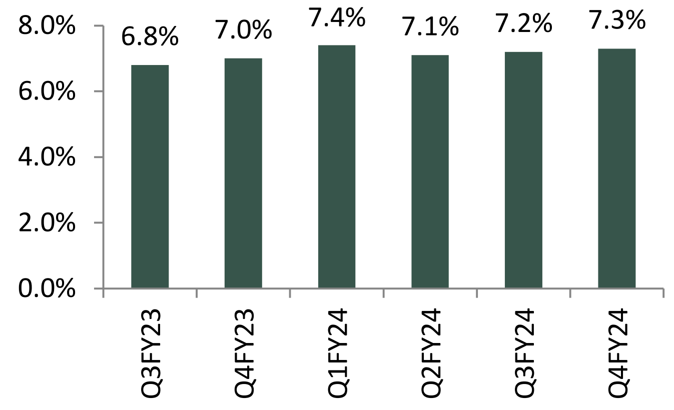

*Source: Company; IDBI Capital Research*

**Exhibit 26: Net Income Margin improved sequentially**



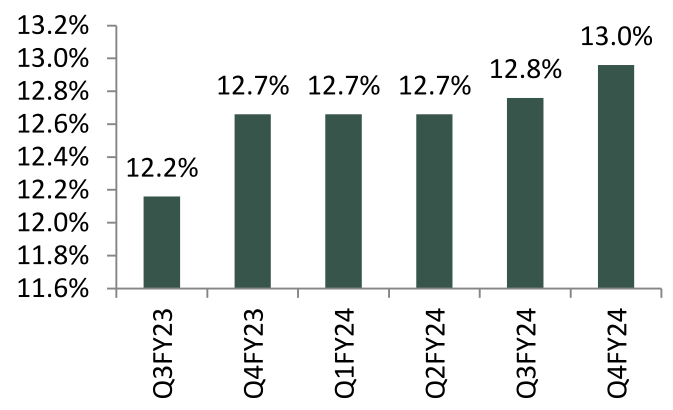

*Source: Company; IDBI Capital Research*

**Exhibit 27: Cost of Funds inched up sequentially**




*Source: Company; IDBI Capital Research*

**Exhibit 28: Yields inched up sequentially**




*Source: Company; IDBI Capital Research*

## Financial Summary

### Profit & Loss Account

**(Rs mn)**

| Year-end: March | FY21 | FY22 | FY23 | FY24 | FY25E | FY26E |
|---|---|---|---|---|---|---|
| **Net interest income** | **46,483** | **52,680** | **63,334** | **96,146** | **1,23,600** | **1,51,432** |
| *Change (yoy, %)* | *32%* | *13%* | *20%* | *52%* | *29%* | *23%* |
| Other Income | 3,514 | 5,720 | 8,958 | 3,711 | 5,123 | 6,216 |
| Net Revenue | 49,996 | 58,400 | 72,292 | 99,857 | 1,28,723 | 1,57,648 |
| Operating expenses | 15,834 | 20,687 | 27,799 | 40,818 | 49,871 | 59,671 |
| Employee expenses | 7,485 | 8,945 | 12,657 | 23,306 | 29,049 | 34,887 |
| Other expenses | 8,349 | 11,742 | 15,142 | 17,512 | 20,822 | 24,784 |
| **Pre-Provision Profit** | **34,162** | **37,712** | **44,494** | **59,039** | **78,852** | **97,977** |
| *Change (yoy, %)* | *38%* | *10%* | *18%* | *33%* | *34%* | *24%* |
| Provision | 13,778 | 8,803 | 8,497 | 13,218 | 23,917 | 24,528 |
| PBT | 20,384 | 28,909 | 35,997 | 45,821 | 54,935 | 73,449 |
| Taxes | 5,235 | 7,442 | 9,335 | 11,593 | 13,827 | 18,487 |
| *Effective tax rate (%)* | *26%* | *26%* | *26%* | *25%* | *25%* | *25%* |
| **Net profit** | **15,149** | **21,467** | **26,662** | **34,228** | **41,108** | **54,962** |
| *Change (yoy, %)* | *44%* | *42%* | *24%* | *28%* | *20%* | *34%* |
| EPS | 18.5 | 26.1 | 32.4 | 40.7 | 48.9 | 64.1 |
| *Return on Equity (%)* | *17.1* | *20.2* | *20.5* | *20.2* | *19.0* | *20.1* |
| *Return on Assets (%)* | *2.2* | *2.7* | *2.7* | *2.5* | *2.4* | *2.6* |

**Balance Sheet** (Rs mn)

| Year-end: March | FY21 | FY22 | FY23 | FY24 | FY25E | FY26E |
|---|---|---|---|---|---|---|
| Equity Capital | 1,641 | 1,643 | 1,644 | 1,681 | 1,681 | 1,715 |
| Reserves & Surplus | 93,962 | 1,15,434 | 1,41,315 | 1,93,885 | 2,34,488 | 3,08,130 |
| **Shareholder's Funds** | **95,603** | **1,17,077** | **1,42,959** | **1,95,565** | **2,36,168** | **3,09,845** |
| Borrowings | 5,95,400 | 6,53,256 | 9,28,686 | 12,85,770 | 15,57,586 | 18,75,653 |
| Sub-ordinated debt | 54,482 | 53,301 | 63,511 | 83,173 | 1,04,551 | 1,01,637 |
| **Total liabilities** | **7,45,486** | **8,23,633** | **11,35,155** | **15,64,508** | **18,98,305** | **22,87,135** |
| | | | | | | |
| Cash | 52,321 | 42,200 | 29,614 | 3,995 | 5,994 | 7,994 |
| Investments | 16,188 | 20,762 | 36,200 | 41,002 | 45,103 | 49,613 |
| Advances | 6,58,393 | 7,41,492 | 10,47,483 | 14,44,243 | 17,60,308 | 21,30,154 |
| Fixed Assets | 2,294 | 2,916 | 4,591 | 15,570 | 17,401 | 19,451 |
| Other Assets | 16,290 | 16,264 | 17,267 | 59,698 | 69,499 | 79,924 |
| **Total assets** | **7,45,486** | **8,23,633** | **11,35,155** | **15,64,508** | **18,98,305** | **22,87,135** |

**Financial Ratios** (%)

| Year-end: March | FY21 | FY22 | FY23 | FY24 | FY25E | FY26E |
|---|---|---|---|---|---|---|
| **Growth** | | | | | | |
| Advances | 18.8 | 12.6 | 41.3 | 37.9 | 21.9 | 21.0 |
| NII | 31.6 | 13.3 | 20.2 | 51.8 | 28.6 | 22.5 |
| Pre-Provision Profit | 37.6 | 10.4 | 18.0 | 32.7 | 33.6 | 24.3 |
| Net Profit | 43.9 | 41.7 | 24.2 | 28.4 | 20.1 | 33.7 |
| **Spreads** | | | | | | |
| Yield on Loans | 14.6 | 13.3 | 13.2 | 15.1 | 15.1 | 15.1 |
| Cost of Borrowings | 7.7 | 6.5 | 6.9 | 8.0 | 8.0 | 8.0 |
| NIM (on AAUM) | 7.1 | 7.2 | 6.9 | 7.6 | 7.6 | 7.6 |
| Spread | 6.9 | 6.9 | 6.3 | 7.1 | 7.1 | 7.1 |
| **Operating Efficiency** | | | | | | |
| Cost-to-Income | 31.7 | 35.4 | 38.5 | 40.9 | 38.7 | 37.9 |
| Cost-to-AUM | 2.4 | 2.8 | 3.0 | 3.2 | 3.1 | 3.0 |
| **Asset Quality** | | | | | | |
| GNPA | 4.0 | 4.4 | 3.0 | 2.5 | 2.5 | 2.5 |
| NNPA | 2.3 | 2.7 | 1.7 | 1.4 | 1.4 | 1.4 |
| Provision Coverage | 44.3 | 39.7 | 46.0 | 46.4 | 46.0 | 46.0 |
| Credit Cost | 2.0 | 1.1 | 0.8 | 0.9 | 1.3 | 1.1 |
| **Capital Adequacy** | | | | | | |
| CAR | 19.1 | 18.1 | 14.8 | 20.6 | 20.0 | 20.0 |
| Tier I | 15.1 | 15.1 | 12.8 | 16.6 | 16.0 | 16.0 |
| **Valuation** | | | | | | |
| EPS | 18.5 | 26.1 | 32.4 | 40.7 | 48.9 | 64.1 |
| BV | 106.8 | 126.0 | 157.7 | 212.9 | 262.7 | 339.6 |
| P/E | 64.7 | 45.7 | 36.8 | 29.3 | 24.4 | 18.6 |
| P/BV | 11.2 | 9.5 | 7.6 | 5.6 | 4.5 | 3.5 |
| ROE | 17.1 | 20.2 | 20.5 | 20.2 | 19.0 | 20.1 |
| ROA | 2.2 | 2.7 | 2.7 | 2.5 | 2.4 | 2.6 |
| ROAAUM | 2.3 | 2.9 | 2.9 | 2.7 | 2.5 | 2.7 |

*Source: Company; IDBI Capital Research*

# Notes

| | | |
|---|---|---|
| Dealing | (91-22) 6836 1111 | dealing@idbicapital.com |

**Key to Ratings Stocks:**

**BUY:** 15%+; **HOLD:** -5% to 15%; **SELL:** -5% and below.

**IDBI Capital Markets & Securities Ltd.**

**Equity Research Desk**

6th Floor, IDBI Tower, WTC Complex, Cuffe Parade, Colaba, Mumbai – 400 005. Phones: (91-22) 4069 1700; Fax: (91-22) 2215 1787; Email: info@idbicapital.com

**SEBI Registration:** BSE & NSE (Cash & FO) – INZ000007237, NSDL – IN-DP-NSDL-12-96, Research – INH000002459, CIN – U65990MH1993GOI075578

**Compliance Officer:** Pushkar Vartak; Email: compliance@idbicapital.com; Telephone: (91-22) 4069 1907

## Analyst Disclosures

We, Bunty Chawla and Rishit Savla, hereby certify that the views expressed in this report accurately reflect our personal views about the subject companies and / or securities. We also certify that no part of our compensation were, are or would be directly or indirectly related to the specific recommendations or views expressed in this report. Principally, we will be responsible for the preparation of this research report and have taken reasonable care to achieve and maintain independence and objectivity in making any recommendations herein.

## Other Disclosure

IDBI Capital Markets & Securities Ltd.(herein after referred to as "IDBI Capital") was incorporated in the year 1993 under Companies Act, 1956 and is a wholly owned subsidiary of IDBI Bank Limited. IDBI Capital is one of India's leading securities firm which offers a full suite of products and services to individual, institutional and corporate clients namely Stock broking (Institutional and Retail) , Distribution of financial products, Merchant Banking, Corporate Advisory Services, Debt Arranging & Underwriting, Portfolio Manager Services and providing Depository Services. IDBI Capital is a registered trading and clearing member of BSE Ltd. (BSE) and National Stock Exchange of India Limited (NSE). IDBI Capital is also a SEBI registered Merchant Banker, Portfolio Manager and Research Analyst. IDBI Capital is also a SEBI registered depository participant with National Securities Depository Limited (NSDL) and is also a Mutual Fund Advisor registered with Association of Mutual Funds in India (AMFI).

IDBI Capital and its associates IDBI Bank Ltd. (Holding Company), IDBI Intech Ltd. (Fellow Subsidiary), IDBI Asset Management Ltd. (Fellow Subsidiary) and IDBI Trusteeship Services Ltd. (Fellow Subsidiary).

IDBI Group is a full-serviced banking, integrated investment banking, investment management, brokerage and financing group. Details in respect of which are available on www.idbicapital.com IDBI Capital along with its associates are leading underwriter of securities and participants in virtually all securities trading markets in India. We and our associates have investment banking and other business relationships with a significant percentage of the companies covered by our Research Department. Investors should assume that IDBI Capital and/or its associates are seeking or will seek investment banking or other business from the company or companies that are the subject of this material. IDBI Capital generally prohibits its analysts, persons reporting to analysts, and their dependent family members having a financial conflict of interest in the securities or derivatives of any companies that the analysts cover. Additionally, IDBI Capital generally prohibits its analysts and persons reporting to analysts from serving as an officer, director, or advisory board member of any companies that the analysts cover. Our sales people, 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. In reviewing these materials, you should be aware that any or all of the foregoing, among other things, may give rise to real or potential conflicts of interest. Directors of IDBI Capital or its associates may have interest in the Companies under recommendation in this report either as Director or shareholder. Additionally, other important information regarding our relationships with the company or companies that are the subject of this material is provided herein. This material should not be construed as an offer to sell or the solicitation of an offer to buy any security in any jurisdiction where such an offer or solicitation would be illegal. We are not soliciting any action based on this material. It is for the general information of clients of IDBI Capital. It does not constitute a personal recommendation or take into account the particular investment objectives, financial situations, or needs of individual clients. Before acting on any advice or recommendation in this material, clients should consider whether it is suitable for their particular circumstances and, if necessary, seek professional advice. The price and value of the investments referred to in this 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. We and our associates, officers, directors, and employees, including persons involved in the preparation or issuance of this material, may 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. For the purpose of calculating whether IDBI Capital and its associates holds beneficially owns or controls, including the right to vote for directors, 1% of more of the equity shares of the subject issuer of a research report, the holdings does not include accounts managed by IDBI Asset Management Company/ IDBI Mutual Fund.

IDBI Capital hereby declares that our activities were neither suspended nor we have materially defaulted with any Stock Exchange authority with whom we are registered in last five years. However SEBI, Exchanges and Depositories have conducted the routine inspection and based on their observations have issued advice letters or levied minor penalty on IDBI Capital for certain operational deviations. 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. IDBI Capital, its directors or employees or associates, may from time to time, have positions in, or options on, and buy and sell securities referred to herein. IDBI Capital or its associates, during the normal course of business, from time to time, may solicit from or perform investment banking or other services for any company mentioned in this document or their connected persons or 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 their affiliate companies or act as advisor or lender / borrower to such company(ies)/associates companies or have other potential conflict of interest. This report may provide hyperlinks to other websites. Except to the extent to which the report refers to the website of IDBI Capital, IDBI Capital states that it has not reviewed the linked site and takes no responsibility for the content contained in such other websites. Accessing such websites shall be at recipient's own risk. IDBI Capital encourages the practice of giving independent opinion in research report preparation by the analyst and thus strives to minimize the conflict in preparation of research report. Accordingly, neither IDBI Capital nor Research Analysts have any material conflict of interest at the time of publication of this report. We offer our research services to primarily institutional investors and their employees, directors, fund managers, advisors who are registered with us. The Research Analyst has not served as an officer, director or employee of Subject Company. We or our associates may have received compensation from the subject company in the past 12 months. We or our associates may have managed or co-managed public offering of securities for the subject company in the past 12 months. We or our associates may have received compensation for investment banking or merchant banking or brokerage services from the subject company in the past 12 months. We or our associates may 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 12 months. We or our associates may have received any compensation or other benefits from the Subject Company or third party in connection with the research report. Research Analyst or his/her relative's may have financial interest in the subject company. IDBI Capital or its associates may have financial interest in the subject company. Research Analyst or his/her relatives does not have actual/beneficial ownership of 1% or more securities of the subject company at the end of the month immediately preceding the date of publication of Research Report. IDBI Capital or its associates may have actual/beneficial ownership of 1% or more securities of the subject company at the end of the month immediately preceding the date of publication of Research Report. The Subject Company may have been a client during twelve months preceding the date of distribution of the research report. Price history of the daily closing price of the securities covered in this note is available at www.bseindia.com; www.nseindia.com and www.economictimes.indiatimes.com/markets/stocks/stock-quotes.