

## HDFC Bank

BUY

NIMs stable QoQ; RoA to be maintained post-merger

## Summary

HDFC Bank's Proforma merged deposits grew by 16% YoY (vs 19% standalone) as non-retail deposits declined. Further, Proforma merged advances grew by 13% YoY (vs 20% YoY standalone) as non-individual loans of HDFC Ltd declined. NIMs remain stable at 4.3% QoQ and expected to decline post-merger due to lower yields on HDFC Ltd book. Asset quality remain stable as GNPA stood at 1.17% vs 1.12% QoQ led by agri slippages. Restructured assets declined to 0.27% of advances vs 0.37% (QoQ) led by recoveries and writeoffs. NII grew by 1% QoQ while PPOP grew by 1% QoQ due to higher other income. Provisions increased by 6.5% QoQ resulted into credit cost at 0.70% vs 0.67%. Thus, PAT declined by 1% QoQ. We maintain BUY rating with the target price of Rs.2,050 valuing parent business at Rs.1,876 (2.7x P/ABV FY25) and rest for the subsidiaries.

## Key Highlights and Investment Rationale

- Credit growth continues to slowdown:** Standalone HDFCB reported further decline in credit growth to 16% YoY vs 17% YoY (FY23) led by slowdown in corporate book. Corporate and Wholesale book grew by 11% YoY vs 13% YoY (FY23) led by competitive nature. Commercial book grew by 29% YoY (30% YoY FY23) while retail book grew by 18% YoY (19% YoY FY23). However, Deposits growth remains strong at 19% YoY (21% YoY FY23): CASA deposits grew by 11% resulted CASA ratio at 42.5% vs 44.4% QoQ.
- Asset quality remains stable:** Asset quality remains stable with GNPA at 1.17% vs 1.12% QoQ led by Agri slippages. Annualized slippage ratio stood at 1.44% vs 1.22% QoQ. During Q1FY24, recoveries and upgrades were Rs.26.5bn vs 33bn QoQ, while write-offs were Rs. 21bn vs 24bn QoQ. This resulted into higher credit cost at 0.70% vs 0.67% QoQ. Further, restructured assets continue to decline with better recoveries and stood at 0.27% vs 0.37% QoQ.

TP	Rs2,050
CMP	Rs1,679
Potential upside/downside	22%
Previous Rating	BUY

## Price Performance (%)

	-1m	-3m	-12m
Absolute	4.8	0.7	23.1
Rel to Sensex	(0.2)	(10.4)	(0.7)

## V/s Consensus

EPS (Rs)	FY24E	FY25E
IDBI Capital	90.6	105.6
Consensus	89.0	106.5
% difference	1.8	(0.9)

## Key Stock Data

Bloomberg / Reuters	HDFCB IN/HDBK.BO
Sector	Bank
Shares o/s (mn)	7,538
Market cap. (Rs mn)	12,657,087
3-m daily average value (Rs mn)	467.8
52-week high / low	Rs1,759/1,338
Sensex / Nifty	66,590 / 19,711

## Shareholding Pattern (%)

Promoters	25.5
FII	33.4
DII	25.3
Public	15.8

## Financial snapshot

(Rs mn)

Year	FY2021	FY2022	FY2023	FY2024E*	FY2025E*
NII	648,796	720,096	868,422	1,202,948	1,392,100
Net Profit	311,165	369,614	441,087	679,507	791,537
EPS (Rs)	56.4	66.7	79.1	90.6	105.6
ABV (Rs)	363.9	427.6	489.4	601.7	701.9
PER (x)	29.8	25.2	21.2	18.5	15.9
P/ABV (x)	4.6	3.9	3.4	2.8	2.4
ROE (%)	16.6	16.7	17.0	14.8	15.9
ROA (%)	1.9	1.9	1.9	1.9	2.0
GNPA (%)	1.0	0.8	1.2	1.4	1.4
NNPA (%)	0.3	0.2	0.4	0.4	0.3
CAR (%)	18.8	18.9	21.2	21.0	20.7

Source: IDBI Capital Research: Note: \* Merged figures

## Bunty Chawla

Bunty.chawla@idbicapital.com  
+91-22-2217 1843

## Debesh Agarwala

debesh.agarwala@idbicapital.com  
+91-22-2217-1819

- **NIMs remain stable at 4.3%:** NIMs remain stable at 4.3% QoQ as rise in cost of funds was equivalent to increase in yields. Yields on assets improved by 20bps QoQ to 8.1% during the quarter as re-pricing of assets continues along with shift of portfolio towards high yielding retail assets. Cost of funds also increased by 30bps QoQ to 4.0% (among the lowest in the industry) led by rise in deposit rates. Going forward post-merger will have impact on margins. Management shared that EBLR linked loans of HDFC Ltd would shift to Repo Rate linked loans in HDFC Bank, while liability of around 6,36,000 Crs (including deposits) has moved from HDFC Ltd to the bank.
- **Cost to income ratio to decline post-merger:** Cost to income ratio has increased to 43% vs 42% QoQ (41% YoY) due to branch addition (39 in Q1FY24) along with increase in employee base (8,503 Q1FY24). Going forward branch addition to remain in similar lines of last 15-18 months. Thus, cost to income ratio to remain elevated in short to medium term; however post-merger ratio to decline below 40%.
- **HDB financial services; subsidiary reported better performance:** HDB loan book grew by 19% YoY (vs 14% YoY FY23) to Rs.735bn. NIMs declined by 20bps QoQ to 8.3% under rising interest rate scenario. Asset quality improved as GS3% stood at 2.48% vs 2.7% QoQ resulted in lower credit cost. PAT grew by 28.5% YoY to Rs.5.67bn resulted improved in RoA 3.2% vs 2.8% YoY (3.3% QoQ).
- **Valuation & Outlook:** Post merger, bank guided for stability of RoA in the range of 1.9% - 2.0% led by lower credit cost and operating efficiency although margins to get impacted. Banks focus on liability to support the margin improvement and PSL requirements in specified time duration. We remain structurally positive on HDFCB given its superior credit underwriting, structurally better NIM and the ability to maintain stable RoA post merger.

	NII (In Bn)		PPoP (In Bn)		PAT (In Bn)		Gross Advances(In Bn)		Deposits (In Bn)		RoA (%)	
	FY22	FY23	FY22	FY23	FY22	FY23	FY22	FY23	FY22	FY23	FY22	FY23
HDFC Bank	720	868	641	704	370	441	13,805	16,142	15,592	18,834	2.0	2.1

### Conference Call Highlights

- On a pro forma basis, retail deposits were up by 20.6% YoY and constituted ~83% of the overall deposits.
- Domestic retail advances were up by 20% YoY (up by 4% QoQ) driven by strong growth in home loan and personal loan.
- Wholesale loan growth stood at ~10% YoY and de-growth of ~2% QoQ as the bank did not participate on certain loan which was outside the comfort level of the bank (in terms of pricing).
- Net Mark to Market income for the bank stood at around 552Cr during Q1FY24 (vs. loss of 38Cr in Q4FY23).
- Using decline in credit cost to invest into operations of the bank (adding branches) for capturing market opportunities.
- Slippages ratio stood at ~35bps (around 5,800Cr). Excl. argi the slippage cost stood at ~26bps (around 4,200Cr).
- Recoveries and upgrades stood at ~2,650Cr (around 16bps) while write offs stood ~2,100Cr (around 14bps).
- Restructured book stood at 27bps (around 4,265Cr) as on 30th June'23. Certain facilities for same borrower which were not restructured stood at ~5bps (~ 800Cr).
- Annualized Credit Cost for Q1FY24 stood at ~70bps (vs. 67bps in Q4FY23 and 91bps in Q1FY23).
- Integration cost relating to merger (such as stamp duty cost) is not expected to be significant and the management shall highlight the same once the cost incurs.
- EBLR linked loans of HDFC Ltd would shift to Repo Rate linked loans in HDFC Bank.
- Liability of around 6,36,000 Crs (including deposits) has moved from HDFC Ltd to the bank.
- Added around 2.4Mn new liability customers during Q1FY24 taking the total customer base to ~85Mn as on 30th June'23.

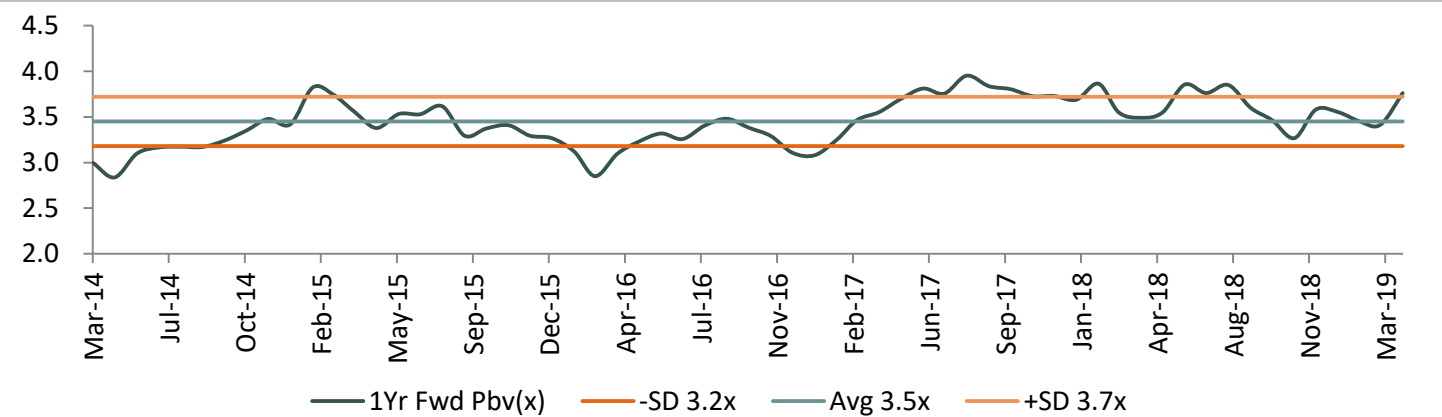
## Exhibit 1: Quarterly Snapshot

(Rs mn)

Year-end: March	Q1FY24	Q1FY23	Q4FY23	YoY (%)	QoQ (%)
Interest Income	485,868	351,720	451,194	38.1	7.7
Interest Expenses	249,877	156,906	217,675	59.3	14.8
<b>Net Interest Income</b>	<b>235,991</b>	<b>194,814</b>	<b>233,518</b>	<b>21.1</b>	<b>1.1</b>
<b>NIM Calc.(%)</b>	<b>4.30</b>	<b>4.20</b>	<b>4.30</b>	<b>10 bps</b>	<b>0 bps</b>
Non-Interest Income	92,299	63,882	87,312	44.5	5.7
<b>Operating Income</b>	<b>328,289</b>	<b>258,697</b>	<b>320,830</b>	<b>26.9</b>	<b>2.3</b>
Staff Cost	47,821	35,002	43,621	36.6	9.6
Other Op Exp	92,748	70,016	91,001	32.5	1.9
Total Operating Expenses	140,569	105,018	134,621	33.9	4.4
<i>Cost to Income (%)</i>	<i>42.8</i>	<i>40.6</i>	<i>41.96</i>	<i>222 bps</i>	<i>86 bps</i>
<b>Operating Profit</b>	<b>187,720</b>	<b>153,678</b>	<b>186,209</b>	<b>22.2</b>	<b>0.8</b>
Provisions	28,600	31,877	26,854	-10.3	6.5
<b>PBT</b>	<b>159,120</b>	<b>121,801</b>	<b>159,355</b>	<b>30.6</b>	<b>-0.1</b>
Tax	39,602	29,841	38,881	32.7	1.9
<i>-effective tax rate</i>	<i>24.9</i>	<i>24.5</i>	<i>24.4</i>	<i>39 bps</i>	<i>49 bps</i>
<b>PAT</b>	<b>119,518</b>	<b>91,960</b>	<b>120,475</b>	<b>30.0</b>	<b>-0.8</b>
EPS (Rs)	21.4	16.6	21.6	29.1	-1.0
BV (Rs)	525.4	450.6	502.2	16.6	4.6
Deposits	19,130,958	16,047,600	18,833,947	19.2	1.6
Advances	16,156,720	13,950,677	16,005,859	15.8	0.9

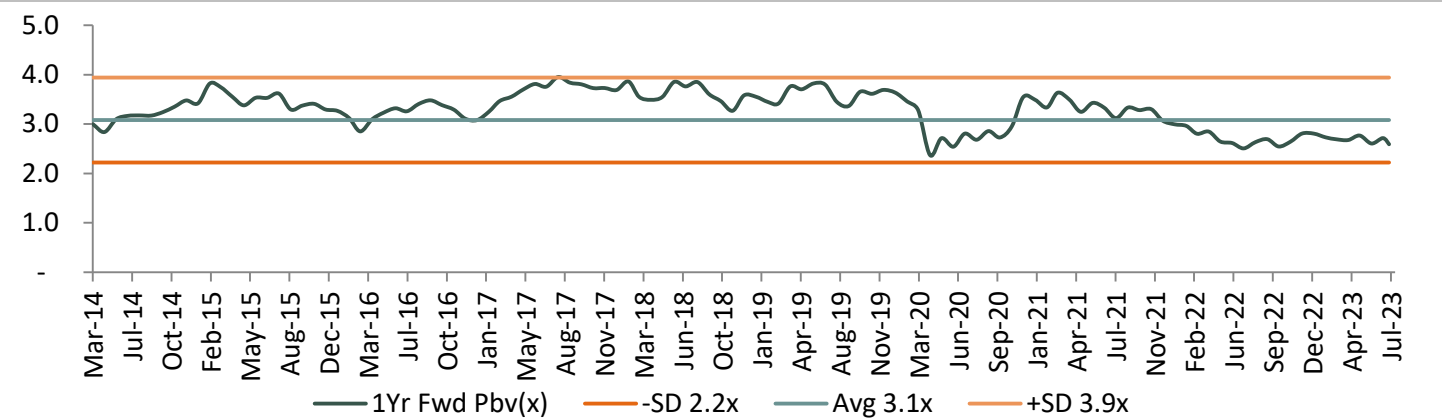
Source: Company; IDBI Capital Research

Exhibit 2: One-year forward P/ABV (FY14-19)



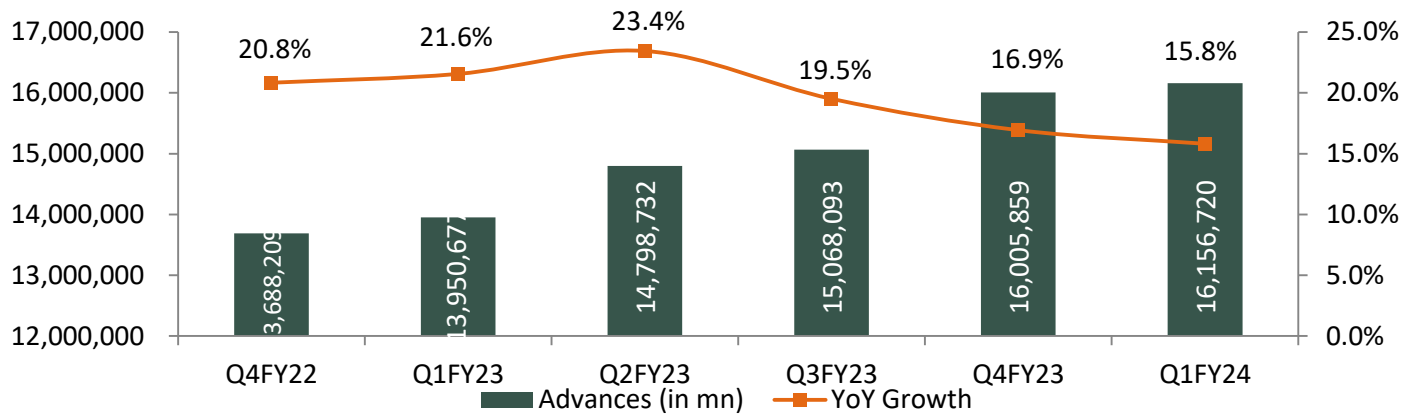
Source: Company; IDBI Capital Research

Exhibit 3: One-year forward P/ABV (FY14-24)



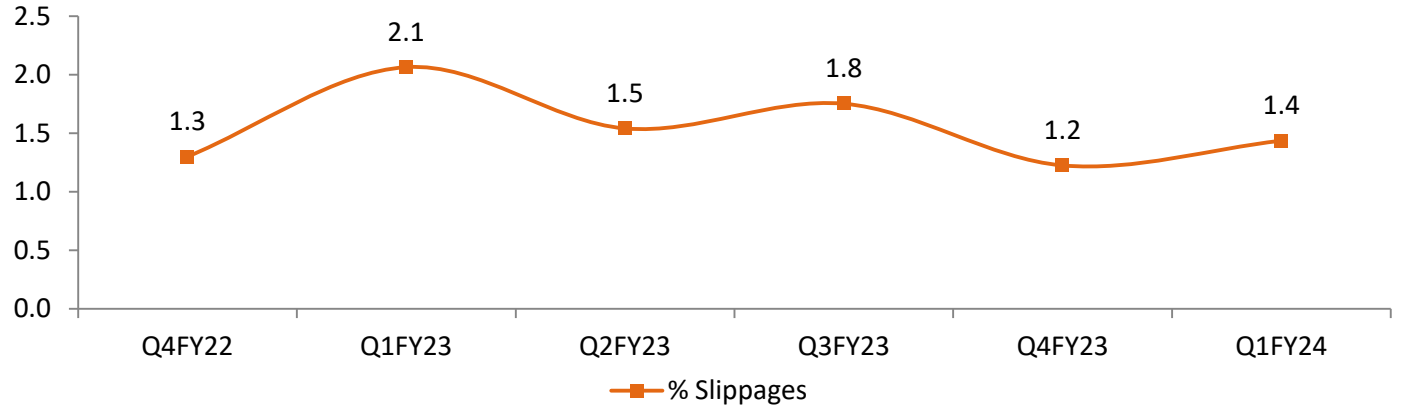
Source: Company; IDBI Capital Research

Exhibit 4: Advances growth continued to moderate during the qtr (on a YoY basis)



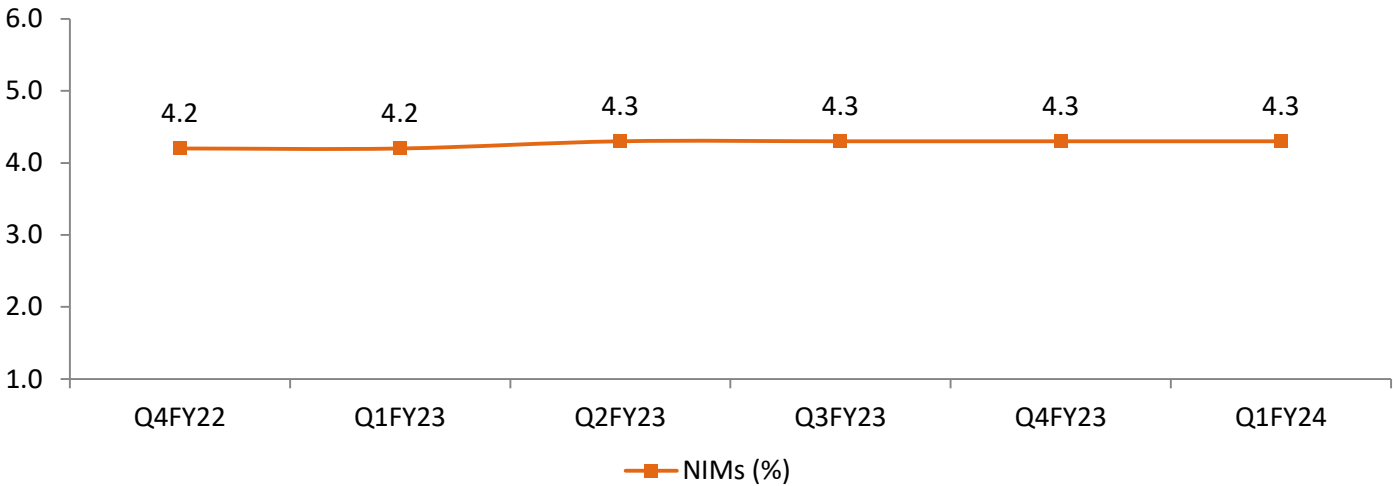
Source: Company; IDBI Capital Research

Exhibit 5: Slippage ratio inched up QoQ (seasonal impact in agri segment)



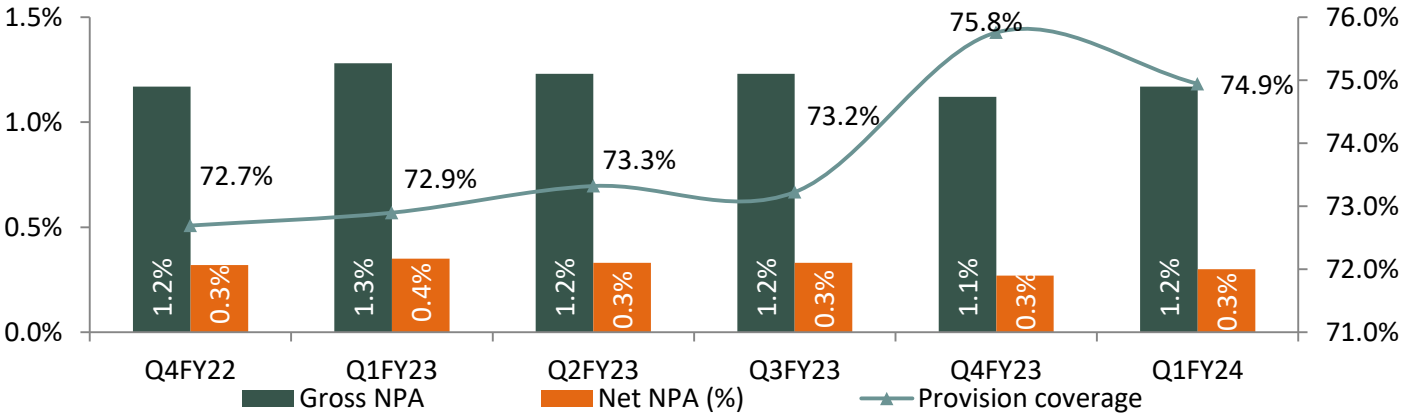
Source: Company; IDBI Capital Research

Exhibit 6: Net Interest margins remained stable sequentially



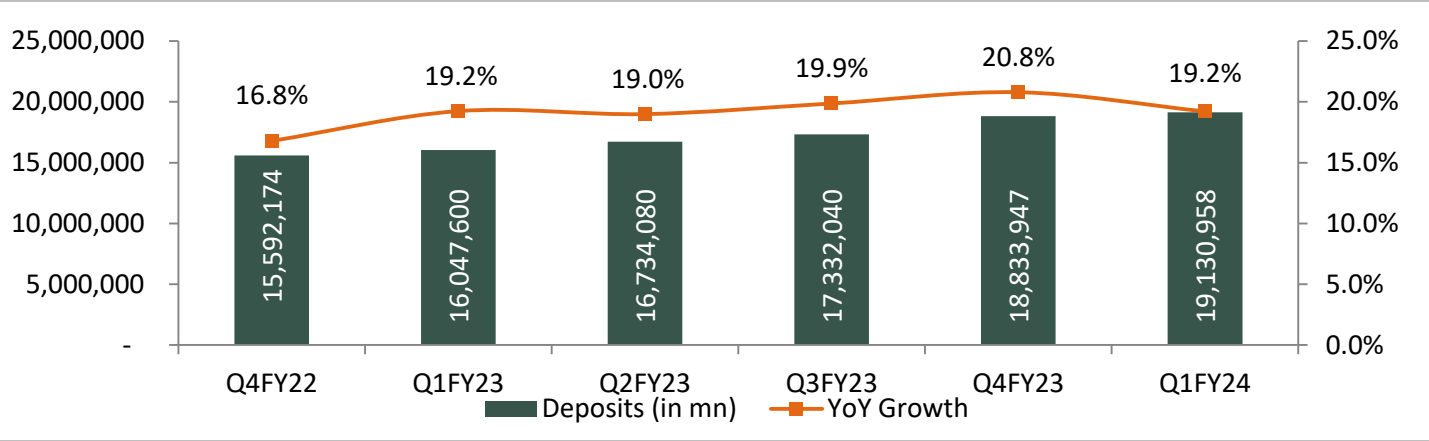
Source: Company; IDBI Capital Research

Exhibit 7: Asset Quality witnessed marginal uptick QoQ



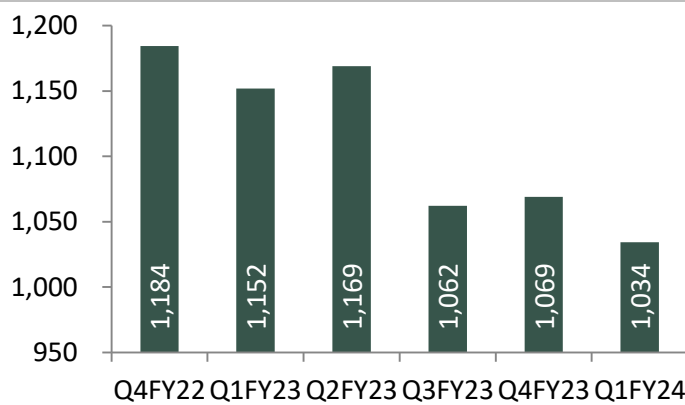
Source: Company; IDBI Capital Research

Exhibit 8: Deposits growth continued to witness strong growth trajectory



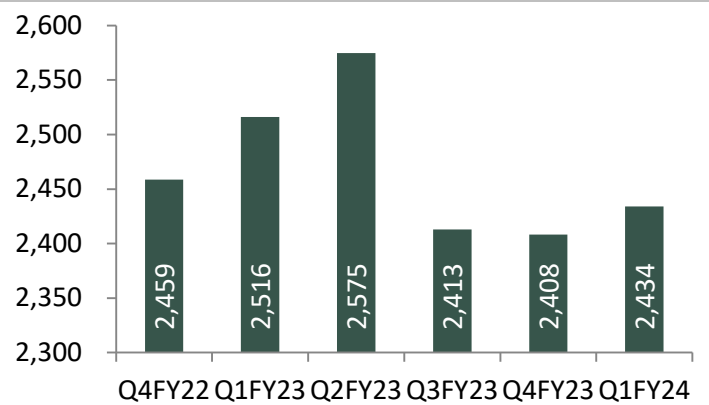
Source: Company; IDBI Capital Research

Exhibit 9: CASA per branch (In Mn) expected to improve going forward



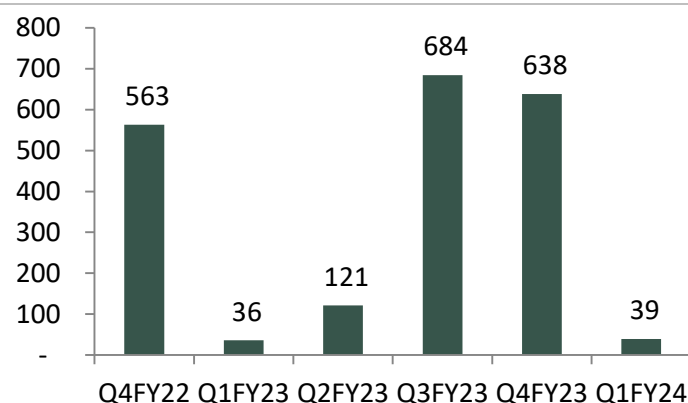
Source: Company; IDBI Capital Research

Exhibit 10: Deposit per branch (In Mn) expected to improve going forward

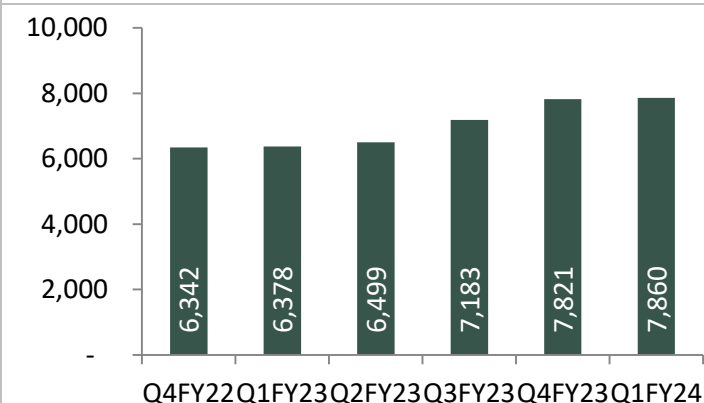


Source: Company; IDBI Capital Research

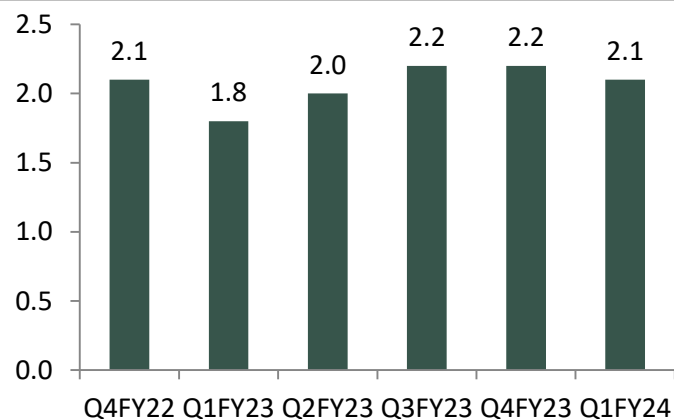


**Exhibit 11: On track to adding 1,500 branches per year**

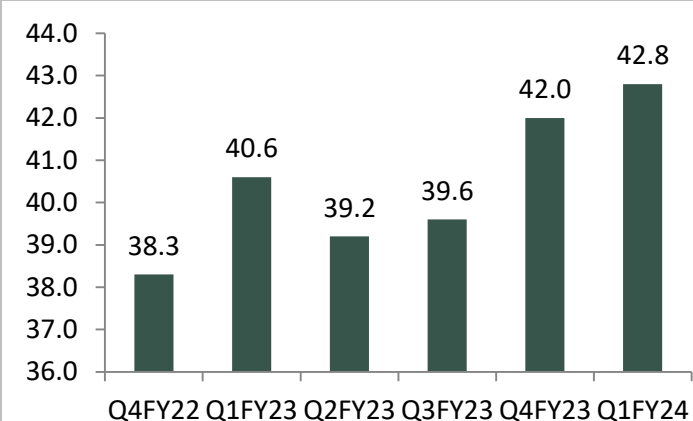
Source: Company; IDBI Capital Research

**Exhibit 12: Aggressive Branch addition to further strengthen presence across key geographies**

Source: Company; IDBI Capital Research

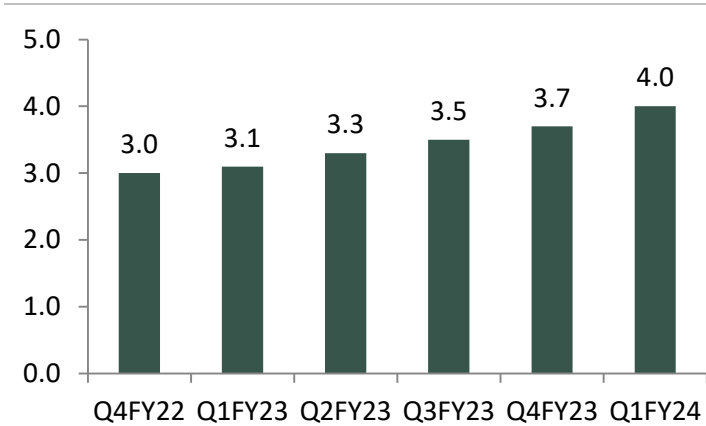
**Exhibit 13: RoA to remain in the range of 1.9-2.1%**

Source: Company; IDBI Capital Research

**Exhibit 14: Cost to Income Ratio inched up due to employee addition during the qtr**

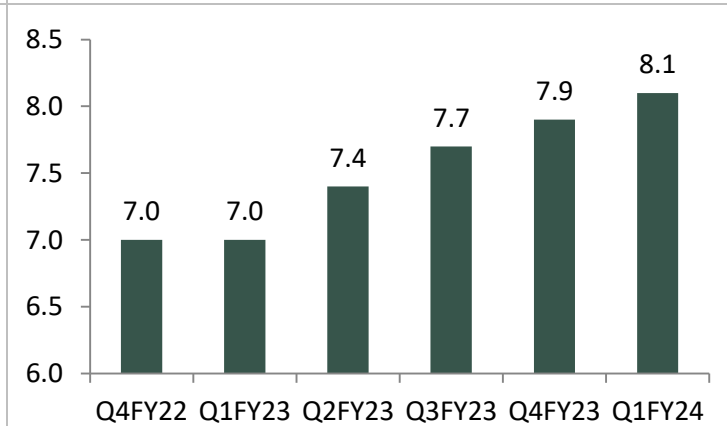
Source: Company; IDBI Capital Research

Exhibit 15: Cost of Funds witnessed sharp uptick QoQ



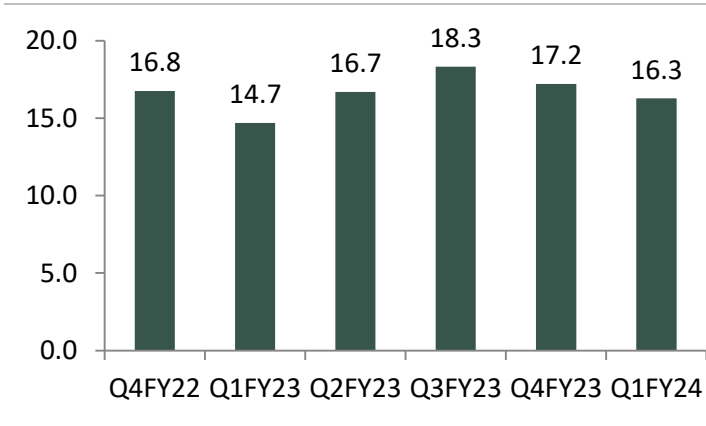
Source: Company; IDBI Capital Research

Exhibit 16: Yield on Advance continued to improve sequentially



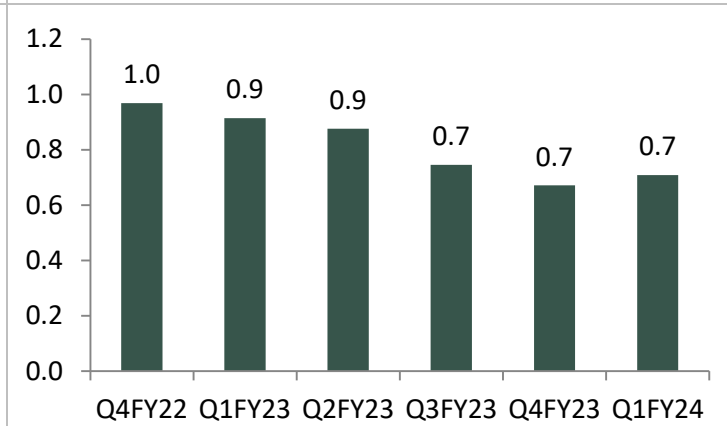
Source: Company; IDBI Capital Research

Exhibit 17: Return on Equity moderated during the qtr due to higher opex

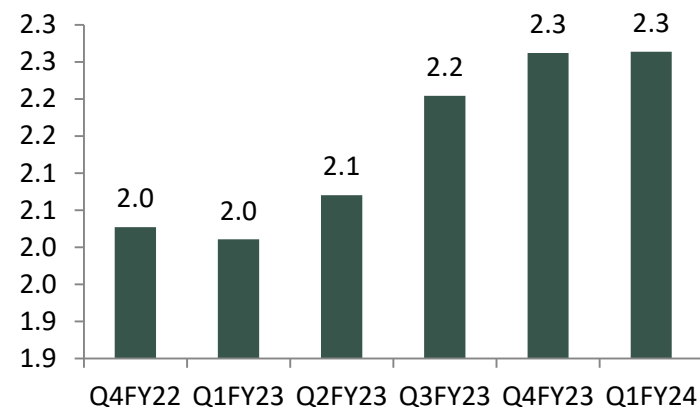


Source: Company; IDBI Capital Research

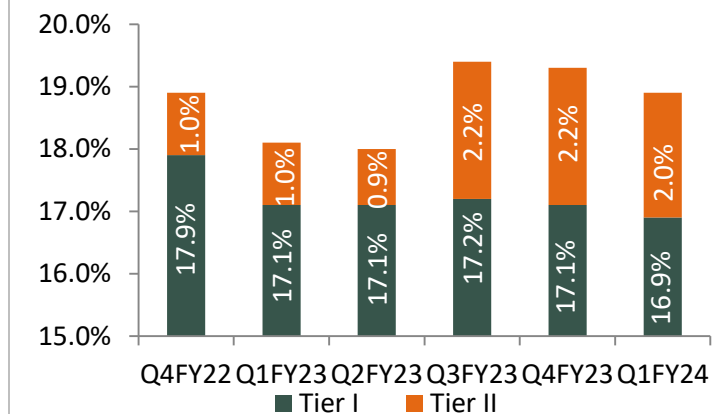
Exhibit 18: Credit Cost remained stable QoQ (Annualized)



Source: Company; IDBI Capital Research

**Exhibit 19: Cost to Assets inched up marginally QoQ**

Source: Company; IDBI Capital Research

**Exhibit 20: CAR continues to remain strong**

Source: Company; IDBI Capital Research

**Exhibit 21: Composition of Gross Advances (Product Wise)**

Product Wise Advances (In Mn)	Q1FY24	Q1FY23	Q4FY23	YoY (%)	QoQ (%)
<b>Retail Asset</b>	6,578,000	5,578,810	6,345,780	17.9	3.7
Personal Loans	1,767,340	1,479,280	1,716,760	19.5	2.9
Auto Loans	1,217,320	1,040,030	1,174,290	17.0	3.7
Home Loans	1,084,730	882,490	1,020,670	22.9	6.3
Payment Products	904,360	801,420	861,040	12.8	5.0
Loan Against Property	788,690	651,160	767,730	21.1	2.7
Two Wheelers	103,670	91,950	99,330	12.7	4.4
Gold Loans	116,910	88,080	108,420	32.7	7.8
Other Retail Loans	594,980	544,400	597,540	9.3	(0.4)
<b>Commercial &amp; Rural Banking</b>	<b>5,631,910</b>	<b>4,364,850</b>	<b>5,474,330</b>	<b>29.0</b>	<b>2.9</b>
<b>Agriculture</b>	<b>796,370</b>	<b>615,790</b>	<b>817,190</b>	<b>29.3</b>	<b>(2.5)</b>
<b>Corporate &amp; Other Wholesale</b>	<b>3,293,250</b>	<b>3,522,300</b>	<b>3,504,990</b>	<b>(6.5)</b>	<b>(6.0)</b>
<b>Total Advances</b>	<b>16,299,530</b>	<b>14,081,750</b>	<b>16,142,290</b>	<b>15.7</b>	<b>1.0</b>

Source: Company; IDBI Capital Research

**Exhibit 22: Changes in Product Mix (Advances)**

Product Wise Advances Mix(In %)	Q1FY24	Q1FY23	Q4FY23	YoY (%)	QoQ (%)
<b>Retail Asset</b>	40.4	39.6	39.3	74 bps	105 bps
Personal Loans	10.8	10.5	10.6	34 bps	21 bps
Auto Loans	7.5	7.4	7.3	8 bps	19 bps
Home Loans	6.7	6.3	6.3	39 bps	33 bps
Payment Products	5.5	5.7	5.3	-14 bps	21 bps
Loan Against Property	4.8	4.6	4.8	21 bps	8 bps
Two Wheelers	0.6	0.7	0.6	-2 bps	2 bps
Gold Loans	0.7	0.6	0.7	9 bps	5 bps
Other Retail Loans	3.7	3.9	3.7	-22 bps	-5 bps
<b>Commercial &amp; Rural Banking</b>	<b>34.6</b>	<b>31.0</b>	<b>33.9</b>	<b>356 bps</b>	<b>64 bps</b>
<b>Agriculture</b>	<b>4.9</b>	<b>4.4</b>	<b>5.1</b>	<b>51 bps</b>	<b>-18 bps</b>
<b>Corporate &amp; Other Wholesale</b>	<b>20.2</b>	<b>25.0</b>	<b>21.7</b>	<b>-481 bps</b>	<b>-151 bps</b>
<b>Total Advances</b>	<b>100</b>	<b>100</b>	<b>100</b>		

Source: Company; IDBI Capital Research

## Financial Summary

### Profit & Loss Account

(Rs mn)

Year-end: March	FY20	FY21	FY22	FY23	FY24E*	FY25E*
<b>Net interest income</b>	<b>561,862</b>	<b>648,796</b>	<b>720,096</b>	<b>868,422</b>	<b>1,202,948</b>	<b>1,392,100</b>
<i>Change (yoy, %)</i>	16%	15%	11%	21%	39%	16%
Fees	213,006	212,894	271,566	238,440	356,193	413,432
Other Income	19,602	39,154	23,533	73,708	86,001	98,404
Net Revenue	794,470	900,844	1,015,195	1,180,570	1,645,141	1,903,936
Operating expenses	306,975	327,226	374,422	476,521	638,298	715,526
Employee expenses	95,257	103,648	120,317	155,124	187,121	191,846
Other expenses	211,718	223,578	254,105	321,397	451,178	523,681
<b>Pre-Provision Profit</b>	<b>487,495</b>	<b>573,618</b>	<b>640,773</b>	<b>704,050</b>	<b>1,006,843</b>	<b>1,188,409</b>
<i>Change (yoy, %)</i>	23%	18%	12%	10%	43%	18%
Provision	121,424	157,028	150,618	119,197	110,751	144,578
PBT	366,071	416,590	490,155	584,853	896,092	1,043,831
Taxes	103,498	105,425	120,541	143,766	216,586	252,294
<i>Effective tax rate (%)</i>	28%	25%	25%	25%	24%	24%
<b>Net profit</b>	<b>262,573</b>	<b>311,165</b>	<b>369,614</b>	<b>441,087</b>	<b>679,507</b>	<b>791,537</b>
<i>Change (yoy, %)</i>	25%	19%	19%	19%	54%	16%
EPS	47.9	56.4	66.7	79.1	90.6	105.6
ROE	16.4	16.6	16.7	17.0	14.8	15.9
ROA	1.9	1.9	1.9	1.9	1.9	2.0

Note: \* Merged figures

**Balance Sheet**

(Rs mn)

Year-end: March	FY20	FY21	FY22	FY23	FY24E*	FY25E*
Capital	5,483	5,513	5,546	5,580	7,499	7,499
Reserves	1,704,377	2,031,696	2,395,384	2,796,411	4,579,840	5,335,453
<b>Networth</b>	<b>1,709,860</b>	<b>2,037,209</b>	<b>2,400,929</b>	<b>2,801,990</b>	<b>4,587,339</b>	<b>5,342,952</b>
<b>Deposits</b>	<b>11,475,023</b>	<b>13,350,602</b>	<b>15,592,174</b>	<b>18,833,947</b>	<b>22,147,368</b>	<b>26,465,861</b>
Current deposits	1,742,479	2,121,821	2,393,106	2,734,960	3,322,105	3,969,879
Saving deposits	3,103,771	4,035,001	5,117,385	5,624,930	6,644,211	7,939,758
Term deposit	6,628,773	7,193,780	8,081,683	10,474,057	12,181,053	14,556,224
Borrowings	1,446,286	1,354,873	1,848,172	2,067,656	8,512,820	9,020,532
Other liabilities	673,944	726,021	844,075	957,223	1,339,783	1,252,861
<b>Total Liab. &amp; Equity</b>	<b>15,305,113</b>	<b>17,468,705</b>	<b>20,685,351</b>	<b>24,660,815</b>	<b>36,587,311</b>	<b>42,082,206</b>
Cash	866,187	1,194,705	1,523,269	1,937,651	2,266,777	2,379,820
Advances	9,937,029	11,328,366	13,688,209	16,005,859	25,402,901	29,721,394
Investments	3,918,267	4,437,282	4,555,357	5,170,014	7,083,670	8,055,331
Fixed Assets	44,319	49,093	60,837	80,166	105,629	110,911
Other Assets	539,311	459,259	857,678	1,467,125	1,728,334	1,814,751
<b>Total assets</b>	<b>15,305,113</b>	<b>17,468,705</b>	<b>20,685,351</b>	<b>24,660,815</b>	<b>36,587,311</b>	<b>42,082,206</b>

Note: \* Merged figures

**Financial Ratios**

(%)

Year-end: March	FY20	FY21	FY22	FY23	FY24E*	FY25E*
<b>Growth</b>						
Deposits	24.3	16.3	16.8	20.8	17.6	19.5
Advances	21.3	14.0	20.8	16.9	58.7	17.0
NII	16.5	15.5	11.0	20.6	38.5	15.7
Pre-Provision Profit	22.6	17.7	11.7	9.9	43.0	18.0
Net Profit	24.6	18.5	18.8	19.3	54.1	16.5
<b>Spreads</b>						
Yield on Assets	9.0	8.1	7.3	7.8	9.5	8.4
Cost of Funds	5.0	4.1	3.5	3.9	5.6	5.0
NIM	4.4	4.0	3.8	3.9	3.8	3.8
CASA	42.2	46.1	48.2	44.4	45.0	45.0
<b>Operating Efficiency</b>						
Cost-to-Income	38.6	36.3	36.9	40.4	38.8	37.6
Cost-to-Assets	2.2	2.0	2.0	2.1	1.7	1.8
<b>Asset Quality</b>						
GNPA	1.6	1.0	0.8	1.2	1.4	1.4
NNPA	0.4	0.3	0.2	0.4	0.4	0.3
Provision Coverage	78.2	72.7	72.7	68.3	79.0	82.8
Credit Cost	1.0	0.8	0.6	0.5	0.4	0.5
<b>Capital Adequacy</b>						
CAR	17.2	17.6	17.9	19.0	18.9	18.8
Tier I	18.5	18.8	18.9	21.2	21.0	20.7
<b>Valuation</b>						
EPS	47.9	56.4	66.7	79.1	90.6	105.6
ABV	308.0	363.9	427.6	489.4	601.7	701.9
P/E	35.1	29.8	25.2	21.2	18.5	15.9
P/ABV	5.5	4.6	3.9	3.4	2.8	2.4
ROE	16.4	16.6	16.7	17.0	14.8	15.9
ROA	1.9	1.9	1.9	1.9	1.9	2.0
RORWA	2.7	2.8	2.7	2.1	2.8	2.8

Source: Company; IDBI Capital Research; Note: \* Merged figures



# 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) 2217 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:** Christina D'souza; Email: compliance@idbicapital.com; Telephone: (91-22) 2217 1907

**Disclaimer**

This report has been published by IDBI Capital Markets & Securities Ltd. (hereinafter referred to as "IDBI Capital") for private circulation. This report should not be reproduced or copied or made available to others. No person associated with IDBI Capital is obligated to call or initiate contact with you for the purposes of elaborating or following up on the information contained in this report. The information contained herein is strictly confidential and meant for 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 the prior written consent of IDBI Capital.

Recipients may not receive this report at the same time as other recipients. IDBI Capital will not treat recipients as customers by virtue of their receiving this report.

The information contained herein is from the public domain or sources believed to be reliable, but we do not make any representation or warranty that it is accurate, complete or up-to-date and it should not be relied upon as such. While reasonable care has been taken to ensure that information given is at the time believed to be fair and correct and opinions based thereupon are reasonable, due to the very nature of research it cannot be warranted or represented that it is accurate or complete and it should not be relied upon as such. In so far as this report includes current or historical information, it is believed to be reliable, although its accuracy and completeness cannot be guaranteed.

Opinions expressed are current opinions as of the date appearing on this material only. While we endeavor to update on a reasonable basis, the information discussed in this material, IDBI Capital, its directors, employees are under no obligation to update or keep the information current. Further there may be regulatory, compliance, or other reasons that prevent us from doing so.

Prospective investors and others are cautioned that any forward-looking statements are not predictions and may be subject to change without notice.

IDBI Capital, its directors and employees and any person connected with it, will not in any way be responsible for the contents of this report or for any losses, costs, expenses, charges, including notional losses/lost opportunities incurred by a recipient as a result of acting or non-acting on any information/material contained in the report.

This is not an offer to sell or a solicitation to buy any securities or an attempt to influence the opinion or behavior of investors or recipients or provide any investment/tax advice.

This report is for information only and has not been prepared based on specific investment objectives. The securities discussed in this report may not be suitable for all investors. Investors must make their own investment decision based on their own investment objectives, goals and financial position and based on their own analysis.

Trading in stocks, stock derivatives, and other securities is inherently risky and the recipient agrees to assume complete and full responsibility for the outcomes of all trading decisions that the recipient makes, including but not limited to loss of capital.

Opinions, projections and estimates in this report solely constitute the current judgment of the author of this report as of the date of this report and do not in any way reflect the views of IDBI Capital, its directors, officers, or employees.

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

E-mail is not a secure method of communication. IDBI Capital cannot accept responsibility for the accuracy or completeness of any e-mail message or any attachment(s).

This transmission could contain viruses, be corrupted, destroyed, incomplete, intercepted, lost or arrived late. IDBI Capital, its directors or employees or associates accept no liability for any damage caused, directly or indirectly, by this email.



## Analyst Disclosures

We, Bunty Chawla and Debesh Agarwala 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](http://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](http://www.bseindia.com); [www.nseindia.com](http://www.nseindia.com) and [www.economictimes.indiatimes.com/markets/stocks/stock-quotes](http://www.economictimes.indiatimes.com/markets/stocks/stock-quotes).