

## Shriram Finance (SFC)

BUY

NIMs guidance up; AUM growth remains strong

## Summary

SFC's NIM improved to 8.99 % QoQ led by rise in yields. Management guided to hold NIMs at 8.9% (vs 8.5% - 8.9% earlier) going forward. AUM growth remains strong led by growth in passenger vehicle and MSME segments. Management guided for 20% AUM growth for FY24 and conservatively 15% growth going forward. We expect 16% CAGR (FY23-26) loan growth. Asset quality improved with GS3 at 5.7% vs 5.8% led by higher write offs. NII grew by 7% QoQ led by improvement in NIMs; PPop grew by 6% QoQ led by lower other income (down 11% QoQ). However, PAT grew by 4% QoQ led by increase in provisions (up 11% QoQ). We have moved to FY26E estimates and expect EPS to grow at 13% CAGR (FY23-26). We maintain "BUY" rating on SFC with new TP of RS.2,675 (earlier Rs.2,230) valuing at 1.75X FY26E ABV.

## Key Highlights and Investment Rationale

- **AUM growth improved:** SFC's AUM growth improved to 21% YoY vs 20% YoY (Q2FY24); management for 20% (vs 18-20%) AUM growth for FY24. Disbursements stood at Rs.377bn (up 9% QoQ).
- **NIMs improved to 8.99%:** NIMs improved by 6bps QoQ to 8.99% as cost of funds (calculated) declined sequentially; however yields improved backed by product mix and utilization of liquidity.
- **Asset quality improved:** Asset quality improved with GS3 declined to 5.7% vs 5.8% due to higher write offs. Credit cost increased during the quarter due to higher write offs; however management guided credit cost to remain at 2%.
- **Outlook:** SFC has now diversified from mono line business of CV (mainly Used CV) to non-vehicle portfolio which was key hindrance in rating upgrade. We expect RoA to sustain above 3% post-merger with stable asset quality.

TP	Rs 2,675
<b>CMP</b>	<b>Rs2,306</b>
Potential upside/downside	16%
Previous Rating	BUY

## Price Performance (%)

	-1m	-3m	-12m
Absolute	12.6	19.1	85.9
Rel to Sensex	14.5	8.3	66.7

## V/s Consensus

EPS (Rs)	FY24E	FY25E	FY26E
IDBI Capital	189	212	233
Consensus	194	227	263
% difference	(2.4)	(6.5)	(11.5)

## Key Stock Data

Bloomberg / Reuters	SHFL IN / SRTR.BO
Sector	NBFC
Shares o/s (mn)	376
Market cap. (Rs mn)	866,311
3-m daily avg Trd value (Rs mn)	191.8
52-week high / low	Rs2,353 / 1,190
Sensex / Nifty	70,701 / 21,353

## Shareholding Pattern (%)

Promoters	25.4
FII	54.0
DII	15.1
Public	5.5

## Financial snapshot

(Rs mn)

Year	FY2022	FY2023	FY2024E	FY2025E	FY2026E
NII	89,120	1,60,616	1,88,236	2,18,637	2,45,916
Change (yoy, %)	-23%	80%	17%	16%	12%
Net Profit	27,079	59,793	71,001	79,648	87,568
Change (yoy, %)	-23%	121%	19%	12%	10%
EPS (Rs)	100	160	189	212	233
Change (yoy, %)	-9%	60%	18%	12%	10%
ABV (Rs)	806	1,035	1,177	1,331	1,522
PER (x)	23	14	12	11	10
P/ABV (x)	2.9	2.2	2.0	1.7	1.5
ROE (%)	9.7	17.3	15.4	15.3	14.7
ROA (%)	1.8	3.5	3.2	3.1	3.0
GNPA (%)	6.9	6.2	5.7	5.7	5.7
NNPA (%)	4.7	3.3	2.8	2.8	2.8
CAR (%)	23.8	26.0	23.1	22.8	22.7

Source: IDBI Capital Research

## Bunty Chawla

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

## Conference Call Highlights

### Macro environment:

- Rabi crop sown in the country was 4.4% higher YoY. A similar rise was seen across all major crops indicating good rural momentum going forward. Govt spends on infra continue to remain strong.
- The management believes that increase in demand for 2W is indicative of signs of revival in rural demand while the increase in 3W sales indicates increased demand for last mile delivery.
- Tractor sale stood at 2.03L vs 2.16L units YoY. The management believes that as the agricultural income continues to grow, it will create increased demand for farm equipments going forward in the near term.
- Construction equipment sales up by 29.6% with 33,121 units sold vs ~25,565 units sold on a YoY basis. This is indicative of continued infra spend and strong real estate activity.

### Operational performance:

- The company has registered a disbursement growth of 29.21% in Q3FY24 YoY and 9.2% QoQ. The disbursements stood at ~Rs.377.88bn v/s Rs.292.45bn YoY.
- The company continues to maintain liquid assets sufficient to meet 3 months liability repayment. The liquidity coverage ratio stands at ~256.25% and the overall cost of borrowings stand at 8.96%.
- The incremental cost of borrowings at 8.95% vs 8.7% QoQ.
- The net debt ratio stood at 3.77 vs 3.59 QoQ while LGD stood at 41.45% vs 41.39% QoQ.
- Employee count at 73,485 vs 74,373 QoQ.
- Shriram housing finance is currently focused on 8 states which have higher demand for affordable housing (with 149 operational branches currently) and the management expects to add another state by the end of FY24.

### Advances:

- Disbursement for Q3FY24 for CV were Rs.144.49bn , PV ~Rs.60.92bn, construction equipment at ~Rs.27.80bn , farm equipment ~Rs.4.64bn, MSME ~Rs.43.28bn, 2-wheeler loans at Rs.36.99bn , gold loans ~Rs.31.20bn and personal loans ~Rs.28.53bn.

**Asset Quality:**

- The personal loan portfolio has been behaving as expected and the management re-iterated that personal loans are only being offered to customers who have a proven track record of repayment with the company.
- For co- lending, the company has tied with 1 PSU bank and 1 private bank. The total DE and co-lending portfolio constitutes ~20-21% of the total AUM of the company.
- Write off at ~Rs.7.25bn while provisions stood at ~Rs.5.25bn for Q3FY24.
- The school bus portfolio has not grown materially post-covid. However, it is one of the portfolios which has the lowest credit cost for the company.
- The risk weight attributed to personal loans has been a major contributor towards utilization of the capital base (down ~100bps QoQ).

**Future Guidance**

- The management is confident of sustaining the margins at 8.9% levels going forward and the cost of funds are not expected to rise materially going forward.
- The borrowing costs of the company and its borrowing mix as well as its ability to pass on the incremental costs to the customers should support margins going forward.
- This financial year, on the back of strong economic growth, the AUM growth touched 20%. However on a prudent basis, the management has guided for 15% growth for medium and long term.
- GL, 2W and PV are the products which the company is focusing on.
- The management does not expect the elections to have any material impact on the company's business. The management expects the credit cost to remain ~2% for FY24 despite slightly elevated levels as seen in Q3FY24.
- The management has an authorized cap of growing the personal loans till it reaches 8% of the total AUM. The management expects the portfolio to remain comfortably within the aforementioned cap.
- The management expects the demand for passenger vehicles to be strong going forward.
- The company is in the process of converting its rural centers in to branches once it reaches a defined growth threshold. The company has added 136 branches over the period of 1 year.

## Exhibit 1: Quarterly Snapshot

(Rs mn)

Year-end: March	Q3FY24	Q3FY23	Q2FY24	YoY (%)	QoQ (%)
Interest Income	86,179	73,099	82,166	17.9	4.9
Interest Expenses	37,069	31,178	36,219	18.9	2.3
<b>Net Interest Income</b>	<b>49,110</b>	<b>41,921</b>	<b>45,947</b>	<b>17.1</b>	<b>6.9</b>
<b>NIM (%)</b>	<b>9.0</b>	<b>8.5</b>	<b>8.9</b>	<b>47 bps</b>	<b>6 bps</b>
Non-Interest Income	3,094	3,022	3,479	2.4	-11.1
<b>Operating Income</b>	<b>52,204</b>	<b>44,944</b>	<b>49,426</b>	<b>16.2</b>	<b>5.6</b>
Staff Cost	8,099	6,391	7,904	26.7	2.5
Other Op Exp	7,212	5,537	6,714	30.3	7.4
Total Operating Expenses	15,311	11,928	14,618	28.4	4.7
Cost to Income (%)	29.3	26.5	29.6	279 bps	-25 bps
Cost to AUM (%)	2.9	2.7	2.9	17 bps	-3 bps
<b>Operating Profit</b>	<b>36,893</b>	<b>33,016</b>	<b>34,808</b>	<b>11.7</b>	<b>6.0</b>
Provisions	12,497	9,173	11,286	36.2	10.7
Credit Cost (%)	2.3	2.1	2.2	27 bps	11 bps
<b>PBT</b>	<b>24,396</b>	<b>23,844</b>	<b>23,523</b>	<b>2.3</b>	<b>3.7</b>
Tax	6,213	6,074	6,014	2.3	3.3
-effective tax rate	25.5	25.5	25.6	-1 bps	-10 bps
<b>PAT</b>	<b>18,183</b>	<b>17,770</b>	<b>17,509</b>	<b>2.3</b>	<b>3.9</b>
EPS (Rs)	48.4	47.5	46.7	2.0	3.7
BV (Rs)	1256.7	1132.9	1229.5	10.9	2.2
AUM	21,42,335	17,74,980	20,26,410	20.7	5.7

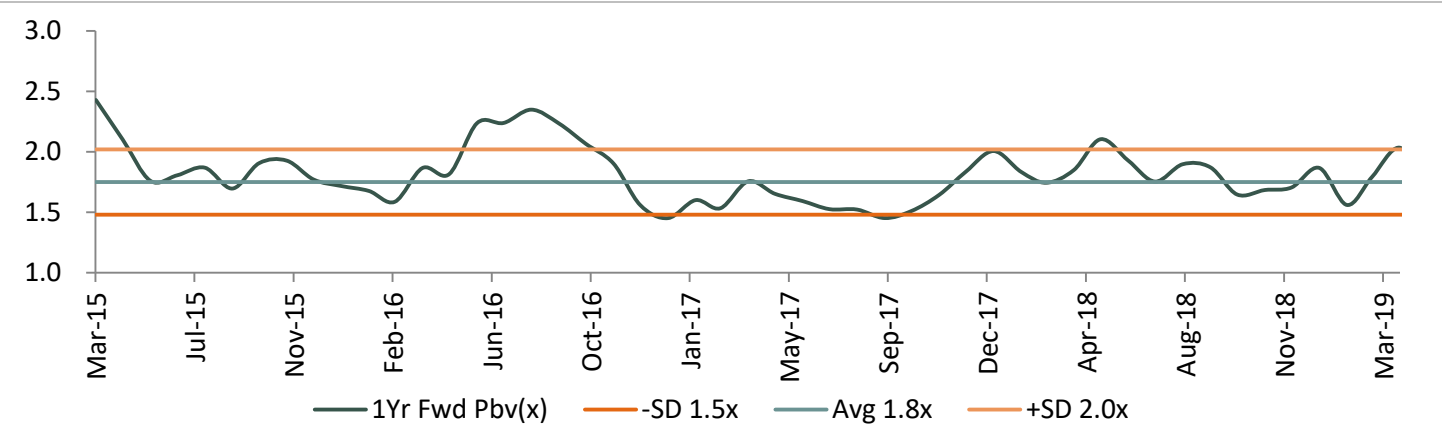
Source: Company; IDBI Capital Research

## Exhibit 2: ROE Decomposition

(%)	FY22	FY23	FY24E	FY25E	FY26E
<b>NII</b>	<b>5.8</b>	<b>9.3</b>	<b>8.6</b>	<b>8.6</b>	<b>8.4</b>
Non-Int Inc	0.4	0.7	0.6	0.6	0.6
<b>Net Revenue</b>	<b>6.2</b>	<b>10.0</b>	<b>9.2</b>	<b>9.2</b>	<b>9.0</b>
Op.Exp	1.4	2.8	2.7	3.0	3.0
<b>Op.Profit</b>	<b>4.8</b>	<b>7.1</b>	<b>6.4</b>	<b>6.2</b>	<b>6.1</b>
Provisions	2.5	2.4	2.1	1.9	1.9
PBT	2.3	4.7	4.3	4.3	4.1
Tax	0.5	1.3	1.1	1.2	1.1
<b>ROA</b>	<b>1.8</b>	<b>3.5</b>	<b>3.2</b>	<b>3.1</b>	<b>3.0</b>
Leverage (x)	5.5	5.0	4.8	4.9	4.9
<b>ROE</b>	<b>9.7</b>	<b>17.3</b>	<b>15.4</b>	<b>15.3</b>	<b>14.7</b>

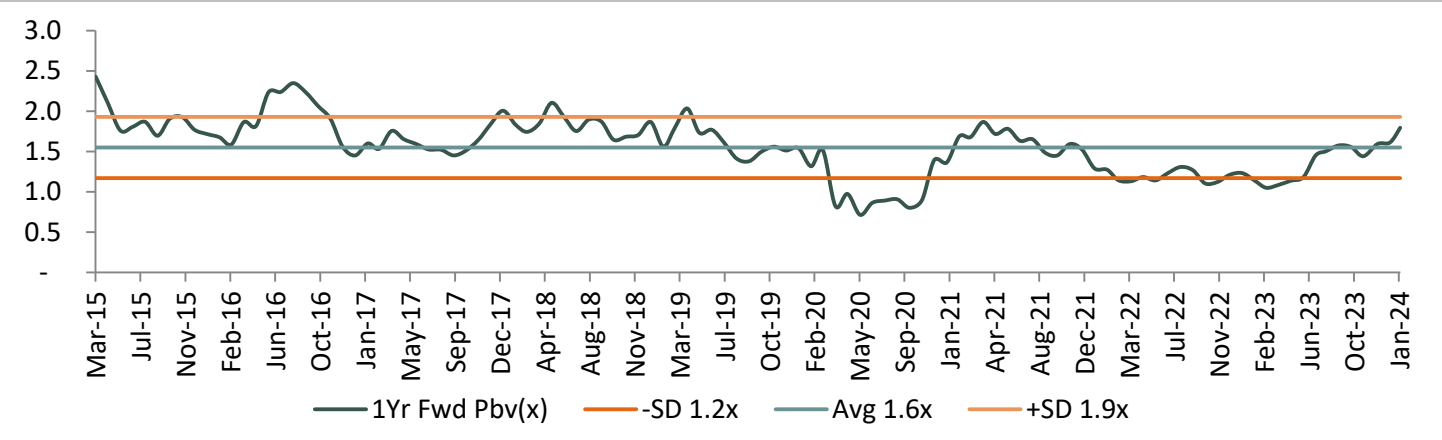
Source: Company; IDBI Capital Research

Exhibit 3: One-year forward P/ABV (FY15-19)



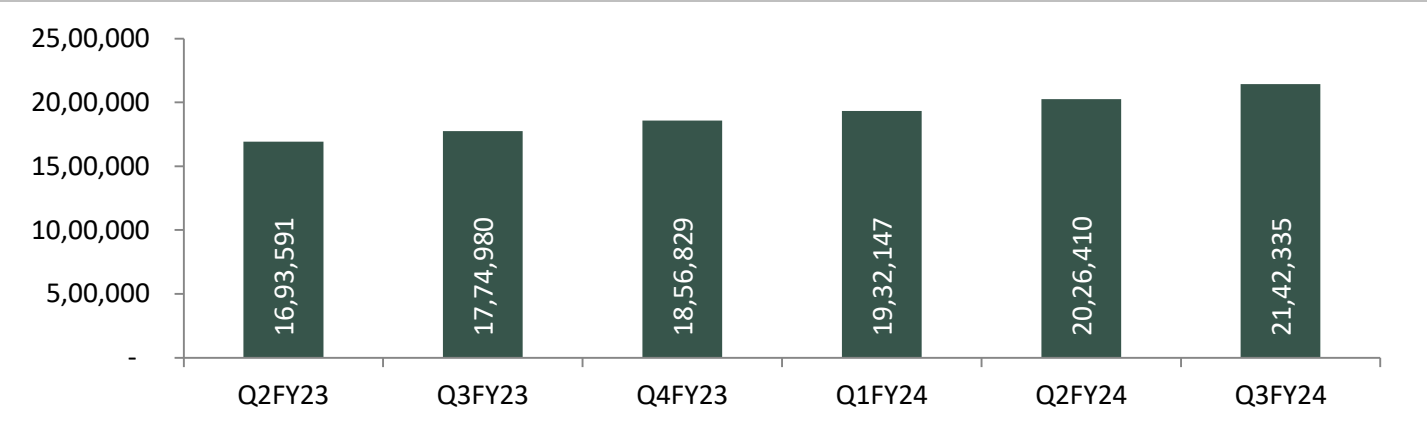
Source: Company; IDBI Capital Research

Exhibit 4: One-year forward P/ABV (FY15-24)



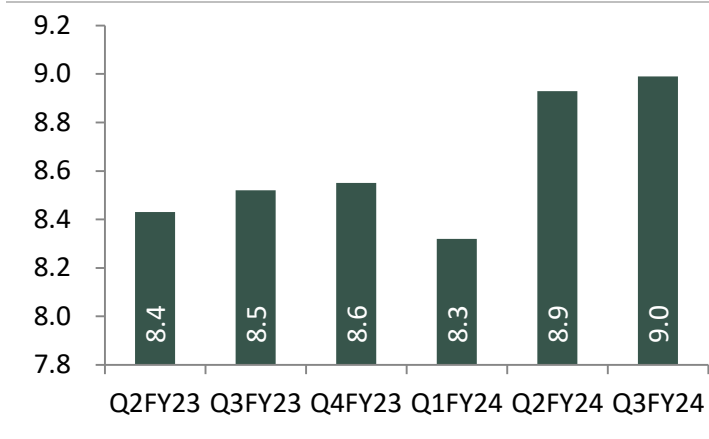
Source: Company; IDBI Capital Research

Exhibit 5: AUM growth continued to witness strong growth trajectory during the qtr



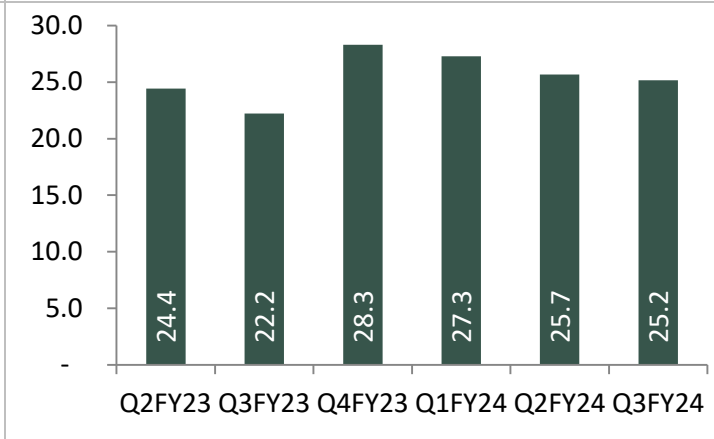
Source: Company; IDBI Capital Research

Exhibit 6: NIMs on AUM improved QoQ due to product mix shift towards higher yielding products



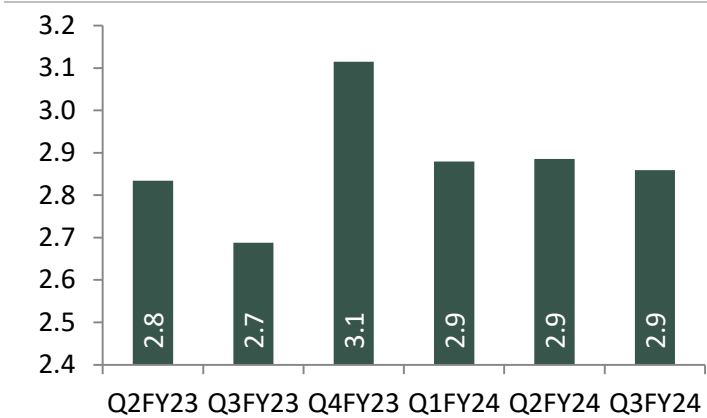
Source: Company; IDBI Capital Research

Exhibit 7: Cost to Income continued to improve



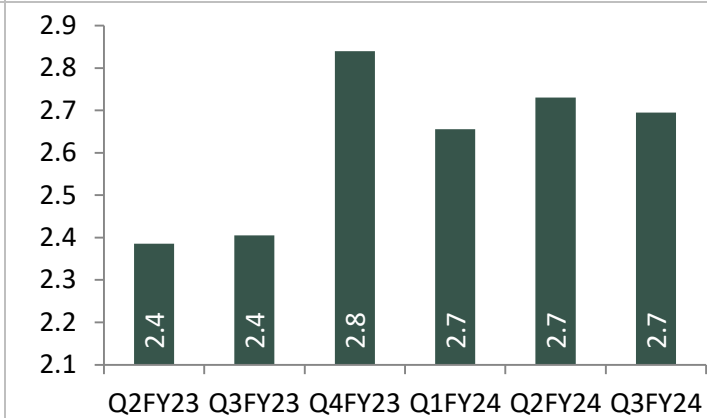
Source: Company; IDBI Capital Research

Exhibit 8: Cost to AUM remained stable



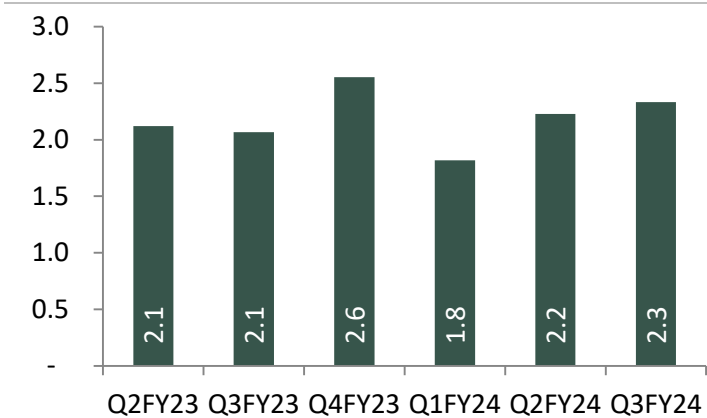
Source: Company; IDBI Capital Research

Exhibit 9: Cost to Asset remained flat QoQ



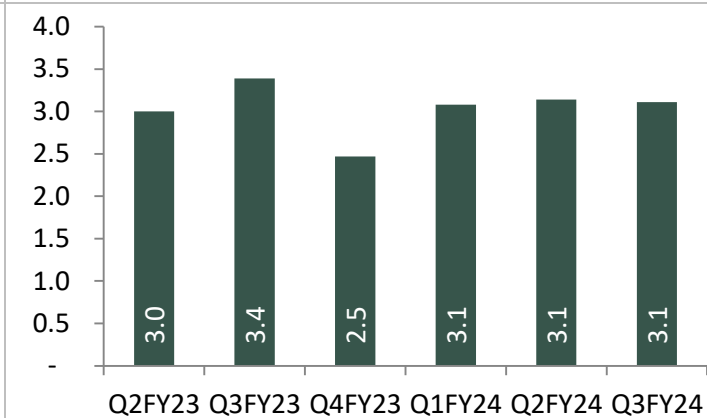
Source: Company; IDBI Capital Research

Exhibit 10: Credit Cost inched up sequentially



Source: Company; IDBI Capital Research

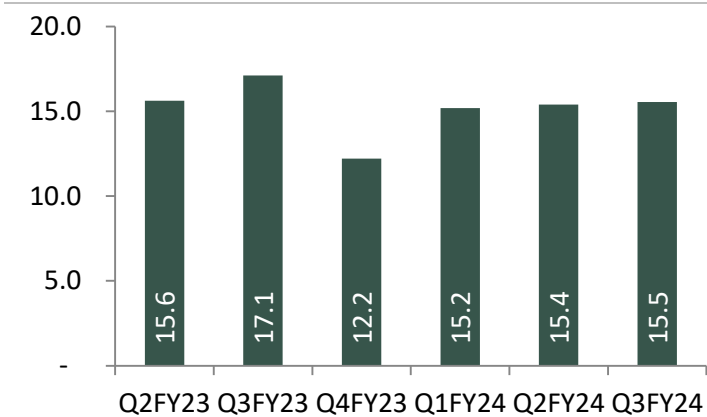
Exhibit 11: RoA remained stable sequentially



Source: Company; IDBI Capital Research

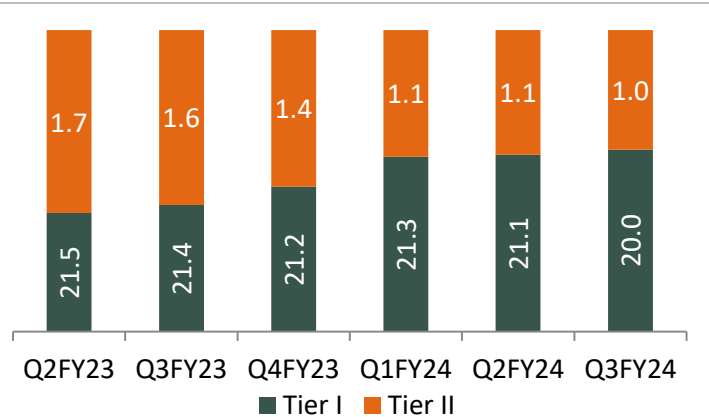


Exhibit 12: RoE witnessed marginal improvement during the qtr



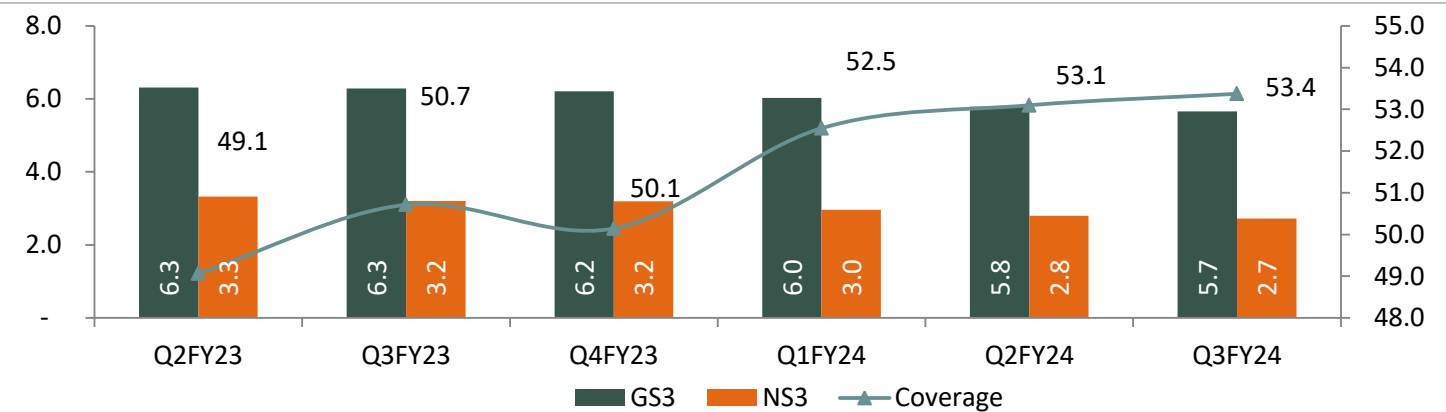
Source: Company; IDBI Capital Research

Exhibit 13: CAR remained strong QoQ



Source: Company; IDBI Capital Research

Exhibit 14: Asset Quality improved on a sequential basis



Source: Company; IDBI Capital Research

**Exhibit 15: Composition of AUM-In Mn**

Product Wise Advances (In Mn)	Q3FY24	Q3FY23	Q2FY24	YoY (%)	QoQ (%)
Commercial Vehicles	10,24,651	9,06,152	9,84,363	13.1	4.1
Passenger Vehicles	4,15,342	3,17,651	3,96,935	30.8	4.6
Construction Equipment's	1,62,228	1,38,672	1,50,582	17.0	7.7
Farm Equipment's	33,564	33,297	34,797	0.8	(3.5)
MSME	2,30,859	1,76,597	2,13,104	30.7	8.3
Two Wheelers	1,21,397	1,00,049	1,04,191	21.3	16.5
Gold	58,910	44,370	54,055	32.8	9.0
Personal Loans	95,384	57,674	88,384	65.4	7.9
<b>Total</b>	<b>21,42,335</b>	<b>17,74,980</b>	<b>20,26,410</b>	<b>20.7</b>	<b>5.7</b>

Source: Company; IDBI Capital Research

**Exhibit 16: Composition of AUM-In %**

Product Wise Advances (In Mn)	Q3FY24	Q3FY23	Q2FY24	YoY (%)	QoQ (%)
Commercial Vehicles	47.8	51.1	48.6	-322 bps	-75 bps
Passenger Vehicles	19.4	17.9	19.6	149 bps	-20 bps
Construction Equipment's	7.6	7.8	7.4	-24 bps	14 bps
Farm Equipment's	1.6	1.9	1.7	-31 bps	-15 bps
MSME	10.8	9.9	10.5	83 bps	26 bps
Two Wheelers	5.7	5.6	5.1	3 bps	52 bps
Gold	2.7	2.5	2.7	25 bps	8 bps
Personal Loans	4.5	3.2	4.4	120 bps	9 bps
<b>Total</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	FY21	FY22	FY23	FY24E	FY25E	FY26E
<b>Net interest income</b>	<b>1,15,115</b>	<b>89,120</b>	<b>1,60,616</b>	<b>1,88,236</b>	<b>2,18,637</b>	<b>2,45,916</b>
<i>Change (yoy, %)</i>	<i>-0.4%</i>	<i>-22.6%</i>	<i>80.2%</i>	<i>17.2%</i>	<i>16.2%</i>	<i>12.5%</i>
Other Income	4,752	6,280	11,955	12,761	14,676	16,877
Net Revenue	1,19,867	95,399	1,72,571	2,00,998	2,33,313	2,62,793
Operating expenses	41,981	21,298	49,131	59,760	74,972	86,218
Employee expenses	16,699	9,971	25,061	32,330	40,559	46,643
Other expenses	25,281	11,327	24,070	27,430	34,413	39,574
<b>Pre-Provision Profit</b>	<b>77,886</b>	<b>74,101</b>	<b>1,23,441</b>	<b>1,41,238</b>	<b>1,58,341</b>	<b>1,76,575</b>
<i>Change (yoy, %)</i>	<i>1.1%</i>	<i>-4.9%</i>	<i>66.6%</i>	<i>14.4%</i>	<i>12.1%</i>	<i>11.5%</i>
Provision	31,212	38,609	41,592	45,937	49,234	56,619
PBT	46,674	35,493	81,849	95,301	1,09,107	1,19,956
Taxes	11,691	8,413	22,056	24,300	29,459	32,388
<i>Effective tax rate (%)</i>	<i>25.0%</i>	<i>23.7%</i>	<i>26.9%</i>	<i>25.5%</i>	<i>27.0%</i>	<i>27.0%</i>
<b>Net profit</b>	<b>34,982</b>	<b>27,079</b>	<b>59,793</b>	<b>71,001</b>	<b>79,648</b>	<b>87,568</b>
<i>Change (yoy, %)</i>	<i>-0.1%</i>	<i>-22.6%</i>	<i>120.8%</i>	<i>18.7%</i>	<i>12.2%</i>	<i>9.9%</i>
EPS	110	100	160	189	212	233
Return on Equity (%)	12.7	9.7	17.3	15.4	15.3	14.7
Return on Assets (%)	2.3	1.8	3.5	3.2	3.1	3.0

**Balance Sheet**

(Rs mn)

Year-end: March	FY21	FY22	FY23	FY24E	FY25E	FY26E
Capital	3,191	2,705	3,744	3,756	3,756	3,756
Reserves	2,93,678	2,56,617	4,29,322	4,85,343	5,50,328	6,30,384
<b>Net Worth</b>	<b>2,96,868</b>	<b>2,59,322</b>	<b>4,33,066</b>	<b>4,89,099</b>	<b>5,54,084</b>	<b>6,34,140</b>
Borrowings	12,71,409	11,44,967	15,79,063	18,31,281	21,24,508	24,49,947
Other liabilities	71,435	16,772	24,509	34,387	34,484	29,152
<b>Total Liab. &amp; Equity</b>	<b>16,39,712</b>	<b>14,21,061</b>	<b>20,36,639</b>	<b>23,54,768</b>	<b>27,13,076</b>	<b>31,13,239</b>
Cash	2,16,560	1,63,552	1,58,174	1,33,246	1,65,020	1,89,773
Investments	42,152	68,092	85,651	94,297	1,08,442	1,24,708
Advances	13,57,231	11,66,652	17,19,846	20,49,939	23,57,430	27,11,044
Fixed Assets	5,464	4,181	19,861	18,867	17,924	17,028
Other Assets	18,304	18,585	53,108	58,418	64,260	70,686
<b>Total assets</b>	<b>16,39,712</b>	<b>14,21,061</b>	<b>20,36,639</b>	<b>23,54,768</b>	<b>27,13,076</b>	<b>31,13,239</b>

## Financial Ratios

(%)

Year-end: March	FY21	FY22	FY23	FY24E	FY25E	FY26E
<b>Growth</b>						
Advances	5.3	(14.0)	47.4	19.2	15.0	15.0
NII	(0.4)	(22.6)	80.2	17.2	16.2	12.5
Pre-Provision Profit	1.1	(4.9)	66.6	14.4	12.1	11.5
Net Profit	(0.1)	(22.6)	120.8	18.7	12.2	9.9
<b>Spreads</b>						
Yield on AUM	15.4	11.8	16.3	16.2	16.2	16.2
Cost of Borrowing	9.4	8.1	9.2	8.6	8.8	9.0
NIM (on AUM)	6.1	3.7	7.1	7.6	7.4	7.2
Spread	8.1	5.8	9.3	9.2	9.1	8.9
<b>Operating Efficiency</b>						
Cost-to-Income	35.0	22.3	28.5	29.7	32.1	32.8
Cost-to-Assets	3.2	1.7	3.4	3.2	3.4	3.4
<b>Asset Quality</b>						
GNPA	6.9	6.9	6.2	5.7	5.7	5.7
NNPA	4.2	4.7	3.3	2.8	2.8	2.8
Provision Coverage	44.1	49.8	50.1	53.4	53.4	53.4
Credit Cost	2.4	3.1	2.9	2.4	2.2	2.2
<b>Capital Adequacy</b>						
CAR	23.8	23.8	26.0	23.1	22.8	22.7
Tier I	21.8	22.0	23.8	21.1	20.8	20.7
<b>Valuation</b>						
EPS	109.6	100.1	159.7	189.0	212.0	233.1
ABV	800.0	806.3	1,034.6	1,176.5	1,330.6	1,522.1
P/E	21.0	23.0	14.4	12.2	10.9	9.9
P/ABV	2.9	2.9	2.2	2.0	1.7	1.5
ROE	12.7	9.7	17.3	15.4	15.3	14.7
ROA	2.3	1.8	3.5	3.2	3.1	3.0

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) 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:** Pushkar Vartak; 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

I, Bunty Chawla, hereby certify that the views expressed in this report accurately reflect my personal views about the subject companies and / or securities. I also certify that no part of my compensation was, is or will be directly or indirectly related to the specific recommendations or views expressed in this report. Principally, I 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).