

20 July 2024

India | Equity Research | Q1FY25 results review

Fedbank Financial Services

Financials

Growth momentum sustained; increase in credit cost is transitory and should settle at 80bps in FY25E

Fedbank Financial Services (Fedfina) sustained its strong growth momentum (AUM up 8% QoQ) during Q1FY25; however, a sharp increase in provisions to INR 352mn vs. INR 177mn QoQ restricted RoA expansion. While cost of borrowings rose sharply to 9.3% in Q1FY25 vs. 8.6% in Q4FY24, >100bps QoQ improvement in asset yields at 17.4% resulted in better spread sequentially. Total disbursement during Q1FY25 grew by 15% QoQ to INR50bn; however, non-gold loan disbursements fell sharply to INR 10.3bn vs. INR 14.8bn QoQ. Most asset quality metrics indicated softness – 1) GNPL ratio increasing to 2% vs. 1.7% QoQ with GNPL in mortgage portfolio rising to 3% vs. 2.2% QoQ; 2) 1+ DPD growing to 8% vs. 7.4%; and 3) Stage 3 provisions falling to 19% vs. 20% QoQ. Considering robust profitability with RoA at 2.4%, we maintain **BUY** and our TP of INR 184, valuing the stock at 2x PBV on Sep'25E BVPS.

Credit cost increases sharply during Q1FY25 to 1.2%; likely to settle at 80bps for full-year FY25E

Higher delinquencies in Fedfina's mortgage book, due to seasonality (election/heatwave/higher holidays in Apr'24 etc.) and one-off write-off at INR35mn (4% of PBT) during Q1FY25, led to a sharp spike in credit cost to 1.2% in Q1FY25 vs. its average 70bps during the past seven quarters. However, management believes, higher delinquency and the corresponding increase in credit cost is transient. Thus, despite >1% credit cost in Q1FY25, management reiterated its full-year FY25 credit cost guidance at 80bps.

Q1FY25 financial performance: Sustained growth momentum, but asset quality seasonality restricted RoA expansion

Despite the sharp increase in credit cost, NIM expansion/steady opex ratios kept RoA healthy at 2.4% in Q1FY25. PAT during Q1FY25 grew 4% QoQ vs. AUM growth at 8% QoQ due to asset quality deterioration. NII grew by 19% QoQ, largely driven by >100bps QoQ asset yield expansion, which has more than off-set the adverse impact of the 70bps rise in cost of borrowings to 9.3%. Cost-income ratio improved to 55% vs. 57% QoQ driven by robust net revenue growth of 13% QoQ. While its long-term strategy remains intact – of scaling small ticket LAP book – in Q1FY25 growth in gold loan portfolio (up 15% QoQ) outpaced mortgage portfolio's growth (up 6% QoQ). Higher growth in gold portfolio also helped it improve asset yields given disbursement yields in gold loan is higher at 15.7% vs 14% in mortgage. The share of gold loan increased to 35% vs 33% QoQ.

Financial Summary

Y/E March	FY23A	FY24A	FY25E	FY26E
Net Interest Income (INR mn)	6,381	8,121	10,444	13,336
PAT (INR mn)	1,802	2,447	3,288	4,331
EPS (INR)	5.6	7.6	10.2	13.5
% Chg YoY	73.9	35.8	34.4	31.7
P/E (x)	22.6	16.6	12.4	9.4
P/BV (x)	3.0	1.8	1.6	1.3
Gross Stage - 3 (%)	2.0	1.7	1.7	1.7
RoA (%)	2.3	2.4	2.6	2.7
RoE (%)	14.4	13.5	13.6	15.4

Renish Bhuva

renish.bhuva@icicisecurities.com
+91 22 6807 7465

Chintan Shah

chintan.shah@icicisecurities.com

Market Data

Market Cap (INR)	47bn
Market Cap (USD)	560mn
Bloomberg Code	FEDFINA In Equity
Reuters Code	FEED.BD
52-week Range (INR)	154 /109
Free Float (%)	30.0
ADTV-3M (mn) (USD)	0.7

Price Performance (%)	3m	6m	12m
Absolute	3.4	(7.3)	-
Relative to Sensex	(6.9)	(19.8)	-

Earnings Revisions (%)	FY25E	FY26E
Revenue	-	-
EPS	-	-

Previous Reports

01-05-2024: [Q4FY24 results review](#)
17-02-2024: [Initiating Coverage](#)

AUM growth at 40% YoY; but it expects normalise growth rate would be ~25% going ahead

While management has always been guiding for ~25% AUM growth, a cyclical upturn in the gold loan segment (driven by increasing gold prices) presented accelerated growth opportunities; Fedfina strategically opted to grab it. Its gold loan AUM is up 46% YoY, of which ~26% of growth was driven by gold price increase. The same resulted in Fedfina delivering much higher growth at ~40% vs. the earlier envisaged 25%. Given the uncertainties around gold prices, management continues to guide for ~25% AUM growth in the near term.

Spread expanded; largely due to accelerated growth in high-yielding gold book

Spreads expanded sequentially by 70bps to 8.1%, largely driven by >100bps QoQ asset-yield expansion to 17.4% and increase in cost of borrowing restricted to 70bps QoQ to 9.3% during Q1FY25. Disbursement yields held up in Q1FY25, evident in small-ticket LAP and HL yields at 16.1% (flat QoQ), medium-ticket LAP at 12.3% (flat QoQ), 90bps QoQ increase in gold loan yields to 15.7% and 20bps QoQ increase in business loans to 17.1%.

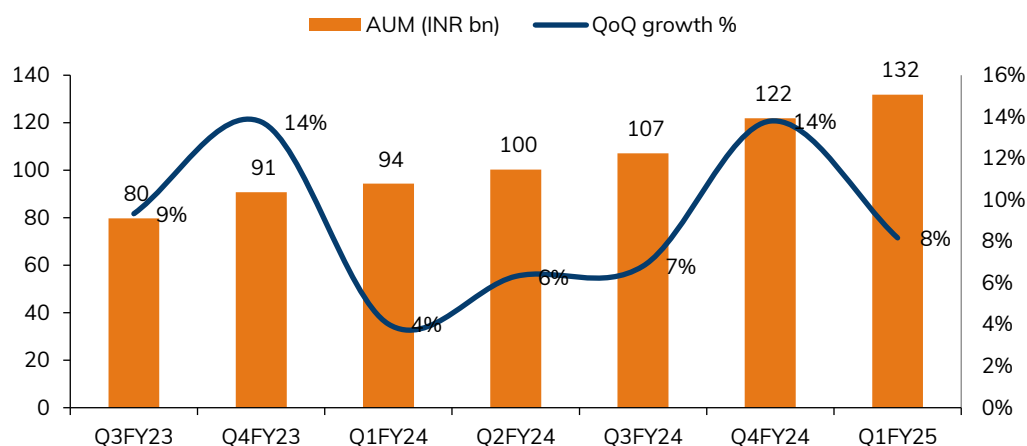
Key risks: Sustained higher trajectory of credit cost and lower than expected AUM growth

Exhibit 1: Q1FY25 result review

Income statement (INR mn)	Q1FY24	Q4FY24	Q1FY25	% YoY	% QoQ
Interest income	3,412	3,838	4,520	32.5	17.8
Interest expense	1,636	1,733	2,024	23.7	16.8
NII	1,777	2,105	2,496	40.5	18.6
Non-interest income	266	439	390	46.3	(11.2)
Total net income	2,043	2,544	2,886	41.3	13.4
Employee Benefit Expense	692	858	918	32.6	7.0
Depreciation	87	95	110	27.0	16.0
Fees and commission expense	46	71	45	(1.7)	(36.0)
Other expenses	391	435	524	34.1	20.5
Operating expenses	1,216	1,458	1,598	31.4	9.6
Pre-provisioning profit (PPoP)	827	1,086	1,288	55.7	18.6
Provisions and write offs	107	177	352	230.3	98.4
PBT	721	909	936	29.9	3.1
Tax expenses	182	232	234	28.7	0.9
PAT	539	677	702	30.3	3.8
EPS (INR)	1.7	1.8	1.9	13.8	3.8
Balance Sheet (INR mn)	Q1FY24	Q4FY24	Q1FY25	% YoY	% QoQ
Share capital	3,219	3,694	3,708	15.2	0.4
Reserves & surplus	9,352	18,914	19,515	108.7	3.2
Shareholders' funds	12,571	22,608	23,223	84.7	2.7
Borrowings	57,823	82,146	92,797	60.5	13.0
Other Liabilities and provisions	3,775	6,624	3,874	2.6	(41.5)
Total Liabilities and SHE	74,169	1,11,378	1,19,894	61.6	7.6
Cash & bank balances	1,432	1,855	5,388	276.3	190.4
Loans	66,377	98,225	1,03,615	56.1	5.5
Investments	3,649	7,513	7,344	101.3	(2.2)
Other financial assets & receivables	383	1,768	1,250	226.4	(29.3)
Non-Financial Assets	2,328	2,018	2,297	(1.3)	13.8
Total Assets	74,169	1,11,378	1,19,894	61.6	7.6
Key financial metrics	Q1FY24	Q4FY24	Q1FY25	% YoY	% QoQ
AUM (INR mn)	94,342	1,21,919	1,31,881	39.8	8.2
-Mortgage (INR mn)	47,024	62,179	65,834	40.0	5.9
-Gold loan (INR mn)	31,242	39,694	45,620	46.0	14.9
-Business loans (INR mn)	14,872	18,255	18,690	25.7	2.4
-Others (INR mn)	1,204	1,791	1,737	44.3	-3.0
Disbursements (INR mn)	29,657	43,361	50,046	68.7	15.4
-Mortgage (INR mn)	4,238	10,660	7,375	74.0	-30.8
-Gold loan (INR mn)	22,973	28,486	39,706	72.8	39.4
-Business loans (INR mn)	2,446	4,215	2,965	21.2	-29.7
Reported yield (%)	16.1	16.0	17.4	130 bps	140 bps
Reported borrowing cost (%)	8.9	8.6	9.3	40 bps	70 bps
Spreads (%)	7.2	7.4	8.1	89 bps	69 bps
Op cost as % of avg assets	5.3	5.3	5.5	20 bps	20 bps
Cost to income (%)	59.5	57.3	55.4	-410 bps	-190 bps
Gross Stage 3	2.3	1.7	2.0	-30 bps	30 bps
Net Stage 3	1.8	1.3	1.6	-20 bps	30 bps
Provision coverage ratio (%)	22.3	20.4	19.3	-301 bps	-103 bps
Credit cost as a % of avg AUM [annualized]	0.5	0.6	1.1	64 bps	48 bps

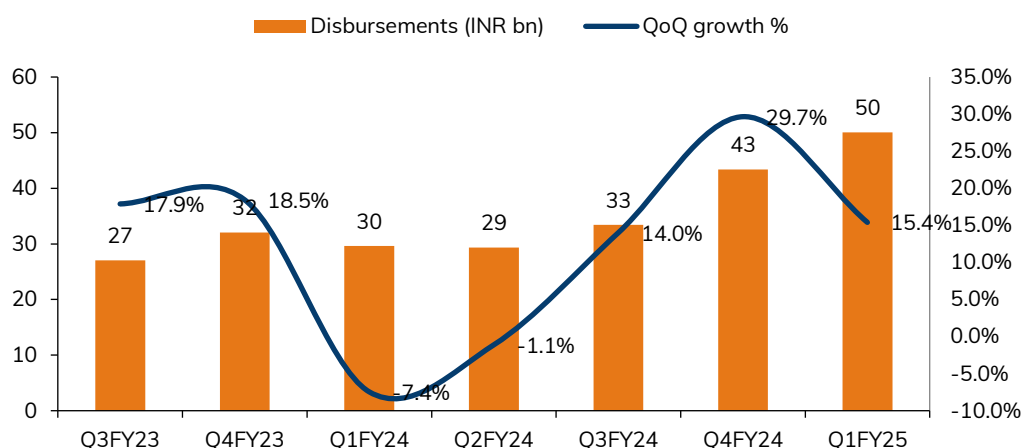
Source: Company data, I-Sec research

Exhibit 2: Sustained growth momentum...



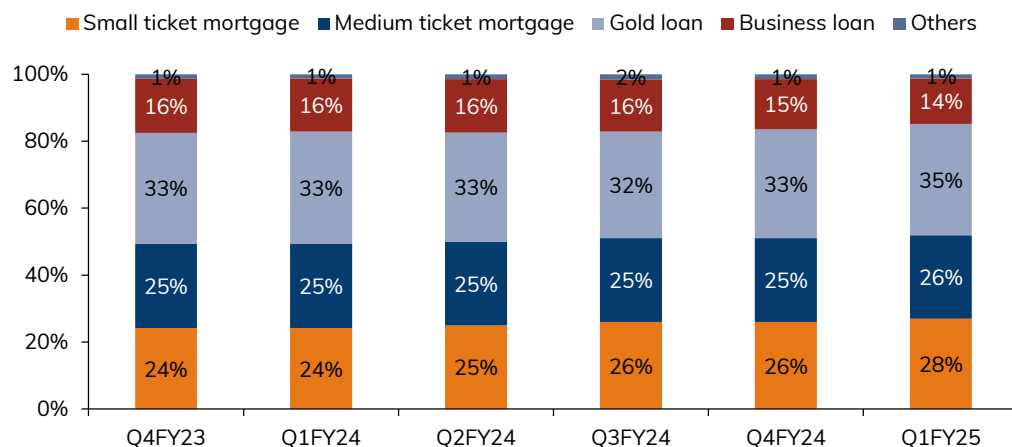
Source: Company data, I-Sec research

Exhibit 3: ...supported by strong growth in disbursements



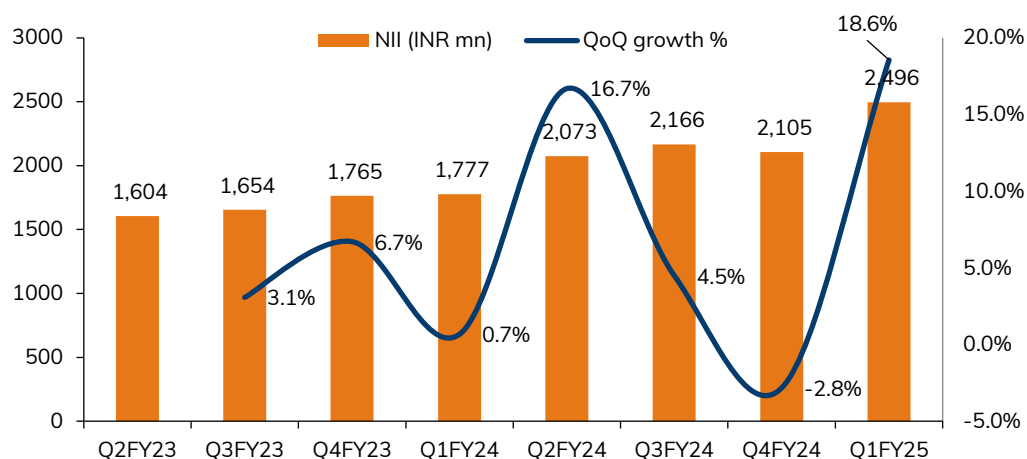
Source: Company data, I-Sec research

Exhibit 4: Diversified portfolio mix with strategy of building up small-ticket mortgage book



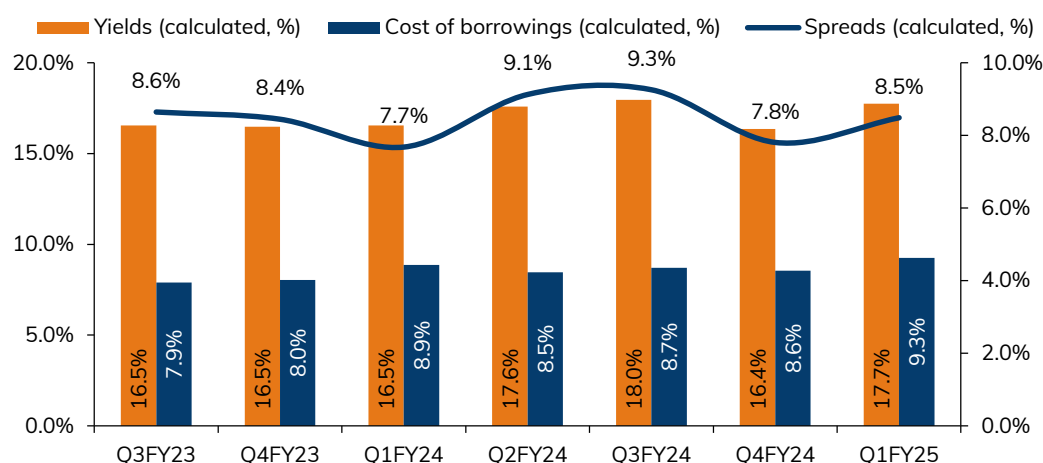
Source: Company data, I-Sec research

Exhibit 5: NII grew by 19% QoQ, largely driven by >100bps QoQ asset yield expansion



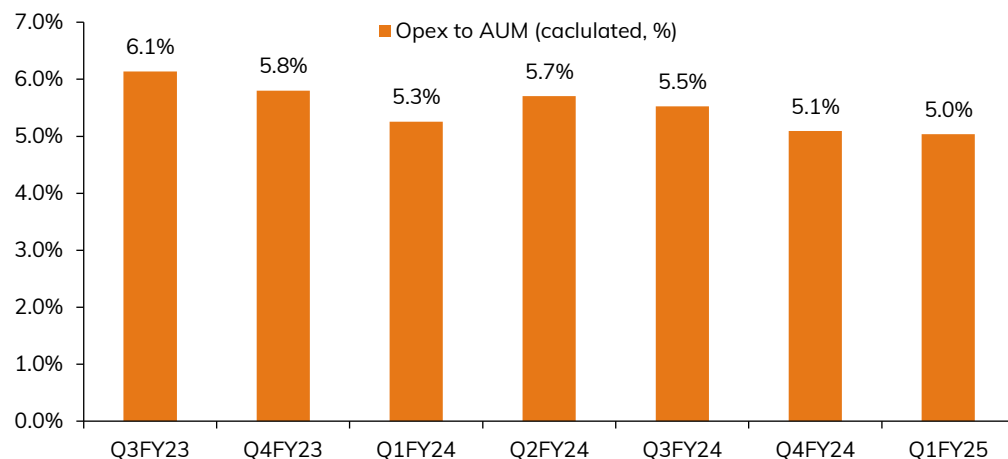
Source: Company data, I-Sec research

Exhibit 6: Spread expanded largely due to accelerated growth in high-yielding gold book



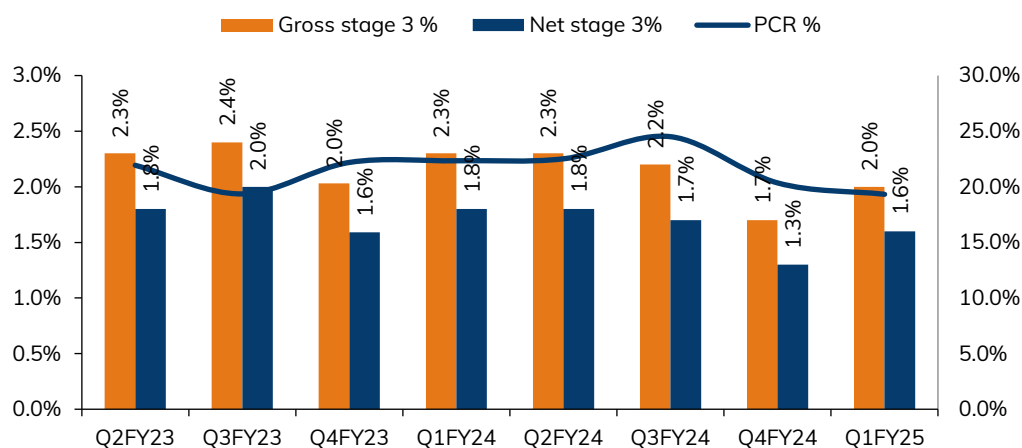
Source: Company data, I-Sec research

Exhibit 7: Opex to AUM improved by 10bps QoQ to 5.0%



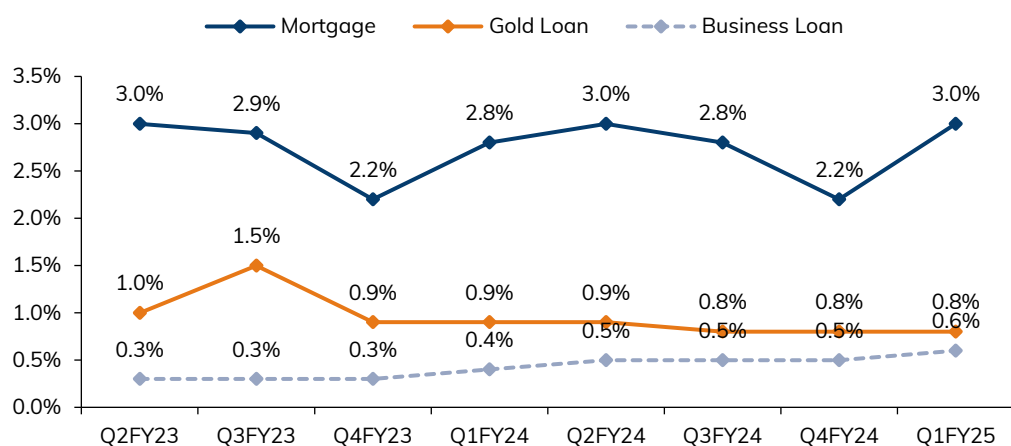
Source: Company data, I-Sec research

Exhibit 8: Asset quality ratios rise....



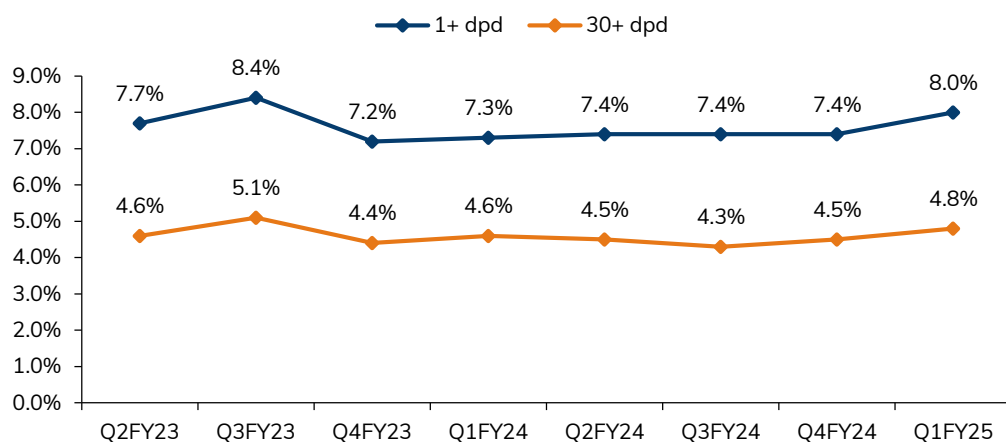
Source: Company data, I-Sec research

Exhibit 9: ...driven by inch-up in mortgage loans

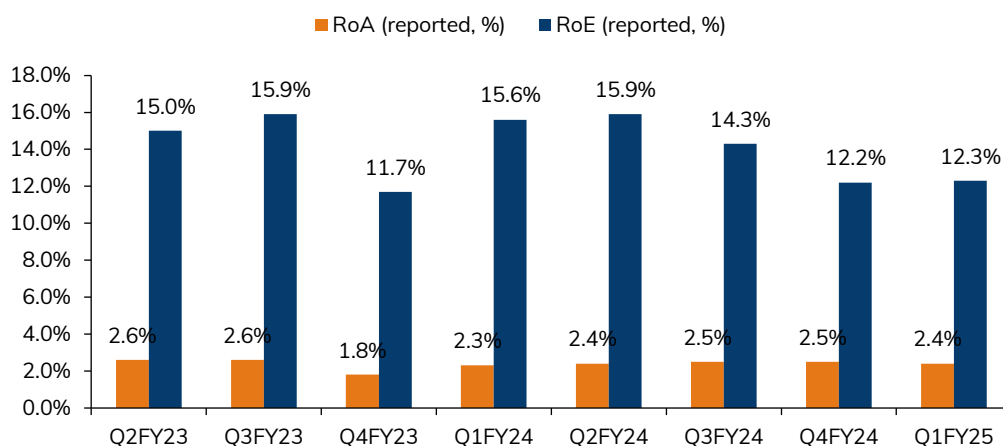


Source: Company data, I-Sec research

Exhibit 10: Early delinquencies inched up led by heatwave and general elections



Source: Company data, I-Sec research

Exhibit 11: RoA moderated a tad at ~2.4%

Source: Company data, I-Sec research

Q1FY25 earnings call takeaways**Guidance**

- FY25 AUM growth of 25%; will take advantage of any episodic opportunity
- FY25 RoA between 270-275bps
- FY25 could be above 14%

Three milestones achieved during the quarter

- Gross disbursements crossed INR50bn for the first time in Fedfina's history
- AUM addition for the quarter came in a whisker under INR 10bn
- Average gold loan AUM per branch has crossed INR 100mn per branch

Margins

- 88.7% of borrowings are linked to floating rate benchmarks
- 66% of incremental borrowings (INR 14.15bn) were EBLR-linked during Q1
- Unsecured lending business is fixed rate business
- Medium- ticket mortgage business is an entirely variable-rate business
- Small mortgage business is a mix of fixed and floating rate business. Recently, it migrated to a three-year fixed-rate regime and floating thereafter for small mortgage business
- Daily average cost of borrowings at 8.78% vs. 8.75% QoQ
- Company has currently 28 lenders

Asset quality

- Company sticks to its credit cost guidance of 80bps
- INR 35mn trade receivable from counter party was written-off during the quarter. This was a legacy item
- Q1 is a seasonally weak quarter on the asset-quality front and asset quality is likely to improve in Q2

PCR

- On a product-wise basis, PCR is broadly unchanged. Overall, change in PCR is largely due to change in loan mix
- On gold loans, company carries a PCR of little under 8%, but this is much higher than needed. Over the past few quarters, company has never principal or interest loss on the same
- On mortgage, company carries 20% PCR and this looks good based on empirical data
- Business loans policy is to write off once it crossed 90–120 days and, on the residual, it has 58% PCR
- For some of the higher provided loans, company did technical write-offs. Hence, PCR seems to optically drop

Regulatory

- On 8 May/24, RBI mandated disbursements only through electronic regime and FedBank adhered to the guidelines immediately from the next day

Opex and cost to income (C/I)

- Company envisages to open 50 gold loan branches and 30 small-mortgage branches during FY25. Impact would be 100–150bps on cost to income
- Expect to continue to scale up branch infra over the next two quarters to aid sustained AUM growth. This might temper C/I in the short-term, but would be medium and long-term accretive

Tenure

- Gold loan has an average tenure of 4–5 months. However, 70% of customers renew their gold loans
- Medium-ticket tends to have a behavioural tenure of 4–5 years
- Small-ticket LAP has a tenure of 7–7.5 years

Gold loans

- When a customer's LTV crosses 88%, the customer gets a notice to top up or company could auction its gold
- Productivity of gold loan branches shot up during the quarter
- Tonnage up 26% while AUM up 46%

Disbursements and AUM

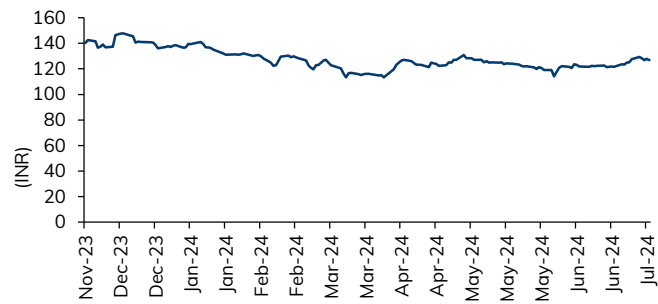
- 59% of AUM growth during the quarter was contributed by gold loans alone
- INR 39.7bn gold loan disbursements, up 39% QoQ/73% YoY
- Co-lending has helped to manage its D/E at 4x

Exhibit 12: Shareholding pattern

%	Dec'23	Mar'24	Jun'24
Promoters	61.7	61.6	61.4
Institutional investors	25.3	24.3	24.3
MFs and others	2.4	2.6	2.5
FIs/Banks	0.0	0.0	15.3
Insurance	7.5	6.6	5.6
FIIIs	15.4	15.1	0.9
Others	13.0	14.1	14.3

Source: Bloomberg

Exhibit 13: Price chart



Source: Bloomberg

Financial Summary

Exhibit 14: Profit & Loss

(INR mn, year ending March)

	FY23A	FY24A	FY25E	FY26E
Interest Income	11,102	14,917	19,153	24,357
Net gain on fair value changes	126	199	251	317
Interest Expenses	(4,722)	(6,796)	(8,709)	(11,022)
Net Interest Income (NII)	6,381	8,121	10,444	13,336
Other Income	359	458	556	701
Total Income (net of interest expenses)	7,426	9,434	12,066	15,375
Employee benefit expenses	(2,476)	(3,178)	(3,973)	(4,966)
Depreciation and amortization	(419)	(374)	(448)	(538)
Fee and commission expenses	(233)	(229)	(320)	(448)
Other operating expenses	(1,225)	(1,715)	(2,058)	(2,469)
Total Operating Expense	(4,352)	(5,495)	(6,799)	(8,421)
Pre Provisioning Profits (PPoP)	3,073	3,939	5,267	6,954
Provisions and write offs	(489)	(659)	(832)	(1,111)
Profit before tax (PBT)	2,431	3,281	4,436	5,843
Total tax expenses	(629)	(834)	(1,148)	(1,512)
Profit after tax (PAT)	1,802	2,447	3,288	4,331

Source Company data, I-Sec research

Exhibit 15: Balance sheet

(INR mn, year ending March)

	FY23A	FY24A	FY25E	FY26E
Share capital	3,219	3,694	3,694	3,694
Reserves & surplus	10,338	18,914	22,202	26,534
Shareholders' funds	13,557	22,608	25,896	30,228
Borrowings	71,358	82,146	103,154	136,450
Provisions & Other Liabilities	5,795	6,624	14,633	11,950
Deferred tax liabilities (net)	-	-	-	-
Current Liabilities and short-term provisions	-	-	-	-
Total Liabilities and Stakeholder's Equity	90,710	111,378	143,684	178,628
Cash and balance with RBI	946	1,855	9,893	12,347
Fixed assets	1,463	1,458	1,604	1,765
Loans	79,997	98,225	123,538	154,181
Investments	6,806	7,513	6,177	7,709
Deferred tax assets (net)	218	22	24	26
Current Assets including cash and bank	-	-	-	-
Other Assets	1,279	2,306	2,448	2,600
Total Assets	90,710	111,378	143,684	178,628

Source Company data, I-Sec research

Exhibit 16: Key ratios

(Year ending March)

	FY23A	FY24A	FY25E	FY26E
AUM and Disbursements (INR mn)				
AUM	90,696	121,919	155,897	194,568
On-book Loans	81,027	99,163	124,718	155,654
Off-book Loans	9,669	22,756	31,179	38,914
Disbursements	107,487	135,788	176,334	218,345
Growth (%):				
Total AUM (%)	46.6	34.4	27.9	24.8
Disbursements (%)	43.9	26.3	29.9	23.8
Loan book (on balance sheet) (%)	40.6	22.4	25.8	24.8
Total Assets (%)	38.4	22.8	29.0	24.3
Net Interest Income (NII) (%)	34.5	27.3	28.6	27.7
Non-interest income (%)	60.6	21.3	23.1	25.6
Total Income (net of interest expenses) (%)	38.5	27.1	27.9	27.4
Operating Expenses (%)	39.1	26.3	23.7	23.9
Employee Cost (%)	41.2	28.4	25.0	25.0
Non-Employee Cost (%)	42.3	40.0	20.0	20.0
Pre provisioning operating profits (PPoP) (%)	37.8	28.2	33.7	32.0
Provisions (%)	(41.7)	34.7	26.3	33.6
PBT (%)	74.6	35.0	35.2	31.7
PAT (%)	74.1	35.8	34.4	31.7
EPS (%)	73.9	35.8	34.4	31.7
Yields, interest costs and spreads (%)				
NIM on loan assets (%)	9.4	9.1	9.4	9.6
NIM on IEA (%)	8.2	7.5	7.2	7.2
NIM on AUM (%)	8.4	7.6	7.5	7.6
Yield on loan assets (%)	16.3	16.7	17.3	17.5
Yield on IEA (%)	14.3	13.8	13.2	13.1
Yield on AUM (%)	14.6	14.0	13.8	13.9
Cost of borrowings (%)	7.8	8.9	9.4	9.2
Interest Spreads (%)	8.5	7.9	7.9	8.3
Operating efficiencies				
Non interest income as % of total income	52.5	50.0	50.3	50.5
Cost to income ratio	58.6	58.2	56.3	54.8
Op.costs/avg assets (%)	5.6	5.4	5.3	5.2
Op.costs/avg AUM (%)	5.7	5.2	4.9	4.8
Salaries as % of non-interest costs (%)	56.9	57.8	58.4	59.0
Capital Structure				
Average gearing ratio (x)	5.3	3.6	4.0	4.5
Leverage (x)	6.7	4.9	5.5	5.9
CAR (%)	17.9	17.1	15.8	15.4
Tier 1 CAR (%)	15.1	14.7	14.0	13.9
Tier 2 CAR (%)	2.9	2.3	1.8	1.4
RWA (estimate) - INR mn	81,402	99,949	128,939	160,298
RWA as a % of loan assets	101.8	101.8	104.4	104.0

Source Company data, I-Sec research

	FY23A	FY24A	FY25E	FY26E
Asset quality and provisioning				
GNPA (%)	2.0	1.7	1.7	1.7
NNPA (%)	1.6	1.3	1.3	1.3
GNPA (INR mn)	1,645	1,646	2,070	2,584
NNPA (INR mn)	1,280	1,311	1,649	2,058
Coverage ratio (%)	22.2	20.4	20.4	20.4
Credit Costs as a % of avg AUM (bps)	64	62	60	63
Credit Costs as a % of avg on book loans (bps)	71	73	74	79
Return ratios				
RoAA (%)	2.3	2.4	2.6	2.7
RoAE (%)	14.4	13.5	13.6	15.4
ROAAUM (%)	2.4	2.3	2.4	2.5
Valuation Ratios				
No of shares	322	322	322	322
No of shares (fully diluted)	322	322	322	322
ESOP Outstanding	-	-	-	-
EPS (INR)	5.6	7.6	10.2	13.5
EPS fully diluted (INR)	5.6	7.6	10.2	13.5
Price to Earnings (x)	22.6	16.6	12.4	9.4
Price to Earnings (fully diluted) (x)	22.6	16.6	12.4	9.4
Book Value (fully diluted)	42	70	80	94
Adjusted book value	39	67	77	89
Price to Book	3.0	1.8	1.6	1.3
Price to Adjusted Book	3.2	1.9	1.7	1.4

Source Company data, I-Sec research

Exhibit 17: Key metrics

(Year ending March)

	FY23A	FY24A	FY25E	FY26E
DuPont Analysis				
Average Assets (INR mn)	78,133	101,044	127,531	161,156
Average Loans (INR mn)	68,223	89,111	110,881	138,859
Average Equity (INR mn)	12,546	18,083	24,252	28,062
Interest earned (%)	14.2	14.8	15.0	15.1
Net gain on fair value changes (%)	0.2	0.2	0.2	0.2
Interest expended (%)	6.0	6.7	6.8	6.8
Gross Interest Spread (%)	8.2	8.0	8.2	8.3
Credit cost (%)	0.6	0.7	0.7	0.7
Net Interest Spread (%)	7.5	7.4	7.5	7.6
Operating cost (%)	5.3	5.2	5.1	4.9
Lending spread (%)	2.3	2.2	2.5	2.6
Non interest income (%)	1.2	1.1	1.1	1.1
Operating Spread (%)	3.4	3.3	3.5	3.7
Tax rate (%)	25.9	25.4	25.9	25.9
ROAA (%)	2.3	2.4	2.6	2.7
Effective leverage (AA/ AE)	6.2	5.6	5.3	5.7
RoAE (%)	14.4	13.5	13.6	15.4

Source Company data, I-Sec research

This report may be distributed in Singapore by ICICI Securities, Inc. (Singapore branch). Any recipients of this report in Singapore should contact ICICI Securities, Inc. (Singapore branch) in respect of any matters arising from, or in connection with, this report. The contact details of ICICI Securities, Inc. (Singapore branch) are as follows: Address: 10 Collyer Quay, #40-92 Ocean Financial Tower, Singapore - 049315, Tel: +65 6232 2451 and email: navneet_babbar@icicisecuritiesinc.com, Rishi_agrawal@icicisecuritiesinc.com.

"In case of eligible investors based in Japan, charges for brokerage services on execution of transactions do not in substance constitute charge for research reports and no charges are levied for providing research reports to such investors."

New I-Sec investment ratings (all ratings based on absolute return; All ratings and target price refers to 12-month performance horizon, unless mentioned otherwise)
BUY: >15% return; ADD: 5% to 15% return; HOLD: Negative 5% to Positive 5% return; REDUCE: Negative 5% to Negative 15% return; SELL: < negative 15% return

ANALYST CERTIFICATION

I/We, Renish Bhuva, CFA (ICFAI); Chintan Shah, CA; authors and the names subscribed to this report, hereby certify that all of the views expressed in this research report accurately reflect our views about the subject issuer(s) or securities. We also certify that no part of our compensation was, is, or will be directly or indirectly related to the specific recommendation(s) or view(s) in this report. Analysts are not registered as research analysts by FINRA and are not associated persons of the ICICI Securities Inc. It is also confirmed that above mentioned Analysts of this report have not received any compensation from the companies mentioned in the report in the preceding twelve months and do not serve as an officer, director or employee of the companies mentioned in the report.

Terms & conditions and other disclosures:

ICICI Securities Limited (ICICI Securities) is a full-service, integrated investment banking and is, inter alia, engaged in the business of stock brokering and distribution of financial products. Registered Office Address: ICICI Venture House, Appasaheb Marathe Marg, Prabhadevi, Mumbai - 400 025. CIN: L67120MH1995PLC086241, Tel: (91 22) 6807 7100. ICICI Securities is Sebi registered stock broker, merchant banker, investment adviser, portfolio manager, Research Analyst and Alternative Investment Fund. ICICI Securities is registered with Insurance Regulatory Development Authority of India Limited (IRDAI) as a composite corporate agent and with PFRDA as a Point of Presence. ICICI Securities Limited Research Analyst SEBI Registration Number – INH000000990. ICICI Securities Limited SEBI Registration is INZ000183631 for stock broker. ICICI Securities AIF Trust's SEBI Registration number is IN/AIF3/23-24/1292 ICICI Securities is a subsidiary of ICICI Bank which is India's largest private sector bank and has its various subsidiaries engaged in businesses of housing finance, asset management, life insurance, general insurance, venture capital fund management, etc. ("associates"), the details in respect of which are available on www.icicibank.com.

ICICI Securities is one of the leading merchant bankers/ underwriters of securities and participate in virtually all securities trading markets in India. We and our associates might have investment banking and other business relationship with a significant percentage of companies covered by our Investment Research Department. ICICI Securities and its analysts, persons reporting to analysts and their relatives are generally prohibited from maintaining a financial interest in the securities or derivatives of any companies that the analysts cover.

Recommendation in reports based on technical and derivative analysis centre on studying charts of a stock's price movement, outstanding positions, trading volume etc as opposed to focusing on a company's fundamentals and, as such, may not match with the recommendation in fundamental reports. Investors may visit icidirect.com to view the Fundamental and Technical Research Reports.

Our proprietary trading and investment businesses may make investment decisions that are inconsistent with the recommendations expressed herein.

ICICI Securities Limited has two independent equity research groups: Institutional Research and Retail Research. This report has been prepared by the Institutional Research. The views and opinions expressed in this document may or may not match or may be contrary with the views, estimates, rating, and target price of the Retail Research.

The information and opinions in this report have been prepared by ICICI Securities and are subject to change without any notice. The report and information contained herein is strictly confidential and meant solely for the selected recipient and may not be altered in any way, transmitted to, copied or distributed, in part or in whole, to any other person or to the media or reproduced in any form, without prior written consent of ICICI Securities. While we would endeavour to update the information herein on a reasonable basis, ICICI Securities is under no obligation to update or keep the information current. Also, there may be regulatory, compliance or other reasons that may prevent ICICI Securities from doing so. Non-rated securities indicate that rating on a particular security has been suspended temporarily and such suspension is in compliance with applicable regulations and/or ICICI Securities policies, in circumstances where ICICI Securities might be acting in an advisory capacity to this company, or in certain other circumstances. This report is based on information obtained from public sources and sources believed to be reliable, but no independent verification has been made nor is its accuracy or completeness guaranteed. This report and information herein is solely for informational purpose and shall not be used or considered as an offer document or solicitation of offer to buy or sell or subscribe for securities or other financial instruments. Though disseminated to all the customers simultaneously, not all customers may receive this report at the same time. ICICI Securities will not treat recipients as customers by virtue of their receiving this report. Nothing in this report constitutes investment, legal, accounting and tax advice or a representation that any investment or strategy is suitable or appropriate to your specific circumstances. The securities discussed and opinions expressed in this report may not be suitable for all investors, who must make their own investment decisions, based on their own investment objectives, financial positions and needs of specific recipient. This may not be taken in substitution for the exercise of independent judgment by any recipient. The recipient should independently evaluate the investment risks. The value and return on investment may vary because of changes in interest rates, foreign exchange rates or any other reason. ICICI Securities accepts no liabilities whatsoever for any loss or damage of any kind arising out of the use of this report. Past performance is not necessarily a guide to future performance. Investors are advised to see Risk Disclosure Document to understand the risks associated before investing in the securities markets. Actual results may differ materially from those set forth in projections. Forward-looking statements are not predictions and may be subject to change without notice.

ICICI Securities or its associates might have managed or co-managed public offering of securities for the subject company or might have been mandated by the subject company for any other assignment in the past twelve months.

ICICI Securities or its associates might have received any compensation from the companies mentioned in the report during the period preceding twelve months from the date of this report for services in respect of managing or co-managing public offerings, corporate finance, investment banking or merchant banking, brokerage services or other advisory service in a merger or specific transaction.

ICICI Securities or its associates might have received any compensation for products or services other than investment banking or merchant banking or brokerage services from the companies mentioned in the report in the past twelve months.

ICICI Securities encourages independence in research report preparation and strives to minimize conflict in preparation of research report. ICICI Securities or its associates or its analysts did not receive any compensation or other benefits from the companies mentioned in the report or third party in connection with preparation of the research report. Accordingly, neither ICICI Securities nor Research Analysts and their relatives have any material conflict of interest at the time of publication of this report.

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

ICICI Securities or its subsidiaries collectively or Research Analysts or their relatives do not own 1% or more of the equity securities of the Company mentioned in the report as of the last day of the month preceding the publication of the research report.

Since associates of ICICI Securities and ICICI Securities as an entity are engaged in various financial service businesses, they might have financial interests or actual/ beneficial ownership of one percent or more or other material conflict of interest in various companies including the subject company/companies mentioned in this report.

ICICI Securities may have issued other reports that are inconsistent with and reach different conclusion from the information presented in this report.

Neither the Research Analysts nor ICICI Securities have been engaged in market making activity for the companies mentioned in the report.

We submit that no material disciplinary action has been taken on ICICI Securities by any Regulatory Authority impacting Equity Research Analysis activities.

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 ICICI Securities and affiliates 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 document may come are required to inform themselves of and to observe such restriction.

This report has not been prepared by ICICI Securities, Inc. However, ICICI Securities, Inc. has reviewed the report and, in so far as it includes current or historical information, it is believed to be reliable, although its accuracy and completeness cannot be guaranteed.

Investment in securities market are subject to market risks. Read all the related documents carefully before investing.

Registration granted by SEBI and certification from NISM in no way guarantee performance of the intermediary or provide any assurance of returns to investors. None of the research recommendations promise or guarantee any assured, minimum or risk free return to the investors.

Name of the Compliance officer (Research Analyst): Mr. Atul Agrawal, Contact number: 022-40701000, **E-mail Address** : complianceofficer@icicisecurities.com

For any queries or grievances: [Mr. Bhavesh Soni](#) Email address: headsservicequality@icicidirect.com Contact Number: 18601231122
