

ALLAHABAD BANK

INR 77



Decent performance adjusting for one timers

BUY

Allahabad Bank's Q4FY07 net profit, at INR 1.26 bn (16% lower Y-o-Y), was in line with our expectations and net interest income (NII) growth, at 6% Y-o-Y, was slightly ahead of our expectations. However, flat sequential non-interest income in Q4FY07 was lower than expectations. Net profit for FY07 grew by 6% to INR 7.5 bn and NII grew 11% to INR 17.5 bn. The bank had many one timers during this quarter (for details refer Table 1) adjusting for which profit before tax for Q4FY07 grew 58% Y-o-Y and net profit grew 20% Y-o-Y.

Key highlights of the quarter were: (1) robust business growth with 42% growth in advances; (2) net interest margins remained largely flat at ~2.8% with CASA stable at 38%; (3) non-interest income remained flat sequentially due to reversal of INR 495 mn misc. income accrued earlier (4) provisions were higher due to investment depreciation; (5) Gross NPAs declined however, net NPAs were higher due to lower provisioning and (6) Tax rate for the quarter was higher at 35%

We maintain our FY08 EPS estimate at INR 17.4 and for FY09 at INR 20.3 We have however changed few assumptions such as: (1) revised credit growth forecast of 25% from 20% in FY08E and 20% from 18% in FY09E; (2) increasing provisioning estimates by 16% in FY08E and 3% in FY09E; and (3) lowering effective tax rates to 20% in FY08E and 23% in FY09E. The stock currently trades at 0.88x FY08E adjusted book, 4.4x FY08E earnings and 2.5x FY08E PPOP. We maintain 'BUY' recommendation.

* Robust operating performance

Allahabad Bank registered healthy 42% Y-o-Y and 7% Q-o-Q growth in advances, which was higher than expectations. Retail advances currently form 15% of total advances, while agricultural credit and SME forms 18% and 17% of the total book respectively. The bank has specified that retail and SME will be key focus areas going forward. We are raising our loan growth forecast to 25% from 20% earlier for FY08 and to 20% for FY09 from 18% earlier. Deposits grew 23% Y-o-Y with CASA ratio remaining stable at 38% and bulk deposit proportion at 20%. We expect the bank to maintain its CASA ratio at 38% in FY08E.

* Margins stable

Margins remained stable at ~ 2.8% with the increase in cost of deposits negated by improved yields on advances and investments. Cost of deposits increased by 40bps Q-o-Q to 6.3%, while yield on advances increased to 9.56% (54bps rise Q-o-Q) and yield on investments improved to 8.06% (this was due to one-time impact of interest on CRR of INR 310 mn received in Q4FY07). Excluding the impact of interest on CRR, NIM's declined slightly sequentially to 2.7%. Due to this, NII (normalized) was flat despite higher-than-anticipated advance growth (7% Q-o-Q). We expect margins to improve going forward with increase in yields and renewed focus on retail business.

Financials

Year to March	Q4FY07	Q4FY06	growth %	Q3FY07	growth %	FY07E	FY08E
Net int. inc. (INR mn)	4,852	4,587	5.8	4,847	0.1	17,507	20,832
Net profit (INR mn)	1,257	1,505	(16.5)	2,861	(56.1)	7,501	7,778
EPS (INR)	2.8	3.4	(16.6)	6.4	(56.2)	16.8	17.4
Price/ Book (x)						1.0	0.8
Price/ PPOP (x)						3.0	2.5
Price/ Earnings (x)						4.6	4.4

May 8, 2007

Vishal Goyal, CFA
+91-22-2286 4370
vishal.goyal@edelcap.com

Ajitesh Nair
+91-22-4009 4535
ajitesh.nair@edelcap.com

Reuters : ALBK.BO
Bloomberg : ALBK IN

Market Data

52-week range (INR) : 99 / 53
Share in issue (mn) : 446.7
M cap (INR bn/USD mn) : 34.0 / 831.4
Avg. Daily Vol. NSE ('000) : 999.1

Share Holding Pattern (%)

Promoters : 55.2
MFs, Fls & Banks : 7.4
Fls : 19.5
Others : 17.9

* **Dip in non-interest income**

Allahabad Bank's non-interest income growth declined by 27% Y-o-Y mainly due to lower trading gains and extraordinary item of INR 495 mn. The bank recognized INR 495 mn (which were credit balances in some accounts) as other income in FY06. However, on RBI's suggestion it has reversed the entry in this quarter. Excluding this extraordinary item, fee income posted good growth of 37% Y-o-Y. The main driver of this stellar growth in fee-based income was processing fees levied by the bank in this quarter which had been waived off earlier. The reported trading losses for the quarter were INR 75 mn. However, these have been arrived at after deducting amortization expenses of INR 263 mn for the quarter. We expect the bank to post a fee income growth of 15% in FY08E and 12% in FY09E.

* **Provisioning higher due to investment depreciation**

The bank's total provisions declined 35% Y-o-Y to INR 1.3 bn, but were higher than our estimate (for our analysis, we have reduced INR 250 mn provision made for amortization of premium from other income and added it to total provisions, as the bank reported its premium amortization after deducting from other income). This was due to provision for investment depreciation of INR 662 mn incurred in Q4FY07. Provision for non-performing assets (NPA) was at INR 600 mn. . We are raising our provisions estimate in FY08 and FY09 by 16% and 3%, respectively. The tax rate was higher than historical at 35% which increased the bank's tax provisioning.

* **Increase in net NPA with provision coverage declining**

The gross NPA ratio improved to 2.61% in March 2007 (from 3.06% in December 2006) and absolute level of gross NPA declined to INR 109 bn in March 2007. However, net NPA ratio increased to 1.07%. Provision coverage declined from 77% to 60% sequentially. We expect the bank to increase provisioning for NPA going forward and estimate Net NPA to be below 1% by March 2008.

* **Capital adequacy comfortable**

Capital adequacy, at 12.5% (Tier I capital of 8.5%) as on March 2007, seems sufficient to sustain growth in the loan book and comply with Basel II norms, given the availability of hybrid capital instruments. The bank's plan to set up a non-life insurance company with Indian Overseas Bank, Karnataka Bank, Dabur Investment Corporation, and Sampo Japan Insurance Inc., is likely to increase its capital requirements, going forward.

* **Attractive valuations**

The stock currently trades at 0.87x FY08E adjusted book and 2.5x FY08E PPOP. At net worth including revaluation reserve, the stock is available at 0.7x FY08E book. At current market price, the stock offers 4% dividend yields, along with capital appreciation. We expect the bank to report significant improvement in fundamentals over the next two years. We maintain 'BUY' recommendation.

Table 1: Analysis of quarterly results

	Reported				Normalised				Observations
	Q4FY07 (INR mn)	Q4FY06 (INR mn)	YoY gr (%)	QoQ gr (%)	Q4FY07 (INR mn)	Q4FY06 (INR mn)	YoY gr (%)	QoQ gr (%)	
Interest on Advances	9,563	6,362	50.3	48.5	9,563	6,362	50.3	48.5	
Interest on Investments	4,066	3,719	9.3	13.6	4,066	3,719	9.3	13.6	
Interest on other resources	313	297	5.1	(16.0)	3	297	(99.2)	(99.3)	Interest on CRR of INR 310 mn
Interest income	13,941	10,379	34.3	34.2	13,631	10,379	31.3	31.2	
Interest expenses	9,089	5,792	56.9	40.2	9,089	5,792	56.9	40.2	
Net interest income	4,852	4,587	5.8	24.1	4,542	4,587	(1.0)	16.2	Normal NII declined Y-o-Y
Other income	1,252	1,723	(27.4)	53.9	2,010	1,723	16.6	147.1	One time impact of INR 495 mn booked as other income earlier
<i>Treasury Income</i>	<i>(75)</i>	<i>395</i>	<i>(119.1)</i>	<i>44.9</i>	<i>188</i>	<i>395</i>	<i>(52.4)</i>	<i>237.6</i>	Excluding amortization expenses of INR 263 mn
<i>Lease & Other Fee income</i>	<i>1,327</i>	<i>1,329</i>	<i>(0.1)</i>	<i>39.7</i>	<i>1,822</i>	<i>1,329</i>	<i>37.1</i>	<i>91.8</i>	Fee income grew 37% Y-o-Y
Operating expenses	2,872	2,969	(3.3)	19.7	2,872	2,969	(3.3)	19.7	
<i>Staff Expense</i>	<i>1,707</i>	<i>1,675</i>	<i>2.0</i>	<i>12.5</i>	<i>1,707</i>	<i>1,675</i>	<i>2.0</i>	<i>12.5</i>	
<i>Other Opex</i>	<i>1,164</i>	<i>1,295</i>	<i>(10.1)</i>	<i>32.2</i>	<i>1,164</i>	<i>1,295</i>	<i>(10.1)</i>	<i>32.2</i>	
Pre prov profit	3,232	3,341	(3.3)	39.1	3,680	3,341	10.1	58.3	
Provisions	1,302	2,001	(34.9)	(30.5)	1,565	2,001	(21.8)	(16.5)	
<i>Loan loss provisions</i>	<i>600</i>	<i>410</i>	<i>46.3</i>	<i>500.0</i>	<i>600</i>	<i>410</i>	<i>46.3</i>	<i>500.0</i>	
<i>Others</i>	<i>702</i>	<i>1,591</i>	<i>(55.9)</i>	<i>(60.4)</i>	<i>965</i>	<i>1,591</i>	<i>(39.3)</i>	<i>(45.6)</i>	Including amortization expenses of INR 263 mn
Profit before tax	1,930	1,341	44.0	329.0	2,115	1,341	57.8	370.2	PBT growth of 58% YoY
Provision for tax	673	136	395.9	(180.8)	673	136	395.9	180.8	
Profit after tax	1,257	1,205	4.4	(2.0)	1,442	1,205	19.7	12.5	
PPOP	3,307	2,947	12.2	34	3,492	2,947	18.5	41.9	
NII / GII (%)	34.8	44.2			33.3	44.2			
Cost - Income (%)	47.0	47.1			43.8	47.1			
Provisions / PPP (%)	40.3	59.9			42.5	59.9			
Tax rate (%)	34.9	10.1			31.8	10.1			Higher effective tax rate

Source: Edelweiss research

(INR mn)

Financials snapshot								
Year to March	Q4FY07	Q4FY06	Growth (%)	Q3FY07	Growth (%)	FY06	FY07	FY08E
Interest on advances	9,563	6,362	50.3	8,995	6.3	21,914	32,483	43,584
Interest on investments	4,066	3,719	9.3	3,941	3.2	14,884	15,365	16,228
Interest on other resources	311	207	50.2	95	226.5	874	991	1,020
Interest income	13,941	10,379	34.3	13,050	6.8	37,672	48,839	60,831
Interest expenses	9,089	5,792	56.9	8,203	10.8	21,898	31,331	39,999
Net interest income	4,852	4,587	5.8	4,847	0.1	15,774	17,507	20,832
Fee Income	1,327	1,329	(0.1)	827	60.4	4,574	4,075	5,205
Operating expenses	2,872	2,969	(3.3)	2,841	1.1	10,360	10,272	12,435
Staff expense	1,707	1,675	2.0	1,598	6.8	6,811	6,207	6,587
Other opex	1,164	1,295	(10.1)	1,243	(6.3)	3,549	4,065	5,849
Pre prov Op profit (PPOP)	3,307	2,947	12.2	2,833	16.7	9,989	11,310	13,602
Investment gains	-75	395	(119.1)	428	(117.6)	1,493	744	400
Provisions	1,302	1,701	(23.4)	246	428.7	4,433	4,571	4,279
Loan loss provisions	600	410	46.3	270	122.2	1,298	1,860	2,517
Others	702	1,291	(45.6)	-24	(3,057.1)	3,135	2,711	1,763
Profit before tax	1,930	1,641	17.6	3,014	(36.0)	7,049	7,484	9,722
Provision for tax	673	136	395.9	153	340.1	-13	-18	1,944
Profit after tax	1,257	1,505	(16.5)	2,861	(56.1)	7,061	7,501	7,778
EPS (INR)	3	3	(16.6)	6	(56.2)	16	17	17
Ratios								
NII / GII	34.8	44.2		37.1		41.9	35.8	34.2
Cost - income	47.0	47.1		46.6		47.4	46.0	47.0
Provisions / PPOP	39.4	57.7		8.7		44.4	40.4	31.5
Tax rate	34.9	8.3		5.1		(0.2)	(0.2)	20.0
Balance sheet data								
Advances (INR bn)	412.9	291.5	41.7	387.1	6.7	291.5	412.9	516.1
Deposits (INR bn)	595.4	485.0	22.8	565.2	5.3	485.0	595.4	716.0
Net NPA(%)	1.1	0.8		0.7		0.8	1.1	0.8
Capital adequacy (%)	12.5	13.4		12.8		13.4	12.5	11.2

Company Description

Allahabad Bank has a pan-India presence with the sixth largest network of over 2,080 branches across India, and a strong presence in the eastern region. Nearly 70% of the bank's branches are in Uttar Pradesh and eastern India. Incorporated in 1865 by European businessmen and nationalised in 1969, Allahabad Bank is India's oldest public sector bank. The government of India (GoI) has a 55% stake in the bank, whereas, the foreign share holding is at 18%.

Investment Theme

Despite 20% plus RoE and 4% plus dividend yield, the bank trades at significant discount (40-50%) to its peers, mainly due to technological backwardness and poor perception of its asset quality. In our view, with the change in management, technology initiatives (through CBS rollout), economic development in eastern states and inroads into other locations, the present discount is likely to narrow down in the future.

Key Risks

Asset quality: In event of an economic slowdown, there is a greater risk of NPA accretion for Allahabad Bank than its peers, given its geographical spread and relatively weaker risk management systems. However, increased technological penetration can alleviate some risk of weak risk management system.

Technology: Delay in implementing CBS can restrict the improvement in CASA ratio and fee income.

Financial Statements

Income statement					(INR mn)
Year to March	FY05	FY06	FY07	FY08E	FY09E
Interest income	31,856	37,672	48,839	60,831	72,349
Interest expenses	18,216	21,898	31,331	39,999	48,444
Net Interest income	13,640	15,774	17,507	20,832	23,905
Non interest income	6,399	6,067	4,819	5,605	6,348
- <i>Fee & forex income</i>	2,275	2,872	3,590	4,262	4,864
- <i>Misc. income</i>	649	1,702	486	943	1,084
- <i>Investment profits</i>	3,475	1,493	744	400	400
Net revenues	20,039	21,841	22,327	26,437	30,252
Operating expense	9,901	10,360	10,272	12,435	13,787
- <i>Employee exp</i>	6,805	6,811	6,207	6,587	7,028
- <i>Other opex</i>	3,096	3,549	4,065	5,849	6,759
Preprovision profit	10,138	11,481	12,055	14,002	16,465
Provisions	4,166	4,433	4,571	4,279	4,716
- <i>Loan loss provisions</i>	550	1,298	1,860	2,517	3,009
- <i>Investment depreciation</i>	3,667	3,154	2,473	1,763	1,707
- <i>Other provisions</i>	(51)	(19)	238	0	0
PBT	5,972	7,049	7,484	9,722	11,749
Taxes	553	(13)	(18)	1,944	2,702
PAT	5,420	7,061	7,501	7,778	9,047
Extraordinaries	0	0	0	0	0
Reported PAT	5,420	7,061	7,501	7,778	9,047
EPS	15.6	15.8	16.8	17.4	20.3
DPS	3.0	4.0	3.0	3.0	4.0
Payout ratio (%)	19.2	25.3	17.9	17.2	19.8

Growth ratios (%)

Year to March	FY05	FY06	FY07E	FY08E	FY09E
Nil growth	25.6	15.6	11.0	19.0	14.7
Fees growth	10.9	26.2	25.0	18.7	14.1
Opex growth	10.1	4.6	(0.8)	21.1	10.9
PPOP growth	54.4	49.9	13.2	20.3	18.1
PPP growth	8.3	13.3	5.0	16.2	17.6
Provisions growth	(14.3)	6.4	3.1	(6.4)	10.2
PAT growth	17.0	30.3	6.2	3.7	16.3

Operating ratios (%)

Year to March	FY05	FY06	FY07E	FY08E	FY09E
Yield on advances	9.2	8.7	9.2	9.4	9.4
Yield on investments	8.6	8.2	8.5	8.2	8.2
Yield on assets	8.3	7.9	8.4	8.5	8.6
Net interest margins	3.5	3.3	3.0	2.9	2.8
Cost of funds	4.8	4.6	5.5	5.8	5.9
Cost of deposits	4.9	4.7	5.6	5.8	6.0
Cost of borrowings	7.0	7.7	8.0	8.2	8.5
Spread	4.3	4.0	3.6	3.6	3.5
Cost-income	49.4	47.4	46.0	47.0	45.6
Tax rate	9.3	(0.2)	(0.2)	20.0	23.0

Balance sheet					(INR mn)
Year to March	FY05	FY06	FY07E	FY08E	FY09E
Liabilities					
Equity capital	3,467	4,467	4,467	4,467	4,467
Reserves	13,807	26,031	31,466	37,701	44,689
Net worth	17,274	30,498	35,933	42,168	49,156
Sub bonds/pref cap	6,216	11,216	15,819	22,819	24,819
Deposits	407,621	484,997	595,437	716,009	831,856
Borrowings	1,295	468	2,571	3,092	3,592
Other liabilities	13,041	19,854	18,042	14,212	16,512
Total	445,447	547,032	667,803	798,300	925,935
Assets					
Loans	211,508	291,478	412,900	516,125	619,351
Investments					
<i>Gilts</i>	<i>161,424</i>	<i>146,620</i>	<i>151,040</i>	<i>165,701</i>	<i>170,970</i>
<i>Others</i>	<i>28,459</i>	<i>33,226</i>	<i>36,421</i>	<i>44,367</i>	<i>52,461</i>
Cash & equi	33,155	43,900	49,420	55,663	64,669
Fixed Assets	1,317	1,540	1,728	3,609	3,573
Other Assets	9,584	30,269	16,293	12,835	14,911
Total	445,447	547,032	667,803	798,300	925,935
Balance sheet ratios					
Credit growth	31.5	34.8	39.1	25.0	20.0
Deposit growth	29.5	19.0	22.8	20.2	16.2
EA growth	29.7	18.6	26.1	20.3	16.1
SLR ratio	39.5	30.2	25.3	22.5	20.0
C-D ratio	57.7	65.6	74.2	77.1	79.6
Low-cost deposits	38.7	39.3	38.0	38.0	38.2
Gross NPA ratio	5.8	3.9	2.6	2.0	1.8
Net NPA ratio	1.3	0.8	1.1	0.8	0.9
Provision coverage	78.9	79.2	59.7	58.5	50.4
Incremental slippage	2.2	1.5	1.9	2.0	2.1
Capital adequacy	12.5	13.4	12.5	11.2	11.1
- Tier 1	6.5	9.5	8.5	7.2	7.3

Ratios

Year to March	FY05	FY06	FY07E	FY08E	FY09E
ROA decomposition (%)					
Net Interest Income/Assets	3.5	3.3	3.0	2.9	2.8
Fees/Assets	0.8	1.0	0.7	0.7	0.7
Investment profits/Assets	0.9	0.3	0.1	0.1	0.0
Net revenues/Assets	5.2	4.6	3.8	3.7	3.6
Operating expense/Assets	(2.6)	(2.2)	(1.8)	(1.7)	(1.6)
Provisions/Assets	(1.1)	(0.9)	(0.8)	(0.6)	(0.6)
Taxes/Assets	(0.1)	0.0	0.0	(0.3)	(0.3)
Total costs/Assets	(3.8)	(3.1)	(2.5)	(2.6)	(2.5)
ROA	1.4	1.5	1.3	1.1	1.1
Equity/Assets	4.0	5.0	5.7	5.5	5.4
ROE	35.6	29.6	22.6	19.9	19.8
PPOP ROA (%)	1.7	2.1	1.9	1.9	1.9
PPOP ROE (%)	43.7	41.8	34.1	34.8	35.2

Valuation metrics

Year to March	FY05	FY06	FY07E	FY08E	FY09E
EPS	15.6	15.8	16.8	17.4	20.3
<i>EPS growth (%)</i>	<i>17.0</i>	<i>1.1</i>	<i>6.2</i>	<i>3.7</i>	<i>16.3</i>
Gross book value	67.1	81.5	100.2	114.2	129.8
Book value per share *	49.8	68.3	80.4	94.4	110.0
Adjusted book value/share **	44.4	64.4	73.5	87.6	101.1
Price/Earnings	4.9	4.9	4.6	4.4	3.8
Price/ Gross BV	1.1	0.9	0.8	0.7	0.6
Price/ BV *	1.5	1.1	1.0	0.8	0.7
Price/ ABV	1.7	1.2	1.0	0.9	0.8
Dividend yield (%)	3.9	5.2	3.9	3.9	5.2
Price to Income	4.4	4.2	4.2	3.1	2.7
Price to PPOP	4.0	3.4	3.0	2.5	2.1

* Book value is after reducing revaluation reserve

** Adjusted book value is after reducing post tax Net NPA

Edelweiss Securities

14th Floor, Express Towers,
Nariman Point, Mumbai – 400 021
Board: (91-22) 2286 4400
Email: research@edelcap.com



Naresh Kothari – 2286 4246

Head, Institutional Equities

Vikas Khemani – 2286 4206

Head, Institutional Equities

INDIA RESEARCH	SECTOR	INSTITUTIONAL SALES
Shriram Iyer - 2286 4256	Head – Research	Nischal Maheshwari - 2286 4205
Gautam Roy - 2286 4305	Airlines, Textile	Rajesh Makharia - 2286 4202
Ashutosh Goel - 2286 4287	Automobiles, Auto Components	Shabnam Kapur - 2286 4394
Vishal Goyal, CFA - 2286 4370	Banking & Finance	Balakumar V - (044) 4263 8283
Revathi Myneni - 2286 4413	Cement	Ashish Agrawal - 2286 4301
Sumeet Budhraj - 2286 4430	FMCG	Nikhil Garg - 2286 4282
Harish Sharma - 2286 4307	Infrastructure, Auto Components, Mid Caps	Swati Khemani - 2286 4266
Priyanko Panja - 2286 4300	Infrastructure, Engineering, Telecom	Neha Shahra - 2286 4276
Hitesh Zaveri - 2286 4424	Information Technology	Priya Ramchandran - 2286 4389
Parul Inamdar - 2286 4355	Information Technology	Anubhav Kanodia - 2286 4361
Priyank Singhal - 2286 4302	Media, Retail	Tushar Mahajan - 2286 4439
Prakash Kapadia - 4097 9843	Mid Caps	Harsh Biyani - 2286 4419
Niraj Mansingka - 2286 4304	Oil & Gas, Petrochemicals	Nirmal Ajmera - 2286 4258
Nimish Mehta - 2286 4295	Pharmaceuticals, Agrochemicals	Ankit Doshi - 2286 4671
Manika Preamsingh - 4019 4847	Economist	Dipesh Shah - 2286 4434
Sunil Jain - 2286 4308	Alternative & Quantitative	
Yogesh Radke - 2286 4328	Alternative & Quantitative	

Email addresses: firstname.lastname@edelcap.com

e.g. naresh.kothari@edelcap.com

unless otherwise specified

RATING INTERPRETATION

Buy	Expected to appreciate more than 20% over a 12-month period	Reduce	Expected to depreciate up to 10% over a 12-month period
Accumulate	Expected to appreciate up to 20% over a 12-month period	Sell	Expected to depreciate more than 10% over a 12-month period
Trading Buy	Expected to appreciate more than 10% over a 45-day period	Trading Sell	Expected to depreciate more than 10% over a 45-day period

This document has been prepared by Edelweiss Securities Private Limited (Edelweiss). Edelweiss and its holding company and associate companies are a full service, integrated investment banking, portfolio management and brokerage group. Our research analysts and sales persons provide important input into our investment banking activities. This document does not constitute an offer or solicitation for the purchase or sale of any financial instrument or as an official confirmation of any transaction. The information contained herein is from publicly available data or other sources believed to be reliable, but we do not represent that it is accurate or complete and it should not be relied on as such. Edelweiss or any of its affiliates shall not be in any way responsible for any loss or damage that may arise to any person from any inadvertent error in the information contained in this report. This document is provided for assistance only and is not intended to be and must not alone be taken as the basis for an investment decision. The user assumes the entire risk of any use made of this information. Each recipient of this document should make such investigation as it deems necessary to arrive at an independent evaluation of an investment in the securities of companies referred to in this document (including the merits and risks involved), and should consult his own advisors to determine the merits and risks of such investment. The investment discussed or views expressed may not be suitable for all investors. We and our affiliates, officers, directors, and employees may: (a) from time to time, have long or short positions in, and buy or sell the securities thereof, of company (ies) mentioned herein or (b) be engaged in any other transaction involving such securities and earn brokerage or other compensation or act as advisor or lender / borrower to such company (ies) or have other potential conflict of interest with respect to any recommendation and related information and opinions. This information is strictly confidential and is being furnished to you solely for your information. This information should not be reproduced or redistributed or passed on directly or indirectly in any form to any other person or published, copied, in whole or in part, for any purpose. 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 Edelweiss and affiliates to any registration or licensing requirements within such jurisdiction. The distribution of this document in certain jurisdictions may be restricted by law, and persons in whose possession this document comes, should inform themselves about and observe, any such restrictions. The information given in this document is as of the date of this report and there can be no assurance that future results or events will be consistent with this information. This information is subject to change without any prior notice. Edelweiss reserves the right to make modifications and alterations to this statement as may be required from time to time. However, Edelweiss is under no obligation to update or keep the information current. Nevertheless, Edelweiss is committed to providing independent and transparent recommendation to its client and would be happy to provide any information in response to specific client queries. Neither Edelweiss nor any of its affiliates, directors, employees, agents or representatives shall be liable for any damages whether direct, indirect, special or consequential including lost revenue or lost profits that may arise from or in connection with the use of the information. The analyst for this report certifies that all of the views expressed in this report accurately reflect his or her personal views about the subject company or companies and its or their securities, and no part of his or her compensation was, is or will be, directly or indirectly related to specific recommendations or views expressed in this report. Analyst holding in stock: no.