

# Muthoot Finance (MUTH IN)

Rating: BUY | CMP: Rs1,187 | TP: Rs1,479

February 9, 2021

## Q3FY21 Result Update

☑ Change in Estimates | ☑ Target | ■ Reco

### Change in Estimates

	Current		Previous	
	FY22E	FY23E	FY22E	FY23E
Rating	BUY		BUY	
Target Price	1,479		1,471	
NII (Rs.)	79,402	89,569	77,582	88,080
% Chng.	2.3	1.7		
PPoP (Rs.)	60,254	65,767	57,745	63,456
% Chng.	4.3	3.6		
EPS (Rs.)	109.9	119.8	105.3	115.6
% Chng.	4.4	3.6		

### Key Financials - Standalone

Y/e Mar	FY20	FY21E	FY22E	FY23E
Net Int.Inc. (Rs m)	57,735	67,078	79,402	89,569
Growth (%)	27.7	16.2	18.4	12.8
Op. Profit (Rs m)	41,531	51,431	60,254	65,767
PAT (Rs m)	30,183	37,689	44,056	48,041
EPS (Rs.)	75.3	94.0	109.9	119.8
Gr. (%)	52.9	24.9	16.9	9.0
DPS (Rs.)	15.0	14.0	15.0	16.0
Yield (%)	1.3	1.2	1.3	1.3
Margin (%)	14.9	14.3	14.0	13.4
RoAE (%)	28.3	25.7	24.0	21.4
RoAA (%)	6.8	6.7	6.4	5.9
PE (x)	15.8	12.6	10.8	9.9
P/BV (x)	4.1	3.2	2.6	2.1
P/ABV (x)	4.1	3.5	2.8	2.2

### Key Data

MUTT.BO | MUTH IN

52-W High / Low	Rs.1,406 / Rs.477
Sensex / Nifty	51,329 / 15,109
Market Cap	Rs.476bn/ \$ 6,532m
Shares Outstanding	401m
3M Avg. Daily Value	Rs.5227.52m

### Shareholding Pattern (%)

Promoter's	73.40
Foreign	15.11
Domestic Institution	6.99
Public & Others	4.50
Promoter Pledge (Rs bn)	-

### Stock Performance (%)

	1M	6M	12M
Absolute	(7.5)	(2.5)	55.9
Relative	(12.1)	(27.7)	25.0

Shweta Daptardar

shwetadaptardar@plindia.com | 91-22-66322245

## All round performance

### Quick Pointers:

- Fresh loans to inactive customers grew 11% QoQ
- Fresh loans with new collateral to existing customers grew 12% QoQ

**Defying pandemic challenges and pertinent competition in gold loan market, MUTH recorded robust loan and stable asset quality performance. What impressed us more is that not just the gold price comfort but gold loan traction (32%YoY/7%QoQ growth; 2%QoQ tonnage growth) was also supported by (a) 3.88 lakh new customer addition (b) 25 new branch addition (2% QoQ growth in network). Such fundamental growth would propel gold loan CAGR to 18% over FY21-23E. Asset quality stood stable with Co. beefing up provisions to Rs5.9bn (5x increase QoQ) despite no alarming signals ahead. Also, gold that contributed 90% to the overall mix saw NPA restricted to 1.3%. Although SC order lifting would spike this ratio, higher provisions, lower write-offs (<1% of book) and 14% on-BS liquidity provide confidence in asset quality of the Co. Yet we remain conservative maintaining high order NPA forecasts at 2.4% for FY21. Stable better spreads, lower incremental credit costs and high growth should offset the same enabling MUTH to clock industry best return profile (25%RoE/6.5%+RoA) for FY21. Resultantly, our EPS estimate stands marginally higher by 2%. MUTH's ability to maintain growth despite underlying asset price fluctuations and the higher recoverability value of its key business would enable Co. to deliver 6%RoA/21%+RoE on steady-state basis over FY22-23. We, therefore, tweak FY22-23 EPS estimates by 4%. Our SOTP price now stands at Rs1,479 (earlier Rs1,471) as we value core business at 2.7x (Rs1460) and subsidiaries at Rs23. Maintain conviction BUY.**

- **Core business continues to support growth:** MUTH recorded sturdy AUMs at Rs504bn growing 31% YoY and 7% QoQ primarily on the back of healthy Gold loans at Rs496bn grew by 32% YoY and 7% QoQ. Co. also saw 2%QoQ tonnage growth largely led by gold price uptick, yet continued customer addition buoyed by fresh loans to dormant and existing customers aided healthy growth on gold business. While MUTH's gold loan business construct stands insulated from gold price volatility, we expect healthy 18% CAGR over FY21-23. Non-gold reported 2% QoQ decline with home finance business (3% of mix) observing higher repayments and caution exercised in vehicle finance business traction. MFI maintained growth traction at 7%QoQ due to better collections. Medium term should see Co.'s continued focus on core business.
- **Asset quality under control:** Gold loan business that contributes 90% to the overall AUMs of the Co. observed mere 1.3% GNPA. Although this ratio is expected to spike ahead (we incorporate sufficient conservatism of 2.4% NPA for FY21), the higher provisions buffers (5x increase QoQ), sizeable liquidity on BS (14%) and somber write-off policy should aid combat asset quality stress if any ahead. Home finance that forms 3% of overall mix saw 6.8% NPA and vehicle finance at 1% mix saw certain slippages too. MFI NPA at 0.7% stood lower, SC order lift might spike NPAs ahead. While non-gold share forms mere 10% of the overall business, the do not stand overtly worried on asset quality.

PAT at Rs9.9bn stood in-line [ vs. PLe of Rs9.4bn] growing 11%QoQ/22%YoY due to better NII.

NII growth was better at Rs17.7bn and stood in-line [ vs. PLe of Rs17bn] with 12%QoQ/13%YoY.

AUM at Rs. 504 bn stood in-line [PLe: Rs. 484bn] growing 31% YoY and 7% QoQ primarily on the back of healthy Gold loans at Rs. 496bn grew by 32% YoY and 7% QoQ

Opex at Rs4.4bn stood lower than PLe at Rs5bn declining 2%QoQ/3%YoY.

PPoP stood healthy at Rs13.9bn and broadly in-line [ vs. PLe of Rs13bn] growing 15%QoQ/20% YoY

Provisions at Rs5.9bn stood much higher than our expectations [PLe: Rs1.9bn].

Stage 3 (NPA) at 1.3% in line with PL estimates spiking 4bps QoQ but declined 124bps YoY

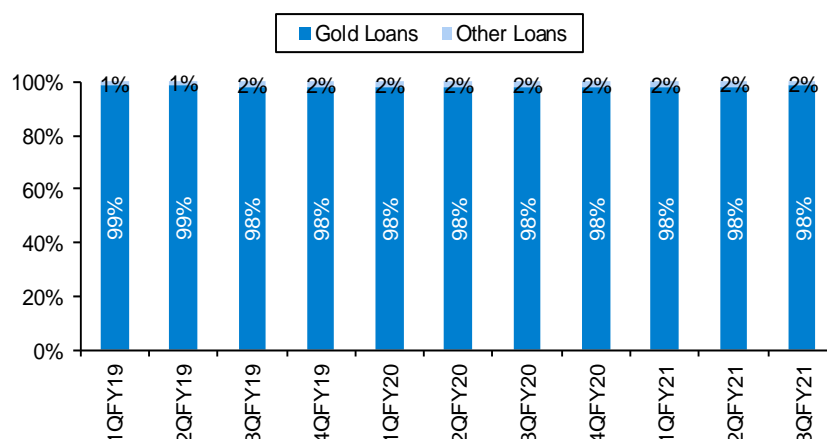
### Exhibit 1: Strong business growth and controlled NPA aid PAT

Y/e March (Rs mn)	Q3FY21	Q3FY20	YoY gr.	Q2FY21	QoQ gr.
Income from Operations	27,168	22,806	19.1%	25,066	8.4%
Interest Expenses	9,455	7,094	33.3%	9,241	2.3%
<b>Net Interest Income</b>	<b>17,713</b>	<b>15,712</b>	<b>12.7%</b>	<b>15,825</b>	<b>11.9%</b>
Other Income	596	403	47.9%	779	-23.4%
<b>Total Income</b>	<b>18,309</b>	<b>16,115</b>	<b>13.6%</b>	<b>16,603</b>	<b>10.3%</b>
Total Operating Expenses	4,410	4,542	-2.9%	4,496	-1.9%
<b>Operating Profit (PPP)</b>	<b>13,900</b>	<b>11,573</b>	<b>20.1%</b>	<b>12,107</b>	<b>14.8%</b>
Provisions & Write Offs	585	612	-4.3%	107	446.8%
<b>PBT</b>	<b>13,314</b>	<b>10,961</b>	<b>21.5%</b>	<b>12,000</b>	<b>11.0%</b>
Tax	3,401	2,809	21.1%	3,056	11.3%
<b>Reported Profit</b>	<b>9,914</b>	<b>8,152</b>	<b>21.6%</b>	<b>8,944</b>	<b>10.8%</b>
<b>Balance sheet Details</b>					
Borrowings	4,65,517	3,25,942	42.8%	4,22,324	10.2%
AUM	5,03,907	3,84,982	30.9%	4,70,163	7.2%
<b>Asset Quality</b>					
Gross NPAs	6,568	9,769	-32.8%	5,920	10.9%
Gross NPA (%)	1.30%	2.54%	-1.2%	1.26%	0.0%
ROE (%)	29.0%	29.6%	-0.7%	28.1%	0.9%
ROA (%)	8.1%	8.8%	-0.6%	8.1%	0.0%
<b>NIM - calc</b>	<b>14.5%</b>	<b>16.9%</b>	<b>-2.4%</b>	<b>14.3%</b>	<b>0.2%</b>
<b>AUM (Rs mn)</b>					
Gold Loan	4,96,225	3,77,245	31.5%	4,62,339	7.3%
Other Loans	7,682	7,737	-0.7%	7,824	-1.8%
<b>AUM Mix (%)</b>					
Gold Loan	98.5%	98.0%	0.5%	98.3%	0.1%
Other Loan	1.5%	2.0%	-0.5%	1.7%	-0.1%

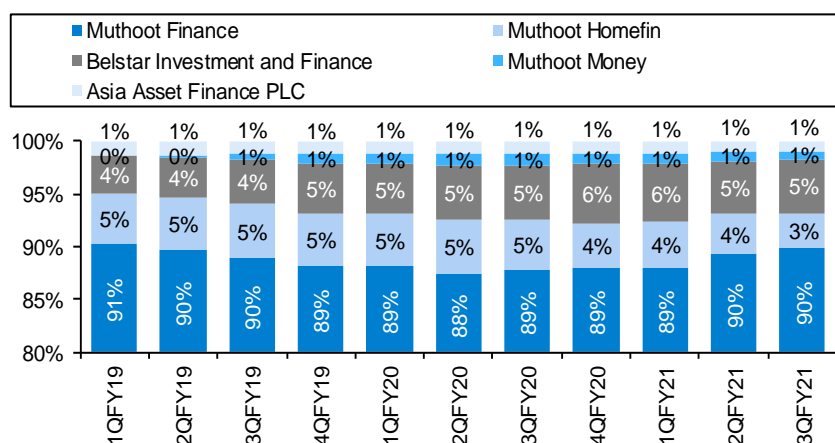
Source: Company, PL

## Conference Call Highlights:

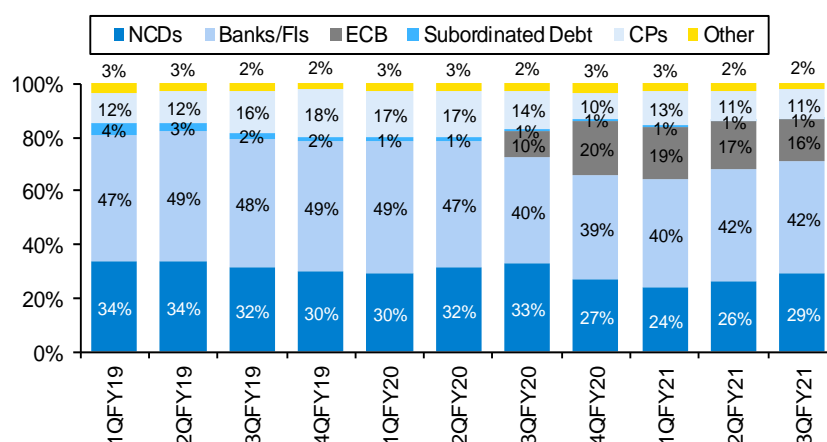
- **Home finance:** Decline in AUM due to lower disbursements and higher repayments. Collection efficiency at 88.7% in Q3FY21. Stage 3 at 6.8%.
- **Asia asset:** 45% of portfolio accounts for Gold loans. Expects it to reach 85-90% in medium term.
- **Muthoot money:** Little cautious and calliberated disbursement resulted in de-growth in AUM. 83.8% collection efficiency in Q3FY21
- **Belstar:** 98% collection efficiency in Q3FY21. Nil exposure in Assam
- **Growth:** Expect 25-26% AUM growth in FY21 and 15% in FY22. Will add 150-200 branch in FY22. Cost to income to remain at current levels. Will grow home loans and vehicle finance book after 5-6qtrs once economy normalizes.
- **Restructuring:** Nil as of Q3FY21. Will not be material in Q4FY21 too.
- **Asset Quality:** Stage 2 assets at 0.48%. Stage 3 provision at Rs. 734mn against Rs. 590mn prev qtr.
- **Liquidity:** to remain on a higher side due to uncertainty and tighter RBI regulation going ahead.
- **Competition:** Not facing any challenges in terms of AUM growth even after higher competition from banks (SBI grew its loan book from Rs.50bn to Rs. 200bn) because industry is growing too. Banks need intermediaries to acquire customers.
- **Liabilities:** Issued Rs. 20bn worth of public NCDs in Nov'20. Rs. 30bn worth of maturity every month. Incremental COB at 8% for banks loans and 7.5% for NCDs.
- Higher other income due to insurance claim worth Rs 80mn during the qtr.
- 22% of customers with ATS of more than Rs. 3lacs. ATS at Rs. 50,000
- Avg LTV at 67%. Incremental LTV at 68-70%.

**Exhibit 2: Stable AUM Mix**


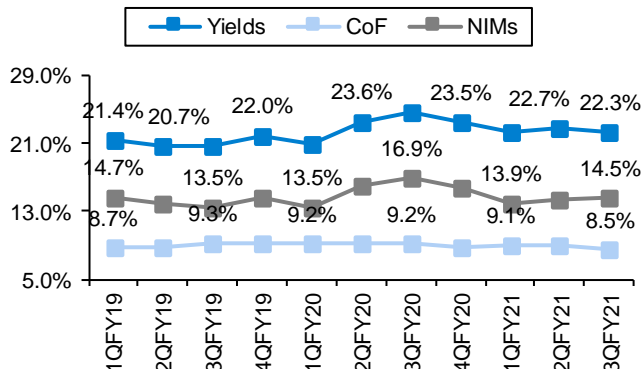
Source: Company, PL

**Exhibit 3: Overall AUM mix tilting towards gold**


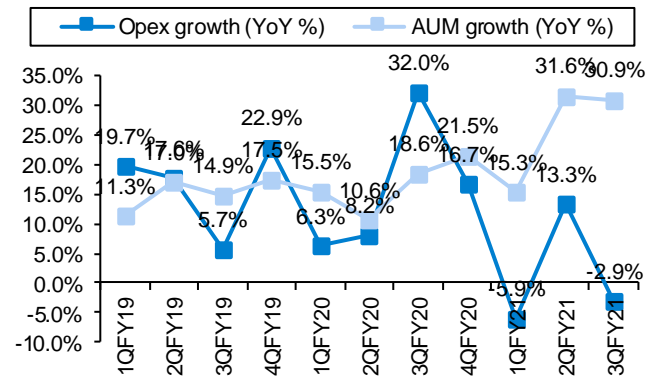
Source: Company, PL

**Exhibit 4: CP share reduced to 11% from 14%**


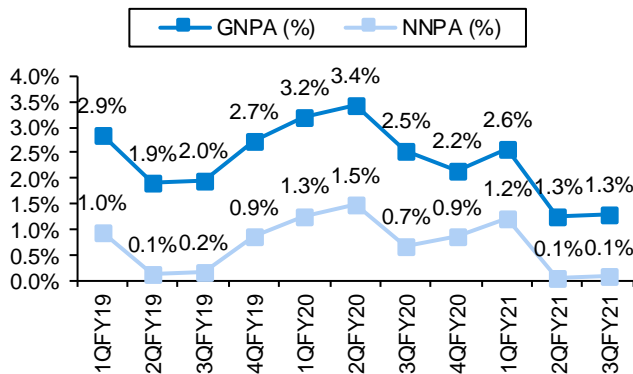
Source: Company, PL

**Exhibit 5: Improvement in NIMs QoQ**


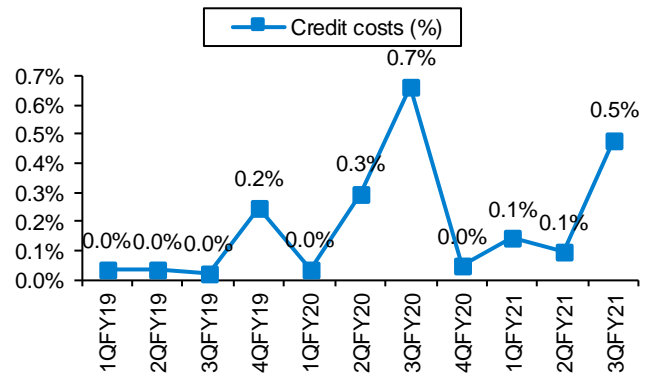
Source: Company, PL

**Exhibit 6: Operating leverage at play**


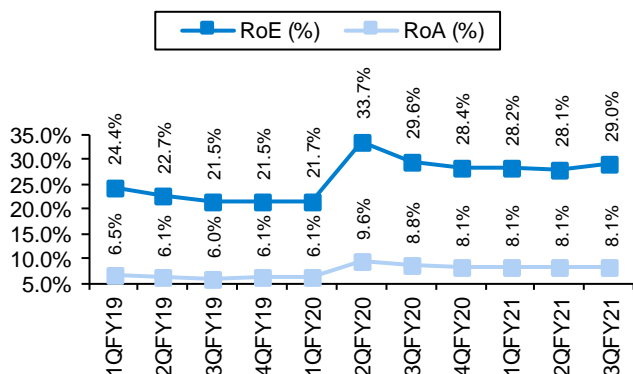
Source: Company, PL

**Exhibit 7: Asset quality stable sequentially and improved YoY basis**


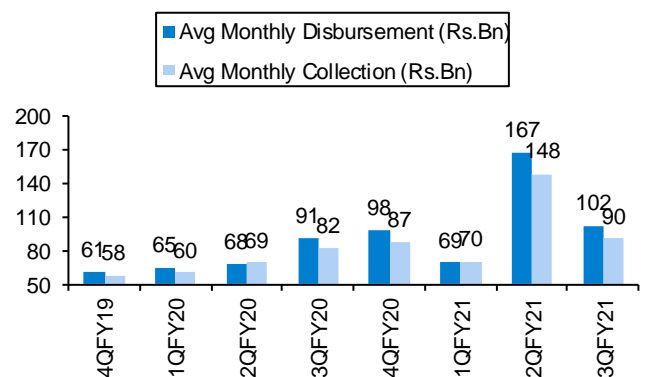
Source: Company, PL

**Exhibit 8: Higher provisioning this qtr**


Source: Company, PL

**Exhibit 9: Stable return profile**


Source: Company, PL

**Exhibit 10: Pick up in disbursements; collections up YoY basis**


Source: Company, PL

**Exhibit 11: Steady Customer traction over past 2 years**

	Q4FY19	Q1FY20	Q2FY20	Q3FY20	Q4FY20	Q1FY21	Q2FY21	Q3FY21
No. of active customers	47,21,243	48,51,024	48,57,129	48,95,029	49,33,886	47,45,491	48,28,505	50,15,666
QoQ (%)		2.7%	0.1%	0.8%	0.8%	-3.8%	1.7%	4.0%

Source: Company, PL

**Exhibit 12: Increase in loans to inactive customers**

Fresh Loans	Q4FY19	Q1FY20	Q2FY20	Q3FY20	Q4FY20	Q1FY21	Q2FY21	Q3FY21
<b>Customers (mn)</b>	<b>1.5</b>	<b>1.6</b>	<b>1.5</b>	<b>1.6</b>	<b>1.4</b>	<b>0.7</b>	<b>1.4</b>	<b>1.5</b>
<b>Fresh Loan to Inactive Customers</b>								
No. of customers	0.4	0.4	0.4	0.4	0.4	0.2	0.4	0.4
% of customers	8%	9%	8%	8%	7%	4%	8%	9%
<b>Fresh Loan to New Customers</b>								
No. of customers	0.4	0.4	0.3	0.4	0.3	0.2	0.4	0.4
% of customers	8%	8%	7%	8%	7%	3%	8%	8%
<b>Fresh loan With new collateral to existing customers</b>								
No. of customers	0.8	0.8	0.8	0.8	0.7	0.4	0.6	0.7
% of customers	17%	17%	16%	16%	14%	8%	13%	14%
<b>Customer mix(%)</b>								
Fresh Loan to Inactive Customers	25.0%	25.2%	24.3%	25.4%	25.1%	26.1%	27.3%	28.3%
Fresh Loan to New Customers	23.7%	23.5%	23.0%	23.8%	24.7%	22.5%	28.2%	25.1%
Fresh loan With new collateral to existing customers	51.3%	51.3%	52.8%	50.8%	50.1%	51.4%	44.5%	46.6%

Source: Company, PL

**Exhibit 13: Target Revised to Rs. 1479; Reiterate BUY**

SoTP metrics	% share in overall business	Multiple Mar'23 (x)	Per share (Rs)
MUTHOOT FINANCE	90%	2.7	1460
HOME FINANCE	3%	0.3	4
BELSTAR MICRO	5%	1.0	18
MUTHOOT MONEY	1%	0.2	0
ASIA ASSET (SRILANKA)	1%	0.2	0
Total value of ventures			23
Less: 20% holding discount			4.62
Value of Key ventures			18
<b>Target price (Rs)</b>			<b>1,479</b>
CMP (Rs)			1,187
Upside (%)			24.6%

Source: PL

**Exhibit 14: Marginal upward revision in estimates factoring higher growth**

(Rs mn)	Old			Revised			Change in Estimates		
	FY21E	FY22E	FY23E	FY21E	FY22E	FY23E	FY21E	FY22E	FY23E
Net Interest Income	66,841	77,582	88,080	67,078	79,402	89,569	0.4%	2.3%	1.7%
Operating Profit	50,311	57,745	63,456	51,431	60,254	65,767	2.2%	4.3%	3.6%
Net Profit	36,854	42,216	46,369	37,689	44,056	48,041	2.3%	4.4%	3.6%
EPS (Rs)	91.9	105.3	115.6	94.0	109.9	119.8	2.3%	4.4%	3.6%
Price Target (Rs)		1471			1,479			1%	
Reco		BUY			BUY				

Source: PL

### Income Statement (Rs. m)

Y/e Mar	FY20	FY21E	FY22E	FY23E
Int. Inc. / Opt. Inc.	85,644	1,04,079	1,24,027	1,43,234
Interest Expenses	27,909	37,001	44,625	53,665
<b>Net interest income</b>	<b>57,735</b>	<b>67,078</b>	<b>79,402</b>	<b>89,569</b>
Growth(%)	27.7	16.2	18.4	12.8
Non-interest income	1,584	2,623	2,885	3,174
Growth(%)	28.1	65.6	10.0	10.0
Net operating income	59,319	69,701	82,288	92,743
<b>Expenditures</b>				
Employees	10,290	10,373	12,448	14,938
Other Expenses	7,067	7,422	8,993	11,327
Depreciation	431	474	592	711
Operating Expenses	17,356	17,795	21,441	26,265
<b>PPP</b>	<b>41,531</b>	<b>51,431</b>	<b>60,254</b>	<b>65,767</b>
Growth(%)	33.8	23.8	17.2	9.1
Provisions	957	1,104	1,378	1,567
<b>Profit Before Tax</b>	<b>40,574</b>	<b>50,327</b>	<b>58,875</b>	<b>64,200</b>
Tax	10,391	12,638	14,819	16,159
Effective Tax rate(%)	25.6	25.1	25.2	25.2
<b>PAT</b>	<b>30,183</b>	<b>37,689</b>	<b>44,056</b>	<b>48,041</b>
Growth(%)	53.0	24.9	16.9	9.0

### Balance Sheet (Rs. m)

Y/e Mar	FY20	FY21E	FY22E	FY23E
<b>Source of funds</b>				
Equity	4,010	4,010	4,010	4,010
Reserves and Surplus	1,11,708	1,42,735	1,79,777	2,20,336
Networth	1,15,718	1,46,745	1,83,787	2,24,347
Growth (%)	18.2	26.8	25.2	22.1
Loan funds	3,71,300	4,45,619	5,46,043	6,20,596
Growth (%)	38.4	20.0	22.5	13.7
Deferred Tax Liability	-	-	-	-
Other Current Liabilities	7,342	21,321	26,436	32,489
Other Liabilities	10,236	5,124	(4,904)	10,190
<b>Total Liabilities</b>	<b>5,04,597</b>	<b>6,18,810</b>	<b>7,51,362</b>	<b>8,87,622</b>
<b>Application of funds</b>				
Net fixed assets	2,565	3,567	3,968	5,271
Advances	4,26,042	5,11,318	6,26,546	7,12,091
Growth (%)	22.0	20.0	22.5	13.7
Investments	14,383	16,541	18,857	27,342
Current Assets	61,606	87,383	1,01,991	1,42,917
<b>Net current assets</b>	<b>54,264</b>	<b>66,063</b>	<b>75,555</b>	<b>1,10,428</b>
Other Assets	-	-	-	-
<b>Total Assets</b>	<b>5,04,596</b>	<b>6,18,809</b>	<b>7,51,362</b>	<b>8,87,622</b>
Growth (%)	32.5	22.6	21.4	18.1
<b>Business Mix</b>				
AUM	4,16,106	5,20,538	6,37,149	7,24,815
Growth (%)	21.5	25.1	22.4	13.8
On Balance Sheet	-	-	-	-
% of AUM	-	-	-	-
Off Balance Sheet	-	-	-	-
% of AUM	-	-	-	-

### Profitability & Capital (%)

Y/e Mar	FY20	FY21E	FY22E	FY23E
NIM	14.9	14.3	14.0	13.4
ROAA	6.8	6.7	6.4	5.9
ROAE	28.3	25.7	24.0	21.4

Source: Company Data, PL Research

### Quarterly Financials (Rs. m)

Y/e Mar	Q4FY20	Q1FY21	Q2FY21	Q3FY21
Int. Inc. / Operating Inc.	23,506	23,160	25,066	27,168
Income from securitization	-	-	-	-
Interest Expenses	7,700	8,715	9,241	9,455
<b>Net Interest Income</b>	<b>15,806</b>	<b>14,445</b>	<b>15,825</b>	<b>17,713</b>
Growth (%)	29.5	21.8	10.2	12.7
Non-Interest Income	520	694	779	596
<b>Net Operating Income</b>	<b>16,326</b>	<b>15,139</b>	<b>16,603</b>	<b>18,309</b>
Growth (%)	28.6	24.4	12.9	13.6
Operating expenditure	5,304	3,738	4,496	4,410
<b>PPP</b>	<b>11,021</b>	<b>11,401</b>	<b>12,107</b>	<b>13,900</b>
Growth (%)	-	-	-	-
Provision	48	146	107	585
Exchange Gain / (Loss)	-	-	-	-
Profit before tax	10,974	11,255	12,000	13,314
Tax	2,822	2,847	3,056	3,401
Prov. for deferred tax liability	3,633	-	-	-
Effective Tax Rate	25.7	25.3	25.5	25.5
<b>PAT</b>	<b>8,151</b>	<b>8,408</b>	<b>8,944</b>	<b>9,914</b>
Growth	59	59	4	22
AUM	4,16,106	4,12,957	4,70,163	5,03,907
YoY growth (%)	21.5	15.3	31.6	30.9
Borrowing	3,71,301	3,87,839	4,21,571	4,64,732
YoY growth (%)	38.4	38.2	48.4	43.0

### Key Ratios

Y/e Mar	FY20	FY21E	FY22E	FY23E
CMP (Rs)	1,187	1,187	1,187	1,187
EPS (Rs)	75.3	94.0	109.9	119.8
Book value (Rs)	288.5	365.9	458.3	559.4
Adj. BV(Rs)	286.2	341.4	431.4	531.0
P/E(x)	15.8	12.6	10.8	9.9
P/BV(x)	4.1	3.2	2.6	2.1
P/ABV(x)	4.1	3.5	2.8	2.2
DPS (Rs)	15.0	14.0	15.0	16.0
Dividend Payout Ratio(%)	-	-	-	-
Dividend Yield(%)	1.3	1.2	1.3	1.3

### Asset Quality

Y/e Mar	FY20	FY21E	FY22E	FY23E
Gross NPAs(Rs m)	8,992	12,272	13,471	14,242
Net NPA(Rs m)	8,036	9,817	10,777	11,393
Gross NPAs to Gross Adv.(%)	2.2	2.4	2.1	2.0
Net NPAs to net Adv.(%)	1.9	1.9	1.7	1.6
NPA coverage(%)	10.6	20.0	20.0	20.0

### Du-Pont as a % of AUM

Y/e Mar	FY20	FY21E	FY22E	FY23E
NII	13.9	12.9	12.5	12.4
NII INCI. Securitization	13.9	12.9	12.5	12.4
Total income	14.3	13.4	12.9	12.8
Operating Expenses	4.2	3.4	3.4	3.6
PPOP	10.1	10.0	9.6	9.2
Total Provisions	0.2	0.2	0.2	0.2
RoAA	6.8	6.7	6.4	5.9
Avg. Assets/Avg. net worth	4.4	4.2	4.1	4.0
RoAE	28.3	25.7	24.0	21.4

Source: Company Data, PL Research

## Price Chart

## Recommendation History



No.	Date	Rating	TP (Rs.)	Share Price (Rs.)
1	11-Jan-21	BUY	1,471	1,283
2	01-Dec-20	BUY	1,364	1,152

## Analyst Coverage Universe

Sr. No.	Company Name	Rating	TP (Rs)	Share Price (Rs)
1	Bajaj Finance	Accumulate	5,340	4,982
2	Cholamandalam Investment and Finance Company	BUY	501	443
3	HDFC	BUY	3,094	2,659
4	L&T Finance Holdings	Reduce	97	105
5	LIC Housing Finance	Hold	420	396
6	Mahindra & Mahindra Financial Services	Reduce	160	155
7	Manappuram Finance	Accumulate	193	156
8	Muthoot Finance	BUY	1,471	1,283
9	SBI Cards and Payment Services	Accumulate	1,081	979
10	Shriram Transport Finance	Accumulate	1,386	1,111

## PL's Recommendation Nomenclature (Absolute Performance)

<b>Buy</b>	: > 15%
<b>Accumulate</b>	: 5% to 15%
<b>Hold</b>	: +5% to -5%
<b>Reduce</b>	: -5% to -15%
<b>Sell</b>	: < -15%
<b>Not Rated (NR)</b>	: No specific call on the stock
<b>Under Review (UR)</b>	: Rating likely to change shortly



## **ANALYST CERTIFICATION**

### **(Indian Clients)**

We/I, Ms. Shweta Daptardar- MBA-Finance Research Analysts, 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.

### **(US Clients)**

The research analysts, with respect to each issuer and its securities covered by them in this research report, certify that: All of the views expressed in this research report accurately reflect his or her or their personal views about all of the issuers and their securities; and No part of his or her or their compensation was, is or will be directly related to the specific recommendation or views expressed in this research report.

## **DISCLAIMER**

### **Indian Clients**

Prabhudas Lilladher Pvt. Ltd, Mumbai, India (hereinafter referred to as "PL") is engaged in the business of Stock Broking, Portfolio Manager, Depository Participant and distribution for third party financial products. PL is a subsidiary of Prabhudas Lilladher Advisory Services Pvt Ltd. which has its various subsidiaries engaged in business of commodity broking, investment banking, financial services (margin funding) and distribution of third party financial/other products, details in respect of which are available at [www.plindia.com](http://www.plindia.com).

This document has been prepared by the Research Division of PL and is meant for use by the recipient only as information and is not for circulation. This document is not to be reported or copied or made available to others without prior permission of PL. It should not be considered or taken as an offer to sell or a solicitation to buy or sell any security.

The information contained in this report has been obtained from sources that are considered to be reliable. However, PL has not independently verified the accuracy or completeness of the same. Neither PL nor any of its affiliates, its directors or its employees accepts any responsibility of whatsoever nature for the information, statements and opinion given, made available or expressed herein or for any omission therein.

Recipients of this report should be aware that past performance is not necessarily a guide to future performance and value of investments can go down as well. The suitability or otherwise of any investments will depend upon the recipient's particular circumstances and, in case of doubt, advice should be sought from an independent expert/advisor.

Either PL or its affiliates or its directors or its employees or its representatives or its clients or their relatives may have position(s), make market, act as principal or engage in transactions of securities of companies referred to in this report and they may have used the research material prior to publication.

PL may from time to time solicit or perform investment banking or other services for any company mentioned in this document.

PL is in the process of applying for certificate of registration as Research Analyst under Securities and Exchange Board of India (Research Analysts) Regulations, 2014

PL submits that no material disciplinary action has been taken on us by any Regulatory Authority impacting Equity Research Analysis activities.

PL or its research analysts or its associates or his relatives do not have any financial interest in the subject company.

PL or its research analysts or its associates or his relatives do not have actual/beneficial ownership of one per cent or more securities of the subject company at the end of the month immediately preceding the date of publication of the research report.

PL or its research analysts or its associates or his relatives do not have any material conflict of interest at the time of publication of the research report.

PL or its associates might have received compensation from the subject company in the past twelve months.

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

PL or its associates might have received any compensation for investment banking or merchant banking or brokerage services from the subject company in the past twelve months.

PL or its associates might 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 twelve months

PL or its associates might have received any compensation or other benefits from the subject company or third party in connection with the research report.

PL encourages independence in research report preparation and strives to minimize conflict in preparation of research report. PL or its analysts did not receive any compensation or other benefits from the subject Company or third party in connection with the preparation of the research report. PL or its Research Analysts do not have any material conflict of interest at the time of publication of this report.

It is confirmed that Ms. Shweta Daptardar- MBA-Finance Research Analysts of this report have not received any compensation from the companies mentioned in the report in the preceding twelve months

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

The Research analysts 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.

The research analysts for this report has not served as an officer, director or employee of the subject company PL or its research analysts have not engaged in market making activity for the subject company

Our sales people, traders, and other professionals or affiliates 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.

PL and its associates, their directors and employees may (a) from time to time, have a long or short position in, and buy or sell the securities of the subject company or (b) 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 subject company or act as an advisor or lender/borrower to the subject company or may have any other potential conflict of interests with respect to any recommendation and other related information and opinions.

### **US Clients**

This research report is a product of Prabhudas Lilladher Pvt. Ltd., which is the employer of the research analyst(s) who has prepared the research report. The research analyst(s) preparing the research report is/are resident outside the United States (U.S.) and are not associated persons of any U.S. regulated broker-dealer and therefore the analyst(s) is/are not subject to supervision by a U.S. broker-dealer, and is/are not required to satisfy the regulatory licensing requirements of FINRA or required to otherwise comply with U.S. rules or regulations regarding, among other things, communications with a subject company, public appearances and trading securities held by a research analyst account.

This report is intended for distribution by Prabhudas Lilladher Pvt. Ltd. only to "Major Institutional Investors" as defined by Rule 15a-6(b)(4) of the U.S. Securities and Exchange Act, 1934 (the Exchange Act) and interpretations thereof by U.S. Securities and Exchange Commission (SEC) in reliance on Rule 15a 6(a)(2). If the recipient of this report is not a Major Institutional Investor as specified above, then it should not act upon this report and return the same to the sender. Further, this report may not be copied, duplicated and/or transmitted onward to any U.S. person, which is not the Major Institutional Investor.

In reliance on the exemption from registration provided by Rule 15a-6 of the Exchange Act and interpretations thereof by the SEC in order to conduct certain business with Major Institutional Investors, Prabhudas Lilladher Pvt. Ltd. has entered into an agreement with a U.S. registered broker-dealer, Marco Polo Securities Inc. ("Marco Polo").

Transactions in securities discussed in this research report should be effected through Marco Polo or another U.S. registered broker dealer.

---

**Prabhudas Lilladher Pvt. Ltd.**

**3rd Floor, Sadhana House, 570, P. B. Marg, Worli, Mumbai-400 018, India | Tel: (91 22) 6632 2222 Fax: (91 22) 6632 2209**

**[www.plindia.com](http://www.plindia.com)**