

Mahindra & Mahindra Financial

Estimate change

TP change

Rating change



Bloomberg	MMFS IN
Equity Shares (m)	1236
M.Cap.(INRb)/(USDb)	342.6 / 4.1
52-Week Range (INR)	347 / 191
1, 6, 12 Rel. Per (%)	-4/2/26
12M Avg Val (INR M)	1159

Financials & valuations (INR b)

Y/E March	FY24E	FY25E	FY26E
NII	72.4	87.7	103.1
PPP	41.8	54.3	66.6
PAT	18.8	27.8	34.8
EPS (INR)	15.3	22.5	28.2
EPS Gr. (%)	-5	48	25
BV/Sh.(INR)	142	157	175

Ratios

NIM (%)	7.3	7.4	7.5
C/I ratio (%)	42.3	38.1	35.4
RoA (%)	1.8	2.2	2.4
RoE (%)	11.1	15.1	17.0
Payout (%)	37.5	35.0	35.0

Valuations

P/E (x)	18.1	12.3	9.8
P/BV (x)	1.9	1.8	1.6
Div. Yield (%)	2.1	2.8	3.6

Shareholding pattern (%)

As On	Sep-23	Jun-23	Sep-22
Promoter	52.2	52.2	52.2
DII	25.8	27.0	22.1
FII	14.2	14.1	17.1
Others	7.8	6.8	8.6

FII Includes depository receipts

CMP: INR277

TP: INR330 (+19%)

Buy

Earnings volatile; Second consecutive quarter of big miss

NIM compression and high credit costs led to below par performance

- Mahindra & Mahindra Financial (MMFS)'s 2QFY24 PAT declined 48% YoY to INR2.35b (44% miss). Reported NII rose 9% YoY to INR16.7b (6% miss), while PPOP grew 9% YoY to ~INR9.4b (10% miss).
- Annualized credit costs of ~2.8% (vs. 2.5% in 2QFY23) were higher than expectations and included ~INR3.5b of write-offs (vs. ~INR3.1b in 1Q).
- In 2QFY24, yields (calc.) moderated ~35bp QoQ, while CoF (calc.) rose 10bp, leading to a NIM contraction of ~45bp QoQ. Yield moderation was attributed to a rising proportion of PrimeX customers, stronger growth in lower-yielding Utility Vehicles and no interest rate hike on incremental lending.
- We cut our FY24E EPS by ~12% to factor in a higher NIM compression and elevated credit costs in 1HFY24. We model an 18%/21% CAGR in AUM/PAT over FY23-FY26E, with FY25E RoA/RoE of 2.2%/15%.
- Until two quarters ago, MMFS had managed to reduce volatility in its NIM and earnings performance by streamlining operations and enhancing risk management. MMFS has now reported two consecutive quarters of NIM volatility and elevated credit costs (despite minor improvements in asset quality). Such repeated volatility in NIM and credit costs could affect investor confidence in its transformation journey.
- We believe that MMFS should see improvements in NIM and a moderation in credit costs in 2HFY24. **Retain BUY with a revised TP of INR330 (based on 2.0x Sep'25E BVPS).**
- **Key risks:** a) yields remaining muted because of higher competitive intensity, b) overall provision coverage ratio remaining elevated longer than expected because of the intricacies of the ECL model.

NIM to improve and credit costs to moderate in 2HFY24

- The management guided that a product mix change (with higher mix of pre-owned vehicles and tractors) and interest rate hike on incremental disbursements should lead to a gradual expansion in yields. We estimate NIM to moderate to 7.3% in FY24 (vs. 8.3% in FY23) and then expand to 7.4%/7.5% in FY25/FY26.
- We expect asset quality improvement to sustain and model credit costs of 1.1%/0.9% in 3Q/4QFY24, which will translate into ~1.8% credit costs in FY24.

Key takeaways from the management commentary

- It has guided for business asset growth of 20%+ in FY24. With interest rates remaining elevated, it will monitor retail volumes in Diwali and might revise its AUM growth guidance in 4QFY24.
- The management said that it will take nine months before the PCR cover starts improving since LGD has been impacted because of the Covid period being the base. However, PD continues to improve.

Valuation and View

- MMFS is going through a transformation in its product/customer mix and its NIM profile will change and find its new sustainable normal. It would hopefully now start demonstrating more predictability in its earnings performance. A strong liability franchise and deep moats in rural/semi-urban customer segments position MMFS well to reap rewards of the hard work that is going into evolving this franchise.
- MMFS currently trades at 1.7x Sep'25E P/BV. Risk-reward is favorable for a PAT CAGR of ~21% over FY23-FY26E and FY25E RoA/RoE of 2.2%/15%. Maintain BUY with a revised TP of INR330 (based on 2.0x Sep'25E BVPS).

Quarterly Performance

(INR Mn)

Y/E March	FY23				FY24E				FY23	FY24E	2QFY24E	v/s est
	1Q	2Q	3Q	4Q	1Q	2Q	3QE	4QE				
Interest income	24,372	25,163	27,947	29,344	30,349	31,535	34,215	35,895	1,06,826	1,31,994	32,322	-2
Interest Expenses	9,320	10,688	12,419	13,340	14,505	15,665	16,714	17,549	45,767	64,432	15,665	0
NII	15,052	14,475	15,528	16,004	15,844	15,870	17,501	18,346	61,059	67,562	16,657	-5
YoY Growth (%)	34.2	0.3	1.1	11.1	5.3	9.6	12.7	14.6	9.9	10.7	15.1	
Other income	614	930	969	1,223	905	870	936	2,098	3,735	4,809	1,111	-22
Net Total Income	15,666	15,405	16,496	17,227	16,750	16,740	18,437	20,444	64,794	72,371	17,768	-6
YoY Growth (%)	34.0	2.2	3.6	13.7	6.9	8.7	11.8	18.7	11.7	11.7	15.3	
Operating Expenses	6,208	6,768	6,513	7,786	6,750	7,312	7,727	8,795	27,276	30,584	7,304	0
Operating Profit	9,458	8,637	9,983	9,441	10,000	9,428	10,711	11,648	37,518	41,787	10,464	-10
YoY Growth (%)	26.3	-15.0	-6.0	5.1	5.7	9.2	7.3	23.4	0.7	11.4	21.2	
Provisions	6,453	1,985	1,551	4	5,264	6,266	2,176	2,813	9,992	16,501	4,849	29
Profit before Tax	3,005	6,652	8,431	9,437	4,735	3,163	8,535	8,835	27,526	25,286	5,614	-44
Tax Provisions	776	1,624	2,142	2,596	1,209	811	2,176	2,252	7,138	6,448	1,432	-43
Net Profit	2,229	4,483	6,290	6,841	3,527	2,352	6,358	6,583	19,843	18,838	4,183	-44
YoY Growth (%)	-114.6	-56.2	-29.6	13.9	58.2	-47.5	1.1	-3.8	100.7	-5.1	-6.7	
Key Operating Parameters (%)												
Yield on loans (Cal)	15.8	15.2	15.6	15.4	14.9	14.6	15.0	15.1	15.3	14.9		
Cost of funds (Cal)	6.5	6.8	7.2	7.3	7.5	7.6	7.7	7.7	7.0	8.0		
Spreads (Cal)	9.3	8.4	8.5	8.0	7.4	6.9	7.2	7.3	8.3	6.9		
Credit Cost (Cal)	3.9	1.1	0.8	0.0	2.5	2.8	0.9	1.1	1.4	1.8		
Cost to Income Ratio	39.6	43.9	39.5	45.2	40.3	43.7	41.9	43.0	42.1	42.3		
Tax Rate	25.8	24.4	25.4	27.5	25.5	25.6	25.5	25.5	25.9	25.5		
Balance Sheet Parameters												
Loans (INR B)	631	696	734	795	832	899	930	977	795	977		
Change YoY (%)	11.9	21.6	26.0	31.4	42.6	29.3	26.7	23.0	31.5	23.0		
Borrowings (INR B)	591	673	709	749	790	849	884	931	749	931		
Change YoY (%)	6.3	20.4	24.3	34.3	43.6	26.0	24.6	24.2	34.3	24.2		
Loans/Borrowings (%)	106.8	103.3	103.5	106.0	105.4	106.0	105.3	105.0	106.0	105		
Debt/Equity (x)	3.8	4.3	4.3		4.5	5.0	5.0		4.6	5.3		
Asset Quality Parameters (%)												
GS 3 (INR B)	54.4	49.4	45.9	37.2	37.7	40.2			37.2	37.4		
Gross Stage 3 (% on Assets)	8.0	6.7	5.9	4.5	4.3	4.3			4.5	3.7		
NS 3 (INR B)	22.8	20.7	18.8	15.1	15.0	15.6			15.1	15.0		
Net Stage 3 (% on Assets)	3.5	2.9	2.6	1.9	1.8	1.7			1.9	1.5		
PCR (%)	58.1	58.2	59.0	59.5	66.9	61.2			59.5	60.0		
ECL (%)	6.8	5.7	5.0	4.0	4.0	4.0			4.7	4.1		
Return Ratios (%)												
ROAA	1.2	2.2	2.8	2.9	1.4	0.9	2.4	2.4	2.3	1.8		
ROAE	5.7	11.4	15.7	16.3	8.2	5.5	14.7	14.7	12.6	11.1		

E: MOFSL estimates

Demand in Vehicle Finance to sustain: Estimate AUM growth of 22% in FY24

- MMFS' business assets at ~INR937b grew 27% YoY and ~8% QoQ. Disbursements at ~INR133b rose ~13% YoY in 2QFY24. MMFS is benefitting from strong sectoral tailwinds and we expect the volume momentum to sustain in the rest of FY24.
- New businesses (SME, Personal and Consumer Loans) contributed ~12% to the Loan Mix (Mar'23: ~10%).

Opex to remain elevated due to investments in technology

- Opex-to-average assets in 2QFY24 remained stable QoQ at 2.8% because of the company's transformation strategy (including technology investments).
- The management has guided that opex ratio will remain elevated at ~2.8-2.9% in FY24 because of various internal projects across people, process and technology. We model opex-to-average assets of 2.9%/2.7%/2.5% in FY24/FY25/FY26E.

Minor improvement in asset quality; write-offs will continue at current levels

- Minor improvement in asset quality with GS3/NS3 declining ~5bp/7bp QoQ to ~4.3%/1.7%. Stage 2 declined ~60bp QoQ to 5.8%. This resulted in 30+dpd improving ~70bp QoQ to 10%.
- Restructured pool declined to 1.6% (PQ: 2.1%) of business assets.
- The management expressed confidence in the continued improvement of GS3. Write-offs could continue at current levels of ~INR3.0-3.5b per quarter and should gradually taper off with further improvement in asset quality.

**Highlights from the management commentary****Business Outlook**

- Sentiment remains positive when it engages with dealers across the country. While inventory levels started to build earlier, footfalls at dealer showrooms and retail volumes have been good.
- Dealers expect inventory levels to correct and retail sales to be good in Diwali.
- While monsoons were erratic, rural markets have historically reflected lower disbursements and deterioration in asset quality. But this 1H was different, given that Stage 3 was flat QoQ and Stage 2 continued to improve.

Guidance

- Asset growth will remain >20% by the end of this year. With interest rates remaining elevated, it will look at how retail volumes happen in Diwali and it will revise its AUM growth guidance in 4QFY24.
- NIM (as % of assets) stood at ~6.6% in 1H FY24 and it will increase to ~6.8% by Mar'24. Further, it plans to increase it to 7.0% in FY25. Larger benefits on NIM will come in 4QFY24.
- MMFS is still in the midst of transformation with investments in technology and data. Opex will remain at 2.8-2.9% (as % of assets) even in 2H FY24 as it continues its investments.

- MMFS expects credit costs to decline to ~1.5%-1.7% in FY24 (vs. 2.3% in 1HFY24). As provisions get reversed in 2HFY24, PCR on Stage 3 will again decline below ~60%.

NIM

- MMFS earlier expected that borrowing costs will come down, but now it does not believe that CoB will come down. Hence, it plans to increase lending rates selectively in certain products and geographies.
- Growth in business assets was predominantly driven by Cars, Personal Vehicles of M&M. As Tractors and Pre-owned vehicles see a pickup, yields will improve. However, availability of pre-owned vehicles is still a challenge and growth in pre-owned vehicles is weaker than expectations.
- After Diwali, it is reasonable to expect that all players will start increasing lending rates given that CoB is going up for all lenders.

Opex

- Opex remained stable QoQ and it is driven by certain transformational initiatives of the company.

Asset Quality

- Higher provision charge in the P&L because in few markets because of delayed monsoon situation there was lower cashflows. There was a temporary increase in GNPA, which went up INR2.5b QoQ, largely driven by the tractor portfolio.
- On 18M+ dpd contracts, it is carrying PCR of 80%.
- Historic data of 42 months is captured in the ECL model. It will be 9 months before the PCR cover starts improving since LGD has been impacted because of the COVID period being the base. However, the PD continues to improve.
- With improvements in customer mix, GS3 can decline to 3.0-3.5% and GS2 can decline to 5.0-5.5% (over a course of time).
- In FY23, lower credit costs were facilitated by significant write-backs because of significant release of ECL provisions. There have not been any ECL releases in the current financial year.

Impact on Capital Adequacy

- Profits in 2Q were lower and the accretion to net-worth was lower. Dividends were also paid out in 2Q, which led to lower capital adequacy. Strong business assets growth due to higher trade advances affected CRAR.
- The company does not foresee the need to raise equity capital over the next two years. The next equity raise will be triggered when Tier 1 declines to ~13% (~16.7% as on Sep'23).

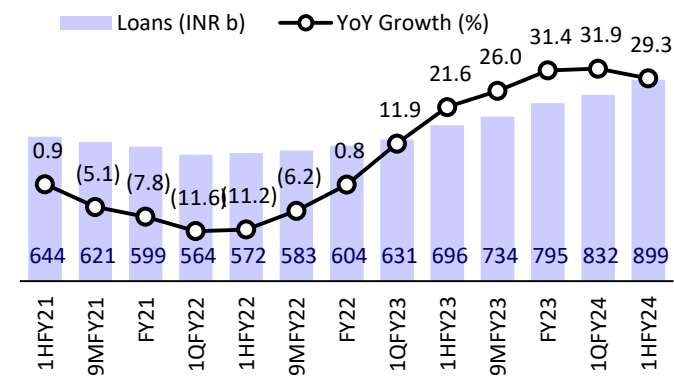
Others

- Dealer advances are ~INR50b for the festival period, which do not earn interest. Last year, even vehicle availability was an issue. Normally, trade advances are INR30-35b, but this year they are higher because of a higher market share of MMFS and its presence across more products/geographies.
- MMFS discontinued institutional lending (in SME) around one year ago and that book is running down.

- Not expanded branches for the past few years as branches are merely servicing units. Disbursement enablers are employees, who interact with dealers and OEMs. It has undertaken a transformation agenda, which led to a slower branch expansion. MMFS will be adding branches over the next six months.
- With a better customer mix, recoveries will be done through organic collections rather than repossessions and settlements.

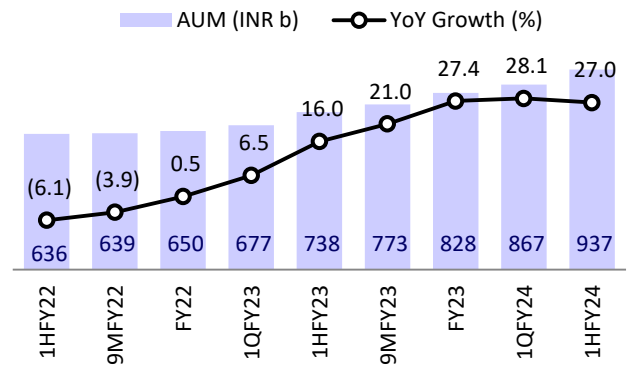
Key exhibits

Exhibit 1: On-book loans grew ~29% YoY



Source: MOFSL, Company

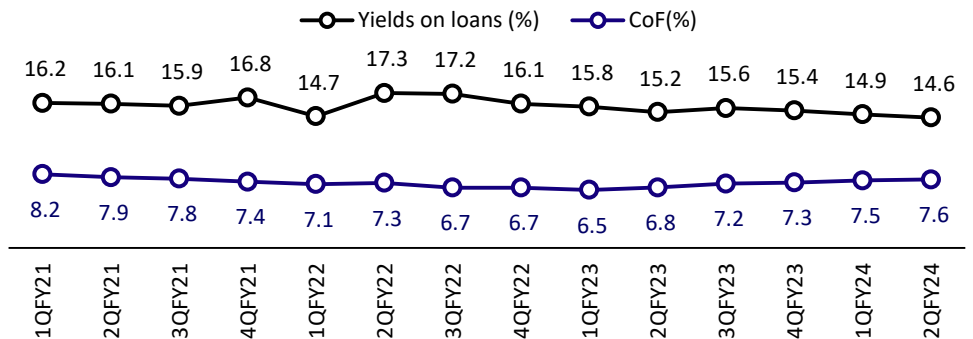
Exhibit 2: Business assets grew ~8% QoQ



Source: MOFSL, Company

Exhibit 3: CoF increased ~10bp sequentially

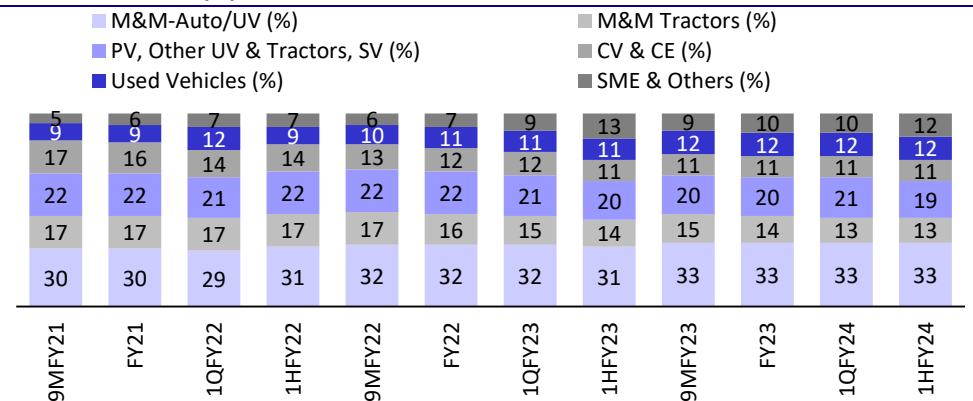
Spreads declined ~45bp QoQ



Source: MOFSL, Company

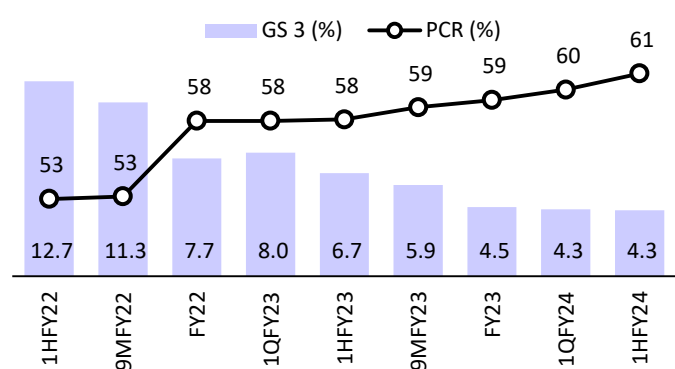
Exhibit 4: AUM mix (%)

Share of cars declined 200bp QoQ to 19%



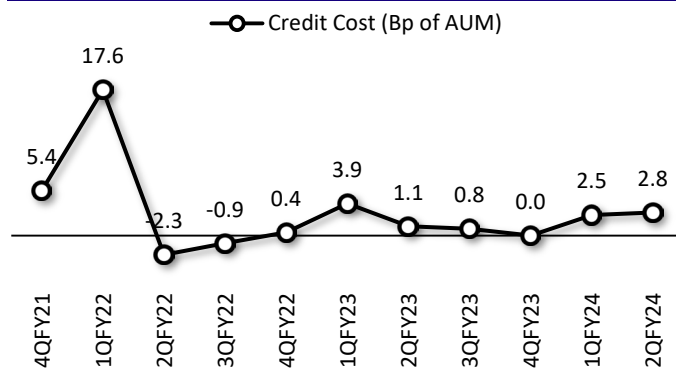
Source: MOFSL, Company

Exhibit 5: GS3 improved by 5bp, PCR increased ~1pp QoQ



Source: MOFSL, Company, GS 3% on total assets

Exhibit 6: Annualized credit costs in 2QFY24 at 2.8%



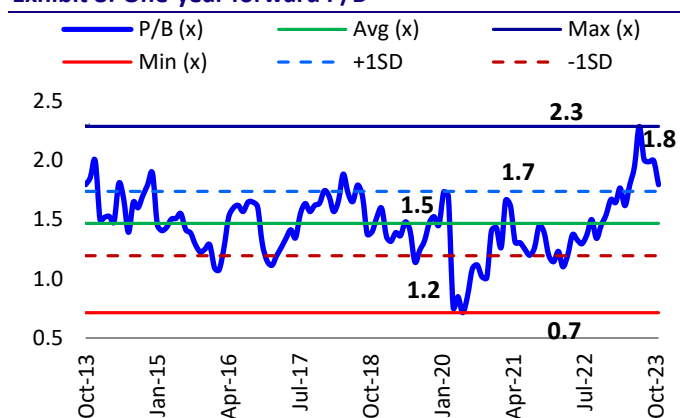
Source: MOFSL, Company

Exhibit 7: We cut our FY24 EPS estimates by ~12% to factor in a higher NIM compression and elevated credit costs.

INR B	Old Est		New Est		% Change	
	FY24	FY25	FY24	FY25	FY24	FY25
NII (incl. Sec. Inc)	72.1	87.8	70.3	85.1	-2.5	-3.1
Other Income	2.1	2.6	2.1	2.6	0.0	0.0
Total Income	74.2	90.4	72.4	87.7	-2.4	-3.0
Operating Expenses	31.4	34.2	30.6	33.4	-2.5	-2.3
Operating Profits	42.8	56.3	41.8	54.3	-2.4	-3.4
Provisions	14.2	18.2	16.5	17.0	15.8	-6.4
PBT	28.6	38.1	25.3	37.3	-11.5	-2.0
Tax	7.3	9.7	6.4	9.5	-11.5	-2.0
PAT	21.3	28.4	18.8	27.8	-11.5	-2.0
Loans	962	1,123	977	1,152	1.6	2.6
Borrowings	916	1,070	931	1,102	1.6	3.0
Margins	7.6	7.8	7.3	7.4		
Credit Cost	1.6	1.7	1.8	1.5		
RoA on AUM	2.0	2.3	1.8	2.2		
RoE	12.5	15.2	11.1	15.1		

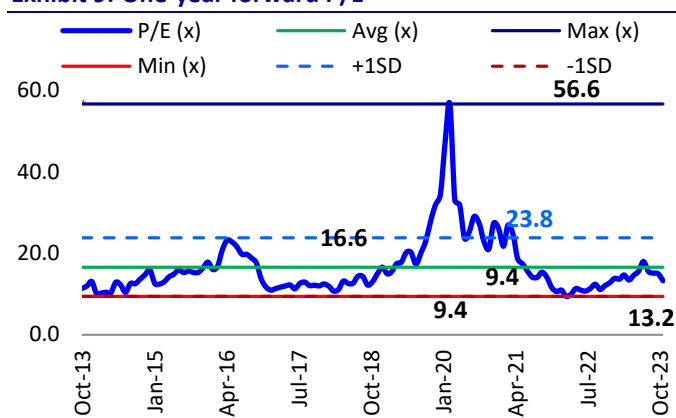
Source: MOFSL, Company

Exhibit 8: One-year forward P/B



Source: MOFSL, Company

Exhibit 9: One-year forward P/E



Source: MOFSL, Company

Financials and valuations

Income Statement									INR m
Y/E March	FY18	FY19	FY20	FY21	FY22	FY23	FY24E	FY25E	FY26E
Interest Income	65,842	86,146	99,417	1,02,670	94,756	1,06,826	1,31,994	1,61,288	1,88,461
Interest Expended	30,816	39,446	48,287	47,332	39,202	45,767	64,432	79,290	92,242
Net Interest Income	35,025	46,700	51,130	55,338	55,554	61,059	67,562	81,998	96,219
Change (%)	11.0	33.3	9.5	8.2	0.4	9.9	10.7	21.4	17.3
Other Operating Income	493	1,084	1,561	1,283	1,824	2,462	2,709	3,115	3,582
Other Income	517	869	1,473	1,277	608	1,273	2,100	2,625	3,282
Net Income	36,036	48,653	54,164	57,897	57,986	64,794	72,371	87,738	1,03,082
Change (%)	6.6	35.0	11.3	6.9	0.2	11.7	11.7	21.2	17.5
Operating Expenses	14,336	18,476	20,182	16,325	20,734	27,276	30,584	33,396	36,529
Operating Profits	21,700	30,177	33,982	41,573	37,252	37,518	41,787	54,342	66,554
Change (%)	12.5	39.1	12.6	22.3	-10.4	0.7	11.4	30.0	22.5
Provisions	5,681	6,352	20,545	37,348	23,683	9,992	16,501	17,023	19,832
PBT	16,019	23,824	13,438	4,224	13,569	27,526	25,286	37,320	46,722
Tax	5,907	8,254	4,374	873	3,682	7,138	6,448	9,516	11,914
Tax Rate (%)	36.9	34.6	32.5	20.7	27.1	25.9	25.5	25.5	25.5
PAT	10,111	15,571	9,064	3,352	9,888	19,843	18,838	27,803	34,808
Change (%)	152.6	54.0	-41.8	-63.0	195.0	100.7	-5.1	47.6	25.2
Proposed Dividend (Incl Tax)	2,938	4,779	0	986	4,439	7,402	7,064	9,731	12,183

Balance Sheet									INR m
Y/E March	FY18	FY19	FY20	FY21	FY22	FY23	FY24E	FY25E	FY26E
Equity Share Capital	1,229	1,230	1,231	2,464	2,466	2,467	2,467	2,467	2,467
Reserves & Surplus (Ex OCI)	92,052	1,03,072	1,12,408	1,43,666	1,49,376	1,61,020	1,72,794	1,90,866	2,13,491
Net Worth	93,281	1,04,221	1,13,558	1,46,049	1,51,761	1,63,488	1,75,261	1,93,333	2,15,958
Other Comprehensive Income	0	81	81	81	81	81	81	81	81
Net Worth	93,281	1,04,302	1,13,639	1,46,130	1,51,842	1,63,568	1,75,342	1,93,414	2,16,039
Change (%)	41.1	11.8	9.0	28.6	3.9	7.7	7.2	10.3	11.7
Borrowings	4,00,932	5,28,469	5,94,623	5,85,767	5,58,139	7,49,459	9,30,653	11,02,418	12,62,767
Change (%)	13.7	31.8	12.5	-1.5	-4.7	34.3	24.2	18.5	14.5
Other liabilities	33,715	38,009	32,451	38,469	42,906	49,219	54,634	60,643	67,314
Total Liabilities	5,27,927	6,70,780	7,40,712	7,70,365	7,52,887	9,62,166	11,60,548	13,56,394	15,46,039
Investments	27,341	37,917	59,110	1,16,073	84,403	99,886	1,13,870	1,27,535	1,42,839
Change (%)	37.8	38.7	55.9	96.4	-27.3	18.3	14.0	12.0	12.0
Loans and Advances	4,85,470	6,12,496	6,49,935	5,99,474	6,04,446	7,94,547	9,77,186	11,52,027	13,19,592
Change (%)	19.6	26.2	6.1	-7.8	0.8	31.5	23.0	17.9	14.5
Other assets	15,116	20,367	31,668	54,818	64,038	67,732	69,492	76,833	83,609
Total Assets	5,27,927	6,70,780	7,40,712	7,70,365	7,52,887	9,62,165	11,60,548	13,56,394	15,46,039

E: MOFSL Estimates

Financials and valuations

Ratios	(%)								
Y/E March	FY18	FY19	FY20	FY21	FY22	FY23	FY24E	FY25E	FY26E
Spreads Analysis (%)									
Yield on Portfolio	14.8	15.7	15.8	16.4	15.7	15.3	14.9	15.2	15.3
Cost of Borrowings	8.2	8.5	8.6	8.0	6.9	7.0	8.0	8.0	8.0
Interest Spread	6.6	7.2	7.2	8.4	8.9	8.3	6.9	7.2	7.3
Net Interest Margin	7.3	8.1	7.8	8.3	8.6	8.3	7.3	7.4	7.5
Profitability Ratios (%)									
Cost/Income	39.8	38.0	37.3	28.2	35.8	42.1	42.3	38.1	35.4
Empl. Cost/Op. Exps.	58.1	59.0	56.9	62.2	56.5	58.1	59.1	60.6	62.0
RoE	12.7	15.8	8.3	2.6	6.6	12.6	11.1	15.1	17.0
RoA	2.1	2.6	1.3	0.4	1.3	2.3	1.8	2.2	2.4
Asset Quality (%)									
GNPA	50,270	40,706	57,467	57,857	49,760	37,168	37,424	40,845	48,977
NNPA	33,109	32,907	39,665	24,339	20,860	15,071	14,970	15,930	19,101
GNPA %	9.8	6.4	8.4	9.0	7.7	4.5	3.7	3.4	3.6
NNPA %	6.6	5.3	6.0	4.1	3.5	1.9	1.5	1.4	1.4
PCR %	34.1	19.2	31.0	57.9	58.1	59.5	60.0	61.0	61.0
Total Provisions/loans %	6.7	3.4	4.9	7.4	7.5	4.7	4.1	3.8	3.9
Capitalisation (%)									
CAR	22.7	20.3	19.6	26.0	27.8	22.5	18.6	17.1	16.5
Tier I	17.0	15.5	15.4	22.2	24.3	19.9	16.7	15.7	15.4
Tier II	5.7	4.8	4.2	3.8	3.5	2.7	1.9	1.4	1.1
Average Leverage on Assets (x)	6.1	6.1	6.5	5.8	5.1	5.4	6.3	6.8	7.1
Valuation									
Book Value (INR)	152	169	185	119	123	133	142	157	175
BV Growth (%)	29.7	11.7	8.9	-35.8	3.8	7.7	7.2	10.3	11.7
Price-BV (x)	1.8	1.6	1.5	2.3	2.3	2.1	1.9	1.8	1.6
Adjusted BV (INR)	114	132	136	104	110	123	134	148	164
Price-ABV (x)	2.4	2.1	2.0	2.7	2.5	2.2	2.1	1.9	1.7
OPS (INR)	35.3	49.1	55.2	33.7	30.2	30.4	33.9	44.1	54.0
OPS Growth (%)	3.4	39.0	12.5	-38.9	-10.5	0.7	11.4	30.0	22.5
Price-OP (x)	7.8	5.6	5.0	8.2	9.2	9.1	8.2	6.3	5.1
EPS (INR)	16.5	25.3	14.7	2.7	8.0	16.1	15.3	22.5	28.2
EPS Growth (%)	132.3	53.9	-41.8	-81.5	194.8	100.6	-5.1	47.6	25.2
Price-Earnings (x)	16.8	10.9	18.8	101.8	34.5	17.2	18.1	12.3	9.8
Dividend	4.0	6.5	0.0	0.8	3.6	6.0	5.7	7.9	9.9
Dividend Yield (%)	1.4	2.3	0.0	0.3	1.3	2.2	2.1	2.8	3.6

E: MOFSL Estimates

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

Explanation of Investment Rating	
Investment Rating	Expected return (over 12-month)
BUY	>=15%
SELL	< - 10%
NEUTRAL	< - 10 % to 15%
UNDER REVIEW	Rating may undergo a change
NOT RATED	We have forward looking estimates for the stock but we refrain from assigning recommendation

*In case the recommendation given by the Research Analyst is inconsistent with the investment rating legend for a continuous period of 30 days, the Research Analyst shall be within following 30 days take appropriate measures to make the recommendation consistent with the investment rating legend.

Disclosures

The following Disclosures are being made in compliance with the SEBI Research Analyst Regulations 2014 (herein after referred to as the Regulations).

Motilal Oswal Financial Services Ltd. (MOFSL) is a SEBI Registered Research Analyst having registration no. INH000000412. MOFSL, the Research Entity (RE) as defined in the Regulations, is engaged in the business of providing Stock broking services, Depository participant services & distribution of various financial products. MOFSL is a listed public company, the details in respect of which are available on www.motilaloswal.com. MOFSL (erstwhile Motilal Oswal Securities Limited - MOSL) is registered with the Securities & Exchange Board of India (SEBI) and is a registered Trading Member with National Stock Exchange of India Ltd. (NSE) and Bombay Stock Exchange Limited (BSE), Multi Commodity Exchange of India Limited (MCX) and National Commodity & Derivatives Exchange Limited (NCDEX) for its stock broking activities & is Depository participant with Central Depository Services Limited (CDSL) National Securities Depository Limited (NSDL), NERL, COMRIS and CCRL and is member of Association of Mutual Funds of India (AMFI) for distribution of financial products and Insurance Regulatory & Development Authority of India (IRDA) as Corporate Agent for insurance products. Details of associate entities of Motilal Oswal Financial Services Limited are available on the website at <http://online.reports.motilaloswal.com/Dormant/documents/List%20of%20Associate%20companies.pdf>

MOFSL and its associate company(ies), their directors and Research Analyst and their relatives may; (a) from time to time, have a long or short position in, act as principal in, and buy or sell the securities or derivatives thereof of companies mentioned herein. (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 company(ies) discussed herein or act as an advisor or lender/borrower to such company(ies) or may have any other potential conflict of interests with respect to any recommendation and other related information and opinions.; however the same shall have no bearing whatsoever on the specific recommendations made by the analyst(s), as the recommendations made by the analyst(s) are completely independent of the views of the associates of MOFSL even though there might exist an inherent conflict of interest in some of the stocks mentioned in the research report.

MOFSL and / or its affiliates do and seek to do business including investment banking with companies covered in its research reports. As a result, the recipients of this report should be aware that MOFSL may have a potential conflict of interest that may affect the objectivity of this report. Compensation of Research Analysts is not based on any specific merchant banking, investment banking or brokerage service transactions. Details of pending Enquiry Proceedings of Motilal Oswal Financial Services Limited are available on the website at <https://galaxy.motilaloswal.com/ResearchAnalyst/PublishViewLitigation.aspx>

A graph of daily closing prices of securities is available at www.nseindia.com, www.bseindia.com. Research Analyst views on Subject Company may vary based on Fundamental research and Technical Research. Proprietary trading desk of MOFSL or its associates maintains arm's length distance with Research Team as all the activities are segregated from MOFSL research activity and therefore it can have an independent view with regards to Subject Company for which Research Team have expressed their views.

Regional Disclosures (outside India)

This report is not directed or intended for distribution to or use by any person or entity resident in a state, country or any jurisdiction, where such distribution, publication, availability or use would be contrary to law, regulation or which would subject MOFSL & its group companies to registration or licensing requirements within such jurisdictions.

For Hong Kong:

This report is distributed in Hong Kong by Motilal Oswal capital Markets (Hong Kong) Private Limited, a licensed corporation (CE AYY-301) licensed and regulated by the Hong Kong Securities and Futures Commission (SFC) pursuant to the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong) "SFO". As per SEBI (Research Analyst Regulations) 2014 Motilal Oswal Securities (SEBI Reg. No. INH000000412) has an agreement with Motilal Oswal capital Markets (Hong Kong) Private Limited for distribution of research report in Hong Kong. This report is intended for distribution only to "Professional Investors" as defined in Part I of Schedule 1 to SFO. Any investment or investment activity to which this document relates is only available to professional investor and will be engaged only with professional investors." Nothing here is an offer or solicitation of these securities, products and services in any jurisdiction where their offer or sale is not qualified or exempt from registration. The Indian Analyst(s) who compile this report is/are not located in Hong Kong & are not conducting Research Analysis in Hong Kong.

For U.S.

Motilal Oswal Financial Services Limited (MOFSL) is not a registered broker - dealer under the U.S. Securities Exchange Act of 1934, as amended (the "1934 act") and under applicable state laws in the United States. In addition MOFSL is not a registered investment adviser under the U.S. Investment Advisers Act of 1940, as amended (the "Advisers Act") and together with the 1934 Act, the "Acts), and under applicable state laws in the United States. Accordingly, in the absence of specific exemption under the Acts, any brokerage and investment services provided by MOFSL, including the products and services described herein are not available to or intended for U.S. persons. This report is intended for distribution only to "Major Institutional Investors" as defined by Rule 15a-6(b)(4) of the Exchange Act and interpretations thereof by SEC (henceforth referred to as "major institutional investors"). This document must not be acted on or relied on by persons who are not major institutional investors. Any investment or investment activity to which this document relates is only available to major institutional investors and will be engaged in only with major institutional investors. In reliance on the exemption from registration provided by Rule 15a-6 of the U.S. Securities Exchange Act of 1934, as amended (the "Exchange Act") and interpretations thereof by the U.S. Securities and Exchange Commission ("SEC") in order to conduct business with Institutional Investors based in the U.S., MOFSL has entered into a chaperoning agreement with a U.S. registered broker-dealer, Motilal Oswal Securities International Private Limited. ("MOSIPL"). Any business interaction pursuant to this report will have to be executed within the provisions of this chaperoning agreement.

The Research Analysts contributing to the report may not be registered /qualified as research analyst with FINRA. Such research analyst may not be associated persons of the U.S. registered broker-dealer, MOSIPL, and therefore, may not be subject to NASD rule 2711 and NYSE Rule 472 restrictions on communication with a subject company, public appearances and trading securities held by a research analyst account.

For Singapore

In Singapore, this report is being distributed by Motilal Oswal Capital Markets Singapore Pte Ltd ("MOCMSPL") (Co. Reg. NO. 201129401Z) which is a holder of a capital markets services license and an exempt financial adviser in Singapore. As per the approved agreement under Paragraph 9 of Third Schedule of Securities and Futures Act (CAP 289) and Paragraph 11 of First Schedule of Financial Advisors Act (CAP 110) provided to MOCMSPL by Monetary Authority of Singapore. Persons in Singapore should contact MOCMSPL in respect of any matter arising from, or in connection with this report/publication/communication. This report is distributed solely to persons who qualify as "Institutional Investors", of which some of whom may consist of "accredited" institutional investors as defined in section 4A(1) of the Securities and Futures Act, Chapter 289 of Singapore ("the SFA"). Accordingly, if a Singapore person is not or ceases to be such an institutional investor, such Singapore Person must immediately discontinue any use of this Report and inform MOCMSPL.

Specific Disclosures

- 1 MOFSL, Research Analyst and/or his relatives does not have financial interest in the subject company, as they do not have equity holdings in the subject company.
- 2 MOFSL, Research Analyst and/or his relatives do not have actual/beneficial ownership of 1% or more securities in the subject company
- 3 MOFSL, Research Analyst and/or his relatives have not received compensation/other benefits from the subject company in the past 12 months
- 4 MOFSL, Research Analyst and/or his relatives do not have material conflict of interest in the subject company at the time of publication of research report
- 5 Research Analyst has not served as director/officer/employee in the subject company
- 6 MOFSL has not acted as a manager or co-manager of public offering of securities of the subject company in past 12 months
- 7 MOFSL has not received compensation for investment banking/ merchant banking/brokerage services from the subject company in the past 12 months
- 8 MOFSL has not received compensation for other than investment banking/merchant banking/brokerage services from the subject company in the past 12 months
- 9 MOFSL has not received any compensation or other benefits from third party in connection with the research report
- 10 MOFSL has not engaged in market making activity for the subject company

The associates of MOFSL may have:

- financial interest in the subject company
- actual/beneficial ownership of 1% or more securities in the subject company at the end of the month immediately preceding the date of publication of the Research Report or date of the public appearance.
- received compensation/other benefits from the subject company in the past 12 months
- any other potential conflict of interests with respect to any recommendation and other related information and opinions.; however the same shall have no bearing whatsoever on the specific recommendations made by the analyst(s), as the recommendations made by the analyst(s) are completely independent of the views of the associates of MOFSL even though there might exist an inherent conflict of interest in some of the stocks mentioned in the research report.
- acted as a manager or co-manager of public offering of securities of the subject company in past 12 months
- 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 act as an advisor or lender/borrower to such company(ies)
- received compensation from the subject company in the past 12 months for investment banking / merchant banking / brokerage services or from other than said services.
- Served subject company as its clients during twelve months preceding the date of distribution of the research report.

The associates of MOFSL has not received any compensation or other benefits from third party in connection with the research report

Above disclosures include beneficial holdings lying in demat account of MOFSL which are opened for proprietary investments only. While calculating beneficial holdings, It does not consider demat accounts which are opened in name of MOFSL for other purposes (i.e holding client securities, collaterals, error trades etc.). MOFSL also earns DP income from clients which are not considered in above disclosures.

Analyst Certification

The views expressed in this research report accurately reflect the personal views of the analyst(s) about the subject securities or issues, and no part of the compensation of the research analyst(s) was, is, or will be directly or indirectly related to the specific recommendations and views expressed by research analyst(s) in this report.

Terms & Conditions:

This report has been prepared by MOFSL and is meant for sole use by the recipient and not for circulation. The report and information contained herein is strictly confidential 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 MOFSL. The report is based on the facts, figures and information that are considered true, correct, reliable and accurate. The intent of this report is not recommendatory in nature. The information is obtained from publicly available media or other sources believed to be reliable. Such information has not been independently verified and no guaranty, representation of warranty, express or implied, is made as to its accuracy, completeness or correctness. All such information and opinions are subject to change without notice. The report is prepared solely for informational purpose and does not constitute an offer document or solicitation of offer to buy or sell or subscribe for securities or other financial instruments for the clients. Though disseminated to all the customers simultaneously, not all customers may receive this report at the same time. MOFSL will not treat recipients as customers by virtue of their receiving this report.

Disclaimer:

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. This report and information herein is solely for informational purpose and may 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. 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. Each recipient of this document should make such investigations 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 its own advisors to determine the merits and risks of such an investment. The investment discussed or views expressed may not be suitable for all investors. Certain transactions -including those involving futures, options, another derivative products as well as non-investment grade securities - involve substantial risk and are not suitable for all investors. No representation or warranty, express or implied, is made as to the accuracy, completeness or fairness of the information and opinions contained in this document. The Disclosures of Interest Statement incorporated in this document is provided solely to enhance the transparency and should not be treated as endorsement of the views expressed in the report. This information is subject to change without any prior notice. The Company reserves the right to make modifications and alternations to this statement as may be required from time to time without any prior approval. MOFSL, its associates, their directors and the employees may from time to time, effect or have effected an own account transaction in, or deal as principal or agent in or for the securities mentioned in this document. They may perform or seek to perform investment banking or other services for, or solicit investment banking or other business from, any company referred to in this report. Each of these entities functions as a separate, distinct and independent of each other. The recipient should take this into account before interpreting the document. This report has been prepared on the basis of information that is already available in publicly accessible media or developed through analysis of MOFSL. The views expressed are those of the analyst, and the Company may or may not subscribe to all the views expressed therein. This document is being supplied to you solely for your information and may not be reproduced, redistributed or passed on, directly or indirectly, 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 MOFSL 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. Neither the Firm, nor its directors, employees, agents or representatives shall be liable for any damages whether direct or indirect, incidental, special or consequential including lost revenue or lost profits that may arise from or in connection with the use of the information. The person accessing this information specifically agrees to exempt MOFSL or any of its affiliates or employees from, any and all responsibility/liability arising from such misuse and agrees not to hold MOFSL or any of its affiliates or employees responsible for any such misuse and further agrees to hold MOFSL or any of its affiliates or employees free and harmless from all losses, costs, damages, expenses that may be suffered by the person accessing this information due to any errors and delays.

This report is meant for the clients of Motilal Oswal only.

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.

Registered Office Address: Motilal Oswal Tower, Rahimtullah Sayani Road, Opposite Parel ST Depot, Prabhadevi, Mumbai-400025; Tel No.: 022 - 71934200 / 71934263;

www.motilaloswal.com. Correspondence Address: Palm Spring Centre, 2nd Floor, Palm Court Complex, New Link Road, Malad (West), Mumbai- 400 064. Tel No: 022 71881000.

Details of Compliance Officer: Neeraj Agarwal, Email Id: na@motilaloswal.com, Contact No.:022-40548085.

Grievance Redressal Cell:

Contact Person	Contact No.	Email ID
Ms. Hemangi Date	022 40548000 / 022 67490600	query@motilaloswal.com
Ms. Kumud Upadhyay	022 40548082	servicehead@motilaloswal.com
Mr. Ajay Menon	022 40548083	am@motilaloswal.com

Registration details of group entities.: Motilal Oswal Financial Services Ltd. (MOFSL): INZ000158836 (BSE/NSE/MCX/NCDEX); CDSL and NSDL: IN-DP-16-2015; Research Analyst: INH000000412 . AMFI: ARN : 146822. IRDA Corporate Agent – CA0579. Motilal Oswal Financial Services Ltd. is a distributor of Mutual Funds, PMS, Fixed Deposit, Insurance, Bond, NCDs and IPO products.

Customer having any query/feedback/ clarification may write to query@motilaloswal.com. In case of grievances for any of the services rendered by Motilal Oswal Financial Services Limited (MOFSL) write to grievances@motilaloswal.com, for DP to dpgrievances@motilaloswal.com.