

Manappuram Finance

Estimate change

TP change

Rating change



Bloomberg	MGFL IN
Equity Shares (m)	846
M.Cap.(INRb)/(USD\$)	124 / 1.5
52-Week Range (INR)	148 / 91
1, 6, 12 Rel. Per (%)	10/19/26
12M Avg Val (INR M)	1095

Financials & Valuations (INR b)

Y/E March	FY23	FY24E	FY25E
NII	42.5	55.4	65.4
PPP	23.5	32.6	38.3
PAT	15.0	21.4	24.6
EPS (INR)	17.7	25.3	29.1
EPS Gr. (%)	12.9	42.9	14.8
BV/Sh.(INR)	114	136	161

Ratios

NIM (%)	13.5	14.6	14.5
C/I ratio (%)	48.5	44.4	44.3
RoA (%)	4.1	4.9	4.8
RoE (%)	16.7	20.3	19.6
Payout (%)	16.9	14.3	13.5

Valuations

P/E (x)	8.3	5.8	5.1
P/BV (x)	1.3	1.1	0.9
Div. Yld. (%)	2.0	2.5	2.7

Shareholding pattern (%)

As On	Jun-23	Mar-23	Jun-22
Promoter	35.2	35.2	35.2
DII	10.7	13.5	13.5
FII	30.7	30.2	28.9
Others	23.4	21.1	22.4

FII Includes depository receipts

CMP: INR147

TP: INR180 (+23%)

Buy

NIM expansion and higher other income drive earnings beat

Second consecutive quarter of healthy gold loan growth

- Manappuram Finance (MGFL)'s 1QFY24 consolidated PAT jumped 77% YoY to ~INR5b aided by NIM expansion and higher other income. NII grew 35% YoY to ~INR12.9b and PPOP rose ~58% YoY to ~INR8b. Annualized credit costs rose to 1.3% (PQ: 0.6%; PY: 1.7%) mainly due to higher credit costs in the MFI business.
- The company reported a ~4% QoQ growth in gold AUM to ~INR206b and we believe that this growth trajectory will sustain in the near term.
- Gold loan yields in 1QFY24 improved to ~21.6% (PQ: 21.0%). Consolidated NIM expanded ~90bp QoQ to 14.8% despite a ~60bp QoQ increase in borrowing costs. We model an improvement in gold loan yields for the next two quarters and stabilization thereafter.
- To mitigate the cyclicity in gold loan segment, MGFL has been actively diversifying into non-gold segments with the share of non-gold products in the company's AUM mix at 44% (PY: 33%). We believe MGFL should tread carefully in the non-gold segments as it is yet to exhibit any clear 'right to win' in these segments.
- We raise our FY24E/FY25E EPS by ~9%/8% to factor in stronger growth in the non-gold segments and higher NIM. We estimate an 11%/20% AUM CAGR in gold/consolidated book, over FY23-25. We model a consolidated PAT CAGR of ~29% over the same period to arrive at a consolidated RoA/RoE of ~4.8%/20% in FY25. **Reiterate BUY with a TP of INR180 (based on 1.1x FY25E consolidated BVPS).**

Gold AUM growth at 4% QoQ but growth in customer base still muted

- Gold AUM grew ~4% QoQ and was flat YoY at ~INR206b. Despite the rise in the Gold AUM, the gold tonnage declined ~1% QoQ to ~59.3t (PQ: ~60.1t).
- LTV in Gold loans increased ~4pp QoQ to 64%, while the average ticket size in gold loans rose to INR58.8k (PQ: INR57.5k). Gold loan customer base was stable at 2.3m during the quarter.

Highlights from the management commentary

- MGFL guided for gold loan yields between 21% and 22% and gold loan growth of 10-12% (via new customer acquisitions and rise in ticket sizes).
- Asirvad had slowed down its disbursements for 30-45 days. There was some sluggishness in 1QFY24 since the company initially had some concerns around funding availability, but the disbursements have now recovered.
- Management guided for Asirvad AUM growth of 30-35% in FY24. The company is evaluating various options to raise the growth capital in Asirvad MFI. MGFL does not plan to sell any stake but it is still deliberating whether to go for an IPO or raise equity capital from a private equity investor.

Asset quality deteriorates across non-gold loan products

- MFI AUM grew 45% YoY but was flat QoQ at ~INR101.4b. Annualized credit costs for Asirvad MFI rose to 3.8% (PQ: 2.6%) in 1QFY24 driven by write-offs of INR570m in MFI business. GS3 for Asirvad increased ~20bp QoQ to 2.9%.
- Vehicle Finance AUM grew 60% YoY to ~INR28b. GS3 in this segment rose to 2.9% (PQ: 2.7%).
- AUM in MSME and allied segments jumped ~117% YoY to ~INR23.6b. MSME/ personal loan products are being sold across 48+ branches. GS3 rose to ~1.8% during the quarter (PQ: ~1.5%).

Valuation and view

- Management has demonstrated that it will not pursue loan growth at the cost of a compression in spreads and this we believe will continue to be a driver for higher profitability. MGFL trades at 0.9x FY25E P/BV and we believe that there is a scope for a re-rating in valuation multiples for a franchise that can deliver an RoE of 20%. Risk-reward for MGFL is still favorable and **we maintain our BUY rating with a TP of INR180 (based on 1.1x FY25E consolidated BVPS).**
- For a stronger re-rating in the valuation multiples based on business fundamentals, it will have to demonstrate the sustainability of decent gold loan growth without the associated trade-offs with margin/spreads.
- We now believe that MGFL will be able to demonstrate the guided recovery in gold loan yields to ~22% and deliver a healthy gold loan growth of ~12% (which will be aided by higher gold prices as well). This will give credence to the management attribution of gold loan growth to: a) lesser aggression from banks and b) return of the core gold NBFC customers to the gold-lending fold.

Quarterly Performance (Consolidated, INR m)

Y/E March	FY23				FY24E				FY23	FY24E	1Q FY24E	Act v/s Est. (%)
	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4Q				
Interest Income	14,612	16,078	16,574	17,141	19,363	20,428	21,592	22,867	64,404	84,250	18,769	3
Interest Expenses	5,046	5,284	5,657	5,891	6,484	6,938	7,493	7,914	21,878	28,829	6,362	2
Net Interest Income	9,566	10,795	10,917	11,250	12,879	13,490	14,099	14,953	42,526	55,421	12,407	4
YoY Growth (%)	-7.0	9.4	19.3	25.2	34.6	25.0	29.2	32.9	11.1	30.3	29.7	
Other income	416	1,063	772	845	1,209	769	739	484	3,095	3,201	533	127
Net Income	9,981	11,858	11,688	12,095	14,088	14,259	14,838	15,437	45,622	58,622	12,939	9
Operating Expenses	4,890	5,525	5,769	5,955	6,068	6,299	6,577	7,099	22,140	26,042	6,074	0
Operating Profits	5,091	6,333	5,919	6,139	8,020	7,960	8,262	8,337	23,482	32,579	6,865	17
YoY Growth (%)	-28.2	5.1	30.7	21.5	57.5	25.7	39.6	35.8	3.5	38.7	34.8	
Provisions	1,283	805	509	474	1,212	823	774	716	3,071	3,525	771	57
PBT	3,808	5,527	5,410	5,666	6,808	7,137	7,487	7,622	20,410	29,055	6,094	12
Tax Provisions	989	1,433	1,475	1,513	1,828	1,891	1,947	1,946	5,409	7,612	1,615	13
PAT	2,819	4,095	3,935	4,153	4,980	5,246	5,541	5,676	15,002	21,442	4,479	11
YoY Growth (%)	-35.5	10.7	50.8	59.1	76.7	28.1	40.8	36.7	12.9	42.9	58.9	
Key Ratios (%)												
Yield on loans	20.0	21.9	22.3	21.2	22.3	22.5	22.6	22.7	20.4	22.2		
Cost of funds (Cal)	8.4	8.3	8.4	8.5	9.1	9.4	9.6	9.7	8.3	9.1		
Spreads (Cal)	11.6	13.6	13.9	12.7	13.2	13.1	13.0	12.9	12.1	13.1		
NIMs (Cal)	13.1	14.7	14.7	13.9	14.8	14.9	14.8	14.8	13.5	14.6		
C/I ratio	49.0	46.6	49.4	49.2	43.1	44.2	44.3	46.0	48.5	44.4		
Credit Cost	1.7	1.0	0.65	0.6	1.3	0.9	0.78	0.7	1.0	0.9		
Tax Rate	26.0	25.9	27.3	26.7	26.9	26.5	26.0	25.5	26.5	26.2		
Balance Sheet Parameters												
Consol. AUM (INR b)	308	307	319	355	371	386	408	433				
Change YoY (%)	24.3	7.9	4.9	17.2	20.6	25.9	27.9	22.2				
Gold loans (INR b)	205	192	186	197	206	210	215	221				
Change YoY (%)	23.8	2.5	-9.0	-2.1	0.6	9.3	15.3	12.0				
Gold stock (tonnes)	67	63	60	60	59							
Gold loans/branch (INR m)	53	49	47	50	51							
Consol. Borrowings (INR b)	240	268	270	285	285	305	318	334				
Change YoY (%)	21.4	6.9	12.2	18.1	19.0	14.0	17.7	17.2				
Borrowings Mix (%)												
Debentures	25.4	25.4	24.9	23.4	20.3							
CPs	0.9	2.5	0.2	0.0	0.0							
WC/CC	31.3	23.1	19.8	22.9	27.0							
TL	30.5	38.5	44.2	52.6	49.5							
ECB	11.9	10.4	10.6	1.1	3.3							
Others	0.0	0.0	0.4	0.0	0.0							
Debt/Equity (x)	1.4	1.5	1.4	3.0	2.8							
Asset Quality Parameters (%)												
GNPL ratio (Standalone)	1.4	2.0	1.6	1.3	1.4							
NNPL ratio (Standalone)	1.3	1.8	1.4	1.1	1.2							
Return Ratios (%)												
RoA (Rep)	3.3	4.6	4.2	4.3	5.0							
RoE (Rep)	13.3	18.6	17.2	17.5	20.1							

E: MOFSL estimates



Highlights from the management commentary

Business update

- MGFL reported a net profit of ~INR4.98b, which grew 77% YoY.
- Consolidated AUM stood at ~INR371b, which grew 4.6% QoQ and ~21% YoY
- Home Loan AUM stood at ~INR12b, +38% YoY.
- Share of non-gold verticals stood at 44% and was in line with the strategic guidance of reaching 50:50 mix between gold and non-gold verticals.
- CP exposure was NIL in the Standalone entity. Standalone CoB rose ~18bp QoQ.
- The Board has declared an interim dividend of INR0.8/share

Guidance

- MGFL guided for gold loan yields between 21% and 22% and gold loan growth of 10-12% (via new customer acquisitions and rise in ticket sizes).
- Standalone CoB has gone up by ~20bp; expect a similar increase in CoB in 2QFY24 as well.
- Guided for Asirvad AUM growth of 30-35% in FY24.
- The company is evaluating various options for raising growth capital in Asirvad MFI. Promoter does not plan to sell any stake but it is still deliberating whether to go for an IPO or raise equity capital from a private equity investor.
- Guided for consolidated RoA of ~5%

Gold loans

- Gold AUM at ~INR206b (grew 4.3% QoQ and flat YoY)
- MGFL added 446K new gold loan customers; the company is adding 5,000-5,300 customers every day and it is seeing an improvement in customer acquisition trajectory.
- ~90% of the gold loan portfolio has yields above ~12%.
- Bank customer profile for gold loans is different from NBFCs. Size of gold loans in Banks will be 3x that of NBFCs.
- Gold loan average tenor is at 90-100 days - there is no significant change in the tenor.
- Gold auctions in 1QFY24 were relatively lower at INR140m
- Gold loan disbursements stood at ~INR390b (across 5.05m accounts)

Gold loan Ticket Size (INR)	% mix
<INR50K	26%
INR50K-100K	17%
>INR100K	57%
Total	100%

Borrowing costs

- Incremental CoB in the standalone business was between 8.7% and 8.75%
- Consol. CoF increased ~65bp QoQ to 8.9% in 1QFY24. The rise in CoF was mainly on account of ~50bp QoQ increase in CoF of MFI segment while standalone CoF rose ~20bp

Asirvad MFI

- Asirvad MFI reported a 1QFY24 PAT of ~INR1.11b; share of Micro Finance in the overall profit pie will keep improving;
- AUM of Asirvad MFI stood at INR101.4b (including Gold loan AUM of ~INR7.9b). Collection efficiency stood at ~102%. CRAR improved to ~22.6%
- There were write-offs of ~INR570m in the MFI book which led to higher credit costs in 1QFY24. However, credit costs will remain within guided levels of 2.0-2.5% for FY24.
- Consolidated CoB has increased ~60bp because of the increase in the CoB at Asirvad MFI. Interest rates on a few of the bank lines were reset during the quarter and two-year term loans are coming at ~10%.
- Incremental CoB in Asirvad is at 9.75%-10.0%
- Yields stood at ~25% in the Micro Finance business
- Asirvad had slowed down its disbursements for 30-45 days. There was some sluggishness in 1QFY24 since the company initially had some concerns around funding availability, but the disbursements have now recovered.

ED investigation

- FIR has been quashed. As per the law, even the secondary investigation should also be stopped subsequently. Expecting that the secondary investigation will also be quashed within the next 10 days.

The RBI Show Cause Notice

- This show cause notice was issued by the RBI on account of the pending auction surplus which has now declined to INR370m (v/s INR530m earlier).
- The company will continue its efforts to identify such customers who have an auction surplus, which need to be refund to them. A large chunk of the customer accounts pertains to pre-2018 and the amounts (to be refunded) are also very small. MGFL is following up with the customers to en-cash their refund cheque.

Vehicle Finance

- AUM of INR28.1b, which grew ~14% QoQ and 60% YoY
- RoA: 2.2% | CE (including arrears): 100% | GNPA: 2.9%

MSME and Allied businesses

- AUM of ~INR24b | RoA: 3.2% | CE: 97% | GNPA: 1.8%

On-lending

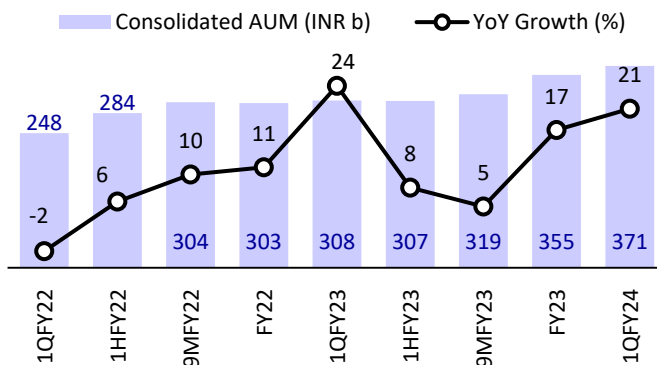
- Disbursals of INR470m during the quarter

Others

- Opex to AUM should directionally decline

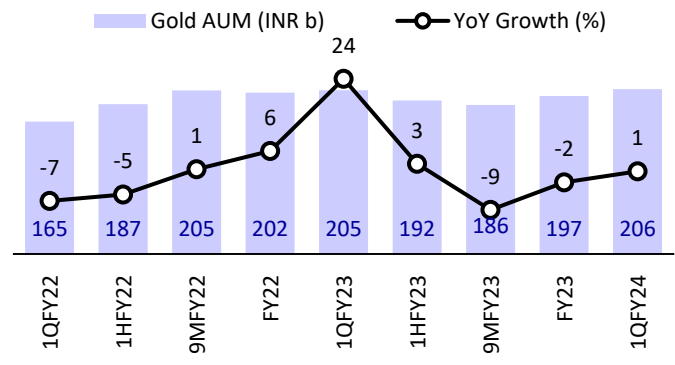
Key Exhibits

Exhibit 1: Consolidated AUM grew 5% QoQ...



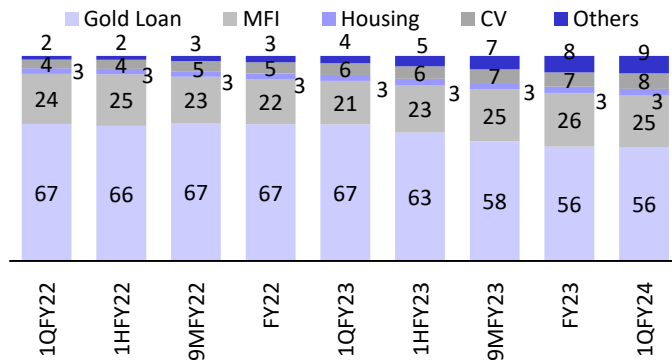
Source: MOFSL, Company

Exhibit 2: ...while Gold AUM grew ~4% QoQ



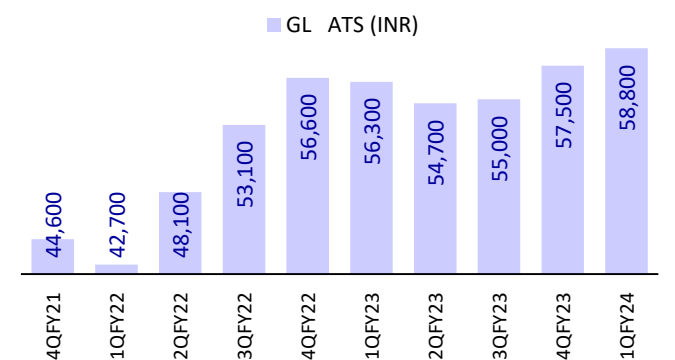
Source: MOFSL, Company

Exhibit 3: Share of non-Gold loans stable QoQ (%)



Source: MOFSL, Company

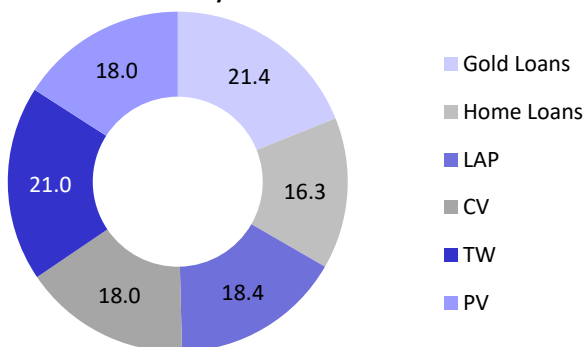
Exhibit 4: ATS in Gold loans increased QoQ to INR58.8k



Source: MOFSL, Company

Exhibit 5: Consol. yield was at ~22% as of 1QFY24

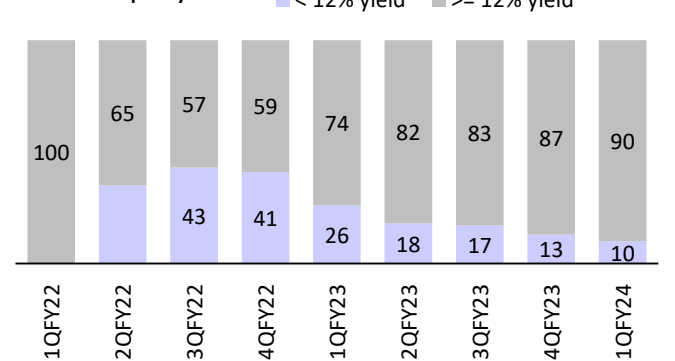
Product-wise yields



Source: MOFSL, Company

Exhibit 6: Gradual decline in loans having <12% yields

Gold AUM split by Yield



Source: MOFSL, Company

Exhibit 7: Gold tonnage declined QoQ

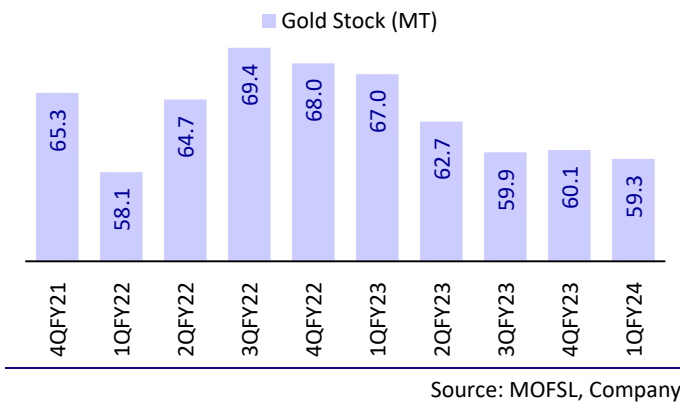


Exhibit 8: Branch productivity improved sequentially

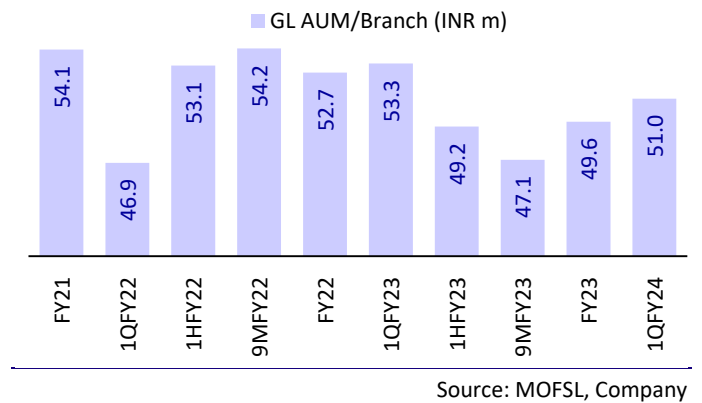


Exhibit 9: Opex grew ~24% YoY, led by employee expenses

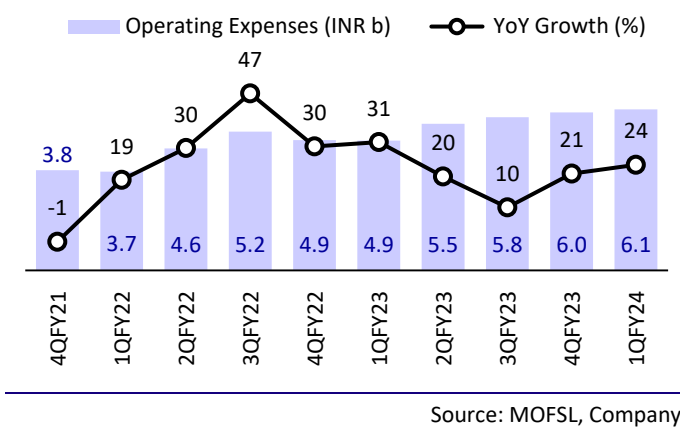


Exhibit 10: Consolidated spreads expanded ~45bp QoQ primarily driven by increase in gold loan yields (%)

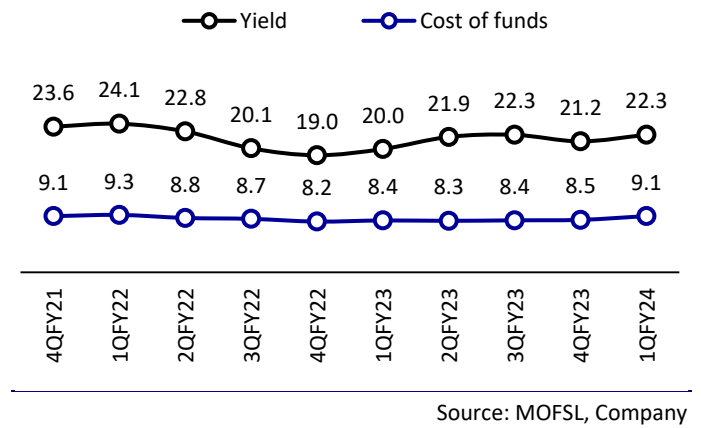


Exhibit 11: Consolidated borrowing mix (%)

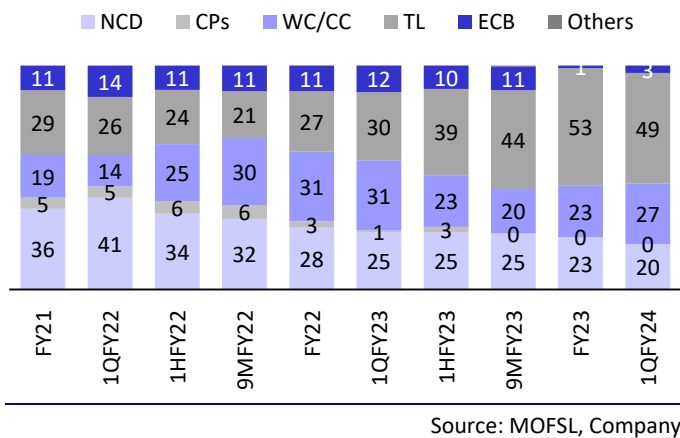
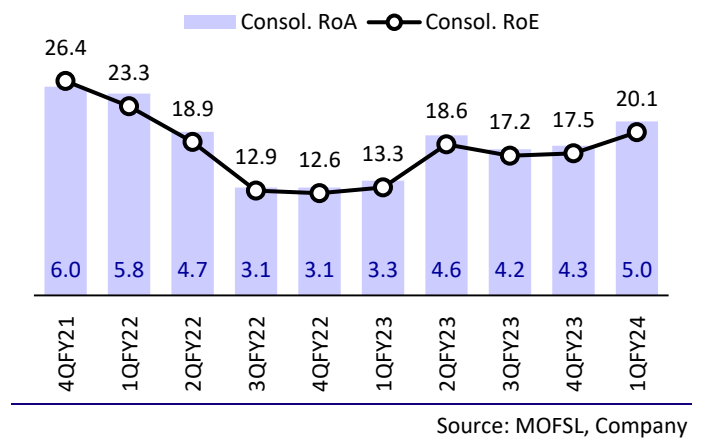


Exhibit 12: Sequential expansion in RoA/RoE (%)



Valuation and view

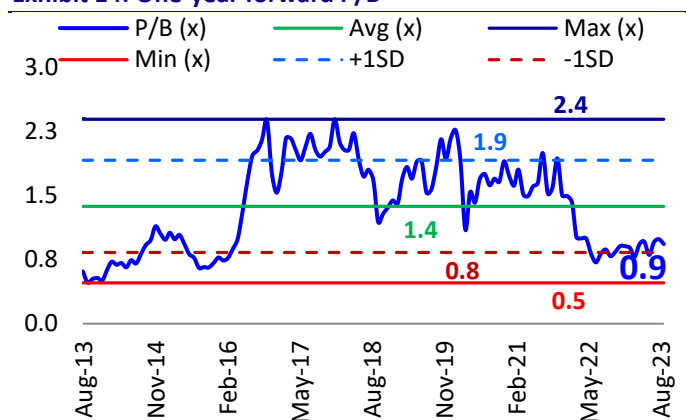
- Management has demonstrated that it will not pursue loan growth at the cost of a compression in spreads and this we believe will continue to be a driver for higher profitability. MGFL trades at 0.9x FY25E P/BV and we believe that there is a scope for a re-rating in valuation multiples for a franchise that can deliver an RoE of 20%. Risk-reward for MGFL is still favorable and **we maintain our BUY rating with a TP of INR180 (based on 1.1x FY25E consolidated BVPS).**
- For a stronger re-rating in the valuation multiples based on business fundamentals, it will have to demonstrate the sustainability of decent gold loan growth without the associated trade-offs with margin/spreads.
- We now believe that MGFL will be able to demonstrate the guided recovery in gold loan yields to ~22% and deliver a healthy gold loan growth of ~12% (which will be aided by higher gold prices as well). This will give credence to the management attribution of gold loan growth to: a) lesser aggression from banks and b) return of the core gold NBFC customers to the gold-lending fold.

Exhibit 13: Increase our FY24E/FY25E EPS by ~9%/8% to factor in higher growth in non-gold segments and expansion in NIM

INR B	Old Est.		New Est.		% Change	
	FY24	FY25	FY24	FY25	FY24	FY25
NII	53.0	62.8	55.4	65.4	4.5	4.3
Other Income	3.0	3.2	3.2	3.4	5.9	8.2
Net Income	56.1	65.9	58.6	68.9	4.6	4.4
Operating Expenses	26.1	30.6	26.0	30.5	-0.2	-0.2
Operating Profits	30.0	35.3	32.6	38.3	8.7	8.5
Provisions	3.4	4.5	3.5	5.0	3.4	10.4
PBT	26.6	30.8	29.1	33.4	9.4	8.2
Tax	7.0	8.1	7.6	8.7	9.4	8.2
PAT	19.6	22.8	21.4	24.6	9.4	8.2
Loans	416	485	416	488	0.1	0.5
Borrowings	346	404	347	407		
RoA (%)	4.5	4.4	4.9	4.8		
RoE (%)	18.7	18.6	20.3	19.6		

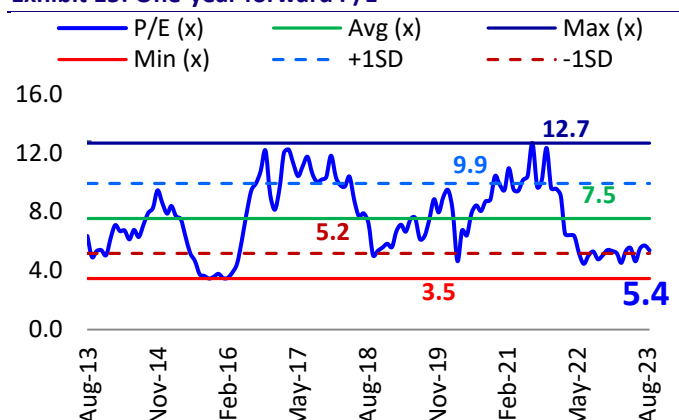
Source: MOFSL, Company

Exhibit 14: One-year forward P/B



Source: MOFSL, Company

Exhibit 15: 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
Interest Income	33,540	40,461	52,805	61,896	58,397	64,404	84,250	100,465
Interest Expense	10,304	13,449	18,322	22,190	20,114	21,878	28,829	35,025
Net Interest Income	23,235	27,012	34,483	39,706	38,284	42,526	55,421	65,440
Change (%)	5.3	16.3	27.7	15.1	-3.6	11.1	30.3	18.1
Other operating income	668	1,334	1,848	1,410	2,213	2,436	2,509	2,710
Total Income	23,903	28,346	36,331	41,116	40,496	44,963	57,929	68,150
Change (%)	7.8	18.6	28.2	13.2	-1.5	11.0	28.8	17.6
Other income	584	625	859	441	653	659	692	727
Net Income	24,487	28,971	37,190	41,557	41,149	45,622	58,622	68,877
Change (%)	9.3	18.3	28.4	11.7	-1.0	10.9	28.5	17.5
Operating Expenses	12,345	13,858	14,741	13,996	18,453	22,140	26,042	30,542
Operating Profits	12,142	15,113	22,449	27,561	22,697	23,482	32,579	38,335
Change (%)	-4.8	24.5	48.5	22.8	-17.6	3.5	38.7	17.7
Provisions	1,773	547	2,376	4,401	4,862	3,071	3,525	4,971
PBT	10,369	14,566	20,073	23,160	17,835	20,410	29,055	33,364
Tax	3,609	5,080	5,270	5,911	4,548	5,409	7,612	8,741
Tax Rate (%)	34.8	34.9	26.3	25.5	25.5	26.5	26.2	26.2
PAT	6,760	9,486	14,803	17,250	13,287	15,002	21,442	24,622
Change (%)	-10.9	40.3	56.1	16.5	-23.0	12.9	42.9	14.8
Dividend (Excl Tax)	1,684	1,812	2,372	1,777	2,539	2,539	3,066	3,324

Balance sheet								
Y/E MARCH	FY18	FY19	FY20	FY21	FY22	FY23	FY24E	FY25E
Equity Share Capital	1,685	1,686	1,690	1,693	1,693	1,693	1,693	1,693
Reserves & Surplus	36,447	43,561	55,771	71,382	81,991	94,756	113,132	134,431
Networth (Post OCI)	38,132	45,247	57,461	73,074	83,683	96,449	114,825	136,123
Non-Controlling Interest	292	459	583	472	161	203	228	253
Borrowings	126,071	152,972	225,735	227,163	241,185	284,830	346,698	406,529
Change (%)	14.7	21.3	47.6	0.6	6.2	18.1	21.7	17.3
Other liabilities	5,802	5,862	11,572	12,669	13,076	13,559	14,915	16,407
Change (%)	-5.2	1.0	97.4	9.5	3.2	3.7	10.0	10.0
Total Liabilities	170,296	204,540	295,351	313,378	338,106	395,041	476,667	559,313
Loans	152,439	178,119	242,971	265,076	289,710	341,945	416,038	487,835
Change (%)	13.7	16.8	36.4	9.1	9.3	18.0	21.7	17.3
Investments	49	1,738	905	3,380	4,207	5,340	5,874	6,462
Change (%)	0.4	3,428.0	-47.9	273.6	24.5	26.9	10.0	10.0
Goodwill	356	356	356	356	356	356	356	356
Net Fixed Assets	2,746	3,319	7,705	8,980	10,295	10,748	11,823	13,006
Other assets	14,707	21,009	43,414	35,586	33,538	36,652	42,576	51,655
Total Assets	170,296	204,540	295,351	313,378	338,106	395,041	476,667	559,313

E: MOSL Estimates

Financials and valuations

Ratios	(%)							
Y/E MARCH	FY18	FY19	FY20	FY21	FY22	FY23	FY24E	FY25E
Spreads Analysis (%)								
Avg Yield on loans	23.4	24.5	25.1	24.4	21.1	20.4	22.2	22.3
Avg Cost of funds	8.7	9.6	9.7	9.8	8.6	8.3	9.1	9.3
Spreads	14.7	14.8	15.4	14.6	12.5	12.1	13.1	13.0
Net Interest Margins	16.2	16.3	16.4	15.6	13.8	13.5	14.6	14.5
Profitability Ratios (%)								
RoAE	18.8	22.8	28.8	26.4	17.0	16.7	20.3	20.0
RoAA	4.2	5.1	5.9	5.7	4.1	4.1	4.9	4.9
Cost to Income	50.4	47.8	39.6	33.7	44.8	48.5	44.4	44.2
Empl. Cost/Op. Exps.	50.7	52.0	56.3	60.2	61.0	66.4	67.7	69.3
Asset Quality								
GNPL (INR m)	695	826	1,677	3,951	6,623	4,445	5,825	6,830
GNPL ratio (%)	0.5	0.5	0.9	1.9	2.9	1.3	1.4	1.4
NNPL (INR m)	427	481	1,092	2,092	5,674	2,889	3,786	4,439
NNPL ratio (%)	0.3	0.3	0.6	0.8	2.0	1.1	0.9	0.9
PCR (%)	38.5	41.7	34.9	47.1	14.3	35.0	35.0	35.0
Valuations								
Book Value (INR)	45	54	68	86	99	114	136	161
Price-BV (x)			2.2	1.7	1.5	1.3	1.1	0.9
EPS (INR)	8.0	11.3	17.5	20.4	15.7	17.7	25.3	29.7
Change YoY (%)	-10.9	40.3	55.7	16.3	-23.0	12.9	42.9	17.3
Price-Earnings (x)			8.4	7.2	9.4	8.3	5.8	4.9
Dividend	2.0	2.1	2.8	2.1	3.0	3.0	3.6	4.0
Dividend Payout (%)	30.0	23.0	19.3	10.3	19.1	16.9	14.3	13.5
Dividend Yield (%)			1.9	1.4	2.0	2.0	2.5	2.7

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, not 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.

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.