

Rating: HOLD | CMP: Rs192 | TP: Rs183

August 10, 2021

Q1FY22 Result Update

Change in Estimates | Target | Reco

Change in Estimates

	Current FY22E	Previous FY23E	Current FY22E	Previous FY23E
Rating	HOLD	ACCUMULATE		
Target Price	183	187		
NII (Rs.)	43,463	48,576	44,488	50,540
% Chng.	(2.3)	(3.9)		
PPoP (Rs.)	29,219	32,377	30,244	34,341
% Chng.	(3.4)	(5.7)		
EPS (Rs.)	21.5	25.6	22.6	27.6
% Chng.	(4.9)	(7.3)		

Key Financials - Consolidated

Y/e Mar	FY20	FY21	FY22E	FY23E
Net Int.Inc. (Rs m)	36,142	40,600	43,463	48,576
Growth (%)	28.4	12.3	7.1	11.8
Op. Profit (Rs m)	22,449	27,561	29,219	32,377
PAT (Rs m)	14,803	17,250	18,291	21,548
EPS (Rs.)	17.4	20.5	21.5	25.6
Gr. (%)	55.9	17.5	5.1	18.9
DPS (Rs.)	2.9	2.0	3.3	3.5
Yield (%)	1.5	1.0	1.7	1.8
Margin (%)	16.2	15.5	14.9	14.4
RoAE (%)	28.5	26.4	23.2	23.4
RoAA (%)	5.9	5.7	5.4	5.4
PE (x)	11.0	9.4	8.9	7.5
P/BV (x)	2.8	2.2	1.9	1.6
P/ABV (x)	2.9	2.3	2.0	1.7

Key Data	MNFL.BO MGFL IN
52-W High / Low	Rs.218 / Rs.139
Sensex / Nifty	54,555 / 16,280
Market Cap	Rs.162bn/ \$ 2,178m
Shares Outstanding	846m
3M Avg. Daily Value	Rs.2594.51m

Shareholding Pattern (%)

Promoter's	34.99
Foreign	35.86
Domestic Institution	10.98
Public & Others	18.17
Promoter Pledge (Rs bn)	-

Stock Performance (%)

	1M	6M	12M
Absolute	7.8	10.3	20.7
Relative	3.5	3.7	(15.5)

Shweta Daptardar

shwetadaptardar@plindia.com | 91-22-66322245

Aashi Rara

aashirara@plindia.com |

Manappuram Finance (MGFL IN)

Rating: HOLD | CMP: Rs192 | TP: Rs183

Valuations price in any positives ahead

Quick Pointers:

- Gold auctions climb to Rs15bn: 1.5% of disbursements; non-gold sluggish

MGFL's vulnerability to competition (organized/non-organized) and COVID continues to reflect in sluggishness in gold loan (weak trends since Q3FY21 with sharpest decline of 13%QoQ in Q1FY22) and gold tonnage (shrinkage since Q4FY20; 4%QoQ decline: Q1FY22) since past a year. While Co. attributes this fall and asset quality volatility (elevated auctions: Rs15bn) to product structure (3-month tenure) and expects faster recovery ahead, challenges stand acute on non-gold side (MFI NPA:3.6%/ HF NPA:7%/ VF GNPA:6%). Q1FY22 earnings stood broadly in-line but tepid NII (2%QoQ de-growth), higher provisions (up 15%QoQ) restricted PAT (7%QoQ decline).

With 33% book focused on non-gold business where growth and asset quality trajectory stands capped and gold book facing near term headwinds, we believe best of the days are behind. Any anticipated recoveries and growth on gold side of business over medium to long term now stands priced in. While we maintain AUM growth estimates at 15%/19%, we tweak yields marginally lower and GNPA forecasts higher to 2.4%/2.3% (earlier 2.3%/2.2%) for FY22/23. Subsequently, EPS stands down by 5%/7% for FY22/23. Against this backdrop, we downgrade MGFL to HOLD rating (earlier: Accumulate) with slight revision in price target to Rs183 (earlier: Rs187) valuing the consolidated book at 1.6x PABV FY23E. As MGFL continues to fight too many battles, we suggest switch to MUTH, a better play in gold finance space.

- COVID and competition mar overall business dynamics:** AUMs at Rs248 bn reported de-growth of 2.3%YoY/9.1%QoQ as gold loans de-grew 13.3% QoQ. MFI AUMs de-grew 15%, VF AUMs declined 9%QoQ and HLs with 5%QoQ decline. MGFL's gold business too has been victim of COVID challenges and competitive intensities and have been reporting de-growth since 2 quarters in a row with gold stock shrinking since a year. However, near term prospects remain clouded and we are modelling cautious stance of Management on non-gold business which stands at the mercy of improvement in collections trends. We, therefore, maintain conservative growth estimates at 15%/19%YoY and tweak yields expectations lower over FY22/23.

- Asset quality vulnerable across segments:** NPA at 2% for standalone business (gold + VEF) with 10bps QoQ/80bpsYoY spike during Q1FY22. Moreover, MFI business saw as high as 3.6% vs 2.5% NPA in Q4FY21, housing NPAs at 7% vs 6% (Q4FY21) and vehicle finance NPAs at 5.6% vs 5% last quarter exhibit weakness in non-gold business. Q1FY22 saw higher provisions (15%QoQ increase) and elevated auctions (Rs15bn) restricting PAT growth (7%QoQ decline). While short tenure loan policy has enabled MGFL to recognize upfront loss in gold business, near term prospects of gold loan borrowers remain uncertain. Moreover, as collection efficiencies continue to dampen business prospects, we tweak NPA estimates to 2.4%/2.3% for FY22/23.

PAT at Rs4.4bn stood largely in-line [PLe: Rs4.7bn] reporting de-growth of 7%QoQ (but grew 19% YoY) on account of sluggish NII and spike in provisions.

NII at Rs10.3bn stood in-line [PLe: Rs 10.8bn] registering de-growth of 2% QoQ as yields stood tepid owing to disruption in business activities led by second wave. Higher decline in interest expenses marginally mitigated the sluggish interest income.

Provisions at Rs 1.2bn stood marginally lower than estimates [PLe: Rs. 1.4bn] yet climbed 15%QoQ (declined 15%YoY) as COVID challenges exasperate; non-gold asset quality, we reckon, should be under more pressure

Opex at Rs 3.7bn stood in-line [PLe: Rs3.7bn] and was down ~2%QoQ (up 19%YoY).

PPoP at Rs 7.1bn missed our estimates marginally [PLe:Rs7.8bn] on account of tepid NII.

GNPA inched higher to 2% stood lower than PLe at 2.2%, increase of 10bps on QoQ basis & 80bps on YoY basis. Asirvad NPA at 3.6% stood higher than 2.5% in Q4FY21.

AUM at Rs 248 bn reported degrowth of 2.3% YoY & 9.1% QoQ, lower than PLe: Rs 254 bn as gold loan AUM degrew 13.3% QoQ.

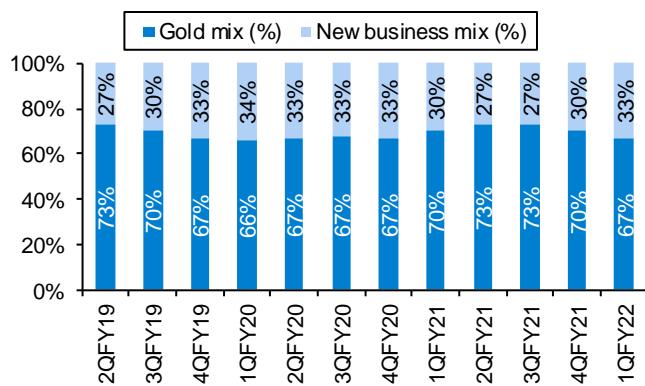
Exhibit 1: Q1FY22: Weak NII, higher auctions & elevated provisions dent PAT

Rs mn	Q1FY22	Q1FY21	YoY gr.	Q4FY21	QoQ gr.
Income from Operations	15,216	14,758	3.1%	15,746	-3.4%
Interest Expenses	4,931	5,668	-13.0%	5,239	-5.9%
Net Interest Income	10,285	9,089	13.2%	10,507	-2.1%
Other Income	521	407	28.1%	557	-6.3%
Total Income	10,806	9,496	13.8%	11,063	-2.3%
Total Operating Expenses	3,720	3,121	19.2%	3,777	-1.5%
Operating Profit (PPP)	7,086	6,376	11.1%	7,287	-2.8%
Provisions & Write Offs	1,223	1,453	-15.8%	1,066	14.7%
PBT	5,864	4,923	19.1%	6,221	-5.7%
Tax	1,495	1,243	20.3%	1,537	-2.7%
Reported Profit	4,369	3,680	18.7%	4,684	-6.7%
Balance sheet Details					
Borrowings	1,47,625	1,88,800	-21.8%	1,76,403	-16.3%
AUM	2,47,560	2,53,458	-2.3%	2,72,242	-9.1%
Asset Quality					
Gross NPAs	4,951	3,168	56.3%	5,173	-4.3%
Net NPAs	3,961	1,774	123.3%	4,084	-3.0%
Gross NPA (%)	2.0%	1.3%	0.8%	1.9%	0.1%
Net NPA (%)	1.6%	0.7%	0.9%	1.5%	0.1%
Coverage (%)	80.0%	56.0%	24.0%	78.9%	1.1%
NIM - calc	15.0%	14.4%	0.6%	15.3%	-0.3%
AUM (Rs mn)					
Gold Loan	1,65,395	1,77,368	-6.8%	1,90,770	-13.3%
Micro finance	60,526	50,383	20.1%	59,846	1.1%
Commercial Vehicle	10,448	12,703	-17.8%	10,526	-0.7%
Home Loan	6,682	6,273	6.5%	6,663	0.3%
Other Loan (Hypo, Against NCD)	4,509	6,731	-33.0%	4,437	1.6%
AUM Mix (%)					
Gold Loan	66.8%	70.0%	-3.2%	70.1%	-3.3%
Micro finance	24.4%	19.9%	4.6%	22.0%	2.5%
Commercial Vehicle	4.2%	5.0%	-0.8%	3.9%	0.4%
Home Loan	2.7%	2.5%	0.2%	2.4%	0.3%
Other Loan (Hypo, Against NCD)	0.0%	2.7%	-2.7%	1.6%	-1.6%

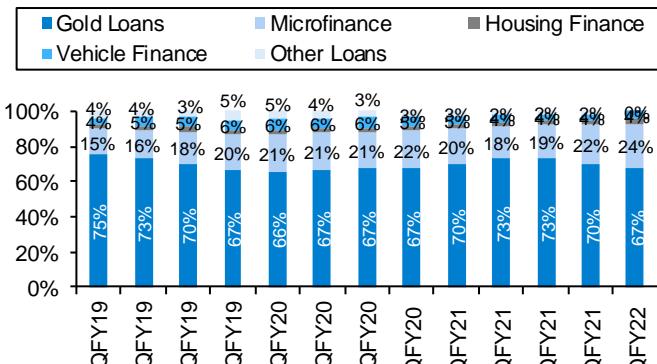
Source: Company, PL

Key Concalt Highlights

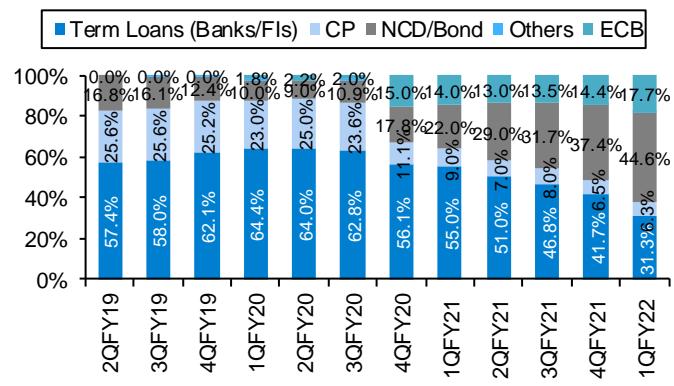
- **Advances:** Higher Decline in advances on account of decline in gold prices, decline in premium gold loans (ATS of more than Rs 1lakh), branches remaining shut and slowdown in addition of new customers.
- **Gold Loan:** Decline in premium gold loans was on account of higher competition on Yields, tenor and LTV front. Co to grow AUM by 15% from Q1FY21 resulting in almost flattish AUM growth over FY21 to FY22. Disbursement of Rs.350bn vs Rs.440bn gold loans in Q4FY21. Non gold AUM to grow slowly if the collection trends continue.
- **Demand:** Geography wise - Demand from North India is strong vs Southern market. Southern India is opening up so witnessing good growth
- **Auctions:** Higher auctions as Co offers 3 month loans. Loans given when the gold prices were at peak almost all the loans have been auctioned to mitigate the risk. Co auctioned loans early to keep their Credit cost on a lower side. Rs.15bn auction in Q1FY22 resulting in 4.5tonnes vs 1tonne auction done in Q4FY21. Auctions also were on elevated level in Q4FY21 at Rs4040mn vs Rs80mn in 9MFY21.
- **Collection efficiency:** MFI: 71% in Jun'21, Home Loans: 79% and 87% for May'21 and Jun'21. Overall CE in Home loan: 84% in Q1FY22 vs 90% in Q4FY21.
- **Restructuring:** Co has offered restructuring in gold loans as second wave impacted customer's earning potential. No major restructuring on VF and MFI book. MFI book restructuring at 4% and VF at 8%.
- **Yields:** Yields to come down by 1-1.5% in coming qtrs and ROA to remain under pressure too due to yields.
- **Credit cost:** On standalone basis, Rs.300mn provisioning on account of higher addn provisions of Rs 150 mn during the qtr. Credit cost to come down in coming qtr. On consolidated basis, Rs.900mn belongs to MFI biz and rest Rs.300mn to gold biz.

Exhibit 2: New business mix steady

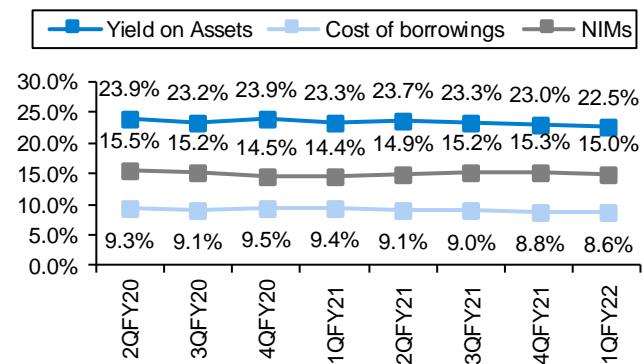
Source: Company, PL

Exhibit 3: MFI Share increased as gold loan mix reduced

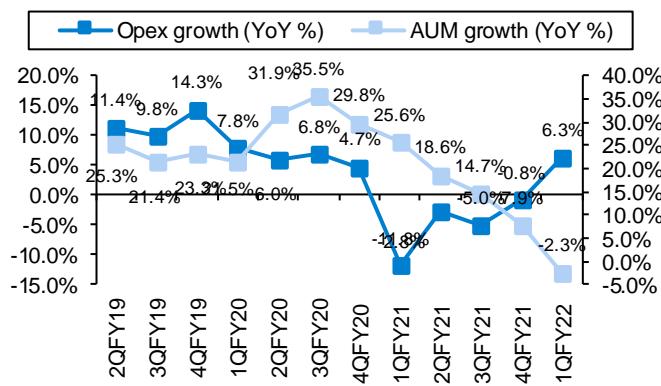
Source: Company, PL

Exhibit 4: NCD doubled in a year; CP share reduced to 6.3%

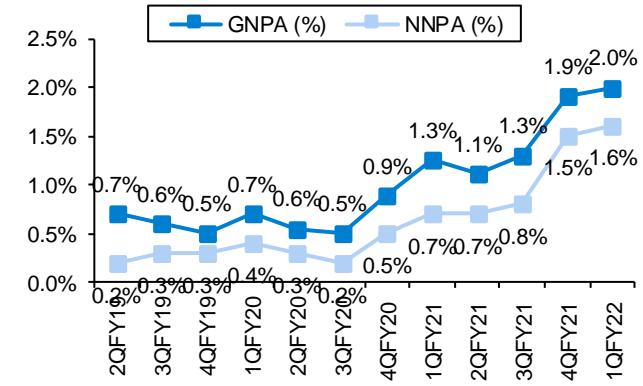
Source: Company, PL

Exhibit 5: Reduction in NIMs due to tepid loan book growth

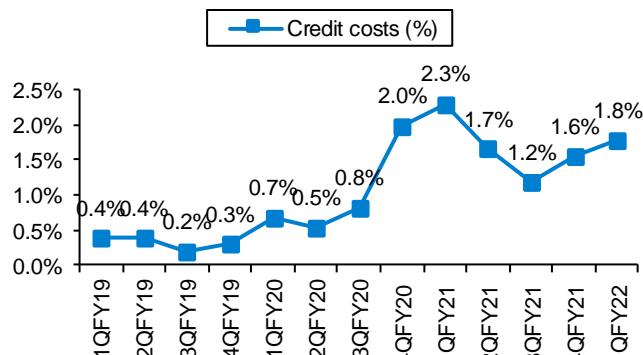
Source: Company, PL

Exhibit 6: AUM degrew by 2.3% YoY basis

Source: Company, PL

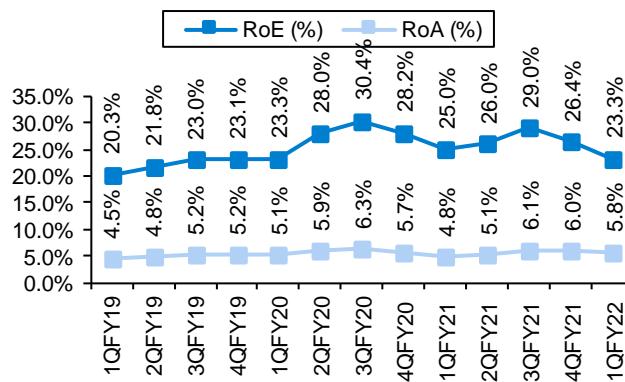
Exhibit 7: Asset quality further deteriorates

Source: Company, PL

Exhibit 8: Due to 2nd Covid Wave, Credit costs increased

Source: Company, PL

Exhibit 9: Return ratios dip as COVID pressures build-in



Source: Company, PL

Exhibit 10: Toll on Collections due to lockdowns in Q1FY22

	August	September	October	November	December	January	February	March	April	May	June
MFI	75%	90%	91%	93%	99%	99%	100%	101%	101%	92%	59%
Vehicle Loans	89%	93%	106%	110%	112%	101%	105%	115%	115%	-	-
Affordable Home Loans	91%	95%	92%	94%	97%	-	-	-	79%	87%	-

Source: Company, PL

Exhibit 11: FY22/FY23 EPS estimates tweaked lower, we model lower yields and higher NPAs, TP marginally down to Rs183

(Rs mn)	Old Estimates			New Estimates			% Change		
	FY21	FY22E	FY23E	FY21	FY22E	FY23E	FY21	FY22E	FY23E
Net Interest Income	40,600	44,488	50,540	40,600	43,463	48,576	0%	-2%	-4%
Operating Profit	27,561	30,244	34,341	27,561	29,219	32,377	0%	-3%	-6%
Net Profit	17,243	19,060	23,240	17,243	18,128	21,548	0%	-5%	-7%
EPS (Rs)	20.5	22.6	27.6	20.5	21.5	25.6	0%	-5%	-7%
Price Target (Rs)	187			183			-2.4%		
Reco	ACCUMULATE			HOLD					

Source: Company, PL

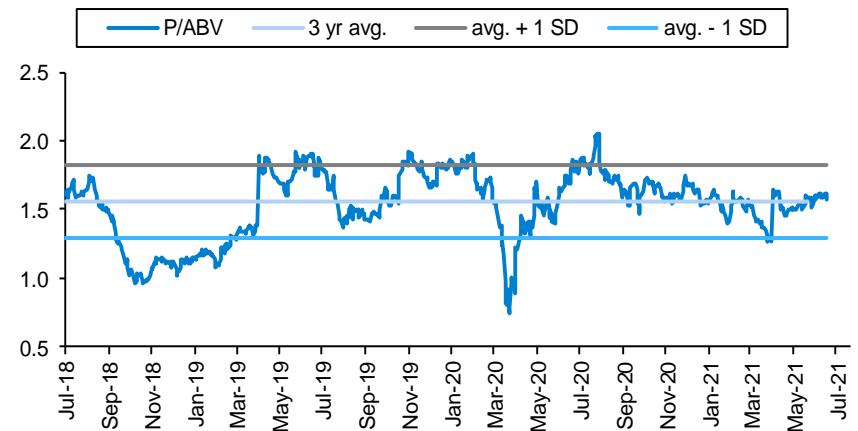
Exhibit 12: Target price reduced to Rs183(earlier Rs187), downgrade to HOLD

PT calculation and upside

Fair price - EVA	91
Fair price - P/ABV	274
Average of the two	183
Target P/ABV	1.6
Target P/E	9.4
Current price, Rs	192
Upside (%)	-5%
Dividend yield (%)	1.0%
Total return (%)	-4%

Source: PL

Exhibit 13: Upside potential stands capped; positives priced-in, HOLD



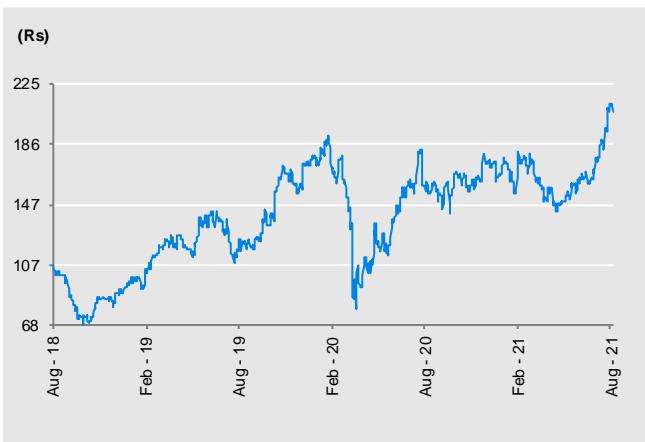
Source: Company, Bloomberg, PL

Income Statement (Rs. m)				Quarterly Financials (Rs. m)					
Y/e Mar	FY20	FY21	FY22E	FY23E	Y/e Mar	Q2FY21	Q3FY21	Q4FY21	Q1FY22
Int. Inc. / Opt. Inc.	54,465	62,789	66,927	76,422	Int. Inc. / Operating Inc.	15,473	15,919	15,746	15,216
Interest Expenses	18,322	22,190	23,464	27,846	Income from securitization	-	-	-	-
Net interest income	36,142	40,600	43,463	48,576	Interest Expenses	5,710	5,573	5,239	4,931
<i>Growth(%)</i>	28.4	12.3	7.1	11.8	Net Interest Income	9,763	10,347	10,507	10,285
Non-interest income	1,047	957	1,447	1,666	<i>Growth (%)</i>	17.4	16.2	17.9	13.2
<i>Growth(%)</i>	26.8	(8.6)	51.2	15.1	Non-Interest Income	307	581	557	521
Net operating income	37,190	41,557	44,910	50,242	Net Operating Income	10,070	10,928	11,063	10,806
Expenditures					<i>Growth (%)</i>	6.9	11.2	6.6	13.8
Employees	8,301	8,429	9,218	10,413	Operating expenditure	3,545	3,553	3,777	3,720
Other Expenses	4,797	3,857	4,637	5,530	PPP	6,524	7,375	7,287	7,086
Depreciation	1,642	1,710	1,836	1,922	<i>Growth (%)</i>	-	-	-	-
Operating Expenses	13,099	12,286	13,855	15,944	Provision	1,080	802	1,066	1,223
PPP	22,449	27,561	29,219	32,377	Exchange Gain / (Loss)	-	-	-	-
<i>Growth(%)</i>	48.5	22.8	6.0	10.8	Profit before tax	5,444	6,573	6,221	5,864
Provisions	2,376	4,401	4,792	3,600	Tax	1,390	1,741	1,537	1,495
Profit Before Tax	20,073	23,160	24,427	28,777	Prov. for deferred tax liability	-	-	-	-
Tax	5,270	5,911	6,136	7,229	Effective Tax Rate	25.5	26.5	24.7	25.5
<i>Effective Tax rate(%)</i>	26.3	25.5	25.1	25.1	PAT	4,054	4,832	4,684	4,369
PAT	14,803	17,250	18,291	21,548	<i>Growth</i>	(6)	17	18	19
<i>Growth(%)</i>	56.1	16.5	6.0	17.8	AUM	2,69,027	2,76,425	2,72,242	2,47,560
Balance Sheet (Rs. m)					YoY growth (%)	18.6	14.7	7.9	(2.3)
Y/e Mar	FY20	FY21	FY22E	FY23E	Borrowing	2,47,347	2,33,744	2,27,163	1,97,429
Source of funds					YoY growth (%)	34.8	18.2	0.6	(17.7)
Equity	1,690	1,693	1,686	1,686	Key Ratios				
Reserves and Surplus	55,771	71,382	81,213	99,821	Y/e Mar	FY20	FY21	FY22E	FY23E
Networth	57,461	73,074	82,898	1,01,507	CMP (Rs)	192	192	192	192
<i>Growth (%)</i>	26.4	27.2	13.4	22.4	EPS (Rs)	17.4	20.5	21.5	25.6
Loan funds	2,25,735	2,27,163	2,68,526	3,22,685	Book value (Rs)	68.2	86.7	98.4	120.4
<i>Growth (%)</i>	47.6	0.6	18.2	20.2	Adj. BV(Rs)	66.3	82.8	93.5	115.1
Deferred Tax Liability	-	-	-	-	P/E(x)	11.0	9.4	8.9	7.5
Other Current Liabilities	4,430	2,560	2,037	284	P/BV(x)	2.8	2.2	1.9	1.6
Other Liabilities	7,142	10,109	7,869	8,346	P/ABV(x)	2.9	2.3	2.0	1.7
Total Liabilities	2,95,351	3,13,378	3,61,966	4,33,456	DPS (Rs)	2.9	2.0	3.3	3.5
Application of funds					<i>Dividend Payout Ratio(%)</i>	-	-	-	-
Net fixed assets	390	431	607	(695)	<i>Dividend Yield(%)</i>	1.5	1.0	1.7	1.8
Advances	2,42,971	2,65,076	3,09,610	3,64,622	Asset Quality				
<i>Growth (%)</i>	36.0	9.1	16.8	17.8	Y/e Mar	FY20	FY21	FY22E	FY23E
Investments	905	3,380	2,068	2,371	Gross NPAs(Rs m)	3,109	5,492	7,527	8,227
Current Assets	40,784	31,956	35,101	49,964	Net NPA(Rs m)	1,625	3,299	4,109	4,501
Net current assets	36,354	29,396	33,064	49,680	Gross NPAs to Gross Adv.(%)	0.9	1.9	2.4	2.3
Other Assets	2,630	3,630	5,672	6,710	Net NPAs to net Adv.(%)	0.5	1.5	1.3	1.2
Total Assets	2,95,351	3,13,378	3,61,966	4,33,456	NPA coverage(%)	47.7	39.9	45.4	45.3
<i>Growth (%)</i>	44.5	6.1	15.5	19.8	Du-Pont as a % of AUM				
Business Mix					Y/e Mar	FY20	FY21	FY22E	FY23E
AUM	2,52,252	2,72,242	3,09,292	3,64,289	NII	14.3	14.9	14.1	13.3
<i>Growth (%)</i>	29.8	7.9	13.6	17.8	NII INCL. Securitization	14.3	14.9	14.1	13.3
On Balance Sheet	-	-	-	-	Total income	14.7	15.3	14.5	13.8
<i>% of AUM</i>	-	-	-	-	Operating Expenses	5.2	4.5	4.5	4.4
Off Balance Sheet	-	-	-	-	PPOP	9.6	10.8	10.0	9.4
<i>% of AUM</i>	-	-	-	-	Total Provisions	0.9	1.6	1.5	1.0
Profitability & Capital (%)					RoAA	5.9	5.7	5.4	5.4
Y/e Mar	FY20	FY21	FY22E	FY23E	Avg. Assets/Avg. net worth	4.9	4.7	4.3	4.3
NIM	16.2	15.5	14.9	14.4	RoAE	28.5	26.4	23.2	23.4
ROAA	5.9	5.7	5.4		Source: Company Data, PL Research				
ROAE	28.5	26.4	23.2						

Source: Company Data, PL Research

Price Chart

Recommendation History



No.	Date	Rating	TP (Rs.)	Share Price (Rs.)
1	06-Jul-21	Accumulate	187	177
2	26-May-21	Accumulate	187	161
3	06-Apr-21	Accumulate	193	155
4	30-Jan-21	Accumulate	193	156
5	11-Jan-21	Accumulate	196	174
6	06-Nov-20	Accumulate	196	162
7	12-Oct-20	Accumulate	197	166

Analyst Coverage Universe

Sr. No.	Company Name	Rating	TP (Rs)	Share Price (Rs)
1	Bajaj Finance	BUY	6,840	5,942
2	Cholamandalam Investment and Finance Company	BUY	600	525
3	HDFC	BUY	3,028	2,462
4	L&T Finance Holdings	Reduce	87	91
5	LIC Housing Finance	Reduce	390	410
6	Mahindra & Mahindra Financial Services	Sell	148	148
7	Manappuram Finance	Accumulate	187	177
8	Muthoot Finance	BUY	1,780	1,547
9	SBI Cards and Payment Services	Accumulate	1,073	957
10	Shriram Transport Finance	Accumulate	1,453	1,390

PL's Recommendation Nomenclature (Absolute Performance)

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

ANALYST CERTIFICATION

(Indian Clients)

We/I, Ms. Shweta Daptardar- MBA-Finance, Ms. Aashi Rara- CA, B.Com 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.

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, Ms. Aashi Rara- CA, B.Com 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