

## Shriram Transport Finance

31 July 2021

### Green shoots in disbursements; strong liquidity buffers

#### RESULT UPDATE

Sector: NBFCs	Rating: BUY
CMP: Rs 1,392	Target Price: Rs 1,920

#### Stock Info

Sensex/Nifty	52,587 / 15,763
Bloomberg	SHTF IN
Equity shares	267mn
52-wk High/Low	Rs 1,535/556
Face value	Rs 10
M-Cap	Rs 374bn/ USD 5.0bn
3-m Avg volume	USD 35mn

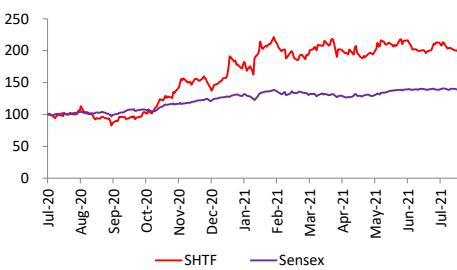
#### Financial Snapshot (Rs bn)

Y/E March	FY21	FY22E	FY23E
NII	80.7	88.8	101.0
PPP	64.0	69.4	79.8
PAT	24.9	29.6	39.0
EPS (Rs)	98	111	146
EPS Gr. (%)	-11	13	32
BV/Sh (Rs)	852	980	1,108
<b>Ratios</b>			
NIM (%)	7.7	7.9	8.0
C/I ratio (%)	23.7	24.6	23.5
RoA (%)	2.0	2.2	2.6
RoE (%)	12.6	12.4	14.0
Payout (%)	19.3	12.0	12.0
<b>Valuations</b>			
P/E (x)	14.2	12.6	9.5
P/BV (x)	1.6	1.4	1.3
Div. Yield (%)	1.3	0.8	1.0

#### Shareholding pattern (%)

	Jun'21	Mar'21	Dec'20
Promoter	25.1	26.5	26.5
-Pledged	-	-	-
FII	57.5	61.0	61.7
DII	11.7	6.9	5.4
Others	5.7	5.6	6.4

#### Stock Performance (1-year)



Shubhranshu Mishra  
shubhranshumishra@systematixgroup.in  
+91 22 6704 8024

**Shriram Transport Finance Company (SHTF)** reported a profit of Rs 1.7bn in 1QFY22 due to higher provisions. With a good harvest and normalizing COVID situation, provision write-backs are likely in 2HFY22E. The company's stage-3 provision is at 44.2%, which seems prudent. Its liquidity buffer is at 13% of total assets, which can cater for next 5-6 months repayments. Disbursements and collections are bouncing back to pre-COVID levels. We remain sanguine about a disbursement run-rate of Rs 120bn in FY22E and normalization of credit costs in FY23E. We reiterate our BUY rating on SHTF with a target price of Rs 1,920 (unchanged).

#### Pent up demand, higher vehicle prices to drive disbursements

While the impact of the second wave was less severe on the economy than the first wave, the freight industry was hampered as major industrial hubs witnessed a slowdown. SHTF's customers were not severely affected as they largely transport essential goods. Disbursements bounced back to pre-COVID levels of Rs 120bn per quarter, in line with our estimates. We maintain our AUM growth estimates (12% FY21-23E CAGR) as we believe, and the management alluded, that there is pent up demand for used vehicles. Diversified borrowings, especially Rs 30bn run-rate of the domestic bond market issuances in FY22E, lend credence to our view of stable spreads of ~7.0% in FY22E-23E.

#### Strong liquidity and capital buffers to cater to higher provisions

Higher provisions of Rs 14.4bn weighed on the company's profits (at Rs 1.7bn) in 1QFY22. The increased provisioning includes a management overlay of Rs 2.6bn and Rs 3.6bn write-offs. The total management overlay now stands at Rs 28.5bn (~2.4% of AUM). The stage-3 coverage ratio is higher at 44.2% largely due to the increase in loss-given default (LGD) assumptions in passenger vehicles (+20%). The company remains well-capitalized at a tier-1 ratio of 21.1%. The management has guided for elevated provisions for the next two quarters and a credit cost of <2.5% for FY22E. With a strong liquidity buffer (Rs 172bn, 13% of total assets) and improving collection efficiencies (~94% in Jun-21), we expect write-backs in the ensuing quarters. There is a strong case for NIM expansion with the dialing down of liquidity as the COVID situation normalizes towards 2HFY22E.

#### Valuation & Recommendation

A good crop season has led to strong cash flows for SHTF's customers. Credit costs are likely to taper off to normalized levels from FY22E. Hence, we model a strong recovery in profits and return ratios. The company remains well capitalised to absorb write-offs and propel growth. We incorporate the recent capital raise of Rs 20bn into our estimates, which increases the tier-1 capital ratio to 21.1%. The stock trades at 1.0x FY23E BVPS, reflecting the impending demand for used vehicles in FY22E-FY23E and the normalization of credit costs. We value the business at 1.7x FY23E BV (at par with its 10-year average P/BV) to arrive at our target price of Rs 1,920 (upside of 38%) as we believe SHTF will be a key beneficiary of the CV industry up-cycle, while the system will be flush with liquidity through FY22E. We reduce our FY22E estimates by 9% to account for higher provisions while largely maintaining our FY23E estimates. Reiterate **BUY**.

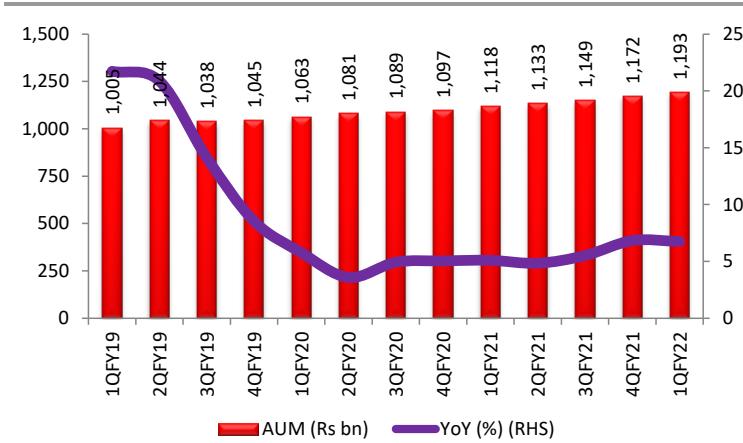
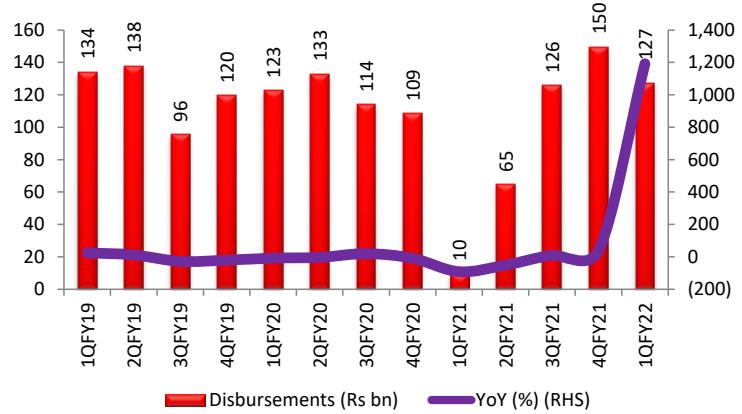
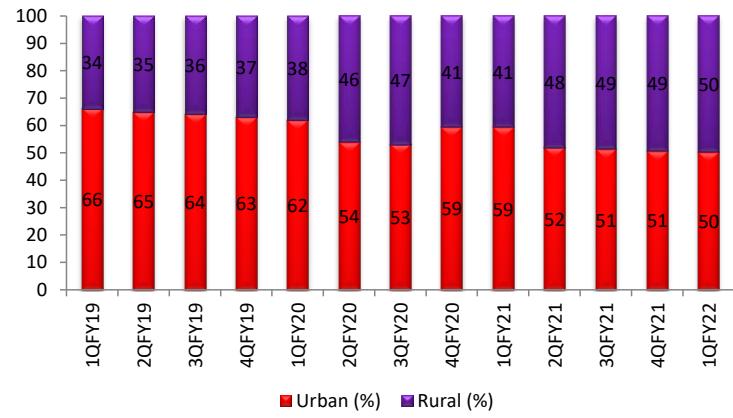
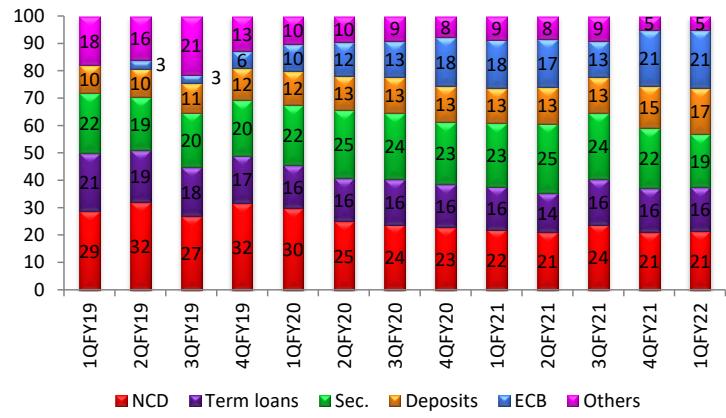
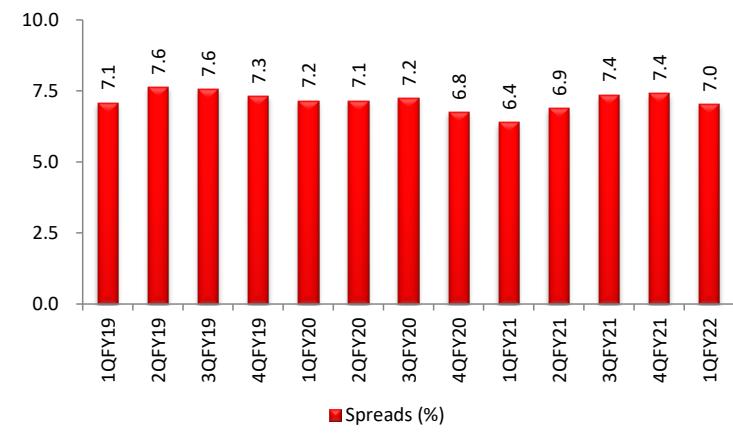
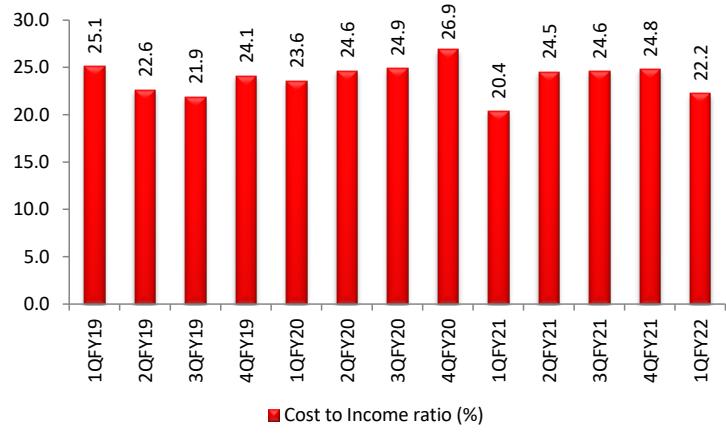
## Exhibit 1: Quarterly performance

	FY20				FY21				FY22	Variation (%)	
	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4Q	1Q	QoQ	YoY
<b>Profit and Loss (Rs mn)</b>											
Interest Income	39,868	41,099	41,154	40,922	41,026	42,467	43,815	44,033	44,793	2	9
Interest Expenses	20,431	21,134	20,512	21,589	22,672	22,629	22,363	22,879	24,981	9	10
<b>Net Income</b>	<b>19,436</b>	<b>19,965</b>	<b>20,641</b>	<b>19,333</b>	<b>18,354</b>	<b>19,838</b>	<b>21,452</b>	<b>21,154</b>	<b>19,812</b>	<b>-6</b>	<b>8</b>
Other operating income	671	1,077	1,035	762	383	1,010	569	907	1,688	86	340
Other income	78	23	33	46	38	35	48	39	34	-13	-11
<b>Total Income</b>	<b>20,185</b>	<b>21,064</b>	<b>21,710</b>	<b>20,142</b>	<b>18,775</b>	<b>20,883</b>	<b>22,069</b>	<b>22,100</b>	<b>21,534</b>	<b>-3</b>	<b>15</b>
Operating Expenses	4,758	5,189	5,403	5,416	3,823	5,125	5,432	5,484	4,791	-13	25
Employee	2,331	2,505	2,550	2,723	1,892	2,391	2,297	2,483	2,420	-3	28
Others	2,427	2,684	2,853	2,694	1,931	2,734	3,135	3,001	2,371	-21	23
<b>Operating Profits</b>	<b>15,428</b>	<b>15,875</b>	<b>16,307</b>	<b>14,726</b>	<b>14,952</b>	<b>15,759</b>	<b>16,637</b>	<b>16,617</b>	<b>16,743</b>	<b>1</b>	<b>12</b>
Provisions	5,612	6,607	4,444	11,287	10,646	6,555	6,747	7,236	14,396	99	35
<b>PBT</b>	<b>9,816</b>	<b>9,269</b>	<b>11,863</b>	<b>3,439</b>	<b>4,306</b>	<b>9,204</b>	<b>9,890</b>	<b>9,380</b>	<b>2,347</b>	<b>-75</b>	<b>-45</b>
Taxes	3,473	1,618	3,072	1,205	1,105	2,359	2,613	1,831	648	-65	-41
<b>PAT</b>	<b>6,343</b>	<b>7,651</b>	<b>8,792</b>	<b>2,234</b>	<b>3,201</b>	<b>6,846</b>	<b>7,277</b>	<b>7,549</b>	<b>1,699</b>	<b>-77</b>	<b>-47</b>
<b>Asset Quality</b>											
Gross Stage 3 (Rs bn)	89.3	94.0	93.9	91.8	89.3	82.2	81.7	83.0	96.6	16	8
Net Stage 3 (Rs bn)	60.9	63.8	63.7	59.9	54.9	49.5	48.0	48.1	53.9	12	-2
Gross Stage 3 (%)	8.5	8.8	8.7	8.4	8.0	7.3	7.1	7.1	8.2	112bps	19bps
Net Stage 3 (%)	6.1	6.3	6.2	5.8	5.2	4.7	4.5	4.4	4.9	56bps	-31bps
Stage 3 provision (%)	31.8	32.1	32.1	34.7	38.6	39.7	41.2	42.1	44.2	210bps	561bps
<b>Ratios (%)</b>											
Cost to Income	23.6	24.6	24.9	26.9	20.4	24.5	24.6	24.8	22.2	-256bps	189bps
Provision to operating profit	36.4	41.6	27.3	76.6	71.2	41.6	40.6	43.5	86.0	4,243bps	1,478bps
Tax Rate	35.4	17.5	25.9	35.0	25.7	25.6	26.4	19.5	27.6	807bps	192bps
Total CAR	20.1	20.4	20.7	22.0	21.9	23.4	23.6	22.5	23.3	77bps	134bps
<b>Business Details (Rs bn)</b>											
<b>AUM</b>	<b>1,063</b>	<b>1,081</b>	<b>1,089</b>	<b>1,097</b>	<b>1,118</b>	<b>1,133</b>	<b>1,149</b>	<b>1,172</b>	<b>1,193</b>	<b>2</b>	<b>7</b>
On book Loans	847	848	857	874	877	873	903	927	970	5	11
Off book (Securitization)	217	233	233	224	241	260	246	245	223	-9	-7
<b>Total Borrowings</b>	<b>906</b>	<b>906</b>	<b>915</b>	<b>944</b>	<b>953</b>	<b>959</b>	<b>963</b>	<b>1,062</b>	<b>1,053</b>	<b>-1</b>	<b>11</b>
<b>AUM Mix (%)</b>											
New CV Loans	11	10	10	9	9	8	7	7	6	-71bps	-265bps
Used CV loans	84	84	85	86	86	87	88	89	90	126bps	467bps
Others	6	5	5	5	6	5	5	4	4	-55bps	-202bps
<b>Disbursements Details (Rs bn)</b>											
<b>Total</b>	<b>123</b>	<b>133</b>	<b>114</b>	<b>109</b>	<b>10</b>	<b>65</b>	<b>126</b>	<b>150</b>	<b>127</b>	<b>8</b>	<b>-4</b>
New CV Loans	9	8	5	4	0	1	3	6	2	-6	-63
Used CV loans	113	123	108	103	10	63	122	142	125	9	7
<b>Other Details</b>											
Branches	1,585	1,669	1,714	1,758	1,758	1,784	1,799	1,817	1,821	4	63
Employees	27,174	28,522	28,364	28,045	27,218	25,893	24,670	24,452	24,192	-260	-3,026

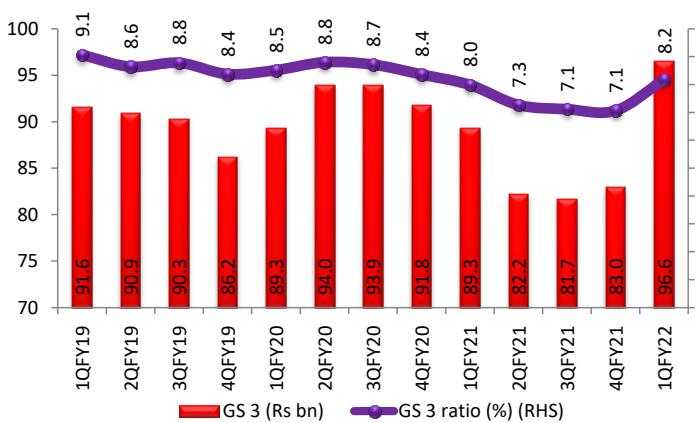
Source: Company data, Systematix Research

## Earnings Call Highlights

- The company plans to increase its presence in rural areas by accessing 5,000+ tehsils. It plans to promote working capital loans to add newer customers. It is looking to add more franchises through its Revenue Sharing Partner (RSP) model; is already working with 70,000+ private financiers for ~10 years now. It disburses ~Rs 1bn per month under this model. Over the last 6 months, the disbursements run-rate has declined to Rs 500mn per month. The franchise model will enable it to reach 2W/3W customers as well.
- Through digital initiatives SHTF is looking to find business enablers for the trucking ecosystem. SHTF is planning a) Enterprise Resource planning (ERP) for drivers; b) small trucker digital application; c) to plug an e-commerce application in the platform; d) payment application called Shriram Pay and e) micro-ATM services.
- The economic impact of the second wave was less severe than the first wave, with fewer limitations on manufacturing and essential items. Passenger transportation continued to face challenges. Goods transportation, however, continued to do well. Freight rates have moved up in FMCG, pharmaceuticals, e-commerce and food distribution.
- Many customers are conserving cash and are making part payments. With dealerships open and most RTOs functioning normally, the situation improved significantly in the 2H of Jun'21. Most of the disbursements in 1QFY22 were pipeline cases from 4QFY21 and happened in Apr'21 and the 1H of May'21. Normally, it takes 30-60 days for the endorsement/approval of a proposal.
- Demand remains robust; the retail prices of LCVs and private cars have risen by 20-25%. The demand for HCVs was sluggish but started improving in Jul'21. Disbursements in Aug-Sep'21 are likely to be higher given a significant pent-up demand.
- Tourism, school-buses and staff transportation were largely part of additional COVID provisions. Write-offs in 1QFY22 stood at Rs 3.6bn. Expect provisions to remain elevated in the next two quarters with an exit run-rate of 2% in 4QFY22; guided for credit costs of <2.5% in FY22.
- In 1QFY22, under RBI OTR 2.0, SHTF has invoked restructuring on Rs 14.4bn (~120bp of AUM); it implemented restructuring across 10,257 loan accounts with an outstanding of Rs 3.43bn (~30bps of AUM). Total restructured pool (including OTR 1.0 and 2.0) stood at Rs 8.56bn (~72bp of AUM). The restructuring pipeline is not significant and it might do additional Rs 3bn in the next quarter. No ECLGS disbursements in the quarter. The collection trend in July'21 was better than in Jun'21; expects rollbacks from Stage 2/3 in 2QFY22.
- Incremental cost of funds improved by 16bps in the quarter; expects 10-15bps improvement in 2QFY22. Funds mobilized stood at Rs 127.7bn - this included Rs 17bn of securitization and Rs 32bn of domestic bonds. It expects a quarterly run-rate of Rs 30bn for domestic bond issuance for the next 3 quarters; average tenure of around 3 years. Most of the securitization that it does is for priority sector assets. Passenger portfolio is a non-priority sector and that is where it faces major challenges. The securitized portfolio will not have a significant impact as the passenger portfolio is not securitized. SHTF accomplished Rs 3.7bn worth of assignments in 1QFY22. The pool had a 5 years contractual tenor and balance tenure of 48 months.
- Liquidity remained elevated at Rs 171.5bn (~6 months of repayments). It will continue to carry higher liquidity until Sep'21 and reduce it thereafter depending on how the COVID situation pans out in India.

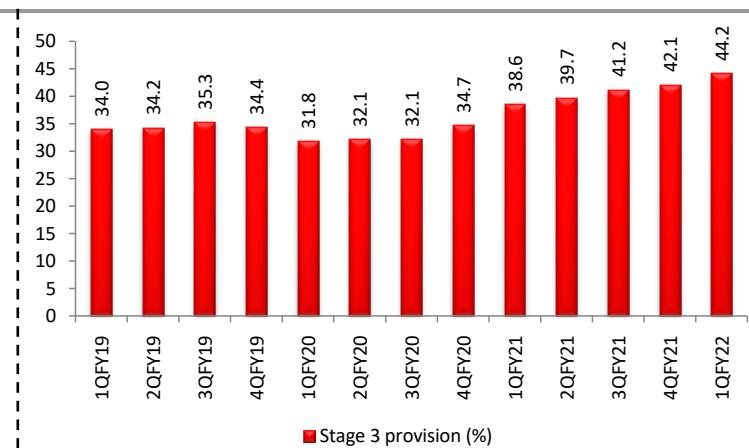
**Exhibit 2: AUM growth showing green shoots****Exhibit 3: Disbursements bounced back despite lower working days in 1QFY22****Exhibit 4: Increasing rural mix in AUM****Exhibit 5: Diversified borrowing mix****Exhibit 6: Good pricing power due to stable spreads****Exhibit 7: SHTF remains the lowest-cost CV finance NBFC**

**Exhibit 8: Gross stage-3 spikes as the company proactively provided for the delay in loans...**



Source: Company, Systematix Institutional Research

**Exhibit 9: ...however stage 3 is well provided for**



Source: Company, Systematix Institutional Research

**Exhibit 10: Reduce our FY22E by 9% and largely maintain our FY23E estimates**

(Rs bn)	Old Est		New Est		% Change	
	FY22	FY23	FY22	FY23	FY22	FY23
NII (incl. Sec. Inc.)	90.2	102.9	88.8	101.0	-1.5	-1.8
Other Income	3.2	3.3	3.2	3.3		
<b>Total Income</b>	<b>93.3</b>	<b>106.2</b>	<b>92.0</b>	<b>104.3</b>	<b>-1.4</b>	<b>-1.8</b>
Operating Expenses	22.6	24.5	22.6	24.5	-0.1	-0.1
<b>Operating Profits</b>	<b>70.7</b>	<b>81.6</b>	<b>69.4</b>	<b>79.8</b>	<b>-1.9</b>	<b>-2.3</b>
Provisions	27.2	27.8	29.9	27.6	9.8	-0.5
<b>PBT</b>	<b>43.5</b>	<b>53.9</b>	<b>39.5</b>	<b>52.1</b>	<b>-9.2</b>	<b>-3.2</b>
Tax	11.0	13.6	10.0	13.1	-9.2	-3.2
<b>PAT</b>	<b>32.5</b>	<b>40.3</b>	<b>29.6</b>	<b>39.0</b>	<b>-9.2</b>	<b>-3.2</b>
AUM	1,287	1,445	1,280	1,433	-0.5	-0.8
Loans	1,184	1,359	1,178	1,347	-0.5	-0.8
Borrowings	1,139	1,258	1,133	1,247	-0.5	-0.8
NIM (%)	8.0	8.1	7.9	8.0	-10bps	-9bps
Credit Cost (%)	2.4	2.2	2.6	2.2	24bps	0bps
<b>RoA</b>	<b>2.4</b>	<b>2.7</b>	<b>2.2</b>	<b>2.6</b>	<b>-21bps</b>	<b>-7bps</b>

Source: Company, Systematix Institutional Research

## FINANCIALS

### Profit & Loss Statement

YE: Mar (Rs mn)	FY19	FY20	FY21	FY22E	FY23E
Interest Income	153,357	162,675	171,281	184,310	205,746
Interest Expenses	75,113	82,703	90,543	95,469	104,725
<b>Net Interest Income</b>	<b>78,244</b>	<b>79,972</b>	<b>80,739</b>	<b>88,841</b>	<b>101,021</b>
Change (%)	14.6	2.2	1.0	10.0	13.7
Other Operating Income	1,935	2,949	2,923	2,996	3,071
Other Income	275	203	160	183	211
<b>Net Income</b>	<b>80,454</b>	<b>83,124</b>	<b>83,821</b>	<b>92,020</b>	<b>104,303</b>
Change (%)	12.8	3.3	0.8	9.8	13.3
Operating Expenses	18,849	20,788	19,857	22,613	24,511
<b>Operating Profit</b>	<b>61,605</b>	<b>62,336</b>	<b>63,964</b>	<b>69,408</b>	<b>79,792</b>
Change (%)	11.5	1.2	2.6	8.5	15.0
Provisions	23,823	27,949	31,184	29,896	27,649
<b>PBT</b>	<b>37,783</b>	<b>34,387</b>	<b>32,780</b>	<b>39,512</b>	<b>52,143</b>
Tax	12,143	9,368	7,908	9,957	13,140
Tax Rate (%)	32.1	27.2	24.1	25.2	25.2
<b>PAT</b>	<b>25,640</b>	<b>25,018</b>	<b>24,873</b>	<b>29,555</b>	<b>39,003</b>
Change (%)	4.2	-2.4	-0.6	18.8	32.0
Proposed Dividend (Incl. tax)	3,009	3,282	4,807	3,547	4,680

Source: Company, Systematix Institutional Research

### Balance Sheet

YE: Mar (Rs mn)	FY19	FY20	FY21	FY22E	FY23E
Capital	2,269	2,269	2,531	2,670	2,670
Reserves & Surplus (Ex OCI)	154,228	177,832	213,153	259,021	293,344
<b>Net Worth</b>	<b>156,497</b>	<b>180,101</b>	<b>215,684</b>	<b>261,692</b>	<b>296,015</b>
Other Comprehensive Income	-49	-49	0	0	0
<b>Net Worth</b>	<b>156,448</b>	<b>180,052</b>	<b>215,684</b>	<b>261,692</b>	<b>296,015</b>
Change (%)	16.7	15.1	19.8	21.3	13.1
<b>Borrowings</b>	<b>879,144</b>	<b>943,718</b>	<b>1,061,964</b>	<b>1,132,733</b>	<b>1,247,392</b>
Change (%)	7.0	7.3	12.5	6.7	10.1
Other Liabilities	17,283	17,468	19,141	19,524	19,914
<b>Total Liabilities</b>	<b>1,052,876</b>	<b>1,141,237</b>	<b>1,296,789</b>	<b>1,413,948</b>	<b>1,563,321</b>
Investments	39,991	27,985	31,979	38,374	46,049
Change (%)	70.8	-30.0	14.3	20.0	20.0
<b>Loans</b>	<b>967,515</b>	<b>1,022,316</b>	<b>1,083,030</b>	<b>1,178,042</b>	<b>1,347,183</b>
Change (%)	6.6	5.7	5.9	8.8	14.4
Other Assets	45,419	90,985	181,780	197,532	170,088
<b>Total Assets</b>	<b>1,052,925</b>	<b>1,141,286</b>	<b>1,296,789</b>	<b>1,413,948</b>	<b>1,563,321</b>

Source: Company, Systematix Institutional Research

### Dupont

YE: Mar (%)	FY19	FY20	FY21	FY22E	FY23E
Interest Income	15.1	14.8	14.1	13.6	13.8
Interest Expended	7.4	7.5	7.4	7.0	7.0
<b>Net Interest Income</b>	<b>7.7</b>	<b>7.3</b>	<b>6.6</b>	<b>6.6</b>	<b>6.8</b>
Other operating income	0.2	0.3	0.2	0.2	0.2
Income from securitisation	0.0	0.0	0.0	0.0	0.0
<b>Net Operating Income</b>	<b>7.9</b>	<b>7.5</b>	<b>6.8</b>	<b>6.8</b>	<b>7.0</b>
Other Income	0.0	0.0	0.0	0.0	0.0
<b>Net Income</b>	<b>7.9</b>	<b>7.6</b>	<b>6.9</b>	<b>6.8</b>	<b>7.0</b>
Operating Expenses	1.9	1.9	1.6	1.7	1.6
<b>Operating Income</b>	<b>6.1</b>	<b>5.7</b>	<b>5.2</b>	<b>5.1</b>	<b>5.4</b>
Provisions	2.4	2.5	2.6	2.2	1.9
<b>PBT</b>	<b>3.7</b>	<b>3.1</b>	<b>2.7</b>	<b>2.9</b>	<b>3.5</b>
Tax	1.2	0.9	0.6	0.7	0.9
<b>PAT</b>	<b>2.5</b>	<b>2.3</b>	<b>2.0</b>	<b>2.2</b>	<b>2.6</b>
Leverage	7.0	6.5	6.2	5.7	5.3
<b>RoE</b>	<b>17.6</b>	<b>14.9</b>	<b>12.6</b>	<b>12.4</b>	<b>14.0</b>

Source: Company, Systematix Institutional Research

### Ratios

YE: Mar	FY19	FY20	FY21	FY22E	FY23E
<b>Spreads Analysis (%)</b>					
Yield on Portfolio	15.9	15.8	15.8	15.8	15.8
Cost of Borrowings	8.8	9.1	9.0	8.7	8.8
Interest Spread	7.1	6.7	6.8	7.1	7.0
Net Interest Margin	8.3	8.0	7.7	7.9	8.0
<b>Profitability Ratios (%)</b>					
Cost/Income	23.4	25.0	23.7	24.6	23.5
RoE	17.6	14.9	12.6	12.4	14.0
RoA	2.5	2.3	2.0	2.2	2.6
<b>Asset Quality (%)</b>					
GNPA	86,163	91,771	82,928	82,178	92,786
NNPA	56,465	59,911	48,067	45,198	51,032
GNPA %	8.4	8.4	7.1	7.0	6.9
NNPA %	5.7	5.6	4.3	4.0	3.9
PCR %	34.5	34.7	42.0	45.0	45.0
<b>Capitalisation (%)</b>					
CAR	20.3	22.0	22.5	22.3	21.5
Tier I	15.6	18.1	19.9	20.3	19.9
Tier II	4.7	3.9	2.6	2.1	1.6
Average Leverage on Assets (x)	7.0	6.5	6.2	5.7	5.3

Valuation	FY19	FY20	FY21	FY22E	FY23E
Book Value (Rs)	690	794	852	980	1,108
<b>Price-BV (x)</b>	<b>2.0</b>	<b>1.8</b>	<b>1.6</b>	<b>1.4</b>	<b>1.3</b>
EPS (Rs)	113	110	98	111	146
EPS Growth (%)	4.2	-2.4	-10.9	12.6	32.0
<b>Price-Earnings (x)</b>	<b>12.3</b>	<b>12.6</b>	<b>14.2</b>	<b>12.6</b>	<b>9.5</b>
Dividend (Rs)	11.0	12.0	18.0	11.1	14.6
<b>Dividend Yield (%)</b>	<b>0.8</b>	<b>0.9</b>	<b>1.3</b>	<b>0.8</b>	<b>1.0</b>

Source: Company, Systematix Institutional Research

## Institutional Equities Team

Nikhil Khandelwal	Managing Director	+91-22-6704 8001	nikhil@systematixgroup.in
Navin Roy Vallabhaneni	President & Head – IE & ECM	+91-22-6704 8065	navin@systematixgroup.in
<b>Equity Research</b>			
<b>Analysts</b>	<b>Industry Sectors</b>	<b>Desk-Phone</b>	<b>E-mail</b>
Rahul Jain	Metals & Mining	+91-22-6704 8066	rahuljain@systematixgroup.in
Ronak Sarda	Auto, Auto Ancillaries	+91-22-6704 8059	ronaksarda@systematixgroup.in
Rakesh Kumar	Banking, Insurance	+91-22-6704 8041	rakeshkumar@systematixgroup.in
Praful Bohra	Pharmaceuticals and Healthcare	+91-22-6704 8064	prafulbohra@systematixgroup.in
Shubhranshu Mishra	NBFCs & Diversified Financials	+91-22-6704 8024	shubhranshumishra@systematixgroup.in
Sanjeev Kumar Singh	Cement, Building Materials, Paints	+91-22-6704 8017	sanjeevsingh@systematixgroup.in
Premal Kamdar	Consumer Staples	+91-22-6704 8090	premalkamdar@systematixgroup.in
Amar Kedia	Infra, Cap Goods, Logistics, Consumer Durables	+91-22-6704 8084	amaruedia@systematixgroup.in
Ashutosh Joytiraditya	Consumer, Retail	+91-22-6704 8068	ashutoshj@systematixgroup.in
Naushad Chaudhary	Chemicals, Textiles, Building Materials, Midcaps	+91-22-6704 8036	naushadchaudhary@systematixgroup.in
Harsh Mittal	Cement, Building Materials, Paints	+91-22-6704 8098	harshmittal@systematixgroup.in
Poorvi Banka	Auto, Auto Ancillaries	+91-22-6704 8063	poorvibanka@systematixgroup.in
Nikhil Shah	Banking, Insurance	+91-22-6704 8091	nikhilshah@systematixgroup.in
Tausif Shaikh	Pharmaceuticals and Healthcare	+91-22-6704 8046	tausifshaikh@systematixgroup.in
Shweta Dikshit	Metals & Mining	+91-22-6704 8042	shwetadikshit@systematixgroup.in
Shilpasree Venkatesh	Macro-Strategy	+91-22-6704 8078	shilpav@systematixgroup.in
<b>Equity Sales &amp; Trading</b>			
<b>Name</b>		<b>Desk-Phone</b>	<b>E-mail</b>
Vipul Sanghvi	Director and Head - Sales	+91-22-6704 8062	vipulsanghvi@systematixgroup.in
Ashok Kumar Agarwal	Sales	+91-22-6704 8058	ashokagarwal@systematixgroup.in
Jigar Kamdar	Sales	+91-22-6704 8060	jigarkamdar@systematixgroup.in
Rahul Khandelwal	Sales	+91-22-6704 8033	rahul@systematixgroup.in
Pawan Sharma	Director and Head - Sales Trading	+91-22-6704 8067	pawansharma@systematixgroup.in
Mukesh Chaturvedi	Vice President and Co Head - Sales Trading	+91-22-6704 8074	mukeshchaturvedi@systematixgroup.in
Vinod Bhuwad	Sales Trading	+91-22-6704 8051	vinodbhuwad@systematixgroup.in
Rashmi Solanki	Sales Trading	+91-22-6704 8097	rashmisolanki@systematixgroup.in
Rahul Thakar	Sales Trading - Derivatives	+91-22-6704 8073	rahulthakar@systematixgroup.in
Vipul Chheda	Dealer	+91-22-6704 8050	vipulchheda@systematixgroup.in
Amit Sawant	Dealer	+91-22-6704 8054	amitsawant@systematixgroup.in
Paras Shah	Dealer	+91-22-6704 8047	parasshah@systematixgroup.in
Suketu Vyas	Dealer	+91-22-6704 8050	suketuvyas@systematixgroup.in
<b>Corporate Access</b>			
Audrey Leolyn Mendonca	Assistant Vice President	+91-22-6704 8088	audreymendonca@systematixgroup.in
<b>Production</b>			
Yukti Vidyarthi	Editor	+91-22-6704 8071	yukti@systematixgroup.in
Mrunali Pagdhare	Production	+91-22-6704 8057	mrunalip@systematixgroup.in
Vijayendra Achrekar	Production	+91-22-6704 8089	vijayendraachrekar@systematixgroup.in
<b>Operations</b>			
Sachin Malusare	Vice President	+91-22-6704 8055	sachinmalusare@systematixgroup.in
Sugandha Rane	Assistant Vice President	+91-22-6704 8056	sugandha@systematixgroup.in
Jignesh Mistry	Manager	+91-22-6704 8049	jigneshmistry@systematixgroup.in
Ravikiran Dasaka	Manager	+91-22-6704 8622	ravikiran@systematixgroup.in
Ravi Agarwal	Assistant Manager	+91-22-6704 8016	raviagarwal@systematixgroup.in

## DISCLOSURES/APPENDIX

## I. ANALYST CERTIFICATION

I, **Shubhranshu Mishra**; hereby certify that (1) views expressed in this research report accurately reflect my/our personal views about any or all of the subject securities or issuers referred to in this research report, (2) no part of my/our compensation was, is, or will be directly or indirectly related to the specific recommendations or views expressed in this research report by **Systematix Shares and Stocks (India) Limited (SSSIL)** or its group/associate companies, (3) reasonable care is taken to achieve and maintain independence and objectivity in making any recommendations.

Disclosure of Interest Statement	Update
Analyst holding in the stock	No
Served as an officer, director or employee	No

## II. ISSUER SPECIFIC REGULATORY DISCLOSURES, unless specifically mentioned in point no. 9 below:

1. The research analyst(s), SSSIL, associates or relatives do not have any financial interest in the company(ies) covered in this report.
2. The research analyst(s), SSSIL, associates or relatives collectively do not hold more than 1% of the securities of the company(ies) covered in this report as of the end of the month immediately preceding the distribution of the research report.
3. The research analyst(s), SSSIL, associates or relatives did not have any other material conflict of interest at the time of publication of this research report.
4. The research analyst, SSSIL and its associates have not received compensation for investment banking or merchant banking or brokerage services or any other products or services from the company(ies) covered in this report in the past twelve months.
5. The research analyst, SSSIL or its associates have not managed or co-managed a private or public offering of securities for the company(ies) covered in this report in the previous twelve months.
6. SSSIL or its associates have not received compensation or other benefits from the company(ies) covered in this report or from any third party in connection with this research report.
7. The research analyst has not served as an officer, director or employee of the company(ies) covered in this research report.
8. The research analyst and SSSIL have not been engaged in market making activity for the company(ies) covered in this research report.
9. Details of SSSIL, research analyst and its associates pertaining to the companies covered in this research report:

Sr. No.	Particulars	Yes / No.
1	Whether compensation was received from the company(ies) covered in the research report in the past 12 months for investment banking transaction by SSSIL.	No
2	Whether research analyst, SSSIL or its associates and relatives collectively hold more than 1% of the company(ies) covered in the research report.	No
3	Whether compensation has been received by SSSIL or its associates from the company(ies) covered in the research report.	No
4	Whether SSSIL or its affiliates have managed or co-managed a private or public offering of securities for the company(ies) covered in the research report in the previous twelve months.	No
5	Whether research analyst, SSSIL or associates have received compensation for investment banking or merchant banking or brokerage services or any other products or services from the company(ies) covered in the research report in the last twelve months.	No

10. There is no material disciplinary action taken by any regulatory authority that impacts the equity research analysis activities.

## STOCK RATINGS

**BUY (B):** The stock's total return is expected to exceed 15% over the next 12 months.

**HOLD (H):** The stock's total return is expected to be within -15% to +15% over the next 12 months.

**SELL (S):** The stock's total return is expected to give negative returns of more than 15% over the next 12 months.

**NOT RATED (NR):** The analyst has no recommendation on the stock under review.

## INDUSTRY VIEWS

**ATTRACTIVE (AT):** Fundamentals/valuations of the sector are expected to be attractive over the next 12-18 months.

**NEUTRAL (NL):** Fundamentals/valuations of the sector are expected to neither improve nor deteriorate over the next 12-18 months.

**CAUTIOUS (CS):** Fundamentals/valuations of the sector are expected to deteriorate over the next 12-18 months.

## III. DISCLAIMER

The information and opinions contained herein have been compiled or arrived at based on the information obtained in good faith from 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.

This document is for information purposes only. This report is based on information that we consider reliable; we do not represent that it is accurate or complete and one should exercise due caution while acting on it. Description of any company(ies) or its/their securities mentioned herein are not complete and this document is not and should not be construed as an offer or solicitation of an offer to buy or sell any securities or other financial instruments. Past performance is not a guide for future performance, future returns are not guaranteed and a loss of original capital may occur. All opinions, projections and estimates constitute the judgment of the author as on the date of the report and these, plus any other information contained in the report, are subject to change without notice. Prices and availability of financial instruments are also subject to change without notice. This report is intended for distribution to institutional investors.

This report is not directed to or intended for display, downloading, printing, reproducing or for distribution to or use by, any person or entity that is a citizen or resident or located in any locality, state, country or other jurisdiction where such distribution, publication, reproduction, availability or use would be contrary to law or regulation or what would subject to SSSIL or its affiliates to any registration or licensing requirement within such jurisdiction. If this report is inadvertently sent or has reached any individual in such country, especially USA, the same may be ignored and brought to the attention of the sender. Neither this document nor any copy of it may be taken or transmitted into the United States (to U.S. persons), Canada, or Japan or distributed, directly or indirectly, in the United States or Canada or distributed or redistributed in Japan or to any resident thereof. Any unauthorized use, duplication,

redistribution or disclosure of this report including, but not limited to, redistribution by electronic mail, posting of the report on a website or page, and/or providing to a third party a link, is prohibited by law and will result in prosecution. The information contained in the report is intended solely for the recipient and may not be further distributed by the recipient to any third party.

SSSIL generally prohibits its analysts, persons reporting to analysts, and members of their households from maintaining a financial interest in the securities or derivatives of any companies that the analysts cover. Additionally, SSSIL generally prohibits its analysts and persons reporting to analysts from serving as an officer, director, or advisory board member of any companies that they cover. Our salespeople, 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. Our proprietary trading and investing businesses may make investment decisions that are inconsistent with the recommendations expressed herein. The views expressed in this research report 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. The compensation of the analyst who prepared this document is determined exclusively by SSSIL; however, compensation may relate to the revenues of the Systematix Group as a whole, of which investment banking, sales and trading are a part. Research analysts and sales persons of SSSIL may provide important inputs to its affiliated company(ies).

Foreign currencies denominated securities, wherever mentioned, are subject to exchange rate fluctuations which could have an adverse effect on their value or price or the income derived from them. In addition, investors in securities such as ADRs, the values of which are influenced by foreign currencies, effectively assume currency risk. SSSIL, its directors, analysts or employees do not take any responsibility, financial or otherwise, of the losses or the damages sustained due to the investments made or any action taken on the basis of this report including but not restricted to fluctuation in the prices of shares and bonds, changes in the currency rates, diminution in the NAVs, reduction in the dividend or income, etc.

SSSIL and its affiliates, officers, directors, and employees subject to the information given in the disclosures may: (a) from time to time, have long or short positions in, and buy or sell, the securities thereof, of company (ies) mentioned herein or (b) be engaged in any other transaction involving such securities and earn brokerage or other compensation (financial interest) or act as a market maker in the financial instruments of the company (ies) discussed herein or act as advisor or lender / borrower to such company (ies) or have other potential material conflict of interest with respect to any recommendation and related information and opinions. The views expressed are those of the analyst and the company may or may not subscribe to the views expressed therein.

SSSIL, its affiliates and any third party involved in, or related to, computing or compiling the information hereby expressly disclaim all warranties of originality, accuracy, completeness, merchantability or fitness for a particular purpose with respect to any of this information. Without limiting any of the foregoing, in no event shall SSSIL, any of its affiliates or any third party involved in, or related to, computing or compiling the information have any liability for any damages of any kind. The company accepts no liability whatsoever for the actions of third parties. The report may provide the addresses of, or contain hyperlinks to, websites. Except to the extent to which the report refers to website material of the company, the company has not reviewed the linked site. Accessing such website or following such link through the report or the website of the company shall be at your own risk and the company shall have no liability arising out of, or in connection with, any such referenced website.

SSSIL will not be liable for any delay or any other interruption which may occur in presenting the data due to any technical glitch to present the data. In no event shall SSSIL be liable for any damages, including without limitation, direct or indirect, special, incidental, or consequential damages, losses or expenses arising in connection with the data presented by SSSIL through this presentation.

**SSSIL or any of its other group companies or associates will not be responsible for any decisions taken on the basis of this report. Investors are advised to consult their investment and tax consultants before taking any investment decisions based on this report.**



**Systematix Shares and Stocks (India) Limited:**

**Registered and Corporate address:** The Capital, A-wing, No. 603 – 606, 6th Floor, Plot No. C-70, G Block, Bandra Kurla Complex, Bandra (East), Mumbai – 400 051  
 CIN - U65993MH1995PLC268414 | BSE SEBI Reg. No.: INZ000171134 (Member Code: 182) | NSE SEBI Reg. No.: INZ000171134 (Member Code: 11327) | MCX SEBI Reg. No.: INZ000171134 (Member Code: 56625) | NCDEX SEBI Reg. No.: INZ000171134 (Member Code: 1281) | Depository Participant SEBI Reg. No.: IN-DP-480-2020 (DP Id: 34600) | PMS SEBI Reg. No.: INP000002692 | Research Analyst SEBI Reg. No.: INH200000840 | Investment Advisor SEBI Reg. No. INA000010414 | AMFI : ARN - 64917