

# Sundaram Finance

11 August 2021

Reuters: SUNDARAMFIN.BO; Bloomberg: SUF IN

## In-line performance; asset quality stress to be transient

Sundaram Finance (SUF) reported PAT of Rs1.9bn, up 15.6% YoY but down 8.4% QoQ. The YoY increase in PAT was supported by (1) decline in the cost of funds (CoF), which was down 116bps YoY at 6.5% and (2) lower cost-to-income ratio, decline of 280bps YoY to 31.9%. However, the sequential decline in PAT was largely due to low other income. SUF reported disbursements of Rs20.6bn (up 1.2x YoY but down 37.7% QoQ) due to the second covid wave led disruptions. AUM at Rs298bn was up 0.8% YoY but down 3.4% QoQ. Gross stage 3 assets/net stage 3 assets increased to 4.25%/3.1% from 1.84%/1% in FY21. PCR declined to 27% from 46% in FY21. CAR remains strong at 23.5% (Tier 1 – 17.7%). SUF has demonstrated its ability to maintain profitability while retaining healthy asset quality across economic cycles, besides maintaining comfortable capitalization level and a well-diversified resource profile. We maintain Accumulate due to high valuation (FY23E P/ABV of 3.8x) and believe that the market is already pricing in recovery from the CV upcycle. We have raised our earnings by 1.4%/6.6% for FY22E/FY23E. We expect PAT/AUM to grow at a CAGR of 19%/9.3% over FY21-23E and RoA/RoE of 2.9%/15.5% for FY23E. We value the standalone business at Rs1,984 (4x FY23E P/ABV, in-line with Cholamandalam) and other businesses at Rs590 after a 20% holding company discount. This gives us a target price of Rs2,574 (Rs2,387 earlier).

**Is decline in PCR an issue?** Gross stage 3 assets increased 2.3x QoQ to 4.25%, but PCR declined to 27% from 46% in FY21. Restructured book increased by Rs880mn to Rs13.95bn (4.7% of AUM). SUF enjoys strong repeat customer base (renewal rate stands at 85% across offerings). Given the vintage of customers and recovery witnessed in July'21, in our view, the management did not increase the provisioning buffer. In our estimates for FY22/FY23, we have built in credit costs of 0.9%/0.5% and PCR of 40%. Credit costs and PCR in FY21 stood at 1.1% and 46%, respectively.

**AUM and disbursements down 3.4% and 37.7% QoQ:** Disbursements in CV, Cars and CE segments were down in the range of 30-40%, but decline in the Tractor segment was less steep at 19% QoQ. 'Others' segment (commercial lending and WC finance) registered the steepest decline at 83% QoQ. Disbursements in South India were the worst affected with a 51% QoQ decline. This led to a 3.4% QoQ decline in the overall AUM.

**CoF continues to improve:** CoF declined by 40bps QoQ to 6.5%. The share of deposits and commercial papers has increased in the borrowing mix. Also, excess liquidity has aided in raising funds at low cost, thereby leading to a decline in the CoF. SUF is the only AAA rated (CRISIL rating) NBFC within the Auto NBFC space.

**NBIE Values your patronage- Vote for The Team in the Asia Money poll 2021. [Click here](#)**

## ACCUMULATE

**Sector:** NBFC

**CMP:** Rs2,586

**Target Price:** Rs2,574

**Downside:** 0.5%

**Sonal Gandhi**

Research Analyst  
sonal.gandhi@nirmalbang.com  
+91-9552595929

### Key Data

Current Shares O/S (mn)	111.1
Mkt Cap (Rsbn/US\$bn)	287.3/3.9
52 Wk H / L (Rs)	2,884/1,250
Daily Vol. (3M NSE Avg.)	41,124

### Price Performance (%)

	1 M	6 M	1 Yr
Sundaram Finance	(2.9)	19.6	91.4
Nifty Index	3.8	7.3	43.8

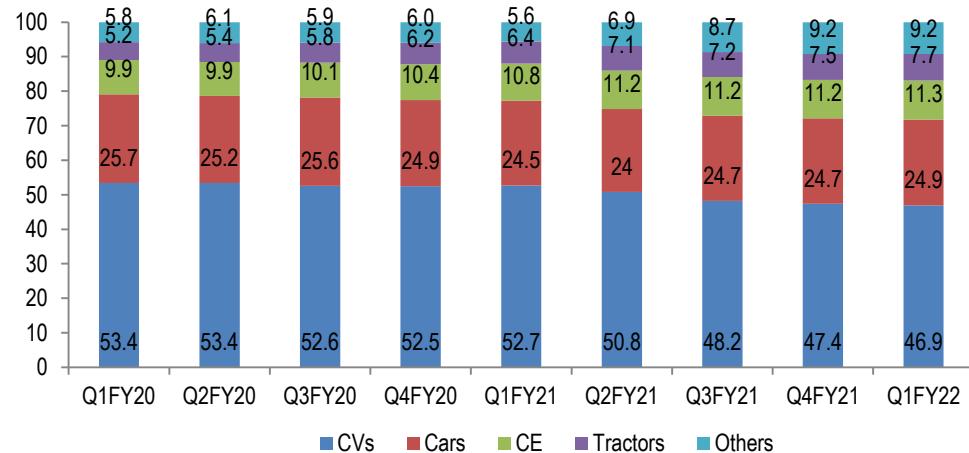
Source: Bloomberg

Y/E March (Rs mn)	Q1FY22	Q1FY21	Q4FY21	YoY (%)	QoQ (%)
Interest Income	8,557	8,450	8,586	1.3	(0.3)
Interest Expense	4,585	5,235	4,847	(12.4)	(5.4)
<b>Net Interest Income</b>	<b>3,972</b>	<b>3,215</b>	<b>3,739</b>	<b>23.5</b>	<b>6.2</b>
<b>NIM on loans(%)</b>	<b>5.4</b>	<b>4.6</b>	<b>5.1</b>	<b>82bps</b>	<b>32bps</b>
Non Interest Income	1,000	1,071	1,592	(6.7)	(37.2)
<b>Total Income</b>	<b>4,971</b>	<b>4,286</b>	<b>5,331</b>	<b>16.0</b>	<b>(6.8)</b>
Staff Cost	1,031	930	1,019	10.9	1.2
Other Op Exp	557	559	624	(0.4)	(10.7)
Total Op Exp	1,588	1,489	1,642	6.6	(3.3)
Cost to Income (%)	31.9	34.7	30.8	-280bps	113bps
<b>Pre-provision op profit</b>	<b>3,383</b>	<b>2,797</b>	<b>3,689</b>	<b>21.0</b>	<b>(8.3)</b>
Provisions	852	607	1,055	40.3	(19.3)
<b>PBT</b>	<b>2,531</b>	<b>2,190</b>	<b>2,633</b>	<b>15.6</b>	<b>(3.9)</b>
Tax	616	533	541	15.5	13.7
-effective tax rate	24.3	24.3	20.6	-3bps	376bps
<b>PAT</b>	<b>1,916</b>	<b>1,657</b>	<b>2,092</b>	<b>15.6</b>	<b>(8.4)</b>

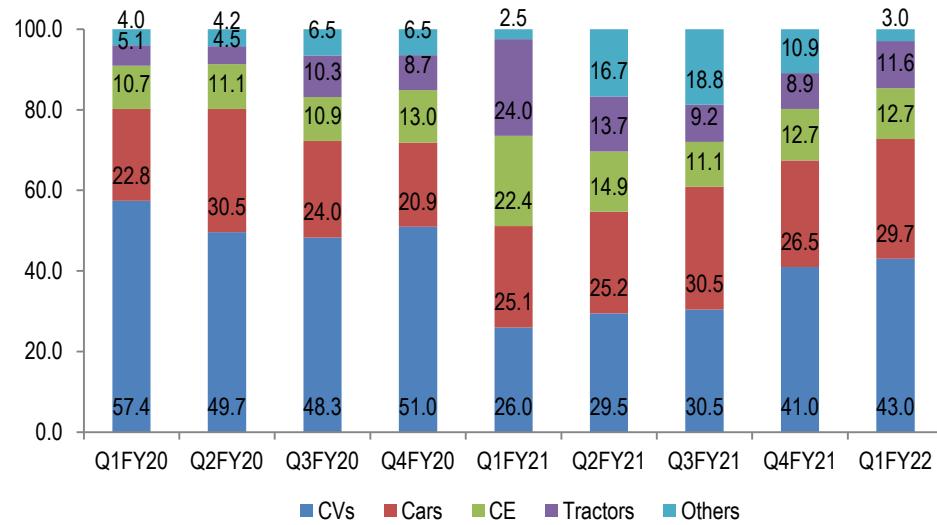
Source: Company, Nirmal Bang Institutional Equities Research

AUM Mix (Rs mn)	Q1FY20	Q2FY20	Q3FY20	Q4FY20	Q1FY21	Q2FY21	Q3FY21	Q4FY21	Q1FY22	2-yr CAGR
<b>CVs</b>	<b>1,60,077</b>	<b>1,61,567</b>	<b>1,60,441</b>	<b>1,57,164</b>	<b>1,55,887</b>	<b>1,55,306</b>	<b>1,50,509</b>	<b>1,46,381</b>	<b>1,39,870</b>	<b>-6.5%</b>
yoY growth	16.3%	11.3%	8.3%	3.3%	-2.6%	-3.9%	-6.2%	-6.9%	-10.3%	-
QoQ growth	5.2%	0.9%	-0.7%	-2.0%	-0.8%	-0.4%	-3.1%	-2.7%	-4.4%	-
<b>Cars</b>	<b>77,041</b>	<b>76,245</b>	<b>78,085</b>	<b>74,541</b>	<b>72,471</b>	<b>73,373</b>	<b>77,128</b>	<b>76,279</b>	<b>74,259</b>	<b>-1.8%</b>
yoY growth	3.2%	-2.1%	0.3%	-0.7%	-5.9%	-3.8%	-1.2%	2.3%	2.5%	-
QoQ growth	2.6%	-1.0%	2.4%	-4.5%	-2.8%	1.2%	5.1%	-1.1%	-2.6%	-
<b>CE</b>	<b>29,677</b>	<b>29,953</b>	<b>30,807</b>	<b>31,133</b>	<b>31,946</b>	<b>34,241</b>	<b>34,973</b>	<b>34,588</b>	<b>33,700</b>	<b>6.6%</b>
yoY growth	28.6%	20.9%	17.8%	10.7%	7.6%	14.3%	13.5%	11.1%	5.5%	-
QoQ growth	5.6%	0.9%	2.8%	1.1%	2.6%	7.2%	2.1%	-1.1%	-2.6%	-
<b>Tractors</b>	<b>15,588</b>	<b>16,338</b>	<b>17,691</b>	<b>18,560</b>	<b>18,931</b>	<b>21,706</b>	<b>22,483</b>	<b>23,162</b>	<b>22,964</b>	<b>21.4%</b>
yoY growth	25.2%	11.1%	18.7%	20.8%	21.4%	32.9%	27.1%	24.8%	21.3%	-
QoQ growth	1.5%	4.8%	8.3%	4.9%	2.0%	14.7%	3.6%	3.0%	-0.9%	-
<b>Others</b>	<b>17,387</b>	<b>18,456</b>	<b>17,996</b>	<b>17,962</b>	<b>16,565</b>	<b>21,095</b>	<b>27,167</b>	<b>28,411</b>	<b>27,437</b>	<b>25.6%</b>
yoY growth	52.4%	88.3%	28.0%	-6.1%	-4.7%	14.3%	51.0%	58.2%	65.6%	-
QoQ growth	-9.1%	6.2%	-2.5%	-0.2%	-7.8%	27.3%	28.8%	4.6%	-3.4%	-
<b>Total</b>	<b>2,99,770</b>	<b>3,02,560</b>	<b>3,05,020</b>	<b>2,99,360</b>	<b>2,95,800</b>	<b>3,05,720</b>	<b>3,12,260</b>	<b>3,08,820</b>	<b>2,98,230</b>	<b>-0.3%</b>
yoY growth	15.6%	11.1%	8.5%	3.3%	-1.3%	1.0%	2.4%	3.2%	3.2%	-
QoQ growth	3.4%	0.9%	0.8%	-1.9%	-1.2%	3.4%	2.1%	-1.1%	-3.4%	-

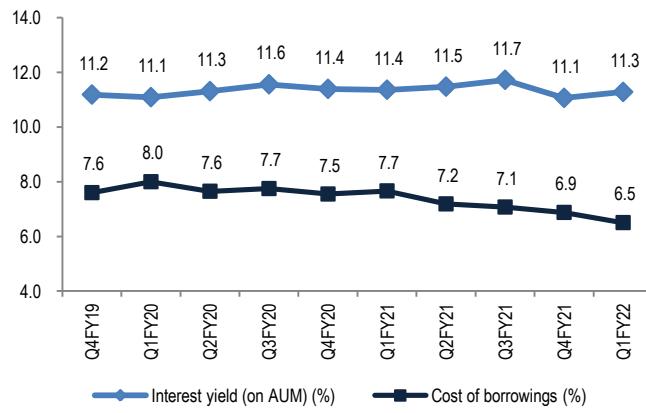
Disbursement Mix (Rs mn)	Q1FY20	Q2FY20	Q3FY20	Q4FY20	Q1FY21	Q2FY21	Q3FY21	Q4FY21	Q1FY22	2-yr CAGR
<b>CVs</b>	<b>25,336</b>	<b>19,027</b>	<b>19,316</b>	<b>14,927</b>	<b>2,415</b>	<b>9,360</b>	<b>13,198</b>	<b>13,540</b>	<b>8,858</b>	<b>-40.9%</b>
yoY growth	16.1%	-18.1%	-13.0%	-40.1%	-90.5%	-50.8%	-31.7%	-9.3%	266.7%	-
QoQ growth	1.6%	-24.9%	1.5%	-22.7%	-83.8%	287.5%	41.0%	2.6%	-34.6%	-
<b>Cars</b>	<b>10,064</b>	<b>11,706</b>	<b>9,580</b>	<b>6,132</b>	<b>2,332</b>	<b>8,008</b>	<b>13,200</b>	<b>8,751</b>	<b>6,118</b>	<b>-22.0%</b>
yoY growth	-10.0%	7.1%	-14.0%	-31.8%	-76.8%	-31.6%	37.8%	42.7%	162.4%	-
QoQ growth	12.0%	16.3%	-18.2%	-36.0%	-62.0%	243.4%	64.8%	-33.7%	-30.1%	-
<b>CE</b>	<b>4,723</b>	<b>4,265</b>	<b>4,360</b>	<b>3,800</b>	<b>2,081</b>	<b>4,730</b>	<b>4,832</b>	<b>4,209</b>	<b>2,616</b>	<b>-25.6%</b>
yoY growth	1.1%	-4.3%	-8.4%	-28.9%	-55.9%	10.9%	10.8%	10.8%	25.7%	-
QoQ growth	-11.6%	-9.7%	2.2%	-12.9%	-45.2%	127.3%	2.2%	-12.9%	-37.8%	-
<b>Tractors</b>	<b>2,251</b>	<b>1,707</b>	<b>4,124</b>	<b>2,540</b>	<b>2,230</b>	<b>4,335</b>	<b>3,981</b>	<b>2,957</b>	<b>2,390</b>	<b>3.0%</b>
yoY growth	16.9%	-18.5%	38.1%	21.3%	-1.0%	154.0%	-3.5%	16.4%	7.2%	-
QoQ growth	7.5%	-24.2%	141.6%	-38.4%	-12.2%	94.4%	-8.2%	-25.7%	-19.2%	-
<b>Others</b>	<b>1,766</b>	<b>1,615</b>	<b>2,620</b>	<b>1,890</b>	<b>232</b>	<b>5,307</b>	<b>8,129</b>	<b>3,593</b>	<b>618</b>	<b>40.8%</b>
yoY growth	30.6%	-22.4%	2.6%	-35.7%	-86.8%	228.5%	210.3%	90.0%	166.1%	-
QoQ growth	-40.0%	-8.5%	62.2%	-27.8%	-87.7%	2185.0%	53.2%	-55.8%	-82.8%	-
<b>Total</b>	<b>44,140</b>	<b>38,320</b>	<b>40,000</b>	<b>29,290</b>	<b>9,290</b>	<b>31,740</b>	<b>43,340</b>	<b>33,050</b>	<b>20,600</b>	<b>-31.7%</b>
yoY growth	7.8%	-10.4%	-8.4%	-33.9%	-79.0%	-17.2%	8.3%	12.8%	121.7%	-
QoQ growth	-0.4%	-13.2%	4.4%	-26.8%	-68.3%	241.7%	36.5%	-23.7%	-37.7%	-

**Exhibit 1: AUM Mix**


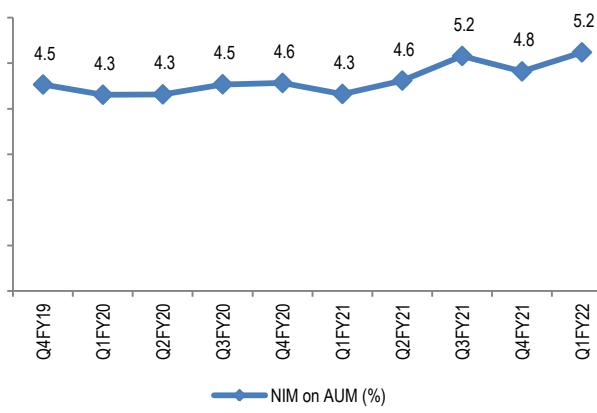
Source: Company, Nirmal Bang Institutional Equities Research

**Exhibit 2: Disbursement Mix**


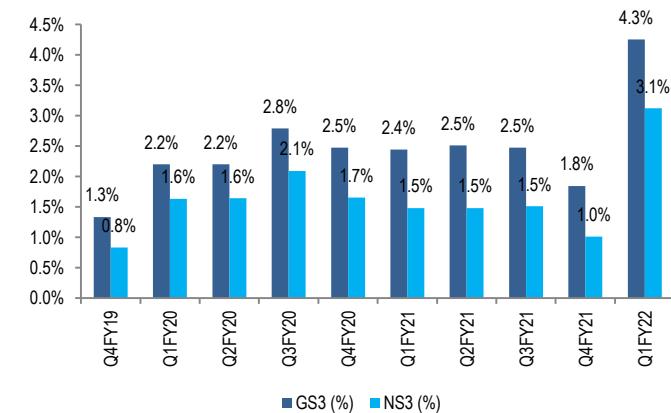
Source: Company, Nirmal Bang Institutional Equities Research

**Exhibit 3: Interest yield (on AUM) and cost of borrowing**


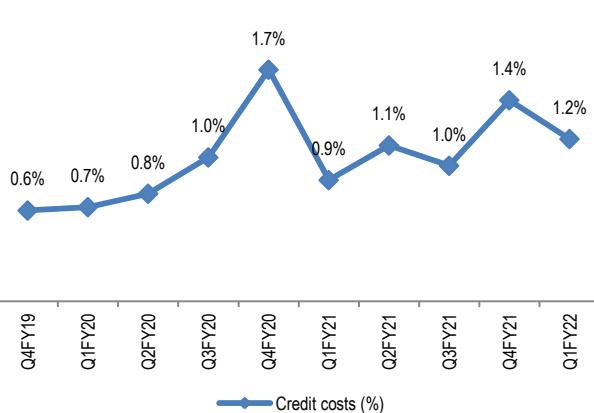
Source: Company, Nirmal Bang Institutional Equities Research

**Exhibit 4: NIM on AUM**


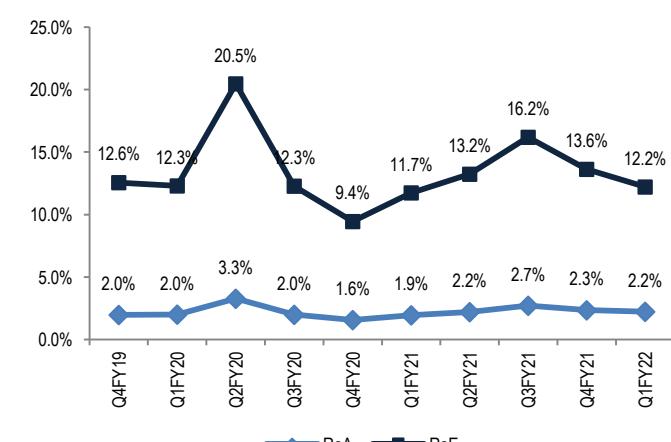
Source: Company, Nirmal Bang Institutional Equities Research

**Exhibit 5: GS3, NS3 & PCR**


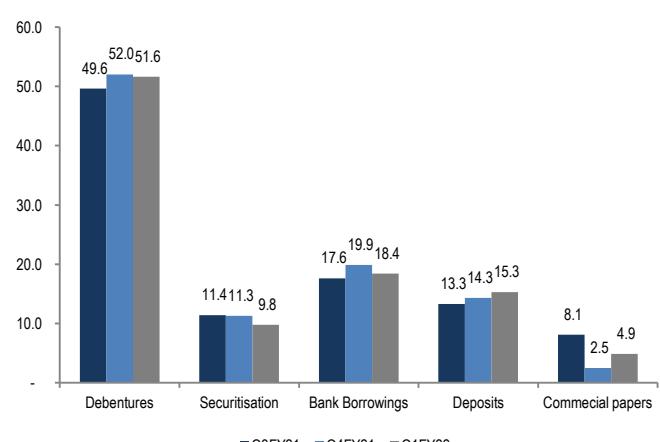
Source: Company, Nirmal Bang Institutional Equities Research

**Exhibit 6: Credit costs**


Source: Company, Nirmal Bang Institutional Equities Research

**Exhibit 7: RoA & RoE**


Source: Company, Nirmal Bang Institutional Equities Research

**Exhibit 8: Borrowing mix**


Source: Company, Nirmal Bang Institutional Equities Research

**Exhibit 9: Financial summary**

Y/E March (Rs mn)	FY19	FY20	FY21	FY22E	FY23E
Net Interest Income	11,754	13,344	14,406	17,079	18,221
Pre-provisioning operating profit	10,026	12,315	13,724	16,049	16,954
PAT	5,936	7,239	8,091	9,955	11,458
P/E (x)	48.4	39.7	35.5	28.9	25.1
P/BV (x)	5.7	5.2	4.6	4.1	3.7
P/ABV (x)	6.0	5.7	4.9	4.4	3.8
EPS (Rs)	53	65	73	90	103
BV (Rs)	454	499	556	624	704
ABV (Rs)	433	451	529	593	673
Gross NPAs (%)	1.3	2.5	1.8	1.8	1.6
Net NPAs (%)	0.8	1.7	1.0	1.1	1.0
RoA (%)	2.1	2.3	2.4	2.7	2.9
RoE (%)	12.9	13.7	13.8	15.2	15.5

Source: Company, Nirmal Bang Institutional Equities Research.

**Exhibit 10: Actual performance vs our estimates**

(Rs mn)	Q1FY22A	Q1FY22E	Deviation (%)
Net Interest Income	3,972	3,793	4.7
Pre-provisioning operating profit	3,383	3,343	1.2
PAT	1,916	1,855	3.3

Source: Company, Nirmal Bang Institutional Equities Research.

**Exhibit 11: Change in our estimates**

	Revised Estimates		Earlier Estimates		% Revision	
	FY22E	FY23E	FY22E	FY23E	FY22E	FY23E
Net Interest income (Rs mn)	17,079	18,221	15,624	17,265	9.3%	5.5%
Operating Profit (Rs mn)	16,049	16,954	14,594	15,998	10.0%	6.0%
Profit after tax (Rs mn)	9,955	11,458	9,813	10,748	1.4%	6.6%
ABV (Rs)	593.4	673.0	591	666	0.4%	1.0%

Source: Company, Nirmal Bang Institutional Equities Research

**Subsidiaries & JVs:**

**Sundaram Home Finance** registered 46% QoQ decline in disbursements in 1QFY22, leading to a 1.5% QoQ decline in AUM. PAT at Rs400mn increased by 8% QoQ. GS3/NS3 assets increased to 7.6%/4.8% from 4.5%/1.1% in 4QFY21. CAR stood healthy at 26.3%.

**Sundaram Asset Management** – AUM increased by 27% YoY and 3.5% QoQ, largely driven by growth in Equity AUM, which was up 41% YoY and 8% QoQ. The share of equity AUM increased from 72.5%/77% in 1QFY21/4QFY21 to 80% in 1QFY22. This led to improvement in PAT by 189%/13% YoY/QoQ.

**Royal Sundaram** – GWP increased by 9% YoY and declined by 17% QoQ. It registered a PAT of Rs830mn in 1QFY22, down by 47% YoY and up 2.5x QoQ. Combined operating ratio increased to 1.18x in 1QFY22 from 1.1x in 4QFY21 and 1.02x in 1QFY21.

## Valuation

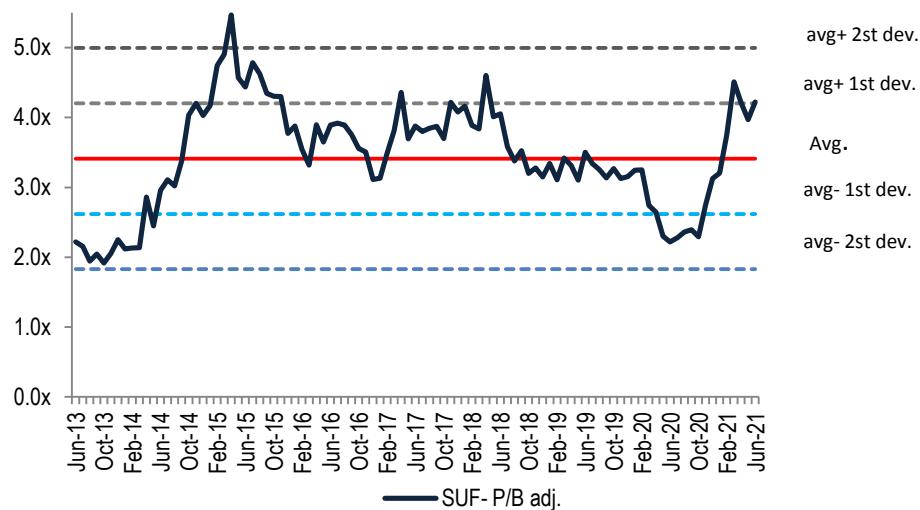
### Exhibit 12: SOTP Valuation

Entity	Valuation Method	Value per share (Rs)
Sundaram Finance (Standalone)	4x FY23E P/ABV adjusted for subsidiaries cost of investment	1,984
Sundaram Home Finance (Subsidiary)	1.5x FY23E Networth	251
Sundaram Asset Management (Subsidiary)	7% of last reported AUM	309
Royal Sundaram (General Insurance JV)	Valued on last transaction basis	171
Other subsidiaries & Associates	Net worth of other investments on 1QFY22 basis 20% holding company discount	7 147
	<b>Target Price</b>	<b>2,574</b>
	<b>CMP</b>	<b>2,586</b>
	<b>Upside/(Downside)</b>	<b>-0.5%</b>

Source: Company, Nirmal Bang Institutional Equities Research

Note: Principal MF's AUM included in AMC business

### Exhibit 13: One-year forward P/ABV



Source: Company, Nirmal Bang Institutional Equities Research

## Financials

### Exhibit 14: Income statement

Y/E March (Rs mn)	FY19	FY20	FY21E	FY22E	FY23E
Financing Income	29,379	34,064	34,713	37,452	41,475
Finanancing charges	17,625	20,720	20,307	20,372	23,254
<b>Net Financing income</b>	<b>11,754</b>	<b>13,344</b>	<b>14,406</b>	<b>17,079</b>	<b>18,221</b>
Change (%)	12.2	13.5	8.0	18.6	6.7
Other Income	4,803	5,205	5,429	5,844	6,295
<b>Net Income</b>	<b>16,557</b>	<b>18,549</b>	<b>19,835</b>	<b>22,923</b>	<b>24,516</b>
Change (%)	9.7	12.0	6.9	15.6	6.9
Employee Cost	3,224	3,586	3,822	4,128	4,541
Other Operating Exp.	3,306	2,648	2,289	2,746	3,021
<b>Operating Profit</b>	<b>10,026</b>	<b>12,315</b>	<b>13,724</b>	<b>16,049</b>	<b>16,954</b>
Change (%)	7.2	22.8	11.4	16.9	5.6
<b>Total Provisions</b>	<b>1,073</b>	<b>2,864</b>	<b>3,161</b>	<b>2,746</b>	<b>1,642</b>
% to operating income	10.7	23.3	23.0	17.1	9.7
<b>PBT</b>	<b>8,953</b>	<b>9,451</b>	<b>10,563</b>	<b>13,303</b>	<b>15,312</b>
Tax	3,017	2,212	2,473	3,348	3,854
Tax Rate (%)	33.7	23.4	23.4	25.2	25.2
<b>PAT</b>	<b>5,936</b>	<b>7,239</b>	<b>8,091</b>	<b>9,955</b>	<b>11,458</b>
Change (%)	5.3	22.0	11.8	23.0	15.1
Exceptional items	5,327	-	-	-	-
<b>Reported PAT</b>	<b>11,263</b>	<b>7,239</b>	<b>8,091</b>	<b>9,955</b>	<b>11,458</b>
Dividend	1,944	1,444	2,000	2,389	2,635

Source: Company, Nirmal Bang Institutional Equities Research

### Exhibit 16: Balance sheet

Y/E March (Rs mn)	FY19	FY20	FY21E	FY22E	FY23E
Capital	1,111	1,111	1,111	1,111	1,111
Reserves & Surplus	49,327	54,363	60,684	68,249	77,072
<b>Net Worth</b>	<b>50,438</b>	<b>55,474</b>	<b>61,795</b>	<b>69,360</b>	<b>78,183</b>
<b>Borrowings</b>	<b>2,50,058</b>	<b>2,73,367</b>	<b>2,82,134</b>	<b>2,99,934</b>	<b>3,37,158</b>
Change (%)	18.5	9.3	3.2	6.3	12.4
Other Liabilities	5,996	5,354	5,596	6,435	7,401
<b>Total Liabilities</b>	<b>3,06,492</b>	<b>3,34,195</b>	<b>3,49,525</b>	<b>3,75,729</b>	<b>4,22,741</b>
Investments	18,663	39,377	40,524	42,550	44,678
Change (%)	(15.4)	111.0	2.9	5.0	5.0
<b>Loans</b>	<b>2,72,715</b>	<b>2,80,447</b>	<b>2,94,039</b>	<b>3,14,931</b>	<b>3,54,016</b>
Change (%)	23.9	2.8	4.8	7.1	12.4
Net Fixed Assets	2,254	2,807	2,594	2,723	2,860
Net Current Assets	12,859	11,564	12,368	15,525	21,189
<b>Total Assets</b>	<b>3,06,492</b>	<b>3,34,195</b>	<b>3,49,525</b>	<b>3,75,729</b>	<b>4,22,741</b>

Source: Company, Nirmal Bang Institutional Equities Research

### Exhibit 15: Key ratios

Y/E March (%)	FY19	FY20	FY21E	FY22E	FY23E
<b>Spreads Analysis</b>					
Avg. Yield	11.9	12.3	12.1	12.3	12.4
Avg Cost of funds	7.6	7.9	7.3	7.0	7.3
NIMs	4.8	4.8	5.0	5.6	5.4
Int Spread	4.3	4.4	4.8	5.3	5.1
<b>Profitability Ratios (%)</b>					
RoE	12.9	13.7	13.8	15.2	15.5
RoA	2.1	2.3	2.4	2.7	2.9
Int. Expended/Int.Earned	60.0	60.8	58.5	54.4	56.1
Other Inc./Net Income	29.0	28.1	27.4	25.5	25.7
<b>Efficiency Ratios (%)</b>					
Op. Exps./Net Income	39.4	33.6	30.8	30.0	30.8
Empl. Cost/Op. Exps.	49.4	57.5	62.5	60.0	60.0
<b>Asset-Liability Profile (%)</b>					
Loans/Borrowings Ratio	109.1	102.6	104.2	105.0	105.0
GNPA	3,670	7,881	5,487	5,718	5,683
NNPA	2,286	5,414	2,990	3,431	3,410
GNPL ratio (%)	1.3	2.5	1.8	1.8	1.6
NNPL ratio (%)	0.8	1.7	1.0	1.1	1.0
Leverage	6.1	6.0	5.7	5.4	5.4
Average leverage (on BS)	6.2	6.0	5.8	5.5	5.4
CAR	19.5	18.4	22.1	20.9	19.8

Source: Company, Nirmal Bang Institutional Equities Research.

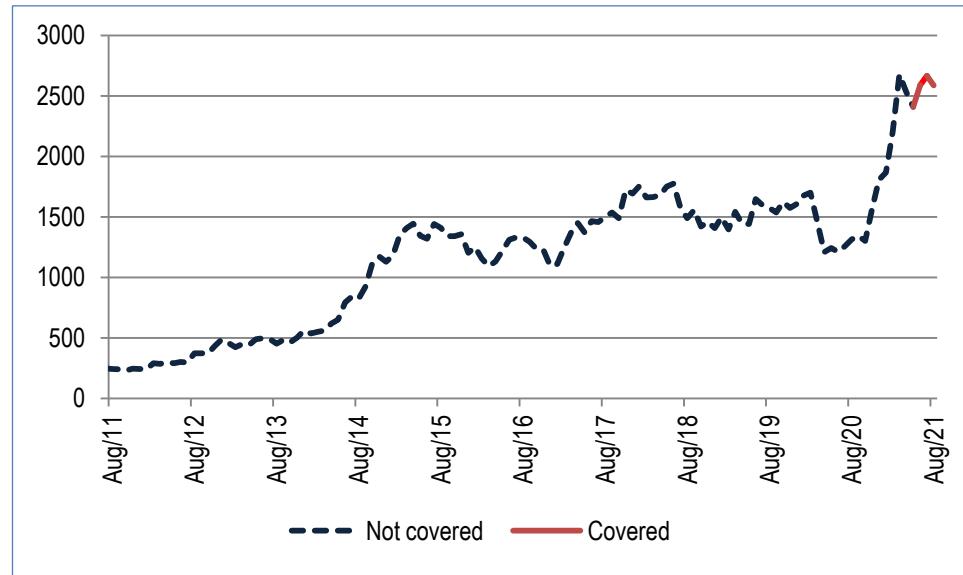
Valuations	FY19	FY20	FY21E	FY22E	FY23E
BVPS (INR)	454.0	499.3	556.2	624.3	703.7
BV Growth (%)	22.0	10.0	11.4	12.2	12.7
Price-BV (x)	5.7	5.2	4.6	4.1	3.7
Adjusted BV per share	433.4	450.6	529.3	593.4	673.0
P/ABV	6.0	5.7	4.9	4.4	3.8
EPS (INR)	53.4	65.2	72.8	89.6	103.1
Growth (%)	5.3	22.0	11.8	23.0	15.1
Price-Earnings (x)	48.4	39.7	35.5	28.9	25.1
Dividend	17.5	13.0	18.0	21.5	23.7
Dividend Yield (%)	0.7	0.5	0.7	0.8	0.9

Source: Company, Nirmal Bang Institutional Equities Research

## Rating track

Date	Rating	Market price (Rs)	Target price (Rs)
20 May 2021	Accumulate	2,422	2,374
31 May 2021	Accumulate	2,492	2,387
11 Aug 2021	Accumulate	2,586	2,574

## Rating track graph



## DISCLOSURES

This Report is published by Nirmal Bang Equities Private Limited (hereinafter referred to as "NBEPL") for private circulation. NBEPL is a registered Research Analyst under SEBI (Research Analyst) Regulations, 2014 having Registration no. INH000001436. NBEPL is also a registered Stock Broker with National Stock Exchange of India Limited and BSE Limited in cash and derivatives segments.

NBEPL has other business divisions with independent research teams separated by Chinese walls, and therefore may, at times, have different or contrary views on stocks and markets.

NBEPL or its associates have not been debarred / suspended by SEBI or any other regulatory authority for accessing / dealing in securities Market. NBEPL, its associates or analyst or his relatives do not hold any financial interest in the subject company. NBEPL or its associates or Analyst do not have any conflict or material conflict of interest at the time of publication of the research report with the subject company. NBEPL or its associates or Analyst or his relatives do not hold beneficial ownership of 1% or more in the subject company at the end of the month immediately preceding the date of publication of this research report.

NBEPL or its associates / analyst has not received any compensation / managed or co-managed public offering of securities of the company covered by Analyst during the past twelve months. NBEPL or its associates have not received any compensation or other benefits from the company covered by Analyst or third party in connection with the research report. Analyst has not served as an officer, director or employee of Subject Company and NBEPL / analyst has not been engaged in market making activity of the subject company.

**Analyst Certification:** I, Sonal Gandhi, research analyst the authors of this report, hereby certify that the views expressed in this research report accurately reflects our personal views about the subject securities, issuers, products, sectors or industries. It is also certified that no part of the compensation of the analysts was, is, or will be directly or indirectly related to the inclusion of specific recommendations or views in this research. The analysts are principally responsible for the preparation of this research report and have taken reasonable care to achieve and maintain independence and objectivity in making any recommendations.

## Disclaimer

### Stock Ratings Absolute Returns

BUY > 15%

ACCUMULATE -5% to 15%

SELL < -5%

This report is for the personal information of the authorized recipient and does not construe to be any investment, legal or taxation advice to you. NBEPL is not soliciting any action based upon it. Nothing in this research shall be construed as a solicitation to buy or sell any security or product, or to engage in or refrain from engaging in any such transaction. In preparing this research, we did not take into account the investment objectives, financial situation and particular needs of the reader.

This research has been prepared for the general use of the clients of NBEPL and must not be copied, either in whole or in part, or distributed or redistributed to any other person in any form. If you are not the intended recipient you must not use or disclose the information in this research in any way. Though disseminated to all the customers simultaneously, not all customers may receive this report at the same time. NBEPL will not treat recipients as customers by virtue of their receiving this report. 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 NBEPL & its group companies to registration or licensing requirements within such jurisdictions.

The report is based on the information obtained from sources believed to be reliable, but we do not make any representation or warranty that it is accurate, complete or up-to-date and it should not be relied upon as such. We accept no obligation to correct or update the information or opinions in it. NBEPL or any of its affiliates or employees shall not be in any way responsible for any loss or damage that may arise to any person from any inadvertent error in the information contained in this report. NBEPL or any of its affiliates or employees do not provide, at any time, any express or implied warranty of any kind, regarding any matter pertaining to this report, including without limitation the implied warranties of merchantability, fitness for a particular purpose, and non-infringement. The recipients of this report should rely on their own investigations.

This information is subject to change without any prior notice. NBEPL reserves its absolute discretion and right to make or refrain from making modifications and alterations to this statement from time to time. Nevertheless, NBEPL is committed to providing independent and transparent recommendations to its clients, and would be happy to provide information in response to specific client queries.

Before making an investment decision on the basis of this research, the reader needs to consider, with or without the assistance of an adviser, whether the advice is appropriate in light of their particular investment needs, objectives and financial circumstances. There are risks involved in securities trading. The price of securities can and does fluctuate, and an individual security may even become valueless. International investors are reminded of the additional risks inherent in international investments, such as currency fluctuations and international stock market or economic conditions, which may adversely affect the value of the investment. Opinions expressed are subject to change without any notice. Neither the company nor the director or the employees of NBEPL accept any liability whatsoever for any direct, indirect, consequential or other loss arising from any use of this research and/or further communication in relation to this research. Here it may be noted that neither NBEPL, nor its directors, employees, agents or representatives shall be liable for any damages whether direct or indirect, incidental, special or consequential including lost revenue or lost profit that may arise from or in connection with the use of the information contained in this report.

Copyright of this document vests exclusively with NBEPL.

Our reports are also available on our website [www.nirmalbang.com](http://www.nirmalbang.com)

**Access all our reports on Bloomberg, Thomson Reuters and Factset.**

Team Details:			
Name	Email Id	Direct Line	
Rahul Arora	CEO	rahul.arora@nirmalbang.com	-
Girish Pai	Head of Research	girish.pai@nirmalbang.com	+91 22 6273 8017 / 18
Dealing			
Ravi Jagtiani	Dealing Desk	ravi.jagtiani@nirmalbang.com	+91 22 6273 8230, +91 22 6636 8833
Michael Pillai	Dealing Desk	michael.pillai@nirmalbang.com	+91 22 6273 8102/8103, +91 22 6636 8830

## Nirmal Bang Equities Pvt. Ltd.

### Correspondence Address

B-2, 301/302, Marathon Innova,  
Nr. Peninsula Corporate Park,  
Lower Parel (W), Mumbai-400013.

Board No. : 91 22 6273 8000/1; Fax. : 022 6273 8010