

Muthoot Finance

Estimate change



TP change



Rating change



Bloomberg	MUTH IN
Equity Shares (m)	401
M.Cap.(INRb)/(USDb)	672 / 8.1
52-Week Range (INR)	1763 / 1104
1, 6, 12 Rel. Per (%)	-2/1/29
12M Avg Val (INR M)	790

Financials & Valuations (INR b)

Y/E March	FY24	FY25E	FY26E
NII	77.9	90.7	101.7
PPP	56.5	66.7	74.8
PAT	40.5	48.6	54.9
EPS (INR)	100.9	121.1	136.8
EPS Gr. (%)	16.6	20.0	13.0
BV/Sh.(INR)	605	700	809
Ratios			
NIM (%)	11.2	11.1	11.0
C/I ratio (%)	29.8	28.8	28.7
RoA (%)	5.1	5.3	5.3
RoE (%)	17.9	18.6	18.1
Payout (%)	23.8	21.5	20.5
Valuations			
P/E (x)	16.6	13.8	12.2
P/BV (x)	2.8	2.4	2.1
Div. Yld. (%)	1.4	1.6	1.7

Shareholding pattern (%)

As On	Mar-24	Dec-23	Mar-23
Promoter	73.4	73.4	73.4
DII	14.7	14.6	12.7
FII	8.3	8.3	9.4
Others	3.6	3.7	4.6

FII Includes depository receipts

CMP: INR1,673
TP: INR1,620 (-3%)
Neutral

Gold loan growth accelerates; yield expansion boosts NIM

Guidance of ~15% gold loan growth in FY25

- MUTH's 4QFY24 performance was characterized by: 1) gold loan growth of ~18% YoY to ~INR729b; 2) NIM expansion of ~75bp QoQ to 11.9%; and 3) the rise in gold tonnage by ~2% QoQ to 188 tons.
- 4Q PAT grew 17% YoY and 3% QoQ to ~INR10.6b (in line), while FY24 PAT grew 17% YoY to INR40.5b. Net total income grew 14% YoY to ~INR22b (8% beat), and PPOP grew 17% YoY to ~INR15.1b (9% beat).
- Gold loan growth was supported by gold tonnage growth, along with an increase in the customer base by ~2% QoQ to ~5.7m. Higher gold prices during the quarter resulted in LTV declining ~2pp QoQ to ~63%.
- We model a standalone AUM CAGR of ~14% over FY24-FY26E. This, we believe, will result in a PAT CAGR of ~17% over this period. We model RoA/RoE of ~5.3%/18% in FY26. Like last year, we expect higher gold prices to support gold loan growth for the sector as well as for MUTH, given that the company can further improve the LTV by leveraging top-ups on gold loans.
- We increase our FY25/FY26 EPS estimates by 5%/4% to factor in higher gold loan growth and higher other income. MUTH's valuations have re-rated in the last three months, aided by 1) higher gold prices resulting in better visibility on gold loan growth, and 2) expectations that the RBI's gold loan ban on (once) the second largest gold loan NBFC would potentially result in lower competitive intensity and better gold loan growth for other gold NBFC peers.
- MUTH now trades at 2.1x FY26E P/BV, and although we expect gold loan growth to remain buoyant in the near term, we believe the current valuations largely factor in the positives factors. **We maintain our Neutral rating with a revised TP of INR1,620 (based on 2.0x FY26E P/BV).**

Strong AUM growth in Belstar; asset quality largely stable

- MUTH's microfinance subsidiary, Belstar, posted ~62% YoY AUM growth to ~INR100b. Reported PAT in 4Q stood at ~INR1b, up ~5% QoQ.
- Asset quality was broadly stable with GS3 declining ~5bp QoQ to ~1.8%.
- Belstar added ~246 branches in FY24, and CRAR stood at ~21%.

Highlights from the management commentary

- The management continued to guide for ~15% YoY growth in gold loans and branch additions of 150-200 in FY25.
- The company shared that it has not seen any significant impact of the capping on cash disbursements in gold loans. Customers have taken it in stride and MUTH has seen healthy gold loan growth despite the capping on cash disbursements.
- Incremental CoB stood at ~8.8%-9.0%. In the subsequent quarters, MUTH expects weighted average CoB to rise to ~9%.

Valuation and view

- MUTH reported a healthy gold loan growth, aided by gold tonnage growth and stronger customer additions. We expect gold loan growth to remain buoyant in the near term, aided by higher gold prices and levers on LTV (~63% as of Mar'24). Lower competitive intensity due to the ban on gold lending on IIFL Finance will benefit other gold loan players, including MUTH.
- If and when the gold loan ban on IIFL Finance is revoked, we expect higher competitive intensity to again get restored in the gold loan ecosystem.
Maintain our Neutral rating with a revised TP of INR1,620 (based on 2.0x FY26E BVPS).

Quarterly Performance

(INR M)

Y/E March	FY23				FY24				FY23	FY24	4QFY24E	Act v/s Est. (%)
	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4Q				
Interest Income	24,816	24,746	26,184	27,940	29,577	30,147	31,176	33,575	1,03,686	1,24,476	32,568	3
Other operating income	223	231	414	594	410	450	501	514	1,462	1,874	570	-10
Total Operating income	25,039	24,977	26,598	28,534	29,987	30,597	31,677	34,089	1,05,148	1,26,350	33,138	3
YoY Growth (%)	-7.7	-11.8	-7.3	6.9	19.8	22.5	19.1	19.5	-5.1	20.2	16.1	
Other income	54	58	73	104	276	139	80	95	289	590	154	-39
Total Income	25,093	25,036	26,671	28,638	30,263	30,736	31,757	34,184	1,05,437	1,26,940	33,293	3
YoY Growth (%)	-7.6	-11.6	-7.1	6.9	20.6	22.8	19.1	19.4	-5.0	20.4	16.3	
Interest Expenses	9,416	9,027	9,141	9,407	10,638	11,563	12,119	12,228	36,991	46,548	12,920	-5
Net Income	15,677	16,009	17,530	19,231	19,625	19,173	19,638	21,956	68,446	80,393	20,373	8
Operating Expenses	5,435	4,522	4,905	6,314	5,620	5,751	5,696	6,861	21,177	23,927	6,579	4
Operating Profit	10,241	11,487	12,624	12,917	14,006	13,422	13,942	15,095	47,270	56,466	13,794	9
YoY Growth (%)	-23.2	-18.8	-13.9	5.7	36.8	16.9	10.4	16.9	-13.0	19.5	6.8	
Provisions	-577	-127	557	753	860	120	137	860	605	1,978	-9	
Profit before Tax	10,818	11,614	12,068	12,164	13,145	13,302	13,805	14,236	46,664	54,488	13,803	3
Tax Provisions	2,798	2,942	3,051	3,138	3,394	3,392	3,532	3,673	11,929	13,991	3,500	5
Net Profit	8,020	8,672	9,017	9,027	9,751	9,910	10,273	10,563	34,735	40,497	10,303	3
YoY Growth (%)	-17.4	-12.8	-12.4	-6.0	21.6	14.3	13.9	17.0	-12.2	16.6	14.1	
Key Operating Parameters (%)												
Yield on loans (Cal)	17.5	17.5	18.5	18.9	18.3	17.9	18.1	18.6				
Cost of funds (Cal)	7.9	7.8	8.0	8.0	8.4	8.7	8.6	8.4				
Spreads (Cal)	9.6	9.7	10.5	10.9	9.9	9.2	9.5	10.2				
NIMs (Cal)	10.9	11.2	12.2	12.7	12.0	11.2	11.2	11.9				
Credit Cost	-0.4	-0.1	0.4	0.5	0.5	0.1	0.1	0.5				
Cost to Income Ratio	34.7	28.2	28.0	32.8	28.6	30.0	29.0	31.2				
Tax Rate	25.9	25.3	25.3	25.8	25.8	25.5	25.6	25.8				
Balance Sheet Parameters												
AUM (INR b)	567	572	577	632	676	690	712	758				
Change YoY (%)	7.7	3.8	5.6	8.9	19.3	20.6	23.3	20.0				
Gold loans (INR b)	562	565	568	619	660	675	692	729				
Change YoY (%)	7.9	3.3	4.8	7.6	17.6	19.5	21.8	17.8				
Gold Stock Holding (In tonnes)	178	177	175	180	182	183	184	188				
Avg gold loans per branch (INR m)	122	122	122	131	139	142	145	150				
Borrowings (INR b)	454	468	443	498	513	553	580	588				
Change YoY (%)	-5.0	-4.1	-6.0	-0.2	12.8	18.2	31.0	18.1				
Borrowings Mix (%)												
Listed secured NCDs	27.0	24.2	25.2	27.5	24.8	24.4	28.8	27.9				
Term loans	51.4	55.9	62.3	59.5	59.8	65.4	61.6	63.0				
Commercial Paper	0.0	0.0	0.0	2.3	7.7	8.3	8.0	7.9				
Others	4.2	2.5	2.3	1.6	2.6	1.9	1.6	1.3				
Debt/Equity (x)	2.3	2.2	2.0	2.1	2.3	2.3	2.2	2.6				
Asset Quality Parameters (%)												
GS 3 (INR m)	12,078	9,558	14,896	23,986	28,789	27,639	25,767	24,845				
Gross Stage 3 (% on Assets)	2.1	1.7	2.6	3.8	4.3	4.0	3.6	3.3				
Total Provisions (INR m)	9,548	9,380	9,904	10,612	11,422	11,486	11,542	12,304				
Return Ratios (%)												
RoAUM (Rep)	5.6	6.1	6.3	6.0	6.0	5.8	5.9	5.8				
RoE (Rep)	17.5	18.5	18.3	17.5	18.5	18.3	18.1	17.8				

E: MOFSL estimates

Gold loans grew ~5% QoQ; limited impact of cash disbursement capping

- Gold loan AUM grew ~5% QoQ and ~18% YoY to ~INR729b, while consolidated AUM at ~INR891b rose ~25% YoY.
- Gold tonnage increased ~2% QoQ to 188 tons. Gold loan LTV declined ~2pp QoQ to ~63% (PQ: 65%) and the number of gold loan accounts rose to 8.7m (PQ: 8.6m).
- Average monthly disbursement rose to INR150b in 4QFY24 (PQ: INR120b), with average ticket size increasing to ~INR83K (PQ: INR81K).
- The management shared that the industry-wide cap on cash disbursements in gold loans at INR20k is expected to have a limited impact on business volumes. While some customers (who necessarily seek disbursements in cash) may turn to the unorganized sector, well-managed NBFCs should not face significant challenges.
- The management continued to guide for ~15% YoY gold loan growth, supported by the addition of 150-200 new branches in FY25. However, we expect gold AUM CAGR of ~13% over FY24-FY26E.

Improvement in both NIM and spreads

- MUTH reported a ~45bp QoQ expansion in yields and ~20bp decline in CoB, resulting in a ~65bp expansion in spreads to ~10.2%.
- NIM (calc.) expanded ~75bp QoQ to ~11.9%. We expect NIM of 11.1%/11.0% in FY25/FY26. In our view, MUTH should pivot to a lower (than historical) margin business model that will aid stronger and more stable gold loan growth. With an opex-to-average asset ratio of ~3%, MUTH can still make the choice of generating a lower RoA but can build higher leverage to deliver a healthy RoE.

Asset quality improves but Stage 2 assets rose QoQ

- GS3% declined ~35bp QoQ to ~3.3%. However, GS2% increased by ~120bp to 1.8%. 30+dpd increased ~80bp QoQ to 5.1%.
- Stage 2 loans rose QoQ as customers were given more time to repay their loans. Despite this, MUTH remains profitable due to higher gold prices.
- ECL Provisions stood at INR6.2b for Stage 1, INR280m for Stage 2 and INR2.88b for Stage 3. Increase in ECL provisions during the quarter were predominantly because of increase in the provisions on standard loan assets.



Highlights from the management commentary

Business Update

- Standalone AUM crossed a milestone of INR750b. Gold AUM grew ~6% QoQ and 18% YoY to ~INR729b.
- The contribution of subsidiaries to consol. AUM grew to ~15% (vs. ~12% as of FY23), while the contribution of subsidiaries to consol. PAT grew to 10% (vs. ~6% as of FY23).
- Despite industry hiccups, MUTH has maintained its leadership position in the gold loan industry.

Capping on cash disbursements in gold loans

- Confident that the impact of capping on cash disbursements on business volumes will be limited since it is an industry-wide capping on all gold loan players. Customers who want gold loan disbursements in cash will go to the unorganized sector. However, well-run NBFCs will not have any problem.
- There is no significant impact of the capping on cash disbursements in gold loans; Customers have taken it in stride and it has seen good gold loan growth despite the capping on cash disbursements.

Guidance

- MUTH guided for ~15% AUM growth in gold loans.
- The company guided for branch additions of 150-200 in FY25.
- Incremental CoB stood at ~8.8%-9.0%. In the subsequent quarters, the overall cost of borrowings will move up to ~9%.

Competitive Intensity and Pricing Power

- Most of the gold loan companies, which are based out of Kerala (and are regulated by local Kerala/Thiruvananthapuram regulatory body), have been disciplined in pricing of gold loans.
- Lenders, who did reckless gold lending, are finding skeletons in their closets, while MUTH has always grown in a calibrated manner.

Asset Quality and ECL Provisions

- The increase in ECL provisions has come from the increase in standard loan assets.
- Stage 2 grew QoQ as the company gave extra time to customers to repay their gold loans. MUTH shared that given the rise in gold prices, the company is still in the money despite giving more time to the customers to repay their gold loans.

Gold Loans

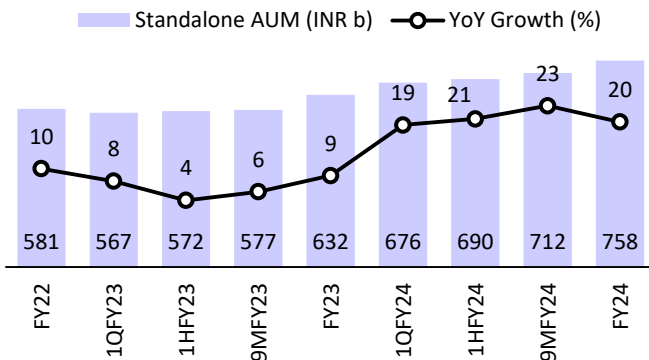
- Gold auctions stood at ~INR1.62b (FY24: INR8.92b); MUTH does not increase its lending rates just because the competitive intensity is lower.
- Accrued interest stood at INR21.8b (Mar'23: INR18.53b).
- ECL provisions stood at INR6.2b for Stage 1, INR280m for Stage 2 and INR2.88b for Stage 3.
- The number of customer loan accounts increased by ~200k between Dec'23 and Mar'24.
- Gold tonnage also rose ~4t QoQ to 188 tons.
- Gold loan split by ticket size
- <INR100k: 35%
- INR100k-300k: 37%
- >INR300k: 29%

Others

- MUTH has also become more active in MSME and salaried personal loans. Vehicle finance is a very crowded space and the company does not have much capabilities/strength in this segment.
- When gold prices increase, gold tonnage declines.
- Loans of ~INR5b in the standalone AUM are toward a wholly owned subsidiary and the remaining non-gold loan-book in the standalone entity is unsecured.
- Management incentives are paid out in the fourth quarter and there was an impact of ~INR500m in 4QFY24.
- Personal loans are 2-year products; It was started 8-10 years back; Good team in place to scale up this business. These loans are disbursed based on proper credit assessment, including CIBIL score. There are 10 parameters which are verified/evaluated before disbursing a personal loan.

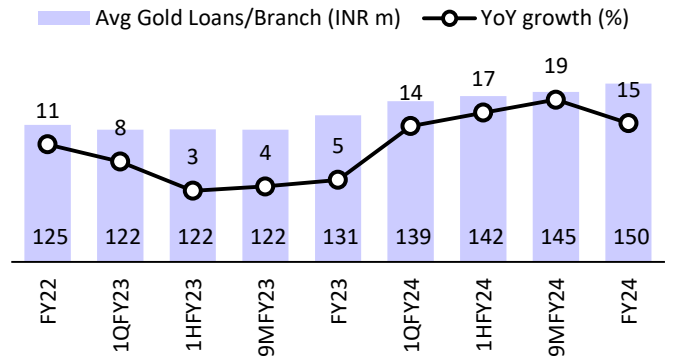
Key exhibits

Exhibit 1: Standalone AUM grew 20% YoY



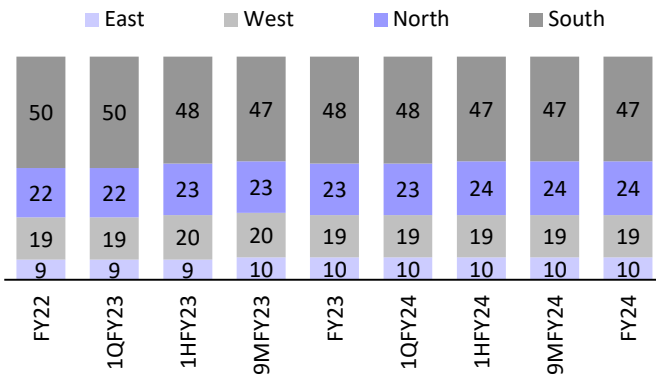
Source: MOFSL, Company

Exhibit 2: Trend in productivity



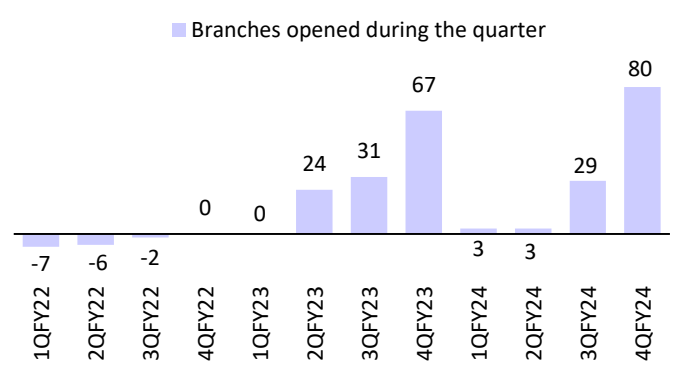
Source: MOFSL, Company

Exhibit 3: Regional mix of gold loans stable



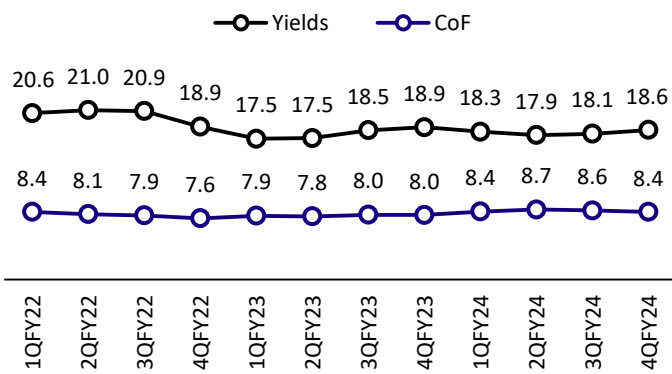
Source: MOFSL, Company, Gold loan portfolio mix

Exhibit 4: MUTH opened 80 new gold loan branches in 4QFY24



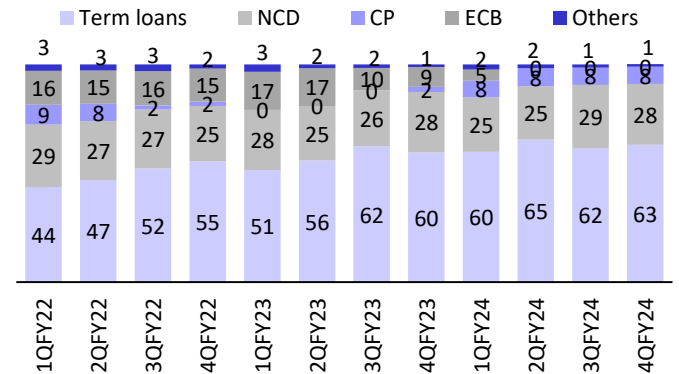
Source: MOFSL, Company

Exhibit 5: Spreads (calc.) expanded ~65bp QoQ (%)

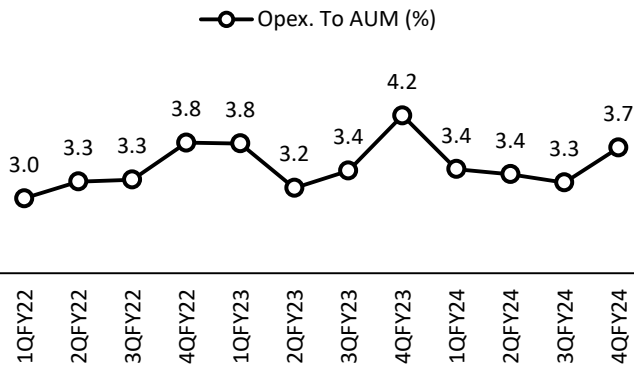


Source: MOFSL, Company

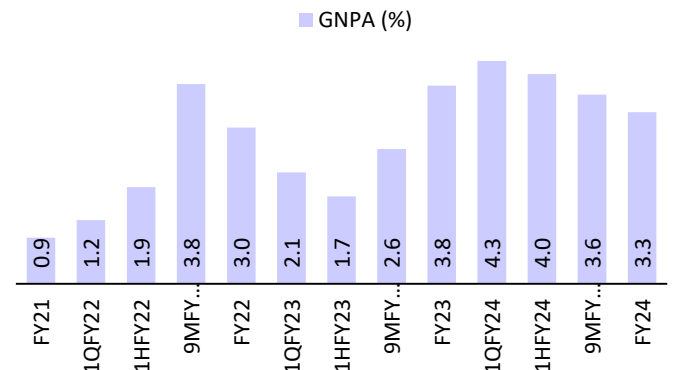
Exhibit 6: Borrowing mix (%)



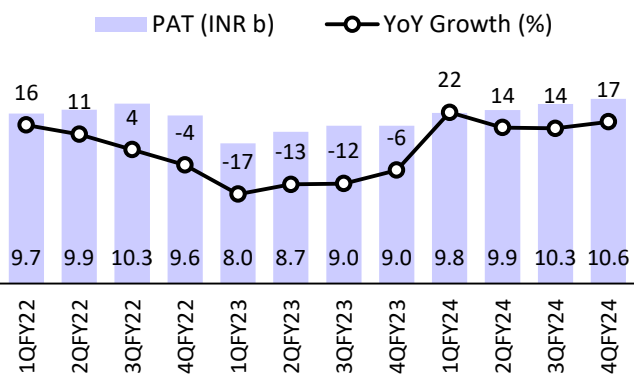
Source: MOFSL, Company, Borrowing mix%

Exhibit 7: OPEX/AUM increased ~40bp QoQ to 3.7%

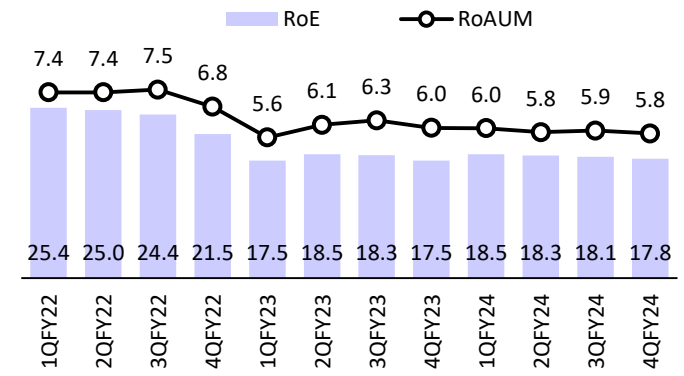
Source: MOFSL, Company

Exhibit 8: GNPA declined ~35bp QoQ (%)

Source: MOFSL, Company

Exhibit 9: PAT grew 17% YoY

Source: MOFSL, Company

Exhibit 10: RoA/RoE at ~5.8%/18.0% in 4QFY24

Source: MOFSL, Company

Valuation and view

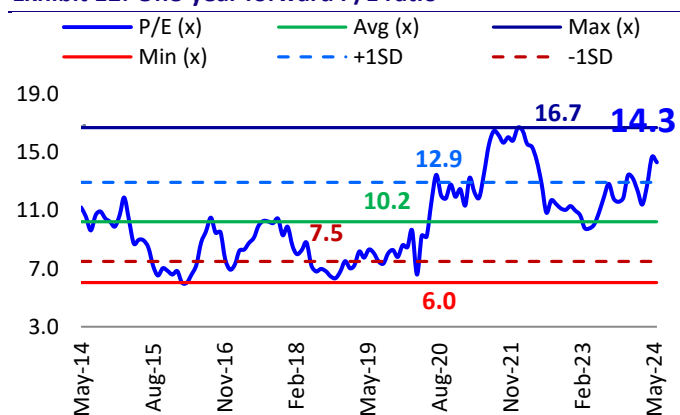
- MUTH reported a healthy gold loan growth, aided by gold tonnage growth and stronger customer additions. We expect gold loan growth to remain buoyant in the near term, aided by higher gold prices and levers on LTV (~63% as of Mar'24). Lower competitive intensity due to the ban on gold lending on IIFL Finance will benefit other gold loan players, including MUTH.
- If and when the gold loan ban on IIFL Finance is revoked, we expect higher competitive intensity to again get restored in the gold loan ecosystem.

Maintain our Neutral rating with a revised TP of INR1,620 (based on 2.0x FY26E BVPS).

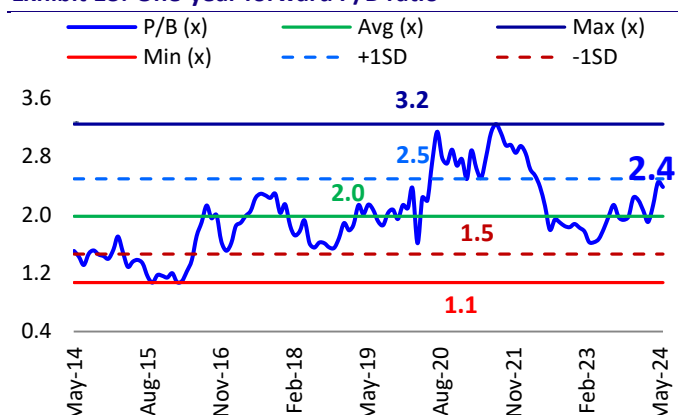
Exhibit 11: Increase our FY25/FY26 estimates by 5%/4% to factor in higher gold loan growth and higher other income

INR B	Old Est		New Est		% Change	
	FY25	FY26	FY25	FY26	FY25	FY26
NII	86.4	97.2	90.7	102.2	5.0	5.2
Other Income	2.6	3.0	2.9	3.2	8.7	6.8
Net Income	89.0	100.2	93.6	105.4	5.1	5.2
Operating Expenses	26.0	28.4	26.9	30.1	3.6	6.2
Operating Profits	63.0	71.8	66.7	75.3	5.7	4.8
Provisions	0.6	0.5	1.3	0.9	110.7	72.8
PBT	62.4	71.3	65.4	74.3	4.7	4.3
Tax	16.0	18.2	16.8	19.1	5.2	4.8
PAT	46.5	53.0	48.6	55.2	4.6	4.1
Loans	851	936	893	1,000	5.0	6.9
Borrowings	660	709	687	752		
Spread (%)	8.8	8.8	8.8	8.7		
RoA (%)	5.1	5.3	5.3	5.3		
RoE (%)	17.8	17.7	18.6	18.2		

Source: MOFSL, Company

Exhibit 12: One-year forward P/E ratio

Source: MOFSL, Company

Exhibit 13: One-year forward P/B ratio

Source: MOFSL, Company

Financials and valuations

INCOME STATEMENT							(INR M)	
Y/E MARCH	FY19	FY20	FY21	FY22	FY23	FY24	FY25E	FY26E
Interest Income	67,570	85,644	103,285	109,560	103,686	124,476	147,196	166,639
Interest Expense	22,368	27,909	36,924	38,358	36,991	46,548	56,479	64,407
Net Interest Income	45,202	57,735	66,361	71,203	66,695	77,928	90,717	102,231
Change (%)	5.8	27.7	14.9	7.3	-6.3	16.8	16.4	12.7
Other income	1,236	1,584	2,458	1,424	1,751	2,465	2,856	3,171
Net Income	46,438	59,319	68,819	72,626	68,446	80,393	93,573	105,402
Change (%)	5.5	27.7	16.0	5.5	-5.8	17.5	16.4	12.6
Operating Expenses	15,394	17,787	17,804	18,262	21,177	23,927	26,919	30,147
Pre Provision Profits	31,044	41,531	51,015	54,364	47,270	56,466	66,653	75,255
Change (%)	0.6	33.8	22.8	6.6	-13.0	19.5	18.0	12.9
Provisions	275	957	950	1,270	605	1,978	1,254	929
PBT	30,768	40,574	50,065	53,094	46,664	54,488	65,399	74,327
Tax	11,047	10,391	12,843	13,551	11,929	13,991	16,793	19,085
Tax Rate (%)	35.9	25.6	25.7	25.5	25.6	25.7	25.7	25.7
PAT	19,721	30,183	37,222	39,543	34,735	40,497	48,606	55,241
Change (%)	10.9	53.0	23.3	6.2	-12.2	16.6	20.0	13.7
Proposed Dividend	4,818	6,022	8,029	8,029	8,832	9,635	10,450	11,324

BALANCE SHEET							(INR M)	
Y/E MARCH	FY19	FY20	FY21	FY22	FY23	FY24	FY25E	FY26E
Equity Share Capital	4,007	4,010	4,012	4,012	4,014	4,015	4,015	4,015
Reserves & Surplus	88,151	111,708	148,377	179,432	206,605	238,888	277,044	320,961
Equity Networth	92,158	115,718	152,389	183,444	210,619	242,903	281,059	324,976
Networth	92,158	115,718	152,389	183,444	210,619	242,903	281,059	324,976
Borrowings	268,332	371,300	459,463	498,113	497,343	587,831	687,090	752,183
Change (%)	26.8	38.4	23.7	8.4	-0.2	18.2	16.9	9.5
Other liabilities	20,198	17,578	22,798	23,990	18,236	19,551	21,506	23,656
Change (%)	11.4	-13.0	29.7	5.2	-24.0	7.2	10.0	10.0
Total Liabilities	380,687	504,597	634,649	705,547	726,198	850,284	989,654	1,100,814
Loans	349,329	426,042	540,634	593,842	642,649	770,014	893,217	1,000,403
Change (%)	18.4	22.0	26.9	9.8	8.2	19.8	16.0	12.0
Investments	9,826	14,383	15,903	13,205	13,169	22,683	24,952	27,447
Net Fixed Assets	1,867	2,227	2,416	2,637	2,682	3,462	3,808	4,189
Other assets	19,666	61,944	75,697	95,863	67,699	54,125	67,678	68,776
Total Assets	380,687	504,597	634,649	705,547	726,198	850,284	989,654	1,100,814

E: MOFSL Estimates

Financials and valuations

RATIOS	(%)							
Y/E MARCH	FY19	FY20	FY21	FY22	FY23	FY24	FY25E	FY26E
Spreads Analysis (%)								
Avg Yield on loans	21.0	22.1	21.4	19.3	16.8	17.6	17.7	17.6
Avg Cost of funds	9.3	8.7	8.9	8.0	7.4	8.6	8.9	9.0
Spreads on loans	11.7	13.4	12.5	11.3	9.3	9.0	8.8	8.7
NIMs on AUM	14.3	15.2	14.1	12.9	11.0	11.2	11.1	11.0
Profitability Ratios (%)								
RoE	23.2	29.0	27.8	23.5	17.6	17.9	18.6	18.2
RoA	5.7	6.8	6.5	5.9	4.9	5.1	5.3	5.3
RoA on AUM	6.2	8.0	7.9	7.1	5.7	5.8	5.9	6.0
Cost to Income	33.2	30.0	25.9	25.1	30.9	29.8	28.8	28.6
Empl. Cost/Op. Exps.	58.3	57.8	56.5	56.4	56.6	58.0	59.2	60.3
Asset-Liability Profile (%)								
GNPL ratio (%)	2.7	2.2	0.9	3.0	3.8	3.3	2.7	2.2
Debt/Equity (x)	2.9	3.2	3.0	2.7	2.4	2.4	2.4	2.3
Average leverage	2.8	3.1	3.1	2.9	2.5	2.4	2.4	2.4
CAR	26.1	25.5	27.4	30.0	31.8	30.4	0.0	0.0
Valuations								
Book Value (INR)	230	289	380	457	525	605	700	809
Price-BV (x)	7.3	5.8	4.4	3.7	3.2	2.8	2.4	2.1
EPS (INR)	49.2	75.3	92.8	98.6	86.5	100.9	121.1	137.6
EPS Growth (%)	10.8	52.9	23.3	6.2	-12.2	16.6	20.0	13.7
Price-Earnings (x)	34.0	22.2	18.0	17.0	19.3	16.6	13.8	12.2
Dividend	12.0	15.0	20.0	20.0	22.0	24.0	26.0	28.2
Dividend Yield (%)	0.7	0.9	1.2	1.2	1.3	1.4	1.6	1.7

E: MOFSL Estimates

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

NOTES

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://onlinereports.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") (UEN 201129401Z), which is a holder of a capital markets services license and an exempt financial adviser in Singapore. This report is distributed solely to persons who (a) qualify as "institutional investors" as defined in section 4A(1)(c) of the Securities and Futures Act of Singapore ("SFA") or (b) are considered "accredited investors" as defined in section 2(1) of the Financial Advisers Regulations of Singapore read with section 4A(1)(a) of the SFA. Accordingly, if a recipient is neither an "institutional investor" nor an "accredited investor", they must immediately discontinue any use of this Report and inform MOCMSPL.

In respect of any matter arising from or in connection with the research you could contact the following representatives of MOCMSPL. In case of grievances for any of the services rendered by MOCMSPL

write to grievances@motilaloswal.com.

Nainesh Rajani

Email: nainesh.rajani@motilaloswal.com

Contact: (+65) 8328 0276

Specific Disclosures

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

The associates of MOFSL may have:

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

- received compensation from the subject company in the past 12 months for investment banking / merchant banking / brokerage services or from other than said services.
- Served subject company as its clients during twelve months preceding the date of distribution of the research report.

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

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

Analyst Certification

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

Terms & Conditions:

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

Disclaimer:

The report and information contained herein is strictly confidential and meant solely for the selected recipient and may not be altered in any way, transmitted to, copied or distributed, in part or in whole, to any other person or to the media or reproduced in any form, without prior written consent. This report and information herein is solely for informational purpose and may not be used or considered as an offer document or solicitation of offer to buy or sell or subscribe for securities or other financial instruments. Nothing in this report constitutes investment, legal, accounting and tax advice or a representation that any investment or strategy is suitable or appropriate to your specific circumstances. The securities discussed and opinions expressed in this report may not be suitable for all investors, who must make their own investment decisions, based on their own investment objectives, financial positions and needs of specific recipient. This may not be taken in substitution for the exercise of independent judgment by any recipient. Each recipient of this document should make such investigations as it deems necessary to arrive at an independent evaluation of an investment in the securities of companies referred to in this document (including the merits and risks involved), and should consult its own advisors to determine the merits and risks of such an investment. The investment discussed or views expressed may not be suitable for all investors. Certain transactions -including those involving futures, options, another derivative products as well as non-investment grade securities - involve substantial risk and are not suitable for all investors. No representation or warranty, express or implied, is made as to the accuracy, completeness or fairness of the information and opinions contained in this document. The Disclosures of Interest Statement incorporated in this document is provided solely to enhance the transparency and should not be treated as endorsement of the views expressed in the report. This information is subject to change without any prior notice. The Company reserves the right to make modifications and alternations to this statement as may be required from time to time without any prior approval. MOFSL, its associates, their directors and the employees may from time to time, effect or have effected an own account transaction in, or deal as principal or agent in or for the securities mentioned in this document. They may perform or seek to perform investment banking or other services for, or solicit investment banking or other business from, any company referred to in this report. Each of these entities functions as a separate, distinct and independent of each other. The recipient should take this into account before interpreting the document. This report has been prepared on the basis of information that is already available in publicly accessible media or developed through analysis of MOFSL. The views expressed are those of the analyst, and the Company may or may not subscribe to all the views expressed therein. This document is being supplied to you solely for your information and may not be reproduced, redistributed or passed on, directly or indirectly, to any other person or published, copied, in whole or in part, for any purpose. This report is not directed or intended for distribution to, or use by, any person or entity who is a citizen or resident of or located in any locality, state, country or other jurisdiction, where such distribution, publication, availability or use would be contrary to law, regulation or which would subject MOFSL to any registration or licensing requirement within such jurisdiction. The securities described herein may or may not be eligible for sale in all jurisdictions or to certain category of investors. Persons in whose possession this document may come are required to inform themselves of and to observe such restriction. Neither the Firm, nor its directors, employees, agents or representatives shall be liable for any damages whether direct or indirect, incidental, special or consequential including lost revenue or lost profits that may arise from or in connection with the use of the information. The person accessing this information specifically agrees to exempt MOFSL or any of its affiliates or employees from, any and all responsibility/liability arising from such misuse and agrees not to hold MOFSL or any of its affiliates or employees responsible for any such misuse and further agrees to hold MOFSL or any of its affiliates or employees free and harmless from all losses, costs, damages, expenses that may be suffered by the person accessing this information due to any errors and delays.

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

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

Registration granted by SEBI and certification from NISM in no way guarantee performance of the intermediary or provide any assurance of returns to investors.

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

Correspondence Address: Palm Spring Centre, 2nd Floor, Palm Court Complex, New Link Road, Malad (West), Mumbai- 400 064. Tel No: 022 71881000. Details of Compliance Officer: Neeraj Agarwal,

Email Id: na@motilaloswal.com, Contact No.:022-40548085.

Grievance Redressal Cell:

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

Registration details of group entities.: Motilal Oswal Financial Services Ltd. (MOFSL): INZ000158836 (BSE/NSE/MCX/NCDX); 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 dp@motilaloswal.com.