

July 22, 2016

R Sreesankar
rsreesankar@plindia.com / +91-22-66322214

Pritesh Bumb
priteshbumb@plindia.com / +91-22-66322232

Vidhi Shah
vidhishah@plindia.com / +91-22-66322258

Rating	Accumulate
Price	Rs761
Target Price	Rs850
Implied Upside	11.7%
Sensex	27,711
Nifty	8,510

(Prices as on July 21, 2016)

Trading data

Market Cap. (Rs bn)	1,395.6
Shares o/s (m)	1,834.4
3M Avg. Daily value (Rs m)	1245.4

Major shareholders

Promoters	33.70%
Foreign	35.90%
Domestic Inst.	4.74%
Public & Other	25.66%

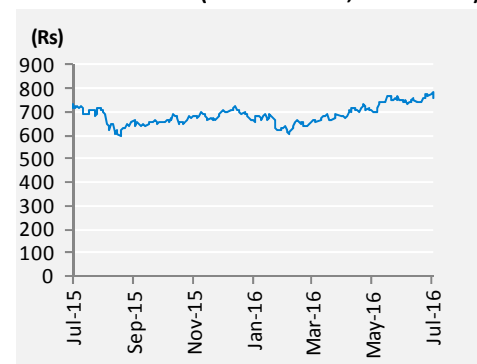
Stock Performance

(%)	1M	6M	12M
Absolute	2.0	14.9	5.6
Relative	(1.4)	(0.7)	7.3

How we differ from Consensus

EPS (Rs)	PL	Cons.	% Diff.
2017	24.2	25.6	-5.4
2018	30.0	32.6	-7.9

Price Performance (RIC: KTKM.BO, BB: KMB IN)



Source: Bloomberg

KMB's Q1FY17 consolidated PAT of Rs10.67bn was marginally soft than consensus estimates from both bank & subs. Overall consolidated PAT was aided by healthy trends in Kotak Investments and KMCC (IB biz), while other subs had a lean quarter. Credit growth at 16.6% in Q1FY17 was below the guidance of 20% for FY17. Traditionally, Q1 is a soft quarter while Q4 is the best quarter in terms of growth. Most integration costs are already done and merger synergies should start reflecting from Q2FY17. CASA growth has been strong at 30% plus. Going ahead, loan growth and asset quality is crucial as the SME segment saw some slippages in Q1FY17 where eIVBL was strong. We retain our estimates and maintain Accumulate with TP of Rs850 based on 3.6x lending business & SOTP.

■ **Core performance gradually coming back on track:** KMB reported standalone PAT of Rs7.42 bn, ~1.2% lower than PLe on slightly lower NII growth than expected at Rs19.2bn (1.6% lower than PLe). NII growth remained decent as loan growth improved to 16.6% YoY (1.8% QoQ) as CV/CE & retail loans continued to post robust growth, while wholesale book saw improvement which bank was rationalizing in FY17. PPOp was supported as opex cost saw significant decline as most of the integration cost has been completed and Q1FY16 had one time wage impact, which has bought C/I lower to 50%.

■ **CASA growth continues to be strong:** KMB continues to witness strong growth in CASA with average CASA growing at 33% YoY and CASA mix at 37% continues to stay on course towards to 40% target in medium term. Better CASA mix has been improving cost of funds keeping overall margins stable at 4.4% and management believes pressure on bank margins is not at risk and continues to guide at +4% margins in FY17.

■ **Some deterioration in asset quality from the SME book as integration takes place:** GNPLs increased 10bps QoQ to 2.5%, while Net NPLs increased 20bp QoQ mainly on some slippages from the SME book as KMB undertook the SME & Retail integration in Q1FY17. O/s restructured assets saw decline at 0.1% of loans from 0.26% of loans on repayment from one a/c, while SMA-2 accounts stood at Rs4.74bn increased slightly from Rs1.53bn mainly from eIVBL book and has seen repayment in Jul'16. Guidance for credit cost remained unchanged at 45-50bp for FY17E. Maintain Accumulate with PT of 850 based on Mar'18 ABV.

Key financials (Y/e March)	2015	2016	2017E	2018E
Net interest income	54,824	82,700	105,699	130,477
Growth (%)	12.6	50.8	27.8	23.4
Operating profit	44,274	57,201	74,575	92,226
PAT	27,922	31,796	44,634	55,286
EPS (Rs)	17.9	17.2	24.2	30.0
Growth (%)	24.9	(4.1)	40.6	24.0
Net DPS (Rs)	0.9	0.5	0.6	0.8

Profitability & Valuation	2015	2016	2017E	2018E
NIM (%)	4.48	4.60	4.36	4.64
RoAE (%)	13.7	11.6	12.7	13.7
RoAA (%)	2.27	1.76	1.83	1.96
P / BV (x)	5.5	4.3	3.8	3.3
P / ABV (x)	5.7	4.5	4.0	3.4
PE (x)	42.4	44.2	31.4	25.3
Net dividend yield (%)	0.1	0.1	0.1	0.1

Source: Company Data; PL Research **Note – Consolidated financials ex-insurance**

Exhibit 1: Q1FY17 Financials – Steady core performance; but asset quality slips

NII growth was slightly lower than estimates but remains healthy post merger integration in Q1FY16

Opex declined improving C/I as integration cost faced by bank has been completed in terms of technology/people/process leading to better PPoP growth

Advances growth improved sequentially on back of strong CV/CE growth and improvement in wholesale business. Management continues to guide 20% loan growth in FY17

Margins remained flat sequentially at 4.4%

Asset quality deteriorated slightly on some hiccup from SME book from eIVBL. While restructured book declined to 0.1% of loans on full payment in one a/c

Standalone (Rs mn)	Q1FY17	Q1FY16	YoY gr. (%)	Q4FY16	QoQ gr. (%)
Net interest income (NII)	19,191	15,982	20.1	18,572	3.3
Other income	7,332	5,924	23.8	6,819	7.5
Total income	26,523	21,906	21.1	25,392	4.5
Operating expenses	13,373	15,937	(16.1)	13,450	(0.6)
-Staff expenses	6,671	9,288	(28.2)	6,340	5.2
-Other expenses	6,701	15,937	(58.0)	7,110	(5.7)
Operating profit	13,150	5,970	120.3	11,942	10.1
Core operating profit	13,150	5,610	134.4	11,942	10.1
Total provisions	1,795	3,053	(41.2)	2,004	(10.4)
Profit before tax	11,355	2,917	289.3	9,937	14.3
Tax	3,936	1,019	286.3	2,980	32.1
Profit after tax	7,420	1,898	291.0	6,958	6.6
Balance sheet (Rs mn)					
Deposits	14,00,280	11,68,120	19.9	13,86,430	1.0
Advances	12,07,650	10,36,144	16.6	11,86,650	1.8
Gross NPL	30,588	24,218	26.3	28,381	7.8
Net NPL	14,671	10,773	36.2	12,620	16.3
Restructured Assets (Rs mn)	1,600	4,180	(61.7)	3,050	(47.5)
Ratios (%)					
Profitability ratios	Q1FY17	Q1FY16	YoY bp chg.	Q4FY16	QoQ bp chg
RoaA	1.5	0.6	96	1.5	4
RoaE	12.2	4.2	1,219	11.8	41
NIM	4.4	4.2	15	4.4	-
Asset Quality ratios					
Gross NPL ratio	2.5	2.3	19	2.4	14
Net NPL ratio	1.2	1.0	17	1.1	15
Coverage ratio	56.4	55.5	93	55.5	91
Rest. assets/ Total adv.	0.1	0.4	(27)	0.3	(12)
Business & Other Ratios					
Low-cost deposit mix	37.4	34.0	340	38.0	(60)
Cost-income ratio	50.4	72.7	(2,233)	53.0	(255)
Non int. inc / total income	27.6	27.0	60	26.9	79
Credit deposit ratio	86.2	88.7	(246)	85.6	65
CAR	15.8	15.3	50	15.3	50
Tier-I	16.8	16.5	30	16.3	50

Source: Company Data, PL Research

Exhibit 2: Consolidated Loan Book – CV/CE & Wholesale business leads growth, while business banking seeing some slowdown

Loan Book (Rs mn)	Q1FY17	Q1FY16	YoY gr. (%)	Q4FY16	QoQ gr. (%)
CV/CE	80,050	56,260	42.3	74,630	7.3
Auto Loans	1,68,240	1,50,390	11.9	1,66,880	0.8
Personal Loans	1,47,010	1,24,160	18.4	1,49,670	(1.8)
Home loans & LAP	2,34,790	2,07,560	13.1	2,30,090	2.0
Corporate	4,27,320	3,48,370	22.7	3,99,460	7.0
Biz Banking	1,69,900	1,65,220	2.8	1,79,970	(5.6)
Agriculture	1,68,140	1,52,680	10.1	1,79,930	(6.6)
Others	74,590	50,580	47.5	67,300	10.8
Total Advances	14,70,040	12,55,220	17.1	14,47,930	1.5
Loan Book mix (%)	Q1FY17	Q1FY16	YoY (bps)	Q4FY16	QoQ (bps)
CV/CE	5.4	4.5	1.0	5.2	0.29
Auto Loans	11.4	12.0	(0.5)	11.5	(0.08)
Personal Loans	10.0	9.9	0.1	10.3	(0.34)
Home loans & LAP	16.0	16.5	(0.6)	15.9	0.08
Corporate	29.1	27.8	1.3	27.6	1.48
Biz Banking	11.6	13.2	(1.6)	12.4	(0.87)
Agriculture	11.4	12.2	(0.7)	12.4	(0.99)
Others	5.1	4.0	1.0	4.6	0.43

Source: Company Data, PL Research

Exhibit 3: Q1FY17 - Subsidiary performance – Share of bank continues to be dominant

Consol Financials (Rs mn)	Q1FY17	Q1FY16	YoY gr. (%)	Q4FY16	QoQ gr. (%)
Standalone Bank	7,420	1,898	291.0	6,958	6.6
Kotak Prime	1,200	1,190	0.8	1,300	(7.7)
KMCC	230	30	666.7	170	35.3
Kotak Securities	600	670	(10.4)	510	17.6
International subsidiaries	130	250	(48.0)	220	(40.9)
Kotak AMC	190	200	(5.0)	250	(24.0)
Kotak Investment Advisors	110	-	NA	50	120.0
Kotak Mahindra Investments	400	300	33.3	500	(20.0)
Lending business	8,620	3,088	179.2	8,258	4.4
Flow business, Subsidiaries	1,660	1,450	14.5	1,700	(2.4)
Consol PAT (ex insurance)	9,960	4,510	120.8	9,780	1.8
Insurance	710	660	7.6	770	(7.8)
Consolidated PAT	10,670	5,170	106.4	10,550	1.1

Source: Company Data, PL Research

Banking business is coming back on track
post merger integration in place

Improvement was seen in investment
advisory biz (KMCC), while other subs
reported soft performance

Key Q1FY17 Concall highlights:

Balance sheet – Growth/Outlook:

- **Loan book** – Loan growth has slightly improved in CV/CE & wholesale banking and corporate banking which saw some let off in FY16 from the eIVBL book. Bank has reclassified Rs50bn of SME loans into small business as per the internal classification and was taken post all integration of businesses. **Outlook:** Continue to guide 20% YoY loan growth for FY17 v/s Q1FY17 growth of ~16.6%.
- **CV/CE** – Have also seen CV industry improving, where KMB continues to scale up gaining market share. Jun'16 OEM CV sales slowdown does not show any signs of the cycle slowdown.
- **Personal:** Was cautious on the increased focus by the sector in lending to personal unsecured loans, which if the competition increases could see challenges 2 to 3 years down the line.
- **CASA** – On an average basis, CASA growth remained strong with CA growth at 32% YoY & SA growth at 35% YoY.
- **Provision coverage Ratio:** PCR is at 52% is after adjusting for what is recoverable.

Margins:

- Guiding margins of +4% in FY17 and do not see any impact from competitive yield pressures. Margins improved 10bps QoQ to 4.4% in Q1FY17.

Fees, Opex & capacity building:

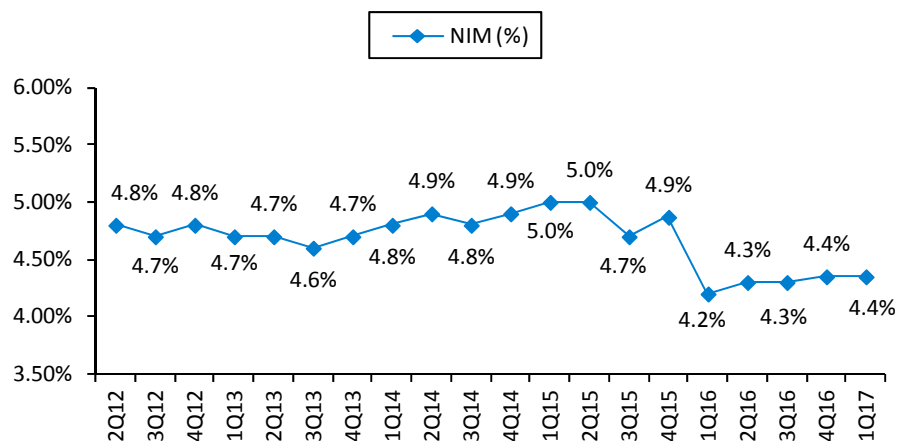
- **Fees** – TPPD fees were flattish YoY, but other fees from loans, cross sell continues to be better.
- **Opex** – Have fully done with integration costs and would be incurring general opex increase hereon.
- **Capacity** – Planning to add ~60-70 branches to reach 1400 branches by Dec'16 end from currently 1333 branches. Will also relocate 70 branches in metro cities. Adding people at front end, while rationalizing people at supervisory/organisational level.

Asset Quality:

- Have seen some increase in SME slippages even integration of the SME book fully. Restructured book saw decline to Rs1.60bn from Rs3.05bn on repayment in one account. **Outlook:** Management believes asset quality has peaked with most stress from eIVBL's already recognized.
- **Credit cost** – Credit cost in Q1FY17 was ~56bps of loans slightly higher. **Outlook:** Continues guiding credit cost of 45-50bps for FY17.

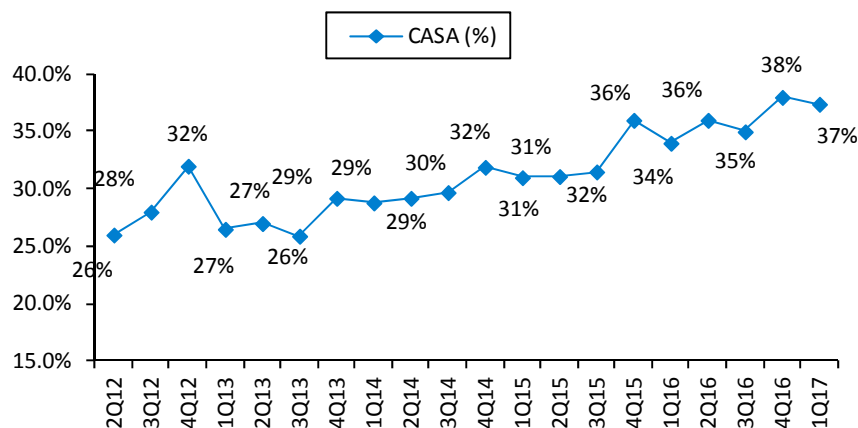
- **Overdue accounts:** KMB's SMA-2 (accounts of Rs50m and above) saw some uptick with outstanding at Rs4.74bn or 0.39% of loans v/s Rs1.53bn or 0.13% of loans in Q4FY16, mainly on addition of Rs1.50bn (one account) which was repaid in Jul'16.

Exhibit 4: Margins remained stable at 4.4% with guidance continuing to be above +4%

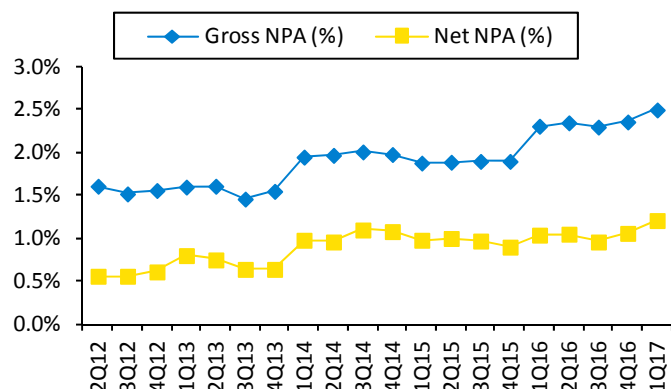


Source: Company Data, PL Research

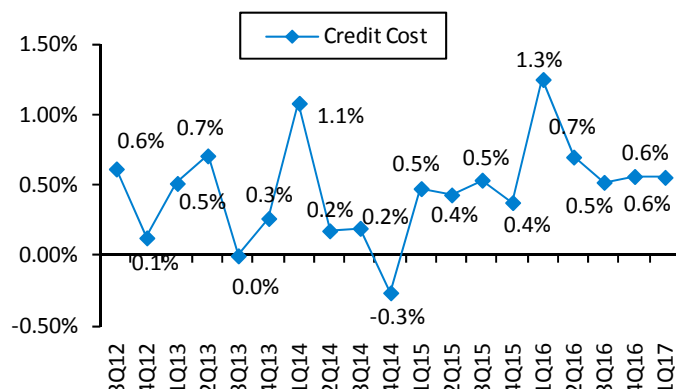
Exhibit 5: CASA on average basis continues to remain robust with +30% growth



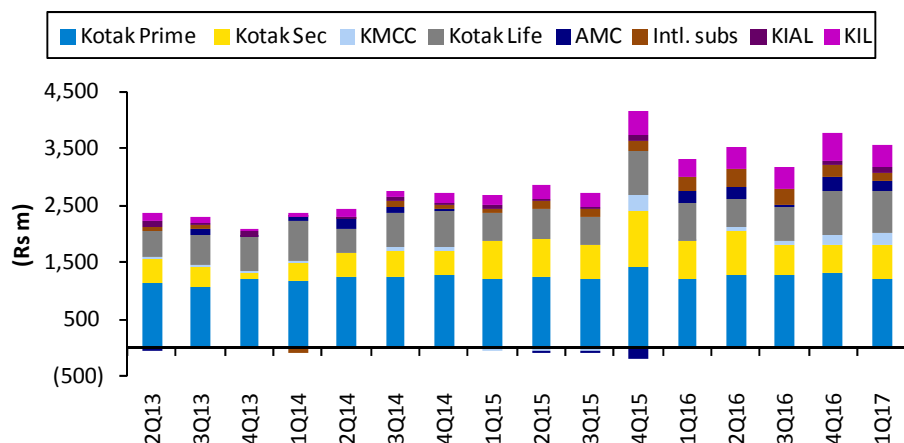
Source: Company Data, PL Research

Exhibit 6: Asset quality deteriorates on some hiccups in SME book


Source: Company Data, PL Research

Exhibit 7: Credit cost remains stable but slightly above guidance


Source: Company Data, PL Research

Exhibit 8: Some softness in subs performance except for IB business on good deals


Source: Company Data, PL Research

Exhibit 9: Consolidated ROEs - Merger synergies to reflect in return ratios in FY17E

ROA Decomposition	2011	2012	2013	2014	2015	2016	2017E	2018E
Net Interest Income	5.62%	4.51%	4.38%	4.50%	4.54%	4.84%	4.62%	4.91%
Fees	2.61%	2.58%	2.02%	2.01%	2.50%	2.29%	1.99%	1.97%
Investment profits	0.23%	0.14%	0.19%	0.20%	0.31%	0.17%	0.12%	0.11%
Net revenues/Assets	8.46%	7.24%	6.60%	6.70%	7.35%	7.30%	6.74%	6.99%
Operating Expense	-4.39%	-3.73%	-3.33%	-3.25%	-3.68%	-3.95%	-3.47%	-3.52%
Provisions	-0.29%	-0.14%	-0.22%	-0.30%	-0.16%	-0.57%	-0.29%	-0.30%
Taxes	-1.18%	-1.09%	-1.01%	-1.06%	-1.20%	-0.92%	-1.02%	-1.09%
Total Costs	-5.85%	-4.97%	-4.56%	-4.61%	-5.03%	-5.44%	-4.78%	-4.91%
ROA	2.61%	2.27%	2.04%	2.09%	2.32%	1.86%	1.95%	2.08%
Equity/Assets	17.03%	15.98%	14.49%	15.35%	16.50%	15.72%	15.14%	14.88%
ROE	15.3%	14.2%	14.1%	13.6%	14.0%	11.8%	12.9%	14.0%

Source: Company Data, PL Research

Exhibit 10: Change in earnings estimates table

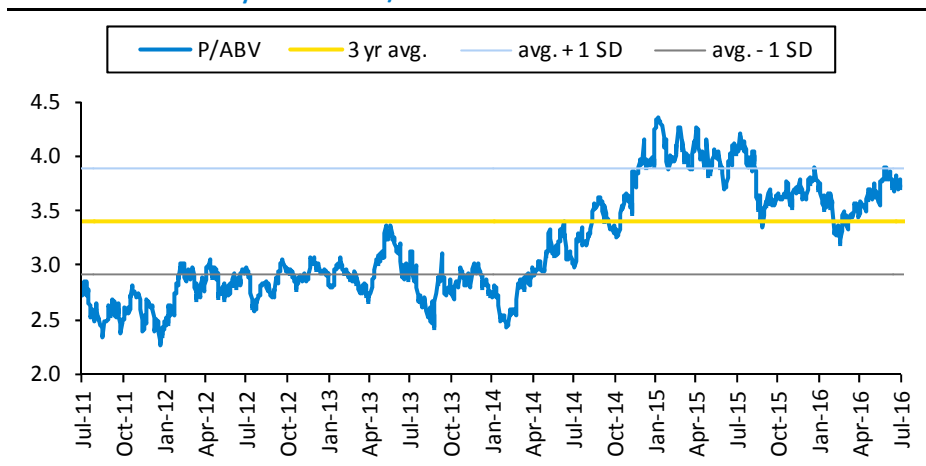
Rs (mn)	Old estimates		Revised estimates		% change	
	FY17E	FY18E	FY17E	FY18E	FY17E	FY18E
Net interest income	1,05,197	1,29,928	1,05,699	1,30,477	0.5	0.4
Operating profit	73,976	91,576	74,575	92,226	0.8	0.7
Net profit	44,243	54,865	44,634	55,286	0.9	0.8
EPS, Rs.	24.0	29.8	24.2	30.0	0.9	0.7
ABVPS, Rs.	189.7	224.2	192.4	222.0	1.4	(1.0)
Price target, Rs.	850		850		-	
Recommendation	Accumulate		Accumulate			

Source: Company Data, PL Research

Exhibit 11: We maintain 'Accumulate' with TP of Rs850 based on SOTP valuation

	Value (Rs m)	Per Share (Rs)	Valuation Basis
Kotak Securities	60,571	33	20x Mar-18 Earnings
Asset Management	44,573	24	5% of AUMs
KMCC	11,121	6	20x Mar-18 Earnings
International subsidiaries	20,061	11	2.5x Mar-18 book
Others	50,190	27	20x Mar-18 Earnings
Insurance	53,430	29	2.1x EV & 21x new biz
Total Subsidiary Valuation	239,946	131	
Ex insurance	186,516	102	
Total Subsidiary valuation	239,946	131	
Lending biz valuation	1,320,119	720	3.6x Mar-18 book
Mar18 PT		850	

Source: Company Data, PL Research

Exhibit 12: KMB – one year forward P/ABV trend


Source: Company Data, PL Research

Income Statement (Rs m)

Y/e March	2015	2016	2017E	2018E
Int. Earned from Adv.	104,744	157,799	195,005	227,893
Int. Earned from Inv.	21,335	34,560	39,914	43,281
Others	1,177	4,578	646	791
Total Interest Income	127,256	196,937	235,565	271,965
Interest expense	72,432	114,237	129,866	141,488
NII	54,824	82,700	105,699	130,477
Growth (%)	12.6	50.8	27.8	23.4
Treasury Income	3,761	2,908	2,763	2,880
NTNII	30,094	39,090	45,495	52,513
Non Interest Income	33,854	41,998	48,258	55,393
Total Income	161,110	238,935	283,823	327,359
Growth (%)	16.4	48.3	18.8	15.3
Operating Expense	44,404	67,497	79,383	93,644
Operating Profit	44,274	57,201	74,575	92,226
Growth (%)	18.4	29.2	30.4	23.7
NPA Provisions	2,757	7,879	6,415	7,811
Investment Provisions	(1,072)	1,372	9	9
Total Provisions	1,904	9,758	6,616	8,031
PBT	42,370	47,443	67,958	84,195
Tax Provisions	14,448	15,647	23,324	28,909
Effective Tax Rate (%)	34.1	33.0	34.3	34.3
PAT	27,726	31,589	44,418	55,059
Growth (%)	25.3	13.9	40.6	24.0

Balance Sheet (Rs m)

Y/e March	2015	2016	2017E	2018E
Par Value	5	5	5	5
No. of equity shares	1,545	1,834	1,834	1,834
Equity	7,724	9,172	9,172	9,172
Networth	216,859	327,652	372,774	428,492
Adj. Networth	209,926	314,148	357,526	412,618
Deposits	748,603	1,386,430	1,663,716	1,963,185
Growth (%)	26.7	85.2	20.0	18.0
Low Cost deposits	272,174	527,764	644,963	780,688
% of total deposits	36.4	38.1	38.8	39.8
Total Liabilities	1,342,526	2,249,552	2,601,757	3,020,478
Net Advances	907,792	1,466,245	1,741,271	2,068,866
Growth (%)	23.5	61.5	18.8	18.8
Investments	333,476	550,520	609,944	682,717
Total Assets	1,342,526	2,249,552	2,601,757	3,020,478

Source: Company Data, PL Research.

*Please note – Consolidated Financials are ex-insurance

Quarterly Financials (Rs m)

Y/e March	Q2FY16	Q3FY16	Q4FY16	Q1FY17
Interest Income	40,057	41,217	42,654	43,869
Interest Expense	23,269	23,555	24,082	24,678
Net Interest Income	16,787	17,662	18,572	19,191
Non Interest Income	6,157	7,222	6,819	7,332
CEB	4,570	4,660	6,100	5,640
Treasury	910	—	—	—
Net Total Income	22,945	24,884	25,392	26,523
Operating Expenses	12,497	12,832	13,450	13,373
Employee Expenses	6,230	6,182	6,340	6,671
Other Expenses	6,267	6,650	7,110	6,701
Operating Profit	10,448	12,052	11,942	13,150
Core Operating Profit	9,538	12,052	11,942	13,150
Provisions	1,764	2,353	2,004	1,795
Loan loss provisions	1,891	1,483	1,651	1,671
Investment Depreciation	(140)	839	300	124
Profit before tax	8,684	9,700	9,937	11,355
Tax	2,989	3,352	2,980	3,936
PAT before EO	5,695	6,347	6,958	7,420
Extraordinary item	—	—	—	—
PAT	5,695	6,347	6,958	7,420

Key Ratios

Y/e March	2015	2016	2017E	2018E
CMP (Rs)	761	761	761	761
Equity Shrs. Os. (m)	1,545	1,834	1,834	1,834
Market Cap (Rs m)	1,175,212	1,395,598	1,395,598	1,395,598
M/Cap to AUM (%)	87.5	62.0	53.6	46.2
EPS (Rs)	17.9	17.2	24.2	30.0
Book Value (Rs)	138	176	201	231
Adj. BV (100%) (Rs)	134	169	192	222
P/E (x)	42.4	44.2	31.4	25.3
P/BV (x)	5.5	4.3	3.8	3.3
P/ABV (x)	5.7	4.5	4.0	3.4
DPS (Rs)	0.9	0.5	0.6	0.8
Dividend Yield (%)	0.1	0.1	0.1	0.1

Profitability (%)

Y/e March	2015	2016	2017E	2018E
NIM	4.5	4.6	4.4	4.6
RoAA	2.3	1.8	1.8	2.0
RoAE	13.7	11.6	12.7	13.7

Efficiency

Y/e March	2015	2016	2017E	2018E
Cost-Income Ratio (%)	50.1	54.1	51.6	50.4
C-D Ratio (%)	121.3	105.8	104.7	105.4
Business per Emp. (Rs m)	53	52	56	61
Profit per Emp. (Rs lacs)	8.9	5.8	7.4	8.3
Business per Branch (Rs m)	2,422	2,377	2,619	2,880
Profit per Branch (Rs m)	41	26	34	39

Asset Quality

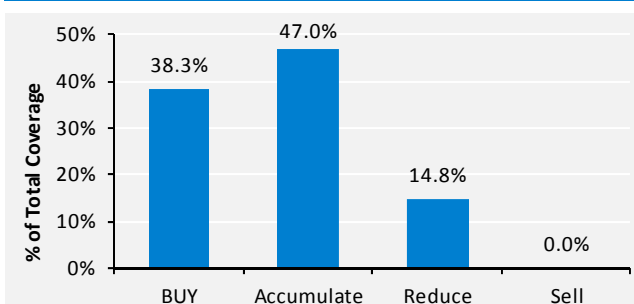
Y/e March	2015	2016	2017E	2018E
Gross NPAs (Rs m)	13,848	30,127	29,365	29,886
Net NPAs (Rs m)	6,932	13,505	15,248	15,874
Gr. NPAs to Gross Adv. (%)	1.5	2.1	1.7	1.4
Net NPAs to Net Adv. (%)	0.8	0.9	0.9	0.8
NPA Coverage (%)	49.9	55.2	48.1	46.9

Source: Company Data, PL Research.

**Prabhudas Lilladher Pvt. Ltd.**

3rd Floor, Sadhana House, 570, P. B. Marg, Worli, Mumbai-400 018, India

Tel: (91 22) 6632 2222 Fax: (91 22) 6632 2209

Rating Distribution of Research Coverage**PL's Recommendation Nomenclature**

BUY	: Over 15% Outperformance to Sensex over 12-months
Accumulate	: Outperformance to Sensex over 12-months
Reduce	: Underperformance to Sensex over 12-months
Sell	: Over 15% underperformance to Sensex over 12-months
Trading Buy	: Over 10% absolute upside in 1-month
Trading Sell	: Over 10% absolute decline in 1-month
Not Rated (NR)	: No specific call on the stock
Under Review (UR)	: Rating likely to change shortly

DISCLAIMER/DISCLOSURES**ANALYST CERTIFICATION**

We/I, Mr. R. Sreesankar (B.Sc.), Mr. Pritesh Bumb (MBA, M.com), Ms. Vidhi Shah (CA), Research Analysts, authors and the names subscribed to this report, hereby certify that all of the views expressed in this research report accurately reflect our views about the subject issuer(s) or securities. We also certify that no part of our compensation was, is, or will be directly or indirectly related to the specific recommendation(s) or view(s) in this report.

Terms & conditions and other disclosures:

Prabhudas Lilladher Pvt. Ltd., Mumbai, India (hereinafter referred to as "PL") is engaged in the business of Stock Broking, Portfolio Manager, Depository Participant and distribution of third party financial products. PL is a subsidiary of Prabhudas Lilladher Advisory Services Pvt Ltd. which has its various subsidiaries engaged in business of commodity broking, investment banking, financial services (margin funding) and distribution of third party financial/other products, details in respect of which are available at www.plindia.com

This document has been prepared by the Research Division of PL and is meant for use by the recipient only as information and is not for circulation. This document is not to be reported or copied or made available to others without prior permission of PL. It should not be considered or taken as an offer to sell or a solicitation to buy or sell any security.

The information contained in this report has been obtained from sources that are considered to be reliable. However, PL has not independently verified the accuracy or completeness of the same. Neither PL nor any of its affiliates, its directors or its employees accepts any responsibility of whatsoever nature for the information, statements and opinion given, made available or expressed herein or for any omission therein.

Recipients of this report should be aware that past performance is not necessarily a guide to future performance and value of investments can go down as well. The suitability or otherwise of any investments will depend upon the recipient's particular circumstances and, in case of doubt, advice should be sought from an independent expert/advisor.

Either PL or its affiliates or its directors or its employees or its representatives or its clients or their relatives may have position(s), make market, act as principal or engage in transactions of securities of companies referred to in this report and they may have used the research material prior to publication.

PL may from time to time solicit or perform investment banking or other services for any company mentioned in this document.

PL is in the process of applying for certificate of registration as Research Analyst under Securities and Exchange Board of India (Research Analysts) Regulations, 2014

PL submits that no material disciplinary action has been taken on us by any Regulatory Authority impacting Equity Research Analysis activities.

PL or its research analysts or its associates or his relatives do not have any financial interest in the subject company.

PL or its research analysts or its associates or his relatives do not have actual/beneficial ownership of one per cent or more securities of the subject company at the end of the month immediately preceding the date of publication of the research report.

PL or its research analysts or its associates or his relatives do not have any material conflict of interest at the time of publication of the research report.

PL or its associates might have received compensation from the subject company in the past twelve months.

PL or its associates might have managed or co-managed public offering of securities for the subject company in the past twelve months or mandated by the subject company for any other assignment in the past twelve months.

PL or its associates might have received any compensation for investment banking or merchant banking or brokerage services from the subject company in the past twelve months.

PL or its associates might have received any compensation for products or services other than investment banking or merchant banking or brokerage services from the subject company in the past twelve months

PL or its associates might have received any compensation or other benefits from the subject company or third party in connection with the research report.

PL encourages independence in research report preparation and strives to minimize conflict in preparation of research report. PL or its analysts did not receive any compensation or other benefits from the subject Company or third party in connection with the preparation of the research report. PL or its Research Analysts do not have any material conflict of interest at the time of publication of this report.

It is confirmed that Mr. R Sreesankar (B.Sc.), Mr. Pritesh Bumb (MBA, M.com), Ms. Vidhi Shah (CA), Research Analysts of this report have not received any compensation from the companies mentioned in the report in the preceding twelve months

Compensation of our Research Analysts is not based on any specific merchant banking, investment banking or brokerage service transactions.

The Research analysts for this report certifies that all of the views expressed in this report accurately reflect his or her personal views about the subject company or companies and its or their securities, and no part of his or her compensation was, is or will be, directly or indirectly related to specific recommendations or views expressed in this report.

The research analysts for this report has not served as an officer, director or employee of the subject company PL or its research analysts have not engaged in market making activity for the subject company

Our sales people, traders, and other professionals or affiliates may provide oral or written market commentary or trading strategies to our clients that reflect opinions that are contrary to the opinions expressed herein, and our proprietary trading and investing businesses may make investment decisions that are inconsistent with the recommendations expressed herein. In reviewing these materials, you should be aware that any or all of the foregoing, among other things, may give rise to real or potential conflicts of interest.

PL and its associates, their directors and employees may (a) from time to time, have a long or short position in, and buy or sell the securities of the subject company or (b) be engaged in any other transaction involving such securities and earn brokerage or other compensation or act as a market maker in the financial instruments of the subject company or act as an advisor or lender/borrower to the subject company or may have any other potential conflict of interests with respect to any recommendation and other related information and opinions.

DISCLAIMER/DISCLOSURES (FOR US CLIENTS)**ANALYST CERTIFICATION**

The research analysts, with respect to each issuer and its securities covered by them in this research report, certify that: All of the views expressed in this research report accurately reflect his or her or their personal views about all of the issuers and their securities; and No part of his or her or their compensation was, is or will be directly related to the specific recommendation or views expressed in this research report

Terms & conditions and other disclosures:

This research report is a product of Prabhudas Lilladher Pvt. Ltd., which is the employer of the research analyst(s) who has prepared the research report. The research analyst(s) preparing the research report is/are resident outside the United States (U.S.) and are not associated persons of any U.S. regulated broker-dealer and therefore the analyst(s) is/are not subject to supervision by a U.S. broker-dealer, and is/are not required to satisfy the regulatory licensing requirements of FINRA or required to otherwise comply with U.S. rules or regulations regarding, among other things, communications with a subject company, public appearances and trading securities held by a research analyst account.

This report is intended for distribution by Prabhudas Lilladher Pvt. Ltd. only to "Major Institutional Investors" as defined by Rule 15a-6(b)(4) of the U.S. Securities and Exchange Act, 1934 (the Exchange Act) and interpretations thereof by U.S. Securities and Exchange Commission (SEC) in reliance on Rule 15a 6(a)(2). If the recipient of this report is not a Major Institutional Investor as specified above, then it should not act upon this report and return the same to the sender. Further, this report may not be copied, duplicated and/or transmitted onward to any U.S. person, which is not the Major Institutional Investor.

In reliance on the exemption from registration provided by Rule 15a-6 of the Exchange Act and interpretations thereof by the SEC in order to conduct certain business with Major Institutional Investors, Prabhudas Lilladher Pvt. Ltd. has entered into an agreement with a U.S. registered broker-dealer, Marco Polo Securities Inc. ("Marco Polo").

Transactions in securities discussed in this research report should be effected through Marco Polo or another U.S. registered broker dealer.