

Re-Initiating Coverage Aditya Birla Capital Ltd.

26-March-2021

Industry	LTP	Recommendation	Base Case Fair Value	Bull Case Fair Value	Time Horizon
BFSI – NBFC	Rs 118	Buy on dips at Rs.107 and further add at Rs. 99	Rs 117	Rs 126	2 quarters

HDFC Scrip Code	ABCAPL
BSE Code	540691
NSE Code	ABCAPITAL
Bloomberg	ABCAP IN
CMP Mar 25, 2021	118
Equity Capital (cr)	2415.1
Face Value (Rs)	10
Eq- Share O/S(cr)	241.5
Market Cap (Rs cr)	28488.2
Book Value (Rs)	52.1
Avg.52 Wk Volume	42,88,000
52 Week High	139.7
52 Week Low	38.0

Share holding Pattern % (Dec, 2020)	
Promoters	70.44
Institutions	14.92
Non Institutions	14.63
Total	100.0

Fundamental Research Analyst

Atul Karwa

atul.karwa@hdfcsec.com

Our Take:

ABCL is the holding company of all the financial services businesses of the Aditya Birla group and aims to be an end-to-end financial services provider. It has built a strong and diversified loan book with presence across SME/Retail/HNI (Q3FY21-53%), Large/Mid corporates (Q3FY21-43.3%) and others (Q3FY21-3.7%) through its financing arms ABFL and ABHFL. It is gaining market share in its asset management business and its insurance business is growing above the industry average. Some of its nascent stage businesses have huge growth potential and can add meaningful value to the consolidated valuation in the coming years. Its strategic significance to the ABCL Group is reflected in the regular capital support from the parent (Rs 4783cr in the last four years).

Improvement in sentiments towards the shadow banking space could lead to re-rating of the NBFC and HF businesses as both the businesses have stood out in the recent tough industry environment with prudent asset liability management, adequate liquidity buffers and improving ROEs. Listing of its AMC business could unlock value for ABCL while grant of a banking license would further re-rate the stock.

On October 29, 2020, we had initiated coverage on the stock with a recommendation to 'Buy on dips to Rs 63 and add more at 55' ([Link](#)). However the company reported strong performance and the stock surged post our recommendation. Taking into the consideration its strong growth potential, we are re-initiating coverage on the stock.

Valuations & Recommendation:

We believe that ABCL's current valuations do not adequately factor in the successful re-positioning of its lending businesses towards retail and granular loans, which is likely to drive a sustainable improvement in franchise earnings. PAT growth is likely to pick up from FY22E onwards. We have valued the company on SOTP basis, the lending business contributes major portion of the total valuation. We feel investors could buy the stock at current levels for a Base Case target of Rs 117 and a Bull Case target of Rs 126 in 2 quarters.

SOTP Valuation

Businesses	Holding %	Valuation Basis	Value Price per share
ABSLI	51%	1.1x FY23E EV	18.6
ABSLAMC	51%	DCF-based multiple of 30x FY23 NOPLAT	41.6

ABFL	100%	1.6x FY23 Adj NW	60.8
ABHFL	100%	1.4x FY23 Adj NW	8.4
Health Insurance	51%	25x FY23 PAT	2.6
Other business		1x investment (Net worth)	2.1
Less-Holdco Discount			-8
SOTP			126

Financial Summary

Particulars (Rs cr)	Q3FY21	Q3FY20	YoY-%	Q2FY20	QoQ-%	FY17	FY18	FY19	FY20
Total Income	4097	3187	28.6	3584	14.3	5886	11527	15172	16810
PPoP	512	445	15.1	505	1.4	1183	1163	1383	1817
PAT	289	250	15.3	284	1.8	530	693	871	920
EPS (Rs)	1.2	1.1	10.4	1.2	1.8	4.3	3.1	4.0	3.8
P/E (x)						22.8	54.4	48.1	50.2
P/ABV (x)						2.4	3.3	3.0	2.5
RoAA (%)						1.8	0.6	0.6	0.6

(Source: Company, HDFC sec)

Recent Triggers

Q3FY21 Financials

ABCL reported its highest consolidated PAT figures of Rs 289cr (+15.3% yoy) driven by asset management and housing finance businesses partially offset by muted performance of the NBFC arm. Focus on retail and SME segment led to healthy recovery in lending business with total disbursements (including HFC) increasing 18% yoy to Rs 5,097cr.

ABCL continued to rundown its wholesale loan book. Consequently overall NBFC loan book declined 4.8% yoy to Rs 45,650cr. Retail advances increased by 11.1% yoy while wholesale book de-grew by 9%. Within Retail lending, the share of unsecured loans declined 400bps yoy to 47%. The company resolved ~Rs 550cr of stage 3 NPAs during the quarter resulting in 39/3 bps sequential improvement in GNPA/NNPA to 3.07%/1.89%. The management believes provisioning is adequate as it has security cover of 1.5x of net NPA. Collection efficiency has

improved to 96.4% and is trending towards pre-Covid levels. ABCL restructured 1.5% of loans, 85% of which were from Stage 1. Net interest margin expanded by 18 bps yoy to 5.24%. ABCL added 34 new branches during Q3 FY21, primarily in semi urban locations

In the Housing Finance book disbursements rebounded by 19%/5% qoq/yoy to Rs 815cr, 48% of which was to affordable segment. However, overall loan book de-grew by 2.6% yoy to Rs 11,872cr. ABCL restructured 3.5% of loans, 75% of which were from Stage 1. Proforma GNPA jumped 75bps to 1.89% while PCR declined to 34% from 37%. Net interest margins expanded by 81bps yoy to 3.68%. Collection efficiency at 96.3% in Dec'20 at pre-COVID levels. Net NPA increased 48bps to 1.26% with a security cover of 2.0x.

Average AUM in the AMC business witnessed a growth of 6.6% sequentially to Rs 2.67 lakh crore. Domestic average AUM grew by 7% qoq while Alternate and Offshore AUM was down by 1.8%. SIP AUM increased by 15.9% qoq to Rs 40,560cr. SIP AUM as a percentage of Equity AUM increased to 43% from 37% in Q3FY20. PAT increased by 13.1% yoy to Rs 147cr as revenues increased by 10.7% while costs were up by 0.8% only. PBT margin expanded by 2bps to 28bps on back of growing equity AUM.

Life Insurance vertical reported a strong performance with individual first year premium and group new business premium increasing by ~6% and ~50% YTD as compared to a degrowth of 8% and 5% in the industry. 13th month persistency ratio was up by 200bps yoy to 84% while 61st month persistence expanded 200bps to 50%. Over the past year, the life insurance company has focused on the Non-PAR segment, the share of which has increased from 43% to 53% YoY. The share of ULIPs remains stable at 30%. Opex to premium ratio (incl. commission) fell from 19.8% in Q3FY20 to 18.4% in Q3FY21.

Long term Triggers

Aggressive 3-year growth guidance across businesses

In the NBFC segment, overall Loan book over last 3 years grew at CAGR was ~16%; going forward, the company aims to augment its Retail + SME mix to ~65% by FY24. The targeted RoA and RoE for this segment by FY24 is 2.5-2.7% (v/s 9MFY21-1.5%) and 16-17% (v/s 9MFY21-8.6%). In the HFC segment it aims to augment its Affordable mix to ~65% by FY24. The targeted RoA and RoE for this segment by FY24 is 1.5-1.6% (v/s 9MFY21-1.12%) and 14-15% (v/s 9MFY21- 10%).

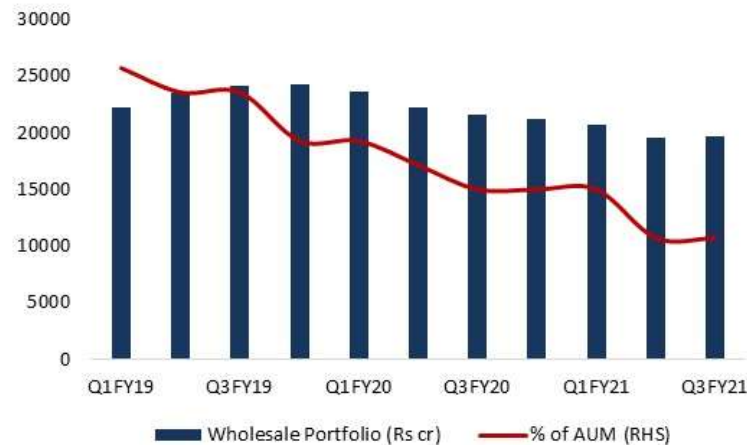
In the Asset Management business it aims to expand its Equity AAUM mix from 34% to 40% in next 3 years and thereby targets RoE of 35-40% v/s current ~33%.

In the Life Insurance segment it aims to grow renewals for next 3-years at CAGR 16-17% while has been targeting improvement in protection mix to 12-15% by FY24 with reduction in Opex/ Premium by ~150bps to 12.5% over next 3 years. In the Health Insurance business the company targets to grow faster than industry and aims to achieve a GMP of Rs. 3200-3500Cr by FY24 from Rs. 860Cr as on 9MFY21.

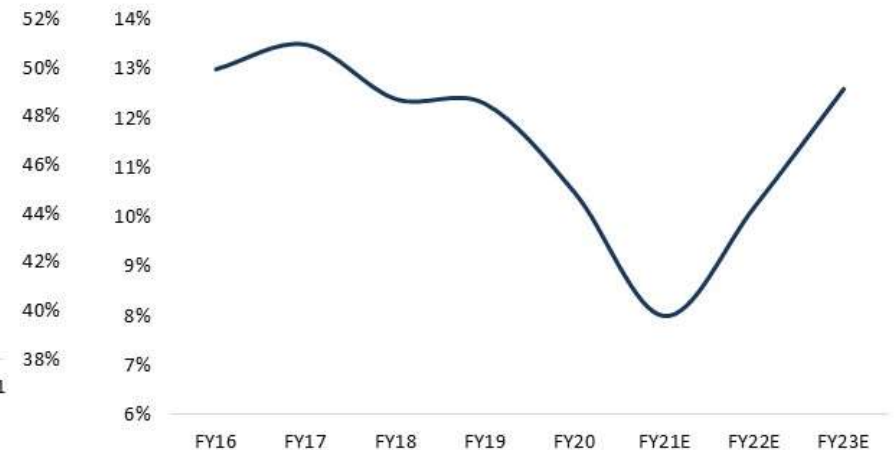
Increasing granularisation of loan book

ABFL is gradually increasing the granularity of its loan book by focusing on lending to retail and SME clients and reducing its exposure to corporate clients. Over the last 1 year while the overall loan book has declined by 4.8% yoy to Rs 45,650cr in Q3FY21, retail loan book has increased by 11.1% to Rs 9,587cr and the share of retail loans have gone up from 18% to 21%. During the same period the share of wholesale loans have declined from 45% in Q3FY20 to 43% in Q3FY21 while HNI advances fell from 10% to 8%.

Wholesale portfolio trends



RoAE trends and estimates



(Source: Company, HDFC sec)

Wholesale ATS has declined by 12% yoy from Rs 65cr to Rs 57cr. The declining share of wholesale loans and reduction in average ticket sizes suggest that 'right-sizing is already underway'. We expect these trends to accelerate. Over FY21-23E, we estimate the share of wholesale loans to gradually trend downwards, from ~45% to 38%. Given the management focus on RoE-accretive granular businesses and a decline in provisioning, we expect RoAE to reflate from 10.5% over FY19-20 to 12.6% by FY23E.

ABCL likely to be a frontrunner if banking licences are opened up

Although the RBI has historically been reluctant to open up licenses to industrial houses, recent policy noise has been suggestive of a change in stance. In fact, an RBI appointed Internal Working Group (IWG) recently proposed continuation of NOFHC as a preferred structure for setting up new universal banks. It has also recommended allowing NBFCs, owned by industrial houses, with an asset size of over Rs 50,000cr, to be converted to banks. ABCL with an asset book of close to Rs 60,000cr looks best positioned among the large NBFCs to acquire a banking license should RBI decide to accept the working committee's recommendations. Recently, Mr Romesh Sobti, who helped transform IndusInd Bank from a small struggling bank into one of the fastest growing private sector lenders, has joined the board of Aditya Birla Capital

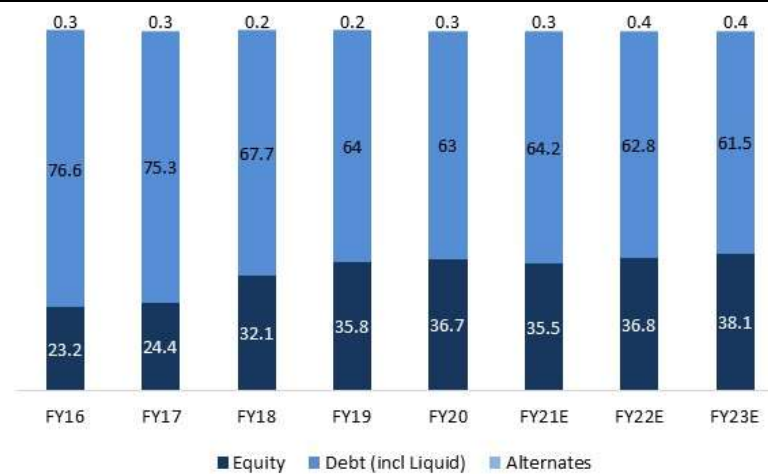
Looking to list its AMC business

Aditya Birla Group plans to take its asset management business public through a Rs 5,000cr initial public offering to raise funds for expansion, according to media reports. Aditya Birla Sun Life Asset Management has started talks with potential merchant bankers for the IPO, which is likely to be launched in the June quarter. ABCL owns 51% stake in the AMC business with the remaining 49% Canada's Sun Life Financial Inc. As of Dec-2020 ABSLAMC was the fourth largest AMC in India with an average AUM of Rs 2.67 lakh crore and over 71 lakh customers. Listing of the AMC business could unlock value for the company.

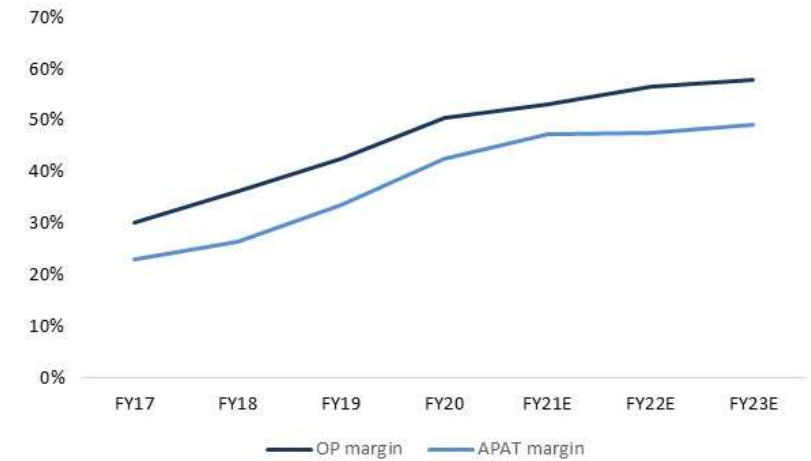
Operating leverage potential to marginally reflate ROEs in AMC business

With the share of higher-yielding equity in the AAUM mix likely to rise to 38% by FY24E (FY21E: 36%), we expect three-year revenue CAGR at 9%. With strong growth in AAUM (two-year CAGR of 13%), we expect economies of scale to kick in as operating expenses ease marginally (by ~2bps as % of MF AAUM) over FY21E-23E. This is expected to drive operating profits/APAT CAGR of 12/10% over FY21E-23E. Being an asset-light business model, ABSLAMC is expected to enjoy operating efficiencies as AUM further scales up. Driven by both strong growth in AUM and operating efficiencies, ABSLAMC enjoys one of the best ROEs in the industry at ~39% (FY20).

Share of equity in mix to rise



Margins set to improve



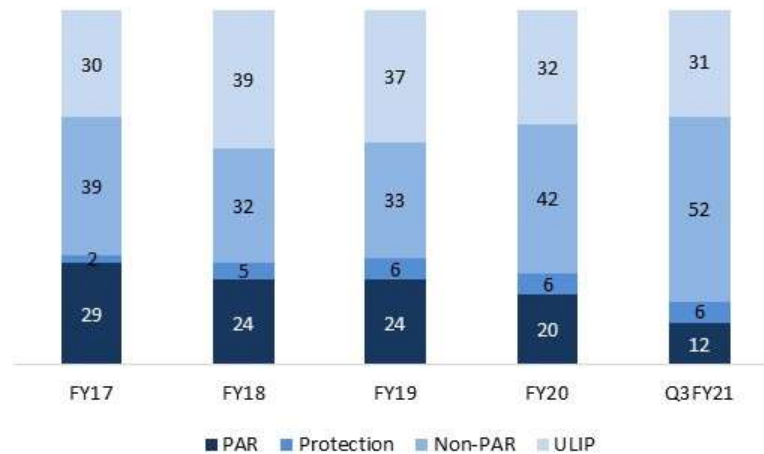
(Source: Company, HDFC sec)

Changing product mix and improving persistency to drive higher VNB margins

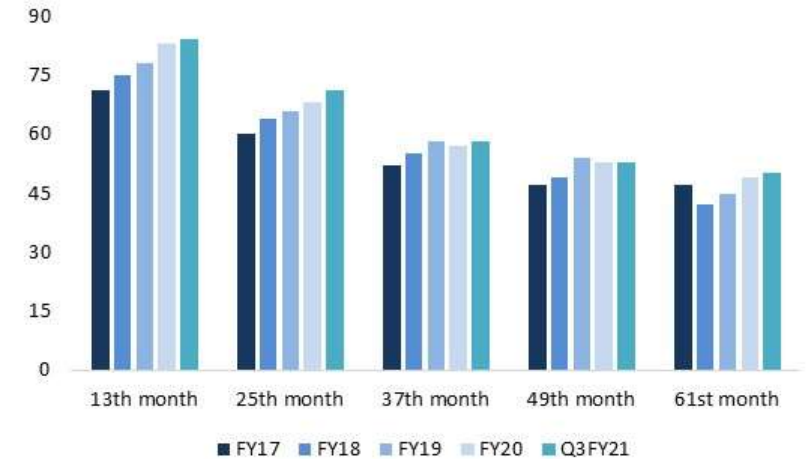
With structural changes in its product mix over the past two years, ABSLI has a lion's share of the high-yielding NPAR business (9MFY21: 52%) in its individual APE mix. It launched 3 NPAR products during 9MFY21. ABSLI is diligently focussed on growing its retail protection business (FY18-9MFY21 CAGR at 44%), especially in the banca channel. This, coupled with HDFCB as a banca partner (contributing ~17/18% of HDFCB's life insurance business), is expected to drive +800bps higher share of protection (14%) by FY24E.

Given the high upfront acquisition costs, persistency ratios (on business originated in the past) are as important as new business for life insurers. ABSLI has witnessed its persistency ratio improving across the time period which is likely to improve its profitability.

Retail APE mix is NPAR heavy



Persistency ratios improving across time period



(Source: Company, HDFC sec)

Strategic significance to highly-rated sponsor

As of Dec'20, ABCL is owned to the extent of 54.2% by its primary sponsor, Grasim Industries, the flagship company of the Aditya Birla Group of companies (ABG). Historically, the AB group, through Grasim, has provided capital support and leadership support to ABCL, reflecting the latter's strategic importance to the group. During FY20, ABG infused Rs 1,000cr of the ~Rs 2,100cr raised by ABCL (~50% of the funds) - Grasim, the primary sponsor, infused 77% ~Rs 770cr of the promoter group support.

Other businesses although small, are doing well and have huge growth potential

ABCL has ventured into other related business segments which are still to grow to a significant size but hold immense potential.

- In 2015 it entered into 51:49 JV with MMI Holdings, a diversified financial player in South Africa and incorporated Aditya Birla Health Insurance (ABHICL) with business philosophy to move insurance beyond the current model of funding for sickness, from buy and forget to

buy and engage. Favorable demographics and increasing awareness about health insurance makes this business lucrative in an industry growing ~18% p.a. It can leverage on its brand name and experience of MMI in incentivized wellness to grow rapidly.

- Aditya Birla Insurance Brokers (ABIBL) is in the business of insurance broking and risk advisory services in non-life and reinsurance business. It is among the leading players in the retail industry and enjoys a strong presence in the corporate business industry where it provides solutions to a vast array of sectors ranging from manufacturing and metals to financial services. Its market share has grown from 0.93% in FY13 to 2.18% in FY20 in direct non-life premium. ABIBL earned revenues of Rs 515cr in FY20 (+15% yoy) with PBT of Rs 42.1cr (+54% yoy).
- Incorporated in 1995, Aditya Birla Money is a listed company with ABCL holding 73.8% stake. It offers a wide range of solutions including broking, portfolio management services, depository and e-insurance repository solutions and distribution of other financial products. It earned revenues of Rs 171cr and PBT of Rs 17cr in FY20.
- In 2018, Aditya Birla ARC Limited (ABARC) received license to venture into the asset reconstruction business. ABARC, upon commencement of business in H2FY18, has focused primarily on acquiring the idle non-performing assets (NPA) lying in the financial sector (including banks and financial institutions) with a sector agnostic focus on the NPAs in the Micro, Small and Medium Enterprises sector (SME/MSME) and the mid-corporate sector.

What could go wrong

- Capital infusion in few business segments
- Stiff competition from peers and new entrants
- Asset quality might worsen due to Covid pandemic
- Higher exposure to ULIP's in the insurance business

About the company

Aditya Birla Capital Limited (ABCL) is one of the largest financial services players in India. Formerly known as Aditya Birla Financial Services Limited, ABCL is the holding company of all the financial services businesses of the Aditya Birla Group. ABCL has a strong presence across life insurance, asset management, private equity, corporate lending, structured finance, general insurance broking, wealth management, equity, currency and commodity broking, online personal finance management, housing finance, pension fund management and health insurance businesses. With an AUM of ~Rs 2.7 lakh crore and lending book of Rs 59159cr as of FY20, it ranks among the top private diversified NBFCs in India.

Delivering a wide range of money solutions for protecting, investing and financing, as well as advising its customers, Aditya Birla Capital serves millions of Indians through a nationwide network of 850+ branches over 2,00,000 channel partners and several bank partners.

Aditya Birla Capital Limited is a part of the Aditya Birla Group, a US\$ 48.3 billion Indian multinational, in the league of Fortune 500. Anchored by an extraordinary force of over 120,000 employees, belonging to 42 nationalities, the Aditya Birla Group operates in 36 countries across the globe.

Financials (Consolidated)

Income Statement

(Rs cr)	FY17	FY18	FY19	FY20
Interest Income	3478	4896	6419	7128
Interest Expenses	2299	3024	4109	4607
Net Interest Income	1179	1872	2310	2521
Life Insurance Premium	763	5633	7228	7602
Health Insurance Premium	51	234	491	784
Other Income	3892	3789	5144	5903
Operating Income	5886	11527	15172	16810
Operating Expenses	4702	10364	13789	14994
PPP	1183	1163	1383	1817
Prov & Cont	118	243	228	778
Profit Before Tax	1066	920	1155	1029
Tax	375	403	569	414
PAT	691	518	585	615
Minority Interest	-161	0	60	54
Profit/Loss of Associates	0	175	226	251
Adj. PAT	530	693	871	920

Ratio Analysis

Particulars	FY17	FY18	FY19	FY20
EPS (Rs)	4.3	3.1	4.0	3.8
P/E (x)	27.4	37.5	29.8	31.0
BV (Rs)	53.6	38.8	43.2	52.1
P/B (x)	2.2	3.0	2.7	2.3
RoNW	8.0	8.1	9.2	7.3

Balance Sheet

(Rs cr)	FY17	FY18	FY19	FY20
Share Capital	1232	2201	2201	2414
Reserves & Surplus	5378	6337	7311	10162
Shareholder funds	6610	8538	9512	12576
Minority Interest	1952	1056	1157	1320
Borrowings	30157	44516	56324	55584
Other Liab & Prov.	39423	39605	42698	44290
SOURCES OF FUNDS	78141	93714	109692	113769
Fixed Assets	813	870	910	931
Investment	11760	14272	43971	48431
Cash & Bank Balance	804	1056	1086	3127
Advances	38075	50469	61974	58555
Other Assets	26690	27046	1751	2725
TOTAL ASSETS	78141	93714	109692	113769

Financials – Key Subsidiaries

Aditya Birla Finance Ltd.

Income Statement

(Rs cr)	FY20	FY21E	FY22E	FY23E
Net Interest Income	1905	2045	1872	2144
Non Interest Income	565	488	444	457
Total Income	2610	2360	2588	3285
Operating Expenses	850	818	923	1118
Pre Provisioning Profit	1760	1542	1665	2167
Prov. & Contingencies	707	646	415	426
PBT	1053	897	1249	1740
Tax	248	224	312	435
PAT	805	672	937	1305

Aditya Birla Housing Finance Ltd.

Income Statement

(Rs cr)	FY20	FY21E	FY22E	FY23E
Net Interest Income	316	364	471	559
Non Interest Income	58	63	77	87
Total Income	374	427	547	646
Operating Expenses	167	180	209	228
Pre Provisioning Profit	207	247	338	418
Prov. & Contingencies	71	99	126	123
PBT	136	147	212	295
Tax	34	37	53	74
PAT	103	111	159	221

Balance Sheet

(Rs cr)	FY20	FY21E	FY22E	FY23E
Share Capital	662	662	662	662
Reserves & Surplus	7416	8078	9016	10321
SHAREHOLDERS FUNDS	8078	8741	9678	10983
Borrowings	43409	42620	46024	50594
Other Liab & Prov.	487	494	548	624
SOURCES OF FUNDS	51975	51854	56250	62200
Cash and cash equivalents	1831	4164	3867	2916
Investments	3342	2002	1743	1713
Advances	45988	44905	49812	56695
Fixed assets	174	200	230	253
Other assets	640	584	598	624
APPLICATION OF FUNDS	51975	51854	56250	62200

Balance Sheet

(Rs cr)	FY20	FY21E	FY22E	FY23E
Share Capital	501	501	501	501
Reserves & Surplus	882	992	1151	1373
SHAREHOLDERS FUNDS	1383	1493	1653	1874
Borrowings	11667	12233	13834	16011
Other Liab & Prov.	112	134	167	247
SOURCES OF FUNDS	13161	13860	15653	18132
Cash and cash equivalents	400	946	650	470
Investments	547	608	837	986
Advances	12112	12165	13950	16437
Fixed assets	37	43	49	57
Other assets	65	97	167	181
APPLICATION OF FUNDS	13162	13860	15653	18132

Aditya Birla Sun Life Insurance Ltd.

Income Statement

(Rs cr)	FY20	FY21E	FY22E	FY23E
Opening IEV	4901	5188	6209	7008
VNB / Value added by new business	126	206	300	449
Expected return on existing business	378	389	459	512
Variance in Operating experience	62	25	40	40
Change in operating assumptions	80	0	0	0
Other operating variance	0	0	0	0
IEV operating earnings	646	621	799	1001
Economic variances	-359	400	0	0
Total IEV earnings	287	1021	799	1001
Capital contributions / dividend payouts	0	0	0	0
Closing IEV	5188	6209	7008	8008
Growth %	5.9	19.7	12.9	14.3

Aditya Birla Asset Management Co. Ltd.

Income Statement

(Rs cr)	FY19	FY20	FY21E	FY22E
Total Revenues	1160	1099	1283	1404
Operating Expenses	532	474	514	548
EBITDA	628	625	769	857
Depreciation	37	36	36	38
Other income	75	111	89	112
Finance cost	5	5	5	6
PBT	661	694	816	925
Tax	166	175	205	233
PAT	494	519	611	692

Aditya Birla Health Insurance

Income Statement

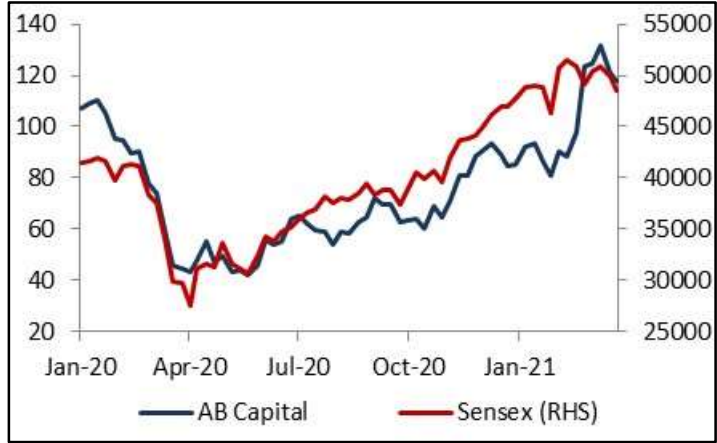
(Rs cr)	FY20	FY21E	FY22E	FY23E
Net earned premiums	585	1065	1492	2014
Claims Incurred (net)	287	586	791	1027
Commission (net)	52	103	140	204
Operating expenses related to insurance	536	706	684	887
Premium deficiency	0	0	0	0
Underwriting profit/(loss)	-289	-329	-124	-104
Investment Income	52	91	119	161
Provisions (Other than taxation)	4	5	6	8
Operating profits	-241	-243	-11	49
Interest expense	0	0	0	0
Other income	0	0	0	0
PBT	-241	-243	-11	49
Tax	0	0	0	0
APAT	-241	-243	-11	49

Balance Sheet

(Rs cr)	FY19	FY20	FY21E	FY22E
Share Capital	18	18	18	18
Reserves & Surplus	1299	1533	1777	2019
SHAREHOLDERS FUNDS	1317	1551	1795	2037
Borrowings	62	65	67	70
Other Liab.	15	0	0	0
SOURCES OF FUNDS	1394	1615	1862	2107
Net Fixed Assets	87	90	94	98
Investments	1263	1449	1698	1933
Other Non-Current Assets	94	117	129	142
Net Current Assets	1212	1408	1639	1867
APPLICATION OF FUNDS	1394	1615	1862	2107



Price Chart



Disclosure:

I, **Atul Karwa, MMS**, 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. HSL has no material adverse disciplinary history as on the date of publication of this report. 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.

Research Analyst or his relative or HDFC Securities Ltd. **does not have** any financial interest in the subject company. Also Research Analyst or his relative or HDFC Securities Ltd. or its Associate may have beneficial ownership of 1% or more in the subject company at the end of the month immediately preceding the date of publication of the Research Report. Further Research Analyst or his relative or HDFC Securities Ltd. or its associate **does not have** any material conflict of interest.

Any holding in stock – Yes

HDFC Securities Limited (HSL) is a SEBI Registered Research Analyst having registration no. INH000002475.

Disclaimer:

This report has been prepared by HDFC Securities Ltd and is meant for sole use by the recipient and not for circulation. The information and opinions contained herein have been compiled or arrived at, based upon information obtained in good faith from sources believed to be reliable. Such information has not been independently verified and no guaranty, representation of warranty, express or implied, is made as to its accuracy, completeness or correctness. All such information and opinions are subject to change without notice. This document is for information purposes only. Descriptions of any company or companies or their securities mentioned herein are not intended to be complete and this document is not, and should not be construed as an offer or solicitation of an offer, to buy or sell any securities or other financial instruments.

This report is not directed to, or intended for display, downloading, printing, reproducing or for distribution to or use by, any person or entity who is a citizen or resident or located in any locality, state, country or other jurisdiction where such distribution, publication, reproduction, availability or use would be contrary to law or regulation or what would subject HSL or its affiliates to any registration or licensing requirement within such jurisdiction.

If this report is inadvertently sent or has reached any person in such country, especially, United States of America, the same should be ignored and brought to the attention of the sender. This document may not be reproduced, distributed or published in whole or in part, directly or indirectly, for any purposes or in any manner.

Foreign currencies denominated securities, wherever mentioned, are subject to exchange rate fluctuations, which could have an adverse effect on their value or price, or the income derived from them. In addition, investors in securities such as ADRs, the values of which are influenced by foreign currencies effectively assume currency risk.

It should not be considered to be taken as an offer to sell or a solicitation to buy any security. HSL may from time to time solicit from, or perform broking, or other services for, any company mentioned in this mail and/or its attachments.

HSL and its affiliated company(ies), 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 company(ies) mentioned herein 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 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.

HSL, its directors, analysts or employees do not take any responsibility, financial or otherwise, of the losses or the damages sustained due to the investments made or any action taken on basis of this report, including but not restricted to, fluctuation in the prices of shares and bonds, changes in the currency rates, diminution in the NAVs, reduction in the dividend or income, etc.

HSL and other group companies, its directors, associates, employees may have various positions in any of the stocks, securities and financial instruments dealt in the report, or may make sell or purchase or other deals in these securities from time to time or may deal in other securities of the companies / organizations described in this report.

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

HSL or its associates might have received any compensation from the companies mentioned in the report during the period preceding twelve months from the date of this report for services in respect of managing or co-managing public offerings, corporate finance, investment banking or merchant banking, brokerage services or other advisory service in a merger or specific transaction in the normal course of business.

HSL or its analysts did not receive any compensation or other benefits from the companies mentioned in the report or third party in connection with preparation of the research report. Accordingly, neither HSL nor Research Analysts have any material conflict of interest at the time of publication of this report. Compensation of our Research Analysts is not based on any specific merchant banking, investment banking or brokerage service transactions. HSL may have issued other reports that are inconsistent with and reach different conclusion from the information presented in this report.

Research entity has not been engaged in market making activity for the subject company. Research analyst has not served as an officer, director or employee of the subject company. We have not received any compensation/benefits from the subject company or third party in connection with the Research Report.

HDFC securities Limited, I Think Techno Campus, Building - B, "Alpha", Office Floor 8, Near Kanjurmarg Station, Opp. Crompton Greaves, Kanjurmarg (East), Mumbai 400 042 Phone: (022) 3075 3400 Fax: (022) 2496 5066

Compliance Officer: Binkle R. Oza Email: complianceofficer@hdfcsec.com Phone: (022) 3045 3600

HDFC Securities Limited, SEBI Reg. No.: NSE, BSE, MSEI, MCX: INZ000186937; AMFI Reg. No. ARN: 13549; PFRDA Reg. No. POP: 11092018; IRDA Corporate Agent License No.: CA0062; SEBI Research Analyst Reg. No.: INH000002475; SEBI Investment Adviser Reg. No.: INA000011538; CIN - U67120MH2000PLC152193

Mutual Funds Investments are subject to market risk. Please read the offer and scheme related documents carefully before investing.