

Aug 14, 2024

**RESULT REPORT Q1 FY25** | Sector: Financials

# Muthoot Finance Limited

## A strong show

### Robust growth in Gold Loans; calibration of growth in Belstar MFI

Muthoot Finance delivered a much stronger-than-expected operational performance in Q1 FY25, manifested in 3%/7% beat on NII/PPOP despite much lower DA income in Belstar MFI. The operational beat essentially came from consolidated loan growth being 10% qoq as against our/market expectation of 5-6%. Large growth surprise came in the mainstay Gold Loans business (82.5% of consolidated AUM) wherein portfolio increased by 11% qoq on the back of 4%/3% growth in active customers/tonnage and 6%/7% growth in avg. loan ticket/avg. loan per customer. The improvement in customer activity (22.5% qoq growth in new customer acquisition and 6% qoq growth in volume of inactive customer activation) was driven by 1) increase in GL demand, 2) absence of IIFL, 3) some moderation in competition from banks and 4) lesser availability of unsecured credit to borrowers. Belstar MFI AUM (10% of consolidated AUM) marginally declined in Q1 FY25 underpinned by a cautious disbursement stance amidst increase in delinquencies.

### Stable yields and operating leverage in Gold Loans; higher credit cost reflects more time given to customers

Gold Loans Yield was stable (stand-alone portfolio yield flat at 18.3%) with hardly any change in the customer mix (32% <Rs.1 lac, 37% between Rs.1-3 lacs and 31% >Rs.3 lac). The 20-bps increase in borrowing cost drove a similar decline in spread/NIM. Higher funding cost was driven by availment of funds from relatively costlier sources like ECB and NCDs during the quarter. Stronger growth underpinned significant operating leverage in the stand-alone (gold loan) entity, which got reflected in robust 13% qoq/29% yoy growth in PPOP at consolidated level. Credit cost was high both in stand-alone entity and Belstar MFI. A sharp jump in provisions in Gold Loans was driven by substantial increase in Stage-2/Stage-3 assets, reflecting customers being given more-than-usual time to repay amidst higher gold prices. MFI asset quality deteriorated due to impact of heatwaves, elections and over-leveraging in some pockets.

### Gold Loans growth guidance to be revised up after Q2 FY25

After delivering 11% growth in Gold Loans in Q1 FY25, the management is looking to increase the 15-16% growth guidance for the year. Notwithstanding the correction in domestic gold price after recent customs duty cut, the disbursement activity in July-August has been healthy. Keeping aside the factor of gold price (which has improved now after rally in international gold prices), Muthoot's customer acquisition and activation on the ground has been structurally improving with balancing out of competition, lesser availability of unsecured credit and sharper focus on operations/growth. A continuation of 2-4% qoq customer base growth and gradual normalization of LTV (assuming stable gold prices) can lead to 20% growth being delivered for the whole year.

### Retain BUY with revised 12m PT of Rs2175

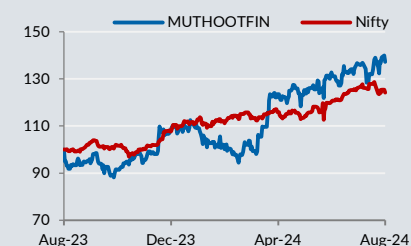
We estimate 16%/21% CAGR in consolidated AUM/PAT over FY24-26. This is after assuming stable gold prices and marginal LTV catch-up in Gold Loans and further growth moderation in Belstar MFI. Over the next two years, average RoA/RoE delivery is likely to be 5.2%/20%. Given strong visibility of Growth and RoE for Muthoot and considering asset quality issues/uncertainty in many other NBFCs, we expect Muthoot's valuation to re-rate further. Stock is currently trading at palatable multiples of 11x PE and 2.2x P/ABV on FY26 estimates.

Reco	: BUY
CMP	: Rs 1,853
Target Price	: Rs 2,175
Potential Return	: +17.4%

#### Stock data (as on Aug 13, 2024)

Nifty	24,139
52 Week h/l (Rs)	1905 / 1182
Market cap (Rs/USD mn)	758807 / 9042
Outstanding Shares (mn)	401
6m Avg t/o (Rs mn):	986
Div. yield (%):	1.3
Bloomberg code:	MUTH IN
NSE code:	MUTHOOTFIN

#### Stock performance



	1M	3M	1Y
Absolute return	0.3%	9.5%	37.3%

#### Shareholding pattern

Promoter	73.4%
FII+DII	23.2%
Others	3.4%

#### Δ in stance

(1-Yr)	New	Old
Rating	BUY	BUY
Target Price	2,175	2,050

#### Financial Summary

(Rs mn)	FY24	FY25E	FY26E
Op. income	97,327	1,18,899	1,38,359
PPOP	65,503	81,535	96,168
Net profit	44,676	53,599	65,719
Growth (%)	21.7	20.0	22.6
EPS (Rs)	111.3	133.5	163.7
ABVPS (Rs)	625.4	724.0	852.7
P/E (x)	16.7	13.9	11.3
P/ABV (x)	3.0	2.6	2.2
ROE (%)	19.1	19.8	20.8
ROA (%)	5.1	5.0	5.3

**RAJIV MEHTA**  
Lead Analyst

rajiv.mehta@ysil.in



**MANUJ OBEROI**, Associate

## Exhibit 1: Result table

(Rs mn)	Q1 FY25	Q4 FY24	% qoq	Q1 FY24	% yoy
Total Operating Income	44,739	41,638	7.4	34,717	28.9
Interest expended	(15,945)	(14,466)	10.2	(12,359)	29.0
Net Interest Income	28,794	27,172	6.0	22,358	28.8
Other Income	186	156	19.2	370	(49.7)
Total Income	28,980	27,328	6.0	22,728	27.5
Operating expenses	(8,776)	(9,394)	(6.6)	(7,074)	24.1
PPOP	20,203	17,934	12.7	15,654	29.1
Provisions	(3,746)	(2,082)	79.9	(1,586)	136.2
PBT	16,457	15,852	3.8	14,068	17.0
Tax	(4,500)	(4,029)	11.7	(3,620)	24.3
PAT	11,957	11,823	1.1	10,447	14.4

Source: Company, YES Sec

## Exhibit 2: AUM Break-up

(Rs mn)	Q1 FY25	Q4 FY24	% qoq	Q1 FY24	% yoy
AUM	9,80,479	8,90,787	10.1	7,67,987	27.7
Gold Loans (Parent)	8,09,219	7,28,785	11.0	6,60,388	22.5
Other Loans (Parent)	34,019	29,485	15.4	15,997	112.7
Home Finance	21,986	20,353	8.0	15,007	46.5
Belstar MFI	99,519	1,00,232	(0.7)	70,082	42.0
Muthoot Money	16,574	11,227	47.6	4,961	234.1
Asia Asset Finance	6,362	5,705	11.5	5,352	18.9
Less: Intra group loan assets	(7,200)	(5,000)		(3,800)	

Source: Company, YES Sec

## Exhibit 3: Key Ratios - Consolidated

Particulars	Q1 FY25	Q4 FY24	chg qoq	Q1 FY24	chg yoy
Op Income as % of Avg. AUM	19.1	19.4	(0.3)	18.7	0.4
Int. Expense as % of Avg. AUM	6.8	6.7	0.1	6.7	0.1
NII as % of Avg. AUM	12.3	12.6	(0.3)	12.1	0.2
Cost to Income (%)	30.3	34.4	(4.1)	31.1	(0.8)
Prov. as % of Avg. AUM	1.6	1.0	0.6	0.9	0.7
RoA (%)	5.4	5.8	(0.4)	6.0	(0.6)
Gross NPA (%) – Standalone	4.0	3.3	0.7	4.3	(0.3)

Source: Company, YES Sec

## Exhibit 4: Gold Loans Customer Matrix

Particulars	Q1 FY24	Q2 FY24	Q3 FY24	Q4 FY24	Q1 FY25
Loans to inactive customers (no.)	412,206	428,114	4,08,758	4,38,350	4,63,390
Loans to new customers (no.)	355,760	360,620	3,34,868	3,73,073	4,57,097
Loans to exist. cust. on new coll. (no)	744,800	739,138	6,93,915	7,07,256	7,29,663
No of loan accounts	8,335,866	8,494,596	85,81,654	87,35,375	91,83,579
No of active Customers	5,412,660	5,502,779	55,53,823	56,77,274	59,10,268
GL AUM (In mn)	660,388	675,171	6,92,214	7,28,785	8,09,219
GL tonnage (tons)	182	183	184	188	194
GL / loan account (Rs.)	79,222	79,482	80,662	83,429	88,116
GL / active customers (Rs.)	122,008	122,696	1,24,637	1,28,369	1,36,917

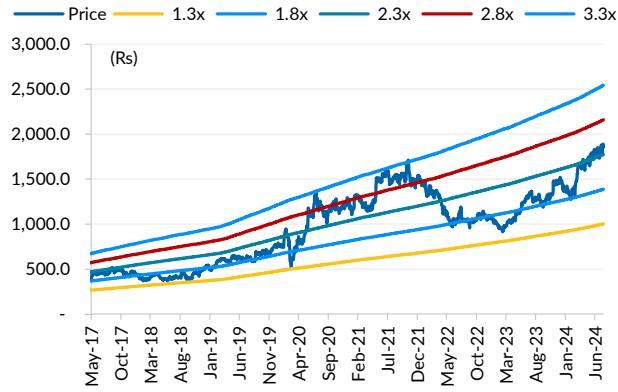
Source: Company, YES Sec

## Exhibit 5: Funding Mix

(%)	Q1 FY24	Q2 FY24	Q3 FY24	Q4 FY24	Q1 FY25
Secured NCD's (M. Gold bonds)	0.1	0.0	0.0	0.0	-
Secured NCDs Listed	24.8	24.4	28.8	27.9	28.0
Banks / FI's borrowings	59.8	65.4	61.6	63.0	55.0
ECB-senior secured notes	5.2	-	-	-	8.2
Sub-ordinated debt – listed	0.1	0.1	0.1	0.1	-
Commercial Paper (CP)	7.7	8.3	8.0	7.9	0.1
Other loans	2.4	1.8	1.5	1.2	7.2

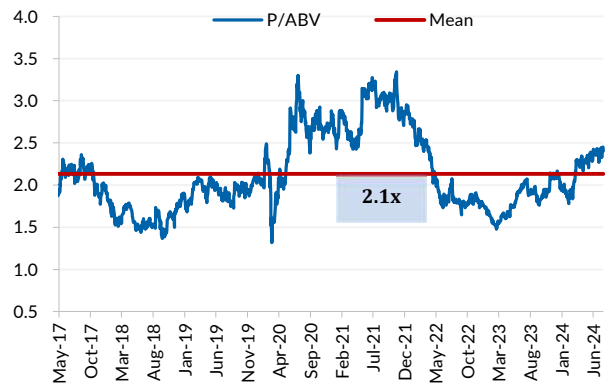
Source: Company, YES Sec

**Exhibit 6: 1-yr rolling P/ABV band**



Source: Company, YES Sec

**Exhibit 7: 1-year rolling P/ABV vis-a-vis the mean**



Source: Company, YES Sec

## FINANCIALS

### Exhibit 8: Balance Sheet

Y/e 31 Mar (Rs. mn)	FY22	FY23	FY24	FY25E	FY26E
Equity Capital	4,013	4,014	4,015	4,015	4,015
Reserves	1,83,844	2,12,643	2,47,057	2,86,625	3,38,313
<b>Shareholder's funds</b>	<b>1,91,379</b>	<b>2,21,528</b>	<b>2,57,540</b>	<b>2,97,108</b>	<b>3,48,795</b>
Current tax liabilities (net)	1,418	812	552	552	552
Provisions	3,680	3,619	3,733	3,733	3,733
Other non-financial liabilities	1,307	836	1,310	1,310	1,310
<b>Total Non-Financial liabilities</b>	<b>6,405</b>	<b>5,267</b>	<b>5,595</b>	<b>5,595</b>	<b>5,595</b>
Derivative financial instruments	4,798	1,922	139	139	139
Trade Payables	3,809	2,159	2,670	2,803	2,943
Debt Securities	1,31,740	1,46,046	1,74,762	2,14,958	2,34,304
Borrowings	4,08,553	4,05,975	5,00,520	6,15,639	6,71,047
Deposits	0	3,315	4,018	4,942	5,387
Subordinated Liabilities	2,997	2,547	3,310	4,071	4,437
Other Financial liabilities	13,483	12,732	16,141	19,853	21,640
<b>Total Financial liabilities</b>	<b>5,65,381</b>	<b>5,74,694</b>	<b>7,01,559</b>	<b>8,62,405</b>	<b>9,39,897</b>
<b>Total Equities and Liabilities</b>	<b>7,63,165</b>	<b>8,01,489</b>	<b>9,64,694</b>	<b>11,65,108</b>	<b>12,94,287</b>
<b>Assets</b>					
Cash and Bank Balances	1,03,150	80,357	62,720	78,120	88,245
Derivative financial instruments	605	0	0	0	0
Receivables	70	99	178	178	178
<b>Loans</b>	<b>6,45,276</b>	<b>7,05,544</b>	<b>8,81,872</b>	<b>10,66,330</b>	<b>11,84,798</b>
Investments	5,233	5,457	7,125	7,125	7,125
Other Financial Assets	2,807	3,453	4,136	4,343	4,560
<b>Total Financial assets</b>	<b>7,57,141</b>	<b>7,94,910</b>	<b>9,56,031</b>	<b>11,56,096</b>	<b>12,84,906</b>
Current tax assets (net)	110	475	725	797	877
Deferred tax assets (net)	1,090	641	976	976	976
Investment Property	93	82	91	91	91
Property, Plant and equipment	2,817	3,272	4,255	4,468	4,691
Other Intangible assets	1,030	1,176	1,356	1,356	1,356
Other non-financial assets	883	934	1,260	1,323	1,389
<b>Total Non-Financial assets</b>	<b>6,023</b>	<b>6,580</b>	<b>8,663</b>	<b>9,012</b>	<b>9,381</b>
<b>Total Assets</b>	<b>7,63,165</b>	<b>8,01,489</b>	<b>9,64,694</b>	<b>11,65,108</b>	<b>12,94,287</b>

Source: Company, YES Sec

## Exhibit 9: Income statement

Y/e 31 Mar (Rs. mn)	FY22	FY23	FY24	FY25E	FY26E
Income from Operations	1,21,849	1,18,977	1,50,617	1,86,696	2,12,515
Interest expense	(42,559)	(42,092)	(54,301)	(68,605)	(75,045)
<b>Net interest income</b>	<b>79,291</b>	<b>76,885</b>	<b>96,316</b>	<b>1,18,091</b>	<b>1,37,470</b>
Non-interest income	526	773	1,011	809	890
Total op income	79,816	77,658	97,327	1,18,899	1,38,359
Total op expenses	(21,879)	(25,998)	(31,823)	(37,365)	(42,192)
<b>PPoP</b>	<b>57,937</b>	<b>51,660</b>	<b>65,503</b>	<b>81,535</b>	<b>96,168</b>
Provisions	(3,835)	(2,432)	(5,538)	(9,593)	(7,959)
Profit before tax	54,102	49,228	59,965	71,941	88,209
Taxes	(13,789)	(12,530)	(15,289)	(18,343)	(22,490)
<b>Net profit</b>	<b>40,313</b>	<b>36,698</b>	<b>44,676</b>	<b>53,599</b>	<b>65,719</b>

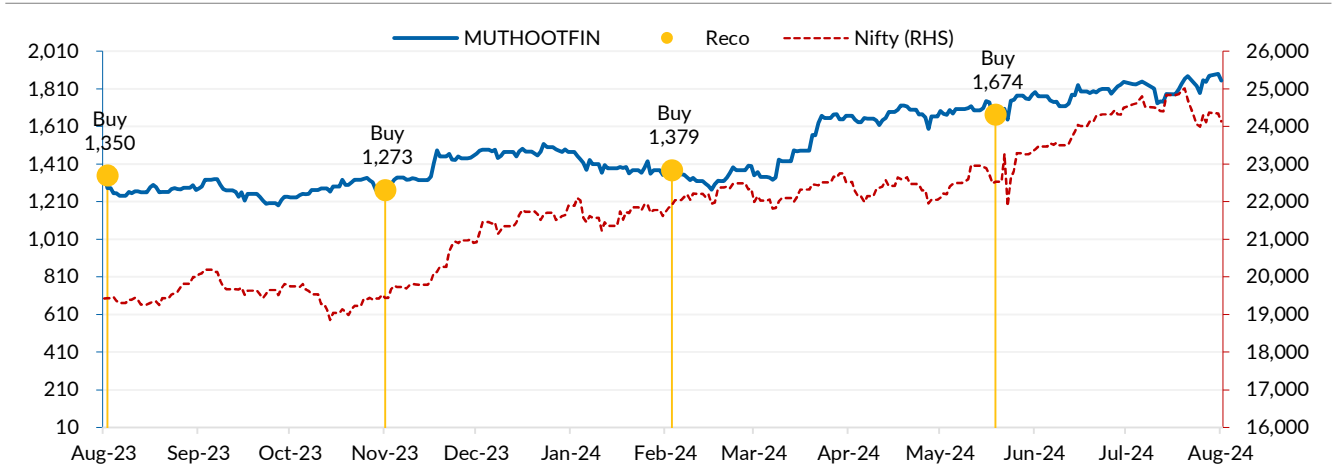
Source: Company, YES Sec

## Exhibit 10: Growth and Ratio matrix

Y/e 31 Mar	FY22	FY23	FY24	FY25E	FY26E
<b>Growth matrix (%)</b>					
Net interest income	6.7	(3.0)	25.3	22.6	16.4
Total op income	6.8	(2.7)	25.3	22.2	16.4
Op profit (pre-provision)	7.6	(10.8)	26.8	24.5	17.9
Net profit	5.6	(9.0)	21.7	20.0	22.6
Loans	9.7	9.3	25.0	20.9	11.1
Borrowings	16.4	(0.6)	23.3	23.0	9.0
Total assets	11.2	5.0	20.4	20.8	11.1
<b>Profitability Ratios (%)</b>					
NIM	10.7	9.5	10.5	10.7	10.8
Non-int. Income/Total income	0.7	1.0	1.0	0.7	0.6
Return on Avg. Equity	23.5	18.1	19.1	19.8	20.8
Return on Avg. Assets	5.6	4.7	5.1	5.0	5.3
<b>Per share ratios (Rs)</b>					
EPS	100.4	91.4	111.3	133.5	163.7
ABVPS	468.1	539.7	625.4	724.0	852.7
DPS	20.0	22.0	24.0	30.0	30.0
<b>Other key ratios (%)</b>					
Cost/Income	27.4	33.5	32.7	31.4	30.5
Gross NPLs/Loans	3.0	3.8	3.3	2.3	2.3
Credit Cost (% of AUM)	0.6	0.4	0.7	1.0	0.7
Tax rate	25.5	25.5	25.5	25.5	25.5
Dividend yield	1.1	1.2	1.3	1.6	1.6

Source: Company, YES Sec

## Recommendation Tracker



## STANDARD DISCLAIMER:

YES Securities (India) Limited, Registered Address: 2<sup>nd</sup> Floor, North Side, YES BANK House, Off Western Express Highway, Santacruz East, Mumbai - 400055. Maharashtra, India | Correspondence Add: 7<sup>th</sup> Floor, Urmi Estate Tower A, Ganpatrao Kadam Marg, Opp. Peninsula Business Park, Lower Parel (West), Mumbai - 400 013, Maharashtra, India. | Website: [www.yesinvest.in](http://www.yesinvest.in) | Email: [customer.service@ysil.in](mailto:customer.service@ysil.in)

Registration Nos.: CIN: U74992MH2013PLC240971 | SEBI Registration No.: NSE, BSE, MCX & NCDEX : INZ000185632 | Member Code: BSE - 6538, NSE - 14914, MCX - 56355 & NCDEX - 1289 | CDSL & NSDL: IN-DP-653-2021 | RESEARCH ANALYST: INH000002376 | INVESTMENT ADVISER: INA000007331 | Sponsor and Investment Manager to YSL Alternates Alpha Plus Fund (Cat III AIF) and YES Wealth Maximiser AIF (Cat III AIF) SEBI Registration No.: IN/AIF3/20- 21/0818 | AMFI ARN Code - 94338

Details of Compliance Officer: Aditya Goenka | Email: [compliance@ysil.in](mailto:compliance@ysil.in) / Contact No.: 022-65078127 | Grievances Redressal Cell: [customer.service@ysil.in](mailto:customer.service@ysil.in) / [igc@ysil.in](mailto:igc@ysil.in)

**Standard Disclaimer:** Investment in securities market are subject to market risks; read all the related documents carefully before investing. Above representation provides an overview related to our past performance neither does it provide any guarantee of future performance, nor we are ensuring any guaranteed returns. Actual Client returns may vary depending upon time premium, volatility Index, intrinsic value of the script, open interest, other geopolitical conditions and choice of the customer to execute the recommendation in full or part. All recommendations are published under Research Analyst License of YES Securities (India) Limited (YSIL); execution of the recommendation is at complete discretion of customer without any intervention by the research publisher.

Contents which are exclusively for Non-Broking Products/Services e.g. Mutual Fund, Mutual Fund-SIP, Research reports, Insurance, etc. where the YSIL is just a distributor. These are not Exchange traded product and the YSIL is just acting as distributor. Kindly note that all disputes with respect to the distribution activity, would not have access to Exchange investor redressal forum or Arbitration mechanism.

YSIL is a wholly owned subsidiary of YES Bank Limited. Savings, Current, PIS and Demat Account are offered by YES Bank Limited. Please note Brokerage would not exceed the SEBI prescribed limit. YSIL also acts in the capacity of distributor for Products such as IPOs, Mutual Funds, Mutual Fund-SIPs, NCD/Bonds, etc., All disputes with respect to the distribution activity, would not have access to Exchange investor redressal forum or Arbitration mechanism.

Margin Trading Funding (MTF) is an exchange approved product offered to YSIL trading account holders, as per the regulation and guideline of SEBI Circular: CIR/MRD/DP/54/2017 dated June 13, 2017. For product specification, T&C, rights and obligations statement issued by the YSIL visit [https://yesinvest.in/standard\\_documents\\_policies](https://yesinvest.in/standard_documents_policies)

## DISCLAIMER

Investments in securities market are subject to market risks, read all the related documents carefully before investing.

The information and opinions in this report have been prepared by YSIL and are subject to change without any notice. The report and information contained herein are strictly confidential and meant solely for the intended recipient and may not be altered in any way, transmitted to, copied or redistributed, in part or in whole, to any other person or to the media or reproduced in any form, without prior written consent of YSIL.

The information and opinions contained in the research report have been compiled or arrived at from sources believed to be reliable and have not been independently verified and no guarantee, representation of warranty, express or implied, is made as to their accuracy, completeness, authenticity or validity. No information or opinions expressed constitute an offer, or an invitation to make an offer, to buy or sell any securities or any derivative instruments related to such securities. Investments in securities are subject to market risk. The value and return on investment may vary because of changes in interest rates, foreign exchange rates or any other reason. Investors should note that Price of each of the securities or value may rise or fall and, accordingly, investors may even receive amounts which are less than originally invested. The investor is advised to take into consideration all risk factors including their own financial condition, suitability to risk return profile and the like, and take independent professional and/or tax advice before investing. Opinions expressed are our current opinions as of the date appearing on this report. Investor should understand that statements regarding future prospects may not materialize and are of general nature which may not be specifically suitable to any particular investor. Past performance may not necessarily be an indicator of future performance. Actual results may differ materially from those set forth in projections. Registration granted by SEBI and certification from NISM in no way guarantee performance of the intermediary or provide any assurance of returns to investors. YES Securities (India) Limited conforms with the rules and regulations enumerated in the Securities and Exchange Board of India (Research Analysts) Regulations, 2014 as amended from time to time.

Technical analysis reports focus on studying the price movement and trading turnover charts of securities or its derivatives, as opposed to focussing on a company's fundamentals and opinions, as such, may not match with reports published on a company's fundamentals.

YSIL, its research analysts, directors, officers, employees and associates accept no liabilities for any loss or damage of any kind arising out of the use of this report. 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 YSIL and associates 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.



YES Securities (India) Limited distributes research and engages in other approved or allowable activities with respect to U.S. Institutional Investors through Rule 15a-6 under the Securities Exchange Act of 1934 (the "Exchange Act")<sup>[1]</sup> and regulations under an exclusive chaperone arrangement with Brasil Plural Securities LLC. The views and sentiments expressed in this research report and any findings thereof accurately reflect YES Securities (India) Limited analyst's truthful views about the subject securities and or issuers discussed herein. YES Securities (India) Limited is not registered as a broker-dealer under the Securities Exchange Act of 1934, as amended (the "Exchange Act") and is not a member of the Securities Investor Protection Corporation ("SIPC"). Brasil Plural Securities LLC is registered as a broker-dealer under the Exchange Act and is a member of SIPC. For questions or additional information, please contact Gil Aikins (gil.aikins@brasilplural.com) or call +1 212 388 5600.

This research report is the product of YES Securities (India) Limited. YES Securities (India) Limited is the employer of the research analyst(s), the authors of this research report. YES Securities (India) Limited is the concerned representatives (employees) of YES Securities (India) Limited, are responsible for the content of this research report including but not limited to any material conflict of interest of YES Securities (India) Limited in relation the issuer(s) or securities as listed in this research report. This YES Securities (India) Limited research report is distributed in the United States through Brasil Plural Securities LLC (BPS). The research analyst(s) preparing the research report is/are resident outside the United States (U.S.) and is/ 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. As per SEC Rule 15a-6, the U.S. broker-dealer must accompany any third party research report it distributes with, or provide a web address that directs a recipient to, disclosure of any material conflict of interest that can reasonably be expected to have influenced the choice of a third-party research report provider or the subject company of a third-party research.

FINRA Rules 2241 and 2242, which govern the conduct of research analysts and the content of equity and debt research reports, respectively, apply to all research distributed by a FINRA member firm, including research prepared by a foreign broker-dealer under Rule 15a-6.

- Research reports prepared by a foreign broker-dealer and distributed by a U.S. broker-dealer are deemed to be third party research reports, as reports produced by a person other than a FINRA member.
- Prior to distributing any third party research, a U.S. broker-dealer must assure that such report contains the required disclosures under FINRA Rule 2241(h) or 2242(g)(3), as applicable.

This report is intended for distribution by YES Securities (India) Limited 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). As per Rule 15a-6(b)(4) of the Exchange Act, 1934, "Major U.S. institutional investor" means a U.S. institutional investor with assets, or assets under management, in excess of US\$100 million, or a registered investment adviser with assets under management in excess of US\$100 million. 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 or entity. Transactions in securities discussed in this research report should be effected through Brasil Plural Securities LLC (BPS) or another U.S. registered broker dealer/Entity as informed by YES Securities (India) Limited from time to time.

---

<sup>[1]</sup> Rule 15a-6 under the Securities Exchange Act of 1934 provides conditional exemptions from broker-dealer registration for foreign broker-dealers that engage in certain specified activities involving U.S. investors. These activities include:

- (a) Effecting unsolicited securities transactions;
- (b) Providing research reports to major U.S. institutional investors, and effecting transactions in the subject securities with or for those investors;
- (c) Soliciting and effecting transactions with or for U.S. institutional investors or major U.S. institutional investors through a "chaperoning broker-dealer"; and
- (d) Soliciting and effecting transactions with or for registered broker-dealers, banks acting in a broker or dealer capacity, certain international organizations, foreign persons temporarily present in the U.S., U.S. citizens resident abroad, and foreign branches and agencies of U.S. persons.

In adopting Rule 15a-6, the SEC sought "to facilitate access to foreign markets by U.S. institutional investors through foreign broker-dealers and the research that they provide, consistent with maintaining the safeguards afforded by broker-dealer registration." [Rule 15a-6 Adopting Release at 54 FR 30013; see also Registration Requirements for Foreign Broker-Dealers, Exchange Act Release No. 25801 (June 14, 1988), 53 FR 23645 (June 23, 1988)].

## DISCLOSURE OF INTEREST

Name of the Research Analyst: Rajiv Mehta, Manuj Oberoi

The analyst hereby certifies that opinion expressed in this research report accurately reflect his or her personal opinion about the subject securities and no part of his or her compensation was, is or will be directly or indirectly related to the specific recommendation and opinion expressed in this research report.

Sr. No.	Particulars	Yes/No
1	Research Analyst or his/her relative's or YSIL's financial interest in the subject company(ies)	No
2	Research Analyst or his/her relative or YSIL's actual/beneficial ownership of 1% or more securities of the subject company(ies) at the end of the month immediately preceding the date of publication of the research report	No
3	Research Analyst or his/her relative or YSIL has any other material conflict of interest at the time of publication of the research report	No
4	Research Analyst has served as an officer, director or employee of the subject company(ies)	No
5	YSIL has received any compensation from the subject company in the past twelve months	No
6	YSIL has received any compensation for investment banking or merchant banking or brokerage services from the subject company in the past twelve months	No
7	YSIL has 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	No
8	YSIL has received any compensation or other benefits from the subject company or third party in connection with the research report	No
9	YSIL has managed or co-managed public offering of securities for the subject company in the past twelve months	No
10	Research Analyst or YSIL has been engaged in market making activity for the subject company(ies)	No

Since YSIL and its associates are engaged in various businesses in the financial services industry, they may have financial interest or may have received compensation for investment banking or merchant banking or brokerage services or for any other product or services of whatsoever nature from the subject company(ies) in the past twelve months or associates of YSIL may have managed or co-managed public offering of securities in the past twelve months of the subject company(ies) whose securities are discussed herein.

Associates of YSIL may have actual/beneficial ownership of 1% or more and/or other material conflict of interest in the securities discussed herein.

## RECOMMENDATION PARAMETERS FOR FUNDAMENTAL REPORTS

Analysts assign ratings to the stocks according to the expected upside/downside relative to the current market price and the estimated target price. Depending on the expected returns, the recommendations are categorized as mentioned below. The performance horizon is 12 to 18 months unless specified and the target price is defined as the analysts' valuation for a stock. No benchmark is applicable to the ratings mentioned in this report.

**BUY:** Upside greater than 20% over 12 months

**ADD:** Upside between 10% to 20% over 12 months

**NEUTRAL:** Upside between 0% to 10% over 12 months

**REDUCE:** Downside between 0% to -10% over 12 months

**SELL:** Downside greater than -10% over 12 months

**NOT RATED / UNDER REVIEW**

Analyst signature

Analyst signature

## ABOUT YES SECURITIES (INDIA) LIMITED

YES Securities (India) Limited ("YSIL") is a wholly owned subsidiary of YES BANK LIMITED. YSIL is a Securities and Exchange Board of India (SEBI) registered Stock broker holding membership of National Stock Exchange (NSE), Bombay Stock Exchange (BSE), Multi Commodity Exchange (MCX) & National Commodity & Derivatives Exchange (NCDEX). YSIL is also a SEBI-registered Category I Merchant Banker, Investment Adviser and Research Analyst. YSIL is also a Sponsor and Investment Manager of Alternate Investment Fund - Category III (YSIL Alternates) and AMFI registered Mutual Fund Distributor. The Company is also a registered Depository Participant with CDSL and NSDL. YSIL offers, inter alia, trading/investment in equity and other financial products along with various value added services. We hereby declare that there are no disciplinary actions taken against YSIL by SEBI/Stock Exchanges.