

# Diversified Financials

India

Sector View: **Attractive** NIFTY-50: **22,548**

February 27, 2025

## A breather

The RBI's reversion of risk weights for bank lending to NBFCs will likely encourage the flow of bank credit to the sector, thereby improving the liquidity for smaller players and the bargaining power of larger players for better rates. The sharp slowdown in bank funding to NBFCs and consistent MCLR hikes by banks imply a slower rate transmission, posing a risk of NIM downgrades. This risk is now lowered.

### RBI has reverted to standard risk weights for bank loans to NBFCs

In November 2023, the RBI had increased risk weights for bank lending to NBFCs by 25 bps (over and above the risk weight associated with the given external rating). This followed the RBI's concerns about risk build-up in certain segments of consumer credit and increased dependence of NBFCs on bank borrowings. Notably, housing loans, educational loans, vehicle loans, loans against gold and microfinance/SHG loans were excluded from the aforementioned hike. Thus, the higher risk weights weighed on the cost of funding for NBFCs engaged in non-PSL, personal/consumer and other unsecured, with lower impact of vehicle finance NBFCs or HFCs. The RBI has now (February 25, 2025) reverted to the original (down by 25 bps) risk weights. This, in our view, will improve funding access to all NBFCs and particularly more to NBFCs in non-PSL, personal/consumer and other unsecured that faced the heat of higher risk weights.

Exhibit 1 shows the calculated cost of funds for non-banks under coverage. On a yoy basis, the cost of funding for Bajaj Finance and LT Finance has increased higher than the rest. HFCs' 20-40 bps yoy increase reflects a lower share of low-cost NHB funding, apart from an increase in MCLRs by banks.

### Sharp decline in bank funding to NBFCs has been concerning

Following the RBI advisory and November 2023 increase in risk weights, bank funding to NBFCs has slowed down. Exhibits 2 and 3 show that yoy growth in bank funding to NBFCs reduced to 5-7% from 15-22% a year back. While most NBFCs under coverage have not faced any liquidity challenges, smaller unlisted players with high unsecured exposures have significantly diversified funding sources. In the meanwhile, banks continue to focus on margins and raise MCLR rates. Banks have raised MCLR by 15 to 40 bps in 1HFY25; some banks raised MCLR marginally (5 bps) this month as well (Exhibit 4).

### In a somewhat better place

The NBFCs that we hosted at our CG2025 conference early this month highlighted that the cost of funding remains sticker-than-expected with banks going slow in rate cut transmission. This, coupled with the pressure on yields, reflecting the shifting mix or lower fee/insurance income, puts our margin estimates at risk. Further, the RBI, in a recent draft, has proposed to remove foreclosure/prepayment charges on all floating rate loans. The current regulations do not permit prepayment/foreclosure charges on floating home loans. The RBI's move to restore risk weights to lower levels reduces this downside risk to margins.

[Full sector coverage on KINSITE](#)

Nischint Chawathe  
nischint.chawathe@kotak.com  
+91-22-4336-0887

M B Mahesh, CFA  
mb.mahesh@kotak.com  
+91-22-4336-0886

Varun Palacharla  
varun.palacharla@kotak.com  
+91-22-4336-0888

Abhijeet Sakhare  
abhijeet.sakhare@kotak.com  
+91-22-4336-1240

Ashlesh Sonje, CFA  
ashlesh.sonje@kotak.com  
+91-22-4336-0889

Nikhil Suresh  
nikhil.suresh@kotak.com

jimit.harde-kotak.com

**Bajaj and LTF have reported the biggest rise in cost of funds in the past one year**

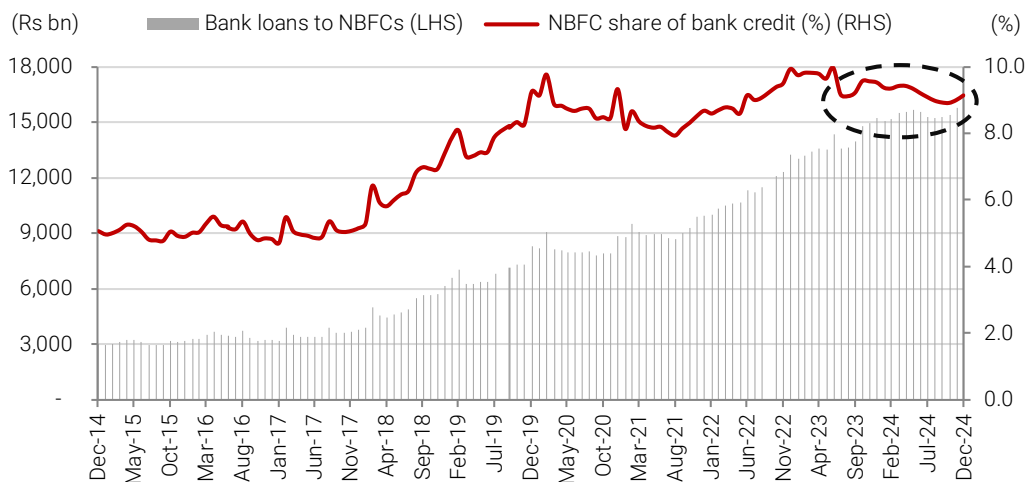
Exhibit 1: Calculated cost of borrowings, March fiscal year-ends, 3QFY23-3QFY25 (%)

	3QFY23	4QFY23	1QFY24	2QFY24	3QFY24	4QFY24	1QFY25	2QFY25	3QFY25	YoY (bps)
<b>Affordable HFCs</b>										
Aadhar	NA	NA	7.7	7.6	7.7	7.7	7.9	8.0	8.0	30
Aavas Financiers	6.8	6.9	7.3	7.5	7.7	7.4	7.5	8.0	8.0	37
Aptus	8.3	8.3	8.5	9.1	8.8	8.8	8.9	8.7	9.0	21
Home First	7.2	7.8	8.2	8.1	8.1	8.2	8.2	8.4	8.5	42
India Shelter	NA	8.1	8.9	8.8	8.9	8.6	8.6	8.8	8.6	(27)
<b>NBFCs/other HFCs</b>										
Bajaj Finance	7.0	6.9	7.3	7.4	7.5	7.5	7.6	7.8	7.8	24
Bajaj Housing Finance	6.7	7.2	7.6	7.6	7.6	7.7	7.9	8.2	7.9	28
Cholamandalam	7.3	7.4	7.8	7.8	8.0	8.0	7.9	7.9	8.1	1
Five Star	8.9	8.3	9.0	9.3	9.7	9.1	9.7	9.6	9.6	(8)
L&T Finance	7.0	6.8	6.9	7.0	7.1	7.0	6.9	7.1	7.3	24
LIC Housing Finance	7.2	7.2	7.4	7.6	7.6	7.5	7.5	7.6	7.6	1
Mahindra Finance	7.2	7.3	7.5	7.6	7.8	7.7	7.8	7.8	7.9	7
Muthoot Finance	8.0	8.0	8.4	8.7	8.6	8.4	8.7	9.0	8.7	18
SBFC	8.9	8.8	9.3	9.4	9.3	9.2	9.4	9.5	9.2	(6)
Shriram Finance	8.0	8.3	8.7	8.9	8.7	8.8	8.7	8.7	8.8	16

Source: RBI, Kotak Institutional Equities

**NBFC comprise about 9% of bank credit**

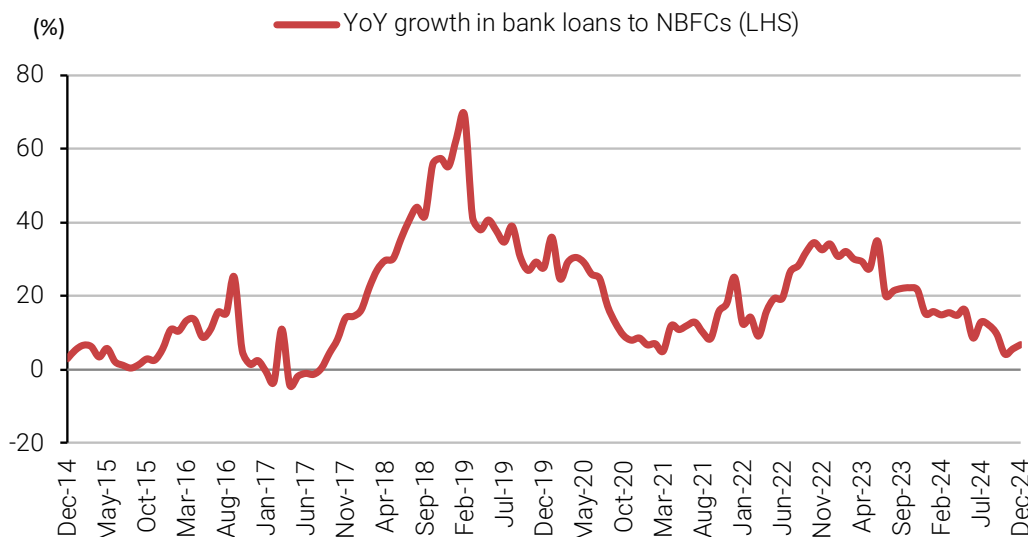
Exhibit 2: Lending by SCBs to NBFCs, March fiscal year-ends, 3QFY14-3QFY25 (%)



Source: Company, Kotak Institutional Equities estimates

**Bank lending to NBFCs has slowed down sharply**

**Exhibit 3: Growth of SCBs loans to NBFCs yoy, March fiscal year-ends, 3QFY14-3QFY25 (%)**



Source: Company, Kotak Institutional Equities estimates

**MCLR rates for lenders have not seen an impact due to the rate cut**

**Exhibit 4: 1-year MCLR rates across banks, March fiscal year-ends (%)**

	Mar-22	Mar-23	Nov-23	Dec-23	Jan-24	Feb-24	Mar-24	Jun-24	Jul-24	Aug-24	Sep-24	Oct-24	Nov-24	Dec-24	Jan-25	Feb-25	(% change) (Dec-24 to Feb-25)
<b>Public sector banks</b>																	
BoB	7.30	8.55	8.75	8.75	8.80	8.80	8.80	8.85	8.90	8.95	8.95	9.00	9.00	9.00	9.00	9.00	-
Canara	7.25	8.60	8.75	8.75	8.80	8.85	8.90	8.90	8.95	9.00	9.00	9.00	9.05	9.05	9.05	9.05	-
PNB	7.25	8.50	8.65	8.65	8.70	8.80	8.80	8.85	8.85	8.90	8.95	8.95	9.00	9.00	9.05	9.05	0.05
SBI	7.00	8.50	8.55	8.65	8.65	8.65	8.65	8.75	8.85	8.95	8.95	8.95	9.00	9.00	9.00	9.00	-
Union	7.25	8.65	8.70	8.80	8.85	8.90	8.90	8.90	8.90	8.90	8.95	9.00	9.00	9.00	9.00	9.00	-
<b>Old private banks</b>																	
CUBK	7.50	8.40	8.10	8.25	8.25	8.30	8.35	8.50	8.50	8.70	8.70	8.70	9.00	9.00	9.00	9.00	-
FB	7.90	9.30	9.50	9.60	9.60	9.70	9.70	9.70	9.70	9.70	9.80	9.80	9.80	9.90	9.90	9.90	-
KVB	8.35	9.35	9.85	9.85	9.85	10.00	10.00	10.10	10.10	10.00	10.00	10.00	10.00	10.00	10.00	10.00	-
<b>New private banks</b>																	
Axis	7.35	8.95	9.20	9.25	9.25	9.30	9.30	9.30	9.30	9.30	9.35	9.35	9.35	9.45	9.40	9.40	(0.05)
Bandhan	9.25	11.13	11.16	11.32	11.32	11.36	11.36	11.43	11.43	11.51	11.89	11.80	11.90	11.90	12.05	12.05	0.15
HDFC Bank	7.25	8.95	9.20	9.20	9.25	9.30	9.30	9.30	9.30	9.30	9.30	8.95	9.00	9.05	9.05	9.10	0.05
ICICI	7.25	8.75	9.00	9.00	9.10	9.10	9.10	9.10	9.10	9.10	9.10	9.10	9.10	9.10	9.10	9.10	-
IndusInd	8.50	10.15	10.35	10.35	10.35	10.40	10.40	10.45	10.45	10.45	10.55	10.55	10.55	10.55	10.55	10.55	-
Yes	8.50	10.10	10.40	10.50	10.50	10.50	10.50	10.50	10.50	10.50	10.60	10.60	10.60	10.60	10.60	10.65	0.05
<b>Small finance banks</b>																	
AU	10.15	11.75	11.85	11.85	11.85	11.85	11.85	11.85	12.85	12.85	12.65	12.45	12.50	12.50	12.45	12.45	(0.05)
Equitas	13.70	14.05	13.80	13.60	13.60	13.80	13.80	13.80	13.95	13.80	13.80	13.60	13.95	13.95	13.95	13.95	-
Ujjivan	12.10	12.20	12.50	12.70	12.70	12.70	12.70	14.00	14.00	13.50	13.50	13.40	13.40	13.55	13.55	13.60	0.05

Source: Company, Kotak Institutional Equities

**Bank borrowings constitute 33-59% of overall borrowings for HFCs**

**Exhibit 5: Breakdown of borrowings across select HFCs, March fiscal year-ends, 2019-24, 1QFY25-3QFY25 (%)**

	2019	2020	2021	2022	2023	2024	1QFY25	2QFY25	3QFY25
<b>Aadhar</b>									
Bank	NA	NA	62	60	54	55	52	50	51
NHB	NA	NA	16	22	25	25	26	25	25
NCD	NA	NA	21	17	21	20	22	25	24
Others	NA	NA	1	2	1	-	-	-	-
<b>Aavas</b>									
Term loans	42	43	34	38	45	48	48	51	50
Assignment	28	25	24	23	22	24	24	25	25
NHB	19	14	23	22	21	20	20	18	16
NCD	11	19	19	18	12	9	9	6	9
<b>Aptus</b>									
Bank	42	49	52	50	60	63	64	59	54
NHB	9	14	23	32	26	24	22	19	18
NCD	44	32	17	14	10	5	5	11	15
Others	6	5	8	4	4	8	9	11	13
<b>Bajaj Housing Finance</b>									
Term loans	NA	69	64	59	59	51	48	44	43
NCD	NA	25	27	30	36	35	38	43	43
NHB	NA	-	-	-	3	10	12	11	11
CP	NA	6	9	9	1	4	3	2	3
ICD	NA	-	-	1	0	0	0	-	-
<b>Home First</b>									
Bank	60	58	44	45	58	60	59	60	59
NBFC	-	2	1	2	2	2	2	2	2
NHB	26	21	29	27	15	18	19	16	17
NCD	-	-	6	4	6	3	3	3	3
DA	13	19	20	23	19	17	17	16	16
ECB	-	-	-	-	-	-	-	3	3
<b>India Shelter</b>									
Bank	NA	NA	56	72	69	56	53	56	54
NHB	NA	NA	36	17	19	15	18	16	13
NCD	NA	NA	6	9	6	1	1	1	1
DA	NA	NA	2	2	3	22	22	22	21
ECB	NA	NA	-	-	3	6	5	5	4
PTC	NA	NA	-	-	-	2	1	1	7
<b>LIC Housing Finance</b>									
Bank	15	22	25	30	34	34	34	34	33
NCDs	75	65	54	53	50	52	54	54	54
Deposit	4	7	9	8	5	4	3	3	3
NHB	1	1	5	4	5	4	4	4	5
CP and others	4	4	6	4	5	5	4	4	4

Source: Company, Kotak Institutional Equities

**Bank borrowings constitute 22-59% of overall borrowings for NBFCs**

**Exhibit 6: Breakdown of borrowings across NBFCs, March fiscal year-ends, 2019-24, 1QFY25-3QFY25 (%)**

	2019	2020	2021	2022	2023	2024	1QFY25	2QFY25	3QFY25	
<b>Bajaj Finance</b>										
Bank	34	38	32	28	31	33	30	29	47	
NCDs	38	41	44	50	47	44	48	47	46	
Subordinate debt	5	4	4	3	1	1	2	4	5	
Deposits	15	17	20	19	21	22	20	20	22	
CPs	7	NA	NA	NA	NA	NA	NA	NA	NA	
CBLO	0	NA	NA	NA	NA	NA	NA	NA	NA	
<b>Chola</b>										
Bank	49	66	61	63	57	49	49	48	47	
CP	11	8	10	10	8	6	8	9	8	
NCDs	21	10	15	15	16	16	14	14	14	
Subordinated debt	8	8	7	7	9	11	12	11	14	
Securitisation	11	8	7	5	10	18	17	18	17	
<b>Five Star</b>										
Bank	NA	NA	NA	32	56	65	62	60	56	
Other term loans	NA	NA	NA	6	6	12	11	10	12	
NCDs	NA	NA	NA	39	12	5	12	12	11	
Securitisation	NA	NA	NA	19	23	17	14	18	20	
ECB	NA	NA	NA	3	2	1	1	1	1	
<b>L&amp;T Finance</b>										
Term loan	39	44	38	41	50	53	57	57	59	
NCDs and others	47	50	55	52	38	40	35	35	34	
CP	14	6	7	7	12	7	8	8	7	
<b>Mahindra Finance</b>										
Bank loans	28	30	25	28	40	48	48	46	48	
NCDs	44	35	33	37	32	28	29	27	26	
FDs	11	15	16	15	7	8	4	4	3	
CP/ ICD	9	0	2	2	8	7	9	9	9	
Securitisation	8	15	18	14	9	6	5	6	6	
Offshore borrowings		5	7	5	4	3	6	9	6	
<b>Muthoot Finance</b>										
Gold bonds	2	1	1	0	0	-	-	-	-	
Listed NCDs	28	26	29	25	27	28	28	27	26	
Bank loans	49	39	43	55	60	63	55	57	56	
Subordinated debt	2	1	0	0	0	0	0	0	0	
Others	2	24	18	17	10	1	10	10	13	
<b>SBFC</b>										
Bank	NA	84	91	92	78	49	47	49	53	
NCDs	NA	11	5	1	1	10	11	14	12	
Securitisation	NA	5	2	2	10	7	6	5	4	
FCNB	NA	-	-	-	-	21	21	19	18	
FI	NA	-	1	4	10	13	12	10	9	
Foreign bank	NA	-	-	-	1	0	4	4	3	
<b>Shriram Finance</b>										
NCDs	29	22	20	19	19	17	17	18	18	
Deposits	12	13	15	19	23	24	25	24	24	
Securitization	20	23	22	17	14	16	15	17	17	
Subordinated debts	7	6	4	4	3	2	1	1	1	
Term loans	18	16	16	20	26	25	25	22	22	
ECB	6	15	18	17	8	6	6	7	7	
ECB loans	3	5	4	4	6	8	8	8	8	
Others	2	2	1	0	0	3	3	2	2	

Source: Company, Kotak Institutional Equities

**NIMs to compress for most players**

**Exhibit 7: Yield on loans, cost of funds and NIM, March fiscal year-ends, 2022-27E**

	Yield on loans (%)						Cost of funds (%)						NIM (%)					
	2022	2023	2024	2025E	2026E	2027E	2022	2023	2024	2025E	2026E	2027E	2022	2023	2024	2025E	2026E	2027E
<b>Affordable housing</b>																		
Aadhar	10.9	11.1	11.8	11.9	11.9	11.8	7.2	7.0	7.6	7.8	7.8	7.7	5.5	6.1	6.7	6.8	6.9	6.9
Aavas	13.5	13.4	13.5	13.4	13.3	13.1	6.7	6.6	7.5	7.7	7.6	7.3	7.8	7.7	7.1	6.6	6.6	6.6
Aptus	17.1	17.8	17.1	17.1	16.8	16.5	8.0	8.5	8.6	8.9	8.8	8.7	12.6	13.1	12.1	11.6	11.0	10.6
Home First	13.3	13.9	14.4	14.4	14.2	14.2	6.6	7.3	8.3	8.5	8.4	8.3	7.7	8.0	7.4	6.7	6.6	6.6
India Shelter	15.8	15.7	15.8	15.3	15.1	15.0	8.3	8.3	9.0	8.3	8.3	8.3	9.5	9.2	9.3	9.4	8.7	8.3
<b>Other NBFCs and HFCs</b>																		
Bajaj Finance	15.8	16.1	16.9	16.5	16.3	16.1	6.6	6.6	7.3	7.5	7.3	7.2	10.1	10.4	10.3	9.8	9.8	9.7
Bajaj Housing Finance	8.6	9.6	10.1	10.1	9.9	9.7	5.9	6.8	7.6	7.9	7.7	7.4	3.3	3.8	3.5	3.4	3.5	3.5
Cholamandalam	13.7	13.5	14.1	14.5	14.4	13.8	6.5	6.9	8.0	8.2	7.9	7.6	7.5	7.1	6.7	6.8	7.1	6.8
Five Star	25.3	25.0	25.6	25.4	24.7	24.0	10.0	7.8	8.9	9.6	9.5	9.3	19.0	20.6	19.9	19.2	18.4	17.5
L&TFH	12.5	14.4	15.0	15.4	15.0	14.7	7.0	7.3	6.7	7.3	7.1	6.8	6.3	7.5	8.6	8.9	8.7	8.6
LIC Housing Finance	8.1	8.6	9.6	9.3	9.2	9.0	6.6	6.9	7.4	7.5	7.3	7.1	2.3	2.4	3.1	2.7	2.8	2.8
Mahindra Finance	14.6	14.5	14.1	13.8	13.9	13.9	6.8	7.0	7.7	7.8	7.7	7.5	8.6	8.3	7.2	6.7	6.7	6.8
Muthoot Finance	19.8	17.1	17.9	18.8	18.5	18.2	8.0	7.4	8.6	9.1	9.0	8.7	12.9	11.0	11.2	11.7	11.4	11.3
SBFC	18.7	17.7	17.9	18.0	18.2	18.2	7.7	8.3	9.1	9.3	9.3	9.1	10.0	10.2	11.1	11.8	11.9	12.0
Shriram Finance	14.8	17.6	15.9	15.9	15.9	15.7	8.8	9.2	8.6	8.8	8.7	8.6	7.4	10.5	9.2	9.0	9.1	9.2

Source: Company, Kotak Institutional Equities

**Key valuation parameters**

**Exhibit 8: Valuation metrics for NBFCs under coverage, March fiscal year-ends, 2024-26E**

	Reco.	Fair Value	Price	Market cap.	EPS (Rs)			PER (X)			ABVPS (Rs)			APBR (X)			RoE (%)		
		(Rs)	2/25/2025	US \$bn	2024	2025E	2026E	2024	2025E	2026E	2024	2025E	2026E	2024	2025E	2026E	2024	2025E	2026E
<b>NBFCs</b>																			
Aadhar HFC	BUY	560	379	1.9	18	22	28	20.7	17.2	13.7	113	150	177	3.4	2.5	2.1	18.4	16.9	16.6
Aavas Financiers	BUY	1,925	1,698	1.5	62	74	92	27.4	22.9	18.5	477	551	642	3.6	3.1	2.6	13.9	14.4	15.4
Aptus Value Housing	ADD	370	304	1.7	12	15	17	24.8	20.9	17.7	76	86	98	4.0	3.5	3.1	17.2	18.3	18.4
Bajaj Finance	ADD	8,500	8,489	60.3	234	260	322	36.3	32.7	26.4	1,241	1,471	1,751	6.8	5.8	4.8	22.1	19.2	19.8
Bajaj Finserv	BUY	2,000	1,875	34.3	51	66	81	36.7	28.4	23.2	255	299	359	7.4	6.3	5.2	18.7	23.9	24.6
Cholamandalam	ADD	1,500	1,368	13.2	41	49	61	33.6	27.9	22.5	233	281	355	5.9	4.9	3.9	20.2	19.1	19.3
Five Star	ADD	890	712	2.4	29	36	44	24.8	19.7	16.1	178	214	259	4.0	3.3	2.8	17.5	18.4	18.7
Home First	BUY	1,375	885	0.9	35	42	54	25.6	21.0	16.3	240	277	326	3.7	3.2	2.7	15.5	17.0	17.8
India Shelter	BUY	850	697	0.9	25	36	40	27.6	19.5	17.5	235	249	289	3.0	2.8	2.4	14.0	14.9	15.1
LIC Hsg Fin	BUY	750	521	3.3	87	94	99	6.0	5.6	5.3	570	649	732	0.9	0.8	0.7	16.3	14.0	12.6
L&T Finance Holdings	ADD	155	133	3.8	9	12	14	14.3	11.4	9.6	95	103	112	1.4	1.3	1.2	10.3	10.9	12.1
Mahindra Finance	ADD	320	271	3.8	14	20	21	19.0	13.3	13.1	147	163	181	1.8	1.7	1.5	10.0	13.1	14.1
Muthoot Finance	BUY	2,400	2,183	10.1	101	133	159	21.6	16.4	13.7	605	707	828	3.6	3.1	2.6	17.9	20.4	20.8
SBFC	ADD	95	88	1.1	2	3	4	40.9	28.0	22.4	23	26	30	3.8	3.4	2.9	10.5	11.7	12.9
SBI Cards	BUY	850	841	9.2	25	27	40	33.2	31.5	21.1	127	150	186	6.6	5.6	4.5	22.0	19.3	23.8
Shriram Finance	BUY	730	574	12.4	191	54	55	3.0	10.7	10.5	1,234	287	331	0.5	2.0	1.7	15.7	19.1	16.7

Source: Company, Kotak Institutional Equities

“Each of the analysts named below hereby certifies that, with respect to each subject company and its securities for which the analyst is responsible in this report, (1) all of the views expressed in this report accurately reflect his or her personal views about the subject companies and securities, and (2) no part of his or her compensation was, is, or will be, directly or indirectly, related to the specific recommendations or views expressed in this report: Nischint Chawathe, M B Mahesh, CFA, Varun Palacharla, Abhijeet Sakhare, Ashlesh Sonje, CFA, Nikhil Suresh.”

## Ratings and other definitions/identifiers

### Definitions of ratings

**BUY.** We expect this stock to deliver more than 15% returns over the next 12 months.

**ADD.** We expect this stock to deliver 5-15% returns over the next 12 months.

**REDUCE.** We expect this stock to deliver -5+5% returns over the next 12 months.

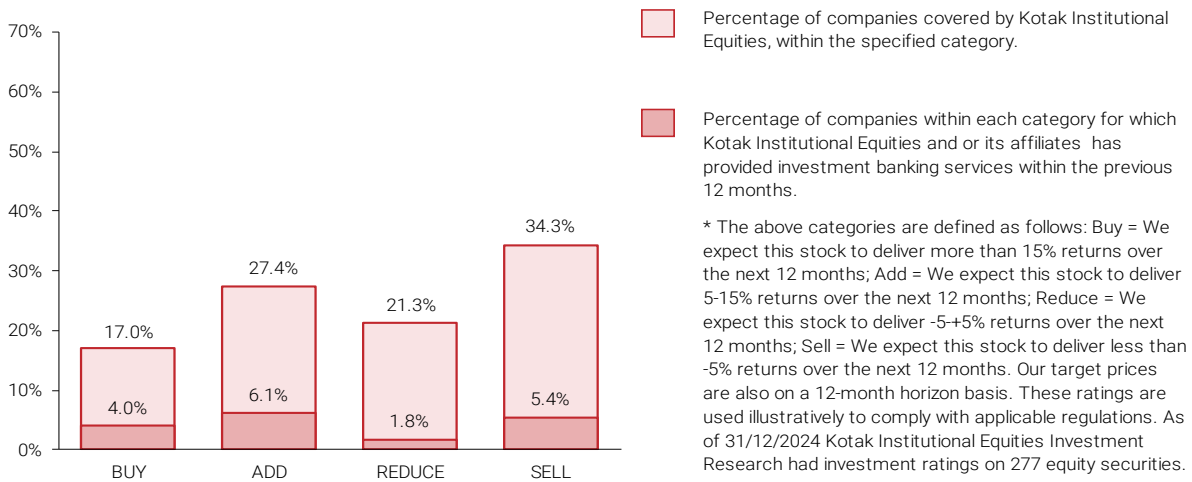
**SELL.** We expect this stock to deliver <-5% returns over the next 12 months.

Our Fair Value estimates are also on a 12-month horizon basis.

Our Ratings System does not take into account short-term volatility in stock prices related to movements in the market. Hence, a particular Rating may not strictly be in accordance with the Rating System at all times.

### Distribution of ratings/investment banking relationships

Kotak Institutional Equities Research coverage universe



Source: Kotak Institutional Equities

As of December 31, 2024

### Coverage view

The coverage view represents each analyst’s overall fundamental outlook on the Sector. The coverage view will consist of one of the following designations: **Attractive, Neutral, Cautious.**

### Other ratings/identifiers

**NR = Not Rated.** The investment rating and fair value, if any, have been suspended temporarily. Such suspension is in compliance with applicable regulation(s) and/or Kotak Securities policies in circumstances when Kotak Securities or its affiliates is acting in an advisory capacity in a merger or strategic transaction involving this company and in certain other circumstances.

**CS = Coverage Suspended.** Kotak Securities has suspended coverage of this company.

**NC = Not Covered.** Kotak Securities does not cover this company.

**RS = Rating Suspended.** Kotak Securities Research has suspended the investment rating and fair value, if any, for this stock, because there is not a sufficient fundamental basis for determining an investment rating or fair value. The previous investment rating and fair value, if any, are no longer in effect for this stock and should not be relied upon.

**NA = Not Available or Not Applicable.** The information is not available for display or is not applicable.

**NM = Not Meaningful.** The information is not meaningful and is therefore excluded.

## Corporate Office

Kotak Securities Ltd.  
27 BKC, Plot No. C-27, "G Block" Bandra Kurla  
Complex, Bandra (E) Mumbai 400 051, India  
Tel: +91-22-43360000

## Overseas Affiliates

Kotak Mahindra (UK) Ltd  
8th Floor, Portoken House  
155-157 Minories, London EC3N 1LS  
Tel: +44-20-7977-6900

Kotak Mahindra Inc  
PENN 1,1 Pennsylvania Plaza,  
Suite 1720, New York, NY 10119, USA  
Tel: +1-212-600-8858

Copyright 2025 Kotak Institutional Equities (Kotak Securities Limited). All rights reserved.

The Kotak Institutional Equities research report is solely a product of Kotak Securities Limited and may be used for general information only. The legal entity preparing this research report is not registered as a broker-dealer in the United States and, therefore, is not subject to US rules regarding the preparation of research reports and/or the independence of research analysts.

- Note that the research analysts contributing to this report are residents outside the United States and are not associates, employees, registered or qualified as research analysts with FINRA or a US-regulated broker dealer; and
- Such research analysts may not be associated persons of Kotak Mahindra Inc. and therefore, may not be subject to FINRA Rule 2241 restrictions on communications with a subject company, public appearances and trading securities held by a research analyst.
- Kotak Mahindra Inc. does not accept or receive any compensation of any kind directly from US institutional investors for the dissemination of the Kotak Securities Limited research reports. However, Kotak Securities Limited has entered into an agreement with Kotak Mahindra Inc. which includes payment for sourcing new major US institutional investors and service existing clients based out of the US.
- In the United States, this research report is available solely for distribution to major US institutional investors, as defined in Rule 15a-6 under the Securities Exchange Act of 1934. This research report is distributed in the United States by Kotak Mahindra Inc., a US-registered broker and dealer and a member of FINRA. Kotak Mahindra Inc., a US-registered broker-dealer, accepts responsibility for this research report and its dissemination in the United States.
- This Kotak Securities Limited research report is not intended for any other persons in the United States. All major US institutional investors or persons outside the United States, having received this Kotak Securities Limited research report shall neither distribute the original nor a copy to any other person in the United States. Any US recipient of the research who wishes to effect a transaction in any security covered by the report should do so with or through Kotak Mahindra Inc. Please contact a US-registered representative; Gijo Joseph, Kotak Mahindra Inc., PENN 1,1 Pennsylvania Plaza, Suite 1720, New York, NY 10119, Direct +1 212 600 8858, gijo.joseph@kotak.com.
- This document does not constitute an offer of, or an invitation by or on behalf of Kotak Securities Limited or its affiliates or any other company to any person, to buy or sell any security. The information contained herein has been obtained from published information and other sources, which Kotak Securities Limited or its affiliates consider to be reliable. None of Kotak Securities Limited accepts any liability or responsibility whatsoever for the accuracy or completeness of any such information. All estimates, expressions of opinion and other subjective judgments contained herein are made as of the date of this document. Emerging securities markets may be subject to risks significantly higher than more established markets. In particular, the political and economic environment, company practices and market prices and volumes may be subject to significant variations. The ability to assess such risks may also be limited due to significantly lower information quantity and quality. By accepting this document, you agree to be bound by all the foregoing provisions.

This report is distributed in Singapore by Kotak Mahindra (UK) Limited (Singapore Branch) to institutional investors, accredited investors or expert investors only as defined under the Securities and Futures Act. Recipients of this analysis/report are to contact Kotak Mahindra (UK) Limited (Singapore Branch) (16 Raffles Quay, #35-02/03, Hong Leong Building, Singapore 048581) in respect of any matters arising from, or in connection with, this analysis/report. Kotak Mahindra (UK) Limited (Singapore Branch) is regulated by the Monetary Authority of Singapore.

Kotak Securities Limited and its affiliates are a full-service, integrated investment banking, investment management, brokerage and financing group. We along with our affiliates are leading underwriter of securities and participants in virtually all securities trading markets in India. We and our affiliates have investment banking and other business relationships with a significant percentage of the companies covered by our Investment Research Department. Our research professionals provide important input into our investment banking and other business selection processes. Investors should assume that Kotak Securities Limited and/or its affiliates are seeking or will seek investment banking or other business from the company or companies that are the subject of this material. Our research professionals are paid in part based on the profitability of Kotak Securities Limited, which includes earnings from investment banking and other businesses. Kotak Securities Limited generally prohibits its analysts, persons reporting to analysts, and members of their households from maintaining a financial interest in the securities or derivatives of any companies that the analysts cover. Additionally, Kotak Securities Limited generally prohibits its analysts and persons reporting to analysts from serving as an officer, director, or advisory board member of any companies that the analysts cover. Our salespeople, traders, and other professionals 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. Additionally, other important information regarding our relationships with the company or companies that are the subject of this material is provided herein.

This material should not be construed as an offer to sell or the solicitation of an offer to buy any security in any jurisdiction where such an offer or solicitation would be illegal. We are not soliciting any action based on this material. It is for the general information of clients of Kotak Securities Limited. It does not constitute a personal recommendation or take into account the particular investment objectives, financial situations, or needs of individual clients. Before acting on any advice or recommendation in this material, clients should consider whether it is suitable for their particular circumstances and, if necessary, seek professional advice. The price and value of the investments referred to in this material and the income from them may go down as well as up, and investors may realize losses on any investments. Past performance is not a guide for future performance, future returns are not guaranteed and a loss of original capital may occur. Kotak Securities Limited does not provide tax advice to its clients, and all investors are strongly advised to consult with their tax advisers regarding any potential investment. Certain transactions – including those involving futures, options, and other derivatives as well as non-investment-grade securities – give rise to substantial risk and are not suitable for all investors. The material is based on information that we consider reliable, but we do not represent that it is accurate or complete, and it should not be relied on as such. Opinions expressed are our current opinions as of the date appearing on this material only. We endeavor to update on a reasonable basis the information discussed in this material, but regulatory, compliance, or other reasons may prevent us from doing so. We and our affiliates, officers, directors, and employees, including persons involved in the preparation or issuance of this material, may from time to time have "long" or "short" positions in, act as principal in, and buy or sell the securities or derivatives thereof of companies mentioned herein. Kotak Securities Limited and its non-US affiliates may, to the extent permissible under applicable laws, have acted on or used this research to the extent that it relates to non-US issuers, prior to or immediately following its publication. Foreign currency-denominated securities are subject to fluctuations in exchange rates that could have an adverse effect on the value or price of or income derived from the investment. In addition, investors in securities such as ADRs, the value of which are influenced by foreign currencies, affectively assume currency risk. In addition, options involve risks and are not suitable for all investors. Please ensure that you have read and understood the current derivatives risk disclosure document before entering into any derivative transactions.

Kotak Securities Limited established in 1994, is a subsidiary of Kotak Mahindra Bank Limited.

Kotak Securities Limited is a corporate trading and clearing member of BSE Limited (BSE), National Stock Exchange of India Limited (NSE), Metropolitan Stock Exchange of India Limited (MSE), National Commodity and Derivatives Exchange (NCDEX) and Multi Commodity Exchange (MCX). Our businesses include stock broking, services rendered in connection with distribution of primary market issues and financial products like mutual funds and fixed deposits, depository services and portfolio management.

Kotak Securities Limited is also a Depository Participant with National Securities Depository Limited (NSDL) and Central Depository Services (India) Limited (CDSL). Kotak Securities Limited is also registered with Insurance Regulatory and Development Authority and having composite license acts as Corporate Agent of Kotak Mahindra Life Insurance Company Limited and Zurich Kotak General Insurance Company (India) Limited (Formerly known as Kotak Mahindra General Insurance Company Limited) and is also a Mutual Fund Advisor registered with Association of Mutual Funds in India (AMFI). Kotak Securities Limited is registered as a Research Analyst under SEBI (Research Analyst) Regulations, 2014.

We hereby declare that our activities were neither suspended nor we have defaulted with any stock exchange authority with whom we are registered in last five years. However, SEBI, Exchanges and Depositories have conducted the routine inspection and based on their observations have issued advise letters or levied minor penalty on KSL for certain operational deviations. We have not been debarred from doing business by any stock exchange/SEBI or any other authorities, nor has our certificate of registration been cancelled by SEBI at any point of time.

We offer our research services to primarily institutional investors and their employees, directors, fund managers, advisors who are registered with us. Details of Associates are available on website, i.e. [www.kotak.com](http://www.kotak.com) and <https://www.kotak.com/en/investor-relations/governance/subsidiaries.html>.

Research Analyst has served as an officer, director or employee of subject company(ies): No.

We or our associates may have received compensation from the subject company(ies) in the past 12 months.

We or our associates have managed or co-managed public offering of securities for the subject company(ies) or acted as a market maker in the financial instruments of the subject company/company (ies) discussed herein in the past 12 months. YES. Visit our website for more details <https://kie.kotak.com>.

We or our associates may have received compensation for investment banking or merchant banking or brokerage services from the subject company(ies) in the past 12 months. We or our associates may have received any compensation for products or services other than investment banking or merchant banking or brokerage services from the subject company(ies) in the past 12 months. We or our associates may have received compensation or other benefits from the subject company(ies) or third party in connection with the research report.

Our associates may have financial interest in the subject company(ies).

Research Analyst or his/her relative's financial interest in the subject company(ies): No

Kotak Securities Limited has financial interest in the subject company(ies) at the end of the week immediately preceding the date of publication of Research Report: YES. Nature of Financial interest: Holding equity shares or derivatives of the subject company.

Our associates may have 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 Research Report.

Research Analyst or his/her relatives have 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 Research Report: No.

Kotak Securities Limited has 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 Research Report: No

Subject company(ies) may have been client during twelve months preceding the date of distribution of the research report.

A graph of daily closing prices of securities is available at <https://www.moneycontrol.com/india/stockpricequote/> and <http://economictimes.indiatimes.com/markets/stocks/stock-quotes>. (Choose a company from the list on the browser and select the "three years" icon in the price chart).

First Cut notes published on this site are for information purposes only. They represent early notations and responses by analysts to recent events. Data in the notes may not have been verified by us and investors should not act upon any data or views in these notes. Most First Cut notes, but not necessarily all, will be followed by final research reports on the subject.

There could be variance between the First Cut note and the final research note on any subject, in which case the contents of the final research note would prevail. We accept no liability of the First Cut Notes.

### Analyst Certification

The analyst(s) authoring this research report hereby certifies that the views expressed in this research report accurately reflect such research analyst's personal views about the subject securities and issuers and that no part of his or her compensation was, is, or will be directly or indirectly related to the specific recommendations or views contained in the research report.

This report or any portion hereof may not be reprinted, sold or redistributed without the written consent of Firm. Firm Research is disseminated and available primarily electronically, and, in some cases, in printed form.

Additional information on recommended securities is available on request.

Our research should not be considered as an advertisement or advice, professional or otherwise. The investor is requested to take into consideration all the risk factors including their financial condition, suitability to risk return profile and the like and take professional advice before investing.

Investments 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.

For more information related to investments in the securities market, please visit the SEBI Investor Website <https://investor.sebi.gov.in/> and the SEBI Saa'rthi Mobile App.

Derivatives are a sophisticated investment device. The investor is requested to take into consideration all the risk factors before actually trading in derivative contracts. Compliance Officer Details: Mr. Hiren Thakkar. Call: 022 - 4285 8484, or Email: [ks.compliance@kotak.com](mailto:ks.compliance@kotak.com).

Kotak Securities Limited. Registered Office: 27 BKC, C 27, G Block, Bandra Kurla Complex, Bandra (E), Mumbai 400051. CIN: U99999MH1994PLC134051, Telephone No.: +22 43360000, Fax No.: +22 67132430. Website: [www.kotak.com](http://www.kotak.com) / [www.kotaksecurities.com](http://www.kotaksecurities.com). Correspondence Address: Infinity IT Park, Bldg. No 21, Opp. Film City Road, A K Vaidya Marg, Malad (East), Mumbai 400097. Telephone No: 42856825. SEBI Registration No: IN2000200137(Member of NSE, BSE, MSE, MCX & NCDEX), AMFI ARN 0164, PMS INP000000258 and Research Analyst INH000000586. NSDL/CDSL: IN-DP-629-2021. Compliance Officer Details: Mr. Hiren Thakkar. Call: 022 - 4285 8484, or Email: [ks.compliance@kotak.com](mailto:ks.compliance@kotak.com)

Details of	Contact Person	Address	Contact No.	Email ID
Customer Care/ Complaints	Mr. Ritesh Shah	Kotak Towers, 8th Floor, Building No.21, Infinity Park, Off Western Express Highway, Malad (East), Mumbai, Maharashtra - 400097	18002099393	<a href="mailto:ks.escalation@kotak.com">ks.escalation@kotak.com</a>
Head of Customer Care	Mr. Tabrez Anwar		022-42858208	<a href="mailto:ks.servicehead@kotak.com">ks.servicehead@kotak.com</a>
Compliance Officer	Mr. Hiren Thakkar		022-42858484	<a href="mailto:ks.compliance@kotak.com">ks.compliance@kotak.com</a>
CEO	Mr. Shripal Shah		022-42858301	<a href="mailto:ceo.ks@kotak.com">ceo.ks@kotak.com</a>

In absence of response/complaint not addressed to your satisfaction, you may lodge a complaint with SEBI at SEBI, NSE, BSE, Investor Service Center | NCDEX, MCX. Please quote your Service Ticket/Complaint Ref No. while raising your complaint at SEBI SCORES/Exchange portal at <https://scores.sebi.gov.in>. Kindly refer <https://www.kotaksecurities.com/contact-us/> and for online dispute Resolution platform - [Smart ODR](https://www.kotaksecurities.com/smart-odr/)