

AXIS BANK LIMITED

Credit quality improving; however PPOP de-growth and high CDR are concerning

LKP
Since 1948

Trust • Invest • Grow

Result and Price Analysis

Axis Bank reported a decent result with positive takeaways being 1) Accomplishing the aspirational ROE of more than 18% for 1HFY24, 2) Credit growth (22.8% YoY, 4.5% QoQ) stood strong. 2) NII growth stable at 18.9% YoY and 3% QoQ, on the back of stable NIMs to 4.11% (expected). 3) Disbursement in wholesale and SME loans up, 4) Strong contingent provision buffer (1.3% of gross loans), 5) NPA (GNPA/NNPA ratio 1.96%/0.41%) numbers improved sequentially driven by lower slippages and steady recoveries. 6) restructuring (20bps of GCA) squeezed further and at manageable level with 21% coverage, However negatives are 1) Sequential de-growth in PPOP, and CDR bottleneck of 94%. Furthermore, We believe the negatives are well provided and growth shall continue.

NPA ratio improvement continues; restructuring narrowed down further

Axis Bank's total slippages came lower at ₹32.6bn v/s ₹39.9bn in the previous quarter. The up-gradation & recovery stood steady at ₹20bn v/s ₹23bn in 2QFY24. The write-offs were ~₹26.7bn. A healthy asset quality show resulted in 7.7% sequential decline in GNPA amount. GNPA/NNPA/PCR stood at 1.73%/0.36%/94% against 1.96%/0.41%/93% in the previous quarter. GNPA ratio improved across segments. Retail GNPA at 1.3%, where SME and corporate GNPA ratio is at 2.5% and 1.1% respectively. The restructured pool reported lower meaningfully at ₹17.6bn (20bps of GCA) largely from retail book, v/s ₹19.1bn in the previous quarter. The bank carries a provision of ~21% on restructured loans, which is in excess of regulatory limits. Around 96% of retail restructured book is secured (with LTV of 40% - 70%) and 100% provision made on unsecured retail restructured book. BB & below rated pool stable at 0.35% of gross customer assets. Fund based BB & below outstanding down by 5.8% sequentially, Moreover, Non fund based outstanding in BB & below pool was stable. 100% of restructured corporate book classified as BB & Below. The provision expenses were sequentially lower at ₹8.1bn (v/s ₹10.3bn in the previous quarter).

Key Financials (₹ mn)	FY21	FY22	FY23	FY24E	FY25E
NII	292,391	331,322	429,458	485,274	567,390
Operating Profit	257,022	247,420	195,585	357,402	417,814
Reported Profits	65,885	130,255	95,797	245,207	287,569
Net Worth	1,016,030	1,150,255	1,249,932	1,495,139	1,782,708
Loan & Advances	6,237,202	7,076,960	8,453,028	9,974,574	11,869,742
Int. Bearing Liabilities	8,501,792	10,068,548	11,332,453	12,930,373	14,894,327

Key Ratios (%)	FY21	FY22	FY23	FY24E	FY25E
NIM's	3.4	3.3	3.7	3.6	3.7
C/I Ratio	41.7	48.8	46.1	46.2	45.1
Gross NPA	3.7	2.8	2.0	1.9	1.7
PCR (%)	72.4	74.7	80.9	78.5	77.3
Adj. RoA	0.7	1.2	(1.2)	1.7	1.8
Adj. RoE	7.1	12.0	(12.8)	17.9	17.5

Rating :	BUY
Current Market Price (₹) :	970
12M Price Target (₹) :	1,147
Potential upside (%) :	18

Stock Data

Sector :	Banking
Face Value (₹) :	2
Total Market Cap (₹ bn) :	3,001
Free Float Market Cap (₹ bn) :	2,700
52-Week High / Low (₹) :	1,048 / 814
BSE Code / NSE Symbol :	532215 / AXISBANK
Bloomberg :	AXSB:IN

Shareholding Pattern

(%)	Sep-23	Jun-23	Mar-23	Dec-22
Promoter	8.22	8.19	8.16	8.19
FPIs	53.00	52.00	49.05	49.45
MFs	21.29	21.71	23.63	23.22
Insurance	4.67	5.05	5.35	5.47
Others	12.82	13.05	13.81	13.67

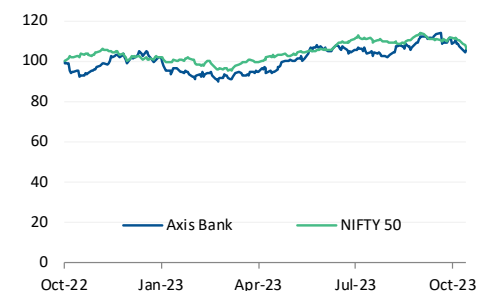
Source: BSE

Price Performance

(%)	1M	3M	6M	12M
Axis Bank	-4.0%	-0.3%	9.7%	6.4%
Nifty 50	-4.1%	-4.7%	5.9%	6.3%

* To date / current date : October 26, 2023

Axis Bank vs Nifty 50



The bank's PCR stood stable at 80%. PCR (including tech. write offs) stood at 94% and Aggregate PCR (Specific provision + COVID provision + General Provision + Contingency Provision) stood at 150% of reported GNPLs and the contingent provisioning (COVID + standard asset) stood 1.3% of the net loans.

Credit growth in line; high CDR is worrying

The bank's advances stood at ~₹9tn (post acquisition); 22.8% YoY and 4.5% sequentially. Corporate book (31.4% of book) grew healthy by 3.2% QoQ. Retail book (58% of book) growth was at 4.4% sequentially. SME book (10.7% of book) were up by 9.5% QoQ. The bank's deposit stood at ~₹9.6tn and grew at 17.9% YoY and 1.5% QoQ. The CASA stood at 44.4%. The bank's CRAR stood at 16.56% with CET 1 of 13.8%. Additionally LCR of 118% with excess SLR of ₹570bn. The RWA to asset sequentially flat at 67%. The bank is operating at a higher CDR of 94% where retail term deposit share of total deposit (LCR eligible fund) stood at 27%.

Higher opex led to PPOP decline

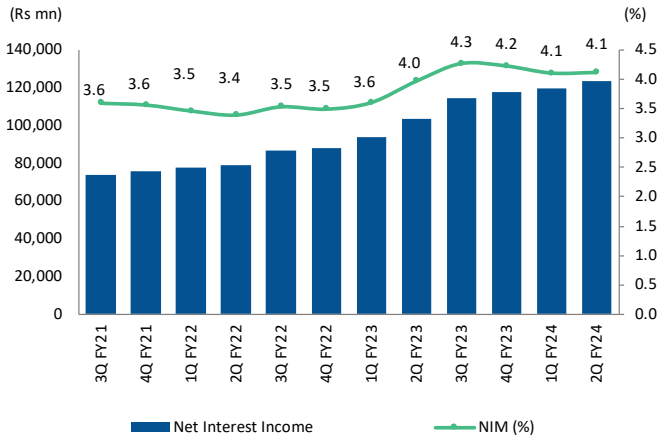
The bank's NII stood at ₹123bn; grew by 18.9% YoY & 3% QoQ. The bank's NIMs stable at 4.11% on the back of higher cost of fund (5.17%) and cost of deposit (4.79%). Non – interest income de-grew by 1% QoQ. Management hopes to achieve stable NIM going forward, owing to i) improvement in mix of loans versus investments on the assets side, ii) higher share of low cost deposits and iii) reduction in RIDF bonds (which have negative spread) as incremental allocations have stopped as the bank is PSL compliant. A lower other income growth and higher opex (C/I ratio: 50.2% v/s 48.3% in the previous quarter) led to PPOP sequential de-growth of 2.1%. Additionally, the sequentially lower provisioning expenses (₹8.1bn v/s ₹10.3bn) has resulted in net profit of ₹58.6bn. The bank's quarterly ROA/ROE stood at 1.76%/18.3%.

Outlook & Valuations

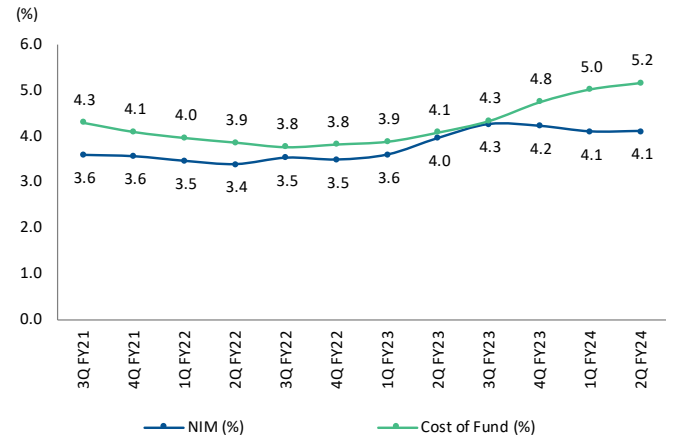
We value the standalone bank with PBV of 2x FY25E Adj. BVPS of ₹574 and arrive at a price target of ₹1,147. We recommend BUY with potential upside of 18%.

Quarterly story in charts

NII Trend



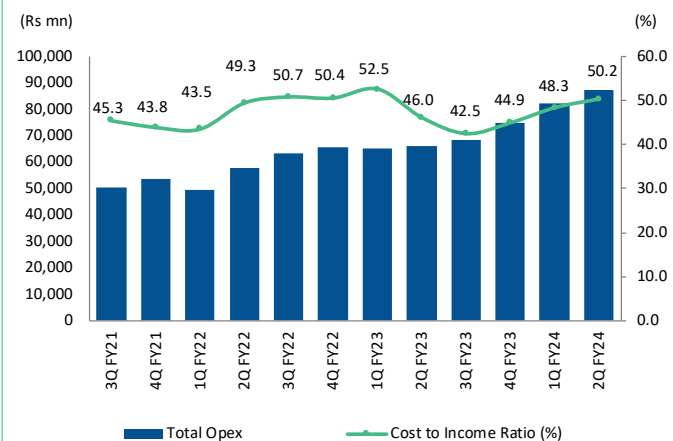
Yields and Margin Trend



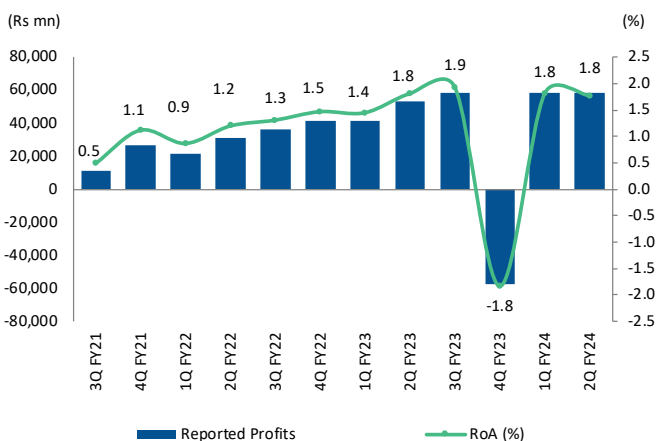
Other Income Trend



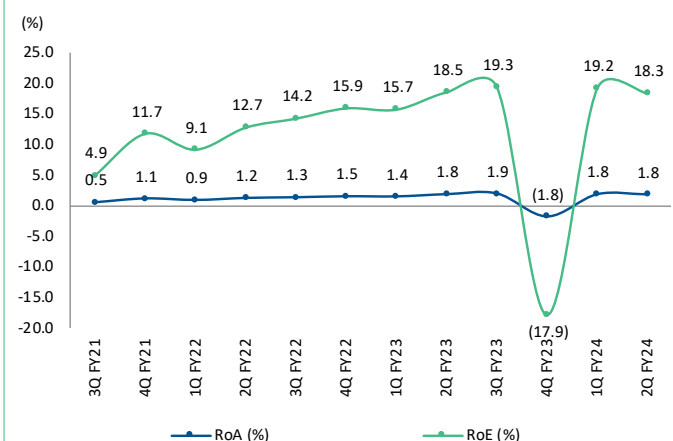
Total OPEX Trend



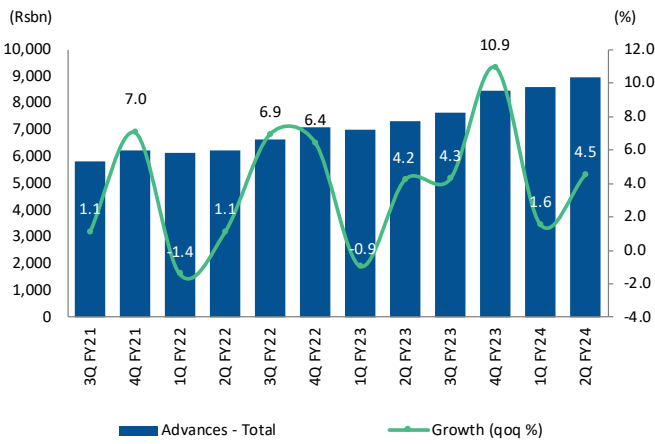
Reported Profit Trend



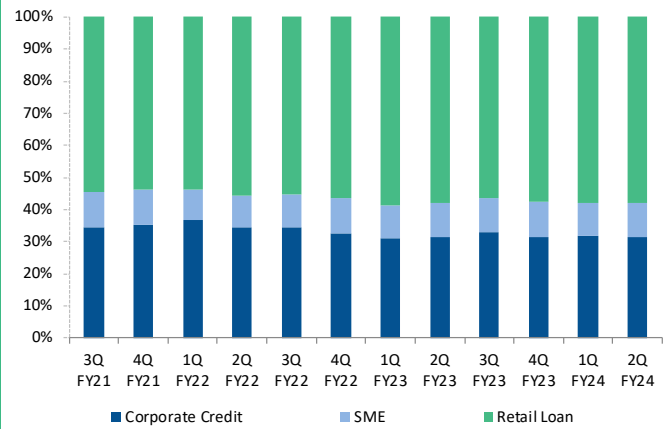
Return Ratio Trend



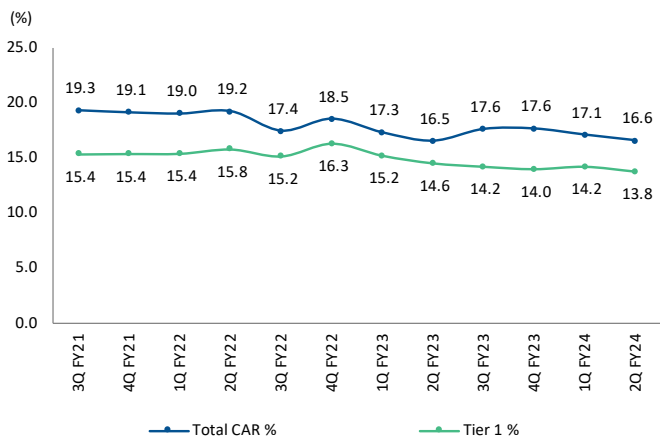
Loan Book Trend



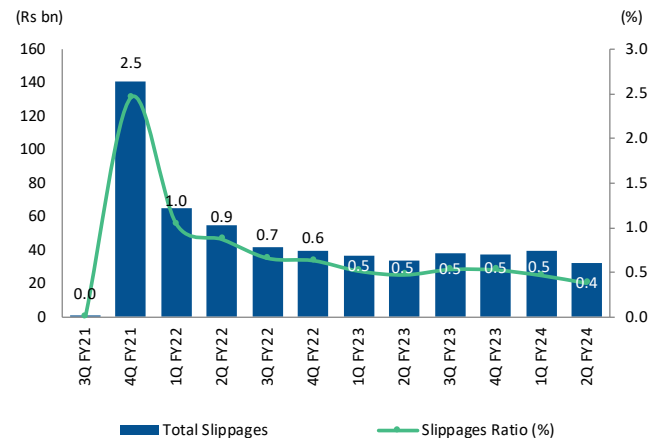
Loan Book Mix



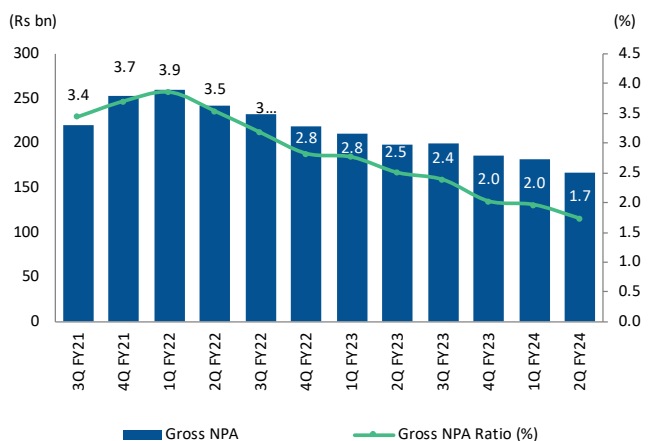
CRAR & Tier 1 Ratio Trend



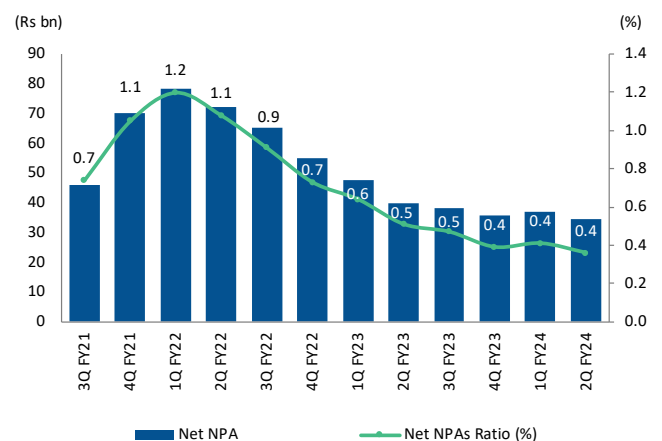
Slippages



Gross NPA Trend



PCR Trend



Recent Performance at a glance

Exhibit 1 : Income Statement Analysis

(₹ mn)	2Q FY24	2Q FY23	% yoy / bps	1Q FY24	% qoq / bps	FY23	FY22	% yoy / bps
Interest Inc.	266,262	202,389	31.6	255,568	4.2	851,638	673,768	26.4
Interest Expenses	143,116	98,787	44.9	135,980	5.2	422,180	342,446	23.3
Net Interest Income	123,146	103,603	18.9	119,588	3.0	429,458	331,322	29.6
NII to Net Operative Income	71.0	72.4	(146)	70.2	83	72.2	68.5	372
NIM (%)	4.11	4.0	15	4.1	1	3.7	3.3	38
Other Income - Total	50,341	39,412	27.7	50,873	(1.0)	165,009	152,205	8.4
Other Income to Net Operative Income	29.0	27.6	146	29.8	(83)	27.8	31.5	(372)
Net Operating Revenue	173,486	143,014	21.3	170,460	1.8	594,466	483,528	22.9
Employee Expenses	26,098	21,667	20.5	26,885	(2.9)	87,974	76,126	15.6
Other Opex	61,070	44,186	38.2	55,432	10.2	186,009	159,982	16.3
Total Opex	87,168	65,852	32.4	82,317	5.9	273,983	236,108	16.0
Cost to Income Ratio (%)	50.2	46.0	420	48.3	195	46.1	48.8	(274)
Pre Provision Profits	86,319	77,162	11.9	88,144	(2.1)	320,483	247,420	29.5
Provisions & Contingencies - Total	8,146	5,498	48.2	10,349	(21.3)	26,526	73,595	(64.0)
NPA Provisions as % Operating Income	9.4	7.1	231	11.7	(230)	13.6	29.7	(1,618)
Profit Before Tax	78,173	71,664	9.1	77,795	0.5	169,059	173,826	(2.7)
Tax	19,537	18,367	6.4	19,824	(1.4)	73,262	43,571	68.1
Effective Tax Rate (%)	25.0	25.6	(64)	25.5	(49)	43.3	25.1	1,827
Reported Profits	58,636	53,298	10.0	57,971	1.1	95,797	130,255	(26.5)
RoA (%)	1.8	1.8	(4)	1.8	(4)	0.8	1.2	(43)
RoE (%)	18.3	18.5	(19)	19.2	(87)	8.0	12.0	(404)

Source: Company, LKP Research

Exhibit 2 : Balance Sheet Analysis

(₹ mn)	1Q FY23	2Q FY23	3Q FY23	4Q FY23	1Q FY24	2Q FY24	QoQ % / bps	YoY % / bps
Net Worth	1,193,778	1,245,642	1,306,449	1,249,932	1,309,497	1,367,024	4.4	9.7
RoE (%)	15.7	18.5	19.3	(17.9)	19.2	18.3	(87)	(19)
Tier 1 %	15.2	14.6	14.2	14.0	14.2	13.8	(44)	(75)
Total CAR %	17.3	16.5	17.6	17.6	17.1	16.6	(52)	4
RWA - Total	7,491,772	7,822,798	7,952,808	8,562,616	8,729,018	8,970,721	2.8	14.7
Advances - Total	7,011,299	7,308,748	7,620,755	8,453,028	8,585,114	8,973,470	4.5	22.8
Investments	2,977,655	2,876,207	3,051,031	2,888,148	2,853,967	2,956,907	3.6	2.8
Total Assets	11,525,803	11,852,725	12,235,089	13,173,255	13,028,386	13,389,135	2.8	13.0
RoA (%)	1.44	1.80	1.92	(1.83)	1.80	1.76	(4)	(4)
Deposits	8,035,717	8,108,067	8,481,733	9,469,452	9,416,897	9,555,564	1.5	17.9
CASA Deposits	3,511,930	3,746,380	3,777,130	4,465,360	4,287,990	4,238,660	(1.2)	13.1
CASA Ratio (%)	43.7	46.2	44.5	47.2	45.5	44.4	(110)	(180)
Interest Bearing Liabilities - Total	9,741,769	9,922,067	10,309,181	11,332,453	11,138,658	11,407,987	2.4	15.0

Source: Company, LKP Research

Exhibit 3: Funding Profile Analysis

(₹ mn)	1Q FY23	2Q FY23	3Q FY23	4Q FY23	1Q FY24	2Q FY24	QoQ % / bps	YoY % / bps
Interest Bearing Liabilities - Total	9,741,769	9,922,067	10,309,181	11,332,453	11,138,658	11,407,987	2.4	15.0
Deposits	8,035,717	8,108,067	8,481,733	9,469,452	9,416,897	9,555,564	1.5	17.9
CASA Deposits	3,511,930	3,746,380	3,777,130	4,465,360	4,287,990	4,238,660	(1.2)	13.1
Saving Deposit	2,430,930	2,522,440	2,513,920	2,974,160	2,955,300	2,923,130	(1.1)	15.9
Current Deposit	1,081,000	1,223,940	1,263,210	1,491,200	1,332,690	1,315,530	(1.3)	7.5
Term Deposits	4,523,787	4,361,687	4,704,603	5,004,092	5,128,907	5,316,904	3.7	21.9
Borrowings	1,706,052	1,814,000	1,827,448	1,863,000	1,721,761	1,852,424	7.6	2.1

Source: Company, LKP Research

Exhibit 4: Assets Quality Analysis

(₹ mn)	1Q FY23	2Q FY23	3Q FY23	4Q FY23	1Q FY24	2Q FY24	QoQ % / bps	YoY % / bps
Total Slippages	36,840	33,830	38,070	37,710	39,900	32,540	(18.4)	(3.8)
Slippages Ratio (%)	0.52	0.48	0.54	0.53	0.47	0.38	(9)	(9)
Gross NPA	210,368	198,937	199,610	186,042	181,582	167,567	(7.7)	(15.8)
Gross NPAs Ratio (%)	2.76	2.50	2.38	2.02	1.96	1.73	(23)	(77)
PCR - Calculated (%)	77.3	79.9	80.8	80.9	79.6	79.5	(14)	(45)
Net NPA	47,806	39,955	38,301	35,589	37,036	34,413	(7.1)	(13.9)
Net NPAs Ratio (%)	0.64	0.51	0.47	0.39	0.41	0.36	(5)	(15)
Standard Restructured	34,020	29,960	24,820	20,470	19,070	17,560	(7.9)	(41.4)
Std. Rest. Adv. as % of Advances	0.5	0.4	0.33	0.24	0.22	0.20	(3)	(21)

Source: Company, LKP Research

Annual Projections

Exhibit 5: Profit and Loss Statement

(₹ mn)	FY21	FY22	FY23	FY24E	FY25E
Int. Income	636,453	673,768	851,638	982,032	1,137,075
Interest Expenses	344,062	342,446	422,180	496,758	569,684
Net Interest Income	292,391	331,322	429,458	485,274	567,390
<i>NIM (%)</i>	3.37	3.30	3.68	3.65	3.70
Other Income - Total	148,382	152,205	165,009	178,889	193,937
Net Operating Revenue	440,773	483,528	594,466	664,162	761,327
Employee Exp.	61,640	76,126	87,974	100,290	114,331
Other Opex	122,111	159,982	186,009	206,470	229,182
Total Opex	183,751	236,108	273,983	306,760	343,513
<i>C/I Ratio</i>	41.69	48.83	46.09	46.19	45.12
Pre Provision Profits	257,022	247,420	320,483	357,402	417,814
<i>PPP Growth (yoy %)</i>	9.7	(3.7)	29.5	11.5	16.9
Provisions & Contingencies - Total	168,963	73,595	26,526	30,023	33,877
<i>Credit Cost (As % of Op. AUM)</i>	2.14	1.15	0.36	0.32	0.32
Profit Before Tax	88,059	173,826	169,059	327,379	383,937
Tax	22,174	43,571	73,262	82,172	96,368
<i>Effective Tax Rate</i>	25.2	25.1	165.9	25.1	25.1
Reported Profits	65,885	130,255	95,797	245,207	287,569
<i>PAT Growth (yoy %)</i>	304.9	97.7	(26.5)	156.0	17.3

Exhibit 6: Balance Sheet

(₹ mn)	FY21	FY22	FY23	FY24E	FY25E
Equity Share Capital	6,127	6,140	6,154	6,154	6,154
Reserves (ex Revel. Reserve)	1,009,903	1,144,115	1,243,779	1,488,985	1,776,554
Net Worth - Ex Revaluation	1,016,030	1,150,255	1,249,932	1,495,139	1,782,708
Deposits	7,073,061	8,217,209	9,469,452	10,804,682	12,445,771
Borrowings	1,428,732	1,851,339	1,863,000	2,125,691	2,448,555
Interest Bearing Liabilities	8,501,792	10,068,548	11,332,453	12,930,373	14,894,327
Other Lia. & Prov.	443,362	531,493	586,636	639,968	707,981
Total Liabilities	9,961,184	11,751,781	13,173,255	15,069,714	17,389,249
Assets					
Cash & Cash Equivalent	617,298	1,109,871	1,064,108	1,219,867	1,411,304
Investments	2,261,196	2,755,972	2,888,148	3,026,664	3,171,822
Loan & Advances	6,237,202	7,076,960	8,453,028	9,974,574	11,869,742
<i>Growth (yoy %)</i>	9.2	13.5	19.4	18.0	19.0
Fixed Assets	42,450	45,724	47,339	55,915	64,415
Other Assets	803,038	763,255	720,632	792,695	871,965
Total Assets	9,961,184	11,751,781	13,173,255	15,069,714	17,389,249

Exhibit 7: Detailed ROA Tree

Y/E Mar	FY21	FY22	FY23	FY24E	FY25E
Yields / Margins					
Yield on Advance	8.0	7.5	8.3	8.3	8.3
Yield on Funds	7.3	6.7	7.3	7.4	7.4
Cost of Funds (CoF)	4.2	3.7	3.9	4.1	4.1
Interest Spread	3.1	3.0	3.3	3.3	3.3
NIM's	3.4	3.3	3.7	3.6	3.7
Interest Income / Assets	6.7	6.2	6.8	7.0	7.0
Interest Exp. / Assets	3.6	3.2	3.4	3.5	3.5
NII / Assets	3.1	3.1	3.4	3.4	3.5
Fee Income / Assets	1.0	1.0	1.0	0.9	0.9
Other Non Core Income / Assets	-	-	-	-	-
Other Income / Assets	1.6	1.4	1.3	1.3	1.2
Net Operating Income / Assets	4.6	4.5	4.8	4.7	4.7
Operating Ratios					
NII to Net Operative Income	66.3	68.5	72.2	73.1	74.5
Other Income to Net Operative Income	33.7	31.5	27.8	26.9	25.5
Empl. Cost/Oper. Exps.	33.5	32.2	32.1	32.7	33.3
Other Op. Exps./Oper. Exps.	66.5	67.8	67.9	67.3	66.7
C/I Ratio	41.7	48.8	46.1	46.2	45.1
Provisions as % PPP	38.3	15.2	4.5	4.5	4.4
Credit Cost (As % of Op. AUM)	2.1	1.1	0.4	0.3	0.3
Effective Tax Rate	25.2	25.1	165.9	25.1	25.1
Employee Exp. / Assets	0.6	0.7	0.7	0.7	0.7
Other Opex/ Assets	1.3	1.5	1.5	1.5	1.4
Total Opex / Assets	1.9	2.2	2.2	2.2	2.1
Operating Profits / Assets	2.7	2.3	2.6	2.5	2.6
Exceptional Items / Assets	-	-	(1.0)	-	-
Op Profit ex Except Items / Assets	2.7	2.3	1.6	2.5	2.6
Provisions / Assets	1.8	0.7	0.2	0.2	0.2
Profit Before Tax / Assets	0.9	1.6	1.4	2.3	2.4
Tax Expenses / Assets	0.2	0.4	0.6	0.6	0.6
RoA	0.7	1.2	0.8	1.7	1.8
Leverage (x)	9.8	10.2	10.5	10.1	9.8
RoE	7.1	12.0	8.0	17.9	17.5
Adj. RoA	0.7	1.2	(1.2)	1.7	1.8
Adj. RoE	7.1	12.0	(12.8)	17.9	17.5

Exhibit 8: Per share data

Y/E Mar	FY21	FY22	FY23	FY24E	FY25E
Face Value	2	2	2	2	2
Adjusted Share O/S (mn)	3,064	3,070	3,077	3,077	3,077
Earnings Per Share	21.5	42.4	31.1	79.7	93.5
EPS (% YoY)	272.9	97.3	(26.6)	156.0	17.3
P/E (x)	45.1	22.9	31.1	12.2	10.4
Book Value	331.6	374.7	406.2	485.9	579.4
BVPS (% YoY)	10.2	13.0	8.4	19.6	19.2
P/BV (x)	2.9	2.6	2.4	2.0	1.7
Adj. BV	331.6	365.7	400.5	480.1	573.6
Adj. BV (% YoY)	10.2	10.3	9.5	19.9	19.5
P/ABV (x)	2.9	2.7	2.4	2.0	1.7

Exhibit 9: Balance Sheet Ratios

Y/E Mar	FY21	FY22	FY23	FY24E	FY25E
Credit / Deposit Ratio	88.2	86.1	89.3	92.3	95.4
Incremental C/D Ratio	77.8	73.4	109.9	114.0	115.5
Investment Deposit Ratio	32.0	33.5	30.5	28.0	25.5
Dom. SLR Investment / Deposits	25.6	26.7	24.3	22.3	20.3
CASA Ratio	45.1	45.1	47.3	47.3	47.3

Exhibit 10: Credit Quality

Y/E Mar	FY21	FY22	FY23	FY24E	FY25E
Slippage Ratio	3.0	3.2	2.1	2.0	2.0
Gross NPA (Cl Bal)	253,148	218,223	186,042	185,535	206,980
Gross NPAs Ratio (%)	3.7	2.8	2.0	1.9	1.7
PCR (%)	72.4	74.7	80.9	78.5	77.3
Net NPA (Cl. Bal.)	69,935	55,122	35,589	39,851	47,028
Net NPAs Ratio (%)	1.1	0.7	1.7	0.4	0.4
Total Impaired Loans	253,148	218,223	186,042	185,535	206,980
Impaired Loan as % of Loan / AUM	3.8	2.9	2.1	1.8	1.7
Total Risk Reserves	183,246	163,102	150,453	145,684	159,952
Total Risk As % of Loan Book	2.8	2.2	1.7	1.4	1.3

Exhibit 11: Key Assumptions & Forecasts

Y/E Mar	FY21	FY22	FY23	FY24E	FY25E
Loan & Advances	6,237,202	7,076,960	8,453,028	9,974,574	11,869,742
<i>Growth (yoy %)</i>		13.5	19.4	18.0	19.0
Interest Bearing Liabilities	8,501,792	10,068,548	11,332,453	12,930,373	14,894,327
<i>Growth (yoy %)</i>		18.4	12.6	14.1	15.2
Yield on Funds	7.3	6.7	7.3	7.4	7.4
Cost of Funds (CoF)	4.2	3.7	3.9	4.1	4.1
Interest Spread	3.1	3.0	3.3	3.3	3.3
NIM's	3.4	3.3	3.7	3.6	3.7
Other Income Growth	(4.5)	2.6	8.4	8.4	8.4
C/I Ratio	41.7	48.8	46.1	46.2	45.1
Effective Tax Rate	25.2	25.1	165.9	25.1	25.1
Return Ratios					
Adj. RoA	0.7	1.2	(1.2)	1.7	1.8
Adj. RoE	7.1	12.0	(12.8)	17.9	17.5
Asset Quality Metrics					
<i>Credit Cost (As % of Op. AUM)</i>	2.1	1.1	0.4	0.3	0.3
<i>Gross NPAs Ratio (%)</i>	3.7	2.8	2.0	1.9	1.7
<i>Net NPAs Ratio (%)</i>	1.1	0.7	1.7	0.4	0.4

DISCLAIMERS AND DISCLOSURES

LKP Sec. Ltd. (CIN-L67120MH1994PLC080039, www.lkpsec.com) and its affiliates are a full-fledged, brokerage and financing group. LKP was established in 1992 and is one of India's leading brokerage and distribution house. LKP is a corporate trading member of Bombay Stock Exchange Limited (BSE), National Stock Exchange of India Limited (NSE), MCX Stock Exchange Limited (MCX-SX). LKP along with its subsidiaries offers the most comprehensive avenues for investments and is engaged in the businesses including stock broking (Institutional and retail), merchant banking, commodity broking, depository participant, insurance broking and services rendered in connection with distribution of primary market issues and financial products like mutual funds etc.

LKP hereby declares that it has not defaulted with any stock exchange nor its activities were suspended by any stock exchange with whom it is registered in last five years. However, SEBI and Stock Exchanges have conducted the routine inspection and based on their observations have issued advice letters or levied minor penalty on LKP for certain operational deviations in ordinary/routine course of business. LKP has not been debarred from doing business by any Stock Exchange / SEBI or any other authorities; nor has its certificate of registration been cancelled by SEBI at any point of time.

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

Other disclosures by LKP and its Research Analyst under SEBI (Research Analyst) Regulations, 2014 with reference to the subject company(s) covered in this report:-

Research Analyst or his/her relative's financial interest in the subject company. (NO)

LKP or its associates may have financial interest in the subject company.

LKP or its associates and Research Analyst or his/her relative's does not have any material conflict of interest in the subject company. The research Analyst or research entity (LKP) has not been engaged in market making activity for the subject company.

LKP or its associates may have actual/beneficial ownership of 1% or more securities of the subject company 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 at the end of the month immediately preceding the date of publication of Research Report: (NO)

LKP or its associates may have received any compensation including for investment banking or merchant banking or brokerage services from the subject company in the past 12 months.

LKP or its associates may have received compensation for products or services other than investment banking or merchant banking or brokerage services from the subject company in the past 12 months.

LKP or its associates may have received any compensation or other benefits from the Subject Company or third party in connection with the research report.

Subject Company may have been client of LKP or its associates during twelve months preceding the date of distribution of the research report and LKP may have co-managed public offering of securities for the subject company in the past twelve months.

Research Analyst has served as officer, director or employee of the subject company: (NO)

LKP and/or its affiliates may seek investment banking or other business from the company or companies that are the subject of this material. 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 may be 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 including but not limited to those stated herein. Additionally, other important information regarding our relationships with the company or companies that are the subject of this material is provided herein. This report is not directed to, 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 or regulation or which would subject LKP or its group companies to any registration or licensing requirement within such jurisdiction. Specifically, this document does not constitute an offer to or solicitation to any U.S. person for the purchase or sale of any financial instrument or as an official confirmation of any transaction to any U.S. person.

Unless otherwise stated, this message should not be construed as official confirmation of any transaction. No part of this document may be distributed in Canada or used by private customers in United Kingdom.

All trademarks, service marks and logos used in this report are trademarks or registered trademarks of LKP or its Group Companies. The information contained herein is not intended for publication or distribution or circulation in any manner whatsoever and any unauthorized reading, dissemination, distribution or copying of this communication is prohibited unless otherwise expressly authorized. Please ensure that you have read "Risk Disclosure Document for Capital Market and Derivatives Segments" as prescribed by Securities and Exchange Board of India before investing in Indian Securities Market. In so far as this report includes current or historic information, it is believed to be reliable, although its accuracy and completeness cannot be guaranteed.

All material presented in this report, unless specifically indicated otherwise, is under copyright to LKP. None of the material, nor its content, nor any copy of it, may be altered in any way, transmitted to, copied or distributed to any other party, without the prior express written permission of LKP.