

KOTAK MAHINDRA BANK LIMITED

NIMs declined; KGI divestment led to strong bottomline

LKP
Since 1948

Trust • Invest • Grow

Result and Price Analysis

Kotak Mahindra Bank (KMB) reported stable 1QFY25 results with key highlights: a) Weaker NII (up 9.8% YoY and down 1% QoQ) and higher provisions sequentially, b) GNPA/NNPA ratio stable at 1.39%/0.35%, c) Restructured pool decreased to ₹3.2bn (8bps of advances) vs. ₹3.8bn in the prior quarter, d) Strong credit off-take with growth of 18.7% YoY and 3.7% sequentially, e) COVID provision maintained at ₹3bn as of 1QFY25, provision for AIF investments at ₹1.9bn, f) Total contingent provisioning (COVID + Standard + Specific) stood at 0.52% of net advances, g) Total PCR (including COVID, general, and specific provisions) at ~110% of GNPL amount, h) Headline NIM decreased QoQ to 5.02%. Additionally, the divestment of a 70% stake in Kotak General Insurance (KGI) to Zurich Insurance generated a significant gain of ₹56bn. However, there is a weakness in fixed-rate savings account growth. The bank has relatively weak liability franchises compared to peers (HDFCB and ICICIB) that will be challenged in FY25E as deposit competition intensifies. Nonetheless, asset quality offers comfort for lower credit costs. Thus, the peak ROA is likely to settle within the historical range of 2.2% - 2.4%. We recommend BUY, considering a best-in-class ROA of around 2.3%.

Gazing the core

Asset Quality stable: 1QFY25 saw steady asset quality performance, with GNPA/NNPA/PCR/SMA2 at 1.39%/0.35%/75%/0.06%, compared to 1.39%/0.34%/76%/0.05% in the previous quarter. The GNPA/NNPA ratio remained stable sequentially, supported by slightly higher slippages (₹13.6bn vs. ₹13.1bn in 4QFY24) and lower reductions (₹11.6bn vs. ₹23.3bn in 4QFY24). Absolute GNPA rose sequentially by 3.8% to ₹54.7bn. The SMA2 book remained stable at ₹2.3bn (6bps of loans). The bank's asset quality stays robust despite some challenges. Credit costs are expected to stabilize around 60 bps, reflecting a relatively benign environment for corporate loans and manageable stress in unsecured retail loans. While there have been some slippages, particularly in unsecured retail segments due to external pressures and regulatory changes, these issues are being closely monitored by management.

Key Financials (₹ mn)	FY22	FY23	FY24	FY25E	FY26E
NII	168,179	215,519	259,932	301,625	358,964
Operating Profit	120,509	148,480	195,875	248,754	330,622
Reported Profits	85,727	109,393	137,816	173,292	231,866
Net Worth	719,565	829,600	966,395	1,139,686	1,371,553
Loan & Advances	2,712,536	3,198,612	3,760,753	4,437,688	5,236,472
Int. Bearing Liabilities	3,381,512	3,870,123	4,773,219	5,800,218	7,052,291

Key Ratios (%)	FY22	FY23	FY24	FY25E	FY26E
NIM's	4.3	4.9	4.9	4.7	4.6
C/I Ratio	48.0	48.1	46.0	44.8	42.5
Gross NPA Ratio	2.3	1.8	1.4	1.4	1.4
PCR (%)	73.2	79.3	75.9	74.4	73.5
Adj. RoA Ratio	2.1	2.4	2.5	2.6	2.9
Adj. RoE Ratio	12.7	14.1	15.3	16.5	18.5

BUY

Current Market Price (₹)	1,814
12M Price Target (₹)	2,124
Potential upside (%)	17

Stock Data

Sector:	Banking
FV (₹):	5
Market Cap Full (₹ bn):	3,600
Market Cap Free Float (₹ bn):	2,665
52-Week High / Low (₹):	1,927 / 1,545
BSE Code / NSE Symbol	500247 / KOTAKBANK
Bloomberg:	KMB IN

Shareholding Pattern

(%)	Jun-24	Mar-24	Dec-23	Sep-23
Promoter	25.89	25.90	25.91	25.93
FPIs	33.16	37.59	39.74	40.97
MFs	16.52	12.82	10.91	9.63
Insurance	9.47	8.69	8.61	8.58
Others	14.96	15.00	14.83	14.89

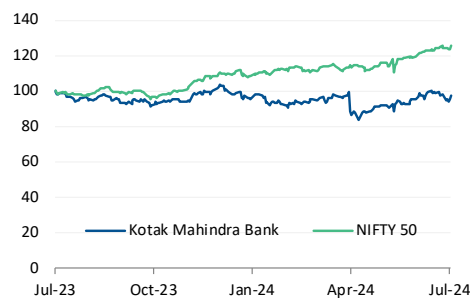
Source: BSE

Price Performance (%)

(%)	1M	3M	6M	12M
Kotak Bank	0.9%	12.8%	2.6%	-2.3%
Nifty 50	4.0%	10.8%	16.3%	25.7%

* To date / current date : July 26, 2024

Kotak Bank vs Nifty 50



The bank is enforcing stringent credit policies to manage and mitigate risks, ensuring overall asset quality remains resilient. The total restructuring amount (COVID + MSME) moderated to ₹3.2bn (0.08%) against ₹3.8bn (0.1%) in 4QFY24. Of this, COVID-related restructuring is ~₹1.4bn, and the rest is MSME restructuring. The provisioning expenses stood at ₹5.8bn, higher than the previous quarter. The bank has made an AIF provision reversal of ₹1.6bn. Additional provisions (excluding PCR) continued to be held at ₹19.4bn, and total provisions (excluding PCR) stood at 0.52% of net loans.

Steady credit growth; deposit growth slower: The bank's net advances (~₹3.9tn) grew by 18.7% YoY and 3.7% sequentially. Home loan & LAP (27.3% of book) will continue to be focus area and grew 3.9% sequentially. SME (6.9% of book) has grown by 3.4% QoQ. The bank's deposit stood at ~₹4.5tn grew by 15.8% YOY and de-grew by 0.3% sequentially; CASA ratio moderated sequentially and stood at 43.4%. CRAR stood at 22.4% with Tier 1 of 21.3%.

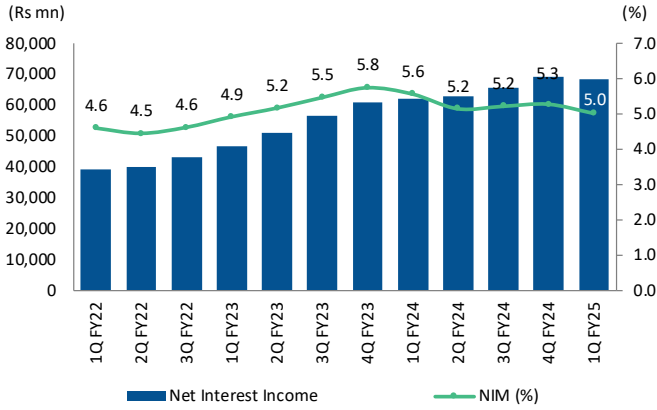
Weaker NIMs; KGI divestment led to strong profitability: NIMs compressed by 26bps, with NII growth of 9.8% YoY and a decline of 1.0% QoQ. Additionally, other income witnessed de-growth of 1.7% QoQ, led by slower service fee income growth. The bank's NIM has faced challenges due to RBI regulations on 811 credit card businesses, impacting unsecured loan growth. Despite these pressures, the management expects to maintain a NIM of around 5% by focusing on secured loans and enhancing low-cost deposits. The management is continuously working to address margin pressures by growing secured assets and optimizing deposit costs amidst a competitive deposit environment. The divestment of a 70% stake in Kotak General Insurance (KGI) to Zurich Insurance resulted in a substantial gain of ₹56bn. This strategic move aligned with Kotak Mahindra's approach to evaluate and optimize its businesses from a shareholder perspective while strengthening the ongoing partnership with Zurich Insurance. Following this transaction, Kotak Mahindra's holding in KGI decreased to 30%, but the relationship with Zurich continues to offer operational and ownership benefits. The profit from the divestment amounted to ₹30bn on a consolidated basis, reported as an exceptional item. Moreover, Employee cost tended to be a little higher this quarter. The C/I ratio increased 140bps sequentially and stands at 46.2%. NII de-growth and higher Opex led to PPOP de-growth of 3.8% sequentially. Moreover, with one-off gain of ₹35.2bn (KGI divestment) the reported profit stood at ₹62.5bn. The bank ROA/ROE (excluding on-off) stood at 2.4%/13%.

Outlook & Valuations

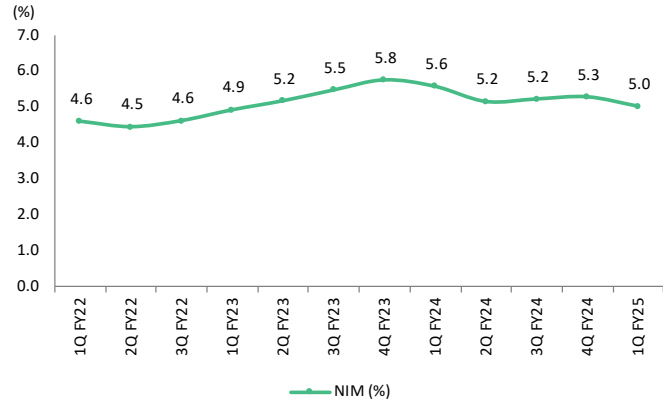
We expect KMB's loan book to grow at CAGR of ~18% over FY23-25E. At CMP of ₹1814, the stock is available at 2.6x standalone FY26E Adj. BVPS of ₹687. Valuing the standalone entity with 2.8x FY26E BVPS and subsidiaries valuation at ₹201; we arrive at a target price of ₹2124. We recommend BUY rating with a potential upside of ~17%.

Quarterly story in charts

NII Trend



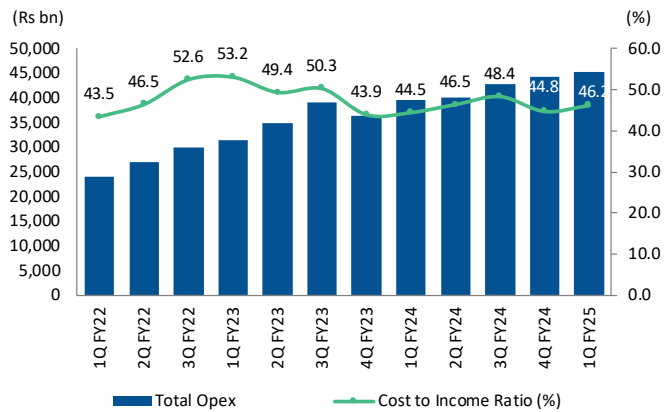
NIMs Trend



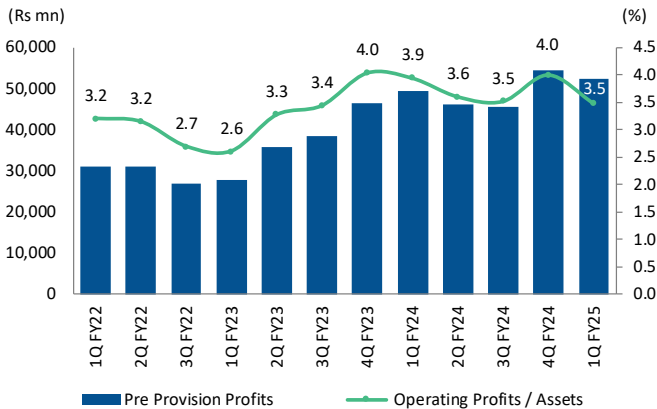
Other Income Trend



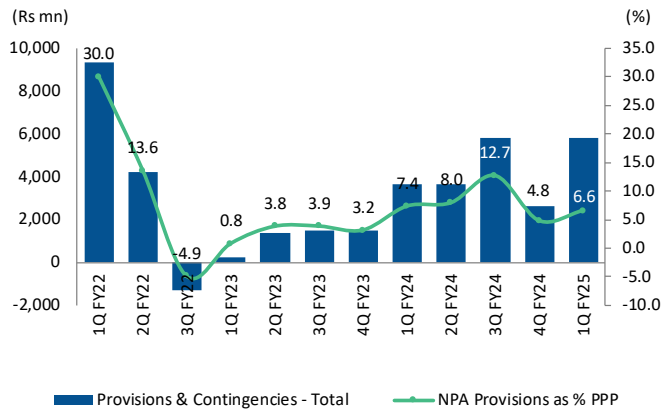
Total Opex Trend



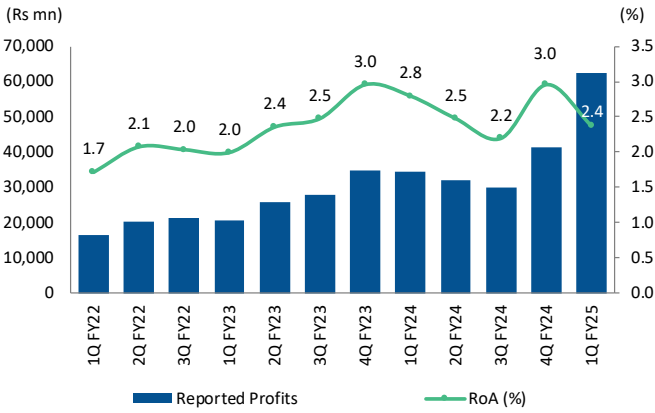
Pre Provision Profit Trend



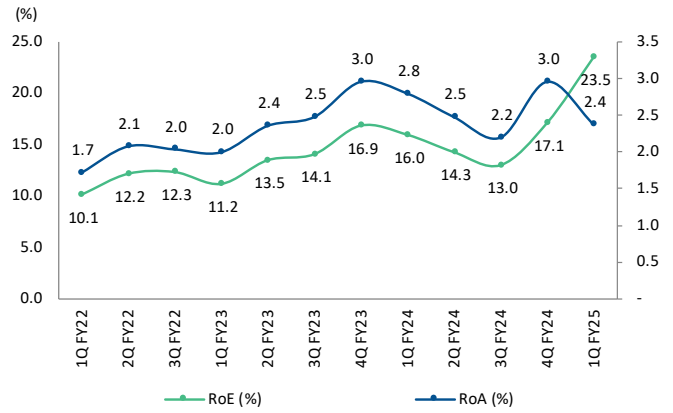
Provision Expenses Trend



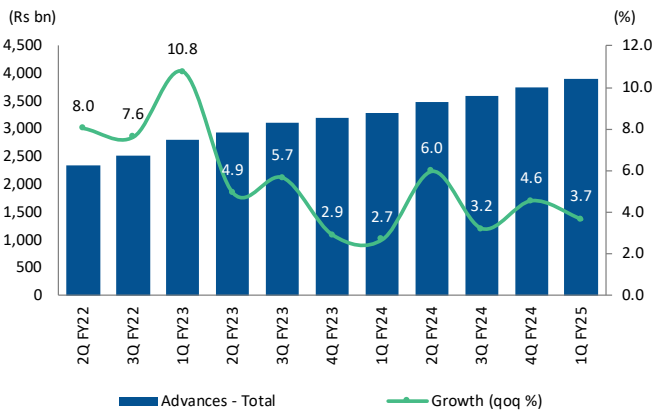
Reported Profit Trend



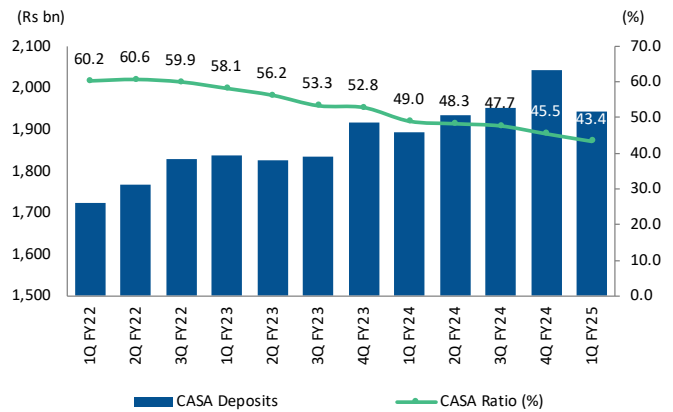
Return Ratio Trend



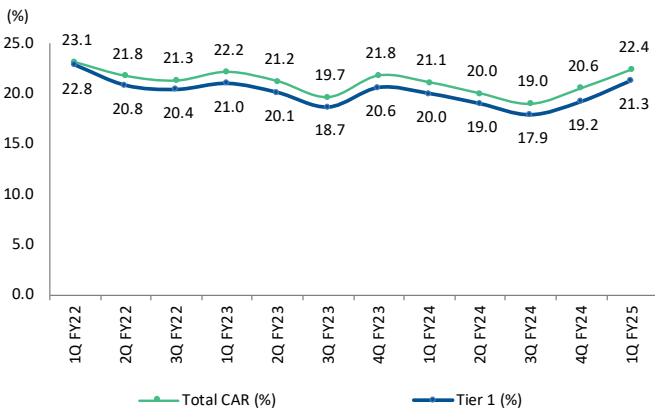
Loan Book Trend



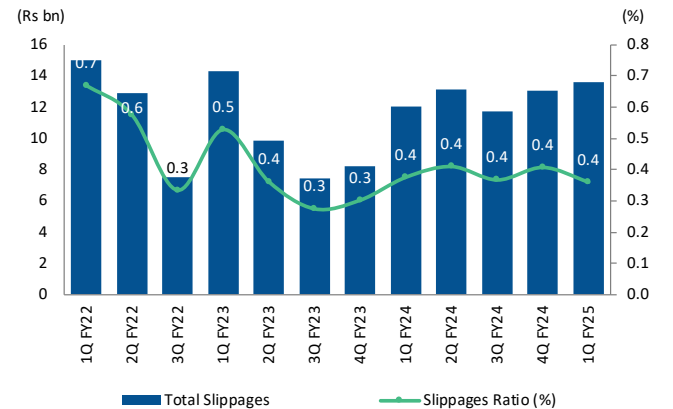
CASA Deposit Trend



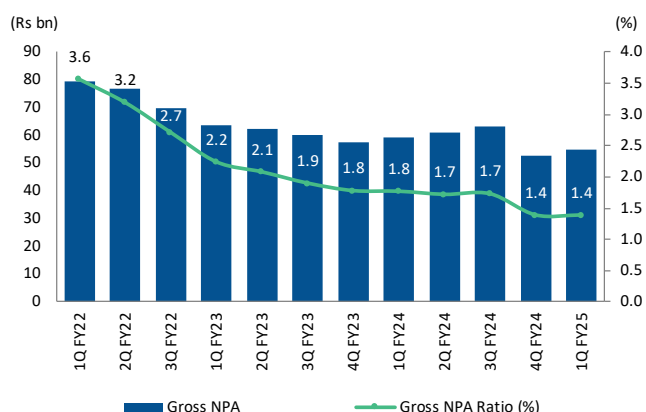
CRAR and Tier 1 trend



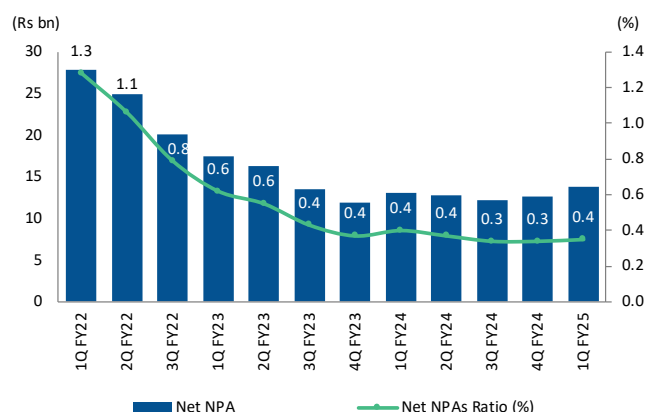
Slippages



Gross NPA trend



Net NPA Trend



Recent Performance at a glance

Exhibit 1 : Income Statement Analysis

(₹ mn)	1Q FY25	1Q FY24	% yoy / bps	4Q FY24	% qoq / bps	FY24	FY23	% yoy / bps
Interest Inc.	127,461	105,000	21.4	123,071	3.6	457,989	342,509	33.7
Interest Expenses	59,038	42,663	38.4	53,977	9.4	198,057	126,989	56.0
Net Interest Income	68,424	62,337	9.8	69,094	(1.0)	259,932	215,519	20.6
NII to Net Operative Income	70.0	69.9	12	69.9	15	71.7	75.3	(359)
NIM (%)	5.02	5.6	(55)	5.3	(26)	4.9	4.9	6
Other Income - Total	29,290	26,833	9.2	29,783	(1.7)	102,731	70,831	45.0
Other Inc to Net Oper. Income (%)	30.0	30.1	(12)	30.1	(15)	28.3	24.7	359
Net Operating Revenue	97,714	89,170	9.6	98,876	(1.2)	362,663	286,350	26.7
Employee Expenses	18,705	16,470	13.6	18,264	2.4	68,564	55,198	24.2
Other Opex	26,468	23,204	14.1	25,997	1.8	98,225	82,672	18.8
Total Opex	45,173	39,674	13.9	44,261	2.1	166,789	137,870	21.0
Cost to Income Ratio (%)	46.2	44.5	174	44.8	147	46.0	48.1	(216)
Pre Provision Profits	52,541	49,496	6.2	54,616	(3.8)	195,875	148,480	31.9
Provisions & Contingencies - Total	5,785	3,643	58.8	2,637	119.3	15,737	4,570	244.4
NPA Provisions as % PPP	6.6	7.4	(77)	4.8	176	8.0	3.1	496
Profit Before Tax	81,955	45,853	78.7	51,978	57.7	180,137	143,910	25.2
Tax	19,457	11,330	71.7	10,645	82.8	42,321	34,517	22.6
Effective Tax Rate (%)	23.7	24.7	(97)	20.5	326	23.5	24.0	(49)
Reported Profits	62,498	34,523	81.0	41,333	51.2	137,816	109,393	26.0
RoA (%)	2.4	2.8	(42)	3.0	(58)	2.5	2.4	15
RoE (%)	23.5	16.0	755	17.1	641	15.3	14.1	122

Source: Company, LKP Research

Exhibit 2 : Balance Sheet Analysis

(₹ mn)	4Q FY23	1Q FY24	2Q FY24	3Q FY24	4Q FY24	1Q FY25	QoQ % / bps	YoY % / bps
Net Worth	829,600	865,110	894,564	924,940	966,395	1,063,080	10.0	22.9
RoE (%)	16.9	16.0	14.3	13.0	17.1	23.5	641	755
Tier 1 (%)	20.6	20.0	19.0	17.9	19.2	21.3	210	130
Total CAR (%)	21.8	21.1	20.0	19.0	20.6	22.4	186	129
Advances - Total	3,198,612	3,285,820	3,482,841	3,595,880	3,760,753	3,899,570	3.7	18.7
Investments	1,214,037	1,238,730	1,286,460	1,457,510	1,554,038	1,625,780	4.6	31.2
Total Assets	4,898,625	5,129,910	5,329,631	5,479,490	6,003,571	6,049,480	0.8	17.9
RoA (%)	2.96	2.80	2.48	2.20	2.96	2.38	(58)	(42)
Deposits	3,630,961	3,862,540	4,009,629	4,086,360	4,489,538	4,474,180	(0.3)	15.8
CASA Deposits	1,918,150	1,892,890	1,934,790	1,950,490	2,043,040	1,942,220	(4.9)	2.6
CASA Ratio (%)	52.8	49.0	48.3	47.7	45.5	43.4	(210)	(560)
Interest Bearing Liabilities - Total	3,870,123	4,071,320	4,239,773	4,349,760	4,773,219	4,768,200	(0.1)	17.1

Source: Company, LKP Research

Exhibit 3: Funding Profile Analysis

(₹ mn)	4Q FY23	1Q FY24	2Q FY24	3Q FY24	4Q FY24	1Q FY25	QoQ % / bps	YoY % / bps
Interest Bearing Liabilities - Total	3,870,123	4,071,320	4,239,773	4,349,760	4,773,219	4,768,200	(0.1)	17.1
Deposits	3,630,961	3,862,540	4,009,629	4,086,360	4,489,538	4,474,180	(0.3)	15.8
CASA Deposits	1,918,150	1,892,890	1,934,790	1,950,490	2,043,040	1,942,220	(4.9)	2.6
Saving Deposit	1,217,850	1,245,670	1,246,550	1,262,610	1,290,960	1,240,780	(3.9)	(0.4)
Current Deposit	700,300	647,220	688,240	687,880	752,080	701,440	(6.7)	8.4
Term Deposits	1,712,811	1,969,650	2,074,839	2,135,870	2,446,498	2,531,960	3.5	28.5
Borrowings	234,163	203,780	225,144	258,400	283,681	294,020	3.6	44.3

Source: Company, LKP Research

Exhibit 4: Assets Quality Analysis

(₹ mn)	4Q FY23	1Q FY24	2Q FY24	3Q FY24	4Q FY24	1Q FY25	QoQ % / bps	YoY % / bps
Total Slippages	8,230	12,050	13,140	11,770	13,050	13,580	4.1	12.7
Slippages Ratio (%)	0.30	0.38	0.41	0.37	0.41	0.36	(5)	(2)
Gross NPA	57,683	59,092	60,872	63,017	52,748	54,772	3.8	(7.3)
Gross NPAs Ratio (%)	1.78	1.77	1.72	1.73	1.39	1.39	-	(38)
PCR - Calculated (%)	79.3	78.0	79.1	80.6	75.9	74.9	(104)	(310)
Net NPA	11,933	13,018	12,748	12,253	12,706	13,763	8.3	5.7
Net NPAs Ratio (%)	0.37	0.40	0.37	0.34	0.34	0.35	1	(5)
Standard Restructured	7,180	6,140	5,260	4,590	3,830	3,170	(17.2)	(48.4)
Std. Rest. Adv. as % of Advances	0.2	0.2	0.15	0.13	0.10	0.08	(2)	(11)

Source: Company, LKP Research

Annual Projections

Exhibit 5: Profit and Loss Statement

(₹ mn)	FY22	FY23	FY24	FY25E	FY26E
Int. Income	270,388	342,509	457,989	550,954	662,035
Interest Expenses	102,209	126,989	198,057	249,329	303,071
Net Interest Income	168,179	215,519	259,932	301,625	358,964
<i>NIM (%)</i>	4.29	4.85	4.91	4.67	4.60
Other Income - Total	63,544	70,831	102,731	148,999	216,105
Net Operating Revenue	231,723	286,350	362,663	450,624	575,068
Employee Exp.	46,134	55,198	68,564	85,165	105,787
Other Opex	65,080	82,672	98,225	116,704	138,660
Total Opex	111,214	137,870	166,789	201,869	244,447
<i>C/I Ratio (%)</i>	47.99	48.15	45.99	44.80	42.51
Pre Provision Profits	120,509	148,480	195,875	248,754	330,622
<i>PPP Growth (yoy %)</i>	(1.3)	23.2	31.9	27.0	32.9
Provisions & Contingencies - Total	6,896	4,570	15,737	22,247	27,552
<i>Credit Cost (As % of Op. AUM)</i>	0.50	0.27	0.79	0.79	0.79
Profit Before Tax	113,613	143,910	180,137	226,507	303,070
Tax	27,886	34,517	42,321	53,216	71,203
<i>Effective Tax Rate (%)</i>	24.5	24.0	23.5	23.5	23.5
Reported Profits	85,727	109,393	137,816	173,292	231,866
<i>PAT Growth (yoy %)</i>	23.1	27.6	26.0	25.7	33.8

Exhibit 6: Balance Sheet

(₹ mn)	FY22	FY23	FY24	FY25E	FY26E
Equity Share Capital	9,923	9,933	9,940	9,940	9,940
Reserves (ex Revel. Reserve)	709,641	819,667	956,455	1,129,747	1,361,613
Net Worth - Ex Revaluation	719,565	829,600	966,395	1,139,686	1,371,553
Deposits	3,116,841	3,630,961	4,489,538	5,455,501	6,633,160
Borrowings	259,671	234,163	283,681	344,717	419,130
Interest Bearing Liabilities (₹ mn)	3,381,512	3,870,123	4,773,219	5,800,218	7,052,291
Other Lia. & Prov.	192,894	198,299	263,165	304,167	331,645
Total Liabilities	4,294,284	4,898,625	6,003,571	7,244,864	8,756,281
Assets					
Cash & Cash Equivalent	429,239	325,423	527,884	638,347	773,019
Investments	1,005,802	1,214,037	1,554,038	1,989,258	2,546,364
Loan & Advances (₹ mn)	2,712,536	3,198,612	3,760,753	4,437,688	5,236,472
<i>Growth (yoy %)</i>	<i>21.3</i>	<i>17.9</i>	<i>17.6</i>	<i>18.0</i>	<i>18.0</i>
Fixed Assets	16,437	19,203	21,553	26,294	31,820
Other Assets	130,269	141,349	139,343	153,278	168,605
Total Assets	4,294,284	4,898,625	6,003,571	7,244,864	8,756,281

Exhibit 7: Per share data

Y/E Mar	FY22	FY23	FY24	FY25E	FY26E
Face Value (₹)	5	5	5	5	5
Adjusted Share O/S (mn)	1,985	1,987	1,988	1,988	1,988
Earnings Per Share (₹)	43.2	55.1	69.3	87.2	116.6
EPS (% YoY)	22.9	27.5	25.9	25.7	33.8
P/E (x)	42.0	32.9	26.2	20.8	15.6
Book Value (₹)	362.6	417.6	486.1	573.3	689.9
BVPS (% YoY)	13.6	15.2	16.4	17.9	20.3
P/BV (x)	5.0	4.3	3.7	3.2	2.6
Adj. BV (₹)	358.2	414.6	482.9	570.1	686.7
Adj. BV (% YoY)	14.7	15.8	16.5	18.1	20.5
P/ABV (x)	5.1	4.4	3.8	3.2	2.6

Exhibit 8: Detailed ROA Tree

Y/E Mar	FY22	FY23	FY24	FY25E	FY26E
Yields / Margins					
Yield on Advance	7.8	9.1	10.2	10.2	10.2
Yield on Funds	6.9	7.7	8.7	8.5	8.5
Cost of Funds (CoF)	3.2	3.5	4.6	4.7	4.7
Interest Spread	3.7	4.2	4.1	3.8	3.8
NIM's	4.3	4.9	4.9	4.7	4.6
Interest Income / Assets	6.7	7.5	8.4	8.3	8.3
Interest Exp. / Assets	2.5	2.8	3.6	3.8	3.8
NII / Assets	4.1	4.7	4.8	4.6	4.5
Fee Income / Assets	1.1	1.1	1.4	1.6	1.9
Other Non Core Income / Assets	(0.2)	(0.2)	(0.3)	(0.3)	(0.4)
Other Income / Assets	1.6	1.5	1.9	2.2	2.7
Net Operating Income / Assets	5.7	6.2	6.7	6.8	7.2
Operating Ratios					
NII to Net Operative Income	72.6	75.3	71.7	66.9	62.4
Other Income to Net Operative Income	27.4	24.7	28.3	33.1	37.6
Empl. Cost/Oper. Exps.	41.5	40.0	41.1	42.2	43.3
Other Op. Exps./Oper. Exps.	58.5	60.0	58.9	57.8	56.7
C/I Ratio (%)	48.0	48.1	46.0	44.8	42.5
Provisions as % PPP	3.0	1.6	4.3	4.9	4.8
Credit Cost (As % of Op. AUM)	0.5	0.3	0.8	0.8	0.8
Effective Tax Rate (%)	24.5	24.0	23.5	23.5	23.5
Employee Exp. / Assets	1.1	1.2	1.3	1.3	1.3
Other Opex/ Assets	1.6	1.8	1.8	1.8	1.7
Total Opex / Assets	2.7	3.0	3.1	3.0	3.1
Operating Profits / Assets	3.0	3.2	3.6	3.8	4.1
Exceptional Items / Assets	-	-	-	-	-
Op Profit ex Except Items / Assets	3.0	3.2	3.6	3.8	4.1
Provisions / Assets	0.2	0.1	0.3	0.3	0.3
Profit Before Tax / Assets	2.8	3.1	3.3	3.4	3.8
Tax Expenses / Assets	0.7	0.8	0.8	0.8	0.9
RoA	2.1	2.4	2.5	2.6	2.9
Leverage (x)	6.0	5.9	6.2	6.4	6.4
RoE	12.7	14.1	15.3	16.5	18.5
Adj. RoA	2.1	2.4	2.5	2.6	2.9
Adj. RoE	12.7	14.1	15.3	16.5	18.5

Exhibit 9: Balance Sheet Ratios

Y/E Mar	FY22	FY23	FY24	FY25E	FY26E
Credit / Deposit Ratio	87.0	88.1	83.8	81.3	78.9
Incremental C/D Ratio	150.6	94.5	65.5	70.1	67.8
Investment Deposit Ratio	32.3	33.4	34.6	36.5	38.4
Dom. SLR Investment / Deposits	24.0	24.9	25.7	27.1	28.5
CASA Ratio	60.7	52.9	45.5	45.5	45.5

Exhibit 10: Credit Quality

(₹ mn)	FY22	FY23	FY24	FY25E	FY26E
Slippage Ratio (%)	1.9	1.5	1.6	1.6	1.6
Gross NPA	64,697	57,683	52,748	62,732	74,514
Gross NPAs Ratio (%)	2.3	1.8	1.4	1.4	1.4
PCR (%)	73.2	79.3	75.9	74.4	73.5
Net NPA	17,367	11,933	12,706	16,039	19,733
Net NPAs Ratio (%)	0.6	0.4	0.3	0.4	0.4
Total Impaired Loans	64,697	57,683	52,748	62,732	74,514
Impaired Loan as % of Loan / AUM	2.2	1.7	1.3	1.3	1.3
Total Risk Reserves	47,330	45,750	40,042	46,693	54,780
Total Risk As % of Loan Book	1.6	1.3	1.0	1.0	1.0

Exhibit 11: Key Assumptions & Forecasts

(₹ mn)	FY22	FY23	FY24	FY25E	FY26E
Loan & Advances (₹ mn)	2,712,536	3,198,612	3,760,753	4,437,688	5,236,472
Growth (yoy %)		17.9	17.6	18.0	18.0
Interest Bearing Liabilities (₹ mn)	3,381,512	3,870,123	4,773,219	5,800,218	7,052,291
Growth (yoy %)		14.4	23.3	21.5	21.6
Yield on Funds	6.9	7.7	8.7	8.5	8.5
Cost of Funds (CoF)	3.2	3.5	4.6	4.7	4.7
Interest Spread	3.7	4.2	4.1	3.8	3.8
NIM's	4.3	4.9	4.9	4.7	4.6
Other Income Growth	16.4	11.5	45.0	45.0	45.0
C/I Ratio (%)	48.0	48.1	46.0	44.8	42.5
Effective Tax Rate (%)	24.5	24.0	23.5	23.5	23.5
Return Ratios					
Adj. RoA	2.1	2.4	2.5	2.6	2.9
Adj. RoE	12.7	14.1	15.3	16.5	18.5
Asset Quality Metrics					
Credit Cost (As % of Op. AUM)	0.5	0.3	0.8	0.8	0.8
Gross NPAs Ratio (%)	2.3	1.8	1.4	1.4	1.4
Net NPAs Ratio (%)	0.6	0.4	0.3	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.