



# Fusion Microfinance

Estimate change	 
TP change	
Rating change	

Motilal Oswal values your support in the EXTEL POLL 2024 for India Research, Sales, Corporate Access and Trading team. We [request your ballot](#).



Bloomberg	FUSION IN
Equity Shares (m)	101
M.Cap.(INRb)/(USDb)	18 / 0.2
52-Week Range (INR)	675 / 178
1, 6, 12 Rel. Per (%)	-15/-68/-90
12M Avg Val (INR M)	214

## Financials & Valuations (INR b)

Y/E March	FY24	FY25E	FY26E
Total Income	16.2	18.3	18.3
PPP	10.3	10.5	9.7
PAT	5.1	-3.7	4.6
EPS (INR)	50.2	-37	46
EPS Gr. (%)	30	-	-
BV (INR)	283	246	293
<b>Valuations</b>			
NIM (%)	14.1	15.0	13.8
C/I ratio (%)	36.6	42.5	47.0
RoAA (%)	4.8	-3.3	4.0
RoE (%)	19.5	-13.8	17.1
<b>Valuations</b>			
P/E (x)	3.5	-	3.9
P/BV (x)	0.6	0.7	0.6

## Shareholding pattern (%)

As On	Sep-24	Jun-24	Sep-23
Promoter	57.7	57.7	67.9
DII	19.2	22.8	15.4
FII/FIIFII	3.2	4.3	5.7
Others	19.9	15.2	11.0

FII Includes depository receipts

**CMP: INR178**      **TP: INR165 (-7%)**      **Neutral**

## Dismal quarter; auditor noted uncertainty in going concern premise

### Annualized credit costs at ~26% in 2Q, higher than guidance

- Fusion Microfinance (Fusion) reported a net loss of ~INR3.1b in 2QFY25 (vs. MOFSLe loss of ~INR1.8b) due to significantly high credit costs. Its 1HFY25 net loss was INR3.4b, and we expect 2HFY25 loss at INR280m. NII grew ~30% YoY to ~INR4b in 2Q, while PPOp rose ~17% YoY to ~INR2.8b (in line).
- The cost-to-income ratio stood at ~40% (PQ: ~38% and PY: ~36%). Recalibration of incentive structures and rationalization of manpower at field level led to higher opex. Net credit costs stood at ~INR6.9b (vs. MOFSLe of ~INR5.2b). **Annualized credit costs rose sharply to ~26% (PY: ~3.4% and PQ: 13%).**
- Disbursements declined ~44% QoQ to ~INR16.6b. AUM declined ~5% QoQ to ~INR116b. We model credit costs of 15%/3.4% (as % of loans) in FY25/FY26. We cut our FY25/FY26/FY27 EPS estimates to factor in lower AUM growth and high credit costs. We estimate an AUM CAGR of ~13%, a PAT CAGR of ~9% over FY24-FY27 and an RoA/RoE of ~4%/17% in FY26.
- We will keenly monitor the asset quality stress, which is unfolding in the sector. We believe that credit costs are likely to remain high in 3Q as well and will be far from normal levels. We have not yet factored in the planned Rights Issue of ~INR5.5b in our estimates and will look forward to the appointment of the new CEO.
- Fusion will have to navigate tough times ahead to get waivers from its lenders on breach of covenants and will have to give further confidence to all its stakeholders that will remain in a position to discharge all its liabilities (both contracted as well as those repayable on demand, if any). With no other near-term catalysts, we reiterate our **Neutral rating with a revised TP of INR165 (based on 0.5x Sep'26E P/BV).**

## Covenant breaches prompt auditor note on going concern assumption

- Fusion has breached various financial covenants (with respect to borrowings of ~INR56.2b as of Sep'24), resulting in these borrowings being repayable on demand. The company was negotiating with its lenders to obtain a waiver for a period of 12 months. The lenders have not yet waived their right to demand immediate repayment.
- These covenant breaches were due to higher levels of GNPA/NNPA as well as the credit rating downgrade from CARE. This condition resulted in auditors noting material uncertainty, which may cast significant doubt on the company's ability to continue as a going concern. Management shared that even at ~90% collection efficiency in the subsequent months, it will be in a position to discharge all its debt obligations.

Abhijit Tibrewal - Research Analyst (Abhijit.Tibrewal@MotilalOswal.com)

Research Analyst: Nitin Aggarwal (Nitin.Aggarwal@MotilalOswal.com) | Raghav Khemani (Raghav.Khemani@MotilalOswal.com)

**Investors are advised to refer through important disclosures made at the last page of the Research Report.**

Motilal Oswal research is available on [www.motilaloswal.com/Institutional-Equities](http://www.motilaloswal.com/Institutional-Equities), Bloomberg, Thomson Reuters, Factset and S&P Capital.

- Fusion has borrowings of more than ~INR5b each from some of its key lenders such as HSBC, Axis Bank, Yes Bank, ICICI Bank, SIDBI, and IDFC First Bank. The company is in active discussions with all its lenders for the requisite waivers. **The company shared that it was successful in getting all the covenant breach waivers in 1QFY25 and was confident of obtaining these waivers in 2Q as well.**

#### Sharp deterioration in asset quality; annualized credit costs at 26%

- GS3/NS3 rose ~395bp/ ~115bp QoQ to 9.4%/2.4%. Stage 2 rose ~240bp QoQ to 3.9%. The company also increased the PCR on its Stage 1 and 2 loans, resulting in ECL/EAD (incl. management overlay of ~INR595m) at ~11.1% (PQ: 5.9%).
- Customers with Fusion + >=3 lending relationships stood at ~22% as of Sep'24 (v/s ~32% in Mar'24). PAR 0+ in this particular customer cohort stood at 23%. Fusion reported that its All India PAR 0+ stood at 14.9%. As of Sep'24, ~28% of Fusion customers (v/s ~32% as of Mar'24) had total MFI loans outstanding (across all lenders) of >INR100K.
- Write-offs in 2QFY25 stood at ~INR2b. Collection efficiency in 2Q (including arrears) declined to ~91% (PQ: 96.3%). **Annualized credit costs spiked to ~26% (PY: ~3.4% and PQ: 13.2%). We model credit costs of 15.0% and 3.4% for FY25 and FY26, respectively.**

#### Highlights from the management commentary

- Fusion's promoters are completely supportive of its ~INR5.5b Rights Issue. The company has been working on it for the last 1.5 months and has expedited the process. The company plans to launch the Rights Issue in the current quarter.
- Fusion shared that in its new credit policies, it has decided to not onboard a customer who has gone beyond 30+dpd in the past with other lenders.
- Overall collection efficiency (CE) is holding up, and even in Oct'24, the CE was more or less similar to Sep'24.
- Management shared that the company has observed some early positive signs even though they are still at a nascent stage. The Center meeting attendance has improved wherever customer loyalty programs have been launched.
- The company guided that it expects to see some improvement in its performance in 2HFY25. However, since the situation is still evolving and dynamic, the management did not provide guidance on credit costs for FY25.

#### Valuation and view

- Management shared that the macroeconomic environment accentuated the asset quality stress in the MFI sector in 2QFY25. We are also monitoring the situation closely but believe that the situation is not just 'transitory' and that the recovery is still distant ([refer to our detailed sector note](#)). Over-leveraging of customer cohorts typically manifests itself in asset quality stress over longer periods rather than just one or two quarters. We believe that credit costs are likely to remain high in 3Q as well and will be far from normal levels.
- Fusion, in our view, can deliver an AUM CAGR of ~13% and PAT CAGR of ~9% over FY24-FY27E. We estimate an RoA/RoE of ~4%/17% in FY26. With the company having to navigate tough times ahead, **we reiterate our Neutral rating on the stock with a revised TP of INR165 (based on 0.5x Sep'26E P/BV).**

## Fusion: Quarterly Performance

(INR m)

Y/E March	FY24				FY25E				FY24	FY25E	2QFY25E	v/s Est.
	1Q	2Q	3Q	4Q	1Q	2Q	3QE	4QE				
Interest Income	4,790	4,968	5,400	5,761	6,213	6,261	5,935	5,238	20,919	23,647	6,151	2
Interest Expenses	1,835	1,910	2,015	2,149	2,234	2,274	2,183	2,078	7,908	8,769	2,245	1
<b>Net Interest Income</b>	<b>2,955</b>	<b>3,058</b>	<b>3,386</b>	<b>3,612</b>	<b>3,979</b>	<b>3,987</b>	<b>3,753</b>	<b>3,160</b>	<b>13,011</b>	<b>14,879</b>	<b>3,905</b>	<b>2</b>
YoY Growth (%)	58.7	26.1	34.2	30.6	34.6	30.4	10.8	-12.5	35.9	14.4	28	
Other Income	738	745	732	991	854	776	808	962	3,205	3,401	860	-10
<b>Total Income</b>	<b>3,693</b>	<b>3,803</b>	<b>4,118</b>	<b>4,603</b>	<b>4,833</b>	<b>4,764</b>	<b>4,561</b>	<b>4,122</b>	<b>16,216</b>	<b>18,279</b>	<b>4,766</b>	<b>0</b>
YoY Growth (%)	70.0	28.9	38.0	32.8	30.9	25.3	10.8	-10.4	40.1	12.7	25	
Operating Expenses	1,339	1,385	1,515	1,696	1,855	1,925	1,964	2,028	5,935	7,773	1,933	0
<b>Operating Profit</b>	<b>2,354</b>	<b>2,418</b>	<b>2,603</b>	<b>2,907</b>	<b>2,978</b>	<b>2,838</b>	<b>2,596</b>	<b>2,095</b>	<b>10,281</b>	<b>10,507</b>	<b>2,832</b>	<b>0</b>
YoY Growth (%)	95.8	29.1	41.6	31.5	26.5	17.4	-0.2	-27.9	44.3	2.2	17	
Provisions & Loan Losses	759	762	938	1,190	3,485	6,941	3,470	1,452	3,649	15,348	5,200	33
<b>Profit before Tax</b>	<b>1,595</b>	<b>1,656</b>	<b>1,665</b>	<b>1,717</b>	<b>-507</b>	<b>-4,102</b>	<b>-874</b>	<b>642</b>	<b>6,633</b>	<b>-4,841</b>	<b>-2,368</b>	<b>-</b>
Tax Provisions	390	399	401	390	-151	-1,052	-211	261	1,580	-1,152	-568	-
<b>Net Profit</b>	<b>1,205</b>	<b>1,257</b>	<b>1,265</b>	<b>1,327</b>	<b>-356</b>	<b>-3,050</b>	<b>-663</b>	<b>381</b>	<b>5,053</b>	<b>-3,689</b>	<b>-1,800</b>	<b>-</b>
YoY Growth (%)	60	32	23	16	-130	-343	-152	-71	31	-	-243	
<b>Key Parameters (%)</b>												
Yield on loans	21.5	21.7	21.9	21.8	21.7	21.5						
Cost of funds	10.6	10.6	10.4	10.2	10.1	10.1						
Spread	10.9	11.1	11.5	11.6	11.6	11.4						
NIM	10.9	11.1	11.5	11.6	11.6	11.5						
Credit cost	0.8	0.79	1.0	1.2	3.28	6.55						
Cost to Income Ratio (%)	36.3	36.4	36.8	36.8	38.4	40.4						
Tax Rate (%)	24.5	24.1	24.1	22.7	29.8	25.6						
<b>Performance ratios (%)</b>												
Avg o/s per borrower (INR '000)	26	26	27	29	30	29						
AUM/ RO (INR m)	14.0	14.0	13.0	13.0	1.2	1.1						
AUM/ Branch (INR m)	91	88	9	9	9	8						
Borrower/ Branch (INR m)	3,513	3,381	3,260	3,204	3,017	2,805						
<b>Balance Sheet Parameters</b>												
<b>AUM (INR B)</b>	<b>97.1</b>	<b>100.3</b>	<b>106.9</b>	<b>114.8</b>	<b>121.9</b>	<b>115.7</b>						
Change YoY (%)	31.4	24.6	23.6	23.5	25.5	15.4						
<b>Disbursements (INR B)</b>	<b>22.8</b>	<b>23.4</b>	<b>27.1</b>	<b>29.5</b>	<b>29.9</b>	<b>16.6</b>						
Change YoY (%)	15.2	14.2	24.0	24.4	30.7	-29.1						
<b>Borrowings (INR B)</b>	<b>71.9</b>	<b>75.3</b>	<b>80.2</b>	<b>86.2</b>	<b>91.2</b>	<b>86.4</b>						
Change YoY (%)	19.6	15.0	22.7	27.1	26.9	14.8						
Borrowings/Loans (%)	85.5	86.6	85.8	86.6	89.0	94.6						
Debt/Equity (x)	2.9	2.9	3.0	3.0	3.2	3.4						
<b>Asset Quality (%)</b>												
<b>GS 3 (INR M)</b>	<b>2,790</b>	<b>2,411</b>	<b>2,939</b>	<b>2,973</b>	<b>5,952</b>	<b>9,672</b>						
GS3 %	3.2	2.7	3.0	2.9	5.5	9.4						
NS 3 (INR M)	664	569	730	603	1,301	2,302						
NS3 %	0.8	0.65	0.8	0.61	1.27	2.52						
<b>PCR (%)</b>	<b>76.2</b>	<b>76.4</b>	<b>75.2</b>	<b>79.7</b>	<b>78.1</b>	<b>76.2</b>						
ECL (%)	3.8	3.3	3.2	3.4	5.9	11.1						
<b>Return Ratios - YTD (%)</b>												
ROA (Rep)	5.0	4.9	4.7	4.6	-1.2	-10.3						
ROE (Rep)	20.2	20.0	19.1	19.1	-5.0	-45.7						

E: MOFSL Estimates

**What caused this asset quality stress and how is Fusion addressing it?**

- Fusion highlighted that the stress in the sector is due to: 1) customers taking multiple loans; 2) a significant rise in customer indebtedness level; 3) low center meeting attendance leading to door-to-door collections; 4) a few illegal agencies propagating loan waiver schemes to innocent customers; and 5) high entry-level staff attrition.
- To enhance the portfolio quality and improve collection efficiency, the company has taken the following measures: 1) strengthened its tele-calling infrastructure; 2) tightened the credit criteria, and it is tighter than MFIN guardrails, with a lender cap of not more than three lenders and an exposure cap of not more than 150k; 3) appointed third-party agencies to recover dues from 90+dpd customers; 4) established a dedicated collection team at the branch level.

**Yields decline ~20bp QoQ; Minor sequential decline in CoB**

- Yields declined ~20bp QoQ to 21.5%, while CoB declined ~4bp QoQ to ~10.1%, which led to ~20bp QoQ contraction in spreads to ~11.6%. Reported NIM contracted ~15bp QoQ to ~11.5%.
- During the quarter, Fusion raised borrowings of INR15.1b, including INR4.35b of assignments. In 1HFY25, the company raised borrowings of INR40.6b, including ~INR9.15b of assignments. The company will continue to do assignments as per the market conditions.
- Marginal CoB was stable QoQ at ~10.1%. We model NIMs of 15%/13.8% in FY25/FY26.

**Active borrower base declines; branch expansion continues**

- The company's borrower base declined to 3.85m as of Sep'24 (down from 3.95m as of Jun'24). Fusion added 65 branches during the quarter and now has a presence across 22 states (including three UT), with a total branch count of 1,463.
- The capital adequacy stood at ~24.4% as of Sep'24. Most of this capital is Tier 1.



## Highlights from the management commentary

### Business update

- The microfinance industry has been facing headwinds. These headwinds were not evenly spread across the country and a few states experienced elevated levels of stress. Stress faced by MFI lenders can also be attributable to their exposures to those geographies.
- Fusion made an upfront provisioning in the Jun'24 quarter itself. The company had guided credit costs of INR5.0-5.5b but after the limited review by the auditors, the credit costs came at INR6.93b in 2QFY25. Accelerated provisions observed because of deteriorating collections in on-ground operations.
- CRAR of 24.4% and liquidity position of INR17b+ as of Sep'24

### Covenant breaches and comments made by auditor on going concern assumption

- Auditor wants to bring to everyone's attention that there are covenant breaches, which will require waiver. These breaches are temporary in nature and it has already planned remedial measures including a Rights Issue.
- There were 12 Lenders whose covenants were breached and all the 12 lenders have given the waivers in 1Q for the branch in covenants.
- Received all the waivers (with regards to covenant breaches) in 1Q and Fusion is confident that it will be able to get all the waivers from lenders in 2Q as well.
- Fusion has borrowings of more than INR5b from each of HSBC, Axis Bank, Yes Bank, ICICI Bank, SIDBI, and IDFC First Bank. The company is in active discussions with these banks for the waivers.
- Covenant breaches were largely because of higher levels of Gross NPA and Net NPA and the credit rating downgrade. Credit Rating downgrade from CARE in Sep'24 has already been communicated to all the lenders.
- Fusion will be able to service all its debt even if the CE sustains at 90%
- Fusion is carrying INR17-18b as cash on its Balance Sheet. It is getting a slightly good response from the Banks that they will have a discussion with the company on the covenant waiver. After the covenants are waived, it will engage with lenders for incremental sanctions and borrowings.

### Rights Issue

- Promoters are completely supportive of this INR5.5b Rights Issue. The company has been working on the Rights Issue for the last 1.5 months.
- Fast tracked the process of Rights issue

### Outlook on the MFI Sector and delinquencies

- Observing some early positive signs though they remain in a nascent stage. Has observed improvement in the center meeting attendance wherever customer loyalty programs have been launched.
- In 2H, it should see some improvement in its performance. But the situation is still evolving and dynamic. Management did not want to provide guidance on credit costs.
- Overall collection efficiency (CE) is holding up and even in Oct'24, the CE was more or less similar to Sep'24.
- If one looks at the past resilience of the sector, during demon and during COVID, once the overall leverage of the customer comes down and the overall economic activity on the ground goes up, these customer will come back.

### What led to the stress in the sector?

- The sector is going through a challenging period. Has not found any such internal deficiencies.
- In ~50% of the cases, the loan officer has to go door-to-door. The MFI Ecosystem has been disrupted. There has been credit exuberance and the Retail Overlap (Fintech, 2W, MSME, Gold Loans) has also over-leveraged the customer.
- The company has been putting out the leverage of the customer in all its past quarterly results. The stress has been accentuated by door to door collection. There is pain on the ground and the overall credit profile of the customer has weakened because of the customer leverage.
- Earlier there were also a few Illegal agencies which are trying to influence customers not to repay and disruptions like these might have accentuated the situation in places such as Punjab, MP, Northern India, and Rajasthan.
- Further, there were some events like floods which have played a role in adversely impacting the livelihoods of the customers.
- When the customer's indebtedness goes beyond INR150K and the customer's relationship with the number of lenders has gone beyond four, it has clearly seen the customer behaving oddly.
- In Punjab, Rajasthan and Gujarat - Unnatural and unforeseen climatic conditions have affected asset quality.
- The company is seeing some of these pockets showing resilience: East Odisha, Southern TN, MP, and Bhopal

### Overleveraged customers

- At the industry level, there is an attempt to make sure that the guardrails are followed by everyone; this is a good sign. This rationing, however, creates short-term uncertainty and working capital problems for the customers.
- Fusion has looked at certain states, which are in more pain and it has restricted the customer leverage to INR150K in those states.

### KYC and internal processes

- On boarded customers with proper KYC. Fusion looks at the credit bureau and there are no lapses that it has found in KYC.
- In its new credit policies, it has decided that it will not on board a customer who has gone beyond 30+dpd in the past with other lenders.

### Enhancements made in processes, incentives, and manpower

- Strengthened its tele-calling infrastructure
- Appointed third-party agencies for recovering dues from 90+dpd customers
- Rejigged the incentive structure for better alignment with collections
- Capping of INR150K for new customers and maximum three lenders. There could be a rise in the rejection rates while it tries to build a quality portfolio.
- Moderation in client handling per field officer will also help address workload and attrition.
- Taking several other steps to motivate and incentivize the field staff. Initiated the process to appoint a new CEO.
- From a medium term perspective, focus remains on enhancing the IT capabilities which remains critical to its extensive geographical presence.
- In many branches, it is putting a third layer of supervision and made offers to 60 employees.



- Earlier, the field officer who was doing the sourcing was also doing the collections. Because of the difficulties in the field, because now the collections are happening on door to door, separate collections team has been put in place.

### Financial performance

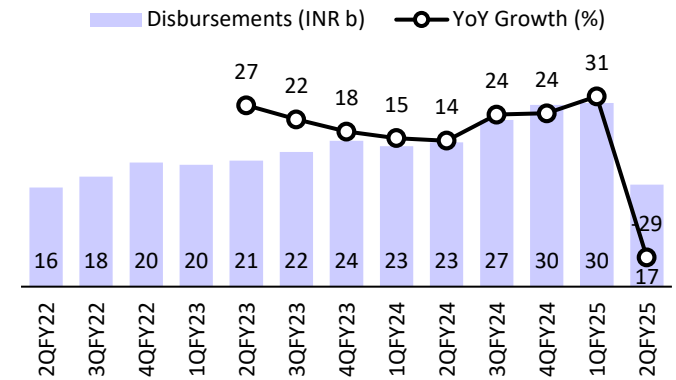
- In 2QFY25, Fusion raised borrowings of INR15.1b including INR4.35b of assignments. In 1H it raised borrowings of INR40.6b including INR9.15b of assignments. It will continue to do assignments as per the market conditions.
- As of Sep'24, its liquidity stood at ~INR18b and had sanctions in hand of INR15b
- Marginal cost of funds declined 4bp QoQ; Portfolio CoB also declined 4bp QoQ
- NIM declined 15bp QoQ largely due to higher write-offs taken in the quarter
- CIR stood at ~40.4%. Opex was higher primarily due to rationalization in the manpower on the field level where RO productivity has been reduced to a certain level. The major reason for higher opex was recalibration of incentive structures and rationalization of manpower at field level.
- PPop stood at INR2.84b, which declined ~5% QoQ
- Total ECL provisions stood at INR11.4b (including INR595m of management overlay)
- Write-offs stood at INR2.55b in 1H (and INR1.96b in 2Q)

### Others

- MSME portfolio quality continues to be healthy. IT continues to remain adequately capitalized which will be further strengthened post the Rights Issue.
- Strong focus is on improving CE and 2H should see better rural activity which should lead to better collections.
- Fusion has looked at the customers in the Top 5 States and 85% of the customers are either current or they have not gone beyond 30dps in the last 6 months.
- Large proportion of the incentives are Fixed in Nature and Incentives are about 25-30% of the total pay-outs to the field officers.
- Disbursements will remain slightly subdued in the near-term
- CE in the current bucket stood at 97% (at Pan India level) and this has been consistent across the months.
- After the harmonization of MFI guidelines in Mar'22, there have been retail overlaps which have led to overleverage of the customer. Customer household incomes hovered between INR200K and INR280K. Assessment of household income is done in an informal way by speaking and engaging with the customer. It is trying to understand how to treat the retail overlap in assessment of customer household income and obligations.

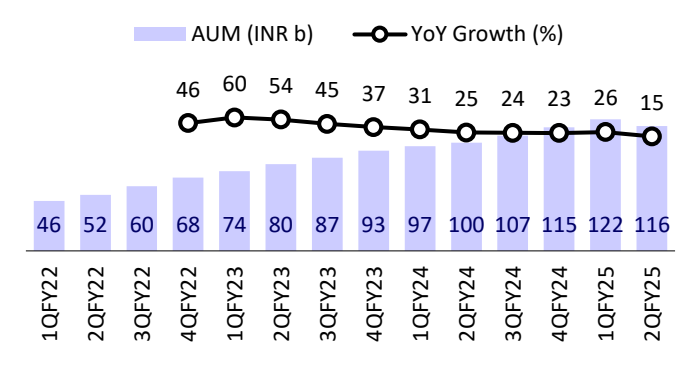
## Story in charts

**Exhibit 1: Disbursements declined 29% YoY...**



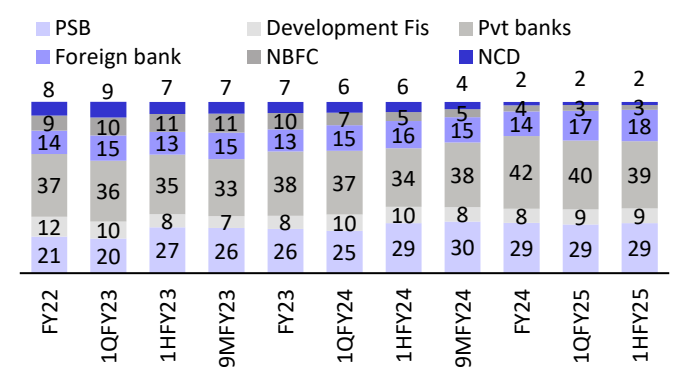
Source: MOFSL, Company

**Exhibit 2: ...leading to a decline of ~5% QoQ in AUM**



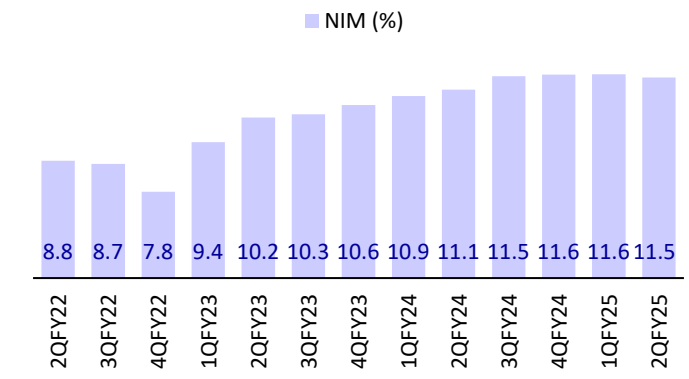
Source: MOFSL, Company

**Exhibit 3: Borrowing mix (%)**



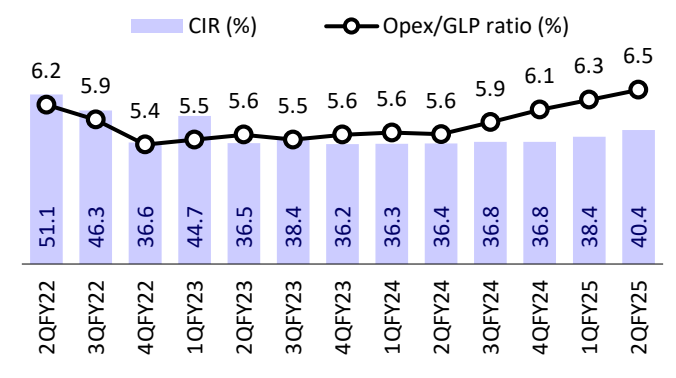
Source: MOFSL, Company

**Exhibit 4: Reported NIM dipped ~15bp QoQ (%)**



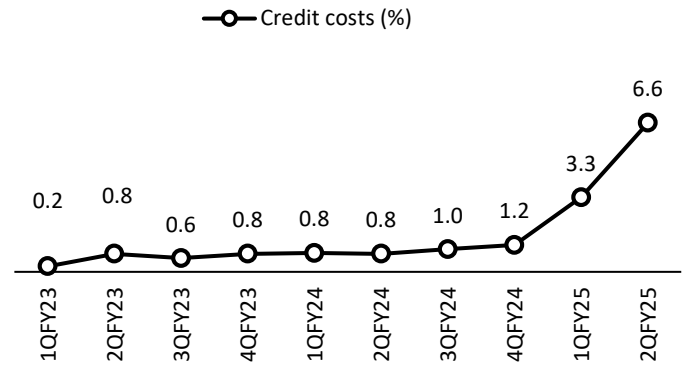
Source: MOFSL, Company

**Exhibit 5: Opex/AUM rose ~200bp QoQ (%)**



Source: MOFSL, Company

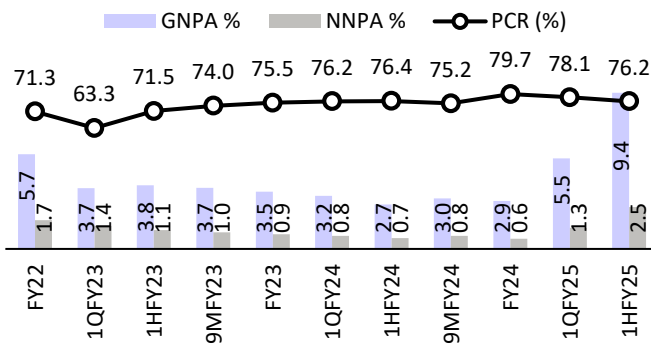
**Exhibit 6: Credit costs (non-annualized) rose to ~6.6%.**



Source: MOFSL, Company

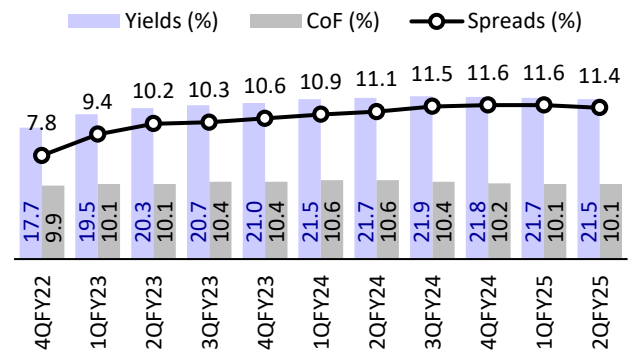


Exhibit 7: GS3 rose ~4pp QoQ to 9.4% (%)



Source: MOFSL, Company

Exhibit 8: Spreads contracted ~20bp QoQ



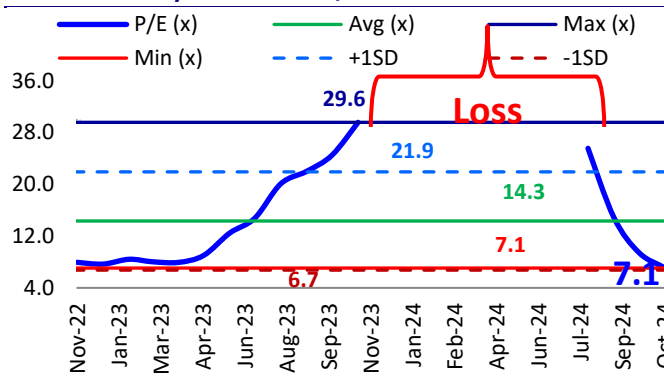
Source: MOFSL, Company

We cut our FY25/26/27 estimates to factor in lower AUM growth and higher credit costs

INR B	Old Est.			New Est.			% change		
	FY25	FY26	FY27	FY25	FY26	FY27	FY25	FY26	FY27
NII	15.1	15.8	19.3	14.9	14.6	18.5	-1.5	-7.1	-4.3
Other Income	3.7	4.0	4.3	3.4	3.7	4.0	-7.4	-7.2	-7.0
<b>Total Income</b>	<b>18.8</b>	<b>19.7</b>	<b>23.6</b>	<b>18.3</b>	<b>18.3</b>	<b>22.5</b>	<b>-2.6</b>	<b>-7.1</b>	<b>-4.8</b>
Operating Expenses	7.8	8.7	10.0	7.8	8.6	9.8	-0.7	-1.4	-1.4
<b>Operating Profits</b>	<b>10.9</b>	<b>11.0</b>	<b>13.7</b>	<b>10.5</b>	<b>9.7</b>	<b>12.7</b>	<b>-4.0</b>	<b>-11.6</b>	<b>-7.3</b>
Provisions	11.2	3.9	4.5	15.3	3.6	4.0	37.5	-6.1	-10.7
<b>PBT</b>	<b>-0.2</b>	<b>7.1</b>	<b>9.2</b>	<b>-4.8</b>	<b>6.1</b>	<b>8.7</b>	-	<b>-14.6</b>	<b>-5.7</b>
Tax	-0.1	1.7	2.2	-1.2	1.5	2.1	-	-14.6	-5.7
<b>PAT</b>	<b>-0.2</b>	<b>5.4</b>	<b>7.0</b>	<b>-3.7</b>	<b>4.6</b>	<b>6.6</b>	-	<b>-14.6</b>	<b>-5.7</b>
AUM	108	132	165	109	132	165	1.1	0.1	0.0
Borrowings	78	95	119	77	94	116	-0.8	-1.4	-2.8
RoA	-0.1	4.5	4.7	-3.3	4.0	4.6	-	-11.0	-1.2
RoE	-0.6	17.5	18.8	-13.8	17.1	20.2	-	-2.3	7.3

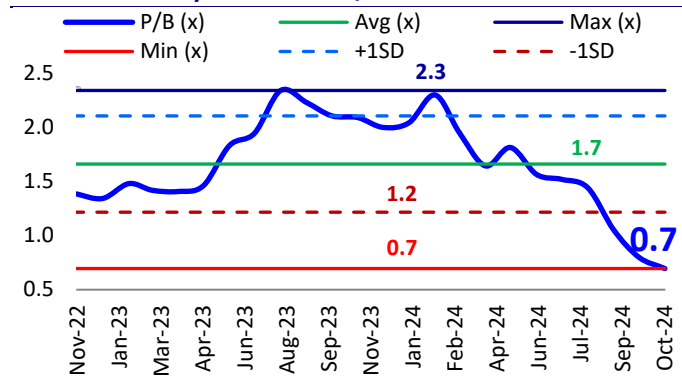
Source: MOFSL, Company

Exhibit 9: One-year forward P/E ratio



Source: MOFSL, Company

Exhibit 10: One-year forward P/B ratio



Source: MOFSL, Company

## Financials and valuations

Income Statement									(INR m)
Y/E March	FY19	FY20	FY21	FY22	FY23	FY24	FY25E	FY26E	FY27E
Interest Income	4,694	6,665	8,276	10,643	16,001	20,919	23,647	23,520	29,126
Interest Expenses	2,540	3,377	3,751	4,960	6,428	7,908	8,769	8,882	10,671
<b>Net Interest Income</b>	<b>2,154</b>	<b>3,288</b>	<b>4,525</b>	<b>5,684</b>	<b>9,573</b>	<b>13,011</b>	<b>14,879</b>	<b>14,638</b>	<b>18,455</b>
Change (%)	82.7	52.7	37.6	25.6	68.4	35.9	14.4	-1.6	26.1
Other Operating Income	249	538	282	869	1,418	2,248	2,731	3,012	3,318
Other Income	27	100	173	501	580	957	670	697	724
<b>Net Income</b>	<b>2,431</b>	<b>3,926</b>	<b>4,980</b>	<b>7,054</b>	<b>11,572</b>	<b>16,216</b>	<b>18,279</b>	<b>18,347</b>	<b>22,497</b>
Change (%)	86.0		26.8	41.6	64.1	40.1	12.7	0.4	22.6
<b>Operating Expenses</b>	<b>1,540</b>	<b>1,999</b>	<b>2,204</b>	<b>3,123</b>	<b>4,448</b>	<b>5,935</b>	<b>7,773</b>	<b>8,626</b>	<b>9,836</b>
Change (%)	-5.2		10.2	41.7	42.5	33.4	31.0	11.0	14.0
Employee Expenses	1,033	1,483	1,686	2,331	3,255	4,312	5,692	6,489	7,397
Depreciation	24	26	39	54	74	90	104	120	139
Other Operating Expenses	483	490	479	738	1,119	1,532	1,977	2,016	2,299
<b>Operating Income</b>	<b>891</b>	<b>1,927</b>	<b>2,776</b>	<b>3,931</b>	<b>7,124</b>	<b>10,281</b>	<b>10,507</b>	<b>9,722</b>	<b>12,661</b>
Change (%)	-381.4		44.0	41.6	81.2	44.3	2.2	-7.5	30.2
Provisions and w/off	207	927	2,208	3,687	2,004	3,649	15,348	3,627	3,977
<b>PBT</b>	<b>684</b>	<b>1,000</b>	<b>568</b>	<b>244</b>	<b>5,120</b>	<b>6,633</b>	<b>-4,841</b>	<b>6,094</b>	<b>8,685</b>
Tax Provisions	177	304	128	27	1,248	1,580	-1,152	1,450	2,067
Tax Rate (%)	25.9	30.4	22.6	10.9	24.4	23.8	23.8	23.8	23.8
<b>PAT</b>	<b>507</b>	<b>696</b>	<b>439</b>	<b>218</b>	<b>3,871</b>	<b>5,053</b>	<b>-3,689</b>	<b>4,644</b>	<b>6,618</b>
Change (%)	-229	37	-37	-50	1,680	31	-	-	43

Balance Sheet									(INR m)
Y/E March	FY19	FY20	FY21	FY22	FY23	FY24	FY25E	FY26E	FY27E
Equity Share Capital	616	790	790	828	1,003	1,006	1,006	1,006	1,006
Reserves & Surplus	5,643	11,199	11,673	12,552	22,216	27,475	23,786	28,430	35,048
<b>Net Worth</b>	<b>6,259</b>	<b>11,989</b>	<b>12,464</b>	<b>13,380</b>	<b>23,219</b>	<b>28,482</b>	<b>24,792</b>	<b>29,436</b>	<b>36,054</b>
<b>Borrowings</b>	<b>29,286</b>	<b>29,737</b>	<b>44,323</b>	<b>57,758</b>	<b>67,784</b>	<b>86,159</b>	<b>77,281</b>	<b>93,518</b>	<b>1,15,725</b>
Change (%)	83.3		49.0	30.3	17.4	27.1	-10.3	21.0	23.7
Other liabilities	561	674	1,593	1,767	2,632	3,103	3,878	4,848	6,060
<b>Total Liabilities</b>	<b>36,105</b>	<b>42,400</b>	<b>58,379</b>	<b>72,905</b>	<b>93,635</b>	<b>1,17,743</b>	<b>1,05,952</b>	<b>1,27,802</b>	<b>1,57,839</b>
<b>Cash and Bank balance</b>	<b>9,905</b>	<b>8,177</b>	<b>13,353</b>	<b>11,536</b>	<b>10,650</b>	<b>15,532</b>	<b>17,932</b>	<b>17,382</b>	<b>16,309</b>
Investments	5	5	0	0	0	0	0	0	0
<b>Loans</b>	<b>25,720</b>	<b>33,430</b>	<b>43,607</b>	<b>59,182</b>	<b>80,416</b>	<b>99,479</b>	<b>84,976</b>	<b>1,07,023</b>	<b>1,37,733</b>
Change (%)	99.2		30.4	35.7	35.9	23.7	-14.6	25.9	28.7
Fixed Assets	55	60	183	192	212	224	251	281	315
Other Assets	420	727	1,237	1,995	2,357	2,508	2,793	3,115	3,482
<b>Total Assets</b>	<b>36,105</b>	<b>42,400</b>	<b>58,379</b>	<b>72,905</b>	<b>93,635</b>	<b>1,17,743</b>	<b>1,05,952</b>	<b>1,27,802</b>	<b>1,57,839</b>

E: MOFSL Estimates

AUM and Disbursements									(INR m)
Y/E March	FY19	FY20	FY21	FY22	FY23	FY24	FY25E	FY26E	FY27E
<b>AUM</b>	26,414	36,065	46,378	67,860	92,960	1,14,761	1,09,308	1,31,901	1,65,321
YoY Growth (%)	70	37	29	46	37	23	-5	21	25
<b>Disbursements</b>	25,720	35,740	37,103	61,798	85,962	1,02,945	87,504	1,15,505	1,45,536
YoY Growth (%)	99	39	4	67	39	20	-15	32	26

E: MOFSL Estimates

## Financials and valuations

### Ratios

Y/E March	FY19	FY20	FY21	FY22	FY23	FY24	FY25E	FY26E	FY27E
<b>Spreads Analysis (%)</b>									
Avg. Yield on Loans	24.3	22.5	21.5	20.7	22.9	23.3	25.6	24.5	23.8
Avg Cost of Funds	11.2	11.4	10.1	9.7	10.2	10.3	10.7	10.4	10.2
Spread of loans	13.1	11.1	11.4	11.0	12.7	13.0	14.9	14.1	13.6
NIM (on gross loans)	10.9	11.0	11.5	10.6	13.3	14.1	15.0	13.8	14.1
<b>Profitability Ratios (%)</b>									
RoA	1.8	1.8	0.9	0.3	4.6	4.8	-3.3	4.0	4.6
RoE	11.3	7.6	3.6	1.7	21.2	19.5	-13.8	17.1	20.2
Debt: Equity (x)	4.7	2.5	3.6	4.3	2.9	3.0	3.1	3.2	3.2
Leverage (x)	5.8	3.5	4.7	5.4	4.0	4.1	4.3	4.3	4.4
CAR	26.9	35.8	27.3	21.9	27.9	26.1	23.5	23.0	22.4
o/w Tier 1	23.8	33.1	25.5	19.9	26.6	25.5	22.9	22.6	22.1
Int. Expended / Int. Earned	54.1	50.7	45.3	46.6	40.2	37.8	37.1	37.8	36.6
Other Inc. / Net Income	11.4	16.3	9.1	19.4	17.3	19.8	18.6	20.2	18.0
<b>Efficiency Ratios (%)</b>									
Int. Expended/Int.Earned									
CIR	63.4	50.9	44.3	44.3	38.4	36.6	42.5	47.0	43.7
Opex/ AUM	7.3	6.4	5.3	5.5	5.5	5.7	6.9	7.2	6.6
Empl. Cost/Op. Exps.	67.1	74.2	76.5	74.6	73.2	72.7	73.2	75.2	75.2
<b>Asset-Liability Profile (%)</b>									
Loans/Borrowings Ratio	0.9	1.1	1.0	1.0	1.2	1.2	1.1	1.1	1.2
Leverage (x)	5.8	3.5	4.7	5.4	4.0	4.1	4.3	4.3	4.4
<b>Asset Quality</b>									
GNPA (INR m)	404	384	2,559	3,584	2,889	2,973	8,145	6,446	5,697
NNPA (INR m)	145	130	1,024	1,030	708	603	1,466	1,160	1,139
GNPA (%)	1.5	1.1	5.5	5.7	3.5	2.9	8.2	5.4	3.8
NNPA (%)	0.6	0.4	2.3	1.7	0.9	0.6	1.4	0.9	0.7
PCR (%)	64	66	60	71	75	80	82	82	80
Credit costs (%)	1.0	3.1	5.6	6.9	2.8	4.0	15.5	3.4	3.0

Valuations	FY19	FY20	FY21	FY22	FY23	FY24	FY25E	FY26E	FY27E
Book Value (INR)	102	152	158	162	231	283	246	293	358
BV Growth (%)	64	49	4	3	43	22	-13	19	22
<b>P/BV</b>	<b>1.8</b>	<b>1.2</b>	<b>1.1</b>	<b>1.1</b>	<b>0.8</b>	<b>0.6</b>	<b>0.7</b>	<b>0.6</b>	<b>0.5</b>
EPS (INR)	8	9	6	3	39	50	-37	46	66
EPS Growth (%)		7	-37	-53	-	30	-	-	43
<b>Price-Earnings (x)</b>	<b>21.6</b>	<b>20.2</b>	<b>32.0</b>	<b>67.7</b>	<b>4.6</b>	<b>3.5</b>	<b>-</b>	<b>3.9</b>	<b>2.7</b>

E: MOFSL Estimates

### RoA Tree

Y/E March (%)	FY19	FY20	FY21	FY22	FY23	FY24	FY25E	FY26E	FY27E
Interest Income	17.0	17.0	16.4	16.2	19.2	19.8	21.1	20.1	20.4
Interest Expended	9.2	8.6	7.4	7.6	7.7	7.5	7.8	7.6	7.5
<b>Net Interest Income</b>	<b>7.8</b>	<b>8.4</b>	<b>9.0</b>	<b>8.7</b>	<b>11.5</b>	<b>12.3</b>	<b>13.3</b>	<b>12.5</b>	<b>12.9</b>
Other Operating Income	0.9	1.4	0.6	1.3	1.7	2.1	2.4	2.6	2.3
Other Income	0.1	0.3	0.3	0.8	0.7	0.9	0.6	0.6	0.5
<b>Net Income</b>	<b>8.8</b>	<b>10.0</b>	<b>9.9</b>	<b>10.7</b>	<b>13.9</b>	<b>15.3</b>	<b>16.3</b>	<b>15.7</b>	<b>15.8</b>
Operating Expenses	5.6	5.1	4.4	4.8	5.3	5.6	6.9	7.4	6.9
<b>Operating Income</b>	<b>3.2</b>	<b>4.9</b>	<b>5.5</b>	<b>6.0</b>	<b>8.6</b>	<b>9.7</b>	<b>9.4</b>	<b>8.3</b>	<b>8.9</b>
Provisions/write offs	0.7	2.4	4.4	5.6	2.4	3.5	13.7	3.1	2.8
<b>PBT</b>	<b>2.5</b>	<b>2.5</b>	<b>1.1</b>	<b>0.4</b>	<b>6.1</b>	<b>6.3</b>	<b>-4.3</b>	<b>5.2</b>	<b>6.1</b>
Tax	0.6	0.8	0.3	0.0	1.5	1.5	-1.0	1.2	1.4
<b>RoA</b>	<b>1.8</b>	<b>1.8</b>	<b>0.9</b>	<b>0.3</b>	<b>4.6</b>	<b>4.8</b>	<b>-3.3</b>	<b>4.0</b>	<b>4.6</b>
Leverage	6.2	4.3	4.1	5.1	4.6	4.1	4.2	4.3	4.4
<b>RoE</b>	<b>11.3</b>	<b>7.6</b>	<b>3.6</b>	<b>1.7</b>	<b>21.2</b>	<b>19.5</b>	<b>-13.8</b>	<b>17.1</b>	<b>20.2</b>

Investment in securities market are subject to market risks. Read all the related documents carefully before investing

NOTES

Explanation of Investment Rating	
Investment Rating	Expected return (over 12-month)
BUY	>=15%
SELL	< - 10%
NEUTRAL	< - 10 % to 15%
UNDER REVIEW	Rating may undergo a change
NOT RATED	We have forward looking estimates for the stock but we refrain from assigning recommendation

\*In case the recommendation given by the Research Analyst is inconsistent with the investment rating legend for a continuous period of 30 days, the Research Analyst shall be within following 30 days take appropriate measures to make the recommendation consistent with the investment rating legend.

#### Disclosures

The following Disclosures are being made in compliance with the SEBI Research Analyst Regulations 2014 (herein after referred to as the Regulations).

Motilal Oswal Financial Services Ltd. (MOFSL) is a SEBI Registered Research Analyst having registration no. INH000000412. MOFSL, the Research Entity (RE) as defined in the Regulations, is engaged in the business of providing Stock broking services, Depository participant services & distribution of various financial products. MOFSL is a listed public company, the details in respect of which are available on [www.motilaloswal.com](http://www.motilaloswal.com). MOFSL (erstwhile Motilal Oswal Securities Limited - MOSL) is registered with the Securities & Exchange Board of India (SEBI) and is a registered Trading Member with National Stock Exchange of India Ltd. (NSE) and Bombay Stock Exchange Limited (BSE), Multi Commodity Exchange of India Limited (MCX) and National Commodity & Derivatives Exchange Limited (NCDEX) for its stock broking activities & is Depository participant with Central Depository Services Limited (CDSL) National Securities Depository Limited (NSDL), NERL, COMRIS and CCRL and is member of Association of Mutual Funds of India (AMFI) for distribution of financial products and Insurance Regulatory & Development Authority of India (IRDA) as Corporate Agent for insurance products. Details of associate entities of Motilal Oswal Financial Services Limited are available on the website at <http://onlinereports.motilaloswal.com/Dormant/documents/List%20of%20Associate%20companies.pdf>

MOFSL and its associate company(ies), their directors and Research Analyst and their relatives may; (a) from time to time, have a long or short position in, act as principal in, and buy or sell the securities or derivatives thereof of companies mentioned herein. (b) be engaged in any other transaction involving such securities and earn brokerage or other compensation or act as a market maker in the financial instruments of the company(ies) discussed herein or act as an advisor or lender/borrower to such company(ies) or may have any other potential conflict of interests with respect to any recommendation and other related information and opinions.; however the same shall have no bearing whatsoever on the specific recommendations made by the analyst(s), as the recommendations made by the analyst(s) are completely independent of the views of the associates of MOFSL even though there might exist an inherent conflict of interest in some of the stocks mentioned in the research report.

MOFSL and / or its affiliates do and seek to do business including investment banking with companies covered in its research reports. As a result, the recipients of this report should be aware that MOFSL may have a potential conflict of interest that may affect the objectivity of this report. Compensation of Research Analysts is not based on any specific merchant banking, investment banking or brokerage service transactions. Details of pending Enquiry Proceedings of Motilal Oswal Financial Services Limited are available on the website at <https://galaxy.motilaloswal.com/ResearchAnalyst/PublishViewLitigation.aspx>

A graph of daily closing prices of securities is available at [www.nseindia.com](http://www.nseindia.com), [www.bseindia.com](http://www.bseindia.com). Research Analyst views on Subject Company may vary based on Fundamental research and Technical Research. Proprietary trading desk of MOFSL or its associates maintains arm's length distance with Research Team as all the activities are segregated from MOFSL research activity and therefore it can have an independent view with regards to Subject Company for which Research Team have expressed their views.

#### Regional Disclosures (outside India)

This report is not directed or intended for distribution to or use by any person or entity resident in a state, country or any jurisdiction, where such distribution, publication, availability or use would be contrary to law, regulation or which would subject MOFSL & its group companies to registration or licensing requirements within such jurisdictions.

#### For Hong Kong:

This report is distributed in Hong Kong by Motilal Oswal capital Markets (Hong Kong) Private Limited, a licensed corporation (CE AYY-301) licensed and regulated by the Hong Kong Securities and Futures Commission (SFC) pursuant to the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong) "SFO". As per SEBI (Research Analyst Regulations) 2014 Motilal Oswal Securities (SEBI Reg. No. INH000000412) has an agreement with Motilal Oswal capital Markets (Hong Kong) Private Limited for distribution of research report in Hong Kong. This report is intended for distribution only to "Professional Investors" as defined in Part I of Schedule 1 to SFO. Any investment or investment activity to which this document relates is only available to professional investor and will be engaged only with professional investors." Nothing here is an offer or solicitation of these securities, products and services in any jurisdiction where their offer or sale is not qualified or exempt from registration. The Indian Analyst(s) who compile this report is/are not located in Hong Kong & are not conducting Research Analysis in Hong Kong.

#### For U.S.

Motilal Oswal Financial Services Limited (MOFSL) is not a registered broker - dealer under the U.S. Securities Exchange Act of 1934, as amended (the "1934 act") and under applicable state laws in the United States. In addition MOFSL is not a registered investment adviser under the U.S. Investment Advisers Act of 1940, as amended (the "Advisers Act" and together with the 1934 Act, the "Acts"), and under applicable state laws in the United States. Accordingly, in the absence of specific exemption under the Acts, any brokerage and investment services provided by MOFSL, including the products and services described herein are not available to or intended for U.S. persons. This report is intended for distribution only to "Major Institutional Investors" as defined by Rule 15a-6(b)(4) of the Exchange Act and interpretations thereof by SEC (henceforth referred to as "major institutional investors"). This document must not be acted on or relied on by persons who are not major institutional investors. Any investment or investment activity to which this document relates is only available to major institutional investors and will be engaged in only with major institutional investors. In reliance on the exemption from registration provided by Rule 15a-6 of the U.S. Securities Exchange Act of 1934, as amended (the "Exchange Act") and interpretations thereof by the U.S. Securities and Exchange Commission ("SEC") in order to conduct business with Institutional Investors based in the U.S., MOFSL has entered into a chaperoning agreement with a U.S. registered broker-dealer, Motilal Oswal Securities International Private Limited. ("MOSIPL"). Any business interaction pursuant to this report will have to be executed within the provisions of this chaperoning agreement.

The Research Analysts contributing to the report may not be registered /qualified as research analyst with FINRA. Such research analyst may not be associated persons of the U.S. registered broker-dealer, MOSIPL, and therefore, may not be subject to NASD rule 2711 and NYSE Rule 472 restrictions on communication with a subject company, public appearances and trading securities held by a research analyst account.

#### For Singapore

In Singapore, this report is being distributed by Motilal Oswal Capital Markets (Singapore) Pte. Ltd. ("MOCMSPL") (UEN 201129401Z), which is a holder of a capital markets services license and an exempt financial adviser in Singapore. This report is distributed solely to persons who (a) qualify as "institutional investors" as defined in section 4A(1)(c) of the Securities and Futures Act of Singapore ("SFA") or (b) are considered "accredited investors" as defined in section 2(1) of the Financial Advisers Regulations of Singapore read with section 4A(1)(a) of the SFA. Accordingly, if a recipient is neither an "institutional investor" nor an "accredited investor", they must immediately discontinue any use of this Report and inform MOCMSPL.

In respect of any matter arising from or in connection with the research you could contact the following representatives of MOCMSPL. In case of grievances for any of the services rendered by MOCMSPL write to [grievances@motilaloswal.com](mailto:grievances@motilaloswal.com).

Nainesh Rajani

Email: [nainesh.rajani@motilaloswal.com](mailto:nainesh.rajani@motilaloswal.com)

Contact: (+65) 8328 0276

#### Specific Disclosures

- 1 MOFSL, Research Analyst and/or his relatives does not have financial interest in the subject company, as they do not have equity holdings in the subject company.
- 2 MOFSL, Research Analyst and/or his relatives do not have actual/beneficial ownership of 1% or more securities in the subject company
- 3 MOFSL, Research Analyst and/or his relatives have not received compensation/other benefits from the subject company in the past 12 months
- 4 MOFSL, Research Analyst and/or his relatives do not have material conflict of interest in the subject company at the time of publication of research report
- 5 Research Analyst has not served as director/officer/employee in the subject company
- 6 MOFSL has not acted as a manager or co-manager of public offering of securities of the subject company in past 12 months
- 7 MOFSL has not received compensation for investment banking/ merchant banking/brokerage services from the subject company in the past 12 months
- 8 MOFSL has not received compensation for other than investment banking/merchant banking/brokerage services from the subject company in the past 12 months
- 9 MOFSL has not received any compensation or other benefits from third party in connection with the research report
- 10 MOFSL has not engaged in market making activity for the subject company

The associates of MOFSL may have:

- financial interest in the subject company
- actual/beneficial ownership of 1% or more securities in the subject company at the end of the month immediately preceding the date of publication of the Research Report or date of the public appearance.
- received compensation/other benefits from the subject company in the past 12 months
- any other potential conflict of interests with respect to any recommendation and other related information and opinions.; however the same shall have no bearing whatsoever on the specific recommendations made by the analyst(s), as the recommendations made by the analyst(s) are completely independent of the views of the associates of MOFSL even though there might exist an inherent conflict of interest in some of the stocks mentioned in the research report.
- acted as a manager or co-manager of public offering of securities of the subject company in past 12 months
- be engaged in any other transaction involving such securities and earn brokerage or other compensation or act as a market maker in the financial instruments of the company(ies) discussed herein or act as an advisor or lender/borrower to such company(ies)

- received compensation from the subject company in the past 12 months for investment banking / merchant banking / brokerage services or from other than said services.
- Served subject company as its clients during twelve months preceding the date of distribution of the research report.

The associates of MOFSL has not received any compensation or other benefits from third party in connection with the research report

Above disclosures include beneficial holdings lying in demat account of MOFSL which are opened for proprietary investments only. While calculating beneficial holdings, It does not consider demat accounts which are opened in name of MOFSL for other purposes (i.e holding client securities, collaterals, error trades etc.). MOFSL also earns DP income from clients which are not considered in above disclosures.

#### Analyst Certification

The views expressed in this research report accurately reflect the personal views of the analyst(s) about the subject securities or issues, and no part of the compensation of the research analyst(s) was, is, or will be directly or indirectly related to the specific recommendations and views expressed by research analyst(s) in this report.

#### Terms & Conditions:

This report has been prepared by MOFSL and is meant for sole use by the recipient and not for circulation. The report and information contained herein is strictly confidential and may not be altered in any way, transmitted to, copied or distributed, in part or in whole, to any other person or to the media or reproduced in any form, without prior written consent of MOFSL. The report is based on the facts, figures and information that are considered true, correct, reliable and accurate. The intent of this report is not recommendatory in nature. The information is obtained from publicly available media or other sources believed to be reliable. Such information has not been independently verified and no guaranty, representation of warranty, express or implied, is made as to its accuracy, completeness or correctness. All such information and opinions are subject to change without notice. The report is prepared solely for informational purpose and does not constitute an offer document or solicitation of offer to buy or sell or subscribe for securities or other financial instruments for the clients. Though disseminated to all the customers simultaneously, not all customers may receive this report at the same time. MOFSL will not treat recipients as customers by virtue of their receiving this report.

#### Disclaimer:

The report and information contained herein is strictly confidential and meant solely for the selected recipient and may not be altered in any way, transmitted to, copied or distributed, in part or in whole, to any other person or to the media or reproduced in any form, without prior written consent. This report and information herein is solely for informational purpose and may not be used or considered as an offer document or solicitation of offer to buy or sell or subscribe for securities or other financial instruments. Nothing in this report constitutes investment, legal, accounting and tax advice or a representation that any investment or strategy is suitable or appropriate to your specific circumstances. The securities discussed and opinions expressed in this report may not be suitable for all investors, who must make their own investment decisions, based on their own investment objectives, financial positions and needs of specific recipient. This may not be taken in substitution for the exercise of independent judgment by any recipient. Each recipient of this document should make such investigations as it deems necessary to arrive at an independent evaluation of an investment in the securities of companies referred to in this document (including the merits and risks involved), and should consult its own advisors to determine the merits and risks of such an investment. The investment discussed or views expressed may not be suitable for all investors. Certain transactions -including those involving futures, options, another derivative products as well as non-investment grade securities - involve substantial risk and are not suitable for all investors. No representation or warranty, express or implied, is made as to the accuracy, completeness or fairness of the information and opinions contained in this document. The Disclosures of Interest Statement incorporated in this document is provided solely to enhance the transparency and should not be treated as endorsement of the views expressed in the report. This information is subject to change without any prior notice. The Company reserves the right to make modifications and alternations to this statement as may be required from time to time without any prior approval. MOFSL, its associates, their directors and the employees may from time to time, effect or have effected an own account transaction in, or deal as principal or agent in or for the securities mentioned in this document. They may perform or seek to perform investment banking or other services for, or solicit investment banking or other business from, any company referred to in this report. Each of these entities functions as a separate, distinct and independent of each other. The recipient should take this into account before interpreting the document. This report has been prepared on the basis of information that is already available in publicly accessible media or developed through analysis of MOFSL. The views expressed are those of the analyst, and the Company may or may not subscribe to all the views expressed therein. This document is being supplied to you solely for your information and may not be reproduced, redistributed or passed on, directly or indirectly, to any other person or published, copied, in whole or in part, for any purpose. 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 MOFSL 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. Neither the Firm, not its directors, employees, agents or representatives shall be liable for any damages whether direct or indirect, incidental, special or consequential including lost revenue or lost profits that may arise from or in connection with the use of the information. The person accessing this information specifically agrees to exempt MOFSL or any of its affiliates or employees from, any and all responsibility/liability arising from such misuse and agrees not to hold MOFSL or any of its affiliates or employees responsible for any such misuse and further agrees to hold MOFSL or any of its affiliates or employees free and harmless from all losses, costs, damages, expenses that may be suffered by the person accessing this information due to any errors and delays.

This report is meant for the clients of Motilal Oswal only.

Investment 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.

Registered Office Address: Motilal Oswal Tower, Rahimtullah Sayani Road, Opposite Parel ST Depot, Prabhadevi, Mumbai-400025; Tel No.: 022 - 71934200 / 71934263; www.motilaloswal.com.

Correspondence Address: Palm Spring Centre, 2nd Floor, Palm Court Complex, New Link Road, Malad (West), Mumbai- 400 064. Tel No: 022 71881000. Details of Compliance Officer: Neeraj Agarwal,

Email Id: na@motilaloswal.com, Contact No.:022-40548085.

Grievance Redressal Cell:

Contact Person	Contact No.	Email ID
Ms. Hemangi Date	022 40548000 / 022 67490600	query@motilaloswal.com
Ms. Kumud Upadhyay	022 40548082	servicehead@motilaloswal.com
Mr. Ajay Menon	022 40548083	am@motilaloswal.com

Registration details of group entities.: Motilal Oswal Financial Services Ltd. (MOFSL): INZ000158836 (BSE/NSE/MCX/NCDEX); CDSL and NSDL: IN-DP-16-2015; Research Analyst: INH000000412 . AMFI: ARN : 146822. IRDA Corporate Agent – CA0579. Motilal Oswal Financial Services Ltd. is a distributor of Mutual Funds, PMS, Fixed Deposit, Insurance, Bond, NCDs and IPO products.

Customer having any query/feedback/ clarification may write to query@motilaloswal.com. In case of grievances for any of the services rendered by Motilal Oswal Financial Services Limited (MOFSL) write to grievances@motilaloswal.com, for DP to dpgrievances@motilaloswal.com.