

Financials - NBFCs

Result Preview



Company

Aavas Financiers
 Bajaj Finance
 Can Fin Homes
 Chola Inv. & Fin.
 HDFC
 HomeFirst
 LIC Housing Finance
 L&T Finance Holdings
 M&M Financial Services
 Manappuram Finance
 MAS Financial Services
 Muthoot Finance
 PNB Housing Finance
 Repco Home Finance
 Poonawalla Fincorp
 Shriram Finance

In a healthy zone, except for the visible NIM compression

Asset quality improvement in line with a seasonally strong quarter

- We expect our coverage universe of NBFC – Lending Financials to deliver 13%/8% /15% YoY growth in NII/PPoP/PAT, respectively, in 3QFY23. While we forecast a strong QoQ earnings growth for LICHF, we estimate a QoQ decline for MGFL (owing to muted gold loan growth) and MMFS (owing to NIM compression and higher write-offs).
- We expect disbursements to remain healthy across vehicle financing, driven by strong demand and sectoral tailwinds. Vehicle Financiers such as CIFC/SHFL are also benefitting from strong momentum in non-vehicle product segments. We expect a ~16% YoY/~4% QoQ loan growth in 3QFY23 for our coverage universe. Although the gold loan demand has slightly picked up in the lower ticket size (<INR100K), the banks/gold loan fintechs and recent NBFC entrants continue to remain aggressive. For MGFL in particular, we expect continued sequential decline in the gold loan book, because of its pricing and focus on higher-yielding lower ticket gold loans.
- NBFCs are not best placed in a rising interest rate environment, and the frequency and the quantum of rate hikes in India (as well as globally) would mean that the vehicle financiers such as MMFS/CIFC will likely witness sustained margin compression.
- Affordable Housing Finance companies (HFCs) have been cautious in increasing their lending rates and we expect them to partly absorb the higher borrowing costs in 2HFY23. For the cohort of vehicle financiers, we expect margins to sequentially decline 25-40bp with the least impact on SHTF, followed by CIFC and MMFS. Within the gold financiers, while we expect sequential NIM compression for MGFL, we expect it to remain stable for MUTH.
- Against expectations, demand momentum slowed down marginally for the large HFCs, wherein we expect sequentially stable or a marginal improvement in disbursements. Affordable HFCs would continue to exhibit decent loan growth. Because of their ability to increase the PLR, HFCs would not experience much impact on its margins (except for the transitory lag).
- 3Q is typically a seasonally strong quarter and we expect asset quality improvement across the board (except potentially for LICHF, where there could still be slippages from the restructured pool of advances). Lower bounce rates, higher collections, and customer settlements, would likely translate into an improvement in GS3 and sequential decline in credit costs.
- RBI increased repo rates by 225bp between May and Dec'22 and we further expect hikes of 25-35bp in 4QFY23, which can negatively impact the demand for mortgages if banks/large HFCs continue to transmit the entire repo rate increase to their customers. While there are early indicators of a postponement in demand for mortgages, we believe a clearer picture will only emerge in 4QFY23.
- Diversified lenders such as BAF, PFL, LTFH, and non-vehicle segments of SHFL with presence in MSME, 2W, MFI, Consumer Finance, Pre-owned cars, and Personal loans are expected to exhibit healthy disbursement momentum, minor impact on NIM and improvement in asset quality.
- We continue to favor: a) franchises with strong balance sheets and b) those companies that can change their asset/liability mix to mitigate the impact on margins. Our top picks from the sector are MMFS, SHFL, and HomeFirst.

HFCs: Disbursement momentum lower than expectations; margins stable

- We expect HDFC and LICHF (aided by their lower CoF) to deliver stable or a minor sequential improvement in home loan disbursements. For HDFC, we expect the non-individual loan growth to remain muted. We expect that the transitory impact on margins, owing to the lag in transmitting higher borrowing costs to the customer, will continue into 3QFY23 as well.
- While we expect asset quality to improve for HDFC (with sequential decline in credit costs), we also expect potential slippages from the restructured loan pool for LICHF, resulting in elevated credit costs. For LICHF, unlike the last quarter, we do not expect any one-offs in spreads/margins and estimate a ~55bp QoQ NIM expansion.
- We expect Affordable Housing Financiers (AHFCs) under our coverage to report a sequential improvement in disbursements in 3QFY23. AHFCs have been able to maintain largely stable spreads in 3QFY23 and we expect the spreads/margins to decline only marginally in 4QFY23, aided by NHB borrowings. We expect asset quality to continue to improve for the AHFCs, leading to an improvement in GS3 and 1+dpd metrics along with benign credit costs.

Vehicle Financiers – Strong disbursements; NIM compression for MMFS/CIFC

- MMFS has already reported its quarterly disbursements for 3QFY23 at ~INR144.5b (up 22% QoQ). Higher run-off in MMFS business assets could be attributed to trade advances to dealers in the festive quarter converting into retail customer disbursements and write-offs typically taken at the end of the quarter. For both CIFC/SHTF, we estimate strong disbursements to sustain and translate into 31%/14% YoY growth in AUM.
- Banks continue to remain aggressive in vehicle financing (to gain market share), limiting vehicle financiers, including MMFS/CIFC, to increase IRR on their incremental disbursements. We estimate NIM compression of 40bp/25bp for MMFS/CIFC, respectively.
- MMFS has reported a ~50bp QoQ improvement in its GS3 (despite the impact on reposessions following the RBI ban). For CIFC and SHTF, we expect vehicle finance (VF) asset quality to improve marginally by ~15-20bp QoQ. Vehicle financiers as a cohort remain the most vulnerable to margin compression in 2HFY23.

Gold financiers – Gold loan growth still weak, but expect yields/margins to stabilize, leading to steady profitability

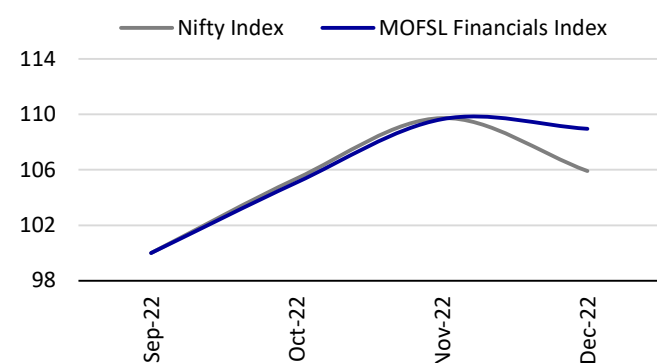
- Demand in the lower-than-INR100K ticket segment has improved slightly but banks/gold loan fintechs and even some recent NBFC entrants continue to remain aggressive in the gold lending space.
- While we expect the sequential decline in the gold loan portfolio for MGFL to sustain in 3QFY23, we expect a minor QoQ gold loan growth for MUTH. While we expect the margins for MUTH to remain sequentially stable, we expect a margin compression for MGFL, owing to a QoQ decline in the gold loan book.

Diversified financiers: Healthy loan growth and strong asset quality

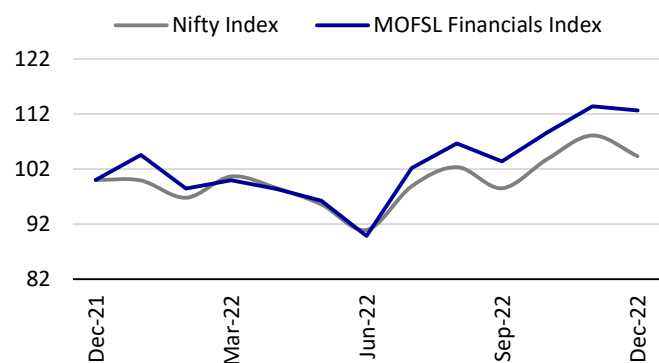
- For LTFH, we expect strong growth in retail loans but since the wholesale segment such as real estate and infrastructure will continue to moderate, the consolidated loan book could grow ~2% QoQ. We expect credit costs to moderate for LTFH, leading to a marginal QoQ improvement in profitability.
- We expect BAF to report a healthy ~30% YoY/8% QoQ growth in its AUM. We forecast a ~30bp decline in margins for BAF along with an improvement in asset quality.
- We forecast PFL to report sequentially strong disbursements and deliver a 30% YoY growth in standalone AUM. Further, we expect its margins to improve ~45bp QoQ and estimate a 13% QoQ growth in PAT, aided by continued provision write-backs.

Exhibit 1: Quarterly performance

Sector	CMP		NII (INR m)			Operating profit (INR m)			Net profit (INR m)		
	(INR)	Rating	Dec-22	Variance YoY (%)	Variance QoQ (%)	Dec-22	Variance YoY (%)	Variance QoQ (%)	Dec-22	Variance YoY (%)	Variance QoQ (%)
AAVAS Financiers	1,808	Sell	1,998	26.5	6.5	1,333	5.1	-4.4	1,029	15.5	-3.7
Bajaj Finance	6,554	Buy	59,171	25.2	6.9	47,369	20.8	5.6	29,769	40.1	7.1
Can Fin Homes	546	Buy	2,585	25.5	2.9	2,180	26.7	0.9	1,531	32.4	8.1
Chola. Inv & Fin.	734	Buy	15,566	14.2	4.5	10,766	13.0	3.9	6,094	16.3	8.2
HDFC*	2,652	Buy	48,077	12.2	3.6	45,995	11.9	5.1	36,494	11.9	-18.1
Home First Fin.	750	Buy	1,090	52.0	7.4	784	20.4	5.7	582	26.7	7.2
L&T Fin.Holdings	90	Buy	16,849	14.8	2.3	11,673	-0.7	-1.8	4,188	36.0	3.3
LIC Housing Fin	424	Buy	15,595	7.2	34.1	13,806	4.8	46.2	7,862	2.5	157.8
M & M Financial	241	Buy	15,437	0.5	1.8	8,606	-19.0	-0.4	4,069	-54.5	-9.2
Manappuram Finance	119	Buy	10,077	10.1	-6.7	5,368	18.5	-15.2	3,507	34.4	-14.4
MAS Financial	829	Buy	1,219	37.5	2.3	780	28.5	0.6	524	30.7	6.8
Muthoot Finance	1,091	Neutral	16,077	-14.8	2.3	11,366	-22.5	-1.1	8,409	-18.3	-3.0
PNB Housing	573	Neutral	4,736	14.1	-25.3	4,225	10.2	-27.6	2,170	15.2	-17.4
Poonawalla Fincorp	304	Buy	3,061	25.6	11.8	1,562	35.9	24.3	1,472	83.4	13.0
Repco Home Fin	232	Neutral	1,376	-7.8	0.3	1,160	-2.7	1.6	729	131.6	2.4
Shriram Finance Ltd	1,386	Buy	37,866	18.2	3.0	28,163	12.1	0.4	14,932	53.4	5.4
NBFC			2,50,781	13.1	4.4	1,95,135	8.3	3.7	1,23,360	14.9	-1.0

Exhibit 2: Relative performance – three months (%)

Source: MOFSL, Company

Exhibit 3: One-year relative performance (%)

Source: MOFSL, Company

Exhibit 4: EPS estimate changes for FY23-24

Company	Old estimates (INR)		New estimates (INR)		Change (%)	
	FY23	FY24	FY23	FY24	FY23	FY24
AAVAS	53.8	69.3	53.6	66.3	-0.5	-4.2
BAF	188.0	229.6	187.4	228.9	-0.4	-0.3
CANF	44.2	50.4	46.1	50.0	4.1	-0.7
CIFC	31.2	38.2	29.6	37.9	-5.1	-0.8
HDFC	71.3	81.1	70.3	80.6	-1.4	-0.6
HomeFirst	25.2	31.1	25.6	31.2	1.6	0.4
LTFH	6.4	7.7	6.2	7.8	-3.3	1.0
LICHF	51.4	64.5	51.4	64.4	-0.1	-0.2
MMFS	12.2	16.1	12.4	15.3	1.4	-5.1
MASFIN	37.1	49.1	37.2	47.2	0.3	-4.0
MUTH	83.6	93.6	84.1	94.0	0.5	0.4
MGFL	17.5	20.1	16.6	19.8	-5.3	-1.5
PNBHOUSI	58.5	63.0	58.5	70.0	-	11.0
PFL	5.7	9.3	5.7	9.3	-	-
REPCO	42.4	52.4	44.3	50.3	4.4	-4.1
SFL	56.5	61.6	57.5	65.8	1.8	6.8

Source: MOFSL, Company, Note: HDFC's numbers are for the core mortgage business only

The tables below provide a snapshot of actual and estimated numbers for companies under the MOFSL coverage universe. Highlighted columns indicate the quarter/financial year under review.

Aavas Financiers

Sell
CMP INR1,808 | TP: INR1,650 (-9%)
EPS CHANGE (%): FY23 | 24: -0.5 | -4.2

- AUM/disbursement expected to grow 23%/27% YoY.
- Expect NIM to improve ~10bp QoQ including upfront assignment income estimated at ~INR400m.
- Opex expected to remain elevated, driven by investments in technology/distribution and branch additions.
- Watch out for commentary on loan growth and the margin trajectory.

Quarterly performance

Y/E March	FY22				FY23E				INR m	
	1Q	2Q	3Q	4Q	1Q	2Q	3QE	4QE	FY22	FY23E
Interest Income	2,630	2,787	2,830	3,041	3,148	3,287	3,550	3,788	11,288	13,772
Interest Expenses	1,128	1,160	1,251	1,237	1,347	1,410	1,551	1,700	4,775	6,009
Net Income	1,502	1,627	1,579	1,804	1,802	1,877	1,998	2,087	6,513	7,764
YoY Growth (%)	29	26	12	37	20	15	27	16	26	19
Other income	90	468	599	612	380	664	582	800	1,768	2,426
Total Income	1,592	2,095	2,178	2,416	2,182	2,541	2,580	2,887	8,281	10,190
YoY Growth (%)	31	34	13	37	37	21	18	19	28	23
Operating Expenses	673	864	910	1,059	1,026	1,147	1,247	1,319	3,506	4,739
YoY Growth (%)	28	36	37	43	53	33	37	25	37	35
Operating Profits	919	1,231	1,268	1,357	1,156	1,394	1,333	1,568	4,775	5,450
YoY Growth (%)	33	33	0	33	26	13	5	16	22.3	14.2
Provisions	170	47	113	-104	9	16	14	15	226	55
Profit before Tax	749	1,183	1,155	1,461	1,147	1,378	1,319	1,552	4,549	5,396
Tax Provisions	150	262	264	304	254	310	290	311	981	1,166
Profit after tax	599	921	891	1,157	892	1,068	1,029	1,241	3,568	4,230
YoY Growth (%)	20	39	4	32	49	16	15	7	23.2	18.6

Bajaj Finance

Buy
CMP INR6,554 | TP: INR7,820 (+19%)
EPS CHANGE (%): FY23 | 24: -0.4 | -0.3

- Estimate AUM growth of 30% YoY/ 8% QoQ.
- Margins and spreads expected to decline ~30bp QoQ.
- Opex is expected to remain elevated with CIR at ~36%.
- Credit costs expected to decline ~14bp QoQ in 3QFY23.

Quarterly Performance

Y/E March	FY22				FY23E				(INR m)	
	1Q	2Q	3Q	4Q	1Q	2Q	3QE	4QE	FY22	FY23E
Interest Income	59,542	66,873	72,623	73,659	79,197	85,090	92,748	99,911	2,72,698	3,56,945
Interest expenses	22,536	23,976	25,345	25,626	26,451	29,714	33,576	37,918	97,482	1,27,659
Net Interest Income	37,007	42,898	47,277	48,034	52,745	55,376	59,171	61,993	1,75,215	2,29,285
YoY Growth (%)	12.3	26.0	40.7	25.1	42.5	29.1	25.2	29.1	26.2	30.9
Other Operating Income	7,888	10,447	12,728	12,643	13,630	14,637	14,603	13,608	43,707	56,478
Net Income	44,895	53,345	60,005	60,677	66,376	70,013	73,774	75,601	2,18,922	2,85,763
YoY Growth (%)	8.1	28.2	39.7	30.2	47.8	31.2	22.9	24.6	26.8	30.5
Operating Expenses	13,733	20,297	20,814	21,006	23,801	25,148	26,405	26,927	75,850	1,02,280
Operating Profit	31,162	33,048	39,192	39,671	42,575	44,865	47,369	48,675	1,43,072	1,83,483
YoY Growth (%)	4.0	9.9	34.9	29.9	36.6	35.8	20.9	22.7	19.6	28.2
Provisions and Cont.	17,503	13,003	10,512	7,016	7,547	7,342	7,195	8,639	48,034	30,723
Profit before Tax	13,659	20,045	28,680	32,655	35,028	37,523	40,174	40,036	95,038	1,52,760
Tax Provisions	3,634	5,235	7,427	8,460	9,065	9,716	10,405	10,531	24,756	39,718
Net Profit	10,025	14,810	21,253	24,195	25,963	27,807	29,769	29,505	70,282	1,13,042
YoY Growth (%)	4.2	53.5	85.5	79.7	159.0	87.8	40.1	21.9	59.0	60.8

Can Fin Homes

Buy

CMP INR546 | TP: INR630 (+15%)

EPS CHANGE (%): FY23|24: 4.1|-0.7

- Estimate disbursements to decline ~5% YoY.
- PAT expected to grow 32% YoY, driven by healthy loan growth and benign credit costs.
- Margins are expected to decline ~5bp QoQ, driven by rising CoF and lag in transmission to customers.
- Watch out for commentary on loan growth, margins, credit costs, and progress on the appointment of a new CEO.

Quarterly performance

INR m

Y/E March	FY22				FY23E				FY22	FY23E
	1Q	2Q	3Q	4Q	1Q	2Q	3QE	4QE		
Interest Income	4,492	4,626	5,020	5,558	6,065	6,522	7,076	7,650	19,697	27,312
Interest Expenses	2,680	2,708	2,961	3,185	3,561	4,010	4,491	4,966	11,535	17,028
Net Interest Income	1,812	1,918	2,059	2,373	2,504	2,512	2,585	2,684	8,162	10,285
YoY Growth (%)	-5.3	-8.9	-2.1	27.7	38.2	31.0	25.5	13.1	2.3	26.0
Other income	16	53	64	55	51	54	57	63	188	225
Total Income	1,828	1,971	2,124	2,428	2,555	2,566	2,642	2,748	8,350	10,509
YoY Growth (%)	-4.6	-7.2	-0.6	26.1	39.8	30.2	24.4	13.2	3.1	25.9
Operating Expenses	303	342	403	482	405	405	433	509	1,530	1,752
YoY Growth (%)	40.8	35.8	17.1	12.4	33.8	18.3	7.3	5.7	23.4	14.5
Operating Profits	1,526	1,628	1,720	1,946	2,150	2,161	2,209	2,239	6,820	8,758
YoY Growth (%)	-10.4	-13.0	-4.0	30.0	40.9	32.7	28.4	15.0	-0.6	28.4
Provisions	65	-62	164	302	-37	132	139	123	469	357
Profit before Tax	1,460	1,690	1,557	1,643	2,187	2,028	2,069	2,116	6,351	8,400
Tax Provisions	372	454	400	414	565	611	538	554	1,640	2,268
Profit after tax	1,088	1,236	1,157	1,229	1,622	1,417	1,531	1,562	4,711	6,132
YoY Growth (%)	16.8	-3.7	-12.3	19.8	49.0	14.6	32.4	27.1	3.3	30.2

Cholamandalam Inv. & Fin.

Buy

CMP INR734 | TP: INR880 (+20%)

EPS CHANGE (%): FY23|24: -5.1|-0.8

- Estimate Business AUM to grow 31% YoY.
- Project spreads and margins are expected to contract by ~30bp/25bp QoQ.
- We estimate the overall GS3 to improve ~40bp QoQ.
- Watch out for guidance on loan growth and margins.

Quarterly Performance

(INR M)

Y/E March	FY22				FY23E				FY22	FY23E
	1Q	2Q	3Q	4Q	1Q	2Q	3QE	4QE		
Interest Income	23,712	23,468	24,095	24,390	26,123	28,293	30,980	34,098	95,668	1,19,494
Interest Expenses	11,038	10,778	10,460	10,712	11,309	13,404	15,415	17,603	42,988	57,730
Net Interest Income	12,674	12,690	13,634	13,679	14,814	14,888	15,566	16,495	52,680	61,763
YoY Growth (%)	34.8	8.2	6.0	9.5	16.9	17.3	14.2	20.6	13.3	17.2
Other Income	958	1,239	1,208	1,927	1,587	2,085	2,112	2,042	5,720	7,826
Total Income	13,632	13,929	14,842	15,606	16,401	16,974	17,678	18,538	58,400	69,590
YoY Growth (%)	38.7	11.0	8.8	16.3	20.3	21.9	19.1	18.8	16.8	19.2
Operating Expenses	3,705	5,179	5,317	6,486	5,797	6,611	6,912	7,704	20,687	27,023
Operating Profit	9,927	8,750	9,525	9,120	10,604	10,363	10,766	10,834	37,712	42,566
YoY Growth (%)	55.8	-2.7	-4.3	10.2	6.8	18.4	13.0	18.8	10.4	12.9
Provisions & Loan Losses	5,519	584	2,483	-174	2,986	2,782	2,564	1,606	8,803	9,938
Profit before Tax	4,407	8,165	7,043	9,294	7,617	7,581	8,202	9,228	28,909	32,628
Tax Provisions	1,139	2,100	1,805	2,398	1,961	1,947	2,108	2,305	7,442	8,320
Net Profit	3,268	6,065	5,238	6,896	5,657	5,634	6,094	6,923	21,467	24,308
YoY Growth (%)	-24.2	40.4	28.1	183.5	73.1	-7.1	16.3	0.4	41.7	13.2

HDFC**Buy****CMP INR2,652 | TP: INR3,075 (+16%)****EPS CHANGE (%): FY23|24: -1.4|-0.6**

- AUM growth is likely to be healthy (~15% YoY). We expect disbursements in individual loans to be stable QoQ.
- We estimate margins to largely remain stable sequentially
- PPOP to grow ~12% YoY and estimate credit cost at ~28bp
- Watch out for outlook on margins, home loan demand, and asset quality in the non-individual segment.

Quarterly Performance**(INR m)**

Y/E March	FY22				FY23E				FY22	FY23E
	1Q	2Q	3Q	4Q	1Q	2Q	3QE	4QE		
Interest Income	106,471	106,831	111,569	113,716	120,030	131,989	143,946	153,634	438,586	549,599
Interest Expense	65,219	65,735	68,731	67,708	75,561	85,597	95,869	103,586	267,392	360,612
Net Interest Income	41,252	41,096	42,838	46,009	44,469	46,392	48,077	50,049	171,194	188,987
YoY Change (%)	23.7	14.1	7.0	14.2	7.8	12.9	12.2	8.8	14.4	10.4
Assignment Income	2,675	1,278	2,247	4,361	2,825	2,316	2,700	3,574	10,560	11,415
NII (including assignment income)	43,926	42,373	45,085	50,370	47,294	48,709	50,777	53,623	181,754	200,402
YoY Change (%)	24.8	12.6	2.1	12.8	7.7	15.0	12.6	6.5	12.5	10.3
Other Operating Income	614	895	811	984	754	948	906	1,092	3,337	3,700
Core Income	44,540	43,268	45,896	51,354	48,048	49,656	51,683	54,715	185,091	204,102
YoY Change (%)	24.9	12.7	2.3	12.8	7.9	14.8	12.6	6.5	12.5	10.3
Operating Expenses	5,507	5,299	4,780	5,142	5,888	5,892	5,688	5,747	20,727	23,216
YoY Change (%)	38.9	44.8	-11.0	3.1	6.9	11.2	19.0	11.8	15.3	12.0
Core Operating profits	39,033	37,970	41,116	46,212	42,160	43,764	45,995	48,967	164,364	180,886
YoY Change (%)	23.1	9.3	4.2	13.9	8.0	15.3	11.9	6.0	12.2	10.1
Provisions	6,860	4,520	3,930	4,010	5,140	4,730	4,210	3,308	19,320	17,388
Core PBT	32,173	33,450	37,186	42,202	37,020	39,034	41,785	45,659	145,044	163,498
YoY Change (%)	12.0	10.1	10.9	26.5	15.1	16.7	12.4	8.2	15.1	12.7
Profit on Sale of Inv	6,652	1,444	1,256	2,660	1,929	1,423	-800	2,430	11,978	4,982
Dividend income	164	11,713	1,955	1,279	6,865	13,596	4,820	-1,106	15,110	24,176
One off expense/Prov									0	0
Other Income	57	104	86	85	84	88	99	126	331	398
PBT	39,046	46,711	40,482	46,225	45,898	54,141	45,905	47,110	172,463	193,053
YoY Change (%)	8.3	32.3	7.9	17.8	17.5	15.9	13.4	1.9	16.4	11.9
Provision for Tax	9,039	8,906	7,875	9,222	9,210	9,598	9,410	10,971	35,041	39,190
PAT	30,007	37,805	32,607	37,003	36,688	44,542	36,494	36,139	137,422	153,864
YoY Change (%)	-1.7	31.7	11.4	16.4	22.3	17.8	11.9	-2.3	14.3	12.0

Home First Finance Company**Buy****CMP INR750 | TP: INR900 (+20%)****EPS CHANGE (%): FY23|24: 1.6|0.4**

- Estimate robust AUM growth of ~35% YoY/7% QoQ.
- Spreads and margins are projected to remain stable sequentially.
- Cost ratios expected to remain elevated, led by higher employee expenses and branch expansions.
- Watch out for outlook on loan growth, margins, asset quality

Quarterly Performance**(INR m)**

Y/E March	FY22				FY23E				FY22	FY23E
	1Q	2Q	3Q	4Q	1Q	2Q	3QE	4QE		
Interest Income	1,155	1,206	1,270	1,389	1,547	1,727	1,893	2,075	5,117	7,242
Interest expenses	532	564	552	538	607	712	803	944	2,157	3,065
Net Interest Income	623	642	717	851	940	1,016	1,090	1,132	2,960	4,177
YoY Growth (%)	23.6	40.3	36.9	54.9	50.8	58.2	52.0	33.0	45.4	41.1
Other Income	265	255	247	172	147	167	173	215	840	702
Net Income	888	897	964	1,023	1,086	1,182	1,264	1,347	3,800	4,879
YoY Growth (%)	12.6	69.4	72.0	26.2	22.3	31.8	31.0	31.7	41.3	28.4
Operating Expenses	282	301	313	364	387	441	480	505	1,262	1,813
Operating Profit	607	596	651	659	699	741	784	842	2,538	3,066
YoY Growth (%)	6.0	102.0	127.7	29.5	15.3	24.3	20.4	27.9	52.7	20.8
Provisions and Cont.	130	33	60	27	36	50	38	27	250	151
Profit before Tax	476	563	591	632	663	692	746	815	2,288	2,915
Tax Provisions	125	114	132	30	151	149	164	192	402	656
Net Profit	351	449	459	602	512	543	582	623	1,886	2,259
YoY Growth (%)	-9.1	213.0	188.6	92.3	46.0	20.9	26.7	3.5	250.2	151.0

L&T Finance Holdings

Buy
CMP INR90 | TP: INR110 (+22%)
EPS CHANGE (%): FY23|24: -3.3|1.0

- We expect the loan book to remain stable QoQ with moderation in real estate and infrastructure segment.
- Anticipate the credit costs to decline to ~2.5% (annualized) in 3QFY23 (v/s 2.6% in 2QFY23)
- NIMs and spreads are expected to remain stable sequentially.
- Watch out for commentary on how it plans to rundown the wholesale segments.

Quarterly performance

(INR M)

Y/E March	FY22				FY23E				FY22	FY23E
	1Q	2Q	3Q	4Q	1Q	2Q	3QE	4QE		
Interest Income	30,083	29,028	28,744	29,188	29,466	30,862	32,096	32,555	1,17,042	1,24,979
Interest Expenses	15,089	14,417	14,066	13,923	14,132	14,385	15,248	15,929	57,494	59,693
Net Interest Income	14,994	14,611	14,678	15,265	15,334	16,477	16,849	16,626	59,548	65,286
Change YoY (%)	13.8	4.9	-7.1	-5.5	2.3	12.8	14.8	8.9	0.8	9.6
Other Operating Income	1,318	1,490	1,964	1,281	1,318	1,090	1,064	568	6,053	4,040
Net Operating Income	16,313	16,101	16,642	16,546	16,652	17,567	17,913	17,194	65,601	69,326
Change YoY (%)	15.8	6.0	-4.6	-8.4	2.1	9.1	7.6	3.9	1.3	5.7
Other income	614	826	1,284	1,204	1,474	1,193	1,160	1,397	3,928	5,224
Total Income	16,926	16,928	17,925	17,749	18,126	18,760	19,073	18,591	69,529	74,549
Change YoY (%)	2.9	4.5	-3.8	-10.3	7.1	10.8	6.4	4.7	-2.2	7.2
Operating Expenses	5,485	5,905	6,167	6,389	6,577	6,868	7,400	7,609	23,946	28,454
Change YoY (%)	31.4	28.8	25.5	5.1	19.9	16.3	20.0	19.1	21.3	18.8
Operating Profits	11,441	11,023	11,759	11,360	11,549	11,891	11,673	10,982	45,582	46,095
Change YoY (%)	-6.8	-5.1	-14.3	-17.1	0.9	7.9	-0.7	-3.3	-11.2	1.1
Provisions	9,062	7,830	7,418	6,524	7,989	5,765	5,690	5,178	30,833	24,622
Profit before Tax	2,379	3,193	4,341	4,837	3,560	6,126	5,983	5,805	14,750	21,473
Tax Provisions	609	963	1,261	1,423	948	2,070	1,795	1,414	4,256	6,227
Profit after tax	1,770	2,230	3,080	3,414	2,612	4,056	4,188	4,391	10,494	15,246
Change YoY (%)	20.1	-10.0	7.0	28.3	47.5	81.9	36.0	28.6	10.6	45.3

LIC Housing Finance

Buy
CMP INR424 | TP: INR500 (+18%)
EPS CHANGE (%): FY23|24: -0.1|-0.2

- Expect loan growth of 11% YoY, with a largely stable mix.
- Estimate credit costs of INR4.1b in 3QFY23 v/s INR5.7b in 2QFY23.
- CoF and yields are expected to increase ~40bp and ~90bp QoQ, leading to ~55bp improvement in NIM.
- Watch out for commentaries on slippages from restructured pool, and guidance on margins.

Quarterly Performance

(INR M)

Y/E March	FY22				FY23E				FY22	FY23E
	1Q	2Q	3Q	4Q	1Q	2Q	3QE	4QE		
Interest Income	48,253	46,734	50,006	51,893	52,502	50,493	58,035	62,128	1,96,885	2,23,158
Interest Expenses	35,500	35,060	35,460	35,518	36,400	38,864	42,439	46,784	1,41,537	1,64,488
Net Interest Income	12,753	11,674	14,546	16,375	16,102	11,629	15,595	15,344	55,348	58,670
YoY Growth (%)	4.5	-5.7	13.6	8.8	26.3	-0.4	7.2	-6.3	5.5	6.0
Fees and other income	338	416	698	1,193	407	427	716	731	2,646	2,282
Net Income	13,091	12,090	15,244	17,568	16,509	12,056	16,311	16,075	57,994	60,952
YoY Growth (%)	7.9	-5.7	14.7	11.8	26.1	-0.3	7.0	-8.5	7.5	5.1
Operating Expenses	2,815	2,609	2,070	2,500	2,029	2,610	2,505	2,628	9,994	9,771
Operating Profit	10,276	9,481	13,174	15,069	14,481	9,447	13,806	13,447	48,000	51,181
YoY Growth (%)	-4.5	-15.4	13.5	12.7	40.9	-0.4	4.8	-10.8	2.3	6.6
Provisions and Cont.	8,346	6,392	3,556	1,925	3,077	5,658	4,100	3,441	20,218	16,276
Profit before Tax	1,929	3,090	9,619	13,144	11,404	3,789	9,706	10,006	27,782	34,904
Tax Provisions	395	611	1,945	1,958	2,149	739	1,844	1,900	4,909	6,632
Net Profit	1,534	2,479	7,673	11,186	9,255	3,050	7,862	8,106	22,873	28,273
YoY Growth (%)	-81.2	-68.7	5.5	180.4	503.2	23.0	2.5	-27.5	-16.3	23.6

Mahindra Financial Services

Buy

CMP INR241 | TP: INR290 (+20%)

EPS CHANGE (%): FY23 | 24: 1.4 | -5.1

- Disbursements and business assets grew ~80% and 20% YoY respectively in 3QFY23.
- We expect ~40bp QoQ contraction in margins.
- Estimate credit costs of INR3.1b (~1.6%) in 3QFY23
- Watch out for guidance on margins, credit costs and commentary on potential removal of RBI ban

Quarterly Performance

(INR Mn)

Y/E March	FY22				FY23				FY22	FY23E
	1Q	2Q	3Q	4Q	1Q	2Q	3QE	4QE		
Operating Income	21,760	25,079	25,317	24,424	24,863	25,858	27,835	29,903	96,580	1,08,460
Other Income	111	145	114	239	122	235	210	194	609	761
Total income	21,871	25,224	25,430	24,664	24,986	26,093	28,045	30,097	97,189	1,09,221
YoY Growth (%)	-17.6	-4.8	-1.2	-6.5	14.2	3.4	10.3	22.0	-7.6	12.4
Interest Expenses	10,179	10,151	9,514	9,514	9,320	10,688	12,398	13,608	39,359	46,014
Net Income	11,691	15,073	15,916	15,150	15,666	15,405	15,647	16,489	57,830	63,207
YoY Growth (%)	-15.9	5.6	12.4	-2.2	34.0	2.2	-1.7	8.8	-0.1	9.3
Operating Expenses	4,203	4,910	5,294	6,170	6,208	6,768	7,041	7,506	20,577	27,523
Operating Profit	7,488	10,163	10,623	8,979	9,458	8,637	8,606	8,983	37,253	35,684
YoY Growth (%)	-28.3	-1.4	6.4	-15.1	26.3	-15.0	-19.0	0.0	-10.4	-4.2
Provisions	28,186	-3,668	-1,474	639	6,453	1,985	3,107	3,611	23,683	15,156
Profit before Tax	-20,698	13,831	12,096	8,341	3,005	6,652	5,499	5,372	13,570	20,528
Tax Provisions	-5,411	3,602	3,158	2,333	776	1,624	1,430	1,467	3,682	5,296
Net Profit	-15,288	10,229	8,939	6,008	2,229	4,483	4,069	3,905	9,888	14,687
YoY Growth (%)	-1,121.3	237.0	-426.1	300.6	-114.6	-56.2	-54.5	-35.0	195.0	48.5

MAS Financial

Buy

CMP INR829 | TP: INR975 (+18%)

EPS CHANGE (%): FY23 | 24: 0.3 | -4.0

- AUM expected to grow 5% QoQ/~30% YoY.
- Watch out for commentary on asset quality in partnered NBFCs.
- Margins are expected to decline ~10bp QoQ, due to rising CoF.
- Expect provisions of INR76m in 3QFY23 (down ~37% QoQ).

Quarterly Performance

(INR M)

Y/E March	FY22				FY23E				FY22	FY23E
	1Q	2Q	3Q	4Q	1Q	2Q	3QE	4QE		
Revenue from Operations	1,485	1,567	1,718	1,804	1,983	2,300	2,527	2,682	6,575	9,492
Interest Income	1,283	1,352	1,473	1,590	1,677	1,941	2,231	2,450	5,695	8,298
Gain on assignments	149	155	175	147	157	178	195	293	642	822
Other operating Income	53	61	70	67	150	182	101	-61	237	372
Interest expenses	699	759	831	905	928	1,108	1,308	1,393	3,195	4,737
Total income	786	808	887	899	1,055	1,192	1,219	1,289	3,379	4,755
Growth Y-o-Y (%)	-13.7	-1.6	13.4	15.1	34.3	47.5	37.5	43.4	2.6	40.7
Operating Expenses	149	203	280	294	348	416	439	460	921	1,663
Operating Profits	636	605	607	605	707	775	780	830	2,458	3,092
Growth Y-o-Y (%)	-19.2	-13.1	-4.5	5.3	11.1	28.2	28.5	37.1	-8.2	25.8
Provisions	141	90	68	38	85	121	76	78	341	359
Profit before tax	495	515	539	567	623	654	704	752	2,117	2,732
Growth Y-o-Y (%)	1.3	12.9	11.4	13.5	25.7	27.0	30.6	32.5	9.7	29.1
Tax Provisions	127	132	138	142	157	164	179	196	538	697
Net Profit	368	383	401	426	465	491	524	556	1,578	2,036
Growth Y-o-Y (%)	0.6	12.0	10.8	16.6	26.3	28.0	30.7	30.5	10.0	29.0

Muthoot Finance**Neutral****CMP INR 1,091 | TP: INR1,150 (+5%)****EPS CHANGE (%): FY23 | 24: 0.5 | 0.4**

- Estimate standalone AUM growth of ~2% QoQ, driven by high competition from banks/gold loan fintechs.
- Estimate ~10bp sequential expansion in margins.
- CIR could increase to ~31% in 3QFY23 (v/s 28% QoQ)
- Watch out for commentaries on gold loan growth and margin guidance for 4QFY23.

Quarterly Performance**(INR M)**

Y/E March	FY22				FY23E				FY22	FY23E
	1Q	2Q	3Q	4Q	1Q	2Q	3QE	4QE		
Income from operations	26,837	27,920	28,394	26,410	24,816	24,746	25,736	27,169	1,09,560	1,02,467
Other operating income	301	385	288	289	223	231	254	530	1,263	1,238
Total Operating income	27,138	28,304	28,682	26,699	25,039	24,977	25,990	27,699	1,10,823	1,03,705
YoY Growth (%)	13.8	9.6	3.7	-5.5	-7.7	-11.8	-9.4	3.7	5.0	-6.4
Other income	11	29	36	85	54	58	50	58	161	220
Total Income	27,149	28,333	28,718	26,784	25,093	25,036	26,040	27,757	1,10,984	1,03,925
YoY Growth (%)	13.8	9.6	3.4	-5.3	-7.6	-11.6	-9.3	3.6	5.0	-6.4
Interest Expenses	9,822	9,794	9,533	9,208	9,416	9,027	9,659	10,067	38,358	38,168
Net Income	17,327	18,539	19,185	17,575	15,677	16,009	16,381	17,690	72,626	65,757
Operating Expenses	3,989	4,397	4,519	5,357	5,435	4,522	5,016	5,665	18,262	20,639
Operating Profit	13,338	14,142	14,666	12,218	10,241	11,487	11,366	12,025	54,364	45,118
YoY Growth (%)	17.0	16.8	5.5	-10.2	-23.2	-18.8	-22.5	-1.6	6.6	-17.0
Provisions	337	744	889	-700	-577	-127	33	344	1,270	-327
Profit before Tax	13,001	13,398	13,777	12,918	10,818	11,614	11,333	11,681	53,094	45,446
Tax Provisions	3,290	3,458	3,488	3,315	2,798	2,942	2,924	3,061	13,551	11,725
Net Profit	9,712	9,940	10,289	9,603	8,020	8,672	8,409	8,620	39,543	33,721
YoY Growth (%)	15.5	11.1	3.8	-3.6	-17.4	-12.8	-18.3	-10.2	6.2	-14.7

Manappuram Finance**Buy****CMP INR119 | TP: INR140 (+17%)****EPS CHANGE (%): FY23 | 24: -5.3 | -1.5**

- Expect continued sequential decline in Gold AUM and consolidated AUM expected to remain flat sequentially.
- Factored in a margin compression of ~90bp QoQ and spread decline of ~50bp in the consolidated loan book.
- Expect credit costs to decline to ~0.8% in 3QFY23 (v/s 1.0% in 2QFY23).
- Watch out for commentaries on gold loan growth and asset quality in the MFI and Vehicle segments.

Quarterly Performance**(INR M)**

Y/E March	FY22				FY23E				FY22	FY23E
	1Q	2Q	3Q	4Q	1Q	2Q	3QE	4QE		
Interest Income	15,216	14,787	14,461	13,933	14,612	16,078	15,757	16,396	58,397	62,842
Interest Expenses	4,931	4,924	5,311	4,948	5,046	5,284	5,680	6,012	20,114	22,021
Net Interest Income	10,285	9,863	9,151	8,985	9,566	10,795	10,077	10,384	38,284	40,821
YoY Growth (%)	13.2	1.0	-11.6	-14.5	-7.0	9.4	10.1	15.6	-3.6	6.6
Other income	521	758	607	980	416	1,063	947	803	2,866	3,229
Net Income	10,806	10,621	9,758	9,965	9,981	11,858	11,024	11,188	41,149	44,050
Operating Expenses	3,720	4,593	5,228	4,912	4,890	5,525	5,656	5,801	18,453	21,872
Operating Profits	7,086	6,028	4,530	5,053	5,091	6,333	5,368	5,386	22,697	22,178
YoY Growth (%)	11.1	-7.6	-38.6	-30.7	-28.2	5.1	18.5	6.6	-17.6	-2.3
Provisions	1,223	1,078	1,048	1,514	1,283	805	649	555	4,862	3,292
PBT	5,864	4,950	3,482	3,539	3,808	5,527	4,720	4,831	17,835	18,886
Tax Provisions	1,495	1,252	872	930	989	1,433	1,213	1,238	4,548	4,873
PAT	4,369	3,699	2,610	2,610	2,819	4,095	3,507	3,593	13,287	14,014
YoY Growth (%)	18.7	-8.8	-46.0	-44.3	-35.5	10.7	34.4	37.7	-23.0	5.5

PNB Housing Finance**Neutral****CMP INR573 | TP: INR560 (-2%)****EPS CHANGE (%): FY23|24: 0.0|11.0**

- Moderation in the wholesale book to lead to flat AUM (0.7% YoY growth).
- We expect provisions to decrease to INR1.4b in 3QFY23 (v/s INR2.4b in 2QFY23)
- Cost ratios are expected to remain elevated due to investments in distribution capabilities.
- Watch out for commentaries on asset quality of the corporate loan book and disbursement trajectory.

Quarterly performance**(INR M)**

	FY22				FY23E				FY22	FY23E
	1Q	2Q	3Q	4Q	1Q	2Q	3QE	4QE		
Interest Income	16,114	14,999	14,112	12,995	12,987	15,975	15,243	16,197	58,220	60,401
Interest Expenses	11,029	10,348	9,961	9,307	9,303	9,639	10,506	11,456	40,645	40,904
Net Interest Income	5,085	4,651	4,151	3,688	3,684	6,337	4,736	4,740	17,575	19,497
YoY Growth (%)	16.1	-25.1	-18.9	-29.0	-27.6	36.2	14.1	28.5	-15.9	10.9
Other income	815	865	844	1,264	1,124	868	1,000	1,277	3,787	4,269
Total Income	5,900	5,516	4,995	4,951	4,808	7,205	5,736	6,017	21,363	23,767
YoY Growth (%)	16.0	-19.1	-23.2	-27.6	-18.5	30.6	14.8	21.5	-15.4	11.3
Operating Expenses	1,152	1,186	1,163	1,258	1,214	1,368	1,512	1,326	4,760	5,420
YoY Growth (%)	10.6	11.1	16.7	-13.1	5.4	15.4	30.0	5.4	4.5	13.9
Operating Profits	4,748	4,330	3,832	3,693	3,594	5,837	4,225	4,692	16,603	18,347
YoY Growth (%)	17.3	-24.7	-30.4	-31.4	-24.3	34.8	10.2	27.0	-19.7	10.5
Provisions	1,595	1,418	1,295	1,455	483	2,432	1,424	1,190	5,764	5,530
Profit before Tax	3,153	2,912	2,537	2,238	3,111	3,404	2,800	3,501	10,840	12,817
Tax Provisions	720	560	653	542	761	778	630	778	2,475	2,948
Profit after tax	2,433	2,352	1,885	1,695	2,350	2,626	2,170	2,723	8,365	9,869
YoY Growth (%)	-5.4	-24.9	-18.9	33.5	-3.4	11.7	15.2	60.6	-8.0	18.0

Poonawalla Fincorp**Buy****CMP INR304 | TP: INR350 (+15%)****EPS CHANGE (%): FY23|24: 0.0|0.0**

- Standalone AUM expected to grow ~30% YoY
- We expect net credit costs to be negative in 3QFY23, aided by recoveries from the legacy-stressed assets and the written-off pool of advances.
- CoF is expected to increase ~40bp sequentially
- Watch out for commentaries on disbursement trajectory, margins and asset quality/credit costs.

Quarterly Performance**(INR M)**

Y/E March	FY22				FY23E				FY22	FY23E
	1Q	2Q	3Q	4Q	1Q	2Q	3QE	4QE		
Interest Income	3,581	3,727	3,675	3,602	3,857	4,179	4,784	5,730	14,586	18,549
Interest Expenses	1,468	1,282	1,239	1,104	1,187	1,441	1,723	1,814	5,093	6,165
Net Interest Income	2,113	2,445	2,437	2,498	2,670	2,738	3,061	3,916	9,493	12,384
YoY Growth (%)	-1.6	4.1	12.1	15.9	26.3	12.0	25.6	56.8	7.6	30.5
Other Income	193	244	267	381	434	627	651	476	1,085	2,187
Total Income	2,306	2,690	2,704	2,879	3,103	3,365	3,712	4,392	10,578	14,571
YoY Growth (%)	-1.2	0.4	9.0	12.6	34.6	25.1	37.3	52.6	5.5	37.8
Operating Expenses	1,298	1,466	1,555	1,727	1,926	2,107	2,150	2,214	6,046	8,397
Operating Profit	1,008	1,223	1,149	1,152	1,178	1,257	1,562	2,177	4,532	6,174
YoY Growth (%)	-13.7	-19.1	-19.0	-15.5	16.8	2.8	35.9	89.0	-17.0	36.2
Provisions & Loan Losses	379	240	81	-14	-164	-482	-400	-298	686	-1,344
Profit before Tax	629	984	1,068	1,165	1,550	1,740	1,962	2,267	3,846	7,518
Tax Provisions	130	243	266	274	313	438	491	548	914	1,789
Net Profit	498	740	802	891	1,237	1,302	1,472	1,719	2,932	5,729
YoY Growth (%)	84.6				148.2	75.8	83.4	92.8	-150.7	95.4

Repco Home Finance

Neutral
CMP INR232 | TP: INR260 (+12%)
EPS CHANGE (%): FY23 | 24: 4.4 | -4.1

- Disbursements expected to decline 5% QoQ.
- Estimate loan book to remain flat sequentially with balance transfers continuing to remain elevated.
- Spreads and margins are expected to remain stable QoQ.
- Watch out for commentary around the asset quality and guidance on disbursements/AUM growth.

Quarterly performance

(INR M)

Y/E March	FY22				FY23E				FY22	FY23E
	1Q	2Q	3Q	4Q	1Q	2Q	3QE	4QE		
Interest Income	3,205	3,304	3,211	3,084	2,980	3,064	3,186	3,332	12,804	12,562
Interest Expenses	1,757	1,744	1,719	1,680	1,653	1,692	1,810	1,936	6,899	7,092
Net Income	1,448	1,560	1,492	1,405	1,327	1,372	1,376	1,396	5,905	5,471
YoY Growth (%)	13.1	11.7	-3.4	-2.6	-8.4	-12.1	-7.8	-0.6	8.4	-7.4
Other income	19	42	44	158	90	112	139	130	262	471
Total Income	1,467	1,602	1,536	1,563	1,417	1,484	1,515	1,526	6,166	5,942
YoY Growth (%)	11.5	13.4	-2.4	0.9	-3.4	-7.3	-1.4	-2.3	5.4	-3.6
Operating Expenses	246	283	344	368	339	343	355	375	1,241	1,412
YoY Growth (%)	4.5	10.2	17.9	2.0	37.8	21.1	3.2	2.0	8.4	13.8
Operating Profits	1,221	1,318	1,192	1,195	1,078	1,141	1,160	1,151	4,926	4,530
YoY Growth (%)	13.0	14.1	-7.0	0.6	-11.7	-13.4	-2.7	-3.6	4.7	-8.0
Provisions	783	169	765	613	237	188	175	175	2,331	774
Profit before Tax	437	1,149	427	582	841	954	985	976	2,595	3,756
Tax Provisions	116	290	112	161	220	242	256	265	680	984
Profit after tax	321	859	315	420	621	712	729	711	1,915	2,772
YoY Growth (%)	-49.8	6.3	-60.5	-33.5	93.2	-17.2	131.6	69.2	-33.4	44.7

Shriram Finance Ltd

Buy
CMP INR1,386 | TP: INR1,630 (+18%)
EPS CHANGE (%): FY23 | 24: 1.8 | 6.8

- Estimate disbursements of ~INR275b, leading to AUM of ~INR1.78t (up 13.5% YoY/ ~4% QoQ).
- Margins and spreads are estimated to remain largely stable sequentially.
- Credit costs are expected to decline to 1.9% in 3QFY23 (v/s 2.1% in 2QFY23).
- Watch out for commentaries on loan growth and asset quality in the CV, MSME, 2W, and PL segments.

Quarterly Performance

(INR M)

Y/E March	FY22				FY23E				FY22	FY23E
	1Q	2Q	3Q	4Q	1Q	2Q	3QE	4QE		
Interest Income	59,332	60,931	62,498	65,847	67,701	69,992	72,924	76,168	2,48,605	2,86,784
Interest Expenses	30,727	30,510	30,458	30,973	31,389	33,237	35,058	37,275	1,22,668	1,36,958
Net Interest Income	28,605	30,421	32,040	34,874	36,312	36,754	37,866	38,893	1,25,936	1,49,826
YoY Growth (%)					26.9	20.8	18.2	11.5	9.4	19.0
Other Income	2,139	1,940	2,841	2,522	2,218	3,165	3,325	3,025	9,441	11,734
Total Income	30,744	32,360	34,881	37,396	38,530	39,919	41,192	41,918	1,35,378	1,61,559
YoY Growth (%)					25.3	23.4	18.1	12.1	12.9	19.3
Operating Expenses	8,308	9,397	9,747	10,352	10,821	11,879	13,029	13,495	37,805	49,224
Operating Profit	22,436	22,963	25,133	27,044	27,709	28,040	28,163	28,423	97,573	1,12,335
YoY Growth (%)					23.5	22.1	12.1	5.1	13.0	15.1
Provisions & Loan Losses	17,297	8,791	12,027	9,370	10,327	8,976	8,200	7,549	47,485	35,052
Profit before Tax	5,139	14,172	13,106	17,674	17,382	19,064	19,963	20,874	50,088	77,283
Tax Provisions	1,360	3,637	3,375	3,792	4,501	4,902	5,031	5,350	12,164	19,784
Net Profit	3,779	10,535	9,732	13,882	12,881	14,162	14,932	15,524	37,925	57,498
YoY Growth (%)					240.8	34.4	53.4	11.8	8.4	51.6

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. 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://online.reports.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, 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") (Co. Reg. NO. 201129401Z) which is a holder of a capital markets services license and an exempt financial adviser in Singapore. As per the approved agreement under Paragraph 9 of Third Schedule of Securities and Futures Act (CAP 289) and Paragraph 11 of First Schedule of Financial Advisers Act (CAP 110) provided to MOCMSPL by Monetary Authority of Singapore. Persons in Singapore should contact MOCMSPL in respect of any matter arising from, or in connection with this report/publication/communication. This report is distributed solely to persons who qualify as "Institutional Investors", of which some of whom may consist of "accredited" institutional investors as defined in section 4A(1) of the Securities and Futures Act, Chapter 289 of Singapore ("the SFA"). Accordingly, if a Singapore person is not or ceases to be such an institutional investor, such Singapore Person must immediately discontinue any use of this Report and inform MOCMSPL.

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.

Registered Office Address: Motilal Oswal Tower, Rahimtullah Sayani Road, Opposite Parel ST Depot, Prabhadevi, Mumbai-400025; Tel No.: 022-3980 4263; 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.:022-71881085.

Registration details of group entities.: Motilal Oswal Financial Services Ltd. (MOFSL): INZ000158836 (BSE/NSE/MCX/NCDEX); CDSL: IN-DP-16-2015; NSDL: IN-DP-NSDL-152-2000; 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.