

Estimate change	↔
TP change	↔
Rating change	↔

CMP: INR2,925 TP: INR3,400 (+16%) Buy

Strong AUM growth despite elections; earnings in line

Bloomberg	SHFL IN
Equity Shares (m)	376
M.Cap.(INRb)/(USDb)	1099.6 / 13.1
52-Week Range (INR)	3059 / 1759
1, 6, 12 Rel. Per (%)	-6/10/35
12M Avg Val (INR M)	3339

Financials & Valuations (INR b)

Y/E March	FY24	FY25E	FY26E
Total Income	202	239	289
PPOP	142	170	212
PAT	71.9	85.1	104.9
EPS (INR)	191	226	279
EPS Gr. (%)	20	18	23
Standalone BV (INR)	1,292	1,474	1,698

Valuations

NIM on AUM (%)	9.2	9.1	9.3
C/I ratio (%)	29.7	29.0	26.8
RoAA (%)	3.3	3.3	3.3
RoE (%)	15.7	16.4	17.6
Div. Payout (%)	23.5	22.3	21.8

Valuations

P/E (x)	15.3	12.9	10.5
P/BV (x)	2.3	2.0	1.7
Div. Yield (%)	1.5	1.7	2.1

Shareholding pattern (%)

As On	Jun-24	Mar-24	Jun-23
Promoter	25.4	25.4	25.5
DII	15.2	15.7	14.7
FII	54.3	53.9	55.4
Others	5.1	5.0	4.5

FII Includes depository receipts

Asset quality improved; continues to build higher PCR on standard loans

- SHFL's 1QFY25 PAT grew ~18% YoY to ~INR19.8b (in line) and PPOP grew ~23% YoY to ~INR38.5b (in line).
- NII grew ~25% YOY to INR52.3b (in line). Reported NIM declined ~23bp QoQ to ~8.8% despite a ~5bp decline in CoB. Credit costs at ~INR11.9b translated into annualized credit costs of ~2.1% (PY: 1.9%).
- The management guided for minor NIM expansion, driven by stable CoB and a change in the product mix through focus on shorter-tenor high-yield loans like Gold, PL and 2W. We model NIMs of 9.1%/9.3% in FY25/FY26.
- Higher cross-selling opportunities for non-vehicle products from improved distribution should translate into a CAGR of ~19%/~21% in AUM/PAT over FY24-26E. This will result in RoA/RoE of ~3.3%/~17.6% in FY26E.
- As a merged entity, SHFL is well positioned to capitalize on the diversified AUM mix, improved access to liabilities, and enhanced cross-selling opportunities. The monetization of its stake in Shriram Housing will further help the company improve its capital adequacy, and help it engage constructively with credit rating agencies. **Reiterate BUY with a TP of INR3,400 (premised on 2x FY26E BVPS).**

AUM up 21% YoY; Non-CV products continue to grow faster than CV

- In 1Q, disbursements grew ~24% YoY to ~INR377b and AUM rose ~21% YoY to INR2.33t. AUM growth of ~4% QoQ was driven by healthy growth across non-CV segments, like MSME (+10% QoQ), farm equipment (+7% QoQ), and PV (+6% QoQ).
- Personal loans remained muted due to calibrated growth and tighter credit rules, which increased rejection rates. However, the management expressed that this quarter could potentially be the last quarter of decline in personal loans. Gold loans decelerated as the regulator mandated enhanced physical security and infrastructure in new gold loan branches to align with legacy gold loan branches.
- Non-CV products, such as MSME and gold, will gradually be introduced to more branches, and with the resumption of growth in PL and gold loans, we anticipate the momentum to remain intact in disbursement and AUM. We model an AUM CAGR of ~19% over FY24-26E.

Asset quality continues to improve with higher PCR on standard loans

- GS3 declined ~5bp QoQ to ~5.4% while NS3 was stable QoQ at 2.7%. PCR on Stage 3 declined ~80bp QoQ to ~51%.
- SHFL has again increased the PCR on S1 loans by ~15bp QoQ and on S2 loans by ~20bp QoQ. Write-offs stood at INR5b, translating into ~100bp of write-offs as % of TTM AUM (vs. ~90bp in 1QFY24).
- The management guided for credit costs at ~2.0-2.2%, while our credit cost estimates are marginally higher at ~2.1%/2.3% for FY25/FY26E.

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

Research Analyst: Nitin Aggarwal (Nitin.Aggarwal@MotilalOswal.com) | Gautam Rawtani (gautam.rawtani@motilalosal.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.motilalosal.com/Institutional-Equities, Bloomberg, Thomson Reuters, Factset and

Highlights from the management commentary

- Elections did not have any significant impact on the overall business momentum since they were spread out across two months. Good monsoons will help to sustain the business momentum.
- SHFL will focus more on short-tenor products (like Gold, PL and 2W) since it is more focused on growing the profit rather than revenue.

Valuation and View

- SHFL reported an operationally healthy quarter with healthy AUM growth, whereas NIM declined because of decline in higher-yielding products like gold loans and personal loans. It is yet to fully utilize its distribution network for non-vehicle products. AUM growth in MSME, gold loans and PL will remain stronger than compared to other segments.
- SHFL is effectively leveraging cross-selling opportunities to reach new customers and introduce new products, leading to improved operating metrics and a solid foundation for sustainable growth. The current valuation of ~1.7x FY26E BVPS is attractive for a ~21% PAT CAGR over FY24-26E and RoA/RoE of ~3.3%/17.6% in FY26E. **Reiterate BUY with a TP of INR3,400 (based on 2x FY26E BVPS).**

Quarterly Performance**(INR M)**

Y/E March	FY24				FY25E				FY24	FY25E	1QFY25E	v/s Est.
	1Q	2Q	3Q	4Q	1Q	2QE	3QE	4QE				
Interest Income	76,880	82,166	86,179	90,773	93,628	98,122	1,03,421	1,08,726	3,35,997	4,03,897	94,313	-1
Interest Expenses	34,875	36,219	37,069	39,898	41,289	43,354	45,911	48,609	1,48,061	1,79,163	41,893	-1
Net Interest Income	42,004	45,947	49,110	50,874	52,339	54,768	57,509	60,117	1,87,935	2,24,734	52,420	0
YoY Growth (%)	20.0	21.6	17.1	21.7	24.6	19.2	17.1	18.2	17.0	19.6	29.9	
Other Income	3,167	3,479	3,094	4,206	2,343	3,827	3,465	5,078	13,980	14,712	3,857	-39
Total Income	45,171	49,426	52,204	55,080	54,682	58,595	60,974	65,195	2,01,915	2,39,446	56,277	-3
YoY Growth (%)	22.0	17.9	16.2	21.7	21.1	18.6	16.8	18.4	17.0	18.6	28.9	
Operating Expenses	13,908	14,618	15,311	16,024	16,140	16,956	17,761	18,503	59,895	69,360	15,925	1
Operating Profit	31,262	34,808	36,893	39,056	38,541	41,639	43,213	46,692	1,42,020	1,70,085	40,352	-4
YoY Growth (%)	17.3	16.3	11.7	26.8	23.3	19.6	17.1	19.6	15.1	19.8	33.6	
Provisions & Loan Losses	8,786	11,286	12,497	12,615	11,876	13,731	14,405	15,824	45,183	55,836	13,178	-10
Profit before Tax	22,476	23,523	24,396	26,441	26,666	27,908	28,808	30,867	96,836	1,14,249	27,173	-2
Tax Provisions	5,722	6,014	6,213	6,983	6,860	7,256	7,634	7,383	24,932	29,133	7,065	-3
Net Profit	16,754	17,508	18,183	19,459	19,806	20,652	21,174	23,484	71,905	85,116	20,108	-2
YoY Growth (%)	30.8	12.6	2.3	48.7	18.2	18.0	16.4	20.7	20.3	18.4	23.8	
Key Parameters (Calc., %)												
Yield on loans	16.2	16.6	16.5	16.5	16.3							
Cost of funds	8.7	8.9	8.7	8.8	8.7							
Spread	7.5	7.8	7.9	7.8	7.6							
NIM	8.9	9.3	9.4	9.3	9.1							
C/I ratio	30.8	29.6	29.3	29.1	29.5							
Credit cost	1.9	2.3	2.4	2.3	2.1							
Tax rate	25.5	25.6	25.5	26.4	25.7							
Balance Sheet Parameters												
Disbursements (INR b)	305	346	378	393	377							
Growth (%)	23.8	34.2	29.2	26.6	23.8							
AUM (INR b)	1,932	2,026	2,142	2,249	2,334							
Growth (%)	18.6	19.7	20.7	21.1	20.8							
Borrowings (INR b)	1,619	1,653	1,775	1,858	1,917							
Growth (%)	6.4	4.5	15.7	17.7	18.4							
Asset Quality Parameters												
GS 3 (INR B)	115.1	115.6	119.5	120.8	124.1							
GS 3 (%)	6.0	5.8	5.7	5.5	5.4							
NS 3 (INR B)	54.6	54.2	55.7	58.2	60.6							
NS 3 (%)	3.1	2.9	2.8	2.8	2.8							
PCR (%)	52.5	53.1	53.4	51.8	51.1							

E: MOFSL estimates



Highlights from the management commentary

Guidance

- SHFL maintained its guidance of 15-20% AUM growth.
- Guided for a stable cost-to-income ratio over the next few quarters.
- Credit costs likely to remain at current levels going forward as well.

Business Update

- Elections did not have any significant impact on the overall business momentum since they were spread out across two months.
- Good monsoons will help to sustain the business momentum.
- Credit costs were better than last year. 1QFY25 credit costs stood at ~1.9% (compared to ~2% for FY24).
- CoB declined by ~5bp QoQ.
- Deposit growth was healthy at ~25% YoY.

Gold Loans

- Conservative in increasing its gold portfolio.
- It is gradually increasing the number of branches, in which gold loans will be offered to customers. It will keep adding gold loan offering to about 150 branches every quarter. It extended gold product to ~45-50 new branches in 1QFY25.
- The cap on cash disbursements in gold loans at ~INR20k did have an impact on disbursements for the first few weeks and it normalized thereafter.
- ~80% of the gold loan customers have ticket sizes below ~INR100k
- Gold loans growth decelerated after the company was asked by the regulator to improve the physical security and infrastructure in new branches that offer gold loans.

NIM

- SHFL shared that there is scope for NIM expansion from hereon. This will be through a combination of stable CoB and improvement in yields from the product mix (in favor of short-tenor higher yielding loans).

Asset Quality

- Split of credit costs in the quarter: ~INR5.99b was on account of bad-debt write-offs and ~INR5.88b was on account of ECL provisions.
- Repossessions have declined significantly across financial institutions both in vehicle finance as well as in loans secured by property.

Focus on short-tenor products

- SHFL will focus more on short-tenor products (like Gold, PL and 2W) since it is more focused on profit rather than revenue.

Personal Loans

- The company wanted to address all the concerns that the regulator had regarding the PL portfolio (in general and not for SHFL in particular).
- It has tightened the credit rule engines so that rejection rates go up and volumes moderate (even though ~90% of its personal loans are toward existing customers).
- The management suggested that this quarter could potentially be the last quarter of decline in personal loans.

- PL is a cross-sell product directed toward existing 2W customers; 60-65% customers are self-employed having small businesses. Going forward, it will be a mix of personal loans and small-ticket business loans (for MSME customers with Udhyam registration since it aids PSL borrowings).
- MSME customers are typically not eligible for personal loans.
- Partnership with FinTechs for Personal Loan is with CreditMantri (from SCUF days). It also has a partnership with PayTM for business loans wherein the portfolio is between INR2.5-3.0b.
- Working with PhonePe for establishing the credentials of the businesses of PhonePe merchants.

Synergy from SCUF Merger

- It is a continuous process and to achieve complete synergy, it will take another 18-24 months.

Fee Income

- Insurance income has been improving for SHFL, which does Credit Shield insurance, Business Insurance and Vehicle Insurance.

Liabilities

- Few banks have increased their MCLR by ~5bp, while few others have not. Capital market rates have declined from Jan-Feb levels.
- Incremental CoB is ~8.8% and the portfolio CoB stood at ~8.96%.
- CoB should not go up further but there is not much scope to reduce it either. In this quarter, a higher-cost debt matured, which aided CoB. There is not much higher cost debt sitting on the balance sheet now.
- Bank borrowings are ~24% of the liability mix. ~50% of the bank borrowings are from PSU banks, which are linked to MCLR. Private banks offer market-linked term loans.

Others

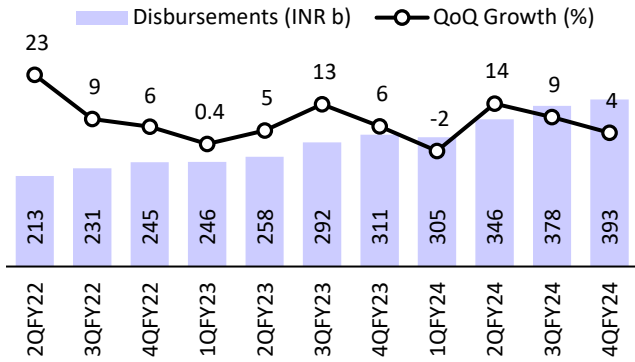
- Gold and MSME will grow faster than the overall book.
- Replacement cycle has become longer because of the higher cost of the assets.
- Prices of used vehicles have grown by 12-15% YoY (25-30% increase in prices of used vehicles in the last year).
- Average tenor is 6 months in gold loans, 18-19 months in PL and 20-22 months in 2Ws
- Guided for IT costs and compliance costs to go up because of RBI's expectations that the technology needs to be robust.
- SHFL does not offer large-ticket unsecured MSME loans. Unsecured MSME loans are capped at INR500k.

Exhibit 1: LGD stood at 38.4%

	EAD (%)	PCR (%)	PD (%)
Stage 1	88.0	3.4	9.02
Stage 2	6.7	7.6	20.39
Stage 3	5.4	51.1	

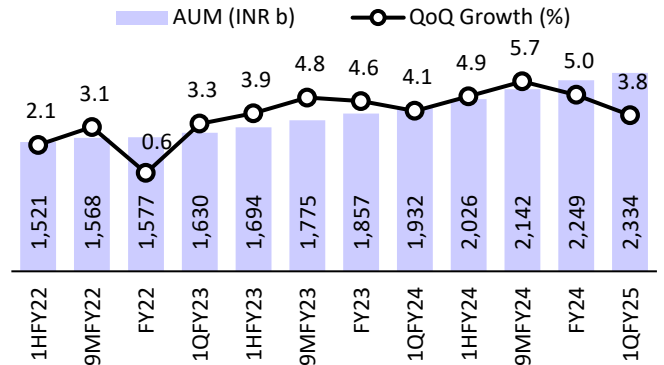
Key exhibits

Exhibit 2: Disbursements grew 27% YoY...



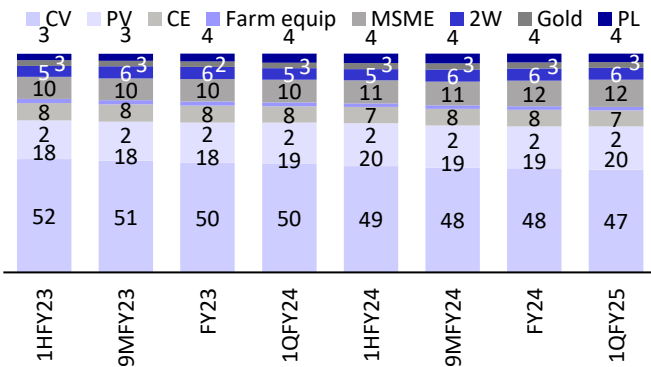
Source: MOFSL, Company

Exhibit 3: ...leading to an AUM growth of 21% YoY



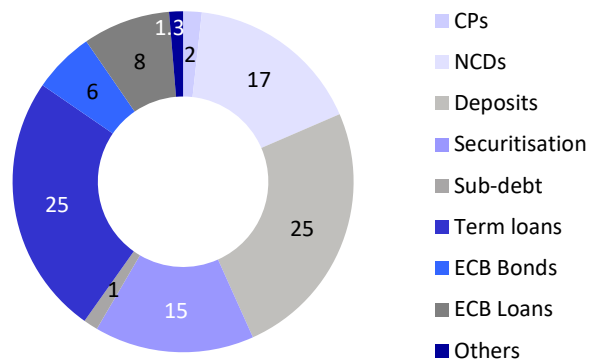
Source: MOFSL, Company

Exhibit 4: Non-auto contributed ~19% to the AUM mix (%)



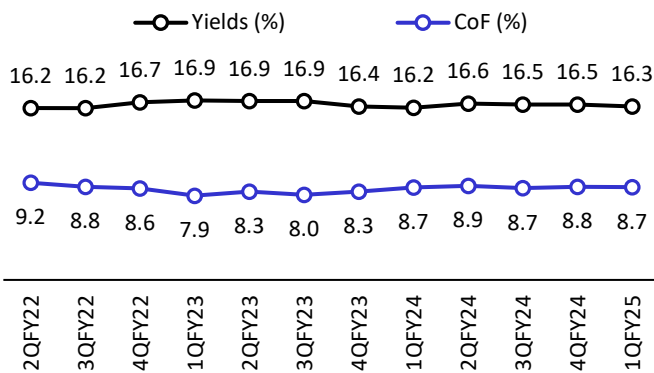
Source: MOFSL, Company

Exhibit 5: Borrowing mix (%)



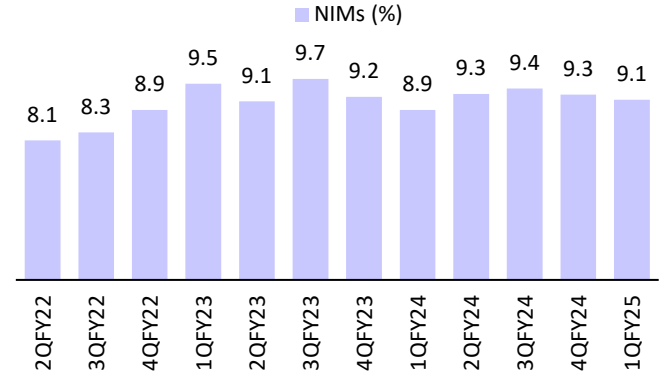
Source: MOFSL, Company

Exhibit 6: CoF (calc.) declined ~5bp QoQ (%)



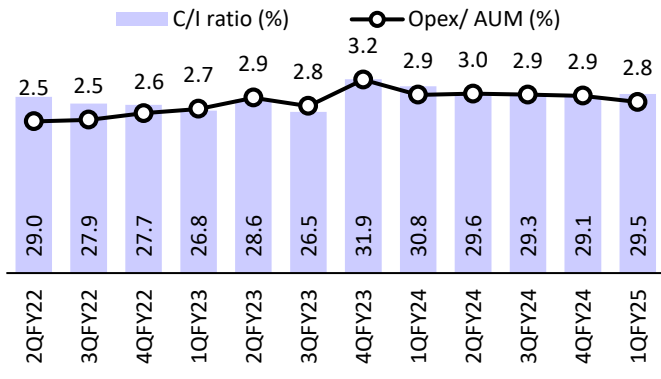
Source: MOFSL, Company

Exhibit 7: NIM (calc.) declined ~15bp QoQ (%)



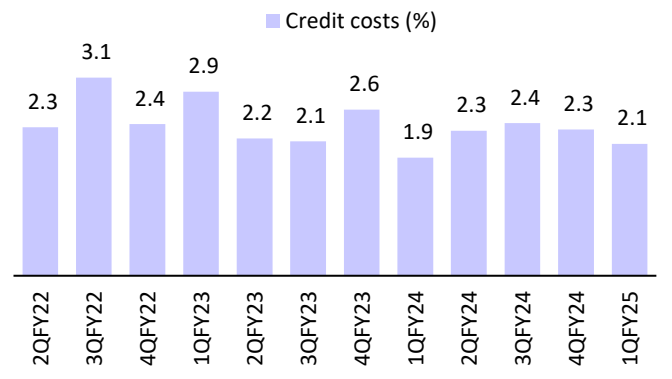
Source: MOFSL, Company

Exhibit 8: Cost-to-Income ratio rose ~40bp QoQ



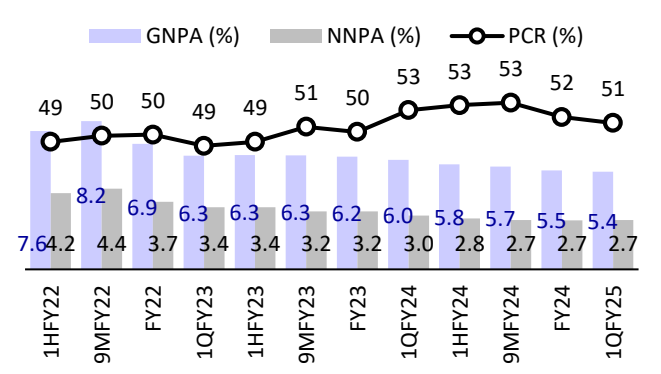
Source: MOFSL, Company

Exhibit 9: Credit costs declined ~20bp QoQ



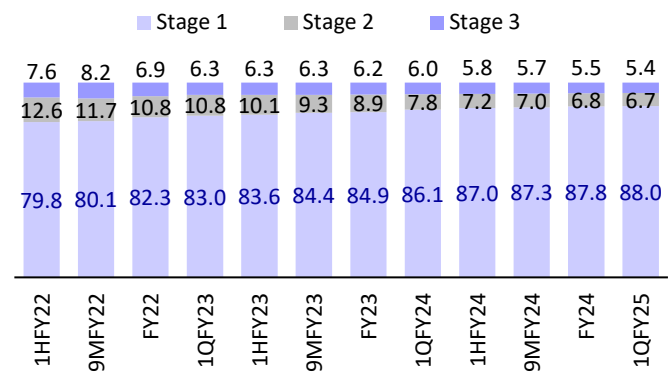
Source: MOFSL, Company

Exhibit 10: Asset quality continued to improve



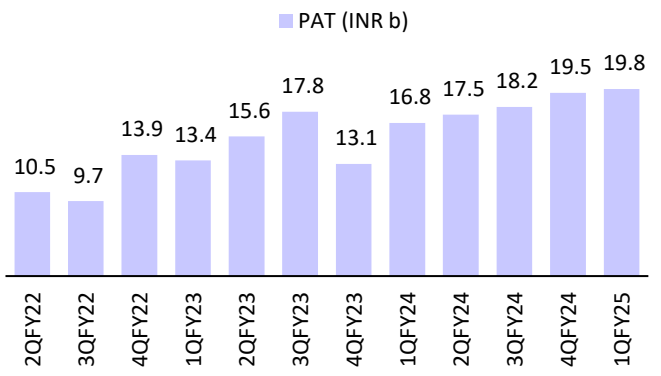
Source: MOFSL, Company

Exhibit 11: Gradual improvement in 30+ dpd (%)



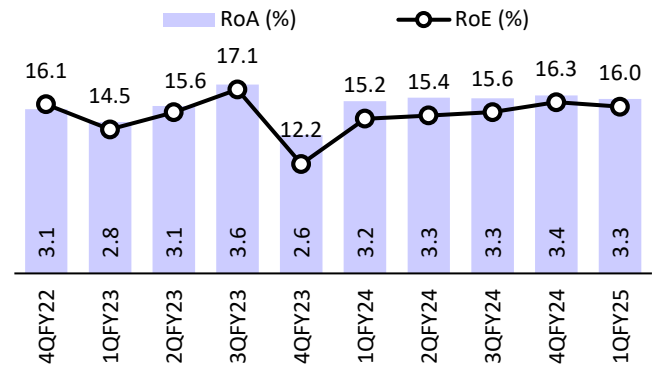
Source: MOFSL, Company

Exhibit 12: PAT grew ~18% YoY



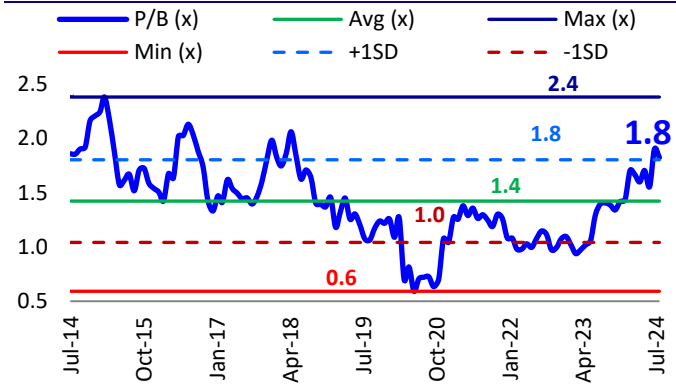
Source: MOFSL, Company

Exhibit 13: 1QFY25 RoA declined ~10bp QoQ to ~3.3%



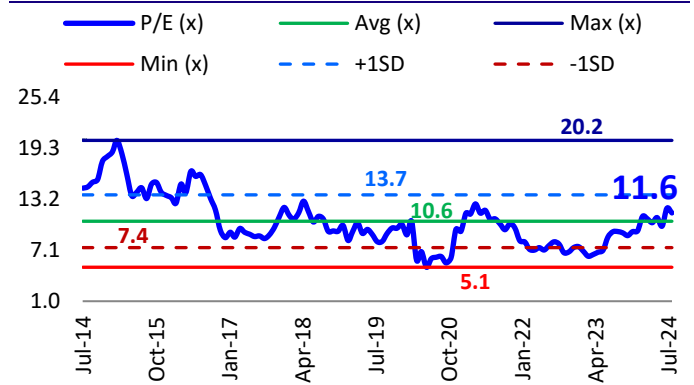
Source: MOFSL, Company, Reported

Exhibit 14: One-year forward P/B



Source: MOSL, Company

Exhibit 15: One-year forward P/E



Source: MOSL, Company

Exhibit 16: We keep our EPS estimates broadly unchanged.

(INR b)	Old Est.		New Est.		Change (%)	
	FY25E	FY26E	FY25E	FY26E	FY25E	FY26E
NII (incl. assignments)	223.7	271.9	224.7	273.8	0.4	0.7
Other Income	14.9	15.7	14.7	15.5	-1.1	-1.1
Total Income	238.6	287.5	239.4	289.3	0.4	0.6
Operating Expenses	68.1	76.2	69.4	77.7	1.9	1.9
Operating Profits	170.6	211.3	170.1	211.6	-0.3	0.1
Provisions	55.9	70.1	55.8	70.8	-0.2	1.0
PBT	114.6	141.2	114.2	140.8	-0.3	-0.3
Tax	29.2	36.0	29.1	35.9	-0.3	-0.3
PAT	85.4	105.2	85.1	104.9	-0.3	-0.3
AUM	2,679	3,126	2,690	3,168	0.4	1.4
Loans	2,486	3,079	2,497	3,121	0.4	1.4
Borrowings	2,237	2,719	2,246	2,772	0.4	1.9
NIM	9.1	9.4	9.1	9.3		
Credit Cost (%)	2.5	2.5	2.4	2.5		
RoA	3.3	3.4	3.3	3.3		
RoE	16.4	17.6	16.4	17.6		

Sources: MOFSL, Company

Financials and valuation

Income Statement								(INR M)
Y/E March	FY19	FY20	FY21	FY22	FY23	FY24	FY25E	FY26E
Interest Income	2,10,407	2,19,646	2,26,997	2,48,605	2,86,074	3,35,997	4,03,897	4,98,600
Interest Expenses	94,975	1,04,105	1,11,881	1,22,668	1,25,458	1,48,061	1,79,163	2,24,816
Net Interest Income	1,15,432	1,15,541	1,15,116	1,25,936	1,60,616	1,87,935	2,24,734	2,73,784
Change (%)	12.7	0.1	-0.4	9.4	27.5	17.0	19.6	21.8
Other Operating Income	2,605	4,748	4,514	9,214	11,648	13,648	14,330	15,046
Other Income	258	235	237	227	307	332	382	439
Total Income	1,18,295	1,20,524	1,19,867	1,35,378	1,72,571	2,01,915	2,39,446	2,89,270
Change (%)	11.3	1.9	-0.5	12.9	27.5	17.0	18.6	20.8
Total Operating Expenses	33,666	35,803	33,500	37,805	49,131	59,895	69,360	77,656
Change (%)	12.6	6.3	-6.4	12.8	30.0	21.9	15.8	12.0
Employee Expenses	17,210	18,585	16,699	19,695	25,061	32,156	38,587	44,761
Depreciation	742	2,232	2,172	2,137	5,242	5,688	5,856	5,984
Other Operating Expenses	15,715	14,986	14,629	15,973	18,828	22,051	24,918	26,911
Operating Profit	84,629	84,721	86,367	97,573	1,23,441	1,42,020	1,70,085	2,11,614
Change (%)	10.8	0.1	1.9	13.0	26.5	15.1	19.8	24.4
Total Provisions	31,643	36,786	39,693	47,485	41,592	45,183	55,836	70,787
% Loan loss provisions to Avg loans ratio	2.5	2.7	2.8	3.1	2.4	2.2	2.4	2.5
PBT	52,986	47,935	46,674	50,088	81,849	96,836	1,14,249	1,40,827
Tax Provisions	17,457	12,913	11,692	12,164	22,056	24,932	29,133	35,911
Tax Rate (%)	32.9	26.9	25.1	24.3	26.9	25.7	25.5	25.5
PAT	35,529	35,022	34,982	37,925	59,793	71,905	85,116	1,04,916
Change (%)	12.0	-1.4	-0.1	8.4	57.7	20.3	18.4	23.3

Balance Sheet								(INR M)
Y/E March	FY19	FY20	FY21	FY22	FY23	FY24	FY25E	FY26E
Equity Share Capital	2,929	2,929	3,191	3,371	3,744	3,758	3,758	3,758
Reserves & Surplus	2,17,432	2,47,288	2,91,764	3,43,760	4,29,322	4,81,926	5,50,131	6,34,230
Net Worth	2,20,361	2,50,217	2,94,954	3,47,132	4,33,066	4,85,684	5,53,889	6,37,988
Borrowings	11,04,851	11,75,376	13,17,617	14,51,285	15,79,063	18,58,411	22,46,118	27,72,102
Change (%)	6.7	6.4	12.1	10.1	8.8	17.7	20.9	23.4
Other liabilities	21,865	25,436	26,317	23,320	24,509	28,665	31,531	34,684
Total Liabilities	13,47,077	14,51,029	16,38,888	18,21,754	20,36,639	23,72,760	28,31,538	34,44,774
Cash and bank balances	52,657	1,03,773	2,16,562	2,29,679	1,58,174	1,08,126	1,45,131	1,31,356
Investments	48,653	35,326	42,152	86,455	85,651	1,06,566	1,04,435	1,02,346
Loans	12,37,406	12,88,442	13,57,232	14,76,890	17,19,846	20,79,294	24,97,437	31,20,595
Change (%)	6.2	4.1	5.3	8.8	16.5	20.9	20.1	25.0
Fixed Assets	2,283	7,181	6,599	6,467	6,997	8,458	8,881	9,325
Deferred tax Assets	1,241	694	6,964	9,109	17,439	28,840	25,956	20,765
Goodwill					14,067	14,067	14,067	14,067
Other Assets	4,838	15,613	9,379	13,137	34,465	27,408	35,630	46,319
Total Assets	13,47,077	14,51,029	16,38,888	18,21,737	20,36,639	23,72,760	28,31,538	34,44,774

E: MOFSL Estimates

Financials and valuation

AUM Mix (%)

Y/E March	FY19	FY20	FY21	FY22	FY23	FY24	FY25E	FY26E
AUM	13,40,643	13,88,342	14,68,128	15,77,122	18,56,829	22,48,620	26,89,961	31,68,117
Change (%)	8	4	6	7	18	21	20	18
Disbursements	7,28,076	7,05,733	5,21,985	8,62,135	11,06,899	14,21,675	17,11,701	20,05,702
Change (%)	-5	-3	-26	65	28	28	20	17

E: MOFSL Estimates

Ratios

(INR M)

Y/E March	FY19	FY20	FY21	FY22	FY23	FY24	FY25E	FY26E
Spreads Analysis (%)								
Avg. Yield on Loans	17.5	17.4	17.2	17.5	17.9	17.7	17.7	17.8
Avg Cost of Funds	8.9	9.1	9.0	8.9	8.3	8.6	8.7	9.0
Spread of loans	8.6	8.3	8.2	8.7	9.6	9.1	8.9	8.8
NIM (on loans)	9.6	9.1	8.7	8.9	10.0	9.9	9.8	9.7
NIM (on AUM)	9.0	8.5	8.1	8.3	9.4	9.2	9.1	9.3
C/I ratio	28.5	29.7	27.9	27.9	28.5	29.7	29.0	26.8
Profitability Ratios (%)								
RoE	17.3	14.9	12.8	11.8	15.3	15.7	16.4	17.6
RoA	2.7	2.5	2.3	2.2	3.1	3.3	3.3	3.3
Int. Expended / Int.Earned	45.1	47.4	49.3	49.3	43.9	44.1	44.4	45.1
Other Inc. / Net Income	2.4	4.1	4.0	7.0	6.9	6.9	6.1	5.4
Efficiency Ratios (%)								
Op. Exps. / Net Income	28.5	29.7	27.9	27.9	28.5	29.7	29.0	26.8
Empl. Cost/Op. Exps.	51.1	51.9	49.8	52.1	51.0	53.7	55.6	57.6
Asset-Liability Profile (%)								
Loans/Borrowings Ratio	1.1	1.1	1.0	1.0	1.1	1.1	1.1	1.1
Assets/Equity	6.1	5.8	5.6	5.2	4.7	4.9	5.1	5.4
Asset quality (%)								
GNPA	1,11,930	1,14,400	1,01,688	1,09,762	1,13,822	1,20,812	1,36,328	1,54,819
NNPA	65,678	66,256	51,523	49,731	56,749	58,244	62,711	69,669
GNPA ratio	8.5	8.3	6.9	6.9	6.2	5.5	5.2	5.0
NNPA ratio	5.0	4.8	3.5	3.1	3.1	2.6	2.4	2.2
PCR	41.3	42.1	49.3	54.7	50.1	51.8	54.0	55.0
Credit Costs (% of loans)	2.5	2.7	2.8	3.1	2.4	2.2	2.4	2.5

Valuations	FY19	FY20	FY21	FY22	FY23	FY24	FY25E	FY26E
Book Value (INR)	752	854	924	1,030	1,157	1,292	1,474	1,698
BV Growth (%)	16	14	8	11	12	12	14	15
P/BV	3.9	3.4	3.2	2.8	2.5	2.3	2.0	1.7
EPS (INR)	121	120	110	112	160	191	226	279
EPS Growth (%)	12.0	-1.4	-8.3	2.6	42.0	19.8	18.4	23.3
P/E	24.1	24.5	26.7	26.0	18.3	15.3	12.9	10.5
DPS	14	5	21	23	35	45	50	61
Dividend Yield (%)	0.5	0.2	0.7	0.8	1.2	1.5	1.7	2.1

E: MOFSL Estimates

Financials and valuation

Du-Pont (% of average assets)	FY19	FY20	FY21	FY22	FY23	FY24	FY25E	FY26E
Interest Income	16.2	15.7	14.7	14.4	14.8	15.2	15.5	15.9
Interest Expended	7.3	7.4	7.2	7.1	6.5	6.7	6.9	7.2
Net Interest Income	8.9	8.3	7.5	7.3	8.3	8.5	8.6	8.7
Non-interest income	0.2	0.4	0.3	0.5	0.6	0.6	0.6	0.5
Net Total Income	9.1	8.6	7.8	7.8	8.9	9.2	9.2	9.2
Operating Expenses	2.6	2.6	2.2	2.2	2.5	2.7	2.7	2.5
- Employee expenses	1.3	1.3	1.1	1.1	1.3	1.5	1.5	1.4
- Other expenses	1.3	1.2	1.1	1.0	1.2	1.3	1.2	1.0
PPoP	6.5	6.1	5.6	5.6	6.4	6.4	6.5	6.7
Provisions/write offs	2.4	2.6	2.6	2.7	2.2	2.0	2.1	2.3
PBT	4.1	3.4	3.0	2.9	4.2	4.4	4.4	4.5
Tax	1.3	0.9	0.8	0.7	1.1	1.1	1.1	1.1
RoA	2.7	2.5	2.3	2.2	3.1	3.3	3.3	3.3
Avg. Leverage	6.3	5.9	5.7	5.4	4.9	4.8	5.0	5.3
RoE	17.3	14.9	12.8	11.8	15.3	15.7	16.4	17.6

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

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://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, 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.

Nainesh Rajani

Email: 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.