

MFI Stress Peaks Out; Growth To Improve From H2 Onwards!
Est. Vs. Actual for Q1FY26: NII – MISS; PPOP – INLINE; PAT – BEAT
Changes in Estimates post Q1FY26
FY26E/27E (in %): NII: -5.6/-6.5; PPOP: -14.5/-11.2; PAT: -32.8/-15.1
Recommendation Rationale

- PAR Accretion Tapering:** The PAR accretion (in Group Loans) has been consistently moderating over the past 2 quarters. The PAR inch-up seen in Q1 can be attributed to the ARC sale done in Q4FY25, resulting in PAR looking optically meaningfully lower. However, adjusting for the ARC, the PAR has improved, supported by better X-bucket Collection trends, which have been consistently maintained at ~99.4% since May'25. The management expects X-bucket CE to normalise to ~99.5+% by Q3FY26. In the Individual Loan (IL) portfolio, PAR inch-up can be attributed to the stress in KA, which the management expects to stabilise in the coming quarter. The bank has ramped up its collection team with a focus on early buckets to avoid forward flows. UJSFB has seen an improvement in CE in the SMA1 book from 36% to 47% and in the SMA2 book from 42% to 47%. **The management is confident that slippages are peaking out in 9 out of 10 states in Q4FY25, while KA slippages have peaked out in Q1. Slippages are expected to trend downwards as the SMA pool continues to decline. This gives the management the confidence to maintain GNPA at <2.5% in FY26. Resultantly, credit costs in Q2 are expected to remain flattish QoQ and gradually decline over Q3 and Q4. The management expects H2 credit costs to be lower than H1. On a steady state basis, MFI credit costs are expected to settle at 2-2.25%, while secured portfolio credit costs are likely to be contained at 0.7-0.8, keeping overall credit cost for UJSFB at ~1.5-1.7%.**
- GL Stress to Gradually Moderate, IL Portfolio Fares Better:** UJSFB's IL portfolio asset quality continues to fare better vs Group Loans (GL), ex-KA. However, in certain districts of KA, the IL portfolio has been facing headwinds owing to the impact of the ordinance. On the other hand, the IL portfolio in the key states such as TN and MH continues to hold up well. While in the GL portfolio, the southern states continue to exhibit stress, the Eastern and Western geographies continue to see stability, and the bank is comfortable in resuming growth in these geographies. The bank intends to keep the MFI portfolio diversified with no geography contributing to >15%.

Sector Outlook: Positive

Company Guidance: The bank has guided for growth momentum to improve over FY26, as it aims to clock an advances growth of 20%. Credit growth will be primarily led by secured assets, which are expected to grow at 35% in FY26. Deposits growth will mirror credit growth, with unabated focus on CASA Deposits. The bank intends to scale up the CASA Ratio to 27% vs ~24% in Q1. LDR is likely to be maintained at 88% during the year. With the bank in the investment phase, scale up of new products and continued investments towards tech, strengthening teams and the deposit franchise will keep Opex growth and consequently C-I Ratio elevated at 67% in FY26. While credit costs are expected to taper, the decline will be back-ended and thus, FY26 credit costs are expected to be at 2.3-2.4%.

Current Valuation: 1.4x FY27E ABV; Earlier Valuation: 1.2x FY27E ABV
Current TP: Rs 53/share. Earlier TP: Rs 49/share
Recommendation: We maintain our **BUY** recommendation on the stock

Alternative BUY Ideas from our Sector Coverage
AU SFB (TP – Rs 900/share)
Financial Performance

- Operational Performance:** UJSFB's disbursements grew by 24% YoY/-12% QoQ, led by flat growth in MFI disbursements and a sharper de-growth in the secured segments' disbursements (+87% YoY, -25% QoQ). Advances grew by 11/4% YoY/QoQ, with growth led by secured businesses (+58/8% YoY/QoQ). MFI portfolio was flat QoQ and de-grew by 12% YoY. The share of secured book improved to ~46% vs 43.5% QoQ. Deposits grew by 19/3% YoY/QoQ, driven by TDs (+21/4% YoY/QoQ). CASA deposits grew by 13% YoY/-2% QoQ. Resultantly, the CASA Ratio declined to 24.3% vs 25.5% QoQ. C-D Ratio stood at 86.2% vs 92.5/85.4% YoY/QoQ.
- Financial Performance:** NII growth was weak and de-grew by 9/1 YoY/QoQ, owing to weak MFI growth, excess liquidity and shift in portfolio mix. Margins contracted by ~60bps QoQ and stood at 7.7% vs 8.3% in Q4FY25. Non-interest income grew by 26/-8% YoY/QoQ. Opex growth was controlled at 18/-4% YoY/QoQ. C-I Ratio decreased and stood at 67.4% vs 68.3% QoQ. PPOP de-grew by 29% YoY and was flat QoQ. Credit costs were tapered QoQ to stand at 2.75% vs 3.41% in Q4FY25. PAT de-grew by 66% YoY and grew by 24% QoQ.
- Asset Quality:** UJSFB's asset quality is better than the industry. The X-bucket collections in both the group and individual loans stood at 99.3% in Jun'25 vs 99.5% in Mar'25. The bank has seen X-bucket CE improve from 99.1% in Apr'25, which was impacted by the implementation of MFIN guardrails 2.0 and seasonality. GNPA/NNPA stood at 2.52/0.7% vs 2.18/0.49% QoQ. PCR stood at 73% vs 78% QoQ. Write-off during the quarter stood at Rs 159 Cr.

Key Financials (Standalone)

| (Rs Cr) | Q1FY26 | QoQ (%) | YoY (%) | Axis Est. | Variance |
|---------------------|--------|---------|----------|-----------|----------|
| Net Interest Income | 856 | -1.0 | -9.1 | 886 | -3.4 |
| PPOP | 360 | +0.2 | -29.3 | 367 | -1.8 |
| Net Profit | 103 | +23.8 | -65.8 | 67 | +54.7 |
| NNPA (%) | 0.7 | +21 bps | +29 bps | 0.6 | +14 bps |
| RoA (%) | 0.9 | +14 bps | -207 bps | 0.5 | +30 bps |

Source: Company, Axis Securities Research

 (CMP as of 24th July, 2025)

| | |
|----------------------------|-------------|
| CMP (Rs) | 45.7 |
| Upside /Downside (%) | 16% |
| High/Low (Rs) | 51.8/30.9 |
| Market cap (Cr) | 8,841 |
| Avg. daily vol. (6m) Shrs. | 1,45,21,727 |
| No. of shares (Cr) | 193.6 |

Shareholding (%)

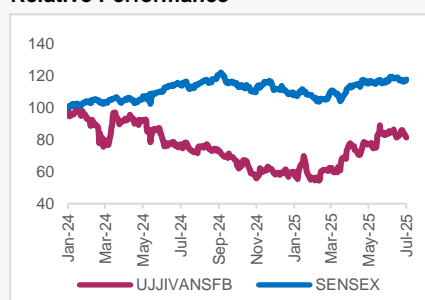
| | Dec-24 | Mar-25 | Jun-25 |
|-----------|--------|--------|--------|
| Promoter | 0.0 | 0.0 | 0.0 |
| FII's | 17.9 | 19.5 | 19.6 |
| MFs / UTI | 3.8 | 4.7 | 11.0 |
| Others | 78.3 | 75.8 | 69.4 |

Financial & Valuations

| Y/E Mar (Rs Cr) | FY26E | FY27E | FY28E |
|-----------------|-------|-------|-------|
| NII | 3,929 | 4,661 | 5,675 |
| PPOP | 1,658 | 2,138 | 2,872 |
| Net Profit | 672 | 1,100 | 1,541 |
| EPS (Rs) | 3.5 | 5.7 | 8.0 |
| ABV (Rs) | 33.1 | 38.1 | 45.0 |
| P/ABV (x) | 1.4 | 1.2 | 1.0 |
| RoA (%) | 1.3 | 1.8 | 2.0 |
| NNPA (%) | 0.5 | 0.5 | 0.5 |

Change in Estimates (%)

| Y/E Mar | FY26E | FY27E |
|---------|-------|-------|
| NII | -5.6 | -6.5 |
| PPOP | -14.5 | -11.2 |
| PAT | -32.8 | -15.1 |

Relative Performance


Source: Ace Equity, Axis Securities Research

Dnyanada Vaidya

Research Analyst

Email: dnyanada.vaidya@axissecurities.in

Pranav Nawale

Research Associate

Email: pranav.nawale@axissecurities.in

Key Takeaways

NIM compression imminent: As the portfolio continues to skew towards lower-yielding segments, pressure on yields is imminent. In Q1FY26, the sharp NIM compression of 60bps QoQ was on account of portfolio mix shift towards secured products (25bps), excess liquidity of Rs 1,100 Cr (17bps), and interest reversal on advance payment (14bps). **The management expects the excess liquidity to ease for the next couple of quarters, thereby supporting NIMs. Thus, in Q2, margins are expected to improve to 7.9% and to be maintained at that level in Q3. NIMs should also find support from the resumption of growth in the better-yielding MFI book. The bank is also focusing on ramping up growth in the better-yielding Micro Mortgage, Vehicle and Gold loans to support margins.**

With the commencement of the rate cut cycle, UJSFB has also taken an SA and TD rate cut and expects the CoF to taper in H2FY26. The bank has slashed its TD rates by 65bps and also recalibrated SA rates in certain buckets by up to 100bps. The bulk deposit rates have also declined. **Thus, the management expects CoF to decline by 20bps each quarter over FY26.** Collectively, (i) Growth in better yielding secured segments, (ii) Faster growth in IL vs GL, wherein yield differential is ~100bps, (iii) Gradual downward repricing of deposits driving down CoF should enable UJSFB to maintain margins at 7.8-7.9% over FY26-28E.

Medium-to-Long-Term Guidance: The bank will continue to invest in the deposits franchise as it aspires to ramp up its CASA Ratio to ~35% over the next 3-5 years. Advances growth is expected to be maintained at 20-25% CAGR, enabling UJSFB to clock a loan book of Rs 1 Lc Crover the next 3-5 years, with the share of secured products improving from 46% currently to 60-65%. Continued investments towards the deposit franchise, tech and new product ramp-up will continue to keep near-term Opex ratios elevated. Over the medium term, as operating leverage kicks in with scale, the bank expects the C-I Ratio to improve significantly to 55% over the next 3-5 years. The bank will continue to strengthen its branch network as it plans to add 25 branches in FY26 and 400 branches over the medium term. As the share of the secured businesses in the portfolio mix improves, credit costs are expected to taper meaningfully to settle at 100-150bps of average. Gross advances.

Outlook

The asset quality challenges in the MFI segment have peaked out and are expected to improve hereon. Credit costs are likely to remain elevated for another quarter before tapering over H2. While growth in the secured businesses will continue to remain healthy, we expect a pick-up in MFI growth in H2FY26 as challenges wane and demand improves. The improving growth in the MFI segment (particularly IL), along with a downward repricing of deposits aiding CoF, should partially offset the impact of the portfolio mix shift on NIMs. Opex ratios will continue to remain elevated to reflect the investments towards the franchise, tech platform and strengthening the deposit franchise. Thus, we expect UJSFB to deliver RoA/RoE of 1.7-2%/15-18% over FY27-28E, primarily driven by a sizable reduction in credit costs. **We expect UJSFB to deliver a healthy Advances/Deposits/NII/Earnings growth of 21/21/16/30% CAGR over FY25-28E. However, factoring in near-term challenges on growth and shift towards lower-yielding secured products, we trim our pNII estimates by 5-6% over FY26-27E. Moreover, led by continued investments weighing on Opex ratios and a slight delay in credit cost normalisation, we have hacked our FY26/27E earnings estimates by 33/15%.**

Valuation & Recommendation

UJSFB currently trades at 1.2x FY27E ABV, and we value the stock at 1.4x FY27E, to arrive at a target price of Rs 53/share, implying an upside of 16% from the CMP. **We maintain our BUY recommendation on the stock.**

Key Risks to Our Estimates and TP

- The key risk to our estimates remains a slowdown in overall credit growth, which could potentially derail our earnings estimates.
- The scalability of new products and secured book remains a key monitorable.
- Asset quality concerns persisting for long could keep credit costs elevated, hurting our earnings estimates

Change in Estimates

| Rs Cr | Revised | | | Old | | | % Change | | |
|------------|---------|-------|-------|-------|-------|-------|----------|-------|-------|
| | FY26E | FY27E | FY28E | FY26E | FY27E | FY28E | FY26E | FY27E | FY28E |
| NII | 3,929 | 4,661 | 5,675 | 4,163 | 4,984 | - | -5.6 | -6.5 | - |
| PBP | 1,658 | 2,138 | 2,872 | 1,940 | 2,407 | - | -14.5 | -11.2 | - |
| Provisions | 762 | 671 | 817 | 605 | 681 | - | 26.0 | -1.5 | - |
| PAT | 672 | 1,100 | 1,541 | 1,001 | 1,295 | - | -32.8 | -15.1 | - |

Source: Axis Securities Research

Results Review

| (Rs Cr) | Q1FY26 | Q1FY25 | % YoY | Q4FY25 | % QoQ |
|------------------------------|--------|--------|-------|--------|-------|
| Net Interest Income | 856 | 942 | -9.1 | 864 | -1.0 |
| Non-Interest Income | 249 | 197 | 26.3 | 270 | -7.7 |
| Operating expenses | 744 | 629 | 18.4 | 774 | -3.8 |
| Staff Cost | 412 | 340 | 21.0 | 420 | -1.9 |
| Pre-provision profits | 360 | 510 | -29.3 | 360 | 0.2 |
| Provisions and contingencies | 225 | 110 | 104.8 | 265 | -15.0 |
| PBT | 136 | 400 | -66.1 | 95 | 42.3 |
| Provision for Tax | 32 | 99 | -67.2 | 12 | 172.3 |
| PAT | 103 | 302 | -65.8 | 83 | 23.8 |

Business Update

| | | | | | |
|--------------------|-------|-------|-------|-------|-------|
| Disbursements | 6,539 | 5,286 | 23.7 | 7,440 | -12.1 |
| MFI - Group | 2,844 | 2,952 | -3.7 | 2,787 | 2.0 |
| MFI - Individual | 1,090 | 942 | 15.7 | 1,185 | -8.0 |
| Affordable Housing | 892 | 445 | 100.4 | 1,130 | -21.1 |
| MSME | 402 | 130 | 209.2 | 533 | -24.6 |
| FIG | 609 | 400 | 52.3 | 1,064 | -42.8 |
| Others | 595 | 391 | 52.2 | 604 | -1.5 |

AUM

| | | | | | |
|--------------------|--------|--------|-------|--------|------|
| AUM | 33,287 | 30,070 | 10.7 | 32,123 | 3.6 |
| MFI - Group | 12,961 | 15,768 | -17.8 | 13,090 | -1.0 |
| MFI - Individual | 5,332 | 4,967 | 7.3 | 5,182 | 2.9 |
| FIG | 2,798 | 1,800 | 55.4 | 2,785 | 0.5 |
| Affordable Housing | 7,962 | 5,199 | 53.1 | 7,308 | 8.9 |
| MSME | 2,253 | 1,415 | 59.2 | 2,047 | 10.1 |
| Others | 1,578 | 817 | 93.1 | 1,388 | 13.7 |

Cost-Income ratio (%)

| | | | | | |
|-----------------------|------|------|----------|------|---------|
| Cost-Income ratio (%) | 67.4 | 55.2 | 1215 bps | 68.3 | -90 bps |
|-----------------------|------|------|----------|------|---------|

Asset Quality

| | | | | | |
|---------------|------|------|-----------|------|----------|
| Gross NPA (%) | 2.5 | 2.5 | 0 bps | 2.2 | 34 bps |
| Net NPA (%) | 0.7 | 0.4 | 29 bps | 0.5 | 21 bps |
| PCR (%) | 73.0 | 84.0 | -1100 bps | 78.0 | -500 bps |

Capital Adequacy

| | | | | | |
|-------------|------|------|----------|------|---------|
| CRAR (%) | 22.8 | 24.9 | -208 bps | 23.1 | -33 bps |
| Tier I (%) | 21.2 | 23.0 | -178 bps | 21.4 | -20 bps |
| Tier II (%) | 1.6 | 1.9 | -31 bps | 1.7 | -14 bps |

Source: Company, Axis Securities Research

Financials (Standalone)

Profit & Loss

(Rs Cr)

| Y/E March | FY25 | FY26E | FY27E | FY28E |
|------------------------------|--------------|--------------|--------------|--------------|
| Net Interest Income | 3,636 | 3,929 | 4,661 | 5,675 |
| Non-Interest Income | 846 | 1,003 | 1,179 | 1,385 |
| Total Income | 4,482 | 4,932 | 5,840 | 7,060 |
| Operating Expenses | 2,793 | 3,274 | 3,703 | 4,188 |
| Pre-Provision Profits | 1,689 | 1,658 | 2,138 | 2,872 |
| Provisions | 748 | 762 | 671 | 817 |
| PBT | 941 | 897 | 1,467 | 2,055 |
| Tax | 215 | 224 | 367 | 514 |
| Profit After Tax | 726 | 672 | 1,100 | 1,541 |

Source: Company, Axis Securities Research

Balance Sheet

(Rs Cr)

| Y/E March | FY24 | FY25 | FY26E | FY27E |
|--------------------------|---------------|---------------|---------------|---------------|
| Equity Share Capital | 1,935 | 1,935 | 1,935 | 1,935 |
| Reserves & Surplus | 4,059 | 4,664 | 5,654 | 7,041 |
| Net Worth | 5,994 | 6,599 | 7,589 | 8,976 |
| Deposits | 37,630 | 44,808 | 54,658 | 66,779 |
| Borrowings | 2,845 | 3,380 | 4,922 | 6,038 |
| Other Liabilities | 1,130 | 1,390 | 1,705 | 2,076 |
| Total Liabilities | 47,689 | 56,308 | 69,050 | 84,090 |
| | | | | |
| Cash & Bank balances | 3,170 | 2,920 | 3,835 | 4,686 |
| Investments | 11,730 | 14,326 | 17,475 | 21,350 |
| Loans | 31,390 | 37,354 | 45,644 | 55,503 |
| Fixed Assets & Others | 1,399 | 1,709 | 2,095 | 2,552 |
| Total Assets | 47,689 | 56,308 | 69,050 | 84,090 |

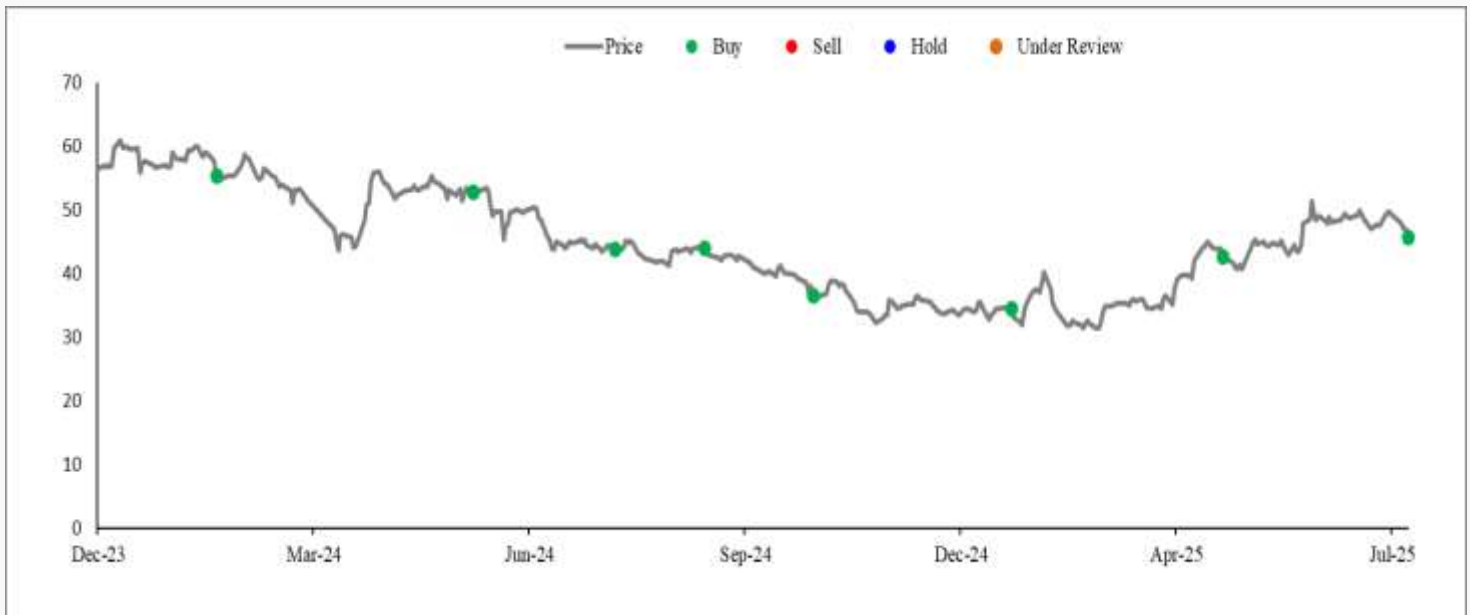
Source: Company, Axis Securities Research

Ratio Analysis
(%)

| Y/E March | FY25 | FY26E | FY27E | FY28E |
|---|-------|-------|-------|-------|
| VALUATION RATIOS | | | | |
| EPS | 3.8 | 3.5 | 5.7 | 8.0 |
| Earnings Growth (%) | -43.5 | -7.4 | 63.6 | 40.1 |
| BVPS | 31.0 | 34.1 | 39.2 | 46.4 |
| Adj. BVPS | 30.2 | 33.1 | 38.1 | 45.0 |
| RoA (%) | 1.6 | 1.3 | 1.8 | 2.0 |
| ROAE (%) | 12.6 | 10.7 | 15.5 | 18.6 |
| P/E (x) | 12.2 | 13.1 | 8.0 | 5.7 |
| P/ABV (x) | 1.5 | 1.4 | 1.2 | 1.0 |
| PROFITABILITY & OPERATING EFFICIENCY | | | | |
| NIM (%) | 8.7 | 7.9 | 7.8 | 7.8 |
| Cost/Avg. Asset Ratio (%) | 6.3 | 6.3 | 5.9 | 5.5 |
| Cost-Income Ratio (%) | 62.3 | 66.4 | 63.4 | 59.3 |
| BALANCE SHEET STRUCTURE RATIOS | | | | |
| Loan Growth (%) | 7.9 | 19.0 | 22.2 | 21.6 |
| Deposits Growth (%) | 19.6 | 19.1 | 22.0 | 22.2 |
| Equity/Assets (%) | 8.5 | 8.3 | 8.2 | 8.4 |
| Equity/Loans (%) | 19.1 | 17.7 | 16.6 | 16.2 |
| Capital Adequacy Ratio (%) | 23.1 | 21.5 | 20.0 | 19.3 |
| Tier I Capital (%) | 21.4 | 19.9 | 18.7 | 18.2 |
| ASSET QUALITY | | | | |
| Gross NPLs (%) | 2.2 | 2.3 | 2.1 | 2.1 |
| Net NPLs (%) | 0.5 | 0.5 | 0.5 | 0.5 |
| Coverage Ratio (%) | 78.1 | 78.0 | 78.0 | 78.0 |
| Provision/Avg. AUM (%) | 2.6 | 2.2 | 1.6 | 1.6 |
| ROAA TREE (on Total Assets) | | | | |
| Net Interest Income | 8.3 | 7.6 | 7.4 | 7.4 |
| Non-Interest Income | 1.9 | 1.9 | 1.9 | 1.8 |
| Operating Cost | 6.3 | 6.3 | 5.9 | 5.5 |
| Provisions | 1.7 | 1.5 | 1.1 | 1.1 |
| Tax | 0.5 | 0.4 | 0.6 | 0.7 |
| ROAA | 1.6 | 1.3 | 1.8 | 2.0 |
| Leverage (x) | 7.6 | 8.3 | 8.8 | 9.2 |
| ROAE | 12.6 | 10.7 | 15.5 | 18.6 |

Source: Company, Axis Securities Research

Ujjivan Small Finance Bank Price Chart and Recommendation History



| Date | Reco | TP | Research |
|-----------|------|----|----------------|
| 25-Jan-24 | BUY | 64 | Result Update |
| 22-May-24 | BUY | 64 | Result Update |
| 26-Jul-24 | BUY | 52 | Result Update |
| 05-Sep-24 | BUY | 52 | Company Update |
| 25-Oct-24 | BUY | 41 | Result Update |
| 24-Jan-25 | BUY | 39 | Result Update |
| 02-May-25 | BUY | 49 | Result Update |
| 25-Jul-25 | BUY | 53 | Result Update |
| | | | |

Source: Axis Securities Research

Disclaimer:

Axis Securities Limited is a subsidiary company of Axis Bank Ltd. Axis Bank Ltd. is a listed public company and one of India's largest private sector banks and has its various subsidiaries engaged in businesses of Asset management, NBFC, Merchant Banking, Trusteeship, Venture Capital, Stock Broking, the details in respect of which are available on www.axisbank.com.

Axis Securities Limited, is registered as a

- Stock Broker, Depository Participant, Portfolio Manager, Investment Adviser and Research Analyst with Securities and Exchange Board of India
- Corporate Agent with Insurance Regulatory and Development Authority of India
- Point of Presence with Pension Fund Regulatory and Development Authority
- Distributor for Mutual Funds with AMFI

Registration Details:

SEBI Single Reg. No.- NSE, BSE, MSEI, MCX & NCDEX – INZ000161633 | SEBI Depository Participant Reg. No. IN-DP-403-2019 | Portfolio Manager Reg. No.- INP000000654 | Investment Advisor Reg No. INA000000615 | SEBI-Research Analyst Reg. No. INH000000297 | IRDA Corporate Agent (Composite) Reg. No. CA0073 | PFRDA – POP Reg. No. POP387122023 | Mutual Fund Distributor ARN- 64610.

Compliance Officer Details: Name – Mr. Rajiv Kejriwal, Tel No. – 022-68555574, Email id – compliance.officer@axisdirect.in;

Registered Office Address – Axis Securities Limited, Unit No.002, Building- A, Agastya Corporate Park, Piramal Realty, Kamani Junction, Kurla (W), Mumbai – 400070.

Administrative office address: Axis Securities Limited, Aurum Q Parc, Q2 Building, Unit No. 1001, 10th Floor, Level – 6, Plot No. 4/1 TTC, Thane – Belapur Road, Ghansoli, Navi Mumbai, Pin Code – 400710.

In case of any grievances please call us at 022-40508080 or write to us helpdesk@axisdirect.in.

We hereby declare that our activities were neither suspended nor we have defaulted with any stock exchange authority with whom we are registered in last five years. However, SEBI, Exchanges, Clearing Corporations and Depositories etc. have conducted the routine inspection and based on their observations have issued advise/warning/show cause notices/deficiency letters/ or levied penalty or imposed charges for certain deviations observed in inspections or in normal course of business, as a Stock Broker / Depository Participant/Portfolio Manager. We have not been debarred from doing business by any Stock Exchange / SEBI or any other authorities; nor has our certificate of registration been cancelled by SEBI at any point of time.

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

By referring to any particular sector, Axis Securities does not provide any promise or assurance of favourable view for a particular industry or sector or business group in any manner.

Registration granted by SEBI, membership of BASL (in case of IAs) and certification from NISM in no way guarantee performance of the intermediary or provide any assurance of returns to investors. None of the research recommendations promise or guarantee any assured, minimum or risk-free return to the investors. Our research should not be considered as an advertisement or advice, professional or otherwise. This research report and its respective content by Axis Securities made available on this page or otherwise do not constitute an offer to sell or purchase or subscribe for any securities or solicitation of any investments or investment services for the residents of Canada and / or USA or any jurisdiction where such an offer or solicitation would be illegal.

Subject company(ies) may have been client during twelve months preceding the date of distribution of the research report. Derivatives are a sophisticated investment device. The investor is requested to take into consideration all the risk factors before actually trading in derivative contracts.

Past performance should not be taken as an indication or guarantee of future performance, and no representation or warranty, express or implied, is made regarding future performance. Information, opinions and estimates contained in this report reflect a judgment of its original date of publication by ASL and are subject to change without notice. The price, value of and income from any of the securities or financial instruments mentioned in this report can fall as well as rise. The value of securities and financial instruments is subject to exchange rate fluctuation that may have a positive or adverse effect on the price or income of such securities or financial instruments.

The information and opinions in this report have been prepared by Axis Securities and are subject to change without any notice. 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 of Axis Securities. The report must not be used as a singular basis of any investment decision. The views herein are of a general nature and do not consider the risk appetite, investment objective or the particular circumstances of an individual investor. The investor is requested to take into consideration all the risk factors including their financial condition, suitability to risk return profile and the like and take professional advice before investing.

While we would endeavour to update the information herein on a reasonable basis, Axis Securities is under no obligation to update or keep the information current. Also, there may be regulatory, compliance or other reasons that may prevent Axis Securities from doing so. Non-rated securities indicate that rating on a particular security has been suspended temporarily and such suspension is in compliance with applicable regulations and/or Axis Securities policies, in circumstances where Axis Securities might be acting in an advisory capacity to this company, or in certain other circumstances.

This report is based on information obtained in good faith from public sources and sources believed to be reliable, but no independent verification has been made nor is its accuracy or completeness guaranteed. This report and information herein is solely for informational purpose and shall 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. Though disseminated to all the customers simultaneously, not all customers may receive this report at the same time. Axis Securities will not treat recipients as customers by virtue of their receiving this report. 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. The recipient should independently evaluate the investment risks. The value and return on investment may vary because of changes in interest rates, foreign exchange rates or any other reason. Axis Securities accepts no liabilities whatsoever for any loss or damage of any kind arising out of the use of this report. Past performance is not necessarily a guide to future performance. Investors are advised to see Risk Disclosure Document to understand the risks associated before investing in the securities markets. Actual results may differ materially from those set forth in projections. Forward-looking statements are not predictions and may be subject to change without notice. Axis Securities or its associates might have managed or co-managed public offering of securities for the subject company or might have been mandated by the subject company for any other assignment in the past twelve months. Axis Securities or its associates might have received any compensation from the companies mentioned in the report during the period preceding twelve months from the date of this report for services in respect of managing or co-managing public offerings, corporate finance, investment banking or merchant banking, brokerage services or other advisory service in a merger or specific transaction. Axis Securities or its associates might have received any compensation for products or services other than investment banking or merchant banking or brokerage services from the companies mentioned in the report in the past twelve months. Axis Securities encourages independence in research report preparation and strives to minimize conflict in preparation of research report. Axis Securities or its associates or its analysts did not receive any compensation or other benefits from the companies mentioned in the report or third party in connection with preparation of the research report. Accordingly, neither Axis Securities nor Research Analysts and / or their relatives have any

material conflict of interest at the time of publication of this report. Please note that Axis Securities has a proprietary trading desk. This desk maintains an arm's length distance with the Research team and all its activities are segregated from Research activities. The proprietary desk operates independently, potentially leading to investment decisions that may deviate from research views.

Compensation of our Research Analysts is not based on any specific merchant banking, investment banking or brokerage service transactions.

Research Analyst may have served as an officer, director or employee of subject company(ies). Axis Securities or Research Analysts or their relatives do not own 1% or more of the equity securities of the Company mentioned in the report as of the last day of the month preceding the publication of the research report. Since associates of Axis Securities and Axis Securities as an entity are engaged in various financial service businesses, they might have financial interests or actual/beneficial ownership of one percent or more or other material conflict of interest in various companies including the subject company/companies mentioned in this report. Axis Securities may have issued other reports that are inconsistent with and reach different conclusion from the information presented in this report. Certain transactions -including those involving futures, options and other derivatives as well as non-investment grade securities - involve substantial risk and are not suitable for all investors. Reports based on technical analysis centres on studying charts of a stock's price movement and trading volume, as opposed to focusing on a company's fundamentals and as such, may not match with a report on a company's fundamentals.

We and our affiliates/associates, officers, directors, and employees, Research Analyst(including relatives) worldwide may: (a) from time to time, have long or short positions in, and buy or sell the securities thereof, of company (ies) mentioned herein or (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 subject company/company (ies) discussed herein or act as advisor or lender / borrower to such company (ies) or have other potential/material conflict of interest with respect to any recommendation and related information and opinions at the time of publication of Research Report or at the time of public appearance. Axis Securities may have proprietary long/short position in the above mentioned scrip(s) and therefore may be considered as interested. This should not be construed as invitation or solicitation to do business with Axis Securities. Axis Securities is also a Portfolio Manager. Portfolio Management Team (PMS) takes its investment decisions independent of the PCG research and accordingly PMS may have positions contrary to the PCG research recommendation.

RATING SCALE: Definitions of ratings

| Ratings | Expected absolute returns over 12 – 18 months |
|----------------|--|
| BUY | More than 10% |
| HOLD | Between 10% and -10% |
| SELL | Less than -10% |
| NOT RATED | We have forward looking estimates for the stock, but we refrain from assigning valuation and recommendation. |
| UNDER REVIEW | We will revisit our recommendation, valuation and estimates on the stock following recent events |
| NO STANCE | We do not have any forward-looking estimates, valuation or recommendation for the stock |

Note: Returns stated in the rating scale are our internal benchmark.