

<b>BSE SENSEX</b>	<b>S&amp;P CNX</b>
35,593	10,652
Bloomberg	HDFC IN
Equity Shares (m)	1,676
M.Cap.(INRb)/(USDb)	3299.3 / 46.4
52-Week Range (INR)	2051 / 1646
1, 6, 12 Rel. Per (%)	-2/3/0
12M Avg Val (INR M)	5667
Free float (%)	100.0

**Financials & Valuations (INR b)**

Y/E March	2019E	2020E	2021E
NII	125.3	143.6	163.8
PAT	93.3	103.0	117.8
Adj. EPS (INR)	42.8	49.6	56.6
EPS Gr. (%)	10.4	16.0	14.1
BV/Sh. (INR)	430.8	466.8	528.1
ABV/Sh. (INR)	306.8	342.9	384.2
RoAA (%)	1.8	1.9	1.9
Core RoE (%)	15.6	15.3	15.6
Payout (%)	46.4	46.4	46.4
<b>Valuation</b>			
AP/E (x)	24.0	17.9	15.7
P/BV (x)	4.5	4.1	3.6
AP/ABV (x)	3.3	2.6	2.3
Div. Yield (%)	0.9	1.1	1.2

**CMP: INR1,919 TP: INR2,300 (+20%)**
**Buy**
**Business on track; share of retail loans increasing**

- HDFC reported PAT of INR21.1b in 3QFY19, 9% above our estimate of INR19.4b, led by NII beat, lower-than-expected opex and a lower tax rate.
- The company scaled back on the corporate lending business, while the retail lending business was largely unaffected. AUM grew 3% QoQ/15% YoY to INR4.4t, driven by growth of 18% YoY in retail lending and 8% YoY (slowest in past three years) in corporate lending.
- NII growth came in at a robust 26% YoY (v/s 15% AUM growth), driven by (a) stable spreads, (b) higher assignment income in the quarter and (c) lower leverage due to capital raise and warrant conversion.
- Reported spreads and margins were largely stable at 2.3% and 3.2%, respectively. Interestingly, calculated cost of funds remained unchanged on a sequential basis at 8.35%.
- Opex was under control (up just 1% QoQ), leading to a 9.8% C/I ratio.
- GNPL ratio increased 9bp QoQ to 1.22%, driven by ~30bp increase in the corporate GNPL ratio to 2.46%. A large corporate account slipped into NPL this quarter. HDFC continues to provide 40% on its GS3 loans.

**Valuation view:** HDFC's retail loan growth is impressive, despite intense competition and a high base. The next few quarters would be even better, given easing competition due to liquidity issues. Over the past nine months, HDFC has hiked its home loan rate by 60-70bp, resulting in improved profitability versus the past two years. While corporate loan growth has slowed down, we believe it is only cyclical and should revert to normal soon. We largely maintain our FY19/20 estimates. Maintain **Buy** with an SOTP-based TP of INR2,300.

**HDFC: Quarterly Performance**

Y/E March	FY18				FY19				(INR Million)	
	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4Q	FY18	FY19E
<b>Net Interest Income</b>	24,117	24,616	25,643	32,110	28,904	29,911	32,299	34,165	113,127	125,279
YoY Change (%)	8.2	7.2	-0.4	12.6	19.8	21.5	26.0	6.4	13.6	10.7
Gross fee income	1,279	1,928	1,701	2,378	1,420	1,994	1,583	2,340	8,148	8,005
<b>Core Income</b>	25,396	26,545	27,344	34,487	30,324	31,905	33,882	36,506	121,275	133,284
YoY Change (%)	5.0	6.4	-1.3	10.5	19.4	20.2	23.9	5.9	12.3	9.9
Operating Expenses	3,497	5,093	5,293	2,321	5,096	3,221	3,261	3,760	9,578	15,338
% of core income	13.8	19.2	19.4	6.7	16.8	10.1	9.6	10.3	7.9	11.5
Commission expenses	1,024	1,256	1,588	1,729	1,205	1,139	2,079	1,943	6,700	6,365
% of core income	4.0	4.7	5.8	5.0	4.0	3.6	6.1	5.3	5.5	4.8
<b>Core Operating profits</b>	20,875	20,196	20,464	30,438	24,023	27,546	28,543	30,802	104,997	111,581
YoY Change (%)	1.7	-6.3	-16.6	8.7	15.1	36.4	39.5	1.2	10.9	6.3
Provisions	1,636	-616	1,900	1,000	197	1,313	1,160	1,230	3,750	3,900
<b>Core PBT</b>	19,238	20,812	18,564	29,438	23,826	26,233	27,383	29,572	101,247	107,681
YoY Change (%)	-3.3	1.0	-20.6	11.0	23.8	26.0	47.5	0.5	12.0	6.4
Profit on Sale of Inv.	193	781	53,973	3,006	570	11,011	1,052	867	56,347	13,500
Dividend income	749	5,512	1,602	3,411	6,258	233	115	4,464	11,146	11,070
One off expense/Prov			-15,750	-800		-2,700			-16,550	-2,700
Other Income	43	42	117	117	46	114	139	148	447	447
<b>PBT</b>	20,224	27,147	58,506	35,172	30,700	34,891	28,688	35,051	152,637	129,998
YoY Change (%)	-25.1	6.1	131.1	19.7	51.8	28.5	-51.0	-0.3	42.3	-14.8
Provision for Tax	5,979	7,365	5,506	6,710	8,800	10,220	7,550	10,154	31,000	36,724
<b>PAT</b>	14,245	19,782	53,000	28,462	21,900	24,671	21,138	24,897	121,637	93,273
YoY Change (%)	-23.9	8.3	211.5	39.2	53.7	24.7	-60.1	-12.5	63.4	-23.3

E: MOSL Estimates; FY19 estimates are under Ind-AS

**Research Analyst:** Alpesh Mehta (Alpesh.Mehta@MotilalOswal.com); +91 22 6129 1526 | **Piran Engineer** (Piran.Engineer@MotilalOswal.com); +91 22 6129 1539  
**Nitin Aggarwal** (Nitin.Aggarwal@MotilalOswal.com); +91 22 6129 1542 | **Shubhranshu Mishra** (Shubhranshu.Mishra@MotilalOswal.com); +91 22 6129 1540

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

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

**Exhibit 1: Quarterly performance v/s expectations and deviations for the same**

Y/E March	3QFY19E	3QFY19A	v/s Exp	Reasons for the deviation
Interest Income	96,950	100,357	4	
Interest Expense	67,733	70,445	4	
<b>Net Interest Income</b>	<b>30,084</b>	<b>32,299</b>	<b>7</b>	<b>NIM better than expected</b>
YoY Change (%)	17.3	26.0		
Gross fee income	2,144	1,583	-26	
<b>Core Income</b>	<b>32,228</b>	<b>33,882</b>	<b>5</b>	
YoY Change (%)	17.9	23.9		
Operating Expenses	3,414	3,261	-4	
% of core income	10.6	9.6		
Commission expenses	1,173	2,079	77	
% of core income	3.6	6.1		
<b>Core Operating profits</b>	<b>27,642</b>	<b>28,543</b>	<b>3</b>	<b>PPoP beat due to better NIM</b>
YoY Change (%)	35.1	39.5		
Provisions	1,000	1,160		
<b>Core PBT</b>	<b>26,642</b>	<b>27,383</b>	<b>3</b>	
YoY Change (%)	43.5	47.5		
Profit on Sale of Inv.	550	1,052		
Dividend income	0	115		
One off expense/Prov	0	0		
Other Income	140	139		
<b>PBT</b>	<b>27,332</b>	<b>28,688</b>	<b>5</b>	
YoY Change (%)	-53.3	-51.0		
Provision for Tax	7,926	7,550	-5	Lower tax rate
<b>PAT</b>	<b>19,405</b>	<b>21,138</b>	<b>9</b>	<b>PAT beat due to higher NIM and lower tax rate</b>
YoY Change (%)	-63.4	-60.1		

E: MOSL Estimates

Source: MOSL, Company

Retail AUM growth  
remains healthy at 18%  
YoY

**Focusing on retail lending and direct assignments**

- HDFC scaled back on the corporate lending business, while the retail lending business was largely unaffected. The company also relied more on assignments as a means of raising capital.
- AUM grew 3% QoQ/ 15% YoY to INR4.4t, driven by 18% YoY growth in retail lending and 8% YoY growth in corporate lending. This is the slowest corporate lending growth in the past three years.
- Assignments during the quarter amounted to INR69.59b v/s INR60.59b a quarter ago. Hence, the share of off-balance sheet AUM stood at 12.6% v/s 11.5% a quarter ago.

GNPL ratio increased 9bp  
QoQ to 1.22%

**Asset quality stable sequentially**

- GNPA ratio increased 9bp QoQ to 1.22%.
- This was on account of ~30bp increase in the corporate GNPL ratio to 2.46%.
- Provisions on Stage 3 loans amount to 40%.

Spreads stable; share of  
deposits increasing

**Spreads and margins have been stable**

- Despite the tight liquidity environment, both spreads and margins have remained largely stable at 2.3% and 3.2% (excluding off-BS income). This lends credence to HDFC's superior execution in treasury management.
- On a calculated basis, cost of funds was sequentially stable at 8.35%.
- Liability mix – share of term loans increased from 18% to 21% QoQ, while that of deposits increased from 28% to 30% QoQ.

**Other highlights**

- Fee income was under pressure in the quarter due to lower corporate disbursements. Gross fee income declined 30% QoQ and 25% YoY to INR1.04b.

On the other hand, DSA commission expenses were up 83% QoQ/31% YoY to INR2.1b.

- Tier I capital stands at 17.2%
- Dividend income was minuscule at INR21m in the quarter.

#### Valuation and view

- HDFC's retail loan disbursements have been steady, clocking high-teens disbursement growth despite the high base and intensifying competition. Corporate loan growth has also been strong, barring the past couple of quarters.
- The current liquidity situation presents HDFC with the opportunity to gain market share as competitive intensity moderates. We believe retail loan growth for the company could accelerate hereon.
- The company has managed its ALM situation well without taking undue risk. Given vintage and strong relationships, HDFC has been able to raise money from multiple sources comfortably, albeit at slightly higher rates. In addition, the huge public deposit base (~INR1t) is a clear advantage HDFC enjoys over its peers.
- With recent rate hikes across the portfolio, we believe HDFC will be able to manage spreads better than peers.
- Over the past two decades, HDFC has incubated several subsidiaries, most of which have been early entrants in their domains. The subsidiaries have gained significant scale and contributed ~40% of consolidated PAT (ex-dividend from HDFCB) in FY18 compared to 32% in FY12. While its subsidiaries are capitalizing on the 'financialization of savings' opportunity and increasing market share with better profitability, HDFC will continue to effectively unlock value in each subsidiary. **HDFC's subsidiaries account for ~51% of its SOTP, up from 30% in FY12.**
- Stable spreads across interest rate cycles, an impeccable asset quality track record and a single-digit cost-to-income ratio should ensure superior core lending business RoA of ~1.9% and RoE of 15%+, in our view. **Buy** with an SOTP-based TP (Dec-20E based) of **INR2,300**.

#### Exhibit 1: We keep our FY19/20 estimates largely unchanged

INR b	Old Est		New Estimates		% Change	
	FY19	FY20	FY19	FY20	FY19	FY20
<b>NII</b>	<b>121.6</b>	<b>138.8</b>	<b>125.3</b>	<b>143.6</b>	<b>3.0</b>	<b>3.5</b>
Fee and others	8.6	10.0	8.0	9.7		
<b>Total Income</b>	<b>130.2</b>	<b>148.8</b>	<b>133.3</b>	<b>153.3</b>	<b>2.4</b>	<b>3.0</b>
Operating Expenses	20.1	21.9	21.7	23.8	8.0	8.8
<b>Core PPOP</b>	<b>110.1</b>	<b>126.9</b>	<b>111.6</b>	<b>129.5</b>	<b>1.3</b>	<b>2.0</b>
Provisions	3.6	4.4	3.9	4.6		
<b>Core PBT</b>	<b>106.6</b>	<b>122.6</b>	<b>107.7</b>	<b>124.9</b>	<b>1.1</b>	<b>1.9</b>
One offs	21.5	19.5	22.3	19.2		
<b>PBT</b>	<b>128.1</b>	<b>142.1</b>	<b>130.0</b>	<b>144.1</b>	<b>1.5</b>	<b>1.4</b>
Tax	37.1	40.8	36.7	41.1	-1.1	0.7
<b>PAT</b>	<b>90.9</b>	<b>101.3</b>	<b>93.3</b>	<b>103.0</b>	<b>2.6</b>	<b>1.7</b>
Loans	4,093	4,734	3,989	4,500	-2.5	-4.9
AUM	4,627	5,424	4,578	5,287	-1.1	-2.5
Borrowings	3,643	4,251	3,550	4,028	-2.5	-5.2
Spreads	1.43	1.38	1.56	1.57		
NIMs	2.92	2.91	3.05	3.12		
<b>RoA (%)</b>	<b>1.76</b>	<b>1.77</b>	<b>1.80</b>	<b>1.86</b>		
<b>Core RoE (%)</b>	<b>15.5</b>	<b>15.0</b>	<b>15.6</b>	<b>15.3</b>		

Source: MOSL, Company

**Exhibit 2: SOTP FY19E based (INR)**

	Value (INR b)	Value (USD b)	Value/ Sh. (INR)	% of total	Rationale
<b>Core business</b>	<b>1,931</b>	<b>28.9</b>	<b>1,128</b>	<b>49.1</b>	<b>3x BV; 20x Earnings</b>
<b>Key Ventures</b>					
HDFC Bank (21.5% stake)	1,566	23.5	916	39.8	4x PBV
HDFC Standard Life (51.5% stake)	505	7.6	295	12.8	4x PEV
HDFC AMC (60% stake)	161	2.4	94	4.1	13% AUM CAGR FY19-21; 30x PAT
HDFC General Insurance (51% stake)	98	1.5	57	2.5	25x PAT
Property Funds	7	0.1	4	0.2	13.3% of total AUM USD1.1b
Excess Capital	45	0.7	26	1.1	1x Cash
Gruh Finance	125	1.9	73	3.2	CMP+20%
<b>Total Value of Ventures</b>	<b>2,507</b>	<b>37.6</b>	<b>1,465</b>	<b>63.7</b>	
Less: 20% holding discount	501	7.5	293	12.7	
<b>Value of Key Ventures</b>	<b>2,006</b>	<b>30.0</b>	<b>1,172</b>	<b>50.9</b>	
<b>Target Value Post 20% Holding Co Discount</b>	<b>3,936</b>	<b>59.0</b>	<b>2,300</b>	<b>100.0</b>	
CMP	3,286	49.2	1,919		
<b>Upside - %</b>	<b>19.8</b>	<b>19.8</b>	<b>19.9</b>		

Source: MOSL

**Exhibit 3: DuPont Analysis**

	FY14	FY15	FY16	FY17	FY18	FY19E	FY20E	FY21E
Interest Income	10.94	10.83	10.34	9.87	9.09	9.58	10.04	10.42
Interest Expended	7.62	7.50	7.14	6.69	6.03	6.63	7.03	7.38
<b>Net Interest Income</b>	<b>3.33</b>	<b>3.34</b>	<b>3.20</b>	<b>3.18</b>	<b>3.07</b>	<b>2.95</b>	<b>3.01</b>	<b>3.04</b>
Fees and Other Charges	0.14	0.27	0.30	0.27	0.22	0.19	0.20	0.21
<b>Core Income</b>	<b>3.47</b>	<b>3.60</b>	<b>3.51</b>	<b>3.46</b>	<b>3.29</b>	<b>3.13</b>	<b>3.21</b>	<b>3.25</b>
<b>Operating Expenses</b>	<b>0.30</b>	<b>0.44</b>	<b>0.44</b>	<b>0.43</b>	<b>0.44</b>	<b>0.51</b>	<b>0.50</b>	<b>0.50</b>
Cost to Income Ratio (%)	8.61	12.28	12.63	12.40	13.42	16.28	15.51	15.39
Employee Expenses	0.13	0.14	0.13	0.12	0.12	0.18	0.16	0.16
Other Expenses	0.17	0.31	0.31	0.30	0.33	0.33	0.34	0.34
<b>Core Operating Profits</b>	<b>3.17</b>	<b>3.16</b>	<b>3.06</b>	<b>3.03</b>	<b>2.85</b>	<b>2.62</b>	<b>2.72</b>	<b>2.75</b>
Provisions/write offs	0.05	0.07	0.10	0.14	0.10	0.09	0.10	0.10
<b>Core PBT</b>	<b>3.12</b>	<b>3.09</b>	<b>2.97</b>	<b>2.89</b>	<b>2.74</b>	<b>2.53</b>	<b>2.62</b>	<b>2.64</b>
Dividend Income	0.27	0.29	0.30	0.29	0.30	0.26	0.27	0.27
Treasury and Other Income	0.14	0.21	0.63	0.34	1.54	0.33	0.14	0.14
One off provisions/Expenses	0.00	0.00	-0.17	-0.09	-0.45	-0.06	0.00	0.00
<b>PBT</b>	<b>3.53</b>	<b>3.60</b>	<b>3.73</b>	<b>3.43</b>	<b>4.14</b>	<b>3.06</b>	<b>3.02</b>	<b>3.06</b>
Tax	0.95	1.10	1.11	1.05	0.84	0.86	0.86	0.87
Tax Rate (%)	26.88	30.54	29.83	30.62	20.31	28.25	28.50	28.50
<b>Reported PAT</b>	<b>2.58</b>	<b>2.50</b>	<b>2.61</b>	<b>2.38</b>	<b>3.30</b>	<b>2.19</b>	<b>2.16</b>	<b>2.19</b>
Leverage (x)	7.97	8.01	8.00	8.21	7.18	6.24	6.21	6.45
<b>RoE</b>	<b>20.61</b>	<b>20.02</b>	<b>20.90</b>	<b>19.54</b>	<b>23.67</b>	<b>13.68</b>	<b>13.41</b>	<b>12.15</b>
<b>Core RoE</b>	<b>22.70</b>	<b>21.39</b>	<b>19.42</b>	<b>18.88</b>	<b>17.70</b>	<b>15.59</b>	<b>15.27</b>	<b>15.57</b>

Source: MOSL, Company

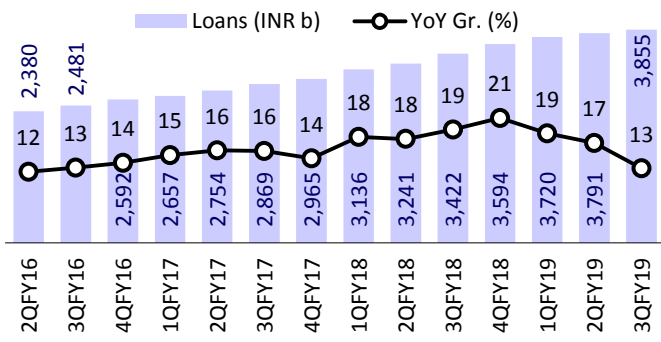
## Exhibit 4: Quarterly Snapshot

	FY18				FY19			Variation (%)	
	1Q	2Q	3Q	4Q	1Q	2Q	3Q	QoQ	YoY
<b>Profit and Loss (INR m)</b>									
<b>Net Interest Income</b>	<b>24,117</b>	<b>24,616</b>	<b>25,643</b>	<b>32,110</b>	<b>28,904</b>	<b>29,911</b>	<b>32,299</b>	<b>8</b>	<b>26</b>
Other Operating Income	1,197	6,966	55,689	7,066	7,043	12,100	671	(94)	(99)
Miscellaneous Income	43	42	117	117	46	114	139	23	19
<b>Net Income</b>	<b>25,357</b>	<b>31,624</b>	<b>81,449</b>	<b>39,293</b>	<b>35,993</b>	<b>42,124</b>	<b>33,109</b>	<b>(21)</b>	<b>(59)</b>
<b>Operating Expenses</b>	<b>3,497</b>	<b>5,093</b>	<b>5,293</b>	<b>2,321</b>	<b>5,096</b>	<b>3,221</b>	<b>3,261</b>	<b>1</b>	<b>(38)</b>
Employee	1,124	1,070	1,143	959	1,329	1,189	1,347	13	18
Others	2,374	4,024	4,150	1,361	3,767	2,031	1,914	(6)	(54)
<b>Operating Profits</b>	<b>21,860</b>	<b>26,531</b>	<b>76,156</b>	<b>36,972</b>	<b>30,897</b>	<b>38,904</b>	<b>29,848</b>	<b>(23)</b>	<b>(61)</b>
Provisions	1,636	-616	17,650	1,800	197	4,013	1,160	(71)	(93)
<b>PBT</b>	<b>20,224</b>	<b>27,147</b>	<b>58,506</b>	<b>35,172</b>	<b>30,700</b>	<b>34,891</b>	<b>28,688</b>	<b>(18)</b>	<b>(51)</b>
Taxes	5,979	7,365	5,506	6,710	8,800	10,220	7,550	(26)	37
<b>PAT</b>	<b>14,245</b>	<b>19,782</b>	<b>53,000</b>	<b>28,462</b>	<b>21,900</b>	<b>24,671</b>	<b>21,138</b>	<b>(14)</b>	<b>(60)</b>
<b>Ratios (%)</b>									
Cost to Income	13.8	16.1	6.5	5.9	14.2	7.6	9.8		
Provision to operating profit	7.5	-2.3	23.2	4.9	0.6	10.3	3.9		
Tax Rate	29.6	27.1	9.4	19.1	28.7	29.3	26.3		
CAR	14.7	15.1	16.9	19.2	16.3	18.4	18.9	50	200
Tier I	12.1	12.6	14.5	17.3	15.0	17.1	17.2	10	270
<b>Margins Reported ( Cum %)</b>									
Individual spreads	1.9	1.9	1.9	1.9	1.9	1.9	1.9	(2)	(2)
Corporate spreads	3.2	3.1	3.1	3.1	3.1	3.1	3.1	(3)	(2)
Overall spreads	2.3	2.3	2.3	2.3	2.3	2.3	2.3	(2)	(3)
NIMs	3.4	3.9	3.3	4.0	3.5	3.5	3.5	-	20
<b>Break up of Interest Income</b>	<b>80,289</b>	<b>80,809</b>	<b>84,045</b>	<b>89,219</b>	<b>91,016</b>	<b>96,384</b>	<b>102,334</b>	<b>6</b>	<b>22</b>
Interest Income on Home loans	76,199	77,197	80,734	85,415	87,174	92,506	95,843	4	19
Surplus deployed in schemes of MF	972	1,015	807	1,469	1,803	1,824	2,892	59	258
Other interest Income	3,118	2,597	2,504	2,335	2,039	2,054	3,600	75	44
<b>Other Operating Inc.</b>	<b>2,046</b>	<b>8,071</b>	<b>55,935</b>	<b>8,795</b>	<b>7,680</b>	<b>12,227</b>	<b>1,702</b>	<b>(86)</b>	<b>(97)</b>
<b>Balance Sheet (INR b)</b>									
Networth	415	407	464	614	636	708	756	7	63
Borrowings	2,862	3,003	3,081	3,207	3,325	3,406	3,547	4	15
<b>Total liabilities</b>	<b>3,277</b>	<b>3,410</b>	<b>3,545</b>	<b>3,821</b>	<b>3,961</b>	<b>4,114</b>	<b>4,303</b>	<b>5</b>	<b>21</b>
Net Loans	3,136	3,241	3,422	3,594	3,720	3,791	3,855	2	13
Investments	206	212	233	305	311	319	491	54	111
<b>Total Assets</b>	<b>3,473</b>	<b>3,583</b>	<b>3,752</b>	<b>4,017</b>	<b>4,143</b>	<b>4,270</b>	<b>4,478</b>	<b>5</b>	<b>19</b>
<b>AUM</b>	<b>3,556</b>	<b>3,675</b>	<b>3,842</b>	<b>3,988</b>	<b>4,188</b>	<b>4,295</b>	<b>4,410</b>	<b>3</b>	<b>15</b>
<b>AUM Mix (%)</b>									
Individual Home loans	73	73	73	73	73	73	74	54	133
Corporate loans	27	27	27	27	27	27	26	(54)	(133)
<b>AUM Mix (%)</b>									
On books	88	88	89	90	89	88	87	(85)	(163)
Off books	12	12	11	10	11	12	13	85	163
<b>Borrowing Mix (%)</b>									
Term Loans	12	13	13	15	16	18	21	298	798
Bonds, Deb, etc	59	57	56	57	54	54	49	(476)	(664)
Deposits	30	30	31	29	30	28	30	178	(134)

Source: Company, MOSL

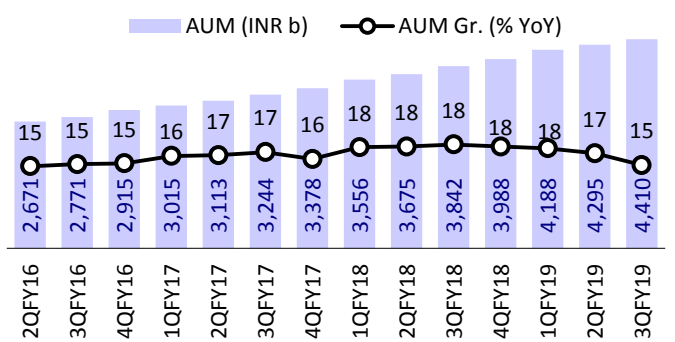
## Story in charts

**Exhibit 5: Loans (net of sell down) grew by 13% YoY**



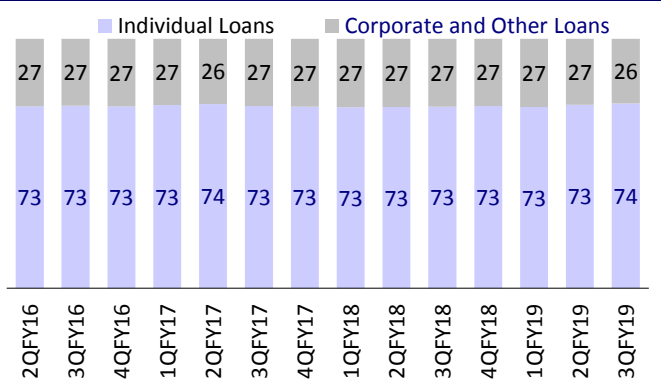
Source: Company, MOSL

**Exhibit 6: AUM growth trend**



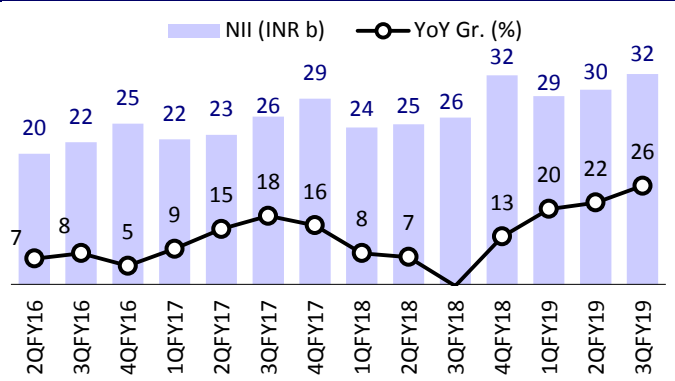
Source: Company, MOSL

**Exhibit 7: AUM mix largely stable (%)**



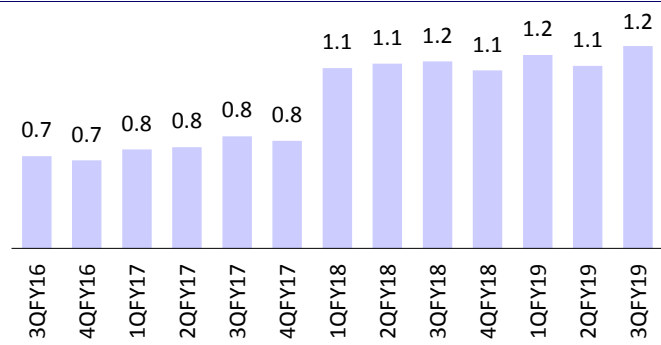
Source: Company, MOSL

**Exhibit 8: NII up 26% YoY – strongest in many quarters**



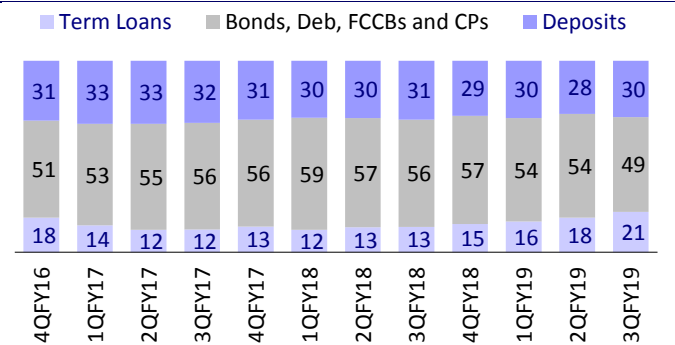
Source: Company, MOSL

**Exhibit 9: GNPL ratio increases marginally (%)**



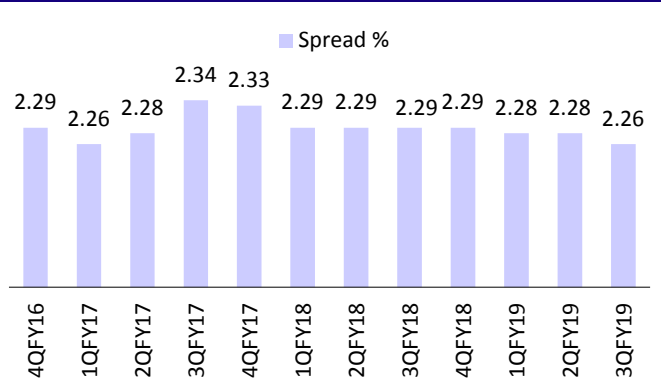
Source: Company, MOSL

**Exhibit 10: Liability mix – Deposit share up (%)**



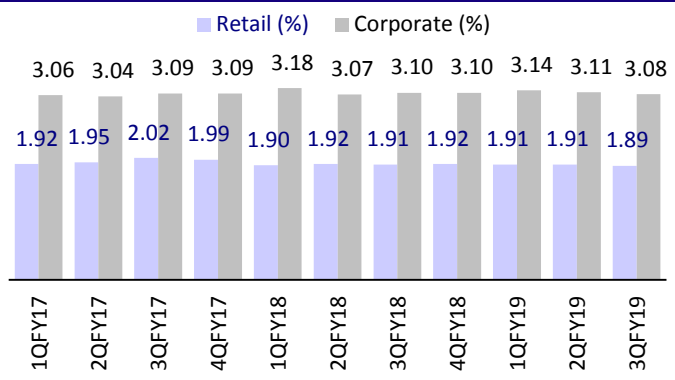
Source: Company, MOSL

**Exhibit 11: Reported spreads stable**



Source: Company, MOSL

**Exhibit 12: Retail and corporate spreads**



Source: Company, MOSL

## Exhibit 13: Financials: Valuation metrics

	Rating	CMP	Mcap	EPS (INR)		P/E (x)		BV (INR)		P/BV (x)		RoA (%)		RoE (%)	
		(INR)	(USDb)	FY19E	FY20E	FY19E	FY20E	FY19E	FY20E	FY19E	FY20E	FY19E	FY20E	FY19E	FY20E
ICICIBC*	Buy	347	31.1	8.0	20.2	30.3	12.0	166	181	1.5	1.3	0.6	1.2	5.0	11.8
HDFCB	Buy	2,058	79.6	79.8	95.9	25.8	21.5	543	621	3.8	3.3	1.8	1.8	16.7	16.5
AXSB	Buy	661	23.7	17.4	37.9	38.1	17.4	265	298	2.5	2.2	0.6	1.1	6.8	13.5
KMB*	Neutral	1,251	33.8	37.9	46.1	33.0	27.1	303	348	4.1	3.6	1.7	1.7	12.1	13.3
YES	Buy	203	6.7	18.5	22.6	11.0	9.0	126	145	1.6	1.4	1.2	1.2	15.5	16.7
IIB	Buy	1,465	12.2	68.8	100.2	21.3	14.6	441	556	3.3	2.6	1.7	2.1	16.5	20.2
FB	Buy	86	2.4	6.1	8.9	14.1	9.7	67	75	1.3	1.1	0.8	1.0	9.5	12.5
DCBB	Neutral	175	0.8	10.2	13.2	17.2	13.2	96	109	1.8	1.6	0.9	1.0	11.6	13.4
SIB	Buy	13	0.3	1.7	2.7	8.0	5.0	29	31	0.5	0.4	0.3	0.5	5.6	8.6
Equitas	Buy	116	0.6	6.3	8.4	18.5	13.7	73	80	1.6	1.4	1.3	1.4	9.0	11.1
RBL	Buy	552	3.4	20.6	28.0	26.7	19.7	176	199	3.1	2.8	1.2	1.3	12.3	14.9
<b>Private Aggregate</b>															
SBIN (cons)*	Buy	281	35.3	8.7	32.3	28.2	8.0	249	276	1.0	0.9	0.1	0.7	2.7	12.3
PNB	Neutral	77	3.3	-17.7	8.0	-4.4	9.7	109	117	0.7	0.7	-0.7	0.4	-13.8	6.8
BOI	Neutral	98	2.2	-24.4	3.7	-4.0	26.3	127	128	0.8	0.8	-0.9	0.2	-15.0	2.7
BOB	Buy	114	4.1	9.3	16.1	12.2	7.1	165	180	0.7	0.6	0.3	0.5	5.6	9.0
CBK	Neutral	246	2.5	17.0	42.3	14.5	5.8	448	484	0.6	0.5	0.2	0.4	3.5	8.2
UNBK	Neutral	80	1.3	4.5	12.8	17.9	6.3	235	245	0.3	0.3	0.1	0.3	2.1	5.5
<b>Public Aggregate</b>															
<b>Banks Aggregate</b>															
HDFC*	Buy	1,919	45.9	42.8	49.6	20.7	17.8	307	343	2.9	2.6	1.8	1.8	15.5	15.0
LICHF	Buy	453	3.2	46.2	56.4	9.8	8.0	324	371	1.4	1.2	1.4	1.5	15.1	16.2
IHFL	Buy	699	4.2	95.6	109.7	7.3	6.4	395	446	1.8	1.6	3.1	3.1	25.6	26.1
PNBHF	Buy	920	2.1	66.0	78.0	13.9	11.8	435	496	2.1	1.9	1.5	1.4	16.1	16.8
REPCO	Buy	395	0.3	40.0	45.1	9.9	8.8	245	287	1.6	1.4	2.4	2.4	17.7	17.0
<b>Housing Finance</b>															
SHTF	Buy	1,028	3.4	109.0	127.9	9.4	8.0	694	804	1.5	1.3	2.3	2.3	16.9	17.1
MMFS	Buy	399	3.5	21.7	27.0	18.4	14.8	172	191	2.3	2.1	2.3	2.3	13.2	14.9
BAF	Neutral	2,512	19.9	65.8	85.6	38.2	29.3	327	403	7.7	6.2	3.7	3.7	22.1	23.5
CIFC	Buy	1,108	2.5	77.2	86.4	14.3	12.8	393	470	2.8	2.4	2.4	2.3	21.5	20.0
SCUF	Buy	1,716	1.6	144.2	158.0	11.9	10.9	949	1,089	1.8	1.6	3.5	3.6	16.3	15.5
LTFH	Buy	131	3.6	11.5	13.3	11.4	9.9	66	78	2.0	1.7	2.3	2.2	18.8	18.5
MUTH	Neutral	496	2.9	50.3	58.0	9.9	8.6	229	270	2.2	1.8	5.8	5.9	23.8	23.3
MAS	Buy	539	0.4	25.3	30.9	21.3	17.5	152	175	3.6	3.1	4.2	4.1	17.8	18.9

\*Multiples adj. for value of key ventures/Investments; For ICICI Bank and HDFC Ltd BV is adjusted for investments in subsidiaries

Source: MOSL, Company



## Financials and valuations

<b>Income statement</b>		<b>(INR Million)</b>						
<b>Y/E March</b>	<b>2014</b>	<b>2015</b>	<b>2016</b>	<b>2017</b>	<b>2018</b>	<b>2019E</b>	<b>2020E</b>	<b>2021E</b>
Interest Income	230,323	259,703	280,699	308,504	335,477	407,372	478,948	561,240
Interest Expended	160,294	179,751	193,745	208,962	222,350	282,093	335,330	397,397
<b>Net Interest Income</b>	<b>70,030</b>	<b>79,952</b>	<b>86,954</b>	<b>99,542</b>	<b>113,127</b>	<b>125,279</b>	<b>143,618</b>	<b>163,842</b>
Change (%)	13.3	14.2	8.8	14.5	13.6	10.7	14.6	14.1
Fees and Other Charges	2,952	6,453	8,183	8,486	8,148	8,005	9,690	11,144
<b>Core Income</b>	<b>72,982</b>	<b>86,405</b>	<b>95,137</b>	<b>108,029</b>	<b>121,275</b>	<b>133,284</b>	<b>153,308</b>	<b>174,986</b>
Change (%)	13.7	18.4	10.1	13.6	12.3	9.9	15.0	14.1
<b>Operating Expenses</b>	<b>6,281</b>	<b>10,610</b>	<b>12,011</b>	<b>13,392</b>	<b>16,278</b>	<b>21,703</b>	<b>23,783</b>	<b>26,937</b>
% of core income	8.6	12.3	12.6	12.4	13.4	16.3	15.5	15.4
<b>Core operating profits</b>	<b>66,701</b>	<b>75,795</b>	<b>83,126</b>	<b>94,637</b>	<b>104,997</b>	<b>111,581</b>	<b>129,526</b>	<b>148,049</b>
Change (%)	13.4	13.6	9.7	13.8	10.9	6.3	16.1	14.3
Provisions/write offs	1,000	1,650	2,650	4,250	3,750	3,900	4,620	5,544
<b>Core PBT</b>	<b>65,701</b>	<b>74,145</b>	<b>80,476</b>	<b>90,387</b>	<b>101,247</b>	<b>107,681</b>	<b>124,906</b>	<b>142,505</b>
Change (%)	14.5	12.9	8.5	12.3	12.0	6.4	16.0	14.1
Profit on sale of Invest.	2,490	4,413	16,478	10,017	56,347	13,500	6,000	7,200
Dividend Income	5,665	6,987	8,113	9,144	11,146	11,070	12,670	14,511
One off exp/prov	0	0	-4,500	-2,750	-16,550	-2,700	0	0
Miscellaneous Income	547	697	515	468	447	447	514	591
<b>PBT</b>	<b>74,403</b>	<b>86,242</b>	<b>101,081</b>	<b>107,266</b>	<b>152,637</b>	<b>129,998</b>	<b>144,090</b>	<b>164,807</b>
Tax	20,000	26,340	30,150	32,840	31,000	36,724	41,066	46,970
Tax Rate (%)	26.9	30.5	29.8	30.6	20.3	28.3	28.5	28.5
<b>Reported PAT</b>	<b>54,403</b>	<b>59,902</b>	<b>70,931</b>	<b>74,426</b>	<b>121,637</b>	<b>93,273</b>	<b>103,024</b>	<b>117,837</b>
Change (%)	12.2	10.1	18.4	4.9	63.4	-23.3	10.5	14.4
<b>PAT adjusted for EO*</b>	<b>54,403</b>	<b>51,902</b>	<b>56,333</b>	<b>63,271</b>	<b>70,873</b>	<b>76,669</b>	<b>88,933</b>	<b>101,463</b>
Change (%)	12.2	-4.6	8.5	12.3	12.0	8.2	16.0	14.1
Proposed Dividend	25,523	27,828	31,380	28,681	40,222	35,574	41,265	47,079

\* Core PBT adjusted for 30% Tax Rate

<b>Balance sheet</b>		<b>(INR Million)</b>						
<b>Y/E March</b>	<b>2014</b>	<b>2015</b>	<b>2016</b>	<b>2017</b>	<b>2018</b>	<b>2019E</b>	<b>2020E</b>	<b>2021E</b>
Capital	3,121	3,149	3,160	3,177	3,352	3,425	3,425	3,425
R&S	276,431	306,550	338,051	364,595	588,552	700,088	761,848	866,740
<b>Net Worth</b>	<b>279,552</b>	<b>309,700</b>	<b>341,211</b>	<b>367,773</b>	<b>591,903</b>	<b>703,513</b>	<b>765,272</b>	<b>870,165</b>
Add: DTL on special Res	0	9,244	18,599	34,135	34,135	34,135	34,135	34,135
<b>Net Worth</b>	<b>279,552</b>	<b>318,944</b>	<b>359,809</b>	<b>401,907</b>	<b>626,038</b>	<b>737,647</b>	<b>799,407</b>	<b>904,299</b>
<b>Borrowings</b>	<b>1,839,732</b>	<b>2,085,990</b>	<b>2,376,392</b>	<b>2,805,340</b>	<b>3,206,560</b>	<b>3,550,151</b>	<b>4,027,933</b>	<b>4,611,135</b>
Change (%)	15.8	13.4	13.9	18.1	14.3	10.7	13.5	14.5
Other liabilities	135,041	134,582	151,327	156,332	184,146	202,561	222,817	245,099
<b>Total Liabilities</b>	<b>2,254,325</b>	<b>2,539,517</b>	<b>2,887,528</b>	<b>3,363,579</b>	<b>4,016,744</b>	<b>4,490,359</b>	<b>5,050,157</b>	<b>5,726,398</b>
<b>Loans</b>	<b>1,971,004</b>	<b>2,281,809</b>	<b>2,592,244</b>	<b>2,964,720</b>	<b>3,594,420</b>	<b>3,988,934</b>	<b>4,500,484</b>	<b>5,123,483</b>
Change (%)	15.9	15.8	13.6	14.4	21.2	11.0	12.8	13.8
<b>Investments</b>	<b>139,127</b>	<b>142,943</b>	<b>153,454</b>	<b>204,101</b>	<b>305,325</b>	<b>335,858</b>	<b>369,443</b>	<b>406,388</b>
Change (%)	2.2	2.7	7.4	33.0	49.6	10.0	10.0	10.0
Net Fixed Assets	2,805	6,770	6,645	6,423	6,445	6,445	6,445	6,445
Other assets	141,390	107,995	135,185	188,335	110,554	159,123	173,785	190,083
<b>Total Assets</b>	<b>2,254,325</b>	<b>2,539,517</b>	<b>2,887,528</b>	<b>3,363,579</b>	<b>4,016,744</b>	<b>4,490,359</b>	<b>5,050,157</b>	<b>5,726,398</b>

E: MOSL Estimates



## Financials and valuations

### Ratios

Y/E March	2014	2015	2016	2017	2018	2019E	2020E	2021E
<b>Spreads Analysis (%)</b>								
<b>Avg Yield on Hsg Loans</b>	<b>11.9</b>	<b>11.6</b>	<b>11.0</b>	<b>10.6</b>	<b>9.8</b>	<b>10.2</b>	<b>10.7</b>	<b>11.1</b>
Avg. Yield on Funds	11.7	11.5	10.9	10.4	9.5	9.9	10.4	10.8
Avg. Cost of funds	9.4	9.2	8.7	8.1	7.4	8.4	8.9	9.2
<b>Interest Spread</b>	<b>2.3</b>	<b>2.3</b>	<b>2.2</b>	<b>2.4</b>	<b>2.1</b>	<b>1.6</b>	<b>1.6</b>	<b>1.6</b>
<b>Net Interest Margin</b>	<b>3.5</b>	<b>3.5</b>	<b>3.4</b>	<b>3.4</b>	<b>3.2</b>	<b>3.0</b>	<b>3.1</b>	<b>3.2</b>
<b>Profitability Ratios (%)</b>								
RoAE	20.6	20.0	20.9	19.5	23.7	13.7	13.4	14.1
<b>Core ROE</b>	<b>22.7</b>	<b>21.4</b>	<b>19.4</b>	<b>18.9</b>	<b>17.7</b>	<b>15.6</b>	<b>15.3</b>	<b>15.6</b>
RoA	2.58	2.17	2.08	2.02	1.92	1.80	1.86	1.88
<b>Core ROA</b>	<b>2.03</b>	<b>2.00</b>	<b>1.90</b>	<b>1.86</b>	<b>1.83</b>	<b>1.81</b>	<b>1.86</b>	<b>1.87</b>
<b>Efficiency Ratios (%)</b>								
Int. Expended/Int.Earned	69.6	69.2	69.0	67.7	66.3	69.2	70.0	70.8
Other Inc./Net Income	14.3	18.8	27.7	22.0	40.2	20.9	16.7	17.0
Op. Exps./Net Income	7.7	10.8	10.0	10.5	8.6	13.7	13.8	13.7
Empl. Cost/Op. Exps.	44.5	46.5	46.0	46.5	44.4	49.9	46.5	45.5
<b>Asset Quality (INR m)</b>								
Gross NPAs	13,570	15,941	18,845	24,363	39,186	44,578	50,561	57,312
Gross NPAs to Adv. (%)	0.7	0.7	0.7	0.8	1.1	1.1	1.1	1.1
Net NPAs	8,140	10,616	12,666	16,457	23,004	26,646	30,879	35,880
Net NPAs to Adv. (%)	0.4	0.5	0.5	0.6	0.6	0.7	0.7	0.7
<b>VALUATION</b>								
Book Value (INR)	179.1	202.5	227.7	253.0	373.6	430.8	466.8	528.1
<b>Price-BV (x)</b>			<b>8.4</b>	<b>7.6</b>	<b>5.1</b>	<b>4.5</b>	<b>4.1</b>	<b>3.6</b>
Adjusted BV* (INR)	125.7	150.2	176.6	201.2	246.9	306.8	342.9	384.2
<b>Adj Price-ABV (x)</b>			<b>8.2</b>	<b>6.7</b>	<b>4.9</b>	<b>3.3</b>	<b>2.6</b>	<b>2.3</b>
Adjusted EPS (INR)#	26.3	29.4	31.7	35.6	38.7	42.8	49.6	56.6
Adjusted EPS Growth YoY	17.6	11.5	7.8	12.3	8.9	10.4	16.0	14.1
<b>Adj Price-Adj EPS (x)</b>			<b>45.8</b>	<b>38.2</b>	<b>31.3</b>	<b>23.9</b>	<b>17.8</b>	<b>15.6</b>
Dividend per share (INR)	14.0	15.0	17.0	18.0	20.0	17.9	20.8	23.7
<b>Dividend yield (%)</b>	<b>0.7</b>	<b>0.8</b>	<b>0.9</b>	<b>0.9</b>	<b>1.0</b>	<b>0.9</b>	<b>1.1</b>	<b>1.2</b>

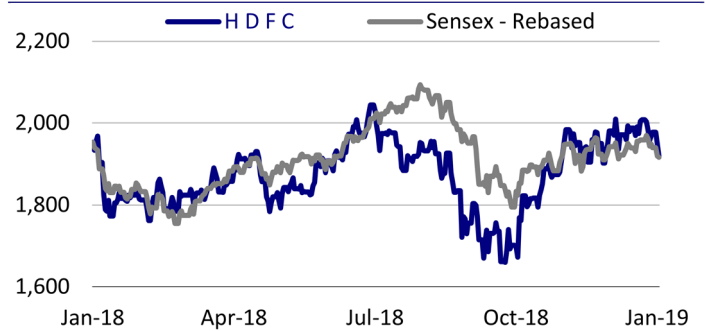
E: MOSL Estimates; \* BV is adj. by ded. invt in Subs/Asso. from NW; # Adjusted EPS is adjusting for dividend from key ventures

## Corporate profile: HDFC

### Company description

HDFC Ltd. was incorporated in 1977 as India's first housing finance company (HFC). HDFC Ltd is the largest HFC with asset under management of over INR3t, 5m+ home loan customers and 1.7m depositors (largest mobilize of deposits outside banking system). It has successfully seeded various other entities in financial services space which includes 2nd largest private bank (HDFC Bank) Insurance (Life and General), Asset Management, Realty, Real Estate Venture Capital, Education Loans among others.

### Exhibit 1: Exhibit 19: Sensex rebased



### Exhibit 14: Shareholding pattern (%)

	Dec-18	Sep-18	Dec-17
Promoter	0.0	0.0	0.0
DII	17.1	16.6	14.0
FII	72.2	72.2	74.8
Others	10.7	11.2	11.2

Note: FII Includes depository receipts

### Exhibit 15: Top holders

Holder Name	% Holding
LIFE INSURANCE CORPORATION OF INDIA	3.7
OPPENHEIMER DEVELOPING MARKETS FUND	2.8
GOVERNMENT OF SINGAPORE	2.1
WAVERLY PTE. LTD.	1.8
SBI-ETF NIFTY 50	1.6

### Exhibit 16: Top management

Name	Designation
Deepak Parekh	Chairman
Keki M Mistry	Vice Chairman & CEO
Renu S Karnad	Managing Director
Ajay Agarwal	Company Secretary

### Exhibit 17: Directors

Name	Name
J J Irani*	Upendra Kumar Sinha*
Jalaj Ashwin Dani*	V Srinivasa Rangan
Nasser Munjee*	Bhaskar Ghosh*

\*Independent

### Exhibit 18: Auditors

Name	Type
B S R & Co LLP	Statutory
Vinod Kothari & Co	Secretarial Audit

### Exhibit 19: MOSL forecast v/s consensus

EPS (INR)	MOSL forecast	Consensus forecast	Variation (%)
FY19	42.8	57.8	-25.9
FY20	49.6	65.6	-24.4
FY21	56.6	76.6	-26.1

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 becomes inconsistent with the investment rating legend, the Research Analyst shall within 28 days of the inconsistency, 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 Securities Ltd. (MOSL)\* is a SEBI Registered Research Analyst having registration no. INH000000412. MOSL, the Research Entity (RE) as defined in the Regulations, is engaged in the business of providing Stock broking services, Investment Advisory Services, Depository participant services & distribution of various financial products. MOSL is a subsidiary company of Motilal Oswal Financial Service Ltd. (MOFSL). MOFSL is a listed public company, the details in respect of which are available on [www.motilaloswal.com](http://www.motilaloswal.com). 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 (MCX) & National Commodity & Derivatives Exchange Ltd. (NCDEX) for its stock broking activities & is Depository participant with Central Depository Services Limited (CDSL) & National Securities Depository Limited (NSDL) and is member of Association of Mutual Funds of India (AMFI) for distribution of financial products. Details of associate entities of Motilal Oswal Securities Limited are available on the website at <http://onlinereports.motilaloswal.com/Dormant/documents/List%20of%20Associate%20companies.pdf>

MOSL 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 MOSL even though there might exist an inherent conflict of interest in some of the stocks mentioned in the research report

MOSL 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 MOSL 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 Securities Limited are available on the website at <https://galaxy.motilaloswal.com/ResearchAnalyst/PublishViewLitigation.aspx>

A graph of daily closing prices of securities is available at [www.nseindia.com](http://www.nseindia.com), [www.bseindia.com](http://www.bseindia.com). Research Analyst views on Subject Company may vary based on Fundamental research and Technical Research. Proprietary trading desk of MOSL or its associates maintains arm's length distance with Research Team as all the activities are segregated from MOSL 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 MOSL & 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 Securities Limited (MOSL) 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 MOSL 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 MOSL, 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., MOSL 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 Advisors 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 MOSL, 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 MOSL, Research Analyst and/or his relatives do not have actual/beneficial ownership of 1% or more securities in the subject company
- 3 MOSL, Research Analyst and/or his relatives have not received compensation/other benefits from the subject company in the past 12 months
- 4 MOSL, 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 MOSL has not acted as a manager or co-manager of public offering of securities of the subject company in past 12 months
- 7 MOSL has not received compensation for investment banking/ merchant banking/brokerage services from the subject company in the past 12 months
- 8 MOSL has not received compensation for other than investment banking/merchant banking/brokerage services from the subject company in the past 12 months
- 9 MOSL has not received any compensation or other benefits from third party in connection with the research report
- 10 MOSL has not engaged in market making activity for the subject company

The associates of MOSL may have:

- financial interest in the subject company
- actual/beneficial ownership of 1% or more securities in the subject company
- received compensation/other benefits from the subject company in the past 12 months
- 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 MOSL 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.

The associates of MOSL 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 MOSL which are opened for proprietary investments only. While calculating beneficial holdings, It does not consider demat accounts which are opened in name of MOSL for other purposes (i.e holding client securities, collaterals, error trades etc.). MOSL 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 MOSL 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 MOSL. 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. MOSL 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. MOSL, 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 MOSL. 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 MOSL 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 MOSL or any of its affiliates or employees from, any and all responsibility/liability arising from such misuse and agrees not to hold MOSL or any of its affiliates or employees responsible for any such misuse and further agrees to hold MOSL 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 3080 1000. Compliance Officer: Neeraj Agarwal, Email Id: [na@motilaloswal.com](mailto:na@motilaloswal.com), Contact No.:022-38281085.

Registration details: MOSL: SEBI Registration: INZ000158836 (BSE/NSE/MCX/NCDEX); CDSL: IN-DP-16-2015; NSDL: IN-DP-NSDL-152-2000; Research Analyst: INH000000412. AMFI: ARN 17397. Investment Adviser: INA000007100. Motilal Oswal Asset Management Company Ltd. (MOAMC): PMS (Registration No.: INP000000670) offers PMS and Mutual Funds products. Motilal Oswal Wealth Management Ltd. (MOWML): PMS (Registration No.: INP000004409) offers wealth management solutions. \*Motilal Oswal Securities Ltd. is a distributor of Mutual Funds, PMS, Fixed Deposit, Bond, NCDs, Insurance and IPO products. \*Motilal Oswal Real Estate Investment Advisors II Pvt. Ltd. offers Real Estate products. \* Motilal Oswal Private Equity Investment Advisors Pvt. Ltd. offers Private Equity products.

\* MOSL has been amalgamated with Motilal Oswal Financial Services Limited (MOFSL) w.e.f August 21, 2018 pursuant to order dated July 30, 2018 issued by Hon'ble National Company Law Tribunal, Mumbai Bench. The existing registration no(s) of MOSL would be used until receipt of new MOFSL registration numbers.