

Bajaj Finance

 BSE SENSEX
 55,944

 S&P CNX
 16,635


BAJAJ FINANCE LIMITED

Bloomberg	BAF IN
Equity Shares (m)	602
M.Cap.(INRb)/(USDb)	4190.4 / 56.4
52-Week Range (INR)	7052 / 3009
1, 6, 12 Rel. Per (%)	7/16/47
12M Avg Val (INR M)	15784

Financials & Valuations (INR b)

Y/E March	2021	2022E	2023E
Net Income	172.7	199.2	246.3
PPP	119.6	138.9	173.8
PAT	44.2	70.8	101.4
EPS (INR)	73.5	117.7	168.6
EPS Gr. (%)	-16.3	60.2	43.3
BV/Sh. (INR)	606	712	863

Ratios

NIM (%)	9.5	10.0	10.0
C/I ratio (%)	30.7	30.3	29.4
RoA (%)	2.6	3.8	4.5
RoE (%)	12.8	17.9	21.4
Payout (%)	13.6	10.0	10.0

Valuations

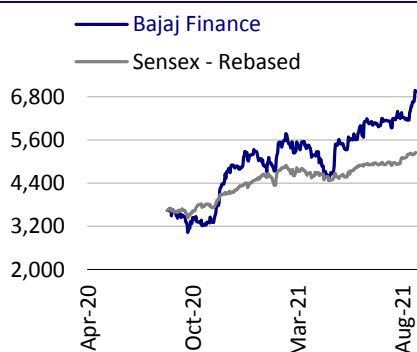
P/E (x)	94.5	59.0	41.2
P/BV (x)	11.5	9.8	8.0
Div. Yield (%)	0.1	0.2	0.2

Shareholding pattern (%)

As On	Jun-21	Mar-21	Jun-20
Promoter	56.0	56.1	56.2
DII	9.3	9.1	10.1
FII/FI/FII	24.2	24.2	21.5
Others	10.4	10.6	12.2

FII Includes depository receipts

Stock Performance (1-year)


CMP: INR6,943 TP: INR7,700 (+11%)
Buy

BAJFIN and the entire Financial Services group set to benefit from the new AMC license in the parent entity

- Bajaj Finserv has got an in-principle approval from SEBI for sponsoring a Mutual Fund (MF). While the opportunity is huge, given the under penetration and financialization of savings in the country, the competitive intensity in the industry is high with 44 players.
- Bajaj Finserv has inherent advantages in its business model, given its presence in the Retail Finance, Life Insurance, General Insurance, and Securities businesses. Strong brand presence and wide distribution reach are key pillars for garnering AUM, where BAGIC, BALIC, and BAF have proved their expertise. Cross-sell to the existing customers of these businesses is a huge opportunity.
- Technology investments will be a key differentiator, given the emergence of new-age Fintech players. Akin to the strong growth displayed in other lines of businesses, Bajaj Finserv will be able to deliver an industry-leading growth in the AMC business as well.
- Barring any new COVID-related disruptions, we expect BAF to deliver ~21% AUM growth in FY22E and 25% CAGR thereafter. This Financial Services group already had Lending products, General and Health Insurance, Life Insurance, and Broking services. With an AMC in the fold, the missing piece of a captive MF investment product (other than deposits/traditional savings/ULIP products) will also be complete. This should aid the fee and commission (particularly distribution) income of BAF, which was already exhibiting high growth until Mar'20 when COVID-19 struck.
- **BAF's return ratios have been consistent and also the highest in our Coverage Universe (excluding gold Financiers). Given the strong recovery post relaxation of the lockdowns and the healthy progress made in its digital transformation program (including wallets and payments), we reiterate our Buy rating, with a TP of INR7,700 per share (8x 1HFY24E BV).**

The AMC business offers a huge growth opportunity

- India's MF industry has come a long way, with assets under management (AUM) quadrupling to INR32t in the past decade (16% CAGR). At 12% of GDP, India's MF penetration is significantly lower than that of other countries (UK: 62%, Brazil: 68%, and the US: 120%).
- Increasing per capita income, the gradual financialization of savings, a growing awareness with targeted marketing campaigns such as 'Mutual Funds Sahi Hai', and improving reach, with digital platforms, will lead to strong AUM growth ahead.
- While the number of PAN card holders in India has crossed the 500m mark, the industry has ~23m unique MF investors.

 Research Analyst: **Abhijit Tibrewal** (Abhijit.Tibrewal@MotilalOswal.com) **Prayesh Jain** (Prayesh.Jain@motilalosal.com)

Nitin Aggarwal (Nitin.Aggarwal@MotilalOswal.com) | **Divya Maheshwari** (Divya.Maheshwari@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 S&P Capital.

Distribution is key in the Asset Management business. The group already has this expertise in other businesses

- BALIC has 54 corporate agents and 88,000 individual agents. BAGIC has 130 corporate agents and more than 80,000 individual agents. BAF has an overall customer franchise of ~50.5m and cross-sell client base of ~27.4m.
- B30 is the key focus area for all AMCs owing to its huge under penetration and higher TER charge (30bp) that can be levied on inflows from B30. BAF derives ~34% of its AUM from rural areas, which gives it a strong brand presence.
- This experience will go a long way in building the IFA network, which is key to its MF distribution among retail investors.

Cross-sell opportunity and group investments offers an advantage over new AMCs

- BAF has investments of over INR110b in Mutual Funds at the consolidated level, which can be moved over the years to the new captive AMC.
- Cross-sell opportunities are large for the AMC business, with a huge retail customer base across the three lines of businesses.

Product strategy would be key

- New age AMCs largely focus on passive products, but these are low margin (ETFs earn 10-20bp as against 80-90bp/30-40bp/10-12bp for Equity/Debt/Liquid).
- Equity AUM growth needs three major elements: brand, performance and a strong IFA network. Both Bajaj Finserv and BAF have a strong brand and can build a strong IFA network, given their expertise in managing Retail distribution in other businesses. Its performance track record will evolve over the years (BALIC ULIP funds have closely tracked benchmark returns in largecap and index funds based on five year CAGR).

Valuation and view

- The COVID-related disruptions are known unknowns, and the quantum of impact on disbursements/asset quality is difficult to ascertain. In the context of the strong recovery seen in Jul-Aug'21, we expect BAF to be able to deliver a pre-COVID quarterly run-rate in AUM growth for the remainder of FY22. Provided there is no new COVID-19 wave, we expect BAF to contain credit costs ~2.6% in FY22E. Margin is likely to see a sharp improvement in FY22E on: a) lower cost of funds, b) reduced liquidity, and c) a favorable base due to interest reversals.
- While FY21 was an aberration, distribution income, as a proportion of total fee and commission income for BAF, has been on an increasing trajectory, improving to 43% in FY20 from 30% in FY18. With the digital ecosystem play and one-stop shop offering to its large cross-sell customer franchise, distribution income growth can quickly accelerate over FY23-24E. We estimate ~21% CAGR in fee and commission income over FY21-24E.
- We expect BAF to deliver ~4.8% RoA/23% RoE over the medium term. Given the positive outlook, we maintain our BUY rating, with a TP of INR7,700 per share (8x 1HFY24E BVPS).

Fees have offered strong support to earnings in the past. Expect it to emerge as an even bigger contributor to future earnings

- Despite a significant drop in volumes/new disbursements, fees declined by just 5% YoY in FY21 (on a higher base). Its contribution to overall profitability remained high at 1.5% of average assets (down 30bp YoY, but near FY19 levels).
- Services and administrative charges grew 45% YoY to INR13.2b, with their contribution to overall fees at 54% (v/s 35-40% previously). This may have been driven largely by: a) conversion fees to hybrid flexi loans, b) the cross-selling of health EMI cards (1.1m sold), and c) penal interest charges (if any).
- Distribution fees declined by 45% YoY due to modest co-branded credit card usage (interchange fees) and lower incremental sourcing.
- The number of EMI cards/outstanding cross-sells of credit cards grew at a modest pace of 8%/12% YoY to 23.8m/2.1m.

Exhibit 1: Distribution fees were down YoY in FY21 because of COVID but demonstrated strong growth over FY18-FY20

INR m	FY18	FY19	FY20	FY21
Service and administration charges	3,434	5,806	8,996	13,138
Fee on value added products	1,972	3,285	4,137	3,697
Foreclosure income	247	1,052	1,574	1,446
Distribution income	2,428	6,676	11,153	6,125
Brokerage income			49	118
Total	8,082	16,819	25,910	24,524

Source: MOFSL, Company

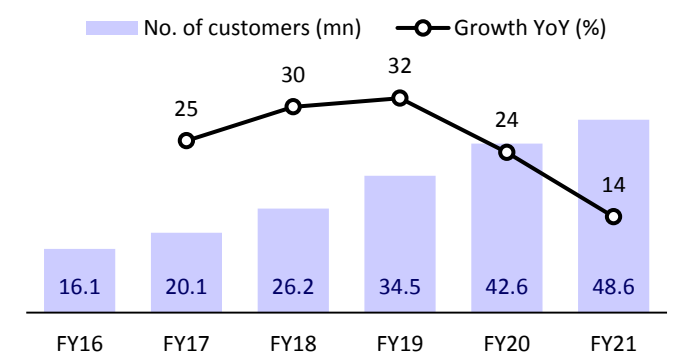
Significant focus on digital transformation

- BAF used the crisis as an opportunity to accelerate its digital journey. The company is targeting the omni-channel platform to enable the customer to move between online and offline, and vice-versa, in a frictionless manner. It plans to complete the entire transformation process by the end of Oct'21. With this transformation, the management is targeting significant business velocity, reduction in opex, and an improved customer experience.
- The enterprise technology architecture is being rapidly modernized to address the need for 'consumerization' and manage the scale and agility requirements of BAF. To that end, BAF is re-building its customer-facing mobility app with: i) a refreshed visualization layer; ii) a payments stack encompassing wallets, UPI, bill pay services, and a single-payment checkout gateway; iii) customer engagement features such as in-app programs, rewards, offers, deals, and location-based services; iv) enhanced service engagement features and information, with a robust search mechanism; and v) frictionless loans, investments, and insurance purchase. Data, technology, and analytics are the core pillars of BAF's business transformation strategy. Significant changes are being undertaken in operating processes and the core technology stack of the company. These are detailed below:

- **BAF is developing five proprietary marketplaces: i) the 'EMI store', ii) the 'Insurance Marketplace', iii) the 'Investment Marketplace', iv) 'BFL Health', and v) the 'Broking App' with the help of its group companies.** These five apps would provide customers with the option to review, compare, and buy a host of financial products and services across electronics, insurance, investments, and health categories.
- BAF is also developing four productivity apps: i) 'Sales One', ii) 'Merchant', iii) 'Collections', and iv) 'Partner'. These would significantly improve the productivity and efficiencies of employees, channel partners, and the merchant ecosystem.
- Having received approval for running its own wallet business, BAF has developed a wallet application called 'Bajaj Pay'. This would offer an integrated payment solution to its customers, comprising UPI, PPI, EMI card, and credit card products. The company started offering 'Bajaj Pay' to its customers in 1QFY22.
- BAF is also developing 'Bajaj Pay' for merchants. This will broaden the scope of its payment solution to ~98,300 of its merchants, enabling higher growth and larger market share.
- The company is partnering with over 25 adjunct app ecosystems, with related product or service offerings, for its customers. These apps would provide adjacency to BAF's core offerings and increase customer stickiness.

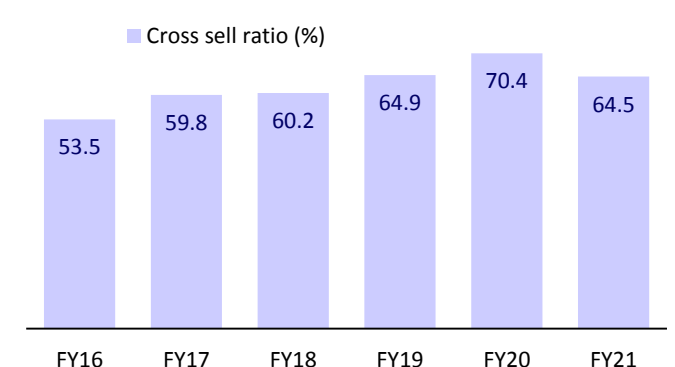
Appendix

Exhibit 2: Huge customer franchise that has been growing at breakneck speed (except in FY21 due to COVID-19 outbreak)



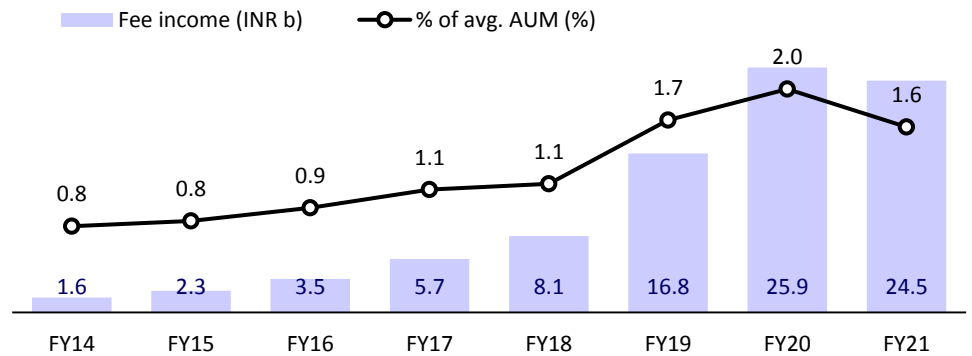
Source: MOFSL, Company

Exhibit 3: Share of cross-selling has been in the 65-70% range over the last three years



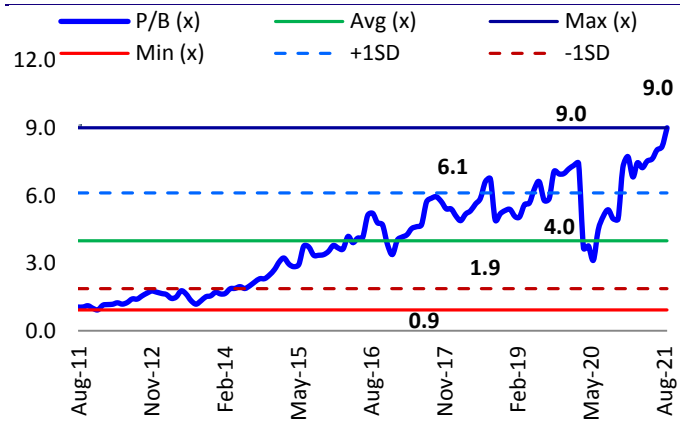
Source: MOFSL, Company

Exhibit 4: Despite a YoY decline in fee income in FY21, led by lower business volumes and distribution income, BAF has many levers for strong and sustainable fee improvement



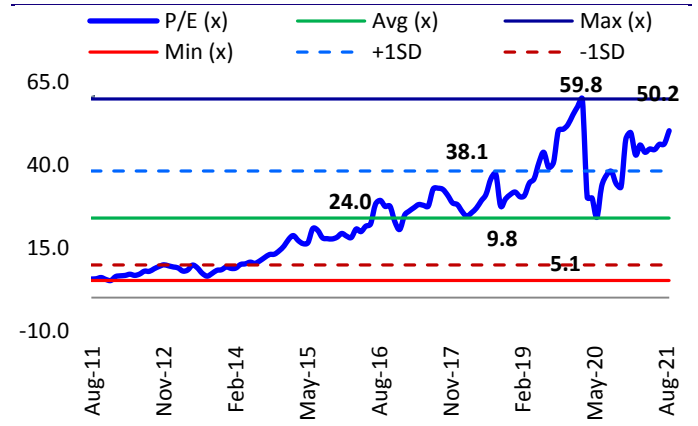
Source: MOFSL, Company

Exhibit 5: One-year forward P/B



Source: MOFSL, Company

Exhibit 6: One-year forward P/E



Source: MOFSL, Company

Financials and valuations

Income Statement									INR b
Y/E March	FY16	FY17	FY18	FY19	FY20	FY21	FY22E	FY23E	FY24E
Interest Income	65.5	87.1	115.9	163.5	229.7	233.0	259.4	327.9	416.4
Interest Expended	29.3	38.0	46.1	66.2	94.7	94.1	95.7	126.1	160.8
Net Interest Income	36.2	49.0	69.7	97.3	135.0	138.9	163.7	201.8	255.6
Change (%)	37.0	35.4	42.2	39.5	38.8	2.9	17.9	23.2	26.7
Other Operating Income	7.5	12.7	11.6	21.4	34.0	33.6	35.3	44.3	53.8
Other Income	0.4	0.3	0.1	0.1	0.1	0.1	0.2	0.2	0.3
Net Income	44.1	62.0	81.4	118.8	169.1	172.7	199.2	246.3	309.7
Change (%)	39.0	40.7	31.3	45.9	42.4	2.1	15.3	23.7	25.7
Operating Expenses	19.0	25.6	32.7	42.0	56.6	53.1	60.3	72.5	89.0
Operating profit	25.1	36.4	48.7	76.8	112.5	119.6	138.9	173.8	220.6
Change (%)	44.0	45.0	34.1	57.6	46.5	6.3	16.2	25.1	27.0
Provisions and W/Offs	5.4	8.2	10.3	15.0	39.3	59.7	43.3	36.7	40.8
PBT	19.6	28.2	38.4	61.8	73.2	59.9	95.7	137.1	179.8
Tax	6.9	9.8	13.5	21.8	20.6	15.7	24.9	35.6	46.7
Tax Rate (%)	34.9	34.8	35.0	35.3	28.1	26.2	26.0	26.0	26.0
PAT	12.8	18.4	25.0	39.9	52.6	44.2	70.8	101.4	133.0
Change (%)	42.4	43.6	35.9	60.0	31.8	-16.0	60.2	43.3	31.2
Proposed Dividend	1.6	2.5	2.8	4.3	7.3	6.0	7.1	10.1	13.3

Balance Sheet									INR b
Y/E March	FY16	FY17	FY18	FY19	FY20	FY21	FY22E	FY23E	FY24E
Capital	0.5	1.1	1.2	1.2	1.2	1.2	1.2	1.2	1.2
Reserves and Surplus (Excl. OCI)	73.7	89.4	157.4	195.8	323.0	363.2	426.9	518.2	637.9
Net Worth	74.3	90.5	158.6	197.0	324.2	364.4	428.1	519.4	639.1
OCI	0.0	0.0	-0.1	0.0	-0.9	-1.2	-1.2	-1.2	-1.2
Net Worth (Including OCI)	74.3	90.5	158.5	197.0	323.3	363.2	426.9	518.2	637.9
Change (%)	54.7	21.9	75.1	24.3	64.1	12.3	17.5	21.4	23.1
Borrowings	370.2	508.9	665.6	1,015.9	1,298.1	1,316.5	1,561.5	1,918.2	2,369.7
Change (%)	38.7	37.5	30.8	52.6	27.8	1.4	18.6	22.8	23.5
Other liabilities	25.2	19.9	23.9	29.5	22.6	35.6	41.0	47.1	54.2
Total Liabilities	469.7	619.4	848.0	1,242.3	1,643.9	1,715.3	2,029.4	2,483.5	3,061.8
Investments	10.3	41.3	31.4	86.0	175.4	184.0	184.0	184.0	184.0
Change (%)	211.2	299.5	-24.0	173.9	104.0	4.9	0.0	0.0	0.0
Loans	438.3	564.0	800.0	1,137.1	1,428.0	1,483.3	1,794.8	2,243.5	2,804.4
Change (%)	40.5	28.7	41.8	42.1	25.6	3.9	21.0	25.0	25.0
Other assets	21.1	14.1	16.6	19.2	40.5	48.0	50.6	56.0	73.5
Total Assets	469.7	619.4	848.0	1,242.3	1,643.9	1,715.3	2,029.4	2,483.5	3,061.8

E: MOFSL estimates

Financials and valuations

Ratios	(%)								
Y/E March	FY16	FY17	FY18	FY19	FY20	FY21	FY22E	FY23E	FY24E
Spreads Analysis (%)									
Yield on Advances	17.5	17.4	17.0	16.9	17.9	16.0	15.4	15.8	16.0
Cost of borrowings	9.2	8.7	7.9	7.9	8.2	7.2	6.7	7.3	7.5
Interest Spread	8.3	8.7	9.1	9.0	9.7	8.8	8.7	8.5	8.5
Net Interest Margin	9.7	9.8	10.2	10.0	10.5	9.5	10.0	10.0	10.1
Profitability Ratios (%)									
Cost-to-Income	43.1	41.4	40.1	35.3	33.5	30.7	30.3	29.4	28.8
Empl. Cost/Op. Exps.	33.2	36.3	43.9	46.2	45.0	47.0	47.6	48.3	49.2
RoE	20.9	22.3	20.0	22.5	20.2	12.8	17.9	21.4	23.0
RoA	3.2	3.4	3.4	3.8	3.6	2.6	3.8	4.5	4.8
Asset Quality (%)									
GNPA	5.4	9.8	11.6	18.0	23.6	27.3	33.8	41.2	50.8
NNPA	1.2	2.6	3.5	7.3	9.4	11.4	13.5	16.5	20.3
GNPA	1.2	1.7	1.4	1.6	1.6	1.8	1.8	1.8	1.8
NNPA	0.3	0.5	0.4	0.6	0.7	0.8	0.7	0.7	0.7
PCR	77.2	74.0	69.6	59.7	60.3	58.4	60.0	60.0	60.0
Capitalization (%)									
CAR	19.5	19.5	24.0	20.7	25.0	28.3	25.3	24.5	24.0
Tier I	16.1	13.3	18.4	16.3	21.3	25.1	23.0	22.7	22.6
Tier II	3.4	6.2	5.5	4.4	3.7	3.2	2.3	1.8	1.3
Average Leverage on Assets (x)	6.5	6.6	5.9	5.9	5.5	4.9	4.7	4.8	4.8
Valuation									
Book Value (INR)	138.7	165.5	275.7	341.4	540.3	605.7	711.6	863.3	1,062.4
Price-to-BV (x)					12.9	11.5	9.8	8.0	6.5
EPS (INR)	23.9	33.6	43.4	69.3	87.7	73.5	117.7	168.6	221.2
EPS Growth (%)	33.0	40.7	29.2	59.6	26.7	-16.3	60.2	43.3	31.2
Price-to-Earnings (x)					79.1	94.5	59.0	41.2	31.4
Dividend per Share (INR)	2.5	3.6	4.0	6.0	10.0	10.0	11.8	16.9	22.1
Dividend Yield (%)					0.1	0.1	0.2	0.2	0.3

E: MOFSL estimates

NOTES

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

*In case the recommendation given by the Research Analyst is inconsistent with the investment rating legend for a continuous period of 30 days, the Research Analyst shall 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, Investment Advisory Services, Depository participant services & distribution of various financial products. MOFSL is a subsidiary company of Passionate Investment Management Pvt. Ltd.. (PIMPL). 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") (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 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
- 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 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.

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

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

Analyst Certification

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

Terms & Conditions:

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

Disclaimer:

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

Registered Office Address: Motilal Oswal Tower, Rahimtullah Sayani Road, Opposite Parel ST Depot, Prabhadevi, Mumbai-400025; Tel No.: 022 71934200/ 022-71934263; Website www.motilaloswal.com CIN no.: L67190MH2005PLC153397. Correspondence Office Address: Palm Spring Centre, 2nd Floor, Palm Court Complex, New Link Road, Malad(West), Mumbai- 400 064. Tel No: 022 7188 1000.

Registration Nos.: Motilal Oswal Financial Services Limited (MOFSL)*: INZ000158836(BSE/NSE/MCX/NCDEX); CDSL and NSDL: IN-DP-16-2015; Research Analyst: INH000000412. AMFI: ARN - 146822; Investment Adviser: INA000007100; Insurance Corporate Agent: CA0579; PMS: INP000006712. Motilal Oswal Asset Management Company Ltd. (MOAMC): PMS (Registration No.: INP00000670); PMS and Mutual Funds are offered through MOAMC which is group company of MOFSL. Motilal Oswal Wealth Management Ltd. (MOWML): PMS (Registration No.: INP000004409) is offered through MOWML, which is a group company of MOFSL. Motilal Oswal Financial Services Limited is a distributor of Mutual Funds, PMS, Fixed Deposit, Bond, NCDs, Insurance Products and IPOs. Real Estate is offered through Motilal Oswal Real Estate Investment Advisors II Pvt. Ltd. which is a group company of MOFSL. Private Equity is offered through Motilal Oswal Private Equity Investment Advisors Pvt. Ltd which is a group company of MOFSL. Research & Advisory services is backed by proper research. Please read the Risk Disclosure Document prescribed by the Stock Exchanges carefully before investing. There is no assurance or guarantee of the returns. Investment in securities market is subject to market risk, read all the related documents carefully before investing. Details of Compliance Officer: Name: Neeraj Agarwal, Email ID: na@motilaloswal.com, Contact No.: 022-71881085.

* 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.