

Estimate change

TP change

Rating change



Bloomberg	LICHF IN
Equity Shares (m)	505
M.Cap.(INRb)/(USD\$)	206.8 / 2.5
52-Week Range (INR)	444 / 292
1, 6, 12 Rel. Per (%)	-6/-3/-6
12M Avg Val (INR M)	1100

Financials & Valuations (INR b)

Y/E March	FY23E	FY24E	FY25E
NII	59.6	67.2	74.9
PPP	51.2	57.4	63.8
PAT	25.1	34.9	39.6
EPS (INR)	45.6	63.4	71.9
EPS Gr. (%)	9.7	39.1	13.4
BV/Sh (INR)	477	523	576

Ratios

NIM (%)	2.3	2.3	2.4
C/I ratio (%)	17.1	17.3	17.4
RoAA (%)	0.9	1.2	1.2
RoE (%)	9.9	12.7	13.1
Payout (%)	18.7	14.2	13.9

Valuations

P/E (x)	8.2	5.9	5.2
P/BV (x)	0.8	0.7	0.7
Div. Yield (%)	2.3	2.4	2.7

Shareholding pattern (%)

As On	Dec-22	Sep-22	Dec-21
Promoter	45.2	45.2	45.2
DII	22.9	20.9	14.9
FII	19.1	20.8	23.5
Others	12.7	13.1	16.4

FII Includes depository receipts

CMP: INR376

TP: INR440 (+17%)

Buy

Earnings miss led by elevated credit costs...

...even as, margins expand after a one-off in the previous quarter

- LIC Housing Finance (LICHF) posted 3QFY23 PAT of INR4.8b, which declined 37% YoY (but grew 57% QoQ), due to elevated annualized credit costs of ~115bp (PY: ~60bp).
- NII at INR16b grew 10% YoY/38% QoQ, while PPOp at INR13.6b was flat YoY (but grew 44% QoQ). The 9MFY23 PAT stood at ~INR17b and grew 46% YoY; disbursements were at ~INR481b and grew ~13% YoY in 9MFY23.
- NIM (reported) at ~2.4% expanded ~60bp QoQ, driven by a ~110bp improvement in yields to ~9.7%. The CoF increased ~30bp QoQ to ~7.4%. This was along expected lines after a one-off in margins in the last quarter.
- We have cut our FY23E EPS by ~11% to factor in the 9MFY23 performance resulting in higher opex and credit costs for this fiscal year. We remain wary of slippages from restructured loans, which can keep credit costs elevated and also result in interest income reversals in FY24E.
- In our view, higher interest rates have started dampening the demand for mortgages. We model an advances/PAT CAGR of 11%/26% over FY23-25 for an RoA/RoE of 1.2%/13% in FY25, respectively. **Reiterate BUY with a TP of INR440 (premised on 0.8x Sep'24E P/BV).**

Disbursements sluggish; loan growth slightly below estimates

- Disbursements in individual home loans declined ~11% YoY, while non-housing disbursements declined 4% YoY. Builder loan disbursements grew 46% YoY. Total disbursements declined ~9% YoY to INR161b in 3QFY23.
- Total loan book grew ~10% YoY/2.3% QoQ to ~INR2.68t. Home loans grew 14% YoY/3% QoQ, while the developer loan book continued to consolidate. LAP showed signs of improvement and grew 3% YoY/2% QoQ.

Asset quality improved but credit costs elevated due to higher PCR

- Asset quality improved, with GS3/NS3 improving ~15bp/43bp sequentially to 4.8%/2.4%, respectively.
- Credit costs in 3QFY23 were elevated because LICHF effected a ~7pp QoQ increase in Stage 3 PCR to ~51%. Management indicated that PCR was raised to strengthen the balance sheet and to keep the PCR levels in line with the industry and peers. Once the desired PCR is achieved, LICHF expects credit costs to stabilize at around ~40-45bp.
- Covid-related provisions declined to INR4.76b (~18bp of loan book; PQ: INR5.4b). There were no write-offs during the quarter.
- Outstanding OTR pool, which is still under moratorium, stood at INR14.2b (0.5% of loans). Loans in this pool will resume repayments and exit moratorium over the next three quarters (refer to Exhibit 1).
- Corporate OTR pool stood at INR2.5b and Retail OTR was at INR11.6b. ~15% of the restructured pool has slipped into Stage 3 while residual restructured pool is classified under Stage 1.

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

Research Analyst: Nitin Aggarwal (Nitin.Aggarwal@MotilalOswal.com) | Parth Desai (Parth.Desai@MotilalOswal.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.motilaloswal.com/Institutional-Equities, Bloomberg, Thomson Reuters, Factset and

Highlights from the management commentary

- A ~35bp interest rate hike was effected by LICHF in Dec'22, to be effective from 1st Jan'23. The impact on interest income is expected in 4QFY23.
- Management guided that credit costs will normalize going ahead and LICHF will endeavor to keep the PCR stable at current levels.
- The total number of accounts in project loans segment stood at 300 and LICHF does not expect any new incremental slippages in this segment. Around 80 project accounts are in Stage 3 and 100-110 accounts in 60+dpd.

Valuation and View

- LICHF has strong moats in retail mortgages and on the liability side. It has demonstrated its ability to transmit higher cost of borrowings to its customers. However, potential slippages in the restructured pool along with execution on the guided credit costs of 40-45bp in FY24 will be the key monitorables.
- We have cut our loan growth estimates for FY24 slightly to factor in the impact of higher interest rates, which could potentially dampen mortgage demand.
- The stock's valuation, at 0.7x FY24E P/BV, reflects the volatility in LICHF's reported earnings and the asset quality stress, particularly in its developer book. We expect an RoA/RoE of 1.2%/13% in FY25 and reiterate our **BUY** rating on the stock with a TP of INR440 (based on 0.8x Sep'24E BVPS).
- **Key downside risks:** a) Slippages from restructured pool leading to higher credit costs; b) higher interest rates that can result in a moderation in mortgage demand and c) further rise in CoF, which can adversely impact the NIM.

Quarterly Performance

(INR m)

Y/E March	FY22			FY23E				FY22	FY23E	3QFY23E	Act. v/s est. (%)	
	1QFY22	2QFY22	3QFY22	4QFY22	1QFY23	2QFY23	3QFY23					4QFY23E
Interest Income	48,253	46,734	50,006	51,893	52,502	50,493	58,387	61,466	1,96,885	2,22,848	58,035	1
Interest Expenses	35,500	35,060	35,460	35,518	36,400	38,864	42,328	45,688	1,41,537	1,63,280	42,439	0
Net Interest Income	12,753	11,674	14,546	16,375	16,102	11,629	16,059	15,778	55,348	59,568	15,595	3
YoY Growth (%)	4.5	-5.7	13.6	8.8	26.3	-0.4	10.4	-3.6	5.5	7.6	7.2	
Fees and other income	338	416	698	1,193	407	427	374	973	2,646	2,182	716	-48
Net Income	13,091	12,090	15,244	17,568	16,509	12,056	16,432	16,751	57,994	61,749	16,311	1
YoY Growth (%)	7.9	-5.7	14.7	11.8	26.1	-0.3	7.8	-4.7	7.5	6.5	7.0	
Operating Expenses	2,815	2,609	2,070	2,500	2,029	2,610	2,876	3,072	9,994	10,586	2,505	15
Operating Profit	10,276	9,481	13,174	15,069	14,481	9,447	13,557	13,679	48,000	51,163	13,806	-2
YoY Growth (%)	-4.5	-15.4	13.5	12.7	40.9	-0.4	2.9	-9.2	2.3	6.6	4.8	
Provisions and Cont.	8,346	6,392	3,556	1,925	3,077	5,658	7,627	3,820	20,218	20,182	4,100	86
Profit before Tax	1,929	3,090	9,619	13,144	11,404	3,789	5,930	9,858	27,782	30,980	9,706	-39
Tax Provisions	395	611	1,945	1,958	2,149	739	1,127	1,872	4,909	5,886	1,844	-39
Net Profit	1,534	2,479	7,673	11,186	9,255	3,050	4,803	7,987	22,873	25,094	7,862	-39
YoY Growth (%)	-81.2	-68.7	5.5	180.4	503.2	23.0	-37.4	-28.6	-16.3	9.7	2.5	
Key Operating Parameters (%)												
Yield on loans (Cal)	8.31	7.95	8.32	8.39	8.29	7.80	8.80		8.32	8.6		
Cost of funds (Cal)	6.86	6.75	6.68	6.46	6.47	6.78	7.15		6.56	6.9		
Spreads (Cal)	1.45	1.20	1.64	1.93	1.81	1.02	1.65		1.76	1.7		
Margins (Cal)	2.20	1.99	2.42	2.65	2.54	1.80	2.42		2.28	2.2		
Credit Cost (Cal)	1.44	1.09	0.59	0.31	0.49	0.87	1.15		0.85	0.8		
Cost to Income Ratio	21.5	21.6	13.6	14.2	12.3	21.6	17.5		17.2	17.1		
Tax Rate	20.5	19.8	20.2	14.9	18.8	19.5	19.0		17.7	19.0		
Balance Sheet Parameters												
Loans (INR B)	2,325	2,377	2,434	2,511	2,557	2,623	2,684		2,453	2722		
Change YoY (%)	10.8	11.4	10.5	8.2	10.0	10.4	10.3		7.5	11.0		
Indiv. Disb. (INR B)	84	158	175	189	149	164	157		605	663		
Change YoY (%)	147.4	35.4	9.2	-10.8	77.0	3.9	-10.3		15.9	9.6		
Borrowings (INR B)	2,064	2,091	2,158	2,238	2,260	2,329	2,404		2,237	2482		
Change YoY (%)	9.6	9.9	10.3	7.8	9.5	11.4	11.4		7.6	11.0		
Loans/Borrowings (%)	112.7	113.7	112.8	112.2	113.2	112.6	111.7		109.7	109.6		
Asset Quality Parameters												
GS 3 (INR B)	137.9	122.2	122.7	116.5	126.8	128.5	127.5		116.5	119.2		
Gross Stage 3 (% on Assets)	5.9	5.1	5.0	4.6	5.0	4.9	4.8		4.7	4.3		
NS 3 (INR B)	91.8	69.2	73.9	66.3	75.6	72.3	62.6		66.3	62.7		
Net Stage 3 (% on Assets)	4.0	3.0	3.1	2.7	3.0	2.8	2.4		2.7	2.3		
PCR (%)	33.5	43.3	39.7	43.1	40.4	43.7	50.9		43.1	47.4		
ECL (%)	2.03	2.25	2.35	2.33	2.40	2.49	2.71		2.03	2.25		
Loan Mix (%)												
Home loans	78.3	79.3	80.5	81.3	82.0	82.6	83.1		78.3	79.3		
LAP	15.0	14.3	13.7	13.5	13.2	12.9	12.9		15.0	14.3		
Non-Individual loans	6.7	6.5	5.8	5.2	4.8	4.5	4.0		6.7	6.5		
Borrowing Mix (%)												
Banks	26.0	27.0	27.4	30.0	33.0	34.0	33.9		26.0	27.0		
NCD	55.0	54.0	54.3	53.0	51.0	52.0	51.9		55.0	54.0		
Sub Debt	1.0	1.0	0.8	1.0	1.0	1.0	0.8		1.0	1.0		
Deposits	9.0	8.0	8.4	8.0	8.0	7.0	5.9		9.0	8.0		
NHB	5.0	5.0	4.2	4.0	4.0	4.0	3.6		5.0	5.0		
CP	4.0	5.0	4.8	4.0	3.0	2.0	3.9		4.0	5.0		

E: MOFSL Estimates



Highlights from the management commentary

Asset quality and credit costs

- There were no write-offs during the quarter. There has been no change in the PD/LGD expectations. Stage 1 and 2 PCR is also adequate.
- Higher credit costs were because of the increase in PCR by ~7pp QoQ to ~51%. It is in line with the company's objective of increasing the strength of the balance sheet and to be in line with the provisioning coverage in the industry.
- Total number of accounts in project loans stood at 300. There will be no further slippages. LICHF is witnessing some resolutions but they are not significant. Around 80 project accounts were in Stage 3 and another 100-110 accounts were in 60+dpd.
- Three cases are in NCLT for resolution; received three orders for implementation from NCLT. Realizable amount stood at INR1.2-1.5b.

Restructured book

- Around 15% of the restructured book slipped into Stage 3. Rest of the residual restructured book was classified under Stage 1.
- Total restructured (OTR) pool stood at ~INR14.2b. This was split into Corporate which stood at INR2.5b and Retail at INR11.6b.
- Timeline for restructured pool to exit moratorium – 4QFY23: INR6b; 1QFY24: INR6b; 2QFY23: INR2.2b.

Guidance

- Once LICHF has achieved a stable level of PCR, the credit costs will be in the range of ~40-45bp.
- Management guided that credit costs will normalize going ahead and LICHF will endeavor to keep the PCR stable at current levels.

Transmission of Repo rates

- The RBI has increased the repo rates by 225bp and compared to that LICHF has increased its retail PLR by ~210bp in FY23-YTD.

Yields, Spreads and Margins

- NIM has expanded from 1.8% to 2.42% (and it is now back to 3QFY22 levels). A ~35bp interest rate hike was effected by LICHF in Dec'22, to be effective from 1st Jan'23.
- Incremental CoF stood at 7.61% for 3QFY23. Incremental yields were slightly higher than 9%. Incremental spreads on home loans stood at 120-125bp.

Others

- BT-OUTs have come down significantly and expect the same to continue.
- Across all regions, it expects a lot of momentum in mortgages in 4QFY23. Expects 12-14% YoY disbursement growth in 4QFY23.

Exhibit 1: Status check on OTR pool

OTR (INR b)	Comments
52.6	❖ Exited moratorium
7.5	❖ Repaid and closed
14.2	❖ Still in OTR and will exit over 4QFY23 - 2QFY24
74.3	❖ Total pool, which was restructured under OTR1.0 and 2.0

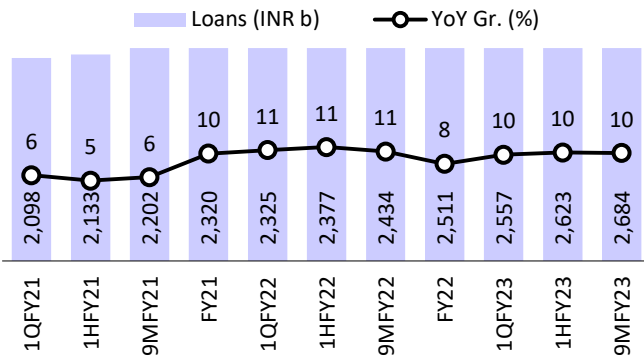
Source: MOFSL, Company

Exhibit 2: Product-wise split of Stage 3

Stage 3 (%)	4QFY21	1QFY22	2QFY22	3QFY22	4QFY22	1QFY23	2QFY23	3QFY23
Individual home loans (IHL)	1.9%	2.6%	2.3%	2.1%	1.7%	1.9%	1.7%	1.6%
Non-housing commercial (NHC)		18.9%	14.8%	15.9%	18.0%	11.5%	22.4%	22.5%
Non-housing individual (NHI)	5.8%	11.0%	9.8%	9.0%	8.1%		6.9%	6.7%
Project loans	18.0%	24.4%	23.9%	27.0%	31.8%	35%	42.2%	45.6%

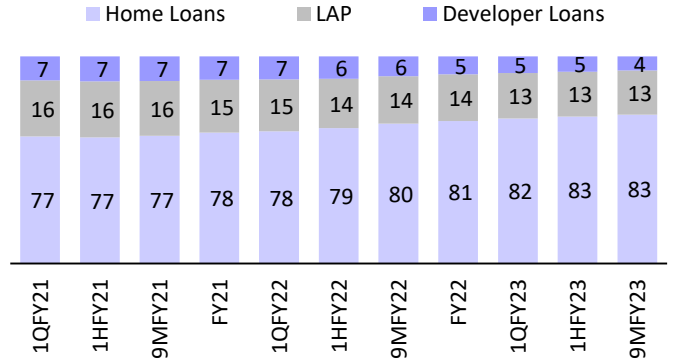
Story in charts

Exhibit 3: Loan book grew 10% YoY and ~2% QoQ



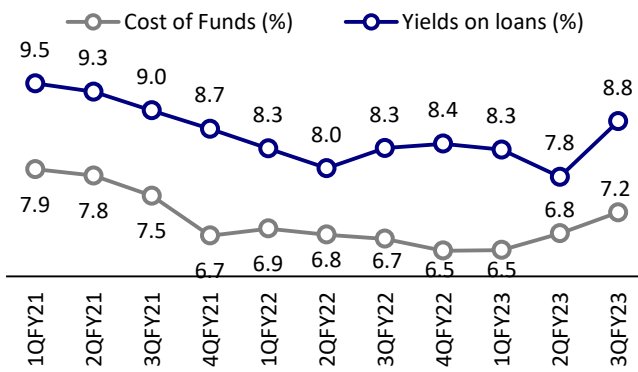
Source: MOFSL, Company

Exhibit 4: Share of home loans continued to increase (%)



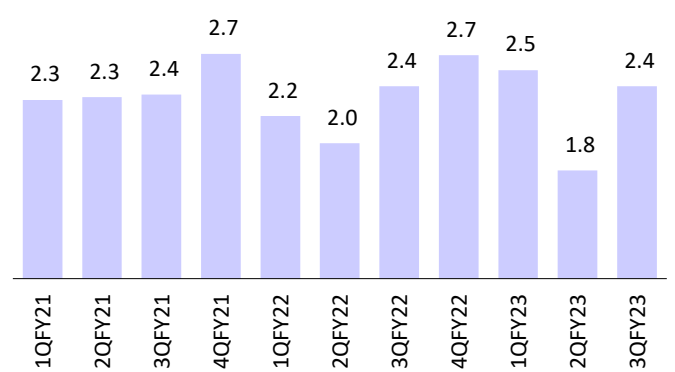
Source: MOFSL, Company

Exhibit 5: Calculated spreads expanded ~60bp QoQ



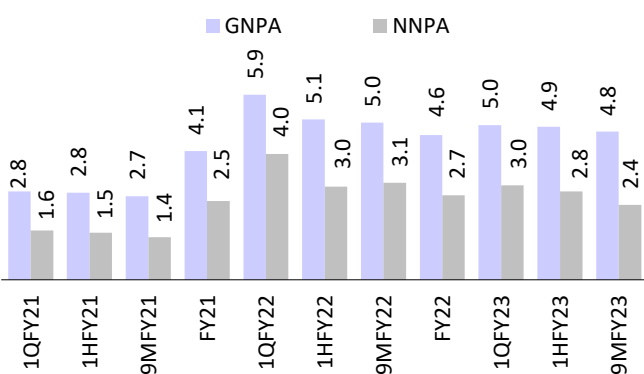
Source: MOFSL, Company

Exhibit 6: NIMs improved ~60bp QoQ (%)



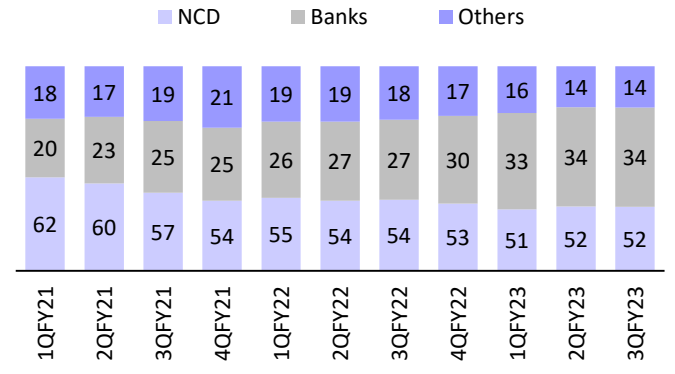
Source: MOFSL, Company

Exhibit 7: GS3 improved sequentially (%)



Source: MOFSL, Company

Exhibit 8: Borrowing mix largely stable QoQ (%)



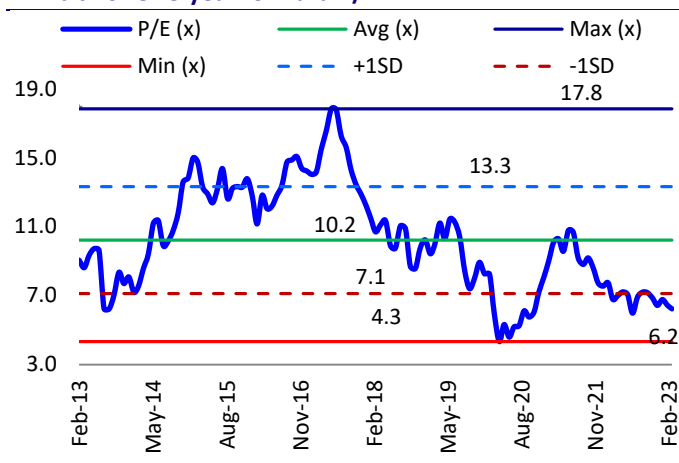
Source: MOFSL, Company

Exhibit 9: Cut our FY23 EPS by ~11% to factor in the 9MFY23 performance resulting in higher opex and credit costs in FY23

INR B	Old Est.			New Est.			% Change		
	FY23	FY24	FY25	FY23	FY24	FY25	FY23	FY24	FY25
NII	58.7	64.9	73.7	59.6	67.2	74.9	1.5	3.5	1.6
Other Income	2.3	2.3	2.1	2.2	2.3	2.3			
Net Income	61.0	67.1	75.8	61.7	69.5	77.2	1.3	3.4	1.9
Operating Expenses	9.8	10.5	11.2	10.6	12.0	13.5	8.3	15.0	20.1
Operating Profits	51.2	56.7	64.6	51.2	57.4	63.8	0.0	1.3	-1.3
Provisions	16.3	12.9	12.8	20.2	14.3	14.3	24.0	10.9	11.7
PBT	34.9	43.8	51.8	31.0	43.1	49.5	-11.2	-1.5	-4.6
Tax	6.6	8.3	10.4	5.9	8.2	9.9			
PAT	28.3	35.4	41.5	25.1	34.9	39.6	-11.2	-1.5	-4.6
Loans	2,714	3,026	3,377	2,722	3,005	3,355	0.3	-0.7	-0.6
Borrowings	2,470	2,753	3,056	2,482	2,734	3,036	0.5	-0.7	-0.6
Spreads (%)	1.65	1.59	1.61	1.69	1.69	1.67			
RoAA (%)	1.1	1.2	1.3	0.9	1.2	1.2			
RoAE (%)	11.0	12.7	13.5	9.9	12.7	13.1			

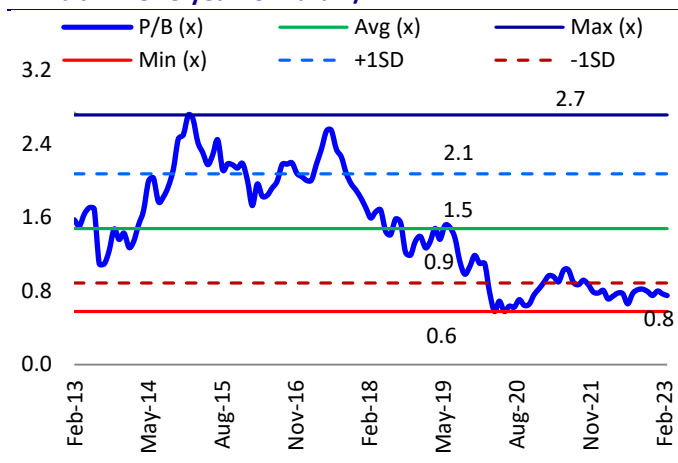
Source: MOFSL, Company

Exhibit 10: One-year forward P/E



Source: MOFSL, Company

Exhibit 11: One-year forward P/B



Source: MOFSL, Company

Financials and valuations

Income Statement									
(INR m)									
Y/E March	FY17	FY18	FY19	FY20	FY21	FY22	FY23E	FY24E	FY25E
Interest Income	1,38,767	1,46,662	1,71,628	1,96,054	1,96,971	1,96,885	2,22,848	2,58,894	2,89,874
Interest Expense	1,02,315	1,11,439	1,28,915	1,47,839	1,44,526	1,41,537	1,63,280	1,91,716	2,14,955
Net Interest Income	36,452	35,223	42,713	48,215	52,445	55,348	59,568	67,178	74,919
Change (%)	23.8	-3.4	21.3	12.9	8.8	5.5	7.6	12.8	11.5
Fee Income	1,102	356	348	394	788	982	1,100	1,300	1,450
Other Income	934	1,388	1,669	250	718	1,664	1,082	973	876
Net Income	38,489	36,968	44,730	48,859	53,951	57,994	61,749	69,451	77,245
Change (%)	21.1	-4.0	21.0	9.2	10.4	7.5	6.5	12.5	11.2
Operating Expenses	6,118	4,396	4,754	6,167	7,015	9,994	10,586	12,038	13,472
Operating Profits	32,371	32,572	39,976	42,692	46,936	48,000	51,163	57,413	63,773
Change (%)	19.4	0.6	22.7	6.8	9.9	2.3	6.6	12.2	11.1
Provisions/write offs	2,813	4,917	6,181	10,002	13,450	20,218	20,182	14,317	14,309
PBT	29,558	27,655	33,796	32,690	33,486	27,782	30,980	43,096	49,464
Tax	10,247	7,630	9,486	8,672	6,142	4,909	5,886	8,188	9,893
Tax Rate (%)	34.7	27.6	28.1	26.5	18.3	17.7	19.0	19.0	20.0
PAT	19,311	20,025	24,310	24,018	27,343	22,873	25,094	34,908	39,571
Change (%)	16.3	3.7	21.4	-1.2	13.8	-16.3	9.7	39.1	13.4
Adjusted PAT	19,311	20,025	24,310	24,018	27,343	22,873	25,094	34,908	39,571
Change (%)	16.3	3.7	21.4	-1.2	13.8	-16.3	9.7	39.1	13.4
Proposed Dividend	3,759	3,998	4,471	4,040	4,292	4,678	4,693	4,957	5,500

Balance Sheet									
(INR m)									
Y/E March	FY17	FY18	FY19	FY20	FY21	FY22	FY23E	FY24E	FY25E
Capital	1,010	1,010	1,010	1,010	1,010	1,101	1,101	1,101	1,101
Reserves & Surplus	1,25,110	1,41,402	1,61,583	1,80,921	2,04,203	2,45,618	2,61,341	2,86,599	3,15,713
Net Worth	1,26,120	1,42,412	1,62,593	1,81,931	2,05,213	2,46,718	2,62,442	2,87,700	3,16,814
Borrowings	12,63,170	14,53,099	17,06,670	19,13,317	20,78,615	22,36,582	24,82,495	27,34,265	30,36,328
Change (%)	13.9	15.0	17.5	12.1	8.6	7.6	11.0	10.1	11.0
Other liabilities	1,15,526	1,15,387	1,36,572	72,808	72,505	62,375	68,612	75,473	83,021
Total Liabilities	15,04,816	17,10,898	20,05,835	21,68,056	23,56,333	25,45,675	28,13,549	30,97,439	34,36,163
Investments	33,694	19,722	35,951	54,964	46,357	61,986	55,787	50,209	45,188
Change (%)	1,117.1	-41.5	82.3	52.9	-15.7	33.7	-10.0	-10.0	-10.0
Loans	14,47,167	16,61,623	19,29,927	20,79,880	22,81,143	24,52,963	27,22,034	30,04,687	33,55,059
Change (%)	15.6	14.8	16.1	7.8	9.7	7.5	11.0	10.4	11.7
Net Fixed Assets	965	971	1,359	2,544	2,470	2,876	3,308	3,804	4,374
Other assets	22,990	28,582	38,598	30,669	26,364	27,849	32,420	38,739	31,542
Total Assets	15,04,816	17,10,898	20,05,835	21,68,056	23,56,334	25,45,675	28,13,549	30,97,439	34,36,163

E: MOFSL Estimates

Financials and valuations

Ratios	(%)								
Y/E March	FY17	FY18	FY19	FY20	FY21	FY22	FY23E	FY24E	FY25E
Spreads Analysis (%)									
Yield on loans	10.3	9.4	9.6	9.8	9.0	8.3	8.6	9.0	9.1
Cost of funds	8.6	8.2	8.2	8.2	7.2	6.6	6.9	7.4	7.5
Spreads Analysis (%)	1.7	1.2	1.4	1.6	1.8	1.76	1.69	1.69	1.67
Margins	2.7	2.3	2.4	2.4	2.4	2.34	2.30	2.35	2.36
Profitability Ratios (%)									
Adj RoAE	17.8	14.9	15.9	13.9	14.1	10.1	9.9	12.7	13.1
Adj RoAA	1.4	1.2	1.3	1.2	1.2	0.9	0.9	1.2	1.2
Int. Expended/Int. Earned	73.7	76.0	75.1	75.4	73.4	71.9	73.3	74.1	74.2
Other Inc./Net Income	2.4	3.8	3.7	0.5	1.3	2.9	1.8	1.4	1.1
Efficiency Ratios (%)									
Fees/Operating income	0.8	0.2	0.2	0.2	0.4	0.5	0.5	0.5	0.5
Op. Exps./Net Income	15.9	11.9	10.6	12.6	13.0	17.2	17.1	17.3	17.4
Empl. Cost/Op. Exps.	40.2	50.8	52.1	48.5	41.8	56.4	43.4	43.5	43.5
Asset-Liability Profile (%)									
Loans/Borrowings Ratio	114.6	114.4	113.1	108.7	109.7	109.7	109.6	109.9	110.5
Debt/Equity (x)	10.0	10.2	10.5	10.5	10.1	9.1	9.5	9.5	9.6
Gross NPAs (INR m)	6,271	13,036	30,754	59,594	95,585	1,16,520	1,19,242	1,20,744	1,22,422
Gross NPAs to Adv.	0.4	0.8	1.6	2.8	4.1	4.7	4.3	3.9	3.6
Net NPAs (INR m)	2,053	7,117	15,514	33,474	57,414	66,314	62,672	62,758	51,117
Net NPAs to Adv.	0.1	0.4	0.8	1.6	2.5	2.7	2.3	2.1	1.5
Valuation									
Book Value (INR)	250	282	322	360	406	448	477	523	576
Growth (%)	37.9	12.9	14.2	11.9	12.8	10.3	6.4	9.6	10.1
Price-BV (x)	1.5	1.3	1.2	1.0	0.9	0.8	0.8	0.7	0.7
EPS (INR)	38.2	39.7	48.1	47.6	54.2	41.6	45.6	63.4	71.9
Growth (%)	16.3	3.7	21.4	-1.2	13.8	-23.3	9.7	39.1	13.4
Price-Earnings (x)	9.8	9.5	7.8	7.9	6.9	9.0	8.2	5.9	5.2
Adj. EPS (INR)	38.2	39.7	48.1	47.6	54.2	41.6	45.6	63.4	71.9
Growth (%)	16.3	3.7	21.4	-1.2	13.8	-23.3	9.7	39.1	13.4
Price-Earnings (x)	9.8	9.5	7.8	7.9	6.9	9.0	8.2	5.9	5.2
Dividend Per Share	6.2	6.8	7.6	8.0	8.5	8.5	8.5	9.0	10.0
Dividend Yield (%)	1.6	1.8	2.0	2.1	2.3	2.3	2.3	2.4	2.7

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 be within following 30 days take appropriate measures to make the recommendation consistent with the investment rating legend.

Disclosures

The following Disclosures are being made in compliance with the SEBI Research Analyst Regulations 2014 (herein after referred to as the Regulations).

Motilal Oswal Financial Services Ltd. (MOFSL) is a SEBI Registered Research Analyst having registration no. INH000000412. MOFSL, the Research Entity (RE) as defined in the Regulations, is engaged in the business of providing Stock broking services, Depository participant services & distribution of various financial products. MOFSL is a listed public company, the details in respect of which are available on www.motilaloswal.com. MOFSL (erstwhile Motilal Oswal Securities Limited - MOSL) is registered with the Securities & Exchange Board of India (SEBI) and is a registered Trading Member with National Stock Exchange of India Ltd. (NSE) and Bombay Stock Exchange Limited (BSE), Multi Commodity Exchange of India Limited (MCX) and National Commodity & Derivatives Exchange Limited (NCDEX) for its stock broking activities & is Depository participant with Central Depository Services Limited (CDSL) National Securities Depository Limited (NSDL), NERL, COMRIS and CCRL and is member of Association of Mutual Funds of India (AMFI) for distribution of financial products and Insurance Regulatory & Development Authority of India (IRDA) as Corporate Agent for insurance products. Details of associate entities of Motilal Oswal Financial Services Limited are available on the website at <http://online-reports.motilaloswal.com/Dormant/documents/List%20of%20Associate%20companies.pdf>

MOFSL and its associate company(ies), their directors and Research Analyst and their relatives may; (a) from time to time, have a long or short position in, act as principal in, and buy or sell the securities or derivatives thereof of companies mentioned herein. (b) be engaged in any other transaction involving such securities and earn brokerage or other compensation or act as a market maker in the financial instruments of the company(ies) discussed herein or act as an advisor or lender/borrower to such company(ies) or may have any other potential conflict of interests with respect to any recommendation and other related information and opinions.; however the same shall have no bearing whatsoever on the specific recommendations made by the analyst(s), as the recommendations made by the analyst(s) are completely independent of the views of the associates of MOFSL even though there might exist an inherent conflict of interest in some of the stocks mentioned in the research report.

MOFSL and / or its affiliates do and seek to do business including investment banking with companies covered in its research reports. As a result, the recipients of this report should be aware that MOFSL may have a potential conflict of interest that may affect the objectivity of this report. Compensation of Research Analysts is not based on any specific merchant banking, investment banking or brokerage service transactions. Details of pending Enquiry Proceedings of Motilal Oswal Financial Services Limited are available on the website at <https://galaxy.motilaloswal.com/ResearchAnalyst/PublishViewLitigation.aspx>

A graph of daily closing prices of securities is available at www.nseindia.com, www.bseindia.com. Research Analyst views on Subject Company may vary based on Fundamental research and Technical Research. Proprietary trading desk of MOFSL or its associates maintains arm's length distance with Research Team as all the activities are segregated from MOFSL research activity and therefore it can have an independent view with regards to Subject Company for which Research Team have expressed their views.

Regional Disclosures (outside India)

This report is not directed or intended for distribution to or use by any person or entity resident in a state, country or any jurisdiction, where such distribution, publication, availability or use would be contrary to law, regulation or which would subject MOFSL & its group companies to registration or licensing requirements within such jurisdictions.

For Hong Kong:

This report is distributed in Hong Kong by Motilal Oswal capital Markets (Hong Kong) Private Limited, a licensed corporation (CE AYY-301) licensed and regulated by the Hong Kong Securities and Futures Commission (SFC) pursuant to the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong) "SFO". As per SEBI (Research Analyst Regulations) 2014 Motilal Oswal Securities (SEBI Reg. No. INH000000412) has an agreement with Motilal Oswal capital Markets (Hong Kong) Private Limited for distribution of research report in Hong Kong. This report is intended for distribution only to "Professional Investors" as defined in Part I of Schedule 1 to SFO. Any investment or investment activity to which this document relates is only available to professional investor and will be engaged only with professional investors." Nothing here is an offer or solicitation of these securities, products and services in any jurisdiction where their offer or sale is not qualified or exempt from registration. The Indian Analyst(s) who compile this report is/are not located in Hong Kong & are not conducting Research Analysis in Hong Kong.

For U.S.

Motilal Oswal Financial Services Limited (MOFSL) is not a registered broker - dealer under the U.S. Securities Exchange Act of 1934, as amended (the "1934 act") and under applicable state laws in the United States. In addition MOFSL is not a registered investment adviser under the U.S. Investment Advisers Act of 1940, as amended (the "Advisers Act") and together with the 1934 Act, the "Acts), and under applicable state laws in the United States. Accordingly, in the absence of specific exemption under the Acts, any brokerage and investment services provided by MOFSL, including the products and services described herein are not available to or intended for U.S. persons. This report is intended for distribution only to "Major Institutional Investors" as defined by Rule 15a-6(b)(4) of the Exchange Act and interpretations thereof by SEC (henceforth referred to as "major institutional investors"). This document must not be acted on or relied on by persons who are not major institutional investors. Any investment or investment activity to which this document relates is only available to major institutional investors and will be engaged in only with major institutional investors. In reliance on the exemption from registration provided by Rule 15a-6 of the U.S. Securities Exchange Act of 1934, as amended (the "Exchange Act") and interpretations thereof by the U.S. Securities and Exchange Commission ("SEC") in order to conduct business with Institutional Investors based in the U.S., MOFSL has entered into a chaperoning agreement with a U.S. registered broker-dealer, Motilal Oswal Securities International Private Limited. ("MOSIPL"). Any business interaction pursuant to this report will have to be executed within the provisions of this chaperoning agreement.

The Research Analysts contributing to the report may not be registered /qualified as research analyst with FINRA. Such research analyst may not be associated persons of the U.S. registered broker-dealer, MOSIPL, and therefore, may not be subject to NASD rule 2711 and NYSE Rule 472 restrictions on communication with a subject company, public appearances and trading securities held by a research analyst account.

For Singapore

In Singapore, this report is being distributed by Motilal Oswal Capital Markets Singapore Pte Ltd ("MOCMSPL") (Co. Reg. NO. 201129401Z) which is a holder of a capital markets services license and an exempt financial adviser in Singapore. As per the approved agreement under Paragraph 9 of Third Schedule of Securities and Futures Act (CAP 289) and Paragraph 11 of First Schedule of Financial 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 at the end of the month immediately preceding the date of publication of the Research Report or date of the public appearance.
- received compensation/other benefits from the subject company in the past 12 months
- any other potential conflict of interests with respect to any recommendation and other related information and opinions.; however, the same shall have no bearing whatsoever on the specific recommendations made by the analyst(s), as the recommendations made by the analyst(s) are completely independent of the views of the associates of MOFSL even though there might exist an inherent conflict of interest in some of the stocks mentioned in the research report.
- acted as a manager or co-manager of public offering of securities of the subject company in past 12 months
- be engaged in any other transaction involving such securities and earn brokerage or other compensation or act as a market maker in the financial instruments of the company(ies) discussed herein or act as an advisor or lender/borrower to such company(ies)
- received compensation from the subject company in the past 12 months for investment banking / merchant banking / brokerage services or from other than said services.
- Served subject company as its clients during twelve months preceding the date of distribution of the research report.

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

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

Analyst Certification

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

Terms & Conditions:

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

Disclaimer:

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

Registered Office Address: Motilal Oswal Tower, Rahimtullah Sayani Road, Opposite Parel ST Depot, Prabhadevi, Mumbai-400025; Tel No.: 022-3980 4263; www.motilaloswal.com.
Correspondence Address: Palm Spring Centre, 2nd Floor, Palm Court Complex, New Link Road, Malad (West), Mumbai- 400 064. Tel No: 022 71881000. Details of Compliance Officer: Neeraj Agarwal, Email Id: na@motilaloswal.com, Contact No.:022-71881085.

Registration details of group entities.: Motilal Oswal Financial Services Ltd. (MOFSL): INZ000158836 (BSE/NSE/MCX/NCDEX); CDSL: IN-DP-16-2015; NSDL: IN-DP-NSDL-152-2000; Research Analyst: INH000000412. AMFI: ARN.: 146822. IRDA Corporate Agent – CA0579. Motilal Oswal Financial Services Ltd. is a distributor of Mutual Funds, PMS, Fixed Deposit, Insurance, Bond, NCDs and IPO products. Customer having any query/feedback/ clarification may write to query@motilaloswal.com. In case of grievances for any of the services rendered by Motilal Oswal Financial Services Limited (MOFSL) write to grievances@motilaloswal.com, for DP to dpgrievances@motilaloswal.com.