

Indostar Capital Finance

CMP: INR276

TP: INR325 (+18%)

Buy

Healthy growth in VF AUM; credit costs high

Retail loan book grew ~37% YoY; PAT up ~64% YoY but down ~13% QoQ

Indostar Capital Finance (Indostar) reported a mixed quarter. While business momentum was reasonably good, lower collection efficiency and higher delinquencies in the VF portfolio led to higher credit costs in 3QFY25. Key highlights: 1) consolidated disbursements grew ~17% YoY to ~INR15.7b and retail AUM rose ~37% YoY to ~INR105b; 2) the company added 352 employees in 3QFY25, taking the total count to ~5,524; 3) the CV segment contributed ~81% to the retail disbursement mix; and 4) credit costs were high sequentially at ~INR480m (PQ: ~INR193m), translating into annualized credit costs of ~1.8% (PQ: 0.8%).

Financial highlights:

- 3QFY25 PAT stood at ~INR277m, up ~64% YoY but down ~13% QoQ. NII grew ~48% YoY to INR1.2b.
- Opex rose ~37% YoY to INR1.2b. PPOP stood at INR594m (PQ: INR370m). Credit costs were higher QoQ at ~INR480m (PQ: ~INR193m), translating into annualized credit costs of ~1.8% (PQ: 0.8%).
- Total AUM stood at ~INR106b, up ~32% YoY and ~5% QoQ. VF AUM grew ~51% YoY to INR73b (PQ: ~INR70b).
- Asset quality was largely stable, with standalone GNPA declining ~5bp QoQ to ~4.9% and standalone NNPA rising ~20bp QoQ to 2.7%. Management shared that credit costs were elevated due to a rise in delinquencies over the past 2-3 quarters. However, collections improved and delinquencies declined in the latter half of the last quarter.
- The company is confident of reducing its NPAs by Mar'25, as 2HFY25 is generally better in terms of collections.
- With better visibility on disbursement momentum, we estimate a CAGR of 30%/33% in AUM/PAT over FY24-27, aided by improvements in NIM to 6.6%/6.8% in FY26E/FY27E. **Reiterate BUY with a TP of INR325 (premised on 1.3x Sep'26E BVPS).**

AUM grew ~32% YoY; healthy growth in VF AUM

- Disbursements stood at INR15.7b in 3QFY25, up ~17% YoY. Vehicle finance (VF) disbursements grew ~18% YoY to INR12.7b (PQ: INR14.5b).
- The company is developing ancillary products such as tyre financing to provide comprehensive solutions to customers.
- Growth in disbursements was aided by strong focus on the retail segment. The retail strategy is successfully playing out for the company, with retail loans now constituting about ~98% of the entire loan book.

Key highlights from the management commentary

- Indostar plans to allocate the proceeds from the sale of its HFC subsidiary to its core business segments, including MSME, micro LAP, and CV. These proceeds should be realized toward the end of 4QFY25 or early 1QFY26.

Bloomberg	INDOSTAR IN
Equity Shares (m)	136
M.Cap.(INRb)/(USD\$)	37.5 / 0.4
52-Week Range (INR)	343 / 172
1, 6, 12 Rel. Per (%)	-5/19/19
12M Avg Val (INR M)	63

Financials & Valuations (INR b)

Y/E March	FY25E	FY26E	FY27E
NII	5.3	7.5	9.2
PPP	2.0	3.6	4.8
PAT	0.9	1.9	2.4
EPS (INR)	6.3	12.7	16.4
EPS Gr. (%)	-25	100	29
BV (INR)	244	252	269

Ratios

NIM (%)	6.7	7.9	7.1
C/I ratio (%)	75.4	66.1	62.9
RoA (%)	0.8	1.5	1.5
RoE (%)	2.6	5.3	6.3
Payout (%)	0.0	0.0	0.0

Valuations

P/E (x)	43.4	21.7	16.8
P/BV (x)	1.1	1.1	1.0
Div. Yield (%)	0.0	0.0	0.0

Shareholding pattern (%)

As On	Dec-24	Sep-24	Dec-23
Promoter	73.6	73.6	75.0
DII	1.9	1.8	1.8
FII	2.4	2.3	1.3
Others	22.1	22.3	21.8

FII Includes depository receipts

- It aims to increase its borrowings significantly through the banking channel. In 3QFY25, the company raised ~INR9.9b, with 25% sourced from banks. The overall cost of borrowing was ~10bp lower than in the previous quarter.

Valuation and view

- Indostar has strategically prioritized the expansion of its loan book in the used CV segment. A reinforced management team, enhanced processes, and a favorable economic climate will serve as catalysts for growth in this segment.
- Corporate and SME segments now contribute only ~5% to the total AUM mix. The company has sold stressed loans in ARC transactions and we expect the company to start FY26 on a clean slate. This should translate into better asset quality outcomes and robust execution, going ahead. The risk-reward is favorable at 1.0x FY27E P/BV. **Reiterate BUY** rating on the stock with a TP of **INR325 (premised on 1.3x Sep'26E BVPS)**.

Quarterly Performance

Y/E March	FY24				FY25			(INR M)	
	1Q	2Q	3Q	4Q	1Q	2Q	3Q	FY24	FY25
Interest Income	2,723	2,175	2,262	3,143	2,703	2,956	3,125	11,453	12,146
Interest Expenses	1,544	1,408	1,453	1,954	1,668	1,878	1,930	6,873	7,457
Net Interest Income	1,179	767	808	1,189	1,035	1,078	1,196	4,580	4,689
YoY Growth (%)	-8.6	-33.0	-36.5	10.6	-12.2	40.5	47.9	-4.2	2.4
Other Income	271	169	127	1,636	387	565	611	2,522	2,345
Total Income	1,450	936	936	2,825	1,422	1,643	1,806	7,102	7,034
YoY Growth (%)	-12.7	-36.9	-36.1	103.5	-1.9	75.6	93.1	18.5	-1.0
Operating Expenses	1,153	850	884	1,392	1,106	1,272	1,212	4,922	5,083
Operating Profit	297	86	52	1,433	317	371	594	2,180	1,951
YoY Growth (%)	-53.6	-76.3	-79.6	97.3	6.4	333.5	1,044.5	10.0	-10.5
Provisions & Loan Losses	-119	-11	-52	1,041	210	193	479	884	1,150
Profit before Tax	416	297	191	392	297	363	331	1,296	802
Tax Provisions	27	49	22	40	48	46	54	138	0
Net Profit	389	248	169	353	249	317	277	1,158	802
YoY Growth (%)	-36.1	-52.0	-54.0	-53.6	-36.0	27.9	64.3	-48.5	-30.8
Key Operating Parameters (%)									
Yield on loans (Cal)	16.3	14.3	13.3	17.0	17.0	17.1	17.6		
Cost of funds (Cal)	10.7	11.9	9.4	11.0	10.9	11.2	10.9		
Spreads (Cal)	5.6	2.4	3.8	6.0	6.1	5.9	6.7		
NIMs (Cal)	5.9	3.9	4.1	5.7	4.5	4.4	4.6		
Credit Cost (Cal)	-0.6	-0.1	-0.3	5.0	0.9	0.8	1.8		
Cost to Income Ratio	79.5	90.8	94.5	49.3	77.7	77.4	67.1		
Tax Rate	6.5	0.0	0.4	10.1	0.1	0.1	0.1		
Balance Sheet Parameters									
AUM (INR B)	80.6	77.3	80.4	87.6	95.7	101.1	106.3		
Change YoY (%)	-2.2	-2.3	4.8	12.2	18.6	30.9	32.2		
AUM Mix (%)									
Vehicle	48.7	56.7	60.3	63.8	66.1	68.9	68.7		
Housing	21.6	24.5	25.5	25.9	25.0	25.3	25.9		
SME & Others	14.6	13.7	9.1	5.5	4.7	4.0	3.6		
Corporate	14.8	4.7	4.7	4.4	3.9	1.7	1.6		
Disbursements (INR B)	11.2	12.7	13.5	17.7	16.3	17.2	15.7		
Change YoY (%)	224.4	279.9	157.7	96.8	45.8	35.9	16.9		
Asset Quality Parameters (%)									
GS 3 (INR B)	4.9	4.7	3.9	3.1	3.5	3.7	3.6		
Gross Stage 3 (% on Assets)	6.6	6.7	5.3	4.1	4.2	5.0	4.9		
Net Stage 3 (% on Assets)	3.1	3.3	2.4	1.8	2.1	2.5	2.7		
PCR (%)	53.6	51.5	56.9	59.1	53.7	51.0	46.2		

E: MOFSL estimates

Asset quality largely stable; standalone GS3 stood at ~4.9%

- Asset quality was largely stable, with standalone GNPA improving ~5bp QoQ to ~4.9% and standalone NNPA rising ~20bp QoQ to 2.7%. Collection efficiency (including overdue) stood at ~95.2% (PQ: ~92.5%).
- Management shared that credit costs were elevated due to a rise in delinquencies over the past two-three quarters. However, conditions have improved in the latter half of the current quarter.

Niwas Housing Finance (earlier IndoStar Home Finance)

- AUM as of Dec'24 stood at ~INR27.5b, up 34% YoY and ~7% QoQ.
- Disbursements grew ~25% YoY to INR2.8b.
- GS3 rose ~25bp QoQ to 1.65% and NS3 rose ~20bp QoQ to 1.3%.
- Niwas Housing delivered a PAT of INR160m (vs. INR140m in 2QFY25).
- CRAR stood at ~52.6%; Debt-equity ratio stood at 3x.

**Highlights from the management commentary****Business updates:**

- PAT grew ~64% YoY, while AUM grew 32% YoY.
- Over the last one year, at the standalone ICF level, the company has been able to reduce the cost of funds by ~110bp.
- The company is carrying liquidity of INR10.1b and has additional undrawn amount of INR5.75b.
- During the quarter, the board approved the allotment of warrants on a preferential basis by way of private placement to promoters Brookfield Capital Partners. The total consideration received by ICF is INR2.05b, which is 80% of the total subscription amount of INR2.57b.
- The company monetized SRs of INR1.35b of CL pool.
- With effect from Nov'24, the name of Indostar Home Finance has been changed to Niwas Housing Finance Limited.
- The company is developing ancillary products such as tyre financing to provide comprehensive solutions to customers.

Macro Environment:

- The growth in the NBFC sector in FY25 has slowed due to a tighter regulatory environment and issues in the unsecured retail segment.
- As per CRISIL, VF AUM in India is expected to reach INR9.4t by FY26, driven by an increase in used vehicle and demand for premium vehicles. The cost of used vehicles remains much lower than that of new vehicles.
- CV demand has been weak due to slower government spending and subdued market sentiment. However, tractor showed some resilience, driven by improved rural demand and better agricultural output.

Financial highlights:

- AUM stood at INR106b, up 5% QoQ and 32% YoY.
- Disbursements rose ~17% YoY to INR15.7b. Disbursements for CV financing stood at INR12.7b, up ~18% YoY. The growth was contributed by strong focus on

retail segment. Its retail lending strategy is successfully playing out, with retail lending now making up about ~98% of the entire loan book.

- Collection was impacted by heavy rains, which impacted truck movement, leading to an increase in delinquency.
- NIM was stable in the 5.6% range.
- Standalone AUM stood at INR78.7b, up 4% QoQ. Disbursements stood at INR12.9b.
- The company's average disbursement yield has been maintained at ~18.5%, with the focus on tier 3 and tier 4 towns and catering to secured lower-ticket size segments, which are called Focus 4 (Car, pickups, light truck and farm equipment). Consequently the ATS also went down in last 5 quarter from INR820k to INR660k in Q3FY25 and in the month of December, it came down to INR610k.

Asset quality:

- Collection during the quarter was INR1.1b vs ~INR9.9b in the previous quarter.
- In the last 2-3 quarters, collection was impacted by heatwaves, heavy monsoon and a sluggish economy.
- Credit cost stood at ~2.6% for 3QFY25. While the cost is higher compared to the previous quarter, the company remains optimistic that it will moderate in the coming period.
- Credit costs were elevated due to a rise in delinquencies over the past 2-3 quarters. However, conditions have improved in the latter half of the current quarter.
- The company will be able to reduce net NPAs by Mar'25 as 4Q is generally better in terms of collection.
- Entire provision made was on the existing book and no provision was made on the ARC sale.

Housing finance business (Niwas Housing Finance):

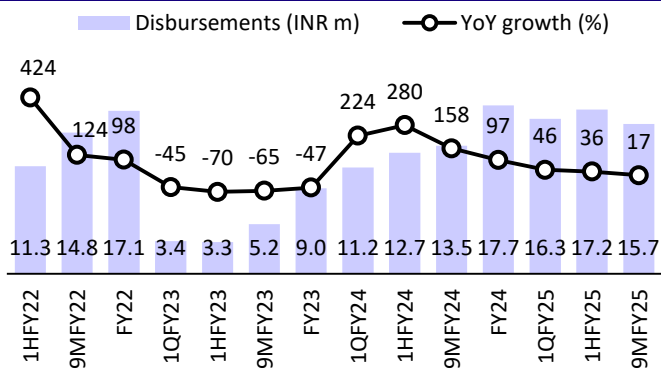
- Disbursements stood at INR2.8b, up ~25% YoY. AUM stood INR27.4b, up ~34% YoY.
- TN, AP, TL and MH account for more than ~85 % of the entire portfolio.
- The company has decided to go further deep into its core geography and has expanded to 135 branches and continues to expand digitally.
- The company received sanctions from a couple of large private banks in Dec'24, which was undrawn at the end of the quarter.
- The company has a strong liquidity position of INR2.3b in cash balance and undrawn sanctions of INR1.46b.
- CRAR stood at 52.6%.

Proceeds from sale of HFC subsidiary:

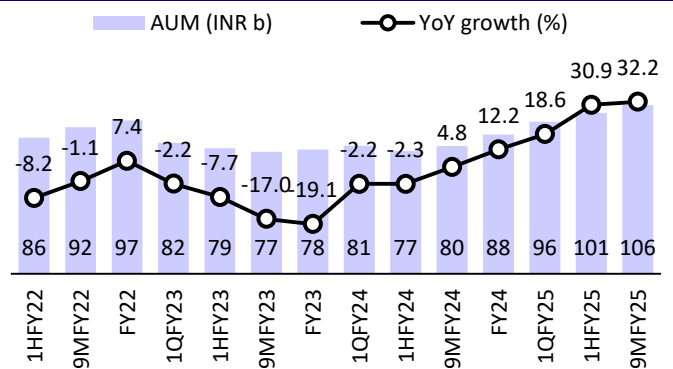
- The company plans to allocate the proceeds from the sale of its HFC subsidiary toward its core business segments, including MSME, micro LAP, and CV business. These proceeds are expected to be realized later this quarter or in 1QFY26.

Liability and CoB

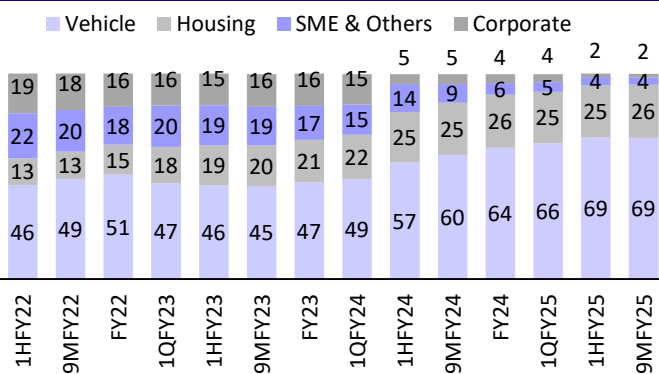
- The company aims to significantly increase its borrowings through the banking channel. In 3QFY25, it raised INR9.9b, with 25% sourced from banks. The overall cost of borrowing was ~10bp lower than in the previous quarter.
- During 9MFY25, the company has raised over INR40b at lower rates as the confidence of banks and lenders has improved substantially.
- The company has sanctions of INR5.8b, which it will be taking in Jan-Feb'25.
- The funds have started to come to the company and the cost has gone down significantly.
- In 2QFY22, the company borrowed at ~12.2% and now the company is borrowing at 10.8%. The incremental cost of borrowing in Dec'24 was 10.2%.

Key exhibits**Exhibit 1: Disbursements grew ~17% YoY...**

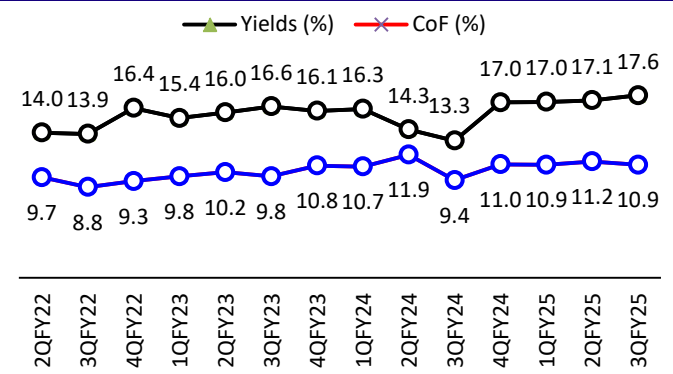
Source: MOFSL, Company

Exhibit 2: ...leading to ~32% YoY growth in AUM

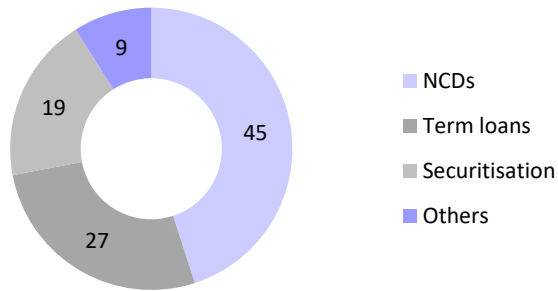
Source: MOFSL, Company

Exhibit 3: Share of vehicle loans remained stable QoQ

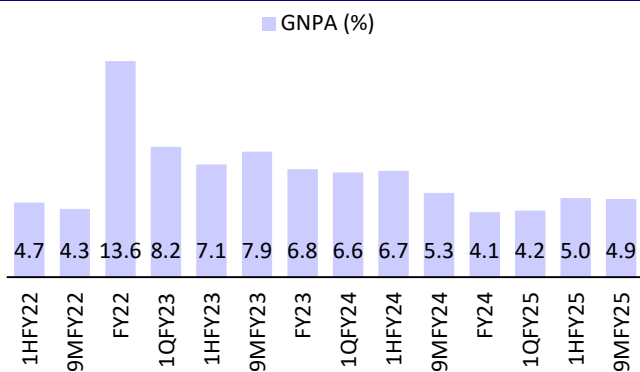
Source: MOFSL, Company

Exhibit 4: Spreads expanded by ~80bp QoQ (%)

Source: MOFSL, Company;

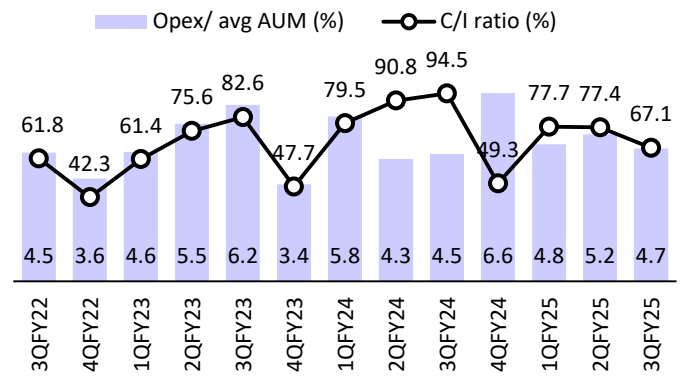
Exhibit 5: Borrowing mix as of Dec'24 (%)

Source: MOFSL, Company

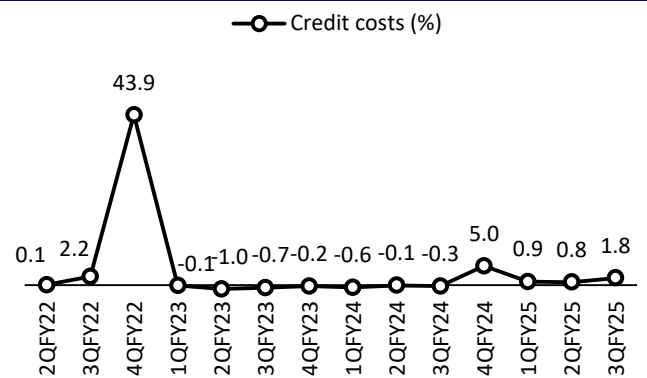
Exhibit 7: Standalone GNPA improved ~5bp QoQ (%)

Source: MOFSL, Company

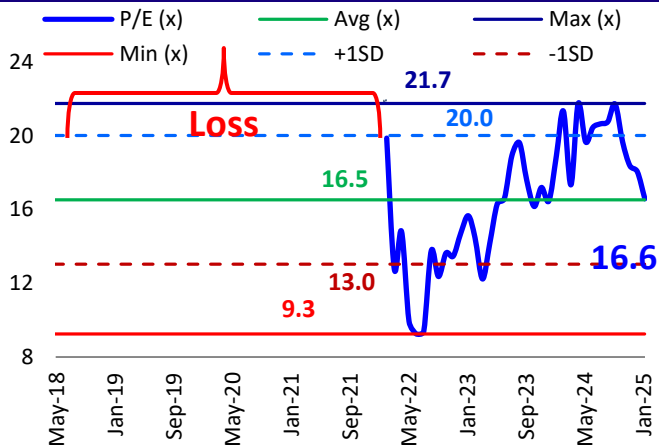
Note: For 1HFY25 onwards, GNPA relates to standalone financials

Exhibit 6: C/I ratio improved to ~67%

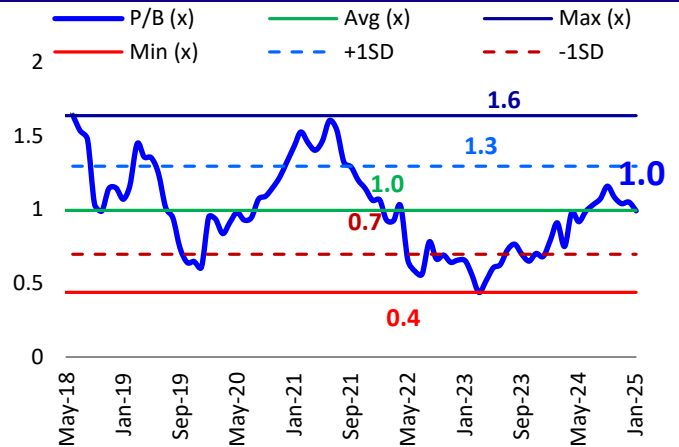
Source: MOFSL, Company;

Exhibit 8: Credit costs rose ~105bp QoQ to ~1.8%

Source: MOFSL, Company

Exhibit 9: One year forward P/E

Source: MOFSL, Company

Exhibit 10: One year forward P/B

Source: MOFSL, Company

Financials and valuations

Income Statement

(INR M)

Y/E March	FY19	FY20	FY21	FY22	FY23	FY24	FY25E	FY26E	FY27E
Interest Income	10,813	14,662	11,739	10,672	10,584	11,453	12,146	14,680	20,131
Interest Expended	5,636	8,634	7,086	5,395	5,803	6,873	7,457	8,548	11,609
Net Interest Income	5,177	6,028	4,653	5,276	4,782	4,580	4,689	6,132	8,522
Change (%)	18.3	16.4	-22.8	13.4	-9.4	-4.2	2.4	30.8	39.0
Fee Income	620	515	327	444	542	615	431	517	620
Other Income	624	812	806	627	671	1,907	1,915	2,273	2,728
Net Income	6,420	7,355	5,786	6,348	5,994	7,102	7,034	8,922	11,871
Change (%)	38.5	14.6	-21.3	9.7	-5.6	18.5	-1.0	26.8	33.0
Operating Expenses	2,466	3,120	3,055	3,726	4,011	4,922	5,083	5,838	6,679
Operating Income	3,954	4,235	2,731	2,621	1,983	2,180	1,951	3,084	5,191
Change (%)	28.1	7.1	-35.5	-4.0	-24.4	10.0	-10.5	58.0	68.4
Provisions and W/Offs	162	8,602	4,920	11,585	-404	884	1,150	1,304	1,635
PBT	3,792	-4,367	-2,189	-8,964	2,386	1,296	802	1,779	3,556
Tax	1,384	-1,120	-48	-1,599	135	138	0	409	818
Tax Rate (%)	36.5	25.7	2.2	17.8	5.6	10.6	0.0	23.0	23.0
PAT	2,408	-3,246	-2,141	-7,365	2,252	1,158	802	1,370	2,738
Change (%)	20.2	-234.8	-34.0	244.0	-130.6	-48.5	-30.8	70.9	99.9

Balance Sheet

(INR M)

Y/E March	FY19	FY20	FY21	FY22	FY23	FY24	FY25E	FY26E	FY27E
Equity Share Capital	923	925	1,237	1,361	1,361	1,361	1,361	1,469	1,469
Reserves & Surplus	29,140	25,881	35,745	27,930	29,755	30,991	31,793	35,054	37,793
Net Worth	30,063	26,806	36,982	29,291	31,116	32,352	33,154	36,524	39,262
Other Capital Instruments	0	0	0	0	0	0	0	0	0
Borrowings	90,617	71,419	60,076	62,234	56,481	75,717	74,624	1,01,619	1,40,235
Change (%)	85.6	-21.2	-15.9	3.6	-9.2	34.1	-1.4	36.2	38.0
Other liabilities	2,321	3,061	3,757	5,089	3,626	3,138	3,452	4,143	4,971
Total Liabilities	1,23,002	1,01,286	1,00,815	96,614	91,222	1,11,207	1,11,230	1,42,285	1,84,468
Investments	3,009	2,306	15,914	5,477	10,394	11,182	12,077	13,284	14,613
Change (%)	-70.1	-23.4	590.2	-65.6	89.8	7.6	8.0	10.0	10.0
Loans and Advances	1,03,637	82,931	71,393	77,069	65,157	78,098	79,388	1,06,967	1,44,572
Change (%)	75.6	-20.0	-13.9	8.0	-15.5	19.9	1.7	34.7	35.2
Net Fixed Assets	3,704	4,214	3,865	3,990	3,902	3,941	4,138	4,345	4,562
Other Assets	12,652	11,835	9,643	10,078	11,769	17,985	15,628	17,688	20,721
Total Assets	1,23,002	1,01,286	1,00,815	96,614	91,222	1,11,207	1,11,230	1,42,285	1,84,468

E: MOFSL Estimates

Financials and valuations

AUM Details							(INR M)		
Y/E March	FY19	FY20	FY21	FY22	FY23	FY24	FY25E	FY26E	FY27E
Consol. AUM (INR Bn)	117	100	90	97	78	87	113	149	193
AUM Mix									
Corporate	39	29	22	16	16	4	1	0.3	0.1
Retail	61	71	78	84	84	96	99	99.7	99.9
Vehicle	41	45	47	51	47	64	69	70.8	71.0
SME	16	18	21	18	17	6	3	3.1	4.0
Housing	5	8	11	15	21	26	26	25.7	24.9
Ratios									
Y/E March	FY19	FY20	FY21	FY22	FY23	FY24	FY25E	FY26E	FY27E
Spreads Analysis (%)									
Yield on Portfolio	13.0	15.6	14.9	14.1	14.6	15.7	15.2	15.5	15.8
Cost of Borrowings	8.1	10.7	10.8	8.8	9.8	10.4	9.9	9.7	9.6
Interest Spread	4.9	4.9	4.1	5.3	4.9	5.3	5.2	5.8	6.2
Net Interest Margin	6.4	6.5	6.0	7.1	6.7	6.4	6.0	6.6	6.8
Profitability Ratios (%)									
RoE	9.5	-11.4	-6.7	-22.2	7.5	3.7	2.4	3.9	7.2
RoA (on balance sheet)	2.5	-2.9	-2.1	-7.5	2.4	1.1	0.7	1.1	1.7
Debt: Equity (x)	3.0	2.7	1.6	2.1	1.8	2.3	2.3	2.8	3.6
Leverage (x)	4.1	3.8	2.7	3.3	2.9	3.4	3.4	3.6	4.3
Efficiency Ratios (%)									
Int. Expended/Int.Earned	52.1	58.9	60.4	50.6	54.8	60.0	61.4	58.2	57.7
Op. Exps./Net Income	38.4	42.4	52.8	58.7	66.9	69.3	72.3	65.4	56.3
Empl. Cost/Op. Exps.	60.6	60.5	56.9	55.0	44.3	55.0	62.3	64.0	66.0
Fee income/Net Income	9.7	7.0	5.6	7.0	9.0	8.7	6.1	5.8	5.2
Asset quality									
GNPA	3,051	3,652	3,441	12,030	4,790	4,265	4,584	4,320	4,522
NNPA	1,995	2,893	1,580	5,190	2,190	1,950	2,063	2,030	2,216
GNPA %	2.9	4.4	4.7	13.6	6.8	5.3	5.6	4.0	3.1
NNPA %	1.9	3.5	2.2	6.7	3.4	2.5	2.6	1.9	1.5
PCR %	34.6	20.8	54.1	56.9	54.3	54.3	55.0	53.0	51.0
Valuation									
Book Value (INR)	326	290	299	215	229	238	244	249	267
BV Growth (%)	23.6	-11.0	3.1	-28.0	6.2	4.0	2.5	2.0	7.5
Price-BV (x)		0.9	0.9	1.3	1.2	1.2	1.1	1.1	1.0
Adjusted BV (INR)	303	262	279	153	204	216	220	228.0	245.6
Price-ABV (x)		0.9	1.0	1.0	1.3	1.3	1.2	1.2	1.1
EPS (INR)	26.1	-35.1	-17.3	-54.1	16.5	8.5	5.9	9.3	18.6
EPS Growth (%)	2.5	-234.5	-50.7	212.8	-130.6	-48.5	-30.8	58.2	99.9
Price-Earnings (x)		-7.8	-15.9	-5.1	16.6	32.3	46.7	29.5	14.8
Dividend per share		2.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Dividend Yield (%)		0.7	0.0	0.0	0.0	0.0	0.0	0.0	0.0
E: MOFSL Estimates									

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

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

*In case the recommendation given by the Research Analyst is inconsistent with the investment rating legend for a continuous period of 30 days, the Research Analyst shall 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 Ltd. are available on the website at <http://onlineinreports.motilaloswal.com/Dormant/documents/Associate%20Details.pdf>

Details of pending Enquiry Proceedings of Motilal Oswal Financial Services Limited are available on the website at <https://galaxy.motilaloswal.com/ResearchAnalyst/PublishViewLitigation.aspx>

MOFSL, its associates, Research Analyst or their relatives may have any financial interest in the subject company. MOFSL and/or its associates and/or Research Analyst or their relatives may have 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. MOFSL and its associate company(ies), their directors and Research Analyst and their relatives may have any other potential conflict of interests at the time of publication of the research report or at the time of public appearance, 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.

In the past 12 months, MOFSL or any of its associates may have:

- received any compensation/other benefits from the subject company of this report
- managed or co-managed public offering of securities from subject company of this research report,
- received compensation for investment banking or merchant banking or brokerage services from subject company of this research report,
- received compensation for products or services other than investment banking or merchant banking or brokerage services from the subject company of this research report.

- MOFSL and its associates have not received any compensation or other benefits from the subject company or third party in connection with the research report.
- Subject Company may have been a client of MOFSL or its associates during twelve months preceding the date of distribution of the research report.
- Research Analyst may have served as director/officer/employee in the subject company.
- MOFSL and research analyst may engage in market making activity for the subject company.

MOFSL and its associate company(ies), and Research Analyst and their relatives from time to time may have:

- a long or short position in, act as principal in, and buy or sell the securities or derivatives thereof of companies mentioned herein.
- 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.

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. To enhance transparency, MOFSL has incorporated a Disclosure of Interest Statement in this document. This should, however, not be treated as endorsement of the views expressed in the 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.

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.

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.

Disclosure of Interest Statement

Indostar Capital Finance

Analyst ownership of the stock

No

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 Financial Services Limited (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. 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 of Singapore. Accordingly, if a Singapore person is not, or ceases to be, such an investor, they must immediately discontinue any use of this Report and inform MOCMSPL.

Disclaimer:

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

This report is meant for the clients of Motilal Oswal only.

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

Registration granted by SEBI and certification from NISM in no way guarantee performance of the intermediary or provide any assurance of returns to investors.

Registered Office Address: Motilal Oswal Tower, Rahimtullah Sayani Road, Opposite Parel ST Depot, Prabhadevi, Mumbai-400025; Tel No.: 022 - 71934200 / 71934263; www.motilaloswal.com.

Correspondence Address: Palm Spring Centre, 2nd Floor, Palm Court Complex, New Link Road, Malad (West), Mumbai- 400 064. Tel No: 022 71881000. Details of Compliance Officer: Neeraj Agarwal,

Email Id: na@motilaloswal.com, Contact No.:022-40548085.

Grievance Redressal Cell:

Contact Person	Contact No.	Email ID
Ms. Hemangi Date	022 40548000 / 022 67490600	query@motilaloswal.com
Ms. Kumud Upadhyay	022 40548082	servicehead@motilaloswal.com
Mr. Ajay Menon	022 40548083	am@motilaloswal.com

Registration details of group entities.: Motilal Oswal Financial Services Ltd. (MOFSL): INZ000158836 (BSE/NSE/MCX/NCDEX); CDSL and NSDL: IN-DP-16-2015; Research Analyst: INH000000412. AMFI: ARN : 146822. IRDA Corporate Agent – CA0579. Motilal Oswal Financial Services Ltd. is a distributor of Mutual Funds, PMS, Fixed Deposit, Insurance, Bond, NCDs and IPO products.

Customer having any query/feedback/ clarification may write to query@motilaloswal.com. In case of grievances for any of the services rendered by Motilal Oswal Financial Services Limited (MOFSL) write to grievances@motilaloswal.com, for DP to dp@grievances@motilaloswal.com.