

30 August 2024

Bajaj Finance

Near-term catalyst provides attractive entry

In the near term, a fund-raise of Rs 70bn in Bajaj Housing Finance (BHFL) is likely to be a catalyst for Bajaj Finance's (BAF) re-rating. BHFL is likely to be listed in Sep'24 (media reports suggest a Rs560bn-590bn valuation). The standalone entity delivers higher RoE and RoA than Bajaj Housing Finance and commands premium valuations. The recent correction offers an attractive entry point. We reiterate a Buy recommendation. At the CMP, the stock trades at 3.7x standalone FY26e BV (adjusted for subsidiaries)

Value-unlocking may be a catalyst. Bajaj Housing Finance is one the largest HFCs in the country (Rs913bn AUM), with diverse products and robust risk management practices. The high 2.4% RoA was driven by one of the quickest loan growths (30%+ over FY21-24) and best-in-class asset quality (GNPA 1.4%, credit cost 0.2%). This is likely to create strong demand for the public offering. We have covered Bajaj Housing Finance in detail in this note.

Standalone entity's higher RoE; premium valuations likely. The standalone entity encompasses other products and delivers higher RoA and RoE excl. the HFC (Fig 40). The best-in-class execution skill, robust customer franchisees and strong tech architecture made us assign a high premium to the company. Ahead, with a further Rs 30bn OFS (not built in estimates) in BHFL, we believe that capital requirement by Bajaj Finance will reduce substantially, and investors could probably look at the PE multiple. Over FY24-26, we factor in a ~26.6% loan CAGR (consolidated) and 4.3% RoA (consolidated).

Valuation. At our 12-mth TP, the stock will trade at 4.4x FY26e BV with subsidiaries valued at Rs 837 per share. The company had traded at higher valuations in the past. **Risks:** Key-man risk, regulatory changes.

Key financials (YE Mar) (consol.)	FY22	FY23	FY24	FY25e	FY26e
Net interest income (Rs m)	1,64,000	2,13,820	2,73,314	3,48,487	4,35,188
PPoP (Rs m)	1,19,892	1,43,586	1,87,176	2,39,326	2,98,867
Provisions (Rs m)	59,969	48,548	31,897	46,307	66,321
PAT (Rs m)	44,198	70,282	1,15,078	1,44,511	1,71,619
EPS (Rs.)	73	116	190	234	277
NIM (%)	10.0	11.4	11.5	10.9	10.4
RoE (%)	12.8	17.4	23.5	22.0	20.3
RoA (%)	2.7	3.7	4.7	4.4	4.0
AUM growth (%)	3.9	29.1	25.3	29.9	26.5
GNPA (%)	1.7	1.5	1.5	1.4	1.4
CRAR	28.3	27.2	26.6	26.0	24.2
P/E (x)	96.1	60.6	37.1	30.2	25.5
P/BV (x)	11.5	9.7	7.9	5.7	4.7

Source: Company, Anand Rathi Research

Anand Rathi Share and Stock Brokers Limited (hereinafter "ARSSBL") is a full-service brokerage and equities-research firm and the views expressed therein are solely of ARSSBL and not of the companies which have been covered in the Research Report. This report is intended for the sole use of the Recipient. Disclosures and analyst certifications are present in the Appendix.

Rating: Buy

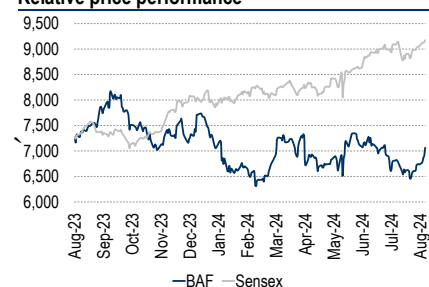
Target Price (12-mth): Rs.8,330

Share Price: Rs.7,060

Key data	BAF IN / BJFN.BO
52-week high / low	Rs8192 / 6188
Sensex / Nifty	82135 / 25152
3-m average volume	\$94m
Market cap	Rs.4372bn / \$52132.8m
Shares outstanding	619m

Shareholding pattern (%)	Jun'24	Mar'24	Dec'23
Promoters	54.7	54.7	54.8
- of which, Pledged	-	-	-
Free float	45.3	45.3	45.2
- Foreign institutions	21.1	20.6	20.9
- Domestic institutions	14.3	14.4	14.1
- Public	9.9	10.4	10.2

Relative price performance



Source: Bloomberg

Kaitav Shah, CFA

Research Analyst

Yuvraj Choudhary, CFA

Research Analyst

Quick Glance – Financials and Valuations

Fig 1 – Consolidated income statement (Rs m)

Year-end: Mar	FY22	FY23	FY24	FY25e	FY26e
Net interest income	213,820	273,314	348,487	435,188	545,943
Growth (%)	30.4	27.8	27.5	24.9	25.5
Non-interest income	4,373	15,148	14,068	15,475	17,022
Income	218,193	288,462	362,555	450,663	562,966
Growth (%)	27.0	32.2	25.7	24.3	24.9
Operating expenses	74,607	1,01,286	1,23,229	1,51,796	1,86,264
of which, emp. benefit exp.	35,897	50,494	63,960	80,590	1,01,543
PPoP	143,586	187,176	239,326	298,867	376,701
Growth (%)	19.8	30.4	27.9	24.9	26.0
Provisions	48,548	31,897	46,307	66,321	76,921
PBT	95,038	155,279	193,019	232,546	299,780
Tax	24,756	40,202	48,584	60,927	78,542
PAT	70,282	115,078	144,511	171,619	221,238
PAT growth (%)	59.0	63.7	25.6	18.8	28.9

Source: Company, Anand Rathi Research

Fig 2 – Consolidated balance sheet (Rs m)

Year-end: Mar	FY22	FY23	FY24	FY25e	FY26e
Share capital	1,207	1,209	1,236	1,240	1,244
Other equity	435,920	542,511	765,718	921,216	1,126,282
Net worth	437,127	543,720	766,954	922,456	1,127,526
Borrowings	1,652,319	2,130,602	2,897,679	3,800,665	4,841,462
Growth (%)	25.5	28.9	36.0	31.2	27.4
Other liabilities	35,608	-	-	-	-
Liabilities	2,125,054	2,752,263	3,757,415	4,723,121	5,968,988
Cash & equivalents	36,803	43,045	106,240	107,885	138,820
Investments	122,455	227,518	308,807	386,008	482,510
Loans	1,914,233	2,422,689	3,262,933	4,176,554	5,262,459
Growth (%)	30.5	26.6	34.7	28.0	26.0
Other assets	30,945	59,010	79,436	52,673	85,199
Assets	2,104,436	2,752,263	3,757,416	4,723,121	5,968,988
AUM	1,974,520	2,473,790	3,213,125	4,065,752	5,117,978
RWA	1,588,032	2,301,555	3,328,192	4,343,617	5,472,957

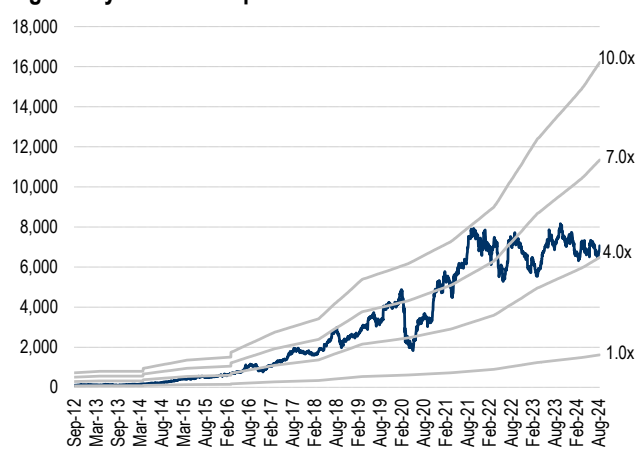
Source: Company, Anand Rathi Research

Fig 3 – Consolidated ratio analysis (%)

Year-end: Mar	FY22	FY23	FY24	FY25e	FY26e
NIM	11.4	11.5	10.9	10.4	10.3
Cost-to-income	34.2	35.1	34.0	33.7	33.1
Credit cost	2.9	1.5	1.6	1.8	1.6
RoA	3.7	4.7	4.4	4.0	4.1
RoE	17.4	23.5	22.0	20.3	21.6
GNPA	1.5	1.5	1.4	1.4	1.4
NNPA	0.7	0.7	0.6	0.7	0.7
RWA / Assets	75.5	83.6	88.6	92.0	91.7
CRAR	27.2	26.6	26.0	24.2	23.6
Tier 1	24.7	23.6	23.0	21.2	20.6
EPS (Rs)	116	190	234	277	356
BVPS (Rs)	725	900	1,241	1,488	1,813
ABVPS (Rs)	714	886	1,224	1,466	1,784
Dividend yield	0.3	0.3	0.4	0.4	0.4
P/E (x)	56.8	34.8	28.3	23.9	18.6
P/B (x)	9.1	7.9	5.7	4.7	3.9
P / ABV (x)	9.3	8.0	5.8	4.8	4.0

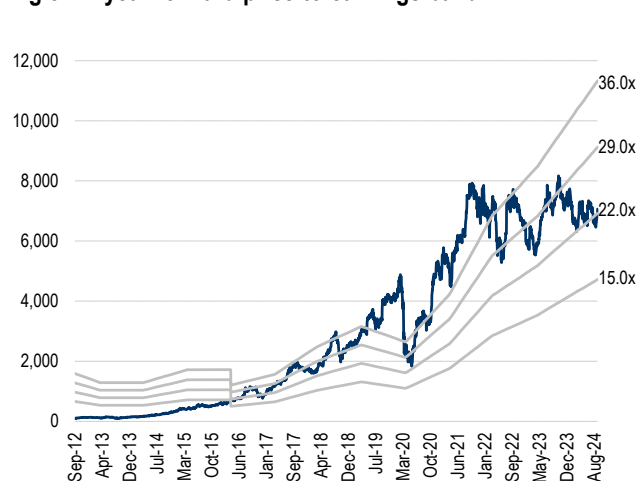
Source: Company, Anand Rathi Research

Fig 4 – 1-year-forward price-to-book band



Source: Bloomberg

Fig 5 – 1-year-forward price-to-earnings band



Source: Bloomberg

Fig 6 – Price movement



Source: Bloomberg

Bajaj Housing Finance

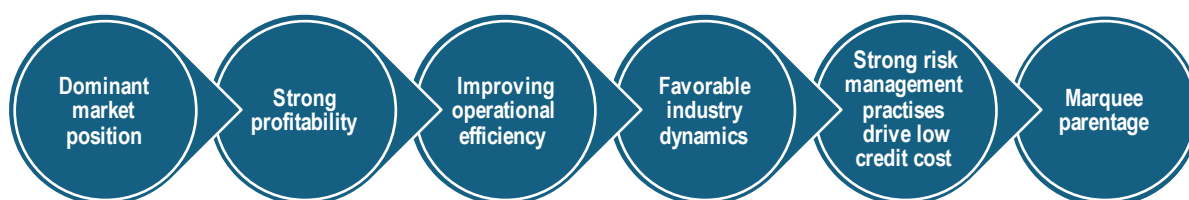
Dominant position

- **Leadership.** Thanks to the Bajaj Group's strong brand equity, with 22.5% CRAR, the company is prominent in housing finance in India.
- **Expansive network.** It utilises Bajaj Finance's extensive distribution network for effective market reach and customer acquisition of 88.11m with 215 branches as of Mar'24.

Financial stability and performance

- **Healthy balance sheet.** Robust capital adequacy ratios reflect prudent financial management.
- **Consistent growth.** Proven track record for steady revenue, loan-book expansion with RoA at 2.4% and RoE at 15.8% as of Mar'24.
- **Cost management.** Effective strategies are in place to manage cost, with the lowest, 0.6%, credit cost at 0.5% enabling a competitive, 8.5%, interest rate and better profit margins.

Fig 7 – Key strengths



Source: Company, Anand Rathi Research

Greater operational efficiency

- **Integrating technology.** Advanced technology for risk assessment and customer service (loans sanctioned in 48 hours) are the quickest of its peers, raising efficiency and cost-effectiveness.
- Industry-leading cost-income ratio (24%) and cost-asset (96%).
- Peer group analysis reveals best in class asset quality

Favourable industry dynamics

- Housing demand is bolstered by urbanisation, rising incomes and favourable demographics.
- Government support. The industry benefits from measures such as affordable housing schemes and tax incentives.

Risk management

- **Prudent lending.** Conservative lending practices and stringent credit checks to minimise default risks.
- **Diversified portfolio.** The broad loan portfolio across various segments and regions would reduce concentration risk.
- This drives low credit costs and NPAs.

Parent company's support

- Strong financial and strategic support from Bajaj Finance ensures stability and access to capital.
- Shared services. Synergies in operations, marketing and technology with the parent company enhance overall efficiency.

Fig 8 – Company's AUM /disbursement

(Rs in bn)	FY22	FY23	FY24
Disbursements	2,61,752	3,43,336	4,46,562
Cl. AUM	5,33,217	6,92,279	9,13,704
-On book %	87.20	89.70	86.80
-Off book %	12.80	10.30	13.20

Source: DRHP, Anand Rathi Research

Fig 9 – AUM /AUM mix

	FY22	(%)	FY23	(%)	FY24	(%)
AUM	5,33,217	100	6,92,279	100	9,13,704	100
HL (housing loans)	3,45,449	65	4,27,069	62	5,28,196	58
LAP (loans against property)	74,053	14	78,169	11	95,679	11
LRD (lease-rental discounting)	68,694	13	1,12,595	16	1,76,368	19
DF (developer financing)	28,987	5	56,693	8	95,993	11
Others	16,035	3	17,754	3	17,467	2

Source: DRHP, Anand Rathi Research

Fig 10 – Borrowing mix (NIM, yield, CoF trends)

%	FY22	FY23	FY24
Bank borrowings	59.0	58.9	51.3
NCD	30.1	36.3	34.7
NHB	0.0	3.7	9.9
Commercial paper	9.6	0.8	3.8
ICD/ deposits	1.2	0.3	0.3

Source: DRHP, Anand Rathi Research

Fig 11 – Productivity metrics

	FY22	FY23	FY24
AUM	533,217	692,279	913,704
No. of branches	201	208	215
No. of employees	3,705	2,788	2,372
AUM per branch	2,653	3,328	4,250
AUM per employee	144	248	385
Retail			
AUM (excl. LRD, DF)	435,534	522,989	641,342
AUM per branch	2,167	2,514	2,983
AUM per employee	118	188	270

Source: DRHP, Anand Rathi Research

Fig 12 – Key ratios, %

	FY20	FY21	FY22	FY23	FY24	FY25 (P)
Net interest margins	2.50	2.80	3.00	3.30	3.20	3.30
Credit cost	0.60	0.70	0.60	0.50	0.60	0.40
Return on assets	1.80	1.40	1.50	1.80	1.90	2.00
GNPA	2.40	2.20	2.10	1.60	1.40	1.80

Source: Company Report & CRISIL MI&A

Fig 13 – Product-wise - GNPA/NNPA %, Stages 1& 2

Product-wise	Home loan	LAP	LRD	Developer finance	Others
AUM	58	11	19	11	2
ATS (m)	4.6	5.8	998.6	446.3	0.0
LTV	71	55	0	0	0
GNPA	0	1	0	0	1
NNPA	0	0	0	0	0
PCR	62	62	0	74	77
Stage-1	62	10	14	12	2
Stage-2	56	40	0	0	4

Source: DRHP, Anand Rathi Research

Fig 14 – du Pont analysis

	FY22	FY23	FY24
Interest income/Assets	7.2	9.3	9.8
Interest expense/Assets	4.4	5.7	6.4
Net interest income/Assets	2.7	3.6	3.4
Non-interest income/Assets	0.6	0.7	0.6
Net revenues/Assets	3.3	4.3	4.0
Operating expense/Assets	1.0	1.1	1.0
PPOP/Assets	2.4	3.2	3.0
Provision/Assets	0.4	0.2	0.1
Taxes/Assets	0.5	0.8	0.6
RoA	1.5	2.2	2.4
RoAE	10.5	14.6	15.2

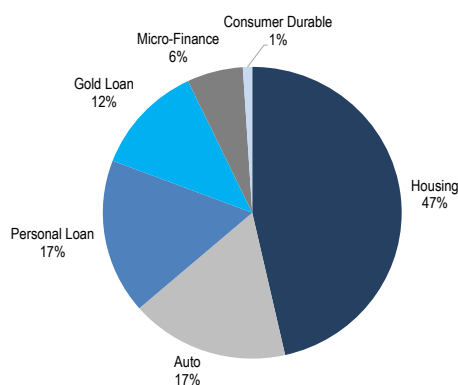
Source: DRHP, Anand Rathi Research

The Indian housing sector

- **Large population.** India’s population, the world’s largest, continually drives housing demand.
- **Urbanisation.** The urban population is expected to step up to 37.4% by 2025 (from 36% in 2022), boosting demand for residential infrastructure in cities.
- **Increasing per capita GDP.** Rising incomes enhance purchasing power, fueling demand for diverse housing options.
- **Contribution of sectors.** Growth across sectors supports overall economic health, which in turn drives housing demand through job creation and increased income.
- **Aspirational households.** The number of aspirational households is projected to grow from 41m in FY12 to 181m by FY30, indicating rising demand for housing.
- **Rural and semi-urban growth.** Rural areas (47% of GDP) received only 8% of banking credit as of Mar’23. Rising financial inclusion and digital access are expected to boost credit availability in these areas, presenting significant growth opportunities.

Share of housing finance in the sector’s retail segment

Fig 15 – Retail credit mix as of FY23



Source: DRHP, Anand Rathi Research

Government initiatives

- **Pradhan Mantri Aawas Yojana - Urban.** The scheme aims at bridging the demand-supply gap in housing. On the supply side, for beneficiary-led housing, public-private partnerships (PPP) in building homes for economically weaker sections (EWS) and the low-income group (LIG), the scheme offers incentives such as higher floor space index and grants and subsidies for slum redevelopment. In demand, the PMAY provides credit-linked subsidies to spur demand.
 - **Pradhan Mantri Aawas Yojana - Grameen.** The scheme is for the rural population without their own houses. It provides financial assistance and an interest-rate subsidy.
 - **Relaxation of ECB guidelines.** Relaxed external commercial borrowing (ECB) guidelines enable easier access to overseas funds and stimulate the sector.

- The **GST rate** for affordable housing projects was cut.
- **EPF corpus withdrawal.** Permission to withdraw 90% of EPF corpus enables prospective home buyers to make down payments and pay off home loan EMIs.

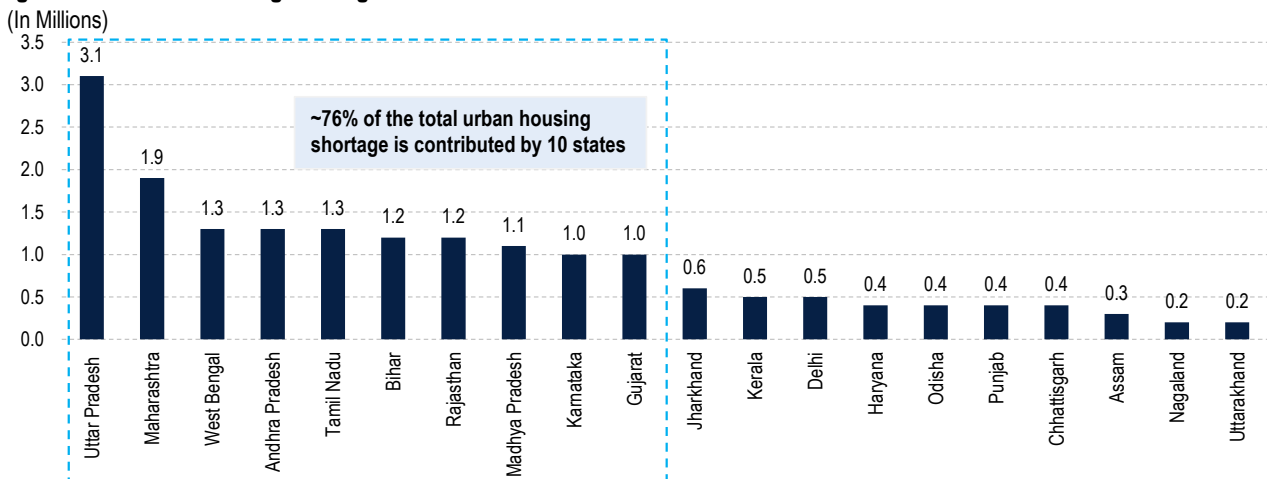
Regulator initiatives

- **Regulatory authority of HFCs shifted from NHB to RBI.** Budget 2020 proposed a regulatory oversight change and HFCs supervision from the NHB to the RBI. This led to streamlined regulations and better risk management framework for HFCs.
- **NHB refinance.** The NHB’s refinancing schemes help HFCs lower borrowing costs.
- **PSL guidelines revised.** The RBI raised the threshold for home loans to be classified as PSL to promote the PMAY.

Other factors

- Low mortgage penetration.
- **Rising urbanization, nuclearisation.** Smaller average household size and rising urban population lead to more housing demand.
- Higher incomes result in greater affordability for houses.
- **Rising independent house demand.** Increase in the share of independent houses helps the housing finance market to grow in the long term.

Fig 16 – State-wise housing shortage in India



Source: DRHP, Anand Rathi Research

Fig 17 – Top 10 states with their shares in housing finance

State (bn)	FY19	FY20	FY21	FY22	FY23	31-Dec-23	CAGR % (FY19-23)	Market share % (31-Dec-23)	GNPA % (FY23)	NNPA % (FY23)
Maharashtra	4066	4345	4867	5484	6373	7118	11.9	22.1	2.0	2.4
Karnataka	1951	2094	2292	2539	2983	3370	11.2	10.5	1.6	2.1
Tamil Nadu	1753	1883	2055	2261	2560	2812	9.9	8.7	2.3	4.0
Telangana	1151	1313	1536	1831	2247	2611	18.2	8.1	0.7	0.9
Gujarat	1375	1503	1719	2008	2299	2595	13.7	8.0	1.6	2.0
Uttar Pradesh	1079	1167	1299	1460	1703	1925	12.1	6.0	3.0	2.6
Delhi	953	997	1091	1211	1401	1539	10.1	4.8	3.4	3.3
Andhra Pradesh	751	858	971	1130	1353	1536	15.8	4.8	1.2	1.5
Rajasthan	641	716	817	946	1121	1289	15.0	4.0	1.3	1.3
Kerala	799	877	955	1064	1200	1286	10.7	4.0	2.1	2.5

Source: DRHP, Anand Rathi Research

Fig 18 – Ticket-wise portfolio breakup (Rs bn)

Ticket size	FY19	FY20	FY21	FY22	FY23	31st Dec'23	Market share % (31st Dec'23)	CAGR % (FY19-FY23)
Less than Rs2.5m	1,222.00	1,540.80	1,785.30	2,123.40	2,587.70	3,001.30	28.80	20.60
Rs2.5m to Rs5m	616.1	783.6	897.3	1,060.10	1,281.80	1,454.90	14.00	20.10
Rs5m to Rs10m	634.8	799.4	884.2	1,010.90	1,177.60	1,320.90	12.70	16.70
Rs10 to Rs20m	705.1	883.1	945	1,041.90	1,184.00	1,297.10	12.40	13.80
More than Rs20m	1,894.50	2,381.40	2,470.30	2,703.00	3,103.80	3,346.20	32.10	13.10

Source: DRHP, Anand Rathi Research

Fig 19 – Ticket-wise disbursement (Rs bn)

Ticket Size	FY19	FY20	FY21	FY22	FY23	31-Dec-23	Share (31-Dec-23) 2019 – FY 2023)	CAGR (FY 2019 – FY 2023)
Less than Rs2.5m	502.40	517.30	502.40	686.50	939.60	736.60	24.90	16.90
Rs2.5 to Rs5m	272.3	255.5	242.3	340.80	468.90	375.80	12.70	14.60
Rs5 to Rs10m	276.3	247.9	212	313.30	421.20	362.20	12.20	11.10
Rs10 to Rs20m	317.6	261.2	205.2	311.00	423.20	353.90	12.00	7.40
More than Rs20m	972.60	758.00	525.30	886.20	1,318.00	1,128.30	38.20	7.90
Total industry	2,341.20	2,039.90	1,687.20	2,537.80	3,570.90	2,956.80	100.00	11.10

Source: DRHP, Anand Rathi Research

Top management

- **Chairman and non-executive director Sanjivnayan Bajaj (director since 22nd Jan'18)** has degrees from Pune University, Warwick University and Harvard Business School. He has leading positions in many Bajaj Group companies and over 27 years' experience in business strategy, finance and other areas. He has also been president of the Confederation of Indian Industry and member of the Steering Committee appointed by the Government of India for Business 20 as part of India's G20 presidency in FY23.
- **Vice-chairman and non-executive director Rajeev Jain (director since 10th Nov'14)** has a post-graduate diploma from T.A. Pai Management Institute with 30 years' experience in consumer lending. His previous stints were at Countrywide Consumer Financial Services, ANZ Grindlays Bank and AIG. He is also MD, Bajaj Finance.
- **Independent director Anami Narayan Roy (director since 19th May'20)** is former DG Police and Mumbai Police Commissioner. He was in the Indian Police for over 38 years. He is also on the boards of several companies, incl. Bajaj Finserv and GlaxoSmithKline Pharma.
- **Independent director Dr Arindam Kumar Bhattacharya (since 1st May'22)** has degrees from IIT Kharagpur, IIM Ahmedabad, and the University of Warwick. He is a senior advisor to the Boston Consulting Group and has authored books on global business strategies. He is also on the boards of several companies, incl. Bajaj Finance.
- **Independent director Jasmine Arish Chaney (since 1st Apr'23)** has degrees from Sydenham College and the Somaiya Institute. She has over 30 years' experience at Credit Rating Information Services of India in management roles.
- **Managing director Atul Jain (since 1st May'22)** has degrees in commerce and business administration from Punjab University and over 24 years' experience in financial and investment banking. He joined the Bajaj Group in 2002 and was previously at PNB Capital Services and Prudential Capital Markets.

Key product details

Home loans (57.8% of the book)

Overview

- **Target segment:** Salaried individuals, professionals, self-employed, primarily targeting the affluent mass.
- **Portfolio:** Home loans constitute 57.8% of the loan portfolio; available across 174 locations in India.

Key products

- **Home purchase.** Financing for new residential properties.
- **Resale and balance transfers.** Loans for buying resale homes or transferring loans.
- **Top-up loans.** Additional financing for customers.
- **Benchmark-linked loans** to external benchmarks for transparent pricing.
- **Dual rate facility.** A combination of fixed and floating interest rates.

Sourcing strategy

- **Micro-market approach.** Localized engagement with special teams.
- **Direct-to-customer (D2C) team.** Direct sourcing through developers, branches, digital channels.
- **Indirect sourcing team.** Collaboration with channel partners and digital tools.
- **APF project base.** Extensive project base of 6,039 for broad selection and faster processing.
- **Partnerships and innovations.** Collaborations with HFCs, NBFCs and small finance banks; digital solutions like 'DIY Home Loans.'

Fig 20 – Home loans

	FY22	FY23	FY24
HL (housing loan)			
AUM	3,45,449	4,27,069	5,28,196
AUM mix %	64.80	61.70	57.80
(by customer type) %			
Salaried	90.00	90.50	87.50
Self-employed professional	5.10	5.20	4.30
Self-employed non-professional	4.90	4.30	8.20
(by sourcing channel)			
Direct %	45.40	50.20	55.70
Indirect %	54.60	49.80	44.30
ATS (at origination)	4.2	4.6	4.6
LTV (at origination) %	71.10	71.30	70.50
% of AUM with CIBIL score			
CIBIL score >750	77.60	76.70	75.80
CIBIL score 650-750	19.50	20.40	21.10
CIBIL score < 650	1.60	1.20	1.00

Source: DRHP, Anand Rathi Research

Fig 21 – Home loan rates offered by housing finance companies

Name of the lender	Upto 3 Mn	Above 3 Mn & Upto 7.5 Mn	Above 7.5 Mn
Housing finance companies (HFCs)			
LIC Housing Finance	8.45-10.35	8.45-10.55	8.45-10.75
HDFC	8.50-10.35	8.50-10.60	8.50-10.70
Bajaj Housing Finance	8.50 onwards	8.50 onwards	8.50 onwards
Tata Capital	8.60 onwards	8.60 onwards	8.60 onwards
PNB Housing Finance	8.75-14.50	8.75-11.50	8.75-11.45
GIC Housing Finance	8.80 onwards	8.80 onwards	8.80 onwards
Repc Home Finance	8.90 onwards	8.90 onwards	8.90 onwards
Indiabulls Housing	8.75 onwards	8.75 onwards	8.75 onwards
Aditya Birla Capital	8.80-14.75	8.80-14.75	8.80-14.75
ICICI Home Finance	9.20 onwards	9.20 onwards	9.20 onwards
Godrej Housing Finance	8.64 onwards	8.64 onwards	8.64 onwards

Source: DRHP, Anand Rathi Research

Loans against property (10.5% of the book)

LAP offers financing based on borrowers' cashflows, ensuring loans align with repayment capacity and minimize default risk.

Key features

- Available at 74 locations across India.
- Customers include salaried, professional and self-employed individuals.
- Collateral: Mainly self-occupied residential properties.
- Flexi facility: Allows partial payments/withdrawals to lower interest costs.

Fig 22 – LAP (Loans against property)

	FY22	FY23	FY24
AUM	74,053	78,169	95,679
AUM mix %	13.90	11.30	10.50
ATS (at origination)	4.3	4.9	5.8
LTV (at origination) %	56.60	52.80	55.10
Tenure (no. of months)	127	147	155
SoRP %	72.50	71.20	71.20
<i>(by customer type) %</i>			
Salaried	20.30	23.70	87.50
Self-employed professional	10.60	12.30	4.30
Self-employed non-professional	69.10	64.00	8.20

Source: DRHP, Anand Rathi Research

Lease rental discounting (19.3% of the book)

LRD solutions offer tailored financing for high-net-worth individuals (HNIs) and developers, focusing on commercial real estate with established rental income. The product leverages long-term lease rental cashflows to secure financing.

Key features

- Available in 14 locations across India as of 31st Mar'24.
- Transactions backed by rental income managed through an escrow mechanism to ensure payment security.
- Additional financing includes construction finance for commercial properties, supporting warehousing and industrial needs.
- Portfolio scope: Covers full commercial real estate lifecycle from greenfield and construction financing to conversion to leasable assets.

Fig 23 – LRD (lease rental discounting)

	FY22	FY23	FY24
AUM	68,694	1,12,595	1,76,368
AUM mix %	12.90	16.30	19.30
ATS (at origination)	550	787	999
Active customers	164	187	237

Source: DRHP, Anand Rathi Research

Developer finance (10.5 % of the book)

Developer financing solutions support residential and commercial real estate projects, focusing on well-managed loan portfolios and strong developer relationships.

Key features

- Available at 13 locations across India.
- Loans secured via project cashflows, inventory, land and undivided share of land.
- Commercial construction finance started in FY22, aligned with lease rental discounting products.
- Disbursement process: Loans disbursed on project milestone stages.
- Risk management is a centralized team, which monitors compliance with project milestones.

Sourcing strategy

- Dedicated sourcing team tracks market trends and new projects at 13 locations.
- Escrow mechanism. Manages project cashflows with defined escrow structures.
- Principal moratorium offers moratoriums during construction, with monthly interest payments.

Fig 24 – DF (developer financing)

DF (developer financing)	FY22	FY23	FY24
AUM	28,987	56,693	95,993
AUM mix %	5.40	8.20	10.50
ATS (at Origination)	261	339	446
Active developer relationships (funded by DF)	267	327	419
Active Projects (funded by DF)	373	487	616
Approved project financiers (APF)	2,951	4,549	6,039

Source: DRHP, Anand Rathi Research

Fee income, unsecured loans (1.9% of book)

Non-collateralized loans and value-added services

- Non-collateralized loans and value-added services along with core products (home loans, loans against property, lease rental discounting, developer financing).

Non-collateralized loans

- **Products.** Loans without requiring physical assets as security.
- **Target audience.** Salaried individuals, professionals and self-employed individuals with strong credit profiles.
- **Risk management.** Emphasis on thorough credit assessments and income verification.

Fee-income generator

- **Cross-selling.** Third-party products to enhance customer experience, increase revenue.
- **Insurance products** (registered with the IRDAI as corporate agent)
 - Life insurance: Protection for beneficiaries.
 - General insurance: Coverage for motor, property, travel.
 - Health insurance: Coverage for medical expenses.
- **Strategic partnerships.** Collaboration with leading insurers for comprehensive solutions; generating further income via commissions.

Fig 25 – Others

	FY22	FY23	FY24
AUM	16,035	17,754	17,467
AUM mix %	3.00	2.50	1.90

Source: DRHP, Anand Rathi Research

Interest rate

Fig 26 – Home loan interest rate (floating)

	Salaried borrowers	Professional borrowers	Self-employed borrowers
Home loan	8.50% to 15.00%	8.60% to 15.00%	9.10% to 15.00%
Home loan balance transfer	8.70% to 15.00%	8.70% to 15.00%	9.50% to 15.00%
Top-up	9.80% to 18.00%	9.80% to 18.00%	10.00% to 18.00%

Source: DRHP, Anand Rathi Research

Fig 27 – Loan against property interest rate (floating)

	Salaried borrowers	Self-employed professional borrowers	Self-employed borrowers
Loan against property	10.10% to 18.00%	10.10% to 18.00%	9.75% to 18.00%
Loan against property balance transfer	10.20% to 18.00%	10.20% to 18.00%	9.85% to 18.00%

Source: DRHP, Anand Rathi Research

Fig 28 – Interest rate for developer finance/lease rental discounting (floating)

	Salaried borrowers
Developer finance	9.75% to 18.00%
Lease rental discounting	8.50% to 15.00%

Source: DRHP, Anand Rathi Research

Peer group analysis

Fig 29 – Size of companies (FY24)

		AUM (FY23) (Rs bn)	AUM (FY24) (Rs bn)	AUM CAGR % (FY20-23)	Income (FY24)	Income CAGR % (FY20-FY24) (Rs bn)
Prime	Bajaj Housing Finance	692.3	913.7	29	76.2	30
	Can Fin Homes	315.6	350.0	14	35.2	15
	LIC Housing Finance	2750.5	2868.4	8	272.3	8
	PNB Housing Finance	666.2	712.4	-4	70.2	-5
	Tata Capital Housing Finance	381.8	518.9	NA	51.9	15
Affordable	Aadhar Housing Finance	172.2	211.0	17	25.2	17
	Aavas Financiers	141.7	173.1	22	20.2	2
	Aptus Value Housing Finance India	57.6	67.6	21	11.2	25
	Home First Finance Company India	72.0	97.0	28	11.6	29

Source: DRHP, Anand Rathi Research

Fig 30 – Productivity of peers - FY23 and FY24

Type	Companies	Branches		Employees		AUM per branch		AUM per employee		Cost-to-income ratio %		OPEX (%)	
		FY23	FY24	FY23	FY24	FY23	FY24	FY23	FY24	FY23	FY24	FY23	FY24
Prime	Bajaj Housing Finance	208	215	2788	2372	3328	4250	248	385	25.70	24.00	1.10	1.00
	Can Fin Homes	205	219	976	1036	1540	1598	323	338	16.90	19.90	0.60	0.70
	LIC Housing Finance	314	310	2462	2401	8760	9253	1117	1195	15.20	13.00	0.40	0.40
	PNB Housing Finance	189	300	1690	2003	3525	2375	394	356	20.60	22.40	0.80	0.90
	Tata Capital Housing Finance	187	225	2445	3063	2042	2306	156	169	35.90	38.30	1.80	1.80
Affordable	Aadhar Housing Finance	479	523	3663	3931	359	403	47	54	43.50	41.80	2.70	3.00
	Aavas Financiers	346	367	6034	6075	410	472	23	28	44.10	45.60	3.70	3.60
	Aptus Value Housing Finance India	231	262	2405	2918	249	258	24	23	19.80	20.10	2.40	2.30
	Home First Finance Company India	111	133	993	1249	649	729	73	78	35.50	35.20	2.90	2.80

Source: DRHP, Anand Rathi Research

Fig 31 – Peers - GNPA, LTV, Customer mix, ATV (FY24)

Type	Companies	Gross NPA ratio (%)	Loan to Value (LTV) %	Customer mix (%)		Average ticket size
				Salaried	Self-employed	
Prime	Bajaj Housing Finance	0.22	70	88	12	4.6
	Can Fin Homes	0.55	61	72	28	2.5
	LIC Housing Finance	4.41	52	88	12	2.9
	PNB Housing Finance	3.83	65	61	39	2.9
	Tata Capital Housing Finance	1.55	62	NA	NA	3.0
Affordable	Aadhar Housing Finance	1.17	59	57	43	1.0
	Aavas Financiers	0.92	55	40	60	1.02
	Aptus Value Housing Finance India	1.15	<50	26	74	<1.0
	Home First Finance Company India	1.60	56	68	32	1.15

Source: DRHP, Anand Rathi Research

Fig 32 – Peers' ratios – capitalisation and asset quality – FY24

Player type	Players	Capital adequacy Ratio	Provision coverage ratio	Gross NPA ratio	Net NPA ratio
Prime	Bajaj Housing Finance	21.3	63.0	0.3	0.1
	Can Fin Homes	24.6	48.8	0.8	0.4
	LIC Housing Finance	18.2	50.8	3.3	1.6
	PNB Housing Finance	29.3	36.7	1.5	1.0
	Tata Capital Housing Finance	18.8	57.9	1.0	0.4
Affordable	Aadhar Housing Finance	38.5	40.9	1.1	0.7
	Aavas Financiers	44.0	28.7	0.9	0.7
	Aptus Value Housing Finance India	66.8	25.2	1.1	0.8
	Home First Finance Company India	39.5	29.4	1.7	1.2

Source: DRHP, Anand Rathi Research

Fig 33 – Peers' ratios – profitability parameters – FY24

Type	Companies	PAT (Rs bn)	Yield on advances (%)	NII's (%)	PPoP (%)	Cost (%)	Opex (%)	Credit Cost (%)	RoAA (%)	RoAE (%)	Leverage (TA/TE) (times)
Prime	Bajaj Housing Finance	17.3	10.2	3.4	3.0	7.7	1.0	0.1	2.4	15.2	6.7
	Can Fin Homes	7.5	10.6	3.6	3.0	7.3	0.7	0.2	2.2	18.8	8.4
	LIC Housing Finance	47.7	9.9	3.0	2.7	7.4	0.4	0.6	1.7	16.3	9.3
	PNB Housing Finance	15.3	11.0	3.5	3.1	7.8	0.9	0.2	2.2	11.8	4.8
	Tata Capital Housing Finance	11.5	11.0	4.0	2.9	7.1	1.8	-0.3	2.4	19.8	8.1
Affordable	Aadhar Housing Finance	7.5	14.8	7.2	5.6	7.6	3.0	0.2	4.2	18.4	4.3
	Aavas Financiers	4.9	13.6	6.1	4.3	7.5	3.6	0.2	3.3	13.9	4.4
	Aptus Value Housing Finance India	4.8	16.4	10.4	9.1	8.7	2.3	0.3	6.8	14.7	2.2
	Home First Finance Company	3.1	14.5	6.5	5.2	8.3	2.8	0.3	3.8	15.5	4.5

Source: DRHP, Anand Rathi Research

Alternative view to premium valuations

In the last two years Bajaj Finance’s premium valuations have slipped. We offer an alternative viewpoint for its valuations. We compare its premium valuations to its AUM growth outperformance compared to peers’.

Fig 34 – BAF vs. HDFC’s one-year-forward P/B



Source: Company, Anand Rathi Research

Fig 35 – BAF vs. ICICI’s one-year-forward P/B



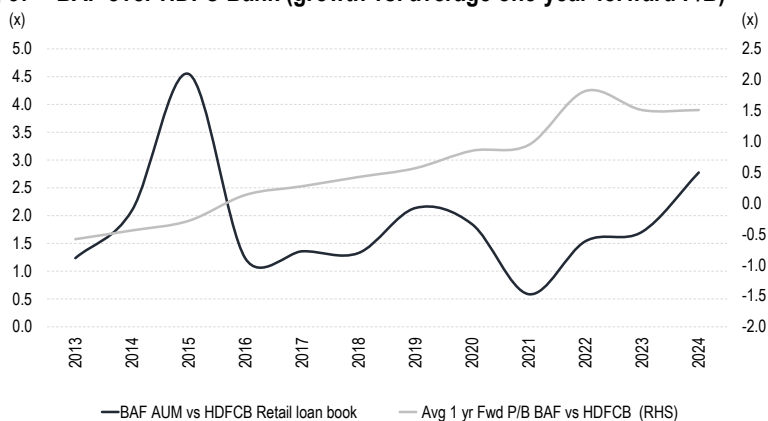
Source: Company, Anand Rathi Research

Fig 36 – BAF vs. KMB’s one-year-forward P/B



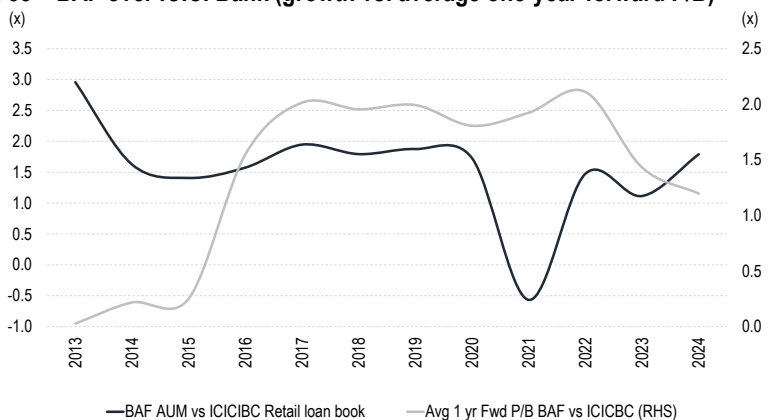
Source: Company, Anand Rathi Research

Fig 37 – BAF over HDFC Bank (growth vs. average one-year-forward P/B)



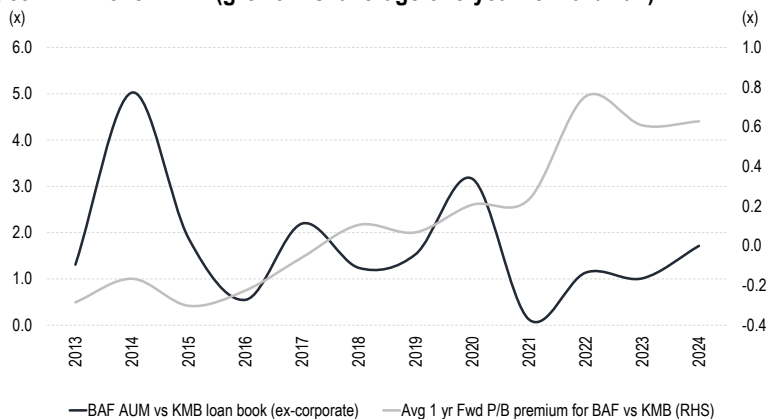
Source: Company, Anand Rathi Research

Fig 38 – BAF over ICICI Bank (growth vs. average one-year-forward P/B)



Source: Company, Anand Rathi Research

Fig 39 – BAF over KMB (growth vs. average one-year-forward P/B)



Source: Company, Anand Rathi Research

Premium multiples justified

Bajaj Finance has reiterated that its consolidated FY27 targets are unchanged despite volatility. These include RoA, growth and NIM targets. While credit cost has hit a speed bump, we believe that Bajaj Auto Finance's underwriting standards should stand it in good stead.

Standalone entity delivers higher RoA, RoE

Higher-yielding products and the portfolio churn have held the standalone entity's RoA and RoE higher than the consolidated figures.

Fig 40 – Standalone RoA and RoE, GNPA and capital adequacy

	Consolidated			Bajaj Finance			Bajaj Housing Finance		
	FY22	FY23	FY24	FY22	FY23	FY24	FY22	FY23	FY24
RoA	3.7	4.7	4.4	4.1	5.4	4.9	1.5	2.2	2.4
RoE	17.4	23.5	22.0	16.3	22.0	20.5	10.5	14.6	15.2
GNPA	1.5	1.5	1.4	NA	NA	NA	2.1	1.6	1.4
NNPA	0.7	0.7	0.6	0.9	0.4	0.5	0.1	0.1	0.1
CRAR	27.2	26.6	26.0	27.2	25.0	22.5	21.3	23.0	19.7

Source: Anand Rathi Research

Bajaj Housing Finance's valuation sensitivity

Bajaj Housing Finance filed draft papers with SEBI for a Rs70bn IPO, including new shares worth Rs40bn and a Rs30bn offer for sale by its parent. The market regulator gave its nod to the IPO earlier this month. Per media reports, the post IPO valuation could be Rs560bn-590bn.

<https://www.moneycontrol.com/news/business/markets/bajaj-housing-finance-targeting-ipo-valuation-of-rs-56k-cr-rs-59k-cr-may-trim-issue-size-and-launch-in-september-12798648.html>

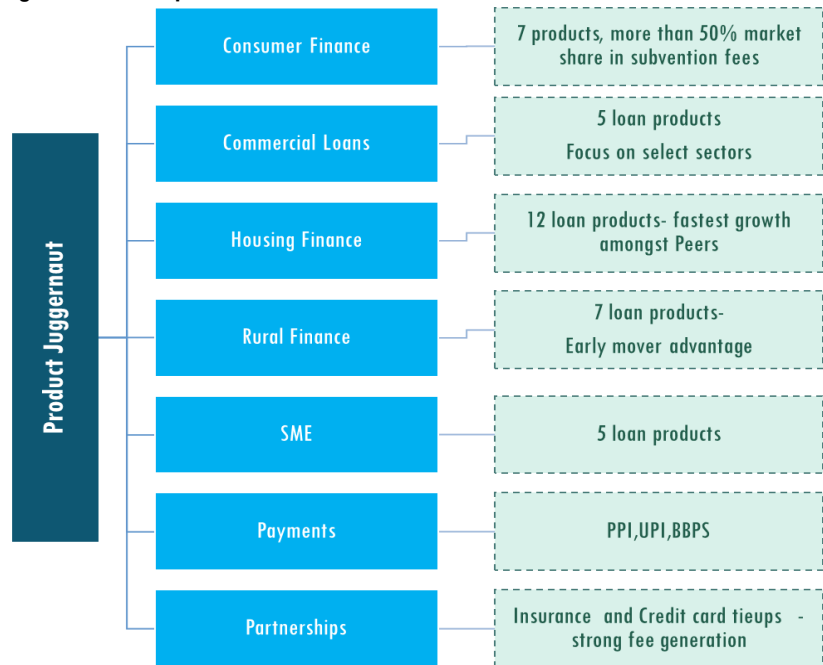
Market share

Bajaj Finance aims at increasing its client base, setting a new target of 150m customers compared to its previous goal of 100m. In 9M FY24, it onboarded 11.3m customers, marking 33% growth from the same period in FY23. Besides, it targets 25-27% AUM growth, with a 200bp y/y rise in RoA guidance to 4.6-4.8% this financial year (from 4-4.5%), in line with our estimates. The aim is to reach a 3-3.5% market share in GMV payments and a total of 4-5% in retail credit in India.

BAF: Strong franchisee, deeper penetration

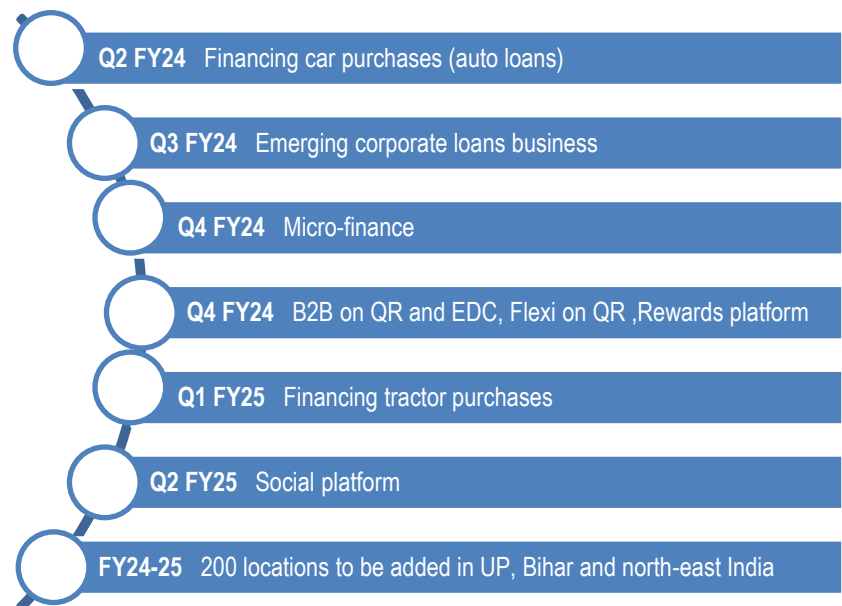
Financing consumption in India, Bajaj Auto Finance has many firsts to its credit in lending, incl. short-duration EMIs, rural CDs, etc. Its strategy of localised proof-of-concept, then unveiling products at scale has much steam left. At present, housing and gold loans are growing faster than other products. Deeper product penetration provides assurance of a longer growth runway.

Fig 41 – Product portfolio



Source: Company

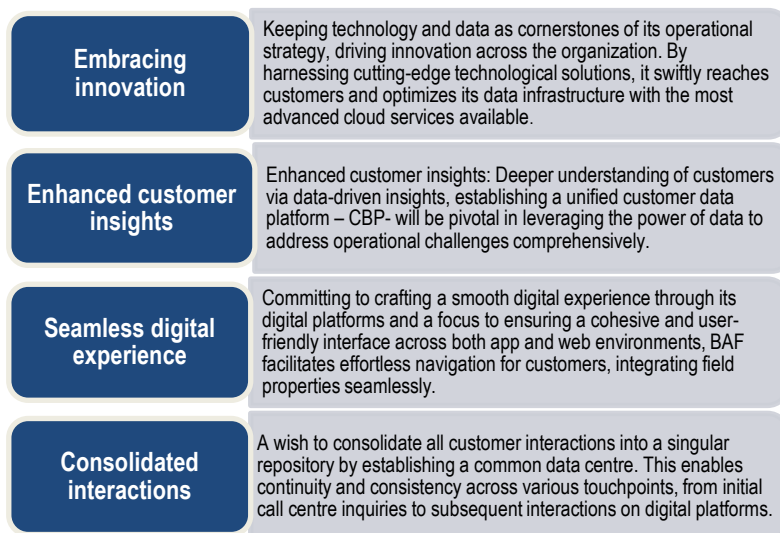
Fig 42 – Timeline for new products



Source: Company

BAF's penetration and distribution have been consistently increasing.

Fig 43 – Technological interventions that will help enhance customer journey:



Source: Company, Anand Rathi Research

Fig 44 – Penetration

Geographic presence	FY19	FY20	FY21	FY22	FY23	FY24
Urban	927	1,035	1,298	1,368	1,392	1,569
Rural	903	1,357	1,690	2,136	2,341	2,576
Total Bajaj Finance presence	1,830	2,392	2,988	3,504	3,733	4,145
Strong distribution reach						
Consumer durable stores, urban	20,400	24,200	26,400	30,600	33,950	42,000
Consumer durable stores, rural	14,500	19,600	24,000	29,800	37,000	49,050
Digital product stores	22,500	26,400	23,800	29,500	33,000	40,250
Lifestyle retail stores	7,700	9,500	9,800	11,000	13,200	16,900
EMI card retail spends stores	19,100	24,300	14,300	18,800	22,200	28,250
Bajaj Auto dealers, sub-dealerships and ASSC	4,600	5,500	5,900	6,000	5,150	3,450
Non captive 2W dealers, sub dealers & ASSC*	-	-	-	-	2,650	5,350
Direct sales agents	2,800	4,900	6,100	7,500	7,500	10,100
Overall active distribution network	91,700	114,400	110,300	133,200	154,650	1,98,250

Source: Company, Anand Rathi Research

Over the last five years, the portfolio mix has diversified considerably with the share of mortgages rising. Ahead, management expects the loan mix proportion to be largely stable, with fewer deviations.

Fig 45 – Diversified portfolio mix

(Rs m)	Q1 FY24	Q2 FY24	Q3 FY24	Q4 FY24	Q1 FY25
Consumer B2B - auto finance	147,360	165,480	193,840	197,420	196,890
Consumer B2B - sales finance	223,210	229,730	244,850	234,480	269,750
Consumer B2C	548,450	229,730	244,850	234,480	269,750
Rural B2B sales finance	55,670	55,340	61,660	62,090	75,530
Rural B2C	202,720	208,800	214,260	176,070	180,490
SME	349,640	386,730	413,960	384,700	407,910
Securities lending	162,380	169,860	192,050	220,380	220,430
IPO financing	-	-	-	-	-
Commercial lending	180,640	195,580	206,720	220,060	235,890
Mortgages	830,900	909,340	965,290	1,033,160	1,096,710
Total AUM	2,700,970	2,902,640	3,109,680	3,306,150	3,541,920
YY growth (%)	32.4	32.9	34.7	33.6	31.1

Source: Company, Anand Rathi Research

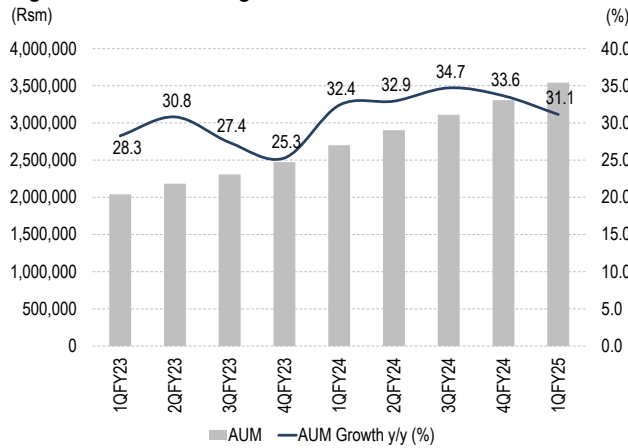
Management guided to increased TAM of Rs100m-110m premium-segment customers. This still has some way to go. Besides, as more customers take loans more frequently, we believe the growth runway for Bajaj Finance is high.

Fig 46 – Widening customer franchise - TAM expanding considerably

(Rs m)	Q1 FY24	Q2 FY24	Q3 FY24	Q4 FY24	Q1 FY25
Total franchise	73.0	76.6	80.4	83.6	88.1
Credit segment filter	56.9	59.7	62.9	66.0	73.3
Overall cross-sell franchise	55.2	57.9	61.1	64.2	70.9
Non-delinquent customers	48.9	51.3	54.1	56.7	63.0
Cross-sell franchise	44.3	46.7	49.3	50.8	55.1
Customer franchise addition	3.8	3.6	3.9	3.2	4.5

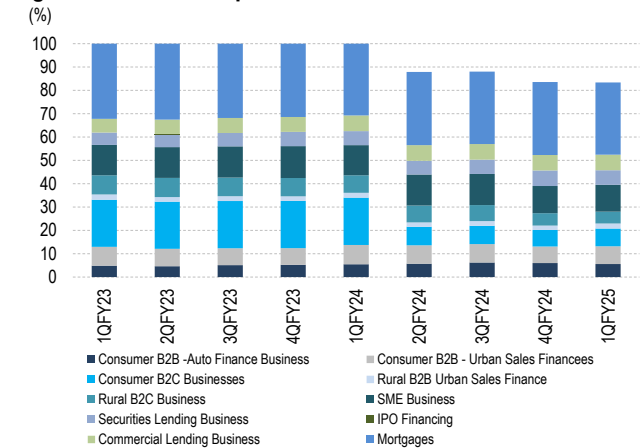
Source: Company, Anand Rathi Research

Fig 47 – AUM and Y/Y growth



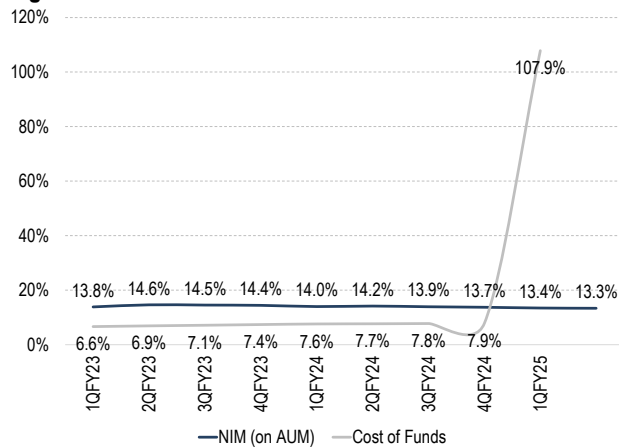
Source: Company, Anand Rathi Research

Fig 48 – AUM break-up



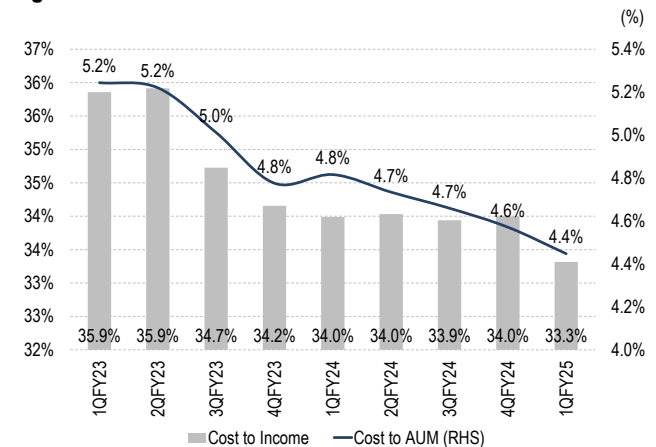
Source: Company, Anand Rathi Research

Fig 49 – NIM vs Cost of funds



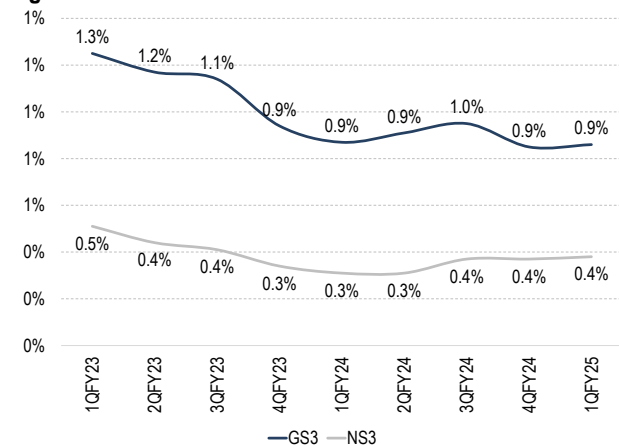
Source: Company, Anand Rathi Research

Fig 50 – C/I and Cost-to-assets



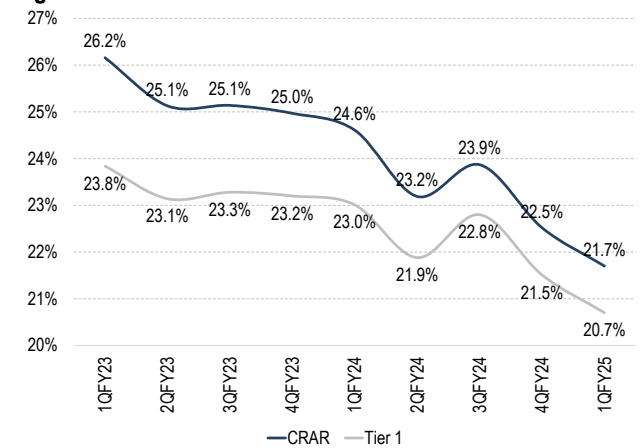
Source: Company, Anand Rathi Research

Fig 51 – GS3 and NS3 movement



Source: Company, Anand Rathi Research

Fig 52 – CRAR and Tier 1



Source: Company, Anand Rathi Research

Valuation

Bajaj Finance is on track to achieve its medium-term targets and keep gaining market share with high growth, deeper product penetration and unmatched execution skills. Despite competition from other large corporate-backed NBFCs, we reckon that it is one of the fastest growing proxies for the Indian premiumisation theme.

The recent catalyst of its subsidiary's value-unlocking offers an ideal entry point. We value the standalone NBFC at 4.4x FY26e PBV in accordance with a multi-stage DDM. At the CMP, the stock trades at 3.7x FY26e BV, adjusted for subsidiary valuation.

Fig 53 – du Pont analysis

(%) Consolidated	FY22	FY23	FY24	FY25e	FY26e
Operating income	16.4	16.4	16.5	16.2	16.2
Interest expense	5.2	5.2	5.8	6.0	5.9
Net interest income	11.2	11.3	10.7	10.3	10.2
Other income	0.2	0.6	0.4	0.4	0.3
Total income	11.5	11.9	11.1	10.6	10.5
Operating expenses	3.9	4.2	3.8	3.6	3.5
<i>of which, salaries</i>	1.9	2.1	2.0	1.9	1.9
PPoP	7.6	7.7	7.4	7.0	7.0
Provisions	2.6	1.3	1.4	1.6	1.4
PBT	5.0	6.4	5.9	5.5	5.6
Tax	1.3	1.7	1.5	1.4	1.5
RoA	3.7	4.7	4.4	4.0	4.1
Equity multiplier	4.7	5.0	5.0	5.0	5.2
RoE	17.4	23.5	22.0	20.3	21.6

Source: Company, Anand Rathi Research

Fig 54 – One-year-forward price-to-book value



Source: Company, Anand Rathi Research

Fig 55 – One-year-forward price-to-earning



Source: Company, Anand Rathi Research

Risks

- Greater slippages
- Less-than-expected loan growth
- Key-man risk.

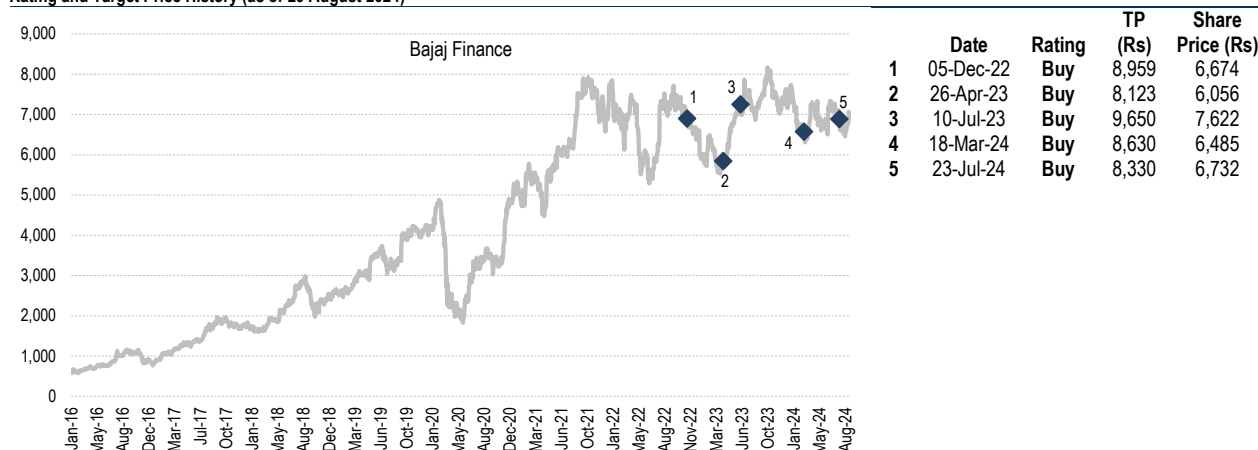
Appendix

Analyst Certification

The views expressed in this Research Report accurately reflect the personal views of the analyst(s) about the subject securities or issuers and no part of the compensation of the research analyst(s) was, is, or will be directly or indirectly related to the specific recommendations or views expressed by the research analyst(s) in this report. The research analysts are bound by stringent internal regulations and also legal and statutory requirements of the Securities and Exchange Board of India (hereinafter "SEBI") and the analysts' compensation are completely delinked from all the other companies and/or entities of Anand Rathi, and have no bearing whatsoever on any recommendation that they have given in the Research Report.

Important Disclosures on subject companies

Rating and Target Price History (as of 29 August 2024)



Anand Rathi Ratings Definitions

Analysts' ratings and the corresponding expected returns take into account our definitions of Large Caps, Mid Caps & Small Caps as described in the Ratings Table below:

Ratings Guide (12 months)

	Buy	Hold	Sell
Large Caps (Top 100 companies)	>15%	0-15%	<0%
Mid Caps (101st-250th company)	>20%	0-20%	<0%
Small Caps (251st company onwards)	>25%	0-25%	<0%

Research Disclaimer and Disclosure inter-alia as required under Securities and Exchange Board of India (Research Analysts) Regulations, 2014

Anand Rathi Share and Stock Brokers Ltd. (hereinafter refer as ARSSBL) (Research Entity, SEBI Regn No. INH000000834, Date of Regn. 29/06/2015) is a subsidiary of the Anand Rathi Financial Services Ltd. ARSSBL is a corporate trading and clearing member of Bombay Stock Exchange Ltd (BSE), National Stock Exchange of India Ltd. (NSEIL), Metropolitan Stock Exchange of India Ltd. (MSE), and also depository participant with National Securities Depository Ltd (NSDL) and Central Depository Services Ltd. (CDSL), ARSSBL is engaged into the business of Stock Broking, Depository Participant, Mutual Fund distributor.

The research analysts, strategists, or research associates principally responsible for the preparation of Anand Rathi research have received compensation based upon various factors, including quality of research, investor client feedback, stock picking, competitive factors and firm revenues.

General Disclaimer: This Research Report (hereinafter called "Report") is meant solely for use by the recipient and is not for circulation. This Report does not constitute a personal recommendation or take into account the particular investment objectives, financial situations, or needs of individual clients. The recommendations, if any, made herein are expression of views and/or opinions and should not be deemed or construed to be neither advice for the purpose of purchase or sale of any security, derivatives or any other security through ARSSBL nor any solicitation or offering of any investment/trading opportunity on behalf of the issuer(s) of the respective security (ies) referred to herein. These information / opinions / views are not meant to serve as a professional investment guide for the readers. No action is solicited based upon the information provided herein. Recipients of this Report should rely on information/data arising out of their own investigations. Readers are advised to seek independent professional advice and arrive at an informed trading/investment decision before executing any trades or making any investments. This Report has been prepared on the basis of publicly available information, internally developed data and other sources believed by ARSSBL to be reliable. ARSSBL or its directors, employees, affiliates or representatives do not assume any responsibility for, or warrant the accuracy, completeness, adequacy and reliability of such information / opinions / views. While due care has been taken to ensure that the disclosures and opinions given are fair and reasonable, none of the directors, employees, affiliates or representatives of ARSSBL shall be liable for any direct, indirect, special, incidental, consequential, punitive or exemplary damages, including lost profits arising in any way whatsoever from the information / opinions / views contained in this Report. The price and value of the investments referred to in this Report and the income from them may go down as well as up, and investors may realize losses on any investments. Past performance is not a guide for future performance. ARSSBL does not provide tax advice to its clients, and all investors are strongly advised to consult with their tax advisers regarding taxation aspects of any potential investment.

Opinions expressed are our current opinions as of the date appearing on this Research only. We do not undertake to advise you as to any change of our views expressed in this Report. Research Report may differ between ARSSBL's RAs and/ or ARSSBL's associate companies on account of differences in research methodology, personal judgment and difference in time horizons for which recommendations are made. User should keep this risk in mind and not hold ARSSBL, its employees and associates responsible for any losses, damages of any type whatsoever.

ARSSBL and its associates or employees may; (a) from time to time, have long or short positions in, and buy or sell the investments in/ security of company (ies) mentioned herein or (b) be engaged in any other transaction involving such investments/ securities of company (ies) discussed herein or act as advisor or lender / borrower to such company (ies) these and other activities of ARSSBL and its associates or employees may not be construed as potential conflict of interest with respect to any recommendation and related information and opinions. Without limiting any of the foregoing, in no event shall ARSSBL and its associates or employees or any third party involved in, or related to computing or compiling the information have any liability for any damages of any kind.

Details of Associates of ARSSBL and Brief History of Disciplinary action by regulatory authorities & its associates are available on our website i.e. www.rathionline.com

Disclaimers in respect of jurisdiction: This report is not directed to, 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 or regulation or which would subject ARSSBL to any registration or licensing requirement within such jurisdiction(s). No action has been or will be taken by ARSSBL in any jurisdiction (other than India), where any action for such purpose(s) is required. Accordingly, this Report shall not be possessed, circulated and/or distributed in any such country or jurisdiction unless such action is in compliance with all applicable laws and regulations of such country or jurisdiction. ARSSBL requires such recipient to inform himself about and to observe any restrictions at his own expense, without any liability to ARSSBL. Any dispute arising out of this Report shall be subject to the exclusive jurisdiction of the Courts in India.

Statements on ownership and material conflicts of interest, compensation - ARSSBL and Associates

Answers to the Best of the knowledge and belief of ARSSBL/ its Associates/ Research Analyst who is preparing this report

Research analyst or research entity or his associate or his relative has any financial interest in the subject company and the nature of such financial interest.	No
ARSSBL/its Associates/ Research Analyst/ his Relative have actual/beneficial ownership of one per cent or more securities of the subject company, at the end of the month immediately preceding the date of publication of the research report?	No
ARSSBL/its Associates/ Research Analyst/ his Relative have actual/beneficial ownership of one per cent or more securities of the subject company	No
ARSSBL/its Associates/ Research Analyst/ his Relative have any other material conflict of interest at the time of publication of the research report?	No
ARSSBL/its Associates/ Research Analyst/ his Relative have received any compensation from the subject company in the past twelve months	No
ARSSBL/its Associates/ Research Analyst/ his Relative have managed or co-managed public offering of securities for the subject company in the past twelve months	No
ARSSBL/its Associates/ Research Analyst/ his Relative have received any compensation for investment banking or merchant banking or brokerage services from the subject company in the past twelve months	No
ARSSBL/its Associates/ Research Analyst/ his Relative have received any compensation for products or services other than investment banking or merchant banking or brokerage services from the subject company in the past twelve months	No
ARSSBL/its Associates/ Research Analyst/ his Relative have received any compensation or other benefits from the subject company or third party in connection with the research report	No
ARSSBL/its Associates/ Research Analyst/ his Relative have served as an officer, director or employee of the subject company.	No
ARSSBL/its Associates/ Research Analyst/ his Relative has been engaged in market making activity for the subject company.	No

Other Disclosures pertaining to distribution of research in the United States of America

Research report is a product of Anand Rathi Share and Stock Brokers Ltd. (hereinafter refer as ARSSBL) under Marco Polo Securities 15a6 chaperone service which is the employer of the research analyst(s) who has prepared the research report. The research analyst(s) preparing the research report is/are resident outside the United States (U.S.) and are not associated persons of any U.S. regulated broker-dealer and therefore the analyst(s) is/are not subject to supervision by a U.S. broker-dealer, and is/are not required to satisfy the regulatory licensing requirements of FINRA or required to otherwise comply with U.S. rules or regulations regarding, among other things, communications with a subject company, public appearances and trading securities held by a research analyst account.

Research reports are intended for distribution by only to "Major Institutional Investors" as defined by Rule 15a-6(b)(4) of the U.S. Securities and Exchange Act, 1934 (the Exchange Act) and interpretations thereof by U.S. Securities and Exchange Commission (SEC) in reliance on Rule 15a 6(a)(2). If the recipient of this report is not a Major Institutional Investor as specified above, then it should not act upon this report and return the same to the sender. Further, this report may not be copied, duplicated and/or transmitted onward to any U.S. person, which is not the Major Institutional Investor. In reliance on the exemption from registration provided by Rule 15a-6 of the Exchange Act and interpretations thereof by the SEC in order to conduct certain business with Major Institutional Investors, ARSSBL has entered into a chaperoning agreement with a U.S. registered broker-dealer, Marco Polo Securities Inc. ("Marco Polo").

1. ARSSBL or its Affiliates may or may not have been beneficial owners of the securities mentioned in this report.
2. ARSSBL or its affiliates may have or not managed or co-managed a public offering of the securities mentioned in the report in the past 12 months.
3. ARSSBL or its affiliates may have or not received compensation for investment banking services from the issuer of these securities in the past 12 months and do not expect to receive compensation for investment banking services from the issuer of these securities within the next three months.
4. However, one or more of ARSSBL or its Affiliates may, from time to time, have a long or short position in any of the securities mentioned herein and may buy or sell those securities or options thereon, either on their own account or on behalf of their clients.
5. ARSSBL or its Affiliates may or may not, to the extent permitted by law, act upon or use the above material or the conclusions stated above, or the research or analysis on which they are based before the material is published to recipients and from time to time, provide investment banking, investment management or other services for or solicit to seek to obtain investment banking, or other securities business from, any entity referred to in this report.

© 2024. This report is strictly confidential and is being furnished to you solely for your information. All material presented in this report, unless specifically indicated otherwise, is under copyright to ARSSBL. None of the material, its content, or any copy of such material or content, may be altered in any way, transmitted, copied or reproduced (in whole or in part) or redistributed in any form to any other party, without the prior express written permission of ARSSBL. All trademarks, service marks and logos used in this report are trademarks or service marks or registered trademarks or service marks of ARSSBL or its affiliates, unless specifically mentioned otherwise.

As of the publication of this report, ARSSBL does not make a market in the subject securities.

Additional information on recommended securities/instruments is available on request.

Compliance officer-Deepak Kedia, email id - deepakkedia@rathi.com, Contact no. +91 22 6281 7000

Grievance officer-Madhu Jain-email id- grievance@rathi.com, Contact no. +91 22 6281 7191

ARSSBL registered address: Express Zone, A Wing, 9th Floor, Western Express Highway, Diagonally Opposite Oberoi Mall, Malad (E), Mumbai – 400097.
Tel No: +91 22 6281 7000 | Fax No: +91 22 4001 3770 | CIN: U67120MH1991PLC064106.