

Estimate change



TP change



Rating change



Motilal Oswal values your support in the Asiamoney Brokers Poll 2022 for India Research, Sales, Corporate Access and Trading team. We [request your ballot](#).



Bloomberg	INBK IN
Equity Shares (m)	1,245
M.Cap.(INRb)/(USD\$)	221.3 / 2.8
52-Week Range (INR)	195 / 115
1, 6, 12 Rel. Per (%)	9/17/17
12M Avg Val (INR M)	527

Financials & Valuations (INR b)

Y/E March	FY22	FY23E	FY24E
NII	167.3	189.5	215.4
OP	127.2	146.5	172.0
NP	39.4	53.2	66.2
NIM (%)	2.7	2.8	3.0
EPS (INR)	33.2	42.7	53.1
EPS Gr. (%)	24.9	28.6	24.4
BV/Sh. (INR)	323.5	360.2	405.4
ABV/Sh. (INR)	272.1	315.9	368.1

Ratios

RoE (%)	11.2	13.4	14.7
RoA (%)	0.6	0.8	0.9

Valuations

P/E(X)	5.3	4.2	3.3
P/BV (X)	0.5	0.5	0.4
P/ABV (X)	0.7	0.6	0.5

Shareholding pattern (%)

As On	Jun-22	Mar-22	Jun-21
Promoter	79.9	79.9	79.9
DII	11.7	11.1	10.4
FII	2.1	1.7	3.0
Others	6.4	7.3	6.7

FII Includes depository receipts

CMP: INR178

TP: INR210 (+18%)

Buy

Operating performance healthy; asset quality improves

Restructured portfolio remains elevated

- Indian Bank (INBK) posted a steady quarter with net profit rising 3% YoY aided by healthy NII and lower opex (as 4QFY22 had a one-off impact of pension liability). NIM expanded while business growth showed healthy traction.
- Asset quality ratios improved; however, slippages and restructured book at 4.2% of loans remained elevated.
- We increase our FY23E/FY24E PAT by ~12%/14%, respectively, as we revise our other income, opex and provisioning assumptions. We estimate FY24E RoA/RoE at 0.9%/14.7%, respectively. **Maintain BUY with a revised TP of INR210 (premised on 0.6x FY24E ABV).**

NIM expands 23bp QoQ to 3.1%; PCR healthy at ~75%

- INBK reported 1QFY23 PAT of INR12.1b (+3% YoY; MOSLe: INR9.2b), led by healthy NII growth (+7% QoQ) and lower opex (-17% QoQ). NII grew 14% YoY to INR45.3b (in line); margin expanded 23bp QoQ to 3.1%.
- Core fee income grew strongly at 35% YoY to INR6.3b; total other income though declined 12% YoY to INR16b, primarily led by treasury losses of INR1.3b (v/s gain of INR5.6b in 1QFY22).
- Opex growth was modest at 7% YoY led by moderation in employee expenses (4QFY22 included a one-off pension liability cost of INR4.65b). Thus, PPOp grew 4% YoY to INR35.6b (20% beat) and consequently, the C/I ratio moderated to ~42% in 1QFY23.
- On the business front, gross advances rose 9% YoY (~2.3% QoQ) to ~INR4.2t fueled by healthy growth in the Retail portfolio (+14% YoY) and Agri portfolio (+13% YoY). The corporate book declined 2% YoY (+1% QoQ). Deposits grew ~8% YoY (+2% QoQ), led by 4% QoQ decline in CASA deposits. Thus, the CASA mix moderated 100bp QoQ to 40.7% in 1QFY23.
- On the asset quality front, slippage stood elevated at INR30.9b (~3.4% annualized). However, healthy write-offs aided asset quality with the GNPA/NNPA ratio improving 34bp/15bp QoQ to 8.1%/2.13%, respectively. PCR was healthy at ~75%.
- The SMA 1/2 book (>INR50m) stood at 0.61%. The total restructured portfolio was elevated at 4.2% of loans (v/s ~4.7% in 4QFY22). Collection efficiency moderated to 94% in Jun'22.

Highlights from the management commentary

- MTM losses booked in 1QFY23 were at yields of 7.45%, which are currently at ~7.3%. Hence, going ahead the incremental impact is likely to be controlled.
- Tax rate is likely to be ~10% for FY23.
- NIM for FY23 is forecasted to be better or at least similar to FY22 levels.
- Credit cost is likely to be lower than 2% for FY23. Expect GNPA/NNPA ratio to come down to below 7%/2% by FY23, respectively.

Nitin Aggarwal - Research Analyst (Nitin.Agarwal@MotilalOswal.com)

Yash Agarwal - Research Analyst (Yash.Agarwal@motilaloswal.com) | Vinayak Agarwal - Research Analyst (Vinayak.Agarwal@motilaloswal.com)

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

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

Valuation and view

INBK reported a steady quarter with net profits rising QoQ supported by healthy NII and lower opex. NIMs witnessed expansion while business growth showed healthy traction, led by Retail and Agri loans. The bank expects loan growth to improve, fueled by the Retail, Agri, and MSME (RAM) segment. Asset quality improved; however, elevated slippages and a higher restructured book at ~4.2% of loans keep us watchful of asset quality. We increase our estimates by ~12%/14% for FY23/24 and estimate credit costs to stay at 2.1/1.8%. **INBK would deliver FY24E RoA/RoE at 0.9%/14.7% by FY24E. Maintain BUY with a revised TP of INR210 (premised on 0.6x FY24E ABV).**

Quarterly performance**(INR m)**

Y/E March	FY22				FY23E				FY22	FY23E	FY23E	v/s our
	1Q	2Q	3Q	4Q	1Q	2QE	3QE	4QE				
Net Interest Income	39.9	40.8	44.0	42.6	45.3	47.2	48.3	48.7	167.3	189.5	44.4	2%
% Change (YoY)	3.1	-1.5	1.9	27.6	13.5	15.6	10.0	14.4	6.8	13.3	11.3	
Other Income	18.2	19.7	15.6	15.7	16.0	17.5	19.2	19.8	69.2	72.6	13.1	22%
Total Income	58.1	60.5	59.5	58.3	61.4	64.7	67.6	68.5	236.4	262.2	57.6	7%
Operating Expenses	24.0	27.7	26.6	30.9	25.7	28.3	29.5	32.1	109.3	115.7	28.0	-8%
Operating Profit	34.2	32.8	32.9	27.4	35.6	36.4	38.1	36.4	127.2	146.5	29.6	20%
% Change (YoY)	24.1	11.3	15.5	14.8	4.3	11.0	15.8	33.0	16.0	15.2	-13.4	
Other Provisions	25.6	25.5	24.9	19.1	22.2	22.0	22.7	20.4	95.1	87.4	19.5	14%
Profit before Tax	8.6	7.3	7.9	8.2	13.5	14.3	15.4	16.0	32.0	59.1	10.0	34%
Tax	-3.2	-3.6	1.1	-1.6	1.3	1.3	1.7	1.6	-7.4	5.9	0.8	
Net Profit	11.8	10.9	6.9	9.8	12.1	13.0	13.7	14.3	39.4	53.2	9.2	31%
% Change (YoY)	220.0	164.2	34.1	-42.4	2.7	19.8	98.2	45.8	31.3	34.9	-21.8	
Operating Parameters												
Deposits (INR b)	5,401	5,515	5,626	5,936	5,843	6,102	6,245	6,411	5,936	6,411	6,016	-3%
Loans (INR b)	3,644	3,604	3,743	3,892	3,989	4,028	4,145	4,281	3,892	4,281	3,951	1%
Deposit Growth (%)	10.4	9.9	7.9	10.3	8.2	10.7	11.0	8.0	10.3	8.0	11.4	
Loan Growth (%)	7.3	6.1	3.2	7.3	9.5	11.8	10.7	10.0	7.3	10.0	8.4	
Asset Quality												
Gross NPA (%)	9.7	9.6	9.1	8.5	8.1	7.9	7.5	7.2	8.5	7.2	8.3	-17
Net NPA (%)	3.5	3.3	2.7	2.3	2.1	2.0	1.9	1.8	2.3	1.8	2.2	-5
PCR (%)	66.5	68.1	72.2	74.9	75.5	75.7	75.9	76.8	74.9	76.8	75.5	0

E:MOFSL Estimates

Quarterly snapshot

	FY21				FY22				FY23	Change (%)	
	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4Q	1Q	YoY	QoQ
Profit and Loss (INR m)											
Net Interest Income	38.7	41.4	43.1	33.3	39.9	40.8	44.0	42.6	45.3	14	7
Other Income	13.3	15.6	11.4	15.8	18.2	19.7	15.6	15.7	16.0	-12	2
Trading profits	6.3	5.8	1.5	2.9	5.6	4.0	2.5	0.8	-1.3	-123	-256
Forex Income	0.5	0.8	1.1	1.7	1.5	1.2	1.5	2.7	3.6	133	30
Recoveries	2.0	2.3	2.8	4.7	6.4	8.5	5.0	4.0	7.5	17	87
Core Fees	4.5	6.7	6.0	6.6	4.7	6.1	6.7	8.1	6.3	35	-23
Total Income	52.0	57.0	54.6	49.2	58.1	60.5	59.5	58.3	61.4	6	5
Operating Expenses	24.5	27.6	26.1	25.3	24.0	27.7	26.6	30.9	25.7	7	-17
Employee	16.5	17.5	15.7	14.0	14.7	17.1	15.7	19.5	15.4	5	-21
Others	7.9	10.1	10.4	11.3	9.3	10.6	11.0	11.4	10.3	11	-9
Operating Profits	27.5	29.4	28.5	23.9	34.2	32.8	32.9	27.4	35.6	4	30
Core Operating Profits	21.2	23.6	26.9	20.9	28.6	28.8	30.4	26.5	37.0	29	39
Provisions	21.4	22.3	20.6	15.9	25.6	25.5	24.9	19.1	22.2	-13	16
NPA provisions	18.3	18.8	7.4	28.7	17.5	22.2	24.4	20.5	20.0	15	-2
PBT	6.1	7.1	7.8	8.0	8.6	7.3	7.9	8.2	13.5	57	63
Taxes	2.4	3.0	2.7	-9.1	-3.2	-3.6	1.1	-1.6	1.3	-141	-182
PAT	3.7	4.1	5.1	17.1	11.8	10.9	6.9	9.8	12.1	3	23
Balance Sheet (INR b)											
Deposits	4,891.1	5,019.6	5,212.5	5,380.7	5,400.8	5,514.7	5,625.8	5,936.2	5,842.5	8	-2
Loans	3,394.8	3,396.6	3,628.2	3,626.7	3,643.7	3,604.4	3,743.0	3,891.9	3,979.4	9	2
Asset Quality (INR b)											
GNPA	399.7	362.0	352.4	384.6	377.6	368.9	365.4	352.1	345.7	-8	-2
NNPA	127.5	100.5	85.4	122.7	126.5	117.5	101.5	88.5	84.7	-33	-4
Slippages	6.1	3.2	2.0	83.1	44.1	39.5	28.1	33.7	30.9	-30	-8
Ratios											
Asset Quality Ratios (%)											
GNPA	10.9	9.9	9.0	9.9	9.7	9.6	9.1	8.5	8.1	-156	-34
NNPA	3.8	3.0	2.4	3.4	3.5	3.3	2.7	2.3	2.1	-135	-15
PCR (Cal.)	68.1	72.2	75.8	68.1	66.5	68.1	72.2	74.9	75.5	901	63
PCR (Inc. TWO)	80.5	84.4	86.5	82.1	82.0	83.3	85.5	87.4	88.1	608	70
Credit Cost	2.8	2.9	1.1	4.1	2.0	2.5	2.6	2.2	2.1	12	-8
Business Ratios (%)											
Fees to Total Income	13.4	17.2	18.1	26.2	21.7	26.0	22.0	25.5	28.3	658	273
Cost to Core Income	53.6	53.9	49.2	54.7	45.6	49.1	46.7	53.8	41.1	-459	-1,274
Tax Rate	39.9	42.0	34.5	-114.7	-37.8	-49.5	13.2	-19.5	9.8	4,765	2,930
CASA	41.5	41.9	40.9	42.3	40.9	40.9	41.7	41.8	40.7	-17	-104
Loan/Deposit	69.4	67.7	69.6	67.4	67.5	65.4	66.5	65.6	68.1	65	255
Profitability Ratios (%)											
Yield on loans	7.6	7.8	7.6	6.3	7.1	7.0	7.2	7.0	7.2	10	16
Yield On Investments	6.7	6.6	6.5	6.4	6.2	6.1	6.2	6.4	6.3	12	-11
Cost of Deposits	4.8	4.6	4.3	4.1	4.1	3.9	3.9	3.9	3.9	-20	-3
Margins	2.8	3.1	3.1	2.3	2.9	2.9	3.0	2.9	3.1	25	23
ROA	0.3	0.3	0.4	1.1	0.8	0.7	0.4	0.6	0.7	-2	11



Highlights from management commentary

P&L and balance sheet related

- **Loan Mix:** EBLR linked loans (~42%), MCLR (45%) while the balance loans are fixed rate
- Majority of interest rates hike is passed on within 1-2 days while only a small portion gets re-priced after one month
- The bank will aim to maintain a CD ratio of ~73%
- Tax rate is likely to be ~10% for FY23

- The mix of RAM segment is likely to be ~60% (+/-2%)
- NIMs for FY23 is likely to be better or at least similar to FY22 levels
- Yields on MSME portfolio stands at ~8.5%

Asset quality

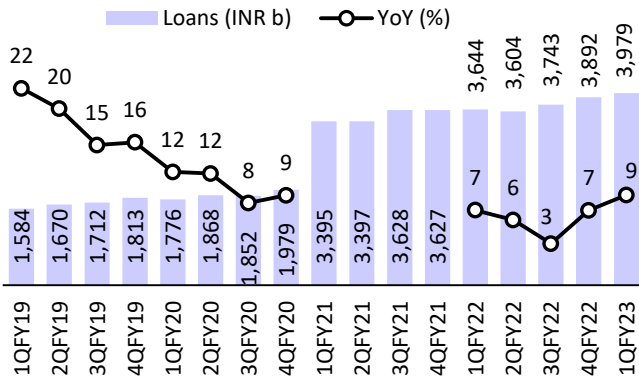
- Corporate slippages were due to one government account (worth INR2.3b which has been subsequently recovered in Jul'22) and one sugar account which has been 100% provided
- Expect GNPA/NNPA ratio to come down to below 7%/2% by FY23
- The MTM losses booked for 1QFY23 is till 7.45% while the yields are currently at ~7.3%, Hence, going forward the incremental impact is likely to be controlled
- While the outlook on Retail/Corporate slippages remains positive, the bank is witnessing some stress in the MSME sector
- CE in the restructuring book stands at ~88%
- Billing has started for almost all of the restructuring book and is out of the moratorium
- Total ECLGS book o/s stands at INR80b with a cumulative NPA of INR4b (INR1.12b in 1QFY23). The NPAs from this book is 100% provided
- **Sale to NARCL:** Phase 1 - 5 accounts to be transferred with exposure of INR12b. Phase 2 - 8-9 accounts to be transferred with exposure of INR13b. The accounts are 100% provided
- Recoveries in FY23 is likely to be ~INR80b
- Exposure to SREI (INR18b) which is fully provided
- Credit cost is likely to be lower than 2% for FY23

Exhibit 1: DuPont Analysis: We expect return ratios to remain modest

	FY18	FY19	FY20	FY21	FY22	FY23E	FY24E
Interest Income	7.27	7.20	7.26	6.57	6.00	6.55	6.87
Interest Expense	4.61	4.57	4.68	3.94	3.42	3.84	4.03
Net Interest Income	2.66	2.63	2.58	2.63	2.58	2.71	2.84
Fee income	0.74	0.64	0.83	0.66	0.87	0.95	0.97
Trading and others	0.28	0.07	0.30	0.28	0.20	0.09	0.10
Other Income	1.02	0.71	1.12	0.95	1.07	1.04	1.07
Total Income	3.68	3.34	3.70	3.58	3.65	3.75	3.91
Operating Expenses	1.56	1.51	1.50	1.74	1.69	1.66	1.64
Employees	0.89	0.83	0.84	1.07	1.03	1.01	1.00
Others	0.67	0.67	0.66	0.67	0.65	0.64	0.64
Operating Profits	2.12	1.83	2.20	1.84	1.96	2.10	2.27
Provisions	1.67	1.73	1.74	1.35	1.47	1.25	1.12
NPA	1.47	1.36	1.47	1.23	1.30	1.23	1.10
Others	0.19	0.37	0.27	0.12	0.16	0.02	0.02
PBT	0.46	0.11	0.47	0.49	0.49	0.85	1.15
Tax	-0.08	-0.01	0.21	-0.02	-0.11	0.08	0.28
RoA	0.53	0.12	0.26	0.50	0.61	0.76	0.87
Leverage (x)	15.5	16.6	16.7	19.4	18.5	17.6	16.9
RoE	8.3	2.0	4.3	9.8	11.2	13.4	14.7

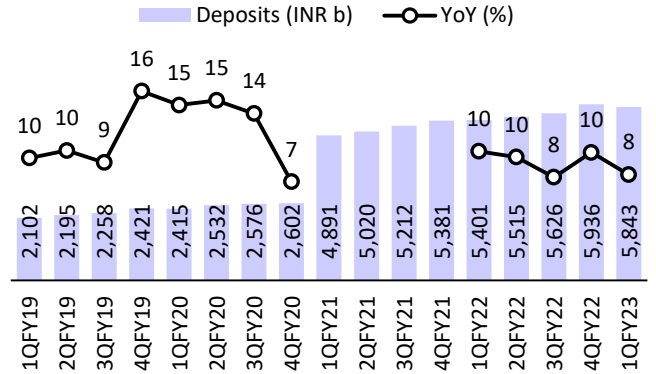
Story in charts

Exhibit 2: Loan book up ~9% YoY (+2.3% QoQ)



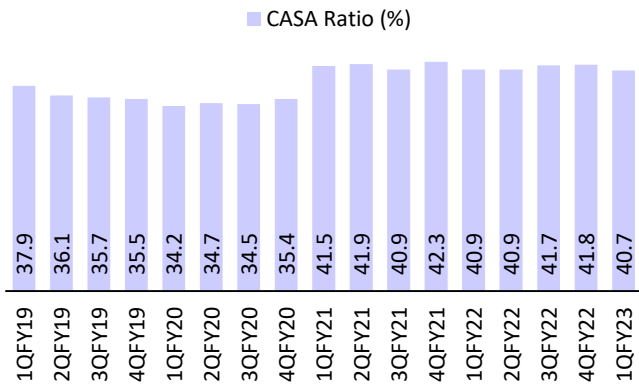
Merged numbers from 1QFY21 onwards; Also, growth trends over 1QFY21-4QFY21 not comparable Source: MOFSL, Company

Exhibit 3: Deposit growth at ~8% YoY (-1.6% QoQ)



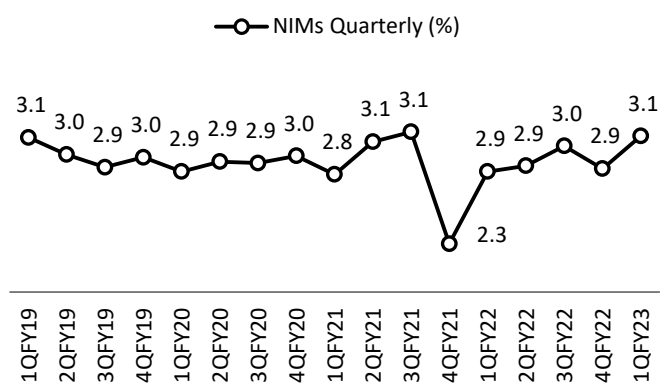
Merged numbers from 1QFY21 onwards; Also, growth trends over 1QFY21-4QFY21 not comparable Source: MOFSL, Company

Exhibit 4: CASA ratio moderates to 40.7%



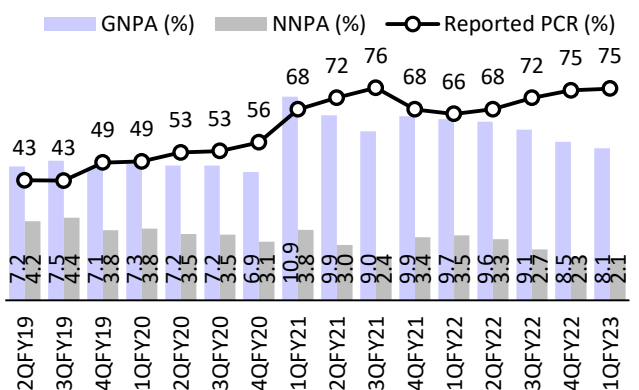
Source: MOFSL, Company

Exhibit 5: NIMs expands 23bp QoQ to 3.1%



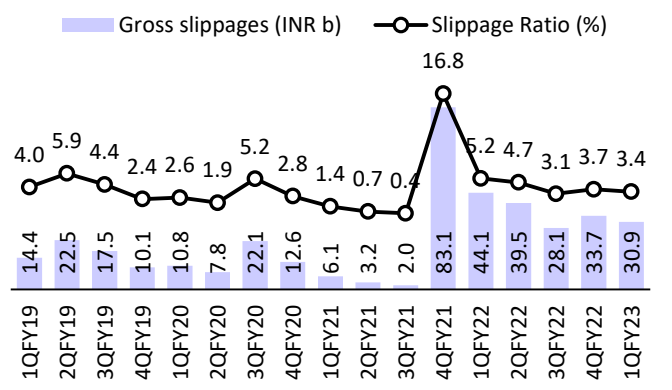
Source: MOFSL, Company

Exhibit 6: GNPA/NNPA ratio improves 34bp/15bp QoQ



Source: MOFSL, Company

Exhibit 7: Slippage trend over the quarters



Source: MOFSL, Company

Exhibit 8: Change in estimates: We raise our estimates for FY23/24 by ~12%/~14% respectively

INR B	Old Est.		Rev. Est.		Chg. (%)/bps	
	FY23	FY24	FY23	FY24	FY23	FY24
Net Interest Income	186.7	211.8	189.5	215.4	1.5	1.7
Other Income	65.7	73.6	72.6	81.3	10.5	10.5
Total Income	252.4	285.4	262.2	296.7	3.9	4.0
Operating Expenses	119.2	133.1	115.7	124.7	-2.9	-6.3
Operating Profit	133.3	152.3	146.5	172.0	9.9	13.0
Provisions	80.7	75.7	87.4	85.0	8.3	12.3
PBT	52.6	76.6	59.1	87.1	12.5	13.7
Tax	5.3	18.4	5.9	20.9	12.5	13.7
PAT	47.3	58.2	53.2	66.2	12.5	13.7
Loans	4,242	4,709	4,281	4,752	0.9	0.9
Deposits	6,470	7,117	6,411	6,988	-0.9	-1.8
Margins (%)	2.8	2.9	2.8	3.0	0.04	0.04
Credit Cost (%)	2.0	1.7	2.1	1.8	15.00	19.00
RoA (%)	0.7	0.8	0.8	0.9	0.09	0.11
RoE (%)	12.0	13.3	13.4	14.7	1.39	1.49
EPS	38.0	46.7	42.7	53.1	12.5	13.7
BV	355.5	394.2	360.2	405.4	1.3	2.8
ABV	309.3	351.2	315.9	368.1	2.1	4.8

Financials and valuations

Income Statement							(INR b)
Y/E March	FY18	FY19	FY20	FY21	FY22	FY23E	FY24E
Interest Income	171.1	191.8	214.0	391.1	388.6	457.7	521.0
Interest Expense	108.5	121.7	138.0	234.4	221.3	268.2	305.6
Net Interest Income	62.6	70.2	76.1	156.7	167.3	189.5	215.4
Growth (%)	21.7	12.0	8.4	106.0	6.8	13.3	13.6
Non-Interest Income	24.1	18.8	33.1	56.5	69.2	72.6	81.3
Total Income	86.7	89.0	109.2	213.2	236.4	262.2	296.7
Growth (%)	17.8	2.7	22.7	95.2	10.9	10.9	13.2
Operating Expenses	36.7	40.2	44.2	103.5	109.3	115.7	124.7
Pre Provision Profits	50.0	48.8	65.0	109.7	127.2	146.5	172.0
Growth (%)	25.0	-2.4	33.1	68.8	16.0	15.2	17.4
Core PPOp	43.4	47.1	56.2	92.7	114.3	140.1	164.3
Growth (%)	38.7	8.4	19.4	65.0	23.3	22.5	17.3
Provisions (excl. tax)	39.2	46.0	51.3	80.6	95.1	87.4	85.0
PBT	10.8	2.8	13.7	29.1	32.0	59.1	87.1
Tax	-1.8	-0.4	6.2	-1.0	-7.4	5.9	20.9
Tax Rate (%)	-17.0	-13.3	45.1	-3.4	-23.1	10.0	24.0
PAT	12.6	3.2	7.5	30.0	39.4	53.2	66.2
Growth (%)	-10.4	-74.4	134.0	298.8	31.3	34.9	24.4
Balance Sheet							
Y/E March	FY18	FY19	FY20	FY21	FY22	FY23E	FY24E
Equity Share Capital	4.8	4.8	6.1	11.3	12.5	12.5	12.5
Reserves & Surplus	179.7	189.1	214.8	372.8	424.6	470.4	526.6
Net Worth	184.5	193.9	220.9	384.1	437.1	482.8	539.0
Deposits	2,082.9	2,420.8	2,602.3	5,380.7	5,936.2	6,411.1	6,988.1
Growth (%)	14.1	16.2	7.5	106.8	10.3	8.0	9.0
of which CASA Deposits	769.7	840.2	901.6	2,275.9	2,479.3	2,705.5	2,969.9
Growth (%)	13.7	9.2	7.3	152.4	8.9	9.1	9.8
Borrowings	197.6	121.4	208.3	247.3	171.4	180.9	194.2
Other Liabilities & Prov.	62.1	64.6	63.2	222.1	172.0	180.6	189.6
Total Liabilities	2,527.2	2,800.7	3,094.7	6,234.3	6,716.7	7,255.4	7,910.9
Current Assets	129.3	200.2	139.2	514.6	799.2	725.1	703.9
Investments	714.0	649.9	812.4	1,765.4	1,745.6	1,920.1	2,131.4
Growth (%)	5.7	-9.0	25.0	117.3	-1.1	10.0	11.0
Loans	1,565.7	1,812.6	1,978.9	3,626.7	3,891.9	4,281.0	4,752.0
Growth (%)	22.6	15.8	9.2	83.3	7.3	10.0	11.0
Fixed Assets	34.2	39.6	39.0	73.8	76.8	84.5	93.0
Other Assets	84.0	98.3	125.2	253.8	203.2	244.6	230.7
Total Assets	2,527.2	2,800.7	3,094.7	6,234.3	6,716.7	7,255.4	7,910.9
Asset Quality							
Y/E March	FY18	FY19	FY20	FY21	FY22	FY23E	FY24E
GNPA (INR b)	119.9	133.5	141.5	384.6	352.1	325.7	308.3
NNPA (INR b)	59.6	67.9	61.8	122.7	88.5	75.5	62.6
GNPA Ratio	7.4	7.1	6.9	9.9	8.5	7.2	6.2
NNPA Ratio	3.8	3.7	3.1	3.4	2.3	1.8	1.3
Slippage Ratio	3.5	3.8	2.8	3.4	2.7	2.8	2.5
Credit Cost	2.4	2.1	2.7	2.3	2.5	2.1	1.8
PCR (Excl. Tech. write off)	50.3	49.1	56.3	68.1	74.9	76.8	79.7

Financials and valuations

Ratios

Y/E March	FY18	FY19	FY20	FY21	FY22	FY23E	FY24E
Yield and Cost Ratios (%)							
Avg. Yield- on Earning Assets	7.7	7.6	7.7	6.9	6.3	6.9	7.2
Avg. Yield on loans	8.3	8.3	8.4	7.8	7.2	8.1	8.3
Avg. Yield on Investments	7.4	7.5	7.3	6.6	6.3	6.6	6.9
Avg. Cost of Int. Bear. Liab.	5.1	5.0	5.2	4.3	3.8	4.2	4.4
Avg. Cost of Deposits	5.2	5.0	5.2	4.3	3.7	4.3	4.5
Interest Spread	2.5	2.5	2.5	2.6	2.5	2.6	2.7
Net Interest Margin	2.8	2.8	2.7	2.8	2.7	2.8	3.0

Capitalisation Ratios (%)

CAR	12.8	13.5	14.6	16.0	16.8	16.6	16.3
<i>Tier I</i>	11.5	11.5	12.5	12.3	13.5	13.6	13.6
<i>Tier II</i>	1.2	1.9	2.0	3.8	3.4	3.0	2.7

Business and Efficiency Ratios (%)

Loans/Deposit Ratio	75.2	74.9	76.0	67.4	65.6	66.8	68.0
CASA Ratio	37.0	34.7	34.6	42.3	41.8	42.2	42.5
Cost/Assets	1.5	1.4	1.4	1.7	1.6	1.6	1.6
Cost/Total Income	42.3	45.2	40.5	48.6	46.2	44.1	42.0
Cost/Core income	45.8	46.1	44.0	52.7	48.9	45.2	43.1
Int. Expense/Int. Income	63.4	63.4	64.5	59.9	56.9	58.6	58.7
Fee Income/Total Income	20.1	19.2	22.3	18.6	23.8	25.3	24.8
Non Int. Inc./Total Income	27.8	21.2	30.3	26.5	29.2	27.7	27.4
Emp. Cost/Total Expense	57.3	55.3	55.9	61.6	61.3	61.1	60.9
Investment/Deposit Ratio	34.3	26.8	31.2	32.8	29.4	30.0	30.5

RoE	8.3	2.0	4.3	9.8	11.2	13.4	14.7
RoA	0.5	0.1	0.3	0.5	0.6	0.8	0.9
RoRWA	0.8	0.2	0.5	1.0	1.3	1.6	1.7
Book Value (INR)	354.1	368.2	335.8	312.1	323.5	360.2	405.4
Growth (%)	8.5	4.0	-8.8	-7.1	3.7	11.3	12.5
Price-BV (x)	0.5	0.5	0.5	0.6	0.5	0.5	0.4
Adjusted BV (INR)	265.4	267.4	263.1	234.1	272.1	315.9	368.1
Price-ABV (x)	0.7	0.7	0.7	0.8	0.7	0.6	0.5
EPS (INR)	26.2	6.7	13.8	26.6	33.2	42.7	53.1
Growth (%)	-10.4	-74.4	106.4	92.3	24.9	28.6	24.4
Price-Earnings (x)	6.8	26.5	12.8	6.7	5.3	4.2	3.3

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

*In case the recommendation given by the Research Analyst is inconsistent with the investment rating legend for a continuous period of 30 days, the Research Analyst shall within following 30 days take appropriate measures to make the recommendation consistent with the investment rating legend.

Disclosures

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

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

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

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

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

Regional Disclosures (outside India)

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

For Hong Kong:

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

For U.S.

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

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

For Singapore

In Singapore, this report is being distributed by Motilal Oswal Capital Markets Singapore Pte Ltd ("MOCMSPL") (Co.Reg. NO. 201129401Z) which is a holder of a capital markets services license and an exempt financial adviser in Singapore. As per the approved agreement under Paragraph 9 of Third Schedule of Securities and Futures Act (CAP 289) and Paragraph 11 of First Schedule of Financial Advisors Act (CAP 110) provided to MOCMSPL by Monetary Authority of Singapore. Persons in Singapore should contact MOCMSPL in respect of any matter arising from, or in connection with this report/publication/communication. This report is distributed solely to persons who qualify as "Institutional Investors", of which some of whom may consist of "accredited" institutional investors as defined in section 4A(1) of the Securities and Futures Act, Chapter 289 of Singapore ("the SFA"). Accordingly, if a Singapore person is not or ceases to be such an institutional investor, such Singapore Person must immediately discontinue any use of this Report and inform MOCMSPL.

Specific Disclosures

- 1 MOFSL, Research Analyst and/or his relatives does not have financial interest in the subject company, as they do not have equity holdings in the subject company.
- 2 MOFSL, Research Analyst and/or his relatives do not have actual/beneficial ownership of 1% or more securities in the subject company
- 3 MOFSL, Research Analyst and/or his relatives have not received compensation/other benefits from the subject company in the past 12 months
- 4 MOFSL, Research Analyst and/or his relatives do not have material conflict of interest in the subject company at the time of publication of research report
- 5 Research Analyst has not served as director/officer/employee in the subject company
- 6 MOFSL has not acted as a manager or co-manager of public offering of securities of the subject company in past 12 months
- 7 MOFSL has not received compensation for investment banking/ merchant banking/brokerage services from the subject company in the past 12 months
- 8 MOFSL has not received compensation for other than investment banking/merchant banking/brokerage services from the subject company in the past 12 months
- 9 MOFSL has not received any compensation or other benefits from third party in connection with the research report
- 10 MOFSL has not engaged in market making activity for the subject company

The associates of MOFSL may have:

- financial interest in the subject company
- actual/beneficial ownership of 1% or more securities in the subject company
- received compensation/other benefits from the subject company in the past 12 months
- other potential conflict of interests with respect to any recommendation and other related information and opinions.; however the same shall have no bearing whatsoever on the specific recommendations made by the analyst(s), as the recommendations made by the analyst(s) are completely independent of the views of the associates of MOFSL even though there might exist an inherent conflict of interest in some of the stocks mentioned in the research report.
- acted as a manager or co-manager of public offering of securities of the subject company in past 12 months
- be engaged in any other transaction involving such securities and earn brokerage or other compensation or act as a market maker in the financial instruments of the company(ies) discussed herein or act as an advisor or lender/borrower to such company(ies)
- received compensation from the subject company in the past 12 months for investment banking / merchant banking / brokerage services or from other than said services.

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

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

Analyst Certification

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

Terms & Conditions:

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

Disclaimer:

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

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

Registration Nos.: Motilal Oswal Financial Services Limited (MOFSL)*: INZ000158836(BSE/NSE/MCX/NCDEX); CDSL and NSDL: IN-DP-16-2015; Research Analyst: INH000000412. AMFI: ARN - 146822; Investment Adviser: INA000007100; Insurance Corporate Agent: CA0579:PMS:INP000006712. Motilal Oswal Asset Management Company Ltd. (MOAMC): PMS (Registration No.: INP000000670); PMS and Mutual Funds are offered through MOAMC which is group company of MOFSL. Motilal Oswal Wealth Management Ltd. (MOWML): PMS (Registration No.: INP000004409) is offered through MOWML, which is a group company of MOFSL. Motilal Oswal Financial Services Limited is a distributor of Mutual Funds, PMS, Fixed Deposit, Bond, NCDs, Insurance Products and IPOs. Real Estate is offered through Motilal Oswal Real Estate Investment Advisors II Pvt. Ltd. which is a group company of MOFSL. Private Equity is offered through Motilal Oswal Private Equity Investment Advisors Pvt. Ltd which is a group company of MOFSL. Research & Advisory services is backed by proper research. Please read the Risk Disclosure Document prescribed by the Stock Exchanges carefully before investing. There is no assurance or guarantee of the returns. Investment in securities market is subject to market risk, read all the related documents carefully before investing. Details of Compliance Officer: Name: Neeraj Agarwal, Email ID: na@motilaloswal.com, Contact No.:022-71881085.

* MOSL has been amalgamated with Motilal Oswal Financial Services Limited (MOFSL) w.e.f August 21, 2018 pursuant to order dated July 30, 2018 issued by Hon'ble National Company Law Tribunal, Mumbai Bench.