

Estimate change



TP change



Rating change



Bloomberg	INBK IN
Equity Shares (m)	1,245
M.Cap.(INRb)/(USDb)	310.7 / 3.8
52-Week Range (INR)	259 / 130
1, 6, 12 Rel. Per (%)	21/52/43
12M Avg Val (INR M)	433

Financials & Valuations (INR b)

Y/E March	FY22	FY23E	FY24E
NII	167.3	193.2	221.5
OP	127.2	149.4	171.8
NP	39.4	59.3	70.3
NIM (%)	2.7	2.9	3.0
EPS (INR)	33.2	47.6	56.5
EPS Gr. (%)	24.9	43.3	18.6
BV/Sh. (INR)	323.5	365.1	413.6
ABV/Sh. (INR)	272.1	326.5	372.4

Ratios

RoE (%)	11.2	14.8	15.4
RoA (%)	0.6	0.9	0.9

Valuations

P/E(X)	7.5	5.2	4.4
P/BV (X)	0.8	0.7	0.5
P/ABV (X)	0.9	0.8	0.6

Shareholding pattern (%)

As On	Sep-22	Jun-22	Sep-21
Promoter	79.9	79.9	79.9
DII	12.1	11.7	10.5
FII	2.6	2.1	2.4
Others	5.5	6.4	7.2

FII Includes depository receipts

CMP: INR249

TP: INR290 (+16%)

Buy

In line performance; asset quality continues to improve

Moderate expansion of 10bp in margin

- INBK reported a 2QFY23 PAT of INR12.3b (up 12% YoY; in line), supported by healthy NII growth and lower provisions. NII grew 15% YoY to INR46.8b (in line). Margin expanded by 10bp QoQ to 3.2%. NII/PPOP/PAT rose 14%/8%/ 7% YoY to INR92.2b/INR71.9b/INR24.4b in 1HFY23.
- Headline asset quality ratios continue to improve, with an 83bp/62bp QoQ reduction in GNPA/NNPA to 7.3%/1.5%. Slippages moderated to INR24.6b (~2.7% annualized). This, coupled with healthy recoveries and upgrades and write-offs, aided asset quality.
- We raise our FY23/FY24 PAT estimate by ~13%/7% as we build in lower provisions, backed by better than expected asset quality. We expect a RoA/RoE of 0.9%/15.4% in FY24. **We maintain our Buy rating.**

NIM expands by 10bp QoQ to 3.2%; PCR increases to ~81%

- INBK reported a 2QFY23 PAT of INR12.3b (up 12% YoY; in line), supported by healthy NII growth and lower provisions. NII grew 15% YoY to INR46.8b (in line). Margin expanded by 10bp QoQ to 3.2%. NII/ PPOP/PAT rose 14%/ 8%/7% YoY to INR92.2b/INR71.9b/INR24.4b in 1HFY23.
- Core fee income grew at 19% YoY to INR7.2b. Total other income though declined by 7% YoY to INR18.3b, led primarily by a muted treasury gain of INR1.4b v/s a gain of INR4b in 2QFY22.
- The growth in OPEX was modest at 4% YoY. However, it rose by 12% QoQ, fueled by a 15% rise in employee expenses. PPOP rose 11% YoY to INR36.3b (in line). The C/I ratio deteriorated to 44.3% in 2Q from ~42% in 1QFY23.
- On the business front, gross advances grew 14% YoY and 3% QoQ to ~INR4.4t, led by healthy growth of 3.7%/4.5%/5.2% QoQ in the Retail/ MSME/Agri portfolio. The Corporate book grew 6% YoY and 1% QoQ. Deposits increased by ~7% YoY and 1% QoQ, within which CASA deposits grew 1.3% QoQ. The CASA mix stood stable ~40.9%.
- On the asset quality front, slippages moderated to INR24.6b (~2.7% annualized), which, coupled with healthy recoveries and upgrades and write-offs, resulted in an improvement in asset quality. GNPA/NNPA ratio improved by 83bp/62bp QoQ to 7.3%/1.5%. PCR rose 520bp QoQ to ~81%.
- The SMA 1/2 book (over INR50m) stood at 0.5%. The total restructured portfolio was elevated at 3.9% of loans (v/s ~4.2% in 1QFY23). Collection efficiency improved to 95% in Sep'22 v/s 94% in Jun'22.

Highlights from the management commentary

- The management expects a 12-13% YoY growth in RAM. However, growth in the Corporate segment will be much lower as margin is unfavorable. Overall growth should thus be 10% (+/- 2%).
- NIM should stay protected at 3% in FY23.
- Slippages from the restructured book are falling gradually, with slippages of INR14b/INR10b/INR4b in Mar'22/Jun'22/Sep'22.

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 2QFY23, with net profit as per our estimate, supported by an expansion in margin and a pick-up in loan growth, led by the Retail, Agri, and MSME (RAM) segments. The management remains bullish on the RAM segment. However, the same will be partially offset by lower growth in the Corporate segment. Asset quality improved with lower slippages and healthy recovery and upgrades. However, a higher loan restructured book (~3.9% v/s 4.2% in 1QFY23) keeps us watchful on asset quality. We raise our FY23/FY24 PAT estimate by ~13%/7% as we build in lower provisions, backed by a better than expected asset quality. We expect a RoA/RoE of 0.9%/15.4% in FY24. **We maintain our Buy rating, with a revised TP of INR290 (0.8x FY24E ABV).**

Quarterly performance**(INR b)**

Y/E March	FY22				FY23				FY22	FY23E	FY23E	Var. (%)
	1Q	2Q	3Q	4Q	1Q	2Q	3QE	4QE				
Net Interest Income	39.9	40.8	44.0	42.6	45.3	46.8	49.3	51.8	167.3	193.2	47.4	-1
Change (YoY %)	3.1	-1.5	1.9	27.6	13.5	14.7	12.1	21.6	6.8	15.5	16.0	
Other Income	18.2	19.7	15.6	15.7	16.0	18.3	18.9	19.4	69.2	72.6	17.5	4
Total Income	58.1	60.5	59.5	58.3	61.4	65.1	68.1	71.2	236.4	265.8	64.9	0
Operating Expenses	24.0	27.7	26.6	30.9	25.7	28.8	29.7	32.1	109.3	116.4	28.7	0
Operating Profit	34.2	32.8	32.9	27.4	35.6	36.3	38.5	39.0	127.2	149.4	36.2	0
Change (YoY %)	24.1	11.3	15.5	14.8	4.3	10.8	17.0	42.6	16.0	17.5	10.4	
Other Provisions	25.6	25.5	24.9	19.1	22.2	20.6	20.9	19.9	95.1	83.6	22.6	-9
Profit before Tax	8.6	7.3	7.9	8.2	13.5	15.7	17.6	19.1	32.0	65.9	13.6	16
Tax	-3.2	-3.6	1.1	-1.6	1.3	3.5	1.8	0.1	-7.4	6.6	1.4	
Net Profit	11.8	10.9	6.9	9.8	12.1	12.3	15.8	19.1	39.4	59.3	12.2	0
Change (YoY %)	220.0	164.2	34.1	-42.4	2.7	12.5	129.4	93.9	31.3	50.3	12.3	
Operating Parameters												
Deposits (INR b)	5,401	5,515	5,626	5,936	5,843	5,889	6,102	6,352	5,936	6,352	5,981	-2
Loans (INR b)	3,644	3,584	3,743	3,892	3,994	4,121	4,198	4,301	3,892	4,301	4,076	1
Deposit Growth (%)	10.4	9.9	7.9	10.3	8.2	6.8	8.5	7.0	10.3	7.0	8.4	
Loan Growth (%)	7.3	5.5	3.2	7.3	9.6	15.0	12.2	10.5	7.3	10.5	13.1	
Asset Quality												
Gross NPA (%)	9.7	9.6	9.1	8.5	8.1	7.3	6.9	6.6	8.5	6.6	7.8	-50
Net NPA (%)	3.5	3.3	2.7	2.3	2.1	1.5	1.5	1.5	2.3	1.5	2.0	-52
PCR (%)	66.5	68.1	72.2	74.9	75.5	80.7	78.9	78.3	74.9	78.3	75.7	498

E: MOFSL estimates

Quarterly snapshot

	FY21				FY22				FY23		Change (%)	
	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4Q	1Q	2Q	YoY	QoQ
Profit & Loss (INR m)												
Net Interest Income	38.7	41.4	43.1	33.3	39.9	40.8	44.0	42.6	45.3	46.8	15	3
Other Income	13.3	15.6	11.4	15.8	18.2	19.7	15.6	15.7	16.0	18.3	-7	14
Trading profit	6.3	5.8	1.5	2.9	5.6	4.0	2.5	0.8	-1.3	1.4	-64	-208
Forex Income	0.5	0.8	1.1	1.7	1.5	1.2	1.5	2.7	3.6	3.1	171	-13
Recoveries	2.0	2.3	2.8	4.7	6.4	8.5	5.0	4.0	7.5	6.5	-23	-13
Core Fees	4.5	6.7	6.0	6.6	4.7	6.1	6.7	8.1	6.3	7.2	19	15
Total Income	52.0	57.0	54.6	49.2	58.1	60.5	59.5	58.3	61.4	65.1	8	6
Operating Expenses	24.5	27.6	26.1	25.3	24.0	27.7	26.6	30.9	25.7	28.8	4	12
Employee	16.5	17.5	15.7	14.0	14.7	17.1	15.7	19.5	15.4	17.8	4	15
Others	7.9	10.1	10.4	11.3	9.3	10.6	11.0	11.4	10.3	11.1	4	7
Operating Profit	27.5	29.4	28.5	23.9	34.2	32.8	32.9	27.4	35.6	36.3	11	2
Core Operating Profit	21.2	23.6	26.9	20.9	28.6	28.8	30.4	26.5	37.0	34.9	21	-6
Provisions	21.4	22.3	20.6	15.9	25.6	25.5	24.9	19.1	22.2	20.6	-19	-7
NPA provisions	18.3	18.8	7.4	28.7	17.5	22.2	24.4	20.5	20.0	20.0	-10	0
PBT	6.1	7.1	7.8	8.0	8.6	7.3	7.9	8.2	13.5	15.7	116	17
Taxes	2.4	3.0	2.7	-9.1	-3.2	-3.6	1.1	-1.6	1.3	3.5	-196	162
PAT	3.7	4.1	5.1	17.1	11.8	10.9	6.9	9.8	12.1	12.3	12	1
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	5,888.6	7	1
Loans	3,394.8	3,396.6	3,628.2	3,626.7	3,643.7	3,583.7	3,743.0	3,891.9	3,994.0	4,120.7	15	3
Asset Quality (INR b)												
GNPA	399.7	362.0	352.4	384.6	377.6	368.9	365.4	352.1	345.7	319.6	-13	-8
NNPA	127.5	100.5	85.4	122.7	126.5	117.5	101.5	88.5	84.7	61.7	-47	-27
Slippages	6.1	3.2	2.0	83.1	44.1	39.5	28.1	33.7	30.9	24.6	-38	-20
Ratios												
Asset Quality Ratios (%)												
GNPA	10.9	9.9	9.0	9.9	9.7	9.6	9.1	8.5	8.1	7.3	-226	-83
NNPA	3.8	3.0	2.4	3.4	3.5	3.3	2.7	2.3	2.1	1.5	-176	-62
PCR (Cal.)	68.1	72.2	75.8	68.1	66.5	68.1	72.2	74.9	75.5	80.7	1,253	518
PCR (Inc. TWO)	80.5	84.4	86.5	82.1	82.0	83.3	85.5	87.4	88.1	91.1	776	300
Credit Cost	2.8	2.9	1.1	4.1	2.0	2.5	2.6	2.2	2.1	2.1	-46	-2
Business Ratios (%)												
Fees-to-Total Income	13.4	17.2	18.1	26.2	21.7	26.0	22.0	25.5	28.3	25.9	-8	-238
Cost-to-Core Income	53.6	53.9	49.2	54.7	45.6	49.1	46.7	53.8	41.1	45.3	-380	420
Tax Rate	39.9	42.0	34.5	-114.7	-37.8	-49.5	13.2	-19.5	9.8	22.0	7,154	1,218
CASA	41.5	41.9	40.9	42.3	40.9	40.9	41.7	41.8	40.7	40.9	8	21
Loan/Deposit	69.4	67.7	69.6	67.4	67.5	65.0	66.5	65.6	68.4	70.0	499	162
Profitability Ratios (%)												
Yield on loans	7.6	7.8	7.6	6.3	7.1	7.0	7.2	7.0	7.2	7.5	50	32
Yield on Investments	6.7	6.6	6.5	6.4	6.2	6.1	6.2	6.4	6.3	6.9	86	62
Cost of Deposits	4.8	4.6	4.3	4.1	4.1	3.9	3.9	3.9	3.9	4.0	16	17
Margin	2.8	3.1	3.1	2.3	2.9	2.9	3.0	2.9	3.1	3.2	31	10
RoA	0.3	0.3	0.4	1.1	0.8	0.7	0.4	0.6	0.7	0.7	2	-2



Highlights from the management commentary

P&L and Balance Sheet related

- The management expects a 7-8% growth in deposits in FY23. As a result, the CD ratio will move higher from current levels and remain in the 72-74% range.
- It expects a 12-13% YoY growth in RAM. However, growth in the Corporate segment will be much lower as margin is unfavorable. Overall growth should thus be 10% (+/- 2%).
- Within loans, the RAM segment is a key focus area and driver of growth. The share of this segment has further increased to 62% from 60%.
- Growth in NII was moderate as compared to its peers due to interest rate reversals of INR4b in 2Q v/s INR1b in 1QFY23.
- NIM should stay protected at 3% in FY23.
- Out of the repo rate hike of 190bp, 140bp has been passed on to borrowers.
- A decline in treasury portfolio income was offset by strong income in foreign exchange transactions.
- A wage revision agreement is due from 1st Nov'22. Some provision will be made in 3Q/4QFY23 towards it. As a result, employee expenses can be higher by INR1-2b than its initial guidance.
- The C/I ratio should remain in a similar range at present.
- The bank is working hard on digitization, with consistent efforts to improve customer convenience.
- Capital adequacy remains strong, supported by strong profit generation.

Asset quality

- Headline asset quality ratio continues to improve.
- Out of total slippage of INR24.6b, over INR10b accrues from the Agriculture segment.
- Corporate slippages were significantly lower from 1QFY23 levels as the base quarter had slippages from a Government account, which was subsequently recovered, and a sugar account that was 100% provided for.
- Slippages from the restructured book are falling gradually, with slippages of INR14b/INR10b/INR4b in Mar'22/Jun'22/Sep'22.
- This trend gives the management confidence that pain from the restructured book should be fairly limited henceforth.
- It expects GNPA/NNPA ratio to fall below 7%/2% by FY23.
- CE remains strong at 95% for the overall book – a marginal improvement from 94% in 1QFY23.
- Billing has started for almost the entire restructuring book, which is out of the moratorium.
- Close to INR3.6b of its ECLGS portfolio is a NPA.
- There are four NARCL accounts with an exposure of INR4.85b at advanced stages of negotiations. The management expects a 20-25% recovery in this.
- The management is confident of maintaining traction and achieving its guidance on recoveries of ~INR80b in FY23.
- Credit cost is likely to be lower than 2% in FY23.

Exhibit 1: DuPont Analysis | 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	6.61	6.96
Interest Expense	4.61	4.57	4.68	3.94	3.42	3.84	4.02
Net Interest Income	2.66	2.63	2.58	2.63	2.58	2.78	2.94
Fee income	0.74	0.64	0.83	0.66	0.87	0.95	0.96
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	1.06
Total Income	3.68	3.34	3.70	3.58	3.65	3.82	4.00
Operating Expenses	1.56	1.51	1.50	1.74	1.69	1.67	1.72
Employees	0.89	0.83	0.84	1.07	1.03	1.02	1.05
Others	0.67	0.67	0.66	0.67	0.65	0.65	0.67
Operating Profit	2.12	1.83	2.20	1.84	1.96	2.15	2.28
Provisions	1.67	1.73	1.74	1.35	1.47	1.20	1.05
NPA	1.47	1.36	1.47	1.23	1.30	1.18	1.03
Others	0.19	0.37	0.27	0.12	0.16	0.02	0.03
PBT	0.46	0.11	0.47	0.49	0.49	0.95	1.23
Tax	-0.08	-0.01	0.21	-0.02	-0.11	0.09	0.30
RoA	0.53	0.12	0.26	0.50	0.61	0.85	0.93
Leverage (x)	15.5	16.6	16.7	19.4	18.5	17.4	16.5
RoE	8.3	2.0	4.3	9.8	11.2	14.8	15.4

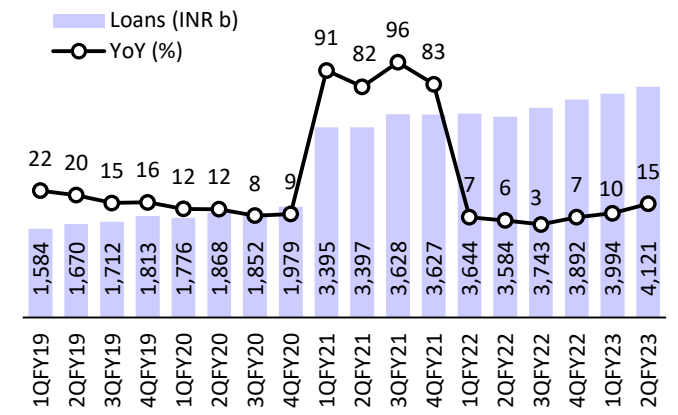
Exhibit 2: Revise our FY23/FY24 earnings estimate by 13%/7% to build in lower provisions

INR b	Old estimate		Revised estimate		Change (%/bp)	
	FY23	FY24	FY23	FY24	FY23E	FY24E
Net Interest Income	192.6	220.1	193.2	221.5	0.3	0.6
Other Income	72.6	79.9	72.6	79.9	0.0	0.0
Total Income	265.2	300.0	265.8	301.3	0.2	0.4
Operating Expenses	115.3	125.0	116.4	129.5	0.9	3.6
Operating Profit	149.9	175.0	149.4	171.8	-0.3	-1.8
Provisions	91.8	88.4	83.6	79.3	-8.9	-10.3
PBT	58.1	86.6	65.9	92.6	13.4	6.9
Tax	5.8	20.8	6.6	22.2	13.4	6.9
PAT	52.3	65.8	59.3	70.3	13.4	6.9
Loans	4,301	4,795	4,301	4,795	0.0	0.0
Deposits	6,381	6,956	6,352	6,923	-0.5	-0.5
Margin (%)	2.9	3.0	2.9	3.0	0.01	0.02
Credit Cost (%)	2.2	1.9	2.0	1.7	-20.00	-20.00
RoA (%)	0.8	0.9	0.9	0.9	0.10	0.06
RoE (%)	13.2	14.7	14.8	15.4	1.63	0.70
EPS	42.0	52.8	47.6	56.5	13.4	6.9
BV	359.5	404.3	365.1	413.6	1.6	2.3
ABV	314.6	361.1	326.5	372.4	3.8	3.1

Source: MOFSL, Company

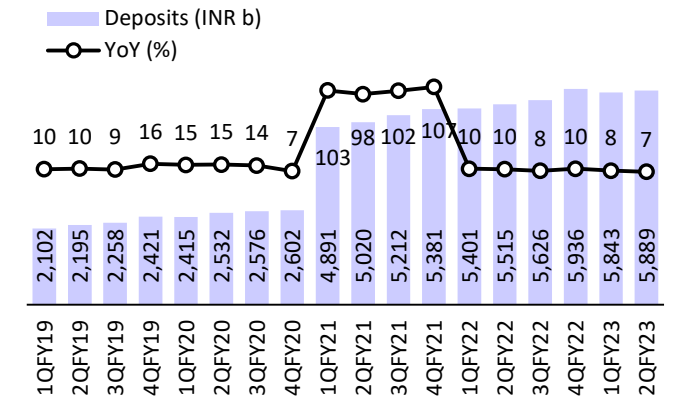
Story in charts

Exhibit 1: Loan book rose by ~15% YoY and 3.2% QoQ in 2QFY23



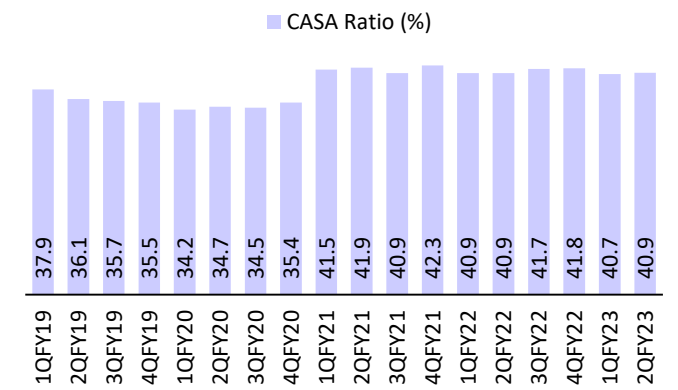
Merged numbers from 1QFY21 onwards. Growth trends over 1QFY21-4QFY21 are not comparable Source: MOFSL, Company

Exhibit 2: Deposits grew by ~7% YoY and 0.8% QoQ in 2QFY23



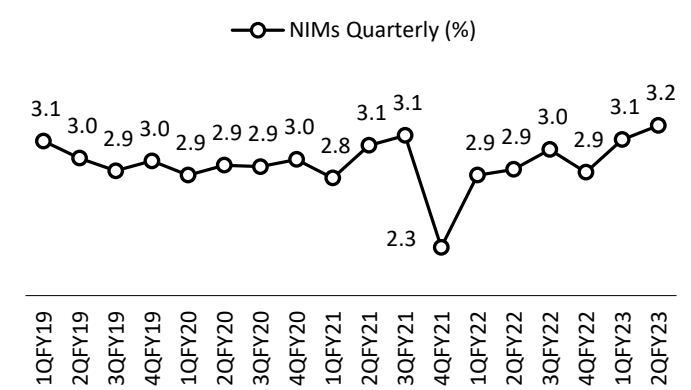
Merged numbers from 1QFY21 onwards. Growth trends over 1QFY21-4QFY21 are not comparable Source: MOFSL, Company

Exhibit 3: CASA ratio rises marginally to 40.9% in 2QFY23



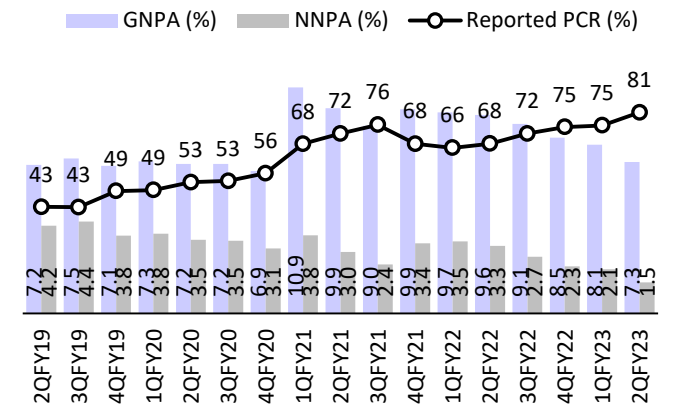
Source: MOFSL, Company

Exhibit 4: NIM expands by 10bp QoQ to 3.2% in 2QFY23



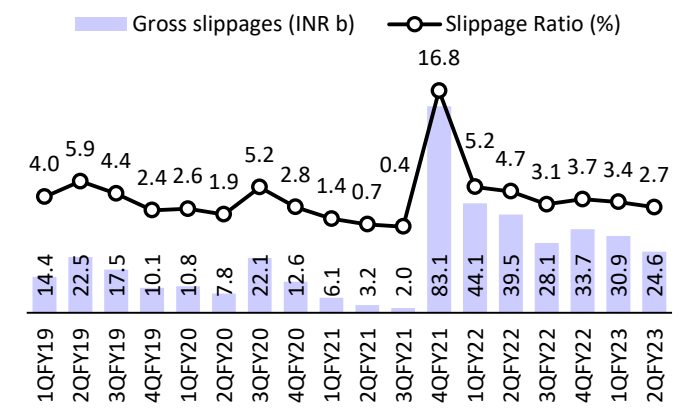
Source: MOFSL, Company

Exhibit 5: GNPA/NNPA ratio improves by 83bp/62bp QoQ in 2QFY23



Source: MOFSL, Company

Exhibit 6: Slippages trend over the quarters



Source: MOFSL, Company

Financials and valuations

Income Statement							(INRb)
Y/E March	FY18	FY19	FY20	FY21	FY22	FY23E	FY24E
Interest Income	171.1	191.8	214.0	391.1	388.6	460.1	524.3
Interest Expense	108.5	121.7	138.0	234.4	221.3	266.9	302.8
Net Interest Income	62.6	70.2	76.1	156.7	167.3	193.2	221.5
Growth (%)	21.7	12.0	8.4	106.0	6.8	15.5	14.6
Non-Interest Income	24.1	18.8	33.1	56.5	69.2	72.6	79.9
Total Income	86.7	89.0	109.2	213.2	236.4	265.8	301.3
Growth (%)	17.8	2.7	22.7	95.2	10.9	12.4	13.4
Operating Expenses	36.7	40.2	44.2	103.5	109.3	116.4	129.5
Pre Provision Profit	50.0	48.8	65.0	109.7	127.2	149.4	171.8
Growth (%)	25.0	-2.4	33.1	68.8	16.0	17.5	15.0
Core PPOP	43.4	47.1	56.2	92.7	114.3	143.0	164.1
Growth (%)	38.7	8.4	19.4	65.0	23.3	25.1	14.8
Provisions (excl. tax)	39.2	46.0	51.3	80.6	95.1	83.6	79.3
PBT	10.8	2.8	13.7	29.1	32.0	65.9	92.6
Tax	-1.8	-0.4	6.2	-1.0	-7.4	6.6	22.2
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	59.3	70.3
Growth (%)	-10.4	-74.4	134.0	298.8	31.3	50.3	18.6
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 and Surplus	179.7	189.1	214.8	372.8	424.6	476.5	536.8
Net Worth	184.5	193.9	220.9	384.1	437.1	488.9	549.3
Deposits	2,082.9	2,420.8	2,602.3	5,380.7	5,936.2	6,351.7	6,923.4
Growth (%)	14.1	16.2	7.5	106.8	10.3	7.0	9.0
of which CASA Dep	769.7	840.2	901.6	2,275.9	2,479.3	2,680.4	2,942.4
Growth (%)	13.7	9.2	7.3	152.4	8.9	8.1	9.8
Borrowings	197.6	121.4	208.3	247.3	171.4	180.9	194.2
Other Liabilities and 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	7,202.1	7,856.5
Current Assets	129.3	200.2	139.2	514.6	799.2	718.6	697.5
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	4,300.5	4,795.1
Growth (%)	22.6	15.8	9.2	83.3	7.3	10.5	11.5
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	178.4	139.6
Total Assets	2,527.2	2,800.7	3,094.7	6,234.3	6,716.7	7,202.1	7,856.5
Asset Quality							
Y/E March	FY18	FY19	FY20	FY21	FY22	FY23E	FY24E
GNPA (INR m)	119.9	133.5	141.5	384.6	352.1	301.3	288.5
NNPA (INR m)	59.6	67.9	61.8	122.7	88.5	65.3	69.5
GNPA Ratio	7.4	7.1	6.9	9.9	8.5	6.6	5.8
NNPA Ratio	3.8	3.7	3.1	3.4	2.3	1.5	1.4
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	2.0	1.7
PCR (Excl. Tech. write off)	50.3	49.1	56.3	68.1	74.9	78.3	75.9

Financials and valuations

Ratios

Y/E March	FY18	FY19	FY20	FY21	FY20	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 on 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 Spreads	2.5	2.5	2.5	2.6	2.5	2.7	2.8
Net Interest Margin	2.8	2.8	2.7	2.8	2.7	2.9	3.0

Capitalization Ratios (%)

CAR	12.8	13.5	14.6	16.0	16.8	16.9	16.8
<i>Tier I</i>	11.5	11.5	12.5	12.3	13.5	13.9	14.0
<i>Tier II</i>	1.2	1.9	2.0	3.8	3.4	3.1	2.8

Business and Efficiency Ratios (%)

Loans/Deposit Ratio	75.2	74.9	76.0	67.4	65.6	67.7	69.3
CASA Ratio	37.0	34.7	34.6	42.3	41.8	42.2	42.5
Cost/Assets ratio	1.5	1.4	1.4	1.7	1.6	1.6	1.6
Cost/Total Income ratio	42.3	45.2	40.5	48.6	46.2	43.8	43.0
Cost/Core income ratio	45.8	46.1	44.0	52.7	48.9	44.9	44.1
Int. Expense/Int. Income ratio	63.4	63.4	64.5	59.9	56.9	58.0	57.8
Fee Income/Total Income ratio	20.1	19.2	22.3	18.6	23.8	24.9	24.0
Non Int. Inc./Total Income ratio	27.8	21.2	30.3	26.5	29.2	27.3	26.5
Empl. Cost/Total Expense ratio	57.3	55.3	55.9	61.6	61.3	61.0	60.8
Investment/Deposit Ratio	34.3	26.8	31.2	32.8	29.4	30.2	30.8

RoE	8.3	2.0	4.3	9.8	11.2	14.8	15.4
RoA	0.5	0.1	0.3	0.5	0.6	0.9	0.9
RoRWA	0.8	0.2	0.5	1.0	1.3	1.8	1.9
Book Value (INR)	354.1	368.2	335.8	312.1	323.5	365.1	413.6
Growth (%)	8.5	4.0	-8.8	-7.1	3.7	12.9	13.3
Price-to-BV (x)	0.7	0.7	0.7	0.8	0.8	0.7	0.6
Adjusted BV (INR)	265.4	267.4	263.1	234.1	272.1	326.5	372.4
Price-to-ABV (x)	0.9	0.9	0.9	1.1	0.9	0.8	0.7
EPS (INR)	26.2	6.7	13.8	26.6	33.2	47.6	56.5
Growth (%)	-10.4	-74.4	106.4	92.3	24.9	43.3	18.6
Price-to-Earnings (x)	9.5	37.2	18.0	9.4	7.5	5.2	4.4
Dividend Per Share (INR)	0.0	0.0	0.0	2.0	6.5	6.0	8.0
Dividend Yield (%)	0.0	0.0	0.0	0.8	2.6	2.4	3.2

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

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

Disclosures

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

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

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

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

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

Regional Disclosures (outside India)

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

For Hong Kong:

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

For U.S.

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

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

For Singapore

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

Specific Disclosures

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

The associates of MOFSL may have:

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

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

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

Analyst Certification

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

Terms & Conditions:

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

Disclaimer:

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

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

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