Yes Bank

BSE SENSEX	S&P CNX
34,714	10,618

Bloomberg	YES IN
Equity Shares (m)	2303
M.Cap.(INRb)/(USDb)	810.8/12.6
52-Week Range (INR)	383 / 275
1, 6, 12 Rel. Per (%)	11/10/-4
Avg Val, INRm	4211.0
Free float (%)	80.0

Financials & Valuations (INR b)

Y/E March	2018	2019E	2020E
NII	77.4	103.1	130.2
OP	77.5	103.6	136.1
NP	42.2	55.9	73.9
NIM (%)	3.2	3.2	3.3
EPS (INR)	18.4	24.3	32.1
EPS Gr. (%)	26.3	31.7	32.3
BV/Sh. (INR)	111.8	132.6	160.4
ABV/Sh. (INR)	107.6	127.5	153.7
RoE (%)	17.7	19.9	21.9
RoA (%)	1.6	1.6	1.6
Valuations			
P/E(X)	19.1	14.5	11.0
P/BV (X)	3.1	2.7	2.2
P/ABV (X)	3.3	2.8	2.3

CMP: INR352 TP: INR444 (+26%) Buy

Strong performance in a challenging quarter

- YES reported robust PPoP growth of 6.7%/26.3% QoQ/YoY to INR19.57b (in-line; core PPoP growth at 34% YoY, backed by strong core fee income growth of 21% YoY), led by total income growth of 23.4% YoY and controlled opex (+19.4% YoY to INR14.4b). Controlled provisions of INR4.0b (-5% QoQ) led to a 29% YoY increase in PAT to INR11.8b (6% beat).
- Advances growth accelerated to 54% YoY at INR2.04t, while deposits grew 41% YoY to INR2.01t. CASA deposits grew 41% YoY, but the CASA ratio declined sequentially to 36.5% (38% in 3Q) as total deposits grew 16.9% QoQ.
- NIM shrunk 10bp QoQ to 3.4%, led by (i) higher proportion of borrowings as the bank raised INR30b/INR39b of Tier-2 bonds/Medium Term Notes (MTNs), (ii) a sequential drop in CASA share and (iii) increased lending to better-rated corporates. Cost to core income ratio at 42.4% was 30bp below the 3QFY18 levels, even as the bank added 50 branches during the quarter.
- Slippages declined to INR3.8b (1.1% annualized). GNPA/NNPA declined 12%/18% QoQ, with GNPA/NNPA ratios down 44/29bp QoQ to 1.28%/0.64% (Net stressed assets have declined to ~1.7% of advances). PCR improved 340bp QoQ to 50%. Of the total RBI directed divergent amount of INR63.55b, INR26.3b continues to be outstanding standard exposure, while the rest has been either recovered, sold to ARC or classified as NPL.
- The board has approved capital raising of USD1b in one or more tranches, and has re-appointed Mr Rana Kapoor as MD & CEO for a period of three years, subject to shareholders approval at the upcoming AGM on 12 June.
- **Valuation & view:** We believe that while YES is likely to maintain industry-leading growth, continued strength in asset quality and consistency in operating metrics are critical for sustained re-rating of the stock. Driven by strong balance sheet growth, CET-1 ratio declined to 9.7%, and the bank guided to raise equity capital towards end of FY19. We estimate earnings CAGR of 32% over FY18-20E, and revise our PT to INR444 (2.9x Mar-20E ABV). Maintain **Buy**.

Quarterly Performance (INR m)

	FY17				FY18E				FY17	FY18E	4QFY18E	V/S our
	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4Q				Est
Net Interest Income	12,516	14,122	14,893	16,397	18,089	18,851	18,888	21,542	57,973	77,371	20,647	4.3
% Change (Y-o-Y)	18.1	27.4	28.7	32.1	44.5	33.5	26.8	31.4	26.9	33.5	25.9	5.5
Other Income	9,655	9,219	10,165	12,574	11,322	12,484	14,223	14,210	41,568	52,238	14,804	-4.0
Total Income	22,171	23,340	25,059	28,971	29,411	31,335	33,111	35,752	99,541	1,29,609	35,451	0.8
Operating Expenses	9,103	9,481	10,520	12,061	12,369	12,269	13,093	14,398	41,165	52,128	14,328	0.5
Operating Profit	13,068	13,860	14,538	16,910	17,042	19,067	20,018	21,354	58,375	77,481	21,123	1.1
% Change (Y-o-Y)	43.9	36.0	26.5	38.0	30.4	37.6	37.7	26.3	35.7	32.7	24.9	1.4
Provisions	2,066	1,617	1,154	3,097	2,858	4,471	4,213	3,996	7,934	15,538	4,688	-14.8
Profit before Tax	11,001	12,243	13,384	13,813	14,184	14,596	15,805	17,358	50,441	61,943	16,434	5.6
Tax	3,683	4,228	4,558	4,671	4,529	4,569	5,036	5,564	17,140	19,698	5,261	5.8
Net Profit	7,318	8,015	8,826	9,141	9,655	10,027	10,769	11,794	33,301	42,246	11,174	5.6
% Change (Y-o-Y)	32.8	31.3	30.6	30.2	31.9	25.1	22.0	29.0	31.1	26.9	22.2	6.8
Operating Parameters												
Deposit Growth (%)	28.6	28.9	30.5	27.9	22.6	23.4	29.7	40.5	27.9	40.5	32.5	8.0
Loan Growth (%)	33.0	37.7	38.8	34.7	32.1	34.9	46.5	53.9	34.7	53.9	38.5	15.4
Deposit (INR b)	1,226	1,280	1,324	1,429	1,502	1,580	1,717	2,007	1,429	2,007	1,893	0.1
Loan (INR b)	1,059	1,102	1,171	1,323	1,400	1,487	1,715	2,035	1,323	2,035	1,832	0.1
Asset Quality												
Gross NPA (INR B)	8.4	9.2	10.1	20.2	13.6	27.2	29.7	26.3	20.2	26.3	31.4	-0.2
Gross NPA (%)	0.8	0.8	0.9	1.5	1.0	1.8	1.7	1.3	1.5	1.3	1.7	-0.4
Net NPA (INR B)	3.0	3.2	3.4	10.7	5.5	15.4	16.0	13.1	10.7	13.1	17.0	-0.2
Net NPA (%)	0.3	0.3	0.3	0.8	0.4	1.0	0.9	0.6	0.8	0.6	0.9	-0.3
PCR (%)	64.2	64.8	66.0	46.9	60.0	43.3	46.4	50.0	46.9	50.0	46.0	4.0

Research Analyst: Nitin Aggarwal (Nitin.Aggarwal@MotilalOswal.com); +91 22 3982 5540 | **Anirvan Sarkar** (Anirvan.Sarkar@MotilalOswal.com); +91 22 3982 5505
Alpesh Mehta (Alpesh.Mehta@MotilalOswal.com); +91 22 3982 5415 | **Parth Gutka** (Parth.Gutka@motilaloswal.com); +91 22 3010 2746

Exhibit 1: Quarterly Snapshot

	FY16				FY17				FY18				Change (%)	
(INR m)	**1Q**	**2Q**	**3Q**	**4Q**	**1Q**	**2Q**	**3Q**	**4Q**	**1Q**	**2Q**	**3Q**	**4Q**	**YoY**	**QoQ**
Net Interest Income	**10,598**	**11,085**	**11,569**	**12,414**	**12,516**	**14,122**	**14,893**	**16,397**	**18,089**	**18,851**	**18,888**	**21,542**	**31**	**14**
Other Income	**5,452**	**6,181**	**7,461**	**8,028**	**9,655**	**9,219**	**10,165**	**12,574**	**11,322**	**12,484**	**14,223**	**14,210**	**13**	**0**
Total Income	**16,050**	**17,266**	**19,030**	**20,443**	**22,171**	**23,340**	**25,059**	**28,971**	**29,411**	**31,335**	**33,111**	**35,752**	**23**	**8**
Operating Expenses	**6,967**	**7,074**	**7,534**	**8,188**	**9,103**	**9,481**	**10,520**	**12,061**	**12,369**	**12,269**	**13,093**	**14,398**	**19**	**10**
Employee	2,885	3,128	3,426	3,528	4,074	4,334	4,675	4,968	5,461	5,628	5,334	5,467	10	2
Others	4,082	3,947	4,108	4,659	5,030	5,147	5,846	7,093	6,908	6,641	7,759	8,931	26	15
Operating Profits	**9,083**	**10,191**	**11,496**	**12,255**	**13,068**	**13,860**	**14,538**	**16,910**	**17,042**	**19,067**	**20,018**	**21,354**	**26**	**7**
Core Operating Profits	**7,841**	**8,668**	**10,471**	**11,092**	**11,045**	**10,868**	**11,461**	**14,586**	**13,821**	**15,549**	**17,590**	**19,573**	**34**	**11**
Provisions	980	1,039	1,479	1,865	2,066	1,617	1,154	3,097	2,858	4,471	4,213	3,996	29	-5
PBT	**8,103**	**9,152**	**10,016**	**10,390**	**11,001**	**12,243**	**13,384**	**13,813**	**14,184**	**14,596**	**15,805**	**17,358**	**26**	**10**
Taxes	2,591	3,048	3,260	3,369	3,683	4,228	4,558	4,671	4,529	4,569	5,036	5,564	19	10
PAT	**5,512**	**6,104**	**6,757**	**7,021**	**7,318**	**8,015**	**8,826**	**9,141**	**9,655**	**10,027**	**10,769**	**11,794**	**29**	**10**
Balance Sheet (INR B)														
Loans	**797**	**800**	**844**	**982**	**1,059**	**1,102**	**1,171**	**1,323**	**1,400**	**1,487**	**1,715**	**2,035**	**54**	**19**
Investments	422	439	456	488	461	496	497	500	521	539	612	684	37	12
Deposits	**953**	**993**	**1,014**	**1,117**	**1,226**	**1,280**	**1,324**	**1,429**	**1,502**	**1,580**	**1,717**	**2,007**	**41**	**17**
CASA Deposits	223	253	270	313	363	388	441	519	552	587	653	732	41	12
Borrowings	253	238	267	317	319	346	369	386	383	448	563	749	94	33
Total Assets	**1,390**	**1,448**	**1,478**	**1,653**	**1,772**	**1,873**	**1,948**	**2,151**	**2,221**	**2,374**	**2,637**	**3,124**	**45**	**18**
Risk Weighted Assets	**1,127**	**1,171**	**1,211**	**1,329**	**1,443**	**1,546**	**1,590**	**1,863**	**1,852**	**2,000**	**2,237**	**2,553**	**37**	**14**
Asset Quality														
GNPA	3,683	4,914	5,586	7,490	8,446	9,167	10,059	20,186	13,644	27,203	29,743	26,268	30	-12
NNPA	1,067	1,586	1,872	2,845	3,024	3,230	3,425	10,723	5,453	15,433	15,951	13,128	22	-18
Loan Mix (%, Non PSL)														
Corporate Banking	68.0	68.2	67.2	65.1	67.5	67.9	68.9	67.7	68.1	67.4	67.7	67.9	20	20
Retail & Business Banking	32.0	31.8	32.8	34.9	32.5	32.1	31.1	32.3	31.9	32.6	32.3	32.1	-20	-20
- Medium Enterprises	14.1	13.3	12.7	11.1	11.0	10.7	10.7	10.5	9.9	9.9	9.9	9.7	-80	-20
Other Details														
Branches	662	700	750	860	900	950	964	1,000	1,020	1,040	1,050	1,100	100	50
Employees	11,543	12,700	13,477	15,000	16,421	18,531	19,400	20,125	20,851	20,932	19,276	18,238	-1,887	-1,038
Ratios (%)	**FY16**				**FY17**				**FY18**				**Change (bp)**	
Asset quality ratios	**1Q**	**2Q**	**3Q**	**4Q**	**1Q**	**2Q**	**3Q**	**4Q**	**1Q**	**2Q**	**3Q**	**4Q**	**YoY**	**QoQ**
GNPA (%)	0.5	0.6	0.7	0.8	0.8	0.8	0.9	1.5	1.0	1.8	1.7	1.3	-24	-44
NNPA (%)	0.1	0.2	0.2	0.3	0.3	0.3	0.3	0.8	0.4	1.0	0.9	0.6	-17	-29
PCR (Calculated, %)	71	68	66	62	64	65	66	47	60	43	46	50	315	365
Business ratios														
CASA (Reported)	23.4	25.5	26.6	28.1	29.6	30.3	33.3	36.3	36.8	37.2	38.0	36.5	20	-150
Loan/Deposit	83.6	80.5	83.2	87.9	86.4	86.1	88.5	92.6	93.2	94.1	99.9	101.4	882	152
Non Int. to Total Income	34.0	35.8	39.2	39.3	43.5	39.5	40.6	43.4	38.5	39.8	43.0	39.7	-366	-321
Cost to Income	43.4	41.0	39.6	40.1	41.1	40.6	42.0	41.6	42.1	39.2	39.5	40.3	-136	73
Tax Rate	32.0	33.3	32.5	32.4	33.5	34.5	34.1	33.8	31.9	31.3	31.9	32.1	-177	19
Profitability ratios														
RoA	1.6	1.7	1.8	1.8	1.7	1.8	1.8	1.8	1.8	1.7	1.7	1.6	-20	-10
RoE	18.4	19.4	20.5	21.1	20.7	21.4	22.3	21.8	17.4	17.5	18.0	18.8	-300	80
Yield on loans	11.9	11.6	11.5	11.2	11.1	10.9	10.9	10.7	10.4	10.2	9.8	9.9	-80	10
Yield On Investments	8.0	7.9	7.9	7.7	8.1	7.8	7.8	7.6	7.1	7.0	7.6	7.3	-27	-35
Yield on funds	10.8	11.0	10.6	10.2	10.2	10.4	10.3	10.0	9.9	9.7	9.3	9.1	-86	-21
Cost of funds	7.6	7.3	7.1	7.0	7.0	6.8	6.6	6.3	6.2	6.2	6.0	6.0	-30	0
Margins	3.3	3.3	3.4	3.4	3.4	3.4	3.5	3.6	3.7	3.7	3.5	3.4	-20	-10

Source: MOSL, Company

Exhibit 2: Actuals v/s Estimates – lower credit costs drive PAT beat

Y/E MARCH (INR m)	4QFY18A	4QFY18E	Var. (%)	Comments
Net Interest Income	**21,542**	**20,647**	**4**	**NII beat on account of better than expected loan growth**
% Change (Y-o-Y)	31	26		
Other Income	14,210	14,804	-4	Other income growth miss was driven by weak treasury gains
Total Income	**35,752**	**35,451**	**1**	
Operating Expenses	14,398	14,328	0	
Operating Profit	**21,354**	**21,123**	**1**	
% Change (Y-o-Y)	26	25		
Provisions	3,996	4,688	-15	Provisions stood lower than expected on improved asset quality
Profit before Tax	**17,358**	**16,434**	**6**	
Tax Provisions	5,564	5,261	6	
Net Profit	**11,794**	**11,174**	**6**	**PAT beat on account of lower provisions**
% Change (Y-o-Y)	29	22		

Source: Company, MOSL

Asset quality improves QoQ, with decrease in overall net stressed loans

Net stressed loans at 1.73% of advances; down 68bp QoQ

- The bank reported gross slippage of INR3.8b (1.1% annualized), including INR2.9b from corporate book, INR0.6b from retail/SME and INR0.3b from a failed SDR account. Absolute GNPA/NNPA declined 11.7%/17.7% QoQ to INR26.3b/13.1b with 360bp QoQ increase in PCR to 50%. In % terms GNPA/NNPA stood at 1.28%/0.64% (-44bp/-29bp QoQ). The bank plans to raise PCR to 60% by 2QFY19
- Standard restructured portfolio was flat sequentially at INR910m (16bp of loans) from INR903b in 3QFY18, while SDR portfolio declined to 0 from INR3.62b in 3Q. During the quarter YES sold 2 NPA accounts to an ARC (loan amount INR5.9b, SR amount INR1.8b), taking the SR book to INR18.85b (0.92% of advances) compared to INR18.3b (1.07% of advances) in 3QFY18. The bank redeemed INR552m from SRs in 4QFY18. Standard S4A exposure decreased to INR1.39b from INR1.54b in 3QFY18.
- The bank has a funded exposure of INR3.19b to 2 accounts within the 1st list of stressed accounts shared by the RBI and carries 50% PCR on them. The bank has a total exposure of INR6.5b (INR5.7b funded) to the 2nd list of NCLT accounts with a PCR of 43% on the same.
- Total net stressed loans (NNPA, OSRL, SDR, S4A, SR, 5:25) stood at 1.73%, down from 2.41% in 3Q.
- The bank did not witness any slippage from its restructured book on account of revised stressed asset guidelines. The bank has also reviewed its large ticket loan portfolio and has reported a single exposure of INR2.8b which could be referred to the NCLT due to delay in implementation of resolution plan.

CASA ratio declines slightly; retail deposits comprise 57.2% of total deposits

Strong CASA mobilization; CASA deposits grew 41% YoY

- CASA deposits continued strong traction with 12%/41% QoQ/YoY growth (off a high base of 4QFY17), led by 51% YoY growth in CA. However, sequentially, CASA growth trailed total deposits growth of 17% QoQ, leading to slight decline in CASA ratio to 36.5% from 38% in 3QFY18
- We expect continued traction on CASA deposits as the branches opened in the past 2-3 quarters ramp up to scale.
- While management efforts in building a granular liability book is visible, the quarter saw higher growth of bulky deposits with a slight decline in total retail deposits share to 57.2%, from 60.9% in 3Q.

Stellar loan growth; NIM shrunk QoQ to 3.4% driven by higher borrowings and slight decline in CASA ratio

- During the quarter the bank witnessed a 10bp QoQ decline in NIM to 3.4% with slight compression in spreads as the funding mix moved in favor of borrowings owing to the bank raising AT1 and T2 bonds amounting to INR69.0b.
- Loan book grew 54% YoY and 19% QoQ to INR2.04t driven by 54% YoY (+19.0% QoQ) growth in corporate and institutional book, while retail and business banking also registered robust growth of 18%/53% QoQ/YoY. Growth in retail and business banking was led by 23%/98% QoQ/YoY growth in consumer banking (12.2% of total loan book, up from 11.8% in 3Q)

Other highlights

- Cost to core income ratio improved to 42.4% (-30bp/-290bp QoQ/YoY) as opex growth at 19% YoY trailed core income growth at 27.5%, driven by the bank's digitization efforts
- During the quarter, YES added 50 branches increasing the branch network to 1,100.

4QFY18 conference call highlights

CONFERENCE CALL

Asset quality

- Overall sensitive sector exposure has come down to 7.1% (iron and steel is 2%; Telecom is 2.3% v/s 3.9% a quarter ago).
- The bank guided that ~30-40% of SRs will be recovered in next 15 months.
- One standard account of INR4.21b was sold to an ARC.
- Repayment on RBI divergence account has been due to change in management. In other cases, repayment has been due to improvement in operational cash flows.

P/L related

- Provision breakup: INR880m Provision for ARC; balance for NPA.
- NIM would be under pressure to increase the RWAs ; to break into large corporates which creates opportunity for cross sell (~30-40bps incremental improvements in NIM from potential SA).
- Reducing the cost of PSL buyout by building in-house PSL book.

Balance-sheet related

- Slippages INR3.8b, out of which INR2.9b was due to corporate slippage; INR600m was from retail and small enterprise and ~INR300m was due to failed SDR.
- **Security Receipts:** Portfolio came down in spite of 2 NPAs sold during the quarter; Recovery of 552m during the quarter from SR. Expects minimum 30-40% recovery from SRs.
- Net stressed loans as of 4QFY18 at 1.73% of total advances (Dec 17 : 2.41% of the advances)
- Exposure in absolute amount is down from INR41.5b to INR35.4b in Mar'18.
- IBU: Total asset book INR2.8b and funded loan book INR2.2b, specifically given to subsidiaries of Indian companies, and prime NRI houses that have assets and businesses in India.
- 67.9% of the corporate portfolio : 80% of this is better rated : AAA rated 23.2%, AA rated 13.2%, A rated 42.9% and below investment grade 2.2%.

Business updates

- The bank is adding ~10m SA customers every month, which is helping with cross-sell of other products. YES Securities is also helping them cross-sell.

Reiterate Buy with a revised target price of INR444 (2.9x Mar 20 ABV)

Valuation and view

- With the continued investment in franchise, people and processes, YES is well positioned to leverage on to the opportunity that Indian economy presents. The bank has maintained strong operating metrics while achieving industry leading balance sheet growth. Branch network has increased to 1,100 v/s 430 in FY13.
- Comfortable liquidity, low inflation and bulk deposit rate is a significant positive for YES from NIMs (higher short term liabilities) and bond gains perspective Further bank has room to reduce savings deposits rate leading to stability over margins. Stable/improving NIM and traction in fees will keep core PPP/ earnings CAGR strong at ~34%/32% over FY18/20E despite strong investments in building liability franchise.
- With an incremental market share of 4%+, aggressive roll-out of retail/SME products and strong corporate relationships, YES is expected to register loan CAGR (FY17-20) of 30% – at least 2x of system loan growth.
- YES has a well-laid strategy for growing small business loans (most of which qualify as priority sector loans) and cross-selling to acquired customers which would help granular retail fees growth. On balance-sheet front, initial focus of the bank will be on growing the liability side first and as customer relationships age, focus would be on cross-selling its retail assets. The bank has been expanding its branch network at an increasing pace.
- The stock trades at 2.3x FY20E ABV and 11x FY20E EPS. Reiterate Buy with a target price of INR444 (2.9x FY20E ABV) – compared to our earlier TP of INR410 based on 2.7x FY20E ABV in view of receding asset quality overhang and improved visibility of growth and profitability.

Exhibit 3: We increase our earnings estimates on strong loan growth and improved asset quality

INR B	Old Est.		New Est.		% Change	
	FY19	FY20	FY19	FY20	FY19	FY20
Net Interest Income	99.3	125.1	103.1	130.2	3.9	4.1
Other Income	67.6	86.6	67.9	86.9	0.4	0.4
Total Income	**166.9**	**211.6**	**171.1**	**217.1**	**2.5**	**2.6**
Operating Expenses	66.0	83.4	67.5	81.0	2.2	-2.8
Operating Profits	**100.9**	**128.2**	**103.6**	**136.1**	**2.7**	**6.1**
Provisions	21.1	25.4	21.4	27.4	1.2	7.5
PBT	**79.7**	**102.8**	**82.2**	**108.7**	**3.1**	**5.8**
Tax	26.3	33.9	26.3	34.8	0.0	2.6
PAT	**53.4**	**68.9**	**55.9**	**73.9**	**4.6**	**7.4**
Loans	2,381	3,012	2,676	3,421	12.4	13.5
Deposits	2,461	3,150	2,682	3,444	9.0	9.3
Margins (%)	3.49	3.50	3.25	3.28		
Credit Cost (%)	0.90	0.85	0.80	0.80		
RoA (%)	**1.70**	**1.74**	**1.56**	**1.61**		
RoE (%)	**19.1**	**20.8**	**19.9**	**21.9**		
EPS	23.4	30.2	24.3	32.1	3.7	6.4
BV	132.4	158.2	132.6	160.4	0.2	1.3
ABV	127.5	153.0	127.5	153.7	0.0	0.4

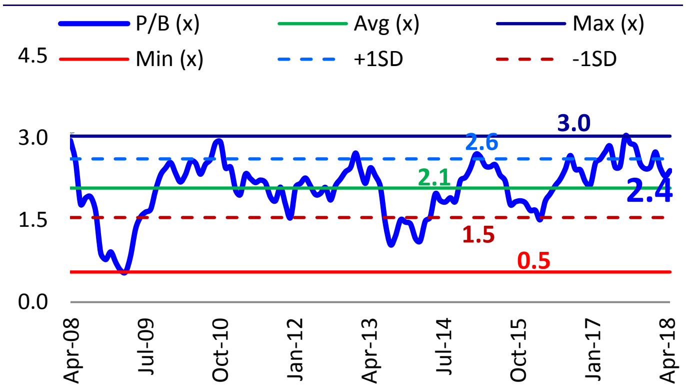
Source: MOSL, Company

Exhibit 4: DuPont: Return ratios to improve driven by strong core operating performance (%)

Y/E March	FY13	FY14	FY15	FY16	FY17	FY18E	FY19E	FY20E
Interest Income	9.6	9.6	9.4	9.0	8.6	7.7	8.0	8.0
Interest Expense	7.0	7.0	6.6	5.9	5.6	4.8	5.2	5.2
Net Interest Income	**2.57**	**2.61**	**2.85**	**3.03**	**3.05**	**2.93**	**2.87**	**2.84**
Core Fee Income	1.28	1.49	1.55	1.63	1.81	1.75	1.70	1.71
Trading and others	0.18	0.16	0.12	0.17	0.37	0.23	0.19	0.18
Non Interest income	**1.46**	**1.65**	**1.67**	**1.80**	**2.19**	**1.98**	**1.89**	**1.89**
Total Income	**4.03**	**4.26**	**4.51**	**4.83**	**5.23**	**4.91**	**4.76**	**4.73**
Operating Expenses	**1.55**	**1.68**	**1.86**	**1.97**	**2.16**	**2.39**	**2.12**	**2.02**
Employee cost	0.76	0.75	0.80	0.86	0.95	0.83	0.73	0.68
Others	0.79	0.93	1.06	1.11	1.22	1.56	1.39	1.34
Operating Profits	**2.48**	**2.58**	**2.65**	**2.85**	**3.07**	**2.52**	**2.64**	**2.71**
Core operating Profits	2.30	2.42	2.53	2.68	2.70	2.29	2.46	2.53
Provisions	**0.25**	**0.35**	**0.28**	**0.36**	**0.42**	**0.59**	**0.60**	**0.60**
NPA	0.17	0.13	0.11	0.33	0.35	0.34	0.35	0.40
Others	0.08	0.22	0.17	0.03	0.07	0.25	0.25	0.19
PBT	**2.23**	**2.24**	**2.37**	**2.50**	**2.65**	**1.93**	**2.05**	**2.11**
Tax	0.72	0.68	0.74	0.81	0.90	0.75	0.73	0.76
RoA	**1.51**	**1.55**	**1.64**	**1.68**	**1.75**	**1.60**	**1.56**	**1.61**
Leverage (x)	16.5	16.1	13.0	11.8	10.8	11.2	12.8	13.6
RoE	**24.8**	**25.0**	**21.3**	**19.9**	**18.9**	**17.9**	**19.9**	**21.9**

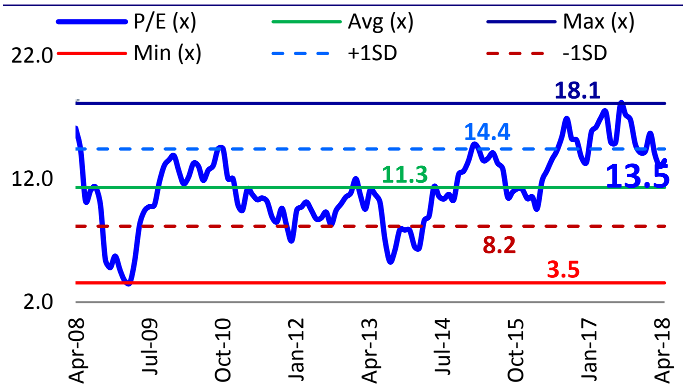
Source: MOSL, Company

Exhibit 5: One year forward P/B



Source: Company, MOSL

Exhibit 6: One year forward P/E



Source: Company, MOSL

Story in charts

Exhibit 7: Strong loan growth (+19% QoQ, +54% YoY)

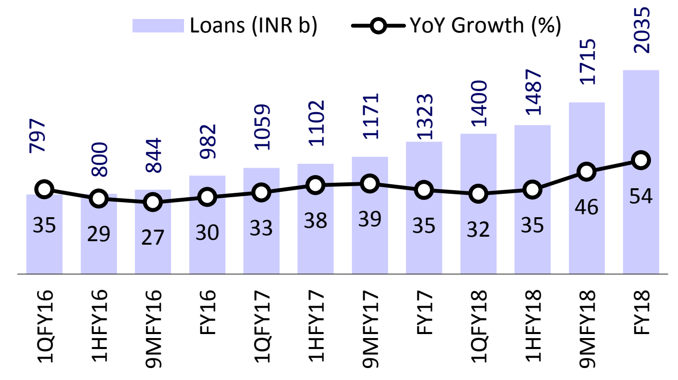


Exhibit 8: Retail/business banking loans forms 32.1% of total

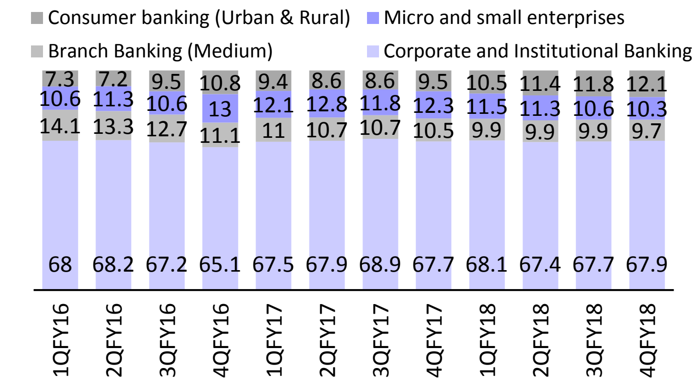


Exhibit 9: Strong deposits growth continues led by…

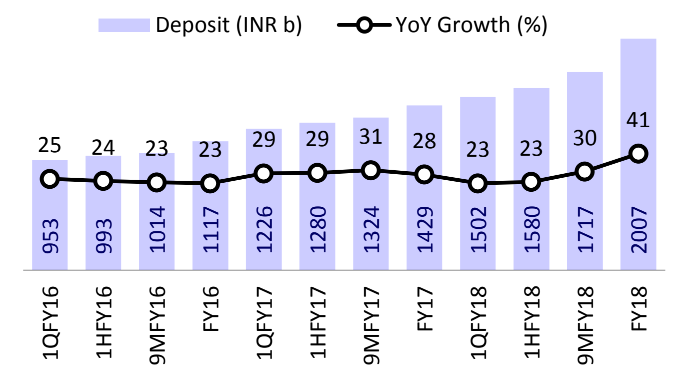


Exhibit 10: …strong traction in CASA deposits (+41% YoY growth)

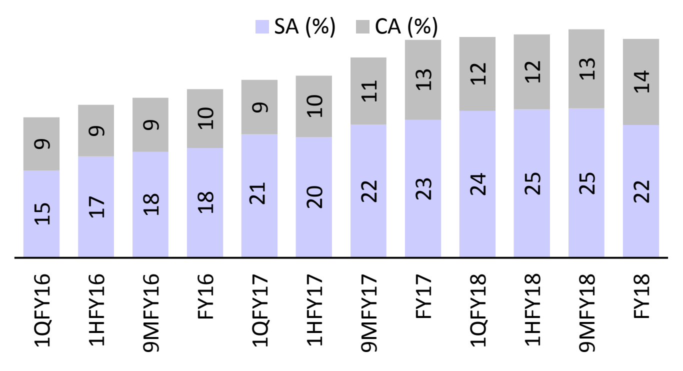


Exhibit 11: Reported NIM down 10bp QoQ

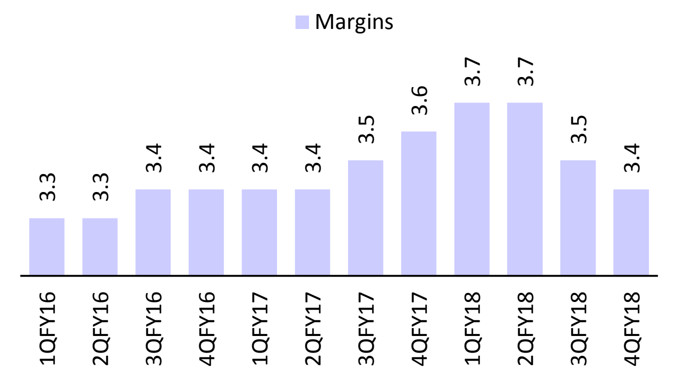


Exhibit 12: Cost-to-income ratio came in at 40.3%

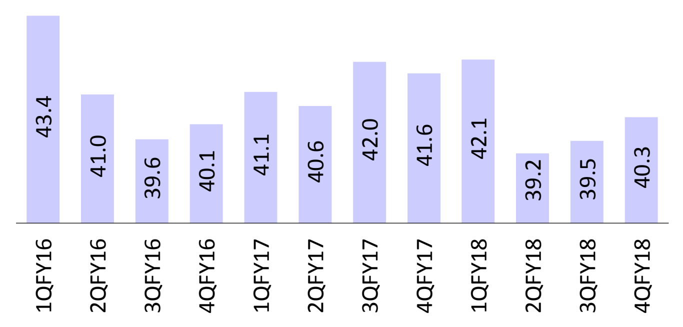
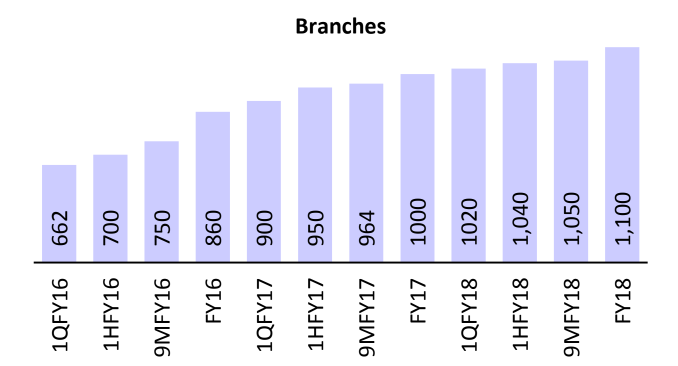
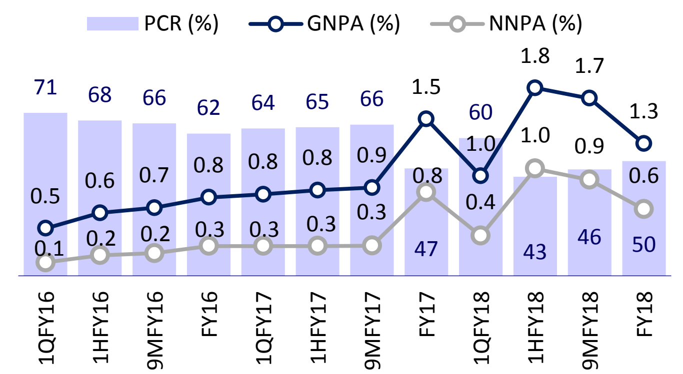


Exhibit 13: YES added 50 branches during the quarter



Source: Company, MOSL

Exhibit 14: GNPA improves 44bp sequentially



Source: Company, MOSL

Exhibit 15: Valuation metrics

Val summary	Rating	Mkt. Cap (INRb)	CMP (INR)	TP (INR)	Upside (%)	ABV (INR)		RoA (%)		RoE (%)		P/E (x)		P/BV (x)		P/ABV (x)	
						FY19E	FY20E	FY19E	FY20E	FY19E	FY20E	FY19E	FY20E	FY19E	FY20E	FY19E	FY20E
Private Banks																	
ICICIBC*	Buy	1,789	279	370	33	136	157	1.29	1.59	11.1	14.3	9.7	6.9	1.0	0.9	1.3	1.1
HDFCB	Buy	4,975	1,930	2,400	24	500	571	1.8	1.8	16.9	16.7	24.4	20.4	3.7	3.2	3.9	3.4
AXSB	Buy	1,281	495	650	31	265	301	0.8	1.3	9.0	14.3	20.0	11.2	1.7	1.5	1.9	1.6
KMB*	Buy	2,223	1,184	1,302	10	278	330	1.8	1.8	13.5	14.9	28.5	21.9	4.1	3.5	4.3	3.6
YES	Buy	742	352	382	9	128	153	1.7	1.7	19.1	20.8	15.0	11.7	2.7	2.2	2.8	2.3
IIB	Buy	1,110	1,879	2,150	14	449	577	2.2	2.3	20.6	20.6	21.5	17.6	4.1	3.2	4.2	3.3
IDFCB	Neutral	161	47	65	38	44	46	0.8	0.9	6.9	7.8	14.6	12.3	1.0	0.9	1.1	1.0
FB	Buy	186	97	124	28	62	69	0.9	0.9	10.2	11.7	14.3	11.4	1.4	1.3	1.6	1.4
DCBB	Neutral	59	195	175	-10	89	99	0.9	0.9	11.1	11.7	20.0	17.0	2.1	1.9	2.2	2.0
JKBK	Buy	32	57	100	77	85	97	0.6	0.7	9.9	12.9	5.6	3.9	0.5	0.5	0.7	0.6
SIB	Buy	47	26	38	46	26	31	0.9	1.0	13.7	15.7	6.3	4.9	0.9	0.7	1.0	0.8
EQUITAS	Buy	49	151	185	23	70	78	1.7	1.9	10.0	13.6	21.4	14.1	2.0	1.8	2.2	1.9
RBK	Buy	216	520	628	21	169	193	1.3	1.3	13.2	15.8	23.9	17.7	3.0	2.6	3.1	2.7
PSU Banks																	
SBIN*	Buy	2,124	233	362	55	163	198	0.3	0.7	5.7	12.5	7.0	3.9	0.5	0.4	0.8	0.7
PNB	Buy	255	91	160	76	112	137	0.0	0.4	0.0	7.7	NA	6.3	0.5	0.5	0.8	0.7
BOI	Neutral	195	98	112	14	132	174	0.2	0.3	3.0	5.5	15.6	8.1	0.5	0.5	0.7	0.6
BOB	Buy	362	137	185	35	121	141	0.3	0.5	5.0	8.4	15.4	8.8	0.8	0.8	1.1	1.0
CBK	Neutral	185	254	280	10	314	403	0.2	0.6	4.1	10.8	11.6	4.1	0.5	0.5	0.8	0.6
UNBK	Neutral	109	91	104	15	143	160	0.2	0.4	3.4	7.0	12.0	5.3	0.4	0.4	0.6	0.6
INBK	Buy	147	313	371	18	314	351	0.7	0.7	12.3	12.7	7.5	6.6	0.9	0.8	1.0	0.9

(UR)=Under Review, (*) Multiples adj. for value of key ventures/Investments; For ICICIBC, SBIN and KMB ABV is adjusted for investment in subsidiaries

Source: MOSL, Company

Financials and valuations

Income Statement								(INRm)
Y/E March	**2013**	**2014**	**2015**	**2016**	**2017**	**2018**	**2019E**	**2020E**
Interest Income	82,940	99,814	1,15,720	1,35,334	1,64,246	2,02,674	2,88,357	3,69,234
Interest Expense	60,752	72,651	80,842	89,667	1,06,273	1,25,304	1,85,213	2,39,045
Net Interest Income	**22,188**	**27,163**	**34,878**	**45,667**	**57,973**	**77,371**	**1,03,143**	**1,30,189**
Growth (%)	37.3	22.4	28.4	30.9	26.9	33.5	33.3	26.2
Non Interest Income	12,574	17,216	20,465	27,121	41,568	52,238	67,910	86,925
Total Income	**34,762**	**44,378**	**55,343**	**72,789**	**99,541**	**1,29,609**	**1,71,053**	**2,17,114**
Growth (%)	40.6	27.7	24.7	31.5	36.8	30.2	32.0	26.9
Operating Expenses	13,345	17,499	22,847	29,764	41,165	52,128	67,457	81,048
Pre Provision Profits	**21,417**	**26,880**	**32,496**	**43,025**	**58,375**	**77,481**	**1,03,597**	**1,36,066**
Growth (%)	39.1	25.5	20.9	32.4	35.7	32.7	33.7	31.3
Core PPP	**19,860**	**25,218**	**31,075**	**40,419**	**51,263**	**71,435**	**96,946**	**1,27,753**
Growth (%)	32.2	27.0	23.2	30.1	26.8	39.4	35.7	31.8
Provisions (excl tax)	2,160	3,617	3,395	5,363	7,934	15,538	21,398	27,357
PBT	**19,257**	**23,263**	**29,101**	**37,662**	**50,441**	**61,943**	**82,198**	**1,08,708**
Tax	6,251	7,085	9,047	12,268	17,140	19,698	26,304	34,787
Tax Rate (%)	32.5	30.5	31.1	32.6	34.0	31.8	32.0	32.0
PAT	**13,007**	**16,178**	**20,054**	**25,394**	**33,301**	**42,246**	**55,895**	**73,921**
Growth (%)	33.1	24.4	24.0	26.6	31.1	26.9	32.3	32.3

Balance Sheet

Y/E March	**2013**	**2014**	**2015**	**2016**	**2017**	**2018**	**2019E**	**2020E**
Equity Share Capital	3,586	3,606	4,177	4,205	4,565	4,606	4,606	4,606
Reserves & Surplus	54,490	67,611	1,12,622	1,33,661	2,09,383	2,52,977	3,00,763	3,64,706
Net Worth	**58,077**	**71,217**	**1,16,800**	**1,37,866**	**2,13,947**	**2,57,583**	**3,05,369**	**3,69,311**
Deposits	**6,69,556**	**7,41,920**	**9,11,758**	**11,17,195**	**14,28,739**	**20,07,382**	**26,81,862**	**34,43,510**
Growth (%)	36.2	10.8	22.9	22.5	27.9	40.5	33.6	28.4
of which CASA Dep	**1,26,875**	**1,63,447**	**2,10,790**	**3,13,428**	**5,18,697**	**7,31,762**	**10,27,153**	**13,84,291**
Growth (%)	71.6	28.8	29.0	48.7	65.5	41.1	40.4	34.8
Borrowings	2,09,221	2,13,143	2,62,204	3,16,590	3,86,067	7,48,936	9,39,608	11,36,497
Other Liabilities & Prov.	54,187	63,877	70,942	80,983	1,21,846	1,10,556	1,34,878	1,64,551
Total Liabilities	**9,91,041**	**10,90,158**	**13,61,704**	**16,52,634**	**21,50,599**	**31,24,456**	**40,61,716**	**51,13,870**
Current Assets	40,658	58,917	75,572	82,184	1,95,494	2,47,344	2,06,424	2,61,060
Investments	**4,29,760**	**4,09,503**	**4,32,285**	**4,88,385**	**5,00,318**	**6,83,989**	**7,81,383**	**9,50,443**
Growth (%)	54.8	-4.7	5.6	13.0	2.4	36.7	14.2	21.6
Loans	**4,69,996**	**5,56,330**	**7,55,498**	**9,82,099**	**13,22,627**	**20,35,339**	**26,76,470**	**34,20,529**
Growth (%)	23.7	18.4	35.8	30.0	34.7	53.9	31.5	27.8
Fixed Assets	2,295	2,935	3,190	4,707	6,835	8,324	10,488	13,110
Other Assets	48,332	62,473	95,160	95,259	1,25,325	1,49,460	3,86,951	4,68,728
Total Assets	**9,91,041**	**10,90,158**	**13,61,704**	**16,52,634**	**21,50,599**	**31,24,456**	**40,61,716**	**51,13,870**

Asset Quality

GNPA (INR m)	943	1,749	3,134	7,490	20,186	26,268	38,236	51,101
NNPA (INR m)	70	261	877	2,845	10,723	13,128	15,646	20,658
GNPA Ratio	0.20	0.31	0.41	0.76	1.52	1.29	1.43	1.49
NNPA Ratio	0.01	0.05	0.12	0.29	0.81	0.64	0.58	0.60
Slippage Ratio	0.64	0.85	0.70	1.21	2.68	1.80	1.40	1.30
Credit Cost	0.34	0.26	0.20	0.57	0.58	0.95	0.80	0.80
PCR (Excl Tech. write off)	92.6	85.1	72.0	62.0	46.9	50.0	59.1	59.6

E: MOSL Estimates

Financials and valuations

Ratios

Y/E March	2013	2014	2015	2016	2017	2018	2019E	2020E
Yield and Cost Ratios (%)								
Avg. Yield-Earning Assets	**10.5**	**10.6**	**10.6**	**10.0**	**9.5**	**8.1**	**8.7**	**8.9**
Avg. Yield on loans	12.7	12.7	12.2	11.2	10.6	**9.9**	10.0	10.1
Avg. Yield on Investments	8.1	8.1	8.0	7.6	7.7	**7.1**	7.1	7.0
Avg. Cost-Int. Bear. Liab.	**8.0**	**7.9**	**7.6**	**6.9**	**6.5**	**8.1**	**8.7**	**8.9**
Avg. Cost of Deposits	7.9	8.0	7.9	7.1	6.4	**5.9**	5.9	5.8
Interest Spread	**2.5**	**2.7**	**3.0**	**3.1**	**3.0**	**2.6**	**2.9**	**3.1**
Net Interest Margin	**2.8**	**2.9**	**3.2**	**3.4**	**3.4**	**3.2**	**3.2**	**3.3**
Capitalisation Ratios (%)								
CAR	18.3	14.4	15.6	16.5	17.0	18.4	16.8	17.7
Tier I	9.5	9.8	11.5	10.7	13.3	13.2	11.9	11.2
Tier II	8.8	4.6	4.1	5.8	3.7	5.2	4.9	6.6
Business & Efficiency Ratios (%)								
Loans/Deposit Ratio	70.2	75.0	82.9	87.9	92.6	101.4	99.8	99.3
CASA Ratio	18.9	22.0	23.1	28.1	36.3	36.5	38.3	40.2
Cost/Assets	1.3	1.6	1.7	1.8	1.9	1.7	1.7	1.6
Cost/Total Income	38.4	39.4	41.3	40.9	41.4	40.2	39.4	37.3
Cost/Core Income	40.2	41.0	42.4	42.4	44.5	42.2	41.0	38.8
Int. Expense/Int.Income	73.2	72.8	69.9	66.3	64.7	61.8	64.2	64.7
Fee Income/Total Income	31.7	38.8	37.0	37.3	41.8	40.3	39.7	40.0
Non Int. Inc./Total Income	36.2	38.8	37.0	37.3	41.8	40.3	39.7	40.0
Empl. Cost/Total Expenses	49.1	44.8	42.9	43.6	43.8	42.0	38.9	38.5
Investment/Deposit Ratio	64.2	55.2	47.4	43.7	35.0	34.1	29.1	27.6
Profitability Ratios and Valuation								
RoE	24.8	25.0	21.3	19.9	18.9	17.7	19.9	21.9
RoA	1.5	1.6	1.6	1.7	1.8	1.6	1.6	1.6
RoRWA	2.2	2.2	2.2	2.1	2.1	1.7	1.7	1.8
Book Value (INR)	32.4	39.5	55.9	65.6	96.6	111.8	132.6	160.4
Growth (%)	22.2	21.9	41.6	17.3	47.4	15.8	18.6	20.9
Price-BV (x)	**10.9**	**8.9**	**6.3**	**5.4**	**3.6**	**3.1**	**2.7**	**2.2**
Adjusted BV (INR)	32.4	39.3	55.5	64.4	93.1	107.6	127.5	153.7
Price-ABV (x)	**10.9**	**9.0**	**6.3**	**5.5**	**3.8**	**3.3**	**2.8**	**2.3**
EPS (INR)	7.3	9.0	9.6	12.1	14.6	18.4	24.3	32.1
Growth (%)	31.0	23.7	7.0	25.8	20.8	26.3	31.7	32.3
Price-Earnings (x)	**48.5**	**39.2**	**36.7**	**29.1**	**24.1**	**19.1**	**14.5**	**11.0**
Dividend Per Share (INR)	1.2	1.6	1.8	2.0	2.4	1.9	3.9	4.3
Dividend Yield (%)					**0.7**	**0.6**	**1.1**	**1.2**

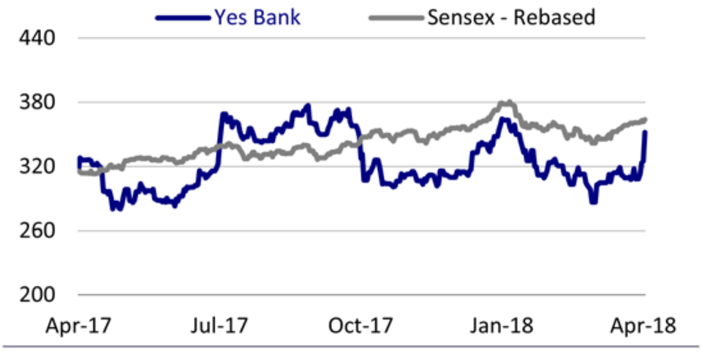
E: MOSL Estimates

Corporate profile

Company description

Yes Bank, a private bank incorporated in 2003, is promoted and led by Mr. Rana Kapoor, who is currently the MD & CEO of the bank. Yes Bank has steadily built a full-service commercial bank with Corporate, Retail and SME Banking platforms, with a comprehensive product suite. It was the first bank to offer differentiated rates on savings account following RBI's deregulation of savings account rates in October 2011. The number of branches and ATMs stood at 964 and 1,757 respectively.

Exhibit 1: Sensex rebased



Source: MOSL/Bloomberg

Exhibit 2: Shareholding pattern (%)

	Mar-18	Dec-17	Mar-17
Promoter	20.0	20.0	20.2
DII	24.8	23.8	23.3
FII	42.6	43.2	46.7
Others	12.6	12.9	9.9

Note: FII Includes depository receipts Source: Capitaline

Exhibit 3: Top holders

Holder Name	% Holding
LIFE INSURANCE CORPORATION OF INDIA ALONGWITH ITS VARIOUS SCHEMES	9.7
BIRLA SUN LIFE TRUSTEE COMPANY PRIVATE LIMITED ALONGWITH ITS VARIOUS SCHEMES	2.3
ICICI PRUDENTIAL LIFE INSURANCE COMPANY LTD	2.0
FRANKLIN TEMPELTON MUTUAL FUND ALONGWITH ITS VARIOUS SCHEMES	1.8
FRANKLIN TEMPLETON INVESTMENT FUNDS	1.5

Source: Capitaline

Exhibit 4: Top management

Name	Designation
Ashok Chawla	Part Time Chairman
Rana Kapoor	Managing Director & CEO
Shivanand R Shettigar	Company Secretary

Source: Capitaline

Exhibit 5: Directors

Name	Name
Brahm Dutt	Mukesh Sabharwal
Saurabh Srivastava	Vasant V Gujarathi
Ajai Kumar	

*Independent

Exhibit 6: Auditors

Name	Type
BSR & Co LLP	Statutory
Mehta & Mehta	Secretarial Audit
S R Batliboi & Co LLP	Statutory

Source: Capitaline

Exhibit 7: MOSL forecast v/s consensus

EPS (INR)	MOSL forecast	Consensus forecast	Variation (%)
FY18	18.4	18.1	1.9
FY19	24.3	23.2	4.8
FY20	32.1	29.7	7.9

Source: Bloomberg

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 becomes inconsistent with the investment rating legend, the Research Analyst shall within 28 days of the inconsistency, 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 Securities Ltd. (MOSL) is a SEBI Registered Research Analyst having registration no. INH000000412. MOSL, 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. MOSL is a subsidiary company of Motilal Oswal Financial Service Ltd. (MOFSL). MOFSL is a listed public company, the details in respect of which are available on www.motilaloswal.com. 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), Metropolitan Stock Exchange Of India Ltd. (MSE) for its stock broking activities & is Depository participant with Central Depository Services Limited (CDSL) & National Securities Depository Limited (NSDL) and is member of Association of Mutual Funds of India (AMFI) for distribution of financial products. Details of associate entities of Motilal Oswal Securities Limited are available on the website at http://onlinereports.motilaloswal.com/Dormant/documents/Associate%20Details.pdf

MOSL, it's associates, Research Analyst or their relative may have any financial interest in the subject company. MOSL and/or its associates and/or Research Analyst may have 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. MOSL 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 MOSL even though there might exist an inherent conflict of interest in some of the stocks mentioned in the research report. Research Analyst may have served as director/officer, etc. in the subject company in the last 12 month period. MOSL and/or its associates may have received any compensation from the subject company in the past 12 months.

In the last 12 months period ending on the last day of the month immediately preceding the date of publication of this research report, MOSL or any of its associates may have:
a) managed or co-managed public offering of securities from subject company of this research report,
b) received compensation for investment banking or merchant banking or brokerage services from subject company of this research report,
c) received compensation for products or services other than investment banking or merchant banking or brokerage services from the subject company of this research report.
d) Subject Company may have been a client of MOSL or its associates during twelve months preceding the date of distribution of the research report.

MOSL and it's associates have not received any compensation or other benefits from the subject company or third party in connection with the research report. To enhance transparency, MOSL has incorporated a Disclosure of Interest Statement in this document. This should, however, not be treated as endorsement of the views expressed in the report. MOSL 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 MOSL 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.

Terms & Conditions:

This report has been prepared by MOSL 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 MOSL. 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. MOSL will not treat recipients as customers by virtue of their receiving this report.

Analyst Certification

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

Disclosure of Interest Statement	Yes Bank
Analyst ownership of the stock	No

A graph of daily closing prices of securities is available at www.nseindia.com, www.bseindia.com. Research Analyst views on Subject Company may vary based on Fundamental research and Technical Research. Proprietary trading desk of MOSL or its associates maintains arm's length distance with Research Team as all the activities are segregated from MOSL 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 MOSL & 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 Securities Limited (MOSL) 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 MOSL 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 MOSL, 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., MOSL 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.

Disclaimer:

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 3080 1000. Compliance Officer: Neeraj Agarwal, Email Id: na@motilaloswal.com, Contact No.:022-38281085.

Registration details of group entities.: MOSL: SEBI Registration: INZ000158836 (BSE/NSE/MCX/NCDEX); CDSL: IN-DP-16-2015; NSDL: IN-DP-NSDL-152-2000; Research Analyst: INH000000412. AMFI: ARN 17397. Investment Adviser: INA000007100.IRDA Corporate Agent-CA0541. Motilal Oswal Asset Management Company Ltd. (MOAMC): PMS (Registration No.: INP000000670) offers PMS and Mutual Funds products. Motilal Oswal Wealth Management Ltd. (MOWML): PMS (Registration No.: INP000004409) offers wealth management solutions. *Motilal Oswal Securities Ltd. is a distributor of Mutual Funds, PMS, Fixed Deposit, Bond, NCDs, Insurance and IPO products. * Motilal Oswal Commodities Broker Pvt. Ltd. offers Commodities Products. * Motilal Oswal Real Estate Investment Advisors II Pvt. Ltd. offers Real Estate products. * Motilal Oswal Private Equity Investment Advisors Pvt. Ltd. offers Private Equity products