

July 28, 2021

Q1FY22 Result Update

Change in Estimates | Target | Reco

Change in Estimates

	Current		Previous	
	FY22E	FY23E	FY22E	FY23E
Rating	BUY		BUY	
Target Price	1,280		1,195	
NII (Rs. m)	1,51,090	1,74,417	1,50,072	1,71,584
% Chng.	0.7	1.7		
Op. Profit (Rs. m)	1,28,505	1,44,986	1,27,503	1,39,527
% Chng.	0.8	3.9		
EPS (Rs.)	68.3	102.1	73.1	100.1
% Chng.	(6.6)	2.0		

Key Financials - Standalone

Y/e Mar	FY21	FY22E	FY23E	FY24E
NII (Rs m)	1,35,279	1,51,090	1,74,417	2,01,758
Op. Profit (Rs m)	1,17,276	1,28,505	1,44,986	1,63,312
PAT (Rs m)	28,374	52,806	78,995	94,635
EPS (Rs.)	38.7	68.3	102.1	122.4
Gr. (%)	(39.3)	76.5	49.6	19.8
DPS (Rs.)	-	5.0	10.0	12.5
Yield (%)	-	0.5	1.0	1.3
NIM (%)	4.4	4.2	4.3	4.3
RoAE (%)	7.3	11.5	15.2	15.9
RoAA (%)	0.8	1.4	1.8	1.9
P/BV (x)	1.8	1.6	1.4	1.2
P/ABV (x)	1.8	1.6	1.4	1.2
PE (x)	25.2	14.3	9.6	8.0
CAR (%)	17.5	18.9	19.9	23.4

Key Data

INBK.BO | IIB IN

52-W High / Low	Rs.1,165 / Rs.483
Sensex / Nifty	52,579 / 15,746
Market Cap	Rs.755bn / \$ 10,141m
Shares Outstanding	774m
3M Avg. Daily Value	Rs.9780.66m

Shareholding Pattern (%)

Promoter's	16.54
Foreign	52.05
Domestic Institution	17.74
Public & Others	13.67
Promoter Pledge (Rs bn)	-

Stock Performance (%)

	1M	6M	12M
Absolute	(3.7)	19.0	92.6
Relative	(3.0)	7.3	39.0

Pritesh Bumb

priteshbumb@plindia.com | 91-22-66322232

Palak Shah

palakshah@plindia.com |

Navigating well; Undemanding valuations

Quick Pointers:

- Slippages of Rs27.6bn (4.5% of loans) were on high mainly from retail book
- SA deposit strong with Rs88.6bn of incremental accretion, highest in Q1

IIB's earnings of Rs9.75bn (PLe: Rs9.97bn) was largely in-line with NII growth of 8% YoY in line with loan growth, better fees & and a relatively elevated but flat provisions. Slippages of Rs27.6bn (4.5% of loans) were high with bulk from retail but also saw decent recovery/upgrades given the collection efficiency improving in Jun/Jul'21. Prospects of recovery/upgrades remain good but should not see before end of FY22 and slippages should be lower from H2FY22 onwards. Highlight since the lockdown has been a strong comeback on deposits led from retail taking CASA to 42% from 40% and growing by average 20% which has helped on funding cost with further room ahead. Strong PCR of +70% and 100bps of COVID related provision cushions balance sheet impact and bank has managed the pandemic quite well. We retain BUY with revised TP of Rs1,280 (from 1,195) based on 1.7x Sep-23 ABV (rolled from Mar-23).

- Operationally delivering satisfactorily:** NII growth of 8% YoY/1% QoQ was in-line/better than loan growth of 6%YoY as funding cost has been benefitting on the margin. Bank has reduced rates 50bps on both savings & TDs which should benefit ahead on better NII. Rebound in fee income mainly from Gen bking/IB have helped, while a control on opex has benefitted core PPOP with growth of 26% YoY. Although elevated provisions (350bps of loans) to maintain PCR & take write-offs has impacted earnings in near term.
- Asset quality deterioration on expected lines:** Bank reported elevated slippages of Rs27.6bn [PLe: Rs17.7bn] with 85% from consumer segment like credit cards, MFI and vehicles. Although good recovery in MFI and improved collection efficiency in various segments, slippages have seen upgrades/recoveries (50% of Q1FY22 slippages). Bank holds a 100bps of COVID contingent provisions and PCR +70%. Lending provides comfort with (i) Collections are at 99.5% in Jun'21 in MFI book which is 12% loans and (ii) Restructuring though is on higher side at 2.7% remains at manageable levels. We build in a 2.75% of slippage in FY22 and 2.4% credit cost, although asset quality ratios will remain steady with subsiding issues.
- Consolidation complete, looking headway for growth:** Bank has built in segmental granularity in retail-corporate with slower growth and selling down exposures. Granularizing book has been completed and has started seeing strong growth in certain segments like large corporate & commercial banking. Retail disbursements were down 25-35% in Q1FY22 quarter on intermittent lockdown and are improving in Q2FY22. On deposits side, CASA grew by 33% YoY/5% QoQ with ratio at 42% and further aspiring to improve towards 45%.
- Return ratios to move high post credit cost normalization:** We believe, ROEs could move to 14-15% given delta from reducing credit by 100-150bps from current levels over next two years and improvement in growth coupled with lower funding cost. Stock trades at 1.4x FY23 ABV and is at discount of 20-35% to peer banks and should see discount narrow as street under appreciating better PCR of +70% and 100bps of COVID provision with maintained pricing power.

Exhibit 1: Steady and broadly in-line performance

Financial Statement (Rs mn)	Q1FY22	Q1FY21	YoY gr. (%)	Q4FY21	QoQ gr. (%)	
<i>NII growth was decent with marginally lower cost of funding;</i>	Interest Income	75,747	71,617	5.8	74,194	2.1
	Interest Expense	40,110	38,525	4.1	38,848	3.2
	Net interest income (NII)	35,637	33,092	7.7	35,346	0.8
<i>Fee income growth was decent supported by Distn fee/Investment Banking Fee</i>	Treasury income	5,740	8,380	(31.5)	2,730	110.3
	Fee income	12,140	6,820	78.0	15,080	(19.5)
	Other income	17,811	15,192	17.2	17,801	0.1
	Total income	53,448	48,284	10.7	53,147	0.6
<i>Staff opex has been marginally higher</i>	Operating expenses	22,142	19,671	12.6	22,532	(1.7)
	-Staff expenses	6,082	5,516	10.2	5,951	2.2
	-Other expenses	16,061	14,154	13.5	16,581	(3.1)
	Operating profit	31,306	28,613	9.4	30,615	2.3
	Core operating profit	25,566	20,233	26.4	27,885	(8.3)
<i>Provisions remain elevated due to higher slippage</i>	Total provisions	18,440	22,589	(18.4)	18,657	(1.2)
	Profit before tax	12,865	6,025	113.6	11,958	7.6
	Tax	3,116	1,418	119.7	3,199	(2.6)
	Profit after tax	9,750	4,606	111.7	8,759	11.3
<i>Deposits continue to grow with strong growth in SA</i>	Deposits (Rs bn)	2,672	2,113	26.5	2,562	4.3
	Advances (Rs bn)	2,107	1,981	6.4	2,126	(0.9)
	Profitability ratios					
<i>NIMs came off marginally, further room available on lower funding cost as bank lowers rates</i>	RoAA	1.1	0.7	43	1.1	3
	RoAE	9.3	5.9	344	8.9	42
	NIM	4.1	4.3	(22)	4.1	(7)
	Yield on Advances	11.8	11.9	(10)	11.8	(3)
	Cost of Deposits	5.0	5.7	(76)	5.0	(6)
	Asset Quality ratios					
<i>Slippages remained on higher side due to retail; PCR remains near 70-75%</i>	Gross NPL (Rs m)	61,858	50,990	21.3	57,950	6.7
	Net NPL (Rs m)	17,596	17,034	3.3	14,766	19.2
	Gross NPL ratio	2.88	2.53	35.0	2.67	21.0
	Net NPL ratio	0.84	0.86	(2.0)	0.69	15.0
	Coverage ratio	71.6	66.6	496	74.5	(297)
	Business & Other Ratios					
<i>CASA ratio improves further with strong growth in savings</i>	Low-cost deposit mix	42.0	40.0	202	41.7	32
	Cost-income ratio	41.4	40.7	69	42.4	(97)
	Non int. inc / total income	33.3	31.5	186	33.5	(17)
	Credit deposit ratio	78.9	93.8	(1,490)	83.0	(412)
	CAR	17.6	15.2	240	17.4	18
	Tier-I	16.9	14.5	238	16.9	(6)

Source: Company, PL

Q1FY22 Concall Highlights

Assets/Liabilities

- Disbursements dwindled in the quarter due to second wave of Covid and induced lockdowns, however seen demand pick-up from segments of domain expertise like MFI, vehicle finance & tractors.
- Continue the strategy of granular corporate book. Bank has improved its 'A rated and above'. Fee income from this segment to be around 22%
- In other retail assets, Affordable housing and Merchant acquiring business continue to remain focus are, while other business like Credit Card shall continue to support the business requirements.
- Impact of the Mastercard issue shall not be there on the Bank.
- Deposits growth has been strong at 26% YoY majorly driven by retail deposit growth which is the key focus of Bank. CASA also continues improve but more on SA.
- Focus on Digital 2.0 initiatives with new upgraded app for individual customers, soon to be launched for SME Segment and Merchant solutions. 2/3rd of the transactions are being digitally now.

Fees/NIMs/Branches

- Fees were lower due to pandemic and generally weak quarter. Fee growth to exceed the loan growth as stated earlier.
- NIMs remained stable as cost of deposits have come down. In the quarter, the bank has reduced SA & FD rates by 50bps which help support NIM margins. NIMs to be range bound between 4.15%-4.25%

Asset Quality

- **Restructuring:** Restructuring book stood at Rs56.5bn or 2.7% of loans v/s restructuring requests of 2% of the book in Q4FY21. For the Corporate Book restructuring was Rs.11.2bn which led to major restructuring during the quarter. Restructuring for Q2 to be marginal. Not much delinquency expected from the restructured portfolio
- Slippages stood at Rs27.6bn v/s slippages of Rs38.29bn in Q4. Retail Slippages were Rs.23bn, majorly from Vehicle Finance of Rs.10.6Bn, secured retail Rs. 3.59bn, Unsecured Retail2.46bn, MFI – Rs.6.74bn. With the easing of lockdowns, substantial recovery to be seen in coming quarters.
- In Vehicle Finance collections affected by the second wave, seeing uptick since end of June'21. 25% of GNPA in VF are in bucket of 60dpd. In MFI, FY21 saw only 2.6% slippages and credit losses are lower than expected and conservatively provided 100%. Collections efficiency is stood at 89% in as of June'21. The collections remain subdued to states like West Bengal, Kerala, Karnataka & Telangana.
- **COVID provisions** – Bank has Rs20.0bn of COVID contingent provisions.

Bank's focus has been to grow in their expertise domain

Tractors continues to grow well.

Cautious approach continues on unsecured loans, focus on Affordable Housing & Merchant acquiring business through MFI.

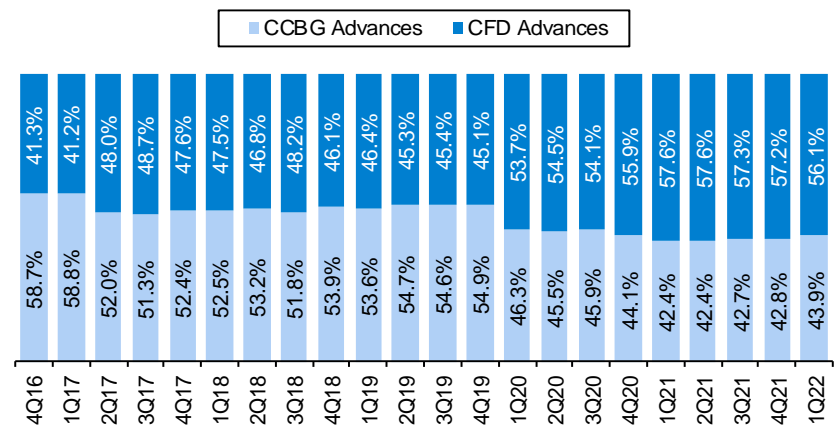
Disbursements were impacted due to Covid 2.0, now seeing revival

Focus to grow Corporate book granularly

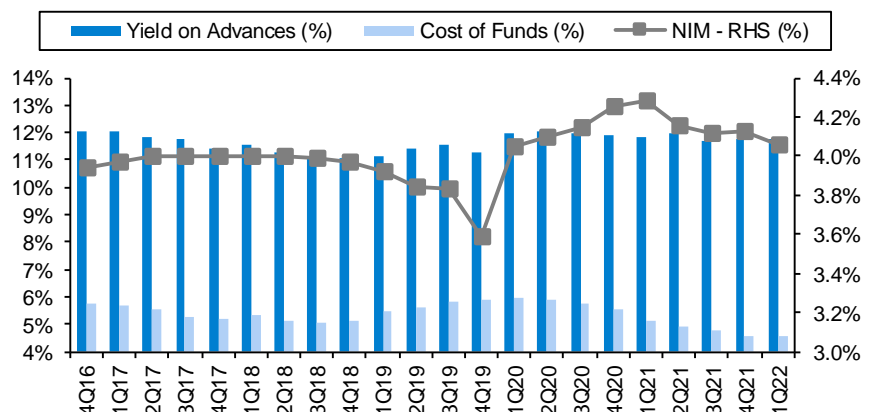
Exhibit 2: Vehicle Finance remains subdued due to Covid 2.0 except Tractor

Loan Book mix	Q1FY22	Q1FY21	YoY gr. (%)	Q4FY21	QoQ gr. (%)
CV Loans	2,28,530	2,37,370	(3.7)	2,36,000	(3.2)
UV Loans	49,620	43,600	13.8	49,880	(0.5)
3W/Small CV	32,710	36,060	(9.3)	34,110	(4.1)
2W Loans	51,150	57,740	(11.4)	56,440	(9.4)
Car Loans	77,640	72,450	7.2	79,460	(2.3)
Tractors	68,490	46,730	46.6	66,530	2.9
Equipment Financing	88,310	81,110	8.9	90,710	(2.6)
Credit Card	45,120	47,750	(5.5)	45,360	(0.5)
LAP	87,610	94,690	(7.5)	90,030	(2.7)
Others	77,880	79,710	(2.3)	85,700	(9.1)
MFI	2,63,910	2,34,660	12.5	2,63,830	0.0
BBG	1,12,230	1,08,960	3.0	1,17,220	(4.3)
Consumer Finance incl BBG	11,83,200	11,40,830	3.7	12,15,270	(2.6)
Corporate Finance	9,24,070	8,39,860	10.0	9,10,684	1.5
Loan Mix					
Vehicle Finance	28.8%	27.6%	1.2	29.5%	(0.6)
Non-Vehicle Consumer	27.3%	30.0%	(2.7)	27.7%	(0.4)
Consumer Finance	56.1%	57.6%	(1.4)	57.2%	(1.0)
Corporate Finance	43.9%	42.4%	1.4	42.8%	1.0

Source: Company, PL Research; Note – BBG reclassified in Consumer Fin

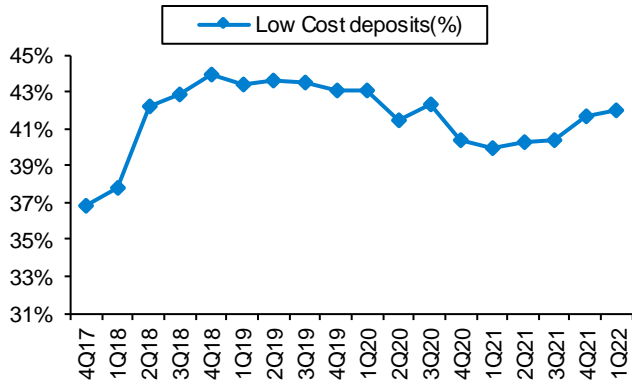
Exhibit 3: Lower disbursement & COVID conservatism has lowered retail mix


Source: Company, PL Research

Exhibit 4: Lower cost of funding below 5% for first has held up NIMs


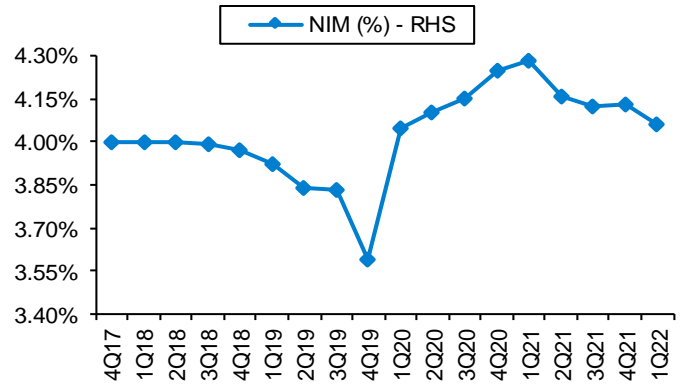
Source: Company, PL Research

Exhibit 5: CASA continues to improve



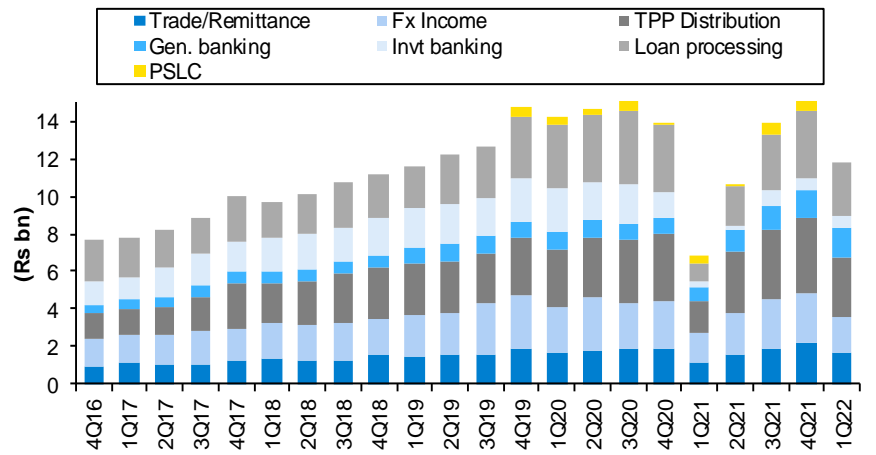
Source: Company, PL

Exhibit 6: NIMs came off but has been within band of 4.1-4.3



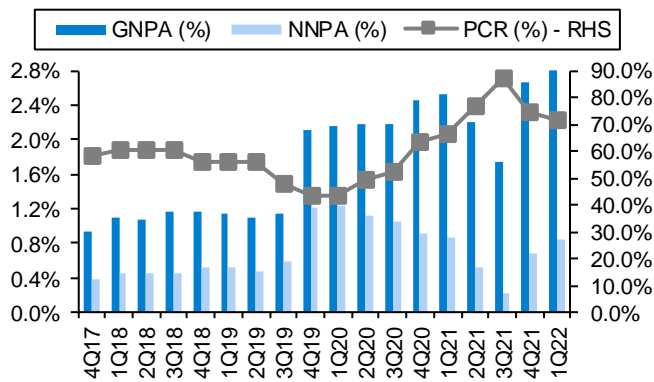
Source: Company, PL **Note** – Not comparable due to merger

Exhibit 7: Certain fee items have seen improvement, although still lower than pre-COVID



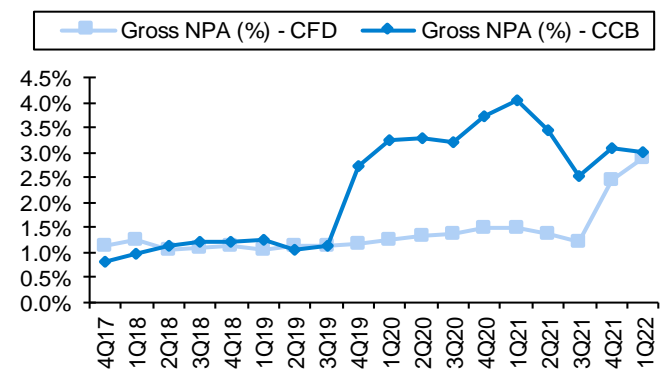
Source: Company, PL Research

Exhibit 8: Asset quality sees marginal deterioration

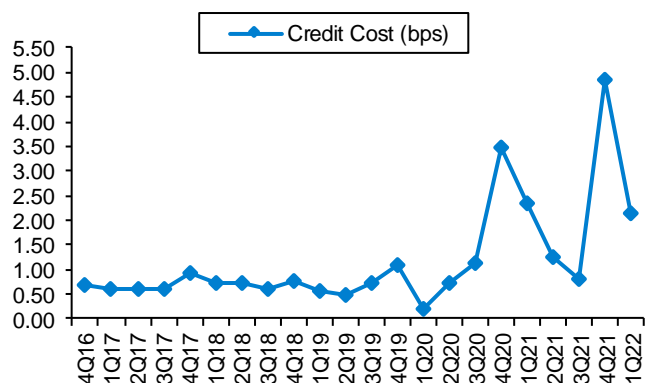


Source: Company, PL **Note**-2Q/3Q21 on reported basis

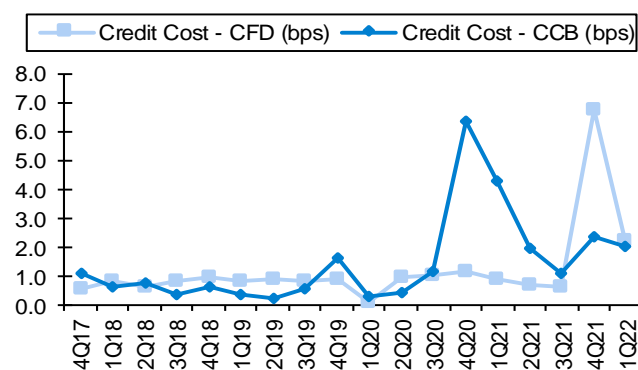
Exhibit 9: Slippages higher in retail in VF, MFI & SME



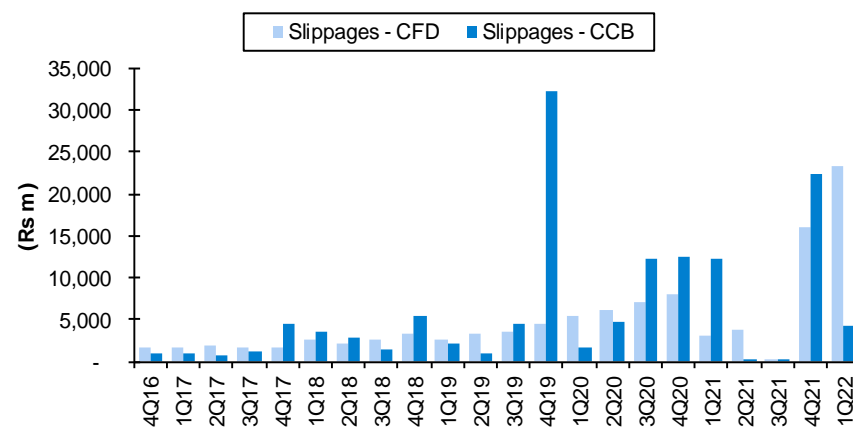
Source: Company, PL **Note**-2Q/3Q21 on reported basis

Exhibit 10: Credit cost has come off


Source: Company, PL

Exhibit 11: Credit cost in consumer also coming off


Source: Company, PL

Exhibit 12: Slippages higher in Retail led by especially vehicle financing; good recovery expected ahead


Source: Company, PL Research

Exhibit 13: ROEs to improve on lower provision

RoE decomposition (%)	FY18	FY19	FY20	FY21	FY22E	FY23E	FY24E
Interest income	8.63	9.56	9.67	8.66	8.26	8.38	8.51
Interest expenses	4.89	5.48	5.62	4.62	4.33	4.37	4.42
Net interest income	3.75	4.08	4.05	4.04	3.93	4.02	4.09
Treasury income	0.65	0.58	0.72	0.83	0.56	0.38	0.34
Other Inc. from operations	1.73	1.75	1.62	1.13	1.28	1.42	1.40
Total income	6.12	6.41	6.39	6.00	5.77	5.81	5.83
Employee expenses	0.89	0.90	0.74	0.66	0.64	0.64	0.64
Other operating expenses	1.90	1.86	2.03	1.83	1.79	1.83	1.88
Operating profit	3.33	3.65	3.62	3.50	3.34	3.34	3.31
Tax	0.94	0.82	0.57	0.28	0.48	0.64	0.67
Loan loss provisions	0.59	1.24	1.56	2.37	1.49	0.88	0.72
RoAA	1.80	1.59	1.48	0.85	1.37	1.82	1.92
RoAE	16.21	14.81	13.47	7.27	11.53	15.25	15.87

Source: Company, PL Research

Exhibit 14: We tweak loan growth but improve NII on deposit rate cuts and increase credit cost assumptions

Estimates Change Table Rs (mn)	Old			Revised			% Change		
	FY22E	FY23E	FY24E	FY22E	FY23E	FY24E	FY22E	FY23E	FY24E
Net interest income	150,072	171,584	-	151,090	174,417	201,758	0.7	1.7	-
Operating profit	127,503	139,527	-	128,505	144,986	163,312	0.8	3.9	-
Net profit	56,516	77,448	-	52,806	78,995	94,635	(6.6)	2.0	-
Loan Growth (%)	10.7	12.3	-	9.7	12.3	15.0	(0.9)	(0.0)	-
Credit Cost (bps)	210.0	135.0	-	240.0	150.0	120.0	30.0	15.0	-
EPS, Rs.	73.1	100.1	-	68.3	102.1	122.4	(6.6)	2.0	-
ABV per share, Rs.	602.6	699.6	-	597.5	697.5	805.9	(0.8)	(0.3)	-
Price target, Rs.		1,195			1,280			7.1%	
Recommendation		BUY			BUY				

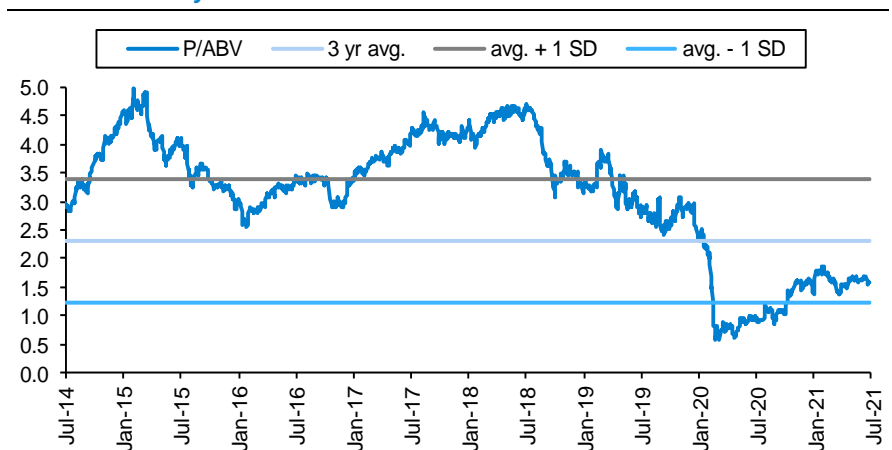
Source: Company, PL

Exhibit 15: We revise our TP to Rs1,280 (from Rs1,195) based on 1.7x Sep-23 ABV (rolled over from Mar-23)
PT calculation and upside

Terminal growth	5.0%
Market risk premium	7.0%
Risk-free rate	6.3%
Adjusted beta	1.14
Cost of equity	14.2%

Fair price - P/ABV, Rs	1,280
Target P/ABV (x)	1.7
Target P/E (x)	11.4
Current price, Rs	976
Upside (%)	31%

Source: Company, PL Research

Exhibit 16: One year forward P/ABV valuation chart


Source: Company, PL Research

Income Statement (Rs. m)

Y/e Mar	FY21	FY22E	FY23E	FY24E
Int. Earned from Adv.	2,40,854	2,54,376	2,80,021	3,18,062
Int. Earned from invt.	38,461	53,021	75,944	94,087
Others	10,683	10,458	8,082	7,461
Total Interest Income	2,89,998	3,17,854	3,64,047	4,19,609
Interest Expenses	1,54,719	1,66,764	1,89,630	2,17,851
Net Interest Income	1,35,279	1,51,090	1,74,417	2,01,758
<i>Growth(%)</i>	12.2	11.7	15.4	15.7
Non Interest Income	65,596	70,843	77,928	85,721
Net Total Income	2,00,875	2,21,934	2,52,345	2,87,478
<i>Growth(%)</i>	(0.5)	9.3	13.7	14.3
Employee Expenses	22,135	24,570	27,764	31,373
Other Expenses	58,734	66,369	76,988	90,076
Operating Expenses	83,598	93,429	1,07,359	1,24,167
Operating Profit	1,17,276	1,28,505	1,44,986	1,63,312
<i>Growth(%)</i>	8.9	9.6	12.8	12.6
NPA Provision	51,537	53,319	36,845	33,480
Total Provisions	79,425	57,146	38,235	35,427
PBT	37,851	71,360	1,06,751	1,27,885
Tax Provision	9,478	18,554	27,755	33,250
<i>Effective tax rate (%)</i>	25.0	26.0	26.0	26.0
PAT	28,374	52,806	78,995	94,635
<i>Growth(%)</i>	(35.8)	86.1	49.6	19.8

Balance Sheet (Rs. m)

Y/e Mar	FY21	FY22E	FY23E	FY24E
Face value	10	10	10	10
No. of equity shares	773	773	773	773
Equity	7,734	7,734	7,734	7,734
Networth	4,33,600	4,82,539	5,53,801	6,38,769
<i>Growth(%)</i>	25.0	11.3	14.8	15.3
Adj. Networth to NNPA's	14,766	16,413	10,165	11,161
Deposits	25,62,050	29,20,737	33,58,847	38,29,086
<i>Growth(%)</i>	26.8	14.0	15.0	14.0
CASA Deposits	10,67,910	12,41,313	14,34,228	16,23,532
<i>% of total deposits</i>	41.7	42.5	42.7	42.4
Total Liabilities	36,29,673	40,64,212	46,19,165	52,39,533
Net Advances	21,25,954	23,17,290	25,95,365	29,84,669
<i>Growth(%)</i>	2.8	9.0	12.0	15.0
Investments	6,96,439	11,19,593	14,38,223	16,28,429
Total Assets	36,29,220	40,63,396	46,18,116	52,38,346
<i>Growth (%)</i>	18.2	12.0	13.7	13.4

Asset Quality

Y/e Mar	FY21	FY22E	FY23E	FY24E
Gross NPAs (Rs m)	57,950	61,095	38,073	41,850
Net NPAs (Rs m)	14,766	16,413	10,165	11,161
<i>Gr. NPAs to Gross Adv.(%)</i>	2.7	2.6	1.5	1.4
<i>Net NPAs to Net Adv. (%)</i>	0.7	0.7	0.4	0.4
<i>NPA Coverage %</i>	74.5	73.1	73.3	73.3

Profitability (%)

Y/e Mar	FY21	FY22E	FY23E	FY24E
NIM	4.4	4.2	4.3	4.3
RoAA	0.8	1.4	1.8	1.9
RoAE	7.3	11.5	15.2	15.9
Tier I	16.9	18.0	19.0	22.6
CRAR	17.5	18.9	19.9	23.4

Source: Company Data, PL Research

Quarterly Financials (Rs. m)

Y/e Mar	Q2FY21	Q3FY21	Q4FY21	Q1FY22
Interest Income	71,772	72,415	74,194	75,747
Interest Expenses	38,992	38,354	38,848	40,110
Net Interest Income	32,780	34,061	35,346	35,637
<i>YoY growth (%)</i>	12.7	10.8	9.4	7.7
CEB	10,610	13,890	15,080	12,140
Treasury	-	-	-	-
Non Interest Income	15,543	17,055	17,801	17,811
Total Income	87,315	89,470	91,995	93,558
Employee Expenses	5,241	5,427	5,951	6,082
Other expenses	14,772	15,956	16,581	16,061
Operating Expenses	20,013	21,383	22,532	22,142
Operating Profit	28,310	29,733	30,615	31,306
<i>YoY growth (%)</i>	8.9	8.3	7.9	9.4
Core Operating Profits	23,380	27,163	27,885	25,566
NPA Provision	6,200	4,250	29,427	-
Others Provisions	19,644	18,535	18,657	18,440
Total Provisions	19,644	18,535	18,657	18,440
Profit Before Tax	8,666	11,198	11,958	12,865
Tax	2,191	2,670	3,199	3,116
PAT	6,475	8,528	8,759	9,750
<i>YoY growth (%)</i>	(53.2)	(34.4)	190.2	111.7
Deposits	22,78,842	23,91,350	25,62,050	26,72,330
<i>YoY growth (%)</i>	10.0	10.3	26.8	26.5
Advances	20,12,468	20,71,280	21,25,954	21,07,270
<i>YoY growth (%)</i>	2.1	(0.1)	2.8	6.4

Key Ratios

Y/e Mar	FY21	FY22E	FY23E	FY24E
CMP (Rs)	976	976	976	976
EPS (Rs)	38.7	68.3	102.1	122.4
Book Value (Rs)	557	620	712	822
Adj. BV (70%)(Rs)	537	598	697	806
P/E (x)	25.2	14.3	9.6	8.0
P/BV (x)	1.8	1.6	1.4	1.2
P/ABV (x)	1.8	1.6	1.4	1.2
DPS (Rs)	-	5.0	10.0	12.5
<i>Dividend Payout Ratio (%)</i>	-	7.3	9.8	10.2
<i>Dividend Yield (%)</i>	-	0.5	1.0	1.3

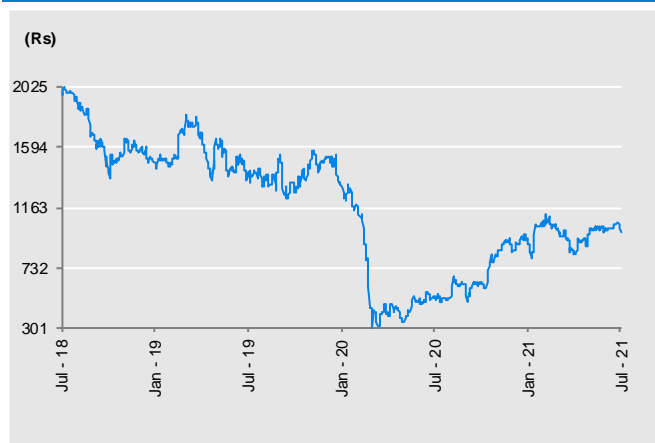
Efficiency

Y/e Mar	FY21	FY22E	FY23E	FY24E
<i>Cost-Income Ratio (%)</i>	41.6	42.1	42.5	43.2
<i>C-D Ratio (%)</i>	83.0	79.3	77.3	77.9
Business per Emp. (Rs m)	142	146	154	163
Profit per Emp. (Rs lacs)	9	15	20	23
Business per Branch (Rs m)	2,044	1,903	1,803	1,719
Profit per Branch (Rs m)	12	19	24	24

Du-Pont

Y/e Mar	FY21	FY22E	FY23E	FY24E
NII	4.04	3.93	4.02	4.09
Total Income	6.00	5.77	5.81	5.83
Operating Expenses	2.50	2.43	2.47	2.52
PPoP	3.50	3.34	3.34	3.31
Total provisions	2.37	1.49	0.88	0.72
RoAA	0.85	1.37	1.82	1.92
RoAE	7.27	11.53	15.25	15.87

Source: Company Data, PL Research

Price Chart
Recommendation History


No.	Date	Rating	TP (Rs.)	Share Price (Rs.)
1	06-Jul-21	BUY	1,195	1,031
2	01-May-21	BUY	1,195	935
3	06-Apr-21	BUY	1,195	937
4	17-Feb-21	BUY	1,195	1,058
5	31-Jan-21	BUY	1,026	846
6	11-Jan-21	Accumulate	1,026	940
7	31-Oct-20	BUY	720	586
8	09-Oct-20	BUY	680	623
9	29-Jul-20	BUY	680	527

Analyst Coverage Universe

Sr. No.	Company Name	Rating	TP (Rs)	Share Price (Rs)
1	Axis Bank	Accumulate	860	756
2	Bank of Baroda	BUY	100	86
3	Federal Bank	Accumulate	97	85
4	HDFC Bank	BUY	1,870	1,522
5	HDFC Life Insurance Company	Hold	725	679
6	ICICI Bank	BUY	815	677
7	ICICI Prudential Life Insurance Company	Accumulate	670	605
8	IDFC First Bank	Reduce	48	54
9	IndusInd Bank	BUY	1,195	1,031
10	Kotak Mahindra Bank	Accumulate	1,960	1,741
11	Max Financial Services	Accumulate	1,120	1,051
12	Punjab National Bank	Accumulate	47	42
13	SBI Life Insurance Company	BUY	1,250	1,077
14	South Indian Bank	Hold	11	11
15	State Bank of India	BUY	480	430

PL's Recommendation Nomenclature (Absolute Performance)

Buy	: > 15%
Accumulate	: 5% to 15%
Hold	: +5% to -5%
Reduce	: -5% to -15%
Sell	: < -15%
Not Rated (NR)	: No specific call on the stock
Under Review (UR)	: Rating likely to change shortly

ANALYST CERTIFICATION

(Indian Clients)

We/I, Mr. Pritesh Bumb- MBA, M.com, Ms. Palak Shah- CA, B.Com Research Analysts, authors and the names subscribed to this report, hereby certify that all of the views expressed in this research report accurately reflect our views about the subject issuer(s) or securities. We also certify that no part of our compensation was, is, or will be directly or indirectly related to the specific recommendation(s) or view(s) in this report.

(US Clients)

The research analysts, with respect to each issuer and its securities covered by them in this research report, certify that: All of the views expressed in this research report accurately reflect his or her or their personal views about all of the issuers and their securities; and No part of his or her or their compensation was, is or will be directly related to the specific recommendation or views expressed in this research report.

DISCLAIMER

Indian Clients

Prabhudas Lilladher Pvt. Ltd, Mumbai, India (hereinafter referred to as "PL") is engaged in the business of Stock Broking, Portfolio Manager, Depository Participant and distribution for third party financial products. PL is a subsidiary of Prabhudas Lilladher Advisory Services Pvt Ltd. which has its various subsidiaries engaged in business of commodity broking, investment banking, financial services (margin funding) and distribution of third party financial/other products, details in respect of which are available at www.plindia.com.

This document has been prepared by the Research Division of PL and is meant for use by the recipient only as information and is not for circulation. This document is not to be reported or copied or made available to others without prior permission of PL. It should not be considered or taken as an offer to sell or a solicitation to buy or sell any security.

The information contained in this report has been obtained from sources that are considered to be reliable. However, PL has not independently verified the accuracy or completeness of the same. Neither PL nor any of its affiliates, its directors or its employees accepts any responsibility of whatsoever nature for the information, statements and opinion given, made available or expressed herein or for any omission therein.

Recipients of this report should be aware that past performance is not necessarily a guide to future performance and value of investments can go down as well. The suitability or otherwise of any investments will depend upon the recipient's particular circumstances and, in case of doubt, advice should be sought from an independent expert/advisor.

Either PL or its affiliates or its directors or its employees or its representatives or its clients or their relatives may have position(s), make market, act as principal or engage in transactions of securities of companies referred to in this report and they may have used the research material prior to publication.

PL may from time to time solicit or perform investment banking or other services for any company mentioned in this document.

PL is in the process of applying for certificate of registration as Research Analyst under Securities and Exchange Board of India (Research Analysts) Regulations, 2014

PL submits that no material disciplinary action has been taken on us by any Regulatory Authority impacting Equity Research Analysis activities.

PL or its research analysts or its associates or his relatives do not have any financial interest in the subject company.

PL or its research analysts or its associates or his relatives do not have actual/beneficial ownership of one per cent or more securities of the subject company at the end of the month immediately preceding the date of publication of the research report.

PL or its research analysts or its associates or his relatives do not have any material conflict of interest at the time of publication of the research report.

PL or its associates might have received compensation from the subject company in the past twelve months.

PL or its associates might have managed or co-managed public offering of securities for the subject company in the past twelve months or mandated by the subject company for any other assignment in the past twelve months.

PL or its associates might have received any compensation for investment banking or merchant banking or brokerage services from the subject company in the past twelve months.

PL or its associates might have received any compensation for products or services other than investment banking or merchant banking or brokerage services from the subject company in the past twelve months

PL or its associates might have received any compensation or other benefits from the subject company or third party in connection with the research report.

PL encourages independence in research report preparation and strives to minimize conflict in preparation of research report. PL or its analysts did not receive any compensation or other benefits from the subject Company or third party in connection with the preparation of the research report. PL or its Research Analysts do not have any material conflict of interest at the time of publication of this report.

It is confirmed that Mr. Pritesh Bumb- MBA, M.com, Ms. Palak Shah- CA, B.Com Research Analysts of this report have not received any compensation from the companies mentioned in the report in the preceding twelve months

Compensation of our Research Analysts is not based on any specific merchant banking, investment banking or brokerage service transactions.

The Research analysts for this report certifies that all of the views expressed in this report accurately reflect his or her personal views about the subject company or companies and its or their securities, and no part of his or her compensation was, is or will be, directly or indirectly related to specific recommendations or views expressed in this report.

The research analysts for this report has not served as an officer, director or employee of the subject company PL or its research analysts have not engaged in market making activity for the subject company

Our sales people, traders, and other professionals or affiliates may provide oral or written market commentary or trading strategies to our clients that reflect opinions that are contrary to the opinions expressed herein, and our proprietary trading and investing businesses may make investment decisions that are inconsistent with the recommendations expressed herein. In reviewing these materials, you should be aware that any or all of the foregoing, among other things, may give rise to real or potential conflicts of interest.

PL and its associates, their directors and employees may (a) from time to time, have a long or short position in, and buy or sell the securities of the subject company or (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 subject company or act as an advisor or lender/borrower to the subject company or may have any other potential conflict of interests with respect to any recommendation and other related information and opinions.

US Clients

This research report is a product of Prabhudas Lilladher Pvt. Ltd., which is the employer of the research analyst(s) who has prepared the research report. The research analyst(s) preparing the research report is/are resident outside the United States (U.S.) and are not associated persons of any U.S. regulated broker-dealer and therefore the analyst(s) is/are not subject to supervision by a U.S. broker-dealer, and is/are not required to satisfy the regulatory licensing requirements of FINRA or required to otherwise comply with U.S. rules or regulations regarding, among other things, communications with a subject company, public appearances and trading securities held by a research analyst account.

This report is intended for distribution by Prabhudas Lilladher Pvt. Ltd. only to "Major Institutional Investors" as defined by Rule 15a-6(b)(4) of the U.S. Securities and Exchange Act, 1934 (the Exchange Act) and interpretations thereof by U.S. Securities and Exchange Commission (SEC) in reliance on Rule 15a 6(a)(2). If the recipient of this report is not a Major Institutional Investor as specified above, then it should not act upon this report and return the same to the sender. Further, this report may not be copied, duplicated and/or transmitted onward to any U.S. person, which is not the Major Institutional Investor.

In reliance on the exemption from registration provided by Rule 15a-6 of the Exchange Act and interpretations thereof by the SEC in order to conduct certain business with Major Institutional Investors, Prabhudas Lilladher Pvt. Ltd. has entered into an agreement with a U.S. registered broker-dealer, Marco Polo Securities Inc. ("Marco Polo").

Transactions in securities discussed in this research report should be effected through Marco Polo or another U.S. registered broker dealer.

Prabhudas Lilladher Pvt. Ltd.

3rd Floor, Sadhana House, 570, P. B. Marg, Worli, Mumbai-400 018, India | Tel: (91 22) 6632 2222 Fax: (91 22) 6632 2209

www.plindia.com