

BSE SENSEX
34,592

S&P CNX
10,681

CMP: INR836 TP: INR960 (+15%)

Buy



Stock Info

Bloomberg	CAFL IN
Equity Shares (m)	98.9
52-Week Range (INR)	853 / 584
1, 6, 12 Rel. Per (%)	20/4/7
M.Cap. (INR b)	81.0
M.Cap. (USD b)	1.3
Avg Val, INRm	518
Free float (%)	64.4

Financials Snapshot (INR b)

Y/E Mar	2018E	2019E	2020E
NII	18.1	23.4	29.4
PPP	11.5	15.3	19.5
PAT	3.2	4.3	5.5
EPS (INR)	32.8	43.7	56.5
EPS Gr. (%)	33.1	33.4	29.2
BV/Sh. (INR)	263.7	303.2	355.0
RoA on AUM (%)	1.7	1.8	1.9
RoE (%)	13.2	15.4	17.2
Payout (%)	9.0	8.0	7.0

Valuations

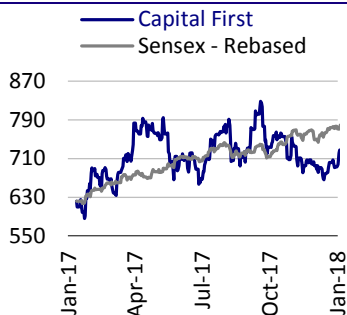
P/E (x)	25.5	19.1	14.8
P/BV (x)	3.2	2.8	2.4
Div. Yield (%)	0.4	0.4	0.5

Shareholding pattern (%)

As On	Sep-17	Jun-17	Sep-16
Promoter	36.0	36.0	64.4
DII	13.1	10.9	6.5
FII	24.3	25.7	7.3
Others	26.6	27.4	21.8

FII Includes depository receipts

Stock Performance (1-year)



Into a different league

A win-win combination

- The Boards of IDFC Bank (IDFCB) and Capital First (CAFL) have approved a merger of the two entities at a 13.9:1 swap ratio. We believe this merger would have benefits for shareholders of both companies, though near term regulatory & integration challenges persist.
- The share swap ratio makes it attractive (~12.5% premium to CMP) for CAFL shareholders. Benefits to IDFCB shareholders will accrue more over a medium to long term perspective. On our proforma merged numbers, we expect ~20bp/200bp higher ROA/ROE for IDFCB by FY21. Without factoring in cost related synergy benefits, balance sheet realignment would drive 4-5% higher profitability for combined entity.
- While the merger would result in dilution of BVPS for IDFCB in the short term (INR41/44 in FY19/20E v/s INR48/51 earlier), we believe its growth and RoE profile would improve significantly post consolidation. We have a BUY rating on Capital First and revise target price to INR960 (earlier INR925) – 2.7x FY20 BV. We expect share price of CAFL to largely track the price of IDFCB in the ensuing quarters. We have a neutral rating on IDFCB.

Swap ratio favourable for CAFL shareholders

IDFCB and CAFL have entered into a share swap arrangement at a ratio of 139 shares of IDFCB for 10 shares of Capital First. At the CMP of IDFCB, this implies a value of INR940/share for CAFL – translating to 3.1x FY19E BVPS. This is a healthy (12.5%) premium to current market price. **This deal would result in 40% equity dilution for IDFCB shareholders.**

Benefits for Capital First shareholders

- Healthy premium (12.5%) to current market price. In the last five trading session, the stock has already run up by ~11% based on media reports.
- Requirement of lower liquidity on balance sheet – Typically 10-12% of total assets of CAFL which led to drag on earnings.
- Reduction in funding cost – 100bps lower with better credit rating of IDFCB (AAA by ICRA) and access to retail liabilities.
- Improved visibility for long term growth on a banking platform and access to diversified retail liability base.

IDFCB – Long term positive; No major benefits in the near term

- Diversification of customer asset from largely wholesale to Retail – Mix to change from 80:20 to 65:35.
- Large retail customer base (~3m) as well as geographical spread (228 locations across the country) of CAFL to capitalize on for cross sell of banking products.

- **The combined entity would have a customer base of 5m with an enviable distribution network of 194 branches, 353 dedicated BC outlets and over 9,100 micro-ATM points.**
- **Improvement in ROAs/ROEs by ~20/200bps to 1.2-1.3%/~11% due to better profitability of CAFL.**
- Better than expected growth rates, with Mr. Vaidyanathan at the helm of affairs.
- **No need for raising additional capital for next three years due to healthy capitalization of both entities. On our proforma merged numbers, leverage on balance sheet to remain less than 10x, even by FY21.**

Immediate synergy benefits

- The merged entity will have to borrow INR60-100b additional (after knocking off excess liquidity sitting on CAFL balance sheet) over FY19-21 to take care of CRR/SLR requirement. This would have negative drag of INR1-1.5b on earnings over FY19-21
- We are assuming re-pricing of Capital first liabilities by 100bp leading to gain of INR2.5-4b over FY19-21.
- ~30-35% of the Capital First portfolio qualifies for PSL; Hence no additional benefit of PSL for IDFCB further a drag to shortfall of PSL at CAFL level itself. This will drag earnings by ~INR1b
- Overall balance sheet realignment synergy related immediate benefit could be INR1-1.4b over FY19-21 at the pre-tax level in our view. Without factoring in opex and cross sell related synergies we expect benefit of 4-5% on combined profitability.

Some headwinds post-merger

- Overhang of shareholding issue of IDFC Ltd – Combined entity will have less than 40% (~38%) shareholding by IDFC Ltd. Hence, IDFC Ltd. will have to infuse capital in the combined entity post-merger.
- Shortfall of PSL loans to increase as ~30-35% of the portfolio of CAFL qualifies for PSL
- HR related challenges will remain a key issue to realign culture at both entities. High profile exit at the corporate banking level in IDFCB would be negative.
- Execution remains a key challenge; Post conversion from NBFC to bank IDFCB has seen rapid changes. From a pure infra lender to across spectrum corporate lending; acquisition of MFI and now merger with Retail NBFC.

Exhibit 1: Merger benefits

For IDFCB	For CAFL
Share of retail assets (incl. off-BS) increases from 17% currently to 37% post-merger.	Becomes a “Bank” overnight and gets a ready platform to drive operating synergy
Merged entity will have lower GNPLs	Will be able to offer multiple products to its customers
IDFCB gets a 3m live retail customer base to cross-sell liability and fee products	Immediate reduction in incremental cost of funds would help profitability and well as make CAFL more competitive in the market

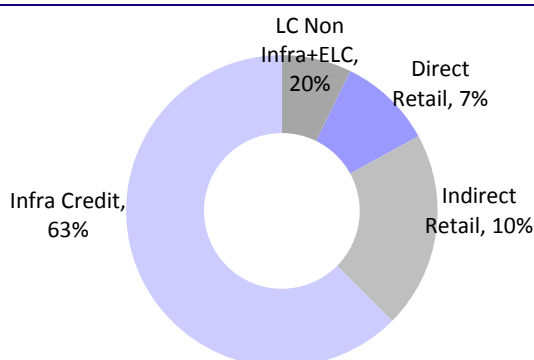
Source: Company, MOSL

Exhibit 2: IDFCB’s share count increases by 40% post-merger

Swap Ratio	13.9 : 1
Existing no. of shares of CAFL, m	98.9
New IDFCB shares to be issued, m	1,375
Existing number of shares of IDFCB, m	3,402
Revised number of shares - IDFCB, m	4,777
% increase in outstanding shares of IDFCB	40%

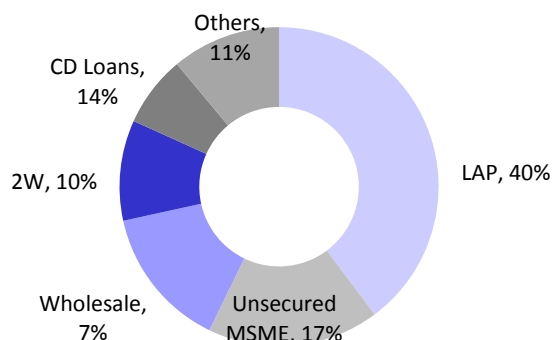
Source: MOSL, Company

Exhibit 3: Customer assets mix - IDFCB (%)



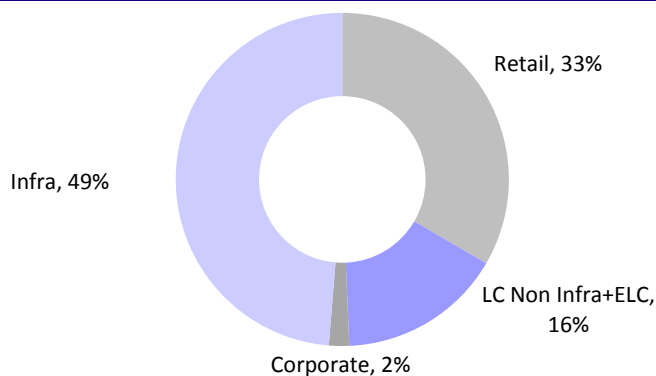
Source: Company, MOSL

Exhibit 4: AUM mix - CAFL (%)



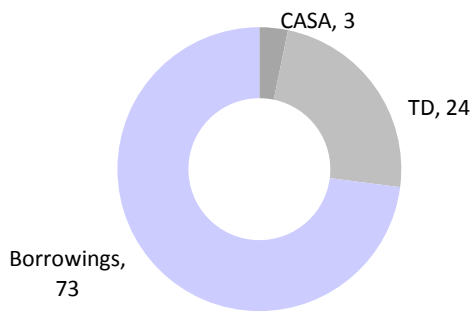
Source: Company, MOSL

Exhibit 5: Customer assets mix – Combined entity



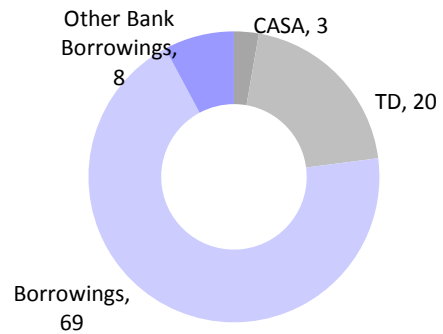
Source: MOSL, Company

Exhibit 6: Liability mix - IDFCB (%)



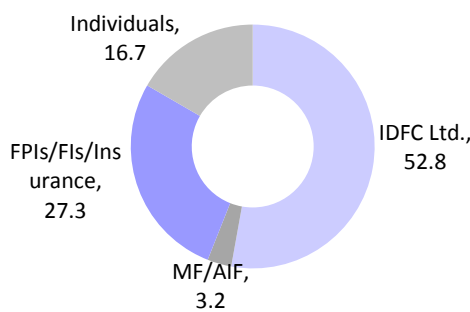
Source: Company, MOSL

Exhibit 7: Liability mix – Proforma combined entity (%)



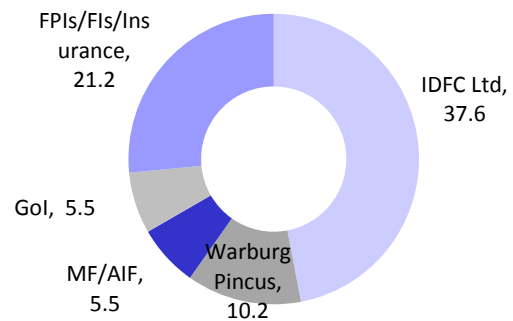
Source: Company, MOSL

Exhibit 8: Shareholding pattern - IDFCB (%)



Source: Company, MOSL

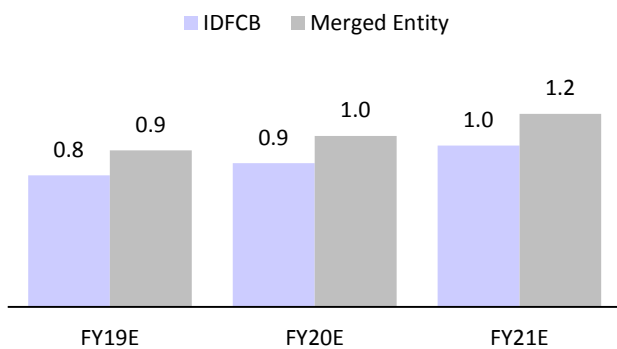
Exhibit 9: Shareholding pattern – Combined entity (%)



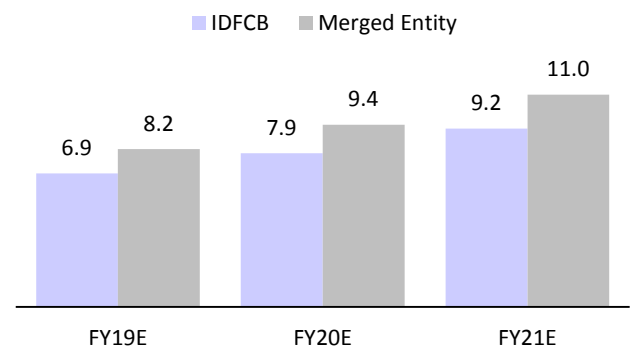
Source: Company, MOSL

Exhibit 10: Pro-forma merged entity

	IDFC Bank				CAPITAL FIRST				MERGED ENTITY			
	FY18	FY19	FY20	FY21	FY18	FY19	FY20	FY21	FY18	FY19	FY20	FY21
NII	18,886	21,925	25,743	29,792	18,078	23,373	29,395	36,813	36,964	45,298	55,137	66,605
Growth	-6.4	16.1	17.4	15.7	47.2	29.3	25.8	25.2	13.9	22.5	21.7	20.8
Other Income	12,138	15,138	18,638	23,338	5,456	7,027	8,745	10,884	17,594	22,165	27,383	34,222
Growth	19.8	24.7	23.1	25.2	32.4	28.8	24.4	24.5	23.5	26.0	23.5	25.0
Net Income	31,025	37,064	44,381	53,130	23,534	30,400	38,139	47,697	54,558	67,464	82,520	100,827
Growth	2.4	19.5	19.7	19.7	43.5	29.2	25.5	25.1	16.8	23.7	22.3	22.2
Opex	15,742	18,750	21,729	24,859	12,060	15,137	18,677	23,065	27,802	33,887	40,406	47,924
Growth	23.3	19.1	15.9	14.4	45.3	25.5	23.4	23.5	32.0	21.9	19.2	18.6
PPP	15,283	18,314	22,652	28,272	11,474	15,263	19,462	24,631	26,757	33,577	42,114	52,903
Growth	-12.8	19.8	23.7	24.8	41.6	33.0	27.5	26.6	4.4	25.5	25.4	25.6
Provisions	0	1,960	2,716	3,566	6,715	8,916	11,264	13,710	6,715	10,877	13,981	17,276
Growth	-100.0		38.5	31.3	48.3	32.8	26.3	21.7	-8.7	62.0	28.5	23.6
PBT	15,283	16,353	19,936	24,706	4,759	6,347	8,198	10,922	20,042	22,700	28,133	35,627
Growth	3.9	7.0	21.9	23.9	33.1	33.4	29.2	33.2	9.6	13.3	23.9	26.6
Tax	5,043	5,397	6,579	8,153	1,563	2,085	2,693	3,588	6,607	7,482	9,272	11,741
Tax Rate	33.0	33.0	33.0	33.0	32.8	32.8	32.8	32.8	33.0	33.0	33.0	33.0
PAT	10,240	10,957	13,357	16,553	3,196	4,262	5,505	7,334	13,435	15,219	18,862	23,887
Growth	0.4	7.0	21.9	23.9	33.1	33.4	29.2	33.2	6.6	13.3	23.9	26.6
Equity	33,990	33,990	33,990	33,990	974	974	974	974	33,990	47,532	47,532	47,532
Reserves and surplus	120,634	129,027	139,258	151,938	24,712	28,565	33,607	40,325	145,346	145,024	160,298	179,696
Networth	154,624	163,017	173,248	185,928	25,686	29,539	34,582	41,300	180,310	192,556	207,830	227,227
Growth	5.3	5.4	6.3	7.3	12.5	15.0	17.1	19.4	6.3	6.8	7.9	9.3
Loans	924,042	1,036,359	1,136,469	1,240,859	191,835	239,793	294,946	362,783	1,115,877	1,276,153	1,431,415	1,603,643
Growth	14.6	12.2	9.7	9.2	28.0	25.0	23.0	23.0	16.7	14.4	12.2	12.0
Total Assets	1,292,287	1,467,823	1,616,248	1,782,482	206,270	257,667	315,179	386,434	1,498,557	1,725,490	1,931,427	2,168,916
Growth	15.2	13.6	10.1	10.3	25.7	24.9	22.3	22.6	16.6	15.1	11.9	12.3
EPS	3.0	3.2	3.9	4.9	32.8	43.7	56.5	75.3		3.2	4.0	5.0
BV	45.5	48.0	51.0	54.7	263.7	303.2	355.0	423.9		40.5	43.7	47.8
RoA	0.8	0.8	0.9	1.0	1.7	1.8	1.9	2.1		0.9	1.0	1.2
RoE	6.8	6.9	7.9	9.2	13.2	15.4	17.2	19.3		8.2	9.4	11.0

Exhibit 11: RoA (%) would improve post-merger, ex-synergy

Source: Company, MOSL

Exhibit 12: ~200bp RoE (%) improvement post-merger, ex-synergy

Source: Company, MOSL

Exhibit 13: 4-5% PAT accretion post regulatory (CRR,SLR, PSL) requirements assuming 100% liability cost re-pricing

INR m	FY19	FY20	FY21
Old Borrowings (CAFL)	203,128	255,597	320,134
New Borrowings (CAFL)	267,273	336,312	421,229
Of which			
Funding	203,128	255,597	320,134
CRR	10,691	13,452	16,849
SLR	53,455	67,262	84,246
New BS	296,812	370,893	462,529
% increase	15.2	17.7	19.7
Combined BS	1,764,636	1,987,141	2,245,011
Combined NW	193,131	209,311	229,644
Funding Benefit (100bps for CAFL)	2,673	3,363	4,212
CRR cost	802	1,009	1,264
SLR Cost	267	336	421
Net Benefit	1,604	2,018	2,527
PSLC drag	719	885	1,088
PBT Benefit	884	1,133	1,439
Tax 35%	309	227	504
PAT Benefit	575	906	935
Combined PAT	15,794	19,768	24,822
	4	5	4
Combined ROE		9.82	11.31
Combined ROA		1.05	1.17

Source: Company, MOSL

Exhibit 14: PAT analysis with synergies (assuming 1.5% of CAFL's assets as synergy)

	Combined PAT	Merger Synergies	New PAT	EPS	Accretion with Synergies	Accretion WO Synergies
FY19	15,219	3,480	18,698	3.9	22.0	-0.7
FY20	18,862	4,296	23,158	4.9	24.0	1.0
FY21	23,887	5,262	29,149	6.1	25.9	3.2

Source: MOSL, Company

Exhibit 15: DuPont analysis - IDFCB

Y/E MARCH	2H2016	2017	2018E	2019E	2020E	2021E
Net Interest Income	2.04	2.07	1.56	1.59	1.67	1.75
Fee income	0.16	0.31	0.41	0.54	0.68	0.87
Fee to core Income	5.4	9.9	16.1	20.2	23.7	27.7
Core Income	2.20	2.37	1.98	2.13	2.35	2.62
Operating Expenses	1.23	1.31	1.30	1.36	1.41	1.46
Cost to Core Income	55.8	55.1	65.9	63.7	60.0	55.9
Employee cost	0.62	0.59	0.54	0.55	0.58	0.62
Emp to total exp (%)	50.3	44.9	41.7	40.7	41.0	42.3
Technology	0.31	0.23	0.22	0.24	0.25	0.28
Others	0.30	0.49	0.54	0.57	0.58	0.57
Core Operating Profit	0.97	1.06	0.67	0.77	0.94	1.16
Non Interest income	0.97	1.04	1.01	1.10	1.21	1.37
Trading and others	0.81	0.73	0.59	0.55	0.53	0.51
Operating Profit	1.78	1.79	1.27	1.33	1.47	1.66
Provisions	0.06	0.29	0.00	0.14	0.18	0.21
NPA	0.04	-1.09	0.09	0.13	0.17	0.20
Others	0.02	1.38	-0.09	0.01	0.01	0.01
PBT	1.72	1.51	1.27	1.18	1.29	1.45
Tax	0.60	0.46	0.42	0.39	0.43	0.48
Tax Rate	34.8	30.7	33.0	33.0	33.0	33.0
RoA	1.12	1.04	0.85	0.79	0.87	0.97
Leverage (x)	6.1	6.9	8.0	8.7	9.2	9.5
RoE	6.8	7.2	6.8	6.9	7.9	9.2

Source: MOSL, Company

Exhibit 16: DuPont analysis - CAFL

Y/E MARCH	FY13	FY14	FY15	FY16	FY17	FY18E	FY19E	FY20E
Interest Income	11.7	11.6	13.2	14.1	15.9	16.9	17.2	17.5
Interest Expended	7.8	7.7	8.0	7.6	7.7	7.1	7.1	7.2
Net Interest Income	4.0	3.9	5.1	6.5	8.2	9.8	10.1	10.3
Other operating income	1.2	0.9	1.4	1.8	2.6	2.6	2.7	2.7
Other Income	0.1	0.1	0.2	0.1	0.2	0.4	0.3	0.3
Net Income	5.2	5.0	6.7	8.4	10.9	12.7	13.1	13.3
Operating Expenses	4.0	3.6	3.9	4.2	5.5	6.5	6.5	6.5
Operating Income	1.3	1.4	2.7	4.1	5.4	6.2	6.6	6.8
Provisions/write offs	0.4	0.6	1.1	2.0	3.0	3.6	3.8	3.9
PBT	0.9	0.8	1.7	2.1	2.4	2.6	2.7	2.9
Tax	0.2	0.1	0.5	0.7	0.8	0.8	0.9	0.9
Reported PAT	0.8	0.7	1.1	1.4	1.6	1.7	1.8	1.9
Leverage	6.9	7.9	7.1	7.2	7.5	7.6	8.4	8.9
RoE	5.4	5.5	8.1	10.2	12.0	13.2	15.4	17.2

Source: MOSL, Company

Exhibit 17: DuPont analysis - Proforma combined entity

Y/E MARCH	FY18E	FY19E	FY20E	FY21E
Net Interest Income	2.66	2.81	3.02	3.25
Other income	1.26	1.38	1.50	1.67
Total Income	3.92	4.19	4.51	4.92
Operating Expenses	2.00	2.10	2.21	2.34
Core Operating Profit	1.92	2.08	2.30	2.58
Provisions	0.48	0.67	0.76	0.84
PBT	1.44	1.41	1.54	1.74
Tax	0.47	0.46	0.51	0.57
<i>Tax Rate</i>	<i>33.0</i>	<i>33.0</i>	<i>33.0</i>	<i>33.0</i>
RoA	0.97	0.94	1.03	1.17
Leverage (x)	8.0	8.6	9.1	9.4
RoE	7.7	8.2	9.4	11.0

Source: MOSL, Company

Financials – IDFC Bank

Income Statement (INR Million)						
Y/E March	2H2016	2017	2018E	2019E	2020E	2021E
Interest Income	36,488	85,327	89,888	102,259	115,977	129,050
Interest Expense	28,015	65,154	71,001	80,333	90,235	99,258
Net Interest Income	8,473	20,173	18,886	21,925	25,743	29,792
Change (%)			-6.4	16.1	17.4	15.7
Non Interest Income	4,032	10,131	12,138	15,138	18,638	23,338
Fee income	677	2,993	5,000	7,500	10,500	14,700
Change (%)			67.1	50.0	40.0	40.0
Other Income	3,355	7,138	7,138	7,638	8,138	8,638
Net Income	12,505	30,304	31,025	37,064	44,381	53,130
Change (%)		142.3	2.4	19.5	19.7	19.7
Operating Expenses	5,106	12,770	15,742	18,750	21,729	24,859
Change (%)		150.1	23.3	19.1	15.9	14.4
Pre Provision Profits	7,399	17,535	15,283	18,314	22,652	28,272
Change (%)			-12.8	19.8	23.7	24.8
Provisions (excl tax)	242	2,825	0	1,960	2,716	3,566
Credit Cost (%)	0.0	0.4	0.0	0.2	0.3	0.3
PBT	7,158	14,710	15,283	16,353	19,936	24,706
Tax	2,489	4,512	5,043	5,397	6,579	8,153
Tax Rate (%)	34.8	30.7	33.0	33.0	33.0	33.0
PAT	4,669	10,197	10,240	10,957	13,357	16,553
Change (%)			0.4	7.0	21.9	23.9
Equity Dividend (Incl tax)	1,092	2,386	2,396	2,564	3,126	3,873
Core PPP*	4,044	10,396	8,145	10,675	14,513	19,633
Change (%)			-21.7	31.1	36.0	35.3

*Core PPP is (NII+Fee income-Opex)

Balance Sheet (INR Million)						
Y/E March	FY16	2017	2018E	2019E	2020E	2021E
Share Capital	33,926	33,990	33,990	33,990	33,990	33,990
Reserves & Surplus	102,399	112,790	120,634	129,027	139,258	151,938
Net Worth	136,326	146,780	154,624	163,017	173,248	185,928
Deposits	82,190	402,082	448,371	577,011	702,235	846,733
Change (%)		n.a.	11.5	28.7	21.7	20.6
CA	3,695	13,685	21,486	30,847	40,684	52,180
SA	756	7,259	16,774	45,318	85,634	134,278
Borrowings	571,598	502,622	619,179	650,672	648,217	638,764
Change (%)		-12.1	23.2	5.1	-0.4	-1.5
Infra Bonds	99,450	104,340	126,900	196,920	269,532	344,995
Other borrowings	472,148	398,282	492,279	453,752	378,685	293,769
Other Liabilities & Prov.	42,044	70,112	70,112	77,123	92,548	111,057
Total Liabilities	832,159	1,121,597	1,292,287	1,467,823	1,616,248	1,782,482
Current Assets	29,039	51,020	45,970	57,256	45,129	53,162
Investments	297,286	504,717	640,608	660,478	666,287	691,465
Change (%)		69.8	26.9	3.1	0.9	3.8
G Sec	110,570	192,640	250,432	287,997	331,196	364,316
RIDF and PTC	0	136,000	196,491	159,428	100,733	69,355
Other investments	186,716	176,077	193,685	213,053	234,358	257,794
Loans	456,994	494,017	533,867	663,878	801,378	913,710
Change (%)		n.a.	8.1	24.4	20.7	14.0
Other Assets	48,839	71,843	71,843	86,211	103,454	124,144
Total Assets	832,159	1,121,597	1,292,287	1,467,823	1,616,248	1,782,482

Financials – Capital First

Income Statement									
(INR Million)									
Y/E MARCH	2013	2014	2015	2016	2017	2018E	2019E	2020E	2021E
Interest Income	7,284	9,748	12,892	16,678	23,888	31,266	39,926	49,998	62,155
Interest Expended	4,833	6,467	7,878	8,972	11,606	13,188	16,553	20,603	25,342
Net Interest Income	2,451	3,282	5,014	7,705	12,282	18,078	23,373	29,395	36,813
Change (%)	56.6	33.9	52.8	53.7	59.4	47.2	29.3	25.8	25.2
Other Operating Income	719	782	1,352	2,145	3,841	4,801	6,241	7,801	9,752
Other Income	83	95	175	66	280	655	786	943	1,132
Net Income	3,254	4,158	6,541	9,916	16,403	23,534	30,400	38,139	47,697
Change (%)	-6.0	27.8	57.3	51.6	65.4	43.5	29.2	25.5	25.1
Operating Expenses	2,452	3,022	3,862	5,028	8,298	12,060	15,137	18,677	23,065
Operating Income	802	1,136	2,679	4,888	8,104	11,474	15,263	19,462	24,631
Change (%)	-54.0	41.7	135.8	82.5	65.8	41.6	33.0	27.5	26.6
Provisions and W/Offs	218	489	1,052	2,364	4,530	6,715	8,916	11,264	13,710
PBT	584	648	1,627	2,524	3,575	4,759	6,347	8,198	10,922
Tax	99	58	511	848	1,174	1,563	2,085	2,693	3,588
Tax Rate (%)	17.0	9.0	31.4	33.6	32.8	32.8	32.8	32.8	32.8
PAT from discontinued operations	-67	-63	26	-14	-11	0	0	0	0
PAT	631	526	1,143	1,662	2,389	3,196	4,262	5,505	7,334
Change (%)	-40.4	-16.6	117.1	45.4	43.8	33.8	33.4	29.2	33.2
Proposed Dividend	128	165	200	219	253	288	341	385	513

Balance Sheet									
(INR Million)									
Y/E MARCH	2013	2014	2015	2016	2017	2018E	2019E	2020E	2021E
Capital	704	820	910	912	974	974	974	974	974
Reserves & Surplus	8,903	10,898	14,828	16,123	21,862	24,712	28,565	33,607	40,325
Net Worth	9,607	11,719	15,738	17,035	22,836	25,686	29,539	34,582	41,300
Borrowings	62,301	84,220	84,374	119,549	141,081	180,584	228,128	280,597	345,134
Change (%)	42.0	35.2	0.2	41.7	18.0	28.0	26.3	23.0	23.0
Total Liabilities	71,909	95,938	100,112	136,584	164,119	206,270	257,667	315,179	386,434
Investments	11	3,474	1,942	1,836	2,587	3,104	3,725	4,470	5,363
Change (%)	-99.7	31,281.3	-44.1	-5.4	40.9	20.0	20.0	20.0	20.0
Advances	55,303	69,657	87,089	124,455	149,871	191,835	239,793	294,946	362,783
Change (%)	24.7	26.0	25.0	42.9	20.4	28.0	25.0	23.0	23.0
Net Fixed Assets	391	340	191	292	646	656	666	676	686
Other assets	16,204	22,466	10,890	10,000	11,016	10,675	13,483	15,087	17,601
Total Assets	71,909	95,938	100,112	136,584	164,119	206,270	257,667	315,179	386,434

E: MOSL Estimates

Financials – Capital First

Ratios

Y/E MARCH	2013	2014	2015	2016	2017E	2018E	2019E	2020E	2020E
Spreads Analysis (%)									
Yield on Advances	14.6	15.6	16.4	15.8	17.4	18.3	18.5	18.7	18.9
Cost of borrowings	9.1	8.8	9.3	8.8	8.9	8.2	8.1	8.1	8.1
Interest Spread	5.5	6.8	7.1	7.0	8.5	10.1	10.4	10.6	10.8
NIM	4.9	5.3	6.4	7.3	9.0	10.6	10.8	11.0	11.2
NIM - AUM	4.0	3.9	4.8	5.8	7.2	8.3	8.5	8.7	8.9
Profitability Ratios (%)									
RoE	7.0	4.9	8.3	10.1	12.0	13.2	15.4	17.2	19.3
RoA	1.0	0.6	1.2	1.4	1.6	1.7	1.8	1.9	2.1
RoA on AUM	0.9	0.6	1.1	1.2	1.3	1.4	1.5	1.6	1.7
Int. Expended/Int.Earned	66.3	66.3	61.1	53.8	48.6	42.2	41.5	41.2	40.8
Secur. Inc./Net Income	22.1	18.8	20.7	21.6	23.4	20.4	20.5	20.5	20.4
Efficiency Ratios (%)									
Op. Exps./Net Income	75.4	72.7	59.0	50.7	50.6	51.2	49.8	49.0	48.4
Empl. Cost/Op. Exps.	53.3	42.0	35.2	35.2	28.8	25.4	25.3	24.6	23.9
Asset-Liability Profile (%)									
Loans/Borrowings Ratio	88.8	82.7	103.2	104.1	106.2	106.2	105.1	105.1	105.1
Net NPAs to Adv.	0.0	0.1	0.2	0.5	0.3	0.8	0.8	0.8	0.7
CAR	23.5	22.2	23.4	19.8	20.3	17.4	15.6	14.5	13.7
Tier 1	16.3	16.3	18.8	14.5	16.0	14.0	12.9	12.3	11.9
Valuation									
Book Value (INR)	136	143	173	187	234	264	303	355	424
Price-BV (x)					3.6	3.2	2.8	2.4	2.0
Adjusted BV (INR)	136.4	143	172	184	233	258	297	347	414
Price-ABV (x)					3.6	3.2	2.8	2.4	2.0
EPS (INR)	9.9	7.2	12.3	18.4	24.6	32.8	43.7	56.5	75.3
EPS Growth (%)	-39.6	-27.5	70.8	49.6	34.2	33.1	33.4	29.2	33.2
Price-Earnings (x)					33.9	25.5	19.1	14.8	11.1
Dividend per Share (INR)	1.8	2.0	2.2	2.4	2.6	3.0	3.5	4.0	5.3
Dividend Yield (%)					0.3	0.4	0.4	0.5	0.6

E: MOSL Estimates

NOTES

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