23 September 2022
Company Update | Sector: Financials

IndusInd Bank

BSE SENSEX	S&P CNX
58,099	17,327

IndusInd Bank

Bloomberg	IIB IN
Equity Shares (m)	757
M.Cap.(INRb)/(USDb)	917.2 / 11.3
52-Week Range (INR)	1275 / 764
1, 6, 12 Rel. Per (%)	12/26/4
12M Avg Val (INR M)	4317
Free float (%)	84.8

Financials & Valuation (INR b)

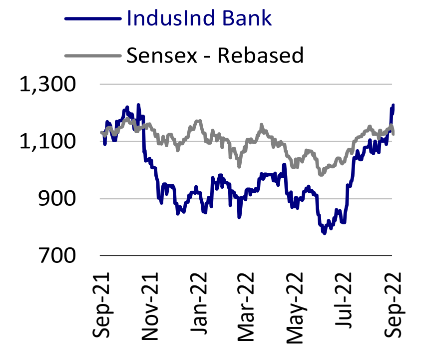
Y/E MARCH	FY22	FY23E	FY24E
NII	150.0	175.5	202.9
OP	131.0	146.2	169.2
NP	48.0	77.1	92.4
NIM (%)	3.9	4.1	4.2
EPS (INR)	62.1	99.5	119.3
EPS Gr. (%)	55.4	60.3	19.9
BV/Sh. (INR)	617.8	707.1	815.4
ABV/Sh. (INR)	604.0	695.0	802.3
Ratios			
RoE (%)	10.6	15.1	15.7
RoA (%)	1.3	1.8	1.9
Valuations			
P/E (X)	19.1	11.9	9.9
P/BV (X)	1.9	1.7	1.5
P/ABV (X)	2.0	1.7	1.5

Shareholding pattern (%)

As On	Jun-22	Mar-22	Jun-21
Promoter	15.2	15.2	15.2
DII	19.3	20.1	16.3
FII	50.3	50.7	56.0
Others	15.3	14.0	12.5

FII Includes depository receipts

Stock's performance (one-year)



CMP: INR1,183 TP: INR1,450 (+23%) Buy

Growth outlook getting stronger; earnings visibility improves

Credit cost set to glide as key business segments recover further

- **IIB has demonstrated a healthy traction in operating performance over the past few quarters as it successfully braved the storm in late FY20 and FY21. It reported a loan growth of ~18% in 1QFY23 (vs average of 8% over FY20-22).**
- **Improving business activity and a recovery in its core CV and MFI segments will aid overall portfolio growth and further ease credit cost. We expect 18% loan CAGR over FY22-24.**
- **The management is strengthening its liability franchise, with an increased focus on garnering Retail deposits. The same has clocked 39% CAGR over FY20-22, while the mix, as per LCR disclosures, rose by ~1,000bp to 41%.**
- **Asset quality risks are receding, with a gradual reduction in stress from the MFI and CV book. The restructuring book too moderated to 2.1% of loans, which will keep slippages under control. The bank carries a healthy PCR of ~72% and a provision buffer of 1.2% of loans, which will result in a moderation in credit cost to 1.3% by FY24E.**
- **We have added IIB to our Model Portfolio, which was last published in Feb'22, and the stock has delivered ~26% returns since then. With key issues addressed, and steady progression in earnings along with improving growth momentum we expect the stock to re-rate further. We estimate FY24 RoA/RoE of 1.9%/15.7% and maintain our Buy rating with a TP of INR1,450 (1.8x FY24E ABV).**

Improving business outlook to support its growth trajectory

IIB is seeing a gradual recovery in loan growth over the past few quarters, led by a healthy pickup in both Corporate and Retail loans. Advances grew by ~18% YoY in 1QFY23 (v/s ~12% in FY22), with Corporate/Retail loans up ~24%/13%. An improving CV cycle and demand outlook (road operators are operating at over 90% capacity) will result in a further pick-up. Corporate growth is likely to remain healthy, which, coupled with a recovery in the economic environment and the MFI cycle (IIB expects 18-20% growth), will keep the momentum healthy. We expect 18% loan CAGR over FY22-24.

Improving liability franchise; Retail deposit mix up 400bp YoY to 41%

IIB has been successful in strengthening its liability franchise, with an increased focus on garnering Retail deposits. The same has clocked 39% CAGR over FY20-22, with the mix as per LCR up 1,000bp to 41%. Similarly, the concentration of the top 20 depositors fell to 17% (v/s 21.7% in FY21). LCR ratio remains healthy ~124%. The management remains focused on increasing the Retail mix to 45-50%. We expect deposits to clock 16% CAGR over FY22-24.

Margin to remain broadly stable; high fixed-rate book to limit expansion

While the interest rate differential for IIB stands higher v/s its peers (25-80bp), it has narrowed in recent months. The SA rate for IIB has moderated to 3.5% v/s ~3% for large Banks. Though the CoD/CoF has moderated by 126bp/138bp since FY20, the same appears to have bottomed out and may see an increase going forward. While this, coupled with a higher mix of fixed-rate loans, will limit margin expansion, an increase in the CD ratio, with higher yields on incremental lending, is likely to keep margin stable.

Nitin Aggarwal - Research Analyst (Nitin.Aggarwal@MotilalOswal.com)
Research Analyst: Yash Agarwal (Yash.Agarwal@motilaloswal.com) | **Vinayak Agarwal** (Vinayak.Agarwal@motilaloswal.com)

Receding asset quality risks; stress from the restructuring book to remain controlled

Asset has quality has been under pressure over the past few quarters, with slippages led by the restructuring book, particularly from the MFI/Vehicle segment. However, the environment seems to be improving, with the management expecting it to gradually moderate in coming quarters. The restructuring book moderated to 2.1% of loans, with slippages in line with the management's expectation. Slippages may remain slightly higher and recoveries healthy, which will result in a gradual recovery in asset quality. We expect GNPAs/NNPAs to moderate to 1.7%/0.4% by FY24.

Credit cost set to trend lower; intends to maintain a contingency buffer

BB and below pool has moderated to 4% in 1QFY23 v/s ~7.8% in 2QFY21, which, coupled with an expectation of a resilient corporate cycle, will keep credit cost under control. The management has fully provided for its funded exposure to IDEA, with no material Corporate slippage in sight (Retail exposure slipped in 1QY23). IIB intends to utilize its COVID-19 provisions worth INR10b towards slippages from the restructuring book. The management will maintain an additional buffer of INR20b (0.8% of loans) on an ongoing basis. It reiterated its FY23 credit cost guidance of 120-150bp, while we have built in a credit cost of 1.4%/1.3% for FY23/FY24.

On track to achieve PC-5 targets; sets bigger aspirations under PC-6

Even as IIB is on track to achieve its Planning Cycle 5 (CY20-23) strategy targets, the management unveiled its Planning Cycle 6 strategy with a focus on: a) sustainably scaling up its domain business, and, b) nurturing new initiatives. The bank is strongly focused on reducing deposit concentration and increasing granularity through Retail deposits (target mix of 45-50%). Overall, the management is targeting loan CAGR to be ahead of its Planning Cycle 5 strategy, with Retail to constitute 60% of total loans. It expects a CASA ratio of over 45%, with a PPOP-to-loan ratio of over 5.5% by FY26. It is targeting a branch count of over 3k and a customer base of over 50m.

Return ratios to inch up gradually; expect FY24 RoA/RoE at 1.9%/15.7%

Prior to FY18, the average credit cost stood controlled at 0.7% over FY10-18. After FY18, exposure towards IL&FS entities, along with other stressed accounts, resulted in a sharp increase in credit cost, which was further aggravated by the COVID-19 pandemic. Thus, credit cost increased to 3.8% in FY21. While we do not foresee a moderation in credit cost to historical levels, we expect it to moderate to 1.3% by FY24, with a gradual reduction in asset quality risks. We expect return ratios to gradually inch up to its historical levels and estimate a FY24 RoA/RoE of 1.9%/15.7%.

Valuation and view

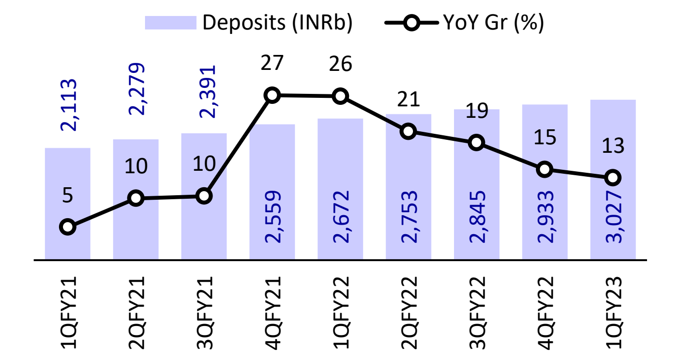
IIB is gearing up to deliver sustainable growth, fueled by continued market share gains in its key domains, while also scaling up new business verticals. Loan growth is seeing a gradual recovery, while the liability franchise continues to improve, supporting margin. This, coupled with a PCR of 72% and a contingent buffer of 1.2% of loans, will enable a sustained decline in credit costs, driving a sharp recovery in earnings. We added IIB to our Model Portfolio, which was last published in Feb'22, and the stock has delivered ~26% returns since then. With key issues addressed, progression in earnings, and rising loan growth momentum, we expect the stock to re-rate further. **We expect IIB to report 39% PAT CAGR over FY22-24, resulting in a RoA/RoE of 1.9%/15.7% in FY24. We maintain our Buy rating with a revised TP of INR1,450 (1.8x FY24E ABV).**

Improving liability franchise; Retail deposit mix up 400bp YoY to 41%

CASA ratio healthy; Deposit rate differential has narrowed vs peers

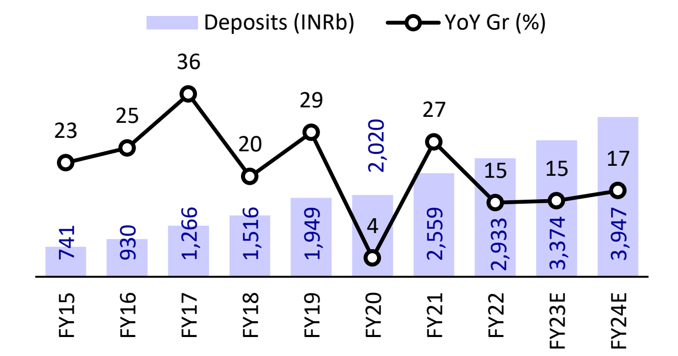
- IIB has been successful in strengthening its liability franchise, with an increased focus on garnering Retail deposits. The latter has grown in the 17-60% range v/s 13-27% growth in overall deposits over the past many quarters. Retail deposits clocked 39% CAGR over FY20-22, with the mix as per LCR up 1,000bp to 41%.
- Similarly, the concentration of the top 20 depositors fell to 17% (v/s 21.7% in FY21). LCR ratio remains healthy ~124%.
- The management is focusing on the NRI and Affluent category, which is likely to see a healthy traction in terms of deposit mobilization. The management remains focused on increasing the Retail mix to 45-50%. We expect deposits to clock 16% CAGR over FY22-24.

Exhibit 1: Deposit growth gains traction after a rundown in Mar'20



Source: MOFSL, Company

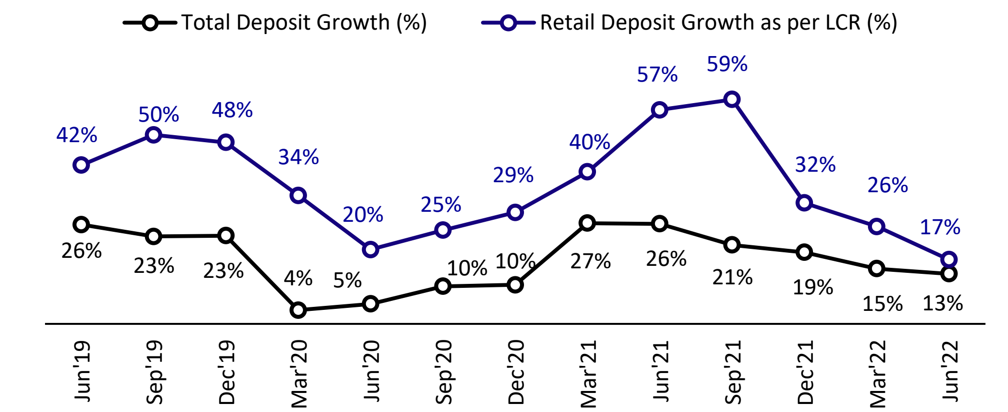
Exhibit 2: Expect deposits to grow at a healthy 16% CAGR over FY22-24



Source: MOFSL, Company

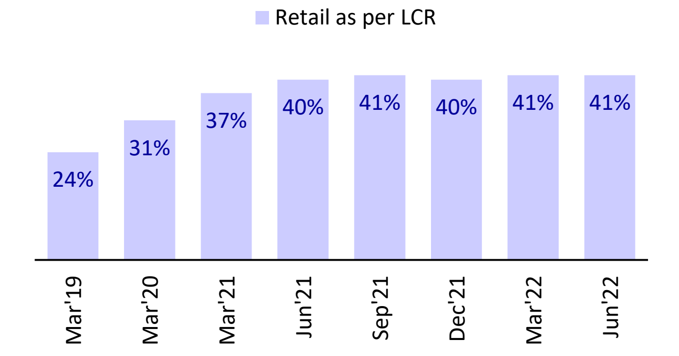
The sharp focus of IIB on ramping up its Retail deposits. The Retail deposit mix stands at 41% in Jun'22. The target is to keep the ratio between 45% and 50%

Exhibit 3: Strong (17-60%) growth in Retail deposits v/s a 13-27% growth in overall deposits over the past few quarters



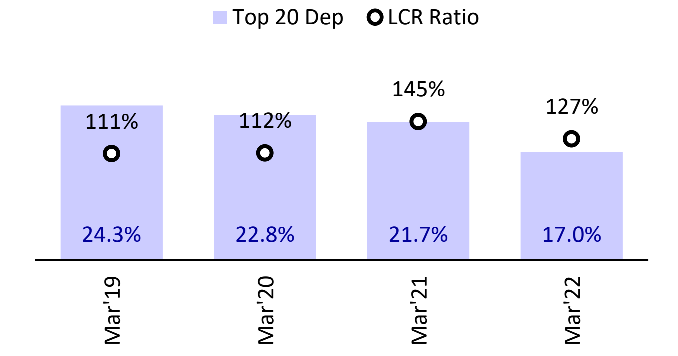
Source: Company, MOFSL

Exhibit 4: Proportion of Retail deposits constantly increase, stands ~41% in Jun'22



Source: MOFSL, Company

Exhibit 5: Concentration ratio moderates by ~470bp YoY to 17% in FY22; LCR ratio healthy at 127% (v/s 124% in 1QFY23)



Source: MOFSL, Company

- While the interest rate differential for IIB stands higher v/s its peers (25-80bp), it has narrowed in recent months, with the pricing turning competitive. The SA rate for IIB has moderated to 3.5% v/s ~3% for large Banks. While there can be some increase in interest rates, the management is confident of maintaining its healthy traction in building deposits.

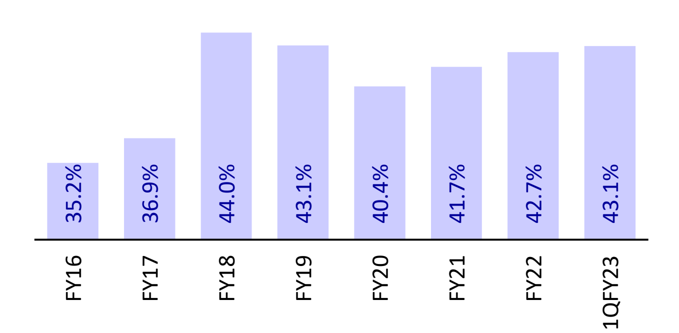
TD rates for IIB are higher as compared to its peers. Strong momentum in Retail deposit growth to continue

Exhibit 6: One-year Term deposit rate for IIB is 25-80bp higher v/s major peers – the gap has narrowed in the past few months

TD rates (%)	7-14 days	0-3 months	3-9 months	9-15 months	15-36 months
HDFCB	2.8%	3.3%	4.7%	5.5%	5.5%
AXSB	2.5%	3.0%	4.7%	5.8%	5.7%
ICICIBC	2.8%	3.3%	4.7%	5.5%	5.6%
KMB	2.5%	3.3%	5.0%	6.0%	6.1%
IIB	**3.5%**	**4.3%**	**5.3%**	**6.3%**	**6.8%**
SBIN	2.9%	3.9%	4.6%	5.5%	5.5%
BOB	3.0%	4.0%	4.7%	5.5%	5.5%

Source: Company, MOFSL

Exhibit 7: CASA ratio (%) remains healthy ~43% in 1QFY23



Source: MOFSL, Company

Exhibit 8: IIB's SA rate marginally higher as compared to its peers in 1QFY23

Bank	SA rate	CA mix	SA mix	CASA mix
AXSB	3.0%	13.5%	30.3%	43.8%
HDFCB	3.0%	13.7%	32.0%	45.8%
ICICIBC	3.0%	13.4%	33.5%	46.9%
IIB	**3.5%/4.5%**	**11.6%**	**31.5%**	**43.1%**
KMB	3.5%	18.0%	40.1%	58.1%
RBK	4.25%/5.5%/6%	15.4%	20.6%	36.0%
BOB	2.8%	7.0%	37.2%	44.2%
PNB	2.7%/2.75%	6.2%	40.1%	46.3%
SBIN	2.7%	6.0%	39.3%	45.3%

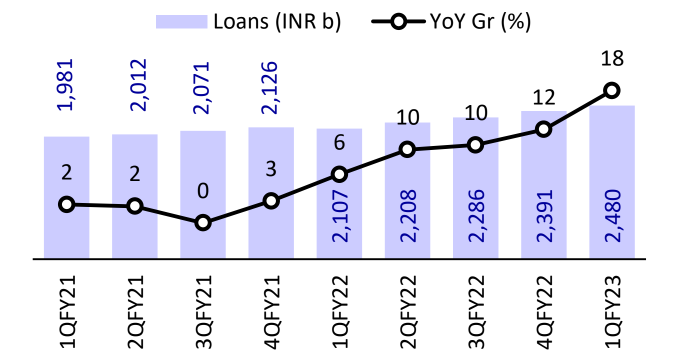
Source: MOFSL, Company

Improving business outlook to support its growth trajectory

Margin to remain broadly stable; higher fixed-rate book to limit expansion

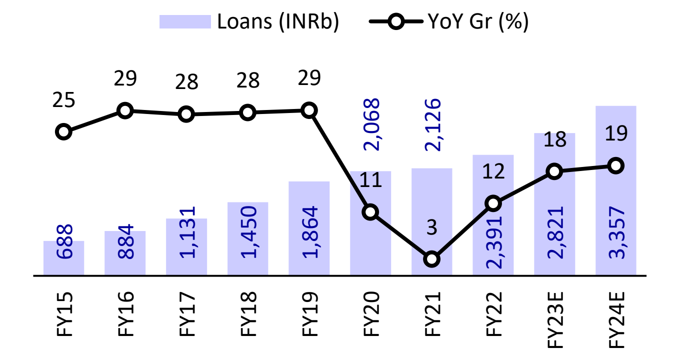
- IIB is seeing a gradual recovery in loan growth over the past few quarters, led by a healthy pickup in both Corporate and Retail loans. Advances grew by ~18% YoY in 1QFY23 (v/s ~12% in FY22), with Corporate/ Retail loans up ~24%/13%. Disbursement trends have been strong, with the management expecting this strong momentum to sustain over 2QFY23.
- An improving CV cycle and demand outlook (road operators are operating at over 90% capacity) will result in a further pick-up. The management expects double-digit loan growth in vehicles in FY23, except in the Bus, Auto, and 2W segments, which continues to remain sluggish.
- Capex is likely to pick-up over the next six months. In Corporate loans, IIB's focus is on small and mid-corporates, and remains selective on large corporates.
- Corporate growth is likely to remain healthy, which, coupled with a recovery in the economic environment and the MFI cycle (IIB expects 18-20% growth), will keep the momentum healthy. We expect 18% loan CAGR over FY22-24.

Exhibit 9: Loan growth witnesses a healthy recovery, gains steady traction



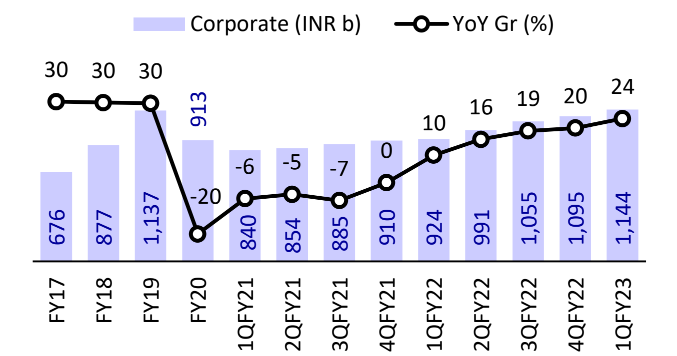
Source: MOFSL, Company

Exhibit 10: Expect 18% loan CAGR over FY22-24, led by a pick-up in the Corporate, Vehicle, and MFI segment



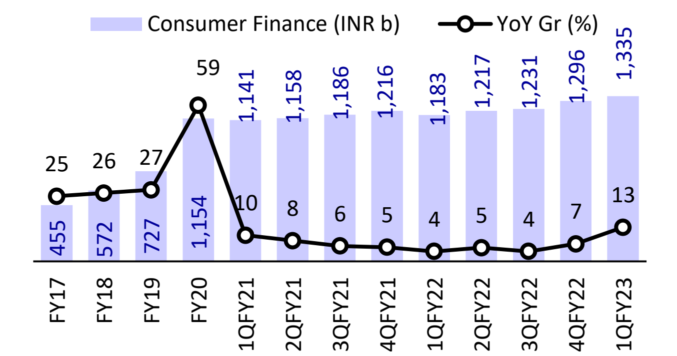
Source: MOFSL, Company

Exhibit 11: Corporate book witnesses a decline over FY21, but grew strongly in FY22 and FY23 till date



Source: MOFSL, Company

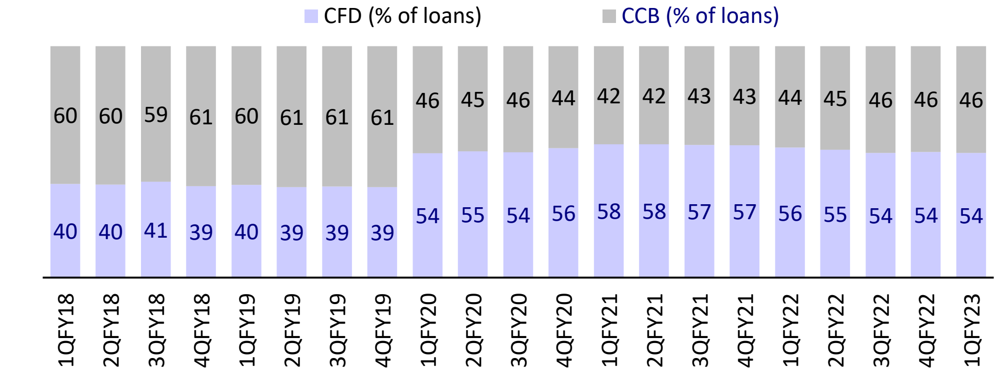
Exhibit 12: Modest growth in Consumer Finance. The same is picking up gradually, led by an improving CV cycle



Source: MOFSL, Company

Mix of Consumer Finance rose to 54% in 1QFY23 v/s 39% in FY19

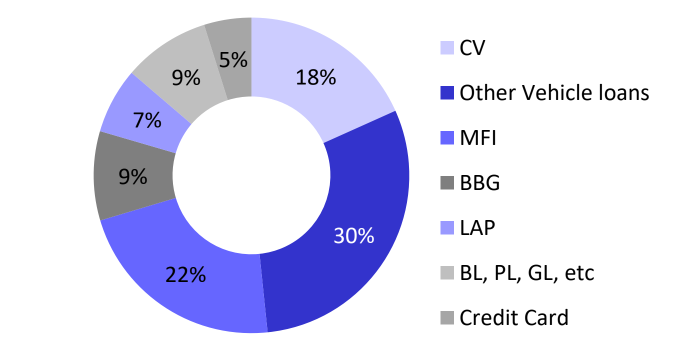
Exhibit 13: Consumer Finance constitutes 54% of total loans as of 1QFY23



Source: Company, MOFSL

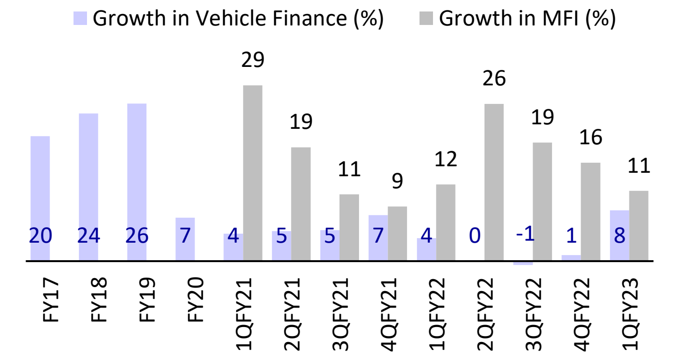
- The management is focusing on diversifying the MFI book by reducing the mix of the JLG book. It expects the MFI book to grow at 18-20%. The other Retail book (LAP, Secured Retail, Credit Cards, PL, etc.) is performing well and is likely to grow over 20%. The bank is also looking to scale up its Home loans and is targeting a monthly run-rate of INR2b.

Exhibit 14: Loan mix within the Consumer segment as of 1QFY23; Vehicle Finance/MFI constitutes 48%/22%



Source: MOFSL, Company

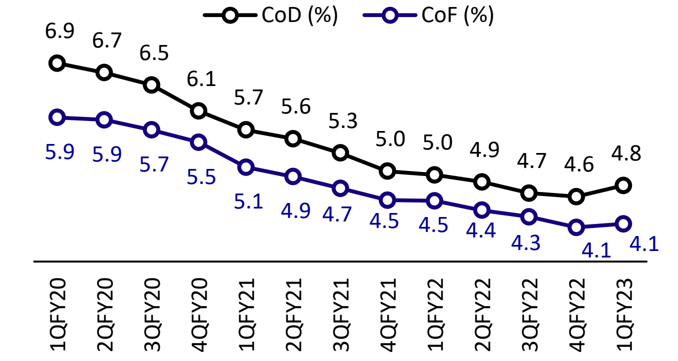
Exhibit 15: Modest growth in Vehicle Finance, expect it to witness an uptick over FY23; MFI growth remains healthy



Source: MOFSL, Company

- Though the CoD/CoF has moderated by 126bp/138bp since FY20, the same appears to have bottomed out and may see an increase going forward. While this, coupled with a higher mix of fixed-rate loans, will limit margin expansion, an increase in the CD ratio (target is to increase CD ratio to 85-90%), with higher yields on incremental lending, is likely to keep margin stable.
- **Loan mix:** Fixed (50%); MCLR (20%); EBLR - G-Sec, T-Bills, etc. (20%); and other short tenure rates (10%).

Exhibit 16: Cost of deposits/funds moderates by 126bp/138bp since FY20



Source: MOFSL, Company

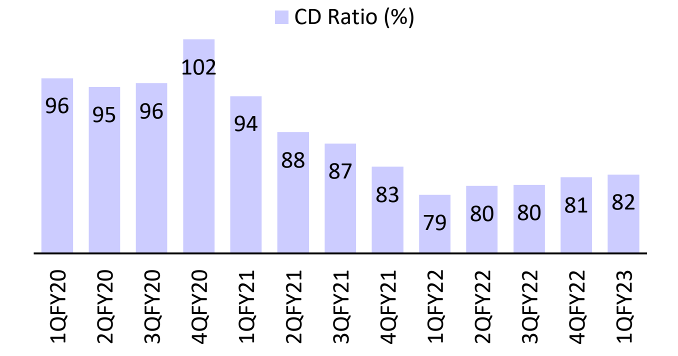
Exhibit 17: Cost of deposits remains high, providing an opportunity to grow deposits

1QFY23	CoD	CoF
AXSB	3.7%	3.9%
HDFCB*	NA	3.6%
ICICIBC	3.5%	3.7%
IIB	**4.8%**	**4.1%**
KMB*	NA	3.2%
RBK	4.8%	4.9%
BOB*	3.5%	3.5%
PNB	3.8%	3.4%
SBIN*	3.8%	3.7%

*CoF on a calculated basis

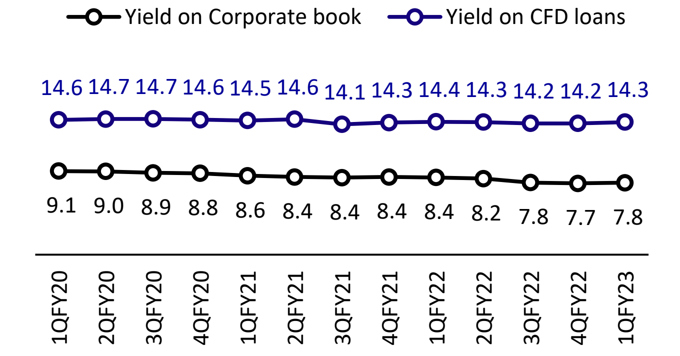
Source: MOFSL, Company

Exhibit 18: CD ratio witnessing a gradual improvement – stands ~82% as of 1QFY23; though far off from earlier levels



Source: MOFSL, Company

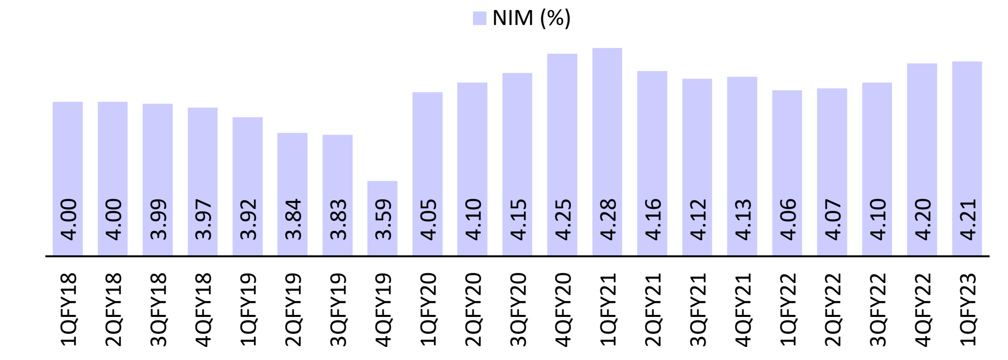
Exhibit 19: Higher yielding Corporate book supports margin



Source: MOFSL, Company

Expect margin to remain stable as a higher mix of fixed-rate loans will negate the benefit of rising interest rates

Exhibit 20: Margin witnessing a gradual improvement, despite offering higher deposit rates, supported by a high-yielding book



Source: Company, MOFSL

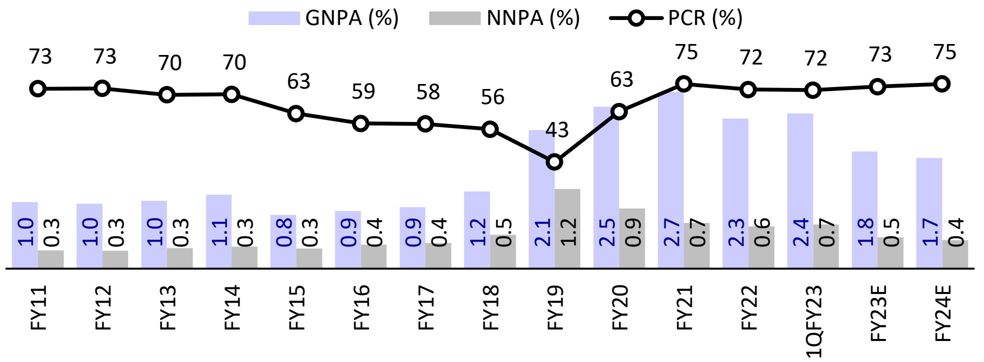
Improving asset quality; stress from restructured book under control

Credit cost set to moderate; intends to keep adequate contingency buffers

- Asset quality for the bank has been under pressure over the past few quarters, with slippages led by the restructuring book, particularly from the MFI/Vehicle segment. However, the environment seems to be improving, with the management expecting it to gradually moderate in coming quarters.
- The restructuring book has moderated to 2.1% of loans, with slippages in line with the management's expectation. Slippages may remain slightly higher and recoveries healthy, which will result in a gradual recovery in asset quality. We expect GNPAs/NNPAs to moderate to 1.7%/0.4% by FY24.
- Prior to FY18, the average credit cost for IIB stood controlled at 0.7% over FY10-18. After FY18, exposure towards IL&FS entities, along with other stressed accounts, resulted in a sharp increase in credit cost, which was further aggravated by the COVID-19 pandemic. As a result, credit cost increased to ~3.8% in FY21. While we do not foresee a moderation in credit cost to historical levels, we expect it to moderate to 1.3% by FY24, with a gradual reduction in asset quality risks.

PCR remains healthy ~72% as of 1QFY23

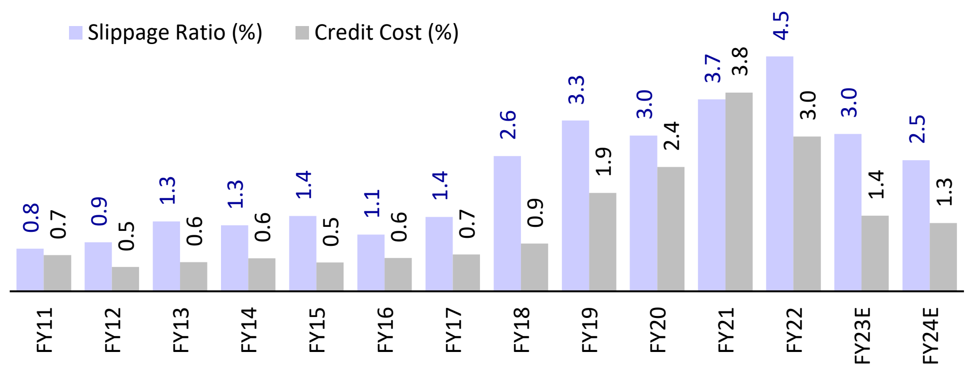
Exhibit 21: Asset quality to witness a healthy recovery over FY22-24E



Source: Company, MOFSL

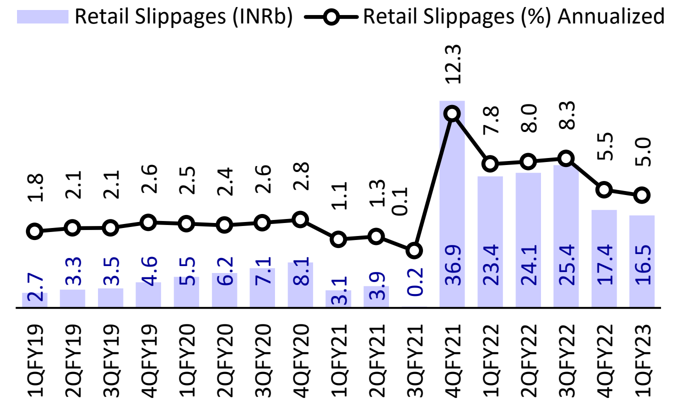
Expect credit cost to moderate due to lower slippages and moderation in provisioning requirement

Exhibit 22: Expect slippages/credit cost to moderate over FY22-24



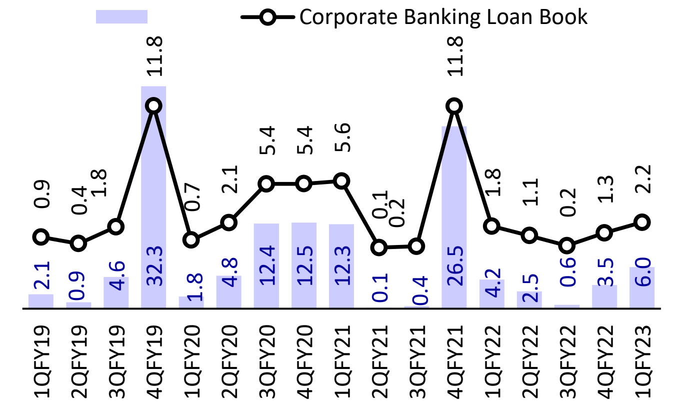
Source: Company, MOFSL

Exhibit 23: Retail slippages remain elevated, but is gradually moderating



Source: MOFSL, Company

Exhibit 24: Corporate slippages remain controlled, but were higher in 1QFY23 due to one Retail exposure



Source: MOFSL, Company

- BB and below pool for the bank moderated to 4% in 1QFY23 v/s ~7.8% in 2QFY21, which, coupled with an expectation of a resilient corporate cycle, will keep credit cost under control. The management has fully provided for its funded exposure towards IDEA, with no material Corporate slippage in sight (Retail exposure slipped in 1QFY23). IIB intends to utilize its COVID-19 provisions worth INR10b towards slippages from the restructuring book.
- The management will maintain an additional buffer of INR20b (0.8% of loans) on an ongoing basis. It reiterated its FY23 credit cost guidance of 120-150bp, while we have built in a credit cost of 1.4%/1.3% for FY23/FY24.

BB and below pool moderates to 4% in 1QFY23 v/s ~8% in 3QFY21

Exhibit 25: Rating profile based on internal classification (%)

As a percentage of Corporate loans	4Q FY19	4QFY 20	1Q FY21	2Q FY21	3Q FY21	4Q FY21	1Q FY22	2Q FY22	3Q FY22	4Q FY22	1Q FY23
AAA	16.1	18.5	19.0	20.0	20.0	24.7	26.0	28.0	26.0	23.0	23.0
AA+/AA/AA-	17.5	15.3	14.5	14.8	15.8	15.3	17.5	19.0	19.0	21.0	24.0
A+/A/A-	29.3	28.7	31.7	30.5	28.6	27.7	26.0	25.0	27.0	27.0	27.0
BBB+/BBB/BBB-	29.0	31.5	27.0	26.9	28.0	25.9	24.5	23.0	23.0	24.0	22.0
BB and below	8.1	6.0	7.8	7.8	7.6	6.4	6.0	5.0	5.0	5.0	4.0
Total	**100.0**	**100.0**	**100.0**	**100.0**	**100.0**	**100.0**	**100.0**	**100.0**	**100.0**	**100.0**	**100.0**

Source: Company, MOFSL

BB and below pool for IIB stands higher than major peers

Exhibit 26: BB and below pool across Banks (%)

As a percentage of corporate loans	4Q FY19	4Q FY20	1Q FY21	2Q FY21	3Q FY21	4Q FY21	1Q FY22	2Q FY22	3Q FY22	4Q FY22	1Q FY23
IIB	**8.1**	**6.0**	**7.8**	**7.8**	**7.6**	**6.4**	**6.0**	**5.0**	**5.0**	**5.0**	**4.0**
AXSB	2.0	1.9	2.0	2.6	2.4	2.1	2.1	1.9	1.7	1.3	1.2
ICIICBC	3.0	2.6	2.7	2.5	2.6	2.4	2.4	2.1	1.9	1.7	1.3
SBIN*	0.4	0.3	0.1	0.5	0.8	0.5	0.5	0.3	0.2	0.1	0.2

*For SBIN, SMA1 and SMA2 have been taken as a substitute for the BB and below pool Source: Company, MOFSL

Exhibit 27: Segmental GNPL trends witness an improvement across most segments, barring Tractors

Consumer Finance GNPA (%)	4QFY19	4QFY20	1QFY21	2QFY21	3QFY21	4QFY21	1QFY22	2QFY22	3QFY22	4QFY22	1QFY23
Commercial Vehicle	1.2	1.9	2.2	1.8	1.6	3.0	2.9	2.6	2.4	1.7	2.0
Utility	1.3	1.0	1.2	1.2	1.0	1.3	1.4	0.9	0.7	0.4	0.6
Construction Equipment	0.7	1.1	1.1	0.9	0.8	1.2	1.5	1.2	1.4	1.1	1.6
Small CV	1.4	1.8	1.8	1.8	1.6	2.9	7.6	4.7	3.6	2.1	2.1
Two-Wheeler	3.8	3.1	2.6	3.8	3.1	6.7	9.8	9.2	9.3	9.2	7.9
Cars	0.8	0.7	0.8	0.9	0.7	1.3	1.8	1.2	1.0	0.7	0.8
Tractor	1.8	1.2	1.4	1.3	0.7	1.2	1.3	1.4	1.4	1.5	1.8
LAP/HL/PL	0.4	0.9	0.5	0.4	0.4	2.8	2.8	2.6	2.2	1.8	1.7
Cards	1.9	1.9	0.8	0.6	0.2	1.6	4.4	5.1	4.6	3.3	2.3
BBG/LAP	NA	1.2	1.2	0.9	0.9	3.4	3.3	3.9	3.4	3.1	3.5
MFI	NA	1.5	1.6	1.6	1.5	1.5	1.7	3.0	3.2	2.5	3.4
Retail GNPA (%)	**1.2**	**1.5**	**1.5**	**1.4**	**1.2**	**1.4**	**2.9**	**3.0**	**2.8**	**2.3**	**2.5**

Source: Company, MOFSL

Restructured book constitutes 2.1% of loans, higher than private peers

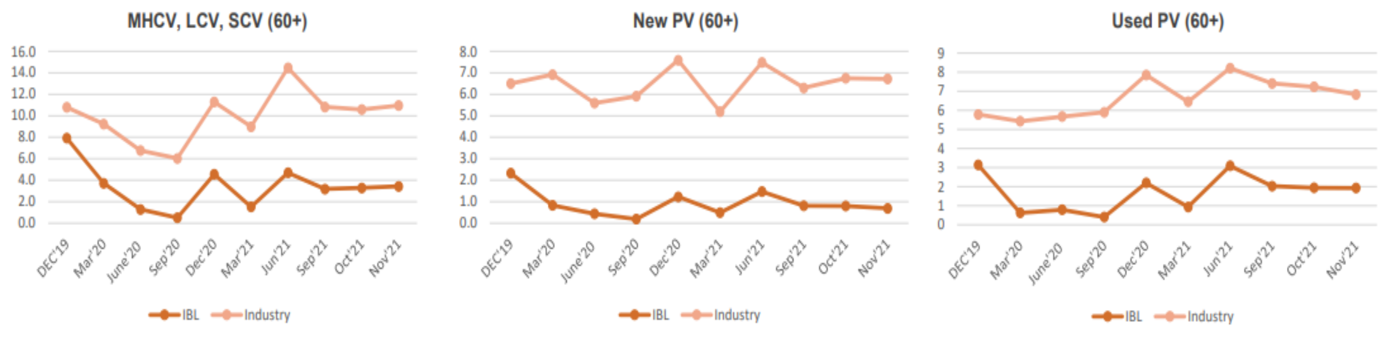
Exhibit 28: Vehicle/non-Vehicle Retail comprise 61%/16% of the restructured book, followed by MFI (12%) and Corporate (11%)

Restructuring book as of 1QFY23	INR b	As a percentage of loans
Vehicle Finance	31.3	1.3%
Secured Retail	6.3	0.3%
Unsecured Retail	1.9	0.1%
MFI	6.4	0.3%
Corporate	5.6	0.2%
Total restructuring	**51.6**	**2.1%**

Source: Company, MOFSL

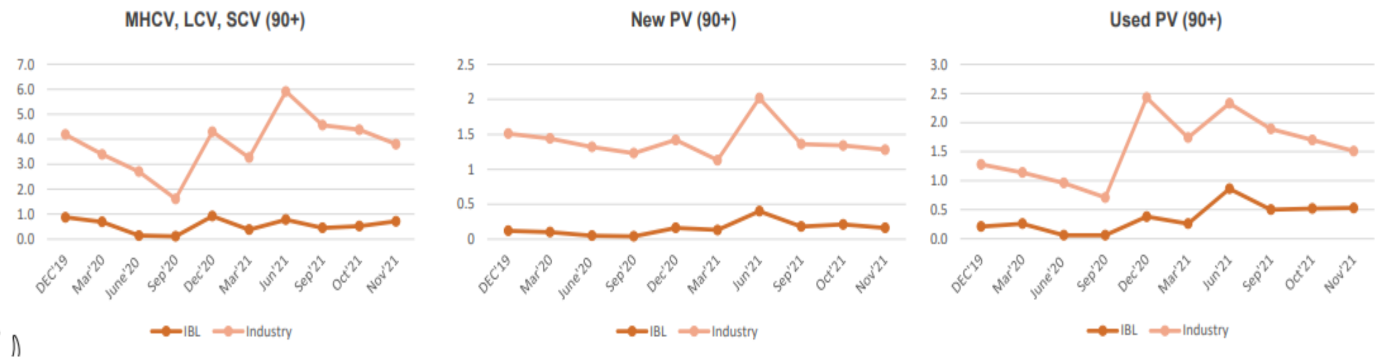
IIB v/s the industry – Trends in delinquencies across buckets

Exhibit 29: Delinquencies over 60dpd in the Vehicle portfolio



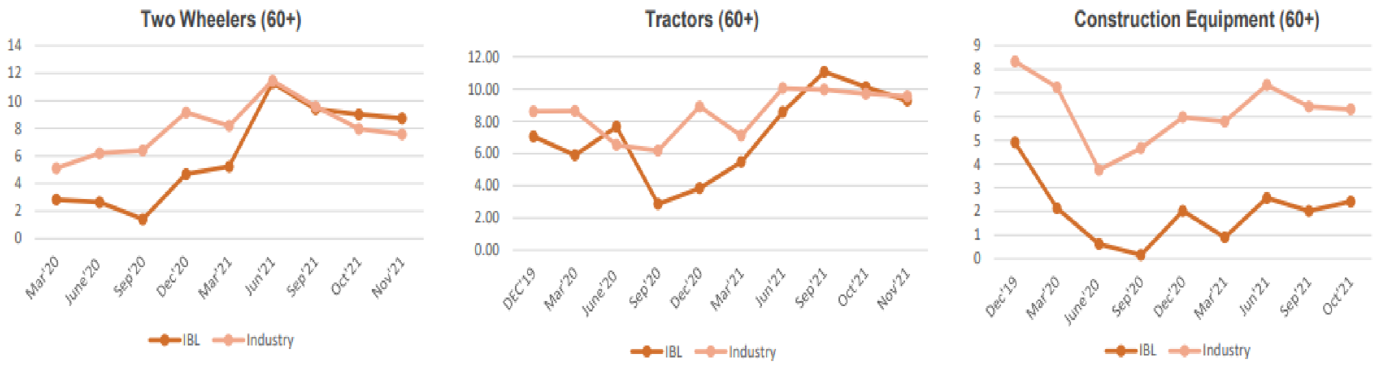
Source: MOSL, Company

Exhibit 30: Delinquencies over 90dpd in the Vehicle portfolio



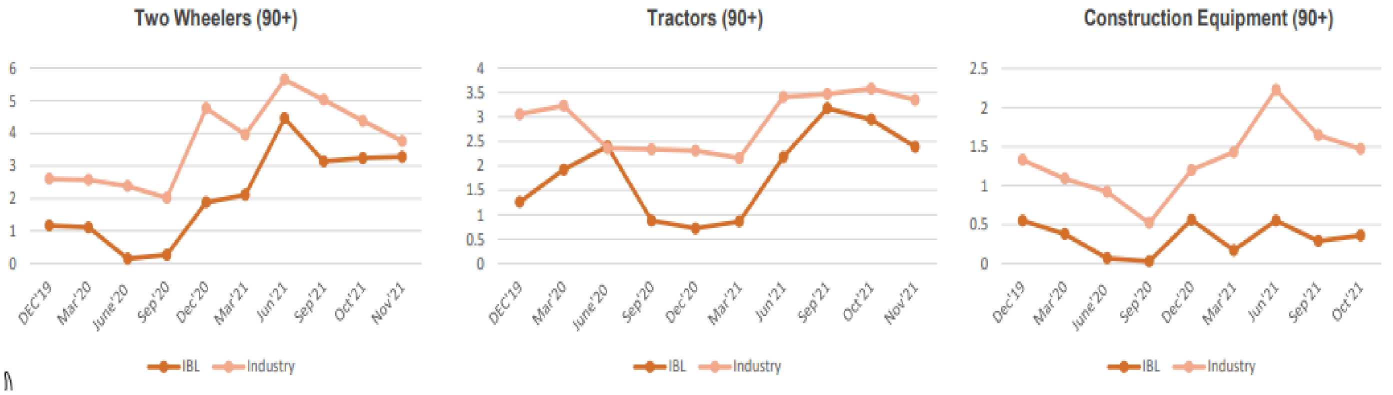
Source: MOSL, Company

Exhibit 31: Delinquencies over 60dpd in 2W, Tractors, and the CE portfolio



Source: MOSL, Company

Exhibit 32: Delinquencies over 90dpd in 2W, Tractors, and the CE portfolio



Source: MOSL, Company

MFI delinquencies superior to that of the industry

Exhibit 33: Delinquencies in the MFI portfolio across buckets

Source: Company, MOFSL

On track to achieve PC-5 targets; setting bigger aspirations under PC-6

Return ratios to inch up gradually; expect a FY24 RoA/RoE of 1.9%/15.7%

- Even as IIB is on track to achieve its Planning Cycle 5 (CY20-23) strategy targets, the management unveiled its Planning Cycle 6 strategy with a focus on: a) sustainably scaling up its domain business, and, b) nurturing new initiatives. The bank is strongly focused on reducing deposit concentration and increasing granularity through Retail deposits (target mix of 45-50%).
- Overall, the management is targeting loan CAGR to be ahead of its Planning Cycle 5 strategy, with Retail to constitute 60% of the total loan book. It expects a CASA ratio of over 45%, with a PPOP-to-loan ratio of over 5.5% over FY23-26. It is targeting a branch count of over 3k and an increase in its customer base to over 50m.

Planning Cycle 5 (CY20-23) strategy to focus on fortifying liabilities and scaling up its key focus businesses

Exhibit 34: On track to achieve the targets laid out under Planning Cycle 5

Planning Cycle 5 (CY20-23)	Target	As of 1QFY3/remarks	Planning Cycle 6 (FY23-26)
Loan growth (%)	15-18%	18%	Ahead of Planning Cycle 5
CASA ratio (%)	Over 40%	43.1%	Over 45%
Revenue growth (%)	Greater than Balance Sheet growth	On track to achieve	NA
PPOP/loans (%)	Over 5%	5.5%	Over 5.5%
Branch network	2,500	2,286	Over 3,000
Customer base	Double to over 45m	~32m	Over 50m
PCR (%)	Over 65%	72.0%	NA
Unsecured Retail loans (%)	Sub-5%	3.8%	NA
Loan mix – Retail:Corporate	NA	54:46	60:40
Retail LCR deposits (%)	45-50%	41%	NA
Certificate of deposits	5-10%	3%	NA
Credit-to-deposit ratio	Sub-95%	~82%	NA

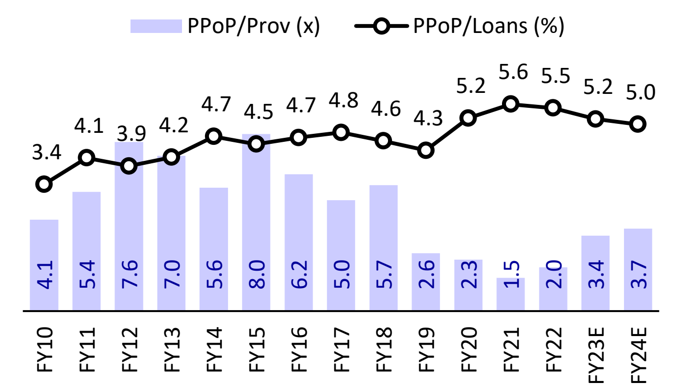
Source: Company, MOFSL

Valuation and view

- Asset quality remains steady, with GNPA/NNPA increasing marginally by 8bp/3bp QoQ to 2.35%/0.67% as of Jun'22, largely due to slippages from the restructuring book. CE remained healthy. The restructured book moderated to 2.1% from 2.6% in 4QFY22. A healthy PCR of 72% and contingent provisions provide comfort. We expect credit cost to moderate to 1.4%/1.3% in FY23/FY24.
- Loan growth is seeing healthy traction across segments. Retail disbursements remain strong, with the momentum expected to sustain going forward. Deposit traction remains healthy, with a focus on building a stable and granular liability franchise. Even as the management is working on its 'Planning Cycle 5' (CY20-23) strategy, it unveiled its 'Planning Cycle 6' (CY23- 26) strategy, where the focus remains on fortifying liabilities, scaling up its key focus businesses, and investing on new growth engines. We expect the loan book to grow at 18% over FY22-24.

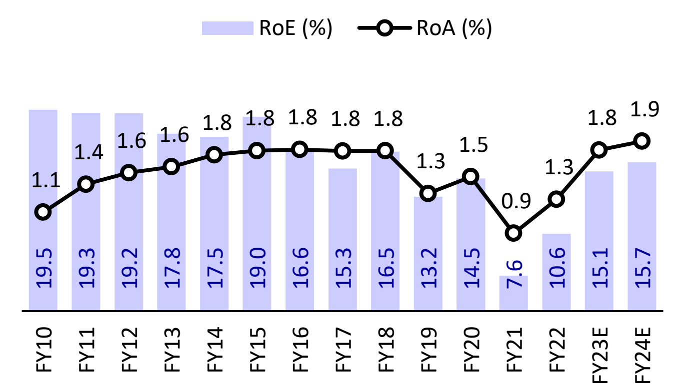
- **Margin to remain stable:** Rising interest rates are likely to drive yields, which, along with a pick-up in loan growth, is likely to support margin, despite the bank having a higher proportion of fixed-rate loans.
- **Buy with a TP of INR1,450:** IIB is gearing up to deliver sustainable growth, fueled by continued market share gains in its key domains, while also scaling up new business verticals. Loan growth is seeing a gradual recovery, while the liability franchise continues to improve, supporting margin. This, coupled with a PCR of 72% and a contingent buffer of 1.2% of loans, will enable a sustained decline in credit costs, driving a sharp recovery in earnings. We added IIB to our Model Portfolio, which was last published in Feb'22, and the stock has delivered ~26% returns since then. With key issues addressed, progression in earnings, and rising loan growth momentum, we expect the stock to re-rate further. **We expect IIB to report 39% PAT CAGR over FY22-24, resulting in a RoA/RoE of 1.9%/15.7% in FY24. We maintain our Buy rating with a revised TP of INR1,450 (1.8x FY24E ABV).**

Exhibit 35: PPOP to provision/loans set to improve gradually



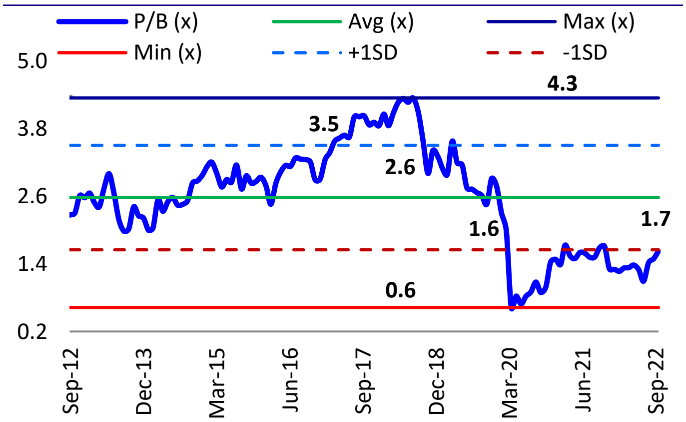
Source: MOFSL, Company

Exhibit 36: Return ratios to revert to historical levels



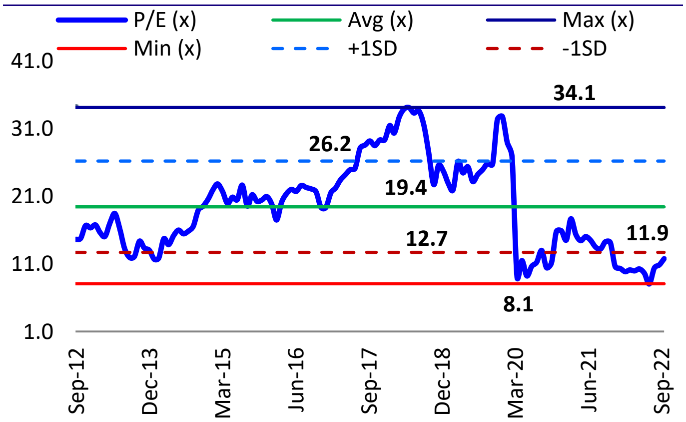
Source: MOFSL, Company

Exhibit 37: One-year forward P/B



Source: MOFSL, Company

Exhibit 38: One-year forward P/E



Source: MOFSL, Company

Exhibit 39: DuPont Analysis: Return ratios to show a steady improvement from FY22

Y/E March	FY18	FY19	FY20	FY21	FY22	FY23E	FY24E
Interest Income	8.63	8.91	9.84	8.66	8.06	8.71	9.06
Interest Expense	4.89	5.37	5.72	4.62	4.14	4.59	4.87
Net Interest Income	**3.75**	**3.54**	**4.12**	**4.04**	**3.92**	**4.12**	**4.19**
Core Fee Income	2.19	2.22	2.19	1.51	1.52	1.81	1.86
Trading and others	0.18	0.05	0.19	0.44	0.40	0.07	0.07
Non-Interest income	**2.37**	**2.26**	**2.38**	**1.96**	**1.92**	**1.88**	**1.93**
Total Income	**6.12**	**5.80**	**6.50**	**6.00**	**5.84**	**6.00**	**6.13**
Operating Expenses	**2.79**	**2.56**	**2.82**	**2.50**	**2.43**	**2.57**	**2.63**
Employee cost	0.89	0.74	0.76	0.66	0.91	0.95	0.97
Others	1.90	1.82	2.06	1.83	1.53	1.62	1.67
Operating Profit	**3.33**	**3.24**	**3.68**	**3.50**	**3.41**	**3.43**	**3.49**
Core operating Profit	3.14	3.19	3.49	3.06	3.01	3.36	3.42
Provisions	**0.59**	**1.24**	**1.59**	**2.37**	**1.73**	**1.01**	**0.94**
NPA	0.45	1.09	1.24	1.51	1.73	0.88	0.83
Others	0.14	0.16	0.35	0.86	0.00	0.13	0.11
PBT	**2.74**	**1.99**	**2.09**	**1.13**	**1.68**	**2.42**	**2.55**
Tax	0.94	0.67	0.58	0.28	0.43	0.61	0.64
RoA	**1.80**	**1.32**	**1.51**	**0.85**	**1.26**	**1.81**	**1.91**
Leverage (x)	9.1	10.0	9.6	8.7	8.4	8.3	8.2
RoE	**16.5**	**13.2**	**14.5**	**7.3**	**10.6**	**15.1**	**15.7**

Source: MOFSL, Company

Financials and valuations

Income Statement							(INRb)
Y/E March	**FY18**	**FY19**	**FY20**	**FY21**	**FY22**	**FY23E**	**FY24E**
Interest Income	172.8	222.6	287.8	290.0	308.2	370.7	438.4
Interest Expense	97.8	134.1	167.2	154.7	158.2	195.2	235.5
Net Interest Income	**75.0**	**88.5**	**120.6**	**135.3**	**150.0**	**175.5**	**202.9**
Growth (%)	23.7	18.0	36.3	12.2	10.9	17.0	15.6
Non-Interest Income	47.5	56.5	69.5	65.0	74.1	80.0	93.6
Total Income	**122.5**	**144.9**	**190.1**	**200.3**	**224.1**	**255.5**	**296.5**
Growth (%)	19.7	18.3	31.2	5.4	11.9	14.0	16.1
Operating Expenses	55.9	64.0	82.4	81.6	93.1	109.3	127.4
Pre Provision Profits	**66.6**	**80.9**	**107.7**	**118.7**	**131.0**	**146.2**	**169.2**
Growth (%)	22.1	21.5	33.2	10.2	10.3	11.6	15.7
Core PPP	**62.9**	**79.7**	**102.2**	**103.9**	**125.0**	**143.2**	**165.7**
Growth (%)	21.6	26.7	28.2	1.6	20.4	14.5	15.7
Provisions (excl. tax)	11.8	31.1	46.5	79.4	66.6	43.1	45.6
PBT	**54.8**	**49.8**	**61.2**	**39.3**	**64.3**	**103.1**	**123.6**
Tax	18.7	16.8	17.0	10.0	16.3	26.0	31.1
Tax Rate (%)	34.2	33.7	27.8	25.4	25.3	25.2	25.2
PAT	**36.1**	**33.0**	**44.2**	**29.3**	**48.0**	**77.1**	**92.4**
Growth (%)	25.7	-8.5	33.8	-33.7	64.0	60.5	19.9

Balance Sheet							
Y/E March	**FY18**	**FY19**	**FY20**	**FY21**	**FY22**	**FY23E**	**FY24E**
Equity Share Capital	6.0	6.0	6.9	7.7	7.7	7.7	7.7
Reserves & Surplus	232.3	260.7	340.0	427.2	472.4	541.7	625.6
Net Worth	**238.3**	**266.7**	**347.0**	**435.0**	**480.1**	**549.5**	**633.4**
Deposits	**1,516.4**	**1,948.7**	**2,020.4**	**2,558.7**	**2,933.5**	**3,373.5**	**3,947.0**
Growth (%)	19.8	28.5	3.7	26.6	14.6	15.0	17.0
of which CASA Deposits	**667.3**	**840.7**	**815.7**	**1,067.9**	**1,253.3**	**1,443.9**	**1,709.1**
Growth (%)	43.1	26.0	-3.0	30.9	17.4	15.2	18.4
Borrowings	382.9	473.2	607.5	513.2	473.2	433.3	455.0
Other Liabilities & Prov.	78.6	89.4	95.6	122.1	132.7	139.3	149.1
Total Liabilities	**2,216.3**	**2,778.2**	**3,070.6**	**3,629.0**	**4,019.7**	**4,495.6**	**5,184.5**
Current Assets	132.2	147.8	160.0	566.1	685.8	612.9	642.7
Investments	**500.8**	**592.7**	**599.8**	**696.5**	**709.3**	**801.5**	**913.7**
Growth (%)	36.4	18.4	1.2	16.1	1.8	13.0	14.0
Loans	**1,449.5**	**1,863.9**	**2,067.8**	**2,126.0**	**2,390.5**	**2,820.8**	**3,356.8**
Growth (%)	28.2	28.6	10.9	2.8	12.4	18.0	19.0
Fixed Assets	13.4	17.1	18.2	18.8	19.3	21.2	23.3
Total Assets	**2,216.3**	**2,778.2**	**3,070.6**	**3,629.0**	**4,019.7**	**4,495.6**	**5,184.5**

Asset Quality							
GNPA	17.0	39.5	51.5	57.9	55.2	50.6	57.0
NNPA	7.5	22.5	18.9	14.8	15.3	13.4	14.5
GNPA Ratio	1.2	2.1	2.5	2.7	2.3	1.8	1.7
NNPA Ratio	0.5	1.2	0.9	0.7	0.6	0.5	0.4
Slippage Ratio	2.58	3.25	2.97	3.65	4.47	3.0	2.5
Credit Cost	0.91	1.88	2.37	3.79	2.95	1.4	1.3
PCR (Excl. Tech. write off)	56.3	43.0	63.3	74.5	72.3	73.5	74.5

Source: Company, MOFSL

Financials and valuations

Ratios

Y/E March	FY18	FY19	FY20	FY21	FY22	FY23E	FY24E
Yield and Cost Ratios (%)							
Avg. Yield-Earning Assets	**9.2**	**9.5**	**10.6**	**9.3**	**8.6**	**9.2**	**9.6**
Avg. Yield on loans	10.6	11.0	12.2	11.5	11.1	11.7	11.9
Avg. Yield on Investments	6.6	7.3	7.1	6.8	7.2	6.0	5.8
Avg. Cost-Int. Bear. Liab.	**5.8**	**6.2**	**6.6**	**5.4**	**4.9**	**5.4**	**5.7**
Avg. Cost of Deposits	5.8	6.1	6.5	5.0	4.5	5.1	5.3
Interest Spread	**3.4**	**3.4**	**4.1**	**4.3**	**4.1**	**4.1**	**4.2**
Net Interest Margin	**4.2**	**4.0**	**4.6**	**4.6**	**4.4**	**4.6**	**4.6**
Capitalisation Ratios (%)							
CAR	15.0	14.2	15.0	17.4	18.4	18.4	17.6
Tier I	14.6	13.7	14.6	16.8	16.8	17.0	16.4
Tier II	0.5	0.5	0.5	0.6	1.6	1.4	1.2
Business and Efficiency Ratios (%)							
Loans/Deposit Ratio	95.6	95.7	102.3	83.1	81.5	83.6	85.0
CASA Ratio	44.0	43.1	40.4	41.7	42.7	42.8	43.3
Cost/Assets	2.5	2.3	2.7	2.2	2.3	2.4	2.5
Cost/Total Income	45.7	44.2	43.3	40.7	41.5	42.8	43.0
Cost/Core Income	47.1	44.5	44.6	44.0	42.7	43.3	43.5
Int. Expense/Int. Income	56.6	60.3	58.1	53.4	51.3	52.7	53.7
Fee Income/Total Income	35.8	38.2	33.7	25.0	30.4	30.2	30.4
Non Int. Inc./Total Income	38.8	39.0	36.6	32.5	33.1	31.3	31.6
Emp. Cost/Total Expense	31.8	28.9	26.8	37.3	37.3	36.9	36.7
Investment/Deposit Ratio	33.0	30.4	29.7	27.2	24.2	23.8	23.1
Profitability Ratios and Valuations							
RoE	16.5	13.2	14.5	7.6	10.6	15.1	15.7
RoA	1.8	1.3	1.5	0.9	1.3	1.8	1.9
RoRWA	2.1	1.5	1.7	1.1	1.6	2.2	2.3
Book Value (INR)	393.9	439.8	497.9	560.2	617.8	707.1	815.4
Growth (%)	15.3	11.7	13.2	12.5	10.3	14.5	15.3
Price-BV (x)	**3.0**	**2.7**	**2.4**	**2.1**	**1.9**	**1.7**	**1.5**
Adjusted BV (INR)	385.2	413.7	478.2	546.9	604.0	695.0	802.3
Price-ABV (x)	**3.1**	**2.9**	**2.5**	**2.2**	**2.0**	**1.7**	**1.5**
EPS (INR)	60.2	54.9	68.2	39.9	62.1	99.5	119.3
Growth (%)	25.2	-8.8	24.2	-41.4	55.4	60.3	19.9
Price-Earnings (x)	**19.7**	**21.6**	**17.4**	**29.6**	**19.1**	**11.9**	**9.9**

Source: Company, MOFSL

NOTES

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

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

Disclosures

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

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

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

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

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

Regional Disclosures (outside India)

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

For Hong Kong:

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

For U.S.

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

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

For Singapore

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

Specific Disclosures

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

The associates of MOFSL may have:

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

The associates of MOFSL has not received any compensation or other benefits from third party in connection with the research report
Above disclosures include beneficial holdings lying in demat account of MOFSL which are opened for proprietary investments only. While calculating beneficial holdings, It does not consider demat accounts which are opened in name of MOFSL for other purposes (i.e holding client securities, collaterals, error trades etc.). MOFSL also earns DP income from clients which are not considered in above disclosures.

Analyst Certification

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

Terms & Conditions:

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

Disclaimer:

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

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

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