

Estimate change	↓
TP change	↑
Rating change	↔

Bloomberg	PNB IN
Equity Shares (m)	11,011
M.Cap.(INRb)/(USDb)	431.6 / 5.2
52-Week Range (INR)	45 / 28
1, 6, 12 Rel. Per (%)	1/5/-8
12M Avg Val (INR M)	1860

Financials & Valuations (INR b)

Y/E March	FY22	FY23E	FY24E
NII	286.9	330.5	366.2
OP	207.6	229.7	258.2
NP	34.6	40.0	65.4
NIM (%)	2.4	2.6	2.7
EPS (INR)	3.2	3.6	5.9
EPS Gr. (%)	66.8	12.9	63.6
BV/Sh. (INR)	83.2	86.2	91.4
ABV/Sh. (INR)	57.2	66.3	72.3

Ratios

RoE (%)	3.7	4.1	6.4
RoA (%)	0.3	0.3	0.4

Valuations

P/E(X)	12.2	10.8	6.6
P/BV (X)	0.5	0.5	0.4
P/ABV (X)	0.7	0.6	0.5

Shareholding pattern (%)

As On	Sep-22	Jun-22	Mar-22
Promoter	73.2	73.2	73.2
DII	11.9	11.4	11.6
FII	1.2	1.0	1.4
Others	13.7	14.4	13.9

FII Includes depository receipts

CMP: INR39 **TP: INR40 (+2%)** **Neutral**

Reports mixed performance; elevated provisions dent earnings

Asset quality improves in 2QFY23

- PNB reported a mixed business performance in 2QFY23, with a 63% decline in PAT to INR4.1b (58% miss). However, PPOP grew 38% YoY to INR55.7b (in line). Domestic margin expanded by 21bp QoQ to 3.11%. NII/PPOP grew 16%/5% YoY to INR158b/INR109b in 1HFY23, while PAT fell 66% to INR7b.
- On the asset quality front, slippages were lower by 8% QoQ to INR60b (3.6% annualized). Healthy recoveries and steady upgrades led to a 79bp/48bp QoQ improvement in GNPA/NNPA ratio to 10.5%/3.8%. PCR grew by ~150bp QoQ to 66.3%.
- Restructured book moderated to INR139b (1.8% of loans) from INR147b (2% of loans) in 1QFY23. Total SMA overdue (over INR50m) was flat QoQ at 0.26% of domestic loans. In absolute terms, it rose 2% QoQ to INR20.7b.
- We cut our FY23/FY24 earnings estimate by 8%/2% as we build in higher provisioning and project a RoA/RoE of 0.4%/6.4% by FY24. We **maintain our Neutral rating**.

Operating performance in line; lower slippages support asset quality

- PAT fell 63% YoY, but rose 33% QoQ, to INR4.1b due to elevated provisioning of INR49b (10% miss). NII saw a 30% YoY growth to INR82.7b (in line) in 2QFY23, led by loan growth of 4% QoQ and an expansion of 21bp QoQ in domestic margin to 3.11%.
- Other income fell 13% YoY to INR28.5b due to muted treasury gains in 2QFY23 v/s INR8.8b in 2QFY22. OPEX dipped by 1% YoY to INR55.5b (9% miss), led by lower employee cost. The C/I ratio improved to 49.9% (v/s 58.3% in 2QFY22). PPOP grew 38% YoY to INR55.7b (in line).
- Loan book grew 15% YoY and 4.1% QoQ to INR7.7t, fueled by healthy traction across most segments. Retail/Agri grew 6.2%/5.3% QoQ, while the Corporate portfolio rose 1.6%. Within Retail, Personal/Vehicle/Housing loans surged 10.5%/4.4%/3.1% QoQ in 2QFY23.
- Deposits shot up 7% YoY and 5% QoQ to INR11.9t, led by 8%/2% QoQ growth in Term/CASA deposits. CASA ratio moderated to 44.9% from 46.3% in 1QFY23.
- On the asset quality front, slippages were lower by 8% QoQ to INR60b (3.6% annualized). Healthy recoveries and steady upgrades led to the GNPA/NNPA ratio improving by 79bp/48bp QoQ to 10.5%/3.8%. PCR rose by ~150bp QoQ to 66.3%.
- SMA-2 (above INR50m) book rose 2% QoQ to INR20.7b, but was flat QoQ in percentage terms at 0.26% of domestic loans. Total restructured book (COVID-19 and earlier schemes) improved to 1.8% (INR139b) in 2Q v/s 2% in 1QFY23 (INR147b).

Highlights from the management commentary

- The management has revised its credit growth guidance for FY23 upward to 12-13% from 10% as there are ample opportunities to grow.
- While it is maintaining its single-digit GNPA guidance for FY23, it has revised its NNPA guidance downwards to 3% or lower from 3.5% earlier.
- It has revised its FY23 NIM guidance upward to 2.9-3%, an improvement of 10bp. NIM stood at 3.11% in 2QFY23.

Valuation and view

PNB reported a mixed business performance, with operating profit on expected lines, but a large miss on PAT due to elevated provisions. Healthy NII growth and steady OPEX were offset by a decline in treasury profit. Headline asset quality improved, supported by lower slippages, higher recoveries, and an increase in PCR. The restructured portfolio improved marginally to ~1.8% of loans. SMA overdue (with loans over 50m) was flat at 0.26% of domestic loans. We cut our FY23/FY24 earnings by 8%/2% as we build in higher provisioning and estimate a RoA/RoE of 0.4%/6.4% by FY24. **We maintain our Neutral rating with a TP of INR40 (0.6x FY24E ABV).**

Quarterly performance**(INR b)**

Y/E March	FY22				FY23				FY22	FY23E	FY23E	Var. (%)
	1Q	2Q	3Q	4Q	1Q	2Q	3QE	4QE				
Net Interest Income	72.3	63.5	78.0	73.0	75.4	82.7	85.3	87.1	286.9	330.5	81.3	2
Change (YoY %)	6.7	-24.9	-6.5	5.3	4.3	30.2	9.3	19.2	-6.1	15.2	28.0	
Other Income	38.9	32.8	27.0	24.5	25.4	28.5	30.6	31.4	123.2	115.8	27.1	5
Total Income	111.2	96.3	105.0	97.5	100.8	111.2	115.8	118.5	410.1	446.3	108.4	3
Operating Expenses	47.2	56.1	54.3	44.9	47.0	55.5	56.3	57.8	202.5	216.6	51.1	9
Operating Profit	64.0	40.2	50.8	52.6	53.8	55.7	59.5	60.7	207.6	229.7	57.3	-3
Change (YoY %)	21.2	-27.1	-17.2	-6.6	-15.9	38.4	17.3	15.3	-6.3	10.6	42.5	
Other Provisions	49.8	32.6	33.5	48.5	47.9	49.1	40.7	39.4	164.5	177.1	44.4	10
Profit before Tax	14.2	7.6	17.2	4.1	5.9	6.6	18.8	21.3	43.2	52.6	12.9	-49
Tax	4.0	-3.5	6.0	2.1	2.8	2.5	4.5	2.8	8.6	12.6	3.1	-19
Net Profit	10.2	11.1	11.3	2.0	3.1	4.1	14.3	18.5	34.6	40.0	9.8	-58
Change (YoY %)	231.8	78.0	122.7	-65.6	-69.9	-62.8	26.8	818.5	71.0	15.7	-11.4	
Operating Parameters												
Deposits	10,976	11,154	11,273	11,462	11,367	11,935	12,104	12,379	11,462	12,379	11,531	4
Loans	6,613	6,732	6,928	7,282	7,426	7,734	7,864	8,010	7,282	8,010	7,529	3
Deposit Growth (%)	2.1	4.3	4.2	3.6	3.6	7.0	7.4	8.0	3.6	8.0	3.4	362
Loan Growth (%)	0.8	3.2	4.9	8.0	12.3	14.9	13.5	10.0	8.0	10.0	11.8	304
Asset Quality												
Gross NPA (%)	14.3	13.6	12.9	11.8	11.3	10.5	9.9	9.6	11.8	9.6	10.9	(41)
Net NPA (%)	5.8	5.5	4.9	4.8	4.3	3.8	3.5	3.2	4.9	3.2	4.2	(36)
PCR (%)	62.9	63.2	65.2	62.2	64.8	66.3	67.5	68.8	61.5	68.8	64.5	178

E: MOFSL estimates

Quarterly snapshot

	FY21				FY22				FY23		Change (%)	
	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4Q	1Q	2Q	YoY	QoQ
Profit & Loss, INR b												
Net Interest Income	67.8	84.5	83.5	69.4	72.3	63.5	78.0	73.0	75.4	82.7	30	10
Other Income	36.5	22.7	26.8	37.4	38.9	32.8	27.0	24.5	25.4	28.5	-13	12
Total Income	104.4	107.3	110.3	106.8	111.2	96.3	105.0	97.5	100.8	111.2	15	10
Operating Expenses	51.6	52.1	49.0	50.5	47.2	56.1	54.3	44.9	47.0	55.5	-1	18
Employee	33.1	32.4	29.3	27.0	29.6	34.2	33.1	21.6	25.5	32.3	-5	27
Others	18.5	19.7	19.7	23.5	17.7	22.0	21.2	23.3	21.5	23.2	6	8
Operating Profit	52.8	55.2	61.3	56.3	64.0	40.2	50.8	52.6	53.8	55.7	38	3
Core Operating Profit	39.6	48.7	51.5	46.6	49.8	31.4	44.5	52.5	62.2	55.7	77	-10
Provisions	46.9	45.4	51.8	46.9	49.8	32.6	33.5	48.5	47.9	49.1	50	2
Others	5.9	3.2	20.2	-10.9	12.0	8.6	-3.1	1.9	-1.7	9.2	7	-632
PBT	5.9	9.8	9.6	9.5	14.2	7.6	17.2	4.1	5.9	6.6	-13	12
Taxes	2.9	3.6	4.5	3.6	4.0	-3.5	6.0	2.1	2.8	2.5	-172	-11
PAT	3.1	6.2	5.1	5.9	10.2	11.1	11.3	2.0	3.1	4.1	-63	33
Balance Sheet, INR b												
Deposits	10,749	10,697	10,822	11,063	10,976	11,154	11,273	11,462	11,367	11,935	7	5
Loans	6,562	6,527	6,605	6,742	6,613	6,732	6,928	7,282	7,426	7,734	15	4
Asset Quality, INR b												
GNPA	1,018	963	945	1,044	1,041	1,003	973	924	902	870	-13	-3
NNPA	353	309	266	386	386	369	339	349	317	293	-21	-8
Slippages	25	23	12	242	102	91	50	105	65	60	-34	-8
Ratios												
	FY21				FY22				FY23		Change (bp)	
Asset Quality Ratios (%)	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4Q	1Q	2Q	YoY	QoQ
GNPA	14.1	13.4	13.0	14.1	14.3	13.6	12.9	11.8	11.3	10.5	-315	-79
NNPA	5.4	4.8	4.0	5.7	5.8	5.5	4.9	4.8	4.3	3.8	-169	-48
PCR (Cal.)	65.3	67.9	71.8	63.1	62.9	63.2	65.2	62.2	64.8	66.3	311	149
PCR (Incl. TWO)	80.8	83.0	85.2	80.1	80.3	80.8	81.9	81.6	83.0	84.0	319	92
Credit Cost	3.3	2.8	1.9	3.2	3.0	2.0	2.2	2.6	2.7	2.7	75	-2
Business Ratios (%)												
Fees-to-Total Income	22.3	15.1	15.4	25.9	22.2	24.9	19.8	25.0	33.5	25.6	66	-787
Cost-to-Core Income	56.6	51.7	48.7	52.0	48.7	64.1	54.9	46.1	43.1	49.9	-1,419	687
Tax Rate	48.1	36.6	47.2	38.2	28.0	-45.5	34.6	51.2	47.6	37.8	8,323	-987
CASA ratio	43.5	44.1	44.7	45.5	45.2	45.4	45.7	47.4	46.3	44.9	-51	-143
Loan/Deposit ratio	61.0	61.0	61.0	60.9	60.2	60.4	61.5	63.5	65.3	64.8	444	-53
Profitability Ratios (%)												
Yield on loans	7.6	8.1	7.7	6.8	6.9	6.5	7.1	6.6	6.5	6.9	43	42
Yield On Investments	6.5	6.6	6.3	6.5	6.3	6.2	6.2	6.4	6.4	6.5	31	15
Yield on Funds	6.2	6.4	6.1	5.7	5.6	5.4	5.7	5.6	5.7	5.8	41	9
Cost of Deposits	4.9	4.5	4.2	4.2	4.1	4.0	3.9	3.9	3.8	3.9	-12	11
Cost of Funds	4.2	3.8	3.6	3.6	3.5	3.5	3.4	3.4	3.4	3.4	-7	1
Margin	2.5	3.2	3.1	2.7	2.7	2.4	2.9	2.8	2.8	3.0	61	21
Other Details												
Branches	10,930	10,932	10,925	10,769	10,641	10,528	10,264	10,098	10,058	10,038	-490	-20
ATM	13,856	13,878	13,914	13,781	13,690	13,506	13,400	13,350	13,219	12,966	-540	-253



Highlights from the management commentary

Operating environment and business

- The management said it is on the right growth path, and FY23-24 should be a golden period for the bank.
- It has revised its credit growth guidance for FY23 upward to 12-13% from 10% as there are ample opportunities to grow.
- RAM is a key focus area for the bank due to better yield. The Corporate segment is seeing good traction, especially in sectors such as Roads, NBFC, and Infra.
- The target is to build the Gold loan book to INR40-50b by the end of FY23.
- The management has revised its FY23 NIM guidance upward to 2.9-3%, an improvement of 10bp. NIM stood at 3.11% in 2QFY23.
- Employee expense was relatively high in 2Q as compared to 1QFY23 and 4QFY22 as the base quarters were impacted by a reversal in provision.
- A wage revision is due in Nov'22, and the expectation is of a 10-12% raise.
- The C/I ratio should remain in a narrow range in FY23, similar to 2Q levels.

Asset quality

- The management said no big account is left for recognition in stressed assets.
- Of fresh slippages of INR53b in 2QFY23, the highest single account stood at INR1.78b.
- PNB witnessed strong asset quality trends in loans disseminated from 1st Jul'20 till date due to a stricter underwriting process.
- The current outstanding book built from loans lent during this period stood at INR1.9t. Of this, only INR9b is NPA and is divided as follows: Agri: 0.25%, MSME: 2.1%, Retail: 0.38%, and Corporate: 0.02%.
- The bank is working on improving quality of its RAM portfolio, and the same should reflect in the next two quarters.
- The fraud amounting to INR6.51b has been fully amortized in 2QFY23.
- The management is targeting slippages at a level lower than recoveries and upgrades. It has successfully done this for two quarters in a row and is hopeful of maintaining the same.
- While the management is maintaining its single-digit GNPA guidance for FY23, it has revised its NNPA guidance downwards to 3% or lower from 3.5% earlier.
- The bank is on track to achieve a recovery (including technical write-off) of INR320b. There is a high focus on recovery across all branches of the bank.
- Within restructured accounts, loans already recognized as NPA from the OTR1/OTR2 pool stood at INR19b/INR18.5b. The management is confident that all downgrades in this segment have been recognized.
- SMA 2 pool (all accounts) has reduced sharply to INR40.6b in 2QFY23 from INR103b in 2QFY22. SMA 0/SMA 1 stands at INR162b/INR91.5b in 2QFY23.
- The current ECLGS book stood at INR129b in 2QFY23. Of this, NPA is INR8.4b.
- The management expects credit cost at 2% in FY23.

Exhibit 1: DuPont Analysis: Earnings to improve, but still away from normalized trends

Annual DuPont	FY18	FY19	FY20	FY21	FY22	FY23E	FY24E
Interest Income	6.46	6.66	6.70	7.73	5.81	6.27	6.54
Interest Expense	4.45	4.43	4.53	4.81	3.59	3.85	4.04
Net Interest Income	2.01	2.23	2.17	2.92	2.23	2.42	2.50
Fee income	0.76	0.82	0.95	0.80	0.73	0.74	0.73
Trading and others	0.44	0.14	0.20	0.34	0.23	0.11	0.12
Other Income	1.20	0.96	1.16	1.14	0.96	0.85	0.85
Total Income	3.20	3.18	3.33	4.06	3.19	3.27	3.35
Operating Expenses	1.82	1.50	1.49	1.94	1.57	1.59	1.59
Employees	1.23	0.90	0.87	1.16	0.92	0.93	0.93
Others	0.58	0.59	0.62	0.78	0.65	0.66	0.66
Operating Profit	1.39	1.69	1.84	2.12	1.61	1.68	1.76
Core operating Profit	0.95	1.55	1.63	1.78	1.38	1.57	1.64
Provisions	4.02	3.68	1.74	1.79	1.28	1.30	1.17
NPA	3.29	3.17	1.80	1.63	1.10	1.27	1.15
Others	0.73	0.51	-0.06	0.15	0.18	0.03	0.02
PBT	-2.63	-1.99	0.09	0.33	0.34	0.39	0.60
Tax	-0.98	-0.70	0.05	0.14	0.07	0.09	0.15
RoA	-1.65	-1.29	0.04	0.19	0.27	0.29	0.45
Leverage (x)	17.9	17.9	15.0	13.6	13.8	14.1	14.4
RoE	-29.6	-23.2	0.6	2.6	3.7	4.1	6.4

Exhibit 2: Cut our FY23/FY24 PAT estimates by 8%/2%

INR b	Old estimate		Revised estimate		Change (%)/bp	
	FY23	FY24	FY23	FY24	FY23E	FY24E
Net Interest Inc.	328.0	358.0	330.5	366.2	0.8	2.3
Other Income	113.3	124.7	115.8	125.1	2.2	0.3
Total Income	441.4	482.7	446.3	491.3	1.1	1.8
Operating Exp.	213.0	228.6	216.6	233.1	1.7	2.0
Operating Profit	228.3	254.1	229.7	258.2	0.6	1.6
Provisions	170.9	164.7	177.1	171.0	3.6	3.8
PBT	57.5	89.4	52.6	87.2	-8.4	-2.4
Tax	13.8	22.4	12.6	21.8	-8.4	-2.4
PAT	43.7	67.1	40.0	65.4	-8.4	-2.4
Credit Cost (%)	2.2	2.0	2.3	2.0	6	5
RoA (%)	0.3	0.5	0.3	0.4	-3	-2
RoE (%)	4.5	6.6	4.1	6.4	-37	-13
EPS	4.0	6.1	3.6	5.9	-8.4	-2.4
BV	86.6	91.9	86.2	91.4	-0.4	-0.5
ABV	63.6	70.5	66.3	72.3	4.1	2.5

Story in charts

Exhibit 1: Loan growth picks up, grew 15% YoY in 2QFY23

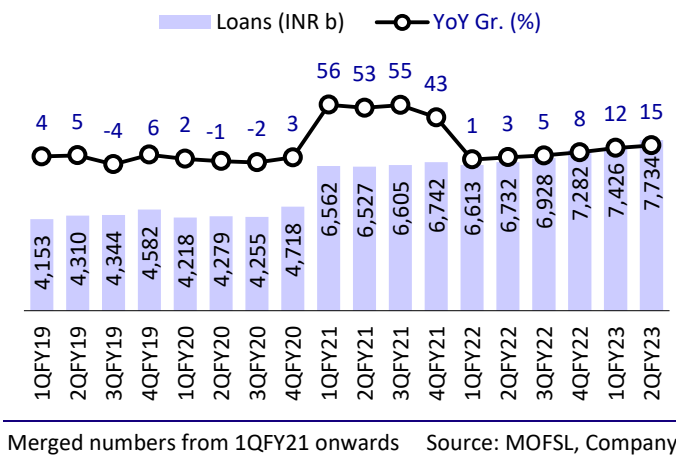


Exhibit 2: Deposit growth higher at 7% YoY and 5% QoQ in 2QFY23

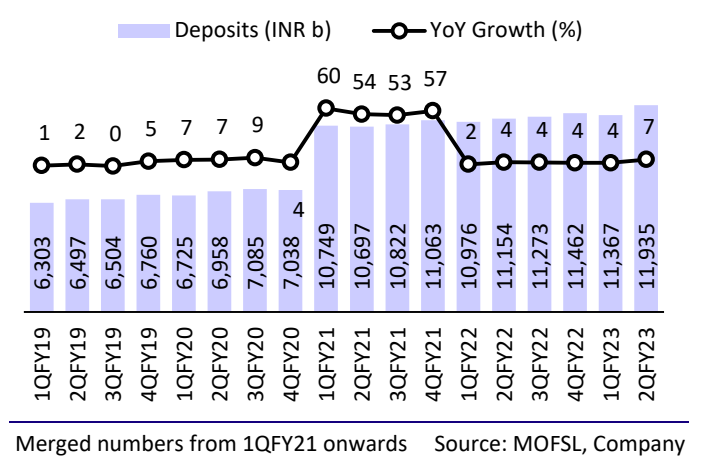


Exhibit 3: Domestic NIM improves by 21bp QoQ to 3.11% in 2QFY23

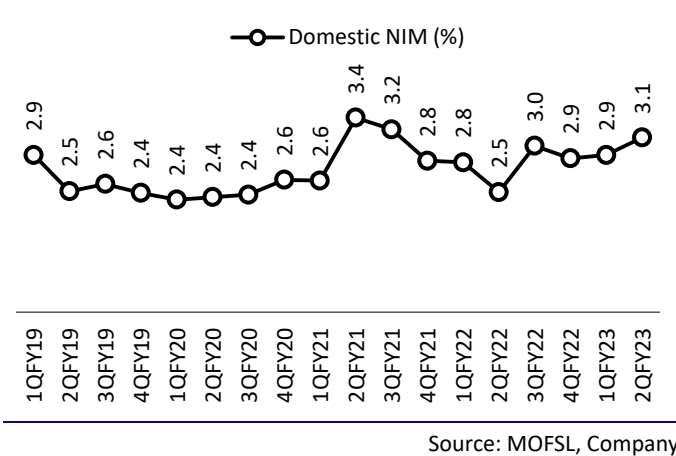


Exhibit 4: GNPA/NNPA ratio improves to 10.5%/3.8% in 2QFY23

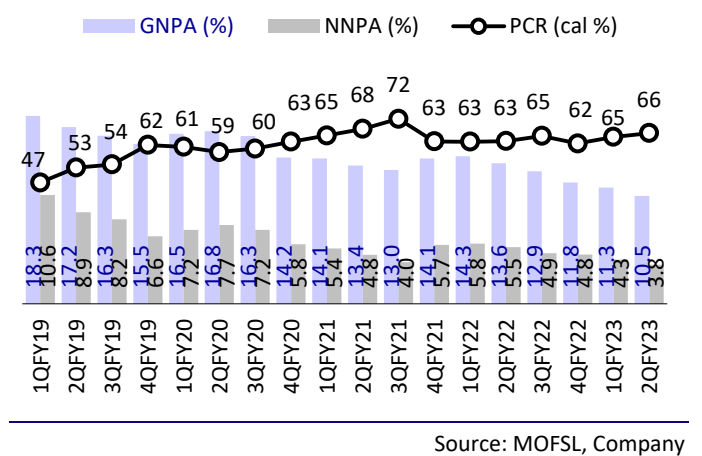


Exhibit 5: Net slippages lower in 2QFY23 due to lower slippages and higher recoveries

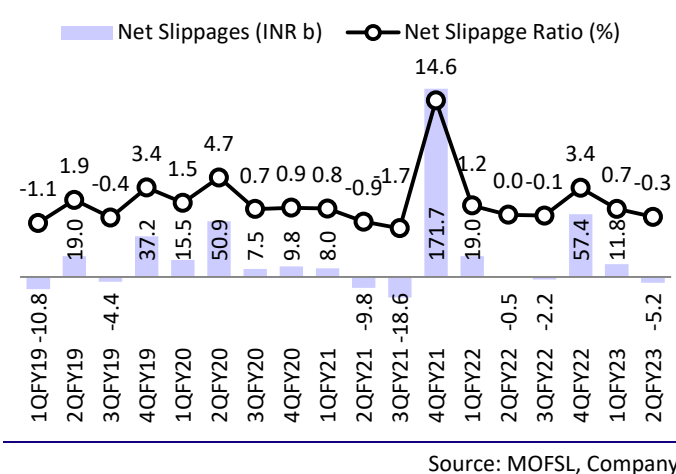
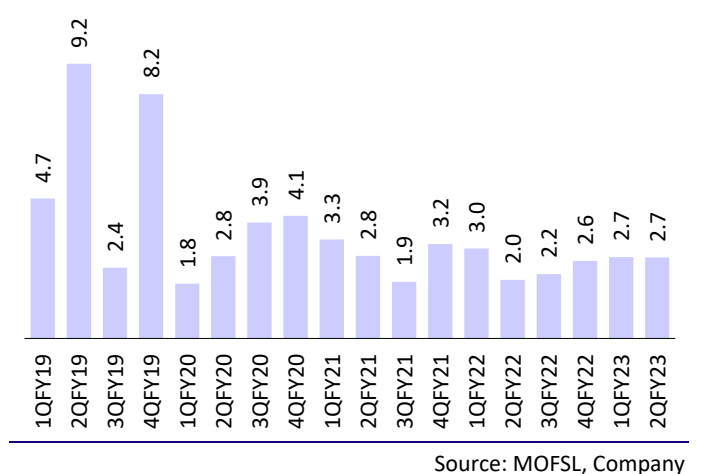


Exhibit 6: Annualized credit stable ~2.7% in 2QFY23



Financials and valuations

Income Statement						(INR b)	
Y/E March	FY18	FY19	FY20	FY21	FY22	FY23E	FY24E
Interest Income	480.0	513.1	538.0	808.2	748.8	855.6	957.7
Interest Expense	330.7	341.5	363.6	502.7	461.9	525.1	591.5
Net Interest Income	149.2	171.6	174.4	305.5	286.9	330.5	366.2
Growth (%)	-0.5	15.0	1.6	75.2	-6.1	15.2	10.8
Non-Interest Income	88.8	73.8	92.7	119.2	123.2	115.8	125.1
Total Income	238.0	245.3	267.1	424.7	410.1	446.3	491.3
Growth (%)	-0.6	3.1	8.9	59.0	-3.4	8.8	10.1
Operating Expenses	135.1	115.4	119.7	203.1	202.5	216.6	233.1
Pre Provision Profit	102.9	130.0	147.4	221.6	207.6	229.7	258.2
Growth (%)	-29.3	26.2	13.4	50.3	-6.3	10.6	12.4
Core PPOP	70.4	119.0	131.1	186.3	178.3	215.0	240.6
Growth (%)	-29.8	69.1	10.1	42.1	-4.3	20.6	11.9
Provisions (excl. tax)	298.7	283.4	140.0	186.8	164.5	177.1	171.0
PBT	-195.8	-153.5	7.4	34.8	43.2	52.6	87.2
Tax	-73.0	-53.7	4.0	14.6	8.6	12.6	21.8
Tax Rate (%)	37.3	35.0	54.5	41.9	19.9	24.0	25.0
PAT	-122.8	-99.8	3.4	20.2	34.6	40.0	65.4
Growth (%)	-1,027.1	-18.8	-103.4	501.3	71.0	15.7	63.6

Balance Sheet

Y/E March	FY18	FY19	FY20	FY21	FY22	FY23E	FY24E
Equity Share Capital	5.5	9.2	13.5	21.0	22.0	22.0	22.0
Reserves and Surplus	405.2	438.7	610.1	888.4	932.8	966.2	1,022.8
Net Worth	410.7	447.9	623.6	909.4	954.9	988.3	1,044.9
Deposits	6,422.3	6,760.3	7,038.5	11,063.3	11,462.2	12,379.2	13,245.7
Growth (%)	3.3	5.3	4.1	57.2	3.6	8.0	7.0
of which CASA Dep	2,632.5	2,850.4	3,024.7	4,927.8	5,336.5	5,607.8	6,040.0
Growth (%)	1.2	8.3	6.1	62.9	8.3	5.1	7.7
Borrowings	608.5	393.3	502.3	428.4	456.8	466.0	475.5
Other Liabilities and Prov.	216.8	148.1	142.4	205.2	274.2	329.0	361.9
Total Liabilities	7,658.3	7,749.5	8,306.7	12,606.3	13,148.1	14,162.4	15,128.0
Current Assets	954.6	752.9	759.9	1,113.5	1,326.5	1,233.1	1,234.9
Investments	2,003.1	2,021.3	2,404.7	3,929.8	3,721.7	4,019.4	4,341.0
Growth (%)	7.3	0.9	19.0	63.4	-5.3	8.0	8.0
Loans	4,337.3	4,582.5	4,718.3	6,742.3	7,281.9	8,010.0	8,759.0
Growth (%)	3.4	5.7	3.0	42.9	8.0	10.0	9.3
Fixed Assets	63.5	62.2	72.4	110.2	106.7	117.4	129.2
Other Assets	299.8	330.6	351.4	710.5	711.3	782.4	664.0
Total Assets	7,658.3	7,749.5	8,306.7	12,606.3	13,148.1	14,162.4	15,128.0

Asset Quality	FY18	FY19	FY20	FY21	FY22	FY23E	FY24E
GNPA	866.2	784.7	734.8	1,044.2	924.5	822.8	768.8
NNPA	490.1	303.5	276.4	393.0	355.9	256.6	238.4
GNPA Ratio	18.4	15.5	14.2	14.1	11.8	9.6	8.3
NNPA Ratio	11.3	6.6	5.9	5.8	4.9	3.2	2.7
Slippage Ratio	10.4	4.5	4.5	4.2	3.5	2.6	2.3
Credit Cost	5.73	6.35	3.01	2.72	2.35	2.26	2.00
PCR (Excl. Tech. write off)	43.4	61.3	62.4	62.4	61.5	68.8	69.0

Financials and valuations

Ratios

Y/E March	FY18	FY19	FY20	FY21	FY22	FY23E	FY24E
Yield and Cost Ratios (%)							
Avg. Yield on Earning Assets	6.7	7.0	7.1	6.9	6.2	6.7	6.9
Avg. Yield on loans	7.5	7.9	7.7	7.8	6.9	7.6	7.8
Avg. Yield on Investments	7.5	7.3	7.1	6.6	6.3	6.5	6.8
Avg. Cost of Int. Bear. Liab.	4.8	4.8	4.9	4.4	3.9	4.2	4.5
Avg. Cost of Deposits	4.8	4.9	5.0	4.3	3.8	4.2	4.4
Interest Spread	1.9	2.2	2.1	2.5	2.3	2.4	2.5
Net Interest Margin	2.1	2.4	2.3	2.6	2.4	2.59	2.7

Capitalization Ratios (%)

CAR	9.8	10.1	14.1	14.3	14.6	13.4	12.5
<i>Tier I</i>	7.7	7.9	11.9	11.5	11.8	10.9	10.2
<i>Tier II</i>	2.1	2.3	2.2	2.8	2.8	2.5	2.3

Business and Efficiency Ratios (%)

Loans/Deposit Ratio	67.5	67.8	67.0	60.9	63.5	64.7	66.1
CASA Ratio	41.0	42.2	43.0	44.5	46.6	45.3	45.6
Cost/Assets ratio	1.8	1.5	1.4	1.6	1.5	1.5	1.5
Cost/Total Income ratio	56.8	47.0	44.8	47.8	49.4	48.5	47.4
Cost/Core income ratio	65.7	49.2	47.7	52.2	53.2	-1.5	-1.4
Int. Expense/Int. Income ratio	68.9	66.6	67.6	62.2	61.7	61.4	61.8
Fee Income/Total Income ratio	23.6	25.6	28.6	19.8	22.9	22.7	21.9
Non Int. Inc./Total Income ratio	37.3	30.1	34.7	28.1	30.0	25.9	25.5
Empl. Cost/Total Expense ratio	67.9	60.3	58.1	60.0	58.5	58.5	58.4
Investment/Deposit Ratio	31.2	29.9	34.2	35.5	32.5	32.5	32.8

Valuation ratios

RoE	-29.5	-23.2	0.6	2.3	3.7	4.1	6.4
RoA	-1.7	-1.3	0.0	0.2	0.3	0.3	0.4
RoRWA	-2.7	-2.3	0.1	0.4	0.6	0.6	0.9
Book Value (INR)	141	93	89	83	83	86	91
Growth (%)	-24.8	-34.3	-4.7	-6.4	0.2	3.6	6.0
Price-to-BV (x)	0.3	0.4	0.4	0.5	0.5	0.5	0.4
Adjusted BV (INR)	6	40	55	53	57	66	72
Price-to-ABV (x)	6.3	1.0	0.7	0.7	0.7	0.6	0.5
EPS (INR)	-50.3	-27.1	0.6	1.9	3.2	3.6	5.9
Price-to-Earnings (x)	-0.8	-1.4	66.1	20.3	12.2	10.8	6.6
Dividend Per Share (INR)	0.0	0.0	0.0	0.0	0.6	0.6	0.8
Dividend Yield (%)	0.0	0.0	0.0	0.0	1.6	1.5	2.0

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 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, Investment Advisory Services, Depository participant services & distribution of various financial products. MOFSL is a subsidiary company of Passionate Investment Management Pvt. Ltd.. (PIMPL). MOFSL is a listed public company, the details in respect of which are available on www.motilaloswal.com. MOFSL (erstwhile Motilal Oswal Securities Limited - MOFSL) 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
- received compensation/other benefits from the subject company in the past 12 months
- 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.

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 71934200/ 022-71934263;

Website www.motilaloswal.com CIN no.: L67190MH2005PLC153397. Correspondence Office Address: Palm Spring Centre, 2nd Floor, Palm Court Complex, New Link Road, Malad(West), Mumbai- 400 064. Tel No: 022 7188 1000.

Registration Nos.: Motilal Oswal Financial Services Limited (MOFSL)*: INZ000158836(BSE/NSE/MCX/NCDEX); CDSL and NSDL: IN-DP-16-2015; Research Analyst: INH000000412. AMFI: ARN - 146822; Investment Adviser: INA000007100; Insurance Corporate Agent: CA0579;PMS:INP000006712. Motilal Oswal Asset Management Company Ltd. (MOAMC): PMS (Registration No.: INP000000670); PMS and Mutual Funds are offered through MOAMC which is group company of MOFSL. Motilal Oswal Wealth Management Ltd. (MOWML): PMS (Registration No.: INP000004409) is offered through MOWML, which is a group company of MOFSL. Motilal Oswal Financial Services Limited is a distributor of Mutual Funds, PMS, Fixed Deposit, Bond, NCDs, Insurance Products and IPOs. Real Estate is offered through Motilal Oswal Real Estate Investment Advisors II Pvt. Ltd. which is a group company of MOFSL. Private Equity is offered through Motilal Oswal Private Equity Investment Advisors Pvt. Ltd which is a group company of MOFSL.

Research & Advisory services is backed by proper research. Please read the Risk Disclosure Document prescribed by the Stock Exchanges carefully before investing. There is no assurance or guarantee of the returns. Investment in securities market is subject to market risk, read all the related documents carefully before investing. Details of Compliance Officer: Name: Neeraj Agarwal, Email ID: na@motilaloswal.com, Contact No.:022-71881085.

* MOFSL has been amalgamated with Motilal Oswal Financial Services Limited (MOFSL) w.e.f August 21, 2018 pursuant to order dated July 30, 2018 issued by Hon'ble National Company Law Tribunal, Mumbai Bench.