

Result Preview



3QFY21 earnings estimate (INR b)

| PAT (INR b) | 3Q FY21E | YoY (%) | QoQ (%) |
|-----------------------|---------------|-------------|--------------|
| Pvt Banks | | | |
| AUBANK | 5.66 | 197.5 | 75.8 |
| AXSB | 15.01 | -14.6 | -10.8 |
| BANDHAN | 9.32 | 27.5 | 1.3 |
| DCBB | 0.57 | -41.2 | -30.9 |
| EQUITAS | 0.61 | -35.4 | -41.0 |
| FB | 3.53 | -19.9 | 14.7 |
| HDFCB | 82.31 | 11.0 | 9.6 |
| ICICIBC | 35.73 | -13.8 | -16.0 |
| IIB | 5.71 | -56.4 | -13.8 |
| KMB | 19.21 | 20.4 | -12.1 |
| RBK | 1.05 | 50.0 | -27.2 |
| Pvt Total | 178.70 | 0.1 | -1.7 |
| PSU Banks | | | |
| BOB | 2.11 | -115.0 | -87.4 |
| SBIN | 47.22 | -15.4 | 3.2 |
| PSU Total | 49.33 | 18.1 | -21.1 |
| Banks Total | 228.03 | 3.5 | -6.6 |
| Life Insurance | | | |
| HDFCLIFE | 3.38 | 34.9 | 3.5 |
| IPRULIFE | 3.12 | 3.2 | 3.0 |
| SBILIFE | 4.51 | 15.7 | 50.4 |
| Life Total | 11.01 | 16.8 | 18.5 |

Earnings outlook poised for recovery

Remain watchful of asset quality; growth momentum to pick up

- **The earnings outlook is poised for recovery**, led by healthy traction in economic recovery and abating concerns of sharp deterioration in asset quality. On the growth front, retail disbursements are showing healthy recovery (led by Tractors, 2W, Housing loans, and Gold loans), with certain segments reaching pre-COVID levels or even higher. On the other hand, banks remain cautious on the unsecured book. CV and corporate loan demand remains tepid. Overall, we estimate business growth to pick up, aided by a good festive season, and expect systemic loan growth at 4.5% for FY21E. The private banks under our coverage are likely to grow relatively higher at ~9% YoY.
- **We remain watchful of asset quality** as banks recognize NPLs from moratorium / overdue loans. Although, overall trends have fared better than earlier expected, led by sharp improvement in collection efficiency. Overall, large banks reported collection efficiency of 95–97%, while mid-sized banks / MFI-focused players reported efficiency in the early 90%, resulting in low restructuring guidance by lenders. We believe although slippages are likely to increase in 2HFY21 (post the end of the SC order), many banks have already provided for this likely increase and carry additional provision buffers – which should limit the impact on profitability. We expect banks to continue to strengthen their balance sheets –as they have already shored up their capital ratios to absorb asset quality shocks – and estimate credit cost to remain elevated. Overall, we estimate our banking coverage universe to deliver ~12%/4% growth in 3QFY21 PPoP/PAT.
- **In private banks, provisioning would continue to weigh on earnings.** We estimate private banks to report PPoP growth of ~18% YoY (+4.4% QoQ), and PAT to remain flattish YoY (~2% QoQ decline). Higher credit cost, coupled with suppressed credit growth, is likely to put pressure on near-term earnings. Furthermore, higher slippages would result in interest reversals, putting pressure on NII. However, this may be partly offset by higher treasury income and traction in fee income as business activity picks up.
 - **Loan growth is likely to pick up**, led by improving consumer sentiment and a good festive season. On the other hand, wholesale lending remains muted. Growth is driven by a secured retail book as the bank remains cautious of higher stress in the unsecured portfolio. **Thus, we expect private banks' loans to grow 9%/16% over FY21/FY22**, and we estimate AXSB/ICICIBC to deliver 8.1%/6.6% YoY loan growth over 3QFY21. On the other hand, HDFCB reported a growth of 15.6% YoY, while IIB reported flattish growth; expect KMB/RBL to continue to report tepid growth trends.
 - **Margin trajectory to remain moderately under pressure** given the continued monetary easing, low lending rates, and relatively higher liquidity on the balance sheets – although the quantum is likely to moderate. Negative carry on NII on higher slippages could also impact margins. However, banks with a strong liability franchise are better placed to tackle margin pressure. Overall, we expect a low-single-digit impact on the margins of private banks. **We expect NII growth of 14% YoY**, led by BANDHAN (27%), KMB (16%), and HDFCB (15%).

- **Deposit traction would remain strong**, reflecting steady 11% YoY growth for the system, while many banks have increased focus on ramping up retail deposits. Most banks indicated that the deposit rates have bottomed out and cost of funds is likely to remain largely stable.
- **Asset quality** would remain under watch as the bulk of the stress is likely to be recognized over 2HFY21. We remain watchful of banks such as AXSB, IIB, and RBL given the high rating downgrades and sluggish commentaries by the managements. Within MFI, while collection efficiency improved in Oct'20, certain state-specific reasons (farmer protests, floods, etc.) have impacted recovery trends, keeping us watchful of BANDHAN, IIB, and RBK.
- **PSBs' earnings would remain under pressure.** We estimate weakness to continue in PSBs, barring SBIN, impacted by sluggish loan growth, a higher proportion of MSME/SME loans, and delay in the resolution of stressed accounts. **PSBs are expected to deliver NII growth of 2.8% YoY and PAT growth of ~18% YoY.** However, treasury gains for these banks may remain a positive.
- **In mid-sized private banks, asset quality challenges would persist.** We expect the performances of mid-sized private banks to remain muted as they face challenges on the asset quality front even as collection efficiency improves. We estimate DCB to report decline of ~41% YoY in net earnings, while RBK's earnings should be impacted by higher credit cost. FB is best placed in terms of liability franchise and would reflect a stable margin trajectory, led by an improving CASA mix. However, it is likely to report earnings decline of ~20% YoY as we factor in higher credit cost.
- **In small finance banks, while collection efficiency is improving, the tail risk remains.** We expect AUBANK to report strong PPoP/PAT growth (led by a stake sale in Aavas), while using some of these gains to create higher provisions. EQUITAS is expected to report PPoP growth of 45% YoY and PAT decline of 35% YoY.
- **In life insurers, while premium growth remains tepid, operating metrics are resilient.** HDFCLIFE is witnessing gradual recovery in its new business premium (NBP) and would reflect APE growth of 19% YoY. On the other hand, IPRULIFE would continue to reflect tepid trends as FY21E is likely to be a base reset period, reflecting strong protection trends and slowdown in low-margin ULIPs. SBILIFE would also reflect tepid trends, with an APE decline of 1% over 3QFY21. Overall, we expect VNB growth of 25% for HDFCLIFE and 13% for SBILIFE, while IPRULIFE would report VNB decline of 5% YoY over 3QFY21.
- **Other monitorables:**
 - **Collection efficiency / Restructuring** – Management commentary on collection efficiency and slippage trends would be an important metric to assess the banking system's health in the near term. Also, more clarity would emerge on the restructuring pool. This would be the key in assessing the asset quality impact arising from the COVID-19 pandemic.
 - **Margins & growth outlook** – Margins may be impacted by muted loan growth, low lending rates, and the negative impact of interest reversals; although, this would be offset by lower cost of funds, to some extent.
 - **Treasury performance** – While bonds yield stood largely stable during the quarter, banks were sitting on MTM gains and could see some treasury profit booking during the quarter.

Our top picks – ICICIBC, HDFCB, SBIN, AUBANK, and SBILIFE

ICICIBC: Financial Snapshot (INR b)

| Y/E March | FY20 | FY21E | FY22E |
|--------------------|-------|-------|-------|
| NII | 332.7 | 386.4 | 459.8 |
| OP | 281.0 | 366.3 | 385.0 |
| NP | 79.3 | 143.1 | 206.9 |
| NIM (%) | 3.7 | 3.7 | 3.8 |
| EPS (INR) | 12.3 | 21.4 | 30.0 |
| EPS Gr (%) | 135.0 | 74.4 | 40.2 |
| ABV/Sh. (INR) | 151.3 | 183.7 | 209.8 |
| Cons. BV/Sh. (INR) | 189.9 | 196.9 | 219.0 |
| Ratios | | | |
| RoE (%) | 7.3 | 11.2 | 13.7 |
| RoA (%) | 0.8 | 1.2 | 1.6 |
| Valuations | | | |
| P/BV (x) (Cons) | 2.8 | 2.7 | 2.4 |
| P/ABV (x) | 2.6 | 2.2 | 1.9 |
| P/E (x) | 32.4 | 18.6 | 13.3 |

*Adjusted for Investment in subs

ICICIBC (Buy)

- ICICIBC has substantially increased its PCR to 81.6% – the highest in the Banking sector – and carries an additional COVID-related provision of INR87.7b. Furthermore, the bank expects the COVID impact to be limited, with corporate restructuring to be ~1% of loans. Thus, ICICIBC is well-cushioned with higher provisions on its balance sheet and guided for normalization of credit cost from FY22.
- ICICIBC continues to see strong growth in retail deposits and has succeeded in building a robust liability franchise over the past few years. It has one of the lowest funding costs among the private banks, enabling it to underwrite profitable business without taking undue balance sheet risks and further supporting margins.
- The retail mix remains healthy with (a) a CASA ratio of 43.8%, (b) the retail contribution to fees at ~75%, and (c) the loan mix increased to ~66%.
- Thus, we estimate RoA/RoE of 1.8%/15.4% for FY23E. Adjusted for subsidiaries, the standalone bank trades at 1.9x FY22E ABV.

HDFCB: Financial Snapshot (INR b)

| Y/E MARCH | FY20 | FY21E | FY22E |
|-------------------|-------|-------|-------|
| NII | 561.9 | 648.1 | 740.8 |
| OP | 487.5 | 568.1 | 674.0 |
| NP | 262.6 | 305.1 | 372.3 |
| NIM (%) | 4.2 | 4.1 | 4.1 |
| EPS (INR) | 48.0 | 55.6 | 67.9 |
| EPS Gr. (%) | 21.2 | 15.8 | 22.0 |
| BV/Sh. (INR) | 311.8 | 357.9 | 415.5 |
| ABV/Sh. (INR) | 300.3 | 343.6 | 397.3 |
| Ratios | | | |
| RoE (%) | 16.4 | 16.6 | 17.6 |
| RoA (%) | 1.9 | 1.9 | 2.0 |
| Valuations | | | |
| P/E(X) | 29.7 | 25.6 | 21.0 |
| P/BV (X) | 4.6 | 4.0 | 3.4 |
| P/ABV (X) | 4.7 | 4.1 | 3.6 |

SBIN: Financial Snapshot (INR b)

| Y/E March | FY20 | FY21E | FY22E |
|-------------------|-------|---------|---------|
| NII | 980.8 | 1,127.3 | 1,242.2 |
| OP | 681.3 | 746.5 | 825.6 |
| NP | 144.9 | 214.1 | 307.3 |
| NIM (%) | 3.0 | 3.1 | 3.1 |
| EPS (INR) | 16.2 | 24.0 | 34.4 |
| EPS Gr. (%) | NM | 47.8 | 43.5 |
| ABV (INR) | 186.7 | 210.0 | 241.0 |
| Cons. BV (INR) | 266.7 | 294.3 | 333.2 |
| Ratios | | | |
| RoE (%) | 7.2 | 9.8 | 12.6 |
| RoA (%) | 0.4 | 0.5 | 0.7 |
| Valuations | | | |
| P/BV (x) (Cons.) | 1.0 | 0.9 | 0.8 |
| P/ABV (x)* | 0.8 | 0.7 | 0.6 |
| P/E (x)* | 8.6 | 5.8 | 4.1 |

*Adjusted for investment in subs

HDFCB (Buy)

- HDFCB has shown robust traction in the corporate portfolio, thus compensating for the softness in retail lending. Over 1HFY21, the corporate segment contributed entirely to the overall loan growth, raising its share to 52% of total loans. It continues to focus on lending to high-rated corporates, which has enabled sharp decline in RWA/total assets to ~65% (v/s 75% in FY19).
- Stress for HDFCB in the MSME segment declined to 3% (v/s 9% as earlier anticipated); expect the overall restructuring to be in the low single digits. The bank has prudently made additional provisions of INR77.6b, while reporting collection efficiency of 97%. This would allow it to absorb any asset quality shocks. We, thus, estimate credit cost of 1.5%/1.4% for FY21/FY22.
- A strong liability franchise would support margins; the bank is, thus, well-placed to gain incremental market share on both the asset and liability fronts. We estimate the loan book / PAT to grow by 15%/19% CAGR over FY20–23E. The bank trades at 3.6x FY22E ABV.

SBIN (Buy)

- SBIN appears well-positioned to report a strong uptick in earnings as the uncertainty brought about by the pandemic has receded significantly. While collection trends have improved to ~97%, restructuring of only up to 1% of loans is expected. Furthermore, legacy issues in the corporate NPA cycle are now largely behind, and the bank carries a healthy PCR of ~88% on corporate NPA.
- The bank increased its PCR (including TWO) to ~88% in 2QFY21, from ~65% in 1QFY18, and holds a higher PCR on power NPAs (~73% PCR) v/s peers. We thus expect credit costs to normalize from FY22E.
- SBIN inarguably has one of the best liability franchises (CASA mix: ~45%). This puts it in a better position to manage yield pressure, while a reduction in the interest rate on deposits would continue to support margins to a large extent.

- Subs – SBI MF, SBI Life Insurance, SBI Cards, and SBI Cap – have exhibited robust performances over the last few years, which could result in value unlocking.
- Overall, we estimate FY23E RoA/RoE of 0.8%/14.5%. Subs account for ~42% of the total valuation. Adj. for subs, the standalone bank trades at 0.6x FY22E ABV.

AUBANK: Financial Snapshot (INR b)

| Y/E Mar | FY20 | FY21E | FY22E |
|-------------------|-------|-------|-------|
| NII | 19.1 | 23.0 | 27.5 |
| OP | 12.0 | 22.3 | 19.9 |
| NP | 6.7 | 13.5 | 11.1 |
| NIM (%) | 5.1 | 5.1 | 5.2 |
| EPS (INR) | 22.6 | 44.4 | 36.4 |
| EPS Gr. (%) | 71.3 | 96.3 | -18.1 |
| BV/Sh. (INR) | 142.2 | 186.6 | 223.0 |
| ABV/Sh. (INR) | 138.9 | 183.2 | 218.5 |
| Ratios | | | |
| ROE (%) | 18.0 | 27.0 | 17.8 |
| ROA (%) | 1.8 | 3.0 | 2.1 |
| Valuations | | | |
| P/E(X) | 38.7 | 19.7 | 24.1 |
| P/BV (X) | 6.2 | 4.7 | 3.9 |
| P/ABV (X) | 6.3 | 4.8 | 4.0 |

AUBANK (Buy)

- AUBANK is focused on scaling up its key business lines of Vehicle/MSME loans. It further aims to expand the new segments of Housing Loan, Gold Loan, Consumer Durable Financing, etc. However, we expect loan growth to remain soft for FY21E with just 14% growth; loans are expected to reflect better trends from FY22.
- AUBANK has shown strong progress in building a granular liability franchise, with the proportion of deposits to overall funding constantly improving. The proportion of retail deposits (CASA + retail TD) increased sharply to 54%; the recent rate cuts have led to a sharp improvement in incremental cost of funds, which declined 140bp YoY to 6.1%.
- On the asset quality front, sharp decline in the moratorium book and improving collection trends ease concerns around asset quality. Collection efficiency in Sep'20 reached a near-normal run-rate (96% v/s the long-term average of 98%), while the moratorium pool declined to 3%, providing further comfort. However, we expect a potential increase in delinquencies in the near term.
- Historically, AUBANK has seen LGDs of ~40% due to the secured nature of the portfolio. With a higher provision buffer (1% of total loans) and PCR of 71%, we expect credit cost to remain under control at 1.9%/1.4% for FY21/FY22E. The stock currently trades at 3.9x FY22E BV.

SBILIFE: Financial Snapshot (INR b)

| Y/E MARCH | FY20 | FY21E | FY22E |
|-------------------|------|-------|-------|
| Net Premiums | 403 | 485 | 572 |
| Surplus / Deficit | 19.0 | 32.2 | 38.7 |
| Sh. PAT | 14.2 | 17.7 | 20.3 |
| NBP gr- unwtd (%) | 20.3 | 15.0 | 20.0 |
| NBP gr- APE (%) | 10.2 | 4.8 | 25.6 |
| Premium gr (%) | 23.2 | 20.1 | 18.2 |
| VNB margin (%) | 18.7 | 20.8 | 21.1 |
| RoE (%) | 17.4 | 18.6 | 18.4 |
| RoEV (%) | 17.4 | 17.2 | 17.9 |
| Total AUM (INR t) | 1.6 | 2.0 | 2.4 |
| VNB | 20.1 | 22.9 | 29.2 |
| EV per share | 263 | 308 | 363 |
| Valuations | | | |
| P/EV (x) | 3.4 | 2.9 | 2.5 |
| P/EPS (x) | 62.9 | 48.6 | 42.3 |

SBILIFE (Buy)

- SBILIFE has increased its focus on the Non-PAR Savings/Protection business as the proportion remains the lowest among the listed insurers. An improvement in the product mix toward high margins should aid VNB expansion. As per our analysis, ~44% of SBILIFE's VNB contribution comes from these segments, while for all other players it ranges at 60–80%.
- The company's strong parentage and wide branch network provides it with a distinct distribution advantage over peers. This enables it to maintain low cost ratios and to capitalize on SBIN's large clientele (449m), which presents a long-term structural growth story.
- It has one of the lowest cost structures among peers, aided by lower cost of acquisitions, arguably reflecting lower commission structures. This would further enable SBILIFE to maintain higher product margins v/s peers. We expect SBILIFE to maintain its cost leadership, with GWP remaining at 9.8% over FY23E.
- SBILIFE has reported an improvement in persistency rate across cohorts (barring the 49th month), with the highest improvement seen in the 61st month (+340bp YoY to 60.9% in 1HFY21) – which aided growth in the Renewal business (+29% YoY v/s 7% for IPRU and 22% for HDFCLIFE).
- SBILIFE continues to report steady growth in the Protection business, while the ULIP business is expected to see a gradual recovery. We expect growth to revive meaningfully from FY22E. We estimate a VNB margin of ~21.4% by FY23E and a 22% VNB CAGR over FY20–23E. We expect operating RoEV to sustain at ~19% by FY23E. The stock currently trades at 2.5x FY22E EV.

Exhibit 1: 3QFY21 earnings estimates (INR m)

| Private Banks | NII (INR m) | | | PPoP (INR m) | | | PAT (INR m) | | |
|---------------------------|----------------|-------------|------------|----------------|-------------|-------------|----------------|-------------|--------------|
| | Dec'20 | YoY (%) | QoQ (%) | Dec'20 | YoY (%) | QoQ (%) | Dec'20 | YoY (%) | QoQ (%) |
| AU Bank | 5,720 | 12.9 | 2.0 | 8,951 | 186.1 | 91.9 | 5,658 | 197.5 | 75.8 |
| Axis Bank | 74,026 | 14.7 | 1.0 | 68,285 | 18.9 | -1.0 | 15,006 | -14.6 | -10.8 |
| Bandhan Bank | 19,612 | 27.3 | 2.0 | 16,654 | 31.8 | 2.3 | 9,319 | 27.5 | 1.3 |
| DCB Bank | 3,088 | -4.4 | -7.5 | 1,861 | -2.0 | -17.2 | 569 | -41.2 | -30.9 |
| Equitas Holdings | 4,673 | 21.8 | 1.3 | 2,297 | 44.9 | 4.5 | 608 | -35.4 | -41.0 |
| Federal Bank | 13,818 | 19.6 | 0.1 | 9,922 | 33.4 | -1.4 | 3,530 | -19.9 | 14.7 |
| HDFC Bank | 162,834 | 14.9 | 3.2 | 150,157 | 16.0 | 8.7 | 82,308 | 11.0 | 9.6 |
| ICICI Bank | 96,723 | 13.2 | 3.3 | 85,908 | 13.8 | 4.0 | 35,732 | -13.8 | -16.0 |
| IndusInd Bank | 33,007 | 7.4 | 0.7 | 28,121 | 2.0 | -1.4 | 5,713 | -56.4 | -13.8 |
| Kotak Mahindra Bank | 39,716 | 15.8 | 1.5 | 31,886 | 33.5 | -3.3 | 19,207 | 20.4 | -12.1 |
| RBL Bank | 9,434 | 2.2 | 1.2 | 7,255 | -0.9 | 0.8 | 1,049 | 50.0 | -27.2 |
| Pvt Banking Sector | 462,650 | 14.2 | 2.2 | 411,296 | 18.2 | 4.4 | 178,698 | 0.1 | -1.7 |
| PSU Banks | | | | | | | | | |
| Bank of Baroda | 71,572 | 0.4 | -4.7 | 53,432 | 7.8 | -3.8 | 2,113 | -115.0 | -87.4 |
| State Bank | 287,146 | 3.4 | 1.9 | 182,423 | 0.1 | 10.8 | 47,216 | -15.4 | 3.2 |
| PSU Banking Sector | 358,718 | 2.8 | 0.5 | 235,855 | 1.7 | 7.2 | 49,329 | 18.1 | -21.1 |
| Banking Sector | 821,368 | 8.9 | 1.5 | 647,151 | 11.6 | 5.4 | 228,028 | 3.5 | -6.6 |
| Life Insurance | | | | | | | | | |
| HDFC Standard life | 94,824 | 20.7 | -5.6 | 3,437 | 30.4 | 5.3 | 3,376 | 34.9 | 3.5 |
| ICICI Prudential life | 89,607 | 10.2 | 4.5 | 3,233 | 6.4 | -2.0 | 3,122 | 3.2 | 3.0 |
| SBI life | 130,956 | 12.0 | 1.8 | 4,619 | 17.0 | 54.2 | 4,508 | 15.7 | 50.4 |
| Life Insurance | 315,387 | 13.9 | 0.2 | 11,288 | 17.3 | 18.1 | 11,006 | 16.8 | 18.5 |

Note: For Life Insurance - NII represents net premium income, PPoP represents shareholder's PBT and PAT represents shareholder's profits

Exhibit 2: Loan growth remains moderate at 6.1%

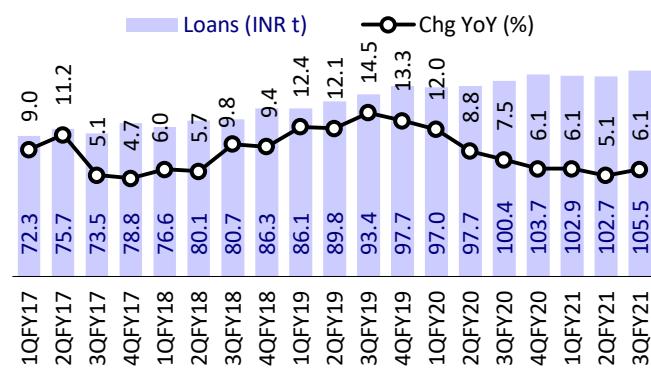


Exhibit 3: Deposit growth remains healthy at 11.3%

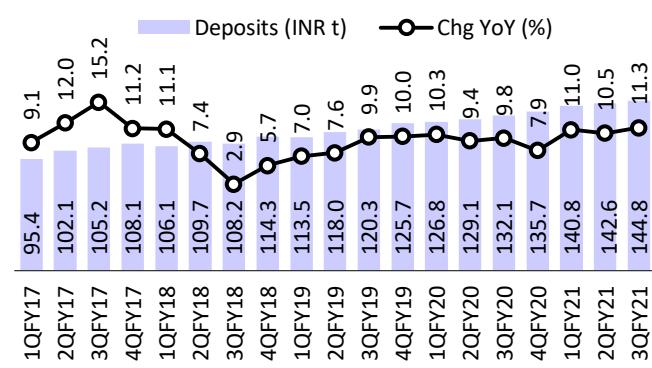


Exhibit 4: NIMs would exhibit marginal pressure as loan growth and NII remain under pressure even as excess liquidity is deployed, supported by lower cost of funds, to some extent

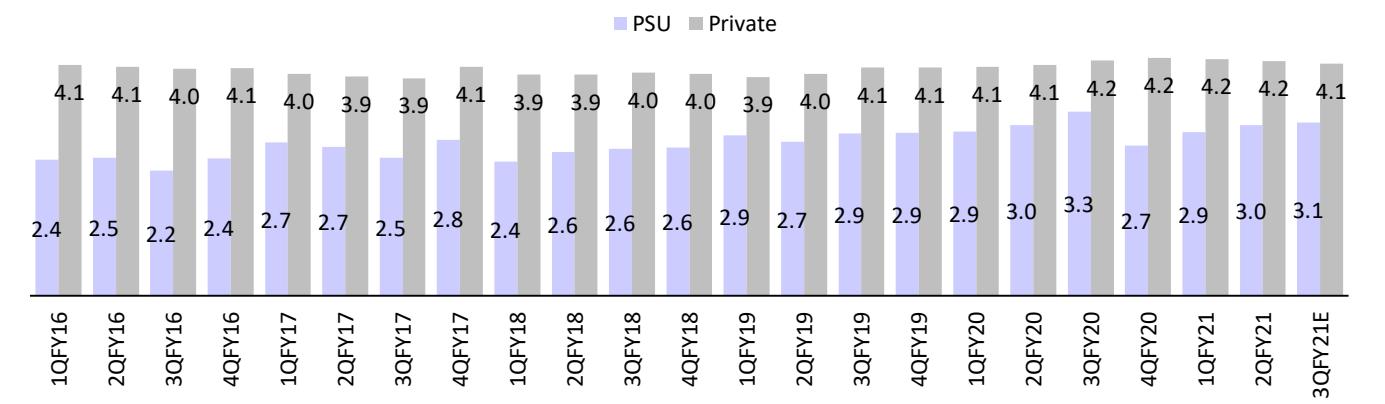


Exhibit 5: Change in estimates across our Coverage Universe – aggregate earnings showing signs of stabilizing

| PAT (INR m) | Old Estimates | | Revised Estimates | | % Change | |
|----------------------------|----------------|------------------|-------------------|------------------|--------------|-------------|
| | FY21E | FY22E | FY21E | FY22E | FY21E | FY22E |
| Private Banks | | | | | | |
| AXSB | 64,596 | 112,309 | 62,725 | 108,409 | -2.9% | -3.5% |
| BANDHAN | 35,883 | 46,821 | 35,695 | 47,862 | -0.5% | 2.2% |
| DCBB | 2,973 | 3,511 | 2,898 | 3,475 | -2.5% | -1.0% |
| HDFCB | 300,850 | 364,706 | 305,137 | 372,323 | 1.4% | 2.1% |
| ICICIBC | 136,744 | 199,127 | 143,106 | 206,943 | 4.7% | 3.9% |
| IIB | 24,657 | 52,262 | 23,809 | 48,501 | -3.4% | -7.2% |
| KMB | 69,894 | 82,597 | 74,826 | 88,227 | 7.1% | 6.8% |
| FB | 15,342 | 21,356 | 15,234 | 21,343 | -0.7% | -0.1% |
| RBK | 5,324 | 10,381 | 5,124 | 9,453 | -3.8% | -8.9% |
| AUBANK | 13,625 | 10,875 | 13,504 | 11,060 | -0.9% | 1.7% |
| EQUITAS | 2,742 | 4,002 | 2,848 | 4,127 | 3.9% | 3.1% |
| Total Private Banks | 672,630 | 907,947 | 684,907 | 921,723 | 1.8% | 1.5% |
| YoY growth | 28.1% | 35.0% | 30.4% | 34.6% | | |
| PSU Banks | | | | | | |
| BOB | 16,790 | 28,280 | 17,451 | 28,468 | 3.9% | 0.7% |
| SBIN | 216,483 | 302,329 | 214,099 | 307,319 | -1.1% | 1.7% |
| Total PSU Bank | 233,273 | 330,608 | 231,550 | 335,787 | -0.7% | 1.6% |
| YoY growth | 55.2% | 41.7% | 54.0% | 45.0% | | |
| Total for Banks | 905,903 | 1,238,555 | 916,456 | 1,257,510 | 1.2% | 1.5% |
| YoY growth | 34.1% | 36.7% | 35.7% | 37.2% | | |
| Life Insurance | | | | | | |
| HDFCLIFE | 14,546 | 17,140 | 15,121 | 18,098 | 4.0% | 5.6% |
| IPRULIFE | 11,901 | 13,633 | 12,509 | 16,083 | 5.1% | 18.0% |
| SBILIFE | 16,581 | 18,329 | 17,664 | 20,308 | 6.5% | 10.8% |

Source: MOFSL, Company

Slippages to remain elevated over FY21, impacted by the COVID-19 outbreak

Exhibit 6: Slippage ratio trend across banks; to normalize from FY22

| Slippage Ratio (%) | FY17 | FY18 | FY19 | FY20 | FY21E | FY22E | FY23E |
|--------------------|------|------|------|------|-------|-------|-------|
| AXSB | 6.1 | 8.2 | 3.0 | 3.7 | 3.8 | 2.9 | 2.3 |
| DCBB | 1.8 | 1.9 | 1.9 | 2.7 | 3.4 | 2.9 | 2.2 |
| HDFCB | 1.4 | 2.1 | 1.9 | 1.9 | 2.4 | 2.1 | 1.9 |
| ICICIBC | 7.5 | 6.1 | 2.0 | 2.2 | 3.4 | 2.6 | 2.2 |
| IIB | 1.4 | 2.6 | 3.3 | 3.0 | 3.3 | 2.5 | 2.1 |
| KMB | 1.2 | 1.0 | 0.9 | 1.4 | 2.3 | 1.5 | 1.2 |
| FB | 1.6 | 2.7 | 1.6 | 1.7 | 2.5 | 2.1 | 1.8 |
| RBK | 2.5 | 1.9 | 1.8 | 6.2 | 5.7 | 4.1 | 2.8 |
| AUBANK | 1.7 | 2.1 | 2.5 | 2.5 | 2.6 | 2.3 | 1.8 |
| BoB | 3.5 | 6.0 | 3.0 | 3.4 | 4.4 | 3.8 | 3.0 |
| SBIN | 7.0 | 8.4 | 1.6 | 2.2 | 2.9 | 2.2 | 1.9 |

Source: MOFSL, Company

Credit cost to stay elevated over FY21 as banks would look to provide for COVID-19-related provisions

Exhibit 7: Credit cost trend across banks; to normalize from FY22

| Credit Cost (%) | FY17 | FY18 | FY19 | FY20 | FY21E | FY22E | FY23E |
|-----------------|------|------|------|------|-------|-------|-------|
| AXSB | 3.4 | 3.8 | 2.6 | 3.5 | 3.0 | 2.4 | 1.8 |
| BANDHAN | 0.6 | 1.6 | 2.1 | 2.1 | 2.7 | 2.0 | 1.5 |
| DCBB | 0.8 | 0.8 | 0.6 | 1.1 | 1.6 | 1.5 | 1.1 |
| HDFCB | 0.7 | 1.0 | 1.0 | 1.3 | 1.5 | 1.4 | 1.3 |
| ICICIBC | 3.4 | 3.5 | 3.6 | 2.3 | 2.6 | 1.4 | 1.3 |
| IIB | 1.1 | 0.9 | 1.9 | 2.4 | 3.7 | 2.3 | 1.7 |
| KMB | 0.7 | 0.6 | 0.5 | 1.0 | 1.1 | 0.9 | 0.7 |
| FB | 0.9 | 1.1 | 0.8 | 1.0 | 1.5 | 1.2 | 1.0 |
| RBK | 0.9 | 1.0 | 1.4 | 3.6 | 3.7 | 3.2 | 2.8 |
| AUBANK | 1.7 | 1.3 | 0.8 | 1.1 | 1.9 | 1.4 | 1.2 |
| BoB | 2.2 | 3.7 | 2.9 | 3.1 | 2.6 | 2.4 | 2.1 |
| SBIN | 3.2 | 3.9 | 2.6 | 1.9 | 2.1 | 1.6 | 1.4 |

Source: MOFSL, Company

Exhibit 8: Snapshot of reported and proforma (not recorded due to SC order) asset quality ratios as of 2QFY21

| As on 2QFY21 (%) | Reported GNPA | Reported NNPA | Pro-forma GNPA | Pro-forma NNPA |
|------------------|---------------|---------------|----------------|----------------|
| AXSB | 4.18 | 0.98 | 4.28 | 1.03 |
| BANDHAN | 1.18 | 0.36 | 1.54 | 0.72 |
| DCBB | 2.27 | 0.83 | 2.39 | 0.92 |
| HDFCB | 1.08 | 0.17 | 1.37 | 0.35 |
| ICICIBC | 5.17 | 1.00 | 5.36 | 1.12 |
| IIB | 2.21 | 0.52 | 2.32 | 0.61 |
| KMB | 2.55 | 0.64 | 2.70 | 0.74 |
| FB* | 2.84 | 0.99 | NA | NA |
| RBK | 3.34 | 1.38 | 3.49 | 1.49 |
| AUBANK | 1.54 | 0.45 | 1.63 | 0.53 |
| EQUITAS | 2.48 | 1.03 | 2.86 | 1.45 |
| BOB | 9.14 | 2.51 | 9.33 | 2.67 |
| SBIN | 5.28 | 1.59 | 5.88 | 2.08 |

*FB did not disclose the ratios but indicated that the slippages would have been higher by INR2.37b

Source: MOSL, Company

Banks carry higher provision buffers to tackle COVID-related stress

Exhibit 9: Snapshot of additional provision buffers as of 2QFY21

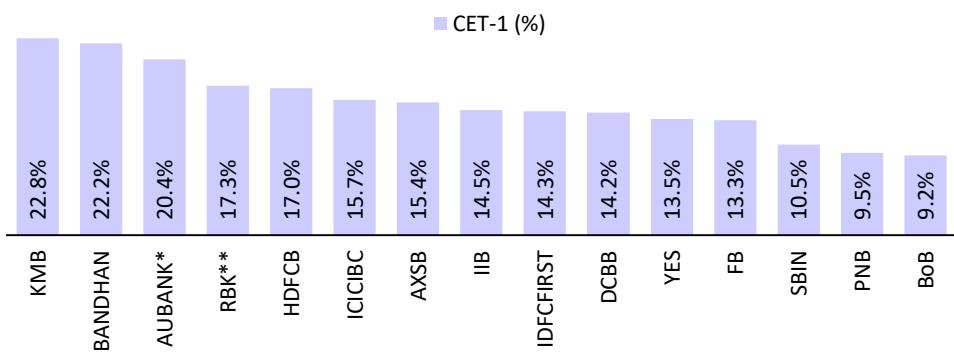
| As of 2QFY21 | Loans (INR b) | COVID Provisions | Additional Provision | Total Provisions Buffer | As a % of loans |
|--------------|---------------|------------------|----------------------|-------------------------|-----------------|
| AXSB | 5,764 | 30.0 | 78.4 | 108.4 | 1.9% |
| BANDHAN | 733 | 17.4 | 3.6 | 21.0 | 2.9% |
| DCBB | 249 | 1.4 | 1.0 | 2.5 | 1.0% |
| HDFCB | 10,383 | 15.5 | 77.5 | 93.0 | 0.9% |
| ICICIBC | 6,526 | 87.7 | 14.4 | 102.1 | 1.6% |
| IIB | 2,012 | 21.6 | NA | 21.6 | 1.1% |
| IDFC First | 900 | 20.0 | NA | 20.0 | 2.2% |
| KMB | 2,048 | 12.7 | NA | 12.7 | 0.6% |
| FB | 1,229 | 1.9 | 4.0 | 5.9 | 0.5% |
| RBK | 562 | 6.7 | NA | 6.7 | 1.2% |
| AUBANK | 272 | 2.8 | NA | 2.8 | 1.0% |
| EQUITAS | 159 | 1.7 | NA | 1.7 | 1.1% |
| SBIN | 22,939 | 32.5 | NA | 32.5 | 0.1% |
| SBI Cards | 219 | 7.6 | NA | 7.6 | 3.5% |

Source: MOSL, Company

Exhibit 10: Snapshot of collection efficiency across banks and segments as of 2QFY21

| Collection Efficiency | % | Comments |
|-----------------------|---------|--|
| AXSB | 97% | ❖ Demand resolution stood at 94% as of Sep'20 (increased to 97% in Oct'20) |
| HDFCB | 97% | ❖ Collection trends at 97% levels (~99% in the non-moratorium book) |
| ICICIBC | 97% | ❖ Represents demand resolution in the retail business at pre-COVID levels |
| IIB | 95.7% | ❖ For vehicles, CE stands at 94.3%, while for MFI, it stands at 93% |
| KMB | Mid 90% | ❖ CE for the overall book would be at mid-90 levels |
| DCB | NA | ❖ CE at 91% for Home Loans, 87.5% for Business Loans, and 77% for CV |
| Federal | 95% | ❖ 95% of Feb'20 levels as of Sep'20 |
| RBL | NA | ❖ MFI – advance payments reached ~93%, while excluding arrears, it stood at ~87% ❖ (b) Credit cards – total collections stood at ~91% |
| AUBANK | 96% | ❖ Customer activation rate in Sep'20 improved to 78% (v/s avg. of 80%) |
| Bandhan | 93% | ❖ 96% of customers have started to make payments |
| BOB | 91% | ❖ 94% in the non-moratorium book and 87% in the moratorium book |
| SBIN | 97% | ❖ Represents CE in the domestic loan book (excluding Agri segment) |

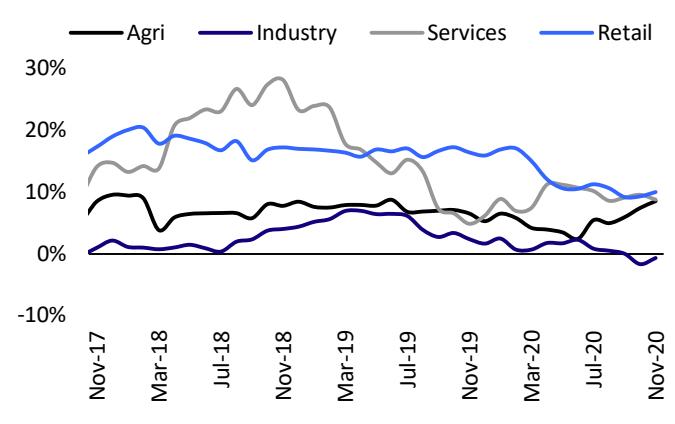
Source: MOSL, Company

Exhibit 11: Current CET-1 ratios across banks as of 2QFY21

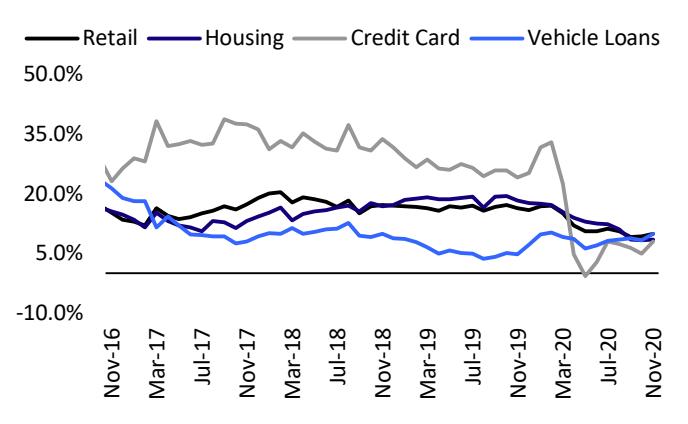
*Includes the recent stake sale in Aavas

**Includes the impact of capital raise during 3QFY21

Source: MOFSL, Company

Exhibit 12: Retail loan growth at multi-year lows of ~9-10%; retail mix improved ~930bp to 29% from 19% in FY15

Source: MOFSL, RBI

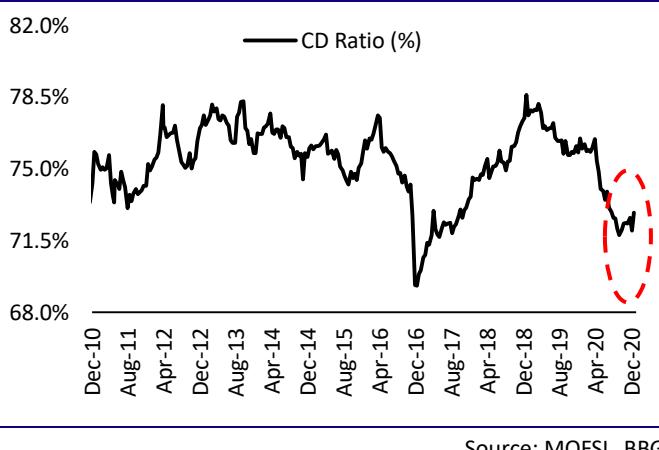
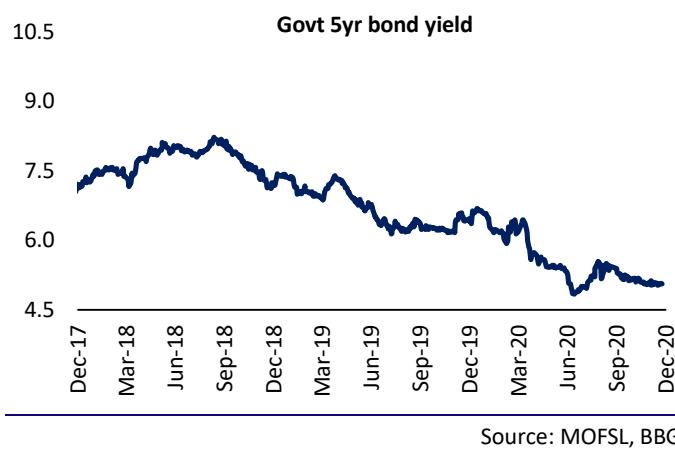
Exhibit 13: Housing/Vehicle growth moderated to ~8%/10% YoY; Credit Card growth moderated to ~8%

Source: MOFSL, RBI

Exhibit 14: Decline in TD rates would offset margin pressure

| Peak Deposit rate (%) | Dec '18 | Sep '19 | Nov '19 | Apr '20 | Jun '20 | Dec '20 | YoY Change (bps) |
|-----------------------|---------|---------|---------|---------|---------|---------|------------------|
| BOB | 6.80 | 6.60 | 6.40 | 5.70 | 5.30 | 5.00 | (140) |
| PNB | 6.75 | 6.60 | 6.40 | 5.80 | 5.50 | 5.20 | (120) |
| SBIN | 6.75 | 6.70 | 6.25 | 5.70 | 5.40 | 4.90 | (135) |
| AXSB | 7.30 | 7.00 | 6.85 | 6.10 | 5.80 | 5.15 | (170) |
| HDFCB | 7.40 | 7.00 | 6.85 | 6.00 | 5.50 | 4.90 | (195) |
| ICICIBC | 7.70 | 7.00 | 6.85 | 6.00 | 5.50 | 4.90 | (195) |
| KMB | 7.40 | 6.80 | 6.50 | 5.80 | 5.25 | 4.75 | (175) |
| Repo Rate | 6.50 | 5.40 | 5.15 | 4.40 | 4.00 | 4.00 | (115) |

Source: MOFSL, Company

Exhibit 16: CD ratio was at decadal lows of ~73% (barring demonetization)**Exhibit 18: 5Yr. G-Sec yield moderated 140bp over CY20YTD; currently stands at 5.1%****Exhibit 15: Most large banks have cut SA rates**

| SA Rate (%) | Old | Revised |
|-------------|-------|----------------|
| AXSB | 3.25% | 3.00% |
| HDFCB | 3.50% | 3.00% |
| ICICIBC | 3.25% | 3.00% |
| IIB | 4.00% | 4%/5%/6% |
| KMB | 4.00% | 3.5%/4% |
| RBK | 5.50% | 4.75%/6%/6.75% |
| FB* | 2.90% | 2.50% |
| BoB | 3.25% | 2.75% |
| PNB | 3.50% | 3.00% |
| SBIN | 2.75% | 2.70% |

*For FB, the rate is 150bp below repo rate Source: MOFSL, Company

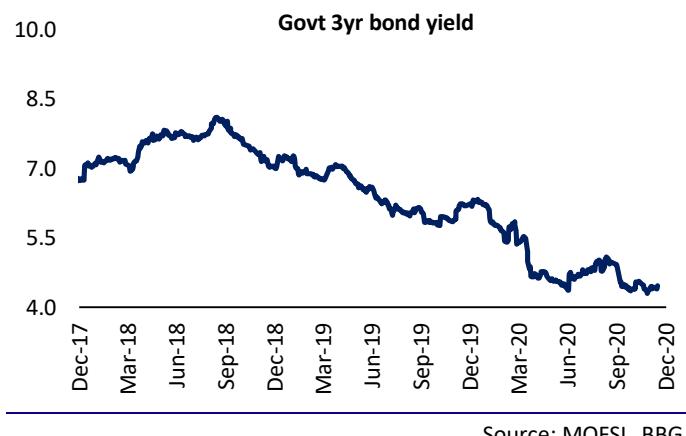
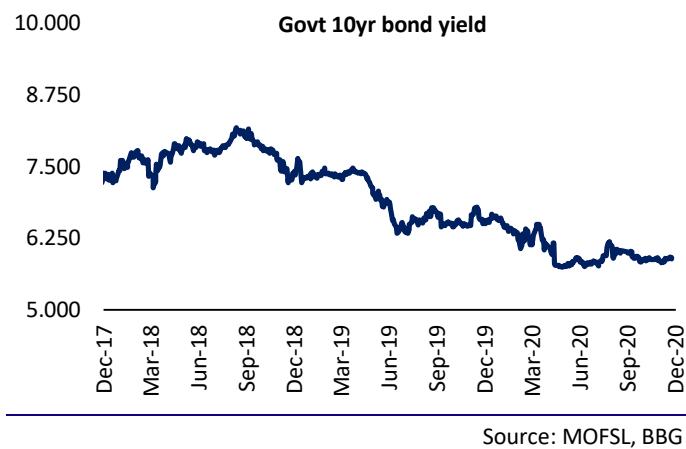
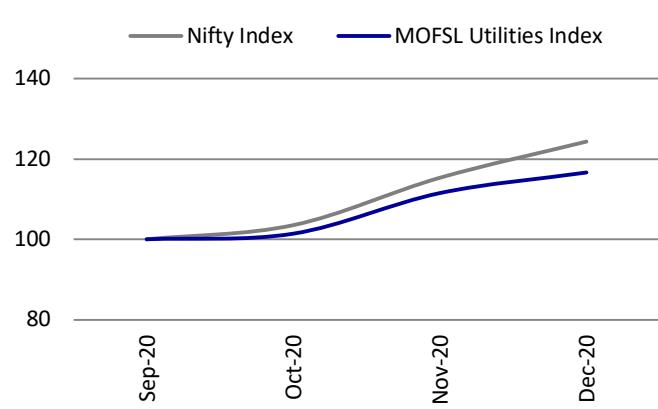
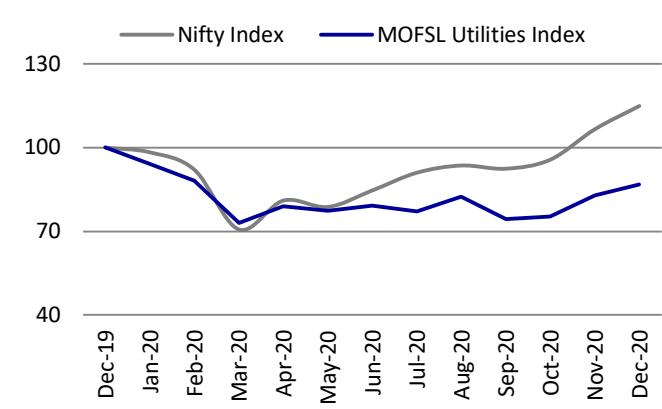
Exhibit 17: 3Yr. G-Sec yield moderated 180bp over CY20YTD; currently stands at 4.5%**Exhibit 19: 10Yr. G-Sec yield moderated 70bp over CY20YTD; currently stands at 5.9%**

Exhibit 20: Relative performance – 3 months (%)



Source: MOFSL, Company

Exhibit 21: Relative performance – 1 year (%)



Source: MOFSL, Company

Exhibit 22: Valuation summary

| Company Name | CMP (INR) | Reco | EPS (INR) | | | PE (x) | | | PB (x) | | | ROE (%) | | |
|----------------------|-----------|---------|-----------|-------|-------|--------|-------|-------|--------|-------|-------|---------|-------|-------|
| | | | FY21E | FY22E | FY23E | FY21E | FY22E | FY23E | FY21E | FY22E | FY23E | FY21E | FY22E | FY23E |
| Financials | | | | | | | | | | | | | | |
| Banks-Private | | | | | | 26.5 | 19.8 | 15.4 | 3.1 | 2.7 | 2.4 | 11.7 | 13.9 | 15.5 |
| AU Small Finance | 875 | Buy | 44.4 | 36.4 | 49.2 | 19.7 | 24.1 | 17.8 | 4.7 | 3.9 | 3.2 | 27.0 | 17.8 | 19.9 |
| Axis Bank | 623 | Buy | 21.3 | 35.4 | 55.7 | 29.2 | 17.6 | 11.2 | 1.9 | 1.7 | 1.5 | 6.8 | 10.3 | 14.4 |
| Bandhan Bank | 400 | Buy | 22.2 | 29.7 | 38.6 | 18.0 | 13.5 | 10.4 | 3.6 | 2.9 | 2.4 | 21.5 | 24.0 | 25.5 |
| DCB Bank | 120 | Neutral | 9.3 | 11.2 | 15.6 | 12.9 | 10.7 | 7.7 | 1.0 | 1.0 | 0.9 | 8.7 | 9.6 | 12.1 |
| Equitas Holdings | 68 | Buy | 8.0 | 11.7 | 16.3 | 8.5 | 5.8 | 4.2 | 0.8 | 0.8 | 0.7 | 9.7 | 13.5 | 17.7 |
| Federal Bank | 68 | Buy | 7.6 | 10.7 | 14.2 | 8.9 | 6.4 | 4.8 | 0.9 | 0.8 | 0.7 | 10.0 | 12.7 | 14.8 |
| HDFC Bank | 1,425 | Buy | 55.6 | 67.9 | 81.4 | 25.6 | 21.0 | 17.5 | 4.0 | 3.4 | 2.9 | 16.6 | 17.6 | 18.1 |
| ICICI Bank | 528 | Buy | 21.4 | 30.0 | 38.7 | 24.6 | 17.6 | 13.6 | 2.5 | 2.2 | 1.9 | 11.2 | 13.7 | 15.4 |
| IndusInd Bank | 900 | Buy | 32.8 | 64.1 | 94.9 | 27.4 | 14.0 | 9.5 | 1.7 | 1.6 | 1.4 | 6.5 | 11.7 | 15.4 |
| Kotak Mahindra Bank | 1,994 | Neutral | 51.7 | 61.0 | 73.4 | 38.5 | 32.7 | 27.2 | 5.1 | 4.5 | 3.8 | 13.4 | 13.1 | 13.9 |
| RBL Bank | 231 | Buy | 8.6 | 15.8 | 22.8 | 26.9 | 14.6 | 10.2 | 1.1 | 1.0 | 1.0 | 4.4 | 7.3 | 9.8 |
| South Indian Bank | 9 | Buy | 1.6 | 2.0 | 2.7 | 5.8 | 4.4 | 3.3 | 0.3 | 0.3 | 0.3 | 5.1 | 6.3 | 8.0 |
| Banks-PSU | | | | | | 9.6 | 6.9 | 5.2 | 0.9 | 0.8 | 0.7 | 8.9 | 11.3 | 13.5 |
| Bank of Baroda | 65 | Neutral | 3.8 | 6.2 | 13.3 | 17.1 | 10.5 | 4.9 | 0.4 | 0.4 | 0.4 | 2.4 | 3.8 | 7.9 |
| State Bank | 279 | Buy | 30.6 | 41.9 | 53.6 | 9.1 | 6.7 | 5.2 | 0.9 | 0.8 | 0.7 | 9.8 | 12.6 | 14.5 |
| EPS (INR) | | | | | | | | | | | | | | |
| | | | FY21E | FY22E | FY23E | FY21E | FY21E | FY22E | FY23E | FY21E | FY21E | FY22E | FY23E | FY21E |
| Insurance | | | | | | | | | | | | | | |
| | | | | | | 64.5 | 53.6 | 44.9 | 11.1 | 9.5 | 8.2 | 17.2 | 17.8 | 18.2 |
| HDFC Life Insur. | 678 | Neutral | 7.5 | 8.9 | 10.3 | 90.8 | 75.9 | 66.1 | 5.5 | 4.7 | 4.0 | 21.1 | 17.5 | 17.4 |
| ICICI Pru Life | 499 | Buy | 8.7 | 11.2 | 13.1 | 57.2 | 44.5 | 38.2 | 2.6 | 2.3 | 2.0 | 19.8 | 14.6 | 14.3 |
| SBI Life Insurance | 836 | Buy | 17.7 | 20.3 | 25.5 | 47.3 | 41.2 | 32.8 | 2.7 | 2.3 | 1.9 | 17.2 | 17.9 | 18.5 |

(*) Multiples adj. for value of key ventures/Investments

The tables below provide a snapshot of actual and estimated numbers for companies under the MOFSL Coverage Universe. Highlighted columns indicate the quarter/financial year under review.

AU Small Finance Bank

Buy

CMP: INR875 | TP: INR1,100 (+26%)

EPS CHANGE (%): FY21|22: -0.9|+1.7

- Margins to remain stable at ~5.1%
- Watchful of asset quality; focus on stress pool of ~3%
- Loan growth to improve QoQ, but remain under pressure, while deposits to witness healthy traction
- CoF and C/I ratio are other key monitorables

Quarterly Performance

(INR m)

| | FY20 | | | | FY21E | | | | FY20 | FY21E |
|----------------------------|-------|-------|-------|-------|-------|-------|--------|-------|--------|--------|
| | 1Q | 2Q | 3Q | 4Q | 1Q | 2Q | 3QE | 4QE | | |
| Net Interest Income | 3,956 | 4,516 | 5,068 | 5,549 | 5,159 | 5,606 | 5,720 | 6,471 | 19,089 | 22,955 |
| % Change (Y-o-Y) | 38.1 | 40.7 | 45.7 | 43.4 | 30.4 | 24.1 | 12.9 | 16.6 | 42.2 | 20.3 |
| Other Income | 2,109 | 1,508 | 1,612 | 1,831 | 2,258 | 2,857 | 7,427 | 2,335 | 7,061 | 14,877 |
| Total Income | 6,065 | 6,024 | 6,681 | 7,381 | 7,416 | 8,463 | 13,146 | 8,806 | 26,150 | 37,832 |
| Operating Expenses | 3,157 | 3,247 | 3,552 | 4,223 | 2,961 | 3,800 | 4,196 | 4,583 | 14,179 | 15,540 |
| Operating Profit | 2,908 | 2,777 | 3,128 | 3,158 | 4,456 | 4,663 | 8,951 | 4,223 | 11,972 | 22,293 |
| % Change (Y-o-Y) | 90.7 | 58.5 | 75.1 | 46.4 | 53.2 | 67.9 | 186.1 | 33.7 | 65.8 | 86.2 |
| Provisions | 315 | 610 | 401 | 1,506 | 1,813 | 574 | 2,294 | 915 | 2,832 | 5,596 |
| Profit before Tax | 2,593 | 2,167 | 2,727 | 1,652 | 2,643 | 4,089 | 6,656 | 3,308 | 9,140 | 16,696 |
| Tax Provisions | 690 | 447 | 825 | 429 | 635 | 870 | 998 | 688 | 2,392 | 3,192 |
| Net Profit | 1,903 | 1,719 | 1,902 | 1,223 | 2,008 | 3,219 | 5,658 | 2,620 | 6,748 | 13,504 |
| % Change (Y-o-Y) | 147.3 | 88.1 | 99.5 | 3.5 | 5.5 | 87.2 | 197.5 | 114.2 | 76.7 | 100.1 |

Operating Parameters

| | | | | | | | | | | |
|--------------------|-------|-------|-------|-------|-------|-------|-------|-------|-------|-------|
| Deposit (INR b) | 198.5 | 221.5 | 238.7 | 261.6 | 267.3 | 269.8 | 280.1 | 300.9 | 261.6 | 300.9 |
| Loan (INR b) | 231.0 | 248.1 | 265.7 | 269.9 | 262.5 | 272.3 | 288.6 | 307.3 | 269.9 | 307.3 |
| Deposit Growth (%) | 98.5 | 72.1 | 62.5 | 34.7 | 34.7 | 21.8 | 17.4 | 15.0 | 34.7 | 15.0 |
| Loan Growth (%) | 51.3 | 36.9 | 32.9 | 18.3 | 13.6 | 9.8 | 8.6 | 13.9 | 18.3 | 13.9 |

Asset Quality

| | | | | | | | | | | |
|----------|------|------|------|------|------|------|------|------|------|------|
| GNPA (%) | 2.1 | 2.0 | 1.9 | 1.7 | 1.7 | 1.5 | 2.2 | 2.4 | 1.7 | 2.4 |
| NNPA (%) | 1.3 | 1.1 | 1.0 | 0.8 | 0.6 | 0.5 | 0.7 | 0.7 | 0.8 | 0.7 |
| PCR (%) | 40.5 | 43.9 | 46.8 | 52.5 | 63.5 | 71.0 | 68.0 | 70.6 | 52.5 | 70.6 |

Axis Bank

Buy

CMP: INR623 | TP: INR725 (+16%)

EPS CHANGE (%): FY20|21: -2.9|-3.5

- Credit cost to stay elevated; bank guides for higher slippages
- Margins to decline ~8bp QoQ to ~3.5%
- Restructuring / BB & below pool to remain under watch
- Loan/Deposit growth to stay modest

Quarterly Performance

(INR b)

| | FY20 | | | | FY21E | | | | FY20 | FY21E |
|----------------------------|------|-------|-------|-------|-------|-------|-------|-------|-------|-------|
| | 1Q | 2Q | 3Q | 4Q | 1Q | 2Q | 3QE | 4QE | | |
| Net Interest Income | 58.4 | 61.0 | 64.5 | 68.1 | 69.9 | 73.3 | 74.0 | 78.4 | 252.1 | 295.5 |
| % Change (Y-o-Y) | 13.1 | 16.6 | 15.2 | 19.3 | 19.5 | 20.1 | 14.7 | 15.1 | 16.1 | 17.2 |
| Other Income | 38.7 | 39.0 | 37.9 | 39.9 | 25.9 | 38.1 | 40.6 | 43.1 | 155.4 | 147.6 |
| Total Income | 97.1 | 100.0 | 102.4 | 107.9 | 95.7 | 111.3 | 114.6 | 121.4 | 407.4 | 443.1 |
| Operating Expenses | 38.2 | 40.5 | 45.0 | 49.4 | 37.3 | 42.4 | 46.3 | 50.8 | 173.0 | 176.7 |
| Operating Profit | 58.9 | 59.5 | 57.4 | 58.5 | 58.4 | 69.0 | 68.3 | 70.7 | 234.4 | 266.4 |
| % Change (Y-o-Y) | 34.8 | 45.4 | 3.9 | 16.7 | -0.8 | 15.9 | 18.9 | 20.8 | 23.3 | 13.7 |
| Provisions | 38.1 | 35.2 | 34.7 | 77.3 | 44.2 | 45.8 | 48.3 | 44.3 | 185.3 | 182.5 |
| Profit before Tax | 20.8 | 24.3 | 22.7 | -18.8 | 14.3 | 23.2 | 20.0 | 26.4 | 49.0 | 83.9 |
| Tax | 7.1 | 25.5 | 5.1 | -4.9 | 3.2 | 6.3 | 5.0 | 6.6 | 32.8 | 21.1 |
| Net Profit | 13.7 | -1.1 | 17.6 | -13.9 | 11.1 | 16.8 | 15.0 | 19.8 | 16.3 | 62.7 |
| % Change (Y-o-Y) | 95.4 | NM | 4.5 | NM | -18.8 | NM | -14.6 | NM | -65.2 | 285.5 |

Operating Parameters

| | | | | | | | | | | |
|--------------------|------|------|------|------|------|------|------|-----|------|-----|
| Deposit (INR t) | 5.4 | 5.8 | 5.9 | 6.4 | 6.3 | 6.4 | 6.6 | 7.0 | 6.4 | 7.0 |
| Loan (INR t) | 5.0 | 5.2 | 5.5 | 5.7 | 5.6 | 5.8 | 5.9 | 6.2 | 5.7 | 6.2 |
| Deposit Growth (%) | 20.9 | 21.7 | 15.1 | 16.7 | 16.2 | 8.8 | 11.1 | 9.0 | 16.7 | 9.0 |
| Loan Growth (%) | 12.7 | 14.4 | 15.8 | 15.5 | 12.9 | 10.5 | 8.1 | 9.0 | 15.5 | 9.0 |

Asset Quality

| | | | | | | | | | | |
|---------------|------|------|------|------|------|------|------|------|------|------|
| Gross NPA (%) | 5.3 | 5.0 | 5.0 | 4.9 | 4.7 | 4.2 | 5.0 | 5.2 | 4.9 | 5.2 |
| Net NPA (%) | 2.0 | 2.0 | 2.1 | 1.6 | 1.2 | 1.0 | 1.4 | 1.4 | 1.6 | 1.4 |
| PCR (%) | 62.5 | 61.7 | 59.6 | 69.0 | 74.8 | 77.2 | 73.0 | 74.5 | 69.0 | 74.5 |

Bandhan Bank**Buy****CMP: INR400 | TP: INR450 (+13%)****EPS CHANGE (%): FY20|21: -0.5|+2.2**

- NIMs to moderate to ~7.9%
- Business growth to remain healthy

- Slippages to increase, which would keep credit cost higher
- Commentary around collection efficiency a key metric

Quarterly Performance**(INR m)**

| Y/E March | FY20 | | | | FY21E | | | | FY20 | FY21E |
|-----------------------------|---------------|---------------|---------------|---------------|---------------|---------------|---------------|---------------|---------------|---------------|
| | 1Q | 2Q | 3Q | 4Q | 1Q | 2Q | 3QE | 4QE | | |
| Net Interest Income | 15,746 | 15,290 | 15,403 | 16,800 | 18,115 | 19,231 | 19,612 | 21,867 | 63,239 | 78,825 |
| % Change (YoY) | 51.8 | 41.9 | 37.0 | 33.6 | 15.0 | 25.8 | 27.3 | 30.2 | 40.7 | 24.6 |
| Other Income | 3,310 | 3,603 | 3,577 | 5,002 | 3,868 | 3,818 | 4,268 | 5,397 | 15,492 | 17,351 |
| Total Income | 19,056 | 18,893 | 18,980 | 21,802 | 21,983 | 23,049 | 23,880 | 27,265 | 78,731 | 96,176 |
| Operating Expenses | 5,505 | 5,824 | 6,341 | 6,595 | 6,141 | 6,773 | 7,226 | 7,769 | 24,265 | 27,909 |
| Operating Profit | 13,551 | 13,069 | 12,639 | 15,207 | 15,842 | 16,275 | 16,654 | 19,496 | 54,466 | 68,267 |
| % Change (YoY) | 65.1 | 49.5 | 40.4 | 31.9 | 16.9 | 24.5 | 31.8 | 28.2 | 45.3 | 25.3 |
| Other Provisions | 1,254 | 1,455 | 2,949 | 8,274 | 8,491 | 3,945 | 4,212 | 3,899 | 13,932 | 20,547 |
| Profit Before Tax | 12,297 | 11,614 | 9,690 | 6,933 | 7,351 | 12,330 | 12,442 | 15,597 | 40,534 | 47,721 |
| Tax | 4,261 | 1,896 | 2,380 | 1,760 | 1,853 | 3,130 | 3,123 | 3,920 | 10,297 | 12,026 |
| Net Profit | 8,036 | 9,718 | 7,310 | 5,173 | 5,498 | 9,200 | 9,319 | 11,678 | 30,237 | 35,695 |
| % Change (YoY) | 66.8 | 99.3 | 120.7 | -20.5 | -31.6 | -5.3 | 27.5 | 125.7 | 54.9 | 18.1 |
| Operating Parameters | | | | | | | | | | |
| Deposits (INR b) | 437 | 492 | 549 | 571 | 606 | 661 | 686 | 731 | 571 | 731 |
| Loans (INR b) | 415 | 598 | 606 | 666 | 697 | 733 | 759 | 802 | 666 | 802 |
| Deposit Growth (%) | 42.3 | 49.3 | 58.5 | 32.0 | 38.7 | 34.4 | 24.9 | 28.0 | 32.0 | 28.0 |
| Loan Growth (%) | 35.9 | 88.4 | 78.9 | 68.1 | 68.1 | 22.6 | 25.2 | 20.4 | 68.1 | 20.4 |
| Asset Quality | | | | | | | | | | |
| Gross NPA (%) | 1.7 | 1.8 | 1.9 | 1.5 | 1.4 | 1.2 | 1.9 | 2.3 | 1.5 | 2.3 |
| Net NPA (%) | 0.6 | 0.6 | 0.8 | 0.6 | 0.5 | 0.4 | 0.6 | 0.6 | 0.6 | 0.6 |
| PCR (%) | 65.9 | 68.3 | 58.4 | 60.8 | 66.6 | 70.0 | 67.0 | 74.2 | 60.8 | 74.2 |

Bank of Baroda**Neutral****CMP: INR65 | TP: INR60 (-7%)****EPS CHANGE (%): FY20|21: +3.9|+0.7**

- Elevated credit cost and NII moderation to dent earnings
- Asset quality to remain under pressure
- Rundown in international book to continue
- Movement in watchlist / stress pool to be key monitorable

Quarterly Performance**(INR m)**

| | FY20 | | | | FY21E | | | | FY20 | FY21E |
|-----------------------------|---------------|---------------|----------------|----------------|----------------|----------------|----------------|----------------|----------------|----------------|
| | 1Q | 2Q | 3Q | 4Q | 1Q | 2Q | 3QE | 4QE | | |
| Net Interest Income | 64,981 | 70,279 | 71,291 | 67,982 | 68,161 | 75,075 | 71,572 | 73,787 | 274,513 | 288,595 |
| % Change (YoY) | 48.3 | 56.4 | 50.3 | 34.2 | 4.9 | 6.8 | 0.4 | 8.5 | 48.5 | 5.1 |
| Other Income | 19,156 | 28,239 | 27,412 | 28,347 | 18,183 | 28,023 | 29,250 | 32,877 | 103,173 | 108,332 |
| Total Income | 84,137 | 98,519 | 98,702 | 96,328 | 86,344 | 103,098 | 100,821 | 106,664 | 377,686 | 396,927 |
| Operating Expenses | 41,375 | 45,160 | 49,118 | 45,120 | 43,144 | 47,580 | 47,389 | 48,459 | 180,772 | 186,572 |
| Operating Profit | 42,762 | 53,359 | 49,585 | 51,208 | 43,199 | 55,518 | 53,432 | 58,205 | 196,914 | 210,355 |
| % Change (YoY) | 42.3 | 73.1 | 40.1 | 32.6 | 1.0 | 4.0 | 7.8 | 13.7 | 46.0 | 6.8 |
| Provisions | 32,849 | 42,092 | 71,554 | 68,441 | 56,277 | 30,016 | 50,497 | 50,235 | 214,935 | 187,025 |
| Profit before Tax | 9,913 | 11,268 | -21,970 | -17,233 | -13,078 | 25,502 | 2,935 | 7,970 | -18,021 | 23,330 |
| Tax | 2,815 | 3,901 | -7,900 | -22,299 | -4,435 | 8,716 | 822 | 776 | -23,483 | 5,879 |
| Net Profit | 7,099 | 7,367 | -14,070 | 5,066 | -8,643 | 16,786 | 2,113 | 7,194 | 5,462 | 17,451 |
| % Change (YoY) | 34.5 | 73.2 | NM | NM | NM | 127.9 | NM | 42.0 | 26.0 | 219.5 |
| Operating Parameters | | | | | | | | | | |
| Deposit (INR b) | 8,955 | 8,941 | 8,962 | 9,460 | 9,345 | 9,543 | 9,755 | 10,027 | 9,460 | 10,027 |
| Loan (INR b) | 6,332 | 6,373 | 6,545 | 6,901 | 6,867 | 6,699 | 6,901 | 7,281 | 6,901 | 7,281 |
| Deposit Growth (%) | 54.0 | 47.3 | 46.8 | 48.1 | 4.3 | 6.7 | 8.9 | 6.0 | 48.1 | 6.0 |
| Loan Growth (%) | 52.8 | 47.0 | 45.9 | 47.2 | 8.4 | 5.1 | 5.4 | 5.5 | 47.2 | 5.5 |
| Asset Quality | | | | | | | | | | |
| Gross NPA (%) | 10.3 | 10.3 | 10.4 | 9.4 | 9.4 | 9.1 | 10.0 | 10.1 | 9.4 | 10.1 |
| Net NPA (%) | 4.0 | 3.9 | 4.1 | 3.1 | 2.8 | 2.5 | 3.1 | 3.2 | 3.1 | 3.2 |
| PCR (%) | 64.1 | 64.4 | 63.8 | 68.9 | 71.9 | 74.4 | 71.0 | 70.8 | 68.9 | 70.8 |

DCB Bank**Neutral****CMP: INR120 | TP: INR110 (-8%)****EPS CHANGE (%): FY20|21: -2.5|-1.0**

- Credit cost to remain high on potential stress in SME/LAP
- Expect slippages to rise, which could keep asset quality under pressure; loans under restructuring to be key

- C/I ratio may remain under pressure and could rise
- NIM compression / loan growth to remain key monitorable

Quarterly Performance**(INR m)**

| | FY20 | | | | FY21E | | | | FY20 | FY21E |
|-----------------------------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|---------------|---------------|
| | 1Q | 2Q | 3Q | 4Q | 1Q | 2Q | 3QE | 4QE | | |
| Net Interest Income | 3,048 | 3,134 | 3,231 | 3,237 | 3,067 | 3,339 | 3,088 | 3,212 | 12,649 | 12,707 |
| % Change (Y-o-Y) | 11.6 | 11.2 | 10.0 | 7.6 | 0.6 | 6.6 | -4.4 | -0.8 | 10.1 | 0.5 |
| Other Income | 868 | 1,014 | 931 | 1,099 | 776 | 925 | 872 | 946 | 3,911 | 3,520 |
| Total Income | 3,915 | 4,148 | 4,162 | 4,336 | 3,843 | 4,264 | 3,960 | 4,159 | 16,560 | 16,226 |
| Operating Expenses | 2,250 | 2,302 | 2,263 | 2,215 | 1,932 | 2,016 | 2,099 | 2,261 | 9,029 | 8,309 |
| Operating Profit | 1,665 | 1,845 | 1,899 | 2,121 | 1,911 | 2,248 | 1,861 | 1,897 | 7,531 | 7,918 |
| % Change (Y-o-Y) | 17.8 | 26.3 | 9.3 | 14.5 | 14.8 | 21.8 | -2.0 | -10.5 | 16.5 | 5.1 |
| Provisions | 406 | 433 | 590 | 1,182 | 837 | 1,131 | 1,100 | 975 | 2,611 | 4,043 |
| Profit before Tax | 1,259 | 1,413 | 1,309 | 938 | 1,075 | 1,117 | 761 | 923 | 4,919 | 3,875 |
| Tax | 448 | 499 | 342 | 251 | 281 | 294 | 192 | 210 | 1,540 | 976 |
| Net Profit | 811 | 914 | 967 | 688 | 794 | 823 | 569 | 713 | 3,379 | 2,898 |
| % Change (Y-o-Y) | 16.6 | 24.5 | 12.3 | -28.6 | -2.1 | -10.0 | -41.2 | 3.7 | 3.9 | -14.2 |
| Operating Parameters | | | | | | | | | | |
| Deposit (INR b) | 287.9 | 293.6 | 297.3 | 303.7 | 294.3 | 287.7 | 295.5 | 309.8 | 303.7 | 309.8 |
| Loan (INR b) | 240.4 | 248.0 | 254.4 | 253.5 | 250.6 | 248.8 | 245.8 | 243.3 | 253.5 | 243.3 |
| Deposit Growth (%) | 15.0 | 12.2 | 8.1 | 6.8 | 2.2 | -2.0 | -0.6 | 2.0 | 6.8 | 2.0 |
| Loan Growth (%) | 13.2 | 12.4 | 11.1 | 7.5 | 4.2 | 0.3 | -3.4 | -4.0 | 7.5 | -4.0 |
| Asset Quality | | | | | | | | | | |
| Gross NPA (%) | 2.0 | 2.1 | 2.2 | 2.5 | 2.4 | 2.3 | 3.1 | 3.4 | 2.5 | 3.4 |
| Net NPA (%) | 0.8 | 1.0 | 1.0 | 1.2 | 1.0 | 0.8 | 1.2 | 1.4 | 1.2 | 1.4 |
| PCR (%) | 58.9 | 54.5 | 52.8 | 53.5 | 60.0 | 64.1 | 62.0 | 61.2 | 53.5 | 61.2 |

Equitas Holdings**Buy****CMP: INR68 | TP: INR65 (-5%)****EPS CHANGE (%): FY20|21: +3.9|+3.1**

- NIMs to moderate to ~8.9% (~12bp) QoQ
- Watch out for asset quality in MSME book; focus to remain on collection efficiency

- Moderation in business growth and elevated credit cost to impact earnings
- Loan under restructuring to be key

Quarterly Performance**(INR m)**

| Y/E March | FY20 | | | | FY21E | | | | FY20 | FY21E |
|-----------------------------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|---------------|---------------|
| | 1Q | 2Q | 3Q | 4Q | 1Q | 2Q | 3QE | 4QE | | |
| Net Interest Income | 3,372 | 3,505 | 3,836 | 4,561 | 4,043 | 4,613 | 4,673 | 4,715 | 14,953 | 18,044 |
| % Change (YoY) | 32.5 | 29.1 | 23.3 | 44.9 | 19.9 | 31.6 | 21.8 | 3.4 | 29.8 | 20.7 |
| Other Income | 592 | 639 | 857 | 736 | 297 | 637 | 822 | 1,012 | 2,824 | 2,767 |
| Total Income | 3,963 | 4,145 | 4,693 | 5,297 | 4,339 | 5,249 | 5,495 | 5,727 | 17,777 | 20,811 |
| Operating Expenses | 2,768 | 2,833 | 3,108 | 3,092 | 2,919 | 3,053 | 3,199 | 3,529 | 11,801 | 12,700 |
| Operating Profit | 1,196 | 1,312 | 1,584 | 2,205 | 1,420 | 2,197 | 2,297 | 2,197 | 5,976 | 8,111 |
| % Change (YoY) | 57.2 | 23.6 | 30.4 | 80.1 | 18.8 | 67.5 | 44.9 | -0.4 | 40.2 | 35.7 |
| Provisions | 308 | 454 | 405 | 1,300 | 683 | 839 | 1,464 | 1,319 | 2,466 | 4,306 |
| Profit before Tax | 888 | 858 | 1,180 | 906 | 737 | 1,358 | 833 | 878 | 3,509 | 3,805 |
| Tax | 317 | 363 | 239 | 154 | 160 | 328 | 225 | 245 | 1,073 | 958 |
| Net Profit | 571 | 495 | 941 | 752 | 577 | 1,030 | 608 | 633 | 2,436 | 2,848 |
| % Change (YoY) | 61.2 | 1.5 | 51.2 | 17.0 | 1.1 | 108.1 | -35.4 | -15.8 | 15.7 | 16.9 |
| Operating Parameters | | | | | | | | | | |
| AUM (INR b) | 123 | 133 | 146 | 154 | 156 | 167 | 177 | 192 | 154 | 184 |
| Deposits (INR b) | 91 | 100 | 105 | 108 | 118 | 129 | 134 | 140 | 108 | 140 |
| Loans (INR b) | 120 | 130 | 137 | 137 | 144 | 159 | 164 | 170 | 137 | 170 |
| AUM Growth (%) | 35 | 33 | 37 | 31 | 27 | 26 | 21 | 25 | 31 | 20 |
| Deposit Growth (%) | 60 | 44 | 33 | 20 | 29 | 29 | 27 | 30 | 20 | 30 |
| Loan Growth (%) | 43 | 38 | 30 | 19 | 20 | 23 | 20 | 24 | 19 | 24 |
| Asset Quality | | | | | | | | | | |
| Gross NPA (%) | 2.7 | 2.9 | 2.9 | 2.7 | 2.9 | 2.5 | 3.6 | 4.3 | 3.0 | 4.3 |
| Net NPA (%) | 1.5 | 1.6 | 1.7 | 1.5 | 1.5 | 1.0 | 1.9 | 2.3 | 1.8 | 2.3 |
| PCR (%) | 44.0 | 38.8 | 43.5 | 45.2 | 44.2 | 50.2 | 48.0 | 48.2 | 40.7 | 48.2 |

Federal Bank**Buy****CMP: INR68 | TP: INR80 (+18%)****EPS CHANGE (%): FY20|21: -0.7|-0.1**

- Business growth to remain modest
- Asset quality ratio and loans under restructuring to be key
- Credit cost to stay high due to exposure to SMEs
- NIMs to be stable at ~3.1%

Quarterly Performance**(INR m)**

| | FY20 | | | | FY21E | | | | FY20 | FY21E |
|-----------------------------|---------------|---------------|---------------|---------------|---------------|---------------|---------------|---------------|---------------|---------------|
| | 1Q | 2Q | 3Q | 4Q | 1Q | 2Q | 3QE | 4QE | | |
| Net Interest Income | 11,542 | 11,238 | 11,549 | 12,160 | 12,964 | 13,799 | 13,818 | 14,253 | 46,489 | 54,834 |
| % Change (YoY) | 17.8 | 9.9 | 7.2 | 10.9 | 12.3 | 22.8 | 19.6 | 17.2 | 11.3 | 18.0 |
| Other Income | 3,915 | 4,209 | 4,079 | 7,111 | 4,884 | 5,093 | 5,118 | 5,378 | 19,314 | 20,473 |
| Total Income | 15,457 | 15,447 | 15,628 | 19,271 | 17,848 | 18,892 | 18,936 | 19,631 | 65,803 | 75,307 |
| Operating Expenses | 7,629 | 8,259 | 8,190 | 9,678 | 8,524 | 8,827 | 9,015 | 9,331 | 33,756 | 35,697 |
| Operating Profit | 7,828 | 7,188 | 7,438 | 9,593 | 9,324 | 10,065 | 9,922 | 10,300 | 32,047 | 39,610 |
| % Change (YoY) | 29.8 | 3.0 | 5.1 | 27.1 | 19.1 | 40.0 | 33.4 | 7.4 | 16.0 | 23.6 |
| Provisions | 1,920 | 2,518 | 1,609 | 5,675 | 3,946 | 5,921 | 5,247 | 4,319 | 11,722 | 19,432 |
| Profit before Tax | 5,907 | 4,670 | 5,830 | 3,918 | 5,378 | 4,145 | 4,675 | 5,981 | 20,325 | 20,178 |
| Tax | 2,065 | 503 | 1,423 | 906 | 1,370 | 1,069 | 1,145 | 1,360 | 4,898 | 4,944 |
| Net Profit | 3,842 | 4,167 | 4,406 | 3,012 | 4,008 | 3,076 | 3,530 | 4,621 | 15,428 | 15,234 |
| % Change (YoY) | 46.2 | 56.6 | 32.1 | -21.0 | 4.3 | -26.2 | -19.9 | 53.4 | 24.0 | -1.3 |
| Operating Parameters | | | | | | | | | | |
| Deposit (INR b) | 1,325 | 1,395 | 1,446 | 1,523 | 1,549 | 1,567 | 1,617 | 1,675 | 1,523 | 1,675 |
| Loan (INR b) | 1,120 | 1,159 | 1,192 | 1,223 | 1,213 | 1,229 | 1,264 | 1,320 | 1,223 | 1,320 |
| Deposit Growth (%) | 19.1 | 18.1 | 17.1 | 12.8 | 16.9 | 12.3 | 11.8 | 10.0 | 12.8 | 10.0 |
| Loan Growth (%) | 18.8 | 14.8 | 13.0 | 10.9 | 8.3 | 6.1 | 6.0 | 8.0 | 10.9 | 8.0 |
| Asset Quality | | | | | | | | | | |
| Gross NPA (%) | 3.0 | 3.1 | 3.0 | 2.8 | 3.0 | 2.8 | 3.4 | 3.7 | 2.8 | 3.7 |
| Net NPA (%) | 1.5 | 1.6 | 1.6 | 1.3 | 1.2 | 1.0 | 1.3 | 1.3 | 1.3 | 1.3 |
| PCR (%) | 50.7 | 49.0 | 46.4 | 54.5 | 59.6 | 65.7 | 63.0 | 65.3 | 54.5 | 65.3 |

HDFC Bank**Buy****CMP: INR1,425 | TP: INR1,650 (+16%)****EPS CHANGE (%): FY20|21: +1.4|+2.1**

- Deposit growth strong, while loan growth remains healthy
- Watch out for asset quality in Agri and unsecured book
- Margins broadly stable at ~4.1%
- Commentary around credit cards and fee income traction

Quarterly Performance**(INR b)**

| | FY20 | | | | FY21E | | | | FY20 | FY21E |
|-----------------------------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|
| | 1Q | 2Q | 3Q | 4Q | 1Q | 2Q | 3QE | 4QE | | |
| Net Interest Income | 132.9 | 135.2 | 141.7 | 152.0 | 156.7 | 157.8 | 162.8 | 170.8 | 561.9 | 648.1 |
| % Change (Y-o-Y) | 22.9 | 14.9 | 12.7 | 16.2 | 17.8 | 16.7 | 14.9 | 12.4 | 16.5 | 15.3 |
| Other Income | 49.7 | 55.9 | 66.7 | 60.3 | 40.8 | 60.9 | 73.1 | 75.2 | 232.6 | 250.1 |
| Total Income | 182.6 | 191.0 | 208.4 | 212.4 | 197.4 | 218.7 | 236.0 | 246.1 | 794.5 | 898.1 |
| Operating Expenses | 71.2 | 74.1 | 79.0 | 82.8 | 69.1 | 80.6 | 85.8 | 94.6 | 307.0 | 330.1 |
| Operating Profit | 111.5 | 117.0 | 129.5 | 129.6 | 128.3 | 138.1 | 150.2 | 151.5 | 487.5 | 568.1 |
| % Change (Y-o-Y) | 28.9 | 23.4 | 20.1 | 19.5 | 15.1 | 18.1 | 16.0 | 16.9 | 22.6 | 16.5 |
| Provisions | 26.1 | 27.0 | 30.4 | 37.8 | 38.9 | 37.0 | 41.7 | 42.7 | 121.4 | 160.3 |
| Profit before Tax | 85.3 | 90.0 | 99.0 | 91.7 | 89.4 | 101.1 | 108.5 | 108.8 | 366.1 | 407.8 |
| Tax | 29.7 | 26.5 | 24.9 | 22.5 | 22.8 | 26.0 | 26.2 | 27.7 | 103.5 | 102.6 |
| Net Profit | 55.7 | 63.4 | 74.2 | 69.3 | 66.6 | 75.1 | 82.3 | 81.1 | 262.6 | 305.1 |
| % Change (Y-o-Y) | 21.0 | 26.8 | 32.8 | 17.7 | 19.6 | 18.4 | 11.0 | 17.1 | 24.6 | 16.2 |
| Operating Parameters | | | | | | | | | | |
| Deposit Growth (%) | 18.5 | 22.6 | 25.2 | 24.3 | 24.6 | 20.3 | 19.1 | 16.5 | 24.3 | 16.5 |
| Loan Growth (%) | 17.1 | 19.5 | 19.9 | 21.3 | 20.9 | 15.8 | 15.6 | 12.0 | 21.3 | 12.0 |
| Deposit | 9,546 | 10,216 | 10,674 | 11,475 | 11,894 | 12,293 | 12,710 | 13,368 | 11,475 | 13,368 |
| Loan | 8,297 | 8,970 | 9,360 | 9,937 | 10,033 | 10,383 | 10,820 | 11,129 | 9,937 | 11,129 |
| Asset Quality | | | | | | | | | | |
| Gross NPA (%) | 1.4 | 1.4 | 1.4 | 1.3 | 1.4 | 1.1 | 1.3 | 1.8 | 1.3 | 1.8 |
| Net NPA (%) | 0.4 | 0.4 | 0.5 | 0.4 | 0.3 | 0.2 | 0.3 | 0.5 | 0.4 | 0.5 |
| PCR (%) | 69.7 | 69.7 | 66.7 | 72.0 | 76.2 | 84.5 | 75.0 | 75.6 | 72.0 | 75.6 |

ICICI Bank**Buy****CMP: INR528 | TP: INR630 (+19%)****EPS CHANGE (%): FY20|21: +4.7|+3.9**

- Loan growth modest; margins to moderate to ~3.5%
- Commentary on restructuring book and asset quality

- Slippages to stay elevated, resulting in higher credit cost
- Movement in stressed loans to remain key monitorable

Quarterly Performance**(INR b)**

| | FY20 | | | | FY21E | | | | FY20 | FY21E |
|-----------------------------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|
| | 1Q | 2Q | 3Q | 4Q | 1Q | 2Q | 3QE | 4QE | | |
| Net Interest Income | 77.4 | 80.6 | 85.5 | 89.3 | 92.8 | 93.7 | 96.7 | 103.2 | 332.7 | 386.4 |
| % Change (YoY) | 26.8 | 25.6 | 24.3 | 17.1 | 19.9 | 16.2 | 13.2 | 15.6 | 23.1 | 16.2 |
| Other Income | 34.3 | 41.9 | 45.7 | 42.5 | 61.4 | 40.3 | 46.2 | 49.5 | 164.5 | 197.4 |
| Total Income | 111.6 | 122.5 | 131.2 | 131.8 | 154.2 | 133.9 | 142.9 | 152.7 | 497.2 | 583.8 |
| Operating Expenses | 48.7 | 53.8 | 55.7 | 57.9 | 46.5 | 51.3 | 57.0 | 62.7 | 216.1 | 217.5 |
| Operating Profit | 62.9 | 68.7 | 75.5 | 73.9 | 107.8 | 82.6 | 85.9 | 90.0 | 281.0 | 366.3 |
| % Change (YoY) | 8.3 | 30.9 | 22.8 | 18.6 | 71.4 | 20.2 | 13.8 | 21.8 | 19.9 | 30.3 |
| Provisions | 35.0 | 25.1 | 20.8 | 59.7 | 75.9 | 30.0 | 38.3 | 33.8 | 140.5 | 178.0 |
| Profit before Tax | 27.9 | 43.7 | 54.7 | 14.2 | 31.8 | 52.7 | 47.6 | 56.2 | 140.5 | 188.3 |
| Tax | 8.8 | 37.1 | 13.2 | 2.0 | 5.8 | 10.1 | 11.9 | 17.3 | 61.2 | 45.2 |
| Net Profit | 19.1 | 6.5 | 41.5 | 12.2 | 26.0 | 42.5 | 35.7 | 38.9 | 79.3 | 143.1 |
| % Change (YoY) | NM | -27.9 | 158.4 | 26.0 | 36.2 | 549.1 | -13.8 | 218.2 | 135.8 | 80.4 |
| Operating Parameters | | | | | | | | | | |
| Deposit | 6,607 | 6,963 | 7,163 | 7,710 | 8,016 | 8,329 | 8,647 | 9,020 | 7,710 | 9,020 |
| Loan | 5,924 | 6,134 | 6,357 | 6,453 | 6,312 | 6,526 | 6,774 | 7,098 | 6,453 | 7,098 |
| Deposit Growth (%) | 20.8 | 24.6 | 18.1 | 18.1 | 21.3 | 19.6 | 20.7 | 17.0 | 18.1 | 17.0 |
| Loan Growth (%) | 14.7 | 12.6 | 12.6 | 10.0 | 6.5 | 6.4 | 6.6 | 10.0 | 10.0 | 10.0 |
| Asset Quality | | | | | | | | | | |
| Gross NPA (%) | 7.3 | 7.0 | 6.5 | 6.1 | 6.1 | 5.2 | 5.9 | 5.9 | 6.1 | 5.9 |
| Net NPA (%) | 1.8 | 1.6 | 1.5 | 1.4 | 1.2 | 1.0 | 1.5 | 1.4 | 1.4 | 1.4 |
| PCR (%) | 74.1 | 76.1 | 76.1 | 75.6 | 78.5 | 81.6 | 76.5 | 77.1 | 75.7 | 77.1 |

IndusInd Bank**Buy****CMP: INR900 | TP: INR850 (-6%)****EPS CHANGE (%): FY20|21: -3.4|-7.2**

- Loan growth to continue to witness pressure, while deposits to show strong traction
- Margins to moderate marginally to ~4.1%

- Asset quality to remain pressured, led by higher strain on MFI and Auto businesses; restructuring book to be key
- Credit cost to remain elevated as PCR remains high

Quarterly Performance**(INR m)**

| | FY20 | | | | FY21E | | | | FY20 | FY21E |
|-----------------------------|---------------|---------------|---------------|---------------|---------------|---------------|---------------|---------------|----------------|----------------|
| | 1Q | 2Q | 3Q | 4Q | 1Q | 2Q | 3QE | 4QE | | |
| Net Interest Income | 28,440 | 29,094 | 30,742 | 32,312 | 33,092 | 32,780 | 33,007 | 33,680 | 120,587 | 132,559 |
| % Change (YoY) | 34.0 | 32.0 | 34.4 | 44.7 | 16.4 | 12.7 | 7.4 | 4.2 | 36.3 | 9.9 |
| Other Income | 16,633 | 17,272 | 17,900 | 17,722 | 15,204 | 15,543 | 16,086 | 17,131 | 69,527 | 63,965 |
| Total Income | 45,072 | 46,365 | 48,642 | 50,034 | 48,296 | 48,323 | 49,094 | 50,811 | 190,114 | 196,524 |
| Operating Expenses | 19,163 | 20,131 | 21,065 | 21,467 | 19,019 | 19,803 | 20,973 | 22,635 | 82,373 | 82,430 |
| Operating Profit | 25,910 | 26,234 | 27,577 | 28,567 | 29,277 | 28,520 | 28,121 | 28,175 | 107,741 | 114,094 |
| % Change (YoY) | 35.6 | 31.7 | 30.3 | 38.2 | 13.0 | 8.7 | 2.0 | -1.4 | 33.2 | 5.9 |
| Provisions | 4,306 | 7,377 | 10,435 | 24,403 | 22,589 | 19,644 | 20,484 | 19,547 | 46,521 | 82,264 |
| Profit before Tax | 21,603 | 18,857 | 17,143 | 4,164 | 6,689 | 8,875 | 7,637 | 8,628 | 61,220 | 31,830 |
| Tax | 7,278 | 4,848 | 4,050 | 1,012 | 1,585 | 2,245 | 1,925 | 2,267 | 17,027 | 8,021 |
| Net Profit | 14,325 | 14,010 | 13,092 | 3,152 | 5,103 | 6,631 | 5,713 | 6,362 | 44,193 | 23,809 |
| % Change (YoY) | 38.3 | 52.2 | 32.9 | -12.5 | -64.4 | -52.7 | -56.4 | 101.8 | 33.9 | -46.1 |
| Operating Parameters | | | | | | | | | | |
| Deposit Growth (%) | 26.3 | 23.2 | 23.3 | 3.7 | 5.3 | 10.0 | 10.6 | 24.0 | 3.7 | 24.0 |
| Loan Growth (%) | 28.4 | 20.8 | 19.8 | 10.9 | 2.4 | 2.1 | 0.1 | 5.0 | 10.9 | 5.0 |
| Deposit (INR b) | 2,006 | 2,072 | 2,167 | 2,020 | 2,113 | 2,279 | 2,396 | 2,505 | 2,020 | 2,505 |
| Loan (INR b) | 1,935 | 1,971 | 2,074 | 2,068 | 1,981 | 2,012 | 2,077 | 2,171 | 2,068 | 2,171 |
| Asset Quality | | | | | | | | | | |
| Gross NPA (%) | 2.2 | 2.2 | 2.2 | 2.5 | 2.5 | 2.2 | 2.8 | 2.9 | 2.5 | 2.9 |
| Net NPA (%) | 1.2 | 1.1 | 1.1 | 0.9 | 0.9 | 0.5 | 0.8 | 0.8 | 0.9 | 0.8 |
| PCR (%) | 43.3 | 49.6 | 52.5 | 63.3 | 66.6 | 76.7 | 72.0 | 74.2 | 63.3 | 74.2 |

Kotak Mahindra Bank**Neutral****CMP: INR1,994 | TP: INR1,800 (-10%)****EPS CHANGE (%): FY20|21: +7.1|+6.8**

- Loan growth to remain under pressure, while deposits to show healthy traction
- Commentary around stress in SME book and other unsecured loans, which could keep credit cost elevated
- Liability franchise to remain strong; reduction in cost of funds to result in stable margins at ~4.5%
- Asset quality to remain largely stable, with GNPA at ~2.7%

Quarterly Performance**(INR m)**

| Y/E March | FY20 | | | | FY21E | | | | FY20 | FY21E |
|----------------------------|---------------|---------------|---------------|---------------|---------------|---------------|---------------|---------------|----------------|----------------|
| | 1Q | 2Q | 3Q | 4Q | 1Q | 2Q | 3QE | 4QE | | |
| Net Interest Income | 31,730 | 33,496 | 34,295 | 35,597 | 37,239 | 39,132 | 39,716 | 41,831 | 134,997 | 157,918 |
| % Change (Y-o-Y) | 22.8 | 24.6 | 16.7 | 16.8 | 17.4 | 16.8 | 15.8 | 17.5 | 20.5 | 17.0 |
| Other Income | 13,047 | 12,244 | 13,414 | 14,894 | 7,735 | 14,520 | 14,891 | 16,037 | 53,721 | 53,184 |
| Total Income | 44,778 | 45,740 | 47,710 | 50,490 | 44,974 | 53,652 | 54,608 | 57,868 | 188,718 | 211,102 |
| Operating Expenses | 20,789 | 20,654 | 23,829 | 23,238 | 18,737 | 20,678 | 22,722 | 24,589 | 88,509 | 86,726 |
| Operating Profit | 23,989 | 25,086 | 23,881 | 27,253 | 26,237 | 32,975 | 31,886 | 33,279 | 100,208 | 124,376 |
| % Change (Y-o-Y) | 18.0 | 19.7 | 23.2 | 19.4 | 9.4 | 31.4 | 33.5 | 22.1 | 20.0 | 24.1 |
| Other Provisions | 3,168 | 4,079 | 4,440 | 10,475 | 9,620 | 3,686 | 6,085 | 4,950 | 22,162 | 24,342 |
| Profit before Tax | 20,822 | 21,006 | 19,441 | 16,778 | 16,617 | 29,289 | 25,800 | 28,328 | 78,047 | 100,035 |
| Tax Provisions | 7,220 | 3,762 | 3,482 | 4,112 | 4,173 | 7,444 | 6,594 | 6,998 | 18,575 | 25,209 |
| Net Profit | 13,602 | 17,245 | 15,959 | 12,666 | 12,445 | 21,845 | 19,207 | 21,330 | 59,472 | 74,826 |
| % Change (Y-o-Y) | 32.7 | 51.1 | 23.6 | -10.0 | -8.5 | 26.7 | 20.4 | 68.4 | 22.2 | 25.8 |
| Deposits (INRb) | 2,329 | 2,331 | 2,394 | 2,628 | 2,615 | 2,616 | 2,707 | 2,825 | 2,628 | 2,825 |
| Loans (INRb) | 2,080 | 2,133 | 2,168 | 2,197 | 2,040 | 2,048 | 2,096 | 2,154 | 2,197 | 2,154 |
| Deposit growth (%) | 22.8 | 13.2 | 12.0 | 16.4 | 12.3 | 12.2 | 13.1 | 7.5 | 16.4 | 7.5 |
| Loan growth (%) | 17.6 | 15.3 | 10.4 | 6.8 | -1.9 | -4.0 | -3.3 | -2.0 | 6.8 | -2.0 |
| Asset Quality | | | | | | | | | | |
| Gross NPA (%) | 2.2 | 2.3 | 2.5 | 2.3 | 2.7 | 2.6 | 2.7 | 2.7 | 2.3 | 2.7 |
| Net NPA (%) | 0.7 | 0.9 | 0.9 | 0.7 | 0.9 | 0.6 | 0.8 | 0.8 | 0.7 | 0.8 |
| PCR (%) | 67.0 | 64.0 | 64.4 | 69.0 | 68.4 | 75.6 | 70.0 | 71.6 | 69.0 | 71.6 |

RBL Bank**Buy****CMP: INR231 | TP: INR270 (+17%)****EPS CHANGE (%): FY20|21: -3.8|-8.9**

- Loan growth under pressure, led by weak environment
- Asset quality to deteriorate sharply due to exposure to MFI / Credit Cards; collection efficiency remains key
- Credit cost to remain elevated in the near term
- Growth in deposits, liquidity positioning to be key monitorables

Quarterly Performance**(INR m)**

| | FY20 | | | | FY21E | | | | FY20 | FY21E |
|-----------------------------|---------------|---------------|---------------|---------------|---------------|---------------|---------------|---------------|---------------|---------------|
| | 1Q | 2Q | 3Q | 4Q | 1Q | 2Q | 3QE | 4QE | | |
| Net Interest Income | 8,173 | 8,687 | 9,227 | 10,210 | 10,413 | 9,321 | 9,434 | 10,304 | 36,296 | 39,472 |
| % Change (Y-o-Y) | 47.9 | 46.5 | 40.8 | 38.2 | 27.4 | 7.3 | 2.2 | 0.9 | 42.9 | 8.7 |
| Other Income | 4,812 | 4,415 | 4,870 | 5,005 | 3,333 | 4,562 | 4,745 | 4,934 | 19,102 | 17,574 |
| Total Income | 12,985 | 13,102 | 14,096 | 15,215 | 13,746 | 13,883 | 14,179 | 15,238 | 55,399 | 57,046 |
| Operating Expenses | 6,960 | 6,744 | 6,775 | 7,696 | 6,849 | 6,685 | 6,924 | 7,490 | 27,883 | 27,948 |
| Operating Profit | 6,026 | 6,358 | 7,322 | 7,519 | 6,897 | 7,198 | 7,255 | 7,748 | 27,516 | 29,098 |
| % Change (Y-o-Y) | 39.4 | 41.6 | 46.9 | 34.3 | 14.5 | 13.2 | -0.9 | 3.0 | 41.8 | 5.7 |
| Other Provisions | 1,970 | 5,333 | 6,383 | 6,012 | 5,002 | 5,256 | 5,852 | 6,141 | 19,989 | 22,250 |
| Profit before Tax | 4,056 | 1,025 | 939 | 1,508 | 1,896 | 1,942 | 1,403 | 1,607 | 7,528 | 6,847 |
| Tax Provisions | 1,386 | 482 | 239 | 364 | 483 | 500 | 354 | 386 | 2,471 | 1,723 |
| Net Profit | 2,671 | 543 | 700 | 1,144 | 1,412 | 1,442 | 1,049 | 1,221 | 5,057 | 5,124 |
| % Change (Y-o-Y) | 40.5 | -73.4 | -68.9 | -53.7 | -47.1 | 165.4 | 50.0 | 6.7 | -41.7 | 1.3 |
| Operating Parameters | | | | | | | | | | |
| Deposit (INR b) | 608.1 | 628.3 | 629.1 | 578.1 | 617.4 | 645.1 | 659.3 | 682.2 | 578.1 | 682.2 |
| Loan (INR b) | 568.4 | 584.8 | 596.4 | 580.2 | 566.8 | 561.6 | 583.7 | 615.0 | 580.2 | 615.0 |
| Deposit Growth (%) | 35.3 | 31.5 | 20.5 | -1.0 | 1.5 | 2.7 | 4.8 | 18.0 | -1.0 | 18.0 |
| Loan Growth (%) | 34.7 | 27.5 | 19.5 | 6.8 | -0.3 | -4.0 | -2.1 | 6.0 | 6.8 | 6.0 |
| Asset Quality | | | | | | | | | | |
| Gross NPA (%) | 1.4 | 2.6 | 3.3 | 3.6 | 3.5 | 3.3 | 4.5 | 4.7 | 3.6 | 4.7 |
| Net NPA (%) | 0.7 | 1.6 | 2.1 | 2.1 | 1.7 | 1.4 | 2.2 | 2.2 | 2.0 | 2.2 |
| PCR (%) | 52.9 | 40.7 | 38.5 | 44.3 | 53.2 | 59.4 | 52.0 | 54.4 | 44.3 | 54.4 |

State Bank of India**Buy****CMP: INR279 | TP: INR330 (+18%)****EPS CHANGE (%): FY20|21: -1.1|+1.7**

- Credit cost to remain high as the bank continues to strengthen its balance sheet
- Business growth to remain modest

- Restructuring book and impact on asset quality to be key
- Margins to remain stable at ~3.1%

Quarterly Performance**(INR b)**

| Y/E March | FY20 | | | | FY21E | | | | FY20 | FY21E |
|-----------------------------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|----------------|----------------|
| | 1Q | 2Q | 3Q | 4Q | 1Q | 2Q | 3QE | 4QE | | |
| Net Interest Income | 229.4 | 246.0 | 277.8 | 227.7 | 266.4 | 281.8 | 287.1 | 291.9 | 980.8 | 1,127.3 |
| % Change (YoY) | 5.2 | 17.7 | 22.4 | -0.8 | 16.1 | 14.6 | 3.4 | 28.2 | 11.0 | 14.9 |
| Other Income | 80.2 | 120.2 | 91.1 | 160.8 | 95.0 | 85.3 | 96.7 | 134.6 | 452.2 | 411.5 |
| Total Income | 309.5 | 366.2 | 368.8 | 388.4 | 361.4 | 367.1 | 383.9 | 426.4 | 1,433.1 | 1,538.8 |
| Operating Expenses | 177.1 | 184.2 | 186.6 | 203.8 | 180.8 | 202.5 | 201.4 | 207.5 | 751.7 | 792.2 |
| Operating Profit | 132.5 | 182.0 | 182.2 | 184.7 | 180.6 | 164.6 | 182.4 | 218.9 | 681.3 | 746.5 |
| % Change (YoY) | 10.6 | 30.9 | 44.3 | 9.0 | 36.3 | -9.6 | 0.1 | 18.5 | 22.9 | 9.6 |
| Other Provisions | 91.8 | 131.4 | 72.5 | 135.0 | 125.0 | 101.2 | 118.9 | 112.1 | 430.7 | 457.2 |
| Profit before Tax | 40.6 | 50.6 | 109.7 | 49.7 | 55.6 | 63.4 | 63.5 | 106.8 | 250.6 | 289.3 |
| Tax Provisions | 17.5 | 20.5 | 53.9 | 13.9 | 13.7 | 17.7 | 16.3 | 27.5 | 105.7 | 75.2 |
| Net Profit | 23.1 | 30.1 | 55.8 | 35.8 | 41.9 | 45.7 | 47.2 | 79.2 | 144.9 | 214.1 |
| % Change (YoY) | NM | 218.7 | 41.2 | 327.1 | 81.2 | 51.9 | -15.4 | 121.3 | NM | 47.8 |
| Operating Parameters | | | | | | | | | | |
| Deposits (INR t) | 29.5 | 30.3 | 31.1 | 32.4 | 34.2 | 34.7 | 35.4 | 36.4 | 32.4 | 36.4 |
| Loans (INR t) | 21.3 | 21.5 | 22.0 | 23.3 | 23.0 | 22.9 | 23.5 | 24.4 | 23.3 | 24.4 |
| Deposit Growth (%) | 7.3 | 8.0 | 9.9 | 11.3 | 16.0 | 14.4 | 13.9 | 12.4 | 11.3 | 12.4 |
| Loan Growth (%) | 13.8 | 9.6 | 7.4 | 6.4 | 7.7 | 6.9 | 7.0 | 5.0 | 6.4 | 5.0 |
| Asset Quality | | | | | | | | | | |
| Gross NPA (%) | 7.5 | 7.2 | 6.9 | 6.2 | 5.4 | 5.3 | 6.3 | 6.5 | 6.2 | 6.5 |
| Net NPA (%) | 3.1 | 2.8 | 2.7 | 2.2 | 1.9 | 1.6 | 2.0 | 2.2 | 2.2 | 2.2 |
| PCR (%) | 61.1 | 62.9 | 63.5 | 65.2 | 67.1 | 71.0 | 69.0 | 68.0 | 65.2 | 68.0 |

HDFC Standard Life Insurance**Neutral****CMP: INR678 | TP: INR650 (-4%)****EPS CHANGE (%): FY20|21: +4.0|+5.6**

- New business premium remains healthy
- VNB margins to improve, resulting in healthy VNB
- Expense ratio to remain stable
- Protection mix to improve; RoEV to stay modest

INR m

| Policy holder's A/c | FY20 | | | | FY21E | | | | FY20 | FY21E |
|----------------------------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|---------------|---------------|
| | 1Q | 2Q | 3Q | 4Q | 1Q | 2Q | 3QE | 4QE | | |
| Net premium income | 64,512 | 74,537 | 78,543 | 104,645 | 57,218 | 100,454 | 94,824 | 112,210 | 322,236 | 364,707 |
| Growth (%) | 29.2% | 10.0% | 13.9% | 2.1% | -11.3% | 34.8% | 20.7% | 7.2% | 11.4% | 13.2% |
| PAT | 4,246 | 3,087 | 2,502 | 3,117 | 4,511 | 3,261 | 3,376 | 3,973 | 12,953 | 15,121 |
| Growth (%) | 11.7% | 7.6% | 1.9% | -14.4% | 6.2% | 5.6% | 34.9% | 27.5% | 1.4% | 16.7% |
| Key metrics (INR b) | | | | | | | | | | |
| New business APE | 17.1 | 17.6 | 18.2 | 18.7 | 12.0 | 20.9 | 21.6 | 27.4 | 71.6 | 81.8 |
| VNB | 5.1 | 4.5 | 4.5 | 5.1 | 2.9 | 5.5 | 5.6 | 7.1 | 19.2 | 21.1 |
| AUM | 1,296 | 1,310 | 1,365 | 1,272 | 1,400 | 1,506 | 1,583 | 1,614 | 1,272 | 1,614 |
| Key Ratios (%) | | | | | | | | | | |
| VNB Margins | 29.8 | 25.4 | 24.7 | 27.4 | 24.3 | 25.6 | 26.0 | 25.9 | 25.9 | 25.8 |
| Solvency ratio | 193.0 | 192.0 | 195.0 | 184.1 | 190.0 | 203.0 | 201.0 | 196.1 | 184.1 | 196.1 |

ICICI Prudential Life Insurance**Buy****CMP: INR499 | TP: INR575 (+15%)****EPS CHANGE (%): FY20|21: +5.1|+18.0**

- New business premium to increase, but remain under pressure
- VNB margins to witness moderation
- Expense ratio to remain stable
- Mix of Protection business to continue to improve

INR m

| Policy holder's A/c | FY20 | | | | FY21E | | | | FY20 | FY21E |
|----------------------------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|---------------|---------------|
| | 1Q | 2Q | 3Q | 4Q | 1Q | 2Q | 3QE | 4QE | | |
| Net premium income | 62,081 | 80,647 | 81,310 | 104,751 | 55,511 | 85,722 | 89,607 | 116,377 | 328,790 | 347,217 |
| Growth (%) | 14.2% | 6.1% | 8.7% | 4.2% | -10.6% | 6.3% | 10.2% | 11.1% | 7.5% | 5.6% |
| PAT | 2,849 | 3,019 | 3,025 | 1,795 | 2,876 | 3,032 | 3,122 | 3,469 | 10,687 | 12,509 |
| Growth (%) | 1.2% | 0.3% | 1.9% | -31.3% | 0.9% | 0.5% | 3.2% | 93.3% | -6.3% | 17.0% |
| Key metrics (INR b) | | | | | | | | | | |
| New Business APE | 14.7 | 19.0 | 20.4 | 17.0 | 8.2 | 14.7 | 15.1 | 23.5 | 71.1 | 61.5 |
| VNB | 3.1 | 4.0 | 4.3 | 4.7 | 2.0 | 4.0 | 4.1 | 6.4 | 16.0 | 16.4 |
| AUM | 1,640 | 1,655 | 1,720 | 1,530 | 1,700 | 1,815 | 2,001 | 2,084 | 1,530 | 2,084 |
| Key Ratios (%) | | | | | | | | | | |
| VNB Margins | 21.0 | 21.1 | 20.9 | 23.8 | 24.4 | 27.4 | 26.8 | 27.0 | 21.7 | 26.7 |
| Solvency ratio | 217 | 211 | 207 | 194 | 205 | 206 | 202 | 200 | 194 | 200 |

SBI Life Insurance**Buy****CMP: INR895 | TP: INR1,050 (+17%)****EPS CHANGE (%): FY20|21: +6.5|+10.8**

- New business premium to witness healthy uptick
- VNB margins to witness improvement, thereby improving VNB
- To maintain cost leadership
- Mix of Protection business to continue to improve

INR b

| Policy holder's A/c | FY20 | | | | FY21 | | | | FY20 | FY21e |
|----------------------------|------------|------------|------------|------------|------------|------------|------------|------------|-------------|-------------|
| | 1Q | 2Q | 3Q | 4Q | 1Q | 2Q | 3QE | 4QE | | |
| Net premium income | 66.6 | 101.1 | 116.9 | 118.6 | 75.9 | 128.6 | 131.0 | 149.6 | 403.2 | 485.0 |
| Growth (%) | 40% | 32% | 28% | 5% | 14% | 27% | 12% | 26% | 23% | 20% |
| PAT | 3.7 | 1.3 | 3.9 | 5.3 | 3.9 | 3.0 | 4.5 | 6.2 | 14.2 | 17.7 |
| Growth (%) | 5% | -48% | 47% | 16% | 5% | 131% | 16% | 18% | 7% | 24% |
| Key metrics (INR b) | | | | | | | | | | |
| New Business APE | 18.6 | 28.1 | 33.8 | 26.9 | 12.7 | 27.1 | 33.5 | 36.8 | 105.1 | 110.1 |
| VNB | 3.3 | 5.2 | 6.2 | 5.4 | 2.4 | 5.1 | 7.0 | 8.4 | 20.1 | 22.9 |
| AUM | 1,470 | 1,548 | 1,642 | 1,604 | 1,754 | 1,864 | 1,999 | 2,020 | 1,604 | 2,020 |
| Key Ratios (%) | | | | | | | | | | |
| VNB margins | 17.7 | 18.5 | 18.3 | 20.1 | 18.9 | 18.8 | 20.9 | 22.7 | 18.7 | 20.8 |
| Solvency ratio | 217.0 | 220.0 | 230.0 | 195.0 | 239.0 | 245.0 | 220.0 | 205.1 | 195.0 | 205 |

| 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 - 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
- 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 alterations 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.: INP00000670); 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.

* MOSL 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.