

Financials

| Month | Repo Rate | PSU Banks | |
|--------|-----------|-------------------|---------------------|
| | | WALR on O/S Loans | WALR on Fresh Loans |
| Mar-22 | 4.00 | 8.22 | 6.90 |
| Apr-22 | 4.00 | 8.20 | 6.77 |
| May-22 | 4.40 | 8.23 | 7.14 |
| Jun-22 | 4.90 | 8.39 | 7.32 |
| Jul-22 | 4.90 | 8.43 | 7.46 |
| Aug-22 | 5.40 | 8.56 | 7.73 |
| Sep-22 | 5.90 | NA | NA |

| Month | Repo Rate | Private Banks | |
|--------|-----------|-------------------|---------------------|
| | | WALR on O/S Loans | WALR on Fresh Loans |
| Mar-22 | 4.00 | 9.65 | 8.81 |
| Apr-22 | 4.00 | 9.62 | 8.53 |
| May-22 | 4.40 | 9.76 | 8.79 |
| Jun-22 | 4.90 | 9.85 | 8.90 |
| Jul-22 | 4.90 | 9.95 | 9.05 |
| Aug-22 | 5.40 | 10.08 | 9.21 |
| Sep-22 | 5.90 | NA | NA |

WALR on o/s loans increases 14bp in Aug'22 (39bp in FY23 YTD)

Controlled rise in deposit cost to aid FY23 NIMs

- As per an RBI release, the Weighted Average Lending Rates (WALR) on fresh loans has increased by 15bp MoM, with private banks seeing a 16bp MoM increase v/s 27bp rise for PSU banks.
- As a result, the WALR on outstanding loans rose sharply by 14bp MoM to 9.13% for the banking universe. The increase is similar for private and PSU banks at 13bp MoM.
- Weighted Average Term Deposit Cost (WATDR) for the Banking system has risen marginally (up 7bp MoM) to 5.29%. This was led by 8bp MoM increase for private banks compared to 6bp MoM for PSU Banks.
- While the one-year MCLR rate has increased by 60-95bp for large banks over the past few months, the increase at 80-85bp is higher for mid-size banks. Smaller banks such as DCB and FB have had a smaller increase.
- While banks are gradually increasing their lending yields, we believe the widening gap between credit and deposit growth and faster deployment of surplus liquidity will drive sharp increase in deposit rates. It is interesting to note that WATDR of PSU and private banks are below repo rate, and thus, there exists significant scope for increase in TD rates. Banks with high LCR and CASA mix along with a higher mix of floating rate book will benefit in the current environment. Our top picks in the segment are ICICIB, SBIN, IIB & FB.

WALR on fresh loans increases by 15bp MoM in Aug'22

WALR on fresh loans rose 15bp MoM in Aug'22, with PSU banks seeing a sharper rise (up 27bp) v/s 16bp increase for private banks. The MoM increase since April'22 is a reflection of the rising repo rate. As a result, WALR on outstanding loans for banks increased 14bp MoM to 9.13%, led by a similar expansion of 13bp MoM for private/PSU Banks. Yields stood at 10.08%/8.56% for private/PSU banks. The one-year MCLR rate for large banks rose 60-95bp since April'22. The increase is slightly more for mid-sized banks at 80-85bp over the same period. Smaller banks such as Federal and DCB, however, have seen a smaller increase.

WATDR rose 7bp MoM in Aug'22 – more controlled vs rise in loan yields

WATDR rose 7bp MoM to 5.29%. The increase (up 8bp MoM) is marginally higher for private banks than for PSU banks (an increase of 6bp MoM). With increasing competitive intensity, we expect sharper hikes in deposit rates in the coming quarters. This, in turn will put upward pressure on the cost of deposits. However, banks with a high LCR and a healthy CASA mix can calibrate the increase in deposit rates, given the ample liquidity on their balance sheets. Large banks, with a strong CASA ratio, are better placed to navigate the challenge of rising cost of funds.

Spread differential between private and PSU banks stable

Private banks have traditionally had a greater share of higher yielding assets than their PSU counterparts due to their dominance in unsecured loans. However, increasing focus of PSU banks on this segment has reduced the gap in lending yields on fresh loans between the two. However, the gap stays intact on outstanding loans

| Month | Repo Rate | PSU Banks: WATDR | PSU Banks: 1-yr MCLR |
|--------|-----------|------------------|----------------------|
| Mar-22 | 4.00 | 5.11 | 7.25 |
| Apr-22 | 4.00 | 5.11 | 7.25 |
| May-22 | 4.40 | 5.13 | 7.35 |
| Jun-22 | 4.90 | 5.17 | 7.43 |
| Jul-22 | 4.90 | 5.27 | 7.55 |
| Aug-22 | 5.40 | 5.33 | 7.65 |
| Sep-22 | 5.90 | NA | 7.70 |

| Month | Repo Rate | Pvt. Banks: WATDR | Pvt. Banks: 1-yr MCLR |
|--------|-----------|-------------------|-----------------------|
| Mar-22 | 4.00 | 5.13 | 8.35 |
| Apr-22 | 4.00 | 5.13 | 8.33 |
| May-22 | 4.40 | 5.19 | 8.35 |
| Jun-22 | 4.90 | 5.25 | 8.35 |
| Jul-22 | 4.90 | 5.30 | 8.50 |
| Aug-22 | 5.40 | 5.38 | 8.55 |
| Sep-22 | 5.90 | NA | 8.75 |

due to its current loan mix. While the spread between the two sets has been stable at 147bp over the past few months, we expect it to widen, going forward.

Widening gap in credit and deposit growth to put pressure on deposit rates

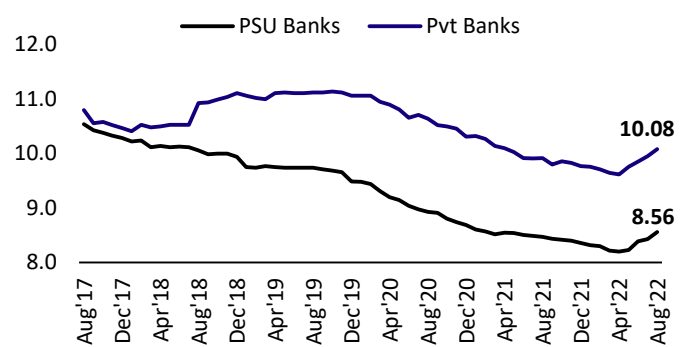
The gap between credit growth and deposit growth at 6.7% is at a decadal high (11-year high) except for the distortion in deposit growth during demonetization in 2016. While the system can still fund the growth by using excess SLR, the focus on deposits will significantly increase going further, thus putting pressure on deposit rates. We thus remain watchful of margins over FY24 though we expect NIM improvements to continue over 2HFY23.

High LCR ratio along with healthy CASA to limit rise in funding costs

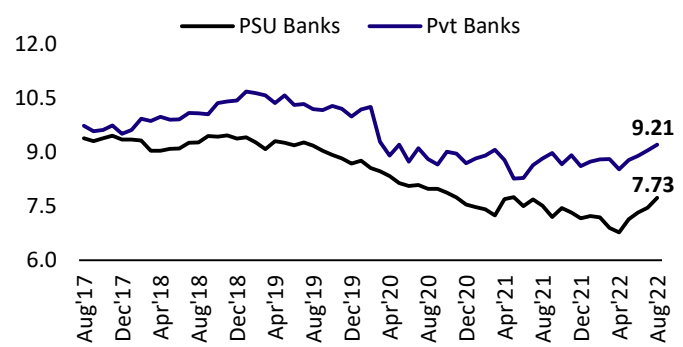
Most banks were sitting on excess liquidity through the pandemic to navigate unanticipated stress. As the fear of the pandemic reduced and credit growth started to pick up, banks started deploying some of this excess liquidity. While banks in general are sitting on a comfortable LCR ratio, PSU banks have a significantly stronger LCR ratio than its private peers. As some of this continues to move out in the form of a higher loan growth, there still exists enough scope for NII and margins to improve. A high LCR ratio can support loan growth and cushion the impact of a weak deposit growth. Further, such banks need not raise deposit rates sharply as they can utilise excess reserves on balance sheet.

Banks with higher mix of floating loans are well placed; prefer ICICIB, SBIN and IIB

Banks have raised lending rates in-line with an increase in repo rate over the last few months. However, an increase in deposit rates is much lower than the rise in lending yields. As competitive intensity picks up on deposit side, we expect sharper increase in deposit rates, thus driving increase in funding costs. High LCR and a healthy CASA mix can lead to a calibrated increase in deposit rates, given ample liquidity. Banks with a higher mix of floating-rate book stands to benefit from the turn in the rate cycle and with the continued monetary tightening in coming quarters as we estimate terminal policy repo rate of 6.5%. We expect banking sector NIM improvements to continue over 2HFY23 and we remain watchful of margins over FY24. **Our top picks in the segment are ICICIB, SBIN, IIB & FB.**

Exhibit 1: WALR on outstanding loans for PSU/private Banks

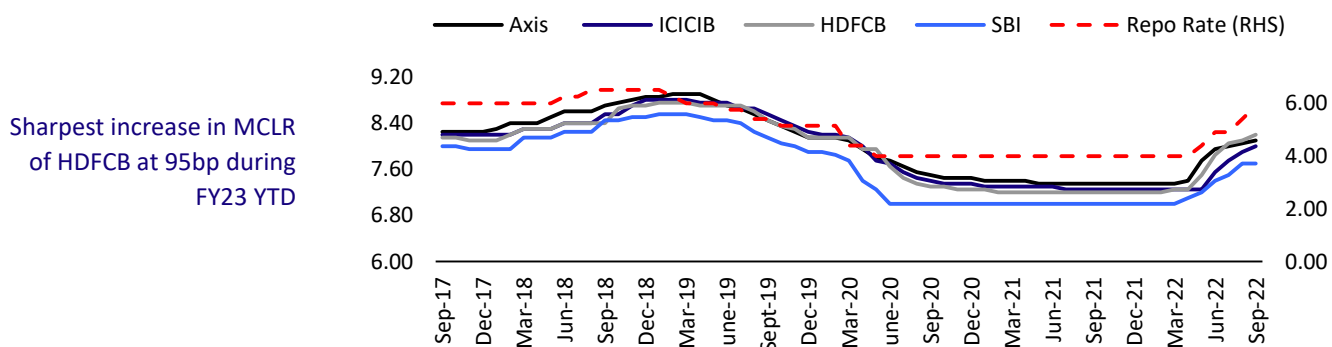
Source: RBI, MOFSL

Exhibit 2: WALR on fresh loans for PSU/private Banks

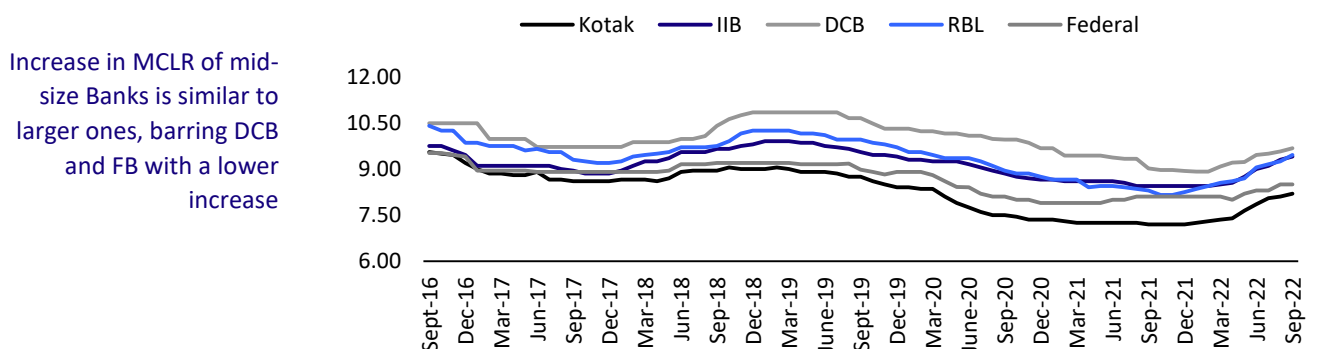
Source: RBI, MOFSL

Exhibit 3: Repo rate trends over the past decade; currently stands at 5.9%

Source: RBI, MOFSL

Exhibit 4: MCLR for large Banks rose 60-95bp over the last few months while repo rate increased by 190bp during the same period

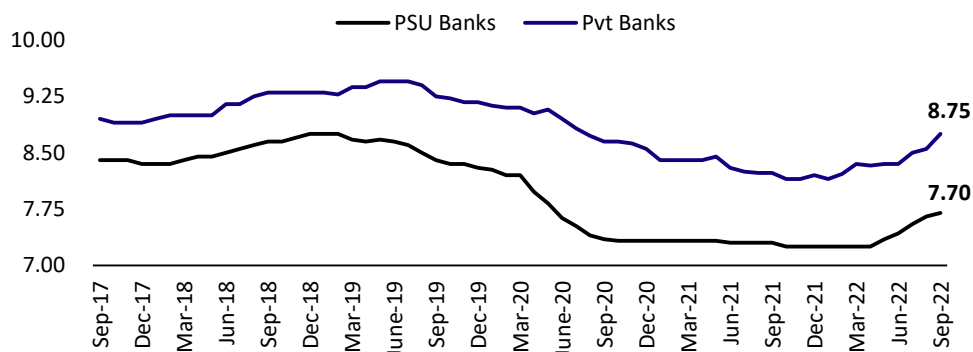
Source: RBI, MOFSL

Exhibit 5: MCLR of mid-sized banks such as KMB, IIB, and RBL is up 80-85bp in FY23YTD while the increase is lower for DCB and FB at 46/50bp

Source: RBI, MOFSL

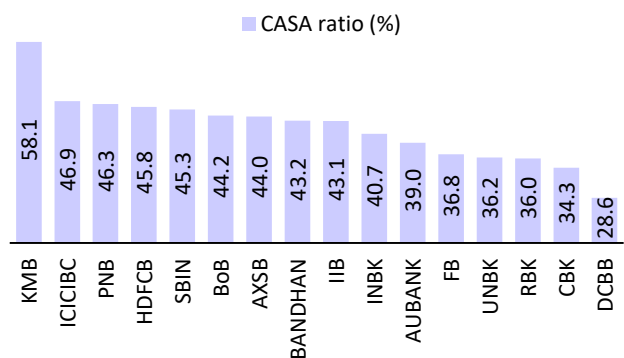
Exhibit 6: Median one-year MCLR rose 45bp/40bp in FY23 YTD for PSU/Private Banks to ~7.70%/8.75%

Similar change in MCLR of PSU as well as Private Banks in aggregate



Source: RBI, MOFSL

- Over the past few months, growth in CASA deposits has weakened across most banks. While KMB has the highest CASA ratio at 58%, other large private players such as ICICIBC/HDFCB are at ~46-47%. Large PSU banks such as SBIN, PNB, and BOB also fare well in terms of CASA ratio.
- The challenge to raise CASA deposits is a bigger problem for small and mid-size banks, some of which offers significantly higher interest rate to attract deposits. We have summarised the current interest rates offered by banks in Exhibit 21 and 22.

Exhibit 7: CASA ratio remains strong across most large banks as of 1QFY23

Source: MOFSL, Company

Exhibit 8: MCLR/external benchmark-linked loans across banks as of 1QFY23

| Loans Mix (%) | MCLR | Repo linked | Other external benchmark-linked |
|---------------|------|-------------|---------------------------------|
| AXSB | 23% | 39% | 7% |
| HDFCB | 14% | 28% | 13% |
| ICICIBC | 21% | 43% | 6% |
| KMB | 19% | 50% | NA |
| FB* | 18% | | 45% |
| BOB* | 50% | 25% | 10% |
| INBK | 45% | | 42% |
| CBK | NA | 38% | NA |
| PNB* | 41% | 20% | NA |
| UNBK | 52% | | 33% |
| SBIN* | 41% | 23% | 11% |

Source: MOFSL, Company

*for 4QFY22

- While repo rate has increased by 190bp over the past few months, increase in WATDR of PSU and Private Banks is significantly lower at 22bp and 25bp, respectively.
- As competition for deposits further picks up, we believe banks will be forced to hike term deposit rates at a rapid pace, leading to increased pressure on cost of funds.
- However, we do expect yields to further inch up (on the back of rising interest rates). Therefore, NIMs will continue to move in a tight range. We thus remain watchful of margins over FY24, while we expect NIM improvements to continue over 2HFY23.

Exhibit 9: WATDR for PSU Banks stood at 5.33%, while for private Banks it was marginally higher at 5.38%

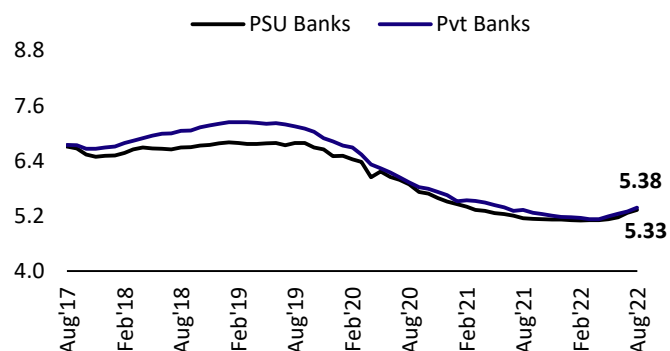


Exhibit 10: Repo rate in August was marginally higher than WATDR of PSU and private banks

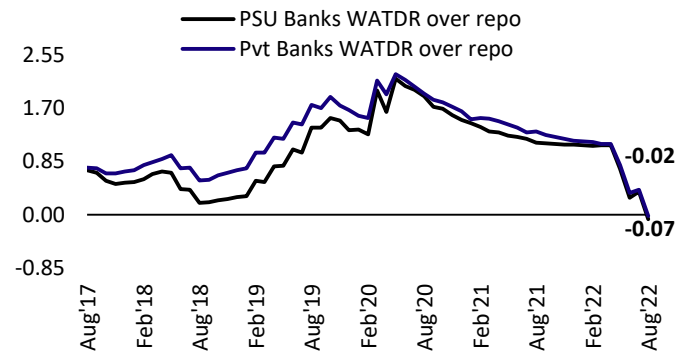


Exhibit 11: Differential between spread of PSU and private banks is stable at 147bp

Difference in spreads of PSU and private Banks remains in a narrow range

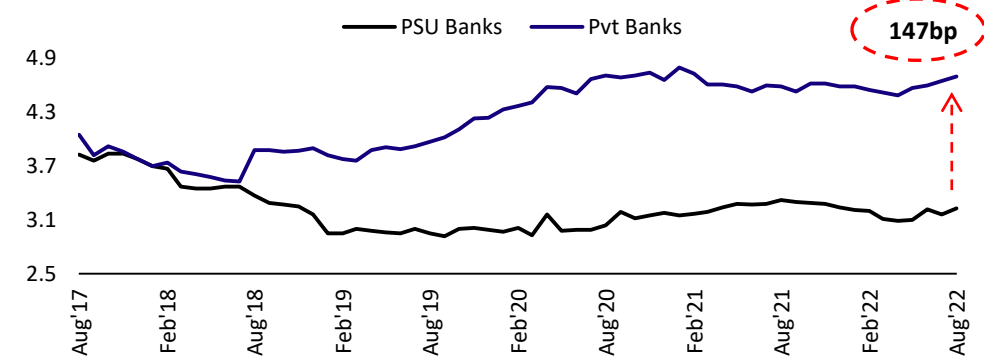
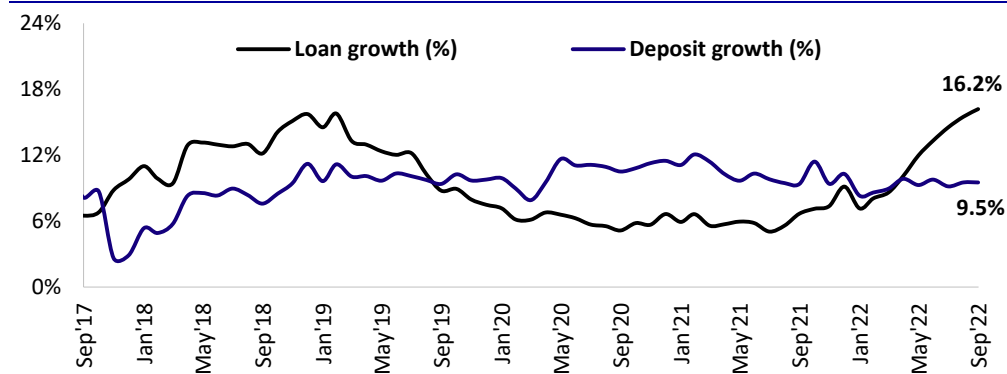


Exhibit 12: The gap between loan growth and deposit growth is gradually increasing and is at a 11-year high barring distortions due to demonetisation

Credit growth significantly outpacing deposit growth



All leading banks reported a credit growth in excess of deposit growth in 1QFY23

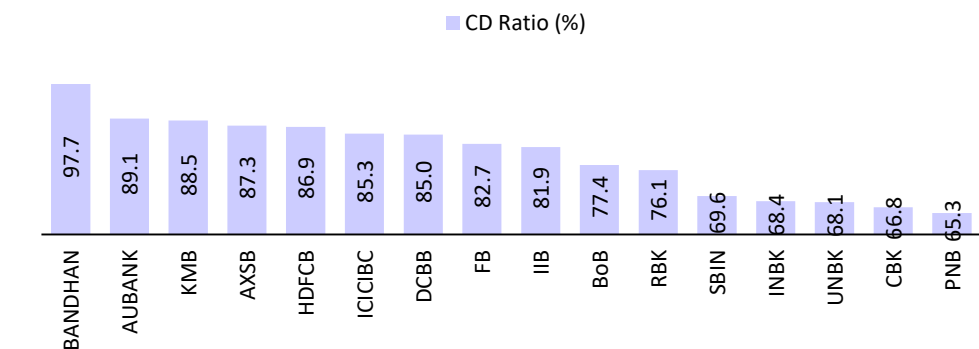
Exhibit 13: For most banks, a similar trend was observed with credit growth well in excess of deposit growth in 1QFY23

| YoY growth (%) | 1QFY23 | | | FY22 | | |
|----------------|--------------------|-------------------|--------------------|--------------------|-------------------|--------------------|
| | Deposit Growth (A) | Credit Growth (B) | Difference (B - A) | Deposit Growth (C) | Credit Growth (D) | Difference (C - D) |
| HDFCB | 19.2 | 21.6 | 2.3 | 16.8 | 20.8 | 4.0 |
| ICICIBC | 13.4 | 21.3 | 7.9 | 14.2 | 17.1 | 2.9 |
| KMB | 10.4 | 28.8 | 18.4 | 11.3 | 21.3 | 10.0 |
| AXSB | 12.6 | 14.0 | 1.5 | 17.7 | 15.2 | (2.5) |
| IIB | 13.3 | 17.7 | 4.4 | 14.6 | 12.4 | (2.2) |
| FB | 8.2 | 16.9 | 8.7 | 5.2 | 9.9 | 4.6 |
| DCB | 14.6 | 17.9 | 3.3 | 16.8 | 13.0 | (3.7) |
| RBL | 6.4 | 6.6 | 0.3 | 8.0 | 2.4 | (5.7) |
| SBIN | 8.7 | 15.8 | 7.0 | 10.1 | 11.6 | 1.6 |
| BOB | 10.9 | 19.6 | 8.7 | 8.2 | 10.0 | 1.9 |
| CBK | 9.4 | 15.2 | 5.8 | 7.5 | 10.1 | 2.6 |

Source: MOFSL, Company

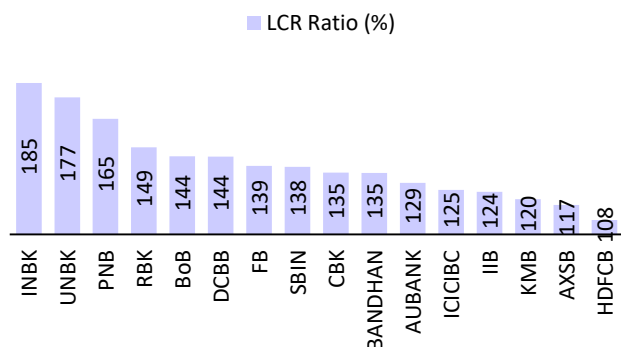
Exhibit 14: CD ratio is gradually inching up across all banks; PSU banks have a lower CD ratio than its private peers, Jun'22

CD ratio gradually moving higher for individual banks

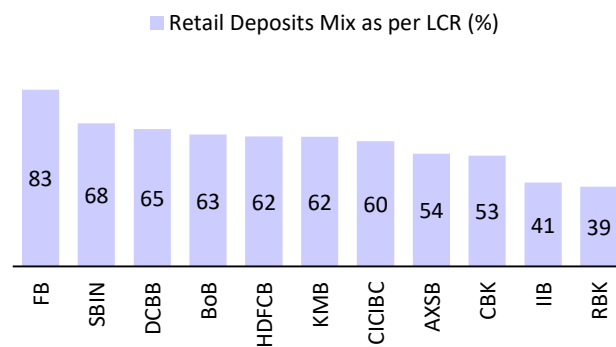


Source: MOFSL, Company

- Most banks were sitting on excess liquidity through covid to navigate unanticipated stress. As the fear of the pandemic reduced and credit growth started to pick up, banks started deploying some of this excess liquidity.
- While banks in general are sitting on comfortable LCR ratio, PSU banks have a significantly stronger LCR ratio than its private peers. As some of this continues to move out in the form of a higher loan growth, there still exists scope for NII and margins to improve.
- A high LCR ratio can support loan growth and cushion the impact of a weak deposit growth. Further, such banks need not raise deposit rates sharply in order to attract deposits as they can utilise the excess reserves on their balance sheets.

Exhibit 15: LCR ratio is much stronger for PSU banks than their private counterparts, Jun'22

Source: MOFSL, Company

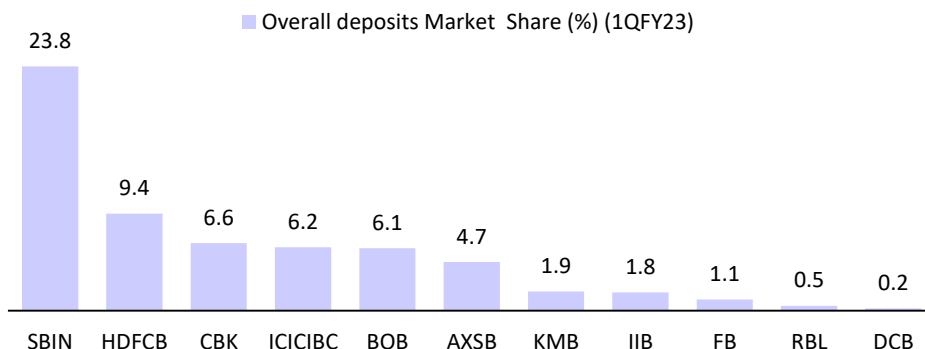
Exhibit 16: Retail deposits as per LCR is the highest for Federal Bank, followed by SBIN, Jun'22

Source: MOFSL, Company

- In terms of overall deposits, SBIN is the leader by a huge margin with a market share of 23.8%, followed by HDFCB at 9.4%. CBK/ICICIBC/BOB are the other top players with a market share close to each other.
- In terms of CASA deposits, the leadership remains intact with SBIN followed by HDFCB. The gap between the two is slightly narrower (vs. overall deposits) but still quite large. ICICIBC/BOB/CBK are the other top players with a gap 50-80bp between each of them.

Exhibit 17: Within PSU banks, SBIN is the leader in overall deposits with a market share of 24%, while HDFCB has the highest market share at 9% within private banks

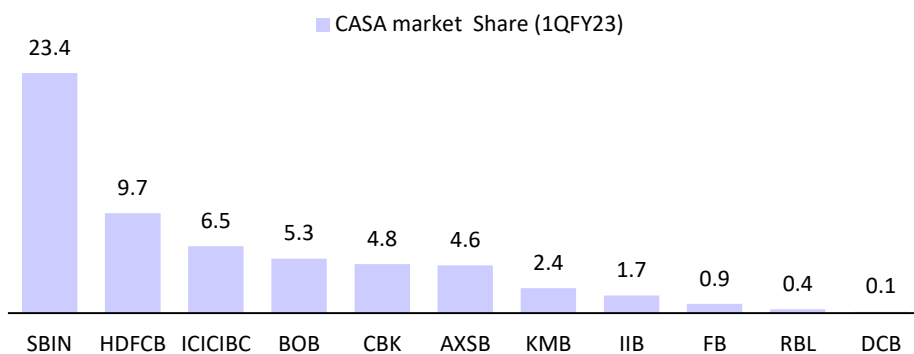
SBIN is the leader in overall deposits, followed by HDFCB



Source: MOFSL, Company

Exhibit 18: SBIN is also the leader in CASA deposits with a market share of 23%, while HDFCB has the highest market share at 9.7% within private banks

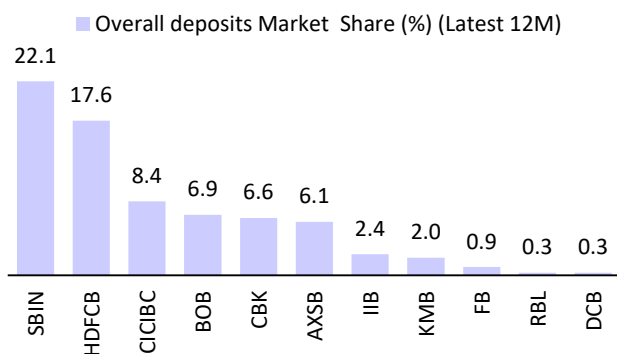
SBIN/HDFCB maintain their leadership status in CASA deposits too



Source: MOFSL, Company

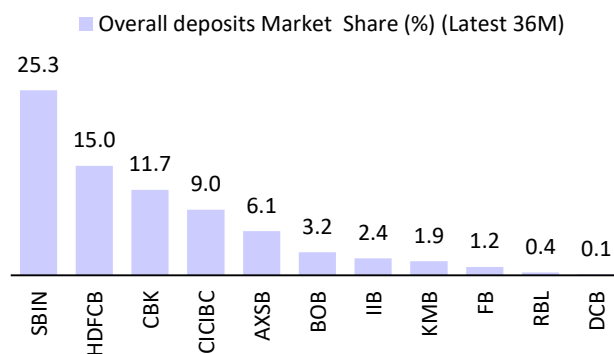
- SBIN is also the market leader in incremental deposits over the last 12M as well as 36M. However, leadership gap vs. HDFC Bank is significantly narrower in incremental deposits than its aggregate deposits.
- This reflects increasing intensity of HDFCB to boost its deposit market share. HDFCB has also laid out aggressive plans to boost deposit growth as it is confident of tapping the humongous opportunity in home loans.

Exhibit 19: SBIN enjoys leadership in incremental deposits over last 12M; however, gap is significantly narrower



Source: MOFSL, Company

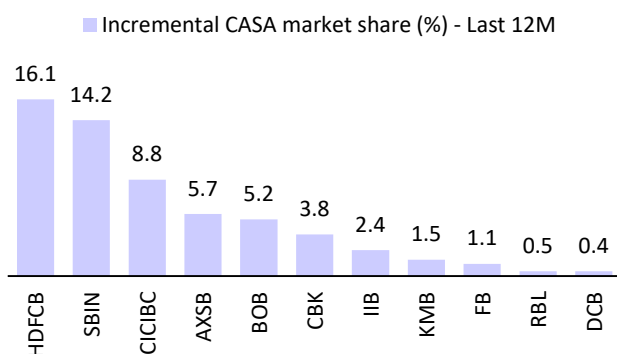
Exhibit 20: A similar trend is revealed in incremental deposits over the last 36M



Source: MOFSL, Company

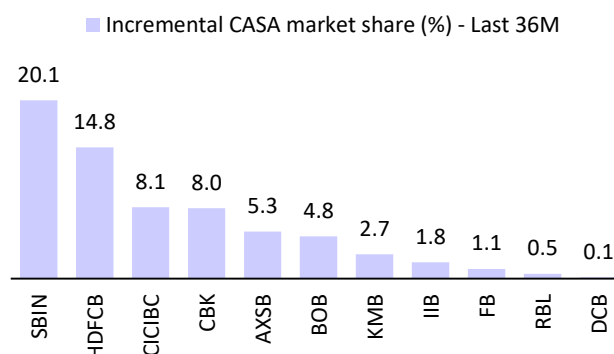
- While SBIN is the market leader in CASA deposits, it is interesting to note that on an incremental basis (Last 12M), HDFCB has garnered more deposits than SBIN. Thus, suggesting a narrowing gap between the two leaders.
- On a three-year basis (incremental CASA); however, SBI continues to maintain its pole position with a strong gap.

Exhibit 21: HDFCB has the highest incremental market share in CASA deposits over the last 12 months



Source: MOFSL, Company

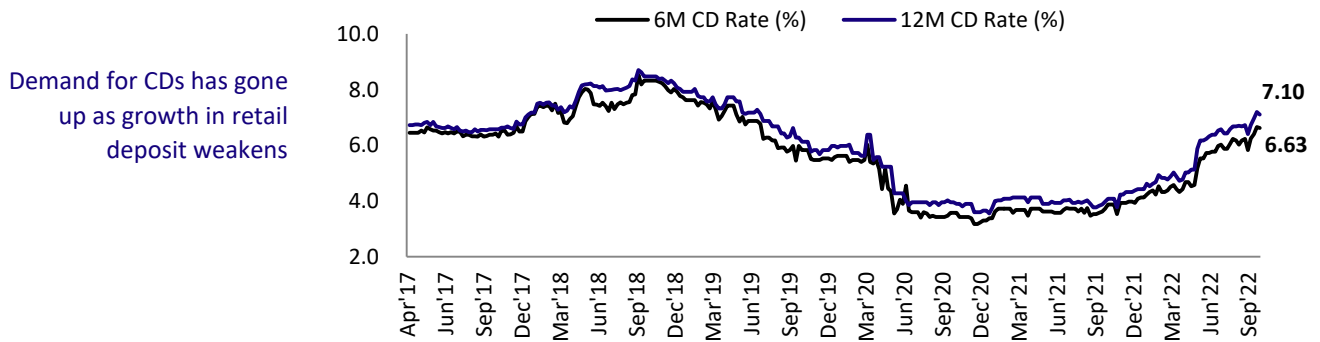
Exhibit 22: SBIN has the highest incremental market share in CASA deposits, followed by HDFCB over the last 36 months



Source: MOFSL, Company

- Due to weak growth in CASA and retail term deposits, banks have also resorted to a higher use of Certificate of Deposits (CD) to boost overall deposit and balance sheet growth.
- Yields on 6M CD rose 220bps since April, 2022, while yields on one-year CD rose 233bps over the same period. During this period, repo rate increased by 190bps. We expect RBI to further hike rates by 35-50bp over the next few months. The current bond market yields also indicate more rate hikes in the near term.

Exhibit 23: Yield on 6M CD rate has increased by 220bp during FY23YTD to 6.63%, while 12M CD yield has risen 233bp to 7.10%



Source: MOFSL, Bloomberg

Exhibit 24: ICICI Bank and BoB have the lowest cost of deposits, while KMB has the lowest cost of funds

| | Cost of Deposits (CoD) | Cost of Funds (CoF) |
|------------|------------------------|---------------------|
| AXSB | 3.7% | 3.9% |
| HDFCB* | NA | 3.6% |
| ICICI Bank | 3.5% | 3.7% |
| IIB | 4.8% | 4.1% |
| KMB* | NA | 3.2% |
| RBK | 4.8% | 4.9% |
| BoB* | 3.5% | 3.5% |
| PNB | 3.8% | 3.4% |
| SBIN* | 3.8% | 3.7% |

Source: MOFSL, Company

Cost of Deposits is stable for most large banks while IIB & RBK have relatively high deposit cost

Exhibit 25: Interest rates offered by banks on Savings account

| (%) | SA Rate |
|------------|---------------|
| AXSB | 3.0% |
| HDFCB | 3.0% |
| ICICI Bank | 3.0% |
| IIB | 3.5%/4.5% |
| KMB | 3.5% |
| RBK | 4.25%/5.5%/6% |
| BoB | 2.8% |
| PNB | 2.7%/2.75% |
| SBIN | 2.7% |

Source: MOFSL, Company

RBK and IIB offer a much higher interest rate than other larger banks

Exhibit 26: Term deposit rates offered by IIB is the highest across large banks

| (%) | 7-14 Days | 0-3 Months | 3-9 Months | 9-15 Months | 15-36 Months |
|------------|-----------|------------|------------|-------------|--------------|
| HDFCB | 2.8% | 3.3% | 4.7% | 5.5% | 5.5% |
| AXSB | 2.5% | 3.0% | 4.7% | 5.8% | 5.7% |
| ICICI Bank | 2.8% | 3.3% | 4.7% | 5.5% | 5.6% |
| KMB | 2.5% | 3.3% | 5.0% | 6.0% | 6.1% |
| IIB | 3.5% | 4.3% | 5.3% | 6.3% | 6.8% |
| SBIN | 2.9% | 3.9% | 4.6% | 5.5% | 5.5% |
| BoB | 3.0% | 4.0% | 4.7% | 5.5% | 5.5% |
| PNB | 3.0% | 3.3% | 4.5% | 6.1% | 5.6% |

Source: MOFSL, Company

IIB offers the highest rate on term deposits across larger banks

Valuation and view: The Banking system is witnessing a healthy recovery in loan growth, led by a revival in the corporate segment, while growth in the Retail and SME segment remains robust. Deposit growth has been modest; however, the same is expected to see some uptick as rates increase and banks step up the efforts on deposit mobilisation. We expect loan yields to improve steadily as asset mix improves and portfolio re-pricing happens while RBI continues with monetary tightening approach. We expect banking sector NIM improvements to continue over 2HFY23 and we remain watchful of margins over FY24. **Our top picks for the segment are ICICIBC, SBIN, IIB, and FB.**

Exhibit 27: Valuation summary for BFSI coverage universe

| Val summary | Rating | CMP | Mkt. Cap | TP | Upsid e | ABV (INR) | | RoA (%) | | RoE (%) | | P/E (x) | | P/BV (x) | | P/ABV (x) | |
|-------------------|---------|-------|-------------|-------|------------|-----------|-------|---------|-------|---------|-------|---------|-------|----------|-------|-----------|-------|
| | FY24E | (INR) | INRb | (INR) | (%) | FY23E | FY24E | FY23E | FY24E | FY23E | FY24E | FY23E | FY24E | FY23E | FY24E | FY23E | FY24E |
| | | | | | | | | | | | | | | | | | |
| Private Banks | | | | | | | | | | | | | | | | | |
| ICICIBC* | Buy | 863 | 5,872 | 1,050 | 22 | 265 | 315 | 2.0 | 2.1 | 16.4 | 17.1 | 16.7 | 13.2 | 2.5 | 2.1 | 2.7 | 2.2 |
| HDFCB* | Buy | 1,422 | 7,676 | 1,800 | 27 | 488 | 571 | 2.0 | 2.0 | 17.0 | 17.5 | 16.8 | 13.8 | 2.6 | 2.2 | 2.7 | 2.3 |
| AXSB* | Buy | 734 | 2,202 | 875 | 19 | 373 | 442 | 1.4 | 1.6 | 15.1 | 16.7 | 11.0 | 9.0 | 1.6 | 1.4 | 1.7 | 1.4 |
| BANDHAN | Neutral | 267 | 420 | 320 | 20 | 123 | 155 | 2.9 | 3.2 | 22.9 | 25.2 | 9.8 | 7.2 | 2.0 | 1.7 | 2.2 | 1.7 |
| KMB* | Neutral | 1,821 | 3,495 | 2,000 | 10 | 388 | 440 | 2.0 | 2.1 | 12.3 | 12.8 | 28.1 | 22.1 | 3.2 | 2.7 | 3.4 | 2.8 |
| IIB | Buy | 1,186 | 865 | 1,450 | 22 | 695 | 802 | 1.8 | 1.9 | 15.1 | 15.7 | 11.9 | 9.9 | 1.7 | 1.5 | 1.7 | 1.5 |
| FB | Buy | 119 | 238 | 130 | 10 | 91 | 103 | 1.0 | 1.1 | 12.3 | 13.6 | 10.2 | 8.2 | 1.2 | 1.1 | 1.3 | 1.2 |
| DCBB | Neutral | 103 | 31 | 90 | -12 | 126 | 143 | 0.9 | 1.0 | 10.6 | 12.7 | 7.5 | 5.6 | 0.7 | 0.7 | 0.8 | 0.7 |
| EQUITAS | Buy | 99 | 32 | 130 | 31 | 125 | 140 | 1.7 | 2.0 | 11.3 | 15.0 | 6.8 | 4.6 | 0.7 | 0.7 | 0.8 | 0.7 |
| AUBANK | Buy | 619 | 378 | 680 | 10 | 137 | 165 | 1.8 | 1.8 | 16.9 | 18.3 | 28.3 | 21.8 | 4.4 | 3.7 | 4.5 | 3.8 |
| RBK | Buy | 114 | 66 | 150 | 32 | 214 | 231 | 0.7 | 1.0 | 6.2 | 8.6 | 8.5 | 5.8 | 0.5 | 0.5 | 0.5 | 0.5 |
| SBICARD | Buy | 914 | 852 | 1,100 | 20 | 106 | 142 | 6.7 | 7.4 | 29.4 | 31.4 | 32.8 | 23.1 | 8.5 | 6.3 | 8.6 | 6.4 |
| PSU Banks | | | | | | | | | | | | | | | | | |
| SBIN* | Buy | 531 | 4,658 | 625 | 18 | 293 | 344 | 0.8 | 0.9 | 14.7 | 17.0 | 7.3 | 5.6 | 1.0 | 0.9 | 1.1 | 1.0 |
| PNB | Neutral | 37 | 383 | 30 | -18 | 63 | 70 | 0.3 | 0.4 | 4.2 | 5.9 | 10.0 | 6.7 | 0.4 | 0.4 | 0.6 | 0.5 |
| BOB | Buy | 132 | 660 | 150 | 13 | 157 | 183 | 0.8 | 1.0 | 11.1 | 13.7 | 6.8 | 4.9 | 0.8 | 0.7 | 0.8 | 0.7 |
| CBK | Buy | 229 | 391 | 300 | 31 | 313 | 376 | 0.7 | 0.8 | 12.1 | 13.8 | 4.9 | 3.8 | 0.6 | 0.5 | 0.7 | 0.6 |
| UNBK | Buy | 45 | 298 | 50 | 12 | 83 | 93 | 0.5 | 0.7 | 9.2 | 12.3 | 4.9 | 3.4 | 0.4 | 0.4 | 0.5 | 0.5 |
| INBK | Buy | 197 | 242 | 210 | 7 | 316 | 368 | 0.8 | 0.9 | 13.4 | 14.7 | 4.6 | 3.7 | 0.5 | 0.5 | 0.6 | 0.5 |
| Life Insurance | | | | | | | | | | | | | | | | | |
| HDFCLIFE** | Neutral | 530 | 1,116 | 600 | 13 | 183 | 216 | NA | NA | 17.6 | 18.2 | 78.9 | 69.1 | 2.9 | 2.5 | 2.9 | 2.5 |
| IPRULIFE** | Buy | 525 | 760 | 630 | 20 | 252 | 294 | NA | NA | 14.2 | 16.7 | 81.4 | 67.8 | 2.1 | 1.8 | 2.1 | 1.8 |
| SBILIFE** | Buy | 1,251 | 1,240 | 1,500 | 20 | 477 | 580 | NA | NA | 20.4 | 21.5 | 69.9 | 60.7 | 2.6 | 2.2 | 2.6 | 2.2 |
| MAXF** | Buy | 764 | 266 | 950 | 24 | 395 | 477 | NA | NA | 20.2 | 20.9 | 81.5 | 74.0 | 1.9 | 1.6 | 1.9 | 1.6 |
| LICI** | Buy | 622 | 3,917 | 830 | 34 | 934 | 1,049 | NA | NA | 9.1 | 12.4 | 52.6 | 35.3 | 0.7 | 0.6 | 0.7 | 0.6 |
| General Insurance | | | | | | | | | | | | | | | | | |
| Star Health | Buy | 709 | 409 | 830 | 17 | 121 | 139 | NA | NA | 11.7 | 14.0 | 60.3 | 38.9 | 5.9 | 5.1 | 5.9 | 5.1 |
| ICICI Lombard | Buy | 1,151 | 571 | 1,500 | 30 | 208 | 236 | NA | NA | 16.9 | 18.8 | 34.6 | 27.6 | 5.5 | 4.9 | 5.5 | 4.9 |
| Capital Market | | | | | | | | | | | | | | | | | |
| Angel One | Buy | 1,368 | 110 | 1,750 | 28 | 248 | 311 | NA | NA | 39.5 | 35.0 | 15.8 | 14.0 | 5.5 | 4.4 | 5.5 | 4.4 |
| ICICI Securities | Buy | 523 | 163 | 570 | 9 | 87 | 101 | NA | NA | 42.7 | 40.1 | 15.0 | 13.9 | 6.0 | 5.2 | 6.0 | 5.2 |
| IIFL Wealth | Buy | 1,836 | 153 | 2,200 | 20 | 354 | 372 | NA | NA | 23.0 | 24.5 | 23.1 | 20.6 | 5.2 | 4.9 | 5.2 | 4.9 |
| Exchanges | | | | | | | | | | | | | | | | | |
| BSE | Neutral | 606 | 81 | 680 | 12 | 202 | 208 | NA | NA | 8.4 | 10.1 | 35.6 | 28.9 | 3.0 | 2.9 | 3.0 | 2.9 |
| MCX | Buy | 1,219 | 60 | 1,600 | 31 | 286 | 297 | NA | NA | 14.5 | 18.4 | 29.7 | 22.7 | 4.3 | 4.1 | 4.3 | 4.1 |
| Housing Finance | | | | | | | | | | | | | | | | | |
| HDFC Ltd | Buy | 2,290 | 4,038 | 2,830 | 24 | NA | NA | 2.0 | 2.0 | 13.6 | 13.8 | 30.8 | 27.2 | 3.2 | 2.9 | NA | NA |

| Val summary | Rating | CMP | Mkt. Cap | TP | Upsid e | ABV (INR) | | RoA (%) | | RoE (%) | | P/E (x) | | P/BV (x) | | P/ABV (x) | |
|------------------------|---------|-------|-------------|-------|------------|-----------|-------|---------|-------|---------|-------|---------|-------|----------|-------|-----------|-------|
| | FY24E | (INR) | INRb | (INR) | (%) | FY23E | FY24E | FY23E | FY24E | FY23E | FY24E | FY23E | FY24E | FY23E | FY24E | FY23E | FY24E |
| LIC HF | Buy | 415 | 199 | 440 | 6 | NA | NA | 1.2 | 1.3 | 12.9 | 13.3 | 6.8 | 6.0 | 0.8 | 0.8 | NA | NA |
| PNB HF | Neutral | 393 | 63 | 390 | -1 | NA | NA | 1.3 | 1.3 | 8.4 | 8.4 | 7.7 | 7.1 | 0.6 | 0.6 | NA | NA |
| Aavas | Sell | 2,242 | 170 | 2,010 | -10 | NA | NA | 3.5 | 3.6 | 14.2 | 15.4 | 41.2 | 32.8 | 5.5 | 4.7 | NA | NA |
| CanFin | Buy | 480 | 63 | 640 | 33 | NA | NA | 1.9 | 1.8 | 17.3 | 16.6 | 11.1 | 9.8 | 1.8 | 1.5 | NA | NA |
| Repco | Neutral | 230 | 14 | 200 | -13 | NA | NA | 2.2 | 2.3 | 11.6 | 12.1 | 5.2 | 4.5 | 0.6 | 0.5 | NA | NA |
| Vehicle Finance | | | | | | | | | | | | | | | | | |
| Chola | Buy | 733 | 597 | 860 | 17 | NA | NA | 2.7 | 2.6 | 19.7 | 19.5 | 23.8 | 20.1 | 4.3 | 3.6 | NA | NA |
| MMFS | Buy | 185 | 112 | 235 | 27 | NA | NA | 1.8 | 1.8 | 9.3 | 9.7 | 15.7 | 14.2 | 1.4 | 1.3 | NA | NA |
| Shriram Transport | Buy | 1,195 | 274 | 1,690 | 41 | NA | NA | 2.5 | 2.4 | 13.4 | 12.8 | 8.8 | 8.3 | 1.1 | 1.0 | NA | NA |
| Indostar | Buy | 155 | 19 | 320 | 107 | NA | NA | 2.0 | 2.7 | 7.4 | 12.1 | 9.4 | 5.2 | 0.7 | 0.6 | NA | NA |
| Gold Finance | | | | | | | | | | | | | | | | | |
| Muthoot | Neutral | 1,040 | 414 | 1,250 | 20 | NA | NA | 4.7 | 4.8 | 17.5 | 17.5 | 12.1 | 10.6 | 2.0 | 1.7 | NA | NA |
| Manappuram | Buy | 97 | 80 | 130 | 33 | NA | NA | 4.0 | 3.9 | 15.9 | 15.7 | 5.8 | 5.2 | 0.9 | 0.8 | NA | NA |
| Diversified | | | | | | | | | | | | | | | | | |
| BAF | Buy | 7,338 | 4,274 | 8,100 | 10 | NA | NA | 4.4 | 4.3 | 22.0 | 22.3 | 42.3 | 34.4 | 8.5 | 7.0 | NA | NA |
| SCUF | Buy | 1,746 | 114 | 2,370 | 36 | NA | NA | 3.0 | 3.3 | 13.5 | 15.3 | 9.1 | 7.2 | 1.2 | 1.0 | NA | NA |
| ABCL | Buy | 112 | 265 | 140 | 25 | NA | NA | 0.0 | 0.0 | 12.1 | 12.3 | 13.2 | 11.3 | 1.5 | 1.3 | NA | NA |
| LTFH | Buy | 75 | 181 | 90 | 21 | NA | NA | 1.3 | 1.6 | 7.1 | 8.4 | 12.6 | 10.0 | 0.9 | 0.8 | NA | NA |
| PIEL | Buy | 864 | 201 | 1,320 | 53 | NA | NA | 1.9 | 2.1 | 7.9 | 8.5 | 14.8 | 13.0 | 1.1 | 1.1 | NA | NA |
| MAS Financial | Buy | 736 | 39 | 720 | -2 | NA | NA | 2.8 | 2.9 | 15.1 | 17.3 | 19.8 | 15.1 | 2.8 | 2.4 | NA | NA |

Source: MOFSL, Company, Bloomberg

NOTES

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

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

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