

|                       |                    |
|-----------------------|--------------------|
| <b>BSE SENSEX</b>     | <b>S&amp;P CNX</b> |
| 25,607                | 7,850              |
| Bloomberg             | ICICIB IN          |
| Equity Shares (m)     | 5,813.3            |
| M.Cap.(INR b)/(USD b) | 1,377.7/ 20.8      |
| 52-Week Range (INR)   | 337/181            |
| 1, 6, 12 Rel. Per (%) | 3/-11/-22          |
| Avg Val, (INR m)      | 4,123              |
| Free float (%)        | 100.0              |

### Financials & Valuation (INR b)

| Y/E Mar       | 2016  | 2017E | 2018E |
|---------------|-------|-------|-------|
| NII           | 212.2 | 223.3 | 253.7 |
| OP            | 238.6 | 214.6 | 241.3 |
| NP            | 97.3  | 105.1 | 121.0 |
| NIM (%)       | 3.6   | 3.4   | 3.4   |
| EPS (INR)     | 16.7  | 18.1  | 20.8  |
| EPS Gr (%)    | -13.2 | 8.0   | 15.1  |
| BV/Sh (INR)*  | 131.7 | 144.6 | 159.5 |
| ABV/Sh (INR)* | 115.5 | 122.5 | 137.4 |
| RoE (%)       | 11.5  | 11.1  | 11.8  |
| RoA (%)       | 1.4   | 1.4   | 1.4   |
| AP/E (x)      | 10.1  | 8.6   | 6.8   |
| AP/BV (x)     | 1.3   | 1.1   | 0.9   |
| AP/ABV (x)    | 1.5   | 1.3   | 1.0   |

Estimate change



TP change



Rating change



**CMP: INR237 TP: INR300 (+27%)**

**Buy**

### Weak quarter; Asset quality challenges persist; Retail business on track; Attractive valuations

- ICICIB reported 9% miss on adj. PBT (ex. contingency provisions), impacted by weak core PPOP growth – 3% YoY (marred by moderate loan growth and higher stress addition). In 4QFY16, ICICIB created one-off contingency provision of INR36b which was partly offset by deferred tax provision reversal of INR22b.
- In addition to existing stressed loans (NPA + RL), bank disclosed a watch-list of below investment grade exposures in key stressed sectors amounting to INR440b (4.8% of exposure). List includes non-fund based exposure, sanctioned but un-utilized limits, and exposure which are at advance stage of resolution; hence it's difficult to estimate o/s amount on balance sheet. However, bulk of the corporate NPLs over FY16-18E is likely to come from the watch-list and RL.
- Slippages for 4Q stood at INR70b (7.2% of loans, annld.) v/s INR65b a quarter ago. Relapse from restructured loans was 40%+. Overall stress loans (NNPA+OSRL+5:25) were stable QoQ at ~6% of loans. On the gross basis, ICICIB recognized ~17% of corporate loans as stress v/s 14% a quarter ago.
- **Other highlights:** a) NIMs declined 16bp QoQ, b) fees growth was moderate at 4% YoY, c) One-off gains booked on insurance stake sale (INR21.3b, 30% PPOP).

**Valuation and view:** We cut estimates by ~18% over FY16-18E (refer page 7). While near term asset quality challenges persist, strong capitalization (CET1 of 13.1%), significant improvement in granularity of loan book (~52% retail and SME), sharp improvement in liability profile and valuation at 1.1x core AP/ABV keeps us positive. We roll forward target price to FY18 and maintain Buy with SOTP of INR300 (v/s INR320 previously) implying 27% upside.

### ICICI Bank: Quarterly Performance

|                             | FY15          |               |               |               | FY16          |               |               |                 | (INR Million)   |                 |
|-----------------------------|---------------|---------------|---------------|---------------|---------------|---------------|---------------|-----------------|-----------------|-----------------|
|                             | 1Q            | 2Q            | 3Q            | 4Q            | 1Q            | 2Q            | 3Q            | 4Q              | FY15            | FY16            |
| Interest Income             | 1,17,669      | 1,21,506      | 1,24,352      | 1,27,385      | 1,28,126      | 1,30,989      | 1,33,461      | 1,34,819        | 4,90,911        | 5,27,394        |
| Interest Expense            | 72,750        | 74,939        | 76,236        | 76,591        | 76,975        | 78,474        | 78,931        | 80,774          | 3,00,515        | 3,15,154        |
| <b>Net Interest Income</b>  | <b>44,919</b> | <b>46,566</b> | <b>48,117</b> | <b>50,794</b> | <b>51,151</b> | <b>52,515</b> | <b>54,530</b> | <b>54,045</b>   | <b>1,90,396</b> | <b>2,12,240</b> |
| % Change (YoY)              | 17.6          | 15.2          | 13.1          | 16.6          | 13.9          | 12.8          | 13.3          | 6.4             | 15.6            | 11.5            |
| Other Income                | 28,498        | 27,384        | 30,917        | 34,963        | 29,899        | 30,074        | 42,169        | 51,089          | 1,21,761        | 1,53,231        |
| <b>Net Income</b>           | <b>73,417</b> | <b>73,950</b> | <b>79,033</b> | <b>85,757</b> | <b>81,050</b> | <b>82,588</b> | <b>96,698</b> | <b>1,05,134</b> | <b>3,12,157</b> | <b>3,65,471</b> |
| Operating Expenses          | 28,250        | 26,971        | 28,663        | 31,074        | 30,672        | 31,004        | 31,100        | 34,059          | 1,14,958        | 1,26,836        |
| <b>Operating Profit</b>     | <b>45,167</b> | <b>46,979</b> | <b>50,370</b> | <b>54,683</b> | <b>50,378</b> | <b>51,584</b> | <b>65,598</b> | <b>71,075</b>   | <b>1,97,199</b> | <b>2,38,635</b> |
| % Change (YoY)              | 18.4          | 20.8          | 13.5          | 22.8          | 11.5          | 9.8           | 30.2          | 30.0            | 18.8            | 21.0            |
| Other Provisions            | 7,261         | 8,495         | 9,797         | 13,447        | 9,554         | 9,422         | 28,441        | 69,262          | 39,000          | 1,16,678        |
| <b>Profit before Tax</b>    | <b>37,906</b> | <b>38,484</b> | <b>40,573</b> | <b>41,236</b> | <b>40,824</b> | <b>42,163</b> | <b>37,158</b> | <b>1,813</b>    | <b>1,58,199</b> | <b>1,21,957</b> |
| Tax Provisions              | 11,353        | 11,394        | 11,683        | 12,016        | 11,063        | 11,862        | 6,976         | -5,206          | 46,446          | 24,694          |
| <b>Net Profit</b>           | <b>26,553</b> | <b>27,090</b> | <b>28,890</b> | <b>29,220</b> | <b>29,762</b> | <b>30,301</b> | <b>30,181</b> | <b>7,019</b>    | <b>1,11,754</b> | <b>97,263</b>   |
| % Change (YoY)              | 16.8          | 15.2          | 14.1          | 10.2          | 12.1          | 11.9          | 4.5           | -76.0           | 13.9            | -13.0           |
| <b>Operating Parameters</b> |               |               |               |               |               |               |               |                 |                 |                 |
| NIM (Reported,%)            | 3.4           | 3.4           | 3.5           | 3.6           | 3.5           | 3.5           | 3.5           | 3.4             | 3.5             | 3.5             |
| NIM (Cal, %)                | 3.4           | 3.5           | 3.6           | 3.7           | 3.7           | 3.7           | 3.7           | 3.5             | 3.6             | 3.6             |
| Deposit Growth (%)          | 15.3          | 13.9          | 12.1          | 8.9           | 9.6           | 9.2           | 14.6          | 16.6            | 8.9             | 16.6            |
| Loan Growth (%)             | 15.2          | 13.8          | 12.8          | 14.4          | 15.2          | 13.3          | 15.8          | 12.3            | 14.4            | 12.3            |
| Domestic CD Ratio (%)       | 80.5          | 79.5          | 81.2          | 83.8          | 85.1          | 84.3          | 84.8          | 83.2            | 83.8            | 83.2            |
| <b>Asset Quality</b>        |               |               |               |               |               |               |               |                 |                 |                 |
| OSRL (INR b)                | 112.7         | 110.2         | 120.5         | 110.2         | 126.0         | 118.7         | 112.9         | 85.7            | 110.2           | 85.7            |
| OSRL (%)                    | 3.2           | 3.0           | 3.2           | 2.8           | 3.2           | 2.9           | 2.6           | 2.0             | 2.8             | 2.0             |
| Gross NPA (INR b)           | 108.4         | 115.5         | 130.8         | 150.9         | 151.4         | 158.6         | 211.5         | 262.2           | 150.9           | 262.2           |
| Gross NPA (%)               | 3.1           | 3.1           | 3.4           | 3.8           | 3.7           | 3.8           | 4.7           | 5.8             | 3.8             | 5.8             |

E: MOSL Estimates

**Alpesh Mehta** (Alpesh.Mehta@MotilalOswal.com); +91 22 3982 5415

**AS Venkata Krishnan** (A.Krishnan@MotilalOswal.com); +91 22 3010 2603 / **Dhaval Gada** (Dhaval.Gada@MotilalOswal.com)

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**Exhibit 1: Quarterly performance v/s our estimates and reasons for deviation (INR m)**

| Y/E March                  | 4QFY16A        | 4QFY16E        | Var. (%)   | Comments   |
|----------------------------|----------------|----------------|------------|--|
| <b>Net Interest Income</b> | <b>54,045</b>  | <b>55,037</b>  | <b>-2</b>  | <b>Loan growth below expectation and NIMs 5bp lower than est.</b>  |
| % Change (YoY)             | 6              | 8              |            |  |
| Other Income               | 51,089         | 55,534         | -8         | Muted fees; Non-core income lower than expectation   |
| <b>Net Income</b>          | <b>105,134</b> | <b>110,571</b> | <b>-5</b>  |  |
| Operating Expenses         | 34,059         | 35,032         | -3         | Strong control over costs continue   |
| <b>Operating Profit</b>    | <b>71,075</b>  | <b>75,539</b>  | <b>-6</b>  | <b>Core PPP lower than expected</b>  |
| % Change (YoY)             | 30             | 38             |            |  |
| Other Provisions           | 69,262         | 34,185         | 103        | Provisions ex. contingency provisions of INR36b were in-line   |
| <b>Profit before Tax</b>   | <b>1,813</b>   | <b>41,354</b>  | <b>-96</b> |  |
| Tax Provisions             | -5,206         | 12,089         | -143       | Helped by deferred tax reversal of INR22b  |
| <b>Net Profit</b>          | <b>7,019</b>   | <b>29,265</b>  | <b>-76</b> | <b>Weak core PPop performance and contingency provisions result in significant PBT miss partly offset by deferred tax adj.</b> |
| % Change (YoY)             | -76            | 0              |            |  |

Source: MOSL, Company

**Gross stress addition at all time high**

- Of the RBI list, INR40-42b classified as NPA in 4Q (overall INR85-90b was classified as NPA in 2HFY16). Large part of the RBI AQR slippages came from restructured loans. Relapse from RL contributed 40%+ of addition to NPA during the quarter.
- Outstanding standard restructured loan portfolio (post provisions) decreased to INR85.7b v/s INR112.9b in 3Q led by relapse from restructured loans of INR27.2b.
- During the quarter SDR amounted to INR12b (overall stock INR29.3b which is either NPA or RL); SDR pipeline INR5b. 5:25 refinancing during the quarter was INR6.8b; overall stock INR42.4b; pipeline INR7.5b.
- GNPA in absolute terms were increased 24% QoQ; GNPA ratio increased 110bp QoQ to 5.82%. PCR decreased QoQ to 50% - Lowest since FY09.
- Recoveries and upgrades were at INR7.8b v/s INR5b in 3Q and bank wrote-off/sold INR8.6b (INR7b in 3QFY16).

**Removes uncertainty over stress loans; discloses corporate / SME watch-list**

- Bank disclosed the pool of stress loans (in addition to existing restructured loans) which are standard and require active monitoring. Management expects bulk of the incremental corporate stress loans for next 2-3 years to come from the total pool of stress loans – INR525b (INR440b watch-list + INR85b of RL).
- In our view, definition of watch-list is very conservative as it includes a) sanctioned but un-utilized limits and derivative exposures, b) Non fund based exposures, c) all exposure below A- category, d) includes exposures where deals are in advance stage of resolution, e) 5:25 and SDR accounts, f) promoter entities where securities linked to key sectors and g) any benefit related to improvement in commodities.
- While watch-list accounts as a %age of overall exposure is ~4.8%; however, key challenge here is to find the non-fund based exposures (management refrained to comment on that) in the overall exposure as slippage of account as non-performing does not necessarily result in non-fund exposure turning NPA.
- On an aggregate basis, non fund exposures (LC+BG) for FY15 were ~25% of customer assets. However, it's difficult to extrapolate the same number for entire watch-list exposure as key sectors within the watch-list – Mining, Iron and steel and Power would have higher share of LC / BG exposures and forex exposures.

**Exhibit 2: Overall watch-list (fund + non-fund) at ~INR440b****Further drilldown: exposure**

| ₹ billion                      | Exposure <sup>1,2</sup> at March 31, 2016 | % of total exposure of the Bank |
|--------------------------------|---|---------------------------------|
| Power                          | 119.60                                    | 1.3%                            |
| Mining                         | 90.11                                     | 1.0%                            |
| Iron/Steel                     | 77.76                                     | 0.8%                            |
| Cement                         | 66.43                                     | 0.7%                            |
| Rigs                           | 25.13                                     | 0.3%                            |
| Promoter entities <sup>2</sup> | 61.62                                     | 0.7%                            |

**Net reduction of about ₹ 20.00 billion<sup>3</sup> in exposure to companies covered above**

1. Aggregate fund based limits and non-fund based outstanding
2. Excludes central public sector owned undertaking
3. Promoter entities where underlying is partly linked to the key sectors
4. Excluding impact of currency depreciation
5. In addition, about ₹ 20 billion of non-fund based exposure to borrowers already classified as non-performing needs to be closely monitored for potential devolvement



Source: MOSL, Company

**Increase slippages est.; GNPA to be 6.2% by FY18 (4.9% earlier assumption)**

- We have assumed 40% (taking a clue from AXSB disclosure; however, not strictly comparable as underlying exposures/securities and entities are different) of the watch-list exposures to have some resolution and for the balance, we expect 25% of exposure to be non fund based (may not be converted into fund based).
- Hence, out of the watch-list, we expect INR198b to slip into NPA category. Further, we expect relapse from restructured loans to be 50%; hence additional corporate slippages of INR42b. Overall corporate slippages are expected to INR240b.
- We are estimating INR40b+ of additional slippages from Retail/SME loans each year. Hence, overall slippages are expected to be INR320b over FY16-18 (a quarterly run rate of INR40b).
- Our estimate factor in INR300b of slippages over FY16-18E v/s INR150b earlier. Overall we expect GNPA ratio to be 6.5% v/s 4.9% previously (5.9% as of FY16).
- Earlier we were expecting NNPA ratio to come down to 1.24% with PCR of 70%. However, considering the higher stress, we expect bank to compromise on PCR (despite taking benefit of INR25b of contingency reserve) and expect it to have a PCR of ~53% by end of FY18. Higher GNPA and compromise on PCR is leading to ABV downgrade of INR13/share.

**Steel, Mining, Power contribute ~2/3rd of stress loans**

- Power (25%), Mining (22% - largely overseas exposure in our view) and steel (18%) contribute bulk of stress loans. Trends in these sectors will be critical for the NPL formation for ICICIBC.
- Reported watch-list has no discretion from management and entire below investment grade (A- and below rated) loans are included in this irrespective of stage of resolution in respective exposures.

Management expects 20bp decrease in NIM for FY17 from 4QFY16 levels (3.37%)

**Avg. daily CASA ratio at all time high; however, margins under pressure**

- Strong improvement in liability and ALM profile (both in domestic and International business) is helping ICICIBC to maintain NIMs despite falling rate environment (base rate down 35bp in 2HCY16)
- Reported NIM for the quarter came in at 3.37% (-16bp QoQ). Domestic margins ticked lower (-13bp) QoQ to 3.73%. Overseas NIM contracted 32bp QoQ to 1.62%.
- CASA growth remains healthy at +17% YoY (+5% QoQ). CA deposits grew 19% YoY (+3% QoQ). SA deposit growth improved to 17% YoY (+6% QoQ) v/s 15% YoY in 3QFY16.
- Overall CASA ratio remains stable on YoY basis (45.8% v/s 45.2%); Average daily CASA ratio improved to 40.7% (stable QoQ) v/s 39.9% in 4QFY15 – close to all-time highs. Management has guided for average CASA balance of 38-40% for FY17.

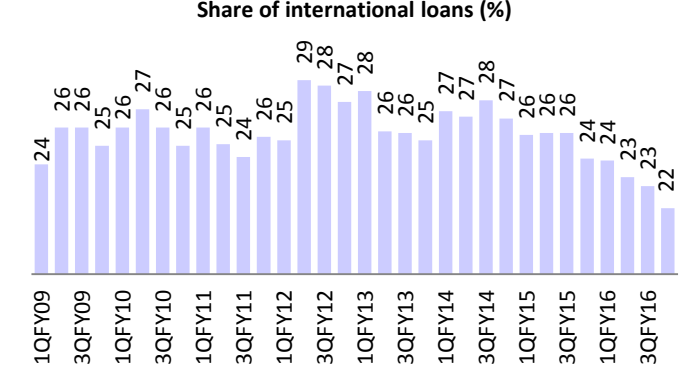
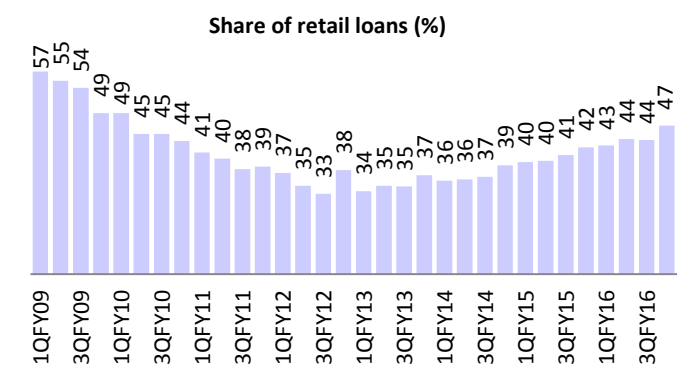
Domestic loan growth remains healthy at 16% YoY; Management guidance at 18% YoY for FY17 led by retail loans

**Strong retail performance; corporate growth remains subdued**

- Overall loan growth remained moderate at 12% YoY (flat QoQ) v/s +16% YoY. Domestic loans grew 16% YoY (+2% QoQ) whereas, International loans were flat YoY (-5% QoQ) – in dollar terms international loans de-grew ~6% YoY. Proportion of international loan in overall loans now stands at 21.6% v/s 24.3% in 4QFY15 (22.8% in 3QFY16).

**Exhibit 3: Share of retail loans in overall loans – highest since 2010 (%)**

**Exhibit 4: Share of international loans in overall loans – lowest since 2009 (%)**



Source: MOSL, Company

Source: MOSL, Company

Retail loans now account for 47% of overall loans – highest level since 2010

- Domestic corporate loan portfolio grew -4% QoQ (+7% YoY). In domestic portfolio, incremental loan growth was driven by retail segment (+7% QoQ and +23% YoY). Ex-CV segment retail loans grew 24% YoY (+7% QoQ).
- Within retail loans, home loans (+5% QoQ and +23% YoY), auto loans (ex. CV) (+4% QoQ, +19% YoY), business banking (+7% QoQ, +15% YoY) and personal loans (+11% QoQ and +47% YoY) were the key drivers of growth. CV loans grew by +18% YoY (+7% QoQ) v/s 10% YoY in 3QFY16.

Retail fees now account for 65% of overall fees (v/s 67% in 3Q and ~52% in FY15)

**Muted fee income growth; Share of retail fees increasing**

- Fee income growth was muted at 4% YoY (-2% QoQ) led by weak momentum in the corporate loan book. Retail fees now account for ~65% of overall fee income (v/s 67% in 3Q and ~52% in FY15).

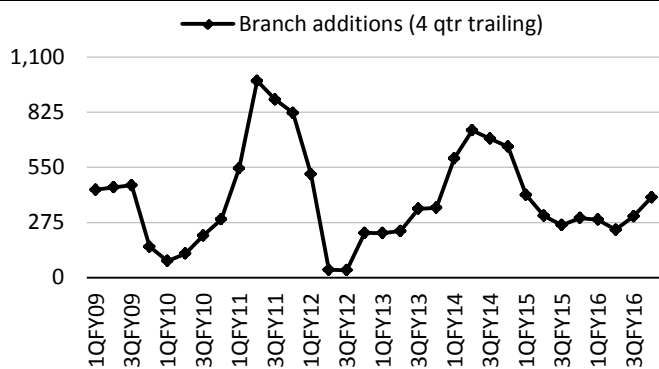
- During the quarter, bank recognized income of INR2.6b (v/s INR1.4b in 3QFY16 and INR1.8b in 4QFY15) on account of foreign exchange gains relating to overseas operations.
- In addition, bank also received INR21.3b one-off profit on sale of stake in life (2% stake sale) and general insurance (9% stake sale) subsidiaries.
- Trading gains came in at ~INR600m v/s ~INR2b in 3QFY16.

**Strong opex control continues; however, core C/I ratio increases to ~45%**

Added 400 branches in FY16  
v/s 297 branches in FY15

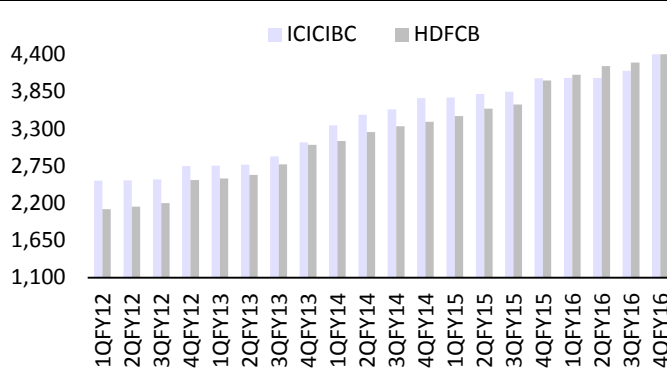
- Despite increasing share of retail business, strong opex control continues led to employee expenses growth of just +6% YoY (+21% QoQ due to variable expense provisions and absence of retirement related provisions).
- Other operating expenses increased 12% YoY (+3% QoQ) – ICICIBC has added 294 branches in 4QFY16 (v/s 106 branch addition in 9MFY16).
- Overall cost to core income ratio increased to 44.7% v/s 43.1% in 4QFY15 and 40.3% in 3QFY16.

**Exhibit 5: Added 400 branches in FY16**



Source: MOSL, Company

**Exhibit 6: HDFCB's branch network is now larger than ICICIBC (nos.) for fourth consecutive quarter**



Source: MOSL, Company

ICICIBC has taken board approval to list the life insurance subsidiary via IPO

**Performance of subsidiaries; Consolidated RoE at ~12% for FY16**

- ICICI UK's total assets increased 12% YoY and -2% QoQ to USD4.6b; Subsidiary reported net loss of USD1.2m (led by higher provisions in our view) v/s USD0.8m profit in 4QFY15. CAR stood at 16.7%
- ICICI Canada's total assets were at CAD6.5b (-3% QoQ and +10% YoY). PAT came in at CAD2.6m v/s CAD7.5m in 4QFY15 (CAD5.4m in 3Q). CAR was at 23.6%.
- ICICI Life Insurance reported PAT of INR4b (-8% QoQ and +3% YoY). APE for 4QFY16 decreased to INR14.8b (-8% YoY). AUM grew by 4% YoY (+2% QoQ) to INR1 trillion.
- For 4QFY16, general Insurance business reported profit of INR1.2b v/s INR1.3b in 3QFY16 (INR1.3b in 4QFY15).
- Consolidated PAT for 4QFY16 de-grew 87% YoY / QoQ to INR4.1b and consolidated RoE came in at ~2% as compared to 13.5% in 3QFY16 and 14.5% in 4QFY15.

## Conference call highlights

### Guidance for FY17

- a) Domestic loan growth 18% led by retail loans at 25%, domestic corporate loans at 7-8%, SME at 15% and international loans will decline further, b) Average daily CASA ratio of 38-40%, c) NIMs to decline 20-25bp in FY17 v/s 4QFY16, d) Double digit fee growth, e) Opex growth 15%+, f) provisions to be elevated and g) CET1 11%+ till FY18

### Comments by MD&CEO

- Three fold focus of the top management a) enhance franchise value by focusing on granular retail and SEM business, increase business via digital channels, improve funding profile, focus on cost efficiency and capital conservation b) maintain and enhance strength of balance sheet, c) focus on reducing the exposure to stress sectors and recoveries
- **Credit quality:** a) Gradual domestic recovery c) Weak global macros and sharp downturn in commodity cycle impacting Iron and Steel, Power, Cement, Mining and Rigs and c) high leverage impacting asset quality.
- The bank has fully complied with RBI AQR and watch-list will be closely monitored
- The bank is working with borrowers for reduction and resolution of exposure through asset sales and deleveraging. Further, bank has strong capitalization and lot of value in subsidiaries to take care of any stress on balance sheet
- To enhance portfolio quality bank is focusing on a) proactively monitor loan portfolio across industries, b) focus on improving credit mix (retail and top rated corporate), c) reduce the concentration risk, d) resolution of stress loans (asset sale, change in management, etc.)
- Senior management (general manager and above) will not receive performance bonus

### Asset quality

- During the quarter SDR amounted to INR12b (overall stock INR29.3b which is either NPA or RL); SDR pipeline INR5b
- 5:25 refinancing during the quarter was INR6.8b; overall stock INR42.4b; pipeline INR7.5b
- Relapse from restructured loans and NPA additions will remain elevated in FY17
- Contingency provisions is a just time action as of now
- AQR related slippages were INR40-42b
- Bulk of origination of the stressed sectors would have taken place in FY11/12 – and now impacted by commodity price decline and global economic outlook
- 75-80% of slippages in FY16 was from corporate segment

### Other highlights

- Bank has taken full benefit from DTA, revaluation reserve adjustment (90bps accretion to Tier 1)
- International margins impacted by bond issuance expense and excess liquidity
- In FY16, retail fees grew 13% YoY and its share is 65%
- In mortgages seeing strong growth in Tier II and Tier III cities
- Capital repatriation from Canadian subsidiary was US\$87.1m
- International portfolio declined by 6% in US\$ terms

Maintain Buy with SOTP  
based TP of INR300

### Cut earnings by 18% - factor in core ROE of ~12% v/s ~14% earlier

- We cut overall earnings by ~18% to factor in lower margins and fee income. Our estimates don't factor in any gains led by stake sale in subsidiaries. Our provisions assumptions are largely unchanged as we reduce the assumption on PCR (~52% v/s ~70% earlier) and take benefit of contingency reserve reversal (INR25b v/s INR36b outstanding as of now).
- Our earnings cut is driven by lower margins as we factor in impact of a) lower interest earning assets b) higher stress leading to interest reversals and c) focus on high quality and highly competitive retail and corporate business. We factor in NIM decline of ~20bp for FY17 (as against 5bp earlier). We have also reduced the estimate for fee income and our estimate for foreign exchange repatriation stands at INR6.5-7b as against INR9.4b in FY16. As discussed, we have not factored in any gains from stake sale in insurance or any other venture in our estimates.
- We have increased the estimates for stress addition (cumulative slippages of INR300b v/s INR150b earlier) over FY16-18E, leading to lower NIMs. Higher stress addition, compromise on PCR and cut in earnings is leading us to cut ABV by INR19/share (earnings cut impact of INR5/share). Overall core ABV estimate is cut from INR156/share to INR138/share by FY18.

#### Exhibit 7: We cut earnings estimate by 18-21% for FY17/18E

| INR b                    | Old Est.     |              |              | Revised Est. |              |              | Chg (%)      |              |              |
|--------------------------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|
|                          | FY16         | FY17         | FY18         | FY16         | FY17         | FY18         | FY16         | FY17         | FY18         |
| Net Interest Income      | 213.2        | 240.7        | 276.4        | 212.2        | 223.3        | 253.7        | -0.5         | -7.2         | -8.2         |
| Other Income             | 157.7        | 151.4        | 176.6        | 153.2        | 135.9        | 153.9        | -2.8         | -10.3        | -12.8        |
| <b>Total Income</b>      | <b>370.9</b> | <b>392.1</b> | <b>453.0</b> | <b>365.5</b> | <b>359.2</b> | <b>407.6</b> | <b>-1.5</b>  | <b>-8.4</b>  | <b>-10.0</b> |
| Operating Expenses       | 127.8        | 147.0        | 169.0        | 126.8        | 144.6        | 166.3        | -0.8         | -1.6         | -1.6         |
| <b>Operating Profits</b> | <b>243.1</b> | <b>245.2</b> | <b>284.0</b> | <b>238.6</b> | <b>214.6</b> | <b>241.3</b> | <b>-1.8</b>  | <b>-12.5</b> | <b>-15.0</b> |
| Provisions               | 81.6         | 63.9         | 65.5         | 116.7        | 64.5         | 68.5         | 43.0         | 0.8          | 4.5          |
| <b>PBT</b>               | <b>161.5</b> | <b>181.2</b> | <b>218.4</b> | <b>122.0</b> | <b>150.1</b> | <b>172.9</b> | <b>-24.5</b> | <b>-17.2</b> | <b>-20.9</b> |
| Tax                      | 42.0         | 52.6         | 64.4         | 24.7         | 45.0         | 51.9         | -41.2        | -14.3        | -19.5        |
| <b>PAT</b>               | <b>119.5</b> | <b>128.7</b> | <b>154.0</b> | <b>97.3</b>  | <b>105.1</b> | <b>121.0</b> | <b>-18.6</b> | <b>-18.3</b> | <b>-21.4</b> |
| Loans                    | 4,504        | 5,326        | 6,265        | 4,353        | 4,930        | 5,718        | -3.4         | -7.4         | -8.7         |
| Deposits                 | 4,265        | 5,225        | 6,241        | 4,214        | 4,925        | 5,912        | -1.2         | -5.7         | -5.3         |
| Margins (%)              | 3.55         | 3.49         | 3.46         | 3.56         | 3.37         | 3.37         |              |              |              |
| Credit Cost (%)          | 1.85         | 1.15         | 1.05         | 2.84         | 1.39         | 1.29         |              |              |              |
| <b>Core RoA (%)</b>      | <b>1.5</b>   | <b>1.4</b>   | <b>1.4</b>   | <b>1.2</b>   | <b>1.2</b>   | <b>1.2</b>   |              |              |              |
| <b>Core RoE (%)</b>      | <b>14.3</b>  | <b>13.4</b>  | <b>14.3</b>  | <b>11.5</b>  | <b>11.1</b>  | <b>11.8</b>  |              |              |              |

Note: Above credit costs estimates are including impact of expected drawdown from contingency provision.

Source: MOSL, Company

## Valuation and view

### Retail and subs value key value drivers; Corporate remains a drag

- We see ICICIBC valuations in the three buckets a) Granular Retail and SME business b) Corporate business and c) Subsidiaries performance. ICICIBC is investing heavily in Retail and SME business (4450 branches vs 2530 in FY11) and its trending on the strong growth trajectory (Retail growth of 25% over last ten quarter and share of retail profits on overall PBT up to 17% vs 6% in FY12). Profitability has improved sharply as the operating leverage is playing out. Subsidiaries are doing well and are on the strong growth path. From being a capital guzzlers (13% of NW to ~25% in FY10) they have become key capital enablers to sail through tough times in the asset cycle. Total value of Subsidiaries (pre-holdco discount FY16) is at INR500b vs invested capital of INR110b.

### Retail business providing stability to margins and fees

- Retail business matrix remain healthy with a) Core CASA ratio of 40%+ b) Contribution to fees at 65% c) Higher share of secured loans (~90% of retail loans) and continued healthy growth and d) NNPA ratio of 61bps. Structural improvement in liability and ALM profile over the last few years has helped ICICIBC to gradually improve domestic NIMs to 3.5%+, despite increasing competition within retail business, low risk corporate loans and falling interest rate scenario. Continued mix shift from international business to domestic business will help to mitigate pressure of domestic margins to overall margins. Near term margins to be under pressure driven by corporate asset quality stress.

### Corporate business entering final phase of pain

- Over the last two quarters, RBI mandated recognition led to higher stress. Now we see bank is open to take asset quality issues head-on. We expect higher activities on asset sale, management change, proactive reduction in exposure etc to address the stress in the balance sheet. Total stress loans recognized (GNPA+RL+5:25) on the balance sheet stood at INR400b (9.2% of loans). On the gross basis overall corporate stress loans stood at ~16.9%. Disclosure on the watch-list removes the uncertainty over the pain exposure in the exposure in the balance sheet. Including watch-list (assuming 25% is NFB + undrawn sanction) ~30% of the book corporate is communicated to be stressed. We expect higher stress to emerge from this book in FY17/18.

### Growth to be moderate but quality is improving

- Near term business growth will be driven by retail business and within that share of high profit making products (mainly by cross sell) like credit cards, personal loans and business banking is likely to go up. Within corporate loans relatively low risk high rated, working capital and transaction banking related loans are likely to be the key drivers. Lower capex related demand and increasing pricing pressure on matured project loan (refinancing by competition at lower rate) remains a drag on corporate loan growth and profitability.
- Near term earnings to be challenging however, inherent strength remains



- While the near term asset quality challenges persist (due to RBI mandated recognition, weak commodity cycle and chunky corporate exposures), strong capitalization (Tier I ratio of 13%+), Significant improvement in granularity of the book (~52% of book is retail and SME), sharp improvement in liability profile helping to build low risk businesses without much impact on core earnings, provides comfort. We expect higher provisioning requirement will be taken care by one off gains on the stake sale of subsidiaries (although not yet factored in our estimates).

#### **Maintain Buy with the SOPT of INR300**

- We cut the target price to INR300 (1.3x FY18 Core BV) v/s INR320, despite roll over by a quarter to FY18, to factor in lower ROE. Reduction in ROE is led by cut in margins, fees and lower balance sheet growth (considering macro environment). Our target multiple of 1.3x is based on the residual income model with the key assumptions are a) cost of equity 14.3% (RF of 7.5%, Beta of 1.3x) v/s 14.5% earlier b) average growth rate of 12% over FY18-35 and c) Terminal growth of 5%
- **Key catalyst** (a) Resolution of issues in power, Metal and mining space (c) value unlocking from strategic businesses.

## Exhibit 8: ICICI Bank: SOTP FY18E

|  | Stake (%) | Total Value<br>INR b | Total Value<br>USD b | Value Per<br>Share INR | % of Total<br>Value | Rationale  |
|--|-----------|----------------------|----------------------|------------------------|---------------------|--|
| <b>ICICI Bank</b>                              |           | <b>1,192</b>         | <b>17.9</b>          | <b>205</b>             | <b>68.3</b>         | Based on residual income model (1yr fwd.); Implied 1.3x FY18E Adj. BV; Core RoA of 1.3% and Core RoE of 12-13% |
| ICICI Pru Life Insurance                       | 68        | 304                  | 4.6                  | 52                     | 17.4                | Based on deal value  |
| ICICI Bank Canada                              | 100       | 30                   | 0.4                  | 5                      | 1.7                 | 0.5x FY18E BV  |
| ICICI Bank UK                                  | 100       | 17                   | 0.3                  | 3                      | 1.0                 | 0.5x FY18E BV  |
| ICICI Home Finance                             | 100       | 34                   | 0.5                  | 6                      | 2.0                 | 2x FY18E BV  |
| ICICI Pru AMC                                  | 51        | 57                   | 0.9                  | 10                     | 3.3                 | Valued at 4% of AUM exp in FY18  |
| ICICI Securities                               | 100       | 63                   | 1.0                  | 11                     | 3.6                 | 15x FY18E PAT  |
| ICICI Lombard Gen. Ins                         | 64        | 159                  | 2.4                  | 27                     | 9.1                 | Based on deal value (4.5x PBV)   |
| ICICI Ventures                                 | 100       | 10                   | 0.2                  | 2                      | 0.6                 | 10% FY18E AUMs   |
| ICICI Sec. PD                                  | 100       | 17                   | 0.3                  | 3                      | 1.0                 | 1x FY18 Net worth  |
| <b>Total Value of Ventures</b>                 |           | <b>691</b>           | <b>10.4</b>          | <b>119</b>             | <b>39.6</b>         |  |
| Less: 20% holding Discount                     |           | 138                  | 2.1                  | 24                     | 8                   |  |
| <b>Value of Key Ventures</b>                   |           | <b>553</b>           | <b>8.3</b>           | <b>95</b>              | <b>31.7</b>         |  |
| <b>Target Price Post 20% Holding Co. Disc.</b> |           | <b>1,745</b>         | <b>26.3</b>          | <b>300</b>             | <b>100</b>          |  |
| Current Value                                  |           | 1,378                | 20.8                 | 237                    |                     |  |
| <b>Upside - %</b>                              |           | <b>26.7</b>          | <b>26.7</b>          | <b>26.7</b>            |                     |  |
| <b>Target Price w/o 20% Holding Co. Disc.</b>  |           | <b>1,884</b>         | <b>28.4</b>          | <b>324</b>             |                     |  |
| CMP (INR)                                      |           | 1,378                | 20.8                 | 237                    |                     |  |
| <b>Upside - %</b>                              |           | <b>36.7</b>          | <b>36.7</b>          | <b>36.7</b>            |                     |  |

Source: MOSL, Company

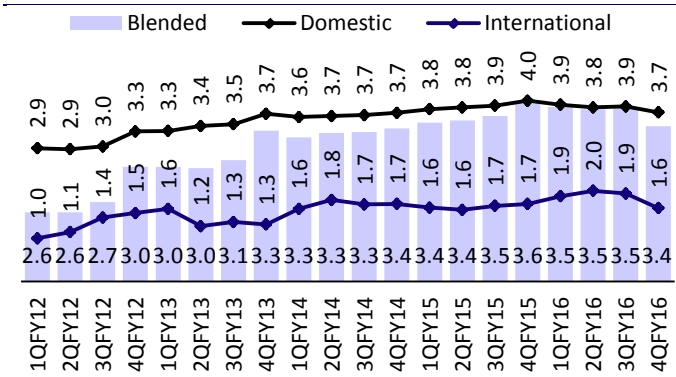
## Exhibit 9: DuPont Analysis: Core RoA to remain under pressure impacted by lower NII and elevated provisions

| Y/E March                             | FY09        | FY10        | FY11        | FY12        | FY13        | FY14        | FY15        | FY16        | FY17E       | FY18E       | FY19E       |
|---------------------------------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|
| <b>Net Interest Income</b>            | <b>2.15</b> | <b>2.19</b> | <b>2.34</b> | <b>2.40</b> | <b>2.70</b> | <b>2.91</b> | <b>3.07</b> | <b>3.11</b> | <b>2.93</b> | <b>2.93</b> | <b>2.95</b> |
| Core Fee Income                       | 1.67        | 1.52        | 1.67        | 1.50        | 1.35        | 1.37        | 1.34        | 1.29        | 1.30        | 1.31        | 1.30        |
| Fee to core Income                    | 43.8        | 41.0        | 41.6        | 38.5        | 33.2        | 32.0        | 30.3        | 29.4        | 30.7        | 30.9        | 30.7        |
| <b>Core Income</b>                    | <b>3.82</b> | <b>3.71</b> | <b>4.01</b> | <b>3.90</b> | <b>4.05</b> | <b>4.28</b> | <b>4.40</b> | <b>4.40</b> | <b>4.23</b> | <b>4.24</b> | <b>4.25</b> |
| <b>Operating Expenses</b>             | <b>1.81</b> | <b>1.58</b> | <b>1.72</b> | <b>1.75</b> | <b>1.76</b> | <b>1.82</b> | <b>1.85</b> | <b>1.86</b> | <b>1.90</b> | <b>1.92</b> | <b>1.91</b> |
| Cost to Core Income                   | 47.3        | 42.6        | 42.9        | 45.0        | 43.4        | 42.5        | 42.1        | 42.2        | 44.9        | 45.3        | 44.9        |
| Employee cost                         | 0.51        | 0.52        | 0.73        | 0.79        | 0.76        | 0.75        | 0.77        | 0.73        | 0.74        | 0.75        | 0.74        |
| Others                                | 1.30        | 1.06        | 0.99        | 0.97        | 1.00        | 1.08        | 1.09        | 1.12        | 1.16        | 1.17        | 1.17        |
| <b>Core operating Profits</b>         | <b>2.01</b> | <b>2.13</b> | <b>2.29</b> | <b>2.14</b> | <b>2.29</b> | <b>2.46</b> | <b>2.55</b> | <b>2.54</b> | <b>2.33</b> | <b>2.32</b> | <b>2.34</b> |
| <b>Non-Interest income</b>            | <b>1.95</b> | <b>2.01</b> | <b>1.73</b> | <b>1.68</b> | <b>1.63</b> | <b>1.84</b> | <b>1.96</b> | <b>2.24</b> | <b>1.78</b> | <b>1.78</b> | <b>1.73</b> |
| Trading and others                    | 0.28        | 0.49        | 0.06        | 0.18        | 0.28        | 0.47        | 0.63        | 0.95        | 0.49        | 0.47        | 0.42        |
| <b>Operating Profits</b>              | <b>2.29</b> | <b>2.62</b> | <b>2.35</b> | <b>2.32</b> | <b>2.57</b> | <b>2.93</b> | <b>3.18</b> | <b>3.49</b> | <b>2.82</b> | <b>2.79</b> | <b>2.77</b> |
| <b>Provisions</b>                     | <b>0.98</b> | <b>1.18</b> | <b>0.59</b> | <b>0.35</b> | <b>0.35</b> | <b>0.46</b> | <b>0.63</b> | <b>1.71</b> | <b>0.85</b> | <b>0.79</b> | <b>0.71</b> |
| NPA                                   | 0.96        | 1.17        | 0.51        | 0.22        | 0.27        | 0.40        | 0.51        | 1.14        | 0.97        | 0.86        | 0.74        |
| Others                                | 0.01        | 0.01        | 0.08        | 0.13        | 0.08        | 0.07        | 0.12        | 0.57        | -0.13       | -0.07       | -0.03       |
| <b>PBT</b>                            | <b>1.31</b> | <b>1.44</b> | <b>1.76</b> | <b>1.97</b> | <b>2.22</b> | <b>2.47</b> | <b>2.55</b> | <b>1.78</b> | <b>1.97</b> | <b>2.00</b> | <b>2.06</b> |
| Tax                                   | 0.35        | 0.36        | 0.42        | 0.52        | 0.60        | 0.73        | 0.75        | 0.36        | 0.59        | 0.60        | 0.62        |
| Tax Rate                              | 26.6        | 24.7        | 23.8        | 26.6        | 26.9        | 29.8        | 29.4        | 20.2        | 30.0        | 30.0        | 30.0        |
| <b>RoA</b>                            | <b>0.96</b> | <b>1.08</b> | <b>1.34</b> | <b>1.44</b> | <b>1.62</b> | <b>1.73</b> | <b>1.80</b> | <b>1.42</b> | <b>1.38</b> | <b>1.40</b> | <b>1.44</b> |
| Less: Dividend from Subs              | 0.09        | 0.10        | 0.11        | 0.16        | 0.18        | 0.23        | 0.25        | 0.22        | 0.20        | 0.19        | 0.17        |
| <b>Core RoA (ex-income from subs)</b> | <b>0.88</b> | <b>0.98</b> | <b>1.23</b> | <b>1.28</b> | <b>1.45</b> | <b>1.51</b> | <b>1.55</b> | <b>1.21</b> | <b>1.17</b> | <b>1.21</b> | <b>1.27</b> |
| Core Leverage                         | 10.3        | 9.7         | 9.4         | 10.0        | 10.2        | 10.1        | 9.8         | 9.5         | 9.5         | 9.8         | 10.2        |
| <b>RoE</b>                            | <b>9.1</b>  | <b>9.6</b>  | <b>11.5</b> | <b>12.8</b> | <b>14.8</b> | <b>15.2</b> | <b>15.2</b> | <b>11.5</b> | <b>11.1</b> | <b>11.8</b> | <b>13.0</b> |

Source: MOSL, Company

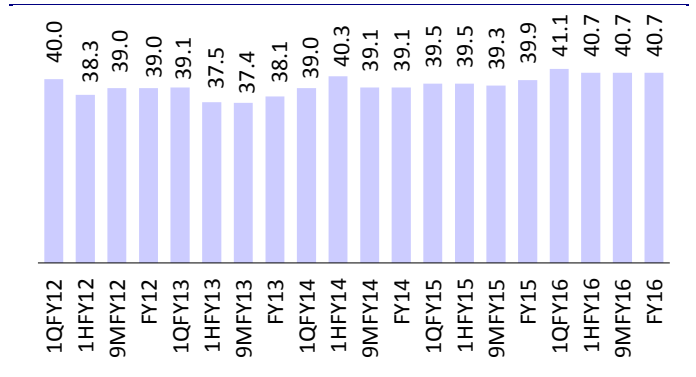
## Story in charts

**Exhibit 10: Domestic NIM decline QoQ partly led by interest income reversals (%)**



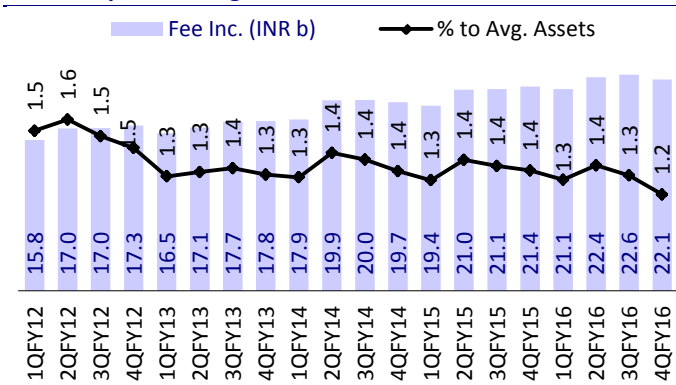
Source: MOSL, Company

**Exhibit 11: Avg. daily CASA ratio close to life time high levels (%)**



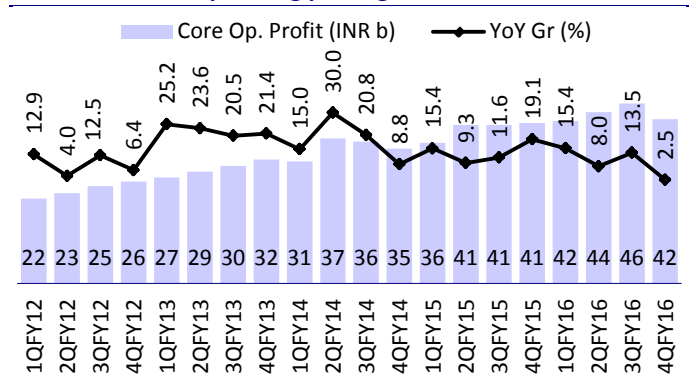
Source: MOSL, Company

**Exhibit 12: Fee income growth remains muted impacted by weak corporate fee growth**



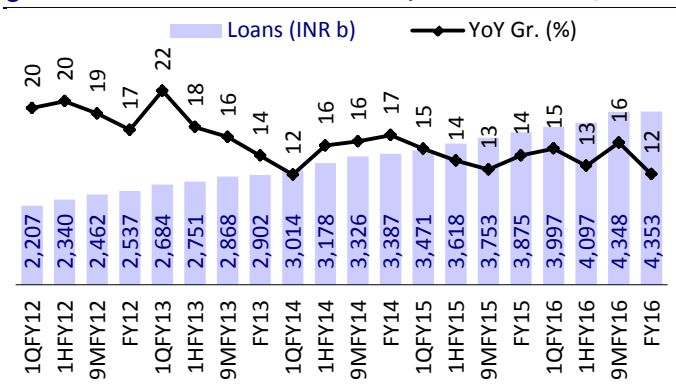
Source: MOSL, Company

**Exhibit 13: Core operating profit growth muted**



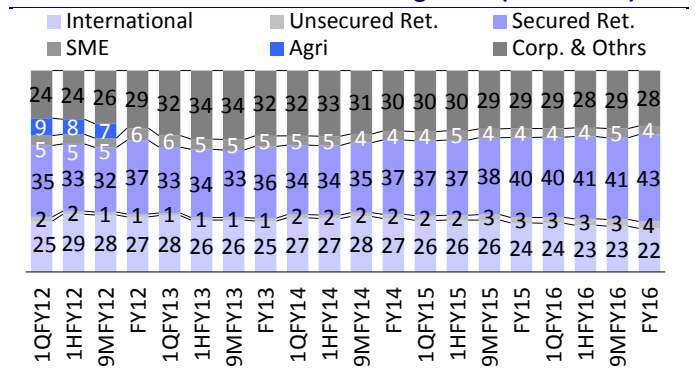
Source: MOSL, Company

**Exhibit 14: Domestic loan gr. at 16% YoY; corporate loan growth remains muted at +7% YoY v/s 15% YoY in 3QFY16**



Source: MOSL, Company

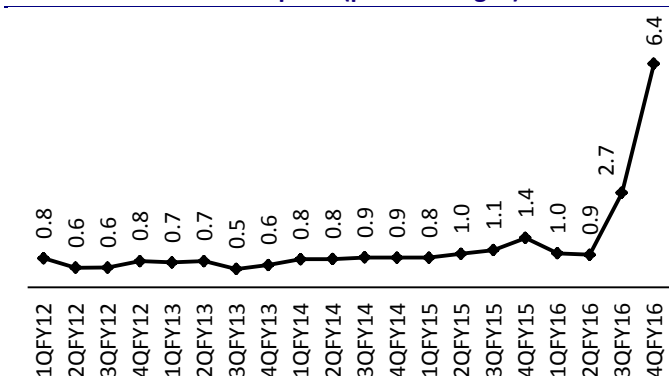
**Exhibit 15: Retail continues to drive growth (loan mix %)**



Source: MOSL, Company

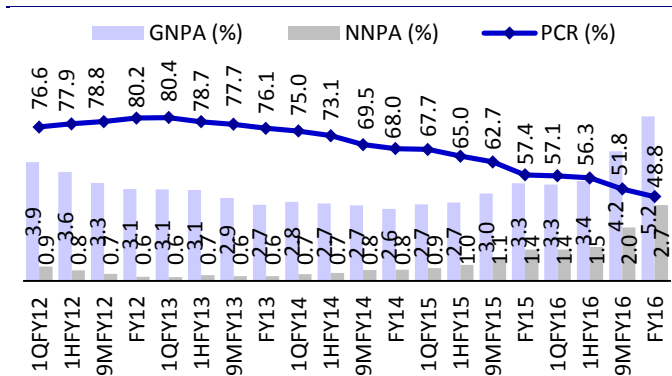
## Story in charts

**Exhibit 16: Credit costs spikes (provisioning %)**



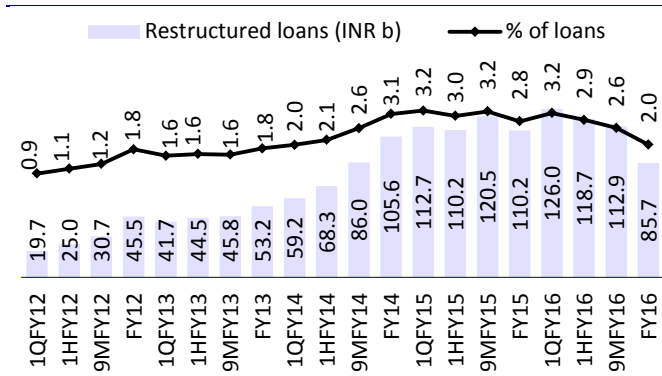
Source: MOSL, Company

**Exhibit 17: Abs. GNPA increased 24% QoQ, PCR trends lower to ~49%**



Source: MOSL, Company

**Exhibit 18: Net OSRL decreased 24% QoQ, led by relapse from restructured book**



Source: MOSL, Company

**Exhibit 19: Profitability at subsidiaries**

| (INR m)                 | 4QFY16       | 3QFY16        | QoQ        | 4QFY15        | YoY        |
|-------------------------|--------------|---------------|------------|---------------|------------|
| Standalone PAT          | 7,019        | 30,181        | -77        | 29,220        | -76        |
| I Sec                   | 630          | 550           | 15         | 890           | -29        |
| I Sec PD                | 130          | 630           | -79        | 470           | -72        |
| I Venture               | -50          | -90           | NM         | -100          | NM         |
| Pru AMC                 | 800          | 820           | -2         | 570           | 40         |
| ICICI Home Finance      | 410          | 401           | 2          | 502           | -18        |
| ICICI Life Insurance    | 4,020        | 4,360         | -8         | 3,910         | 3          |
| ICICI General Insurance | 1,190        | 1,300         | -8         | 1,300         | -8         |
| Consolidation Adj       | -10,079      | -6,929        | NM         | -5,911        | NM         |
| <b>Consol. Profit</b>   | <b>4,070</b> | <b>31,224</b> | <b>-87</b> | <b>30,850</b> | <b>-87</b> |

Source: MOSL, Company

**Exhibit 20: DuPont Quarterly: Significant dent in core profitability led by lower income**

|                               | 1QFY14      | 2QFY14      | 3QFY14      | 4QFY14      | 1QFY15      | 2QFY15      | 3QFY15      | 4QFY15      | 1QFY16      | 2QFY16      | 3QFY16      | 4QFY16      |
|-------------------------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|
| <b>Net Interest Income</b>    | <b>2.82</b> | <b>2.91</b> | <b>2.99</b> | <b>2.98</b> | <b>3.04</b> | <b>3.11</b> | <b>3.13</b> | <b>3.22</b> | <b>3.18</b> | <b>3.24</b> | <b>3.21</b> | <b>3.04</b> |
| Fee income                    | 1.32        | 1.43        | 1.40        | 1.35        | 1.31        | 1.40        | 1.37        | 1.35        | 1.31        | 1.38        | 1.33        | 1.24        |
| Fee inc to Core income        | 31.9        | 33.0        | 31.9        | 31.2        | 30.1        | 31.1        | 30.5        | 29.6        | 29.2        | 29.9        | 29.3        | 29.0        |
| <b>Core Income</b>            | <b>4.14</b> | <b>4.34</b> | <b>4.40</b> | <b>4.33</b> | <b>4.35</b> | <b>4.51</b> | <b>4.51</b> | <b>4.57</b> | <b>4.49</b> | <b>4.61</b> | <b>4.54</b> | <b>4.28</b> |
| <b>Operating Expenses</b>     | <b>1.84</b> | <b>1.67</b> | <b>1.84</b> | <b>1.97</b> | <b>1.91</b> | <b>1.80</b> | <b>1.87</b> | <b>1.97</b> | <b>1.91</b> | <b>1.91</b> | <b>1.83</b> | <b>1.91</b> |
| Cost to core Income           | 44.4        | 38.5        | 41.9        | 45.5        | 43.9        | 39.9        | 41.4        | 43.1        | 42.5        | 41.4        | 40.3        | 44.7        |
| Employee                      | 0.80        | 0.63        | 0.70        | 0.86        | 0.84        | 0.72        | 0.73        | 0.82        | 0.79        | 0.75        | 0.67        | 0.78        |
| Others                        | 1.03        | 1.04        | 1.14        | 1.11        | 1.07        | 1.07        | 1.14        | 1.15        | 1.12        | 1.16        | 1.16        | 1.14        |
| <b>Core Operating profits</b> | <b>2.30</b> | <b>2.67</b> | <b>2.56</b> | <b>2.36</b> | <b>2.44</b> | <b>2.71</b> | <b>2.64</b> | <b>2.60</b> | <b>2.58</b> | <b>2.70</b> | <b>2.71</b> | <b>2.37</b> |
| Trading and others            | 0.51        | 0.12        | 0.57        | 0.69        | 0.62        | 0.42        | 0.64        | 0.86        | 0.55        | 0.48        | 1.15        | 1.63        |
| <b>Operating Profits</b>      | <b>2.81</b> | <b>2.80</b> | <b>3.12</b> | <b>3.05</b> | <b>3.05</b> | <b>3.13</b> | <b>3.28</b> | <b>3.46</b> | <b>3.13</b> | <b>3.18</b> | <b>3.86</b> | <b>4.00</b> |
| Provisions                    | 0.44        | 0.45        | 0.49        | 0.49        | 0.49        | 0.57        | 0.64        | 0.85        | 0.59        | 0.58        | 1.67        | 3.89        |
| <b>PBT</b>                    | <b>2.37</b> | <b>2.35</b> | <b>2.63</b> | <b>2.56</b> | <b>2.56</b> | <b>2.57</b> | <b>2.64</b> | <b>2.61</b> | <b>2.54</b> | <b>2.60</b> | <b>2.19</b> | <b>0.10</b> |
| Tax                           | 0.70        | 0.66        | 0.85        | 0.74        | 0.77        | 0.76        | 0.76        | 0.76        | 0.69        | 0.73        | 0.41        | -0.29       |
| <b>RoA</b>                    | <b>1.68</b> | <b>1.69</b> | <b>1.78</b> | <b>1.82</b> | <b>1.80</b> | <b>1.81</b> | <b>1.88</b> | <b>1.85</b> | <b>1.85</b> | <b>1.87</b> | <b>1.78</b> | <b>0.39</b> |

Source: MOSL, Company

## Exhibit 21: Quarterly Snapshot

| INR m                      | FY15          |               |               |               | FY16          |               |               |                | Variation (%) |            | Cumulative Numbers |                |            |
|----------------------------|---------------|---------------|---------------|---------------|---------------|---------------|---------------|----------------|---------------|------------|--------------------|----------------|------------|
|                            | 1Q            | 2Q            | 3Q            | 4Q            | 1Q            | 2Q            | 3Q            | 4Q             | QoQ           | YoY        | FY15               | FY16           | YoY Gr (%) |
| <b>Profit and Loss</b>     |               |               |               |               |               |               |               |                |               |            |                    |                |            |
| <b>Net Interest Income</b> | 44,919        | 46,566        | 48,117        | 50,794        | 51,151        | 52,515        | 54,530        | 54,045         | -1            | 6          | 190,396            | 212,240        | 11         |
| <b>Other Income</b>        | 28,498        | 27,384        | 30,917        | 34,963        | 29,899        | 30,074        | 42,169        | 51,089         | 21            | 46         | 121,761            | 153,231        | 26         |
| Trading profits            | 3,880         | 1,370         | 4,430         | 7,260         | 2,070         | 2,220         | 14,420        | 21,900         | 52            | 202        | 16,940             | 40,610         | 140        |
| Fee Income                 | 19,360        | 21,030        | 21,100        | 21,370        | 21,100        | 22,350        | 22,620        | 22,120         | -2            | 4          | 82,860             | 88,190         | 6          |
| Miscellaneous Income       | 5,258         | 4,984         | 5,387         | 6,333         | 6,729         | 5,504         | 5,129         | 7,069          | 38            | 12         | 21,961             | 24,431         | 11         |
| <b>Total Income</b>        | <b>73,417</b> | <b>73,950</b> | <b>79,033</b> | <b>85,757</b> | <b>81,050</b> | <b>82,588</b> | <b>96,698</b> | <b>105,134</b> | <b>9</b>      | <b>23</b>  | <b>312,157</b>     | <b>365,471</b> | <b>17</b>  |
| <b>Operating Expenses</b>  | <b>28,250</b> | <b>26,971</b> | <b>28,663</b> | <b>31,074</b> | <b>30,672</b> | <b>31,004</b> | <b>31,100</b> | <b>34,059</b>  | <b>10</b>     | <b>10</b>  | <b>114,958</b>     | <b>126,836</b> | <b>10</b>  |
| Employee                   | 12,469        | 10,864        | 11,178        | 12,988        | 12,673        | 12,126        | 11,404        | 13,821         | 21            | 6          | 47,499             | 50,024         | 5          |
| Others                     | 15,781        | 16,107        | 17,485        | 18,086        | 17,999        | 18,878        | 19,696        | 20,239         | 3             | 12         | 67,460             | 76,812         | 14         |
| <b>Operating Profits</b>   | <b>45,167</b> | <b>46,979</b> | <b>50,370</b> | <b>54,683</b> | <b>50,378</b> | <b>51,584</b> | <b>65,598</b> | <b>71,075</b>  | <b>8</b>      | <b>30</b>  | <b>197,199</b>     | <b>238,635</b> | <b>21</b>  |
| <b>Provisions</b>          | <b>7,261</b>  | <b>8,495</b>  | <b>9,797</b>  | <b>13,447</b> | <b>9,554</b>  | <b>9,422</b>  | <b>28,441</b> | <b>69,262</b>  | <b>144</b>    | <b>415</b> | <b>39,000</b>      | <b>116,678</b> | <b>199</b> |
| <b>PBT</b>                 | <b>37,906</b> | <b>38,484</b> | <b>40,573</b> | <b>41,236</b> | <b>40,824</b> | <b>42,163</b> | <b>37,158</b> | <b>1,813</b>   | <b>-95</b>    | <b>-96</b> | <b>158,199</b>     | <b>121,957</b> | <b>-23</b> |
| Taxes                      | 11,353        | 11,394        | 11,683        | 12,016        | 11,063        | 11,862        | 6,976         | -5,206         | -175          | -143       | 46,446             | 24,694         | -47        |
| <b>PAT</b>                 | <b>26,553</b> | <b>27,090</b> | <b>28,890</b> | <b>29,220</b> | <b>29,762</b> | <b>30,301</b> | <b>30,181</b> | <b>7,019</b>   | <b>-77</b>    | <b>-76</b> | <b>111,754</b>     | <b>97,263</b>  | <b>-13</b> |
| <b>Asset Quality</b>       |               |               |               |               |               |               |               |                |               |            |                    |                |            |
| GNPA                       | 110,010       | 116,950       | 132,310       | 152,420       | 152,860       | 160,060       | 213,560       | 267,210        | 25            | 75         |                    |                |            |
| NNPA                       | 34,740        | 39,970        | 48,310        | 63,250        | 64,020        | 68,280        | 113,420       | 132,970        | 17            | 110        |                    |                |            |
| GNPA (%)                   | 2.7           | 2.7           | 3.0           | 3.3           | 3.3           | 3.4           | 4.2           | 5.2            | 100           | 192        |                    |                |            |
| NNPA (%)                   | 0.9           | 1.0           | 1.1           | 1.4           | 1.4           | 1.5           | 2.0           | 2.7            | 64            | 127        |                    |                |            |
| PCR (Calculated, %)        | 68            | 66            | 63            | 59            | 58            | 57            | 47            | 50             | 335           | -827       |                    |                |            |
| GNPA - Retail              | 37,890        | 35,910        | 34,940        | 33,780        | 36,330        | 35,390        | 36,970        | 38,250         | 3             | 13         |                    |                |            |
| NNPA - Retail              | 8,460         | 8,900         | 9,330         | 9,860         | 11,790        | 11,760        | 11,830        | 12,440         | 5             | 26         |                    |                |            |
| Prov. for NPA in qtr       | 7,261         | 8,495         | 9,797         | 13,447        | 9,554         | 9,422         | 28,441        | 69,262         | 144           | 415        | 39,000             | 116,678        | 199        |
| Credit Cost                | 0.8           | 1.0           | 1.1           | 1.4           | 1.0           | 0.9           | 2.7           | 6.4            | 367           | 496        |                    |                |            |
| Restructured loans         | 112,650       | 110,200       | 120,520       | 110,170       | 126,040       | 118,680       | 112,940       | 85,730         | -24           | -22        |                    |                |            |
| % of Loans                 | 3.2           | 3.0           | 3.2           | 2.8           | 3.2           | 2.9           | 2.6           | 2.0            | -63           | -87        |                    |                |            |
| <b>Ratios (%)</b>          |               |               |               |               |               |               |               |                |               |            |                    |                |            |
| Fees to Total Income       | 26.4          | 28.4          | 26.7          | 24.9          | 26.0          | 27.1          | 23.4          | 21.0           |               |            | 26.5               | 24.1           |            |
| Cost to Core Income        | 40.6          | 37.2          | 38.4          | 39.6          | 38.8          | 38.6          | 37.8          | 40.9           |               |            | 38.9               | 39.0           |            |
| Tax Rate                   | 30.0          | 29.6          | 28.8          | 29.1          | 27.1          | 28.1          | 18.8          | -287.2         |               |            | 29.4               | 20.2           |            |
| CASA                       | 43.0          | 43.7          | 44.0          | 45.5          | 44.1          | 45.1          | 45.2          | 45.8           |               |            |                    |                |            |
| Dom. Loan/Deposit (Rep)    | 80.5          | 79.5          | 81.2          | 83.8          | 85.1          | 84.3          | 84.8          | 83.2           |               |            |                    |                |            |
| Loan / Deposit             | 103.4         | 102.8         | 105.6         | 107.2         | 108.7         | 106.5         | 106.7         | 103.3          |               |            |                    |                |            |
| RoA (cal)                  | 1.8           | 1.8           | 1.9           | 1.9           | 1.8           | 1.9           | 1.8           | 0.4            |               |            | 1.8                | 1.5            | -36        |
| RoE (Cal)                  | 14.2          | 14.0          | 14.4          | 14.4          | 14.5          | 14.3          | 13.7          | 3.1            |               |            | 14.3               | 11.4           | -285       |
| <b>Margins - Cal (%)</b>   |               |               |               |               |               |               |               |                |               |            |                    |                |            |
| Yield on loans             | 9.8           | 10.0          | 9.8           | 9.8           | 9.5           | 9.6           | 9.3           | 9.2            | -11           | -56        | 9.8                | 9.4            | -44        |
| Yield On Investments       | 6.6           | 7.2           | 7.1           | 6.8           | 6.9           | 7.0           | 6.7           | 6.5            | -13           | -24        | 6.9                | 6.8            | -12        |
| Yield on Funds             | 9.0           | 9.2           | 9.2           | 9.3           | 9.1           | 9.3           | 9.0           | 8.7            | -31           | -57        | 9.2                | 9.0            | -14        |
| Cost of funds              | 6.0           | 6.1           | 6.0           | 5.9           | 5.8           | 5.9           | 5.6           | 5.5            | -14           | -41        | 6.0                | 5.7            | -32        |
| <b>Margins</b>             | <b>3.4</b>    | <b>3.5</b>    | <b>3.6</b>    | <b>3.7</b>    | <b>3.7</b>    | <b>3.7</b>    | <b>3.7</b>    | <b>3.5</b>     | <b>-19</b>    | <b>-21</b> | <b>3.6</b>         | <b>3.6</b>     | <b>8</b>   |
| <b>Margins - Reported</b>  | <b>3.4</b>    | <b>3.4</b>    | <b>3.5</b>    | <b>3.6</b>    | <b>3.5</b>    | <b>3.5</b>    | <b>3.5</b>    | <b>3.4</b>     | <b>-16</b>    | <b>-20</b> | <b>3.5</b>         | <b>3.5</b>     | <b>3</b>   |
| <b>Franchise</b>           |               |               |               |               |               |               |               |                |               |            |                    |                |            |
| ATM                        | 11,447        | 11,739        | 12,091        | 12,451        | 12,811        | 12,964        | 13,372        | 13,766         | 3             | 11         |                    |                |            |
| Branches                   | 3,763         | 3,815         | 3,850         | 4,050         | 4,052         | 4,054         | 4,156         | 4,450          | 7             | 10         |                    |                |            |

Source: MOSL, Company

## Exhibit 22: Quarterly Snapshot continues

| INR b                          | FY14          |               |               |               | FY15          |               |               |               | FY16          |               |               |                | Variation (%) |            |
|--------------------------------|---------------|---------------|---------------|---------------|---------------|---------------|---------------|---------------|---------------|---------------|---------------|----------------|---------------|------------|
|                                | 1Q            | 2Q            | 3Q            | 4Q            | 1Q            | 2Q            | 3Q            | 4Q            | 1Q            | 2Q            | 3Q            | 4Q             | QoQ           | YoY        |
| <b>Balance Sheet</b>           |               |               |               |               |               |               |               |               |               |               |               |                |               |            |
| <b>Loans</b>                   | <b>3,014</b>  | <b>3,178</b>  | <b>3,326</b>  | <b>3,387</b>  | <b>3,471</b>  | <b>3,618</b>  | <b>3,753</b>  | <b>3,875</b>  | <b>3,997</b>  | <b>4,097</b>  | <b>4,348</b>  | <b>4,353</b>   | <b>0</b>      | <b>12</b>  |
| Investments                    | 1,879         | 1,837         | 1,854         | 1,967         | 1,680         | 1,777         | 1,640         | 1,748         | 1,582         | 1,638         | 1,791         | 1,932          | 8             | 11         |
| <b>Customer Assets</b>         | <b>3,583</b>  | <b>3,708</b>  | <b>3,853</b>  | <b>4,026</b>  | <b>3,993</b>  | <b>4,164</b>  | <b>4,313</b>  | <b>4,518</b>  | <b>4,573</b>  | <b>4,645</b>  | <b>5,587</b>  | <b>4,980</b>   | <b>-11</b>    | <b>10</b>  |
| <b>Deposits</b>                | <b>2,912</b>  | <b>3,090</b>  | <b>3,170</b>  | <b>3,319</b>  | <b>3,358</b>  | <b>3,521</b>  | <b>3,553</b>  | <b>3,616</b>  | <b>3,679</b>  | <b>3,846</b>  | <b>4,073</b>  | <b>4,214</b>   | <b>3</b>      | <b>17</b>  |
| Borrowings                     | 1,556         | 1,450         | 1,506         | 1,544         | 1,456         | 1,500         | 1,526         | 1,721         | 1,628         | 1,558         | 1,768         | 1,745          | -1            | 1          |
| <b>Total Assets</b>            | <b>5,486</b>  | <b>5,635</b>  | <b>5,741</b>  | <b>5,946</b>  | <b>5,884</b>  | <b>6,111</b>  | <b>6,171</b>  | <b>6,461</b>  | <b>6,413</b>  | <b>6,571</b>  | <b>7,023</b>  | <b>7,207</b>   | <b>3</b>      | <b>12</b>  |
| <b>Deposits Break Up</b>       |               |               |               |               |               |               |               |               |               |               |               |                |               |            |
| <b>CASA Deposits</b>           | <b>1,258</b>  | <b>1,339</b>  | <b>1,372</b>  | <b>1,424</b>  | <b>1,444</b>  | <b>1,537</b>  | <b>1,564</b>  | <b>1,644</b>  | <b>1,623</b>  | <b>1,735</b>  | <b>1,841</b>  | <b>1,931</b>   | <b>11</b>     | <b>23</b>  |
| % of total Deposits            | 43            | 43            | 43            | 43            | 43            | 44            | 44            | 45            | 44            | 45            | 45            | 46             |               |            |
| Savings                        | 889           | 935           | 957           | 991           | 1,027         | 1,056         | 1,105         | 1,149         | 1,168         | 1,207         | 1,269         | 1,342          | 11            | 21         |
| % of total Deposits            | 31            | 30            | 30            | 30            | 31            | 30            | 31            | 32            | 32            | 31            | 31            | 32             |               |            |
| Current                        | 370           | 404           | 414           | 432           | 417           | 481           | 459           | 495           | 455           | 528           | 572           | 589            | 12            | 28         |
| % of total Deposits            | 13            | 13            | 13            | 13            | 12            | 14            | 13            | 14            | 12            | 14            | 14            | 14             |               |            |
| Term Deposits                  | 1,654         | 1,751         | 1,798         | 1,895         | 1,914         | 1,983         | 1,989         | 1,972         | 2,056         | 2,111         | 2,232         | 2,283          | 8             | 15         |
| % of total Deposits            | 57            | 57            | 57            | 57            | 57            | 56            | 56            | 55            | 56            | 55            | 55            | 54             |               |            |
| <b>Loan Break Up</b>           |               |               |               |               |               |               |               |               |               |               |               |                |               |            |
| SME Loans                      | 139           | 146           | 143           | 149           | 153           | 163           | 165           | 171           | 172           | 176           | 200           | 187            | -6            | 10         |
| Corporate Loans                | 979           | 1,035         | 1,047         | 1,020         | 1,057         | 1,084         | 1,089         | 1,119         | 1,149         | 1,164         | 1,253         | 1,197          | -4            | 7          |
| Retail Loans                   | 1,085         | 1,151         | 1,222         | 1,320         | 1,372         | 1,441         | 1,535         | 1,644         | 1,709         | 1,802         | 1,904         | 2,028          | 7             | 23         |
| <i>of which</i>                |               |               |               |               |               |               |               |               |               |               |               |                |               |            |
| Housing                        | 596           | 631           | 666           | 706           | 742           | 793           | 844           | 891           | 938           | 993           | 1,045         | 1,095          | 5             | 23         |
| Personal Loans                 | 18            | 24            | 31            | 40            | 47            | 53            | 64            | 69            | 75            | 83            | 91            | 101            | 11            | 47         |
| Credit Cards                   | 30            | 31            | 32            | 33            | 36            | 36            | 38            | 39            | 41            | 45            | 51            | 55             | 7             | 39         |
| Others                         | 441           | 465           | 494           | 541           | 547           | 559           | 588           | 644           | 655           | 681           | 716           | 777            | 8             | 21         |
| <b>International Loans</b>     | <b>811</b>    | <b>845</b>    | <b>915</b>    | <b>898</b>    | <b>888</b>    | <b>930</b>    | <b>965</b>    | <b>942</b>    | <b>967</b>    | <b>955</b>    | <b>991</b>    | <b>940</b>     | <b>-5</b>     | <b>0</b>   |
| <b>Loan Mix</b>                |               |               |               |               |               |               |               |               |               |               |               |                |               |            |
| Agriculture                    |               |               |               |               |               |               |               |               |               |               |               |                |               |            |
| SME Loans                      | 4.6           | 4.6           | 4.3           | 4.4           | 4.4           | 4.5           | 4.4           | 4.4           | 4.3           | 4.3           | 4.6           | 4.3            |               |            |
| Corporate Loans                | 32.5          | 32.6          | 31.5          | 30.1          | 30.5          | 30.0          | 29.0          | 28.9          | 28.7          | 28.4          | 28.8          | 27.5           |               |            |
| Retails                        | 36.0          | 36.2          | 36.7          | 39.0          | 39.5          | 39.8          | 40.9          | 42.4          | 42.8          | 44.0          | 43.8          | 46.6           |               |            |
| International Loans            | 26.9          | 26.6          | 27.5          | 26.5          | 25.6          | 25.7          | 25.7          | 24.3          | 24.2          | 23.3          | 22.8          | 21.6           |               |            |
| <b>Subsidiaries PAT(INR m)</b> |               |               |               |               |               |               |               |               |               |               |               |                |               |            |
| I Sec                          | 130           | 180           | 350           | 250           | 610           | 680           | 760           | 890           | 610           | 600           | 550           | 630            | 15            | -29        |
| I Sec PD                       | 1,200         | -760          | 480           | 400           | 460           | 490           | 750           | 470           | 330           | 860           | 630           | 130            | -79           | -72        |
| I Venture                      | 190           | 1             | 0             | 139           | 110           | 0             | 1             | -100          | -30           | -30           | -90           | -50            | NM            | NM         |
| Pru AMC                        | 370           | 440           | 470           | 550           | 610           | 620           | 670           | 570           | 800           | 840           | 820           | 800            | -2            | 40         |
| ICICI Home Finance             | 576           | 604           | 517           | 534           | 500           | 481           | 498           | 502           | 500           | 489           | 401           | 410            | 2             | -18        |
| ICIC Life Insurance            | 3,640         | 3,870         | 4,280         | 3,880         | 3,820         | 3,990         | 4,620         | 3,910         | 3,970         | 4,150         | 4,360         | 4,020          | -8            | 3          |
| ICICI General Insurance        | 2,030         | 1,560         | 760           | 760           | 720           | 1,580         | 1,760         | 1,300         | 1,160         | 1,430         | 1,300         | 1,190          | -8            | -8         |
| ICICI Bank                     | 22,742        | 23,521        | 25,322        | 26,520        | 26,553        | 27,090        | 28,890        | 29,220        | 29,762        | 30,301        | 30,181        | 7,019          | -77           | -76        |
| <b>Consol. adjustment</b>      | <b>-3,408</b> | <b>-2,435</b> | <b>-3,459</b> | <b>-5,793</b> | <b>-5,063</b> | <b>-4,281</b> | <b>-5,298</b> | <b>-5,911</b> | <b>-4,782</b> | <b>-4,450</b> | <b>-6,929</b> | <b>-10,079</b> | <b>NM</b>     | <b>NM</b>  |
| <b>Consol. Profit</b>          | <b>27,470</b> | <b>26,980</b> | <b>28,720</b> | <b>27,240</b> | <b>28,320</b> | <b>30,650</b> | <b>32,650</b> | <b>30,850</b> | <b>32,320</b> | <b>34,190</b> | <b>31,224</b> | <b>4,070</b>   | <b>-87</b>    | <b>-87</b> |

Source: MOSL, Company

## Exhibit 23: Financials: Valuation metrics

|                          | Rating  | CMP<br>(INR) | Mcap<br>(USD b) | EPS (INR) |      | P/E (x)     |             | BV (INR) |       | P/BV (x)    |             | RoA (%) |      | RoE (%) |      |
|--------------------------|---------|--------------|-----------------|-----------|------|-------------|-------------|----------|-------|-------------|-------------|---------|------|---------|------|
|                          |         |              |                 | FY17      | FY18 | FY17        | FY18        | FY17     | FY18  | FY17        | FY18        | FY17    | FY18 | FY17    | FY18 |
| ICICIBC*                 | Buy     | 237          | 20.8            | 22.2      | 26.6 | 7.6         | 5.9         | 147      | 166   | 1.14        | 0.94        | 1.39    | 1.43 | 13.4    | 14.3 |
| HDFCB                    | Buy     | 1,133        | 43.4            | 58.5      | 70.3 | 19.4        | 16.1        | 332      | 386   | 3.41        | 2.93        | 1.88    | 1.85 | 18.9    | 19.6 |
| AXSB                     | Buy     | 472          | 17.1            | 35.0      | 41.0 | 13.5        | 11.5        | 251      | 285   | 1.88        | 1.66        | 1.45    | 1.43 | 14.7    | 15.2 |
| KMB*                     | Neutral | 716          | 19.8            | 24.7      | 31.3 | 29.0        | 22.9        | 206      | 237   | 3.47        | 3.02        | 1.38    | 1.54 | 13.9    | 14.8 |
| YES                      | Buy     | 944          | 6.0             | 74.6      | 91.8 | 12.6        | 10.3        | 387      | 460   | 2.44        | 2.05        | 1.71    | 1.72 | 20.9    | 21.7 |
| IIB                      | Buy     | 1,049        | 9.5             | 50.5      | 63.8 | 20.8        | 16.4        | 334      | 389   | 3.14        | 2.70        | 1.92    | 1.96 | 16.2    | 17.6 |
| DCBB                     | Buy     | 94           | 0.4             | 7.1       | 8.4  | 13.3        | 11.3        | 69       | 77    | 1.37        | 1.22        | 0.94    | 0.90 | 10.9    | 11.5 |
| FB                       | Neutral | 46           | 1.2             | 4.5       | 5.5  | 10.1        | 8.3         | 51       | 56    | 0.89        | 0.83        | 0.79    | 0.83 | 9.1     | 10.3 |
| JKBK                     | Neutral | 69           | 0.5             | 18.0      | 21.6 | 3.8         | 3.2         | 152      | 168   | 0.45        | 0.41        | 1.02    | 1.07 | 12.4    | 13.5 |
| SIB                      | Buy     | 18           | 0.4             | 3.1       | 3.7  | 5.9         | 5.0         | 31       | 34    | 0.59        | 0.54        | 0.58    | 0.61 | 10.3    | 11.4 |
| <b>Private Aggregate</b> |         |              | <b>119.0</b>    |           |      | <b>16.5</b> | <b>13.8</b> |          |       | <b>2.40</b> | <b>2.11</b> |         |      |         |      |
| SBIN (cons)*             | Buy     | 189          | 22.2            | 24.1      | 28.7 | 7.4         | 6.1         | 243      | 266   | 0.73        | 0.66        | 0.61    | 0.64 | 10.2    | 11.3 |
| PNB                      | Neutral | 87           | 2.6             | 16.8      | 21.6 | 5.2         | 4.0         | 220      | 239   | 0.40        | 0.36        | 0.48    | 0.55 | 7.9     | 9.4  |
| BOI                      | Neutral | 93           | 1.1             | 4.0       | 18.7 | 23.0        | 5.0         | 318      | 334   | 0.29        | 0.28        | 0.05    | 0.19 | 1.3     | 5.7  |
| BOB                      | Buy     | 158          | 5.5             | 16.4      | 20.7 | 9.6         | 7.7         | 171      | 187   | 0.92        | 0.84        | 0.49    | 0.55 | 9.9     | 11.5 |
| CBK                      | Neutral | 206          | 1.7             | 47.3      | 55.2 | 4.4         | 3.7         | 584      | 626   | 0.35        | 0.33        | 0.41    | 0.43 | 8.4     | 9.1  |
| UNBK                     | Buy     | 127          | 1.3             | 28.2      | 38.4 | 4.5         | 3.3         | 323      | 354   | 0.39        | 0.36        | 0.45    | 0.54 | 9.1     | 11.3 |
| OBC                      | Neutral | 91           | 0.4             | 25.0      | 32.2 | 3.6         | 2.8         | 458      | 483   | 0.20        | 0.19        | 0.29    | 0.33 | 5.6     | 6.8  |
| INBK                     | Buy     | 98           | 0.7             | 21.1      | 27.4 | 4.6         | 3.6         | 290      | 311   | 0.34        | 0.31        | 0.45    | 0.51 | 7.5     | 9.1  |
| CRPBK                    | Neutral | 39           | 0.1             | 18.7      | 21.6 | 2.1         | 1.8         | 152      | 169   | 0.25        | 0.23        | 0.57    | 0.59 | 12.9    | 13.4 |
| ANDB                     | Buy     | 55           | 0.5             | 22.8      | 27.9 | 2.4         | 2.0         | 196      | 216   | 0.28        | 0.26        | 0.62    | 0.65 | 12.2    | 13.6 |
| IDBI                     | Neutral | 69           | 2.0             | 5.7       | 8.7  | 12.0        | 7.9         | 125      | 132   | 0.55        | 0.52        | 0.29    | 0.39 | 4.7     | 6.8  |
| DBNK                     | Neutral | 30           | 0.3             | 10.0      | 15.6 | 3.0         | 1.9         | 128      | 141   | 0.23        | 0.21        | 0.38    | 0.53 | 8.0     | 11.6 |
| <b>Public Aggregate</b>  |         |              | <b>38.5</b>     |           |      | <b>7.7</b>  | <b>6.0</b>  |          |       | <b>0.60</b> | <b>0.56</b> |         |      |         |      |
| HDFC*                    | Buy     | 1,089        | 26.0            | 35        | 40   | 31.0        | 27.4        | 188      | 212   | 5.81        | 5.14        | 2.28    | 2.28 | 24.2    | 19.8 |
| LICHF                    | Buy     | 462          | 3.5             | 40        | 49   | 11.5        | 9.5         | 213      | 252   | 2.17        | 1.83        | 1.51    | 1.51 | 20.4    | 20.9 |
| DEWH                     | Buy     | 198          | 0.9             | 32        | 40   | 6.2         | 5.0         | 203      | 234   | 0.98        | 0.85        | 1.25    | 1.27 | 16.9    | 18.3 |
| IHFL                     | Buy     | 691          | 4.5             | 68        | 82   | 10.2        | 8.4         | 302      | 336   | 2.29        | 2.05        | 3.84    | 3.69 | 23.4    | 25.7 |
| GRHF                     | Buy     | 258          | 1.4             | 8         | 11   | 31.0        | 24.2        | 28       | 35    | 9.09        | 7.31        | 2.33    | 2.34 | 32.4    | 33.5 |
| REPCO                    | Buy     | 639          | 0.6             | 33        | 42   | 19.5        | 15.2        | 181      | 218   | 3.53        | 2.93        | 2.16    | 2.10 | 19.7    | 21.0 |
| RECL                     | Neutral | 179          | 2.7             | 44        | 50   | 4.0         | 3.5         | 332      | 370   | 0.54        | 0.48        | 1.90    | 1.88 | 14.0    | 14.4 |
| POWF                     | Neutral | 179          | 3.6             | 42        | 43   | 4.3         | 4.2         | 310      | 341   | 0.58        | 0.53        | 2.07    | 1.85 | 14.1    | 13.2 |
| SHTF                     | Buy     | 944          | 3.2             | 73        | 92   | 12.8        | 10.3        | 513      | 585   | 1.84        | 1.61        | 2.21    | 2.40 | 15.2    | 16.6 |
| MMFS                     | Buy     | 300          | 2.6             | 16        | 19   | 19.3        | 15.9        | 119      | 133   | 2.52        | 2.26        | 2.14    | 2.26 | 13.7    | 15.0 |
| BAF                      | Buy     | 6,832        | 5.5             | 303       | 366  | 22.6        | 18.6        | 1,622    | 1,928 | 4.21        | 3.54        | 3.04    | 2.79 | 20.3    | 20.6 |
| MUTH                     | Buy     | 203          | 1.2             | 25        | 32   | 8.2         | 6.4         | 156      | 177   | 1.30        | 1.15        | 2.96    | 3.22 | 16.8    | 19.2 |
| SKSM                     | Buy     | 604          | 1.2             | 34        | 46   | 17.6        | 13.2        | 142      | 177   | 4.26        | 3.42        | 5.25    | 5.46 | 27.5    | 28.8 |
| <b>NBFC Aggregate</b>    |         |              | <b>56.9</b>     |           |      | <b>14.3</b> | <b>12.5</b> |          |       | <b>2.24</b> | <b>2.00</b> |         |      |         |      |

\*Multiples adj. for value of key ventures/Investments; For ICICI Bank and HDFC Ltd BV is adjusted for investments in subsidiaries

Source: Company, MOSL

## Financials and Valuations

| Income Statement                |                |                |                |                |                |                |                | (INR Million)  |
|---------------------------------|----------------|----------------|----------------|----------------|----------------|----------------|----------------|----------------|
| Y/E March                       | 2012           | 2013           | 2014           | 2015           | 2016           | 2017E          | 2018E          | 2019E          |
| Interest Income                 | 335,427        | 400,756        | 441,782        | 490,911        | 527,394        | 558,428        | 618,727        | 713,573        |
| Interest Expended               | 228,085        | 262,092        | 277,026        | 300,515        | 315,154        | 335,130        | 364,993        | 418,060        |
| <b>Net Interest Income</b>      | <b>107,342</b> | <b>138,664</b> | <b>164,756</b> | <b>190,396</b> | <b>212,240</b> | <b>223,298</b> | <b>253,734</b> | <b>295,513</b> |
| Change (%)                      | 19.0           | 29.2           | 18.8           | 15.6           | 11.5           | 5.2            | 13.6           | 16.5           |
| Other Income                    | 75,028         | 83,457         | 104,279        | 121,761        | 153,231        | 135,888        | 153,901        | 173,029        |
| <b>Net Income</b>               | <b>182,369</b> | <b>222,121</b> | <b>269,034</b> | <b>312,157</b> | <b>365,471</b> | <b>359,186</b> | <b>407,635</b> | <b>468,542</b> |
| Change (%)                      | 16.4           | 21.8           | 21.1           | 16.0           | 17.1           | -1.7           | 13.5           | 14.9           |
| Operating Exp.                  | 78,504         | 90,129         | 103,089        | 114,958        | 126,836        | 144,610        | 166,302        | 191,247        |
| <b>Operating Profits</b>        | <b>103,865</b> | <b>131,992</b> | <b>165,946</b> | <b>197,199</b> | <b>238,635</b> | <b>214,575</b> | <b>241,333</b> | <b>277,295</b> |
| Change (%)                      | 14.8           | 27.1           | 25.7           | 18.8           | 21.0           | -10.1          | 12.5           | 14.9           |
| Provisions & Cont.              | 15,830         | 18,025         | 26,264         | 39,000         | 116,678        | 64,456         | 68,473         | 71,264         |
| <b>PBT</b>                      | <b>88,034</b>  | <b>113,967</b> | <b>139,682</b> | <b>158,199</b> | <b>121,957</b> | <b>150,119</b> | <b>172,860</b> | <b>206,031</b> |
| Tax                             | 23,382         | 30,712         | 41,577         | 46,446         | 24,694         | 45,036         | 51,858         | 61,809         |
| Tax Rate (%)                    | 26.6           | 26.9           | 29.8           | 29.4           | 20.2           | 30.0           | 30.0           | 30.0           |
| <b>PAT</b>                      | <b>64,653</b>  | <b>83,255</b>  | <b>98,105</b>  | <b>111,754</b> | <b>97,263</b>  | <b>105,083</b> | <b>121,002</b> | <b>144,222</b> |
| Change (%)                      | 25.5           | 28.8           | 17.8           | 13.9           | -13.0          | 8.0            | 15.1           | 19.2           |
| <b>Dividend (Including Tax)</b> | <b>21,228</b>  | <b>25,996</b>  | <b>28,336</b>  | <b>31,729</b>  | <b>32,097</b>  | <b>30,054</b>  | <b>34,607</b>  | <b>42,185</b>  |
| <b>Core PPP*</b>                | <b>103,995</b> | <b>127,042</b> | <b>155,776</b> | <b>180,269</b> | <b>198,035</b> | <b>200,175</b> | <b>224,053</b> | <b>258,287</b> |
| Change (%)                      | 12.3           | 22.2           | 22.6           | 15.7           | 9.9            | 1.1            | 11.9           | 15.3           |

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

| Balance Sheet                  |                  |                  |                  |                  |                  |                  |                  | (INR Million)     |
|--------------------------------|------------------|------------------|------------------|------------------|------------------|------------------|------------------|-------------------|
| Y/E March                      | 2012             | 2013             | 2014             | 2015             | 2016             | 2017E            | 2018E            | 2019E             |
| <b>Share Capital</b>           | <b>15,028</b>    | <b>15,036</b>    | <b>15,050</b>    | <b>15,097</b>    | <b>15,132</b>    | <b>15,132</b>    | <b>15,132</b>    | <b>15,132</b>     |
| Equity Share Capital           | 11,528           | 11,536           | 11,550           | 11,597           | 11,632           | 11,632           | 11,632           | 11,632            |
| Preference Capital             | 3,500            | 3,500            | 3,500            | 3,500            | 3,500            | 3,500            | 3,500            | 3,500             |
| <b>Reserves &amp; Surplus</b>  | <b>592,525</b>   | <b>655,523</b>   | <b>720,583</b>   | <b>792,697</b>   | <b>885,724</b>   | <b>960,754</b>   | <b>1,047,149</b> | <b>1,149,186</b>  |
| <b>Net Worth</b>               | <b>607,552</b>   | <b>670,560</b>   | <b>735,633</b>   | <b>807,794</b>   | <b>900,856</b>   | <b>975,885</b>   | <b>1,062,281</b> | <b>1,164,318</b>  |
| Of which Equity Net Worth      | 604,052          | 667,060          | 732,133          | 804,294          | 897,356          | 972,385          | 1,058,781        | 1,160,818         |
| <b>Deposits</b>                | <b>2,555,000</b> | <b>2,926,136</b> | <b>3,319,137</b> | <b>3,615,627</b> | <b>4,214,257</b> | <b>4,925,316</b> | <b>5,912,412</b> | <b>7,039,823</b>  |
| Change (%)                     | 13.3             | 14.5             | 13.4             | 8.9              | 16.6             | 16.9             | 20.0             | 19.1              |
| <b>Of which CASA Deposits</b>  | <b>1,110,194</b> | <b>1,225,763</b> | <b>1,423,784</b> | <b>1,643,799</b> | <b>1,931,000</b> | <b>2,247,983</b> | <b>2,594,662</b> | <b>2,991,551</b>  |
| Change (%)                     | 9.2              | 10.4             | 16.2             | 15.5             | 17.5             | 16.4             | 15.4             | 15.3              |
| Borrowings                     | 1,398,149        | 1,449,915        | 1,544,091        | 1,720,673        | 1,744,574        | 1,749,603        | 1,856,031        | 1,972,101         |
| Other Liabilities & Prov.      | 329,987          | 321,336          | 347,555          | 317,199          | 347,264          | 384,542          | 459,063          | 571,964           |
| <b>Total Liabilities</b>       | <b>4,890,688</b> | <b>5,367,947</b> | <b>5,946,416</b> | <b>6,461,293</b> | <b>7,206,951</b> | <b>8,035,347</b> | <b>9,289,787</b> | <b>10,748,206</b> |
| Current Assets                 | 362,293          | 414,175          | 415,296          | 423,046          | 598,687          | 515,308          | 598,385          | 681,266           |
| <b>Investments</b>             | <b>1,595,600</b> | <b>1,713,936</b> | <b>1,770,218</b> | <b>1,581,292</b> | <b>1,604,118</b> | <b>1,844,736</b> | <b>2,121,446</b> | <b>2,439,663</b>  |
| Change (%)                     | 18.5             | 7.4              | 3.3              | -10.7            | 1.4              | 15.0             | 15.0             | 15.0              |
| <b>Loans</b>                   | <b>2,537,277</b> | <b>2,902,494</b> | <b>3,387,026</b> | <b>3,875,221</b> | <b>4,352,639</b> | <b>4,929,937</b> | <b>5,717,775</b> | <b>6,654,884</b>  |
| Change (%)                     | 17.3             | 14.4             | 16.7             | 14.4             | 12.3             | 13.3             | 16.0             | 16.4              |
| <b>Net Fixed Assets</b>        | <b>46,147</b>    | <b>46,471</b>    | <b>46,781</b>    | <b>47,255</b>    | <b>75,769</b>    | <b>83,269</b>    | <b>90,769</b>    | <b>96,769</b>     |
| Other Assets                   | 349,371          | 290,871          | 327,094          | 534,479          | 575,737          | 662,098          | 761,412          | 875,624           |
| <b>Total Assets</b>            | <b>4,890,688</b> | <b>5,367,947</b> | <b>5,946,416</b> | <b>6,461,293</b> | <b>7,206,951</b> | <b>8,035,347</b> | <b>9,289,787</b> | <b>10,748,206</b> |
| <b>Asset Quality</b>           | (%)              |                  |                  |                  |                  |                  |                  |                   |
| GNPA (INR m)                   | 94,753           | 96,078           | 105,058          | 150,947          | 266,767          | 352,476          | 385,866          | 387,195           |
| NNPA (INR m)                   | 18,608           | 22,306           | 32,980           | 62,555           | 135,301          | 184,249          | 183,605          | 156,198           |
| GNPA Ratio                     | 3.6              | 3.2              | 3.0              | 3.8              | 5.9              | 6.9              | 6.5              | 5.6               |
| NNPA Ratio                     | 0.7              | 0.8              | 1.0              | 1.6              | 3.1              | 3.7              | 3.2              | 2.3               |
| PCR (Excl Technical write off) | 80.4             | 76.8             | 68.6             | 58.6             | 49.3             | 47.7             | 52.4             | 59.7              |

E: MOSL Estimates



## Financials and Valuations

### Ratios

| Y/E March                          | 2012       | 2013       | 2014       | 2015        | 2016        | 2017E      | 2018E      | 2019E      |
|------------------------------------|------------|------------|------------|-------------|-------------|------------|------------|------------|
| <b>Spreads Analysis (%)</b>        |            |            |            |             |             |            |            |            |
| <b>Avg. Yield - Earning Assets</b> | <b>8.5</b> | <b>8.8</b> | <b>8.7</b> | <b>8.9</b>  | <b>8.9</b>  | <b>8.4</b> | <b>8.2</b> | <b>8.2</b> |
| Avg. Yield on loans                | 9.4        | 10.1       | 10.0       | 9.8         | 9.5         | 9.0        | 8.7        | 8.7        |
| Avg. Yield on Investments          | 6.6        | 6.7        | 6.6        | 6.3         | 6.7         | 6.1        | 5.6        | 5.5        |
| <b>Avg. Cost-Int. Bear. Liab.</b>  | <b>5.6</b> | <b>5.7</b> | <b>5.5</b> | <b>5.5</b>  | <b>5.2</b>  | <b>5.0</b> | <b>4.8</b> | <b>4.7</b> |
| Avg. Cost of Deposits              | 5.9        | 6.2        | 5.7        | 5.9         | 5.2         | 5.0        | 4.8        | 4.8        |
| <b>Interest Spread</b>             | <b>2.8</b> | <b>3.0</b> | <b>3.2</b> | <b>3.5</b>  | <b>3.7</b>  | <b>3.5</b> | <b>3.5</b> | <b>3.5</b> |
| <b>Net Interest Margin</b>         | <b>2.7</b> | <b>3.0</b> | <b>3.2</b> | <b>3.47</b> | <b>3.56</b> | <b>3.4</b> | <b>3.4</b> | <b>3.4</b> |

### Profitability Ratios (%)

|                           |      |      |      |      |      |      |      |      |
|---------------------------|------|------|------|------|------|------|------|------|
| RoE                       | 11.3 | 13.3 | 14.4 | 15.0 | 11.9 | 11.8 | 12.5 | 13.6 |
| Adjusted RoE              | 12.8 | 14.8 | 15.2 | 15.2 | 11.5 | 11.1 | 11.8 | 13.0 |
| RoA                       | 1.4  | 1.62 | 1.73 | 1.80 | 1.42 | 1.38 | 1.40 | 1.44 |
| Int. Expended/Int. Earned | 68.0 | 65.4 | 62.7 | 61.2 | 59.8 | 60.0 | 59.0 | 58.6 |
| Other Inc./Net Income     | 41.1 | 37.6 | 38.8 | 39.0 | 41.9 | 37.8 | 37.8 | 36.9 |

### Efficiency Ratios (%)

|                         |      |      |      |       |       |       |       |       |
|-------------------------|------|------|------|-------|-------|-------|-------|-------|
| Op. Exps./Net Income*   | 43.0 | 41.5 | 39.8 | 38.9  | 39.0  | 41.9  | 42.6  | 42.5  |
| Empl. Cost/Op. Exps.    | 44.8 | 43.2 | 40.9 | 41.3  | 39.4  | 38.9  | 38.9  | 38.9  |
| Busi. per Empl. (INR m) | 81.6 | 88.0 | 86.8 | 104.6 | 109.3 | 118.8 | 131.5 | 147.6 |
| NP per Empl. (INR lac)  | 11.1 | 13.4 | 13.6 | 16.5  | 13.2  | 13.6  | 14.8  | 16.8  |

\* ex treasury

### Asset-Liability Profile (%)

|                       |      |      |       |       |       |       |      |      |
|-----------------------|------|------|-------|-------|-------|-------|------|------|
| Loan/Deposit Ratio    | 99.3 | 99.2 | 102.0 | 107.2 | 103.3 | 100.1 | 96.7 | 94.5 |
| CASA Ratio %          | 43.5 | 41.9 | 42.9  | 45.5  | 45.8  | 45.6  | 43.9 | 42.5 |
| Invest./Deposit Ratio | 62.5 | 58.6 | 53.3  | 43.7  | 38.1  | 37.5  | 35.9 | 34.7 |
| G-Sec/Invest. Ratio   | 54.5 | 53.9 | 53.8  | 66.8  | 74.7  | 74.3  | 75.9 | 77.2 |
| CAR                   | 18.5 | 18.7 | 17.7  | 17.0  | 16.6  | 16.7  | 15.9 | 15.2 |
| Tier 1                | 12.7 | 12.8 | 12.8  | 12.8  | 13.1  | 13.0  | 12.5 | 12.1 |

### Valuation

|                                  |             |             |             |             |             |             |             |            |
|----------------------------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|------------|
| Book Value (INR)                 | 103.3       | 113.2       | 122.9       | 135.2       | 146.1       | 159.0       | 173.9       | 191.4      |
| BV Growth (%)                    | 7.9         | 9.6         | 8.5         | 10.0        | 8.1         | 8.8         | 9.3         | 10.1       |
| Price-BV (x)                     | <b>2.3</b>  | <b>2.1</b>  | <b>1.9</b>  | <b>1.8</b>  | <b>1.6</b>  | <b>1.5</b>  | <b>1.4</b>  | <b>1.2</b> |
| ABV (for Subsidiaries) (INR)     | 81.7        | 91.9        | 102.1       | 116.1       | 131.7       | 144.6       | 159.5       | 177.0      |
| ABV Growth (%)                   | 10.2        | 12.5        | 11.1        | 13.7        | 13.5        | 9.8         | 10.3        | 11.0       |
| Price-ABV (x)                    | <b>2.5</b>  | <b>2.1</b>  | <b>1.9</b>  | <b>1.5</b>  | <b>1.3</b>  | <b>1.1</b>  | <b>0.9</b>  | <b>0.7</b> |
| ABV (for Subs Invst & NPA) (INR) | 79.5        | 89.2        | 98.1        | 108.5       | 115.5       | 122.5       | 137.4       | 158.2      |
| Adjusted Price-ABV (x)           | <b>2.5</b>  | <b>2.2</b>  | <b>2.0</b>  | <b>1.7</b>  | <b>1.5</b>  | <b>1.3</b>  | <b>1.1</b>  | <b>0.8</b> |
| EPS (INR)                        | 11.2        | 14.4        | 17.0        | 19.3        | 16.7        | 18.1        | 20.8        | 24.8       |
| EPS Growth (%)                   | 25.4        | 28.7        | 17.7        | 13.5        | -13.2       | 8.0         | 15.1        | 19.2       |
| Price-Earnings (x)               | <b>21.1</b> | <b>16.4</b> | <b>14.0</b> | <b>12.3</b> | <b>14.2</b> | <b>13.1</b> | <b>11.5</b> | <b>9.6</b> |
| Adj. Price-Earnings (x)          | <b>17.9</b> | <b>13.6</b> | <b>11.3</b> | <b>9.3</b>  | <b>10.1</b> | <b>8.8</b>  | <b>7.0</b>  | <b>5.1</b> |
| Dividend Per Share (INR)         | 3.3         | 4.0         | 4.6         | 5.0         | 5.0         | 4.7         | 5.4         | 6.4        |
| Dividend Yield (%)               | <b>1.4</b>  | <b>1.7</b>  | <b>1.9</b>  | <b>2.1</b>  | <b>2.1</b>  | <b>2.0</b>  | <b>2.3</b>  | <b>2.7</b> |

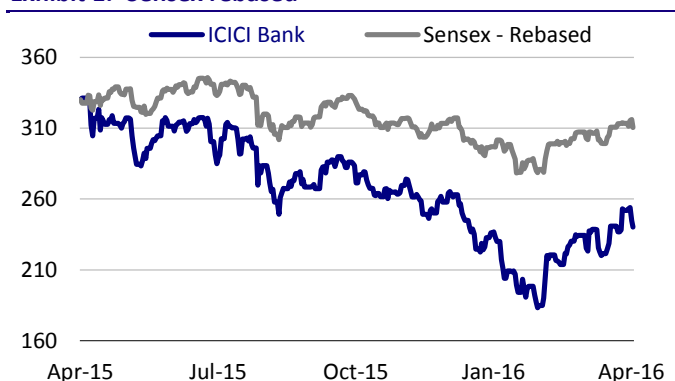
E: MOSL Estimates

## Corporate profile

### Company description

Promoted by the erstwhile ICICI Ltd, ICICI Bank was incorporated in 1994. Currently, the bank is India's largest private sector bank, with an asset base of INR6.5t. ICICIB through its subsidiaries has an established presence in life and general insurance, asset management, and equity broking segments. The bank has an established presence in the country with 4,450 branches and 13,766 ATMs.

Exhibit 1: Sensex rebased



Source: MOSL/Bloomberg

Exhibit 2: Shareholding pattern (%)

|          | Dec-15 | Sep-15 | Dec-14 |
|----------|--------|--------|--------|
| Promoter | 0.0    | 0.0    | 0.0    |
| DII      | 24.5   | 23.7   | 21.5   |
| FII      | 66.9   | 67.3   | 70.9   |
| Others   | 8.7    | 9.0    | 7.7    |

Note: FII Includes depository receipts Source: Capitaline

Exhibit 3: Top holders

| Holder Name                               | % Holding |
|---|-----------|
| LIC of India                              | 10.3      |
| Dodge and Cox International Stock Fund    | 5.5       |
| Europacific Growth Fund                   | 2.2       |
| Carmignac Geston A\c Carmignac Patrimoine | 1.2       |
| Aberdeen Global Indian Equity Limited     | 1.0       |

Source: Capitaline

Exhibit 4: Top management

| Name                  | Designation             |
|-----------------------|-------------------------|
| M K Sharma            | Part Time Chairman      |
| Chanda D Kochhar      | Managing Director & CEO |
| Krishnaswamy Ramkumar | Executive Director      |
| N S Kannan            | Executive Director      |
| Rajiv Sabharwal       | Executive Director      |
| P Sanker              | Company Secretary       |

Source: Capitaline

Exhibit 5: Directors

| Name             | Name                  |
|------------------|-----------------------|
| M K Sharma       | M S Ramachandran*     |
| Chanda D Kochhar | Homi R Khusrookhan*   |
| V Sridar*        | N S Kannan            |
| V K Sharma*      | Rajiv Sabharwal       |
| Tushaar Shah*    | Krishnaswamy Ramkumar |
| Dileep Choksi*   | Alok Tandon           |

\*Independent

Exhibit 6: Auditors

| Name                       | Type              |
|----------------------------|-------------------|
| BSR & Co LLP               | Statutory         |
| Parikh Parekh & Associates | Secretarial Audit |

Source: Capitaline

Exhibit 7: MOSL forecast v/s consensus

| EPS (INR) | MOSL forecast | Consensus forecast | Variation (%) |
|-----------|---------------|--------------------|---------------|
| FY17      | 18.1          | 21.5               | -15.7         |
| FY18      | 20.8          | 25.7               | -19.0         |

Source: Bloomberg

NOTES

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In respect of any matter arising from or in connection with the research you could contact the following representatives of Motilal Oswal Capital Markets Singapore Pte Limited:

Varun Kumar  
[Varun.kumar@motilaloswal.com](mailto:Varun.kumar@motilaloswal.com)  
Contact : (+65) 68189232

Kadambari Balachandran  
[kadambari.balachandran@motilaloswal.com](mailto:kadambari.balachandran@motilaloswal.com)  
(+65) 68189233 / 65249115

Office Address: 21 (Suite 31), 16 Collyer Quay, Singapore 04931



## Motilal Oswal Securities Ltd

Motilal Oswal Tower, Level 9, Sayani Road, Prabhadevi, Mumbai 400 025  
Phone: +91 22 3982 5500 E-mail: [reports@motilaloswal.com](mailto:reports@motilaloswal.com)