

BSE SENSEX	S&P CNX
30,133	9,352
Bloomberg	IDFCBK IN
Equity Shares (m)	3392.6
M.Cap.(INR b)/(USDb)	207.0 / 3.0
52-Week Range (INR)	83 / 44
1, 6, 12 Rel. Per (%)	-2/-29/0
Avg. Val, INR m	621
Free float (%)	47.1

Financials & Valuations (INR b)

Y/E March	2017E	2018E	2019E
NII	20.2	23.0	29.8
OP	17.5	18.3	24.0
NP	10.2	11.2	14.5
NIM (%)	2.3	2.0	2.1
EPS (INR)	3.0	3.3	4.3
EPS Gr. (%)	10.1	28.8	
BV/Sh. (INR)	43.2	45.7	49
ABV/Sh. (INR)	40.6	42.8	46
RoE (%)	7.2	7.4	9.0
RoA (%)	1.0	0.9	0.9
P/E(X)	20.3	18.5	14.3
P/BV (X)	1.4	1.3	1.2

CMP: INR61
TP: INR62 (2%)
Neutral
Focus on inorganic opportunities; stressed assets stable

- IDFC Bank's (IDFCBK) PAT rose 7% YoY to INR1.76b (12% beat), led by lower-than-estimated opex and provisioning.
- Total income was largely stable YoY at INR5.6b (28% miss), driven by 21% YoY growth in NII to INR5b, offset by a 59% decline in non-interest income to INR563m. NII missed our estimate by 5% due to pressure on margins. The decline in non-interest income was on account of INR258m of trading losses, as against INR782m of trading gains in 4QFY16.
- Operating expenses came in 20% below estimate at INR3.0b (1% YoY, -22% QoQ), driven by lower employee expenses (-30% YoY). Management has guided for average 2HFY17 employee cost as a run-rate (without considering new employee addition). C/I ratio remained largely stable YoY at 53%.
- GNPL fell 57% QoQ to INR15.4b, resulting in GNPL ratio declining sequentially from 7% to 3%. This reduction is due to sale of INR40b NPLs to an ARC.
- Loan book growth remains sluggish. Advances grew 8% YoY (+5% QoQ) to INR494b. Management targets to increase the share of retail loans from 25% to 55-60% in three years via both organic and inorganic opportunities.
- Total deposits increased 49% QoQ to INR402b. CASA deposits more than doubled QoQ to INR20.9b. However, we suspect this could be on account of one-off float balances in current accounts.
- **Other highlights:** (1) Tier-1 ratio remains healthy at 18.5%; (2) Core fee income increased significantly from INR595m in 4QFY16 to INR821m in 4QFY17.
- **Valuation view:** Near-term earnings are likely to remain volatile due to transition cost, trading gains volatility and portfolio acquisitions (to fulfill PSL requirements). Stress loans too remain high. Over medium-to-long term, higher leverage, low cost-to-assets and higher share of infra bonds will lead to higher sustainable RoA/RoE. Near-term uncertainty remains high. We value the bank at 1.3x FY19 BV. Maintain **Neutral** with a revised TP (based on RI model) of INR62 (1.3x FY19E BV).

Quarterly Performance

	(INR Million)						
	FY16		FY17E		2HFY16		
	3Q	4Q	1Q	2Q	3Q	4Q	
Interest Income	17,891	18,155	19,755	20,830	22,509	22,234	36,046
Interest Expense	14,028	13,987	14,766	15,874	17,301	17,213	28,015
Net Interest Income	3,863	4,168	4,989	4,956	5,208	5,021	8,031
% Change (Y-o-Y)					34.8	20.5	NA
Other Income	2,179	1,377	2,128	4,101	3,350	563	3,556
Net Income	6,042	5,545	7,117	9,057	8,558	5,584	11,587
Operating Expenses	2,153	2,947	2,768	3,234	3,798	2,981	5,100
Operating Profit	3,889	2,598	4,349	5,823	4,760	2,602	6,487
% Change (Y-o-Y)					22.4	0.2	NA
Other Provisions	123	119	236	223	2,318	48	242
Profit before Tax	3,766	2,479	4,113	5,600	2,443	2,555	6,246
Tax Provisions	1,345	829	1,465	1,722	530	795	2,173
Net Profit	2,422	1,651	2,648	3,878	1,913	1,760	4,072
% Change (Y-o-Y)	NA	NA	NA	NA	-21.0	6.6	NA
Operating Parameters							
NIM (Reported,%)	2.0	2.1	2.4	2.2	2.1	2.0	2.1
NIM (Cal, %)	2.1	2.3	2.4	2.0	2.0	1.9	2.2
Tax Rate (%)	35.7	33.4	35.6	30.8	21.7	31.1	34.8
Asset Quality							
Gross NPA (INR b)	14.6	30.6	30.3	32.2	35.9	15.4	30.6
Gross NPA (on customer assets, %)	3.09	6.2	6.1	6.0	7.0	3.0	6.2

E: MOSL Estimates

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

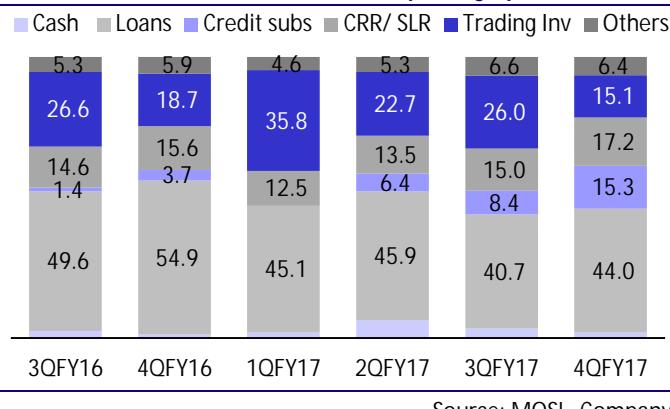
Subham Banka (Subham.Banka@MotilalOswal.com); +91 022 6129 1567

Investors are advised to refer through important disclosures made at the last page of the Research Report.

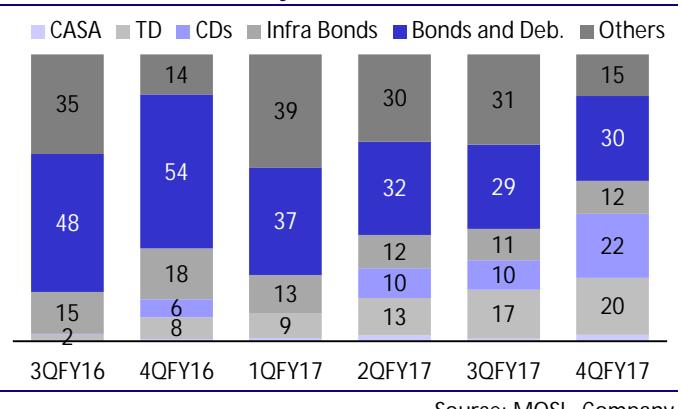
 Motilal Oswal research is available on www.motilaloswal.com/Institutional-Equities, Bloomberg, Thomson Reuters, Factset and S&P Capital.

Exhibit 1: Quarterly Performance: Lower opex boosts PAT

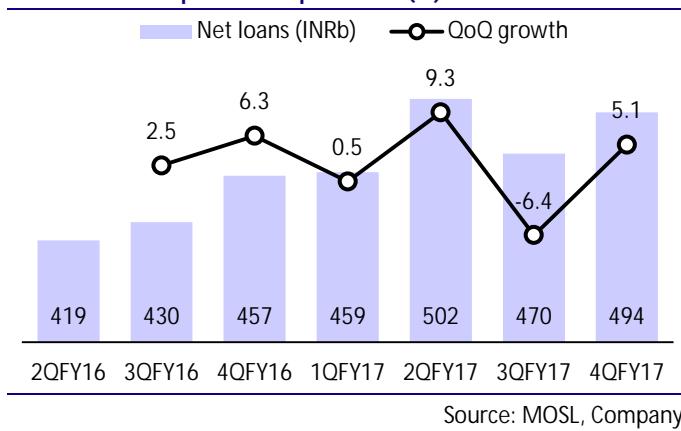
Y/E MARCH (INR m)	4QFY17A	4QFY17E	Var. (%)	Comments
Net Interest Income	5,021	5,264	-5	Pressure on margins
Other Income	563	2,520	-78	Trading losses
Net Income	5,584	7,784	-28	
Operating Expenses	2,981	3,727	-20	Lower employee expenses
Operating Profit	2,602	4,057	-36	
Other Provisions	48	1,701	-97	Lower provisioning
Profit before Tax	2,555	2,356	8	
Tax Provisions	795	781	2	
Net Profit	1,760	1,575	12	
% Change (Y-o-Y)	7	-5		PAT beat due to lower provisions

Exhibit 2: Share of credit substitutes picking up (%)

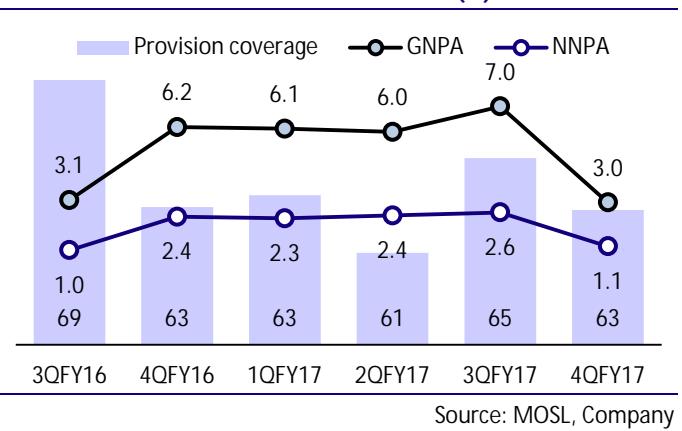
Source: MOSL, Company

Exhibit 3: Trend in liability mix (%)

Source: MOSL, Company

Exhibit 4: Loan portfolio up 5% YoY (%)

Source: MOSL, Company

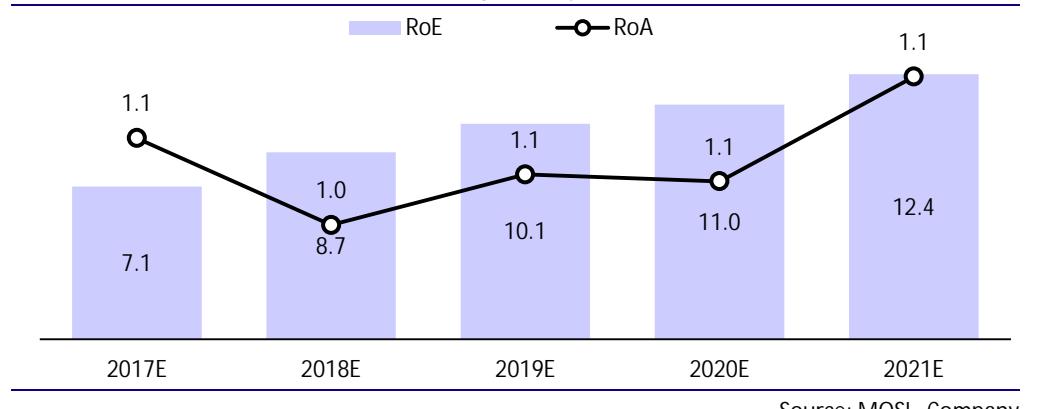
Exhibit 5: GNPL down due to sale to ARC (%)

Source: MOSL, Company

Valuation and view

- **Loan book CAGR of 26% over FY17-20:** Considering the low hanging fruits and less than 1% market share, we expect growth to be strong. Pick-up in the infrastructure segment and pick up macro-economic environment can push growth rates further. Near term growth in customer assets is likely to be driven by a) PSL and b) wholesale banking (non-infra corporate working capital as well as term loans).
- **Gradual improvement in ROAs on cards:** Near term earnings are likely to be moderate as bank would focus on acquiring relationships (on cost of margins), Higher up-fronting of technology related cost, opening up of high street branches, higher marketing expenses, addition of top to middle management in the initial phase (high cost and lower productivity as new business lines are being set up). With the operating leverage kicking in, fee income starts contributing and stability in the business we expect ROAs to improve to ~1%. ROEs are likely to be function of growth.
- **Near term remains highly uncertain:** The bank is going through a transitory phase which may lead to volatility in earnings and execution of retail strategy needs to be watched. Additionally, slippages from non-legacy book surprised negatively. While higher leverage, low cost to assets and higher share of infra bonds (less regulatory drag) will lead to higher sustainable ROE v/s infrastructure lending business, near term uncertainty remains high. We value the bank at 1.3x FY19 BV. Maintain Neutral with the revised target price (based on RI model) of INR62 (1.3x FY19E BV). Key assumptions in the RI model are a) Cost of equity 14.0% b) average growth FY17-35 - 16% and c) Terminal growth rate of 5%.

Exhibit 6: We expect RoA/RoE to improve gradually





Conference call highlights

Target 2020

- Customer to reach 10m customers (organically and inorganically) – Currently customer base is 1.4m
- Doing INR5b of retail loan disbursements per month.
- Retail to reach 50-60% of loans – SME to JLG entire spectrum (INR550b in next three years). Of the total loan book by FY20, acquired retail portfolio is likely to 20-25% from current level of 80%
- Cost mitigating distribution architecture – Total Branches 200 (74 now), 1000 corporate BC (350 now), 0.1m payment point in micro ATM (8600 now)
- Target to reach INR7b of fee based income by 2020

Retail business

- **Customer addition:** 60K customer a month and of which 20-22k are coming from urban locations
- Savings account per customer is INR3k in rural area and INR27k in other areas
- 25% of loans are retail. Organically adding INR5b of retail assets a month
- Salaried customer average balance is INR35k. Large part of the urban customer base is salaried. Targeting to reach 40-45k/customer post on boarding of customer

Corporate business

- Total telecom sector exposure is INR115b. Large part of the portfolio is AA and above.
- Have been focused on diversifying away from infra - Almost 25% of funded credit is 'retail' now, while the share of infra credit reduced from 72% to 54% in FY17.
- Want to be the lender of choice for emerging large corporates (USD1b turnover). Also, targeting non-funded relationships with large corporates to generate fee income. Ok to scarifies margins to build relationships
- CMS, Trade finance, business generation linked fees at INR3.5b

Priority sector loans

- PSL target of INR170b met
- Of the INR170b of PSL loans – INR30b is organic and INR140b is inorganic. Effective drag on an average was 25bp (compared to COF). Negative drag will come down materially in the ensuing years. Buyout portfolio would remain constant.
- It will take at-least 3 years to reach break-even in PSL

Asset quality and sale to ARC

- Sold INR20b net of provisions assets to ARC.
- Asset sale: Gross amount INR40b; Net INR20b (14 accounts); 15:85 structure; Received SR is INR17b
- Now the outstanding stress loans on balance sheet is INR50b on which company is carrying INR25b of provisions

Others

- NIMs outlook – Pressure to continue. Challenges are a) acquired PSL b) movement of stress loans to ARC (accounting was happening on cash basis) c) legacy high cost liabilities. NIMs will take atleast 3-4 quarters to recover
- Open for acquisition across spectrum and any acquisition should be EPS accretive from day one

Exhibit 7: DuPont analysis

	3QFY16	4QFY16	1QFY17	2QFY17	3QFY17	4QFY17
Net Interest Income	1.94	2.09	2.27	1.88	1.85	1.76
Fee income	0.09	0.25	0.35	0.43	0.37	0.24
Fee to core Income	4.5	10.6	13.3	18.5	16.5	12.2
Core Income	2.04	2.34	2.62	2.31	2.22	2.01
Operating Expenses	1.08	1.48	1.26	1.23	1.35	1.05
Cost to Core Income	53.2	63.2	48.1	53.2	60.9	52.1
Employee cost	0.61	0.68	0.60	0.57	0.70	0.33
Emp to total exp (%)	55.9	46.2	47.5	46.3	52.0	31.8
Others	0.48	0.80	0.66	0.66	0.65	0.71
Core Operating Profit	0.95	0.86	1.36	1.08	0.87	0.96
Non Interest income	1.10	0.69	0.97	1.56	1.19	0.20
Trading and others	1.01	0.44	0.62	1.13	0.83	-0.05
Operating Profit	1.96	1.30	1.98	2.21	1.69	0.91
Provisions	0.06	0.06	0.11	0.08	0.82	0.02
NPA	0.05	0.00	0.00	0.00	0.00	0.00
Others	0.01	0.06	0.11	0.08	0.82	0.02
PBT	1.90	1.24	1.87	2.12	0.87	0.90
Tax	0.68	0.42	0.67	0.65	0.19	0.28
Tax Rate	35.7	33.4	35.6	30.8	21.7	31.1
RoA	1.22	0.83	1.21	1.47	0.68	0.62
Leverage (x)	5.9	5.9	6.4	7.5	7.8	7.8
RoE	7.2	4.9	7.7	11.0	5.3	4.8

Source: MOSL, Company

Financials and Valuation

Income Statement							(INR Million)
Y/E March	2H2016	2017	2018E	2019E	2020E	2021E	
Interest Income	36,488	85,327	104,477	124,549	142,170	160,023	
Interest Expense	28,015	65,154	81,508	94,730	105,204	116,962	
Net Interest Income	8,473	20,173	22,969	29,819	36,967	43,062	
Change (%)			13.9	29.8	24.0	16.5	
Non Interest Income	4,032	10,131	12,071	14,083	16,221	18,769	
Fee income	677	3,600	5,040	6,552	8,190	10,238	
Change (%)			40.0	30.0	25.0	25.0	
Other Income	3,355	6,531	7,031	7,531	8,031	8,531	
Net Income	12,505	30,304	35,040	43,903	53,188	61,830	
Change (%)		142.3	15.6	25.3	21.1	16.2	
Operating Expenses	5,106	12,770	16,703	19,902	24,135	28,833	
Change (%)		150.1	30.8	19.2	21.3	19.5	
Pre Provision Profits	7,399	17,535	18,338	24,001	29,053	32,997	
Change (%)			4.6	30.9	21.1	13.6	
Provisions (excl tax)	242	2,825	2,293	3,334	4,441	5,687	
Credit Cost (%)	0.0	0.4	0.3	0.3	0.4	0.4	
PBT	7,158	14,710	16,045	20,666	24,611	27,310	
Tax	2,489	4,512	4,813	6,200	7,383	8,193	
Tax Rate (%)	34.8	30.7	30.0	30.0	30.0	30.0	
PAT	4,669	10,197	11,231	14,467	17,228	19,117	
Change (%)			10.1	28.8	19.1	11.0	
Equity Dividend (Incl tax)	1,092	2,386	2,628	3,385	4,031	4,473	
Balance Sheet							(INR Million)
Y/E March	FY16	2017	2018E	2019E	2020E	2021E	
Share Capital	33,926	33,990	33,990	33,990	33,990	33,990	
Reserves & Surplus	102,399	112,790	121,394	132,475	145,672	160,315	
Net Worth	136,326	146,780	155,384	166,465	179,662	194,305	
Deposits	82,190	402,082	652,632	840,831	1,025,501	1,215,574	
Change (%)		n.a.	62.3	28.8	22.0	18.5	
CA	3,610	18,094	29,968	42,435	55,696	70,018	
SA	800	2,368	7,296	19,712	37,248	58,406	
Borrowings	571,598	502,622	546,101	573,674	565,817	534,876	
Change (%)		-12.1	8.7	5.0	-1.4	-5.5	
Infra Bonds	99,450	104,340	152,820	225,432	300,895	379,495	
Other borrowings	472,148	398,282	393,281	348,242	264,922	155,381	
Other Liabilities & Prov.	42,044	70,112	84,134	100,961	121,154	145,384	
Total Liabilities	832,159	1,121,597	1,438,251	1,681,931	1,892,133	2,090,139	
Current Assets	29,039	51,020	63,870	76,989	87,086	86,577	
Investments	297,286	504,717	650,240	694,986	688,223	695,631	
Change (%)		69.8	28.8	6.9	-1.0	1.1	
G Sec	110,570	192,640	260,064	306,876	337,563	354,441	
RIDF and PTC	0	136,000	196,491	175,057	116,302	83,396	
Other investments	186,716	176,077	193,685	213,053	234,358	257,794	
Loans	456,994	494,017	637,930	806,503	992,680	1,158,958	
Change (%)		n.a.	8.1	29.1	26.4	23.1	16.8
Other Assets	48,839	71,843	86,211	103,454	124,144	148,973	
Total Assets	832,159	1,121,597	1,438,251	1,681,931	1,892,133	2,090,139	
Asset quality							
GNPA (INR m)	30,583	35,891	41,063	45,609	52,618	61,948	
NNPA (INR m)	11,390	12,562	14,372	15,963	18,416	21,682	
GNPA Ratio	6.27	6.77	6.05	5.35	5.03	5.07	
NNPA Ratio	2.49	2.54	2.25	1.98	1.86	1.87	
PCR (Excl Tech. write off)	62.8	65.0	65.0	65.0	65.0	65.0	

E: MOSL Estimates

Financials and Valuation

Ratios		2H2016	2017	2018E	2019E	2020E	2021E
Y/E March							
Spreads Analysis (%)							
Avg. Yield-Earning Assets		9.7	9.1	8.9	8.9	8.9	9.1
Avg. Yield on loans		10.7	10.3	10.0	10.0	10.0	10.0
Avg. Yield on Investments		8.2	7.8	7.5	7.3	7.3	7.3
Avg. Cost-Int. Bear. Liab.		8.4	7.8	7.3	7.0	7.0	7.0
Interest Spread		1.4	1.4	1.7	1.9	2.1	
Net Interest Margin		2.3	2.0	2.1	2.3	2.4	
Profitability Ratios (%)							
RoE		7.2	7.4	9.0	10.0	10.2	
RoA		1.0	0.9	0.9	1.0	1.0	
Int. Expense/Int.Income		76.4	78.0	76.1	74.0	73.1	
Fee Income/Net Income		11.9	14.4	14.9	15.4	16.6	
Non Int. Inc./Net Income		33.4	34.4	32.1	30.5	30.4	
Efficiency Ratios (%)							
Cost/Income		42.1	47.7	45.3	45.4	46.6	
Empl. Cost/Op. Exps.		44.9	41.7	40.7	39.3	38.8	
Cost per Empl. (INR m)		1.8	1.6	1.6	1.7	1.7	
of which for ex-Infra bus. INR M		93.9	94.6	89.9	89.9	94.4	
NP per Empl. (INR Mn)		3.2	2.7	2.9	3.1	3.0	
Valuation							
Book Value (INR)		40.2	43.2	45.7	49.0	52.9	57.2
Change (%)			5.9	7.1	7.9	8.2	
Price-BV (x)		1.5	1.4	1.3	1.2	1.2	1.1
Adjusted BV (INR)		37.8	40.6	42.8	45.7	49.1	52.7
Change (%)			5.3	6.9	7.4	7.4	
Price-ABV (x)		1.6	1.5	1.4	1.3	1.2	1.2
EPS (INR)		1.4	3.0	3.3	4.3	5.1	5.6
Change (%)			10.1	28.8	19.1	11.0	
Price-Earnings (x)		44.3	20.3	18.5	14.3	12.0	10.8
Dividend Per Share (INR)		0.6	0.7	0.9	1.0	1.1	
Dividend Yield (%)		1.0	1.1	1.4	1.7	1.8	

E: MOSL Estimates

Disclosures

This document has been prepared by Motilal Oswal Securities Limited (hereinafter referred to as Most) to provide information about the company (ies) and/sector(s), if any, covered in the report and may be distributed by it and/or its affiliated company(ies). This report is for personal information of the selected recipient/s and does not construe to be any investment, legal or taxation advice to you. This research report does not constitute an offer, invitation or inducement to invest in securities or other investments and Motilal Oswal Securities Limited (hereinafter referred as MOST) is not soliciting any action based upon it. This report is not for public distribution and has been furnished to you solely for your general information and should not be reproduced or redistributed to any other person in any form. This report does not constitute a personal recommendation or take into account the particular investment objectives, financial situations, or needs of individual clients. Before acting on any advice or recommendation in this material, investors should consider whether it is suitable for their particular circumstances and, if necessary, seek professional advice. The price and value of the investments referred to in this material and the income from them may go down as well as up, and investors may realize losses on any investments. Past performance is not a guide for future performance, future returns are not guaranteed and a loss of original capital may occur.

MOST and its affiliates are a full-service, integrated investment banking, investment management, brokerage and financing group. We and our affiliates have investment banking and other business relationships with a some companies covered by our Research Department. Our research professionals may provide input into our investment banking and other business selection processes. Investors should assume that MOST and/or its affiliates are seeking or will seek investment banking or other business from the company or companies that are the subject of this material and that the research professionals who were involved in preparing this material may educate investors on investments in such business . The research professionals responsible for the preparation of this document may interact with trading desk personnel, sales personnel and other parties for the purpose of gathering, applying and interpreting information. Our research professionals are paid on twin parameters of performance & profitability of MOST.

MOST generally prohibits its analysts, persons reporting to analysts, and members of their households from maintaining a financial interest in the securities or derivatives of any companies that the analysts cover. Additionally, MOST generally prohibits its analysts and persons reporting to analysts from serving as an officer, director, or advisory board member of any companies that the analysts cover. Our salespeople, traders, and other professionals or affiliates may provide oral or written market commentary or trading strategies to our clients that reflect opinions that are contrary to the opinions expressed herein, and our proprietary trading and investing businesses may make investment decisions that are inconsistent with the recommendations expressed herein. In reviewing these materials, you should be aware that any or all of the foregoing among other things, may give rise to real or potential conflicts of interest. MOST and its affiliated company(ies), their directors and employees and their relatives may: (a) from time to time, have a long or short position in, act as principal in, and buy or sell the securities or derivatives thereof of companies mentioned herein. (b) be engaged in any other transaction involving such securities and earn brokerage or other compensation or act as a market maker in the financial instruments of the company(ies) discussed herein or act as an advisor or lender/borrower to such company(ies) or may have any other potential conflict of interests with respect to any recommendation and other related information and opinions: however the same shall have no bearing whatsoever on the specific recommendations made by the analyst(s), as the recommendations made by the analyst(s) are completely independent of the views of the affiliates of MOST even though there might exist an inherent conflict of interest in some of the stocks mentioned in the research report

Reports based on technical and derivative analysis center on studying charts company's price movement, outstanding positions and trading volume, as opposed to focusing on a company's fundamentals and, as such, may not match with a report on a company's fundamental analysis. In addition MOST has different business segments / Divisions with independent research separated by Chinese walls catering to different set of customers having various objectives, risk profiles, investment horizon, etc, and therefore may at times have different contrary views on stocks sectors and markets.

Unauthorized disclosure, use, dissemination or copying (either whole or partial) of this information, is prohibited. The person accessing this information specifically agrees to exempt MOST or any of its affiliates or employees from, any and all responsibility/liability arising from such misuse and agrees not to hold MOST or any of its affiliates or employees responsible for any such misuse and further agrees to hold MOST or any of its affiliates or employees free and harmless from all losses, costs, damages, expenses that may be suffered by the person accessing this information due to any errors and delays. The information contained herein is based on publicly available data or other sources believed to be reliable. Any statements contained in this report attributed to a third party represent MOST's interpretation of the data, information and/or opinions provided by that third party either publicly or through a subscription service, and such use and interpretation have not been reviewed by the third party. This Report is not intended to be a complete statement or summary of the securities, markets or developments referred to in the document. While we would endeavor to update the information herein on reasonable basis, MOST and/or its affiliates are under no obligation to update the information. Also there may be regulatory, compliance, or other reasons that may prevent MOST and/or its affiliates from doing so. MOST or any of its affiliates or employees shall not be in any way responsible and liable for any loss or damage that may arise to any person from any inadvertent error in the information contained in this report. MOST or any of its affiliates or employees do not provide, at any time, any express or implied warranty of any kind, regarding any matter pertaining to this report, including without limitation the implied warranties of merchantability, fitness for a particular purpose, and non-infringement. The recipients of this report should rely on their own investigations.

This report is intended for distribution to institutional investors. Recipients who are not institutional investors should seek advice of their independent financial advisor prior to taking any investment decision based on this report or for any necessary explanation of its contents.

Mot and its associates may have managed or co-managed public offering of securities, may have received compensation for investment banking or merchant banking or brokerage services, may have received any compensation for products or services other than investment banking or merchant banking or brokerage services from the subject company in the past 12 months.

Mot and its associates have not received any compensation or other benefits from the subject company or third party in connection with the research report.

Subject Company may have been a client of Mot or its associates during twelve months preceding the date of distribution of the research report

MOT and/or its affiliates and/or employees may have interests/positions, financial or otherwise of over 1 % at the end of the month immediately preceding the date of publication of the research in the securities mentioned in this report. To enhance transparency, MOST has incorporated a Disclosure of Interest Statement in this document. This should, however, not be treated as endorsement of the views expressed in the report.

Motilal Oswal Securities Limited is registered as a Research Analyst under SEBI (Research Analyst) Regulations, 2014. SEBI Reg. No. INH000000412

Pending Regulatory inspections against Motilal Oswal Securities Limited:

SEBI pursuant to a complaint from client Shri C.R. Mohanraj alleging unauthorized trading, issued a letter dated 29th April 2014 to MOSL notifying appointment of an Adjudicating Officer as per SEBI regulations to hold inquiry and adjudge violation of SEBI Regulations: MOSL replied to the Show Cause Notice whereby SEBI granted us an opportunity of Inspection of Documents. Since all the documents requested by us were not covered we have requested to SEBI vide our letter dated June 23, 2015 to provide pending list of documents for inspection.

List of associate companies of Motilal Oswal Securities Limited -[Click here to access detailed report](#)

Analyst Certification

The views expressed in this research report accurately reflect the personal views of the analyst(s) about the subject securities or issues, and no part of the compensation of the research analyst(s) was, is, or will be directly or indirectly related to the specific recommendations and views expressed by research analyst(s) in this report. The research analysts, strategists, or research associates principally responsible for preparation of MOST research receive compensation based upon various factors, including quality of research, investor client feedback, stock picking, competitive factors and firm revenues

Disclosure of Interest Statement

	IDFC BANK
§ Analyst ownership of the stock	No
§ Served as an officer, director or employee -	No

A graph of daily closing prices of securities is available at www.nseindia.com and <http://economictimes.indiatimes.com/markets/stocks/stock-quotes>

Regional Disclosures (outside India)

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

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

For U.S.

Motilal Oswal Securities Limited (MOSL) is not a registered broker - dealer under the U.S. Securities Exchange Act of 1934, as amended (the "1934 act") and under applicable state laws in the United States. In addition MOSL is not a registered investment adviser under the U.S. Investment Advisers Act of 1940, as amended (the "Advisers Act" and together with the 1934 Act, the "Acts"), and under applicable state laws in the United States. Accordingly, in the absence of specific exemption under the Acts, any brokerage and investment services provided by MOSL, including the products and services described herein are not available to or intended for U.S. persons.

This report is intended for distribution only to "Major Institutional Investors" as defined by Rule 15a-6(b)(4) of the Exchange Act and interpretations thereof by SEC (henceforth referred to as "major institutional investors"). This document must not be acted on or relied on by persons who are not major institutional investors. Any investment or investment activity to which this document relates is only available to major institutional investors and will be engaged in only with major institutional investors. In reliance on the exemption from registration provided by Rule 15a-6 of the U.S. Securities Exchange Act of 1934, as amended (the "Exchange Act") and interpretations thereof by the U.S. Securities and Exchange Commission ("SEC") in order to conduct business with Institutional Investors based in the U.S., MOSL has entered into a chaperoning agreement with a U.S. registered broker-dealer, Motilal Oswal Securities International Private Limited. ("MOSIPL"). Any business interaction pursuant to this report will have to be executed within the provisions of this chaperoning agreement.

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

For Singapore

Motilal Oswal Capital Markets Singapore Pte Limited is acting as an exempt financial advisor under section 23(1)(f) of the Financial Advisers Act(FAA) read with regulation 17(1)(d) of the Financial Advisors Regulations and is a subsidiary of Motilal Oswal Securities Limited in India. This research is distributed in Singapore by Motilal Oswal Capital Markets Singapore Pte Limited and it is only directed in Singapore to accredited investors, as defined in the Financial Advisers Regulations and the Securities and Futures Act (Chapter 289), as amended from time to time.

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

Contact : (+65) 68189232

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