

**BSE SENSEX**  
 35,892

**S&P CNX**  
 10,793

**CMP: INR119**
**TP: INR140 (+17%)**
**Buy**


	BOB IN
Bloomberg Equity Shares (m)	2,652
M. Cap.(INRb)/(USD\$)	316.6 / 4.4
52-Week Range (INR)	180 / 91
1, 6, 12 Rel. Per (%)	15/4/-31
12M Avg Val (INR M)	2553
Free float (%)	36.3

### Merged Entity Snapshot

INR b	BoB	Combined
Loans	4,335	6,188
Deposits	6,070	8,759
GNPA (%)	11.8%	12.7%
NNPA (%)	4.9%	5.3%
CET1	9.1%	9.1%
Tier 1	10.3%	10.1%
Tier 2	1.6%	1.8%
CRAR	11.9%	12.0%

2QFY19 (INR m)	BoB	Combined
Share Capital	5,304	6,850
Reser. & Surplus	447,031	634,978
Networth	452,335	641,828
O/S Shares (m)	2,646	3,418
BV (INR)	170.1	184.1
Accretion to BV (%)		8.2
ABV (INR)	114.4	116.9
Accretion to Adj.BV (%)		2.2
Current MCap	315,875	408,142

## Share swap ratios announced for merger with Dena, Vijaya Bank Deal favorable for BOB shareholders

- Bank of Baroda's (BOB) board has approved the merger with Dena Bank and Vijaya Bank with the following share swap ratios: (a) 402 equity shares of BOB for every 1,000 equity shares of Vijaya Bank and (b) 110 equity shares of BOB for every 1,000 equity shares of Dena Bank.
- We believe that the share swap ratios are favorable to BOB shareholders and imply a discount of ~27% to Dena Bank and ~6% to Vijaya Bank based on the closing price of 2<sup>nd</sup> Jan'19. Based on the price on the day of the merger announcement, the proposed swap ratios imply a discount of ~30%/~11% to Dena Bank/Vijaya Bank. The merger will now lead to the creation of the third largest lender in India, with an advances and deposits market share of 6.9% and 7.4%, respectively.
- While the process of merging multiple entities will present its own set of challenges in the near term, BOB stands to benefit over the long term, in our view. We will look to revise our estimates on attaining more clarity on the growth and earnings trajectory. We maintain our Buy rating with an unchanged target price of INR140 (1x Sep-20E ABV).

### Share swap ratios imply 27%/6% discount to Dena/Vijaya Bank

The swap ratio of 402 and 110 equity shares of BOB for every 1,000 shares of Vijaya Bank and Dena Bank, respectively, are favorable to BOB's shareholders, in our view. The swap ratios imply a discount of ~27% to Dena Bank and ~6% to Vijaya Bank, based on the closing price of 2<sup>nd</sup> Jan'18. Based on the price on the day of the merger announcement, the proposed swap ratios imply a discount of 30%/11% to Dena Bank/Vijaya Bank. While the swap ratio appears fair in respect to Dena Bank owing to the multiple challenges faced by the bank, we believe Vijaya Bank shareholders have nothing to gain from this merger.

### Merged entity's book value to increase by 8.2%; capitalization levels to sustain at 12%

The book value of the combined entity increases by 8.2% to INR184 (as on Q2FY19). The merged entity will have a tier 1 ratio of 10.1%, with a total CAR of 12% (11.9% for BoB standalone). The capitalization level will be further aided by the likely capital infusion (as highlighted in the recent announcement), which should provide adequate support for growth.

### BOB to become third largest lender, PSB count to reduce to 19

The merger of BOB, Vijaya Bank and Dena Bank will create the third largest lender in the country, with an advances and deposits market share of 6.9% and 7.4%, respectively. Retail book of the merged entity will increase to ~20% of total loans (~16% for BoB standalone) due to higher retail book of Vijaya Bank. The combined entity will have a CASA mix of 33.6%, with a CD ratio of 70.7% (71.4% for BOB standalone). Post-merger, the number of PSBs will reduce to 19 from 21 now.

### Merger may pose some near-term challenges, but government capital infusion should help

While the typical merger issues (cultural/social issues, network overlaps, relocations, business/team integrations) are likely to remain an overhang on the near-term performance, the back-end technology integration would be relatively smooth as all the three banks operate on the Finacle CBS Platform. The recent announcement by the central government of an increase in capitalization outlay for PSUs by additional INR410b (total infusion of INR1.06t during FY19) will likely ensure healthy capitalization levels for the combined entity, and thus, equip it to better deal with the merger-related challenges.

### Geographical reach to strengthen, further increase in branch/employee count

While BOB already has a widespread network, Dena Bank and Vijaya Bank are more regional-focused banks. This will help BOB to strengthen its presence in the western, southern and north-eastern regions. The branch count of the combined entity will increase to 9,511 (second largest amongst all banks). The employee base, too, will rise to 86,473, as against 94,907 for the second largest lender – HDFC Bank.

### Valuation and view

BOB has shown early signs of turnaround in recent quarters, and management's focus on cleaning up the balance sheet and improving provisioning coverage has further laid the foundation for sustainable growth. Such a large-scale merger will present its own set of challenges in the near term, but the recovery in the NPL cycle, credit growth and the prospects of adequate capital infusion from the government will aid smoother integration and help in returning to normal operations. The purging of bad loans over the past few years has considerably improved transparency levels, and thus, will preempt any post-merger shocks for BOB. The favorable swap ratios have resulted in 8.2%/2.2% increase in BV/ABV for BOB. We, thus, expect BOB to benefit from the merger in the long term. We will look to revise our estimates on attaining more clarity on the growth and earnings trajectory. We maintain our **Buy** rating with an unchanged target price of INR140 (1x Sep-20E ABV).

Outstanding shares increase by 29.2% in the merged entity

#### Exhibit 1: Swap ratio – 772.8m (29.2% increase) shares of BoB to be issued

No of shares (m)	Vijaya Bank	Dena Bank
Swap Ratio	0.402:1	0.110:1
Existing no. of shares	1,304.1	2,259.0
New BOB shares to be issued	524.3	248.5
<hr style="border-top: 1px dashed red;"/>		
Existing shares of BOB		2,645.5
Total new Outstanding shares		3,418.3
% increase in outstanding shares of BOB		29.2

Source: MOSL, Company

Merged entity book value  
to increase by 8.2%

**Exhibit 2: Snapshot of merged entity**

2QFY19 (INRm)	BOB	Dena	Vijaya Bank	Merged entity
Share Capital	5,304	22,591	13,042	6,850
Reserves and Surplus	4,47,031	57,972	95,889	6,34,978
<b>Net-worth</b>	<b>4,52,335</b>	<b>80,562</b>	<b>1,08,931</b>	<b>6,41,828</b>
Outstanding shares (m)	2,646	2,259	1,304	3,418
Swap Ratio		0.110	0.402	NA
New Bob Shares issued (m)		248	524	NA
Face Value (INR)	2	10	10	2
<b>BV (INR)*</b>	<b>170</b>	<b>33</b>	<b>80</b>	<b>184</b>
Accretion to Book value (%)				8.2
<b>ABV (INR)*</b>	<b>114</b>	<b>12</b>	<b>54</b>	<b>117</b>
Accretion to Adj. Book value (%)				2.2
Current market price (INR)	119.4	17.95	51.05	
Current Mkt Cap (INRm)	3,15,875	40,550	66,577	4,08,142
Discount to CMP based on swap ratio		-27%	-6%	

\*Adjusted for revaluation reserves as on FY18

Source: MOSL, Company

**Exhibit 3: Pro-forma of the merged entity for FY20**

(INR m)	BOB-Standalone		BOB-Merged
	FY18	FY19	FY20
<b>Profit &amp; Loss</b>			
NII	1,55,218	1,83,764	3,03,535
<i>Growth</i>	14.9	18.4	65.2
PPP	1,20,056	1,33,219	2,15,048
<i>Growth</i>	9.4	11.0	61.4
PAT	-24,318	24,705	63,947
<i>Growth</i>	-275.8	-201.6	158.8
<b>Balance Sheet</b>			
Net-worth	4,33,948	4,55,577	7,03,788
<i>Growth</i>	7.7	5.0	54.5
Loans	42,74,318	48,29,980	77,44,940
<i>Growth</i>	11.5	13.0	60.4
Deposits	59,13,148	64,74,897	1,04,39,103
<i>Growth</i>	-1.7	9.5	61.2
<b>Ratios</b>			
EPS	(9.8)	9.3	18.7
BV	157	165	206
RoA	(0.3)	0.3	0.5
RoE	(5.8)	5.6	9.1

Source: MOSL, Company

**Exhibit 4: Quarterly snapshot as on 2QFY19**

INRm	BoB	Vijaya Bank	Dena	Combined
<b>Profit and Loss</b>				
NII	44,925	11,655	7,256	63,837
PPoP	30,819	7,588	4,419	42,826
PAT	4,254	1,399	-4,167	1,486
<b>Balance Sheet</b>				
Loans	43,35,491	12,62,840	5,90,009	61,88,339
Deposits	60,69,732	16,76,277	10,12,603	87,58,612
Total Assets	74,14,340	18,81,795	11,46,202	1,04,42,337
Net Worth	4,52,335	1,08,931	80,562	6,41,828
<b>Asset Quality</b>				
GNPA (INRm)	5,51,214	75,570	1,61,404	7,88,188
NNPA (INRm)	2,10,592	48,102	69,024	3,27,718
<b>Others</b>				
Branches	5,534	2,119	1,858	9,511
Employees	56,808	16,070	13,595	86,473
<b>Ratios</b>				
<b>Asset Quality</b>				
GNPA (%)	11.8%	5.9%	23.6%	12.7%
NNPA (%)	4.9%	3.8%	11.7%	5.3%
PCR (Calculated)	61.8%	36.3%	57.2%	58.4%
PCR (incl. TWO)	70.8%	62.7%	65.3%	68.9%
<b>Capitalisation</b>				
CET1	9.1%	10.1%	7.6%	9.1%
Tier 1	10.3%	11.4%	7.6%	10.1%
Tier 2	1.6%	2.2%	2.5%	1.8%
CRAR	11.9%	13.6%	10.1%	12.0%
<b>Valuation</b>				
Market Cap	3,15,875	66,577	40,550	4,08,142
Book Value	170.1	80.2	33.0	184.1
Adjusted Book Value	114.4	54.4	11.6	116.9
Price/Book Value	0.7	0.6	0.5	NA
Price/Adjusted Book Value	1.0	0.9	1.5	NA
Gov. Shareholding	63.7%	68.8%	80.7%	65.7%

Govt. shareholding to increase to 65.7% in the merged entity

Source: MOSL, Company

**Exhibit 5: Combined market share to expand for the merged entity**

Market Share (%)	BoB	Vijaya Bank	Dena	Combined
Loans	4.8%	1.4%	0.7%	6.9%
Deposits	5.1%	1.4%	0.9%	7.4%

Source: MOSL, Company

**Exhibit 6: BOB (merged entity) will become the third largest bank in terms of advances (2QFY19)**

Merged entity to become the third largest bank with a market share of 6.9%

Bank	Advances	% Market Share
State Bank Of India	1,95,73,396	21.8%
HDFC Bank Limited	75,08,381	8.4%
Bank of Baroda (Merged Entity)	61,88,339	6.9%
ICICI Bank Ltd	54,44,866	6.1%
Axis Bank Ltd.	45,61,213	5.1%
Punjab National Bank	43,09,679	4.8%
Canara Bank	40,95,286	4.6%
Bank Of India	34,02,725	3.8%
Union Bank Of India	29,30,110	3.3%
Yes Bank Ltd.	23,96,275	2.7%

Source: MOSL, Company

**Exhibit 7: Market share of PCA banks as on 2QFY19**

INRm	Advances	% Market Share
Bank Of India	34,02,725	3.8%
Central Bank Of India	17,41,890	1.9%
IDBI Bank Ltd.	15,77,930	1.8%
Allahabad Bank	15,53,780	1.7%
Indian Overseas Bank	15,00,400	1.7%
Oriental Bank Of Commerce	14,89,110	1.7%
UCO Bank	12,38,130	1.4%
Corporation Bank	11,61,970	1.3%
Bank Of Maharashtra	8,23,700	0.9%
United Bank of India	6,85,620	0.8%
Dena Bank	5,90,009	0.7%
<b>Total PCA Loans</b>	<b>1,57,65,264</b>	<b>17.6%</b>

Source: MOSL, Company

**Exhibit 8: Functioning offices as on 1QFY19 (state-wise and category wise)**

Functioning offices	Bank of Baroda					Dena Bank					Vijaya Bank				
	Rural	Semi-urban	Urban	Metro	Total	Rural	Semi-urban	Urban	Metro	Total	Rural	Semi-urban	Urban	Metro	Total
<b>Northern Region</b>															
Chandigarh	1		13		14			2		2			7		7
Haryana	10	30	51	12	103	8	10	23	3	44	8	14	26	4	52
Himachal Pradesh	11	10	4		25	3	3	1		7	3	6	1		10
Jammu & Kashmir		2	3	1	6			2	1	3	1		2	1	4
Nct of Delhi	1	1		137	139		3	1	46	50	3	2		74	79
Punjab	15	47	29	18	109	4	25	12	8	49	7	25	17	12	61
Rajasthan	278	163	90	75	606	6	15	17	12	50	14	15	27	16	72
<b>Western Region</b>															
Dadra & Nagar Haveli	3	2			5	6	4			10		1			1
Daman & Diu		4			4	1	2			3		1			1
Goa	19	12			31	11	7			18	1	8			9
Gujarat	466	240	118	219	1043	300	167	64	95	626	18	25	27	45	115
Maharashtra	105	111	57	258	531	92	67	37	132	328	22	24	29	107	182
<b>Southern Region</b>															
Andhra Pradesh	23	42	41	22	128	4	3	19	2	28	48	32	36	16	132
Karnataka	12	32	38	45	127	15	9	22	18	64	266	134	120	115	635
Kerala	2	80	29		111		8	10		18	10	90	37		137
Puducherry		1	1		2			1		1			2		2
Tamil Nadu	26	82	32	69	209	3	8	16	19	46	23	46	30	53	152
Telangana	8	17	11	45	81	5	1	4	17	27	20	18	14	44	96
<b>Central Region</b>															
Chhattisgarh	23	32	19	16	90	53	33	20	11	117	7	11	8	6	32
Madhya Pradesh	29	78	34	63	204	8	15	26	21	70	9	21	25	18	73
Uttarakhand	52	31	42		125	2	7	10		19	2	5	8		15
Uttar Pradesh	541	279	176	198	1194	20	7	28	31	86	27	18	57	60	162
<b>Eastern Region</b>															
Andaman & Nicobar Islands			1		1	1	1			2		1	1		2
Bihar	81	89	51	26	247	11	9	18	8	46	4	11	17	6	38
Jharkhand	24	36	19	16	95	4	8	7	3	22	2	5	6	3	16
Odisha	52	51	33		136	5	7	10		22	7	15	13		35
Sikkim	1		2		3		1	1		2			1		1
West Bengal	37	48	63	73	221	9	10	15	25	59	4	3	22	32	61
<b>North Eastern region</b>															
Arunachal Pradesh		1			1						1	4			5
Assam	8	13	17		38	2	3	6		11	3	7	15		25
Manipur	5		3		8			1		1	2		3		5
Meghalaya	1	1	3		5			1		1		1	3		4
Mizoram			2		2								3		3
Nagaland	1	3	1		5			1		1	2	2	2		6
Tripura	1		3		4			1		1		1	3		4
<b>Total</b>					<b>5,653</b>					<b>1,834</b>					<b>2,234</b>

Source: MOSL, Company

**Exhibit 9: Functioning offices as on 1QFY19, region-wise (as a % of total)**

	BOB		Dena		Vijaya Bank		Combined	
	Total	% of Total	Total	% of Total	Total	% of Total	Total	% of Total
Northern Region	1,002	17.7%	205	11.2%	285	12.8%	1,492	15.3%
Western Region	1614	28.6%	985	53.7%	308	13.8%	2,907	29.9%
Southern Region	658	11.6%	184	10.0%	1154	51.7%	1,996	20.5%
Central Region	1613	28.5%	292	15.9%	282	12.6%	2,187	22.5%
Eastern Region	703	12.4%	153	8.3%	153	6.8%	1,009	10.4%
North Eastern region	63	1.1%	15	0.8%	52	2.3%	130	1.3%
<b>Total</b>	<b>5,653</b>	<b>100%</b>	<b>1,834</b>	<b>100%</b>	<b>2,234</b>	<b>100%</b>	<b>9,721</b>	<b>100%</b>

Source: MOSL, Company

## Financials and Valuations

Income Statement							(INR m)	
Y/E March	FY13	FY14	FY15	FY16	FY17	FY18	FY19E	FY20E
Interest Income	3,51,967	3,89,397	4,29,636	4,40,613	4,21,999	4,36,485	4,83,995	5,62,782
Interest Expense	2,38,814	2,69,744	2,97,763	3,13,214	2,86,865	2,81,268	2,99,113	3,46,680
<b>Net Interest Income</b>	<b>1,13,153</b>	<b>1,19,653</b>	<b>1,31,872</b>	<b>1,27,398</b>	<b>1,35,134</b>	<b>1,55,218</b>	<b>1,84,882</b>	<b>2,16,102</b>
Growth (%)	9.7	5.7	10.2	-3.4	6.1	14.9	19.1	16.9
Non-Interest Income	36,306	44,627	44,020	49,989	67,581	66,572	56,586	62,244
<b>Total Income</b>	<b>1,49,459</b>	<b>1,64,281</b>	<b>1,75,892</b>	<b>1,77,387</b>	<b>2,02,715</b>	<b>2,21,789</b>	<b>2,41,468</b>	<b>2,78,346</b>
Growth (%)	8.8	9.9	7.1	0.8	14.3	9.4	8.9	15.3
Operating Expenses	59,467	71,371	76,741	89,231	92,964	1,01,734	1,10,459	1,23,264
<b>Pre Provision Profits</b>	<b>89,992</b>	<b>92,910</b>	<b>99,151</b>	<b>88,156</b>	<b>1,09,751</b>	<b>1,20,056</b>	<b>1,31,008</b>	<b>1,55,082</b>
Growth (%)	4.9	3.2	6.7	-11.1	24.5	9.4	9.1	18.4
<b>Core PPP</b>	<b>83,819</b>	<b>85,472</b>	<b>89,081</b>	<b>76,367</b>	<b>83,571</b>	<b>1,01,279</b>	<b>1,15,049</b>	<b>1,41,516</b>
Growth (%)	20.5	2.0	4.2	-14.3	9.4	21.2	13.6	23.0
Provisions (excl. tax)	41,679	37,937	44,945	1,55,137	85,024	1,47,963	97,926	97,295
<b>PBT</b>	<b>48,312</b>	<b>54,973</b>	<b>54,206</b>	<b>-66,981</b>	<b>24,727</b>	<b>-27,907</b>	<b>33,082</b>	<b>57,787</b>
Tax	3,505	9,562	20,222	-13,025	10,896	-3,589	7,940	15,602
Tax Rate (%)	7.3	17.4	37.3	19.4	44.1	12.9	24.0	27.0
<b>PAT</b>	<b>44,807</b>	<b>45,411</b>	<b>33,984</b>	<b>-53,955</b>	<b>13,831</b>	<b>-24,318</b>	<b>25,142</b>	<b>42,184</b>
Growth (%)	-10.5	1.3	-25.2	-258.8	-125.6	-275.8	-203.4	67.8

### Balance Sheet

Y/E March	FY13	FY14	FY15	FY16	FY17	FY18	FY19E	FY20E
Equity Share Capital	4,225	4,307	4,436	4,621	4,621	5,304	5,304	5,304
Reserves & Surplus	3,15,469	3,55,550	3,93,918	3,97,369	3,98,412	4,28,644	4,50,710	4,89,818
<b>Net Worth</b>	<b>3,19,694</b>	<b>3,59,857</b>	<b>3,98,353</b>	<b>4,01,990</b>	<b>4,03,033</b>	<b>4,33,948</b>	<b>4,56,014</b>	<b>4,95,122</b>
<b>Deposits</b>	<b>47,38,833</b>	<b>56,88,944</b>	<b>61,75,595</b>	<b>57,40,379</b>	<b>60,16,752</b>	<b>59,13,148</b>	<b>64,74,897</b>	<b>73,81,383</b>
Growth (%)	23.1	20.0	8.6	-7.0	4.8	-1.7	9.5	14.0
<b>of which CASA Dep.</b>	<b>11,99,809</b>	<b>14,64,878</b>	<b>16,29,689</b>	<b>15,13,345</b>	<b>19,34,958</b>	<b>21,17,786</b>	<b>21,69,091</b>	<b>25,24,433</b>
Growth (%)	15.9	22.1	11.3	-7.1	27.9	9.4	2.4	16.4
Borrowings	2,65,793	3,68,130	3,52,643	3,34,717	3,06,114	6,25,720	8,70,883	11,67,118
Other Liabilities & Prov.	1,47,034	1,78,115	2,23,294	2,36,679	2,22,856	2,27,182	2,72,618	2,99,880
<b>Total Liabilities</b>	<b>54,71,354</b>	<b>65,95,045</b>	<b>71,49,885</b>	<b>67,13,765</b>	<b>69,48,754</b>	<b>71,99,998</b>	<b>80,74,413</b>	<b>93,43,503</b>
Current Assets	8,53,989	13,08,779	14,83,532	13,39,003	15,04,699	9,28,974	15,05,885	17,52,443
<b>Investments</b>	<b>12,13,937</b>	<b>11,61,127</b>	<b>11,68,122</b>	<b>12,04,505</b>	<b>12,96,305</b>	<b>16,31,845</b>	<b>16,64,482</b>	<b>17,14,417</b>
Growth (%)	45.9	-4.4	0.6	3.1	7.6	25.9	2.0	3.0
<b>Loans</b>	<b>32,81,858</b>	<b>39,70,058</b>	<b>42,80,651</b>	<b>38,37,702</b>	<b>38,32,592</b>	<b>42,74,318</b>	<b>48,29,980</b>	<b>55,54,477</b>
Growth (%)	14.2	21.0	7.8	-10.3	-0.1	11.5	13.0	15.0
Fixed Assets	24,531	27,341	28,748	62,538	57,584	53,674	57,109	60,764
Other Assets	97,039	1,27,740	1,88,832	2,70,017	2,57,574	3,11,186	16,957	2,61,403
<b>Total Assets</b>	<b>54,71,354</b>	<b>65,95,045</b>	<b>71,49,885</b>	<b>67,13,765</b>	<b>69,48,754</b>	<b>71,99,998</b>	<b>80,74,413</b>	<b>93,43,503</b>

### Asset Quality

GNPA (INR m)	79,826	1,20,390	1,62,610	4,05,210	4,27,190	5,64,804	5,19,535	4,88,288
NNPA (INR m)	41,920	60,348	80,695	1,94,065	1,80,802	2,34,824	1,88,064	1,56,929
GNPA Ratio	2.40	2.99	3.73	10.01	10.47	13.21	10.76	8.79
NNPA Ratio	1.28	1.52	1.89	5.06	4.72	5.49	3.89	2.83
Slippage Ratio	2.38	2.13	2.14	6.50	3.47	5.96	3.10	2.40
Credit Cost	1.00	0.81	0.92	3.45	2.09	3.55	2.00	1.80
PCR (Excl. Tech. write off)	47.5	48.5	50.4	52.1	57.7	58.4	63.8	67.9

E: MOSL Estimates

## Financials and Valuations

### Ratios

Y/E March	FY13	FY14	FY15	FY16	FY17	FY18	FY19E	FY20E
<b>Yield and Cost Ratios (%)</b>								
<b>Avg. Yield-Earning Assets</b>	<b>7.5</b>	<b>6.8</b>	<b>6.6</b>	<b>6.8</b>	<b>6.7</b>	<b>6.5</b>	<b>6.5</b>	<b>6.6</b>
Avg. Yield on loans	8.4	7.7	7.5	7.3	7.2	7.2	7.5	7.9
Avg. Yield on Investments	7.3	7.3	8.1	9.0	8.5	7.3	7.5	7.6
<b>Avg. Cost-Int. Bear. Liab.</b>	<b>5.3</b>	<b>4.9</b>	<b>4.7</b>	<b>5.0</b>	<b>4.6</b>	<b>4.4</b>	<b>4.3</b>	<b>4.4</b>
Avg. Cost of Deposits	5.2	4.8	4.7	4.9	4.6	4.4	4.4	4.5
<b>Interest Spread</b>	<b>2.3</b>	<b>1.9</b>	<b>1.9</b>	<b>1.9</b>	<b>2.1</b>	<b>2.1</b>	<b>2.2</b>	<b>2.3</b>
<b>Net Interest Margin</b>	<b>2.4</b>	<b>2.1</b>	<b>2.0</b>	<b>2.0</b>	<b>2.2</b>	<b>2.3</b>	<b>2.5</b>	<b>2.5</b>

### Capitalisation Ratios (%)

CAR	13.3	12.3	12.6	13.2	12.2	12.9	11.4	10.9
Tier I	10.1	9.3	9.9	10.8	9.9	11.3	10.0	9.6
Tier II	3.2	3.0	2.7	2.3	2.2	1.6	1.4	1.3

### Business and Efficiency Ratios (%)

Loans/Deposit Ratio	69.3	69.8	69.3	66.9	63.7	72.3	74.6	75.2
CASA Ratio	25.3	25.7	26.4	26.4	32.2	35.8	33.5	34.2
Cost/Assets	1.1	1.1	1.1	1.3	1.3	1.4	1.4	1.3
Cost/Total Income	39.8	43.4	43.6	50.3	45.9	45.9	45.7	44.3
Cost/Core Income	41.5	45.5	46.3	53.9	52.7	50.1	49.0	46.6
Int. Expense/Int. Income	67.9	69.3	69.3	71.1	68.0	64.4	61.8	61.6
Fee Income/Total Income	20.2	22.6	19.3	21.5	20.4	21.5	16.8	17.5
Non Int. Inc./Total Income	24.3	27.2	25.0	28.2	33.3	30.0	23.4	22.4
Emp. Cost/Total Expense	58.0	58.0	55.5	55.8	49.9	45.3	45.5	45.6
Investment/Deposit Ratio	25.6	20.4	18.9	21.0	21.5	27.6	25.7	23.2

### Profitability Ratios and Valuation

RoE	16.1	14.4	9.7	-15.3	4.0	-5.8	5.7	8.9
RoA	0.9	0.8	0.5	-0.8	0.2	-0.3	0.3	0.5
RoRWA	1.6	1.4	0.9	-1.4	0.3	-0.6	0.6	0.8
Book Value (INR)	148.5	164.4	177.2	164.2	165.9	157.1	165.4	180.2
Growth (%)	19.5	10.8	7.8	-7.3	1.1	-5.3	5.3	8.9
<b>Price-BV (x)</b>	<b>0.8</b>	<b>0.7</b>	<b>0.7</b>	<b>0.7</b>	<b>0.7</b>	<b>0.8</b>	<b>0.7</b>	<b>0.7</b>
Adjusted BV (INR)	127.2	137.4	144.3	98.0	107.2	90.9	111.5	134.3
<b>Price-ABV (x)</b>	<b>0.9</b>	<b>0.9</b>	<b>0.8</b>	<b>1.2</b>	<b>1.1</b>	<b>1.3</b>	<b>1.1</b>	<b>0.9</b>
EPS (INR)	21.47	21.3	15.5	-23.8	6.0	-9.80	9.5	15.9
Growth (%)	-13.7	-0.8	-27.0	-253.3	-125.1	-263.7	-196.7	67.8
<b>Price-Earnings (x)</b>	<b>5.6</b>	<b>5.6</b>	<b>7.7</b>	<b>-5.0</b>	<b>19.9</b>	<b>-12.2</b>	<b>12.6</b>	<b>7.5</b>
Dividend Per Share (INR)	5.0	5.0	3.8	0.0	1.4	0.0	1.2	1.2
<b>Dividend Yield (%)</b>	<b>4.2</b>	<b>4.2</b>	<b>3.2</b>	<b>0.0</b>	<b>1.2</b>	<b>0.0</b>	<b>1.0</b>	<b>1.0</b>

E: MOSL Estimates



NOTES

Explanation of Investment Rating

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

\*In case the recommendation given by the Research Analyst becomes inconsistent with the investment rating legend, the Research Analyst shall within 28 days of the inconsistency, take appropriate measures to make the recommendation consistent with the investment rating legend.

## Disclosures:

The following Disclosures are being made in compliance with the SEBI Research Analyst Regulations 2014 (herein after referred to as the Regulations).

Motilal Oswal Securities Ltd. (MOSL)\* is a SEBI Registered Research Analyst having registration no. INH000000412. MOSL, the Research Entity (RE) as defined in the Regulations, is engaged in the business of providing Stock broking services, Investment Advisory Services, Depository participant services & distribution of various financial products. MOSL is a subsidiary company of Motilal Oswal Financial Service Ltd. (MOFSL). MOFSL is a listed public company, the details in respect of which are available on [www.motilaloswal.com](http://www.motilaloswal.com). MOSL is registered with the Securities & Exchange Board of India (SEBI) and is a registered Trading Member with National Stock Exchange of India Ltd. (NSE) and BSE Limited (BSE), Multi Commodity Exchange of India (MCX) & National Commodity & Derivatives Exchange Ltd. (NCDEX) for its stock broking activities & is Depository participant with Central Depository Services Limited (CDSL) & National Securities Depository Limited (NSDL) and is member of Association of Mutual Funds of India (AMFI) for distribution of financial products. Details of associate entities of Motilal Oswal Securities Limited are available on the website at <http://onlinereports.motilaloswal.com/Dormant/documents/Associate%20Details.pdf>

MOSL, its associates, Research Analyst or their relative may have any financial interest in the subject company. MOSL and/or its associates and/or Research Analyst may have actual/beneficial ownership of 1% or more securities in the subject company at the end of the month immediately preceding the date of publication of the Research Report. MOSL and its associate company(ies), their directors and Research Analyst and their relatives may: (a) from time to time, have a long or short position in, act as principal in, and buy or sell the securities or derivatives thereof of companies mentioned herein. (b) be engaged in any other transaction involving such securities and earn brokerage or other compensation or act as a market maker in the financial instruments of the company(ies) discussed herein or act as an advisor or lender/borrower to such company(ies) or may have any other potential conflict of interests with respect to any recommendation and other related information and opinions.; however the same shall have no bearing whatsoever on the specific recommendations made by the analyst(s), as the recommendations made by the analyst(s) are completely independent of the views of the associates of MOSL even though there might exist an inherent conflict of interest in some of the stocks mentioned in the research report. Research Analyst may have served as director/officer, etc. in the subject company in the last 12 month period. MOSL and/or its associates may have received any compensation from the subject company in the past 12 months.

In the last 12 months period ending on the last day of the month immediately preceding the date of publication of this research report, MOSL or any of its associates may have:

- managed or co-managed public offering of securities from subject company of this research report,
- received compensation for investment banking or merchant banking or brokerage services from subject company of this research report,
- received compensation for products or services other than investment banking or merchant banking or brokerage services from the subject company of this research report.
- Subject Company may have been a client of MOSL or its associates during twelve months preceding the date of distribution of the research report.

MOSL and its associates have not received any compensation or other benefits from the subject company or third party in connection with the research report. To enhance transparency, MOSL 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. MOSL and / or its affiliates do and seek to do business including investment banking with companies covered in its research reports. As a result, the recipients of this report should be aware that MOSL may have a potential conflict of interest that may affect the objectivity of this report. Compensation of Research Analysts is not based on any specific merchant banking, investment banking or brokerage service transactions.

## Terms & Conditions:

This report has been prepared by MOSL and is meant for sole use by the recipient and not for circulation. The report and information contained herein is strictly confidential and may not be altered in any way, transmitted to, copied or distributed, in part or in whole, to any other person or to the media or reproduced in any form, without prior written consent of MOSL. The report is based on the facts, figures and information that are considered true, correct, reliable and accurate. The intent of this report is not recommendatory in nature. The information is obtained from publicly available media or other sources believed to be reliable. Such information has not been independently verified and no guaranty, representation of warranty, express or implied, is made as to its accuracy, completeness or correctness. All such information and opinions are subject to change without notice. The report is prepared solely for informational purpose and does not constitute an offer document or solicitation of offer to buy or sell or subscribe for securities or other financial instruments for the clients. Though disseminated to all the customers simultaneously, not all customers may receive this report at the same time. MOSL will not treat recipients as customers by virtue of their receiving this 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.

## Disclosure of Interest Statement

Bank of Baroda  
No

Analyst ownership of the stock

A graph of daily closing prices of securities is available at [www.nseindia.com](http://www.nseindia.com), [www.bseindia.com](http://www.bseindia.com). Research Analyst views on Subject Company may vary based on Fundamental research and Technical Research. Proprietary trading desk of MOSL or its associates maintains arm's length distance with Research Team as all the activities are segregated from MOSL research activity and therefore it can have an independent view with regards to subject company for which Research Team have expressed their views.

## Regional Disclosures (outside India)

This report is not directed or intended for distribution to or use by any person or entity resident in a state, country or any jurisdiction, where such distribution, publication, availability or use would be contrary to law, regulation or which would subject MOSL & 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

In Singapore, this report is being distributed by Motilal Oswal Capital Markets Singapore Pte Ltd ("MOCMSPL") (Co.Reg. NO. 201129401Z) which is a holder of a capital markets services license and an exempt financial adviser in Singapore, as per the approved agreement under Paragraph 9 of Third Schedule of Securities and Futures Act (CAP 289) and Paragraph 11 of First Schedule of Financial Advisers Act (CAP 110) provided to MOCMSPL by Monetary Authority of Singapore. Persons in Singapore should contact MOCMSPL in respect of any matter arising from, or in connection with this report/publication/communication. This report is distributed solely to persons who qualify as "Institutional Investors", of which some of whom may consist of "accredited" institutional investors as defined in section 4A(1) of the Securities and Futures Act, Chapter 289 of Singapore ("the SFA"). Accordingly, if a Singapore person is not or ceases to be such an institutional investor, such Singapore Person must immediately discontinue any use of this Report and inform MOCMSPL.

## Disclaimer:

The report and information contained herein is strictly confidential and meant solely for the selected recipient and may not be altered in any way, transmitted to, copied or distributed, in part or in whole, to any other person or to the media or reproduced in any form, without prior written consent. This report and information herein is solely for informational purpose and may not be used or considered as an offer document or solicitation of offer to buy or sell or subscribe for securities or other financial instruments. Nothing in this report constitutes investment, legal, accounting and tax advice or a representation that any investment or strategy is suitable or appropriate to your specific circumstances. The securities discussed and opinions expressed in this report may not be suitable for all investors, who must make their own investment decisions, based on their own investment objectives, financial positions and needs of specific recipient. This may not be taken in substitution for the exercise of independent judgment by any recipient. Each recipient of this document should make such investigations as it deems necessary to arrive at an independent evaluation of an investment in the securities of companies referred to in this document (including the merits and risks involved), and should consult its own advisors to determine the merits and risks of such an investment. The investment discussed or views expressed may not be suitable for all investors. Certain transactions -including those involving futures, options, another derivative products as well as non-investment grade securities - involve substantial risk and are not suitable for all investors. No representation or warranty, express or implied, is made as to the accuracy, completeness or fairness of the information and opinions contained in this document. The Disclosures of Interest Statement incorporated in this document is provided solely to enhance the transparency and should not be treated as endorsement of the views expressed in the report. This information is subject to change without any prior notice. The Company reserves the right to make modifications and alterations to this statement as may be required from time to time without any prior approval. MOSL, its associates, their directors and the employees may from time to time, effect or have effected an own account transaction in, or deal as principal or agent in or for the securities mentioned in this document. They may perform or seek to perform investment banking or other services for, or solicit investment banking or other business from, any company referred to in this report. Each of these entities functions as a separate, distinct and independent of each other. The recipient should take this into account before interpreting the document. This report has been prepared on the basis of information that is already available in publicly accessible media or developed through analysis of MOSL. The views expressed are those of the analyst, and the Company may or may not subscribe to all the views expressed therein. This document is being supplied to you solely for your information and may not be reproduced, redistributed or passed on, directly or indirectly, to any other person or published, copied, in whole or in part, for any purpose. This report is not directed or intended for distribution to, or use by, any person or entity who is a citizen or resident of or located in any locality, state, country or other jurisdiction, where such distribution, publication, availability or use would be contrary to law, regulation or which would subject MOSL to any registration or licensing requirement within such jurisdiction. The securities described herein may or may not be eligible for sale in all jurisdictions or to certain category of investors. Persons in whose possession this document may come are required to inform themselves of and to observe such restriction. Neither the Firm, nor its directors, employees, agents or representatives shall be liable for any damages whether direct or indirect, incidental, special or consequential including lost revenue or lost profits that may arise from or in connection with the use of the information. The person accessing this information specifically agrees to exempt MOSL or any of its affiliates or employees from, any and all responsibility/liability arising from such misuse and agrees not to hold MOSL or any of its affiliates or employees responsible for any such misuse and further agrees to hold MOSL or any of its affiliates or employees free and harmless from all losses, costs, damages, expenses that may be incurred by the person accessing this information due to any errors and delays.

Registered Office Address: Motilal Oswal Tower, Rahimtullah Sayani Road, Opposite Parel ST Depot, Prabhadevi, Mumbai-400025; Tel No.: 022-3980 4263; [www.motilaloswal.com](http://www.motilaloswal.com). Correspondence Address: Palm Spring Centre, 2nd Floor, Palm Court Complex, New Link Road, Malad (West), Mumbai- 400 064. Tel No: 022 3080 1000. Compliance Officer: Neeraj Agarwal, Email Id: [na@motilaloswal.com](mailto:na@motilaloswal.com). Contact No.:022-38281085.

Registration details of group entities: MOSL: SEBI Registration: INZ000158836 (BSE/NSE/MCX/NCDEX); CDSL: IN-DP-16-2015; NSDL: IN-DP-NSDL-152-2000; Research Analyst: INH000000412. AMFI: ARN 17397. Investment Adviser: INA000007100. Motilal Oswal Asset Management Company Ltd. (MOAMC): PMS (Registration No.: INP000000670) offers PMS and Mutual Funds products. Motilal Oswal Wealth Management Ltd. (MOWML): PMS (Registration No.: INP000004409) offers wealth management solutions. \*Motilal Oswal Securities Ltd. is a distributor of Mutual Funds, PMS, Fixed Deposit, Bond, NCDs, Insurance and IPO products. \* Motilal Oswal Real Estate Investment Advisors II Pvt. Ltd. offers Real Estate products. \* Motilal Oswal Private Equity Investment Advisors Pvt. Ltd. offers Private Equity products

\*MOSL has been amalgamated with Motilal Oswal Financial Services Limited (MOFSL) w.e.f. August 21, 2018 pursuant to order dated July 30, 2018 issued by Hon'ble National Company Law Tribunal, Mumbai Bench. The existing registration no(s) of MOSL would be used until receipt of new MOFSL registration numbers.