

Industry  
Bloomberg  
BSE CODE

Financial  
BOB IN  
532134

## Improved Margin along with higher treasury drove the profitability

RATING	BUY
CMP	97
Price Target	112
Potential Upside	15%
Rating Change	↔
Estimate Change	↔
Target Change	↔

STOCK INFO	
52wk Range H/L	144/86
Mkt Capital (Rs Cr)	37,313
Free float (%)	31.00
Avg. Vol 1M (,000)	29,040
No. of Shares (Crs)	385
Promoters Pledged %	0%

Fig in Rs Cr

FINANCIAL	FY19	FY20E	FY21E
NII	18684	27865	31017
PPP	13487	18451	20127
PAT	434	2990	5663
NIM %	2.6	3.1	2.8
EPS (Rs)	2	6	12
EPS growth (%)	118	278	89
ROE (%)	1	5	8
ROA (%)	0.1	0.3	0.5
BV	173	148	159
P/B (X)	0.5	0.6	0.6
P/E (x)	57	15	8

### RESEARCH ANALYST

#### DEEPAK KUMAR

Deepak.kumar@narnolia.com  
+91-22-62701205

### 2QFY20 Result Update

- BOB reported good set of numbers with NII growth at 8% QoQ driven by NIM expansion and. PAT grew by 4% QoQ in 2QFY20. NIM grew by 21/20 bps YoY/QoQ to 2.82%. Other income grew by 47% QoQ on the account of trading gains.
- Advances growth has been muted at 1% QoQ in line with our expectations. Deposits declined marginally on sequential basis.
- Asset quality improved as GNPA/NNPA both declined by 3/4 bps to 10.25/3.9% in 2QFY20. Fresh slippage for the quarter was at Rs 6,001 Cr. Watch list stands at Rs 14500 Cr. Provision for NPAs was at Rs 3425 Cr for the quarter.
- Government infused Rs 7000 Cr in 2QFY20 leading to a CAR of 12.98%. The bank also raised Rs 923 Cr of capital through ESPS.

### Tepid Credit Growth

Advances grew by 1% QoQ in 2QFY20 led by growth of in retail segment and corporate segment. Retail loan growth of 1.5% QoQ is led by auto and home loans. Education loans also saw good growth of 6% QoQ. Management guided retail loan growth to be at 20% YoY going ahead which is expected to be major growth driver going ahead. The management is confident of better advances growth going ahead in next quarter.

### Margins improved

NII grew by 56%/8% mainly due to advances growth of 47%/1% YoY/QoQ. NIM has shown improvement as Global NIM increased by 19bps both YoY/QoQ to 2.81% due to better yields. Domestic NIM also improved by 15/22 bps YoY/QoQ to 2.95%. Global yield on advances improved by 35/15 bps YoY/QoQ to 8.15% whereas domestic yield increased by 45/27 bps YoY/QoQ to 9%. Global cost of deposits declined by 8 bps QoQ whereas it increased by 13 bps YoY to 5.02% in 2QFY20. Overseas yield on advances declined to 3.76% from 4.085 QoQ the reason being movement of book towards suppliers which is low yield business. . NIM guidance of 3% going ahead.

### Improvement in asset quality

Asset quality improved as GNPA/NNPA both declined by 3/4 bps to 10.25/3.9% in 2QFY20. Slippages of around Rs 6000 Cr in 2QFY20 mainly coming from 3-4 accounts, two from an NBFC, one plastic and textile account and one from a travel agent account. These accounts contributed around 50% to slippages. Remaining is in MSME. Agri and Retail. PCR stands at 78%. Provision for NPAs was at INR 3,425 Cr for the quarter. GNPA guidance of 10% by end of December quarter. The management sees no corporate slippages going ahead except one or two accounts. Exposure to DHFL: Rs 1100 Cr. Outstanding exposure to NBFC Rs 95k Cr from which Rs 10-12 k Cr are to private ones which are not backed by any big conglomerates.

### View and Valuation

Loan book growth slowed down with the combination of merger integration and economic slowdown. However, core income growth was impressive on account of significant improvement in margin. Shedding of higher cost bulk deposits as well as improvement in yield has expanded the NIM. Slippages remained elevated and expected to remain elevated in near term as Bank Baroda has substantial exposures towards stressed accounts. Watch list stood at 14500 Cr. After the infusion of Rs 7000 Cr and Rs 923 Cr through ESPS, CRAR has reached to the comfortable level for smooth growth. We value the stock at Rs 112 (0.7x BV FY21e) and recommend BUY.

### Key Risks to our rating and target

- Slippages on the account of exposure to stressed assets.
- Succession Planning with execution risk.

The views expressed above accurately reflect the personal views of the authors about the subject companies and its(their) securities. The authors have not and will not receive any compensation for providing a specific recommendation or view. Narnolia Financial Advisors Ltd. does and seeks to do business with companies covered in its research reports. As a result, investors should be aware that the firm may have a conflict of interest that could affect the objectivity of this report. Investors should consider this report as only a single factor in making their investment decision.

## 2QFY20 Results

### PAT Above Expectation

Fig in Rs Cr

FINANCIALS	2QFY19	3QFY19	4QFY19	1QFY20	2QFY20	YoY %	QoQ%	FY18	FY19	YoY %
Interest Inc.	12,078	12,942	13,314	18,945	19,274	59.6%	1.7%	43,649	49,974	14.5%
Interest Exp.	7,586	8,198	8,247	12,447	12,246	61.4%	-1.6%	28,127	31,290	11.2%
NII	4,493	4,743	5,067	6,498	7,028	56.4%	8.2%	15,522	18,684	20.4%
Other Income	1,352	1,621	1,970	1,916	2,824	108.9%	47.4%	6,657	6,091	-8.5%
Total Income	5,844	6,364	7,037	8,414	9,852	68.6%	17.1%	22,179	24,775	11.7%
Ope Exp.	2,763	2,826	3,177	4,137	4,516	63.5%	9.1%	10,173	11,288	11.0%
PPP	3,081	3,539	3,861	4,276	5,336	73.2%	24.8%	12,006	13,487	12.3%
Provisions	2,430	2,794	5,399	3,285	4,209	73.2%	28.1%	14,796	12,789	-13.6%
PBT	652	744	(1,539)	991	1,127	72.8%	13.7%	(2,791)	698	NA
Tax	227	273	(547)	281	390	72%	38.6%	(359)	265	NA
Net Profit	425	471	(991)	710	737	73.4%	3.8%	(2,432)	434	NA

Note: YoY Numbers for 2QFY20 not comparable due to amalgamation

## Concall Highlights

- Overseas yield on advances declined to 3.76% from 4.085 QoQ the reason being movement of book towards suppliers which is low yield business.
- Credit cost is expected to come down going ahead.
- Retail loans growth led by auto and home loan.
- The bank expects Rs 596 Cr of technology cost on the account of amalgamation in next five years .Rs 150 Cr already incurred.
- Capital Adequacy went up to 12.98% from 11.5% last quarter after infusion of Rs 7000 Cr from government of India through preference shares.
- Except PSUs all other NBFC exposure has decline in 2QFY20.
- Treasury book performed well due to decline in yields.
- Slippages of around Rs 6000 Cr in 2QFY20 mainly coming from 3-4 accounts ,two from an NBFC ,one plastic and textile account and one from a travel agent account .These accounts contributed around 50% to slippages. Remaining is in MSME.Agri and Retail. One of group from DHFL and Reliance Home finance have slipped to NPA.Another still remains part of watchlist.Power account also remains in the watch list.
- Sector wise slippages for 2QFY20:Agriculture:Rs 704 Cr,MSME:Rs 1258 Cr,Retail:Rs 516 Cr and Corporate:Rs 3380 Cr and international's 130 Cr.Telecomm exposure stands at Rs 13235 Cr and close to Rs 4000 Cr is already NPA and the bank is having 85-90% provision coverage on that.
- Major recovery has been from small and medium accounts only. Sale to ARC stood at Rs 179 Cr.
- The bank has sanctioned Rs 18000 Cr of loans in MSME, Retail and Agriculture in this quarter and corporate also the bank has good pipeline.
- Restructuring of Rs 446 Cr done in 2QFY20.
- 4 road projects are under stress which the bank has exposure to.
- The DTA book stands at Rs 12000 Cr .The bank didn't opt for new tax regime till now.

## Profitability Matrix

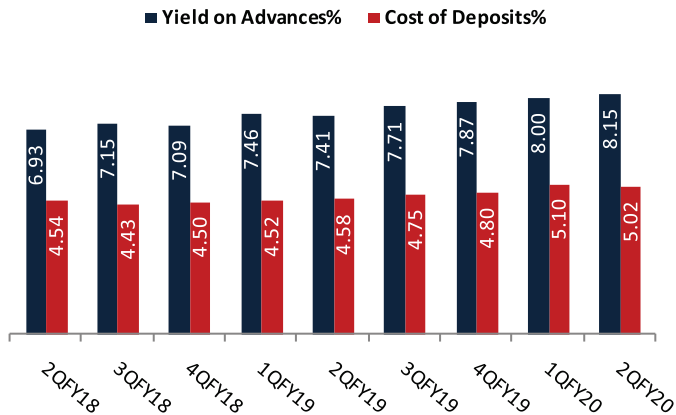
	4QFY18	1QFY19	2QFY19	3QFY19	4QFY19	1QFY20	2QFY20	YoY (+/-)	QoQ (+/-)
C/I Ratio %	53	46	47	44	45	49	46	-1	-3
Empl. Cost/ Tot. Exp. %	42	44	44	46	44	47	51	6	4
Other Exp/Tot. Exp.%	58	56	56	54	56	53	49	-6	-4
Provision/PPP %	250	72	79	79	140	77	79	0	2
Tax /PBT %	23	37	35	37	36	28	35	0	6
Int Exp./Int Inc. (%)	64	62	63	63	62	66	64	1	-2
Other Inc./Net Inc. %	30	21	23	25	28	23	29	6	6
PAT/ Net Income %	(54)	10	7	7	(14)	8	7	0	-1
PAT Growth %	(2,105)	160	20	322	(68)	34	73	54	39
NII Growth % (YoY)	12	29	21	8	27	48	56	36	8
Oper. Profit Growth YoY %	(12)	13	1	(3)	45	42	73	72	31

## Margin Performance

MARGIN %	4QFY18	1QFY19	2QFY19	3QFY19	4QFY19	1QFY20	2QFY20	YoY (+/-)	QoQ (+/-)
Yield on Advances%	7.1	7.5	7.4	7.7	7.9	8.0	8.2	0.74	0.15
Yield on Total Assets %	6.9	7.1	7.2	7.6	7.6	7.6	7.7	0.47	0.10
Cost Of Funds%	4.4	4.4	4.6	4.8	4.8	5.0	5.1	0.54	0.15
Cost of Deposits%	4.5	4.5	4.6	4.8	4.8	5.1	5.0	0.44	-0.08
NIM%	2.5	2.7	2.6	2.7	2.9	2.6	2.8	0.20	0.19

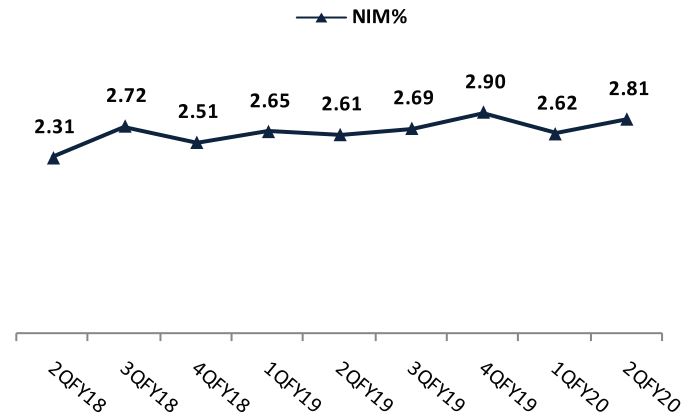
## Exhibit: Yield and Cost

Growing Margins



## Exhibit: Net Interest Margin

NIM has Expanded



## Asset & Borrowings Growth Trend

Fig in Rs Cr

	2QFY18	3QFY18	4QFY18	1QFY19	2QFY19	3QFY19	4QFY19	1QFY20	2QFY20
<b>Net Advances (Rs in Cr)</b>	<b>387302</b>	<b>399381</b>	<b>427432</b>	<b>414517</b>	<b>433549</b>	<b>448679</b>	<b>468819</b>	<b>633181</b>	<b>637340</b>
Adv. Growth YoY %	9.4	14.1	11.5	9.8	11.9	12.3	9.7	53.0	47.0
Growth QoQ %	2.5	3.0	7.0	-3.0	4.0	3.0	4.0	-3.0	1.0

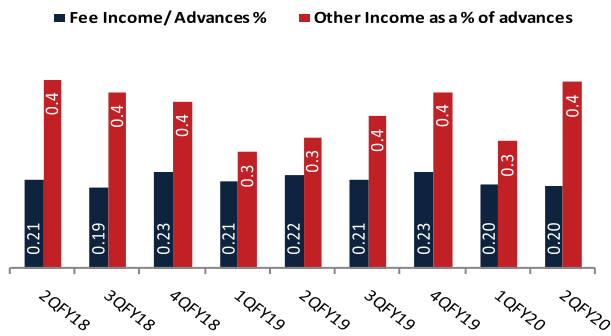
Note: YoY Numbers for 2QFY20 not comparable due to amalgamation

	2QFY18	3QFY18	4QFY18	1QFY19	2QFY19	3QFY19	4QFY19	1QFY20	2QFY20
<b>Deposits (Rs in Cr)</b>	<b>583212</b>	<b>573265</b>	<b>591315</b>	<b>581484</b>	<b>606973</b>	<b>610569</b>	<b>638690</b>	<b>895542</b>	<b>894130</b>
Growth YoY %	2.8	(2.8)	(1.7)	1.9	4.1	6.5	8.0	54.0	47.0
Growth QoQ %	2.2	(1.7)	3.1	(1.7)	4.4	0.6	4.6	(2.1)	(0.2)
<b>CASA (Rs Cr)</b>	<b>194935</b>	<b>198487</b>	<b>211779</b>	<b>206544</b>	<b>214414</b>	<b>213633</b>	<b>223794</b>	<b>301572</b>	<b>312022</b>
Growth YoY %	24.4	1.1	9.4	9.7	10.0	7.6	5.7	46.0	45.0
Growth QoQ %	3.5	1.8	6.7	(2.5)	3.8	(0.4)	4.8	(3.1)	3.5

Note: YoY Numbers for 2QFY20 not comparable due to amalgamation

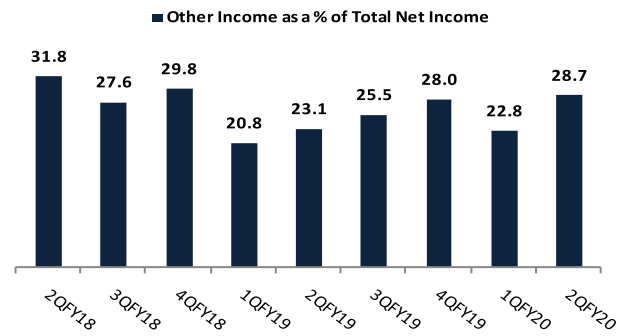
## Exhibit: Fee Income/Advances %

Fee income increased



## Exhibit: Other Income/ Total Income %

Other income improved



## Asset Composition %

	2QFY18	3QFY18	4QFY18	1QFY19	2QFY19	3QFY19	4QFY19	1QFY20	2QFY20
Large Corporates%	70	69	67	67	67	66	67	65	66
SME /MSME%	13	13	12	12	12	12	12	13	13
Retail Advance%	17	17	16	17	18	18	18	18	18
Others%	1	1	5	3	3	3	3	4	3
<b>Total</b>	<b>100</b>	<b>100</b>	<b>100</b>	<b>100</b>	<b>100</b>	<b>100</b>	<b>100</b>	<b>100</b>	<b>100</b>

## Borrowing Mix

Fig in Rs Cr

	2QFY18	3QFY18	4QFY18	1QFY19	2QFY19	3QFY19	4QFY19	1QFY20	2QFY20
<b>CASA %</b>	<b>33</b>	<b>35</b>	<b>36</b>	<b>36</b>	<b>35</b>	<b>35</b>	<b>35</b>	<b>34</b>	<b>35</b>
CA %	7	7	8	7	7	7	7	6	6
SA %	26	27	28	28	28	28	28	27	28

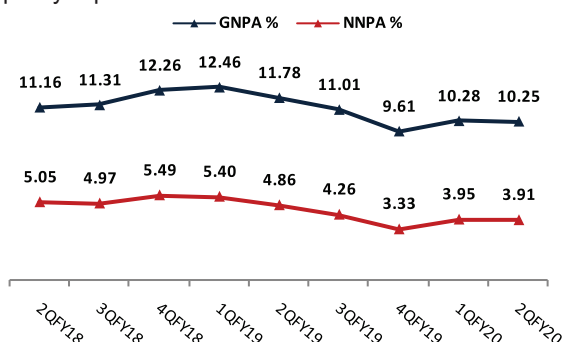
## Asset Quality

	2QFY18	3QFY18	4QFY18	1QFY19	2QFY19	3QFY19	4QFY19	1QFY20	2QFY20
GNPA (Rs Cr)	46,307	48,480	56,480	55,874	55,121	53,184	48,233	69,714	69,969
GNPA %	11	11	12	12	12	11	10	10	10
NNPA (Rs Cr)	19,573	19,852	23,483	22,384	21,059	19,130	15,609	25,030	24,894
NNPA %	5	5	5	5	5	4	3	4	4
Slippages (Rs Cr)	3,451	5,630	12,569	4,733	3,751	3,733	3,745	6,624	7,259
Std Restructured Assets %	3	2	-	-	-	-	-	-	-
Net Stress Assets %	9	8	8	7	7	6	6	4	4
PCR %	67	68	67	69	71	73	79	77	78
Credit Cost %	2	3	7	2	1	3	4	2	2
Prov/Avg Adv% (Annl.)	2	3	6	2	2	3	5	2	3
Specific PCR%	58	59	58	60	62	64	68	64	64

Note: YoY Numbers for 2QFY20 not comparable due to amalgamation

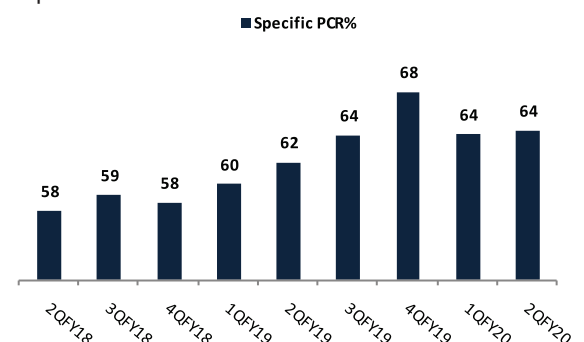
## Exhibit: Asset Quality

Asset quality improved.



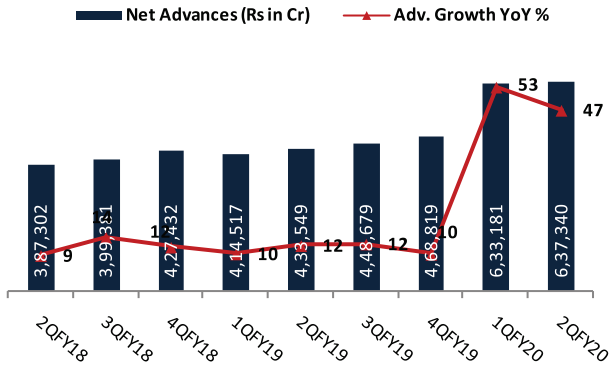
## Exhibit: Provisions

PCR improvement



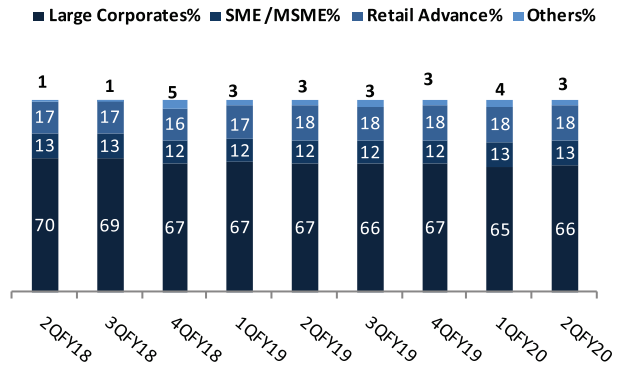
## Exhibit: Advances Performance

Advances growth



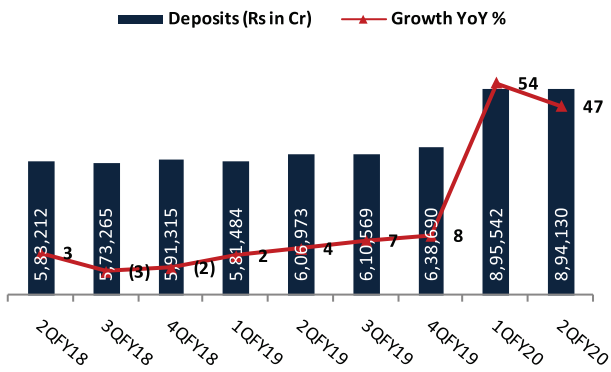
## Exhibit: Advances Breakup%

Advance mix.



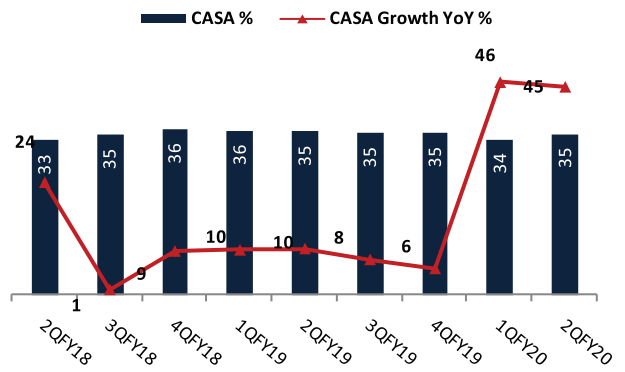
## Exhibit: Deposits Performance

Deposits growth.



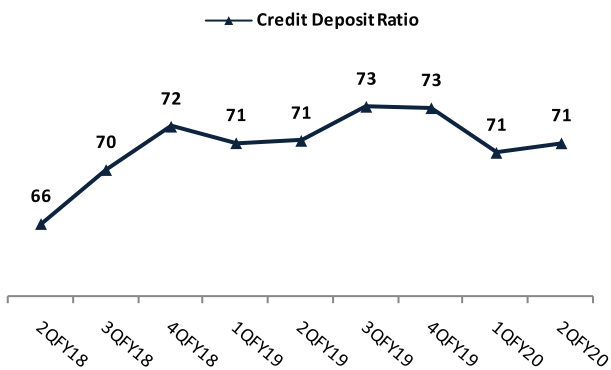
## Exhibit: CASA Performance

CASA ratio



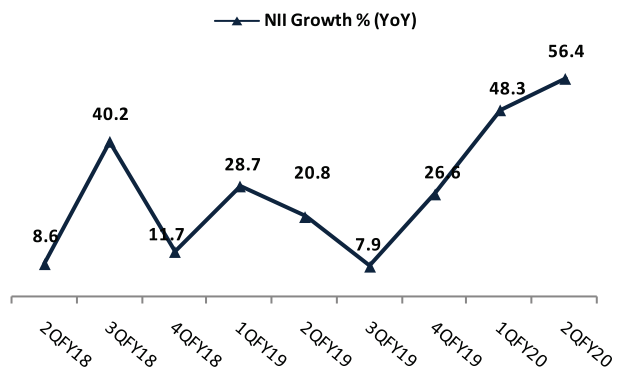
## Exhibit: Credit Deposits Ratio

Stable.



## Exhibit: Improving NII growth

NII Trend



## Financial Details

### Balance Sheet

Fig in Rs Cr

Y/E March	FY14	FY15	FY16	FY17	FY18	FY19	FY20E	FY21E
<b>Share Capital</b>	<b>431</b>	<b>444</b>	<b>462</b>	<b>462</b>	<b>530</b>	<b>530</b>	<b>969</b>	<b>969</b>
Equity Capital	431	444	462	462	530	530	969	969
Preference Capital	0	0	0	0	0	0	0	0
Reserves & Surplus	35555	39392	39737	39841	42864	50453	70503	76167
<b>Networth</b>	<b>35986</b>	<b>39835</b>	<b>40199</b>	<b>40303</b>	<b>43395</b>	<b>45941</b>	<b>71472</b>	<b>77136</b>
Deposits	568894	617560	574038	601675	591315	638690	954140	1045192
Change (%)	20	9	-7	5	-2	8	49	10
CASA Deposits	146489	162969	151334	193496	211779	223794	333949	365817
Change (%)	22	11	-7	28	9	6	49	10
Borrowings	36813	35264	33472	30611	62572	67201	75950	82361
Other Liabilities & Provisions	17812	22329	23667	22286	22718	24113	32961	36107
<b>Total Liabilities</b>	<b>659505</b>	<b>714989</b>	<b>671376</b>	<b>694875</b>	<b>720000</b>	<b>780987</b>	<b>1134523</b>	<b>1240795</b>
Cash & Bank	130878	148353	133900	150470	92897	89230	129866	144936
Investments	116113	122320	120450	129631	163185	182298	271930	297880
Change (%)	-4	5	-2	8	26	12	49	10
Advances	397006	428065	383770	383259	427432	468819	677439	731635
Change (%)	21	8	-10	0	12	10	44	8
Fixed Assets	2734	2875	6254	5758	5367	6990	8388	10066
Other Assets	12774	13376	27002	25757	31119	33651	46900	56280
<b>Total Assets</b>	<b>659505</b>	<b>714989</b>	<b>671376</b>	<b>694875</b>	<b>720000</b>	<b>780987</b>	<b>1134523</b>	<b>1240795</b>

### Income Statement

Fig in Rs Cr

Y/E March	FY14	FY15	FY16	FY17	FY18	FY19	FY20E	FY21E
Interest income	38,940	42,964	44,061	42,200	43,649	49,974	76,965	81,840
Interest expended	26,974	29,776	31,321	28,687	28,127	31,290	49,100	50,823
<b>Net Interest Income</b>	<b>11,965</b>	<b>13,187</b>	<b>12,740</b>	<b>13,513</b>	<b>15,522</b>	<b>18,684</b>	<b>27,865</b>	<b>31,017</b>
Change (%)	5.7	10.2	(3.4)	6.1	14.9	20.4	49.1	11.3
Other Income	4,463	4,402	4,999	6,758	6,657	6,091	8,439	9,237
Change (%)	22.9	(1.4)	13.6	35.2	(1.5)	(8.5)	38.5	9.5
Core Fee Income	2,117	2,200	2,346	2,835	3,277	3,837	5,034	5,598
Treasury Income	1,783	2,013	2,432	3,595	2,699	1,268	2,460	3,239
Others	563	189	221	328	681	986	945	400
Total Net Income	16,428	17,589	17,739	20,271	22,179	24,775	36,304	40,253
Operating Expenses	7,075	7,674	8,923	9,296	10,173	11,288	17,853	20,127
Change (%)	20.5	8.5	16.3	4.2	9.4	11.0	58.2	12.7
Employee Expenses	4,140	4,261	4,978	4,638	4,607	5,039	8,730	9,661
<b>Pre-provisioning Profit</b>	<b>9,353</b>	<b>9,915</b>	<b>8,816</b>	<b>10,975</b>	<b>12,006</b>	<b>13,487</b>	<b>18,451</b>	<b>20,127</b>
Change (%)	3.1	6.0	(11.1)	24.5	9.4	12.3	36.8	9.1
Provisions	3,794	4,495	15,514	8,502	14,796	12,789	13,994	12,473
Change (%)	(9.0)	18.5	245.2	(45.2)	74.0	(13.6)	9.4	(10.9)
PBT	5,497	5,421	(6,698)	2,473	(2,791)	698	4,456	7,653
Tax	956	2,022	(1,303)	1,090	(359)	265	1,467	1,990
<b>Profit After Tax</b>	<b>4,541</b>	<b>3,398</b>	<b>(5,396)</b>	<b>1,383</b>	<b>(2,432)</b>	<b>434</b>	<b>2,990</b>	<b>5,663</b>
Change (%)	1.3	(25.2)	(258.8)	(125.6)	(275.8)	117.8	589.7	89.4



## Financial Details

### Key Ratios

Y/E March	FY14	FY15	FY16	FY17	FY18	FY19	FY20E	FY21E
<b>Balance Sheet Metrics</b>								
Loan Growth (%)	21.0	7.8	(10.3)	(0.1)	11.5	9.7	44.5	8.0
Deposit Growth (%)	20.0	8.6	(7.0)	4.8	(1.7)	8.0	49.4	9.5
C/D Ratio (%)	69.8	69.3	66.9	63.7	72.3	73.4	71.0	70.0
CASA (%)	25.7	26.4	26.4	32.2	35.8	35.0	35.0	35.0
Investment/Deposit (%)	20.4	19.8	21.0	21.5	27.6	28.5	28.5	28.5
CRAR (%)	12.3	12.6	13.2	12.2	12.1	13.4	13.5	13.2
Tier 1 (%)	9.3	9.9	10.8	9.9	10.5	11.6	11.7	11.5
Tier 2 (%)	3.0	2.7	2.4	2.3	1.7	1.9	1.9	1.7

### Assets Quality Metrics

								Fig in Rs Cr
Gross NPA	11,876	16,261	40,521	42,718	56,480	48,233	64,437	52,020
Gross NAP (%)	2.9	3.7	10.0	10.5	12.3	9.6	9.0	6.8
Net NPA	6,035	8,069	19,406	18,080	23,483	15,609	21,909	17,687
Net NPA (%)	1.5	1.9	5.1	4.7	5.5	3.3	3.2	2.4
Slippages (%)	2.1	2.2	7.3	4.7	7.3	3.9	6.0	3.7
Provision Coverage (%)	65.5	65.0	60.1	66.8	67.2	78.7	76.8	76.8
Provision/Average Advances (%)	1.0	1.1	3.8	2.2	3.7	2.9	2.4	1.8

### Margin Metrics

Yield On Advances (%)	7.7	7.5	7.3	7.2	7.2	7.7	9.7	8.3
Yield On Investment (%)	7.3	8.1	8.8	8.5	7.1	7.4	7.9	6.5
Yield on Earning Assets (%)	6.7	6.5	6.7	6.5	6.5	7.1	8.6	7.4
Cost Of Deposits (%)	4.8	4.7	4.9	4.6	4.4	4.5	5.6	4.6
Cost Of Funds (%)	4.8	4.7	4.9	4.5	4.3	4.5	5.6	4.6
Spread (%)	1.9	1.8	1.8	2.0	2.2	2.6	3.0	2.8
NIM (%)	2.1	2.0	1.9	2.1	2.3	2.6	3.1	2.8

### Profitability & Efficiency Metrics

Int. Expense/Int.Income (%)	69.3	69.3	71.1	68.0	64.4	62.6	63.8	62.1
Fee Income/NII (%)	17.7	16.7	18.4	21.0	21.1	20.5	18.1	18.0
Cost to Income (%)	43.1	43.6	50.3	45.9	45.9	45.6	49.2	50.0
Cost on Average Assets (%)	1.2	1.1	1.3	1.4	1.4	1.5	1.9	1.7
Tax Rate (%)	17.4	37.3	19.4	44.1	12.9	37.9	32.9	26.0

### Valuation Ratio Metrics

EPS (Rs)	21	15	(23)	6	(9)	2	6	12
Change (%)	(0.6)	(27.3)	(252.4)	(125.6)	(253.2)	117.8	277.5	89.4
ROAE (%)	13.5	9.0	(13.5)	3.4	(5.8)	1.0	5.1	7.6
ROAA (%)	0.8	0.5	(0.8)	0.2	(0.3)	0.1	0.3	0.5
Dividend Payout (%)	20.4	20.9	-	20.0	-	-	-	12.8
Dividend yield (%)	3.0	2.0	-	0.7	-	-	-	1.6
Book Value (Rs)	167	180	174	174	164	173	148	159
Change (%)	10.4	7.5	(3.1)	0.3	(6.2)	5.9	(14.8)	7.9
ABVPS (Rs)	134	139	72	81	62	101	95	115
P/B (X)	0.9	0.9	0.8	1.0	0.9	0.5	0.6	0.6
P/E (X)	6.8	10.7	(6.3)	28.9	(15.5)	57.4	15.2	8.0

## Financial Details

### Exhibit: DuPont Analysis

	FY15	FY16	FY17	FY18	FY19	FY20E	FY21E
Interest Income	6.3	6.4	6.2	6.2	6.7	8.0	6.9
Interest expended	4.3	4.5	4.2	4.0	4.2	5.1	4.3
<b>Net Interest Income</b>	<b>1.9</b>	<b>1.8</b>	<b>2.0</b>	<b>2.2</b>	<b>2.5</b>	<b>2.9</b>	<b>2.6</b>
Non-Fund Based Income	0.6	0.7	1.0	0.9	0.8	0.9	0.8
Core Fee Income	0.3	0.3	0.4	0.5	0.5	0.5	0.5
Trading and Other Income	0.3	0.4	0.6	0.5	0.3	0.4	0.3
Core Operating Income	2.2	2.2	2.4	2.7	3.0	3.4	3.1
<b>Total Income</b>	<b>2.6</b>	<b>2.6</b>	<b>3.0</b>	<b>3.1</b>	<b>3.3</b>	<b>3.8</b>	<b>3.4</b>
Total Operating Expenses	1.1	1.3	1.4	1.4	1.5	1.9	1.7
Employee Expenses	0.6	0.7	0.7	0.7	0.7	0.9	0.8
Other Expenses	0.5	0.6	0.7	0.8	0.8	1.0	0.9
<b>Operating Profit</b>	<b>1.4</b>	<b>1.3</b>	<b>1.6</b>	<b>1.7</b>	<b>1.8</b>	<b>1.9</b>	<b>1.7</b>
Provisions	0.7	2.2	1.2	2.1	1.7	1.5	1.1
Others	-	-	-	-	-	-	-
PBT	0.8	(1.0)	0.4	(0.4)	0.1	0.5	0.6
Tax	0.3	(0.2)	0.2	(0.1)	0.0	0.2	0.2
<b>PAT/RoAA</b>	<b>0.5</b>	<b>(0.8)</b>	<b>0.2</b>	<b>(0.3)</b>	<b>0.1</b>	<b>0.3</b>	<b>0.5</b>
Equity Multiplier (x)	18.1	17.3	17.0	16.9	16.8	16.3	16.0
<b>ROAE</b>	<b>9.0</b>	<b>(13.5)</b>	<b>3.4</b>	<b>(5.8)</b>	<b>1.0</b>	<b>5.1</b>	<b>7.6</b>



Narnolia Financial Advisors Ltd. is a SEBI registered Research Analyst having SEBI Registration No. INH300006500. The Company/Analyst (s) does/do not have any holding in the stocks discussed but these stocks may have been recommended to clients in the past. Clients of Narnolia Financial Advisors Ltd. may be holding aforesaid stocks.

The stocks recommended are based on our analysis which is based on information obtained from public sources and sources believed to be reliable, but no independent verification has been made nor is its accuracy or completeness guaranteed.

Disclosures: Narnolia Financial Advisors Ltd. (NFAL) (Formerly Microsec Capital Ltd.) is a SEBI Registered Research Analyst having registration no. INH300006500. NFAL is engaged in the business of providing Stock Broking, Depository Participant, Merchant Banking, Portfolio Management & distribution of various financial products. Details of associate entities of NFAL is available on the website at [www.narnolia.com](http://www.narnolia.com)

No penalties have been levied on NFAL by any Regulatory/Statutory authority. NFAL, its associates, Research Analyst or their relative may have financial interest in the subject company. NFAL and/or its associates and/or Research Analyst may have 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. NFAL 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 NFAL 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. NFAL and/or its associates may have received 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, NFAL or any of its associates may have: a) managed or co-managed public offering of securities from subject company of this research report, b) received compensation for investment banking or merchant banking or brokerage services from subject company of this research report, c) received compensation for products or services other than investment banking or merchant banking or brokerage services from the subject company of this research report. d) Subject Company may have been a client of NFAL or its associates during 12 months preceding the date of distribution of the research report. NFAL and its associates have not received any compensation or other benefits from the Subject Company or third party in connection with the research report. NFAL and / or its affiliates may do and seek to do business including Investment Banking with companies covered in the research reports. As a result, the recipients of this report should be aware that NFAL 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. Research Analyst's views on Subject Company may vary based on Fundamental research and Technical Research. Proprietary trading desk of NFAL or its associates maintains arm's length distance with Research Team as all the activities are segregated from NFAL research activity and therefore it can have an independent view with regards to subject company for which Research Team have expressed their views.

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-

Analyst's ownership of the stocks mentioned in the Report	NIL
---	-----

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).

Correspondence Office Address: Arch Waterfront, 5th Floor, Block GP, Saltlake, Sector 5, Kolkata 700 091; Tel No.: 033-40541700; [www.narnolia.com](http://www.narnolia.com).

Registered Office Address: Marble Arch, Office 201, 2nd Floor, 236B, AJC Bose Road, Kolkata 700 020; Tel No.: 033-4050 1500; [www.narnolia.com](http://www.narnolia.com)

Compliance Officer: Manish Kr Agarwal, Email Id: [mkagarwal@narnolia.com](mailto:mkagarwal@narnolia.com), Contact No.:033-40541700.

Registration details of Company: Narnolia Financial Advisors Ltd. (NFAL): SEBI Stock Broker Registration: INZ000166737 (NSE/BSE/MSEI); NSDL/CDSL: IN-DP-380-2018; Research Analyst: INH300006500, Merchant Banking: (Registration No.: INM000010791), PMS: (Registration No.: INP000002304), AMFI Registered Mutual Fund distributor: ARN 3087

Registration Details of Group entities: G. Raj & Company Consultants Ltd (G RAJ)-BSE Broker INZ260010731; NSDL DP: IN-DP-NSDL-371-2014 || Narnolia Commerze Limited (Formerly Microsec Commerze Ltd.)-MCX/NCDEX Commodities Broker: INZ000051636 || NarnoliaVelox Advisory Ltd.- SEBI Registered PMS: INP000005109 || Eastwind Capital Advisors Pvt Ltd. (EASTWIND)-SEBI Registered Investment Adviser: INA300005439 || Narnolia Insurance Brokers Limited (Formerly Microsec Insurance Brokers Ltd.)-IRDA Licensed Direct Insurance Broker (Life & Non-Life) Certificate No. 134, License No. DB046/02 || Narnolia Securities Ltd. (NSL)-AMFI Registered Mutual Fund distributor: ARN 20558, PFRDA NPS POP: 27092018 || Narnolia Capital Advisors Pvt. Ltd. - RBI Registered NBFC:B.05.02568.

#### Disclaimer:

This report has been prepared by Narnolia Financial Advisors Ltd. (NFAL) and is meant for sole use by the recipient and not for public 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 NFAL. 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. 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. 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. 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 his/her/its own advisors to determine the merits and risks of such an investment. Though disseminated to all the customers simultaneously, not all customers may receive this report at the same time. NFAL will not treat recipients as customers by virtue of their receiving this report. Neither the Company, 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 or lost opportunities that may arise from or in connection with the use of the information/report. The person accessing this information specifically agrees to exempt NFAL or any of its affiliates or employees from, any and all responsibility/liability arising from such misuse and agrees not to hold NFAL or any of its affiliates or employees responsible for any such misuse and further agrees to hold NFAL 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.

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 NFAL & its group companies to registration or licensing requirements within such jurisdictions.