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| Rating         | Accumulate |
|----------------|------------|
| Price          | Rs47       |
| Target Price   | Rs55       |
| Implied Upside | 17.0%      |
| Sensex         | 34,501     |
| Nifty          | 10,571     |

(Prices as on April 25, 2018)

| Trading data               |         |
|----------------------------|---------|
| Market Cap. (Rs bn)        | 161.4   |
| Shares o/s (m)             | 3,404.1 |
| 3M Avg. Daily value (Rs m) | 414.9   |

### Major shareholders

|                |        |
|----------------|--------|
| Promoters      | 52.80% |
| Foreign        | 30.69% |
| Domestic Inst. | 3.87%  |
| Public & Other | 18.24% |

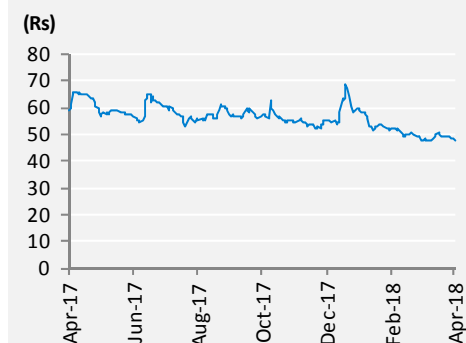
### Stock Performance

| (%)      | 1M    | 6M     | 12M    |
|----------|-------|--------|--------|
| Absolute | (0.7) | (17.6) | (20.3) |
| Relative | (6.6) | (22.1) | (35.5) |

### How we differ from Consensus

| EPS (Rs) | PL  | Cons. | % Diff. |
|----------|-----|-------|---------|
| 2019     | 2.8 | 4.5   | -37.2   |
| 2020     | 3.5 | 6.1   | -43.5   |

Price Perf. (RIC: IDFB.BO, BB: IDFCBK IN)



*IDFCBK's earnings were below estimates on back of hit from one-time additional provisioning of 3.1bn on review of stressed assets value and drag on spreads from traditional balance sheet items. Loan book growth was better with strong growth in retail segment (+1x in many segments) and de-risking from running down infrastructure book. Stressed assets continued to be stable but bank added additional provisioning to improve the PCR. Bank believes although there is no incremental addition to stressed asset from revised stress asset framework but would see some provisioning impact. Bank's retail franchise is gathering pace and bank plans to double the assets and improve CASA but spreads improvement being muted and higher opex, PPOP growth will remain muted and hence we retain Accumulate with TP of Rs55 based on 1.3x Mar-20 ABV (rolled from Sep-19 ABV).*

- **Operationally weak on all counts:** NII de-grew 10% YoY as spreads/NIMs continued to be dragged down on pressure on yields from all segments and PSL drag. Even other income was weak on lack of treasury gains and slower fees and with high opex, PPOP de-grew by 80% YoY (core PPOP -70% YoY). We believe, margins have bottomed and will remain stable in H1FY19 and but is likely to improve in H2FY19 on as retail asset growth catches up & improvement in CASA.
- **Loan growth strong in retail & corporate:** Bank's legacy infra book de-grew by 21% YoY with focus on de-risking, while growth in corporates was 38% YoY & retail grew 2x YoY on lower base. In Corporate, emerging corporates contributed strong growth and remains a focus area along with better rated corporates mix. In Retail, rural saw strong growth (MFI loans) but urban retail saw very strong growth from segments like home/LAP loans, biz banking and CVs. Bank will continue drive growth from urban retail and double overall retail assets in FY19.
- **Asset quality deteriorates:** Overall stressed assets remain quite stable and bank mentioning no impact from the RBI's revised framework on asset quality but incrementally could see some provisioning Rs6.5-7.5bn as stressed asset legacy has been already 3 years. PCR on stressed assets remain improved to 76% with PCR on stressed gas assets at ~90% showcasing limited impact on balance sheet.

| Key financials ( Y/e March) | 2017   | 2018   | 2019E  | 2020E  |
|-----------------------------|--------|--------|--------|--------|
| Net interest income         | 20,173 | 17,981 | 21,314 | 25,889 |
| Growth (%)                  | 138.1  | (10.9) | 18.5   | 21.5   |
| Operating profit            | 17,588 | 12,102 | 13,862 | 16,849 |
| PAT                         | 10,251 | 8,060  | 9,575  | 11,796 |
| EPS (Rs)                    | 3.0    | 2.4    | 2.8    | 3.5    |
| Growth (%)                  | 60.3   | (21.1) | 18.7   | 23.2   |
| Net DPS (Rs)                | —      | 0.7    | 0.9    | 0.9    |

| Profitability & Valuation | 2017 | 2018 | 2019E | 2020E |
|---------------------------|------|------|-------|-------|
| NIM (%)                   | 2.07 | 1.51 | 1.57  | 1.65  |
| RoAE (%)                  | 7.2  | 5.4  | 6.2   | 7.3   |
| RoAA (%)                  | 1.05 | 0.68 | 0.71  | 0.75  |
| P / BV (x)                | 1.1  | 1.1  | 1.0   | 1.0   |
| P / ABV (x)               | 1.2  | 1.2  | 1.1   | 1.0   |
| PE (x)                    | 15.8 | 20.0 | 16.8  | 13.7  |
| Net dividend yield (%)    | —    | 1.6  | 1.8   | 1.9   |

Source: Company Data; PL Research

**Exhibit 1: Q4FY18 results – Profitability was impacted by provisions and low NII**

| P&L (Rs million)                   | Q4FY18         | Q4FY17       | YoY gr.       | Q3FY18       | QoQ gr.       |
|------------------------------------|----------------|--------------|---------------|--------------|---------------|
| Interest Income                    | 22,813         | 22,234       | 2.6           | 22,837       | (0.1)         |
| Interest Expense                   | 18,281         | 17,213       | 6.2           | 17,888       | 2.2           |
| <b>Net interest income (NII)</b>   | <b>4,532</b>   | <b>5,021</b> | <b>(9.7)</b>  | <b>4,950</b> | <b>(8.4)</b>  |
| Other income                       | 930            | 563          | 65.3          | 2,308        | (59.7)        |
| <b>Total income</b>                | <b>5,463</b>   | <b>5,326</b> | <b>2.6</b>    | <b>7,258</b> | <b>(24.7)</b> |
| Operating expenses                 | 4,899          | 2,981        | 64.3          | 4,110        | 19.2          |
| -Staff expenses                    | 1,811          | 948          | 91.1          | 1,714        | 5.7           |
| -Other expenses                    | 3,087          | 2,033        | 51.9          | 2,396        | 28.8          |
| <b>Operating profit</b>            | <b>564</b>     | <b>2,344</b> | <b>(75.9)</b> | <b>3,147</b> | <b>(82.1)</b> |
| <b>Core operating profit</b>       | <b>884</b>     | <b>2,860</b> | <b>(69.1)</b> | <b>2,367</b> | <b>(62.7)</b> |
| Total provisions                   | 2,425          | 48           | NA            | 1,086        | 123.2         |
| <b>Profit before tax</b>           | <b>(1,861)</b> | <b>2,297</b> | <b>NA</b>     | <b>2,061</b> | <b>NA</b>     |
| Tax                                | (2,280)        | 795          | NA            | 600          | NA            |
| <b>Profit after tax</b>            | <b>419</b>     | <b>1,502</b> | <b>(72.1)</b> | <b>1,461</b> | <b>(71.3)</b> |
| <b>Balance Sheet</b>               |                |              |               |              |               |
| Deposits                           | 4,81,982       | 4,02,080     | 19.9          | 4,22,590     | 14.1          |
| Borrowings                         | 5,72,871       | 5,02,620     | 14.0          | 5,45,060     | 5.1           |
| Advances                           | 5,21,649       | 4,94,017     | 5.6           | 4,71,270     | 10.7          |
| <b>Profitability ratios</b>        |                |              |               |              |               |
| <b>NIM</b>                         | <b>1.5</b>     | <b>2.0</b>   | <b>(50)</b>   | <b>1.9</b>   | <b>(40)</b>   |
| RoAA                               | 0.1            | 0.6          | (50)          | 2.0          | (186)         |
| RoAE                               | 1.1            | 4.9          | (380)         | 7.2          | (610)         |
| <b>Asset Quality</b>               |                |              |               |              |               |
| Gross NPL (Rs m)                   | 17,791         | 15,421       | 15.4          | 27,767       | (35.9)        |
| Net NPL (Rs m)                     | 8,912          | 5,765        | 54.6          | 12,063       | (26.1)        |
| Gross NPL ratio                    | 3.4            | 3.0          | 36            | 5.6          | (227)         |
| Net NPL ratio                      | 1.7            | 1.1          | 57            | 2.5          | (81)          |
| Coverage ratio                     | 49.9           | 62.6         | (1,271)       | 56.6         | (665)         |
| <b>Business &amp; Other Ratios</b> |                |              |               |              |               |
| Low-cost deposit mix               | 11.8           | 5.2          | 660           | 10.1         | 170           |
| Cost-income ratio                  | 89.7           | 53.4         | 3,629         | 56.6         | 3,304         |
| Non int. inc / total income        | 17.0           | 10.1         | 695           | 31.8         | (1,477)       |
| CAR                                | 17.8           | 18.9         | (110)         | 19.1         | (130)         |
| Tier-I                             | 17.5           | 18.5         | (100)         | 18.8         | (130)         |

Source: Company Data, PL Research

## IDFC Bank Q4FY18 Concall Highlights

### Management Commentary:

- In FY18, company has focused on alignment of balance sheet. Risk on balance sheet has reduced with bank providing incremental provisions of Rs3.12bn on stressed book of Rs487 bn bringing the PCR to 76% on the same. Retailization has improved both from liabilities and assets. **Outlook:** Balance sheet position will be stronger in FY19 with further increase in retailization and provision required on stressed assets.

### Balance Sheet:

#### ■ Advance Book -

- **Retail Assets** – Retail book for bank increased to 15% of Net Advances from 5% in FY17 led by strong growth from both rural and urban areas. Retail book is seeing good growth from Home Loans, CV, SME & MSME segments in urban book whereas strong traction from JLG book continues. **Outlook:** Bank aims to grow its retail to Rs150bn by FY19 growing in both rural and urban but more biased towards urban.
- **Wholesale Banking** – With this book, corporate excl. infra sees strong growth at 38% YoY in emerging large corporates (Avg. turnover Rs25bn) and yields are also better. Rating has improved to A- from AA- in the ELC portfolio. Infra book has come down by 21% YoY and from here on book will shrink gradually unlike in FY18. Infra book has operating assets in roads, telecom (top 5), transmission and has no construction risk. **Outlook:** Bank continues to see good opportunities in this book.
- **Liabilities** – CASA Ratio improved by 170bps QoQ to 11.8% (Rs57bn). Retail TD has also grown better and corporate TD has slightly come down. Bank has large fixed rate long term bonds of Rs310bn carrying average rate of 8.9% which will remain a drag on RoA till FY21 of which Rs50bn will mature in FY19. **Outlook:** Bank aims to have CASA deposits of Rs100bn by FY19.

### Margins:

- Margins have fallen by 40bps at 1.5% in 4Q18 mainly on PSL drag and stressed book. PSL drag will not occur in FY19 and benefit from lower CoF will flow in FY19 onwards and improve margins.

### Fees/Opex

- **Fee Income** – Recurring fee income which grew by 34% YoY such as processing and CMS fees continue to so well, whereas DCM/syndication fees are slightly volatile in nature. Treasury income was negative due to volatile movement of

bond yields this year. **Outlook:** Bank expects recurring fee income to continue to do well.

- **Opex** – Opex will continue to remain high as bank will do investment related expenses. Also, Bank has started participating in PSLCs and thus PSL buyout has come down. However, it will do Rs50 bn PSL buyout in FY19.

### Customers:

- **Customers** – Bank continues to acquire 100k customers every month. Total customers for the bank have reached 2.7mn in FY18 with huge increase seen in urban customers. On urban side, it is seen focusing on high income customers on both assets and liabilities side.

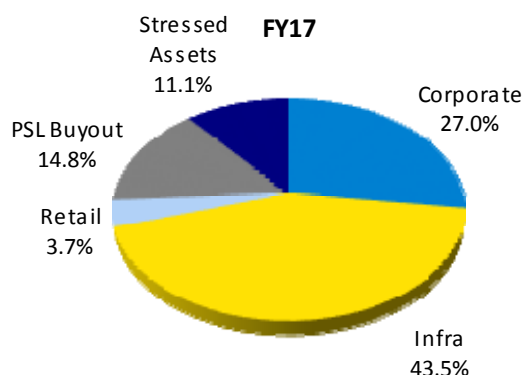
### Asset Quality:

- **Credit Cost** - Bank has taken additional provisions of Rs3.12bn in Q4 on on assessment of residual value of stressed assets mainly on the gas assets bringing its PCR from 67% to 90% PCR. **Outlook:** - Bank continues to monitor the portfolio and expects to provide Rs6.5-7.5 bn of additional provision as certain assets could be of potential risk in revised framework.
- **Divergence** – Bank has classified Rs2.47bn of NPA from divergence in Q2FY18 and carried excess provisioning as was already in stressed assets classification.

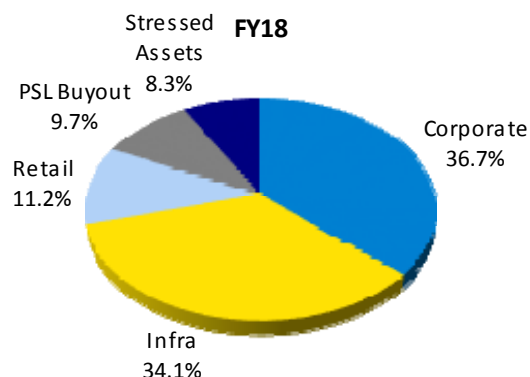
### Exhibit 2: Retail and Corporate book excl. Infra which are the focused areas are growing good

| Loan Mix                     | Q4FY18          | Q4FY17          | YoY gr.       | Q3FY18          | QoQ gr.       |
|------------------------------|-----------------|-----------------|---------------|-----------------|---------------|
| <b>Wholesale</b>             | <b>5,02,490</b> | <b>4,94,770</b> | <b>1.6</b>    | <b>4,65,140</b> | <b>8.0</b>    |
| Corporate                    | 2,60,590        | 1,89,490        | 37.5          | 2,13,760        | 21.9          |
| Infrastructure               | 2,41,900        | 3,05,280        | (20.8)        | 2,51,380        | (3.8)         |
| Retail                       | 79,660          | 25,980          | 206.6         | 59,910          | 33.0          |
| PSL Buyout                   | 68,600          | 1,03,910        | (34.0)        | 76,700          | (10.6)        |
| <b>Total Stressed Assets</b> | <b>58,600</b>   | <b>77,820</b>   | <b>(24.7)</b> | <b>73,140</b>   | <b>(19.9)</b> |
| SRs                          | 19,840          | 21,200          | (6.4)         | 19,970          | (0.7)         |
| Stressed Assets              | 48,740          | 56,620          | (13.9)        | 53,170          | (8.3)         |
| Technical Write offs         | -9,980          | 0               | NA            | 0               | NA            |
| <b>Total</b>                 | <b>7,09,350</b> | <b>7,02,480</b> | <b>1.0</b>    | <b>6,74,890</b> | <b>5.1</b>    |

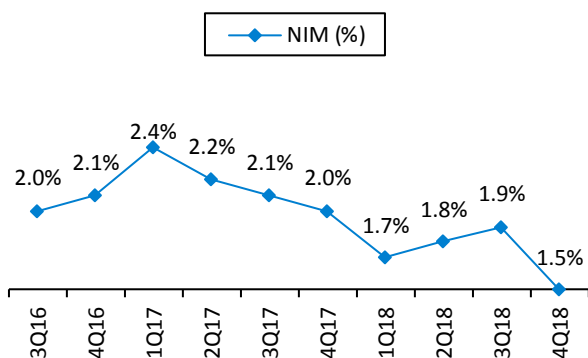
Source: Company Data, PL Research

**Exhibit 3: Infra dominated loans in FY17 with lower retail...**


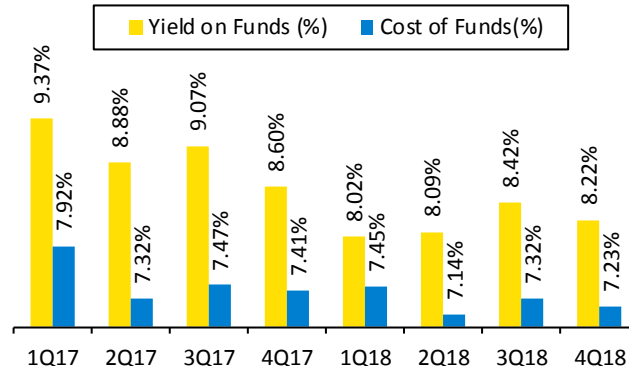
Source: Company Data, PL Research

**Exhibit 4: ...which has improved in FY18 on de-risking from infra**


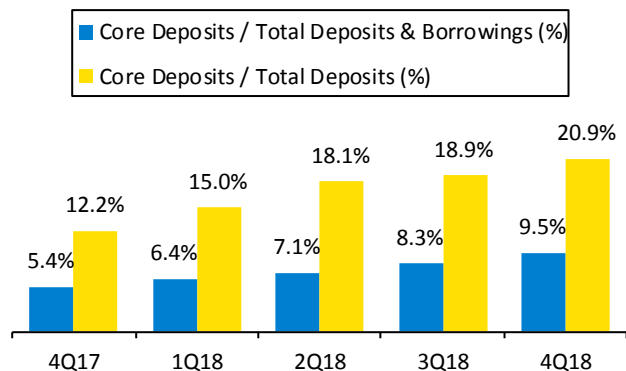
Source: Company Data, PL Research

**Exhibit 5: NIMs remain under pressure from legacy book & PSL drag**


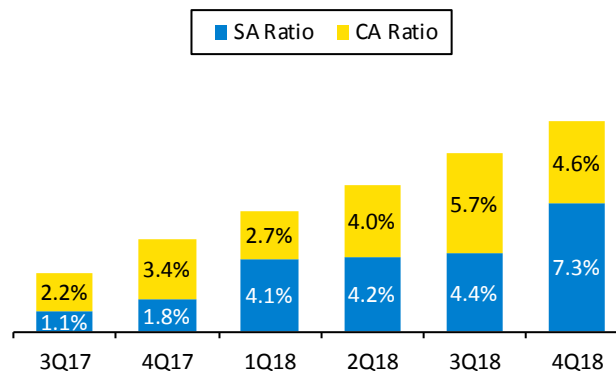
Source: Company Data, PL Research

**Exhibit 6: Yield remain under pressure**


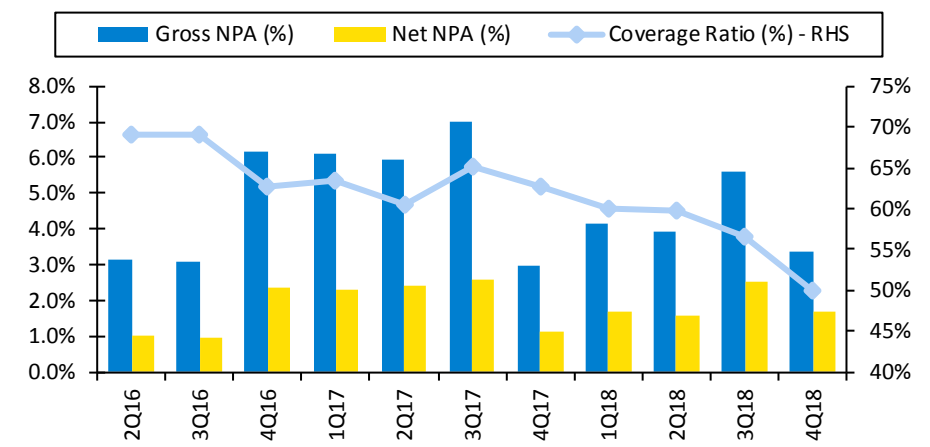
Source: Company Data, PL Research

**Exhibit 7: Core Deposits are rising gradually yet low**


Source: Company Data, PL Research

**Exhibit 8: CASA improved slightly yet remains a challenge**


Source: Company Data, PL Research

**Exhibit 9: Asset quality remained stable with PCR falling down to ~50% levels**


Source: Company Data, PL Research

**Exhibit 10: PCR on stressed book has increased to 76%**

|                                     | 4Q17          | 1Q18          | 2Q18          | 3Q18          | 4Q18          |
|-------------------------------------|---------------|---------------|---------------|---------------|---------------|
| <b>Stressed Assets (Net of SRs)</b> | <b>56,620</b> | <b>55,640</b> | <b>53,440</b> | <b>53,160</b> | <b>48,740</b> |
| NPL                                 | 11,920        | 11,890        | 11,870        | 27,770        | 27,690        |
| Others Loans                        | 30,750        | 30,190        | 29,600        | 13,420        | 9,270         |
| Stressed Equity                     | 13,950        | 13,560        | 11,970        | 11,970        | 11,780        |
| <b>Provisions (Net of SRs)</b>      | <b>34,580</b> | <b>34,580</b> | <b>33,610</b> | <b>33,990</b> | <b>37,070</b> |
| NPL                                 | 8,620         | 8,670         | 8,630         | 15,700        | 18,780        |
| Others Loans                        | 14,750        | 14,930        | 15,050        | 8,140         | 8,140         |
| Stressed Equity                     | 11,210        | 10,980        | 9,920         | 10,150        | 10,150        |
| <b>PCR (%)</b>                      | <b>61.1%</b>  | <b>62.1%</b>  | <b>62.9%</b>  | <b>63.9%</b>  | <b>76.1%</b>  |
| <b>NPL (% of stressed assets)</b>   | <b>21.1%</b>  | <b>21.4%</b>  | <b>22.2%</b>  | <b>52.2%</b>  | <b>56.8%</b>  |

Source: Company Data, PL Research

**Exhibit 11: Estimates change table – We slightly tweak our estimates on yields, other income & opex and increase our business growth assumptions**

| (Rs mn)           | Old        |        | Revised    |        | % Change |        |
|-------------------|------------|--------|------------|--------|----------|--------|
|                   | FY19E      | FY20E  | FY19E      | FY20E  | FY19E    | FY20E  |
| NII               | 23,282     | 27,477 | 21,314     | 25,889 | (8.5)    | (5.8)  |
| Operating profit  | 18,728     | 21,660 | 13,862     | 16,849 | (26.0)   | (22.2) |
| Net profit        | 11,291     | 12,979 | 9,577      | 11,798 | (15.2)   | (9.1)  |
| EPS (Rs)          | 3.3        | 3.8    | 2.8        | 3.5    | (15.3)   | (9.2)  |
| ABVPS (Rs)        | 46.1       | 48.1   | 43.3       | 45.9   | (6.0)    | (4.5)  |
| Price target (Rs) | 55         |        | 55         |        | -        |        |
| Recommendation    | ACCUMULATE |        | ACCUMULATE |        |          |        |

Source: Company Data, PL Research

**Exhibit 12: We maintain our TP of Rs55 based on 1.2x Mar-20 ABV on rollover from Sep-19**

|                                  |             |
|----------------------------------|-------------|
| <b>PT calculation and upside</b> |             |
| Fair price - EVA, Rs             | 55          |
| Fair price - P/ABV, Rs           | 55          |
| <b>Average of the two, Rs</b>    | <b>55</b>   |
| <b>Target P/ABV (x)</b>          | <b>1.2</b>  |
| <b>Target P/E (x)</b>            | <b>16.0</b> |
| Current price, Rs                | 47          |
| <b>Upside (%)</b>                | <b>17%</b>  |
| Dividend yield (%)               | 2%          |
| <b>Total return (%)</b>          | <b>19%</b>  |

Source: Company Data, PL Research

**Exhibit 13: RoAE tree - Return ratios to move gradually but will remain sub-optimal than peers**

| RoAE decomposition (%)            | FY16         | FY17         | FY18E        | FY19E        | FY20E        |
|-----------------------------------|--------------|--------------|--------------|--------------|--------------|
| <b>Net Interest Income/Assets</b> | 1.0%         | 2.2%         | 1.6%         | 1.7%         | 1.8%         |
| Fees/Assets                       | 0.1%         | 0.5%         | 0.4%         | 0.5%         | 0.6%         |
| Investment profits/Assets         | 0.4%         | 0.6%         | 0.6%         | 0.5%         | 0.5%         |
| <b>Net revenues/Assets</b>        | <b>1.5%</b>  | <b>3.3%</b>  | <b>2.6%</b>  | <b>2.7%</b>  | <b>2.9%</b>  |
| Operating Expense/Assets          | -0.6%        | -1.4%        | -1.5%        | -1.6%        | -1.7%        |
| Provisions/Assets                 | 0.0%         | -0.3%        | -0.2%        | -0.1%        | -0.1%        |
| Taxes/Assets                      | -0.3%        | -0.5%        | -0.2%        | -0.2%        | -0.2%        |
| <b>Total Costs/Assets</b>         | <b>-1.0%</b> | <b>-2.2%</b> | <b>-1.9%</b> | <b>-2.0%</b> | <b>-2.1%</b> |
| <b>ROA</b>                        | <b>0.58%</b> | <b>1.11%</b> | <b>0.72%</b> | <b>0.75%</b> | <b>0.81%</b> |
| Equity/Assets                     | 19.1%        | 15.4%        | 13.4%        | 12.2%        | 11.1%        |
| <b>ROE</b>                        | <b>3.0%</b>  | <b>7.2%</b>  | <b>5.4%</b>  | <b>6.2%</b>  | <b>7.3%</b>  |

Source: Company Data, PL Research

## Income Statement (Rs m)

| Y/e March               | 2017          | 2018          | 2019E         | 2020E         |
|-------------------------|---------------|---------------|---------------|---------------|
| Int. Earned from Adv.   | 50,884        | 47,229        | 52,833        | 60,150        |
| Int. Earned from Invt.  | 32,888        | 40,413        | 48,965        | 57,780        |
| Others                  | 1,555         | 1,658         | 1,424         | 1,647         |
| Total Interest Income   | 85,327        | 89,300        | 103,221       | 119,577       |
| Interest expense        | 65,154        | 71,319        | 81,908        | 93,688        |
| <b>NII</b>              | <b>20,173</b> | <b>17,981</b> | <b>21,314</b> | <b>25,889</b> |
| Growth (%)              | 138.1         | (10.9)        | 18.5          | 21.5          |
| Treasury Income         | 5,646         | 6,487         | 6,617         | 6,948         |
| NTNII                   | 4,539         | 4,692         | 6,798         | 9,418         |
| Non Interest Income     | 10,185        | 11,179        | 13,415        | 16,366        |
| Total Income            | 95,512        | 100,479       | 116,636       | 135,942       |
| Growth (%)              | 135.7         | 5.2           | 16.1          | 16.6          |
| Operating Expense       | 12,770        | 17,058        | 20,866        | 25,406        |
| <b>Operating Profit</b> | <b>17,588</b> | <b>12,102</b> | <b>13,862</b> | <b>16,849</b> |
| Growth (%)              | 137.7         | (31.2)        | 14.5          | 21.5          |
| NPA Provisions          | (10,623)      | 2,470         | 1,651         | 1,534         |
| Investment Provisions   | 1,569         | —             | —             | —             |
| Total Provisions        | 2,825         | 2,361         | 1,890         | 1,723         |
| <b>PBT</b>              | <b>14,763</b> | <b>9,741</b>  | <b>11,972</b> | <b>15,126</b> |
| Tax Provisions          | 4,512         | 1,681         | 2,396         | 3,330         |
| Effective Tax Rate (%)  | 30.6          | 17.3          | 20.0          | 22.0          |
| <b>PAT</b>              | <b>10,251</b> | <b>8,060</b>  | <b>9,575</b>  | <b>11,796</b> |
| Growth (%)              | 119.6         | (21.4)        | 18.8          | 23.2          |

## Balance Sheet (Rs m)

| Y/e March                | 2017             | 2018             | 2019E            | 2020E            |
|--------------------------|------------------|------------------|------------------|------------------|
| Par Value                | 10               | 10               | 10               | 10               |
| No. of equity shares     | 3,399            | 3,404            | 3,404            | 3,404            |
| Equity                   | 33,990           | 34,041           | 34,041           | 34,041           |
| Networth                 | 146,770          | 152,565          | 157,893          | 166,004          |
| Adj. Networth            | 141,004          | 143,654          | 151,708          | 161,524          |
| Deposits                 | 402,082          | 481,982          | 602,478          | 753,097          |
| Growth (%)               | 389.2            | 19.9             | 25.0             | 25.0             |
| Low Cost deposits        | 20,944           | 57,000           | 81,334           | 106,940          |
| % of total deposits      | 5.2              | 11.8             | 13.5             | 14.2             |
| <b>Total Liabilities</b> | <b>1,121,586</b> | <b>1,265,202</b> | <b>1,451,201</b> | <b>1,677,801</b> |
| Net Advances             | 494,017          | 521,649          | 579,030          | 648,514          |
| Growth (%)               | 8.1              | 5.6              | 11.0             | 12.0             |
| Investments              | 504,717          | 612,015          | 714,700          | 840,503          |
| <b>Total Assets</b>      | <b>1,121,597</b> | <b>1,265,202</b> | <b>1,451,201</b> | <b>1,677,801</b> |

Source: Company Data, PL Research.

## Quarterly Financials (Rs m)

| Y/e March                  | Q1FY18        | Q2FY18       | Q3FY18       | Q4FY18         |
|----------------------------|---------------|--------------|--------------|----------------|
| Interest Income            | 21,451        | 22,198       | 22,837       | 22,813         |
| Interest Expense           | 17,571        | 17,580       | 17,888       | 18,281         |
| <b>Net Interest Income</b> | <b>3,880</b>  | <b>4,619</b> | <b>4,950</b> | <b>4,532</b>   |
| Non Interest Income        | 6,488         | 1,452        | 2,308        | 930            |
| CEB                        | 1,427         | 1,065        | 1,380        | 1,060          |
| Treasury                   | 4,563         | 1,464        | 780          | (320)          |
| <b>Net Total Income</b>    | <b>10,369</b> | <b>6,071</b> | <b>7,258</b> | <b>5,463</b>   |
| Operating Expenses         | 3,894         | 3,623        | 4,110        | 4,899          |
| Employee Expenses          | 1,654         | 1,580        | 1,714        | 1,811          |
| Other Expenses             | 2,240         | 2,575        | 2,396        | 3,087          |
| <b>Operating Profit</b>    | <b>6,475</b>  | <b>2,448</b> | <b>3,147</b> | <b>564</b>     |
| Core Operating Profit      | 1,912         | 984          | 2,367        | 884            |
| Provisions                 | (146)         | (1,004)      | 1,086        | 2,425          |
| Loan loss provisions       | —             | —            | —            | —              |
| Investment Depreciation    | —             | —            | —            | —              |
| <b>Profit before tax</b>   | <b>6,621</b>  | <b>3,452</b> | <b>2,061</b> | <b>(1,861)</b> |
| Tax                        | 2,245         | 1,115        | 600          | (2,280)        |
| <b>PAT before EO</b>       | <b>4,376</b>  | <b>2,337</b> | <b>1,461</b> | <b>419</b>     |
| Extraordinary item         | —             | —            | —            | —              |
| <b>PAT</b>                 | <b>4,376</b>  | <b>2,337</b> | <b>1,461</b> | <b>419</b>     |

## Key Ratios

| Y/e March            | 2017    | 2018    | 2019E   | 2020E   |
|----------------------|---------|---------|---------|---------|
| CMP (Rs)             | 47      | 47      | 47      | 47      |
| Equity Shrs. Os. (m) | 3,399   | 3,404   | 3,404   | 3,404   |
| Market Cap (Rs m)    | 161,113 | 161,353 | 161,353 | 161,353 |
| M/Cap to AUM (%)     | 14.4    | 12.8    | 11.1    | 9.6     |
| EPS (Rs)             | 3.0     | 2.4     | 2.8     | 3.5     |
| Book Value (Rs)      | 43      | 45      | 46      | 49      |
| Adj. BV (100%) (Rs)  | 41      | 41      | 43      | 46      |
| P/E (x)              | 15.8    | 20.0    | 16.8    | 13.7    |
| P/BV (x)             | 1.1     | 1.1     | 1.0     | 1.0     |
| P/ABV (x)            | 1.2     | 1.2     | 1.1     | 1.0     |
| DPS (Rs)             | —       | 0.7     | 0.9     | 0.9     |
| Dividend Yield (%)   | —       | 1.6     | 1.8     | 1.9     |

## Profitability (%)

| Y/e March | 2017 | 2018 | 2019E | 2020E |
|-----------|------|------|-------|-------|
| NIM       | 2.1  | 1.5  | 1.6   | 1.7   |
| RoAA      | 1.0  | 0.7  | 0.7   | 0.8   |
| RoAE      | 7.2  | 5.4  | 6.2   | 7.3   |

## Efficiency

| Y/e March                  | 2017   | 2018  | 2019E | 2020E |
|----------------------------|--------|-------|-------|-------|
| Cost-Income Ratio (%)      | 42.1   | 58.5  | 60.1  | 60.1  |
| C-D Ratio (%)              | 122.9  | 108.2 | 96.1  | 86.1  |
| Business per Emp. (Rs m)   | 324    | 316   | 323   | 333   |
| Profit per Emp. (Rs lacs)  | 37.1   | 25.3  | 26.2  | 28.0  |
| Business per Branch (Rs m) | 11,029 | 9,882 | 9,307 | 8,832 |
| Profit per Branch (Rs m)   | 126    | 79    | 75    | 74    |

## Asset Quality

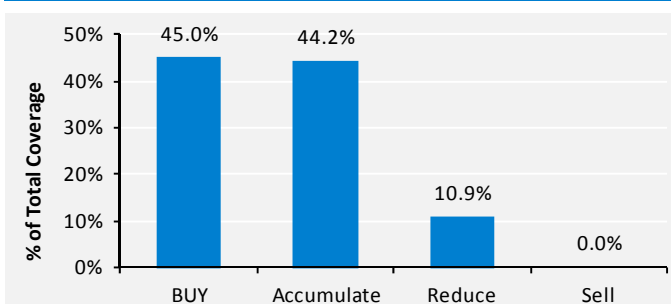
| Y/e March                  | 2017   | 2018   | 2019E  | 2020E |
|----------------------------|--------|--------|--------|-------|
| Gross NPAs (Rs m)          | 15,420 | 17,791 | 13,215 | 9,817 |
| Net NPAs (Rs m)            | 5,765  | 8,912  | 6,184  | 4,480 |
| Gr. NPAs to Gross Adv. (%) | 3.1    | 3.4    | 2.3    | 1.5   |
| Net NPAs to Net Adv. (%)   | 1.2    | 1.7    | 1.1    | 0.7   |
| NPA Coverage (%)           | 62.6   | 49.9   | 53.2   | 54.4  |

Source: Company Data, PL Research.

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|                          |                                                      |
|--------------------------|------------------------------------------------------|
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| <b>Accumulate</b>        | : Outperformance to Sensex over 12-months            |
| <b>Reduce</b>            | : Underperformance to Sensex over 12-months          |
| <b>Sell</b>              | : Over 15% underperformance to Sensex over 12-months |
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| <b>Not Rated (NR)</b>    | : No specific call on the stock                      |
| <b>Under Review (UR)</b> | : Rating likely to change shortly                    |

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