Prabhudas Lilladher
POWERING YOUR FINANCIAL GROWTH

August 9, 2018

Q1FY19 Result Update

☑ Change in Estimates | ■ Target | ■ Reco

Change in Estimates

	Current		Previous	
	FY19E	FY20E	FY19E	FY20E
Rating	**BUY**		**BUY**	
Target Price	**349**		**349**	
NII (Rs. m)	897,430	974,385	828,284	914,137
% Chng.			*8.3*	*6.6*
Op. Profit (Rs. m)	626,836	653,280	602,073	628,826
% Chng.			*4.1*	*3.9*
EPS (Rs.)	8.6	20.5	12.0	18.6
% Chng.			*(28.2)*	*9.9*

Key Financials

	FY17	FY18	FY19E	FY20E
NII (Rs bn)	752	749	897	974
Op. Profit (Rs bn)	595	595	627	653
PAT (Rs bn)	(18)	(65)	77	183
EPS (Rs.)	(2.2)	(7.3)	8.6	20.5
Gr. (%)	*(117.4)*	*229.3*	*(217.8)*	*136.9*
DPS (Rs.)	2.6	0.5	-	2.5
Yield (%)	*0.9*	*0.2*	-	*0.8*
NIM (%)	*2.8*	*2.4*	*2.7*	*2.8*
RoAE (%)	*(1.0)*	*(3.0)*	*3.5*	*7.8*
RoAA (%)	*(0.1)*	*(0.2)*	*0.2*	*0.5*
P/BV (x)	1.4	1.4	1.3	1.2
P/ABV (x)	2.5	2.5	2.0	1.7
PE (x)	(136.7)	(41.5)	35.2	14.9
CAR (%)	13.1	12.6	12.8	12.5

Key Data

Key Data	SBI.BO | SBIN IN
52-W High / Low	Rs.352 / Rs.232
Sensex / Nifty	37,869 / 11,430
Market Cap	Rs.2,717bn/ $ 39,462m
Shares Outstanding	8,925m
3M Avg. Daily Value	Rs.11546.07m

Shareholding Pattern (%)

Promoter's	58.47
Foreign	10.35
Domestic Institution	23.46
Public & Others	7.72
Promoter Pledge (Rs bn)	

Stock Performance (%)

	1M	6M	12M
Absolute	15.4	2.7	2.6
Relative	10.5	(7.8)	(14.6)

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State Bank of India (SBIN IN)

Rating: BUY | CMP: Rs304 | TP: Rs349

Slowly conquering challenges but long way ahead

Quick Pointers

- Strong recovery from NCLT accounts helped asset quality slightly improving and better NII growth

SBI continued to report losses with Rs48.8bn in Q1FY19 (PLe: Rs12.3bn profit) mainly on (i) Higher provisions on both NPAs & MTM hit in investments (ii) higher treasury losses bought down other income and (iii) higher wage provisions and gratuity charge. Positive was better NII growth of 24% YoY mainly on large interest recovery from NCLT case but adjusted on that NII was up 12% YoY mainly on control on cost of funds rise. Asset quality saw marginal improvement with higher upgrades/recoveries and in-line slippages. Slippages outside the corporate book worry us but Bank's lumpy standard stressed asset pool is now only 1.2% of loans (down from 1.4% in Q4) and few large resolutions from NCLT and outside NCLT would help asset quality in FY19, while credit cost in interim will remain high especially on the cases under SAMDHAN scheme but will enhance PCR further. Retain BUY with TP of Rs348 (unchanged) based on 1.5x Mar-20 ABV & SOTP.

- **Better topline helped by one off interest:** NII grew by strong 24% YoY mainly on interest recovery of Rs19.0bn on one large NCLT resolution which helped NIM improvement of 30bps QoQ to 2.8%. Adjusted to this large interest recognition, NII growth still looked good with 12% YoY growth on back of some more interest recognition on other recoveries and good control on cost of funds which was up 6bps QoQ. Bank conservatively expects NIM of 2.8-2.9% for FY19 but in back of loan growth rather than large interest recoveries.

- **Better topline fails to flow on PPOP:** Strong NII growth was offset by lower other income mainly on treasury losses (largely on shifting losses) and higher staff opex on which bank has been doing gratuity provisions and wage hike provisions which led to flattish PPOP. Other income saw better recovery from w.off a/c (1 NCLT a/c recovered) but fee income was muted, while adjusting to one offs in staff expenses, staff opex growth was slower.

- **Loan growth muted and remains a challenge:** Gross loan growth was muted at 5.5% YoY with domestic loan growth at 7.0% YoY and is being led by retail which grew by 14% and corporate loans incl SME grew by 5.0% YoY. Growth on large size poses challenge especially on international side and repayment/recoveries from NCLT accounts will reduce exposures in our view. We expect loan growth of 6-7% in FY19 led by retail/SME segments.

- **Asset quality better off from upgrades/recoveries:** Lower haircut in large steel a/c helped better recovery, while bank also saw better recovery/upgrades in retail, while fresh slippages of Rs99.0bn and overall slippages of Rs143.0bn was in-line with expectations which also helped asset quality improvement marginally. Standard stressed loans are now 1.2% of loans and better recoveries from NCLT/outside NCLT will help asset quality and as provisions to remain high will improve PCR.

NII showed strong growth on back of interest recognition of Rs19.3bn from one large NPA recovery, adjusting to same NII growth was 12% still decent

Other income was lower on treasury losses (shifting losses) but was partly supported from recovery from W.off a/c

Opex growth was led by staff expenses mainly from wage revision related provisions and gratuity

Provisions were high on entire hit from MTM on investments and enhancing PCR especially on the NCLT a/c

Headline loan growth was muted on back of slowdown in overseas loan but domestic was better at 7% YoY growth

Margins saw good jump on back of interest recognition, adjusted to that NIMs were flattish

Asset quality improved on back of lower than trending slippages and higher recovery/upgrades, while PCR also improved substantially

CASA mix remained stable at 45% with growth led by SA

Exhibit 1: Miss on earnings on higher provisions on NPA & MTM

(Rs m)	Q1FY19	Q1FY18	*YoY gr. (%)*	Q4FY18	*QoQ gr. (%)*
Interest income	588,132	549,054	*7.1*	559,413	*5.1*
Interest Expenses	370,148	372,994	*(0.8)*	359,670	*2.9*
Net interest income (NII)	**217,984**	**176,060**	***23.8***	**199,743**	***9.1***
- Treasury income	(12,640)	17,700	*(171.4)*	9,410	*(234.3)*
Other income	66,795	80,057	*(16.6)*	124,948	*(46.5)*
Total income	**284,779**	**256,117**	***11.2***	**324,691**	***(12.3)***
Operating expenses	165,047	137,376	*20.1*	165,859	*(0.5)*
-Staff expenses	97,084	77,245	*25.7*	92,542	*4.9*
-Other expenses	67,963	60,131	*13.0*	73,317	*(7.3)*
Operating profit	**119,731**	**118,741**	***0.8***	**158,832**	***(24.6)***
Core operating profit	132,371	101,041	*31.0*	149,422	*(11.4)*
Total provisions	192,283	89,295	*115.3*	280,961	*(31.6)*
Profit before tax	**(72,551)**	**29,446**	***NA***	**(122,129)**	***NA***
Tax	(23,793)	9,391	*NA*	(44,947)	*NA*
Profit after tax	**(48,759)**	**20,055**	***NA***	**(77,182)**	***NA***
Balance Sheet					
Deposits	27,478,132	26,025,342	*5.6*	27,063,433	*1.5*
Advances	18,757,735	18,042,189	*4.0*	19,348,802	*(3.1)*
Ratios (%)					
RoaA	(0.6)	0.3	*(82)*	(0.9)	*NA*
NIM	**2.8**	**2.4**	***44***	**2.5**	***30***
Yield on Advances	8.6	8.5	*8*	8.3	*29*
Asset Quality					
Gross NPL (Rs m)	2,128,399	1,880,685	*13.2*	2,234,275	*(4.7)*
Net NPL (Rs m)	992,363	1,077,597	*(7.9)*	1,108,547	*(10.5)*
Gross NPL ratio	**10.7**	**10.0**	***71***	**10.9**	***(23)***
Net NPL ratio	**5.3**	**6.0**	***(68)***	**5.7**	***(44)***
Coverage ratio	54.7	42.7	*1,203*	50.4	*434*
Business & Other Ratios					
Low-cost deposit mix	45.1	44.4	*69*	45.7	*(61)*
Cost-income ratio	58.0	53.6	*432*	51.1	*687*
Non int. inc / total income	23.5	31.3	*(780)*	38.5	*(1,503)*
Credit deposit ratio	68.3	69.3	*(106)*	71.5	*(323)*
CAR	12.8	13.3	*(48)*	12.6	*23*
Tier-I	10.5	10.7	*(14)*	10.4	*17*

Source: Company, PL

Q1FY19 Analyst Meet Highlights:

Balance Sheet outlook:

- **Advances –** Gross advances grew by 5% YoY with domestic growing at & YoY and international book saw de-growth of 4% YoY on stopping of LGs/BGs and bank transferred assets to new UK subsidiary. Domestic advances were led by retail growth which saw 14% YoY growth. Bank has carved out separate vertical as commercial client group focusing on better risk adjusted margins. **Outlook –** Continue to guide domestic loan growth of 10% in FY19 as retail/SME should improve and international should also improve.

- **Key sector/segment exposures** –

  - Corporate book private exposure at 57% and Public sector at 43%. **For Power sector –** O/s Fund base at Rs1767.6bn of which Rs322.9bn is under NPA (40.5% PCR) and Rs100.8bn under watch list and rest is standard. Rating wise 69% is A- & Above, 9% is BBB- to BB- and 22% below BB- & below. 37% of power exposure is to Private (Rs500.0bn) and 60% of NPA to be resolved Q3FY19 outside NCLT.

  - Bank has SME exposure of Rs2,750bn of which, W.cap loans is 39%, 18% term loans, 17% supply chain/asset backed/bills loans and 26% others. Of the SME, pure MSME is 59% of mix. Bank's Agri portfolio is of Rs1,881bn of which KCC is ~60% of mix, Agri gold loans is 26% and rest others.

Margins:

- Margins improved by 30bps QoQ to 2.8% mainly from domestic side on back of interest recovery of Rs19.0bn (22bps positive impact on NIMs). Also cost of funds rise was slower helping better margin. **Outlook:** Bank expects margins on conservative basis at 2.8-2.9% in FY19 and better in FY20.

Opex:

- Staff opex saw impact of gratuity charge of Rs9.0bn (dispensation used over 4 quarters) and Wage hike related provisions of Rs9.96bn, otherwise staff expenses growth has been under control.

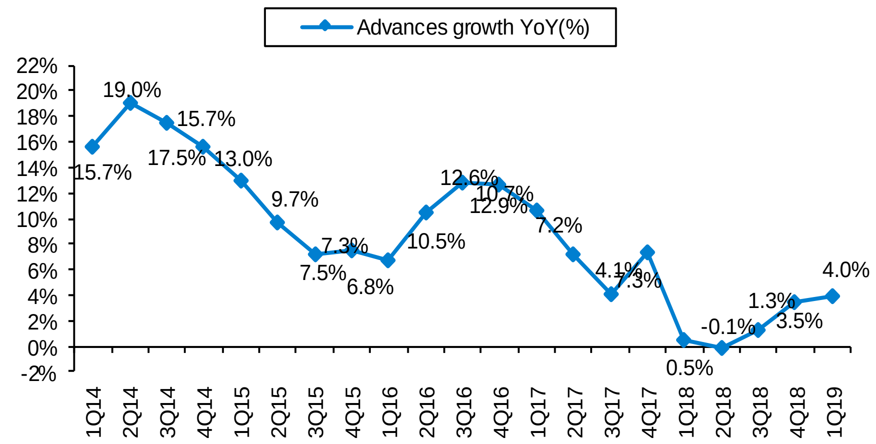
Asset quality:

- **Slippages and Recoveries –** Bank saw fresh slippages of Rs9.98bn and increase in o/s of NPAs of Rs4.36bn taking overall slippages to Rs143.5bn (3% of loans). Fresh slippages from corporate was Rs37.0bn (25% of slippages) of which 91% were from existing watch list, but rest of slippages were from retail/SME and some agri. Fresh debits in existing NPAs of Rs4.3bn was on devolvement of non-fund based conversions of which 50% came from one a/c. **Recoveries** – Bank saw Rs148.6bn of upgrades/recoveries of which Rs110bn came from one steel a/c and rest from retail (Rs40bn). **Outlook –** Bank expects fresh slippage rate of lower than 2% in FY19 and credit cost of less than 3%. Bank expects to material recovery from the NCLT accounts in Q2/Q3FY19.

- **Credit Cost** – Bank undertook full Rs45.0bn of MTM hit on investments in Q1FY19, while NPA provisions were also higher (2.7% of loans) as bank undertook PCR enhancement especially on the NCLT accounts (3 large a/c). **Outlook –** Bank expects credit cost to remain below 3% of loans as it has higher than expected provisions on some of the NCLT cases (Rs40.0bn can reverse) but will have to make additional Rs40.0bn on back of lower PCR in power sector NPAs in the SAMADHAN scheme of 11 a/c.

- **Stress Book –** Bank's watchlist stood at Rs246bn or 1.24% of loans v/s 1.4% of loans in Q4FY18 of which power sector dominates 40.9% of watchlist and rest spread in EPC, steel and others. SAMDHAN scheme – Bank has 11 a/c in Rs170bn in power sector NPAs in this scheme holding a PCR of 33%, while 4 of the a/c has been sent to NCLT, 7 other a/c are being resolved outside the NCLT with deadline upto August end and bank sees 60% getting resolved through this route but if it does not bank will have to take additional Rs40.0bn of provisions.

Exhibit 2: Headline loan growth was muted at 4% but domestic was better and led by retail



Source: Company, PL

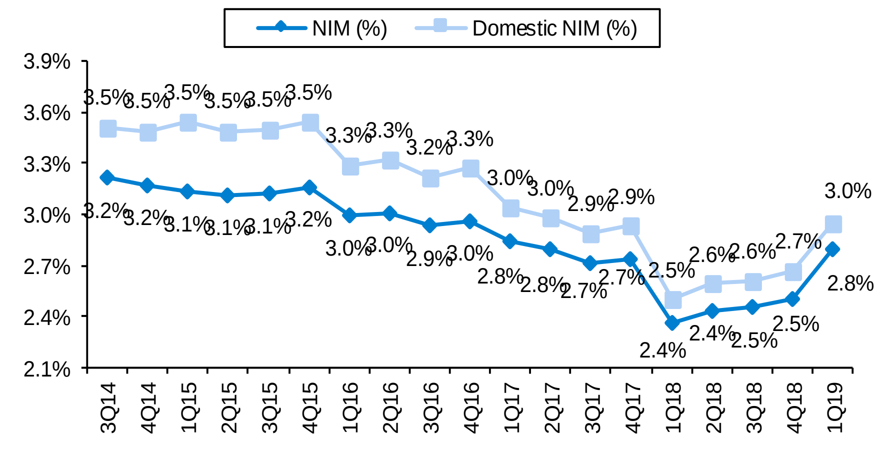
Exhibit 3: Domestic loan growth grew by 7% YoY led by retail loans

Loan break up (Rs bn)	Q1FY19	Q1FY18	*YoY gr. (%)*	Q4FY18	*QoQ gr. (%)*
Gross Advances	**19,902**	**18,867**	***5.5***	**20,484**	***(2.8)***
Total Corporate and SME	**9,762**	**9,285**	***5.1***	**10,115**	***(3.5)***
Large Corporate	2,882	3,761	*(23.4)*	4,119	*(30.0)*
Mid Corporate	4,130	2,958	*39.6*	3,298	*25.2*
SME	2,667	2,791	*(4.4)*	3,020	*(11.7)*
Agri	1,881	1,891	*(0.5)*	1,883	*(0.1)*
International	2,667	2,791	*(4.4)*	3,020	*(11.7)*
Retail	5,591	4,900	*14.1*	5,466	*2.3*
Home	*3,202*	*2,833*	*13.0*	*3,131*	*2.3*
Auto	*669*	*595*	*12.4*	*664*	*0.8*

Source: Company, PL

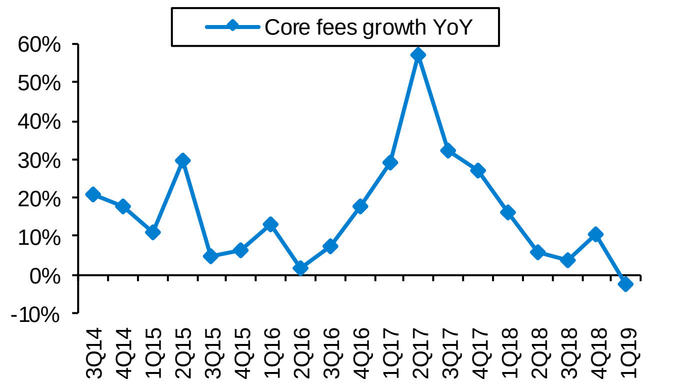
Note – Large corporate & Mid-corporate has been reclassified

Exhibit 4: Margins improved on large interest recovery, but adjusting to the same NIMs has shown improvement



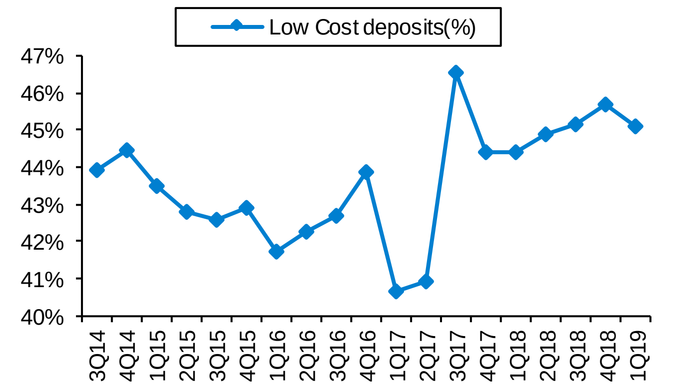
Source: Company, PL

Exhibit 5: Slower transaction & loan processing led to muted core fee income



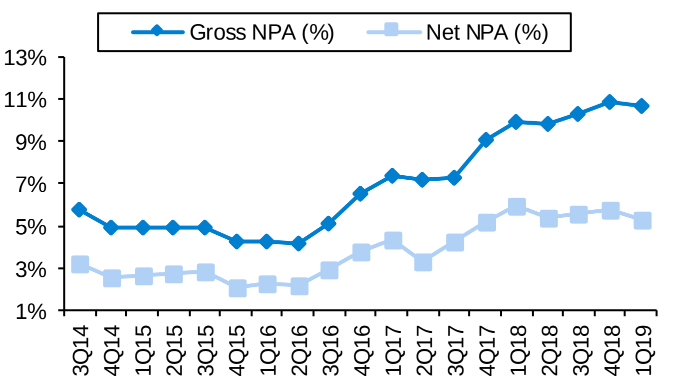
Source: Company, PL

Exhibit 6: CASA mix at 45% remained stable led by SA growth



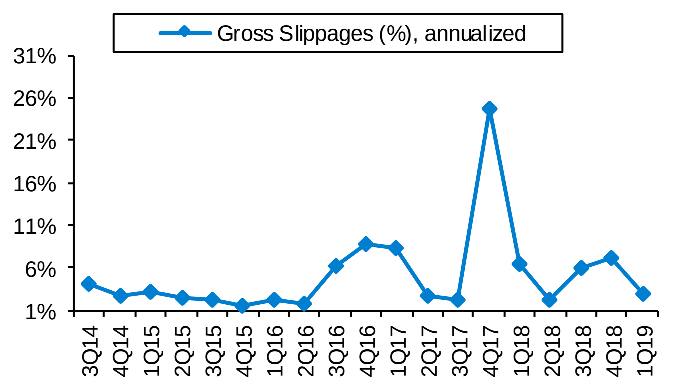
Source: Company, PL

Exhibit 7: Asset quality saw marginal improvement on better upgrades/recoveries



Source: Company, PL

Exhibit 8: Gross slippages came in below 3% of loans



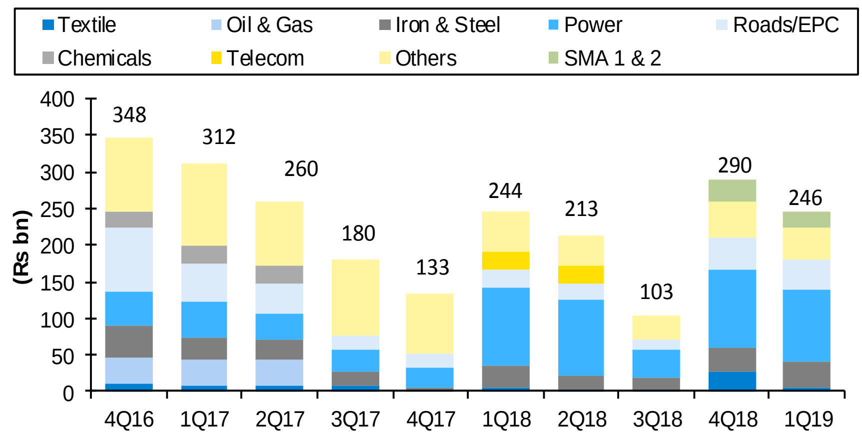
Source: Company, PL

Exhibit 9: Fresh accretion similar to past trends, while saw strong upgrades/recoveries. Stress loans at 1.2% of loans.

Figures Rs million	4Q16	1Q17	2Q17	3Q17	4Q17	1Q18	2Q18	3Q18	4Q18	1Q19
Additions	303,130	107,970	118,520	103,570	103,680	300,590	106,270	267,800	328,210	143,490
Upgradation + Recovery	17,240	28,160	15,500	31,210	22,050	66,800	33,230	44,420	NA	148,560
Write offs	32,080	46,130	60,600	59,060	39,920	131,760	92,580	93,120	NA	100,800
Gross NPAs	**981,750**	**1,105,430**	**1,057,850**	**1,081,723**	**1,123,430**	**1,778,660**	**1,861,146**	**1,991,413**	**2,234,260**	**2,128,390**
Gross NPA Ratio	***6.50%***	***6.94%***	***7.14%***	***7.23%***	***6.90%***	***9.97%***	***9.83%***	***10.35%***	***10.91%***	***10.70%***
Slippages (%) - annualized	8.72%	2.95%	3.35%	2.89%	2.86%	6.43%	2.36%	5.94%	7.19%	2.97%
O/s Std Restructured	3,90,550	365,510	365,700	346,280	366340	393,370	340,240	208,840	NA	NA
Restructured (% of loans)	2.67%	2.58%	2.55%	2.39%	2.33%	2.18%	1.89%	1.14%	NA	NA
Watchlist	3,47,760	3,12,300	2,59,510	1,79,920	133,100	244,440	212,850	103,420	289,890	246,320
Watchlist (% of loans)	2.30%	2.13%	1.75%	1.20%	0.85%	1.35%	1.18%	0.57%	1.42%	1.24%
Stressed assets (% of loans incl. watchlist)	**11.5%**	**11.7%**	**11.4%**	**10.8%**	**10.1%**	**13.5%**	**12.9%**	**12.1%**	**12.2%**	**11.9%**

Source: Company, PL

Exhibit 10: Watch list has come off on slippages and dominated by power



Source: Company, PL

Exhibit 11: Return ratios uptick to be gradual

RoAE decomposition (%)	FY13	FY14	FY15	FY16	FY17	FY18	FY19E	FY20E
Net interest income	**3.1**	**2.9**	**2.9**	**2.6**	**2.7**	**2.2**	**2.5**	**2.5**
Treasury income	0.2	0.2	0.3	0.3	0.6	0.4	0.2	0.2
Other Inc. from operations	0.9	0.9	0.9	1.0	0.9	0.9	0.9	0.9
Total income	**4.2**	**4.0**	**4.0**	**3.9**	**4.2**	3.5	3.7	3.6
Employee expenses	1.3	1.3	1.2	1.1	1.2	1.0	1.1	1.0
Other operating expenses	0.8	0.8	0.8	0.8	0.9	0.8	0.9	0.9
Operating profit	**2.1**	**1.9**	**2.0**	**2.0**	**2.1**	1.8	1.8	1.7
Tax	0.4	0.3	0.3	0.2	0.0	(0.3)	0.1	0.2
Loan loss provisions	0.8	0.9	1.0	1.3	2.1	2.2	1.4	1.0
RoAA	**1.0**	**0.6**	**0.7**	**0.5**	**(0.1)**	**(0.2)**	**0.2**	**0.5**
RoAE	**15.4**	**10.0**	**10.6**	**7.3**	**(1.1)**	**(3.5)**	**3.8**	**8.5**

Source: Company Data, PL Research

Exhibit 12: Change in estimates – We adjust earnings to factor higher margins, treasury losses, higher opex and higher credit cost

(Rs mn)	Old		Revised		% Change	
	FY19E	FY20E	FY19E	FY20E	*FY19E*	*FY20E*
Net interest income	828,284	914,137	897,430	974,385	*8.3*	*6.6*
Operating profit	602,073	628,826	626,836	653,280	*4.1*	*3.9*
Net profit	107,373	166,162	77,118	182,666	*(28.2)*	*9.9*
EPS (Rs)	12.0	18.6	8.6	20.5	*(28.2)*	*9.9*
ABVPS (Rs)	141	171	153	179	*8.1*	*4.5*
Price target (Rs)	**349**		**349**		***0.0***	
Recommendation	**BUY**		**BUY**			

Source: Company, PL

Exhibit 13: Retain our TP for SBIN to Rs348 based on Mar-20 ABV and SOTP

PT calculation and upside	
Fair price – EVA	262
Fair price - P/ABV	266
Average of the two	**264**
Value of subs/associates	84
Fair value of consol. entity	**348**
P/ABV – Standalone bank	**1.5**
P/E - Standalone bank	**12.9**
Current price, Rs	304
Upside (%)	**14%**
Dividend Yield (%)	1%
Total Return	**15%**

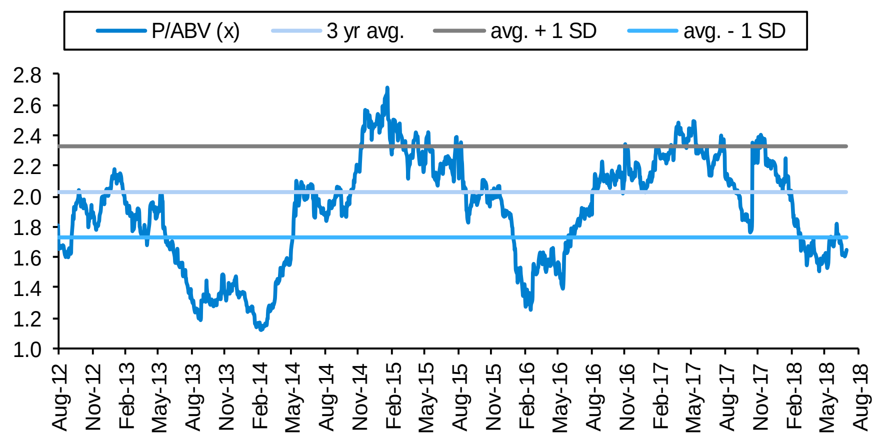
Source: Company, PL

Exhibit 14: SBIN's: SOTP valuation table

SOTP valuation, FY19E	Stake (%)	Revised PT	Method
Standalone	100	263	Avg. of P/ABV 1.5x & EVA
Life insurance venture	62%	54	3.1x EV; 23x new biz multiple
Asset management	74%	8	5% of AUMs
Capital Market/DFHI/Others	100%	24	P/E model
Total		**348**	

Source: Company, PL

Exhibit 15: SBIN - one year forward P/ABV trends



Source: Company, PL

Income Statement (Rs. m)

Y/e Mar	FY17	FY18	FY19E	FY20E
Int. Earned from Adv.	1,541,710	1,413,632	1,588,222	1,748,408
Int. Earned from invt.	629,550	703,376	780,251	830,205
Others	48,535	65,485	53,386	58,134
Total Interest Income	2,239,820	2,204,993	2,443,896	2,659,506
Interest Expenses	1,487,830	1,456,450	1,546,466	1,685,122
Net Interest Income	**751,990**	**748,543**	**897,430**	**974,385**
Growth(%)	*38.6*	*1.4*	*9.5*	*6.8*
Non Interest Income	426,350	446,010	410,329	422,639
Net Total Income	1,178,340	1,194,553	1,307,759	1,397,024
Growth(%)	*39.0*	*(0.6)*	*7.7*	*8.0*
Employee Expenses	339,750	331,787	374,919	393,665
Other Expenses	228,697	253,875	291,957	335,750
Operating Expenses	583,750	599,435	680,924	743,744
Operating Profit	**594,590**	**595,119**	**626,836**	**653,280**
Growth(%)	*37.5*	*0.1*	*5.3*	*4.2*
NPA Provision	554,200	706,800	459,486	345,365
Total Provisions	607,210	750,380	512,587	382,663
PBT	**(12,620)**	**(155,262)**	**114,249**	**270,616**
Tax Provision	5,440	(89,808)	37,131	87,950
Effective tax rate (%)	*(43.1)*	*57.8*	*32.5*	*32.5*
PAT	**(18,060)**	**(65,454)**	**77,118**	**182,666**
Growth(%)	*(118.1)*	*262.4*	*(217.8)*	*136.9*

Balance Sheet (Rs. m)

Y/e Mar	FY17	FY18	FY19E	FY20E
Face value	1	1	1	1
No. of equity shares	8,110	8,925	8,925	8,925
Equity	8,110	8,925	8,925	8,925
Networth	-	-	-	-
Growth(%)	*46.8*	*3.5*	*3.5*	*6.9*
Adj. Networth to NNPAs	969,780	1,108,547	785,968	671,055
Deposits	25,853,200	27,063,433	28,822,556	31,272,473
Growth(%)	*49.4*	*4.7*	*6.5*	*8.5*
CASA Deposits	11,074,340	11,872,940	12,624,280	13,759,888
% of total deposits	*42.8*	*43.9*	*43.8*	*44.0*
Total Liabilities	**33,048,620**	**34,547,520**	**36,830,411**	**39,909,902**
Net Advances	18,689,630	19,348,802	20,606,474	22,564,089
Growth(%)	*27.7*	*3.5*	*6.5*	*9.5*
Investments	9,329,270	10,609,867	11,189,251	11,840,947
Total Assets	**33,048,610**	**34,547,520**	**36,830,411**	**39,909,902**
Growth (%)	*40.2*	*4.5*	*6.6*	*8.4*

Asset Quality

Y/e Mar	FY17	FY18	FY19E	FY20E
Gross NPAs (Rs m)	1,778,650	2,234,270	2,033,463	1,827,292
Net NPAs (Rs m)	969,780	1,108,547	785,968	671,055
Gr. NPAs to Gross Adv.(%)	*9.5*	*11.5*	*9.9*	*8.1*
Net NPAs to Net Adv. (%)	*5.2*	*5.7*	*3.8*	*3.0*
NPA Coverage %	*45.5*	*50.4*	*61.3*	*63.3*

Profitability (%)

Y/e Mar	FY17	FY18	FY19E	FY20E
NIM	2.8	2.4	2.7	2.8
RoAA	(0.1)	(0.2)	0.2	0.5
RoAE	(1.0)	(3.0)	3.5	7.8
Tier I	10.4	10.4	10.1	10.0
CRAR	13.1	12.6	12.8	12.5

Source: Company Data, PL Research

Quarterly Financials (Rs. m)

Y/e Mar	Q2FY18	Q3FY18	Q4FY18	Q1FY19
Interest Income	548,497	548,029	559,413	588,132
Interest Expenses	362,640	361,150	359,670	370,148
Net Interest Income	**185,857**	**186,879**	**199,743**	**217,984**
YoY growth (%)	*(1.2)*	*(4.8)*	*(5.1)*	*(0.8)*
CEB	53,570	49,790	84,300	49,760
Treasury	-	-	-	-
Non Interest Income	160,161	80,842	124,948	66,795
Total Income	**708,658**	**628,871**	**684,361**	**654,927**
Employee Expenses	77,032	84,968	92,542	97,084
Other expenses	68,996	65,203	73,317	67,963
Operating Expenses	146,028	150,171	165,859	165,047
Operating Profit	**199,990**	**117,549**	**158,832**	**119,731**
YoY growth (%)	*43.0*	*(18.4)*	*(8.2)*	*0.8*
Core Operating Profits	-	-	-	-
NPA Provision	167,150	177,597	240,801	130,379
Others Provisions	191,374	188,762	280,961	192,283
Total Provisions	191,374	188,762	280,961	192,283
Profit Before Tax	**8,615**	**(71,213)**	**(122,129)**	**(72,551)**
Tax	(7,198)	(47,053)	(44,947)	(23,793)
PAT	**15,814**	**(24,160)**	**(77,182)**	**(48,759)**
YoY growth (%)	*(383.4)*	*(232.7)*	*124.3*	*(343.1)*
Deposits	**26,231,796**	**26,512,399**	**27,063,433**	**27,478,132**
YoY growth (%)	*10.3*	*1.9*	*4.7*	*5.6*
Advances	**18,026,089**	**18,262,119**	**19,348,802**	**18,757,735**
YoY growth (%)	*(0.1)*	*(2.3)*	*3.5*	*4.0*

Key Ratios

Y/e Mar	FY17	FY18	FY19E	FY20E
CMP (Rs)	304	304	304	304
EPS (Rs)	(2.2)	(7.3)	8.6	20.5
Book Value (Rs)	222	223	231	249
Adj. BV (70%)(Rs)	121	119	153	179
P/E (x)	(136.7)	(41.5)	35.2	14.9
P/BV (x)	1.4	1.4	1.3	1.2
P/ABV (x)	2.5	2.5	2.0	1.7
DPS (Rs)	2.6	0.5	-	2.5
Dividend Payout Ratio (%)	*(116.8)*	*(6.5)*	-	*12.2*
Dividend Yield (%)	*0.9*	*0.2*	-	*0.8*

Efficiency

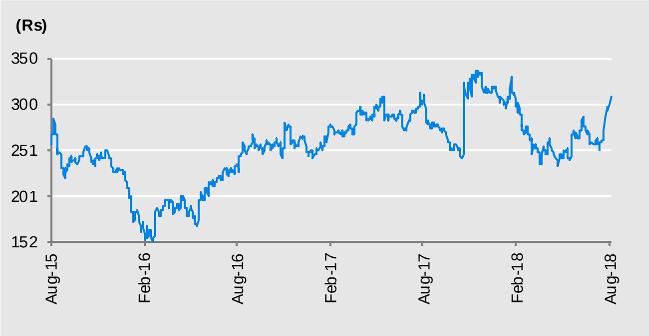
Y/e Mar	FY17	FY18	FY19E	FY20E
Cost-Income Ratio (%)	*49.5*	*50.2*	*52.1*	*53.2*
C-D Ratio (%)	*72.3*	*71.5*	*71.5*	*72.2*
Business per Emp. (Rs m)	213	219	231	249
Profit per Emp. (Rs lacs)	(1)	(3)	4	8
Business per Branch (Rs m)	2,565	2,687	2,846	3,082
Profit per Branch (Rs m)	(1)	(4)	4	10

Du-Pont

Y/e Mar	FY17	FY18	FY19E	FY20E
NII	2.85	2.39	2.73	2.76
Total Income	4.46	3.82	3.98	3.96
Operating Expenses	2.21	1.91	2.07	2.11
PPoP	2.25	1.90	1.91	1.85
Total provisions	2.30	2.40	1.56	1.09
RoAA	(0.07)	(0.21)	0.23	0.52
RoAE	(1.11)	(3.45)	3.81	8.53

Source: Company Data, PL Research

Price Chart



Recommendation History

No.	Date	Rating	TP (Rs.)	Share Price (Rs.)
1	12-Aug-17	BUY	343	281
2	14-Sep-17	BUY	343	273
3	09-Oct-17	BUY	343	257
4	11-Nov-17	BUY	386	333
5	17-Nov-17	BUY	386	333
6	13-Dec-17	BUY	386	313
7	10-Jan-18	BUY	386	304
8	09-Feb-18	BUY	350	296
9	12-Feb-18	BUY	350	296
10	15-Mar-18	BUY	350	254

PL's Recommendation Nomenclature (Absolute Performance)

Buy	:	> 15%
Accumulate	:	5% to 15%
Hold	:	+5% to -5%
Reduce	:	-5% to -15%
Sell	:	< -15%
Not Rated (NR)	:	No specific call on the stock
Under Review (UR)	:	Rating likely to change shortly

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