

IndusInd Bank

BSE SENSEX

38,736

S&P CNX

11,553

CMP: INR1,510 TP: INR1,830 (+21%)
Buy

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Bloomberg	IIB IN
Equity Shares (m)	600
M.Cap.(INRb)/(USDb)	910.9 / 13.3
52-Week Range (INR)	2038 / 1334
1, 6, 12 Rel. Per (%)	-1/-8/-28
12M Avg Val (INR M)	4371
Free float (%)	85.0

Financials & Valuations (INR b)

Y/E MARCH	FY19	FY20E	FY21E
NII	88.5	133.0	174.6
OP	80.9	115.5	154.9
NP	33.0	60.1	85.0
NIM (%)	4.0	4.6	4.7
EPS (INR)	54.9	91.7	120.2
EPS Gr. (%)	-8.8	67.1	31.1
BV/Sh. (INR)	439.5	545.6	654.0
ABV/Sh. (INR)	413.4	524.3	631.1
RoE (%)	13.3	18.6	20.1
RoA (%)	1.3	1.9	2.1
Payout (%)	16.0	10.7	9.8
Valuations			
P/E (X)	27.5	16.5	12.6
P/BV (X)	3.4	2.8	2.3
P/ABV (X)	3.7	2.9	2.4
Div. Yield (%)	0.6	0.6	0.8

Stepping toward 'Business As Usual' amid persisting concerns

- IIB reported merged PAT of INR14.3b (standalone: INR12.2b) for 1QFY20, largely led by lower provisions of INR4.3b (our estimate: INR8.1b). NII stood at INR28.4b (~3% miss; standalone: +14% YoY to INR24.2b), while the NIM improved to 4.05% from ~3.6% in 4QFY19.
- Total income improved to INR45.1b (in-line), led by healthy other income growth of 28% YoY (standalone: +23% YoY). Core fees rose 22% YoY, led by growth in loan fees and addition of PSLC income due to the BHAFIN merger.
- Opex stood at INR19.2b (3% miss), driving a 290bp QoQ improvement in the C/I ratio to 42.5%. On a standalone basis, opex was up 18% YoY to INR17.8b, while the C/I ratio stood at 44.3% (120bp QoQ improvement).
- Loan growth stood at 28% YoY (standalone: +26% YoY), led by robust growth across both the corporate and consumer portfolios. The share of retail loans in total book increased to 54%, as IIB classified its MFI and Business Banking portfolio under the Consumer Finance segment.
- GNPA/NNPA was up 6.4%/5.9% QoQ to INR42b/23.8b, with fresh slippages coming at INR7.25b. Thus, the GNPA ratio increased to 2.15% (+5bp), while the NNPA ratio rose to 1.23% (+2bp). PCR ratio held largely stable at 43% (+27bp QoQ). The bank's exposure toward stressed account stands at 1.67% of total loans (fund based + non-fund based) v/s 1.9% in FY19, while SMA-2 book stands at 17bp (v/s 34bp in 4Q). Restructured advances were at 8bp.
- Other highlights:** (1) CASA ratio was at 43.1%. (2) Customer base increased to 21m. (3) Gross loan portfolio of BHAFIN grew 26% YoY to INR175b.
- Valuation and view:** Merger with BHAFIN has strengthened the earnings profile and further boosted the return ratios. However, we conservatively factor in higher credit cost of 100bp/80bp for FY20/21 due to our concerns on prevailing economic slowdown and elevated stress in select lending segments. The clarity on management succession is going to be critical though we nevertheless estimate FY20/21 RoA of 1.9%/2.1%, buoyed by merger with BHAFIN. We value the stock at INR1,830 based on 2.8x FY21E BV.

Quarterly Performance

(INR m)

	FY19				FY20E				FY19	FY20E	FY20E	v/s
	1Q	2Q	3Q	4Q	1Q	2QE	3QE	4QE			1Q	Est
Net Interest Income	21,224	22,033	22,881	22,324	28,440	31,932	34,593	38,084	88,462	1,33,049	29,271	-3%
Other Income	13,016	13,173	14,689	15,590	16,633	17,347	18,792	19,507	56,467	72,278	15,901	5%
Total Income	34,240	35,206	37,569	37,914	45,072	49,278	53,385	57,591	1,44,929	2,05,327	45,172	0%
Operating Expenses	15,129	15,281	16,400	17,237	19,163	21,569	23,367	25,773	64,047	89,872	19,772	-3%
Operating Profit	19,111	19,924	21,170	20,677	25,910	27,709	30,018	31,818	80,882	1,15,455	25,400	2%
% Change (YoY)	20.3	22.0	27.2	16.9	35.6	39.1	41.8	53.9	21.5	42.7	32.9	267
Provisions	3,500	5,903	6,067	15,607	4,306	7,032	6,031	7,047	31,077	24,416	8,057	-47%
Profit before Tax	15,611	14,022	15,103	5,070	21,603	20,677	23,987	24,770	49,806	91,039	17,343	25%
Tax	5,254	4,819	5,253	1,469	7,278	7,429	8,048	8,198	16,795	30,953	6,810	7%
Net Profit	10,357	9,203	9,850	3,601	14,325	13,249	15,940	16,572	33,011	60,085	10,533	36%
% Change (YoY)	23.8	4.6	5.2	-62.2	38.3	44.0	61.8	360.2	-8.5	82.0	1.7	NM
Operating Parameters												
Deposit (INR b)	1,589	1,682	1,757	1,949	2,006	2,107	2,264	2,475	1,949	2,475	2,028	-1%
Loan (INR b)	1,507	1,631	1,732	1,864	1,935	2,148	2,306	2,495	1,864	2,495	2,003	-3%
Asset Quality												
Gross NPA (%)	1.2	1.1	1.1	2.1	2.2	2.1	2.0	2.0	2.1	2.0	2.1	5
Net NPA (%)	0.5	0.5	0.6	1.2	1.2	1.0	0.9	0.9	1.2	0.9	1.1	12
PCR (%)	56.2	55.8	47.7	43.0	43.3	50.0	54.0	56.3	43.0	56.3	47.0	-368

Research Analyst: Nitin Aggarwal (Nitin.Aggarwal@MotilalOswal.com); +91 22 6129 1542 | Parth Gutka (Parth.Gutka@motilaloswal.com); +91 22 6129 1567

Alpesh Mehta (Alpesh.Mehta@MotilalOswal.com); | Himanshu Taluja (Himanshu.Taluja@motilaloswal.com); | Yash Agarwal (Yash.Agarwal@motilaloswal.com)

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Exhibit 1: Quarterly Snapshot

INR m	FY18				FY19				FY20	Variation (%)	
	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4Q	1Q	YoY*	QoQ*
Profit and Loss											
Net Interest Income	17,741	18,210	18,948	20,076	21,224	22,033	22,881	22,324	28,440	34	27
Other Income	11,673	11,876	11,868	12,085	13,016	13,173	14,689	15,590	16,633	28	7
Trading profits	1,930	1,750	1,100	950	1,370	990	2,030	1,400	2,410	76	72
Others	9,743	10,126	10,768	11,135	11,646	12,183	12,659	14,190	14,223	22	0
Total Income	29,413	30,086	30,816	32,161	34,240	35,206	37,569	37,914	45,072	32	19
Operating Expenses	13,528	13,751	14,169	14,467	15,129	15,281	16,400	17,237	19,163	27	11
Employee	4,222	4,450	4,600	4,535	4,620	4,582	4,521	4,812	6,472	40	34
Others	9,306	9,300	9,569	9,932	10,509	10,699	11,879	12,424	12,691	21	2
Operating Profits	15,885	16,335	16,647	17,694	19,111	19,924	21,170	20,677	25,910	36	25
Core Operating Profits	13,955	14,585	15,547	16,744	17,741	18,934	19,140	19,277	23,500	32	22
Provisions	3,100	2,938	2,362	3,356	3,500	5,903	6,067	15,607	4,306	23	-72
PBT	12,786	13,398	14,285	14,338	15,611	14,022	15,103	5,070	21,603	38	326
Taxes	4,420	4,597	4,923	4,808	5,254	4,819	5,253	1,469	7,278	39	395
PAT	8,365	8,801	9,362	9,531	10,357	9,203	9,850	3,601	14,325	38	298
Balance Sheet (INR b)											
Loans	1,164	1,232	1,285	1,450	1,507	1,631	1,732	1,864	1,935	28	4
Investments	421	421	462	501	527	501	537	593	607	15	2
Deposits	1,337	1,414	1,461	1,516	1,589	1,682	1,757	1,949	2,006	26	3
CASA Deposits	505	598	626	667	690	734	765	841	865	25	3
of which Savings	316	402	422	459	477	511	500	545	577	21	6
Current	189	196	204	208	213	223	265	296	289	36	-2
Borrowings	274	236	234	383	370	428	445	473	498	34	5
Total Assets	1,907	1,950	2,007	2,216	2,289	2,483	2,562	2,778	2,930	28	5
Risk Weighted Assets	1,452	1,561	1,594	1,732	1,820	1,940	2,019	2,145	2,311	27	8
Asset Quality (INR b)											
GNPA	12.7	13.5	15.0	17.0	17.4	17.8	19.7	39.5	42.0	141	6
NNPA	5.1	5.4	5.9	7.5	7.6	7.9	10.3	22.5	23.8	212	6
Ratios											
Asset Quality (%)	FY18				FY19				FY20	Variation (bps)	
	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4Q	1Q	YoY	QoQ
GNPA	1.1	1.1	1.2	1.2	1.2	1.1	1.1	2.1	2.2	100	5
NNPA	0.4	0.4	0.5	0.5	0.5	0.5	0.6	1.2	1.2	72	2
PCR (Cal.)	60.0	60.1	60.5	56.3	56.2	55.8	47.7	43.0	43.3	-1,289	27
Business Ratios (%)											
Fees to Total Income	33.1	33.7	34.9	34.6	34.0	34.6	33.7	37.4	31.6	-246	-587
Cost to Core Income	49.2	48.5	47.7	46.4	46.0	44.7	46.1	47.2	44.9	-111	-229
Tax Rate	34.6	34.3	34.5	33.5	33.7	34.4	34.8	29.0	33.7	4	472
CASA (Reported)	37.8	42.3	42.9	44.0	43.4	43.6	43.6	43.1	43.1	-28	0
Loan/Deposit	87.1	87.1	88.0	95.6	94.8	97.0	98.6	95.7	96.5	163	83
CAR	16.2	15.6	15.8	15.0	14.7	14.3	14.2	14.2	14.9	20	74
Tier I	15.7	15.1	15.3	14.6	14.3	13.9	13.8	13.7	14.5	18	77
Profitability Ratios (%)											
Yield on loans	11.5	11.3	11.0	11.1	11.2	11.4	11.5	11.3	12.0	85	75
Yield On Investments	7.4	7.3	6.8	6.9	6.7	7.1	7.1	6.9	7.1	43	20
Yield on funds	10.3	9.1	9.3	9.1	9.4	9.5	9.6	9.5	10.0	63	48
Cost of deposits	6.2	5.9	5.9	6.0	6.2	6.5	6.7	6.8	6.9	66	6
Cost of funds	5.3	5.1	5.0	5.1	5.4	5.6	5.8	5.9	5.9	50	2
Spreads	4.9	4.0	4.2	4.0	3.9	3.8	3.8	3.6	4.1	13	46
Margins	4.0	4.0	4.0	4.0	3.9	3.8	3.8	3.6	4.1	13	46
RoA	1.9	1.9	2.0	1.9	1.9	1.6	1.6	0.6	2.1	14	149
RoE	16.2	16.5	17.0	16.6	17.3	14.9	15.4	5.5	18.5	120	1,299

*Merger of BFIL effective July 04, 2019 with appointed date Jan. 01, 2018. Previous year periods not comparable

Exhibit 2: Quarterly performance v/s expectation

Y/E March	1QFY20A	1QFY20E	V/S our Est	Comments
Interest Income	69,614	67,625	3	
Interest Expense	41,174	38,354	7	
Net Interest Income	28,440	29,271	-3	NII was lower as margins yet to fully price in
% Change (Y-o-Y)	34	38		
Other Income	16,633	15,901	5	Other income was higher due to increase in corporate loan fees
Total Income	45,072	45,172	0	
Operating Expenses	19,163	19,772	-3	Opex were lower than expected
Operating Profit	25,910	25,400	2	
% Change (Y-o-Y)	36	33		
Other Provisions	4,306	8,057	-47	Provisions were lower than expected
Profit before Tax	21,603	17,343	25	
Tax Provisions	7,278	6,810	7	
Net Profit	14,325	10,533	36	Lower provisions led to PAT beat
% Change (Y-o-Y)	38	2		

Source: Company, MOFSL

Exhibit 3: Performance of IndusInd Bank on a standalone basis

INRm	1QFY20	1QFY19	YoY	4QFY19	QoQ
Net Worth	2,76,200	2,45,610	12%	2,66,860	4%
Advances	18,99,620	15,06,750	26%	18,63,935	2%
NII	24,190	21,220	14%	22,324	8%
Other Income	16,020	13,020	23%	15,590	3%
Total Income	40,210	34,240	17%	37,914	6%
Operating Profit	22,400	19,110	17%	20,677	8%
PAT	12,200	10,360	18%	3,601	239%

Source: Company, MOFSL

CASA growth continues to be driven by CA (36% YoY) and SA (21% YoY) growth.

Strong loan growth and CASA traction continues

- NIM came in at 4.05%, aided by the merger with BHAFIN. Management guided for an improved trajectory in NIM, aided by the fixed-rate loan book.
- Loans grew ~28% YoY (26% for the standalone bank). During the quarter, the bank reclassified business banking and MFI segments under consumer finance. As a result, consumer finance now constitutes 54% of total book.
- Vehicle finance business grew by 23% YoY, while non-vehicle consumer finance excluding BBG and MFI grew by 25% YoY.
- CASA deposits grew 25.5% YoY (2.9% QoQ), led by strong mobilization of CA deposits (+35.8% YoY) and SA deposits (+20.8% YoY). CASA ratio though remained stable at 43.1%, as retail TD grew strongly at 42% YoY.
- Yield on advances increased 75bp QoQ to 12.0%, while cost of deposits was up 6bp QoQ to 6.86%. Overall cost of funds increased 2bp QoQ to 5.92%.
- CD ratio increased to 96.5% (95.7% in 4QFY19). Risk-weighted assets grew 7.7% QoQ.

Asset quality remains stable; PCR at 43%

- GNPA/NNPA ratio remains stable at 2.15%/1.23% (up 5bp/2bp QoQ), with provision coverage ratio of 43.3% (up 27bp QoQ). Fresh slippages moderated to INR7.25b, while recoveries/write-offs came in at INR4.72b.
- Exposure toward stressed groups (funded and non-funded) stood at 1.67% of loan book, while SMA-1 & 2 declined to 18bp/17bp (v/s 32bp/34bp in 4QFY19).
- IIB's weighted average risk score (WARS) for vehicle finance increased to 1.82 (1.75 in 4QFY19).
- Slippages in the corporate/consumer finance portfolio came in at INR1.75b/INR5.5b for the quarter. Retail GNPA increased marginally to 1.24% (1.18% in 4QFY19).
- Restructured book stood at 8bp v/s 9bp in 4QFY19.

Exhibit 4: GNPA in CFD increased sequentially to 1.24%

Segmental GNPA	1QFY18	2QFY18	3QFY18	4QFY18	1QFY19	2QFY19	3QFY19	4QFY19	1QFY20
CV	1.1	1.0	0.9	1.0	0.9	0.9	1.1	1.2	1.3
Utility	1.4	1.4	1.3	1.3	1.4	1.3	1.3	1.3	1.2
CE	1.1	1.0	1.1	1.1	0.9	0.7	0.8	0.7	0.8
3W	1.3	1.1	1.2	1.3	1.1	1.3	1.3	1.4	1.4
2W	3.6	3.6	3.8	3.8	3.7	3.9	3.6	3.8	3.6
Cars	0.7	0.7	0.6	0.7	0.7	0.8	0.8	0.8	0.8
LAP/HL/PL	1.0	0.4	0.6	0.6	0.4	0.6	0.4	0.4	1.0
Cards	1.2	1.5	1.7	1.6	1.8	1.8	1.9	1.9	2.2
BBG/LAP	NA	NA	NA	NA	NA	NA	NA	NA	1.4
MFI	NA	NA	NA	NA	NA	NA	NA	NA	0.6
GNPA in Consumer Finance Division	1.2	1.2	1.1	1.1	1.0	1.1	1.1	1.2	1.2

Source: Company, MOFSL

Other highlights

Loan processing fees (+47% YoY) drove overall fee income

- Growth in fee income (+22% YoY) was broad-based – loan processing fees (+47% YoY), trade and remittances (+16% YoY), general banking fees (+13% YoY), investment banking fees (+13% YoY) and third party distribution fees (+9% YoY).
- RoRWA stood at 2.5% for the quarter, with RWA growing 7.7% QoQ in comparison to balance sheet growth of 5.5% QoQ.

Exhibit 5: Fees grew 22% YoY led by strong traction in loan processing fees and trade fees

	1QFY19	2QFY19	3QFY19	4QFY19	1QFY20	YoY (%)	QoQ (%)
Fee based Income	11,650	12,180	12,660	14,190	14,220	22%	0%
Trade Fees (LC, BG, Remittances)	1,410	1,510	1,550	1,890	1,640	16%	-13%
Processing Fees and other charges	2,300	2,600	2,760	3,280	3,370	47%	3%
Fx Clients	2,280	2,230	2,750	2,890	2,500	10%	-13%
Third Party Distribution fees	2,780	2,800	2,680	3,020	3,020	9%	0%
Investment banking fees	2,080	2,130	2,010	2,280	2,350	13%	3%
General banking/other income	800	910	910	830	1,340	68%	61%

Source: Company, MOFSL



1QFY20 analyst meet highlights

Balance sheet and P&L related

- MCLR rates are coming down, while fixed rate loan book (vehicle+ MFI) will continue supporting margin trajectory
- CAR including 1QFY20 profits stood at 15.5%. This does not include the preference capital issued to promoters (warrant conversion) as the merger took place on 4th Jul'19. Including this, the capital ratio stood at 16%.
- Post-merger, the customer base now increased to 21m.
- The bank aims to reach a branch count of 2,000 by FY20.
- The yields on corporate segment declined, but are not comparable due to the merger effect. The bank further reclassified its business banking portfolio under consumer finance, which also led to this decline.
- **In vehicle financing**, the bank expects to gain market share from NBFC players. It expects vehicle industry growth to pick up during the festive season only. Thus, 2QFY19 will also remain sluggish for the industry.
- Liabilities of BHAFIN have not fully transferred and will take another 6-9 months to get reflected.
- On the vehicle segment growth, the used book is just 20% of the total vehicle portfolio.
- There is an increase in corporate loan fees, mainly due to renewals which typically happen in the first quarter. Therefore, the first quarter is higher compared to other quarters.

Asset quality

- **ILFS exposure:** The bank has made adequate provisions. The recent bids on the SPV reflect that the bank has made higher than adequate provisions.
- The potential stressed book (funded and non-funded) has come down to 1.67% v/s 1.9% QoQ – reflects deduction of INR3b into the stressed book. This deduction includes ~INR2b through repayments.
- The increase in net additions to the slippages in consumer segment is mainly due to addition of MFI book and business banking book into the retail segment.

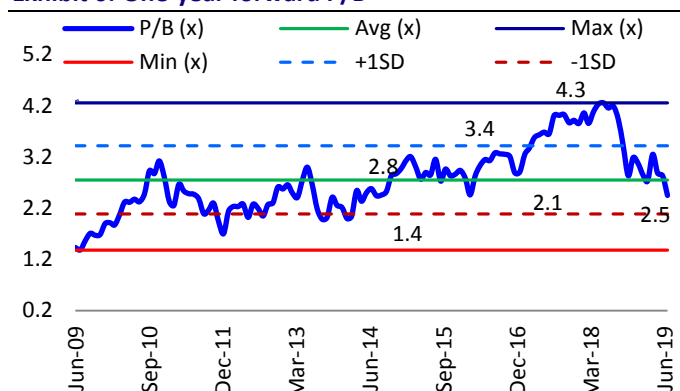
Bharat Financial Inclusion Ltd

- BHAFIN witnessed overheating in Orissa and West Bengal and thus slowed down disbursement to this region; expect this to continue for a few more months.
- Guided to grow AUM at 35% YoY and 20% YoY in customer borrowers over FY20.
- Earlier, it rolled out 3,500 kirana stores and further planning to roll out 10,000 Kirana stores by this year.
- It has further processed opening saving accounts through paperless. It is disbursing loans directly into saving accounts of borrowers.

Guidance/Others

- The bank guided for credit cost in the range 55-65bp for FY20.
- The bank guided for loan growth of mid 20% in the medium term.
- System deposits are stable at 10% YoY. Liquidity situation is improving as reflected in the declining trends of the CD ratio by 50bp.

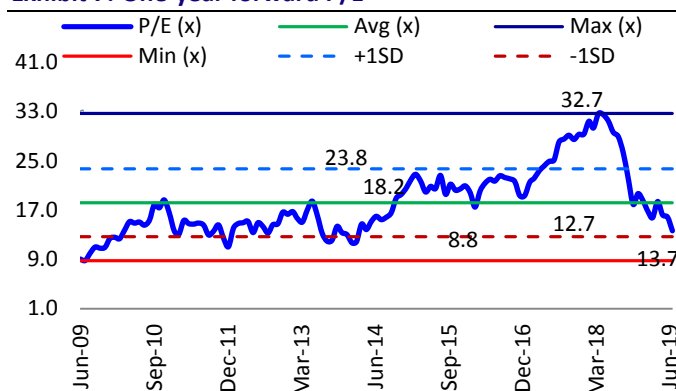
Exhibit 6: One-year forward P/B



Note: Chart is for IndusInd standalone

Source: Company, MOFSL

Exhibit 7: One-year forward P/E



Note: Chart is for IndusInd standalone

Source: Company, MOFSL

Valuation and view

- Strong core profitability, higher CASA ratio (best amongst mid-sized private banks) and healthy capitalization (Tier 1 ratio of ~15.5%) are key positives. We expect IIB to report strong 30%+ loan CAGR over FY19-21, driven by multiple products, new product addition and market share gains.
- IIB has disclosed total fund + non-fund exposure at ~1.7% toward other potentially stressed groups. Further, the SMA-2 has come down to 17bp (v/s 34bp in FY19). The bank has achieved healthy coverage on its infra exposure, which will help limit credit cost in FY20 (management guidance of 60bp).
- Merger with BHAFIN has strengthened the earnings profile and further boosted the return ratios. However, we conservatively factor in higher credit cost of 100bp/80bp for FY20/21 due to our concerns on prevailing economic slowdown and elevated stress in select lending segments. The clarity on management succession is going to be critical though we nevertheless estimate FY20/21 RoA of 1.9%/2.1%, buoyed by merger with BHAFIN. We value the stock at INR1,830 based on 2.8x FY21E BV.

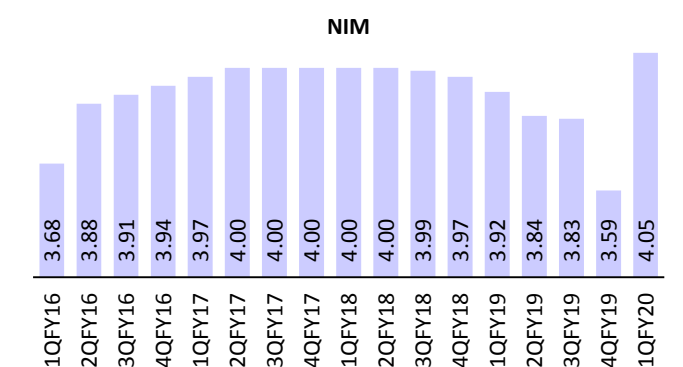
Exhibit 8: DuPont Analysis: Return ratios to show steady improvement driven by merger with BHAFIN

Y/E March	FY15	FY16	FY17	FY18	FY19	FY20E	FY21E
Interest Income	9.75	9.20	9.04	8.63	8.91	9.57	9.58
Interest Expense	6.31	5.61	5.24	4.89	5.37	5.43	5.32
Net Interest Income	3.44	3.59	3.80	3.75	3.54	4.14	4.27
Core Fee Income	2.45	2.50	2.44	2.19	2.09	2.09	2.02
Trading and others	0.12	0.12	0.17	0.18	0.17	0.16	0.15
Non-Interest income	2.56	2.62	2.62	2.37	2.26	2.25	2.17
Total Income	6.00	6.21	6.42	6.12	5.80	6.39	6.44
Operating Expenses	2.89	2.92	3.00	2.79	2.56	2.80	2.65
Employee cost	0.99	0.98	0.95	0.89	0.78	0.98	0.92
Others	1.90	1.93	2.05	1.90	1.85	1.82	1.73
Operating Profit	3.12	3.29	3.42	3.33	3.24	3.59	3.78
Core operating Profits	3.00	3.17	3.25	3.14	3.06	3.43	3.63
Provisions	0.39	0.53	0.68	0.59	1.24	0.76	0.64
NPA	0.34	0.40	0.44	0.45	1.24	0.68	0.55
Others	0.05	0.14	0.24	0.14	0.00	0.08	0.08
PBT	2.73	2.76	2.74	2.74	1.99	2.83	3.15
Tax	0.92	0.94	0.94	0.94	0.67	0.96	1.07
RoA	1.80	1.82	1.80	1.80	1.32	1.87	2.08
Leverage (x)	10.5	9.1	8.5	9.1	10.0	9.9	9.7
RoE	19.0	16.6	15.3	16.5	13.3	18.6	20.1

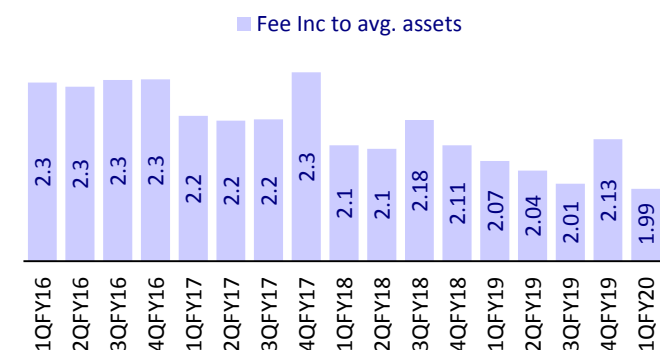
*FY20-21 includes merger with BHAFIN

Source: Company, MOFSL

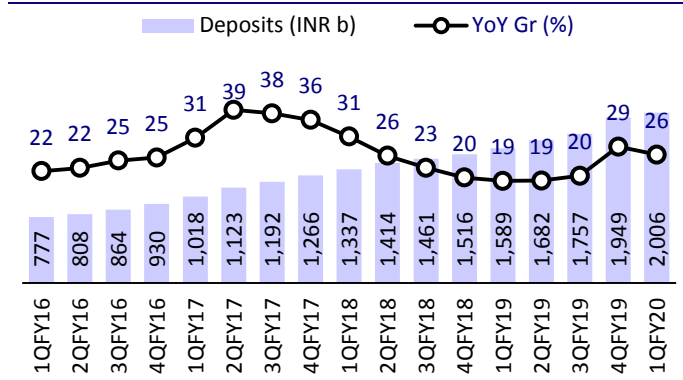
Story in Charts

Exhibit 9: NIM expanded to 4.05% aided by merger


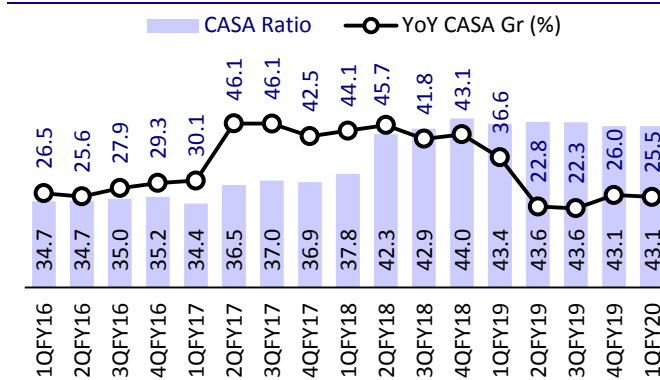
Source: MOFSL, Company

Exhibit 10: Fee income to average assets came in at 2%


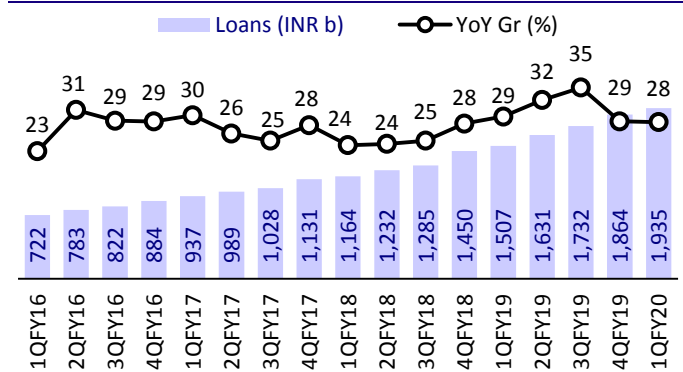
Source: MOFSL, Company

Exhibit 11: Deposit growth stood strong at ~26% YoY


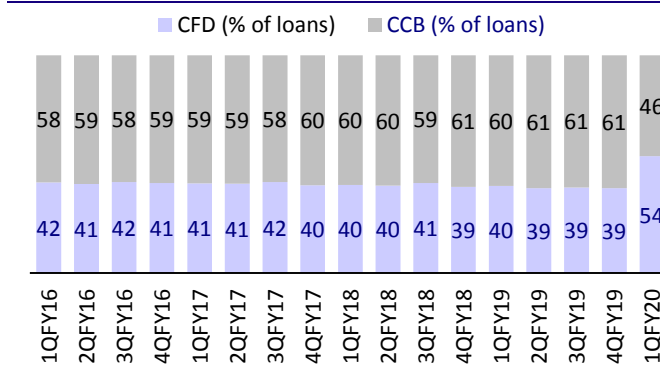
Source: MOFSL, Company

Exhibit 12: CASA growth stood healthy at ~26% YoY


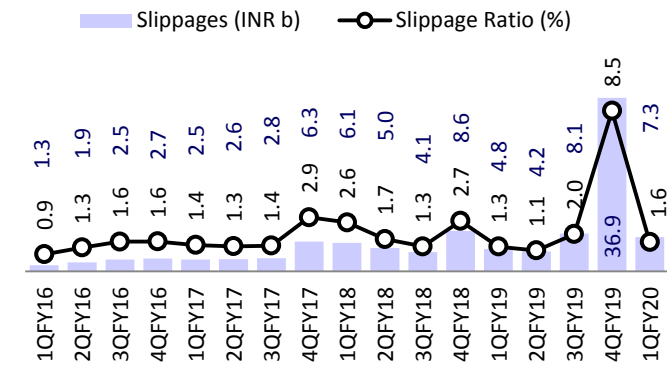
Source: MOFSL, Company

Exhibit 13: Loan growth was strong at ~28% YoY (26% for standalone bank)


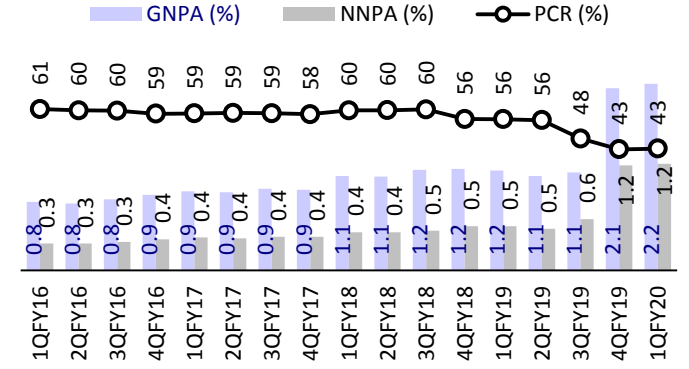
Source: MOFSL, Company

Exhibit 14: CFD mix increased to 54% as bank reclassifies BBG and MFI in CFD


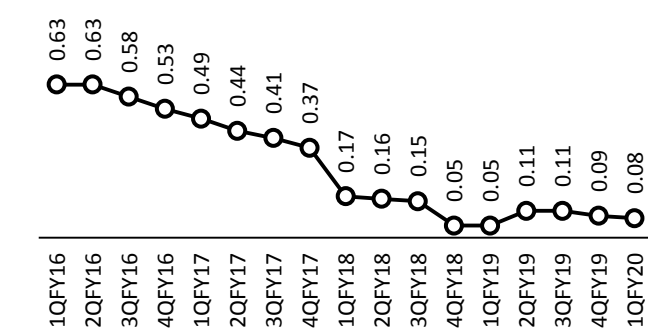
Source: MOFSL, Company

Exhibit 15: Annualized slippage rate moderated to 1.6%

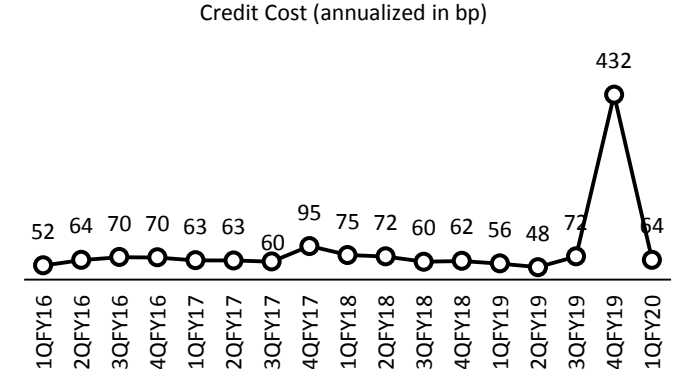
Source: MOFSL, Company

Exhibit 16: Asset quality remains stable

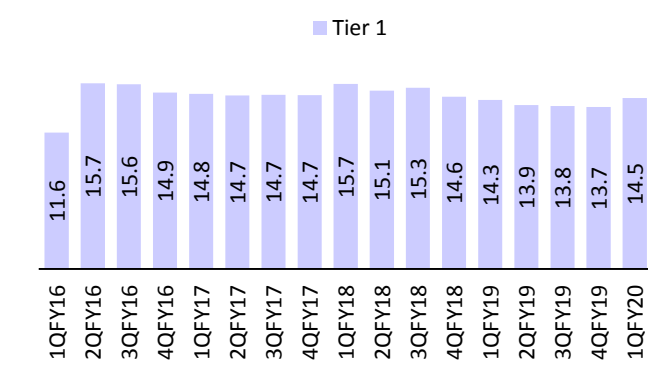
Source: MOFSL, Company

Exhibit 17: Restructured book stable at 8bp

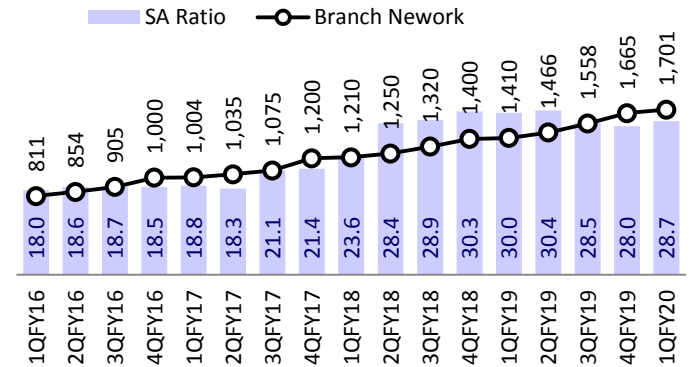
Source: MOFSL, Company

Exhibit 18: Credit costs moderated during the quarter

Source: MOFSL, Company

Exhibit 19: Tier-1 capital remains strong post-merger

Source: MOFSL, Company

Exhibit 20: Bank added 36 branches during the quarter

Source: MOFSL, Company

Financials and Valuations

Income Statement						(INR m)	
Y/E March	FY15	FY16	FY17	FY18	FY19	FY20E	FY21E
Interest Income	96,920	1,15,807	1,44,057	1,72,807	2,22,612	3,07,385	3,92,192
Interest Expense	62,717	70,641	83,431	97,833	1,34,150	1,74,336	2,17,601
Net Interest Income	34,203	45,166	60,626	74,974	88,462	1,33,049	1,74,592
Growth (%)	18.3	32.1	34.2	23.7	18.0	50.4	31.2
Non-Interest Income	25,480	32,969	41,715	47,501	56,467	72,278	88,902
Total Income	59,683	78,135	1,02,341	1,22,475	1,44,929	2,05,327	2,63,494
Growth (%)	24.8	30.9	31.0	19.7	18.3	41.7	28.3
Operating Expenses	28,701	36,721	47,831	55,914	64,047	89,872	1,08,605
Pre Provision Profits	30,982	41,414	54,510	66,561	80,882	1,15,455	1,54,888
Growth (%)	19.3	33.7	31.6	22.1	21.5	42.7	34.2
Core PPP	29,824	39,892	51,741	62,923	76,517	1,10,216	1,48,602
Growth (%)	20.9	33.8	29.7	21.6	21.6	44.0	34.8
Provisions (excl. tax)	3,891	6,722	10,913	11,754	31,077	24,416	26,043
PBT	27,092	34,693	43,597	54,807	49,806	91,039	1,28,845
Tax	9,155	11,828	14,918	18,747	16,795	30,953	43,807
Tax Rate (%)	33.8	34.1	34.2	34.2	33.7	34.0	34.0
PAT	17,937	22,864	28,679	36,060	33,011	60,085	85,038
Growth (%)	27.4	27.5	25.4	25.7	-8.5	82.0	41.5

Balance Sheet							
Y/E March	FY15	FY16	FY17	FY18	FY19	FY20E	FY21E
Equity Share Capital	5,295	5,950	5,982	6,002	6,027	7,074	7,074
Reserves & Surplus	1,01,010	1,70,872	2,00,328	2,32,268	2,60,833	3,80,886	4,57,602
Net Worth	1,06,305	1,76,822	2,06,309	2,38,271	2,66,860	3,87,961	4,64,676
Deposits	7,41,344	9,30,001	12,65,722	15,16,392	19,48,679	24,74,822	31,67,773
Growth (%)	22.5	25.4	36.1	19.8	28.5	27.0	28.0
of which CASA Deposits	2,52,996	3,27,240	4,66,460	6,67,293	8,49,624	10,64,174	13,39,968
Growth (%)	28.5	29.3	42.5	43.1	27.3	25.3	25.9
Borrowings	2,06,181	2,21,559	2,24,537	3,82,891	4,73,211	6,49,827	7,44,301
Other Liabilities & Prov.	63,900	72,050	89,764	78,563	89,444	1,34,166	1,60,999
Total Liabilities	11,17,869	14,00,570	17,86,484	22,16,262	27,78,194	36,46,776	45,37,749
Current Assets	1,07,791	1,01,119	1,86,283	1,32,159	1,47,834	1,77,793	2,22,597
Investments	2,28,780	3,12,143	3,67,021	5,00,767	5,92,662	7,40,827	8,96,401
Growth (%)	6.1	36.4	17.6	36.4	18.4	25.0	21.0
Loans	6,87,882	8,84,193	11,30,805	14,49,537	18,63,935	24,95,068	31,68,736
Growth (%)	24.8	28.5	27.9	28.2	28.6	33.9	27.0
Fixed Assets	11,576	12,553	13,352	13,388	17,100	21,486	25,353
Other Assets	81,840	90,561	89,023	1,20,412	1,56,664	2,11,603	2,24,662
Total Assets	11,17,869	14,00,570	17,86,484	22,16,262	27,78,194	36,46,776	45,37,749
Asset Quality							
GNPA	5,629	7,768	10,549	17,049	39,474	49,305	55,171
NNPA	2,104	3,216	4,388	7,457	22,483	21,534	23,162
GNPA Ratio	0.8	0.9	0.9	1.2	2.1	2.0	1.7
NNPA Ratio	0.3	0.4	0.4	0.5	1.2	0.9	0.7
Slippage Ratio	1.43	1.08	1.42	2.58	3.25	1.90	1.60
Credit Cost	0.55	0.64	0.70	0.70	1.88	1.00	0.80
PCR (Excl. Tech. write off)	62.6	58.6	58.4	56.3	43.0	56.3	58.0

Financials and Valuations

Ratios

Y/E March	FY15	FY16	FY17	FY18	FY19	FY20E	FY21E
Yield and Cost Ratios (%)							
Avg. Yield-Earning Assets	10.4	10.0	9.7	9.2	9.5	10.2	10.2
Avg. Yield on loans	12.5	11.8	11.4	10.6	10.7	11.6	11.5
Avg. Yield on Investments	7.5	7.2	7.2	6.6	7.3	7.1	7.0
Avg. Cost-Int. Bear. Liab.	7.4	6.7	6.3	5.8	6.2	6.3	6.2
Avg. Cost of Deposits	7.7	6.8	6.3	5.8	5.9	5.9	5.8
Interest Spread	2.7	3.1	3.3	3.4	3.6	4.3	4.3
Net Interest Margin	3.9	4.0	4.2	4.2	4.0	4.6	4.7

Capitalisation Ratios (%)

CAR	12.1	15.5	15.3	15.0	14.2	14.0	13.2
Tier I	11.2	14.9	14.7	14.6	13.7	13.6	12.9
Tier II	0.9	0.6	0.6	0.5	0.5	0.4	0.3

Business and Efficiency Ratios (%)

Loans/Deposit Ratio	92.8	95.1	89.3	95.6	95.7	100.8	100.0
CASA Ratio	34.1	35.2	36.9	44.0	43.6	43.0	42.3
Cost/Assets	2.6	2.6	2.7	2.5	2.3	2.5	2.4
Cost/Total Income	48.1	47.0	46.74	45.7	44.2	43.8	41.2
Cost/Core Income	49.0	47.9	48.0	47.1	45.6	44.9	42.2
Int. Expense/Int. Income	64.7	61.0	57.9	56.6	60.3	56.7	55.5
Fee Income/Total Income	40.8	40.2	38.1	35.8	35.9	32.7	31.4
Non Int. Inc./Total Income	42.7	42.2	40.8	38.8	39.0	35.2	33.7
Emp. Cost/Total Expense	34.2	33.7	31.8	31.8	30.3	35.0	34.7
Investment/Deposit Ratio	30.9	33.6	29.0	33.0	30.4	29.9	28.3

Profitability Ratios and Valuations

RoE	19.0	16.6	15.3	16.5	13.3	18.6	20.1
RoA	1.8	1.8	1.8	1.8	1.3	1.9	2.1
RoRWA	2.0	2.0	2.0	2.1	1.5	2.2	2.4
Book Value (INR)	197.0	293.9	341.7	393.9	439.5	545.6	654.0
Growth (%)	17.3	49.2	16.3	15.3	11.6	24.1	19.9
Price-BV (x)	7.7	5.1	4.4	3.8	3.4	2.8	2.3
Adjusted BV (INR)	194.2	290.1	336.6	385.2	413.4	524.3	631.1
Price-ABV (x)	7.8	5.2	4.5	3.9	3.7	2.9	2.4
EPS (INR)	34.0	40.7	48.1	60.2	54.9	91.7	120.2
Growth (%)	26.6	19.6	18.2	25.2	-8.8	67.1	31.1
Price-Earnings (x)	44.4	37.1	31.4	25.1	27.5	16.5	12.6
Dividend Per Share (INR)	4.8	5.9	0.0	7.2	8.8	9.8	11.8
Dividend Yield (%)	0.3	0.4	0.0	0.5	0.6	0.6	0.8

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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

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Registered Office Address: Motilal Oswal Tower, Rahimtullah Sayani Road, Opposite Parel ST Depot, Prabhadevi, Mumbai-400025; Tel No.: 022 71934200/ 022-71934263; Website www.motilaloswal.com.CIN no.: L67190MH2005PLC153397. Correspondence Office Address: Palm Spring Centre, 2nd Floor, Palm Court Complex, New Link Road, Malad(West), Mumbai- 400 064. Tel No: 022 7188 1000.

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