

Bandhan Bank

Estimate change



TP change



Rating change



Bloomberg	BANDHAN IN
Equity Shares (m)	1,610
M.Cap.(INRb)/(USDb)	376.7 / 5.1
52-Week Range (INR)	650 / 152
1, 6, 12 Rel. Per (%)	21/-35/-43
12M Avg Val (INR M)	1551

Financials & Valuations (INR b)

Y/E March	FY20	FY21E	FY22E
NII	63.2	75.5	89.4
OP	54.5	61.8	72.3
NP	30.2	32.5	39.7
NIM (%)	9.1	8.2	8.2
EPS (INR)	21.6	20.2	24.7
EPS Gr. (%)	31.9	-6.4	22.2
BV/Sh. (INR)	94	116	134
ABV/Sh. (INR)	93	113	131
RoE (%)	22.9	19.2	19.7
RoA (%)	4.1	3.3	3.4
Payout (%)	0.0	23.3	23.8

Valuations

P/E(X)	10.8	11.6	9.5
P/BV (X)	2.5	2.0	1.7
P/ABV (X)	2.5	2.1	1.8

Shareholding pattern (%)

As On	Mar-20	Dec-19	Mar-19
Promoter	61.0	61.0	82.3
DII	8.8	8.2	10.0
FII	13.1	13.9	5.6
Others	17.2	17.0	2.2

FII Includes depository receipts

CMP: INR234

TP: INR350 (+50%)

Buy

Liability franchise strong; Credit cost to stay elevated

Asset quality under watch – management outlook offers hope for recovery

- Bandhan has created higher than the required provisions toward COVID-19, which affected earnings, even as NII/PPoP growth held strong. Also, business growth was steady despite lockdown imposed in the last few days of Mar'20. On the asset quality front, higher write-offs have aided GNPA improvement.
- Management indicated 78% of the portfolio remains in the Green zone, while only ~6% is in the Red zone. We remain watchful of asset quality and expect credit cost trends to remain elevated in the near term even though management commentary has provided comfort. **Maintain Buy.**

Strong core operating performance; Retail deposit mix improves further

- 4QFY20 PAT stood at ~INR5.2b (21% YoY decline, 17% below estimates), affected by higher provisions toward COVID-19 of INR6.9b. NII grew 34% YoY (~9% QoQ) to INR16.8b, led by robust growth in advances and 22bp QoQ margin expansion to 8.13%.
- Other income increased 29% YoY to INR5.0b, and opex 34% YoY (4% QoQ increase); thus, the C/I ratio moderated ~320bp QoQ to 30.3%. Overall, PPoP growth remains strong at 32% YoY to INR15.2b.
- Advances (on+ off book) surged ~9.8% QoQ to INR718b despite lockdown imposed in the last few days of Mar'20. MFI loans grew 15% QoQ, with their share thus increasing to ~64% v/s ~61% (post the merger).
- Deposit growth came in strong at 32% YoY despite state government deposit withdrawals witnessed in Mar'20. CASA growth stood at 19.4% YoY / 11.6% QoQ; as a result, the CASA ratio improved to 36.8% v/s 34.3% in 3QFY20. Also, the proportion of retail deposits improved ~220bp to 78.4% of the total deposits.
- On the asset quality front**, GNPL/NNPL declined 16%/~21% QoQ, led by higher write-offs. Consequently, the GNPA/NNPA ratio improved 45bp/23bp QoQ to 1.5%/0.6%. Thus, PCR improved to 60.8% v/s 58.4% in 3QFY20. The bank holds total additional provisions of INR10b, including COVID-19 provisions and INR3.1b towards standard asset provisions.
- Other highlights:** As of April'20, 100% moratorium had been availed in MFI, 13% in Mortgage, 35% in MSME, and 59% in NBFC-MFI in portfolio terms.

Highlights from management commentary

- 50% of borrowers operate in the Agri and allied industries, and 20% in other kinds of essential services, such as Food Processing. Management expects these customers to see normalcy return in operations faster.
- AUM breakup in Green, Orange, and Red zones:** 78% of the portfolio belongs to the Green zone; 16% to the Orange zone, and the rest to the Red zone.

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Valuation and view

The bank reported strong business growth numbers, with the mix of retail deposits improving further. The CASA mix/margins have been healthy and aided growth in operating earnings. Bandhan has created COVID-19-related provisions of INR6.9b and guided for controlled delinquencies amid heightened concerns on asset quality, citing its historical track record in dealing with such crises. However, we remain cautious on asset quality in the MFI portfolio and expect an increase in delinquencies over the next few quarters. Thus, we build elevated credit cost at 2.5% for FY21E. We maintain our Buy rating, with an unchanged TP of INR350 (2.6x FY22E).

Quarterly performance**(INR m)**

Y/E March	FY19				FY20				FY19	FY20	FY20E	V/S our
	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4Q			4Q	Est
Net Interest Income	10,372	10,775	11,240	12,575	15,746	15,290	15,403	16,800	44,961	63,239	14,660	15%
% Change (YoY)	39.4	55.4	53.6	45.6	51.8	41.9	37.0	33.6	48.3	40.7		
Other Income	2,107	2,304	2,341	3,878	3,310	3,603	3,577	5,002	10,630	15,492	3,648	37%
Total Income	12,479	13,079	13,581	16,453	19,056	18,893	18,980	21,802	55,591	78,731	18,308	19%
Operating Expenses	4,273	4,339	4,576	4,921	5,505	5,824	6,341	6,595	18,110	24,265	6,959	-5%
Operating Profit	8,205	8,740	9,005	11,532	13,551	13,069	12,639	15,207	37,482	54,466	11,349	34%
% Change (YoY)	47.3	46.9	56.7	63.9	65.1	49.5	40.4	31.9	54.2	45.3		
Other Provisions	800	1,242	3,776	1,533	1,254	1,455	2,949	8,274	7,351	13,932	3,107	166%
Profit Before Tax	7,405	7,498	5,228	9,999	12,297	11,614	9,690	6,933	30,131	40,534	8,242	-16%
Tax	2,588	2,622	1,916	3,491	4,261	1,896	2,380	1,760	10,616	10,297	2,008	-12%
Net Profit	4,817	4,877	3,313	6,509	8,036	9,718	7,310	5,173	19,515	30,237	6,234	-17%
% Change (YoY)	47.4	47.3	10.4	67.8	66.8	99.3	120.7	-20.5	45.0	54.9		
Operating Parameters												
Deposits (INR b)	307	330	346	432	437	492	549	571	432	571	571	0%
Loans (INR b)	305	317	339	396	415	598	606	666	396	666	638	4%
Deposit Growth (%)	36.8	29.5	36.9	27.6	42.3	49.3	58.5	32.0	27.6	32.0	32.0	-4
Loan Growth (%)	62.9	64.0	47.7	33.4	35.9	88.4	78.9	68.1	33.4	68.1	60.9	-719
Asset Quality												
Gross NPA (%)	1.3	1.3	2.4	2.0	1.7	1.8	1.9	1.5	2.1	1.5	1.9	46
Net NPA (%)	0.6	0.7	0.7	0.6	0.6	0.6	0.8	0.6	0.6	0.6	0.9	33
PCR (%)	50.4	46.7	71.5	72.1	65.9	68.3	58.4	60.8	72.1	60.8	53.3	-748

E:MOFSL Estimates

Quarterly snapshot

	FY18				FY19				FY20				Change (%)	
	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4Q	YoY	QoQ
Profit and Loss, INR m														
Interest Income	11,537	11,201	11,782	13,506	15,562	16,056	16,496	18,327	26,313	26,903	27,176	28,463	55	5
Loans	7,929	8,973	9,549	11,785	12,981	13,998	14,356	15,938	22,817	23,702	23,711	24,632	55	4
Investment	1,042	1,196	1,298	1,365	1,509	1,594	1,513	1,555	1,902	1,955	2,006	2,465	59	23
Others	2,565	1,033	936	356	1,072	464	627	834	1,594	1,246	1,459	1,365	64	-6
Interest Expenses	4,099	4,266	4,464	4,872	5,190	5,282	5,256	5,752	10,567	11,612	11,774	11,663	103	-1
Net Interest Income	7,438	6,936	7,318	8,634	10,372	10,775	11,240	12,575	15,746	15,290	15,403	16,800	34	9
Other Income	1,220	2,226	1,582	2,034	2,107	2,304	2,341	3,878	3,310	3,603	3,577	5,002	29	40
Total Income	8,657	9,162	8,900	10,668	12,479	13,079	13,581	16,453	19,056	18,893	18,980	21,802	33	15
Operating Expenses	3,086	3,213	3,155	3,630	4,273	4,339	4,576	4,921	5,505	5,824	6,341	6,595	34	4
Employee	1,632	1,732	1,630	1,886	2,489	2,342	2,558	2,699	3,318	3,327	3,405	3,621	34	6
Others	1,454	1,480	1,526	1,744	1,785	1,997	2,019	2,222	2,187	2,497	2,936	2,975	34	1
Operating Profits	5,572	5,950	5,745	7,038	8,205	8,740	9,005	11,532	13,551	13,069	12,639	15,207	32	20
Core Operating Profits	5,572	5,950	5,745	7,038	8,205	8,740	9,005	11,532	13,551	13,069	12,639	15,207	32	20
Provisions	556	869	1,225	1,091	800	1,242	3,776	1,533	1,254	1,455	2,949	8,274	440	181
PBT	5,015	5,080	4,519	5,947	7,405	7,498	5,228	9,999	12,297	11,614	9,690	6,933	-31	-28
Taxes	1,747	1,769	1,519	2,069	2,588	2,622	1,916	3,491	4,261	1,896	2,380	1,760	-50	-26
PAT	3,269	3,311	3,000	3,879	4,817	4,877	3,313	6,509	8,036	9,718	7,310	5,173	-21	-29
Balance Sheet, INR b														
Deposits	224	254	253	339	307	330	346	432	437	492	549	571	32	4
Loans	187	193	229	297	305	317	339	396	415	598	606	666	68	10
Asset Quality, INR m														
GNPA	1,752	2,792	3,863	3,731	3,883	4,133	8,310	8,196	10,197	10,642	11,820	9,928	21	-16
NNPA	1,055	1,467	1,841	1,729	1,924	2,204	2,367	2,283	3,475	3,369	4,914	3,894	71	-21

Quarterly snapshot contd.

Ratios (%)	FY18				FY19				FY20				Change (bps)	
	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4Q	YoY	QoQ
- Asset Quality Ratios														
GNPA (%)	0.9	1.4	1.7	1.3	1.3	1.3	2.4	2.0	1.7	1.8	1.9	1.5	-56	-45
NNPA (%)	0.6	0.8	0.8	0.6	0.6	0.7	0.7	0.6	0.6	0.6	0.8	0.6	0	-23
PCR (Calc., %)	39.8	47.4	52.3	53.7	50.4	46.7	71.5	72.1	65.9	68.3	58.4	60.8	-1,136	235
- Business Ratios														
Cost to Core Income	35.6	35.1	35.5	34.0	34.2	33.2	33.7	29.9	28.9	30.8	33.4	30.3	34	-316
CASA (%)	26.3	28.2	33.2	34.3	35.5	36.9	41.4	40.8	36.1	32.9	34.3	36.8	-391	253
Loan/Deposit	83.5	76.0	90.7	87.7	99.4	96.3	97.8	91.7	94.9	121.5	110.4	116.7	2,503	636
- Profitability Ratios														
ROA	4.4	4.2	3.7	4.1	4.5	4.3	2.9	5.2	4.9	4.8	3.5	2.4	-280	-110
ROE	28.1	26.4	22.5	27.7	19.9	19.3	12.5	24.1	24.4	28.3	20.0	13.7	-1,040	-630
Yield	16.7	15.1	15.4	14.6	15.4	15.3	15.4	15.6	15.7	14.2	14.0	13.8	-180	-20
Cost of Funds	7.0	6.7	6.8	6.2	6.5	6.3	6.3	6.1	6.6	7.2	7.2	6.7	60	-50
Margins	10.8	9.3	9.6	9.3	10.3	10.3	10.5	10.7	10.5	8.2	7.9	8.1	-256	22
Other Details														
Branches	840	864	887	936	937	938	978	986	999	1,000	1,009	1,018	32	9
ATM	NA	NA	NA	460	475	476	480	481	481	485	485	485	4	0



Highlights from management commentary

COVID-19 related

- The bank expects 95–97% of customers to resume normal operations. Post the lifting of the lockdown, it would take four to six weeks for customers to see some normalcy in operations.
- 50% of the bank's borrowers operate in the Agri and allied industries, and 20% in other essential services, such as Food and Food Processing. The bank expects these customers to see normalcy in operations faster than other customers.

- 36% of borrowers have alternate businesses and therefore do not depend on a single source of income.
- The bank has created the appropriate COVID-19 provisions based on multiple scenario analyses (such as impacted industry analysis; its prior experience of customer defaults; past events such as the Assam crisis, demonetization, and GST) and COVID-19-affected region.
- Bandhan maintains total provisions of INR10b, INR3.1b of which is put toward standard advances, while INR6.9b toward COVID-19-related issues.
- **AUM breakup in Green, Orange, and Red zones:** 78% of the portfolio belongs to the Green zone; 16% to the Orange zone, and the rest to the Red zone.
- Collections are yet to begin in the Green zone; however, some customers have already made EMI payments at DSCs.
- Bandhan has launched a COVID-19 emergency credit line and would offer the same to customers who have never defaulted in the past. Under this, additional loans of up to INR50k would be provided.

Balance sheet related

- Collections did not happen in the last 10 days of Mar'20.
- ~79% of micro borrowers have an avg. deposit balance of INR3k, equivalent to four+ weekly installments. Furthermore, the avg. deposit balance stands stable even during the lockdown period.
- **Mortgage portfolio:**
 - The avg. ticket size stands at ~INR0.9-0.95m
 - Some customers are likely to be impacted in both the Salaried and Self-Employed segments.
 - Some customers are likely to have more than one loan.
 - LAP constitutes 9–10% of the total Mortgage portfolio.
 - ~45% of the customer base belongs to the formal sector.
- **MFI customer breakdown:**
 - ~50% of the customers are unique customers of the bank; Bandhan + 1 more lender form ~80%, and Bandhan + 2 more lenders form ~90%.
 - Further, 54% of customers fall in the '4th Cycle and Above' category.
 - The ticket size of unique customers is higher than that of customers with loans with more than one lender.
 - Overall, the avg. disbursement ticket size stands at INR62k.
 - ~10% of borrowers are in the '10th Cycle and Above' category.
- Non-Eastern region deposit growth came in at 51% YoY, while Eastern region deposit growth stood at 32% YoY.
- 81% of the MFI portfolio is concentrated in the Eastern and Northeastern regions, where the share of COVID-19 cases is just 5%.
- In the high-containment zone in Kolkata, the share of business is not very high.

Asset quality

- Write-offs during the quarter stood at INR1.9b, primarily from the Assam-crisis-impacted portfolio, as the bank made provisions of INR2b in 3QFY20.
- The total collection efficiency in March (excluding 10 days of lockdown) was 98%, while it was 93.6% in Assam

CASA mix increased to 36.8% (+250bp) QoQ

Healthy traction in deposits continues; Margins expands ~20bp QoQ

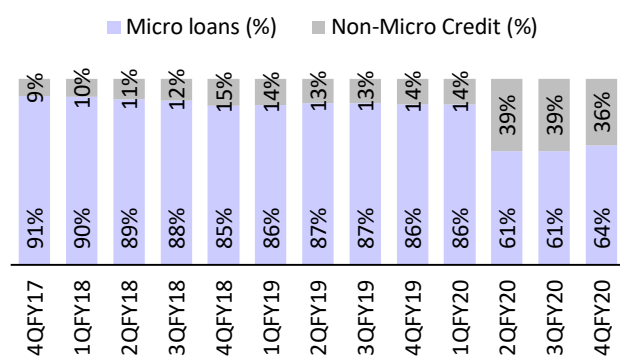
- Deposits grew 32%/4% YoY/QoQ to INR570.8b, within which term deposits rose ~41% YoY and CASA deposits ~19% YoY (+11.6% QoQ). The CASA mix increased ~250bp QoQ to 36.8% v/s 34.3% in 3QFY20. Retail deposits constitute ~78.4% of the total deposits.
- NIMs expanded 22bp QoQ to 8.13%, led by moderation in cost of deposits, which stood at 6.7% (-50 QoQ).

AUM grew ~60% YoY, within which the MFI book grew ~20% YoY and non-micro credit ~22% YoY

AUM grows 60% YoY, with MFI book growing at ~20% YoY

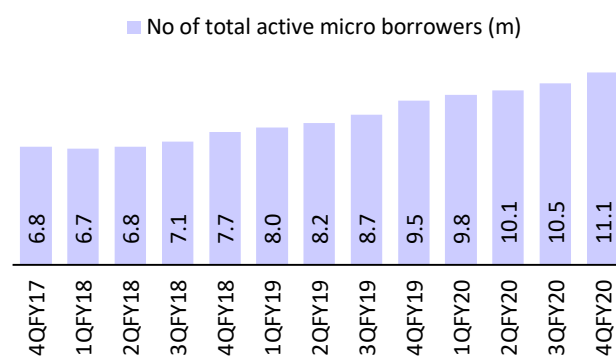
- Total loans (on + off) grew 60.5%/9.8% YoY/QoQ to INR718.5b, driven by ~20%/15% YoY/QoQ growth in the MFI book; the non-micro credit book increased 22.3% YoY. The MFI book now accounts for ~64% YoY of the total AUM, and the mortgages book (GRUH) 25%.
- Within Micro-Finance, the number of active borrowers grew ~17% YoY to 11.1m, and disbursements ~37% QoQ.
- ~55% of the GRUH loan book is toward salaried customers with an average LTV of ~67%.

Exhibit 1: MFI book forms 64% and mortgages ~25%



Source: MOFSL, Company

Exhibit 2: Active MFI borrowers grew 17% YoY to 11.1m



Source: MOFSL, Company

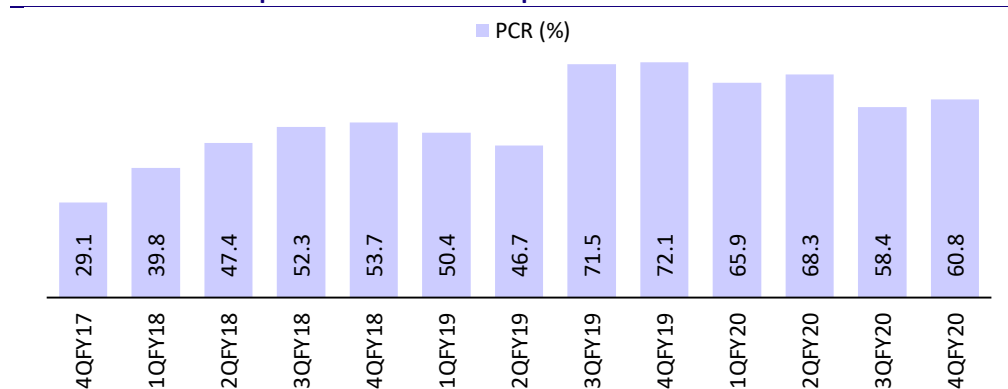
Asset quality ratios improve sequentially; PCR improves ~240bp QoQ

- Absolute GNPA/NNPA declined 16%/21% QoQ to INR9.9b/INR3.9b, aided by moratorium. The GNPA/NNPA ratio declined 45bp/23bp QoQ to 1.48%/0.58%. Calculated PCR thus improved to 60.8% (+235bp QoQ).
- The bank has created COVID-19-related provisions of INR6.9b, while carrying additional standard asset provisions of INR3.1b for MFI customers. Thus, the bank is carrying additional provisions of INR10b.
- Segmental GNPA:** The MFI GNPA declined 27% QoQ to INR2.1b v/s INR2.9b reported in 3QFY20. On the contrary, GNPA for mortgages declined 18% QoQ to INR2.5b v/s INR3.0b in 3QFY20. Non-micro GNP stood at INR5.35b (of which INR3.85b pertains to ILFS).

Update on moratorium

- **MFI:** 100% moratorium in value for Apr'20 => 95% of DSCs opened. ~79% of the borrowers have an avg. deposit balance of ~INR3K, equivalent to four weekly installments. Collection is expected to normalize four to six weeks after the lockdown is lifted.
- **Mortgage:** 13% moratorium in value for Apr'20 => while moratorium was offered to 100% of customers; ~87% of customers in value paid their installments for Apr'20.
- **SME:** ~35% moratorium in value for Apr'20. Although moratorium was offered to all customers, ~65% (in value) paid the installment for Apr'20.
- **NBFC:** This comprises (a) NBFC Others – NIL moratorium and (b) NBFC MFI – ~59% moratorium in value for Apr'20. NBFC-MFI seeking moratorium have placed deposits exceeding their 1QFY21 installments with the bank.

Exhibit 3: PCR for the quarter increased ~240bp to 60.8%



Source: MOSL, Company

Valuation view

- The bank has one of the best operating metrics as it runs on a low-cost operations model – it has the lowest cost per employee and lowest cost asset centers in rural/semi-urban geographies. Furthermore, synergies from the merger with GRUH would drive further improvement in operating leverage. We thus estimate the cost-income ratio to remain stable at ~34–35% over FY20–22.
- The bank has demonstrated strong execution skills in building its deposit franchise. Notably, it has scaled up its deposit base to INR571b within a few years of commencing banking operations, with a focus on a low-ticket, granular book (CASA mix at ~37%; retail TDs form nearly ~78% of the total deposit base). Bandhan has a 100–150bp cost of funds advantage over other SFBs.
- The bank has a strong track record of handling challenging situations such as the demonetization and GST, wherein it went back to the normal delinquency rate within a few months.
- **Buy, with target price of INR350:** The bank reported strong business growth numbers, with the mix of retail deposits improving further. The CASA mix/margins have been healthy and have aided growth in operating earnings. Bandhan has made COVID-19 provisions of INR6.9b and guided for controlled delinquencies amid heightened concerns on asset quality, citing its historical track record in dealing with such crises. However, we remain cautious on asset quality in the MFI portfolio and expect an increase in delinquencies over the

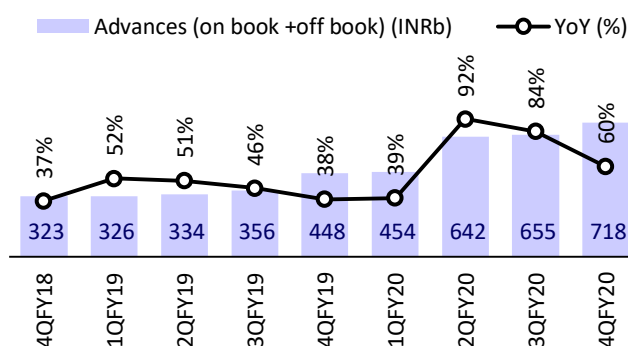
next few quarters. Thus, we build elevated credit cost at 2.5% for FY21E. We maintain our Buy rating, with an unchanged TP of INR350 (2.6x FY22E).

Exhibit 4: We maintain our estimates for FY21, while increasing our estimate for FY22 by ~4% as we factor in higher other income and margin improvement

INR b	Old Estimates		New Estimates		Change (%/bps)	
	FY21	FY22	FY21	FY22	FY21	FY22
Net Interest Income	74.0	87.9	75.5	89.4	2.0	1.8
Other Income	17.2	21.4	18.1	22.7	5.1	5.9
Total Income	91.3	109.3	93.7	112.1	2.6	2.6
Operating Expenses	32.1	41.3	31.8	39.8	-0.8	-3.6
Operating Profit	59.2	68.0	61.8	72.3	4.5	6.4
Provisions	15.9	17.1	18.4	19.2	15.4	12.1
PBT	43.3	50.9	43.5	53.1	0.5	4.4
Tax	10.9	12.8	11.0	13.4	0.5	4.4
PAT	32.4	38.0	32.5	39.7	0.5	4.4
Loans	757	947	765	913	1.1	-3.5
Deposits	708	920	691	870	-2.4	-5.4
Margins (%)	8.3	8.1	8.2	8.2	-0.1	0.1
Credit Cost (%)	2.2	1.9	2.5	2.2	0.3	0.3
RoA (%)	3.4	3.3	3.3	3.4	-0.1	0.2
RoE (%)	19.1	19.4	19.2	19.7	0.2	0.4
EPS	20.1	23.6	20.2	24.7	0.4	4.4
BV	113.1	130.8	115.6	134.4	2.2	2.7
ABV	108.6	126.3	112.7	131.3	3.8	3.9

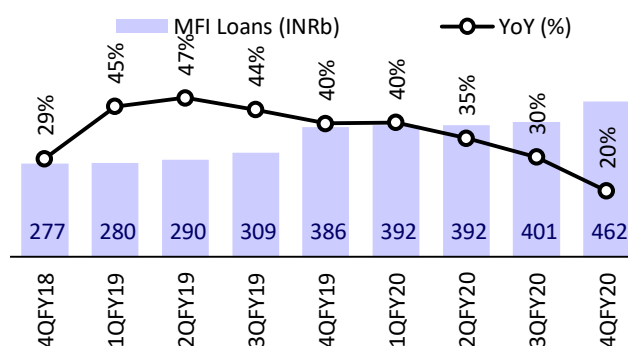
Story in charts

Exhibit 5: Total advances grew 60.5% YoY to INR718b



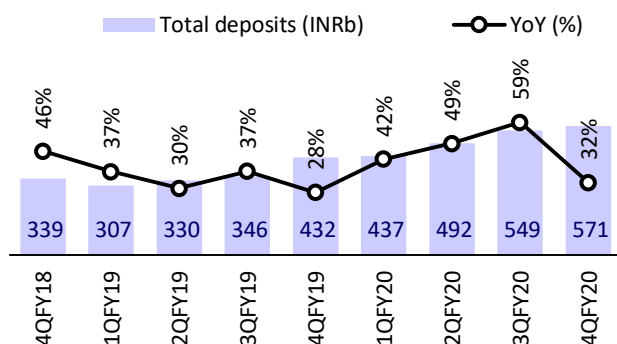
Source: MOFSL, Company

Exhibit 6: MFI loans grew 20% YoY (+15% QoQ)



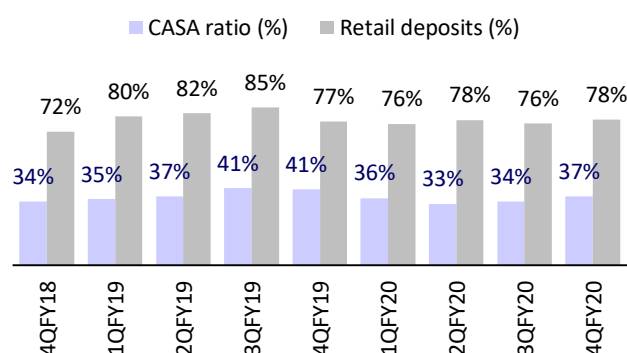
Source: MOFSL, Company

Exhibit 7: Total deposits grew 32% YoY to INR571b



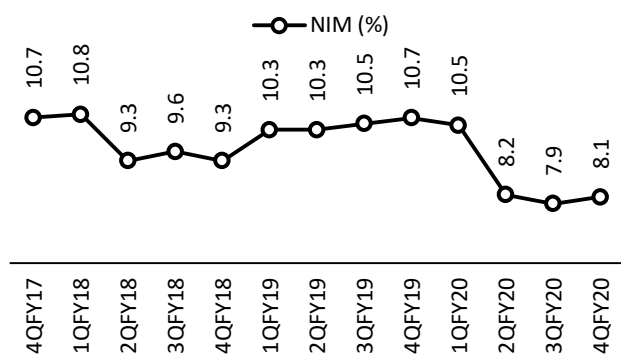
Source: MOFSL, Company

Exhibit 8: The CASA ratio improved to ~37%, while retail deposits formed ~78% of the total deposits



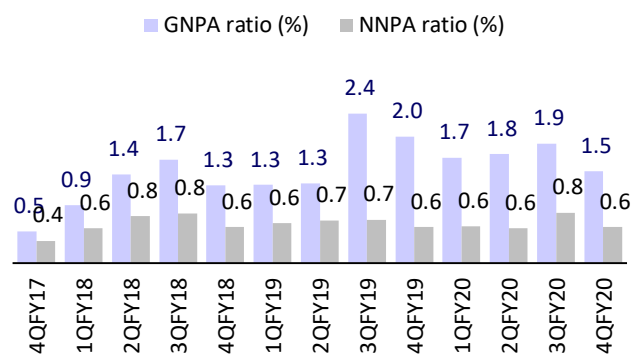
Source: MOFSL, Company

Exhibit 9: Margins expanded ~20bps QoQ to 8.1%



Source: MOFSL, Company

Exhibit 10: Asset quality improved, with GNPA/NNPA ratio declining 45bp/23bp to 1.48%/0.58%



Source: MOFSL, Company

Exhibit 11: DuPont Analysis: Return ratio would remain under pressure in the near term

	FY17	FY18	FY19	FY20	FY21E	FY22E
Interest Income	15.6	12.9	13.2	14.7	13.2	13.1
Interest Expense	6.0	4.7	4.3	6.2	5.6	5.3
Net Interest Income	9.6	8.1	8.9	8.5	7.7	7.7
Fee income	1.6	1.8	2.0	2.0	1.8	1.9
Trading and others	0.1	0.1	0.1	0.1	0.1	0.1
Other Income	1.6	1.9	2.1	2.1	1.8	2.0
Total Income	11.3	10.0	11.0	10.6	9.5	9.7
Operating Expenses	4.1	3.5	3.6	3.3	3.2	3.4
Employees	2.2	1.8	2.0	1.8	1.8	1.9
Others	1.9	1.7	1.6	1.4	1.4	1.5
Operating Profits	7.2	6.5	7.4	7.4	6.3	6.2
Core operating Profits	7.1	6.4	7.4	7.3	6.2	6.2
Provisions	0.4	1.0	1.5	1.9	1.9	1.7
NPA	0.2	0.6	1.3	1.9	1.8	1.6
Others	0.2	0.4	0.1	0.0	0.1	0.1
PBT	6.8	5.5	6.0	5.5	4.4	4.6
Tax	2.4	1.9	2.1	1.4	1.1	1.2
RoA	4.45	3.61	3.87	4.08	3.3	3.4
Leverage (x)	6.4	5.4	4.9	5.6	5.8	5.7
RoE	28.6	19.5	19.0	22.9	19.2	19.7

Financials and valuations

Income statement						(INR b)	
Y/E March	FY16	FY17	FY18	FY19	FY20	FY21E	FY22E
Interest Income	15.8	39.1	48.0	66.4	108.9	130.3	151.2
Interest Expense	6.5	15.1	17.7	21.5	45.6	54.8	61.8
Net Interest Income	9.3	24.0	30.3	45.0	63.2	75.5	89.4
Growth (%)	NM	157.7	26.2	48.3	40.7	19.4	18.4
Non-Interest Income	1.5	4.1	7.1	10.6	15.5	18.1	22.7
Total Income	10.8	28.1	37.4	55.6	78.7	93.7	112.1
Growth (%)	NM	160.0	32.8	48.7	41.6	19.0	19.7
Operating Expenses	6.2	10.2	13.1	18.1	24.3	31.8	39.8
Pre Provision Profits	4.7	17.9	24.3	37.5	54.5	61.8	72.3
Growth (%)	NM	284.1	35.5	54.2	45.3	13.5	16.9
Core PPOP	4.6	17.7	23.8	37.1	54.0	61.3	71.6
Growth (%)	NM	281.1	34.6	55.7	45.5	13.5	16.9
Provisions (excl. tax)	0.5	0.9	3.7	7.4	13.9	18.4	19.2
PBT	4.1	17.0	20.6	30.1	40.5	43.5	53.1
Tax	1.4	5.9	7.1	10.6	10.3	11.0	13.4
Tax Rate (%)	33.4	34.8	34.6	35.2	25.4	25.2	25.2
PAT	2.8	11.1	13.5	19.5	30.2	32.5	39.7
Growth (%)	NM	304.0	21.0	45.0	54.9	7.5	22.2

Balance sheet							
Y/E March	FY16	FY17	FY18	FY19	FY20	FY21E	FY22E
Equity Share Capital	11.0	11.0	11.9	11.9	16.1	16.1	16.1
Reserves & Surplus	22.4	33.5	81.9	100.1	135.9	170.0	200.3
Net Worth	33.3	44.5	93.8	112.0	152.0	186.1	216.4
Deposits	120.9	232.3	338.7	432.3	570.8	690.7	870.3
Growth (%)	NM	92.2	45.8	27.6	32.0	21.0	26.0
of which CASA Dep	26.1	68.4	116.2	176.2	210.4	262.9	348.6
Growth (%)	NM	162.4	70.0	51.6	19.4	24.9	32.6
Borrowings	30.5	10.3	2.9	5.2	163.8	147.4	137.1
Other Liabilities & Prov.	12.8	15.3	7.7	14.9	30.6	32.1	33.8
Total Liabilities	197.6	302.4	443.1	564.4	917.2	1,056.3	1,257.5
Current Assets	31.7	73.6	55.1	58.0	83.5	86.9	94.9
Investments	37.6	55.2	83.7	100.4	153.5	188.8	232.3
Growth (%)	NM	46.8	51.8	19.9	52.9	23.0	23.0
Loans	124.4	168.4	297.1	396.4	666.3	765.0	913.5
Growth (%)	NM	35.4	76.5	33.4	68.1	14.8	19.4
Fixed Assets	2.4	2.5	2.4	3.3	3.7	4.2	4.6
Other Assets	1.5	2.6	4.8	6.3	10.1	11.4	12.2
Total Assets	197.6	302.4	443.1	564.4	917.2	1,056.3	1,257.5

Asset Quality							
	FY16	FY17	FY18	FY19	FY20	FY21E	FY22E
GNPA	0.2	0.9	3.7	8.2	9.9	17.9	21.3
NNPA	0.1	0.6	1.7	2.3	3.9	6.6	7.1
GNPA Ratio	0.2	0.5	1.3	2.1	1.5	2.3	2.3
NNPA Ratio	0.1	0.4	0.6	0.6	0.6	0.9	0.8
Credit Cost	0.0	0.3	1.0	1.9	2.6	2.5	2.2
PCR (Excl. Tech. write off)	45.4	29.1	53.7	72.1	60.8	63.1	66.8

Financials and valuations

Ratios

Y/E March	FY16	FY17	FY18	FY19	FY20	FY21E	FY22E
Spread Analysis (%)							
Avg. Yield- on Earning Assets	18.7	17.3	13.9	14.2	15.6	14.1	13.9
Avg. Yield on loans	20.6	21.3	16.4	16.5	17.9	15.9	15.8
Avg. Yield on Investments	7.0	9.2	7.1	6.7	6.6	6.5	6.3
Avg. Cost of Int. Bear. Liabilities	8.7	8.0	6.5	6.0	8.3	7.3	7.1
Avg. Cost of Deposits	7.0	6.8	6.7	6.5	6.4	6.8	6.6
Interest Spread	10.0	9.4	7.5	8.2	7.4	6.8	6.8
Net Interest Margin	11.0	10.7	8.8	9.6	9.1	8.2	8.2

Capitalization Ratios (%)

CAR	29.0	26.4	31.5	29.2	27.4	23.3	22.4
Tier I	26.7	24.8	30.3	27.9	25.2	22.9	22.0
Tier II	2.3	1.6	1.2	1.3	2.2	0.5	0.4

Business and Efficiency Ratios (%)

Loans/Deposit Ratio	102.9	72.5	87.7	91.7	116.7	110.8	105.0
CASA Ratio	21.6	29.4	34.3	40.8	36.9	38.1	40.1
Cost/Assets	3.1	3.4	3.0	3.2	2.6	3.0	3.2
Cost/Total Income	56.9	36.3	35.0	32.6	30.8	34.0	35.5
Cost/Core income	57.0	36.6	35.4	32.8	31.0	34.2	35.7
Int. Expense/Int. Income	41.0	38.5	36.9	32.3	41.9	42.0	40.9
Fee Income/Total Income	13.7	13.8	17.7	18.4	19.1	18.7	19.6
Non Int. Inc./Total Income	13.8	14.6	18.9	19.1	19.7	19.4	20.2
Emp. Cost/Total Expense	52.8	53.4	52.6	55.7	56.3	56.7	56.7
Investment/Deposit Ratio	31.1	23.7	24.7	23.2	26.9	27.3	26.7

Profitability Ratios and Valuation

RoE	8.3	28.6	19.5	19.0	22.9	19.2	19.7
RoA	1.4	4.4	3.6	3.9	4.1	3.3	3.4
RoRWA	2.2	7.4	5.6	5.7	5.6	4.3	4.4
Book Value (INR)	30	41	79	94	94	116	134
Growth (%)	NM	33.3	93.7	19.4	0.5	22.5	16.3
Price-BV (x)	7.7	5.8	3.0	2.5	2.5	2.0	1.7
Adjusted BV (INR)	30	40	78	93	93	113	131
Price-ABV (x)	7.7	5.8	3.0	2.5	2.5	2.1	1.8
EPS (INR)	2.5	10.2	11.8	16.4	21.6	20.2	24.7
Growth (%)	NM	NM	15.8	39.1	31.9	-6.4	22.2
Price-Earnings (x)	93.1	23.0	19.9	14.3	10.8	11.6	9.5
Dividend Per Share (INR)	0.0	0.0	1.2	3.6	0.0	4.7	5.9
Dividend Yield (%)	0.0	0.0	0.5	1.5	0.0	2.0	2.5

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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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