

Federal Bank

Estimate change

TP change

Rating change



Bloomberg	FB IN
Equity Shares (m)	1,992
M.Cap.(INRb)/(USD\$)	85.2 / 1.1
52-Week Range (INR)	110 / 36
1, 6, 12 Rel. Per (%)	-9/-31/-41
12M Avg Val (INR M)	1157

Financials & Valuations (INR b)

Y/E Mar	FY20	FY21E	FY22E
NII	46.5	49.6	56.0
OP	32.0	34.7	39.8
NP	15.4	11.4	17.7
NIM (%)	3.0	2.9	3.0
EPS (INR)	7.8	5.7	8.9
EPS Gr. (%)	23.4	-26.2	55.4
BV/Sh. (INR)	72.8	78.0	85.7
ABV/Sh. (INR)	64.9	67.6	73.4

Ratios

ROE (%)	11.1	7.6	10.9
ROA (%)	0.9	0.6	0.9
Payout (%)	0.0	10.5	13.6

Valuations

P/E(X)	5.5	7.5	4.8
P/BV (X)	0.6	0.5	0.5
P/ABV (X)	0.7	0.6	0.6
Div. Yield (%)	0.0	1.4	2.8

Shareholding pattern (%)

As On	Mar-20	Dec-19	Mar-19
Promoter	0.0	0.0	0.0
DII	36.5	37.4	29.3
FII	34.4	33.6	38.2
Others	29.1	29.0	32.5

FII Includes depository receipts

CMP: INR43

TP: INR65 (+52%)

Buy

Moratorium book broadly in line with other private lenders; Asset quality improves

Credit cost to stay elevated as focus remains on strengthening PCR

- Federal Bank (FB) reported moderation in 4QFY20 business growth affected by the weak environment. The bank made higher COVID-19 related provisions of INR930m, which dragged earnings in the quarter. PPOP was strong at 27% YoY (aided by treasury gains) while moratorium book stood at 35%. Lower slippages (as FB availed dispensation given by the RBI) and higher provisions, resulted in overall improvement in asset quality/PCR.
- We have cut our FY21E estimates sharply by 19% as we factor in higher credit cost and slight moderation in business growth. However, we largely maintain our FY22E estimates. Maintain **Buy**.

PPoP beat led by treasury gains; Higher provisions impact earnings

- 4QFY20 PAT came in at INR3.0b (-21% YoY; MOSLE: INR3.9b) affected by higher provisions as FB made COVID-19 related provisions of INR930m. NII grew 11% YoY (INR12.2b) as margins expanded 4bp QoQ to 3%.
- Core fee income grew 13% YoY while higher treasury income resulted in total income growth of 28% YoY. Opex grew 28% YoY as the bank made additional employee cost provisions of INR1.2b. PPOP, thus, grew 27% YoY to INR9.6b. C/I ratio declined ~220bp QoQ to 50.2%. **For FY20**, NII/PPoP/PAT grew 11%/16%/24%.
- Loan growth moderated to 11% YoY, led by sluggish trends in corporate/SME, while retail loans grew 19% YoY. Within retail, housing and mortgage grew a robust ~18-19% YoY. Deposit base grew 13% YoY led by moderation in CASA deposits. CASA mix stood at 30.5% (-96bp QoQ).
- Fresh slippages stood lower at INR2.8b (1.1% annualized), as FB availed the RBI dispensation, which otherwise would have resulted in additional slippages of INR3b. GNPA/NNPA ratio, thus, moderated by 15bp/31bp QoQ while PCR increased ~810bp QoQ to 54.5% (72.5% incl. technical w/o). Total SMA book stood at INR8.4b (0.7% of total loans).

Highlights from management commentary

- Moratorium by value:** The proportion of customers that have availed the moratorium for segments – Agri (31%), Retail (38%), Business Banking (79%), Commercial Banking (53%) and Corporate (20%). Overall, 35% of the total portfolio in value have availed moratorium.
- NIMs would remain stable over the next two quarters while some pressure could be seen from 3QFY21, depending on the macro environment.

Valuation and view

- FB has reported moderation in business growth, reflecting a challenging economic environment impacted by the COVID-19 outbreak. We expect overall loan growth to get affected due to reduced economic activity and the ongoing lockdown. Though the bank has lower quantum of stressed

assets, we nevertheless expect credit cost to stay elevated due to COVID-19 related provisioning. FB has been taking a cautious approach in building the loan mix toward high-rated corporates and retail loans. Also, the bank's liability franchise remains strong with CASA + Retail TD of 91% and one of the highest LCR amongst banks. We cut our FY21E estimates sharply by 19% as we factor in the higher credit cost and slight moderation in business growth while maintaining our FY22E projections. We estimate FB to report RoA/RoE of 0.9%/10.9% by FY22E. Maintain **Buy** with a revised TP of INR65 (0.8x FY'22E ABV).

Quarterly performance

(INRM)

	FY19				FY20				FY19	FY20	FY20E 4QE	V/s our Est
	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4Q				
Net Interest Income	9,801	10,225	10,773	10,965	11,542	11,238	11,549	12,160	41,763	46,489	11,664	4.2
% Change (YoY)	22.4	13.7	13.4	17.5	17.8	9.9	7.2	10.9	16.6	11.3	6.4	4.5
Other Income	2,709	3,229	3,456	4,117	3,915	4,209	4,079	7,111	13,510	19,314	3,739	90.2
Total Income	12,509	13,454	14,228	15,083	15,457	15,447	15,628	19,271	55,274	65,803	15,403	25.1
Operating Expenses	6,480	6,478	7,150	7,535	7,629	8,259	8,190	9,678	27,643	33,756	8,295	16.7
Operating Profit	6,029	6,976	7,078	7,548	7,828	7,188	7,438	9,593	27,631	32,047	7,109	35.0
% Change (YoY)	8.1	19.6	26.1	28.2	29.8	3.0	5.1	27.1	20.6	16.0	-5.8	32.9
Provisions	1,992	2,888	1,901	1,778	1,920	2,518	1,609	5,675	8,559	11,722	2,034	179.0
Profit before Tax	4,038	4,088	5,177	5,770	5,907	4,670	5,830	3,918	19,073	20,325	5,075	-22.8
Tax	1,411	1,427	1,841	1,955	2,065	503	1,423	906	6,634	4,898	1,136	-20.3
Net Profit	2,627	2,660	3,336	3,815	3,842	4,167	4,406	3,012	12,439	15,428	3,938	-23.5
% Change (YoY)	25.0	0.9	28.3	163.1	46.2	56.6	32.1	-21.0	41.5	24.0	3.2	-24.3
Operating Parameters												
Deposit (INR b)	1,112	1,182	1,235	1,350	1,325	1,395	1,446	1,523	1,350	1,523	1,523	0.0
Loan (INR b)	943	1,009	1,056	1,102	1,120	1,159	1,192	1,223	1,102	1,223	1,241	-1.5
Deposit Growth (%)	16.1	21.6	22.8	20.5	19.1	18.1	17.1	12.8	20.5	12.8	12.8	0.0
Loan Growth (%)	23.6	25.2	24.2	19.9	18.8	14.8	13.0	10.9	19.9	10.9	12.6	-1.7
Asset Quality												
Gross NPA (%)	3.0	3.1	3.1	2.9	3.0	3.1	3.0	2.8	2.9	2.8	3.2	-0.4
Net NPA (%)	1.7	1.8	1.7	1.5	1.5	1.6	1.6	1.3	1.5	1.3	1.8	-0.5
PCR (%)	43.5	43.6	45.9	50.1	50.7	49.0	46.4	54.5	50.1	54.5	44.4	10.1

E:MOFSL Estimates

Quarterly snapshot

	FY18				FY19				FY20				Change (%)	
INRM	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4Q	YoY	QoQ
Profit and Loss														
Interest Income	23,241	23,796	25,012	25,480	26,674	27,649	29,544	30,323	32,293	32,543	33,304	33,968	12	2
Advances	17,878	18,590	19,410	19,511	20,794	22,105	23,866	24,131	26,061	26,377	27,028	27,244	13	1
Investment	4,683	4,500	4,822	5,170	5,072	4,883	5,056	5,364	5,552	5,274	5,361	5,653	5	5
Interest Expenses	15,234	14,807	15,512	16,148	16,873	17,425	18,771	19,358	20,751	21,305	21,754	21,808	13	0
Net Interest Income	8,007	8,989	9,500	9,332	9,801	10,225	10,773	10,965	11,542	11,238	11,549	12,160	11	5
Other Income	3,291	2,872	2,286	3,142	2,709	3,229	3,456	4,117	3,915	4,209	4,079	7,111	73	74
Trading profits	1,120	750	290	220	490	510	550	540	910	820	650	3,690	583	468
Forex Income	340	410	390	560	470	610	740	540	430	640	560	760	41	36
Other Non-interest Inc.	1,461	1,542	1,536	1,822	1,609	1,999	2,056	2,547	2,175	2,529	2,549	2,651	4	4
Total Income	11,298	11,861	11,786	12,474	12,509	13,454	14,228	15,083	15,457	15,447	15,628	19,271	28	23
Operating Expenses	5,719	6,029	6,172	6,588	6,480	6,478	7,150	7,535	7,629	8,259	8,190	9,678	28	18
Employee	2,985	3,127	3,005	3,308	3,450	3,089	3,537	3,702	3,978	4,407	4,148	5,191	40	25
Others	2,735	2,902	3,168	3,280	3,030	3,388	3,614	3,834	3,651	3,852	4,042	4,487	17	11
Operating Profits	5,579	5,832	5,614	5,886	6,029	6,976	7,078	7,548	7,828	7,188	7,438	9,593	27	29
Core Operating Profits	4,459	5,082	5,324	5,666	5,539	6,466	6,528	7,008	6,918	6,368	6,788	5,903	-16	-13
Provisions	2,364	1,768	1,624	3,715	1,992	2,888	1,901	1,778	1,920	2,518	1,609	5,675	219	253
NPA provisions	2,364	1,400	1,200	2,600	1,660	1,560	1,750	1,370	1,770	1,750	2,420	4,170	204	72
PBT	3,214	4,064	3,990	2,170	4,038	4,088	5,177	5,770	5,907	4,670	5,830	3,918	-32	-33
Taxes	1,113	1,427	1,390	721	1,411	1,427	1,841	1,955	2,065	503	1,423	906	(54)	-36
PAT	2,102	2,637	2,600	1,450	2,627	2,660	3,336	3,815	3,842	4,167	4,406	3,012	-21	-32

Quarterly snapshot contd.

	FY18				FY19				FY20				Change (%)	
Balance sheet (INR b)	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4Q	YoY	QoQ
Deposits	958	972	1,005	1,120	1,112	1,182	1,235	1,350	1,325	1,395	1,446	1,523	13	5
CASA Deposits	320	320	333	373	372	395	412	434	417	440	455	465	7	2
% of overall Deposits	33.4	32.9	33.0	33.3	33.5	33.4	33.4	32.2	31.4	31.6	31.5	30.5	-165	-96
Retail Deposits	927	943	966	1,049	1,070	1,119	1,158	1,228	1,230	1,282	1,315	1,367	11	4
% of overall Deposits	96.7	97.0	96.1	93.7	96.2	94.7	93.8	91.0	92.8	91.8	91.0	89.8	-118	-118
Investments	267	263	298	308	283	282	292	318	318	311	310	359	13	16
Advances	763	806	850	920	943	1,009	1,056	1,102	1,120	1,159	1,192	1,223	11	3
Retail	222	233	243	256	261	278	297	317	328	349	366	379	19	4
Total Assets	1,164	1,218	1,282	1,383	1,367	1,444	1,498	1,593	1,603	1,664	1,728	1,806	13	5
Asset Quality (INR m)														
GNPA	18,679	19,490	21,612	27,956	28,688	31,845	33,612	32,607	33,947	36,121	36,187	35,308	8	-2
NNPA	10,613	10,664	11,567	15,520	16,202	17,963	18,173	16,262	16,728	18,436	19,410	16,072	(1)	-17
Slippages	4,250	2,840	4,120	8,720	4,610	4,770	4,270	2,560	4,340	5,710	6,030	3,120	22	-48
Ratios	FY18				FY19				FY20				Change (bps)	
Asset Quality Ratios (%)	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4Q	YoY	QoQ
GNPA	2.4	2.4	2.5	3.0	3.0	3.1	3.1	2.9	3.0	3.1	3.0	2.8	-8	-15
NNPA	1.4	1.3	1.4	1.7	1.7	1.8	1.7	1.5	1.5	1.6	1.6	1.3	-17	-32
PCR (Calculated)	43	45	46	44	44	44	46	50	51	49	46	54	435	812
Slippage Ratio	2.9	1.8	2.4	4.8	2.4	2.4	2.0	1.1	1.8	2.3	2.3	1.1	2	-115
Credit Cost	1.3	0.7	0.6	1.2	0.7	0.6	0.7	0.5	0.6	0.6	0.8	1.4	87	56
Business Ratios (%)														
Fees to Total Income	12.9	13.0	13.0	14.6	12.9	14.9	14.4	16.9	14.1	16.4	16.3	13.8	-313.2	-255.1
Cost to Core Income	60.4	57.3	55.9	59.1	56.8	53.0	55.7	55.8	55.6	60.0	58.1	65.3	957.9	725.1
Tax Rate	34.6	35.1	34.8	33.2	34.9	34.9	35.6	33.9	35.0	10.8	24.4	23.1	-1,075.9	-129.3
Loan/Deposit	79.6	83.0	84.5	82.1	84.8	85.4	85.5	81.7	84.5	83.0	82.5	80.3	-138.8	-216.8
CAR	15.3	14.6	14.4	14.7	14.5	13.3	13.0	14.1	14.1	14.0	13.6	14.4	21.0	71.0
Tier I	14.7	14.1	13.8	14.2	14.0	12.8	12.4	13.4	13.0	12.9	12.6	13.3	-9.0	67.0
Profitability Ratios (%)														
Yield on loans	10.0	9.5	9.5	9.1	9.1	9.2	9.3	9.4	9.6	9.3	9.3	9.2	-19	-9
Yield On Investments	6.8	6.8	6.9	6.8	6.9	6.9	7.0	7.0	7.0	6.7	6.9	6.8	-27	-15
Yield on Funds	8.8	8.8	8.8	8.4	8.5	8.6	8.8	8.6	8.8	8.8	8.7	8.5	-11	-21
Cost of Funds	6.0	5.6	5.6	5.2	5.6	5.5	5.7	5.4	5.8	5.8	5.7	5.4	-6	-34
Cost of Deposits	6.1	5.8	5.7	5.8	5.6	5.7	5.9	5.9	6.0	5.9	5.8	5.7	-19	-10
NIM	3.1	3.3	3.3	3.1	3.1	3.2	3.2	3.2	3.2	3.0	3.0	3.0	-13	4
RoA	0.8	0.9	0.9	0.5	0.8	0.8	0.9	1.0	1.0	1.0	1.0	0.7	-33	-35
RoE	8.3	9.0	8.7	4.9	8.6	8.5	10.5	11.9	11.4	12.1	12.5	8.4	-345	-409
Others														
Branches	1,252	1,252	1,252	1,252	1,252	1,252	1,251	1,251	1,251	1,251	1,255	1,263	12	8
ATMs	1,678	1,678	1,679	1,696	1,684	1,683	1,669	1,669	1,934	1,942	1,965	1,937	268	-28



Highlights of management commentary

COVID-19 related

- Overall, 35% of the bank's loan portfolio has availed moratorium as at 27th May.
- Over the past two weeks, there has been no major change in the moratorium value.
- Within the retail segment, self-employed customers generally prefer maintaining liquidity, and thus, have availed moratorium.
- A very small proportion of NBFC customers have availed the moratorium.

Government Guarantee MSME Scheme

- The bank would focus on the Government Guarantee MSME scheme. It would be done on a case-to-case basis.
- Risk charge attached would be zero, and thus, no capital would be consumed.
- Overall, INR20b of lending opportunity is available over the next 6-8 months.

Balance sheet related

- Liability franchise remained robust during April and May. Retail deposit growth trends have been better in both months.
- Gold loans' portfolio stands at ~INR93b.
- On the liquidity front, the bank wants to preserve liquidity till the operating environment normalizes. The bank plans to bring down the LCR to ~150-160%.
- ~25% of the loan book is linked to the external benchmark, 40% is linked to the MCLR, 5% is linked to the base rate and the rest are fixed-rate loans.
- Further, 30% of the retail portfolio is NR linked.
- **Retail portfolio**
 - Gold loan portfolio has been stable.
 - **LAP/Home loan portfolio:** 5-7% of the portfolio needs attention.
 - Unsecured portfolio proportion remains small.
 - Overall, 5-7% of the retail portfolio remains at risk.

Operating metrics

- The purpose of booking treasury gains was to utilize it for enhancing PCR.
- Wage hike provisions made during the quarter stood at INR450m. This is based on 15% wage hike negotiation.
- NIMs would remain stable over the next two quarters and could see some pressure from 3QFY21, depending on the macro environment.
- The bank has affected sharp drop in bulk deposit rates.

Asset Quality related

- The bank would continue to make higher provisions over the next two quarters.
- The bank has a floating provision buffer of INR20m.
- The bank has INR20m exposure to the UAE exchange.
- The bank has nil exposure to tours and travels business.

Key Exhibits

Restructured account
continues to decline

Exhibit 1: Net stress loans decline to 1.8% of total loans

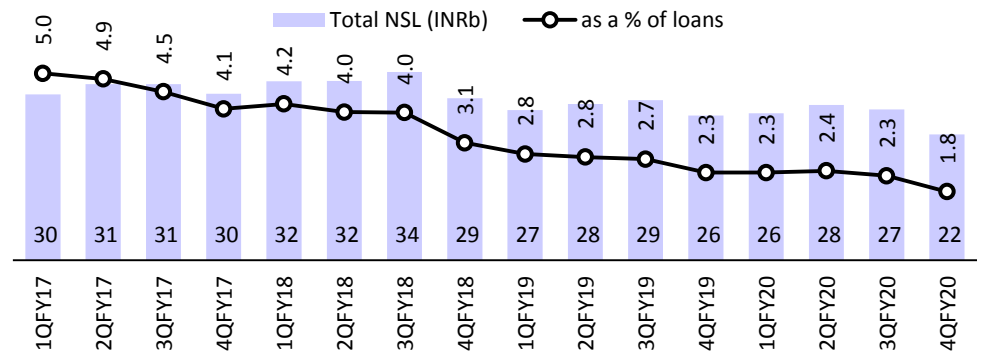


Exhibit 2: Fresh slippages declined to INR3.1b

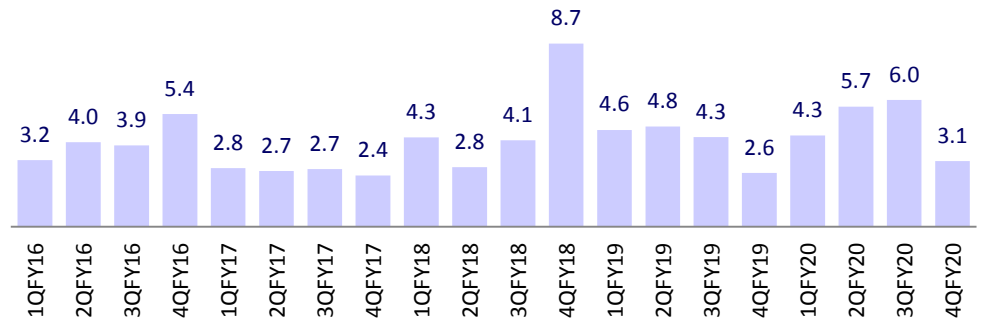
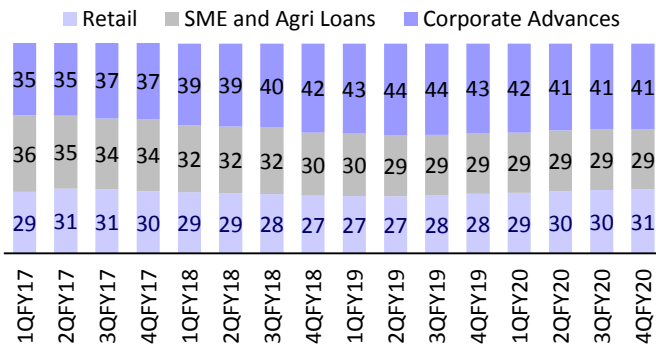
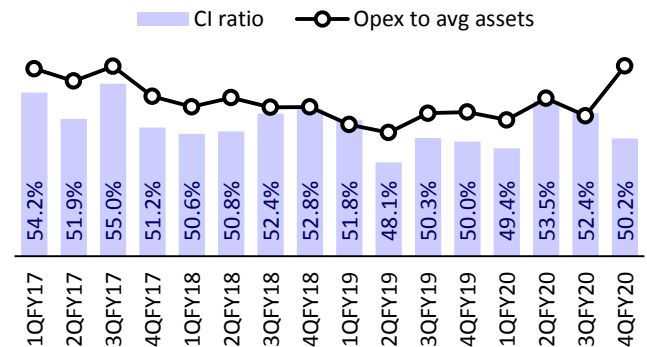


Exhibit 3: Corporate book forms ~41% of the loan book



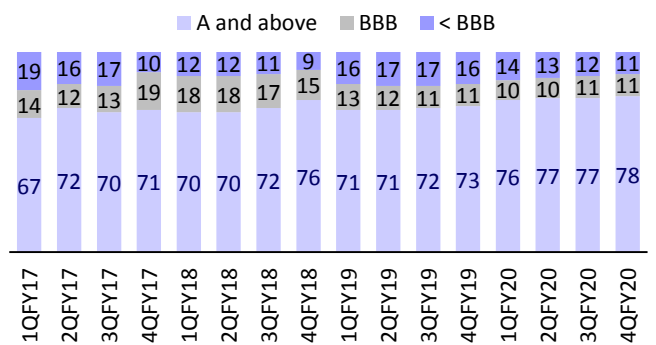
Source: MOFSL, Company

Exhibit 4: C/I ratio improved ~220bp QoQ to 50.2%



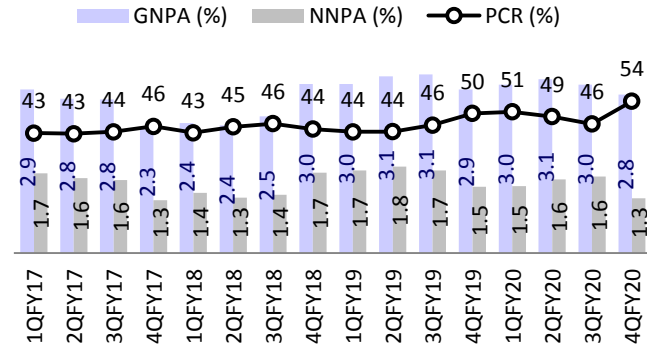
Source: MOFSL, Company

Exhibit 5: Share of A & above remains healthy



Source: MOFSL, Company

Exhibit 6: GNPA ratio moderates; PCR improves sequentially

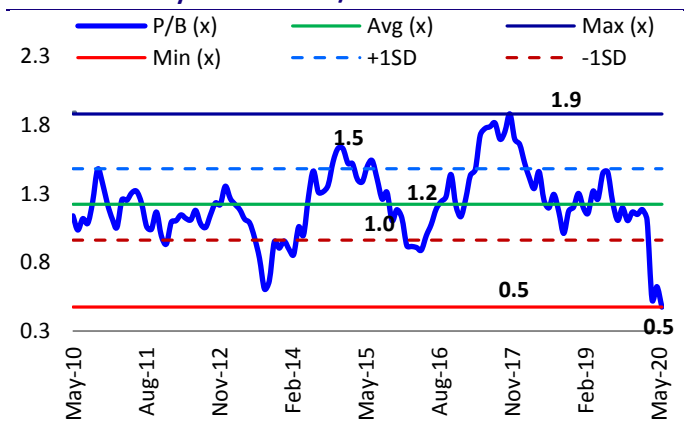


Source: MOFSL, Company

Valuation and view

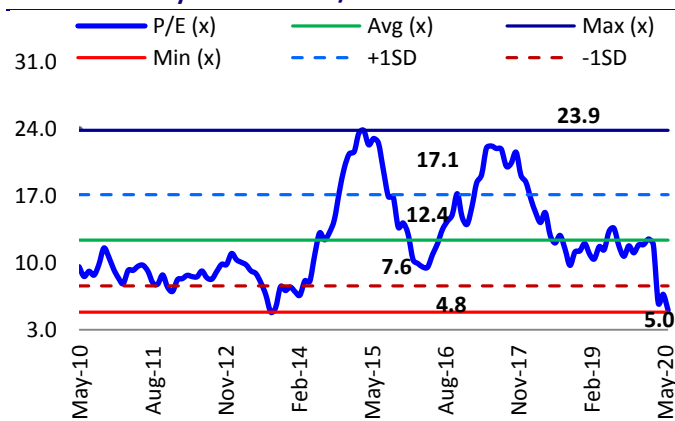
- **Net stressed loans decline to 1.8% of loans; credit cost to stay elevated:** FB has reported sharp decline in net stressed loans (NNPA + standard restructured + net SRs) to ~1.8% of loans v/s 5.4% during FY16. Going ahead, the bank has no big ticket (>INR1b) accounts in its watch-list. However, the outbreak of COVID-19 has disrupted business activities across segments while the moratorium book of ~35% could witness further increase as the period gets extended by another three months. This could result in higher slippages while credit cost is likely to stay elevated at 1.5% for FY21 as the focus remains on strengthening the PCR.
- **Strong liability franchise:** CASA + retail TD constitute ~91% of total deposits. The bank has lower cost of funds' advantage compared to other mid-sized banks and is focused on cross-selling liability products to corporate clients to garner salary accounts, which could support margin in the near term. However, muted macro environment could result in some pressure on margins. Management has highlighted that the bank would witness some pressure 3QFY21 onwards.
- **Lending toward better rated corporates; business growth to remain subdued:** FB has been taking a cautious approach in building the loan mix toward high-rated corporate and secured retail loans. The proportion of retail loans has improved to ~31% in 4QFY20 from 27.4% in FY18. However, business growth is likely to remain subdued affected by the outbreak of COVID-19, which could moderate the overall operating performance.
- **Buy with a target price of INR65:** FB has reported moderation in business growth, reflecting a challenging economic environment impacted by the COVID-19 outbreak. We expect overall loan growth to get affected due to reduced economic activity and the ongoing lockdown. Though the bank has lower quantum of stressed assets, we nevertheless expect credit cost to stay elevated due to the COVID-19 related provisioning. FB has been taking a cautious approach in building the loan mix toward high-rated corporates and retail loans. Also, the bank's liability franchise remains strong with CASA + Retail TD of 91% and one of the highest LCR amongst banks. We cut our FY21E estimates sharply by 19% as we factor in higher credit cost and slight moderation in business growth while maintaining our FY22E projections. We estimate FB to report RoA/RoE of 0.9%/10.9% by FY22E. Maintain **Buy** with a revised TP of INR65 (0.8x FY22E ABV).

Exhibit 7: One-year forward P/B



Source: MOFSL, Company

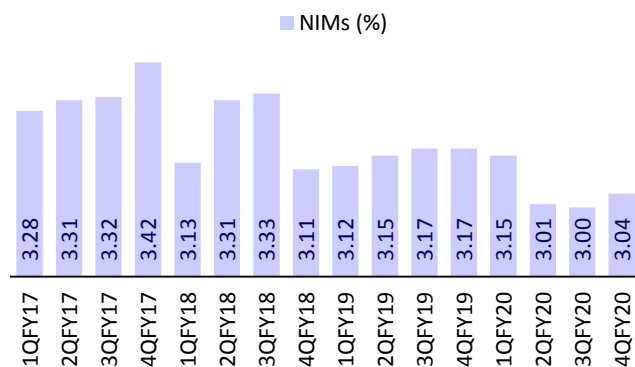
Exhibit 8: One-year forward P/E



Source: MOFSL, Company

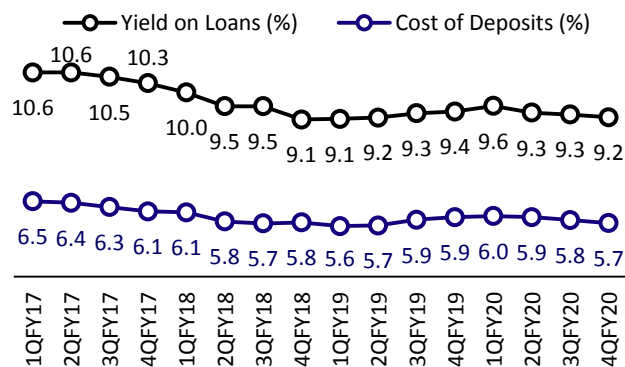
Story in Charts

Exhibit 9: NIM improves to 3.04%



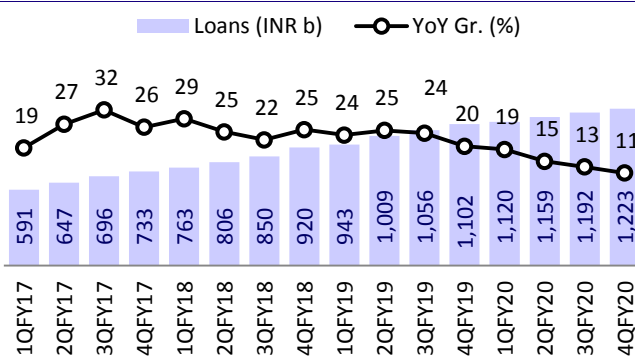
Source: MOFSL, Company

Exhibit 10: Yield on loans decline by 10bp QoQ to 9.2%



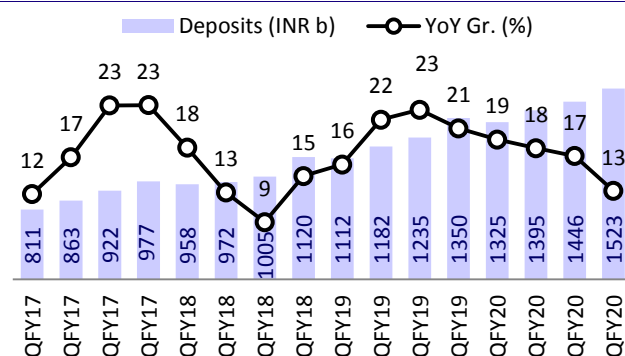
Source: MOFSL, Company

Exhibit 11: Loan growth moderated to ~11% YoY



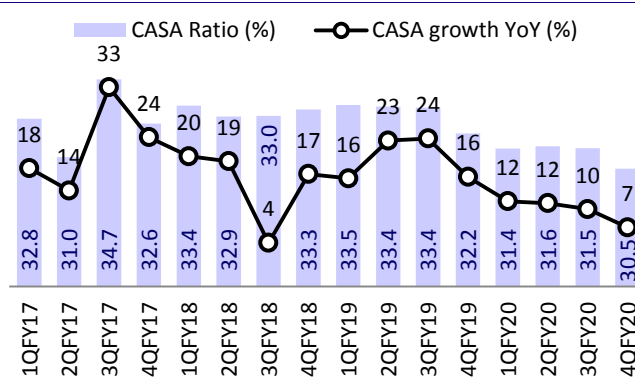
Source: MOFSL, Company

Exhibit 12: Deposit growth moderated to ~12% YoY



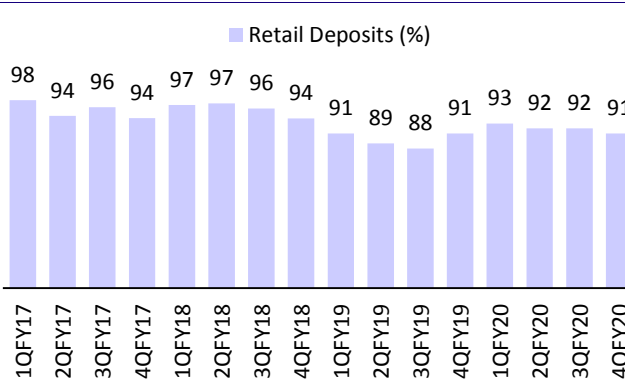
Source: MOFSL, Company

Exhibit 13: CASA deposits growth moderates to ~7% YoY



Source: MOFSL, Company

Exhibit 14: Proportion of retail deposits strong at 91%



Source: MOFSL, Company

Exhibit 15: DuPont Analysis – We expect return ratios to remain under pressure in the near term

Y/E March	FY15	FY16	FY17	FY18	FY19	FY20	FY21E	FY22E
Interest Income	9.42	8.89	8.41	7.70	7.67	7.77	7.50	7.45
Interest Expense	6.40	6.01	5.45	4.87	4.87	5.04	4.86	4.75
Net Interest Income	3.02	2.88	2.96	2.83	2.81	2.73	2.64	2.70
Core Fee Income	0.66	0.68	0.70	0.73	0.75	1.00	1.04	1.12
Trading and others	0.46	0.25	0.35	0.19	0.15	0.13	0.12	0.11
Non-Interest income	1.12	0.93	1.05	0.92	0.91	1.14	1.16	1.23
Total Income	4.14	3.81	4.01	3.74	3.71	3.87	3.80	3.93
Operating Expenses	2.07	2.17	2.14	1.94	1.86	1.99	1.95	2.01
Employee cost	1.13	1.21	1.13	0.98	0.93	1.04	1.04	1.06
Others	0.94	0.96	1.01	0.95	0.93	0.94	0.92	0.95
Operating Profits	2.07	1.63	1.87	1.81	1.86	1.89	1.85	1.92
Core Operating Profits	1.61	1.39	1.51	1.62	1.70	1.75	1.73	1.81
Provisions	0.14	0.81	0.60	0.75	0.58	0.69	1.04	0.78
PBT	1.93	0.83	1.27	1.06	1.28	1.20	0.81	1.14
Tax	0.65	0.28	0.46	0.37	0.45	0.29	0.20	0.29
RoA	1.28	0.55	0.81	0.69	0.84	0.91	0.61	0.86
Leverage (x)	10.7	11.0	12.1	12.0	11.7	12.2	12.5	12.7
RoE	13.7	6.0	9.8	8.3	9.8	11.1	7.6	10.9

Financials and Valuations

Income Statement							(INRm)	
Y/E March	FY15	FY16	FY17	FY18	FY19	FY20	FY21E	FY22E
Interest Income	74,195	77,482	86,774	97,529	114,190	132,108	140,939	154,296
Interest Expense	50,391	52,404	56,247	61,701	72,427	85,619	91,336	98,337
Net Interest Income	23,804	25,077	30,526	35,828	41,763	46,489	49,603	55,959
Growth (%)	6.8	5.3	21.7	17.4	16.6	11.3	6.7	12.8
Non-Interest Income	8,783	8,082	10,818	11,591	13,510	19,314	21,825	25,535
Total Income	32,587	33,159	41,345	47,419	55,274	65,803	71,428	81,494
Growth (%)	11.5	1.8	24.7	14.7	16.6	19.0	8.5	14.1
Operating Expenses	16,309	18,921	22,095	24,509	27,643	33,756	36,708	41,735
Pre Provision Profits	16,278	14,238	19,249	22,910	27,631	32,047	34,720	39,759
Growth (%)	10.0	-12.5	35.2	19.0	20.6	16.0	8.3	14.5
Core PPP	13,721	12,963	16,163	20,521	25,347	29,763	32,436	37,475
Growth (%)	3.6	-5.5	24.7	27.0	23.5	17.4	9.0	15.5
Provisions (excl. tax)	1,067	7,041	6,184	9,472	8,559	11,722	19,478	16,077
PBT	15,210	7,197	13,065	13,439	19,073	20,325	15,242	23,682
Tax	5,153	2,440	4,757	4,650	6,634	4,898	3,837	5,961
Tax Rate (%)	33.9	33.9	36.4	34.6	34.8	24.1	25.2	25.2
PAT	10,057	4,757	8,308	8,789	12,439	15,428	11,406	17,721
Growth (%)	19.9	-52.7	74.7	5.8	41.5	24.0	-26.1	55.4
Balance Sheet								
Y/E March	FY15	FY16	FY17	FY18	FY19	FY20	FY21E	FY22E
Equity Share Capital	3,427	3,438	3,448	3,944	3,970	3,985	3,985	3,985
Reserves & Surplus	73,955	77,474	84,108	118,158	128,760	141,191	151,396	166,714
Net Worth	77,381	80,912	87,556	122,102	132,730	145,176	155,381	170,700
Deposits	708,250	791,717	976,646	1,119,925	1,349,543	1,522,901	1,675,191	1,892,966
Growth (%)	18.6	11.8	23.4	14.7	20.5	12.8	10.0	13.0
of which CASA Dep	217,835	260,526	320,528	376,867	437,314	464,500	554,488	670,110
Growth (%)	16.7	19.6	23.0	17.6	16.0	6.2	19.4	20.9
Borrowings	23,082	21,766	58,973	115,335	77,813	103,724	83,298	87,463
Other Liabilities & Prov.	19,791	19,905	26,594	25,777	33,313	34,579	37,346	41,080
Total Liabilities	828,505	914,300	1,149,769	1,383,140	1,593,400	1,806,381	1,951,216	2,192,209
Current Assets	47,800	54,198	74,522	92,034	100,668	125,746	116,060	126,747
Investments	205,688	222,175	281,961	307,811	318,245	358,927	409,177	462,370
Growth (%)	-14.7	8.0	26.9	9.2	3.4	12.8	14.0	13.0
Loans	512,850	580,901	733,363	919,575	1,102,230	1,222,679	1,320,493	1,492,158
Growth (%)	18.1	13.3	26.2	25.4	19.9	10.9	8.0	13.0
Fixed Assets	4,666	5,200	4,895	4,574	4,720	4,800	5,040	5,241
Other Assets	57,500	51,826	55,029	59,146	67,537	94,229	100,446	105,693
Total Assets	828,505	914,300	1,149,769	1,383,140	1,593,400	1,806,381	1,951,216	2,192,209
Asset Quality								
GNPA	10,576	16,677	17,270	27,956	32,607	35,308	55,520	64,288
NNPA	3,733	9,500	9,412	15,520	16,262	16,072	22,019	26,373
GNPA Ratio	2.0	2.8	2.3	3.0	2.9	2.8	4.1	4.2
NNPA Ratio	0.7	1.6	1.3	1.7	1.5	1.3	1.7	1.8
Slippage Ratio	1.9	3.7	1.9	2.7	1.6	1.7	3.2	2.4
Credit Cost	0.5	1.3	0.9	1.1	0.8	1.0	1.50	1.10
PCR (Excl. Tech. write off)	64.7	43.0	45.5	44.5	50.1	54.5	60.3	59.0

Financials and Valuations

Ratios

Y/E March	FY15	FY16	FY17	FY18	FY19	FY20	FY21E	FY22E
Yield and Cost Ratios (%)								
Avg. Yield-Earning Assets	10.4	10.0	9.3	8.4	8.4	8.5	8.2	8.2
Avg. Yield on loans	11.5	10.4	10.0	9.1	9.0	9.2	8.9	8.8
Avg. Yield on Investments	7.4	8.2	7.1	6.6	6.6	6.6	6.4	6.3
Avg. Cost-Int. Bear. Liabilities	7.3	6.8	6.1	5.4	5.4	5.6	5.4	5.3
Avg. Cost of Deposits	7.1	6.7	6.1	5.5	5.5	5.6	5.4	5.3
Avg. Cost of Borrowings	10.3	8.0	5.5	5.1	5.2	4.6	4.5	4.7
Interest Spread	3.2	3.2	3.2	3.0	2.9	2.9	2.8	2.9
Net Interest Margin	3.3	3.2	3.3	3.1	3.1	3.0	2.9	3.0

Capitalization Ratios (%)

CAR	15.5	13.9	12.4	14.9	14.4	14.4	14.2	13.8
Tier I	14.8	13.4	11.8	14.4	13.7	13.3	13.2	12.9
Tier II	0.7	0.6	0.6	0.5	0.8	1.1	1.0	0.8

Business and Efficiency Ratios (%)

Loans/Deposit Ratio	72.4	73.4	75.1	82.1	81.7	80.3	78.8	78.8
CASA Ratio	30.8	32.9	32.8	33.7	32.4	30.5	33.1	35.4
Cost/Assets	2.0	2.1	1.9	1.8	1.7	1.9	1.9	1.9
Cost/Total Income	50.0	57.1	53.4	51.7	50.0	51.3	51.4	51
Cost/Core Income	54.3	59.3	57.8	54.4	52.2	53.1	53.1	52.7
Int. Expense/Int. Income	67.9	67.6	64.8	63.3	63.4	64.8	64.8	63.7
Fee Income/Net Income	15.8	17.8	17.4	19.4	20.3	25.9	27.4	28.5
Non Int. Inc./Net Income	27.0	24.4	26.2	24.4	24.4	29.4	30.6	31.3
Emp. Cost/Op. Exp.	54.7	55.6	52.7	50.7	49.8	52.5	53.1	52.8
Investment/Deposit Ratio	29.0	28.1	28.9	27.5	23.6	23.6	24.4	24.4

Valuation

RoE	13.7	6.0	9.9	8.3	9.8	11.1	7.6	10.9
RoA	1.3	0.5	0.8	0.7	0.8	0.9	0.61	0.9
RoRWA	2.0	0.8	1.1	1.0	1.3	1.5	1.0	1.4
Book Value (INR)	45.2	47.1	50.8	61.9	66.9	72.8	78.0	85.7
Growth (%)	11.2	4.2	7.9	21.9	8.0	9.0	7.0	9.9
Price-BV (x)			0.8	0.7	0.6	0.6	0.5	0.5
Adjusted BV (INR)	43.7	43.5	47.2	54.4	59.1	64.9	67.6	73.4
Price-ABV (x)			0.9	0.8	0.7	0.7	0.6	0.6
EPS (INR)	5.9	2.8	4.8	4.8	6.3	7.8	5.7	8.9
Growth (%)	19.7	-52.9	74.1	-1.3	32.2	23.4	-26.2	55.4
Price-Earnings (x)			8.9	9.0	6.8	5.5	7.5	4.8
Dividend Per Share (INR)	1.1	0.7	1.1	1.1	1.2	0.0	0.6	1.2
Dividend Yield (%)			2.5	2.5	2.8	0.0	1.4	2.8

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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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* MOSL has been amalgamated with Motilal Oswal Financial Services Limited (MOFSL) w.e.f August 21, 2018 pursuant to order dated July 30, 2018 issued by Hon'ble National Company Law Tribunal, Mumbai Bench.