

Bank of Baroda

Estimate change



TP change



Rating change



Bloomberg	BOB IN
Equity Shares (m)	5,178
M.Cap.(INRb)/(USDb)	417.3 / 5.7
52-Week Range (INR)	100 / 40
1, 6, 12 Rel. Per (%)	14/40/47
12M Avg Val (INR M)	3275

Financials & Valuations (INR b)

Y/E March	FY21	FY22E	FY23E
NII	288.1	318.8	359.8
OP	206.3	216.5	253.5
NP	8.3	46.4	78.0
NIM (%)	2.7	2.8	3.0
EPS (INR)	1.7	9.0	15.1
EPS Gr. (%)	43.2	429.9	68.2
BV/Sh. (INR)	142.3	149.4	162.2
ABV/Sh. (INR)	110.2	114.5	126.7

Ratios

RoE (%)	1.1	5.9	9.3
RoA (%)	0.1	0.4	0.6

Valuations

P/E(X)	47.7	9.0	5.4
P/BV (X)	0.6	0.5	0.5
P/ABV (X)	0.7	0.7	0.6

Shareholding pattern (%)

As On	Mar-21	Dec-20	Mar-20
Promoter	64.0	71.6	71.6
DII	15.9	11.3	14.0
FII	6.9	4.3	4.6
Others	13.2	12.8	9.9
FII Includes depository receipts			

CMP: INR81
TP: INR85 (+5%)
Neutral

Asset quality improving, but not fully out of the woods

One-time DTA reversal results in losses; restructured book at 1.3%

- Bank of Baroda (BOB) reported a loss in 4QFY21, impacted by one-time DTA reversals, even as a pick-up in fee income and recovery from W/O accounts aided operating profit. NII growth was weak, affected by high interest reversals and interest on interest waiver, thereby impacting margin. On the business front, overall loan growth was flat QoQ, while Retail/Agri witnessed strong traction.
- Collection efficiency improves to 93%, but remains lower v/s other peers. On the asset quality front, GNPA/NNPA ratio improved v/s pro forma GNPA/NNPA as of De'20. Total restructuring stood ~1.3% of advances (INR94b), while SMA-1/2 stood at 3.9% of loans. We remain watchful of the impact of the second COVID wave on asset quality and estimate credit cost to stay elevated at 2.1% for FY22E. **Maintain Neutral.**

Pick up in fee income and recovery from W/O accounts supports PPOP

- BOB reported a loss of INR10.5b in 4QFY21 (MOFSL: PAT of INR9.25b), impacted by a one-time DTA reversal of INR38.4b as it chose to opt for a lower tax regime. **NII/PPOP grew 5% each and PAT was up 52% YoY at INR8.29b in FY21.**
- NII grew ~5% YoY (-5% QoQ) to INR71.1b (10% miss), impacted by interest reversal of INR3.7b and interest-on-interest tax refund of INR5b. Domestic NIMs moderated 23bp QoQ to 2.73% (global NIMs moderated 5bp QoQ to 2.72%). Other income grew 71% YoY to INR48.5b, led by an uptick in fee income (+38% QoQ) and recovery of INR20b from written off accounts in 4QFY21. Thus, total income grew ~24% YoY.
- Opex grew 21% YoY to INR56.9b, led by a 45% rise in employee-related expenses. The C/I ratio stood at 47.6% (v/s 51.1%/48.9% in 3QFY21/4QFY20). PPOP grew ~27% YoY to INR62.7b (11% beat).
- Advances grew 2.3% YoY (flat QoQ) to ~INR7.1t, with domestic advances up 4.9% YoY (flat QoQ), led by 14.4%/13.2% YoY growth in Retail/Agri. Within Retail, Home/Auto loans grew 11.1%/27.5% YoY. MSME loans rose 10% YoY.
- Deposits rose 2.2% YoY (flat QoQ), led by 17% YoY growth in domestic CASA. The domestic CASA ratio improved to 42.9% (v/s 41.2% in 3QFY21).
- The GNPA/NNPA ratio improved to ~8.9%/3.1% v/s pro forma GNPA/NNPA ratio of 9.6%/3.4% in Dec'20. PCR stood at 67.3% (81.8%, including TWO). Slippage in 4QFY21 came in at INR30.2b, while slippages moderated to 2.71% (v/s 2.97% in FY20). The restructured book was controlled ~1.3% of loans (INR94.3b), while SMA-1/2 stood at 3.9% of loans. Collection efficiency touched ~93% v/s 92% in 3QFY21.

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Highlights from the management commentary

- Slippages of 50-60% from the International book should get restructured during FY22/FY23.
- It had targeted credit cost of 1.5-2% in FY21. The management would target to keep credit cost for FY22 lower than this range. Slippage ratio to be lower than FY21 levels.
- BOB could see some higher slippages from the Retail/MSME book, while slippages from the International book should moderate meaningfully over FY22.
- We expect incremental restructuring in FY22 to be lower than FY21.
- **Restructuring:** Corporate (INR77b), MSME (INR5.5b), and Retail (INR12b).

Valuation and view

BOB reported a pick-up in operating profit, led by traction in fee income and recovery from W/O accounts, even as a one-time DTA reversal resulted in losses. Business growth remains subdued, while Retail/Agri continues to witness healthy traction. On the asset quality front, GNPA/NNPA ratio improved from pro forma GNPA/NNPA ratio as of Dec'20, while International/Corporate book continues to witness higher slippages. Total restructuring stood at 1.3% of loans, with two-third coming from the Corporate portfolio. SMA 1/2 stood ~3.9% of loans, which, coupled with the high unrated/BB & Below pool, keeps us watchful on asset quality. The impact of the second COVID wave could keep credit cost/slippage elevated. We estimate credit cost to stay elevated at 2.1% in FY22E. **We maintain our Neutral stance with a revised TP of INR85/share (0.7x FY23E ABV).**

Quarterly performance**(INR b)**

	FY20				FY21				FY20	FY21	FY21E	V/s
	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4Q				
Net Interest Income	65.0	70.3	71.3	68.0	68.2	75.1	74.8	71.1	274.5	288.1	78.9	-10%
% Change (YoY)	48.3	56.4	50.3	34.2	4.9	6.8	4.9	4.5	48.5	4.9	16.1	
Other Income	19.2	28.2	27.4	28.3	18.2	28.0	29.0	48.5	103.2	123.6	30.1	61%
Total Income	84.1	98.5	98.7	96.3	86.3	103.1	103.7	119.6	377.7	411.7	109.0	10%
Operating Expenses	41.4	45.2	49.1	47.1	43.1	47.6	53.0	56.9	180.8	205.4	52.5	8%
Operating Profit	42.8	53.4	49.6	49.2	43.2	55.5	50.7	62.7	196.9	206.3	56.4	11%
% Change (YoY)	42.3	73.1	40.1	27.5	1.0	4.0	2.2	27.3	46.0	4.8	10.2	
Provisions	32.8	42.1	71.6	66.5	56.3	30.0	34.3	35.9	214.9	150.7	46.8	-23%
Profit before Tax	9.9	11.3	-22.0	-17.2	-13.1	25.5	16.3	26.8	-18.0	55.6	9.6	179%
Tax	2.8	3.9	-7.9	-22.3	-4.4	8.7	5.7	37.3	-23.5	47.3	0.3	NM
Net Profit	7.1	7.4	-14.1	5.1	-8.6	16.8	10.6	-10.5	5.5	8.3	9.3	NM
% Change (YoY)	34.5	73.2	NM	NM	NM	127.9	NM	NM	26.0	51.8	82.6	
Operating Parameters												
Deposit (INR b)	8,955	8,941	8,962	9,460	9,345	9,543	9,546	9,670	9,460	9,670	9,980	-3%
Loan (INR b)	6,332	6,373	6,545	6,901	6,867	6,699	6,987	7,063	6,901	7,063	7,295	-3%
Deposit Growth (%)	54.0	47.3	46.8	48.1	4.3	6.7	6.5	2.2	48.1	2.2	5.5	(328)
Loan Growth (%)	52.8	47.0	45.9	47.2	8.4	5.1	6.8	2.3	47.2	2.3	5.7	(336)
Asset Quality												
Gross NPA (%)	10.3	10.3	10.4	9.4	9.4	9.1	8.5	8.9	9.4	8.9	9.9	(102)
Net NPA (%)	4.0	3.9	4.1	3.1	2.8	2.5	2.4	3.1	3.1	3.1	3.8	(75)
PCR (%)	64.1	64.4	63.8	68.9	71.9	74.4	73.6	67.3	68.9	67.3	63.7	363

Quarterly snapshot

INR b	FY19				FY20				FY21				Change (%)	
	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4Q	YoY	QoQ
Profit & Loss														
Net Interest Income	43.8	44.9	47.4	50.7	65.0	70.3	71.3	68.0	68.2	75.1	74.8	71.1	5	-5
Other Income	11.5	13.5	16.2	19.7	19.2	28.2	27.4	28.3	18.2	28.0	29.0	48.5	71	67
Trading profit	1.1	0.9	3.8	4.2	3.4	9.4	6.0	8.8	5.4	10.1	9.3	9.0	3	-2
Forex Income	0.6	0.8	0.8	0.6	2.6	1.3	0.9	2.9	3.1	2.3	2.1	3.0	6	48
Recoveries	1.0	2.2	2.0	3.2	2.0	4.7	5.8	2.8	0.9	3.4	5.1	20.4	629	299
Others (Non-core)	8.8	9.7	9.7	11.8	11.1	12.8	14.7	13.9	8.7	12.2	12.5	16.0	15	28
Total Income	55.3	58.4	63.6	70.4	84.1	98.5	98.7	96.3	86.3	103.1	103.7	119.6	24	15
Operating Expenses	25.2	27.6	28.3	31.8	41.4	45.2	49.1	47.1	43.1	47.6	53.0	56.9	21	7
Employee	11.0	12.2	13.0	14.1	19.4	22.8	25.9	21.5	22.4	25.5	30.5	31.2	45	2
Others	14.2	15.4	15.2	17.6	22.0	22.3	23.2	25.6	20.7	22.1	22.5	25.6	0	14
Operating Profit	30.1	30.8	35.4	38.6	42.8	53.4	49.6	49.2	43.2	55.5	50.7	62.7	27	24
Core Operating Profit	29.0	29.9	31.6	34.4	39.4	43.9	43.6	40.5	37.8	45.5	41.4	53.6	32	29
Provisions	21.7	24.3	27.9	54.0	32.8	42.1	71.6	66.5	56.3	30.0	34.3	35.9	-46	4
NPA provisions	17.6	14.7	34.2	55.5	31.7	34.3	66.2	31.9	34.6	22.8	20.8	45.9	44	121
Provisions on Inv.	4.9	6.6	-6.6	-3.4	-0.3	2.7	0.0	7.4	0.5	-0.9	-1.2	4.7	-36	NM
PBT	8.4	6.5	7.4	-15.4	9.9	11.3	-22.0	-17.2	-13.1	25.5	16.3	26.8	NM	64
Taxes	3.1	2.3	2.7	-5.5	2.8	3.9	-7.9	-22.3	-4.4	8.7	5.7	37.3	NM	550
PAT	5.3	4.3	4.7	-9.9	7.1	7.4	-14.1	5.1	-8.6	16.8	10.6	-10.5	NM	NM
Balance Sheet (INR b)														
Deposits	5,815	6,070	6,106	6,387	8,955	8,941	8,962	9,460	9,345	9,543	9,546	9,670	2	1
Loans	4,145	4,335	4,487	4,688	6,332	6,373	6,545	6,901	6,867	6,699	6,987	7,063	2	1
Asset quality (INR b)														
GNPA	559	551	532	482	697	700	731	694	691	657	632	667	-4	6
NNPA	224	211	191	156	250	249	265	216	194	168	167	218	1	31
Slippages	47	38	37	35	66	73	118	45	30	15	46	123	174	169
Ratios														
Asset quality (%)														
GNPA	12.5	11.8	11.0	9.6	10.3	10.3	10.4	9.4	9.4	9.1	8.5	8.9	-53	39
NNPA	5.4	4.9	4.3	3.3	4.0	3.9	4.1	3.1	2.8	2.5	2.4	3.1	-4	70
PCR	69.1	70.8	73.5	78.7	77.3	77.9	77.8	81.3	83.3	85.4	85.5	81.8	47	-366
Credit Cost	2.1	1.4	2.5	4.7	2.4	2.2	4.4	1.9	3.3	1.3	2.0	2.6	72	61
Business ratios (%)														
Fees-to-Total Income	18.9	21.6	19.5	22.1	18.8	19.1	21.7	20.3	14.8	17.4	19.0	33.0	1,265	1,400
Cost-to-Core Income	46.5	48.0	47.2	48.0	51.2	50.7	53.0	53.8	53.3	51.1	56.1	51.5	-231	-466
Tax Rate	37.1	34.8	36.7	35.6	28.4	34.6	36.0	129.4	33.9	34.2	35.1	139.1	966	NM
CASA Reported	40.8	40.5	40.0	40.2	36.6	37.9	38.8	39.1	39.5	39.8	41.2	42.9	380	167
Loan/Deposit	71.3	71.4	73.5	73.4	70.7	71.3	73.0	73.0	73.5	70.2	73.2	73.0	9	-15
CAR	12.1	11.9	11.7	13.4	11.5	13.0	13.5	13.3	12.8	13.3	12.9	15.0	169	206
Tier I	10.5	10.3	9.9	11.6	9.6	10.9	11.5	10.7	10.3	10.8	10.6	12.7	196	210
Profitability Ratios (%)														
Yield on loans	7.5	7.4	7.7	7.9	8.7	9.0	8.7	8.5	8.1	8.0	8.0	7.3	-124	-70
Yield on Investments	7.2	7.3	7.4	7.5	7.4	7.2	7.0	7.0	6.8	6.5	6.5	6.5	-46	4
Cost of Deposits	4.5	4.6	4.8	4.8	5.1	5.0	4.9	4.8	4.5	4.0	3.9	3.7	-105	-14
Margin	2.7	2.6	2.7	2.9	2.6	2.8	2.8	2.6	2.5	2.8	2.8	2.7	9	-5
RoA	0.3	0.2	0.3	-0.5	0.3	0.3	-0.5	0.2	-0.3	0.6	0.4	-0.4	-54	-73

Note: FY19 quarterly numbers are for the standalone entity



Highlights from the management commentary

P&L and Balance Sheet related

- The management aims to keep deposit growth in line with credit growth.
- Growth in CASA has been higher than overall deposits. The management aims to maintain this trend going forward, which would support the cost of funds.
- RBI's circular on current accounts has benefitted BOB in incremental acquisition.
- Fee income from cash management services has aided fee income and is likely to be sustainable.
- **Credit growth:** The management's focus would be on the Retail book, while it would be selective in the Corporate book and grow it at a reasonable price.
- Going forward, it expects internal accruals to be sufficient for capital accretion.
- The bank should witness continuous improvement in return ratios over the next 18 months. Moderation in credit cost would be key to any improvement in return ratios.
- ECLGS disbursement: Sanctioned ~INR90b, of which the bank has disbursed ~INR80b till date. It would look to provide further support and aims to disburse an additional INR25b over FY22.
- Net reversal of DTA was INR35b, which has aided incremental CET-1 capital, though impacted PAT negatively.
- Interest reversal due to NPLs was INR3.7b, while interest on interest waiver reversal was INR5b.
- Margin is likely to remain in a narrow range over the next few quarters from current levels, given the excess liquidity in the system.

Asset quality

- Credit cost declined by 67bp. Domestic credit cost was down by 97bp.
- Slippages of 50-60% from the International book should either get restructured or upgraded during FY22/FY23.
- It had targeted credit cost of 1.5-2% in FY21. The management would target to keep credit cost for FY22 lower than this range.
- Slippage ratio is targeted to be lower than FY21 levels.
- Collection efficiency stood at 93% in Mar'21 v/s 92% in Dec'20.
- ECLG scheme and restructuring should provide support to MSME borrowers.
- The Retail segment was impacted, but opted for lower restructuring in the first COVID wave. The bank expects a similar trend during the second COVID wave.
- Large corporates have been largely unaffected by the second COVID wave.
- BOB could see some higher slippages from the Retail/MSME book, while slippages from the International book should moderate meaningfully over FY22.
- Two-third of the restructuring book was from corporates. Going forward, the bank doesn't expect much restructuring in the Corporate book, but could see some restructuring in the Retail book. BoB expect incremental restructuring in FY22 to be lower than FY21.
- SMA1/2 includes one or two large corporates, where the bank has guarantees. Excluding that, the SMA numbers were broadly stable v/s pre-COVID levels.
- About 5-10% of the NPA book could be transferred once **NARC** gets formalized.
- **Recoveries:** Of the total exposure under NCLT, resolution plans for INR140b has already been approved. BOB expects recoveries of INR50b over the next couple

of years. A further INR150b is under liquidation. Of this, the management expects some liquidation value within the next couple of years.

- It expects INR7.5b each from compromise/sale of assets. About INR30b is lined up under SARFESI and it expects a good recovery from that pool.
- The bank is not carrying any additional COVID-related provisions as on date.
- **Restructuring:** Corporate (INR77b), MSME (INR5.5b), and Retail (INR12b).

Key exhibits

Exhibit 1: Rating profile of NBFC exposure: ~5% in the BBB & below rated category

Rating profile of NBFC exposure	4QFY20	1QFY21	2QFY21	3QFY21	4QFY21
AAA	57%	58%	56%	58%	60%
AA	33%	31%	32%	29%	27%
A	7%	8%	8%	8%	8%
BBB	2%	2%	2%	1%	2%
BB & Below	1%	1%	2%	4%	3%

Source: MOFSL, Company

Exhibit 2: Provision coverage on NCLT accounts

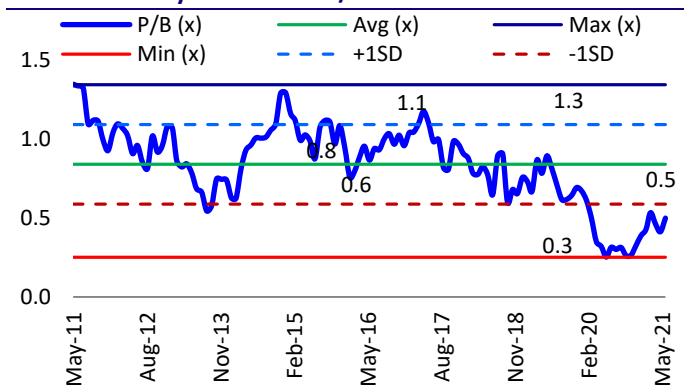
Exposure (INR b)	4QFY20	1QFY21	2QFY21	3QFY21	4QFY21
NCLT 1 list	48.8	48.9	48.8	48.8	28.4
NCLT 2 list	60.6	60.2	60.0	52.4	52.3
A/c's filed by BoB at NCLT	58.9	59.2	58.6	60.5	61.9
A/c's filed by other Banks	350.2	347.7	348.5	344.6	347.3
Total	518.4	515.9	515.9	506.3	489.9
Provision coverage					
NCLT 1 list	99.6%	99.6%	99.6%	99.6%	99.3%
NCLT 2 list	93.0%	98.4%	98.5%	98.3%	98.3%
A/c's filed by BoB at NCLT	92.9%	93.2%	91.7%	90.1%	92.0%
A/c's filed by other Banks	84.8%	90.3%	91.2%	91.6%	92.4%
Total	88.0%	92.5%	92.9%	92.9%	93.4%

Source: MOFSL, Company

Valuation and view

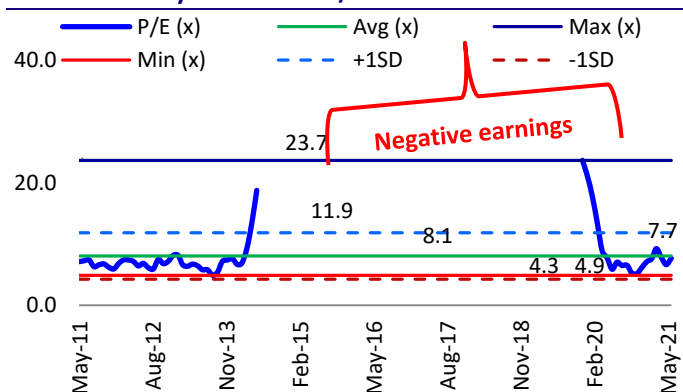
- CET-I improved to ~11%, aided by capital raise and positive impact of DTA reversal. The bank seems capitalized for incremental growth opportunities, which is likely to be driven by Retail book, while the Corporate book is likely to grow in a calibrated manner, which would keep overall loan growth subdued.
- Although collection efficiency has improved to ~93%, it remains lower v/s other peers. BOB has witnessed higher slippages from the International/Corporate book, while sounding cautious on the Retail/MSME book on account of the second COVID wave. This, coupled with a higher proportion of the SMA 1/2 book and a greater unrated/BB & Below pool, keeps us watchful on asset quality.
- **Maintain Neutral with a TP of INR85/share:** BOB reported a pick-up in operating profit, led by traction in fee income and recovery from W/O accounts, even as a one-time DTA reversal resulted in losses. Business growth remains subdued, while Retail/Agri continues to witness healthy traction. On the asset quality front, GNPA/NNPA ratio improved from pro forma GNPA/NNPA ratio as of Dec'20, while International/Corporate book continues to witness higher slippages. Total restructuring stood at 1.3% of loans, with two-third coming from the Corporate portfolio. SMA 1/2 stood ~3.9% of loans, which, coupled with the high unrated/BB & Below pool, keeps us watchful on asset quality. The impact of the second COVID wave could keep credit cost/slippage elevated. We estimate credit cost to stay elevated at 2.1% in FY22E. **We maintain our Neutral stance with a revised TP of INR85/share (0.7x FY23E ABV).**

Exhibit 3: One-year forward P/B



Source: MOFSL, Company

Exhibit 4: One-year forward P/E



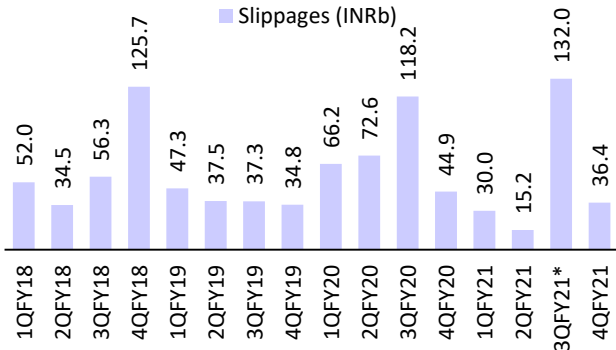
Source: MOFSL, Company

Exhibit 5: DuPont Analysis: Expect return ratios to remain under pressure

Y/E MARCH	FY17	FY18	FY19	FY20	FY21	FY22E	FY23E
Interest Income	6.18	6.17	6.63	7.84	6.09	6.51	6.54
Interest Expense	4.20	3.98	4.17	5.01	3.60	3.83	3.73
Net Interest Income	1.98	2.19	2.46	2.83	2.49	2.67	2.81
Fee income	0.61	0.68	0.71	0.78	0.87	0.77	0.82
Trading and others	0.38	0.27	0.13	0.28	0.20	0.17	0.13
Other income	0.99	0.94	0.84	1.06	1.07	0.93	0.96
Total Income	2.97	3.14	3.30	3.90	3.56	3.61	3.77
Operating Expenses	1.36	1.44	1.50	1.86	1.78	1.79	1.79
Employee cost	0.68	0.65	0.67	0.90	0.99	0.9	0.9
Others	0.68	0.79	0.83	0.96	0.79	0.93	0.93
Operating Profit	1.61	1.70	1.80	2.03	1.78	1.82	1.98
Core operating Profit	1.22	1.43	1.67	1.75	1.58	1.65	1.85
Provisions	1.24	2.09	1.70	2.22	1.30	1.30	1.17
NPA	1.17	2.03	1.64	1.70	1.29	1.27	1.14
Others	0.07	0.06	0.06	0.51	0.01	0.03	0.02
PBT	0.36	-0.39	0.09	-0.19	0.48	0.52	0.82
Tax	0.16	-0.05	0.04	-0.24	0.41	0.13	0.21
RoA (%)	0.20	-0.34	0.06	0.06	0.07	0.39	0.61
Leverage (x)	19.8	18.0	15.9	15.8	15.5	15.1	15.2
RoE (%)	4.0	-6.2	0.9	0.9	1.1	5.9	9.3

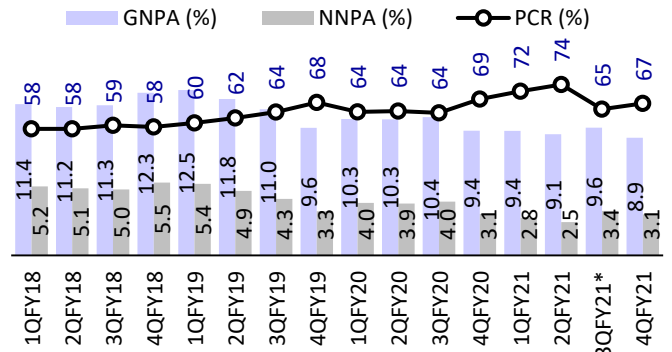
Story in charts

Exhibit 6: Slippages (excluding pro forma) came in at INR36.4b, led by international and corporate book



*Including pro forma slippages in 3QFY21 Source: MOFSL, Company

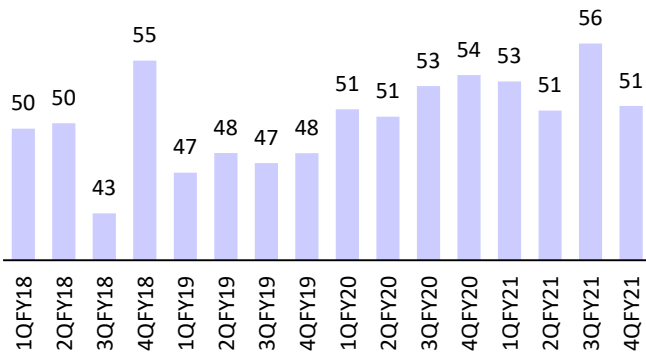
Exhibit 7: Asset quality improves v/s pro forma as of Dec'20; calculated PCR stood ~67%



*Pro forma as of 3QFY21

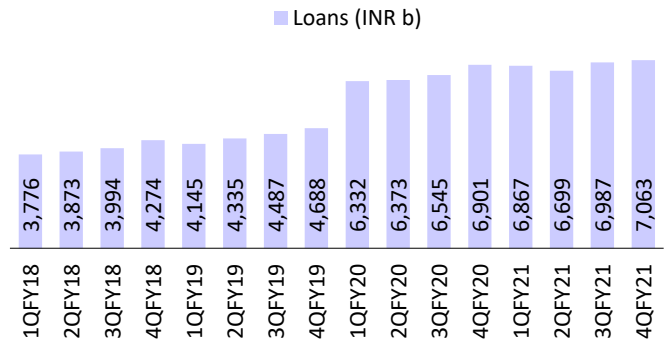
Source: MOFSL, Company

Exhibit 8: Cost to core income stood ~51%



Source: MOFSL, Company

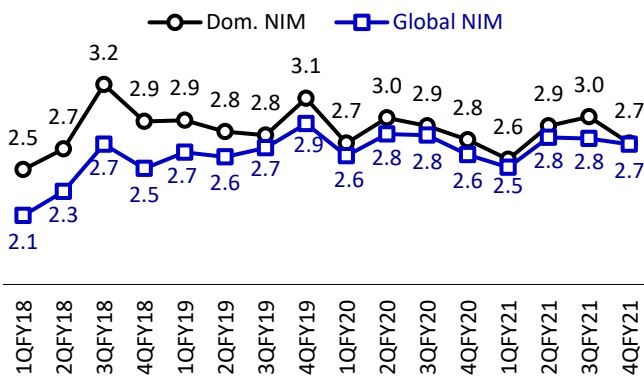
Exhibit 9: Loan book grew 2.3% YoY (flat QoQ)



*FY19 is for the standalone entity

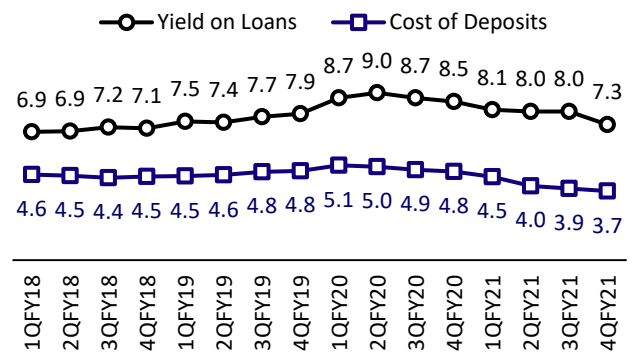
Source: MOFSL, Company

Exhibit 10: Domestic/Global NIMs moderate 23bp/51bp, impacted by higher interest reversals



Source: MOFSL, Company

Exhibit 11: Yields on loans decline sharply (7.3%), while the cost of deposits improves to 3.7%



Source: MOFSL, Company

Financials and valuations

Income Statement							(INR b)
Y/E March	FY17	FY18	FY19	FY20	FY21	FY22E	FY23E
Interest Income	422.0	436.5	497.7	759.8	705.0	775.9	836.9
Interest Expense	286.9	281.3	312.9	485.3	416.9	457.1	477.1
Net Interest Income	135.1	155.2	184.8	274.5	288.1	318.8	359.8
Growth (%)	6.1	14.9	19.1	48.5	4.9	10.7	12.8
Non-Interest Income	67.6	66.6	62.9	103.2	123.6	111.3	122.4
Total Income	202.7	221.8	247.7	377.7	411.7	430.1	482.2
Growth (%)	14.3	9.4	11.7	52.4	9.0	4.5	12.1
Operating Expenses	93.0	101.7	112.9	180.8	205.4	213.6	228.7
Pre-Provision Profit	109.8	120.1	134.9	196.9	206.3	216.5	253.5
Growth (%)	24.5	9.4	12.3	46.0	4.8	5.0	17.1
Core PPP	83.6	101.3	125.0	169.4	182.9	196.7	236.6
Growth (%)	9.4	21.2	23.4	35.6	8.0	7.5	20.3
Provisions (excl. tax)	85.0	148.0	127.9	214.9	150.7	154.5	149.1
PBT	24.7	-27.9	7.0	-18.0	55.6	62.0	104.3
Tax	10.9	-3.6	2.6	-23.5	47.3	15.6	26.3
Tax Rate (%)	44.1	12.9	37.9	130.3	85.1	25.2	25.2
PAT	13.8	-24.3	4.3	5.5	8.3	46.4	78.0
Growth (%)	NM	NM	NM	26.0	51.8	NM	68.2

Balance Sheet

Y/E March	FY17	FY18	FY19	FY20	FY21	FY22E	FY23E
Equity Share Capital	4.6	5.3	5.3	9.3	10.4	10.4	10.4
Reserves and Surplus	398.4	428.6	504.5	709.3	760.1	796.9	862.9
Net Worth	403.0	433.9	509.8	718.6	770.5	807.2	873.3
Deposits	6,016.8	5,913.1	6,386.9	9,459.8	9,670.0	10,250.2	11,070.2
Growth (%)	4.8	-1.7	8.0	48.1	2.2	6.0	8.0
of which CASA Dep.	1,935.0	2,117.8	2,237.9	3,338.2	3,452.2	3,751.6	4,151.3
Growth (%)	27.9	9.4	5.7	49.2	3.4	8.7	10.7
Borrowings	306.1	625.7	672.0	930.7	668.5	725.6	795.2
Other Liabilities and Prov.	222.9	227.2	241.1	470.1	444.7	511.5	562.6
Total Liabilities	6,948.8	7,200.0	7,809.9	11,579.2	11,553.6	12,294.5	13,301.3
Current Assets	1,504.7	929.0	892.3	1,219.0	1,204.1	1,251.2	1,340.8
Investments	1,296.3	1,631.8	1,823.0	2,746.1	2,612.2	2,821.2	3,075.1
Growth (%)	7.6	25.9	11.7	50.6	-4.9	8.0	9.0
Loans	3,832.6	4,274.3	4,688.2	6,901.2	7,063.0	7,557.4	8,237.6
Growth (%)	-0.1	11.5	9.7	47.2	2.3	7.0	9.0
Fixed Assets	57.6	53.7	69.9	88.9	80.2	86.6	93.5
Other Assets	257.6	311.2	336.5	623.9	594.1	578.1	554.3
Total Assets	6,948.8	7,200.0	7,809.9	11,579.2	11,553.6	12,294.5	13,301.3

Asset Quality

GNPA	427.2	564.8	482.3	693.8	666.7	742.6	778.5
NNPA	180.8	234.8	156.1	215.8	218.0	237.0	239.8
GNPA Ratio	10.5	12.3	9.6	9.4	8.9	9.2	8.9
NNPA Ratio	4.7	5.5	3.3	3.1	3.1	3.1	2.9
Slippage Ratio	3.5	6.0	3.0	3.4	2.9	3.5	2.9
Credit Cost	2.1	3.5	2.7	2.9	2.1	2.1	1.9
PCR (Excl. Tech. write-off)	57.7	58.4	67.6	68.9	67.3	68.1	69.2

Financials and valuations

Ratios

Y/E March	FY17	FY18	FY19	FY20	FY21	FY22E	FY23E
Yield and Cost Ratios (%)							
Avg. Yield to Earning Assets	6.7	6.5	7.0	7.0	6.5	6.9	6.9
Avg. Yield on loans	7.2	7.2	7.7	7.8	7.2	7.6	7.6
Avg. Yield on Investments	8.5	7.3	7.5	6.6	6.5	7.0	7.0
Avg. Cost-to-Int. Bear. Liab.	4.6	4.4	4.6	4.7	4.0	4.3	4.2
Avg. Cost of Deposits	4.6	4.4	4.5	4.6	4.4	4.3	4.2
Interest Spread	2.1	2.1	2.4	2.3	2.5	2.6	2.7
Net Interest Margin	2.2	2.3	2.6	2.5	2.7	2.8	3.0

Capitalization Ratios (%)

CAR	12.2	12.9	13.4	13.9	15.7	14.9	14.3
Tier I	9.9	11.3	11.6	11.3	13.5	12.7	12.1
Tier II	2.2	1.6	1.9	2.6	2.3	2.2	2.2

Business and Efficiency Ratios (%)

Loans/Deposit Ratio	63.7	72.3	73.4	73.0	73.0	73.7	74.4
CASA Ratio	32.2	35.8	35.0	35.3	35.7	36.6	37.5
Cost/Assets	1.3	1.4	1.4	1.6	1.8	1.7	1.7
Cost/Total Income	45.9	45.9	45.6	47.9	49.9	49.7	47.4
Cost/Core Income	52.7	50.1	47.5	51.6	52.9	52.1	49.2
Int. Expense/Int. Income	68.0	64.4	62.9	63.9	59.1	58.9	57.0
Fee Income/Total Income	20.4	21.5	21.4	20.0	24.4	21.3	21.9
Non-Int. Inc./Total Income	33.3	30.0	25.4	27.3	30.0	25.9	25.4
Empl. Cost/Total Expense	49.9	45.3	44.6	48.5	55.7	48.2	48.2
Investment/Deposit Ratio	21.5	27.6	28.5	29.0	27.0	27.5	27.8

Profitability Ratios and Valuation

RoE	4.0	-5.8	0.9	0.8	1.1	5.9	9.3
RoA	0.2	-0.3	0.1	0.0	0.1	0.4	0.6
RoRWA	0.3	-0.6	0.1	0.1	0.1	0.7	1.1
Book Value (INR)	165.9	157.1	182.9	148.1	142.3	149.4	162.2
Growth (%)	1.1	-5.3	16.4	-19.0	-3.9	5.0	8.5
Price-to-BV (x)	0.5	0.5	0.4	0.5	0.6	0.5	0.5
Adjusted BV (INR)	107.2	90.9	136.3	112.3	110.2	114.5	126.7
Price-to-ABV (x)	0.8	0.9	0.6	0.7	0.7	0.7	0.6
EPS (INR)	6.0	-9.8	1.6	1.2	1.7	9.0	15.1
Growth (%)	NM	NM	NM	-27.8	43.2	NM	68.2
Price-to-Earnings (x)	13.5	-8.2	49.4	68.4	47.7	9.0	5.4

NOTES

Explanation of Investment Rating	
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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