

Bandhan Bank

Estimate change



TP change



Rating change



Bloomberg	BANDHAN IN
Equity Shares (m)	1,611
M.Cap.(INRb)/(USDb)	511.3 / 6.6
52-Week Range (INR)	354 / 230
1, 6, 12 Rel. Per (%)	7/15/2
12M Avg Val (INR M)	2535

Financials & Valuations (INR b)

Y/E March	FY22	FY23E	FY24E
NII	87.1	99.1	127.2
OP	80.1	89.7	115.9
NP	1.3	43.7	61.6
NIM (%)	7.3	7.0	7.2
EPS (INR)	0.8	27.2	38.2
EPS Gr. (%)	NM	NM	40.8
BV/Sh. (INR)	107.9	130.4	162.7
ABV/Sh. (INR)	101.1	124.5	157.1

Ratios

RoE (%)	0.7	22.8	26.1
RoA (%)	0.1	2.8	3.3

Valuations

P/E(X)	NM	11.7	8.3
P/BV (X)	2.9	2.4	2.0
P/ABV (X)	3.1	2.5	2.0

Shareholding pattern (%)

As On	Mar-22	Dec-21	Mar-21
Promoter	40.0	40.0	40.0
DII	4.6	1.9	1.9
FII	34.3	34.6	34.9
Others	21.1	23.5	23.2

FII Includes depository receipts

CMP: INR317

TP: INR350 (+10%)

Neutral

Strong all-round performance; asset quality improves sharply

Business growth gathers pace; stress pool witnesses a decline

- BANDHAN reported a strong 4QFY22, with a PAT of INR19b (significant beat), led by robust NII and negligible provisions. CE (including NPA) improved to 95% in Mar'22 from 92% in Dec'21. Excluding NPA, CE improved to 99% in Mar'22.
- Asset quality saw a sharp improvement, with GNPA/NNPA down 435bp/135bp QoQ to 6.5%/1.7%, while PCR stood healthy ~75%. SMA overdue in the MFI book too moderated to 6.5% from ~11% in 3QFY22.
- The management has demonstrated a healthy progress in improving asset quality, while business growth has picked up sharply. We raise our FY23/FY24 earnings estimate sharply by 23%/17%, factoring in lower credit cost and a recovery in growth. We **maintain our Neutral rating**.

Margin improves 90bp QoQ to 8.7%; PCR healthy ~75%

- BANDHAN reported a 4QFY22 PAT of INR19b (significant beat), led by an improvement in operating performance and negligible provisions (INR47m). NII rose 20% QoQ (11% beat) on the back of a pick-up in loan growth and an improvement in margin, which expanded 90bp QoQ to 8.7%.
- Other income grew 38% YoY, aiding a 43% YoY growth in total revenue. PPOP rose 29% QoQ and 53% YoY to INR25.2b (significant beat), while C/I ratio fell to 28% v/s 31.3% in 3QFY22.
- AUM grew 12.9% QoQ and 14.1% YoY, with MFI loans/Housing portfolio growing by 7%/17% YoY. The share of the MFI portfolio moderated QoQ to ~63% of total AUM. In MFI, disbursements grew 13% QoQ to ~INR230b.
- Deposits rose 24% YoY to INR963b, though the CASA ratio moderated to 41.6% from 45.6% in 3QFY22. Retail deposits mix moderated to 77%.
- On the asset quality front, slippages moderated to INR13.7b v/s INR34b in 3QFY22. This, coupled with higher recoveries and write-offs, resulted in a sharp improvement in asset quality. GNPA/NNPA ratio moderated 435bp/135bp QoQ to 6.5%/1.7%, with PCR ~75.5%. Collection efficiency (excluding NPAs) in the MFI portfolio improved to 97% in 4QFY22, with 97%/93% efficiency for West Bengal/Assam. The outstanding restructured book fell to ~INR54b (5.8% of loans), while SMA overdue in the MFI portfolio contracted to 6.5% from ~11% in 3QFY22.

Highlights from the management commentary

- The EEB stress pool has declined to INR119b v/s INR170b in 3QFY22. Coverage on this book has increased to 58.5% v/s 54% in 3QFY22.
- Total slippages stood at INR13.7b in 4QFY22, with the EEB book at INR11.81b. Total recoveries and upgrades stood at INR23.85b in 4QFY22, with an EEB of INR22.04b.
- Advances are expected to grow at 20-25%, with Home loans slightly higher.

Valuation and view

BANDHAN has reported a strong all-round performance, with an improvement in collection efficiency aiding a sharp improvement in asset quality, while business growth has gathered pace. The management has guided at a continued improvement in asset quality and steady trends in loan growth. Collection efficiency, excluding NPA, has improved to 99% (in Mar'22), while SMA overdue has declined to ~6.5% from 11% in 3QFY22. Collection efficiency, including arrears, has increased to 150% in 4QFY22. We raise our FY23/FY24 earnings sharply by 23%/17%, factoring in lower credit cost and a recovery in growth. **We maintain our Neutral rating with an increased TP of INR350 per share (based on 2.2x FY24E BV).**

Quarterly performance

Y/E March	FY21				FY22				FY21	FY22	FY22E	(INR m) Var.
	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4Q				
Net Interest Income	18.1	19.2	20.7	17.6	21.1	19.4	21.2	25.4	75.6	87.1	22.9	11%
Change (YoY %)	15.0	25.8	34.5	4.6	16.7	0.6	2.6	44.6	19.6	15.2	30.2	
Other Income	3.9	3.7	5.6	7.0	6.0	5.3	7.1	9.6	21.1	28.2	7.0	38%
Total Income	22.0	22.9	26.3	24.6	27.1	24.6	28.4	35.0	96.7	115.4	29.9	17%
Operating Expenses	6.1	6.8	7.1	8.1	7.8	8.8	8.9	9.8	28.2	35.2	9.6	2%
Operating Profit	15.8	16.1	19.2	16.4	19.4	15.8	19.5	25.2	68.6	80.1	20.3	24%
Change (YoY %)	16.9	23.4	52.2	8.0	22.3	-1.7	1.4	53.5	25.9	16.9	17.2	
Provisions	8.5	3.8	10.8	15.1	14.4	56.1	8.1	0.0	39.1	78.8	7.4	-99%
Profit Before Tax	7.4	12.3	8.5	1.4	5.0	-40.3	11.4	25.2	29.5	1.3	12.8	96%
Tax	1.9	3.1	2.1	0.3	1.2	-10.2	2.9	6.1	7.4	0.0	3.4	83%
Net Profit	5.5	9.2	6.3	1.0	3.7	-30.1	8.6	19.0	22.1	1.3	9.5	100%
Change (YoY %)	-31.6	-5.3	-13.5	-80.1	-32.1	NM	35.8	NM	-27.1	-94.3	821.2	
Operating Parameters												
Deposits (INR b)	606	661	712	780	773	819	845	963	780	963	897	7%
Loans (INR b)	697	733	768	816	748	745	803	940	816	940	862	9%
Deposit Growth (%)	38.7	34.4	29.6	36.6	27.6	23.8	18.7	23.5	36.6	23.5	15.0	-854
Loan Growth (%)	68.1	22.6	26.7	22.5	7.2	1.6	4.6	15.1	22.5	15.1	5.6	-953
Asset Quality												
Gross NPA (%)	1.4	1.2	1.1	6.8	8.2	10.8	10.8	6.5	6.8	6.5	10.8	432
Net NPA (%)	0.5	0.4	0.3	3.5	3.3	3.0	3.0	1.7	3.5	1.7	2.8	117
PCR (%)	66.6	70.0	76.6	50.3	61.8	74.1	74.4	75.5	50.3	75.5	73.7	-177

E:MOFSL estimates

Quarterly snapshot

	FY20				FY21				FY22				Change (%)	
	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4Q	YoY	QoQ
Profit & Loss, INR m														
Interest Income	26,313	26,903	27,176	28,463	30,181	31,976	33,078	30,007	34,100	31,809	34,087	38,716	29	14
Loans	22,817	23,702	23,711	24,632	26,220	27,925	29,068	25,705	29,904	27,777	29,753	34,404	34	16
Investment	1,902	1,955	2,006	2,465	2,292	2,723	3,158	3,568	3,414	3,394	3,944	4,031	13	2
Others	1,594	1,246	1,459	1,365	1,669	1,328	852	733	781	638	389	281	-62	-28
Interest Expenses	10,567	11,612	11,774	11,663	12,066	12,745	12,361	12,437	12,959	12,455	12,840	13,317	7	4
Net Interest Income	15,746	15,290	15,403	16,800	18,115	19,231	20,717	17,570	21,141	19,354	21,247	25,398	45	20
Other Income	3,310	3,603	3,577	5,002	3,868	3,668	5,623	7,004	6,001	5,272	7,123	9,644	38	35
Total Income	19,056	18,893	18,980	21,802	21,983	22,899	26,341	24,575	27,142	24,626	28,370	35,042	43	24
Operating Expenses	5,505	5,824	6,341	6,595	6,141	6,773	7,109	8,146	7,759	8,778	8,868	9,829	21	11
Employee	3,318	3,327	3,405	3,621	3,894	4,148	4,348	4,257	4,998	5,457	5,190	5,704	34	10
Others	2,187	2,497	2,936	2,975	2,247	2,625	2,761	3,889	2,761	3,321	3,678	4,125	6	12
Operating Profit	13,551	13,069	12,639	15,207	15,842	16,126	19,232	16,429	19,382	15,848	19,501	25,214	53	29
Provisions	1,254	1,455	2,949	8,274	8,491	3,796	10,778	15,077	14,420	56,135	8,057	47	-100	-99
PBT	12,297	11,614	9,690	6,933	7,351	12,330	8,454	1,352	4,962	-40,287	11,444	25,167	NM	120
Taxes	4,261	1,896	2,380	1,760	1,853	3,130	2,128	321	1,231	-10,201	2,855	6,143	NM	115
PAT	8,036	9,718	7,310	5,173	5,498	9,200	6,326	1,030	3,731	-30,086	8,590	19,023	NM	121
Balance Sheet, INR b														
Deposits	437	492	549	571	606	661	712	780	773	819	845	963	24	14
Loans	415	598	606	666	697	733	768	816	748	745	803	940	15	17
Asset Quality, INR m														
GNPA	10,197	10,642	11,820	9,928	10,067	8,740	8,592	57,578	64,404	87,636	94,416	63,800	11	-32
NNPA	3,475	3,369	4,914	3,894	3,358	2,625	2,013	28,610	24,579	22,658	24,131	15,642	-45	-35
Ratios (%)														
- Asset Quality Ratios	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4Q	YoY	QoQ
GNPA (%)	1.7	1.8	1.9	1.5	1.4	1.2	1.1	6.8	8.2	10.8	10.8	6.5	-35	-435
NNPA (%)	0.6	0.6	0.8	0.6	0.5	0.4	0.3	3.5	3.3	3.0	3.0	1.7	-185	-135
PCR (Cal., %)	65.9	68.3	58.4	60.8	66.6	70.0	76.6	50.3	61.8	74.1	74.4	75.5	2,517	104
- Business Ratios														
Cost-to-Core Income	28.9	30.8	33.4	30.3	27.9	29.6	27.0	33.1	28.6	35.6	31.3	28.0	-510	-321
Tax Rate	34.6	16.3	24.6	25.4	25.2	25.4	25.2	23.8	24.8	25.3	24.9	24.4	63	-53
CASA (%)	36.1	32.9	34.3	36.8	37.1	38.2	42.9	43.4	42.9	44.6	45.6	41.6	-178	-399
Loan/Deposit	94.9	121.5	110.4	116.7	115.1	110.9	107.8	104.7	96.7	91.0	95.0	97.6	-711	255
- Profitability Ratios														
RoA	4.9	4.8	3.5	2.4	2.3	3.6	2.4	0.4	1.3	-10.6	2.8	6.0	560	320
RoE	24.4	28.3	20.0	13.7	14.1	22.5	14.6	2.4	8.5	0.0	22.2	46.5	4,410	2,430
Yield	15.7	14.2	14.0	13.8	13.6	13.3	13.3	11.6	13.7	12.4	12.6	13.3	170	70
Cost of Funds	6.6	7.2	7.2	6.7	6.4	6.2	6.0	5.7	5.7	5.3	5.2	5.1	-60	-10
Margins	10.5	8.2	7.9	8.1	8.2	8.0	8.3	6.8	8.5	7.6	7.8	8.7	190	90
Other Details														
Branches	999	1,000	1,009	1,018	1,018	1,045	1,107	1,147	1,152	1,168	1,176	1,189	42	13
ATM	481	485	485	485	485	487	487	487	487	487	489	471	-16	-18



Highlights of the management commentary

Asset quality

- Collection efficiency ex of NPA/arrears in EEB stands at 99% in Mar'22
- Among states, Collection efficiency ex of NPA/arrears in West Bengal/Assam stands at 99%/98%
- 89% of NPA customers are paying in Mar'22
- 59% of restructured customers are paying in Mar'22
- DPD across all buckets have declined, which has almost halved QoQ
- DPD book is nearing the pre-COVID levels

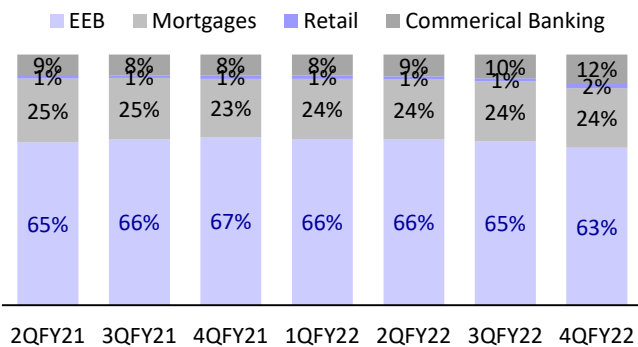
- The EEB stress pool has declined to INR119b v/s INR170b in 3QFY22. Coverage on this book has increased to 58.5% v/s 54% in 3QFY22. This is excluding the Assam relief package
- The recoveries from CGFMU scheme should come in FY23 with 50% of the entire recovery to happen in 1HFY23
- In a steady state, credit cost is expected to be 2-2.25%. However, the bank will continue to make buffer provisions, which can increase the credit cost a bit higher
- Total slippages stood INR13.65 in 4QFY22, with the EEB book at INR11.81b
- Total recoveries and upgrades stood at INR23.85b in 4QFY22, with EEB at INR22.04b
- Total slippages stood INR94.3b in FY22, with the EEB book at INR81.34b
- Total recoveries and upgrades stood at INR55.61b in FY22, with EEB at INR44.87b
- Total write-offs for FY22 was INR32.47b with EEB write-offs of INR32.44b
- NPA in the individual EEB portfolio stands at ~1%
- Additional standard assets provisions for 4QFY22 stood at INR2.25b
- Total EEB stands at INR624b with West Bengal (INR253.15b), Assam (INR58.12b), Bihar (INR65.97b) and UP (INR53.2b)
- Around 50% of the restructured book will emerge from the moratorium from 1st Apr'22, while the rest of the book will emerge from 1st Jul'22

Balance sheet and P&L

- Signs of revival are witnessing with credit demand coming back strongly
- Customers who have postponed the loans and have now availed the same
- MFI business is seeing strong disbursements trends and the same is likely to remain healthy
- The housing loan portfolio is performing well and is witnessing strong disbursals trends. Ticket size has also increased within this book
- The bank's diversification target of FY25, as disclosed earlier, is now expected to be achieved by FY26
- The mix of secured loans is likely to reach 46% by FY25 and further to 50% by FY26
- PSLC income for FY22 stands at INR6.58b
- Total advances are expected to grow at 20-25%, with Home loan slightly higher
- Yields on home loans would be ~10%
- Around 60%/40% of the EEB book has a maturity period of two years/one year.
- Average ticket size in Home loans stands at INR0.9m, while ticket size on incremental disbursements is ~INR1.3m

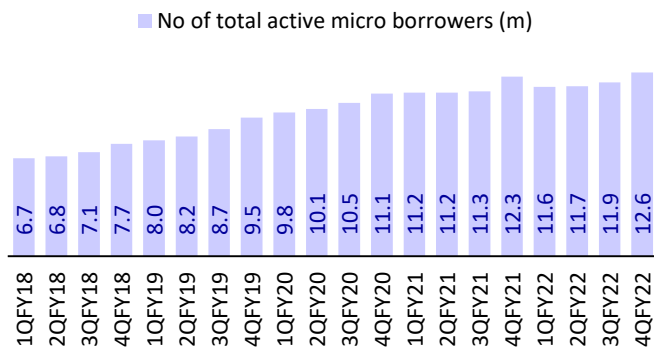
Key exhibits

Exhibit 1: Portfolio mix (%)



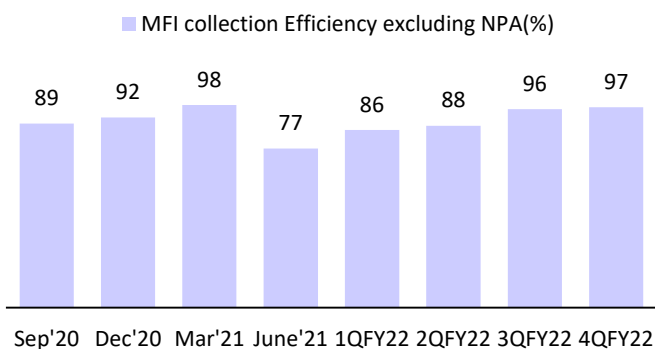
Source: MOFSL, Company

Exhibit 2: Active MFI borrower base



Source: MOFSL, Company

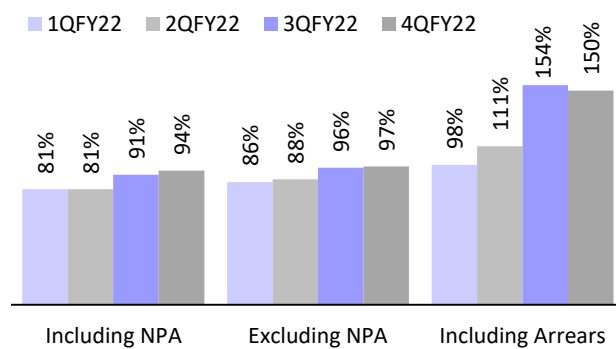
Exhibit 3: MFI collection efficiency (excluding NPAs) at 97% in 4QFY22



Excluding NPA

Source: MOFSL, Company

Exhibit 4: MFI collection efficiency – a QoQ comparison



Source: MOFSL, Company

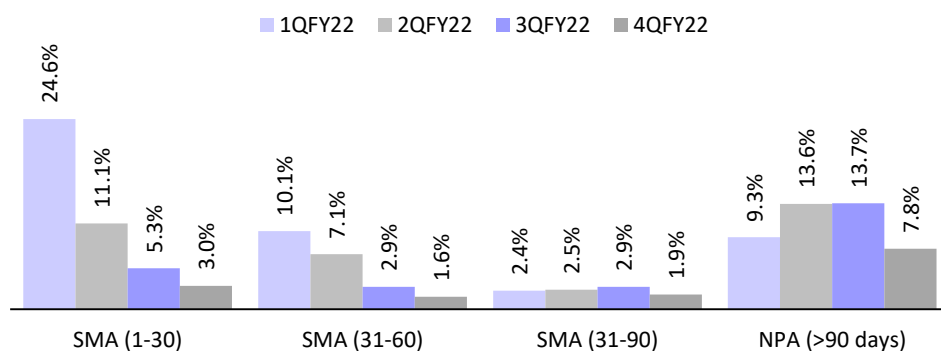
Exhibit 5: Collection efficiency in key states

Collection Efficiency of top states

States	For the month of Dec'21	For the month of Mar'22	For Q3 FY 22	For Q4 FY 22
West Bengal	97%	99%	96%	97%
Assam	96%	98%	91%	93%
Rest of India	98%	99%	97%	97%
Total	97%	99%	96%	97%

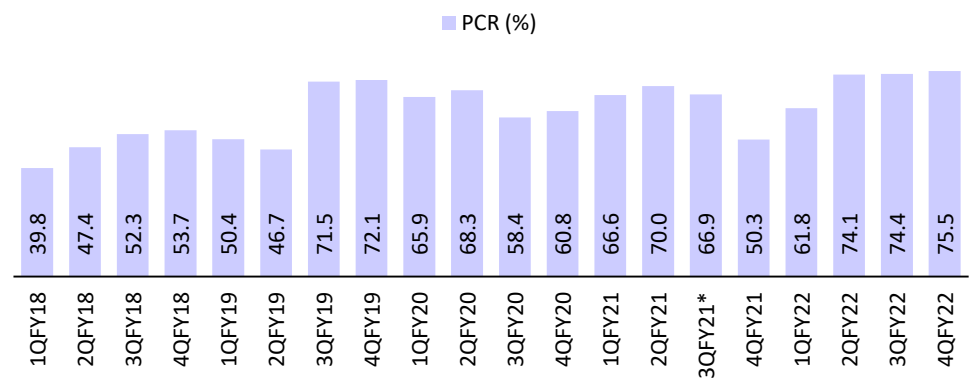
Source: MOSL, Company

Exhibit 6: MFI portfolio – asset quality trends across buckets



Source: MOSL, Company

Exhibit 7: Provision coverage ratio improves to ~75.5%



Source: MOFSL, Company

Exhibit 8: DuPont Analysis: Return ratios to pick up strongly from FY23 onwards

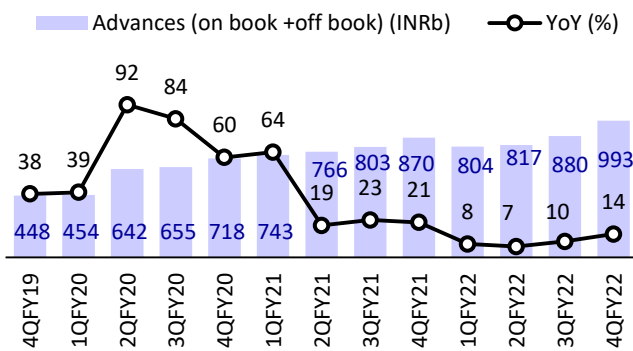
	FY18	FY19	FY20	FY21	FY22	FY23E	FY24E
Net Interest Income	8.1	8.9	8.5	7.3	6.9	6.5	6.8
Other Income	1.9	2.1	2.1	2.0	2.2	2.2	2.1
Total Income	10.0	11.0	10.6	9.4	9.1	8.6	8.9
Operating Expenses	3.5	3.6	3.3	2.7	2.8	2.8	2.7
Employees	1.8	2.0	1.8	1.6	1.7	1.7	1.7
Others	1.7	1.6	1.4	1.1	1.1	1.1	1.1
Operating Profit	6.5	7.4	7.4	6.6	6.3	5.8	6.2
Core operating Profit	6.4	7.4	7.2	6.3	6.0	5.5	5.9
Provisions	1.0	1.5	1.9	3.8	6.2	2.0	1.8
NPA	0.6	1.3	0.8	4.2	6.2	1.8	1.6
Others	0.4	0.1	1.1	-0.4	0.0	0.2	0.2
PBT	5.5	6.0	5.5	2.9	0.1	3.8	4.4
Tax	1.9	2.1	1.4	0.7	0.0	1.0	1.1
RoA	3.6	3.9	4.1	2.1	0.1	2.8	3.3
Leverage (x)	5.4	4.9	5.6	6.3	7.3	8.0	8.0
RoE	19.5	19.0	22.9	13.5	0.7	22.8	26.1

Exhibit 9: Raise our FY23/FY24 estimate sharply (~23%/17%) as we build in higher loan growth and lower credit cost

INR b	Old estimates		New estimates		Change (%/bp)	
	FY23	FY24	FY23	FY24	FY23	FY24
Net Interest Income	95.4	117.6	99.1	127.2	3.8	8.1
Other Income	31.5	39.4	33.3	40.0	5.8	1.6
Total Income	126.9	157.0	132.4	167.1	4.3	6.5
Operating Expenses	43.6	54.1	42.7	51.2	-2.0	-5.2
Operating Profit	83.3	102.9	89.7	115.9	7.6	12.6
Provisions	35.8	32.4	31.2	33.6	-13.0	3.5
PBT	47.5	70.5	58.5	82.3	23.2	16.8
PAT	35.5	52.7	43.7	61.6	23.2	16.8
Loans	1,041	1,293	1,165	1,454	11.9	12.5
Deposits	1,085	1,345	1,194	1,493	10.1	11.0
Credit Cost (%)	3.5	2.5	2.7	2.3	-0.8	-0.2
EPS	22.0	32.7	27.2	38.2	23.2	16.8
BV	117.9	144.8	130.4	162.7	10.5	12.4
ABV	107.8	135.0	124.5	157.1	15.5	16.3

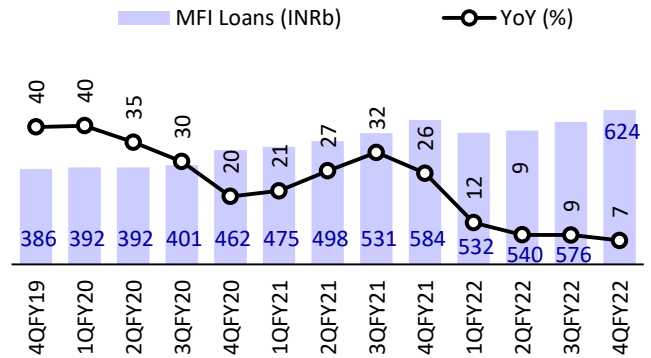
Story in charts

Exhibit 10: AUM grew 14% YoY and 13% QoQ



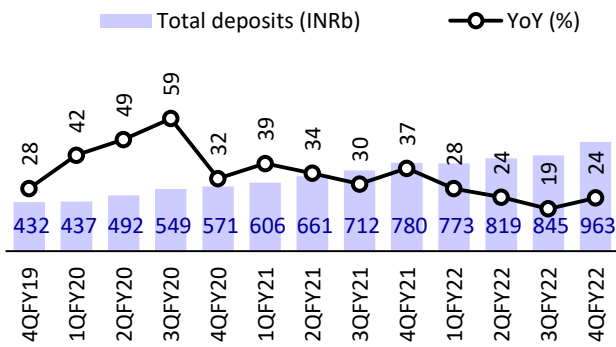
2QFY20-1QFY21 growth not comparable due to merger
Source: MOFSL, Company

Exhibit 11: MFI loans rose 7% YoY and 8% QoQ



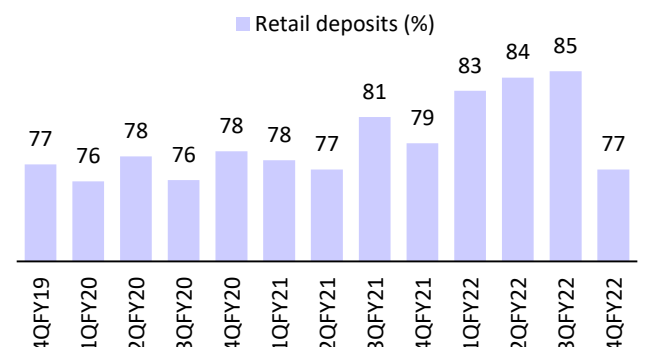
Source: MOFSL, Company

Exhibit 12: Total deposits up ~24% YoY to INR963b



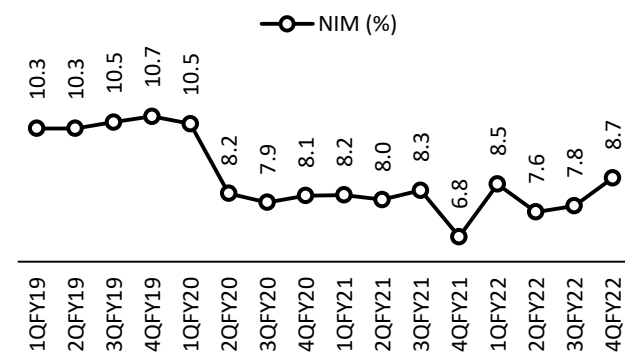
Source: MOFSL, Company

Exhibit 13: Share of Retail deposits moderates to 77%



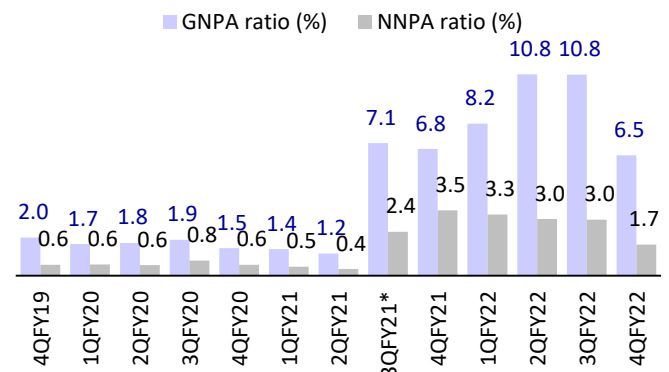
Source: MOFSL, Company

Exhibit 14: Margin improves 90bp QoQ to 8.7%



Source: MOFSL, Company

Exhibit 15: Asset quality ratios improve sharply, with GNPA/NNPA ratio declining by 435bp/135bp QoQ



3QFY21 based on pro forma numbers

Source: MOFSL, Company

Financials and valuations

Income Statement							(INR b)	
Y/E March	FY18	FY19	FY20	FY21	FY22	FY23E	FY24E	
Interest Income	48.0	66.4	108.9	125.2	138.7	182.4	230.4	
Interest Expense	17.7	21.5	45.6	49.6	51.6	83.3	103.2	
Net Interest Income	30.3	45.0	63.2	75.6	87.1	99.1	127.2	
Growth (%)	26.2	48.3	40.7	19.6	15.2	13.7	28.4	
Non-Interest Income	7.1	10.6	15.5	21.1	28.2	33.3	40.0	
Total Income	37.4	55.6	78.7	96.7	115.4	132.4	167.1	
Growth (%)	32.8	48.7	41.6	22.9	19.3	14.7	26.3	
Operating Expenses	13.1	18.1	24.3	28.2	35.2	42.7	51.2	
Pre-Provision Profit	24.3	37.5	54.5	68.6	80.1	89.7	115.9	
Growth (%)	35.5	54.2	45.3	25.9	16.9	11.9	29.2	
Core PPOP	23.8	37.1	53.3	65.5	76.4	85.2	110.6	
Growth (%)	34.6	55.7	43.7	22.8	16.7	11.5	29.7	
Provisions (excl. tax)	3.7	7.4	13.9	39.1	78.8	31.2	33.6	
PBT	20.6	30.1	40.5	29.5	1.3	58.5	82.3	
Tax	7.1	10.6	10.3	7.4	0.0	14.7	20.7	
Tax Rate (%)	34.6	35.2	25.4	25.2	2.2	25.2	25.2	
PAT	13.5	19.5	30.2	22.1	1.3	43.7	61.6	
Growth (%)	21.0	45.0	54.9	-27.1	-94.3	NM	40.8	
Balance Sheet								
Y/E March	FY18	FY19	FY20	FY21	FY22	FY23E	FY24E	
Equity Share Capital	11.9	11.9	16.1	16.1	16.1	16.1	16.1	
Reserves and Surplus	81.9	100.1	135.9	158.0	157.7	193.9	246.0	
Net Worth	93.8	112.0	152.0	174.1	173.8	210.0	262.1	
Deposits	338.7	432.3	570.8	779.7	963.3	1,194.5	1,493.1	
Growth (%)	45.8	27.6	32.0	36.6	23.5	24.0	25.0	
of which CASA Deposits	116.2	176.2	210.3	338.3	400.8	556.6	704.8	
Growth (%)	70.0	51.6	19.4	60.9	18.5	38.9	26.6	
Borrowings	2.9	5.2	163.8	169.6	199.2	223.1	256.6	
Other Liabilities and Prov.	7.7	14.9	30.6	26.5	52.3	55.0	64.8	
Total Liabilities	443.1	564.4	917.2	1,149.9	1,388.7	1,682.6	2,076.6	
Current Assets	55.1	58.0	83.5	61.9	93.2	75.7	84.9	
Investments	83.7	100.4	153.5	251.6	290.8	351.9	418.7	
Growth (%)	51.8	19.9	52.9	63.9	15.6	21.0	19.0	
Loans	297.1	396.4	666.3	816.1	939.7	1,164.5	1,454.4	
Growth (%)	76.5	33.4	68.1	22.5	15.1	23.9	24.9	
Fixed Assets	2.4	3.3	3.7	4.9	5.9	6.6	7.4	
Other Assets	4.8	6.3	10.1	15.5	59.0	83.9	111.3	
Total Assets	443.1	564.4	917.2	1,149.9	1,388.7	1,682.6	2,076.6	
Asset Quality								
Y/E March	FY18	FY19	FY20	FY21	FY22	FY23E	FY24E	
GNPA	3.7	8.2	9.9	57.6	63.8	54.9	51.9	
NNPA	1.7	2.3	3.9	28.6	15.6	13.4	13.0	
GNPA Ratio	1.2	2.0	1.5	6.8	6.5	4.6	3.5	
NNPA Ratio	0.6	0.6	0.6	3.5	1.7	1.2	0.9	
Credit Cost	1.0	1.9	2.6	5.3	9.0	2.7	2.3	
PCR (Excl. Tech. write-off)	53.7	72.1	60.8	50.3	75.5	75.5	75.0	

Financials and valuations

Ratios

Y/E March	FY18	FY19	FY20	FY21	FY22	FY23E	FY24E
Spread Analysis (%)							
Avg. Yield on Earning Assets	13.9	14.2	15.4	12.6	11.6	12.8	13.1
Avg. Yield on loans	16.4	16.5	17.9	14.7	13.9	15.2	15.5
Avg. Yield on Investments	7.1	6.7	6.6	5.9	5.5	6.5	6.6
Avg. Cost on Int. Bear. Liab.	6.5	6.0	8.3	6.2	5.1	6.8	7.0
Avg. Cost of Deposits	5.9	5.4	6.6	5.9	5.5	5.5	5.6
Interest Spread	7.5	8.2	7.2	6.4	6.5	6.0	6.2
Net Interest Margin	8.8	9.6	9.0	7.6	7.3	7.0	7.2

Capitalization Ratios (%)

CAR	31.5	29.2	27.4	23.5	20.1	19.3	18.9
Tier I	30.3	27.9	25.2	22.5	18.9	18.6	18.4
Tier II	1.2	1.3	2.2	1.0	1.2	0.7	0.5

Business and Efficiency Ratios (%)

Loans/Deposit Ratio	87.7	91.7	116.7	104.7	97.6	97.5	97.4
CASA Ratio	34.3	40.8	36.8	43.4	41.6	46.6	47.2
Cost/Assets	3.0	3.2	2.6	2.4	2.5	2.5	2.5
Cost/Total Income	35.0	32.6	30.8	29.1	30.5	32.3	30.7
Cost/Core income	35.4	32.8	31.3	30.1	31.6	33.4	31.7
Int. Expense/Int. Income	36.9	32.3	41.9	39.6	37.2	45.7	44.8
Fee Income/Total Income	17.7	18.4	18.2	18.6	21.3	21.8	20.7
Non Int. Inc./Total Income	18.9	19.1	19.7	21.8	24.5	25.2	23.9
Emp. Cost/Total Expense	52.6	55.7	56.3	59.1	60.6	61.0	61.0
Investment/Deposit Ratio	24.7	23.2	26.9	32.3	30.2	29.5	28.0

Profitability Ratios and Valuation

RoE	19.5	19.0	22.9	13.5	0.7	22.8	26.1
RoA	3.6	3.9	4.1	2.1	0.1	2.8	3.3
RoRWA	5.5	5.6	6.2	3.3	0.2	4.4	4.9
Book Value (INR)	79	94	94	108	108	130	163
Growth (%)	93.7	19.4	0.5	14.5	-0.2	20.8	24.8
Price-to-BV (x)	4.0	3.4	3.4	2.9	2.9	2.4	2.0
Adjusted BV (INR)	78	93	93	96	101	125	157
Price-to-ABV (x)	4.1	3.4	3.4	3.3	3.1	2.5	2.0
EPS (INR)	11.8	16.4	21.6	13.7	0.8	27.2	38.2
Growth (%)	15.8	39.1	31.9	-36.5	-94.3	NM	40.8
Price-to-Earnings (x)	27.0	19.4	14.7	23.2	NM	11.7	8.3

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

*In case the recommendation given by the Research Analyst is inconsistent with the investment rating legend for a continuous period of 30 days, the Research Analyst shall within following 30 days take appropriate measures to make the recommendation consistent with the investment rating legend.

Disclosures

The following Disclosures are being made in compliance with the SEBI Research Analyst Regulations 2014 (herein after referred to as the Regulations).

Motilal Oswal Financial Services Ltd. (MOFSL) is a SEBI Registered Research Analyst having registration no. INH000000412. MOFSL, the Research Entity (RE) as defined in the Regulations, is engaged in the business of providing Stock broking services, Investment Advisory Services, Depository participant services & distribution of various financial products. MOFSL is a subsidiary company of Passionate Investment Management Pvt. Ltd.. (PIMPL). MOFSL is a listed public company, the details in respect of which are available on www.motilaloswal.com. MOFSL (erstwhile Motilal Oswal Securities Limited - MOSL) is registered with the Securities & Exchange Board of India (SEBI) and is a registered Trading Member with National Stock Exchange of India Ltd. (NSE) and Bombay Stock Exchange Limited (BSE), Multi Commodity Exchange of India Limited (MCX) and National Commodity & Derivatives Exchange Limited (NCDEX) for its stock broking activities & is Depository participant with Central Depository Services Limited (CDSL) National Securities Depository Limited (NSDL), NERL, COMRIS and CCRL and is member of Association of Mutual Funds of India (AMFI) for distribution of financial products and Insurance Regulatory & Development Authority of India (IRDA) as Corporate Agent for insurance products. Details of associate entities of Motilal Oswal Financial Services Limited are available on the website at <http://onlinereports.motilaloswal.com/Dormant/documents/List%20of%20Associate%20companies.pdf>

MOFSL and its associate company(ies), their directors and Research Analyst and their relatives may; (a) from time to time, have a long or short position in, act as principal in, and buy or sell the securities or derivatives thereof of companies mentioned herein. (b) be engaged in any other transaction involving such securities and earn brokerage or other compensation or act as a market maker in the financial instruments of the company(ies) discussed herein or act as an advisor or lender/borrower to such company(ies) or may have any other potential conflict of interests with respect to any recommendation and other related information and opinions.; however the same shall have no bearing whatsoever on the specific recommendations made by the analyst(s), as the recommendations made by the analyst(s) are completely independent of the views of the associates of MOFSL even though there might exist an inherent conflict of interest in some of the stocks mentioned in the research report

MOFSL and / or its affiliates do and seek to do business including investment banking with companies covered in its research reports. As a result, the recipients of this report should be aware that MOFSL may have a potential conflict of interest that may affect the objectivity of this report. Compensation of Research Analysts is not based on any specific merchant banking, investment banking or brokerage service transactions. Details of pending Enquiry Proceedings of Motilal Oswal Financial Services Limited are available on the website at <https://galaxy.motilaloswal.com/ResearchAnalyst/PublishViewLitigation.aspx>

A graph of daily closing prices of securities is available at www.nseindia.com, www.bseindia.com. Research Analyst views on Subject Company may vary based on Fundamental research and Technical Research. Proprietary trading desk of MOFSL or its associates maintains arm's length distance with Research Team as all the activities are segregated from MOFSL research activity and therefore it can have an independent view with regards to Subject Company for which Research Team have expressed their views.

Regional Disclosures (outside India)

This report is not directed or intended for distribution to or use by any person or entity resident in a state, country or any jurisdiction, where such distribution, publication, availability or use would be contrary to law, regulation or which would subject MOFSL & its group companies to registration or licensing requirements within such jurisdictions.

For Hong Kong:

This report is distributed in Hong Kong by Motilal Oswal capital Markets (Hong Kong) Private Limited, a licensed corporation (CE AYY-301) licensed and regulated by the Hong Kong Securities and Futures Commission (SFC) pursuant to the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong) "SFO". As per SEBI (Research Analyst Regulations) 2014 Motilal Oswal Securities (SEBI Reg No. INH000000412) has an agreement with Motilal Oswal capital Markets (Hong Kong) Private Limited for distribution of research report in Hong Kong. This report is intended for distribution only to "Professional Investors" as defined in Part I of Schedule 1 to SFO. Any investment or investment activity to which this document relates is only available to professional investor and will be engaged only with professional investors." Nothing here is an offer or solicitation of these securities, products and services in any jurisdiction where their offer or sale is not qualified or exempt from registration. The Indian Analyst(s) who compile this report is/are not located in Hong Kong & are not conducting Research Analysis in Hong Kong.

For U.S.

Motilal Oswal Financial Services Limited (MOFSL) is not a registered broker - dealer under the U.S. Securities Exchange Act of 1934, as amended (the "1934 act") and under applicable state laws in the United States. In addition MOFSL is not a registered investment adviser under the U.S. Investment Advisers Act of 1940, as amended (the "Advisers Act" and together with the 1934 Act, the "Acts"), and under applicable state laws in the United States. Accordingly, in the absence of specific exemption under the Acts, any brokerage and investment services provided by MOFSL, including the products and services described herein are not available to or intended for U.S. persons. This report is intended for distribution only to "Major Institutional Investors" as defined by Rule 15a-6(b)(4) of the Exchange Act and interpretations thereof by SEC (henceforth referred to as "major institutional investors"). This document must not be acted on or relied on by persons who are not major institutional investors. Any investment or investment activity to which this document relates is only available to major institutional investors and will be engaged in only with major institutional investors. In reliance on the exemption from registration provided by Rule 15a-6 of the U.S. Securities Exchange Act of 1934, as amended (the "Exchange Act") and interpretations thereof by the U.S. Securities and Exchange Commission ("SEC") in order to conduct business with Institutional Investors based in the U.S., MOFSL has entered into a chaperoning agreement with a U.S. registered broker-dealer, Motilal Oswal Securities International Private Limited. ("MOSIPL"). Any business interaction pursuant to this report will have to be executed within the provisions of this chaperoning agreement.

The Research Analysts contributing to the report may not be registered /qualified as research analyst with FINRA. Such research analyst may not be associated persons of the U.S. registered broker-dealer, MOSIPL, and therefore, may not be subject to NASD rule 2711 and NYSE Rule 472 restrictions on communication with a subject company, public appearances and trading securities held by a research analyst account.

For Singapore

In Singapore, this report is being distributed by Motilal Oswal Capital Markets Singapore Pte Ltd ("MOCMSPL") (Co.Reg. NO. 201129401Z) which is a holder of a capital markets services license and an exempt financial adviser in Singapore. As per the approved agreement under Paragraph 9 of Third Schedule of Securities and Futures Act (CAP 289) and Paragraph 11 of First Schedule of Financial Advisors Act (CAP 110) provided to MOCMSPL by Monetary Authority of Singapore. Persons in Singapore should contact MOCMSPL in respect of any matter arising from, or in connection with this report/publication/communication. This report is distributed solely to persons who qualify as "Institutional Investors", of which some of whom may consist of "accredited" institutional investors as defined in section 4A(1) of the Securities and Futures Act, Chapter 289 of Singapore ("the SFA"). Accordingly, if a Singapore person is not or ceases to be such an institutional investor, such Singapore Person must immediately discontinue any use of this Report and inform MOCMSPL.

Specific Disclosures

- 1 MOFSL, Research Analyst and/or his relatives does not have financial interest in the subject company, as they do not have equity holdings in the subject company.
- 2 MOFSL, Research Analyst and/or his relatives do not have actual/beneficial ownership of 1% or more securities in the subject company
- 3 MOFSL, Research Analyst and/or his relatives have not received compensation/other benefits from the subject company in the past 12 months
- 4 MOFSL, Research Analyst and/or his relatives do not have material conflict of interest in the subject company at the time of publication of research report
- 5 Research Analyst has not served as director/officer/employee in the subject company
- 6 MOFSL has not acted as a manager or co-manager of public offering of securities of the subject company in past 12 months
- 7 MOFSL has not received compensation for investment banking/ merchant banking/brokerage services from the subject company in the past 12 months
- 8 MOFSL has not received compensation for other than investment banking/merchant banking/brokerage services from the subject company in the past 12 months
- 9 MOFSL has not received any compensation or other benefits from third party in connection with the research report
- 10 MOFSL has not engaged in market making activity for the subject company

The associates of MOFSL may have:

- financial interest in the subject company
- actual/beneficial ownership of 1% or more securities in the subject company
- received compensation/other benefits from the subject company in the past 12 months
- other potential conflict of interests with respect to any recommendation and other related information and opinions.; however the same shall have no bearing whatsoever on the specific recommendations made by the analyst(s), as the recommendations made by the analyst(s) are completely independent of the views of the associates of MOFSL even though there might exist an inherent conflict of interest in some of the stocks mentioned in the research report.
- acted as a manager or co-manager of public offering of securities of the subject company in past 12 months
- be engaged in any other transaction involving such securities and earn brokerage or other compensation or act as a market maker in the financial instruments of the company(ies) discussed herein or act as an advisor or lender/borrower to such company(ies)
- received compensation from the subject company in the past 12 months for investment banking / merchant banking / brokerage services or from other than said services.

The associates of MOFSL has not received any compensation or other benefits from third party in connection with the research report

Above disclosures include beneficial holdings lying in demat account of MOFSL which are opened for proprietary investments only. While calculating beneficial holdings, It does not consider demat accounts which are opened in name of MOFSL for other purposes (i.e holding client securities, collaterals, error trades etc.). MOFSL also earns DP income from clients which are not considered in above disclosures.

Analyst Certification

The views expressed in this research report accurately reflect the personal views of the analyst(s) about the subject securities or issues, and no part of the compensation of the research analyst(s) was, is, or will be directly or indirectly related to the specific recommendations and views expressed by research analyst(s) in this report.

Terms & Conditions:

This report has been prepared by MOFSL and is meant for sole use by the recipient and not for circulation. The report and information contained herein is strictly confidential and may not be altered in any way, transmitted to, copied or distributed, in part or in whole, to any other person or to the media or reproduced in any form, without prior written consent of MOFSL. The report is based on the facts, figures and information that are considered true, correct, reliable and accurate. The intent of this report is not recommendatory in nature. The information is obtained from publicly available media or other sources believed to be reliable. Such information has not been independently verified and no guaranty, representation of warranty, express or implied, is made as to its accuracy, completeness or correctness. All such information and opinions are subject to change without notice. The report is prepared solely for informational purpose and does not constitute an offer document or solicitation of offer to buy or sell or subscribe for securities or other financial instruments for the clients. Though disseminated to all the customers simultaneously, not all customers may receive this report at the same time. MOFSL will not treat recipients as customers by virtue of their receiving this report.

Disclaimer:

The report and information contained herein is strictly confidential and meant solely for the selected recipient and may not be altered in any way, transmitted to, copied or distributed, in part or in whole, to any other person or to the media or reproduced in any form, without prior written consent. This report and information herein is solely for informational purpose and may not be used or considered as an offer document or solicitation of offer to buy or sell or subscribe for securities or other financial instruments. Nothing in this report constitutes investment, legal, accounting and tax advice or a representation that any investment or strategy is suitable or appropriate to your specific circumstances. The securities discussed and opinions expressed in this report may not be suitable for all investors, who must make their own investment decisions, based on their own investment objectives, financial positions and needs of specific recipient. This may not be taken in substitution for the exercise of independent judgment by any recipient. Each recipient of this document should make such investigations as it deems necessary to arrive at an independent evaluation of an investment in the securities of companies referred to in this document (including the merits and risks involved), and should consult its own advisors to determine the merits and risks of such an investment. The investment discussed or views expressed may not be suitable for all investors. Certain transactions -including those involving futures, options, another derivative products as well as non-investment grade securities - involve substantial risk and are not suitable for all investors. No representation or warranty, express or implied, is made as to the accuracy, completeness or fairness of the information and opinions contained in this document. The Disclosures of Interest Statement incorporated in this document is provided solely to enhance the transparency and should not be treated as endorsement of the views expressed in the report. This information is subject to change without any prior notice. The Company reserves the right to make modifications and alternations to this statement as may be required from time to time without any prior approval. MOFSL, its associates, their directors and the employees may from time to time, effect or have effected an own account transaction in, or deal as principal or agent in or for the securities mentioned in this document. They may perform or seek to perform investment banking or other services for, or solicit investment banking or other business from, any company referred to in this report. Each of these entities functions as a separate, distinct and independent of each other. The recipient should take this into account before interpreting the document. This report has been prepared on the basis of information that is already available in publicly accessible media or developed through analysis of MOFSL. The views expressed are those of the analyst, and the Company may or may not subscribe to all the views expressed therein. This document is being supplied to you solely for your information and may not be reproduced, redistributed or passed on, directly or indirectly, to any other person or published, copied, in whole or in part, for any purpose. This report is not directed or intended for distribution to, or use by, any person or entity who is a citizen or resident of or located in any locality, state, country or other jurisdiction, where such distribution, publication, availability or use would be contrary to law, regulation or which would subject MOFSL to any registration or licensing requirement within such jurisdiction. The securities described herein may or may not be eligible for sale in all jurisdictions or to certain category of investors. Persons in whose possession this document may come are required to inform themselves of and to observe such restriction. Neither the Firm, not its directors, employees, agents or representatives shall be liable for any damages whether direct or indirect, incidental, special or consequential including lost revenue or lost profits that may arise from or in connection with the use of the information. The person accessing this information specifically agrees to exempt MOFSL or any of its affiliates or employees from, any and all responsibility/liability arising from such misuse and agrees not to hold MOFSL or any of its affiliates or employees responsible for any such misuse and further agrees to hold MOFSL or any of its affiliates or employees free and harmless from all losses, costs, damages, expenses that may be suffered by the person accessing this information due to any errors and delays.

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.

Registration Nos.: Motilal Oswal Financial Services Limited (MOFSL)*: INZ000158836(BSE/NSE/MCX/NCDEX); CDSL and NSDL: IN-DP-16-2015; Research Analyst: INH000000412. AMFI: ARN - 146822; Investment Adviser: INA000007100; Insurance Corporate Agent: CA0579;PMS:INP000006712. Motilal Oswal Asset Management Company Ltd. (MOAMC): PMS (Registration No.: INP000000670); PMS and Mutual Funds are offered through MOAMC which is group company of MOFSL. Motilal Oswal Wealth Management Ltd. (MOWML): PMS (Registration No.: INP000004409) is offered through MOWML, which is a group company of MOFSL. Motilal Oswal Financial Services Limited is a distributor of Mutual Funds, PMS, Fixed Deposit, Bond, NCDs, Insurance Products and IPOs. Real Estate is offered through Motilal Oswal Real Estate Investment Advisors II Pvt. Ltd. which is a group company of MOFSL. Private Equity is offered through Motilal Oswal Private Equity Investment Advisors Pvt. Ltd which is a group company of MOFSL. Research & Advisory services is backed by proper research. Please read the Risk Disclosure Document prescribed by the Stock Exchanges carefully before investing. There is no assurance or guarantee of the returns. Investment in securities market is subject to market risk, read all the related documents carefully before investing. Details of Compliance Officer: Name: Neeraj Agarwal, Email ID: na@motilaloswal.com, Contact No.:022-71881085.

* 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.