

Estimate change

TP change

Rating change



Bloomberg	RBK IN
Equity Shares (m)	599
M.Cap.(INRb)/(USD\$b)	61 / 0.8
52-Week Range (INR)	226 / 101
1, 6, 12 Rel. Per (%)	-13/-39/-54
12M Avg Val (INR M)	2374

Financials & Valuations (INR b)

Y/E March	FY22	FY23E	FY24E
NII	40.3	45.5	52.0
OP	27.5	28.7	34.9
NP	-0.7	9.2	14.4
NIM (%)	4.1	4.4	4.5
EPS (INR)	-1.2	15.4	24.1
EPS Gr. (%)	NM	NM	56.3
BV/Sh. (INR)	210.5	223.0	242.6
ABV/Sh. (INR)	201.0	217.0	236.3
Ratios			
RoE (%)	-0.6	7.1	10.3
RoA (%)	-0.1	0.8	1.2
Valuations			
P/E(X)	NM	6.6	4.2
P/BV (X)	0.5	0.5	0.4
P/ABV (X)	0.5	0.5	0.4

Shareholding pattern (%)

As On	Mar-22	Dec-21	Mar-21
Promoter	0.0	0.0	0.0
DII	21.8	22.4	25.5
FII	28.2	28.9	31.9
Others	50.0	48.6	42.6
FII Includes depository receipts			

CMP: INR102

TP: INR160 (+57%)

Buy

Earnings showing signs of recovery

Asset quality improving; clarity on leadership to bestow confidence

- RBL Bank (RBK) reported an in-line quarter with net earnings up 27% QoQ to INR1.98b (+163% YoY) supported by healthy NII as NIM expanded 70bp QoQ along with controlled provisions.
- Business trends were modest with the loan book growing 3% QoQ, while the deposit book rose 7% QoQ. C/I ratio remained elevated at 60% on higher business expenses.
- Fresh slippages dipped 19% QoQ to INR6.2b – largely from the Retail portfolio (Credit Cards/MFI). GNPA/NNPA ratio improved 44bp/51bp QoQ to 4.40%/1.34%, respectively. We cut our FY23E/FY24E earnings by 10%/7% as we conservatively built in higher credit cost and opex, and await clarity on the appointment of the MD and CEO. We expect RBK to deliver an FY24E RoA/RoE of 1.2%/10.3%, respectively. **Maintain BUY with a TP of INR160.**

Business trends modest; PCR soars to ~70%

- RBK reported a PAT of INR1.98b (in line), led by healthy NII growth and controlled provisions. NII grew 25% YoY (8% beat), while core fee income declined 4% YoY. NIM, thus, expanded 70bp QoQ to 5.04% (45-50bp impact due to the recognition of interest income on restructured book). Card fees declined 12% YoY to INR2.9b, adversely impacted by reversals of INR500m. **NII grew 6% YoY in FY22, while PPOP declined 6% YoY. RBK reported a loss of INR747m in FY22.**
- Opex rose 37% YoY as the bank continues to invest in the business, resulting in an elevated C/I ratio at 60%. Consequently, PPOP declined 25% YoY to INR6.5b (in line).
- Loan book grew 3% QoQ, led by 5% growth in Wholesale loans, while Retail advances stood flat sequentially. Retail-to-Wholesale mix stood at 52:48. Within Retail, the MFI portfolio fell ~32% YoY, while Credit Cards grew 10% YoY. The share of Credit Cards and MFI stood at 30% of total loans.
- Deposits rose 7% QoQ led by 10% growth in CASA deposits. CASA ratio increased 90bp QoQ to 35.3%.
- Fresh slippages declined 19% QoQ to INR6.2b predominantly in the Retail book. GNPA/NNPA ratio improved 44bp/51bp QoQ to 4.4%/1.34%. PCR, thus, improved sharply by 750bp QoQ to ~70%. Restructured book stood at INR19.6b – 3.27% of loans v/s 3.44% QoQ. It carries provisions of INR3.8b.

Highlights from the management commentary

- Slippages breakup: Credit Cards (INR2.01b), MFI (INR1.63b), Other Retail (INR1.82b) and Wholesale (INR730m).
- Overall, the loan growth is likely to be ~15-20% for FY23E while deposits are likely to remain stable. The bank expects CD ratio to be ~85%.
- Credit cost for FY23 is forecasted to be significantly lower at ~2-2.25%.

Valuation and view

RBK reported an in-line quarter with steady improvement in asset quality, healthy growth in NII and controlled provisions. However, opex remained elevated and adversely impacted operating profit growth. On the business front, loan growth stood modest, led by Wholesale book while Retail trends were moderate. Fresh slippages have subsided, enabling an improvement in asset quality. We cut our FY23E/FY24E earnings by 10%/7% as we conservatively built in higher credit costs and opex, and await clarity on the appointment of MD and CEO. We expect RBK to deliver an FY24E RoA/RoE of 1.2%/10.3%. **We maintain our BUY rating with a TP of INR160 (premised on 0.7x FY24E ABV).**

Quarterly performance**(INR m)**

	FY21				FY22				FY21	FY22	FY22E V/s our	
	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4Q			4QE	Est
Net Interest Income	10,413	9,321	9,082	9,061	9,695	9,155	10,104	11,313	37,876	40,267	10,456	8%
% Change (Y-o-Y)	27.4	7.3	-1.6	-11.3	-6.9	-1.8	11.3	24.9	4.4	6.3	15.4	
Other Income	3,333	4,182	5,759	6,884	6,534	5,929	6,199	5,114	18,840	23,405	6,527	-22%
Total Income	13,746	13,503	14,841	15,945	16,229	15,083	16,303	16,427	56,716	63,673	16,983	-3%
Operating Expenses	6,849	6,685	6,832	7,179	8,567	8,174	9,995	9,853	27,546	36,220	10,498	-6%
Operating Profit	6,897	6,818	8,008	8,765	7,661	6,910	6,308	6,574	29,170	27,453	6,485	1%
% Change (Y-o-Y)	14.5	7.2	11.7	16.6	11.1	1.4	-21.2	-25.0	7.5	-5.9	-26.0	
Provisions	5,002	4,876	6,058	7,663	13,844	6,515	4,239	4,007	22,279	28,604	3,758	7%
Profit before Tax	1,896	1,942	1,951	1,103	-6,182	395	2,069	2,568	6,891	-1,151	2,727	-6%
Tax	483	500	480	349	-1,588	87	508	589	1,813	-404	743	-21%
Net Profit	1,412	1,442	1,471	754	-4,595	308	1,561	1,978	5,078	-747	1,984	0%
% Change (Y-o-Y)	-47.1	165.4	110.2	-34.1	NM	-78.6	6.1	162.5	0.4	NM	163.3	
Operating Parameters												
Deposit (INR b)	617.4	645.1	671.8	731.2	744.7	755.9	736.4	790.1	731.2	790.1	782.4	1%
Loan (INR b)	566.8	561.6	564.4	586.2	565.3	560.1	581.4	600.2	586.2	600.2	606.7	-1%
Deposit Growth (%)	1.5	2.7	6.8	26.5	20.6	17.2	9.6	8.0	26.5	8.0	7.0	105
Loan Growth (%)	-0.3	-4.0	-5.4	1.0	-0.3	-0.3	3.0	2.4	1.0	2.4	3.5	-111
Asset Quality												
Gross NPA (%)	3.5	3.3	1.8	4.3	5.0	5.4	4.8	4.4	4.3	4.4	4.5	-7
Net NPA (%)	1.7	1.4	0.7	2.1	2.0	2.1	1.9	1.3	2.1	1.3	1.6	-31
PCR (%)	53.2	59.4	61.7	52.3	60.9	61.7	62.9	70.4	52.3	70.4	64.2	626

Quarterly snapshot

INR m	FY20				FY21				FY22				Change (%)	
	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4Q	YoY	QoQ
Profit and Loss														
Interest Income	20,227	21,262	21,573	22,082	22,594	20,967	20,076	19,654	20,258	19,748	20,442	21,310	8	4
Loans	16,186	17,202	17,614	18,065	17,991	16,471	15,644	15,131	15,706	15,154	15,769	16,540	9	5
Investment	3,403	3,390	3,547	3,387	3,329	3,347	3,526	3,430	3,475	3,360	3,295	3,345	-2	2
Interest Expenses	12,054	12,575	12,347	11,873	12,181	11,646	10,994	10,593	10,563	10,593	10,338	9,996	-6	-3
Net Interest Income	8,173	8,687	9,227	10,210	10,413	9,321	9,082	9,061	9,695	9,155	10,104	11,313	25	12
Other Income	4,812	4,415	4,870	5,005	3,333	4,182	5,759	6,884	6,534	5,929	6,199	5,114	-26	-18
Trading profits	722	530	146	300	967	711	806	275	1,568	889	3,000	-47	-117	-102
Fee Income	4,090	3,885	4,724	4,705	2,367	3,471	4,953	6,609	4,966	5,039	3,199	5,160	-22	61
Total Income	12,985	13,102	14,096	15,215	13,746	13,503	14,841	15,945	16,229	15,083	16,303	16,427	3	1
Operating Expenses	6,960	6,744	6,929	7,696	6,849	6,685	6,832	7,179	8,567	8,174	9,995	9,853	37	-1
Employee	1,845	1,961	1,880	1,999	2,124	2,153	2,107	2,070	2,315	2,376	2,534	2,790	35	10
Others	5,114	4,783	5,049	5,697	4,725	4,532	4,725	5,110	6,252	5,797	7,461	7,063	38	-5
Operating Profits	6,026	6,358	7,167	7,519	6,897	6,818	8,008	8,765	7,661	6,910	6,308	6,574	-25	4
Core Operating Profits	5,304	5,828	7,021	7,219	5,931	6,107	7,202	8,490	6,093	6,021	3,308	6,621	-22	100
Provisions	1,970	5,333	6,228	6,012	5,002	4,876	6,058	7,663	13,844	6,515	4,239	4,007	-48	-5
PBT	4,056	1,025	939	1,508	1,896	1,942	1,951	1,103	-6,182	395	2,069	2,568	133	24
Taxes	1,386	482	239	364	483	500	480	349	-1,588	87	508	589	69	16
PAT	2,671	543	700	1,144	1,412	1,442	1,471	754	-4,595	308	1,561	1,978	163	27
Balance Sheet														
Deposits (INR b)	608	628	629	578	617	645	672	731	745	756	736	790	8	7
Loans (INR b)	568	585	596	580	567	562	564	586	565	560	581	600	2	3
Asset Quality														
GNPA	7,892	15,391	20,105	21,365	19,921	19,117	10,502	26,015	29,113	31,309	29,019	27,284	5	-6
NNPA	3,716	9,123	12,364	11,894	9,327	7,758	4,025	12,414	11,372	12,004	10,755	8,066	-35	-25
Slippages	2,250	13,770	10,480	7,090	50	1,450	0	29,980	13,420	12,170	7,660	6,190	-79	-19
Ratios (%)														
Asset Quality Ratios														
GNPA	1.4	2.6	3.3	3.6	3.5	3.3	1.8	4.3	5.0	5.4	4.8	4.4	6	-44
NNPA	0.7	1.6	2.1	2.1	1.7	1.4	0.7	2.1	2.0	2.1	1.9	1.3	-78	-51
PCR (Calc)	53	41	39	44	53	59	62	52	61	62	63	70	1,815	750
PCR (Reported)	69	58	58	64	70	75	86	72	76	77	79	0	-7,219	-7,860
Business Ratios														
Fees to Total Income	31.5	29.7	33.5	30.9	17.2	25.7	33.4	41.4	30.6	33.4	19.6	31.4	-1,004	1,179
Cost to Core Income	56.8	53.6	49.7	51.6	53.6	52.3	48.7	45.8	58.4	57.6	75.1	59.8	1,399	-1,533
Tax Rate	34.2	47.0	25.5	24.1	25.5	25.8	24.6	31.7	25.7	22.0	24.5	22.9	-873	-160
CASA mix	25.8	26.5	26.8	29.6	30.1	31.1	31.0	31.8	33.6	35.3	34.4	35.3	350	90
Loan/Deposit	93.5	93.1	94.8	100.4	91.8	87.1	84.0	80.2	75.9	74.1	79.0	76.0	-420	-298
RWA / Assets (%)	78.2	76.4	74.5	75.7	74.3	74.8	74.5	73.5	73.4	73.3	131.6	71.5	-200	-6,012
Profitability Ratios														
Yield on loans	12.0	12.1	12.3	12.5	13.0	12.3	11.5	11.2	11.6	11.3	11.3	12.2	102	96
Yield On Investments	8.1	7.4	7.3	7.3	7.0	6.5	6.1	5.7	5.7	5.7	5.9	5.9	22	2
Yield on Funds	10.7	10.7	10.6	11.1	11.5	10.5	9.7	9.1	9.3	9.6	9.9	9.9	90	2
Cost of funds	6.8	6.8	6.8	6.5	6.3	6.0	5.8	5.5	5.3	5.1	4.8	4.8	-73	-1
Margins	4.3	4.4	4.6	5.1	5.3	4.7	4.4	4.2	4.5	4.4	4.9	5.3	111	37
RoA	1.3	0.3	0.3	0.5	0.6	0.6	0.6	0.3	-1.9	0.1	0.6	0.8	45	16
RoE	13.8	2.7	3.1	4.3	5.2	5.2	4.8	2.4	-14.5	1.0	5.0	6.4	395	138
Distribution reach														
Branches	332	346	371	386	392	398	403	429	435	445	500	502	73	2
ATMS's	376	394	383	389	389	402	412	412	380	386	407	414	2	7



Highlights from the management commentary

Asset quality related

- The bank has significantly increased the PCR to 70% and remained comfortable of LGD's to be within these limits
- **Slippages breakup:** Credit Cards (INR2.01b), MFI (INR1.63b), Other Retail (INR1.82b) and Wholesale (INR730m)
- Gross restructured book was at INR19.64b v/s INR19.98b in Dec'21 while net restructured book stood at INR16.14b v/s INR17.46b in Dec'21
- The bank has used the outlay provisions for increasing the coverage on MFI and restructured book
- West Bengal and Maharashtra continue to be challenging and thus disbursement stands negligible from these segments
- **Cards Business:** Slippages at 1.5% for 4QFY22, which is expected to be less than 6% for FY23. GNPA stands at 2.4% that is likely to come down to 1.7% by FY23. Credit cost to be ~4-4.5% for FY23
- **There is no reportable divergence for FY21.**

P&L and Balance Sheet related

- Granularity of deposits base has increased and will continue to focus on increasing the mix of retail deposits
- The bank has started to focus on growth from Mar'22 onwards
- Thus, the bank expects Retail segment to be on track in FY23 and grow at a healthy pace while wholesale book is likely to be consolidated
- Retail book is likely to grow at mid-to-high 20s (25-30%) led by credit cards, MFI, housing loans, rural and vehicle finance loans
- **Segmental loans:** Cards/MFI to grow at ~35%, home loans to double while agri/tractor loans to be ~3-4x
- Wholesale book is likely to remain stable and would grow in a calibrated manner
- **Overall, the loan growth is likely to be ~15-20% for FY23 while deposits are likely to remain stable. The bank expects CD ratio to be ~85%**
- Retail fees formed ~77% of the core fee income
- **Credit cost for FY23E is likely to be significantly lower at ~2-2.25%**
- Overall, the bank expects to report ~20% CAGR over the next three years
- The increase in margin was led by recognizing the interest income on the restructured book, which added ~45-50bp in 4QFY22. Going ahead, margin is expected to be ~4.5-4.6%
- On cards fees, the bank has reversed ~INR500m worth of late payment charges and over-limit charges that pertains to the Covid period. Going ahead, fee income is likely to remain healthy
- C/I ratio is likely to remain elevated at ~60% level, as the bank continues to invest in the business
- Spends on Non-Bajaj acquired credit card was almost double than the cards acquired with Bajaj. Non-Bajaj book formed 45% in terms of loans. Overall, the RoA profiles of both the books were broadly similar
- Barring the Cards/MFI book, rest of the book would be floating in nature
- The bank is not looking to raise deposit rates at the moment
- Technology spends formed ~8% of total operating expenses

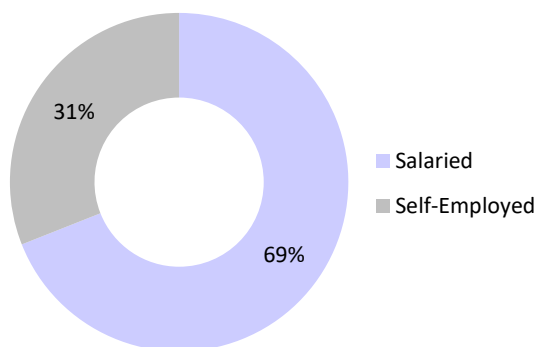
Key exhibits

Exhibit 1: Credit Cards constitute ~22% of its total loan portfolio

INR m	4QFY21	1QFY22	2QFY22	3QFY22	4QFY22	YoY	QoQ
Total spends	92,010	85,540	103,620	121,150	122,760	33.4%	1.3%
Credit Card book	126,250	124,320	128,160	134,270	133,830	6.0%	-0.3%
As a percentage of total book	21.5%	22.0%	22.9%	23.1%	22.3%		

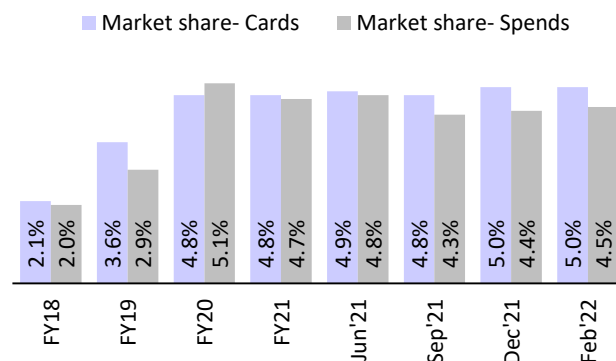
Source: MOFSL, Company

Exhibit 2: Salaried segment constitutes 69% of total Credit Card base



Source: MOFSL, Company

Exhibit 3: RBK's market share in cards and spending trends has improved in the last few months



Source: MOFSL, Company

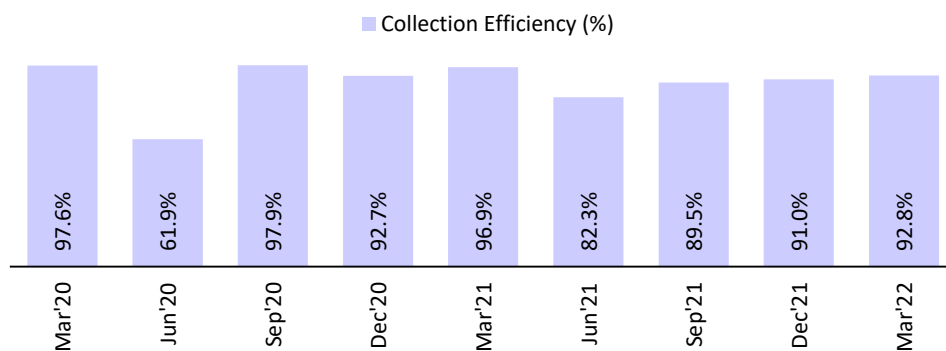
Exposure to the top three states was ~45%, while that to the top five states was ~60%

Exhibit 4: State wise exposure to the MFI book

State	4QFY22
Bihar	19%
Rajasthan	15%
Uttar Pradesh	11%
Tamil Nadu	9%
Karnataka	6%
Haryana	6%

Source: MOFSL, Company

Exhibit 5: Collection efficiency in MFI



Source: MOFSL, Company

Valuation and view

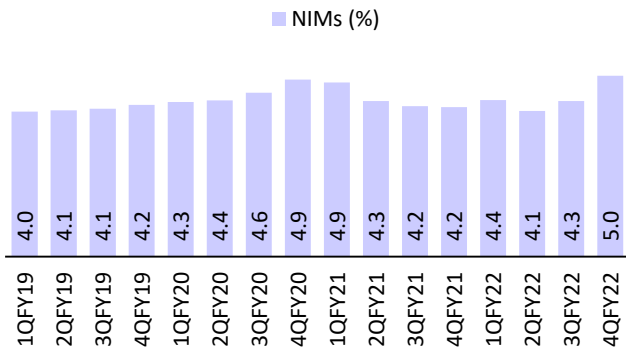
- **Asset quality improves:** The bank witnessed an improvement in its asset quality ratio, with GNPA/NNPA ratio moderating 44bp/51bp QoQ to 4.4%/1.3%, respectively. PCR improved sharply to ~70%. Slippages moderated QoQ, with the bulk from the Retail book, led by MFI and Cards. Collection efficiency improved marginally. We expect slippages to remain elevated at 3.8%/3.3% for FY23/24 and estimate credit costs of 2.5% for FY23 and then moderate to 2.1% in FY24.
- **Business growth to pick up gradually:** Growth momentum is likely to pick up, led by Retail advances, as the bank guided for retail loans to grow at ~25%+. The business mix will thus move in favor of Retail, which currently stands at ~52%. Wholesale book will be likely to grow in a calibrated manner. We expect PPOP growth to stay modest at 13% over FY22-24E.
- **Buy with a TP of INR160/share:** RBK reported an in-line quarter with steady improvement in asset quality, healthy growth in NII and controlled provisions. However, opex remained elevated and adversely impacted operating profit growth. On the business front, loan growth stood modest, led by Wholesale book while Retail trends were moderate. Fresh slippages have subsided, enabling an improvement in asset quality. We cut our FY23E/FY24E earnings by 10%/7% as we conservatively built in higher credit costs and opex, and await clarity on the appointment of MD and CEO. We expect RBK to deliver an FY24E RoA/RoE of 1.2%/10.3%. **We maintain our BUY rating with a TP of INR160 (premised on 0.7x FY24E ABV).**

Exhibit 6: We cut our PAT estimates by 10% and 7% for FY23E and FY24E, respectively

INRb	Old Estimates		Revised Estimates		Change (%)/bps	
	FY23	FY24	FY23	FY24	FY23	FY24
Net Interest Income	44.6	50.9	45.5	52.0	2.0	2.1
Other Income	32.7	41.9	24.8	30.3	-24.2	-27.8
Total Income	77.3	92.8	70.3	82.3	-9.1	-11.4
Operating Expenses	45.5	53.7	41.6	47.4	-8.7	-11.7
Operating Profits	31.9	39.2	28.7	34.9	-9.8	-10.9
Provisions	18.2	18.4	16.4	15.6	-9.9	-15.3
PBT	13.7	20.8	12.3	19.3	-9.7	-7.1
Tax	3.4	5.2	3.1	4.9	-9.7	-7.1
PAT	10.2	15.5	9.2	14.4	-9.7	-7.1
Loans	673	768	684	794	1.6	3.4
Deposits	868	986	869	991	0.1	0.5
Margins (%)	4.26	4.40	4.35	4.46	9	6
Credit Cost (%)	2.80	2.50	2.50	2.05	-30	-45
RoA (%)	0.91	1.25	0.83	1.16	-8	-8
RoE (%)	7.9	11.1	7.1	10.3	-75	-70
EPS	17.1	26.0	15.4	24.1	-9.9	-7.3
BV	224.6	245.7	223.0	242.6	-0.7	-1.3
ABV	213.1	233.6	217.0	236.3	1.8	1.2

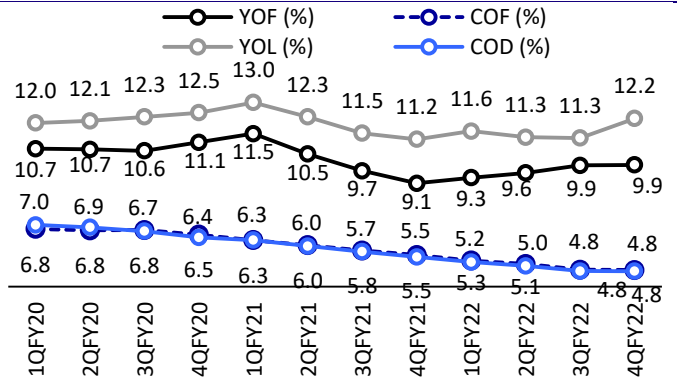
Story in charts

Exhibit 7: NIM expands 70bp QoQ to 5.04%



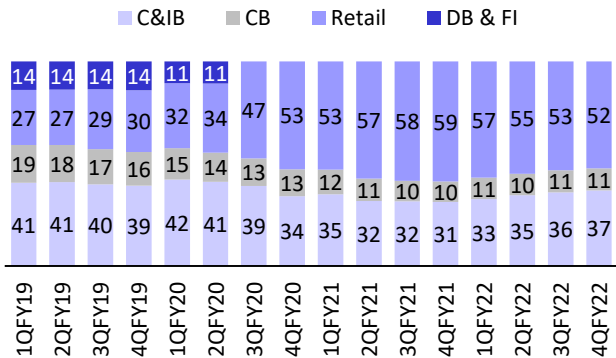
Source: MOFSL, Company

Exhibit 8: Cost of deposits stable QoQ at ~4.8%



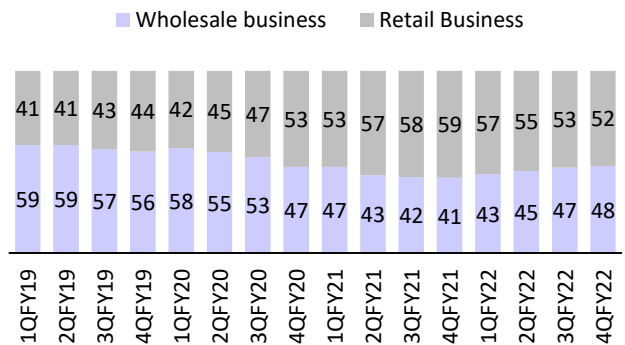
Source: MOFSL, Company

Exhibit 9: Loan mix composition



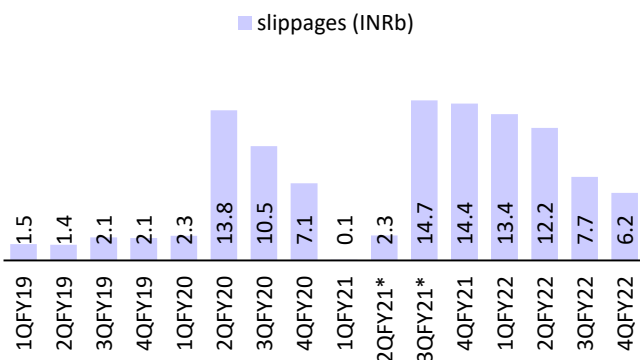
Source: MOFSL, Company

Exhibit 10: Share of non-Wholesale business stands at 52%



Source: MOFSL, Company

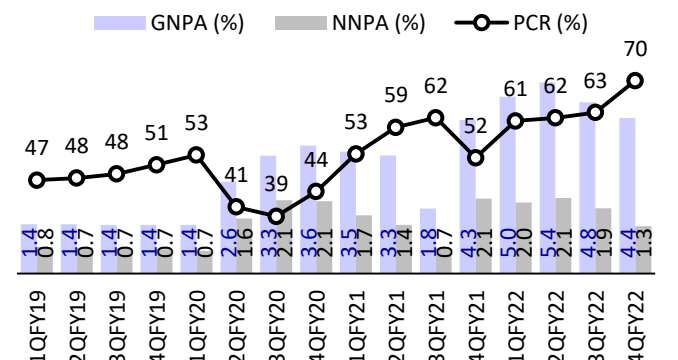
Exhibit 11: Slippage at INR6.2b v/s INR7.7b in 3QFY22



*Pro-forma slippages

Source: MOFSL, Company

Exhibit 12: GNPA/NNPA ratio improve 44bp/51bp QoQ to 4.4%/1.3%; PCR up to 70%



Source: MOFSL, Company

Exhibit 13: DuPont Analysis: Return ratios to improve in the near term

Y/E MARCH	FY17	FY18	FY19	FY20	FY21	FY22	FY23E	FY24E
Interest Income	8.45	8.16	8.86	10.06	8.78	7.90	8.68	8.92
Interest Expense	5.67	4.96	5.29	5.77	4.79	4.01	4.60	4.73
Net Interest Income	2.78	3.20	3.57	4.29	3.99	3.89	4.08	4.19
Fee income	1.45	1.63	1.92	2.07	1.68	1.98	1.91	2.09
Trading and others	0.27	0.30	0.11	0.19	0.30	0.29	0.32	0.34
Non-Interest income	1.72	1.93	2.03	2.26	1.99	2.26	2.23	2.44
Total Income	4.50	5.13	5.60	6.54	5.98	6.16	6.31	6.63
Operating Expenses	2.41	2.72	2.87	3.34	2.91	3.50	3.73	3.82
Employee cost	1.02	1.00	0.89	0.91	0.89	0.97	1.02	1.05
Others	1.39	1.72	1.98	2.43	2.01	2.53	2.70	2.77
Operating Profit	2.10	2.41	2.73	3.21	3.08	2.65	2.58	2.81
Core Operating Profit	1.82	2.11	2.62	3.02	2.77	2.37	2.26	2.47
Provisions	0.54	0.66	0.90	2.32	2.35	2.77	1.47	1.26
NPA	0.35	0.47	0.66	2.20	2.48	2.77	1.44	1.22
Others	0.20	0.19	0.24	0.12	-0.13	0.00	0.03	0.04
PBT	1.55	1.75	1.83	0.89	0.73	-0.11	1.11	1.55
Tax	0.54	0.60	0.61	0.29	0.19	-0.04	0.28	0.39
RoA	1.02	1.15	1.22	0.60	0.54	-0.07	0.83	1.16
<i>Leverage (x)</i>	<i>12.1</i>	<i>10.1</i>	<i>10.0</i>	<i>9.3</i>	<i>8.2</i>	<i>8.2</i>	<i>8.6</i>	<i>8.9</i>
RoE	12.3	11.6	12.2	5.6	4.4	-0.6	7.1	10.3

Financials and valuations

Income Statement							(INR m)	
Y/E March	FY17	FY18	FY19	FY20	FY21	FY22	FY23E	FY24E
Interest Income	37,132	45,076	63,007	85,144	83,290	81,758	96,763	1,10,683
Interest Expense	24,918	27,413	37,612	48,847	45,415	41,491	51,282	58,692
Net Interest Income	12,213	17,663	25,395	36,296	37,876	40,267	45,481	51,991
Growth (%)	49.1	44.6	43.8	42.9	4.4	6.3	12.9	14.3
Non-Interest Income	7,555	10,682	14,424	19,102	18,840	23,405	24,810	30,268
Total Income	19,768	28,345	39,818	55,399	56,716	63,673	70,290	82,259
Growth (%)	50.9	43.4	40.5	39.1	2.4	12.3	10.4	17.0
Operating Expenses	10,564	15,034	20,420	28,256	27,546	36,220	41,552	47,370
Pre Provision Profits	9,204	13,311	19,398	27,143	29,170	27,453	28,738	34,889
Growth (%)	69.7	44.6	45.7	39.9	7.5	-5.9	4.7	21.4
Core PPP	7,965	11,645	18,615	25,548	26,297	24,494	25,187	30,628
Growth (%)	65.3	46.2	59.8	37.2	2.9	-6.9	2.8	21.6
Provisions (excl tax)	2,389	3,645	6,407	19,615	22,279	28,604	16,392	15,587
PBT	6,815	9,665	12,992	7,528	6,891	-1,151	12,346	19,302
Tax	2,354	3,315	4,322	2,471	1,813	-404	3,108	4,858
Tax Rate (%)	34.5	34.3	33.3	32.8	26.3	35.1	25.2	25.2
PAT	4,460	6,351	8,670	5,057	5,078	-747	9,239	14,444
Growth (%)	52.5	42.4	36.5	-41.7	0.4	-114.7	-1,336.1	56.3

Balance Sheet

Y/E March	FY17	FY18	FY19	FY20	FY21	FY22	FY23E	FY24E
Equity Share Capital	3,752	4,197	4,267	5,087	5,980	5,995	5,995	5,995
Reserves & Surplus	38,791	62,643	71,206	1,00,742	1,20,646	1,20,187	1,27,696	1,39,436
Net Worth	42,543	66,840	75,473	1,05,829	1,26,626	1,26,182	1,33,692	1,45,431
Deposits	3,45,881	4,39,023	5,83,944	5,78,122	7,31,213	7,90,065	8,69,072	9,90,742
Growth (%)	42.1	26.9	33.0	-1.0	26.5	8.0	10.0	14.0
of which CASA Dep	76,027	1,06,783	1,45,875	1,71,156	2,32,642	2,78,893	3,14,604	3,61,621
Growth (%)	67.5	40.5	36.6	17.3	35.9	19.9	12.8	14.9
Borrowings	79,798	92,614	1,18,321	1,70,067	1,12,259	1,10,930	1,25,813	1,37,394
Other Liabilities & Prov.	18,526	20,031	25,850	35,759	36,409	34,908	38,398	42,238
Total Liabilities	4,86,748	6,18,508	8,03,588	8,89,778	10,06,506	10,62,086	11,66,975	13,15,806
Cash & Balances with RBI	29,479	25,893	48,395	64,151	67,047	1,31,111	1,24,361	1,24,095
Balances with Banks & money at Call & Short Notice	12,457	16,951	17,626	24,421	67,195	44,366	42,780	43,997
Investments	1,34,817	1,54,475	1,68,404	1,81,497	2,32,304	2,22,744	2,47,245	2,79,387
Growth (%)	-6.6	14.6	9.0	7.8	28.0	-4.1	11.0	13.0
Loans	2,94,490	4,02,678	5,43,082	5,80,190	5,86,225	6,00,218	6,84,249	7,93,728
Growth (%)	38.7	36.7	34.9	6.8	1.0	2.4	14.0	16.0
Fixed Assets	2,587	3,340	4,025	4,698	4,665	5,481	6,617	8,275
Other Assets	12,917	15,170	22,056	34,820	49,070	58,166	61,724	66,323
Total Assets	4,86,748	6,18,508	8,03,588	8,89,778	10,06,506	10,62,086	11,66,975	13,15,806

Asset Quality

GNPA (INR m)	3,569	5,667	7,546	21,365	26,015	27,305	17,347	19,978
NNPA (INR m)	1,900	3,126	3,728	11,894	12,414	8,070	5,095	5,337
GNPA Ratio	1.20	1.40	1.38	3.62	4.34	4.41	2.49	2.47
NNPA Ratio	0.65	0.78	0.69	2.05	2.12	1.34	0.74	0.67
Slippage Ratio	2.51	1.93	1.76	6.19	5.43	6.73	3.80	3.30
Credit Cost	0.94	1.05	1.35	3.49	3.82	4.82	2.50	2.05
PCR (Excl Tech. write off)	46.8	44.8	50.6	44.3	52.3	70.4	70.6	73.3

Financials and valuations

Ratios

Y/E March	FY17	FY18	FY19	FY20	FY21	FY22	FY23E	FY24E
Yield and Cost Ratios (%)								
Avg. Yield-Earning Assets	8.7	8.4	9.2	10.5	9.3	8.4	9.3	9.5
Avg. Yield on loans	10.4	9.8	10.7	12.3	11.2	10.6	11.8	11.8
Avg. Yield on Investments	7.1	7.0	6.9	7.9	6.7	6.0	6.8	7.0
Avg. Cost-Int. Bear. Liab.	6.4	5.7	6.1	6.7	5.7	4.8	5.4	5.5
Avg. Cost of Deposits	6.7	6.0	6.3	6.9	5.5	5.3	5.3	5.5
Interest Spread	2.3	2.7	3.1	3.8	3.6	3.6	3.8	4.0
Net Interest Margin	3.0	3.3	3.7	4.5	4.2	4.1	4.4	4.5

Capitalization Ratios (%)

CAR	13.7	15.3	13.5	16.5	17.5	16.8	16.4	15.8
Tier I	11.4	13.6	12.1	15.3	16.6	16.2	15.7	15.1
Tier II	2.3	1.7	1.4	1.1	0.9	0.6	0.7	0.7

Business & Efficiency Ratios (%)

Loans/Deposit Ratio	85.1	91.7	93.0	100.4	80.2	76.0	78.7	80.1
CASA Ratio	22.0	24.3	25.0	29.6	31.8	35.3	36.2	36.5
Cost/Assets	2.2	2.4	2.5	3.2	2.7	3.4	3.6	3.6
Cost/Total Income	53.4	53.0	51.3	51.0	48.6	56.9	59.1	57.6
Cost/Core Income	56.9	56.4	52.3	52.5	51.2	59.7	62.3	60.7
Int. Expense/Int. Income	67.1	60.8	59.7	57.4	54.5	50.7	53.0	53.0
Fee Income/Net Income	26.2	26.5	30.2	28.7	25.3	27.9	26.1	27.6
Non Int. Inc./Net Income	38.2	37.7	36.2	34.5	33.2	36.8	35.3	36.8
Empl. Cost/Total Expense	42.2	36.6	31.2	27.2	30.7	27.7	27.5	27.5
Investment/Deposit Ratio	39.0	35.2	28.8	31.4	31.8	28.2	28.4	28.2

Profitability & Valuation Ratios

RoE	12.3	11.6	12.2	5.6	4.4	-0.6	7.1	10.3
RoA	1.0	1.1	1.2	0.6	0.5	-0.1	0.8	1.2
RoRWA	1.4	1.5	1.6	0.8	0.7	-0.1	1.2	1.6
Book Value (INR)	113.4	159.3	176.9	208.0	211.7	210.5	223.0	242.6
Growth (%)	23.2	40.5	11.1	17.6	1.8	-0.6	6.0	8.8
Price-BV (x)	0.9	0.6	0.6	0.5	0.5	0.5	0.5	0.4
Adjusted BV (INR)	109.8	152.8	168.5	189.8	194.8	201.0	217.0	236.3
Price-ABV (x)	0.9	0.7	0.6	0.5	0.5	0.5	0.5	0.4
EPS (INR)	11.9	15.1	20.3	9.9	8.5	-1.2	15.4	24.1
Growth (%)	32.0	27.3	34.3	-51.1	-14.6	-114.7	-1,336.1	56.3
Price-Earnings (x)	8.6	6.7	5.0	10.2	12.0	-81.6	6.6	4.2
Dividend Per Share (INR)	1.8	2.3	2.1	3.8	0.0	0.0	2.5	3.9
Dividend Yield (%)	1.8	2.2	2.0	3.7	0.0	0.0	2.4	3.8

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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* 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.