

BSE SENSEX 63,100 S&P CNX 18,758

CMP: INR238 TP: INR270 (+13%)

Neutral



Stock Info

Bloomberg	BANDHAN IN
Equity Shares (m)	1,611
M.Cap.(INRb)/(USD\$b)	383.9 / 4.7
52-Week Range (INR)	350 / 209
1, 6, 12 Rel. Per (%)	-15/-40/-23
12M Avg Val (INR M)	2570
Free float (%)	60.0

Financials Snapshot (INR b)

Y/E March	FY22	FY23E	FY24E
NII	87.1	92.9	116.7
OP	80.1	69.6	88.2
NP	1.3	26.0	44.2
NIM (%)	7.4	6.9	7.4
EPS (INR)	0.8	16.1	27.4
EPS Gr. (%)	-94.3	NM	70.1
BV/Sh. (INR)	107.9	119.3	140.8
ABV/Sh. (INR)	101.1	110.2	134.1

Ratios

RoE (%)	0.7	14.2	21.1
RoA (%)	0.1	1.7	2.5

Valuations

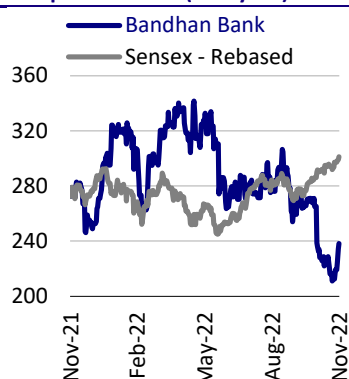
P/E(X)	NM	14.7	8.6
P/BV (X)	2.2	2.0	1.7
P/ABV (X)	2.3	2.2	1.8

Shareholding pattern (%)

As On	Sep-22	Jun-22	Sep-21
Promoter	40.0	40.0	40.0
DII	16.6	7.1	2.5
FII	30.2	35.6	33.6
Others	13.3	17.3	23.9

FII Includes depository receipts

Stock performance (one-year)



Darkest before dawn

Near-term slippages to remain elevated; reducing FY23/24E earnings

- Bandhan Bank (BANDHAN) has been taking it on the chin as the bank continuously cleanses its balance sheet with EEB stress pool moderating to INR95b (17.6% of EEB loans) in 2QFY23 from a peak of INR195b (36.1% of EEB loans) in 2QFY22, while its restructured book has dissolved completely.
- SMA book though remains elevated, has moderated to 13.1% from a peak of 37.1% in 1QFY22. We note that slippages in 2QFY23 formed ~78% of the SMA book in 1QFY23 and thus we expect slippages to remain elevated over 3QFY23/4QFY23.
- While the bank is carrying a healthy coverage that includes potential recoveries, any timing mismatch in recoveries may severely impact the credit cost trajectory and keep provisions elevated as a bulk of recoveries is likely over 4QFY23/1QFY24.
- We note that credit cost in the MFI business tends to demonstrate severe volatility during stressful periods but cycles are generally shorter and earnings recovery is fairly sharp. Over FY20-22, BANDHAN's RoE plummeted to 0.7% from 23% but we estimate equally quick recovery with RoE's trending from ~1% to 21% over FY22-24E.
- We cut our FY23/FY24 PAT estimates by 18%/12% and revise our TP to INR270 (based on 1.9x FY24E BV). Retain Neutral as we await more clarity from its 3QFY23 results even as we believe that post recent ~30% correction, the downside is limited.

Stress pool moderates to ~18% of EEB loans from ~36% in 2QFY22

BANDHAN has been focusing on cleansing the balance sheet as its total stress pool within the EEB book moderated to ~INR95b (17.6% of EEB loans) in 2QFY23 from a peak of INR195b (36.1% of EEB loans) in 2QFY22. Within this, the restructured book has dissolved completely under the standard/SMA book that stood elevated at INR69.2b (12.8% of EEB loans) in 2QFY22. Pure coverage on the total stress pool stands at ~56% that excludes the Assam relief package and estimated recoveries. Including the expected recoveries of INR15b over 2HFY23 and INR25b from the CGFMU scheme, the coverage stands at ~98%.

SMA book stands elevated; one more heavy quarter ahead

BANDHAN's SMA book though elevated at 13.1% has moderated significantly from the peak of 37.1% in 1QFY22 while it has also fully dissolved the restructured loans. For West Bengal/Assam, the total SMA book now stands at 15.1%/24.0% from the peak of 41.3%/46.4% in 1QFY22, respectively. We note that slippages in 2QFY23 formed ~78% of the outstanding SMA book during 1Q, mainly led by the high NPA recognition from restructuring loans. As SMA 1/2 book still remains elevated at INR44.3b, this could result in elevated slippages further during 3QFY23/4QFY23.

Slippages to remain elevated; GNPA,PCR though have improved

BANDHAN's key states such as West Bengal/Assam witnessed multiple events such as NARC, elections, floods etc. besides enduring the repeated COVID waves, which directly impacted the income profile of its customers adversely. Restructuring too impaired the credit behavior of borrowers thus adversely affecting CE. Slippages in 2QFY23 stood elevated at INR39.5b (19.2%), the highest in past 7-8 quarters. This was led by higher slippages from restructured book (~INR24b), while slippages

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ex of restructuring too stood elevated (~INR12b). However, despite higher stress recognition, GNPA/NNPA ratio improved to 7.2%/1.9% in 2QFY23 from 10.8%/3.0% in 2QFY22, respectively. Further, our analysis suggests that bulk of the slippages came from the Assam portfolio that is likely to remain elevated given higher SMA book at 24% of loans.

Recoveries outlook healthy – timing mismatch may drive higher credit cost

Historically, while the overall coverage including provisions and expected recoveries has been healthy at ~95-104% (Refer exhibit 3) on the o/s stress, slippages have continued to remain higher. This trend is likely to continue in the coming quarters as bulk of the recoveries is expected over 4QFY23/1QFY24, which will keep credit cost elevated. We reckon that BANDHAN is carrying a PCR of ~80% on the EEB book and it also carries additional provisions of ~INR11b. This coupled with potential recoveries would help cushion the provisioning requirement; however, any timing mismatch in recoveries may severely impact the credit costs trajectory.

Earnings have shown high volatility; RoE swings though are quite sharp

Earnings have demonstrated an acute volatility due to the cyclical nature of the MFI business. We note that our PAT and ABV projections have witnessed sharp swings of -28% to +22% over the past eight quarters, which have kept the stock performance volatile during the past 2-2.5 years. Exhibit 9 shows how our annual estimates for key parameters have changed over the past few quarters. However, we note that credit cost in MFI business tends to demonstrate severe volatility during stressful periods, but cycles are generally shorter and earnings recovery is fairly sharp (exhibit 8). Over FY20-22, BANDHAN's RoE plummeted to 0.7% from 23% and even after 18%/12% cut in FY23/24E PAT (cumulative cut of 58% in FY23E PAT over past two years), we estimate equally quick recovery with RoE's trending from ~1% to 21% over FY22-24.

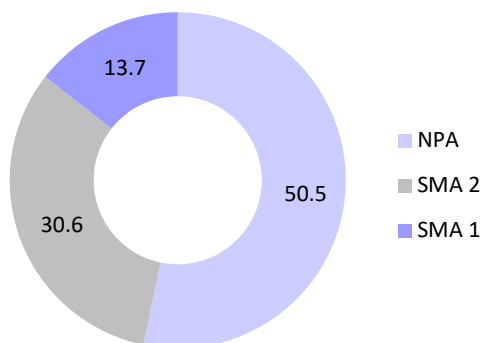
Housing finance to grow ~20%+; value of BANDHAN (ex Gruh) down 77%

Further, valuing the housing finance business separately, we note that BANDHAN acquired GRUH at a multiple of ~12.5x P/BV. Since then, the loan book posted ~12% CAGR over 2QFY19-2QFY23 while CE stood strong even during the Covid times. We further note that the growth rate has accelerated to ~17-32% over the past few quarters and management guided for housing finance to grow at 20%+ in FY23E. Thus, keeping the same implied multiple, the value of BANDHAN ex-Gruh plunged ~71%, which is at a steep discount to where the franchise used to trade earlier. Even benchmarking to peers on price-to-loans implies a decline in value by ~79%.

Overall performance to be under pressure; maintain Neutral

BANDHAN has been dealing with higher stress in the EEB book emanating from high SMAs and bulky restructured portfolio. Near-term slippages are likely to remain high as the bank looks to clean up the remaining stress, which will continue to exert pressure on loan growth and margins. We remain watchful of its asset quality, particularly in the Assam portfolio, which can keep the credit cost elevated. Though the bank expects healthy recoveries over 2HFY23/1QFY24, slippages are likely to be higher during 3Q/4QFY23, thus keeping the overall performance under pressure. BANDHAN has raised its credit cost guidance for FY23 to 3.0% (+/- 15bp) from 2.5% earlier. We have further cut our FY23/FY24 earnings estimates by 18%/12% (after 18%/11% cut in 2QFY23 results). Consequently, we revise our TP to INR270 (based on 1.9x FY24E BV) as we await more clarity from 3QFY23 results even as we believe that post recent ~30% correction, the downside stands limited. **Reiterate Neutral.**

Exhibit 1: Total stress pool within EEB stands at ~INR95b (17.6% of loans)



Source: MOFSL, Company

Stress pool within the EEB book has moderated to ~INR95b (17.6% of EEB loans) in 2QFY23 v/s a peak of INR195b in 2QFY22

Exhibit 2: Coverage on stress pool stands at ~56%; estimates recovery of INR40b excluding Assam relief scheme

Coverage	INR b
Provisions	53.0
Estimated recovery till FY23	15.0
CGFMU recovery	25.0

Source: MOFSL, Company

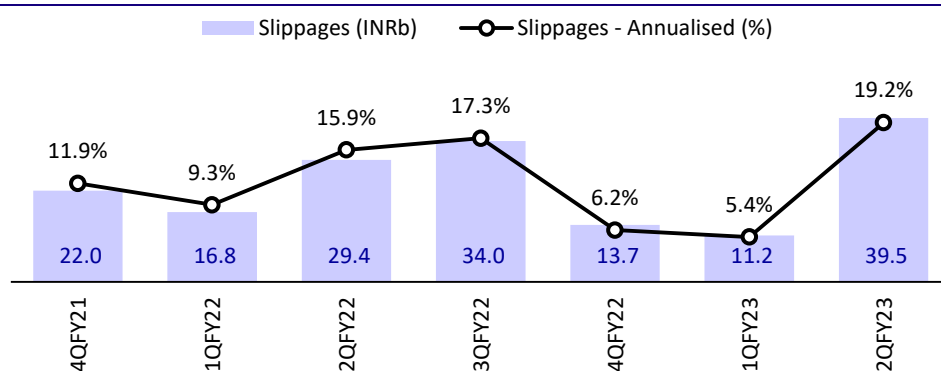
Exhibit 3: Stress pool within the EEB book and coverage over the past few quarters

EEB Book (INR b)	2QFY22	3QFY22	4QFY22	1QFY23	2QFY23
Stress pool	195.0	170.0	119.0	121.0	95.0
of which Restructured	69.2	57.8	48.9	21.4	Nil
Stress Pool as % of EEB loans	36.1%	29.5%	19.1%	20.8%	17.6%
Coverage					
Provision	95.5	91.7	69.7	76.0	53.0
Estimated Recovery over 2HFY23	60.0	50.0	25.0	25.0	15.0
CGFMU	30.0	25.0	25.0	25.0	25.0
Total	185.5	166.7	119.7	126.0	93.0
Total Coverage (%)	95%	98%	101%	104%	98%
Pure coverage (%)	49%	54%	59%	63%	56%

Source: MOFSL, Company

Slippages in 2QFY23 stood elevated at INR39.5b (19.2% annualized) – the highest in past 7-8 quarters

Exhibit 4: Slippages trends over the past few quarters



Source: MOFSL, RBI, Company

Slippages in 2QFY23 formed ~78% of the SMA book of 1QFY23 primarily led by the run-down of restructuring book

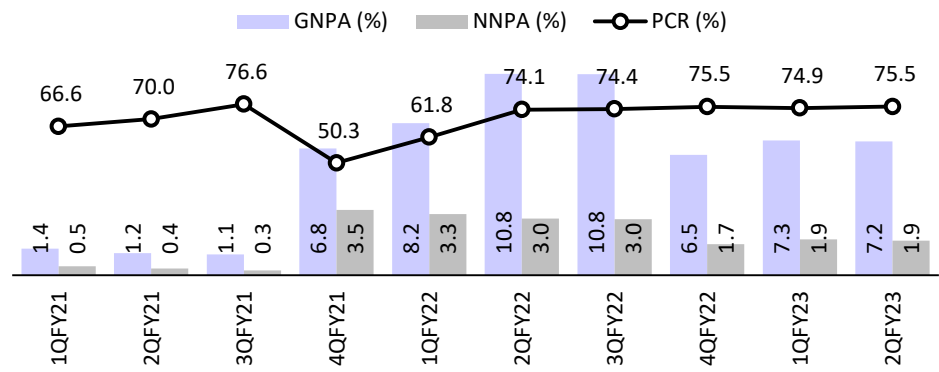
Exhibit 5: SMA book still remains elevated; likely to result in higher slippages over 3QFY23

EEB Book	1QFY23	2QFY23
SMA 1 (INR b)	13.9	13.7
SMA 2 (INR b)	32.7	30.6
Slippages in 2QFY23 (INR b)		36.2
Stress Pool as % of EEB loans		77.8%

Source: MOFSL, Company

Despite higher stress recognition, GNPA/NNPA ratios have improved to 7.2%/1.9% in 2QFY23 from 10.8%/3.0% in 2QFY22

Exhibit 6: Asset quality trends over the past few quarters



Source: MOFSL, Company

Exhibit 7: Trends in SMA and NPA book across Assam, West Bengal and overall bank

SMA Book - Assam	1QFY22	2QFY22	3QFY22	4QFY22	1QFY23	2QFY23
SMA (1-30)	21.8%	10.0%	4.6%	2.5%	7.7%	5.4%
SMA (31-60)	19.5%	8.7%	3.1%	1.6%	3.0%	3.4%
SMA (31-90)	5.1%	4.5%	5.7%	4.4%	18.9%	15.2%
NPA (>90 days)	17.0%	24.3%	23.4%	14.2%	15.3%	25.7%
Total SMA book	46.4%	23.2%	13.4%	8.5%	29.6%	24.0%
Total Stress book	63.4%	47.5%	36.8%	22.7%	44.9%	49.7%

SMA Book - West Bengal	1QFY22	2QFY22	3QFY22	4QFY22	1QFY23	2QFY23
SMA (1-30)	26.6%	12.4%	6.3%	3.9%	5.3%	5.1%
SMA (31-60)	12.1%	8.7%	3.5%	2.1%	2.8%	3.1%
SMA (31-90)	2.6%	1.8%	3.2%	2.2%	6.2%	6.9%
NPA (>90 days)	12.7%	17.8%	18.2%	12.0%	14.0%	11.8%
Total SMA book	41.3%	22.9%	13.0%	8.2%	14.3%	15.1%
Total Stress book	54.0%	40.7%	31.2%	20.2%	28.3%	26.9%

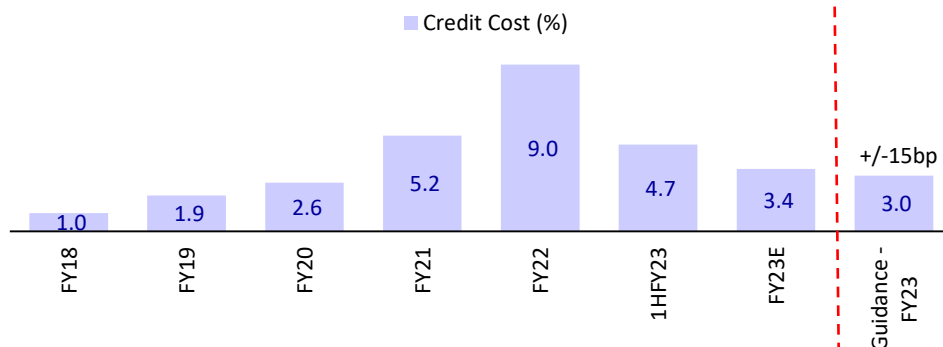
SMA Book - Rest of India	1QFY22	2QFY22	3QFY22	4QFY22	1QFY23	2QFY23
SMA (1-30)	23.2%	10.1%	4.6%	2.4%	3.8%	4.6%
SMA (31-60)	5.5%	5.2%	2.3%	1.3%	2.0%	2.1%
SMA (31-90)	1.3%	2.7%	1.9%	1.1%	2.9%	3.5%
NPA (>90 days)	3.8%	6.5%	7.4%	3.2%	4.4%	5.3%
Total SMA book	30.0%	18.0%	8.8%	4.8%	8.7%	10.2%
Total Stress book	33.8%	24.5%	16.2%	8.0%	13.1%	15.5%

SMA Book - Total	1QFY22	2QFY22	3QFY22	4QFY22	1QFY23	2QFY23
SMA (1-30)	24.6%	11.1%	5.3%	3.0%	4.7%	4.8%
SMA (31-60)	10.1%	7.1%	2.9%	1.6%	2.4%	2.6%
SMA (31-90)	2.4%	2.5%	2.9%	1.9%	5.6%	5.7%
NPA (>90 days)	9.3%	13.6%	13.7%	7.8%	9.2%	9.4%
Total SMA book	37.1%	20.7%	11.1%	6.5%	12.7%	13.1%
Total Stress book	46.4%	34.3%	24.8%	14.3%	21.9%	22.5%

Source: MOFSL, Company

Credit cost has been highly volatile over the past years

Exhibit 8: Credit cost trends over the past years – the bank has guided for FY23 credit cost at ~3.0% (+/-15bp)



Source: MOFSL, Company

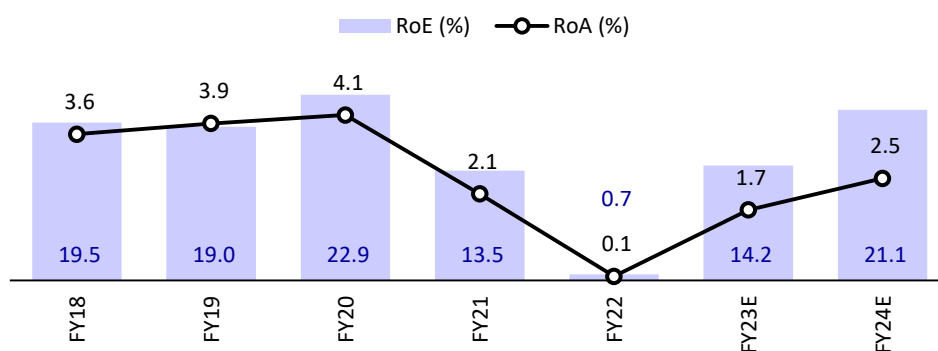
Exhibit 9: Changes in FY23 estimates for past quarters – six out of eight quarters have seen a double-digit revision in earnings

FY23E	4QFY21	1QFY22	2QFY22	3QFY22	4QFY22	1QFY23	2QFY23	Nov'22
NII	115.3	110.2	108.9	96.5	99.1	105.3	96.0	92.9
Change (%)	-7.4%	-4.4%	-1.2%	-11.4%	2.7%	6.3%	-8.8%	-3.2%
PPoP	104	100.7	96.9	84.4	89.7	90.5	77.5	69.6
Change (%)	-3.2%	-3.2%	-3.8%	-12.9%	6.3%	0.9%	-14.4%	-10.3%
PAT	55.3	52.3	44.1	35.9	43.7	44.0	31.6	26.0
Change (%)	-13.5%	-5.4%	-15.7%	-18.6%	21.7%	0.7%	-28.2%	-17.9%
Loans	1227.9	1107.2	1107.2	1055.2	1,164.50	1,135.0	1,064.7	1,040.0
Change (%)	-3.8%	-9.8%	0.0%	-4.7%	10.4%	-2.5%	-6.2%	-2.3%
GNPA (%)	6.0	6.6	7.4	8.6	4.6	5.4	6.0	7.2
NNPA (%)	2.0	1.8	1.9	2.3	1.2	1.6	1.3	2.0
Credit Cost (%)	2.6	2.8	3.5	3.5	2.7	2.9	3.3	3.4
NIM (%)	7.7	7.9	8.1	7.2	7.0	7.5	7.0	6.9
RoA	3.5	3.6	3.2	2.6	2.8	2.9	2.1	1.7
RoE	24.9	24.9	26.8	20.4	22.8	22.9	17.0	14.2
BV	152	143	113	118	130	130	123	119
Change (%)	-6.7%	-5.9%	-21.0%	4.4%	10.2%	0.0%	-5.4%	-3.0%
ABV	141	135	103	108	125	123	117	110
Change (%)	-9.6%	-4.3%	-23.7%	4.9%	15.7%	-1.6%	-4.9%	-5.8%
EPS	34.3	32.5	27.4	22.3	27.2	27.3	19.6	16.1
Change (%)	-13.6%	-5.2%	-15.7%	-18.6%	22.0%	0.4%	-28.2%	-17.8%

Source: MOFSL, Company

We note that credit cost in the MFI business tends to demonstrate severe volatility during stressful periods, but cycles are generally shorter and earnings recovery is fairly sharp

Exhibit 10: Recovery in RoE tends to be sharp, expect FY24 RoE at ~21% v/s 0.7% in FY22



Source: MOFSL, Company

Exhibit 11: Key metrics and trading multiples of HFC's

INR b	HDFC			Home First			Aavas			CANFIN			Repco			Aptus		
	FY22	FY23E	FY24E	FY22	FY23E	FY24E	FY22	FY23E	FY24E	FY22	FY23E	FY24E	FY22	FY23E	FY24E	FY22	FY23E	FY24E
AUM	6,539	7,468	8,438	54	72	94	114	140	173	267	318	369	118	125	137	52	65	81
PAT	137.4	154.5	179.0	1.9	2.2	2.8	3.6	4.3	5.5	4.7	5.9	6.6	1.9	2.7	3.3	4.0	4.8	5.6
RoA (%)	1.9	1.9	1.9	3.9	3.8	3.8	3.6	3.5	3.7	1.9	1.9	1.8	1.6	2.2	2.4	6.7	7.5	7.0
RoE (%)	12.7	13.1	13.4	12.8	13.2	14.5	13.7	14.1	15.6	16.6	17.6	16.7	8.9	11.3	12.3	13.2	15.3	15.3
P/E		37.4	32.8		28.8	23.3		35.9	27.9		12.4	11.1		5.4	4.3		33.2	28.1
P/B		3.7	3.4		3.6	3.1		4.7	4.0		2.0	1.7		0.6	0.5		4.7	4.0
Mkt. Cap to loans	0.7	0.7	0.6	1.2	0.9	0.7	1.4	1.1	0.9	0.3	0.2	0.2	0.1	0.1	0.1	3.1	2.5	2.0

Source: MOFSL, Company

Exhibit 12: BANDHAN and GRUH – Merger-related data

INR b	Gruh	Bandhan
Loan Book as on 2QFY19	166.6	333.7
Loan Book as on 2QFY23	258.0	700.3
4-year CAGR (%)	12%	20%
CMP at the time of merger (INR)	306	501
Mkt. cap at the time of merger	224.1	597.6
Net worth	16.6	102.1
Trading multiple (x)	13.5	5.9

Source: MOFSL, Company

Value of BANDHAN ex of Gruh has declined sharply by ~71% - a steep discount to where the franchise used to trade earlier. Even benchmarking on price to loans implies a decline in value by ~79%

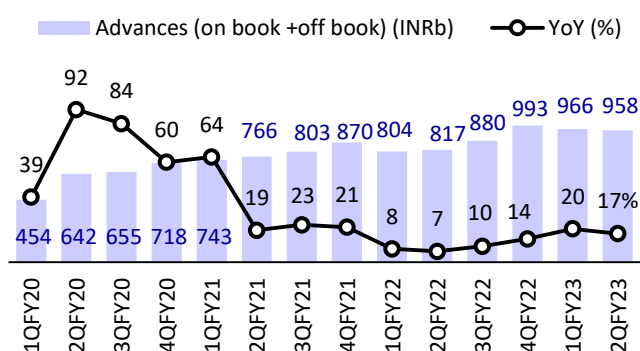
Exhibit 13: Segregating the value of housing finance business with core banks business

INR b	P/B	P/Loans
Target multiple for housing finance	12.5	1.0
Value of Housing Finance	208.3	258.0
Current Mkt. Cap of Bandhan	381.7	381.7
Residual value of Bandhan (Ex of Gruh)	173.4	123.7
Mkt. cap of Bandhan at the time of merger	597.6	597.6
Reduction in value of Bandhan	-71.0%	-79.3%

Source: MOFSL, Company

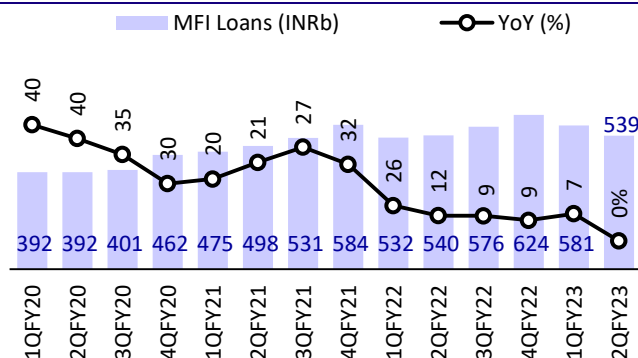
Story in charts

Exhibit 14: AUM rises 17% YoY (-1% QoQ)



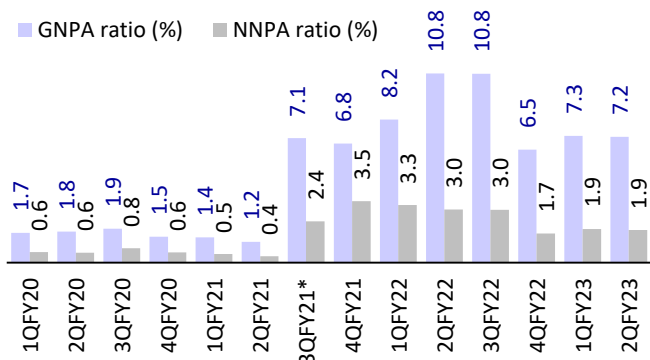
2QFY20-1QFY21 growth not comparable due to merger
Source: MOFSL, Company

Exhibit 15: MFI loans flat YoY (-7% QoQ)



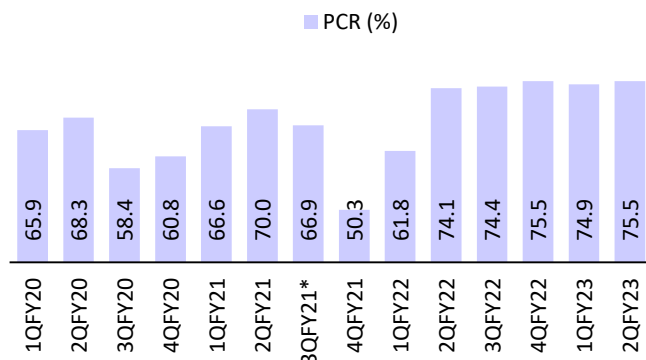
Source: MOFSL, Company

Exhibit 16: Asset quality ratios improve with GNPA/NNPA ratios improving 6bp QoQ each



3QFY21 based on Pro-forma numbers Source: MOFSL, Company

Exhibit 17: Provision coverage ratio improves to ~75.5% in 2QFY23



3QFY21 based on Pro-forma numbers Source: MOFSL, Company

Exhibit 18: DuPont Analysis: Return ratios to pick up strongly over FY24E

	FY18	FY19	FY20	FY21	FY22	FY23E	FY24E
Net Interest Income	8.1	8.9	8.5	7.3	6.9	6.2	6.6
Other Income	1.9	2.1	2.1	2.0	2.2	1.4	1.5
Total Income	10.0	11.0	10.6	9.3	9.1	7.6	8.1
Operating Expenses	3.5	3.6	3.3	2.7	2.8	3.0	3.1
Employees	1.8	2.0	1.8	1.6	1.7	1.8	1.9
Others	1.7	1.6	1.4	1.1	1.1	1.2	1.2
Operating Profits	6.5	7.4	7.4	6.5	6.3	4.7	5.0
Core operating Profits	6.4	7.4	7.2	6.3	6.1	4.6	4.9
Provisions	1.0	1.5	1.9	3.7	6.2	2.3	1.7
NPA	0.6	1.3	0.8	4.2	4.1	2.2	1.6
Others	0.4	0.1	1.1	-0.5	2.1	0.1	0.1
PBT	5.5	6.0	5.5	2.9	0.1	2.3	3.4
Tax	1.9	2.1	1.4	0.7	0.0	0.6	0.8
RoA	3.6	3.9	4.1	2.1	0.1	1.7	2.5
Leverage (x)	5.4	4.9	5.6	6.3	7.3	8.2	8.4
RoE	19.5	19.0	22.9	13.5	0.7	14.2	21.1

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	169.1	212.3	
Interest Expense	17.7	21.5	45.6	49.6	51.6	76.2	95.6	
Net Interest Income	30.3	45.0	63.2	75.6	87.1	92.9	116.7	
Growth (%)	26.2	48.3	40.7	19.6	15.2	6.6	25.6	
Non-Interest Income	7.1	10.6	15.5	20.2	28.2	20.9	26.1	
Total Income	37.4	55.6	78.7	95.9	115.4	113.8	142.8	
Growth (%)	32.8	48.7	41.6	21.8	20.4	-1.4	25.5	
Operating Expenses	13.1	18.1	24.3	28.2	35.2	44.3	54.6	
Pre Provision Profits	24.3	37.5	54.5	67.7	80.1	69.6	88.2	
Growth (%)	35.5	54.2	45.3	24.3	18.4	-13.2	26.8	
Core PPop	23.8	37.1	53.3	65.5	77.4	68.4	86.8	
Growth (%)	34.6	55.7	43.7	22.8	18.2	-11.5	26.9	
Provisions (excl. tax)	3.7	7.4	13.9	38.2	78.8	34.8	29.2	
PBT	20.6	30.1	40.5	29.5	1.3	34.7	59.0	
Tax	7.1	10.6	10.3	7.4	0.0	8.7	14.9	
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	26.0	44.2	
Growth (%)	21.0	45.0	54.9	-27.1	-94.3	NM	70.1	
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 & Surplus	81.9	100.1	135.9	158.0	157.7	176.1	210.8	
Net Worth	93.8	112.0	152.0	174.1	173.8	192.2	226.9	
Deposits	338.7	432.3	570.8	779.7	963.3	1,127.1	1,363.8	
Growth (%)	45.8	27.6	32.0	36.6	23.5	17.0	21.0	
of which CASA Deposits	116.2	176.2	210.3	338.3	400.8	525.2	643.7	
Growth (%)	70.0	51.6	19.4	60.9	18.5	31.0	22.6	
Borrowings	2.9	5.2	163.8	169.6	199.2	223.1	256.6	
Other Liabilities & Prov.	7.7	14.9	30.6	26.8	52.3	55.0	64.8	
Total Liabilities	443.1	564.4	917.2	1,150.2	1,388.7	1,597.3	1,912.0	
Current Assets	55.1	58.0	83.5	62.3	93.2	72.0	78.5	
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	1,040.0	1,251.9	
Growth (%)	76.5	33.4	68.1	22.5	15.1	10.7	20.4	
Fixed Assets	2.4	3.3	3.7	4.9	5.9	6.6	7.4	
Other Assets	4.8	6.3	10.1	15.3	59.0	126.8	155.6	
Total Assets	443.1	564.4	917.2	1,150.2	1,388.7	1,597.3	1,912.0	
Asset Quality								
	FY18	FY19	FY20	FY21	FY22	FY23E	FY24E	
GNPA	3.7	8.2	9.9	57.6	63.8	79.2	61.6	
NNPA	1.7	2.3	3.9	28.6	15.6	21.0	15.4	
GNPA Ratio	1.2	2.0	1.5	6.8	6.5	7.2	4.7	
NNPA Ratio	0.6	0.6	0.6	3.5	1.7	2.0	1.2	
Credit Cost	1.0	1.9	2.6	5.2	9.0	3.4	2.4	
PCR (Excl. Tech. write off)	53.7	72.1	60.8	50.3	75.5	73.5	74.9	

Financials and valuations

Ratios

Y/E March	FY18	FY19	FY20	FY21	FY21	FY23E	FY24E
Spread Analysis (%)							
Avg. Yield- on Earning Assets	13.9	14.2	15.4	12.7	11.7	12.5	13.4
Avg. Yield on loans	16.4	16.5	17.9	14.7	13.9	14.8	15.9
Avg. Yield on Investments	7.1	6.7	6.6	5.9	5.5	6.4	6.9
Avg. Cost of Int. Bear. Liab.	6.5	6.0	8.3	6.2	5.1	6.4	6.9
Avg. Cost of Deposits	5.9	5.4	6.6	5.9	5.0	5.3	5.7
Interest Spread	7.5	8.2	7.2	6.5	6.6	6.1	6.5
Net Interest Margin	8.8	9.6	9.0	7.7	7.4	6.9	7.4

Capitalisation Ratios (%)

CAR	31.5	29.2	27.4	23.5	20.1	18.6	17.7
Tier I	30.3	27.9	25.2	22.5	18.9	17.6	16.8
Tier II	1.2	1.3	2.2	1.0	1.2	1.0	0.8

Business and Efficiency Ratios (%)

Loans/Deposit Ratio	87.7	91.7	116.7	104.7	97.6	92.3	91.8
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	2.8	2.9
Cost/Total Income	35.0	32.6	30.8	29.4	30.5	38.9	38.2
Cost/Core income	35.4	32.8	31.3	30.1	31.3	39.3	38.6
Int. Expense/Int. Income	36.9	32.3	41.9	39.6	37.2	45.0	45.0
Fee Income/Total Income	17.7	18.4	18.2	18.8	22.1	17.4	17.4
Non Int. Inc./Total Income	18.9	19.1	19.7	21.1	24.5	18.4	18.3
Emp. Cost/Total Expense	52.6	55.7	56.3	59.1	60.6	60.8	60.6
Investment/Deposit Ratio	24.7	23.2	26.9	32.3	30.2	31.2	30.7

Profitability Ratios and Valuation

RoE	19.5	19.0	22.9	13.5	0.7	14.2	21.1
RoA	3.6	3.9	4.1	2.1	0.1	1.7	2.5
RoRWA	5.5	5.6	6.2	3.3	0.2	2.6	3.7
Book Value (INR)	79	94	94	108	108	119	141
Growth (%)	93.7	19.4	0.5	14.5	-0.2	10.6	18.0
Price-BV (x)	3.0	2.5	2.5	2.2	2.2	2.0	1.7
Adjusted BV (INR)	78	93	93	96	101	110	134
Price-ABV (x)	3.1	2.6	2.6	2.5	2.3	2.2	1.8
EPS (INR)	11.8	16.4	21.6	13.7	0.8	16.1	27.4
Growth (%)	15.8	39.1	31.9	-36.5	-94.3	NM	70.1
Price-Earnings (x)	20.1	14.5	11.0	17.3	NM	14.7	8.6

NOTES

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Investment Rating	Expected return (over 12-month)
BUY	>=15%
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UNDER REVIEW	Rating may undergo a change
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