

Bandhan Bank

Estimate change	↔
TP change	↑
Rating change	↔

Bloomberg	BANDHAN IN
Equity Shares (m)	1611
M.Cap.(INRb)/(USDb)	383.6 / 4.6
52-Week Range (INR)	275 / 182
1, 6, 12 Rel. Per (%)	-1/0/-25
12M Avg Val (INR M)	2321

Financials & Valuations (INR b)

Y/E March	FY23	FY24E	FY25E
NII	92.6	102.8	122.3
OP	70.9	69.5	81.6
NP	21.9	33.3	42.1
NIM (%)	6.9	6.7	6.8
EPS (INR)	13.6	20.7	26.1
EPS Gr. (%)	NM	51.9	26.2
BV/Sh. (INR)	122	136	155
ABV/Sh. (INR)	116	129	149

Ratios

RoE (%)	11.9	16.0	17.9
RoA (%)	1.5	2.0	2.1

Valuations

P/E(X)	17.5	11.5	9.1
P/BV (X)	2.0	1.7	1.5
P/ABV (X)	2.0	1.8	1.6

Shareholding pattern (%)

As On	Sep-23	Jun-23	Sep-22
Promoter	40.0	40.0	40.0
DII	17.5	12.5	12.6
FII	32.8	33.5	34.2
Others	9.7	14.0	13.3

FII Includes depository receipts

CMP: INR238 TP: INR250 (+5%) Neutral

Weak quarter; growth to revive in seasonally strong 2H

Asset quality deteriorates

- Bandhan Bank (BANDHAN) reported a 4% miss on profitability at INR7.2b, amid sluggish NII growth and broadly stable margins.
- Advances growth was moderate at 13% YoY/4% QoQ, driven by healthy growth in the non-MFI portfolio. MFI book, which declined in Q1, has now grown by 5% QoQ. The MFI share in the total loan book now stands at 50% with O/s book currently at ~INR540b.
- Deposits growth has been healthy at 13% YoY/3% QoQ. The CASA mix improved as the bank increased SA rates during the quarter to limit the migration from SA to term deposits.
- GNPA increased 57bp QoQ to 7.3%. This rise can be attributed to higher slippages; however, the SMA book decreased by 130bp QoQ to 4.2%. This reduction in the SMA book is expected to contribute to a decrease in slippage run-rate. Collection efficiency was steady at 98%.
- We reduce our FY24/25E PAT by 3%/5% and estimate FY25 RoA/RoE at 2.1%/18%. We reiterate our Neutral rating on the stock with a TP of INR250.**

PPoP misses estimates; MFI loan mix steady at 50%

- BANDHAN reported a PAT of INR7.2b in 2QFY24 (4% miss) due to sluggish NII growth and higher opex.
- NII declined marginally by 2% QoQ (3% miss), while margins declined 10bp QoQ to 7.2%. Other income grew 13% YoY/40% QoQ, leading to 4% QoQ growth in total revenues.
- PPoP growth stood largely flat at 2% YoY/1.4% QoQ to INR15.8b (7% miss) as the bank's C/I ratio spiked to 47%. Bandhan added 80 branches during 2Q and plans to add more in 2H.
- Advances growth stood modest at 13% YoY/4% QoQ, amid healthy growth in the non-MFI portfolio and sluggish growth in the MFI portfolio. The MFI book should report a healthy growth in a seasonally strong 2H. The bank aims to reduce its MFI exposure by growing the other segments of the book.
- Deposit growth has been healthy at 13% YoY/ 3% QoQ, while CASA growth stood strong at 7% YoY/11% QoQ. CASA mix thus improved to 38.5% from 36% in 1Q. Retail deposits mix stood steady at 74%.
- GNPA/NNPA ratios deteriorated 56bp/13bp QoQ to 7.3%/2.3% as slippages continue to remain elevated. PCR increased 72bp QoQ to ~70%.

Key takeaways from the management commentary

- Guided for FY24 credit growth of ~20%, with a focus on the latter half of the fiscal year for substantial growth.
- Fresh slippages stood at INR13.2b; INR10b in the EEB book.

- CoF is expected to go up by 20-25bp in the next two quarters, which shall be offset by higher yields, so the NIM is expected to be in the same range of 7-7.5%.
- On the ECLGS guarantee, the bank has already received INR850m and expects another INR4.1b refund from the government.

Valuation and view

BANDHAN reported a muted 2QFY24, with a slight PAT miss of 4%, and elevated slippage run-rate. Higher opex kept the C/I ratio elevated at 47% and further suppressed PPOP growth. SMA book has declined 130bp QoQ to 4.2% though CE continues to remain steady at 98%. The bank has suggested for strong recovery in loan growth and asset quality over a seasonally strong second half. We continue to remain watchful of asset quality and the potential recovery from CGFMU and ECLGS. We cut our **FY24/FY25 earnings by 3%/5% and estimate RoA/RoE of 2.1%/~17.9% in FY25. We retain our Neutral rating with a TP of INR250 (premised on 1.7x FY25E ABV).**

Quarterly performance

Y/E March									(INR b)			
	FY23				FY24E				FY23	FY24E	FY24E	V/S our
	1Q	2Q	3Q	4Q	1Q	2Q	3QE	4QE			2QE	Est
Net Interest Income	25.1	21.9	20.8	24.7	24.9	24.4	25.3	28.2	92.6	102.8	25.1	-3%
% Change (YoY)	18.9	13.3	-2.1	-2.7	-0.9	11.4	21.5	13.9	6.3	11.0	14.5	
Other Income	3.3	4.8	10.3	6.3	3.9	5.4	6.3	7.9	24.7	23.5	5.5	-1%
Total Income	28.4	26.7	31.1	31.0	28.8	29.8	31.6	36.0	117.3	126.2	30.6	-2%
Operating Expenses	10.2	11.2	11.9	13.1	13.1	14.0	14.5	15.1	46.4	56.8	13.6	3%
Operating Profit	18.2	15.5	19.2	18.0	15.6	15.8	17.1	20.9	70.9	69.5	17.0	-7%
% Change (YoY)	-7.0	-2.0	-1.4	-28.8	-14.2	2.0	-11.1	16.5	-11.5	-2.0	9.2	
Provisions	6.4	12.8	15.4	7.3	6.0	6.4	6.2	6.8	42.0	25.3	6.9	-8%
Profit Before Tax	11.8	2.7	3.8	10.6	9.6	9.5	10.9	14.2	28.9	44.1	10.1	-6%
Tax	2.9	0.6	0.9	2.5	2.4	2.3	2.7	3.4	7.0	10.8	2.5	-11%
Net Profit	8.9	2.1	2.9	8.1	7.2	7.2	8.2	10.7	21.9	33.3	7.5	-4%
% Change (YoY)	137.6	NM	-66.2	-57.5	-18.7	244.6	180.7	33.0	NM	51.9	259.3	
Operating Parameters												
Deposits (INR b)	931	994	1,023	1,081	1,085	1,121	1,188	1,275	1,081	1,275	1,124	0%
Loans (INR b)	909	902	921	1,048	982	1,020	1,111	1,206	1,048	1,206	1,029	-1%
Deposit Growth (%)	20.3	21.3	21.0	12.2	16.6	12.8	16.1	18.0	12.2	18.0	13.1	31
Loan Growth (%)	21.6	21.1	14.7	11.5	8.0	13.1	20.6	15.1	11.5	15.1	14.0	92
Asset Quality												
Gross NPA (%)	7.3	7.2	7.2	4.9	6.8	7.3	5.5	4.9	4.9	4.9	6.4	-95
Net NPA (%)	1.9	1.9	1.9	1.2	2.2	2.3	1.6	1.4	1.2	1.4	2.0	-36
PCR (%)	74.9	75.5	75.4	76.8	69.2	70.0	72.4	73.0	76.8	73.0	70.6	64

E: MOFSL estimates

Quarterly snapshot

	FY22				FY23				FY24		Change (%)	
	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4Q	1Q	2Q	YoY	QoQ
Profit and Loss, INRm												
Interest Income	34,100	31,809	34,087	38,716	40,554	37,735	38,076	42,683	45,229	44,919	19	-1
Loans	29,904	27,777	29,753	34,404	35,518	32,646	32,603	36,984	39,057	38,882	19	0
Investment	3,414	3,394	3,944	4,031	4,422	4,555	4,864	5,021	5,158	5,311	17	3
Others	781	638	389	281	613	533	610	677	1,014	726	36	-28
Interest Expenses	12,959	12,455	12,840	13,317	15,409	15,805	17,272	17,965	20,323	20,486	30	1
Net Interest Income	21,141	19,354	21,247	25,398	25,144	21,930	20,804	24,718	24,906	24,434	11	-2
Other Income	6,169	5,245	7,123	9,644	3,297	4,764	10,333	6,291	3,851	5,403	13	40
Total Income	27,310	24,599	28,370	35,042	28,441	26,694	31,137	31,009	28,757	29,836	12	4
Operating Expenses	7,739	8,751	8,868	9,829	10,235	11,165	11,916	13,053	13,134	14,002	25	7
Employee	5,054	5,525	5,190	5,491	6,346	6,663	6,867	7,274	8,117	8,623	29	6
Others	2,684	3,227	3,678	4,338	3,888	4,502	5,049	5,778	5,017	5,379	19	7
Operating Profits	19,571	15,848	19,501	25,214	18,206	15,529	19,222	17,957	15,623	15,834	2	1
Core Operating Profits	19,571	15,848	19,501	25,214	18,187	15,453	19,222	17,736	15,070	15,478	0	3
Provisions	14,609	56,135	8,057	47	6,424	12,797	15,415	7,348	6,021	6,362	-50	6
PBT	4,962	-40,287	11,444	25,167	11,782	2,732	3,807	10,609	9,602	9,472	247	-1
Taxes	1,231	-10,201	2,855	6,143	2,917	640	901	2,526	2,392	2,261	254	-5
PAT	3,731	-30,086	8,590	19,023	8,865	2,093	2,906	8,083	7,211	7,212	245	0
Balance Sheet, INRb												
Deposits	773	819	845	963	931	994	1,023	1,081	1,085	1,121	13	3
Loans	748	745	803	940	909	902	921	1,048	982	1,020	13	4
Asset Quality, INRm												
GNPA	64,404	87,636	94,416	63,800	69,675	68,539	69,648	52,986	69,604	78,738	15	13
NNPA	24,579	22,658	24,131	15,642	17,491	16,782	17,113	12,283	21,407	23,652	41	10
Ratios (%)												
	FY22				FY23				FY24		Change (bps)	
- Asset Quality Ratios	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4Q	1Q	2Q	YoY	QoQ
GNPA (%)	8.2	10.8	10.8	6.5	7.3	7.2	7.2	4.9	6.8	7.3	13	56
NNPA (%)	3.3	3.0	3.0	1.7	1.9	1.9	1.9	1.2	2.2	2.3	46	14
PCR (Calc, %)	61.8	74.1	74.4	75.5	74.9	75.5	75.4	76.8	69.2	70.0	-555	72
- Business Ratios												
Cost to Core Income	28.3	35.6	31.3	28.0	36.0	41.9	38.3	42.4	46.6	47.5	555	93
Tax Rate	24.8	25.3	24.9	24.4	24.8	23.4	23.7	23.8	24.9	23.9	46	-104
CASA (%)	42.9	44.6	45.6	41.6	43.2	40.8	36.4	39.3	36.0	38.5	-223	253
Loan/Deposit	96.7	91.0	95.0	97.6	97.7	90.8	90.0	96.9	90.5	91.0	25	51
- Profitability Ratios												
ROA	1.3	-10.6	2.8	6.0	2.5	0.6	0.8	2.2	1.9	1.9	130	0
ROE	8.5	0.0	22.2	46.5	19.7	4.5	6.2	17.0	14.4	14.0	950	-40
Yield	13.7	12.4	12.6	13.3	12.9	12.0	12.0	12.7	13.3	13.3	130	0
Cost of Funds	5.7	5.3	5.2	5.1	5.3	5.5	5.8	5.8	6.4	6.5	100	10
Margins	8.5	7.6	7.8	8.7	8.0	7.0	6.5	7.3	7.3	7.2	20	-10
Other Details												
Branches	1,152	1,168	1,176	1,189	1,190	1,190	1,250	1,411	1,542	1,621	431	79
ATM	487	487	489	471	429	432	412	438	438	438	6	0



Highlights from the management commentary

Balance sheet related

- Advances grew 12.3% and 4.3% QoQ, driven by an uptick in demand across all verticals. The growth in Q2 was primarily concentrated in the month of September, and as a result not reflected in NIMs.
- Bank's Retail book grew 80% YoY/15% QoQ; Commercial banking grew 65% YoY/7% QoQ; Housing book grew 4% YoY.
- The housing sector is seeing a steady recovery, evidenced by a steady increase in overall disbursements. Moreover, productivity is also on the rise in tandem with the growth in disbursements.

- Deposits grew 12.8% YoY, and a tad stronger than industry growth. Retail to total deposits ratio moved to 74%.
- CASA deposits have shown growth of 10.5% YoY/6.6% QoQ. The bank's CASA ratio stood at 38.5%.
- The bank has increased the SA rates in the month of September. The bank had witnessed a trend where customers were shifting their funds from savings to TD due to favorable interest rates. However, this trend is now reversing, and the bank anticipates a stabilization in the savings bank book moving forward. MFI customers contribute 4% of the total deposits.
- The bank has successfully added 1m customers, with 0.6-0.7m lac coming from the EEB segment. On the liabilities side, there has been a 12% YoY increase in the number of customers.
- The bank expects other segment's business growth to be faster than the EEB book, but does not expect any decline in growth in the EEB book.

P&L and Asset Quality related

- Collection Efficiency stood at 98%, EEB (ex-NPA stood at 98%, up from 95% a year ago).
- GNPA stood at 7.3%, with improvements across all buckets.
- The bank reported a PAT of INR7.2b, up 245% YoY. NII stood at INR24.4b, vs INR21.9b, growing 11.4% YoY.
- NIM stood at 7.2% vs. 7% in 2QFY23. NIM stood at 7.3% for Sep-23 due to better yields amid festive demand.
- CoF is expected to go up 20-25bp in the next two quarters, which shall be offset by higher yields. So, the NIMs is expected to hover around 7-7.5%.
- The benefit of the CASA was witnessed in the later part of the quarter.
- Credit cost is largely stable. While we expect credit cost to be stable at 2% with a variance of 20bp.
- The bank has delivered RoA at 1.9% and RoE at 14% in Q2.
- In Q2, the bank expanded its network by opening 80 new branches, with 70% of them strategically located in the northern, southern, and western zones.
- Fresh slippages in the EEB book stood at INR13.2b, out of which INR10b was specifically from the EEB segment. About INR550m of this total originated from the state of Manipur, as the state of Manipur is not active currently.
- In H2, the bank anticipates an improvement in collections. The DPD book has decreased, is expected to result in lower slippages in the future. The bank is optimistic that slippages will decrease and recoveries will increase during the period.
- PCR on the EEB book stands at 85% and the bank has 35-36% coverage in the other books, leading to 70% PCR on the overall book.
- During the quarter, the bank recovered and repaid INR2.5b from its ARC pool, which was sold in Dec-22 and Mar-23. The bank has fulfilled all the necessary payments to the ARC and investors. Hence, any recovery from hereon will directly benefit the bank. By Q4, recoveries from both tranches are expected to be consistent, amounting to a run-rate of INR2.5b per quarter.
- The DPD pool has come down QoQ, and hence, should reflect in the slippages going forward.

- The bank expects to maintain 3% of Opex/Assets going forward in FY24. Further, it targets to add 100-120 branches in the year.
- For the Assam refund, the bank has received its first tranche of INR470m.
- CGMFU recovery – The audit has been completed and the bank remains hopeful of receiving this in the future.
- On the ECLGS guarantee, the bank has already received INR850m and INR4.1b is still pending.
- Collection fees from the ARC will be received till Q3 and will be stopped from Q4 onwards.
- INR16b from CGMFU recovery will be parked in a separate account as a liability to enhance provision cover. Consequently, the NNPA will decrease due to the CGMFU recovery, although it will not directly contribute to the income in the P&L.

Guidance for FY24

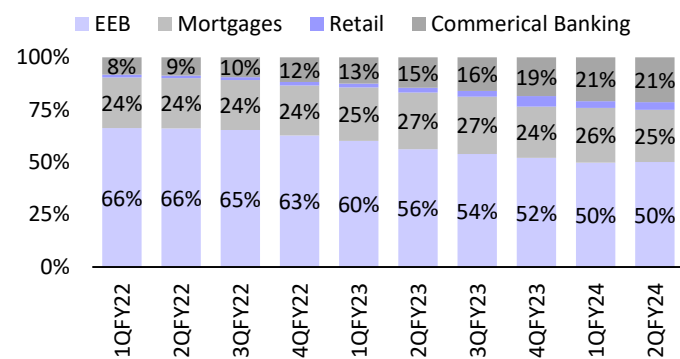
- Guided for FY24 credit growth of ~20%, with the majority of the growth expected in the latter half of the year.
- Expect collection efficiency to be steady at 98%.
- Credit cost guidance set at 2% with a variance of 20bp.
- H2 is the better half for the year and the ongoing festive season is also showing credit demand.

Digital

- The bank has completed migration to the core banking system, and is live on Oracle Flexcube.
- As a first step in the tech migration journey, the bank has launched a new mobile app.
- The new CBS system will enable the launch of additional products and services, enhancing the personalized experience for customers.

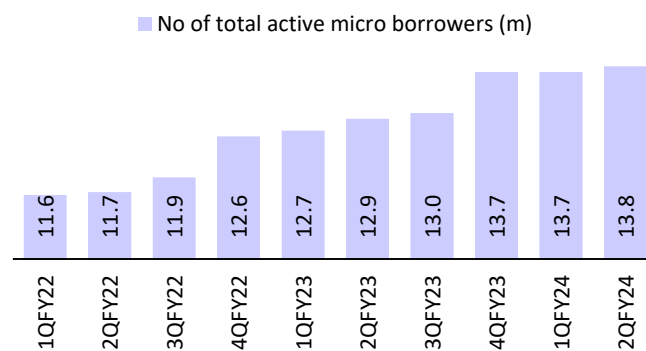
Key exhibits

Exhibit 1: Share of EEB (MFI) in the overall Portfolio mix decreased to 50%



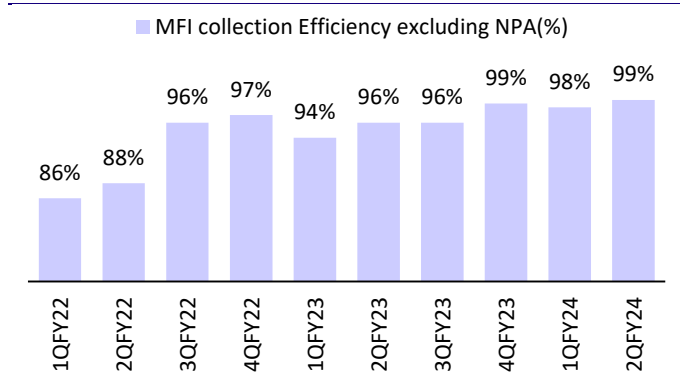
Source: MOFSL, Company

Exhibit 2: Active MFI borrower base increased to 13.8m



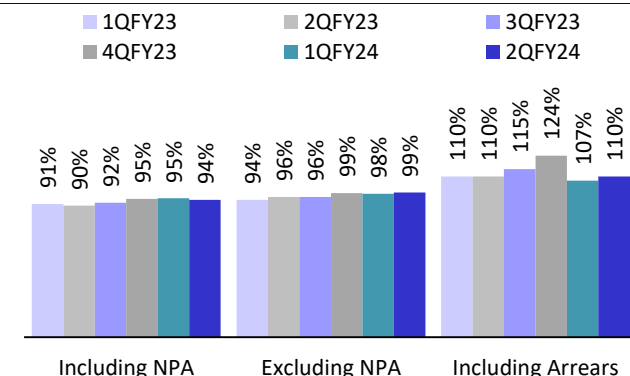
Source: MOFSL, Company

Exhibit 3: MFI collection efficiency (%), excluding NPA, increased to 99% in 2QFY24



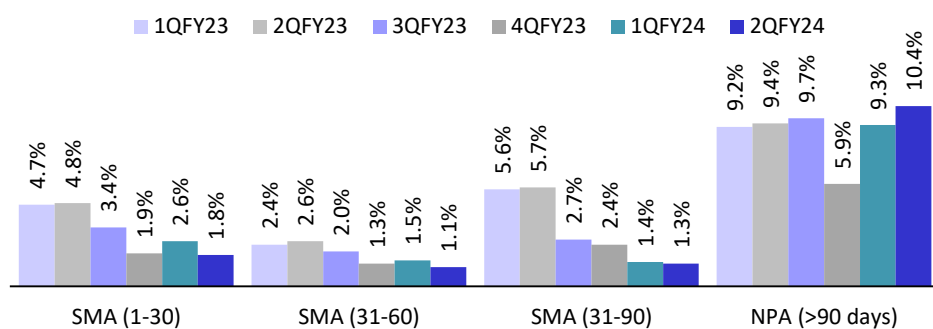
Source: MOFSL, Company

Exhibit 4: QoQ comparison in MFI collection efficiency



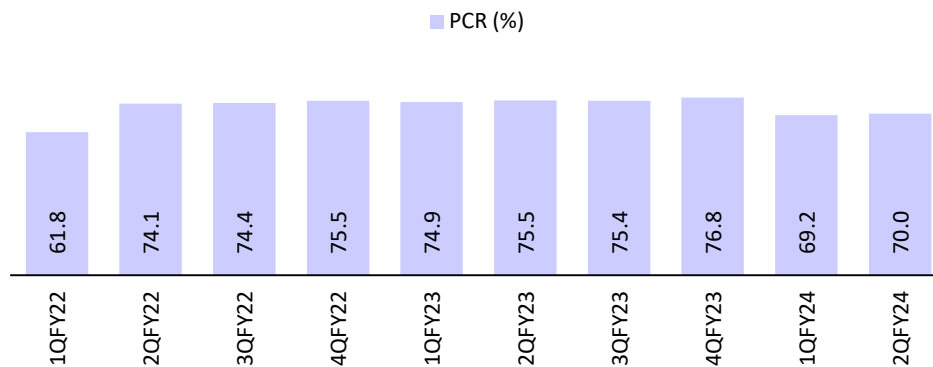
Source: MOFSL, Company

Exhibit 5: Asset quality trends across buckets in the MFI portfolio



Source: MOFSL, Company

Exhibit 6: Provision coverage ratio moderated to ~70% in 2QFY24



Source: MOFSL, Company

Exhibit 7: DuPont Analysis: Return ratios to pick up gradually

	FY18	FY19	FY20	FY21	FY22	FY23	FY24E	FY25E
Net Interest Income	8.1	8.9	8.5	7.3	6.9	6.3	6.1	6.2
Other Income	1.9	2.1	2.1	2.0	2.2	1.7	1.4	1.4
Total Income	10.0	11.0	10.6	9.3	9.1	8.0	7.5	7.5
Operating Expenses	3.5	3.6	3.3	2.7	2.8	3.1	3.4	3.4
Employees	1.8	2.0	1.8	1.6	1.7	1.8	2.0	2.0
Others	1.7	1.6	1.4	1.1	1.1	1.3	1.4	1.4
Operating Profits	6.5	7.4	7.4	6.5	6.3	4.8	4.1	4.1
Core operating Profits	6.4	7.4	7.2	6.3	6.1	4.7	4.0	4.0
Provisions	1.0	1.5	1.9	3.7	6.2	2.8	1.5	1.3
NPA	0.6	1.3	0.8	4.2	4.1	2.7	1.4	1.3
Othes	0.4	0.1	1.1	-0.5	2.1	0.1	0.1	0.0
PBT	5.5	6.0	5.5	2.9	0.1	2.0	2.6	2.8
Tax	1.9	2.1	1.4	0.7	0.0	0.5	0.6	0.7
RoA	3.6	3.9	4.1	2.1	0.1	1.5	2.0	2.1
Leverage (x)	5.4	4.9	5.6	6.3	7.3	8.0	8.1	8.4
RoE	19.5	19.0	22.9	13.5	0.7	11.9	16.0	17.9

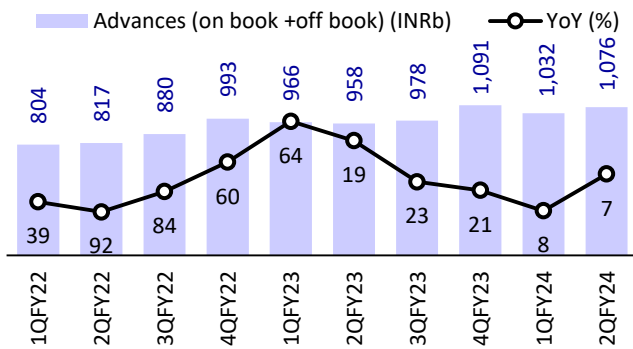
Exhibit 8: We reduce our estimates for PAT/PPoP for FY24/FY25 by 3%/5% each

INR b	Old Estimates		New Estimates		Change (%/bps)	
	FY24	FY25	FY24	FY25	FY24	FY25
Net Interest Income	105.1	129.8	102.8	122.3	-2.2	-5.8
Other Income	23.5	27.4	23.5	27.4	0.0	0.0
Total Income	128.6	157.2	126.2	149.7	-1.8	-4.8
Operating Expenses	56.8	68.9	56.8	68.1	0.0	-1.2
Operating Profit	71.8	88.3	69.5	81.6	-3.2	-7.6
Provisions	26.4	29.8	25.3	25.9	-4.0	-13.3
PBT	45.4	58.5	44.1	55.7	-2.8	-4.7
PAT	34.3	44.1	33.3	42.1	-2.8	-4.7
Loans	1,238	1,495	1,206	1,418	-2.6	-5.2
Deposits	1,297	1,556	1,275	1,518	-1.7	-2.5
Credit Cost (%)	2.2	2.1	2.2	1.9	-0.1	-0.2
RoA (%)	2.0	2.2	2.0	2.1	0.0	-0.1
RoE (%)	16.5	18.6	16.0	17.9	-0.4	-0.7
EPS	21.3	27.4	20.7	26.1	-2.8	-4.7
BV	137.0	157.3	136.4	155.4	-0.4	-1.2
ABV	130.9	152.1	129.2	149.1	-1.3	-2.0

Source: MOFSL, Company

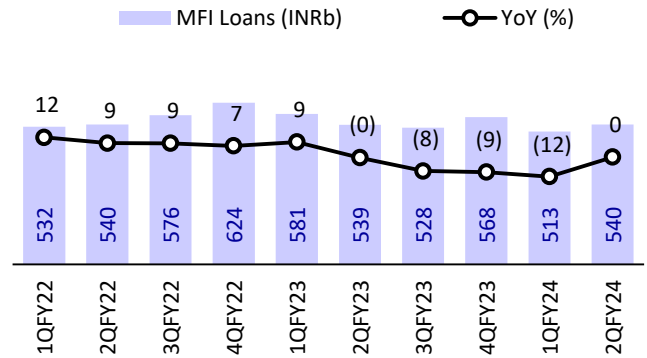
Story in charts

Exhibit 9: AUM grew 12% YoY (up 5% QoQ) in 2QFY24



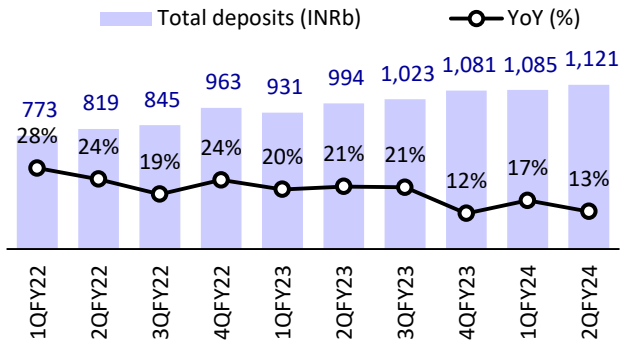
Source: MOFSL, Company

Exhibit 10: MFI loans increased 5% YoY in 2QFY24



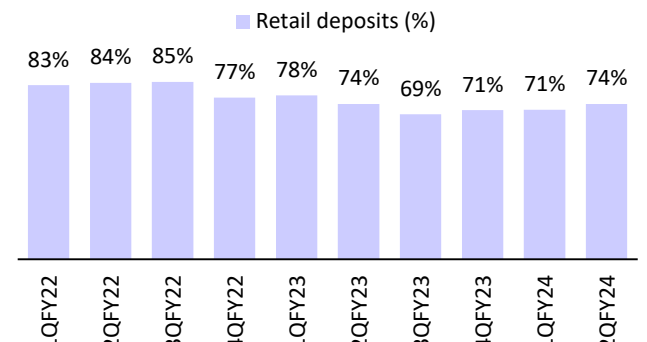
Source: MOFSL, Company

Exhibit 11: Total deposits rose ~13% YoY to INR1,121b in 2QFY24



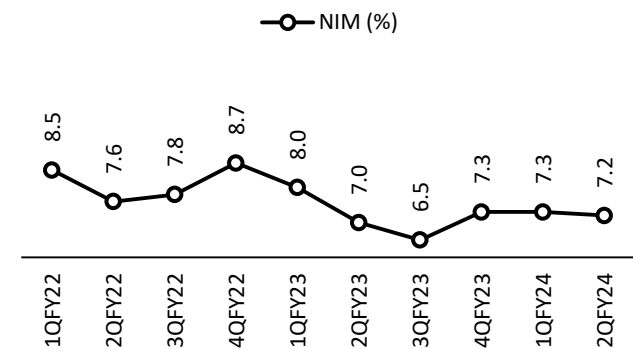
Source: MOFSL, Company

Exhibit 12: Share of Retail deposits (%) increased to 74% in 2QFY24



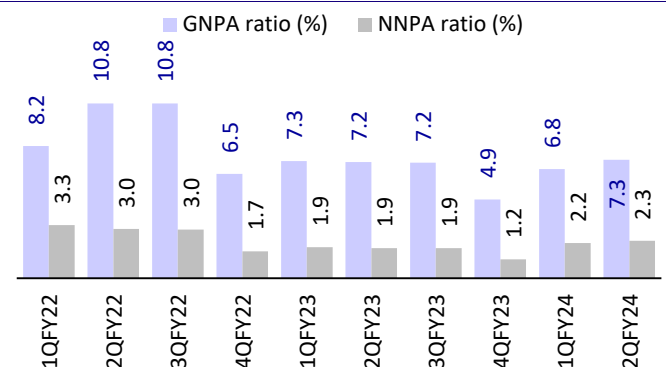
Source: MOFSL, Company

Exhibit 13: Margin remained stable at 7.2% in 2QFY24



Source: MOFSL, Company

Exhibit 14: GNPA/NNPA increased 56bp/14bp QoQ to 7.3%/2.3% in 2QFY24



Source: MOFSL, Company

Financials and valuations

Income Statement								(INR b)
Y/E March	FY19	FY20	FY21	FY22	FY23	FY24E	FY25E	FY26E
Interest Income	66.4	108.9	125.2	138.7	159.0	202.6	235.9	274.0
Interest Expense	21.5	45.6	49.6	51.6	66.5	99.8	113.6	131.7
Net Interest Income	45.0	63.2	75.6	87.1	92.6	102.8	122.3	142.3
Growth (%)	48.3	40.7	19.6	15.2	6.3	11.0	19.0	16.3
Non Interest Income	10.6	15.5	20.2	28.2	24.7	23.5	27.4	32.7
Total Income	55.6	78.7	95.9	115.4	117.3	126.2	149.7	174.9
Growth (%)	48.7	41.6	21.8	20.4	1.7	7.6	18.6	16.8
Operating Expenses	18.1	24.3	28.2	35.2	46.4	56.8	68.1	80.0
Pre Provision Profits	37.5	54.5	67.7	80.1	70.9	69.5	81.6	94.9
Growth (%)	54.2	45.3	24.3	18.4	-11.5	-2.0	17.5	16.3
Core PPOp	37.1	53.3	65.5	77.4	69.8	68.1	80.0	93.0
Growth (%)	55.7	43.7	22.8	18.2	-9.8	-2.4	17.4	16.3
Provisions (excl tax)	7.4	13.9	38.2	78.8	42.0	25.3	25.9	28.8
PBT	30.1	40.5	29.5	1.3	28.9	44.1	55.7	66.1
Tax	10.6	10.3	7.4	0.0	7.0	10.8	13.6	16.2
Tax Rate (%)	35.2	25.4	25.2	2.2	24.1	24.5	24.5	24.5
PAT	19.5	30.2	22.1	1.3	21.9	33.3	42.1	49.9
Growth (%)	45.0	54.9	-27.1	-94.3	1,644.6	51.9	26.2	18.7
Balance Sheet								
Y/E March	FY19	FY20	FY21	FY22	FY23	FY24E	FY25E	FY26E
Equity Share Capital	11.9	16.1	16.1	16.1	16.1	16.1	16.1	16.1
Reserves & Surplus	100.1	135.9	158.0	157.7	179.7	203.6	234.3	272.8
Net Worth	112.0	152.0	174.1	173.8	195.8	219.7	250.4	289.0
Deposits	432.3	570.8	779.7	963.3	1,080.7	1,275.2	1,517.5	1,805.8
Growth (%)	27.6	32.0	36.6	23.5	12.2	18.0	19.0	19.0
of which CASA Dep	176.2	210.3	338.3	400.8	424.6	478.2	588.8	707.9
Growth (%)	51.6	19.4	60.9	18.5	5.9	12.6	23.1	20.2
Borrowings	5.2	163.8	169.6	199.2	247.1	284.2	332.5	389.0
Other Liabilities & Prov.	14.9	30.6	26.8	53.6	34.1	40.2	48.2	57.9
Total Liabilities	564.4	917.2	1,150.2	1,390.0	1,557.7	1,819.3	2,148.6	2,541.7
Current Assets	58.0	83.5	62.3	93.2	82.5	75.1	79.9	94.9
Investments	100.4	153.5	251.6	290.8	323.7	391.6	473.9	573.4
Growth (%)	19.9	52.9	63.9	15.6	11.3	21.0	21.0	21.0
Loans	396.4	666.3	816.1	939.7	1,047.6	1,206.0	1,417.5	1,664.4
Growth (%)	33.4	68.1	22.5	15.1	11.5	15.1	17.5	17.4
Fixed Assets	3.3	3.7	4.9	5.9	8.5	9.6	10.7	12.0
Other Assets	6.3	10.1	15.3	60.3	95.4	137.0	166.6	197.0
Total Assets	564.4	917.2	1,150.2	1,390.0	1,557.7	1,819.3	2,148.6	2,541.7
Asset Quality								
GNPA	8.2	9.9	57.6	63.8	53.0	61.2	48.5	51.1
NNPA	2.3	3.9	28.6	15.6	12.3	16.5	14.7	14.9
GNPA Ratio	2.0	1.5	6.8	6.5	4.9	4.9	3.3	3.0
NNPA Ratio	0.6	0.6	3.5	1.7	1.2	1.4	1.0	0.9
Credit Cost	1.9	2.6	5.2	9.0	4.0	2.2	1.9	1.8
PCR (Excl Tech. write off)	72.1	60.8	50.3	75.5	76.8	73.0	69.8	70.9
E: MOFSL Estimates								

Financials and valuations

Ratios

Y/E March	FY19	FY20	FY21	FY21	FY23	FY24E	FY25E	FY26E
Spread Analysis (%)								
Avg. Yield- on Earning Assets	14.2	15.4	12.7	11.7	11.8	13.1	13.1	12.8
Avg. Yield on loans	16.5	17.9	14.7	13.9	14.2	15.6	15.6	15.3
Avg. Yield on Investments	6.7	6.6	5.9	5.5	6.4	6.8	6.9	6.9
Avg. Cost of Int. Bear. Liab.	6.0	8.3	6.2	5.1	5.6	7.3	7.0	6.9
Avg. Cost of Deposits	5.4	6.6	5.9	5.0	5.4	6.1	6.0	5.9
Interest Spread	8.2	7.2	6.5	6.6	6.2	5.8	6.0	5.9
Net Interest Margin	9.6	9.0	7.7	7.4	6.9	6.7	6.8	6.6

Capitalisation Ratios (%)

CAR	29.2	27.4	23.5	20.1	19.8	17.8	16.9	16.3
Tier I	27.9	25.2	22.5	18.9	18.7	16.9	16.2	15.7
Tier II	1.3	2.2	1.0	1.2	1.1	0.9	0.7	0.6

Business and Efficiency Ratios (%)

Loans/Deposit Ratio	91.7	116.7	104.7	97.6	96.9	94.6	93.4	92.2
CASA Ratio	40.8	36.8	43.4	41.6	39.3	37.5	38.8	39.2
Cost/Assets	3.2	2.6	2.4	2.5	3.0	3.1	3.2	3.1
Cost/Total Income	32.6	30.8	29.4	30.5	39.5	45.0	45.5	45.7
Cost/Core income	32.8	31.3	30.1	31.3	39.9	45.4	46.0	46.2
Int. Expense/Int.Income	32.3	41.9	39.6	37.2	41.8	49.3	48.2	48.1
Fee Income/Total Income	18.4	18.2	18.8	22.1	20.1	17.5	17.3	17.6
Non Int. Inc./Total Income	19.1	19.7	21.1	24.5	21.0	18.6	18.3	18.7
Empl. Cost/Total Expense	55.7	56.3	59.1	60.6	58.6	58.4	58.4	58.1
Investment/Deposit Ratio	23.2	26.9	32.3	30.2	29.9	30.7	31.2	31.8

Profitability Ratios and Valuation

RoE	19.0	22.9	13.5	0.7	11.9	16.0	17.9	18.5
RoA	3.9	4.1	2.1	0.1	1.5	2.0	2.1	2.1
RoRWA	5.6	6.2	3.3	0.2	2.3	2.9	3.1	3.1
Book Value (INR)	94	94	108	108	122	136	155	179
Growth (%)	19.4	0.5	14.5	-0.2	12.7	12.2	14.0	15.4
Price-BV (x)	2.5	2.5	2.2	2.2	2.0	1.7	1.5	1.3
Adjusted BV (INR)	93	93	96	101	116	129	149	173
Price-ABV (x)	2.6	2.6	2.5	2.4	2.0	1.8	1.6	1.4
EPS (INR)	16.4	21.6	13.7	0.8	13.6	20.7	26.1	31.0
Growth (%)	39.1	31.9	-36.5	-94.3	1,644.5	51.9	26.2	18.7
Price-Earnings (x)	14.5	11.0	17.4	304.7	17.5	11.5	9.1	7.7
Dividend Per Share (INR)	1.2	3.8	1.0	0.0	4.7	5.9	7.1	7.1
Dividend Yield (%)	0.5	1.6	0.4	0.0	2.0	2.5	3.0	3.0

E: MOFSL Estimates

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