Equity Research
July 25, 2021
BSE Sensex: 52976

ICICI Securities Limited is the author and distributor of this report

Q1FY22 result review, TP and earnings revision

Banking

Target price: Rs14

Earnings revision

(%)	FY22E	FY23E
PAT	↓ 3	↓ 2

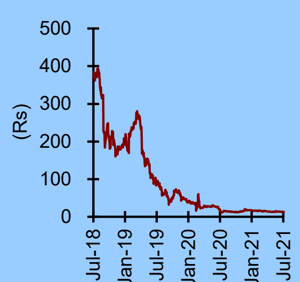
Target price revision:
Rs14 from Rs16

Shareholding pattern

	Dec '20	Mar '21	Jun '21
Promoters	0.0	0.0	0.0
Institutional investors	62.3	60.5	57.5
MFs and others	0.3	0.3	0.7
FIs / Banks	39.7	39.2	39.3
Insurance Cos.	7.3	7.2	5.5
FIIs	15.0	13.8	12.0
Others	39.7	39.5	42.5

Source: BSE

Price chart



INDIA

YES Bank

HOLD
Maintain

Structurally building granular franchise; net stress pool still elevated

Rs13

Post aggravated recognition/provisioning in Q4FY21, YES Bank (YES) reported PAT of Rs2.07bn in Q1FY22 (*vs* loss of Rs37.9bn in Q4FY21). NIM normalisation, treasury gains (Rs3bn) and recoveries from written-off accounts (Rs2.5bn) supported earnings. *What encouraged in Q1FY22*: 1) slippages (at >5%) were more than offset by upgrades, recoveries and write-offs; 2) GNPAs remained stable and credit cost was contained at 1.6%; 3) retail/SME mix improved 200bps QoQ to 53%; 4) CASA improved 130bps to 27.4%. *Key to watch out*: a) sharp spike in retail slippages and retail overdue buckets; b) elevated stress pool with net labelled exposure at 7.4%, restructured pool at 3%, SMA-2 at 5%, SMA-1 at 2.1%; c) restrictions on network partner Mastercard to adversely impact new credit card issuances. RoEs of <6% over the next couple of years will likely cap rerating beyond 1x FY23E book. Maintain HOLD with a revised target price of Rs14 (earlier: Rs16). Key risks: 1) covid resurgence causing further stress; 2) lock-in of shares, and lower float boosting value beyond fundamentals.

- **Slippages though elevated were more than offset by NPA reductions:** Gross slippages, amidst second wave disruption, were elevated at Rs22.3bn (annualised run-rate of >5%). Corporate segment constituted >55%, predominantly in real estate and hospitality segment. Also, 35% of delinquencies were from the retail book. Nonetheless, upgrades of Rs17.2bn (85% in corporate book), recoveries of Rs2.6bn and write-offs of Rs3.5bn sustained GNPAs at 15.6%. Bank is of the view that post recoveries of Rs49bn in FY21 (Rs20bn in Q4FY21), recoveries through FY22 are more likely to outpace slippages. Hence, we expect the stress pool to consolidate and come off in the current fiscal. Overall, we anticipate cumulative slippage run-rate of 4.2%/2.6% and expect GNPAs to settle at 13%/11% by FY22E/FY23E.

- **Net labelled exposure, restructuring and overdue pool still elevated:** YES's cumulative gross non-performing exposure and restructured advances amount to Rs438bn, equivalent to 21% of advances plus corporate investments (*vs* 19% in Q4FY21). On this stressed pool, it carries provision coverage of 60%. Standard restructured pool has risen to Rs50bn (from Rs12.4bn) as overdue accounts of Rs25bn have been restructured. Besides restructured OTR 1.0 pool of Rs46.24bn, incremental restructuring of Rs590mn was done under OTR 2.0. Overdue book (61-90dpd & 31-60dpd) has reduced due to forward flow into GNPAs and restructuring. However, incremental accretion in retail overdue bucket would make us wary. With net labelled exposure at 7.4%, restructured pool at 3%, SMA-2 at 5% (5.4% in FY21) and SMA-1 at 2.1% (2.8%), we build-in credit cost of 2.5%/2.0% over FY22E/FY32E respectively.

Market Cap	Rs327bn/US$4.4bn
Reuters/Bloomberg	YESB.BO/YES IN
Shares Outstanding (mn)	25,054.9
52-week Range (Rs)	20/12
Free Float (%)	100.0
FII (%)	12.0
Daily Volume (US$'000)	25,905
Absolute Return 3m (%)	(6.8)
Absolute Return 12m (%)	(11.5)
Sensex Return 3m (%)	11.3
Sensex Return 12m (%)	40.4

Year to Mar	FY20	FY21	FY22E	FY23E
NII (Rs bn)	68	74	80	90
Net Profit (Rs bn)	-227	-35	8	19
EPS (Rs)	-18.1	-1.4	0.3	0.8
% Change YoY	NA	NA	NA	NA
P/E (x)	NA	NA	39.8	16.8
P/BV (x)	0.8	1.0	1.0	0.9
P/ABV (x)	1.1	1.3	1.2	1.1
GNPA (%)	16.8	15.4	13.2	11.3
RoA (%)	-7.1	-1.3	0.3	0.6
RoE (%)	-93.4	-12.6	2.4	5.6

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- **Focused on building granularity in advances portfolio:** Loanbook fell 2% sequentially and was down 0.4% YoY, which was largely expected given the covid second wave disruption and state-wide restrictions. In line with its medium-term objective of creating a granular asset portfolio, YES continues to build its retail/SME loanbook (up 23% YoY). Retail + MSME advances now constitute 53% of advances *vs* 44% in FY20 and 51% in FY21. Retail disbursements (at Rs50bn) and MSME lending (at Rs32.4bn) were down 20-30% QoQ due to lower activity levels in Q1FY21. Nevertheless, it comprised 69% of incremental disbursements. Furthermore, credit card portfolio is up almost 50% QoQ to Rs15bn and would be adversely impacted due to restrictions on its network partner Mastercard Asia on fresh onboarding. YES has already entered into agreement with Rupay and will enter into an agreement with Visa as well by the end of this month. Nonetheless, it would take almost 3 months to start onboarding new customers.

  Having addressed, recognised and provided for the legacy corporate stress book, YES is now willing to resume corporate lending focused towards transaction banking and working capital financing. It disbursed Rs36bn towards wholesale banking. We pencil-in credit growth of 9%/13% for FY22E/FY23E respectively. Bank is targeting retail:corporate mix of 60:40 in the medium term.

- **Emerging confidence in deposit franchise:** CASA deposits were up 48% YoY and 5.2% QoQ at Rs448bn taking CASA ratio to 27.4%, up 130bp QoQ. Overall, deposit base for FY21 was up 39% YoY and flat QoQ at Rs1.63trn. As a result, the C/D ratio improved to 100%, lowest in the past 14 quarters and near to its guidance of less than 100% for FY22. New customer acquisition was impacted due to the pandemic and the bank onboarded ~152k new CASA accounts during the quarter *vs* 256k / 221k / 151k / 31k in Q4F21 / Q3FY21 / Q2FY21 / Q1FY21 respectively. Given the strong run-rate in CASA deposits, the bank is aiming at CASA ratio of 30% in FY22.

- **Margins at 2.1%, likely to further inch up in coming quarters:** NII, after being adversely impacted in Q4FY21 (Rs7.6bn of interest reversals and Rs1.4bn of ‘interest on interest’ reversals), normalised to Rs14bn. Though it was up 42% QoQ, it was down 26% YoY. NIMs were at 2.1% (*vs* 1.6% QoQ and 3.0% YoY) as yields stabilised at 8.2% with cost of funds at 5.7%. Excess liquidity with average LCR at 131.8% *vs* 113.9% in Q4FY21 weighed on margins while sustained reduction in cost of deposits is aiding the bank to lower the cost of funds. Going forward, with credit growth normalisation, ramp-up of the low-cost deposit franchise and normalised liquidity levels, we are building-in margins of 3.2%/3.4% for FY22E/FY23E respectively.

- **Non-interest income (ex-treasury) up 4% QoQ; recovery from written-offs strong at Rs2.5bn:** Non-interest income was up 29% QoQ and 70% YoY largely driven by Rs2.5bn recovery from written-off accounts. Even after excluding treasury gains of Rs2.3bn *vs* Rs0.16bn QoQ, non-interest income was up 3.6% QoQ. Corporate banking fees, after unwinding for Q4 as well as full year FY21, reported some positive trajectory of Rs200mn in Q1FY22. Also, retail banking fees were up 183% YoY, though down 19% QoQ.

- **Priorities for FY22 targeted towards medium-term objectives; transitioning to weigh on profitability and growth:** The revamped leadership with Mr. Prashant Kumar at the helm (leveraging on the backing of leading shareholder banks, changed governance and underwriting framework) is stabilising and turning around YES from the current downcycle. Bank is prioritising rebuilding of trust, focus on granular advances growth (led by retail, SME and working capital financing), and improvement in CASA ratio. Its medium-term aim is to build a granular deposit base (retail TD, CASA, etc.) and granular loan profile (retail, MSME, etc.), which is an extremely competitive task and will come at a higher opex and lower spread. Stable NIMs (not having much reversal due to stress recognition), increased traction in fee income and continued cost control, will help YES get an RoE profile around 2.4%/5.6% for FY22E/FY23E respectively. Bank is looking at an RoA target of 1-1.5% over FY23-FY25.

Table 1: Net labelled exposure plus restructuring at 11%

(Rs bn)	Q4FY20	Q2FY21	Q3FY21	Q4FY21	Q1FY22
GNPA	329	323	295	286	285
NFB of NPA accounts	17	17	13	17	16
NPI	92	66	66	66	66
ARC	22	22	22	22	22
Std restructured	2	1	15	12	50
Other std exposure	10	10	12	12	10
Total labelled exposures	**471**	**439**	**423**	**415**	**448**
Total Provisions against labelled exposures	319	300	293	266	267
Coverage ratio	68%	68%	69%	64%	60%

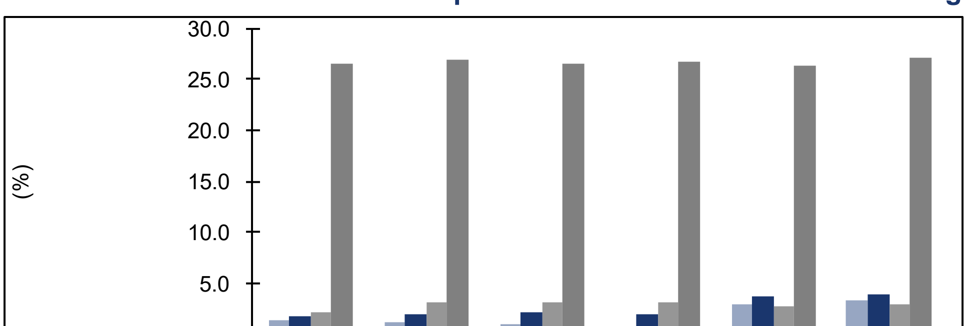
Source: Company data, I-Sec research

Table 2: Elevated slippages, fully offset by recoveries, upgrades and write-offs

Movement of GNPA (Rs bn)	Retail	SME	Medium Enterprise	Corporate	Total
Opening	**14.89**	**7.84**	**3.91**	**259.46**	**286.10**
Add: Additions	7.60	1.42	1.83	12.58	22.33
Less: Upgrades	1.78	0.64	-	14.81	17.23
Less: Recoveries	0.46	0.42	0.15	1.62	2.64
Less: Write-Offs	3.44	0.05	-	-	3.50
Closing	**16.82**	**8.14**	**4.50**	**255.61**	**285.06**

Source: Company data, I-Sec research

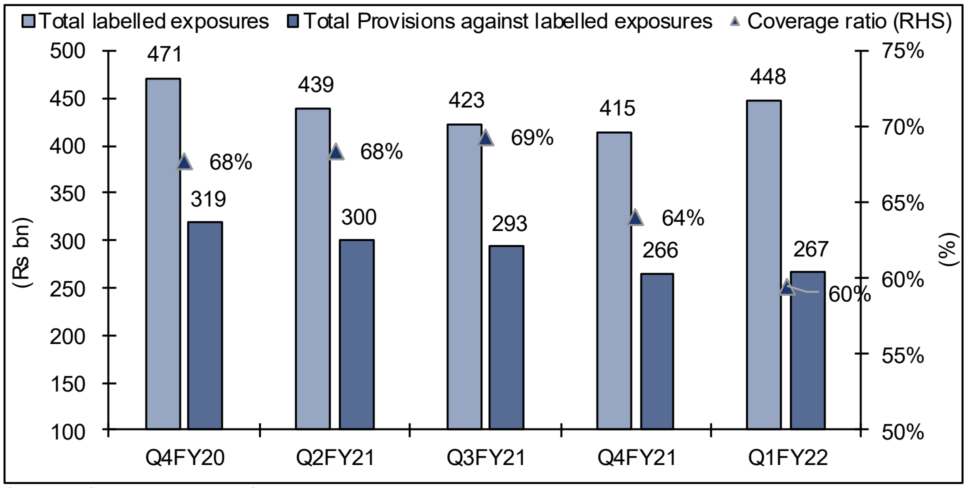
Chart 1: Covid second wave disruption leads to rise in NPAs across segments



	Q4FY20	Q1FY21	Q2FY21	Q3FY21	Q4FY21	Q1FY22
Retail	1.2	1.2	0.8	0.5	2.9	3.3
SME	1.7	2.0	2.2	1.9	3.7	3.9
Medium enterprises	2.1	3.0	3.1	3.2	2.6	2.8
Corporate	26.6	27.0	26.6	26.8	26.4	27.1

Source: Company data, I-Sec research

Chart 2: Coverage ratio on stressed pool down to 60%; credit cost at 1.6%



Source: Company data, I-Sec research

Chart 3: GNPAs stabilising, likely to witness decline in FY22

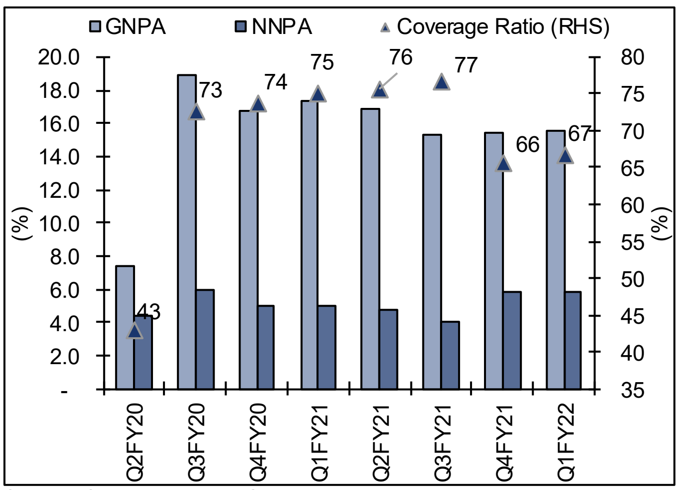
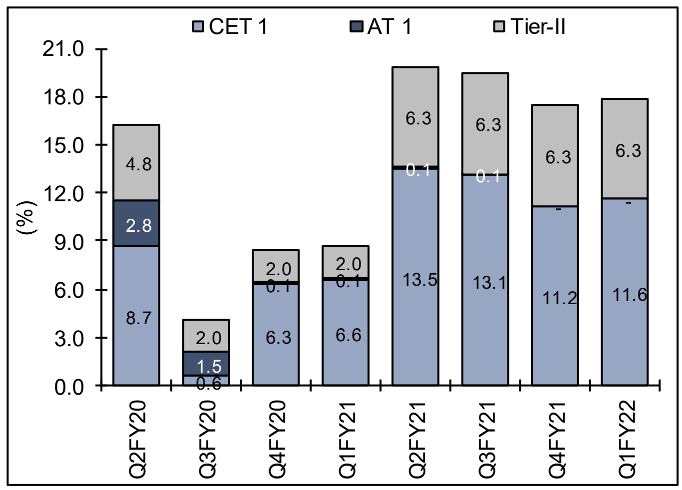


Chart 4: CET I stabilising around current levels



Source: Company data, I-Sec research

Chart 5: Retail disbursements impacted due to covid second wave, in-line with peers

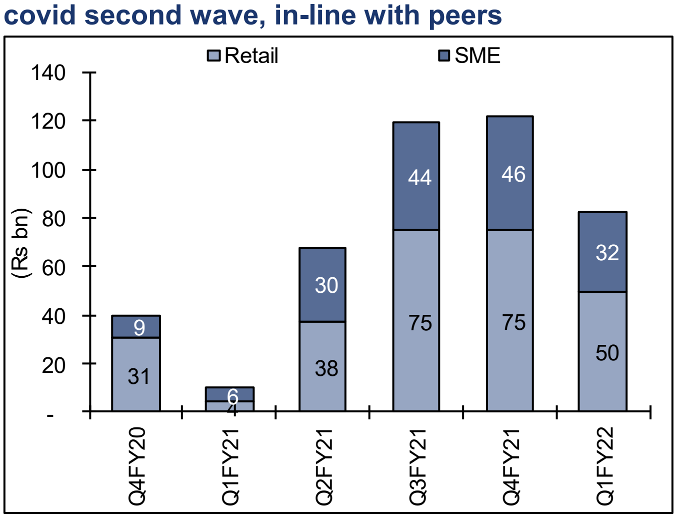
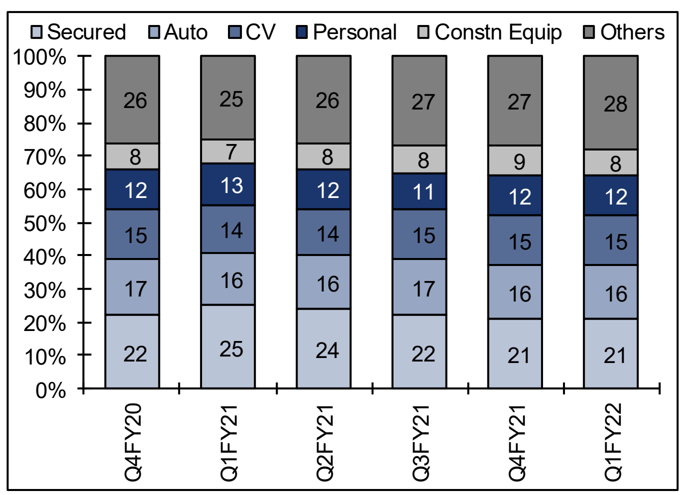


Chart 6: Granular retail loan book



Source: Company data, I-Sec research

Chart 7: CASA proportion targeted at 30% by FY22-end

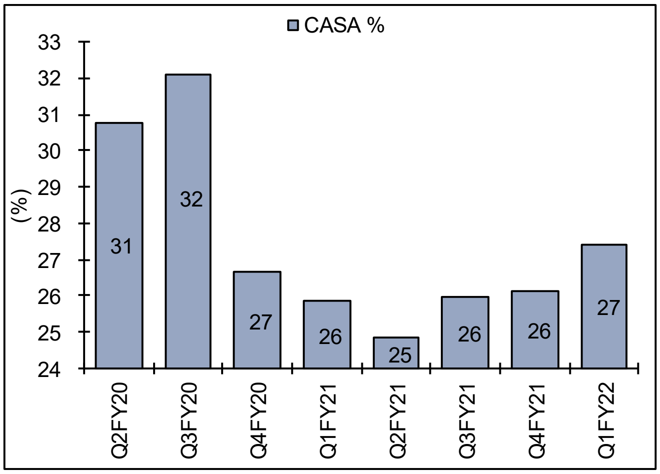
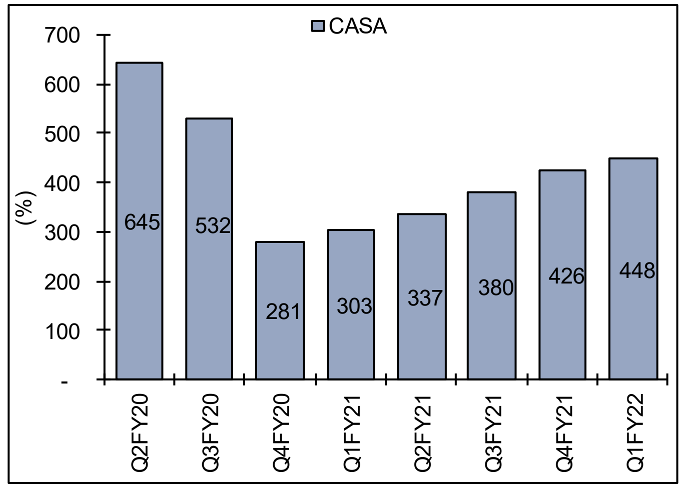


Chart 8: CASA growth sees speedy recovery seen as bank regains lost confidence



Source: Company data, I-Sec research

Chart 9: Spiked CD ratio now moderating with entrusted depositors confidence

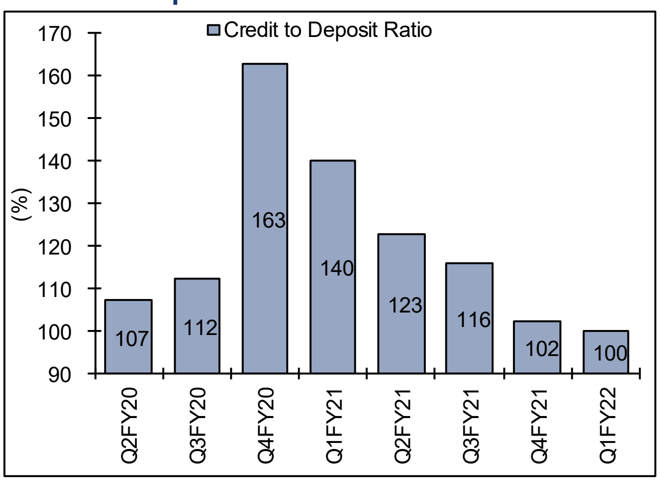
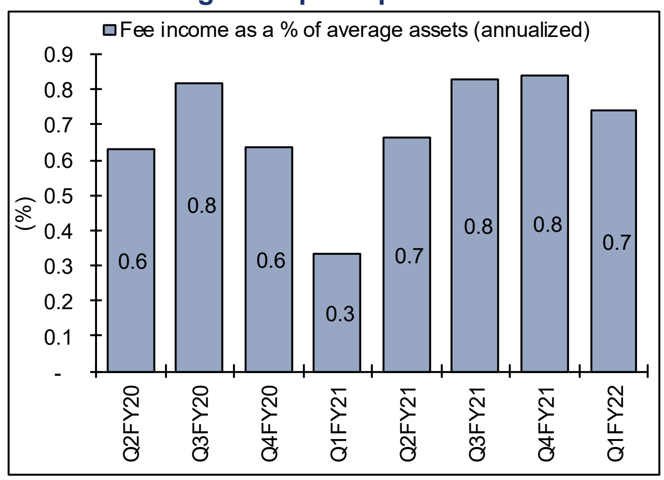


Chart 10: Fee Income can turn out to be a potential RoA driver as growth picks pace



Source: Company data, I-Sec research

Chart 11: Containment of opex can be a key RoA driver

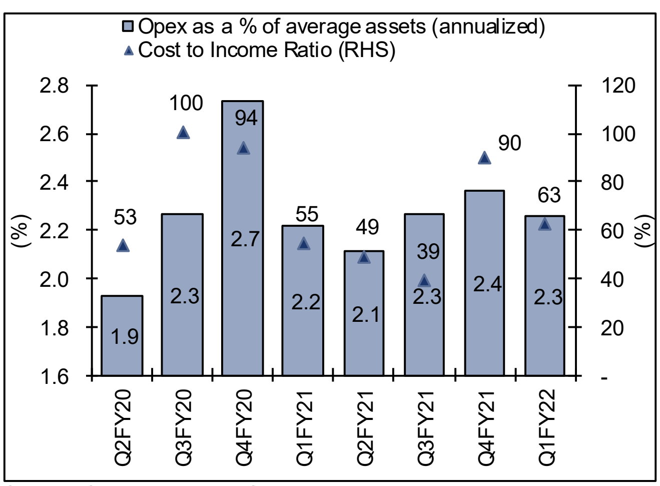
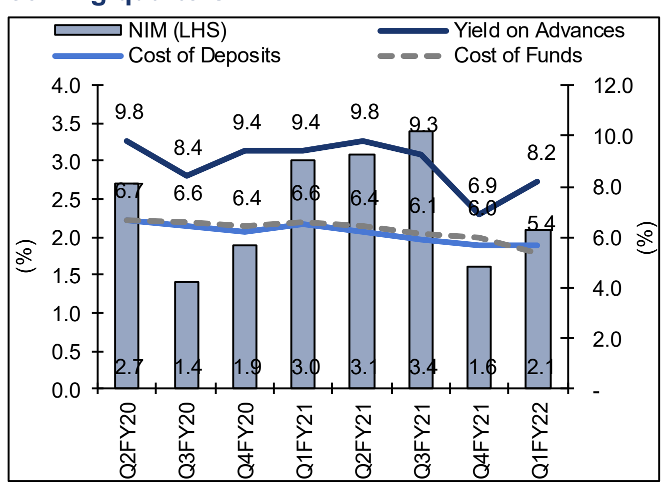


Chart 12: Margins likely to scale up futher in coming quarters



Source: Company data, I-Sec research

YES Bank Q1FY22 earnings call takeaways

Opening comments

- ***On track to achieve FY22 guidance. Focus on advance growth with improving granularity.***
- Retail: MSME advance mix of 60:40 by FY23
- June and July has seen momentum back
- ***Confident of achieving cash recovery of more than Rs50bn in FY22***
- Deposit to grow faster than loans; CD ratio of less than 100% and CASA ratio of more than 30%
- Has moved to work from anywhere regime to provide flexibility

On asset quality – trends are improving

- **Asset quality trends are improving with corporate segment recoveries and upgradations.**
- Gross NPA at remained stable at 15.60% (down Rs1bn QoQ) – **corporate NPAs at 27% (26.4%), retail up 40bps to 3.3%, SME up 20bps to 3.9% and mid corporates at 2.8%.**
- Non performing investment came off to Rs64.6bn with provisioning coverage of 92%.
- ***Retail slippages at Rs7.6bn, MSME at Rs3.25bn and corporate at Rs12.6bn. Slippages predominantly from real estate and hospitality sector.***
- Collection efficiency in retail was down to 93% in Q1FY22 from 96% in Q4FY21. 87% of retail assets are secured.
- ***Corporate recoveries / upgradation of Rs14.8bn + Rs1.6bn offset corporate slippages of Rs12.6bn and almost bank's aggregate slippages as well. Upgradations were granular.***

On restructuring and overdue advances

- ***Standard restructured pool has risen to Rs50bn (from Rs12.4bn)***. 80% of incremental restructuring of Rs38bn is from covid related restructuring and 14% by way of change in management.
- Of this, restructured 1.0 pool at Rs46.24bn and incremental restructuring of Rs590mn under restructuring 2.0. No significant pipeline left now – incremental requests that might come in will have to be examined on a case to case basis.
- Management last time indicated that Rs25bn were in advanced stage of restructuring (Rs22bn in 61-90 days bucket and Rs1.5bn in 31-60days bucket). Of this, except for couple of accounts, most of this has flowed into restructuring.
- ***Overdue Book (61 -90 days) reduced QoQ from 2.8% to 2.1% (by Rs12.5bn QoQ to Rs34bn) and 31-60days overdue was down QoQ to 5% from 5.4% (by Rs8.8bn to Rs81.7bn)***

- On case-to-case basis seeing improvement in economic activity, should be able to regularize overdue corporate advances.

On recoveries

- Momentum in recoveries continued with Rs6bn of cash recoveries in Q1FY22.
- ***Expects Rs50bn of cash recoveries in full year FY22.***
- 90% of retail segments should see V-shaped recovery in collections. Only few segments will take more time to normalcy.

Business momentum led by retail/SME

- Loan book fell 2% sequentially and was down 0.4% YoY which was largely expected given the covid 2nd wave disruption and state-wide restrictions.
- ***Retail advances have cross Rs500bn mark for the first time.***
- ***Bank continues to build retail/SME loan book (up 23% YoY). Retail + MSME advances mix at 53%, up ~200bps QoQ***
- Gross Retail Disbursements of at Rs50bn (compared to Rs75bn each in Q3FY21 and Q4FY21), SME Disbursements at Rs32.4bn (Rs41bn in Q4FY21) and wholesale banking disbursements at Rs36.3bn.
- ***Credit card portfolio is up almost 50% QoQ to Rs15bn. Restrictions on Mastercard from fresh on-boarding w.e.f. July 22nd 2021 has no impact on its existing customer.***
- ***Already entered into agreement with Rupay and will enter into agreement with Visa by end of the month – it would take almost 3 months to start onboarding customers.***

Deposits getting granular

- In Q1FY22, deposits were flat QoQ and sustained growth at 39% YoY.
- Deposit growth is also granular as reflected in ***CASA deposits growth of 5.2% QoQ vs. 0.2% growth in overall deposits.***
- ***CASA ratio has further improved to 27.4%.***
- New customer acquisition impacted due to covid but still could onboard ~152K CASA A/Cs opened (compared to 220-260k in Q3/Q4FY21).
- Steady-state high QoQ growth in deposits has aided the bank to improve its CD ratio to 100% from 140% YoY.
- Average quarterly LCR at 132% vs. 114% QoQ and 42% YoY and re-pay high cost borrowings.

On operating metrics

- Net Interest Income, after being adversely impacted in Q4FY21, normalised to Rs14bn (up 42% QoQ).

- ***NIMs were at 2.1% as yields stabilised at 8.2% with cost of funds at 5.7%.*** One of the reasons for lower NIMs compared to guided range was primarily due to excess liquidity and covid impact. Should exit FY22 with 2.75% NIMs.
- ***Retail banking fees were down 19% QoQ though up 183% YoY.***
- ***Operating profit improved to Rs9.2bn.***
- Operating expenses were down 5% QoQ, albeit up 11% YoY sustaining cost efficiencies.

CET 1 ratio at 11.6%

- Expects that recoveries and operating profits would be sufficient to cover for future slippages and growth
- Deferred tax asset of Rs66bn deducted from net-worth for computing CET 1, representing ~280 bps, to further aid Bank's CET 1 over time.
- As it starts getting taxable profits, will be able to write-off stressed pool.
- ***If business growth and credit growth is more than expectations with economy surprising on upside, it may evaluate capital raising options.***

YES Bank Q4FY21 earnings call takeaways

Priorities for FY22 to achieve medium term objectives

- Rebuilding trust in the franchise - able to grow deposit franchise by 55% YoY to Rs1.63tn. Operating profit grew 42% YoY in FY21.
- Number of measures undertaken to improve governance.
- Focus on advance growth with improving granularity. ***20% growth in retail; resuming growth in corporate (10% growth)***
- Continues to support corporate business focused towards transaction banking and working capital finance.
- ***Retail and MSME mix of 60% plus. Deposit to grow faster than loans; CD ratio of less than 100% and CASA ratio of more than 30%***
- ***Deliver 1.0-1.5% RoA over the next 2 - 4 years – a medium term guidance.***

Retail and SME – emerging pillar of credit

- Medium-term objective of the bank is to build granular asset portfolio skewed towards retail and MSME lending.
- Retail disbursements were sustained at Rs75bn – 84% being secured lending and SME disbursements were Rs46bn. Unsecured proportion is lower and will continue to be selective. With lower base of secured assets, it can still choose to grow.
- Retail assets have grown by 23% YoY and constitutes 30% of advances.
- Retail + MSME advances mix at 51%, up ~300 bps QoQ, ~700 bps YoY

Deposit franchise gaining strength

- Deposit franchise is gaining strength as bank opened ~265,000 new CASA accounts in Q4FY21 (660k for FY21), surpassing 600k in FY20.
- Deposit granularizing at a very fast pace
- Deposits grew 11% QoQ and 55% YoY to Rs1.63tn. CASA ratio improved to 45%.
- CD ratio too moderated to 102% from 163% in FY20-end. LCR for the bank stood at 114% as of FY21-end.

Asset quality pangs come to the fore

- ***Gross slippages with flow through from standstill account and SMA-1/2 pool came in at Rs118.7bn in Q4FY21 (almost 7% of advances).*** However, it has written off Rs103bn and recoveries & Upgrades were Rs24.9bn that helped manage GNPLs at 15.4% and net NPA at 5.9%.
- The bank prudently made an accelerated provision of Rs65bn on incremental slippages taking provisioning coverage to 79% (from 69%).
- ***It created Rs9.3bn of additional provisioning towards NPI exposures in investments of conglomerate; increases PCR for Total NPIs of Rs51.3bn to 92% from 81% previous quarter***
- ***SMA-2 pool of Rs46.6bn (2.9%), SMA-1 of Rs90.4bn (5.4%) – the pool includes 1.5% (Rs25bn) of restructuring anticipated in Q1FY22. Should see reduction in SMA pool going forward.***
- ***85% of SMA-1 is corporate and balance from retail/SME.***
- It also made provisioning of Rs2.5bn towards Covid related restructuring (Rs25bn – 1.5% of advances) expected to be implemented in Q1FY22.
- ***In FY22, the bank expects recoveries to outpace slippages – Recoveries of Rs49.3bn delivered in FY21 (over more than 100 accounts).***
- Have not made any contingency provisioning on overdue book – as it has made accelerated provisioning on stressed book.
- Second wave too early to comment but had done detailed analysis of the portfolio on account-by-account basis.

Bad banks

- ***Able to continuously resolve stress within the bank.***
- Optionality of ban bank and sell down is there; it is awaiting for a Committee report and clarity on the framework.

Other operating metrics

- Net Interest Income lower was also impacted due to ***Rs7.6bn of interest reversals on NPL recognition and Rs1.4bn of interest on interest reversals on loans above Rs20mn.***

- ***Also there was not much support of treasury profits in Q4FY21 (merely Rs160mn compared to FY21 of Rs11bn)***
- However, core fee income grew 22% QoQ
- Operating expenses in FY21 were lower by 14% with several initiatives underway as a part of the dedicated cost transformation program aimed at building a long term frugal and efficient cost structure

Plans to equity raising

- CET is 11.2% - 100% bps comfort over regulatory environment
- ***Recoveries will take care of credit cost and capital consumption will be for growth purpose. Despite growth, CET-1 will be above regulatory environment.***
- ***Don't see any requirement to raise capital but if required for growth, will evaluate.***
- SBI is supposed to keep minimum 26% shareholding in the bank.

Table 3: Q1FY22 result review

(Rs mn, year ending March 31)

Particulars	Q1FY22	Q1FY21	% Change YoY	Q4FY21	% Change QoQ
Net Interest Income	14,022	19,081	(27)	9,867	42
% Growth	(27)	(16)		(23)	
Fee income	8,284	2,137	288	5,980	39
Other income	2,280	4,070	(44)	2,180	5
Total Net Income	**24,586**	**25,288**	**(3)**	**18,027**	**36**
% Growth	(3)	(29)		(4)	
Less: Operating Expenses	(15,383)	(13,820)	11	(16,178)	(5)
Pre-provision operting profit	**9,203**	**11,469**	**(20)**	**1,849**	**398**
Total provisions	(6,444)	(10,866)	(41)	(52,396)	(88)
PBT	2,758	602	358	(50,547)	NM
Less: taxes	(690)	(148)	366	12,670	NM
PAT	**2,068**	**454**	**355**	**(37,877)**	**NM**
% Growth	355	(60)		3	
Balance sheet (Rs mn)					
Particulars					
Advances	16,36,537	16,45,100	(1)	16,68,930	(2)
Deposits	16,32,954	11,73,600	39	16,29,466	0
Asset quality					
Gross NPL	2,85,060	3,27,027	(13)	2,86,095	(0)
Net NPL	94,549	81,575	16	98,134	(4)
Gross NPL ratio (Change bps)	15.6	17.3	(170)	15.4	19
Net NPL ratio (Change bps)	5.8	5.0	82	5.9	(10)
Credit cost (Change bps)	1.4	2.3	(86)	11.1	(969)
Coverage ratio (Change bps)	65	75	(1,006)	66	(70)
Business ratio			**Change bps**		**Change bps**
RoAA	0.3	0.1	23	(5.7)	598
RoAE	2.5	0.8	165	(43.2)	4,568
CASA	27.4	25.8	159	26.1	129
Credit / Deposit Ratio	100.2	140.2	(3,996)	102.4	(220)
Cost-Income ratio	62.6	54.6	792	89.7	(2,717)
Earnings ratios			**Change bps**		**Change bps**
Yield on advances	8.2	9.4	(120)	6.9	130
Cost of deposits	5.4	6.6	(120)	6.0	(60)
NIM	2.1	3.0	(90)	1.6	50

Source: Company data

Financial summary

Table 4: Profit and Loss statement

(Rs mn, year ending Mar 31)

	FY16	FY17	FY18	FY19	FY20	FY21	FY22E	FY23E
Net Interest Income	**45,667**	**57,973**	**77,371**	**98,090**	**68,053**	**74,286**	**79,714**	**90,423**
% Growth	31	27	33	27	(31)	9	7	13
Fee income	24,592	31,400	41,380	36,361	21,767	17,340	19,074	21,363
Add: Other income	2,530	10,168	10,859	9,540	12,651	16,067	16,048	17,961
Total Net Income	**72,789**	**99,541**	**1,29,609**	**1,43,991**	**1,02,471**	**1,07,693**	**1,14,837**	**1,29,747**
% Growth	32	37	30	11	(29)	5	7	13
Less: Operating Expenses	(29,764)	(41,165)	(52,128)	(62,643)	(67,292)	(57,920)	(60,816)	(65,073)
Pre-provision operating profit	**43,025**	**58,375**	**77,481**	**81,348**	**35,179**	**49,773**	**54,020**	**64,673**
NPA Provisions	**(4,979)**	**(6,634)**	**(10,788)**	**(25,670)**	**(2,78,060)**	**(71,150)**	**(41,936)**	**(36,996)**
Other provisions	(384)	(1,300)	(4,750)	(32,106)	(49,524)	(25,974)	(1,117)	(1,673)
PBT	**37,662**	**50,441**	**61,943**	**23,573**	**(2,92,406)**	**(47,351)**	**10,968**	**26,005**
Less: taxes	(12,268)	(17,140)	(19,697)	(6,371)	65,259	12,729	(2,761)	(6,545)
PAT	**25,394**	**33,301**	**42,246**	**17,202**	**(2,27,146)**	**(34,622)**	**8,207**	**19,460**
% Growth	27	31	27	(59)	NA	NA	NA	NA

Source: Company data, I-Sec research

Table 5: Balance sheet

(Rs mn, year ending Mar 31)

	FY16	FY17	FY18	FY19	FY20	FY21	FY22E	FY23E
Capital	4,205	4,565	4,606	4,630	25,101	50,110	50,110	50,110
Reserve & Surplus	1,33,661	2,15,976	2,52,977	2,64,412	1,92,162	2,81,854	2,90,061	3,09,520
Deposits	11,17,195	14,28,739	20,07,381	22,76,102	10,53,639	16,29,466	18,57,592	21,36,230
Borrowings	3,16,590	3,86,067	7,48,936	10,84,241	11,37,905	6,39,491	5,75,542	5,98,563
Other liabilities	80,983	1,15,253	1,10,556	1,78,877	1,69,462	1,34,507	1,21,056	1,08,951
Total liabilities	**16,52,634**	**21,50,599**	**31,24,456**	**38,08,262**	**25,78,269**	**27,35,428**	**28,94,360**	**32,03,375**
Cash & Bank Balances	82,184	1,95,494	2,47,344	2,68,895	83,830	2,93,087	3,00,414	3,11,039
Investment	4,88,385	5,00,318	6,83,989	8,95,220	4,39,148	4,33,192	4,11,532	4,52,685
Advances	9,82,099	13,22,627	20,35,339	24,14,996	17,14,433	16,68,930	18,25,730	20,68,567
Fixed Assets	4,707	6,835	8,324	8,170	10,091	21,485	21,711	22,746
Other Assets	95,259	1,25,325	1,49,460	2,20,980	3,30,767	3,18,734	3,34,974	3,48,338
Total Assets	**16,52,634**	**21,50,599**	**31,24,456**	**38,08,262**	**25,78,269**	**27,35,428**	**28,94,360**	**32,03,375**
% Growth	21.4	30.1	45.3	21.9	(32.3)	6.1	5.8	10.7

Source: Company data, I-Sec research

Table 6: DuPont analysis

(%, year ending Mar 31)

	FY16	FY17	FY18	FY19	FY20	FY21	FY22E	FY23E
Interest income	9.0	8.6	7.7	8.5	8.2	7.5	7.5	7.6
Interest expense	(5.9)	(5.6)	(4.8)	(5.7)	(6.0)	(4.7)	(4.7)	(4.6)
NII	**3.0**	**3.0**	**2.9**	**2.8**	**2.1**	**2.8**	**2.8**	**3.0**
Other income	1.8	2.2	2.0	1.3	1.1	1.3	1.2	1.3
Fee income	1.6	1.7	1.6	1.0	0.7	0.7	0.7	0.7
Total income	**4.8**	**5.2**	**4.9**	**4.2**	**3.2**	**4.1**	**4.1**	**4.3**
Operating expenses	(2.0)	(2.2)	(2.0)	(1.8)	(2.1)	(2.2)	(2.2)	(2.1)
Operating profit	**2.9**	**3.1**	**2.9**	**2.3**	**1.1**	**1.9**	**1.9**	**2.1**
NPA provision	**(0.3)**	**(0.3)**	**(0.4)**	**(0.7)**	**(8.7)**	**(2.7)**	**(1.5)**	**(1.2)**
Total provisions	(0.4)	(0.4)	(0.6)	(1.7)	(10.3)	(3.7)	(1.5)	(1.3)
PBT	2.5	2.7	2.3	0.7	(9.2)	(1.8)	0.4	0.9
Tax	(0.8)	(0.9)	(0.7)	(0.2)	2.0	0.5	(0.1)	(0.2)
PAT	**1.7**	**1.8**	**1.6**	**0.5**	**(7.1)**	**(1.3)**	**0.3**	**0.6**

Source: Company data, I-Sec research

Table 7: Key ratios

(Year ending Mar 31)

	FY16	FY17	FY18	FY19	FY20	FY21	FY22E	FY23E
Per share data								
EPS – Diluted (Rs)	12.1	15.8	18.3	7.4	-18.1	-1.4	0.3	0.8
% Growth	26.3	30.1	16.3	-59.5	-343.6	-92.4	-123.7	137.1
DPS (Rs)	2.0	2.4	2.7	2.0	-	-	-	-
Book Value per share (BVPS) (Rs)	66	104	112	116	17	13.2	13.6	14.4
% Growth	17.7	58.7	7.0	3.9	-85.1	-23.5	2.5	5.7
Adjusted BVPS (Rs)	65	101	108	102	12	10.4	11.0	12.1
% Growth	16.7	55.8	6.8	-5.4	-88.3	-13.3	6.1	9.9
Valuations								
Price / Earnings (x)	1.1	0.8	0.7	1.8	NA	NA	39.8	16.8
Price / Book (x)	0.2	0.1	0.1	0.1	0.8	1.0	1.0	0.9
Price / Adjusted BV (x)	0.2	0.1	0.1	0.1	1.1	1.3	1.2	1.1
Asset Quality								
Gross NPA (Rs mn)	7,490	20,186	26,268	79,421	3,28,776	2,86,095	2,65,474	2,52,713
Gross NPA (%)	0.8	1.5	1.3	3.2	16.8	15.4	13.2	11.3
Net NPA (Rs mn)	2,845	10,723	13,127	44,849	86,238	98,134	85,761	75,184
Net NPA (%)	0.3	0.8	0.6	1.9	5.0	5.9	4.7	3.6
NPA Coverage ratio (%)	62	47	50	44	74	65.7	67.7	70.2
Gross Slippages (%)	1.2	2.7	6.3	4.0	15.7	7.4	4.5	2.6
Credit Cost (%)	0.62	0.69	0.90	2.47	15.67	5.6	2.5	2.0
Net NPL/Net worth	2.1	4.9	5.1	16.7	39.7	29.6	25.2	20.9
Business ratios (%)								
RoAA	1.7	1.8	1.6	0.5	(7.1)	(1.3)	0.3	0.6
RoAE	19.9	18.6	17.7	6.5	(93.4)	(12.6)	2.4	5.6
Credit Growth	30.0	34.7	53.9	18.7	(29.0)	(2.7)	9.4	13.3
Deposits Growth	22.5	27.9	40.5	13.4	(53.7)	54.7	14.0	15.0
CASA	28.1	36.3	36.5	33.0	26.6	26.1	30.0	33.5
Credit / Deposit Ratio	87.9	92.6	101.4	106.1	162.7	102.4	98.3	96.8
Cost-Income ratio	40.9	41.4	40.2	43.5	65.7	53.8	53.0	50.2
Operating Cost / Avg. Assets	2.0	2.2	2.0	1.8	2.1	2.2	2.2	2.1
Fee Income / Avg Assets	1.6	1.7	1.6	1.0	0.7	0.7	0.7	0.7
Earnings ratios								
Yield on Advances	11.2	10.6	9.2	10.3	10.3	9.8	9.9	9.9
Yield on Earning Assets	9.6	9.2	8.1	9.1	9.0	8.7	8.6	8.6
Cost of Deposits	7.1	6.4	5.5	6.4	7.2	5.9	5.3	5.1
Cost of Funds	6.9	6.5	5.5	6.5	6.9	5.7	5.6	5.5
NIM	3.2	3.2	3.1	3.0	2.3	3.2	3.2	3.4
Capital Adequacy (%)								
RWA (Rs mn)	13,29,499	18,63,340	25,53,433	30,58,380	24,02,240	24,61,885	25,18,094	27,86,936
Tier-I	10.7	13.3	13.2	11.3	6.5	10.9	11.0	10.7
CAR	16.5	17.0	18.4	16.5	8.5	17.0	16.7	15.7

Source: Company data, I-Sec research

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