

Bandhan Bank

Estimate change

TP change

Rating change



Bloomberg	BANDHAN IN
Equity Shares (m)	1611
M.Cap.(INRb)/(USDb)	295 / 3.5
52-Week Range (INR)	272 / 170
1, 6, 12 Rel. Per (%)	3/-30/-49
12M Avg Val (INR M)	2762

Financials & Valuations (INR b)

Y/E March	FY24	FY25E	FY26E
NII	103.3	115.4	134.9
OP	66.4	73.8	86.2
NP	22.3	36.2	43.3
NIM (%)	6.9	6.8	6.8
EPS (INR)	13.8	22.4	26.9
EPS Gr. (%)	1.6	62.2	19.7
BV/Sh. (INR)	134	145	165
ABV/Sh. (INR)	128	139	159

Ratios

RoE (%)	10.8	16.1	17.4
RoA (%)	1.3	1.9	1.9

Valuations

P/E(X)	13.1	8.1	6.7
P/BV (X)	1.4	1.2	1.1
P/ABV (X)	1.4	1.3	1.1

Shareholding pattern (%)

As On	Mar-24	Dec-23	Mar-23
Promoter	40.0	40.0	40.0
DII	12.5	14.9	13.3
FII	31.2	34.7	31.9
Others	16.3	10.4	14.8

FII Includes depository receipts

CMP: INR181

TP: INR200 (+10%)

Neutral

PPoP in line; higher write-off drags down earnings

Margins expand 40bp QoQ to 7.6%

- Bandhan Bank (BANDHAN) posted 4QFY24 PAT of INR546m (94% miss) due to higher provisions as the bank has technically written off bad loans pertaining to pending CGFMU claim as a prudent measure. NII grew 16% YoY to INR28.7b (7% beat) as margins expanded 40bp QoQ to 7.6%.
- Advances grew at a healthy 15.6% YoY/9.9% QoQ. MFI share in the total loan book stood at 50%, with the o/s book size at ~INR622b. Deposit growth was robust at 25% YoY/15% QoQ with CASA mix of 37.1%.
- GNPA/NNPA ratios improved 318bp/110bp QoQ to 3.8%/1.1%, while slippages improved to INR10b vs. INR13.9b in 3QFY24. MFI-SMA book declined 130bp QoQ to 2.0%, which will enable lower a slippage rate going ahead. Collection efficiency was steady at 99%.
- **We cut our earnings estimates for FY25 by 2.4% and expect FY26E RoA/RoE at 1.9%/17.4%. Retain Neutral with a TP of INR200 (1.3x FY26E ABV).**

Business growth healthy; MFI SMA book declines to 2%

- BANDHAN reported a 94% miss on PAT at INR546m as the bank has technically written off bad loans pertaining to pending CGFMU claim as a prudent measure.
- NII grew 16% YoY to INR28.7b (7% beat). Margins expanded 40bp QoQ to 7.6%. Other income grew 10% YoY/up 27.3% QoQ to INR6.9b (in line), resulting in 14.8% YoY growth in total revenues (6% beat).
- PPoP grew 2.4% YoY/ 11% QoQ to INR18.4b (in line) as opex rose 32% YoY to INR17b (12% higher than MOFSLe) due to one-off expenses of INR1.15b.
- Advances grew at a healthy rate of 15.6% YoY/9.9% QoQ. EEB book grew 10.2% YoY (8.1% QoQ), whereas non micro credit book grew 19.4% YoY (7.1% QoQ). EEB portfolio is expected to grow at 15% YoY. The management provides 17-20% credit growth guidance for next 2-3 years.
- Deposit grew at a robust 25% YoY/15% QoQ, driven by 18.3% QoQ growth in CASA deposits. CASA ratio, thus, improved 97bp QoQ to 37.1%. TD growth was healthy at 29.6% YoY/ 13.4% QoQ, in which retail TD grew 26.6% YoY/5.8% QoQ.
- GNPA/NNPA ratios improved 318bp/110bp QoQ to 3.8%/1.1%, while slippages improved to INR10b vs. INR13.9b in 3QFY24. SMA book declined 130bp QoQ to 2.0%. PCR increased to 71.8%.
- With respect to CGMFU claim, the bank expects the audit to be completed in 1QFY25 and expects the claim to get passed. However, as a prudent measure, the bank has technically written off the underlying bad loans, and the approved claim would be accounted for only on receipt. We remain watchful of developments here.

Highlights from the management commentary

- One-off items in opex included: 1) capital WIP cost, which was capitalized, led to higher depreciation amounting to INR0.5b; 2) the bank has to run certain parallel system, leading to additional expenses of INR0.3b; 3) fair value of stock options at INR0.22b.
- 17-20% of credit growth guidance for the next 2-3 years; the bank aims faster deposit growth vs. advances growth.
- INR9.70b of tranche-1 of claim was received earlier, and 2nd tranche of claim is pending, and subsequent to the notice, a detailed audit is being done.
- INR0.6-0.8b of ARC recovery is expected every quarter, including the provisioning release.

Valuation and view

BANDHAN reported a mixed quarter as earnings came in below our estimate due to higher provisions, but business growth improved in a seasonally strong quarter and margins expanded 40bp QoQ. However, higher opex kept the C/I ratio elevated. SMA book declined 130bp QoQ to 2.0%, while CE remained steady at 99%. Slippages declined to 3.6% (annualized), and with the quantum of stressed assets declining sharply, we estimate the delinquency trend to improve going further. While the bank has made full provisions for bad loans pertaining to CGFMU claim and expects the audit to be completed by Jun'24, we remain watchful on the same and also the appointment of new CEO as Mr. Ghosh's term ends in Jul'24. **We cut our earnings estimates for FY25 by 2.4% and expect FY26E RoA/RoE at 1.9%/17.4%. Retain Neutral with a TP of INR200 (1.3x FY26E ABV).**

Quarterly performance

(INR b)

Y/E March	FY23				FY24E				FY23	FY24	FY24	V/S our
	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4Q			4QE	Est
Net Interest Income	25.1	21.9	20.8	24.7	24.9	24.4	25.3	28.7	92.6	103.3	26.7	7%
% Change (YoY)	18.9	13.3	-2.1	-2.7	-0.9	11.4	21.4	16.0	6.3	11.5	7.9	
Other Income	3.3	4.8	10.3	6.3	3.9	5.4	5.5	6.9	24.7	21.6	6.8	3%
Total Income	28.4	26.7	31.1	31.0	28.8	29.8	30.7	35.6	117.3	124.9	33.4	6%
Operating Expenses	10.2	11.2	11.9	13.1	13.1	14.0	14.2	17.2	46.4	58.5	15.4	12%
Operating Profit	18.2	15.5	19.2	18.0	15.6	15.8	16.6	18.4	70.9	66.4	18.1	2%
% Change (YoY)	-7.0	-2.0	-1.4	-28.8	-14.2	2.0	-13.9	2.4	-11.5	-6.4	0.6	
Provisions	6.4	12.8	15.4	7.3	6.0	6.4	6.8	17.7	42.0	37.0	6.6	168%
Profit Before Tax	11.8	2.7	3.8	10.6	9.6	9.5	9.7	0.6	28.9	29.4	11.5	-94%
Tax	2.9	0.6	0.9	2.5	2.4	2.3	2.4	0.1	7.0	7.1	2.9	-97%
Net Profit	8.9	2.1	2.9	8.1	7.2	7.2	7.3	0.5	21.9	22.3	8.5	-94%
% Change (YoY)	137.6	NM	-66.2	-57.5	-18.7	244.6	152.2	-93.2	NM	1.6	5.3	
Operating Parameters												
Deposits (INR b)	931	994	1,023	1,081	1,085	1,121	1,174	1,352	1,081	1,352	1,352	0%
Loans (INR b)	909	902	921	1,048	982	1,020	1,102	1,211	1,048	1,211	1,203	1%
Deposit Growth (%)	20.3	21.3	21.0	12.2	16.6	12.8	14.8	25.1	12.2	25.1	25.1	
Loan Growth (%)	21.6	21.1	14.7	11.5	8.0	13.1	19.6	15.6	11.5	15.6	14.8	
Asset Quality												
Gross NPA (%)	7.3	7.2	7.2	4.9	6.8	7.3	7.0	3.8	4.9	3.8	6.1	
Net NPA (%)	1.9	1.9	1.9	1.2	2.2	2.3	2.2	1.1	1.2	1.1	1.9	
PCR (%)	74.9	75.5	75.4	76.8	69.2	70.0	70.0	71.8	76.8	71.8	70.5	

E: MOFSL estimates

Quarterly snapshot

Profit and Loss, INR b	FY23				FY24				Change (%)	
	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4Q	YoY	QoQ
Net Interest Income	25.14	21.93	20.80	24.72	24.91	24.43	25.25	28.66	16	13
Other Income	3.30	4.76	10.33	6.29	3.85	5.40	5.45	6.94	10	27
Total Income	28.44	26.69	31.14	31.01	28.76	29.84	30.71	35.60	15	16
Operating Expenses	10.23	11.17	11.92	13.05	13.13	14.00	14.15	17.22	32	22
Employee	6.35	6.66	6.87	7.27	8.12	8.62	8.99	9.70	33	8
Others	3.89	4.50	5.05	5.78	5.02	5.38	5.16	7.52	30	46
Operating Profits	18.21	15.53	19.22	17.96	15.62	15.83	16.55	18.38	2	11
Core Operating Profits	18.19	15.45	18.81	17.96	15.07	15.48	16.55	18.38	2	11
Provisions	6.42	12.80	15.41	7.35	6.02	6.36	6.84	17.74	141	159
PBT	11.78	2.73	3.81	10.61	9.60	9.47	9.71	0.64	-94	-93
Taxes	2.92	0.64	0.90	2.53	2.39	2.26	2.39	0.10	-96	-96
PAT	8.87	2.09	2.91	8.08	7.21	7.21	7.33	0.55	-93	-93
Balance Sheet, INRb										
Loans	909	902	921	1,048	982	1,020	1,102	1,211	16	10
Deposits	931	994	1,023	1,081	1,085	1,121	1,174	1,352	25	15
CASA Deposits	402	405	372	425	391	432	424	502	18	18
- Current	44	51	47	64	52	63	67	97	50	45
- Saving	358	355	325	360	339	369	358	405	12	13
Loan Mix (%)										
Micro Loans	60.1	56.3	54.0	51.8	49.7	50.2	49.7	49.9	-186	22
Non Micro Loans	39.8	43.7	46.0	47.9	50.3	49.8	50.3	50.1	215	-22
- SME Loans	25.5	26.9	27.3	24.4	26.1	24.9	24.9	24.0	-37	-89
- Small Enterprise	7.1	8.1	8.2	9.1	10.2	10.9	12.4	11.4	225	-102
- NBFC MFI's	5.4	6.5	7.8	9.4	10.7	10.4	9.2	10.3	87	109
Asset Quality, INRb										
GNPA	70	69	70	53	70	79	81	48	-10	-41
NNPA	17	17	17	12	21	24	24	13	10	-45
Asset Quality Ratios									YoY (bp)	QoQ (bp)
GNPA (%)	7.3	7.2	7.2	4.9	6.8	7.3	7.0	3.8	-103	-318
NNPA (%)	1.9	1.9	1.9	1.2	2.2	2.3	2.2	1.1	-6	-110
PCR (Calc, %)	74.9	75.5	75.4	76.8	69.2	70.0	70.0	71.8	-498	182
SMA Movement (EEB) (%)										
SMA 0	4.7	4.8	3.4	1.9	2.6	1.8	1.4	0.6	-130	-80
SMA 1	2.4	2.6	2.0	1.3	1.5	1.1	1.0	0.6	-70	-40
SMA 2	5.6	5.6	2.7	2.4	1.4	1.3	0.9	0.8	-160	-10
Business Ratios (%)										
CASA (%)	43.2	40.8	36.4	39.3	36.0	38.5	36.1	37.1	-220	97
Loan/Deposit	97.7	90.8	90.0	96.9	90.5	91.0	93.8	89.6	-734	-424
Cost to Core Income	36.0	41.9	38.8	42.1	46.6	47.5	46.1	48.4	627	227
Cost to Assets	2.9	3.2	3.4	3.4	3.5	3.7	3.6	3.9	52	27
Tax Rate	24.8	23.4	23.7	23.8	24.9	23.9	24.6	14.9	-896	-971
Capitalisation Ratios (%)										
Tier-1	18.3	18.4	18.1	18.7	18.8	18.2	16.9	17.2	-150	30
CAR	19.4	19.4	20.6	19.8	19.8	19.2	17.9	18.3	-150	40
RWA / Total Assets	66.4	67.2	66.7	65.3	67.3	68.5	76.6	NA	NA	NA
LCR	134.6	123.8	136.3	140.6	182.8	154.6	157.9	NA	NA	NA
Profitability Ratios (%)										
Yield	12.9	12.0	12.0	12.7	13.3	13.3	13.4	13.8	110	40
Cost of Funds	5.3	5.5	5.8	5.8	6.4	6.5	6.6	6.6	80	0
Margins	8.00	7.00	6.50	7.30	7.30	7.20	7.20	7.60	30.00	40.00
Other Details										
Branches	1,190	1,190	1,250	1,411	1,542	1,621	1,647	1,700	289	53
ATM	429	432	412	438	438	438	438	438	0	0



Highlights from the management commentary

Opening remarks

- Despite global uncertainties, Indian macro indicators remain strong. Expects RBI to cut rates in 2HFY25.
- The bank reported a robust quarter, with a pickup in both advances and deposits.
- With a strong focus of recoveries, there will be strong traction in asset quality.
- With MFI facing problems during Covid and as a prudent measure, the bank has made a w-off against this.
- In 4Q, revenue met expectations, but due to the increase in provisions and higher opex, there is a dip in profit in 4Q, but the bank is on a strong path of becoming a universal bank.
- CGFMU: the audit is in progress and should be completed shortly. The bank expects a positive result.
- BANDHAN has a strong network of 6,300 branches and more than 30m customers.
- Focus will be on rural and semi-urban, especially under-served businesses.
- After the migration to the new CBS system, the bank has enabled cross-selling to boost its retail book in assets as well as liabilities.
- The bank is focusing on strengthening its senior leadership team.
- With new appointments, the bank has full-fledged management, which will drive further growth.
- It has appointed a search firm to find a new CEO, which will be communicated to the RBI.
- Mr. Gosh will take a strategic role in the holding company.

Advances and deposits

- 17-20% of credit growth guidance for the next 2-3 years. The bank aims for faster deposits growth vs. advances growth.
- EEB portfolio is expected to grow ~15% YoY
- Gross advances stood at INR1.24t, up 14% YoY/8% QoQ, which included the impact of the technical w-off (ex of this, growth would be 18% YoY/11% QoQ).
- In the EEB portfolio, the bank added 900k new borrowers in 4Q. EEB portfolio grew 10% YoY, Commercial grew at 34%, and housing grew at 11%. Retail book was flat YoY (ex of short-term loans, which had flown out, growth was robust).
- EEB forms 50% of the overall advances, housing forms 24%, Commercial forms 22% and retail forms 4%.
- Top five states in terms of geographic distribution of advances form 60% of the total gross advances, of which West Bengal forms 24%.
- Good growth in deposits at INR1.35t vs. INR1.08t in 4QFY23, up 25% YoY/ 15% QoQ. Retail deposits grew 22% YoY, with retail TDs up 26% YoY. CASA + Retail TD form 69% of the total deposits.
- The bank is seeing healthy growth in customer deposits, which shows trust in the bank despite the tight liquidity condition. Added 1m customers; top five states form 64% of the overall deposits. West Bengal forms 40%. EEB deposits form 4% of the overall deposits.

- BANDHAN has opened 300 branches in the last year and the bank has total 1,700 branches. It expects 17-20% in advances and will look at higher deposits growth.

Margins and ratios

- NIMs improved to 7.6% due to a reduction in slippage rate as well as business focus on improving the margins.
- Adj. RoA was 2.2% and RoE at 17%. Adj C/I stood at 45%.
- RoA for FY24 was 1.4%/RoE at 11%.
- CAR stood at 18.5%/Tier-1 at 17.4%.
- The board has directed a dividend of INR1.5 per equity share, flat YoY.
- NIM saw 10bp improvement in FY24 and 38bp in 4Q, as slippages declined. Further reduction in slippages can improve margins.
- As the portfolio is diversifying, it will see a reduction in the total portfolio.
- ATS for the EEB Group is INR55-60k and Individual at INR1.5lac. There is no meaningful asset quality difference between both of these loans. Individual loans are priced 50bp lower than Group loans.

CGFMU related

- INR9.70b of tranche-1 of claims was received earlier and 2nd tranche of claims is pending, and subsequent to the notice, a detailed audit is being done.
- 3m borrowers are in the audit process. The bank has provided the data to NTCG for the same.
- The bank is in the advance stage of the audit process and expects the claims to be coming soon.
- Claims belonged to the two tranches: tranche -1 is INR9.7b and tranche-2 is INR12b (totaling INR22b). The bank has received Claim-1 and the second claim is pending with the agency.
- The bank is fully co-operative and is in the advances stage and should be able to get a resolution in 1Q. The management is confident and the bank does not see any impact in the tranche 1 claim.

Write-off

- Taken a prudent stance and did a technical w-off. There is no change in the w-off policy.
- For FY20, FY21 and FY22, the bank had portfolio O/S of INR46.01b, and INR45.57b as the NPA, of which INR35.60b were w-off. The said amount does not only pertains to the CGFMU claims but includes all.
- Of the above pool, write-off pool of INR38.52b was taken in 4Q, and of which INR30.52b belongs to the CGMU.
- Bulk of the w-off is beyond 48 weeks and originated in 2019-20 and 2020-21. The cumulative coverage stands at > 85% (89% on the CGFMU and 80% on the non-CGFMU).
- It had utilized the portfolio and had a continuous assessment. The improvement in asset quality stood as an opportunity to technically write-off the portfolio.

Opex and other income

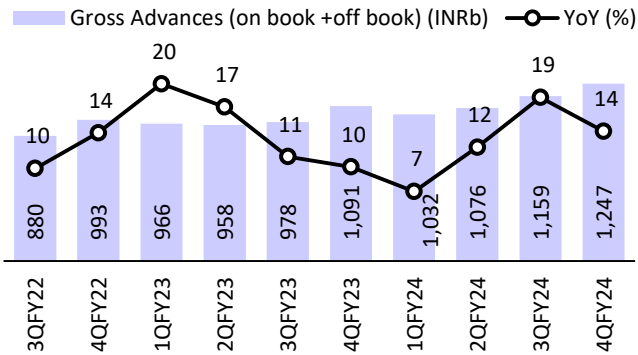
- Opex was up 32% YoY due to one-offs amounting to INR1.15b. Adjusting for one-offs, opex growth was 23% YoY.
- One-offs included: 1) capital WIP cost which was capitalized and led to higher depreciation amounting to INR0.5b; 2) the bank has to run certain parallel system , leading to INR0.3b; 3) fair value of stock options at INR0.22b.
- As a part of its strategy, the bank will continue to invest in people, tech, branches and creating the key capabilities. The bank is looking at operational efficiency in the great detail and it expects flat YoY C/I in FY25. But as the operational efficient improves, the C/I will gradually improve.
- INR0.6-0.8b of ARC recovery is expected every quarter, including the provision release.

Asset quality

- CE (ex of NPA) at 99% for 4QFY24, with good improvement in asset quality.
- Slippages stood at INR10.17b, EEB was INR6.25b in 4Q (4% annualized). EEB DPD pool is coming down at INR12.6b in 4Q.
- In EEB segment, SMA-0 was INR8.1b in 3Q vs. INR3.8b currently, SMA 1 currently at INR4b/0.6% of loans, SMA-2 forms INR4.8b/0.8% of loans. Overall the reductions have been healthy.
- The bank faced asset quality issues during Covid and in accordance to the policy, the bank has made necessary provisions (relating to 2021 and before). Based on the analysis, the bank has done a w-off in this portfolio, INR38.5b in 4QFY24, which was largely pertaining to the old portfolio.
- Adjusted for the w-off, the credit cost is 2.3%. As a result, GNPA improved to 3.8%, NNPA at 1.1%, and PCR at 71.8%. FY24 credit cost at 3.4%.
- EEB slippages coming from Punjab and Manipur have been carried forward. In other states, Gujrat and Maharashtra had some higher slippages.
- In terms of EEB pool, O/S GNPA is INR32b; PCR of 75% in EEB book.
- Last year, the bank had INR55b of slippages and credit cost at 3.5%. Credit cost was at 3.4% including the TWO. The slippage trend should come down, and normalized credit cost should be 2.5-2.6% in EEB book. Total portfolio credit cost will be 1.8-2%.
- MFI GNPA is currently at 5% vs. the peak of 11%.
- Overall provision stands at INR44.48b; standard asset provision of INR9b is divided in three categories (Normal at INR3.6b, EEB at INR4.43b, and others at INR1.26b).

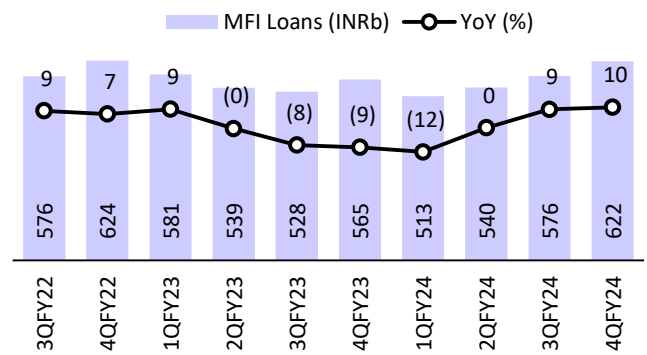
Story in charts

Exhibit 1: AUM grew 14% YoY (up 7.6% QoQ) to INR1.2t



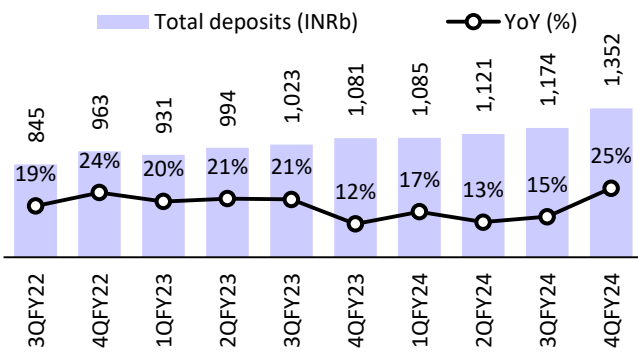
Source: MOFSL, Company

Exhibit 2: MFI loans grew 10% YoY to INR622b



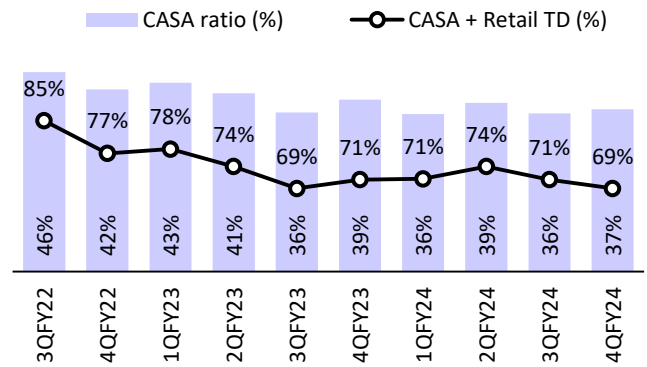
Source: MOFSL, Company

Exhibit 3: Total deposits grew 25% YoY to INR1.4t



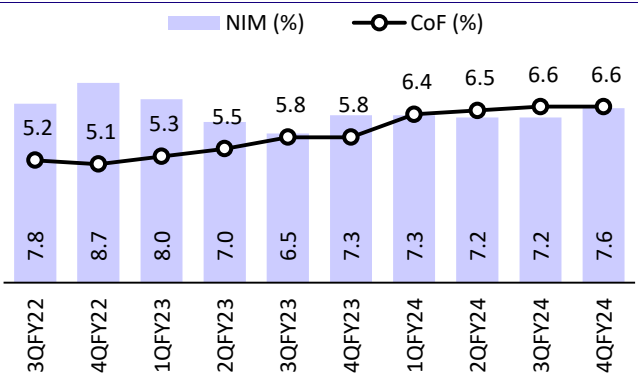
Source: MOFSL, Company

Exhibit 4: Retail deposit mix stood at 69% with CASA at 37%



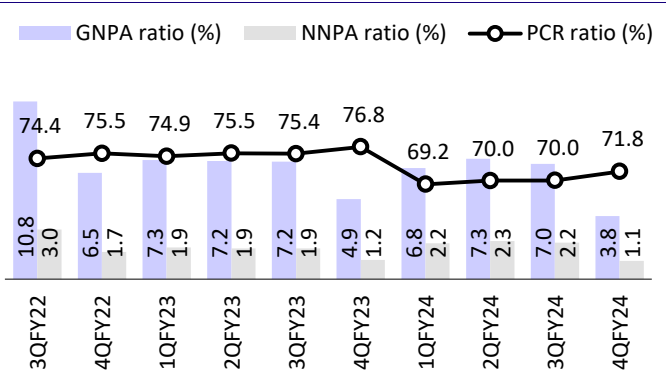
Source: MOFSL, Company

Exhibit 5: Margins improved 40bp QoQ to 7.6%



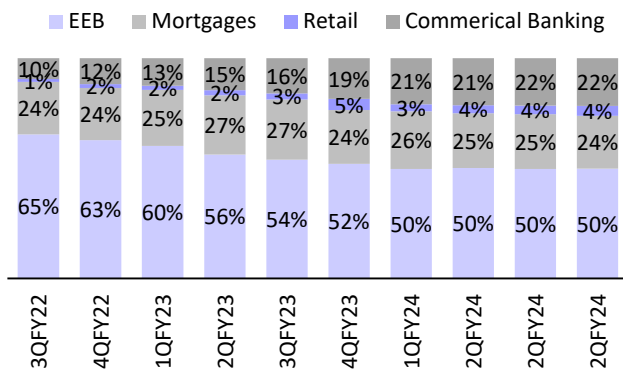
Source: MOFSL, Company

Exhibit 6: GNPA/NNPA improved 318bp/110bp QoQ



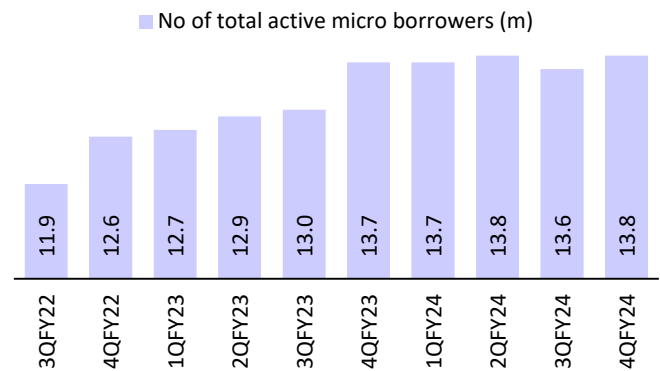
Source: MOFSL, Company

Exhibit 7: Portfolio mix (%)



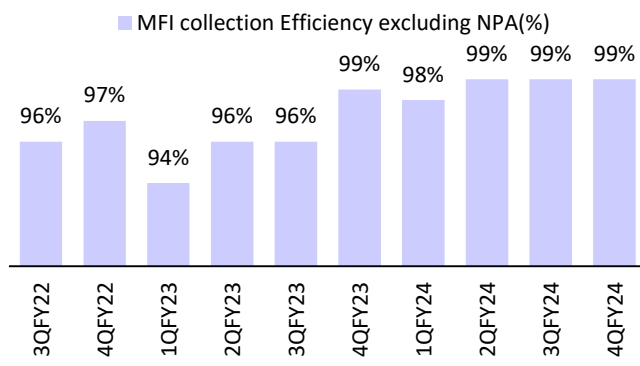
Source: MOFSL, Company

Exhibit 8: Active MFI borrower base



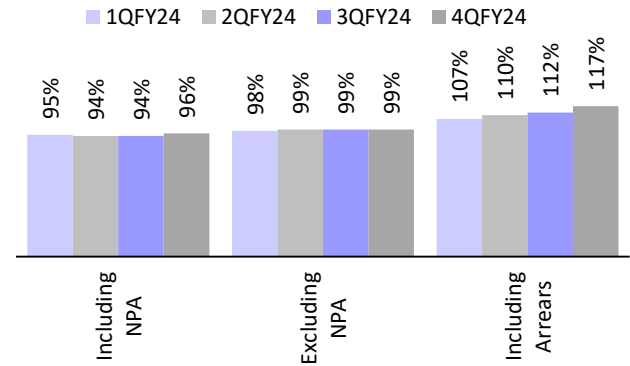
Source: MOFSL, Company

Exhibit 9: MFI CE (%), excluding NPA, stood at 99%



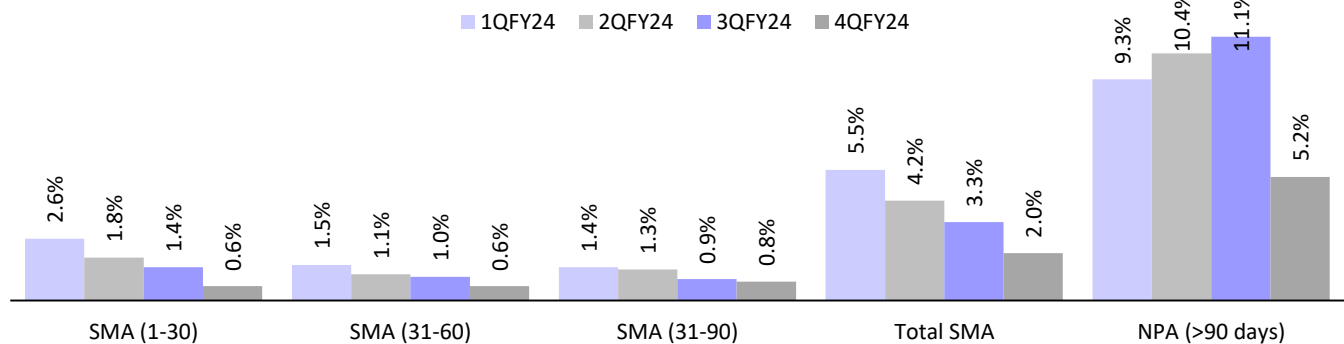
Source: MOFSL, Company

Exhibit 10: QoQ comparison in MFI collection efficiency



Source: MOFSL, Company

Exhibit 11: Asset quality trends across buckets in the MFI portfolio



Source: MOFSL, Company

Valuation and view: Maintain Neutral with TP of INR 200

- BANDHAN reported a mixed quarter as earnings came in below our estimate due to higher provisions, but business growth improved in a seasonally strong quarter and margins expanded 40bp QoQ. However, higher opex kept the C/I ratio elevated.
- SMA book declined 130bp QoQ to 2.0%, while CE remained steady at 99%. Slippages declined to 3.6% (annualized), and with the quantum of stressed assets declining sharply, we estimate the delinquency trend to improve going further.
- While the bank has made full provisions for bad loans pertaining to CGFMU claim and expects the audit to be completed by Jun'24, we remain watchful on the same and also the appointment of new CEO as Mr. Ghosh's term ends in Jul'24. **We cut our earnings estimates for FY25 by 2.4% and expect FY26E RoA/RoE at 1.9%/17.4%. Retain Neutral with a TP of INR200 (1.3x FY26E ABV).**

Exhibit 12: We estimate FY26 RoA/RoE at 1.9%/17.4%

INR b	Old Estimates		New Estimates		Change (%/bps)	
	FY25	FY26	FY25	FY26	FY25	FY26
Net Interest Income	115.5	132.7	115.4	134.9	-0.1	1.6
Other Income	25.3	30.4	25.5	30.1	0.8	-0.9
Total Income	140.8	163.1	140.9	165.0	0.1	1.2
Operating Expenses	67.3	78.4	67.1	78.8	-0.3	0.5
Operating Profit	73.5	84.7	73.8	86.2	0.4	1.8
Provisions	24.4	27.1	25.9	28.9	6.1	6.8
PBT	49.1	57.7	47.9	57.4	-2.4	-0.6
Tax	12.0	14.1	11.7	14.1	-2.4	-0.6
PAT	37.1	43.6	36.2	43.3	-2.4	-0.6
Loans	1,407	1,653	1,417	1,672	0.7	1.2
Deposits	1,505	1,796	1,609	1,899	6.9	5.7
Margins (%)	6.8	6.7	6.8	6.8	0.0	0.1
Credit Cost (%)	1.8	1.7	1.9	1.8	0.1	0.1
RoA (%)	2.0	2.0	1.9	1.9	-0.1	0.0
RoE (%)	16.1	16.9	16.1	17.4	0.0	0.5
EPS	23.0	27.0	22.4	26.9	-2.4	-0.6
BV	150.4	170.4	144.9	164.7	-3.7	-3.3
ABV	141.6	161.1	139.4	158.8	-1.6	-1.5

Source: MOFSL, Company

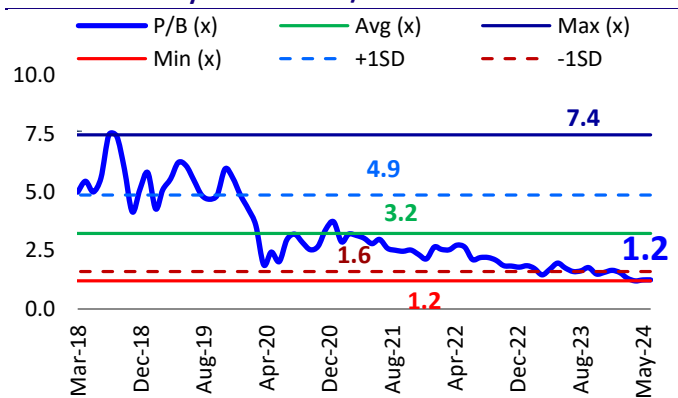
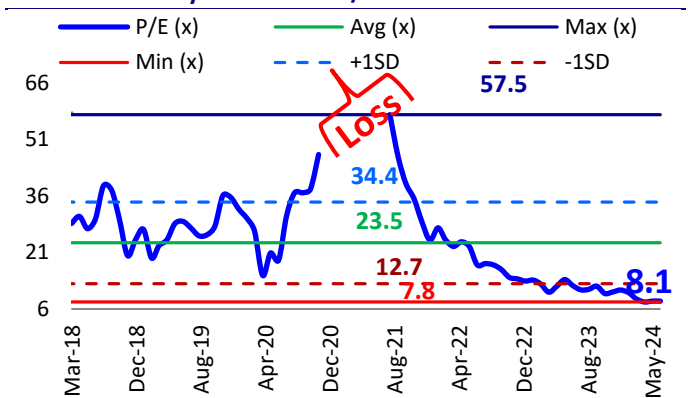
Exhibit 13: One-year forward P/B ratio**Exhibit 14: One-year forward P/E ratio**

Exhibit 15: DuPont Analysis: Return ratios to pick up gradually

	FY19	FY20	FY21	FY22	FY23	FY24	FY25E	FY26E
Net Interest Income	8.9	8.5	7.3	6.9	6.3	6.2	6.0	6.1
Other Income	2.1	2.1	2.0	2.2	1.7	1.3	1.3	1.4
Total Income	11.0	10.6	9.3	9.1	8.0	7.5	7.4	7.4
Operating Expenses	3.6	3.3	2.7	2.8	3.1	3.5	3.5	3.5
Employees	2.0	1.8	1.6	1.7	1.8	2.0	2.0	2.1
Others	1.6	1.4	1.1	1.1	1.3	1.5	1.5	1.5
Operating Profits	7.4	7.4	6.5	6.3	4.8	4.0	3.9	3.9
Core operating Profits	7.4	7.2	6.3	6.1	4.9	4.1	3.9	4.0
Provisions	1.5	1.9	3.7	6.2	2.8	2.2	1.4	1.3
PBT	6.0	5.5	2.9	0.1	2.0	1.8	2.5	2.6
Tax	2.1	1.4	0.7	0.0	0.5	0.4	0.6	0.6
RoA	3.9	4.1	2.1	0.1	1.5	1.3	1.9	1.9
Leverage (x)	4.9	5.6	6.3	7.3	8.0	8.1	8.5	8.9
RoE	19.0	22.9	13.5	0.7	11.9	10.8	16.1	17.4

Financials and valuations

Income statement

Y/E March	FY20	FY21	FY22	FY23	FY24E	FY25E	FY26E
Interest Income	108.9	125.2	138.7	159.0	188.7	228.2	264.9
Interest Expense	45.6	49.6	51.6	66.5	85.4	112.9	130.0
Net Interest Income	63.2	75.6	87.1	92.6	103.3	115.4	134.9
- growth (%)	40.7	19.6	15.2	6.3	11.5	11.7	16.9
Non-Interest Income	15.5	20.2	28.2	24.7	21.6	25.5	30.1
Total Income	78.7	95.9	115.4	117.3	124.9	140.9	165.0
- growth (%)	41.6	21.8	20.4	1.7	6.5	12.8	17.1
Operating Expenses	24.3	28.2	35.2	46.4	58.5	67.1	78.8
Pre Provision Profits	54.5	67.7	80.1	70.9	66.4	73.8	86.2
- growth (%)	45.3	24.3	18.4	-11.5	-6.4	11.2	16.8
Core PPOp	53.3	65.5	77.4	72.0	67.7	75.3	88.1
- growth (%)	43.7	22.8	18.2	-7.0	-6.0	11.3	16.9
Provisions	13.9	38.2	78.8	42.0	37.0	25.9	28.9
PBT	40.5	29.5	1.3	28.9	29.4	47.9	57.4
Tax	10.3	7.4	0.0	7.0	7.1	11.7	14.1
Tax Rate (%)	25.4	25.2	2.2	24.1	24.2	24.5	24.5
PAT	30.2	22.1	1.3	21.9	22.3	36.2	43.3
- growth (%)	54.9	-27.1	-94.3	1,644.6	1.6	62.2	19.7

Balance Sheet

Y/E March	FY20	FY21	FY22	FY23	FY24E	FY25E	FY26E
Equity Share Capital	16.1	16.1	16.1	16.1	16.1	16.1	16.1
Reserves & Surplus	135.9	158.0	157.7	179.7	199.5	217.3	249.3
Net Worth	152.0	174.1	173.8	195.8	215.7	233.5	265.4
Deposits	570.8	779.7	963.3	1,080.7	1,352.0	1,608.9	1,898.5
- growth (%)	32.0	36.6	23.5	12.2	25.1	19.0	18.0
- CASA Dep	210.3	338.3	400.8	424.6	505.7	603.3	721.4
- growth (%)	19.4	60.9	18.5	5.9	19.1	19.3	19.6
Borrowings	163.8	169.6	199.2	247.1	163.7	157.2	180.7
Other Liabilities & Prov.	30.6	26.8	53.6	34.1	46.6	52.6	60.5
Total Liabilities	917.2	1,150.2	1,390.0	1,557.7	1,778.0	2,052.2	2,405.2
Current Assets	83.5	62.3	93.2	82.5	161.7	149.4	154.8
Investments	153.5	251.6	290.8	323.7	292.9	339.7	397.5
- growth (%)	52.9	63.9	15.6	11.3	-9.5	16.0	17.0
Loans	666.3	816.1	939.7	1,047.6	1,211.4	1,417.3	1,672.4
- growth (%)	68.1	22.5	15.1	11.5	15.6	17.0	18.0
Fixed Assets	3.7	4.9	5.9	8.5	11.7	13.7	16.2
Other Assets	10.1	15.3	60.3	95.4	100.7	132.0	164.3
Total Assets	917.2	1,150.2	1,390.0	1,557.7	1,778.4	2,052.2	2,405.2

Asset Quality	FY20	FY21	FY22	FY23	FY24E	FY25E	FY26E
GNPA	9.9	57.6	63.8	53.0	47.8	48.8	54.8
NNPA	3.9	28.6	15.6	12.3	13.5	12.8	13.7
Slippages		68.9	94.3	96.6	50.9	36.8	40.2
GNPA Ratio	1.5	6.8	6.5	4.9	3.8	3.4	3.2
NNPA Ratio	0.6	3.5	1.7	1.2	1.1	0.9	0.8
Slippage Ratio	2.0	9.3	10.7	9.7	4.5	2.8	2.6
Credit Cost	2.6	5.2	9.0	4.2	3.3	1.9	1.8
PCR (Excl Tech. write off)	60.8	50.3	75.5	76.8	71.8	73.8	75.0

E: MOFSL Estimates

Financials and valuations

Ratios

Y/E March	FY20	FY21	FY21	FY23	FY24E	FY25E	FY26E
Spread Analysis (%)							
Avg. Yield- on Earning Assets	15.4	12.7	11.7	11.8	12.6	13.4	13.3
Avg. Yield on loans	17.9	14.7	13.9	13.9	15.7	15.5	15.4
Avg. Yield on Investments	6.6	5.9	5.5	6.2	6.8	6.9	6.8
Avg. Cost of Int. Bear. Liab.	8.3	6.2	5.1	5.6	6.3	7.3	7.2
Avg. Cost of Deposits	6.6	5.9	5.0	4.9	6.3	6.2	6.2
Interest Spread	7.2	6.5	6.6	6.2	6.3	6.2	6.1
Net Interest Margin	9.0	7.7	7.4	6.9	6.9	6.8	6.8

Capitalisation Ratios (%)

CAR	27.4	23.5	20.1	19.8	18.4	17.1	16.2
Tier I	25.2	22.5	18.9	18.7	17.2	16.3	15.5
-CET-1	25.2	22.5	18.9	18.7			
Tier II	2.2	1.0	1.2	1.1	1.1	0.8	0.6

Business and Efficiency Ratios (%)

Loans/Deposit Ratio	116.7	104.7	97.6	96.9	89.6	88.1	88.1
CASA Ratio	36.8	43.4	41.6	39.3	37.4	37.5	38.0
Cost/Assets	2.6	2.4	2.5	3.0	3.3	3.3	3.3
Cost/Total Income	30.8	29.4	30.5	39.5	46.8	47.6	47.7
Cost/Core income	31.3	30.1	31.3	39.2	46.4	47.1	47.2
Int. Expense/Int.Income	41.9	39.6	37.2	41.8	45.3	49.5	49.1
Fee Income/Total Income	18.2	18.8	22.1	22.0	18.3	19.2	19.4
Other income/Total Income	19.7	21.1	24.5	21.0	17.3	18.1	18.3
Empl. Cost/Total Expense	56.3	59.1	60.6	58.6	56.6	58.3	58.0
CASA per branch (INR m)	206.6	294.9	337.1	300.9	334.9	373.5	417.4
Deposits per branch (INR m)	560.7	679.8	810.2	765.9	895.5	995.9	1,098.3
Business per Employee (INR m)	31.1	32.3	31.6	30.5	34.5	37.7	41.2
Profit per Employee (INR m)	0.8	0.4	0.0	0.3	0.3	0.5	0.5
Investment/Deposit Ratio	26.9	32.3	30.2	29.9	21.7	21.1	20.9

Profitability Ratios and Valuation

RoA	4.08	2.13	0.10	1.49	1.34	1.89	1.94
RoE	22.9	13.5	0.7	11.9	10.8	16.1	17.4
RoRWA	6.2	3.3	0.2	2.3	2.0	2.8	2.8
Book Value (INR)	94	108	108	122	134	145	165
- growth (%)	0.5	14.5	-0.2	12.7	10.1	8.3	13.7
Price-BV (x)	1.9	1.7	1.7	1.5	1.4	1.2	1.1
Adjusted BV (INR)	93	96	101	116	128	139	159
Price-ABV (x)	2.0	1.9	1.8	1.6	1.4	1.3	1.1
EPS (INR)	21.6	13.7	0.8	13.6	13.8	22.4	26.9
- growth (%)	31.9	-36.5	-94.3	1,644.5	1.6	62.2	19.7
Price-Earnings (x)	8.4	13.2	231.8	13.3	13.1	8.1	6.7
Dividend Per Share (INR)	3.8	1.0	0.0	4.7	5.9	7.1	7.1
Dividend Yield (%)	2.1	0.6	0.0	2.6	3.2	3.9	3.9

E: MOFSL Estimates

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SELL	< - 10%
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