Bandhan Bank

Estimate change	↑
TP change	↑
Rating change	↔

Bloomberg	BANDHAN IN
Equity Shares (m)	1611
M.Cap.(INRb)/(USDb)	310.1 / 3.7
52-Week Range (INR)	263 / 169
1, 6, 12 Rel. Per (%)	-10/-29/-38
12M Avg Val (INR M)	2838

Financials & Valuations (INR b)

Y/E March	FY24	FY25E	FY26E
NII	103.3	123.9	142.2
OP	66.4	81.2	91.6
NP	22.3	42.3	48.8
NIM (%)	6.9	7.3	7.2
EPS (INR)	13.8	26.3	30.3
EPS Gr. (%)	1.6	89.9	15.2
BV/Sh. (INR)	134	149	172
ABV/Sh. (INR)	128	142	164
Ratios			
RoE (%)	10.8	18.6	18.9
RoA (%)	1.3	2.2	2.2
Valuations			
P/E(X)	13.9	7.3	6.4
P/BV (X)	1.4	1.3	1.1
P/ABV (X)	1.5	1.4	1.2

Shareholding pattern (%)

As On	Jun-24	Mar-24	Jun-23
Promoter	40.0	40.0	40.0
DII	15.1	12.5	12.5
FII	28.3	31.2	33.5
Others	16.6	16.3	14.0

FII Includes depository receipts

CMP: INR193 TP: INR220 (+14%) Neutral

Business gaining normalcy; lower provisions drive earnings beat

CRAR lower at 15.7% due to prudential increase in risk weights

- Bandhan Bank (BANDHAN) reported a healthy beat on PAT at INR10.6b (+47.5% YoY) fueled by controlled opex and provisions.
- NII grew 20.7% YoY to INR30.1b (in line). Margin was stable QoQ at 7.6%. Opex grew 21% YoY/dipped 8% QoQ to INR15.9b (8% lower than MOFSLe). C/I ratio thus moderated 331bp QoQ to 45.1% in 1QFY25.
- Advances grew at 23.8% YoY/0.4% QoQ, whereas deposit growth was modest at 22.8% YoY/down 1.5% QoQ. CASA ratio, thus, moderated 372bp QoQ to 33.4% during the quarter.
- GNPA/NNPA ratios deteriorated 39bp/4bp QoQ to 4.2%/1.15%; however, slippages improved to INR8.9b vs INR10.2b in 4QFY24. SMA book increased 30bp QoQ to 2.3%. CE was steady at 99%.
- **We raise our earnings estimates for FY25/26 by 10%/11% and expect an FY26E RoA/RoE of 2.2%/18.9%. Reiterate Neutral with a revised TP of INR220 (premised on 1.3x FY26E ABV).**

Fresh slippages moderate; margins stable

- BANDHAN reported a 31% beat on PAT at INR10.6b led by controlled opex and provisions. NII grew 20.7% YoY to INR30.1b (inline). Margins stood stable QoQ at 7.6%.
- Other income grew 37% YoY to INR5.3b (in line) resulting in a 22.8% YoY growth in total revenue (in line). PPoP grew 24.2% YoY/ 5.6% QoQ to INR19.4b (14% beat) as opex rose 21% YoY/ down 8% QoQ to INR15.9b (8% lower than MOFSLe). The bank did not add branches in 1QFY25 and it expects the pace of branch additions to be moderate.
- Advances grew at 23.8% YoY/0.4% QoQ. EEB book grew 20.7% YoY (down 0.5% QoQ), whereas non-micro credit book rose 22.8% YoY (2% QoQ). The bank guided 18-20% credit growth for the next 2-3 years.
- Deposit growth was modest at 22.8% YoY/down 1.5% QoQ. CASA ratio, thus, moderated 372bp QoQ to 33.4%.
- GNPA/NNPA ratios deteriorated 39bp/4bp QoQ to 4.2%/1.15%; however, slippages improved to INR8.9b from INR10.2b in 4QFY24. The SMA book increased 30bp QoQ to 2.3%. PCR increased to 73.7%.
- CRAR declined sharply due to the impact of an increase in risk weights in EEB book from 75% to 125%. Tier-1 thus declined to 14.1%, while CAR stood at 15.7% (including profits, it declined 260bp QoQ).

Nitin Aggarwal - Research Analyst (Nitin.Aggarwal@MotilalOswal.com)
Research Analyst: Dixit Sankharva (Dixit.sankharva@MotilalOswal.com) | **Disha Singhal** (Disha Singhal@MotilalOswal.com)

Highlights from the management commentary

- The yield on advances (YoA) stood at 16%. The shift towards a higher mix of secured assets led to a pressure on YoA, but this will be offset by lower slippages. YoA is expected to be ~15-16% going forward.
- BANDHAN guided 18-20% credit growth over the next 2-3 years, and it is aiming at a faster deposit growth compared to the advances growth.
- In the EEB segment, SMA 1 is currently at INR4.2b/0.7% of loans, and SMA-2 forms INR4.36b/ 0.7% of loans. Overall, the reductions have been healthy. SMA-0 was INR5.8b, an increase of 30bp due to lower collections, heat waves, and general elections.
- INR0.6-0.7b of ARC recovery is expected in every quarter, and this includes the provision release.

Valuation and view

BANDHAN reported a steady quarter with earnings beat propelled by controlled opex and provisions. NII growth was healthy, aided by stable margins. Deposit growth was modest; however, management guided deposits to grow faster than advances. Asset quality deteriorated slightly; however, slippages moderated, while CE remained steady at 99%. Moreover, the bank, on a conservative basis, has increased the risk weights in the EEB book. Management expects a positive outcome from the ongoing CGFMU audit, which is to be completed shortly. **We raise our earnings estimates for FY25/26 by 10%/11% and expect an FY26E RoA/RoE of 2.2%/ 18.9%. Reiterate Neutral with a revised TP of INR220 (premised on 1.3x FY26E ABV).**

Quarterly performance (INR b)

Y/E March	FY24				FY25E				FY24	FY25E	FY25E	V/S our
	1Q	2Q	3Q	4Q	1QE	2QE	3QE	4QE			1QE	Est
Net Interest Income	**24.9**	**24.4**	**25.3**	**28.7**	**30.1**	**30.5**	**31.2**	**32.1**	**103.3**	**123.9**	**29.2**	**3%**
% Change (YoY)	-0.9	11.4	21.4	16.0	20.7	24.7	23.6	12.1	11.5	20.0	17.3	
Other Income	3.9	5.4	5.5	6.9	5.3	5.7	6.4	7.9	21.6	25.2	5.1	3%
Total Income	**28.8**	**29.8**	**30.7**	**35.6**	**35.3**	**36.2**	**37.6**	**40.1**	**124.9**	**149.1**	**34.3**	**3%**
Operating Expenses	13.1	14.0	14.2	17.2	15.9	16.5	16.8	18.7	58.5	67.9	17.3	-8%
Operating Profit	**15.6**	**15.8**	**16.6**	**18.4**	**19.4**	**19.7**	**20.8**	**21.4**	**66.4**	**81.2**	**17.1**	**14%**
% Change (YoY)	-14.2	2.0	-13.9	2.4	24.2	24.1	25.7	16.2	-6.4	22.3	9.2	
Provisions	6.0	6.4	6.8	17.7	5.2	5.6	6.9	7.4	37.0	25.2	6.2	-15%
Profit Before Tax	**9.6**	**9.5**	**9.7**	**0.6**	**14.2**	**14.0**	**13.9**	**14.0**	**29.4**	**56.1**	**10.9**	**30%**
Tax	2.4	2.3	2.4	0.1	3.5	3.5	3.5	3.2	7.1	13.7	2.7	29%
Net Profit	**7.2**	**7.2**	**7.3**	**0.5**	**10.6**	**10.5**	**10.4**	**10.8**	**22.3**	**42.3**	**8.1**	**31%**
% Change (YoY)	-18.7	244.6	152.2	-93.2	47.5	45.4	41.8	1,880.7	1.6	89.9	12.9	
Operating Parameters												
Deposits (INR b)	1,085	1,121	1,174	1,352	1,332	1,401	1,498	1,595	1,352	1,595	1,332	0%
Loans (INR b)	982	1,020	1,102	1,211	1,216	1,251	1,331	1,410	1,211	1,410	1,221	0%
Deposit Growth (%)	16.6	12.8	14.8	25.1	22.8	25.0	27.6	18.0	25.1	18.0	22.8	
Loan Growth (%)	8.0	13.1	19.6	15.6	23.8	22.6	20.8	16.4	15.6	16.4	24.4	
Asset Quality												
Gross NPA (%)	6.8	7.3	7.0	3.8	4.2	4.3	4.2	4.1	3.8	4.1	3.8	
Net NPA (%)	2.2	2.3	2.2	1.1	1.2	1.2	1.1	1.1	1.1	1.1	1.1	
PCR (%)	69.2	70.0	70.0	71.8	73.7	73.9	74.2	74.8	71.8	74.8	72.7	

E: MOFSL Estimates

Quarterly snapshot

Profit and Loss, INRb	FY24				FY25	Change (%)	
	1Q	2Q	3Q	4Q	1Q	YoY	QoQ
Net Interest Income	**24.91**	**24.43**	**25.25**	**28.66**	**30.05**	**21**	**5**
Other Income	3.85	5.40	5.45	6.94	5.28	**37**	**-24**
Total Income	**28.76**	**29.84**	**30.71**	**35.60**	**35.33**	**23**	**-1**
Operating Expenses	**13.13**	**14.00**	**14.15**	**17.22**	**15.92**	**21**	**-8**
Employee	8.12	8.62	8.99	9.70	10.05	24	4
Others	5.02	5.38	5.16	7.52	5.86	17	-22
Operating Profits	**15.62**	**15.83**	**16.55**	**18.38**	**19.41**	**24**	**6**
Core Operating Profits	**15.07**	**15.48**	**16.55**	**18.38**	**19.41**	**29**	**6**
Provisions	**6.02**	**6.36**	**6.84**	**17.74**	**5.23**	**-13**	**-71**
PBT	**9.60**	**9.47**	**9.71**	**0.64**	**14.18**	**48**	**2,110**
Taxes	2.39	2.26	2.39	0.10	3.54	48	3,620
PAT	**7.21**	**7.21**	**7.33**	**0.55**	**10.63**	**47**	**1,847**
Balance Sheet, INRb							
Loans	982	1,020	1,102	1,211	1,216	24	0
Deposits	1,085	1,121	1,174	1,352	1,332	23	-1
CASA Deposits	391	432	424	502	445	14	-11
- Current	52	63	67	97	62	18	-36
- Saving	339	369	358	405	383	13	-5
Loan Mix (%)							
Micro Loans	49.7	50.2	49.7	49.9	49.3	-44	-62
Non Micro Loans	50.3	49.8	50.3	50.1	50.7	44	62
- SME Loans	26.1	24.9	24.9	24.0	23.4	-271	-58
- Small Enterprise	10.2	10.9	12.4	11.4	11.3	111	-5
- NBFC MFI's	10.7	10.4	9.2	10.3	11.0	35	76
Asset Quality, INRb							
GNPA	70	79	81	48	53	-24	11
NNPA	21	24	24	13	14	-35	4
Asset Quality Ratios						**YoY (bp)**	**QoQ (bp)**
GNPA (%)	6.8	7.3	7.0	3.8	4.2	-253	39
NNPA (%)	2.2	2.3	2.2	1.1	1.2	-103	4
PCR (Calc, %)	69.2	70.0	70.0	71.8	73.7	443	184
SMA Movement (EEB) (%)							
SMA 0	2.6	1.8	1.4	0.6	0.9	-170	30
SMA 1	1.5	1.1	1.0	0.6	0.7	-80	10
SMA 2	1.4	1.3	0.9	0.8	0.7	-70	-10
Business Ratios (%)							
CASA (%)	36.0	38.5	36.1	37.1	33.4	-264	-372
Loan/Deposit	90.5	91.0	93.8	89.6	91.3	76	168
Cost to Core Income	46.6	47.5	46.1	48.4	45.1	-151	-331
Cost to Assets	3.5	3.7	3.6	3.9	3.7	19	-20
Tax Rate	24.9	23.9	24.6	14.9	25.0	9	1,014
Capitalisation Ratios (%)							
Tier-1	18.8	18.2	16.9	17.2	14.1	-470	-310
CAR	19.8	19.2	17.9	18.3	15.7	-410	-260
RWA / Total Assets	67.3	68.5	76.6	0.0	0.0	-6,732	0
LCR	182.8	154.6	157.9	129.9	NA	NA	NA
Profitability Ratios (%)							
Yield	13.3	13.3	13.4	13.8	13.9	60	10
Cost of Funds	6.4	6.5	6.6	6.6	7.0	60	40
Margins	7.30	7.20	7.20	7.60	7.60	30.00	0.00
Other Details							
Branches	1,542	1,621	1,647	1,700	1,700	158	0
ATM	438	438	438	438	438	0	0

Source - MOFSLE

Highlights from the management commentary

Opening remarks

- Despite global uncertainties, India's macro indicators remained strong.
- Net advances grew 23.8% YoY supported by all-round growth across verticals. Deposits grew 22.8% YoY, supported by 24.9% YoY growth in retail TD.
- It added 0.8m customers during the quarter with the total customer base reaching to 34.4m (EEB – 25.8m, Non EEB – 8.6m)
- The Board is looking for a new MD and CEO; until then Mr. Ratan is appointed as the Interim MD & CEO for a period of three months from Jul'24.
- In this quarter, an all-round performance is seen in the bank led by healthy NII and other income.
- The bank has been able to protect its margin at 7.6% during the quarter.
- It focused on credit quality; especially the steps taken in Apr'23 have been seeing fruitful results.
- Launched Bharat QR code for the current and savings account customers.
- Leveraging data analytics to study customer behavior to enhance customer experience.
- The bank focuses on strengthening the senior leadership team; it has several members of experienced senior management.

Advances and deposits

- ~18-20% of credit growth guidance for the next 2-3 years and bank is aiming at faster deposits growth vs. advances growth.
- CASA growth was hit by the reduction from short-term CA balance of the previous quarter. CASA ratio stands at 33.4%.
- Focus is on growing the secured loans like housing and retail finance etc. The bank has sorted the problems in the housing book.
- Top 5 states in terms of geographical distribution of advances formed 59% of the total gross advances, of which West Bengal formed 24%
- CASA + Retail TD to total deposit continued to remained stable at 69%.
- About 39% of total deposits are contributed by West Bengal vs. 43% last year.
- Asset growth will happen both in MFI and secured books, but the % growth will be more for secured book that will led to an increase in the share in secured book.
- Stable outlook on NBFC MFI and growth there will be comparatively muted going forward.
- CD ratio stood at 94%, a key focus area. The Bank is following a liability-first approach and so expects the CD ratio to improve from hereon.
- Within other income, redemption of SR stood at INR600m and the bank expects on a quarterly basis ~INR600-700m would continue to happen for this year.

Margins, costs, and ratios

- NIMs improved to 7.6% due to reduction in slippage rate as well as due to focus on business.
- Despite pressure in Cost of funds, bank is able to protect its margins.
- RoA for 1QFY25 was at 2.5% and RoE at 18.8%.
- There were no one-offs in other income. In the market, there is pressure on cost of fund and bank is cognizant of this pressure.
- BANDHAN expects NIM to be ~7.0%-7.5% going forward.

- Though the number of employees has been going up, given the fact that the bank has completed its migration and is focused on digital now; in % term, the increase has moderated.
- No. of additions in branches will moderate growing further.
- The yield on advances (YoA) stood at 16%. The shift towards a higher mix of secured assets led to a pressure on YoA, but this will be offset by lower slippages. YoA is expected to be ~15-16% going forward.
- As a part of the strategy, the bank will continue to invest in people, tech, branches and creating the key capabilities that are required. The bank is looking at the area of operational efficiency in the great detail. But as the operational efficient improves the C/I will gradually improve.
- INR0.6-0.7b of ARC recovery is expected in every quarter, and this includes the provision release.

CGFMU related

- Bank is waiting for the audit outcome and then only will take decisions on how to account for the same.
- CGFMU, the audit is in progress and should be completed very shortly. The bank is expecting the positive result.

Capital related

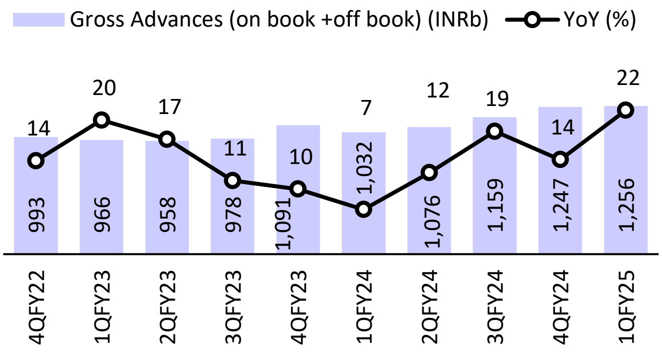
- In Jun'24, CRAR declined due to impact of increase in risk weights in EEB book from 75% to 125%. Impact of 362bp on capital adequacy can be seen due to this and accordingly CRAR for Jun'24 is 15.7%.
- Net worth stood at INR218.8b as on 1QFY25.
- CRAR (excl. profit) is at 15% and including profit, CRAR stood at 15.7%. Recomputed CRAR for Mar'24 will be 14.7%.
- BANDHAN is well capitalized for any further growth in assets.
- The bank found that there is a specific point for exemption of increase in risk weight for MFI in NBFC, but not for banks, and therefore BANDHAN has been conservative.

Asset quality related

- CE pan-India stood at healthy levels of 98.7% in 1QFY25 (excluding NPA).
- CE stood at 98.5% for the EEB book.
- Bad debt recovery of INR460m is from the written-off account.
- For FY25, credit cost is expected to be ~1.8-2.0%.
- Credit cost of 1QFY25 is not indicative of full-year credit cost.
- PCR increased to 73.7% in 1QFY25 and bank is expecting it to increase this further going forward.
- Stress is coming from Punjab and Maharashtra but this is manageable.
- Steady decline in slippages can be seen and focus is to improve this from hereon but there will be an inherent risk of EEB DPD pool and therefore credit cost guidance is a little higher.
- Slippages totals to INR8.9b and EEB is INR5.43b in 1QFY25.
- In EEB segment – SMA-0 was INR5.8b an increase of 30bp due to less collection led by heat waves and general elections.
- In EEB segment- SMA 1 currently at INR4.2b/0.7% of loans, SMA-2 forms INR4.36b/ 0.7% of loans. Overall the reductions have been healthy.

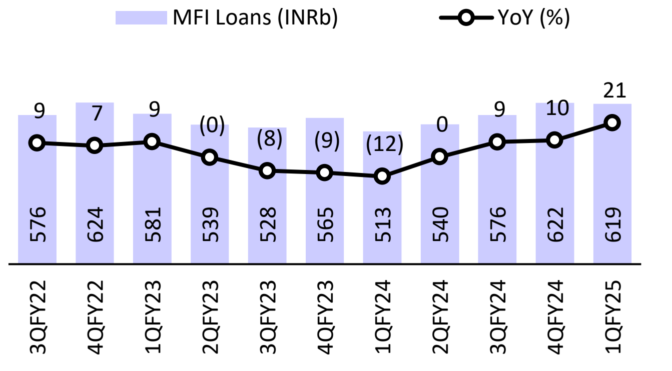
Story in charts

Exhibit 1: AUM grew 21.8% YoY (up 0.7% QoQ) to INR1.26t



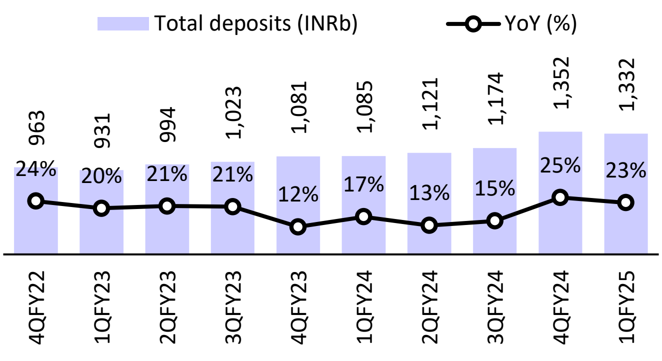
Source: MOFSL, Company

Exhibit 2: MFI loans grew 21% YoY to INR619b



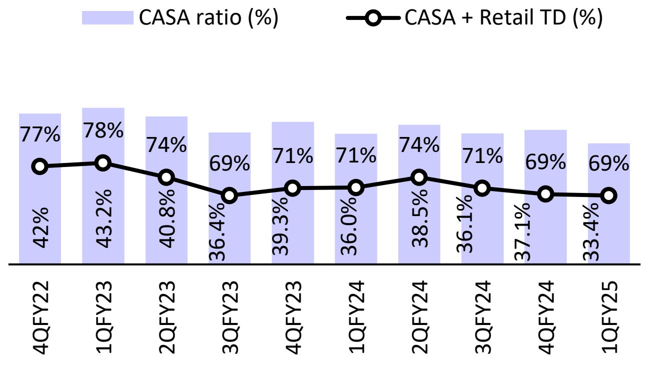
Source: MOFSL, Company

Exhibit 3: Total deposits grew 23% YoY to INR1.3t



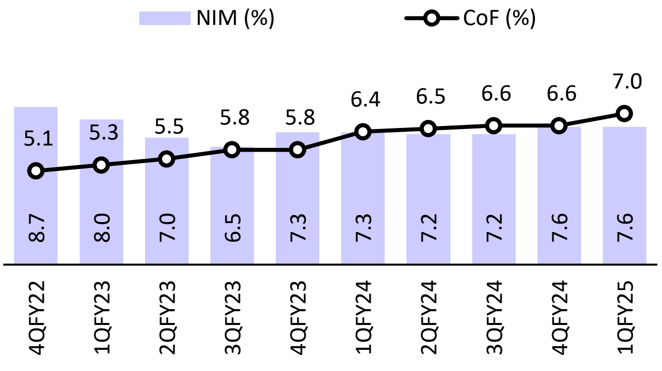
Source: MOFSL, Company

Exhibit 4: CASA+ Retail TD mix stood at 69%; CASA at 33.4%



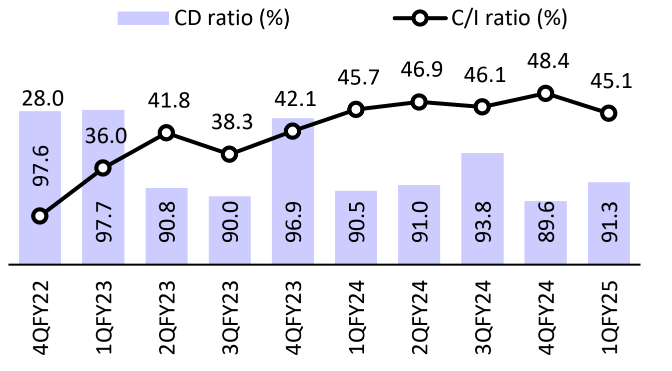
Source: MOFSL, Company

Exhibit 5: Margin stable at 7.6%



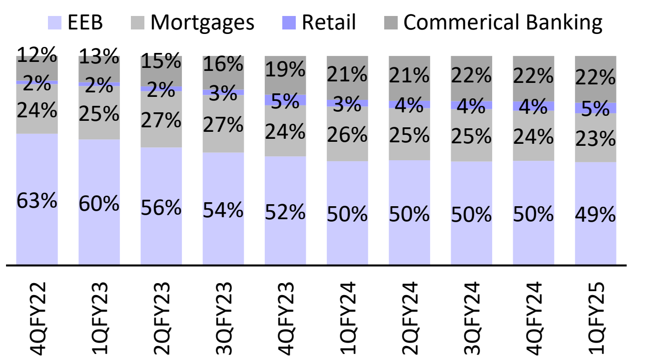
Source: MOFSL, Company

Exhibit 6: CI ratio moderated to 45.1%; CD ratio at 91.3%



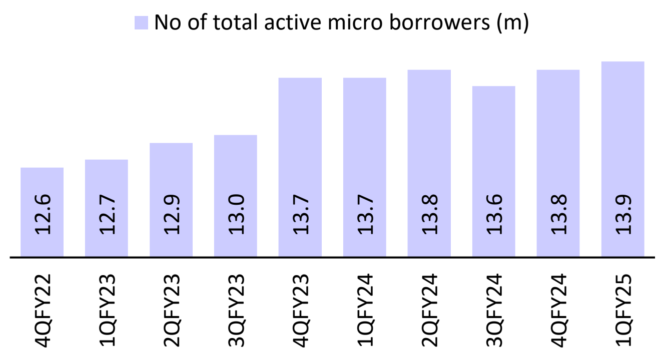
Source: MOFSL, Company

Exhibit 7: Portfolio mix (%)



Source: MOFSL, Company

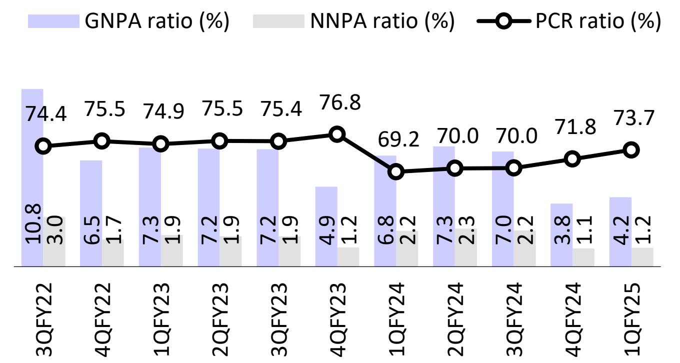
Exhibit 8: Active MFI borrower base



Source: MOFSL, Company

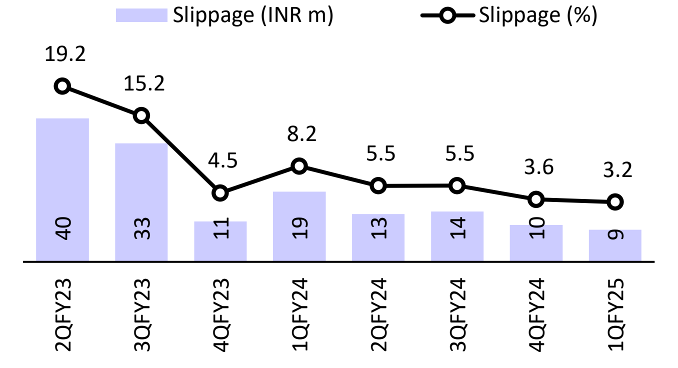
Story in charts – Asset Quality

Exhibit 9: GNPA/NNPA ratio increased 39bp/4bp QoQ



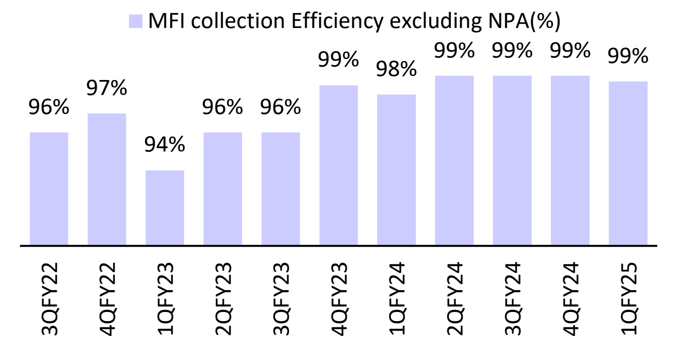
Source: MOFSL, Company

Exhibit 10: Slippages moderated to 3.2% in 1QFY25



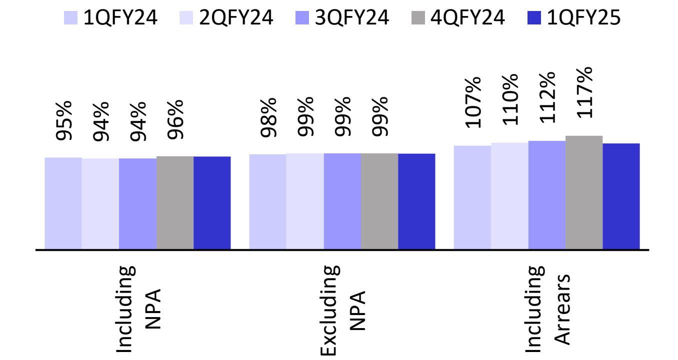
Source: MOFSL, Company

Exhibit 11: MFI CE (%), excluding NPA, stood at 99%



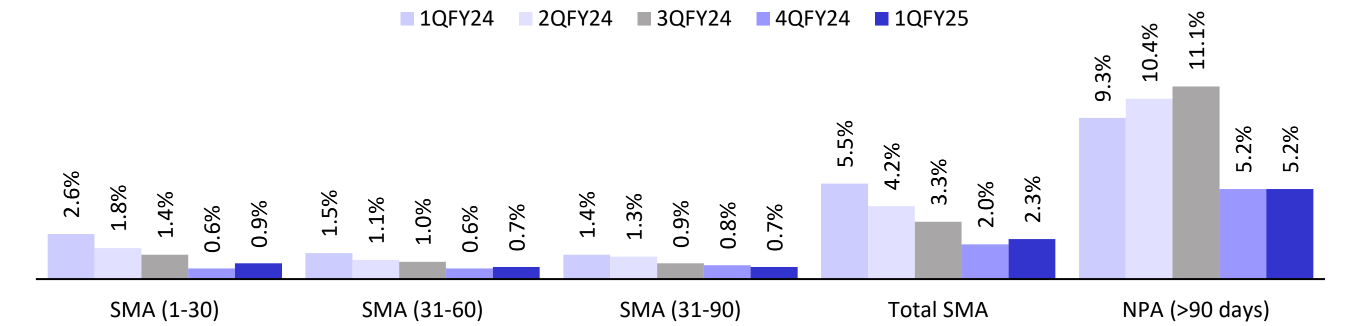
Source: MOFSL, Company

Exhibit 12: QoQ comparison in MFI collection efficiency



Source: MOFSL, Company

Exhibit 13: Asset quality trends across buckets in the MFI portfolio



Source: MOFSL, Company

Valuation and view: Maintain Neutral with TP of INR 220

- BANDHAN reported a steady quarter with earnings beat propelled by controlled opex and provisions. NII growth was healthy, aided by stable margins. Deposit growth was modest; however, management guided deposits to grow faster than advances.
- Asset quality deteriorated slightly; however, slippages moderated, while CE remained steady at 99%. Moreover, the bank, on a conservative basis, has increased the risk weights in the EEB book. Management expects a positive outcome from the ongoing CGFMU audit, which is to be completed shortly.

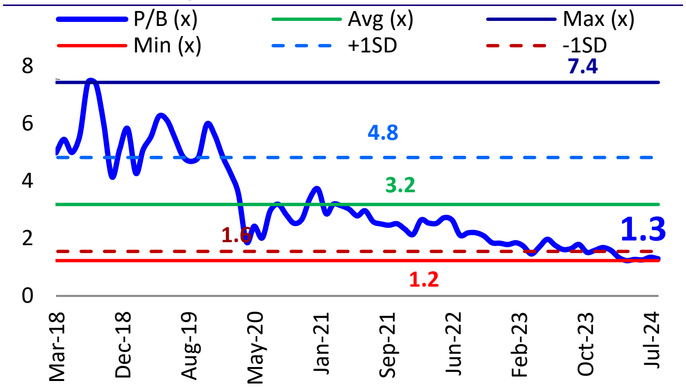
- **We raise our earnings estimates for FY25/26 by 10%/11% and expect an FY26E RoA/RoE of 2.2%/ 18.9%. Reiterate Neutral with a revised TP of INR220 (premised on 1.3x FY26E ABV).**

Exhibit 14: Changes to our estimates

INR b	Old Estimates		New Estimates		Change (%/bps)	
	FY25	FY26	FY25	FY26	FY25	FY26
Net Interest Income	**120.2**	**138.7**	**123.9**	**142.2**	**3.0**	**2.5**
Other Income	25.5	30.1	25.2	29.5	-1.2	-2.0
Total Income	**145.8**	**168.8**	**149.1**	**171.7**	**2.3**	**1.7**
Operating Expenses	69.0	82.0	67.9	80.1	-1.6	-2.3
Operating Profit	**76.7**	**86.8**	**81.2**	**91.6**	**5.9**	**5.5**
Provisions	25.8	28.5	25.2	27.0	-2.3	-5.3
PBT	**51.0**	**58.3**	**56.1**	**64.6**	**10.0**	**10.8**
PAT	**38.5**	**44.0**	**42.3**	**48.8**	**10.0**	**10.8**
Loans	1,405	1,644	1,410	1,644	0.3	0.0
Deposits	1,595	1,867	1,595	1,867	0.0	0.0
Credit Cost (%)	1.9	1.8	1.9	1.7	-0.1	-0.1
RoA (%)	**2.0**	**2.0**	**2.2**	**2.2**	**0.2**	**0.2**
RoE (%)	**17.1**	**17.5**	**18.6**	**18.9**	**1.5**	**1.4**
EPS	23.9	27.3	26.3	30.3	10.0	10.8
BV	**146.4**	**166.6**	**148.7**	**172.0**	**1.6**	**3.2**
ABV	140.8	160.8	142.3	164.4	1.0	2.2

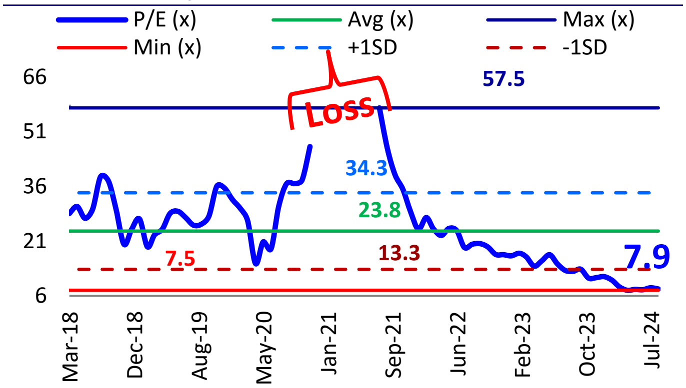
Source: MOFSL, Company

Exhibit 15: One-year forward P/B ratio



Source: MOFSL, Company

Exhibit 16: One-year forward P/E ratio



Source: MOFSL, Company

Exhibit 17: DuPont Analysis: Return ratios to improve gradually

	FY20	FY21	FY22	FY23	FY24	FY25E	FY26E
Net Interest Income	**8.5**	**7.3**	**6.9**	**6.3**	**6.2**	**6.5**	**6.4**
Other Income	2.1	2.0	2.2	1.7	1.3	1.3	1.3
Total Income	**10.6**	**9.3**	**9.1**	**8.0**	**7.5**	**7.8**	**7.7**
Operating Expenses	**3.3**	**2.7**	**2.8**	**3.1**	**3.5**	**3.5**	**3.6**
Employee cost	1.8	1.6	1.7	1.8	2.0	2.1	2.1
Others	1.4	1.1	1.1	1.3	1.5	1.5	1.5
Operating Profits	**7.4**	**6.5**	**6.3**	**4.8**	**4.0**	**4.2**	**4.1**
Core operating Profits	**7.2**	**6.3**	**6.1**	**4.9**	**4.1**	**4.3**	**4.2**
Provisions	**1.9**	**3.7**	**6.2**	**2.8**	**2.2**	**1.3**	**1.2**
PBT	**5.5**	**2.9**	**0.1**	**2.0**	**1.8**	**2.9**	**2.9**
Tax	1.4	0.7	0.0	0.5	0.4	0.7	0.7
RoA	**4.1**	**2.1**	**0.1**	**1.5**	**1.3**	**2.2**	**2.2**
Leverage (x)	5.6	6.3	7.3	8.0	8.1	8.4	8.6
RoE	**22.9**	**13.5**	**0.7**	**11.9**	**10.8**	**18.6**	**18.9**

Financials and valuations

Y/E March	FY20	FY21	FY22	FY23	FY24	FY25E	FY26E
Interest Income	108.9	125.2	138.7	159.0	188.7	237.6	271.0
Interest Expense	45.6	49.6	51.6	66.5	85.4	113.7	128.8
Net Interest Income	**63.2**	**75.6**	**87.1**	**92.6**	**103.3**	**123.9**	**142.2**
- growth (%)	40.7	19.6	15.2	6.3	11.5	20.0	14.8
Non-Interest Income	15.5	20.2	28.2	24.7	21.6	25.2	29.5
Total Income	**78.7**	**95.9**	**115.4**	**117.3**	**124.9**	**149.1**	**171.7**
- growth (%)	41.6	21.8	20.4	1.7	6.5	19.4	15.1
Operating Expenses	24.3	28.2	35.2	46.4	58.5	67.9	80.1
Pre Provision Profits	**54.5**	**67.7**	**80.1**	**70.9**	**66.4**	**81.2**	**91.6**
- growth (%)	45.3	24.3	18.4	-11.5	-6.4	22.3	12.7
Core PPoP	**53.3**	**65.5**	**77.4**	**72.0**	**67.7**	**82.8**	**93.4**
- growth (%)	43.7	22.8	18.2	-7.0	-6.0	22.3	12.9
Provisions	13.9	38.2	78.8	42.0	37.0	25.2	27.0
PBT	**40.5**	**29.5**	**1.3**	**28.9**	**29.4**	**56.1**	**64.6**
Tax	10.3	7.4	0.0	7.0	7.1	13.7	15.8
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**	**42.3**	**48.8**
- growth (%)	54.9	-27.1	-94.3	1,644.6	1.6	89.9	15.2

Balance Sheet

Y/E March	FY20	FY21	FY22	FY23	FY24	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	223.5	260.9
Net Worth	**152.0**	**174.1**	**173.8**	**195.8**	**215.7**	**239.6**	**277.0**
Deposits	**570.8**	**779.7**	**963.3**	**1,080.7**	**1,352.0**	**1,595.4**	**1,866.6**
- growth (%)	32.0	36.6	23.5	12.2	25.1	18.0	17.0
- CASA Dep	**210.3**	**338.3**	**400.8**	**424.6**	**505.7**	**598.3**	**709.3**
- growth (%)	19.4	60.9	18.5	5.9	19.1	18.3	18.6
Borrowings	163.8	169.6	199.2	247.1	163.7	168.6	193.9
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**	**2,056.3**	**2,398.1**
Current Assets	83.5	62.3	93.2	82.5	161.7	157.8	177.8
Investments	153.5	251.6	290.8	323.7	292.9	345.6	407.8
- growth (%)	52.9	63.9	15.6	11.3	-9.5	18.0	18.0
Loans	**666.3**	**816.1**	**939.7**	**1,047.6**	**1,211.4**	**1,410.0**	**1,644.1**
- growth (%)	68.1	22.5	15.1	11.5	15.6	16.4	16.6
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	129.1	152.2
Total Assets	**917.2**	**1,150.2**	**1,390.0**	**1,557.7**	**1,778.4**	**2,056.3**	**2,398.1**

Asset Quality	FY20	FY21	FY22	FY23	FY24	FY25E	FY26E
GNPA	9.9	57.6	63.8	53.0	47.8	59.1	64.7
NNPA	3.9	28.6	15.6	12.3	13.5	14.9	17.5
Slippages		68.9	94.3	96.6	50.9	32.8	35.1
GNPA Ratio	1.5	6.8	6.5	4.9	3.8	4.1	3.8
NNPA Ratio	0.6	3.5	1.7	1.2	1.1	1.1	1.1
Slippage Ratio	2.0	9.3	10.7	9.7	4.5	2.5	2.3
Credit Cost	2.6	5.2	9.0	4.2	3.3	1.9	1.7
PCR (Excl Tech. write off)	60.8	50.3	75.5	76.8	71.8	74.8	72.9

E: MOFSL Estimates

Financials and valuations

Ratios							
Y/E March	**FY20**	**FY21**	**FY21**	**FY23**	**FY24**	**FY25E**	**FY26E**
Spread Analysis (%)							
Avg. Yield- on Earning Assets	**15.4**	**12.7**	**11.7**	**11.8**	**12.6**	**14.0**	**13.7**
Avg. Yield on loans	17.9	14.7	13.9	13.9	15.7	16.2	15.8
Avg. Yield on Investments	6.6	5.9	5.5	6.2	6.8	7.0	6.9
Avg. Cost of Int. Bear. Liab.	**8.3**	**6.2**	**5.1**	**5.6**	**6.3**	**7.3**	**7.1**
Avg. Cost of Deposits	6.6	5.9	5.0	4.9	6.3	6.3	6.2
Interest Spread	**7.2**	**6.5**	**6.6**	**6.2**	**6.3**	**6.7**	**6.5**
Net Interest Margin	**9.0**	**7.7**	**7.4**	**6.9**	**6.9**	**7.3**	**7.2**
Capitalisation Ratios (%)							
CAR	27.4	23.5	20.1	19.8	18.4	17.5	16.9
Tier I	*25.2*	*22.5*	*18.9*	*18.7*	*17.2*	*16.7*	*16.3*
-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 Ratios (%)							
Loans/Deposit Ratio	116.7	104.7	97.6	96.9	89.6	88.4	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	45.5	46.7
Cost/Core income	31.3	30.1	31.3	39.2	46.4	45.1	46.2
Int. Expense/Int. Income	41.9	39.6	37.2	41.8	45.3	47.9	47.5
Fee Income/Total Income	18.2	18.8	22.1	22.0	18.3	17.9	18.3
Other income/Total Income	19.7	21.1	24.5	21.0	17.3	16.9	17.2
Empl. Cost/Total Expense	56.3	59.1	60.6	58.6	56.6	58.0	58.0
Efficiency Ratios (INRm)							
Employee per branch (in nos)	39.0	43.1	50.6	49.4	49.2	49.6	50.1
Staff cost per employee	0.3	0.3	0.4	0.4	0.4	0.5	0.5
CASA per branch	206.6	294.9	337.1	300.9	334.9	370.3	410.4
Deposits per branch	560.7	679.8	810.2	765.9	895.5	987.6	1,079.9
Business per Employee	31.1	32.3	31.6	30.5	34.5	37.5	40.5
Profit per Employee	0.8	0.4	0.0	0.3	0.3	0.5	0.6
Profitability Ratios and Valuation							
RoA	4.08	2.13	0.10	1.49	1.34	2.21	2.19
RoE	22.9	13.5	0.7	11.9	10.8	18.6	18.9
RoRWA	6.2	3.3	0.2	2.3	2.0	3.3	3.2
Book Value (INR)	94	108	108	122	134	149	172
- growth (%)	0.5	14.5	-0.2	12.7	10.1	11.1	15.6
Price-BV (x)	**2.0**	**1.8**	**1.8**	**1.6**	**1.4**	**1.3**	**1.1**
Adjusted BV (INR)	93	96	101	116	128	142	164
Price-ABV (x)	**2.1**	**2.0**	**1.9**	**1.7**	**1.5**	**1.4**	**1.2**
EPS (INR)	21.6	13.7	0.8	13.6	13.8	26.3	30.3
- growth (%)	31.9	-36.5	-94.3	1,644.5	1.6	89.9	15.2
Price-Earnings (x)	**8.9**	**14.1**	**247.1**	**14.2**	**13.9**	**7.3**	**6.4**
Dividend Per Share (INR)	3.8	1.0	0.0	4.7	5.9	7.1	7.1
Dividend Yield (%)	**2.0**	**0.5**	**0.0**	**2.4**	**3.0**	**3.7**	**3.7**

E: MOFSL Estimates

Explanation of Investment Rating	
Investment Rating	**Expected return (over 12-month)**
BUY	>=15%
SELL	< - 10%
NEUTRAL	< - 10 % to 15%
UNDER REVIEW	Rating may undergo a change
NOT RATED	We have forward looking estimates for the stock but we refrain from assigning recommendation

*In case the recommendation given by the Research Analyst is inconsistent with the investment rating legend for a continuous period of 30 days, the Research Analyst shall be within following 30 days take appropriate measures to make the recommendation consistent with the investment rating legend.

Disclosures

The following Disclosures are being made in compliance with the SEBI Research Analyst Regulations 2014 (herein after referred to as the Regulations).

Motilal Oswal Financial Services Ltd. (MOFSL) is a SEBI Registered Research Analyst having registration no. INH000000412. MOFSL, the Research Entity (RE) as defined in the Regulations, is engaged in the business of providing Stock broking services, Depository participant services & distribution of various financial products. MOFSL is a listed public company, the details in respect of which are available on www.motilaloswal.com. MOFSL (erstwhile Motilal Oswal Securities Limited - MOSL) is registered with the Securities & Exchange Board of India (SEBI) and is a registered Trading Member with National Stock Exchange of India Ltd. (NSE) and Bombay Stock Exchange Limited (BSE), Multi Commodity Exchange of India Limited (MCX) and National Commodity & Derivatives Exchange Limited (NCDEX) for its stock broking activities & is Depository participant with Central Depository Services Limited (CDSL) National Securities Depository Limited (NSDL),NERL, COMRIS and CCRL and is member of Association of Mutual Funds of India (AMFI) for distribution of financial products and Insurance Regulatory & Development Authority of India (IRDA) as Corporate Agent for insurance products. Details of associate entities of Motilal Oswal Financial Services Limited are available on the website at http://onlinereports.motilaloswal.com/Dormant/documents/List%20of%20Associate%20companies.pdf

MOFSL and its associate company(ies), their directors and Research Analyst and their relatives may; (a) from time to time, have a long or short position in, act as principal in, and buy or sell the securities or derivatives thereof of companies mentioned herein. (b) be engaged in any other transaction involving such securities and earn brokerage or other compensation or act as a market maker in the financial instruments of the company(ies) discussed herein or act as an advisor or lender/borrower to such company(ies) or may have any other potential conflict of interests with respect to any recommendation and other related information and opinions.; however the same shall have no bearing whatsoever on the specific recommendations made by the analyst(s), as the recommendations made by the analyst(s) are completely independent of the views of the associates of MOFSL even though there might exist an inherent conflict of interest in some of the stocks mentioned in the research report.

MOFSL and / or its affiliates do and seek to do business including investment banking with companies covered in its research reports. As a result, the recipients of this report should be aware that MOFSL may have a potential conflict of interest that may affect the objectivity of this report. Compensation of Research Analysts is not based on any specific merchant banking, investment banking or brokerage service transactions. Details of pending Enquiry Proceedings of Motilal Oswal Financial Services Limited are available on the website at https://galaxy.motilaloswal.com/ResearchAnalyst/PublishViewLitigation.aspx

A graph of daily closing prices of securities is available at www.nseindia.com, www.bseindia.com. Research Analyst views on Subject Company may vary based on Fundamental research and Technical Research. Proprietary trading desk of MOFSL or its associates maintains arm's length distance with Research Team as all the activities are segregated from MOFSL research activity and therefore it can have an independent view with regards to Subject Company for which Research Team have expressed their views.

Regional Disclosures (outside India)

This report is not directed or intended for distribution to or use by any person or entity resident in a state, country or any jurisdiction, where such distribution, publication, availability or use would be contrary to law, regulation or which would subject MOFSL & its group companies to registration or licensing requirements within such jurisdictions.

For Hong Kong:

This report is distributed in Hong Kong by Motilal Oswal capital Markets (Hong Kong) Private Limited, a licensed corporation (CE AYY-301) licensed and regulated by the Hong Kong Securities and Futures Commission (SFC) pursuant to the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong) "SFO". As per SEBI (Research Analyst Regulations) 2014 Motilal Oswal Securities (SEBI Reg. No. INH000000412) has an agreement with Motilal Oswal capital Markets (Hong Kong) Private Limited for distribution of research report in Hong Kong. This report is intended for distribution only to "Professional Investors" as defined in Part I of Schedule 1 to SFO. Any investment or investment activity to which this document relates is only available to professional investor and will be engaged only with professional investors." Nothing here is an offer or solicitation of these securities, products and services in any jurisdiction where their offer or sale is not qualified or exempt from registration. The Indian Analyst(s) who compile this report is/are not located in Hong Kong & are not conducting Research Analysis in Hong Kong.

For U.S.

Motilal Oswal Financial Services Limited (MOFSL) is not a registered broker - dealer under the U.S. Securities Exchange Act of 1934, as amended (the"1934 act") and under applicable state laws in the United States. In addition MOFSL is not a registered investment adviser under the U.S. Investment Advisers Act of 1940, as amended (the "Advisers Act" and together with the 1934 Act, the "Acts), and under applicable state laws in the United States. Accordingly, in the absence of specific exemption under the Acts, any brokerage and investment services provided by MOFSL, including the products and services described herein are not available to or intended for U.S. persons. This report is intended for distribution only to "Major Institutional Investors" as defined by Rule 15a-6(b)(4) of the Exchange Act and interpretations thereof by SEC (henceforth referred to as "major institutional investors"). This document must not be acted on or relied on by persons who are not major institutional investors. Any investment or investment activity to which this document relates is only available to major institutional investors and will be engaged in only with major institutional investors. In reliance on the exemption from registration provided by Rule 15a-6 of the U.S. Securities Exchange Act of 1934, as amended (the "Exchange Act") and interpretations thereof by the U.S. Securities and Exchange Commission ("SEC") in order to conduct business with Institutional Investors based in the U.S., MOFSL has entered into a chaperoning agreement with a U.S. registered broker-dealer, Motilal Oswal Securities International Private Limited. ("MOSIPL"). Any business interaction pursuant to this report will have to be executed within the provisions of this chaperoning agreement.

The Research Analysts contributing to the report may not be registered /qualified as research analyst with FINRA. Such research analyst may not be associated persons of the U.S. registered broker-dealer, MOSIPL, and therefore, may not be subject to NASD rule 2711 and NYSE Rule 472 restrictions on communication with a subject company, public appearances and trading securities held by a research analyst account.

For Singapore

In Singapore, this report is being distributed by Motilal Oswal Capital Markets (Singapore) Pte. Ltd. ("MOCMSPL") (UEN 201129401Z), which is a holder of a capital markets services license and an exempt financial adviser in Singapore.This report is distributed solely to persons who (a) qualify as "institutional investors" as defined in section 4A(1)(c) of the Securities and Futures Act of Singapore ("SFA") or (b) are considered "accredited investors" as defined in section 2(1) of the Financial Advisers Regulations of Singapore read with section 4A(1)(a) of the SFA. Accordingly, if a recipient is neither an "institutional investor" nor an "accredited investor", they must immediately discontinue any use of this Report and inform MOCMSPL .

In respect of any matter arising from or in connection with the research you could contact the following representatives of MOCMSPL. In case of grievances for any of the services rendered by MOCMSPL write to grievances@motilaloswal.com.

Nainesh Rajani
Email: nainesh.rajani@motilaloswal.com
Contact: (+65) 8328 0276

Specific Disclosures

1 MOFSL, Research Analyst and/or his relatives does not have financial interest in the subject company, as they do not have equity holdings in the subject company.
2 MOFSL, Research Analyst and/or his relatives do not have actual/beneficial ownership of 1% or more securities in the subject company
3 MOFSL, Research Analyst and/or his relatives have not received compensation/other benefits from the subject company in the past 12 months
4 MOFSL, Research Analyst and/or his relatives do not have material conflict of interest in the subject company at the time of publication of research report
5 Research Analyst has not served as director/officer/employee in the subject company
6 MOFSL has not acted as a manager or co-manager of public offering of securities of the subject company in past 12 months
7 MOFSL has not received compensation for investment banking/ merchant banking/brokerage services from the subject company in the past 12 months
8 MOFSL has not received compensation for other than investment banking/merchant banking/brokerage services from the subject company in the past 12 months
9 MOFSL has not received any compensation or other benefits from third party in connection with the research report
10 MOFSL has not engaged in market making activity for the subject company

The associates of MOFSL may have:

- financial interest in the subject company
- actual/beneficial ownership of 1% or more securities in the subject company at the end of the month immediately preceding the date of publication of the Research Report or date of the public appearance.
- received compensation/other benefits from the subject company in the past 12 months
- any other potential conflict of interests with respect to any recommendation and other related information and opinions.; however the same shall have no bearing whatsoever on the specific recommendations made by the analyst(s), as the recommendations made by the analyst(s) are completely independent of the views of the associates of MOFSL even though there might exist an inherent conflict of interest in some of the stocks mentioned in the research report.
- acted as a manager or co-manager of public offering of securities of the subject company in past 12 months
- be engaged in any other transaction involving such securities and earn brokerage or other compensation or act as a market maker in the financial instruments of the company(ies) discussed herein or act as an advisor or lender/borrower to such company(ies)

- received compensation from the subject company in the past 12 months for investment banking / merchant banking / brokerage services or from other than said services.
- Served subject company as its clients during twelve months preceding the date of distribution of the research report.

The associates of MOFSL has not received any compensation or other benefits from third party in connection with the research report
Above disclosures include beneficial holdings lying in demat account of MOFSL which are opened for proprietary investments only. While calculating beneficial holdings, It does not consider demat accounts which are opened in name of MOFSL for other purposes (i.e holding client securities, collaterals, error trades etc.). MOFSL also earns DP income from clients which are not considered in above disclosures.

Analyst Certification

The views expressed in this research report accurately reflect the personal views of the analyst(s) about the subject securities or issues, and no part of the compensation of the research analyst(s) was, is, or will be directly or indirectly related to the specific recommendations and views expressed by research analyst(s) in this report.

Terms & Conditions:

This report has been prepared by MOFSL and is meant for sole use by the recipient and not for circulation. The report and information contained herein is strictly confidential and may not be altered in any way, transmitted to, copied or distributed, in part or in whole, to any other person or to the media or reproduced in any form, without prior written consent of MOFSL. The report is based on the facts, figures and information that are considered true, correct, reliable and accurate. The intent of this report is not recommendatory in nature. The information is obtained from publicly available media or other sources believed to be reliable. Such information has not been independently verified and no guaranty, representation of warranty, express or implied, is made as to its accuracy, completeness or correctness. All such information and opinions are subject to change without notice. The report is prepared solely for informational purpose and does not constitute an offer document or solicitation of offer to buy or sell or subscribe for securities or other financial instruments for the clients. Though disseminated to all the customers simultaneously, not all customers may receive this report at the same time. MOFSL will not treat recipients as customers by virtue of their receiving this report.

Disclaimer:

The report and information contained herein is strictly confidential and meant solely for the selected recipient and may not be altered in any way, transmitted to, copied or distributed, in part or in whole, to any other person or to the media or reproduced in any form, without prior written consent. This report and information herein is solely for informational purpose and may not be used or considered as an offer document or solicitation of offer to buy or sell or subscribe for securities or other financial instruments. Nothing in this report constitutes investment, legal, accounting and tax advice or a representation that any investment or strategy is suitable or appropriate to your specific circumstances. The securities discussed and opinions expressed in this report may not be suitable for all investors, who must make their own investment decisions, based on their own investment objectives, financial positions and needs of specific recipient. This may not be taken in substitution for the exercise of independent judgment by any recipient. Each recipient of this document should make such investigations as it deems necessary to arrive at an independent evaluation of an investment in the securities of companies referred to in this document (including the merits and risks involved), and should consult its own advisors to determine the merits and risks of such an investment. The investment discussed or views expressed may not be suitable for all investors. Certain transactions -including those involving futures, options, another derivative products as well as non-investment grade securities - involve substantial risk and are not suitable for all investors. No representation or warranty, express or implied, is made as to the accuracy, completeness or fairness of the information and opinions contained in this document. The Disclosures of Interest Statement incorporated in this document is provided solely to enhance the transparency and should not be treated as endorsement of the views expressed in the report. This information is subject to change without any prior notice. The Company reserves the right to make modifications and alternations to this statement as may be required from time to time without any prior approval. MOFSL, its associates, their directors and the employees may from time to time, effect or have effected an own account transaction in, or deal as principal or agent in or for the securities mentioned in this document. They may perform or seek to perform investment banking or other services for, or solicit investment banking or other business from, any company referred to in this report. Each of these entities functions as a separate, distinct and independent of each other. The recipient should take this into account before interpreting the document. This report has been prepared on the basis of information that is already available in publicly accessible media or developed through analysis of MOFSL. The views expressed are those of the analyst, and the Company may or may not subscribe to all the views expressed therein. This document is being supplied to you solely for your information and may not be reproduced, redistributed or passed on, directly or indirectly, to any other person or published, copied, in whole or in part, for any purpose. This report is not directed or intended for distribution to, or use by, any person or entity who is a citizen or resident of or located in any locality, state, country or other jurisdiction, where such distribution, publication, availability or use would be contrary to law, regulation or which would subject MOFSL to any registration or licensing requirement within such jurisdiction. The securities described herein may or may not be eligible for sale in all jurisdictions or to certain category of investors. Persons in whose possession this document may come are required to inform themselves of and to observe such restriction. Neither the Firm, not its directors, employees, agents or representatives shall be liable for any damages whether direct or indirect, incidental, special or consequential including lost revenue or lost profits that may arise from or in connection with the use of the information. The person accessing this information specifically agrees to exempt MOFSL or any of its affiliates or employees from, any and all responsibility/liability arising from such misuse and agrees not to hold MOFSL or any of its affiliates or employees responsible for any such misuse and further agrees to hold MOFSL or any of its affiliates or employees free and harmless from all losses, costs, damages, expenses that may be suffered by the person accessing this information due to any errors and delays.
This report is meant for the clients of Motilal Oswal only.
Investment in securities market are subject to market risks. Read all the related documents carefully before investing.
Registration granted by SEBI and certification from NISM in no way guarantee performance of the intermediary or provide any assurance of returns to investors.
Registered Office Address: Motilal Oswal Tower, Rahimtullah Sayani Road, Opposite Parel ST Depot, Prabhadevi, Mumbai-400025; Tel No.: 022 - 71934200 / 71934263; www.motilaloswal.com.
Correspondence Address: Palm Spring Centre, 2nd Floor, Palm Court Complex, New Link Road, Malad (West), Mumbai- 400 064. Tel No: 022 71881000. Details of Compliance Officer: Neeraj Agarwal, Email Id: na@motilaloswal.com, Contact No.:022-40548085.
Grievance Redressal Cell:

Contact Person	Contact No.	Email ID
Ms. Hemangi Date	022 40548000 / 022 67490600	query@motilaloswal.com
Ms. Kumud Upadhyay	022 40548082	servicehead@motilaloswal.com
Mr. Ajay Menon	022 40548083	am@motilaloswal.com

Registration details of group entities.: Motilal Oswal Financial Services Ltd. (MOFSL): INZ000158836 (BSE/NSE/MCX/NCDEX); CDSL and NSDL: IN-DP-16-2015; Research Analyst: INH000000412 . AMFI: ARN .: 146822. IRDA Corporate Agent – CA0579. Motilal Oswal Financial Services Ltd. is a distributor of Mutual Funds, PMS, Fixed Deposit, Insurance, Bond, NCDs and IPO products.
Customer having any query/feedback/ clarification may write to query@motilaloswal.com. In case of grievances for any of the services rendered by Motilal Oswal Financial Services Limited (MOFSL) write to grievances@motilaloswal.com, for DP to dpgrievances@motilaloswal.com.