

BSE SENSEX	S&P CNX
38,964	11,588
Bloomberg	RBK IN
Equity Shares (m)	428
M.Cap.(INRb)/(USDb)	123.5 / 1.7
52-Week Range (INR)	717 / 242
1, 6, 12 Rel. Per (%)	-27/-58/-53
12M Avg Val (INR M)	2120
Free float (%)	100.0

Financials & Valuations (INR b)

Y/E March	FY19	FY20E	FY21E
NII	25.4	35.3	45.6
OP	19.4	26.0	33.6
NP	8.7	7.0	12.5
NIM (%)	3.7	4.1	4.3
EPS (INR)	20.3	16.3	29.2
EPS Gr. (%)	34.3	-19.8	79.4
BV/Sh. (INR)	176.9	190.9	215.0
ABV/Sh. (INR)	168.5	167.8	195.1
RoE (%)	12.2	8.9	14.4
RoA (%)	1.2	0.8	1.1
Payout (%)	10.2	12.0	15.0

Valuations

P/E(X)	14.1	17.6	9.8
P/BV (X)	1.6	1.5	1.3
P/ABV (X)	1.7	1.7	1.5

CMP: INR287
TP: INR350 (+22%)
Buy
Asset quality deteriorates; spike in credit cost dents earnings

- 2QFY20 PAT was down 73% YoY to INR543m led by increased provisions of INR5.3b (+150% QoQ); the bank had made provisions of INR3.5b toward identified stressed accounts. For 1HFY20, PPOP was up 42% YoY to INR12.5b while PAT declined 19% YoY to INR3.2b.
- GNPL/NNPL increased 95%/145% QoQ to INR15.4b/INR9.1b led by elevated slippages of INR13.8b. The bank disclosed stressed pool of INR18b (earlier guided at INR9-10b), which includes four groups (a group based in the East, a diversified media group, a coffee group based in the South and a plastics group based in the West + a buffer), of which INR8b has slipped during the quarter while the remaining would be recognized in subsequent quarters.
- NII grew 46% YoY to INR8.7b, led by 4bp QoQ expansion in the margin to 4.35%. Core fee income moderated at 19% YoY (5% QoQ decline) to INR3.9b driven by moderation in loan growth.
- Loan book moderated to 27% YoY led by slowdown in the wholesale book, which grew 12% YoY while strong growth in the retail book continued (+62% YoY). The share of non-wholesale book increased by 190bp QoQ to ~48%. Deposit base increased 31% YoY led by robust 68% YoY increase in SA deposits. CASA ratio increased to 26.5% (+70bp QoQ).
- **Other highlights:** (i) Tier-1 ratio remains flat QoQ at 11.3%, (ii) **MFI book** increased ~4% QoQ to INR51.5b (8.8% of total loans), (iii) **Cards portfolio** grew to 2.3m (2.0m in 1QFY20), while credit card book grew 122% YoY to INR80b (13.7% of total loans).
- **Valuation view:** RBK's exposure to the stressed exposures has increased further while coverage ratio has declined sharply. Management has guided for elevated slippages from the stressed pool over the coming quarters before normalization of earnings. However, the sluggish economic environment and RBK's chunky exposure to BBB/BB & below pool remains a concern. Strong growth in the retail business was led by cards/MFI and the robust margins do provide some cushion to its operating performance. But higher slippages and in turn, higher credit cost drives a sharp cut in our FY20/FY21 estimates. We, thus, estimate FY20 PAT to decline 20% YoY before earnings begin to normalize in FY21. Capital raise in 2HFY20 is critical for supporting growth and shoring up Tier-1 ratio. We revise our TP to INR350 (1.6x FY21E BV). Maintain **Buy**.

Quarterly performance

(INR m)

	FY19				FY20E				FY19	FY20E	FY20E V/s our	
	1Q	2Q	3Q	4Q	1Q	2Q	3QE	4QE			2QE	Est
Net Interest Income	5,527	5,930	6,551	7,387	8,173	8,687	9,001	9,437	25,395	35,297	8,355	4%
% Change (Y-o-Y)	46.1	41.1	40.2	47.6	47.9	46.5	37.4	27.7	43.8	39.0	40.9	560
Other Income	3,260	3,331	3,741	4,092	4,812	4,415	4,722	4,946	14,424	18,895	4,771	-7%
Total Income	8,787	9,261	10,291	11,480	12,985	13,102	13,723	14,382	39,818	54,192	13,126	0%
Operating Expenses	4,464	4,770	5,307	5,880	6,797	6,744	7,105	7,499	20,420	28,146	6,796	-1%
Operating Profit	4,323	4,491	4,985	5,600	6,188	6,358	6,617	6,883	19,398	26,046	6,330	0%
% Change (Y-o-Y)	38.8	48.1	49.5	46.2	43.1	41.6	32.8	22.9	45.7	34.3	41.0	63
Other Provisions	1,404	1,397	1,607	2,000	2,132	5,333	4,950	3,552	6,407	15,967	2,878	85%
Profit before Tax	2,920	3,094	3,378	3,600	4,056	1,025	1,668	3,331	12,992	10,080	3,452	-70%
Tax Provisions	1,019	1,048	1,126	1,128	1,386	482	417	838	4,322	3,123	1,300	-63%
Net Profit	1,900	2,045	2,252	2,472	2,671	543	1,251	2,493	8,670	6,957	2,151	-75%
% Change (Y-o-Y)	34.8	35.8	36.2	38.8	40.5	-73.4	-44.5	0.8	36.5	-19.8	5.2	NM
Operating Parameters												
Deposit Growth (%)	26.9	30.7	35.1	33.0	35.3	31.5	26.0	23.0	33.0	23.0	32.5	-98
Loan Growth (%)	35.7	36.6	35.2	34.9	34.7	27.5	23.0	20.0	34.9	20.0	28.3	-86
Asset Quality												
Gross NPA (%)	1.4	1.4	1.4	1.4	1.4	2.6	3.4	3.7	1.4	3.7	1.9	75
Net NPA (%)	0.8	0.7	0.7	0.7	0.7	1.6	2.0	2.2	0.7	2.2	0.9	66
PCR (%)	47.0	47.5	48.5	50.6	52.9	40.7	41.5	42.9	50.6	42.9	52.0	NM

Source: MOFSL

Exhibit 1: Quarterly performance v/s estimates – Higher provisions resulted in PAT miss

Y/E March	2QFY20A	2QFY20E	Var. (%)	Comments
Interest Income	21,262	20,492	4	
Interest Expense	12,575	12,137	4	
Net Interest Income	8,687	8,355	4	Margins expanded 5bp resulting in higher NII
% Change (YoY)	46	41		
Other Income	4,415	4,771	-7	Other income was lower than expected
Total Income	13,102	13,126	0	
Operating Expenses	6,744	6,796	-1	In line
Operating Profit	6,358	6,330	0	In line
% Change (YoY)	42	41		
Other Provisions	5,333	2,878	85	Provisions were higher than expected as bank created INR3.5b towards stressed exposures
Profit before Tax	1,025	3,452	-70	
Tax Provisions	482	1,300	-63	
Net Profit	543	2,151	-75	Higher provisions led to PAT miss
% Change (YoY)	-73	5		

Source: MOFSL

Exhibit 2: Quarterly snapshot

INR m	FY18				FY19				FY20		Change (%)	
	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4Q	1Q	2Q	YoY	QoQ
Profit and Loss												
Net Interest Income	3,784	4,202	4,673	5,005	5,527	5,930	6,551	7,387	8,173	8,687	46	6
Other Income	2,569	2,411	2,582	3,120	3,260	3,331	3,741	4,092	4,812	4,415	33	-8
Trading profits	745	386	284	406	359	67	262	205	722	530	695	-27
Fee Income	1,824	2,025	2,298	2,714	2,901	3,264	3,479	3,888	4,090	3,885	19	-5
Total Income	6,353	6,612	7,255	8,124	8,787	9,261	10,291	11,480	12,985	13,102	41	1
Operating Expenses	3,239	3,581	3,921	4,293	4,464	4,770	5,307	5,880	6,797	6,744	41	-1
Employee	1,330	1,435	1,436	1,305	1,530	1,509	1,641	1,682	1,845	1,961	30	6
Others	1,909	2,145	2,485	2,988	2,934	3,261	3,666	4,198	4,952	4,783	47	-3
Operating Profits	3,114	3,032	3,334	3,831	4,323	4,491	4,985	5,600	6,188	6,358	42	3
Core Operating Profits	3,114	3,032	3,334	3,831	4,323	4,491	4,985	5,600	6,188	6,358	42	3
Provisions	945	749	823	1,129	1,404	1,397	1,607	2,000	2,132	5,333	282	150
PBT	2,169	2,283	2,511	2,702	2,920	3,094	3,378	3,600	4,056	1,025	-67	-75
Taxes	759	776	858	921	1,019	1,048	1,126	1,128	1,386	482	-54	-65
PAT	1,410	1,506	1,653	1,781	1,900	2,045	2,252	2,472	2,671	543	-73	-80
Balance Sheet												
Deposits (INR b)	354	366	386	439	449	478	522	584	608	628	31	3
Loans (INR b)	311	336	369	403	422	459	499	543	568	585	27	3
Asset Quality												
GNPA	4,578	4,872	5,799	5,667	5,959	6,450	6,955	7,546	7,892	15,391	139	95
NNPA	2,504	2,608	3,578	3,126	3,158	3,386	3,582	3,727	3,716	9,123	169	145
Slippages	1,520	920	2,100	1,150	1,480	1,420	2,110	2,060	2,250	13,770	870	512
Ratios (%)												
Asset Quality Ratios												
	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4Q	1Q	2Q	YoY	QoQ
GNPA	1.5	1.4	1.6	1.4	1.4	1.4	1.4	1.4	1.4	2.6	120	122
NNPA	0.8	0.8	1.0	0.8	0.8	0.7	0.7	0.7	0.7	1.6	82	91
PCR (Calc.)	45	46	38	45	47	48	48	51	53	41	-678	NM
PCR (Reported)	58	58	53	58	60	61	63	65	69	58	-300	NM
Business Ratios												
Fees to Total Income	28.7	30.6	31.7	33.4	33.0	35.3	33.8	33.9	31.5	29.7	-560	-184
Cost to Core Income	57.8	57.5	56.2	55.6	53.0	51.9	52.9	52.1	55.4	53.6	176	-179
Tax Rate	35.0	34.0	34.2	34.1	34.9	33.9	33.3	31.3	34.2	47.0	NM	NM
CASA mix	22.1	23.7	24.0	24.3	24.4	24.5	24.6	25.0	25.8	26.5	200	70
Loan/Deposit	87.8	91.8	95.5	91.7	93.9	96.0	95.6	93.0	93.5	93.1	-292	-39
RWA / Assets (%)	80.2	82.8	81.9	77.7	81.9	83.2	78.1	74.2	78.2	76.4	-680	-183
Profitability Ratios												
Yield on loans	10.2	10.6	10.4	10.5	10.8	10.9	11.2	11.8	12.0	12.1	120	10
Yield On Investments	7.5	7.6	7.4	7.0	7.0	7.5	7.7	7.5	8.1	7.4	-2	-68
Yield on Funds	9.3	9.3	9.2	9.0	9.5	9.9	10.3	10.5	10.7	10.7	84	-3
Cost of funds	6.2	6.6	6.0	6.2	6.4	6.4	6.60	6.8	6.8	6.8	40	0
Margins	3.4	3.6	3.7	3.7	3.8	4.0	4.1	4.2	4.3	4.4	37	4
RoA	1.2	1.2	1.2	1.3	1.3	1.3	1.3	1.3	1.3	0.3	-101	-106
RoE	12.8	10.5	10.2	10.9	11.2	11.6	12.4	13.4	13.8	2.7	NM	NM
Distribution reach												
Branches	248	246	246	265	266	268	288	324	332	346	78	14
ATMS's	0	388	0	388	369	382	390	388	376	394	12	18

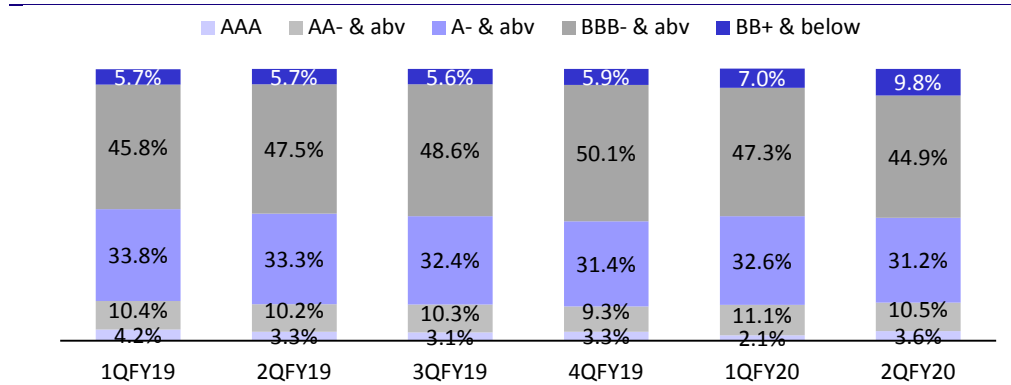
Source: Company, MOFSL

RBK disclosed stressed pool of INR18b toward four groups; of which, INR8b has been recognized as NPA

Asset quality outlook concerning; slippages likely to increase in near term

- During 2QFY20, absolute GNPA's increased 95% QoQ as annualized slippages elevated to 3.7% (INR13.8b) as bank recognized INR8b of the stressed exposure in the current quarter. Recoveries came in at INR550m while write-offs more than doubled to INR3.1b. In percentage terms, GNPA/NNPA increased sharply by 122bp/91bp QoQ to 2.60%/1.56%. Calculated PCR declined ~1200bps QoQ to 40.7% (58.5% including TWO).
- Management disclosed a **stressed pool of INR18b pertaining to four groups (East-based group, diversified media group, south-based coffee group and west-based plastics group plus a buffer)** of which INR8b has been recognized as NPA while the remaining would be recognized in the coming quarters. Bank has made a provision of INR3.5b towards the above NPA accounts. SMA 1 and SMA 2 for the bank stand at 0.45% and 0.39% respectively.
- Further the **mix of BB and below book has increased by 280bp QoQ** to 9.8% vs 7.0% in 1QFY20.

Exhibit 3: Mix of BB and below book increased to 9.8% (+280bp QoQ)



Source: MOFSL, Company

Exposure toward NBFC increased 11% QoQ

Exhibit 4: Top-10 industry exposure (Fund + Non fund)

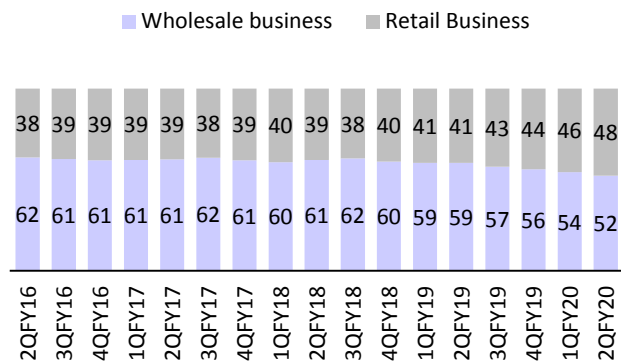
INRb	1QFY19	2QFY19	3QFY19	4QFY19	1QFY20	2QFY20	YoY (%)	QoQ (%)
Retail / distribution	34.1	36.9	36.8	32.0	31.4	29.7	-20%	-6%
Construction	43.2	35.2	33.8	35.5	42.0	39.6	12%	-6%
Pharmaceuticals	25.9	21.8	25.0	25.9	25.9	22.4	3%	-13%
Power	28.1	21.7	22.4	27.3	23.1	24.4	12%	6%
NBFC	0.0	26.1	25.2	28.2	36.3	40.3	55%	11%
Engineering	36.1	27.7	34.0	39.0	37.1	35.5	28%	-4%
Real Estate	24.4	22.9	24.0	26.2	24.3	25.0	9%	3%
Professional Services	26.5	21.8	21.2	25.2	21.8	21.3	-2%	-2%
Metals	23.7	19.6	21.7	20.8	20.0	19.4	-1%	-3%
Logistics	13.8	0.0	0.0	14.1	13.7	13.4	NM	-2%

Source: MOFSL, Company

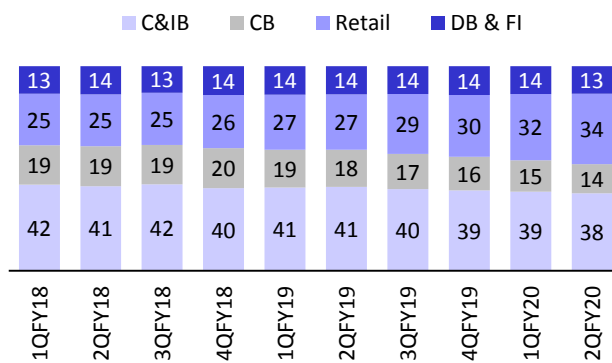
Loan growth moderated to ~28% YoY; driven by non-wholesale loan growth of ~49% YoY.

Loan growth driven by retail book; retail mix increases by ~190bp QoQ

- Loan growth moderated to ~28% YoY was primarily led by non-wholesale growth of ~49% YoY, while wholesale grew by ~12% YoY, taking the retail book share to 47.9% from 40.9% a year ago. Within the non-wholesale book, the retail segment grew ~62% YoY, while the DB&FI segment grew 24.1% YoY.
- Wholesale loans grew ~12% YoY (-0.8% QoQ), led by 17.6% YoY (+0.7% QoQ) growth in the C&IB segment while CB segment declined 0.8% QoQ (+0.3% YoY).

Exhibit 5: Share of retail business increased to 48%

Source: MOFSL, Company

Exhibit 6: Loan mix composition moves in favor of retail

Source: MOFSL, Company

Cards portfolio grew to 2.29m (1.71m in FY19) and retail spend per card remained healthy at INR10.5k.

Exhibit 7: Credit card book showed robust growth of 13.7% of total book in 2QFY20 v/s 11.7% QoQ

INRm	1QFY19	2QFY19	3QFY19	4QFY19	1QFY20	2QFY20	YoY	QoQ
Total Spends	32,340	42,080	44,030	47,120	59,360	70,350	67%	19%
Credit card book	29,010	36,130	44,960	52,830	66,530	80,030	122%	20%
As a % of total book	6.9%	7.9%	9.0%	9.7%	11.7%	13.7%		

Source: MOFSL, Company

Present in 19 states across the country with maximum state exposure capped at 15%.

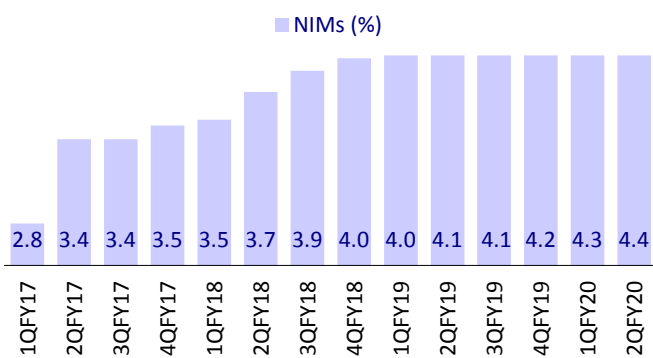
Exhibit 8: State-wise exposure of MFI book

State Name	2QFY20
Tamil Nadu	14%
Bihar	13%
Maharashtra	12%
Karnataka	9%
Odisha	7%
Others	45%

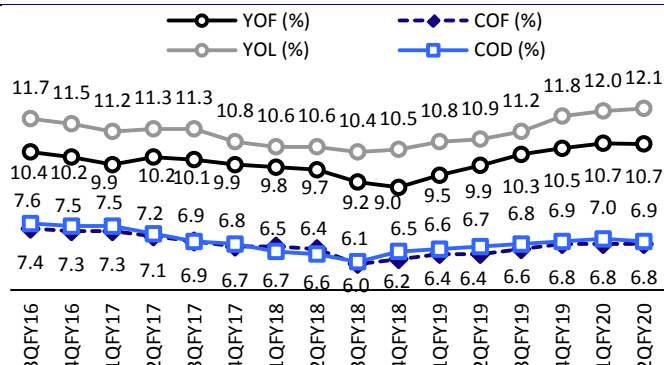
Source: MOFSL, Company

Margins improve 4bp QoQ to 4.35% due to increase in yields by 10bp QoQ

- The bank reported a 4bp QoQ improvement in margins to 4.35% (+27bp YoY). This was led by an improvement in yields on advances (+10bp QoQ), driven by a higher share of high-yielding book.
- CASA deposits increased 42.2% YoY (6.1% QoQ), led by robust 68% (+0.8% QoQ) increase in SA deposits, while CA deposits increased by 14.9% YoY (+15.5% QoQ). The, CASA ratio improved by 200bp YoY to 26.5%.

Exhibit 9: NIM improved 4bp QoQ to 4.35%

Source: MOFSL, Company

Exhibit 10: Yield on loans improved 10bp QoQ to 12.1%

Source: MOFSL, Company



2QFY20 conference call highlights

Balance sheet and P/L related

- The bank is not witnessing any signs of deterioration in the operating environment/delinquency trends in the retail segments that it operates.
- **Real estate book:** Exposure of INR25b, of which the largest exposure of INR5b is fully secured.
- **Credit cards:** On a proactive basis, the bank has reduced card limits or balance wherever it has seen some stress.
- Industry average ROA in the cards business is 3.5%.
- The bank is having excess G-sec securities of INR40b currently.
- Daily average LCR at 156%.
- The bank will continue to invest in the retail business.

Asset quality

- The total stressed exposure of INR18b includes four groups (a group based in the East, a diversified media group, a coffee group based in the South and a plastics group based in the West) plus a buffer (which is 10-15% of the pool).
- The bank has recognized INR8b of stressed exposures as NPA and made provisions of INR3.5b (much higher than regulatory requirement). Further, expect 3QFY20 trend to remain elevated while the remaining tail will be recognized in 4QFY20. The bank has taken a conservative stance to recognize all the stress in FY20 only.
- Thus, credit cost will continue to remain elevated over the next two quarters.
- Further, resolution has slowed down in the current challenging environment.
- Interest reversal during the quarter is INR200m.
- GNPA in the credit cards portfolio is 1.3% while credit cost is ~4-4.5%. Industry NPLs in cards is 1.8%.
- **Slippages break-up:** INR8b from stressed exposure; INR2.5-2.75b are technical slippages, INR0.7b from agri and the rest are routine slippages only.
- The LAP portfolio is fully mature now and having GNPA in the range between 1.0-1.5%. This has resulted in an increase in retail GNPA.
- The bank has moved the entire retail portfolio to daily stamping of NPAs.

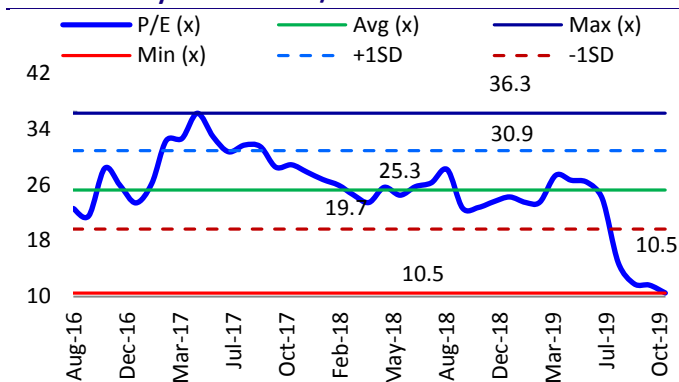
Guidance

- The bank will look to raise capital in the current fiscal; its operating performance story remains intact; all stress will be absorbed during FY20E.
- Added 14 branches in urban and metro cities; will reach a total branch count of 380-400.
- 143 BC branches added during the quarter; bank has plans to add another 150 BC branches in the coming quarter.

Valuation and view

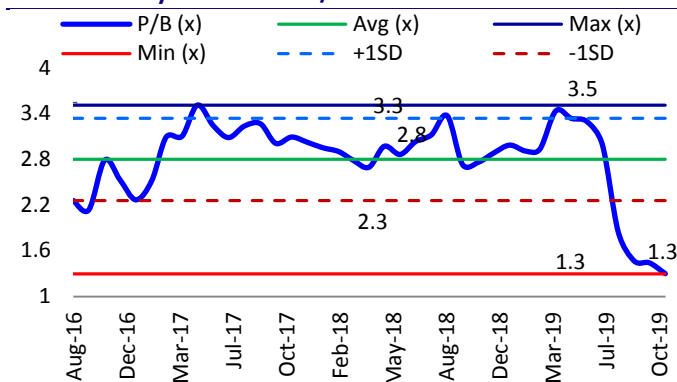
- RBK witnessed an unusual quarter with its asset quality deteriorating sharply led by higher slippages and increase in the total quantum of stressed pool. Bank's disclosed stressed pool stands at INR18b pertaining to the four groups (East based group, diversified media group, south based coffee group and west based plastics group plus a buffer) of which INR8b has been recognized as NPA while the remaining would be recognized in the coming quarters.
- The bank has made a provision of INR3.5b towards the above NPA accounts and further guided for the credit cost to remain elevated and we thus estimate credit cost of 2.6%/2.2% for FY20E/FY21E.
- The bank is not witnessing any signs of deterioration on the operating environment/delinquency trends in the retail segment and expects strong benefits to accrue from its partnership with Bajaj Finance in co-branded credit cards. The bank has already issued around ~2.3m cards since launch and aims to be amongst the top five credit card payers in the next three years and strives to achieve 4m+ cards by FY21. We expect the bank to leverage on BAF's vast customer base (~26m; 60% don't have credit cards), strong distribution scale, excellent risk and analytics infrastructure. This would enable fast-paced credit card customer acquisition at lower operating costs and lower credit costs (as these are tested customers of BAF) and also aid in higher fee income.
- RBK's exposure to the stressed exposures has increased further while coverage ratio has declined sharply. Management has guided for elevated slippages from the stressed pool over coming quarters before earnings begin to normalize however sluggish economic environment and RBK's chunky exposure to BBB/BB & below pool remains a concern. Strong growth in retail business led by cards/MFI and robust margins though does provide some cushion to its operating performance. Higher slippages and in turn higher credit cost drives sharp cut in our FY20/21 estimates. We thus estimate FY20 PAT to decline 20% YoY before earnings begin to normalize in FY21. Capital raise in 2H is critical for supporting growth and shoring up Tier-1 ratio. We revise our TP to INR350 (1.6x FY21E BV). Maintain **Buy**.

Exhibit 11: 1-year forward P/E



Source: Company, MOFSL

Exhibit 12: 1-year forward P/B



Source: Company, MOFSL

Exhibit 13: DUPONT Analysis - Return ratios to remain under pressure in FY20 and expected to pick up in FY21

Y/E MARCH	FY15	FY16	FY17	FY18	FY19	FY20E	FY21E
Interest Income	8.62	8.28	8.45	8.16	8.86	9.48	9.52
Interest Expense	6.17	5.81	5.67	4.96	5.29	5.49	5.37
Net Interest Income	2.46	2.47	2.78	3.20	3.57	3.99	4.16
Fee income	1.53	1.30	1.45	1.63	1.92	2.03	2.15
Trading and others	0.25	0.18	0.27	0.30	0.11	0.11	0.10
Non-Interest income	1.78	1.48	1.72	1.93	2.03	2.13	2.26
Total Income	4.24	3.95	4.50	5.13	5.60	6.12	6.41
Operating Expenses	2.65	2.32	2.41	2.72	2.87	3.18	3.35
Employee cost	1.33	1.12	1.02	1.00	0.89	0.88	0.84
Others	1.32	1.20	1.39	1.72	1.98	2.30	2.51
Operating Profit	1.59	1.64	2.10	2.41	2.73	2.94	3.06
Core Operating Profit	1.33	1.46	1.82	2.11	2.62	2.84	2.96
Provisions	0.27	0.35	0.54	0.66	0.90	1.80	1.54
NPA	0.16	0.24	0.35	0.47	0.66	1.75	1.48
Others	0.11	0.10	0.20	0.19	0.24	0.05	0.06
PBT	1.32	1.29	1.55	1.75	1.83	1.14	1.52
Tax	0.41	0.41	0.54	0.60	0.61	0.35	0.38
RoA	0.91	0.88	1.02	1.15	1.22	0.79	1.14
<i>Leverage (x)</i>	<i>10.7</i>	<i>12.7</i>	<i>12.1</i>	<i>10.1</i>	<i>10.0</i>	<i>11.3</i>	<i>12.7</i>
RoE	9.8	11.2	12.3	11.6	12.2	8.9	14.4

Source: MOFSL, Company

Exhibit 14: We cut our estimates for FY20/FY21 sharply by 34%/17% factoring in higher credit cost

INRb	Old Estimates		Revised Estimates		Change (%) /bps	
	FY20	FY21	FY20	FY21	FY20	FY21
Net Interest Income	34.1	43.8	35.3	45.6	3.5	3.9
Other Income	19.5	25.5	18.9	24.8	-3.0	-3.0
Total Income	53.6	69.3	54.2	70.3	1.2	1.4
Operating Expenses	27.7	37.5	28.1	36.8	1.5	-1.9
Operating Profits	25.8	31.9	26.0	33.6	0.8	5.2
Provisions	10.9	11.9	16.0	16.9	47.0	42.0
PBT	15.0	20.0	10.1	16.7	-32.7	-16.6
Tax	4.4	5.0	3.1	4.2	-28.3	-16.6
PAT	10.6	15.0	7.0	12.5	-34.5	-16.6
Loans	673	862	652	821	-3.2	-4.7
Deposits	747	972	718	934	-3.9	-3.9
Margins (%)	3.93	4.03	4.13	4.32	20	30
Credit Cost (%)	1.70	1.45	2.60	2.20	90	75
RoA (%)	1.18	1.30	0.79	1.14	-39	-16
RoE (%)	13.3	14.5	8.9	14.4	-440	-8
EPS	24.9	31.7	16.3	29.2	-34.5	-7.8
BV	198.3	258.3	190.9	215.0	-3.7	-16.8
ABV	183.2	242.2	167.8	195.1	-8.4	-19.5

Source: MOFSL, Company

Financials and Valuations

Income Statement							(INR m)
Y/E March	FY15	FY16	FY17	FY18	FY19	FY20E	FY21E
Interest Income	19,531	27,443	37,132	45,076	63,007	83,876	104,417
Interest Expense	13,967	19,251	24,918	27,413	37,612	48,579	58,859
Net Interest Income	5,564	8,192	12,213	17,663	25,395	35,297	45,558
Growth (%)	62.9	47.2	49.1	44.6	43.8	39.0	29.1
Non-Interest Income	4,034	4,905	7,555	10,682	14,424	18,895	24,752
Total Income	9,598	13,097	19,768	28,345	39,818	54,192	70,311
Growth (%)	59.3	36.5	50.9	43.4	40.5	36.1	29.7
Operating Expenses	5,997	7,673	10,564	15,034	20,420	28,146	36,755
Pre Provision Profits	3,601	5,424	9,204	13,311	19,398	26,046	33,556
Growth (%)	101.5	50.6	69.7	44.6	45.7	34.3	28.8
Core PPP	2,880	4,818	7,965	11,645	18,615	25,106	32,427
Growth (%)	116.0	67.3	65.3	46.2	59.8	34.9	29.2
Provisions (excl. tax)	602	1,144	2,389	3,645	6,407	15,967	16,879
PBT	2,999	4,280	6,815	9,665	12,992	10,080	16,677
Tax	928	1,355	2,354	3,315	4,322	3,123	4,197
Tax Rate (%)	30.9	31.7	34.5	34.3	33.3	31.0	25.2
PAT	2,072	2,925	4,460	6,351	8,670	6,957	12,479
Growth (%)	123.6	41.2	52.5	42.4	36.5	-19.8	79.4

Balance Sheet							
Y/E March	FY15	FY16	FY17	FY18	FY19	FY20E	FY21E
Equity Share Capital	2,935	3,247	3,752	4,197	4,267	4,267	4,267
Reserves & Surplus	19,370	26,645	38,791	62,643	71,206	77,186	87,475
Net Worth	22,304	29,892	42,543	66,840	75,473	81,453	91,742
Deposits	170,993	243,487	345,881	439,023	583,944	718,251	933,727
Growth (%)	47.4	42.4	42.1	26.9	33.0	23.0	30.0
of which CASA Dep.	31,574	45,378	76,027	106,783	145,875	190,337	259,576
Growth (%)	33.2	43.7	67.5	40.5	36.6	30.5	36.4
Borrowings	69,627	105,362	79,798	92,614	118,321	136,084	161,765
Other Liabilities & Prov.	8,123	12,870	18,526	20,031	25,850	31,020	38,775
Total Liabilities	271,047	391,611	486,748	618,508	803,588	966,809	1,226,009
Cash & Balances with RBI	14,557	13,397	29,479	25,893	48,395	51,260	62,443
Balances with Banks & money at Call & Short Notice	7,147	11,102	12,457	16,951	17,626	17,567	20,078
Investments	97,923	144,360	134,817	154,475	168,404	213,873	273,757
Growth (%)	51.2	47.4	-6.6	14.6	9.0	27.0	28.0
Loans	144,498	212,291	294,490	402,678	543,082	651,699	821,141
Growth (%)	46.9	46.9	38.7	36.7	34.9	20.0	26.0
Fixed Assets	1,644	1,773	2,587	3,340	4,025	5,062	7,107
Total Assets	271,047	391,611	486,748	618,508	803,588	966,809	1,226,009

Asset Quality							
GNPA (INR m)	1,112	2,081	3,569	5,667	7,546	24,622	28,603
NNPA (INR m)	386	1,244	1,900	3,126	3,728	14,071	12,146
GNPA Ratio	0.77	0.98	1.20	1.40	1.38	3.72	3.41
NNPA Ratio	0.27	0.59	0.65	0.78	0.69	2.16	1.48
Slippage Ratio	0.48	1.38	2.51	1.93	1.76	3.70	2.50
Credit Cost	0.29	0.45	0.60	0.74	0.99	2.60	2.20
PCR (Excl. Tech. write off)	65.3	40.2	46.8	44.8	50.6	42.9	57.5

E: MOFSL Estimates

Financials and Valuations

Ratios

Y/E March	FY15	FY16	FY17	FY18	FY19	FY20E	FY21E
Yield and Cost Ratios (%)							
Avg. Yield-Earning Assets	9.0	8.5	8.7	8.4	9.2	9.8	9.9
Avg. Yield on loans	11.6	10.9	10.4	9.8	10.7	11.4	11.5
Avg. Yield on Investments	6.4	6.2	7.1	7.0	6.9	7.4	7.2
Avg. Cost-Int. Bear. Liab.	7.1	6.5	6.4	5.7	6.1	6.2	6.0
Avg. Cost of Deposits	7.6	7.3	6.7	6.0	6.3	6.5	6.3
Interest Spread	1.9	2.0	2.3	2.7	3.1	3.6	3.9
Net Interest Margin	2.7	2.7	3.0	3.3	3.7	4.1	4.3

Capitalization Ratios (%)

CAR	13.1	12.9	13.7	15.3	13.5	12.2	11.2
Tier I	12.7	11.1	11.4	13.6	12.1	11.1	10.2
Tier II	0.4	1.8	2.3	1.7	1.4	1.2	1.0

Business & Efficiency Ratios (%)

Loans/Deposit Ratio	84.5	87.2	85.1	91.7	93.0	90.7	87.9
CASA Ratio	18.5	18.6	22.0	24.3	25.0	26.5	27.8
Cost/Assets	2.2	2.0	2.2	2.4	2.5	2.9	3.0
Cost/Total Income	62.5	58.6	53.4	53.0	51.3	51.9	52.3
Cost/Core Income	66.5	61.4	56.9	56.4	52.3	52.9	53.1
Int. Expense/Int. Income	71.5	70.1	67.1	60.8	59.7	57.9	56.4
Fee Income/Net Income	26.8	26.7	26.2	26.5	30.2	28.8	29.6
Non Int. Inc./Net Income	42.0	37.5	38.2	37.7	36.2	34.9	35.2
Emp. Cost/Total Expense	50.2	48.2	42.2	36.6	31.2	27.6	25.1
Investment/Deposit Ratio	57.3	59.3	39.0	35.2	28.8	29.8	29.3

Profitability & Valuation Ratios

RoE	9.8	11.2	12.3	11.6	12.2	8.9	14.4
RoA	0.9	0.9	1.0	1.1	1.2	0.8	1.1
RoRWA	1.3	1.3	1.4	1.5	1.6	1.1	1.6
Book Value (INR)	76.0	92.0	113.4	159.3	176.9	190.9	215.0
Growth (%)	2.6	21.1	23.2	40.5	11.1	7.9	12.6
Price-BV (x)	3.8	3.1	2.5	1.8	1.6	1.5	1.3
Adjusted BV (INR)	75.1	89.4	109.8	152.8	168.5	167.8	195.1
Price-ABV (x)	3.8	3.2	2.6	1.9	1.7	1.7	1.5
EPS (INR)	7.1	9.0	11.9	15.1	20.3	16.3	29.2
Growth (%)	107.3	27.6	32.0	27.3	34.3	-19.8	79.4
Price-Earnings (x)	40.6	31.9	24.1	19.0	14.1	17.6	9.8
Dividend Per Share (INR)	1.2	1.5	1.8	2.3	2.1	2.0	4.4
Dividend Yield (%)	0.4	0.5	0.6	0.8	0.7	0.7	1.5

E: MOFSL Estimates

NOTES

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