

Estimate change



TP change



Rating change



Bloomberg	FB IN
Equity Shares (m)	1,996
M.Cap.(INRb)/(USD\$)	218.6 / 2.9
52-Week Range (INR)	106 / 50
1, 6, 12 Rel. Per (%)	25/19/34
12M Avg Val (INR M)	2084

Financials & Valuations (INR b)

Y/E Mar	FY21	FY22E	FY23E	FY24E
NII	55.3	60.9	70.0	83.2
OP	37.9	39.1	45.9	57.3
NP	15.9	18.3	24.2	31.1
NIM (%)	3.2	3.2	3.2	3.3
EPS (INR)	8.0	8.9	11.5	14.8
EPS Gr. (%)	2.8	12.2	28.8	28.3
BV/Sh. (INR)	80.8	84.4	94.1	106.5
ABV/Sh. (INR)	72.6	76.3	84.4	95.7
Ratios				
ROE (%)	10.4	10.8	12.9	14.7
ROA (%)	0.8	0.9	1.0	1.1
Valuations				
P/E(X)	13.0	11.6	9.0	7.0
P/BV (X)	1.3	1.2	1.1	1.0
P/ABV (X)	1.4	1.4	1.2	1.1

Shareholding pattern (%)

As On	Jun-21	Mar-21	Jun-20
Promoter	0.0	0.0	0.0
DII	43.3	42.7	36.6
FII	25.1	25.6	32.1
Others	31.6	31.7	31.4

FII Includes depository receipts

CMP: INR104
TP: INR130 (+25%)
Buy

Earnings outlook getting strengthened

Restructured book rises to ~2.5% of loans; business momentum gains traction

- **FB reported a strong 2QFY22, with PAT up by 50% YoY to ~INR4.6b** (23% beat), led by lower provisions, which declined 55% QoQ. Core fee income saw a healthy recovery and grew by 51% QoQ, led by improving business activity. Margin improved to 3.2%.
- **The bank witnessed a pick-up in business growth** as gross advances grew by ~10% YoY, led by healthy traction in Business/Commercial Banking and the Agri book. Deposit growth was stable, while the CASA ratio touched a record high of ~36.2%. The Retail deposit share rose to 94%.
- **On the asset quality front**, slippages moderated meaningfully to INR3.2b (~1% of loans), which, coupled with healthy recoveries/upgrades, resulted in an improvement in asset quality ratios. PCR remains stable ~66% (the highest among mid-size Banks). The restructured book increased to ~2.5% of loans (v/s 1.9% in 1QFY22). Collection efficiency was stable at 96%.
- We increased our earnings slightly and estimate RoA/RoE at 1.1%/14.7% for FY24E. **We roll forward our estimates to Sep'23E and maintain our BUY rating with an increased TP of INR130 per share (1.3x Sep'23E ABV+ INR9/share from subsidiaries/JV).**

Margin improves 5bp QoQ to 3.2%; PCR stood stable ~66%

- FB reported a net profit of ~INR4.6b (+50% YoY, strong beat of 23%), led by lower provisions, which declined by 55% QoQ to INR2.5b. **NII/PPoP/PAT grew 8%/1%/17% YoY to INR29b/INR19b/INR8.3b in 1HFY22.**
- NII grew by ~7% YoY to ~INR14.8b (+4.3% QoQ, in line), supported by a healthy pickup in loan growth. Margin improved by 5bp QoQ to 3.2%. Core fee income grew strongly at 51% QoQ, while the change in accounting policy kept other income muted. Total revenue increased by 5% YoY.
- OPEX growth stood ~20% YoY, impacted by employee wage related provisions, which is likely to continue in coming quarters. Total liability stands at INR1.77b, which is to be amortized over five years. Liability for FY22 stands ~INR355m, of which INR118m has been provided till 1HFY22. Total unamortized amount stands at INR1.65b. C/I ratio increased to ~55% (v/s ~47% in 1QFY22). PPoP declined by ~9% YoY.
- On the business front, growth in gross advances picked up and grew by ~3.4% QoQ (up ~10% YoY) to ~INR1.37t, with Business/Commercial Banking growing by 7-8% QoQ. Retail/Corporate both grew by ~2% each QoQ.
- Deposit base grew by ~10% YoY, led by CASA growth ~18% YoY. The CASA ratio increased to 36.2% (record high), while Retail deposits stood at 94%.

Nitin Aggarwal - Research Analyst (Nitin.Aggarwal@MotilalOswal.com)

Research Analyst: Himanshu Taluja (Himanshu.Taluja@motilaloswal.com); Yash Agarwal (Yash.Agarwal@motilaloswal.com)

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- On the asset quality front, slippages moderated significantly to INR3.2b (~1% of loans), which, along with higher recoveries/upgrades, resulted in an improvement in asset quality ratios. GNPA/NNPA ratio improved by 26bp/11bp QoQ to ~3.2%/~1.1%, while PCR stood largely stable ~66%. Restructured book increased to ~INR34.2b (~2.5% of loans) v/s INR24.1b (~1.9% of loans) in 1QFY22. The management said ~80% of the restructured book has a security cover of over 75%, with 73% having a security cover of more than 100%. This provides us comfort. Collection efficiency stood stable at 96%.

Highlights from the management commentary

- Even if 25-30% of the restructured book slips over the next two years, the management feels existing provisions would be sufficient to manage the stress.
- Slippages in FY22 are likely to be better than the FY20-21 average of INR18-20b.
- NIM is likely to remain ~3.25%. The management is targeting a C/I ratio of 52-53% in FY22 and plans to reduce it to ~50% by FY23.
- FB is on track to achieve its exit RoA guidance of 1% by FY22. The management aims to increase RoA to 1.25% over the next two years.

Valuation and view

FB reported a strong quarter, with a healthy profitability, supported by lower provisions and a pickup in fee income. Business growth witnessed an improvement across segments. The management expects the momentum to gain traction. The bank's liability franchise remains strong, with a Retail deposit mix of ~94%. CASA ratio is at a record time high of ~36.2%. Asset quality ratios too witnessed an improvement, led by lower slippages and healthy recoveries/upgrades, while PCR remains stable ~66%. The restructured book increased to INR34.2b (~2.5% of loans v/s 1.9% in 1QFY22), though healthy security coverage provides comfort. We increased our earnings slightly and estimate RoA/RoE at 1.1%/14.7% for FY24E. **We roll forward our estimates to Sep'23E and maintain our BUY rating with an increased TP of INR130 per share (1.3x Sep'23E ABV+ INR9/share from subsidiaries/JV).**

Quarterly performance

	FY21				FY22				(INR m)			
	1Q	2Q	3Q	4Q	1Q	2Q	3QE	4QE	FY21	FY22E	FY22E 2QE	Var. (%)
Net Interest Income	12,964	13,799	14,370	14,204	14,184	14,794	15,593	16,339	55,337	60,910	14,521	1.9
Change (YoY %)	12.3	22.8	24.4	16.8	9.4	7.2	8.5	15.0	19.0	10.1	5.2	
Other Income	4,884	4,494	4,818	4,654	5,518	4,444	4,901	5,559	19,449	20,422	5,554	-20.0
Total Income	17,848	18,292	19,189	18,858	19,702	19,238	20,494	21,898	74,786	81,332	20,075	-4.2
Operating Expenses	8,524	8,827	9,560	10,007	9,334	10,590	10,957	11,318	36,917	42,199	9,727	8.9
Operating Profit	9,324	9,466	9,629	8,851	10,368	8,648	9,537	10,580	37,869	39,133	10,347	-16.4
Change (YoY %)	19.1	31.7	29.5	-7.7	11.2	-8.6	-1.0	19.5	18.2	3.3	2.8	
Provisions	3,946	5,321	4,206	2,423	5,435	2,453	3,085	3,717	16,496	14,690	5,339	-54.0
Profit before Tax	5,378	4,145	5,423	6,428	4,934	6,195	6,452	6,862	21,373	24,443	5,009	23.7
Tax	1,370	1,069	1,382	1,650	1,261	1,592	1,613	1,645	5,470	6,111	1,252	27.1
Net Profit	4,008	3,076	4,041	4,778	3,673	4,603	4,839	5,217	15,903	18,332	3,756	22.5
Change (YoY %)	4.3	-26.2	-8.3	58.6	-8.4	49.6	19.8	9.2	3.1	15.3	22.1	
Operating parameters												
Deposit (INR b)	1,549	1,567	1,617	1,726	1,694	1,720	1,830	1,934	1,726	1,934	1,720	0.0
Loan (INR b)	1,213	1,229	1,255	1,319	1,298	1,344	1,387	1,490	1,319	1,490	1,350	-0.4
Deposit Growth (%)	16.9	12.3	11.8	13.4	9.3	9.7	13.2	12.0	13.4	12.0	9.7	0.0
Loan Growth (%)	8.3	6.1	5.3	7.9	7.0	9.4	10.5	13.0	7.9	13.0	9.7	-0.3
Asset quality												
Gross NPA (%)	3.0	2.8	3.4	3.4	3.5	3.2	3.2	3.2	3.4	3.2	3.7	-0.5
Net NPA (%)	1.2	1.0	1.1	1.2	1.2	1.1	1.2	1.1	1.2	1.1	1.3	-0.2
PCR (%)	59.6	65.7	66.3	65.9	65.7	66.2	64.0	66.5	65.9	66.5	65.0	1.2

*Asset quality on a pro forma basis for 3QFY21

E: MOFSL estimates

Quarterly snapshot

INR m	FY20				FY21				FY22		Change (%)	
	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4Q	1Q	2Q	YoY	QoQ
Profit and Loss												
Net Interest Income	11,542	11,238	11,549	12,160	12,964	13,799	14,370	14,204	14,184	14,794	7	4
Other Income	3,915	4,209	4,079	7,111	4,884	4,494	4,818	4,654	5,518	4,444	-1	-19
Trading profits	910	820	650	3,690	3,040	1,620	1,060	590	2,970	710	-56	-76
Forex Income	430	640	560	760	240	320	450	400	410	500	56	22
Other Non-interest Inc.	2,175	2,529	2,549	2,651	1,484	2,554	3,118	3,224	2,138	3,234	27	51
Total Income	15,457	15,447	15,628	19,271	17,848	18,292	19,189	18,858	19,702	19,238	5	-2
Operating Expenses	7,629	8,259	8,190	9,678	8,524	8,827	9,560	10,007	9,334	10,590	20	13
Employee	3,978	4,407	4,148	5,191	4,959	4,875	5,256	5,252	5,283	5,719	17	8
Others	3,651	3,852	4,042	4,487	3,566	3,952	4,303	4,754	4,051	4,871	23	20
Operating Profit	7,828	7,188	7,438	9,593	9,324	9,466	9,629	8,851	10,368	8,648	-9	-17
Core Operating Profit	6,918	6,368	6,788	5,903	6,284	7,846	8,569	8,261	7,398	7,938	1	7
Provisions	1,920	2,518	1,609	5,675	3,946	5,321	4,206	2,423	5,435	2,453	-54	-55
NPA provisions	1,770	1,750	2,420	4,170	2,560	1,690	3,890	7,010	4,590	-650	-138	-114
PBT	5,907	4,670	5,830	3,918	5,378	4,145	5,423	6,428	4,934	6,195	49	26
Taxes	2,065	503	1,423	906	1,370	1,069	1,382	1,650	1,261	1,592	49	26
PAT	3,842	4,167	4,406	3,012	4,008	3,076	4,041	4,778	3,673	4,603	50	25
Balance sheet (INR b)												
Deposits	1,325	1,395	1,446	1,523	1,549	1,567	1,617	1,726	1,694	1,720	10	2
CASA Deposits	417	440	455	465	496	528	557	584	590	622	18	5
As a percentage of overall Deposits	31.4	31.6	31.5	30.5	32.0	33.7	34.5	33.8	34.8	36.2	248	135
Retail Deposits	1,230	1,282	1,315	1,367	1,419	1,458	1,493	1,560	1,571	1,612	11	3
As a percentage of overall Deposits	92.8	91.8	91.0	89.8	91.6	93.0	92.3	90.3	92.7	93.7	70	98
Investments	318	311	310	359	347	363	344	372	374	370	2	-1
Advances	1,120	1,159	1,192	1,223	1,213	1,229	1,255	1,319	1,298	1,344	9	4
Retail	328	350	366	379	379	396	422	449	436	443	12	2
Total Assets	1,603	1,664	1,728	1,806	1,858	1,890	1,968	2,014	2,000	2,069	9	3
Asset Quality (INR m)												
GNPA	33,947	36,121	36,187	35,308	36,556	35,522	34,702	46,024	46,493	44,458	25	-4
NNPA	16,728	18,436	19,410	16,072	14,775	12,181	7,572	15,693	15,932	15,024	23	-6
Slippages	4,340	5,710	6,030	3,120	1,930	100	10,890	5,980	6,890	3,390	3,290	-51

*On a pro forma basis for 3QFY21

Quarterly snapshot continued

Ratios	FY20				FY21				FY22		Change (bp)	
Asset Quality Ratios (%)	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4Q	1Q	2Q	YoY	QoQ
GNPA	3.0	3.1	3.0	2.8	3.0	2.8	3.4	3.4	3.5	3.2	40	-26
NNPA	1.5	1.6	1.6	1.3	1.2	1.0	1.1	1.2	1.2	1.1	13	-11
PCR (Calculated)	51	49	46	54	60	66	66	66	66	66	50	47
Slippage Ratio	1.8	2.3	2.3	1.1	0.6	0.0	3.5	5.1	2.1	1.0	98	-111
Credit Cost	0.6	0.6	0.8	1.4	0.8	0.6	1.3	2.2	1.4	-0.2	-75	-160
Business Ratios (%)												
Fees-to-Total Income	14.1	16.4	16.3	13.8	8.3	14.0	16.3	17.1	10.9	16.8	284.8	595.8
Cost-to-Core Income	55.6	60.0	58.1	65.3	59.0	54.0	54.7	57.4	57.2	58.7	476.4	155.6
Tax Rate	35.0	10.8	24.4	23.1	25.5	25.8	25.5	25.7	25.6	25.7	-8.0	14.8
Loan/Deposit	84.5	83.0	82.5	80.3	78.3	78.4	77.6	76.4	76.6	78.1	-26.9	153.9
CAR	14.1	14.0	13.6	14.4	14.2	14.6	14.3	14.6	14.6	15.0	33.0	33.0
Tier I	13.0	12.9	12.6	13.3	13.0	13.3	13.0	13.9	13.9	14.1	76.0	22.0
Profitability Ratios (%)												
Yield on loans	9.6	9.3	9.3	9.2	9.0	8.9	8.7	8.4	8.2	8.1	-79	-4
Yield On Investments	7.0	6.7	6.9	6.8	6.9	6.7	6.5	6.4	6.3	6.3	-42	-8
Yield on Funds	8.8	8.8	8.7	8.5	8.2	8.1	7.9	7.5	7.5	7.4	-71	-3
Cost of Funds	5.8	5.8	5.7	5.4	5.2	5.0	4.6	4.3	4.3	4.2	-87	-18
Cost of Deposits	6.0	5.9	5.8	5.7	5.4	5.1	4.9	4.7	4.5	4.3	-78	-13
NIM	3.2	3.0	3.0	3.0	3.1	3.1	3.2	3.2	3.2	3.2	7	5
RoA	1.0	1.0	1.0	0.7	0.9	0.7	0.8	1.0	0.8	0.9	27	16
RoE	11.4	12.1	12.5	8.4	10.9	8.1	10.4	12.2	9.0	10.7	264	170
Others												
Branches	1,251	1,251	1,255	1,263	1,263	1,271	1,272	1,272	1,272	1,272	1	0
ATMs	1,934	1,942	1,965	1,937	1,936	1,941	1,948	1,957	1,953	1,874	-67	-79

*On a pro forma basis for 3QFY21



Highlights from the management commentary

Asset quality related

- The bank restructured loans worth ~INR10b in 2QFY22. It carries additional provisions of ~INR1.2b over and above the minimum requirement.
- The management is targeting to keep PCR ~65%.
- Around 80% of the restructured book is likely to emerge out of moratorium by 2QFY23, of which 60-70% will emerge by 4QFY22-1QFY23.
- SMA 1 and 2 book stands ~2%, while SMA 0 book stands at 1.8%.
- Even if 25-30% of the restructured book slips over the next two years, the management feels existing provisions would be sufficient to manage the stress.
- ECLGS book stands ~INR30b. Around 17% of this book is out of moratorium, for which the collection efficiency stands ~95%.
- Slippages in FY22 are likely to be better than the FY20-21 average of INR18-20b.

Balance Sheet related

- Business/Commercial Banking has started to witness healthy growth. Opportunity is available over the long term.
- Yields in Commercial/Business Banking stands at 8-9.5%/9.5-10.5%.
- Credit Cards and the Commercial Vehicle business are at a growing stage and is expected to scale up. This will drive overall profitability.
- FB is likely to issue 1-1.2m Credit Cards over the next two years. It will scale the CV book to INR50-60b and Business/Commercial Banking to ~INR400b.

- The bank maintains sufficient liquidity and has a liquidity coverage ratio in excess of 200%.
- Around 0.3m saving accounts have been opened in partnerships with fintechs.
- Loan book is likely to grow in mid-teens in FY22.

P&L related

- Core fee income is gaining traction and is expected to remain strong.
- NIM is likely to remain ~3.25%.
- Card fee is primarily led by Debit Cards as the Credit Card book is very negligible.
- The management is targeting a C/I ratio of 52-53% in FY22 and plans to reduce it to ~50% by FY23.
- Employee expenses, due to revised pension, would keep OPEX elevated.
- FB is on track to achieve its exit RoA guidance of 1% by FY22. The management aims to increase RoA to 1.25% over the next two years.

Change in a/c policy as per RBI circular

- Recovery from written-off accounts is now being netted off from provisions. The earlier practice was to show it in other income.
- Depreciation on investments is now being netted off from other income. The earlier practice was to show it in provisions.

Key exhibits

COVID-related restructuring book rose to INR34.2b (2.5% of loans)

Exhibit 1: Net stress loans increases to 3.9% of loans, led by restructuring book of ~2.5%

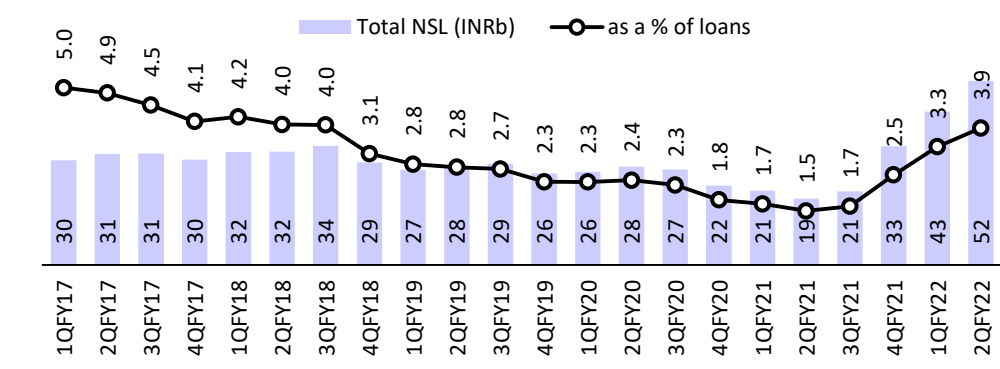
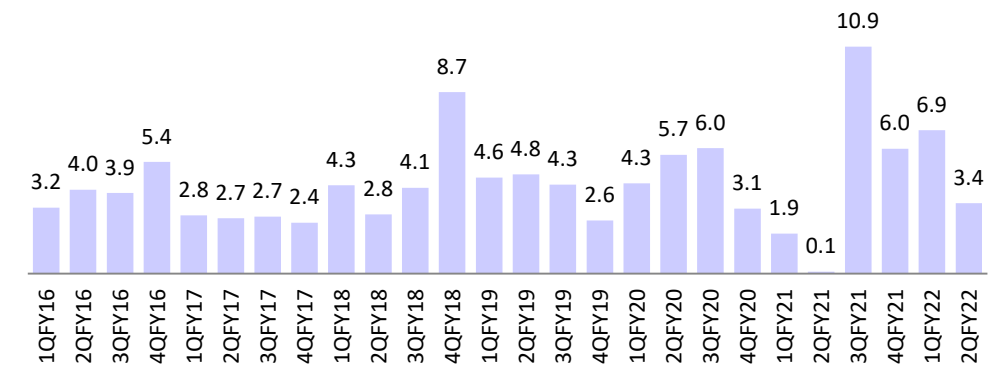
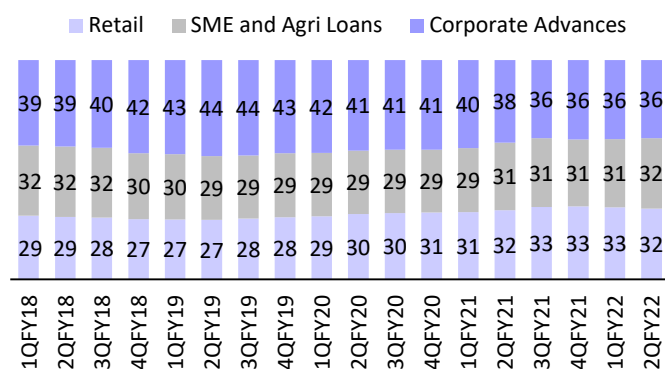


Exhibit 2: Slippages for 2QFY22 moderates to INR3.4b, led by a decline across all segments



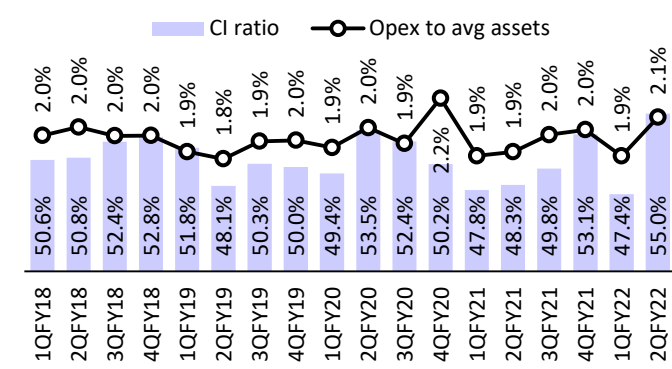
*On a pro-forma basis for 3QFY21

Exhibit 3: Corporate book stood ~36% of total loans



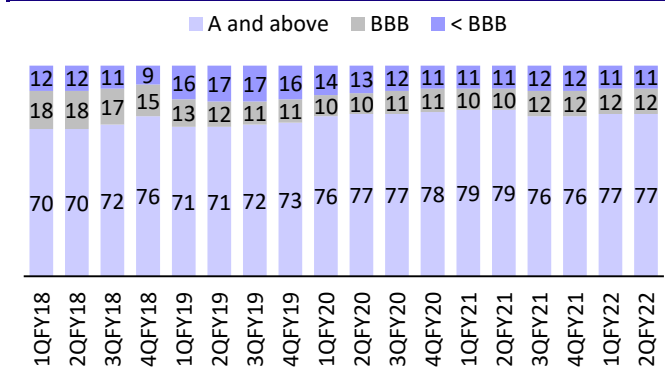
Source: MOFSL, Company

Exhibit 4: C/I ratio increases to 55% as of 2QFY22



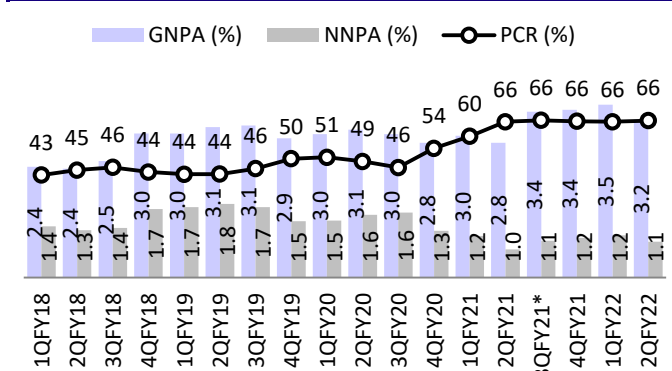
Source: MOFSL, Company

Exhibit 5: Share of A and above book stable at 77%



Source: MOFSL, Company

Exhibit 6: GNPA/NNPA ratio moderates by 26bp/11bp QoQ to 3.24%/1.12%; PCR stable ~66%



*On Pro-forma basis for 3QFY21

Source: MOFSL, Company

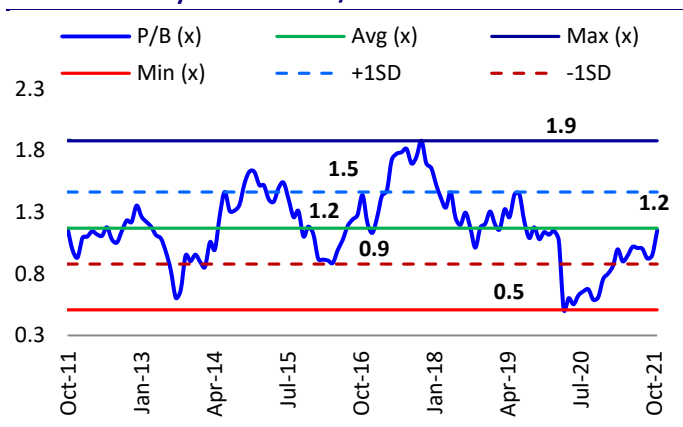
Valuation and view

- Restructuring book increases to ~2.5% of loans, asset quality improves:** FB has reported an increase in net stressed loans (NNPA + standard restructured + net SRs) to ~3.9% of total loans, led by COVID-19 related restructuring of ~INR34.2b. Asset quality ratios improved, led by moderation in slippages and healthy recoveries/upgrades. Collection efficiency stood ~96% in 2QFY22 with no big ticket (more than INR1b) account in its watch-list. While we remain watchful of asset quality, particularly from the SME/Agri segment, which, coupled with a high restructuring book, could keep slippages elevated, we expect credit cost to witness a moderation. We expect slippages/credit cost/PCR of ~1.3%/~0.8%/~64% in FY24E.
- Strong liability franchise:** CASA + retail TD constitutes over 90% of total deposits. The bank saw a reduction in its cost of deposits and has a lower cost of funds advantage compared to other mid-size Banks. This, along with a focus on cross-selling liability products to Corporate clients to garner salary accounts and a pick-up in loan growth, will support margin. We estimate margin to improve gradually from current levels.
- Lending towards better rated corporates; business growth to pick up gradually:** The management has been taking a cautious approach to building its loan mix toward higher-rated Corporate and secured Retail loans. The mix of Retail loans has improved to ~32% as of 2QFY22 from 28.4% in FY19. The bank

witnessed a pickup in loan growth over 2QFY22. We expect this momentum to continue, resulting in further improvement in overall operating performance.

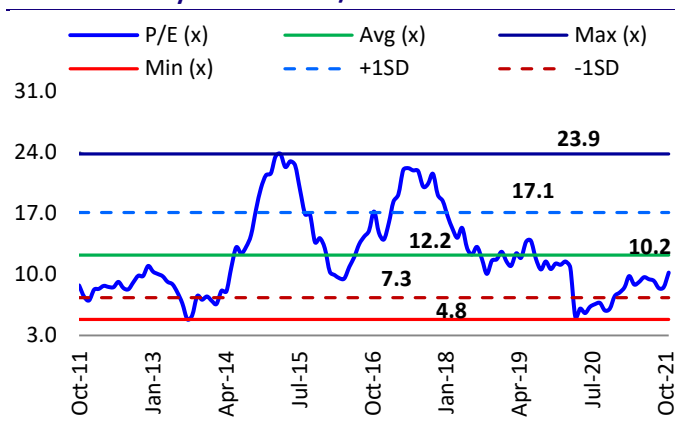
- Buy with a TP of INR130/share:** FB reported a strong quarter, with a healthy profitability, supported by lower provisions and a pickup in fee income. Business growth witnessed an improvement across segments. The management expects the momentum to gain traction. The bank's liability franchise remains strong, with a Retail deposit mix of ~94%. CASA ratio is at a record time high of ~36.2%. Asset quality ratios too witnessed an improvement, led by lower slippages and healthy recoveries/upgrades, while PCR remains stable ~66%. The restructured book increased to INR34.2b (~2.5% of loans v/s 1.9% in 1QFY22), though healthy security coverage provides comfort. We increased our earnings slightly and estimate RoA/RoE at 1.1%/14.7% for FY24E. **We roll forward our estimates to Sep'23E and maintain our BUY rating with an increased TP of INR130 per share (1.3x Sep'23E ABV+ INR9/share from subsidiaries/JV).**

Exhibit 7: One-year forward P/B



Source: MOFSL, Company

Exhibit 8: One-year forward P/E



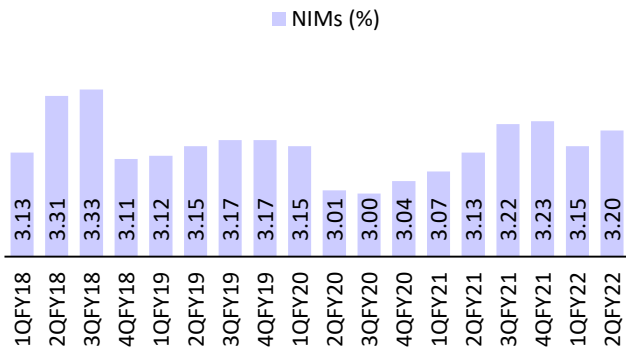
Source: MOFSL, Company

Exhibit 9: DuPont Analysis: Expect return ratios to improve gradually from FY22E onwards

Y/E March	FY17	FY18	FY19	FY20	FY21	FY22E	FY23E	FY24E
Interest Income	8.41	7.70	7.67	7.77	7.20	6.95	7.07	7.22
Interest Expense	5.45	4.87	4.87	5.04	4.31	4.09	4.14	4.17
Net Interest Income	2.96	2.83	2.81	2.73	2.90	2.87	2.93	3.05
Core Fee Income	0.70	0.73	0.75	0.78	0.70	0.67	0.72	0.77
Trading and others	0.35	0.19	0.15	0.36	0.32	0.29	0.26	0.22
Non-Interest income	1.05	0.92	0.91	1.14	1.02	0.96	0.98	0.99
Total Income	4.01	3.74	3.71	3.87	3.92	3.83	3.91	4.04
Operating Expenses	2.14	1.94	1.86	1.99	1.93	1.99	1.98	1.94
Employee cost	1.13	0.98	0.93	1.04	1.07	1.09	1.10	1.08
Others	1.01	0.95	0.93	0.94	0.87	0.89	0.89	0.86
Operating Profit	1.87	1.81	1.86	1.89	1.98	1.84	1.92	2.10
Core Operating Profit	1.51	1.62	1.70	1.53	1.66	1.55	1.67	1.88
Provisions	0.60	0.75	0.58	0.69	0.86	0.69	0.57	0.58
PBT	1.27	1.06	1.28	1.20	1.12	1.15	1.35	1.52
Tax	0.46	0.37	0.45	0.29	0.29	0.29	0.34	0.38
RoA	0.81	0.69	0.84	0.91	0.83	0.86	1.02	1.14
Leverage (x)	12.1	12.0	11.7	12.2	12.5	12.6	12.7	12.9
RoE	9.8	8.3	9.8	11.1	10.4	10.8	12.9	14.7

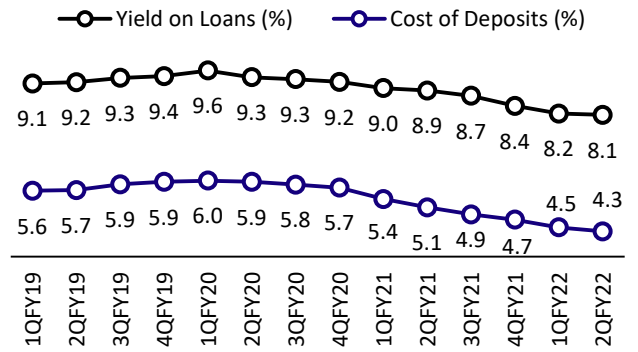
Story in charts

Exhibit 10: NIM expands by 5bp QoQ to 3.2%



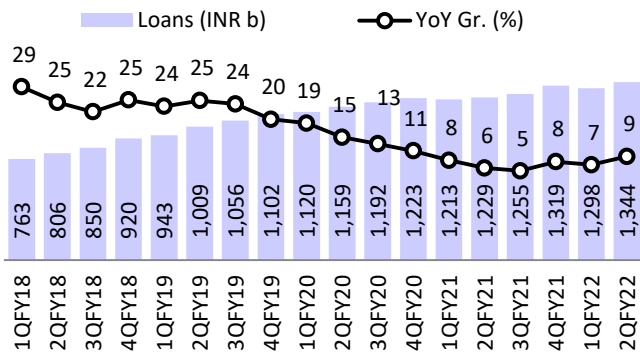
Source: MOFSL, Company

Exhibit 11: CoD declines by 13bp QoQ to 4.32%



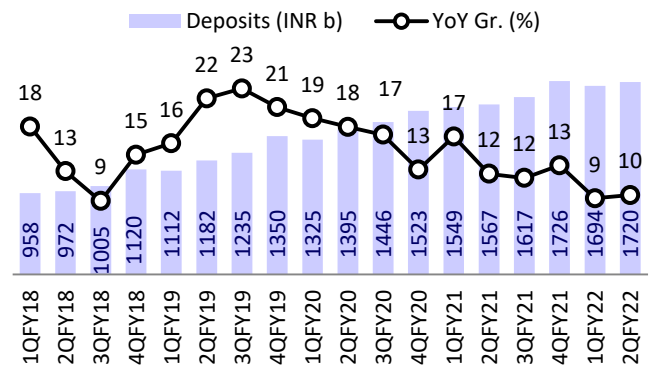
Source: MOFSL, Company

Exhibit 12: Loan growth picks up to ~9% YoY (+4% QoQ)



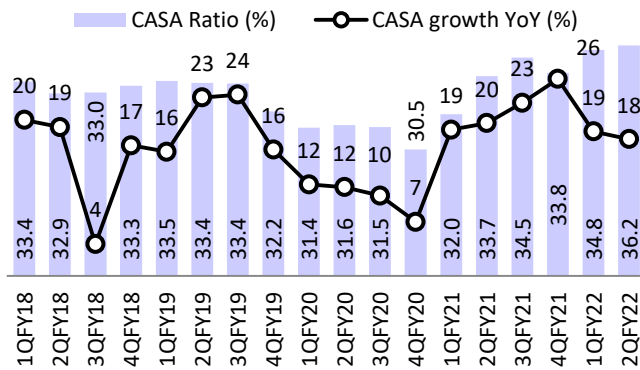
Source: MOFSL, Company

Exhibit 13: Deposit growth healthy ~10% YoY



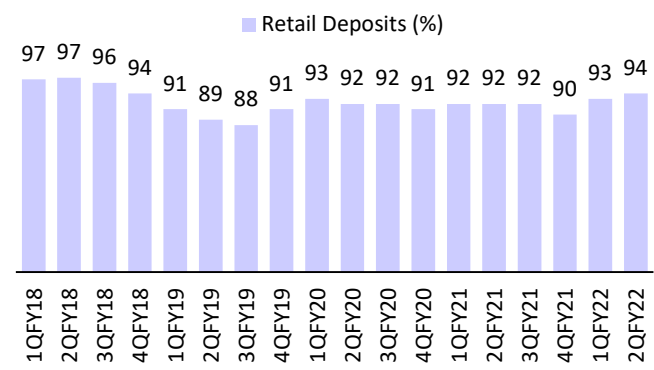
Source: MOFSL, Company

Exhibit 14: CASA deposits grew ~18% YoY



Source: MOFSL, Company

Exhibit 15: Proportion of Retail deposits strong at 94%



Source: MOFSL, Company

Financials and valuations

Income Statement						(INRm)		
Y/E March	FY17	FY18	FY19	FY20	FY21	FY22E	FY23E	FY24E
Interest Income	86,774	97,529	114,190	132,108	137,579	147,811	168,710	196,938
Interest Expense	56,247	61,701	72,427	85,618	82,242	86,901	98,738	113,697
Net Interest Income	30,526	35,828	41,763	46,489	55,337	60,910	69,972	83,241
Growth (%)	21.7	17.4	16.6	11.3	19.0	10.1	14.9	19.0
Non-Interest Income	10,818	11,591	13,510	19,314	19,449	20,422	23,281	27,006
Total Income	41,345	47,419	55,274	65,803	74,786	81,332	93,252	110,246
Growth (%)	24.7	14.7	16.6	19.0	13.7	8.8	14.7	18.2
Operating Expenses	22,095	24,509	27,643	33,756	36,917	42,199	47,336	52,912
Pre-Provision Profit	19,249	22,910	27,631	32,047	37,869	39,133	45,917	57,334
Growth (%)	35.2	19.0	20.6	16.0	18.2	3.3	17.3	24.9
Core PPP	16,163	20,521	25,347	25,969	31,781	33,045	39,828	51,246
Growth (%)	24.7	27.0	23.5	2.5	22.4	4.0	20.5	28.7
Provisions (excl. tax)	6,184	9,472	8,559	11,722	16,496	14,690	13,623	15,909
PBT	13,065	13,439	19,073	20,325	21,373	24,443	32,294	41,425
Tax	4,757	4,650	6,634	4,898	5,470	6,111	8,073	10,356
Tax Rate (%)	36.4	34.6	34.8	24.1	25.6	25.0	25.0	25.0
PAT	8,308	8,789	12,439	15,428	15,903	18,332	24,220	31,069
Growth (%)	74.7	5.8	41.5	24.0	3.1	15.3	32.1	28.3

Balance Sheet

Y/E March	FY17	FY18	FY19	FY20	FY21	FY22E	FY23E	FY24E
Equity Share Capital	3,448	3,944	3,970	3,985	3,992	4,202	4,202	4,202
Reserves and Surplus	84,108	118,158	128,760	141,191	157,244	173,107	193,527	219,531
Net Worth	87,556	122,102	132,730	145,176	161,236	177,308	197,729	223,733
Deposits	976,646	1,119,925	1,349,543	1,522,901	1,726,445	1,933,618	2,204,325	2,557,017
Growth (%)	23.4	14.7	20.5	12.8	13.4	12.0	14.0	16.0
of which CASA Deposits	320,528	376,867	437,314	467,743	587,126	694,169	800,170	946,096
Growth (%)	23.0	17.6	16.0	7.0	25.5	18.2	15.3	18.2
Borrowings	58,973	115,335	77,813	103,724	90,685	88,871	93,315	97,981
Other Liabilities and Prov.	26,594	25,777	33,313	34,579	35,308	37,073	38,927	40,873
Total Liabilities	1,149,769	1,383,140	1,593,400	1,806,380	2,013,674	2,236,871	2,534,296	2,919,603
Current Assets	74,522	92,034	100,668	125,746	195,914	206,294	214,829	228,330
Investments	281,961	307,811	318,245	358,927	371,862	409,048	470,406	545,670
Growth (%)	26.9	9.2	3.4	12.8	3.6	10.0	15.0	16.0
Loans	733,363	919,575	1,102,230	1,222,679	1,318,786	1,490,228	1,713,762	2,005,102
Growth (%)	26.2	25.4	19.9	10.9	7.9	13.0	15.0	17.0
Fixed Assets	4,895	4,574	4,720	4,800	4,911	5,157	5,415	5,685
Other Assets	55,029	59,146	67,537	94,229	122,201	126,144	129,884	134,816
Total Assets	1,149,769	1,383,140	1,593,400	1,806,380	2,013,674	2,236,871	2,534,296	2,919,603

Asset quality

GNPA (INR m)	17,270	27,956	32,607	35,308	46,024	48,198	54,239	59,970
NNPA (INR m)	9,412	15,520	16,262	16,072	15,693	16,164	19,640	21,567
GNPA Ratio	2.3	3.0	2.9	2.8	3.4	3.2	3.1	2.9
NNPA Ratio	1.3	1.7	1.5	1.3	1.2	1.1	1.1	1.1
Slippage Ratio	1.9	2.7	1.6	1.7	1.5	1.4	1.4	1.3
Credit Cost	0.9	1.1	0.8	1.0	1.3	1.0	0.8	0.8
PCR (Excl. Tech. write-off)	45.5	44.5	50.1	54.5	65.9	66.5	63.8	64.0

Financials and valuations

Ratios

Y/E March	FY17	FY18	FY19	FY20	FY21	FY22E	FY23E	FY24E
Yield and Cost Ratios (%)								
Avg. Yield on Earning Assets	9.3	8.4	8.4	8.5	8.0	7.7	7.8	7.9
Avg. Yield on loans	10.0	9.1	9.0	9.2	8.5	8.3	8.4	8.5
Avg. Yield on Investments	7.1	6.6	6.6	6.6	6.6	6.5	6.4	6.3
Avg. Cost-to-Int. Bear. Liabilities	6.1	5.4	5.4	5.6	4.8	4.5	4.6	4.6
Avg. Cost of Deposits	6.1	5.5	5.5	5.6	4.8	4.5	4.6	4.6
Avg. Cost of Borrowings	5.5	5.1	5.2	5.1	4.3	4.4	4.5	4.5
Interest Spread	3.2	3.0	2.9	2.9	3.2	3.2	3.2	3.3
Net Interest Margin	3.3	3.1	3.1	3.0	3.2	3.2	3.2	3.3

Capitalization Ratios (%)

CAR	12.4	14.9	14.4	14.4	14.6	14.9	14.2	13.5
Tier I	11.8	14.4	13.7	13.3	13.9	14.2	13.7	13.1
Tier II	0.6	0.5	0.8	1.1	0.8	0.7	0.5	0.4

Business and Efficiency Ratios (%)

Loans/Deposit Ratio	75.1	82.1	81.7	80.3	76.4	77.1	77.7	78.4
CASA Ratio	32.8	33.7	32.4	30.7	34.0	35.9	36.3	37.0
Cost/Assets	1.9	1.8	1.7	1.9	1.8	1.9	1.9	1.8
Cost/Total Income	53.4	51.7	50.0	51.3	49.4	51.9	50.8	48.0
Cost/Core Income	57.8	54.4	52.2	56.5	53.7	56.1	54.3	50.8
Int. Expense/Int. Income	64.8	63.3	63.4	64.8	59.8	58.8	58.5	57.7
Fee Income/Net Income	17.4	19.4	20.3	20.1	17.9	17.6	18.4	19.0
Non Int. Inc./Net Income	26.2	24.4	24.4	29.4	26.0	25.1	25.0	24.5
Emp. Cost/Op. Exp.	52.7	50.7	49.8	52.5	55.1	55.0	55.4	55.5
Investment/Deposit Ratio	28.9	27.5	23.6	23.6	21.5	21.2	21.3	21.3

Valuation

RoE	9.9	8.3	9.8	11.1	10.4	10.8	12.9	14.7
RoA	0.8	0.7	0.8	0.9	0.8	0.9	1.0	1.1
RoRWA	1.1	1.0	1.3	1.4	1.4	1.5	1.7	1.8
Book Value (INR)	50.8	61.9	66.9	72.8	80.8	84.4	94.1	106.5
Growth (%)	7.9	21.9	8.0	9.0	10.9	4.5	11.5	13.2
Price-to-BV (x)	2.0	1.7	1.6	1.4	1.3	1.2	1.1	1.0
Adjusted BV (INR)	47.2	54.4	59.1	64.9	72.6	76.3	84.4	95.7
Price-to-ABV (x)	2.2	1.9	1.8	1.6	1.4	1.4	1.2	1.1
EPS (INR)	4.8	4.8	6.3	7.8	8.0	8.9	11.5	14.8
Growth (%)	74.1	-1.3	32.2	23.4	2.8	12.2	28.8	28.3
Price-to-earnings (x)	21.6	21.9	16.6	13.4	13.0	11.6	9.0	7.0

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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

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Registered Office Address: Motilal Oswal Tower, Rahimtullah Sayani Road, Opposite Parel ST Depot, Prabhadevi, Mumbai-400025; Tel No.: 022 71934200/ 022-71934263; Website www.motilaloswal.com.CIN no.: L67190MH2005PLC153397. Correspondence Office Address: Palm Spring Centre, 2nd Floor, Palm Court Complex, New Link Road, Malad(West), Mumbai-400 064. Tel No: 022 7188 1000.

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