Equity Research

January 24, 2021

BSE Sensex: 48879

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Q3FY21 result review, TP and earnings revision

Banking

Target price: Rs16

Earnings revision

(%)	FY21E	FY22E
PAT	NA	↓ 31

Target price revision

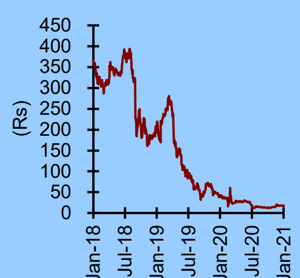
Rs16 from Rs17

Shareholding pattern

	Jun '20	Sep '20	Dec '20
Promoters	0.0	0.0	0.0
Institutional investors	70.8	60.3	62.3
MFs and others	0.6	0.4	0.3
FIs / Banks	66.8	40.0	39.7
Insurance Cos.	1.7	8.2	7.3
FIIs	1.7	11.9	15.0
Others	29.2	39.7	39.7

Source: BSE

Price chart



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INDIA

ICICI Securities

Yes Bank

HOLD

Maintain

Aggravating asset quality fears outweigh operating performance turnaround

Rs17

Yes Bank's Q3FY21 earnings aggravate fears about its asset quality issues. Portfolio vulnerability becomes visible from: 1) spike in standstill NPLs (from 1.5% to 5%), SMA-2 pool (from 2.4% to 4%), SMA-1 (from 1.6% to 7.3), and 2) additional restructuring outside of this pool at 3.2% over and above the labelled non-performing assets at 22%. We revise estimate of cumulative slippage run-rate to >13% (earlier 10%) and cumulative credit cost to 6% (5%) over FY21E/FY22E. Elevated credit cost offsets operating metrics improvement, leading to earnings cut. The quarter had positive surprises in the form of new CASA accounts (220k added in Q3FY21), retail + SME disbursements outpacing the set target (of Rs120bn), retail fee traction (up 38% QoQ), cash recoveries of Rs15bn, treasury profit of Rs5.4bn, and cost containment (down 8% QoQ). However, asset quality fears outweigh the turnaround in operating metrics and we expect the recently proposed equity raise to depress RoE. Maintain HOLD with revised TP of Rs16 (earlier Rs17). Key risks: 1) asset quality issues leading to further capital erosion; 2) lock-in of shares and lower float boosting stock value beyond fundamentals.

- **Asset quality concerns merely being deferred and seem far from over:** Yes Bank's stress pool aggravate fears around its asset quality. Portfolio vulnerability becomes visible from: 1) spike in standstill NPLs to 5% (restructuring invoked - 15% of this pool), SMA-2 at 4% (restructuring invoked - 47%), SMA-1 at 7% (20% restructuring invoked); 2) additional restructuring executed at 2.5% plus restructuring invocation of 0.7% (outside of standstill, SMA-1/2 pool); 3) labelled non-performing assets at 22%. We therefore estimate a cumulative slippage run-rate of >13% and cumulative credit cost of >6% over FY21E/FY22E and expect depressed earnings.
- **Collection efficiency still lagging in SME and corporate segments:** Collection efficiency in retail improved to 96% (from 89% in September) against 97% pre-Covid. However, MSME collection efficiency still lags at 94% of pre-Covid era. Also, collection efficiency in the corporate segment, which comprises 52% of the book, remains much lower. While corporate stress was largely anticipated, we need to watch out for behaviour of retail and MSME portfolios – almost 3% of which is already in standstill NPLs and 1% in SMA-2 (excluding the restructured invocation).
- **Retail and MSME segments – emerging pillars of credit:** Yes Bank's medium-term objective is to build a granular portfolio skewed towards retail and MSME. Retail disbursements surpassed its own target and 85% of origination is towards secured lending – Rs74.7bn (almost double QoQ). Retail now constitutes 28% of the book. SME disbursements at Rs44.5bn are higher than pre-Covid levels.

Market Cap	Rs426bn/US$5.8bn
Reuters/Bloomberg	YESB.BO/YES IN
Shares Outstanding (mn)	25,054.9
52-week Range (Rs)	60/12
Free Float (%)	100.0
FII (%)	15.0
Daily Volume (US$'000)	47,898
Absolute Return 3m (%)	33.9
Absolute Return 12m (%)	(55.8)
Sensex Return 3m (%)	20.7
Sensex Return 12m (%)	20.4

Year to Mar	FY20	FY21E	FY22E	FY23E
NII (Rs bn)	68	84	85	95
Net Profit (Rs bn)	-164	-1	9	22
EPS (Rs)	-13.1	-0.1	0.4	0.9
% Change YoY	NA	NA	NA	137
P/E (x)	NA	NA	46.0	19.4
P/BV (x)	1.0	1.2	1.1	1.1
P/ABV (x)	1.4	1.6	1.5	1.3
GNPA (%)	16.8	20.3	18.7	14.6
RoA (%)	-5.1	-0.1	0.3	0.8
RoE (%)	-67.5	-0.5	2.5	5.7

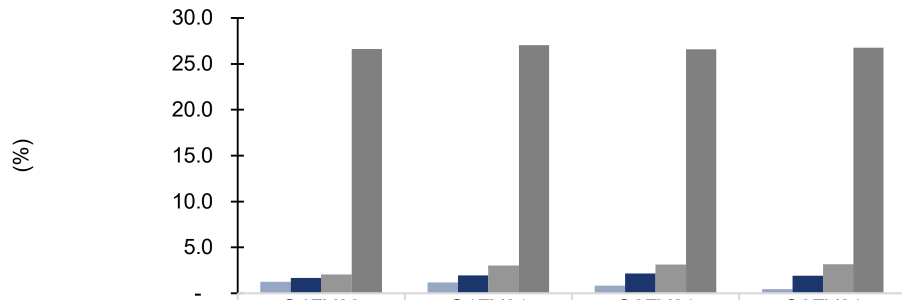
- **Deposit franchise is gaining strength** as the bank opened ~220,000 new CASA accounts in Q3FY21 (*vs* 150k in Q2FY21), surpassing the pace witnessed pre-Covid. Overall deposits grew 8% QOQ and 39% YTD in 9MFY21 taking the C/D ratio to 116% from 163% as at FY20-end. LCR for the bank stood at 111% as at Q3FY21-end.
- **Margins buoyed by recoveries and lower deposit cost:** Surprisingly, margins further expanded 30bps to 3.4% (over the higher base set in Q2FY21 of 3.1% *vs* 1.9% in Q4FY20). Interest recoveries of Rs5.4bn (from overall cash recoveries of Rs15.1bn) aided the improvement. Besides, improved deposit franchise supported decline in cost of deposits by another 30bps (over and above 34bps in Q2FY21). However, interest is still being accrued on the vulnerable pool that may eventually pressurise yields as and when stress is recognised in coming quarters.
- **Retail fee income surprises positively; treasury profits lend support:** Key driver of other income was a 38% QoQ rise in retail fee income, which is a surprise due to significant step-up in disbursements. Third-party sales is expected to further accelerate in the coming quarters driven by new partnerships (now six in total across life and general insurance *vs* two earlier). Further, investment profits of Rs5.4bn lend support to other income.
- **Assessing medium to long term evolution & market positioning:** Fundamentally, we need to weigh interim progress against the medium to long term franchise sustainability, stability and scalability. The granular deposit base (retail TD, CASA, etc.) and loan profile (retail, MSME, etc.) the bank aims to build in the medium term is an extremely competitive task and will come with higher opex and at lower spread. We do feel the revamped leadership with Mr. Prashant Kumar at the helm, leveraging on backing of leading shareholder banks, with changed governance and underwriting framework, is stabilising and turning around Yes Bank from the current downcycle. However, it will evolve more like a ‘me-too’ bank with industry average business franchise and profile. It also becomes important to appraise its business positioning – market acceptability, stakeholders’ confidence/trust especially as a standalone bank and how shareholding/structure will look 3-5 years down the line – limited visibility as of now.

Table 1: Standstill NPAs at 4%, SMA-2 at 4%, SMA-1 at 7.3%

(Rs bn)	Total	of which Rest. Invoked	Breakup of Balance Book				Total
			Corporate	Medium	SME	Retail	
Standstill advances (not classified as NPA since 31/8/2020)	83.2	12.6	51.3	0.9	6.1	12.2	70.6
SMA-2 (61-90 days)	65.4	31.1	27.4	0.7	2.0	4.2	34.3
Other CVID-19 related restructuring advances	36.9	36.9					0.0
Total	**185.5**	**80.6**	**78.7**	**1.6**	**8.1**	**16.5**	**104.9**

Source: Company, I-Sec research

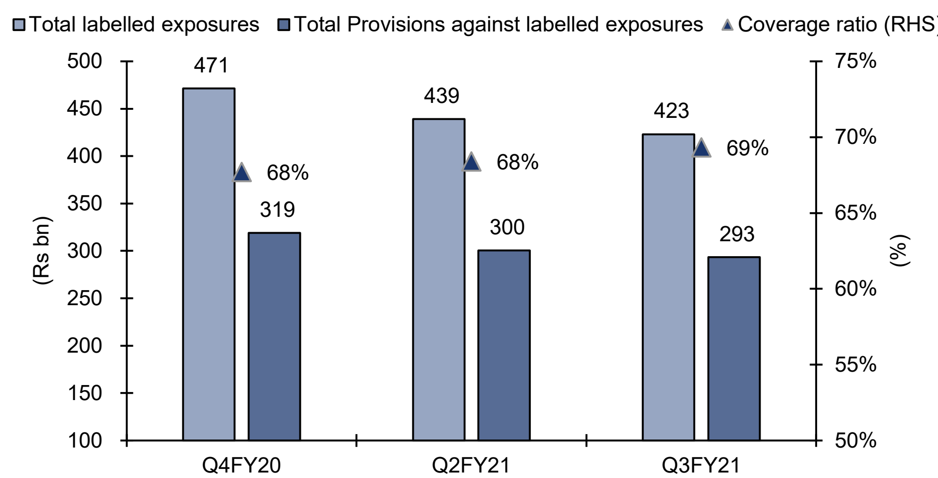
Chart 1: Corporate stress already elevated; retail and MSME key monitorable with 3% in standstill NPAs and 1% in SMA-2



	Q4FY20	Q1FY21	Q2FY21	Q3FY21
Retail	1.2	1.2	0.8	0.5
SME	1.7	2.0	2.2	1.9
Medium enterprises	2.1	3.0	3.1	3.2
Corporate	26.6	27.0	26.6	26.8

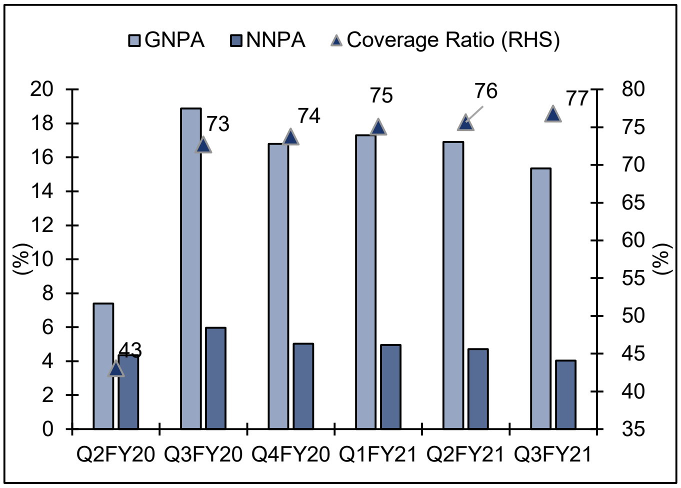
Source: Company, I-Sec research

Chart 2: Labelled non-performing exposures at 22% with ~69% coverage



Source: Company, I-Sec research

Chart 3: GNPAs to see further rise with stress recognition in coming quarters



Source: Company, I-Sec research

Chart 4: CET I looks bloated as recent FPO issue of Rs 150bn boost banks morale

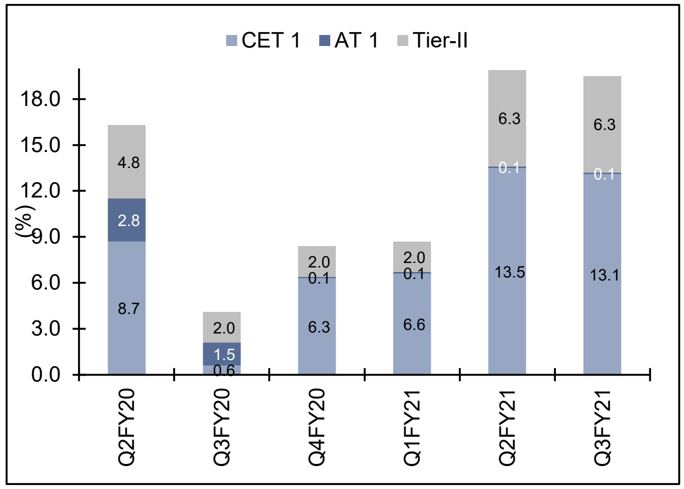
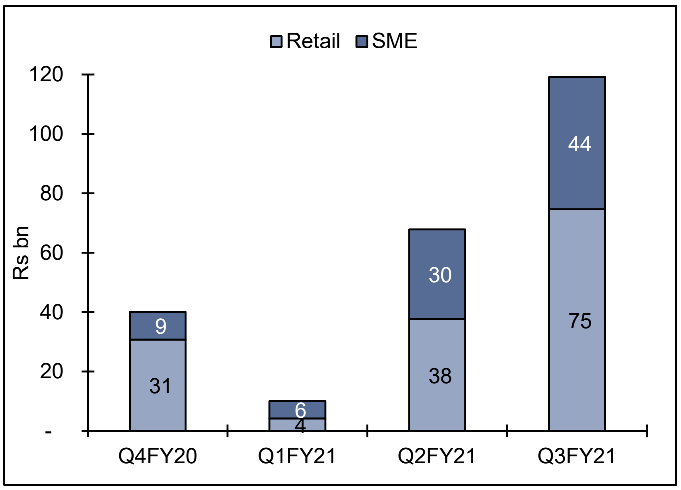


Chart 5: Retail disbursements at record-high; SME picking-up pace



Source: Company, I-Sec research

Chart 6: Bank redefining its loan mix in favor of retail post reconstruction

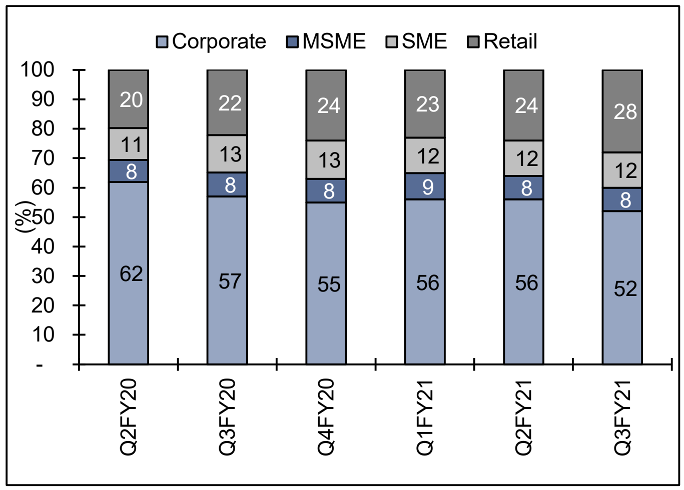
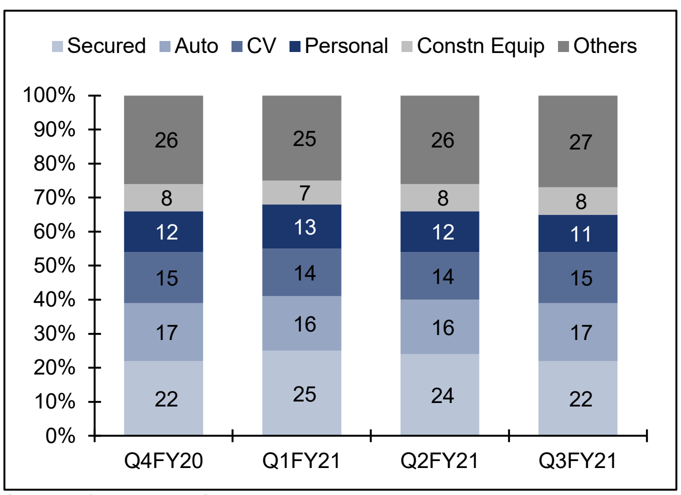


Chart 7: Granular high yield retail segments



Source: Company, I-Sec research

Chart 8: CASA deposits up 35% from FY20 levels

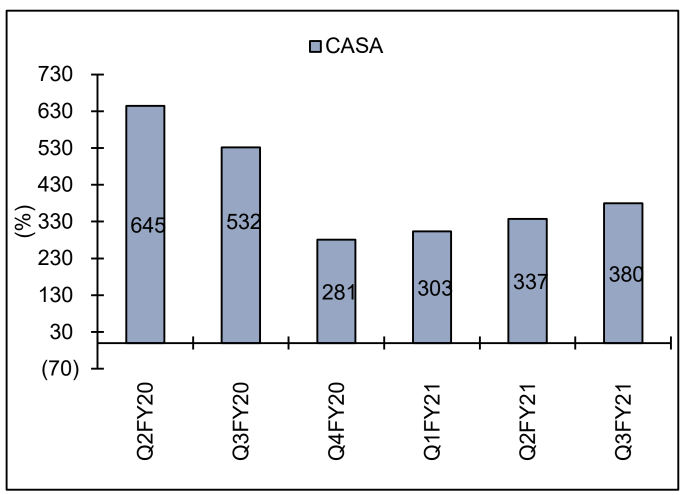


Chart 9: Retail TD 17% up from FY20 levels

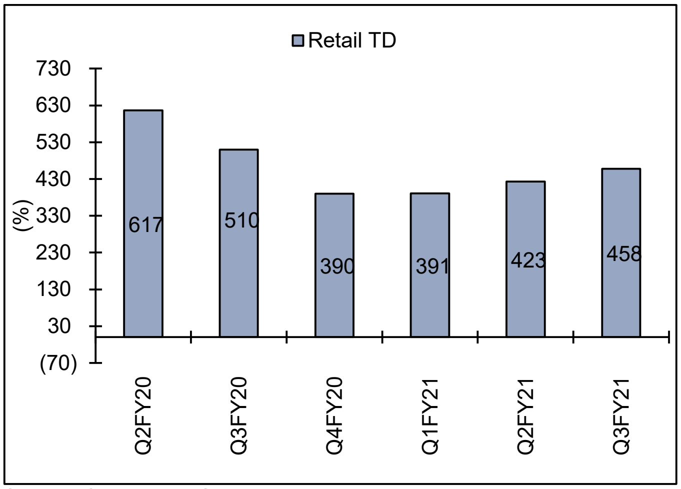
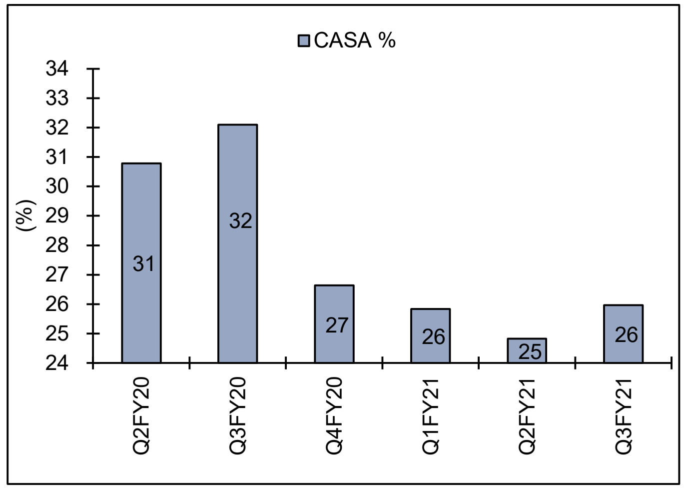


Chart 10: CASA proportion takes a beating during FY20; gradual uptick cannot be ruled out



Source: Company, I-Sec research

Chart 11: Spiked CD ratio now moderating with entrusted depositors confidence

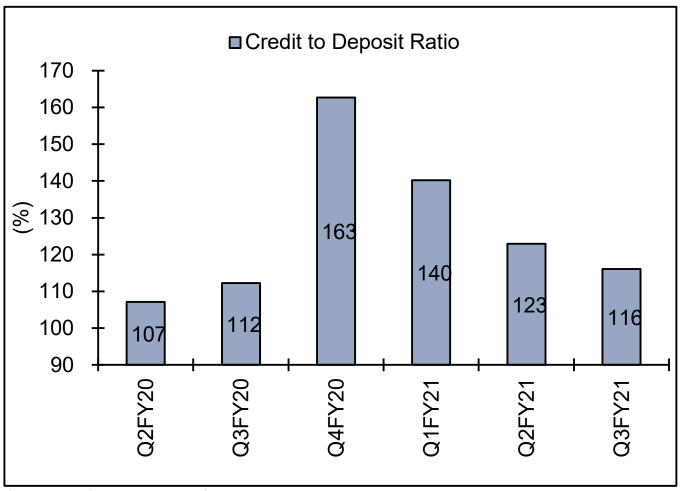
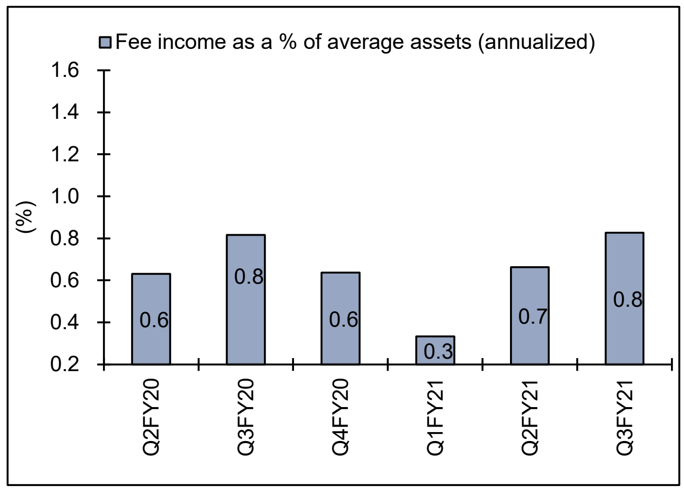


Chart 12: Fee Income springs a surprise, can turn out to be a potential RoA driver



Source: Company, I-Sec research

Chart 13: Containment of opex to support earnings

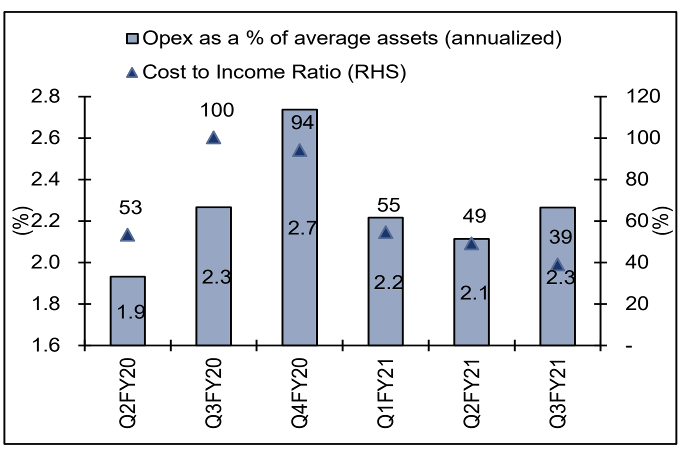
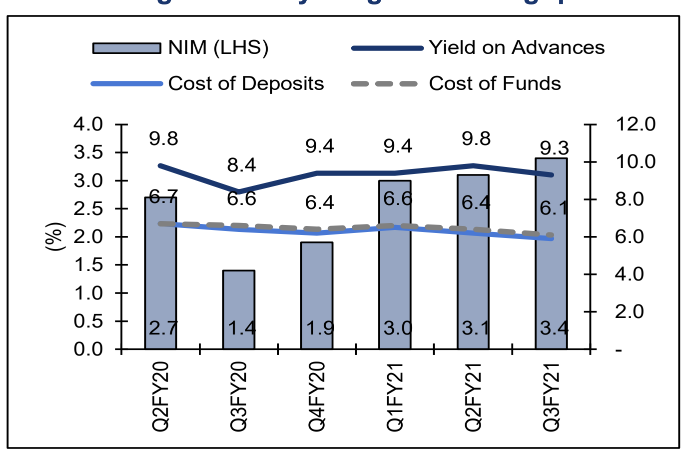


Chart 14: NIM settles higher; interest reversal on stress recognition may weigh in coming quarters



Source: Company, I-Sec research

YES Bank Q3FY21 earnings call takeaways

Opening remarks

- Confidence coming back – demand for credit as well as collection efficiency improvement
- ***On deposit front, it grew 8% QoQ and 39% YoY – there is improvement in CASA to 26%.***
- Compared to 45-50k per month CASA account mobilization it has now reached to 85k monthly run-rate; in Q3 opened 225k CASA accounts – this is despite gradual reduction in interest rates
- ***Retail and MSME seeing traction – target of Rs100bn was set for Q3FY21 and it has beaten than to Rs120bn***. In corporate segment, Rs20bn was disbursed.

Standstill and overdue exposure has risen

- Reported GNPLs of 15.4% (corporate at 25.8%, retail at 0.46%, MSME at 2-3%) - slippages during the quarter were almost negligible at, Recoveries & Upgrades of Rs10.66bn and write-offs of Rs17.5bn.
- During Q3FY21, advances of Rs13.8bn were classified as standard restructured on account of deferment of DCCO.
- ***Standstill (had Supreme Court's interim order not been there) is Rs 83.2bn (in Q2FY21 is was disclosed at Rs23.9bn) – equivalent to 5% (1.5%) of advances.***
- ***Overdue exposure: 31-60 dpd at Rs123.2bn (compared to Rs26.2bn) – equivalent to 7.3% of advances, 61-90dpd Rs65.4bn (compared to Rs40.6bn) – equivalent to 4% of advances.***
- ***Besides the restructuring from standstill of Rs12.6bn, 31-60 days of Rs 25.7bn, from 61-90 days of RsRs31bn, it has further restructured Rs11.2bn.***
- ***So in all, if we have to look at overdues, standstill and restructured (including DCCO), stress due to Covid pandemic now seems to 17-18% (compared to 7-9% highlighted in Q2FY21).***
- Covid related stress is being reflected in some adversely impacted sectors – hotels, restaurants.
- ***Against this stress pool, it carries Covid related buffer of Rs26.8bn (1.6% of advances).***

On provisioning of Rs22bn during the quarter

- Rs7.65bn of additional Covid provisioning
- Provisions for investments of Rs5.3bn includes Rs4.7bn of additional provisioning towards NPI exposures in a diversified conglomerate
- Rs5.4bn due to provisioning as per prudential framework for resolution of stressed assets
- Further increase in PCR offset by Rs7.4bn of write-back due to recoveries

On recoveries

- Made decent recoveries in Q3FY21 Rs15.12bn – of which P&L impact is Rs12.83bn (for 9MFY21 – recoveries of Rs 29.47bn from which P&L impact was Rs24.3 bn)
- Retail segment collection efficiency has improved to 96% (compared to 97% during pre-Covid)
- Strengthened the team to ~100 (v/s. ~40 earlier)

Operating metrics

- Net Interest Income grew 29.7% QoQ to Rs29.6bn - aided by higher NIMs at 3.4% up ~30 bps QoQ – ***interest is being recognized on standstill accounts as well as other overdues outside of GNPLs.***
- Non-Interest income came in at Rs12bn which included investment profits of Rs5.4bn. Otherwise, retail banking fees is gaining significant traction at Rs4.1bn (compared to Rs3bn in Q2FY21 – up 38% QoQ).
- Third Party Sales expected to further accelerate over the coming quarters driven by new partnerships (now 6 in total across Life and General Insurance vs. 2 earlier) under the open architecture framework.
- Operating expenses at INR 1,472 Crores declined 13.2% y-o-y. C/I ratio improved to ~43.0% in Q3FY21
- Operating profit grew 68% QoQ
- It has stepped up provisioning to Rs29.4bn; consists of additional Rs7.6bn towards Covid19 related provisioning (aggregate at Rs26.8bn) and balance majorly towards increasing PCR of both NPA and NPI.
- ***PCR for NPA improves to 76.8% vs. 75.7% last quarter; PCR for NPI at 77.9% v/s. 70.6% last quarter***
- NNPA of 4.0% (vs. 4.7% last quarter)

Other highlights

- ECLGS cumulative disbursement would be Rs32bn (Rs10bn in Q3FY21 which would be ECLGS 2.0)
- Has taken enabling resolution from the Board for seeking shareholder approval to raise upto Rs100bn.

YES Bank Q2FY21 earnings call takeaways

Opening remarks

- Happy to report profit for 2nd consecutive quarter - reported PAT of Rs1.29bn (up 185% QoQ on a low base while it had reported a loss of Rs6bn in Q1FY20).
- ***Moving in positive direction - despite reconstruction of bank plus impact of Covid-19 disruption – it is progressing very well since March 2020.***
- Q2FY21 – MoM there is an improvement in fresh business as well as collection.
- Quite hopeful that it should be back to pre-Covid level as there are green shoots in the system.
- There is significant improvement in the momentum of collection and behaviour of customers.
- Bad loan bank – permission is in progress and is moving in the right direction.
- Made significant provision for Covid-19 - 1.15% of total advances – will take care of slippages and restructuring.

Proforma GNPLs would have risen by 1.5% and 30dpd at 4% of advances

- GNPLs remained at 16.9% (corporate at 26.6%, retail at 0.84%, MSME at 2-3%) - slippages during the quarter were almost negligible at Rs1.01bn, recoveries & upgrades of Rs3.05bn (spread over large number of accounts) and write-offs of Rs1.1bn.
- ***Standstill (had Supreme Court's interim order not been there) is Rs23.9bn – equivalent to 1.5% of advance.***
- ***Overdue exposure: 30-90 days (excluding the standstill) Rs67bn (4% of advances) – further breakup of this: 30-60dpd at Rs26.2bn, 60-90dpd Rs40.6bn.***
- ***Breakup of standstill +30-90dpd of Rs90bn – corporate is Rs76bn, MSME is Rs9bn and retail Rs5bn.***
- ***Expectations, as was highlighted due to Covid-19 pandemic, continue in the range of 7-9%.***
- Provisions for standard advances include: Rs10.4bn for Covid-19. Aggregate Covid-related provision at Rs19.2bn (1.15% of total advances) provides potential slippages from the above exposures including potential interest reversals.

Recovery on non-performing investments from HFC utilised to step up further provisioning on other non-performing conglomerate

- ***Cash recovery of Rs5.6bn from NPI exposure to housing finance company - above recovery is on gross exposure of Rs27bn, which was fully provided earlier. Residual NPI exposure of Rs12.8bn to this entity remains fully provided.***
- Commensurate step up in provision of Rs5.48bn taking coverage on NPI exposure of Rs51.3bn to various entities of a diversified conglomerate from ~53% to ~63%.
- ***Overall coverage on non-performing investments is 71% - seems sufficient as of now but may increase if need be.***

On restructuring and collection efficiency

- Restructuring requests – whether they qualify as per the RBI norms and also looking at the viability – difficult to quantify at this point in time.
- **Collection efficiency – for retail** – pre-Covid was 97% - as of September 89%; **for SME** – pre-Covid was 94% - as of September is 80%; **in corporate segment** it is still lower.
- Moving in positive direction with respect to collection efficiency.

On balance sheet

- Balance sheet consolidation continues while improving granularity and liability profile.
- Reduction of corporate book will de-risk the portfolio – however, will evaluate opportunities if available on corporate segment.
- ***Gross retail disbursements of Rs37.6bn predominantly towards secured loans. Small and micro enterprises disbursements of Rs29bn, trending towards pre-Covid levels.***
- ***Targets to disburse Rs55-60bn and Rs40-45bn in MSME – this will also boost fee income***

On liability front

- Liquidity segment getting good support from customers.
- RBI special liquidity facility of Rs500bn has been fully repaid. Raised long term refinance borrowing in excess of Rs55bn.
- Deposits grew 15% in Q2FY21 and 28% in H1FY21 – average deposit growth is 19%.
- CD ratio down from 164% to 123% - with customer support is able to repay well before the due date.
- In Q2FY21 there were ~150,000 CASA accounts, which are more than ~140,000 in Q4FY20.
- Corporate deposits have been up from 36% in FY20 to 44% in H1FY21 – if had to rebalance quickly and repay facility from the RBI, it had to resort to corporate deposits.
- Going forward, the bank will reduce rate of deposits both on savings as well as corporate deposits.
- Term deposits by 25bps and savings deposits by 1%.

On cost containment

- ***Good control on cost side – 21% YoY decline (4.5% QoQ). Expense ratio, therefore, moved to below 50%.***
- Sequential reduction in cost was led by vendor / rent contract renegotiations, lower travel expenses, converted 35 branches into BCBOs; rationalisation of ATM network amongst other initiatives.

- Cost containment will be key to boost RoEs - has engaged a top global management consulting firm to assist in fast tracking near term cost reduction objective and in building a long term frugal, efficient and scalable cost structure.
- ***Lot of rationalisation still possible, particularly, from branches/ATM etc.***

Other highlights

- Sustained operating profit at Rs13.2 was utilised to create Covid-related contingency buffer.
- Two-third of standard real estate exposure is under construction.
- Retail term deposit is Rs510bn.
- ***CET-1 ratio is 13.5% and overall CAR at 19.5%.***
- Rating has been upgraded by CRISIL, ICRA, India Rating & CARE.
- NII further improved 10bps to 3.1% thereby, leading to 3% QoQ growth in NII to Rs19.7bn.

Table 2: Q3FY21 result review

(Rs mn, year ending March 31)

Particulars	Q3FY21	Q3FY20	% Change YoY	Q2FY21	% Change QoQ
Net Interest Income	25,604	10,648	140	19,734	30
% Growth	140	(60)		(10)	
Fee income	5,683	6,177	(8)	4,268	33
Other income	6,290	80	7,763	2,800	125
Total Net Income	**37,577**	**16,905**	**122**	**26,801**	**40**
% Growth	122	(52)		(14)	
Less: Operating Expenses	(14,721)	(16,969)	(13)	(13,201)	12
Pre-provision operting profit	**22,855**	**(64)**	**NM**	**13,600**	**68**
Total provisions	(21,988)	(2,47,657)	(91)	(11,873)	85
PBT	867	(2,47,721)	(100)	1,727	(50)
Less: taxes	640	62,118	(99)	(433)	(248)
PAT	**1,507**	**(1,85,603)**	**(101)**	**1,294**	**17**
% Growth	(101)	(1,953)		(122)	
Balance sheet (Rs mn)					
Particulars					
Advances	16,97,210	18,60,990	(9)	16,69,233	2
Deposits	14,62,330	16,57,550	(12)	13,58,152	8
Asset quality					
Gross NPL	2,95,465	4,07,092	(27)	3,23,444	(9)
Net NPL	68,566	1,11,147	(38)	78,681	(13)
Gross NPL ratio (Change bps)	15.4	18.9	(351)	16.9	(154)
Net NPL ratio (Change bps)	4.0	6.0	(193)	4.7	(67)
Credit cost (Change bps)	4.6	44.3	(3,967)	2.5	209
Coverage ratio (Change bps)	77	73	410	76	112
Business ratio			**Change bps**		**Change bps**
RoAA	0.2	(23.2)	2,343	0.2	3
RoAE	1.6	(401.2)	40,286	1.8	(13)
CASA	26.0	32.1	(613)	24.8	115
Credit / Deposit Ratio	116.1	112.3	379	122.9	(684)
Cost-Income ratio	39.2	100.4	(6,120)	49.3	(1,008)
Earnings ratios			**Change bps**		**Change bps**
Yield on advances	9.3	8.4	90	9.8	(50)
Cost of deposits	6.1	6.6	(50)	6.4	(30)
NIM	3.4	1.4	200	3.1	30

Source: Company data

Financial summary

Table 3: Profit and Loss statement

(Rs mn, year ending Mar 31)

	FY16	FY17	FY18	FY19	FY20	FY21E	FY22E	FY23E
Net Interest Income	**45,667**	**57,973**	**77,371**	**98,090**	**68,053**	**83,913**	**85,037**	**95,115**
% Growth	31	27	33	27	(31)	23	1	12
Fee income	24,592	31,400	41,380	36,361	15,262	5,300	6,095	7,009
Add: Other income	2,530	10,168	10,859	9,540	1,03,303	24,087	26,342	29,569
Total Net Income	**72,789**	**99,541**	**1,29,609**	**1,43,991**	**1,86,618**	**1,13,299**	**1,17,475**	**1,31,693**
% Growth	32	37	30	11	30	(39)	4	12
Less: Operating Expenses	(29,764)	(41,165)	(52,128)	(62,643)	(67,292)	(55,048)	(57,060)	(62,766)
Pre-provision operating profit	**43,025**	**58,375**	**77,481**	**81,348**	**1,19,325**	**58,251**	**60,415**	**68,927**
NPA Provisions	**(4,979)**	**(6,634)**	**(10,788)**	**(25,670)**	**(2,78,060)**	**(57,579)**	**(46,720)**	**(37,685)**
Other provisions	(384)	(1,300)	(4,750)	(32,106)	(49,524)	(2,585)	(1,326)	(1,890)
PBT	**37,662**	**50,441**	**61,943**	**23,573**	**(2,08,259)**	**(1,914)**	**12,368**	**29,353**
Less: taxes	(12,268)	(17,140)	(19,697)	(6,371)	44,079	482	(3,113)	(7,388)
PAT	**25,394**	**33,301**	**42,246**	**17,202**	**(1,64,180)**	**(1,432)**	**9,255**	**21,965**
% Growth	27	31	27	(59)	NA	NA	NA	NA

Source: Company data, I-Sec research

Table 4: Balance sheet

(Rs mn, year ending Mar 31)

	FY16	FY17	FY18	FY19	FY20	FY21E	FY22E	FY23E
Capital	4,205	4,565	4,606	4,630	25,101	50,110	50,110	50,110
Reserve & Surplus	1,33,661	2,15,976	2,52,977	2,64,412	1,92,162	3,15,774	3,25,030	3,46,995
Deposits	11,17,195	14,28,739	20,07,381	22,76,102	10,53,639	15,27,777	16,49,999	18,47,999
Borrowings	3,16,590	3,86,067	7,48,936	10,84,241	11,37,905	6,10,000	6,70,000	7,35,000
Other liabilities	80,983	1,15,253	1,10,556	1,78,877	1,69,462	84,094	80,341	60,793
Total liabilities	**16,52,634**	**21,50,599**	**31,24,456**	**38,08,262**	**25,78,269**	**25,87,755**	**27,75,480**	**30,40,896**
Cash & Bank Balances	82,184	1,95,494	2,47,344	2,68,895	83,830	90,117	96,929	1,04,311
Investment	4,88,385	5,00,318	6,83,989	8,95,220	4,39,148	4,21,582	4,00,503	3,80,478
Advances	9,82,099	13,22,627	20,35,339	24,14,996	17,14,433	17,75,209	19,62,420	22,24,747
Fixed Assets	4,707	6,835	8,324	8,170	10,091	9,771	10,000	10,450
Other Assets	95,259	1,25,325	1,49,460	2,20,980	3,30,767	2,91,075	3,05,629	3,20,910
Total Assets	**16,52,634**	**21,50,599**	**31,24,456**	**38,08,262**	**25,78,269**	**25,87,755**	**27,75,480**	**30,40,896**
% Growth	21.4	30.1	45.3	21.9	(32.3)	0.4	7.3	9.6

Source: Company data, I-Sec research

Table 5: DuPont analysis

(%, year ending Mar 31)

	FY16	FY17	FY18	FY19	FY20	FY21E	FY22E	FY23E
Interest income	9.0	8.6	7.7	8.5	8.2	8.1	8.1	8.3
Interest expense	(5.9)	(5.6)	(4.8)	(5.7)	(6.0)	(4.9)	(4.9)	(5.0)
NII	**3.0**	**3.0**	**2.9**	**2.8**	**2.1**	**3.2**	**3.2**	**3.3**
Other income	1.8	2.2	2.0	1.3	3.7	1.1	1.2	1.3
Fee income	1.6	1.7	1.6	1.0	0.5	0.2	0.2	0.2
Total income	**4.8**	**5.2**	**4.9**	**4.2**	**5.8**	**4.4**	**4.4**	**4.5**
Operating expenses	(2.0)	(2.2)	(2.0)	(1.8)	(2.1)	(2.1)	(2.1)	(2.2)
Operating profit	**2.9**	**3.1**	**2.9**	**2.3**	**3.7**	**2.3**	**2.3**	**2.4**
NPA provision	**(0.3)**	**(0.3)**	**(0.4)**	**(0.7)**	**(8.7)**	**(2.2)**	**(1.7)**	**(1.3)**
Total provisions	(0.4)	(0.4)	(0.6)	(1.7)	(10.3)	(2.3)	(1.8)	(1.4)
PBT	2.5	2.7	2.3	0.7	(6.5)	(0.1)	0.5	1.0
Tax	(0.8)	(0.9)	(0.7)	(0.2)	1.4	0.0	(0.1)	(0.3)
PAT	**1.7**	**1.8**	**1.6**	**0.5**	**(5.1)**	**(0.1)**	**0.3**	**0.8**

Source: Company data, I-Sec research

Table 6: Key ratios

(Year ending Mar 31)

	FY16	FY17	FY18	FY19	FY20	FY21E	FY22E	FY23E
Per share data								
EPS – Diluted (Rs)	12.1	15.8	18.3	7.4	-13.1	-0.1	0.4	0.9
% Growth	26.3	30.1	16.3	-59.5	NM	-99.6	NM	137.3
DPS (Rs)	2.0	2.4	2.7	2.0	-	-	-	-
Book Value per share (BVPS) (Rs)	66	104	112	116	17	14.6	15.0	15.8
% Growth	17.7	58.7	7.0	3.9	-85.1	-15.6	2.5	5.9
Adjusted BVPS (Rs)	65	101	108	102	12	10.6	11.4	13.0
% Growth	16.7	55.8	6.8	-5.4	-88.1	-12.9	7.4	14.0
Valuations								
Price / Earnings (x)	1.4	1.1	0.9	2.3	NA	NA	46.0	19.4
Price / Book (x)	0.3	0.2	0.2	0.1	1.0	1.2	1.1	1.1
Price / Adjusted BV (x)	0.3	0.2	0.2	0.2	1.4	1.6	1.5	1.3
Asset Quality								
Gross NPA (Rs mn)	7,490	20,186	26,268	79,421	3,28,776	4,18,587	4,23,630	3,63,886
Gross NPA (%)	0.8	1.5	1.3	3.2	16.8	20.3	18.7	14.6
Net NPA (Rs mn)	2,845	10,723	13,127	44,849	86,238	1,34,084	1,20,366	96,382
Net NPA (%)	0.3	0.8	0.6	1.9	5.0	7.6	6.1	4.3
NPA Coverage ratio (%)	62	47	50	44	74	68.0	71.6	73.5
Gross Slippages (%)	1.2	2.7	6.3	4.0	15.7	7.4	5.4	3.2
Credit Cost (%)	0.62	0.69	0.90	2.47	15.67	3.4	2.6	1.9
Net NPL/Net worth	2.1	4.9	5.1	16.7	39.7	36.6	32.1	24.3
Business ratios (%)								
RoAA	1.7	1.8	1.6	0.5	(5.1)	(0.1)	0.3	0.8
RoAE	19.9	18.6	17.7	6.5	(67.5)	(0.5)	2.5	5.7
Credit Growth	30.0	34.7	53.9	18.7	(29.0)	3.5	10.5	13.4
Deposits Growth	22.5	27.9	40.5	13.4	(53.7)	45.0	8.0	12.0
CASA	28.1	36.3	36.5	33.0	26.6	26.7	26.9	26.9
Credit / Deposit Ratio	87.9	92.6	101.4	106.1	162.7	116.2	118.9	120.4
Cost-Income ratio	40.9	41.4	40.2	43.5	65.7	48.6	48.6	47.7
Operating Cost / Avg. Assets	2.0	2.2	2.0	1.8	2.1	2.1	2.1	2.2
Fee Income / Avg Assets	1.6	1.7	1.6	1.0	0.5	0.2	0.2	0.2
Earnings ratios								
Yield on Advances	11.2	10.6	9.2	10.3	10.3	10.2	9.9	10.0
Yield on Earning Assets	9.6	9.2	8.1	9.1	9.0	9.3	9.2	9.3
Cost of Deposits	7.1	6.4	5.5	6.4	7.2	6.1	5.9	5.9
Cost of Funds	6.9	6.5	5.5	6.5	6.9	5.8	5.9	5.9
NIM	3.2	3.2	3.1	3.0	2.3	3.7	3.6	3.7
Capital Adequacy (%)								
RWA (Rs mn)	13,29,499	18,63,340	25,53,433	30,58,380	24,02,240	23,28,980	24,14,668	26,45,580
Tier-I	10.7	13.3	13.2	11.3	6.5	13.0	12.9	12.6
CAR	16.5	17.0	18.4	16.5	8.5	19.4	18.9	17.9

Source: Company data, I-Sec research

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