Equity Research

May 3, 2021

BSE Sensex: 48782

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Q4FY21 result review and earnings revision

Banking

Target price: Rs16

Earnings revision

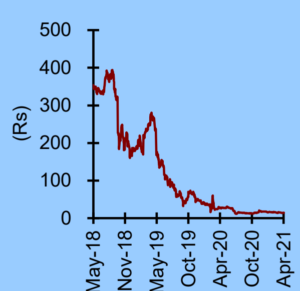
(%)	FY22E	FY23E
PAT	↓ 9	↓ 9

Shareholding pattern

	Sep '20	Dec '20	Mar '21
Promoters	0.0	0.0	0.0
Institutional investors	60.3	62.3	60.5
MFs and others	0.4	0.3	0.3
FIs / Banks	40.0	39.7	39.2
Insurance Cos.	8.2	7.3	7.2
FIIs	11.9	15.0	13.8
Others	39.7	39.7	39.5

Source: BSE

Price chart



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INDIA

Yes Bank

HOLD
Maintain

Stress recognition weighs on profitability; FY22 priorities set towards medium-term objectives

Rs15

YES Bank's (YES) Q4FY21 loss manifests the aggravated fear of asset quality pangs post the disclosed stress pool including standstill NPA, SMA-1/2, restructuring, etc. of around 18% (of customer assets) in addition to GNA exposure. From this pool, 7% (Rs119bn) slipped into NPA and 1.5% (Rs25bn) was restructured. Provisioning of Rs52.4bn towards this stress and interest reversals of Rs7.4bn resulted in a loss of Rs37.9bn. Post the slippages, recoveries and write-offs in Q4FY21, YES exits FY21 with net labelled exposure of 8%, SMA-2 of 2.6%, and SMA-1 of 5%. Improved recovery momentum and controlled incremental slippages can help manage credit cost sub-3% in FY22/FY23E. The bank's priority for rebuilding the trust in franchise, focus on granular advance growth (led by retail, SME and working capital financing) and improving CASA ratio was reflected in Q4FY21 as well. Maintain HOLD with a target price of Rs16. Key risks: 1) covid resurgence causing further stress; 2) lock-in of shares and lower float boosting value beyond fundamentals.

- **Slippages spike to 7% of advances:** Gross slippages with flow-through from standstill account (of Rs83bn in Q3FY21, or 5%) and SMA-1/2 pool (of Rs188bn in Q3FY21) came in at Rs119bn (~7% of advances). Additions were primarily from the corporate segment and specifically covid-impacted sectors (19% from commercial real estate; 14% from tour, travel, hospitality; 8% from infrastructure; 7% from media / entertainment). However, GNPAs were managed at 15.4% and at 3% lower QoQ (in absolute terms) due to accelerated write-offs of Rs103bn and recoveries & upgrades of Rs25bn. Moreover, the bank is of the view that post recoveries of Rs49bn in FY21 (Rs20bn in Q4FY21), recoveries are more likely to outpace slippages in FY22. Hence, the stress pool is likely to consolidate and come off in the current fiscal. We expect GNPAs to come to 13%/11% by FY22E/FY23E. The bank created provisions of Rs65bn on incremental slippages thereby taking coverage to 79% (from 69%).

- **Cumulative stress pool at 20%:** YES's cumulative gross NPA and labelled exposures amount to Rs414.6bn, equivalent to 23% of advances plus corporate investments. On this stressed pool, the bank has total provisions of Rs265.6bn or 64% of total stressed pool, while restructuring has been invoked on Rs25bn (~1.5% of advances). Post the slippages, recoveries and write-offs in Q4FY21, YES exits FY21 with net labelled exposure of 8%, SMA-2 of 2.6%, and SMA-1 of 5%. We therefore anticipate cumulative slippage run-rate of 4.2%/2.6% and credit cost of 2.5%/2.0% over FY22E/FY32E respectively.

Market Cap	Rs365bn/US$4.9bn
Reuters/Bloomberg	YESB.BO/YES IN
Shares Outstanding (mn)	25,054.9
52-week Range (Rs)	31/12
Free Float (%)	100.0
FII (%)	13.8
Daily Volume (US$'000)	41,240
Absolute Return 3m (%)	(7.6)
Absolute Return 12m (%)	(47.8)
Sensex Return 3m (%)	5.6
Sensex Return 12m (%)	46.3

Year to Mar	FY20	FY21	FY22E	FY23E
NII (Rs bn)	68	74	82	93
Net Profit (Rs bn)	-227	-35	8	20
EPS (Rs)	-18.1	-1.4	0.3	0.8
% Change YoY	NA	NA	NA	NA
P/E (x)	NA	NA	43.1	18.3
P/BV (x)	0.8	1.1	1.1	1.0
P/ABV (x)	1.2	1.4	1.3	1.2
GNPA (%)	16.8	15.4	13.0	11.1
RoA (%)	-7.1	-1.3	0.3	0.7
RoE (%)	-93.4	-12.6	2.5	5.7

- **Retail and SME – emerging pillar of credit:** YES's medium-term objective is to build a granular asset portfolio skewed towards retail and MSME lending. Retail disbursements were sustained at Rs75bn – 84% being secured lending while SME disbursements were Rs41bn. Unsecured lending is lower and the bank will continue to be selective. Despite lower base of secured assets, it is able to choose to grow in RoA-accretive segments. For the quarter, retail portfolio was up 7% QoQ (23% YoY) and now constitutes 30% of advances. Retail + MSME share in overall portfolio has increased to 51% from 45% a year ago. The momentum in retail was derailed by 4% QoQ run-down in corporate portfolio and net advances declined 3% in FY21. Having addressed, recognised and provided for the legacy corporate stress book, YES is now willing to resume corporate lending focused towards transaction banking and working capital financing. We pencil-in credit growth of 10%/13% for FY22E/FY23E respectively.

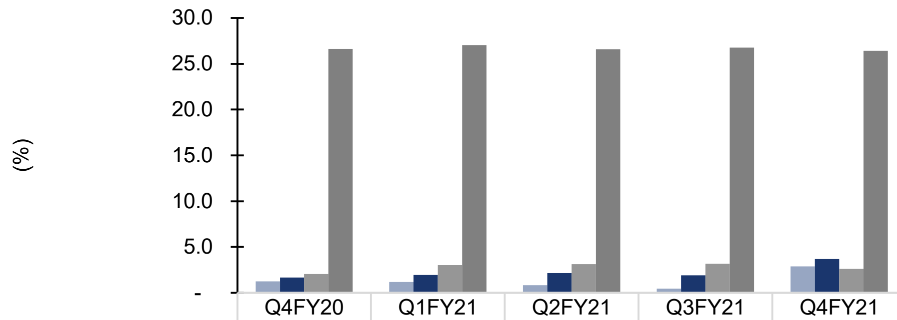
- **Emerging confidence in deposit franchise:** CASA deposits were up 52% YoY and 12% QoQ at Rs 426bn taking CASA ratio to 26.1%. Total deposits for FY21 were up 11% QoQ and 55% YoY to Rs 1.63tn. As a result, the C/D ratio improved to 102% from 163% a year ago while liquidity levels have also shored up at 114% average for Q4. CASA accounts acquired during the quarter were 256k *vs* 221k/151k/31k/124k in Q3FY21/Q2FY21/Q1FY21/Q4FY20 respectively. Given the strong run-rate in CASA deposits, the bank is aiming at CASA ratio of 30% in FY22 and gradually increase it to 40% over the medium term.

- **Interest reversals weigh on margins:** Margins more than halved QoQ to 1.6% from 3.4% QoQ and 1.9% YoY. This was on account of multiple factors namely: 1) Rs7.6bn of interest reversals/non-accruals due to NPA recognition; 2) impact of Rs1.4bn due to interest on interest; 3) Q3FY21 was higher due to Rs3.3bn one-offs and Rs4.2bn in interest recoveries. Going forward, with credit growth normalisation and building deposit franchise, we are building-in margins of 3.3%/3.5% for FY22E/FY23E respectively.

- **Core fee income up 22% QoQ; treasury gains down ~90% QoQ/YoY:** Core fee income (ex. treasury gains) was up 22% QoQ during the quarter while treasury gains were lower by 97% QoQ resulting in 32% decline in total non-interest income. Third-party sales was up 91% QoQ and 74% YoY and is expected to further accelerate in the coming quarters driven by new partnerships.

- **Priorities for FY22 targeted towards medium-term objectives; transitioning to weigh on profitability and growth:** The revamped leadership with Mr. Prashant Kumar at the helm (leveraging on the backing of leading shareholder banks, changed governance and underwriting framework) is stabilising and turning around YES from the current downcycle. The bank is prioritising rebuilding trust in franchise, focus on granular advance growth (led by retail, SME and working capital financing), and improving CASA ratio. The bank's medium-term aim is to build a granular deposit base (retail TD, CASA, etc.) and granular loan profile (retail, MSME, etc.), which is an extremely competitive task and will come at a higher opex and lower spread. Stable NIMs (not having much reversal due to stress recognition), increased traction in fee income and continued cost control, will help YES get an RoE profile around 2.5%/5.7% for FY22E/FY23E respectively.

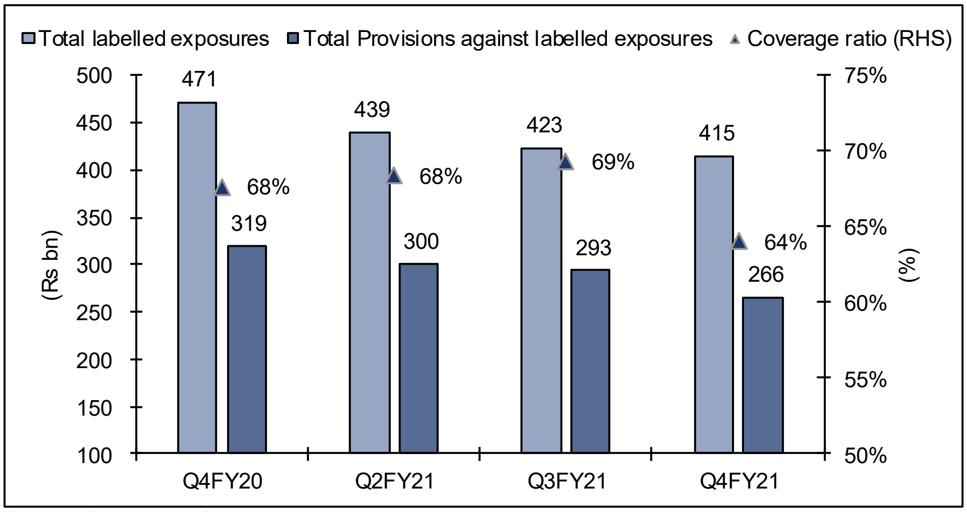
Chart 1: Corporate stress already elevated; retail and MSME are the key monitorables going ahead



	Q4FY20	Q1FY21	Q2FY21	Q3FY21	Q4FY21
Retail	1.2	1.2	0.8	0.5	2.9
SME	1.7	2.0	2.2	1.9	3.7
Medium enterprises	2.1	3.0	3.1	3.2	2.6
Corporate	26.6	27.0	26.6	26.8	26.4

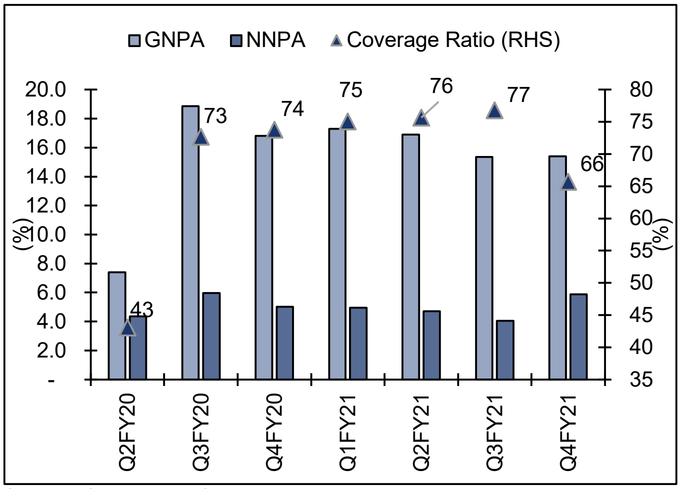
Source: Company, I-Sec research

Chart 2: Net labelled non-performing exposure at 8% with ~64% coverage



Source: Company, I-Sec research

Chart 3: GNPAs stable despite stress recognition due to accelerated write-offs



Source: Company, I-Sec research

Chart 4: Loan write-offs and loss consumes CET-I; still above regulatory levels

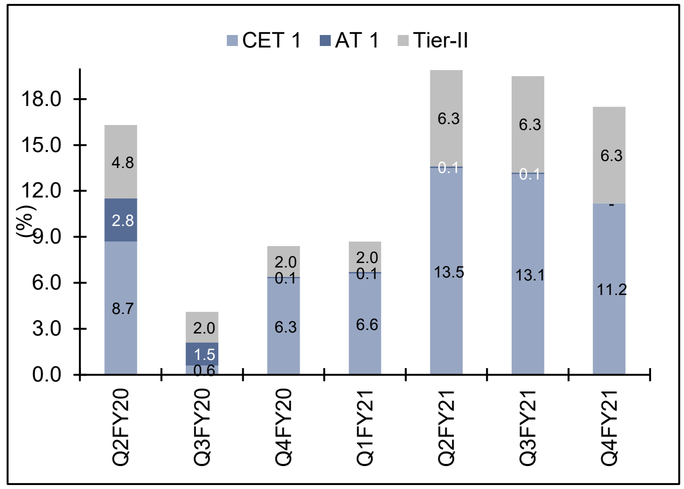
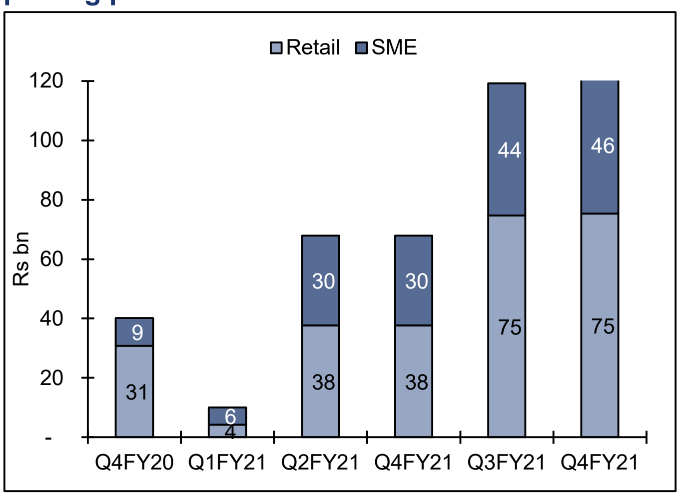


Chart 5: Retail disbursements at record-high; SME picking pace



Source: Company, I-Sec research

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

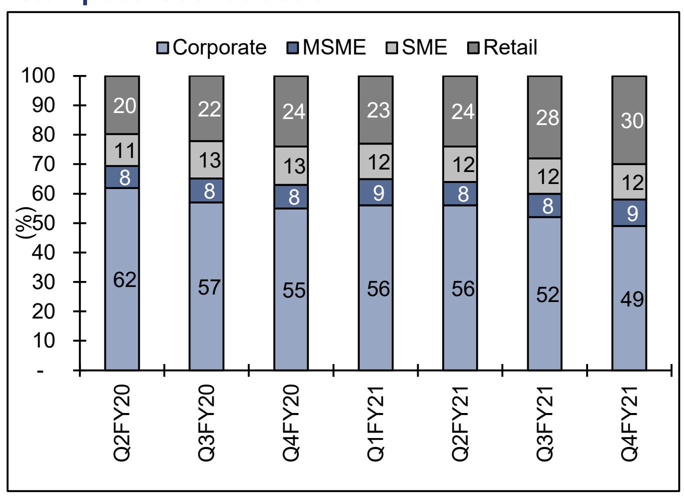
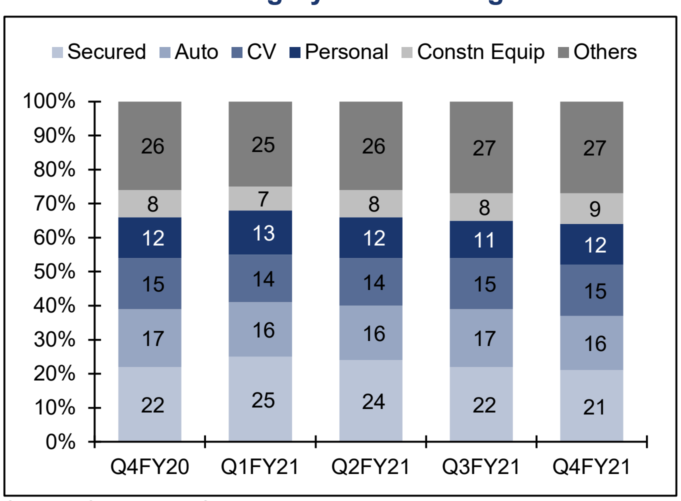


Chart 7: Granular high-yield retail segments



Source: Company, I-Sec research

Chart 8: CASA deposits up 52% from FY20 levels

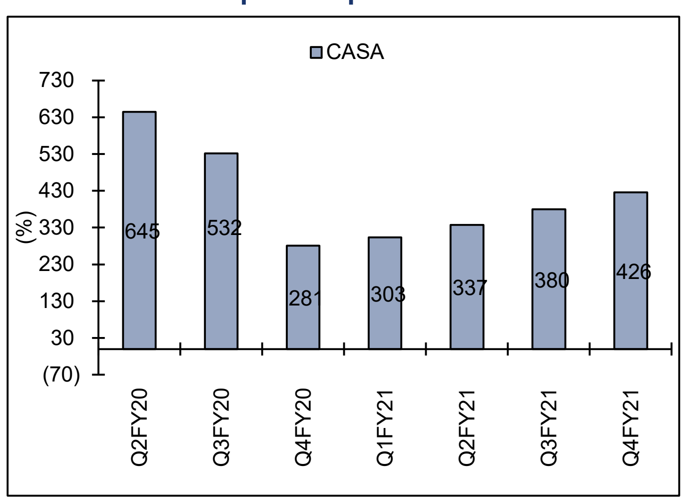


Chart 9: Retail TD up 32% from FY20 levels

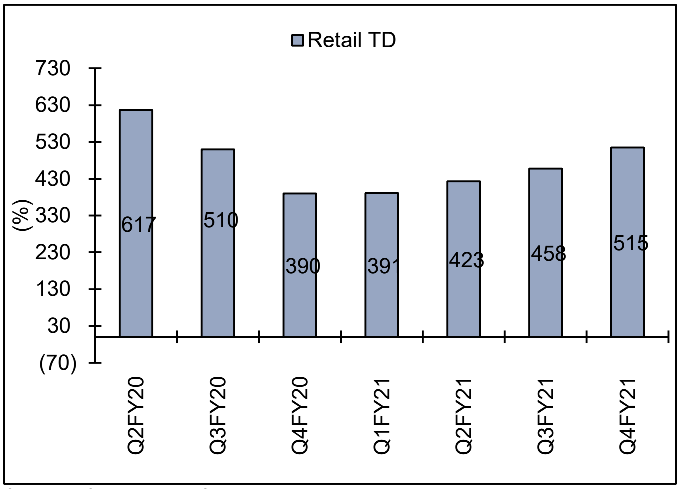
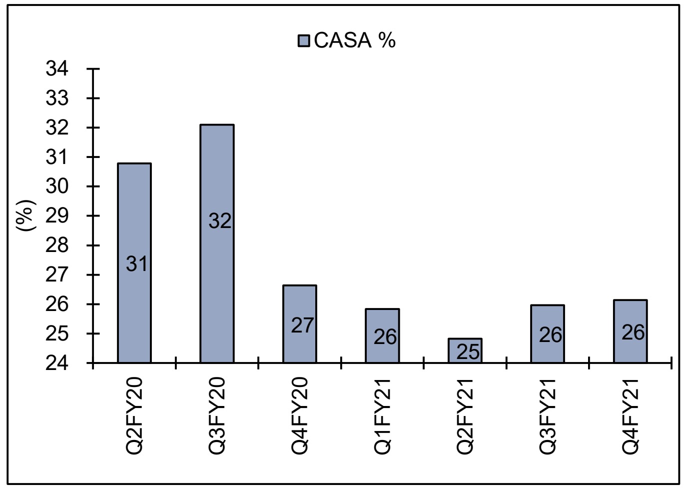


Chart 10: Plans to inch up CASA upwards of 30%



Source: Company, I-Sec research

Chart 11: Spiked C/D ratio now moderating with entrusted depositors confidence

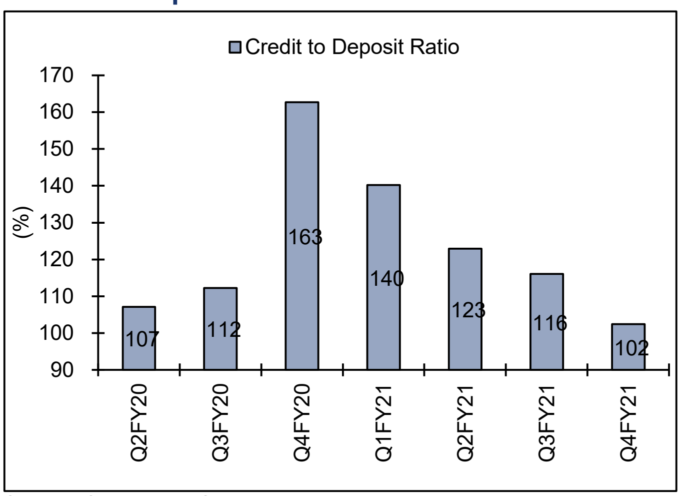
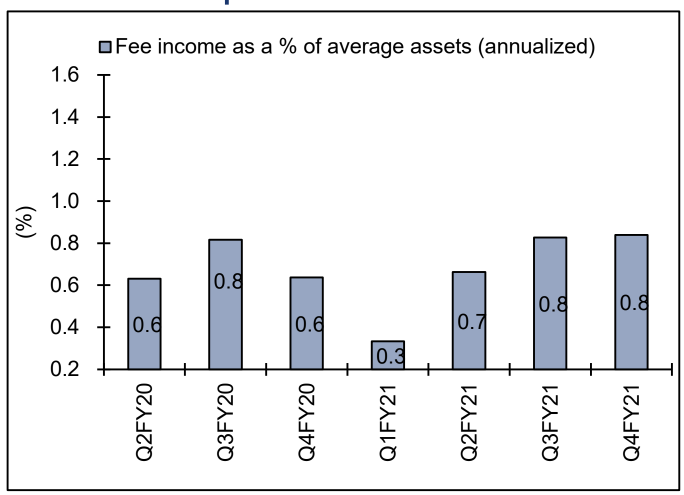


Chart 12: Fee income sustaining at higher levels; can turn to be a potential RoA driver



Source: Company, I-Sec research

Chart 13: Containment of opex to support earnings

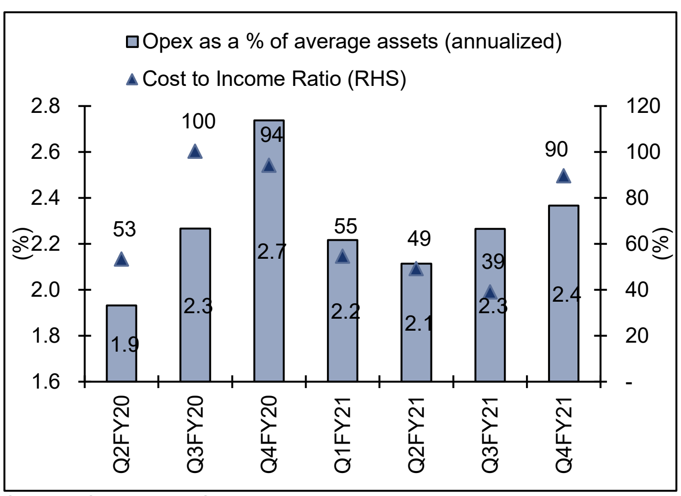
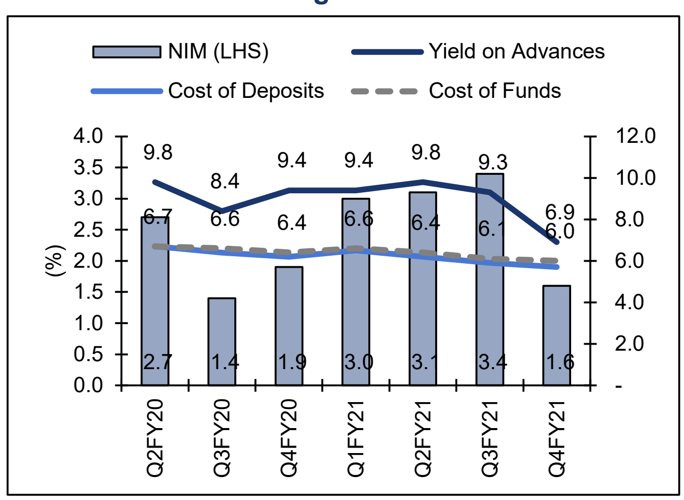


Chart 14: NIM settles lower weighed by interest reversal on stress recognition



Source: Company, I-Sec research

YES Bank Q4FY21 earnings call takeaways

Priorities for FY22 to achieve medium term objectives

- Rebuilding trust in the franchise - able to grow deposit franchise by 55% YoY to Rs1.63tn. Operating profit grew 42% YoY in FY21.
- Number of measures undertaken to improve governance.
- Focus on advance growth with improving granularity. ***20% growth in retail; resuming growth in corporate (10% growth)***
- Continues to support corporate business focused towards transaction banking and working capital finance.
- ***Retail and MSME mix of 60% plus. Deposit to grow faster than loans; CD ratio of less than 100% and CASA ratio of more than 30%***
- ***Deliver 1.0-1.5% RoA over the next 2 - 4 years – a medium term guidance.***

Retail and SME – emerging pillar of credit

- Medium-term objective of the bank is to build granular asset portfolio skewed towards retail and MSME lending.
- Retail disbursements were sustained at Rs75bn – 84% being secured lending and SME disbursements were Rs46bn. Unsecured proportion is lower and will continue to be selective. With lower base of secured assets, it can still choose to grow.
- Retail assets have grown by 23% YoY and constitutes 30% of advances.
- Retail + MSME advances mix at 51%, up ~300 bps QoQ, ~700 bps YoY

Deposit franchise gaining strength

- Deposit franchise is gaining strength as bank opened ~265,000 new CASA accounts in Q4FY21 (660k for FY21), surpassing 600k in FY20.
- Deposit granularizing at a very fast pace
- Deposits grew 11% QoQ and 55% YoY to Rs1.63tn. CASA ratio improved to 45%.
- CD ratio too moderated to 102% from 163% in FY20-end. LCR for the bank stood at 114% as of FY21-end.

Asset quality pangs come to the fore

- ***Gross slippages with flow through from standstill account and SMA-1/2 pool came in at Rs118.7bn in Q4FY21 (almost 7% of advances).*** However, it has written off Rs103bn and recoveries & Upgrades were Rs24.9bn that helped manage GNPLs at 15.4% and net NPA at 5.9%.
- The bank prudently made an accelerated provision of Rs65bn on incremental slippages taking provisioning coverage to 79% (from 69%).

- ***It created Rs9.3bn of additional provisioning towards NPI exposures in investments of conglomerate; increases PCR for Total NPIs of Rs51.3bn to 92% from 81% previous quarter***
- ***SMA-2 pool of Rs46.6bn (2.9%), SMA-1 of Rs90.4bn (5.4%) – the pool includes 1.5% (Rs25bn) of restructuring anticipated in Q1FY22. Should see reduction in SMA pool going forward.***
- ***85% of SMA-1 is corporate and balance from retail/SME.***
- It also made provisioning of Rs2.5bn towards Covid related restructuring (Rs25bn – 1.5% of advances) expected to be implemented in Q1FY22.
- ***In FY22, the bank expects recoveries to outpace slippages – Recoveries of Rs49.3bn delivered in FY21 (over more than 100 accounts).***
- Have not made any contingency provisioning on overdue book – as it has made accelerated provisioning on stressed book.
- Second wave too early to comment but had done detailed analysis of the portfolio on account-by-account basis.

<u>Bad banks</u>

- ***Able to continuously resolve stress within the bank.***
- Optionality of ban bank and sell down is there; it is awaiting for a Committee report and clarity on the framework.

<u>Other operating metrics</u>

- Net Interest Income lower was also impacted due to ***Rs7.6bn of interest reversals on NPL recognition and Rs1.4bn of interest on interest reversals on loans above Rs20mn.***
- ***Also there was not much support of treasury profits in Q4FY21 (merely Rs160mn compared to FY21 of Rs11bn)***
- However, core fee income grew 22% QoQ
- Operating expenses in FY21 were lower by 14% with several initiatives underway as a part of the dedicated cost transformation program aimed at building a long term frugal and efficient cost structure

<u>Plans to equity raising</u>

- CET is 11.2% - 100% bps comfort over regulatory environment
- ***Recoveries will take care of credit cost and capital consumption will be for growth purpose. Despite growth, CET-1 will be above regulatory environment.***
- ***Don't see any requirement to raise capital but if required for growth, will evaluate.***
- SBI is supposed to keep minimum 26% shareholding in the bank.

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 up to Rs100bn.

Table 1: Q4FY21 result review

(Rs mn, year ending March 31)

Particulars	Q4FY21	Q4FY20	% Change YoY	Q3FY21	% Change QoQ
Net Interest Income	9,867	12,737	(23)	25,604	(61)
% Growth	(23)	(49)		140	
Fee income	5,980	4,173	43	5,683	5
Other income	2,180	1,800	21	6,290	(65)
Total Net Income	**18,027**	**18,710**	**(4)**	**37,577**	**(52)**
% Growth	(4)	(38)		122	
Less: Operating Expenses	(16,178)	(17,645)	(8)	(14,721)	10
Pre-provision operting profit	**1,849**	**1,064**	**NM**	**22,855**	**(92)**
Total provisions	(52,396)	(48,723)	8	(21,988)	138
PBT	(50,547)	(47,659)	6	867	(5,930)
Less: taxes	12,670	10,976	15	640	1,879
PAT	**(37,877)**	**(36,683)**	**3**	**1,507**	**(2,613)**
% Growth	3	143		(101)	
Balance sheet (Rs mn)					
Particulars					
Advances	16,68,930	17,14,433	(3)	16,97,210	(2)
Deposits	16,29,466	10,53,639	55	14,62,330	11
Asset quality					
Gross NPL	2,86,095	3,28,776	(13)	2,95,465	(3)
Net NPL	98,134	86,238	14	68,566	43
Gross NPL ratio (Change bps)	15.4	16.8	(139)	15.4	5
Net NPL ratio (Change bps)	5.9	5.0	85	4.0	184
Credit cost (Change bps)	11.1	9.5	161	4.6	650
Coverage ratio (Change bps)	66	74	(807)	77	(1,109)
Business ratio			**Change bps**		**Change bps**
RoAA	(5.7)	(5.3)	(36)	0.2	(592)
RoAE	(43.2)	(94.8)	5,164	1.6	(4,483)
CASA	26.1	26.6	(50)	26.0	17
Credit / Deposit Ratio	102.4	162.7	(6,029)	116.1	(1,364)
Cost-Income ratio	89.7	94.3	(457)	39.2	5,057
Earnings ratios			**Change bps**		**Change bps**
Yield on advances	6.9	9.4	(250)	9.3	(240)
Cost of deposits	6.0	6.4	(40)	6.1	(10)
NIM	1.6	1.9	(30)	3.4	(180)

Source: Company data

Financial summary

Table 2: Profit and Loss statement

(Rs mn, year ending Mar 31)

	FY16	FY17	FY18	FY19	FY20	FY21	FY22E	FY23E
Net Interest Income	**45,667**	**57,973**	**77,371**	**98,090**	**68,053**	**74,286**	**82,134**	**93,415**
% Growth	31	27	33	27	(31)	9	11	14
Fee income	24,592	31,400	41,380	36,361	21,767	17,340	19,074	21,363
Add: Other income	2,530	10,168	10,859	9,540	12,651	16,067	14,005	15,580
Total Net Income	**72,789**	**99,541**	**1,29,609**	**1,43,991**	**1,02,471**	**1,07,693**	**1,15,213**	**1,30,359**
% Growth	32	37	30	11	(29)	5	7	13
Less: Operating Expenses	(29,764)	(41,165)	(52,128)	(62,643)	(67,292)	(57,920)	(60,816)	(65,073)
Pre-provision operating profit	**43,025**	**58,375**	**77,481**	**81,348**	**35,179**	**49,773**	**54,396**	**65,285**
NPA Provisions	**(4,979)**	**(6,634)**	**(10,788)**	**(25,670)**	**(2,78,060)**	**(71,150)**	**(41,956)**	**(37,024)**
Other provisions	(384)	(1,300)	(4,750)	(32,106)	(49,524)	(25,974)	(1,144)	(1,666)
PBT	**37,662**	**50,441**	**61,943**	**23,573**	**(2,92,406)**	**(47,351)**	**11,296**	**26,595**
Less: taxes	(12,268)	(17,140)	(19,697)	(6,371)	65,259	12,729	(2,843)	(6,694)
PAT	**25,394**	**33,301**	**42,246**	**17,202**	**(2,27,146)**	**(34,622)**	**8,453**	**19,901**
% Growth	27	31	27	(59)	NA	NA	NA	NA

Source: Company data, I-Sec research

Table 3: Balance sheet

(Rs mn, year ending Mar 31)

	FY16	FY17	FY18	FY19	FY20	FY21	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	2,81,854	2,90,307	3,10,207
Deposits	11,17,195	14,28,739	20,07,381	22,76,102	10,53,639	16,29,466	18,57,592	21,36,230
Borrowings	3,16,590	3,86,067	7,48,936	10,84,241	11,37,905	6,39,491	5,75,542	5,98,563
Other liabilities	80,983	1,15,253	1,10,556	1,78,877	1,69,462	1,34,507	1,21,056	1,08,951
Total liabilities	**16,52,634**	**21,50,599**	**31,24,456**	**38,08,262**	**25,78,269**	**27,35,428**	**28,94,606**	**32,04,062**
Cash & Bank Balances	82,184	1,95,494	2,47,344	2,68,895	83,830	2,93,087	3,00,414	3,11,039
Investment	4,88,385	5,00,318	6,83,989	8,95,220	4,39,148	4,33,192	4,11,532	4,52,685
Advances	9,82,099	13,22,627	20,35,339	24,14,996	17,14,433	16,68,930	18,27,399	20,69,898
Fixed Assets	4,707	6,835	8,324	8,170	10,091	21,485	21,711	22,746
Other Assets	95,259	1,25,325	1,49,460	2,20,980	3,30,767	3,18,734	3,33,551	3,47,694
Total Assets	**16,52,634**	**21,50,599**	**31,24,456**	**38,08,262**	**25,78,269**	**27,35,428**	**28,94,606**	**32,04,062**
% Growth	21.4	30.1	45.3	21.9	(32.3)	6.1	5.8	10.7

Source: Company data, I-Sec research

Table 4: DuPont analysis

(%, year ending Mar 31)

	FY16	FY17	FY18	FY19	FY20	FY21	FY22E	FY23E
Interest income	9.0	8.6	7.7	8.5	8.2	7.5	7.5	7.6
Interest expense	(5.9)	(5.6)	(4.8)	(5.7)	(6.0)	(4.7)	(4.6)	(4.5)
NII	**3.0**	**3.0**	**2.9**	**2.8**	**2.1**	**2.8**	**2.9**	**3.1**
Other income	1.8	2.2	2.0	1.3	1.1	1.3	1.2	1.2
Fee income	1.6	1.7	1.6	1.0	0.7	0.7	0.7	0.7
Total income	**4.8**	**5.2**	**4.9**	**4.2**	**3.2**	**4.1**	**4.1**	**4.3**
Operating expenses	(2.0)	(2.2)	(2.0)	(1.8)	(2.1)	(2.2)	(2.2)	(2.1)
Operating profit	**2.9**	**3.1**	**2.9**	**2.3**	**1.1**	**1.9**	**1.9**	**2.1**
NPA provision	**(0.3)**	**(0.3)**	**(0.4)**	**(0.7)**	**(8.7)**	**(2.7)**	**(1.5)**	**(1.2)**
Total provisions	(0.4)	(0.4)	(0.6)	(1.7)	(10.3)	(3.7)	(1.5)	(1.3)
PBT	2.5	2.7	2.3	0.7	(9.2)	(1.8)	0.4	0.9
Tax	(0.8)	(0.9)	(0.7)	(0.2)	2.0	0.5	(0.1)	(0.2)
PAT	**1.7**	**1.8**	**1.6**	**0.5**	**(7.1)**	**(1.3)**	**0.3**	**0.7**

Source: Company data, I-Sec research

Table 5: Key ratios

(Year ending Mar 31)

	FY16	FY17	FY18	FY19	FY20	FY21	FY22E	FY23E
Per share data								
EPS – Diluted (Rs)	12.1	15.8	18.3	7.4	-18.1	-1.4	0.3	0.8
% Growth	26.3	30.1	16.3	-59.5	-343.6	-92.4	-124.4	135.4
DPS (Rs)	2.0	2.4	2.7	2.0	-	-	-	-
Book Value per share (BVPS) (Rs)	66	104	112	116	17	13.2	13.6	14.4
% Growth	17.7	58.7	7.0	3.9	-85.1	-23.5	2.5	5.8
Adjusted BVPS (Rs)	65	101	108	102	12	10.4	11.1	12.2
% Growth	16.7	55.8	6.8	-5.4	-88.3	-13.3	6.9	9.8
Valuations								
Price / Earnings (x)	1.2	0.9	0.8	2.0	NA	NA	43.1	18.3
Price / Book (x)	0.2	0.1	0.1	0.1	0.8	1.1	1.1	1.0
Price / Adjusted BV (x)	0.2	0.1	0.1	0.1	1.2	1.4	1.3	1.2
Asset Quality								
Gross NPA (Rs mn)	7,490	20,186	26,268	79,421	3,28,776	2,86,095	2,61,302	2,49,501
Gross NPA (%)	0.8	1.5	1.3	3.2	16.8	15.4	13.0	11.1
Net NPA (Rs mn)	2,845	10,723	13,127	44,849	86,238	98,134	83,258	73,302
Net NPA (%)	0.3	0.8	0.6	1.9	5.0	5.9	4.6	3.5
NPA Coverage ratio (%)	62	47	50	44	74	65.7	68.1	70.6
Gross Slippages (%)	1.2	2.7	6.3	4.0	15.7	7.4	4.2	2.6
Credit Cost (%)	0.62	0.69	0.90	2.47	15.67	5.6	2.5	2.0
Net NPL/Net worth	2.1	4.9	5.1	16.7	39.7	29.6	24.5	20.3
Business ratios (%)								
RoAA	1.7	1.8	1.6	0.5	(7.1)	(1.3)	0.3	0.7
RoAE	19.9	18.6	17.7	6.5	(93.4)	(12.6)	2.5	5.7
Credit Growth	30.0	34.7	53.9	18.7	(29.0)	(2.7)	9.5	13.3
Deposits Growth	22.5	27.9	40.5	13.4	(53.7)	54.7	14.0	15.0
CASA	28.1	36.3	36.5	33.0	26.6	26.1	30.0	33.5
Credit / Deposit Ratio	87.9	92.6	101.4	106.1	162.7	102.4	98.4	96.9
Cost-Income ratio	40.9	41.4	40.2	43.5	65.7	53.8	52.8	49.9
Operating Cost / Avg. Assets	2.0	2.2	2.0	1.8	2.1	2.2	2.2	2.1
Fee Income / Avg Assets	1.6	1.7	1.6	1.0	0.7	0.7	0.7	0.7
Earnings ratios								
Yield on Advances	11.2	10.6	9.2	10.3	10.3	9.8	9.9	9.9
Yield on Earning Assets	9.6	9.2	8.1	9.1	9.0	8.7	8.6	8.6
Cost of Deposits	7.1	6.4	5.5	6.4	7.2	5.9	5.2	5.0
Cost of Funds	6.9	6.5	5.5	6.5	6.9	5.7	5.5	5.4
NIM	3.2	3.2	3.1	3.0	2.3	3.2	3.3	3.5
Capital Adequacy (%)								
RWA (Rs mn)	13,29,499	18,63,340	25,53,433	30,58,380	24,02,240	24,61,885	25,18,307	27,87,534
Tier-I	10.7	13.3	13.2	11.3	6.5	10.9	11.0	10.7
CAR	16.5	17.0	18.4	16.5	8.5	17.0	16.7	15.7

Source: Company data, I-Sec research

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