

Piran Engineer*

piran.engineer@clsa.com
+91 22 6650 5006

Shreya Shivani*

+91 22 6650 5056

*CLSA India Private Limited

22 October 2023

India

Financial services

Reuters CRDE.NS
Bloomberg CREDAG IN

Priced on 20 October 2023
CNX Nifty @ 19,542.7

12M hi/lo Rs1,482.45/854.45

12M price target Rs1,800.00
±% potential +30%

Shares in issue 155.6m
Free float (est.) 13.9%

Market cap US\$2.7bn

3M ADV US\$5.1m

Foreign s'holding 6.2%

Major shareholders

CreditAccess Asia 79.9%
FPI 6.2%

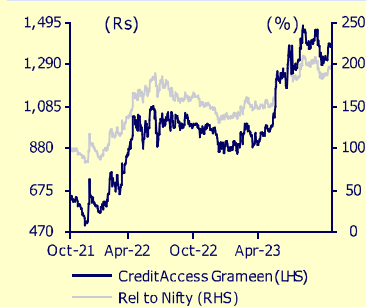
Blended ESG Score (%)*

Overall 83.2
Country average 71.4
GEM sector average 71.5

*Click to visit company page on clsa.com for details

Stock performance (%)

	1M	3M	12M
Absolute	3.1	5.6	42.9
Relative	5.0	8.0	28.4
Abs (US\$)	3.1	5.6	43.0



Source: Bloomberg

Positive outlook

Management increased ROE guidance; we raise our target price to Rs1,800

CA Grameen reported a 9% beat of our net profit estimate for 2Q24 driven by c.35% AUM growth, a steady NIM and run-rate for credit costs. Optically, PAT was flat QoQ due to lower assignment income. The company continues its strong customer acquisition strategy, acquiring 300k+ new customers (gross) during the quarter. It also entered new states (AP and Telangana) as part of its expansion strategy. The company raised its FY24 guidance and now expects a c.25% ROE. Our average loan Cagr and ROE estimates over the medium term are 23% each. CA Grameen's asset quality and return ratios are far superior to peers, and hence, we believe the stock should command a premium valuation. We lift our EPS estimates 4%-7%, our target price from Rs1,600 to Rs1,800 and maintain our BUY rating.

New customer additions driving growth

Its loan book grew 3% QoQ/36% YoY to Rs208bn. Note 2Q is a seasonally slow quarter and growth picks up in 3Q. Over the past year, the company added 20% more customers, taking its customer count to 4.6m. Around 55% of customers have been with the company for less than three years; these customers have an average indebtedness of Rs40k vs the company-average of Rs49k. The company is also focusing on expansion outside the top three states. Note that during the analyst meeting earlier this year, management highlighted a target of growing AUM at 20%-25% Cagr over the next five years.

Steady spreads and stable credit cost

With a 50bp sequential increase in both yield and cost of funds, spreads were stable on QoQ basis. For the full year, the company raised its guidance on margins by 70bps given strong performance in 1H. In addition, fee income improved significantly as insurance distribution commission caps were removed. Credit costs, at 1.7%, is steady state, and its GNPA improved by 12bps. In contrast, Bandhan Bank recently reported worsening asset quality (*read*).

Upward revision in management guidance; we raise our target price to Rs1,800

With better than expected performance in 1H24, management lifted its FY24 guidance and now expects 70bp higher ROA/4ppt higher ROE. CA Grameen has superior asset quality and return ratios to peers like Bandhan Bank and Fusion. Thus, we believe higher multiples are justified. We revise our NII estimates upwards leading to 4%-7% increases in PAT estimates over FY24-26CL. As we roll forward our valuation to Sep 25CL we arrive at a higher target price of Rs1,800 implying a 3.1x Sep 25CL PB.

Financials

Year to 31 March	22A	23A	24CL	25CL	26CL
Operating profit (Rsm)	4,809	11,055	19,519	23,276	28,125
Net profit (Rsm)	3,532	8,262	14,444	17,394	21,018
NP forecast change (%)	-	-	7.9	6.8	4.5
EPS (Rs)	22.7	52.5	90.9	109.5	132.3
CL/consensus (12) (EPS%)	-	-	110	113	113
EPS growth (% YoY)	158.2	131.5	73.2	20.4	20.8
PE (x)	61.3	26.5	15.3	12.7	10.5
Adjusted EPS (Rs)	22.7	52.5	90.9	109.5	132.3
Adjusted PE (x)	61.3	26.5	15.3	12.7	10.5
Dividend yield (%)	0.0	0.0	0.0	0.0	0.0
PB (x)	5.2	4.3	3.4	2.7	2.1

Source: www.clsa.com



Financials at a glance

Year to 31 March	2022A	2023A	2024CL	(% YoY)	2025CL	2026CL
Profit & Loss (Rsm)						
Interest income	25,674	33,272	48,946	47.1	60,873	73,220
Interest expense	(9,842)	(12,129)	(17,662)		(22,553)	(27,148)
Net interest income	15,832	21,143	31,285	48	38,320	46,072
Trading income	-	-	-		-	-
Fee income	-	-	-		-	-
Other operating income	1,828	2,237	2,815	25.8	3,724	4,386
Non-interest income	1,828	2,237	2,815	25.8	3,724	4,386
Total op income	17,660	23,380	34,099	45.8	42,045	50,458
Staff & related costs	(4,376)	(5,152)	(6,698)		(8,038)	(9,645)
Other operating expenses	(2,508)	(3,162)	(4,001)		(4,775)	(5,699)
Total operating expenses	(6,884)	(8,315)	(10,699)		(12,812)	(15,344)
Provision OP	10,776	15,065	23,400	55.3	29,232	35,114
Loan-loss provisions	(5,967)	(4,010)	(3,880)		(5,956)	(6,989)
Operating profit	4,809	11,055	19,519	76.6	23,276	28,125
Other income/expenses	0	0	0		-	-
Profit before tax	4,809	11,055	19,519	76.6	23,276	28,125
Taxation	(1,277)	(2,794)	(5,075)		(5,882)	(7,107)
Preference dividends	-	-	-		-	-
Profit for period	3,532	8,262	14,444	74.8	17,394	21,018
Minority interest	0	0	0		0	0
Net profit	3,532	8,262	14,444	74.8	17,394	21,018
Adjusted profit	3,532	8,262	14,444	74.8	17,394	21,018
Balance sheet (Rsm)						
2022A	2023A	2024CL	(% YoY)	2025CL	2026CL	
Net loans	147,653	190,433	242,146	27.2	292,347	351,046
Cash & equivalents	17,614	14,364	28,715	99.9	38,355	50,213
Placements with other banks	-	-	-		-	-
Other interest earning assets	-	-	-		-	-
Total interest earning assets	165,267	204,798	270,861	32.3	330,702	401,259
Net fixed assets	1,066	968	1,113	15	1,280	1,472
Intangible assets	5,254	5,061	0		0	0
Other assets	3,231	7,754	9,473	22.2	11,587	14,189
Total non-interest earning assets	9,550	13,783	10,586	(23.2)	12,867	15,661
Total assets	174,817	218,581	281,447	28.8	343,569	416,920
Customer deposits	0	0	0		0	0
Deposits from banks	-	-	-		-	-
Other int-bearing liabs	129,207	163,123	210,667	29.1	254,342	305,410
Total int-bearing liabs	129,207	163,123	210,667	29.1	254,342	305,410
Other non-int-bearing liabs	3,941	4,389	5,266	20	6,320	7,584
Shareholder funds	41,669	51,069	65,514	28.3	82,908	103,926
Other equity capital	0	0	0		0	0
Total liabs & equity	174,817	218,581	281,447	28.8	343,569	416,920
Total tier 1 capital	34,861	45,199	0		0	0
Total capital	35,903	46,979	0		0	0
Risk weighted assets	155,565	200,048	0		0	0
Average Risk weighted assets	137,756	177,807	100,024	(43.7)	0	0
Ratio analysis						
2022A	2023A	2024CL	(% YoY)	2025CL	2026CL	
Net int inc growth (%)	16.3	33.5	48.0		22.5	20.2
Non-int inc growth (%)	3.8	22.4	25.8		32.3	17.8
Operating inc growth (%)	14.9	32.4	45.8		23.3	20.0
Net profit growth (%)	168.4	133.9	74.8		20.4	20.8
Net interest margin (%)	0.0	0.0	0.0		0.0	0.0
Cost/income (%)	39.0	35.6	31.4		30.5	30.4
Loans/deposits (%)	0.0	0.0	0.0		0.0	0.0
Gross NPLs/total loans (%)	2.7	1.2	1.0		0.9	1.0
Loan provisions/NPLs (%)	70.8	71.7	68.0		77.0	82.0
ROA (%)	2.2	4.2	5.8		5.6	5.5
ROE (%)	9.0	17.8	24.8		23.4	22.5
Tier 1 CAR (%)	25.9	22.7	0.0		0.0	0.0
CAR (%)	26.5	23.6	0.0		0.0	0.0

Source: www.clsa.com

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2Q24: strong PPOP

Figure 1

Summary 2Q24 results

Rsmn	2QFY23	1QFY24	2QFY24	%YoY	%QoQ
Interest Income	7,713	11,052	11,874	54%	7%
Interest Expense	2,732	3,849	4,239	55%	10%
Net Interest Income	4,981	7,203	7,635	53%	6%
Other Income	430	656	602	40%	(8%)
Total Income	5,411	7,858	8,237	52%	5%
Employee Benefit Exp	1,297	1,563	1,618	25%	3%
Total Opex	2,067	2,420	2,611	26%	8%
Operating Profits	3,344	5,438	5,626	68%	3%
Provisions	1,054	764	959	(9%)	25%
Profit Before Tax	2,290	4,674	4,668	104%	0%
Tax Expenses	529	1,189	1,197	127%	1%
Profit After Tax	1,762	3,485	3,470	97%	0%

Product Mix (%)

IGL	158,010	206,700	211,030	34%	2%
Family Welfare	1,850	1,480	1,500	(19%)	1%
Home Improvement	4,290	7,780	8,770	104%	13%
Emergency	70	70	90	29%	29%
Retail Finance	1,170	2,110	3,490	198%	65%
Gross loan portfolio	165,390	218,140	224,880	36%	3%

Disbursements	43,750	47,710	49,660	14%	4%
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Key ratios

Yield on loans	20.8	22.4	22.9	2.1	0.6
Cost of funds	9.0	9.3	9.8	0.8	0.5
Spreads	11.7	13.1	13.1	1.3	0.0
NIM	13.3	14.3	14.6	1.3	0.3
Credit costs	2.6	1.4	1.7	(0.9)	0.3
RoA	4.2	6.2	5.9	1.8	(0.3)
RoE	16.1	26.4	24.7	8.5	(1.7)
GNPA	2.2	0.9	0.8	(1.4)	(0.1)
Provisioning %	2.5	1.6	1.6	(0.9)	0.0

Source: CA Grameen, CLSA

Figure 2

Management's revised guidance for FY24

Loan growth	24-25%
NIM	12.7-12.8%
Cost to income ratio	31-33%
Credit costs	1.6-1.8%
RoA	5.4-5.6%
RoE	24.0-25.0%

Source: Company, CLSA

6% QoQ increase in NII

Provisions increased by 25% QoQ subduing PAT growth

QoQ increase of 30bps in credit costs

70bp increase in NIM led to 4ppt increase in ROE guidance for FY24

Click to rate this research



Beat of our net profit estimate by 9%

Figure 3

2Q24 actuals versus estimates			
Y/E March	2QFY24E	2QFY24A	Var (%)
Interest Income	11,464	11,874	4
Interest Expense	4,054	4,239	5
Net Interest Income	7,410	7,635	3
Other Income	358	602	68
Total Income	7,768	8,237	6
Operating Expenses	2,616	2,611	0
Operating Profit	5,151	5,626	9
Provisions	900	959	6
Profit before Tax	4,251	4,668	10
Tax Provisions	1,063	1,197	13
Net Profit	3,189	3,470	9
% Change (Y-o-Y)	81.0	97.0	

Source: Company, CLSA

Conference call takeaways

Business Updates

- Entered the states of AP and Telangana
- Reiterated 25% AUM growth guidance
- In the new states that the company is entering, the share of new-to-credit customers acquired is 20-25%
- Have a team in place for growing the non-MFI products. Non-MFI loans comprise 1.5% of the portfolio. Disbursed Rs1.6bn in 2QFY24. Target share of this portfolio to reach 12-15% over the next five years.

Funding/Margins

- Focus remains on diversifying the liability profile. Recently raised \$100m via ECBs and Rs10bn via public NCDs.
- Expect cost of funds to peak out at 9.8-9.9%
- Revised FY24 NIM guidance upwards by 60-70bp to 12.7-12.8%. As a result, ROA guidance has increased to 5.4-5.6% and ROE at 24-25%. Should be able to maintain this ROE going forward.

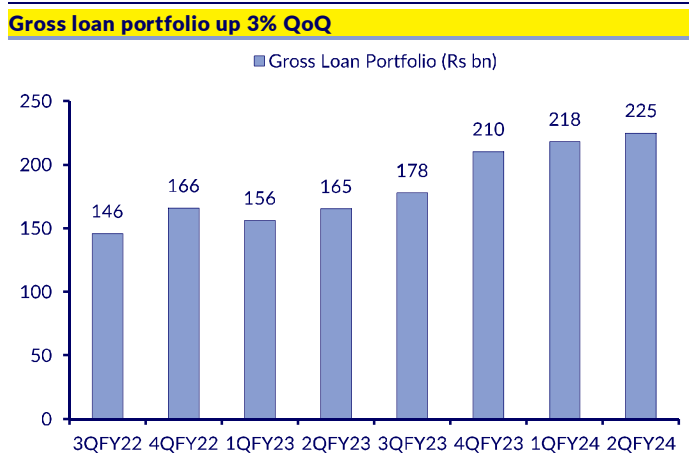
Asset quality

- Credit costs of 1.6-1.8%

Others

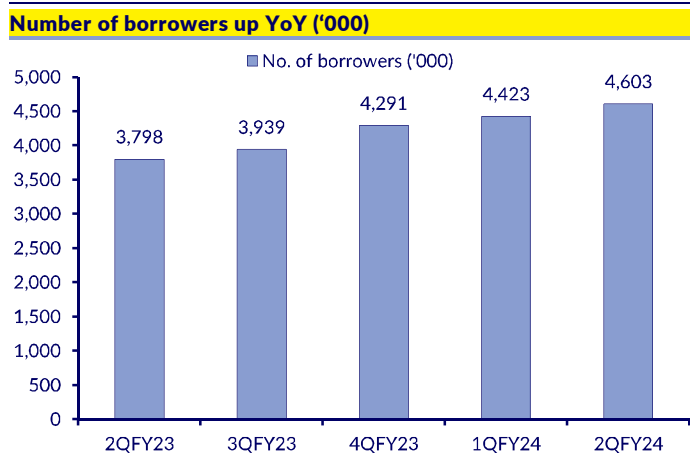
- Fee income jumped due to insurance distribution income (insurance distribution commission jumped from 5% earlier to 12-15% now)
- Attrition rate is 33-34% at loan officer level and 23-24% at middle management level
- The company's customer attrition is 13-15% while that for the industry is 25%+ (according to management)

Figure 4



Source: Company, CLSA

Figure 5



Source: Company, CLSA

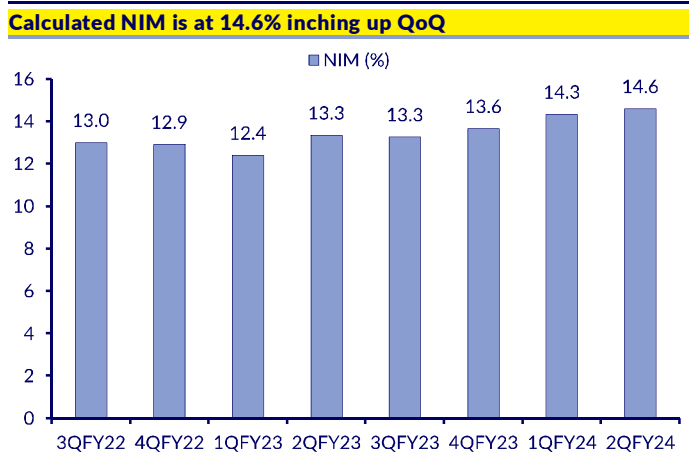
Figure 6

CA Grameen borrowing mix

Borrowing mix (%)	3QFY22	4QFY22	1QFY23	2QFY23	3QFY23	4QFY23	1QFY24	2QFY24
Banks - Domestic	66	63	62	67	54	62	56	53
FPIs - Foreign	10	8	10	10	19	13	19	18
FIs - Domestic	17	17	17	13	12	13	9	11
NBFCs - Domestic	2	2	3	3	3	3	3	3
Direct Assignment	5	10	8	7	7	9	9	7

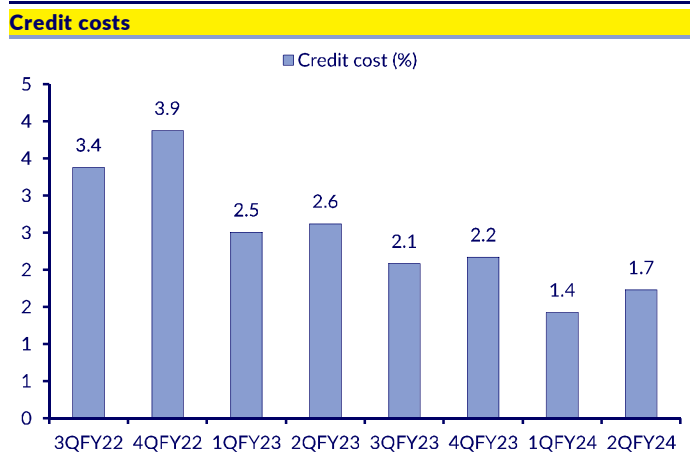
Source: Company, CLSA

Figure 7



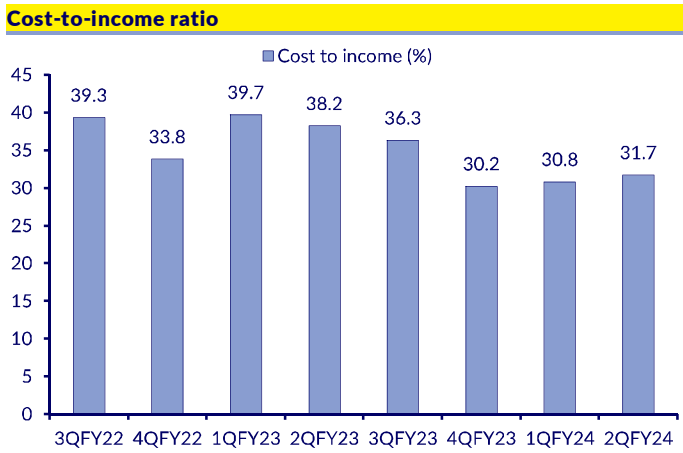
Source: Company, CLSA

Figure 8



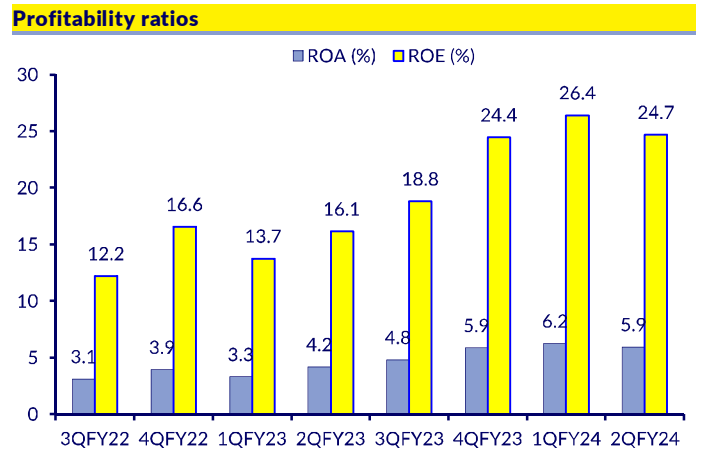
Source: Company, CLSA. Note: Annualised

Figure 9



Source: Company, CLSA

Figure 10



Source: Company, CLSA

Figure 11

We raise our target price from Rs1,600 to Rs1,800 based on 3.1x Sep 25CL

Rsmn	Value	Contribution of value	Avg. ROE assumption	Avg. COE assumption
Sep 25 Networkth	93,417	32.6%		
PV of RI over Mar 25 to FY27CL	23,534	8.2%	22.6%	12.50%
PV of RI over FY28-35CL	59,749	20.9%	19.8%	12.50%
Terminal value	109,664	38.3%	18.6%	12.50%
Total value of the firm	286,365	100.0%		
Total number of shares	159			
Value per share	1,802			
Target price (rounded off)	1,800			
Upside	28.57%			
Implied PB- Sep25	3.1			
Implied PE - Sep25	14.9			
Terminal growth assumption	5.0%			

Assumptions	
Risk free rate	7.00%
Risk premium	5.00%
Beta	1.10
Required Cost of Equity	12.50%

Source: CA Grameen, CLSA

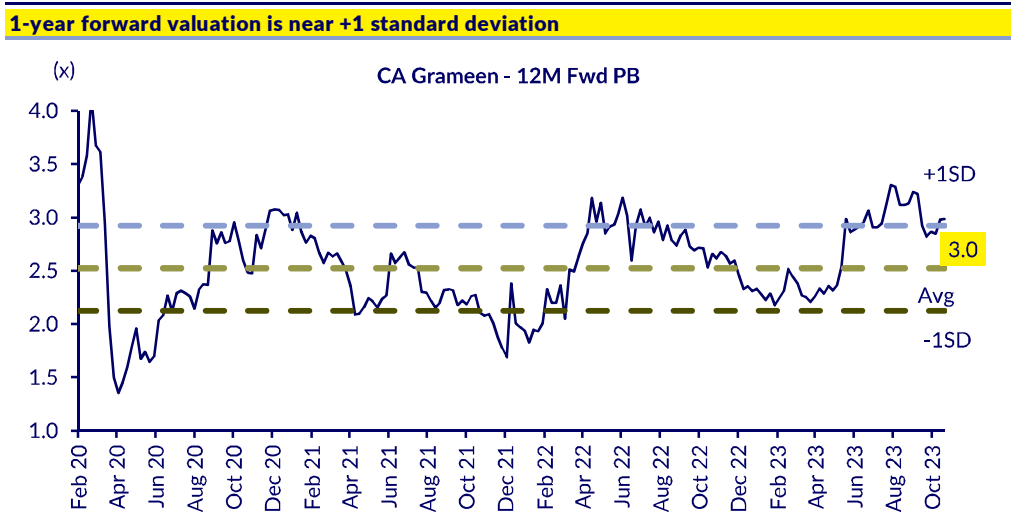
Figure 12

Old target price calculation				
Rsmn	Value	Contribution of value	Avg. ROE assumption	Avg. COE assumption
Mar 25 Networth	80,742	32.5%		
PV of RI over Mar-25 to FY27CL	19,727	7.9%	19.4%	13.05%
PV of RI over FY28-35CL	51,858	20.9%	20.2%	13.05%
Terminal value	96,346	38.7%	19.4%	13.05%
Total value of the firm	248,673	100.0%		
Total number of shares	156			
Value per share	1,598			
Target price (rounded off)	1,600			
Upside	21.81%			
Implied PB- Jun25	2.9			
Implied PE - Jun25	14.7			
Terminal growth assumption	5.0%			

Assumptions	
Risk free rate	7.00%
Risk premium	5.50%
Beta	1.10
Required Cost of Equity	13.05%

Source: CA Grameen, CLSA

Figure 13



Source: BBG, Company

Our target price implies a 3.1x Sep 25CL PB

CA Grameen has superior return ratios to peers

Figure 14

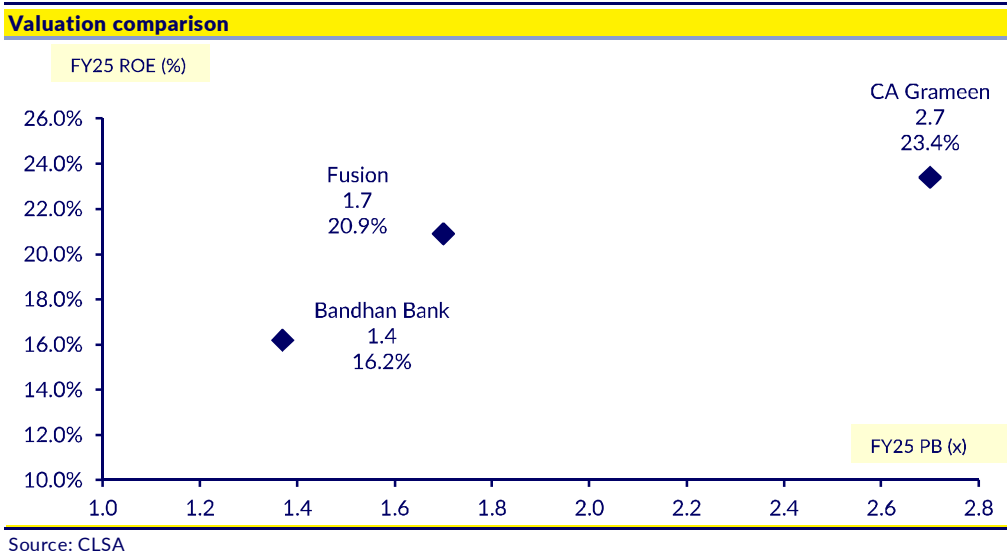


Figure 15

We lift our estimates by 4%-7% over next three years

Rsbm	Old Est.			New Est.			% change		
	FY24	FY25	FY26	FY24	FY25	FY26	FY24	FY25	FY26
NII	30.7	37.4	44.9	31.3	38.3	46.1	2%	3%	3%
Other Income	2.4	2.8	3.4	2.8	3.7	4.4	19%	31%	29%
Total Income	33.1	40.2	48.3	34.1	42.0	50.5	3%	5%	4%
Operating Expenses	10.7	12.4	14.4	10.7	12.8	15.3	0%	3%	6%
Operating Profits	22.4	27.8	33.9	23.4	29.2	35.1	5%	5%	4%
Provisions	4.3	6.0	7.0	3.9	6.0	7.0	(9%)	0%	0%
PBT	18.1	21.8	26.9	19.5	23.3	28.1	8%	7%	4%
Tax	4.6	5.5	6.8	5.1	5.9	7.1	11%	7%	4%
PAT	13.5	16.3	20.1	14.4	17.4	21.0	7%	7%	4%
AUM	267	323	388	267	323	388	0%	0%	0%
Borrowings	211	254	305	211	254	305	0%	0%	0%
RoA	5.4	5.2	5.3	5.8	5.6	5.5			
RoE	23.4	22.4	22.1	24.8	23.4	22.5			

Source: Company, CLSA

Valuation details

Our price target of Rs1800/share implies a 3.1x Sep-25 PB multiple using the residual income method. We have used a risk free rate of 7.0% and equity risk premium of 5.0% with beta of 1.10 to arrive at a cost to equity of 12.5%. Our terminal growth rate assumption is 5%.

Investment risks

1) Majority of the book is unsecured and hence higher risk; 2) Geographic concentration risk: Top-3 states contribute 70%+ of the overall loan book; 3) Risks to margins from rising cost of funds.

Detailed financials

Profit & Loss (Rsm)

Year to 31 March	2020A	2021A	2022A	2023A	2024CL	2025CL	2026CL
Interest income	16,334	22,901	25,674	33,272	48,946	60,873	73,220
Interest expense	(5,783)	(9,287)	(9,842)	(12,129)	(17,662)	(22,553)	(27,148)
Net interest income	10,551	13,614	15,832	21,143	31,285	38,320	46,072
Trading income	-	-	-	-	-	-	-
FX gains/(losses)	-	-	-	-	-	-	-
Fee/Commission income	-	-	-	-	-	-	-
Other operating income	721	1,761	1,828	2,237	2,815	3,724	4,386
Non-interest income	721	1,761	1,828	2,237	2,815	3,724	4,386
Total op income	11,271	15,375	17,660	23,380	34,099	42,045	50,458
Staff related expenses	(2,621)	(3,800)	(4,376)	(5,152)	(6,698)	(8,038)	(9,645)
Property related expenses	-	-	-	-	-	-	-
Other operating expenses	(1,662)	(2,056)	(2,508)	(3,162)	(4,001)	(4,775)	(5,699)
Total operating expenses	(4,283)	(5,856)	(6,884)	(8,315)	(10,699)	(12,812)	(15,344)
Preprovision OP	6,989	9,519	10,776	15,065	23,400	29,232	35,114
Specific provision for loans	-	-	-	-	-	-	-
General provision for loans	-	-	-	-	-	-	-
Other provisions	(2,373)	(7,714)	(5,967)	(4,010)	(3,880)	(5,956)	(6,989)
Loan-loss provisions	(2,373)	(7,714)	(5,967)	(4,010)	(3,880)	(5,956)	(6,989)
Operating profit	4,616	1,805	4,809	11,055	19,519	23,276	28,125
Associate income	-	-	-	-	-	-	-
Other exceptional items	-	-	-	-	-	-	-
Other income/expense	0	0	0	0	0	0	0
Profit before tax	4,616	1,805	4,809	11,055	19,519	23,276	28,125
Taxation	(1,261)	(490)	(1,277)	(2,794)	(5,075)	(5,882)	(7,107)
Profit after tax (before preference dividends)	3,355	1,315	3,532	8,262	14,444	17,394	21,018
Preference dividends	-	-	-	-	-	-	-
Profit for period	3,355	1,315	3,532	8,262	14,444	17,394	21,018
Minority interest	(19)	0	0	0	0	0	0
Net profit	3,336	1,316	3,532	8,262	14,444	17,394	21,018
Adjusted profit	3,336	1,316	3,532	8,262	14,444	17,394	21,018
EPS (Rs)	23.2	8.8	22.7	52.5	90.9	109.5	132.3
Adjusted EPS (Rs)	23.2	8.8	22.7	52.5	90.9	109.5	132.3
DPS (Rs)	0.0	0.0	0.0	0.0	0.0	0.0	0.0

Profit & loss ratios

Year to 31 March	2020A	2021A	2022A	2023A	2024CL	2025CL	2026CL
Growth (%)							
Net int inc growth (%)	31.6	29.0	16.3	33.5	48.0	22.5	20.2
Non-int inc growth (%)	10.9	144.3	3.8	22.4	25.8	32.3	17.8
Operating inc growth (%)	30.1	36.4	14.9	32.4	45.8	23.3	20.0
Operating exp growth (%)	45.7	36.7	17.6	20.8	28.7	19.7	19.8
Loan provision expense growth	nm	nm	nm	nm	nm	nm	nm
Net profit growth (%)	3.7	(60.6)	168.4	133.9	74.8	20.4	20.8
EPS growth (% YoY)	(1.9)	(62.1)	158.2	131.5	73.2	20.4	20.8
Adj EPS growth (% YoY)	(1.9)	(62.1)	158.2	131.5	73.2	20.4	20.8
DPS growth (% YoY)	-	-	-	-	-	-	-
Margins (%)							
Spread (%)	(8.0)	(9.1)	(8.2)	(8.3)	(9.5)	(9.7)	(9.7)
Net interest margin (%)	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Returns (%)							
ROA (%)	3.4	1.0	2.2	4.2	5.8	5.6	5.5
ROE (%)	13.1	4.1	9.0	17.8	24.8	23.4	22.5
Other key ratios (%)							
Non-interest inc/op inc (x)	6.4	11.5	10.4	9.6	8.3	8.9	8.7
Cost/income (%)	38.0	38.1	39.0	35.6	31.4	30.5	30.4
Staff costs/op costs (%)	61.2	64.9	63.6	62.0	62.6	62.7	62.9
Provision exp/loans (%)	2.1	6.6	4.0	2.1	1.6	2.0	2.0
Earnings payout ratio (%)	0.0	0.0	0.0	0.0	0.0	0.0	0.0

Source: www.clsa.com

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Balance sheet (Rsm)

Year to 31 March	2020A	2021A	2022A	2023A	2024CL	2025CL	2026CL
Gross loans	110,989	117,205	147,653	190,433	242,146	292,347	351,046
Loan loss reserve	0	0	0	0	0	0	0
Net loans	110,989	117,205	147,653	190,433	242,146	292,347	351,046
Cash & equivalents	7,176	24,844	17,614	14,364	28,715	38,355	50,213
Placements with other banks	-	-	-	-	-	-	-
Other interest earning assets	-	-	-	-	-	-	-
Total interest earning assets	118,166	142,049	165,267	204,798	270,861	330,702	401,259
Net fixed assets	863	917	1,066	968	1,113	1,280	1,472
Intangible assets	4,931	4,817	5,254	5,061	0	0	0
Other assets	1,943	2,820	3,231	7,754	9,473	11,587	14,189
Total non-interest earning assets	7,737	8,553	9,550	13,783	10,586	12,867	15,661
Total assets	125,902	150,602	174,817	218,581	281,447	343,569	416,920
Current deposits	-	-	-	-	-	-	-
Savings deposits	-	-	-	-	-	-	-
Other deposits	-	-	-	-	-	-	-
Customer deposits	0	0	0	0	0	0	0
Deposits from banks	-	-	-	-	-	-	-
Other int-bearing liabs	95,397	109,413	129,207	163,123	210,667	254,342	305,410
Total int-bearing liabs	95,397	109,413	129,207	163,123	210,667	254,342	305,410
Other non-int-bearing liabs	2,074	3,225	3,941	4,389	5,266	6,320	7,584
Total liabilities	97,470	112,639	133,148	167,511	215,934	260,661	312,994
Share capital	1,440	1,556	1,559	1,589	1,589	1,589	1,589
Retained earnings	25,902	35,360	40,110	49,480	63,925	81,319	102,337
Reserves	0	0	0	0	-	0	0
Treasury stock	-	-	-	-	-	-	-
Shareholder funds	27,342	36,916	41,669	51,069	65,514	82,908	103,926
Minorities/other equity	1,090	1,048	0	0	0	0	0
Total equity	28,432	37,964	41,669	51,069	65,514	82,908	103,926
Total liab & equity	125,902	150,602	174,817	218,581	281,447	343,569	416,920
Non-performing loans	1,421	4,496	3,932	2,364	2,317	2,639	3,684
Credit risk	-	-	-	-	-	-	-
Operational risk	-	-	-	-	-	-	-
Market risk	-	-	-	-	-	-	-
Risk weighted assets	113,684	119,947	155,565	200,048	0	0	0
Average Risk weighted assets	90,972	116,816	137,756	177,807	100,024	0	0
Total tier 1 capital	21,837	31,057	34,861	45,199	0	0	0
Total capital	23,315	32,557	35,903	46,979	0	0	0
BVPS (Rs)	189.9	237.3	267.3	321.4	412.3	521.7	654.0

Balance sheet ratios

Year to 31 March	2020A	2021A	2022A	2023A	2024CL	2025CL	2026CL
Growth (%)							
Loan growth (%)	68.1	5.6	26.0	29.0	27.2	20.7	20.1
Deposits growth (%)	nm	nm	nm	nm	nm	nm	nm
Loans/deposits (%)	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Growth in total assets (% YoY)	71.1	19.6	16.1	25.0	28.8	22.1	21.3
Risk-wtd assets growth (%)	66.5	5.5	29.7	28.6	(100.0)	-	-
Asset quality							
Provision expense/loans (%)	2.1	6.6	4.0	2.1	1.6	2.0	2.0
Gross NPLs/total loans (%)	1.3	3.8	2.7	1.2	1.0	0.9	1.0
Loan provisions/NPLs (%)	75.8	69.8	70.8	71.7	68.0	77.0	82.0
NPL growth/loan growth	394.6	3,863.5	(48.2)	(137.7)	(7.3)	67.0	197.2
Loan provision growth/loan provision expense growth	nm	nm	nm	nm	nm	nm	nm
Capital Adequacy							
Tier 1 CAR (%)	22.3	30.5	25.9	22.7	0.0	0.0	0.0
CAR (%)	23.6	31.8	26.5	23.6	0.0	0.0	0.0
RWA/total assets (%)	90.3	79.6	89.0	91.5	0.0	0.0	0.0
Equity/total assets (%)	22.6	25.2	23.8	23.4	23.3	24.1	24.9

Source: www.clsa.com

DuPont analysis

Year to 31 March	2020A	2021A	2022A	2023A	2024CL	2025CL	2026CL
Net int income/assets (%)	10.6	9.8	9.7	10.7	12.5	12.3	12.1
Non-int income/assets (%)	0.7	1.3	1.1	1.1	1.1	1.2	1.2
Total op income/assets (%)	11.3	11.1	10.9	11.9	13.6	13.5	13.3
Op expenses/assets (%)	4.3	4.2	4.2	4.2	4.3	4.1	4.0
Op profit/assets (%)	15.6	15.4	15.1	16.1	17.9	17.6	17.3
Provision expenses/assets (%)	(2.4)	(5.6)	(3.7)	(2.0)	(1.6)	(1.9)	(1.8)
Other items/assets (%)	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Tax expense/assets (%)	(3.6)	(2.7)	(3.0)	(3.6)	(4.3)	(4.0)	(3.9)
ROA (%)	3.4	1.0	2.2	4.2	5.8	5.6	5.5
ROA incl other items/assets (%)	9.6	7.1	8.4	10.5	12.1	11.7	11.6
Leverage (x)	3.8	4.2	4.1	4.2	4.3	4.2	4.1
ROE (%)	13.1	4.1	9.0	17.8	24.8	23.4	22.5

Source: www.clsa.com



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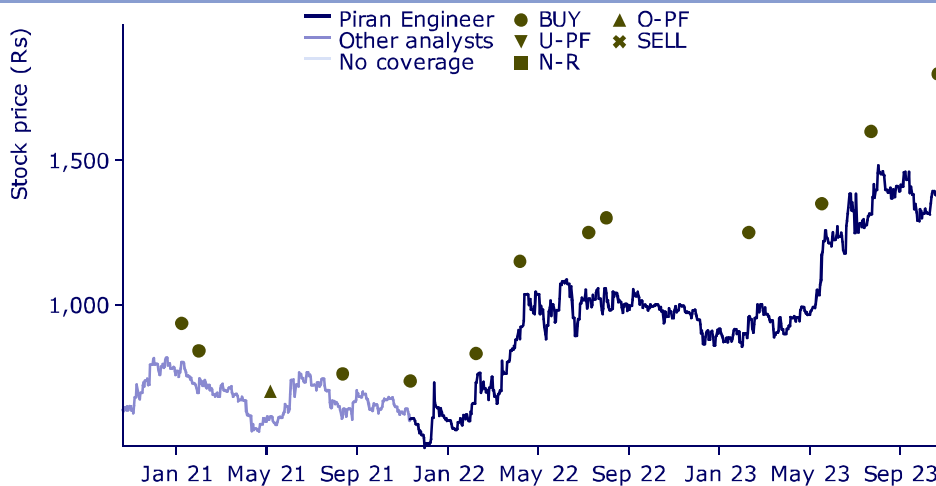
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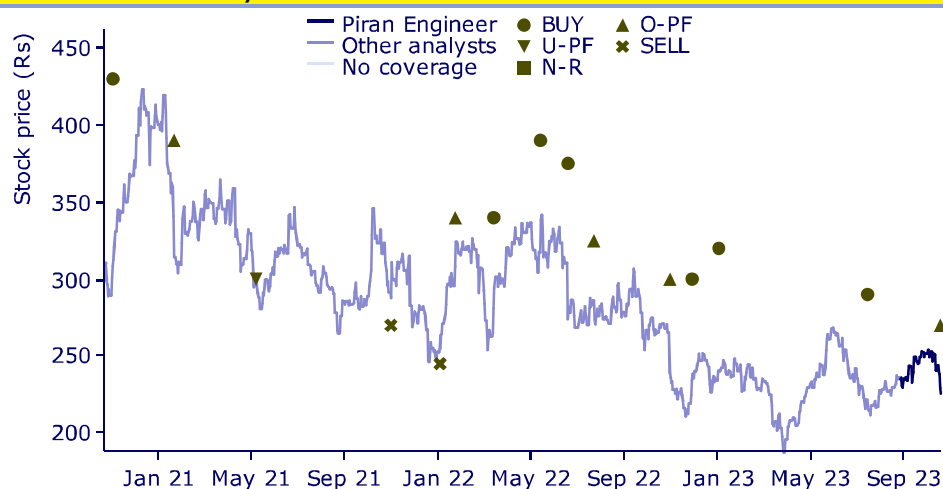
Date	Rec	Target	Date	Rec	Target
LATEST	BUY	1,800.00	07 Feb 2022	BUY	830.00
22 Jul 2023	BUY	1,600.00	11 Nov 2021	BUY	735.00
17 May 2023	BUY	1,350.00	12 Aug 2021	BUY	760.00
08 Feb 2023	BUY	1,250.00	07 May 2021	O-PF	700.00
01 Aug 2022	BUY	1,300.00	31 Jan 2021	BUY	840.00
08 Jul 2022	BUY	1,250.00	08 Jan 2021	BUY	935.00
07 Apr 2022	BUY	1,150.00			

Source: CLSA

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Recommendation history of Bandhan Bank Ltd BANDHAN IN



Date	Rec	Target	Date	Rec	Target
19 Oct 2023	O-PF	270.00	15 Mar 2022	BUY	340.00
16 Jul 2023	BUY	290.00	24 Jan 2022	O-PF	340.00
03 Jan 2023	BUY	320.00	04 Jan 2022	SELL	245.00
29 Nov 2022	BUY	300.00	01 Nov 2021	SELL	270.00
31 Oct 2022	O-PF	300.00	09 May 2021	U-PF	300.00
24 Jul 2022	O-PF	325.00	22 Jan 2021	O-PF	390.00
20 Jun 2022	BUY	375.00	03 Nov 2020	BUY	430.00
15 May 2022	BUY	390.00			

Source: CLSA

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