

Research Report

Bandhan Bank Limited



Prepared By-

SAHIL SHARMA

EQUITY RESEARCH ANALYST

About

Bandhan Bank, one of India's youngest universal banks, is deeply committed to inclusive banking. Its remarkable growth is fueled by the trust of millions of stakeholders. Guided by the principle of 'Aapka Bhala, Sabki Bhalai,' the bank is dedicated to serving customers while also making a positive impact on people's lives.

Bank Outlet

- Metro- 10%
- Urban- 18%
- Semi Urban- 37%
- Rural- 35%
- Total Outlet- 6262 (Latest Data 2/4/24)
- Total ATM- 438 (Latest Data 2/4/24)

Diversified Product Suite

- Groups Loan
- Small Business and Agri Loans
- Retail Assets
- Commercial Banking
- Third Party Products
- Retail Liabilities
- Digital Banking
- Banking Unit Business

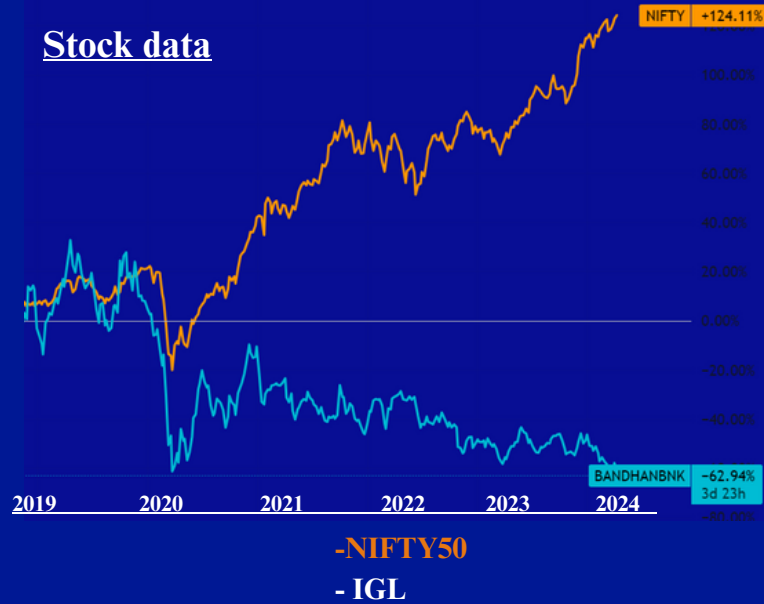
Synopsis of Financials

- Overall advances grew by 18.6% year-on-year and 7.7% quarter-on-quarter
- Retail loan book grew by 70% year-on-year and 15% quarter-on-quarter
- Commercial banking vertical saw growth of 60% year-on-year and 9% quarter-on-quarter
- Housing finance book grew by more than 6%
- Total deposits reached INR 17,000 crores, growing by 15% year-on-year

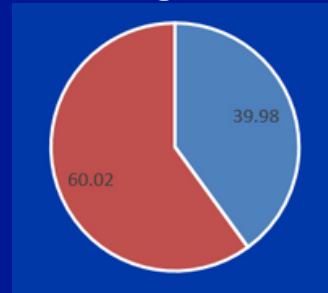
Stock data (as 8th April 2024)

Nifty Price	: 22666.30
52 week High (in Rs.)	: 272
52 week Low (in Rs.)	: 173
Market Cap. (in Crore)	: 29,795
NSE Code	: BANDHANBNK

Stock data



Shareholding Pattern (Dec 2023)



-PUBLIC GROUP
-PROMOTER GROUP

Financial Summary

Particulars	March 2023	March 2022	March 2021
Revenue	15,905	13,872	12,524
Interest	6,645	5,157	4,961
Expenses +	8,693	11,298	6,534
Financing Profit	567	-2,584	1,029
Financing Margin %	4%	-19%	8%
Profit after tax	2,195	126	2,205
EPS in Rs	13.62	0.78	13.69

Quarterly Results



Particular	Jun-22	Sep-22	Dec-22	Mar-23	Jun-23	Sep-23	Dec-23
Revenue	4,055	3,773	3,808	4,268	4,523	4,492	4,665
Interest	1,541	1,580	1,727	1,796	2,032	2,049	2,140
Expenses +	1,666	2,396	2,733	2,040	1,916	2,036	2,099
Financing Profit	848	-203	-653	432	575	407	426
Financing Margin %	21%	-5%	-17%	10%	13%	9%	9%
Other Income +	330	476	1,033	629	385	540	545
Depreciation	0	0	0	0	0	0	0
Profit before tax	1,178	273	381	1,061	960	947	971
Tax %	25%	23%	24%	24%	25%	24%	25%
Net Profit +	886	209	291	808	721	721	733

Source: Screener

Key Ratios

Particulars	Year ended March 31, 2023	Year ended March 31, 2022
Interest income as a percentage to working funds ¹	10.89%	11.06%
Non-interest income as a percentage to working funds ¹	1.69%	2.25%
Cost of Deposits	5.58%	5.25%
Net Interest Margin	7.21%	8.18%
Operating profit as a percentage to working funds ^{1,2}	4.86%	6.39%
Return on assets ¹	1.50%	0.10%
Profit per employee (₹ in crore) ³	0.034	0.002
Business (deposits less inter-bank deposits plus advances) per employee (₹ in crore) ^{3,4}	3.02	3.25

Source: Annual Report

Yearly Results

Particulars	Mar 2023	Mar 2022	Mar 2021
Equity Capital	1,611	1,611	1,611
Reserves	17,973	15,770	15,798
Borrowings	1,32,780	1,16,252	94,933
Other Liabilities	3,406	5,362	2,675
Total Liabilities	1,55,770	1,38,995	1,15,016
Fixed Assets	509	415	432
CWIP	346	173	55
Investments	32,366	29,079	25,155
Other Assets	1,22,549	1,09,329	89,374
Total Assets	1,55,770	1,38,995	1,15,016

Synopsis Quater Results

Con-Call Jan 24: Key Highlights

Financial Performance:

- Retail deposit and retail term deposits grew by 18% and 22% year-on-year, respectively
- CASA deposit stood at INR 42,413 crores with a growth rate of 14% year-on-year
- Gross NPAs improved to 7% from the last quarter, while net NPAs stood at 2.2% in Q3 FY24
- Net profit of INR 733 crores, a year-on-year growth of 152%
- Net interest margin improved to 7.2% compared to the previous quarter

Strategic Initiatives:

- Secured assets as part of the loan book increased to 44.5% in Q3 FY24
- Bank aims to have nearly 50% of its portfolio in secured assets by FY26
- Expansion in branch network with 26 new branches added
- Growth in digital banking with 95% of total transactions happening digitally
- New senior leadership talent onboarded to drive growth in retail and consumer lending

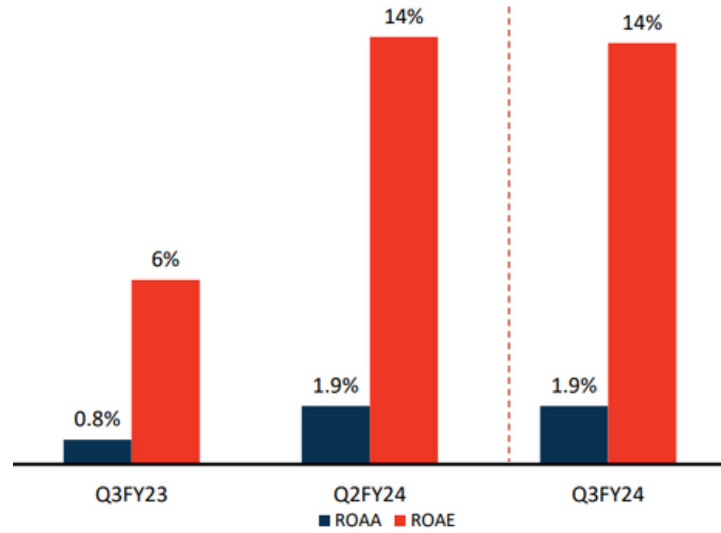
Outlook and Future Plans:

- Overall collection efficiency remained healthy at 99% for December quarter 2023
- Expect growth momentum to continue in major business verticals in the coming quarters
- Focus on recovery and reducing NPA buckets to positively impact future performance.

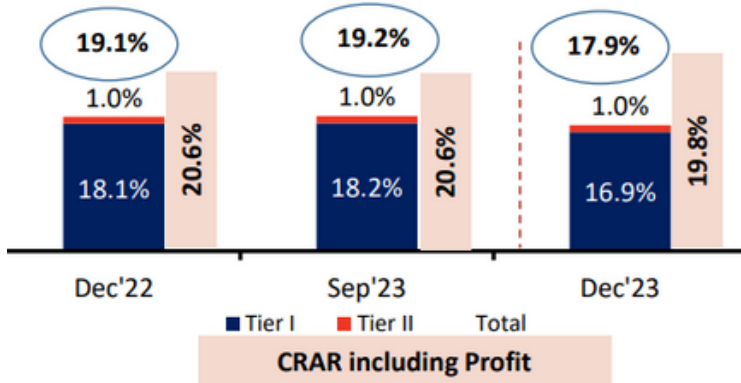
Revenue Highlights



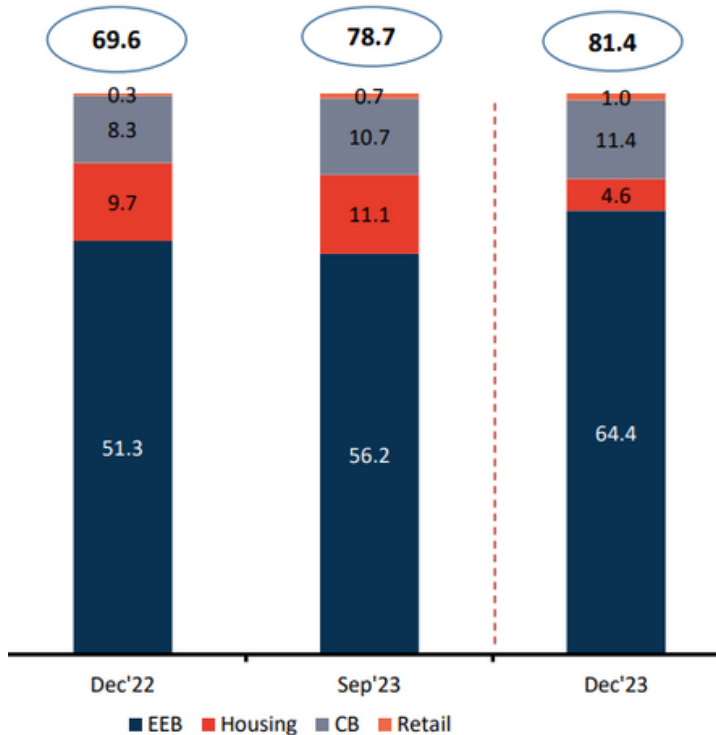
ROAA & ROAE (Annualized)



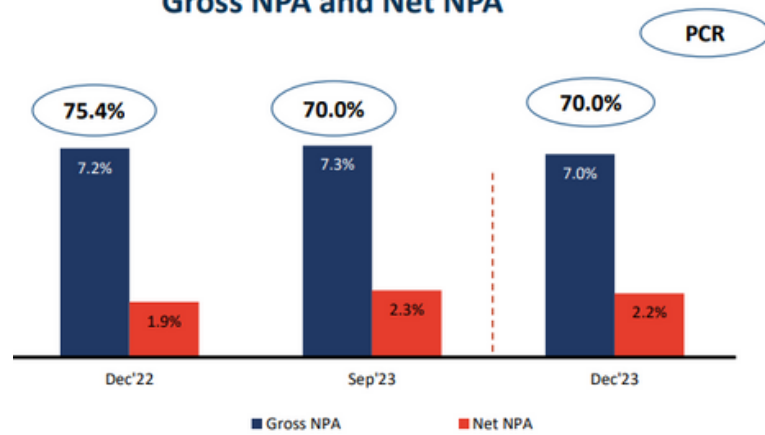
Capital Adequacy Ratio (CRAR)



Segmental GNPA movement (₹ in Bn)

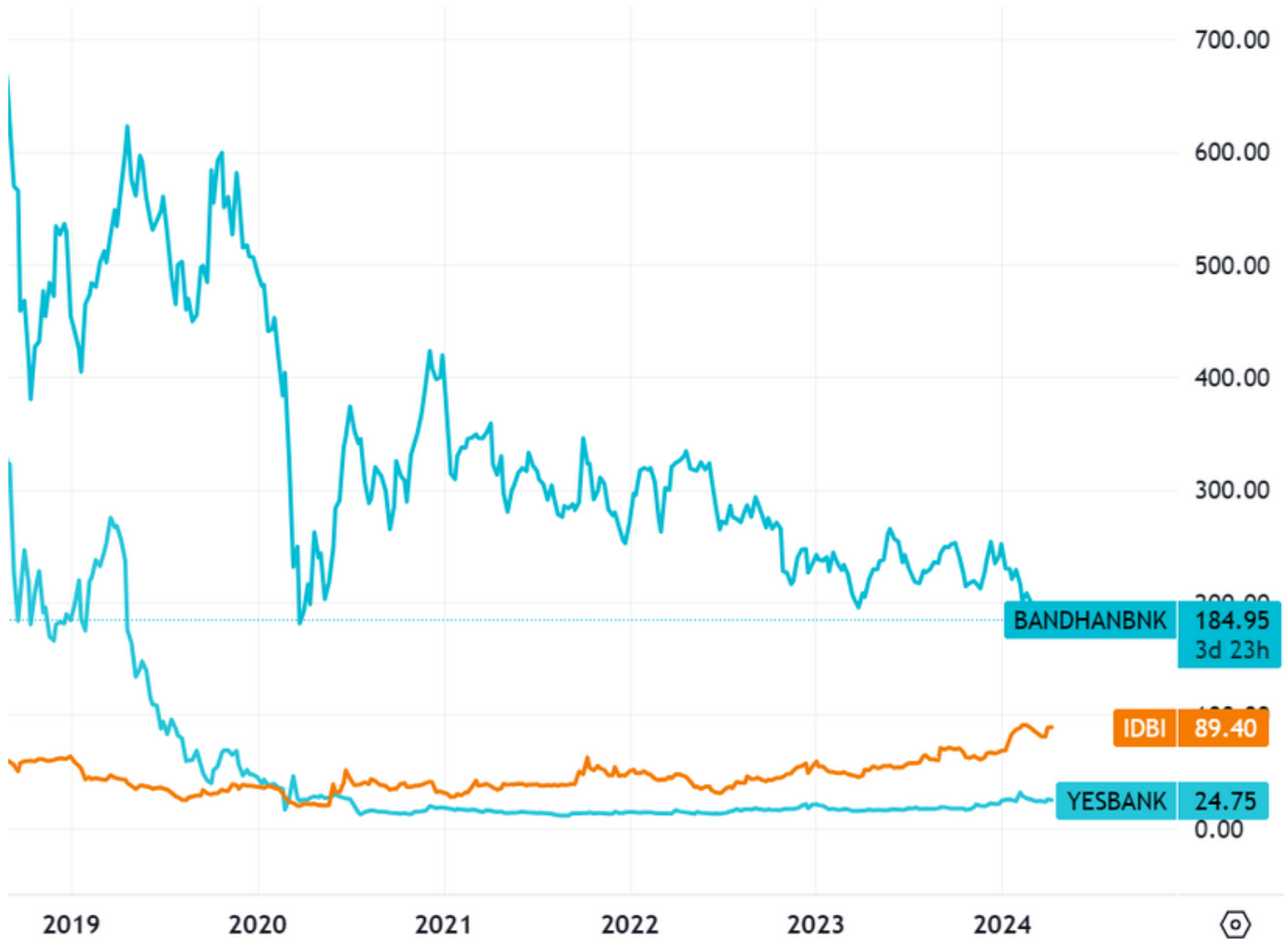


Gross NPA and Net NPA



Peer Comparison

Peer Stock Performance (5Y) Indexed



Source: Trading View

Peer Financial Performance

Name	CMP Rs.	P/E	Mar Cap Rs.Cr.	Div Yld %	NP Qtr Rs.Cr.	Qtr Profit Var %	Sales Qtr Rs.Cr.	Qtr Sales Var %	ROCE %
IDBI Bank	89.40	17.97	96126.58	1.09	1514.59	59.66	6548.98	25.23	4.26
Yes Bank	24.75	69.53	71200.51	0.00	242.59	340.51	6988.73	18.98	4.94
Bandhan Bank	184.95	9.88	29794.80	0.82	732.72	152.17	4665.43	22.53	6.67

Source: Screener

Final Outlook

BANDHANBNK: HOLD | LTP: 185.25

- The bank's advances have accelerated 11 per cent quarter-on-quarter (QoQ) and 18 per cent YoY, meeting management guidance.
- Collection efficiency in the EEB book remains strong at 99 per cent.
- For the March quarter, Bandhan Bank reported a 17.8% growth in loans and advances compared to the same quarter last year, while total deposits grew by 25.1% year-on-year. The loan growth is calculated after reducing the sale of its NPA portfolio worth ₹720 crore to an Asset Reconstruction Company (ARC). This figure also includes short-term loans against Fixed Deposits amounting to ₹2,151 crore.
- Most recently, Bandhan Bank has been downgraded to "underperform" by brokerage firm Jefferies from its earlier recommendation of "buy" after its founder & CEO Chandra Shekhar Ghosh resigned with effect from July 9 this year.
- In my assessment, it is recommend that investors should refrain from purchasing shares of the company. Relative to its competitors, the company's net profit appears to be comparatively lower. Therefore, from an investment perspective, it may be prudent to explore alternative opportunities with higher potential returns.