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Why Yes Bank Share Prices are Falling

Introduction

- Yes Bank Limited is India's fourth largest private sector bank, founded by Rana Kapoor and Ashok Kapoor in 2004.
- Yes Bank Limited derives most of its revenues through arranging syndicated loans and through corporate banking. It operates as three entities - Yes Bank, Yes Capital and Yes Asset Management Services as per the banks website.
- As on 30 June 2019, Yes Bank had 1, 122 branches and 1,220 ATMs in India.
- Yes Bank has equities listed on the Bombay Stock Exchange and National Stock Exchange of India and has bonds listed on London stock exchange
- Yes Bank was listed in the stock exchanges of India post its IPO in May 2005 at an issue price of Rs.45

Yes Bank Glory Day's

- Yes Bank Made Rapid growth in Banking sector exploring all the potential option available.
- Yes Bank has become 10th-largest bank by market value.
- YES BANK had been recognized amongst the Top and Fastest Growing Banks in various Indian Banking League Tables by prestigious media houses and Global Advisory Firms
- Headquartered in Mumbai, it has a pan-India presence across all 29 states and 7 Union Territories in India including an IBU at GIFT City, and a Representative Office in Abu Dhabi.



- **Let's see Yes Bank's Glory with timeline from next page.**

Year 2005

- Yes Bank on May 12, 2005, forays into retail banking with launch of International Gold and Silver debit card in partnership with MasterCard International.
- Yes Bank has announced that it will enter the capital market with its initial public offer on June 15 to raise Rs 266-315 crore. The issue will close on June 21. The price band for the shares had been fixed at Rs 38-45.
- Yes Bank initial public offer oversold 8.27 times on day 1.
- Yes Bank joins hands with IBM for tech infrastructure.

Year 2006

- Yes Bank Launches YES MICROFINANCE
- Yes Bank join hands with Reuters

Year 2007

- YES BANK received the Euro money - Trade Finance 'Deal of The Year' award for a structured & innovative Rural Financing solution in providing loans to over 2000 nomadic honey bee farmers in Jammu & Kashmir.
- The **only Indian private sector Bank** to have won this award as the lead arranger out of a total of 367 deals presented across 30 countries.

Year 2008

- The UAE-based private bank, Mashreq, has entered into an alliance with YES Bank to launch global Indian banking services across UAE.
- YES Bank ties up with Cisco for voice-enabled phone banking -YES BANK received the 'Best Corporate Social Responsibility Practice' award at the Social & Corporate Governance Awards 2007

Year 2009

- Yes Bank was awarded the 'Most Innovative Bank in India' at the New Economy First Annual Banking and Finance Awards 2008 held in London and were announced in the December 2008 issue of the International Magazine, New Economy.
- Yes Bank is the **only Indian Bank** to have won this award.

Year 2010

- YES Bank has joined hands with handset maker Nokia to offer mobile payment services that will enable consumers pay for goods and services using their mobile devices.

Year 2011

- YES Bank enters into a strategic alliance with Dewan Housing Finance Corporation Limited (DHFL).
- Yes Bank hikes saving deposit rate from 6% to 7%
- YES BANK recognized as "India's Fastest Growing Bank of the Year" at the Bloomberg UTV Financial Leadership Awards 2011.
- YES BANK enters into an MoU with the Government of Gujarat

Year 2012

- Yes Bank gets RBI nod for broking subsidiary
- YES BANK awarded 'The Financial Insights Innovation Award at the Asian Financial Services Congress, Singapore.
- YES BANK launches India's first Social Deposit Account.

Year 2013

- Yes Bank joins IPL with 5-year sponsorship deal

Year 2014

- YES BANK receives Ratings Upgrade from ICRA on its various Debt Programs".

Year 2015

- YES BANK becomes the first Indian bank to be selected in Dow Jones Sustainability Indices -YES BANK and London Stock Exchange Group sign MoU.
- Yes Bank Signs Loan Agreements with Optic and Wells Fargo to Support Small Business Growth in India.

Year 2016

- YES BANK awarded 'The Best Bank at National Level' by State Forum of Bankers Club, Kerala.

Year 2017

- YES BANK partners with Gupshup to introduce AI powered Chatbots for instant loan offering
- YES Bank Ltd launches first-in-industry Customizable Savings Account.
- Yes Bank awarded for 'API Banking' Innovation at Fintec India Conference & Awards
- Yes Bank has been recognized as the 'Best Social Bank' (in the mid-sized Bank category) during the ASSOCHAM 12th Annual Banking Summit cum Social Banking Excellence Awards.
- Yes Bank partners with Paisabazaar.com

Historical Analysis of Gain in Single Day of Stock Price

Below is an analysis of how stock prices gained over period of time.

Date	Percentage Gain in Single Day
14-Feb-19	30.57%
18-May-09	25.25%
19-Sep-13	22.43%
5-Sep-13	21.80%
25-Mar-08	20.39%
23-Jul-08	16.80%
3-Nov-08	13.93%
26-Mar-08	13.11%
2-Aug-05	13.11%

Uptrend Price Analysis

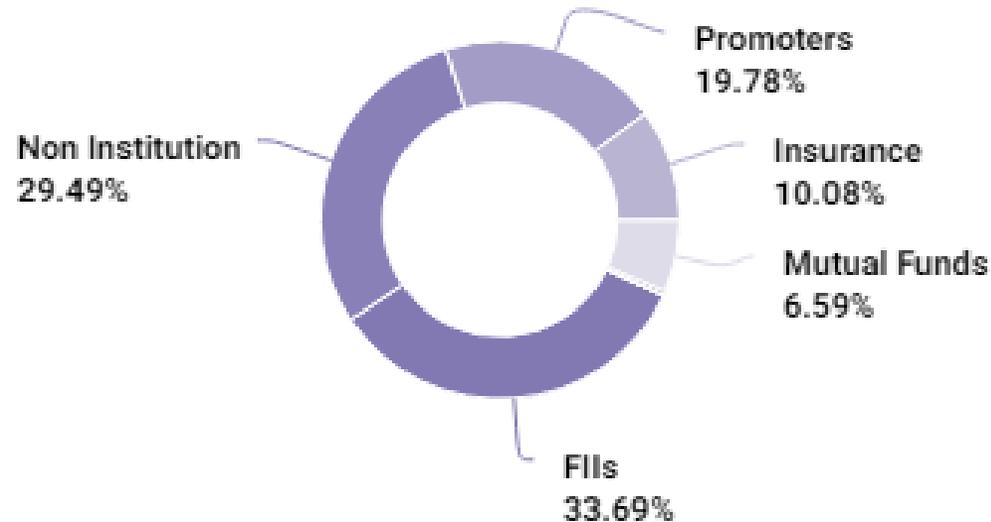
- Yes bank Share grew considerably over various quarters. Below are some of few examples
- 9th May 2014 Share price of Yes bank was 96.91 , just in 3 years time period i.e. 9th May 2017 Share price of Yes bank went to 320. 5
- And on 21 Aug 2018 it made a **life time high** of 396
- i.e. in just span of 3 years share price went up by 224 or by 82 %



Present Holding's in Yes Bank

- From Below we can see that promoters holding in the company has reduced significantly and the same is continued over various quarters, This is an Indirect indications to not put money in such stock

Shareholding Snapshot



Shareholding Compare (%holding) i

Jun 19	Mar 19	Change(%)
Promoters		
19.78%	19.8%	-0.02%
FIIs		
33.69%	40.33%	-6.64%
Mutual Funds		
6.59%	9.54%	-2.95%
Insurance Companies		
10.08%	11.1%	-1.02%
Other DIIs		
0.36%	0.34%	0.02%
Non Institutional Investors		
29.49%	18.89%	10.60%

Start of Problem for Company



- Company was Performing well in all indices and as well as from shareholders point of view also.
- Trouble began around September 2018 when the Reserve Bank of India (RBI) asked co-founder Rana Kapoor, the bank's CEO since 2004, to step down.
- Before the RBI decision, Yes Bank's shares were hovering at levels close to Rs400.
- On September 21st 2018 RBI has trimmed the term of founding CEO Rana Kapoor to January 31, 2019, rejecting the lender's request to extend his tenure by three years Further, the apex bank has instructed to look for his replacement by January 2019.
- Decision by RBI to remove CEO caused a chain reaction for the company.
- The bank's stock has lost nearly half its value, after the lender reported a record loss for the quarter ended March 31, 2019. From Rs255 (\$3.66) on April 18, its shares closed at Rs134.55 apiece on BSE on Friday (May 17).
- **“While the central bank never offered a reason for booting out Kapoor, it is widely believed that repeated under-reporting of bad loans on the bank's books in financial years 2016 and 2017 led to his exit”.**

From Bad to Worse

- The Record Loss of Rs 1,507 posted in the March quarter of the last financial year, came after Yes Bank decided to make provisions for loans that could go bad in future.
- The lender also announced that the cleanup of its books could take time and put Rs10,000 crore worth of loans on the watch list, as these have the potential to turn sour in the future.
- In the March quarter, the share of gross non-performing assets at the bank more than doubled to 3.22% of overall loans, from 1.28% in the year-ago period
- It is likely that the share of bad loans can increase further
- The bank has exposure to some stressed groups that have seen fast credit deterioration in the last six months. So, if there are significant delays in resolution plans or any other unforeseen trouble, then there is a possibility that the watch list of Rs10,000 crore may be breached

More Pain

- Recently, the RBI also appointed R Gandhi, a former central bank deputy governor, as an **additional director** on the board of Yes Bank for two years. The Record Loss of Rs 1,507 posted in the March quarter of the last financial year, came after Yes Bank decided to make provisions for loans that could go bad in future.
- This is an **unusual move** and signals that the **regulator wants to keep a close eye** on the bank considering the governance issues that were highlighted under Kapoor's term, believe experts.
- At the moment, there are other banks doing well, so the investors have choices. And the lender needs to assure the investors over the next few quarters that its strategy is paying off.
- Given the concerns over RBI's vigil, it's unlikely that the stock is likely to pull up any time soon.



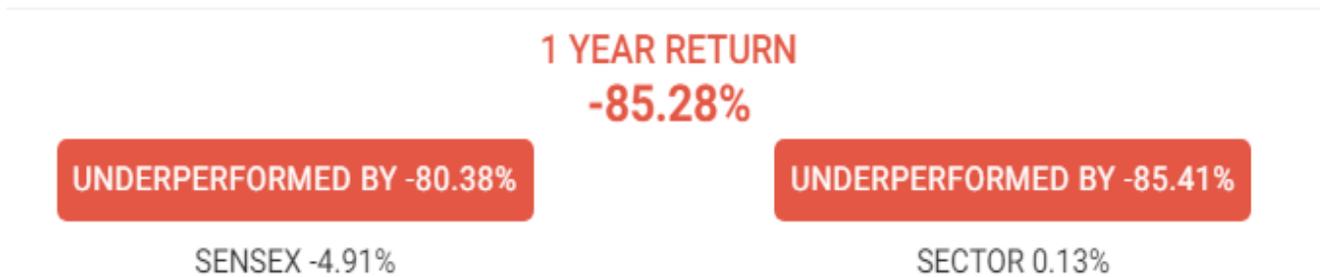
Historical Analysis of Loss in Single Day of Stock Price

Below is an analysis of how stock Lost Price over single day.

Date	Percentage Gain in Single Day
30-Apr-19	-29.17%
21-Sep-18	-29.04%
10-Oct-08	-20.19%
17-Mar-08	-14.80%
22-Aug-19	-13.91%
18-Mar-08	-13.89%
24-Oct-08	-13.45%
13-Jun-19	-13.10%
18-Jul-19	-12.80%
24-Jul-13	-12.61%
6-Oct-08	-12.41%
8-Oct-08	-11.83%

Weak Fundamentals

- From below we can see that this stock particularly has underperformed over the period of time across all horizons.



Stock Return v/s Sensex i

1D -12.00%	1W -24.82%	1M -36.86%	3M -58.21%
-1.76%	-2.42%	-4.27%	-6.91%
6M -74.07%	YTD -68.34%	1Y -85.28%	2Y -83.20%
1.49%	0.94%	-4.91%	16.35%
3Y -78.58%	4Y -58.39%	5Y -50.71%	10Y 66.14%
30.09%	33.04%	37.80%	138.88%

■ Stock Absolute Returns
 ■ Sensex Absolute Returns

High Risk and Low Return

- From 1 year comparison it shows that Yes bank Stock are at High Risk , low Return whereas the competitor Stocks are Low Risk and High Return

Risk Adjusted Returns v/s Sensex i

1W 1M 6M YTD **1Y** 3Y

High Risk Low Return

	Absolute	Risk Adjusted	Volatility
Yes Bank	-85.37%	-1.04	82.29%
SENSEX	-4.83%	-0.35	13.68%



Quarterly Result Comparison

- Currency prices are affected by a variety of economic and political conditions, but probably the most important are



Interest Earned - YoY Growth in quarter ended Jun 2019 is 18.82% vs 41.35% in Jun 2018



Net Profit - YoY Growth in quarter ended Jun 2019 is -90.97% vs 30.54% in Jun 2018

	Jun'19	Jun'18	Change(%)
Interest Earned	7,816.14	6,578.04	18.82%
Operating Profit (PBDIT)	1,959.09	2,454.71	-20.19%
% of Net NPAs	2.91%	0.59%	2.32%
% of Gross NPAs	5.01%	1.31%	3.70%
Exceptional Items	0.00	0.00	
Net Profit	113.76	1,260.36	-90.97%

Figures in Rs cr

Seasonal companies are compared with the same quarter last year

Net Cash Flow for Last 10 year

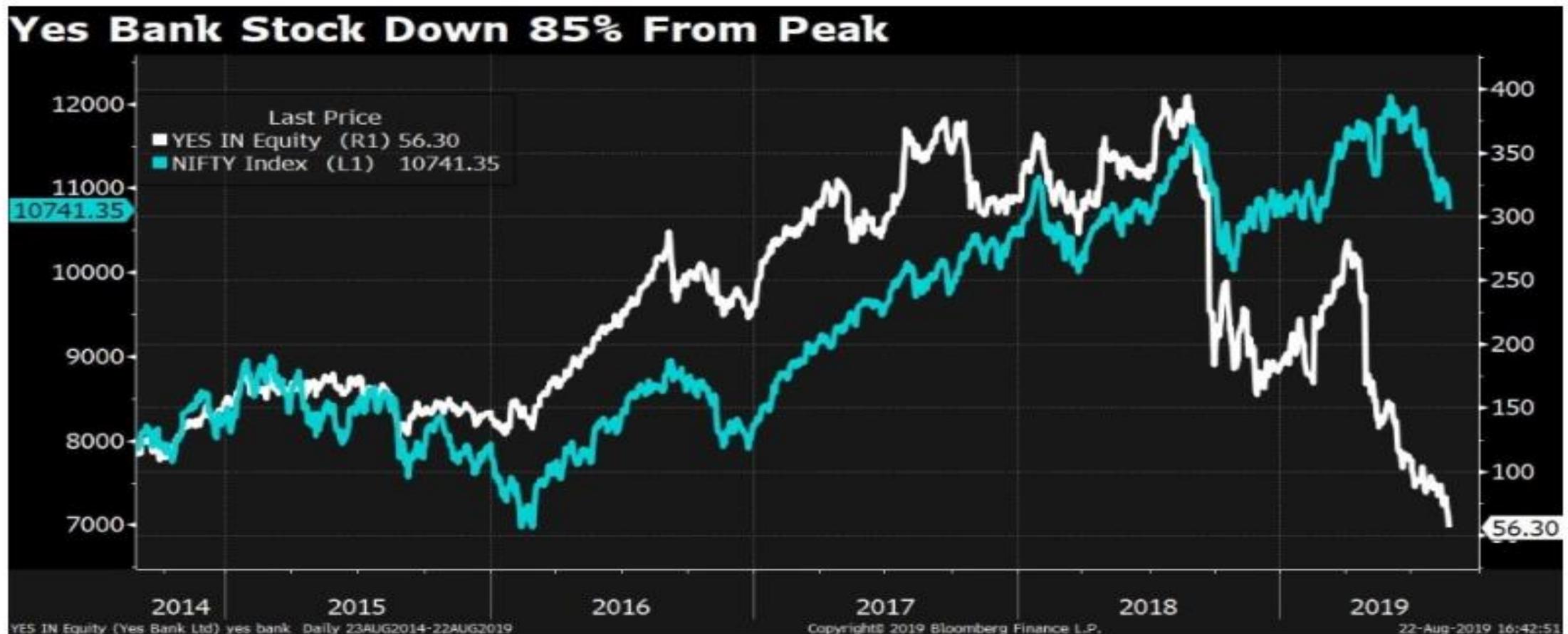
	Mar 2008	Mar 2009	Mar 2010	Mar 2011	Mar 2012	Mar 2013	Mar 2014	Mar 2015	Mar 2016	Mar 2017	Mar 2018	Mar 2019
Cash from Operating Activity +	-196	1,265	960	3,051	3,588	541	4,449	-2,340	-292	4,379	-21,878	-24,661
Cash from Investing Activity +	-50	-1,690	-2,006	-3,424	-4,863	-6,742	-2,799	-3,608	-4,036	-4,477	-8,685	-6,223
Cash from Financing Activity +	581	720	1,797	1,196	1,365	6,681	176	7,574	4,989	11,429	35,748	33,039
Net Cash Flow	335	295	751	823	90	480	1,826	1,625	661	11,331	5,185	2,155

Peer Comparison

S.No.	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 %
1.	HDFC Bank	2174.10	26.62	594457.66	0.69	5676.06	18.05	29176.45	21.68	7.69
2.	Kotak Mah. Bank	1478.25	39.38	282283.14	0.05	1932.21	26.42	8314.19	20.44	7.92
3.	ICICI Bank	399.10	38.10	257647.58	0.25	2513.69	50887.63	20365.87	21.67	4.82
4.	Axis Bank	661.15	34.28	173226.58	0.15	1261.40	74.74	15534.82	19.49	5.70
5.	IndusInd Bank	1335.65	25.03	92550.52	0.49	1432.50	38.31	6961.37	37.36	7.62
6.	Bandhan Bank	458.45	25.20	54697.90	0.65	701.14	45.55	2120.56	36.27	10.48
7.	IDFC First Bank	43.00		20564.65	1.74	-611.64	-419.24	3865.71	62.55	3.97
8.	Yes Bank	56.30	25.03	14358.24	3.22	113.76	-90.97	7816.14	18.82	6.68

Comparison of Yes Bank With Bank Nifty Index

- Yes Bank share have under performed the benchmark Nifty over time horizon . The Bank has been worst Nifty Performer, falling 69 % from start of the year while benchmark index dropped by 1 %



Thank You

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