

AXIS BANK LTD | Banking

Sturdy Provision and Capital Buffer

LKP

Result and Price Analysis

2QFY21 marks the manifestation of moderately higher provisioning expenses (₹45.8bn v/s ₹41.1bn in the previous quarter) and net profit of ₹16.8bn against ₹11.1bn in the previous quarter. As the asset classification stands still, the bank's total slippages number remains low (₹9.3bn v/s 22.1bn in 1QFY21) with GNPA and NNPA ratio declined to 4.18% and 0.98% respectively. The Pro-forma GNPA and NNPA ratio would be 4.28% and 1.03% respectively. The bank's PCR has seen further improvement to 77.2% v/s 74.8% in the previous quarter. However the collection efficiencies (80% of Pre-COVID level) remain lower than peers and 30 plus DPD (excluding GNPA) stood 2.3% of book. Furthermore, the BB & below book inched up 1.4% of customer assets v/s 1% in the previous quarter. On business front, credit growth (10.5% YoY & 2.7% QoQ) and deposit growth (8.8% YoY & 1.2% QoQ) was better than previous quarter. The future outlook on asset quality is vague as the asset classification remains standstill. The bank has made strong COVID provision buffer and it stands 2.18% of the loan book. In view of adequate buffer and strong capital position (CET 1 of 16.06%) post dilution, we have a positive outlook with BUY rating.

Gazing the core

Strong provisioning to provide comfort: The bank has made incremental COVID provision of ₹12.8bn and overall COVID provision stood at ₹50.1bn as of 2QFY21. The bank's PCR stood at 77.2% v/s 74.8% in the previous quarter. PCR (including tech. write offs) stood at 88% and Aggregate PCR (Specific provision + COVID provision + General Provision + Contingency Provision) stood at 124% of GNPLs. The contingent provisioning (COVID + standard asset) stood 2.18% of the loan book. However the collection efficiencies stood 80% of Pre-COVID level and 30 plus DPD (excluding GNPA) stood 2.3% of book. Furthermore, the BB & below book inched up 1.4% of customer assets v/s 1% in the previous quarter. The bank has provided ₹125.4bn and ₹31.4bn for contingencies and BB & below book respectively. We believe, the provisioning would be adequate factoring the current scenario.

Growth coming on track with sound liquidity: The bank's advances stood at ₹5.76tn; grew by 10.5% YoY and 2.7% QoQ, Corporate book (36.5% of book) grew by 2.2% QoQ. Retail book (53% of book) grew by 2.4% sequentially. SME book (10.5% of book) grew by 6% QoQ. Management sounded caution and keep conservative stand on further loan book growth where bank's liquidity position remains strong with LCR of 117% and excess SLR of ₹266bn.

Stable operational quarter: NII witnessed a strong growth of 20% YoY and 5% QoQ. The NIMs improved 18bps to 3.58%. Separately, cost-to-income ratio declined to 38% (v/s 42.5% in FY20) and the provisioning expenses (₹45.8bn v/s ₹44.1bn in 1QFY21) have resulted in net profit of ₹16.8bn. The reported ROA and ROE stood at 0.73% and 7.95% respectively.

Outlook & Valuation

We value the standalone bank with PBV of 1.7x FY21E Adj. BVPS of ₹322 and value of subsidiaries per share of ₹40 to reach a price target of ₹587. We recommend a BUY with potential upside of 16%.

Key Financials (₹ mn)	FY19	FY20	FY21E	FY22E	FY23E
NII	217,082	252,062	287,350	328,021	375,247
Operating Profit	190,048	234,381	247,518	282,599	322,233
Reported Profits	46,763	16,272	22,841	52,270	83,654
Net Worth	666,763	849,478	872,319	909,302	975,970
Loan & Advances	4,947,980	5,714,242	6,114,239	6,664,520	7,397,617
Int. Bearing Liabilities	7,012,471	7,880,591	8,309,328	8,884,317	9,744,728

Key Ratios (%)	FY19	FY20	FY21E	FY22E	FY23E
NIM's	3.2	3.2	3.4	3.6	3.8
C/I	45.4	42.5	42.2	41.0	40.1
Gross NPA	5.3	4.9	5.2	5.0	4.1
Tier 1	12.5	14.6	14.0	13.6	13.2
Adj. RoA	0.6	0.2	0.2	0.5	0.8
Adj. RoE	7.2	2.1	2.7	5.9	8.9

Rating	Buy
Current Market Price (₹)	505
12 M Price Target (₹)	587
Potential upside (%)	16

Stock Data

FV (₹) :	2
Market Cap Full (₹ bn) :	1,545
Market Cap Free Float (₹ bn) :	1,259
52-Week High / Low (₹) :	766 / 285
2-Year High / Low (₹) :	828 / 285
1 Year Avg. Dly Traded Volume (in lakh) :	257
BSE Code / NSE Symbol :	532215 / AXISBANK
Bloomberg :	AXSB:IN

Shareholding Pattern (%)

	Sep-20	Jun-20	Mar-20	Dec-19
Promoter	14.78	15.99	16.00	16.08
FPIs	49.24	45.96	45.49	48.35
MFs	18.59	19.61	20.51	18.89
Insurance	2.22	2.26	2.21	1.93
Others	15.17	16.18	15.79	14.75

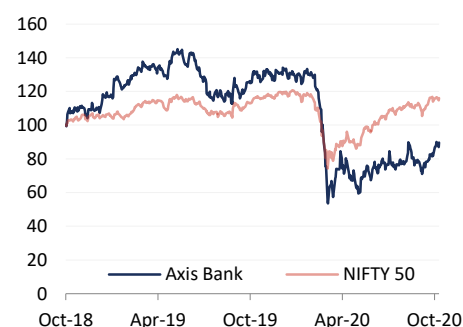
Source: BSE

Price Performance (%)

(%)	1M	3M	6M	1YR
Axis Bank	14.9%	15.5%	10.8%	-28.9%
Nifty 50	4.5%	3.8%	25.0%	0.9%

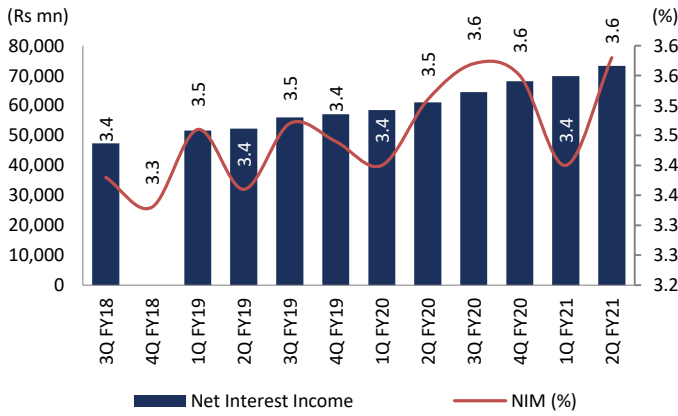
* To date / current date : October 28, 2020

Axis Bank vs Nifty 50

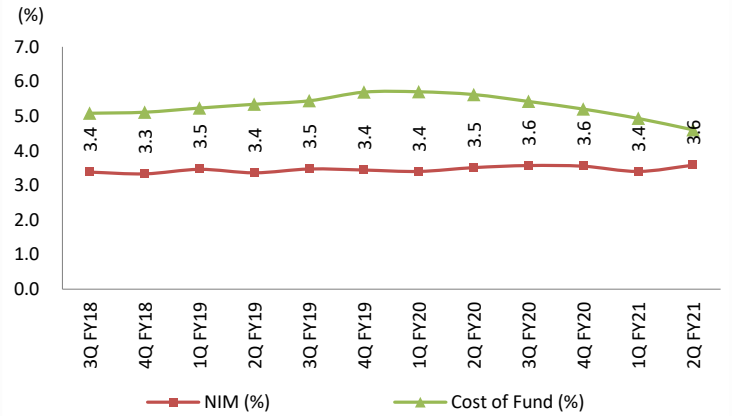


Quarterly story in charts

NII Trend

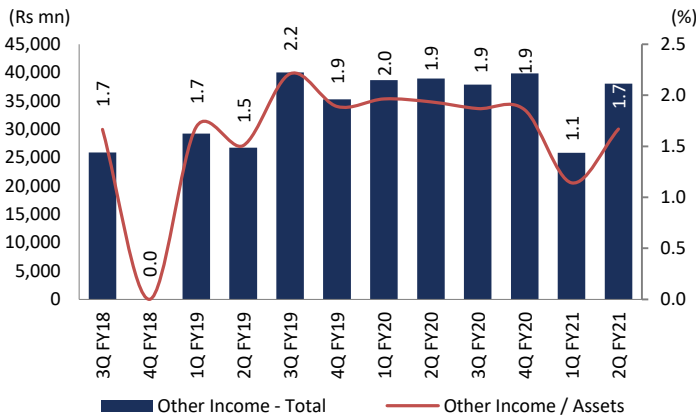


Yields and Margin Trend

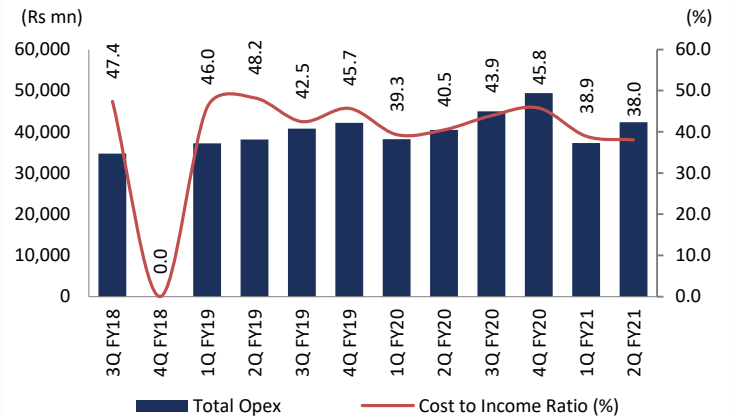


Source: Company, LKP Research

Other Income Trend

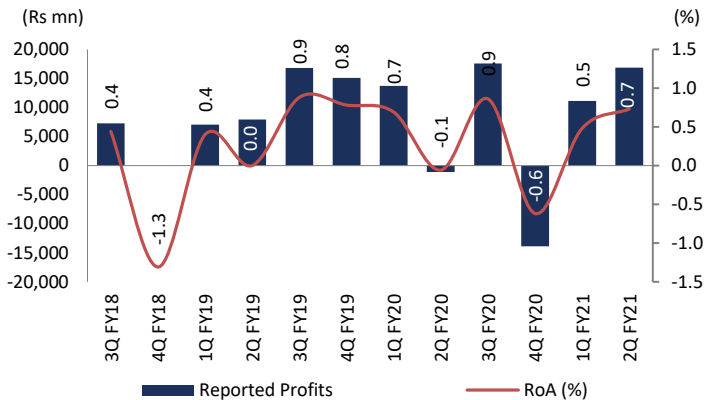


Total Opex Trend

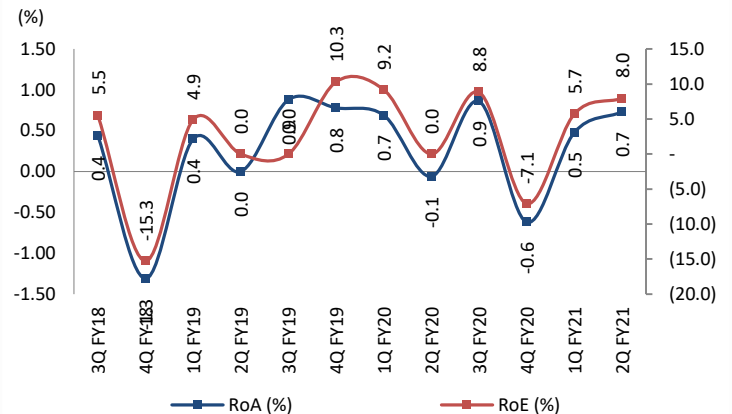


Source: Company, LKP Research

Reported Profit Trend

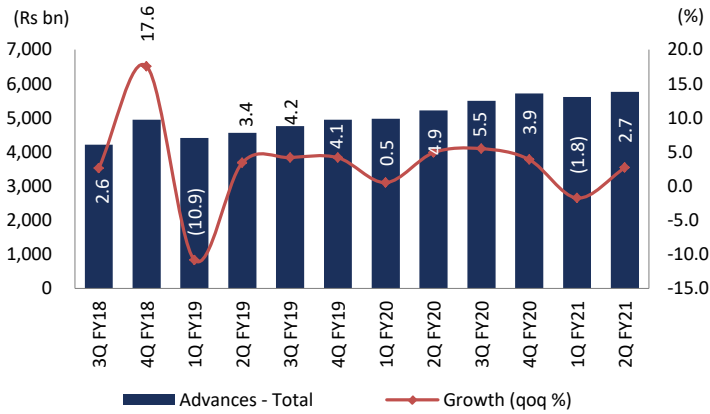


Return Ratio Trend

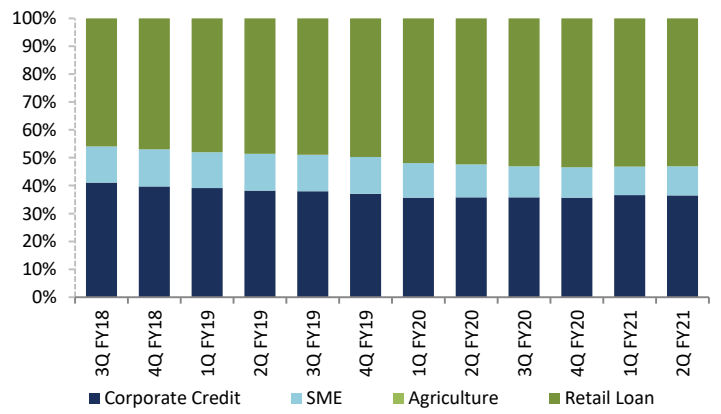


Source: Company, LKP Research

Loan Book Trend

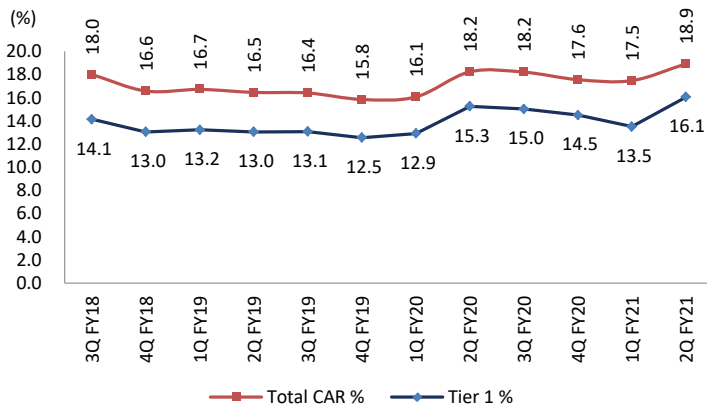


Loan Book Mix Trend

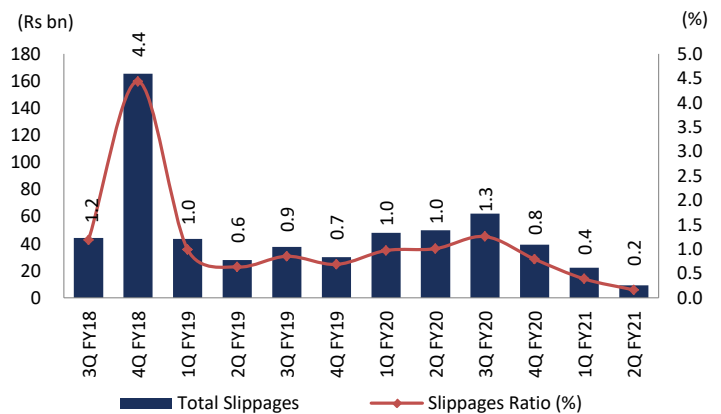


Source: Company, LKP Research

CRAR & Tier 1 Ratio Trend

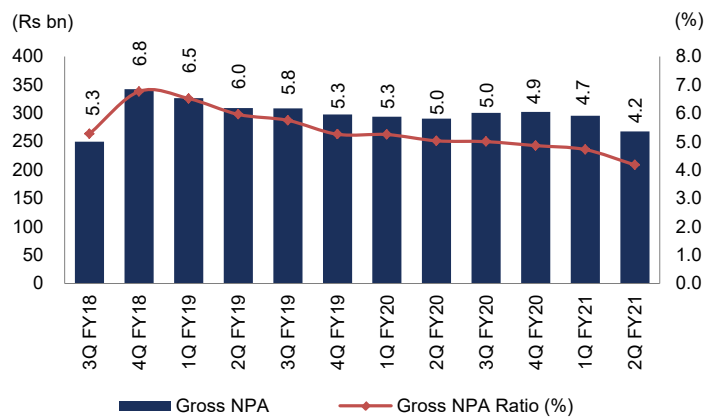


Slippages Trend

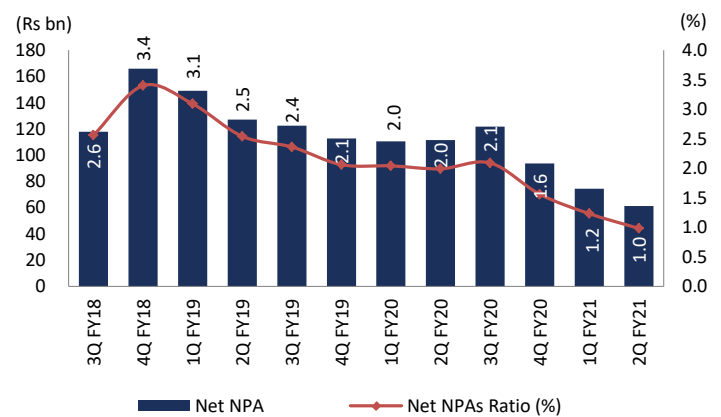


Source: Company, LKP Research

Gross NPA Trend



Net NPA Trend



Source: Company, LKP Research

Financial Performance at a glance

Exhibit : Income Statement Analysis

(₹ mn)	2Q FY21	2Q FY20	% yoy / bps	1Q FY21	% qoq / bps	FY20	FY19	% yoy / bps
Int. on Loan	121,890	119,237	2.2	125,874	(3.2)	483,030	413,220	16.9
Int. on Investment	31,019	28,681	8.2	29,730	4.3	112,460	113,491	(0.9)
Int. on Balances	2,591	1,954	32.6	4,399	(41.1)	10,953	6,933	58.0
Int. Others	5,129	4,506	13.8	5,386	(4.8)	19,909	16,213	22.8
Interest Inc.	160,629	154,378	4.0	165,389	(2.9)	626,352	549,858	13.9
Interest Expenses	87,368	93,360	(6.4)	95,536	(8.5)	374,290	332,776	12.5
Net Interest Income	73,261	61,018	20.1	69,853	4.9	252,062	217,082	16.1
<i>NII to Net Operative Income</i>	<i>65.8</i>	<i>61.0</i>	<i>477</i>	<i>73.0</i>	<i>(717)</i>	<i>61.9</i>	<i>62.3</i>	<i>(44)</i>
<i>NIM (%)</i>	<i>3.58</i>	<i>3.5</i>	<i>7</i>	<i>3.4</i>	<i>18</i>	<i>3.5</i>	<i>-</i>	<i>-</i>
Core Fee Income	27,520	26,490	3.9	16,510	66.7	110,180	115,137	(4.3)
Non Core Other Income	10,550	12,468	(15.4)	9,350	12.8	45,186	16,163	179.6
Other Income - Total	38,072	38,958	(2.3)	25,867	47.2	155,366	131,300	18.3
<i>Other Income to Net Operative Income</i>	<i>34.2</i>	<i>39.0</i>	<i>(477)</i>	<i>27.0</i>	<i>717</i>	<i>38.1</i>	<i>37.7</i>	<i>44</i>
Net Operating Revenue	111,333	99,976	11.4	95,720	16.3	407,428	348,382	16.9
Employee Expenses	14,129	12,750	10.8	14,061	0.5	53,210	47,473	12.1
<i>Empl. Cost/Oper. Exps.</i>	<i>12.7</i>	<i>12.8</i>	<i>(6)</i>	<i>14.7</i>	<i>(200)</i>	<i>13.1</i>	<i>13.6</i>	<i>(57)</i>
Other Opex	28,227	27,711	1.9	23,215	21.6	119,836	110,861	8.1
<i>Other Opex/ Assets</i>	<i>0.3</i>	<i>0.3</i>	<i>(3)</i>	<i>0.3</i>	<i>5</i>	<i>1.4</i>	<i>1.5</i>	<i>(9)</i>
Total Opex	42,356	40,460	4.7	37,276	13.6	173,046	158,334	9.3
<i>Cost to Income Ratio (%)</i>	<i>38.0</i>	<i>40.5</i>	<i>(242)</i>	<i>38.9</i>	<i>(90)</i>	<i>42.5</i>	<i>45.4</i>	<i>(298)</i>
Pre Provision Profits	68,976	59,516	15.9	58,444	18.0	234,381	190,048	23.3
Provisions & Contingencies - Total	45,807	35,184	30.2	44,164	3.7	185,339	120,310	54.1
<i>NPA Provisions as % Operating Income</i>	<i>66.4</i>	<i>59.1</i>	<i>729</i>	<i>75.6</i>	<i>(916)</i>	<i>79.1</i>	<i>63.3</i>	<i>1,577</i>
Profit Before Tax	23,170	24,332	(4.8)	14,280	62.3	49,042	69,737	(29.7)
Tax	6,343	25,453	(75.1)	3,158	100.8	32,770	22,975	42.6
<i>Effective Tax Rate (%)</i>	<i>27.4</i>	<i>104.6</i>	<i>(7,723)</i>	<i>22.1</i>	<i>526</i>	<i>66.8</i>	<i>32.9</i>	<i>3,388</i>
Reported Profits	16,827	(1,121)	(1,601.3)	11,122	51.3	16,272	46,763	(65.2)
<i>RoA (%)</i>	<i>0.7</i>	<i>(0.1)</i>	<i>79</i>	<i>0.5</i>	<i>25</i>	<i>0.2</i>	<i>-</i>	<i>-</i>
<i>RoE (%)</i>	<i>8.0</i>	<i>-</i>	<i>795</i>	<i>5.7</i>	<i>221</i>	<i>2.3</i>	<i>-</i>	<i>-</i>

Source: Company, LKP Research

Exhibit : Balance Sheet Analysis

(₹ mn)	1Q FY20	2Q FY20	3Q FY20	4Q FY20	1Q FY21	2Q FY21	QoQ % / bps	YoY % / bps
Net Worth	712,276	838,754	861,978	849,479	860,710	976,638	13.5	16.4
RoE (%)	9.2	-	8.8	(7.1)	5.7	8.0	221	795
CET1 %	11.7	14.0	14.3	13.3	13.5	16.1	256	202
Tier 1 %	12.9	15.3	15.0	14.5	13.5	16.1	256	81
Total CAR %	16.1	18.2	18.2	17.6	17.5	18.9	145	69
RWA - Total	-	-	-	6,289,166	6,100,540	6,093,403	(0.1)	-
Advances - Total	4,972,760	5,215,937	5,501,377	5,714,242	5,613,408	5,763,725	2.7	10.5
Investments	1,757,915	1,617,154	1,559,792	1,567,343	1,873,231	2,002,899	6.9	23.9
Total Assets	7,745,662	8,092,944	8,190,389	9,151,648	8,971,382	9,094,631	1.4	12.4
RoA (%)	0.69	(0.06)	0.86	(0.62)	0.48	0.73	25	79
Deposits	5,406,777	5,839,585	5,916,755	6,401,049	6,281,503	6,354,543	1.2	8.8
Saving Deposit	1,522,630	1,609,160	1,653,530	1,735,920	1,763,180	1,806,890	2.5	12.3
Current Deposit	712,110	791,380	783,950	901,140	804,390	1,000,990	24.4	26.5
CASA Deposits	2,234,740	2,400,540	2,437,480	2,637,060	2,567,570	2,807,880	9.4	17.0
CASA Ratio (%)	41.0	41.0	41.0	39.0	39.0	40.0	100	(100)
Term Deposits	3,172,037	3,439,045	3,479,275	3,763,989	2,670,860	3,546,663	32.8	3.1
Interest Bearing Liabilities - Total	6,707,991	6,929,039	7,036,822	7,880,591	7,709,863	7,666,616	(0.6)	10.6

Source: Company, LKP Research

Exhibit: Funding Profile Analysis

(₹ mn)	1Q FY20	2Q FY20	3Q FY20	4Q FY20	1Q FY21	2Q FY21	QoQ % / bps	YoY % / bps
Interest Bearing Liabilities - Total	6,707,991	6,929,039	7,036,822	7,880,591	7,709,863	7,666,616	(0.6)	10.6
Deposits	5,406,777	5,839,585	5,916,755	6,401,049	6,281,503	6,354,543	1.2	8.8
CASA Deposits	2,234,740	2,400,540	2,437,480	2,637,060	2,567,570	2,807,880	9.4	17.0
Saving Deposit	1,522,630	1,609,160	1,653,530	1,735,920	1,763,180	1,806,890	2.5	12.3
Current Deposit	712,110	791,380	783,950	901,140	804,390	1,000,990	24.4	26.5
Term Deposits	3,172,037	3,439,045	3,479,275	3,763,989	2,670,860	3,546,663	32.8	3.1
Borrowings	1,301,214	1,089,454	1,120,067	1,479,541	1,428,361	1,312,073	(8.1)	20.4
Interest Bearing Liabilities - Total	6,707,991	6,929,039	7,036,822	7,880,591	7,709,863	7,666,616	(0.6)	10.6

Source: Company, LKP Research

Exhibit: Funding mix and Incremental Contribution

	As on (₹ mn)				As % of Total Working Fund	YoY/ YTD growth			Incremental Contribution YoY/ YTD Growth (%)		
	FY18	FY19	FY20	2Q FY21		FY19	FY20	2Q FY21	FY19	FY20	2Q FY21
Deposits	4,536,227	5,484,713	6,401,049	6,354,543	73.5	20.9	16.7	(0.7)	92.2	87.2	53.6
Saving Deposit	1,482,020	1,541,288	1,735,916	1,806,890	20.9	4.0	12.6	4.1	5.8	18.5	(81.8)
Current Deposit	956,495	892,650	901,144	1,000,990	11.6	(6.7)	1.0	11.1	(6.2)	0.8	(115.0)
CASA Deposits	2,438,516	2,433,938	2,637,061	2,807,880	32.5	(0.2)	8.3	6.5	(0.4)	19.3	(196.8)
Term Deposits	2,097,711	3,050,775	3,763,989	3,546,663	41.0	45.4	23.4	(5.8)	92.7	67.9	250.3
Borrowings	1,480,161	1,527,758	1,479,541	1,312,073	15.2	3.2	(3.2)	(11.3)	4.6	(4.6)	192.9
Interest Bearing Liabilities - Total	6,016,389	7,012,471	7,880,591	7,666,616	88.7	16.6	12.4	(2.7)	96.9	82.6	246.5
Net Worth	634,453	666,763	849,478	976,638	11.3	5.1	27.4	15.0	3.1	17.4	(146.5)
Working Fund	6,650,841	7,679,234	8,730,069	8,643,254	100.0	15.5	13.7	(1.0)	100.0	100.0	100.0
<i>Interest Exp. / Assets</i>	<i>4.20</i>	<i>4.46</i>	<i>4.36</i>	<i>3.8</i>		<i>26</i>	<i>(10)</i>	<i>(53)</i>			

Source: Company, LKP Research

Exhibit: Asset Quality Analysis

(₹ mn)	1Q FY20	2Q FY20	3Q FY20	4Q FY20	1Q FY21	2Q FY21	QoQ % / bps	YoY % / bps
Total Slippages	47,980	49,830	62,140	39,200	22,180	9,310	(58.0)	(81.3)
<i>Slippages Ratio (%)</i>	<i>0.97</i>	<i>1.01</i>	<i>1.26</i>	<i>0.79</i>	<i>0.39</i>	<i>0.16</i>	<i>(23)</i>	<i>(84)</i>
Gross NPA	294,049	290,714	300,730	302,338	295,602	268,136	(9.3)	(7.8)
<i>Gross NPAs Ratio (%)</i>	<i>5.25</i>	<i>5.03</i>	<i>5.00</i>	<i>4.86</i>	<i>4.72</i>	<i>4.18</i>	<i>(54)</i>	<i>(85)</i>
<i>PCR - Calculated (%)</i>	<i>62.5</i>	<i>61.7</i>	<i>59.6</i>	<i>69.0</i>	<i>74.8</i>	<i>77.2</i>	<i>242</i>	<i>1,553</i>
<i>PCR - Inc. Tech w/o (%)</i>	<i>78.0</i>	<i>79.0</i>	<i>78.0</i>	<i>83.0</i>	<i>87.0</i>	<i>88.0</i>	<i>100</i>	<i>900</i>
Net NPA	110,375	111,383	121,603	93,604	74,480	61,079	(18.0)	(45.2)
<i>Net NPAs Ratio (%)</i>	<i>2.04</i>	<i>1.99</i>	<i>2.09</i>	<i>1.56</i>	<i>1.23</i>	<i>0.98</i>	<i>(25)</i>	<i>(101)</i>
BB & Below Non-Fund Based O/S	-	22,130	36,700	39,060	37,210	49,280	32.4	122.7
BB & Below Investments	-	17,580	9,850	5,620	6,120	8,080	32.0	(54.0)
BB & Below Advances	75,040	62,910	51,280	65,280	64,200	91,180	42.0	44.9

Source: Company, LKP Research

2QFY21 Result and con-call highlights:

Asset Quality

Collection and overdue: As of Sep-20, the collection efficiencies are 80% of pre-COVID level where 30 plus DPD (excluding GNPA) is 2.3% of book. The collection efficiencies is calculated as the billed amount for the month – actual received.

Slippages: Axis Bank's total slippages moderated at ₹9.3bn (0.16%) v/s ₹22.1bn (0.39%) in the previous quarter. The up-gradation & recovery increased to ₹37bn v/s ₹29bn in the previous quarter. It has resulted in 64bps reduction in GNPA ratio to 4.18%.

GNPA/NNPA/PCR stood at 4.18%/0.98%/77.2% against 4.72%/1.23%/74.8% in the previous quarter. The Pro-forma GNPA and NNPA would be 4.28% and 1.03% respectively.

BB & below: Fund based BB & below rated pool inched up to 1.4% of gross customer assets v/s 1.0% in 1QFY21. Fund based, Non fund based and investment outstanding in BB & below pool increased sequentially by 42%, 32% and 32% and stood at ₹91bn, ₹49bn and ₹8bn respectively. The bank made provisioning of ₹31.43bn (21% provision) against BB & below book.

Provisioning expenses: A sequentially higher provision expenses of ₹45.8bn (v/s ₹44.1bn in the previous quarter) has resulted in decline in NNPA by 25bps to 0.98%. The bank has made incremental COVID provision of ₹12.8bn and overall COVID provision stood at ₹50.1bn as of 2QFY21. The bank's PCR stood at 77.2% V/s 74.8% in the previous quarter. PCR (including tech. write offs) stood at 88% and Aggregate PCR (Specific provision + COVID provision + General Provision + Contingency Provision) stood at 124% of GNPLs. The contingent provisioning (COVID + standard asset) stood 2.18% of the loan book.

Business Overview

Advances: The bank's advances stood at ₹5.76tn; 10.5% YoY and 2.7% QoQ. Corporate book (36.5% of book) grew marginally by 2.2% QoQ. Retail book (53% of book) grew by 2.4% sequentially. SME book (10.5% of book) grew by 6% QoQ.

Retail book: Nearly 91% of PL & CC book (9.4% of net advances) has been allotted to salaried employees. Approx. 100% of PL is allotted to salaried class where 37% of CC allotted to non – salaried. Nearly 81% of retail book remain secured and it is well diversified.

Corporate book: Around 82% of Corporate book is now rated A - and above with 95% of incremental sanctions in 1QFY21 being to corporate rated A- and above and 77% of sanction to those who are AA & above.

SME Book Around 90% of SME book is secured with predominantly working capital financing. 85% of SME book is rated SME 3 or better. The bank has sanctioned ~₹70bn towards the emergency credit line and disbursed ~₹60bn.

Deposits: Bank's deposit stood at ₹6.36tn grew by 8.8% YoY and 1.2% QoQ. The CASA (QAB) stood at 40%

Liquidity and CRAR: During this quarter the bank raised ₹100bn through QIP which has resulted in 265bps improvement in CET 1. The bank's CRAR stood at 18.92% with CET 1 of 16.06%. Additionally LCR of 117% with excess SLR of ₹266bn provides a strong liquidity position for the bank. The RWA to asset decreased to 67% in 2QFY21.

Income statement

NII/NIMs: The bank's NII stood at ₹73.2bn; grew by 20% YoY & 5% QoQ. Bank's NIMs improves 18bps to 3.58% on the back of lower cost of fund (4.6%) and cost of deposit (4.37%). Non – interest income grew by 47% YoY and declined 2.3%.

PAT: A bulky but sequentially flat provisioning expenses (₹45.8bn v/s ₹44.2bn) has resulted in net profit of ₹16.8bn v/s ₹11.1bn in the previous quarter.

Annual Projections

Exhibit: Profit and Loss Statement

(₹ mn)	FY19	FY20	FY21E	FY22E	FY23E
Int. Income	549,858	626,352	676,515	723,548	787,682
Interest Expenses	332,776	374,290	389,164	395,527	412,434
Net Interest Income	217,082	252,062	287,350	328,021	375,247
<i>NIM (%)</i>	3.16	3.23	3.40	3.65	3.84
Core Fee Income	101,270	96,919	82,382	88,148	94,319
Profit from exchange transactions	9,710	37,423	40,417	44,054	48,019
Other Misc. Income	20,320	21,023	17,870	19,121	20,459
Other Income - Total	131,300	155,366	140,668	151,323	162,797
Net Operating Revenue	348,382	407,428	428,018	479,344	538,044
Employee Exp.	47,473	53,210	55,871	60,899	66,380
Other Opex	110,861	119,836	124,630	135,846	149,431
Total Opex	158,334	173,046	180,500	196,745	215,811
<i>C/I Ratio</i>	45.45	42.47	42.17	41.04	40.11
Pre Provision Profits	190,048	234,381	247,518	282,599	322,233
<i>PPP Growth (yoy %)</i>	21.9	23.3	5.6	14.2	14.0
Provisions & Contingencies - Total	120,310	185,339	218,197	215,500	214,846
<i>Credit Cost (As % of Op. AUM)</i>	2.32	2.57	2.90	2.50	2.10
Profit Before Tax	69,737	49,042	29,321	67,099	107,387
Tax	22,975	32,770	6,480	14,829	23,733
<i>Effective Tax Rate</i>	32.9	66.8	22.1	22.1	22.1
Reported Profits	46,763	16,272	22,841	52,270	83,654
<i>PAT Growth (yoy %)</i>	1,596.4	(65.2)	40.4	128.8	60.0

Source: Company, LKP Research

Exhibit: Balance Sheet

(₹ mn)	FY19	FY20	FY21E	FY22E	FY23E
Equity Share Capital	5,143	5,643	5,643	5,643	5,643
Reserves (ex Revel. Reserve)	661,620	843,835	866,676	903,659	970,326
Net Worth - Ex Revaluation	666,763	849,478	872,319	909,302	975,970
Deposits	5,484,713	6,401,049	6,855,196	7,462,826	8,283,018
Borrowings	1,527,758	1,479,541	1,454,132	1,421,491	1,461,709
Interest Bearing Liabilities	7,012,471	7,880,591	8,309,328	8,884,317	9,744,728
Other Lia. & Prov.	330,731	421,579	421,296	489,126	527,308
Total Liabilities	8,009,965	9,151,648	9,602,944	10,282,744	11,248,005
Assets					
Cash & Cash Equivalent	672,046	972,683	679,257	729,307	800,260
Investments	1,749,693	1,567,343	1,877,022	1,915,566	2,017,212
Credit Equivalent	505,486	265,233	267,886	273,243	278,708
Loan & Advances	4,947,980	5,714,242	6,114,239	6,664,520	7,397,617
<i>Growth (yoy %)</i>	<i>12.5</i>	<i>15.5</i>	<i>7.0</i>	<i>9.0</i>	<i>11.0</i>
Fixed Assets	40,366	43,129	44,004	44,950	48,811
Other Assets	599,880	854,252	888,422	928,401	984,105
Total Assets	8,009,965	9,151,648	9,602,944	10,282,744	11,248,005

Source: Company, LKP Research

Exhibit: Per share data

Y/E Mar	FY19	FY20	FY21E	FY22E	FY23E
Face Value	2	2	2	2	2
Adjusted Share O/S (mn)	2,572	2,822	2,822	2,822	2,822
Earnings Per Share	18.2	5.8	8.1	18.5	29.6
<i>EPS (% YoY)</i>	<i>1,593.1</i>	<i>(68.3)</i>	<i>40.4</i>	<i>128.8</i>	<i>60.0</i>
<i>P/E (x)</i>	<i>27.8</i>	<i>87.5</i>	<i>62.3</i>	<i>27.2</i>	<i>17.0</i>
Book Value	259.3	301.1	309.1	322.3	345.9
<i>BVPS (% YoY)</i>	<i>4.9</i>	<i>16.1</i>	<i>2.7</i>	<i>4.2</i>	<i>7.3</i>
<i>P/BV (x)</i>	<i>1.9</i>	<i>1.7</i>	<i>1.6</i>	<i>1.6</i>	<i>1.5</i>
Adj. BV	259.3	301.1	296.0	309.1	332.7
<i>Adj. BV (% YoY)</i>	<i>4.9</i>	<i>16.1</i>	<i>(1.7)</i>	<i>4.4</i>	<i>7.6</i>
<i>P/ABV (x)</i>	<i>1.9</i>	<i>1.7</i>	<i>1.7</i>	<i>1.6</i>	<i>1.5</i>

Source: Company, LKP Research

Exhibit: Detailed ROA Tree

Y/E Mar	FY19	FY20	FY21E	FY22E	FY23E
Yields / Margins					
Yield on Advance	8.8	9.1	8.9	8.9	8.9
Yield on Funds	8.0	8.0	8.0	8.0	8.1
Cost of Funds (CoF)	5.1	5.0	4.8	4.6	4.4
Interest Spread	2.9	3.0	3.2	3.4	3.6
NIM's	3.2	3.2	3.4	3.6	3.8
Interest Income / Assets	7.4	7.3	7.2	7.3	7.3
Interest Exp. / Assets	4.5	4.4	4.2	4.0	3.8
NII / Assets	2.9	2.9	3.1	3.3	3.5
Fee Income / Assets	1.4	1.1	0.9	0.9	0.9
Other Income / Assets	1.8	1.8	1.5	1.5	1.5
Net Operating Income / Assets	4.7	4.7	4.6	4.8	5.0
Operating Ratios					
NII to Net Operative Income	62.3	61.9	67.1	68.4	69.7
Other Income to Net Operative Income	37.7	38.1	32.9	31.6	30.3
Empl. Cost/Oper. Exps.	30.0	30.7	31.0	31.0	30.8
Other Op. Exps./Oper. Exps.	70.0	69.3	69.0	69.0	69.2
C/I Ratio	45.4	42.5	42.2	41.0	40.1
Provisions as % PPP	34.5	45.5	51.0	45.0	39.9
Credit Cost (As % of Op. AUM)	2.3	2.6	2.9	2.5	2.1
Effective Tax Rate	32.9	66.8	22.1	22.1	22.1
Employee Exp. / Assets	0.6	0.6	0.6	0.6	0.6
Other Opex/ Assets	1.5	1.4	1.3	1.4	1.4
Total Opex / Assets	2.1	2.0	1.9	2.0	2.0
Operating Profits / Assets	2.5	2.7	2.6	2.8	3.0
Op Profit ex Except Items / Assets	2.5	2.7	2.6	2.8	3.0
Provisions / Assets	1.6	2.2	2.3	2.2	2.0
Profit Before Tax / Assets	0.9	0.6	0.3	0.7	1.0
Tax Expenses / Assets	0.3	0.4	0.1	0.1	0.2
RoA	0.6	0.2	0.2	0.5	0.8
Leverage (x)	12.0	10.8	11.0	11.3	11.5
RoE	7.2	2.1	2.7	5.9	8.9
Adj. RoA	0.6	0.2	0.2	0.5	0.8
Adj. RoE	7.2	2.1	2.7	5.9	8.9

Source: Company, LKP Research

Exhibit: Balance Sheet Ratios

Y/E Mar	FY19	FY20	FY21E	FY22E	FY23E
Credit / Deposit Ratio	90.2	89.3	89.2	89.3	89.3
Incremental C/D Ratio	58.1	83.6	88.1	90.6	89.4
Investment Deposit Ratio	31.9	24.5	27.4	25.7	24.4
Dom. SLR Investment / Deposits	21.4	19.2	22.3	20.9	20.0
CASA Ratio	44.5	41.5	41.5	42.0	43.0

Source: Company, LKP Research

Exhibit: Asset Quality

Y/E Mar	FY19	FY20	FY21E	FY22E	FY23E
Slippage Ratio	3.2	4.0	4.0	3.5	2.6
Gross NPA (Cl Bal)	297,894	302,338	318,696	332,875	305,639
Gross NPAs Ratio (%)	5.3	4.9	5.2	5.0	4.1
PCR (%)	62.1	69.0	76.5	78.3	79.5
Net NPA (Cl. Bal.)	112,756	93,604	74,806	72,090	62,527
Net NPAs Ratio (%)	2.1	1.6	1.2	1.1	0.8
Total Impaired Loans	297,894	302,338	318,696	332,875	305,639
Impaired Loan as % of Loan / AUM	5.5	5.1	5.0	4.8	4.0
Total Risk Reserves	185,138	208,734	243,889	260,785	243,112
Total Risk As % of Loan Book	3.4	3.5	3.8	3.8	3.2

Source: Company, LKP Research

Exhibit: Key Assumptions & Forecasts

Y/E Mar	FY19	FY20	FY21E	FY22E	FY23E
Loan & Advances	4,947,980	5,714,242	6,114,239	6,664,520	7,397,617
Growth (yoy %)	12.5	15.5	7.0	9.0	11.0
Interest Bearing Liabilities	7,012,471	7,880,591	8,309,328	8,884,317	9,744,728
Growth (yoy %)	12.5	15.5	7.0	9.0	11.0
Yield on Funds	8.0	8.0	8.0	8.0	8.1
Cost of Funds (CoF)	5.1	5.0	4.8	4.6	4.4
Interest Spread	2.9	3.0	3.2	3.4	3.6
NIM's	3.2	3.2	3.4	3.6	3.8
Other Income Growth	19.7	18.3	(9.5)	7.6	7.6
C/I Ratio	45.4	42.5	42.2	41.0	40.1
Effective Tax Rate	32.9	66.8	22.1	22.1	22.1

Return Ratios

Adj. RoA	0.6	0.2	0.2	0.5	0.8
Adj. RoE	7.2	2.1	2.7	5.9	8.9

Asset Quality Metrics

Credit Cost (As % of Op. AUM)	2.3	2.6	2.9	2.5	2.1
Gross NPAs Ratio (%)	5.3	4.9	5.2	5.0	4.1
Net NPAs Ratio (%)	2.1	1.6	1.2	1.1	0.8

Source: Company, LKP Research

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