

STATE BANK OF INDIA | Banking

Proxy to India Growth Story with Huge Reach

LKP

Result and Price Analysis

State Bank of India (SBI) has delivered a strong result on operating, assets quality as well as collection efficiencies front. Moreover, reported gross slippages declined to ₹30.8bn v/s ₹39.1bn in the previous quarter. Furthermore, the collection efficiencies of domestic loans (excluding Agriculture) stood at 97%. Its reported GNPA (5.28% v/s 5.44% in 1QFY21) and NNPA (1.59% v/s 1.86% in 1QFY21) declined substantially along with higher PCR (incl. AUCA) of 88.2%. The bank has witnessed muted net advances (-0.2% QoQ) and strong deposit growth (1.5% QoQ) sequentially with better liquidity position (LCR of 140%+). Moreover the bank has reported PAT of ₹45.7bn (v/s ₹41.7bn in 1QFY21) on the back of healthy NII growth (15% YoY and 6% QoQ) along with provisioning expenses of ₹101bn against ₹125bn in the previous quarter. The 2QFY21 ROA and ROE stood at 0.44% and 7.45% respectively.

Gazing the core

Continued trend in asset quality improvement: Slippages during the quarter were ₹30.1bn (v/s ₹39.1bn in 1QFY21) of these, 37% came from the retail book while Agriculture, corporate and SME slippages contributed 13%, 6% and 27% respectively. The additional pro-forma slippages in 2QFY21 was ₹143.9bn. The headline GNPA and NNPA ratio declined substantially to 5.28% and 1.59% respectively as asset classification stood still. The PCR for the bank stands at 88.2% (+190 bps QoQ). The pro-forma GNPA/NNPA ratio would have been 5.88%/2.08%. Agriculture GNPA remain flat at 14.81% v/s 15.37% in 1QFY21. Furthermore, the agriculture book is also changing and gold loan contribution is increasing substantially. Overall corporate GNPA ratio inched up to 7.89% from 7.73% in the previous quarter. Further, GNPA reduction (₹69bn) has assisted the lower slippages to reduce the headline GNPA/NNPA ratio.

Steady operational quarter: Aided by sequentially rising domestic NIMs to 3.34% (vs. 3.24% for 1QFY21) the NII witnessed healthy growth of 15% and 6% sequentially. The cost of deposit has moderated further to 4.35%; decline 13bps sequentially. Core-fee income has witnessed a growth of 17% sequentially. Separately, C/I ratio increased to 55.2% (v/s 52.2% in the previous quarter). Management indicated that the NIMs are likely to remain stable or moderate further because of interest reversal from slippages.

Business growth in line with the industry: The Bank has been retaining its market share (21% of total SCB's credit) as the credit grew by 6.9% YoY though de-grew by 0.2% sequentially. The retail segment (37% of loan book) growth was 5% sequentially as other segments de-grew considering risk aversion.

Outlook & Valuations

We expect the bank to post a ROA/ROE of 0.5%/8.9% by FY22E led by healthy balance sheet growth along with higher PCR and stable asset quality. We value the standalone bank at PBV of 0.7x FY22E Adj. BVPS of ₹255 and value of subsidiaries per share of ₹112 to arrive at price target of ₹290. We recommend a BUY with potential upside of 41%.

Key Financials (₹ mn)	FY19	FY20	FY21E	FY22E	FY23E
NII	883,489	980,848	1,137,404	1,245,136	1,377,281
Operating Profit	554,360	681,326	698,669	760,208	842,532
Reported Profits	1,622	139,172	147,914	226,466	315,609
Net Worth	1,962,599	2,082,448	2,230,362	2,456,828	2,772,437
Loan & Advances	21,858,769	23,252,896	24,648,069	27,112,876	30,366,421
Int. Bearing Liabilities	33,144,031	35,562,764	38,073,940	41,653,411	46,102,318

Key Ratios (%)	FY19	FY20	FY21E	FY22E	FY23E
NIM's	2.7	2.8	3.0	3.1	3.1
C/I	55.7	52.5	52.8	52.8	52.3
Gross NPA	7.5	6.2	6.9	6.2	5.2
Tier 1	10.9	10.5	10.6	10.6	10.7
Adj. RoA	0.0	0.4	0.4	0.5	0.6
Adj. RoE	0.4	6.4	6.2	8.8	11.1

Rating	Buy
Current Market Price (₹)	206
12 M Price Target (₹)	290
Potential upside (%)	41

Stock Data

FV (₹):	1
Market Cap Full (₹ bn):	1,834
Market Cap Free Float (₹ bn):	794
52-Week High / Low (₹):	351 / 150
2-Year High / Low (₹):	374 / 150
1 Year Avg. Dly Traded Volume (in lakh)	600
BSE Code / NSE Symbol:	500112 / SBIN
Bloomberg:	SBIN IN

Shareholding Pattern (%)

	Sep-20	Jun-20	Mar-20	Dec-19
Promoter	57.63	57.64	57.63	57.68
FPIs	7.75	7.91	9.59	10.98
MFs	12.95	13.18	13.62	13.75
Insurance	11.33	11.27	10.59	10.55
Others	10.34	10.00	8.57	7.04

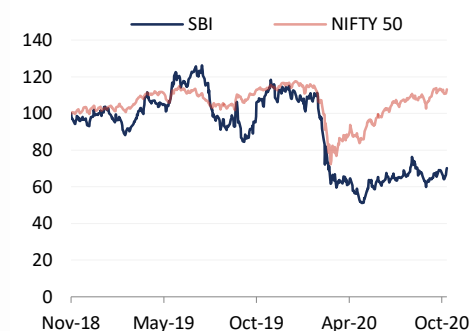
Source: BSE

Price Performance (%)

(%)	1M	3M	6M	1YR
SBI	8.8%	8.0%	15.7%	-34.1%
Nifty 50	4.3%	7.3%	28.1%	-0.3%

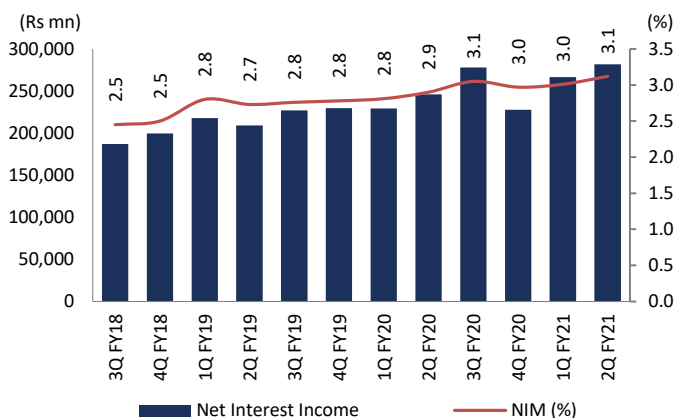
* To date / current date : November 4, 2020

SBI vs Nifty 50



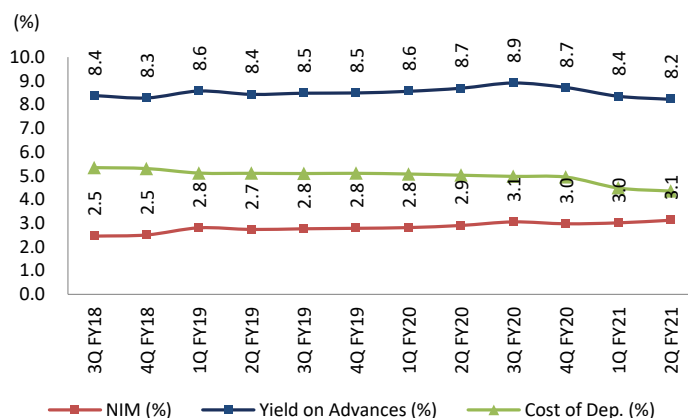
Story in charts

NII Trend

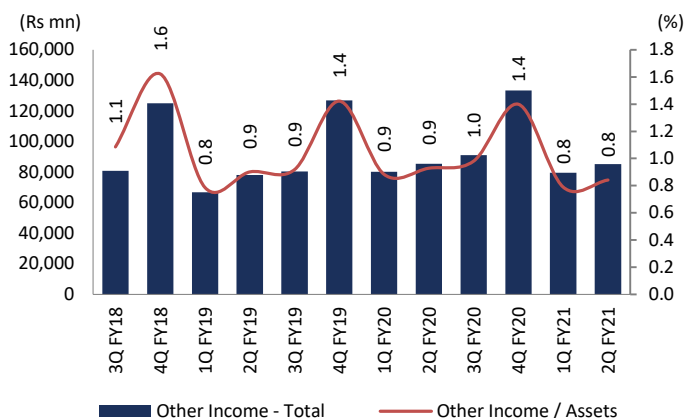


Source: Company, LKP Research

Yields and Margin Trend

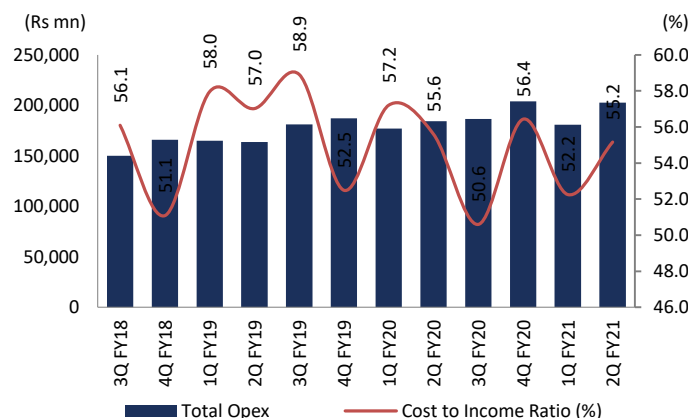


Other Income Trend

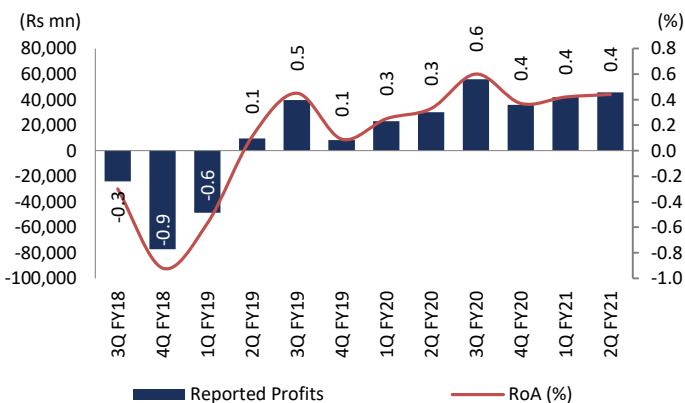


Source: Company, LKP Research

Total Opex Trend

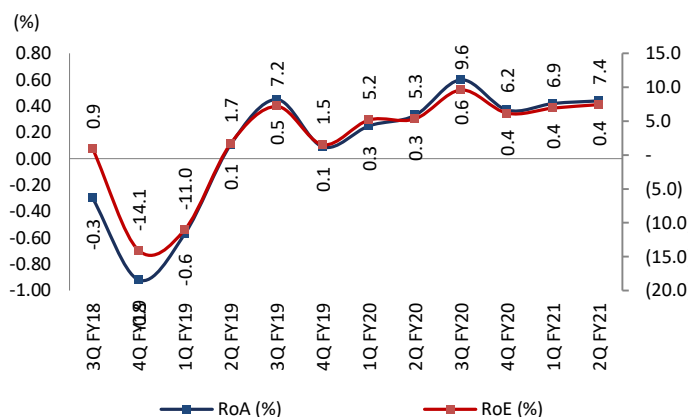


Reported Profit Trend

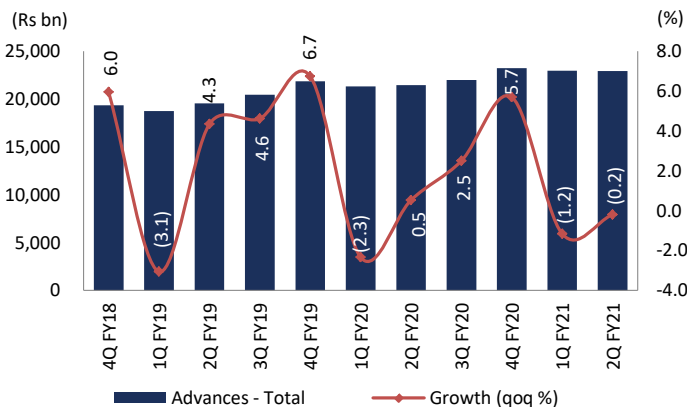


Source: Company, LKP Research

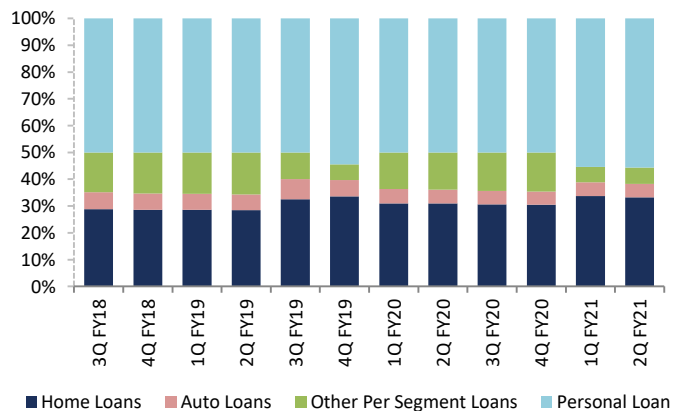
Return Ratio Trend



Loan Book Trend

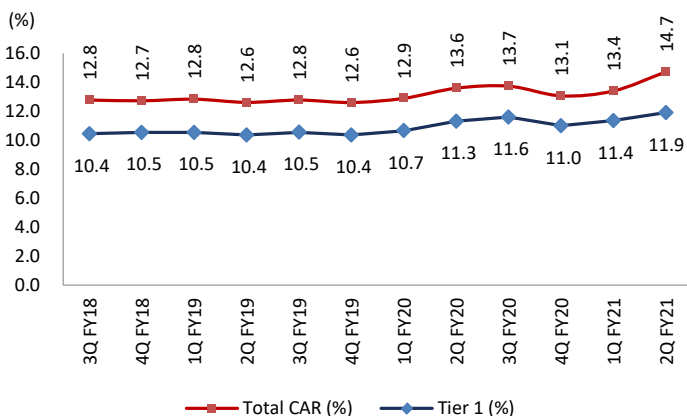


Loan Book Mix Trend

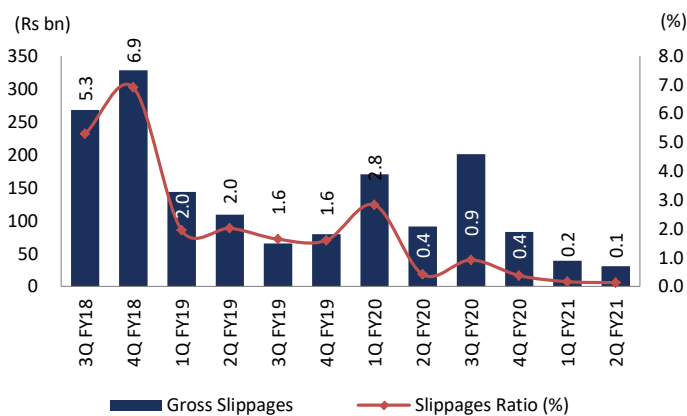


Source: Company, LKP Research

CRAR & Tier 1 Ratio Trend

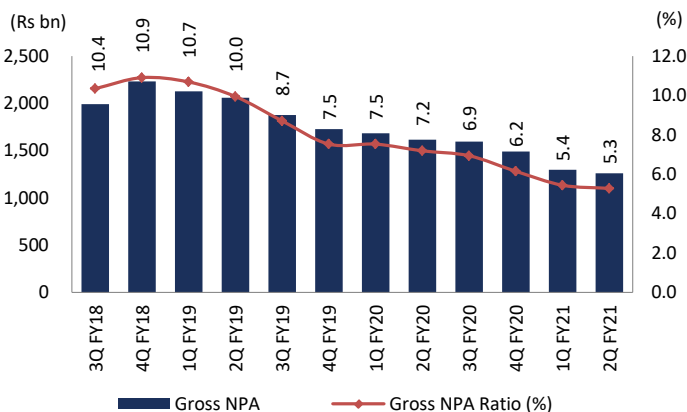


Slippages Trend

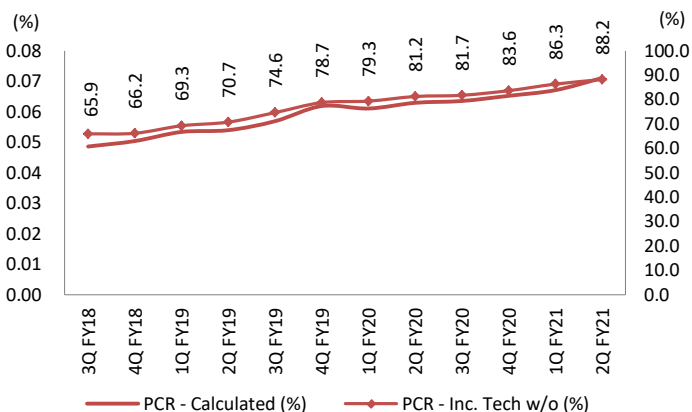


Source: Company, LKP Research

Gross NPA Trend



PCR Trend



Source: Company, LKP Research

Recent 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	433,776	452,425	(4.1)	441,011	(1.6)	1,797,488	1,616,402	11.2
Int. on Investment	202,537	167,012	21.3	187,055	8.3	682,047	744,062	(8.3)
Int. on Balances	5,089	8,449	(39.8)	17,944	(71.6)	29,204	11,791	147.7
Int. Others	26,739	15,238	75.5	18,994	40.8	64,496	56,432	14.3
Interest Inc.	668,141	643,124	3.9	665,004	0.5	2,573,236	2,428,687	6.0
Yield on Advances (%)	8.2	8.7	(47)	8.4	(13)	-	8.5	-
Interest Expenses	386,330	397,121	(2.7)	398,588	(3.1)	1,592,388	1,545,198	3.1
Cost of Dep. (%)	4.4	5.0	(67)	4.5	(13)	-	5.1	-
Net Interest Income	281,815	246,004	14.6	266,416	5.8	980,848	883,489	11.0
NII to Net Operative Income	76.8	74.2	254	77.0	(23)	68.4	70.6	(217)
NIM (%)	3.12	2.9	22	3.0	11	-	2.8	-
Dom. NIM (%)	3.3	3.1	23	3.2	10	3.2	3.0	24
Int. NIM (%)	1.2	1.2	(5)	1.1	2	-	1.3	-
Core Fee Income	52,430	50,400	4.0	44,710	17.3	237,250	233,040	1.8
Other Income - Total	85,277	85,384	(0.1)	79,575	7.2	452,215	367,749	23.0
Other Inc to Net Oper. Income (%)	23.2	25.8	(254)	23.0	23	31.6	29.4	217
Net Operating Revenue	367,092	331,388	10.8	345,990	6.1	1,433,063	1,251,238	14.5
Employee Expenses	125,702	113,026	11.2	118,651	5.9	457,150	410,547	11.4
Empl. Cost/Oper. Exps. (%)	34.2	34.1	14	34.3	(5)	31.9	32.8	(91)
Other Opex	76,793	71,217	7.8	62,126	23.6	294,587	286,330	2.9
Other Opex/ Assets (%)	0.2	0.2	(0)	0.2	4	0.8	0.8	(3)
Total Opex	202,494	184,243	9.9	180,777	12.0	751,737	696,877	7.9
Cost to Income Ratio (%)	55.2	55.6	(44)	52.2	291	52.5	55.7	(324)
Pre Provision Profits	164,598	147,145	11.9	165,214	(0.4)	681,326	554,360	22.9
Provisions & Contingencies - Total	101,183	131,389	(23.0)	125,013	(19.1)	433,304	531,286	(18.4)
NPA Provisions as % PPP	61.5	72.2	(1,072)	69.2	(774)	63.6	95.8	(3,224)
Profit Before Tax	63,415	50,599	25.3	55,598	14.1	248,023	23,075	974.9
Tax	17,673	20,481	(13.7)	13,704	29.0	103,141	14,453	613.7
Effective Tax Rate (%)	27.9	40.5	(1,261)	24.6	322	41.6	62.6	(2,105)
Reported Profits	45,742	30,118	51.9	41,893	9.2	144,881	8,622	1,580.3
RoA (%)	0.4	0.3	11	0.4	2	0.4	0.0	36
RoE (%)	7.4	5.3	212	6.9	51	7.7	0.5	726

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	2,225,578	2,260,753	2,325,207	2,320,074	2,416,557	2,457,210	1.7	8.7
RoE (%)	5.2	5.3	9.6	6.2	6.9	7.4	51	212
CET1 (%)	9.6	10.1	10.2	9.8	10.1	10.5	35	41
Tier 1 (%)	10.7	11.3	11.6	11.0	11.4	11.9	55	59
Total CAR (%)	12.9	13.6	13.7	13.1	13.4	14.7	132	113
RWA - Total	19,493,227	18,949,059	20,729,283	20,989,805	21,248,527	20,943,122	(1.4)	10.5
Advances - Total	21,347,737	21,461,598	21,999,169	23,252,896	22,983,462	22,939,012	(0.2)	6.9
Investments	9,443,548	9,850,222	10,121,007	10,469,545	12,252,284	13,291,663	8.5	34.9
Total Assets	35,819,969	36,780,006	37,491,922	39,513,939	41,179,316	41,578,563	1.0	13.0
RoA (%)	0.25	0.33	0.60	0.37	0.42	0.44	2	11
Deposits	29,488,207	30,333,958	31,112,286	32,416,207	34,193,628	34,704,617	1.5	14.4
Saving Deposit	11,035,370	11,308,220	1,891,290	11,935,660	12,943,840	13,149,500	1.6	16.3
Current Deposit	1,808,640	1,953,490	11,517,010	2,174,150	2,043,340	2,120,570	3.8	8.6
CASA Deposits	12,844,010	13,261,710	13,408,300	14,109,810	14,987,180	15,270,070	1.9	15.1
CASA Ratio (%)	45.1	45.1	44.7	45.2	45.3	45.4	10	27
Dom. Term Deposits	15,662,280	16,125,838	16,573,670	17,136,347	18,068,400	18,371,277	1.7	13.9
Interest Bearing Liabilities - Total	32,321,331	33,075,816	33,737,772	35,562,764	37,323,587	37,686,920	1.0	13.9

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	32,321,331	33,075,816	33,737,772	35,562,764	37,323,587	37,686,920	1.0	13.9
Global Deposits	29,488,207	30,333,958	31,112,286	32,416,207	34,193,628	34,704,617	1.5	14.4
CASA Deposits	12,844,010	13,261,710	13,408,300	14,109,810	14,987,180	15,270,070	1.9	15.1
Saving Deposit	11,035,370	11,308,220	1,891,290	11,935,660	12,943,840	13,149,500	1.6	16.3
Current Deposit	1,808,640	1,953,490	11,517,010	2,174,150	2,043,340	2,120,570	3.8	8.6
Dom. Term Deposits	15,662,280	16,125,838	16,573,670	17,136,347	18,068,400	18,371,277	1.7	13.9
Borrowings	2,833,124	2,741,858	2,625,487	3,146,557	3,129,959	2,982,303	(4.7)	8.8
Interest Bearing Liabilities - Total	32,321,331	33,075,816	33,737,772	35,562,764	37,323,587	37,686,920	1.0	13.9

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
Global Deposits	27,063,433	29,113,860	32,416,207	34,704,617	86.5	7.6	11.3	7.1	82.8	130.5	101.2
Saving Deposit	10,137,745	10,917,520	12,063,720	13,149,500	32.8	7.7	10.5	9.0	31.5	45.3	48.0
Current Deposit	1,901,739	2,058,752	2,273,356	2,120,570	5.3	8.3	10.4	(6.7)	6.3	8.5	(6.8)
CASA Deposits	12,039,484	12,976,272	14,337,076	15,270,070	38.0	7.8	10.5	6.5	37.8	53.8	41.3
Dom. Term Deposits	13,954,451	15,166,162	16,909,083	18,371,277	45.8	8.7	11.5	8.6	48.9	68.9	64.7
Borrowings	3,621,421	4,030,171	3,146,557	2,982,303	7.4	11.3	(21.9)	(5.2)	16.5	(34.9)	(7.3)
Interest Bearing Liabilities - Total	30,684,854	33,144,031	35,562,764	37,686,920	93.9	8.0	7.3	6.0	99.3	95.6	93.9
Net Worth	2,191,286	2,209,138	2,320,074	2,457,210	6.1	0.8	5.0	5.9	0.7	4.4	6.1
Working Fund	32,876,139	35,353,170	37,882,838	40,144,129	100.0	7.5	7.2	6.0	100.0	100.0	100.0
<i>Interest Exp. / Assets</i>	4.73	4.33	4.17	3.8		(40)	(16)	(36)			

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
Gross Slippages	169,950	91,261	200,980	82,910	39,100	30,850	(21.1)	(66.2)
<i>Slippages Ratio (%)</i>	2.83	0.42	0.92	0.38	0.17	0.13	(4)	(28)
Gross NPA	1,684,939	1,616,361	1,596,612	1,490,919	1,296,607	1,258,630	(2.9)	(22.1)
<i>Gross NPAs Ratio (%)</i>	7.53	7.19	6.94	6.15	5.44	5.28	(16)	(191)
<i>PCR - Calculated (%)</i>	61.1	62.9	63.5	65.2	67.1	71.0	397	812
<i>PCR - Inc. Tech w/o (%)</i>	79.3	81.2	81.7	83.6	86.3	88.2	187	696
Net NPA	656,239	599,392	582,486	518,713	427,036	364,507	(14.6)	(39.2)
<i>Net NPAs Ratio (%)</i>	3.07	2.79	2.65	2.23	1.86	1.59	(27)	(120)
SMA 1&2	102,890	183,130	81,010	72,660	17,500	119,860	584.9	(34.5)

Source: Company, LKP Research

2QFY21 Result and Con-call Highlights

Asset Quality

Collection Efficiencies: The bank's collection efficiencies of domestic loans (excluding Agri) stood 97% in 2QFY21, In Oct-20, the efficiency is even 50bps higher than 2QFY21.

GNPA/NNPA/PCR: 5.28%/1.59%/88.2% against 5.44%/1.86%/86.32% in the previous quarter. GNPA ratio of retail, agriculture and corporate segment stood at 4.75%, 14.81% and 7.89% respectively. The pro-forma GNPA/NNPA ratio would have been 5.88%/2.08%.

Slippages: Owing to SC directive, the bank has witnessed lower gross slippages (reported) of ₹30.1bn (0.52% annualized) vs. ₹39.1bn (0.68%) in the previous quarter. Retail slippages contribute 37% of total fresh slippages; where as Corporate, SME and Agriculture contributed 6%, 27% and 13% respectively. An amount of ₹143.9bn (pro-forma) would have slipped if SC interim order doesn't hold.

SMA Book: The Bank's SMA 1 (₹85.9bn) and SMA 2 (₹33.9bn) increased significantly from ₹14.7bn and ₹2.79bn respectively. In June-20 RBI moratorium was forced.

Provisioning: The Bank has made provisioning of ₹101bn (Credit cost: 1.24% v/s 1.59% in 1QFY21) against ₹125bn in 1QFY21. The bank has established total COVID provisioning ₹70.9bn (31bps of net advances) as on 2QFY21.

Balance Sheet

Credit: The bank's net advances stood at ₹22.9tn; grew by 6.9% YOY and de-grew by 0.2% QOQ. Retail (38% contribution), Corporate (38% contribution) and Agriculture (10% contribution) grew by 5%, -2.7% and 3.3% QoQ respectively. Exposure (Fund + Non-Fund) towards Power, NBFCs, Gems & Jewellery, Aviation and Tourism contributes 1%, 1.3%, 0.03%, 0.2%, and 0.3% of total exposure respectively. The bank disbursed 220bn under ECGS.

Deposits: The bank's deposit stood at ₹34.7tn grew strongly by 14.4% YOY and 1.5% QOQ; CASA stood at 45.4%.

Capital: The bank raised ₹199.3bn in Tier 2 and AT1 capital during 2QFY21. This resulted in the bank's CRAR 14.72% vs. 13.4% in the previous quarter with CET 1 of 10.49%. The bank doesn't expect capital raise from the Govt. or market this year. The RWA to assets stood at 50.4% with LCR well above the regulatory requirement.

Income Statement

NIMs & NII: Domestic NIMs (3.34%) up by 10bps driven by interest reversal from agriculture book. Management believes the NIMs to remain stable for FY21E. YOA and COD stood at 8.22% and 4.35% against 8.35% and 4.48% in the previous quarter. Overall NIMs inched up by 11bps to 3.12% which translated in NII (281bn) growth of 15% YoY and 6% sequentially.

PPP: A healthy NII growth (Although accrued interest income) have translated in strong PPP growth of 12% YoY. Bulky, though sequentially lower, provision expenses (₹101bn v/s ₹125bn in 1QFY21) has translated in 9% sequential growth in PAT to ₹45.7bn. The bank's ROA/ROE stood at 0.44% and 7.45% respectively.

Annual Projections

Exhibit: Profit and Loss Statement

(₹ mn)	FY19	FY20	FY21E	FY22E	FY23E
Int. Income / Opr. Revenue	2,428,687	2,573,236	2,680,384	2,854,127	3,085,952
Interest Expenses	1,545,198	1,592,388	1,542,980	1,608,990	1,708,672
Net Interest Income	883,489	980,848	1,137,404	1,245,136	1,377,281
<i>NIM (%)</i>	2.69	2.80	3.03	3.07	3.09
Adjusted NII	827,057	916,352	1,137,404	1,245,136	1,377,281
Core Fee Income & Dividend	233,039	237,251	245,554	257,832	270,724
Exchange Income	21,558	25,164	26,171	27,741	29,405
Sale of Investments	10,228	85,757	60,030	66,333	74,293
Other Misc. Income	102,924	104,044	12,232	12,966	13,744
Other Income - Total	367,749	452,215	343,987	364,872	388,166
Net Operating Revenue	1,251,238	1,433,063	1,481,391	1,610,008	1,765,447
Employee Exp.	410,547	457,150	502,865	553,151	608,466
Other Opex	286,330	294,587	279,858	296,649	314,448
Total Opex	696,877	751,737	782,723	849,800	922,915
<i>C/I Ratio (%)</i>	55.70	52.46	52.84	52.78	52.28
Pre Provision Profits	554,360	681,326	698,669	760,208	842,532
<i>PPP Growth (yoy %)</i>	(6.8)	22.9	2.5	8.8	10.8
<i>Provisions & Contingencies - Total</i>	538,286	439,013	501,450	458,253	421,721
<i>Credit Cost (As % of Op. AUM)</i>	2.82	2.03	2.10	1.80	1.50
Profit Before Tax	16,075	242,313	197,219	301,955	420,812
Tax	14,453	103,141	49,305	75,489	105,203
<i>Effective Tax Rate (%)</i>	62.6	41.6	25.0	25.0	25.0
Reported Profits	1,622	139,172	147,914	226,466	315,609
<i>PAT Growth (yoy %)</i>	(102.5)	8,479.2	6.3	53.1	39.4

Source: Company, LKP Research

Exhibit: Balance Sheet

(₹ mn)	FY19	FY20	FY21E	FY22E	FY23E
Equity Share Capital	8,925	8,925	8,925	8,925	8,925
Reserves (ex Revel. Reserve)	1,953,674	2,073,523	2,221,437	2,447,903	2,763,512
Net Worth - Ex Revaluation	1,962,599	2,082,448	2,230,362	2,456,828	2,772,437
Deposits	29,113,860	32,416,207	34,932,840	38,237,832	42,183,621
Borrowings	4,030,171	3,146,557	3,141,100	3,415,580	3,918,697
Interest Bearing Liabilities (₹ mn)	33,144,031	35,562,764	38,073,940	41,653,411	46,102,318
Other Lia. & Prov.	1,455,973	1,631,101	1,794,498	1,940,683	2,057,125
Total Liabilities	36,809,143	39,513,939	42,328,235	46,274,187	51,152,717
Assets					
Cash & Cash Equivalent	2,224,901	2,510,970	2,736,607	2,952,841	3,182,131
Investments	9,670,219	10,469,545	11,359,911	12,258,341	13,224,412
Credit Equivalent	1,383,369	1,764,211	1,814,306	1,891,841	1,973,089
Loan & Advances (₹ mn)	21,858,769	23,252,896	24,648,069	27,112,876	30,366,421
Growth (yoy %)	13.0	6.4	6.0	10.0	12.0
Fixed Assets	391,976	384,393	412,379	445,878	490,034
Other Assets	2,663,277	2,896,136	3,171,268	3,504,252	3,889,719
Total Assets	36,809,143	39,513,939	42,328,235	46,274,187	51,152,717

Source: Company, LKP Research

Exhibit: Per share data

Y/E Mar	FY19	FY20	FY21E	FY22E	FY23E
Face Value (₹)	1	1	1	1	1
Adjusted Share O/S (mn)	8,925	8,925	8,925	8,925	8,925
Earnings Per Share (₹)	0.2	15.6	16.6	25.4	35.4
EPS (% YoY)	(102.5)	8,479.2	6.3	53.1	39.4
P/E (x)	1,138.8	13.3	12.5	8.2	5.9
Book Value (₹)	219.9	233.3	249.9	275.3	310.7
BVPS (% YoY)	1.0	6.1	7.1	10.2	12.8
P/BV (x)	0.9	0.9	0.8	0.8	0.7
Adj. BV (₹)	183.0	204.3	229.5	254.9	290.2
Adj. BV (% YoY)	17.6	11.6	12.3	11.1	13.9
P/ABV (x)	1.1	1.0	0.9	0.8	0.7

Source: Company, LKP Research

Exhibit: Detailed ROA Tree

Y/E Mar	FY19	FY20	FY21E	FY22E	FY23E
Yields / Margins					
<i>Yield on Advance</i>	7.8	8.0	7.8	7.7	7.5
<i>Yield on Funds</i>	7.4	7.4	7.1	7.0	6.9
<i>Cost of Funds (CoF)</i>	4.8	4.6	4.2	4.0	3.9
Interest Spread	2.6	2.7	3.0	3.0	3.0
NIM's	2.7	2.8	3.0	3.1	3.1
<i>Interest Income / Assets</i>	6.8	6.7	6.6	6.4	6.3
<i>Interest Exp. / Assets</i>	4.3	4.2	3.8	3.6	3.5
NII / Assets	2.5	2.6	2.8	2.8	2.8
<i>Fee Income / Assets</i>	0.7	0.6	0.6	0.6	0.6
<i>Other Non Core Income / Assets</i>	0.0	0.2	0.1	0.1	0.2
Other Income / Assets	1.0	1.2	0.8	0.8	0.8
Net Operating Income / Assets	3.5	3.8	3.6	3.6	3.6
Operating Ratios					
<i>NII to Net Operative Income</i>	70.6	68.4	76.8	77.3	78.0
<i>Other Income to Net Operative Income</i>	29.4	31.6	23.2	22.7	22.0
<i>Empl. Cost/Oper. Exps.</i>	58.9	60.8	64.2	65.1	65.9
<i>Other Op. Exps./Oper. Exps.</i>	41.1	39.2	35.8	34.9	34.1
C/I Ratio (%)	55.7	52.5	52.8	52.8	52.3
Provisions as % PPP	42.5	30.2	33.8	28.5	23.9
Credit Cost (As % of Op. AUM)	2.8	2.0	2.1	1.8	1.5
Effective Tax Rate (%)	62.6	41.6	25.0	25.0	25.0
<i>Employee Exp. / Assets</i>	1.2	1.2	1.2	1.2	1.2
<i>Other Opex/ Assets</i>	0.8	0.8	0.7	0.7	0.6
Total Opex / Assets	2.0	2.0	1.9	1.9	1.9
Operating Profits / Assets	1.6	1.8	1.7	1.7	1.7
Op Profit ex Except Items / Assets	1.6	1.8	1.7	1.7	1.7
<i>Provisions / Assets</i>	1.5	1.1	1.2	1.0	0.9
<i>Profit Before Tax / Assets</i>	0.1	0.6	0.5	0.7	0.9
<i>Tax Expenses / Assets</i>	0.0	0.3	0.1	0.2	0.2
RoA	0.0	0.4	0.4	0.5	0.6
<i>Leverage (x)</i>	18.8	19.0	19.0	18.8	18.5
<i>RoE</i>	0.4	6.4	6.2	8.8	11.1
<i>Adj. RoA</i>	0.0	0.4	0.4	0.5	0.6
<i>Adj. RoE</i>	0.4	6.4	6.2	8.8	11.1

Source: Company, LKP Research

Exhibit: Balance Sheet Ratio

Y/E Mar	FY19	FY20	FY21E	FY22E	FY23E
Credit / Deposit Ratio	75.1	71.7	70.6	70.9	72.0
Incremental C/D Ratio	122.4	42.2	55.4	74.6	82.5
Investment Deposit Ratio	33.2	32.3	32.5	32.1	31.3
Dom. SLR Investment / Deposits	27.1	25.7	26.2	26.1	25.7
CASA Ratio	46.1	45.9	46.0	46.5	46.5

Source: Company, LKP Research

Exhibit: Asset Quality

(₹ mn)	FY19	FY20	FY21E	FY22E	FY23E
Slippage Ratio (%)	2.1	2.5	2.4	1.5	1.2
Gross NPA	1,727,503	1,489,125	1,693,974	1,690,591	1,590,815
Gross NPAs Ratio (%)	7.5	6.2	6.9	6.2	5.2
PCR (%)	61.9	65.2	65.3	67.9	67.1
Net NPA	658,947	518,713	586,971	542,784	523,395
Net NPAs Ratio (%)	3.0	2.2	2.4	2.0	1.7
Total Impaired Loans	1,779,328	1,489,125	1,693,974	1,690,591	1,590,815
Impaired Loan as % of Loan / AUM	7.7	6.0	6.4	5.8	4.9
Total Risk Reserves	1,068,556	970,412	1,107,002	1,147,806	1,067,420
Total Risk As % of Loan Book	4.6	3.9	4.2	4.0	3.3

Source: Company, LKP Research

Exhibit: Key Assumptions & Forecasts

Y/E Mar	FY19	FY20	FY21E	FY22E	FY23E
Loan & Advances (₹ mn)	21,858,769	23,252,896	24,648,069	27,112,876	30,366,421
Growth (yoy %)	13.0	6.4	6.0	10.0	12.0
Interest Bearing Liabilities (₹ mn)	33,144,031	35,562,764	38,073,940	41,653,411	46,102,318
Growth (yoy %)	13.0	6.4	6.0	10.0	12.0
Yield on Funds	7.4	7.4	7.1	7.0	6.9
Cost of Funds (CoF)	4.8	4.6	4.2	4.0	3.9
Interest Spread	2.6	2.7	3.0	3.0	3.0
NIM's	2.7	2.8	3.0	3.1	3.1
Other Income Growth	(17.5)	23.0	(23.9)	6.1	6.4
C/I Ratio (%)	55.7	52.5	52.8	52.8	52.3
Effective Tax Rate (%)	62.6	41.6	25.0	25.0	25.0

Return Ratios

Adj. RoA	0.0	0.4	0.4	0.5	0.6
Adj. RoE	0.4	6.4	6.2	8.8	11.1

Asset Quality Metrics

Credit Cost (As % of Op. AUM)	2.8	2.0	2.1	1.8	1.5
Gross NPAs Ratio (%)	7.5	6.2	6.9	6.2	5.2
Net NPAs Ratio (%)	3.0	2.2	2.4	2.0	1.7

Source: Company, LKP Research

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