

Result and Price Analysis:

3QFY21 marks the manifestation of moderately higher provisioning expenses (₹46bn v/s ₹45.8bn in the previous quarter) and net profit of ₹11.2bn against ₹16.8bn in the previous quarter. As the asset classification stands still, the bank's reported slippages number remains low (₹0.3bn v/s 9.3bn in 2QFY21) with GNPA and NNPA ratio declined to 3.44% and 0.74% respectively. The Pro-forma GNPA and NNPA ratio were at 4.55% and 1.19% respectively. The bank's PCR has seen further improvement to 79% v/s 77.2% in the previous quarter. Moreover the resolution rate (98%) stood better than pre-Covid level. Furthermore, the BB & below book inched down 1.37% of customer assets v/s 1.4% in the previous quarter. On business front, credit growth (5.9% YoY & 1.1% QoQ) and deposit growth (10.6% YoY & 2.9% QoQ) were better than previous quarter. The future outlook of asset quality is at manageable level as the strong standard asset coverage (2.08% of book) is likely to absorb delinquencies or restructuring. In view of adequate buffer and strong capital position (CET 1 of 15.36%) post dilution, we have a positive outlook with BUY rating.

Strong provisioning to provide comfort: A sequentially higher provision expenses of ₹46.0bn (v/s ₹45.8bn in the previous quarter) has resulted in decline in NNPA ratio by 24bps to 0.74%. The bank's PCR stood at 79% v/s 77.2% in the previous quarter. PCR (including tech. write offs) stood at 91% and Aggregate PCR (Specific provision + Covid provision + General Provision + Contingency Provision) stood at 134% of reported GNPLs and 116% of IRAC GNPA. The contingent provisioning (Covid + standard asset) stood 2.08% of the loan book. Moreover the demand resolution (98%) better than Pre-Covid level and bounce rates are low. Furthermore, the BB & below book declined to 1.37% of customer assets v/s 1.4% in the previous quarter. The bank has reported restructured advances of ₹27bn (~42bps of loan book). Corporate segment has 80bps of loan book under restructuring where retail and SME segment carry restructuring of 30bps and 2bps respectively. PCR on overall restructured book stood at 26% and 100% provision made on unsecured retail restructured book.. We believe, the provision buffer would be adequate factoring the current scenario and normalization of credit cost can be witnessed by 1QFY22E.

Growth coming on track with sound liquidity: The bank's advances stood at ₹5.82tn; grew by 5.9% YoY and 1.1% QoQ, Corporate book (34.5% of book) de-grew marginally by 4.4% QoQ. Corporate book (including TLTRO) grew by 11% YoY. Retail book (54.6% of book) grew by 4% sequentially. SME book (11% of book) grew by 5.6% QoQ. Management sounded cautious and kept conservative stand on credit growth while bank's liquidity position remains strong with LCR of 119% and excess SLR of ₹519bn.

Steady operational quarter: NII witnessed a healthy growth of 14% YoY and 0.6% QoQ. The NIMs improved marginally to 3.59%. Separately, cost-to-income ratio increased to 45.3% (v/s 42.5% in FY20) and the provisioning expenses (₹46bn v/s ₹45.8bn in 2QFY21) have resulted in net profit of ₹11.2bn. The reported ROA and ROE stood at 0.48% and 4.91% respectively.

Outlook & Valuation

We value the standalone bank with PBV of 2.2x FY22E Adj. BVPS of ₹309 and value of subsidiaries per share of ₹40 to reach a price target of ₹721. We recommend BUY rating with potential upside of 14%.

Key Financials (₹ mn)	FY19	FY20	FY21E	FY22E	FY23E
NII	2,17,082	2,52,062	2,92,180	3,27,120	3,70,831
Operating Profit	1,90,048	2,34,381	2,52,484	2,81,847	3,18,019
Reported Profits	46,763	16,272	55,549	78,548	1,02,652
Net Worth	6,66,763	8,49,478	9,05,028	9,83,576	10,86,229
Loan & Advances	49,47,980	57,14,242	60,02,239	66,02,463	73,28,734
Int. Bearing Liabilities	70,12,471	78,80,591	85,73,503	94,57,945	1,05,81,887

Key Ratios (%)	FY19	FY20	FY21E	FY22E	FY23E
NIM's	3.2	3.2	3.4	3.5	3.6
C/I Ratio	45.4	42.5	41.7	41.1	40.4
Gross NPA Ratio	5.3	4.9	4.6	3.8	3.3
Tier 1 Ratio	12.5	14.6	14.0	13.8	13.6
Adj. RoA Ratio	0.6	0.2	0.6	0.8	0.9
Adj. RoE Ratio	7.2	2.1	6.3	8.3	9.9

Rating	Buy
Current Market Price (₹)	632
12 M Price Target (₹)	721
Potential upside (%)	14

Stock Data

FV (₹) :	2
Market Cap Full (₹ bn) :	1,940
Market Cap Free Float (₹ bn) :	1,633
52-Week High / Low (₹) :	761 / 286
2-Year High / Low (₹) :	828 / 286
1 Year Avg. Dly Traded Volume (in lakh) :	289
BSE Code / NSE Symbol :	532215 / AXISBANK
Bloomberg :	AXSB:IN

Shareholding Pattern (%)

	Dec-20	Sep-20	Jun-20	Mar-20
Promoter	13.93	14.78	15.99	16.00
FPIs	51.02	49.24	45.96	45.49
MFs	17.95	18.59	19.61	20.51
Insurance	2.22	2.22	2.26	2.21
Others	14.88	15.17	16.18	15.79

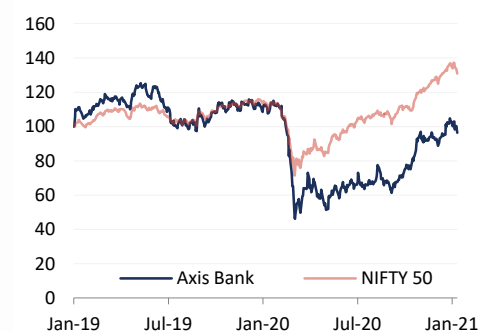
Source: BSE

Price Performance (%)

(%)	1M	3M	6M	1YR
Axis Bank	3.6%	24.4%	46.5%	-14.6%
Nifty 50	1.6%	17.5%	25.5%	15.3%

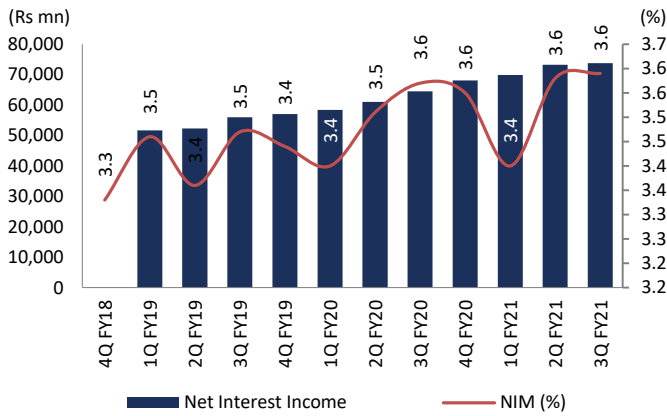
* To date / current date : January 27, 2021

Axis Bank vs Nifty 50



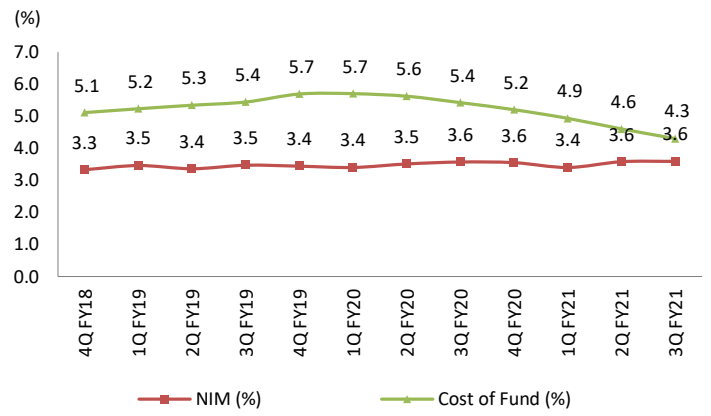
Quarterly story in charts

NII Trend

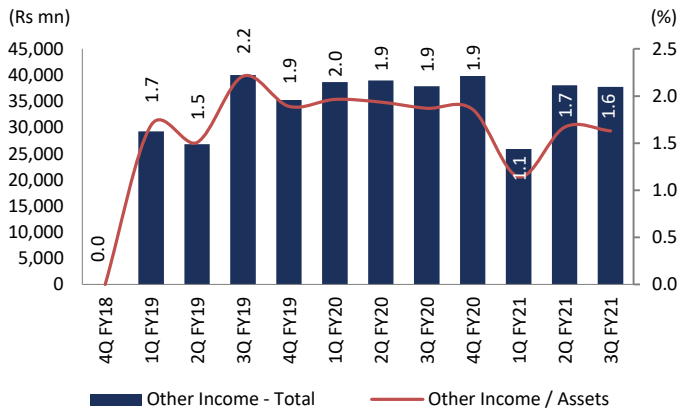


Source: Company, LKP Research

Yields and Margin Trend

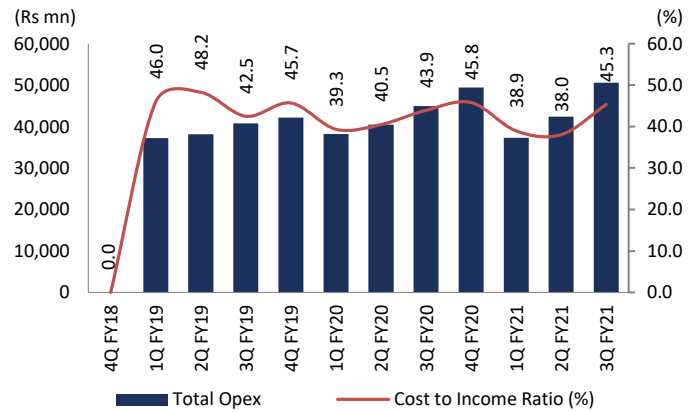


Other Income Trend

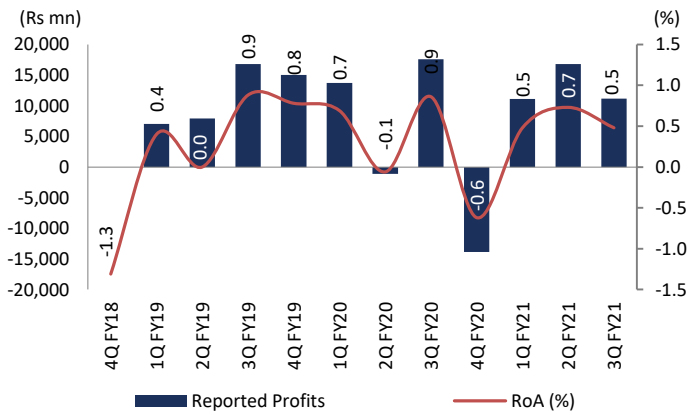


Source: Company, LKP Research

Total Opex Trend

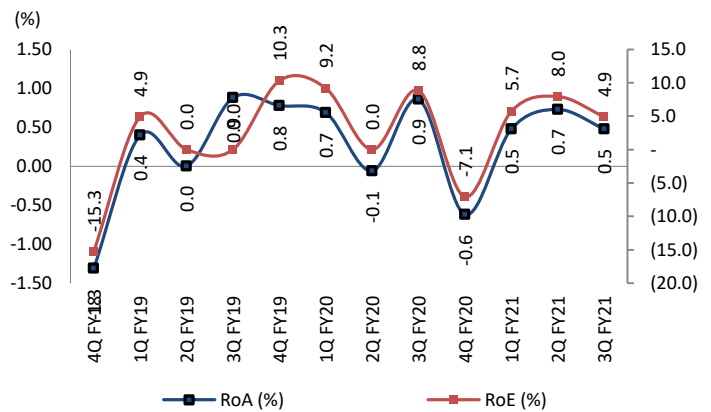


Reported Profit Trend

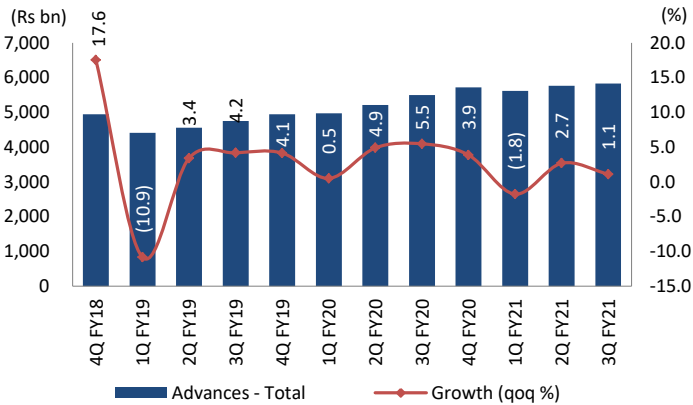


Source: Company, LKP Research

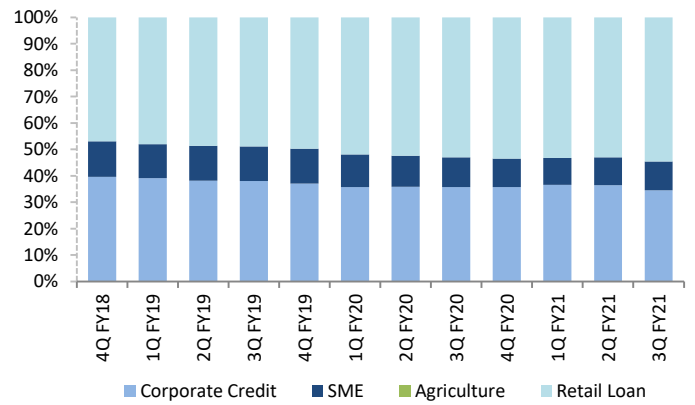
Return Ratio Trend



Loan Book Trend

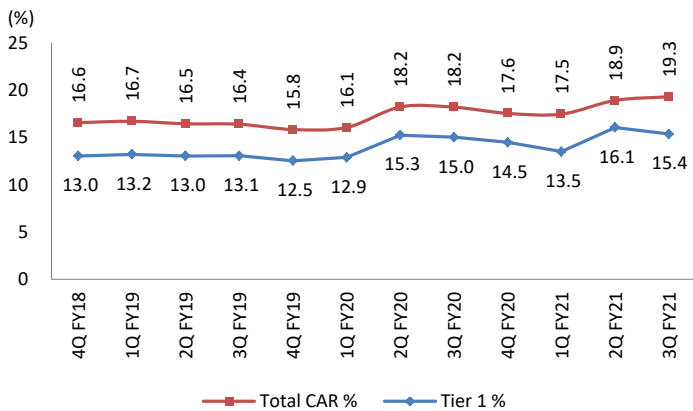


Loan Book Mix Trend

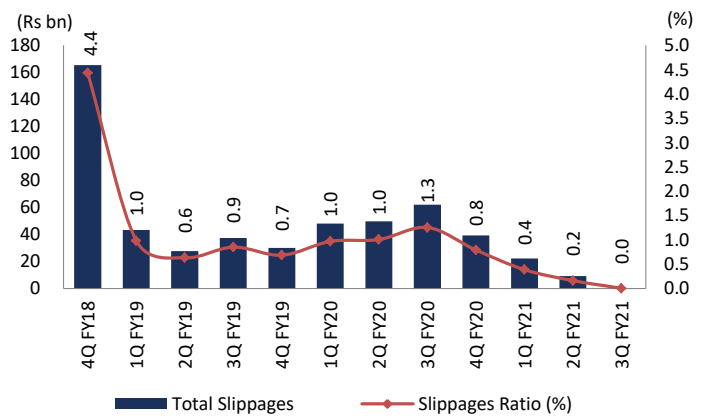


Source: Company, LKP Research

CRAR & Tier 1 Ratio Trend

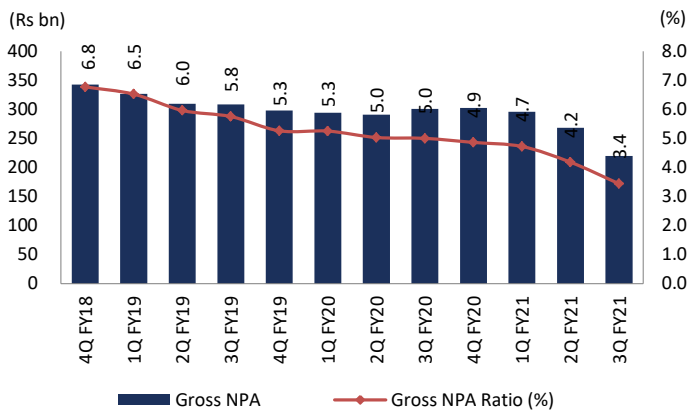


Slippages Trend

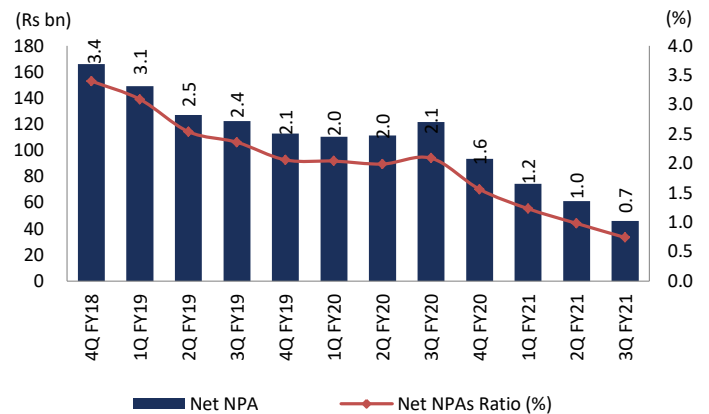


Source: Company, LKP Research

Gross NPA Trend



Net NPA Trend



Source: Company, LKP Research

Financial Performance at a glance

Exhibit : Income Statement Analysis

(₹ mn)	3Q FY21	3Q FY20	% yoy / bps	2Q FY21	% qoq / bps	FY20	FY19	% yoy / bps
Int. on Loan	1,15,443	1,22,841	(6.0)	1,21,890	(5.3)	4,83,030	4,13,220	16.9
Int. on Investment	31,898	26,490	20.4	31,019	2.8	1,12,460	1,13,491	(0.9)
Int. on Balances	1,165	2,857	(59.2)	2,591	(55.0)	10,953	6,933	58.0
Int. Others	6,478	4,895	32.3	5,129	26.3	19,909	16,213	22.8
Interest Inc.	1,54,984	1,57,083	(1.3)	1,60,629	(3.5)	6,26,352	5,49,858	13.9
Interest Expenses	81,256	92,553	(12.2)	87,368	(7.0)	3,74,290	3,32,776	12.5
Net Interest Income	73,728	64,530	14.3	73,261	0.6	2,52,062	2,17,082	16.1
<i>NII to Net Operative Income</i>	<i>66.1</i>	<i>63.0</i>	<i>311</i>	<i>65.8</i>	<i>33</i>	<i>61.9</i>	<i>62.3</i>	<i>(44)</i>
<i>NIM (%)</i>	<i>3.59</i>	<i>3.6</i>	<i>2</i>	<i>3.6</i>	<i>1</i>	<i>3.5</i>	<i>-</i>	<i>-</i>
Core Fee Income	29,060	27,750	4.7	27,520	5.6	1,10,180	1,15,137	(4.3)
Non Core Other Income	8,700	10,116	(14.0)	10,550	(17.5)	45,186	16,163	179.6
Other Income - Total	37,760	37,866	(0.3)	38,072	(0.8)	1,55,366	1,31,300	18.3
<i>Other Income to Net Operative Income</i>	<i>33.9</i>	<i>37.0</i>	<i>(311)</i>	<i>34.2</i>	<i>(33)</i>	<i>38.1</i>	<i>37.7</i>	<i>44</i>
Net Operating Revenue	1,11,488	1,02,396	8.9	1,11,333	0.1	4,07,428	3,48,382	16.9
Employee Expenses	16,774	13,652	22.9	14,129	18.7	53,210	47,473	12.1
<i>Empl. Cost/Oper. Exps.</i>	<i>15.0</i>	<i>13.3</i>	<i>171</i>	<i>12.7</i>	<i>235</i>	<i>13.1</i>	<i>13.6</i>	<i>(57)</i>
Other Opex	33,759	31,316	7.8	28,227	19.6	1,19,836	1,10,861	8.1
<i>Other Opex/ Assets</i>	<i>0.4</i>	<i>0.4</i>	<i>(2)</i>	<i>0.3</i>	<i>5</i>	<i>1.4</i>	<i>1.5</i>	<i>(9)</i>
Total Opex	50,533	44,969	12.4	42,356	19.3	1,73,046	1,58,334	9.3
<i>Cost to Income Ratio (%)</i>	<i>45.3</i>	<i>43.9</i>	<i>141</i>	<i>38.0</i>	<i>728</i>	<i>42.5</i>	<i>45.4</i>	<i>(298)</i>
Pre Provision Profits	60,955	57,427	6.1	68,976	(11.6)	2,34,381	1,90,048	23.3
Provisions & Contingencies - Total	46,043	34,709	32.7	45,807	0.5	1,85,339	1,20,310	54.1
<i>NPA Provisions as % Operating Income</i>	<i>75.5</i>	<i>60.4</i>	<i>1,509</i>	<i>66.4</i>	<i>913</i>	<i>79.1</i>	<i>63.3</i>	<i>1,577</i>
Profit Before Tax	14,912	22,718	(34.4)	23,170	(35.6)	49,042	69,737	(29.7)
Tax	3,746	5,148	(27.2)	6,343	(40.9)	32,770	22,975	42.6
<i>Effective Tax Rate (%)</i>	<i>25.1</i>	<i>22.7</i>	<i>246</i>	<i>27.4</i>	<i>(225)</i>	<i>66.8</i>	<i>32.9</i>	<i>3,388</i>
Reported Profits	11,166	17,570	(36.4)	16,827	(33.6)	16,272	46,763	(65.2)
<i>RoA (%)</i>	<i>0.5</i>	<i>0.9</i>	<i>(38)</i>	<i>0.7</i>	<i>(25)</i>	<i>0.2</i>	<i>-</i>	<i>-</i>
<i>RoE (%)</i>	<i>4.9</i>	<i>8.8</i>	<i>(392)</i>	<i>8.0</i>	<i>(304)</i>	<i>2.3</i>	<i>-</i>	<i>-</i>

Source: Company, LKP Research

Exhibit : Balance Sheet Analysis

(₹ mn)	2Q FY20	3Q FY20	4Q FY20	1Q FY21	2Q FY21	3Q FY21	QoQ % / bps	YoY % / bps
Net Worth	8,38,754	8,61,978	8,49,479	8,60,710	9,76,638	9,88,167	1.2	14.6
RoE (%)	-	8.8	(7.1)	5.7	8.0	4.9	(304)	(392)
CET1 %	14.0	14.3	13.3	13.5	16.1	15.4	(70)	103
Tier 1 %	15.3	15.0	14.5	13.5	16.1	15.4	(70)	34
Total CAR %	18.2	18.2	17.6	17.5	18.9	19.3	39	111
RWA - Total	-	-	62,89,166	61,00,540	60,93,403	61,91,125	1.6	-
Advances - Total	52,15,937	55,01,377	57,14,242	56,13,408	57,63,725	58,27,539	1.1	5.9
Investments	16,17,154	15,59,792	15,67,343	18,73,231	20,02,899	19,83,460	(1.0)	27.2
Total Assets	80,92,944	81,90,389	91,51,648	89,71,382	90,94,631	93,80,492	3.1	14.5
RoA (%)	(0.06)	0.86	(0.62)	0.48	0.73	0.48	(25)	(38)
Deposits	58,39,585	59,16,755	64,01,049	62,81,503	63,54,543	65,41,403	2.9	10.6
Saving Deposit	16,09,160	16,53,530	17,35,920	17,63,180	18,06,890	18,98,140	5.1	14.8
Current Deposit	7,91,380	7,83,950	9,01,140	8,04,390	10,00,990	9,25,780	(7.5)	18.1
CASA Deposits	24,00,540	24,37,480	26,37,060	25,67,570	28,07,880	28,23,920	0.6	15.9
CASA Ratio (%)	41.0	41.0	39.0	39.0	40.0	42.0	200	100
Term Deposits	34,39,045	34,79,275	37,63,989	26,70,860	35,46,663	37,17,483	4.8	6.8
Interest Bearing Liabilities - Total	69,29,039	70,36,822	78,80,591	77,09,863	76,66,616	78,98,061	3.0	12.2

Source: Company, LKP Research

Exhibit: Funding Profile Analysis

(₹ mn)	2Q FY20	3Q FY20	4Q FY20	1Q FY21	2Q FY21	3Q FY21	QoQ % / bps	YoY % / bps
Interest Bearing Liabilities - Total	69,29,039	70,36,822	78,80,591	77,09,863	76,66,616	78,98,061	3.0	12.2
Deposits	58,39,585	59,16,755	64,01,049	62,81,503	63,54,543	65,41,403	2.9	10.6
CASA Deposits	24,00,540	24,37,480	26,37,060	25,67,570	28,07,880	28,23,920	0.6	15.9
Saving Deposit	16,09,160	16,53,530	17,35,920	17,63,180	18,06,890	18,98,140	5.1	14.8
Current Deposit	7,91,380	7,83,950	9,01,140	8,04,390	10,00,990	9,25,780	(7.5)	18.1
Term Deposits	34,39,045	34,79,275	37,63,989	26,70,860	35,46,663	37,17,483	4.8	6.8
Borrowings	10,89,454	11,20,067	14,79,541	14,28,361	13,12,073	13,56,658	3.4	21.1
Interest Bearing Liabilities - Total	69,29,039	70,36,822	78,80,591	77,09,863	76,66,616	78,98,061	3.0	12.2

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	3Q FY21		FY19	FY20	3Q FY21	FY19	FY20	3Q FY21
Deposits	45,36,227	54,84,713	64,01,049	65,41,403	73.6	20.9	16.7	2.2	92.2	87.2	89.9
Saving Deposit	14,82,020	15,41,288	17,35,916	18,98,140	21.4	4.0	12.6	9.3	5.8	18.5	103.9
Current Deposit	9,56,495	8,92,650	9,01,144	9,25,780	10.4	(6.7)	1.0	2.7	(6.2)	0.8	15.8
CASA Deposits	24,38,516	24,33,938	26,37,061	28,23,920	31.8	(0.2)	8.3	7.1	(0.4)	19.3	119.7
Term Deposits	20,97,711	30,50,775	37,63,989	37,17,483	41.8	45.4	23.4	(1.2)	92.7	67.9	(29.8)
Borrowings	14,80,161	15,27,758	14,79,541	13,56,658	15.3	3.2	(3.2)	(8.3)	4.6	(4.6)	(78.7)
Interest Bearing Liabilities - Total	60,16,389	70,12,471	78,80,591	78,98,061	88.9	16.6	12.4	0.2	96.9	82.6	11.2
Net Worth	6,34,453	6,66,763	8,49,478	9,88,167	11.1	5.1	27.4	16.3	3.1	17.4	88.8
Working Fund	66,50,841	76,79,234	87,30,069	88,86,228	100.0	15.5	13.7	1.8	100.0	100.0	100.0
<i>Interest Exp. / Assets</i>	<i>4.20</i>	<i>4.46</i>	<i>4.36</i>	<i>3.5</i>		<i>26</i>	<i>(10)</i>	<i>(85)</i>			

Source: Company, LKP Research

Exhibit: Asset Quality Analysis

(₹ mn)	2Q FY20	3Q FY20	4Q FY20	1Q FY21	2Q FY21	3Q FY21	QoQ % / bps	YoY % / bps
Total Slippages	49,830	62,140	39,200	22,180	9,310	290	(96.9)	(99.5)
<i>Slippages Ratio (%)</i>	<i>1.01</i>	<i>1.26</i>	<i>0.79</i>	<i>0.39</i>	<i>0.16</i>	<i>0.01</i>	<i>(16)</i>	<i>(125)</i>
Gross NPA	2,90,714	3,00,730	3,02,338	2,95,602	2,68,136	2,19,979	(18.0)	(26.9)
<i>Gross NPAs Ratio (%)</i>	<i>5.03</i>	<i>5.00</i>	<i>4.86</i>	<i>4.72</i>	<i>4.18</i>	<i>3.44</i>	<i>(74)</i>	<i>(156)</i>
<i>PCR - Calculated (%)</i>	<i>61.7</i>	<i>59.6</i>	<i>69.0</i>	<i>74.8</i>	<i>77.2</i>	<i>79.0</i>	<i>182</i>	<i>1,948</i>
<i>PCR - Inc. Tech w/o (%)</i>	<i>79.0</i>	<i>78.0</i>	<i>83.0</i>	<i>87.0</i>	<i>88.0</i>	<i>91.0</i>	<i>300</i>	<i>1,300</i>
Net NPA	1,11,383	1,21,603	93,604	74,480	61,079	46,098	(24.5)	(62.1)
<i>Net NPAs Ratio (%)</i>	<i>1.99</i>	<i>2.09</i>	<i>1.56</i>	<i>1.23</i>	<i>0.98</i>	<i>0.74</i>	<i>(24)</i>	<i>(135)</i>
BB & Below Non-Fund Based O/S	22,130	36,700	39,060	37,210	49,280	47,960	(2.7)	30.7
BB & Below Investments	17,580	9,850	5,620	6,120	8,080	6,200	(23.3)	(37.1)
BB & Below Advances	62,910	51,280	65,280	64,200	91,180	87,220	(4.3)	70.1

Source: Company, LKP Research

3QFY21 Result and Con-Call Highlights:

Asset Quality:

Collection and Overdue: As of Dec-20, the collection efficiencies are 98% with resolution rate better than Pre-Covid level.

Slippages: Axis Bank's total slippages moderated at ₹0.3bn (0.01%) v/s ₹9.3bn (0.16%) in the previous quarter. The up-gradation & recovery increased to ₹48.5bn v/s ₹36.8bn in the previous quarter. It has resulted in 74bps reduction in GNPA ratio to 3.44%.

GNPA/NNPA/PCR stood at 3.44%/0.74%/79% against 4.18%/0.98%/77.2% in the previous quarter. The Pro-forma GNPA/NNPA ratio were at 4.55%/1.19% against 4.28%/1.03% in the previous quarter. The interest and fee income accrued from pro-forma NPAs have been reversed.

Restructured Book: The bank has reported restructured advances of ₹27bn (~42bps of loan book). Corporate segment has 80bps of loan book under restructuring where retail and SME segment carry restructuring of 30bps and 2bps respectively. PCR on overall restructured book stood at 26% and 100% provision made on unsecured retail restructured book.

BB & below: Fund based BB & below rated pool eased down by 5bps to 1.37% of gross customer assets. Fund based, Non fund based and investment outstanding in BB & below pool decreased sequentially by 4.3%, 2.7% and 23.3% and stood at ₹87.2bn, ₹47.9bn and ₹6.2bn respectively. 100% of restructured corporate book classified as BB & Below.

Provisioning expenses: A sequentially higher provision expenses of ₹46.0bn (v/s ₹45.8bn in the previous quarter) has resulted in decline in NNPA ratio by 24bps to 0.74%. The bank's PCR stood at 79% v/s 77.2% in the previous quarter. PCR (including tech. write offs) stood at 91% and Aggregate PCR (Specific provision + Covid provision + General Provision + Contingency Provision) stood at 134% of reported GNPLs and 116% of IRAC GNPA. The contingent provisioning (Covid + standard asset) stood 2.08% of the loan book.

Business Overview:

Advances: The bank's advances stood at ₹5.82tn; 5.9% YoY and 1.1% QoQ. Corporate book (34.5% of book) de-grew marginally by 4.4% QoQ. Corporate book (including TLTRO) grew by 11% YoY. Retail book (54.6% of book) grew by 4% sequentially. SME book (11% of book) grew by 5.6% QoQ.

Retail Book: Nearly 91% of PL & CC book (9.5% of net advances) has been allotted to salaried employees. Approx. 100% of PL and 66% of CC is allotted to salaried class. Nearly 81% of retail book remain secured and it is well diversified. Axis bank is the 4th largest credit card issuer of the country with market share of 11.5%.

Corporate Book: Around 83% of Corporate book is now rated A - and above with 94% of incremental sanctions in 1QFY21-3QFY21 being to corporate rated A- and above and 77% of sanction to those who are AA & above.

SME Book: Around 91% of SME book is secured with predominantly working capital financing. 85% of SME book is rated SME 3 or better. The bank has sanctioned ~₹105bn towards the emergency credit line to over 25 thousand customers and disbursed ~₹88.75bn. Under ECLGS – 1.0 the bank has disbursed 82.9bn and rest under ECLGS – 2.0.

Deposits: Bank's deposit stood at ₹6.36tn and growth remain strong at 10.6% YoY and 2.9% QoQ. The CASA (QAB) stood at 42%

Liquidity and CRAR: During 2QFY21, the bank raised ₹100bn through QIP which has resulted in 265bps improvement in CET 1. The bank's CRAR stood at 19.31% with CET 1 of 15.36%. Additionally LCR of 119% with excess SLR of ₹518bn provides a strong liquidity position for the bank. The RWA to asset decreased to 66% in 3QFY21.

Income Statement:

NII/NIMs: The bank's NII stood at ₹73.7bn; grew by 14% YoY & 0.6% QoQ. Bank's NIMs improves marginally to 3.59% on the back of lower cost of fund (4.3%) and cost of deposit (4.09%). Interest reversal has impacted 30bps to the NIMs. Non – interest income de-grew by 0.3% YoY and 0.8% QoQ.

PAT: A higher opex (C/I ratio: 45.3% v/s 38% in the previous quarter) led to PPop de-growth of 11.6%. A bulky provisioning expenses (₹46bn v/s ₹45.8bn) has resulted in net profit of ₹11.2bn v/s ₹16.8bn in the previous quarter.

Annual Projections

Exhibit: Profit and Loss Statement

(₹ mn)	FY19	FY20	FY21E	FY22E	FY23E
Int. Income	5,49,858	6,26,352	6,40,286	7,11,604	7,93,863
Interest Expenses	3,32,776	3,74,290	3,48,106	3,84,484	4,23,032
Net Interest Income	2,17,082	2,52,062	2,92,180	3,27,120	3,70,831
<i>NIM (%)</i>	3.16	3.23	3.39	3.48	3.56
Core Fee Income	1,01,270	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	1,31,300	1,55,366	1,40,668	1,51,323	1,62,797
Net Operating Revenue	3,48,382	4,07,428	4,32,848	4,78,443	5,33,628
Employee Exp.	47,473	53,210	59,329	64,669	70,489
Other Opex	1,10,861	1,19,836	1,21,035	1,31,928	1,45,120
Total Opex	1,58,334	1,73,046	1,80,364	1,96,596	2,15,609
<i>C/I Ratio</i>	45.45	42.47	41.67	41.09	40.40
Pre Provision Profits	1,90,048	2,34,381	2,52,484	2,81,847	3,18,019
<i>PPP Growth (yoy %)</i>	21.9	23.3	7.7	11.6	12.8
Provisions & Contingencies - Total	1,20,310	1,85,339	1,78,319	1,76,975	1,80,966
<i>Credit Cost (As % of Op. AUM)</i>	2.32	2.57	2.20	1.90	1.60
Profit Before Tax	69,737	49,042	74,165	1,04,871	1,37,053
Tax	22,975	32,770	18,615	26,323	34,400
<i>Effective Tax Rate</i>	32.9	66.8	25.1	25.1	25.1
Reported Profits	46,763	16,272	55,549	78,548	1,02,652
<i>PAT Growth (yoy %)</i>	1,596.4	(65.2)	241.4	41.4	30.7

Source: Company, LKP Research

Exhibit: Balance Sheet

(₹ mn)	FY19	FY20	FY21E	FY22E	FY23E
Equity Share Capital	5,143	5,643	6,123	6,123	6,123
Reserves (ex Revel. Reserve)	6,61,620	8,43,835	8,98,905	9,77,453	10,80,106
Net Worth - Ex Revaluation	6,66,763	8,49,478	9,05,028	9,83,576	10,86,229
Deposits	54,84,713	64,01,049	68,58,802	77,55,515	87,82,966
Borrowings	15,27,758	14,79,541	17,14,701	17,02,430	17,98,921
Interest Bearing Liabilities	70,12,471	78,80,591	85,73,503	94,57,945	1,05,81,887
Other Lia. & Prov.	3,30,731	4,21,579	4,50,142	4,74,979	4,45,137
Total Liabilities	80,09,965	91,51,648	99,28,673	1,09,16,500	1,21,13,253
Assets					
Cash & Cash Equivalent	6,72,046	9,72,683	9,60,142	10,56,837	11,73,752
Investments	17,49,693	15,67,343	19,98,940	22,04,512	24,52,533
Credit Equivalent	5,05,486	2,65,233	2,67,886	2,73,243	2,78,708
Loan & Advances	49,47,980	57,14,242	60,02,239	66,02,463	73,28,734
<i>Growth (yoy %)</i>	<i>12.5</i>	<i>15.5</i>	<i>5.0</i>	<i>10.0</i>	<i>11.0</i>
Fixed Assets	40,366	43,129	44,761	47,063	52,047
Other Assets	5,99,880	8,54,252	9,22,592	10,05,625	11,06,187
Total Assets	80,09,965	91,51,648	99,28,673	1,09,16,500	1,21,13,253

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	3,061	3,061	3,061
Earnings Per Share	18.2	5.8	18.1	25.7	33.5
<i>EPS (% YoY)</i>	<i>1,593.1</i>	<i>(68.3)</i>	<i>214.6</i>	<i>41.4</i>	<i>30.7</i>
<i>P/E (x)</i>	<i>34.8</i>	<i>109.6</i>	<i>34.8</i>	<i>24.6</i>	<i>18.9</i>
Book Value	259.3	301.1	295.6	321.3	354.8
<i>BVPS (% YoY)</i>	<i>4.9</i>	<i>16.1</i>	<i>(1.8)</i>	<i>8.7</i>	<i>10.4</i>
<i>P/BV (x)</i>	<i>2.4</i>	<i>2.1</i>	<i>2.1</i>	<i>2.0</i>	<i>1.8</i>
Adj. BV	259.3	301.1	283.7	309.3	342.9
<i>Adj. BV (% YoY)</i>	<i>4.9</i>	<i>16.1</i>	<i>(5.8)</i>	<i>9.0</i>	<i>10.8</i>
<i>P/ABV (x)</i>	<i>2.4</i>	<i>2.1</i>	<i>2.2</i>	<i>2.0</i>	<i>1.8</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	8.2	8.4	8.5
Yield on Funds	8.0	8.0	7.4	7.6	7.6
Cost of Funds (CoF)	5.1	5.0	4.2	4.3	4.2
Interest Spread	2.9	3.0	3.2	3.3	3.4
NIM's	3.2	3.2	3.4	3.5	3.6
Interest Income / Assets	7.4	7.3	6.7	6.8	6.9
Interest Exp. / Assets	4.5	4.4	3.6	3.7	3.7
NII / Assets	2.9	2.9	3.1	3.1	3.2
Fee Income / Assets	1.4	1.1	0.9	0.8	0.8
Other Income / Assets	1.8	1.8	1.5	1.5	1.4
Net Operating Income / Assets	4.7	4.7	4.5	4.6	4.6
Operating Ratios					
NII to Net Operative Income	62.3	61.9	67.5	68.4	69.5
Other Income to Net Operative Income	37.7	38.1	32.5	31.6	30.5
Empl. Cost/Oper. Exps.	30.0	30.7	32.9	32.9	32.7
Other Op. Exps./Oper. Exps.	70.0	69.3	67.1	67.1	67.3
C/I Ratio	45.4	42.5	41.7	41.1	40.4
Provisions as % PPP	34.5	45.5	41.2	37.0	33.9
Credit Cost (As % of Op. AUM)	2.3	2.6	2.2	1.9	1.6
Effective Tax Rate	32.9	66.8	25.1	25.1	25.1
Employee Exp. / Assets	0.6	0.6	0.6	0.6	0.6
Other Opex/ Assets	1.5	1.4	1.3	1.3	1.3
Total Opex / Assets	2.1	2.0	1.9	1.9	1.9
Operating Profits / Assets	2.5	2.7	2.6	2.7	2.8
Op Profit ex Except Items / Assets	2.5	2.7	2.6	2.7	2.8
Provisions / Assets	1.6	2.2	1.9	1.7	1.6
Profit Before Tax / Assets	0.9	0.6	0.8	1.0	1.2
Tax Expenses / Assets	0.3	0.4	0.2	0.3	0.3
RoA	0.6	0.2	0.6	0.8	0.9
Leverage (x)	12.0	10.8	11.0	11.1	11.2
RoE	7.2	2.1	6.3	8.3	9.9
Adj. RoA	0.6	0.2	0.6	0.8	0.9
Adj. RoE	7.2	2.1	6.3	8.3	9.9

Source: Company, LKP Research

Exhibit: Balance Sheet Ratios

Y/E Mar	FY19	FY20	FY21E	FY22E	FY23E
Credit / Deposit Ratio	90.2	89.3	87.5	85.1	83.4
Incremental C/D Ratio	58.1	83.6	62.9	66.9	70.7
Investment Deposit Ratio	31.9	24.5	29.1	28.4	27.9
Dom. SLR Investment / Deposits	21.4	19.2	24.1	23.8	23.8
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	2.0	1.7	1.5
Gross NPA (Cl Bal)	2,97,894	3,02,338	2,73,276	2,52,992	2,43,539
Gross NPAs Ratio (%)	5.3	4.9	4.6	3.8	3.3
PCR (%)	62.1	69.0	80.0	78.1	77.7
Net NPA (Cl. Bal.)	1,12,756	93,604	54,570	55,419	54,191
Net NPAs Ratio (%)	2.1	1.6	0.9	0.8	0.7
Total Impaired Loans	2,97,894	3,02,338	2,73,276	2,52,992	2,43,539
Impaired Loan as % of Loan / AUM	5.5	5.1	4.4	3.7	3.2
Total Risk Reserves	1,85,138	2,08,734	2,18,706	1,97,574	1,89,348
Total Risk As % of Loan Book	3.4	3.5	3.5	2.9	2.5

Source: Company, LKP Research

Exhibit: Key Assumptions & Forecasts

Y/E Mar	FY19	FY20	FY21E	FY22E	FY23E
Loan & Advances	49,47,980	57,14,242	60,02,239	66,02,463	73,28,734
<i>Growth (yoy %)</i>	12.5	15.5	5.0	10.0	11.0
Interest Bearing Liabilities	70,12,471	78,80,591	85,73,503	94,57,945	1,05,81,887
<i>Growth (yoy %)</i>	12.5	15.5	5.0	10.0	11.0
<i>Yield on Funds</i>	8.0	8.0	7.4	7.6	7.6
<i>Cost of Funds (CoF)</i>	5.1	5.0	4.2	4.3	4.2
<i>Interest Spread</i>	2.9	3.0	3.2	3.3	3.4
<i>NIM's</i>	3.2	3.2	3.4	3.5	3.6
<i>Other Income Growth</i>	19.7	18.3	(9.5)	7.6	7.6
<i>C/I Ratio</i>	45.4	42.5	41.7	41.1	40.4
<i>Effective Tax Rate</i>	32.9	66.8	25.1	25.1	25.1

Return Ratios

<i>Adj. RoA</i>	0.6	0.2	0.6	0.8	0.9
<i>Adj. RoE</i>	7.2	2.1	6.3	8.3	9.9

Asset Quality Metrics

<i>Credit Cost (As % of Op. AUM)</i>	2.3	2.6	2.2	1.9	1.6
<i>Gross NPAs Ratio (%)</i>	5.3	4.9	4.6	3.8	3.3
<i>Net NPAs Ratio (%)</i>	2.1	1.6	0.9	0.8	0.7

Source: Company, LKP Research

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