

INDUSIND BANK | Banking

Sound Balance Sheet, gearing up for growth

LKP**Result and Price Analysis:**

Indusind Bank has reported better than expected numbers in 3QFY21, as its gross slippages declined at ₹0.6bn v/s ₹3.99bn in 2QFY21. The bank has reported provision expenses ₹18.5bn v/s ₹19.6bn in the previous quarter. The total Covid provisioning stood at ₹32.6bn. The total contingent provision (excluding PCR) stood at 2.2% of loan book. Total loan loss provisions (cumulative, Covid and contingent) stood 210% of GNPLs and 3.1% of book. The bank's collection efficiencies have improved significantly (~98% as on Dec-20) and one of the best among large private banks. The capital infusion (post money CET 1: 14.5%) would provide further cushion. Furthermore the liquidity surplus of ₹400bn is likely to safeguard the balance sheet. We expect the credit cost to normalize in FY22E and return ratios to reach the previous run rate. Hence, we have a positive outlook on the bank with a BUY rating.

Bulky provisioning expenses results satisfactory PCR and Covid buffer: The bank's provisioning expenses (₹18.5bn) decreased 5.6% sequentially. As of 3QFY21, the total Covid provision stood ₹32.6bn. Moreover, the bank held cumulative provisions, floating provision, standard asset provision and other provision of ₹44.9bn. The total provisions stand at 210% of GNPLs and 3.1% of loans. Excluding cumulative provision (PCR calculation) the contingent provision is 2.1% of the loan book. The PCR for non-performing loans increased 1000bps to 87%. We believe the contingent provisions to be satisfactory for impending stress.

Decline in NPAs, restructure book to be low single digit: As a result of no asset classification, the bank's gross slippages declined to ₹0.6bn (0.11% annualized) against ₹3.99bn (0.77% annualized) in the previous quarter. Total GNPA reduction stood at ₹9.4bn v/s ₹9.7bn in 2QFY21. The pro-forma GNPA and NNPA ratio would be 2.93% and 0.7% respectively. A reduction in NPAs emphasizes our hypothesis of stability in asset quality but the management alluded the restructuring is likely to at low single digit when asset classification resumes. The SMA book (SMA1: 33bps and SMA2: 10bps) is under control. Although, the actual stress will be key monitor-able, we believe the bank has made adequate provisioning.

Stable NII growth & robust PAT growth sequentially: NII grew by 3.9% QoQ driven by sequentially lower NIMs at 4.12%. Bank's YOA remain sequentially down at 11.67%. However, excess liquidity (₹400bn) has resulted in sequentially lower NIMs. As a result PPP sequentially decreased by 5%. A bulky but sequentially lower provisioning expenses have translated in 31.8% sequential jump in reported profit at ₹8.5bn. The bank's ROA and ROE for the quarter stood at 1.07% and 8.35% respectively.

Outlook & Valuation

Core operating performance of Indusind Bank remains healthy. A higher PCR is likely to safeguard the bank from credit disruption appear from Covid. Thus we retain our BUY rating with a raised price target of ₹1,134 (based on 1.6x FY22E Adj. BVPS of ₹709).

Key Financials (₹ mn)	FY19	FY20	FY21E	FY22E	FY23E
NII	88,462	120,587	135,982	138,717	155,096
Operating Profit	80,882	107,727	122,434	116,883	123,671
Reported Profits	33,011	44,179	47,523	52,282	58,200
Net Worth	263,492	337,131	493,107	545,389	603,589
Loan & Advances	1,863,935	2,067,832	2,112,704	2,302,847	2,556,160
Int. Bearing Liabilities	2,421,890	2,627,934	2,890,299	2,949,494	3,244,837

Key Ratios (%)	FY19	FY20	FY21E	FY22E	FY23E
NIM's	3.8	4.4	4.6	4.4	4.6
C/I Ratio	44.2	43.3	41.1	45.4	47.2
Gross NPA Ratio	2.1	2.5	3.4	2.9	2.7
Tier 1 Ratio	13.7	15.7	20.2	21.8	21.8
Adj. RoA Ratio	1.3	1.5	1.5	1.5	1.6
Adj. RoE Ratio	13.1	14.6	11.4	10.0	10.1

Rating	Buy
Current Market Price (₹)	846
12 M Price Target (₹)	1,134
Potential upside (%)	34

Stock Data

FV (₹) :	2
Market Cap Full (₹ bn) :	645
Market Cap Free Float (₹ bn) :	480
52-Week High / Low (₹) :	1,346 / 236
2-Year High / Low (₹) :	1,834 / 236
1 Year Avg. Dly Traded Volume (in lakh)	223
BSE Code / NSE Symbol :	532187 / INDUSINDBK
Bloomberg :	IIB IN

Shareholding Pattern (%)

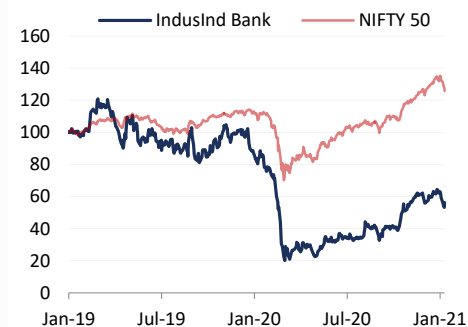
	Dec-20	Sep-20	Jun-20	Mar-20
Promoter	14.67	14.68	14.65	14.34
FPIs	54.93	51.81	52.07	53.58
MFs	9.43	11.11	12.01	11.81
FI's / Banks	0.07	0.08	0.75	0.61
Insurance	6.66	6.02	1.15	2.92
Others	14.24	16.30	19.37	16.74

Source: BSE

Price Performance (%)

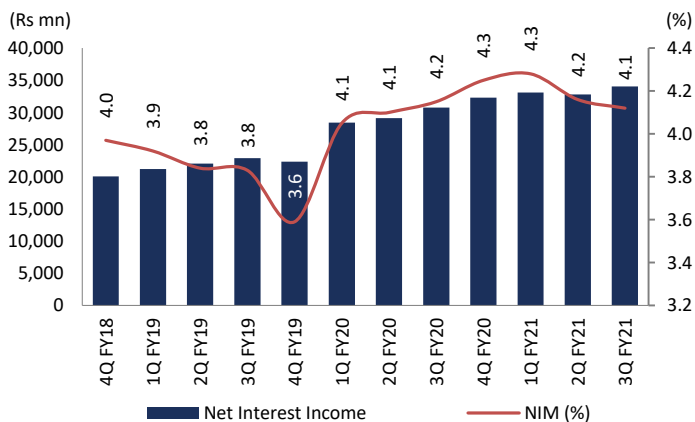
(%)	1M	3M	6M	1YR
Indusind Bank	-7%	44%	54%	-33%
Nifty 50	-2%	17%	22%	12%

* To date / current date : January 29, 2021

Indusind Bank vs Nifty 50

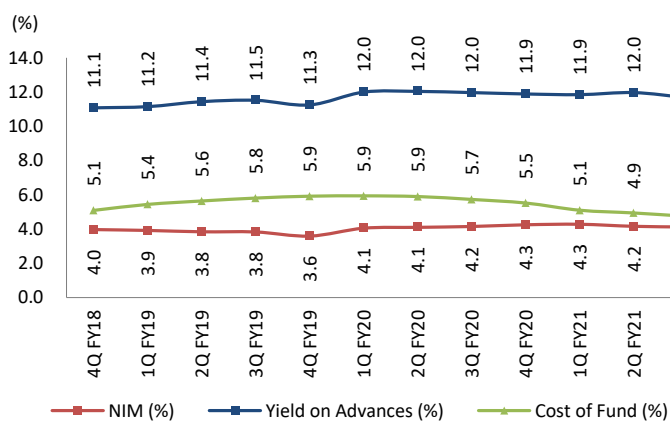
Quarterly Story in Charts

NII Trend

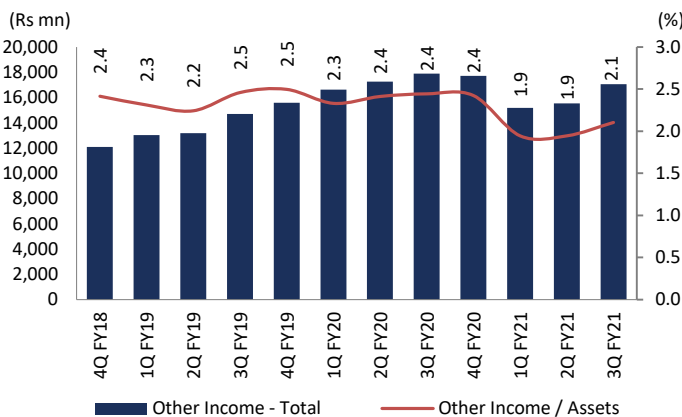


Source: Company, LKP Research

Yield & Margin's Trend

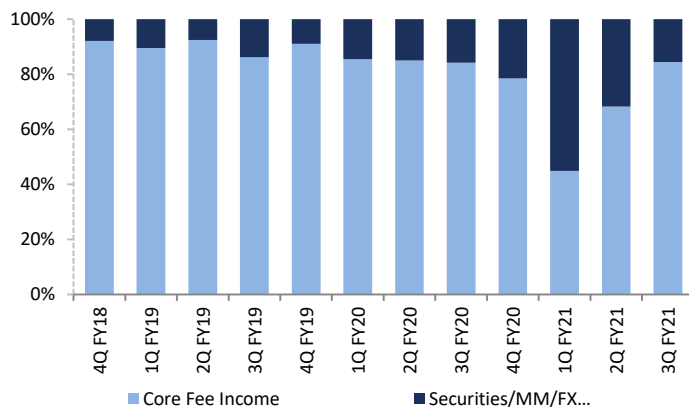


Other Income Trend

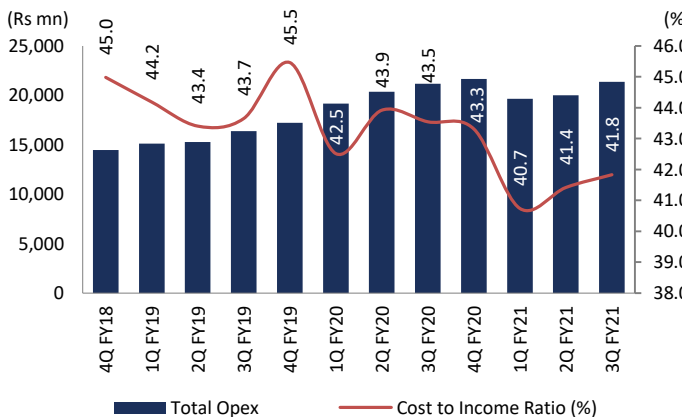


Source: Company, LKP Research

Other Income Mix Trend

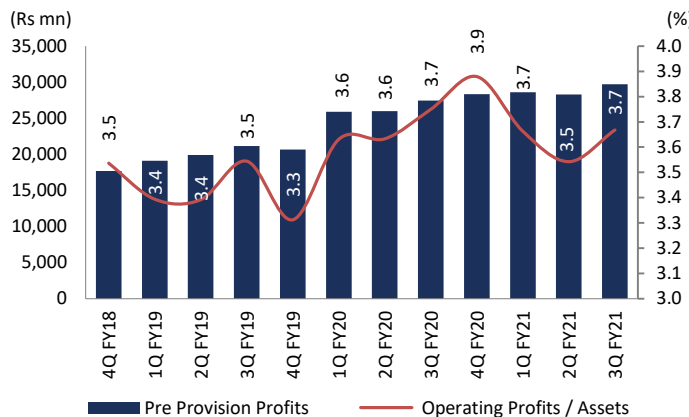


Total Opex Trend

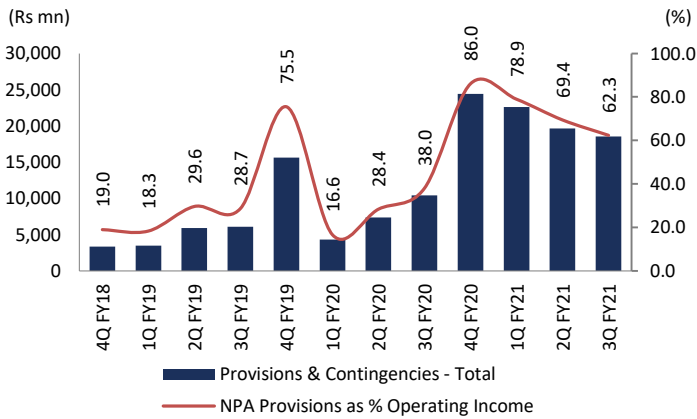


Source: Company, LKP Research

Pre Provision Profit Trend

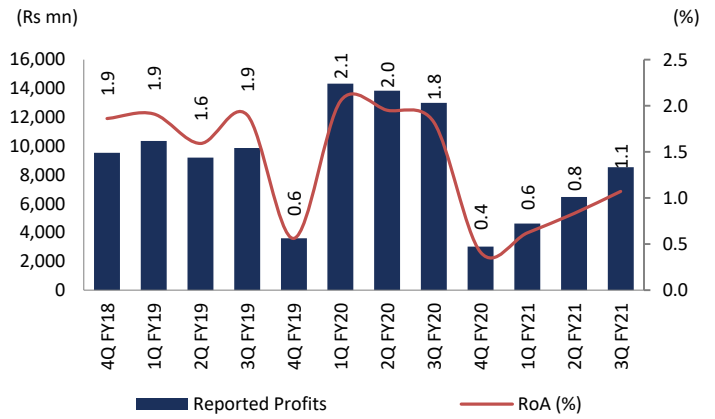


Provision Expenses Trend

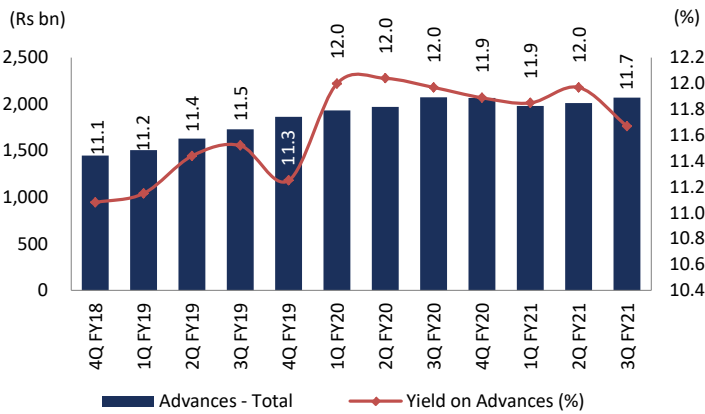


Source: Company, LKP Research

Reported Profit Trend

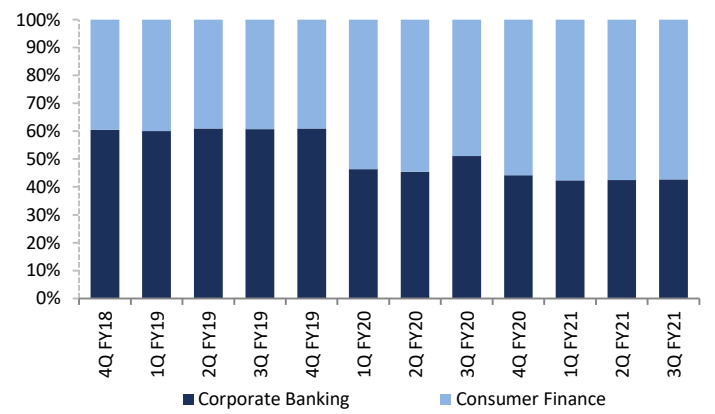


Loan Book Trend

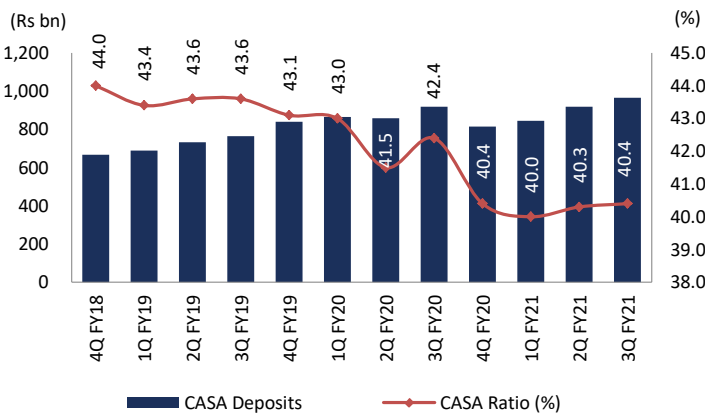


Source: Company, LKP Research

Loan Book Mix Trend

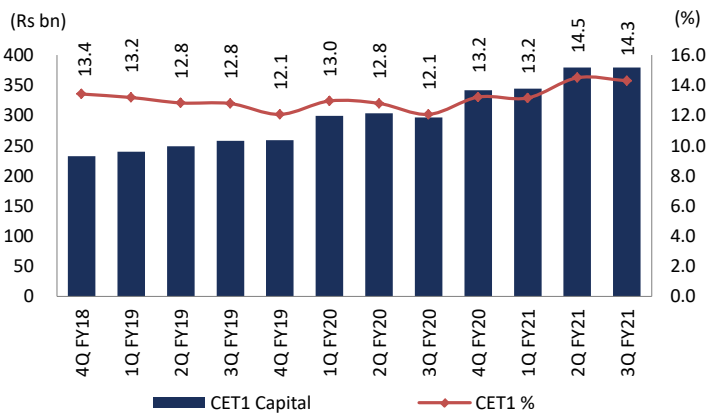


CASA Deposit Trend

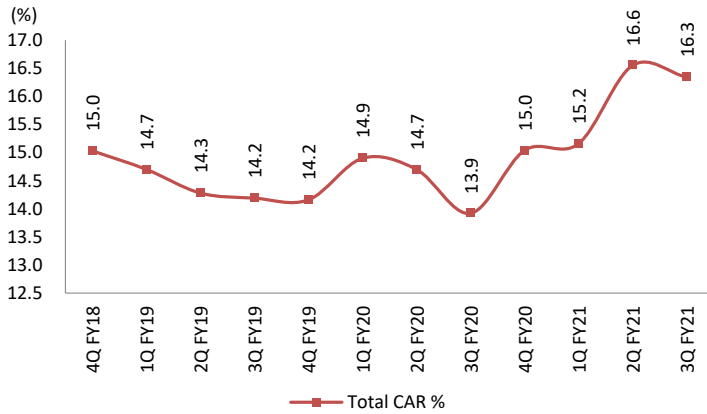


Source: Company, LKP Research

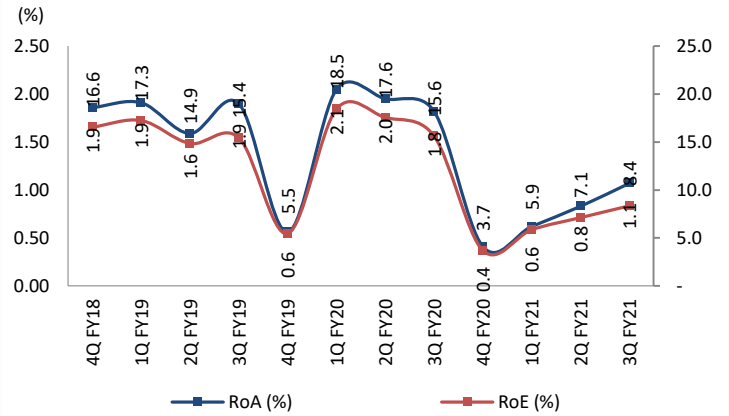
CET 1 Ratio Trend



CRAR & Tier 1 Ratio Trend

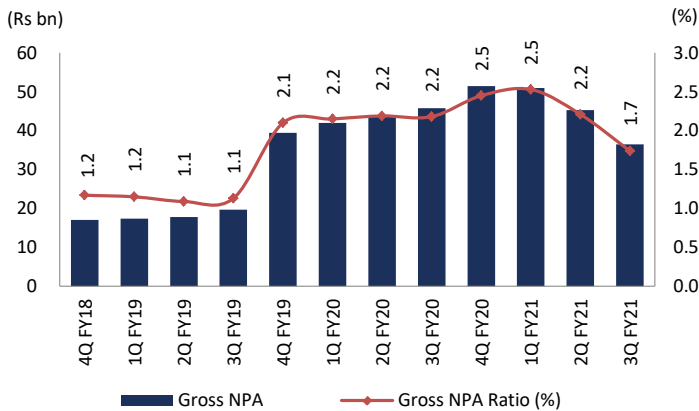


Return Ratio Trend

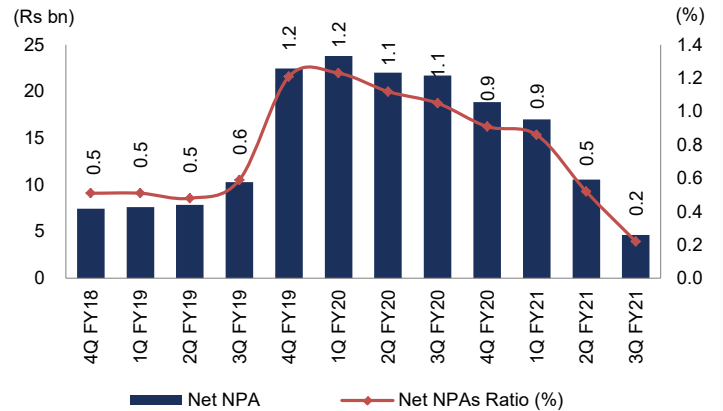


Source: Company, LKP Research

Gross NPA Trend

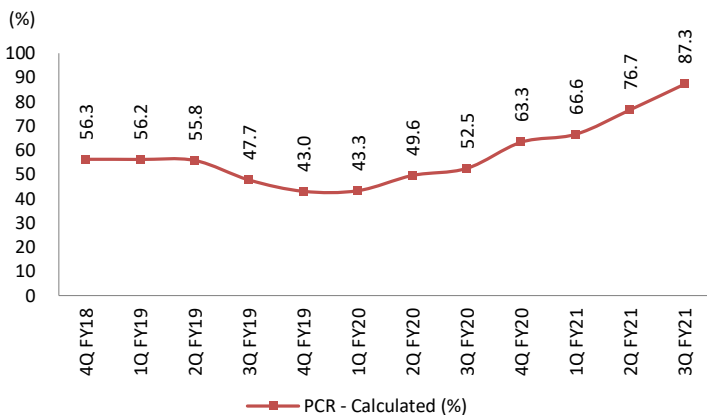


Net NPA Trend

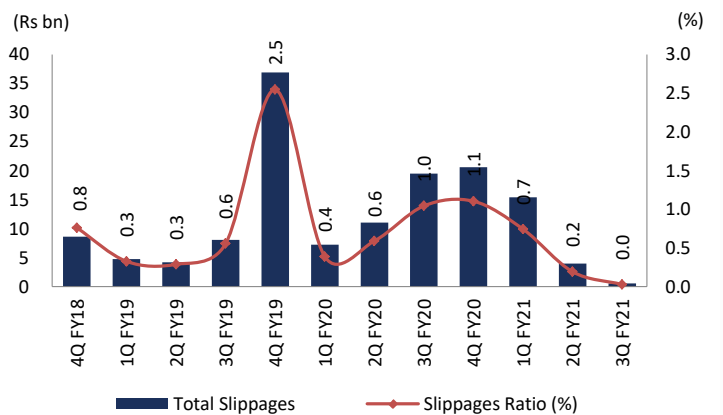


Source: Company, LKP Research

PCR Trend



Slippages 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	59,107	60,823	(2.8)	59,877	(1.3)	240,083	182,567	31.5
Int. on Investment	9,307	11,064	(15.9)	9,524	(2.3)	42,822	36,773	16.4
Int. on Balances	2,163	297	627.4	1,696	27.5	1,920	1,020	88.2
Int. Others	1,839	661	178.3	675	172.5	3,004	2,251	33.4
Interest Inc.	72,415	72,845	(0.6)	71,772	0.9	287,828	222,612	29.3
Yield on Advances (%)	11.7	12.0	(30)	12.0	(30)	-	-	-
Yield on Assets (%)	8.9	9.9	(102)	9.1	(24)	-	-	-
Interest Expenses	38,354	42,105	(8.9)	38,992	(1.6)	167,241	134,150	24.7
Cost of Dep. (%)	5.3	6.5	(115)	5.6	(24)	-	-	-
Cost of Fund (%)	4.7	5.7	(99)	4.9	(20)	-	-	-
Net Interest Income	34,061	30,740	10.8	32,780	3.9	120,587	88,462	36.3
NII to Net Operative Income	66.6	63.2	343	67.8	(121)	63.4	61.0	240
NIM (%)	4.12	4.2	(3)	4.2	(4)	-	3.8	-
Yield Corporate Bank (%)	8.4	8.9	(52)	8.4	(7)	-	-	-
Yield Consumer Finance (%)	14.1	14.7	(59)	14.6	(55)	-	-	-
Trade and Remittances	1,830	1,850	(1.1)	1,520	20.4	7,200	6,360	13.2
Foreign Exchange Income	2,680	2,410	11.2	2,280	17.5	10,160	10,150	0.1
Distribution Fees	3,700	3,470	6.6	3,230	14.6	13,380	11,280	18.6
General Banking Fees	1,880	850	121.2	1,230	52.8	3,450	3,440	0.3
Loan Processing fees	3,010	3,880	(22.4)	2,120	42.0	14,410	10,950	31.6
Investment Banking	790	2,090	(62.2)	230	243.5	7,880	8,500	(7.3)
PSLC	-	510	-	-	-	1,370	-	-
Core Fee Income	13,890	15,060	(7.8)	10,610	30.9	57,850	50,680	14.1
"Securities/MM/FX Trading/Others"	2,570	2,834	(9.3)	4,928	(47.9)	11,663	5,786	101.6
Other Income - Total	17,055	17,894	(4.7)	15,538	9.8	69,513	56,467	23.1
Other Income to Net Operative Income	33.4	36.8	(343)	32.2	121	36.6	39.0	(240)
Net Operating Revenue	51,116	48,634	5.1	48,318	5.8	190,101	144,929	31.2
Employee Expenses	5,427	5,501	(1.3)	5,241	3.5	22,085	18,535	19.2
Empl. Cost/Oper. Exps.	10.6	11.3	(69)	10.8	(23)	11.6	12.8	(117)
Other Opex	15,956	15,677	1.8	14,772	8.0	60,289	45,512	32.5
Other Opex/ Assets	0.5	0.5	(4)	0.5	3	2.1	1.8	24
Total Opex	21,383	21,178	1.0	20,013	6.8	82,373	64,047	28.6
Cost to Income Ratio (%)	41.8	43.5	(171)	41.4	41	43.3	44.2	(86)
Pre Provision Profits	29,733	27,456	8.3	28,305	5.0	107,727	80,882	33.2
Provisions & Contingencies - Total	18,535	10,435	77.6	19,644	(5.6)	46,521	31,077	49.7
Credit Cost (%)	0.20	0.28	(8.0)	0.3	(10)	1.46	-	-
NPA Provisions as % Operating Income	62.3	38.0	2,434	69.4	(706)	43.2	38.4	476
Profit Before Tax	11,198	17,022	(34.2)	8,661	29.3	61,206	49,806	22.9
Tax	2,670	4,020	(33.6)	2,191	21.9	17,027	16,795	1.4
Effective Tax Rate (%)	23.8	23.6	23	25.3	(145)	27.8	33.7	(590)
Reported Profits	8,528	13,002	(34.4)	6,470	31.8	44,179	33,011	33.8
RoA (%)	1.1	1.8	(75)	0.8	24	-	1.4	-
RoE (%)	8.4	15.6	(727)	7.1	123	-	13.3	-

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	328,339	334,820	340,232	348,280	388,833	398,570	2.5	19.0
RoE (%)	17.6	15.6	3.7	5.9	7.1	8.4	123	(727)
CET1 %	12.8	12.1	13.2	13.2	14.5	14.3	(20)	223
Tier 1 %	14.3	13.5	14.6	14.5	15.8	15.6	(21)	213
Total CAR %	14.7	13.9	15.0	15.2	16.6	16.3	(21)	242
RWA - Total	2,372,230	2,458,520	2,580,650	2,617,220	2,616,830	2,654,530	1.4	8.0
Advances - Total	1,971,126	2,074,130	2,067,832	1,980,690	2,012,468	2,071,280	2.9	(0.1)
Investments	635,820	605,170	599,799	595,960	629,942	610,570	(3.1)	0.9
Total Assets	2,947,293	3,079,430	3,070,576	3,179,160	3,321,887	3,414,460	2.8	10.9
RoA (%)	1.95	1.82	0.41	0.62	0.83	1.07	24	(75)
Deposits	2,071,934	2,167,130	2,020,398	2,112,650	2,282,793	2,391,350	4.8	10.3
Saving Deposit	581,170	648,950	531,300	525,270	570,730	643,330	12.7	(0.9)
Current Deposit	277,210	269,700	284,400	319,460	347,730	323,130	(7.1)	19.8
CASA Deposits	858,380	918,650	815,700	844,730	918,460	966,460	5.2	5.2
CASA Ratio (%)	41.5	42.4	40.4	40.0	40.3	40.4	10	(200)
Term Deposits	1,213,554	1,248,480	1,204,698	1,267,920	1,364,333	1,424,890	4.4	14.1
Interest Bearing Liabilities - Total	2,517,512	2,635,260	2,627,934	2,704,610	2,806,644	2,877,570	2.5	9.2

Source: Company, LKP Research

Exhibit: Earning Assets Mix & Incremental Contribution

	As on (₹ mn)				As % of Working Assets	YoY/ YTD growth (% / bps)			Incremental Contribution in Working Assets (%)		
	FY18	FY19	FY20	3Q FY21		FY19	FY20	3Q FY21	FY19	FY20	3Q FY21
Corporate Banking	877,150	1,137,100	913,340	884,820	27.7	29.6	(19.7)	(3.1)	49.8	(100.2)	(7.9)
Large Corporates	442,890	521,660	477,420	415,510	13.0	17.8	(8.5)	(13.0)	15.1	(19.8)	(17.1)
Mid size Corporates	256,520	333,690	395,590	427,110	13.4	30.1	18.6	8.0	14.8	27.7	8.7
Small Corporates	177,740	281,750	40,330	42,200	1.3	58.5	(85.7)	4.6	19.9	(108.1)	0.5
Consumer Finance	572,390	726,840	1,154,490	1,186,460	37.2	27.0	58.8	2.8	29.6	191.6	8.8
Comm. Vehicle Loans	198,720	244,440	239,480	238,120	7.5	23.0	(2.0)	(0.6)	8.8	(2.2)	(0.4)
Utility Vehicle Loans	28,660	35,970	43,770	47,660	1.5	25.5	21.7	8.9	1.4	3.5	1.1
Small CV	25,280	31,350	35,240	35,900	1.1	24.0	12.4	1.9	1.2	1.7	0.2
Two Wheeler Loans	35,890	44,820	52,040	60,310	1.9	24.9	16.1	15.9	1.7	3.2	2.3
Car Loans	53,450	65,370	72,470	78,790	2.5	22.3	10.9	8.7	2.3	3.2	1.7
Tractor	27,260	35,200	46,700	61,910	1.9	29.1	32.7	32.6	1.5	5.2	4.2
Equipment Financing	54,790	75,690	80,830	87,340	2.7	38.1	6.8	8.1	4.0	2.3	1.8
Vehicle Loans	-	-	570,540	610,030	19.1	-	-	6.9	-	-	10.9
Non Vehicle loans	-	-	341,630	346,350	10.9	-	-	1.4	-	-	1.3
Credit Card	26,960	4,382	47,620	52,250	1.6	(83.7)	986.7	9.7	(4.3)	19.4	1.3
Loan Against Property	80,090	8,925	94,480	93,620	2.9	(88.9)	958.6	(0.9)	(13.6)	38.3	(0.2)
BBG + BL, PL, GL, Others	41,300	6,095	199,540	200,480	6.3	(85.2)	3,173.8	0.5	(6.7)	86.7	0.3
Advances - Total	1,449,537	1,863,935	2,067,832	2,071,280	64.9	28.6	10.9	0.2	79.4	91.3	1.0
Investments	500,767	592,662	599,799	610,570	19.1	18.4	1.2	1.8	17.6	3.2	3.0
Cash & Cash Equivalent	132,159	147,834	160,037	507,770	15.9	11.9	8.3	217.3	3.0	5.5	96.1
Working Assets	2,082,463	2,604,431	2,827,668	3,189,620	100.0	25.1	8.6	12.8	100.0	100.0	100.0

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	2,517,512	2,635,260	2,627,934	2,704,610	2,806,644	2,877,570	2.5	9.2
Deposits	2,071,934	2,167,130	2,020,398	2,112,650	2,282,793	2,391,350	4.8	10.3
CASA Deposits	858,380	918,650	815,700	844,730	918,460	966,460	5.2	5.2
Saving Deposit	581,170	648,950	531,300	525,270	570,730	643,330	12.7	(0.9)
Current Deposit	277,210	269,700	284,400	319,460	347,730	323,130	(7.1)	19.8
Term Deposits	1,213,554	1,248,480	1,204,698	1,267,920	1,364,333	1,424,890	4.4	14.1
Borrowings	445,578	468,130	607,536	591,960	523,851	486,220	(7.2)	3.9
Interest Bearing Liabilities - Total	2,517,512	2,635,260	2,627,934	2,704,610	2,806,644	2,877,570	2.5	9.2

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	1,516,392	1,948,679	2,020,398	2,391,350	73.0	28.5	3.7	18.4	78.4	25.7	120.4
Saving Deposit	458,883	544,857	531,300	643,330	19.6	18.7	(2.5)	21.1	15.6	(4.8)	36.4
Current Deposit	208,410	295,845	284,400	323,130	9.9	42.0	(3.9)	13.6	15.9	(4.1)	12.6
CASA Deposits	667,293	840,701	815,700	966,460	29.5	26.0	(3.0)	18.5	31.5	(8.9)	49.0
Term Deposits	849,099	1,107,978	1,204,698	1,424,890	43.5	30.5	8.7	18.3	47.0	34.6	71.5
Borrowings	382,891	473,211	607,536	486,220	14.8	23.6	28.4	(20.0)	16.4	48.1	(39.4)
Interest Bearing Liabilities Total	1,899,283	2,421,890	2,627,934	2,877,570	87.8	27.5	8.5	9.5	94.8	73.7	81.1
Net Worth	238,271	266,748	340,232	398,570	12.2	12.0	27.5	17.1	5.2	26.3	18.9
Working Fund	2,137,553	2,688,638	2,968,166	3,276,140	100.0	25.8	10.4	10.4	100.0	100.0	100.0
Interest Exp. / Assets	4.89	5.37	5.72	4.7		48	35	(99)			

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	11,020	19,450	20,580	15,370	3,990	590	(85.2)	(97.0)
Slippages Ratio (%)	0.59	1.04	1.10	0.74	0.19	0.03	(16)	(101)
Gross NPA	43,702	45,784	51,467	50,990	45,322	36,507	(19.4)	(20.3)
Gross NPAs Ratio (%)	2.19	2.18	2.45	2.53	2.21	1.74	(47)	(44)
PCR - Calculated (%)	49.6	52.5	63.3	66.6	76.7	87.3	1,058	3,475
PCR - Inc. Tech w/o (%)	50.0	53.0	63.0	67.0	77.0	87.0	1,000	3,400
Net NPA	22,026	21,733	18,866	17,034	10,558	4,642	(56.0)	(78.6)
Net NPAs Ratio (%)	1.12	1.05	0.91	0.86	0.52	0.22	(30)	(83)
Std. Rest. Adv. as % of Advances	0.1	0.1	0.04	0.05	0.05	0.60	55	54
Corporate Bank - Credit Cost	1,010	2,830	14,420	9,070	4,190	2,380	(43.2)	(15.9)
Consumer Finance - Credit Cost	2,620	2,930	3,440	2,590	2,010	1,870	(7.0)	(36.2)
Gross Credit Costs	3,630	5,760	17,860	11,660	6,200	4,250	(31.5)	(26.2)
Gross Credit Costs (bps)	18	28	86	59	31	21	(1,000)	(700)
Net Credit Cost	3,480	5,750	17,570	11,570	6,020	4,070	(32.4)	(29.2)
Net Credit Costs (BPS)	18	28	85	58	30	20	(1,000)	(800)

Source: Company, LKP Research

Annual Projections

Exhibit: Profit and Loss Statement

(₹ mn)	FY19	FY20	FY21E	FY22E	FY23E
Interest Income	222,612	287,828	289,614	304,571	329,216
Interest Expenses	134,150	167,241	153,632	165,854	174,120
Net Interest Income	88,462	120,587	135,982	138,717	155,096
<i>NIM (%)</i>	3.77	4.44	4.56	4.38	4.63
Core Fee Income	50,680	57,850	60,164	63,172	66,331
Securities/MM/FX Trading/Others	5,787	11,663	11,896	12,253	12,743
Other Income - Total	56,467	69,513	72,060	75,425	79,074
Net Operating Revenue	144,929	190,101	208,042	214,143	234,170
Employee Exp.	18,535	22,085	22,306	25,094	28,231
Other Opex	45,512	60,289	63,303	72,165	82,269
Total Opex	64,047	82,373	85,609	97,259	110,499
<i>C/I Ratio</i>	44.19	43.33	41.15	45.42	47.19
Pre Provision Profits	80,882	107,727	122,434	116,883	123,671
<i>PPP Growth (yoy %)</i>	21.5	33.2	13.7	(4.5)	5.8
Core PPP	78,631	104,723	122,434	116,883	123,671
PPP ex Except. Items	80,882	107,727	122,434	116,883	123,671
<i>PPP ex Except Items Growth (yoy %)</i>	21.5	33.2	13.7	(4.5)	5.8
Provisions & Contingencies - Total	31,077	46,521	59,070	47,174	46,071
<i>Credit Cost (As % of Op. AUM)</i>	1.88	2.18	2.50	2.00	2.00
Profit Before Tax	49,806	61,206	63,363	69,709	77,600
Tax	16,795	17,027	15,841	17,427	19,400
<i>Effective Tax Rate</i>	33.7	27.8	25.0	25.0	25.0
Reported Profits	33,011	44,179	47,523	52,282	58,200
<i>PAT Growth (yoy %)</i>	(8.5)	33.8	7.6	10.0	11.3

Source: Company, LKP Research

Exhibit: Balance Sheet

(₹ mn)	FY19	FY20	FY21E	FY22E	FY23E
Equity Share Capital	6,027	6,935	7,570	7,570	7,570
Reserves (ex Reval. Reserve)	257,465	330,196	485,537	537,819	596,019
Net Worth - Ex Revaluation	263,492	337,131	493,107	545,389	603,589
Revaluation Reserve	3,256	3,101	2,617	2,257	-
Equity Warrant & Other	112	6,833	127	133	6,833
Minority Interest	-	-	-	-	-
Deposits	1,948,679	2,020,398	2,413,399	2,462,828	2,709,439
Borrowings	473,211	607,536	476,899	486,667	535,398
Interest Bearing Liabilities	2,421,890	2,627,934	2,890,299	2,949,494	3,244,837
Other Lia. & Prov.	89,444	95,577	21,238	2,273	3,245
Total Liabilities	2,778,194	3,070,576	3,407,387	3,499,546	3,858,504
Assets					
Cash & Cash Equivalent	147,834	160,037	409,087	236,706	244,634
Investments	592,662	599,799	614,542	655,975	705,622
AUM/ Credit Exposure	2,828,983	2,828,984	2,828,984	2,828,984	2,828,984
Off Book AUM	965,048	761,152	-	-	-
Credit Equivalent	52,979	53,537	56,750	60,722	64,973
Loan & Advances	1,863,935	2,067,832	2,112,704	2,302,847	2,556,160
<i>Growth (yoy %)</i>	<i>28.6</i>	<i>10.9</i>	<i>2.2</i>	<i>9.0</i>	<i>11.0</i>
Fixed Assets	17,100	18,201	19,383	19,629	20,776
Other Assets	156,663	224,707	251,672	284,389	331,313
Total Assets	2,778,194	3,070,576	3,407,387	3,499,546	3,858,504

Source: Company, LKP Research

Exhibit: Per share data

Y/E Mar	FY19	FY20	FY21E	FY22E	FY23E
Face Value	10	10	10	10	10
Adjusted Share O/S - For Calculation	603	694	757	757	757
Earnings Per Share	54.8	63.7	62.8	69.1	76.9
EPS (% YoY)	(8.8)	16.3	(1.4)	10.0	11.3
P/E (x)	15.4	13.3	13.5	12.2	11.0
Book Value	437.2	486.1	651.4	720.5	797.3
BVPS (% YoY)	11.8	11.2	34.0	10.6	10.7
P/BV (x)	1.9	1.7	1.3	1.2	1.1
Adj. BV	418.5	476.6	640.0	709.0	785.9
Adj. BV (% YoY)	7.1	13.9	34.3	10.8	10.8
P/ABV (x)	2.0	1.8	1.3	1.2	1.1
Price-ABV (adjusted for value of & invt in subs)	2.0	1.8	1.3	1.2	1.1

Source: Company, LKP Research

Exhibit: Detailed ROA Tree

Y/E Mar	FY19	FY20	FY21E	FY22E	FY23E
<i>Yields / Margins</i>					
Yield on Advance	11.0	12.2	11.4	11.4	11.4
Yield on Funds	9.5	10.6	9.7	9.6	9.8
Cost of Funds (CoF)	6.2	6.6	5.6	5.7	5.6
Interest Spread	3.3	4.0	4.1	3.9	4.2
NIM's	3.8	4.4	4.6	4.4	4.6
<i>Interest Income / Assets</i>					
Interest Income / Assets	8.9	9.8	8.9	8.8	8.9
Interest Exp. / Assets	5.4	5.7	4.7	4.8	4.7
NII / Assets	3.5	4.1	4.2	4.0	4.2
Fee Income / Assets	2.0	2.0	1.9	1.8	1.8
Other Income / Assets	2.3	2.4	2.2	2.2	2.1
Net Operating Income / Assets	5.8	6.5	6.4	6.2	6.4
<i>Operating Ratios</i>					
NII to Net Operative Income	61.0	63.4	65.4	64.8	66.2
Other Income to Net Operative Income	39.0	36.6	34.6	35.2	33.8
Empl. Cost/Oper. Exps.	28.9	26.8	26.1	25.8	25.5
Other Op. Exps./Oper. Exps.	71.1	73.2	73.9	74.2	74.5
C/I Ratio	44.2	43.3	41.1	45.4	47.2
Provisions as % PPP	21.4	24.5	28.4	22.0	19.7
Credit Cost (As % of Op. AUM)	1.9	2.2	2.5	2.0	2.0
Effective Tax Rate	33.7	27.8	25.0	25.0	25.0
<i>Operating Profits / Assets</i>					
Employee Exp. / Assets	0.7	0.8	0.7	0.7	0.8
Other Opex/ Assets	1.8	2.1	2.0	2.1	2.2
Total Opex / Assets	2.6	2.8	2.6	2.8	3.0
Operating Profits / Assets	3.2	3.7	3.8	3.4	3.4
Op Profit ex Except Items / Assets	3.2	3.7	3.8	3.4	3.4
Provisions / Assets	1.2	1.6	1.8	1.4	1.3
Profit Before Tax / Assets	2.0	2.1	2.0	2.0	2.1
Tax Expenses / Assets	0.7	0.6	0.5	0.5	0.5
RoA	1.3	1.5	1.5	1.5	1.6
Leverage (x)	10.5	9.1	6.9	6.4	6.4
RoE	13.1	14.6	11.4	10.0	10.1
Adj. RoA	1.3	1.5	1.5	1.5	1.6
Adj. RoE	13.1	14.6	11.4	10.0	10.1

Source: Company, LKP Research

Exhibit: Balance Sheet Ratio

Y/E Mar	FY19	FY20	FY21E	FY22E	FY23E
Credit / Deposit Ratio	95.7	102.3	87.5	93.5	94.3
Incremental C/D Ratio	95.9	284.3	11.4	384.7	102.7
Investment Deposit Ratio	30.4	29.7	25.5	26.6	26.0
Dom. SLR Investment / Deposits	24.5	24.4	20.8	21.8	21.4
CASA Ratio	43.1	40.4	41.0	41.0	41.0

Source: Company, LKP Research

Exhibit: Asset Quality

(₹ mn)	FY19	FY20	FY21E	FY22E	FY23E
Slippage Ratio	3.7	3.1	3.0	2.2	1.8
Gross NPA (Cl Bal)	39,474	51,467	71,248	65,913	69,022
Gross NPAs Ratio (%)	2.1	2.5	3.4	2.9	2.7
PCR (%)	43.0	63.3	64.8	65.5	67.6
Net NPA (Cl. Bal.)	22,483	18,866	25,073	22,712	22,360
Net NPAs Ratio (%)	1.2	0.9	1.2	1.0	0.9
Total Impaired Loans	39,869	52,496	71,248	65,913	69,022
Impaired Loan as % of Loan / AUM	2.1	2.5	3.3	2.8	2.6
Total Risk Reserves	16,991	32,601	46,175	43,201	46,662
Total Risk As % of Loan Book	0.9	1.5	2.1	1.8	1.8

Source: Company, LKP Research

Exhibit : Key Assumptions & Forecasts

Y/E Mar	FY19	FY20	FY21E	FY22E	FY23E
Credit Exposure	2,828,983	2,828,984	2,828,984	2,828,984	2,828,984
Growth (yoy %)	28.6	10.9	2.2	9.0	11.0
Loan & Advances	1,863,935	2,067,832	2,112,704	2,302,847	2,556,160
Growth (yoy %)	28.6	10.9	2.2	9.0	11.0
Interest Bearing Liabilities	2,421,890	2,627,934	2,890,299	2,949,494	3,244,837
Growth (yoy %)	28.6	10.9	2.2	9.0	11.0
Yield on Funds	9.5	10.6	9.7	9.6	9.8
Cost of Funds (CoF)	6.2	6.6	5.6	5.7	5.6
Interest Spread	3.3	4.0	4.1	3.9	4.2
NIM's	3.8	4.4	4.6	4.4	4.6
Other Income Growth	18.9	23.1	3.7	4.7	4.8
C/I Ratio	44.2	43.3	41.1	45.4	47.2
Effective Tax Rate	33.7	27.8	25.0	25.0	25.0
Return Ratios					
Adj. RoA	1.3	1.5	1.5	1.5	1.6
Adj. RoE	13.1	14.6	11.4	10.0	10.1
Asset Quality Metrics					
Credit Cost (As % of Op. AUM)	1.9	2.2	2.5	2.0	2.0
Gross NPAs Ratio (%)	2.1	2.5	3.4	2.9	2.7
Net NPAs Ratio (%)	1.2	0.9	1.2	1.0	0.9

Source: Company, LKP Research

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