

STATE BANK OF INDIA | Banking

Rerating with increased TP of ₹473

LKP

Price Analysis:

State Bank of India has achieved our previous reported target price of ₹422 (reported: 4th Feb 2021). We have witnessed 48.6% YTD return and 31% 1-Year return. We believe the inexpensive valuation (P/ABVPS: 1.5x) makes SBIN lucrative. Therefore, we are rerating the stock with increased target price of ₹473 (₹422 earlier). Furthermore, SBIN has delivered a strong result on operating and assets quality front. Moreover, reported gross slippages stood minuscule at ₹2.8bn v/s ₹30.8bn in the previous quarter. 9MFY21, pro-forma slippages stood at ₹164.6bn. It reported GNPA (4.77% v/s 5.28% in 2QFY21) and NNPA (1.23% v/s 1.59% in 2QFY21) declined substantially along with higher PCR (incl. AUCA) of 90.2%. The Pro-forma GNPA/NNPA ratio declined sequentially to 5.44%/1.81% v/s 5.88%/2.08% in the previous quarter. The bank has witnessed stable net advances (7.6% YoY & 3.2% QoQ) and strong deposit growth (13.6% YoY & 1.9% QoQ) sequentially with better liquidity position (LCR of 140%+). Moreover the bank has reported PAT of ₹52bn (v/s ₹45.7bn in 2QFY21) on back of steady NII growth (3.7% YoY and 2.3% QoQ) along with heavy provisioning expenses of ₹103bn against ₹101bn in the previous quarter. The 2QFY21 ROA and ROE stood at 0.44% and 7.45% respectively. The bank has established total Covid provisioning ~₹130bn (55bps of net advances) as on 3QFY21.

Continued trend in asset quality improvement: Slippages during the quarter were ₹2.8bn (v/s ₹30.8bn in 2QFY21). The additional pro-forma slippages in 3QFY21 was moderate at ₹15bn. The headline GNPA and NNPA ratio declined substantially to 4.77% and 1.23% respectively as asset classification stood still. The PCR for the bank stands at 90.2% (+190 bps QoQ). The pro-forma GNPA/NNPA ratio declined to 5.44%/1.81% v/s 5.88%/2.08% in the previous quarter. Agriculture GNPA remain down at 13.71% v/s 14.81% in 2QFY21. Furthermore, the agriculture book is also changing and agriculture gold loan contribution is increasing substantially. Overall corporate GNPA ratio ease down to 7.54% from 7.89% in the previous quarter. Further, GNPA reduction (₹89bn) has assisted the lower slippages to reduce the headline GNPA/NNPA ratio.

Steady operational quarter: Aided by sequentially stable domestic NIMs at 3.34% the NII witnessed steady growth of 3.7% YoY and 2.3% sequentially. The cost of deposit has moderated further to 4.26%; decline 09bps sequentially. Core-fee income has witnessed a growth of 8.4% sequentially. Separately, C/I ratio decreased to 54.5% (v/s 55.2% 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 7.6% YoY and 3.2% sequentially. The retail segment (39% of loan book) growth was 14% YoY and 5% sequentially as other segments grew marginally.

Outlook & Valuations

We expect the bank to post a ROA/ROE of 0.5%/9.1% by FY22E led by healthy balance sheet growth along with higher PCR and stable asset quality. We rerate the stock with BUY and increased target price of ₹473 (potential upside of 14%). We value the standalone bank with PBV of 1.3x FY22E Adj. BVPS of ₹258 and value of subsidiaries per share of ₹112.

Key Financials (₹ mn)	FY19	FY20	FY21E	FY22E	FY23E
NII	8,83,489	9,80,848	11,38,501	12,38,939	13,91,947
Operating Profit	5,54,360	6,81,326	7,26,350	7,83,387	8,90,100
Reported Profits	1,622	1,39,172	2,18,931	2,41,574	3,48,006
Net Worth	19,62,599	20,82,448	23,01,379	25,42,953	28,90,959
Loan & Advances	2,18,58,769	2,32,52,896	2,46,48,069	2,71,12,876	3,03,66,421
Int. Bearing Liabilities	3,31,44,031	3,55,62,764	3,94,78,191	4,31,77,751	4,76,01,375

Key Ratios (%)	FY19	FY20	FY21E	FY22E	FY23E
NIM's	2.7	2.8	3.0	3.0	3.1
C/I Ratio	55.7	52.5	51.9	52.0	50.9
Gross NPA Ratio	7.5	6.2	6.2	5.0	4.1
Tier 1 Ratio	10.9	10.5	10.7	10.7	10.9
Adj. RoA Ratio	0.0	0.4	0.5	0.5	0.7
Adj. RoE Ratio	0.4	6.4	9.0	9.1	11.8

Rating	Buy
Current Market Price (₹)	415
12 M Price Target (₹)	473
Potential upside (%)	14

Stock Data

FV (₹):	1
Market Cap Full (₹ bn):	3,706
Market Cap Free Float (₹ bn):	1,593
52-Week High / Low (₹):	428 / 150
2-Year High / Low (₹):	428 / 150
1 Year Avg. Dly Traded Volume (in lakh)	671
BSE Code / NSE Symbol:	500112 / SBIN
Bloomberg:	SBIN IN

Shareholding Pattern (%)

	Dec-20	Sep-20	Jun-20	Mar-20
Promoter	57.64	57.63	57.64	57.63
FPIs	9.82	7.75	7.91	9.59
MFs	12.72	12.95	13.18	13.62
Insurance	11.09	11.33	11.27	10.59
Others	8.73	10.34	10.00	8.57

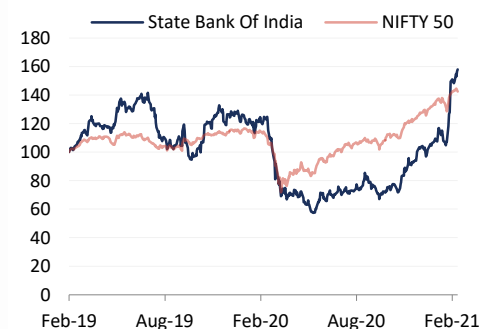
Source: BSE

Price Performance (%)

(%)	1M	3M	6M	1YR
SBI	41.0%	64.8%	112.8%	30.7%
Nifty 50	5.9%	16.9%	32.8%	26.1%

* To date / current date : February 18, 2021

SBI vs Nifty 50



Recent 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	4,37,368	4,80,633	(9.0)	4,33,776	0.8	17,97,488	16,16,402	11.2
Int. on Investment	2,04,721	1,72,320	18.8	2,02,537	1.1	6,82,047	7,44,062	(8.3)
Int. on Balances	6,482	7,364	(12.0)	5,089	27.4	29,204	11,791	147.7
Int. Others	18,774	16,603	13.1	26,739	(29.8)	64,496	56,432	14.3
Interest Inc.	6,67,345	6,76,920	(1.4)	6,68,141	(0.1)	25,73,236	24,28,687	6.0
Yield on Advances (%)	8.2	8.9	(75)	8.2	(6)	-	8.5	-
Interest Expenses	3,79,146	3,99,132	(5.0)	3,86,330	(1.9)	15,92,388	15,45,198	3.1
Cost of Dep. (%)	4.3	5.0	(71)	4.4	(9)	-	5.1	-
Net Interest Income	2,88,199	2,77,790	3.7	2,81,815	2.3	9,80,848	8,83,489	11.0
NII to Net Operative Income	75.7	75.3	40	76.8	(106)	68.4	70.6	(217)
NIM (%)	3.12	3.1	7	3.1	-	-	2.8	-
Dom. NIM (%)	3.3	3.3	7	3.3	-	3.2	3.0	24
Int. NIM (%)	1.1	1.2	(7)	1.2	(2)	-	1.3	-
Core Fee Income	53,480	56,350	(5.1)	52,430	2.0	2,37,250	2,33,040	1.8
Other Income - Total	92,462	91,059	1.5	85,277	8.4	4,52,215	3,67,749	23.0
Other Inc to Net Oper. Income (%)	24.3	24.7	(40)	23.2	106	31.6	29.4	217
Net Operating Revenue	3,80,661	3,68,849	3.2	3,67,092	3.7	14,33,063	12,51,238	14.5
Employee Expenses	1,31,180	1,14,556	14.5	1,25,702	4.4	4,57,150	4,10,547	11.4
Empl. Cost/Oper. Exps. (%)	34.5	31.1	340	34.2	22	31.9	32.8	(91)
Other Opex	76,149	72,065	5.7	76,793	(0.8)	2,94,587	2,86,330	2.9
Other Opex/ Assets (%)	0.2	0.2	(1)	0.2	(1)	0.8	0.8	(3)
Total Opex	2,07,329	1,86,622	11.1	2,02,494	2.4	7,51,737	6,96,877	7.9
Cost to Income Ratio (%)	54.5	50.6	387	55.2	(70)	52.5	55.7	(324)
Pre Provision Profits	1,73,332	1,82,228	(4.9)	1,64,598	5.3	6,81,326	5,54,360	22.9
Provisions & Contingencies - Total	1,03,424	72,529	42.6	1,01,183	2.2	4,33,304	5,31,286	(18.4)
NPA Provisions as % PPP	59.7	39.8	1,987	61.5	(180)	63.6	95.8	(3,224)
Profit Before Tax	69,908	1,09,699	(36.3)	63,415	10.2	2,48,023	23,075	974.9
Tax	17,946	53,863	(66.7)	17,673	1.5	1,03,141	14,453	613.7
Effective Tax Rate (%)	25.7	49.1	(2,343)	27.9	(220)	41.6	62.6	(2,105)
Reported Profits	51,962	55,836	(6.9)	45,742	13.6	1,44,881	8,622	1,580.3
RoA (%)	0.5	0.6	(11)	0.4	5	0.4	0.0	36
RoE (%)	8.3	9.6	(133)	7.4	83	7.7	0.5	726

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	22,60,753	23,25,207	23,20,074	24,16,557	24,57,210	25,12,430	2.2	8.1
RoE (%)	5.3	9.6	6.2	6.9	7.4	8.3	83	(133)
CET1 (%)	10.1	10.2	9.8	10.1	10.5	10.3	(22)	9
Tier 1 (%)	11.3	11.6	11.0	11.4	11.9	11.7	(17)	14
Total CAR (%)	13.6	13.7	13.1	13.4	14.7	14.5	(22)	77
RWA - Total	1,89,49,059	2,07,29,283	2,09,89,805	2,12,48,527	2,09,43,122	2,18,67,717	4.4	5.5
Advances - Total	2,14,61,598	2,19,99,169	2,32,52,896	2,29,83,462	2,29,39,012	2,36,81,391	3.2	7.6
Investments	98,50,222	1,01,21,007	1,04,69,545	1,22,52,284	1,32,91,663	1,31,08,846	(1.4)	29.5
Total Assets	3,67,80,006	3,74,91,922	3,95,13,939	4,11,79,316	4,15,78,563	4,35,69,868	4.8	16.2
RoA (%)	0.33	0.60	0.37	0.42	0.44	0.49	5	(11)
Deposits	3,03,33,958	3,11,12,286	3,24,16,207	3,41,93,628	3,47,04,617	3,53,57,534	1.9	13.6
Saving Deposit	1,13,08,220	18,91,290	1,19,35,660	1,29,43,840	1,31,49,500	1,33,58,610	1.6	606.3
Current Deposit	19,53,490	1,15,17,010	21,74,150	20,43,340	21,20,570	21,05,630	(0.7)	(81.7)
CASA Deposits	1,32,61,710	1,34,08,300	1,41,09,810	1,49,87,180	1,52,70,070	1,54,64,240	1.3	15.3
CASA Ratio (%)	45.1	44.7	45.2	45.3	45.4	45.2	(20)	48
Dom. Term Deposits	1,61,25,838	1,65,73,670	1,71,36,347	1,80,68,400	1,83,71,277	1,87,83,904	2.2	13.3
Interest Bearing Liabilities - Total	3,30,75,816	3,37,37,772	3,55,62,764	3,73,23,587	3,76,86,920	3,94,66,265	4.7	17.0

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	3,30,75,816	3,37,37,772	3,55,62,764	3,73,23,587	3,76,86,920	3,94,66,265	4.7	17.0
Global Deposits	3,03,33,958	3,11,12,286	3,24,16,207	3,41,93,628	3,47,04,617	3,53,57,534	1.9	13.6
CASA Deposits	1,32,61,710	1,34,08,300	1,41,09,810	1,49,87,180	1,52,70,070	1,54,64,240	1.3	15.3
Saving Deposit	1,13,08,220	18,91,290	1,19,35,660	1,29,43,840	1,31,49,500	1,33,58,610	1.6	606.3
Current Deposit	19,53,490	1,15,17,010	21,74,150	20,43,340	21,20,570	21,05,630	(0.7)	(81.7)
Dom. Term Deposits	1,61,25,838	1,65,73,670	1,71,36,347	1,80,68,400	1,83,71,277	1,87,83,904	2.2	13.3
Borrowings	27,41,858	26,25,487	31,46,557	31,29,959	29,82,303	41,08,731	37.8	56.5
Interest Bearing Liabilities - Total	3,30,75,816	3,37,37,772	3,55,62,764	3,73,23,587	3,76,86,920	3,94,66,265	4.7	17.0

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
Global Deposits	2,70,63,433	2,91,13,860	3,24,16,207	3,53,57,534	84.2	7.6	11.3	9.1	82.8	130.5	71.8
Saving Deposit	1,01,37,745	1,09,17,520	1,20,63,720	1,33,58,610	31.8	7.7	10.5	10.7	31.5	45.3	31.6
Current Deposit	19,01,739	20,58,752	22,73,356	21,05,630	5.0	8.3	10.4	(7.4)	6.3	8.5	(4.1)
CASA Deposits	1,20,39,484	1,29,76,272	1,43,37,076	1,54,64,240	36.8	7.8	10.5	7.9	37.8	53.8	27.5
Dom. Term Deposits	1,39,54,451	1,51,66,162	1,69,09,083	1,87,83,904	44.7	8.7	11.5	11.1	48.9	68.9	45.8
Borrowings	36,21,421	40,30,171	31,46,557	41,08,731	9.8	11.3	(21.9)	30.6	16.5	(34.9)	23.5
Interest Bearing Liabilities - Total	3,06,84,854	3,31,44,031	3,55,62,764	3,94,66,265	94.0	8.0	7.3	11.0	99.3	95.6	95.3
Net Worth	21,91,286	22,09,138	23,20,074	25,12,430	6.0	0.8	5.0	8.3	0.7	4.4	4.7
Working Fund	3,28,76,139	3,53,53,170	3,78,82,838	4,19,78,695	100.0	7.5	7.2	10.8	100.0	100.0	100.0
Interest Exp. / Assets	4.73	4.33	4.17	3.7		(40)	(16)	(52)			

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
Gross Slippages	91,261	2,00,980	82,910	39,100	30,850	2,870	(90.7)	(98.6)
Slippages Ratio (%)	0.42	0.92	0.38	0.17	0.13	0.01	(12)	(91)
Gross NPA	16,16,361	15,96,612	14,90,919	12,96,607	12,58,630	11,72,442	(6.8)	(26.6)
Gross NPAs Ratio (%)	7.19	6.94	6.15	5.44	5.28	4.77	(51)	(217)
PCR - Calculated (%)	62.9	63.5	65.2	67.1	71.0	75.2	420	1,172
PCR - Inc. Tech w/o (%)	81.2	81.7	83.6	86.3	88.2	90.2	202	848
Net NPA	5,99,392	5,82,486	5,18,713	4,27,036	3,64,507	2,90,317	(20.4)	(50.2)
Net NPAs Ratio (%)	2.79	2.65	2.23	1.86	1.59	1.23	(36)	(142)
SMA 1&2	1,83,130	81,010	72,660	17,500	1,19,860	1,79,460	49.7	121.5

Source: Company, LKP Research

Annual Projections

Exhibit: Profit and Loss Statement

(₹ mn)	FY19	FY20	FY21E	FY22E	FY23E
Int. Income / Opr. Revenue	24,28,687	25,73,236	26,72,637	28,88,785	31,65,498
Interest Expenses	15,45,198	15,92,388	15,34,136	16,49,846	17,73,551
Net Interest Income	8,83,489	9,80,848	11,38,501	12,38,939	13,91,947
NIM (%)	2.69	2.80	3.00	2.99	3.06
Adjusted NII	8,27,057	9,16,352	11,38,501	12,38,939	13,91,947
Core Fee Income & Dividend	2,33,039	2,37,251	2,45,554	2,57,832	2,70,724
Exchange Income	21,558	25,164	26,171	27,741	29,405
Sale of Investments	10,228	85,757	86,614	95,709	1,07,194
Other Misc. Income	1,02,924	1,04,044	12,232	12,966	13,744
Other Income - Total	3,67,749	4,52,215	3,70,572	3,94,248	4,21,067
Net Operating Revenue	12,51,238	14,33,063	15,09,072	16,33,187	18,13,014
Employee Exp.	4,10,547	4,57,150	5,02,865	5,53,151	6,08,466
Other Opex	2,86,330	2,94,587	2,79,858	2,96,649	3,14,448
Total Opex	6,96,877	7,51,737	7,82,723	8,49,800	9,22,915
C/I Ratio (%)	55.70	52.46	51.87	52.03	50.90
Pre Provision Profits	5,54,360	6,81,326	7,26,350	7,83,387	8,90,100
PPP Growth (yoy %)	(6.8)	22.9	6.6	7.9	13.6
Provisions & Contingencies - Total	5,38,286	4,39,013	4,31,691	4,58,253	4,21,721
Credit Cost (As % of Op. AUM)	2.82	2.03	1.80	1.80	1.50
Profit Before Tax	16,075	2,42,313	2,94,658	3,25,134	4,68,379
Tax	14,453	1,03,141	75,727	83,559	1,20,373
Effective Tax Rate (%)	62.6	41.6	25.7	25.7	25.7
Reported Profits	1,622	1,39,172	2,18,931	2,41,574	3,48,006
PAT Growth (yoy %)	(102.5)	8,479.2	57.3	10.3	44.1

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)	19,53,674	20,73,523	22,92,454	25,34,028	28,82,034
Net Worth - Ex Revaluation	19,62,599	20,82,448	23,01,379	25,42,953	28,90,959
Deposits	2,91,13,860	3,24,16,207	3,62,21,240	4,01,55,308	4,42,69,279
Borrowings	40,30,171	31,46,557	32,56,951	30,22,443	33,32,096
Interest Bearing Liabilities (₹ mn)	3,31,44,031	3,55,62,764	3,94,78,191	4,31,77,751	4,76,01,375
Other Lia. & Prov.	14,55,973	16,31,101	16,34,432	18,15,611	19,55,015
Total Liabilities	3,68,09,143	3,95,13,939	4,36,46,080	4,77,64,670	5,26,73,003
Assets					
Cash & Cash Equivalent	22,24,901	25,10,970	36,00,798	39,37,122	41,41,129
Investments	96,70,219	1,04,69,545	1,13,59,911	1,22,58,341	1,32,24,412
Credit Equivalent	13,83,369	17,64,211	18,14,306	18,91,841	19,73,089
Loan & Advances (₹ mn)	2,18,58,769	2,32,52,896	2,46,48,069	2,71,12,876	3,03,66,421
<i>Growth (yoy %)</i>	<i>13.0</i>	<i>6.4</i>	<i>6.0</i>	<i>10.0</i>	<i>12.0</i>
Fixed Assets	3,91,976	3,84,393	4,17,132	4,56,044	5,00,722
Other Assets	26,63,277	28,96,136	36,20,169	40,00,287	44,40,319
Total Assets	3,68,09,143	3,95,13,939	4,36,46,080	4,77,64,670	5,26,73,003

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	24.5	27.1	39.0
<i>EPS (% YoY)</i>	<i>(102.5)</i>	<i>8,479.2</i>	<i>57.3</i>	<i>10.3</i>	<i>44.1</i>
<i>P/E (x)</i>	<i>2,283.1</i>	<i>26.6</i>	<i>16.9</i>	<i>15.3</i>	<i>10.6</i>
Book Value (₹)	219.9	233.3	257.9	284.9	323.9
<i>BVPS (% YoY)</i>	<i>1.0</i>	<i>6.1</i>	<i>10.5</i>	<i>10.5</i>	<i>13.7</i>
<i>P/BV (x)</i>	<i>1.9</i>	<i>1.8</i>	<i>1.6</i>	<i>1.5</i>	<i>1.3</i>
Adj. BV (₹)	183.0	204.3	231.4	258.5	297.5
<i>Adj. BV (% YoY)</i>	<i>17.6</i>	<i>11.6</i>	<i>13.3</i>	<i>11.7</i>	<i>15.1</i>
<i>P/ABV (x)</i>	<i>2.3</i>	<i>2.0</i>	<i>1.8</i>	<i>1.6</i>	<i>1.4</i>

Source: Company, LKP Research

Exhibit: Detailed ROA Tree

Y/E Mar	FY19	FY20	FY21E	FY22E	FY23E
Yields / Margins					
Yield on Advance	7.8	8.0	7.7	7.7	7.7
Yield on Funds	7.4	7.4	7.0	7.0	7.0
Cost of Funds (CoF)	4.8	4.6	4.1	4.0	3.9
Interest Spread	2.6	2.7	3.0	3.0	3.0
NIM's	2.7	2.8	3.0	3.0	3.1
Interest Income / Assets					
Interest Income / Assets	6.8	6.7	6.4	6.3	6.3
Interest Exp. / Assets	4.3	4.2	3.7	3.6	3.5
NII / Assets	2.5	2.6	2.7	2.7	2.8
Fee Income / Assets	0.7	0.6	0.6	0.6	0.5
Other Non Core Income / Assets	0.0	0.2	0.2	0.2	0.2
Other Income / Assets	1.0	1.2	0.9	0.9	0.8
Net Operating Income / Assets	3.5	3.8	3.6	3.6	3.6
Operating Ratios					
NII to Net Operative Income	70.6	68.4	75.4	75.9	76.8
Other Income to Net Operative Income	29.4	31.6	24.6	24.1	23.2
Empl. Cost/Oper. Exps.	58.9	60.8	64.2	65.1	65.9
Other Op. Exps./Oper. Exps.	41.1	39.2	35.8	34.9	34.1
C/I Ratio (%)	55.7	52.5	51.9	52.0	50.9
Provisions as % PPP	42.5	30.2	28.6	28.1	23.3
Credit Cost (As % of Op. AUM)	2.8	2.0	1.8	1.8	1.5
Effective Tax Rate (%)	62.6	41.6	25.7	25.7	25.7
Employee Exp. / Assets					
Employee Exp. / Assets	1.2	1.2	1.2	1.2	1.2
Other Opex/ Assets					
Other Opex/ Assets	0.8	0.8	0.7	0.6	0.6
Total Opex / Assets	2.0	2.0	1.9	1.9	1.8
Operating Profits / Assets	1.6	1.8	1.7	1.7	1.8
Op Profit ex Except Items / Assets	1.6	1.8	1.7	1.7	1.8
Provisions / Assets					
Provisions / Assets	1.5	1.1	1.0	1.0	0.8
Profit Before Tax / Assets	0.1	0.6	0.7	0.7	0.9
Tax Expenses / Assets					
Tax Expenses / Assets	0.0	0.3	0.2	0.2	0.2
RoA	0.0	0.4	0.5	0.5	0.7
Leverage (x)					
Leverage (x)	18.8	19.0	19.0	18.8	18.2
RoE	0.4	6.4	9.0	9.1	11.8
Adj. RoA	0.0	0.4	0.5	0.5	0.7
Adj. RoE	0.4	6.4	9.0	9.1	11.8

Source: Company, LKP Research

Exhibit: Balance Sheet Ratio

Y/E Mar	FY19	FY20	FY21E	FY22E	FY23E
Credit / Deposit Ratio	75.1	71.7	68.0	67.5	68.6
Incremental C/D Ratio	122.4	42.2	36.7	62.7	79.1
Investment Deposit Ratio	33.2	32.3	31.4	30.5	29.9
Dom. SLR Investment / Deposits	27.1	25.7	25.3	24.8	24.5
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	17,27,503	14,89,125	15,33,761	13,42,190	12,42,415
Gross NPAs Ratio (%)	7.5	6.2	6.2	5.0	4.1
PCR (%)	61.9	65.2	61.7	59.3	57.2
Net NPA	6,58,947	5,18,713	5,86,971	5,46,174	5,31,270
Net NPAs Ratio (%)	3.0	2.2	2.4	2.0	1.7
Total Impaired Loans	17,79,328	14,89,125	15,33,761	13,42,190	12,42,415
Impaired Loan as % of Loan / AUM	7.7	6.0	5.8	4.6	3.8
Total Risk Reserves	10,68,556	9,70,412	9,46,790	7,96,016	7,11,145
Total Risk As % of Loan Book	4.6	3.9	3.6	2.7	2.2

Source: Company, LKP Research

Exhibit: Key Assumptions & Forecasts

Y/E Mar	FY19	FY20	FY21E	FY22E	FY23E
Loan & Advances (₹ mn)	2,18,58,769	2,32,52,896	2,46,48,069	2,71,12,876	3,03,66,421
Growth (yoy %)	13.0	6.4	6.0	10.0	12.0
Interest Bearing Liabilities (₹ mn)	3,31,44,031	3,55,62,764	3,94,78,191	4,31,77,751	4,76,01,375
Growth (yoy %)	13.0	6.4	6.0	10.0	12.0
Yield on Funds	7.4	7.4	7.0	7.0	7.0
Cost of Funds (CoF)	4.8	4.6	4.1	4.0	3.9
Interest Spread	2.6	2.7	3.0	3.0	3.0
NIM's	2.7	2.8	3.0	3.0	3.1
Other Income Growth	(17.5)	23.0	(18.1)	6.4	6.8
C/I Ratio (%)	55.7	52.5	51.9	52.0	50.9
Effective Tax Rate (%)	62.6	41.6	25.7	25.7	25.7

Return Ratios

Adj. RoA	0.0	0.4	0.5	0.5	0.7
Adj. RoE	0.4	6.4	9.0	9.1	11.8

Asset Quality Metrics

Credit Cost (As % of Op. AUM)	2.8	2.0	1.8	1.8	1.5
Gross NPAs Ratio (%)	7.5	6.2	6.2	5.0	4.1
Net NPAs Ratio (%)	3.0	2.2	2.4	2.0	1.7

Source: Company, LKP Research

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