

Axis Bank | Banking

Profitability soared on the back of sequentially lower provision

LKP

Result and Price Analysis:

4QFY21 marks the manifestation of sequentially lower provisioning expenses (₹32.9bn v/s ₹46.0bn in the previous quarter) and surge in net profit to ₹26.8bn against ₹11.1bn in the previous quarter. As the asset classification resumes, the bank's reported slippages number remains low (₹52.9bn v/s 79.9bn pro-forma slippages in 3QFY21) with GNPA and NNPA ratio declined to 3.70% and 1.05% respectively against the Pro-forma GNPA and NNPA ratio of 4.55% and 1.19% in the previous quarter. The bank's PCR (including TWO) has seen further improvement to 88% v/s 87% in the previous quarter. Moreover the resolution rate (98%) stood better than pre-COVID level. Furthermore, the BB & below book inched down sequentially by 28bps to 1.09% of customer assets and reported restructured advances of ₹18.5bn (~30bps of loan book). On business front, credit growth (9.2% YoY & 7% QoQ) and deposit growth (10.5% YoY & 8.1% QoQ) were better than previous quarter. The future outlook of asset quality is at manageable level as the strong standard asset coverage (1.95% of book) is likely to absorb delinquencies or restructuring. In view of adequate COVID buffer, strong capital position (CET 1 of 15.4%) and lower restructuring pool, we recommend a positive outlook with BUY rating.

Gazing the core:

Strong provisioning and lower restructuring: Despite change in provisioning policy, the provision expenses were sequentially lower at ₹32.9bn (v/s ₹46.0bn in the previous quarter). It has resulted in decline in NNPA ratio by 15bps to 1.05%. The bank's PCR stood at 72.4% V/s 79% 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 120% of reported GNPLs and the contingent provisioning (COVID + standard asset) stood 1.95% of the loan book. Moreover the demand resolution (98%) better than Pre-COVID level and bounce rates are low. Furthermore, Fund based BB & below rated pool eased down by 28bps to 1.09% of gross customer assets. Fund based and Non fund based outstanding in BB & below pool decreased sequentially by 14.7% and 4.6% and stood at ₹74.4bn & ₹45.7bn respectively. Whereas 100% of restructured corporate book classified as BB & Below. The bank has reported restructured advances of ₹18.5bn (~30bps of loan book) which is down from ₹27.1bn (~42bps of loan book) in the previous quarter. Corporate segment has 60bps of loan book under restructuring where retail and SME segment carry restructuring of 10bps 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. However, COVID second wave and partial lockdown may impact collections and delay ROE target of 18%.

Key Financials (₹ mn)	FY20	FY21	FY22E	FY23E	FY24E
NII	2,52,062	2,92,391	3,37,354	3,95,545	4,68,371
Operating Profit	2,34,381	2,57,022	2,89,186	3,30,908	3,82,720
Reported Profits	16,272	65,885	1,08,188	1,34,306	1,67,080
Net Worth	8,49,478	10,16,030	11,24,218	12,58,524	14,25,603
Loan & Advances	57,14,242	62,37,202	69,23,294	77,54,089	87,62,121
Int. Bearing Liabilities	78,80,591	85,01,792	93,84,975	1,04,78,228	1,17,67,418

Key Ratios (%)	FY20	FY21	FY22E	FY23E	FY24E
NIM's	3.2	3.4	3.5	3.7	3.9
C/I Ratio	42.5	41.7	41.8	41.6	41.4
Gross NPA Ratio	4.9	3.7	3.4	2.9	2.3
Tier 1 Ratio	14.6	15.4	15.3	15.2	15.2
Adj. RoA Ratio	0.2	0.7	1.0	1.2	1.3
Adj. RoE Ratio	2.1	7.1	10.1	11.3	12.4

Rating	Buy
Current Market Price (₹)	700
12 M Price Target (₹)	832
Potential upside (%)	19

Stock Data

FV (₹) :	2
Market Cap Full (₹ bn) :	2,147
Market Cap Free Float (₹ bn) :	1,757
52-Week High / Low (₹) :	333 / 799
2-Year High / Low (₹) :	286 / 828
1 Year Avg. Dly Traded Volume (in lakh)	277
BSE Code / NSE Symbol	532215 / AXISBANK
Bloomberg :	AXSB:IN

Shareholding Pattern (%)

	Mar-21	Dec-20	Sep-20	Jun-20
Promoter	13.58	13.93	14.78	15.99
FPIs	51.43	51.02	49.24	45.96
MFs	17.73	17.95	18.59	19.61
Insurance	1.90	2.22	2.22	2.26
Others	15.36	14.88	15.17	16.18

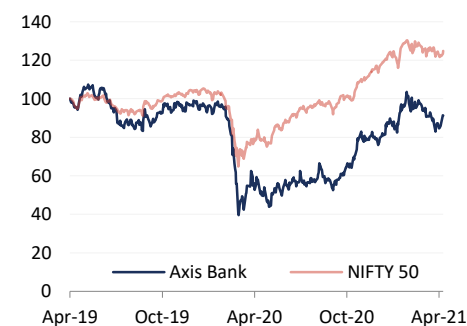
Source: BSE

Price Performance (%)

(%)	1M	3M	6M	1YR
Axis Bank	0.2%	10.7%	37.7%	63.7%
Nifty 50	1.0%	4.9%	23.2%	57.9%

* To date / current date : April 27, 2021

Axis Bank vs Nifty 50



Growth better than previous quarter with sound liquidity: The bank's advances stood at ₹6.2tn; grew by 9.2% YoY and 7% QoQ, Corporate book (35.2% of book) grew by 9.2% QoQ. Corporate book (including TLTRO) grew by 11% YoY. Retail book (53.6% of book) grew by 5.2% sequentially. SME book (11% of book) grew by 9.3% QoQ. Nearly 91% of PL & CC book (9.3% of net advances) has been allotted to salaried employees. Approx. 100% of PL and 66% of CC is allotted to salaried class. Around 81% of retail book remain secured and it is well diversified. Management sounded caution and kept conservative stand on credit growth where bank's liquidity position remains strong with LCR of 115% and excess SLR of ₹579bn.

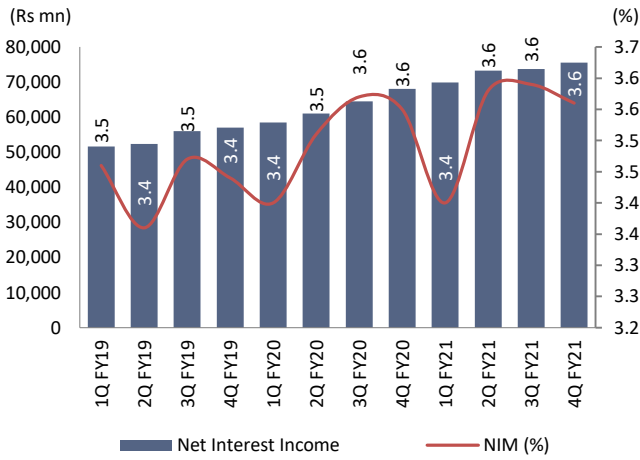
Strong operational quarter driven by higher other income and lower provision: NII witnessed a healthy growth of 11% YoY and 2.5% QoQ. The NIMs improves marginally to 3.56% on the back of lower cost of fund (4.1%) and cost of deposit (3.9%). Interest reversal has impacted 10bps to the NIMs. Non – interest income seen robust growth of 22.5% YoY and 48.5% QoQ. Separately, cost-to-income ratio decreased to 43.8% (v/s 45.3% in 3QFY21) and the provisioning expenses (₹32.9bn v/s ₹46bn in 3QFY21) have resulted in surge in net profit of ₹26.8bn. The reported ROA and ROE stood at 1.11% and 11.72% respectively.

Outlook & Valuations

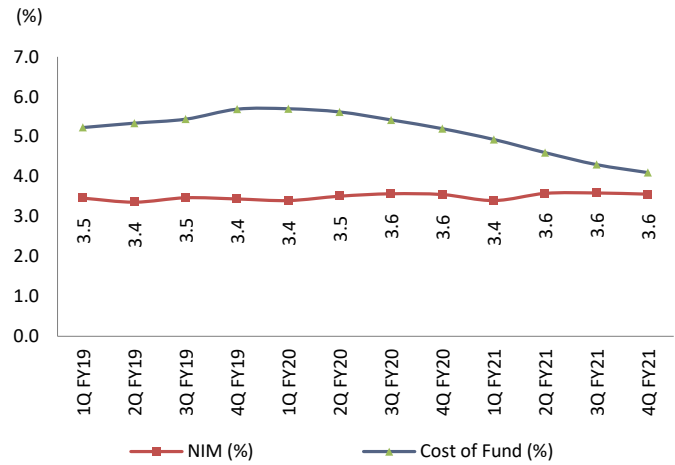
We value the standalone bank with PBV of 2.1x FY23E Adj. BVPS of ₹396 and raise our price target to ₹832 from ₹721 recommended earlier. We recommend BUY rating with potential upside of 19%.

Quarterly story in charts

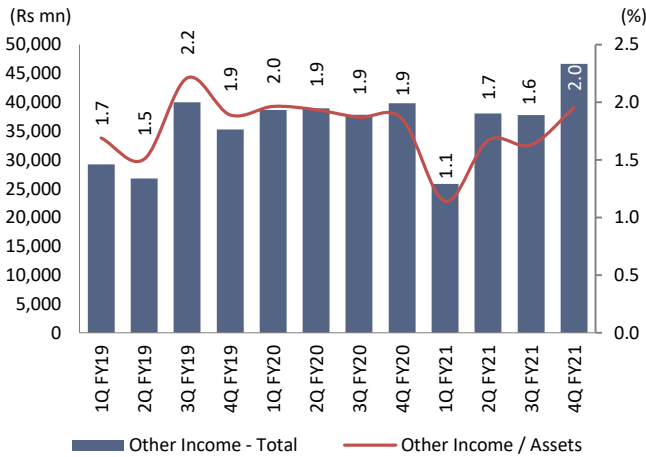
NII Trend



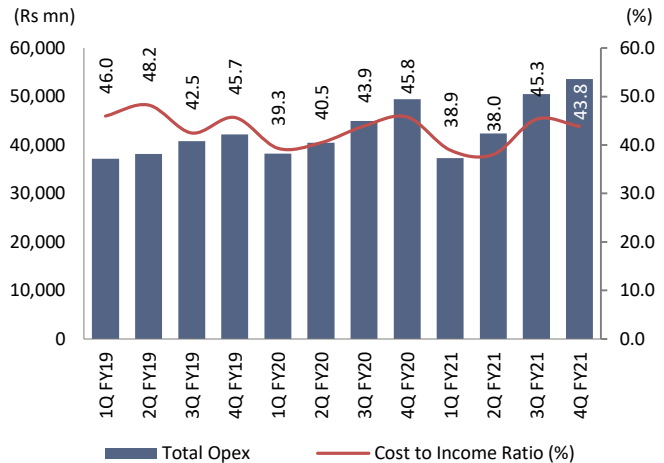
Yields and Margin Trend



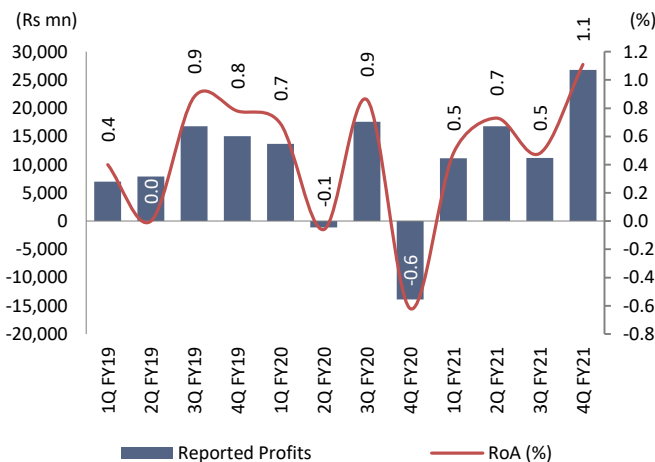
Other income Trend



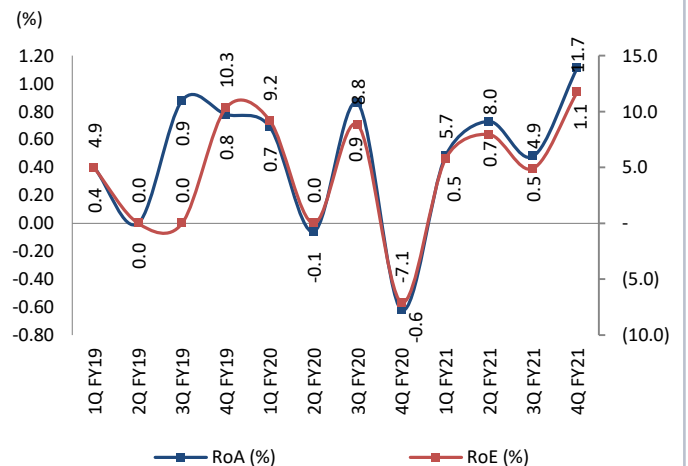
Total Opex Trend



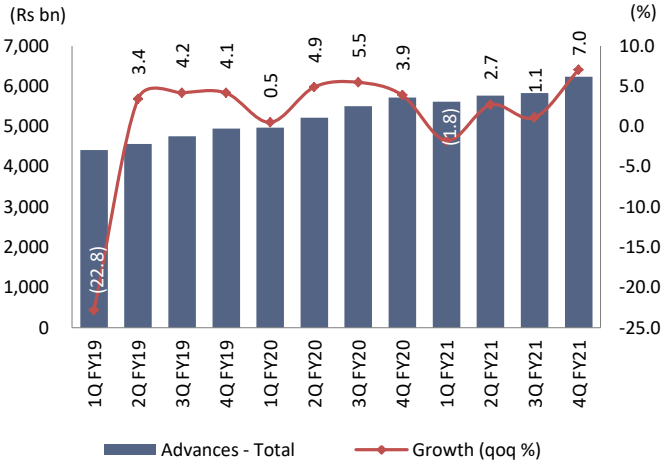
Reported Profit Trend



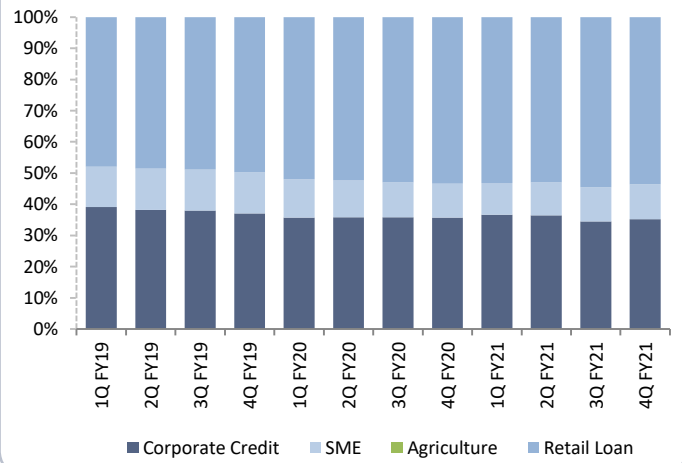
Return Ratio Trend



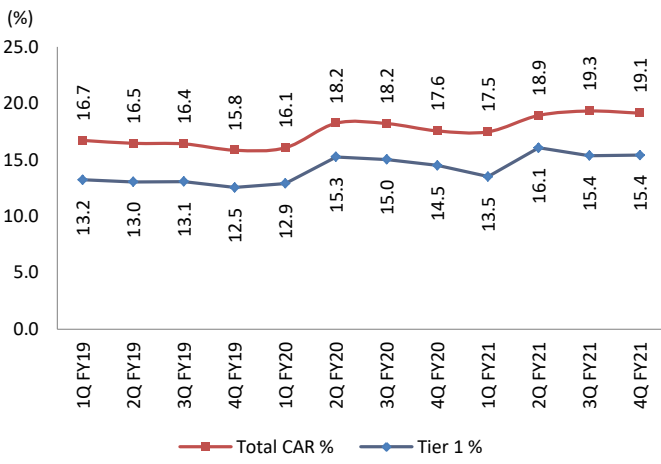
Loan Book Trend



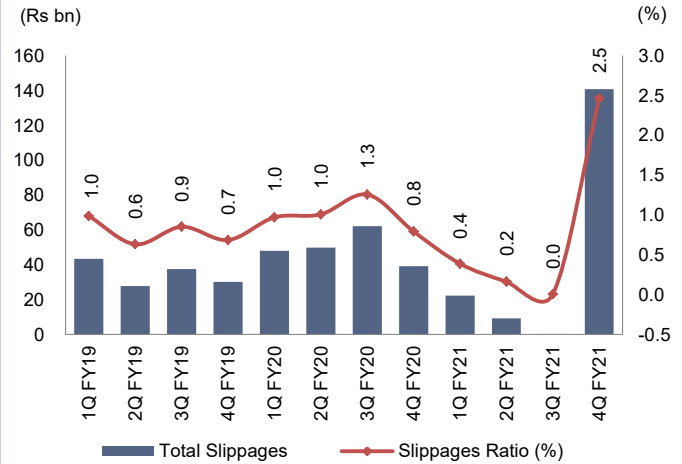
Loan Book Mix



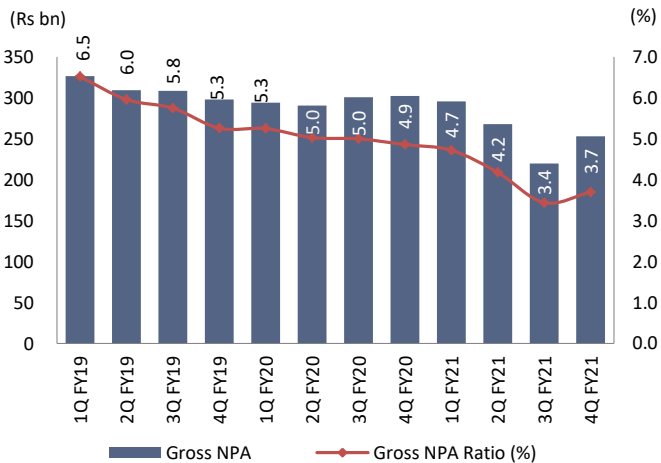
CRAR & Tier 1 Ratio Trend



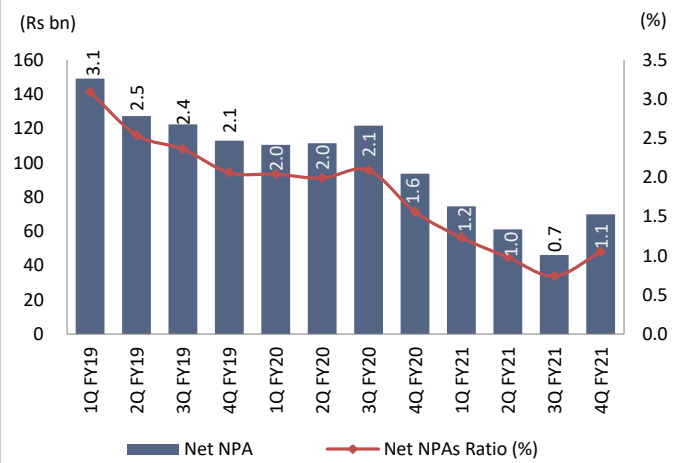
Slippages



Gross NPA Trend



Net NPA Trend



Financial Performance at a glance

Exhibit 1 : Income Statement Analysis

(₹ mn)	4Q FY21	4Q FY20	% yoy / bps	3Q FY21	% qoq / bps	FY21	FY20	% yoy / bps
Int. on Loan	1,15,982	1,26,338	(8.2)	1,15,443	0.5	4,79,189	4,83,030	(0.8)
Int. on Investment	32,935	26,096	26.2	31,898	3.2	1,25,582	1,12,460	11.7
Int. on Balances	2,224	4,226	(47.4)	1,165	90.9	10,379	10,953	(5.2)
Int. Others	4,311	5,682	(24.1)	6,478	(33.5)	21,303	19,909	7.0
Interest Inc.	1,55,452	1,62,341	(4.2)	1,54,984	0.3	6,36,453	6,26,352	1.6
Interest Expenses	79,902	94,264	(15.2)	81,256	(1.7)	3,44,062	3,74,290	(8.1)
Net Interest Income	75,550	68,077	11.0	73,728	2.5	2,92,391	2,52,062	16.0
<i>NII to Net Operative Income</i>	<i>61.8</i>	<i>63.1</i>	<i>(127)</i>	<i>66.1</i>	<i>(432)</i>	<i>66.3</i>	<i>61.9</i>	<i>447</i>
<i>NIM (%)</i>	<i>3.56</i>	<i>3.6</i>	<i>1</i>	<i>3.6</i>	<i>(3)</i>	<i>3.5</i>	<i>3.5</i>	<i>2</i>
Core Fee Income	33,760	29,310	15.2	29,060	16.2	1,06,850	1,10,180	(3.0)
Non Core Other Income	12,920	10,545	22.5	8,700	48.5	41,520	45,186	(8.1)
Other Income - Total	46,683	39,855	17.1	37,760	23.6	1,48,382	1,55,366	(4.5)
<i>Other Income to Net Operative Income</i>	<i>38.2</i>	<i>36.9</i>	<i>127</i>	<i>33.9</i>	<i>432</i>	<i>33.7</i>	<i>38.1</i>	<i>(447)</i>
Net Operating Revenue	1,22,233	1,07,932	13.2	1,11,488	9.6	4,40,773	4,07,428	8.2
Employee Expenses	16,676	13,740	21.4	16,774	(0.6)	61,640	53,210	15.8
<i>Empl. Cost/Oper. Exps.</i>	<i>13.6</i>	<i>12.7</i>	<i>91</i>	<i>15.0</i>	<i>(140)</i>	<i>14.0</i>	<i>13.1</i>	<i>92</i>
Other Opex	36,910	35,681	3.4	33,759	9.3	1,22,111	1,19,836	1.9
<i>Other Opex/ Assets</i>	<i>0.4</i>	<i>0.4</i>	<i>(3)</i>	<i>0.4</i>	<i>2</i>	<i>1.3</i>	<i>1.4</i>	<i>(12)</i>
Total Opex	53,586	49,421	8.4	50,533	6.0	1,83,752	1,73,046	6.2
<i>Cost to Income Ratio (%)</i>	<i>43.8</i>	<i>45.8</i>	<i>(195)</i>	<i>45.3</i>	<i>(149)</i>	<i>41.7</i>	<i>42.5</i>	<i>(78)</i>
Pre Provision Profits	68,647	58,511	17.3	60,955	12.6	2,57,022	2,34,381	9.7
Provisions & Contingencies - Total	32,950	77,300	(57.4)	46,043	(28.4)	1,68,963	1,85,339	(8.8)
<i>NPA Provisions as % Operating Income</i>	<i>48.0</i>	<i>132.1</i>	<i>(8,411)</i>	<i>75.5</i>	<i>(2,754)</i>	<i>65.7</i>	<i>79.1</i>	<i>(1,334)</i>
Profit Before Tax	35,697	(18,789)	(290.0)	14,912	139.4	88,058	49,042	79.6
Tax	8,926	(4,911)	(281.7)	3,746	138.3	22,173	32,770	(32.3)
<i>Effective Tax Rate (%)</i>	<i>25.0</i>	<i>26.1</i>	<i>(113)</i>	<i>25.1</i>	<i>(12)</i>	<i>25.2</i>	<i>66.8</i>	<i>(4,164)</i>
Reported Profits	26,771	(13,878)	(292.9)	11,166	139.8	65,885	16,272	304.9
<i>RoA (%)</i>	<i>1.1</i>	<i>(0.6)</i>	<i>173</i>	<i>0.5</i>	<i>63</i>	<i>0.7</i>	<i>0.2</i>	<i>50</i>
<i>RoE (%)</i>	<i>11.7</i>	<i>(7.1)</i>	<i>1,880</i>	<i>4.9</i>	<i>681</i>	<i>7.6</i>	<i>2.3</i>	<i>521</i>

Source: Company, LKP Research

Exhibit 2 : Balance Sheet Analysis

(₹ mn)	3Q FY20	4Q FY20	1Q FY21	2Q FY21	3Q FY21	4Q FY21	QoQ % / bps	YoY % / bps
Net Worth	8,61,978	8,49,479	8,60,710	9,76,638	9,88,167	10,16,030	2.8	19.6
RoE (%)	8.8	(7.1)	5.7	8.0	4.9	11.7	681	1,880
CET1 %	14.3	13.3	13.5	16.1	15.4	15.4	4	206
Tier 1 %	15.0	14.5	13.5	16.1	15.4	15.4	4	91
Total CAR %	18.2	17.6	17.5	18.9	19.3	19.1	(19)	157
RWA - Total	-	62,89,166	61,00,540	60,93,403	61,91,125	63,75,158	3.0	1.4
Advances - Total	55,01,377	57,14,242	56,13,408	57,63,725	58,27,539	62,37,202	7.0	9.2
Investments	15,59,792	15,67,343	18,73,231	20,02,899	19,83,460	22,61,196	14.0	44.3
Total Assets	81,90,389	91,51,648	89,71,382	90,94,631	93,80,492	99,61,184	6.2	8.8
RoA (%)	0.86	(0.62)	0.48	0.73	0.48	1.11	63	173
Deposits	59,16,755	64,01,049	62,81,503	63,54,543	65,41,403	70,73,061	8.1	10.5
Saving Deposit	16,53,530	17,35,920	17,63,180	18,06,890	18,98,140	20,44,730	7.7	17.8
Current Deposit	7,83,950	9,01,140	8,04,390	10,00,990	9,25,780	11,32,760	22.4	25.7
CASA Deposits	24,37,480	26,37,060	25,67,570	28,07,880	28,23,920	31,77,490	12.5	20.5
CASA Ratio (%)	41.0	39.0	39.0	40.0	42.0	42.0	-	300
Term Deposits	34,79,275	37,63,989	26,70,860	35,46,663	37,17,483	38,95,571	4.8	3.5
Interest Bearing Liabilities - Total	70,36,822	78,80,591	77,09,863	76,66,616	78,98,061	85,01,792	7.6	7.9

Source: Company, LKP Research

Exhibit 3: Funding Profile Analysis

(₹ mn)	3Q FY20	4Q FY20	1Q FY21	2Q FY21	3Q FY21	4Q FY21	QoQ % / bps	YoY % / bps
Interest Bearing Liabilities - Total	70,36,822	78,80,591	77,09,863	76,66,616	78,98,061	85,01,792	7.6	7.9
Deposits	59,16,755	64,01,049	62,81,503	63,54,543	65,41,403	70,73,061	8.1	10.5
CASA Deposits	24,37,480	26,37,060	25,67,570	28,07,880	28,23,920	31,77,490	12.5	20.5
Saving Deposit	16,53,530	17,35,920	17,63,180	18,06,890	18,98,140	20,44,730	7.7	17.8
Current Deposit	7,83,950	9,01,140	8,04,390	10,00,990	9,25,780	11,32,760	22.4	25.7
Term Deposits	34,79,275	37,63,989	26,70,860	35,46,663	37,17,483	38,95,571	4.8	3.5
Borrowings	11,20,067	14,79,541	14,28,361	13,12,073	13,56,658	14,28,732	5.3	(3.4)
Interest Bearing Liabilities - Total	70,36,822	78,80,591	77,09,863	76,66,616	78,98,061	85,01,792	7.6	7.9

Source: Company, LKP Research

Exhibit 4: Funding mix and Incremental Contribution

	As on (₹ mn)				As % of Total Working Fund	YoY/ YTD growth			Incremental Contribution YoY/ YTD Growth (%)		
	FY18	FY19	FY20	4Q FY21		FY19	FY20	4Q FY21	FY19	FY20	4Q FY21
Deposits	45,36,227	54,84,713	64,01,049	70,73,061	74.3	20.9	16.7	10.5	92.2	87.2	85.3
Saving Deposit	14,82,020	15,41,288	17,35,916	20,44,730	21.5	4.0	12.6	17.8	5.8	18.5	39.2
Current Deposit	9,56,495	8,92,650	9,01,144	11,32,760	11.9	(6.7)	1.0	25.7	(6.2)	0.8	29.4
CASA Deposits	24,38,516	24,33,938	26,37,061	31,77,490	33.4	(0.2)	8.3	20.5	(0.4)	19.3	68.6
Term Deposits	20,97,711	30,50,775	37,63,989	38,95,571	40.9	45.4	23.4	3.5	92.7	67.9	16.7
Borrowings	14,80,161	15,27,758	14,79,541	14,28,732	15.0	3.2	(3.2)	(3.4)	4.6	(4.6)	(6.4)
Interest Bearing Liabilities - Total	60,16,389	70,12,471	78,80,591	85,01,792	89.3	16.6	12.4	7.9	96.9	82.6	78.9
Net Worth	6,34,453	6,66,763	8,49,478	10,16,030	10.7	5.1	27.4	19.6	3.1	17.4	21.1
Working Fund	66,50,841	76,79,234	87,30,069	95,17,823	100.0	15.5	13.7	9.0	100.0	100.0	100.0
<i>Interest Exp. / Assets</i>	<i>4.20</i>	<i>4.46</i>	<i>4.36</i>	<i>3.3</i>		<i>26</i>	<i>(10)</i>	<i>(102)</i>			

Source: Company, LKP Research

Exhibit 5: Asset Quality Analysis

(₹ mn)	3Q FY20	4Q FY20	1Q FY21	2Q FY21	3Q FY21	4Q FY21	QoQ % / bps	YoY % / bps
Total Slippages	62,140	39,200	22,180	9,310	290	1,40,690	48,413.8	258.9
Slippages Ratio (%)	1.26	0.79	0.39	0.16	0.01	2.46	246	167
Gross NPA	3,00,730	3,02,338	2,95,602	2,68,136	2,19,979	2,53,148	15.1	(16.3)
Gross NPAs Ratio (%)	5.00	4.86	4.72	4.18	3.44	3.70	26	(116)
PCR - Calculated (%)	59.6	69.0	74.8	77.2	79.0	72.4	(667)	333
PCR - Inc. Tech w/o (%)	78.0	83.0	87.0	88.0	87.0	88.0	100	500
Net NPA	1,21,603	93,604	74,480	61,079	46,098	69,935	51.7	(25.3)
Net NPAs Ratio (%)	2.09	1.56	1.23	0.98	0.74	1.05	31	(51)
Standard Restructured	-	-	-	-	27,090	18,480	(31.8)	-
Std. Rest. Adv. as % of Advances	-	-	-	-	0.42	0.30	(12)	-
BB & Below Non-Fund Based O/S	36,700	39,060	37,210	49,280	47,960	45,740	(4.6)	17.1
BB & Below Investments	9,850	5,620	6,120	8,080	6,200	6,660	7.4	18.5
BB & Below Advances	51,280	65,280	64,200	91,180	87,220	74,430	(14.7)	14.0

Source: Company, LKP Research

Annual Projections

Exhibit 6: Profit and Loss Statement

(₹ mn)	FY20	FY21	FY22E	FY23E	FY24E
Int. Income	6,26,352	6,36,453	7,06,046	7,97,324	9,13,352
Interest Expenses	3,74,290	3,44,062	3,68,693	4,01,779	4,44,981
Net Interest Income	2,52,062	2,92,391	3,37,354	3,95,545	4,68,371
<i>NIM (%)</i>	3.23	3.37	3.52	3.71	3.92
Adjusted NII	2,32,153	2,71,088	3,37,354	3,95,545	4,68,371
Core Fee Income	96,919	92,563	99,042	1,05,975	1,13,394
Profit from exchange transactions	37,423	35,741	38,957	42,463	46,285
Other Misc. Income	21,023	20,078	21,484	22,988	24,597
Other Income - Total	1,55,366	1,48,382	1,59,484	1,71,427	1,84,276
Net Operating Revenue	4,07,428	4,40,773	4,96,837	5,66,972	6,52,647
Employee Exp.	53,210	61,640	70,886	81,519	93,747
Other Opex	1,19,836	1,22,111	1,36,765	1,54,544	1,76,180
Total Opex	1,73,046	1,83,752	2,07,651	2,36,063	2,69,927
C/I Ratio	42.47	41.69	41.79	41.64	41.36
Pre Provision Profits	2,34,381	2,57,022	2,89,186	3,30,908	3,82,720
<i>PPP Growth (yoy %)</i>	23.3	9.7	12.5	14.4	15.7
Provisions & Contingencies - Total	1,85,339	1,68,963	1,44,744	1,51,595	1,59,650
<i>Credit Cost (As % of Op. AUM)</i>	2.57	2.03	1.40	1.30	1.20
Profit Before Tax	49,042	88,058	1,44,443	1,79,314	2,23,070
Tax	32,770	22,173	36,255	45,008	55,991
<i>Effective Tax Rate</i>	66.8	25.2	25.1	25.1	25.1
Reported Profits	16,272	65,885	1,08,188	1,34,306	1,67,080
<i>PAT Growth (yoy %)</i>	(65.2)	304.9	64.2	24.1	24.4

Source: Company, LKP Research

Exhibit 7: Balance Sheet

(₹ mn)	FY20	FY21	FY22E	FY23E	FY24E
Equity Share Capital	5,643	6,128	6,128	6,128	6,128
Reserves (ex Revel. Reserve)	8,43,835	10,09,903	11,18,090	12,52,396	14,19,476
Net Worth - Ex Revaluation	8,49,478	10,16,030	11,24,218	12,58,524	14,25,603
Deposits	64,01,049	70,73,061	78,83,379	88,54,102	1,00,02,305
Borrowings	14,79,541	14,28,732	15,01,596	16,24,125	17,65,113
Interest Bearing Liabilities	78,80,591	85,01,792	93,84,975	1,04,78,228	1,17,67,418
Other Lia. & Prov.	4,21,579	4,43,362	4,31,244	4,09,352	3,86,377
Total Liabilities	91,51,648	99,61,184	1,09,40,437	1,21,46,104	1,35,79,398
Assets					
Cash & Cash Equivalent	9,72,683	6,17,298	6,58,481	7,35,386	8,27,059
Investments	15,67,343	22,61,196	24,83,580	27,51,420	30,53,009
Credit Equivalent	2,65,233	3,82,650	3,90,303	3,98,109	4,06,072
Loan & Advances	57,14,242	62,37,202	69,23,294	77,54,089	87,62,121
<i>Growth (yoy %)</i>	<i>15.5</i>	<i>9.2</i>	<i>11.0</i>	<i>12.0</i>	<i>13.0</i>
Fixed Assets	43,129	42,450	47,953	53,266	59,708
Other Assets	8,54,252	8,03,038	8,27,129	8,51,943	8,77,501
Total Assets	91,51,648	99,61,184	1,09,40,437	1,21,46,104	1,35,79,398

Source: Company, LKP Research

Exhibit 8: Per share data

Y/E Mar	FY20	FY21	FY22E	FY23E	FY24E
Face Value	2	2	2	2	2
Adjusted Share O/S (mn)	2,822	3,064	3,064	3,064	3,064
Earnings Per Share	5.8	21.5	35.3	43.8	54.5
EPS (% YoY)	(68.3)	272.9	64.2	24.1	24.4
P/E (x)	121.3	32.5	19.8	16.0	12.8
Book Value	301.1	331.6	366.9	410.8	465.3
BVPS (% YoY)	16.1	10.2	10.6	11.9	13.3
P/BV (x)	2.3	2.1	1.9	1.7	1.5
Adj. BV	301.1	331.6	352.5	396.3	450.9
Adj. BV (% YoY)	16.1	10.2	6.3	12.4	13.8
P/ABV (x)	2.3	2.1	2.0	1.8	1.6

Source: Company, LKP Research

Exhibit 9: Detailed ROA Tree

Y/E Mar	FY20	FY21	FY22E	FY23E	FY24E
Yields / Margins					
Yield on Advance	9.1	8.0	8.0	8.2	8.3
Yield on Funds	8.0	7.3	7.4	7.5	7.6
Cost of Funds (CoF)	5.0	4.2	4.1	4.0	4.0
Interest Spread	3.0	3.1	3.2	3.4	3.6
NIM's	3.2	3.4	3.5	3.7	3.9
Interest Income / Assets	7.3	6.7	6.8	6.9	7.1
Interest Exp. / Assets	4.4	3.6	3.5	3.5	3.5
NII / Assets	2.9	3.1	3.2	3.4	3.6
Fee Income / Assets	1.1	1.0	0.9	0.9	0.9
Other Non Core Income / Assets	-	-	-	-	-
Other Income / Assets	1.8	1.6	1.5	1.5	1.4
Net Operating Income / Assets	4.7	4.6	4.8	4.9	5.1
Operating Ratios					
NII to Net Operative Income	61.9	66.3	67.9	69.8	71.8
Other Income to Net Operative Income	38.1	33.7	32.1	30.2	28.2
Empl. Cost/Oper. Exps.	30.7	33.5	34.1	34.5	34.7
Other Op. Exps./Oper. Exps.	69.3	66.5	65.9	65.5	65.3
C/I Ratio	42.5	41.7	41.8	41.6	41.4
Provisions as % PPP	45.5	38.3	29.1	26.7	24.5
Credit Cost (As % of Op. AUM)	2.6	2.0	1.4	1.3	1.2
Effective Tax Rate	66.8	25.2	25.1	25.1	25.1
Employee Exp. / Assets	0.6	0.6	0.7	0.7	0.7
Other Opex/ Assets	1.4	1.3	1.3	1.3	1.4
Total Opex / Assets	2.0	1.9	2.0	2.0	2.1
Operating Profits / Assets	2.7	2.7	2.8	2.9	3.0
Op Profit ex Except Items / Assets	2.7	2.7	2.8	2.9	3.0
Provisions / Assets	2.2	1.8	1.4	1.3	1.2
Profit Before Tax / Assets	0.6	0.9	1.4	1.6	1.7
Tax Expenses / Assets	0.4	0.2	0.3	0.4	0.4
RoA	0.2	0.7	1.0	1.2	1.3
Leverage (x)	10.8	9.8	9.7	9.7	9.5
RoE	2.1	7.1	10.1	11.3	12.4
Adj. RoA	0.2	0.7	1.0	1.2	1.3
Adj. RoE	2.1	7.1	10.1	11.3	12.4

Source: Company, LKP Research

Exhibit 10: Balance Sheet Ratios

Y/E Mar	FY20	FY21	FY22E	FY23E	FY24E
Credit / Deposit Ratio	89.3	88.2	87.8	87.6	87.6
Incremental C/D Ratio	83.6	77.8	84.7	85.6	87.8
Investment Deposit Ratio	24.5	32.0	31.5	31.1	30.5
Dom. SLR Investment / Deposits	19.2	25.0	25.2	25.3	25.3
CASA Ratio	41.5	45.2	45.2	45.2	45.2

Source: Company, LKP Research

Exhibit 11: Asset Quality

Y/E Mar	FY20	FY21	FY22E	FY23E	FY24E
Slippage Ratio	4.0	3.0	1.7	1.5	1.2
Gross NPA (Cl Bal)	3,02,338	2,53,148	2,36,071	2,28,387	2,01,671
Gross NPAs Ratio (%)	4.9	3.7	3.4	2.9	2.3
PCR (%)	69.0	72.4	72.6	73.6	70.2
Net NPA (Cl. Bal.)	93,604	69,935	64,644	60,232	60,115
Net NPAs Ratio (%)	1.6	1.1	0.9	0.8	0.7
Total Impaired Loans	3,02,338	2,53,148	2,36,071	2,28,387	2,01,671
Impaired Loan as % of Loan / AUM	5.1	3.8	3.2	2.8	2.2
Total Risk Reserves	2,08,734	1,83,213	1,71,427	1,68,156	1,41,556
Total Risk As % of Loan Book	3.5	2.8	2.3	2.1	1.5

Source: Company, LKP Research

Exhibit 12: Key Assumptions & Forecasts

Y/E Mar	FY20	FY21	FY22E	FY23E	FY24E
Loan & Advances	57,14,242	62,37,202	69,23,294	77,54,089	87,62,121
<i>Growth (yoy %)</i>	15.5	9.2	11.0	12.0	13.0
Interest Bearing Liabilities	78,80,591	85,01,792	93,84,975	1,04,78,228	1,17,67,418
<i>Growth (yoy %)</i>	15.5	9.2	11.0	12.0	13.0
<i>Yield on Funds</i>	8.0	7.3	7.4	7.5	7.6
<i>Cost of Funds (CoF)</i>	5.0	4.2	4.1	4.0	4.0
<i>Interest Spread</i>	3.0	3.1	3.2	3.4	3.6
<i>NIM's</i>	3.2	3.4	3.5	3.7	3.9
<i>Other Income Growth</i>	18.3	(4.5)	7.5	7.5	7.5
<i>C/I Ratio</i>	42.5	41.7	41.8	41.6	41.4
<i>Effective Tax Rate</i>	66.8	25.2	25.1	25.1	25.1
Return Ratios					
<i>Adj. RoA</i>	0.2	0.7	1.0	1.2	1.3
<i>Adj. RoE</i>	2.1	7.1	10.1	11.3	12.4
Asset Quality Metrics					
<i>Credit Cost (As % of Op. AUM)</i>	2.6	2.0	1.4	1.3	1.2
<i>Gross NPAs Ratio (%)</i>	4.9	3.7	3.4	2.9	2.3
<i>Net NPAs Ratio (%)</i>	1.6	1.1	0.9	0.8	0.7

Source: Company, LKP Research

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