

## STATE BANK OF INDIA | Banking

Improving asset quality; re-rating with increased TP of ₹541

LKP

State Bank of India (SBI) has delivered a strong result on operating and assets quality front. Moreover, reported gross slippages stood at ₹220.5bn which includes pro-forma slippages of ₹147bn of previous three quarters. Its reported GNPA (4.98% v/s 5.44% in 3QFY21) and NNPA (1.2% v/s 1.81% in 3QFY21) declined substantially along with higher PCR (incl. AUCA) of 89%. Furthermore SMA and restructuring pool came down to 47bps and 73bps respectively. The bank has witnessed stable advance growth (5.3% YoY & 3.4% QoQ) and strong deposit growth (13.6% YoY & 4.1% QoQ) sequentially with better liquidity position (LCR of 153%). Moreover the bank has reported PAT of ₹64bn (v/s ₹52bn in 3QFY21) on back of robust Non – interest income growth (26% YoY and 75% QoQ) along with stable provisioning expenses of ₹110bn against ₹103bn in the previous quarter. The 3QFY21 ROA and ROE stood at 0.58% and 10.16% respectively. The bank has established total standard asset and contingent provision of ~₹254bn (104bps of net advances) as on 4QFY21. With moderate stress formation and heartening collection efficacy (~96% in April'21), we believe the ROE target of 15% is achievable and recommend BUY with increased target price of ₹541.

**Continued trend in Asset Quality improvement:** Resumption of GNPA recognition led to spike in reported slippages to ₹220.5bn, which includes ₹147bn pro-forma slippages of the previous three quarters. A bulky write-off (₹85.7bn v/s ₹32.4bn in 3QFY21) led to balance sheet clean up. Management indicated that two chunky accounts (amounting to ₹45bn) which slipped in 4QFY21 are expected to upgrade in FY22E (with ₹36.5bn in 1QFY21 itself). The Bank's SMA 1 (₹46bn) and SMA 2 (₹68bn) decreased from ₹54bn and ₹125bn respectively. Where BB & below book stood 13% of wholesale book. The GNPA/NNPA ratio declined to 4.98%/1.5% from pro-forma GNPA/NNPA ratio of 5.44%/1.81% in the previous quarter. Moreover, the restructured pool down to ₹178bn (73bps of net advances) from ₹181bn (77bps) in the previous quarter. On total restructuring, corporate book accounted for ~66%. Overall slippages and restructuring during FY21 of INR 464bn was much lower than management guidance of ₹600bn.

Key Financials (₹ mn)	FY20	FY21	FY22E	FY23E	FY24E
NII	9,80,848	11,07,100	12,62,057	14,38,876	16,41,060
Operating Profit	6,81,326	7,15,541	7,95,827	9,04,377	10,28,554
Reported Profits	1,44,881	2,04,105	3,11,378	3,94,781	4,86,193
Net Worth	20,82,448	23,02,978	26,14,357	30,09,138	34,95,331
Loan & Advances	2,32,52,896	2,44,94,978	2,69,44,476	2,99,08,368	3,34,97,372
Int. Bearing Liabilities	3,55,62,764	4,09,85,748	4,51,43,946	5,00,33,574	5,54,98,155

Key Ratios (%)	FY20	FY21	FY22E	FY23E	FY24E
NIM's	2.8	2.9	2.9	3.0	3.1
C/I Ratio	54.8	54.1	53.6	53.2	52.9
Gross NPA Ratio	6.2	5.0	4.6	4.2	3.7
Tier 1 Ratio	10.5	10.2	10.4	10.6	10.4
Adj. RoA Ratio	0.7	0.6	0.7	0.8	0.8
Adj. RoE Ratio	11.9	9.7	11.5	12.9	13.9

Rating	Buy
Current Market Price (₹)	401
12 M Price Target (₹)	541
Potential upside (%)	35

## Stock Data

FV (₹) :	1
Market Cap Full (₹ bn) :	3,606
Market Cap Free Float (₹ bn) :	1,364
52-Week High / Low (₹) :	150 / 428
2-Year High / Low (₹) :	150 / 428
1 Year Avg. Dly Traded Volume (in lakh)	616
BSE Code / NSE Symbol	500112 / SBIN
Bloomberg :	SBIN IN

## Shareholding Pattern (%)

	Mar-21	Dec-20	Sep-20	Jun-20
Promoter	57.63	57.64	57.63	57.64
FPIs	9.94	9.82	7.75	7.91
MFs	12.57	12.72	12.95	13.18
Insurance	10.71	11.09	11.33	11.27
Others	9.15	8.73	10.34	10.00

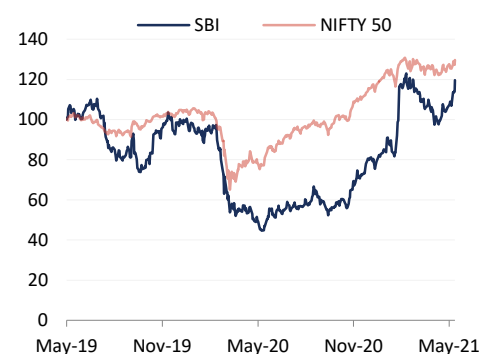
Source: BSE

## Price Performance (%)

(%)	1M	3M	6M	1YR
SBI	22.6%	1.1%	66.4%	165.8%
Nifty 50	6.1%	1.3%	18.0%	66.6%

\* To date / current date : May 21, 2021

## SBI vs Nifty 50



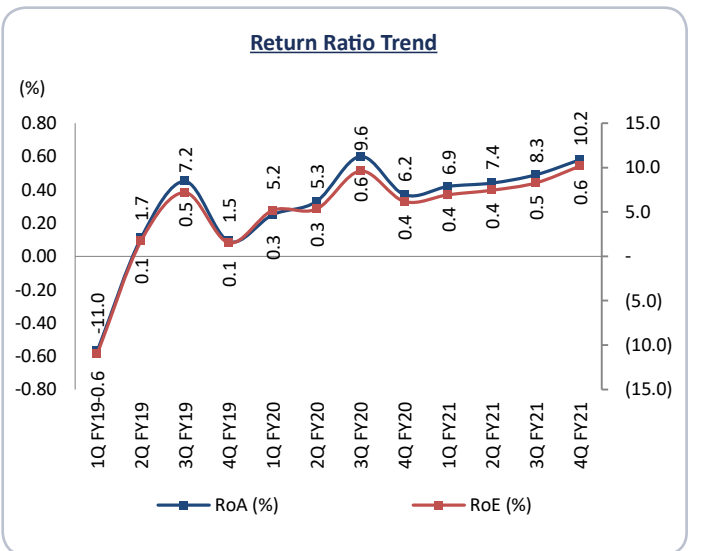
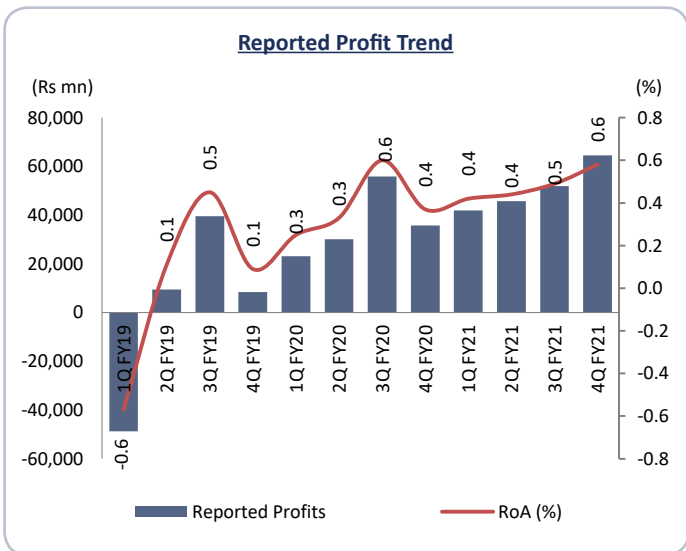
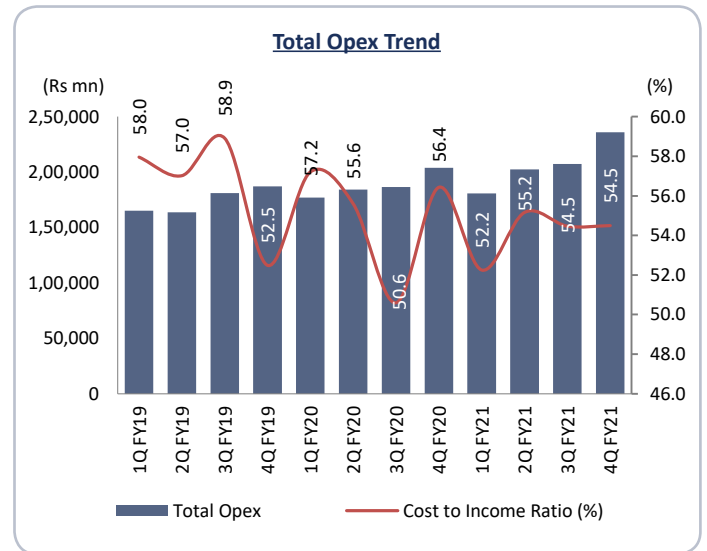
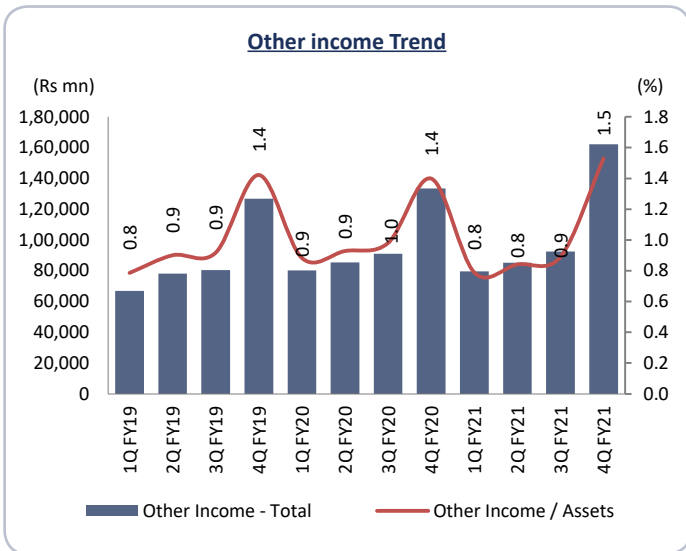
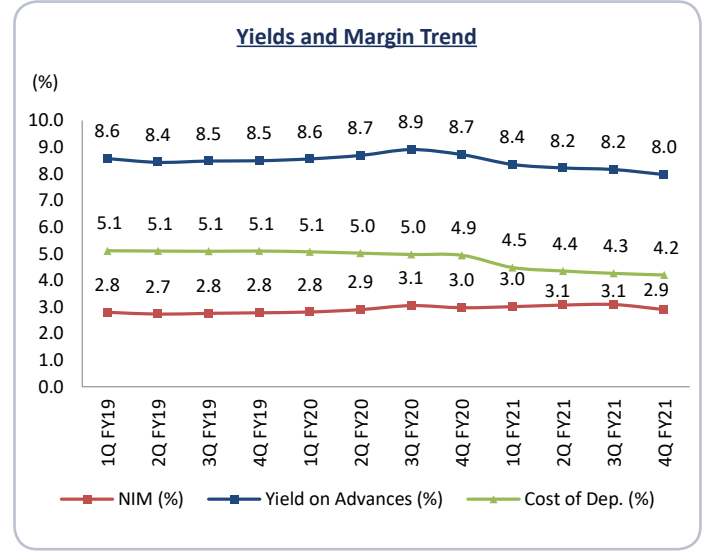
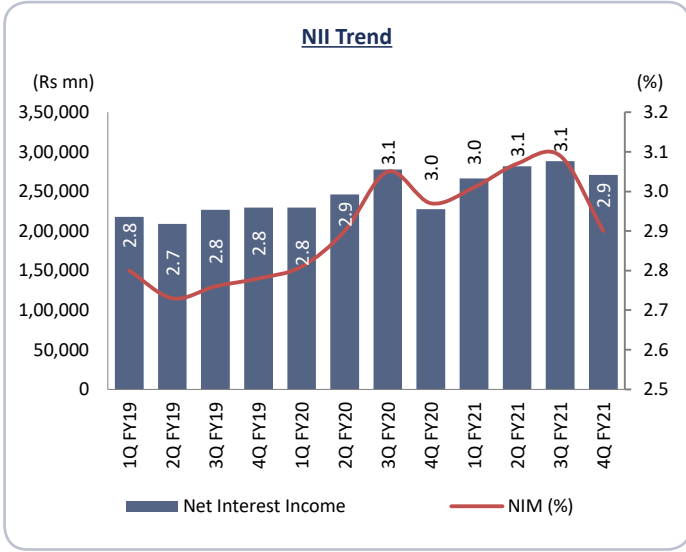
**Steady operational quarter:** Domestic NIMs (3.11%) remained flat. Management believes the NIMs will remain stable for FY22E. YOA and COD stood at 7.97% and 4.20% against 8.16% and 4.26% in the previous quarter. Overall NIMs declined 21bps to 2.9% because of interest reversal of slippages and interest on interest. It translated in sequential NII (288bn) de-growth of 6.1%. Other income has witnessed a significant jump of 75.5% sequentially. A stable NII growth and strong other income growth (75.5% QoQ) have translated in sequential PPOP growth of 13.7%. Bulky, though sequentially stable, provision expenses (₹110bn v/s ₹103bn in 3QFY21) has translated in 24.1% sequential growth in PAT to ₹64bn. The bank's ROA/ROE stood at 0.58% and 10.16% respectively. Management reiterated the target ROE of 15% in mid run aided by a) increasing credit growth, b) normalization of credit cost, and c) improving operational performance.

**Business growth in line with the industry:** The bank's net advances stood at ₹24.5tn; grew by 5.3% YOY and 3.4% QOQ. Retail (39.9% contribution), Corporate (37.5% contribution) and Agriculture (9.8% contribution) grew by 4.8%, 3.9% and 0.2% QoQ respectively. The bank disbursed 250bn under ECLGS. ECLGS 2.0 accounts for ₹20bn of disbursement. The bank's deposit stood at ₹36.8tn grew strongly by 13.6% YOY and 4.1% QOQ; CASA stood at 46.5%.

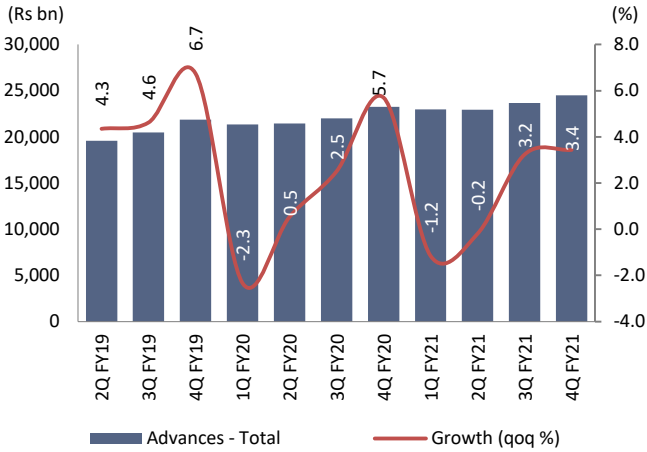
#### **Outlook & Valuations**

**Under base case scenario, we expect the bank to post a ROA/ROE of 0.8%/12.9% by FY23E led by healthy balance sheet growth along with higher PCR and stable asset quality. We re-rate the stock with strong BUY and increased target price of ₹541 (potential upside of 35%). We value the standalone bank at PBV of 1.4x FY23E Adj. BVPS of ₹307 and value of subsidiaries per share of ₹112.**

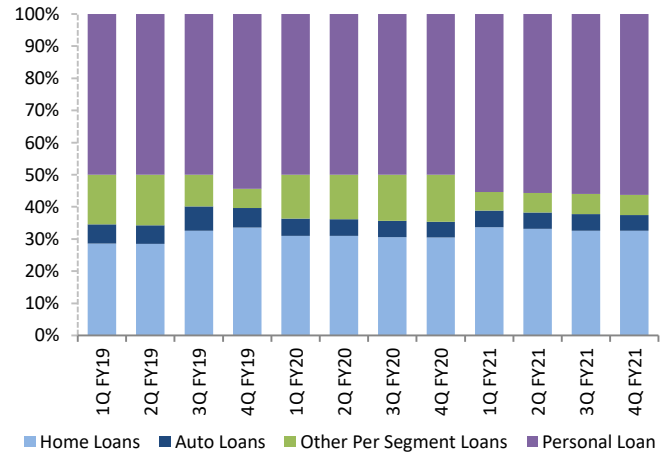
Quarterly story in charts



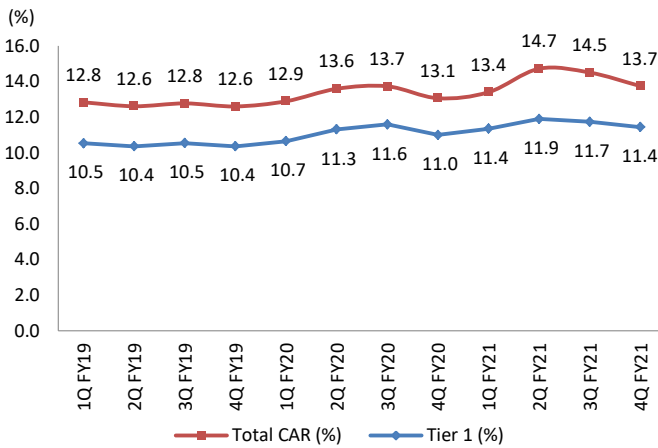
**Loan Book Trend**



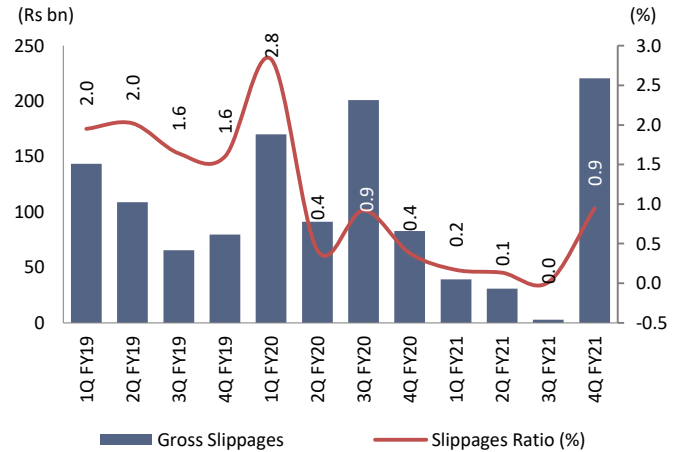
**Loan Book Mix Trend**



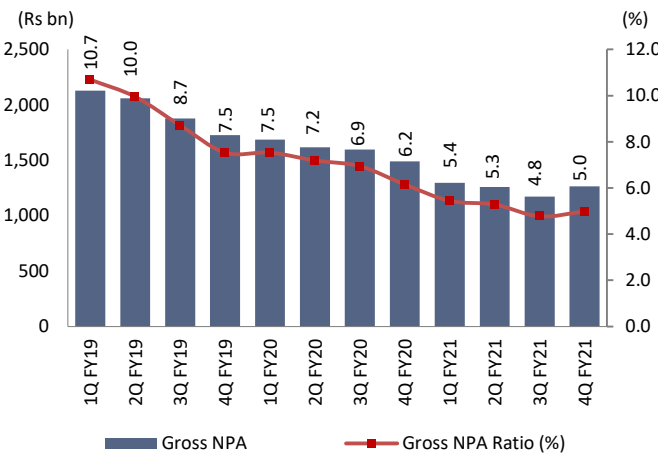
**CRAR & Tier 1 Ratio Trend**



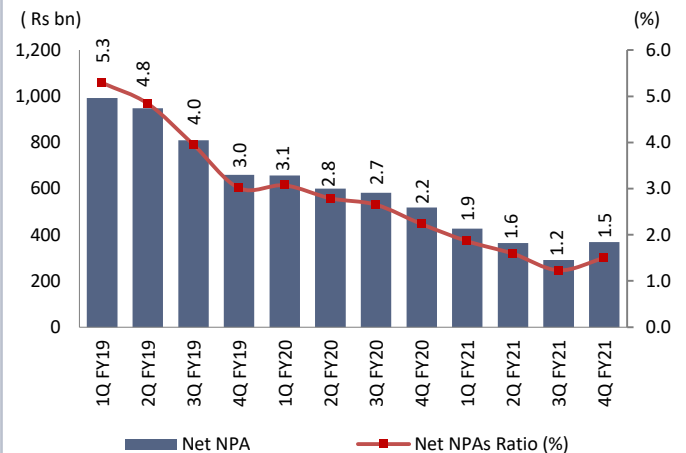
**Slippages**



**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	4,02,137	4,25,797	(5.6)	4,37,368	(8.1)	17,14,291	17,97,488	(4.6)
Int. on Investment	2,03,769	1,73,165	17.7	2,04,721	(0.5)	7,98,081	6,82,047	17.0
Int. on Balances	13,659	9,489	44.0	6,482	110.7	43,175	29,204	47.8
Int. Others	31,451	18,364	71.3	18,774	67.5	95,959	64,496	48.8
<b>Interest Inc.</b>	<b>6,51,016</b>	<b>6,26,814</b>	<b>3.9</b>	<b>6,67,345</b>	<b>(2.4)</b>	<b>26,51,506</b>	<b>25,73,236</b>	<b>3.0</b>
<b>Interest Expenses</b>	<b>3,80,346</b>	<b>3,99,145</b>	<b>(4.7)</b>	<b>3,79,146</b>	<b>0.3</b>	<b>15,44,406</b>	<b>15,92,388</b>	<b>(3.0)</b>
<b>Net Interest Income</b>	<b>2,70,670</b>	<b>2,27,674</b>	<b>18.9</b>	<b>2,88,199</b>	<b>(6.1)</b>	<b>11,07,100</b>	<b>9,80,848</b>	<b>12.9</b>
<i>NII to Net Operative Income</i>	<i>62.5</i>	<i>63.0</i>	<i>(52)</i>	<i>75.7</i>	<i>(1,319)</i>	<i>72.5</i>	<i>71.5</i>	<i>97</i>
<i>NIM (%)</i>	<i>2.90</i>	<i>3.0</i>	<i>(7)</i>	<i>3.1</i>	<i>(19)</i>	<i>-</i>	<i>-</i>	<i>-</i>
<b>Core Fee Income</b>	<b>84,560</b>	<b>78,730</b>	<b>7.4</b>	<b>53,480</b>	<b>58.1</b>	<b>2,35,180</b>	<b>2,37,250</b>	<b>(0.9)</b>
<b>Non Core Other Income</b>	<b>77,693</b>	<b>82,050</b>	<b>(5.3)</b>	<b>38,982</b>	<b>99.3</b>	<b>1,84,386</b>	<b>2,14,973</b>	<b>(14.2)</b>
<b>Other Income - Total</b>	<b>1,62,253</b>	<b>1,33,461</b>	<b>21.6</b>	<b>92,462</b>	<b>75.5</b>	<b>4,19,566</b>	<b>3,90,058</b>	<b>7.6</b>
<i>Other Inc to Net Oper. Income (%)</i>	<i>37.5</i>	<i>37.0</i>	<i>52</i>	<i>24.3</i>	<i>1,319</i>	<i>27.5</i>	<i>28.5</i>	<i>(97)</i>
<b>Net Operating Revenue</b>	<b>4,32,923</b>	<b>3,61,135</b>	<b>19.9</b>	<b>3,80,661</b>	<b>13.7</b>	<b>15,26,666</b>	<b>13,70,906</b>	<b>11.4</b>
Employee Expenses	1,33,828	1,20,387	11.2	1,31,180	2.0	5,09,360	4,57,150	11.4
<i>Empl. Cost/Oper. Exps. (%)</i>	<i>30.9</i>	<i>33.3</i>	<i>(242)</i>	<i>34.5</i>	<i>(355)</i>	<i>33.4</i>	<i>33.3</i>	<i>2</i>
Other Opex	1,02,094	83,406	22.4	76,149	34.1	3,17,162	2,94,587	7.7
<i>Other Opex/ Assets (%)</i>	<i>0.2</i>	<i>0.2</i>	<i>2</i>	<i>0.2</i>	<i>6</i>	<i>0.7</i>	<i>0.8</i>	<i>(2)</i>
<b>Total Opex</b>	<b>2,35,922</b>	<b>2,03,793</b>	<b>15.8</b>	<b>2,07,329</b>	<b>13.8</b>	<b>8,26,522</b>	<b>7,51,737</b>	<b>9.9</b>
<i>Cost to Income Ratio (%)</i>	<i>54.5</i>	<i>56.4</i>	<i>(194)</i>	<i>54.5</i>	<i>3</i>	<i>54.1</i>	<i>54.8</i>	<i>(70)</i>
<b>Pre Provision Profits</b>	<b>1,97,002</b>	<b>1,57,343</b>	<b>25.2</b>	<b>1,73,332</b>	<b>13.7</b>	<b>7,00,144</b>	<b>6,19,169</b>	<b>13.1</b>
<b>Provisions &amp; Contingencies - Total</b>	<b>1,10,510</b>	<b>1,34,951</b>	<b>(18.1)</b>	<b>1,03,424</b>	<b>6.9</b>	<b>4,40,130</b>	<b>4,33,304</b>	<b>1.6</b>
<i>NPA Provisions as % PPP</i>	<i>56.1</i>	<i>73.1</i>	<i>(1,699)</i>	<i>59.7</i>	<i>(357)</i>	<i>61.5</i>	<i>63.6</i>	<i>(209)</i>
<b>Profit Before Tax</b>	<b>86,491</b>	<b>49,705</b>	<b>74.0</b>	<b>69,908</b>	<b>23.7</b>	<b>2,75,411</b>	<b>2,48,022</b>	<b>11.0</b>
<b>Tax</b>	<b>21,984</b>	<b>13,892</b>	<b>58.2</b>	<b>17,946</b>	<b>22.5</b>	<b>71,307</b>	<b>1,03,141</b>	<b>(30.9)</b>
<i>Effective Tax Rate (%)</i>	<i>25.4</i>	<i>27.9</i>	<i>(253)</i>	<i>25.7</i>	<i>(25)</i>	<i>25.9</i>	<i>41.6</i>	<i>(1,569)</i>
<b>Reported Profits</b>	<b>64,507</b>	<b>35,813</b>	<b>80.1</b>	<b>51,962</b>	<b>24.1</b>	<b>2,04,105</b>	<b>1,44,881</b>	<b>40.9</b>
<i>RoA (%)</i>	<i>0.6</i>	<i>0.4</i>	<i>21</i>	<i>0.5</i>	<i>9</i>	<i>0.5</i>	<i>0.4</i>	<i>10</i>
<i>RoE (%)</i>	<i>10.2</i>	<i>6.2</i>	<i>399</i>	<i>8.3</i>	<i>189</i>	<i>9.9</i>	<i>7.7</i>	<i>216</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	23,25,207	23,20,074	24,16,557	24,57,210	25,12,430	25,38,752	1.0	9.4
RoE (%)	9.6	6.2	6.9	7.4	8.3	10.2	189	399
CET1 (%)	10.2	9.8	10.1	10.5	10.3	10.0	(25)	25
Tier 1 (%)	11.6	11.0	11.4	11.9	11.7	11.4	(29)	44
Total CAR (%)	13.7	13.1	13.4	14.7	14.5	13.7	(76)	68
RWA - Total	2,07,29,283	2,09,89,805	2,12,48,527	2,09,43,122	2,18,67,717	2,24,90,771	2.8	7.2
Advances - Total	2,19,99,169	2,32,52,896	2,29,83,462	2,29,39,012	2,36,81,391	2,44,94,978	3.4	5.3
Investments	1,01,21,007	1,04,69,545	1,22,52,284	1,32,91,663	1,31,08,846	1,35,17,052	3.1	29.1
Total Assets	3,74,91,922	3,95,13,939	4,11,79,316	4,15,78,563	4,35,69,868	4,53,44,296	4.1	14.8
RoA (%)	0.60	0.37	0.42	0.44	0.49	0.58	9	21
Deposits	3,11,12,286	3,24,16,207	3,41,93,628	3,47,04,617	3,53,57,534	3,68,12,771	4.1	13.6
Saving Deposit	18,91,290	1,19,35,660	1,29,43,840	1,31,49,500	1,33,58,610	1,37,00,820	2.6	14.8
Current Deposit	1,15,17,010	21,74,150	20,43,340	21,20,570	21,05,630	27,68,920	31.5	27.4
CASA Deposits	1,34,08,300	1,41,09,810	1,49,87,180	1,52,70,070	1,54,64,240	1,64,69,740	6.5	16.7
CASA Ratio (%)	44.7	45.2	45.3	45.4	45.2	46.1	90	94
Dom. Term Deposits	1,65,73,670	1,71,36,347	1,80,68,400	1,83,71,277	1,87,83,904	1,92,31,911	2.4	12.2
Interest Bearing Liabilities - Total	3,37,37,772	3,55,62,764	3,73,23,587	3,76,86,920	3,94,66,265	4,09,85,748	3.9	15.2

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
<b>Interest Bearing Liabilities - Total</b>	<b>3,37,37,772</b>	<b>3,55,62,764</b>	<b>3,73,23,587</b>	<b>3,76,86,920</b>	<b>3,94,66,265</b>	<b>4,09,85,748</b>	<b>3.9</b>	<b>15.2</b>
Global Deposits	3,11,12,286	3,24,16,207	3,41,93,628	3,47,04,617	3,53,57,534	3,68,12,771	4.1	13.6
CASA Deposits	1,34,08,300	1,41,09,810	1,49,87,180	1,52,70,070	1,54,64,240	1,64,69,740	6.5	16.7
Saving Deposit	18,91,290	1,19,35,660	1,29,43,840	1,31,49,500	1,33,58,610	1,37,00,820	2.6	14.8
Current Deposit	1,15,17,010	21,74,150	20,43,340	21,20,570	21,05,630	27,68,920	31.5	27.4
Dom. Term Deposits	1,65,73,670	1,71,36,347	1,80,68,400	1,83,71,277	1,87,83,904	1,92,31,911	2.4	12.2
Borrowings	26,25,487	31,46,557	31,29,959	29,82,303	41,08,731	41,72,977	1.6	32.6
<b>Interest Bearing Liabilities - Total</b>	<b>3,37,37,772</b>	<b>3,55,62,764</b>	<b>3,73,23,587</b>	<b>3,76,86,920</b>	<b>3,94,66,265</b>	<b>4,09,85,748</b>	<b>3.9</b>	<b>15.2</b>

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
<b>Global Deposits</b>	<b>2,70,63,433</b>	<b>2,91,13,860</b>	<b>3,24,16,207</b>	<b>3,68,12,771</b>	<b>84.6</b>	<b>7.6</b>	<b>11.3</b>	<b>13.6</b>	<b>82.8</b>	<b>130.5</b>	<b>77.9</b>
Saving Deposit	1,01,37,745	1,09,17,520	1,20,63,720	1,37,00,820	31.5	7.7	10.5	13.6	31.5	45.3	29.0
Current Deposit	19,01,739	20,58,752	22,73,356	27,68,920	6.4	8.3	10.4	21.8	6.3	8.5	8.8
CASA Deposits	1,20,39,484	1,29,76,272	1,43,37,076	1,64,69,740	37.8	7.8	10.5	14.9	37.8	53.8	37.8
Dom. Term Deposits	1,39,54,451	1,51,66,162	1,69,09,083	1,92,31,911	44.2	8.7	11.5	13.7	48.9	68.9	41.2
<b>Borrowings</b>	<b>36,21,421</b>	<b>40,30,171</b>	<b>31,46,557</b>	<b>41,72,977</b>	<b>9.6</b>	<b>11.3</b>	<b>(21.9)</b>	<b>32.6</b>	<b>16.5</b>	<b>(34.9)</b>	<b>18.2</b>
<b>Interest Bearing Liabilities - Total</b>	<b>3,06,84,854</b>	<b>3,31,44,031</b>	<b>3,55,62,764</b>	<b>4,09,85,748</b>	<b>94.2</b>	<b>8.0</b>	<b>7.3</b>	<b>15.2</b>	<b>99.3</b>	<b>95.6</b>	<b>96.1</b>
<b>Net Worth</b>	<b>21,91,286</b>	<b>22,09,138</b>	<b>23,20,074</b>	<b>25,38,752</b>	<b>5.8</b>	<b>0.8</b>	<b>5.0</b>	<b>9.4</b>	<b>0.7</b>	<b>4.4</b>	<b>3.9</b>
<b>Working Fund</b>	<b>3,28,76,139</b>	<b>3,53,53,170</b>	<b>3,78,82,838</b>	<b>4,35,24,500</b>	<b>100.0</b>	<b>7.5</b>	<b>7.2</b>	<b>14.9</b>	<b>100.0</b>	<b>100.0</b>	<b>100.0</b>
<i>Interest Exp. / Assets</i>	<i>4.73</i>	<i>4.33</i>	<i>4.17</i>	<i>3.6</i>		<i>(40)</i>	<i>(16)</i>	<i>(59)</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
Gross Slippages	2,00,980	82,910	39,100	30,850	2,870	2,20,500	7,582.9	166.0
<b>Slippages Ratio (%)</b>	<b>0.92</b>	<b>0.38</b>	<b>0.17</b>	<b>0.13</b>	<b>0.01</b>	<b>0.95</b>	<b>94</b>	<b>57</b>
Gross NPA	15,96,612	14,90,919	12,96,607	12,58,630	11,72,442	12,63,890	7.8	(15.2)
<b>Gross NPAs Ratio (%)</b>	<b>6.94</b>	<b>6.15</b>	<b>5.44</b>	<b>5.28</b>	<b>4.77</b>	<b>4.98</b>	<b>21</b>	<b>(117)</b>
<b>PCR - Calculated (%)</b>	<b>63.5</b>	<b>65.2</b>	<b>67.1</b>	<b>71.0</b>	<b>75.2</b>	<b>70.9</b>	<b>(436)</b>	<b>567</b>
Net NPA	5,82,486	5,18,713	4,27,036	3,64,507	2,90,317	3,68,097	26.8	(29.0)
<b>Net NPAs Ratio (%)</b>	<b>2.65</b>	<b>2.23</b>	<b>1.86</b>	<b>1.59</b>	<b>1.23</b>	<b>1.50</b>	<b>27</b>	<b>(73)</b>

Source: Company, LKP Research

## Annual Projections

## Exhibit 6: Profit and Loss Statement

(₹ mn)	FY20	FY21	FY22E	FY23E	FY24E
Int. Income / Opr. Revenue	25,73,236	26,51,506	29,71,994	32,96,048	36,77,634
Interest Expenses	15,92,388	15,44,406	17,09,937	18,57,172	20,36,574
<b>Net Interest Income</b>	<b>9,80,848</b>	<b>11,07,100</b>	<b>12,62,057</b>	<b>14,38,876</b>	<b>16,41,060</b>
<i>NIM (%)</i>	2.80	2.85	2.90	2.99	3.08
<b>Adjusted NII</b>	<b>9,16,352</b>	<b>10,11,141</b>	<b>12,62,057</b>	<b>14,38,876</b>	<b>16,41,060</b>
Core Fee Income & Dividend	2,47,176	2,65,875	2,87,145	3,12,988	3,44,287
Exchange Income	22,865	24,595	26,563	28,953	31,849
Sale of Investments	10,849	11,669	12,603	13,737	15,111
Other Misc. Income	1,09,168	1,17,427	1,26,821	1,38,235	1,52,058
<b>Other Income - Total</b>	<b>3,90,058</b>	<b>4,19,566</b>	<b>4,53,132</b>	<b>4,93,913</b>	<b>5,43,305</b>
<b>Net Operating Revenue</b>	<b>13,70,906</b>	<b>15,26,666</b>	<b>17,15,189</b>	<b>19,32,789</b>	<b>21,84,365</b>
Employee Exp.	4,57,150	5,09,360	5,70,483	6,44,646	7,41,343
Other Opex	2,94,587	3,17,162	3,48,878	3,83,766	4,14,468
<b>Total Opex</b>	<b>7,51,737</b>	<b>8,26,522</b>	<b>9,19,362</b>	<b>10,28,412</b>	<b>11,55,810</b>
<i>C/I Ratio (%)</i>	54.84	54.14	53.60	53.21	52.91
<b>Pre Provision Profits</b>	<b>6,19,169</b>	<b>7,00,144</b>	<b>7,95,827</b>	<b>9,04,377</b>	<b>10,28,554</b>
<i>PPP Growth (yoy %)</i>	11.7	13.1	13.7	13.6	13.7
<b>Provisions &amp; Contingencies - Total</b>	<b>4,33,304</b>	<b>4,40,130</b>	<b>3,83,295</b>	<b>3,81,349</b>	<b>3,84,419</b>
<i>Credit Cost (As % of Op. AUM)</i>	-	1.87	1.50	1.35	1.22
<b>Profit Before Tax</b>	<b>2,48,022</b>	<b>2,75,411</b>	<b>4,12,532</b>	<b>5,23,028</b>	<b>6,44,135</b>
Tax	1,03,141	71,307	1,01,153	1,28,247	1,57,943
<i>Effective Tax Rate (%)</i>	33.3	24.5	24.5	24.5	24.5
<b>Reported Profits</b>	<b>1,44,881</b>	<b>2,04,105</b>	<b>3,11,378</b>	<b>3,94,781</b>	<b>4,86,193</b>
<i>PAT Growth (yoy %)</i>	-	40.9	52.6	26.8	23.2

Source: Company, LKP Research



## Exhibit 7: Balance Sheet

(₹ mn)	FY20	FY21	FY22E	FY23E	FY24E
Equity Share Capital	8,925	8,925	8,925	8,925	8,925
Reserves (ex Reval. Reserve)	20,73,523	22,94,054	26,05,432	30,00,213	34,86,406
<b>Net Worth - Ex Revaluation</b>	<b>20,82,448</b>	<b>23,02,978</b>	<b>26,14,357</b>	<b>30,09,138</b>	<b>34,95,331</b>
Deposits	3,24,16,207	3,68,12,771	4,10,80,991	4,60,30,888	5,16,13,284
Borrowings	31,46,557	41,72,977	40,62,955	40,02,686	38,84,871
<b>Interest Bearing Liabilities (₹ mn)</b>	<b>3,55,62,764</b>	<b>4,09,85,748</b>	<b>4,51,43,946</b>	<b>5,00,33,574</b>	<b>5,54,98,155</b>
<b>Other Lia. &amp; Prov.</b>	<b>16,31,101</b>	<b>18,19,797</b>	<b>18,63,085</b>	<b>19,39,087</b>	<b>23,54,398</b>
<b>Total Liabilities</b>	<b>3,95,13,939</b>	<b>4,53,44,296</b>	<b>4,98,61,765</b>	<b>5,52,32,419</b>	<b>6,16,09,885</b>
<b>Assets</b>					
Cash & Cash Equivalent	25,10,970	34,30,387	37,65,188	41,68,919	46,43,871
Investments	1,04,69,545	1,35,17,052	1,48,90,951	1,64,12,956	1,81,01,191
Credit Equivalent	17,64,211	22,77,742	25,05,516	27,56,068	30,31,675
Loan & Advances (₹ mn)	2,32,52,896	2,44,94,978	2,69,44,476	2,99,08,368	3,34,97,372
<i>Growth (yoy %)</i>	6.4	5.3	10.0	11.0	12.0
Fixed Assets	3,84,393	3,84,192	3,91,694	4,08,386	4,26,931
Other Assets	28,96,136	35,17,687	38,69,455	43,33,790	49,40,521
<b>Total Assets</b>	<b>3,95,13,939</b>	<b>4,53,44,296</b>	<b>4,98,61,765</b>	<b>5,52,32,419</b>	<b>6,16,09,885</b>

Source: Company, LKP Research

## Exhibit 8: Per share data

Y/E Mar	FY20	FY21	FY22E	FY23E	FY24E
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 (₹)	16.2	22.9	34.9	44.2	54.5
<b>EPS (% YoY)</b>	<b>8,831.1</b>	<b>40.9</b>	<b>52.6</b>	<b>26.8</b>	<b>23.2</b>
<b>P/E (x)</b>	<b>24.7</b>	<b>17.5</b>	<b>11.5</b>	<b>9.1</b>	<b>7.4</b>
Book Value (₹)	233.3	258.0	292.9	337.2	391.7
<b>BVPS (% YoY)</b>	<b>6.1</b>	<b>10.6</b>	<b>13.5</b>	<b>15.1</b>	<b>16.2</b>
<b>P/BV (x)</b>	<b>1.7</b>	<b>1.6</b>	<b>1.4</b>	<b>1.2</b>	<b>1.0</b>
Adj. BV (₹)	204.3	237.4	262.3	306.5	361.0
<b>Adj. BV (% YoY)</b>	<b>11.6</b>	<b>16.2</b>	<b>10.5</b>	<b>16.9</b>	<b>17.8</b>
<b>P/ABV (x)</b>	<b>2.0</b>	<b>1.7</b>	<b>1.5</b>	<b>1.3</b>	<b>1.1</b>

Source: Company, LKP Research

## Exhibit 9: Detailed ROA Tree

Y/E Mar	FY20	FY21	FY22E	FY23E	FY24E
<b>Yields / Margins</b>					
<i>Yield on Advance</i>	8.0	7.2	7.2	7.3	7.3
<i>Yield on Funds</i>	7.4	6.8	6.8	6.9	6.9
<i>Cost of Funds (CoF)</i>	4.6	4.0	4.0	3.9	3.9
<b>Interest Spread</b>	<b>2.7</b>	<b>2.8</b>	<b>2.9</b>	<b>3.0</b>	<b>3.0</b>
<b>NIM's</b>	<b>2.8</b>	<b>2.9</b>	<b>2.9</b>	<b>3.0</b>	<b>3.1</b>
<i>Interest Income / Assets</i>	6.7	6.2	6.2	6.3	6.3
<i>Interest Exp. / Assets</i>	4.2	3.6	3.6	3.5	3.5
<b>NII / Assets</b>	<b>2.6</b>	<b>2.6</b>	<b>2.7</b>	<b>2.7</b>	<b>2.8</b>
<i>Fee Income / Assets</i>	0.6	0.6	0.6	0.6	0.6
<i>Other Non Core Income / Assets</i>	0.0	0.0	0.0	0.0	0.0
<b>Other Income / Assets</b>	<b>1.0</b>	<b>1.0</b>	<b>1.0</b>	<b>0.9</b>	<b>0.9</b>
<b>Net Operating Income / Assets</b>	<b>3.6</b>	<b>3.6</b>	<b>3.6</b>	<b>3.7</b>	<b>3.7</b>
<b>Operating Ratios</b>					
<i>NII to Net Operative Income</i>	71.5	72.5	73.6	74.4	75.1
<i>Other Income to Net Operative Income</i>	28.5	27.5	26.4	25.6	24.9
<i>Empl. Cost/Oper. Exps.</i>	60.8	61.6	62.1	62.7	64.1
<i>Other Op. Exps./Oper. Exps.</i>	39.2	38.4	37.9	37.3	35.9
<b>C/I Ratio (%)</b>	<b>54.8</b>	<b>54.1</b>	<b>53.6</b>	<b>53.2</b>	<b>52.9</b>
<b>Provisions as % PPP</b>	<b>31.6</b>	<b>28.8</b>	<b>22.3</b>	<b>19.7</b>	<b>17.6</b>
<b>Credit Cost (As % of Op. AUM)</b>	-	1.9	1.5	1.4	1.2
<b>Effective Tax Rate (%)</b>	<b>33.3</b>	<b>24.5</b>	<b>24.5</b>	<b>24.5</b>	<b>24.5</b>
<i>Employee Exp. / Assets</i>	1.2	1.2	1.2	1.2	1.3
<i>Other Opex/ Assets</i>	0.8	0.7	0.7	0.7	0.7
<b>Total Opex / Assets</b>	<b>2.0</b>	<b>1.9</b>	<b>1.9</b>	<b>2.0</b>	<b>2.0</b>
<b>Operating Profits / Assets</b>	<b>1.6</b>	<b>1.7</b>	<b>1.7</b>	<b>1.7</b>	<b>1.8</b>
<b>Op Profit ex Except Items / Assets</b>	<b>1.8</b>	<b>1.7</b>	<b>1.7</b>	<b>1.7</b>	<b>1.8</b>
<i>Provisions / Assets</i>	1.1	1.0	0.8	0.7	0.7
<b>Profit Before Tax / Assets</b>	<b>0.6</b>	<b>0.6</b>	<b>0.9</b>	<b>1.0</b>	<b>1.1</b>
<i>Tax Expenses / Assets</i>	0.3	0.2	0.2	0.2	0.3
<b>RoA</b>	<b>0.4</b>	<b>0.5</b>	<b>0.7</b>	<b>0.8</b>	<b>0.8</b>
<b>Leverage (x)</b>	<b>19.0</b>	<b>19.7</b>	<b>19.1</b>	<b>18.4</b>	<b>17.6</b>
<b>RoE</b>	<b>6.4</b>	<b>8.4</b>	<b>11.5</b>	<b>12.9</b>	<b>13.9</b>
<b>Adj. RoA</b>	<b>0.7</b>	<b>0.6</b>	<b>0.7</b>	<b>0.8</b>	<b>0.8</b>
<b>Adj. RoE</b>	<b>11.9</b>	<b>9.7</b>	<b>11.5</b>	<b>12.9</b>	<b>13.9</b>

Source: Company, LKP Research

**Exhibit 10: Balance Sheet Ratios**

Y/E Mar	FY20	FY21	FY22E	FY23E	FY24E
<i>Credit / Deposit Ratio</i>	71.7	66.5	65.6	65.0	64.9
<i>Incremental C/D Ratio</i>	42.2	28.3	57.4	59.9	64.3
<i>Investment Deposit Ratio</i>	32.3	36.7	36.2	35.7	35.1
<i>Dom. SLR Investment / Deposits</i>	25.7	29.2	28.8	28.3	27.7
<i>CASA Ratio</i>	45.9	46.4	46.5	46.5	46.5

Source: Company, LKP Research

**Exhibit 11: Asset Quality**

Y/E Mar	FY20	FY21	FY22E	FY23E	FY24E
<i>Slippage Ratio (%)</i>	2.5	1.3	1.1	0.9	0.8
Gross NPA	14,89,125	12,63,890	12,48,557	12,51,790	12,41,459
<i>Gross NPAs Ratio (%)</i>	6.2	5.0	4.6	4.2	3.7
<i>PCR (%)</i>	65.2	70.9	68.3	68.6	69.1
Net NPA	5,18,713	3,68,097	3,95,197	3,92,992	3,84,030
<i>Net NPAs Ratio (%)</i>	2.2	1.5	1.5	1.3	1.1
Total Impaired Loans	14,89,125	12,63,890	12,48,557	12,51,790	12,41,459
<i>Impaired Loan as % of Loan / AUM</i>	6.0	4.7	4.2	3.8	3.4
Total Risk Reserves	9,70,412	8,95,793	8,53,359	8,58,799	8,57,429
<i>Total Risk As % of Loan Book</i>	3.9	3.3	2.9	2.6	2.3

Source: Company, LKP Research

## Exhibit 12: Key Assumptions &amp; Forecasts

Y/E Mar	FY20	FY21	FY22E	FY23E	FY24E
<b>Loan &amp; Advances (₹ mn)</b>	<b>2,32,52,896</b>	<b>2,44,94,978</b>	<b>2,69,44,476</b>	<b>2,99,08,368</b>	<b>3,34,97,372</b>
<i>Growth (yoy %)</i>	6.4	5.3	10.0	11.0	12.0
<b>Interest Bearing Liabilities (₹ mn)</b>	<b>3,55,62,764</b>	<b>4,09,85,748</b>	<b>4,51,43,946</b>	<b>5,00,33,574</b>	<b>5,54,98,155</b>
<i>Growth (yoy %)</i>	6.4	5.3	10.0	11.0	12.0
<i>Yield on Funds</i>	7.4	6.8	6.8	6.9	6.9
<i>Cost of Funds (CoF)</i>	4.6	4.0	4.0	3.9	3.9
<i>Interest Spread</i>	2.7	2.8	2.9	3.0	3.0
<i>NIM's</i>	2.8	2.9	2.9	3.0	3.1
<i>Other Income Growth</i>	6.1	7.6	8.0	9.0	10.0
<i>C/I Ratio (%)</i>	54.8	54.1	53.6	53.2	52.9
<i>Effective Tax Rate (%)</i>	33.3	24.5	24.5	24.5	24.5
<b>Return Ratios</b>					
<i>Adj. RoA</i>	0.7	0.6	0.7	0.8	0.8
<i>Adj. RoE</i>	11.9	9.7	11.5	12.9	13.9
<b>Asset Quality Metrics</b>					
<i>Credit Cost (As % of Op. AUM)</i>	-	1.9	1.5	1.4	1.2
<i>Gross NPAs Ratio (%)</i>	6.2	5.0	4.6	4.2	3.7
<i>Net NPAs Ratio (%)</i>	2.2	1.5	1.5	1.3	1.1

Source: Company, LKP Research

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