

HDFC Bank | Banking

Absolute NPA increased sequentially; Digital presence to gain market share

LKP

Price Analysis:

HDFC Bank reported a stable trend on asset quality and decent operating performance in 1QFY22. The absolute GNPA amount increased 13.3% sequentially, which resulted in deterioration in GNPA ratio to 1.47% v/s 1.32% in the previous quarter. The reported GNPA is well above the historical trend of 1.4%. Moreover, the slippages stood ₹73bn and the bank sold NPA worth ~₹18bn. Owing to COVID 2nd wave, the retail business origination were lower and demand resolution was lackluster in first two months of the quarter. However, the month of June witnessed significant recoveries. In 1QFY22, the provisioning expenses were higher at ₹48.3bn (v/s ₹46.3bn 4QFY21), which includes contingent provision buildup of ₹6bn. At the same time core fee and commission income decreased by 23% QoQ. Thus, the bank has reported sequential decrease in PAT by 5.6% and ROA/ROE of 1.8%/14.6% v/s 2.0%/16.1% in the previous quarter. Superior underwriting practices, higher liquidity, adequate coverage and strong capital position makes HDFC Bank resilient and thus, we recommend BUY.

Gazing the core:

Marginal blip in credit quality; adequate provision buffer: The absolute GNPA amount increased by 13% sequentially to 1.47% of gross loan, driven by higher slippages of ₹73bn v/s ₹47bn in the previous quarter. Moreover, the restructuring under RBI resolution framework for COVID-19 was approximately 80bps of advances against 60bps sequentially. The bank expects the large part of restructuring to take place before 2QFY22 end. In 1QFY22, the bank has reported provisioning expenses of ₹48.3bn (including a buildup of ~₹6bn in contingent provision) up by 3% sequentially. The higher provision was because of anticipated stress from restructuring and COVID second wave. PCR (calculated) stable at 68% and in line with the historical trend. Along with cumulative provision of ~₹116bn, the bank also held floating provisions of ₹14.5bn and contingent provision of ₹66bn. Total Provision (Specific + Floating + Contingent + General) stood at 146% of GNPLs. The additional (COVID + contingent) provision stood 1.16% of the book.

Key Financials (₹ mn)	FY20	FY21	FY22E	FY23E	FY24E
NII	5,61,863	6,48,796	7,60,758	9,04,900	10,88,126
Operating Profit	4,87,495	5,73,618	6,70,311	7,91,652	9,41,275
Reported Profits	2,62,573	3,11,165	3,65,243	4,37,937	5,30,311
Net Worth	17,09,860	20,37,208	24,02,451	28,40,388	33,70,699
Loan & Advances	99,37,029	1,13,28,366	1,34,80,756	1,61,76,907	1,95,74,058
Int. Bearing Liabilities	1,29,21,308	1,47,05,476	1,71,18,329	2,00,43,851	2,37,39,202

Key Ratios (%)	FY20	FY21	FY22E	FY23E	FY24E
NIM's	4.2	4.1	4.1	4.2	4.3
C/I Ratio	38.6	36.3	36.1	35.9	35.8
Gross NPA Ratio	1.3	1.3	1.3	1.3	1.3
Tier 1 Ratio	18.1	14.5	14.5	14.5	14.5
Adj. RoA Ratio	1.9	1.9	1.9	2.0	2.0
Adj. RoE Ratio	16.4	16.6	16.5	16.7	17.1

Rating	Buy
Buying Range (₹)	1,490 - 1,520
12 M Price Target (₹)	1,767
Potential upside (%)	19%

Stock Data

FV (₹) :	1
Market Cap Full (₹ bn) :	8,413
Market Cap Free Float (₹ bn) :	6,644
52-Week High / Low (₹) :	993 / 1,641
2-Year High / Low (₹) :	739 / 1,641
1 Year Avg. Dly Traded Volume (in lakh)	107
BSE Code / NSE Symbol	500180 / HDFCBANK
Bloomberg :	HDFCB IN

Shareholding Pattern (%)

	Jun-21	Mar-21	Dec-20	Sep-20
Promoter	25.89	25.97	26.00	26.02
FPIs	39.39	39.79	39.35	37.43
MFs	13.70	12.98	13.36	13.95
Insurance	3.48	3.62	3.77	4.08
Others	17.54	17.64	17.52	18.52

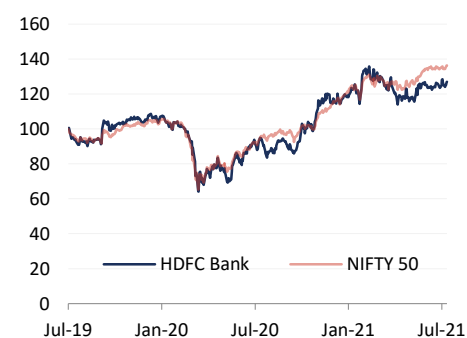
Source: BSE

Price Performance (%)

(%)	1M	3M	6M	1YR
HDFC Bank	2.5%	6.6%	3.8%	43.3%
Nifty 50	1.0%	8.9%	10.3%	48.3%

* To date / current date : July 16, 2021

HDFC Bank vs Nifty 50



Demand resolution improving; Digital journey fruitful: During the quarter, the business was impacted by COVID 2nd wave, therefore, the business origination was low. Retail demand resolution (What's collected upon what is demanded in a month) improved in June against lackluster first two months of the quarter. The bounce rate is better than pre-COVID level. ECLGS has helped reduce stress in MSME portfolio. Under ECLGS: 1.0, the bank has disbursed ~₹221bn across 119 thousand customers. Under ECLGS: 2.0 & 3.0, the bank's participation was very less. In 1QFY22, the bank's total branches stood at 5653 with 16291 ATMs & CDMs. During lockdown 95% of branches were operational. UPI transactions, per value, has grown by 11%. P2P market share is at 10% and P2M market share is at 14%. Card spend is 1.4x than the industry level.

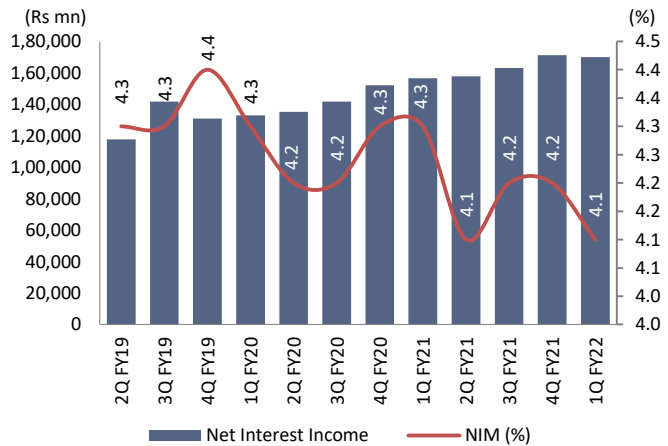
An adequate liquidity & Capital position: The Bank carries sufficient liquidity with LCR at 126% in 1QFY22 against the regulatory requirement of 90% announced by RBI in 17th April 2020. The bank has maintained a higher liquidity by virtue of decent deposit traction of 13.2% YoY and 0.8% QoQ. However, lower CASA ratio (45.5% v/s 46.1% in the previous quarter) has translated in 10bps decline in NIMs to 4.1%. Furthermore, the bank has strong capital position with Tier 1 of 17.9%.

Outlook and Valuation:

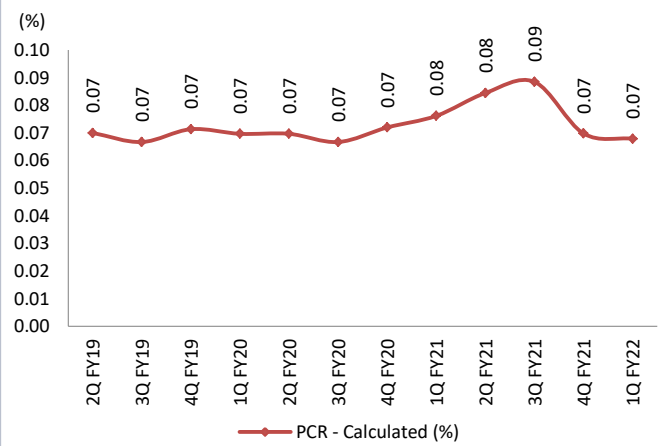
HDFC Bank is expected to outperform the sector led by 1) healthy growth in operating income, 2) much higher provision than regulatory requirement in the balance sheet, 3) strong capital cushion of 17.9% at CET1 level and d) best in class underwriting and risk management practices. Given these strengths we expect HDFC Bank to remain one of the best among all the lending business. Thus, we continue to maintain BUY rating on the bank with revised target price of ₹1767 (based on 3.5x FY23E Price to Adjusted Book Value).

Quarterly story in charts

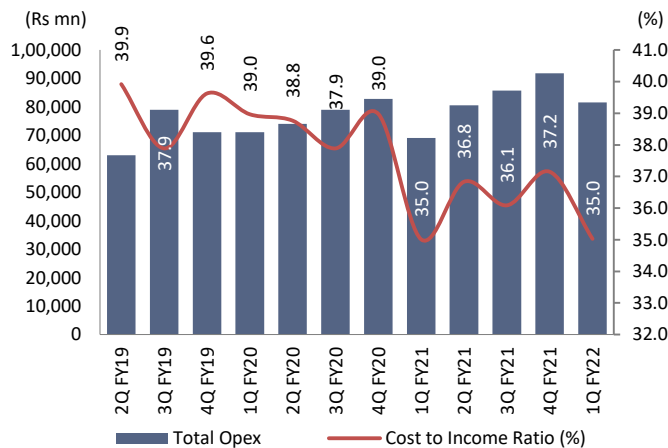
NII Trend



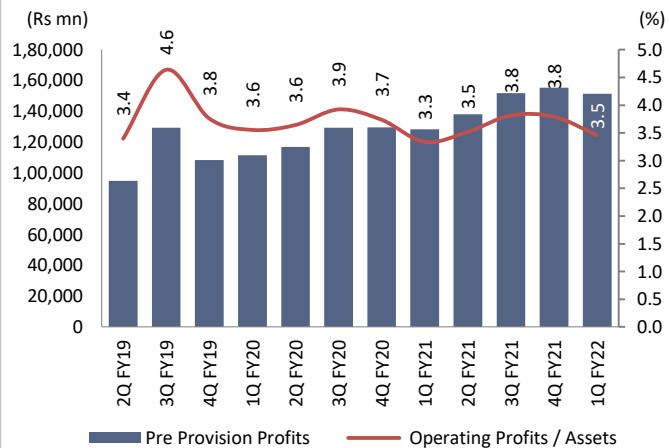
PCR Trend



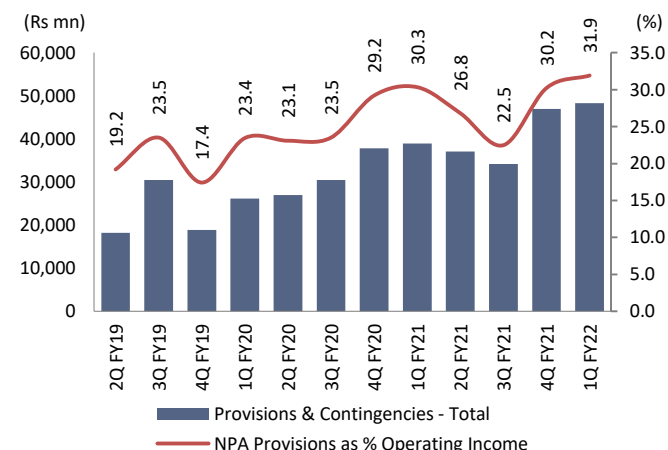
Total Opex Trend



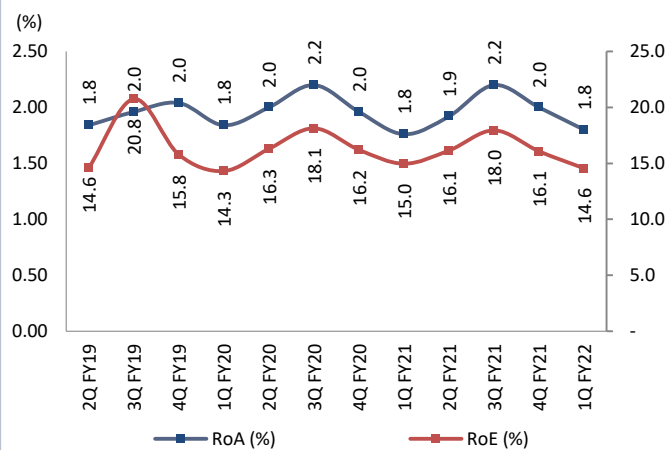
Pre Provision Profit Trend



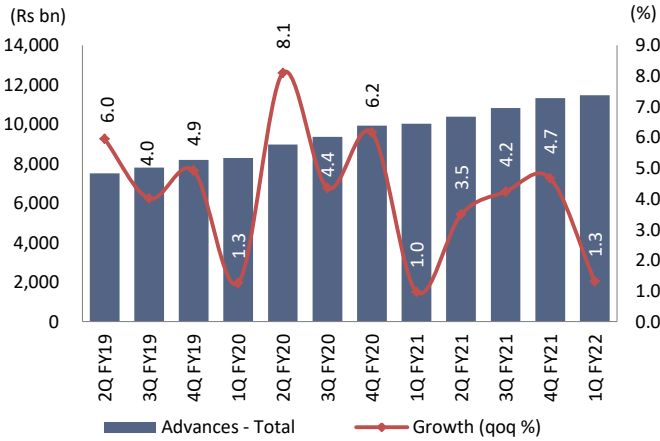
Provision Expenses Trend



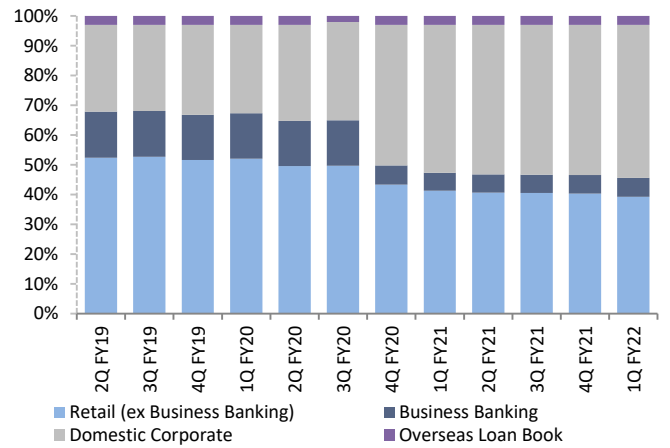
Return Ratio Trend



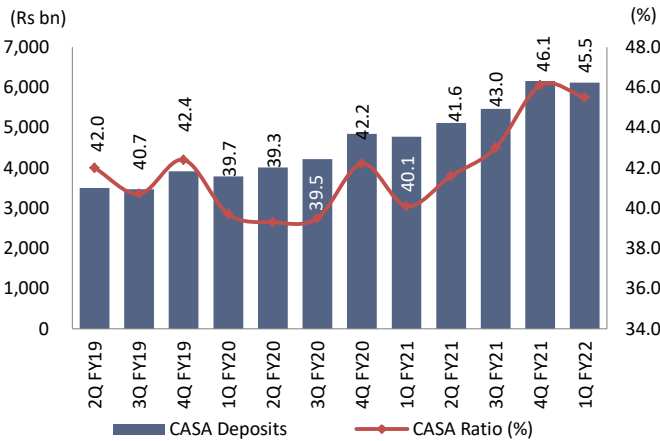
Loan Book Trend



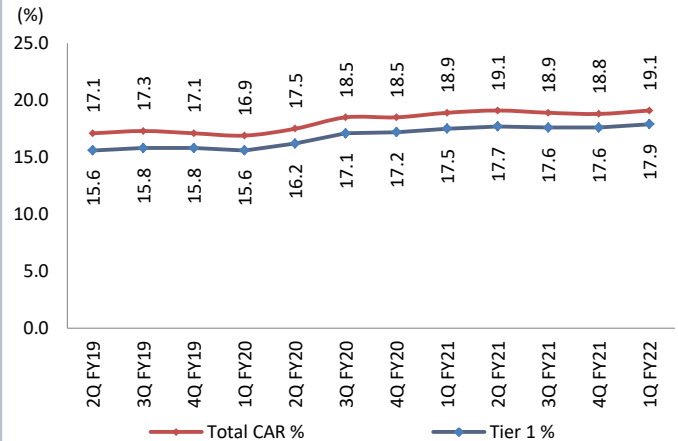
Loan Book Mix



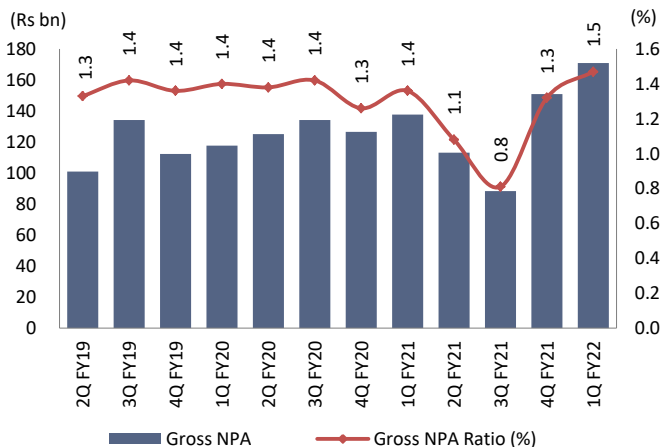
CASA Deposit Trend



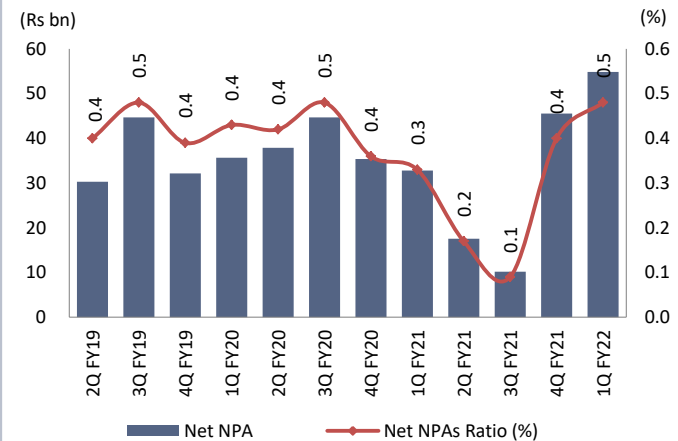
CRAR and Tier 1 Trend



Gross NPA Trend



Net NPA Trend



Financial Performance at a glance

Exhibit 1 : Income Statement Analysis

(₹ mn)	1Q FY22	1Q FY21	% yoy / bps	4Q FY21	% qoq / bps	FY21	FY20	% yoy / bps
Int. on Loan	2,35,927	2,40,374	(1.8)	2,38,116	(0.9)	9,48,345	9,17,879	3.3
Int. on Investment	64,931	55,976	16.0	61,663	5.3	2,32,143	2,06,333	12.5
Int. on Balances	3,028	6,265	(51.7)	3,149	(3.8)	23,413	18,289	28.0
Int. Others	943	1,165	(19.1)	1,308	(27.9)	4,682	5,625	(16.8)
Interest Inc.	3,04,830	3,03,780	0.3	3,04,236	0.2	12,08,582	11,48,127	5.3
Interest Expenses	1,34,740	1,47,126	(8.4)	1,33,034	1.3	5,59,787	5,86,264	(4.5)
Net Interest Income	1,70,090	1,56,654	8.6	1,71,202	(0.6)	6,48,796	5,61,863	15.5
<i>NII to Net Operative Income</i>	<i>73.0</i>	<i>79.4</i>	<i>(635)</i>	<i>69.3</i>	<i>373</i>	<i>72.0</i>	<i>70.7</i>	<i>130</i>
<i>NIM (%)</i>	<i>4.10</i>	<i>4.3</i>	<i>(20)</i>	<i>4.2</i>	<i>(10)</i>	-	-	-
Core Fee Income	38,854	22,307	74.2	50,233	(22.7)	1,61,692	1,63,336	(1.0)
Non Core Other Income	24,031	18,446	30.3	25,706	(6.5)	90,357	69,273	30.4
Other Income - Total	62,885	40,753	54.3	75,939	(17.2)	2,52,049	2,32,608	8.4
<i>Other Income to Net Operative Income</i>	<i>27.0</i>	<i>20.6</i>	<i>635</i>	<i>30.7</i>	<i>(373)</i>	<i>28.0</i>	<i>29.3</i>	<i>(130)</i>
Net Operating Revenue	2,32,975	1,97,407	18.0	2,47,141	(5.7)	9,00,845	7,94,471	13.4
Employee Expenses	27,656	25,134	10.0	26,789	3.2	1,03,648	95,257	8.8
<i>Empl. Cost/Oper. Exps.</i>	<i>11.9</i>	<i>12.7</i>	<i>(86)</i>	<i>10.8</i>	<i>103</i>	<i>11.5</i>	<i>12.0</i>	<i>(48)</i>
Other Opex	53,949	43,980	22.7	65,024	(17.0)	2,23,578	2,11,719	5.6
<i>Other Opex/ Assets</i>	<i>0.3</i>	<i>0.3</i>	<i>2</i>	<i>0.4</i>	<i>(9)</i>	<i>1.4</i>	<i>1.5</i>	<i>(16)</i>
Total Opex	81,604	69,115	18.1	91,813	(11.1)	3,27,226	3,06,975	6.6
<i>Cost to Income Ratio (%)</i>	<i>35.0</i>	<i>35.0</i>	<i>2</i>	<i>37.2</i>	<i>(212)</i>	<i>36.3</i>	<i>38.6</i>	<i>(231)</i>
Pre Provision Profits	1,51,370	1,28,293	18.0	1,55,328	(2.5)	5,73,618	4,87,495	17.7
Provisions & Contingencies - Total	48,308	38,915	24.1	46,937	2.9	1,57,029	1,21,424	29.3
<i>NPA Provisions as % Operating Income</i>	<i>31.9</i>	<i>30.3</i>	<i>158</i>	<i>30.2</i>	<i>170</i>	<i>27.4</i>	<i>24.9</i>	<i>247</i>
Profit Before Tax	1,03,062	89,378	15.3	1,08,391	(4.9)	4,16,590	3,66,072	13.8
Tax	25,766	22,791	13.0	26,526	(2.9)	1,05,425	1,03,498	1.9
<i>Effective Tax Rate (%)</i>	<i>25.0</i>	<i>25.5</i>	<i>(50)</i>	<i>24.5</i>	<i>53</i>	<i>25.3</i>	<i>28.3</i>	<i>(297)</i>
Reported Profits	77,296	66,586	16.1	81,865	(5.6)	3,11,165	2,62,573	18.5
<i>RoA (%)</i>	<i>1.8</i>	<i>1.8</i>	<i>4</i>	<i>2.0</i>	<i>(20)</i>	-	-	-
<i>RoE (%)</i>	<i>14.6</i>	<i>15.0</i>	<i>(42)</i>	<i>16.1</i>	<i>(152)</i>	-	-	-

Source: Company, LKP Research

Exhibit 2 : Balance Sheet Analysis

(₹ mn)	4Q FY20	1Q FY21	2Q FY21	3Q FY21	4Q FY21	1Q FY22	QoQ % / bps	YoY % / bps
Net Worth	17,09,860	17,79,547	18,61,124	19,51,443	20,37,208	21,24,879	4.3	19.4
RoE (%)	16.2	15.0	16.1	18.0	16.1	14.6	(152)	(42)
CET1 %	16.4	16.7	17.0	16.8	16.9	17.2	30	50
Tier 1 %	17.2	17.5	17.7	17.6	17.6	17.9	30	40
Total CAR %	18.5	18.9	19.1	18.9	18.8	19.1	30	20
RWA - Total	99,47,160	1,01,07,740	1,03,74,830	1,09,17,210	1,13,11,440	1,15,35,590	2.0	14.1
Advances - Total	99,37,029	1,00,32,989	1,03,83,351	1,08,23,242	1,13,28,366	1,14,76,516	1.3	14.4
Investments	39,18,267	37,93,504	41,39,651	41,43,762	44,37,283	43,61,316	(1.7)	15.0
Total Assets	1,53,05,113	1,54,51,033	1,60,94,280	1,65,42,278	1,74,68,705	1,75,39,411	0.4	13.5
RoA (%)	1.96	1.76	1.92	2.20	2.00	1.80	(20)	4
Deposits	1,14,75,023	1,18,93,873	1,22,93,104	1,27,11,239	1,33,50,602	1,34,58,293	0.8	13.2
Saving Deposit	31,03,770	32,73,580	34,84,320	37,46,390	40,35,000	42,61,320	5.6	30.2
Current Deposit	17,42,480	15,00,770	16,30,190	17,21,080	21,21,820	18,56,690	(12.5)	23.7
CASA Deposits	48,46,250	47,74,350	51,14,510	54,67,470	61,56,820	61,18,010	(0.6)	28.1
CASA Ratio (%)	42.2	40.1	41.6	43.0	46.1	45.5	(60)	540
Term Deposits	66,28,773	71,19,523	71,78,594	72,43,769	71,93,782	73,40,283	2.0	3.1
Interest Bearing Liabilities - Total	1,29,21,309	1,30,57,763	1,36,18,904	1,39,12,540	1,47,05,476	1,47,71,044	0.4	13.1

Source: Company, LKP Research

Exhibit 3: Earning Assets Mix & Incremental Contribution

	As on (₹ mn)				As % of Working Assets	YoY/ YTD growth (% / bps)			Incremental Contribution in Working Assets (%)		
	FY18	FY19	FY20	1Q FY22		FY19	FY20	1Q FY22	FY19	FY20	1Q FY22
As Per Internal Business Classification											
Home Loans	3,62,650	5,13,720	6,34,450	7,22,660	4.2	41.7	23.5	13.9	9.0	4.3	3.8
Kisan Gold Card	3,54,970	4,03,620	4,33,010	4,68,680	2.8	13.7	7.3	8.2	2.9	1.0	1.5
Credit Cards	3,61,150	4,66,300	5,75,750	6,04,290	3.5	29.1	23.5	5.0	6.3	3.9	1.2
Personal Loans	7,24,420	9,38,060	11,55,570	11,98,340	7.0	29.5	23.2	3.7	12.7	7.7	1.8
Auto	8,59,740	9,13,830	8,39,350	8,37,950	4.9	6.3	(8.2)	(0.2)	3.2	(2.7)	(0.1)
CV/CE	4,59,390	5,54,290	2,90,450	2,71,000	1.6	20.7	(47.6)	(6.7)	5.7	(9.4)	(0.8)
Two Wheelers	96,480	1,12,710	98,550	85,870	0.5	16.8	(12.6)	(12.9)	1.0	(0.5)	(0.5)
Gold Loans	53,990	58,380	54,300	72,310	0.4	8.1	(7.0)	33.2	0.3	(0.1)	0.8
Loans against securities	38,660	35,980	18,010	17,880	0.1	(6.9)	(49.9)	(0.7)	(0.2)	(0.6)	(0.0)
Others	1,77,910	2,27,710	2,03,310	2,20,930	1.3	28.0	(10.7)	8.7	3.0	(0.9)	0.8
Retail (ex Business Banking)	34,89,360	42,24,600	43,02,750	44,99,910	26.4	21.1	1.8	4.6	43.8	2.8	8.5
Business Banking	10,95,070	12,50,140	6,41,240	7,34,980	4.3	14.2	(48.7)	14.6	9.2	(21.7)	4.0
Domestic Corporate	17,95,646	24,73,452	46,94,928	58,97,331	34.6	37.7	89.8	25.6	40.4	79.1	51.9
Overseas Loan Book	2,03,255	2,45,820	2,98,111	3,44,295	2.0	20.9	21.3	15.5	2.5	1.9	2.0
Total Advances	65,83,331	81,94,012	99,37,029	1,14,76,516	67.4	24.5	21.3	15.5	95.9	62.1	66.5
Advances - Total	65,83,331	81,94,012	99,37,029	1,14,76,516	67.4	24.5	21.3	15.5	95.9	62.1	66.5
Investments	24,22,002	29,05,879	39,18,267	43,61,316	25.6	20.0	34.8	11.3	28.8	36.1	19.1
Cash & Cash Equivalent	12,29,151	8,13,476	8,66,187	11,99,797	7.0	(33.8)	6.5	38.5	(24.8)	1.9	14.4
Working Assets	1,02,34,484	1,19,13,367	1,47,21,483	1,70,37,630	100.0	16.4	23.6	15.7	100.0	100.0	100.0

Source: Company, LKP Research

Exhibit 4: Funding Profile Analysis

(₹ mn)	4Q FY20	1Q FY21	2Q FY21	3Q FY21	4Q FY21	1Q FY22	QoQ % / bps	YoY % / bps
Interest Bearing Liabilities - Total	1,29,21,309	1,30,57,763	1,36,18,904	1,39,12,540	1,47,05,476	1,47,71,044	0.4	13.1
Deposits	1,14,75,023	1,18,93,873	1,22,93,104	1,27,11,239	1,33,50,602	1,34,58,293	0.8	13.2
CASA Deposits	48,46,250	47,74,350	51,14,510	54,67,470	61,56,820	61,18,010	(0.6)	28.1
Saving Deposit	31,03,770	32,73,580	34,84,320	37,46,390	40,35,000	42,61,320	5.6	30.2
Current Deposit	17,42,480	15,00,770	16,30,190	17,21,080	21,21,820	18,56,690	(12.5)	23.7
Term Deposits	66,28,773	71,19,523	71,78,594	72,43,769	71,93,782	73,40,283	2.0	3.1
Borrowings	14,46,285	11,63,890	13,25,801	12,01,302	13,54,873	13,12,750	(3.1)	12.8
Interest Bearing Liabilities - Total	1,29,21,309	1,30,57,763	1,36,18,904	1,39,12,540	1,47,05,476	1,47,71,044	0.4	13.1

Source: Company, LKP Research

Exhibit 5: Funding mix and Incremental Contribution

	As on (₹ mn)				As % of Total Working Fund	YoY/ YTD growth			Incremental Contribution YoY/ YTD Growth (%)		
	FY18	FY19	FY20	1Q FY22		FY19	FY20	1Q FY22	FY19	FY20	1Q FY22
Deposits	78,87,706	92,31,409	1,14,75,023	1,34,58,293	79.7	17.0	24.3	17.3	78.5	82.0	87.6
Saving Deposit	22,38,102	24,87,000	31,03,771	42,61,320	25.2	11.1	24.8	37.3	14.5	22.5	51.1
Current Deposit	11,92,826	14,24,980	17,42,479	18,56,690	11.0	19.5	22.3	6.6	13.6	11.6	5.0
CASA Deposits	34,30,928	39,11,980	48,46,250	61,18,010	36.2	14.0	23.9	26.2	28.1	34.1	56.2
Term Deposits	44,56,779	53,19,429	66,28,773	73,40,283	43.4	19.4	24.6	10.7	50.4	47.8	31.4
Borrowings	12,31,050	11,70,851	14,46,285	13,12,750	7.8	(4.9)	23.5	(9.2)	(3.5)	10.1	(5.9)
Interest Bearing Liabilities - Total	91,18,756	1,04,02,261	1,29,21,308	1,47,71,044	87.4	14.1	24.2	14.3	74.9	92.0	81.7
Net Worth	10,62,950	14,92,063	17,09,860	21,24,879	12.6	40.4	14.6	24.3	25.1	8.0	18.3
Working Fund	1,01,81,706	1,18,94,324	1,46,31,169	1,68,95,923	100.0	16.8	23.0	15.5	100.0	100.0	100.0
<i>Interest Exp. / Assets</i>	<i>4.17</i>	<i>4.40</i>	<i>4.23</i>	<i>3.1</i>		<i>23</i>	<i>(17)</i>	<i>(115)</i>			

Source: Company, LKP Research

Exhibit 6: Asset Quality Analysis

(₹ mn)	4Q FY20	1Q FY21	2Q FY21	3Q FY21	4Q FY21	1Q FY22	QoQ % / bps	YoY % / bps
Total Slippages	31,500	35,578	1,800	4,900	47,013	72,876	55.0	104.8
Slippages Ratio (%)	0.38	0.36	0.02	0.05	0.47	0.64	17	29
Gross NPA	1,26,500	1,37,735	1,13,046	88,256	1,50,860	1,70,985	13.3	24.1
Gross NPAs Ratio (%)	1.26	1.36	1.08	0.81	1.32	1.47	15	11
PCR - Calculated (%)	72.0	76.2	84.5	88.5	69.8	67.9	(189)	(827)
Net NPA	35,424	32,800	17,561	10,160	45,548	54,858	20.4	67.3
Net NPAs Ratio (%)	0.36	0.33	0.17	0.09	0.40	0.48	8	15

Source: Company, LKP Research

Annual Projections

Exhibit 7: Profit and Loss Statement

(₹ mn)	FY20	FY21	FY22E	FY23E	FY24E
Int. Income	11,48,127	12,08,582	14,00,465	16,53,407	19,68,493
Interest Expenses	5,86,264	5,59,787	6,39,708	7,48,507	8,80,367
Net Interest Income	5,61,863	6,48,796	7,60,758	9,04,900	10,88,126
<i>NIM (%)</i>	4.22	4.10	4.14	4.19	4.27
Adjusted NII	5,56,237	6,44,114	7,60,758	9,04,900	10,88,126
Core Fee Income	1,63,337	1,76,988	2,06,191	2,40,213	2,79,848
Exchange Income	21,547	23,348	26,851	30,878	35,510
Sale of Investments	19,344	20,960	21,380	22,021	22,902
Other Misc. Income	28,380	30,752	33,322	36,107	39,125
Other Income - Total	2,32,608	2,52,049	2,87,744	3,29,219	3,77,384
Net Operating Revenue	7,94,471	9,00,845	10,48,501	12,34,119	14,65,510
Employee Exp.	95,257	1,03,648	1,16,604	1,31,179	1,47,577
Other Opex	2,11,719	2,23,578	2,61,587	3,11,288	3,76,659
Total Opex	3,06,975	3,27,226	3,78,190	4,42,467	5,24,235
<i>C/I Ratio</i>	38.64	36.32	36.07	35.85	35.77
Pre Provision Profits	4,87,495	5,73,618	6,70,311	7,91,652	9,41,275
<i>PPP Growth (yoy %)</i>	22.6	17.7	16.9	18.1	18.9
Provisions & Contingencies - Total	1,21,424	1,57,029	1,82,018	2,06,174	2,32,304
<i>Credit Cost (As % of Op. AUM)</i>	1.21	1.29	1.25	1.20	1.13
Profit Before Tax	3,66,072	4,16,590	4,88,292	5,85,478	7,08,971
Tax	1,03,498	1,05,425	1,23,050	1,47,540	1,78,661
Effective Tax Rate	28.3	25.3	25.2	25.2	25.2
Reported Profits	2,62,573	3,11,165	3,65,243	4,37,937	5,30,311
<i>PAT Growth (yoy %)</i>	24.6	18.5	17.4	19.9	21.1

Source: Company, LKP Research

Exhibit 8: Balance Sheet

(₹ mn)	FY20	FY21	FY22E	FY23E	FY24E
Equity Share Capital	5,483	5,513	5,513	5,513	5,513
Reserves (ex Reval. Reserve)	17,04,377	20,31,695	23,96,938	28,34,875	33,65,186
Net Worth - Ex Revaluation	17,09,860	20,37,208	24,02,451	28,40,388	33,70,699
Deposits	1,14,75,023	1,33,50,602	1,57,48,863	1,86,40,782	2,20,77,458
Borrowings	14,46,285	13,54,873	13,69,466	14,03,070	16,61,744
Interest Bearing Liabilities	1,29,21,308	1,47,05,476	1,71,18,329	2,00,43,851	2,37,39,202
Other Lia. & Prov.	6,73,944	7,26,022	8,54,022	10,09,048	11,67,410
Total Liabilities	1,53,05,113	1,74,68,705	2,03,74,802	2,38,93,288	2,82,77,311
Assets					
Cash & Cash Equivalent	8,66,187	11,94,704	13,83,684	15,25,317	16,88,354
Investments	39,18,267	44,37,283	49,68,359	56,13,338	64,00,622
Credit Equivalent	6,23,731	7,06,351	7,24,546	7,43,227	7,62,407
Loan & Advances	99,37,029	1,13,28,366	1,34,80,756	1,61,76,907	1,95,74,058
<i>Growth (yoy %)</i>	<i>21.3</i>	<i>14.0</i>	<i>19.0</i>	<i>20.0</i>	<i>21.0</i>
Fixed Assets	44,319	49,093	55,190	61,702	67,292
Other Assets	5,39,311	4,59,259	4,86,814	5,16,023	5,46,985
Total Assets	1,53,05,113	1,74,68,705	2,03,74,802	2,38,93,288	2,82,77,311

Source: Company, LKP Research

Exhibit 9: Per share data

Y/E Mar	FY20	FY21	FY22E	FY23E	FY24E
Face Value	1	1	1	1	1
Adjusted Share O/S - For Calculation	5,483	5,513	5,513	5,513	5,513
Earnings Per Share	47.9	56.4	66.3	79.4	96.2
<i>EPS (% YoY)</i>	<i>23.7</i>	<i>17.9</i>	<i>17.4</i>	<i>19.9</i>	<i>21.1</i>
<i>P/E (x)</i>	<i>31.8</i>	<i>27.0</i>	<i>23.0</i>	<i>19.2</i>	<i>15.8</i>
Book Value	311.8	369.5	435.8	515.2	611.4
<i>BVPS (% YoY)</i>	<i>13.8</i>	<i>18.5</i>	<i>17.9</i>	<i>18.2</i>	<i>18.7</i>
<i>P/BV (x)</i>	<i>4.9</i>	<i>4.1</i>	<i>3.5</i>	<i>3.0</i>	<i>2.5</i>
Adj. BV	308.6	365.4	425.5	504.9	601.1
<i>Adj. BV (% YoY)</i>	<i>13.9</i>	<i>18.4</i>	<i>16.4</i>	<i>18.7</i>	<i>19.1</i>
<i>P/ABV (x)</i>	<i>4.9</i>	<i>4.2</i>	<i>3.6</i>	<i>3.0</i>	<i>2.5</i>

Source: Company, LKP Research

Exhibit 10: Detailed ROA Tree

Y/E Mar	FY20	FY21	FY22E	FY23E	FY24E
Yields / Margins					
Yield on Advance	10.1	8.9	8.9	8.9	8.9
Yield on Funds	8.6	7.6	7.6	7.7	7.7
Cost of Funds (CoF)	5.0	4.1	4.0	4.0	4.0
Interest Spread	3.6	3.6	3.6	3.6	3.7
NIM's	4.2	4.1	4.1	4.2	4.3
Interest Income / Assets	8.3	7.4	7.4	7.5	7.5
Interest Exp. / Assets	4.2	3.4	3.4	3.4	3.4
NII / Assets	4.0	4.0	4.0	4.1	4.2
Fee Income / Assets	1.2	1.1	1.1	1.1	1.1
Other Non Core Income / Assets	0.1	0.1	0.1	0.1	0.1
Other Income / Assets	1.7	1.5	1.5	1.5	1.4
Net Operating Income / Assets	5.7	5.5	5.5	5.6	5.6
Operating Ratios					
NII to Net Operative Income	70.7	72.0	72.6	73.3	74.2
Other Income to Net Operative Income	29.3	28.0	27.4	26.7	25.8
Empl. Cost/Oper. Exps.	31.0	31.7	30.8	29.6	28.2
Other Op. Exps./Oper. Exps.	69.0	68.3	69.2	70.4	71.8
C/I Ratio	38.6	36.3	36.1	35.9	35.8
Provisions as % PPP	15.3	17.4	17.4	16.7	15.9
Credit Cost (As % of Op. AUM)	1.2	1.3	1.3	1.2	1.1
Effective Tax Rate	28.3	25.3	25.2	25.2	25.2
Employee Exp. / Assets	0.7	0.6	0.6	0.6	0.6
Other Opex/ Assets	1.5	1.4	1.4	1.4	1.4
Total Opex / Assets	2.2	2.0	2.0	2.0	2.0
Operating Profits / Assets	3.5	3.5	3.5	3.6	3.6
Op Profit ex Except Items / Assets	3.5	3.5	3.5	3.6	3.6
Provisions / Assets	0.9	1.0	1.0	0.9	0.9
Profit Before Tax / Assets	2.6	2.5	2.6	2.6	2.7
Tax Expenses / Assets	0.7	0.6	0.7	0.7	0.7
RoA	1.9	1.9	1.9	2.0	2.0
Leverage (x)	9.0	8.6	8.5	8.4	8.4
RoE	16.4	16.6	16.5	16.7	17.1
Adj. RoA	1.9	1.9	1.9	2.0	2.0
Adj. RoE	16.4	16.6	16.5	16.7	17.1

Source: Company, LKP Research

Exhibit 11: Balance Sheet Ratios

Y/E Mar	FY20	FY21	FY22E	FY23E	FY24E
Credit / Deposit Ratio	86.6	84.9	85.6	86.8	88.7
Incremental C/D Ratio	77.7	74.2	89.7	93.2	98.8
Investment Deposit Ratio	34.1	33.2	31.5	30.1	29.0
Dom. SLR Investment / Deposits	28.3	27.6	26.6	25.9	25.4
CASA Ratio	42.5	46.4	45.0	45.0	45.0

Source: Company, LKP Research

Exhibit 12: Asset Quality

Y/E Mar	FY20	FY21	FY22E	FY23E	FY24E
Slippage Ratio	2.1	0.9	0.9	0.7	0.6
Gross NPA (Cl Bal)	1,26,500	1,50,860	1,75,291	2,07,640	2,44,870
Gross NPAs Ratio (%)	1.3	1.3	1.3	1.3	1.3
PCR (%)	72.0	69.8	71.8	73.9	75.5
Net NPA (Cl. Bal.)	35,424	45,548	49,428	54,243	60,098
Net NPAs Ratio (%)	0.4	0.4	0.4	0.3	0.3
Total Impaired Loans	1,26,500	1,50,860	1,75,291	2,07,640	2,44,870
Impaired Loan as % of Loan / AUM	1.2	1.3	1.2	1.2	1.2
Total Risk Reserves	9,10,761	10,53,118	1,25,863	1,53,397	1,84,772
Total Risk As % of Loan Book	8.6	8.8	0.9	0.9	0.9

Source: Company, LKP Research

Exhibit 13: Key Assumptions & Forecasts

Y/E Mar	FY20	FY21	FY22E	FY23E	FY24E
Loan & Advances	99,37,029	1,13,28,366	1,34,80,756	1,61,76,907	1,95,74,058
<i>Growth (yoy %)</i>	21.3	14.0	19.0	20.0	21.0
Interest Bearing Liabilities	1,29,21,308	1,47,05,476	1,71,18,329	2,00,43,851	2,37,39,202
<i>Growth (yoy %)</i>	21.3	14.0	19.0	20.0	21.0
<i>Yield on Funds</i>	8.6	7.6	7.6	7.7	7.7
<i>Cost of Funds (CoF)</i>	5.0	4.1	4.0	4.0	4.0
<i>Interest Spread</i>	3.6	3.6	3.6	3.6	3.7
<i>NIM's</i>	4.2	4.1	4.1	4.2	4.3
<i>Other Income Growth</i>	32.0	8.4	14.2	14.4	14.6
<i>C/I Ratio</i>	38.6	36.3	36.1	35.9	35.8
<i>Effective Tax Rate</i>	28.3	25.3	25.2	25.2	25.2
Return Ratios					
<i>Adj. RoA</i>	1.9	1.9	1.9	2.0	2.0
<i>Adj. RoE</i>	16.4	16.6	16.5	16.7	17.1
Asset Quality Metrics					
<i>Credit Cost (As % of Op. AUM)</i>	1.2	1.3	1.3	1.2	1.1
<i>Gross NPAs Ratio (%)</i>	1.3	1.3	1.3	1.3	1.3
<i>Net NPAs Ratio (%)</i>	0.4	0.4	0.4	0.3	0.3

Source: Company, LKP Research

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