

# ICICI BANK | Banking

Sound credit growth driven by retail book; Comfortable contingent provision

# LKP

## Result and Price Analysis

Earnings in 1QFY22 re-acknowledge our conviction that ICICI Bank is preparing for sustainable, prudent and cautious growth despite some exceptional glitches owing to covid second wave. The bank has reported its 1QFY22 results with the key pointers being: 1) Strong NII growth of 17.8% YoY, with headline NIMs (Domestic: 3.99% & Overall: 3.89%) growth of 5bps sequentially despite higher liquidity available (LCR: 146%). 2) PPOP growth of 4.2% sequentially despite lower fee income, 3) Reported slippages (₹72.3 bn) lower sequentially, however higher against pre-covid levels. 4) NNPA ratio stable at 1.16%, 5) PCR (excluding technical write-offs) inched up 60bps and stood at 77.7%. The Bank wrote back ~₹10 bn of covid provision. However the bank didn't include covid & general provision (₹139 bn) in PCR calculation; 7) Contingent provision (excluding PCR) stood at 1.88% of the loan book, 8) BB & below exposure stood flat at 1.5% of net advances, 9) the bank's net advances grew by 17% YoY and flat sequentially; and 8) deposits stood flat with 120bps improvement in average CASA at 43.7%. However, the bank expects the credit cost normalization by 2nd half of FY22E. Factoring stable balance sheet growth and credit cost of 1.6% in FY22E (same as FY20), we estimate the bank's ROA and ROE of 1.6% and 13.6% respectively. We recommend a BUY on ICICI Bank with price target of ₹780.

**Asset quality stable, credit cost normalization in 2nd half of FY22E:** Slippages were down at ₹72 bn v/s ₹118 bn in the previous quarter. Retail slippages and Corporate & SME slippages contributed 94%, and 6% respectively. Despite significant contribution, retail slippages down 32% sequentially. The standard restructured book stood at ₹48.6 bn (0.7% of portfolio) v/s ₹39.3 bn (0.5% of book) in 4QFY21. With an anticipation of covid second wave, the total provisioning expenses up sequentially and stood at ₹28.5 bn v/s ₹28.8 bn in the previous quarter. The bank wrote back ~₹10 bn covid provision this quarter; the total covid provisioning stood ₹64.25 bn. The total covid provision (₹64.3 bn), General Provision (₹58 bn), Provision on Non-fund based NPA (₹16.6 bn). The PCR including all provisions (Cumulative + Covid + General + Contingencies) stood at 111% of GNPL. The contingent provision (excluding PCR) stood 1.88% of the loan. The management expects the standard asset contingent provision to be adequate facing the stress emerged from the pandemic and also expects credit cost normalization to 1.2% - 1.3%.

Key Financials (₹ mn)	FY20	FY21	FY22E	FY23E	FY24E
NII	3,32,671	3,89,894	4,48,123	5,15,049	5,94,559
Operating Profit	2,81,013	3,63,971	4,23,540	4,85,763	5,57,172
Reported Profits	79,308	1,61,927	2,15,273	2,56,104	3,07,072
Net Worth	11,33,861	14,44,125	16,59,398	19,15,502	22,22,574
Loan & Advances	64,52,900	73,37,291	84,37,885	97,87,946	1,14,51,897
Int. Bearing Liabilities	93,38,658	1,02,41,531	1,15,82,367	1,32,33,414	1,52,74,662

Key Ratios (%)	FY20	FY21	FY22E	FY23E	FY24E
NIM's	3.5	3.6	3.7	3.7	3.7
C/I Ratio	43.5	37.2	36.4	36.5	36.8
Gross NPA Ratio	5.5	5.0	4.6	3.7	3.0
Tier 1 Ratio	16.0	15.7	15.7	15.6	15.3
Adj. RoA Ratio	0.8	1.4	1.6	1.7	1.8
Adj. RoE Ratio	7.1	12.3	13.6	14.1	14.6

Rating	Buy
Buying Range (₹)	650 - 677
12 M Price Target (₹)	780
Potential upside (%)	20

## Stock Data

FV (₹) :	2
Market Cap Full (₹ bn) :	4,685
Market Cap Free Float (₹ bn) :	4,685
52-Week High / Low (₹) :	334 / 679
2-Year High / Low (₹) :	268 / 679
1 Year Avg. Dly Traded Volume (in lakh)	272
BSE Code / NSE Symbol	532174 / ICICIBANK
Bloomberg :	ICICIB IN

## Shareholding Pattern (%)

	Jun-21	Mar-21	Dec-20	Sep-20
FPIs	48.01	47.78	47.43	45.66
MFs	26.26	26.07	26.35	27.07
Insurance	12.56	12.85	13.40	13.92
Others	13.17	13.30	12.82	13.35

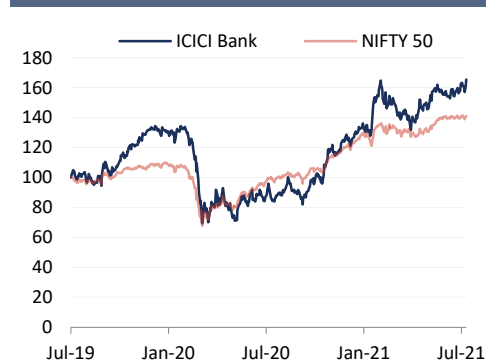
Source: BSE

## Price Performance (%)

(%)	1M	3M	6M	1YR
ICICI Bank	8.3%	18.7%	26.8%	72.5%
Nifty 50	1.1%	10.6%	10.3%	41.4%

\* To date / current date : July 23, 2021

## ICICI Bank vs Nifty 50



This quarter the credit cost was higher 15bps from the stipulated range because of covid provision and change in provisioning policy. Further provisioning will depend on the extent of economic recovery. The bank's BB & below rated pool (₹134 bn v/s ₹131 bn) contributes 1.5% of total customer assets. From 4QFY21, non - fund based outstanding NPA is excluded from BB & below, so the number is less. Macro headwinds may result in continued downgrade, therefore we may witness uptick in the BB & below pool in coming quarters. Though no clear guidance was given by the management.

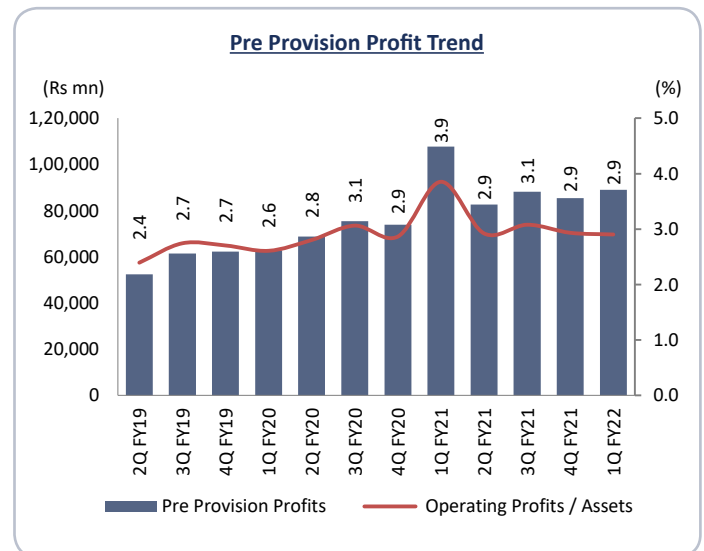
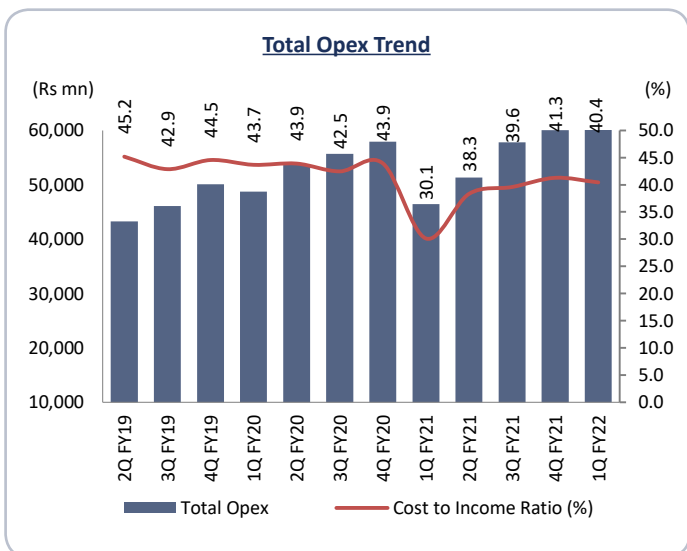
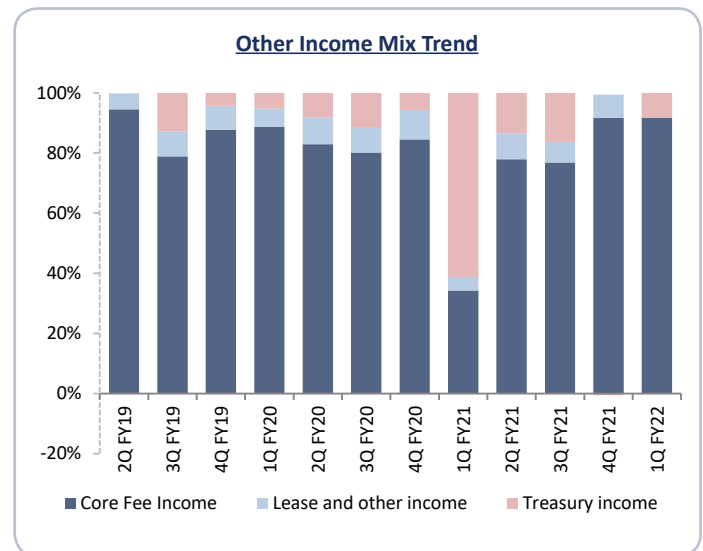
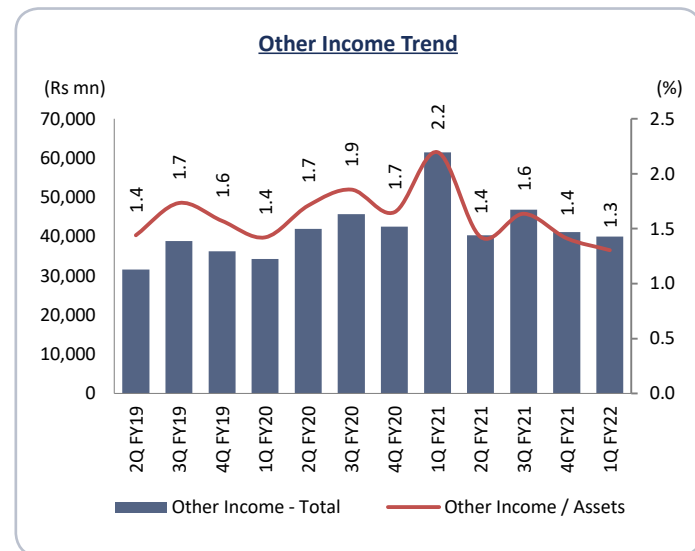
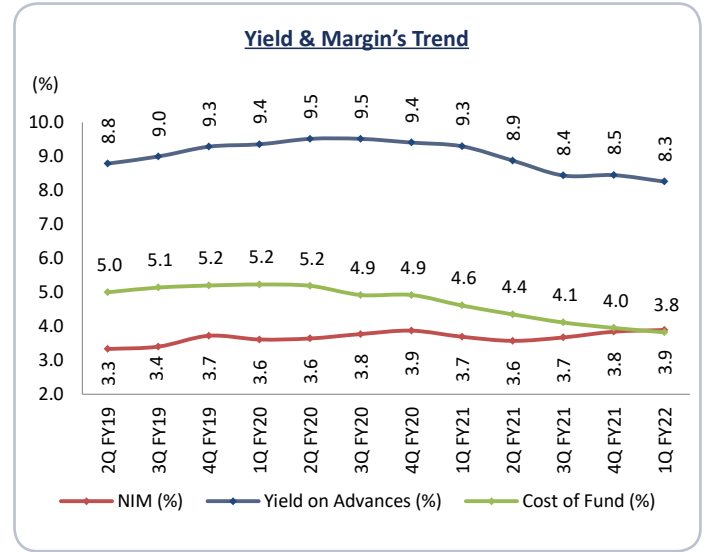
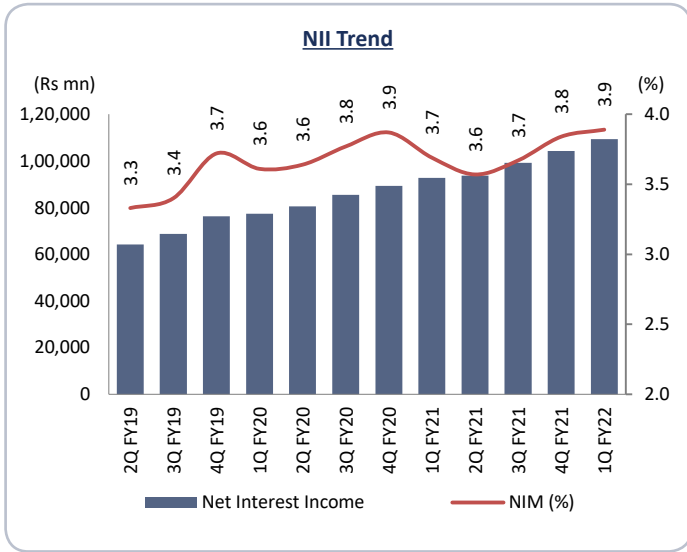
**Decent operating quarter:** The bank's NII stood at ₹109 bn; grew by 17.8% YoY and 4.8% sequentially driven by 5bps improvement in domestic NIMs at 3.99%. NIMs improvement was because of 13bps ease in COF. Non – interest income de-grew by 3% sequentially because of lower corporate loan processing fee. The PPOP stood at ₹89 bn; grew by 4.2% sequentially. With sequentially flat provisioning expenses (₹28.5 bn v/s ₹28.8 bn) the bank reported PAT of ₹46.2 bn; grew 78% YoY and 5% sequentially.

**Sound credit growth led by retail book:** The bank's advances stood at ₹7.4tn; 17% YoY and 0.1% QoQ. The bank has disbursed ~₹127 bn under ECLGS 1.0 and ₹15 bn under ECLGS 2.0. Domestic advances (94.6% contribution) grew by 0.3% QoQ. Foreign advances grew by 6.7% QoQ. Retail advances (67% contribution) grew by 1.2% QoQ. SME advances (4% contribution) de-grew by 1.2% QoQ. Corporate advances (24% contribution) grew by 0.1% QoQ. In retail book; Personal loan & Credit card segment (13.5% of retail book) grew at 0.3% sequentially. 85% of the unsecured retail book customers are salaried. Home loan (50.4% of retail book) grew by 2.4% QoQ where Vehicle loan (12.6% of retail book) de-grew by 2.6% QoQ. Bank's deposit stood flat at ₹9.3tn. The Avg. CASA inched up 120bps to 43.7%.

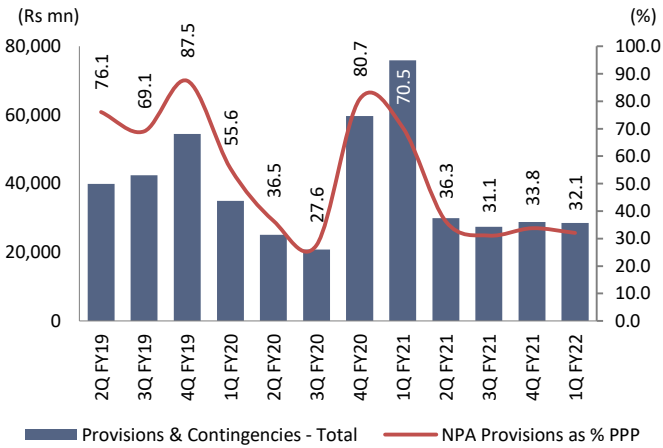
### Outlook & Valuations

We expect its loan book to grow cautiously at CAGR of 16% over FY21-23E, led by balanced growth across segment. In our opinion, the bank's credit cost to normalise by FY22E and estimate return ratio ROA/ROE of 1.6% and 13.6% in FY22E. We value the standalone entity at 2.5x FY23E BVPS (₹267) and investment in subsidiaries and JVs (₹113 per share). ICICI Bank is highly owned by Domestic MF Houses across 512 schemes and we re-iterate our optimistic view on the stock with a price objective of ₹780

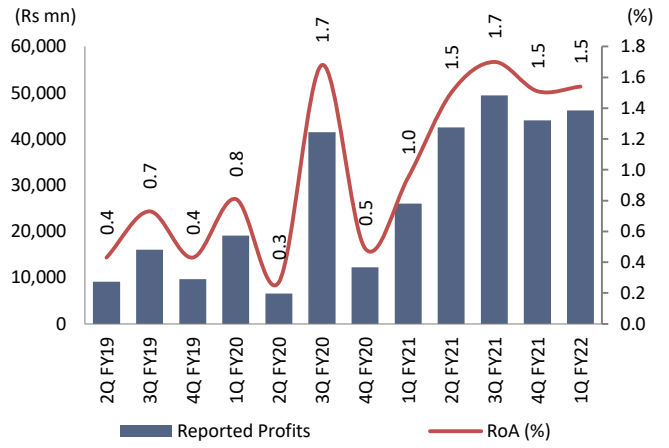
Quarterly story in charts



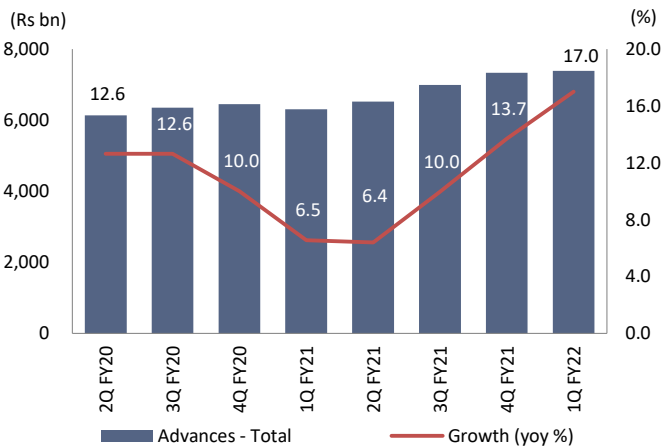
**Provision Expenses Trend**



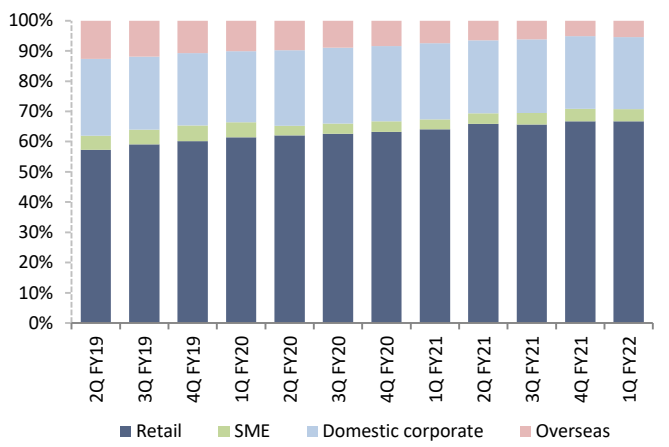
**Reported Profit Trend**



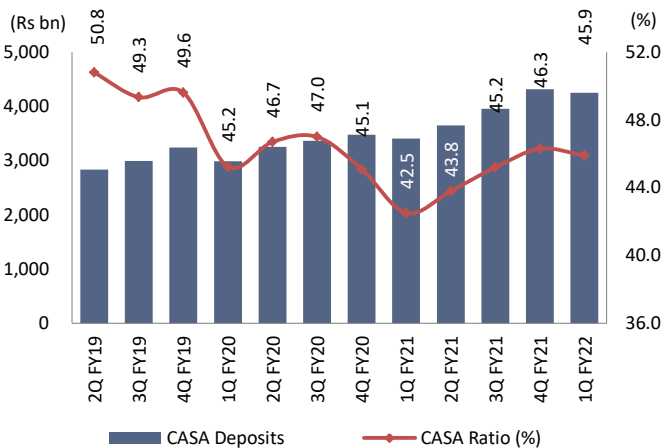
**Loan Book Trend**



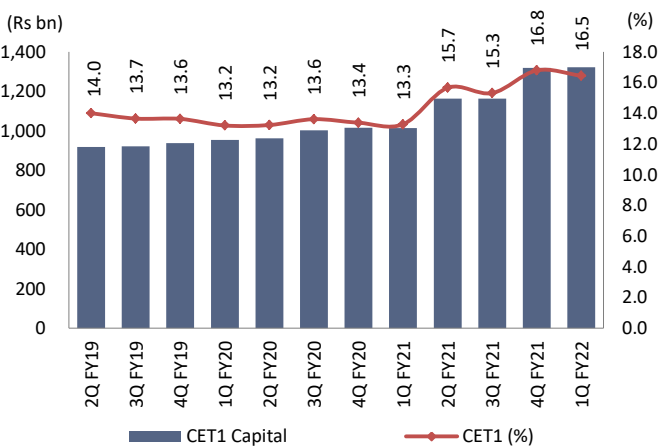
**Loan Book Mix Trend**



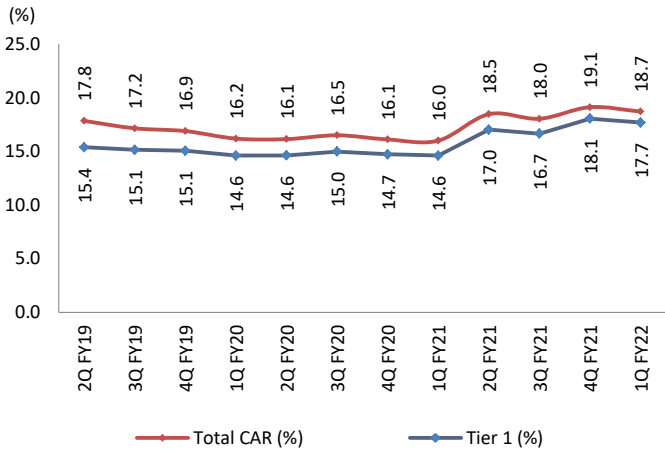
**CASA Deposit Trend**



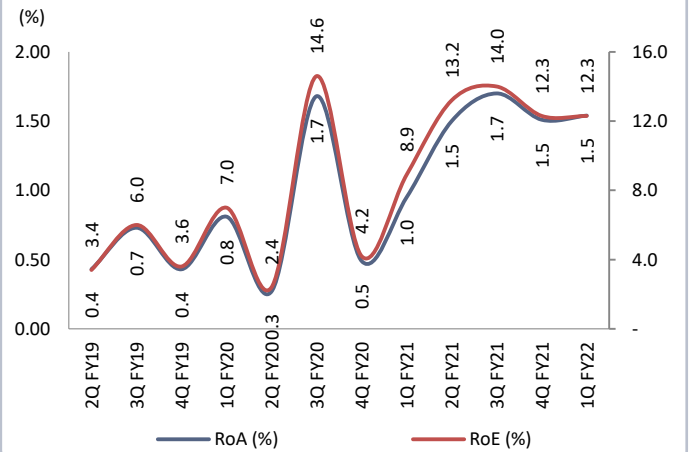
**CET 1 Ratio Trend**



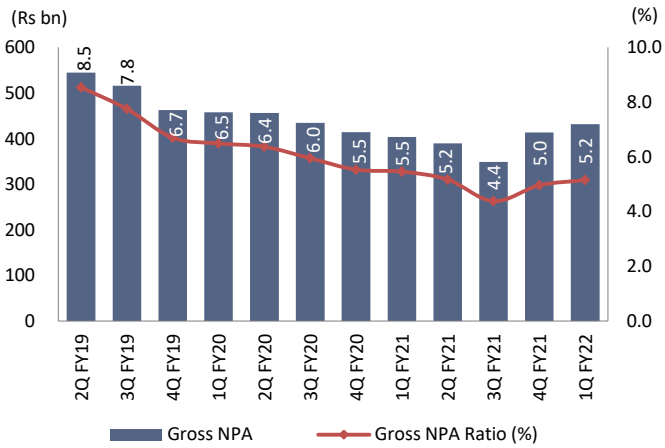
**CRAR & Tier 1 Ratio Trend**



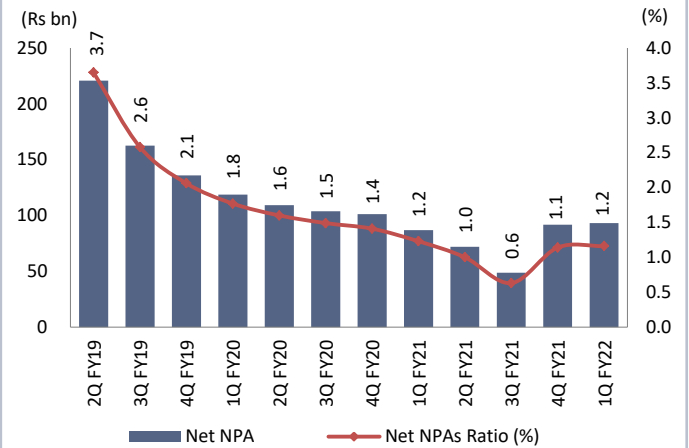
**Return Ratio Trend**



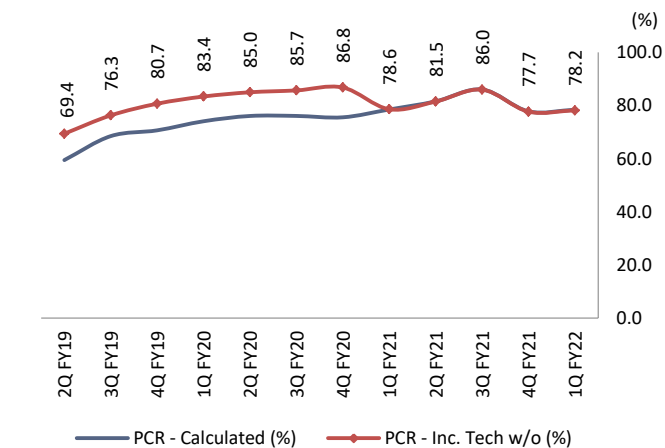
**Gross NPA Trend**



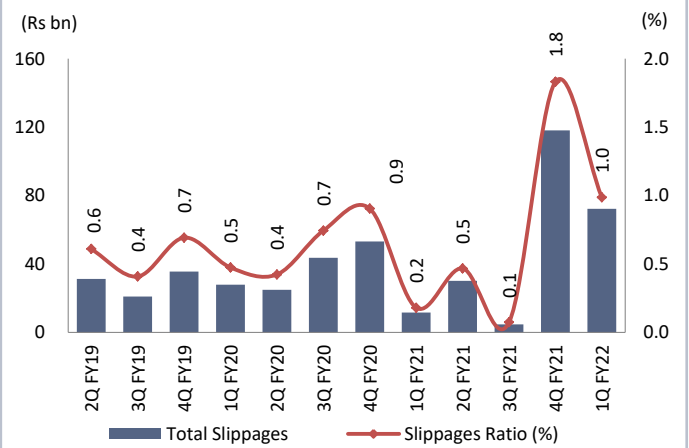
**Net NPA Trend**



**PCR Trend**



**Slippages 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	1,49,846	1,45,767	2.8	1,46,394	2.4	5,72,888	5,75,511	(0.5)
Int. on Investment	40,415	41,907	(3.6)	39,148	3.2	1,65,398	1,46,732	12.7
Int. on Balances	1,408	4,448	(68.4)	3,078	(54.3)	16,319	6,822	139.2
Int. Others	12,166	7,122	70.8	9,796	24.2	36,578	18,918	93.3
<b>Interest Inc.</b>	<b>2,03,834</b>	<b>1,99,244</b>	<b>2.3</b>	<b>1,98,417</b>	<b>2.7</b>	<b>7,91,183</b>	<b>7,47,983</b>	<b>5.8</b>
<b>Interest Expenses</b>	<b>94,477</b>	<b>1,06,446</b>	<b>(11.2)</b>	<b>94,105</b>	<b>0.4</b>	<b>4,01,288</b>	<b>4,15,313</b>	<b>(3.4)</b>
<b>Net Interest Income</b>	<b>1,09,358</b>	<b>92,798</b>	<b>17.8</b>	<b>1,04,311</b>	<b>4.8</b>	<b>3,89,894</b>	<b>3,32,671</b>	<b>17.2</b>
<b>NII to Net Operative Income</b>	<b>73.2</b>	<b>60.2</b>	<b>1,307</b>	<b>71.7</b>	<b>151</b>	<b>67.3</b>	<b>66.9</b>	<b>36</b>
<i>NIM (%)</i>	3.89	3.7	20	3.8	5	3.7	3.7	(4)
<b>Core Fee Income</b>	<b>32,190</b>	<b>21,040</b>	<b>53.0</b>	<b>38,150</b>	<b>(15.6)</b>	<b>1,26,590</b>	<b>1,37,828</b>	<b>(8.2)</b>
<b>Non Core Other Income</b>	<b>7,769</b>	<b>40,386</b>	<b>(80.8)</b>	<b>2,964</b>	<b>162.1</b>	<b>63,095</b>	<b>26,659</b>	<b>136.7</b>
<b>Other Income - Total</b>	<b>39,959</b>	<b>61,426</b>	<b>(34.9)</b>	<b>41,114</b>	<b>(2.8)</b>	<b>1,89,685</b>	<b>1,64,486</b>	<b>15.3</b>
<i>Other Inc to Net Oper. Income (%)</i>	26.8	39.8	(1,307)	28.3	(151)	32.7	33.1	(36)
<b>Net Operating Revenue</b>	<b>1,49,316</b>	<b>1,54,224</b>	<b>(3.2)</b>	<b>1,45,425</b>	<b>2.7</b>	<b>5,79,580</b>	<b>4,97,157</b>	<b>16.6</b>
Employee Expenses	23,744	21,661	9.6	20,084	18.2	80,918	82,712	(2.2)
<i>Empl. Cost/Oper. Exps. (%)</i>	15.9	14.0	186	13.8	209	14.0	16.6	(268)
<b>Other Opex</b>	<b>36,628</b>	<b>24,798</b>	<b>47.7</b>	<b>39,942</b>	<b>(8.3)</b>	<b>1,34,691</b>	<b>1,33,432</b>	<b>0.9</b>
<i>Other Opex/ Assets (%)</i>	0.3	0.2	8	0.3	(4)	1.2	1.3	(14)
Total Opex	60,372	46,459	29.9	60,027	0.6	2,15,608	2,16,144	(0.2)
<i>Cost to Income Ratio (%)</i>	40.4	30.1	1,031	41.3	(84)	37.2	43.5	(628)
<b>Pre Provision Profits</b>	<b>88,944</b>	<b>1,07,765</b>	<b>(17.5)</b>	<b>85,398</b>	<b>4.2</b>	<b>3,63,971</b>	<b>2,81,013</b>	<b>29.5</b>
<b>Provisions &amp; Contingencies - Total</b>	<b>28,517</b>	<b>75,940</b>	<b>(62.4)</b>	<b>28,835</b>	<b>(1.1)</b>	<b>1,62,144</b>	<b>1,40,532</b>	<b>15.4</b>
<i>NPA Provisions as % PPP</i>	32.1	70.5	(3,841)	33.8	(170)	44.5	50.0	(546)
<b>Profit Before Tax</b>	<b>60,427</b>	<b>31,825</b>	<b>89.9</b>	<b>56,564</b>	<b>6.8</b>	<b>2,01,827</b>	<b>1,40,480</b>	<b>43.7</b>
<b>Tax</b>	<b>14,267</b>	<b>5,834</b>	<b>144.6</b>	<b>12,538</b>	<b>13.8</b>	<b>33,144</b>	<b>84,884</b>	<b>(61.0)</b>
<i>Effective Tax Rate (%)</i>	23.6	18.3	528	22.2	144	16.4	60.4	(4,400)
<b>Reported Profits</b>	<b>46,160</b>	<b>25,992</b>	<b>77.6</b>	<b>44,026</b>	<b>4.8</b>	<b>1,68,683</b>	<b>55,596</b>	<b>203.4</b>
<i>RoA (%)</i>	1.5	1.0	59	1.5	3	-	-	-
<i>RoE (%)</i>	12.3	8.9	340	12.3	-	-	-	-

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	11,65,009	11,86,160	13,76,489	14,27,653	14,75,061	15,23,735	3.3	28.5
RoE (%)	4.2	8.9	13.2	14.0	12.3	12.3	-	340
CET1 (%)	13.4	13.3	15.7	15.3	16.8	16.5	(35)	316
Tier 1 (%)	14.7	14.6	17.0	16.7	18.1	17.7	(38)	307
Total CAR (%)	16.1	16.0	18.5	18.0	19.1	18.7	(41)	271
RWA - Total	75,94,900	76,35,830	74,28,650	75,99,830	78,54,030	80,36,260	2.3	5.2
Advances - Total	64,52,900	63,12,146	65,26,080	69,90,175	73,37,291	73,85,979	0.7	17.0
Investments	24,95,315	30,18,511	28,96,230	27,52,606	28,12,865	29,48,487	4.8	(2.3)
Total Assets	1,09,83,652	1,13,86,127	1,16,29,712	1,19,32,172	1,23,04,327	1,22,06,544	(0.8)	7.2
RoA (%)	0.49	0.95	1.50	1.70	1.51	1.54	3	59
Deposits	77,09,690	80,16,223	83,29,356	87,43,476	93,25,222	92,62,239	(0.7)	15.5
Saving Deposit	24,55,910	9,57,800	10,75,170	27,86,740	29,54,530	30,66,090	3.8	220.1
Current Deposit	10,22,270	24,48,360	25,70,630	11,67,410	13,61,700	11,84,920	(13.0)	(51.6)
CASA Deposits	34,78,180	34,06,160	36,45,800	39,54,160	43,16,230	42,51,010	(1.5)	24.8
CASA Ratio (%)	45.1	42.5	43.8	45.2	46.3	45.9	(40)	340
Term Deposits	42,31,510	46,10,063	46,83,556	47,89,316	50,08,992	50,11,229	0.0	8.7
Interest Bearing Liabilities - Total	93,38,658	96,65,403	96,93,625	98,59,556	1,02,41,531	1,01,53,548	(0.9)	5.1

Source: Company, LKP Research

## Exhibit 3: Earning Assets Mix &amp; 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
Home	15,00,570	17,82,360	20,02,240	24,93,870	21.9	18.8	12.3	24.6	37.5	15.8	39.2
Vehicle Loans	4,68,390	5,56,660	5,83,310	6,24,820	5.5	18.8	4.8	7.1	11.8	1.9	3.3
Business Banking	1,35,260	18,450	2,65,630	3,96,760	3.5	(86.4)	1,339.7	49.4	(15.6)	17.7	10.5
Rural & Other	4,32,540	4,99,600	5,68,500	7,10,000	6.2	15.5	13.8	24.9	8.9	4.9	11.3
Retails - Other	59,720	68,050	50,930	56,960	0.5	13.9	(25.2)	11.8	1.1	(1.2)	0.5
Secured Retail loans	25,96,480	-	34,70,610	42,82,410	37.6	-	-	23.4	-	-	64.8
Personal Loans	2,08,660	3,10,150	4,52,880	4,94,700	4.3	48.6	46.0	9.2	13.5	10.2	3.3
Credit Cards	93,790	1,23,040	1,56,540	1,71,560	1.5	31.2	27.2	9.6	3.9	2.4	1.2
Unsecured Retail loans	3,02,460	4,33,190	6,09,420	6,66,260	5.8	43.2	40.7	9.3	17.4	12.7	4.5
Retail	28,98,940	35,28,310	40,80,030	49,48,670	43.4	21.7	15.6	21.3	83.8	39.6	69.3
Rural	-	-	-	-	-	-	-	-	-	-	-
Domestic corporate	13,26,260	14,01,740	16,04,700	17,68,530	15.5	5.7	14.5	10.2	10.0	14.6	13.1
Domestic book	44,79,650	52,36,140	59,13,230	69,84,990	61.3	16.9	12.9	18.1	100.7	48.6	85.5
Overseas	6,45,618	6,30,320	5,39,670	4,00,990	3.5	(2.4)	(14.4)	(25.7)	(2.0)	(6.5)	(11.1)
<b>Advances - Total</b>	<b>51,23,953</b>	<b>58,66,466</b>	<b>64,52,900</b>	<b>73,85,979</b>	<b>64.8</b>	<b>14.5</b>	<b>10.0</b>	<b>14.5</b>	<b>98.8</b>	<b>42.1</b>	<b>74.4</b>
<b>Investments</b>	<b>20,29,942</b>	<b>20,77,327</b>	<b>24,95,315</b>	<b>29,48,487</b>	<b>25.9</b>	<b>2.3</b>	<b>20.1</b>	<b>18.2</b>	<b>6.3</b>	<b>30.0</b>	<b>36.2</b>
<b>Cash &amp; Cash Equivalent</b>	<b>8,41,694</b>	<b>8,02,963</b>	<b>11,91,557</b>	<b>10,58,643</b>	<b>9.3</b>	<b>(4.6)</b>	<b>48.4</b>	<b>(11.2)</b>	<b>(5.2)</b>	<b>27.9</b>	<b>(10.6)</b>
<b>Working Assets</b>	<b>79,95,588</b>	<b>87,46,755</b>	<b>1,01,39,772</b>	<b>1,13,93,109</b>	<b>100.0</b>	<b>9.4</b>	<b>15.9</b>	<b>12.4</b>	<b>100.0</b>	<b>100.0</b>	<b>100.0</b>

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
<b>Interest Bearing Liabilities - Total</b>	<b>93,38,658</b>	<b>96,65,403</b>	<b>96,93,625</b>	<b>98,59,556</b>	<b>1,02,41,531</b>	<b>1,01,53,548</b>	<b>(0.9)</b>	<b>5.1</b>
Deposits	77,09,690	80,16,223	83,29,356	87,43,476	93,25,222	92,62,239	(0.7)	15.5
CASA Deposits	34,78,180	34,06,160	36,45,800	39,54,160	43,16,230	42,51,010	(1.5)	24.8
Saving Deposit	24,55,910	9,57,800	10,75,170	27,86,740	29,54,530	30,66,090	3.8	220.1
Current Deposit	10,22,270	24,48,360	25,70,630	11,67,410	13,61,700	11,84,920	(13.0)	(51.6)
Term Deposits	42,31,510	46,10,063	46,83,556	47,89,316	50,08,992	50,11,229	0.0	8.7
Borrowings	16,28,968	16,49,180	13,64,269	11,16,081	9,16,310	8,91,308	(2.7)	(46.0)
<b>Interest Bearing Liabilities - Total</b>	<b>93,38,658</b>	<b>96,65,403</b>	<b>96,93,625</b>	<b>98,59,556</b>	<b>1,02,41,531</b>	<b>1,01,53,548</b>	<b>(0.9)</b>	<b>5.1</b>

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
<b>Deposits</b>	<b>56,09,752</b>	<b>65,29,197</b>	<b>77,09,690</b>	<b>92,62,239</b>	<b>79.3</b>	<b>16.4</b>	<b>18.1</b>	<b>20.1</b>	<b>118.5</b>	<b>95.4</b>	<b>132.3</b>
Saving Deposit	20,09,671	22,76,709	24,55,909	30,66,090	26.3	13.3	7.9	24.8	34.4	14.5	52.0
Current Deposit	8,89,582	9,62,690	10,22,276	11,84,920	10.1	8.2	6.2	15.9	9.4	4.8	13.9
CASA Deposits	28,99,253	32,39,399	34,78,185	42,51,010	36.4	11.7	7.4	22.2	43.8	19.3	65.8
Term Deposits	27,10,499	32,89,798	42,31,505	50,11,229	42.9	21.4	28.6	18.4	74.6	76.1	66.4
<b>Borrowings</b>	<b>18,28,586</b>	<b>16,53,200</b>	<b>16,28,968</b>	<b>8,91,308</b>	<b>7.6</b>	<b>(9.6)</b>	<b>(1.5)</b>	<b>(45.3)</b>	<b>(22.6)</b>	<b>(2.0)</b>	<b>(62.9)</b>
<b>Interest Bearing Liabilities - Total</b>	<b>74,38,338</b>	<b>81,82,396</b>	<b>93,38,658</b>	<b>1,01,53,548</b>	<b>87.0</b>	<b>10.0</b>	<b>14.1</b>	<b>8.7</b>	<b>95.9</b>	<b>93.4</b>	<b>69.4</b>
Net Worth	10,51,536	10,83,636	11,65,009	15,23,735	13.0	3.1	7.5	30.8	4.1	6.6	30.6
<b>Working Fund</b>	<b>84,89,874</b>	<b>92,66,032</b>	<b>1,05,03,667</b>	<b>1,16,77,283</b>	<b>100.0</b>	<b>9.1</b>	<b>13.4</b>	<b>11.2</b>	<b>100.0</b>	<b>100.0</b>	<b>100.0</b>
<b>Interest Exp. / Assets</b>	<b>3.87</b>	<b>3.95</b>	<b>4.03</b>	<b>3.1</b>		<b>8</b>	<b>8</b>	<b>(94)</b>			

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	53,060	11,600	30,170	4,710	1,18,180	72,310	(38.8)	523.4
<b>Slippages Ratio (%)</b>	<b>0.90</b>	<b>0.18</b>	<b>0.47</b>	<b>0.07</b>	<b>1.83</b>	<b>0.99</b>	<b>(85)</b>	<b>81</b>
Gross NPA	4,14,092	4,03,862	3,89,892	3,48,604	4,13,734	4,31,483	4.3	6.8
<b>Gross NPAs Ratio (%)</b>	<b>5.53</b>	<b>5.46</b>	<b>5.17</b>	<b>4.38</b>	<b>4.96</b>	<b>5.15</b>	<b>19</b>	<b>(31)</b>
<b>PCR - Calculated (%)</b>	<b>75.6</b>	<b>78.5</b>	<b>81.6</b>	<b>86.1</b>	<b>77.8</b>	<b>78.4</b>	<b>62</b>	<b>(9)</b>
Net NPA	1,01,139	86,747	71,875	48,606	91,802	93,058	1.4	7.3
<b>Net NPAs Ratio (%)</b>	<b>1.41</b>	<b>1.23</b>	<b>1.00</b>	<b>0.63</b>	<b>1.14</b>	<b>1.16</b>	<b>2</b>	<b>(7)</b>

Source: Company, LKP Research

## Annual Projections

## Exhibit 7: Profit and Loss Statement

(₹ mn)	FY20	FY21	FY22E	FY23E	FY24E
Int. Income / Opr. Revenue	7,47,983	7,91,183	8,78,644	10,03,918	11,56,167
Interest Expenses	4,15,313	4,01,288	4,30,521	4,88,869	5,61,607
<b>Net Interest Income</b>	<b>3,32,671</b>	<b>3,89,894</b>	<b>4,48,123</b>	<b>5,15,049</b>	<b>5,94,559</b>
<i>NIM (%)</i>	3.52	3.61	3.66	3.69	3.71
<b>Adjusted NII</b>	<b>3,13,752</b>	<b>3,53,317</b>	<b>4,48,123</b>	<b>5,15,049</b>	<b>5,94,559</b>
Fee income	1,16,451	1,34,291	1,54,434	1,77,600	2,04,240
Dividend income from subsidiaries	12,730	14,681	16,442	18,415	20,625
Treasury income	35,305	40,714	46,821	53,844	61,921
Other Misc. Income	-	-	-	-	-
<b>Other Income - Total</b>	<b>1,64,486</b>	<b>1,89,685</b>	<b>2,17,698</b>	<b>2,49,859</b>	<b>2,86,785</b>
<b>Net Operating Revenue</b>	<b>4,97,157</b>	<b>5,79,580</b>	<b>6,65,821</b>	<b>7,64,908</b>	<b>8,81,345</b>
Employee Exp.	82,712	80,918	83,345	90,013	97,214
Other Opex	1,33,432	1,34,691	1,58,935	1,89,132	2,26,959
<b>Total Opex</b>	<b>2,16,144</b>	<b>2,15,608</b>	<b>2,42,280</b>	<b>2,79,145</b>	<b>3,24,173</b>
<i>C/I Ratio (%)</i>	43.48	37.20	36.39	36.49	36.78
<b>Pre Provision Profits</b>	<b>2,81,013</b>	<b>3,63,971</b>	<b>4,23,540</b>	<b>4,85,763</b>	<b>5,57,172</b>
<i>PPP Growth (yoy %)</i>	19.9	29.5	16.4	14.7	14.7
<b>Provisions &amp; Contingencies - Total</b>	<b>1,40,532</b>	<b>1,62,144</b>	<b>1,54,449</b>	<b>1,65,632</b>	<b>1,73,332</b>
<i>Credit Cost (As % of Op. AUM)</i>	1.71	1.79	1.60	1.50	1.35
<b>Profit Before Tax</b>	<b>1,40,480</b>	<b>2,01,827</b>	<b>2,69,091</b>	<b>3,20,130</b>	<b>3,83,840</b>
Tax	61,172	39,900	53,818	64,026	76,768
<i>Effective Tax Rate (%)</i>	43.5	19.8	20.0	20.0	20.0
<b>Reported Profits</b>	<b>79,308</b>	<b>1,61,927</b>	<b>2,15,273</b>	<b>2,56,104</b>	<b>3,07,072</b>
<i>PAT Growth (yoy %)</i>	135.8	104.2	32.9	19.0	19.9

Source: Company, LKP Research

## Exhibit 8: Balance Sheet

(₹ mn)	FY20	FY21	FY22E	FY23E	FY24E
Equity Share Capital	12,948	13,834	13,834	13,834	13,834
Reserves (ex Reval. Reserve)	11,20,913	14,30,291	16,45,564	19,01,668	22,08,740
<b>Net Worth - Ex Revaluation</b>	<b>11,33,861</b>	<b>14,44,125</b>	<b>16,59,398</b>	<b>19,15,502</b>	<b>22,22,574</b>
Deposits	77,09,690	93,25,222	1,07,13,689	1,22,40,908	1,41,29,062
Borrowings	16,28,968	9,16,310	8,68,677	9,92,506	11,45,600
<b>Interest Bearing Liabilities (₹ mn)</b>	<b>93,38,658</b>	<b>1,02,41,531</b>	<b>1,15,82,367</b>	<b>1,32,33,414</b>	<b>1,52,74,662</b>
Other Lia. & Prov.	4,79,950	5,87,704	5,68,194	5,49,550	4,83,563
<b>Total Liabilities</b>	<b>1,09,83,651</b>	<b>1,23,04,327</b>	<b>1,38,37,169</b>	<b>1,57,27,776</b>	<b>1,80,13,018</b>
<b>Assets</b>					
Cash & Cash Equivalent	11,91,557	13,31,283	14,70,645	16,82,808	19,39,284
Investments	24,95,315	28,12,865	30,96,586	34,10,552	37,58,177
Credit Equivalent	4,46,448	5,03,262	5,75,679	6,58,567	7,53,448
Loan & Advances (₹ mn)	64,52,900	73,37,291	84,37,885	97,87,946	1,14,51,897
<i>Growth (yoy %)</i>	<i>10.0</i>	<i>13.7</i>	<i>15.0</i>	<i>16.0</i>	<i>17.0</i>
Fixed Assets	84,103	88,776	90,600	97,602	1,07,303
Other Assets	7,59,777	7,34,112	7,41,453	7,48,868	7,56,357
<b>Total Assets</b>	<b>1,09,83,652</b>	<b>1,23,04,327</b>	<b>1,38,37,169</b>	<b>1,57,27,776</b>	<b>1,80,13,018</b>

Source: Company, LKP Research

## Exhibit 9: Per share data

Y/E Mar	FY20	FY21	FY22E	FY23E	FY24E
Face Value (₹)	2	2	2	2	2
Adjusted Share O/S (mn)	6,474	6,917	6,917	6,917	6,917
Earnings Per Share (₹)	12.3	23.4	31.1	37.0	44.4
EPS (% YoY)	134.9	91.1	32.9	19.0	19.9
P/E (x)	55.2	28.9	21.7	18.3	15.2
Book Value (₹)	175.1	208.8	239.9	276.9	321.3
BVPS (% YoY)	7.2	19.2	14.9	15.4	16.0
P/BV (x)	3.9	3.2	2.8	2.4	2.1
Adj. BV (₹)	167.5	199.8	229.8	266.8	311.2
Adj. BV (% YoY)	9.5	19.3	15.0	16.1	16.6
P/ABV (x)	4.0	3.4	2.9	2.5	2.2

Source: Company, LKP Research

## Exhibit 10: Detailed ROA Tree

Y/E Mar	FY20	FY21	FY22E	FY23E	FY24E
<b>Yields / Margins</b>					
<i>Yield on Advance</i>	9.3	8.3	8.3	8.3	8.3
<i>Yield on Funds</i>	7.9	7.3	7.2	7.2	7.2
<i>Cost of Funds (CoF)</i>	4.7	4.1	3.9	3.9	3.9
<b>Interest Spread</b>	<b>3.2</b>	<b>3.2</b>	<b>3.2</b>	<b>3.3</b>	<b>3.3</b>
<b>NIM's</b>	<b>3.5</b>	<b>3.6</b>	<b>3.7</b>	<b>3.7</b>	<b>3.7</b>
<i>Interest Income / Assets</i>	7.3	6.8	6.7	6.8	6.9
<i>Interest Exp. / Assets</i>	4.0	3.4	3.3	3.3	3.3
<b>NII / Assets</b>	<b>3.2</b>	<b>3.3</b>	<b>3.4</b>	<b>3.5</b>	<b>3.5</b>
<i>Fee Income / Assets</i>	1.1	1.2	1.2	1.2	1.2
<i>Other Non Core Income / Assets</i>	0.3	0.3	0.4	0.4	0.4
<b>Other Income / Assets</b>	<b>1.6</b>	<b>1.6</b>	<b>1.7</b>	<b>1.7</b>	<b>1.7</b>
<b>Net Operating Income / Assets</b>	<b>4.8</b>	<b>5.0</b>	<b>5.1</b>	<b>5.2</b>	<b>5.2</b>
<b>Operating Ratios</b>					
<i>NII to Net Operative Income</i>	66.9	67.3	67.3	67.3	67.5
<i>Other Income to Net Operative Income</i>	33.1	32.7	32.7	32.7	32.5
<i>Empl. Cost/Oper. Exps.</i>	38.3	37.5	34.4	32.2	30.0
<i>Other Op. Exps./Oper. Exps.</i>	61.7	62.5	65.6	67.8	70.0
<b>C/I Ratio (%)</b>	<b>43.5</b>	<b>37.2</b>	<b>36.4</b>	<b>36.5</b>	<b>36.8</b>
<b>Provisions as % PPP</b>	<b>28.3</b>	<b>28.0</b>	<b>23.2</b>	<b>21.7</b>	<b>19.7</b>
<b>Credit Cost (As % of Op. AUM)</b>	<b>1.7</b>	<b>1.8</b>	<b>1.6</b>	<b>1.5</b>	<b>1.4</b>
<b>Effective Tax Rate (%)</b>	<b>43.5</b>	<b>19.8</b>	<b>20.0</b>	<b>20.0</b>	<b>20.0</b>
<i>Employee Exp. / Assets</i>	0.8	0.7	0.6	0.6	0.6
<i>Other Opex/ Assets</i>	1.3	1.2	1.2	1.3	1.3
<b>Total Opex / Assets</b>	<b>2.1</b>	<b>1.9</b>	<b>1.9</b>	<b>1.9</b>	<b>1.9</b>
<b>Operating Profits / Assets</b>	<b>2.7</b>	<b>3.1</b>	<b>3.2</b>	<b>3.3</b>	<b>3.3</b>
<b>Op Profit ex Except Items / Assets</b>	<b>2.7</b>	<b>3.1</b>	<b>3.2</b>	<b>3.3</b>	<b>3.3</b>
<i>Provisions / Assets</i>	1.4	1.4	1.2	1.1	1.0
<b>Profit Before Tax / Assets</b>	<b>1.4</b>	<b>1.7</b>	<b>2.1</b>	<b>2.2</b>	<b>2.3</b>
<i>Tax Expenses / Assets</i>	0.6	0.3	0.4	0.4	0.5
<b>RoA</b>	<b>0.8</b>	<b>1.4</b>	<b>1.6</b>	<b>1.7</b>	<b>1.8</b>
<i>Leverage (x)</i>	9.7	8.5	8.3	8.2	8.1
<b>RoE</b>	<b>7.1</b>	<b>12.3</b>	<b>13.6</b>	<b>14.1</b>	<b>14.6</b>
<b>Adj. RoA</b>	<b>0.8</b>	<b>1.4</b>	<b>1.6</b>	<b>1.7</b>	<b>1.8</b>
<b>Adj. RoE</b>	<b>7.1</b>	<b>12.3</b>	<b>13.6</b>	<b>14.1</b>	<b>14.6</b>

Source: Company, LKP Research

**Exhibit 11: Balance Sheet Ratios**

Y/E Mar	FY20	FY21	FY22E	FY23E	FY24E
Credit / Deposit Ratio	83.7	78.7	78.8	80.0	81.1
Incremental C/D Ratio	49.7	54.7	79.3	88.4	88.1
Investment Deposit Ratio	32.4	30.2	28.9	27.9	26.6
Dom. SLR Investment / Deposits	24.7	23.0	21.8	20.8	19.7
CASA Ratio	45.5	46.7	46.0	46.0	46.0

Source: Company, LKP Research

**Exhibit 12: Asset Quality**

Y/E Mar	FY20	FY21	FY22E	FY23E	FY24E
<b>Slippage Ratio (%)</b>	<b>2.4</b>	<b>2.6</b>	<b>1.9</b>	<b>1.9</b>	<b>1.8</b>
Gross NPA	4,08,291	4,13,734	3,85,792	3,62,730	3,43,557
<b>Gross NPAs Ratio (%)</b>	<b>5.5</b>	<b>5.0</b>	<b>4.6</b>	<b>3.7</b>	<b>3.0</b>
<b>PCR (%)</b>	<b>75.7</b>	<b>77.8</b>	<b>76.9</b>	<b>76.6</b>	<b>74.4</b>
Net NPA	99,232	91,802	89,225	84,994	87,973
<b>Net NPAs Ratio (%)</b>	<b>1.4</b>	<b>1.1</b>	<b>1.1</b>	<b>0.9</b>	<b>0.8</b>
Total Impaired Loans	4,08,291	4,13,734	3,85,792	3,62,730	3,43,557
<b>Impaired Loan as % of Loan / AUM</b>	<b>5.9</b>	<b>5.3</b>	<b>4.3</b>	<b>3.5</b>	<b>2.8</b>
Total Risk Reserves	3,09,058	3,21,932	2,96,568	2,77,736	2,55,584
<b>Total Risk As % of Loan Book</b>	<b>4.5</b>	<b>4.1</b>	<b>3.3</b>	<b>2.7</b>	<b>2.1</b>

Source: Company, LKP Research

## Exhibit 13: Key Assumptions &amp; Forecasts

Y/E Mar	FY20	FY21	FY22E	FY23E	FY24E
<b>Loan &amp; Advances (₹ mn)</b>	<b>64,52,900</b>	<b>73,37,291</b>	<b>84,37,885</b>	<b>97,87,946</b>	<b>1,14,51,897</b>
<i>Growth (yoy %)</i>		13.7	15.0	16.0	17.0
<b>Interest Bearing Liabilities (₹ mn)</b>	<b>93,38,658</b>	<b>1,02,41,531</b>	<b>1,15,82,367</b>	<b>1,32,33,414</b>	<b>1,52,74,662</b>
<i>Growth (yoy %)</i>		9.7	13.1	14.3	15.4
<i>Yield on Funds</i>	7.9	7.3	7.2	7.2	7.2
<i>Cost of Funds (CoF)</i>	4.7	4.1	3.9	3.9	3.9
<i>Interest Spread</i>	3.2	3.2	3.2	3.3	3.3
<i>NIM's</i>	3.5	3.6	3.7	3.7	3.7
<i>Other Income Growth</i>	13.3	15.3	14.8	14.8	14.8
<i>C/I Ratio (%)</i>	43.5	37.2	36.4	36.5	36.8
<i>Effective Tax Rate (%)</i>	43.5	19.8	20.0	20.0	20.0
<b>Return Ratios</b>					
<i>Adj. RoA</i>	0.8	1.4	1.6	1.7	1.8
<i>Adj. RoE</i>	7.1	12.3	13.6	14.1	14.6
<b>Asset Quality Metrics</b>					
<i>Credit Cost (As % of Op. AUM)</i>	1.7	1.8	1.6	1.5	1.4
<i>Gross NPAs Ratio (%)</i>	5.5	5.0	4.6	3.7	3.0
<i>Net NPAs Ratio (%)</i>	1.4	1.1	1.1	0.9	0.8

Source: Company, LKP Research

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