

AXIS BANK | Banking

Higher slippages led to increase in GNPA ratio; however, adequate contingent buffer.

LKP

Price Analysis:

1QFY22 marks the manifestation of sequentially higher provisioning expenses (₹35bn v/s ₹33bn in the previous quarter) and decrease in net profit to ₹22bn against ₹28bn in the previous quarter. The bank's reported slippage number remains moderately higher (₹65bn v/s 53bn in 4QFY21) with GNPA and NNPA ratio inching up to 3.85% and 1.20% respectively against the GNPA and NNPA ratio of 3.7% and 1.05% in the previous quarter. The bank's PCR (including TWO) has stood sequentially flat at 87%. Moreover the resolution rate (98%) stood better than pre-Covid level. Furthermore, the BB & below book inched up sequentially by 10bps to 1.19% of customer assets and reported restructured advances of ₹22bn (~33bps of gross loan book). On the business front, credit growth grew 9.5% YoY and deposit growth grew 13.6% YoY. The future outlook of asset quality is at manageable level as the strong standard asset coverage (2.05% of gross loans) 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 have a positive outlook on Axis Bank and recommend BUY.

Gazing the core

Strong provisioning and lower restructuring: With change in provisioning policy, the provision expenses were sequentially higher at ₹35bn (v/s ₹33bn in the previous quarter). It includes the write-off amounting to ₹33bn. The bank's PCR stood at 70% v/s 72% in the previous quarter. PCR (including tech. write offs) stood at 87% and Aggregate PCR (Specific provision + Covid provision + General Provision + Contingency Provision) stood at 1118% of reported GNPLs and the contingent provisioning (Covid + standard asset) stood 2.05% of the gross loan book. Moreover, the demand resolution at 98% is better than Pre-Covid level and bounce rates are low. Furthermore, BB & below rated pool up by 10bps to 1.19% of gross customer assets. Fund based BB & below outstanding increase 8% sequentially, however, Non fund based outstanding in BB & below pool decreased sequentially by 3.3%. 100% of restructured corporate book classified as BB & Below. The bank has reported restructured advances of ₹22bn (~33bps of loan book) which is up from ₹18.5bn (~30bps of loan book) in the previous quarter. The bank carries a provision of ~23% on restructured loans, which is in excess of regulatory limits.

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 (₹)	756
12 M Price Target (₹)	868
Potential upside (%)	15

Stock Data	
FV (₹) :	2
Market Cap Full (₹ bn) :	2,314
Market Cap Free Float (₹ bn) :	1,947
52-Week High / Low (₹) :	400 / 799
2-Year High / Low (₹) :	286 / 799
1 Year Avg. Dly Traded Volume (in lakh)	194
BSE Code / NSE Symbol	532215 / AXISBANK
Bloomberg :	AXSB:IN

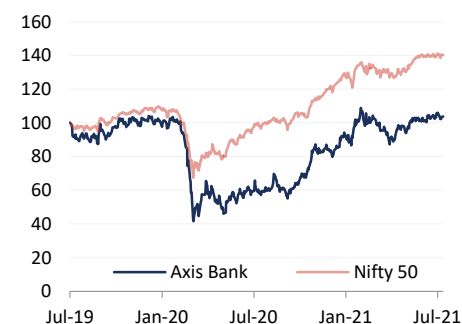
Shareholding Pattern (%)				
	Jun-21	Mar-21	Dec-20	Sep-20
Promoter	11.69	13.58	13.93	14.78
FPIs	52.49	51.43	51.02	49.24
MFs	18.67	17.73	17.95	18.59
Insurance	1.75	1.90	2.22	2.22
Others	15.40	15.36	14.88	15.17

Source: BSE

Price Performance (%)				
(%)	1M	3M	6M	1YR
Axis Bank	-0.7%	8.0%	14.9%	69.7%
Nifty 50	-0.2%	9.2%	11.1%	41.4%

* To date / current date : July 26, 2021

Axis Bank vs Nifty 50



Corporate segment has 60bps of loan book under restructuring where retail and SME segment carry restructuring of 10bps and 20bps respectively. PCR on overall restructured book stood at 23% 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 target ROE of 18%.

Growth tepid than previous quarter with sound liquidity: The bank's advances stood at ₹6.2tn; 9.5% YoY and flat sequentially. Corporate book (36.6% of book) grew by 2.6% QoQ. Corporate book (including TLTRO) grew by 10% YoY. Retail book (53.9% of book) de-grew by 1% sequentially. SME book (9.5% of book) de-grew by 16% 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 82% of retail book remain secured and it is well diversified. Axis bank is the 4th largest credit card issuer in the country with a market share of 11.4%. Management sounded caution and keeps a conservative stand on credit growth where bank's liquidity position remains strong with LCR of 115% and excess SLR of ₹749bn.

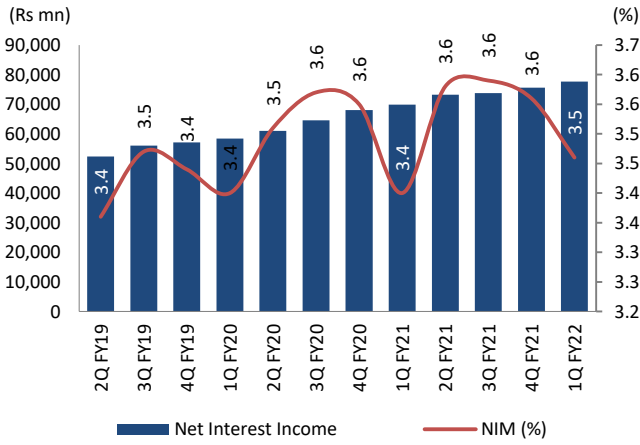
Stable operational quarter; lower other income and higher provision: NII witnessed a healthy growth of 11% YoY and 2.7% QoQ. The bank's NIMs moderated marginally to 3.46% on the back of lower cost of fund (3.97%) and cost of deposit (3.78%). Interest reversal has impacted 5bps to the NIMs. Non – interest income grew by 39% YoY and de-grew by 23% QoQ. A lower sequentially other income and flat opex (C/I ratio: 43.5% v/s 43.8% in the previous quarter) led to PPOP sequential de-growth of 6.5%. However, on YoY basis the PPOP increased by 10%. Additionally, sequentially higher provisioning expenses (₹35bn v/s ₹33bn) has resulted in net profit of ₹21.6bn; sequential de-growth of 19%. The reported ROA and ROE stood at 0.9% and 9.1% respectively.

Outlook & Valuation

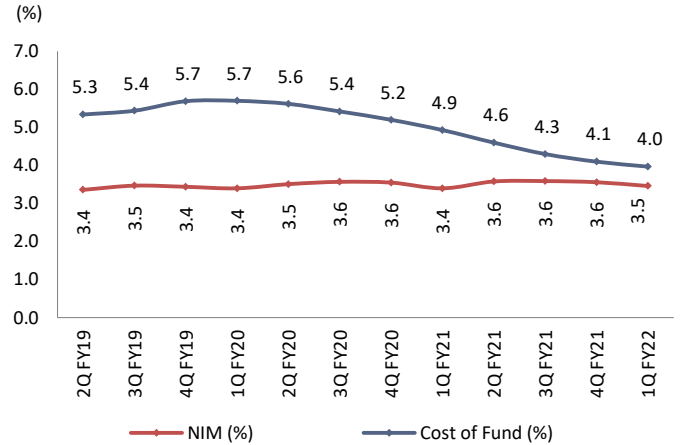
We value the standalone bank at PBV of 2.2x FY23E Adj. BVPS of ₹394 and revise our price target to ₹868 from ₹832. We recommend a BUY on Axis Bank.

Quarterly story in charts

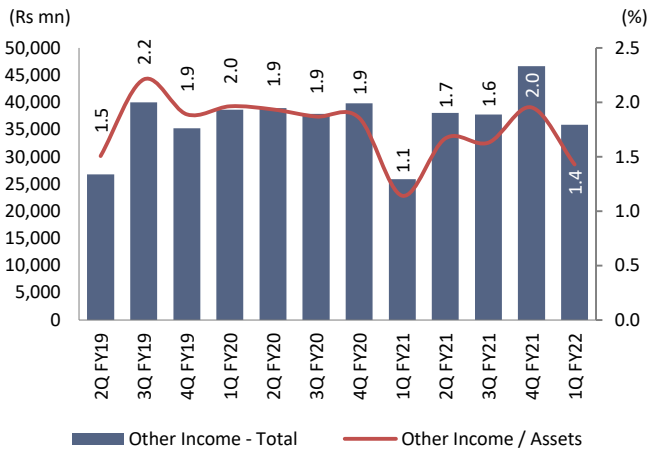
NII Trend



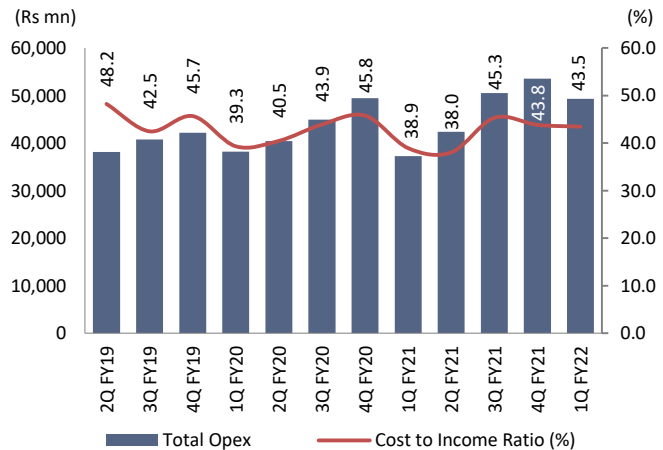
Yields and Margin Trend



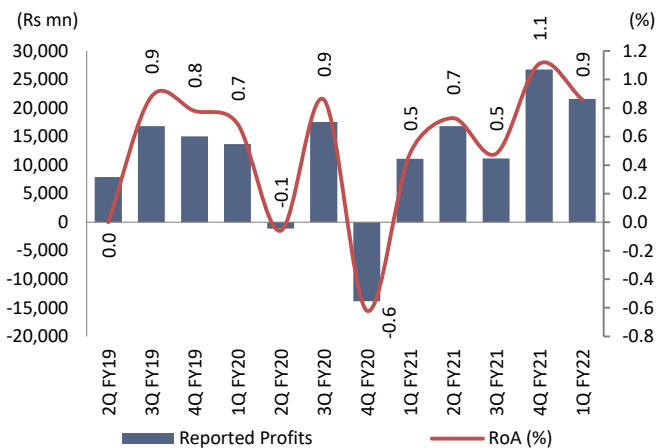
Other Income Trend



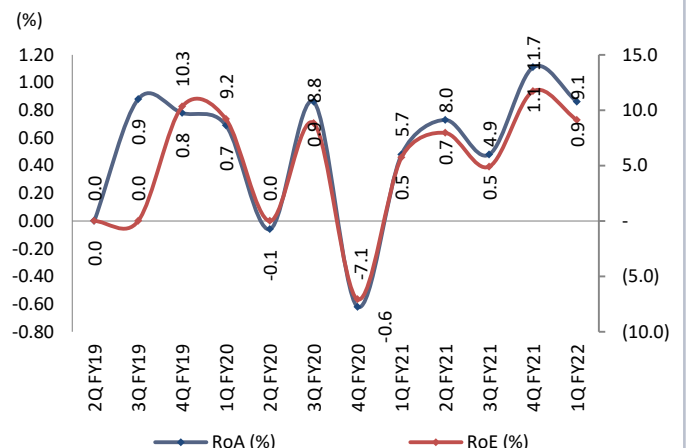
Total Opex Trend



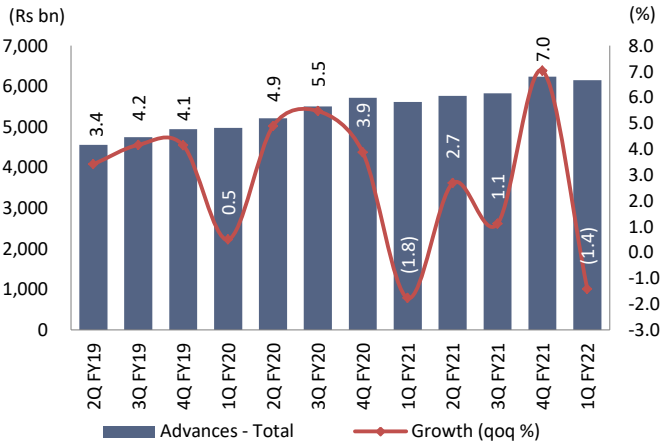
Reported Profit Trend



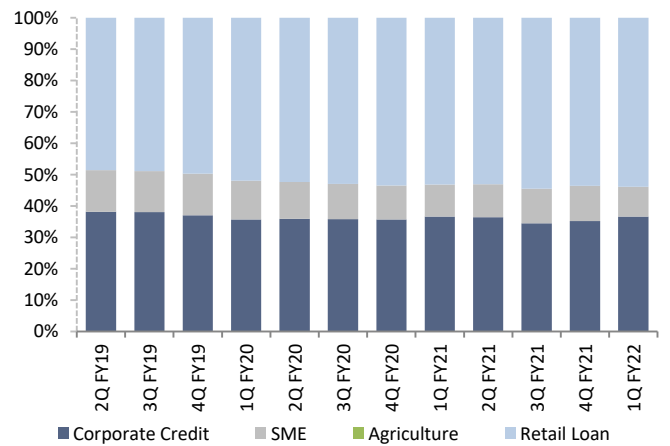
Return Ratio Trend



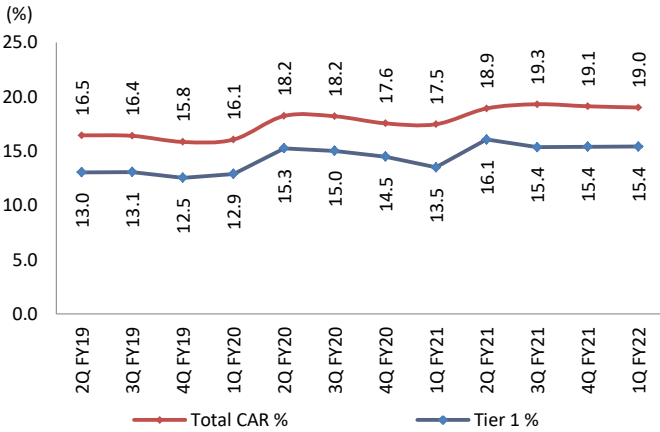
Loan Book Trend



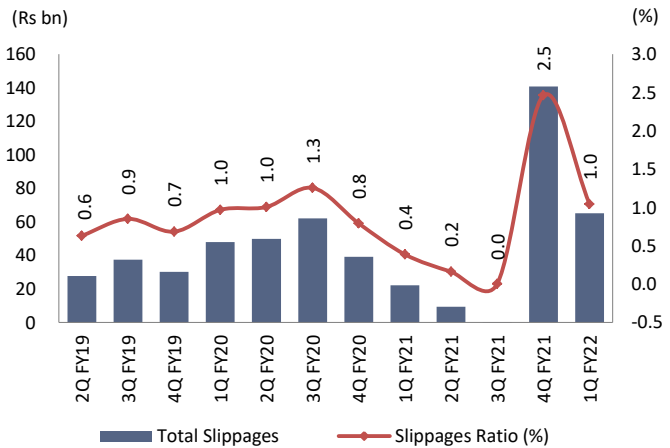
Loan Book Mix



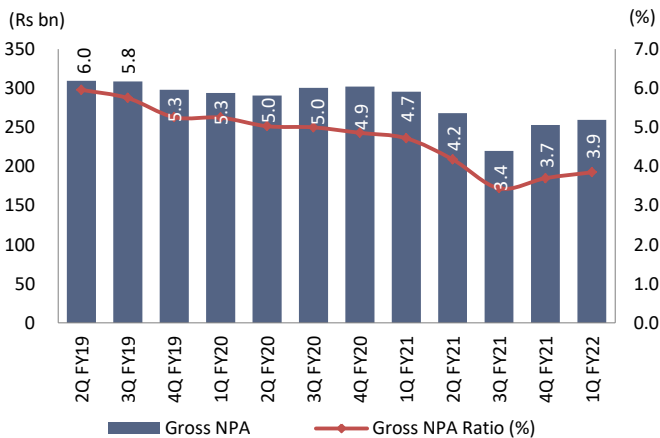
CRAR & Tier 1 Ratio Trend



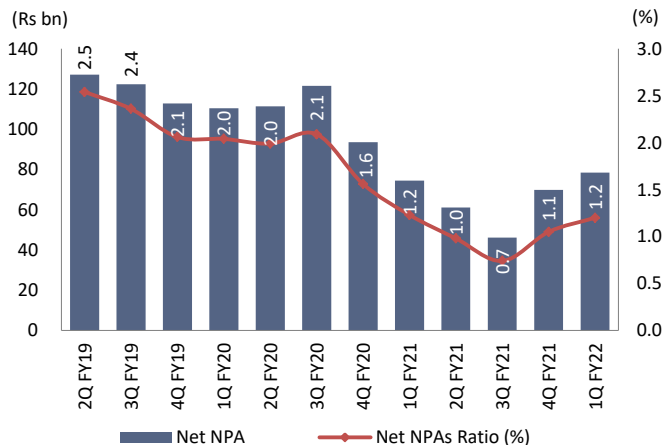
Slippages



Gross NPA Trend



Net NPA Trend



Financial Performance at a glance

Exhibit 1 : Income Statement Analysis

(₹ mn)	1Q FY22	1Q FY21	% yoy / bps	4Q FY21	% qoq / bps	FY21	FY20	% yoy / bps
Int. on Loan	1,18,815	1,25,874	(5.6)	1,15,982	2.4	4,79,189	4,83,030	(0.8)
Int. on Investment	34,282	29,730	15.3	32,935	4.1	1,25,582	1,12,460	11.7
Int. on Balances	2,599	4,399	(40.9)	2,224	16.9	10,379	10,953	(5.2)
Int. Others	4,339	5,386	(19.4)	4,311	0.7	21,303	19,909	7.0
Interest Inc.	1,60,035	1,65,389	(3.2)	1,55,452	2.9	6,36,453	6,26,352	1.6
Interest Expenses	82,432	95,536	(13.7)	79,902	3.2	3,44,062	3,74,290	(8.1)
Net Interest Income	77,603	69,853	11.1	75,550	2.7	2,92,391	2,52,062	16.0
NII to Net Operative Income	68.4	73.0	(459)	61.8	657	66.3	61.9	447
NIM (%)	3.46	3.4	6	3.6	(10)	3.5	3.5	2
Dom. NIM (%)	3.6	3.6	(1)	3.7	(14)	3.7	-	-
Core Fee Income	26,680	16,510	61.6	33,760	(21.0)	1,06,850	1,10,180	(3.0)
Non Core Other Income	9,200	9,350	(1.6)	12,920	(28.8)	41,520	45,186	(8.1)
Other Income - Total	35,882	25,867	38.7	46,683	(23.1)	1,48,382	1,55,366	(4.5)
Other Income to Net Operative Income	31.6	27.0	459	38.2	(657)	33.7	38.1	(447)
Net Operating Revenue	1,13,484	95,720	18.6	1,22,233	(7.2)	4,40,773	4,07,428	8.2
Employee Expenses	18,519	14,061	31.7	16,676	11.1	61,640	53,210	15.8
Empl. Cost/Oper. Exps.	16.3	14.7	163	13.6	268	14.0	13.1	92
Other Opex	30,805	23,215	32.7	36,910	(16.5)	1,22,111	1,19,836	1.9
Other Opex/ Assets	0.3	0.3	5	0.4	(8)	1.3	1.4	(12)
Total Opex	49,324	37,276	32.3	53,586	(8.0)	1,83,752	1,73,046	6.2
Cost to Income Ratio (%)	43.5	38.9	452	43.8	(38)	41.7	42.5	(78)
Pre Provision Profits	64,160	58,444	9.8	68,647	(6.5)	2,57,022	2,34,381	9.7
Provisions & Contingencies - Total	35,320	44,164	(20.0)	32,950	7.2	1,68,963	1,85,339	(8.8)
NPA Provisions as % Operating Income	55.0	75.6	(2,052)	48.0	705	65.7	79.1	(1,334)
Profit Before Tax	28,840	14,280	102.0	35,697	(19.2)	88,058	49,042	79.6
Tax	7,239	3,158	129.2	8,926	(18.9)	22,173	32,770	(32.3)
Effective Tax Rate (%)	25.1	22.1	298	25.0	9	25.2	66.8	(4,164)
Reported Profits	21,602	11,122	94.2	26,771	(19.3)	65,885	16,272	304.9
RoA (%)	0.9	0.5	38	1.1	(25)	0.7	0.2	50
RoE (%)	9.1	5.7	337	11.7	(261)	7.6	2.3	521

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	8,49,479	8,60,710	9,76,638	9,88,167	10,16,030	10,38,898	2.3	20.7
RoE (%)	(7.1)	5.7	8.0	4.9	11.7	9.1	(261)	337
CET1 %	13.3	13.5	16.1	15.4	15.4	15.4	2	192
Tier 1 %	14.5	13.5	16.1	15.4	15.4	15.4	2	192
Total CAR %	17.6	17.5	18.9	19.3	19.1	19.0	(11)	154
RWA - Total	62,89,166	61,00,540	60,93,403	61,91,125	63,75,158	64,77,119	1.6	6.2
Advances - Total	57,14,242	56,13,408	57,63,725	58,27,539	62,37,202	61,48,737	(1.4)	9.5
Investments	15,67,343	18,73,231	20,02,899	19,83,460	22,61,196	23,99,146	6.1	28.1
Total Assets	91,51,648	89,71,382	90,94,631	93,80,492	99,61,184	1,01,20,499	1.6	12.8
RoA (%)	(0.62)	0.48	0.73	0.48	1.11	0.86	(25)	38
Deposits	64,01,049	62,81,503	63,54,543	65,41,403	70,73,061	71,38,622	0.9	13.6
Saving Deposit	17,35,920	17,63,180	18,06,890	18,98,140	20,44,730	21,10,250	3.2	19.7
Current Deposit	9,01,140	8,04,390	10,00,990	9,25,780	11,32,760	9,70,050	(14.4)	20.6
CASA Deposits	26,37,060	25,67,570	28,07,880	28,23,920	31,77,490	30,80,300	(3.1)	20.0
CASA Ratio (%)	39.0	39.0	40.0	42.0	42.0	43.0	100	400
Term Deposits	37,63,989	26,70,860	35,46,663	37,17,483	38,95,571	40,58,322	4.2	51.9
Interest Bearing Liabilities - Total	78,80,591	77,09,863	76,66,616	78,98,061	85,01,792	86,47,999	1.7	12.2

Source: Company, LKP Research

Exhibit 3: Funding Profile Analysis

(₹ mn)	4Q FY20	1Q FY21	2Q FY21	3Q FY21	4Q FY21	1Q FY22	QoQ % / bps	YoY % / bps
Interest Bearing Liabilities - Total	78,80,591	77,09,863	76,66,616	78,98,061	85,01,792	86,47,999	1.7	12.2
Deposits	64,01,049	62,81,503	63,54,543	65,41,403	70,73,061	71,38,622	0.9	13.6
CASA Deposits	26,37,060	25,67,570	28,07,880	28,23,920	31,77,490	30,80,300	(3.1)	20.0
Saving Deposit	17,35,920	17,63,180	18,06,890	18,98,140	20,44,730	21,10,250	3.2	19.7
Current Deposit	9,01,140	8,04,390	10,00,990	9,25,780	11,32,760	9,70,050	(14.4)	20.6
Term Deposits	37,63,989	26,70,860	35,46,663	37,17,483	38,95,571	40,58,322	4.2	51.9
Borrowings	14,79,541	14,28,361	13,12,073	13,56,658	14,28,732	15,09,378	5.6	5.7
Interest Bearing Liabilities - Total	78,80,591	77,09,863	76,66,616	78,98,061	85,01,792	86,47,999	1.7	12.2

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	1Q FY22		FY19	FY20	1Q FY22	FY19	FY20	1Q FY22
Deposits	45,36,227	54,84,713	64,01,049	71,38,622	73.7	20.9	16.7	11.5	92.2	87.2	77.1
Saving Deposit	14,82,020	15,41,288	17,35,916	21,10,250	21.8	4.0	12.6	21.6	5.8	18.5	39.1
Current Deposit	9,56,495	8,92,650	9,01,144	9,70,050	10.0	(6.7)	1.0	7.6	(6.2)	0.8	7.2
CASA Deposits	24,38,516	24,33,938	26,37,061	30,80,300	31.8	(0.2)	8.3	16.8	(0.4)	19.3	46.3
Term Deposits	20,97,711	30,50,775	37,63,989	40,58,322	41.9	45.4	23.4	7.8	92.7	67.9	30.8
Borrowings	14,80,161	15,27,758	14,79,541	15,09,378	15.6	3.2	(3.2)	2.0	4.6	(4.6)	3.1
Interest Bearing Liabilities - Total	60,16,389	70,12,471	78,80,591	86,47,999	89.3	16.6	12.4	9.7	96.9	82.6	80.2
Net Worth	6,34,453	6,66,763	8,49,478	10,38,898	10.7	5.1	27.4	22.3	3.1	17.4	19.8
Working Fund	66,50,841	76,79,234	87,30,069	96,86,897	100.0	15.5	13.7	11.0	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>(108)</i>			

Source: Company, LKP Research

Exhibit 5: Asset Quality Analysis

(₹ mn)	4Q FY20	1Q FY21	2Q FY21	3Q FY21	4Q FY21	1Q FY22	QoQ % / bps	YoY % / bps
<i>Total Slippages</i>	<i>39,200</i>	<i>22,180</i>	<i>9,310</i>	<i>290</i>	<i>1,40,690</i>	<i>65,180</i>	<i>(53.7)</i>	<i>193.9</i>
<i>Slippages Ratio (%)</i>	<i>0.79</i>	<i>0.39</i>	<i>0.16</i>	<i>0.01</i>	<i>2.46</i>	<i>1.05</i>	<i>(142)</i>	<i>66</i>
<i>Gross NPA</i>	<i>3,02,338</i>	<i>2,95,602</i>	<i>2,68,136</i>	<i>2,19,979</i>	<i>2,53,148</i>	<i>2,59,498</i>	<i>2.5</i>	<i>(12.2)</i>
<i>Gross NPAs Ratio (%)</i>	<i>4.86</i>	<i>4.72</i>	<i>4.18</i>	<i>3.44</i>	<i>3.70</i>	<i>3.85</i>	<i>15</i>	<i>(87)</i>
<i>PCR - Calculated (%)</i>	<i>69.0</i>	<i>74.8</i>	<i>77.2</i>	<i>79.0</i>	<i>72.4</i>	<i>69.8</i>	<i>(261)</i>	<i>(504)</i>
<i>PCR - Inc. Tech w/o (%)</i>	<i>83.0</i>	<i>87.0</i>	<i>88.0</i>	<i>87.0</i>	<i>88.0</i>	<i>87.0</i>	<i>(100)</i>	<i>-</i>
<i>Net NPA</i>	<i>93,604</i>	<i>74,480</i>	<i>61,079</i>	<i>46,098</i>	<i>69,935</i>	<i>78,465</i>	<i>12.2</i>	<i>5.4</i>
<i>Net NPAs Ratio (%)</i>	<i>1.56</i>	<i>1.23</i>	<i>0.98</i>	<i>0.74</i>	<i>1.05</i>	<i>1.20</i>	<i>15</i>	<i>(3)</i>
<i>Standard Restructured</i>	<i>-</i>	<i>-</i>	<i>-</i>	<i>27,090</i>	<i>18,480</i>	<i>21,920</i>	<i>18.6</i>	<i>-</i>
<i>Std. Rest. Adv. as % of Advances</i>	<i>-</i>	<i>-</i>	<i>-</i>	<i>0.42</i>	<i>0.30</i>	<i>0.33</i>	<i>3</i>	<i>-</i>
<i>BB & Below Non-Fund Based O/S</i>	<i>39,060</i>	<i>37,210</i>	<i>49,280</i>	<i>47,960</i>	<i>45,740</i>	<i>44,240</i>	<i>(3.3)</i>	<i>18.9</i>
<i>BB & Below Investments</i>	<i>5,620</i>	<i>6,120</i>	<i>8,080</i>	<i>6,200</i>	<i>6,660</i>	<i>6,350</i>	<i>(4.7)</i>	<i>3.8</i>
<i>BB & Below Advances</i>	<i>65,280</i>	<i>64,200</i>	<i>91,180</i>	<i>87,220</i>	<i>74,430</i>	<i>80,420</i>	<i>8.0</i>	<i>25.3</i>

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 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
<i>C/I Ratio</i>	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 Reval. 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)	131.1	35.2	21.4	17.3	13.9
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)	2.5	2.3	2.1	1.8	1.6
Adj. BV	301.1	331.6	350.6	394.4	448.9
Adj. BV (% YoY)	16.1	10.2	5.7	12.5	13.8
P/ABV (x)	2.5	2.3	2.2	1.9	1.7

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 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>		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>		7.9	10.4	11.6	12.3
<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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