

BANK OF BARODA | Banking

Credit quality outcome better; multi quarter high profit

LKP**Result and Price Analysis:**

In 2QFY22, Bank of Baroda (BOB) has delivered an expected result on operating and asset quality front. Fresh slippages were marginally higher at ₹52bn v/s ₹51bn in 1QFY22. Furthermore, the reduction (up-gradation & recovery) stood ₹93bnbn v/s ₹98bn in the previous quarter. It reported GNPA (8.11% v/s 8.86% in 1QFY22) and NNPA (2.83% v/s 3.03% in 1QFY22) declined substantially along with higher PCR (incl. TWO) of 83%. The bank has witnessed sequential growth in net advances (3.6% YoY, 3.8% QoQ) and deposit growth (0.5% YoY, 3% QoQ) with better liquidity position (LCR of 140%+). Moreover the bank has reported multi quarter high net profit of ₹21bn on the back of lower provision (₹27.5bn v/s ₹40bn in the previous quarter). Restructuring pool stood ~3% of book with provision coverage (ex. PCR) of ~0.35% of book. It seems adequate factoring 10% relapse rate. We believe the negatives are in the price and risk reward remains attractive with an inexpensive valuation (0.6x PBV). Thus reiterate BUY.

Gazing the core:

In 2QFY22, the fresh slippages were marginally higher at ₹52bn v/s ₹51bn in the previous quarter. Corporate book contributed 56% of the slippages amount where retail contribution was lower at 9%. The corporate slippages (₹29bn) carries lumpy SREI exposure (₹20bn; 50% PCR). The slippages guidance is unchanged at 2%. The reduction (up-gradation & recovery) stood ₹93bnbn v/s ₹98bn in the previous quarter. DHFL recovery is included in TWO. Total recovery from DHFL is ₹8.8bn. Write – offs stood at ₹52bn, which carries a large part from R-ADAG. The Bank's SMA 1&2 book inched down to 1.87% v/s 2.68% in the previous quarter. The standard restructured amount stood at ~₹205bn (3% of advances). Restructuring break – up stands as 36% from corporate, 33% from MSME, 26% from retail and rest are from other/overseas portfolio. The GNPA and NNPA ratio inched down to 8.11%/2.83% against 8.86%/3.03% in the previous quarter. The PCR including technical write-off stood at 83% of GNPLs. The absolute GNPA decreased by 5.6% sequentially.

Key Financials (₹ mn)	FY20	FY21	FY22E	FY23E	FY24E
NII	2,74,513	2,88,090	3,07,182	3,30,634	3,60,126
Operating Profit	1,96,914	2,06,298	2,24,489	2,44,578	2,69,512
Reported Profits	5,469	8,290	67,051	82,055	1,06,177
Net Worth	6,57,767	7,18,686	7,85,738	8,67,793	9,73,970
Loan & Advances	69,01,207	70,63,005	74,86,785	80,10,860	86,51,729
Int. Bearing Liabilities	1,03,90,537	1,03,38,449	1,10,51,624	1,18,85,458	1,29,12,657

Key Ratios (%)	FY20	FY21	FY22E	FY23E	FY24E
NIM's	3.0	2.6	2.7	2.7	2.7
C/I Ratio	47.9	49.9	49.3	49.1	48.6
Gross NPA Ratio	9.4	8.9	6.2	4.0	2.4
Tier 1 Ratio	9.4	13.4	10.6	10.8	10.9
Adj. RoA Ratio	0.1	0.1	0.6	0.6	0.8
Adj. RoE Ratio	0.9	1.1	8.6	9.9	11.5

Rating	Buy
Current Market Price (₹)	101
12 M Price Target (₹)	124
Potential upside (%)	23

Stock Data

FV (₹) :	2
Total Market Cap (₹ bn) :	524
Free Float Market Cap (₹ bn) :	187
52-Week High / Low (₹) :	44 / 108
2-Year High / Low (₹) :	36 / 108
1 Year Avg. Dly Traded Volume (in lakh)	569
BSE Code / NSE Symbol	532134 / BANKBARODA
Bloomberg :	BOB IN

Shareholding Pattern (%)

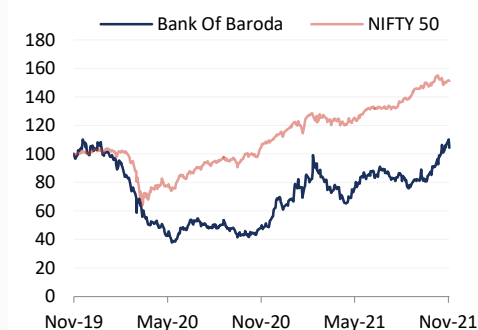
	Sep-21	Jun-21	Mar-21	Dec-20
GOI	63.97	63.97	63.97	71.60
FPIs	7.82	7.87	6.89	4.32
MFs	8.75	9.21	9.20	6.47
Insurance	5.75	5.00	6.32	4.56
Others	13.71	13.95	13.62	13.05

Source: BSE

Price Performance (%)

(%)	1M	3M	6M	1YR
BOB	14.3	28.9	37.0	108.9
Nifty 50	0.7	10.7	20.6	42.6

* To date / current date : November 10, 2021

BOB vs Nifty 50

Provision buffer seems adequate: The Bank has made provisioning of ₹27.5bn (Credit cost: 1.46% v/s 1.36% in 1QFY22) v/s ₹40bn in 1QFY22. The bank has utilized ₹0.5bn of standard asset provisions made in prior quarters. Therefore, the reported provision number was sequentially less. The contingent provisioning (for restructured book) stood ~35bps of the net advances. It seems adequate considering 10% relapse rate.

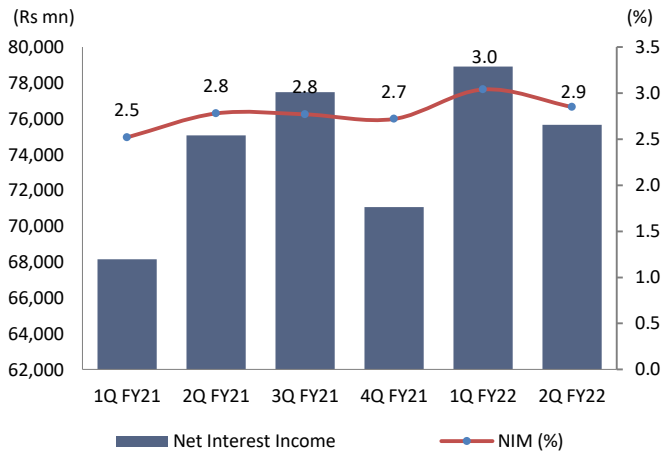
Multi quarter high profit: Domestic NIMs (2.9%) down by 22bps driven by lower Yields. Management believes the NIMs to remain stable for FY22E. YOA and COD stood at 6.55% and 3.52% against 6.85% and 3.55% in the previous quarter. Overall NIMs inched down by 19bps to 2.85% which translated in NII (₹75bn) de-growth sequentially of 4.1%. A NII de-growth, strong other income growth (25% QoQ) and higher opex have translated in marginal PPOP growth of 1.2% QoQ. Lower provision expenses (₹27.5bn v/s ₹40bn in 2QFY22), owing specific provision utilization, has translated in 73% sequential jump in PAT of ₹21bn.

Outlook & Valuations

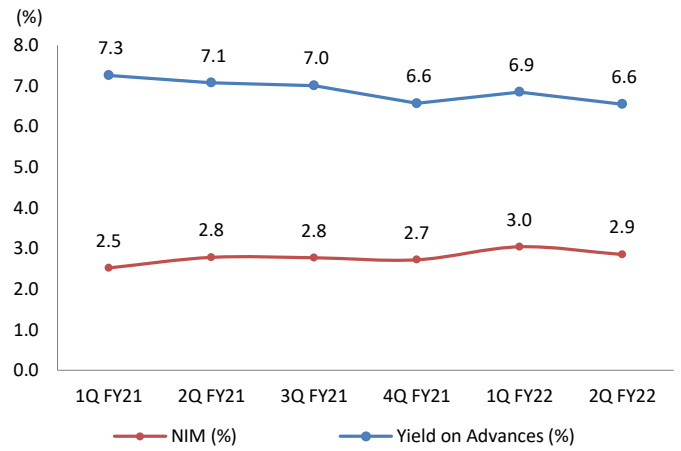
We expect BOB to post a ROA/ROE of 0.6%/8.7% by FY23E led by stable balance sheet growth along with higher PCR and steady asset quality. We value the standalone bank at PBV of 0.9x FY23E Adj. BVPS of ₹137 to arrive at a price target of ₹124 (revised upwards). We recommend BUY with potential upside of 23%.

Quarterly story in charts

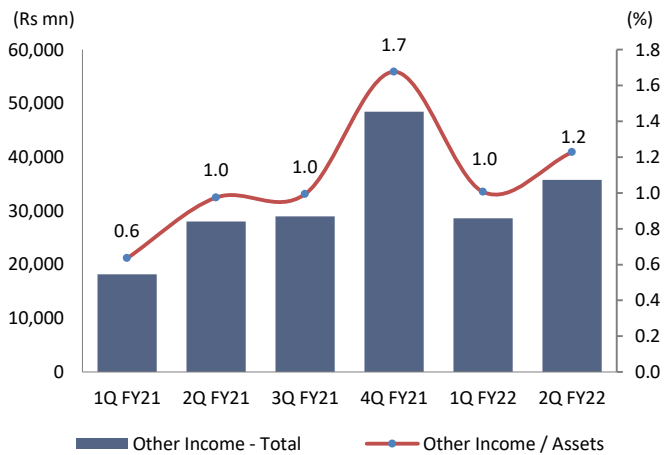
NII Trend



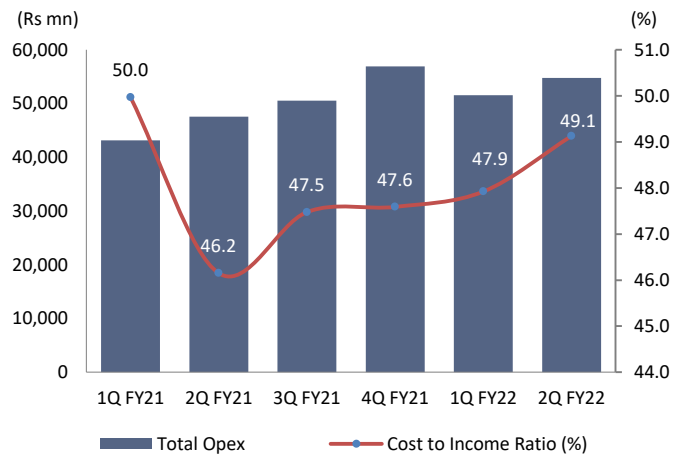
Yields and Margin Trend



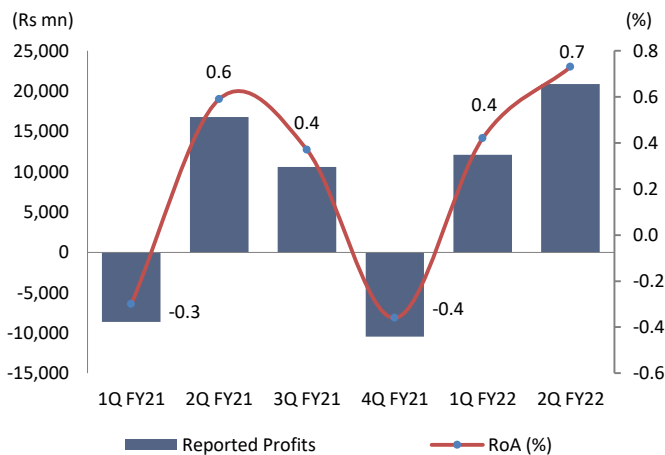
Other Income Trend



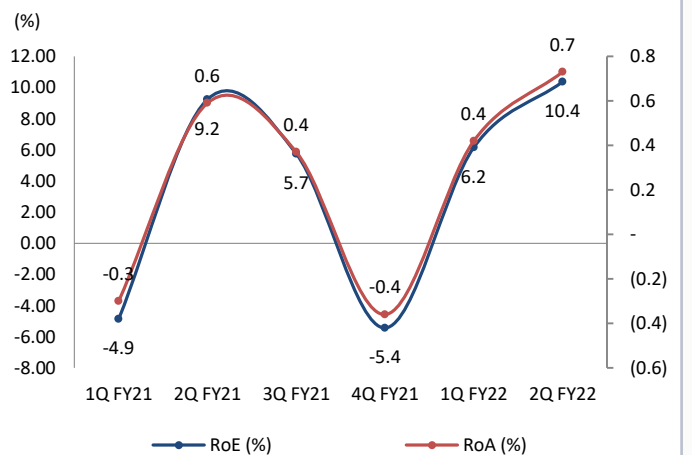
Total Opex Trend



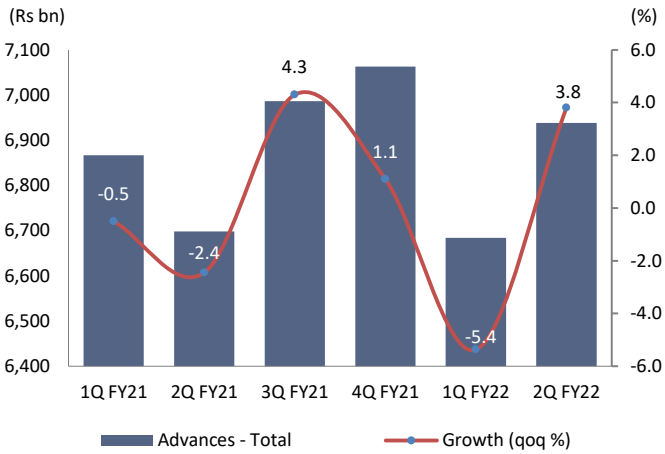
Reported Profit Trend



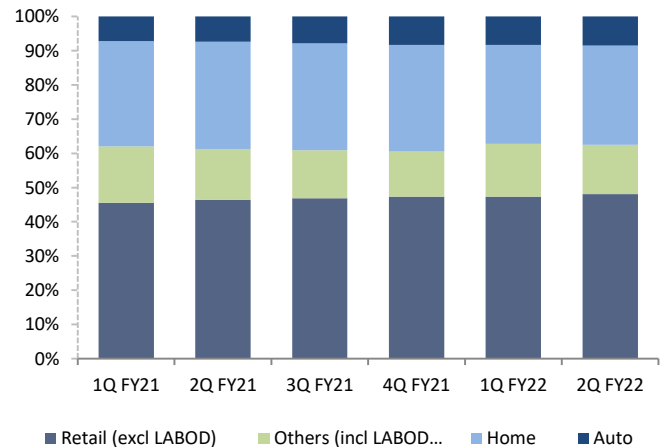
Return Ratio Trend



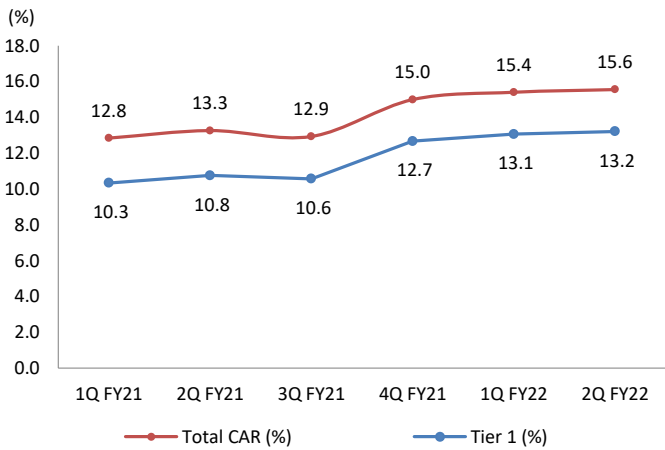
Loan Book Trend



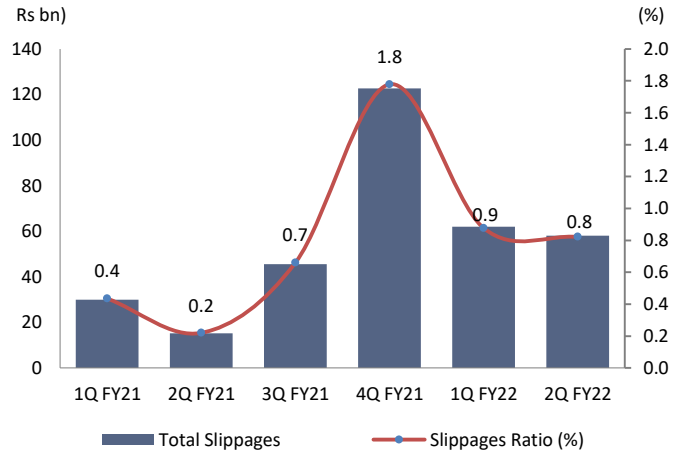
Loan Book Mix Trend



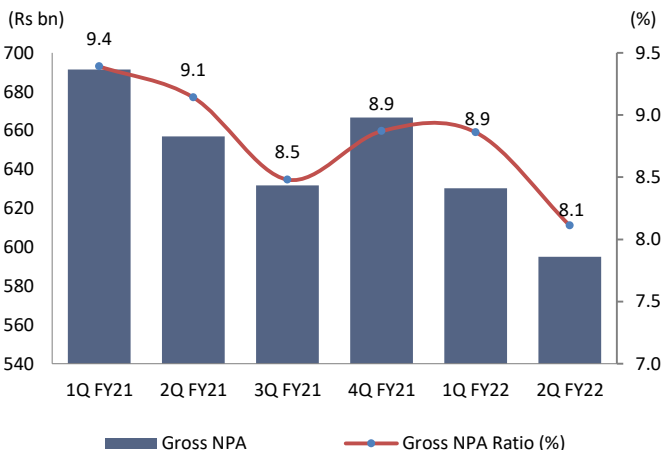
CRAR & Tier 1 Ratio Trend



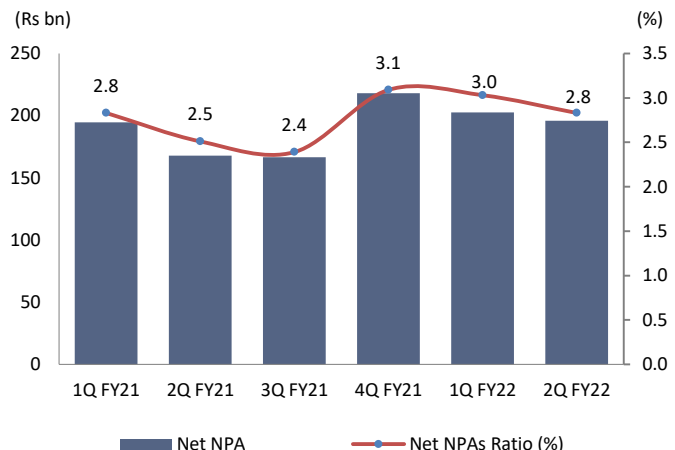
Slippages Trend



Gross NPA Trend



Gross NPA Trend



Financial Performance at a glance

Exhibit 1 : Income Statement Analysis

(₹ mn)	2Q FY22	2Q FY21	% yoy / bps	1Q FY22	% qoq / bps	FY21	FY20	% yoy / bps
Int. on Loan	1,16,438	1,28,380	(9.3)	1,21,682	(4.3)	5,00,521	5,41,158	(7.5)
Int. on Investment	42,125	42,568	(1.0)	40,711	3.5	1,70,771	1,80,974	(5.6)
Int. on Balances	2,942	3,342	(12.0)	2,075	41.8	14,509	17,687	(18.0)
Int. Others	5,411	4,887	10.7	6,059	(10.7)	19,149	20,018	(4.3)
Interest Inc.	1,66,915	1,79,176	(6.8)	1,70,526	(2.1)	7,04,951	7,59,837	(7.2)
Interest Expenses	91,256	1,04,101	(12.3)	91,610	(0.4)	4,16,860	4,85,324	(14.1)
Net Interest Income	75,660	75,075	0.8	78,917	(4.1)	2,88,090	2,74,513	4.9
<i>NII to Net Operative Income</i>	<i>67.9</i>	<i>72.8</i>	<i>(493)</i>	<i>73.4</i>	<i>(549)</i>	<i>70.0</i>	<i>72.7</i>	<i>(271)</i>
<i>NIM (%)</i>	<i>2.85</i>	<i>2.8</i>	<i>7</i>	<i>3.0</i>	<i>(19)</i>	<i>-</i>	<i>-</i>	<i>-</i>
Core Fee Income	14,990	14,370	4.3	15,060	(0.5)	58,700	54,430	7.8
Non Core Other Income	20,802	13,650	52.4	13,572	53.3	64,930	48,747	33.2
Other Income - Total	35,792	28,023	27.7	28,632	25.0	1,23,644	1,03,173	19.8
<i>Other Inc to Net Oper. Income (%)</i>	<i>32.1</i>	<i>27.2</i>	<i>493</i>	<i>26.6</i>	<i>549</i>	<i>30.0</i>	<i>27.3</i>	<i>271</i>
Net Operating Revenue	1,11,452	1,03,098	8.1	1,07,549	3.6	4,11,735	3,77,686	9.0
Employee Expenses	31,143	25,503	22.1	30,595	1.8	1,14,455	87,695	30.5
<i>Empl. Cost/Oper. Exps. (%)</i>	<i>27.9</i>	<i>24.7</i>	<i>321</i>	<i>28.4</i>	<i>(50)</i>	<i>27.8</i>	<i>23.2</i>	<i>458</i>
Other Opex	23,613	22,077	7.0	20,946	12.7	90,981	93,077	(2.3)
<i>Other Opex/ Assets (%)</i>	<i>0.2</i>	<i>0.2</i>	<i>1</i>	<i>0.2</i>	<i>2</i>	<i>0.8</i>	<i>1.0</i>	<i>(17)</i>
Total Opex	54,756	47,580	15.1	51,540	6.2	2,05,437	1,80,772	13.6
<i>Cost to Income Ratio (%)</i>	<i>49.1</i>	<i>46.2</i>	<i>298</i>	<i>47.9</i>	<i>121</i>	<i>49.9</i>	<i>47.9</i>	<i>203</i>
Pre Provision Profits	56,696	55,518	2.1	56,008	1.2	2,06,298	1,96,914	4.8
Provisions & Contingencies - Total	27,536	30,016	(8.3)	40,054	(31.3)	1,50,738	2,14,928	(29.9)
<i>NPA Provisions as % PPP</i>	<i>48.6</i>	<i>54.1</i>	<i>(550)</i>	<i>71.5</i>	<i>(2,295)</i>	<i>73.1</i>	<i>109.1</i>	<i>(3,608)</i>
Profit Before Tax	29,160	25,502	14.3	15,954	82.8	55,560	(18,014)	(408.4)
Tax	8,281	8,716	(5.0)	3,868	114.1	47,271	(23,483)	(301.3)
<i>Effective Tax Rate (%)</i>	<i>28.4</i>	<i>34.2</i>	<i>(578)</i>	<i>24.2</i>	<i>416</i>	<i>85.1</i>	<i>130.4</i>	<i>(4,528)</i>
Reported Profits	20,879	16,786	24.4	12,086	72.7	8,290	5,469	51.6
<i>RoA (%)</i>	<i>0.7</i>	<i>0.6</i>	<i>14</i>	<i>0.4</i>	<i>31</i>	<i>-</i>	<i>-</i>	<i>-</i>
<i>RoE (%)</i>	<i>10.4</i>	<i>9.2</i>	<i>113</i>	<i>6.2</i>	<i>421</i>	<i>-</i>	<i>-</i>	<i>-</i>

Source: Company, LKP Research

Exhibit 2 : Balance Sheet Analysis

(₹ mn)	1Q FY21	2Q FY21	3Q FY21	4Q FY21	1Q FY22	2Q FY22	QoQ % / bps	YoY % / bps
Net Worth	7,11,005	7,26,833	7,38,676	7,70,457	7,85,196	8,05,633	2.6	10.8
RoE (%)	(4.9)	9.2	5.7	(5.4)	6.2	10.4	421	113
CET1 (%)	9.1	9.2	9.0	10.9	11.3	11.4	14	218
Tier 1 (%)	10.3	10.8	10.6	12.7	13.1	13.2	15	246
Total CAR (%)	12.8	13.3	12.9	15.0	15.4	15.6	15	229
RWA - Total	60,81,542	60,62,896	63,69,528	62,07,538	59,91,753	59,17,428	(1.2)	(2.4)
Advances - Total	68,66,718	66,98,511	69,86,516	70,63,005	66,83,815	69,38,199	3.8	3.6
Investments	27,08,652	26,59,540	26,71,082	26,12,203	26,09,430	28,18,095	8.0	6.0
Total Assets	1,13,22,554	1,14,28,443	1,17,33,963	1,15,53,648	1,12,17,829	1,17,66,640	4.9	3.0
RoA (%)	(0.30)	0.59	0.37	(0.36)	0.42	0.73	31	14
Deposits	93,44,613	95,43,402	95,45,608	96,69,969	93,13,169	95,94,843	3.0	0.5
Saving Deposit	27,36,040	28,03,880	28,73,930	30,64,180	30,43,500	31,56,680	3.7	12.6
Current Deposit	4,76,250	5,21,040	5,65,440	6,16,090	5,76,940	6,00,980	4.2	15.3
CASA Deposits	32,12,290	33,24,930	34,39,370	36,80,270	36,20,440	37,57,660	3.8	13.0
CASA Ratio (%)	39.5	39.8	41.2	42.9	43.2	43.5	25	368
Term Deposits	61,32,323	62,18,472	61,06,238	59,89,699	56,92,729	58,37,183	2.5	(6.1)
Interest Bearing Liabilities - Total	1,01,12,887	1,02,08,585	1,04,60,240	1,03,38,449	99,29,200	1,05,34,681	6.1	3.2

Source: Company, LKP Research

Exhibit 3: Funding Profile Analysis

(₹ mn)	1Q FY21	2Q FY21	3Q FY21	4Q FY21	1Q FY22	2Q FY22	QoQ % / bps	YoY % / bps
Interest Bearing Liabilities - Total	1,01,12,887	1,02,08,585	1,04,60,240	1,03,38,449	99,29,200	1,05,34,681	6.1	3.2
Deposits	93,44,613	95,43,402	95,45,608	96,69,969	93,13,169	95,94,843	3.0	0.5
CASA Deposits	32,12,290	33,24,930	34,39,370	36,80,270	36,20,440	37,57,660	3.8	13.0
Saving Deposit	27,36,040	28,03,880	28,73,930	30,64,180	30,43,500	31,56,680	3.7	12.6
Current Deposit	4,76,250	5,21,040	5,65,440	6,16,090	5,76,940	6,00,980	4.2	15.3
Term Deposits	61,32,323	62,18,472	61,06,238	59,89,699	56,92,729	58,37,183	2.5	(6.1)
Borrowings	7,68,274	6,65,183	9,14,632	6,68,479	6,16,032	9,39,838	52.6	41.3
Interest Bearing Liabilities - Total	1,01,12,887	1,02,08,585	1,04,60,240	1,03,38,449	99,29,200	1,05,34,681	6.1	3.2

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 (%)		
	FY19	FY20	FY21	2Q FY22		FY20	FY21	2Q FY22	FY20	FY21	2Q FY22
Deposits	63,86,897	94,59,844	96,69,969	95,94,843	84.6	48.1	2.2	(0.8)	85.6	(1,08,488.0)	(32.5)
Saving Deposit	17,68,936	26,92,430	30,96,108	31,56,680	27.8	52.2	15.0	2.0	25.7	(2,08,419.6)	26.2
Current Deposit	4,69,007	6,45,806	7,86,714	6,00,980	5.3	37.7	21.8	(23.6)	4.9	(72,751.1)	(80.3)
CASA Deposits	22,37,944	33,38,237	38,82,822	37,57,660	33.1	49.2	16.3	(3.2)	30.6	(2,81,170.7)	(54.1)
Term Deposits	41,48,953	61,21,608	57,87,147	58,37,183	51.5	47.5	(5.5)	0.9	54.9	1,72,682.7	21.6
Borrowings	6,72,013	9,30,693	6,68,479	9,39,838	8.3	38.5	(28.2)	40.6	7.2	1,35,381.6	117.3
Interest Bearing Liabilities - Total	70,58,910	1,03,90,537	1,03,38,449	1,05,34,681	92.9	47.2	(0.5)	1.9	92.8	26,893.5	84.8
Net Worth	4,59,411	7,18,562	7,70,457	8,05,633	7.1	56.4	7.2	4.6	7.2	(26,793.5)	15.2
Working Fund	75,18,321	1,11,09,099	1,11,08,906	1,13,40,314	100.0	47.8	(0.0)	2.1	100.0	100.0	100.0
<i>Interest Exp. / Assets</i>	<i>4.17</i>	<i>5.01</i>	<i>3.60</i>	<i>3.1</i>		<i>84</i>	<i>(140)</i>	<i>(47)</i>			

Source: Company, LKP Research

Exhibit 5: Asset Quality Analysis

(₹ mn)	1Q FY21	2Q FY21	3Q FY21	4Q FY21	1Q FY22	2Q FY22	QoQ % / bps	YoY % / bps
Total Slippages	30,020	15,200	45,600	1,22,740	61,940	58,020	(6.3)	281.7
Slippages Ratio (%)	0.43	0.22	0.66	1.78	0.88	0.82	(6)	60
Gross NPA	6,91,320	6,56,980	6,31,816	6,66,710	6,30,288	5,95,038	(5.6)	(9.4)
Gross NPAs Ratio (%)	9.39	9.14	8.48	8.87	8.86	8.11	(75)	(103)
PCR - Calculated (%)	71.9	74.4	73.6	67.3	67.9	67.1	(80)	(738)
<i>PCR - Inc. Tech w/o (%)</i>	<i>83.3</i>	<i>85.4</i>	<i>85.5</i>	<i>81.8</i>	<i>83.1</i>	<i>83.4</i>	<i>28</i>	<i>(193)</i>
Net NPA	1,94,497	1,67,949	1,66,677	2,17,999	2,02,600	1,96,017	(3.2)	16.7
Net NPAs Ratio (%)	2.83	2.51	2.39	3.09	3.03	2.83	(20)	32

Source: Company, LKP Research

Annual Projections

Exhibit 6: Profit and Loss Statement

(₹ mn)	FY20	FY21	FY22E	FY23E	FY24E
Int. Income / Opr. Revenue	7,59,837	7,04,951	7,30,720	7,84,681	8,50,855
Interest Expenses	4,85,324	4,16,860	4,23,538	4,54,047	4,90,728
Net Interest Income	2,74,513	2,88,090	3,07,182	3,30,634	3,60,126
<i>NIM (%)</i>	3.01	2.65	2.72	2.72	2.73
Adjusted NII	2,54,495	2,68,941	3,07,182	3,30,634	3,60,126
Core Fee Income	64,469	78,452	86,298	94,927	1,04,420
Exchange Income	10,161	10,491	11,540	12,695	13,964
Sale of Investments	27,544	34,701	38,171	41,988	46,187
Other Misc. Income	999	-	-	-	-
Other Income - Total	1,03,173	1,23,644	1,36,009	1,49,610	1,64,571
Net Operating Revenue	3,77,686	4,11,735	4,43,191	4,80,243	5,24,697
Employee Exp.	87,695	1,14,455	1,25,901	1,41,009	1,58,635
Other Opex	93,077	90,981	92,801	94,657	96,550
Total Opex	1,80,772	2,05,437	2,18,702	2,35,666	2,55,185
<i>C/I Ratio (%)</i>	47.86	49.90	49.35	49.07	48.63
Pre Provision Profits	1,96,914	2,06,298	2,24,489	2,44,578	2,69,512
<i>PPP Growth (yoy %)</i>	46.0	4.8	8.8	8.9	10.2
Provisions & Contingencies - Total	2,14,928	1,50,738	1,35,087	1,35,171	1,27,943
<i>Credit Cost (As % of Op. AUM)</i>	3.52	2.14	1.50	1.40	1.20
Profit Before Tax	(18,014)	55,560	89,402	1,09,407	1,41,569
Tax	(23,483)	47,271	22,350	27,352	35,392
<i>Effective Tax Rate (%)</i>	130.4	85.1	25.0	25.0	25.0
Reported Profits	5,469	8,290	67,051	82,055	1,06,177
<i>PAT Growth (yoy %)</i>	26.2	51.6	708.9	22.4	29.4

Source: Company, LKP Research

Exhibit 7: Balance Sheet

(₹ mn)	FY20	FY21	FY22E	FY23E	FY24E
Equity Share Capital	9,254	10,355	10,355	10,355	10,355
Reserves (ex Reval. Reserve)	6,48,513	7,08,331	7,75,383	8,57,438	9,63,615
Net Worth - Ex Revaluation	6,57,767	7,18,686	7,85,738	8,67,793	9,73,970
Deposits	94,59,844	96,69,969	1,03,44,320	1,11,36,674	1,21,12,072
Borrowings	9,30,693	6,68,479	7,07,304	7,48,784	8,00,585
Interest Bearing Liabilities (₹ mn)	1,03,90,537	1,03,38,449	1,10,51,624	1,18,85,458	1,29,12,657
Other Lia. & Prov.	4,70,056	4,44,742	5,47,321	6,08,336	6,77,826
Total Liabilities	1,15,79,155	1,15,53,648	1,23,84,682	1,33,61,587	1,45,64,453
Assets					
Cash & Cash Equivalent	12,19,011	12,04,128	13,42,768	14,59,212	15,91,409
Investments	27,46,146	26,12,203	28,42,199	31,28,163	34,96,429
Credit Equivalent	1,37,261	1,71,463	2,59,201	3,94,158	6,02,121
Loan & Advances (₹ mn)	69,01,207	70,63,005	74,86,785	80,10,860	86,51,729
<i>Growth (yoy %)</i>	<i>47.2</i>	<i>2.3</i>	<i>6.0</i>	<i>7.0</i>	<i>8.0</i>
Fixed Assets	88,893	80,162	83,131	89,468	97,091
Other Assets	6,23,898	5,94,149	6,29,798	6,73,884	7,27,795
Total Assets	1,15,79,155	1,15,53,648	1,23,84,682	1,33,61,587	1,45,64,453

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)	4,627	5,178	5,178	5,178	5,178
Earnings Per Share (₹)	1.2	1.6	13.0	15.8	20.5
EPS (% YoY)	44.6	35.5	708.9	22.4	29.4
P/E (x)	85.2	62.9	7.8	6.4	4.9
Book Value (₹)	142.2	138.8	151.8	167.6	188.1
BVPS (% YoY)	82.0	(2.4)	9.3	10.4	12.2
P/BV (x)	0.7	0.7	0.7	0.6	0.5
Adj. BV (₹)	118.8	117.8	121.6	137.4	157.9
Adj. BV (% YoY)	87.5	(0.9)	3.3	13.0	14.9
P/ABV (x)	0.8	0.9	0.8	0.7	0.6

Source: Company, LKP Research

Exhibit 9: Detailed ROA Tree

Y/E Mar	FY20	FY21	FY22E	FY23E	FY24E
Yields / Margins					
Yield on Advance	9.3	7.2	7.2	7.2	7.2
Yield on Funds	8.3	6.5	6.5	6.5	6.5
Cost of Funds (CoF)	5.6	4.0	4.0	4.0	4.0
Interest Spread	2.8	2.5	2.5	2.5	2.5
NIM's	3.0	2.6	2.7	2.7	2.7
Interest Income / Assets	7.8	6.1	6.1	6.1	6.1
Interest Exp. / Assets	5.0	3.6	3.5	3.5	3.5
NII / Assets	2.8	2.5	2.6	2.6	2.6
Fee Income / Assets	0.7	0.7	0.7	0.7	0.7
Other Non Core Income / Assets	0.3	0.3	0.3	0.3	0.3
Other Income / Assets	1.1	1.1	1.1	1.2	1.2
Net Operating Income / Assets	3.9	3.6	3.7	3.7	3.8
Operating Ratios					
NII to Net Operative Income	72.7	70.0	69.3	68.8	68.6
Other Income to Net Operative Income	27.3	30.0	30.7	31.2	31.4
Empl. Cost/Oper. Exps.	48.5	55.7	57.6	59.8	62.2
Other Op. Exps./Oper. Exps.	51.5	44.3	42.4	40.2	37.8
C/I Ratio (%)	47.9	49.9	49.3	49.1	48.6
Provisions as % PPP	56.9	36.6	30.5	28.1	24.4
Credit Cost (As % of Op. AUM)	3.5	2.1	1.5	1.4	1.2
Effective Tax Rate (%)	130.4	85.1	25.0	25.0	25.0
Employee Exp. / Assets	0.9	1.0	1.1	1.1	1.1
Other Opex/ Assets	1.0	0.8	0.8	0.7	0.7
Total Opex / Assets	1.9	1.8	1.8	1.8	1.8
Operating Profits / Assets	2.0	1.8	1.9	1.9	1.9
Op Profit ex Except Items / Assets	2.0	1.8	1.9	1.9	1.9
Provisions / Assets	2.2	1.3	1.1	1.1	0.9
Profit Before Tax / Assets	(0.2)	0.5	0.7	0.8	1.0
Tax Expenses / Assets	(0.2)	0.4	0.2	0.2	0.3
RoA	0.1	0.1	0.6	0.6	0.8
Leverage (x)	17.6	16.1	15.8	15.4	15.0
RoE	0.9	1.1	8.6	9.9	11.5
Adj. RoA	0.1	0.1	0.6	0.6	0.8
Adj. RoE	0.9	1.1	8.6	9.9	11.5

Source: Company, LKP Research

Exhibit 10: Balance Sheet Ratios

Y/E Mar	FY20	FY21	FY22E	FY23E	FY24E
<i>Credit / Deposit Ratio</i>	73.0	73.0	72.4	71.9	71.4
<i>Incremental C/D Ratio</i>	72.0	77.0	62.8	66.1	65.7
<i>Investment Deposit Ratio</i>	29.0	27.0	27.5	28.1	28.9
<i>Dom. SLR Investment / Deposits</i>	30.2	26.4	26.2	25.8	25.1
<i>CASA Ratio</i>	41.3	45.2	45.2	45.2	45.2

Source: Company, LKP Research

Exhibit 11: Asset Quality

Y/E Mar	FY20	FY21	FY22E	FY23E	FY24E
<i>Slippage Ratio (%)</i>	9.6	2.9	2.8	2.6	2.4
Gross NPA	6,93,814	6,66,710	4,62,646	3,18,905	2,07,180
<i>Gross NPAs Ratio (%)</i>	9.4	8.9	6.2	4.0	2.4
<i>PCR (%)</i>	68.9	67.3	60.7	49.1	25.6
Net NPA	2,15,766	2,17,999	1,81,884	1,62,427	1,54,201
<i>Net NPAs Ratio (%)</i>	3.1	3.1	2.4	2.0	1.8
Total Impaired Loans	6,93,814	6,66,710	4,62,646	3,18,905	2,07,180
<i>Impaired Loan as % of Loan / AUM</i>	9.9	9.2	6.0	3.8	2.2
Total Risk Reserves	4,78,048	4,48,711	2,80,763	1,56,477	52,979
<i>Total Risk As % of Loan Book</i>	6.8	6.2	3.6	1.9	0.6

Source: Company, LKP Research

Exhibit 12: Key Assumptions & Forecasts

Y/E Mar	FY20	FY21	FY22E	FY23E	FY24E
Loan & Advances (₹mn)	69,01,207	70,63,005	74,86,785	80,10,860	86,51,729
<i>Growth (yoy %)</i>	47.2	2.3	6.0	7.0	8.0
Interest Bearing Liabilities (₹mn)	1,03,90,537	1,03,38,449	1,10,51,624	1,18,85,458	1,29,12,657
<i>Growth (yoy %)</i>	47.2	2.3	6.0	7.0	8.0
<i>Yield on Funds</i>	8.3	6.5	6.5	6.5	6.5
<i>Cost of Funds (CoF)</i>	5.6	4.0	4.0	4.0	4.0
<i>Interest Spread</i>	2.8	2.5	2.5	2.5	2.5
<i>NIM's</i>	3.0	2.6	2.7	2.7	2.7
<i>Other Income Growth</i>	69.4	19.8	10.0	10.0	10.0
<i>C/I Ratio (%)</i>	47.9	49.9	49.3	49.1	48.6
<i>Effective Tax Rate (%)</i>	130.4	85.1	25.0	25.0	25.0
Return Ratios					
<i>Adj. RoA</i>	0.1	0.1	0.6	0.6	0.8
<i>Adj. RoE</i>	0.9	1.1	8.6	9.9	11.5
Asset Quality Metrics					
<i>Credit Cost (As % of Op. AUM)</i>	3.5	2.1	1.5	1.4	1.2
<i>Gross NPAs Ratio (%)</i>	9.4	8.9	6.2	4.0	2.4
<i>Net NPAs Ratio (%)</i>	3.1	3.1	2.4	2.0	1.8

Source: Company, LKP Research

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