IndusInd Bank (IIB IN)

Rating: BUY | CMP: Rs527 | TP: Rs680

July 29, 2020

Q1FY21 Result Update

☑ Change in Estimates | ☑ Target | ■ Reco

Change in Estimates

	Current		Previous	
	FY22E	FY23E	FY22E	FY23E
Rating	**BUY**		**BUY**	
Target Price	**680**		**720**	
NII (Rs. m)	1,49,267	1,61,994	1,39,065	1,54,617
% Chng.	*7.3*	*4.8*		
Op. Profit (Rs. m)	1,13,712	1,15,470	1,02,135	1,06,061
% Chng.	*11.3*	*8.9*		
EPS (Rs.)	72.8	93.4	70.1	83.1
% Chng.	*3.9*	*12.3*		

Key Financials - Standalone

Y/e Mar	FY20	FY21E	FY22E	FY23E
NII (Rs m)	1,20,587	1,37,744	1,49,267	1,61,994
Op. Profit (Rs m)	1,07,728	1,10,439	1,13,712	1,15,470
PAT (Rs m)	44,180	47,081	50,648	64,929
EPS (Rs.)	63.8	67.8	72.8	93.4
Gr. (%)	*1.6*	*6.3*	*7.4*	*28.2*
DPS (Rs.)	10.0	-	13.0	15.0
Yield (%)	*1.9*	-	*2.5*	*2.8*
NIM (%)	*4.4*	*4.7*	*4.7*	*4.7*
RoAE (%)	*13.5*	*12.1*	*11.3*	*13.1*
RoAA (%)	*1.5*	*1.5*	*1.5*	*1.7*
P/BV (x)	1.1	0.9	0.8	0.7
P/ABV (x)	1.1	0.9	0.8	0.7
PE (x)	8.3	7.8	7.2	5.6
CAR (%)	15.0	17.9	19.4	20.5

Key Data	INBK.BO | IIB IN
52-W High / Low	Rs.1,597 / Rs.236
Sensex / Nifty	38,493 / 11,301
Market Cap	Rs.365bn/ $ 4,883m
Shares Outstanding	694m
3M Avg. Daily Value	Rs.29032.28m

Shareholding Pattern (%)

Promoter's	14.65
Foreign	52.07
Domestic Institution	14.72
Public & Others	18.56
Promoter Pledge (Rs bn)	-

Stock Performance (%)

	1M	6M	12M
Absolute	7.0	(58.0)	(62.8)
Relative	(2.3)	(55.3)	(63.4)

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Caution ahead but capital buffer remains strong

Quick Pointers:

- Moratorium book was down to 16% as compared to 56% in Apr'20 end with retail coming down from 75% to 19% as of Jun'20.
- Slippages were slightly high at Rs15.4bn with mostly corporate slippages contributed by 3 stress groups

IIB's PAT of Rs4.6bn (PLe: Rs4.8bn) was marginally below estimates on higher than expected provisions mainly towards COVID related and enhancing PCR to 66%. As first time disclosures +50% of loan book was under moratorium 1.0 with retail being high at 75% which has come down to 16% in the extended moratorium upto Jun'20 and 19% in retail, while corporate book was at 9%. Bank has guided from their second stress test it is likely to see additionally 90bps higher than stress test 1.0 and 60bps credit cost incrementally. Overall collection in MFI has reached to 86% and other business slightly lower but continues to improve in July. We have slightly increased credit cost assumptions to +200bps with 300bps slippages in FY21/FY22. Although, good capital levels, better NIMs/PPOP to absorb some of the provisions gives us some comfort. We maintain BUY with revised TP of Rs680 (from Rs720) based on 1.1x Mar-22 ABV.

- **Has been able to hold up operationally:** NII growth was at 16% YoY led by much lower interest expenses leading to 3bps NIM increase to 4.28%. Fee income has remained weak especially from loan processing & TPD products, while other opex did come down but not offsetting the lower fees (other peer banks had higher fall in other opex). PPOP grew by 10% YoY although led by strong treasury gains of Rs8.3bn and if excluded core PPOP declined by 14% YoY/17% QoQ.
- **Slowing down business growth with a caution**: Overall loan growth was weak at 2.4% YoY most being conservative in the corporate loan book which de-grew 13% YoY and also improve its RWA profile. Within retail tractors, 2W/3W and credit cards (small portion) has held up on growth, while cautious in CV loans. MFI growth was quite slower with disbursements only starting from Jun'20 onwards. Liabilites saw some improvement with 5.3% YoY/4.6% QoQ growth which has seen a dip in Q4FY20. Although, SA deposits saw dip by 9% YoY/1% QoQ shifting to TDs which grew by 11% YoY/5% QoQ as bank's higher preferential rate of 40-50bps on TDs would have worked.
- **Morat comes sharply down from highs**: Disclosures on Morat 1.0 revealed 56% of loans under moratorium with retail as high as 75%, but due to better collection efficiency and opening up of lockdown, bank's moratorium under version 2.0 was at 16% of loans with 19% in retail and 9% in corporate. Bank BBB which has fallen to 5.5% has higher morat than 9% and also in the builder book. Customer collections are continuing to improve as activity has been picking up but have to wait till end of moratorium for correct picture, although bank mentioned credit cost/slippages to be additional by 60bps/90bps than envisaged in earlier stress test. In our estimates we keep credit cost at +200bps & 250-300bps of slippages on conservative given the construct of loan book. Slippages during the quarter were high at 15.0bn with corporate continuing to attract bulk of slippages, while bank improved PCR to 66%.

NII grew by 16% YoY in spite of slower loan growth

Other income de-grew 9% YoY as fee income halved

Provisions zoomed as higher PCR was created with COVID Provision of Rs5bn

Deposits grew at a weak rate of 5% while advances saw only a 2% growth

NIMs improved on better cost management

Slippages were high at Rs 15.4bn, though higher PCR helped control NNPA

CASA ratio declined by 316bps YoY on weak overall deposits growth

Exhibit 1: Q1FY21 Financials – Mediocre Operational performance and Elevated Provisions impact bottomline

P&L	Q1FY21	Q1FY20	YoY gr. (%)	Q4FY20	QoQ gr. (%)
Interest Income	71,617	69,614	*2.9*	73,866	*(3.0)*
Interest Expense	38,525	41,174	*(6.4)*	41,554	*(7.3)*
Net interest income (NII)	**33,092**	**28,440**	***16.4***	**32,312**	***2.4***
Treasury income	8,380	2,410	*247.7*	3,830	*118.8*
Fee income	6,820	14,220	*(52.0)*	13,900	*(50.9)*
Other income	15,192	16,633	*(8.7)*	17,720	*(14.3)*
Total income	**48,284**	**45,072**	***7.1***	**50,032**	***(3.5)***
Operating expenses	19,671	19,163	*2.6*	21,670	*(9.2)*
-Staff expenses	5,516	6,472	*(14.8)*	4,957	*11.3*
-Other expenses	14,154	12,691	*11.5*	16,713	*(15.3)*
Operating profit	**28,613**	**25,910**	***10.4***	**28,362**	***0.9***
Core operating profit	**20,233**	**23,500**	***(13.9)***	**24,532**	***(17.5)***
Total provisions	22,589	4,306	*424.6*	24,403	*(7.4)*
Profit before tax	**6,025**	**21,603**	***(72.1)***	**3,959**	***52.2***
Tax	1,418	7,278	*(80.5)*	940	*50.8*
Profit after tax	**4,606**	**14,325**	***(67.8)***	**3,018**	***52.6***
Deposits	**21,12,650**	**20,05,860**	***5.3***	**20,20,398**	***4.6***
Advances	**19,80,690**	**19,35,200**	***2.4***	**20,67,832**	***(4.2)***
Profitability ratios					
RoAA	0.7	2.1	*(136)*	0.4	*27*
RoAE	5.9	18.5	*(1,259)*	3.7	*217*
NIM	**4.28**	**4.1**	***23***	**4.25**	***3***
Yield on Advances	11.9	12.0	*(15)*	11.9	*(4)*
Cost of Deposits	5.7	6.9	*(113)*	6.1	*(32)*
Asset Quality ratios					
Gross NPL (Rs m)	50,990	41,997	*21.4*	51,467	*(0.9)*
Net NPL (Rs m)	17,034	23,805	*(28.4)*	18,866	*(9.7)*
Gross NPL ratio	2.53	2.15	*38.0*	2.45	*8.0*
Net NPL ratio	0.86	1.23	*(37.0)*	0.91	*(5.0)*
Coverage ratio	66.6	43.3	*2,328*	63.3	*325*
Restructured adv. (Rs m)	990	1,548	*(36.0)*	827	*19.7*
% restructured adv.	0.05	0.08	*(3.00)*	0.04	*1.00*
Business & Other Ratios					
Low-cost deposit mix	40.0	43.1	*(316)*	40.4	*(38)*
Cost-income ratio	40.7	42.5	*(178)*	43.3	*(257)*
Non int. inc / total income	31.5	36.9	*(544)*	35.4	*(395)*
Credit deposit ratio	93.8	96.5	*(272)*	102.3	*(859)*
CAR	15.2	14.9	*26*	15.0	*12*
Tier-I	14.5	14.5	*2*	14.6	*(8)*

Source: Company, PL

Q1FY21 Concall Highlights

Balance Sheet growth & outlook

- **Lending - Overall:** Bank maintains that it won't be aggressive on loans unless clarity on virus. Bank might grow the book at 6%-8% for FY21. Segment wise commentary: **Vehicle Finance** book helped by ownership model as issue of lack of drivers remains while slowdown in **CV** sales is helping capacity utilization as Car sales recovered to 82% of pre-covid levels. Collection efficiencies improved to 75% from 30%-35%. **MFI Book**- there has been a significant increase in collection efficiency with better trends than during Demonetization as 82% of the customers have started paying and 92% of the customers have paid installments post lockdown; **Gems & Jewelry**-book continues to perform well; **NBFC /HFC Expo-** No morat exposure; **Real Estate Expo-** 10% of the book is under morat with 92 out of 98 having started construction with balance in normalization mode; **MSME (Biz. Banking/LAP)-** Bank has disbursed Rs32bn under ECLGS scheme though only 2% of the customers have availed it so far. LAP/BB book remains well secured with appropriate collaterals and 80%-85% collection efficiency indicating that business is returning to normalcy. On completion of **2nd stress test** Bank believes Retail and MFI segment will do well.

- **Liabilities –** Cannibalization of the CASA book by TD book occurred though going ahead management expects SA book to start seeing growth. Bank focuses on granularization of the book with concentration in top-20 now below 10%

Margins/Profitability

- Fee Income was adversely impacted by the Pandemic as business volumes saw a slowdown though the Bank carries Rs300bn of excess liquidity

- NIMs expanded by 23bps YoY to 4.28% on lower cost of deposits as granularity of deposits remained the focus.

Asset Quality

- **Moratorium-** Book under moratorium-2 was at 16% (14% excl Microfinance), with 90% of the book being secured. 90%-92% of the book flowed over from Morat-1. For Morat-2, Bank adopted an “opt-in” policy for all except microfinance. Retail morat book fell from 75% to 19% though 10% from the excluded book portrayed overdue issues while corporate book under morat fell from 23% to 9% with higher share from smaller corporates looking to maintain their caution and liquidity comfort.

- Slippages rose to Rs 15.4bn up 112% YoY but reduced 25% QoQ. 80% of the slippage were from the Corp book and 90% of which was from 3 Stressed Groups, a coffee group, a healthcare provider amounting to Rs10.9bn. Write-offs included Rs12.2bn for the large infrastructure NBFC group, which was classified as NPA in Q4FY19. BBB&Below book fell to 5.5% which included 1 large telecom account. Slippages saw an impact of 92bps on account of COVID.

Others

- **Capital-** Bank has received Board approval to raise fresh capital of Rs32.88bn through preferential issue of equity shares to Route One Fund (11%), Route One Offshore Master Fund (17%), ICICI Prudential Life Insurance Company (26%), Tata Investment Corporation (9%), AIA Company (12%), all with a 1-year lock-in and to Hinduja Capital (9%) and IndusInd International Holdings (15%) with a 3-year lock-in. CET-1 Ratio is expected to rise to 14.4% post the capital raise. Promoters have also expressed that they would like to raise their stake to 26% discussions for which are underway with the RBI.

Vehicle finance portfolio saw healthy growth from 3W/2W

Credit card grows 22% YoY while remains flattish sequentially

MFI book share grew 242bps YoY

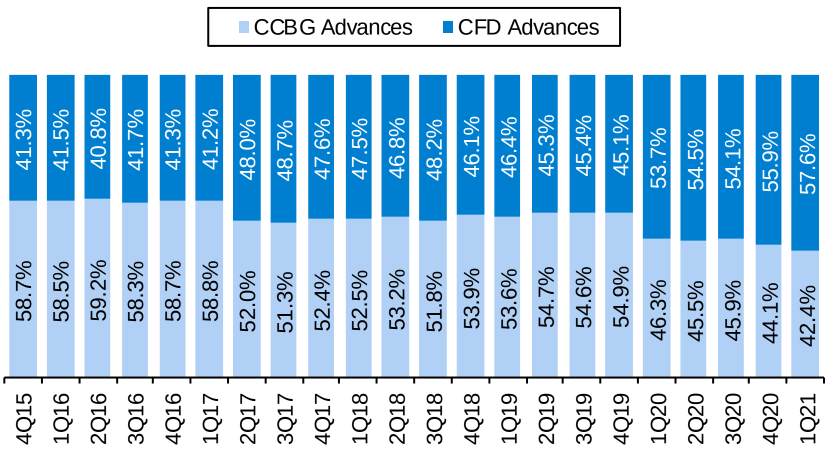
Corporate loan book continues to see decline

Exhibit 2: MFI grows strong, while vehicle financing perseveres

Loan Book mix	Q1FY21	Q1FY20	YoY gr. (%)	Q4FY20	QoQ gr. (%)
CV Loans / Tractors	2,37,370	2,48,530	*(4.5)*	2,39,480	*(0.9)*
UV Loans	43,600	38,460	*13.4*	43,770	*(0.4)*
3W/Small CV	36,060	32,480	*11.0*	35,240	*2.3*
2W Loans	57,740	46,610	*23.9*	52,040	*11.0*
Car Loans	72,450	67,920	*6.7*	72,470	*(0.0)*
Tractors	46,730	37,700	*24.0*	46,700	*0.1*
Equipment Financing	81,110	78,760	*3.0*	80,830	*0.3*
Credit Card	47,750	39,110	*22.1*	47,620	*0.3*
LAP	94,690	86,780	*9.1*	94,480	*0.2*
Others	79,710	69,920	*14.0*	83,110	*(4.1)*
MFI	2,34,660	1,82,450	*28.6*	2,43,320	*(3.6)*
BBG	1,08,960	1,09,840	*(0.8)*	1,16,430	*(6.4)*
Consumer Finance incl BBG	**11,40,830**	**10,38,560**	***9.8***	**11,55,490**	***(1.3)***
Corporate Finance	**8,39,860**	**8,96,640**	***(6.3)***	**9,12,342**	***(7.9)***
Loan Mix					
Vehicle Finance	29.0%	28.4%	*0.6*	27.6%	*1.4*
Non-Vehicle Consumer	28.6%	25.2%	*3.3*	28.3%	*0.3*
Consumer Finance	**57.6%**	**53.7%**	***3.9***	**55.9%**	***1.7***
Corporate Finance	**42.4%**	**46.3%**	***(3.9)***	**44.1%**	***(1.7)***

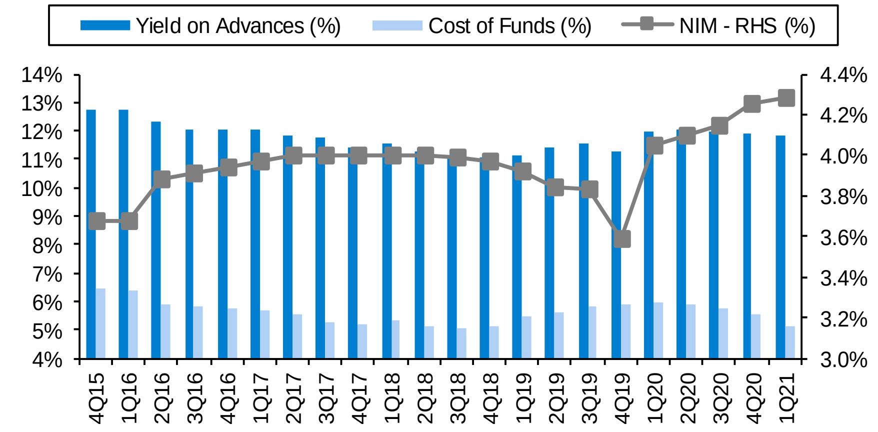
Source: Company, PL Research; Note – BBG reclassified in Consumer Fin

Exhibit 3: Consumer book growth continues as corporate book shrinks



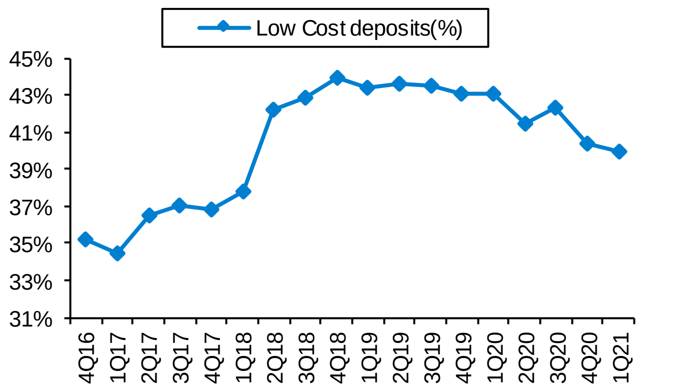
Source: Company, PL Research

Exhibit 4: Margins improve on lower cost of funds and stable yields



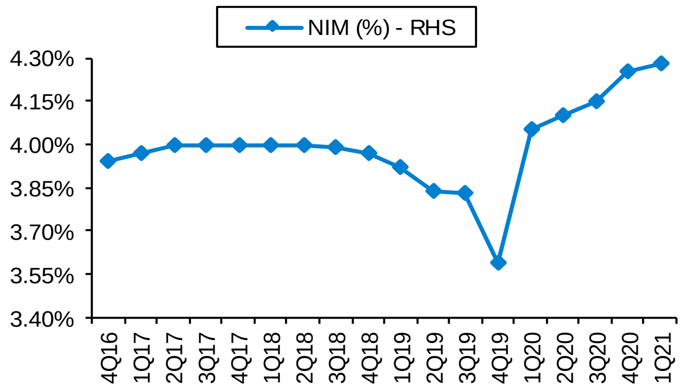
Source: Company, PL Research

Exhibit 5: CASA declines on cannibalisation by TD



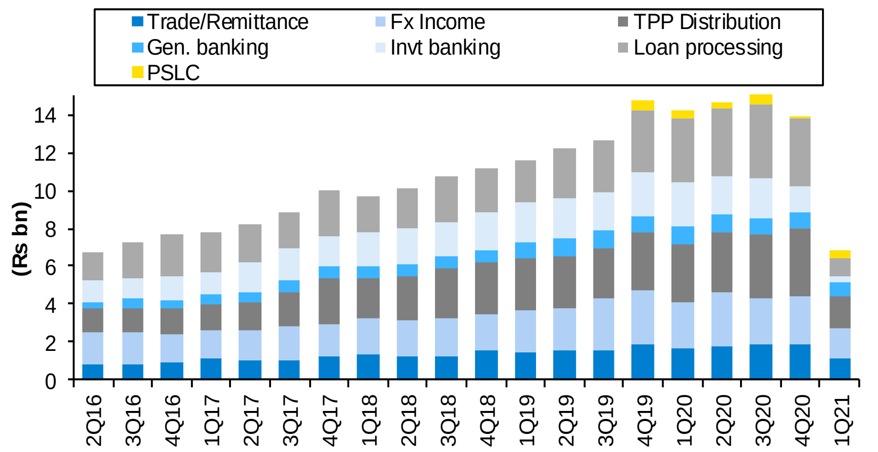
Source: Company, PL

Exhibit 6: NIMs improve on lower deposit costs



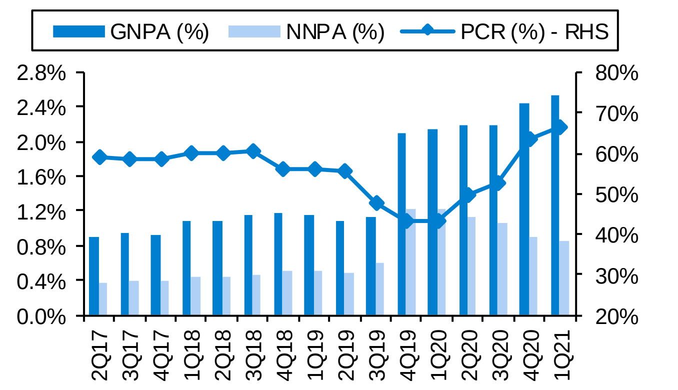
Source: Company, PL ***Note –*** *Not comparable due to merger*

Exhibit 7: Sharp fall in Loan processing fees adversely impact core fees



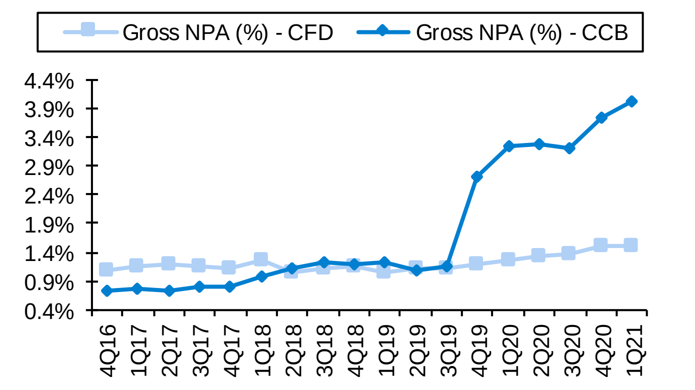
Source: Company, PL Research

Exhibit 8: Asset quality slightly weak but PCR rises



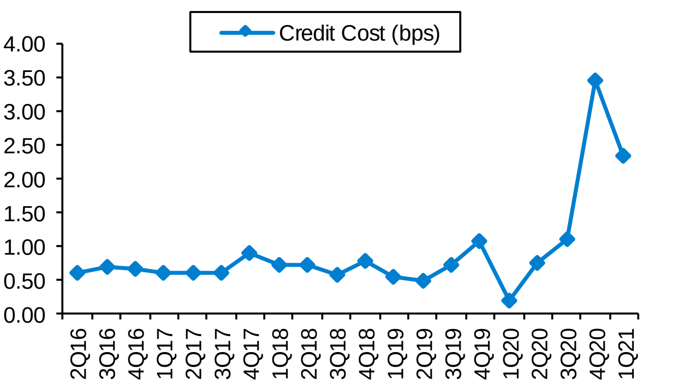
Source: Company, PL

Exhibit 9: CFD & Corporate segment has seen rise in NPA



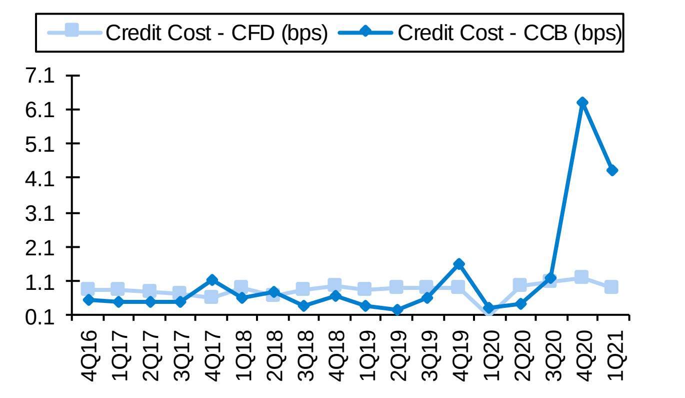
Source: Company, PL

Exhibit 10: Increasing PCR & COVID related provision leads to high credit costs



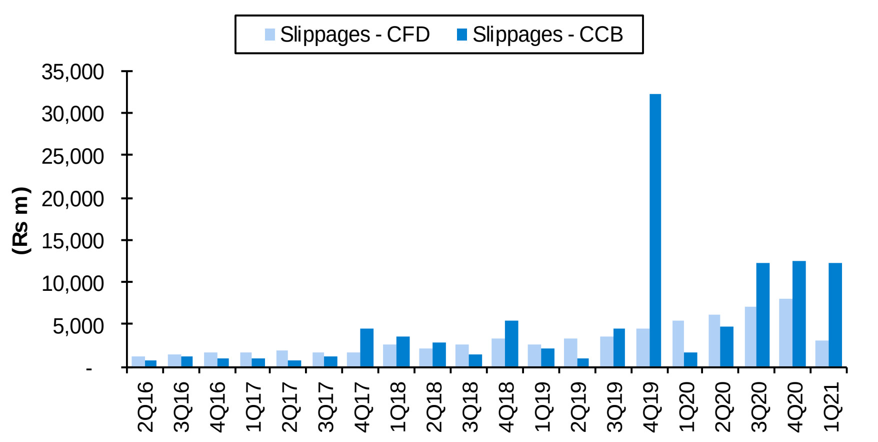
Source: Company, PL

Exhibit 11: Credit cost for corporate segment fall sequentially though still remain elevated



Source: Company, PL

Exhibit 12: Slippages for Corporate remain at elevated levels while consumer book sees improvement



Source: Company, PL Research

Exhibit 13: Return ratios are likely to remain muted on elevated credit cost and slower topline

RoE decomposition (%)	FY15	FY16	FY17	FY18	FY19	FY20	FY21E	FY22E
Interest income	9.75	9.09	8.96	8.63	9.56	9.67	9.37	9.21
Interest expenses	6.31	5.55	5.19	4.89	5.48	5.62	5.06	4.88
Net interest income	**3.44**	**3.55**	**3.77**	**3.75**	**4.08**	**4.05**	**4.30**	**4.32**
Treasury income	0.84	0.77	0.74	0.65	0.58	0.54	0.55	0.35
Other Inc. from operations	1.58	1.82	1.85	1.73	1.75	1.80	1.43	1.57
Total income	**5.86**	**6.14**	**6.37**	**6.12**	**6.41**	**6.39**	**6.28**	**6.25**
Employee expenses	0.99	0.97	0.95	0.89	0.90	0.74	0.74	0.75
Other operating expenses	1.76	1.91	2.03	1.90	1.86	2.03	2.09	2.20
Operating profit	**3.12**	**3.25**	**3.39**	**3.33**	**3.65**	**3.62**	**3.45**	**3.29**
Tax	0.92	0.93	0.93	0.94	0.82	0.57	0.52	0.52
Loan loss provisions	0.39	0.53	0.68	0.59	1.24	1.56	1.46	1.31
RoAA	**1.80**	**1.80**	**1.78**	**1.80**	**1.59**	**1.48**	**1.47**	**1.47**
RoAE	**18.22**	**16.14**	**14.96**	**16.21**	**14.81**	**13.47**	**12.15**	**11.28**

Source: Company, PL Research

Exhibit 14: Change in earnings estimates – We lower loan growth, increase credit cost & adjust fees/opex. We also factor in Rs32bn of capital raise

Rs (mn)	Old		Revised		*% change*	
	FY21E	**FY22E**	**FY21E**	**FY22E**	***FY21E***	***FY22E***
Net interest income	1,27,863	1,39,065	1,37,744	1,49,267	*7.7*	*7.3*
Operating profit	1,02,051	1,02,135	1,10,439	1,13,712	*8.2*	*11.3*
Net profit	44,669	48,725	47,081	50,648	*5.4*	*3.9*
Loan Growth (%)	7.9	9.7	4.1	7.3	*(3.8)*	*(2.4)*
Credit Cost (bps)	190.0	150.0	220.0	200.0	*30.0*	*50.0*
EPS, Rs.	64.4	70.1	67.8	72.8	*5.4*	*3.9*
ABVPS, Rs.	556.6	621.5	572.3	634.8	*2.8*	*2.1*
Price target, Rs.	**720**		**680**		*-5.6%*	
Recommendation	**BUY**		**BUY**			

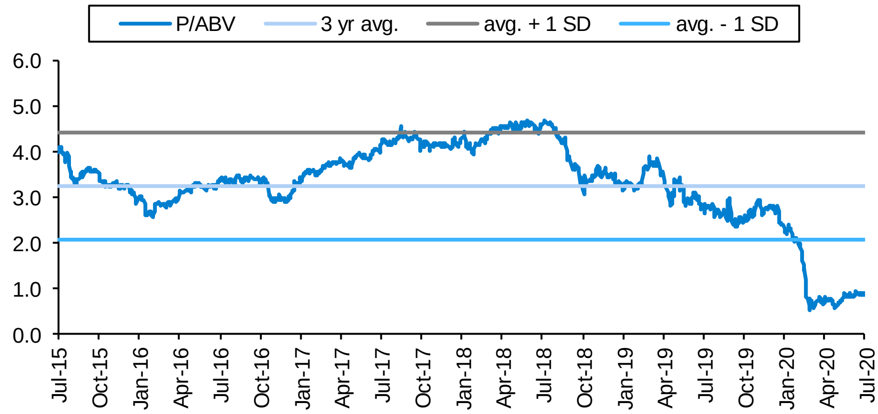
Source: Company, PL

Exhibit 15: Valuation Table – We revise our TP to Rs680 (from Rs720) based on 1.1x Mar-22 ABV

PT calculation and upside	
Terminal growth	5.0%
Market risk premium	7.3%
Risk-free rate	6.5%
Adjusted beta	1.13
Cost of equity	**14.7%**
Fair price - P/ABV, Rs	**680**
Target P/ABV (x)	**1.1**
Target P/E (x)	**9.3**
Current price, Rs	527
Upside (%)	**31%**

Source: Company, PL Research

Exhibit 16: One year forward valuation chart



Source: Company, PL Research

Income Statement (Rs. m)

Y/e Mar	FY20	FY21E	FY22E	FY23E
Int. Earned from Adv.	2,40,083	2,48,884	2,62,646	2,82,688
Int. Earned from invt.	42,822	43,801	49,025	53,783
Others	4,924	7,125	6,104	4,962
Total Interest Income	2,87,828	2,99,811	3,17,775	3,41,432
Interest Expenses	1,67,241	1,62,067	1,68,508	1,79,438
Net Interest Income	**1,20,587**	**1,37,744**	**1,49,267**	**1,61,994**
Growth(%)	*16.0*	*14.2*	*8.4*	*8.5*
Non Interest Income	69,514	63,258	66,421	73,063
Net Total Income	1,90,101	2,01,002	2,15,688	2,35,057
Growth(%)	*17.9*	*1.6*	*5.8*	*7.9*
Employee Expenses	22,085	23,631	25,994	29,503
Other Expenses	57,490	63,239	72,724	86,542
Operating Expenses	82,373	90,563	1,01,976	1,19,586
Operating Profit	**1,07,728**	**1,10,439**	**1,13,712**	**1,15,470**
Growth(%)	*15.8*	*2.5*	*3.0*	*1.5*
NPA Provision	30,290	46,402	44,516	26,578
Total Provisions	46,521	46,816	45,269	27,728
PBT	**61,207**	**63,623**	**68,443**	**87,742**
Tax Provision	17,027	16,542	17,795	22,813
Effective tax rate (%)	*27.8*	*26.0*	*26.0*	*26.0*
PAT	**44,180**	**47,081**	**50,648**	**64,929**
Growth(%)	*9.0*	*6.6*	*7.6*	*28.2*

Balance Sheet (Rs. m)

Y/e Mar	FY20	FY21E	FY22E	FY23E
Face value	10	10	10	10
No. of equity shares	694	695	695	695
Equity	6,935	6,954	6,954	6,954
Networth	3,46,970	4,28,150	4,69,758	5,24,257
Growth(%)	*12.3*	*23.4*	*9.7*	*11.6*
Adj. Networth to NNPAs	19,441	27,103	25,260	13,454
Deposits	20,20,398	21,41,622	22,91,536	24,74,858
Growth(%)	*3.7*	*6.0*	*7.0*	*8.0*
CASA Deposits	8,15,570	8,73,782	9,46,404	10,27,066
% of total deposits	*40.4*	*40.8*	*41.3*	*41.5*
Total Liabilities	**30,70,481**	**33,31,469**	**35,71,126**	**38,83,455**
Net Advances	20,67,832	21,50,545	23,01,083	25,31,191
Growth(%)	*6.5*	*4.0*	*7.0*	*10.0*
Investments	5,99,799	6,54,405	7,69,726	8,15,577
Total Assets	**30,70,576**	**33,31,469**	**35,71,126**	**38,83,455**
Growth (%)	*6.6*	*8.5*	*7.2*	*8.7*

Asset Quality

Y/e Mar	FY20	FY21E	FY22E	FY23E
Gross NPAs (Rs m)	52,043	78,396	77,470	47,863
Net NPAs (Rs m)	19,441	27,103	25,260	13,454
Gr. NPAs to Gross Adv.(%)	*2.5*	*3.6*	*3.4*	*1.9*
Net NPAs to Net Adv. (%)	*0.9*	*1.3*	*1.1*	*0.5*
NPA Coverage %	*62.6*	*65.4*	*67.4*	*71.9*

Profitability (%)

Y/e Mar	FY20	FY21E	FY22E	FY23E
NIM	4.4	4.7	4.7	4.7
RoAA	1.5	1.5	1.5	1.7
RoAE	13.5	12.1	11.3	13.1
Tier I	14.6	17.1	18.6	19.7
CRAR	15.0	17.9	19.4	20.5

Source: Company Data, PL Research

Quarterly Financials (Rs. m)

Y/e Mar	Q2FY20	Q3FY20	Q4FY20	Q1FY21
Interest Income	71,504	72,845	73,866	71,617
Interest Expenses	42,408	42,105	41,554	38,525
Net Interest Income	**29,095**	**30,740**	**32,312**	**33,092**
YoY growth (%)	*31.1*	*21.2*	*10.5*	*(6.4)*
CEB	14,680	15,060	13,900	6,820
Treasury	-	-	-	-
Non Interest Income	17,267	17,894	17,720	15,192
Total Income	**88,770**	**90,739**	**91,586**	**86,809**
Employee Expenses	5,155	5,501	4,957	5,516
Other expenses	15,208	15,677	16,713	14,154
Operating Expenses	20,363	21,178	21,670	19,671
Operating Profit	**25,999**	**27,456**	**28,362**	**28,613**
YoY growth (%)	*30.5*	*29.7*	*37.2*	*10.4*
Core Operating Profits	23,409	24,616	24,532	20,233
NPA Provision	3,630	5,760	17,860	11,660
Others Provisions	7,377	10,435	24,403	22,589
Total Provisions	7,377	10,435	24,403	22,589
Profit Before Tax	**18,622**	**17,022**	**3,959**	**6,025**
Tax	4,789	4,020	940	1,418
PAT	**13,834**	**13,002**	**3,018**	**4,606**
YoY growth (%)	*50.3*	*32.0*	*(16.2)*	*(67.8)*
Deposits	**20,71,934**	**21,67,130**	**20,20,398**	**21,12,650**
YoY growth (%)	*23.2*	*23.3*	*3.7*	*5.3*
Advances	**19,71,126**	**20,74,130**	**20,67,832**	**19,80,690**
YoY growth (%)	*20.8*	*19.8*	*10.9*	*2.4*

Key Ratios

Y/e Mar	FY20	FY21E	FY22E	FY23E
CMP (Rs)	527	527	527	527
EPS (Rs)	63.8	67.8	72.8	93.4
Book Value (Rs)	496	611	671	749
Adj. BV (70%)(Rs)	468	572	635	730
P/E (x)	8.3	7.8	7.2	5.6
P/BV (x)	1.1	0.9	0.8	0.7
P/ABV (x)	1.1	0.9	0.8	0.7
DPS (Rs)	10.0	-	13.0	15.0
Dividend Payout Ratio (%)	*15.7*	-	*17.8*	*16.1*
Dividend Yield (%)	*1.9*	-	*2.5*	*2.8*

Efficiency

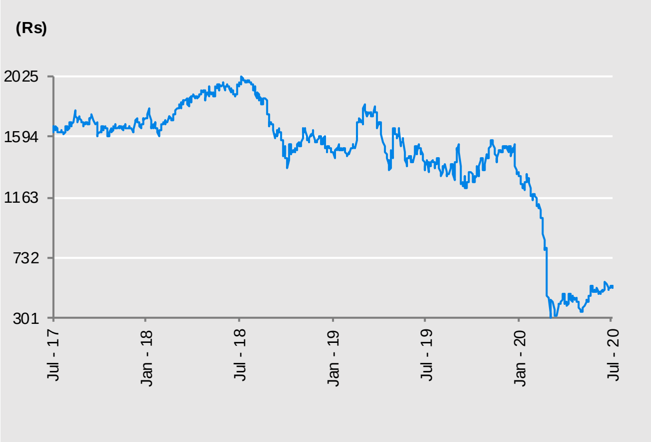
Y/e Mar	FY20	FY21E	FY22E	FY23E
Cost-Income Ratio (%)	*43.3*	*45.1*	*47.3*	*50.9*
C-D Ratio (%)	*102.3*	*100.4*	*100.4*	*102.3*
Business per Emp. (Rs m)	-	-	-	-
Profit per Emp. (Rs lacs)	-	-	-	-
Business per Branch (Rs m)	2,139	1,872	1,669	1,516
Profit per Branch (Rs m)	23	21	18	20

Du-Pont

Y/e Mar	FY20	FY21E	FY22E	FY23E
NII	4.05	4.30	4.32	4.35
Total Income	6.39	6.28	6.25	6.31
Operating Expenses	2.77	2.83	2.95	3.21
PPoP	3.62	3.45	3.29	3.10
Total provisions	1.56	1.46	1.31	0.74
RoAA	1.48	1.47	1.47	1.74
RoAE	13.47	12.15	11.28	13.06

Source: Company Data, PL Research

Price Chart



Recommendation History

No.	Date	Rating	TP (Rs.)	Share Price (Rs.)
1	08-Jul-20	BUY	720	553
2	28-Apr-20	BUY	720	407
3	14-Apr-20	BUY	785	410
4	31-Mar-20	BUY	785	413
5	14-Jan-20	Accumulate	1,640	1,478
6	03-Jan-20	BUY	1,640	1,519
7	15-Dec-19	BUY	1,640	1,485
8	10-Oct-19	BUY	1,640	1,229
9	03-Oct-19	BUY	1,832	1,256

Analyst Coverage Universe

Sr. No.	Company Name	Rating	TP (Rs)	Share Price (Rs)
1	Axis Bank	Hold	480	446
2	Bank of Baroda	BUY	83	53
3	Federal Bank	BUY	67	50
4	HDFC Bank	BUY	1,265	1,098
5	HDFC Life Insurance Company	Reduce	522	627
6	ICICI Bank	BUY	462	383
7	ICICI Prudential Life Insurance Company	Reduce	402	443
8	IDFC First Bank	Sell	21	28
9	IndusInd Bank	BUY	720	553
10	Kotak Mahindra Bank	Accumulate	1,389	1,323
11	Max Financial Services	Hold	518	546
12	Punjab National Bank	BUY	40	37
13	SBI Life Insurance Company	Hold	880	888
14	South Indian Bank	BUY	11	8
15	State Bank of India	BUY	254	192

PL's Recommendation Nomenclature (Absolute Performance)

Buy : > 15%
Accumulate : 5% to 15%
Hold : +5% to -5%
Reduce : -5% to -15%
Sell : < -15%
Not Rated (NR) : No specific call on the stock
Under Review (UR) : Rating likely to change shortly

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