State Bank of India (SBIN IN)

Rating: BUY | CMP: Rs191 | TP: Rs276

July 31, 2020

Q1FY21 Result Update

☑ Change in Estimates | ☑ Target | ■ Reco

Change in Estimates

	Current		Previous	
	FY22E	FY23E	FY22E	FY23E
Rating	**BUY**		**BUY**	
Target Price	**276**		**254**	
NII (Rs. m)	11,63,332	12,89,957	11,45,010	12,46,077
% Chng.	*1.6*	*3.5*		
Op. Profit (Rs. m)	6,99,696	7,52,994	7,07,635	7,38,608
% Chng.	*(1.1)*	*1.9*		
EPS (Rs.)	15.2	23.2	20.4	24.6
% Chng.	*(25.2)*	*(5.5)*		

Key Financials - Standalone

Y/e Mar	FY20	FY21E	FY22E	FY23E
NII (Rs bn)	981	1,065	1,163	1,290
Op. Profit (Rs bn)	681	652	700	753
PAT (Rs bn)	145	97	136	207
EPS (Rs.)	16.2	10.8	15.2	23.2
Gr. (%)	*1,580.3*	*(33.3)*	*40.7*	*52.4*
DPS (Rs.)	-	2.5	4.0	4.5
Yield (%)	-	*1.3*	*2.1*	*2.4*
NIM (%)	*2.8*	*2.8*	*2.8*	*2.8*
RoAE (%)	*6.4*	*4.1*	*5.6*	*8.0*
RoAA (%)	*0.4*	*0.2*	*0.3*	*0.4*
P/BV (x)	0.8	0.8	0.8	0.7
P/ABV (x)	1.1	1.1	1.0	0.9
PE (x)	11.8	17.7	12.6	8.2
CAR (%)	13.1	12.5	12.0	11.7

Key Data	SBI.BO | SBIN IN
52-W High / Low	Rs.351 / Rs.149
Sensex / Nifty	37,607 / 11,073
Market Cap	Rs.1,709bn/ $ 22,838m
Shares Outstanding	8,925m
3M Avg. Daily Value	Rs.26165.66m

Shareholding Pattern (%)

Promoter's	57.64
Foreign	7.91
Domestic Institution	24.70
Public & Others	9.75
Promoter Pledge (Rs bn)	-

Stock Performance (%)

	1M	6M	12M
Absolute	7.3	(39.9)	(42.4)
Relative	(0.4)	(34.9)	(42.6)

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Operating performance holding up well as yet

Quick Pointers:

- Moratorium book stood at 9.5% of term loans v/s 25% in May end, with retail & SME at 4.2%, private corporates at 3.3% and AA & above companies 2.0%.
- Strong beat in NII with growth of 16% YoY as NIMs improve 4bps QoQ to 3.0%

SBI's earnings of Rs41.9bn was strong beat on our estimate (PLe: Rs25.8bn) on back of very strong NII growth of 16% YoY/17% QoQ which also drew beat in core PPOP. Bank's provisions were slightly higher on Rs52bn towards fraud related a/c & Rs18bn of COVID provisions with total o/s now at Rs30bn. Moratorium book with less than two EMIs paid came down to sub 10% of term loans with retail/SME at 4.2% & corporates at 5.3% from 25% in May end. Asset quality was comforting but due to moratorium/standstill slippages were lower by 50% QoQ to Rs39bn, although we need to watch out for slippages once moratorium ends. Adequate capital at this juncture, strong liabilities with pricing power & lower provisions on book should help improve profitability. Retain BUY rating with revised TP of Rs276 (from Rs254) based on 0.7x (from 0.8x) core Mar-22 ABV & Rs150 for Subs as we increase fair value in cards business.

- **Strong top line, stake sale & lower opex drive PPOP beat:** NII grew by a strong 16% YoY with couple of factors **(i)** lower interest reversals with lower base **(ii)** better investment income on growth from credit substitutes **(iii)** Better cost of funds despite strong deposits flow. NIMs improved by 4bps QoQ to 3.01% (although calculated NIMs improvement seem much stronger). PPOP grew 25% YoY on stake sale gains of Rs15bn in SBI Life & strong treasury gains, while, fee decline was lower and other opex saw higher decline leading to beat in PPOP profile by 10% from our estimates.
- **Asset quality improves and has been on expected lines:** GNPA/NNPA were down by 70/40bps QoQ at 5.4%/1.9% respectively with PCR at 67%. Better NPAs were helped by much lower slippages of Rs39.1bn (down 50% QoQ), while still managed get better recoveries/upgrades of similar amount. Although, from slippages break Retail/SME had seen higher run-rate, which bank mentioned are paying back from Jul'20 onwards. Bank sees slippages could be slightly higher than normalized slippage run rate of 1.5%, while lower provisions on the legacy loan book but could be marginally offset from COVID impact provisions. Moratorium book stood at 9.5% with customers paying less than two EMIs remains a decent tracker of a stress pool formation with largely a secured book. Bank also holds Rs30bn provisions on Rs133.5bn of standstill loans in various segments.
- **Strong liabilities growth; loan growth was better:** Overall deposits grew by a 16% YoY/5.5% QoQ with SA growing at 17% YoY/8% QoQ. Traction remains strong especially bank has bought rates down by ~100bps on SA & 150bps on term deposits in last 9 months and should taper off in 2HFY21. On assets side, loans grew by 8% YoY (better than industry) and along with credit substitutes growth was at 14% YoY, with retail still holding up at 13% YoY.

NII grows well at 16% YoY

Fee income de-growth is much lower compared to peers especially private players

Other expenses constriction helps keep overall Opex under control

Provisions to the extent of Rs 16.1bn made on wage hike revisions, Rs 18.4bn for COVID-19 and Rs 52.3bn for completely provision on a fraud A/c

Stake sale of 2.1% in SBI Life provides Rs15.4bn exceptional gains

Liability franchise continues to do well while advances see a better growth sequentially

NIMs strengthen on lower cost of deposits and rising share of performing loans

Asset quality sees improvement all across and PCR also continues it uptrend

CASA mix remains more or less stable

Bank remains well capitalized and clarifies absence of need to raise equity capital

Exhibit 1: Q1FY21 Financials – Strong topline & stake sale help operating performance

Financials (Rs m)	Q1FY21	Q1FY20	YoY gr. (%)	Q4FY20	QoQ gr. (%)
Interest income	6,65,004	6,26,378	*6.2*	6,26,814	*6.1*
Interest Expenses	3,98,588	3,96,990	*0.4*	3,99,145	*(0.1)*
Net interest income (NII)	**2,66,416**	**2,29,388**	***16.1***	**2,27,669**	***17.0***
- Treasury income	24,853	4,850	*412.4*	5,057	*391.5*
Other income	79,575	80,154	*(0.7)*	1,33,461	*(40.4)*
Total income	**3,45,990**	**3,09,542**	***11.8***	**3,61,130**	***(4.2)***
Operating expenses	1,80,777	1,77,081	*2.1*	2,03,793	*(11.3)*
-Staff expenses	1,18,651	1,09,181	*8.7*	1,20,387	*(1.4)*
-Other expenses	62,126	67,900	*(8.5)*	83,406	*(25.5)*
Operating profit	**1,65,214**	**1,32,462**	***24.7***	**1,57,338**	***5.0***
Core operating profit	**1,40,361**	**1,27,612**	***10.0***	**1,52,281**	***(7.8)***
Total provisions	1,25,013	91,829	*36.1*	1,34,951	*(7.4)*
Profit before tax	**40,200**	**40,632**	***(1.1)***	**22,387**	***79.6***
Tax	13,704	17,510	*(21.7)*	13,892	*(1.4)*
Profit after tax	**26,496**	**23,122**	***14.6***	**8,495**	***211.9***
Exceptional Items	15,397	-	*N/A*	27,313	*(43.6)*
Adjusted profit	**41,893**	**23,122**	***81.2***	**35,808**	***17.0***
Balance Sheet (Rs bn)					
Deposits	34,194	29,488	*16.0*	32,416	*5.5*
Advances	22,983	21,348	*7.7*	23,253	*(1.2)*
Ratios (%)					
RoaA	0.4	0.3	*17*	0.4	*5*
NIM	**3.0**	**2.8**	***20***	**3.0**	***4***
Yield on Advances	8.4	8.6	*(21)*	8.7	*(37)*
Cost of Deposits	4.5	5.1	*(59)*	4.9	*(46)*
Asset Quality					
Gross NPL (Rs m)	12,96,607	16,84,939	*(23.0)*	14,90,919	*(13.0)*
Net NPL (Rs m)	4,27,036	6,56,239	*(34.9)*	5,18,713	*(17.7)*
Gross NPL ratio	**5.4**	**7.5**	***(209)***	**6.2**	***(71)***
Net NPL ratio	**1.9**	**3.1**	***(121)***	**2.2**	***(37)***
Coverage ratio	67.1	61.1	*601*	65.2	*186*
Business & Other Ratios					
Low-cost deposit mix	45.3	45.1	*24*	45.2	*18*
Cost-income ratio	52.2	57.2	*(496)*	56.4	*(418)*
Non int. inc / total income	23.0	25.9	*(290)*	37.0	*(1,396)*
Credit deposit ratio	67.2	72.4	*(518)*	71.7	*(452)*
CAR	13.4	12.9	*51*	13.1	*34*
Tier-I	11.4	10.7	*70*	11.0	*35*

Source: Company, PL

Q1FY21 Concall Highlights

Business outlook & growth

- **Liabilities**: Bank performed well on the liability franchise side. Bank believes increase in deposits can be attributed to: (i) Removal of quarterly balance charges (ii) Removal of mobile SMS charges. Bank continues to believe that they will garner higher deposits if they continue to provide an affordable banking service

- **Assets:** Loan growth for FY21 is expected to come in around 8% as opposed to the 10% guided earlier. Bank has a comfortable project loans pipeline of Rs1trn. Management sees a u-curve in Retail and MSME though cautions that these are early signs and Bank would wait another quarter before calling it a trend and also emphasizes that it needs to watch SME segment closely for loan quality. Under GECL, Bank has sanctioned Rs210bn of which Rs150bn has been disbursed Home loan, Auto Loans and Personal loan sanction and disbursement trends have also been picking up as shown in **Exhibit 4 & Exhibit 5**. Bank is not looking at any changes in loan contracts for existing retail loans.

- **Moratorium:** 9.5% of the Bank's term loan book having paid less than 2 installments was classified under moratorium. For the 1Q21, Bank has maintained classification of non-morat loans as those who have paid at least 2 out of the 4EMIs going ahead which will be 2 out of 3. The morat book consists of 2% from AA and AAA rated Pvt Corporates, 3.3% from Pvt. Sector Corporates and 4.2% (of which 2% from housing) from Retail & SME segments. Bank's SMA book as on 01.03.20 was Rs420bn out of which Rs130bn have seen less than 2 instalment payments. Bank expects corporate accounts to repay normally Sept'20 onwards and only a very small portion of the Retail customers have paid less than 2 instalments. Bank specifies that it doesn't need morat beyond the current timeline of 31.08.20.

Opex/Margins/Treasury

- NIMs benefitted from **(i)** well managed cost of deposits **(ii)** increasing share of performing loans and **(iii)** absence of interest reversals.

- Decline in Bank's fee income was lesser than the same for it's peers especially the private players. Bank maintains that it is asymptomatic of COVID related losses as on 1Q21

Asset Quality

- **Slippages** fell to Rs 39.1bn in 1Q21 and Bank expects the same to be limited to Rs32bn-Rs36bn per quarter for FY21. Slippages in Retail book came from borrowers who were not eligible under morat but wrongly assumed so for which huge pullback in July'20 has been seen.

- **Provisions:** Bank's legacy provisions have now almost been completed. Fairly good amount of excess provisions held give a good cushion w.r.t. to any unanticipated slippages. Base case credit costs for FY21 are expected at 1.5%-1.6%. Bank has already provided fully for fraud a/c (Rs35bn accelerated provisioning in 1Q21, instead of availing dispensation of splitting it over 4-quarters. In 1Q21, bank has provided Rs16.14bn w.r.t. wage revision and till FY22 expects Rs40bn-Rs50bn ageing provisions every quarter

- **On the Recoveries front,** by 3Q21, Bank expects Rs100bn-Rs110bn especially from the recently classified fraud account.

Others

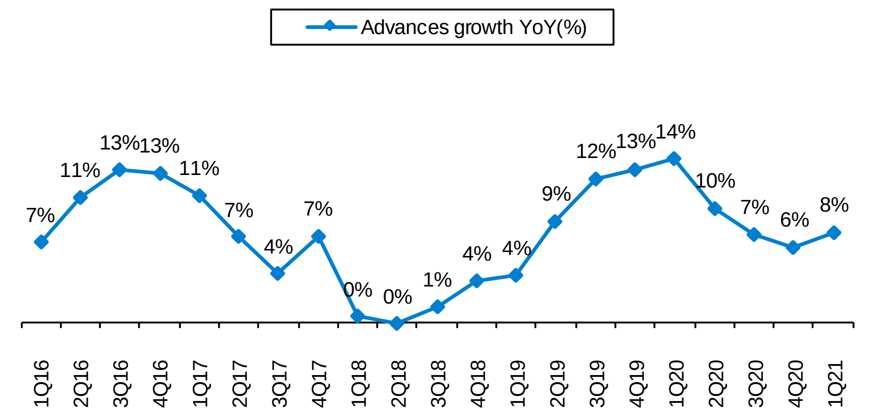
- **Capital-** Bank doesn't see any immediate need for any capital raise
- Bank has no plan now to sell more stake in non-core assets

Exhibit 2: Breakup of COVID Provisions

Segment (Rs mn)	SMA Principal O/S	Provisioning @ 15%
Home & Home Related	69,420	10,410
Personal	24,540	3,680
SME	26,070	3,910
Other Corporates	13,460	2,020
Int. accrues in 1Q21 and unrealized interest	n/a	5,100
Prov. for CC/OD	n/a	1,610
Prov. for Agri	n/a	3,000

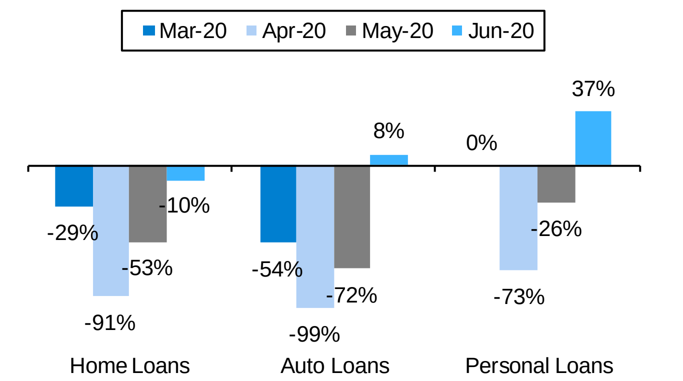
Source: Company, PL

Exhibit 3: Advances growth improves sequentially though remains low



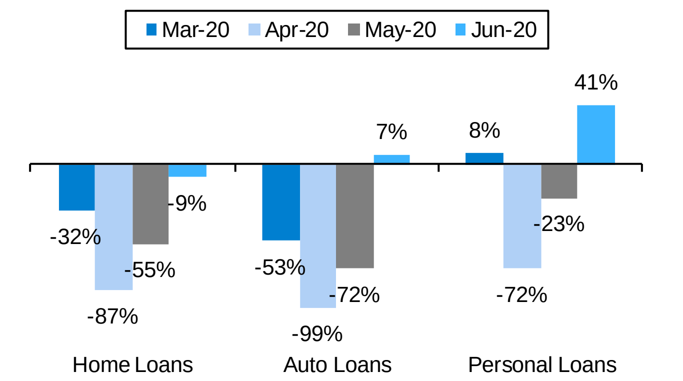
Source: Company, PL

Exhibit 4: YoY growth trends in Sanctions across segments



Source: Company, PL

Exhibit 5: YoY growth trends in Disb. across segments



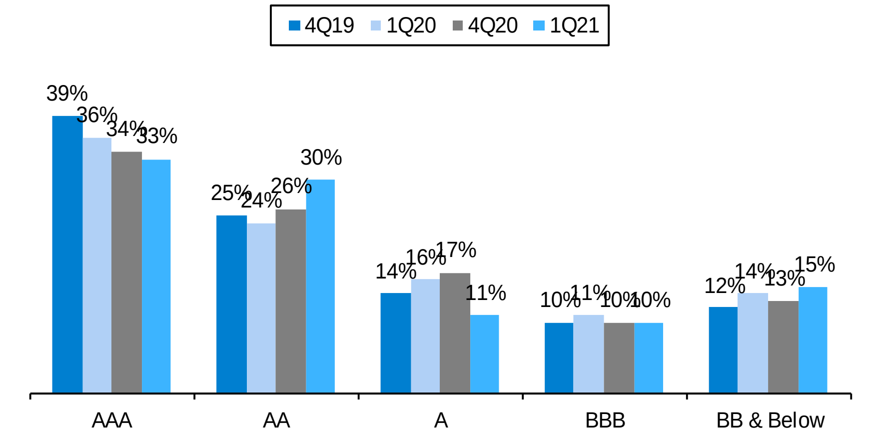
Source: Company, PL

Exhibit 6: Retail and International book drive growth, Corporate book sequentially de-grows

Loan break up (Rs bn)	Q1FY21	Q1FY20	*YoY gr. (%)*	Q4FY20	*QoQ gr. (%)*
Gross Advances	23,856	22,383	6.6	24,228	(1.5)
Large Corporates	8,093	7,826	3.4	8,442	(4.1)
SME	2,787	2,812	(0.9)	2,676	4.1
Agri	2,043	2,011	1.6	2,061	(0.9)
International	3,445	3,099	11.2	3,574	(3.6)
Retail	7,488	6,636	12.8	7,476	0.2
Home	4,554	4,114	10.7	4,559	(0.1)
Auto	702	717	(2.2)	727	(3.5)
Other Retail	2,232	1,805	23.7	2,191	1.9

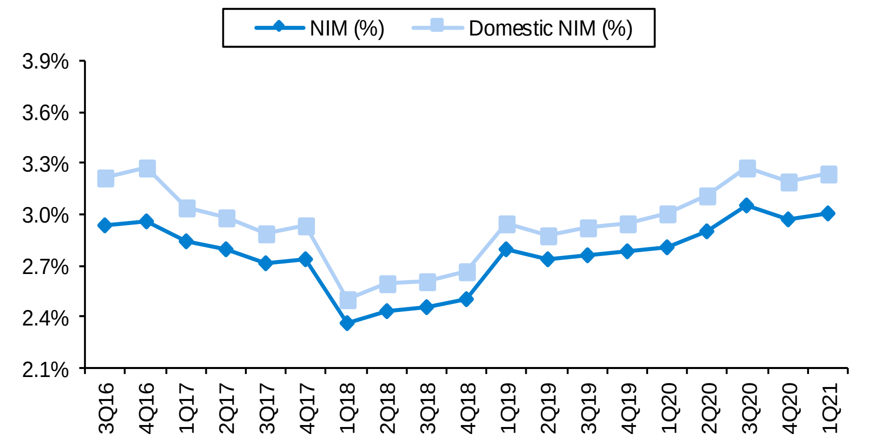
Source: Company, PL

Exhibit 7: Corporate Rating Profile of Advances shows BB & Below book mostly stable YoY while AAA book drops whereas AA book gains traction



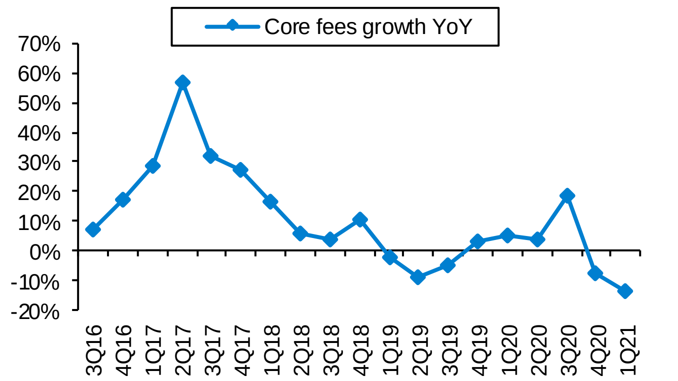
Source: PL, Company

Exhibit 8: NIMs perform on better cost management



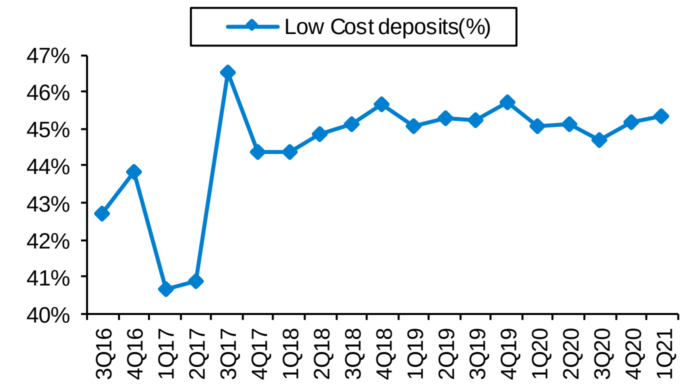
Source: Company, PL

Exhibit 9: Core fee de-grows in hostile environment



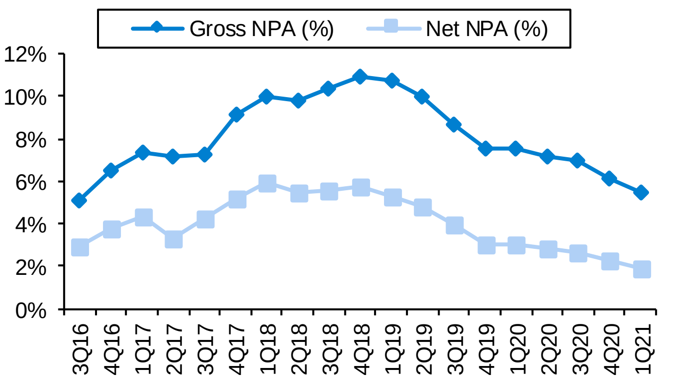
Source: Company, PL

Exhibit 10: CASA ratio remains more or less stable



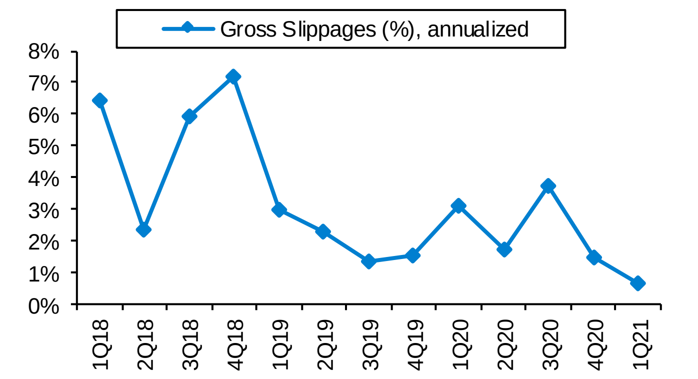
Source: Company, PL

Exhibit 11: Overall Asset Quality improvement continues…



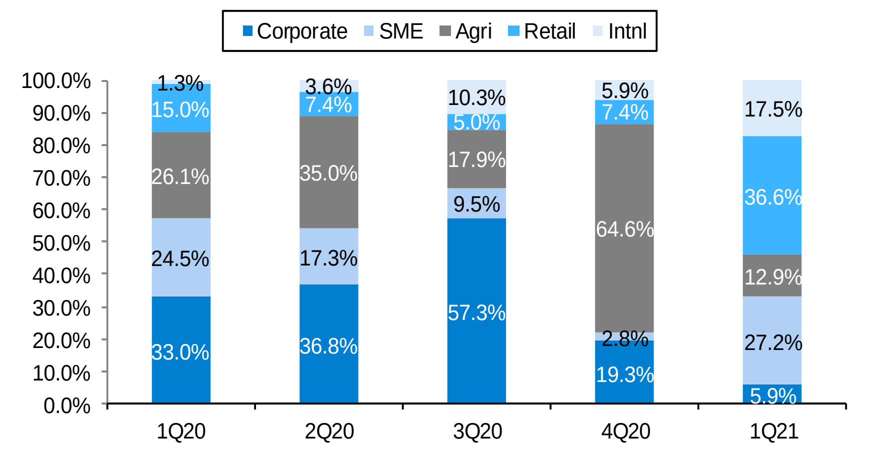
Source: Company, PL

Exhibit 12: …aided by lower gross slippages



Source: Company, PLz

Exhibit 13: Segment wise Slippages Mix- Corporate & Agri slippages come off while Retail slippages see a sequential spike



Source: Company, PL

Exhibit 14: Slippages lower significantly, getting benefit from moratorium on standstill accounts

(Rs mn)	3Q18	4Q18	1Q19	2Q19	3Q19	4Q19	1Q20	2Q20	3Q20	4Q20	1Q21
Additions	2,67,800	3,28,210	1,43,490	1,08,880	65,410	79,610	1,69,950	91,260	2,00,980	82,910	39,100
Slippages (%) - annualized	*5.94%*	*7.19%*	*2.97%*	*2.32%*	*1.34%*	*1.56%*	*3.11%*	*1.71%*	*3.75%*	*1.51%*	*0.67%*
Upgradation + Recovery	22,310	-	1,48,560	43,270	66,170	57,120	57,690	39,310	1,35,530	25,280	36,080
Write offs	93,120	80,000	1,00,800	1,35,380	1,80,240	1,72,640	1,54,820	1,20,530	85,200	1,63,320	1,97,330
Gross NPAs	**19,91,400**	**22,34,260**	**21,28,390**	**20,58,620**	**18,77,620**	**17,27,470**	**16,84,910**	**16,58,890**	**17,07,720**	**16,21,780**	**12,96,580**
Gross NPA Ratio	***10.35%***	***10.91%***	***10.70%***	***9.95%***	***8.71%***	***7.53%***	***7.53%***	***7.19%***	***6.94%***	***6.15%***	***5.44%***
Net NPAs	**10,23,701**	**11,08,547**	**9,92,363**	**9,48,100**	**8,09,435**	**6,58,947**	**6,56,239**	**5,99,392**	**5,22,486**	**5,18,713**	**4,27,036**
Net NPA Ratio	***5.61%***	***5.73%***	***5.29%***	***4.84%***	***3.95%***	***3.01%***	***3.07%***	***2.79%***	***2.65%***	***2.23%***	***1.86%***
Provision Coverage Ratio	48.6%	50.4%	53.4%	53.9%	56.9%	61.9%	61.1%	62.9%	67.3%	65.2%	67.1%
SMA 1 & SMA 2		31,870	23,440	12,320	1,70,590	77,620	1,02,890	1,83,130	81,010	72,660	17,500
% of loans		*0.18%*	*0.14%*	*0.07%*	*0.91%*	*0.39%*	*0.53%*	*0.95%*	*0.41%*	*0.35%*	0.09%
Under Resolution Framework											
Standard							1,91,420	1,68,220	87,110		
% of Loans							*0.99%*	*0.87%*	*0.44%*		
NPA							2,91,360	2,65,360	2,18,550		
Net Stressed assets (% of loans)	***5.61%***	***5.89%***	***5.42%***	***4.91%***	***4.79%***	***3.37%***	***3.56%***	***3.65%***	***2.74%***	***2.54%***	***1.93%***

Source: Company, PL

Exhibit 15: Provisioning requirements to effect recovery in Return Ratios

RoAE decomposition (%)	FY15	FY16	FY17	FY18	FY19	FY20	FY21E	FY22E
Net interest income	**2.9**	**2.6**	**2.7**	**2.2**	**2.5**	**2.6**	**2.6**	**2.5**
Treasury income	0.3	0.3	0.6	0.4	0.1	0.3	0.2	0.2
Other Inc. from operations	0.9	1.0	0.9	0.9	0.9	0.9	0.7	0.7
Total income	**4.0**	**3.9**	**4.2**	**3.5**	**3.5**	**3.8**	**3.5**	**3.5**
Employee expenses	1.2	1.1	1.2	1.0	1.2	1.2	1.2	1.2
Other operating expenses	0.8	0.8	0.9	0.8	0.8	0.8	0.7	0.7
Operating profit	**2.0**	**2.0**	**2.1**	**1.8**	**1.6**	**1.8**	**1.6**	**1.5**
Tax	0.3	0.2	0.0	(0.3)	0.0	0.3	0.1	0.1
Loan loss provisions	1.0	1.3	2.1	2.2	1.5	1.1	1.3	1.1
RoAA	**0.7**	**0.5**	**(0.1)**	**(0.2)**	**0.0**	**0.4**	**0.2**	**0.3**
RoAE	**10.6**	**7.3**	**(1.1)**	**(3.5)**	**0.4**	**7.2**	**4.6**	**6.2**

Source: Company Data, PL Research

Exhibit 16: Change in earnings estimates – We adjust for higher NII, stake sale gains and better opex

Rs (mn)	Old		Revised		*% change*	
	FY21E	**FY22E**	**FY21E**	**FY22E**	***FY21E***	***FY22E***
Net interest income	10,25,818	11,07,411	10,64,756	11,63,332	*3.8*	*5.0*
Operating profit	6,27,280	6,70,035	6,51,844	6,99,696	*3.9*	*4.4*
Net profit	77,367	1,52,681	96,578	1,35,904	*24.8*	*(11.0)*
Loan Growth (%)	6.4	7.3	6.6	8.1	*0.2*	*0.8*
Credit Cost (bps)	220	180	220	200	-	*20.0*
EPS, Rs.	8.7	17.1	10.8	15.2	*24.8*	*(11.0)*
ABVPS, Rs.	175	185	179	184	*2.0*	*(0.3)*
Price target, Rs.	**254**		**276**		***8.7***	
Recommendation	**BUY**		**BUY**			

Source: Company, PL

Exhibit 17: We revise our TP to Rs276 (from Rs254) based on 0.7x Mar-22 ABV & SOTP

PT calculation and upside	
Terminal growth	5.0%
Market risk premium	7.3%
Risk-free rate	6.5%
Adjusted beta	1.08
Cost of equity	**14.3%**
Fair price - P/ABV	124
Value of subs/associates	152
Fair value of consol. entity	**276**
P/ABV – Standalone bank	**0.7**
P/E - Standalone bank	**8.1**
Current price, Rs	191
Upside (%)	**44%**
Dividend Yield (%)	2%
Total Return	**46%**

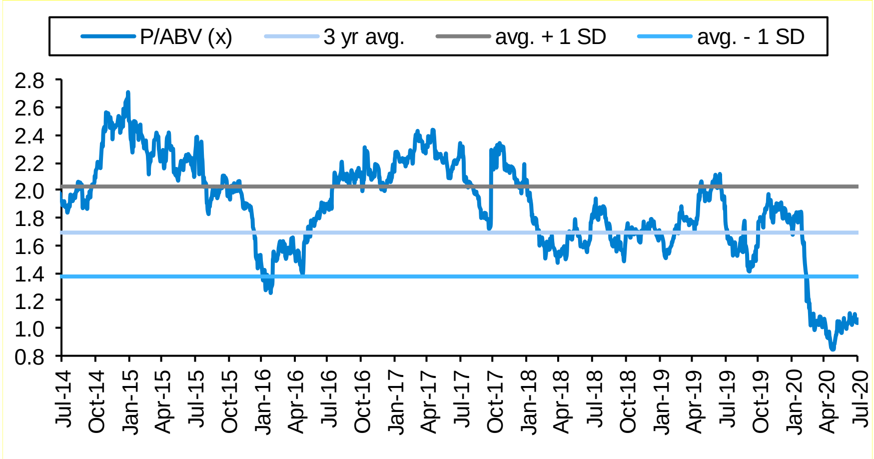
Source: Company, PL

Exhibit 18: SBIN's SOTP valuation table

SOTP valuation, FY20	**Stake (%)**	**Revised PT**	**Method**
Standalone	100%	124	0.7x Mar-22 P/ABV
SBI Life Insurance	56%	49	2.4x EV & 20.8x New Biz multiple
Asset management	63%	19	5% of AUMs
Cards	70%	53	P/E model
Others	100%	30	P/E model
Total		**276**	

Source: Company, PL

Exhibit 19: SBIN - one year forward P/ABV trends



Source: Company, PL

Income Statement (Rs. m)

Y/e Mar	FY20	FY21E	FY22E	FY23E
Int. Earned from Adv.	17,97,488	18,56,162	19,56,286	21,08,075
Int. Earned from invt.	6,82,047	7,63,748	8,90,892	10,22,608
Others	64,496	97,412	88,628	77,018
Total Interest Income	25,73,236	27,44,923	29,63,287	32,36,460
Interest Expenses	15,92,388	16,80,168	17,99,955	19,46,503
Net Interest Income	**9,80,848**	**10,64,756**	**11,63,332**	**12,89,957**
Growth(%)	*14.5*	*2.1*	*8.1*	*8.8*
Non Interest Income	4,52,215	3,97,949	4,17,846	4,30,382
Net Total Income	14,33,063	14,62,705	15,81,179	17,20,339
Growth(%)	*8.2*	*3.9*	*7.6*	*8.5*
Employee Expenses	4,57,150	5,07,436	5,58,180	6,19,580
Other Expenses	2,61,549	2,69,396	2,88,253	3,11,314
Operating Expenses	7,51,737	8,10,861	8,81,483	9,67,345
Operating Profit	**6,81,326**	**6,51,844**	**6,99,696**	**7,52,994**
Growth(%)	*22.9*	*(4.3)*	*7.3*	*7.6*
NPA Provision	4,29,975	5,26,911	5,11,447	4,68,461
Total Provisions	4,30,698	5,22,781	5,18,079	4,76,163
PBT	**2,50,628**	**1,29,063**	**1,81,616**	**2,76,831**
Tax Provision	1,05,747	32,485	45,713	69,678
Effective tax rate (%)	*42.2*	*25.2*	*25.2*	*25.2*
PAT	**1,44,881**	**96,578**	**1,35,904**	**2,07,153**
Growth(%)	*1,580.3*	*(33.3)*	*40.7*	*52.4*

Balance Sheet (Rs. m)

Y/e Mar	FY20	FY21E	FY22E	FY23E
Face value	1	1	1	1
No. of equity shares	8,925	8,925	8,925	8,925
Equity	8,925	8,925	8,925	8,925
Networth	23,20,074	23,94,340	24,94,545	26,61,537
Growth(%)	*5.0*	*3.2*	*4.2*	*6.7*
Adj. Networth to NNPAs	5,18,713	5,32,880	6,01,836	5,96,193
Deposits	3,24,16,207	3,66,30,314	4,02,93,346	4,43,22,680
Growth(%)	*11.3*	*13.0*	*10.0*	*10.0*
CASA Deposits	1,43,37,076	1,63,00,490	1,80,91,712	1,99,45,206
% of total deposits	*44.2*	*44.5*	*44.9*	*45.0*
Total Liabilities	**3,95,13,939**	**4,36,09,981**	**4,76,58,183**	**5,21,99,990**
Net Advances	2,32,52,896	2,46,48,069	2,64,96,675	2,86,16,409
Growth(%)	*6.4*	*6.0*	*7.5*	*8.0*
Investments	1,04,69,545	1,25,25,042	1,46,63,093	1,64,87,989
Total Assets	**3,95,13,939**	**4,36,09,981**	**4,76,58,183**	**5,21,99,990**
Growth (%)	*7.3*	*10.4*	*9.3*	*9.5*

Asset Quality

Y/e Mar	FY20	FY21E	FY22E	FY23E
Gross NPAs (Rs m)	14,90,919	15,94,504	18,35,187	18,53,999
Net NPAs (Rs m)	5,18,713	5,32,880	6,01,836	5,96,193
Gr. NPAs to Gross Adv.(%)	*6.2*	*6.2*	*6.6*	*6.2*
Net NPAs to Net Adv. (%)	*2.2*	*2.2*	*2.3*	*2.1*
NPA Coverage %	*65.2*	*66.6*	*67.2*	*67.8*

Profitability (%)

Y/e Mar	FY20	FY21E	FY22E	FY23E
NIM	2.8	2.8	2.8	2.8
RoAA	0.4	0.2	0.3	0.4
RoAE	6.4	4.1	5.6	8.0
Tier I	11.0	10.6	10.3	10.1
CRAR	13.1	12.5	12.0	11.7

Source: Company Data, PL Research

Quarterly Financials (Rs. m)

Y/e Mar	Q2FY20	Q3FY20	Q4FY20	Q1FY21
Interest Income	6,43,124	6,76,920	6,26,814	6,65,004
Interest Expenses	3,97,121	3,99,132	3,99,145	3,98,588
Net Interest Income	**2,46,003**	**2,77,788**	**2,27,669**	**2,66,416**
YoY growth (%)	*17.7*	*22.4*	*(0.8)*	*16.1*
CEB	50,400	56,350	78,730	44,710
Treasury	-	-	-	-
Non Interest Income	85,384	91,059	1,33,461	79,575
Total Income	**7,28,508**	**7,67,979**	**7,60,275**	**7,44,579**
Employee Expenses	1,13,026	1,14,556	1,20,387	1,18,651
Other expenses	71,217	72,065	83,406	62,126
Operating Expenses	1,84,243	1,86,622	2,03,793	1,80,777
Operating Profit	**1,47,145**	**1,82,226**	**1,57,338**	**1,65,214**
YoY growth (%)	*5.8*	*44.3*	*(7.1)*	*24.7*
Core Operating Profits	-	-	-	-
NPA Provision	1,10,410	81,931	1,18,940	94,205
Others Provisions	1,31,389	72,529	1,34,951	1,25,013
Total Provisions	1,31,389	72,529	1,34,951	1,25,013
Profit Before Tax	**15,755**	**1,09,697**	**22,387**	**40,200**
Tax	20,481	53,863	13,892	13,704
PAT	**(4,726)**	**55,834**	**8,495**	**26,496**
YoY growth (%)	*(150.0)*	*41.2*	*1.3*	*14.6*
Deposits	**3,03,33,958**	**3,11,12,286**	**3,24,16,207**	**3,41,93,628**
YoY growth (%)	*8.0*	*9.9*	*11.3*	*16.0*
Advances	**2,14,61,598**	**2,19,99,169**	**2,32,52,896**	**2,29,83,462**
YoY growth (%)	*9.6*	*7.4*	*6.4*	*7.7*

Key Ratios

Y/e Mar	FY20	FY21E	FY22E	FY23E
CMP (Rs)	191	191	191	191
EPS (Rs)	16.2	10.8	15.2	23.2
Book Value (Rs)	233	242	253	272
Adj. BV (70%)(Rs)	175	179	184	203
P/E (x)	11.8	17.7	12.6	8.2
P/BV (x)	0.8	0.8	0.8	0.7
P/ABV (x)	1.1	1.1	1.0	0.9
DPS (Rs)	-	2.5	4.0	4.5
Dividend Payout Ratio (%)	-	*23.1*	*26.3*	*19.4*
Dividend Yield (%)	-	*1.3*	*2.1*	*2.4*

Efficiency

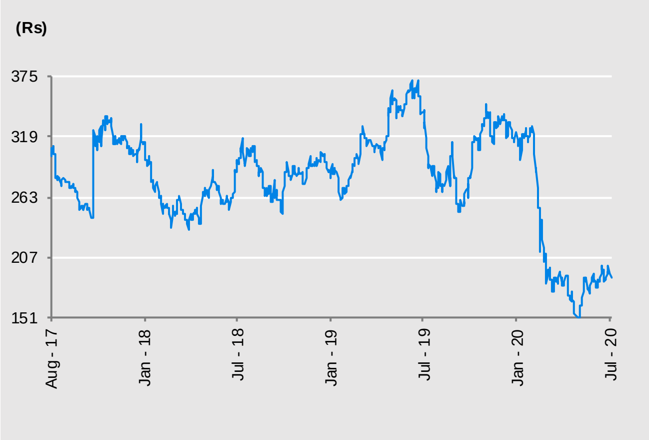
Y/e Mar	FY20	FY21E	FY22E	FY23E
Cost-Income Ratio (%)	*52.5*	*55.4*	*55.7*	*56.2*
C-D Ratio (%)	*71.7*	*67.3*	*65.8*	*64.6*
Business per Emp. (Rs m)	223	243	262	284
Profit per Emp. (Rs lacs)	6	4	5	8
Business per Branch (Rs m)	2,493	2,760	2,995	3,256
Profit per Branch (Rs m)	6	4	6	9

Du-Pont

Y/e Mar	FY20	FY21E	FY22E	FY23E
NII	2.80	2.79	2.77	2.81
Total Income	4.10	3.83	3.77	3.74
Operating Expenses	2.15	2.12	2.10	2.10
PPoP	1.95	1.71	1.67	1.64
Total provisions	1.23	1.37	1.23	1.04
RoAA	0.41	0.25	0.32	0.45
RoAE	7.16	4.56	6.16	8.85

Source: Company Data, PL Research

Price Chart



Recommendation History

No.	Date	Rating	TP (Rs.)	Share Price (Rs.)
1	08-Jul-20	BUY	254	192
2	06-Jun-20	BUY	254	188
3	14-Apr-20	BUY	317	184
4	31-Jan-20	BUY	419	318
5	03-Jan-20	BUY	413	334
6	30-Oct-19	BUY	413	290
7	25-Oct-19	BUY	396	282
8	03-Oct-19	BUY	388	254
9	03-Aug-19	BUY	369	308

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	680	527
10	Kotak Mahindra Bank	Accumulate	1,389	1,323
11	Max Financial Services	Hold	545	563
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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