

INDUSIND BANK LIMITED | Banking

Growth & margin strong; Retail asset quality deteriorated

LKP
Since 1948**LKP Securities Limited****Result and Price Analysis**

Indusind Bank has reported stable set of numbers and the positives are 1) 68% YoY jump in reported profit, led by NIMs expansion (4.27%) and lower provisioning expenses (down 36% YoY), 2) Strong business growth (credit: 19.3% YoY, Deposits: 14.3% YoY), 3) Stable PCR level (PCR: 71% & Non-specific: 1.25% of book), 4) Reduction in restructuring book to 1.25% v/s 1.5% in the previous quarter, 5) Ample capital cushion (CAR: 18.01%), Nevertheless, the spike in consumer GNPA (2.6% v/s 2.36%) is the biggest disappointment. We believe, the bank has made adequate provisioning against potential stress. However, the delinquencies from vehicles segment and credit cost in next quarter will be keenly watched. Moreover, a healthy CDR (84%) gives further room for credit growth. We have a positive outlook on the Bank with a BUY rating.

Gazing the Core

Outperforming growth guidance: The bank's net advances stood at ~₹2.7tn; grew 19.3% YOY and 5% sequentially. Corporate banking (47% of loan book) grew by 4.3% QoQ and retail (53% of book) growth at 5.3% QoQ. Vehicle loan (26% of loan book) grew by 6.7% QoQ and Micro loan (11% of loan book) witnessed marginal growth of 0.2% sequentially. Vehicle financing witnessed strong disbursement (₹12.7bn; 19% QoQ). Management guidance on the credit growth of ~20% for FY23 stays intact. The bank's deposits stood at ~₹3.25tn and saw a healthy growth of 14.3% YOY and 3% QOQ; CASA ratio down by 40bps to 41.9%. The bank is holding ample liquidity (LCR: 117%). The CRAR stood at 18.01% similar to 2QFY23 with CET 1 of 16.01%. RWA to assets stood flat at 73%.

Retail credit quality a major disappointment; buffer seems satisfactory: The bank's reported gross slippages inched down significantly to ₹14.7bn against ₹15.7bn the in previous quarter. Retail slippages contributed around 93% (₹13.8bn) of total fresh GNPA additions. The slippages from restructuring book was ₹3.3bn (23% of the total slippages). Total GNPA reduction stood at ₹13.2bn v/s ₹19.3bn in 2QFY23 led by lower write-offs (~₹8bn). A lower slippages, nevertheless, slower reduction (upgrade and recovery) led to decrease in GNPA ratio marginally by 5bps to 2.06%. In absolute term GNPA up by 2.6% sequentially.

Key Financials (₹ mn)	FY20	FY21	FY22	FY23E	FY24E
NII	1,20,587	1,35,279	1,50,008	1,73,691	2,10,090
Operating Profit	1,07,727	1,17,267	1,30,977	1,43,472	1,72,566
Reported Profits	44,179	28,364	48,046	73,182	89,049
Net Worth	3,37,036	4,30,464	4,80,264	5,53,450	6,42,498
Loan & Advances	20,67,832	21,25,954	23,90,515	28,44,713	34,13,656
Int. Bearing Liabilities	26,27,934	30,75,278	34,06,727	38,88,870	45,73,375

Key Ratios (%)	FY20	FY21	FY22	FY23E	FY24E
NIM's	4.4	4.4	4.2	4.3	4.5
C/I	43.3	41.6	41.6	44.3	43.3
Gross NPA	2.5	2.7	2.3	2.0	1.9
Tier 1	14.6	16.8	16.7	16.8	16.8
Adj. RoA	1.5	0.8	1.3	1.7	1.8
Adj. RoE	14.6	7.3	10.5	14.1	14.8

Rating	BUY
Current Market Price (₹)	1,223
12 M Price Target (₹)	1,473
Potential upside (%)	20

Stock Data

FV (₹) :	10
Market Cap Full (₹ bn) :	947
Market Cap Free Float (₹ bn) :	797
52-Week High / Low (₹) :	1,276 / 763
2-Year High / Low (₹) :	1,276 / 763
1 Yr Avg. Dly Traded Volume (in lakh)	38
BSE Code / NSE Symbol	532187 / INDUSINDBK
Bloomberg :	IIB IN

Shareholding Pattern

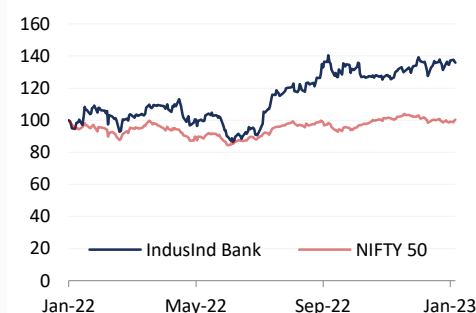
(%)	Dec-22	Sep-22	Jun-22	Mar-22
Promoter	16.51	16.51	16.51	16.52
FPIs	44.55	46.90	45.83	46.33
MFs	14.42	11.96	12.13	13.51
Insurance	7.85	8.31	8.76	8.18
Bodies Corporate	3.52	3.64	3.98	3.79
Others	13.15	12.68	12.79	11.67

Source: BSE

Price Performance (%)

(%)	1M	3M	6M	1YR
Indusind Bank	-0.5%	-0.02%	43.7%	35.9%
Nifty 50	-0.6%	3.9%	11.6%	0.3%

* To date / current date : January 18, 2023

Indusind Bank vs Nifty 50

However, the higher slippages and increased GNPA ratio (2.6% v/s 2.36% in 2QFY23) from consumer loans raised eyebrows. NPA ratio increased across vehicle segment; 2W segment witnessed a moderation. The movement of delinquencies from Vehicle loans will be keenly watched in coming quarters. GNPA/NNPA/PCR stood at 2.11%/0.61%/72% v/s 2.06%/0.62%/71% in the previous quarter. In absolute term the GNPA increased by 2.6% sequentially. In retail banking, 2-wheeler segment and CV segment have higher GNPA ratio of 7.5% and 2.2% respectively. Moreover, micro loans GNPA increased by 24bps to 2.6%. The standard restructured assets went down and stood ~₹34bn (1.25% of book) v/s ₹39bn (1.5%) in 2QFY23. Additionally, ₹3.3bn of restructuring has slipped into NPA this quarter. The bank's provision expenses down sequentially to ₹10.6bn v/s ₹11.4bn in the previous quarter. The total provisions (including contingent) stand at 130% of GNPLs and contingent provision (excluding PCR) stood 1.25% of loans. The bank's coverage on MFI NPAs is at 99%.

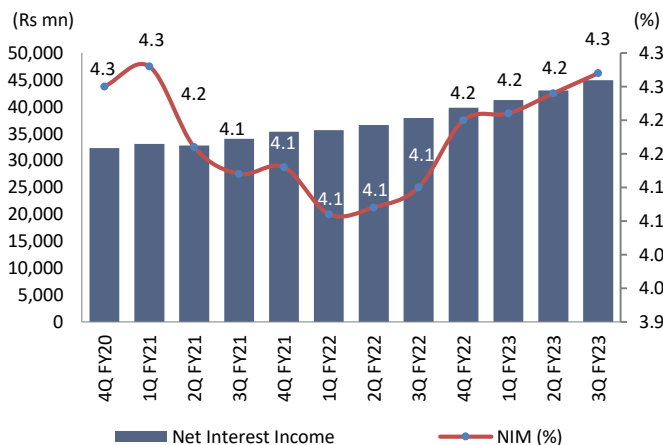
Healthy operating quarter: The YoA sequentially up (11.75%) and COF (4.72% v/s 4.41% in previous quarter) have resulted in spike in interest spread. Moreover, NIMs marginally up at 4.27% sequentially. NII stood ₹45bn; grew by 18.5% YoY and 4.5% QoQ. Other income grew by 10.6% YoY and 3.3% QoQ. *: PPOP (₹36.8bn) up by 4.6% sequentially on the back of higher NII and lower opex (C/I: 44%). Furthermore, sequentially down provisioning expenses (₹10.6bn v/s ₹11.4bn in 2QFY23) have resulted in 68% YoY and 10% sequential jump in profit at ₹19.6bn. The bank's ROA and ROE stood at 1.86% and 15.23% respectively. Management FY23E ROA guidance of 1.5% - 1.8% seems achievable, nonetheless, the credit cost for the next quarter will be key monitor-able.

Outlook & Valuation

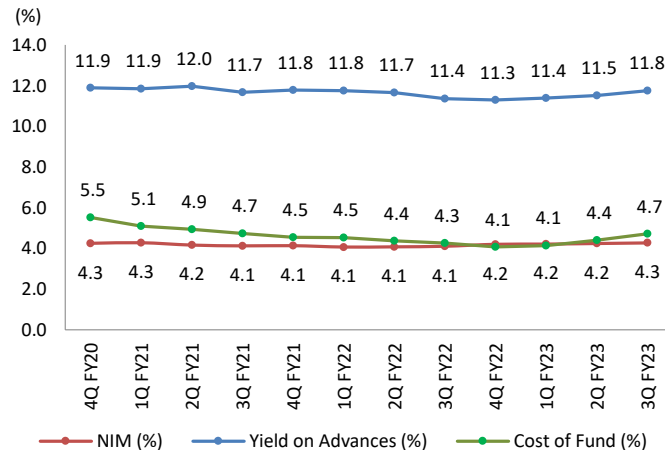
Core operating performance of the Indusind Bank remains healthy. A higher contingent buffer is likely to safeguard the bank from credit disruption from various restructure schemes. We retain our rating to BUY with price target of ₹1473 (based on 1.8x FY24E Adj. BVPS of ₹818).

Quarterly story in charts

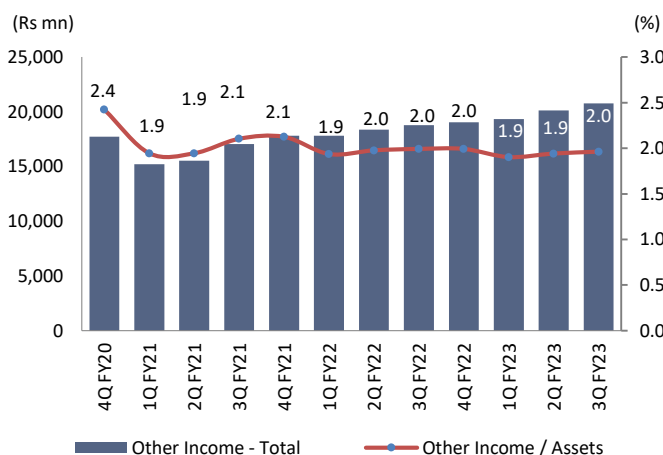
NII Trend



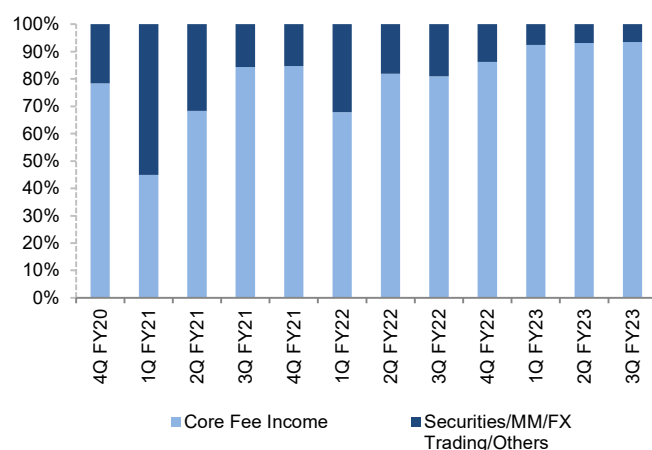
Yields and Margin Trend



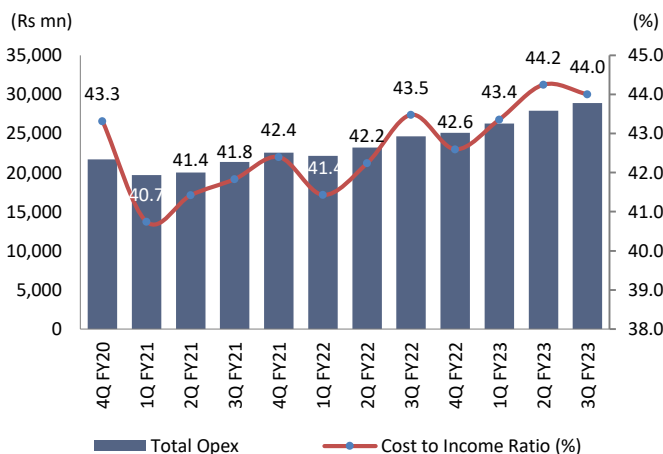
Other Income Trend



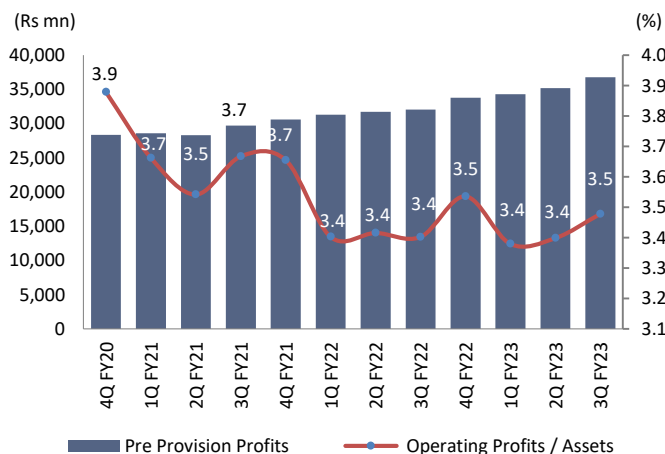
Other Income Mix Trend



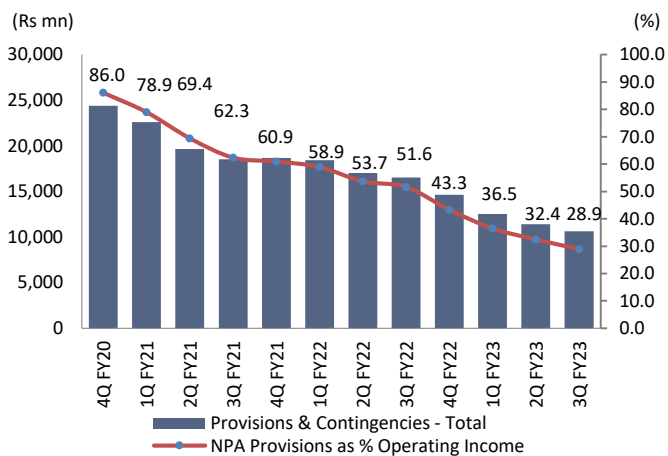
Total Opex Trend



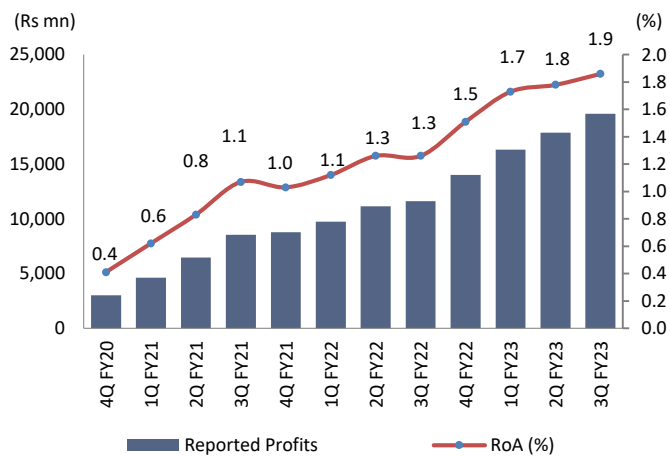
Pre Provision Profit Trend



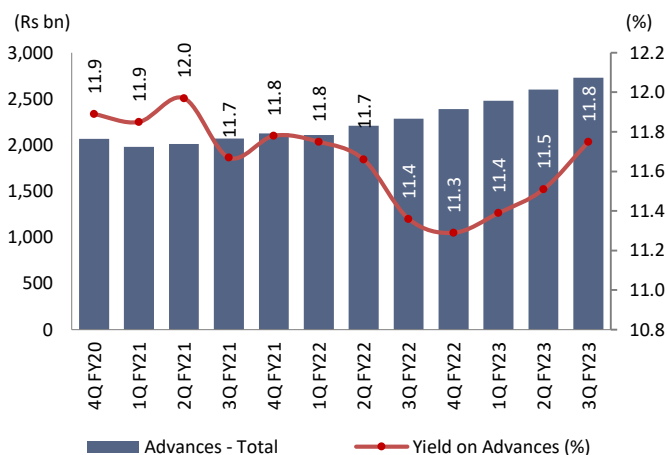
Provision Expenses Trend



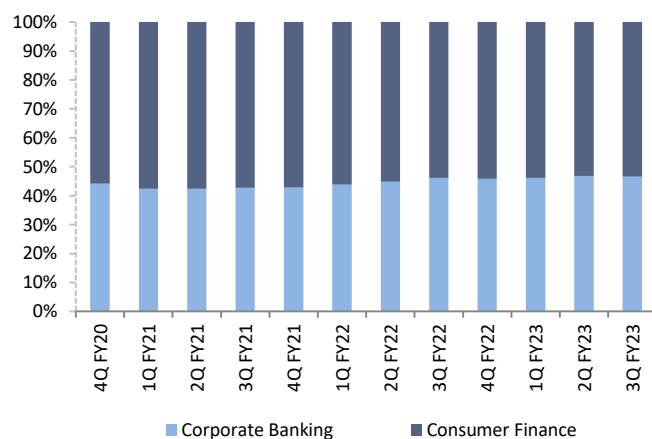
Reported Profit Trend



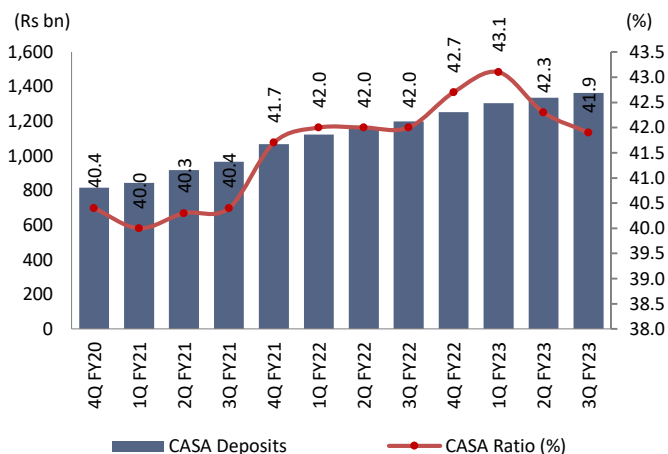
Loan Book Trend



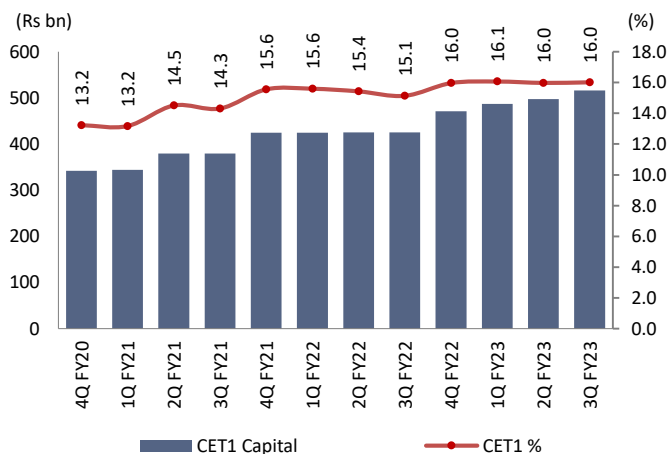
Loan book Mix



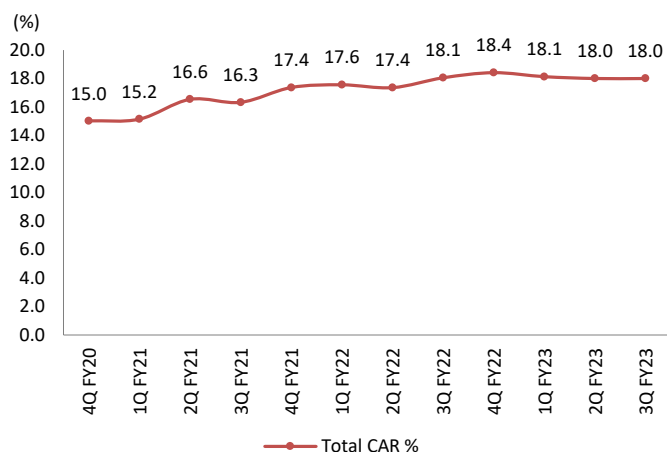
CASA Deposit Trend



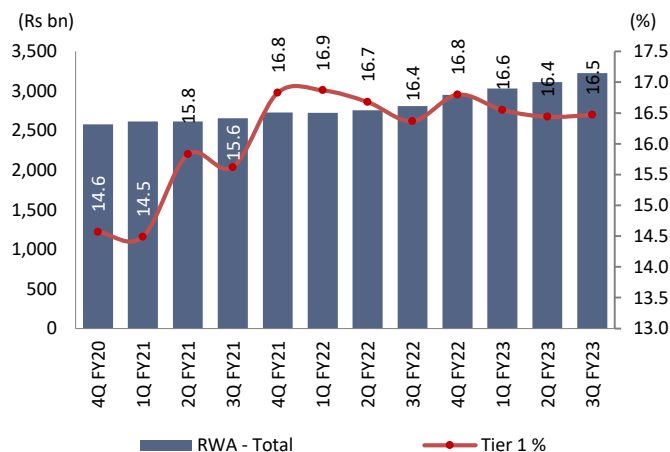
CET 1 Ratio Trend



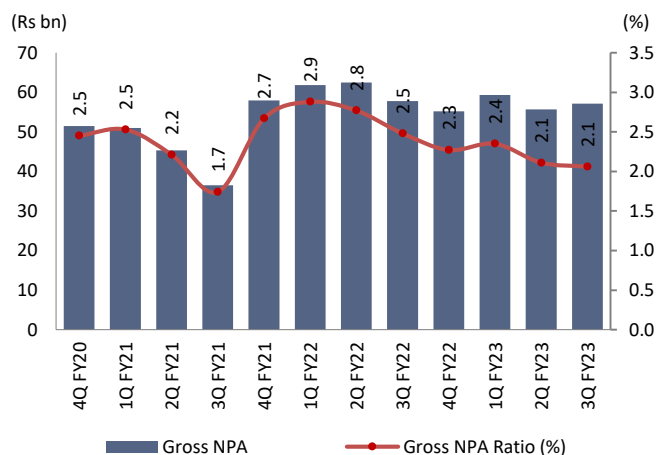
CRAR Ratio Trend



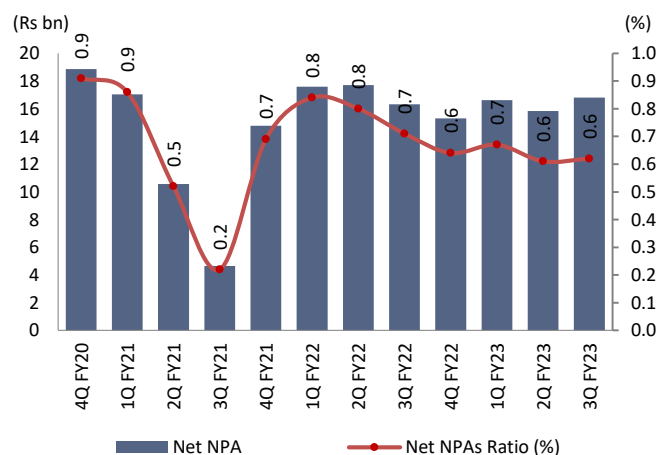
RWA Trend



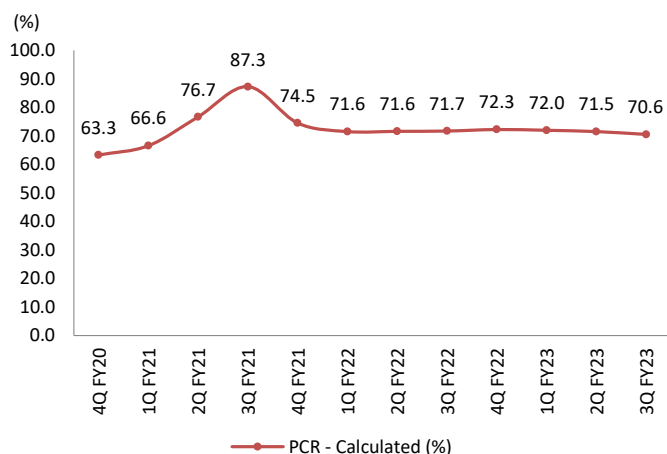
Gross NPA Trend



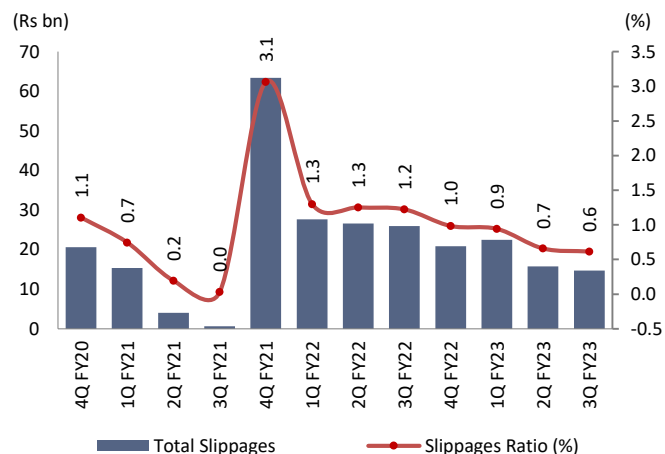
Net NPA Trend



PCR Trend



Slippages Trend



Recent Performance at a glance

Exhibit 1 : Income Statement Analysis

(₹ mn)	3Q FY23	3Q FY22	% yoy / bps	2Q FY23	% qoq / bps	FY22	FY21	% yoy / bps
Interest Inc.	94,574	77,375	22.2	87,080	8.6	3,08,224	2,89,998	6.3
Interest Expenses	49,621	39,439	25.8	44,060	12.6	1,58,216	1,54,719	2.3
Net Interest Income	44,953	37,936	18.5	43,021	4.5	1,50,008	1,35,279	10.9
<i>NII to Net Operative Income</i>	<i>68.4</i>	<i>66.9</i>	<i>150</i>	<i>68.1</i>	<i>26</i>	<i>66.9</i>	<i>67.3</i>	<i>(41)</i>
<i>NIM (%)</i>	<i>4.27</i>	<i>4.1</i>	<i>17</i>	<i>4.2</i>	<i>3</i>	<i>4.2</i>	<i>4.2</i>	<i>1</i>
Other Income - Total	20,763	18,768	10.6	20,108	3.3	74,076	65,586	12.9
<i>Other Income to Net Operative Income</i>	<i>31.6</i>	<i>33.1</i>	<i>(150)</i>	<i>31.9</i>	<i>(26)</i>	<i>33.1</i>	<i>32.7</i>	<i>41</i>
Net Operating Revenue	65,717	56,704	15.9	63,129	4.1	2,24,084	2,00,865	11.6
Employee Expenses	7,992	6,200	28.9	7,347	8.8	34,735	22,135	56.9
Other Opex	20,921	18,453	13.4	20,585	1.6	58,372	61,463	(5.0)
Total Opex	28,913	24,653	17.3	27,932	3.5	93,107	83,598	11.4
<i>Cost to Income Ratio (%)</i>	<i>44.0</i>	<i>43.5</i>	<i>52</i>	<i>44.2</i>	<i>(25)</i>	<i>41.6</i>	<i>41.6</i>	<i>(7)</i>
Pre Provision Profits	36,804	32,051	14.8	35,197	4.6	1,30,977	1,17,267	11.7
Provisions & Contingencies - Total	10,647	16,541	(35.6)	11,411	(6.7)	66,650	79,425	(16.1)
<i>NPA Provisions as % Operating Income</i>	<i>28.9</i>	<i>51.6</i>	<i>(2,268)</i>	<i>32.4</i>	<i>(349)</i>	<i>50.9</i>	<i>67.7</i>	<i>(1,684)</i>
Profit Before Tax	26,157	15,510	68.6	23,786	10.0	64,328	37,841	70.0
Tax	6,565	3,898	68.4	5,919	10.9	16,282	9,478	71.8
<i>Effective Tax Rate (%)</i>	<i>25.1</i>	<i>25.1</i>	<i>(3)</i>	<i>24.9</i>	<i>21</i>	<i>25.3</i>	<i>25.0</i>	<i>27</i>
Reported Profits	19,592	11,613	68.7	17,867	9.7	48,046	28,364	69.4
<i>RoA (%)</i>	<i>1.9</i>	<i>1.3</i>	<i>60</i>	<i>1.8</i>	<i>8</i>	<i>1.3</i>	<i>0.9</i>	<i>33</i>
<i>RoE (%)</i>	<i>15.2</i>	<i>10.9</i>	<i>435</i>	<i>14.5</i>	<i>78</i>	<i>10.5</i>	<i>7.6</i>	<i>297</i>

Source: Company, LKP Research

Exhibit 2 : Balance Sheet Analysis

(₹ mn)	2Q FY22	3Q FY22	4Q FY22	1Q FY23	2Q FY23	3Q FY23	QoQ % / bps	YoY % / bps
Net Worth	4,51,074	4,66,046	4,80,103	4,97,071	5,04,830	5,28,840	4.8	13.5
<i>RoE (%)</i>	<i>10.3</i>	<i>10.9</i>	<i>11.9</i>	<i>13.4</i>	<i>14.5</i>	<i>15.2</i>	<i>78</i>	<i>435</i>
<i>Tier 1 %</i>	<i>16.7</i>	<i>16.4</i>	<i>16.8</i>	<i>16.6</i>	<i>16.4</i>	<i>16.5</i>	<i>3</i>	<i>10</i>
<i>Total CAR %</i>	<i>17.4</i>	<i>18.1</i>	<i>18.4</i>	<i>18.1</i>	<i>18.0</i>	<i>18.0</i>	<i>-</i>	<i>(5)</i>
RWA - Total	27,55,900	28,10,860	29,51,310	30,31,180	31,14,710	32,24,840	3.5	14.7
Advances - Total	22,08,076	22,85,830	23,90,515	24,79,600	26,01,288	27,27,540	4.9	19.3
Investments	6,92,858	7,27,150	7,09,299	7,24,870	7,60,342	7,61,740	0.2	4.8
Total Assets	38,04,921	39,05,636	40,19,674	41,01,001	42,64,882	44,44,850	4.2	13.8
<i>RoA (%)</i>	<i>1.26</i>	<i>1.26</i>	<i>1.51</i>	<i>1.73</i>	<i>1.78</i>	<i>1.86</i>	<i>8</i>	<i>60</i>
Deposits	27,54,727	28,44,840	29,33,495	30,27,190	31,59,205	32,52,780	3.0	14.3
CASA Deposits	11,58,630	11,98,940	12,53,330	13,05,080	13,35,250	13,63,790	2.1	13.7
<i>CASA Ratio (%)</i>	<i>42.0</i>	<i>42.0</i>	<i>42.7</i>	<i>43.1</i>	<i>42.3</i>	<i>41.9</i>	<i>(40)</i>	<i>(10)</i>
Interest Bearing Liabilities - Total	32,17,681	33,01,530	34,06,727	34,45,310	35,65,937	37,25,620	4.5	12.8

Source: Company, LKP Research

Exhibit 3 : Loan Book/ AUM Analysis

(₹ mn)	2Q FY22	3Q FY22	4Q FY22	1Q FY23	2Q FY23	3Q FY23	QoQ % / bps	YoY % / bps
Corporate Banking	9,90,790	10,54,810	10,94,630	11,44,290	12,17,660	12,70,100	4.3	20.4
Large Corporates	5,03,950	5,37,890	6,02,230	6,23,220	6,86,680	7,10,530	3.5	32.1
Mid size Corporates	4,44,670	4,67,140	4,03,220	4,22,100	4,24,780	4,42,010	4.1	(5.4)
Small Corporates	42,170	49,780	89,180	98,970	1,06,200	1,17,560	10.7	136.2
Consumer Finance	12,17,286	12,31,020	12,95,885	13,35,310	13,83,620	14,57,440	5.3	18.4
Comm. Vehicle Loans	2,25,980	2,26,180	2,32,090	2,44,150	2,53,400	2,68,190	5.8	18.6
Utility Vehicle Loans	52,140	56,970	61,720	67,970	74,670	83,110	11.3	45.9
Small CV	29,900	30,350	30,440	31,840	31,960	33,650	5.3	10.9
Two Wheeler Loans	47,600	47,230	44,680	43,580	43,340	47,490	9.6	0.6
Car Loans	79,890	82,650	83,920	87,890	93,260	99,930	7.2	20.9
Tractor	71,730	76,660	79,070	82,500	86,110	91,590	6.4	19.5
Equipment Financing	85,780	86,040	87,310	87,900	88,930	92,690	4.2	7.7
Vehicle Loans	5,93,020	6,06,080	6,19,230	6,45,830	6,71,670	7,16,650	6.7	18.2
Non Vehicle loans	3,43,120	3,50,510	3,70,530	3,95,450	4,15,780	4,43,910	6.8	26.6
Credit Card	50,060	53,010	55,200	64,780	70,980	77,140	8.7	45.5
Loan Against Property	87,880	86,640	88,170	90,090	92,480	95,020	2.7	9.7
BBG + BL, PL, GL, Others	2,05,180	2,10,860	2,27,160	2,40,580	2,52,320	2,71,750	7.7	28.9

Source: Company, LKP Research

Exhibit 4: Funding Profile Analysis

(₹ mn)	2Q FY22	3Q FY22	4Q FY22	1Q FY23	2Q FY23	3Q FY23	QoQ % / bps	YoY % / bps
Interest Bearing Liabilities - Total	32,17,681	33,01,530	34,06,727	34,45,310	35,65,937	37,25,620	4.5	12.8
Deposits	27,54,727	28,44,840	29,33,495	30,27,190	31,59,205	32,52,780	3.0	14.3
CASA Deposits	11,58,630	11,98,940	12,53,330	13,05,080	13,35,250	13,63,790	2.1	13.7
Saving Deposit	8,32,760	8,66,150	8,88,260	9,52,430	8,93,680	8,63,720	(3.4)	(0.3)
Current Deposit	3,25,870	3,32,790	3,65,070	3,52,650	4,41,570	5,00,070	13.2	50.3
Term Deposits	15,96,097	16,45,900	16,80,165	17,22,110	18,23,955	18,88,990	3.6	14.8
Borrowings	4,62,954	4,56,690	4,73,232	4,18,120	4,06,731	4,72,840	16.3	3.5

Source: Company, LKP Research

Exhibit 5: Assets Quality Analysis

(₹ mn)	2Q FY22	3Q FY22	4Q FY22	1Q FY23	2Q FY23	3Q FY23	QoQ % / bps	YoY % / bps
Total Slippages	26,580	25,980	20,880	22,500	15,720	14,670	(6.7)	(43.5)
Slippages Ratio (%)	1.25	1.22	0.98	0.94	0.66	0.61	(4)	(61)
Gross NPA	62,450	57,793	55,172	59,329	55,671	57,108	2.6	(1.2)
Gross NPAs Ratio (%)	2.77	2.48	2.27	2.35	2.11	2.06	(5)	(42)
PCR - Calculated (%)	71.6	71.7	72.3	72.0	71.5	70.6	(99)	(118)
Net NPA	17,714	16,332	15,298	16,612	15,840	16,815	6.2	3.0
Net NPAs Ratio (%)	0.80	0.71	0.64	0.67	0.61	0.62	1	(9)
Standard Restructured	79,711	75,910	62,149	52,068	38,950	33,900	(13.0)	(55.3)
Std. Rest. Adv. as % of Advances	3.6	3.3	2.60	2.10	1.50	1.25	(25)	(205)

Source: Company, LKP Research

Annual Projections

Exhibit 6: Profit and Loss Statement

(₹ mn)	FY20	FY21	FY22	FY23E	FY24E
Interest Income	2,87,828	2,89,998	3,08,224	3,57,113	4,22,843
Interest Expenses	1,67,241	1,54,719	1,58,216	1,83,422	2,12,753
Net Interest Income	1,20,587	1,35,279	1,50,008	1,73,691	2,10,090
<i>NIM (%)</i>	<i>4.44</i>	<i>4.35</i>	<i>4.18</i>	<i>4.30</i>	<i>4.51</i>
Other Income - Total	69,513	65,586	74,076	83,666	94,496
Net Operating Revenue	1,90,101	2,00,865	2,24,084	2,57,356	3,04,586
Employee Exp.	22,085	22,135	34,735	35,083	41,398
Other Opex	60,289	61,463	58,372	78,802	90,622
Total Opex	82,373	83,598	93,107	1,13,885	1,32,020
<i>C/I Ratio</i>	<i>43.33</i>	<i>41.62</i>	<i>41.55</i>	<i>44.25</i>	<i>43.34</i>
Pre Provision Profits	1,07,727	1,17,267	1,30,977	1,43,472	1,72,566
<i>PPP Growth (yoy %)</i>	<i>33.2</i>	<i>8.9</i>	<i>11.7</i>	<i>9.5</i>	<i>20.3</i>
Provisions & Contingencies - Total	46,521	79,425	66,650	45,895	53,834
<i>Credit Cost (As % of Op. AUM)</i>	<i>1.95</i>	<i>3.55</i>	<i>2.89</i>	<i>1.69</i>	<i>1.69</i>
Profit Before Tax	61,206	37,841	64,328	97,577	1,18,732
Tax	17,027	9,478	16,282	24,394	29,683
<i>Effective Tax Rate</i>	<i>27.8</i>	<i>25.0</i>	<i>25.3</i>	<i>25.0</i>	<i>25.0</i>
Reported Profits	44,179	28,364	48,046	73,182	89,049
<i>PAT Growth (yoy %)</i>	<i>33.8</i>	<i>(35.8)</i>	<i>69.4</i>	<i>52.3</i>	<i>21.7</i>

Source: Company, LKP Research

Exhibit 7: Balance Sheet

(₹ mn)	FY20	FY21	FY22	FY23E	FY24E
Equity Share Capital	6,935	7,734	7,747	7,750	7,750
Reserves (ex Revel. Reserve)	3,30,101	4,22,730	4,72,517	5,45,700	6,34,748
Net Worth - Ex Revaluation	3,37,036	4,30,464	4,80,264	5,53,450	6,42,498
Deposits	20,20,398	25,62,050	29,33,495	33,56,095	39,46,823
Borrowings	6,07,535	5,13,228	4,73,232	5,32,775	6,26,552
Interest Bearing Liabilities	26,27,934	30,75,278	34,06,727	38,88,870	45,73,375
Other Lia. & Prov.	95,577	1,20,796	1,32,683	1,59,817	1,38,715
Total Liabilities	30,70,576	36,29,727	40,19,674	46,04,786	53,57,608
Assets					
Cash & Cash Equivalent	1,60,037	5,63,272	6,85,847	6,85,466	8,00,509
Investments	5,99,799	6,96,947	7,09,299	7,63,002	7,99,547
Loan & Advances	20,67,832	21,25,954	23,90,515	28,44,713	34,13,656
Growth (yoy %)	10.9	2.8	12.4	19.0	20.0
Fixed Assets	18,201	18,094	19,288	21,727	25,029
Other Assets	2,24,707	2,25,461	2,14,725	2,89,879	3,18,866
Total Assets	30,70,576	36,29,727	40,19,674	46,04,786	53,57,608

Source: Company, LKP Research

Exhibit 8: Per share data

Y/E Mar	FY20	FY21	FY22	FY23E	FY24E
Face Value	10	10	10	10	10
Adjusted Share O/S - For Calculation	694	773	775	775	775
Earnings Per Share	63.7	36.7	62.0	94.4	114.9
EPS (% YoY)	16.3	(42.4)	69.1	52.3	21.7
P/E (x)	19.2	33.3	19.7	12.9	10.6
Book Value	486.0	556.6	620.0	714.1	829.0
BVPS (% YoY)	11.2	14.5	11.4	15.2	16.1
P/BV (x)	2.5	2.2	2.0	1.7	1.5
Adj. BV	486.0	547.1	610.1	703.3	818.2
Adj. BV (% YoY)	11.2	12.6	11.5	15.3	16.3
P/ABV (x)	2.5	2.2	2.0	1.7	1.5

Source: Company, LKP Research

Exhibit 9: Detailed ROA Tree

Y/E Mar	FY20	FY21	FY22	FY23E	FY24E
Yields / Margins					
Yield on Advance	12.2	11.5	11.1	11.3	11.4
Yield on Funds	10.6	9.3	8.6	8.8	9.1
Cost of Funds (CoF)	6.6	5.4	4.9	5.0	5.0
Interest Spread	4.0	3.9	3.7	3.8	4.1
NIM's	4.4	4.4	4.2	4.3	4.5
Interest Income / Assets	9.8	8.7	8.1	8.3	8.5
Interest Exp. / Assets	5.7	4.6	4.1	4.3	4.3
NII / Assets	4.1	4.0	3.9	4.0	4.2
Fee Income / Assets	2.0	1.1	1.1	1.1	1.1
Other Non Core Income / Assets	-	-	-	-	-
Other Income / Assets	2.4	2.0	1.9	1.9	1.9
Net Operating Income / Assets	6.5	6.0	5.9	6.0	6.1
Operating Ratios					
NII to Net Operative Income	63.4	67.3	66.9	67.5	69.0
Other Income to Net Operative Income	36.6	32.7	33.1	32.5	31.0
Empl. Cost/Oper. Exps.	26.8	26.5	37.3	30.8	31.4
Other Op. Exps./Oper. Exps.	73.2	73.5	62.7	69.2	68.6
C/I Ratio	43.3	41.6	41.6	44.3	43.3
Provisions as % PPP	24.5	39.5	29.7	17.8	17.7
Credit Cost (As % of Op. AUM)	2.0	3.5	2.9	1.7	1.7
Effective Tax Rate	27.8	25.0	25.3	25.0	25.0
Employee Exp. / Assets	0.8	0.7	0.9	0.8	0.8
Other Opex/ Assets	2.1	1.8	1.5	1.8	1.8
Total Opex / Assets	2.8	2.5	2.4	2.6	2.7
Operating Profits / Assets	3.7	3.5	3.4	3.3	3.5
Exceptional Items / Assets	-	-	-	-	-
Op Profit ex Except Items / Assets	3.7	3.5	3.4	3.3	3.5
Provisions / Assets	1.6	2.4	1.7	1.1	1.1
Profit Before Tax / Assets	2.1	1.1	1.7	2.3	2.4
Tax Expenses / Assets	0.6	0.3	0.4	0.6	0.6
RoA	1.5	0.8	1.3	1.7	1.8
Leverage (x)	9.1	8.4	8.4	8.3	8.3
RoE	14.6	7.3	10.5	14.1	14.8
Adj. RoA	1.5	0.8	1.3	1.7	1.8
Adj. RoE	14.6	7.3	10.5	14.1	14.8

Source: Company, LKP Research

Exhibit 10: Balance Sheet Ratios

Y/E Mar	FY20	FY21	FY22	FY23E	FY24E
Credit / Deposit Ratio	102.3	83.0	81.5	84.8	86.5
Incremental C/D Ratio	284.3	10.7	71.2	107.5	96.3
Investment Deposit Ratio	29.7	27.2	24.2	22.7	20.3
Dom. SLR Investment / Deposits	26.0	25.3	22.5	21.3	19.0
CASA Ratio	40.4	41.8	42.7	42.8	42.8

Source: Company, LKP Research

Exhibit 11: Credit Quality

Y/E Mar	FY20	FY21	FY22	FY23E	FY24E
Slippage Ratio	3.1	3.7	4.8	2.8	2.8
Gross NPA (Cl Bal)	51,467	57,950	55,172	58,100	66,065
Gross NPAs Ratio (%)	2.5	2.7	2.3	2.0	1.9
PCR (%)	63.3	74.5	72.3	71.0	70.5
Net NPA (Cl. Bal.)	18,866	14,766	15,298	16,864	19,486
Net NPAs Ratio (%)	0.9	0.7	0.6	0.6	0.6
Total Impaired Loans	51,467	57,950	55,172	58,100	66,065
Impaired Loan as % of Loan / AUM	2.5	2.7	2.3	2.0	1.9
Total Risk Reserves	32,602	43,184	39,873	41,236	46,579
Total Risk As % of Loan Book	1.6	2.0	1.7	1.4	1.4

Source: Company, LKP Research

Exhibit 12: Key Assumptions & Forecasts

Y/E Mar	FY20	FY21	FY22	FY23E	FY24E
Loan & Advances	20,67,832	21,25,954	23,90,515	28,44,713	34,13,656
Growth (yoy %)		2.8	12.4	19.0	20.0
Interest Bearing Liabilities	26,27,934	30,75,278	34,06,727	38,88,870	45,73,375
Growth (yoy %)		17.0	10.8	14.2	17.6
Yield on Funds	10.6	9.3	8.6	8.8	9.1
Cost of Funds (CoF)	6.6	5.4	4.9	5.0	5.0
Interest Spread	4.0	3.9	3.7	3.8	4.1
NIM's	4.4	4.4	4.2	4.3	4.5
Other Income Growth	23.1	(5.6)	12.9	12.9	12.9
C/I Ratio	43.3	41.6	41.6	44.3	43.3
Effective Tax Rate	27.8	25.0	25.3	25.0	25.0
Return Ratios					
Adj. RoA	1.5	0.8	1.3	1.7	1.8
Adj. RoE	14.6	7.3	10.5	14.1	14.8
Asset Quality Metrics					
Credit Cost (As % of Op. AUM)	2.0	3.5	2.9	1.7	1.7
Gross NPAs Ratio (%)	2.5	2.7	2.3	2.0	1.9
Net NPAs Ratio (%)	0.9	0.7	0.6	0.6	0.6

Source: Company, LKP Research

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