

# INDUSIND BANK LIMITED | Banking

...stable NIMs and strong growth

**LKP**  
Since 1948

Trust • Invest • Grow

## Result and Price Analysis

Indusind Bank (IIB) has reported a strong set of numbers with the positives being 1) 30.3% YoY jump in reported profit, led by NIMs surprise (4.29%) and lower provisioning expenses (down 21% YoY), 2) strong business growth (credit: 21.5% YoY, Deposits: 14.6% YoY), 3) Lower slippages (₹13.8bn v/s ₹16bn in 4QFY23) 4) Stable PCR level (PCR: 71% & Non-specific: 1% of book), 5) reduction in restructuring book to 0.66% v/s 0.84% in the previous quarter, 6) ample capital cushion (CAR: ~18%). We believe, IIB has made adequate provisioning against the potential stress from spike in MFI and CV non performing assets. However, the delinquencies from vehicles segment and credit cost in next quarters will be keenly watched. Healthy retail deposit growth towards LCR is a positive takeaway.

## Gazing the Core

**Strong growth; looking forward for FY26 targets:** The bank's net advances stood at ~₹3tn; grew 21.5% YOY and 3.9% sequentially. Corporate banking (46% of loan book) grew by 3.9% QoQ and retail (54% of book) growth at 3.9% QoQ. Vehicle loan (26% of loan book) grew by 4.1% QoQ and Micro loan (11% of loan book) witnessed de-growth of 0.7% sequentially. Vehicle financing witnessed muted disbursement (₹12bn; flat QoQ). The management guidance of long term (FY23-26) credit growth of 18% - 23% CAGR is in line for this quarter. The bank's deposits stood at ~₹3.5tn and saw a healthy growth of 14.6% YOY and 3.3% QOQ; CASA ratio down by 20bps to 39.9%. The bank is holding ample liquidity (LCR: 132%). The CRAR stood at 18.4% grew from 4QFY23 with CET 1 of 16.4%. RWA to assets stood at 72%.

**Slippages eased leading to GNPA reduction:** The bank's reported gross slippages inched down meaningfully to ₹13.8bn against ₹16bn in the previous quarter. Retail slippages contributed around 97% (₹13.4bn) of total fresh GNPA additions. The slippages from restructuring book was ₹1.32bn (9.6% of the total slippages). Total GNPA reduction stood at ₹12.6bn v/s ₹14.9bn in 4QFY23 led by higher write-offs (~₹7.2bn). Owing to lower slippages and stable reduction (upgrade and recovery) GNPA ratio declined by 4bps to 1.94%. In absolute terms, GNPA up by 2% sequentially.

Key Financials (₹ mn)	FY21	FY22	FY23	FY24E	FY25E
NII	135,279	150,008	175,921	211,754	255,829
Operating Profit	117,267	128,386	143,465	167,249	196,462
Reported Profits	28,364	46,111	73,897	89,282	108,688
Net Worth	430,464	473,735	543,200	632,482	741,171
Loan & Advances	2,125,954	2,390,515	2,899,237	3,508,077	4,279,853
Int. Bearing Liabilities	3,075,278	3,410,046	3,851,314	4,532,026	5,385,240

Key Ratios (%)	FY21	FY22	FY23	FY24E	FY25E
NIM's	4.4	4.2	4.4	4.5	4.6
C/I	41.6	42.7	44.3	44.6	44.7
Gross NPA	2.7	2.3	2.0	1.7	1.5
PCR	74.5	72.3	70.6	71.3	71.5
Adj. RoA	0.8	1.2	1.7	1.8	1.9
Adj. RoE	7.3	10.1	14.4	15.0	15.6

Rating	<b>BUY</b>
Current Market Price (₹)	<b>1,390</b>
12 M Price Target (₹)	<b>1,794</b>
Potential upside (%)	<b>29</b>

## Stock Data

FV (₹) :	10
Market Cap Full (₹ bn) :	1,077
Market Cap Free Float (₹ bn) :	906
52-Week High / Low (₹) :	1,413 / 823
1 Yr Avg. Dly Traded Volume (in lakh)	38
BSE Code / NSE Symbol :	532187 / INDUSINDBK
Bloomberg :	IIB IN

## Shareholding Pattern

(%)	Jun-23	Mar-23	Dec-22	Sep-22
Promoter	16.49	16.50	16.51	16.51
FPIs	42.06	42.04	44.55	46.90
MFs	15.22	15.63	14.42	11.96
Insurance	8.26	8.15	7.85	8.31
Others	17.97	17.68	16.67	16.32

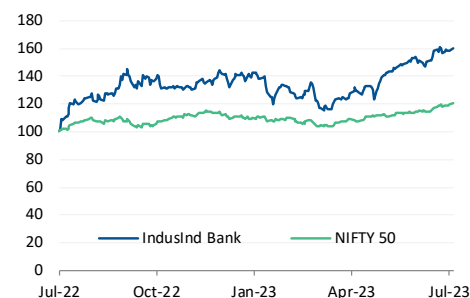
Source: BSE

## Price Performance (%)

(%)	1M	3M	6M	1YR
Indusind Bank	5.8%	21.2%	13.7%	60.1%
Nifty 50	4.9%	11.8%	8.7%	20.9%

\* To date / current date : July 18, 2023

## Indusind Bank vs Nifty 50



Furthermore, GNPA ratio was stable across vehicle segment and MFI segment. The movement of delinquencies from Vehicle loans will be keenly watched in coming quarters. GNPA/NNPA/PCR stood at 1.94%/0.58%/71% v/s 1.98%/0.59%/71% in the previous quarter. In absolute terms, the GNPA increased by 2% sequentially. In retail banking; 2-wheeler segment and MFI segment have higher GNPA ratio of 7.6% and 4.3% respectively. The standard restructured assets went down and stood ~₹19.8bn (0.66% of book) v/s ₹24.4bn (0.84%) in 4QFY23. Additionally, ₹1.3bn (100% retail contribution) of restructuring has slipped into NPA this quarter. The bank's provision expenses down sequentially to ₹9.9bn v/s ₹10.3bn in the previous quarter. The total provisions (including contingent) stand at 122% of GNPLs and contingent provision (excluding PCR) stood 1% of loans. The bank's coverage on MFI NPAs is at 99%.

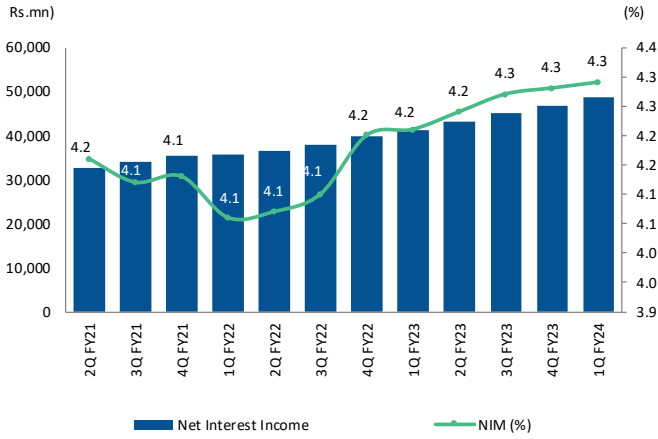
**NIMs Flat sequentially, credit expenses lower:** The YoA sequentially up (12.24%) and COF (5.31% v/s 4.92% in previous quarter) have resulted in flat interest spread. Moreover, NIMs surprised at 4.29% flat sequentially. NII stood ₹48.7bn; grew by 18% YoY and 4.2% QoQ. Other income grew by 14.4% YoY and 2.8% QoQ. PPOP (₹37.5bn) up by 2% sequentially on the back of stable NII and opex (C/I: 45.9%). Furthermore, sequentially down provisioning expenses (₹9.9bn v/s ₹10.3n in 4QFY23) have resulted in 30% YoY and 4.1% sequential jump in profit at ₹21.2bn. The bank's ROA and ROE stood at 1.9% and 15.24% respectively.

### Outlook & Valuation

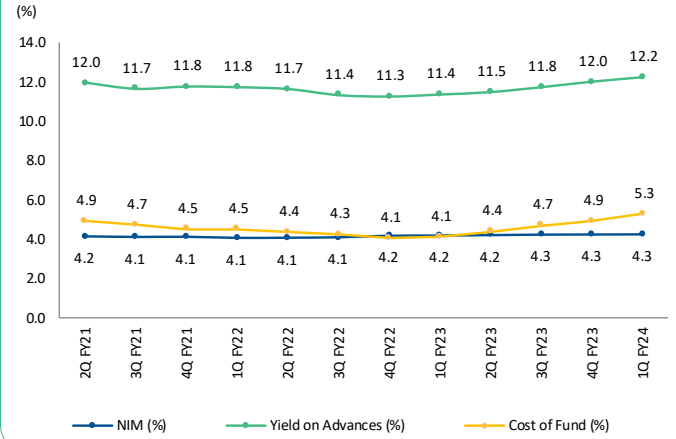
Core operating performance of IIB remains healthy. The deposit growth compared to advances in coming quarters will be a key monitorable. Nevertheless, a higher contingent buffer is likely to safeguard the bank from credit disruption from various restructured schemes. Thus we retain our BUY rating with an increased price target of ₹1,794 (based on 1.9x FY25E Adj. BVPS of ₹944).

Quarterly story in charts

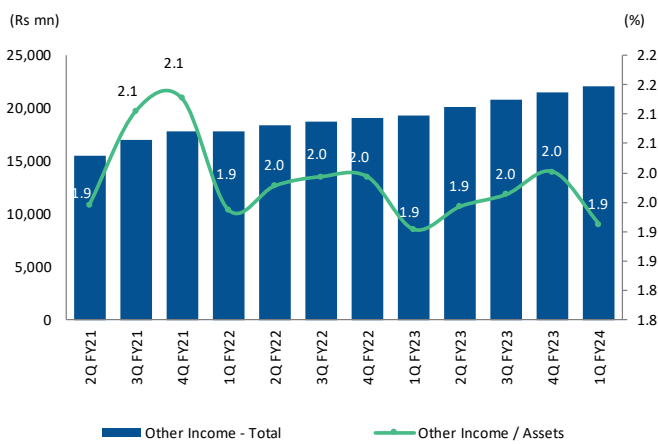
**NII Trend**



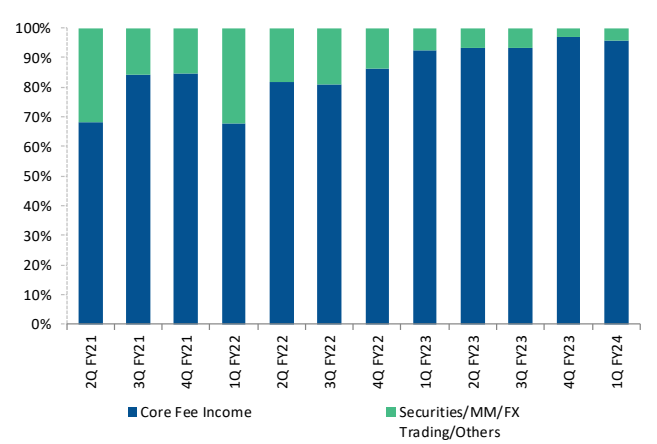
**Yields and Margin Trend**



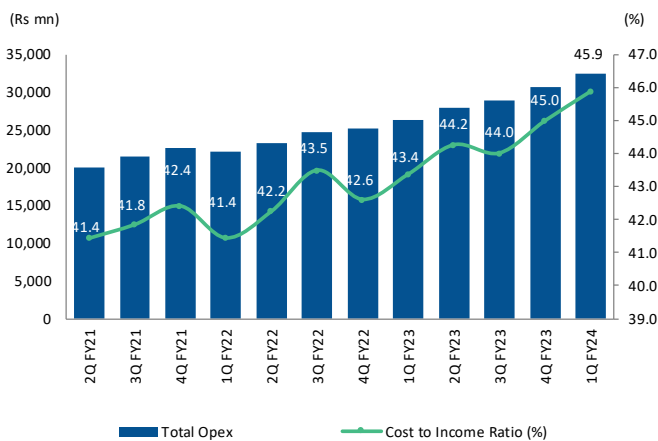
**Other Income Trend**



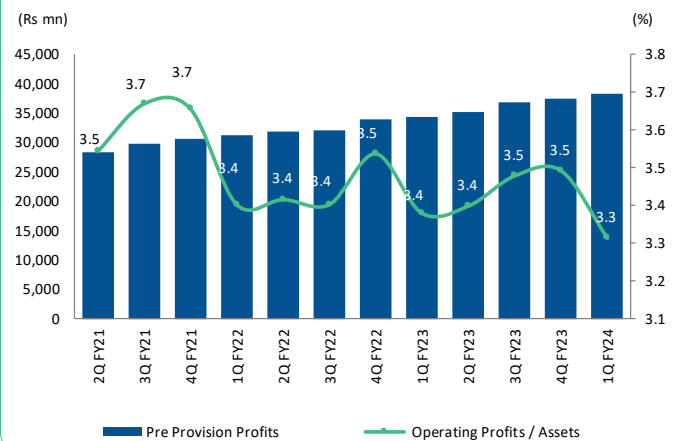
**Other Income Mix Trend**



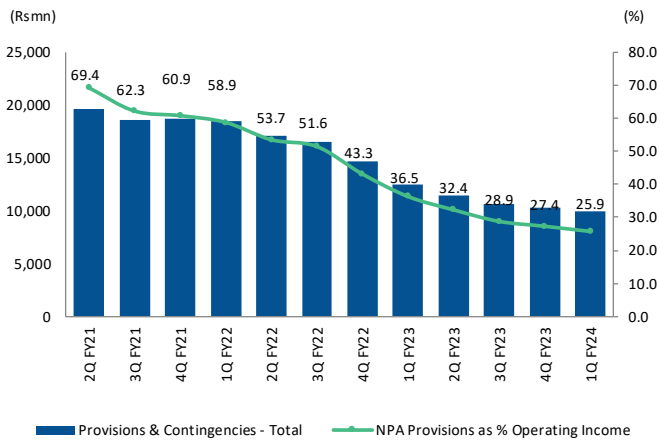
**Total Opex Trend**



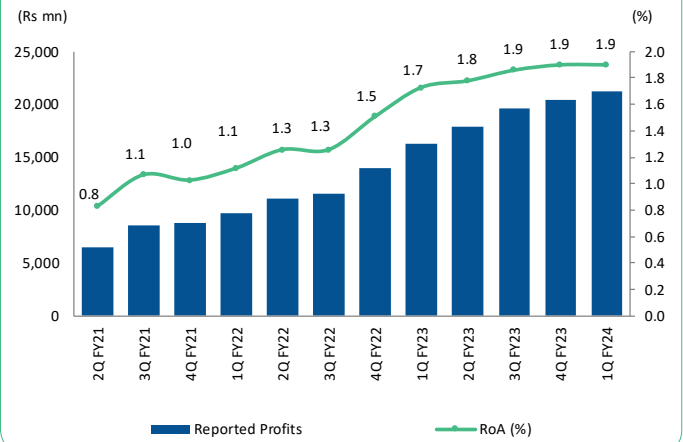
**Pre Provision Profit Trend**



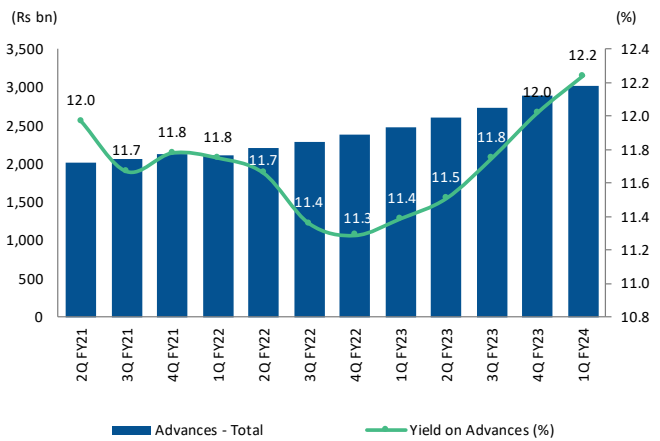
**Provision Expenses Trend**



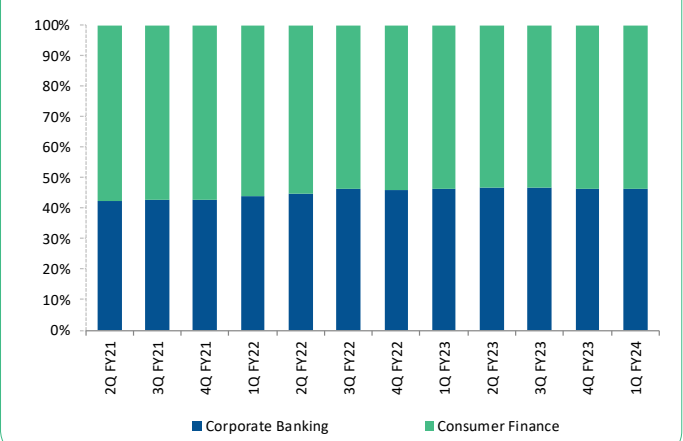
**Reported Profit Trend**



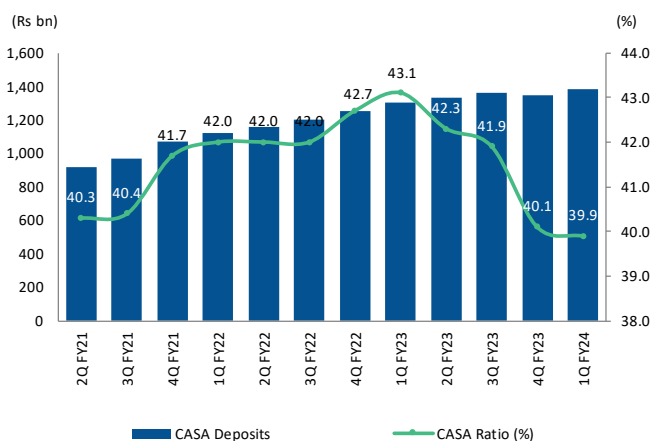
**Loan Book Trend**



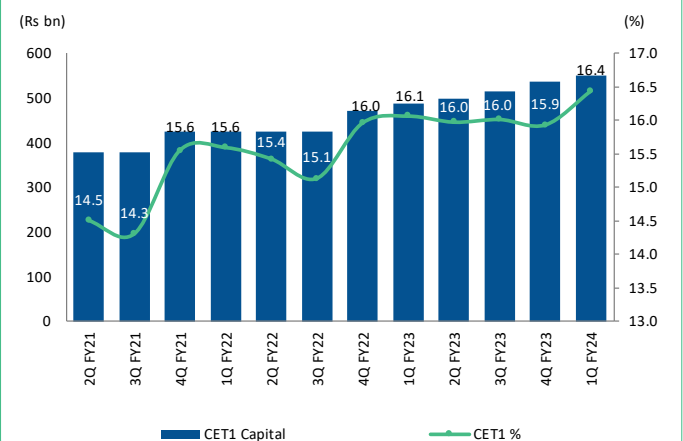
**Loan book Mix**



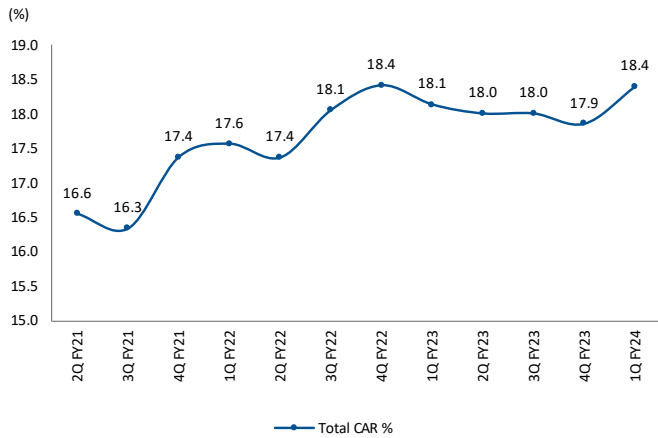
**CASA Deposit Trend**



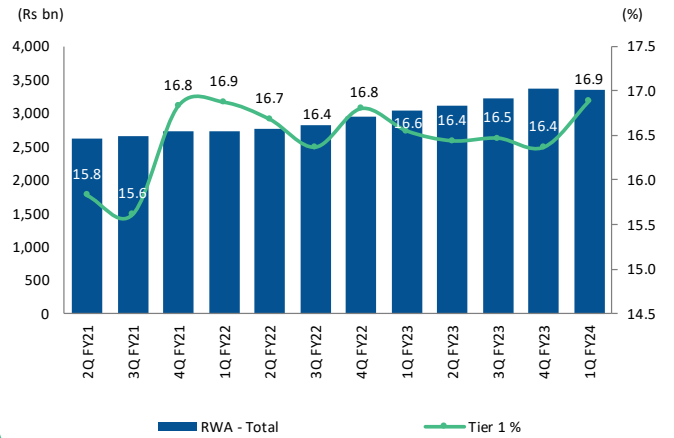
**CET 1 Ratio Trend**



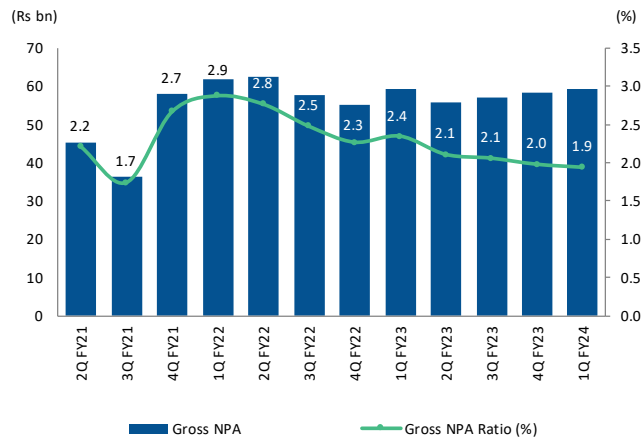
**CRAR Ratio Trend**



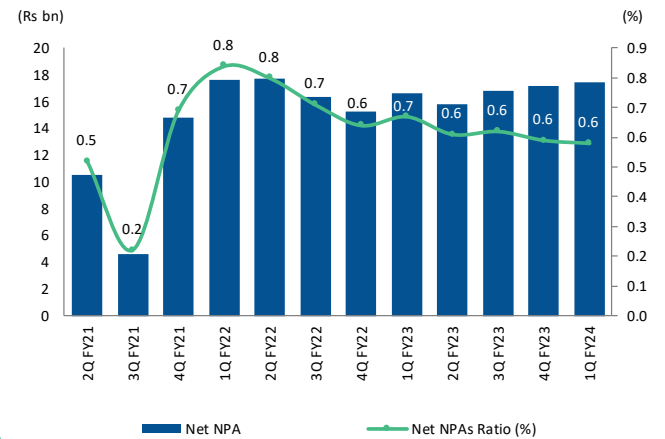
**RWA Trend**



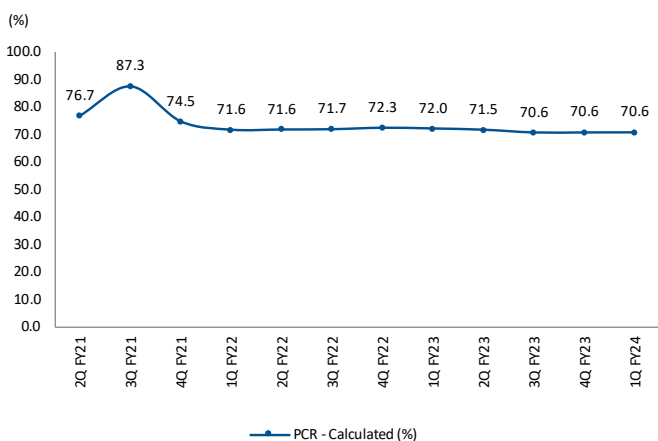
**Gross NPA Trend**



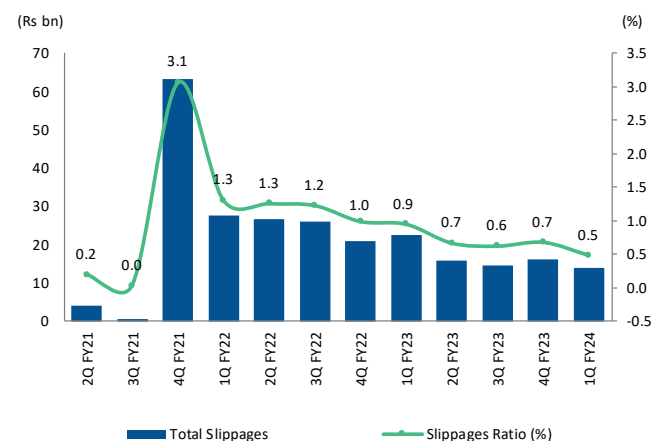
**Net NPA Trend**



**PCR Trend**



**Slippages Trend**



Recent Performance at a glance

Exhibit 1 : Income Statement Analysis

(₹ mn)	1Q FY24	1Q FY23	% yoy / bps	4Q FY23	% qoq / bps	FY23	FY22	% yoy / bps
Interest Inc.	107,297	81,818	31.1	100,207	7.1	363,679	308,224	18.0
Interest Expenses	58,625	40,565	44.5	53,513	9.6	187,758	158,216	18.7
Net Interest Income	48,671	41,253	18.0	46,695	4.2	175,921	150,008	17.3
NII to Net Operative Income	68.8	68.1	66	68.5	31	68.3	67.0	132
NIM (%)	4.29	4.2	8	4.3	1	4.4	4.2	17
Other Income - Total	22,098	19,315	14.4	21,505	2.8	81,664	73,970	10.4
Other Income to Net Operative Income	31.2	31.9	(66)	31.5	(31)	31.7	33.0	(132)
Net Operating Revenue	70,769	60,568	16.8	68,200	3.8	257,585	223,979	15.0
Employee Expenses	12,352	9,281	33.1	8,363	47.7	30,305	24,883	21.8
Other Opex	20,103	16,980	18.4	22,310	(9.9)	83,815	70,709	18.5
Total Opex	32,455	26,261	23.6	30,672	5.8	114,120	95,593	19.4
Cost to Income Ratio (%)	45.9	43.4	250	45.0	89	44.3	42.7	162
Pre Provision Profits	38,315	34,307	11.7	37,528	2.1	143,465	128,386	11.7
Provisions & Contingencies - Total	9,916	12,510	(20.7)	10,301	(3.7)	44,868	66,650	(32.7)
NPA Provisions as % Operating Income	25.9	36.5	(1,058)	27.4	(157)	31.3	51.9	(2,064)
Profit Before Tax	28,399	21,797	30.3	27,227	4.3	98,597	61,736	59.7
Tax	7,155	5,487	30.4	6,822	4.9	24,699	15,625	58.1
Effective Tax Rate (%)	25.2	25.2	2	25.1	14	25.1	25.3	(26)
Reported Profits	21,244	16,310	30.3	20,405	4.1	73,897	46,111	60.3
RoA (%)	1.9	1.7	17	1.9	-	1.7	1.2	51
RoE (%)	15.2	13.4	180	15.3	(2)	14.4	10.1	427

Source: Company, LKP Research

Exhibit 2 : Balance Sheet Analysis

(₹ mn)	4Q FY22	1Q FY23	2Q FY23	3Q FY23	4Q FY23	1Q FY24	QoQ % / bps	YoY % / bps
Net Worth	480,103	497,071	504,830	528,840	549,603	571,440	4.0	15.0
RoE (%)	11.9	13.4	14.5	15.2	15.3	15.2	(2)	180
Tier 1 %	16.8	16.6	16.4	16.5	16.4	16.9	52	34
Total CAR %	18.4	18.1	18.0	18.0	17.9	18.4	54	26
RWA - Total	2,951,310	3,031,180	3,114,710	3,224,840	3,370,360	3,343,700	(0.8)	10.3
Advances - Total	2,390,515	2,479,600	2,601,288	2,727,540	2,899,237	3,013,170	3.9	21.5
Investments	709,299	724,870	760,342	761,740	830,757	942,160	13.4	30.0
Total Assets	4,019,674	4,101,001	4,264,882	4,444,850	4,578,366	4,669,930	2.0	13.9
RoA (%)	1.51	1.73	1.78	1.86	1.90	1.90	-	17
Deposits	2,933,495	3,027,190	3,159,205	3,252,780	3,361,202	3,470,470	3.3	14.6
CASA Deposits	1,253,330	1,305,080	1,335,250	1,363,790	1,347,280	1,384,400	2.8	6.1
CASA Ratio (%)	42.7	43.1	42.3	41.9	40.1	39.9	(20)	(320)
Interest Bearing Liabilities - Total	3,406,727	3,445,310	3,565,937	3,725,620	3,851,314	3,926,690	2.0	14.0

Source: Company, LKP Research

**Exhibit 3 : Loan Book/ AUM Analysis**

(₹ mn)	4Q FY22	1Q FY23	2Q FY23	3Q FY23	4Q FY23	1Q FY24	QoQ % / bps	YoY % / bps
<b>Corporate Banking</b>	<b>1,094,630</b>	<b>1,144,290</b>	<b>1,217,660</b>	<b>1,270,100</b>	<b>1,341,500</b>	<b>1,394,370</b>	<b>3.9</b>	<b>21.9</b>
Large Corporates	602,230	623,220	686,680	710,530	743,400	770,650	3.7	23.7
Mid size Corporates	403,220	422,100	424,780	442,010	463,740	476,240	2.7	12.8
Small Corporates	89,180	98,970	106,200	117,560	134,360	147,480	9.8	49.0
<b>Consumer Finance</b>	<b>1,295,885</b>	<b>1,335,310</b>	<b>1,383,620</b>	<b>1,457,440</b>	<b>1,557,740</b>	<b>1,618,800</b>	<b>3.9</b>	<b>21.2</b>
Comm. Vehicle Loans	232,090	244,150	253,400	268,190	281,710	293,200	4.1	20.1
Utility Vehicle Loans	61,720	67,970	74,670	83,110	90,290	98,130	8.7	44.4
Small CV	30,440	31,840	31,960	33,650	34,590	35,610	2.9	11.8
Two Wheeler Loans	44,680	43,580	43,340	47,490	47,740	47,780	0.1	9.6
Car Loans	83,920	87,890	93,260	99,930	105,710	111,100	5.1	26.4
Tractor	79,070	82,500	86,110	91,590	93,720	95,160	1.5	15.3
Equipment Financing	87,310	87,900	88,930	92,690	98,670	102,340	3.7	16.4
<b>Vehicle Loans</b>	<b>619,230</b>	<b>645,830</b>	<b>671,670</b>	<b>716,650</b>	<b>752,430</b>	<b>783,320</b>	<b>4.1</b>	<b>21.3</b>
<b>Non Vehicle loans</b>	<b>370,530</b>	<b>395,450</b>	<b>415,780</b>	<b>443,910</b>	<b>483,160</b>	<b>515,670</b>	<b>6.7</b>	<b>30.4</b>
Credit Card	55,200	64,780	70,980	77,140	83,950	89,780	6.9	38.6
Loan Against Property	88,170	90,090	92,480	95,020	96,400	99,530	3.2	10.5
BBG + BL, PL, GL, Others	227,160	240,580	252,320	271,750	302,810	326,360	7.8	35.7
<b>Advances - Total</b>	<b>2,390,515</b>	<b>2,479,600</b>	<b>2,601,288</b>	<b>2,727,540</b>	<b>2,899,237</b>	<b>3,013,170</b>	<b>3.9</b>	<b>21.5</b>
RoA (%)	1.5	1.7	1.8	1.9	1.9	1.9	-	17

Source: Company, LKP Research

**Exhibit 4: Funding Profile Analysis**

(₹ mn)	4Q FY22	1Q FY23	2Q FY23	3Q FY23	4Q FY23	1Q FY24	QoQ % / bps	YoY % / bps
Deposits	2,933,495	3,027,190	3,159,205	3,252,780	3,361,202	3,470,470	3.3	14.6
CASA Deposits	1,253,330	1,305,080	1,335,250	1,363,790	1,347,280	1,384,400	2.8	6.1
Saving Deposit	888,260	952,430	893,680	863,720	841,280	890,970	5.9	(6.5)
Current Deposit	365,070	352,650	441,570	500,070	506,000	493,430	(2.5)	39.9
Term Deposits	1,680,165	1,722,110	1,823,955	1,888,990	2,013,922	2,086,070	3.6	21.1
Borrowings	473,232	418,120	406,731	472,840	490,112	456,220	(6.9)	9.1
<b>Interest Bearing Liabilities - Total</b>	<b>3,406,727</b>	<b>3,445,310</b>	<b>3,565,937</b>	<b>3,725,620</b>	<b>3,851,314</b>	<b>3,926,690</b>	<b>2.0</b>	<b>14.0</b>

Source: Company, LKP Research

**Exhibit 5: Asset Quality Analysis**

(₹ mn)	4Q FY22	1Q FY23	2Q FY23	3Q FY23	4Q FY23	1Q FY24	QoQ % / bps	YoY % / bps
Total Slippages	20,880	22,500	15,720	14,670	16,030	13,760	(14.2)	(38.8)
Slippages Ratio (%)	0.98	0.94	0.66	0.61	0.67	0.47	(20)	(47)
Gross NPA	55,172	59,329	55,671	57,108	58,263	59,411	2.0	0.1
Gross NPAs Ratio (%)	2.27	2.35	2.11	2.06	1.98	1.94	(4)	(41)
PCR - Calculated (%)	72.3	72.0	71.5	70.6	70.6	70.6	3	(140)
Net NPA	15,298	16,612	15,840	16,815	17,150	17,469	1.9	5.2
Net NPAs Ratio (%)	0.64	0.67	0.61	0.62	0.59	0.58	(1)	(9)
Standard Restructured	62,149	52,068	38,950	33,900	24,416	19,879	(18.6)	(61.8)
Std. Rest. Adv. as % of Advances	2.6	2.1	1.50	1.25	0.84	0.66	(18)	(144)

Source: Company, LKP Research

## Annual Projections

### Exhibit 6: Profit and Loss Statement

(₹ mn)	FY21	FY22	FY23	FY24E	FY25E
Interest Income	289,998	308,224	363,679	430,395	514,476
Interest Expenses	154,719	158,216	187,758	218,641	258,647
Net Interest Income	135,279	150,008	175,921	211,754	255,829
<i>NIM (%)</i>	4.35	4.18	4.35	4.53	4.63
Other Income - Total	65,586	73,970	81,664	90,157	99,534
Net Operating Revenue	200,865	223,979	257,585	301,911	355,363
Employee Exp.	22,135	24,883	30,305	35,760	42,197
Other Opex	61,463	70,709	83,815	98,901	116,704
Total Opex	83,598	95,593	114,120	134,662	158,901
<i>C/I Ratio</i>	41.62	42.68	44.30	44.60	44.72
Pre Provision Profits	117,267	128,386	143,465	167,249	196,462
<i>PPP Growth (yoy %)</i>	8.9	9.5	11.7	16.6	17.5
Provisions & Contingencies - Total	79,425	66,650	44,868	48,126	51,446
<i>Credit Cost (As % of Op. AUM)</i>	3.55	1.95	1.17	1.15	1.00
Profit Before Tax	37,841	61,736	98,597	119,123	145,016
Tax	9,478	15,625	24,699	29,841	36,328
<i>Effective Tax Rate</i>	25.0	25.3	25.1	25.1	25.1
Reported Profits	28,364	46,111	73,897	89,282	108,688
<i>PAT Growth (yoy %)</i>	(35.8)	62.6	60.3	20.8	21.7

### Exhibit 7: Balance Sheet

(₹ mn)	FY21	FY22	FY23	FY24E	FY25E
Equity Share Capital	7,734	7,747	7,759	7,759	7,759
Reserves (ex Revel. Reserve)	422,730	465,989	535,441	624,723	733,412
Net Worth - Ex Revaluation	430,464	473,735	543,200	632,482	741,171
Deposits	2,562,050	2,936,813	3,361,202	3,955,287	4,699,923
Borrowings	513,228	473,232	490,112	576,739	685,317
Interest Bearing Liabilities	3,075,278	3,410,046	3,851,314	4,532,026	5,385,240
Other Lia. & Prov.	120,796	132,728	177,006	191,603	209,330
<b>Total Liabilities</b>	<b>3,629,727</b>	<b>4,019,746</b>	<b>4,578,366</b>	<b>5,363,965</b>	<b>6,344,945</b>
<b>Assets</b>					
Cash & Cash Equivalent	563,272	682,745	567,768	667,687	792,927
Investments	696,947	709,708	830,757	878,344	929,343
Loan & Advances	2,125,954	2,390,515	2,899,237	3,508,077	4,279,853
<i>Growth (yoy %)</i>	2.8	12.4	21.3	21.0	22.0
Fixed Assets	18,094	18,487	20,789	24,060	28,444
Other Assets	225,461	218,291	259,816	285,797	314,377
<b>Total Assets</b>	<b>3,629,727</b>	<b>4,019,746</b>	<b>4,578,366</b>	<b>5,363,965</b>	<b>6,344,945</b>



## Exhibit 8: Per share data

Y/E Mar	FY21	FY22	FY23	FY24E	FY25E
Face Value	10	10	10	10	10
Adjusted Share O/S - For Calculation	773	775	776	776	776
Earnings Per Share	36.7	59.5	95.2	115.1	140.1
EPS (% YoY)	(42.4)	62.3	60.0	20.8	21.7
P/E (x)	37.9	23.4	14.6	12.1	9.9
Book Value	556.6	611.5	700.1	815.2	955.2
BVPS (% YoY)	14.5	9.9	14.5	16.4	17.2
P/BV (x)	2.5	2.3	2.0	1.7	1.5
Adj. BV	547.1	601.7	689.0	804.1	944.2
Adj. BV (% YoY)	12.6	10.0	14.5	16.7	17.4
P/ABV (x)	2.5	2.3	2.0	1.7	1.5

Exhibit 9: Detail RoA Tree Analysis (%)

Y/E Mar	FY21	FY22	FY23	FY24E	FY25E
<b>Yields / Margins</b>					
Yield on Advance	11.5	11.1	11.3	11.3	11.3
Yield on Funds	9.3	8.6	9.0	9.2	9.3
Cost of Funds (CoF)	5.4	4.9	5.2	5.2	5.2
Interest Spread	3.9	3.7	3.8	4.0	4.1
NIM's	4.4	4.2	4.4	4.5	4.6
Interest Income / Assets	8.7	8.1	8.5	8.7	8.8
Interest Exp. / Assets	4.6	4.1	4.4	4.4	4.4
NII / Assets	4.0	3.9	4.1	4.3	4.4
Fee Income / Assets	1.1	1.3	1.3	1.2	1.2
Other Non Core Income / Assets	-	-	-	-	0.5
Other Income / Assets	2.0	1.9	1.9	1.8	1.7
Net Operating Income / Assets	6.0	5.9	6.0	6.1	6.1
<b>Operating Ratios</b>					
NII to Net Operative Income	67.3	67.0	68.3	70.1	72.0
Other Income to Net Operative Income	32.7	33.0	31.7	29.9	28.0
Empl. Cost/Oper. Exps.	26.5	26.0	26.6	26.6	26.6
Other Op. Exps./Oper. Exps.	73.5	74.0	73.4	73.4	73.4
C/I Ratio	41.6	42.7	44.3	44.6	44.7
Provisions as % PPP	39.5	29.8	17.4	15.9	14.5
Credit Cost (As % of Op. AUM)	3.5	2.0	1.2	1.2	1.0
Effective Tax Rate	25.0	25.3	25.1	25.1	25.1
Employee Exp. / Assets	0.7	0.7	0.7	0.7	0.7
Other Opex/ Assets	1.8	1.8	1.9	2.0	2.0
Total Opex / Assets	2.5	2.5	2.7	2.7	2.7
Operating Profits / Assets	3.5	3.4	3.3	3.4	3.4
Exceptional Items / Assets	-	-	-	-	-
Op Profit ex Except Items / Assets	3.5	3.4	3.3	3.4	3.4
Provisions / Assets	2.4	1.7	1.0	1.0	0.9
Profit Before Tax / Assets	1.1	1.6	2.3	2.4	2.5
Tax Expenses / Assets	0.3	0.4	0.6	0.6	0.6
RoA	0.8	1.2	1.7	1.8	1.9
Leverage (x)	8.4	8.5	8.4	8.5	8.6
RoE	7.3	10.1	14.4	15.0	15.6
Adj. RoA	0.8	1.2	1.7	1.8	1.9
Adj. RoE	7.3	10.1	14.4	15.0	15.6

**Exhibit 10: Balance Sheet Ratios**

Y/E Mar	FY21	FY22	FY23	FY24E	FY25E
<i>Credit / Deposit Ratio</i>	83.0	81.4	86.3	88.7	91.1
<i>Incremental C/D Ratio</i>	10.7	70.6	119.9	102.5	103.6
<i>Investment Deposit Ratio</i>	27.2	24.2	24.7	22.2	19.8
<i>Dom. SLR Investment / Deposits</i>	25.3	22.9	23.4	20.9	18.4
<i>CASA Ratio</i>	41.8	43.1	40.4	40.4	40.4

**Exhibit 11: Asset Quality**

Y/E Mar	FY21	FY22	FY23	FY24E	FY25E
<i>Slippage Ratio</i>	3.7	4.8	2.9	2.5	2.5
Gross NPA (Cl Bal)	57,950	55,172	58,263	60,582	62,687
<i>Gross NPAs Ratio (%)</i>	2.7	2.3	2.0	1.7	1.5
<i>PCR (%)</i>	74.5	72.3	70.6	71.3	71.5
Net NPA (Cl. Bal.)	14,766	15,298	17,150	17,409	17,848
<i>Net NPAs Ratio (%)</i>	0.7	0.6	0.6	0.5	0.4
Total Impaired Loans	57,950	55,172	58,263	60,582	62,687
<i>Impaired Loan as % of Loan / AUM</i>	2.7	2.3	2.0	1.7	1.5
Total Risk Reserves	43,184	39,873	41,113	43,173	44,839
<i>Total Risk As % of Loan Book</i>	2.0	1.7	1.4	1.2	1.0

**Exhibit 12: Key Assumptions & Forecasts**

Y/E Mar	FY21	FY22	FY23	FY24E	FY25E
Loan & Advances	2,125,954	2,390,515	2,899,237	3,508,077	4,279,853
Growth (yoy %)		12.4	21.3	21.0	22.0
Interest Bearing Liabilities	3,075,278	3,410,046	3,851,314	4,532,026	5,385,240
Growth (yoy %)		10.9	12.9	17.7	18.8
Yield on Funds	9.3	8.6	9.0	9.2	9.3
Cost of Funds (CoF)	5.4	4.9	5.2	5.2	5.2
Interest Spread	3.9	3.7	3.8	4.0	4.1
NIM's	4.4	4.2	4.4	4.5	4.6
Other Income Growth	(5.6)	12.8	10.4	10.4	10.4
C/I Ratio	41.6	42.7	44.3	44.6	44.7
Effective Tax Rate	25.0	25.3	25.1	25.1	25.1
<b>Return Ratios</b>					
Adj. RoA	0.8	1.2	1.7	1.8	1.9
Adj. RoE	7.3	10.1	14.4	15.0	15.6
<b>Asset Quality Metrics</b>					
Credit Cost (As % of Op. AUM)	3.5	2.0	1.2	1.2	1.0
Gross NPAs Ratio (%)	2.7	2.3	2.0	1.7	1.5
Net NPAs Ratio (%)	0.7	0.6	0.6	0.5	0.4

## DISCLAIMERS AND DISCLOSURES

LKP Sec. Ltd. (CIN-L67120MH1994PLC080039, www.lkpsec.com) and its affiliates are a full-fledged, brokerage and financing group. LKP was established in 1992 and is one of India's leading brokerage and distribution house. LKP is a corporate trading member of Bombay Stock Exchange Limited (BSE), National Stock Exchange of India Limited (NSE), MCX Stock Exchange Limited (MCX-SX). LKP along with its subsidiaries offers the most comprehensive avenues for investments and is engaged in the businesses including stock broking (Institutional and retail), merchant banking, commodity broking, depository participant, insurance broking and services rendered in connection with distribution of primary market issues and financial products like mutual funds etc.

LKP hereby declares that it has not defaulted with any stock exchange nor its activities were suspended by any stock exchange with whom it is registered in last five years. However, SEBI and Stock Exchanges have conducted the routine inspection and based on their observations have issued advice letters or levied minor penalty on LKP for certain operational deviations in ordinary/routine course of business. LKP has not been debarred from doing business by any Stock Exchange / SEBI or any other authorities; nor has its certificate of registration been cancelled by SEBI at any point of time.

LKP offers research services to clients. The analyst for this report certifies that all of the views expressed in this report accurately reflect his or her personal views about the subject company or companies and its or their securities, and no part of his or her compensation was, is or will be, directly or indirectly related to specific recommendations or views expressed in this report.

Other disclosures by LKP and its Research Analyst under SEBI (Research Analyst) Regulations, 2014 with reference to the subject company(s) covered in this report:-

Research Analyst or his/her relative's financial interest in the subject company. (NO)

LKP or its associates may have financial interest in the subject company.

LKP or its associates and Research Analyst or his/her relative's does not have any material conflict of interest in the subject company. The research Analyst or research entity (LKP) has not been engaged in market making activity for the subject company.

LKP or its associates may have actual/beneficial ownership of 1% or more securities of the subject company at the end of the month immediately preceding the date of publication of Research Report.

Research Analyst or his/her relatives have actual/beneficial ownership of 1% or more securities of the subject company at the end of the month immediately preceding the date of publication of Research Report: (NO)

LKP or its associates may have received any compensation including for investment banking or merchant banking or brokerage services from the subject company in the past 12 months.

LKP or its associates may have received compensation for products or services other than investment banking or merchant banking or brokerage services from the subject company in the past 12 months.

LKP or its associates may have received any compensation or other benefits from the Subject Company or third party in connection with the research report.

Subject Company may have been client of LKP or its associates during twelve months preceding the date of distribution of the research report and LKP may have co-managed public offering of securities for the subject company in the past twelve months.

Research Analyst has served as officer, director or employee of the subject company: (NO)

LKP and/or its affiliates may seek investment banking or other business from the company or companies that are the subject of this material. Our salespeople, traders, and other professionals may provide oral or written market commentary or trading strategies to our clients that reflect opinions that are contrary to the opinions expressed herein, and our proprietary trading and investing businesses may make investment decisions that may be inconsistent with the recommendations expressed herein.

In reviewing these materials, you should be aware that any or all of the foregoing, among other things, may give rise to real or potential conflicts of interest including but not limited to those stated herein. Additionally, other important information regarding our relationships with the company or companies that are the subject of this material is provided herein. This report is not directed to, or intended for distribution to or use by, any person or entity who is a citizen or resident of or located in any locality, state, country or other jurisdiction where such distribution, publication, availability or use would be contrary to law or regulation or which would subject LKP or its group companies to any registration or licensing requirement within such jurisdiction. Specifically, this document does not constitute an offer to or solicitation to any U.S. person for the purchase or sale of any financial instrument or as an official confirmation of any transaction to any U.S. person.

Unless otherwise stated, this message should not be construed as official confirmation of any transaction. No part of this document may be distributed in Canada or used by private customers in United Kingdom.

All trademarks, service marks and logos used in this report are trademarks or registered trademarks of LKP or its Group Companies. The information contained herein is not intended for publication or distribution or circulation in any manner whatsoever and any unauthorized reading, dissemination, distribution or copying of this communication is prohibited unless otherwise expressly authorized. Please ensure that you have read "Risk Disclosure Document for Capital Market and Derivatives Segments" as prescribed by Securities and Exchange Board of India before investing in Indian Securities Market. In so far as this report includes current or historic information, it is believed to be reliable, although its accuracy and completeness cannot be guaranteed.

All material presented in this report, unless specifically indicated otherwise, is under copyright to LKP. None of the material, nor its content, nor any copy of it, may be altered in any way, transmitted to, copied or distributed to any other party, without the prior express written permission of LKP.