

RBL BANK LIMITED

Prudent provisioning led to PBT decline; NPA reduction continues

LKP
Since 1948

Trust • Invest • Grow

Result and Price Analysis

The quarterly performance of RBL Bank is showing signs of recovery. The key pointers being, 1) GNPA (3.22%) inched down sequentially by 10bps driven by lower slippages and steady upgrades and recoveries, 2) Restructured book (0.78% of GCA) also decreased, with 15% coverage, 3) Provision expenses (₹6.4bn v/s ₹2.7bn) up sequentially; with improved PCR of 76%. 4) Non-specific PCR 0.97% of loan is at satisfactory level, 5) NIMs improvement of 5bps on the back of higher YOA, 6) NII growth (38.6% YoY) higher compared to credit growth (21.3% YoY). The Bank's latest business growth strategy around ramping up cards acquisition will entail significant operating expenses, which is expected to keep profitability under pressure in the near-to-medium term. Furthermore, Management alluded to FY26 goals to grow business (Loans + Deposits) at a CAGR of ~20% and expect PPOP growth to be higher than loan growth. Attractive Valuation at Book Value should support the stock price subject to Management ability to meet its guidance.

NPA hiccups are behind; showing strong signs of recovery

The bank's reported slippages were down at ₹5.4bn v/s ₹5.6bn the previous quarter. Management expects the slippages to moderate going forward. The up-gradation & recoveries stood at ₹1.6bn against ₹2.7bn in 1QFY24. Additionally, the write-offs were at ₹3.4bn v/s ₹3.0bn in the previous quarter. Lower slippages and moderate upgrades and write-offs resulted in decline in the GNPA ratio (3.2%) decreased 10bps sequentially. A higher provisioning expense (credit cost: 90bps) led to NNPA ratio reduction by 22bps to 0.78%. Reported GNPA/NNPA/PCR: 3.12%/0.78%/76% against 3.22%/1.0%/70% in the previous quarter. Wholesale Banking contributed 46% of the total GNPA amount. Contribution of micro banking and credit card stood at 6% and 19% respectively. RBL has built contingent buffers of 100bps created on credit card & microfinance advances to prudently build reserves and strengthen the balance sheet; amounting to ₹2.52bn.

Key Financials (₹ mn)	FY21	FY22	FY23	FY24E	FY25E
NII	37,876	40,267	44,515	49,123	56,439
Operating Profit	30,908	27,453	22,025	24,899	30,351
Reported Profits	5,078	(747)	8,827	9,966	13,027
Net Worth	126,617	126,177	135,761	145,727	158,754
Loan & Advances	586,225	600,218	702,094	807,408	936,593
Int. Bearing Liabilities	843,472	900,996	982,178	1,128,697	1,306,311

Key Ratios (%)	FY21	FY22	FY23	FY24E	FY25E
NIM's	4.2	4.1	4.3	4.3	4.3
C/I	47.1	56.9	68.3	67.1	64.1
Gross NPA	4.3	4.4	3.4	3.3	3.1
PCR (%)	52.3	70.4	68.1	64.8	69.4
Adj. RoA	0.5	(0.1)	0.8	0.8	0.9
Adj. RoE	4.4	(0.6)	6.7	7.1	8.6

Rating	BUY
Current Market Price (₹)	225
12M Price Target (₹)	258
Potential upside (%)	15

Stock Data

Sector :	Banking
FV (₹) :	10
Market Cap Full (₹ bn) :	136
Market Cap Free Float (₹ bn) :	134
52-Week High / Low (₹) :	257 / 120
BSE Code / NSE Symbol	540065 / RBLBANK
Bloomberg :	RBK IN

Shareholding Pattern

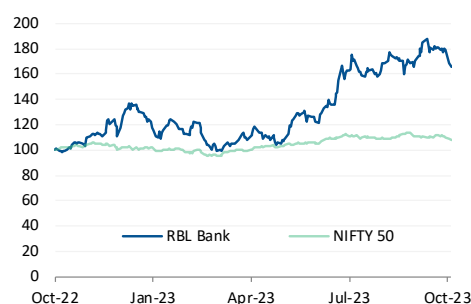
(%)	Sep-23	Jun-23	Mar-23	Dec-22
FPIs	30.00	25.88	22.27	26.53
MFs	13.20	11.64	13.72	14.48
Foreign Companies	8.66	10.34	10.34	10.34
Insurance	3.86	3.86	3.85	3.85
Bodies Corporate	10.54	7.33	7.18	7.09
Others	33.74	40.95	42.64	37.71

Source: BSE

Price Performance

(%)	1M	3M	6M	12M
RBL Bank	-5.2%	1.0%	48.8%	65.3%
Nifty 50	-2.8%	-2.8%	7.8%	7.8%

* To date / current date : October 25, 2023

RBL Bank vs Nifty 50

The restructured asset down by 27bps to 0.78% of loan book, of which retail contributes 98%. The bank carries 14% coverage on restructured book. The “BB + and below” book stood at 3.8% of the total wholesale book. “The A- and above” book stood 85%. In 2QFY24, the bank’s provisioning expenses increased 141% sequentially to ₹6.4bn v/s ₹2.6bn in the previous quarter. The higher provision was made against modifying existing provisioning policy in credit cards to provide fully on NPA cases at 120 days against the existing policy of 180 days. The quantum of additional provision taken by the bank as a result of the change was ₹480mn in this quarter. The total contingent provisioning (covid + Restructured + Standard) stood at ₹7.4bn (97bps of net advances).

NIMs improved; higher prudent provision expenses

The bank’s NII stood at ₹14.8bn; grew by 18.4% QoQ and 38.6% YoY on the back of healthy credit growth. The bank’s NIMs (reported) up 5bps sequentially to 4.89% driven by jump in YoA (13.1% v/s 12.8% sequentially) and CoF increased 18bps to 6.33%. Interest earned from restructuring book was not recognized and it impacted marginally to NIMs. The Non-interest income grew by 18.4% QoQ. With 32.3% YoY jump in net operating revenue, the PPOP up 42.7% YoY to ₹7.3bn because of stable Opex (C/I ratio 66.5%). The operating expenses were majorly from card segment followed by branches, technology and human capital. The management expects the C/I ratio to remain at same level from next few quarters before normalizing. A higher provisioning expense (₹6.4bn v/s ₹2.6bn in 1QFY24) led to reported profit of ₹2.9bn; grew by 46% YoY and 2% sequentially. The bank wrote-back income tax provision on earlier years amounting ₹2.3bn. The bank’s quarterly ROA/ ROE stood at 1%/8.4%. The management expects PAT growth to be driven by lower provision expenses. However PPOP growth to remain steady considering stable operating expenses. Nevertheless, the bank expects to grow PPOP at a higher pace than credit growth.

Credit growth on track

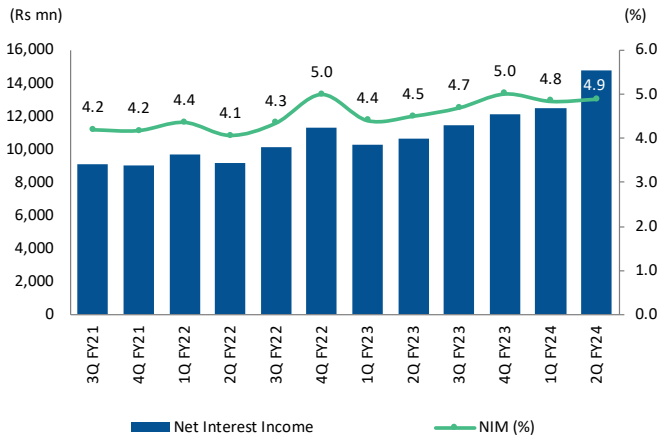
The bank’s net advances stood at ₹763bn; inched up 21.3% YoY and 4.4% QoQ. Loan Mix carries: Retail: 49%, Corporate: 42% and Micro banking: 9%. Retail loan up 8.6% QoQ while wholesale stood flat sequentially. Disbursement in micro banking stood strong and the MFI book grew by 4.1% sequentially. Credit card segment (24.3% of loans) grew by 5.1% QoQ. The bank’s deposit stood at ₹897bn and grew sequentially at 4.8% and grew by 13.1% YoY. CASA ratio stable sequentially to 35.7%. The management has set target to grow credit and deposit at 20% CAGR for FY24-26 with granular deposit share of 50% and above. Management has also alluded to focus more on retail book and increase its share to ~60% from current level by FY26 end. CRAR stood at 16.48% with Tier 1 of 15.15%. RWA to total assets stable at 72% and ample liquidity position with LCR of 142%.

Outlook and Valuation

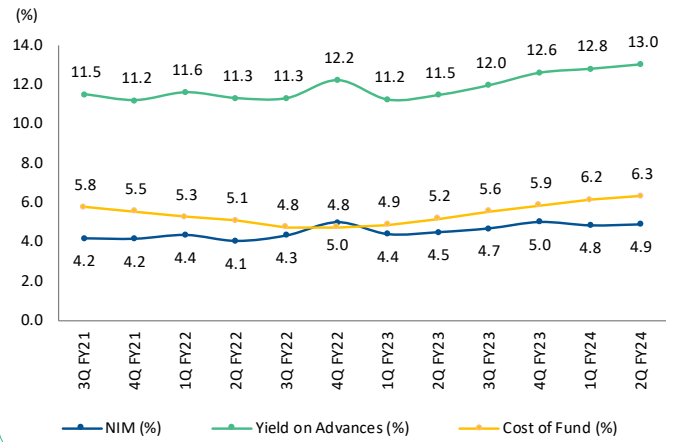
RBL Bank holds a healthy positioning and is showing signs of recovery by 1) adequate provisioning, 2) improved PCR, 3) healthy liquidity position with LCR of 142%, and 4) returning to growth trajectory. We recommend a BUY on the bank with target price of ₹258 (based on 1.0x FY25 Price to Adjusted Book Value).

Quarterly story in charts

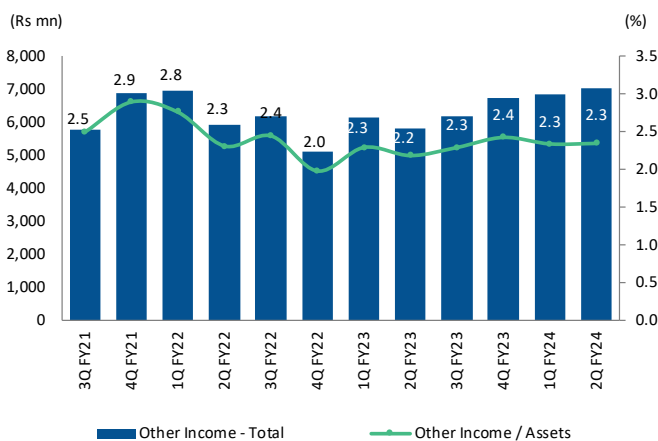
NII Trend



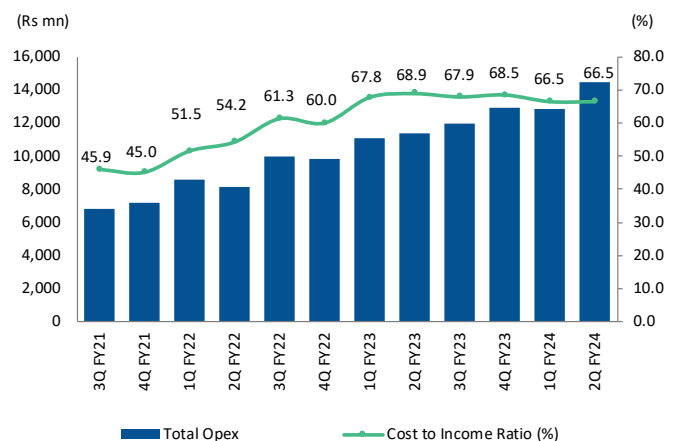
Yields and margin Trend



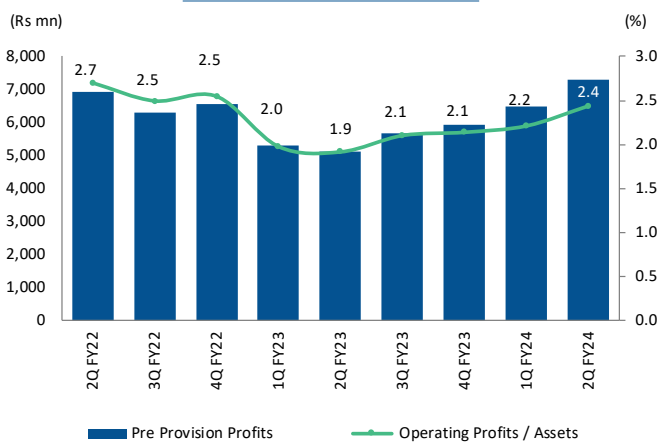
Other Income Trend



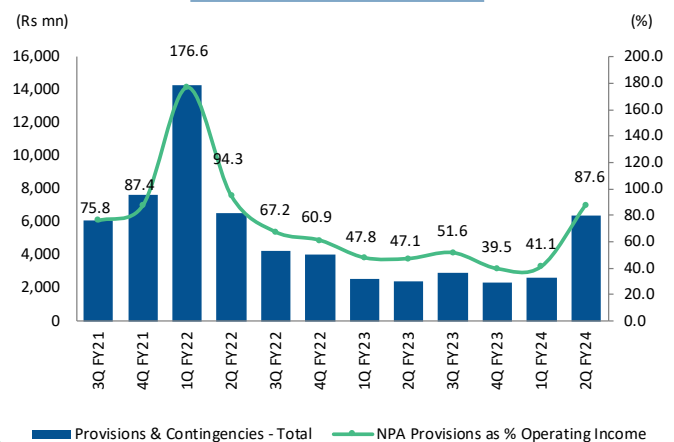
Total Opex Trend



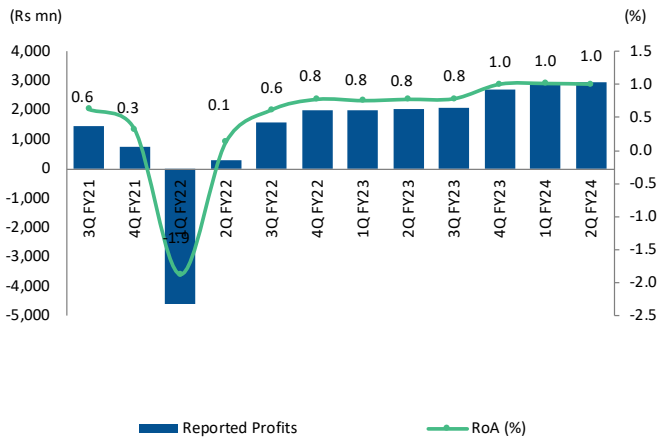
Pre Provision Profit Trend



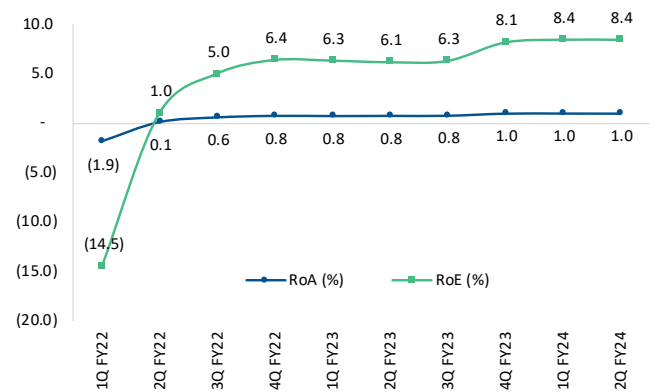
Provision Expenses Trend



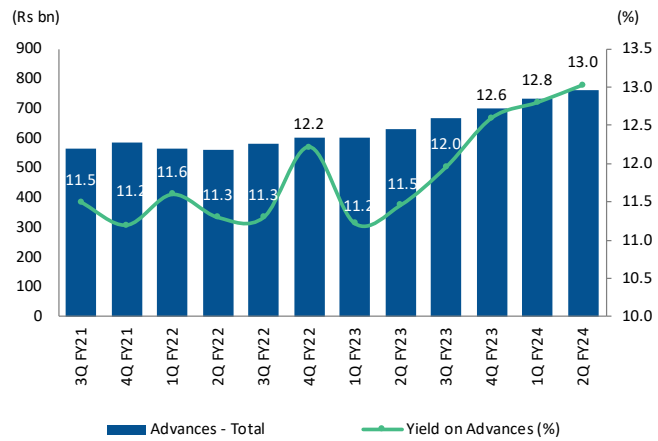
Reported profit trend



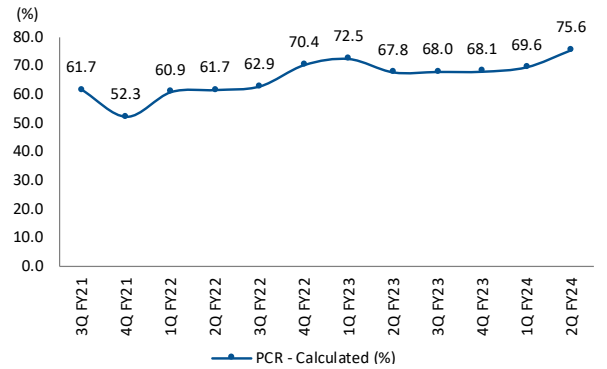
Return ratio trend



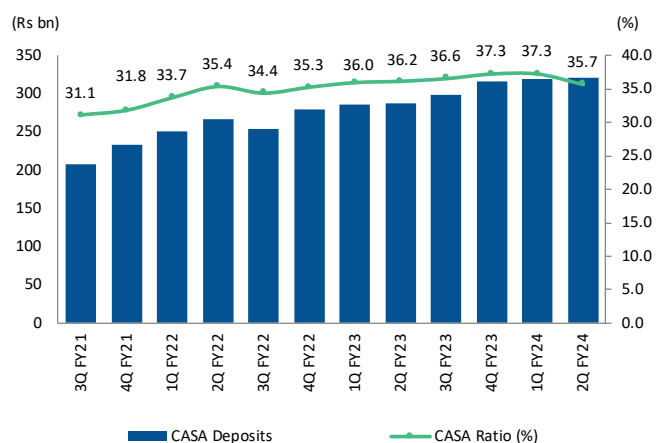
Loan Book trend



PCR Trend



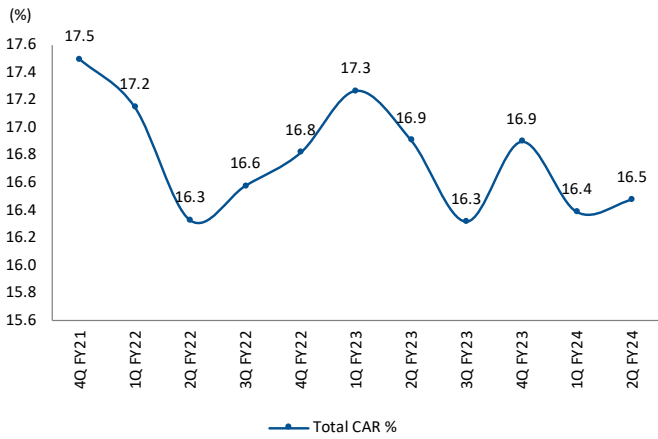
CASA Deposit trend



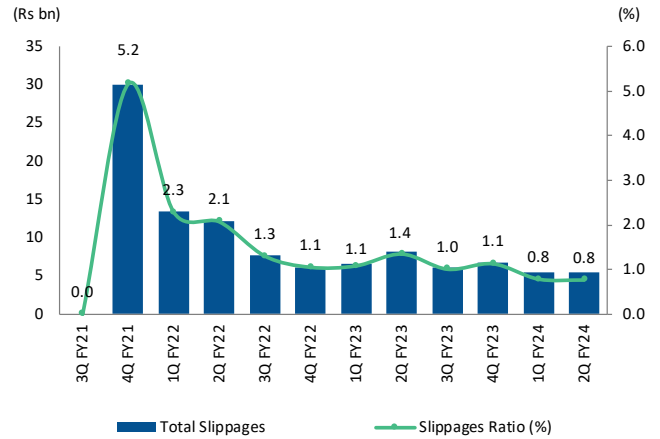
RWA trend



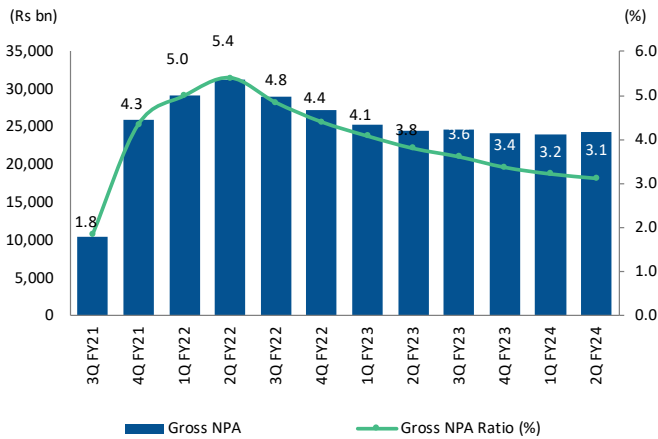
CRAR trend



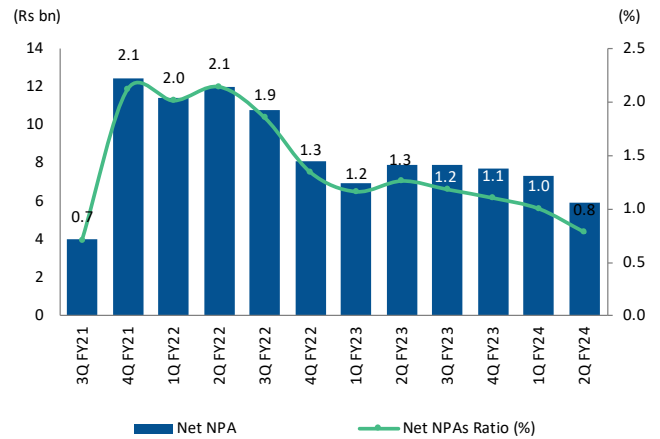
Slippages



Gross NPA trend



Net NPA Trend



Financial Performance at a glance

Exhibit 1 : Income Statement Analysis

(₹ mn)	2Q FY24	2Q FY23	% yoy / bps	1Q FY24	% qoq / bps	FY23	FY22	% yoy / bps
Interest Inc.	30,080	21,757	38.3	26,799	12.2	91,299	81,758	11.7
Interest Expenses	15,330	11,113	38.0	14,337	6.9	46,784	41,491	12.8
Net Interest Income	14,750	10,644	38.6	12,462	18.4	44,515	40,267	10.5
NII to Net Operative Income	67.7	64.6	308	64.5	316	64.1	63.2	89
NIM (%)	4.89	4.5	39	4.8	5	4.3	4.1	16
Other Income - Total	7,044	5,833	20.8	6,854	2.8	24,894	23,405	6.4
Other Income to Net Operative Income	32.3	35.4	(308)	35.5	(316)	35.9	36.8	(89)
Net Operating Revenue	21,794	16,477	32.3	19,316	12.8	69,409	63,673	9.0
Employee Expenses	3,747	3,410	9.9	3,412	9.8	13,403	10,015	33.8
Other Opex	10,737	7,944	35.2	9,429	13.9	33,981	26,204	29.7
Total Opex	14,484	11,354	27.6	12,841	12.8	47,384	36,220	30.8
Cost to Income Ratio (%)	66.5	68.9	(245)	66.5	(2)	68.3	56.9	1,138
Pre Provision Profits	7,310	5,124	42.7	6,475	12.9	22,025	27,453	(19.8)
Provisions & Contingencies - Total	6,404	2,415	165.2	2,662	140.6	10,219	28,604	(64.3)
NPA Provisions as % Operating Income	87.6	47.1	4,047	41.1	4,649	46.4	104.2	(5,779)
Profit Before Tax	906	2,709	(66.5)	3,813	(76.2)	11,805	(1,151)	(1,125.7)
Tax	(2,035)	693	(393.6)	932	(318.3)	2,978	(404)	(838.0)
Effective Tax Rate (%)	(224.5)	25.6	(25,007)	24.4	(24,892)	25.2	35.1	(984)
Reported Profits	2,941	2,016	45.9	2,881	2.1	8,827	(747)	(1,281.1)
RoA (%)	1.0	0.8	23	1.0	(1)	0.8	(0.1)	87
RoE (%)	8.4	6.1	226	8.4	(1)	6.7	(0.6)	733

Source: Company, LKP Research

Exhibit 2 : Balance Sheet Analysis

(₹ mn)	1Q FY23	2Q FY23	3Q FY23	4Q FY23	1Q FY24	2Q FY24	QoQ % / bps	YoY % / bps
Net Worth	128,520	130,700	132,950	135,766	138,770	141,218	1.8	8.0
RoE (%)	6.3	6.1	6.3	8.1	8.4	8.4	(1)	226
Tier 1 %	16.0	15.9	15.5	15.3	15.1	15.2	10	(75)
Total CAR %	17.3	16.9	16.3	16.9	16.4	16.5	9	(43)
RWA - Total	782,220	801,870	833,530	841,380	880,480	894,820	1.6	11.6
Advances - Total	602,700	629,417	666,840	702,094	730,870	763,242	4.4	21.3
Investments	275,370	258,132	267,770	288,755	291,710	296,433	1.6	14.8
Total Assets	1,077,320	1,074,017	1,095,550	1,158,762	1,183,520	1,241,444	4.9	15.6
RoA (%)	0.75	0.77	0.78	1.00	1.01	1.00	(1)	23
Deposits	792,160	794,045	817,460	848,865	856,360	897,804	4.8	13.1
CASA Deposits	285,178	287,444	299,190	316,627	319,422	320,516	0.3	11.5
CASA Ratio (%)	36.0	36.2	36.6	37.3	37.3	35.7	(160)	(50)
Interest Bearing Liabilities - Total	910,870	901,802	923,690	982,178	1,004,110	1,050,819	4.7	16.5

Source: Company, LKP Research

Exhibit 3: Earning Assets Mix & Incremental Contribution

	As on (₹ mn)				As % of Working Assets	YoY/ YTD growth (% / bps)			Incremental Contribution in Working Assets (%)		
	FY21	FY22	FY23	2Q FY24		FY22	FY23	2Q FY24	FY22	FY23	2Q FY24
Wholesale Banking	242,330	286,930	324,310	322,330	28.0	18.4	13.0	(0.6)	97.7	48.2	(2.6)
C&IB	183,230	221,500	246,430	238,880	20.7	20.9	11.3	(3.1)	83.8	32.1	(9.8)
CB	59,100	65,430	77,880	83,450	7.2	10.7	19.0	7.2	13.9	16.0	7.2
Retail Banking	272,580	264,780	318,160	373,070	32.4	(2.9)	20.2	17.3	(17.1)	68.8	71.5
Housing	16,690	24,630	45,830	49,410	4.3	47.6	86.1	7.8	17.4	27.3	4.7
Credit Cards	121,770	133,830	165,940	185,720	16.1	9.9	24.0	11.9	26.4	41.4	25.7
Retail Agri	11,850	15,030	13,570	13,600	1.2	26.8	(9.7)	0.2	7.0	(1.9)	0.0
BIL	107,650	80,580	66,560	76,890	6.7	(25.1)	(17.4)	15.5	(59.3)	(18.1)	13.4
Others	14,620	10,710	26,260	47,450	4.1	(26.7)	145.2	80.7	(8.6)	20.0	27.6
DB & FI	71,320	48,520	59,630	67,850	5.9	(32.0)	22.9	13.8	(49.9)	14.3	10.7
Micro Banking	71,320	48,520	59,630	67,850	5.9	(32.0)	22.9	13.8	(49.9)	14.3	10.7
Advances - Total	586,225	600,218	702,094	763,242	66.2	2.4	17.0	8.7	30.6	131.3	79.6
Investments	232,304	222,744	288,755	296,433	25.7	(4.1)	29.6	2.7	(20.9)	85.1	10.0
Cash & Cash Equivalent	134,242	175,477	85,200	93,204	8.1	30.7	(51.4)	9.4	90.3	(116.3)	10.4
Working Assets	952,771	998,439	1,076,048	1,152,879	100.0	4.8	7.8	7.1	100.0	100.0	100.0

Source: Company, LKP Research

Exhibit 4: Funding Profile Analysis

(₹ mn)	1Q FY23	2Q FY23	3Q FY23	4Q FY23	1Q FY24	2Q FY24	QoQ % / bps	YoY % / bps
Interest Bearing Liabilities - Total	910,870	901,802	923,690	982,178	1,004,110	1,050,819	4.7	16.5
Deposits	792,160	794,045	817,460	848,865	856,360	897,804	4.8	13.1
CASA Deposits	285,178	287,444	299,190	316,627	319,422	320,516	0.3	11.5
Saving Deposit	163,185	169,926	170,849	147,703	151,576	172,378	13.7	1.4
Current Deposit	121,993	117,519	128,341	168,924	167,847	148,138	(11.7)	26.1
Term Deposits	506,982	506,601	518,270	532,238	536,938	577,288	7.5	14.0
Borrowings	118,710	107,757	106,230	133,313	147,750	153,015	3.6	42.0
Interest Bearing Liabilities - Total	910,870	901,802	923,690	982,178	1,004,110	1,050,819	4.7	16.5

Source: Company, LKP Research

Exhibit 5: Funding Mix & Incremental Contribution

	As on (₹ mn)				As % of Total Working Fund	YoY/ YTD growth			Incremental Contribution YoY/ YTD Growth (%)		
	FY21	FY22	FY23	2Q FY24		FY22	FY23	2Q FY24	FY22	FY23	2Q FY24
Deposits	731,213	790,065	848,865	897,804	75.3	8.0	7.4	5.8	103.1	64.8	66.0
Saving Deposit	135,525	163,571	147,703	172,378	14.5	20.7	(9.7)	16.7	49.1	(17.5)	33.3
Current Deposit	97,118	115,220	168,924	148,138	12.4	18.6	46.6	(12.3)	31.7	59.2	(28.1)
CASA Deposits	232,642	278,790	316,627	320,516	26.9	19.8	13.6	1.2	80.8	41.7	5.2
Term Deposits	498,571	511,275	532,238	577,288	48.4	2.5	4.1	8.5	22.3	23.1	60.8
Borrowings	112,259	110,930	133,313	153,015	12.8	(1.2)	20.2	14.8	(2.3)	24.7	26.6
Interest Bearing Liabilities - Total	843,472	900,996	982,178	1,050,819	88.2	6.8	9.0	7.0	100.8	89.4	92.6
Net Worth	126,626	126,182	135,766	141,218	11.8	(0.4)	7.6	4.0	(0.8)	10.6	7.4
Working Fund	970,097	1,027,178	1,117,944	1,192,037	100.0	5.9	8.8	6.6	100.0	100.0	100.0
Interest Exp. / Assets	4.67	4.01	4.21	5.1		(66)	20	90			

Source: Company, LKP Research

Exhibit 6: Asset Quality Analysis

(₹ mn)	1Q FY23	2Q FY23	3Q FY23	4Q FY23	1Q FY24	2Q FY24	QoQ % / bps	YoY % / bps
Total Slippages	6,530	8,120	6,080	6,810	5,550	5,410	(2.5)	(33.4)
Slippages Ratio (%)	1.09	1.35	1.01	1.13	0.79	0.77	(2)	(58)
Gross NPA	25,369	24,566	24,687	24,199	24,043	24,407	1.5	(0.6)
Gross NPAs Ratio (%)	4.08	3.80	3.61	3.37	3.22	3.12	(10)	(68)
PCR - Calculated (%)	72.5	67.8	68.0	68.1	69.6	75.6	600	781
Net NPA	6,971	7,902	7,899	7,725	7,298	5,945	(18.5)	(24.8)
Net NPAs Ratio (%)	1.16	1.26	1.18	1.10	1.00	0.78	(22)	(48)
Standard Restructured	17,390	13,940	11,160	8,495	7,674	5,953	(22.4)	(57.3)
Std. Rest. Adv. as % of Advances	2.9	2.2	1.67	1.21	1.05	0.78	(27)	(143)

Source: Company, LKP Research

Annual Projections

Exhibit 7: Profit and Loss Statement

(₹ mn)	FY21	FY22	FY23	FY24E	FY25E
Interest Income	82,145	81,758	91,299	103,898	119,624
Interest Expenses	44,270	41,491	46,784	54,775	63,186
Net Interest Income	37,876	40,267	44,515	49,123	56,439
<i>NIM (%)</i>	4.20	4.13	4.29	4.26	4.26
Other Income - Total	20,578	23,405	24,894	26,478	28,162
Net Operating Revenue	58,454	63,673	69,409	75,601	84,601
Employee Exp.	8,454	10,015	13,403	14,342	15,346
Other Opex	19,092	26,204	33,981	36,360	38,905
Total Opex	27,546	36,220	47,384	50,701	54,250
C/I Ratio	47.12	56.88	68.27	67.06	64.12
Pre Provision Profits	30,908	27,453	22,025	24,899	30,351
<i>PPP Growth (yoy %)</i>	12.3	(11.2)	(19.8)	13.1	21.9
Provisions & Contingencies - Total	24,017	28,604	10,219	11,571	12,930
Credit Cost (As % of Op. AUM)	4.11	4.78	1.67	1.60	1.60
Profit Before Tax	6,891	(1,151)	11,805	13,328	17,421
Tax	1,813	(404)	2,978	3,362	4,394
Effective Tax Rate	26.3	35.1	25.2	25.2	25.2
Reported Profits	5,078	(747)	8,827	9,966	13,027
PAT Growth (yoy %)	0.4	(114.7)	(1,281.1)	12.9	30.7

Exhibit 8: Balance Sheet

(₹ mn)	FY21	FY22	FY23	FY24E	FY25E
Equity Share Capital	5,980	5,995	5,996	5,996	5,996
Reserves (ex Revel. Reserve)	120,637	120,182	129,765	139,731	152,758
Net Worth - Ex Revaluation	126,617	126,177	135,761	145,727	158,754
Deposits	731,213	790,065	848,865	975,497	1,129,003
Borrowings	112,259	110,930	133,313	153,200	177,308
Interest Bearing Liabilities	843,472	900,996	982,178	1,128,697	1,306,311
Other Lia. & Prov.	36,409	34,908	40,818	47,931	54,913
Total Liabilities	1,006,506	1,062,086	1,158,762	1,322,361	1,519,978
Assets					
Cash & Cash Equivalent	134,242	175,477	85,200	97,542	112,503
Investments	232,304	222,744	288,755	326,970	371,775
Loan & Advances	586,225	600,218	702,094	807,408	936,593
<i>Growth (yoy %)</i>	<i>1.0</i>	<i>2.4</i>	<i>17.0</i>	<i>15.0</i>	<i>16.0</i>
Fixed Assets	4,665	5,481	5,740	5,770	5,969
Other Assets	49,070	58,166	76,974	84,671	93,138
Total Assets	1,006,506	1,062,086	1,158,762	1,322,361	1,519,978

Exhibit 9: Per share data

Y/E Mar	FY21	FY22	FY23	FY24E	FY25E
Face Value	10	10	10	10	10
Adjusted Share O/S - For Calculation	598	600	600	600	600
Earnings Per Share	8.5	(1.2)	14.7	16.6	21.7
<i>EPS (% YoY)</i>	<i>(14.6)</i>	<i>(114.7)</i>	<i>(1,281.0)</i>	<i>12.9</i>	<i>30.7</i>
<i>P/E (x)</i>	<i>26.6</i>	<i>(181.0)</i>	<i>15.3</i>	<i>13.6</i>	<i>10.4</i>
Book Value	211.7	210.5	226.4	243.1	264.8
<i>BVPS (% YoY)</i>	<i>1.8</i>	<i>(0.6)</i>	<i>7.6</i>	<i>7.3</i>	<i>8.9</i>
<i>P/BV (x)</i>	<i>1.1</i>	<i>1.1</i>	<i>1.0</i>	<i>0.9</i>	<i>0.9</i>
Adj. BV	201.3	203.7	220.0	236.6	258.3
<i>Adj. BV (% YoY)</i>	<i>2.6</i>	<i>1.2</i>	<i>8.0</i>	<i>7.6</i>	<i>9.2</i>
<i>P/ABV (x)</i>	<i>1.1</i>	<i>1.1</i>	<i>1.0</i>	<i>1.0</i>	<i>0.9</i>

Exhibit 10: Detailed ROA Tree

Y/E Mar	FY21	FY22	FY23	FY24E	FY25E
Yields / Margins					
Yield on Advance	11.2	10.6	11.0	10.9	10.9
Yield on Funds	9.1	8.4	8.8	9.0	9.0
Cost of Funds (CoF)	5.6	4.8	5.0	5.2	5.2
Interest Spread	3.5	3.6	3.8	3.8	3.8
NIM's	4.2	4.1	4.3	4.3	4.3
Interest Income / Assets	8.7	7.9	8.2	8.4	8.4
Interest Exp. / Assets	4.7	4.0	4.2	4.4	4.4
NII / Assets	4.0	3.9	4.0	4.0	4.0
Fee Income / Assets	1.7	2.0	2.0	1.9	1.8
Other Non Core Income / Assets	-	-	-	-	0.2
Other Income / Assets	2.2	2.3	2.2	2.1	2.0
Net Operating Income / Assets	6.2	6.2	6.3	6.1	6.0
Operating Ratios					
NII to Net Operative Income	64.8	63.2	64.1	65.0	66.7
Other Income to Net Operative Income	35.2	36.8	35.9	35.0	33.3
Empl. Cost/Oper. Exps.	30.7	27.7	28.3	28.3	28.3
Other Op. Exps./Oper. Exps.	69.3	72.3	71.7	71.7	71.7
C/I Ratio	47.1	56.9	68.3	67.1	64.1
Provisions as % PPP	41.1	44.9	14.7	15.3	15.3
Credit Cost (As % of Op. AUM)	4.1	4.8	1.7	1.6	1.6
Effective Tax Rate	26.3	35.1	25.2	25.2	25.2
Employee Exp. / Assets	0.9	1.0	1.2	1.2	1.1
Other Opex/ Assets	2.0	2.5	3.1	2.9	2.7
Total Opex / Assets	2.9	3.5	4.3	4.1	3.8
Operating Profits / Assets	3.3	2.7	2.0	2.0	2.1
Exceptional Items / Assets	-	-	-	-	-
Op Profit ex Except Items / Assets	3.3	2.7	2.0	2.0	2.1
Provisions / Assets	2.5	2.8	0.9	0.9	0.9
Profit Before Tax / Assets	0.7	(0.1)	1.1	1.1	1.2
Tax Expenses / Assets	0.2	(0.0)	0.3	0.3	0.3
RoA	0.5	(0.1)	0.8	0.8	0.9
Leverage (x)	7.9	8.4	8.5	9.1	9.6
RoE	4.4	(0.6)	6.7	7.1	8.6
Adj. RoA	0.5	(0.1)	0.8	0.8	0.9
Adj. RoE	4.4	(0.6)	6.7	7.1	8.6

Exhibit 11: Balance Sheet Ratios

Y/E Mar	FY21	FY22	FY23	FY24E	FY25E
Credit / Deposit Ratio	80.2	76.0	82.7	82.8	83.0
Incremental C/D Ratio	3.9	23.8	173.3	83.2	84.2
Investment Deposit Ratio	31.8	28.2	34.0	33.5	32.9
Dom. SLR Investment / Deposits	26.1	23.2	28.0	26.8	25.5
CASA Ratio	31.9	35.4	37.4	37.4	37.4

Exhibit 12: Asset Quality

(₹ mn)	FY21	FY22	FY23	FY24E	FY25E
<i>Slippage Ratio</i>	5.4	6.7	4.6	4.0	4.0
Gross NPA (Cl Bal)	26,015	27,284	24,199	26,445	28,771
<i>Gross NPAs Ratio (%)</i>	4.3	4.4	3.4	3.3	3.1
<i>PCR (%)</i>	52.3	70.4	68.1	64.8	69.4
Net NPA (Cl. Bal.)	12,414	8,066	7,725	9,307	8,817
<i>Net NPAs Ratio (%)</i>	2.1	1.3	1.1	1.2	0.9
Total Impaired Loans	26,015	27,284	24,199	26,445	28,771
<i>Impaired Loan as % of Loan / AUM</i>	4.2	4.3	3.2	3.0	2.8
Total Risk Reserves	13,602	19,218	16,473	17,138	19,954
<i>Total Risk As % of Loan Book</i>	2.2	3.0	2.2	2.0	2.0

Exhibit 13: Key Assumptions & Forecasts

(₹ mn)	FY21	FY22	FY23	FY24E	FY25E
Loan & Advances	586,225	600,218	702,094	807,408	936,593
<i>Growth (yoy %)</i>		2.4	17.0	15.0	16.0
Interest Bearing Liabilities	843,472	900,996	982,178	1,128,697	1,306,311
<i>Growth (yoy %)</i>		6.8	9.0	14.9	15.7
<i>Yield on Funds</i>	9.1	8.4	8.8	9.0	9.0
<i>Cost of Funds (CoF)</i>	5.6	4.8	5.0	5.2	5.2
<i>Interest Spread</i>	3.5	3.6	3.8	3.8	3.8
<i>NIM's</i>	4.2	4.1	4.3	4.3	4.3
<i>Other Income Growth</i>	7.7	13.7	6.4	6.4	6.4
<i>C/I Ratio</i>	47.1	56.9	68.3	67.1	64.1
<i>Effective Tax Rate</i>	26.3	35.1	25.2	25.2	25.2
Return Ratios					
Adj. RoA	0.5	(0.1)	0.8	0.8	0.9
Adj. RoE	4.4	(0.6)	6.7	7.1	8.6
Asset Quality Metrics					
Credit Cost (As % of Op. AUM)	4.1	4.8	1.7	1.6	1.6
Gross NPAs Ratio (%)	4.3	4.4	3.4	3.3	3.1
Net NPAs Ratio (%)	2.1	1.3	1.1	1.2	0.9

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.