

RBL BANK | Banking

Profitability dragged owing to higher provisions

LKP

Result and Price Analysis:

RBL Bank's 4QFY21 results indicated a steady normalization in asset quality. As the asset classification resumes, the reported GNPA/NNPA ratio stood 4.34%/2.12% against the pro-forma GNPA/NNPA ratio of 4.57%/2.37%. The restructured assets (1.41%) and BB and below pool (4.9% of advances) have high likelihood of crystallizing into NPLs in coming quarter. However, the provisioning expense of ₹7.6bn (₹6.1bn in 3QFY21) has translated into substantial improvement in PCR to 72.2%. Moreover, the COVID provisioning (₹6.64bn) stood 170bps of net advances. The bank witnessed 2bps decline in NIMs to 4.17% because of proactive reversal of interest on interest charges. As expected the bank reported a stable credit growth of 3.9% sequentially. We estimate the growth to remain tepid for FY22E but adequate provision is likely to give comfort to balance sheet. Factoring the in-expensive valuation (0.8x PBV) and stable balance sheet, we recommend BUY.

Gazing the Core:

Ample provision for future asset quality blip: Resumption of NPA recognition (According to SC directive) has resulted in reported slippages of ₹14.4bn v/s 14.7bn pro-forma slippages in the previous quarter. The up-gradation & recoveries stood ₹7.8bn against ₹0.8bn in 3QFY21. Reported GNPA/NNPA/PCR: 4.34%/2.12%/72.2% against 1.84%/0.71%/86.4% in the previous quarter. The bank's NPA ratios down from Pro-forma GNPA/NNPA of 4.57%/2.37% in the prior quarter. The restructured asset grew 51bps to 1.41% of loan book. The BB + and below" book stood at 5.7% of the total book. The "BB & below pool (calculated)" stood at ~4.9% of the net advances. Moreover, the A- and above book stood 77.6%. In 4QFY21, the bank's provisioning expenses increased 25.7% sequentially to ₹7.6bn v/s ₹6.1bn in the previous quarter. The total COVID provisioning stood at ₹6.64bn (170bps of advances). The COVID provision includes provision for restructuring book. Factoring stress in unsecured credit and higher BB & below book in wholesale banking, we believe the bank to come across moderately higher slippages in coming quarters. However, the COVID provision (~1.7% of book) may provide cushion absorbing the stress.

Key Financials (₹ mn)	FY20	FY21	FY22E	FY23E	FY24E
NII	36,296	37,876	40,066	43,272	46,929
Operating Profit	27,516	30,907	33,112	36,081	39,184
Reported Profits	5,056	5,077	8,753	11,262	13,350
Net Worth	1,05,821	1,26,617	1,35,370	1,46,632	1,59,982
Loan & Advances	5,80,190	5,86,225	6,27,261	6,77,442	7,38,411
Int. Bearing Liabilities	7,48,190	8,43,472	8,97,181	9,63,815	10,46,904

Key Ratios (%)	FY20	FY21	FY22E	FY23E	FY24E
NIM's	4.5	4.2	4.1	4.1	4.1
C/I Ratio	50.3	47.1	47.1	47.0	47.1
Gross NPA Ratio	3.6	4.3	3.8	3.1	2.9
Tier 1 Ratio	15.3	17.1	17.1	17.2	17.5
Adj. RoA Ratio	0.6	0.5	0.8	1.0	1.1
Adj. RoE Ratio	5.6	4.4	6.7	8.0	8.7

Rating	Buy
Current Market Price (₹)	182
12 M Price Target (₹)	205
Potential upside (%)	13

Stock Data

FV (₹) :	10
Market Cap Full (₹ bn) :	109
Market Cap Free Float (₹ bn) :	109
52-Week High / Low (₹) :	106 / 274
2-Year High / Low (₹) :	102 / 716
1 Year Avg. Dly Traded Volume (in lakh)	261
BSE Code / NSE Symbol	540065 / RBLBANK
Bloomberg :	RBK IN

Shareholding Pattern (%)

	Mar-21	Dec-20	Sep-20	Jun-20
FPIs	31.85	35.17	27.80	29.28
MFs	14.21	12.50	12.21	12.26
Foreign Companies	10.79	10.80	11.72	11.73
Insurance	6.74	6.68	3.52	3.49
Bodies Corporate	6.13	5.78	7.36	7.57
Foreign Bank	2.40	2.40	2.82	2.82
Others	27.88	26.67	34.57	32.85

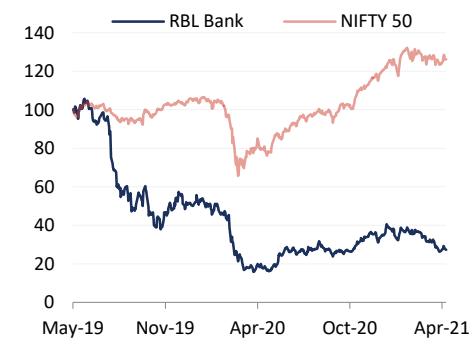
Source: BSE

Price Performance (%)

(%)	1M	3M	6M	1YR
RBL Bank	-15.9%	-29.3%	-1.7%	50.1%
Nifty 50	-2.5%	-2.7%	21.7%	56.0%

* To date / current date : May 4, 2021

RBL Bank vs Nifty 50



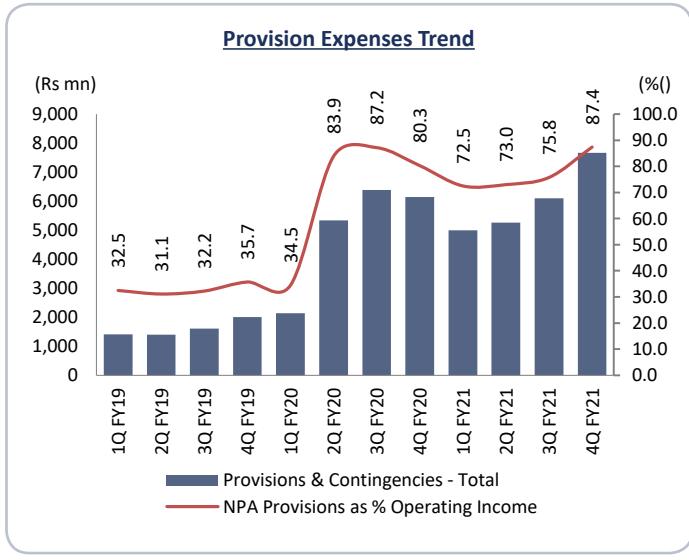
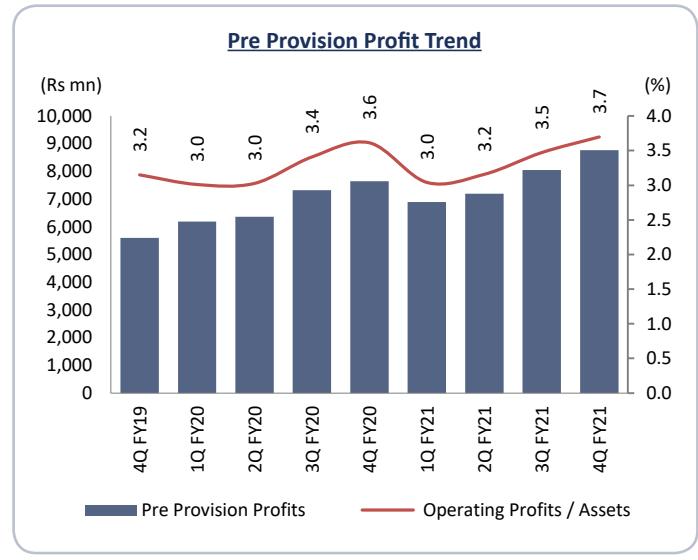
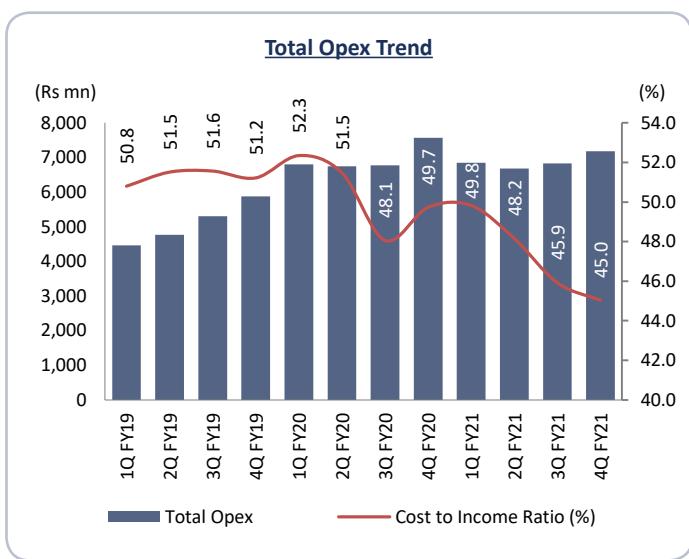
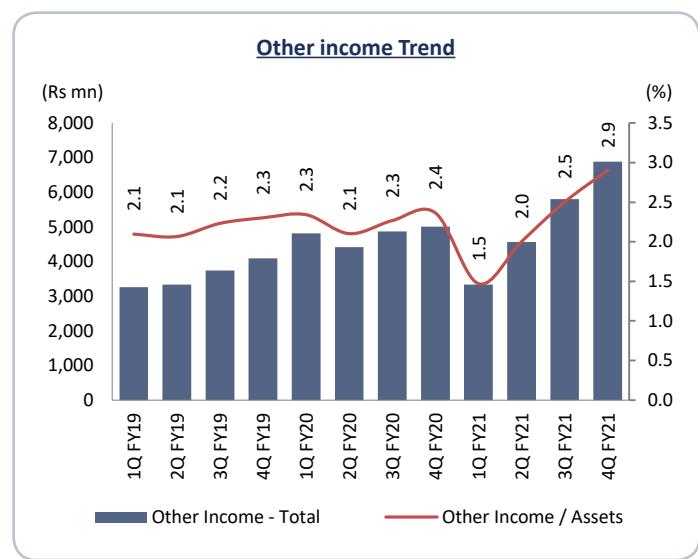
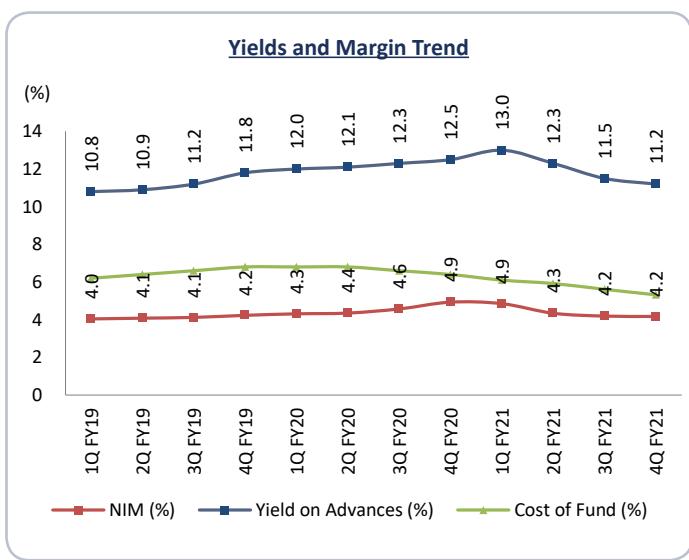
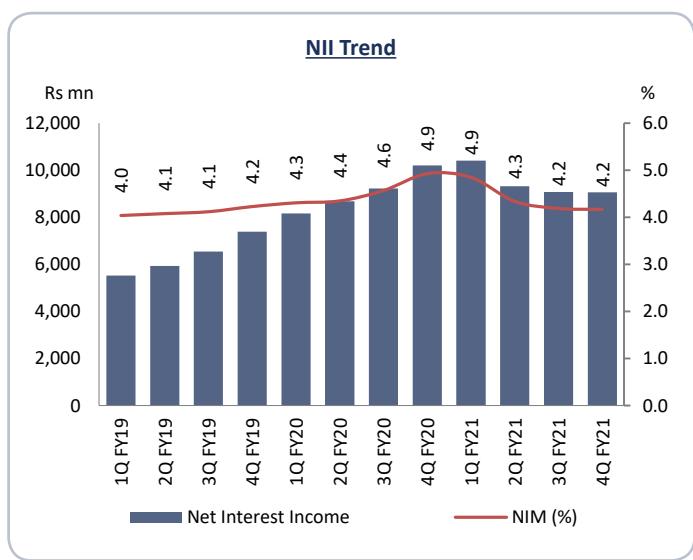
Healthy NII growth and flat NIMs: The bank's NII stood at ₹9.1bn; de-grew by 11.3% YoY and stood flat sequentially. Bank's NIMs squeezed by 2bps sequentially to 4.17% because of reversal of interest on interest income. It is further expected to slip in next quarter. Non – interest income grew healthy by 37.1% YoY and 18.7% QoQ. A strong other income and lower Opex (C/I ratio 45.0% v/s 45.9% in the previous quarter) led to PPOP growth of 8.9% QoQ to ₹8.6bn. A heavy provisioning expense (₹7.6bn v/s ₹6.1bn in 3QFY21) led to PAT de-growth of 49% QoQ to ₹0.75bn.

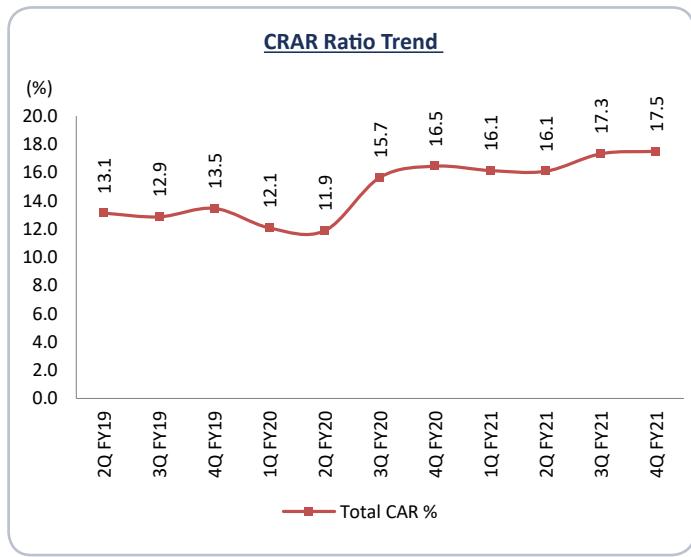
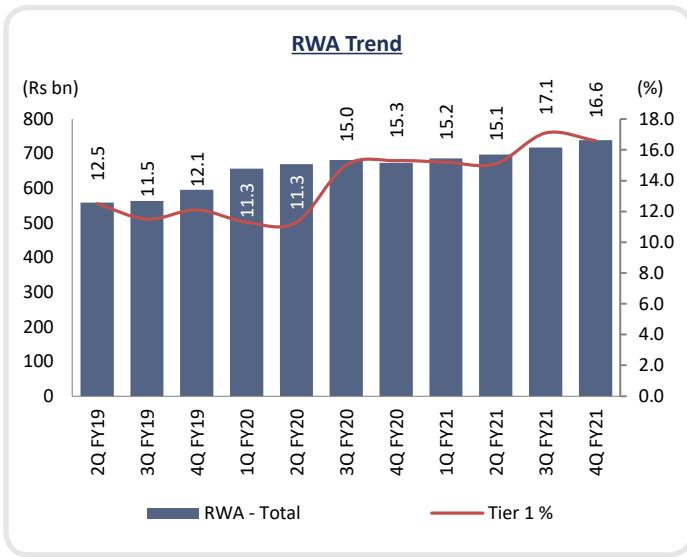
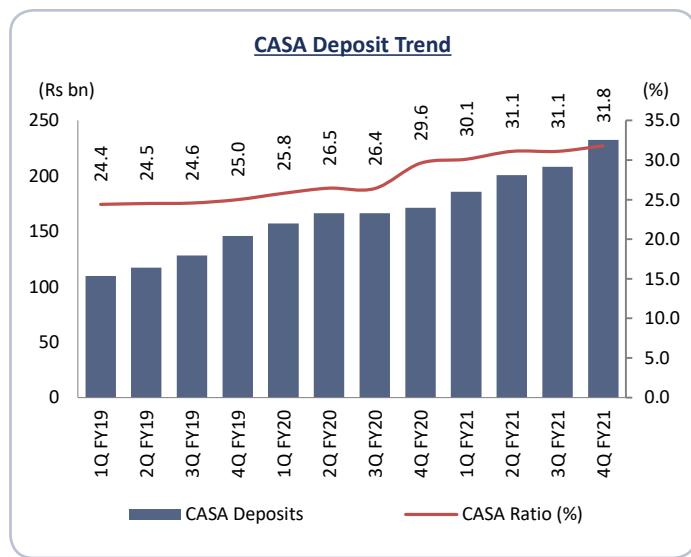
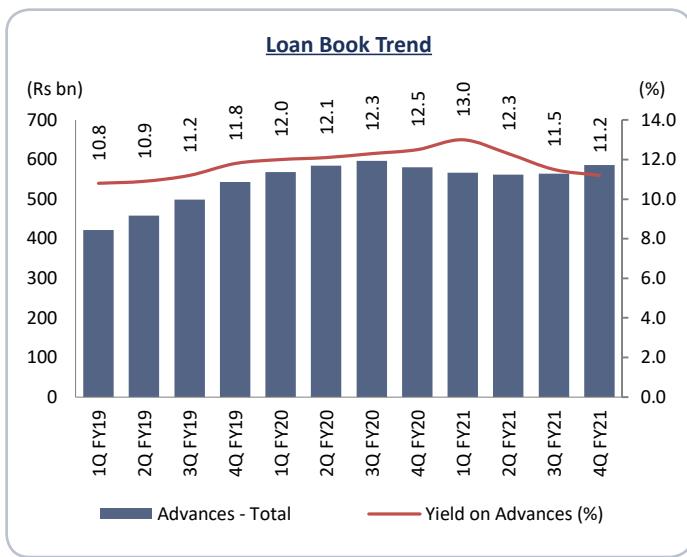
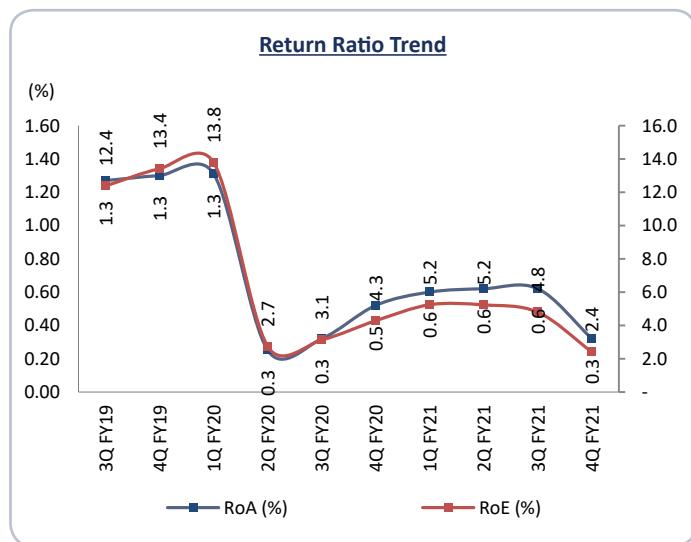
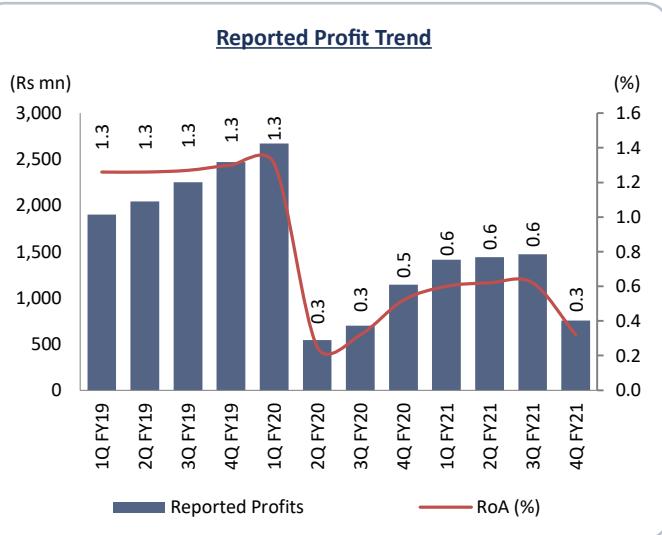
Marginal Loan growth; retail book growth was strong: The bank's net advances stood at ₹586bn; inched up marginally 1.0% YoY and up 3.9% QoQ. Loan Mix carries: Retail: 46.5%, Corporate: 41.3% and Micro banking: 12.2%. Retail loan grew at a healthy pace of 4% QoQ and wholesale grew by 3% QoQ. The bank has sanctioned around 12.1bn under ECLGS. On the back of current economic scenario, we expect the credit growth to remain muted in FY21E. The bank's deposit stood at ₹731bn and grew healthy sequentially at 8.8%. CASA ratio grew by 70bps sequentially to 31.8%. CRAR stood at 17.33% with Tier 1 of 17.1%; improved 200bps post capital infusion of ₹15.7bn through QIP. RWA to total assets stood 74.5% and ample liquidity position with LCR of 156%.

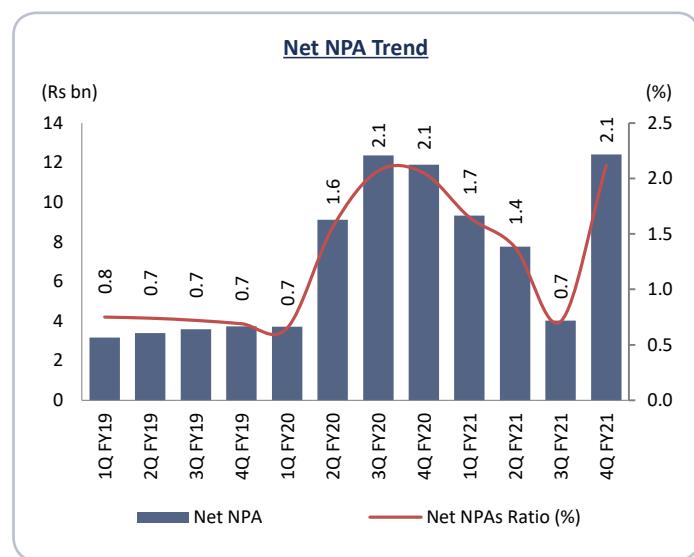
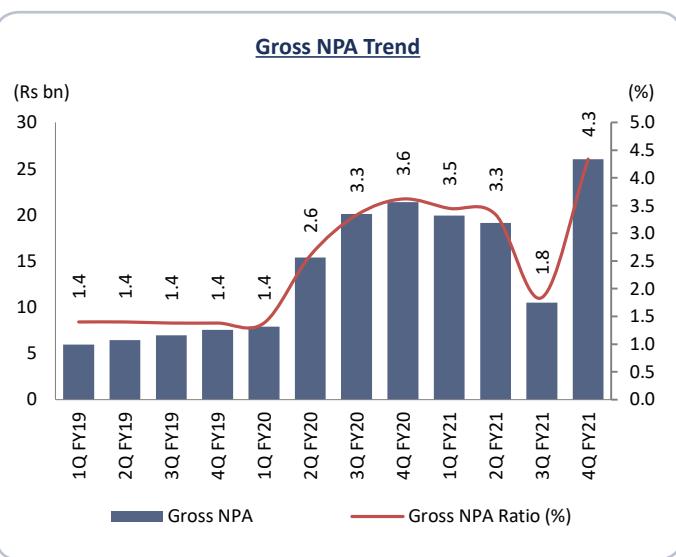
Outlook and Valuation:

RBL Bank holds a healthy positioning in fight against COVID demonstrated by 1) adequate COVID provisioning, 2) improved PCR, and 3) healthy liquidity position with LCR of 156%. Furthermore, a healthy capital position (CET 1: 17.1%) post fund raise would provide cushion. Thus, we recommend a BUY rating on the bank with target price of ₹205 (based on 0.9xFY23 Price to Adjusted Book Value).

Quarterly story in charts







Financial Performance at a glance

Exhibit 1 : Income Statement Analysis

(₹ mn)	4Q FY21	4Q FY20	% yoy / bps	3Q FY21	% qoq / bps	FY21	FY20	% yoy / bps
Int. on Loan	15,131	18,065	(16.2)	15,644	(3.3)	65,237	69,068	(5.5)
Int. on Investment	3,430	3,387	1.3	3,526	(2.7)	13,632	13,727	(0.7)
Int. on Balances	553	577	(4.2)	533	3.7	2,919	1,914	52.5
Int. Others	110	53	105.4	96	14.6	357	435	(17.8)
Interest Inc.	19,224	22,082	(12.9)	19,799	(2.9)	82,145	85,144	(3.5)
Interest Expenses	10,164	11,873	(14.4)	10,717	(5.2)	44,270	48,847	(9.4)
Net Interest Income	9,060	10,210	(11.3)	9,082	(0.2)	37,876	36,296	4.4
<i>NII to Net Operative Income</i>	56.8	67.1	(1,028)	61.0	(421)	64.8	65.5	(72)
<i>NIM (%)</i>	4.17	4.9	(76)	4.2	(2)	-	4.6	-
Core Fee Income	6,600	-	-	4,970	32.8	17,580	-	-
Non Core Other Income	284	-	-	829	(65.7)	2,998	-	-
Other Income - Total	6,884	5,005	37.5	5,799	18.7	20,578	19,102	7.7
<i>Other Income to Net Operative Income</i>	43.2	32.9	1,028	39.0	421	35.2	34.5	72
Net Operating Revenue	15,945	15,215	4.8	14,880	7.2	58,453	55,398	5.5
Employee Expenses	2,070	1,999	3.6	2,107	(1.8)	8,454	7,684	10.0
<i>Empl. Cost/Oper. Exps.</i>	13.0	13.1	(15)	14.2	(118)	14.5	13.9	59
Other Opex	5,110	5,568	(8.2)	4,725	8.1	19,092	20,198	(5.5)
<i>Other Opex/ Assets</i>	0.5	0.7	(12)	0.5	3	2.0	2.4	(37)
Total Opex	7,179	7,567	(5.1)	6,832	5.1	27,546	27,883	(1.2)
<i>Cost to Income Ratio (%)</i>	45.0	49.7	(470)	45.9	(89)	47.1	50.3	(321)
Pre Provision Profits	8,765	7,648	14.6	8,048	8.9	30,907	27,516	12.3
Provisions & Contingencies - Total	7,663	6,141	24.8	6,098	25.7	24,017	19,989	20.2
<i>NPA Provisions as % Operating Income</i>	87.4	80.3	713	75.8	1,165	77.7	72.6	506
Profit Before Tax	1,103	1,508	(26.9)	1,951	(43.5)	6,890	7,527	(8.5)
Tax	349	364	(4.0)	480	(27.2)	1,813	2,471	(26.6)
<i>Effective Tax Rate (%)</i>	31.7	24.1	754	24.6	708	26.3	32.8	(652)
Reported Profits	753	1,144	(34.1)	1,471	(48.8)	5,077	5,056	0.4
<i>RoA (%)</i>	0.3	0.5	(20)	0.6	(30)	-	-	-
<i>RoE (%)</i>	2.4	4.3	(188)	4.8	(239)	-	-	-

Source: Company, LKP Research

Exhibit 2 : Balance Sheet Analysis

(₹ mn)	3Q FY20	4Q FY20	1Q FY21	2Q FY21	3Q FY21	4Q FY21	QoQ % / bps	YoY % / bps
Net Worth	1,05,470	1,05,830	1,07,247	1,08,725	1,25,840	1,26,626	0.6	19.7
<i>RoE (%)</i>	3.1	4.3	5.2	5.2	4.8	2.4	(239)	(188)
<i>CET1 %</i>	-	13.6	15.2	15.1	17.1	16.6	(50)	302
<i>Tier 1 %</i>	15.0	15.3	15.2	15.1	17.1	16.6	(50)	130
<i>Total CAR %</i>	15.7	16.5	16.1	16.1	17.3	17.5	17	105
RWA - Total	6,81,580	6,73,260	6,86,710	6,97,990	7,18,180	7,39,480	3.0	9.8
Advances - Total	5,96,350	5,80,191	5,66,830	5,61,621	5,64,440	5,86,225	3.9	1.0
Investments	1,91,000	1,81,497	1,98,840	2,12,769	2,49,390	2,32,304	(6.9)	28.0
Total Assets	9,14,570	8,89,778	9,24,457	9,33,465	9,64,380	10,06,506	4.4	13.1
<i>RoA (%)</i>	0.32	0.52	0.60	0.62	0.62	0.32	(30)	(20)
Deposits	6,29,070	5,78,122	6,17,360	6,45,061	6,71,840	7,31,213	8.8	26.5
Saving Deposit	1,03,167	95,968	1,19,150	1,27,077	1,21,603	1,35,274	11.2	41.0
Current Deposit	65,423	75,156	66,675	73,537	86,667	97,251	12.2	29.4
CASA Deposits	1,66,200	1,71,160	1,85,660	2,00,614	2,08,270	2,32,526	11.6	35.9
<i>CASA Ratio (%)</i>	26.4	29.6	30.1	31.1	31.1	31.8	70	220
Term Deposits	4,62,870	4,06,962	4,31,700	4,44,447	4,63,570	4,98,687	7.6	22.5
Interest Bearing Liabilities - Total	7,78,000	7,48,190	7,77,650	7,77,619	7,92,540	8,43,472	6.4	12.7

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 (%)		
	FY18	FY19	FY20	4Q FY21		FY19	FY20	4Q FY21	FY19	FY20	4Q FY21
Wholesale Banking	2,37,520	3,02,290	2,54,950	2,42,330	25.4	27.3	(15.7)	(4.9)	36.5	(65.1)	(12.3)
C&IB	1,62,400	2,13,540	1,78,840	1,83,230	19.2	31.5	(16.2)	2.5	28.8	(47.7)	4.3
CB	75,120	88,750	76,110	59,100	6.2	18.1	(14.2)	(22.3)	7.7	(17.4)	(16.6)
Retail Banking	88,910	1,64,680	2,31,810	2,72,580	28.6	85.2	40.8	17.6	42.7	92.3	39.8
LAP	-	64,530	75,910	16,690	1.8	-	17.6	(78.0)	36.4	15.6	(57.8)
Credit Cards	-	52,830	1,05,090	1,21,770	12.8	-	98.9	15.9	29.8	71.8	16.3
Retail Agri	19,400	15,720	14,840	11,850	1.2	(19.0)	(5.6)	(20.1)	(2.1)	(1.2)	(2.9)
BIL	-	14,590	16,150	1,07,650	11.3	-	10.7	566.6	8.2	2.1	89.3
Others	-	17,010	19,820	14,620	1.5	-	16.5	(26.2)	9.6	3.9	(5.1)
DB & FI	56,840	76,112	93,440	71,320	7.5	33.9	22.8	(23.7)	10.9	23.8	(21.6)
Micro Banking	35,600	50,280	64,450	71,320	7.5	41.2	28.2	10.7	8.3	19.5	6.7
IFI	15,430	15,790	16,480	-	-	2.3	4.4	-	0.2	0.9	-
MSME	5,810	10,040	12,510	-	-	72.8	24.6	-	2.4	3.4	-
Formula Link (% to Amount)	-	-	-	-	-	-	-	-	-	-	-
Advances - Total	4,02,678	5,43,082	5,80,190	5,86,225	61.5	34.9	6.8	1.0	79.1	51.0	5.9
Investments	1,54,475	1,68,404	1,81,497	2,32,304	24.4	9.0	7.8	28.0	7.8	18.0	49.6
Cash & Cash Equivalent	42,844	66,021	88,572	1,34,242	14.1	54.1	34.2	51.6	13.1	31.0	44.6
Working Assets	5,99,998	7,77,507	8,50,260	9,52,771	100.0	29.6	9.4	12.1	100.0	100.0	100.0

Source: Company, LKP Research

Exhibit 4: Funding Profile Analysis

(₹ mn)	3Q FY20	4Q FY20	1Q FY21	2Q FY21	3Q FY21	4Q FY21	QoQ % / bps	YoY % / bps
Interest Bearing Liabilities - Total	7,78,000	7,48,190	7,77,650	7,77,619	7,92,540	8,43,472	6.4	12.7
Deposits	6,29,070	5,78,122	6,17,360	6,45,061	6,71,840	7,31,213	8.8	26.5
CASA Deposits	1,66,200	1,71,160	1,85,660	2,00,614	2,08,270	2,32,526	11.6	35.9
Saving Deposit	1,03,167	95,968	1,19,150	1,27,077	1,21,603	1,35,274	11.2	41.0
Current Deposit	65,423	75,156	66,675	73,537	86,667	97,251	12.2	29.4
Term Deposits	4,62,870	4,06,962	4,31,700	4,44,447	4,63,570	4,98,687	7.6	22.5
Borrowings	1,48,930	1,70,067	1,60,290	1,32,558	1,20,700	1,12,259	(7.0)	(34.0)
Interest Bearing Liabilities - Total	7,78,000	7,48,190	7,77,650	7,77,619	7,92,540	8,43,472	6.4	12.7

Source: Company, LKP Research

Exhibit 5: Funding mix and Incremental Contribution

	As on (₹ mn)				As % of Total Working Fund	YoY/ YTD growth			Incremental Contribution YoY/ YTD Growth (%)		
	FY18	FY19	FY20	4Q FY21		FY19	FY20	4Q FY21	FY19	FY20	4Q FY21
Deposits	4,39,023	5,83,944	5,78,122	7,31,213	75.4	33.0	(1.0)	26.5	80.8	(7.6)	131.9
Saving Deposit	53,395	82,448	96,066	1,35,274	13.9	54.4	16.5	40.8	16.2	17.9	33.8
Current Deposit	53,388	63,427	75,090	97,251	10.0	18.8	18.4	29.5	5.6	15.3	19.1
CASA Deposits	1,06,783	1,45,875	1,71,156	2,32,526	24.0	36.6	17.3	35.9	21.8	33.1	52.9
Term Deposits	3,32,240	4,38,069	4,06,967	4,98,687	51.4	31.9	(7.1)	22.5	59.0	(40.8)	79.0
Borrowings	92,614	1,18,321	1,70,067	1,12,259	11.6	27.8	43.7	(34.0)	14.3	67.8	(49.8)
Interest Bearing Liabilities - Total	5,31,637	7,02,265	7,48,190	8,43,472	86.9	32.1	6.5	12.7	95.2	60.2	82.1
Net Worth	66,840	75,473	1,05,829	1,26,626	13.1	12.9	40.2	19.7	4.8	39.8	17.9
Working Fund	5,98,477	7,77,738	8,54,019	9,70,097	100.0	30.0	9.8	13.6	100.0	100.0	100.0
<i>Interest Exp. / Assets</i>	4.96	5.29	5.77	4.3		33	48	(148)			

Source: Company, LKP Research

Exhibit 6: Asset Quality Analysis

(₹ mn)	3Q FY20	4Q FY20	1Q FY21	2Q FY21	3Q FY21	4Q FY21	QoQ % / bps	YoY % / bps
Total Slippages	10,480	7,090	50	1,450	-	29,980	-	322.8
Slippages Ratio (%)	1.93	1.31	0.01	0.25	-	5.17	-	386
Gross NPA	20,105	21,365	19,921	19,117	10,502	26,015	147.7	21.8
Gross NPAs Ratio (%)	3.33	3.62	3.45	3.34	1.84	4.34	250	72
PCR - Calculated (%)	38.5	44.3	53.2	59.4	61.7	52.3	(939)	795
Net NPA	12,364	11,894	9,327	7,758	4,025	12,414	208.4	4.4
Net NPAs Ratio (%)	2.07	2.05	1.65	1.38	0.71	2.12	141	7

Source: Company, LKP Research

Annual Projections

Exhibit 7: Profit and Loss Statement

(₹ mn)	FY20	FY21	FY22E	FY23E	FY24E
Interest Income	85,144	82,145	87,831	94,294	1,02,051
Interest Expenses	48,847	44,270	47,765	51,022	55,123
Net Interest Income	36,296	37,876	40,066	43,272	46,929
NIM (%)	4.46	4.20	4.07	4.10	4.11
Adjusted NII	35,862	37,518	40,066	43,272	46,929
Core Fee Income	16,844	18,145	19,960	21,955	24,151
Securities/MM/FX Trading/Others	1,595	1,718	1,856	2,004	2,164
Other Misc. Income	663	714	768	826	887
Other Income - Total	19,102	20,578	22,583	24,785	27,203
Net Operating Revenue	55,398	58,453	62,649	68,057	74,131
Employee Exp.	7,684	8,454	9,299	10,322	11,560
Other Opex	20,198	19,092	20,238	21,654	23,387
Total Opex	27,883	27,546	29,537	31,976	34,947
C/I Ratio	50.33	47.12	47.15	46.98	47.14
Pre Provision Profits	27,516	30,907	33,112	36,081	39,184
PPP Growth (yoY %)	41.8	12.3	7.1	9.0	8.6
Provisions & Contingencies - Total	19,989	24,017	21,363	20,965	21,265
Credit Cost (As % of Op. AUM)	3.62	4.07	3.50	3.20	3.00
Profit Before Tax	7,527	6,890	11,749	15,117	17,919
Tax	2,471	1,813	2,996	3,855	4,569
Effective Tax Rate	32.8	26.3	25.5	25.5	25.5
Reported Profits	5,056	5,077	8,753	11,262	13,350
PAT Growth (yoY %)	(41.7)	0.4	72.4	28.7	18.5

Source: Company, LKP Research

Exhibit 8: Balance Sheet

(₹ mn)	FY20	FY21	FY22E	FY23E	FY24E
Equity Share Capital	5,087	5,980	5,980	5,980	5,980
Reserves (ex Revel. Reserve)	1,00,734	1,20,637	1,29,390	1,40,652	1,54,002
Net Worth - Ex Revaluation	1,05,821	1,26,617	1,35,370	1,46,632	1,59,982
Deposits	5,78,122	7,31,213	7,89,519	8,52,976	9,26,510
Borrowings	1,70,067	1,12,259	1,07,662	1,10,839	1,20,394
Interest Bearing Liabilities	7,48,190	8,43,472	8,97,181	9,63,815	10,46,904
Other Lia. & Prov.	35,759	36,409	42,494	48,756	51,019
Total Liabilities	8,89,778	10,06,506	10,75,054	11,59,213	12,57,916
Assets					
Cash & Cash Equivalent	88,572	1,34,242	1,40,132	1,50,945	1,63,679
Investments	1,81,497	2,32,304	2,48,565	2,65,965	2,84,583
Credit Equivalent	22,995	29,432	31,492	33,697	36,056
Loan & Advances	5,80,190	5,86,225	6,27,261	6,77,442	7,38,411
Growth (yoY %)	6.8	1.0	7.0	8.0	9.0
Fixed Assets	4,698	4,665	5,119	5,487	5,931
Other Assets	34,820	49,070	53,977	59,375	65,312
Total Assets	8,89,778	10,06,506	10,75,054	11,59,213	12,57,916

Source: Company, LKP Research

Exhibit 9: Per share data

Y/E Mar	FY20	FY21	FY22E	FY23E	FY24E
Face Value	10	10	10	10	10
Adjusted Share O/S - For Calculation	509	598	598	598	598
Earnings Per Share	9.9	8.5	14.6	18.8	22.3
EPS (% YoY)	(51.1)	(14.6)	72.4	28.7	18.5
P/E (x)	18.3	21.4	12.4	9.6	8.1
Book Value	208.0	211.7	226.4	245.2	267.5
BVPS (% YoY)	17.6	1.8	6.9	8.3	9.1
P/BV (x)	0.9	0.9	0.8	0.7	0.7
Adj. BV	196.3	201.3	209.1	227.9	250.2
Adj. BV (% YoY)	11.0	2.6	3.8	9.0	9.8
P/ABV (x)	0.9	0.9	0.9	0.8	0.7

Source: Company, LKP Research

Exhibit 10: Detailed ROA Tree

Y/E Mar	FY20	FY21	FY22E	FY23E	FY24E
Yields / Margins					
Yield on Advance	12.3	11.2	11.2	11.2	11.2
Yield on Funds	10.5	9.1	8.9	8.9	8.9
Cost of Funds (CoF)	6.7	5.6	5.5	5.5	5.5
Interest Spread	3.7	3.5	3.4	3.5	3.5
NIM's	4.5	4.2	4.1	4.1	4.1
Interest Income / Assets	10.1	8.7	8.4	8.4	8.4
Interest Exp. / Assets	5.8	4.7	4.6	4.6	4.6
NII / Assets	4.3	4.0	3.8	3.9	3.9
Fee Income / Assets	2.0	1.9	1.9	2.0	2.0
Other Non Core Income / Assets	-	-	-	-	-
Other Income / Assets	2.3	2.2	2.2	2.2	2.3
Net Operating Income / Assets	6.5	6.2	6.0	6.1	6.1
Operating Ratios					
NII to Net Operative Income	65.5	64.8	64.0	63.6	63.3
Other Income to Net Operative Income	34.5	35.2	36.0	36.4	36.7
Empl. Cost/Oper. Exps.	27.6	30.7	31.5	32.3	33.1
Other Op. Exps./Oper. Exps.	72.4	69.3	68.5	67.7	66.9
C/I Ratio	50.3	47.1	47.1	47.0	47.1
Provisions as % PPP	36.1	41.1	34.1	30.8	28.7
Credit Cost (As % of Op. AUM)	3.6	4.1	3.5	3.2	3.0
Effective Tax Rate	32.8	26.3	25.5	25.5	25.5
Employee Exp. / Assets	0.9	0.9	0.9	0.9	1.0
Other Opex/ Assets	2.4	2.0	1.9	1.9	1.9
Total Opex / Assets	3.3	2.9	2.8	2.9	2.9
Operating Profits / Assets	3.2	3.3	3.2	3.2	3.2
Op Profit ex Except Items / Assets	3.2	3.3	3.2	3.2	3.2
Provisions / Assets	2.4	2.5	2.1	1.9	1.8
Profit Before Tax / Assets	0.9	0.7	1.1	1.4	1.5
Tax Expenses / Assets	0.3	0.2	0.3	0.3	0.4
RoA	0.6	0.5	0.8	1.0	1.1
Leverage (x)	8.4	7.9	7.9	7.9	7.9
RoE	5.6	4.4	6.7	8.0	8.7
Adj. RoA	0.6	0.5	0.8	1.0	1.1
Adj. RoE	5.6	4.4	6.7	8.0	8.7

Source: Company, LKP Research

Exhibit 11: Balance Sheet Ratios

Y/E Mar	FY20	FY21	FY22E	FY23E	FY24E
Credit / Deposit Ratio	100.4	80.2	79.4	79.4	79.7
Incremental C/D Ratio	(637.4)	3.9	70.4	79.1	82.9
Investment Deposit Ratio	31.4	31.8	31.5	31.2	30.7
Dom. SLR Investment / Deposits	27.1	27.5	27.2	26.9	26.5
CASA Ratio	29.7	31.9	32.0	32.0	32.0

Source: Company, LKP Research

Exhibit 12: Asset Quality

Y/E Mar	FY20	FY21	FY22E	FY23E	FY24E
<i>Slippage Ratio</i>	6.2	5.4	3.5	3.0	2.9
Gross NPA (Cl Bal)	21,365	26,015	24,115	21,065	21,672
<i>Gross NPAs Ratio (%)</i>	3.6	4.3	3.8	3.1	2.9
<i>PCR (%)</i>	44.3	52.3	53.8	53.4	54.3
Net NPA (Cl. Bal.)	11,894	12,414	11,152	9,808	9,900
<i>Net NPAs Ratio (%)</i>	2.1	2.1	1.8	1.4	1.3
Total Impaired Loans	21,365	26,015	24,115	21,065	21,672
<i>Impaired Loan as % of Loan / AUM</i>	3.5	4.2	3.7	3.0	2.8
Total Risk Reserves	9,472	13,602	12,963	11,258	11,773
<i>Total Risk As % of Loan Book</i>	1.6	2.2	2.0	1.6	1.5

Source: Company, LKP Research

Exhibit 13: Key Assumptions & Forecasts

Y/E Mar	FY20	FY21	FY22E	FY23E	FY24E
Loan & Advances	5,80,190	5,86,225	6,27,261	6,77,442	7,38,411
<i>Growth (yoY %)</i>	6.8	1.0	7.0	8.0	9.0
Interest Bearing Liabilities	7,48,190	8,43,472	8,97,181	9,63,815	10,46,904
<i>Growth (yoY %)</i>	6.8	1.0	7.0	8.0	9.0
<i>Yield on Funds</i>	10.5	9.1	8.9	8.9	8.9
<i>Cost of Funds (CoF)</i>	6.7	5.6	5.5	5.5	5.5
<i>Interest Spread</i>	3.7	3.5	3.4	3.5	3.5
<i>NIM's</i>	4.5	4.2	4.1	4.1	4.1
<i>Other Income Growth</i>	32.4	7.7	9.7	9.8	9.8
<i>C/I Ratio</i>	50.3	47.1	47.1	47.0	47.1
<i>Effective Tax Rate</i>	32.8	26.3	25.5	25.5	25.5
Return Ratios					
<i>Adj. RoA</i>	0.6	0.5	0.8	1.0	1.1
<i>Adj. RoE</i>	5.6	4.4	6.7	8.0	8.7
Asset Quality Metrics					
<i>Credit Cost (As % of Op. AUM)</i>	3.6	4.1	3.5	3.2	3.0
<i>Gross NPAs Ratio (%)</i>	3.6	4.3	3.8	3.1	2.9
<i>Net NPAs Ratio (%)</i>	2.1	2.1	1.8	1.4	1.3

Source: Company, LKP Research

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.