

DCB BANK | Banking

Lukewarm operating quarter, Provision buffer satisfactory

LKP

Price Analysis:

DCB bank's 3QFY20 earnings demonstrated sequentially lower provisioning expenses (₹1.0bn v/s ₹1.47n in 3QFY21) and net profit of ₹779mn; down by 19% sequentially. The headline PCR decreased sequentially to 6.4% as fresh slippages remained high. Pursuant to the Supreme Court's directive, the bank has resumed NPA recognition and reported slippages of ₹6.67bn, higher write-offs (₹518mn v/s ₹394mn in 3QFY21) and muted advance growth have resulted in GNPA ratio (4.09% v/s 3.72% pro-forma in the previous quarter) and NNPA ratio (2.29% v/s pro-forma 1.92%). On the business front, the bank reported muted growth in net advances (growth of 2.6% QoQ) and stable deposit traction of 2.9% QoQ. Gold loan grew at a healthy pace of 23% sequentially. The collection efficiencies of the bank is improving significantly and stood at ~96% in March-21 against 97% in pre-covid period. Factoring the current scenario, the management believes the NPA to increase in next 3 – 4 quarters but it can be managed with healthy operating performance. Considering an inexpensive valuation (0.7x Adj. BVPS) and improving collection scenario we recommend BUY.

Gazing the core:

Collection improving but Asset quality blip is likely: Among business segments, Business Loans (LAP), HL, and CV has 0.9%, 1.43%, and 2.74% by value respectively have not paid any installment since Apr-20 to Mar-21. Around 98.5% of MSME customers (in numbers) have demonstrated credit churn in their accounts between April 2020 and Mar 2021. Collections: As of Mar-21, the collection efficiency improved month on month across verticals and on Business loans, Home Loans and CV stood 95.2%, 96.8% and 86.0% respectively against 97.7%, 98%, and 89.4% in Feb-20 (Pre COVID era). As on 4QFY20, the net restructured standard advances stood at ₹9.68bn (3.73% of net advances) largely contributed by mortgages, CVs and MSMEs. The bank believes the NPA to go up in next 3-4 quarters but having strong operating profit to absorb additional provisions. Additionally the bank has contingent provision (141bps of total standard book) which will provide cushion.

Key Financials (₹ mn)	FY20	FY21	FY22E	FY23E	FY24E
NII	12,649	12,866	14,302	16,193	18,351
Operating Profit	7,531	8,985	10,028	11,258	12,663
Reported Profits	3,379	3,358	4,933	5,686	6,541
Net Worth	31,838	35,263	40,196	45,882	52,423
Loan & Advances	2,53,453	2,59,592	2,75,168	2,94,430	3,17,984
Int. Bearing Liabilities	3,37,779	3,41,861	3,61,718	3,87,289	4,18,308

Key Ratios (%)	FY20	FY21	FY22E	FY23E	FY24E
NIM's	3.6	3.5	3.7	3.9	4.1
C/I Ratio	54.5	48.5	48.2	48.3	48.4
Gross NPA Ratio	2.5	4.1	3.9	3.5	3.0
Tier 1 Ratio	13.9	14.1	15.0	15.9	16.5
Adj. RoA Ratio	0.9	0.9	1.2	1.3	1.4
Adj. RoE Ratio	10.3	9.4	12.3	12.5	12.6

Rating	Buy
Current Market Price (₹)	91
12 M Price Target (₹)	123
Potential upside (%)	35

Stock Data

FV (₹) :	10
Market Cap Full (₹ bn) :	28
Market Cap Free Float (₹ bn) :	24
52-Week High / Low (₹) :	58 / 127
2-Year High / Low (₹) :	58 / 245
1 Year Avg. Dly Traded Volume (in lakh)	27
BSE Code / NSE Symbol	532772 / DCBBANK
Bloomberg :	DCBB:IN

Shareholding Pattern (%)

	Mar-21	Dec-20	Sep-20	Jun-20
Promoter	14.88	14.88	14.88	14.88
FPIs	13.04	13.76	14.44	15.08
MFs	27.38	27.52	26.36	27.78
AIFs	10.29	10.70	10.64	7.62
Insurance	2.88	0.78	0.68	0.31
Bodies Corporate	5.31	5.39	4.63	4.28
Others	26.22	26.97	28.37	30.05

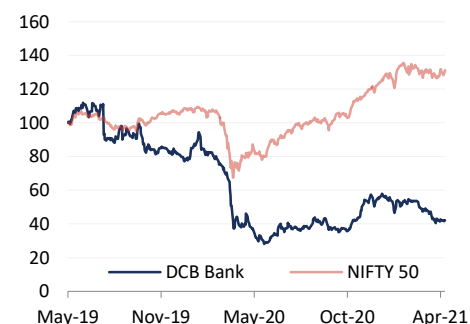
Source: BSE

Price Performance (%)

(%)	1M	3M	6M	1YR
DCB Bank	-8.9%	-21.4%	7.7%	32.0%
Nifty 50	0.03%	-0.7%	20.9%	61.1%

* To date / current date : May 7, 2021

DCB Bank vs Nifty 50



Sound liquidity with risk aversion: The bank's net advances stood at ₹256bn; grew marginally by 2.4% YoY and 2.6% QoQ. Mortgage book (42% contribution) grew by 2.6% QoQ. CV financing (5% contribution) de-grew by 14.5% QoQ. Agriculture & inclusive business (22% contribution) grew by 7.5% QoQ. Gold loans (6% contribution) have witnessed robust growth of 23.1% QoQ. MSME advances (10% contribution) de-grew by 6.7% QoQ. Corporate advances (11% contribution) grew by 12.9% QoQ. Management sounded caution on further loan book growth. As of 19 April 2021, the bank has sanctioned ₹21.45bn and disbursed ₹9.16bn under ECLGS 1.0 and 2.0 program. The bank is carefully and systematically disbursing ECLGS loans. The bank's liquidity position remains adequate with daily average LCR of 138.3% against the revised mandatory requirement of 90%.

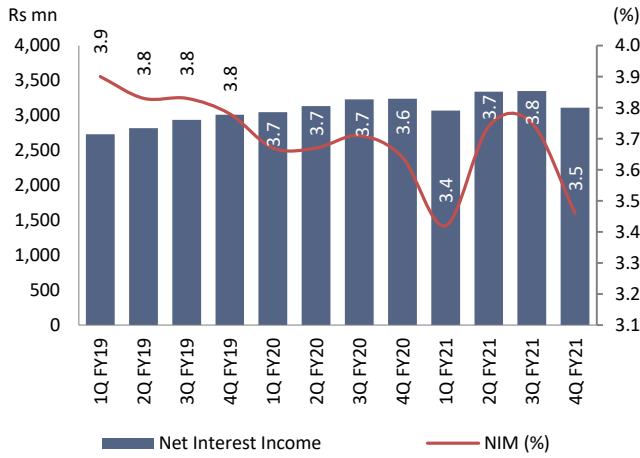
Tepid operational quarter and sequentially lower provisioning expenses: The bank's NII stood at ₹3112mn; de-grew by 7% sequentially because of lower NIMs which decreased sequentially by 29bps to 3.46% aided by 54bps reduction in YoA and 9bps reduction in CoF. The NIM compression was because of interest reversal. Management expects the NIM to come down further if slippages accelerate owing to Covid 2.0. Separately, cost-to-income ratio was high at 53.9% (v/s 43.3% in 3QFY21) and the sequentially lower provisioning expenses (₹1012mn v/s ₹1477mn in 3QFY21) have resulted in 19% sequential growth in PAT of ₹779mn. The bank's annualized ROA and ROE stood at 0.80% and 8.96% respectively.

Outlook & Valuations

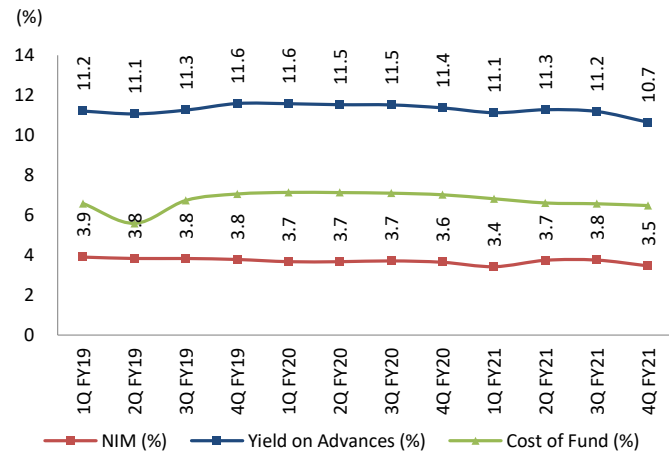
We expect the bank to post a ROA/ROE of 1.3%/12.5% by FY23E led by cautious balance sheet growth along with slight deterioration in asset quality. We value the bank at PBV of 1x FY23E Adj. BVPS to arrive at a price target of ₹123.

Quarterly story in charts

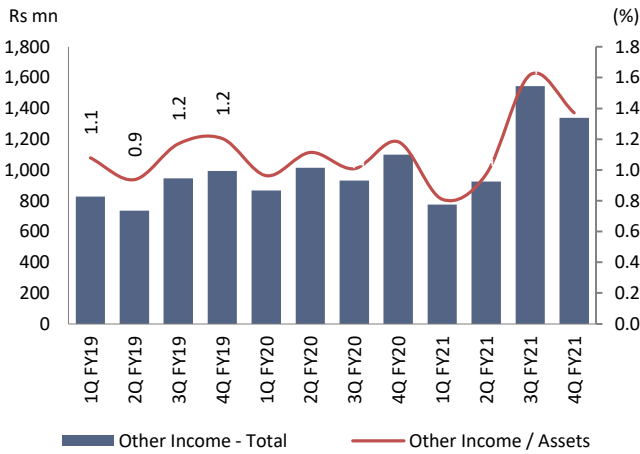
NII Trend



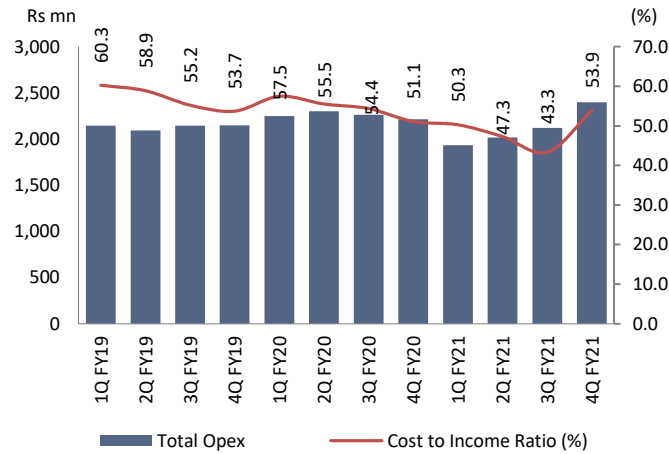
Yields and Margin Trend



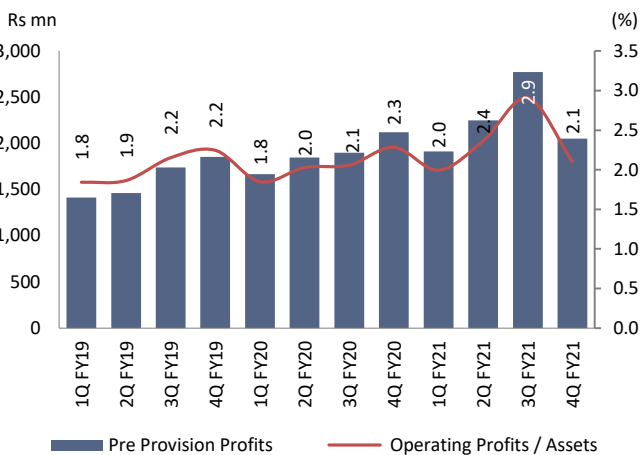
Other income Trend



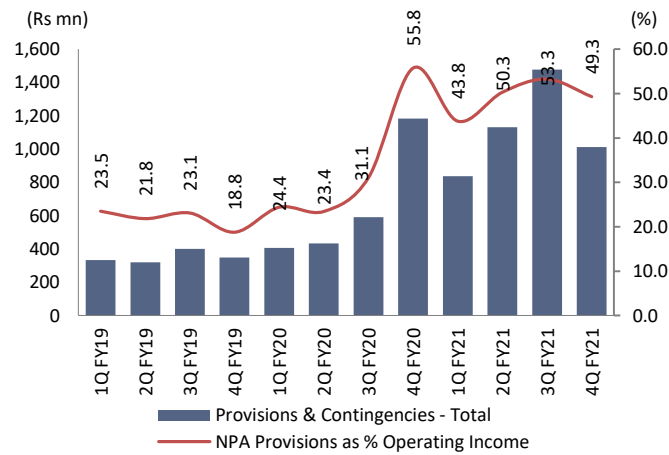
Total Opex Trend



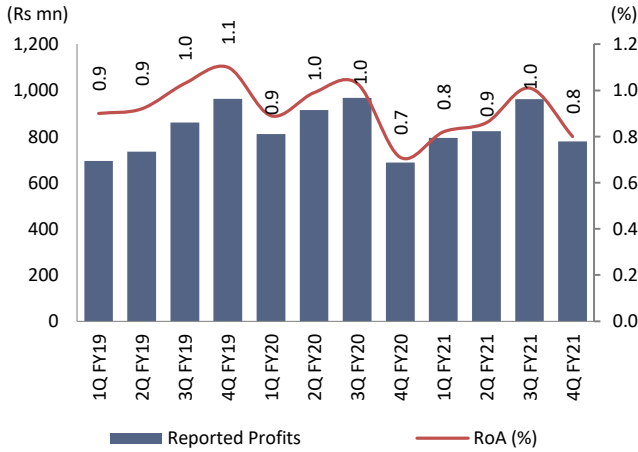
Pre Provision Profit Trend



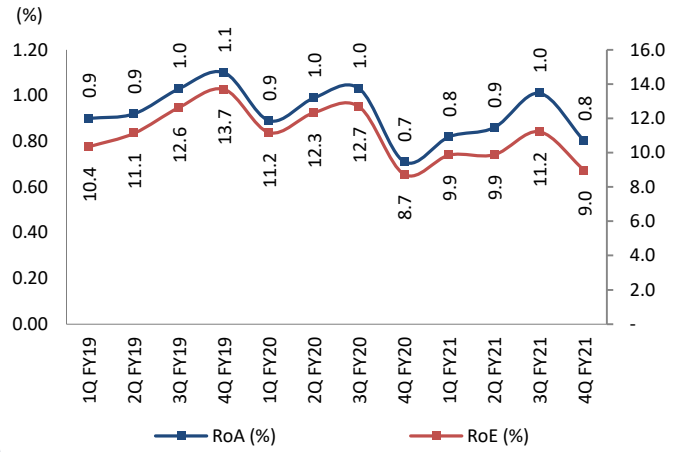
Provision Expenses Trend



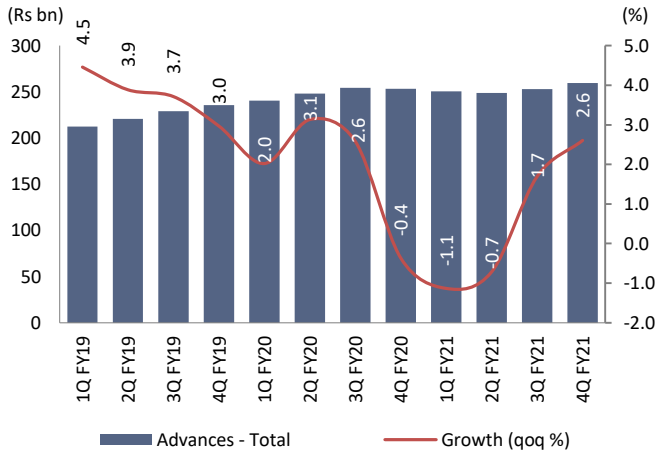
Reported Profit Trend



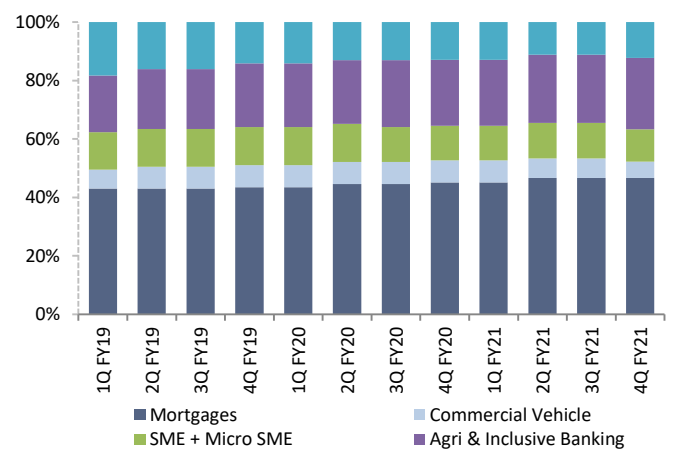
Return Ratio Trend



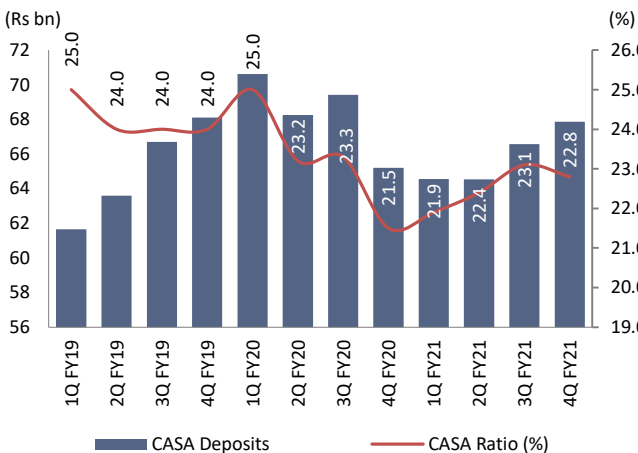
Loan Book Trend



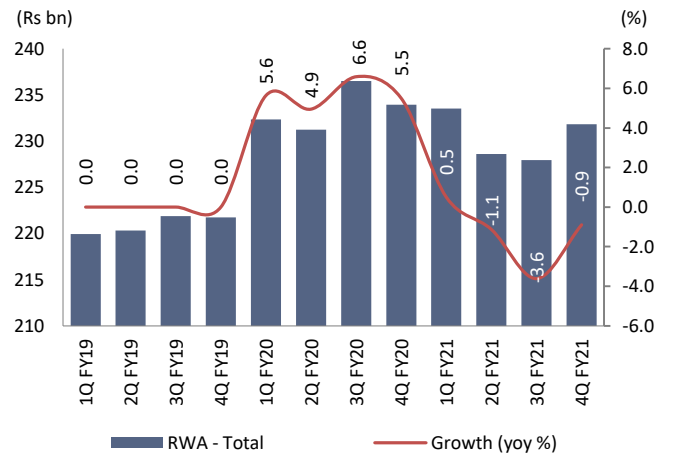
Loan Book Mix Trend



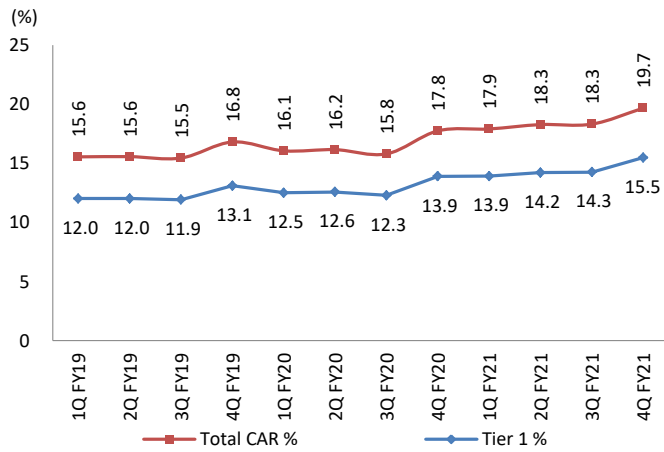
CASA Deposit Trend



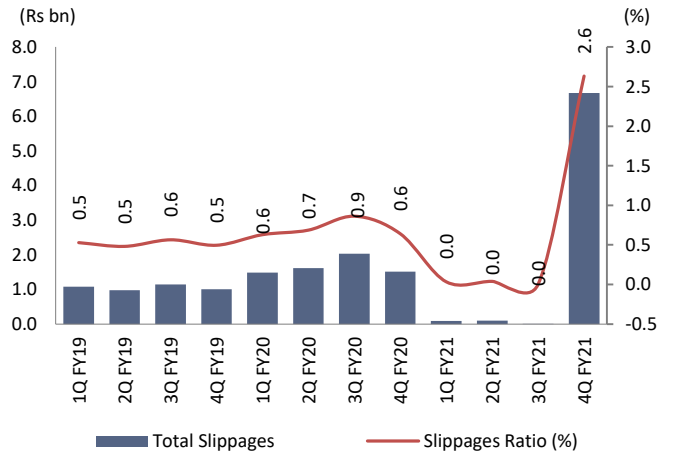
RWA Trend



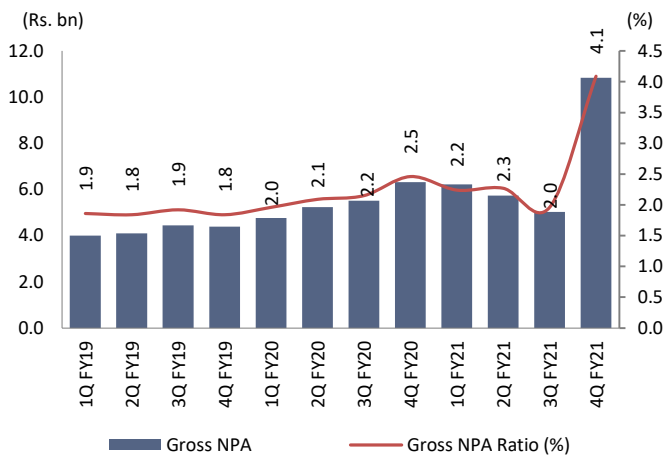
CRAR Ratio Trend



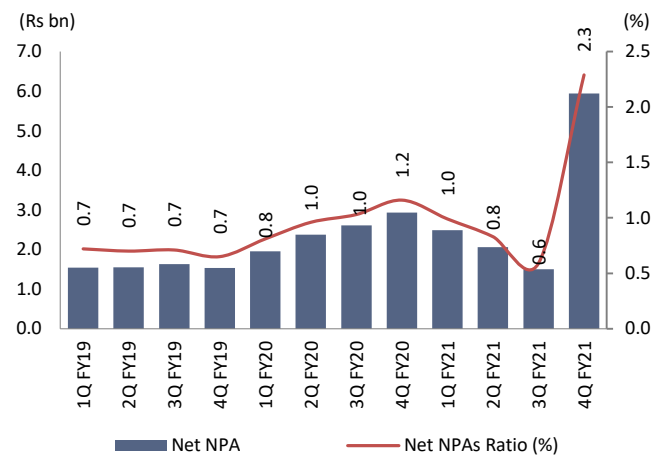
Slippages



Gross NPA Trend



Net NPA Trend



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	6,715	7,230	(7.1)	7,046	(4.7)	27,855	28,432	(2.0)
Int. on Investment	1,472	1,586	(7.2)	1,430	2.9	5,832	6,228	(6.4)
Int. on Balances	98	111	(11.5)	129	(24.2)	537	371	44.9
Int. Others	89	92	(3.2)	89	(0.4)	358	336	6.6
Interest Inc.	8,373	9,019	(7.2)	8,694	(3.7)	34,582	35,366	(2.2)
Interest Expenses	5,261	5,782	(9.0)	5,346	(1.6)	21,716	22,717	(4.4)
Net Interest Income	3,112	3,237	(3.9)	3,348	(7.0)	12,866	12,649	1.7
<i>NII to Net Operative Income</i>	<i>69.9</i>	<i>74.7</i>	<i>(474)</i>	<i>68.4</i>	<i>150</i>	<i>73.7</i>	<i>76.4</i>	<i>(266)</i>
<i>NIM (%)</i>	<i>3.46</i>	<i>3.6</i>	<i>(18)</i>	<i>3.8</i>	<i>(29)</i>	<i>3.6</i>	<i>3.7</i>	<i>(8)</i>
Core Fee Income	702	664	5.7	550	27.6	1,956	2,413	(18.9)
Non Core Other Income	637	435	46.5	995	(36.0)	2,629	1,498	75.5
Other Income - Total	1,339	1,099	21.8	1,545	(13.4)	4,585	3,911	17.2
<i>Other Income to Net Operative Income</i>	<i>30.1</i>	<i>25.3</i>	<i>474</i>	<i>31.6</i>	<i>(150)</i>	<i>26.3</i>	<i>23.6</i>	<i>266</i>
Net Operating Revenue	4,451	4,336	2.7	4,893	(9.0)	17,451	16,560	5.4
Employee Expenses	1,112	1,124	(1.1)	1,087	2.3	4,335	4,588	(5.5)
<i>Empl. Cost/Oper. Exps.</i>	<i>25.0</i>	<i>25.9</i>	<i>(95)</i>	<i>22.2</i>	<i>276</i>	<i>24.8</i>	<i>27.7</i>	<i>(286)</i>
Other Opex	1,287	1,091	18.0	1,033	24.7	4,131	4,442	(7.0)
<i>Other Opex/ Assets</i>	<i>0.3</i>	<i>0.3</i>	<i>4</i>	<i>0.3</i>	<i>6</i>	<i>1.1</i>	<i>1.2</i>	<i>(14)</i>
Total Opex	2,399	2,215	8.3	2,119	13.2	8,466	9,030	(6.2)
<i>Cost to Income Ratio (%)</i>	<i>53.9</i>	<i>51.1</i>	<i>281</i>	<i>43.3</i>	<i>1,058</i>	<i>48.5</i>	<i>54.5</i>	<i>(601)</i>
Pre Provision Profits	2,052	2,121	(3.2)	2,773	(26.0)	8,985	7,531	19.3
Provisions & Contingencies - Total	1,012	1,182	(14.4)	1,477	(31.5)	4,457	2,611	70.7
<i>NPA Provisions as % Operating Income</i>	<i>49.3</i>	<i>55.8</i>	<i>(644)</i>	<i>53.3</i>	<i>(395)</i>	<i>49.6</i>	<i>34.7</i>	<i>1,493</i>
Profit Before Tax	1,040	938	10.8	1,296	(19.8)	4,528	4,919	(8.0)
Tax	261	251	4.1	334	(21.9)	1,170	1,540	(24.0)
<i>Effective Tax Rate (%)</i>	<i>25.1</i>	<i>26.7</i>	<i>(163)</i>	<i>25.8</i>	<i>(68)</i>	<i>25.8</i>	<i>31.3</i>	<i>(546)</i>
Reported Profits	779	688	13.3	962	(19.0)	3,358	3,379	(0.6)
<i>RoA (%)</i>	<i>0.8</i>	<i>0.7</i>	<i>9</i>	<i>1.0</i>	<i>(21)</i>	<i>-</i>	<i>-</i>	<i>-</i>
<i>RoE (%)</i>	<i>9.0</i>	<i>8.7</i>	<i>23</i>	<i>11.2</i>	<i>(226)</i>	<i>10.0</i>	<i>11.2</i>	<i>(120)</i>

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	33,523	34,212	35,016	35,831	36,804	37,576	2.1	9.8
RoE (%)	12.7	8.7	9.9	9.9	11.2	9.0	(226)	23
CET1 %	-	-	-	-	-	-	-	-
Tier 1 %	12.3	13.9	13.9	14.2	14.3	15.5	123	159
Total CAR %	15.8	17.8	17.9	18.3	18.3	19.7	135	192
RWA - Total	2,36,510	2,33,936	2,33,516	2,28,609	2,27,961	2,31,839	1.7	(0.9)
Advances - Total	2,54,382	2,53,453	2,50,578	2,48,786	2,53,001	2,59,592	2.6	2.4
Investments	81,391	77,415	77,268	74,811	80,977	84,137	3.9	8.7
Total Assets	3,80,571	3,85,051	3,81,556	3,75,569	3,78,588	3,96,021	4.6	2.8
RoA (%)	1.03	0.71	0.82	0.86	1.01	0.80	(21)	9
Deposits	2,97,349	3,03,699	2,94,321	2,87,747	2,88,581	2,97,039	2.9	(2.2)
Saving Deposit	-	-	-	-	-	-	-	-
Current Deposit	-	-	-	-	-	-	-	-
CASA Deposits	69,413	65,192	64,551	64,542	66,576	67,865	1.9	4.1
CASA Ratio (%)	23.3	21.5	21.9	22.4	23.1	22.8	(30)	130
Term Deposits	2,27,936	2,38,507	2,29,770	2,23,205	2,22,005	2,29,174	3.2	(3.9)
Interest Bearing Liabilities - Total	3,31,149	3,37,779	3,33,665	3,25,374	3,24,264	3,41,861	5.4	1.2

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
Mortgages	81,347	94,272	1,06,450	1,09,029	29.1	15.9	12.9	2.4	24.5	50.2	33.1
Commercial Vehicle	12,202	16,498	17,742	12,980	3.5	35.2	7.5	(26.8)	8.1	5.1	(61.1)
SME + Micro SME	24,404	28,282	27,880	25,959	6.9	15.9	(1.4)	(6.9)	7.3	(1.7)	(24.6)
Agri & Inclusive Banking	36,606	47,136	53,225	57,110	15.3	28.8	12.9	7.3	20.0	25.1	49.8
Corporate Banking	34,572	30,638	30,414	28,555	7.6	(11.4)	(0.7)	(6.1)	(7.5)	(0.9)	(23.8)
Other	14,236	18,854	17,742	10,384	2.8	32.4	(5.9)	(41.5)	8.8	(4.6)	(94.4)
Gold	-	-	-	15,576	4.2	-	-	-	-	-	199.8
Advances - Total	2,03,367	2,35,680	2,53,453	2,59,592	69.4	15.9	7.5	2.4	61.2	73.2	78.7
Investments	62,190	78,441	77,415	84,137	22.5	26.1	(1.3)	8.7	30.8	(4.2)	86.2
Cash & Cash Equivalent	23,720	27,934	35,458	30,393	8.1	17.8	26.9	(14.3)	8.0	31.0	(65.0)
Working Assets	2,89,276	3,42,055	3,66,326	3,74,123	100.0	18.2	7.1	2.1	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	3,31,149	3,37,779	3,33,665	3,25,374	3,24,264	3,41,861	5.4	1.2
Deposits	2,97,349	3,03,699	2,94,321	2,87,747	2,88,581	2,97,039	2.9	(2.2)
CASA Deposits	69,413	65,192	64,551	64,542	66,576	67,865	1.9	4.1
Saving Deposit	-	-	-	-	-	-	-	-
Current Deposit	-	-	-	-	-	-	-	-
Term Deposits	2,27,936	2,38,507	2,29,770	2,23,205	2,22,005	2,29,174	3.2	(3.9)
Borrowings	33,800	34,080	39,344	37,627	35,683	44,823	25.6	31.5
Interest Bearing Liabilities - Total	3,31,149	3,37,779	3,33,665	3,25,374	3,24,264	3,41,861	5.4	1.2

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	2,40,069	2,84,351	3,03,699	2,97,039	78.3	18.4	6.8	(2.2)	80.0	66.1	(89.4)
Saving Deposit	40,048	49,757	46,023	-	-	24.2	(7.5)	-	17.5	(12.8)	-
Current Deposit	18,355	18,342	19,169	-	-	(0.1)	4.5	-	(0.0)	2.8	-
CASA Deposits	58,403	68,099	65,192	67,865	17.9	16.6	(4.3)	4.1	17.5	(9.9)	35.9
Term Deposits	1,81,665	2,16,252	2,38,507	2,29,174	60.4	19.0	10.3	(3.9)	62.5	76.1	(125.3)
Borrowings	19,267	27,232	34,080	44,823	11.8	41.3	25.1	31.5	14.4	23.4	144.3
Interest Bearing Liabilities - Total	2,59,336	3,11,583	3,37,779	3,41,861	90.1	20.1	8.4	1.2	94.4	89.5	54.8
Net Worth	28,064	31,144	34,212	37,576	9.9	11.0	9.8	9.8	5.6	10.5	45.2
Working Fund	2,87,400	3,42,728	3,71,991	3,79,438	100.0	19.3	8.5	2.0	100.0	100.0	100.0
<i>Interest Exp. / Assets</i>	<i>5.22</i>	<i>5.73</i>	<i>6.12</i>	<i>5.4</i>		<i>51</i>	<i>38</i>	<i>(73)</i>			

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	2,032	1,509	84	98	5	6,673	1,33,360.0	342.2
Slippages Ratio (%)	0.86	0.64	0.03	0.04	0.00	2.63	263	199
Gross NPA	5,520	6,315	6,218	5,737	5,023	10,834	115.7	71.6
Gross NPAs Ratio (%)	2.15	2.46	2.24	2.27	1.96	4.09	213	163
PCR - Calculated (%)	52.8	53.5	60.0	64.1	70.2	45.2	(2,503)	(836)
Net NPA	2,608	2,935	2,485	2,058	1,497	5,942	296.8	102.4
Net NPAs Ratio (%)	1.03	1.16	0.99	0.83	0.59	2.29	170	113

Source: Company, LKP Research

Annual Projections

Exhibit 7: Profit and Loss Statement

(₹ mn)	FY20	FY21	FY22E	FY23E	FY24E
Int. Income / Opr. Revenue	35,366	34,582	36,667	39,826	43,176
Interest Expenses	22,717	21,716	22,365	23,633	24,825
Net Interest Income	12,649	12,866	14,302	16,193	18,351
<i>NIM (%)</i>	3.57	3.48	3.70	3.91	4.10
Adjusted NII	12,313	12,508	14,302	16,193	18,351
Core Fee Income	2,412	2,828	3,068	3,375	3,713
Exchange Income	192	225	246	268	292
Sale of Investments	653	765	826	892	964
Other Misc. Income	654	767	899	1,054	1,236
Other Income - Total	3,911	4,585	5,039	5,589	6,204
Net Operating Revenue	16,560	17,451	19,341	21,782	24,554
Employee Exp.	4,588	4,335	4,769	5,388	6,089
Other Opex	4,442	4,131	4,544	5,135	5,803
Total Opex	9,030	8,466	9,313	10,524	11,892
<i>C/I Ratio</i>	54.53	48.51	48.15	48.31	48.43
Pre Provision Profits	7,531	8,985	10,028	11,258	12,663
<i>PPP Growth (yoy %)</i>	16.5	19.3	11.6	12.3	12.5
Provisions & Contingencies - Total	2,611	4,457	3,376	3,590	3,842
<i>Credit Cost (As % of Op. AUM)</i>	0.78	1.24	0.80	0.80	0.80
Profit Before Tax	4,919	4,528	6,652	7,668	8,820
Tax	1,540	1,170	1,719	1,981	2,279
Effective Tax Rate	31.3	25.8	25.8	25.8	25.8
Reported Profits	3,379	3,358	4,933	5,686	6,541
PAT Growth (yoy %)	3.9	(0.6)	46.9	15.3	15.0

Source: Company, LKP Research

Exhibit 8: Balance Sheet

(₹ mn)	FY20	FY21	FY22E	FY23E	FY24E
Equity Share Capital	3,104	3,105	3,105	3,105	3,105
Reserves (ex Reval. Reserve)	28,734	32,157	37,090	42,777	49,318
Net Worth - Ex Revaluation	31,838	35,263	40,196	45,882	52,423
Deposits	3,03,699	2,97,039	3,18,312	3,48,560	3,80,660
Interest Bearing Liabilities	3,37,779	3,41,861	3,61,718	3,87,289	4,18,308
Other Lia. & Prov.	13,051	16,574	17,093	16,666	16,585
Total Liabilities	3,85,051	3,96,021	4,21,473	4,52,478	4,90,168
Assets					
Cash & Cash Equivalent	35,458	30,393	32,604	35,063	38,045
Investments	77,415	84,137	91,172	99,535	1,09,491
Credit Equivalent	15,880	17,258	18,289	19,381	20,539
Loan & Advances	2,53,453	2,59,592	2,75,168	2,94,430	3,17,984
Growth (yoy %)	7.5	2.4	6.0	7.0	8.0
Fixed Assets	5,459	5,685	5,991	6,417	6,933
Other Assets	13,266	16,214	16,538	17,034	17,715
Total Assets	3,85,051	3,96,021	4,21,473	4,52,478	4,90,168

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	310	311	311	311	311
Earnings Per Share	10.9	10.8	15.9	18.3	21.1
EPS (% YoY)	3.6	(0.7)	46.9	15.3	15.0
P/E (x)	8.3	8.4	5.7	5.0	4.3
Book Value	102.6	113.6	129.4	147.7	168.8
BVPS (% YoY)	10.6	10.7	14.0	14.1	14.3
P/BV (x)	0.9	0.8	0.7	0.6	0.5
Adj. BV	97.8	104.0	104.3	122.6	143.7
Adj. BV (% YoY)	5.5	6.3	0.3	17.6	17.2
P/ABV (x)	0.9	0.9	0.9	0.7	0.6

Source: Company, LKP Research

Exhibit 10: Detailed ROA Tree

Y/E Mar	FY20	FY21	FY22E	FY23E	FY24E
Yields / Margins					
Yield on Advance	11.6	10.9	11.0	11.2	11.3
Yield on Funds	10.0	9.3	9.5	9.6	9.7
Cost of Funds (CoF)	7.0	6.4	6.4	6.3	6.2
Interest Spread	3.0	3.0	3.1	3.3	3.5
NIM's	3.6	3.5	3.7	3.9	4.1
Interest Income / Assets	9.5	8.9	9.0	9.1	9.2
Interest Exp. / Assets	6.1	5.6	5.5	5.4	5.3
NII / Assets	3.4	3.3	3.5	3.7	3.9
Fee Income / Assets	0.6	0.7	0.8	0.8	0.8
Other Non Core Income / Assets	0.2	0.2	0.2	0.2	0.2
Other Income / Assets	1.1	1.2	1.2	1.3	1.3
Net Operating Income / Assets	4.5	4.5	4.7	5.0	5.2
Operating Ratios					
NII to Net Operative Income	76.4	73.7	73.9	74.3	74.7
Other Income to Net Operative Income	23.6	26.3	26.1	25.7	25.3
Empl. Cost/Oper. Exps.	50.8	51.2	51.2	51.2	51.2
Other Op. Exps./Oper. Exps.	49.2	48.8	48.8	48.8	48.8
C/I Ratio	54.5	48.5	48.2	48.3	48.4
Provisions as % PPP	15.8	25.5	17.5	16.5	15.6
Credit Cost (As % of Op. AUM)	0.8	1.2	0.8	0.8	0.8
Effective Tax Rate	31.3	25.8	25.8	25.8	25.8
Employee Exp. / Assets	1.2	1.1	1.2	1.2	1.3
Other Opex/ Assets	1.2	1.1	1.1	1.2	1.2
Total Opex / Assets	2.4	2.2	2.3	2.4	2.5
Operating Profits / Assets	2.0	2.3	2.5	2.6	2.7
Op Profit ex Except Items / Assets	2.0	2.3	2.5	2.6	2.7
Provisions / Assets	0.7	1.1	0.8	0.8	0.8
Profit Before Tax / Assets	1.3	1.2	1.6	1.8	1.9
Tax Expenses / Assets	0.4	0.3	0.4	0.5	0.5
RoA	0.9	0.9	1.2	1.3	1.4
Leverage (x)	12.1	11.2	10.5	9.9	9.4
RoE	10.3	9.4	12.3	12.5	12.6
Adj. RoA	0.9	0.9	1.2	1.3	1.4
Adj. RoE	10.3	9.4	12.3	12.5	12.6

Source: Company, LKP Research

Exhibit 11: Balance Sheet Ratios

Y/E Mar	FY20	FY21	FY22E	FY23E	FY24E
Credit / Deposit Ratio	83.5	87.4	86.4	84.5	83.5
Incremental C/D Ratio	91.9	(92.2)	73.2	63.7	73.4
Investment Deposit Ratio	25.5	28.3	28.6	28.6	28.8
Dom. SLR Investment / Deposits	20.2	22.5	22.8	22.9	23.3
CASA Ratio	21.5	21.5	24.1	24.2	24.2

Source: Company, LKP Research

Exhibit 12: Asset Quality

Y/E Mar	FY20	FY21	FY22E	FY23E	FY24E
Slippage Ratio	2.8	2.7	2.2	2.0	1.8
Gross NPA (Cl Bal)	6,315	10,834	10,704	10,286	9,613
Gross NPAs Ratio (%)	2.5	4.1	3.9	3.5	3.0
PCR (%)	53.5	45.2	51.9	53.8	51.6
Net NPA (Cl. Bal.)	2,935	5,942	5,143	4,752	4,651
Net NPAs Ratio (%)	1.2	2.3	1.9	1.6	1.5
Total Impaired Loans	6,315	10,834	10,704	10,286	9,613
Impaired Loan as % of Loan / AUM	2.3	3.9	3.6	3.3	2.8
Total Risk Reserves	6,092	4,893	5,561	5,535	4,963
Total Risk As % of Loan Book	2.3	1.8	1.9	1.8	1.5

Source: Company, LKP Research

Exhibit 13: Key Assumptions & Forecasts

Y/E Mar	FY20	FY21	FY22E	FY23E	FY24E
Loan & Advances	2,53,453	2,59,592	2,75,168	2,94,430	3,17,984
<i>Growth (yoy %)</i>	7.5	2.4	6.0	7.0	8.0
Interest Bearing Liabilities	3,37,779	3,41,861	3,61,718	3,87,289	4,18,308
<i>Growth (yoy %)</i>	7.5	2.4	6.0	7.0	8.0
<i>Yield on Funds</i>	10.0	9.3	9.5	9.6	9.7
<i>Cost of Funds (CoF)</i>	7.0	6.4	6.4	6.3	6.2
<i>Interest Spread</i>	3.0	3.0	3.1	3.3	3.5
<i>NIM's</i>	3.6	3.5	3.7	3.9	4.1
<i>Other Income Growth</i>	11.7	17.2	9.9	10.9	11.0
<i>C/I Ratio</i>	54.5	48.5	48.2	48.3	48.4
<i>Effective Tax Rate</i>	31.3	25.8	25.8	25.8	25.8
Return Ratios					
<i>Adj. RoA</i>	0.9	0.9	1.2	1.3	1.4
<i>Adj. RoE</i>	10.3	9.4	12.3	12.5	12.6
Asset Quality Metrics					
<i>Credit Cost (As % of Op. AUM)</i>	0.8	1.2	0.8	0.8	0.8
<i>Gross NPAs Ratio (%)</i>	2.5	4.1	3.9	3.5	3.0
<i>Net NPAs Ratio (%)</i>	1.2	2.3	1.9	1.6	1.5

Source: Company, LKP Research

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