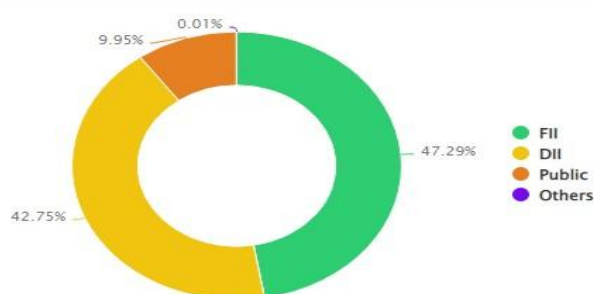


VALUE PARAMETERS

Face Value (Rs.)	2.00
52 Week High/Low	859.70/489.00
M.Cap (Rs. in Cr.)	508854.28
EPS (Rs.)	30.59
P/E Ratio (times)	23.96
P/B Ratio (times)	3.08
Stock Exchange	NSE

SHAREHOLDING PATTERN

P/E CHART
FINANCIAL PERFORMANCE

(Rs.in Cr.)

	ACTUAL	FORECAST	
	FY Mar-21	FY Mar-22	FY Mar-23
NII	38989.43	46963.17	54486.98
EBIT	36397.13	39335.14	46023.26
PRE-TAX PROFIT	27657.72	28973.45	35736.36
NET INCOME	16192.68	21995.84	26944.31
EPS	23.67	31.66	38.91
BVPS	213.29	238.88	271.24
ROE	12.27%	14.04%	15.20%

Investment Rationale:

- The Business of the bank increased at accelerated pace of 17% yoy to Rs. 1742386 crore at end September 2021, supported by loans growth improving to 17% at Rs 764937 crore. Meanwhile, the deposits growth galloped to 17% at Rs 977449 crore at end September 2021.
- Domestic advance book grew at improved pace of 19% yoy to Rs. 726236 crore, while the overseas advance book declined 9% at Rs 38701 crore at end September 2021.
- Growth in the domestic advance book was led by corporate book rising 12% yoy to Rs 175504 crore. SME loan book growth also accelerated to 42% yoy at Rs 33140 crore at end September 2021. Further, the retail loan book expanded 11% yoy to Rs 478025 crore at end September 2021. The share of retail book in the overall advance book eased on sequential basis at 62% at end September 2021.
- On the asset quality side, the net non-performing assets declined by 12% sequentially to Rs 8,161 crore as of 30 September 2021 from Rs 9,306 crore reported on 30 June 2021. The net NPA ratio fell to 0.99% as of 30 September 2021 from 1.16% reported on 30 June 2021. Recoveries and upgrades of NPAs, excluding write-offs and sale, increased to Rs 5,482 crore in Q2 FY22 from Rs 3,627 crore posted in Q1 FY22. The gross NPAs written off were Rs 1,717 crore in Q2 FY22. Provision coverage ratio was 80.1% as of 30 September 2021.
- Net interest income (NII), the difference between interest earned and interest expenses, surged by 25% year-on-year to Rs 11,690 crore in Q2 FY22 from Rs 9,366 crore registered in Q2 FY21. The net interest margin (NIM) improved to 4% in quarter ended 30 September 2021 from 3.89% reported in the quarter ended 30 June 2021.
- The bank's total capital adequacy at 30 September 2021 was 19.52% and tier-1 capital adequacy (including profits for H1-2022) was 18.53% compared to the minimum regulatory requirements of 11.08% and 9.08% respectively. CASA deposits increased 24% yoy to Rs 450704 crore, while the term deposits moved up 12% to Rs 526745 crore at end September 2021. CASA ratio of the bank improved to 46.11% at end September 2021 from 45.90% at end September 2020 and 43.77% at end September 2020.

Risk

- Unidentified Asset Slippage
- Regulatory Provisioning on assets

Valuation

The bank is focusing on growing the core operating profit in a risk calibrated manner instead of loan growth. The bank aims to improve share of profitable market opportunities by making delivery to the customer more seamless and frictionless through digitization and process improvements. Business performance of the bank such as domestic loan growth, overall corporate advances, retail loan growth, CASA ratio are continuously improving. Thus, it is expected that the stock will see a price target of Rs.835 in 8 to 10 months' time frame on current P/Bvx of 3.08x and FY23 BVPS(Book Value Per Share) of Rs.271.24.

QUERIES & FEEDBACK

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Disclosure:

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