

May 25, 2023

Analyst Meet Update

☑ Change in Estimates | ■ Target | ■ Reco

Change in Estimates

	Current		Previous	
	FY24E	FY25E	FY24E	FY25E
Rating	BUY		BUY	
Target Price	1,925		1,925	
NII (Rs. m)	9,83,917	11,22,910	9,83,893	11,27,676
% Chng.	-	(0.4)		
Op. Profit (Rs. m)	8,05,152	9,08,143	8,04,924	9,10,776
% Chng.	-	(0.3)		
EPS (Rs.)	86.6	97.3	86.6	97.7
% Chng.	-	(0.4)		

Key Financials - Standalone

Y/e Mar	FY22	FY23	FY24E	FY25E
NII (Rs bn)	720	868	984	1,123
Op. Profit (Rs bn)	641	704	805	908
PAT (Rs bn)	370	441	483	543
EPS (Rs.)	66.7	79.1	86.6	97.3
Gr. (%)	18.1	18.6	9.5	12.4
DPS (Rs.)	6.5	15.4	17.3	19.5
Yield (%)	0.4	1.0	1.1	1.2
NIM (%)	4.2	4.3	4.2	4.2
RoAE (%)	16.7	17.0	16.3	16.2
RoAA (%)	1.9	1.9	1.9	1.9
P/BV (x)	3.7	3.2	2.9	2.5
P/ABV (x)	3.8	3.3	2.9	2.6
PE (x)	24.1	20.4	18.6	16.5
CAR (%)	18.9	18.7	17.9	17.6

Key Data

HDBK.BO | HDFCB IN

52-W High / Low	Rs.1,734 / Rs.1,272	
Sensex / Nifty	61,873 / 18,321	
Market Cap	Rs.8,994bn/ \$ 1,08,704m	
Shares Outstanding	5,588m	
3M Avg. Daily Value	Rs.25923.2m	

Shareholding Pattern (%)

Promoter's	25.59
Foreign	32.24
Domestic Institution	28.34
Public & Others	13.83
Promoter Pledge (Rs bn)	-

Stock Performance (%)

	1M	6M	12M
Absolute	(3.3)	(0.5)	21.1
Relative	(6.0)	0.2	5.2

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HDFC Bank (HDFCB IN)

Rating: BUY | CMP: Rs1,610 | TP: Rs1,925

Focus shifting from product to customer

Key takeaways from HDFCB analyst day were 1) Bank would protect loan growth (1.5-2.0x of the system) irrespective of its size. 2) Deposit market share is ~10% and bank would grow by gaining market share; incremental deposit accretion (18-20% market share) may not be a challenge. 3) On NIM, bank is willing to let go volumes in case of intense competition; it sold down Rs1trn of corporate loans in FY23 to not compromise on pricing. 4) Post-merger focus would shift from product-based to customer centric. Immediate benefit of the merger would be access to 25mn HDFC group customers that do not bank with HDFCB while 60-70% of HDFC Ltd. customers do not have a liability relationship with the bank. 5) Target is to bring down cost to income to 30% over the next decade (36% on merged basis in FY23). 6) RoA post-merger would be maintained between 1.9-2.1%. We keep multiple unchanged at 3.0x on core FY25E ABV and retain BUY with TP of Rs1,925.

- **Corporate banking market share at 10.5%:** Addressable market in large corporate credit is Rs38trn while portfolio size of the bank is Rs4.0trn with a 10.5% market share. HDFCB is second in terms of market penetration after SBI. Current RM strength is 108 and business per RM has increased by 60% over FY19-23. Incremental income delta would come from deepening existing relationships, increasing NTB and steering away from predatory pricing. Last year of the 617 NTB corporates, 208 were on-boarded. On capex bank suggested that capacity utilisation is at 76% and capex cycle would be muted for a few months in FY24. However, capex could enhance in FY24E as within PLI, bank expects capex of Rs750bn in FY24 and Rs1.04trn in FY25.
- **SME/MSME growth has been strong but bank is watchful:** Overall market share in MSME is 18.5% while HDFCB usually targets the top 20-25% of customers. MSME asset quality has been a challenge for the system but it has been pristine for HDFCB; 90+ delinquency in MSME is 20bps in vs 50bps for other top banks. Out of 735 districts, bank is present in 688 districts. In 200 districts market share lower at <5% while other 200 districts it is between 5-10% indicating good growth potential. While MSME growth has been strong at 30% for HDFCB, bank would be watchful in FY24 due to upcoming elections. Usually MSME utilizations and outstanding increase as cash is pumped into the system which is a warning sign of likely stress formation.
- **Strong growth potential in rural/agri:** Nature of credit in agri business is shifting from WC financing to fixed asset creation. India has a total ~105mn farmers of which 60mn do not receive any finance which is a good opportunity. Value of domestic agri segment is Rs35-40trn of which 50% is contributed by small and marginal farmers (SMF). Of the Rs20trn of SME credit 75% is attributable to vegetable produce which is a focus area for HDFCB. Bank is targeting 2 savings accounts for every SMF with Rs2,500 per account. PSL ratio for FY23 stood at 46% which includes 8% through inorganic route. The reason for higher PSL was to meet sub-segment requirements. Micro PSL share was 5.5% which has increased to 9.5% while its share in incremental advances has increased from 36% in FY22 to 60% in FY23.

- **Focus on new products in retail:** HDFCB has introduced a new product i.e. '10 second personal loan' to NTB customers. Also, bank is targeting NTB customers in Xpress car loans (end to end digital). Lower ticket PL is witnessing stress although HDFCB is not present in this segment. On home loans, bank would leverage on its mutual strength post-merger as 60-70% of HDFC Ltd customers don't have liability account with HDFC Bank. Plan is to encourage incremental customers of HDFC Ltd. to open an account with the bank. Loan to Govt. employees is another focus area. Also, pre-approved product offers for HDFC Ltd customers will provide an avenue for ROA growth.
- **No change in branch expansion strategy:** HDFCB intends to add ~1500 branches over the medium term, of which 50% would be added in SURU areas. Currently a branch covers a radius of 7-8km while over 5 years HDFCB would like to penetrate deeper and reduce this to 4-5km. Branches located in the interiors would be smaller and size up to only ~500sq.ft. Hence, break-even of these branches would be lower than bank average of 18-24 months. Achieving an incremental deposit market share of 18-20% (Rs4.25-4.50trn) would not be a challenge as ~40% of branches have a vintage of less than 5 years

Key Takeaways from MD & CEO Interaction

- **Macro update:** Indian economy has shown resilience amidst global stress, volatility in commodity prices, geo-political tensions. Management believes India will be one of the fastest growing economies in decades to come and see huge opportunity as the system is largely underpenetrated.
- **Business Mix:** Bank said it would sustain loan growth of 1.5x-2x of system irrespective of its size. However, it is happy to give up volumes if risk based pricing is not achieved. In corporate banking, topline has remained mute however core profitability in intact. Retail demand continues to be robust in 2W and auto space. As regards unsecured lending, there are certain risks in lower ticket size loans where NBFCs and Fintech are active.
- Investment in technology to continue to ensure scalability and minimize outages. Development of digital factories for frontline communication and API factory are the key digital initiatives. All future investments to have certain portion of digital infra.
- **Distribution expansion:** Plan to lay out 1,500 branches annually for next 4-5years. These branches are mainly in tier 3-5 cities where cost is low and breakeven is faster.
- **Cost to Income:** There is spike in C/I ratio as of now due to backend digitization related to merger. The bank aims to bring C/I ratio down to 30% in the next 10years. Digitising processes at back end as well as front end will help achieve the target.
- The bank has envisaged change in its approach from a product and sales focused perspective to customer relationship management perspective. Aims to convert a frontline loan officer to a relationship manager with a host of products to cross sell.
- **Deposits:** CASA ratio to be in the range of 40s. Bank believes spend patterns should normalise which will help sustain CASA level. As regards TD, the bank feels it is underpenetrated will only 14% market share. Customer engagement will remain key in gathering TD. Current market share is about 10% and bank would grow by gaining market share
- Lot of expansion happening in SuRu areas which are typically tier 2 cities and beyond. Bank wishes to be into only top 20-25% of the segment with right segment of customers. The management expressed some caution in the MSME space due to FY24 being election year, as large amounts of cash is pumped in leading to higher O/S. Growth may pare down in MSME book but focus is on the quality.
- Main challenges the bank may face is execution of such a large engine in terms of network and technology
- RoA to sustain in the range of 1.9-2.1% due to larger balance sheet with lower margin, lower cost and lower credit cost.

Exhibit 1: CEO priorities driven by 4 pointer strategy

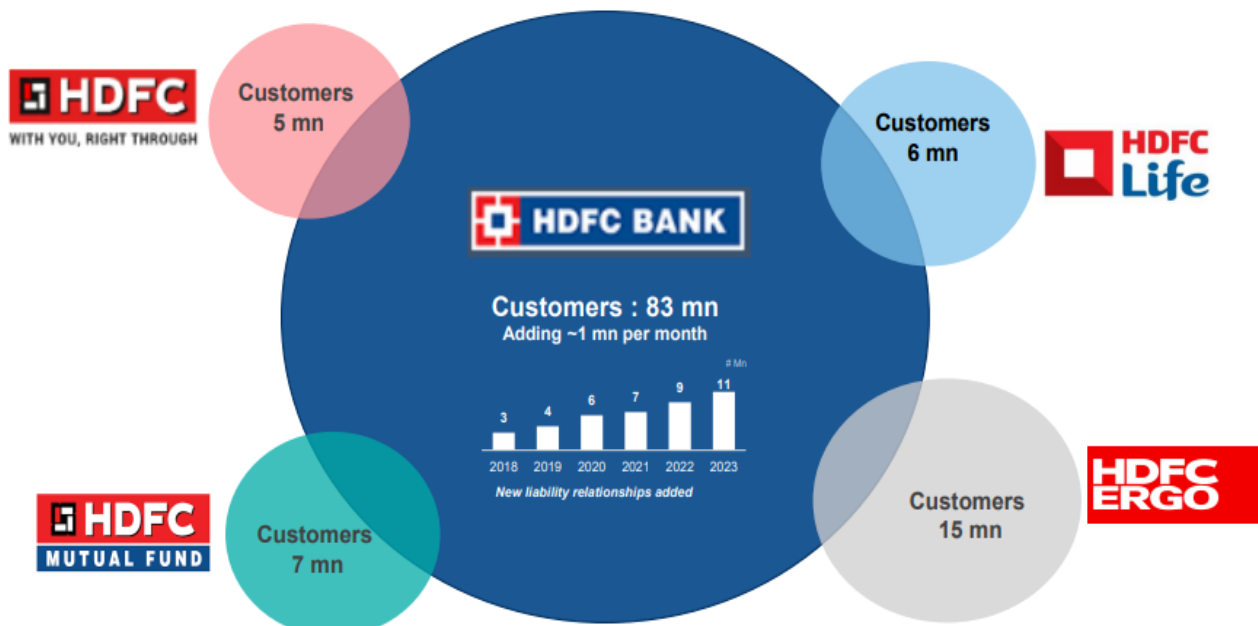
What we have – positioned to consistently create value



Source: Company, PL

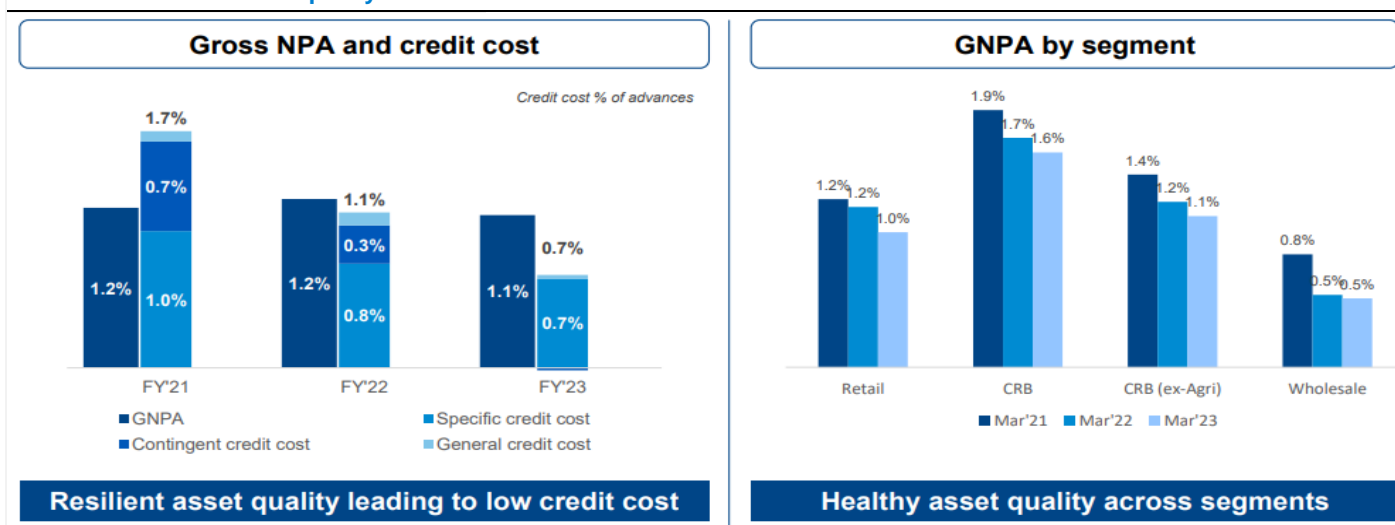
Exhibit 2: Leveraging group power to deepen customer relationship

Group companies provide avenue for future growth



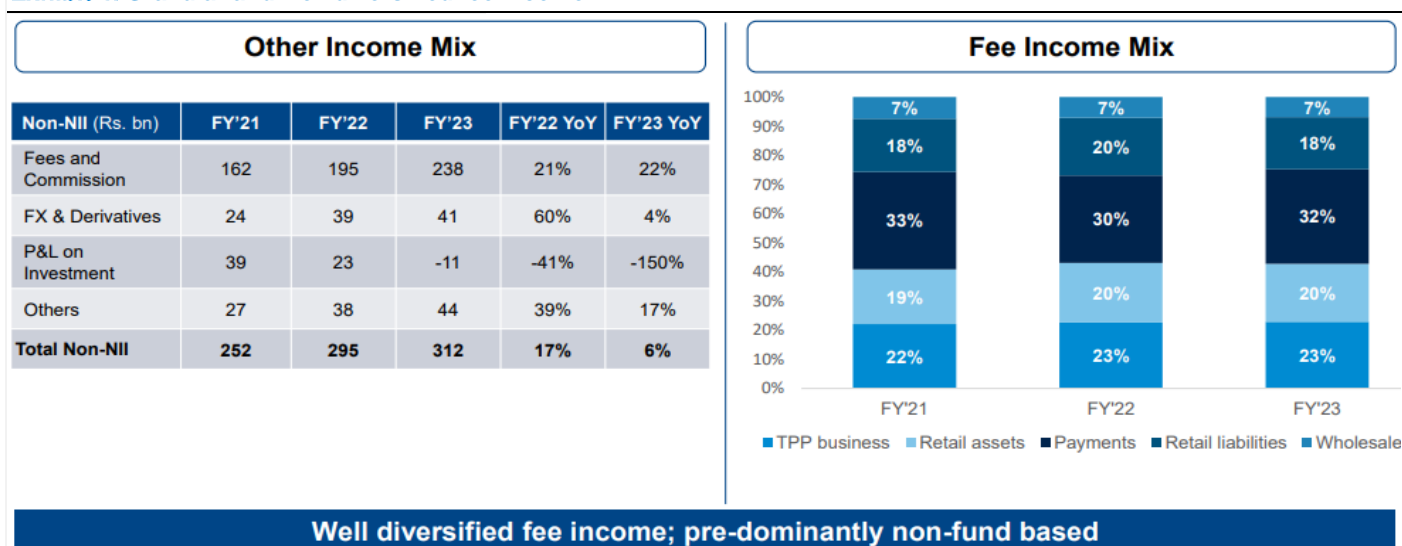
Source: Company, PL

Exhibit 3: Resilient asset quality and low credit cost



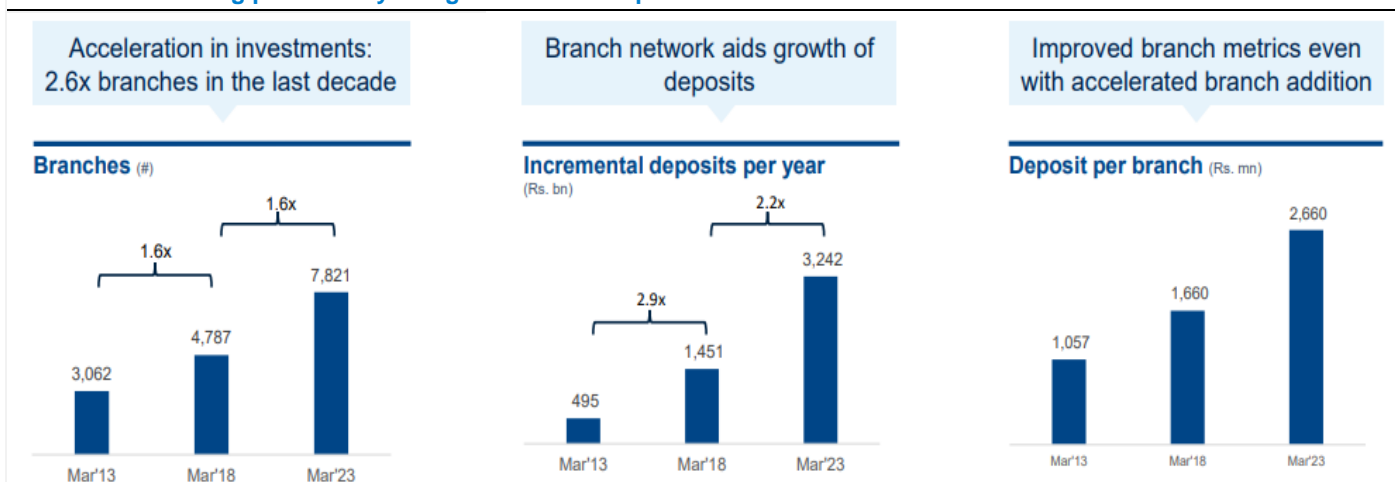
Source: Company, PL

Exhibit 4: Granular and well diversified fee income



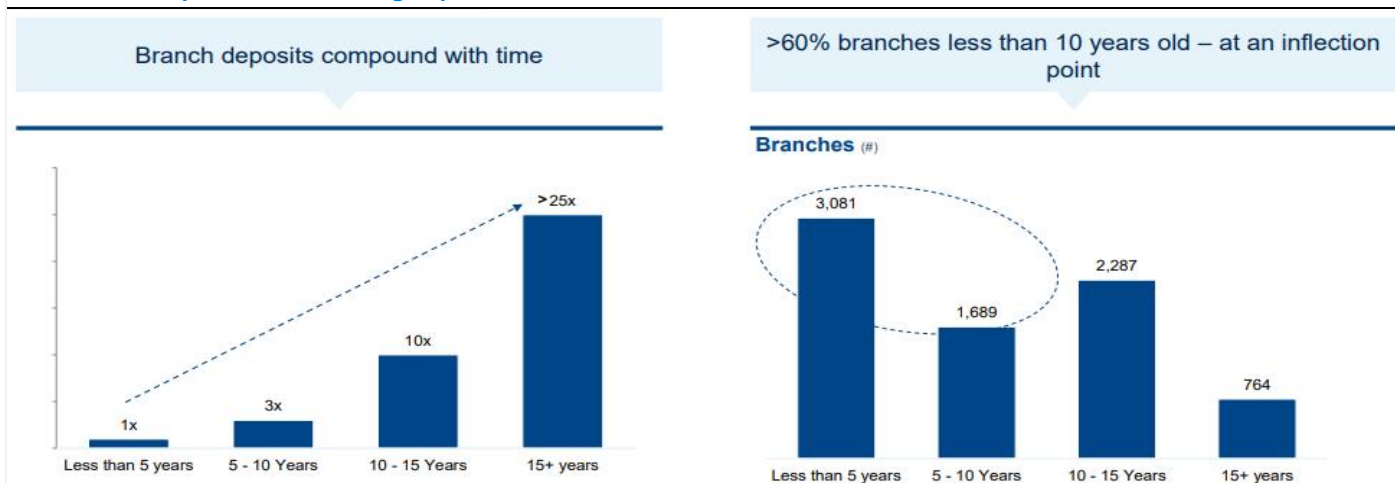
Source: Company, PL

Exhibit 5: Increasing productivity along with branch expansion



Source: Company, PL

Exhibit 6: Well poised for sourcing deposits



Source: Company, PL

Exhibit 7: Deposit mobilization by tapping right customer segments

Retail products (illustratively)	Auto loans	Personal loans	Payments
Loan book outstanding	117K cr	172K cr	86K cr
Deposits balances held by customers	0.8x	0.2x	5.8x

Particulars	CRB	CBG
Loan book outstanding	629K cr	410K cr
Deposits balances held by ecosystem customers	1.0x	0.8x

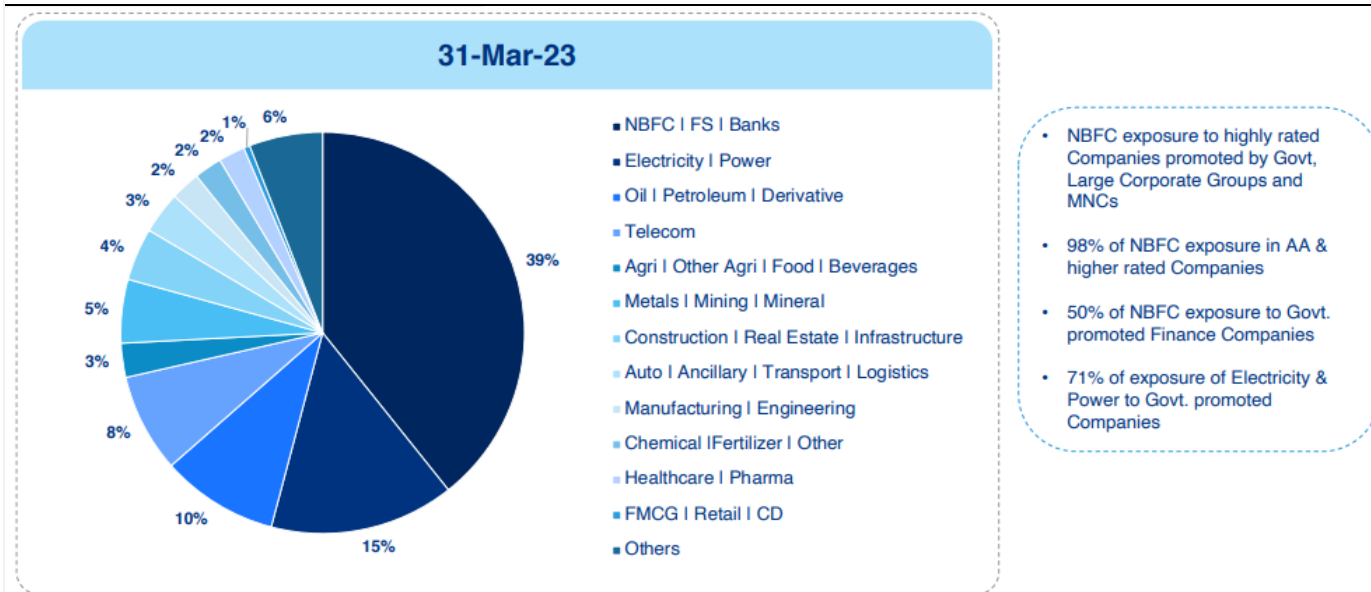
Source: Company, PL

Corporate Banking

- Total large corporate credit in the system is around Rs38trn where the bank has portfolio size of Rs4.1trn with 10.7% market share plus growth in economy will aid the segment. The bank is Number 2 in terms of market penetration only behind SBI
- The bank had forgone around Rs.1trn of business in order to protect margins. Loan book grew 12% YoY whereas system credit growth for large corporates stood at 3%. Asset quality is pristine with book rating between AA to AA+. 21% of the book has >1 year maturity and 42% with >5years. Interest rate risk is limited as 89% of the book is floating rate linked to MCLR, Repo rate and T-Bills
- Book is diversified across industries with substantial exposure to NBFCs followed by Power companies. 98% of NBFC exposure is to AA or higher rated companies with 50% to government promoted Finance Companies. 71% of exposure to Power companies is to government promoted companies.
- Trade Finance** – Total transactions increased by 16% YoY and 21% through digital platform. 97% of BG transactions are domestic as the risk is lower. More than 90% of transactions are done digitally

- **Corporate Salary** – Bank has witnessed 1.2x growth in corporate salary A/cs with 25% CBG share in total salary A/cs giving immense cross sell opportunities.
- **New to Bank:** Out of 617 addressable corporates, onboarded 208 corporates in FY23 with 34% conversion rate. The bank believes it has good visibility for FY24 as well
- **Cash Management** - 22% increase value of cash management transactions while volumes increased by 25%, resulting in better float.
- **Digital Integration & API** - 97% of payments are digital keeping cost of operations within low single digits. Statutory payments transactions increased 40% YoY which makes it amongst the largest banks for statutory payments.
- **PLI:** While capex in FY22 and FY23 was muted, the bank expects capex opportunities in PLI related industries in H2FY24. Capex is expected to be Rs750bn in FY24 and peak at Rs104.3trn in FY25. The bank is already in talk with 177 corporates.
- Capacity utilization is at 76% and bank expects capex cycle to be muted for a few months in FY24. However, cooling down of commodity prices high cost inventory gives the bank better visibility. The management said that it would remain selective and would protect margins instead of volume growth.

Exhibit 8: Diversified exposure with major share of NBFC sector at 39%



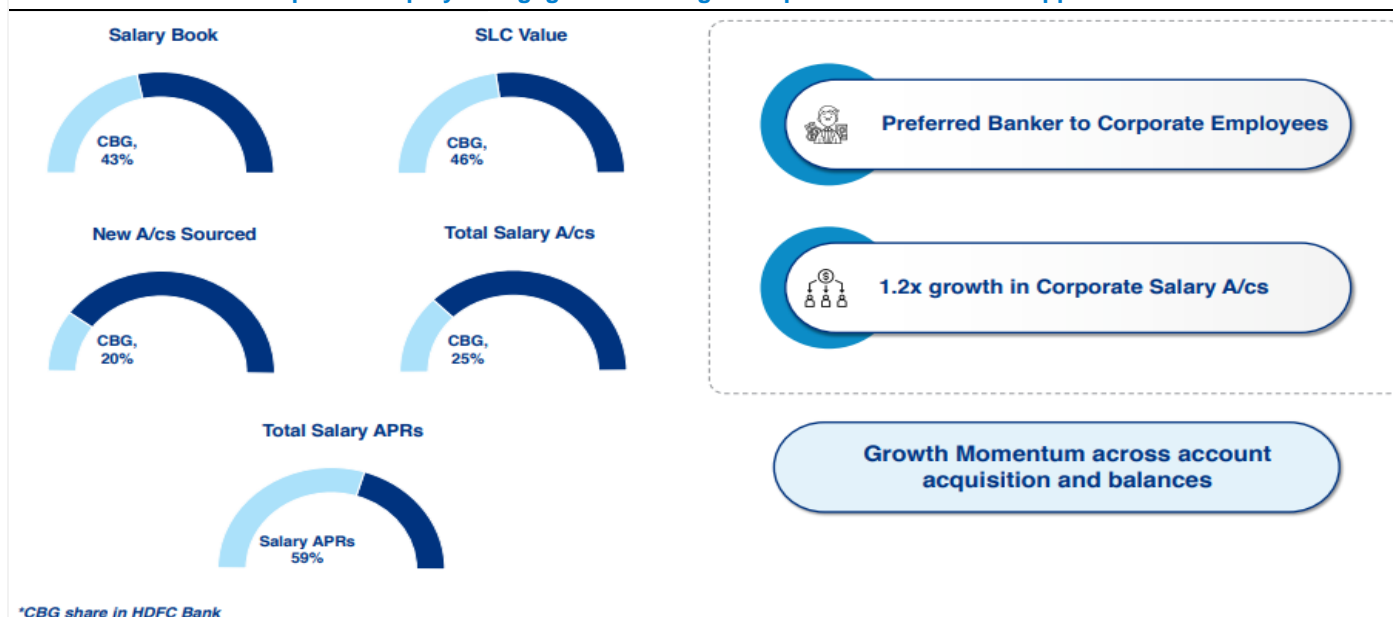
Source: Company, PL

Exhibit 9: Robust practices in place for healthy book

Quality of Book	Tenor of Book	Yield of Book
<ul style="list-style-type: none"> Pristine quality of the book maintained Marginal improvement in weighted average portfolio rating Book rating between AA to AA+ NPA at <0.25% of the book 	<ul style="list-style-type: none"> Tenor of the book at similar levels as the previous year On terminal maturity, 21% of the book with maturity less than 1 Yr, 37% of the book with maturity between 1-5 Yrs and 42% of the book with maturity exceeding 5 Yrs Primarily, higher long-term exposure to highly rated companies with tenor reducing with rating 	<ul style="list-style-type: none"> 89% of the book is floating Floating rate book linked to MCLR, Repo and T-Bill with repriced tenor up to 1 Yr Hardly any interest rate risk carried on this book

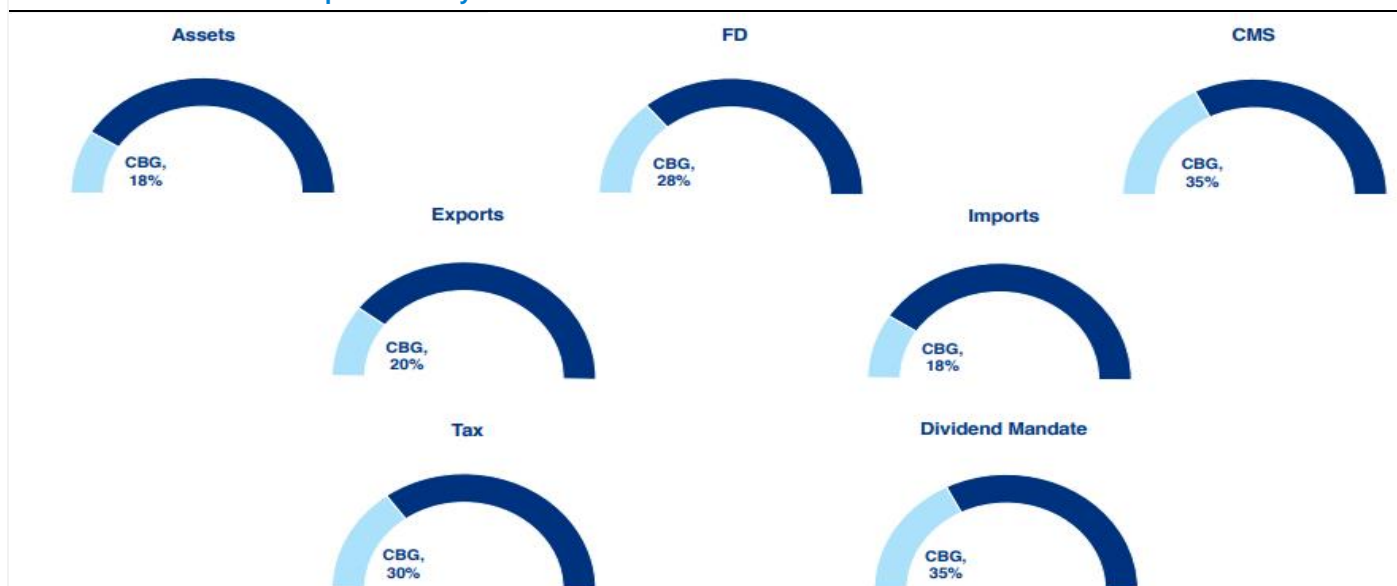
Source: Company, PL

Exhibit 10: Focus on corporate employee engagement for higher deposits and cross sell opportunities



Source: Company, PL

Exhibit 11: Overview of Corporate ecosystem



*Wallet share in Corporate Clients

Source: Company, PL

Exhibit 12: Risk calibrated growth to be key focus for corporate banking



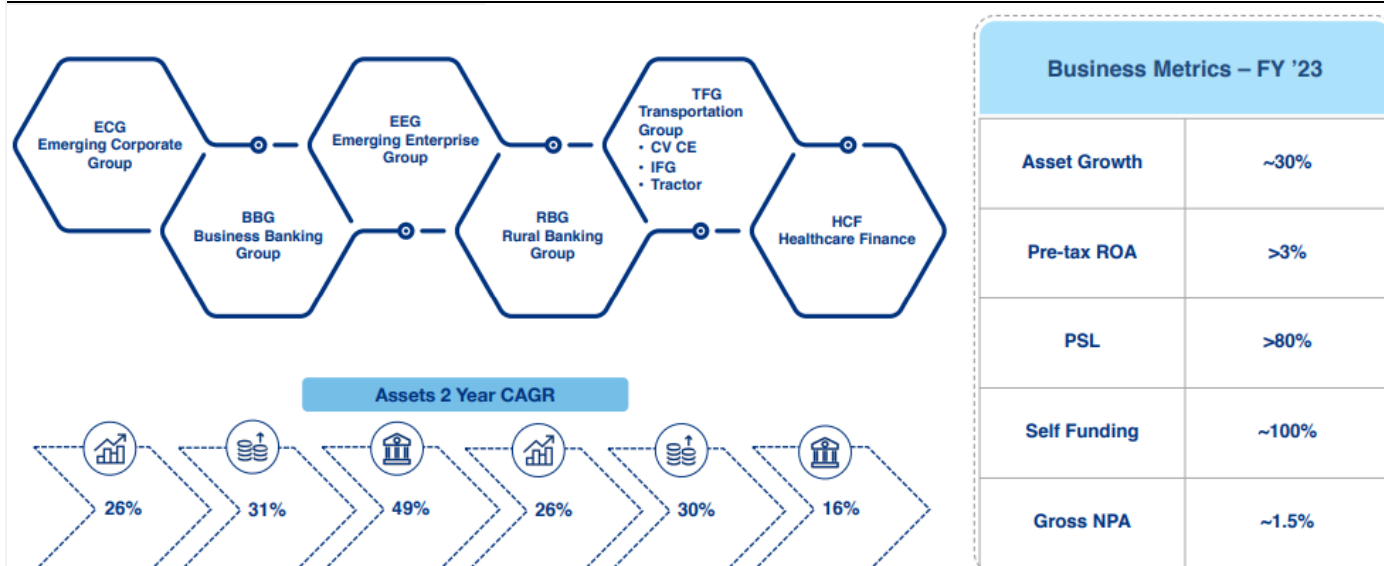
Source: Company, PL

Commercial & Rural Banking

- Consistent quarterly growth of 25-30% since Jun'21 with 3% pre-tax ROA across divisions. The book is 100% self-funded with GNPA (ex-agri) at 1.08% for FY23.
- CRB is the PSL engine of the bank. Total PSL ratio stood at 46% with core PSL at 36%. Overall PSL is higher in order to fulfill its sub-segment shortfalls.

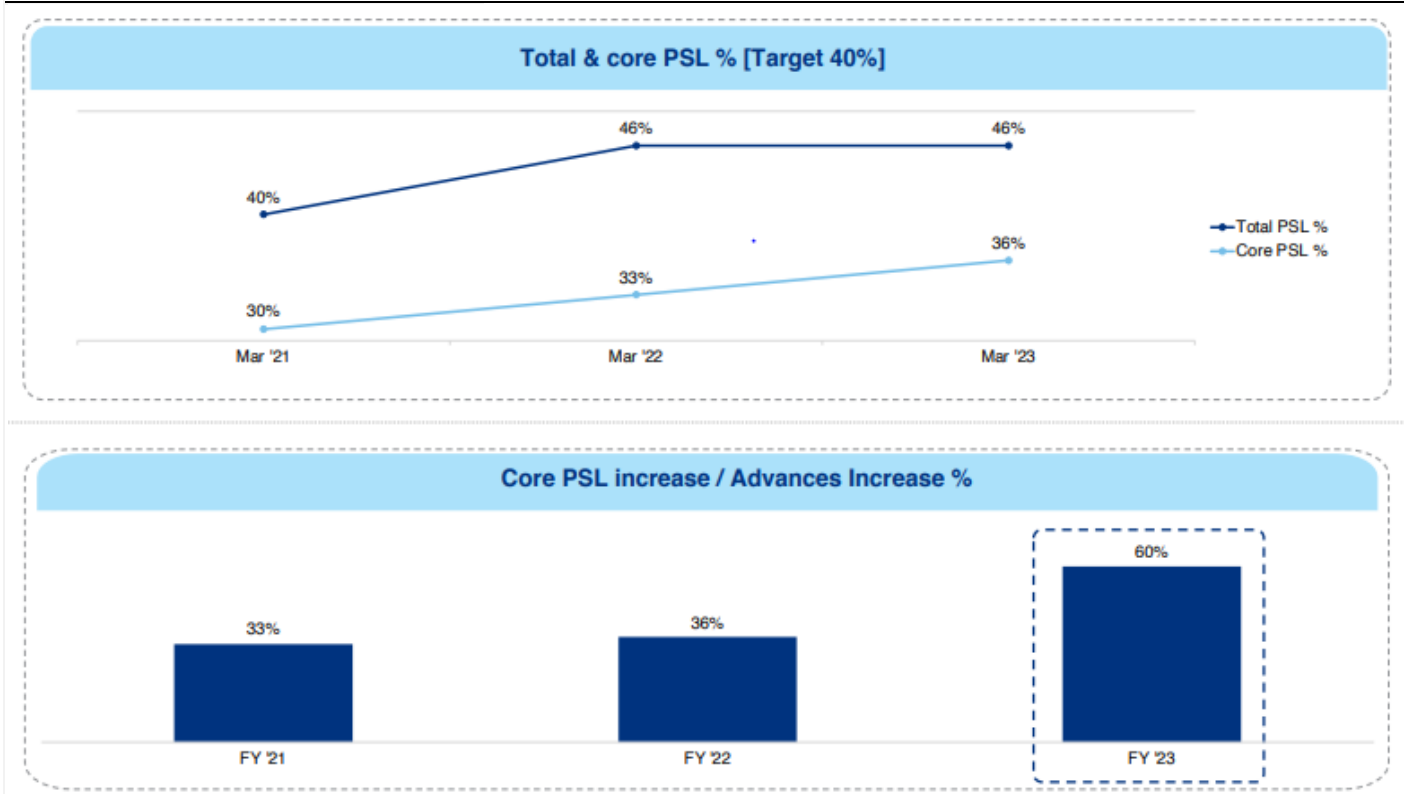
- MSME market share is around 18.5% and the bank targets only top 20-25% of customers which has helped the bank maintain pristine asset quality. 90+ delinquencies in MSME is 20bps vs 50bps for other large banks. The bank is present in 688 districts in the MSME space out of which market share is >5% in 200 districts and between 5-10% in another 200 districts.
- **KCC** - Market share increased from 6.8% in FY22 to 7.3% in Q3FY23, target to have 9% share by FY24. Total domestic agri market is around Rs35-40trn out of which 50% is contributed by Small and Marginal farmers (SMF). Hence, there is opportunity to tap this market. Out of 105mn farmers, 60mn do not get any formal finance which serves as an opportunity. Village penetration target to reach 225,000 in FY24 (Total villages in India are 648,000). Growth - Focus on Dairy/Horticulture Segment, and working on 5yr plan.
- **Transportation (i.e Vehicle Finance)** – The bank is market leader in Transport finance. With ongoing logistics revolution, it aims to focus on underpenetrated equipment business and also on non-equipment lending. Aim to make the business 3x in 5year period.
- **CRB Goal** –Double customer base of FY22 by FY24. Extension of 1+1 plan for the period FY23-FY26 by growing 2x across parameters.
- **Growth outlook:** Bank believe contrary to the notion, CRB is a margin accretive business and not dilutive. However, it would remain cautious in FY24 being election year as MSME utilization goes up due to cash pumping into the system which might lead to large outstandings.

Exhibit 13: Overview of CRB



Source: Company, PL

Exhibit 14: Improving share of core PSL% by increase in core PSL advances



Source: Company, PL

Exhibit 15: Stable GNPA as compared to industry

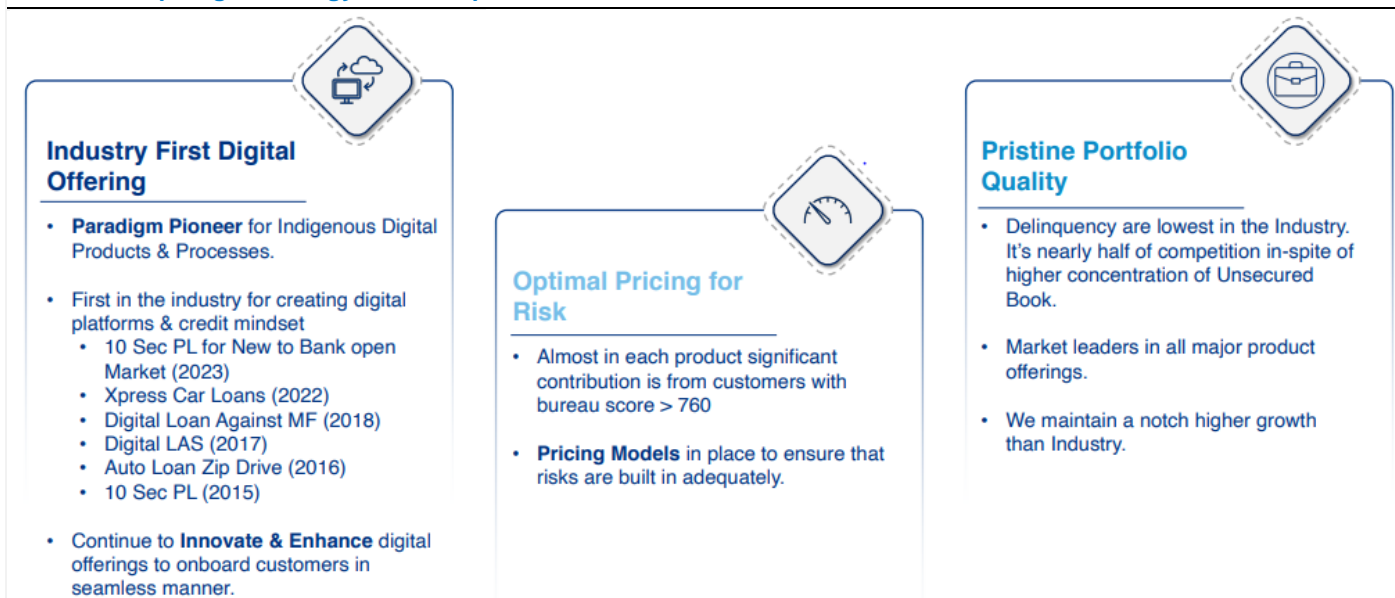


Source: PL, Company

Retail Assets

- **Personal Loans** – Introduction of 10 second personal loan to NTB customers which is digital from end to end. Lower ticket size loans are witnessing some stress although HDFCB is not present in that segment.
- **Xpress Auto Loans** – Targeting NTB open market customers with end to end digital processes. Disbursed around Rs48bn with more than 52,000 customers in FY23. These customers are not account holders and provide opportunity for garnering deposits.
- **Home Loans** – Fundamental philosophy is to leverage mutual strengths of HDFC Ltd and HDFCB. About 60% of HDFC Ltd customers don't have liability account with the bank. Incremental customers will be encouraged to open liability account in the bank post-merger.
- **Gold Loans** – The bank aspires 3x distribution increase with 4,219 active gold loan centers. Additional 1,000 GL centers are planned in FY23-24. Opportunities to grow in Semi Urban and Rural areas as delinquencies are negligible and are also PSL compliant.
- **Portfolio Quality:** As per Bureau data, delinquency levels are lowest in the industry with 90+ DPDs of other banks being 1.8x, 1.3x and 2.1x in PL, Auto loan and LAP segment respectively.
- **Key Focus areas** – Loan to government employees and corporate salary customers is another area of focus for bank providing rich base for personal loans. Pre-approved product offers for HDFC Ltd customers will prove new avenues for ROA growth.
- **Retail Liabilities** – The bank acquired 10.1mn CASA accounts in FY22-23. Retail deposit growth was 24.1% YoY with 20.7% market share in incremental deposits. Cost of funds was FY22-23 was at 3.5%.
- **Retail Branch Banking** –
 - Retail phygital branch expansion – Plan to open 1,500 branches annually for the next 4-5years. Some of the new branches are smaller in size (400-500 sq ft). Plan to go completely paperless transaction in next 2-3 years which will help branches breakeven faster.
 - The bank gained market share in 87% of locations where it established branches. Objective is to identify at micro market level to serve underserved markets basis data like deposit market share, pincodes, etc.
 - Branches are now becoming customer relationship centres as focus is on to digitise all transactions but provide financial solutions physically through engagement.
 - BizXpress – New platform to digitize customer experience by offering various value added services like linking Business & personal accounts, salary processing, payment of taxes, integration of ERP software etc.

Exhibit 16: 3 pronged strategy for Retail portfolio



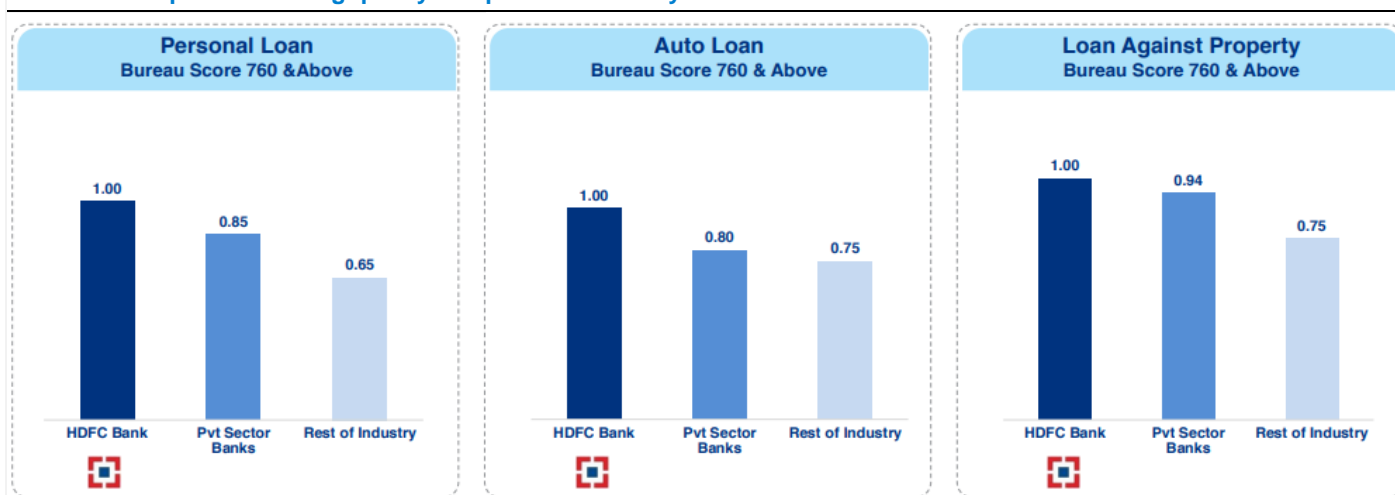
Source: Company, PL

Exhibit 17: Moving on to next level in Xpress Car loans



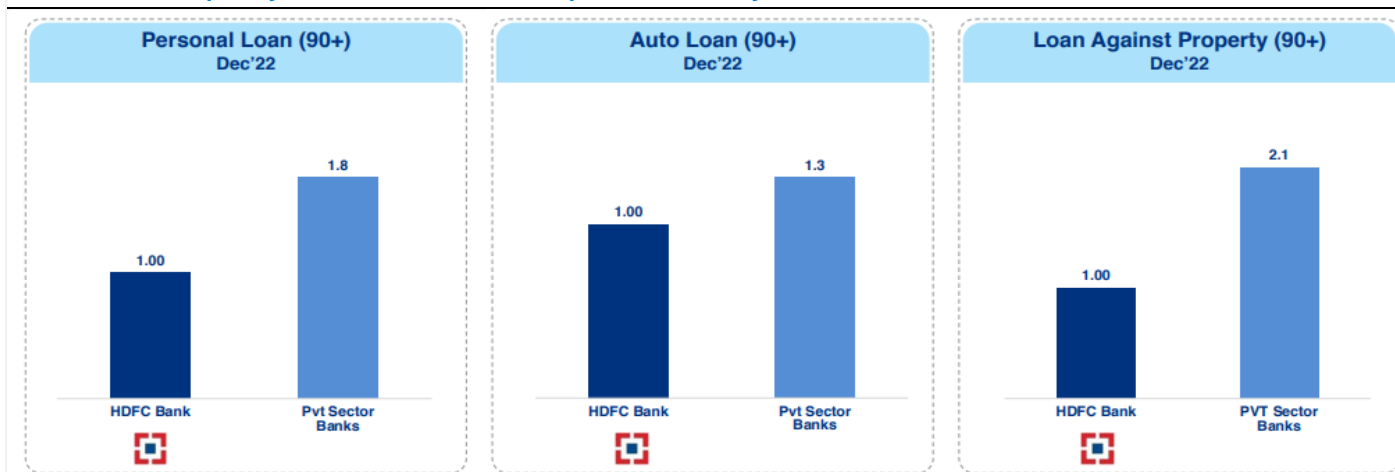
Source: Company, PL

Exhibit 18: Superior sourcing quality compared to industry



Source: Company, PL

Exhibit 19: Delinquency levels are lowest as compared to industry



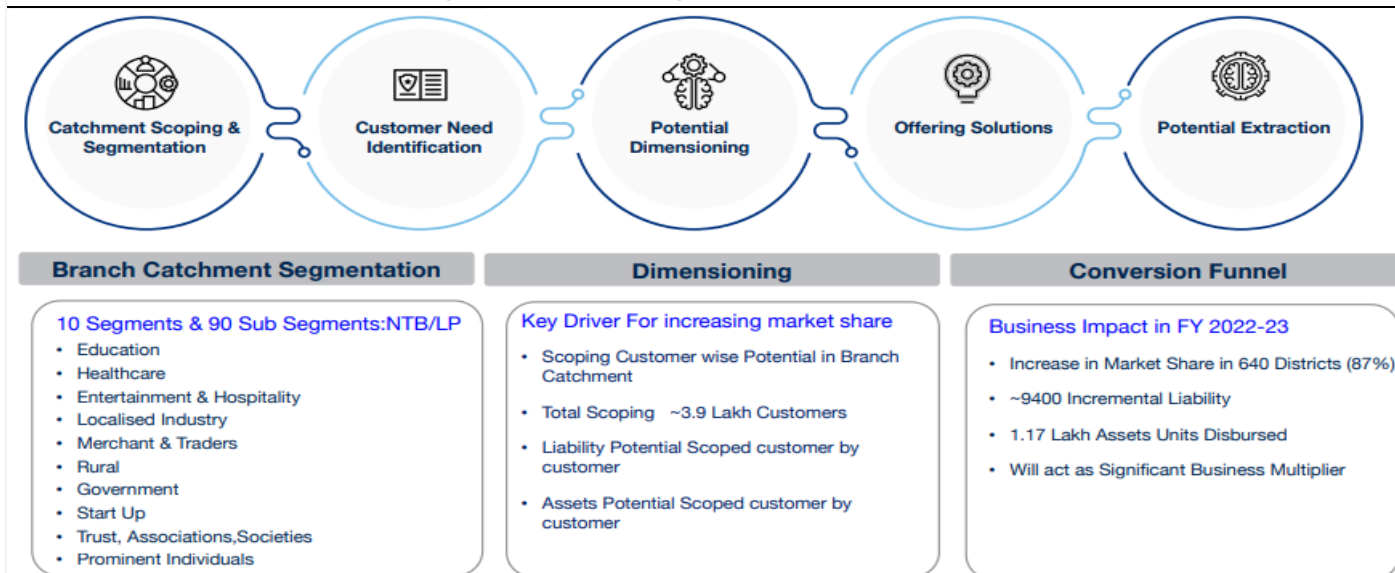
Source: Company, PL

Exhibit 20: Leveraging of mutual strengths to expand home loan footprint



Source: Company, PL

Exhibit 21: Efficient branch positioning mechanism to aid growth

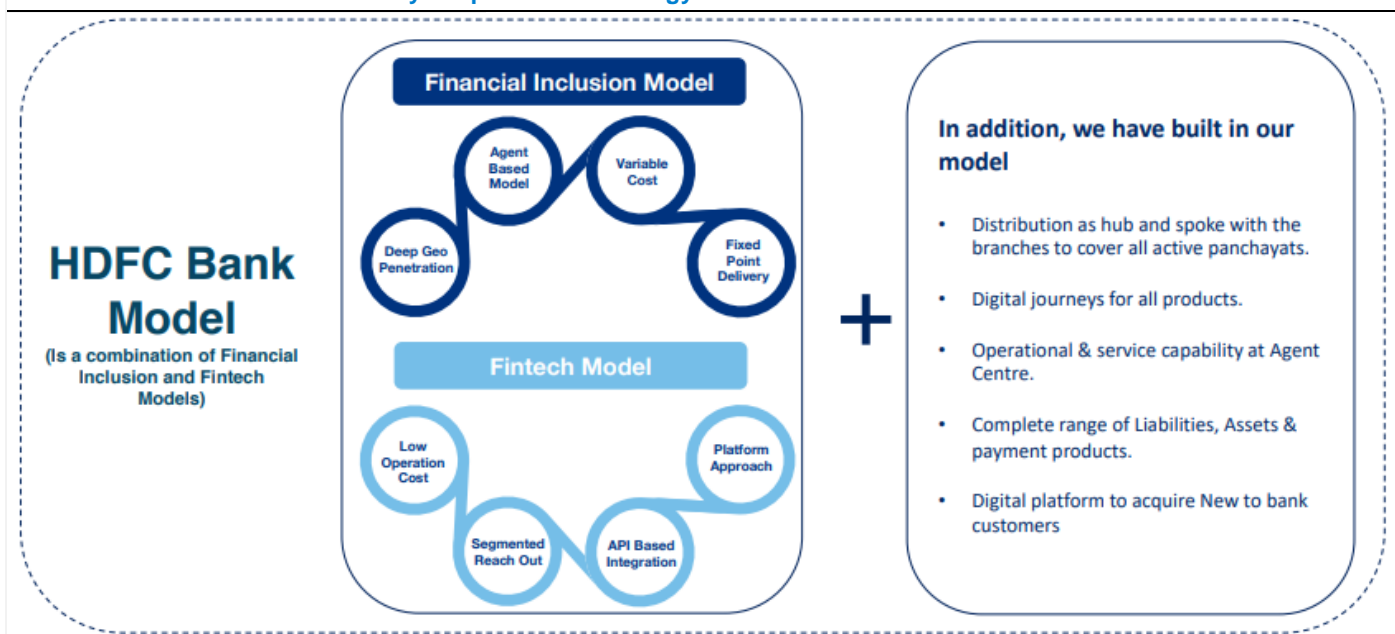


Source: Company, PL

Alternate Banking Channels & Wealth

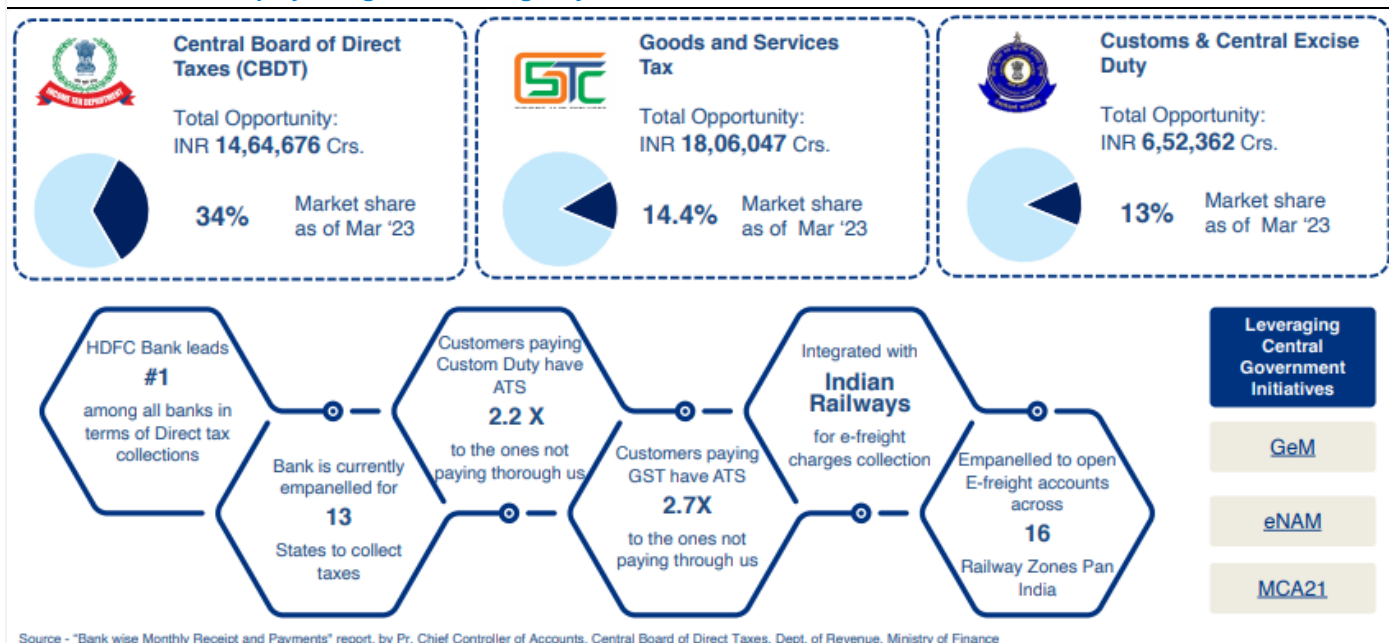
- **Government Agency Business** –Bank currently has 14.4% market share in GST, 34% in CBDT and 13% in Customs and Central Excise Duty. HDFC Bank is number 1 among all banks in terms of Direct tax collections. This model helps the bank to get asset eligible customers
- **Welfare schemes** – Bank has 36% market share in centrally sponsored schemes which has a size of Rs4.4trn. It is number 2 in welfare scheme distribution after SBI. The bank has approx. 8% Market Share for total Govt. Deposits in banking industry.
- **Technology integration for Partners and Agents** – Launched Smart Saathi application for seamless onboarding of partners and agents by integrating 44 APIs into single app. It is live with 8 products now and rest of products are services are expected to come up by the end of FY24
- **Distribution strategy:** Opportunity to reach last mile of the country by adoption of technology with distribution being the biggest pillar. CSC was the biggest part in distribution but now looking at other partners as well
- **Wealth business:** Emerging middle class has given opportunity. The bank currently has 5% market share with 1.41laks customers. The bank is currently present in 923 locations with 846 RMs. Target to reach 1200+ locations in FY24.
- The bank is in process to launch SmartWealth App between Q2FY24 or Q3FY24 for a seamless customer journey. It will be mass market app.

Exhibit 22: Aim to reach last mile by adoption of technology



Source: Company, PL

Exhibit 23: Dominant player in government agency business



Source: Company, PL

Exhibit 24: Bank's ROA should remain steady at 1.9%

RoA decomposition	FY19	FY20	FY21	FY22	FY23	FY24E	FY25E
Interest income	8.6	8.3	7.4	6.7	7.1	7.8	8.2
Interest expenses	4.4	4.2	3.4	2.9	3.3	4.1	4.4
Net interest income	4.2	4.0	4.0	3.8	3.8	3.8	3.8
Other Inc. from operations	1.5	1.7	1.5	1.55	1.38	1.5	1.5
Total income	5.7	5.7	5.5	5.3	5.2	5.3	5.4
Employee expenses	0.7	0.7	0.6	0.6	0.7	0.7	0.7
Other operating expenses	1.6	1.5	1.4	1.3	1.4	1.5	1.6
Operating profit	3.4	3.5	3.5	3.4	3.1	3.1	3.1
Tax	1.0	0.7	0.6	0.6	0.6	0.6	0.6
Loan loss provisions	0.7	0.9	1.0	0.8	0.5	0.6	0.6
RoAA	1.8	1.9	1.9	1.9	1.9	1.9	1.9
RoAE	16.5	16.4	16.6	16.7	17.0	16.3	16.2

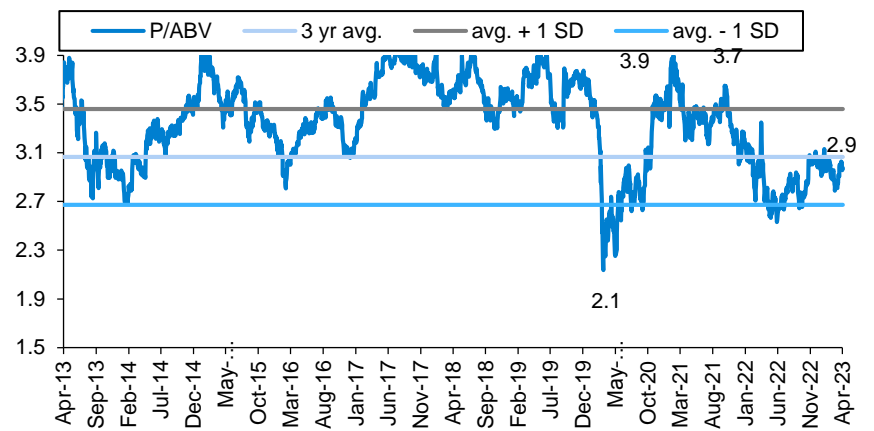
Source: Company, PL

Exhibit 25: SOTP Valuation of Rs1925, core bank valued at 3x on FY25E

Particulars	Stake	Rs per share	Valuation	Basis
Standalone	100.0%	1,762	3.0	x Mar'25 ABV
HDFC Life	51.0%	84	1.00	Mkt Cap
HDFC AMC	52.6%	32	27.00	FY25E core PAT
HDB Financials	95.0%	34	2.50	of Mar'23 ABV
HDFC Ergo	51.0%	18	40.00	of Mar'23 PAT
HSL	96.0%	10	10.00	of Mar'23 PAT
Bandhan Bank	5.0%	3	1.00	Mkt Cap
HDFC Credila	10.0%	0	2.50	of Mar'23 PAT
Total		1,943		
Holdco discount		18		
Target Price		1,925		

Source: Company, PL

Exhibit 26: 1 year forward P/ABV of the bank trades at 2.9x



Source: Company, PL

Income Statement (Rs. m)

Y/e Mar	FY22	FY23	FY24E	FY25E
Int. Earned from Adv.	9,85,120	12,70,959	16,05,961	19,19,061
Int. Earned from invt.	2,60,461	3,13,112	3,81,123	4,39,953
Others	6,426	21,817	9,367	9,612
Total Interest Income	12,77,531	16,15,856	20,44,505	24,12,039
Interest Expenses	5,57,435	7,47,433	10,60,588	12,89,128
Net Interest Income	7,20,096	8,68,422	9,83,917	11,22,910
Growth(%)	12.7	16.3	16.3	14.5
Non Interest Income	2,95,099	3,12,148	3,88,900	4,49,462
Net Total Income	10,15,195	11,80,571	13,72,817	15,72,372
Growth(%)	7.7	22.6	26.2	17.6
Employee Expenses	1,20,317	1,55,124	1,82,681	2,04,581
Other Expenses	2,38,107	3,21,397	3,84,984	4,59,648
Operating Expenses	3,74,422	4,76,521	5,67,665	6,64,229
Operating Profit	6,40,773	7,04,050	8,05,152	9,08,143
Growth(%)	11.7	9.9	14.4	12.8
NPA Provision	1,01,194	1,37,250	1,41,909	1,62,631
Total Provisions	1,50,618	1,19,197	1,59,183	1,82,192
PBT	4,90,155	5,84,853	6,45,969	7,25,951
Tax Provision	1,20,541	1,43,766	1,62,784	1,82,940
Effective tax rate (%)	24.6	24.6	25.2	25.2
PAT	3,69,614	4,41,087	4,83,185	5,43,011
Growth(%)	18.8	19.3	9.5	12.4

Balance Sheet (Rs. m)

Y/e Mar	FY22	FY23	FY24E	FY25E
Face value	1	1	1	1
No. of equity shares	5,546	5,580	5,580	5,580
Equity	5,546	5,580	5,580	5,580
Networth	24,00,929	28,01,990	31,35,312	35,68,524
Growth(%)	17.9	16.7	11.9	13.8
Adj. Networth to NNPA's	44,077	43,206	56,423	64,984
Deposits	1,55,92,174	1,88,33,947	2,16,14,594	2,48,98,963
Growth(%)	16.8	20.8	14.8	15.2
CASA Deposits	75,10,491	83,59,890	91,52,436	1,07,18,339
% of total deposits	48.2	44.4	42.3	43.0
Total Liabilities	2,06,85,351	2,46,60,815	2,75,08,533	3,10,43,534
Net Advances	1,36,88,209	1,60,05,859	1,85,66,796	2,15,37,484
Growth(%)	20.8	16.9	16.0	16.0
Investments	45,55,357	51,70,014	57,19,221	63,34,296
Total Assets	2,06,85,351	2,46,60,815	2,75,08,533	3,10,43,534
Growth (%)	18.4	19.2	11.5	12.9

Asset Quality

Y/e Mar	FY22	FY23	FY24E	FY25E
Gross NPAs (Rs m)	1,61,410	1,79,010	2,26,348	2,60,694
Net NPAs (Rs m)	44,077	43,206	56,423	64,984
Gr. NPAs to Gross Adv.(%)	1.2	1.1	1.2	1.2
Net NPAs to Net Adv. (%)	0.3	0.3	0.3	0.3
NPA Coverage %	72.7	75.9	75.1	75.1

Profitability (%)

Y/e Mar	FY22	FY23	FY24E	FY25E
NIM	4.2	4.3	4.2	4.2
RoAA	1.9	1.9	1.9	1.9
RoAE	16.7	17.0	16.3	16.2
Tier I	17.9	17.8	17.3	17.1
CRAR	18.9	18.7	17.9	17.6

Source: Company Data, PL Research

Quarterly Financials (Rs. m)

Y/e Mar	Q1FY23	Q2FY23	Q3FY23	Q4FY23
Interest Income	3,51,720	3,85,864	4,27,078	4,51,194
Interest Expenses	1,56,906	1,75,652	1,97,199	2,17,675
Net Interest Income	1,94,814	2,10,212	2,29,878	2,33,518
YoY growth (%)	14.5	18.9	24.6	23.7
CEB	53,604	58,029	60,526	66,281
Treasury	-	-	-	-
Non Interest Income	63,882	75,956	84,998	87,312
Total Income	4,15,603	4,61,820	5,12,076	5,38,505
Employee Expenses	35,002	35,238	41,262	43,621
Other expenses	70,016	77,007	83,374	91,001
Operating Expenses	1,05,018	1,12,246	1,24,636	1,34,621
Operating Profit	1,53,678	1,73,922	1,90,241	1,86,209
YoY growth (%)	1.5	10.0	13.4	13.8
Core Operating Profits	1,66,795	1,76,453	1,87,627	1,86,586
NPA Provision	-	-	-	-
Others Provisions	31,877	32,401	28,064	26,854
Total Provisions	31,877	32,401	28,064	26,854
Profit Before Tax	1,21,801	1,41,520	1,62,176	1,59,355
Tax	29,841	35,463	39,581	38,881
PAT	91,960	1,06,058	1,22,595	1,20,475
YoY growth (%)	19.0	20.1	18.5	19.8
Deposits	1,60,47,600	1,67,34,080	1,73,32,040	1,88,33,947
YoY growth (%)	19.2	19.0	19.9	20.8
Advances	1,39,50,677	1,47,98,732	1,50,68,093	1,60,05,859
YoY growth (%)	21.6	23.4	19.5	16.9

Key Ratios

Y/e Mar	FY22	FY23	FY24E	FY25E
CMP (Rs)	1,610	1,610	1,610	1,610
EPS (Rs)	66.7	79.1	86.6	97.3
Book Value (Rs)	433	502	562	640
Adj. BV (70%)(Rs)	425	494	552	628
P/E (x)	24.1	20.4	18.6	16.5
P/BV (x)	3.7	3.2	2.9	2.5
P/ABV (x)	3.8	3.3	2.9	2.6
DPS (Rs)	6.5	15.4	17.3	19.5
Dividend Payout Ratio (%)	9.7	19.5	20.0	20.0
Dividend Yield (%)	0.4	1.0	1.1	1.2

Efficiency

Y/e Mar	FY22	FY23	FY24E	FY25E
Cost-Income Ratio (%)	36.9	40.4	41.4	42.2
C-D Ratio (%)	87.8	85.0	85.9	86.5
Business per Emp. (Rs m)	207	201	216	234
Profit per Emp. (Rs lacs)	26	25	26	27
Business per Branch (Rs m)	4,617	4,455	4,405	4,456
Profit per Branch (Rs m)	58	56	53	52

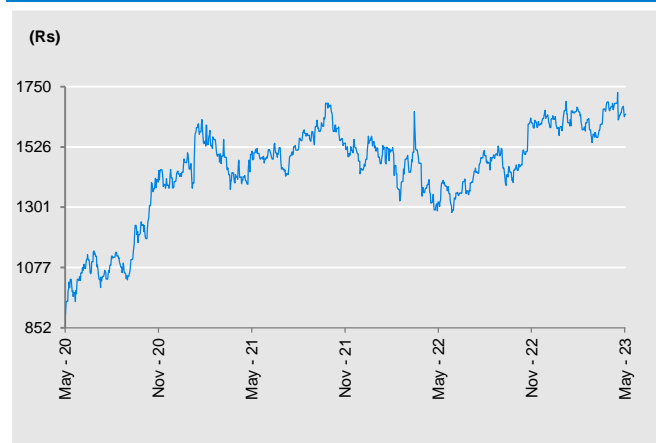
Du-Pont

Y/e Mar	FY22	FY23	FY24E	FY25E
NII	3.77	3.83	3.77	3.84
Total Income	5.32	5.21	5.26	5.37
Operating Expenses	1.96	2.10	2.18	2.27
PPoP	3.36	3.11	3.09	3.10
Total provisions	0.79	0.53	0.61	0.62
RoAA	1.94	1.95	1.85	1.85
RoAE	16.66	16.96	16.28	16.20

Source: Company Data, PL Research

Price Chart

Recommendation History



No.	Date	Rating	TP (Rs.)	Share Price (Rs.)
1	22-Apr-23	BUY	1,925	1,672
2	16-Apr-23	BUY	1,925	1,692
3	11-Apr-23	BUY	1,850	1,658
4	14-Jan-23	BUY	1,850	1,601
5	05-Jan-23	BUY	1,800	1,600
6	16-Oct-22	BUY	1,800	1,439
7	05-Oct-22	BUY	1,800	1,454
8	16-Sep-22	BUY	1,800	1,521
9	17-Jul-22	BUY	1,740	1,362
10	08-Jul-22	BUY	1,740	1,396

Analyst Coverage Universe

Sr. No.	Company Name	Rating	TP (Rs)	Share Price (Rs)
1	AAVAS Financiers	Hold	1,560	1,403
2	Axis Bank	BUY	1,140	881
3	Bank of Baroda	BUY	235	187
4	Can Fin Homes	BUY	770	617
5	City Union Bank	BUY	190	160
6	DCB Bank	BUY	150	106
7	Federal Bank	BUY	170	128
8	HDFC	BUY	3,200	2,862
9	HDFC Asset Management Company	BUY	2,100	1,766
10	HDFC Bank	BUY	1,925	1,672
11	ICICI Bank	BUY	1,130	886
12	IDFC First Bank	UR	-	54
13	IndusInd Bank	BUY	1,530	1,102
14	Kotak Mahindra Bank	BUY	2,220	1,938
15	LIC Housing Finance	Hold	410	370
16	Punjab National Bank	UR	-	47
17	State Bank of India	BUY	770	574
18	UTI Asset Management Company	BUY	770	658

PL's Recommendation Nomenclature (Absolute Performance)

Buy	: > 15%
Accumulate	: 5% to 15%
Hold	: +5% to -5%
Reduce	: -5% to -15%
Sell	: < -15%
Not Rated (NR)	: No specific call on the stock
Under Review (UR)	: Rating likely to change shortly

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