

July 27, 2023

## Q1FY24 Result Update

☑ Change in Estimates | ☑ Target | ■ Reco

### Change in Estimates

	Current		Previous	
	FY24E	FY25E	FY24E	FY25E
Rating	BUY		BUY	
Target Price	1,170		1,140	
NII (Rs. m)	4,86,612	5,53,560	4,81,166	5,47,358
% Chng.	1.1	1.1		
Op. Profit (Rs. m)	3,51,260	4,24,896	3,65,525	4,27,599
% Chng.	(3.9)	(0.6)		
EPS (Rs.)	73.8	86.1	71.8	83.2
% Chng.	2.7	3.5		

### Key Financials - Standalone

Y/e Mar	FY22	FY23	FY24E	FY25E
NII (Rs m)	3,31,322	4,29,457	4,86,612	5,53,560
Op. Profit (Rs m)	2,47,420	3,21,443	3,51,260	4,24,896
PAT (Rs m)	1,30,255	2,19,334	2,27,184	2,65,724
EPS (Rs.)	42.4	71.3	73.8	86.1
Gr. (%)	97.3	68.0	3.5	16.7
DPS (Rs.)	-	1.0	8.1	9.5
Yield (%)	-	0.1	0.8	1.0
NIM (%)	3.3	3.7	3.7	3.7
RoAE (%)	12.0	18.3	16.6	16.8
RoAA (%)	1.2	1.8	1.6	1.7
P/BV (x)	2.6	2.4	2.0	1.8
P/ABV (x)	2.8	2.5	2.1	1.8
PE (x)	23.0	13.7	13.2	11.3
CAR (%)	18.5	17.6	16.7	16.8

### Key Data

AXBK.BO | AXSB IN

52-W High / Low	Rs.990 / Rs.704	
Sensex / Nifty	66,707 / 19,778	
Market Cap	Rs.3,009bn / \$ 36,692m	
Shares Outstanding	3,080m	
3M Avg. Daily Value	Rs.10280.7m	

### Shareholding Pattern (%)

Promoter's	8.19
Foreign	52.00
Domestic Institution	29.91
Public & Others	9.90
Promoter Pledge (Rs bn)	-

### Stock Performance (%)

	1M	6M	12M
Absolute	0.4	11.8	35.9
Relative	(4.6)	(0.6)	13.7

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# Axis Bank (AXSB IN)

Rating: BUY | CMP: Rs977 | TP: Rs1,170

## Focus on profitability and business investments

### Quick Pointers:

- Good quarter; NII/NIM beat and superior quality of business growth.
- Opex drag resulted in 11% miss on core PAT; asset quality was stable.

**AXSB saw a good quarter; although core PAT was a miss due to higher opex, NII was 3% ahead to PLe leading to NIM at 4.17% (beat by 17bps). NIM boost was driven by (1) strong QoQ growth in higher margin segments of PL, CC and SBB (2) deliberate slowdown in housing (3) 6% QoQ fall in LCR and (4) lower deposit growth of 0.6% QoQ resulting in higher LDR. RTD growing by 4.5% QoQ was another positive. Balance sheet construct is being calibrated towards higher margin segments and granular deposits which could slightly affect loan growth. However, this should bode well over medium term from a profitability perspective. CITI integration costs and business investments would keep opex elevated. For FY24/25E we raise NIM and opex while reduce provisions resulting in ~3% PAT upgrade. With likely RoA of 1.7% for FY25E, valuation discount to ICICIB (27%) should narrow. We maintain multiple at 2.2x but raise TP to Rs1,170 from Rs1,140. Reiterate 'BUY'.**

- Margins higher to PLe by 17bps; miss on core PAT due to opex drag:** NII was ahead at Rs119.6bn (PLe Rs116bn) as NIM was better while loan growth was in-line. NIM was a beat at 4.17% (PLe 4.0%) mainly led by better yields. Loan growth was in-line at 22.4% YoY while deposit growth was lower at 17.2% YoY (PLe 20%). Other income was higher at Rs50.9bn (PLe Rs48bn) due to treasury gains; fee was lower. Opex was 14% more to PLe at Rs82.3bn due to both higher staff cost and other opex that also included CITI integration cost of Rs3.85bn. PPop was lower at Rs88.1bn (PLe Rs92.2bn); core PPop was 9% lower to PLe. GNPA was in-line at 2.0%; slippages and recoveries came in largely as expected while write-offs were higher. PCR was broadly steady QoQ at 80%. Provisions were Rs10.3bn (PLe Rs10.0bn). PAT was Rs58bn (PLe Rs61.7bn) while core PAT at Rs54.1bn was 11% below PLe.
- Growth in higher margin segments cushioned NIM:** Sequential loan growth at 1.6% QoQ was attributable to corporate (1.8%) and retail (2.1%). Corporate accretion was led by iron & steel, CRE, infra, roads and NBFCs and disbursal pipeline is healthy. TL:WC mix within corporate is 70:30. Retail growth QoQ was driven by higher NIM segments of PL (+4.3%), cards (+9.6%) and SBB (+7.7%). Housing growth was deliberately muted as bank wanted to deliver on NIM. AXSB expects housing growth to pick-up in Q2. Deposit growth was softer at (-0.6% QoQ) as CASA declined by 4% while TD grew by 2.5%. RTD saw healthy growth of 4.5% QoQ. Since bank is calibrating its loan and deposit mix with focus on higher margin segments and granular deposits, we lower loan CAGR over FY23-25E slightly from 16% to 15%.
- Raise NIM for FY24/25E; opex to remain elevated:** While we had expected NIM to regularize in Q1FY24 (last quarter fall of 20bps), margins were superior due to (1) substantial share of higher margin segments in quarterly credit flow (2) normalization of LCR post CITI acquisition and (3) lower deposit growth leading to higher LDR of 91.2% (Q4'23 - 89.3%). We raise NIM for FY24/25E by 7/9bps to ~3.7% as balance sheet construct is gradually improving. Opex continues to remain elevated as CITI integration costs are being incurred while healthy NIM provides latitude to make business and technology investments. Hence we increase opex costs for FY24/25E by average 6%.

**Exhibit 1: PAT was a miss at Rs58bn led by higher opex**

Financial Statement (Rs m)	Q1FY24	Q1FY23	YoY gr. (%)	Q4FY23	QoQ gr. (%)
Interest Income	255,568	187,287	36.5	239,698	6.6
Interest Expenses	135,980	93,446	45.5	122,276	11.2
<b>Net interest income (NII)</b>	<b>119,588</b>	<b>93,840</b>	<b>27.4</b>	<b>117,422</b>	<b>1.8</b>
-Treasury Income	5,190	(6,670)	(177.8)	830	525.3
Other income	50,873	29,990	69.6	48,953	3.9
<b>Total income</b>	<b>170,460</b>	<b>123,830</b>	<b>37.7</b>	<b>166,375</b>	<b>2.5</b>
Operating expenses	82,317	64,960	26.7	74,699	10.2
-Staff expenses	26,885	21,861	23.0	21,636	24.3
-Other expenses	55,432	43,099	28.6	53,063	4.5
<b>Operating profit</b>	<b>88,144</b>	<b>58,870</b>	<b>49.7</b>	<b>91,676</b>	<b>(3.9)</b>
<b>Core operating profit</b>	<b>82,954</b>	<b>65,540</b>	<b>26.6</b>	<b>90,846</b>	<b>(8.7)</b>
Total provisions	10,348	3,594	188.0	3,058	238.4
<b>Profit before tax</b>	<b>77,796</b>	<b>55,276</b>	<b>40.7</b>	<b>88,618</b>	<b>(12.2)</b>
Tax	19,824	14,024	41.4	21,004	(5.6)
<b>Profit after tax</b>	<b>57,972</b>	<b>41,253</b>	<b>40.5</b>	<b>67,614</b>	<b>(14.3)</b>
<b>Balance sheet (Rs m)</b>					
Deposits	9,416,897	8,037,364	17.2	9,469,452	(0.6)
Advances	8,585,114	7,012,946	22.4	8,453,028	1.6
<b>Ratios (%)</b>					
<b>Profitability ratios</b>					
<b>NIM</b>	<b>4.2</b>	<b>3.8</b>	<b>41</b>	<b>4.0</b>	<b>15</b>
RoaA	1.9	1.5	36	2.2	(28)
RoaE	18.5	14.8	370	22.5	(401)
<b>Asset Quality</b>					
Gross NPL	181,582	210,368	(13.7)	186,042	(2.4)
Net NPL	37,036	47,806	(22.5)	35,589	4.1
<b>Gross NPL ratio</b>	<b>2.0</b>	<b>2.8</b>	<b>(75)</b>	<b>2.1</b>	<b>(8)</b>
<b>Net NPL ratio</b>	<b>0.4</b>	<b>0.6</b>	<b>(22)</b>	<b>0.4</b>	<b>1</b>
<b>Coverage ratio (Calc)</b>	<b>79.6</b>	<b>77.3</b>	<b>233</b>	<b>80.9</b>	<b>(127)</b>
<b>Business &amp; Other Ratios</b>					
Low-cost deposit mix	45.5	43.7	184	47.2	(162)
Cost-income ratio	48.3	52.5	(417)	44.9	339
Non int. inc / total income	29.8	24.2	563	29.4	42
Credit deposit ratio	91.2	87.3	391	89.3	190
CAR	17.7	17.8	(9)	17.6	10
Tier-I	14.9	15.2	(34)	14.6	33

Source: Company, PL

**Exhibit 2: Loan growth at 22.4% YoY/ 1.6% QoQ led by retail**

Segmental Mix (Rs m)	Q1FY24	Q1FY23	YoY gr. (%)	Q4FY23	QoQ gr. (%)
Large & mid-corporate	2,730,440	2,164,750	26.1	2,683,340	1.8
SME Advances	876,580	719,720	21.8	893,980	(1.9)
Retail	4,978,100	4,126,830	20.6	4,875,710	2.1
- Housing Loans	2,072,720	1,884,080	10.0	2,081,480	(0.4)
- Personal loans	568,950	470,310	21.0	545,610	4.3
- Auto loans	535,130	450,660	18.7	522,780	2.4

Source: Company, PL

## Key Q1FY24 Concall Highlights

### Assets/Liabilities

- **Mgmt. guided higher than Industry credit & deposit growth by 400bps.** Bank will remain watchful of emerging macro trends and will strategize accordingly. Gained market share in focused segments (MSME, mid-corporate, small banking business) and MSME continues to be key focus area for the bank.
- **Broad-based corporate book growth of 26% YoY/1.8% QoQ** led by Iron & steel, CRE, infra, roads and NBFCs. Disbursement pipeline remains healthy. ~70% constitute for term loans and balance ~30% are working capital loans.
- **Retail book grew 20.6% YoY/ 2.1% QoQ** driven by personal loans and cards segment. Unsecured portion continues to be ~20-25% for the past 4 quarters. Home loans and LAP growth was muted as management had taken a call to balance NIM deliverability and housing growth. NIMs are now at anticipated levels and bank expects growth to bounce back from Q2 onwards.
- Credit cards spends showing increasing trends towards EMI transactions and decreasing share on revolver transactions. Management does not anticipate attrition in its Magnus brands due to Citi acquisition.
- **Deposits de-grew by 0.6% QoQ mainly due to decline in CASA ratio to the tune of 4% QoQ.** CASA ratio stood at 45.5% vs 47.2% in Q4FY23. There has been a reduction in outflow of deposits by 460bps over last 2 years, which increases lendable deposits.
- **On Citi acquisition,** the business has become well integrated and showing results in the form of increased deposit mobilization, credit card spends, cross sell etc. There has been improvement in monthly disbursals in vehicle finance and Magnus products.
- **Average LCR was at 123% vs 129% in Q4FY23.** There were no plans to raise capital in near term. There was 36bps organic accretion in CET-1 for the quarter which gives headroom to grow faster than industry. Bank has capital cushion of 48bps on account of covid provision.

### Opex/NIMs

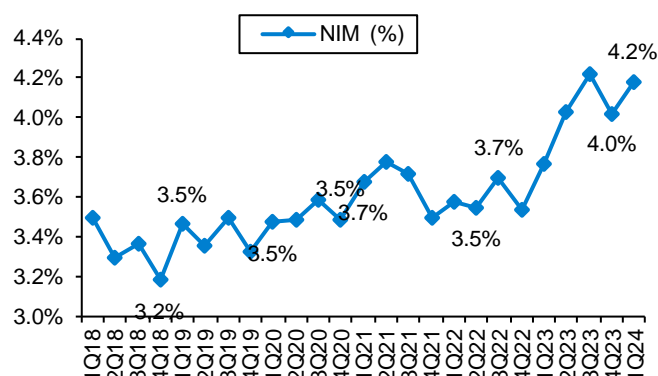
- **Reported NIMs decreased by 12bps QoQ to 4.10%.** of which 9bps were attributable to business environment as usual and 3bps on account one-off interest on income tax refunds received in Q4FY23. Cost of deposits are expected to move up over the remaining part of the year, but at a slower pace.
- Management believes scope for improvement in margin exists with change in product mix skewed towards retail and commercial banking. Also, bank has 40bps cushion over structural NIM and would endeavor to maintain the same.
- Incremental opex was led by volume linked (4%), technology (57%), BAU (39%). **Tech expenses were at 8% of total expenses.** Integration expenses for the quarter were Rs3.85bn for the quarter and management maintained its guidance of Rs20bn integration over 18months.

- **Employee expenses increased sharply by 24.3% QoQ** due to 1) annual increments given to employee in Q1. 2) Full effect of Citi employees cost in the quarter as against only 1 month in Q4FY23. 3) addition of new staff in business and tech teams and 4) impact on gratuity due to interest rate movements.
- **Cost/Income stood at 48.3%** which was led by employee cost and acquired Citi business. Management said that Citi business is a higher cost higher yields business and hence C/I could remain sticky in near term. Lower credit costs have provided headroom for elevated cost levels. Management continues to guide for Cost/Assets of 2% for FY25E.
- **400 branches would be added in FY24.** Bank will continue to look into white space both in Bharat banking and urban markets. On an average, a branch takes a couple of years to turn profitable.

### Asset Quality

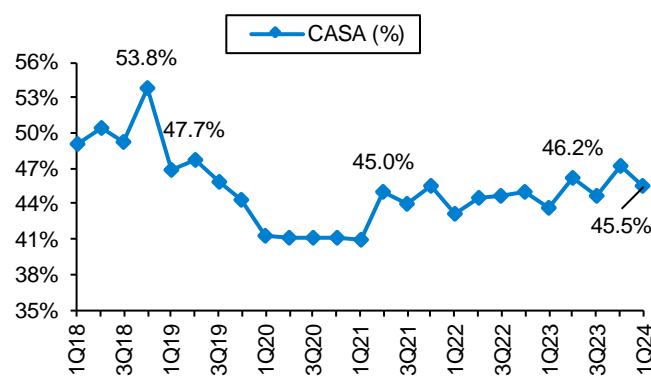
- **Bank saw Rs39.9bn of slippages**, mainly due to retail book. Write off was higher at Rs24bn. Net slippages for Q1 were Rs1.69bn of which retail was Rs20.3bn, CBG was Rs0.6bn and wholesale was Rs(4.1bn). Net credit cost at 50bps were higher due to higher seasonal rural slippages and lower recoveries from written off accounts in corporate book. Restructured book at Rs. 19.1bn& BB and below rated book at Rs58.2bn.
- **Covid Provisions have not been invoked or utilized so far** and management expects the same to be carried forward. As on June 30, 2023 total provision carried by the bank are 145% of GNPA's. Non-NPA provisions split: Covid- Rs50.1bn, Restructuring provisions- Rs7.1bn, std asset provisions- Rs22.96bn and others- Rs38.3bn.

Exhibit 3: NIM increased by 15 bps at 4.2%

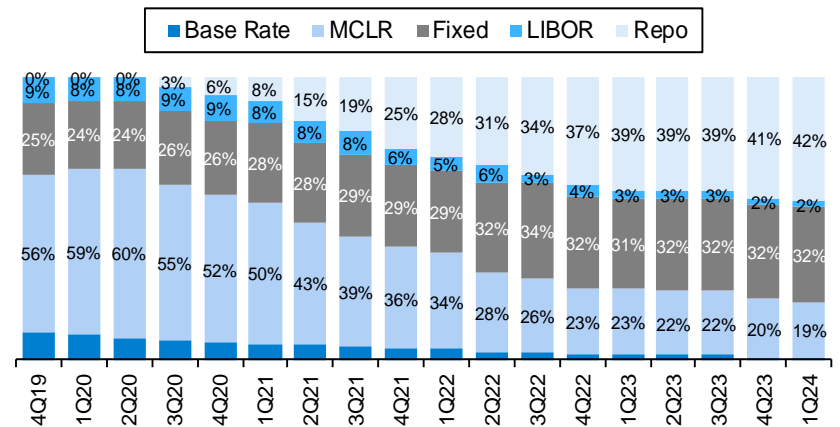


Source: Company, PL

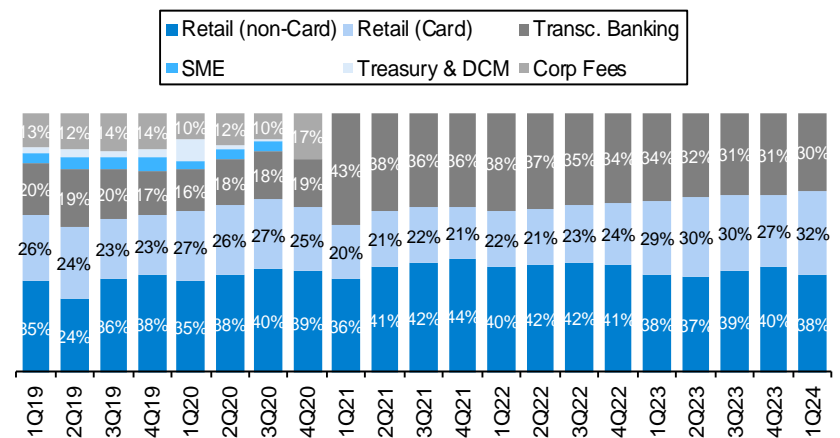
Exhibit 4: CASA declined to 45.5% led by higher TD growth



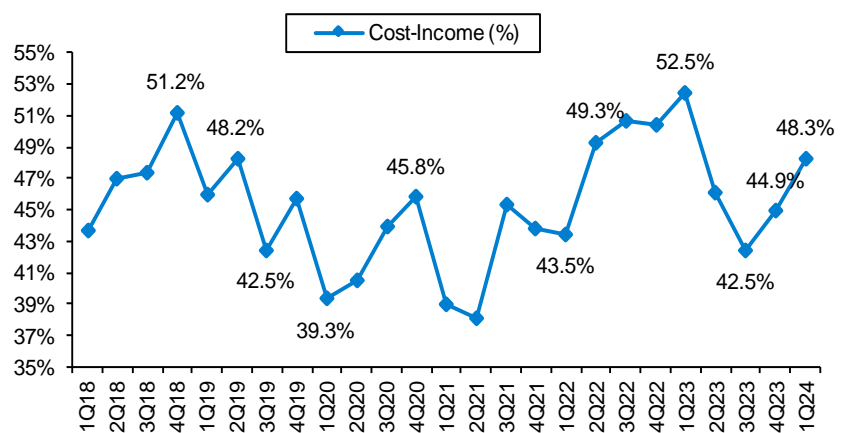
Source: Company, PL

**Exhibit 5: Floating loan rate share slightly lower at 68%**


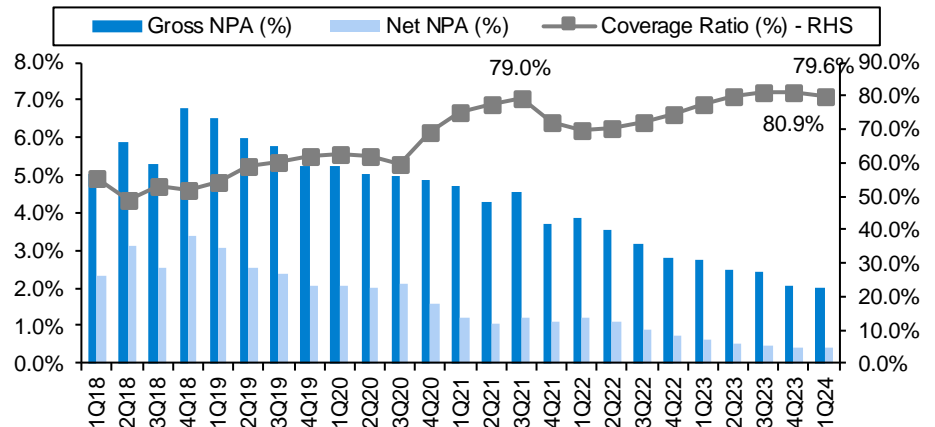
Source: Company, PL

**Exhibit 6: Retail fees constitute 70% majorly from cards and payments (38%)**


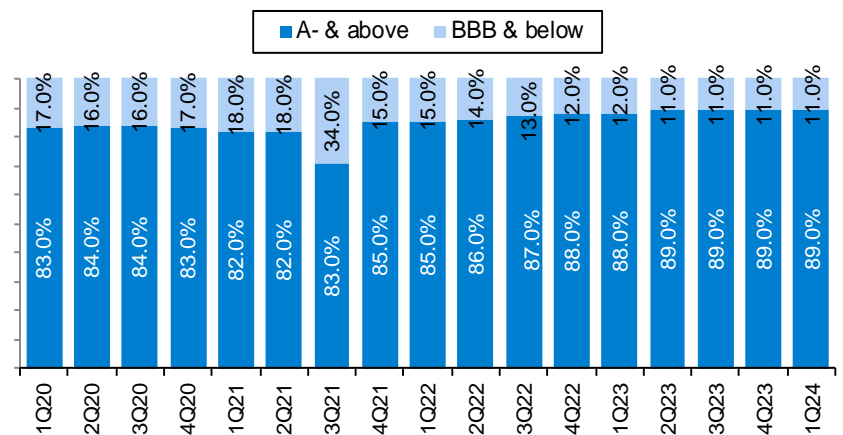
Source: Company Data, PL Research

**Exhibit 7: C/I increased to 48.3% due to citi business acquisition**


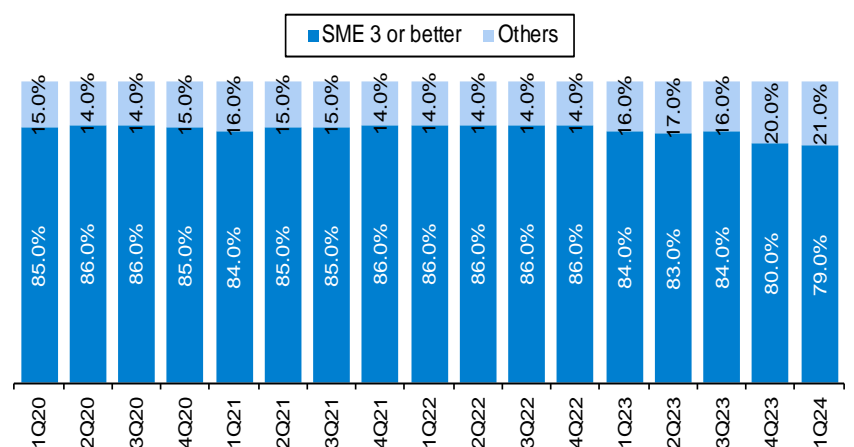
Source: Company, PL

**Exhibit 8: Asset quality improves sequentially, PCR declined to 79.6%**


Source: Company, PL

**Exhibit 9: Corporate book rating book mix steady at 89:11**


Source: Company, PL Note – BB book clubbed with BBB from 4QFY20

**Exhibit 10: SME rating mix falls marginally to 79:21**


Source: Company, PL

**Exhibit 11: Annualized slippages increased to 2.25% while write off was lower, restructured book at 0.21%**

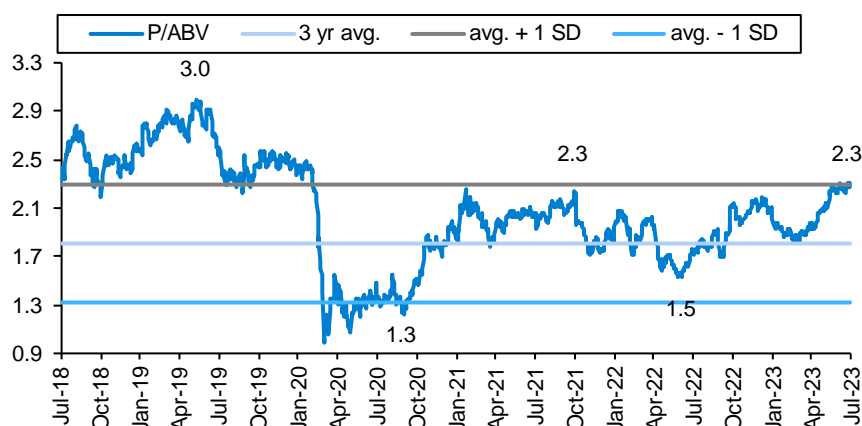
Stressed Loans (Rs Mn)	2Q20	3Q20	4Q20	1Q21	2Q21	3Q21	4Q21	1Q22	2Q22	3Q22	4Q22	1Q23	2Q23	3Q23	4Q23	1Q24
<b>Gross slippages</b>	<b>49830</b>	<b>62140</b>	<b>39200</b>	<b>22180</b>	<b>17510</b>	<b>79930</b>	<b>52850</b>	<b>65180</b>	<b>54640</b>	<b>41470</b>	<b>39810</b>	<b>36840</b>	<b>33830</b>	<b>38070</b>	<b>37710</b>	<b>39900</b>
Recoveries+ Up gradations	22130	24220	24890	6080	20260	21620	34620	25430	25080	32880	37630	29570	28260	20880	26990	23050
Write-offs	31040	27900	12700	22840	18120	42570	55300	33410	47570	17070	17218	15126	17000	16517	24288	21310
Annualized Slippages (%)	4.03	5.02	3.17	1.55	1.23	5.60	3.70	4.24	3.56	2.70	2.59	2.08	1.91	2.15	2.13	2.25
<b>BB &amp; Below book</b>	<b>62,910</b>	<b>51,280</b>	<b>65,280</b>	<b>64,200</b>	<b>91,180</b>	<b>87,220</b>	<b>74430</b>	<b>80,420</b>	<b>66,970</b>	<b>64,960</b>	<b>57,780</b>	<b>48,580</b>	<b>49,390</b>	<b>44,510</b>	<b>34,780</b>	<b>36,450</b>
NFB O/s to BB & Below exposures	22,000	36,700	39,060	37,210	49,280	47,960	45740	44,240	44,390	43,240	27,800	25,190	22,610	18,940	13,710	13,850
Investments O/s in BB & Below rating	17,580	9,850	5,620	6,120	8,080	6,200	6660	6,350	6,100	6,700	8,260	7,960	7,870	7,310	6,730	7,870
<b>Total BB &amp; below book</b>	<b>102,490</b>	<b>97,830</b>	<b>34,088</b>	<b>26,883</b>	<b>34,164</b>	<b>35,345</b>	<b>35,512</b>	<b>39,303</b>	<b>35,238</b>	<b>32,172</b>	<b>23,460</b>	<b>18,798</b>	<b>15,974</b>	<b>13,444</b>	<b>10,492</b>	<b>11,634</b>
% of customer assets	1.8%	1.7%	1.9%	1.7%	2.3%	2.2%	1.9%	1.9%	1.7%	1.6%	1.2%	1.3%	1.3%	1.3%	1.3%	1.3%
Provisions held			75,872	80,648	114,376	106,035	91,318	91,707	82,222	82,728	70,380	62,932	63,896	57,316	44,728	46,536
<b>Total Restructured Dispensation</b>						<b>27090</b>	<b>18480</b>	<b>21920</b>	<b>43420</b>	<b>46430</b>	<b>40290</b>	<b>34020</b>	<b>29960</b>	<b>24820</b>	<b>20470</b>	<b>19070</b>
% of loans						0.5%	0.3%	0.3%	0.7%	0.70%	0.57%	0.49%	0.38%	0.30%	0.22%	0.21%

Source: Company, PL

**Exhibit 12: Return ratios to < 17%, due to elevated costs**

RoA decomposition	FY20	FY21	FY22	FY23	FY24E	FY25E
<b>Net interest income</b>	<b>2.9</b>	<b>3.1</b>	<b>3.1</b>	<b>3.4</b>	<b>3.5</b>	<b>3.5</b>
Other Inc. from operations	1.8	1.6	1.4	1.3	1.5	1.5
<b>Total income</b>	<b>4.7</b>	<b>4.6</b>	<b>4.5</b>	<b>4.8</b>	<b>5.0</b>	<b>5.0</b>
Employee expenses	0.6	0.6	0.7	0.7	0.8	0.8
Other operating expenses	1.4	1.3	1.5	1.5	1.7	1.5
<b>Operating profit</b>	<b>2.7</b>	<b>2.7</b>	<b>2.3</b>	<b>2.6</b>	<b>2.5</b>	<b>2.7</b>
Tax	0.4	0.2	0.4	0.6	0.5	0.6
Loan loss provisions	2.2	1.8	0.7	0.2	0.3	0.4
<b>RoAA</b>	<b>0.2</b>	<b>0.7</b>	<b>1.2</b>	<b>1.8</b>	<b>1.6</b>	<b>1.7</b>
<b>RoAE</b>	<b>2.1</b>	<b>7.1</b>	<b>12.0</b>	<b>18.3</b>	<b>16.6</b>	<b>16.8</b>

Source: Company, PL

**Exhibit 13: One-year forward P/ABV trades at 2.3x**


Source: Company, PL



### Income Statement (Rs. m)

Y/e Mar	FY22	FY23	FY24E	FY25E
Int. Earned from Adv.	4,96,166	6,45,538	8,88,559	9,50,970
Int. Earned from invt.	1,46,189	1,81,787	1,98,267	2,26,900
Others	16,132	15,322	11,691	15,003
Total Interest Income	6,73,768	8,51,638	11,12,978	12,03,331
Interest Expenses	3,42,446	4,22,180	6,26,366	6,49,770
<b>Net Interest Income</b>	<b>3,31,322</b>	<b>4,29,457</b>	<b>4,86,612</b>	<b>5,53,560</b>
Growth(%)	13.3	29.6	13.3	13.8
Non Interest Income	1,52,205	1,65,009	2,09,031	2,36,854
Net Total Income	4,83,528	5,94,466	6,95,643	7,90,414
Growth(%)	5.2	23.1	30.0	8.9
Employee Expenses	76,126	87,601	1,12,476	1,21,237
Other Expenses	1,49,898	1,78,015	2,31,907	2,44,282
Operating Expenses	2,36,108	2,73,023	3,44,383	3,65,518
<b>Operating Profit</b>	<b>2,47,420</b>	<b>3,21,443</b>	<b>3,51,260</b>	<b>4,24,896</b>
Growth(%)	(3.7)	29.9	9.3	21.0
NPA Provision	47,974	31,690	31,432	44,624
Total Provisions	73,595	28,848	47,849	69,650
<b>PBT</b>	<b>1,73,826</b>	<b>2,92,596</b>	<b>3,03,411</b>	<b>3,55,245</b>
Tax Provision	43,571	73,262	76,228	89,522
Effective tax rate (%)	25.1	25.0	25.1	25.2
<b>PAT</b>	<b>1,30,255</b>	<b>2,19,334</b>	<b>2,27,184</b>	<b>2,65,724</b>
Growth(%)	97.7	68.4	3.6	17.0

### Balance Sheet (Rs. m)

Y/e Mar	FY22	FY23	FY24E	FY25E
Face value	2	2	2	2
No. of equity shares	3,070	3,077	3,080	3,086
Equity	6,139	6,154	6,160	6,172
Networth	11,50,255	12,49,932	14,84,140	16,88,638
Growth(%)	13.2	8.7	18.7	13.8
Adj. Networth to NNPA's	55,122	35,589	34,563	40,041
Deposits	82,19,716	94,69,452	1,08,02,238	1,24,28,155
Growth(%)	17.8	15.2	14.1	15.1
CASA Deposits	36,97,554	44,65,365	47,52,985	53,57,486
% of total deposits	45.0	47.2	44.0	43.1
<b>Total Liabilities</b>	<b>1,17,54,288</b>	<b>1,31,73,255</b>	<b>1,48,04,869</b>	<b>1,69,02,891</b>
Net Advances	70,79,466	84,53,028	97,22,014	1,11,78,420
Growth(%)	13.5	19.4	15.0	15.0
Investments	27,55,972	28,88,148	33,48,694	38,54,471
<b>Total Assets</b>	<b>1,17,54,287</b>	<b>1,31,73,255</b>	<b>1,48,04,869</b>	<b>1,69,02,891</b>
Growth (%)	18.0	12.1	12.4	14.2

### Asset Quality

Y/e Mar	FY22	FY23	FY24E	FY25E
Gross NPAs (Rs m)	2,18,223	1,86,042	1,85,902	2,13,609
Net NPAs (Rs m)	55,122	35,589	34,563	40,041
Gr. NPAs to Gross Adv.(%)	3.2	2.2	1.9	1.9
Net NPAs to Net Adv. (%)	0.8	0.4	0.3	0.3
NPA Coverage %	74.7	80.9	81.4	81.3

### Profitability (%)

Y/e Mar	FY22	FY23	FY24E	FY25E
NIM	3.3	3.7	3.7	3.7
RoAA	1.2	1.8	1.6	1.7
RoAE	12.0	18.3	16.6	16.8
Tier I	16.3	14.6	14.7	14.8
CRAR	18.5	17.6	16.7	16.8

Source: Company Data, PL Research

### Quarterly Financials (Rs. m)

Y/e Mar	Q2FY23	Q3FY23	Q4FY23	Q1FY24
Interest Income	2,02,389	2,22,264	2,39,698	2,55,568
Interest Expenses	98,787	1,07,671	1,22,276	1,35,980
<b>Net Interest Income</b>	<b>1,03,603</b>	<b>1,14,593</b>	<b>1,17,422</b>	<b>1,19,588</b>
YoY growth (%)	31.1	32.4	33.1	27.4
CEB	38,620	41,010	46,760	44,880
Treasury	-	-	-	-
Non Interest Income	39,412	46,654	48,953	50,873
<b>Total Income</b>	<b>2,41,801</b>	<b>2,68,919</b>	<b>2,88,651</b>	<b>3,06,440</b>
Employee Expenses	21,667	22,811	21,636	26,885
Other expenses	44,186	45,662	53,063	55,432
Operating Expenses	65,852	68,473	74,699	82,317
<b>Operating Profit</b>	<b>77,162</b>	<b>92,775</b>	<b>91,676</b>	<b>88,144</b>
YoY growth (%)	30.2	50.6	41.8	49.7
Core Operating Profits	78,022	88,495	90,846	82,954
NPA Provision	7,510	13,410	-	-
Others Provisions	5,498	14,377	3,058	10,349
Total Provisions	5,498	14,377	3,058	10,349
<b>Profit Before Tax</b>	<b>71,664</b>	<b>78,398</b>	<b>88,618</b>	<b>77,795</b>
Tax	18,367	19,867	21,004	19,824
<b>PAT</b>	<b>53,298</b>	<b>58,531</b>	<b>67,614</b>	<b>57,971</b>
YoY growth (%)	71.1	61.9	64.2	40.5
<b>Deposits</b>	<b>81,08,067</b>	<b>84,81,733</b>	<b>94,69,452</b>	<b>94,16,897</b>
YoY growth (%)	10.1	9.9	15.2	17.2
<b>Advances</b>	<b>73,08,748</b>	<b>76,20,755</b>	<b>84,53,028</b>	<b>85,85,114</b>
YoY growth (%)	17.6	14.6	19.4	22.4

### Key Ratios

Y/e Mar	FY22	FY23	FY24E	FY25E
CMP (Rs)	977	977	977	977
EPS (Rs)	42.4	71.3	73.8	86.1
Book Value (Rs)	375	406	482	547
Adj. BV (Rs)	354	394	470	534
P/E (x)	23.0	13.7	13.2	11.3
P/BV (x)	2.6	2.4	2.0	1.8
P/ABV (x)	2.8	2.5	2.1	1.8
DPS (Rs)	-	1.0	8.1	9.5
Dividend Payout Ratio (%)	-	1.4	11.0	11.0
Dividend Yield (%)	-	0.1	0.8	1.0

### Efficiency

Y/e Mar	FY22	FY23	FY24E	FY25E
Cost-Income Ratio (%)	48.8	45.9	49.5	46.2
C-D Ratio (%)	86.1	89.3	90.0	89.9
Business per Emp. (Rs m)	178	195	201	219
Profit per Emp. (Rs lacs)	15	24	22	25
Business per Branch (Rs m)	3,215	3,655	3,870	4,251
Profit per Branch (Rs m)	27	45	43	48

### Du-Pont

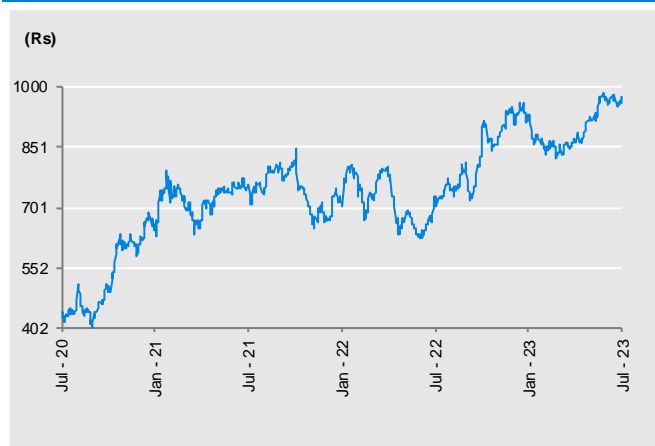
Y/e Mar	FY22	FY23	FY24E	FY25E
NII	3.06	3.45	3.48	3.49
Total Income	4.47	4.77	4.97	4.99
Operating Expenses	2.18	2.19	2.46	2.31
PPoP	2.29	2.58	2.51	2.68
Total provisions	0.68	0.23	0.34	0.44
RoAA	1.20	1.76	1.62	1.68
RoAE	11.45	18.49	16.81	16.92

Source: Company Data, PL Research



## Price Chart

## Recommendation History



No.	Date	Rating	TP (Rs.)	Share Price (Rs.)
1	06-Jul-23	BUY	1,140	981
2	28-Apr-23	BUY	1,140	881
3	11-Apr-23	BUY	1,100	846
4	02-Mar-23	BUY	1,100	865
5	24-Jan-23	BUY	1,100	933
6	05-Jan-23	BUY	1,100	949
7	25-Nov-22	BUY	1,100	888
8	21-Oct-22	BUY	1,080	826
9	05-Oct-22	BUY	940	743

## Analyst Coverage Universe

Sr. No.	Company Name	Rating	TP (Rs)	Share Price (Rs)
1	AAVAS Financiers	Hold	1,560	1,538
2	Axis Bank	BUY	1,140	981
3	Bank of Baroda	BUY	235	205
4	Can Fin Homes	BUY	950	831
5	City Union Bank	Accumulate	160	131
6	DCB Bank	BUY	150	129
7	Federal Bank	BUY	175	127
8	HDFC	BUY	3,200	2,862
9	HDFC Asset Management Company	BUY	2,800	2,502
10	HDFC Bank	BUY	2,025	1,679
11	ICICI Bank	BUY	1,180	997
12	IDFC First Bank	UR	-	54
13	IndusInd Bank	BUY	1,530	1,390
14	Kotak Mahindra Bank	BUY	2,250	1,970
15	LIC Housing Finance	Hold	410	398
16	Punjab National Bank	UR	-	47
17	State Bank of India	BUY	770	593
18	UTI Asset Management Company	BUY	830	811

## PL's Recommendation Nomenclature (Absolute Performance)

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

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