

August 5, 2023

## Q1FY24 Result Update

Change in Estimates |  Target |  Reco

### Change in Estimates

	Current		Previous	
	FY24E	FY25E	FY24E	FY25E
Rating	BUY		BUY	
Target Price	770		770	
NII (Rs. m)	15,77,227	17,29,837	15,78,322	17,57,018
% Chng.	(0.1)	(1.5)		
Op. Profit (Rs. m)	8,51,505	9,57,187	9,27,778	10,36,675
% Chng.	(8.2)	(7.7)		
EPS (Rs.)	61.7	65.4	56.1	62.3
% Chng.	9.8	4.9		

### Key Financials - Standalone

Y/e Mar	FY22	FY23	FY24E	FY25E
NII (Rs bn)	1,207	1,448	1,577	1,730
Op. Profit (Rs bn)	679	837	852	957
PAT (Rs bn)	254	508	550	584
EPS (Rs.)	35.5	56.9	61.7	65.4
Gr. (%)	55.2	60.4	8.3	6.1
DPS (Rs.)	7.1	11.3	10.5	11.1
Yield (%)	1.2	2.0	1.8	1.9
NIM (%)	2.8	3.0	2.9	2.9
RoAE (%)	13.0	18.3	16.8	15.6
RoAA (%)	0.7	1.0	0.9	0.9
P/BV (x)	2.0	1.7	1.4	1.3
P/ABV (x)	2.2	1.8	1.5	1.4
PE (x)	16.2	10.1	9.3	8.8
CAR (%)	13.8	14.7	14.7	14.7

### Key Data

SBI.BO | SBIN IN

52-W High / Low	Rs.630 / Rs.499
Sensex / Nifty	65,721 / 19,517
Market Cap	Rs.5,116bn / \$ 61,762m
Shares Outstanding	8,925m
3M Avg. Daily Value	Rs.9983.08m

### Shareholding Pattern (%)

Promoter's	57.47
Foreign	10.36
Domestic Institution	24.83
Public & Others	7.34
Promoter Pledge (Rs bn)	-

### Stock Performance (%)

	1M	6M	12M
Absolute	(2.7)	5.3	7.5
Relative	(3.1)	(2.5)	(4.6)

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## NIM upgrade to depend on loan growth

### Quick Pointers:

- Core PAT miss of 2.8% led by lower NII due to softer loan growth.
- Asset quality was stable; strong balance sheet among PSU banks.

**SBI saw a stable quarter; while core PAT missed PLe by 2.8% due to lower loan growth, NIM was largely in-line at 3.2% and asset quality was steady. Bank sounded confident of achieving a 15% growth in FY24E given (1) excess SLR of Rs4.0trn and (2) current capital can support growth of Rs7trn. We are factoring a 13% CAGR in loans over FY23-25E as sustained corporate growth is imperative to achieve 15% overall growth. Reported domestic NIM came in at 3.47% and bank would like to maintain this level of NIM for FY24E. However, we are factoring a 5bps decline in overall FY24 NIM to 2.94% and NIM upgrade would hinge on MCLR book repricing and better loan growth. As SBI is focused on physical and digital expansion, we raise opex by avg. 3.7% for FY24/25E which would be offset by reduction in provisions by avg. 33bps. We maintain multiple at 1.5x on core FY25E ABV. Retain 'BUY' with TP at Rs770.**

- Miss on core PAT by 3% due to lower NII; asset quality largely in-line:** NII was lower at Rs389.1bn (PLe Rs395bn), due to softer loan growth as NIM was in-line. Loan accretion was slower at 14.9% YoY (PLe 16.5%), while deposit growth was 12% YoY. NIM was in-line at 3.20% (PLe 3.22%) with loan yields (8.9%) and funding cost (4.8%) meeting estimates. Other income was higher at Rs121bn (PLe Rs96bn) due treasury gains of Rs38.5bn; fee was a bit better. Opex was a beat at Rs257bn (PLe Rs264bn) due to lower other opex. Given treasury gains, PPOP was ahead at Rs 253bn (PLe Rs227bn) while core PPOP missed PLe by 3.4%. Asset quality was broadly in-line; GNPA/NNPA was 2.76%/0.71%, while net slippages were Rs42.7bn (PLe Rs45bn). PAT was a beat at Rs169bn (PLe 148bn). Core PAT at Rs153bn was 2.8% below PLe.
- QoQ loan growth led by retail/SME:** Loan offtake QoQ was led by domestic credit attributable to SME (+2.8%), retail (+2.1%) & agri (+2.1%). Retail growth was broad based with continued momentum in Xpress credit. While corporate growth was muted at +0.2% QoQ, bank currently has a pipeline of Rs3.5trn (sanctioned Rs1.2trn) of which Rs2.7trn is from private sector and balance from public sector. Overseas book de-grew by 1.9% QoQ; SBI has been cautious due to challenges in global markets. Bank expects to grow by 15% YoY in FY24, while we are factoring a 13% CAGR over FY23-25E since we would like to see sustained corporate growth. Commentary suggested deposit accretion may not control asset growth, as bank carries excess SLR of Rs4.0trn while current capital levels can support growth of Rs7trn.
- NIM to hinge on credit offtake; asset quality was stable:** Adjusted domestic NIM declined by 25-30bps QoQ to 3.47% and bank wants to maintain NIM at these levels for remainder of FY24. We expect NIM (calc.) at 2.94% in FY24 (vs 2.99% in FY23) and NIM upgrade would hinge on MCLR book repricing and visibility of better loan growth. As Q1 is generally soft, slippages rose QoQ 0.5% to 1.15% (7.4% below PLe) while recoveries too were a tad lower. Slippages split was: retail/PL- Rs24bn, agri-Rs23bn, SME-Rs24bn and corporate-Rs9bn. However, in Jul'23, SBI had already recovered Rs16bn from retail (Rs7bn), SME (Rs6bn) and agri (Rs3bn).

**Exhibit 1: PAT beat at Rs168.8bn led by lower provisions and other income**

*NII was lower with at 3.7%QoQ although higher at 24.7%YoY led by lower loan growth.*

*Other income increased led by higher treasury gains.*

*Opex grew 23.7%YoY due to lower other opex.*

*Provisions were lower at Rs25bn*

*Credit growth declined at 14.9% YoY while deposit growth was at 12% YoY.*

*NIMs decline by 4bps QoQ as CoF hike was faster.*

*GNPA/NNPA was in-line at 2.8%/0.7% led lower slippages and higher recoveries*

*CASA declined sequentially by 251bps YoY/93bps QoQ at 41.2%*

Financial Statement (Rs m)	Q1FY24	Q1FY23	YoY gr. (%)	Q4FY23	QoQ gr. (%)
Interest income	959,755	726,764	32.1	929,511	3.3
Interest Expenses	570,705	414,804	37.6	525,586	8.6
<b>Net interest income (NII)</b>	<b>389,050</b>	<b>311,959</b>	<b>24.7</b>	<b>403,925</b>	<b>(3.7)</b>
- Treasury income	38,470	(65,490)	(158.7)	18,000	113.7
Other income	120,634	23,122	421.7	139,614	(13.6)
<b>Total income</b>	<b>509,683</b>	<b>335,081</b>	<b>52.1</b>	<b>543,539</b>	<b>(6.2)</b>
Operating expenses	256,714	207,556	23.7	297,328	(13.7)
-Staff expenses	166,007	120,514	37.7	176,164	(5.8)
-Other expenses	90,707	87,042	4.2	121,164	(25.1)
<b>Operating profit</b>	<b>252,969</b>	<b>127,526</b>	<b>98.4</b>	<b>246,211</b>	<b>2.7</b>
<b>Core operating profit</b>	<b>214,499</b>	<b>193,016</b>	<b>11.1</b>	<b>228,211</b>	<b>(6.0)</b>
Total provisions	25,013	43,924	(43.1)	33,157	(24.6)
<b>Profit before tax</b>	<b>227,956</b>	<b>83,602</b>	<b>172.7</b>	<b>213,054</b>	<b>7.0</b>
Tax	59,113	22,921	157.9	46,109	28.2
<b>Profit after tax</b>	<b>168,843</b>	<b>60,681</b>	<b>178.2</b>	<b>166,945</b>	<b>1.1</b>
<b>Adjusted Profit</b>	<b>140,349</b>	<b>108,215</b>	<b>29.7</b>	<b>152,841</b>	<b>(8.2)</b>
<b>Balance Sheet (Rs bn)</b>					
Deposits	45,312,367	40,456,956	12.0	44,237,778	2.4
Advances	32,350,227	28,152,492	14.9	31,992,693	1.1
<b>Ratios (%)</b>					
RoaA	1.3	0.5	77	1.3	1
<b>NIM</b>	<b>3.3</b>	<b>3.0</b>	<b>31</b>	<b>3.4</b>	<b>(4)</b>
Yield on Advances	8.9	7.1	179	8.6	29
Cost of Funds	4.8	3.8	98	4.5	35
<b>Asset Quality</b>					
Gross NPL (Rs m)	913,278	1,132,717	(19.4)	909,278	0.4
Net NPL (Rs m)	229,954	282,579	(18.6)	214,666	7.1
<b>Gross NPL ratio</b>	<b>2.8</b>	<b>3.9</b>	<b>(114)</b>	<b>2.8</b>	<b>(2)</b>
<b>Net NPL ratio</b>	<b>0.7</b>	<b>1.0</b>	<b>(29)</b>	<b>0.7</b>	<b>4</b>
Coverage ratio	74.8	75.1	(23)	76.4	(157)
<b>Business &amp; Other Ratios</b>					
Low-cost deposit mix	41.2	43.7	(251)	42.1	(93)
Cost-income ratio	50.4	61.9	(1,157)	54.7	(433)
Non int. inc / total income	23.7	6.9	1,677	25.7	(202)
Credit deposit ratio	71.4	69.6	181	72.3	(93)
CAR	14.6	13.4	113	14.7	(12)
Tier-I	12.0	11.2	82	12.1	(9)

Source: Company, PL

## Q1FY24 Concall Highlights

### Asset & Liabilities Strategy & Outlook

- **Indian economy continued to remain resilient**, as immediate concerns of global uncertainty have subsided. Although recent downgrade of US debt by Fitch could create some volatility in the markets, Indian economy is expected to do well backed by robust domestic dynamics. Credit growth continues to be in double digits and broad based. Management expects credit demand growth to be ~14-15% for FY24.
- **Corporate book grew 12.4% YoY** driven by renewables, roads, infrastructure and well rated NBFCs. Management expects growth to come from steel and other entities as well in near future. Bank currently has corporate pipeline of ~Rs3.5trn out of which ~Rs1.2trn is already sanctioned. About ~Rs2.7trn is from private sector and balance from public sector. Management expects healthy corporate demand will lead to higher MSME and retail growth as well.
- **Xpress credit book grew by 2.2% QoQ/19.8% YoY**, bank lends only to corporate salaried customers with ~94% employed in armed forces, government organizations, PSUs etc. Management believes quality of book is strong and expects it to grow further during festive season where some blip could be seen.
- **International book de-grew by 1.9% QoQ**, management said that it has maintained a pause in book growth due to challenges in global markets. It will maintain its cautious approach and would be very selective. Further, India linked loans included certain oil companies which did not avail revolving lines provided to them.
- **On deposits front**, YoY growth was driven by current account and term deposits. Management said that, earlier 55% of current deposits used to come from government sources which is not available now. Hence, focus is now on gathering CA deposits from trade, industry, trusts etc.
- **CAR stood at 14.56% with Tier 1 at 12.0%**. Current CAR could support growth of Rs7trn. Bank has excess SLR to the tune of Rs4trn.
- 63% of savings account and 35% of retail assets have been sourced digitally in Q1. YONO has been looked as a distribution channel which blended with analytics to assess customer behavior, profiling and targeting a particular segment.

### NIMs/Opex

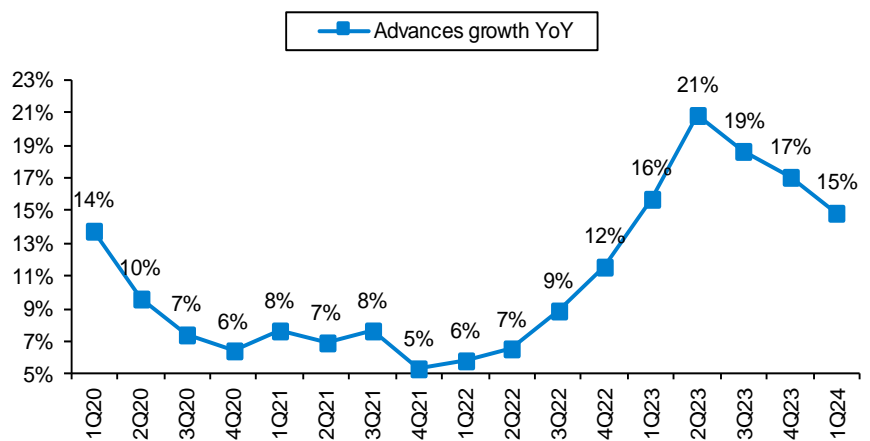
- **In Q1FY24, NIM stood at 3.2% vs 3.34% in Q4FY23**. NII grew 24.7% YoY on the back of improvement in yields and credit offtake. Bank has raised TD rates in certain deposit buckets, which led to increase in cost of funds. Management expects cost of deposit to remain stable in near term. It guided to maintain NIMs of FY23 levels in FY24.
- ~75% of book was floating rate and ~24% was fixed rate. Average tenor of MCLR book would be 6months.

- **Non-interest income grew 421% YoY** led by MTM write back and gains in derivatives. Loan processing charges were lower last year due to market dynamics. Bank believes this is a temporary situation and situation would reverse in near term.
- **C/I ratio declined to 50.4% in Q1FY24 from 54.7% in Q4FY23** led by provisions made towards wage revisions at the rate of Rs5bn per month starting from Nov'22. Digital sourcing would be a lever to improve C/I ratio along with higher productivity. 60% of total employee are under defined contribution plan and 40% under defined benefit plan.
- **Bank Network:** Bank targets to open ~300 branches in FY24 depending upon the potential of new branches. Focus would to deepen customer relationship by utilizing existing branches.

### Asset Quality

- **GNPA/NNPA stood at 2.76%/0.71%** in Q1FY24 which is lowest in 10years for the bank. PCR stood at 74.8% for the corresponding period.
- **In Q1FY24, slippages ratio stood at 0.94%** and credit costs too improved by 29bps YoY at 0.32%. Breakup of slippages: Retail & PL- Rs24bn, Agriculture- Rs23bn, SME- Rs24bn. Bank has already recovered ~Rs7bn from retail, Rs.3bn from agri and Rs6bn from SME in July.
- **OTR book at Rs226.6bn** is stable and behaving well with SMA 1 and 2 book at ~11%. 30% of the book OTR has already been provided and helped in insulating book from potential threats.

**Exhibit 2: Advances growth declined to 14.9% YoY**



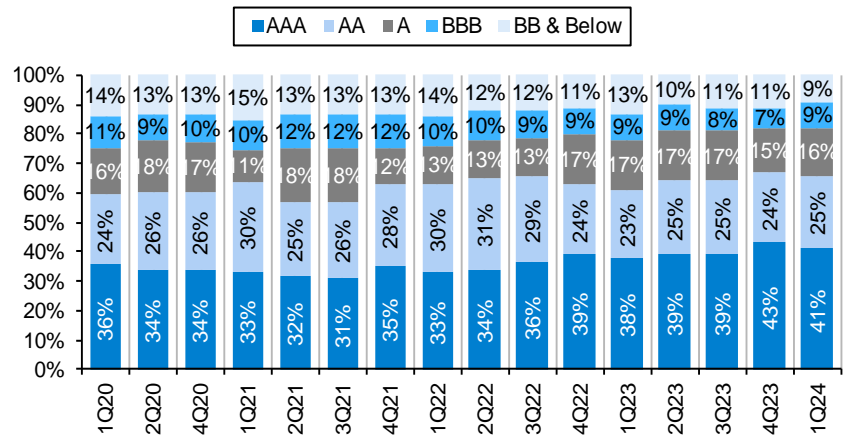
Source: Company, PL

**Exhibit 3: Sequential growth of 4.3% led by corporate and retail**

Loan break up (Rs bn)	Q1FY24	Q1FY23	YoY gr. (%)	Q4FY23	QoQ gr. (%)
<b>Gross Advances</b>	<b>33,037</b>	<b>29,006</b>	<b>13.9</b>	<b>32,692</b>	<b>1.1</b>
Large Corporates	9,822	8,740	12.4	9,798	0.2
SME	3,699	3,128	18.3	3,597	2.8
Agri	2,641	2,299	14.8	2,586	2.1
International	4,833	4,498	7.4	4,924	(1.9)
Retail	12,043	10,341	16.5	11,792	2.1
Home	6,525	5,751	13.5	6,407	1.9
Auto	1,009	820	23.0	975	3.4
Other Retail	4,509	3770	19.6	4,409	2.3

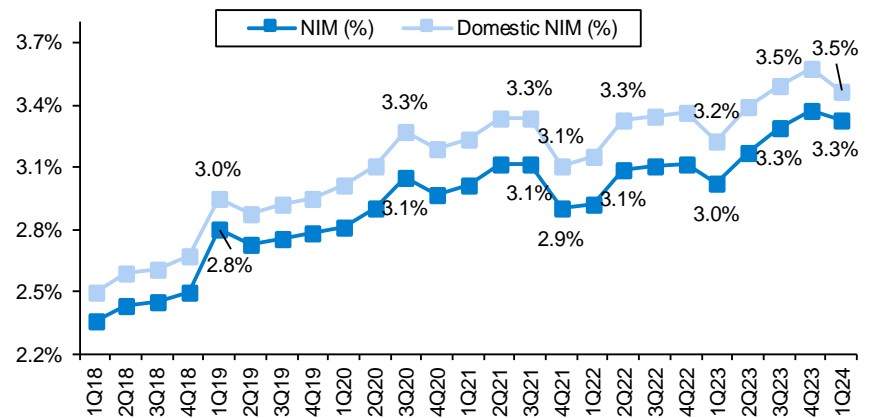
Source: Company, PL

**Exhibit 4: Rating distribution decline with AAA & AA book 66%**



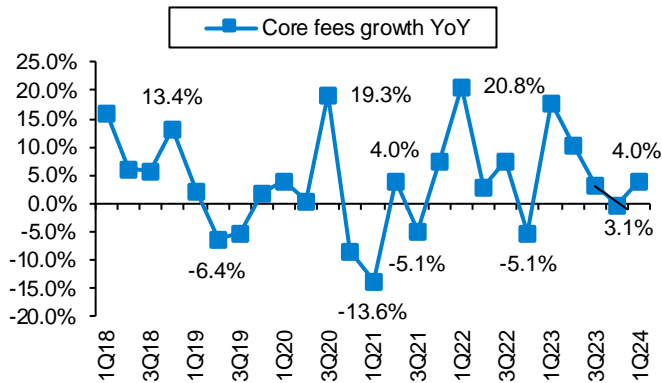
Source: PL, Company

**Exhibit 5: Domestic NIM at 3.5% declines as CoF hike was faster**



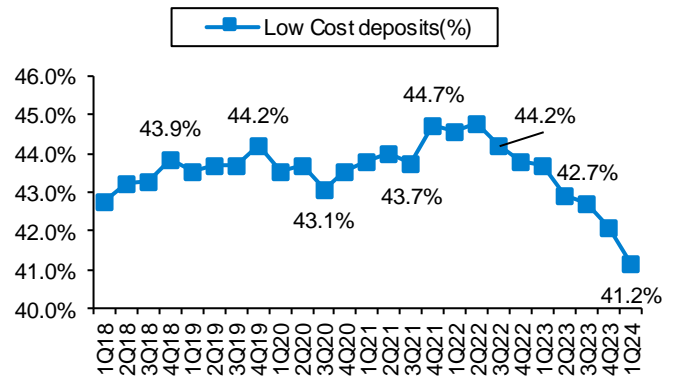
Source: Company, PL

**Exhibit 6: Core fees grew 4%YoY; decline 17.2%QoQ**



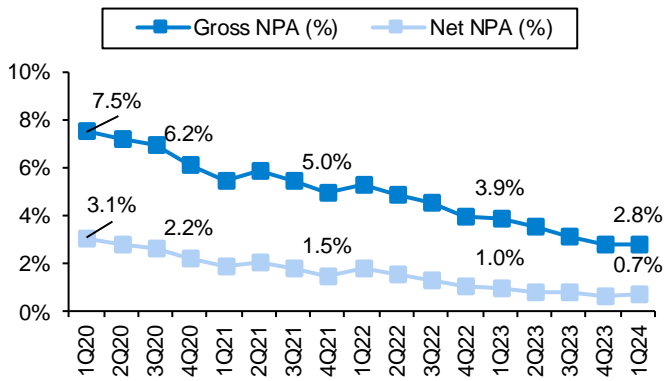
Source: Company, PL

**Exhibit 7: CASA ratio declines to 41.2% as TD grew faster**



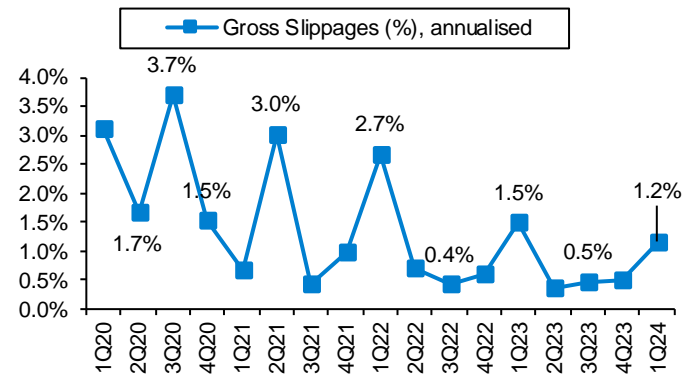
Source: Company, PL

**Exhibit 8: GNPA/NNPA was largely stable at 2.8%/0.7%**



Source: Company, PL

**Exhibit 9: Gross slippage increases to 1.2%**



Source: Company, PL

**Exhibit 10: Slippages came in at Rs79bn; while overall stress book is quite manageable at sub <1.5%**

(Rs mn)	1Q21	2Q21	3Q21	4Q21	1Q22	2Q22	3Q22	4Q22	1Q23	2Q23	3Q23	4Q23	1Q24
Additions	39,100	30,850	2,870	220,500	162,980	42,920	25,790	36,060	101,150	23,990	32,090	34,580	78,720
Slippages (%) - annualized	0.67%	0.54%	0.05%	3.72%	2.66%	0.71%	0.42%	0.56%	1.65%	0.39%	0.47%	0.51%	1.15%
Upgradation + Recovery	36,080	40,380	56,570	43,290	49,690	74,070	23,060	67,560	52,080	52,070	16,430	42,000	36,070
Write offs	1,97,330	28,450	32,490	85,760	34,590	72,020	41,870	48,554	36,587	36,596	100,236	66,767	38,649
Gross NPAs	12,96,580	12,58,600	11,72,410	12,63,890	13,42,595	12,39,418	12,00,288	11,20,234	1,132,717	1,068,041	983,465	9,09,278	913,278
Gross NPA Ratio	5.44%	5.88%	5.44%	4.98%	5.32%	4.90%	4.51%	3.98%	3.91%	3.52%	3.14%	2.78%	2.76%
Net NPAs	4,27,036	3,64,507	2,90,317	368,097	4,31,525	3,71,186	3,45,397	2,79,657	282,579	235,722	234,843	2,14,666	229,954
Net NPA Ratio	1.86%	2.08%	1.81%	1.50%	1.77%	1.52%	1.34%	1.02%	1.00%	0.80%	0.77%	0.67%	0.71%
Provision Coverage Ratio	67.1%	66.0%	68.0%	70.9%	67.9%	70.1%	71.2%	75.0%	75.0%	77.9%	76.1%	76.4%	74.8%
SMA 1 & SMA 2	17,500	1,19,860	1,79,460	115,190	113,030	66,900	41,670	35,440	69,830	84,970	47,470	32,600	72,210
% of loans	0.09%	0.58%	0.84%	0.53%	0.52%	0.31%	0.18%	0.15%	0.25%	0.33%	0.18%	0.12%	0.26%
Restructuring/Resolution													
Standard			1,81,250	178,520	202,970	303,120	3,28,950	3,09,600	2,87,850	287,850	260,350	2,40,302	2,26,660
% of Loans			0.77%	0.73%	0.83%	1.24%	1.28%	1.13%	1.00%	0.98%	0.85%	0.75%	0.70%
Net Stressed assets (% of loans)	1.86%	2.08%	2.57%	2.23%	2.61%	2.76%	2.62%	2.16%	2.03%	1.77%	1.62%	1.42%	1.41%

Source: Company, PL

**Exhibit 11: Return ratios remain on track for sustained +15% ROE**

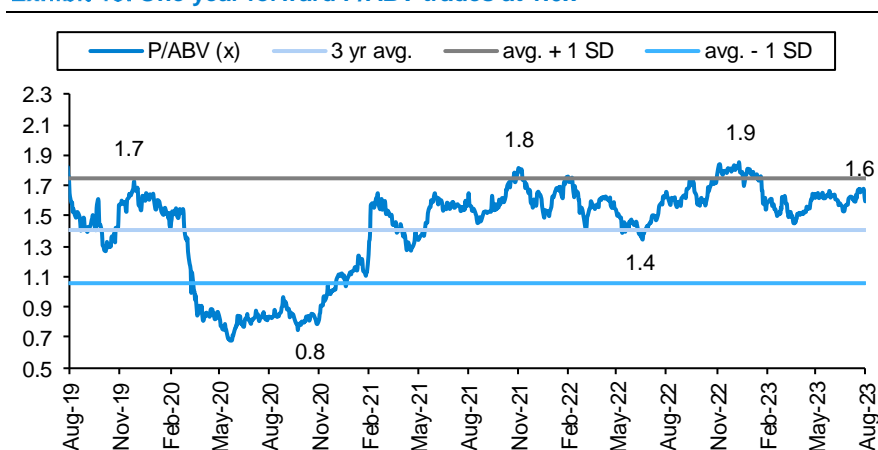
RoA decomposition (%)	FY18	FY19	FY20	FY21	FY22	FY23E	FY24E	FY25E
Net Interest Income/Assets	2.4	2.5	2.6	2.6	2.5	2.8	2.7	2.6
Other Income/Assets	1.5	1.0	1.2	1.0	0.9	0.7	0.7	0.7
<b>Net revenues/Assets</b>	<b>3.9</b>	<b>3.5</b>	<b>3.8</b>	<b>3.6</b>	<b>3.4</b>	<b>3.5</b>	<b>3.4</b>	<b>3.3</b>
Operating Expense/Assets	1.9	2.0	2.0	1.9	2.0	1.9	2.0	1.9
Provisions/Assets	2.4	1.5	1.1	1.0	0.5	0.3	0.2	0.3
Taxes/Assets	-0.3	0.0	0.3	0.2	0.2	0.3	0.3	0.3
<b>ROA</b>	<b>-0.2</b>	<b>0.0</b>	<b>0.4</b>	<b>0.5</b>	<b>0.7</b>	<b>1.0</b>	<b>0.9</b>	<b>0.9</b>
<b>ROE</b>	<b>-3.5</b>	<b>0.4</b>	<b>7.2</b>	<b>9.3</b>	<b>13.0</b>	<b>18.3</b>	<b>16.8</b>	<b>15.6</b>

Source: Company Data, PL Research

**Exhibit 12: SBIN's SOTP valuation at Rs770 with subs value at Rs191**

SOTP valuation, Mar-25	Stake (%)	Rs p.s.	% of total	Valuation	Method
<b>Standalone</b>	<b>100.0%</b>	<b>580</b>	<b>74.1</b>	<b>1.5</b>	<b>Mar'25 ABV</b>
SBI Life	55.5%	79	10.1	1.0	Mkt Cap
SBI Cards	69.0%	64	8.2	1.0	Mkt Cap
SBI MF	62.6%	31	4.0	30.0	on FY23 core PAT
Yes Bank	26.1%	14	1.8	1.0	Mkt Cap
SBI General Ins.	70.0%	4	0.6	30.0	of Mar'23 PAT
SBI Caps	100.0%	4	0.5	5.0	of Mar'23 PAT
UTI AMC	10.0%	5	0.7	17.4	on FY25 core PAT
<b>Total</b>		<b>782</b>			
Hold Co Discount		12			
<b>Target Price</b>		<b>770</b>			

Source: Company, PL

**Exhibit 13: One year forward P/ABV trades at 1.6x**


Source: Company, PL



**Income Statement (Rs. m)**

Y/e Mar	FY22	FY23	FY24E	FY25E
Int. Earned from Adv.	17,18,237	22,14,006	29,09,482	30,81,293
Int. Earned from invt.	8,48,772	9,59,283	10,34,199	11,20,736
Others	1,43,784	1,12,831	1,08,812	1,20,564
<b>Total Interest Income</b>	<b>27,54,573</b>	<b>33,21,031</b>	<b>40,92,735</b>	<b>43,61,615</b>
Interest Expenses	15,47,497	18,72,626	25,15,508	26,31,777
<b>Net Interest Income</b>	<b>12,07,076</b>	<b>14,48,405</b>	<b>15,77,227</b>	<b>17,29,837</b>
<i>Growth(%)</i>	4.6	12.5	9.8	9.9
Non Interest Income	4,05,639	3,66,156	4,14,268	4,58,117
<b>Net Total Income</b>	<b>16,12,715</b>	<b>18,14,561</b>	<b>19,91,495</b>	<b>21,87,954</b>
<i>Growth(%)</i>	2.4	16.7	22.2	6.9
Employee Expenses	5,75,620	5,72,918	7,07,770	7,59,848
Other Expenses	3,25,852	3,71,540	4,32,220	4,70,919
Operating Expenses	9,33,975	9,77,431	11,39,990	12,30,767
<b>Operating Profit</b>	<b>6,78,740</b>	<b>8,37,130</b>	<b>8,51,505</b>	<b>9,57,187</b>
<i>Growth(%)</i>	(5.1)	23.3	1.7	12.4
NPA Provision	1,41,430	91,903	93,187	1,24,020
<b>Total Provisions</b>	<b>2,44,521</b>	<b>1,65,073</b>	<b>1,15,013</b>	<b>1,76,624</b>
<b>PBT</b>	<b>4,34,219</b>	<b>6,77,956</b>	<b>7,36,492</b>	<b>7,80,563</b>
Tax Provision	1,17,459	1,69,732	1,86,247	1,96,702
<i>Effective tax rate (%)</i>	27.1	25.0	25.3	25.2
<b>PAT</b>	<b>2,54,371</b>	<b>5,08,224</b>	<b>5,50,245</b>	<b>5,83,861</b>
<i>Growth(%)</i>	62.4	99.8	8.3	6.1

**Balance Sheet (Rs. m)**

Y/e Mar	FY22	FY23	FY24E	FY25E
Face value	1	1	1	1
No. of equity shares	8,925	8,925	8,925	8,925
Equity	8,925	8,925	8,925	8,925
<b>Networth</b>	<b>28,00,881</b>	<b>32,76,084</b>	<b>38,25,818</b>	<b>42,17,392</b>
<i>Growth(%)</i>	10.3	17.0	16.8	10.2
Adj. Networth to NNPA's	2,79,657	2,14,666	1,96,607	1,98,242
Deposits	4,05,15,341	4,42,37,778	4,95,30,906	5,60,16,210
<i>Growth(%)</i>	10.1	9.2	12.0	13.1
CASA Deposits	1,80,35,806	1,88,74,486	1,98,57,764	2,27,39,191
<i>% of total deposits</i>	44.5	42.7	40.1	40.6
<b>Total Liabilities</b>	<b>4,98,75,974</b>	<b>5,51,69,785</b>	<b>6,14,02,881</b>	<b>6,92,85,822</b>
Net Advances	2,73,39,666	3,19,92,693	3,61,57,561	4,08,74,776
<i>Growth(%)</i>	11.6	17.0	13.0	13.0
Investments	1,48,14,455	1,57,03,662	1,73,35,817	1,94,09,617
<b>Total Assets</b>	<b>4,98,75,974</b>	<b>5,51,69,785</b>	<b>6,14,02,881</b>	<b>6,92,85,822</b>
<i>Growth (%)</i>	10.0	10.6	11.3	12.8

**Asset Quality**

Y/e Mar	FY22	FY23	FY24E	FY25E
Gross NPAs (Rs m)	11,20,234	9,09,278	7,85,778	7,95,290
Net NPAs (Rs m)	2,79,657	2,14,666	1,96,607	1,98,242
<i>Gr. NPAs to Gross Adv.(%)</i>	4.0	2.8	2.1	1.9
<i>Net NPAs to Net Adv. (%)</i>	1.0	0.7	0.5	0.5
<i>NPA Coverage %</i>	75.0	76.4	75.0	75.1

**Profitability (%)**

Y/e Mar	FY22	FY23	FY24E	FY25E
NIM	2.8	3.0	2.9	2.9
RoAA	0.7	1.0	0.9	0.9
RoAE	13.0	18.3	16.8	15.6
Tier I	11.4	12.1	12.4	12.5
CRAR	13.8	14.7	14.7	14.7

Source: Company Data, PL Research

**Quarterly Financials (Rs. m)**

Y/e Mar	Q2FY23	Q3FY23	Q4FY23	Q1FY24
Interest Income	7,98,596	8,66,160	9,29,511	9,59,755
Interest Expenses	4,46,762	4,85,474	5,25,586	5,70,705
<b>Net Interest Income</b>	<b>3,51,834</b>	<b>3,80,686</b>	<b>4,03,925</b>	<b>3,89,050</b>
<i>YoY growth (%)</i>	20.2	24.1	29.5	24.7
CEB	59,420	59,280	80,030	66,250
Treasury	-	-	-	-
Non Interest Income	88,743	1,14,677	1,39,614	1,20,634
<b>Total Income</b>	<b>8,87,339</b>	<b>9,80,838</b>	<b>10,69,125</b>	<b>10,80,388</b>
Employee Expenses	1,28,674	1,47,567	1,76,164	1,66,007
Other expenses	1,00,703	95,604	1,21,164	90,707
Operating Expenses	2,29,377	2,43,171	2,97,328	2,56,714
<b>Operating Profit</b>	<b>2,11,200</b>	<b>2,52,193</b>	<b>2,46,211</b>	<b>2,52,969</b>
<i>YoY growth (%)</i>	30.7	36.2	24.9	98.4
Core Operating Profits	2,06,630	2,22,813	2,28,211	2,14,499
NPA Provision	20,109	15,865	12,780	26,520
Others Provisions	30,387	57,606	33,157	25,013
<b>Total Provisions</b>	<b>30,387</b>	<b>57,606</b>	<b>33,157</b>	<b>25,013</b>
<b>Profit Before Tax</b>	<b>1,80,814</b>	<b>1,94,587</b>	<b>2,13,054</b>	<b>2,27,956</b>
Tax	48,168	52,530	46,109	59,113
<b>PAT</b>	<b>1,32,645</b>	<b>1,42,057</b>	<b>1,66,945</b>	<b>1,68,843</b>
<i>YoY growth (%)</i>	(11.8)	68.5	83.2	178.2
<b>Deposits</b>	<b>4,19,02,549</b>	<b>4,21,35,571</b>	<b>4,42,37,778</b>	<b>4,53,12,367</b>
<i>YoY growth (%)</i>	10.0	9.5	9.2	12.0
<b>Advances</b>	<b>2,95,12,875</b>	<b>3,05,81,770</b>	<b>3,19,92,693</b>	<b>3,23,50,227</b>
<i>YoY growth (%)</i>	20.8	18.6	17.0	14.9

**Key Ratios**

Y/e Mar	FY22	FY23	FY24E	FY25E
CMP (Rs)	573	573	573	573
EPS (Rs)	35.5	56.9	61.7	65.4
Book Value (Rs)	288	336	398	441
Adj. BV (70%)(Rs)	256	312	376	419
P/E (x)	16.2	10.1	9.3	8.8
P/BV (x)	2.0	1.7	1.4	1.3
P/ABV (x)	2.2	1.8	1.5	1.4
DPS (Rs)	7.1	11.3	10.5	11.1
<i>Dividend Payout Ratio (%)</i>	20.0	19.8	17.0	17.0
<i>Dividend Yield (%)</i>	1.2	2.0	1.8	1.9

**Efficiency**

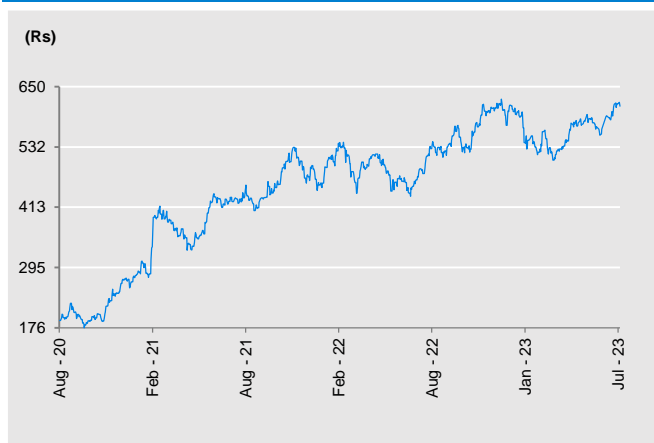
Y/e Mar	FY22	FY23	FY24E	FY25E
<i>Cost-Income Ratio (%)</i>	57.9	53.9	57.2	56.3
<i>C-D Ratio (%)</i>	67.5	72.3	73.0	73.0
Business per Emp. (Rs m)	278	323	369	423
Profit per Emp. (Rs lacs)	10	22	24	26
Business per Branch (Rs m)	3,047	3,402	3,782	4,239
Profit per Branch (Rs m)	11	23	24	26

**Du-Pont**

Y/e Mar	FY22	FY23	FY24E	FY25E
NII	2.54	2.76	2.71	2.65
Total Income	3.39	3.45	3.42	3.35
Operating Expenses	1.96	1.86	1.96	1.88
PPoP	1.43	1.59	1.46	1.46
Total provisions	0.51	0.31	0.20	0.27
RoAA	0.67	0.97	0.94	0.89
RoAE	12.81	19.55	16.20	15.65

Source: Company Data, PL Research



**Price Chart**
**Recommendation History**


No.	Date	Rating	TP (Rs.)	Share Price (Rs.)
1	06-Jul-23	BUY	770	593
2	19-May-23	BUY	770	574
3	11-Apr-23	BUY	730	526
4	05-Feb-23	BUY	730	544
5	05-Jan-23	BUY	730	605
6	06-Nov-22	BUY	700	594
7	05-Oct-22	BUY	650	533
8	04-Oct-22	BUY	650	520
9	07-Aug-22	BUY	620	532

**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	1,170	977
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	430	427
16	Punjab National Bank	UR	-	47
17	State Bank of India	BUY	770	593
18	UTI Asset Management Company	BUY	900	814

**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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