

November 5, 2023

Q2FY24 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)	15,92,439	17,59,667	15,99,708	17,21,826
% Chng.	(0.5)	2.2		
Op. Profit (Rs m)	8,11,166	9,33,723	8,73,014	9,50,994
% Chng.	(7.1)	(1.8)		
EPS (Rs.)	63.2	65.2	63.5	64.9
% Chng.	(0.4)	0.4		

Key Financials - Standalone

Y/e Mar	FY23	FY24E	FY25E	FY26E
NII (Rs bn)	1,448	1,592	1,760	1,976
Op. Profit (Rs bn)	837	811	934	1,066
PAT (Rs bn)	508	564	582	671
EPS (Rs.)	56.9	63.2	65.2	75.2
Gr. (%)	60.4	11.0	3.1	15.3
DPS (Rs.)	11.3	10.7	11.1	12.8
Yield (%)	2.0	1.9	1.9	2.2
NIM (%)	3.0	3.0	2.9	2.9
RoAE (%)	18.3	17.2	15.5	15.9
RoAA (%)	1.0	1.0	0.9	0.9
P/BV (x)	1.7	1.4	1.3	1.1
P/ABV (x)	1.9	1.5	1.4	1.2
PE (x)	10.2	9.1	8.9	7.7
CAR (%)	14.7	15.0	14.9	14.8

Key Data

SBI.BO | SBIN IN

52-W High / Low	Rs.630 / Rs.499
Sensex / Nifty	64,364 / 19,231
Market Cap	Rs.5,160bn / \$ 61,953m
Shares Outstanding	8,925m
3M Avg. Daily Value	Rs.9948.54m

Shareholding Pattern (%)

Promoter's	57.49
Foreign	10.72
Domestic Institution	24.36
Public & Others	7.43
Promoter Pledge (Rs bn)	-

Stock Performance (%)

	1M	6M	12M
Absolute	(4.1)	1.3	(1.2)
Relative	(2.4)	(3.7)	(6.6)

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One time opex drag offset by lower provisions

Quick Pointers:

- Core PPOp miss of 12.6% led by jump in opex by 20% QoQ (PLe 11.6%).
- Headroom on LDR to cushion NIM when interest rates fall.

SBI reported a mixed quarter. While NII and loan growth were a bit better, core PPOp missed PLe by 12.6% due to one-time impact of wage revision that was offset by lower provisions (write-back in other provisions). Hence, core PAT beat PLe by 1.4%. Loan growth for FY24E is guided at 12-14% with retail/SME being key drivers. As per bank, credit quality in unsecured loans is strong since (1) 82% of customers are working with armed forces or Govt. and (2) GNPA ratio is low at 0.7%. NIM performance for SBI was superior to peers as decline in domestic NIM was lesser at 4bps QoQ. Bank sees limited NIM compression in H2FY24 which would be neutralized by better LDR (currently 71.3%). On capital SBI is targeting reach CAR/CET-1 of 15%/11% by FY24 mainly by plough back of profits (no fund raise). We roll forward to Sep'25 ABV but maintain multiple at 1.5x and SOTP based TP at Rs770. Retain 'BUY'.

- Core PPOp miss due to opex drag that was offset by lower provisions:** NII was a tad higher at Rs395bn (PLe Rs391bn). Loan accretion was 13.3% YoY (PLe 12.9%) while deposit growth was 11.9% YoY (PLe 11.2%). NIM as expected was 3.1% with lower loan yields (8.9%) and funding cost (5.0%). Other income more at Rs108bn (PLe Rs89bn) due to treasury of Rs20.2bn; fees were a miss. Opex jumped by 20% QoQ to Rs309bn (PLe Rs286bn) due to both, higher staff cost and other expenses. PPOp was mainly in-line at Rs194bn while core PPOp at Rs155bn missed PLe by 12.6%. Asset quality was bit better; GNPA/NNPA was 3/2bps lower at 2.55%/0.64% owing to lesser net slippages. Higher opex was offset by negligible provisions at Rs1.15bn (PLe Rs27bn) due to utilization of std. and other provisions. PAT was a beat at Rs169bn (PLe 148bn). Core PAT at Rs153bn was 1.4% above PLe.
- Loan growth led by overseas, retail, SME and agri:** Loan offtake QoQ was led by overseas (+9.1%), SME (+5.2%), retail (+3.3%) and agri 3.7%. Retail growth was broad based with continued momentum in Xpress credit. Bank is not concerned with credit quality in Xpress loans as (1) 82% of customers are employed with armed forces or Govt. while 12% are working with reputed corporates and (2) GNPA level in Xpress credit is low at 0.69%. Aim is to grow SME book to Rs4trn by FY24 end driven by infrastructure, LMS, algorithm based pre-approved business loans etc. On corporate, bank has a pipeline of ~Rs3.4trn out of which ~Rs1.4trn is sanctioned. Management is witnessing higher traction in unavailed loans and higher utilization of WC which should translate to 10-12% loan growth.
- NIM to hinge on LDR; opex drag led by further wage revision:** Domestic NIM (reported) declined by 4bps QoQ due to catch up of deposit cost. Bank suggested that NIM could further decline 3-5bps which would be offset by increasing LDR (currently 71.3%). We see LDR to inch up to ~74% by FY26E. Opex was a miss as SBI provided Rs34bn (one-time) for wage revision basis 14% (earlier 12%) w.e.f. Nov'22. On capital, aim is to enhance CAR to 15.3% (now 14.28%) by FY24 end, via ploughing back profits that would translate to CET-1 of 11%+ (currently ~10%).

Exhibit 1: PAT beat at Rs143bn led by higher other income and low provision

*NII was higher at 5.6%QoQ/
26.9%YoY led by higher loan growth.*

*Other income increased led by higher
fee income.*

*Opex grew 34.6%YoY due to higher
staff cost and other opex.*

Provisions were lower at Rs1.15bn

*Credit growth increased at 13.3%
YoY while deposit growth was at 12%
YoY.*

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

*GNPA/NNPA was improved at
2.5%/0.6% led lower slippages and
higher recoveries*

*CASA declined sequentially by
268bps YoY/96bps QoQ at 40.2%*

Financial Statement (Rs m)	Q2FY24	Q2FY23	YoY gr. (%)	Q1FY23	QoQ gr. (%)
Interest income	1,013,788	798,596	26.9	959,755	5.6
Interest Expenses	618,788	446,762	38.5	570,705	8.4
Net interest income (NII)	395,000	351,834	12.3	389,050	1.5
- Treasury income	20,210	4,570	342.2	38,470	(47.5)
Other income	107,906	88,743	21.6	120,634	(10.6)
Total income	502,906	440,577	14.1	509,683	(1.3)
Operating expenses	308,740	229,377	34.6	256,714	20.3
-Staff expenses	189,264	128,674	47.1	166,007	14.0
-Other expenses	119,476	100,703	18.6	90,707	31.7
Operating profit	194,166	211,200	(8.1)	252,969	(23.2)
Core operating profit	173,956	206,630	(15.8)	214,499	(18.9)
Total provisions	1,153	30,387	(96.2)	25,013	(95.4)
Profit before tax	193,013	180,814	6.7	227,956	(15.3)
Tax	49,713	48,168	3.2	59,113	(15.9)
Profit after tax	143,300	132,645	8.0	168,843	(15.1)
Adjusted Profit	113,925	126,589	(10.0)	130,680	(12.8)
Balance Sheet (Rs bn)					
Deposits	46,892,185	41,902,549	11.9	45,312,367	3.5
Advances	33,451,673	29,512,875	13.3	32,350,227	3.4
Ratios (%)					
RoaA	1.0	1.1	(8)	1.3	(24)
NIM	3.3	3.2	12	3.3	(4)
Yield on Advances	8.9	7.8	116	8.9	5
Cost of Funds	5.0	4.0	100	4.8	19
Asset Quality					
Gross NPL (Rs m)	869,741	1,068,041	(18.6)	913,278	(4.8)
Net NPL (Rs m)	213,524	235,722	(9.4)	229,954	(7.1)
Gross NPL ratio	2.5	3.5	(97)	2.8	(21)
Net NPL ratio	0.6	0.8	(16)	0.7	(7)
Coverage ratio	75.4	77.9	(248)	74.8	63
Business & Other Ratios					
Low-cost deposit mix	40.2	42.9	(268)	41.2	(96)
Cost-income ratio	61.4	52.1	933	50.4	1,102
Non int. inc / total income	21.5	20.1	131	23.7	(221)
Credit deposit ratio	71.3	70.4	91	71.4	(6)
CAR	14.3	13.5	77	14.6	(28)
Tier-I	11.8	11.1	66	12.0	(19)

Source: Company, PL

Q2FY24 Concall Highlights

Asset & Liabilities Strategy & Outlook

- Global economy remained subdued led by uncertainty in policy rates, high debt stress and geopolitical tensions. Indian economy is expected to do well backed by buoyancy in services, consumer & business optimism and public spending. Credit growth is expected to pick up led by festive demands. Management expects credit demand growth to be ~16-17% for FY24.
- **Domestic advances grew by 13.21% YoY** majorly driven by offtake in SME portfolio, which grew 22.75% YoY. Aim would be to grow SME book to Rs4trn by FY24 driven by infrastructure, LMS and algorithm based pre-approved business loans etc. Management guided loan growth to be in the range of 12-14% in FY24. Efforts would be to grow ROA to ~1.2%.
- **Corporate book grew 6.62% YoY.** Bank currently has corporate pipeline of ~Rs3.4trn out of which ~Rs1.4trn is already sanctioned. Management has witnessed higher traction in the unavailed loans and utilization of working capital. Book is expected to further grow in the range of ~10-12%.
- **Xpress credit book grew by 3.1% QoQ/17.8% YoY,** bank lends only to corporate salaried customers with ~82% employed in armed forces, government organizations and ~12% employed with reputed corporates including PSUs. The quality of book remains strong and without any signs of stress.
- **International book grew by 9.1% QoQ.** Management said that it has maintained a cautious stance in this book due to challenges in global markets and would grow the book only in certain selected geographies like US, Middle East and Japan.
- **On deposits front,** 11.91% YoY growth was driven by current account and term deposits. Emphasis would be on increasing CASA deposits with higher focus on gathering CA deposits from trade and commerce industry. Bank also opened +4Mn SA accounts, 0.14Mn corporate salary accounts in Q2FY24.
- **Investments book grew by 8.2% QoQ,** led by increase in G-secs and SDLs. If rates in the market do not provide adequate risk to return reward, bank would park excess liquidity in SLR investments.
- **CAR stood at 14.28% with Tier 1 at 12.1%.** Aim would be on increasing CAR to ~15.32% on the back of increasing Tier 1 capital to +11% by FY24. Incremental CRAR would be through plowing back of the profits.
- **Breakup of loan book:** MCLR – 38%, Fixed – 31%, EBLR – 27%, Others (including T-bill) – 4%.

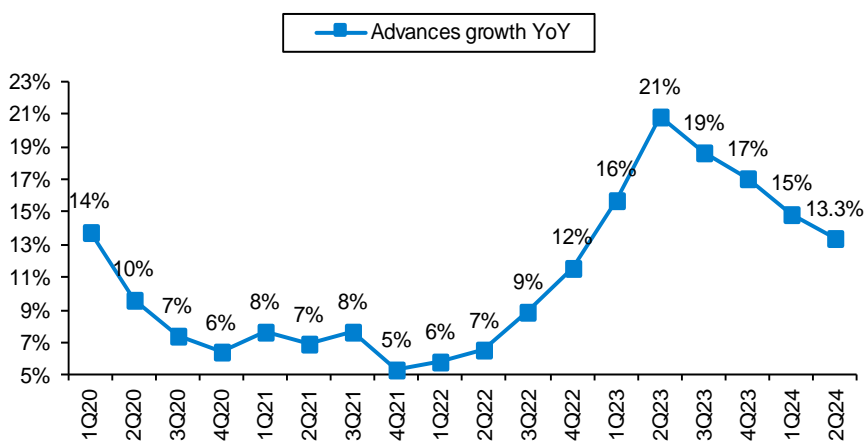
NIMs/Opex

- In Q2FY24, NIM stood at 3.43% vs 3.7% in Q1FY24** led by increase in CoF. NII grew 12.27% YoY on the back of improvement in yields and credit offtake. Management guided to maintain NIMs of FY23 levels in FY24 although may witness compression of 3-5bps led by cost of deposits which would be offset by increment in LDR.
- Opex grew by 20.27% QoQ** majorly led by increase in provisions towards wage revisions. Bank increased the rate of wage revision from 10% to 14% with back dated effect from Nov'22.
- In Q2FY24, 61% of savings account were opened via YONO**, there is increasing traction in cross-selling business through YONO which led to Rs1.9bn of fee income.

Asset Quality

- GNPA/NNPA stood at 2.55%/0.64%** in Q2FY24 which is lowest in 10years for the bank. There was reversal on provisions to the tune of R2bn in standard assets and other provisions as the accounts deemed to be under stress by bank showed steady signs. PCR stood at 75.45% for the corresponding period.
- NPAs for SME segment stood at 4.41% in Q2FY24 vs 6.03% in Q2FY23**, bank is comfortable with asset quality of the book and focus would be on decreasing NPAs in the SME book to ~3-3.5%.
- In Q2FY24, slippages ratio stood at 0.70%** and credit costs too improved by 6bps YoY at 0.22%. OTR book at Rs208.5bn is stable and behaving well with SMA 1 and 2 book at ~10%.

Exhibit 2: Advances growth declined further to 13.3% YoY



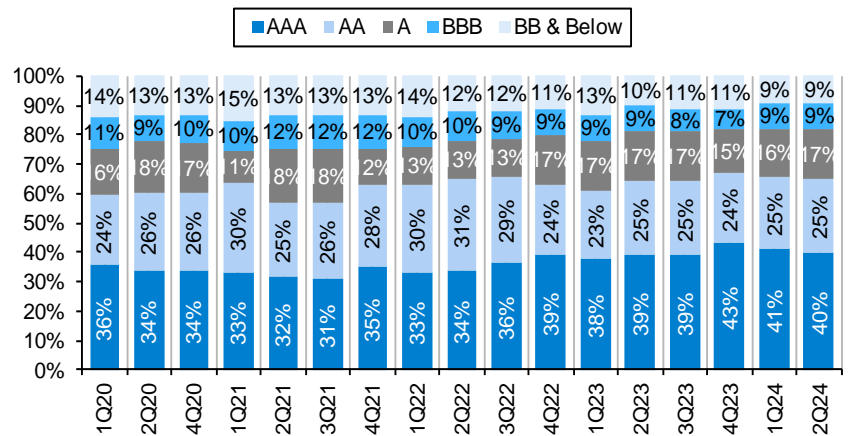
Source: Company, PL

Exhibit 3: Sequential growth of 3.3% led by SME(+5.2%) and retail(3.3%)

Loan break up (Rs bn)	Q2FY24	Q2FY23	YoY gr. (%)	Q1FY23	QoQ gr. (%)
Gross Advances	34,113	30,351	12.4	33,037	3.3
Large Corporates	9,777	9,170	6.6	9,822	(0.5)
SME	3,890	3,169	22.8	3,699	5.2
Agri	2,739	2,386	14.8	2,641	3.7
International	5,272	4,877	8.1	4,833	9.1
Retail	12,434	10,749	15.7	12,043	3.3
Home	6,723	5,943	13.1	6,525	3.0
Auto	1,049	872	20.2	1,009	4.0
Other Retail	4,663	3,934	18.5	4,509	3.4

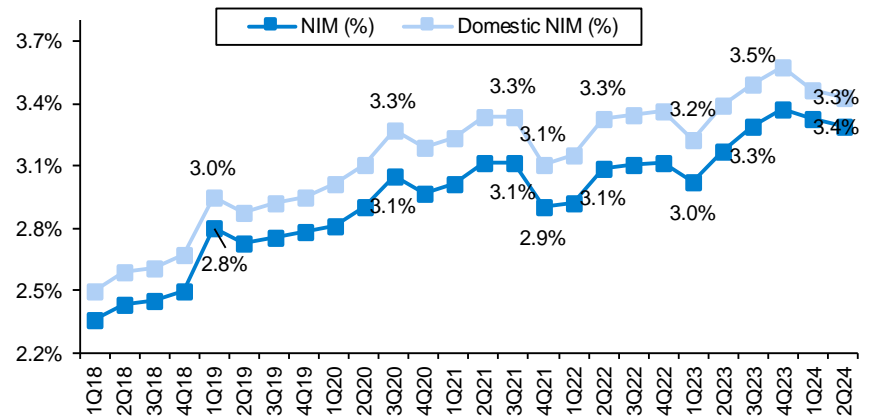
Source: Company, PL

Exhibit 4: Rating distribution decline with AAA & AA book 65%



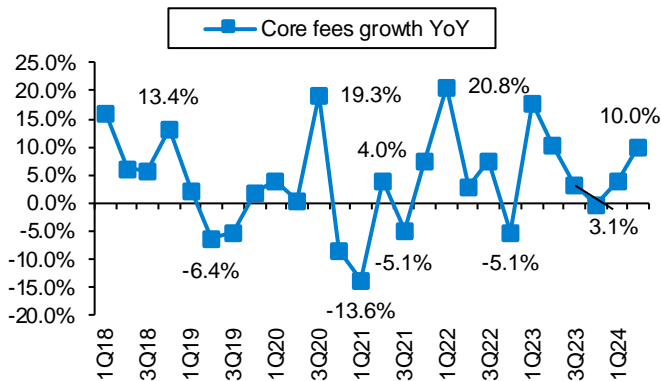
Source: PL, Company

Exhibit 5: Domestic NIM at 3.4% declines as CoF hike was faster



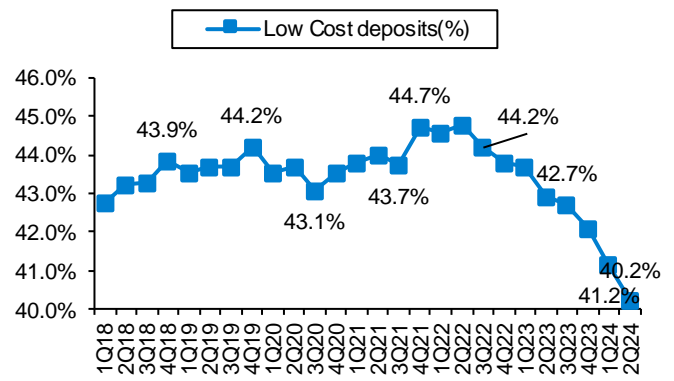
Source: Company, PL

Exhibit 6: Core fees grew 10%YoY; decline 1.3%QoQ



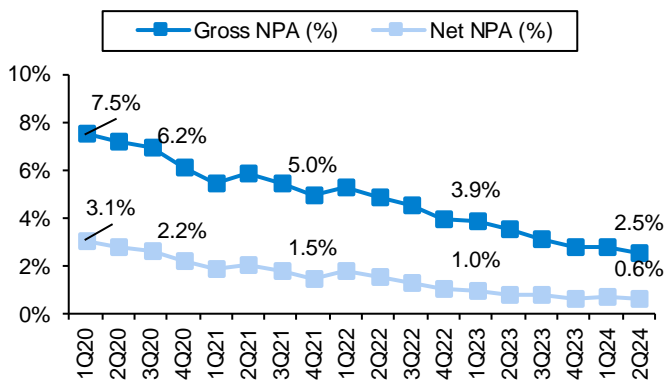
Source: Company, PL

Exhibit 7: CASA ratio declines to 40.2% as TD grew faster



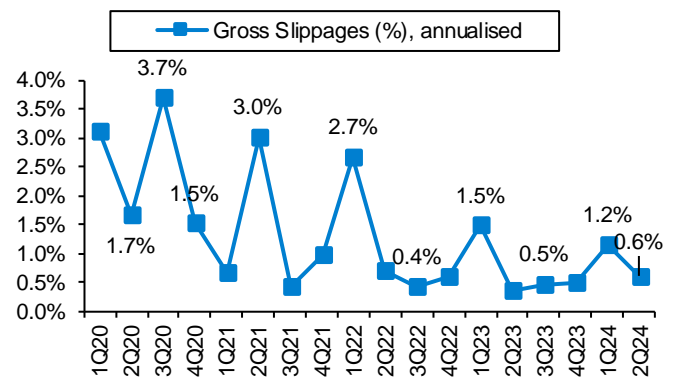
Source: Company, PL

Exhibit 8: GNPA/NNPA was largely stable at 2.5%/0.6%



Source: Company, PL

Exhibit 9: Gross slippage decreased to 0.6%



Source: Company, PL

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

(Rs mn)	2Q21	3Q21	4Q21	1Q22	2Q22	3Q22	4Q22	1Q23	2Q23	3Q23	4Q23	1Q24	2Q24
Additions	30,850	2,870	220,500	162,980	42,920	25,790	36,060	101,150	23,990	32,090	34,580	78,720	40,810
Slippages (%) - annualized	0.54%	0.05%	3.72%	2.66%	0.71%	0.42%	0.56%	1.65%	0.39%	0.47%	0.51%	1.15%	0.60%
Upgradation + Recovery	40,380	56,570	43,290	49,690	74,070	23,060	67,560	52,080	52,070	16,430	42,000	36,070	40,150
Write offs	28,450	32,490	85,760	34,590	72,020	41,870	48,554	36,587	36,596	100,236	66,767	38,649	44,198
Gross NPAs	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	869,741
Gross NPA Ratio	5.88%	5.44%	4.98%	5.32%	4.90%	4.51%	3.98%	3.91%	3.52%	3.14%	2.78%	2.76%	2.55%
Net NPAs	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	213,524
Net NPA Ratio	2.08%	1.81%	1.50%	1.77%	1.52%	1.34%	1.02%	1.00%	0.80%	0.77%	0.67%	0.71%	0.64%
Provision Coverage Ratio	66.0%	68.0%	70.9%	67.9%	70.1%	71.2%	75.0%	75.0%	77.9%	76.1%	76.4%	74.8%	75.4%
SMA 1 & SMA 2	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	39,640
% of loans	0.58%	0.84%	0.53%	0.52%	0.31%	0.18%	0.15%	0.25%	0.33%	0.18%	0.12%	0.26%	0.14%
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	2,60,350
% of Loans		0.77%	0.73%	0.83%	1.24%	1.28%	1.13%	1.00%	0.98%	0.85%	0.75%	0.70%	0.78%
Net Stressed assets (% of loans)	2.08%	2.57%	2.23%	2.61%	2.76%	2.62%	2.16%	2.03%	1.77%	1.62%	1.42%	1.41%	1.42%

Source: Company, PL

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

RoA decomposition (%)	FY19	FY20	FY21	FY22	FY23	FY24E	FY25E	FY26E
Net Interest Income/Assets	2.5	2.6	2.6	2.5	2.8	2.7	2.7	2.7
Other Income/Assets	1.0	1.2	1.0	0.9	0.7	0.7	0.7	0.7
Net revenues/Assets	3.5	3.8	3.6	3.4	3.5	3.4	3.4	3.4
Operating Expense/Assets	2.0	2.0	1.9	2.0	1.9	2.1	2.0	1.9
Provisions/Assets	1.5	1.1	1.0	0.5	0.3	0.1	0.2	0.2
Taxes/Assets	0.0	0.3	0.2	0.2	0.3	0.3	0.3	0.3
ROA	0.0	0.4	0.5	0.7	1.0	1.0	0.9	0.9
ROE	0.4	7.2	9.3	13.0	18.3	17.2	15.5	15.9

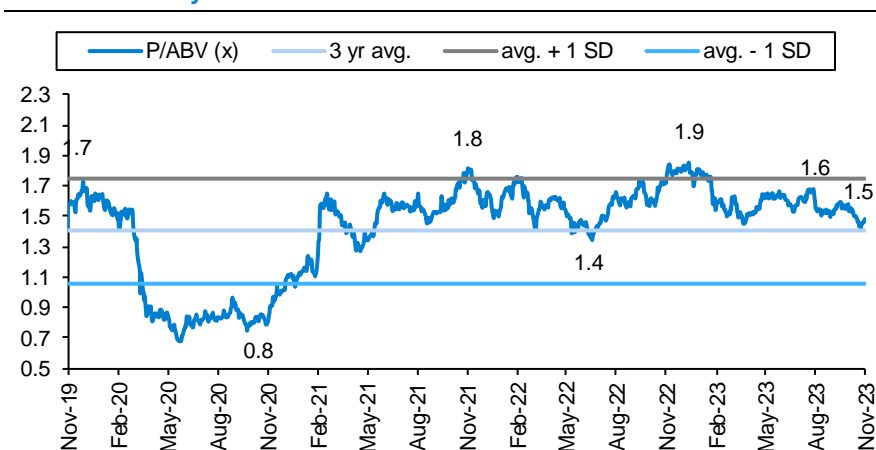
Source: Company Data, PL Research

Exhibit 12: SBI's SOTP valuation at Rs770 with subs value at Rs196

SOTP valuation, Mar-25	Stake (%)	Rs p.s.	% of total	Valuation	Method
Standalone	100.0%	585	74.9	1.4	Mar'25 ABV
SBI Life	55.5%	83	10.6	1.0	Mkt Cap
SBI Cards	69.0%	55	7.0	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	17.2	on FY25 core PAT
Total		781			
Hold Co Discount		11			
Target Price		770			

Source: Company, PL

Exhibit 13: One year forward P/ABV trades at 1.5x



Source: Company, PL

Income Statement (Rs. m)

Y/e Mar	FY23	FY24E	FY25E	FY26E
Int. Earned from Adv.	22,14,006	28,67,127	31,19,810	33,95,467
Int. Earned from invt.	9,59,283	10,64,356	11,43,501	12,34,030
Others	1,12,831	1,08,076	1,21,082	1,35,937
Total Interest Income	33,21,031	40,95,736	44,36,692	48,22,226
Interest Expenses	18,72,626	25,03,297	26,77,026	28,46,717
Net Interest Income	14,48,405	15,92,439	17,59,667	19,75,509
<i>Growth(%)</i>	12.5	10.7	10.8	11.7
Non Interest Income	3,66,156	4,16,909	4,67,443	5,12,846
Net Total Income	18,14,561	20,09,348	22,27,109	24,88,355
<i>Growth(%)</i>	16.7	22.4	8.7	8.8
Employee Expenses	5,72,918	7,56,813	8,12,500	8,88,883
Other Expenses	3,71,540	4,41,369	4,80,886	5,33,604
Operating Expenses	9,77,431	11,98,182	12,93,387	14,22,487
Operating Profit	8,37,130	8,11,166	9,33,723	10,65,868
<i>Growth(%)</i>	23.3	(3.1)	15.1	14.2
NPA Provision	91,903	80,970	1,15,162	1,20,172
Total Provisions	1,65,073	54,166	1,56,039	1,69,141
PBT	6,77,956	7,57,000	7,77,684	8,96,727
Tax Provision	1,69,732	1,92,834	1,95,976	2,25,975
<i>Effective tax rate (%)</i>	25.0	25.5	25.2	25.2
PAT	5,08,224	5,64,166	5,81,707	6,70,752
<i>Growth(%)</i>	99.8	11.0	3.1	15.3

Balance Sheet (Rs. m)

Y/e Mar	FY23	FY24E	FY25E	FY26E
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
Networth	32,76,084	38,44,296	42,27,159	47,83,883
<i>Growth(%)</i>	17.0	17.3	10.0	13.2
Adj. Networth to NNPA's	2,14,666	1,98,789	2,04,337	2,18,478
Deposits	4,42,37,778	4,97,35,297	5,57,77,761	6,25,13,377
<i>Growth(%)</i>	9.2	12.4	12.1	12.1
CASA Deposits	1,88,74,486	1,92,64,525	2,10,81,879	2,39,23,135
<i>% of total deposits</i>	42.7	38.7	37.8	38.3
Total Liabilities	5,51,69,785	6,16,44,885	6,90,18,607	7,73,99,422
Net Advances	3,19,92,693	3,61,57,561	4,08,74,776	4,61,88,492
<i>Growth(%)</i>	17.0	13.0	13.0	13.0
Investments	1,57,03,662	1,71,58,678	1,91,42,928	2,13,17,061
Total Assets	5,51,69,785	6,16,44,885	6,90,18,607	7,73,99,422
<i>Growth (%)</i>	10.6	11.7	12.0	12.1

Asset Quality

Y/e Mar	FY23	FY24E	FY25E	FY26E
Gross NPAs (Rs m)	9,09,278	7,95,741	8,18,079	8,75,140
Net NPAs (Rs m)	2,14,666	1,98,789	2,04,337	2,18,478
<i>Gr. NPAs to Gross Adv.(%)</i>	2.8	2.2	2.0	1.9
<i>Net NPAs to Net Adv. (%)</i>	0.7	0.5	0.5	0.5
<i>NPA Coverage %</i>	76.4	75.0	75.0	75.0

Profitability (%)

Y/e Mar	FY23	FY24E	FY25E	FY26E
NIM	3.0	3.0	2.9	2.9
RoAA	1.0	1.0	0.9	0.9
RoAE	18.3	17.2	15.5	15.9
Tier I	12.1	12.8	12.7	12.5
CRAR	14.7	15.0	14.9	14.8

Source: Company Data, PL Research

Quarterly Financials (Rs. m)

Y/e Mar	Q3FY23	Q4FY23	Q1FY24	Q2FY24
Interest Income	8,66,160	9,29,511	9,59,755	10,13,788
Interest Expenses	4,85,474	5,25,586	5,70,705	6,18,788
Net Interest Income	3,80,686	4,03,925	3,89,050	3,95,000
<i>YoY growth (%)</i>	24.1	29.5	24.7	12.3
CEB	59,280	80,030	66,250	65,360
Treasury	-	-	-	-
Non Interest Income	1,14,677	1,39,614	1,20,634	1,07,906
Total Income	9,80,838	10,69,125	10,80,388	11,21,694
Employee Expenses	1,47,567	1,76,164	1,66,007	1,89,264
Other expenses	95,604	1,21,164	90,707	1,19,476
Operating Expenses	2,43,171	2,97,328	2,56,714	3,08,740
Operating Profit	2,52,193	2,46,211	2,52,969	1,94,166
<i>YoY growth (%)</i>	36.2	24.9	98.4	(8.1)
Core Operating Profits	2,22,813	2,28,211	2,14,499	1,73,956
NPA Provision	15,865	12,780	26,520	18,150
Others Provisions	57,606	33,157	25,013	1,153
Total Provisions	57,606	33,157	25,013	1,153
Profit Before Tax	1,94,587	2,13,054	2,27,956	1,93,013
Tax	52,530	46,109	59,113	49,713
PAT	1,42,057	1,66,945	1,68,843	1,43,300
<i>YoY growth (%)</i>	68.5	83.2	178.2	8.0
Deposits	4,21,35,571	4,42,37,778	4,53,12,367	4,68,92,185
<i>YoY growth (%)</i>	9.5	9.2	12.0	11.9
Advances	3,05,81,770	3,19,92,693	3,23,50,227	3,34,51,673
<i>YoY growth (%)</i>	18.6	17.0	14.9	13.3

Key Ratios

Y/e Mar	FY23	FY24E	FY25E	FY26E
CMP (Rs)	578	578	578	578
EPS (Rs)	56.9	63.2	65.2	75.2
Book Value (Rs)	336	400	443	505
Adj. BV (70%)(Rs)	312	377	420	480
P/E (x)	10.2	9.1	8.9	7.7
P/BV (x)	1.7	1.4	1.3	1.1
P/ABV (x)	1.9	1.5	1.4	1.2
DPS (Rs)	11.3	10.7	11.1	12.8
<i>Dividend Payout Ratio (%)</i>	19.8	17.0	17.0	17.0
<i>Dividend Yield (%)</i>	2.0	1.9	1.9	2.2

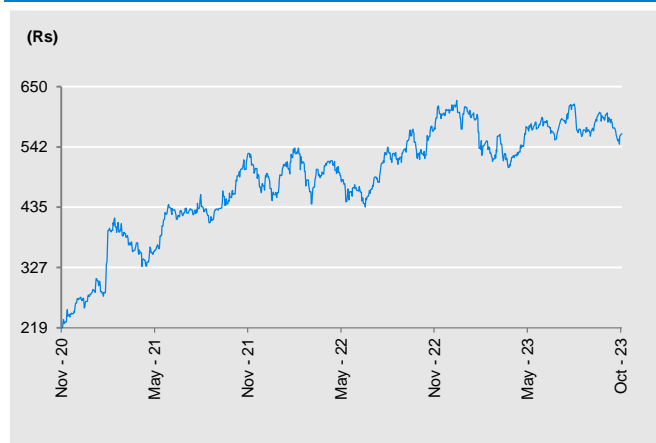
Efficiency

Y/e Mar	FY23	FY24E	FY25E	FY26E
<i>Cost-Income Ratio (%)</i>	53.9	59.6	58.1	57.2
<i>C-D Ratio (%)</i>	72.3	72.7	73.3	73.9
Business per Emp. (Rs m)	323	370	422	482
Profit per Emp. (Rs lacs)	22	24	25	30
Business per Branch (Rs m)	3,402	3,791	4,229	4,715
Profit per Branch (Rs m)	23	25	25	29

Du-Pont

Y/e Mar	FY23	FY24E	FY25E	FY26E
NII	2.76	2.73	2.69	2.70
Total Income	3.45	3.44	3.41	3.40
Operating Expenses	1.86	2.05	1.98	1.94
PPoP	1.59	1.39	1.43	1.46
Total provisions	0.31	0.09	0.24	0.23
RoAA	0.97	0.97	0.89	0.92
RoAE	17.93	15.36	14.75	15.28

Source: Company Data, PL Research

Price Chart
Recommendation History


No.	Date	Rating	TP (Rs.)	Share Price (Rs.)
1	07-Oct-23	BUY	770	594
2	05-Aug-23	BUY	770	573
3	06-Jul-23	BUY	770	593
4	19-May-23	BUY	770	574
5	11-Apr-23	BUY	730	526
6	05-Feb-23	BUY	730	544
7	05-Jan-23	BUY	730	605
8	06-Nov-22	BUY	700	594

Analyst Coverage Universe

Sr. No.	Company Name	Rating	TP (Rs)	Share Price (Rs)
1	AAVAS Financiers	Hold	1,560	1,726
2	Axis Bank	BUY	1,250	980
3	Bank of Baroda	BUY	235	215
4	Can Fin Homes	BUY	900	763
5	City Union Bank	Accumulate	160	129
6	DCB Bank	BUY	160	115
7	Federal Bank	BUY	180	149
8	HDFC Asset Management Company	BUY	3,000	2,757
9	HDFC Bank	BUY	2,025	1,530
10	ICICI Bank	BUY	1,280	933
11	IndusInd Bank	BUY	1,620	1,420
12	Kotak Mahindra Bank	BUY	2,250	1,770
13	LIC Housing Finance	Hold	460	449
14	State Bank of India	BUY	770	594
15	UTI Asset Management Company	BUY	900	787

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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