Aditya Birla Capital | BUY

Steady Quarter

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In 3QFY24, Aditya Birla Capital (ABCAP) reported a consol. PAT of INR7.4bn, up 39% YoY,4% QoQ. NBFC business reported a beat in NII of INR 14.6bn (+18% YoY, +8.1% QoQ, +2.5% JMFe) on the back of steady margins (+1bp QoQ) and healthy AUM growth of +5.4% QoQ (despite lower Paytm sourced disbursements). Opex grew +45% YoY, +22% QoQ on account of higher employee costs (+20% QoQ) and other expenses (+26% QoQ) leading to a lower growth in PPoP of INR 11.2bn (+33% YoY, +3.1% QoQ). Credit cost was down -12bps QoQ at 1.63% resulting in a PAT of INR 5.7bn. Mgmt guided to double its loan book in next 3 years while focusing more on retail and SME loans to contribute 75% of total book (vs c.67% currently). Additional capital infusion of INR 8bn (total 16bn out of INR 30n raised by the group) in ABFL led to CRAR of 16.7% (14.5% Tier-1). In housing business, AUM growth was strong at +7.1% QoQ while the margins declined -19bps QoQ leading to sequentially flat (+0.9% QoQ) NII of INR 2.1bn. Higher opex led PPoP to de-grow sequentially by -4.3% QoQ. However, provision write-back of INR 25mn led to a beat in PAT of INR 782mn (+29% YoY, +4.5% QoQ). ABSL AMC saw a total AAUM growth of +11% YoY as the share of equity AUM (+23%YoY) increased to 46% (vs 43% YoY). As of Dec'23, overall AAUM market share (ex ETF) stood at 7.1% (vs 7.9% YoY). ABSL AMC reported PBT of 34bps in 3QFY24 (2bps YoY) as other income improved 3bps over last year. ABSLI outperformed the overall industry in terms of individual APE growth of 8.2% YoY vs 7% for the industry on the back of healthy growth in new business policies sold (17% YoY 9MFY24). Net VNB was up 6.5% YoY to INR 3.45bn for 9MFY24 with net VNB margins up 5bps YoY to 15.6%. We believe NBFC business is now well placed with a strong focus on retailization. Company has also invested in digitization of major operations which will drive operating leverage for the consolidated business as a whole on the back of its One ABC focus. This is likely to augur cross selling opportunities while recent capital raise will play a vital role in tapping the growth going forward. We value ABCL on our SOTP-based valuation to derive a TP of INR 220.

- **ABFL – Largely in-line performance:** In 3QFY24, NBFC reported NII of INR 14.6bn (+18.1% YoY, +8.1% QoQ, +2.5% JMFe) on the back of healthy AUM growth of +5.4% QoQ while the margins remained flat QoQ (+1bp). Opex was elevated INR 5.3bn (+45% YoY, +22% QoQ) vs est INR 4.8bn on account of +20% QoQ growth in employee costs and +26% QoQ growth in other expenses which includes tech investments. PPoP came in at INR 11.2bn (+33% YoY, +3.1% QoQ). Provisions at INR 3.5mn (Credit costs at 1.63% of total AUM vs 1.75% QoQ) led to a PAT of INR 5.7bn (+41% YoY, +4.3% QoQ). Despite decline in sourcing from Paytm, AUM growth remained healthy during the quarter. Mgmt clarified that consumer loans sourced by Paytm accounts for less than 1% of total book. AUM growth was broadly driven by Secured businesses (+36% YoY, +9.9% QoQ) mainly from LAP (+50% YoY, 12% QoQ), LRD (+19% YoY, +9.9% QoQ) and LAS (+27% YoY, +9.9% QoQ). Unsecured business grew +38% YoY, 5.6% QoQ driven mainly by business loans (+41% YoY, +8.3% QoQ). Corporate loans grew +23.4% YoY, +2.4% QoQ. P&C loans growth was subdued at +1.4%QoQ, +53% YoY due to de-

Recommendation and Price Target	
Current Reco.	BUY
Previous Reco.	BUY
Current Price Target (12M)	220
Upside/(Downside)	31.9%
Previous Price Target	135
Change	63.0%

Key Data – ABCAP IN	
Current Market Price	INR167
Market cap (bn)	INR433.8/US$5.2
Free Float	29%
Shares in issue (mn)	776.4
Diluted share (mn)	
3-mon avg daily val (mn)	INR924.9/US$11.1
52-week range	199/134
Sensex/Nifty	71,645/21,697
INR/US$	83.0

Price Performance			
%	1M	6M	12M
Absolute	0.5	-14.9	22.3
Relative*	1.4	-21.1	1.9

* To the BSE Sensex

Aditya Birla Capital SOTP	Holding (%)	Valuation Methodology	Holding Company Discount	Value Per Share	Contribution to TP (%)
Aditya Birla Finance	100.0%	2.0x FY25E P/B	15%	123	56%
Aditya Birla Housing Finance	100.0%	2.0x FY25E P/B		24	11%
Aditya Birla SunLife Insurance	51.0%	1.8x FY25E P/EV	15%	37	17%
Aditya Birla SunLife AMC (listed)	50.0%	25x FY25E P/E	15%	30	14%
Aditya Birla Money (listed)	73.6%	Current Market Cap	15%	1	1%
Others (Health Insr, PE, Insurance Brokers)			15%	4	2%
Total (rounded off)				**220**	**100%**

Source: Company, JM Financial

growth in consumer loans. Mgmt guided to double its loan book in next 3 years while focusing more on retail and SME loans to contribute 75% of total book (vs c.67% currently). Corporate book is expected to grow slower than the overall book. Asset quality improved marginally as GS3/NS3 was both down -5bps QoQ at 2.59%/1.31%. For P&C and unsecured businesses, GS3 was up +20bps QoQ at 2.2% and 2.9% respectively while there was -10bps QoQ improvement in secured business and -20bps QoQ improvement in corporate loans. As 58% of the unsecured loans GS3 is secured by govt schemes, adjusting for it, GS3 for unsecured loans stands lower at 1.2%. PCR moved up +170bps QoQ to 50%. The company infused capital of INR 8bn in ABFL arm (a total of INR 16bn infused so far out of total INR 30bn raised by ABG) which led to CRAR of 16.7% (Tier-1 14.5%). While the mgmt. guided for CoFs to slightly move up in Q4, we believe the changing product mix will aid steady margins going forward. We forecast earnings CAGR of 38% and AUM CAGR of 29% over FY23-26E. We value ABFL at 2.0x FY25E PBV implying a value of INR 123.

- ABHFL – Provision write-back a positive surprise: In 3QFY24, AUM growth remained strong at +7.1% QoQ led by strong disbursements of INR 20.2bn (+45% YoY, +7.1% QoQ). The loan growth was broad based with construction finance (+19% QoQ/82% YoY), LAP (+27% YoY/+7.1% QoQ) and Affordable Housing (+24% YoY, +7.1% QoQ). Prime HL growth was also healthy (+20% YoY/3.9% QoQ). NIMs declined -19bps QoQ on account of higher competitive intensity which led to lower NII growth of (+0.9% QoQ, +29% YoY). Higher opex resulted in PPoP to de-grow sequentially by -4.3% QoQ while provision write-backs of INR 25mn led to a beat in PAT of INR 782mn (+29% YoY, +4.5% QoQ). Yields declined -25bps QoQ and CoFs moved up +5bps QoQ leading the margins to shrink -19bps QoQ. ~94% of disbursements during the quarter was to customers with CIBIL of >700 and NTC. Asset quality improved sequentially as stage.3 declined -45 bps QoQ and stage 2 declined -40bps QoQ. PCR on stage.3 remains strong at 34.3% (vs 33.9% QoQ). CRAR healthy at 19.1% (16.5% Tier-I). We value ABHFL at 2.0x FY25E PBV implying a value of INR 24.
- Aditya Birla Sun Life AMC – Other income elevates profitability: In 3QFY24, ABSL AMC saw total AAUM growth of 11%YoY as the share of equity AUM (+23%YoY) increased to 46% (vs 43% YoY). As of Dec'23, overall AAUM market share (ex ETF) stood at 7.1% (vs 7.9% YoY). The AMC witnessed 4% QoQ growth in SIP inflows (INR10.05bn for 3QFY24) as new SIP registrations grew 10% QoQ. Geographically, B-30 AUM has grown 25% YoY with their share in MAAUM up to 17.8% in Dec'23 vs 17.1% last year. Distribution wise, MFDs dominated equity AUM sourcing with a 54% share of the mix in 3QFY24, up 100bps YoY as the AMC added 6500+ new MFDs over 9MFY24. Cost-to-AAUM ratio remained steady YoY at 20bps (flat YoY). Overall, the AMC reported PBT of 34bps in 3QFY24 (2bps YoY) as other income improved 3bps over last year. We expect Birla SL AMC's overall MF AUM / PAT to clock a 15%/11% CAGR over FY24-25E.
- Aditya Birla Sun Life Insurance (ABSLI) - VNB margin inches-up: In 9MFY24, the insurer continued to outperform the overall industry in terms of individual APE growth of 8.2% YoY vs 7% for the industry on the back of healthy growth in new business policies sold (17% YoY 9MFY24). Group APE was down 2% (vs -14% for the industry). Market share in individual APE was down from 4.21% to 4.09% in 9MFY24 and it was down to 7.29% (from 8.32% YoY) for group new business premium. Product mix wise, traditional products continue to dominate the individual premium mix with a share of 81% in 9MFY24 vs 79% YoY and ULIP share has declined from 21% to 19% YoY. The share of protection however, increased to 5% (from 1%) in 9MFY24. Distribution mix continues to be in favor of partnerships - share of 62% of individual NBP in 9MFY24 vs 64% last year. Total expense ratios (incl commission) inched up to 19.7% in 9MFY24 vs 19% YoY. Persistency improved across cohorts – 13th mth up 1% YoY to 87%, 61st mth up 10% YoY to 62% for 12 month rolling. Net VNB was up 6.5% YoY to INR 3.45bn for 9MFY24 with net VNB margins up 5bps YoY to 15.6%.
- Maintain BUY with SOTP based TP of INR 220: We assign INR 123 per share for AB Finance, INR 24 per share for AB Housing Finance, INR 30 per share for 50% stake in the AMC business, INR 37 per share for 51% stake in life insurance, INR 1 for AB Money and INR 4 per share for other businesses - Aditya Birla Health Insurance, PE Advisors and insurance brokers. This entails a total valuation of INR 220 for ABCAP.

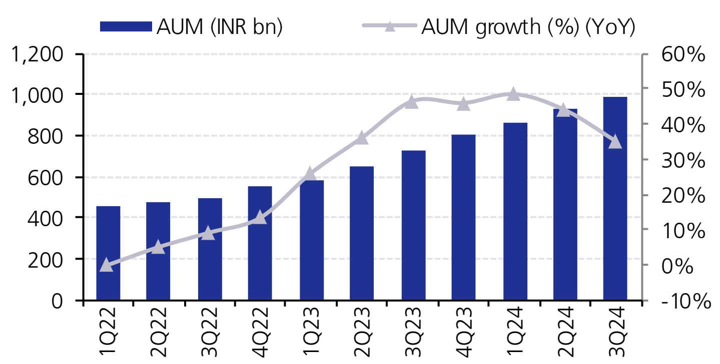
Aditya Birla Finance – 3QFY24 trends

Exhibit 1. ABFL - 3QFY24 Key Highlights

Earnings Table (INR mn)	3Q'23	2Q'24	3Q'24	YoY (%)	QoQ (%)
Net Interest Income	**12,220**	**15,204**	**16,494**	**35.0%**	**8.5%**
Total Income	**12,220**	**15,204**	**16,494**	**35.0%**	**8.5%**
Total Operating Expenses	3,904	4,373	5,323	36.3%	21.7%
Operating Profit (PPP)	**8,316**	**10,831**	**11,171**	**34.3%**	**3.1%**
Provisions & Write Offs	2,920	3,471	3,504	20.0%	0.9%
PBT	**5,396**	**7,360**	**7,667**	**42.1%**	**4.2%**
Tax	1,328	1,876	1,948	46.7%	3.9%
Reported Profit	**4,068**	**5,485**	**5,719**	**40.6%**	**4.3%**
Balance Sheet Data (INR bn)					
Assets Under Management	729.9	935.2	986.0	35.1%	5.4%
Ratios Analysis (%)					
Cost to Income (%)	31.9%	28.8%	32.3%	0.33%	3.51%
Effective Tax Rate (%)	24.6%	25.5%	25.4%	0.8%	-0.1%
Credit Quality					
Gross Stage 3	26,300	24,690	25,516	-3.0%	3.3%
Net Stage 3	13,397	12,765	12,756	-4.8%	-0.1%
Gross Stage 3 (%)	3.62%	2.64%	2.59%	-1.03%	-0.05%
Net Stage 3 (%)	1.84%	1.36%	1.31%	-0.53%	-0.05%
Coverage Ratio (%)	49.3%	48.3%	49.4%	0.12%	1.12%

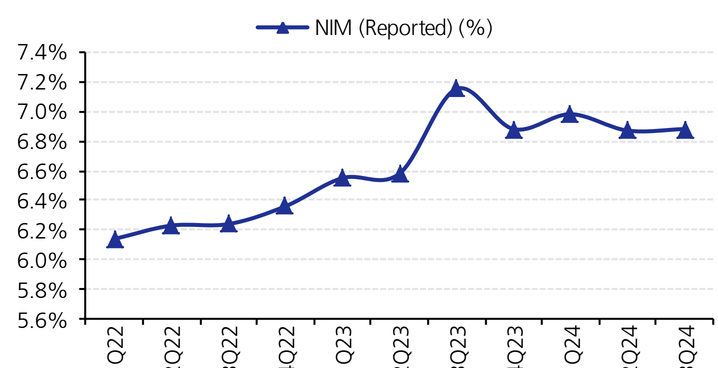
Source: Company, JM Financial

Exhibit 2. Aditya Birla Finance: AUM growth



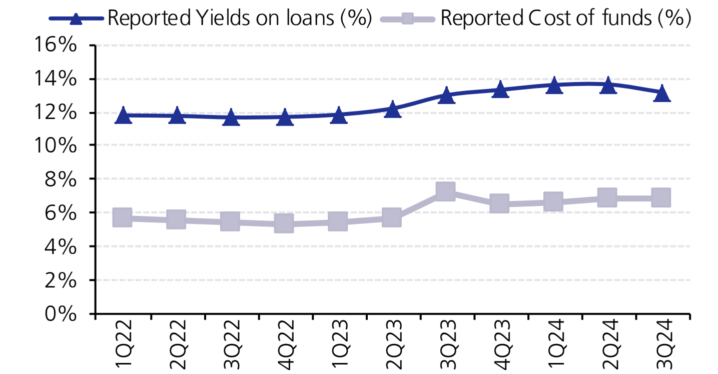
Source: JM Financial, Company

Exhibit 3. Aditya Birla Finance: Margin trend



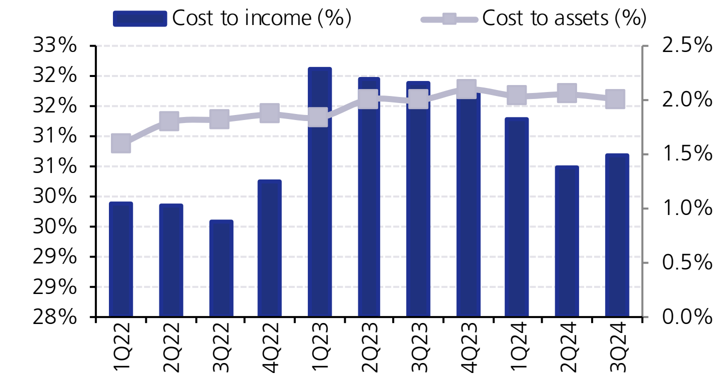
Source: JM Financial, Company

Exhibit 4. Aditya Birla Finance: Yields and funding costs trend



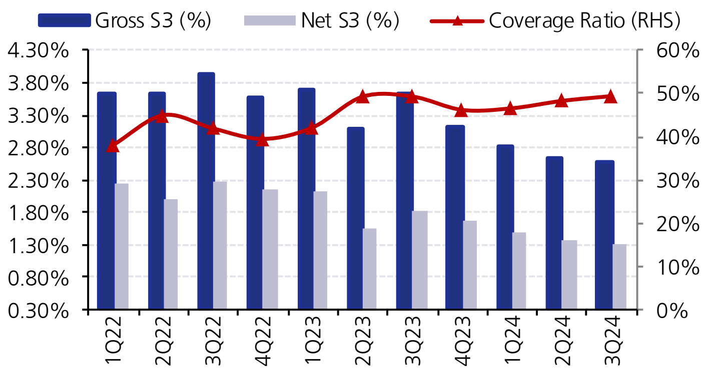
Source: Company, JM Financial

Exhibit 5. Aditya Birla Finance: cost ratio trend



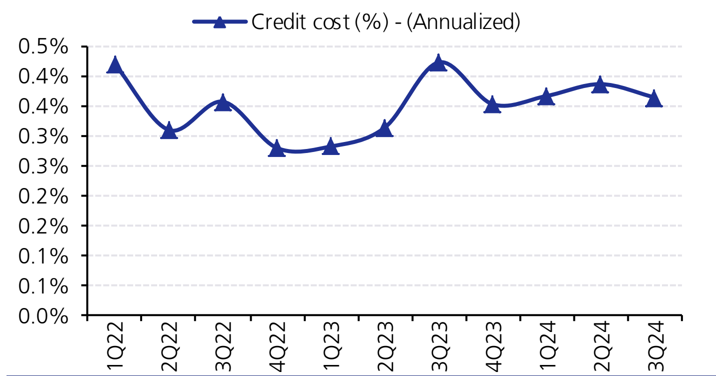
Source: Company, JM Financial

Exhibit 6. Aditya Birla Finance: Asset quality trend



Source: Company, JM Financial

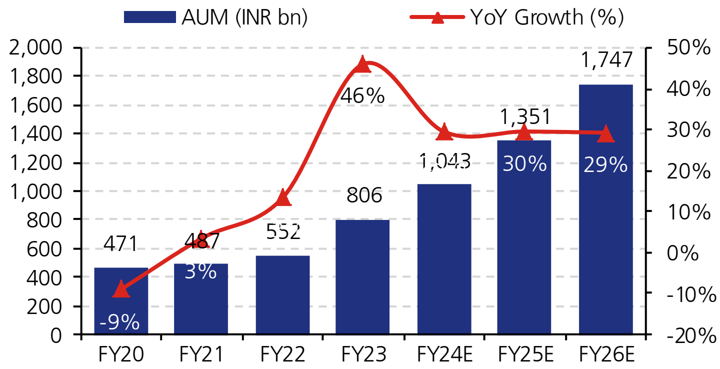
Exhibit 7. Aditya Birla Finance: credit cost trend



Source: Company, JM Financial

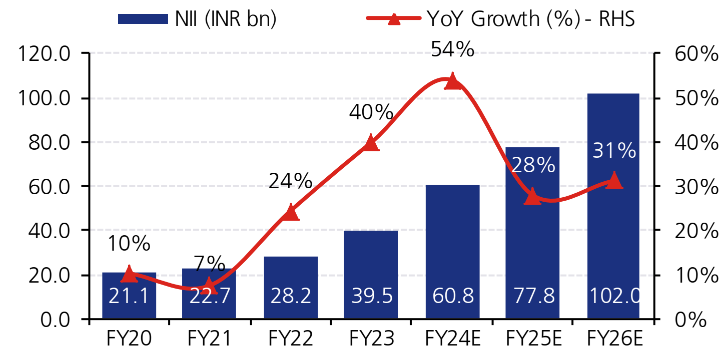
Aditya Birla Finance: Annual trends

Exhibit 8. Aditya Birla Finance: AUM growth



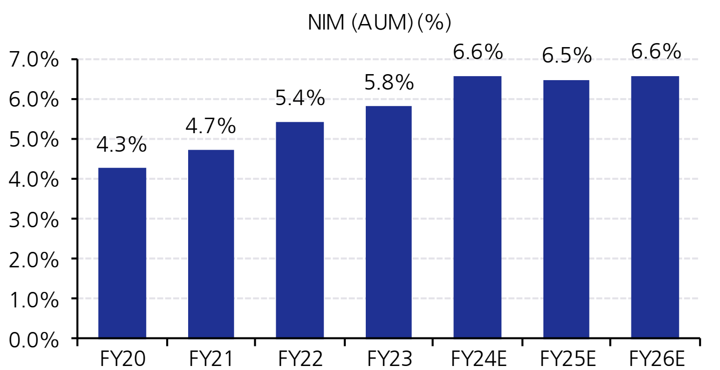
Source: Company, JM Financial

Exhibit 9. Aditya Birla Finance: trend in NII



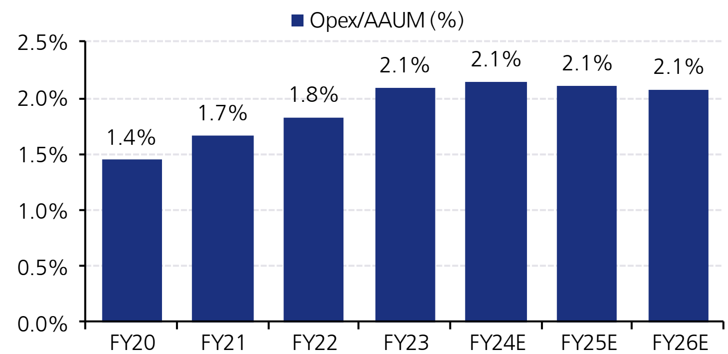
Source: Company, JM Financial

Exhibit 10. Aditya Birla Finance: Margin trend



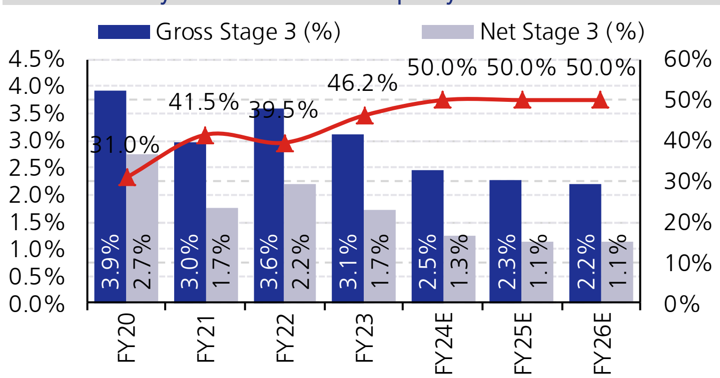
Source: Company, JM Financial

Exhibit 11. Aditya Birla Finance: Cost to assets trend



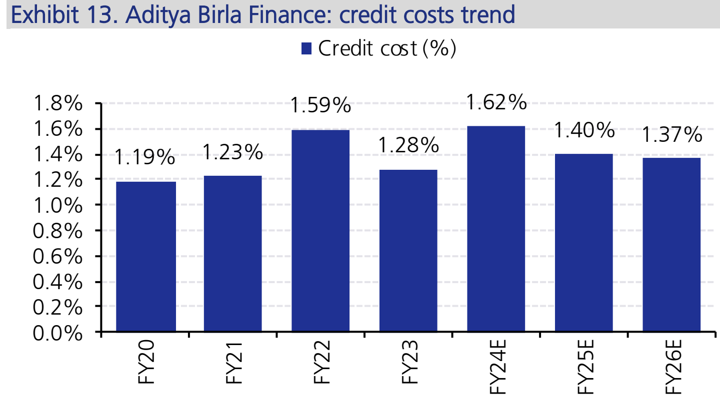
Source: Company, JM Financial

Exhibit 12. Aditya Birla Finance: asset quality trend



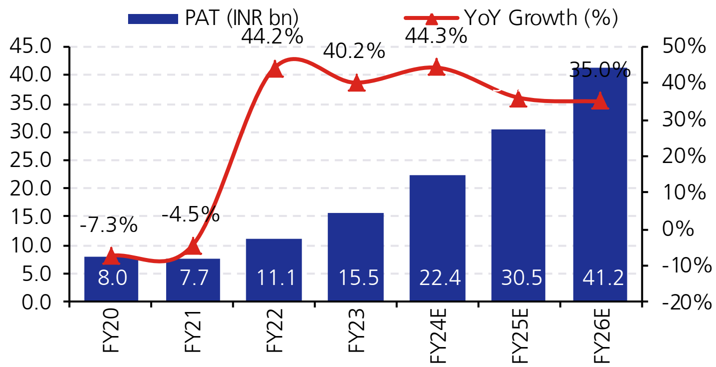
Source: Company, JM Financial

Exhibit 13. Aditya Birla Finance: credit costs trend



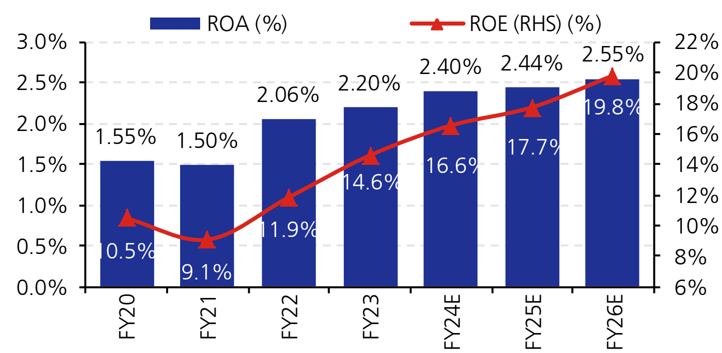
Source: Company, JM Financial

Exhibit 14. Aditya Birla Finance: trend in earnings



Source: Company, JM Financial

Exhibit 15. Aditya Birla Finance: trend in return ratios



Source: Company, JM Financial

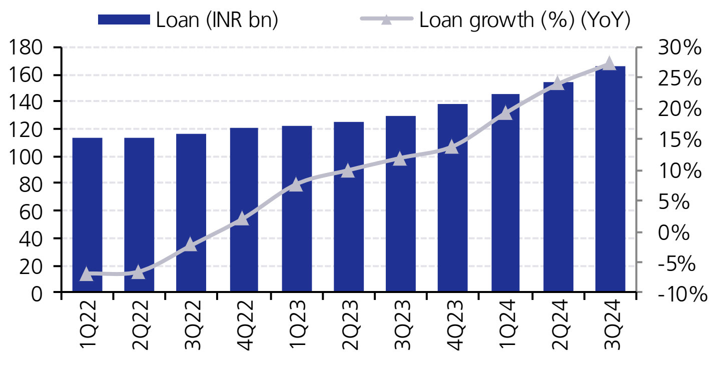
Aditya Birla Housing Finance – 3QFY24 trends

Exhibit 16. ABHFL - 3QFY24 key highlights

Earnings Table (INR mn)	Q3FY23	Q2FY24	Q3FY24	YoY (%)	QoQ (%)
Net Interest Income	1,631	2,085	2,104	29.0%	0.9%
Total Income	**1,633**	**2,087**	**2,106**	28.9%	0.9%
Operating Expenses	733	1,067	1,129	54.0%	5.8%
Operating Profit (PPP)	**900**	**1,020**	**976**	**8.4%**	**-4.3%**
Total Provisions	116	51	-25	-121.7%	-149.7%
PBT	**784**	**969**	**1,002**	**27.7%**	**3.3%**
Tax	178	221	220	23.3%	-0.6%
Reported Profit	**606**	**748**	**782**	**29.0%**	**4.5%**
Loan Book (INR bn)					
AUM	129.9	154.4	165.4	27.3%	7.1%
Ratios Analysis (%)					
Cost to Income (%)	42.7%	51.1%	53.6%	10.97%	2.50%
Effective Tax Rate (%)	22.7%	22.8%	22.5%	-0.23%	-0.31%
Credit Quality					
Gross Stage 3 (INR mn)	4,755	4,020	3,540	-25.6%	-11.9%
Net Stage 3 (INR mn)	3,210	2,684	2,381	-25.8%	-11.3%
Gross Stage 3 (%)	3.66%	2.63%	2.18%	-1.48%	-0.45%
Net Stage 3 (%)	2.47%	1.74%	1.44%	-1.03%	-0.30%
Coverage Ratio (%)	32.5%	33.2%	32.7%	0.2%	-0.5%

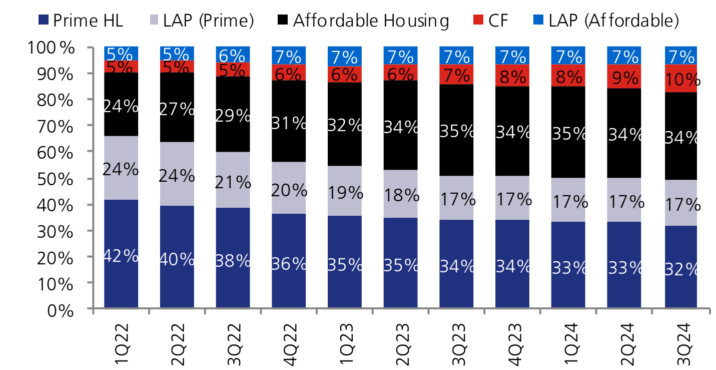
Source: Company, JM Financial

Exhibit 17. Aditya Birla Housing: trend in loan growth



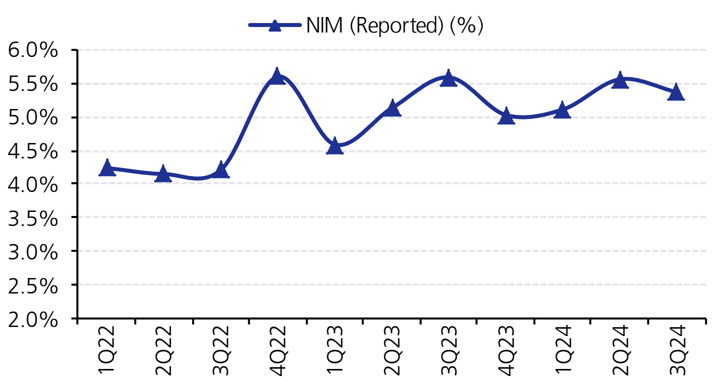
Source: Company, JM Financial

Exhibit 18. Aditya Birla Housing: trend in loan composition



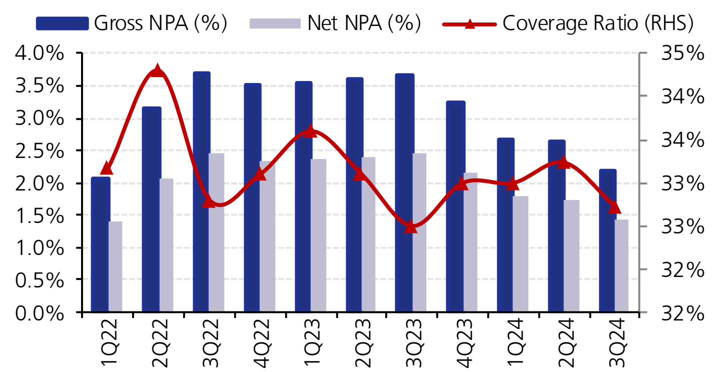
Source: Company, JM Financial

Exhibit 19. Aditya Birla Housing: trend in margins



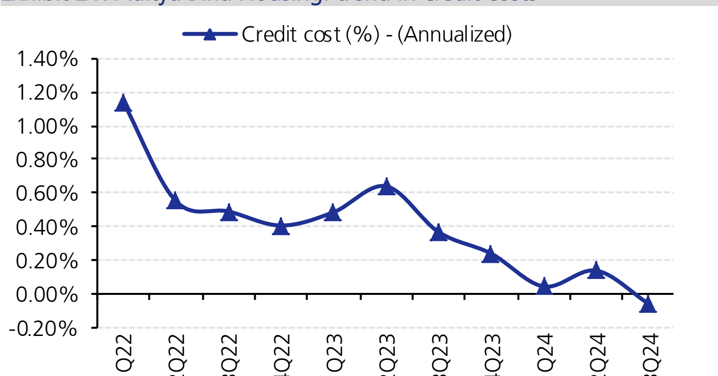
Source: Company, JM Financial

Exhibit 20. Aditya Birla Housing: trend in asset quality



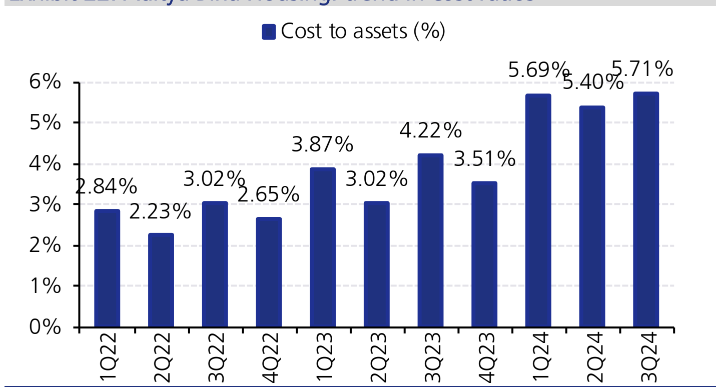
Source: Company, JM Financial

Exhibit 21. Aditya Birla Housing: trend in credit costs



Source: Company, JM Financial

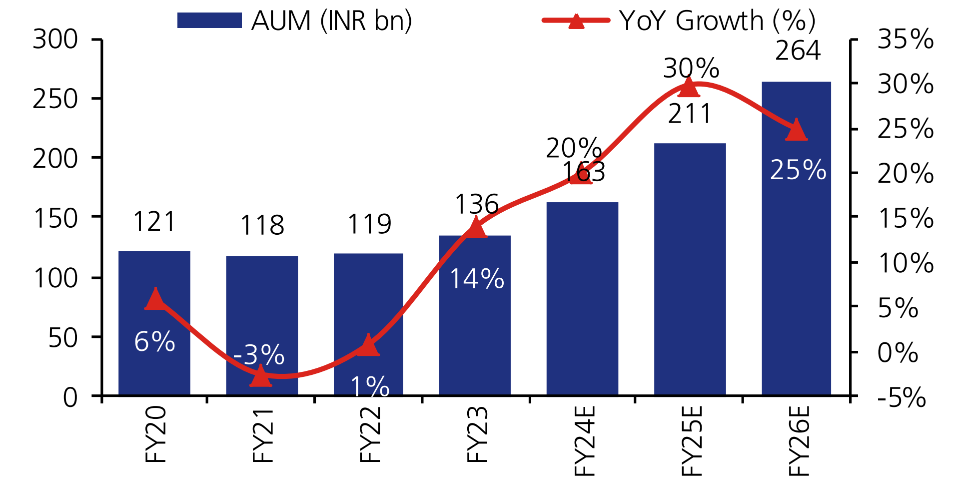
Exhibit 22. Aditya Birla Housing: trend in cost ratios



Source: Company, JM Financial

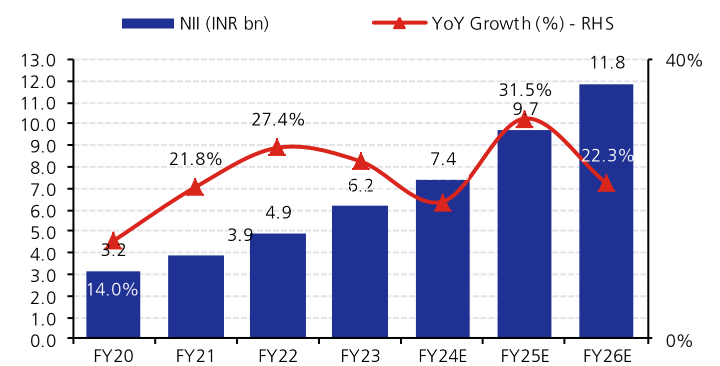
Aditya Birla Housing Finance: Annual trends

Exhibit 23. Aditya Birla Housing: trend in loan growth



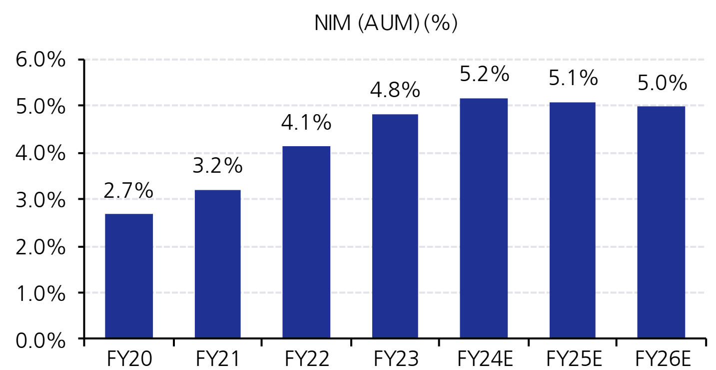
Source: Company, JM Financial

Exhibit 24. Aditya Birla Housing: trend in NII



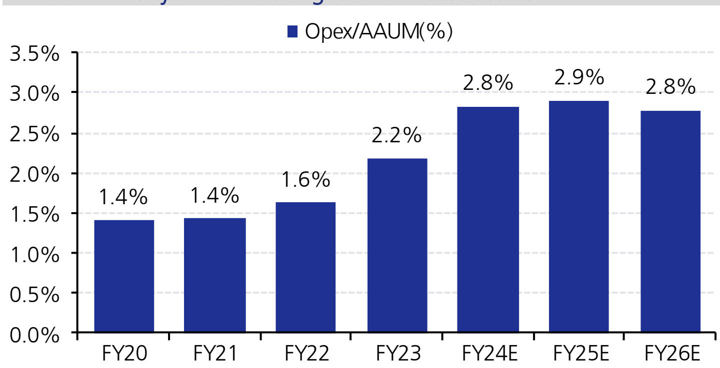
Source: Company, JM Financial

Exhibit 25. Aditya Birla Housing: trend in margins



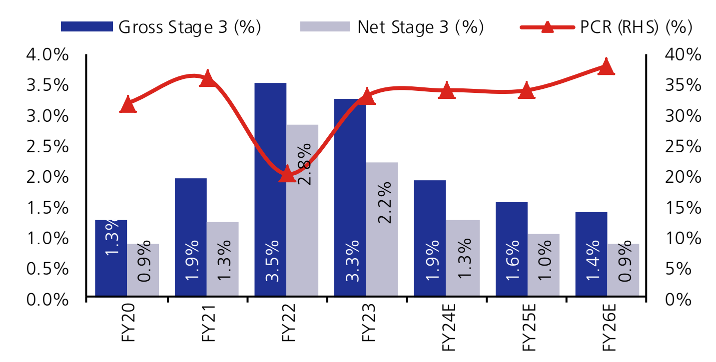
Source: Company, JM Financial

Exhibit 26. Aditya Birla Housing: trend in cost-assets



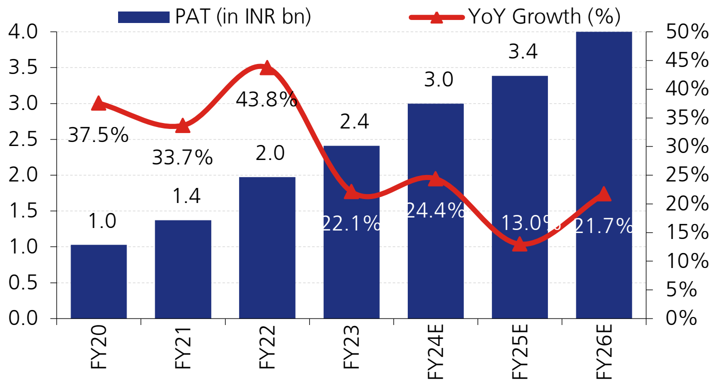
Source: Company, JM Financial

Exhibit 27. Aditya Birla Housing: trend in asset quality



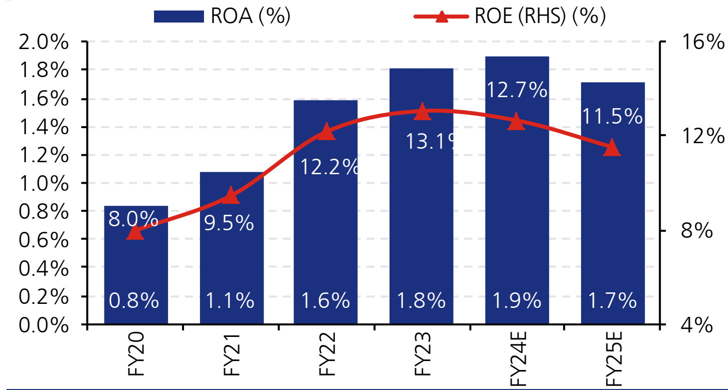
Source: Company, JM Financial

Exhibit 28. Aditya Birla Housing: trend in earnings



Source: Company, JM Financial

Exhibit 29. Aditya Birla Housing: trend in return ratios



Source: Company, JM Financial

ABFL - Financial Tables (Standalone)

Income Statement					(INR mn)
Y/E March	FY22A	FY23A	FY24E	FY25E	FY26E
Net Interest Income (NII)	28,213	39,463	60,784	77,783	1,02,033
Non Interest Income	2,656	4,616	2,578	3,237	4,074
Total Income	**30,869**	**44,080**	**63,362**	**81,020**	**1,06,107**
Operating Expenses	9,463	14,143	19,747	25,164	32,052
Pre-provisioning Profits	**21,406**	**29,937**	**43,615**	**55,856**	**74,055**
Loan-Loss Provisions	545	5,289	13,720	15,188	19,150
Others Provisions	5,990	3,746	0	0	0
Total Provisions	**6,535**	**9,035**	**13,720**	**15,188**	**19,150**
PBT	**14,871**	**20,902**	**29,895**	**40,668**	**54,905**
Tax	3,788	5,364	7,474	10,167	13,726
PAT (Pre-Extra ordinaries)	**11,083**	**15,538**	**22,421**	**30,501**	**41,179**
Extra ordinaries (Net of Tax)	0	0	0	0	0
Reported Profits	**11,083**	**15,538**	**22,421**	**30,501**	**41,179**
Dividend	0	0	0	0	0
Retained Profits	**11,083**	**15,538**	**22,421**	**30,501**	**41,179**

Source: Company, JM Financial

Balance Sheet					(INR mn)
Y/E March	FY22A	FY23A	FY24E	FY25E	FY26E
Equity Capital	6,621	6,621	7,764	7,764	7,764
Reserves & Surplus	91,983	1,07,641	1,48,919	1,79,420	2,20,599
Stock option outstanding	4,701	6,892	7,581	8,339	9,173
Borrowed Funds	4,59,857	7,07,707	9,09,404	11,91,319	15,54,671
Deferred tax liabilities	0	0	0	0	0
Preference Shares	6,529	12,367	16,019	20,692	26,740
Current Liabilities & Provisions	0	0	0	0	0
Total Liabilities	**5,69,692**	**8,41,228**	**10,89,687**	**14,07,535**	**18,18,948**
Net Advances	5,36,075	7,88,495	10,20,964	13,22,660	17,09,554
Investments	16,940	37,027	49,006	63,488	82,059
Cash & Bank Balances	6,925	3,876	5,105	6,613	8,548
Loans and Advances	0	0	0	0	0
Other Current Assets	4,086	3,402	4,005	1,391	1,831
Fixed Assets	2,217	3,101	4,017	5,189	6,706
Miscellaneous Expenditure	0	0	0	0	0
Deferred Tax Assets	2,595	4,065	5,266	6,802	8,790
Total Assets	**5,69,692**	**8,41,228**	**10,89,687**	**14,07,535**	**18,18,948**

Source: Company, JM Financial

Key Ratios					
Y/E March	FY22A	FY23A	FY24E	FY25E	FY26E
Growth (YoY) (%)					
Borrowed funds	11.6%	53.9%	28.5%	31.0%	30.5%
Advances	12.6%	47.1%	29.5%	29.6%	29.3%
Total Assets	12.2%	47.7%	29.5%	29.2%	29.2%
NII	24.4%	39.9%	54.0%	28.0%	31.2%
Non-interest Income	11.5%	73.8%	-44.2%	25.6%	25.9%
Operating Expenses	19.3%	49.5%	39.6%	27.4%	27.4%
Operating Profits	24.9%	39.9%	45.7%	28.1%	32.6%
Core Operating profit	30.4%	39.2%	45.9%	28.1%	32.7%
Provisions	-4.2%	38.3%	51.9%	10.7%	26.1%
Reported PAT	44.2%	40.2%	44.3%	36.0%	35.0%
Yields / Margins (%)					
Interest Spread	4.23%	4.63%	5.23%	5.14%	5.33%
NIM	5.33%	5.68%	6.38%	6.30%	6.39%
Profitability (%)					
ROA	2.06%	2.20%	2.32%	2.44%	2.55%
ROE	11.9%	14.6%	16.6%	17.7%	19.8%
Cost to Income	30.7%	32.1%	31.2%	31.1%	30.2%
Asset quality (%)					
Gross NPA	3.60%	3.13%	2.47%	2.27%	2.22%
LLP	1.59%	1.28%	1.62%	1.40%	1.37%
Capital Adequacy (%)					
Tier I	18.07%	13.92%	14.85%	13.78%	13.05%
CAR	21.77%	16.38%	17.32%	16.26%	15.55%

Source: Company, JM Financial

Dupont Analysis					
Y/E March	FY22A	FY23A	FY24E	FY25E	FY26E
NII / Assets	5.24%	5.59%	6.30%	6.23%	6.32%
Other Income / Assets	0.49%	0.65%	0.27%	0.26%	0.25%
Total Income / Assets	5.73%	6.25%	6.56%	6.49%	6.58%
Cost / Assets	1.76%	2.00%	2.05%	2.02%	1.99%
PPP / Assets	3.97%	4.24%	4.52%	4.47%	4.59%
Provisions / Assets	1.21%	1.28%	1.42%	1.22%	1.19%
PBT / Assets	2.76%	2.96%	3.10%	3.26%	3.40%
Tax rate	25.5%	25.7%	25.0%	25.0%	25.0%
ROA	2.06%	2.20%	2.32%	2.44%	2.55%
Leverage	5.8	7.4	7.0	7.5	8.0
ROE	11.9%	14.6%	16.6%	17.7%	19.8%

Source: Company, JM Financial

Valuations					
Y/E March	FY22A	FY23A	FY24E	FY25E	FY26E
Shares in Issue	662.1	662.1	776.4	776.4	776.4
EPS (INR)	16.7	23.5	28.9	39.3	53.0
EPS (YoY) (%)	44.2%	40.2%	23.1%	36.0%	35.0%
P/E (x)	10.0	7.1	5.8	4.3	3.1
BV (INR)	149	173	202	241	294
BV (YoY) (%)	11.6%	15.9%	16.9%	19.5%	22.0%
P/BV (x)	1.12	0.97	0.83	0.69	0.57
DPS (INR)	0.0	0.0	0.0	0.0	0.0
Div. yield (%)	0.0%	0.0%	0.0%	0.0%	0.0%

Source: Company, JM Financial

Financial Tables (Standalone) – Aditya Birla Housing Finance

Income Statement (INR mn)

Y/E March	FY22A	FY23A	FY24E	FY25E	FY26E
Net Interest Income (NII)	4,907	6,156	7,882	9,688	11,846
Non Interest Income	203	250	370	518	676
Total Income	5,111	6,406	8,252	10,205	12,522
Operating Expenses	1,934	2,782	4,321	5,528	6,624
Pre-provisioning Profits	3,177	3,625	3,930	4,678	5,898
Loan-Loss Provisions	645	539	88	337	613
Others Provisions	0	0	0	0	0
Total Provisions	645	539	88	337	613
PBT	2,533	3,085	3,842	4,341	5,285
Tax	560	676	845	955	1,163
PAT (Pre-Extra ordinaries)	1,973	2,409	2,997	3,386	4,122
Extra ordinaries (Net of Tax)	0	0	0	0	0
Reported Profits	1,973	2,409	2,997	3,386	4,122
Dividend	0	0	0	0	0
Retained Profits	1,973	2,409	2,997	3,386	4,122

Source: Company, JM Financial

Balance Sheet (INR mn)

Y/E March	FY22A	FY23A	FY24E	FY25E	FY26E
Equity Capital	5,012	5,012	7,012	7,012	7,012
Reserves & Surplus	12,198	14,668	20,665	24,051	28,173
Borrowed Funds	107,152	119,372	143,247	181,923	231,043
Current Liabilities & Provisions	1,545	1,669	4,383	5,461	6,826
Total Liabilities	125,907	140,721	175,306	218,447	273,054
Net Advances	118,955	135,570	169,160	211,427	264,268
Investments	0	0	0	0	0
Cash & Bank Balances	5,570	2,047	2,537	3,171	3,964
Loans and Advances	128	50	62	78	97
Other Current Assets	380	1,758	1,932	1,759	2,210
Fixed Assets	337	721	898	1,119	1,399
Deferred Tax Assets	537	575	716	893	1,116
Total Assets	125,907	140,721	175,306	218,447	273,054

Source: Company, JM Financial

Dupont Analysis

Y/E March	FY22A	FY23A	FY24E	FY25E	FY26E
NII / Assets	3.93%	4.62%	4.99%	4.92%	4.82%
Other Income / Assets	0.16%	0.19%	0.23%	0.26%	0.28%
Total Income / Assets	4.09%	4.81%	5.22%	5.18%	5.10%
Cost / Assets	1.55%	2.09%	2.73%	2.81%	2.70%
PPP / Assets	2.55%	2.72%	2.49%	2.38%	2.40%
Provisions / Assets	0.52%	0.40%	0.06%	0.17%	0.25%
PBT / Assets	2.03%	2.31%	2.43%	2.20%	2.15%
Tax rate	22.1%	21.9%	22.0%	22.0%	22.0%
ROA	1.58%	1.81%	1.90%	1.72%	1.68%
Leverage	7.7	7.2	6.7	6.7	7.4
ROE	12.2%	13.1%	12.7%	11.5%	12.4%

Source: Company, JM Financial

Key Ratios

Y/E March	FY22A	FY23A	FY24E	FY25E	FY26E
Growth (YoY) (%)					
Borrowed funds	0.3%	11.4%	20.0%	27.0%	27.0%
Advances	0.8%	14.0%	24.8%	25.0%	25.0%
Total Assets	1.7%	11.8%	24.6%	24.6%	25.0%
NII	27.4%	25.4%	28.0%	22.9%	22.3%
Non-interest Income	-59.6%	23.1%	47.8%	39.9%	30.6%
Operating Expenses	12.5%	43.9%	55.3%	27.9%	19.8%
Operating Profits	20.4%	14.1%	8.4%	19.0%	26.1%
Core Operating profit	23.3%	13.8%	8.4%	19.1%	26.2%
Provisions	-26.2%	-16.4%	-83.7%	282.6%	82.1%
Reported PAT	43.8%	22.1%	24.4%	13.0%	21.7%
Yields / Margins (%)					
Interest Spread	3.13%	3.79%	3.98%	3.84%	3.85%
NIM	3.98%	4.69%	5.09%	5.01%	4.90%
Profitability (%)					
ROA	1.58%	1.81%	1.90%	1.72%	1.68%
ROE	12.18%	13.06%	12.66%	11.53%	12.45%
Cost to Income	37.8%	43.4%	52.4%	54.2%	52.9%
Asset quality (%)					
Gross NPA	3.53%	3.25%	1.93%	1.56%	1.39%
LLP	0.82%	0.48%	0.10%	0.24%	0.32%
Capital Adequacy (%)					
Tier I	19.4%	18.0%	21.5%	19.6%	18.0%
CAR	23.9%	21.6%	24.8%	22.7%	20.8%

Source: Company, JM Financial

Valuations

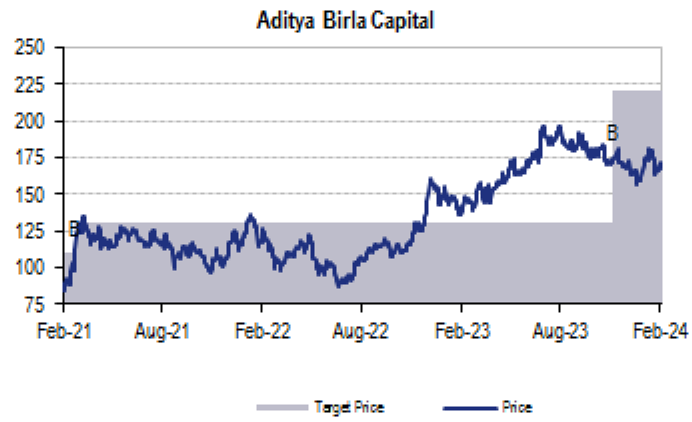
Y/E March	FY22A	FY23A	FY24E	FY25E	FY26E
Shares in Issue	501.2	501.2	701.2	701.2	701.2
EPS (INR)	3.9	4.8	4.3	4.8	5.9
EPS (YoY) (%)	43.8%	22.1%	-11.1%	13.0%	21.7%
BV (INR)	12.7	10.4	11.7	10.4	8.5
BV (YoY) (%)	34	39	39	44	50

Source: Company, JM Financial

History of Recommendation and Target Price

Date	Recommendation	Target Price	% Chg.
5-Feb-20	Buy	110	
7-Nov-20	Buy	110	0.0
22-Feb-21	Buy	130	18.2
6-Nov-23	Buy	220	69.2

Recommendation History



APPENDIX I

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Hold	Price expected to move in the range of 10% downside to 10% upside from the current market price for stocks with market capitalisation in excess of INR 200 billion and REITs* and in the range of 10% downside to 15% upside from the current market price for all other stocks, over the next twelve months.
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