

January 19, 2025

## Q3FY25 Result Update

☑ Change in Estimates | ■ Target | ■ Reco

### Change in Estimates

	Current		Previous	
	FY26E	FY27E	FY26E	FY27E
Rating	BUY		BUY	
Target Price	2,230		2,230	
NII (Rs. m)	3,23,939	3,76,392	3,23,056	3,70,236
% Chng.	0.3	1.7		
Op. Profit (Rs. m)	2,34,844	2,71,752	2,30,918	2,64,550
% Chng.	1.7	2.7		
EPS (Rs.)	77.7	90.7	76.6	87.6
% Chng.	1.4	3.5		

### Key Financials - Standalone

Y/e Mar	FY24	FY25E	FY26E	FY27E
NII (Rs m)	2,59,932	2,85,774	3,23,939	3,76,392
Op. Profit (Rs m)	1,95,875	2,10,865	2,34,844	2,71,752
PAT (Rs m)	1,37,816	1,37,996	1,54,502	1,80,355
EPS (Rs.)	69.3	69.4	77.7	90.7
Gr. (%)	25.9	0.1	12.0	16.7
DPS (Rs.)	1.7	2.1	2.3	2.7
Yield (%)	0.1	0.1	0.1	0.2
NIM (%)	4.9	4.7	4.7	4.7
RoAE (%)	15.3	12.8	12.3	12.7
RoAA (%)	2.5	2.2	2.2	2.2
P/BV (x)	3.6	3.0	2.6	2.3
P/ABV (x)	3.7	3.0	2.7	2.4
PE (x)	25.4	25.3	22.6	19.4
CAR (%)	20.5	21.5	21.5	21.2

### Key Data

KTKM.BO | KMB IN

52-W High / Low	Rs.1,953 / Rs.1,544
Sensex / Nifty	76,619 / 23,203
Market Cap	Rs.3,496bn / \$ 40,369m
Shares Outstanding	1,988m
3M Avg. Daily Value	Rs.6952.52m

### Shareholding Pattern (%)

Promoter's	25.89
Foreign	32.48
Domestic Institution	28.79
Public & Others	12.84
Promoter Pledge (Rs bn)	-

### Stock Performance (%)

	1M	6M	12M
Absolute	(1.4)	(2.6)	(1.2)
Relative	3.8	2.6	(7.8)

### Gaurav Jani

gauravjani@plindia.com | 91-22-66322235

### Harshada Gite

harshadagite@plindia.com | 91-22-66322237

### Aditya Modani

adityamodani@plindia.com | 91-22-66322257

## Stronger balance sheet to cushion earnings

### Quick Pointers:

- Strong quarter owing to beat on credit growth, NIM, opex and asset quality.
- We raise core PAT for FY26/27E by 1.6%/3.8% due to better loan growth/opex.

**KMB saw a strong quarter with beat on all fronts as loan growth, NIM, opex and asset quality were better. Hence core PPOP beat PLe by 3.0%; core PAT was in-line at due to higher provisions driven by increase in PCR by 175bps QoQ to 73% which was a positive. Sequential loan growth was broad based but healthy at 3.6% QoQ considering (1) RBI embargo is still effective (2) acquisition of StanChart's PL portfolio of Rs41bn is yet to be accounted (likely in Q4FY25) and (3) system credit accretion is weakening. Slippage ratio declined QoQ from 199bps to 176bps due to lower delinquencies in secured. Stress formation is reducing in PL, stable in CC but increasing in MFI. We increase core PAT for FY26/27E by 1.6%/3.8% due to better loan offtake and lower opex. While target multiples across the system may contract due to a tough macro environment, we maintain multiple for KMB at 2.4x on core Sep'26 ABV due to stronger balance sheet and earnings quality. Retain TP at Rs2,230 and reiterate 'BUY'.**

- Good quarter with beat on loan-growth, NIM and opex and asset quality:** NII was largely in-line at Rs72bn; NIM was a slight beat at 5.0% (PLe 4.96%) due to lower cost of funds. Loan growth was 15.1% YoY (PLe 14.4%); deposit growth was 15.9% YoY (PLe 16.4%). LDR came in at 87.4% (86.6% in Q2FY25) due to higher loan growth. Other income was a tad lower at Rs26.2bn (PLe Rs27.1bn). While fees were in-line at Rs23.6bn, misc. income was lower. Opex was lesser at Rs46.4bn (PLe Rs47.9bn) due to lower staff cost/other opex. Core PPOP at Rs49bn was 3% ahead to PLe; PPOP was Rs51.8bn (PLe Rs51bn). Asset quality was better with lower GNPA/slippages; provisions were higher at Rs7.9bn (PLe Rs6.4bn) due to increase in PCR QoQ by 175bps to 73.2%. Core PAT came in as expected at Rs31.1bn; PAT was Rs33bn (PLe Rs33.5bn).
- Sequential loan growth was broad based:** Credit growth was better at 3.6% QoQ that was broad based led by retail (+3.5%) while corporate/SME grew by 4.1%/4.9% QoQ. Within retail, growth was led HL and BuB while unsecured share fell by 74bps QoQ to 10.6%. Bank has been constantly interacting with the RBI post the embargo in Apr'24 and it has made significant progress on core banking resilience, business continuity, cyber security, governance and digital payments. Acquisition of StanChart's PL portfolio of Rs41bn is likely to be effected in Q4FY25; we raise loan growth for FY25 by 1% to 15% YoY.
- Asset quality was better; stress likely to peak in FY25:** Gross slippages were lower at Rs16.6bn (PLe Rs17.8bn), recoveries were in-line at Rs7.6bn and write-offs were controlled at Rs6.6bn leading to slightly lower GNPA at 1.5% (PLe 1.54%). Slippages reduced QoQ as delinquencies in the secured portfolio declined while unsecured slippages were largely steady. Within unsecured stress formation is reducing in case of PL, stable in CC but increasing in MFI. Provisioning policy in unsecured is more conservative compared to RBI norms as 50% is provided at 90dpd and 100% is recognized at 180dpd.

**Exhibit 1: PAT was a slight miss at Rs33bn led by miss on provisions partially offset by beat on opex**

Financial Statement (Rs m)	Q3FY25	Q3FY24	YoY gr. (%)	Q2FY24	QoQ gr. (%)	Q3FY25E	Est. beat/miss
Interest Income	1,34,276	1,17,990	13.8	1,32,163	1.6	1,36,145	(1.4)
Interest Expenses	62,313	52,455	18.8	61,967	0.6	64,281	(3.1)
<b>Net interest income (NII)</b>	<b>71,963</b>	<b>65,535</b>	<b>9.8</b>	<b>70,196</b>	<b>2.5</b>	<b>71,864</b>	<b>0.1</b>
-Treasury Income	340	(1,680)	(120.2)	910	(62.6)	250	36.0
Other income	26,228	22,970	14.2	26,842	(2.3)	27,064	(3.1)
<b>Total income</b>	<b>98,191</b>	<b>88,505</b>	<b>10.9</b>	<b>97,038</b>	<b>1.2</b>	<b>98,927</b>	<b>(0.7)</b>
Operating expenses	46,380	42,843	8.3	46,046	0.7	47,887	(3.1)
-Staff expenses	19,525	17,483	11.7	19,514	0.1	20,294	(3.8)
-Other expenses	26,856	25,360	5.9	26,532	1.2	27,593	(2.7)
<b>Operating profit</b>	<b>51,810</b>	<b>45,662</b>	<b>13.5</b>	<b>50,993</b>	<b>1.6</b>	<b>51,040</b>	<b>1.5</b>
<b>Core operating profit</b>	<b>49,200</b>	<b>44,132</b>	<b>11.5</b>	<b>47,273</b>	<b>4.1</b>	<b>47,790</b>	<b>3.0</b>
Total provisions	7,941	5,791	37.1	6,604	20.2	6,406	24.0
<b>Profit before tax</b>	<b>43,869</b>	<b>39,871</b>	<b>10.0</b>	<b>44,389</b>	<b>(1.2)</b>	<b>44,634</b>	<b>(1.7)</b>
Tax	10,821	9,821	10.2	10,951	(1.2)	11,159	(3.0)
<b>Profit after tax</b>	<b>33,048</b>	<b>30,050</b>	<b>10.0</b>	<b>33,437</b>	<b>(1.2)</b>	<b>33,476</b>	<b>(1.3)</b>
<b>Balance sheet (Rs m)</b>							
Deposits	47,34,970	40,86,360	15.9	46,14,542	2.6	47,57,310	(0.5)
Advances	41,38,390	35,95,880	15.1	39,95,216	3.6	41,15,073	0.6
<b>Ratios (%)</b>							
<b>Profitability ratios</b>							
<b>NIM</b>	<b>5.0</b>	<b>5.2</b>	<b>(22)</b>	<b>4.9</b>	<b>9</b>	<b>5.0</b>	<b>4</b>
RoaA	2.2	2.4	(14)	2.3	(8)	2.3	(2)
RoaE	12.7	13.9	(118)	13.3	(61)	12.9	(21)
<b>Asset Quality</b>							
Gross NPL	62,663	63,017	(0.6)	60,332	3.9	64,269	(2.5)
Net NPL	16,810	12,253	37.2	17,238	(2.5)	16,067	4.6
<b>Gross NPL ratio</b>	<b>1.5</b>	<b>1.7</b>	<b>(23)</b>	<b>1.5</b>	<b>1</b>	<b>1.5</b>	<b>(4)</b>
<b>Net NPL ratio</b>	<b>0.4</b>	<b>0.3</b>	<b>7</b>	<b>0.4</b>	<b>(2)</b>	<b>0.4</b>	<b>2</b>
<b>Coverage ratio (Calc)</b>	<b>73.2</b>	<b>80.6</b>	<b>(738)</b>	<b>71.4</b>	<b>175</b>	<b>75.0</b>	<b>(183)</b>
<b>Business &amp; Other Ratios</b>							
Low-cost deposit mix	42.3	47.7	(541)	43.6	(129)	43.2	(83)
Cost-income ratio	47.2	48.4	(117)	47.5	(22)	48.4	(117)
Non int. inc / total income	26.7	26.0	76	27.7	(95)	27.4	(65)
Credit deposit ratio	87.4	88.0	(60)	86.6	82	86.5	90
CAR	22.8	21.2	160	22.6	19		
Tier-I	21.7	20.1	160	21.5	20		

Source: Company, PL

## Q3FY25 Concall Highlights

### Balance Sheet

- Bank is constantly communicating with RBI regarding embargo on PL/CC & 811 business. However, management did not comment on the tentative timeline regarding lifting of RBI embargo.
- Bank intends to increase the PL/CC as soon as the embargo is lifted. No new credit cards were issued during the quarter.
- PL portfolio has de-grown at industry level and the growth is flattened for the bank for Q3FY25. Bank may increase its PL portfolio basis underwriting and analytics. Acquisition of StanChart's PL portfolio will be completed in Q4FY25.
- CV portfolio saw flattish growth for Q3FY25. The passenger segment continued its positive run in current year however there was persistent de-growth in the goods segment.
- HL and LAP growth is in focus as real estate prices are stable and risk metrics are holding up well.
- CASA growth is expected to remain at same levels in Q4FY25.

### Profit & Loss

- Bank intends to increase the unsecured high yielding portfolio; yields are expected to increase going forward positively impacting the NIMs.
- Cost of funds saw a QoQ reduction by 9bps owing to (1) SA rate cut implemented in Oct'24 (2) increase in share of CA and (3) rise in ActivMoney balances which bears lower rate compared to other TD.
- Fees was flat QoQ as CC/PL disbursements fell on account of RBI embargo.
- Employee headcount as of Dec'24 end is 77,000.

### Asset Quality

- Bank is not facing any stress in secured. Within unsecured, PL is seeing a reduction in slippages. CC slippages are steady whereas MFI slippages are increasing also forming the largest share in total slippages for Q3FY25.
- CV portfolio consists of retail CV, large fleet operators and CE. Out of these, retail CV is witnessing slightly higher slippages.
- Bank follows aggressive provisioning policy specially for unsecured portfolio. 50% is provided at 90dps and 100% is provided at 180dps.
- **Write-off policy:** In retail portfolio, 100% of exposure is written off after a certain lookout period. For CC the lookout period is 270dps. In secured portfolio, write offs are made on case-to-case basis.

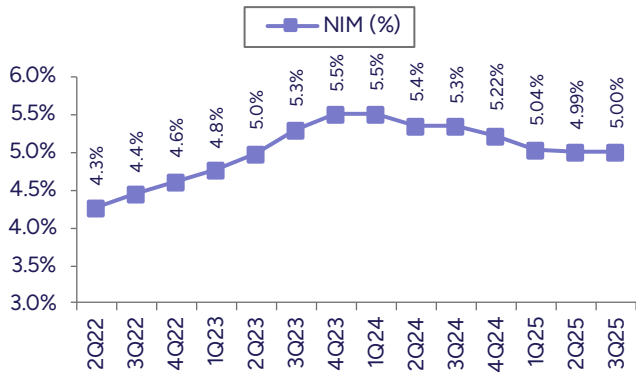
## Others

- Bank has launched a new app in 811 segment.
- Kotak Prime reported a dip in profits for Q3FY25 due to accounting treatments related to MTM, margin pressure and delinquencies in 2W finance.
- Bank has given its comments to RBI on the circular related to overlap of business with subsidiaries. As per management, the overlap is very low and it is confident of implementing the required changes without disrupting the operations, if the circular is implemented.

### Exhibit 2: Loan growth led by SME, home loans & CV/CE.

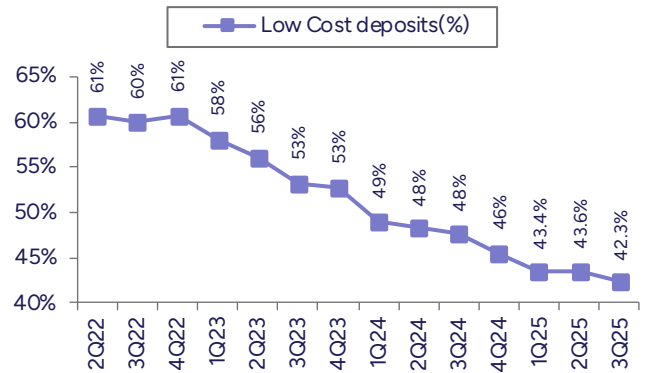
Loan Book (Rs mn)	Q3FY25	Q3FY24	YoY gr. (%)	Q2FY25	QoQ gr. (%)
Corp Banking	9,66,490	8,42,460	14.7	9,28,640	4.1
SME	3,37,380	2,58,160	30.7	3,21,740	4.9
Home loans	12,17,000	10,22,340	19.0	11,67,150	4.3
CV/CE	4,07,560	3,37,510	20.8	3,90,640	4.3
Cons Bank WC (secured)	4,16,870	3,37,900	23.4	4,00,020	4.2
PL, BL, Cons Durables	2,12,980	1,93,100	10.3	2,08,680	2.1
Credit Cards	1,41,170	1,38,820	1.7	1,44,460	(2.3)
Agri	2,75,640	2,75,120	0.2	2,69,650	2.2
Tractor Finance	1,70,000	1,51,560	12.2	1,61,910	5.0
Retail Micro Finance	82,250	85,100	(3.3)	97,760	(15.9)
Others	1,06,520	82,570	29.0	1,00,430	6.1
IBPC	(1,95,470)	(1,28,760)	51.8	(1,95,860)	(0.2)
<b>Total</b>	<b>41,38,390</b>	<b>35,95,880</b>	<b>15.1</b>	<b>39,95,220</b>	<b>3.6</b>
<b>Loan Book mix (%)</b>					
Corp Banking	23.4	23.4	(0.3)	23.2	0.5
SME	8.2	7.2	13.6	8.1	1.2
Home loans	29.4	28.4	3.4	29.2	0.7
CV/CE	9.8	9.4	4.9	9.8	0.7
Cons Bank WC (secured)	10.1	9.4	7.2	10.0	0.6
PL, BL, Cons Durables	5.1	5.4	(4.2)	5.2	(1.5)
Credit Cards	3.4	3.9	(11.6)	3.6	(5.7)
Agri	6.7	7.7	(12.9)	6.7	(1.3)
Tractor Finance	4.1	4.2	(2.5)	4.1	1.4
Retail Micro Finance	2.0	2.1	(0.0)	2.4	(0.0)
Others	2.6	2.3	12.1	2.5	2.4
IBPC	(4.7)	(3.6)	31.9	(4.9)	(3.7)

**Exhibit 3: NIMs increased to 5% due to lower CoF**



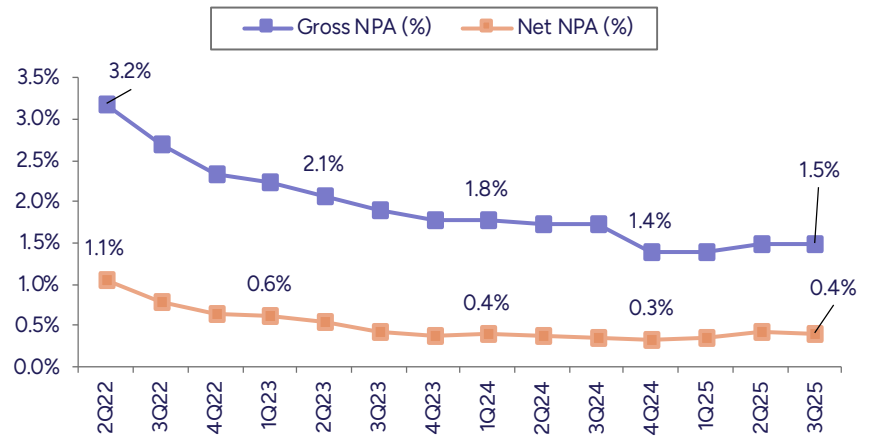
Source: Company, PL

**Exhibit 4: CASA declined to 42.3%**



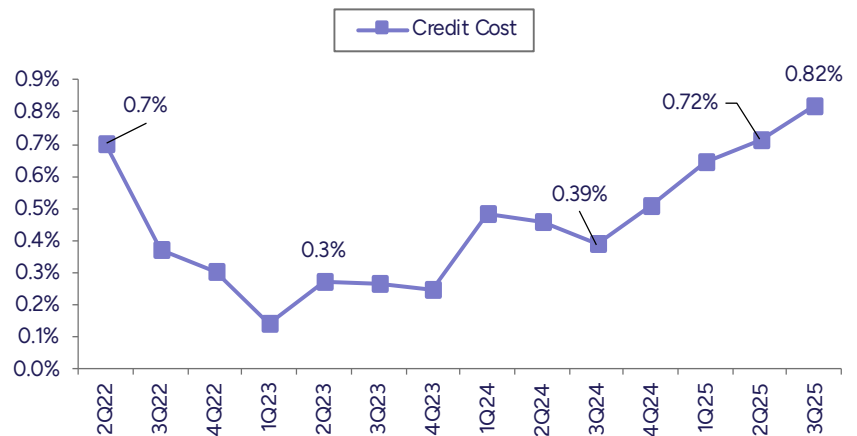
Source: Company, PL

**Exhibit 5: GNPA/NNPA steady with lower slippages**



Source: Company, PL

**Exhibit 6: Credit costs increased increased by 11bps to 0.82%.**



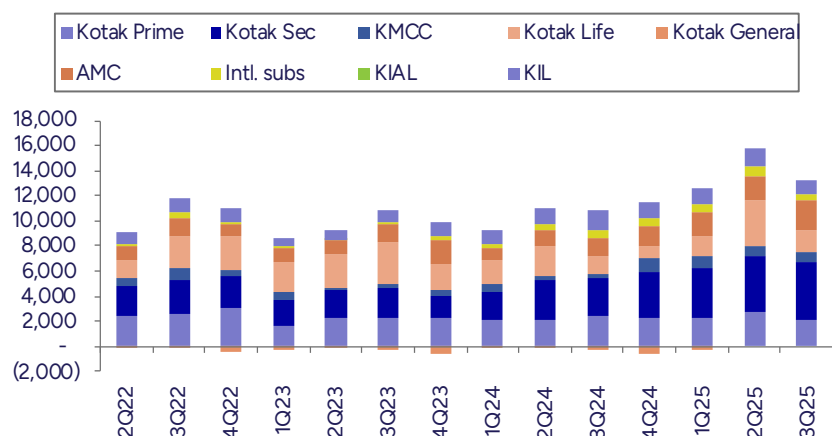
Source: Company, PL

**Exhibit 7: Consolidated earnings declined QoQ to Rs470bn**

Consolidated Financials (Rs mn)	Q3FY25	Q3FY24	YoY gr. (%)	Q2FY25	QoQ gr. (%)
Standalone Bank	33,048	30,050	10.0	33,437	(1.2)
Kotak Prime	2,180	2,390	(8.8)	2,690	(19.0)
KMCC	940	350	168.6	900	4.4
Kotak Securities	4,480	3,060	46.4	4,440	0.9
International subsidiaries	470	570	(17.5)	760	(38.2)
Kotak AMC	2,400	1,460	64.4	1,970	21.8
Kotak Mahindra Investments	1,070	1,570	(31.8)	1,410	(24.1)
<b>Lending business</b>	<b>35,228</b>	<b>32,440</b>	<b>8.6</b>	<b>36,127</b>	<b>(2.5)</b>
Flow business, Subsidiaries	9,360	7,010	33.5	9,480	(1.3)
Others	782	1,990	(60.7)	1,233	(36.6)
<b>Consolidated PAT (ex -insurance)</b>	<b>45,370</b>	<b>41,440</b>	<b>9.5</b>	<b>46,840</b>	<b>(3.1)</b>
Insurance*	1,640	1,210	35.5	3,600	(54.4)
<b>Consolidated PAT**</b>	<b>47,010</b>	<b>42,650</b>	<b>10.2</b>	<b>50,440</b>	<b>(6.8)</b>

Source: Company, PL; \*Note: Insurance includes both Life and General Insurance (On 18th June, 2024, Kotak General Insurance has ceased to be a wholly-owned subsidiary and became an associate of the Bank.)

**Exhibit 8: Robust group earnings with 29% share from non-banking cos**



Source: Company, PL

**Exhibit 9: Return ratios to remain close to 12-13% over FY26E/27E**

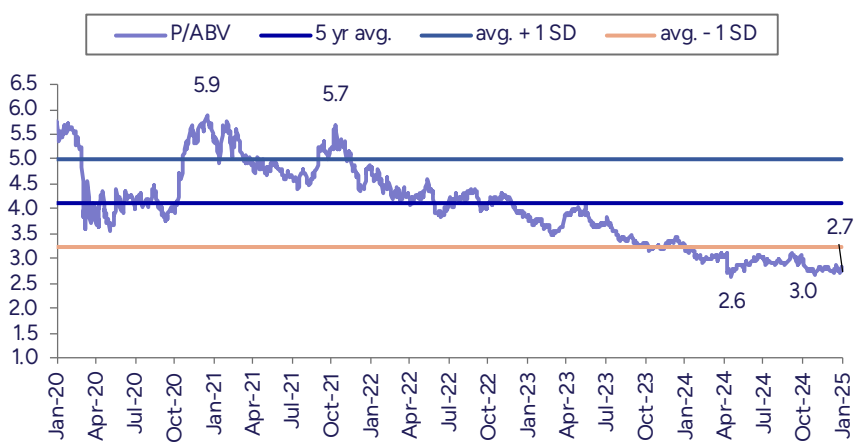
RoA decomposition	FY21	FY22	FY23	FY24E	FY25E	FY26E	FY27E
<b>Net interest income</b>	<b>4.1</b>	<b>4.1</b>	<b>4.7</b>	<b>4.8</b>	<b>4.5</b>	<b>4.5</b>	<b>4.5</b>
Other Inc. from operations	1.3	1.5	1.5	1.9	1.8	1.7	1.7
<b>Total income</b>	<b>5.5</b>	<b>5.6</b>	<b>6.2</b>	<b>6.7</b>	<b>6.3</b>	<b>6.3</b>	<b>6.2</b>
Employee expenses	1.0	1.1	1.2	1.3	1.2	1.2	1.2
Other operating expenses	1.3	1.5	1.8	1.8	1.7	1.7	1.8
<b>Operating profit</b>	<b>3.2</b>	<b>3.0</b>	<b>3.2</b>	<b>3.6</b>	<b>3.3</b>	<b>3.3</b>	<b>3.3</b>
Tax	0.6	0.7	0.7	0.8	0.7	0.7	0.7
Loan loss provisions	0.7	0.2	0.1	0.3	0.4	0.4	0.4
<b>RoAA</b>	<b>1.9</b>	<b>2.1</b>	<b>2.4</b>	<b>2.5</b>	<b>2.2</b>	<b>2.2</b>	<b>2.2</b>
<b>RoAE</b>	<b>12.4</b>	<b>12.6</b>	<b>14.0</b>	<b>15.3</b>	<b>12.8</b>	<b>12.3</b>	<b>12.7</b>

Source: Company, PL

**Exhibit 10: SOTP-based TP of Rs2,230 basis Sep'26E core ABV of bank**

Particulars	Stake	Rs per share	% of total	Valuation (x)	Basis
Standalone bank	100%	1,650	71.9	2.4	x Sep'26 core ABV
Insurance	100%	176	7.7	2.3	of Mar'24 EV
Kotak Prime	100%	146	6.3	3.3	of Mar'24 ABV
Kotak AMC	100%	117	5.1	6.0	6% of Mar'24 MAAuM
Kotak Sec	100%	123	5.4	20.0	of FY24 PAT
KMCC	100%	16	0.7	15.0	of Mar'24 PAT
Intl Subs	100%	10	0.4	1.0	of Mar'24 Book
Others	100%	56	2.4	12.0	of Mar'24 PAT
<b>Total</b>		<b>2,294</b>	<b>100</b>		
Holdco discount		64			
<b>SOTP based TP</b>		<b>2,230</b>			

**Exhibit 11: One-year forward P/ABV trades at 2.7x**



Source: Company, PL

**Income Statement (Rs. m)**

Y/e Mar	FY24	FY25E	FY26E	FY27E
Int. Earned from Adv.	3,56,580	4,10,797	4,62,372	5,32,107
Int. Earned from invt.	88,981	1,09,754	1,26,757	1,44,683
Others	4,634	3,722	2,800	2,800
<b>Total Interest Income</b>	<b>4,57,989</b>	<b>5,34,891</b>	<b>6,03,021</b>	<b>6,92,171</b>
Interest Expenses	1,98,057	2,49,117	2,79,082	3,15,778
<b>Net Interest Income</b>	<b>2,59,932</b>	<b>2,85,774</b>	<b>3,23,939</b>	<b>3,76,392</b>
Growth(%)	20.6	9.9	13.4	16.2
Non Interest Income	1,02,731	1,10,925	1,24,679	1,43,678
<b>Net Total Income</b>	<b>3,62,663</b>	<b>3,96,699</b>	<b>4,48,618</b>	<b>5,20,070</b>
Growth(%)	35.7	15.2	12.7	14.9
Employee Expenses	68,926	78,049	88,852	1,00,023
Other Expenses	91,714	1,07,785	1,24,922	1,48,295
Operating Expenses	1,66,788	1,85,834	2,13,774	2,48,318
<b>Operating Profit</b>	<b>1,95,875</b>	<b>2,10,865</b>	<b>2,34,844</b>	<b>2,71,752</b>
Growth(%)	31.9	7.7	11.4	15.7
NPA Provision	14,865	24,714	25,626	27,547
Total Provisions	15,737	27,385	28,841	31,278
<b>PBT</b>	<b>1,80,137</b>	<b>1,83,480</b>	<b>2,06,003</b>	<b>2,40,474</b>
Tax Provision	42,321	45,485	51,501	60,118
Effective tax rate (%)	23.5	24.8	25.0	25.0
<b>PAT</b>	<b>1,37,816</b>	<b>1,37,996</b>	<b>1,54,502</b>	<b>1,80,355</b>
Growth(%)	26.0	0.1	12.0	16.7

**Balance Sheet (Rs. m)**

Y/e Mar	FY24	FY25E	FY26E	FY27E
Face value	5	5	5	5
No. of equity shares	1,988	1,988	1,988	1,988
Equity	9,940	9,941	9,941	9,941
Networth	9,67,188	11,80,910	13,30,777	15,05,722
Growth(%)	15.8	22.1	12.7	13.1
Adj. Networth to NNPA's	12,706	17,454	21,476	24,755
Deposits	44,89,537	49,42,420	57,31,522	66,46,612
Growth(%)	23.6	10.1	16.0	16.0
CASA Deposits	20,43,035	20,79,213	23,91,728	27,72,467
% of total deposits	45.5	42.1	41.7	41.7
<b>Total Liabilities</b>	<b>60,03,570</b>	<b>65,95,126</b>	<b>77,36,619</b>	<b>89,32,379</b>
Net Advances	37,60,753	43,24,618	50,15,082	58,15,785
Growth(%)	17.6	15.0	16.0	16.0
Investments	15,54,038	17,09,963	20,63,348	23,42,931
<b>Total Assets</b>	<b>60,03,570</b>	<b>65,95,126</b>	<b>77,36,619</b>	<b>89,32,379</b>
Growth (%)	22.6	9.9	17.3	15.5

**Asset Quality**

Y/e Mar	FY24	FY25E	FY26E	FY27E
Gross NPAs (Rs m)	52,748	67,026	82,500	94,951
Net NPAs (Rs m)	12,706	17,454	21,476	24,755
Gr. NPAs to Gross Adv.(%)	1.4	1.5	1.6	1.6
Net NPAs to Net Adv. (%)	0.3	0.4	0.4	0.4
NPA Coverage %	75.9	74.0	74.0	73.9

**Profitability (%)**

Y/e Mar	FY24	FY25E	FY26E	FY27E
NIM	4.9	4.7	4.7	4.7
RoAA	2.5	2.2	2.2	2.2
RoAE	15.3	12.8	12.3	12.7
Tier I	19.2	20.6	20.2	19.9
CRAR	20.5	21.5	21.5	21.2

Source: Company Data, PL Research

**Quarterly Financials (Rs. m)**

Y/e Mar	Q4FY24	Q1FY25	Q2FY25	Q3FY25
Interest Income	1,23,071	1,27,461	1,32,163	1,34,276
Interest Expenses	53,977	59,038	61,967	62,313
<b>Net Interest Income</b>	<b>69,094</b>	<b>68,424</b>	<b>70,196</b>	<b>71,963</b>
YoY growth (%)	13.2	9.8	11.5	9.8
CEB	24,670	22,400	23,120	23,620
Treasury	-	-	-	-
Non Interest Income	29,783	29,290	26,842	26,228
<b>Total Income</b>	<b>98,876</b>	<b>97,714</b>	<b>97,038</b>	<b>98,191</b>
Employee Expenses	18,264	18,705	19,514	19,525
Other expenses	25,997	26,468	26,532	26,856
Operating Expenses	44,261	45,173	46,046	46,380
<b>Operating Profit</b>	<b>54,616</b>	<b>52,541</b>	<b>50,993</b>	<b>51,810</b>
YoY growth (%)	17.5	6.2	10.6	13.5
Core Operating Profits	49,503	45,651	47,273	49,200
NPA Provision	4,390	5,780	6,690	7,940
Others Provisions	2,637	5,785	6,604	7,941
Total Provisions	2,637	5,785	6,604	7,941
<b>Profit Before Tax</b>	<b>51,978</b>	<b>46,756</b>	<b>44,389</b>	<b>43,869</b>
Tax	10,645	11,596	10,951	10,821
<b>PAT</b>	<b>41,333</b>	<b>35,161</b>	<b>33,437</b>	<b>33,048</b>
YoY growth (%)	18.2	1.8	4.8	10.0
<b>Deposits</b>	<b>44,89,538</b>	<b>44,74,180</b>	<b>46,14,542</b>	<b>47,34,970</b>
YoY growth (%)	23.6	15.8	15.1	15.9
<b>Advances</b>	<b>37,60,753</b>	<b>38,99,570</b>	<b>39,95,216</b>	<b>41,38,390</b>
YoY growth (%)	17.6	18.7	14.7	15.1

**Key Ratios**

Y/e Mar	FY24	FY25E	FY26E	FY27E
CMP (Rs)	1,759	1,759	1,759	1,759
EPS (Rs)	69.3	69.4	77.7	90.7
Book Value (Rs)	487	594	669	757
Adj. BV (Rs)	480	585	659	745
P/E (x)	25.4	25.3	22.6	19.4
P/BV (x)	3.6	3.0	2.6	2.3
P/ABV (x)	3.7	3.0	2.7	2.4
DPS (Rs)	1.7	2.1	2.3	2.7
Dividend Payout Ratio (%)	2.4	3.0	3.0	3.0
Dividend Yield (%)	0.1	0.1	0.1	0.2

**Efficiency**

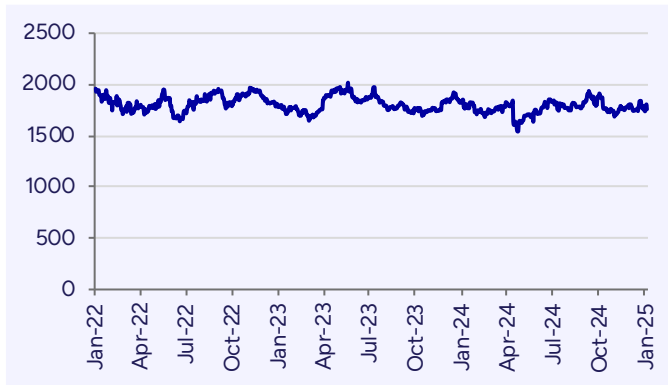
Y/e Mar	FY24	FY25E	FY26E	FY27E
Cost-Income Ratio (%)	46.0	46.8	47.7	47.7
C-D Ratio (%)	83.8	87.5	87.5	87.5
Business per Emp. (Rs m)	106	112	124	138
Profit per Emp. (Rs lacs)	18	17	18	20
Business per Branch (Rs m)	4,235	4,417	4,781	5,197
Profit per Branch (Rs m)	71	66	69	75

**Du-Pont**

Y/e Mar	FY24	FY25E	FY26E	FY27E
NII	4.77	4.54	4.52	4.52
Total Income	6.65	6.30	6.26	6.24
Operating Expenses	3.06	2.95	2.98	2.98
PPoP	3.59	3.35	3.28	3.26
Total provisions	0.29	0.43	0.40	0.38
RoAA	2.53	2.19	2.16	2.16
RoAE	15.29	12.85	12.30	12.72

Source: Company Data, PL Research

**Price Chart**



**Recommendation History**

No.	Date	Rating	TP (Rs.)	Share Price (Rs.)
1	08-Jan-25	BUY	2,230	1,772
2	20-Oct-24	BUY	2,230	1,872
3	07-Oct-24	BUY	2,125	1,809
4	21-Jul-24	BUY	2,125	1,821
5	08-Jul-24	BUY	2,100	1,853
6	05-May-24	BUY	2,100	1,547
7	09-Apr-24	BUY	2,250	1,788
8	21-Jan-24	BUY	2,250	1,807

**Analyst Coverage Universe**

Sr. No.	Company Name	Rating	TP (Rs)	Share Price (Rs)
1	AAVAS Financiers	Accumulate	1,900	1,681
2	Axis Bank	BUY	1,350	1,038
3	Bank of Baroda	BUY	315	232
4	Can Fin Homes	BUY	1,000	705
5	City Union Bank	BUY	190	171
6	DCB Bank	BUY	155	117
7	Federal Bank	BUY	220	197
8	HDFC Asset Management Company	BUY	4,700	3,865
9	HDFC Bank	BUY	2,000	1,713
10	ICICI Bank	BUY	1,640	1,279
11	IndusInd Bank	BUY	1,500	984
12	Kotak Mahindra Bank	BUY	2,230	1,772
13	LIC Housing Finance	Hold	675	583
14	Nippon Life India Asset Management	BUY	820	722
15	State Bank of India	BUY	1,025	779
16	UTI Asset Management Company	BUY	1,320	1,296

**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

## **ANALYST CERTIFICATION**

### **(Indian Clients)**

We/I, Mr. Gaurav Jani- CA, Passed CFA Level II, Ms. Harshada Gite- CA, Mr. Aditya Modani- CA, Passed CFA Level II Research Analysts, authors and the names subscribed to this report, hereby certify that all of the views expressed in this research report accurately reflect our views about the subject issuer(s) or securities. We also certify that no part of our compensation was, is, or will be directly or indirectly related to the specific recommendation(s) or view(s) in this report.

### **(US Clients)**

The research analysts, with respect to each issuer and its securities covered by them in this research report, certify that: All of the views expressed in this research report accurately reflect his or her or their personal views about all of the issuers and their securities; and No part of his or her or their compensation was, is or will be directly related to the specific recommendation or views expressed in this research report.

## **DISCLAIMER**

### **Indian Clients**

Prabhudas Lilladher Pvt. Ltd, Mumbai, India (hereinafter referred to as "PL") is engaged in the business of Stock Broking, Portfolio Manager, Depository Participant and distribution for third party financial products. PL is a subsidiary of Prabhudas Lilladher Advisory Services Pvt Ltd. which has its various subsidiaries engaged in business of commodity broking, investment banking, financial services (margin funding) and distribution of third party financial/other products, details in respect of which are available at [www.plindia.com](http://www.plindia.com).

This document has been prepared by the Research Division of PL and is meant for use by the recipient only as information and is not for circulation. This document is not to be reported or copied or made available to others without prior permission of PL. It should not be considered or taken as an offer to sell or a solicitation to buy or sell any security.

The information contained in this report has been obtained from sources that are considered to be reliable. However, PL has not independently verified the accuracy or completeness of the same. Neither PL nor any of its affiliates, its directors or its employees accepts any responsibility of whatsoever nature for the information, statements and opinion given, made available or expressed herein or for any omission therein.

Recipients of this report should be aware that past performance is not necessarily a guide to future performance and value of investments can go down as well. The suitability or otherwise of any investments will depend upon the recipient's particular circumstances and, in case of doubt, advice should be sought from an independent expert/advisor.

Either PL or its affiliates or its directors or its employees or its representatives or its clients or their relatives may have position(s), make market, act as principal or engage in transactions of securities of companies referred to in this report and they may have used the research material prior to publication.

PL may from time to time solicit or perform investment banking or other services for any company mentioned in this document.

PL is a registered with SEBI under the SEBI (Research Analysts) Regulation, 2014 and having registration number INH000000271.

PL submits that no material disciplinary action has been taken on us by any Regulatory Authority impacting Equity Research Analysis activities.

PL or its research analysts or its associates or his relatives do not have any financial interest in the subject company.

PL or its research analysts or its associates or his relatives do not have actual/beneficial ownership of one per cent or more securities of the subject company at the end of the month immediately preceding the date of publication of the research report.

PL or its research analysts or its associates or his relatives do not have any material conflict of interest at the time of publication of the research report.

PL or its associates might have received compensation from the subject company in the past twelve months.

PL or its associates might have managed or co-managed public offering of securities for the subject company in the past twelve months or mandated by the subject company for any other assignment in the past twelve months.

PL or its associates might have received any compensation for investment banking or merchant banking or brokerage services from the subject company in the past twelve months.

PL or its associates might have received any compensation for products or services other than investment banking or merchant banking or brokerage services from the subject company in the past twelve months

PL or its associates might have received any compensation or other benefits from the subject company or third party in connection with the research report.

PL encourages independence in research report preparation and strives to minimize conflict in preparation of research report. PL or its analysts did not receive any compensation or other benefits from the subject Company or third party in connection with the preparation of the research report. PL or its Research Analysts do not have any material conflict of interest at the time of publication of this report.

It is confirmed that Mr. Gaurav Jani- CA, Passed CFA Level II, Ms. Harshada Gite- CA, Mr. Aditya Modani- CA, Passed CFA Level II Research Analysts of this report have not received any compensation from the companies mentioned in the report in the preceding twelve months

Compensation of our Research Analysts is not based on any specific merchant banking, investment banking or brokerage service transactions.

The Research analysts for this report certifies that all of the views expressed in this report accurately reflect his or her personal views about the subject company or companies and its or their securities, and no part of his or her compensation was, is or will be, directly or indirectly related to specific recommendations or views expressed in this report.

The research analysts for this report has not served as an officer, director or employee of the subject company PL or its research analysts have not engaged in market making activity for the subject company

Our sales people, traders, and other professionals or affiliates may provide oral or written market commentary or trading strategies to our clients that reflect opinions that are contrary to the opinions expressed herein, and our proprietary trading and investing businesses may make investment decisions that are inconsistent with the recommendations expressed herein. In reviewing these materials, you should be aware that any or all of the foregoing, among other things, may give rise to real or potential conflicts of interest.

PL and its associates, their directors and employees may (a) from time to time, have a long or short position in, and buy or sell the securities of the subject company or (b) be engaged in any other transaction involving such securities and earn brokerage or other compensation or act as a market maker in the financial instruments of the subject company or act as an advisor or lender/borrower to the subject company or may have any other potential conflict of interests with respect to any recommendation and other related information and opinions.

### **US Clients**

This research report is a product of Prabhudas Lilladher Pvt. Ltd., which is the employer of the research analyst(s) who has prepared the research report. The research analyst(s) preparing the research report is/are resident outside the United States (U.S.) and are not associated persons of any U.S. regulated broker-dealer and therefore the analyst(s) is/are not subject to supervision by a U.S. broker-dealer, and is/are not required to satisfy the regulatory licensing requirements of FINRA or required to otherwise comply with U.S. rules or regulations regarding, among other things, communications with a subject company, public appearances and trading securities held by a research analyst account.

This report is intended for distribution by Prabhudas Lilladher Pvt. Ltd. only to "Major Institutional Investors" as defined by Rule 15a-6(b)(4) of the U.S. Securities and Exchange Act, 1934 (the Exchange Act) and interpretations thereof by U.S. Securities and Exchange Commission (SEC) in reliance on Rule 15a 6(a)(2). If the recipient of this report is not a Major Institutional Investor as specified above, then it should not act upon this report and return the same to the sender. Further, this report may not be copied, duplicated and/or transmitted onward to any U.S. person, which is not the Major Institutional Investor.

In reliance on the exemption from registration provided by Rule 15a-6 of the Exchange Act and interpretations thereof by the SEC in order to conduct certain business with Major Institutional Investors, Prabhudas Lilladher Pvt. Ltd. has entered into an agreement with a U.S. registered broker-dealer, Marco Polo Securities Inc. ("Marco Polo").

Transactions in securities discussed in this research report should be effected through Marco Polo or another U.S. registered broker dealer.

**Prabhudas Lilladher Pvt. Ltd.**

**3rd Floor, Sadhana House, 570, P. B. Marg, Worli, Mumbai-400 018, India | Tel: (91 22) 6632 2222 Fax: (91 22) 6632 2209**

**[www.plindia.com](http://www.plindia.com)**