

Estimate change



TP change



Rating change



Bloomberg	HDFCB IN
Equity Shares (m)	7538
M.Cap.(INRb)/(USDb)	12748.9 / 153.5
52-Week Range (INR)	1758 / 1460
1, 6, 12 Rel. Per (%)	-1/-11/-17
12M Avg Val (INR M)	26842

Financials & Valuations (INR b)

Y/E	FY23	FY24E	FY25E
NII	868	1,097	1,330
OP	704	898	1,105
NP	441	606	731
NIM (%)	4.1	3.4	3.6
EPS (INR)	79.3	79.8	96.2
EPS Gr. (%)	18.6	0.6	20.6
BV/Sh. (INR)	502	570	646
ABV/Sh. (INR)	490	556	631

Ratios

RoE (%)	17.0	14.6	15.8
RoA (%)	1.9	1.8	1.9

Valuations

P/E(X)	21.2	21.0	17.4
P/BV (X)	3.3	2.9	2.6
P/ABV (X)	3.0	2.6	2.3

Shareholding pattern (%)

As On	Dec-23	Sep-23	Dec-22
Promoter	0.0	0.0	20.9
DII	26.6	26.5	23.0
FII	58.8	58.6	44.8
Others	14.6	11.5	11.4

FII Includes depository receipts

CMP: INR1,679

TP: INR1,950 (+16%)

Buy

Earnings in line; margins flat QoQ

LCR ratio contracts sharply

- HDFC Bank (HDFCB) reported a mixed quarter with in-line PPOP and PAT, while deposit growth was modest at ~1.9% QoQ.
- Margin remained flat at 3.4% despite a rise in the CD ratio and deployment of excess liquidity on the balance sheet as LCR declined sharply to 110%.
- NII thus came in slightly lower than our estimate, but healthy other income (boosted by the treasury gains) led to in-line profitability.
- GNPA ratio improved 8bp QoQ to 1.3%, while PCR improved to 75%. Fresh slippages moderated to INR70b/1.2% of loans.
- We estimate HDFCB to deliver 17%/19% CAGR in loan/deposit over FY24-26, while earnings compound at 20% CAGR, translating into an RoA/RoE of 1.9%/16.7% by FY26. **We reiterate our BUY rating with a TP of INR1,950 (premised on 2.5x Sep'25E ABV + INR223 for subs).**

Revenue growth in line; healthy other income supports profitability

- NII came in 2% lower than MOFSLe as reported margins stood flat at 3.4%. 'Other income' stood higher than our estimate at INR111b, aided by healthy treasury gains coupled with strong traction in core fees. During 9MFY24, PAT grew 22% YoY to INR541b vs. INR321b (ex-merger) over 9MFY23.
- Opex was in line at INR160b, as the bank continued with its aggressive employee addition and made further investment in business besides raising the mix of retail assets. The C/I ratio thus stood at 40.3% (core C/I ratio at 41.9%). PPOP was in line with our estimate at INR227b during the quarter.
- Loan growth was robust at 4.9% QoQ, led by robust growth in retail and continued traction in Commercial and Rural banking, while some pick-up was seen in the corporate segment as well. Deposit growth was a laggard at 1.9% QoQ, while the CASA ratio was broadly flat at 38%.
- On the asset quality front, GNPA/NNPA ratios improved to 1.3%/0.3%, as slippages moderated to INR70b/1.2% of loans supported by healthy recoveries and accelerated write-offs. PCR stood healthy at 75%, while the bank carried floating and contingent provisions at INR154b/0.6% of loans. CAR for the bank stood at 18.4% with Tier 1 at 16.8% (CET1 at 16.3%).
- **Subsidiary performance:** Revenue growth for HDFC Securities stood healthy at 40% YoY to INR7b, while PAT too grew 13% YoY to INR2.3b. HDB Financial reported 29% YoY/8% QoQ growth in loans to INR840b while PAT stood at INR6.4b vs. INR5.0b in 3QFY23. GS-3 assets stood at 2.3% (down 13bp QoQ), while CAR stood at 18% for the quarter.

Highlights from management commentary

- Margin is currently at the lower end of the spectrum and should recover to 3.7% in 18-24 months.
- Contingent and floating provisions amounted to INR154b, and general provision amounted to INR104b as of 3QFY24.

Nitin Aggarwal - Research Analyst (Nitin.Aggarwal@MotilalOswal.com)

Research Analyst: Dixit Sankharva (Dixit.sankharva@motilaloswal.com) | Disha Singhal (Disha.Singhal@MotilalOswal.com)

Investors are advised to refer through important disclosures made at the last page of the Research Report.

Motilal Oswal research is available on www.motilaloswal.com/Institutional-Equities, Bloomberg, Thomson Reuters, Factset and S&P Capital.

- Additional contingent provision of INR12.2b was provided for in 3QFY24.
- The bank is confident in its growth trajectory as it has been able to maintain its incremental market share of ~16-20%, despite the increase in bank size.
- HDFCB has reported a credit cost of 49bp in 3QFY24 vs. 74bp in 3QFY23. The decline in credit cost will allow for higher investments in subsidiaries and technology.

Valuation and view

HDFCB reported an in-line earnings led by healthy other income and steady loan growth. Margins stood largely flat (slightly below our expectations) even as the bank deployed excess liquidity and significantly drew down the LCR ratio. Loan growth was healthy driven by growth in retail and continued traction in Commercial and Rural banking. Asset quality ratios improved while PCR also inched up to ~75%. The bank has continued to maintain 0.6% buffer of floating + contingent provisions, which provides additional comfort. Management suggested that NIMs will improve gradually over the coming years, which along with an improvement in operating leverage will enable the bank to deliver healthy return ratios. We estimate HDFCB to deliver faster deposit growth at 19% CAGR while loan growth to sustain at 17% CAGR over FY24-26. We thus estimate HDFCB to deliver an FY26E RoA/RoE of 1.9%/16.7%. **We reiterate our BUY rating with a TP of INR1,950 (premised on 2.5x Sep'25E ABV + INR223 for subs).**

Quarterly performance

(INR b)

	FY23				FY24				FY23	FY24E	FY24E 3QE	V/s our Est
	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4QE				
Net Interest Income	194.8	210.2	229.9	233.5	236.0	273.9	284.7	302.0	868.4	1,096.5	291.4	-2.3
% Change (Y-o-Y)	14.5	18.9	24.6	23.7	21.1	30.3	23.9	29.3	20.6	26.3	26.8	
Other Income	63.9	76.0	85.0	87.3	92.3	107.1	111.4	113.8	312.1	424.5	109.6	1.6
Total Income	258.7	286.2	314.9	320.8	328.3	380.9	396.1	415.8	1,180.6	1,521.1	401.0	-1.2
Operating Expenses	105.0	112.2	124.6	134.6	140.6	154.0	159.6	168.9	476.5	623.0	160.8	-0.8
Operating Profit	153.7	173.9	190.2	186.2	187.7	226.9	236.5	246.9	704.0	898.0	240.2	-1.5
% Change (Y-o-Y)	1.5	10.0	13.4	13.8	22.2	30.5	24.3	32.6	9.9	27.5	26.2	
Provisions	31.9	32.4	28.1	26.9	28.6	29.0	42.2	31.4	119.2	131.2	29.2	44.2
Profit before Tax	121.8	141.5	162.2	159.4	159.1	197.9	194.3	215.4	584.9	766.8	210.9	-7.9
Tax	29.8	35.5	39.6	38.9	39.6	38.1	30.6	52.7	143.8	161.0	48.5	
Net Profit	92.0	106.1	122.6	120.5	119.5	159.8	163.7	162.7	441.1	605.8	162.4	0.8
% Change (Y-o-Y)	19.0	20.1	18.5	19.8	30.0	50.6	33.5	35.1	19.3	37.3	32.5	
Operating Parameters												
Deposit	16,048	16,734	17,332	18,834	19,131	21,729	22,140	23,783	18,834	23,783	22,747	-2.7
Loan	13,951	14,799	15,068	16,006	16,157	23,312	24,461	25,163	16,006	25,163	24,007	1.9
Deposit Growth (%)	19.2	19.0	19.9	20.8	19.2	29.8	27.7	26.3	20.8	26.3	31.2	-3.5
Loan Growth (%)	21.6	23.4	19.5	16.9	15.8	57.5	62.3	57.2	16.9	57.2	59.3	3.0
Asset Quality												
Gross NPA (%)	1.3	1.2	1.2	1.1	1.2	1.3	1.3	1.3	1.1	1.3	1.3	-0.1
Net NPA (%)	0.4	0.3	0.3	0.3	0.3	0.4	0.3	0.3	0.3	0.3	0.4	0.0
PCR (%)	72.9	73.3	73.2	75.8	73.3	73.3	75.3	75.2	75.8	75.2	73.4	1.9

E: MOFSL Estimates; * Reported on total assets; # Cal. on interest earning assets

Quarterly snapshot

	FY23				FY24			Change (%)	
	1Q	2Q	3Q	4Q	1Q	2Q	3Q	YoY	QoQ
Profit and Loss (INR b)									
Interest Income	351.7	385.9	427.1	451.2	485.9	677.0	705.8	65	4
Loans	274.0	304.1	336.4	356.4	380.1	542.9	567.7	69	5
Investment	71.9	77.0	80.4	83.8	89.1	116.4	122.2	52	5
Others	5.8	4.8	10.3	11.0	16.7	17.6	15.9	55	-10
Interest Expenses	156.9	175.7	197.2	217.7	249.9	403.1	421.1	114	4
Net Interest Income	194.8	210.2	229.9	233.5	236.0	273.9	284.7	24	4
Other Income	63.9	76.0	85.0	87.3	92.3	107.1	111.4	31	4
Trading profits	-13.1	-2.5	2.6	-0.4	5.5	10.4	14.7	462	41
Exchange Profits	12.6	9.5	10.7	10.1	13.1	12.2	12.1	13	-1
Others (Ex non-core)	64.4	69.0	71.6	77.6	73.7	84.5	84.6	18	0
Total Income	258.7	286.2	314.9	320.8	328.3	380.9	396.1	26	4
Operating Expenses	105.0	112.2	124.6	134.6	140.6	154.0	159.6	28	4
Employee	35.0	35.2	41.3	43.6	47.8	51.7	53.5	30	4
Others	70.0	77.0	83.4	91.0	92.7	102.3	106.1	27	4
Operating Profits	153.7	173.9	190.2	186.2	187.7	226.9	236.5	24	4
Core Operating Profits	166.8	176.5	187.6	186.6	182.2	216.5	221.8	18	2
Provisions	31.9	32.4	28.1	26.9	28.6	29.0	42.2	50	45
PBT	121.8	141.5	162.2	159.4	159.1	197.9	194.3	20	-2
Taxes	29.8	35.5	39.6	38.9	39.6	38.1	30.6	-23	-20
PAT	92.0	106.1	122.6	120.5	119.5	159.8	163.7	34	2
Balance Sheet (INR b)									
Deposits	16,048	16,734	17,332	18,834	19,131	21,729	22,140	28	2
Loans	13,951	14,799	15,068	16,006	16,157	23,312	24,461	62	5
Asset Quality (INR b)									
GNPA	180.3	183.0	187.6	180.2	190.6	315.8	310.1	65	-2
NNPA	48.9	48.8	50.2	43.7	47.8	80.7	76.6	53	-5
Ratios									
Asset Quality Ratios (%)									
GNPA	1.3	1.2	1.2	1.1	1.2	1.3	1.3	3	-8
NNPA	0.4	0.3	0.3	0.3	0.3	0.4	0.3	-2	-4
PCR (Calc.)	72.9	73.3	73.2	75.8	74.9	74.4	75.3	206	85
Slippage	2.1	1.6	1.9	1.3	1.4	1.9	1.2	-71	-73
Business Ratios (%)									
Fees to Total Income	24.9	24.1	22.8	24.2	22.4	22.2	21.4	-140	-82
Cost to Core Income	38.6	38.9	39.9	41.9	43.6	41.6	41.9	194	29
Tax Rate	24.5	25.1	24.4	24.4	24.9	19.3	15.7	-867	-353
CASA (Reported)	45.8	45.4	44.0	44.4	42.5	37.6	38.0	-600	40
Loan/Deposit	86.9	88.4	86.9	85.0	84.5	107.3	110.5	2,355	319
Profitability Ratios (%)									
Yield on loans	8.6	9.1	9.7	9.6	10.1	11.4	11.5	177	9
Yield On Investments	6.2	6.6	6.8	6.9	6.7	7.5	8.1	136	63
Yield on funds	8.1	8.5	9.2	9.2	9.5	10.7	11.0	176	24
Cost of funds	3.1	3.2	0.0	3.7	4.0	4.8	4.9	490	10
Spreads	5.0	5.3	9.2	5.5	5.5	5.9	6.1	-314	14
Margins	4.0	4.1	4.1	4.1	4.1	3.4	3.4	-70	0
RoA	1.8	2.0	2.2	2.1	2.1	2.0	2.3	2	26
RoE	15.9	17.9	19.7	18.5	17.3	19.4	19.0	-74	-40
Other Details									
Branches	6,378	6,499	7,183	7,821	7,860	7,945	8,091	908	146
ATMs	18,620	18,868	19,007	19,727	20,352	20,596	20,688	1,681	92
Employees	1,52,511	1,61,027	1,66,890	1,73,222	1,81,725	1,97,899	2,08,066	41,176	10,167



Highlights from the management commentary

Opening remarks

- Economic activity is strong in 3QFY24, with healthy GST collections and continuous growth in remittances, retail, and consumer spending.
- HDFCB has launched separate journeys for savings accounts, consumer durables and credit card, which help customers open accounts with just one click.
- After watching for two cycles, the bank will look to have partnerships with fintechs and also intends to do small elements of co-lending.
- The bank will launch its new app and start offering a 10-second NTB personal loan, credit cards, and business loans.
- The bank added 2.2m customers and the customer base stood at 93m in 3QFY24.

P&L and balance sheet

- HDFCB has added 150 branches during the quarter, taking the tally to 8,091 branches as of 3QFY24.
- C/I moderated 13bps to 40.3% and the cost-to-asset ratio stood at 1.9% in 3QFY24.
- The bank will not take its eyes off the granular liability franchise and will focus on having the low-cost deposits.
- LCR ratio stood at 110%. Due to temporary liquidity issues, deposits growth was modest in 3QFY24.
- Retail deposits grew 2.9% QoQ; however, non-retail deposits fell 3.3% QoQ.
- ~84% of deposits are retail. A change in mix towards retail will lead to better margins going forward.
- About 500-550 branches are in pipeline by the end of FY24.
- Retail current deposits formed 72% of total deposits as of 3QFY24.
- CRB book continues its healthy momentum at 6.7% QoQ, while the other wholesale book grew at 2% QoQ in 3QFY24.
- The RoE/RoA stood at 15.8%/2% in 3QFY24 and the same is expected to improve going forward.
- The bank is aiming to sustain an RoA of ~2% by the end of FY24.
- Management said that margin is currently at the lower end of the spectrum and should recover to 3.7% in 18-24 months
- The bank is confident of its growth as it has been able to maintain its incremental market share of ~16-20% despite an increase in bank size.
- CD ratio is more than 110% and therefore to reduce this, the bank is trying to grow deposits more than that of loans.
- The bank has provided an LCR guidance of 110-120%.
- Management indicated that it aims to sustain a CASA mix of 39-40% over the next 18-24 months.
- CASA ratio is expected to increase going forward as customer spending will abate in some point of time and new customers are coming in.
- Deposit rate has peaked and the bank expects deposit repricing to end in two quarters.
- The bank has provided a C/I ratio guidance of 35% over the long term.
- The bank is ensuring that the mix of funding moves more towards deposits to bring down its CD ratio.

- The bank aims to double its balance sheet in the next 4-5 years.
- Lending yield of CRB loan book is ~9-11%.
- Retail unsecured book is profitable for the banks and the delinquency profile of this is better than the secured book.
- Favorable orders received with respect to banks and e-HDFC Ltd are accounted for in the current quarter.
- 1.6m cards were issued by the bank in 3QFY24 taking the tally to 19.9m total cards. The bank has 4.8m payment acceptance points.
- Two-thirds of other income was fee income; Foreign exchange & derivatives stood at 12b; net trading gain stood at INR15b in 3QFY24.

Asset quality

- GNPA/NNPA ratio improved 8bp/4bp QoQ to 1.3%/0.31% as of 3QFY24.
- Recoveries stood at INR45b, whereas write-offs were at INR31b as of 3QFY24.
- Bank reported a 26bp slippage ratio amounting to INR70b for 3QFY24.
- There has been no sale of NPA accounts during the quarter.
- HDFCB has reported a credit cost of 49bp in 3QFY24 vs. 74bp in 3QFY23. The decline in credit cost will allow for higher investments in subsidiaries and technology.
- Contingent and floating provisions amounted to INR154b, and general provision amounted to INR104b as of 3QFY24.
- Additional contingent provision of INR12.2b was provided for in 3QFY24.

Subs performance

HDB Financials

- HDB loan book stood at INR840b, up 29% YoY and 8% sequentially.
- 14.6m customers were added during the quarter and the total branch count stood at 1,618 as of 3QFY24.
- The quality of the book remained healthy with Gross Stage 3 assets improving to 2.25% compared to 3.73% in the prior year.
- HDB reported an RoA of 3.1% and an RoE of 19.9% as of 3QFY24.
- HDB Financials is well capitalized with a CAR of 18%.

HDFC Securities

- HDFC Securities serviced 5m customers.
- HSL reported a revenue of INR7b and a PAT of INR2.3b in 3QFY24.
- HSL has 193 branches across 143 cities in the country

HDFC Life Insurance

- 288k individual policies were sold during the quarter; up 8% from the prior year and overall 16m lives were insured during the quarter
- HDFC Life reported a total premium income of INR155b and a PAT of INR3.7b in 3QFY24.
- Solvency Ratio stood at 190% in 3QFY24.

Loan growth at 5% QoQ; momentum in Retail book continues

- The merged entity's loan book grew 4.9% QoQ to ~INR24t; whereas deposits rose modestly by 1.9% QoQ to ~INR22.1t on a merged basis. As a result, the CD ratio for the merged entity increased to 110% in 3QFY24.
- As per its internal classification, Retail loans grew 3.3% QoQ, Commercial and Rural Banking (excluding Agri) rose 7.3% QoQ, Agri grew 2.8% QoQ and Wholesale advances increased 1.9% QoQ.
- The share of Retail loans stood at 48.2% in 3QFY24.

Exhibit 1: Loan growth accelerated to 3.5% QoQ, driven by healthy growth in Retail and CRB segments

INR b	3QFY23	2QFY24*	3QFY24	YoY (%)	QoQ (%)
Auto loans	1124.42	1255.16	1280.0	13.8	2.0
Two-Wheeler loans	97.59	109.57	113.0	15.8	3.1
Personal loans	1646.41	1786.91	1815.0	10.2	1.6
Payment products	833.14	909.07	971.0	16.5	6.8
Home loans	975.93	7170.7	7432.0	661.5	3.6
Gold loans	100.42	126.04	131.0	30.5	3.9
Other Retail	411	445	446.0	8.5	0.2
Retail total	5,913.27	11,802.45	12188.0	106.1	3.3
Commercial and Rural Banking	5176	6339	6801.0	31.4	7.3
Agriculture	709.12	904.87	930.0	31.1	2.8
Corporate and other wholesale	3922.54	4281.09	4363.0	11.2	1.9
Total loans	15,720.93	24,354.96	25271.0	60.7	3.8

*on proforma merged basis

CASA/term deposits grew
~9.5%/~42% YoY

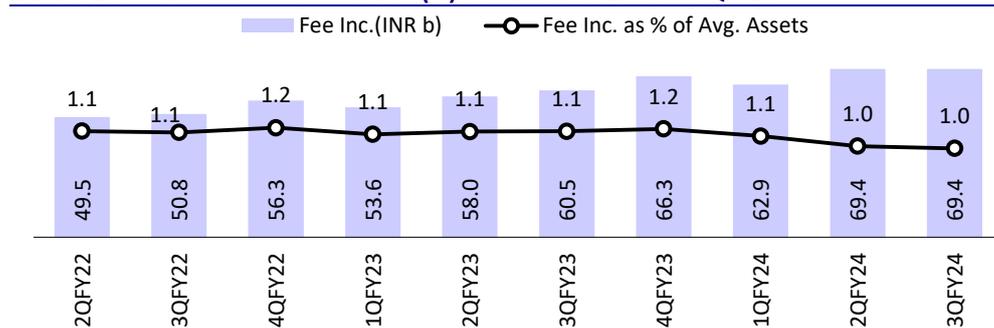
NIM at 3.4% QoQ, CASA ratio flat at 38%

- Reported NIM stood largely flat at 3.4% in 3QFY24.
- CASA deposits grew 9.5% YoY (+2.2% QoQ); CA/SA deposits rose 12.3%/8.4% YoY during the quarter.
- Term deposits grew 42.1% YoY and 1.7% QoQ, resulting in a flat CASA ratio of 38% during the quarter.

Healthy growth in fee income; fee income-to-average assets ratio at 1.0%

- Core fee income grew 14.7% YoY/flat QoQ at INR69.4b, aided by healthy loan growth and an improvement in Retail growth. The fee income-to-average assets ratio stood at 1.0% in 3QFY24.
- Total other income grew 31% YoY (+4% QoQ).
- Overall opex grew 28% YoY and 3.6% QoQ. The cost-to-income ratio moderated 13bp QoQ to 40.3%.

Exhibit 2: Fee income-to-assets ratio (%) remained at 1.0% in 3QFY24



Source: MOFSL, Company

PCR improved to ~75% in 3QFY24

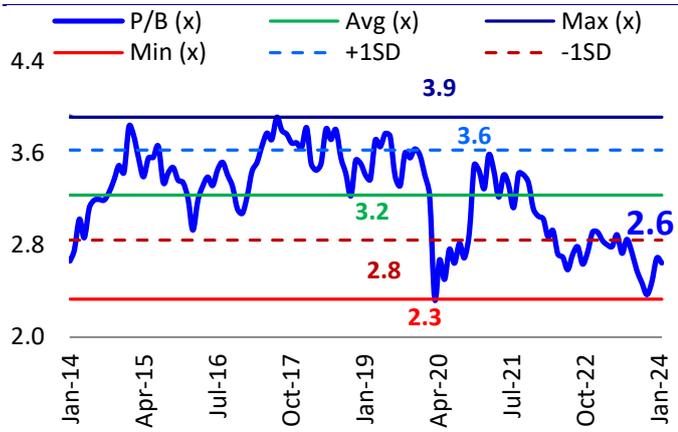
Asset quality ratios improve; PCR at 75% for the merged entity

- The asset quality ratio improved, with GNPA/NNPA ratios at 1.3%/0.3%. Fresh slippages decreased to INR70b (1.2%). The coverage ratio stood at ~75%.
- Recoveries stood at INR45b, whereas write-offs were at INR31b as of 3QFY24.
- Contingent and floating provision amounted to INR154b as of 3QFY24.

Valuation and view

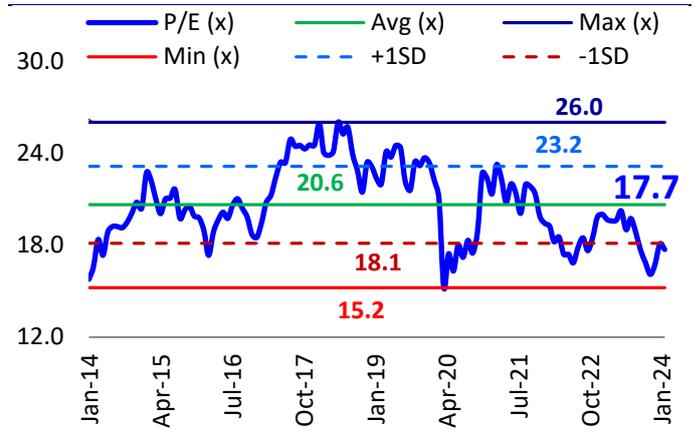
Buy with a TP of INR1,950: HDFCB reported an in-line earnings led by healthy other income and steady loan growth. Margins stood largely flat (slightly below our expectations) even as the bank deployed excess liquidity and significantly drew down the LCR ratio. Loan growth was healthy driven by growth in retail and continued traction in Commercial and Rural banking. Asset quality ratios improved while PCR also inched up to ~75%. The bank has continued to maintain 0.6% buffer of floating + contingent provisions, which provides additional comfort. Management suggested that NIMs will improve gradually over the coming years, which along with an improvement in operating leverage will enable the bank to deliver healthy return ratios. We estimate HDFCB to deliver faster deposit growth at 19% CAGR while loan growth to sustain at 17% CAGR over FY24-26. We thus estimate HDFCB to deliver an FY26E RoA/RoE of 1.9%/16.7%. **We reiterate our BUY rating with a TP of INR1,950 (premised on 2.5x Sep'25E ABV + INR223 for subs).**

Exhibit 3: One-year forward P/B ratio



Source: MOFSL, Company

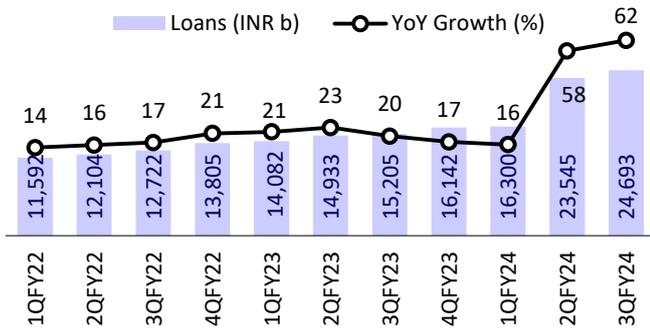
Exhibit 4: One-year forward P/E ratio



Source: MOFSL, Company

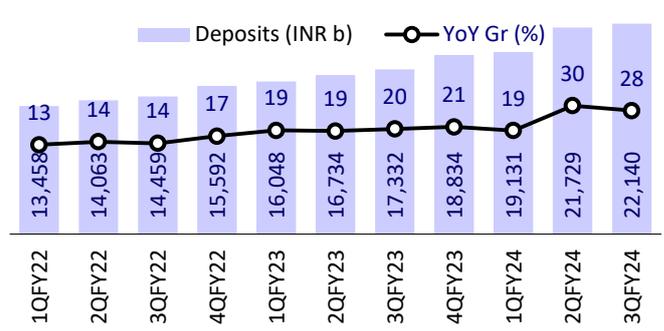
Story in charts

Exhibit 5: Loan book grew 4.9% QoQ in 3QFY24



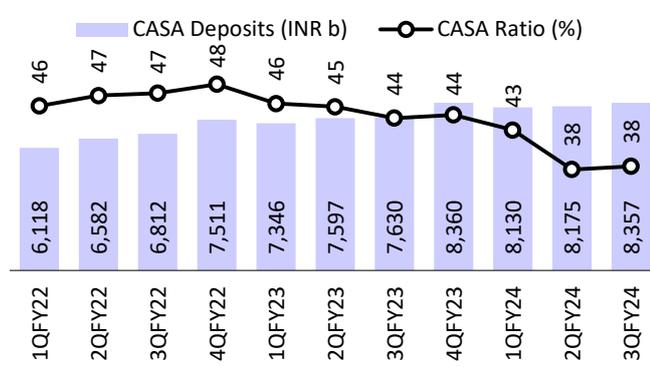
Source: MOFSL, Company

Exhibit 6: Deposits grew 1.9% QoQ in 3QFY24



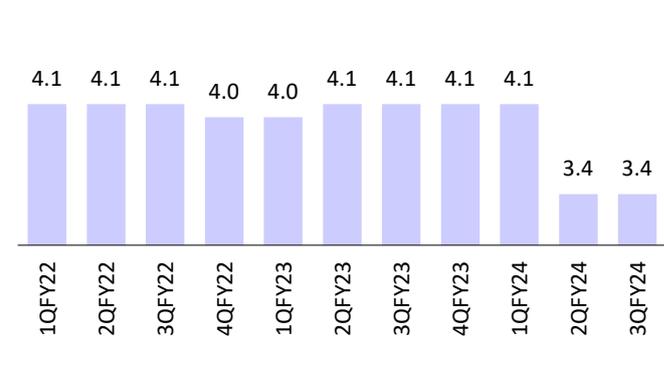
Source: MOFSL, Company

Exhibit 7: CASA ratio was stable at 38% in 3QFY24



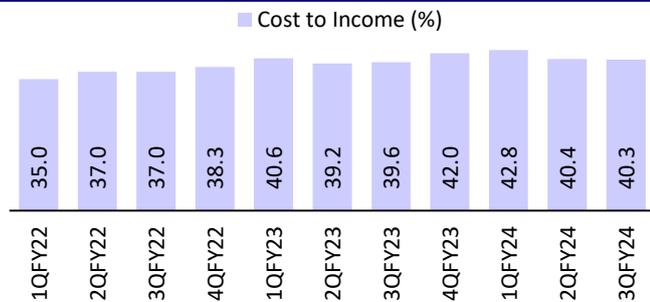
Source: MOFSL, Company

Exhibit 8: NIM stood flat at 3.4% in 3QFY24



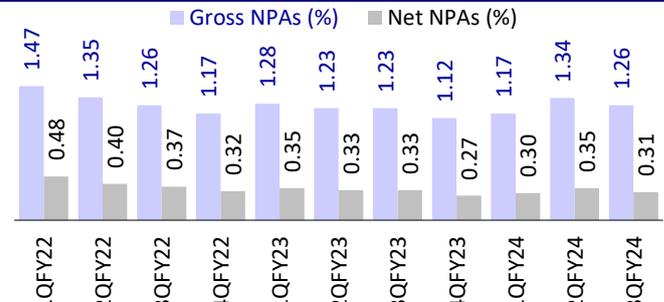
Source: MOFSL, Company

Exhibit 9: C/I ratio stood at 40.3% in 3QFY24



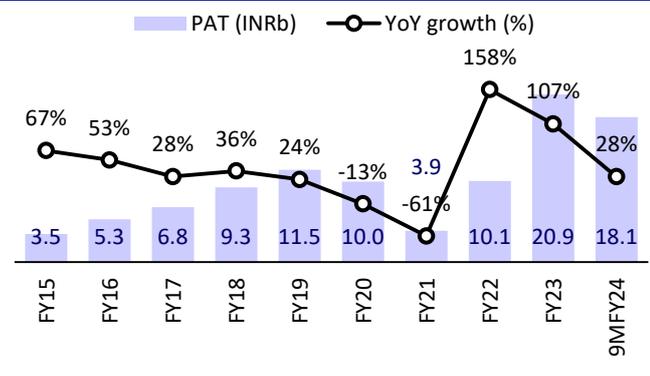
Source: MOFSL, Company

Exhibit 10: GNPA/NNPA moderated to 1.26%/0.31%



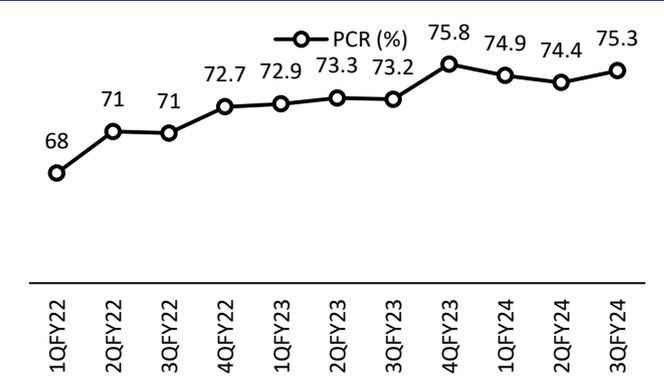
Source: MOFSL, Company

Exhibit 11: PAT for HDB Financial grew 28% YoY in 9MFY24



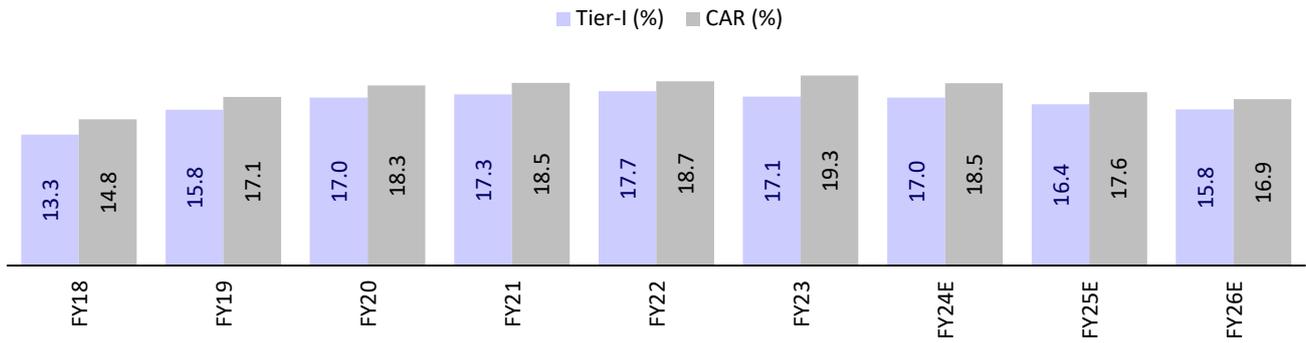
Source: MOFSL, Company

Exhibit 12: PCR for merged entity stood at 75%



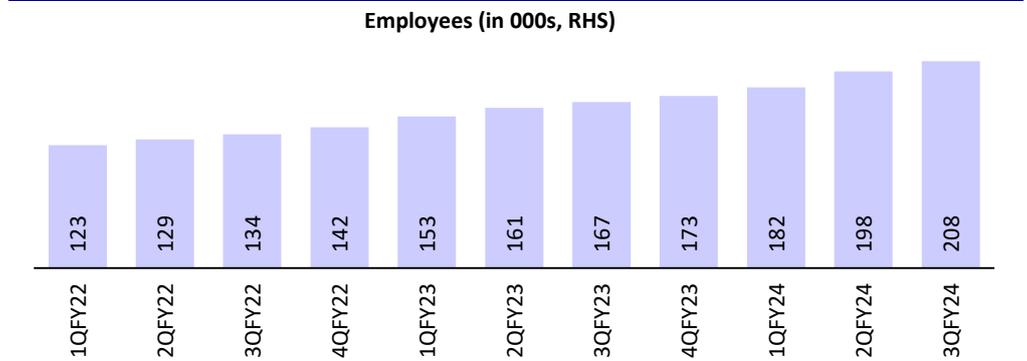
Source: MOFSL, Company

Exhibit 13: Strong capitalization levels for HDFCB, with a total CAR of 18.4% in 3QFY24



Source: MOFSL, Company

Exhibit 14: Employee count increased to 208k in 3QFY24



Source: MOFSL, Company

Exhibit 15: DuPont Analysis – Return ratios to improve gradually

Y/E March	FY19	FY20	FY21	FY22	FY23	FY24E	FY25E	FY26E
Net Interest Income	4.18	4.05	3.96	3.77	3.83	3.22	3.39	3.48
Core Fee Income	1.34	1.38	1.15	1.22	1.24	1.11	1.11	1.12
Trading and others	0.19	0.30	0.39	0.33	0.13	0.14	0.16	0.16
Non-Interest income	1.53	1.68	1.54	1.55	1.38	1.25	1.27	1.28
Total Income	5.71	5.73	5.50	5.32	5.21	4.46	4.66	4.76
Operating Expenses	2.26	2.21	2.00	1.96	2.10	1.83	1.84	1.83
Employee cost	0.67	0.69	0.63	0.63	0.68	0.57	0.58	0.58
Others	1.59	1.53	1.36	1.33	1.42	1.25	1.26	1.25
Operating Profits	3.44	3.51	3.50	3.36	3.11	2.63	2.82	2.92
Core operating Profits	3.26	3.22	3.11	3.03	2.97	2.50	2.66	2.76
Provisions	0.65	0.88	0.96	0.79	0.53	0.39	0.35	0.38
PBT	2.79	2.64	2.54	2.57	2.58	2.25	2.47	2.54
Tax	0.96	0.75	0.64	0.63	0.63	0.47	0.60	0.62
RoA	1.83	1.89	1.90	1.94	1.95	1.78	1.86	1.92
Leverage (x)	9.0	8.7	8.7	8.6	8.7	8.2	8.5	8.7
RoE	16.5	16.4	16.6	16.7	17.0	14.6	15.8	16.7

Financials and valuations

Income Statement

	(INRb)						
Y/E March	FY20	FY21	FY22	FY23	FY24E	FY25E	FY26E
Interest Income	1,148.1	1,208.6	1,277.5	1,615.9	2,585.9	3,051.0	3,545.3
Interest Expense	586.3	559.8	557.4	747.4	1,489.4	1,720.7	1,953.0
Net Interest Income	561.9	648.8	720.1	868.4	1,096.5	1,330.3	1,592.3
Growth (%)	16.5	15.5	11.0	20.6	26.3	21.3	19.7
Non-Interest Income	232.6	252.0	295.1	312.1	424.5	496.7	586.1
Total Income	794.5	900.8	1,015.2	1,180.6	1,521.1	1,827.0	2,178.4
Growth (%)	20.6	13.4	12.7	16.3	28.8	20.1	19.2
Operating Expenses	307.0	327.2	374.4	476.5	623.0	722.1	839.8
Pre Provision Profits	487.5	573.6	640.8	704.0	898.0	1,104.9	1,338.7
Growth (%)	22.6	17.7	11.7	9.9	27.5	23.0	21.2
Core PPP	465.9	549.2	601.7	663.2	839.4	1,030.2	1,250.5
Growth (%)	22.5	17.9	9.6	10.2	26.6	22.7	21.4
Provisions (excl tax)	121.4	157.0	150.6	119.2	131.2	137.0	173.4
PBT	366.1	416.6	490.2	584.9	766.8	967.9	1,165.3
Tax	103.5	105.4	120.5	143.8	161.0	237.1	285.5
Tax Rate (%)	28.3	25.3	24.6	24.6	21.0	24.5	24.5
PAT	262.6	311.2	369.6	441.1	605.8	730.8	879.8
Growth (%)	24.6	18.5	18.8	19.3	37.3	20.6	20.4

Balance Sheet

Y/E March	FY20	FY21	FY22	FY23	FY24E	FY25E	FY26E
Equity Share Capital	5.5	5.5	5.5	5.6	7.6	7.6	7.6
Reserves & Surplus	1,704.4	2,031.7	2,395.4	2,796.4	4,323.8	4,902.7	5,623.0
Net Worth	1,709.9	2,037.2	2,400.9	2,802.0	4,331.4	4,910.3	5,630.6
Deposits	11,475.0	13,350.6	15,592.2	18,833.9	23,782.8	28,372.9	33,877.3
Growth (%)	24.3	16.3	16.8	20.8	26.3	19.3	19.4
of which CASA Dep	4,846.3	6,156.8	7,510.5	8,359.9	8,609.4	10,583.1	12,975.0
Growth (%)	23.9	27.0	22.0	11.3	3.0	22.9	22.6
Borrowings	1,446.3	1,354.9	1,848.2	2,067.7	6,851.5	7,503.3	8,209.0
Other Liabilities & Prov.	673.9	726.0	844.1	957.2	1,273.8	1,439.4	1,640.9
Total Liabilities	15,305.1	17,468.7	20,685.4	24,660.8	36,239.6	42,225.9	49,357.8
Current Assets	866.2	1,194.7	1,523.3	1,937.7	2,034.0	2,224.3	2,504.1
Investments	3,918.3	4,437.3	4,555.4	5,170.0	7,362.1	8,613.7	9,991.9
Growth (%)	33.7	13.2	2.7	13.5	42.4	17.0	16.0
Loans	9,937.0	11,328.4	13,688.2	16,005.9	25,162.6	29,339.6	34,327.3
Growth (%)	21.3	14.0	20.8	16.9	57.2	16.6	17.0
Fixed Assets	44.3	49.1	60.8	80.2	136.7	147.3	172.3
Other Assets	539.3	459.3	857.7	1,467.1	1,544.2	1,901.0	2,362.1
Total Assets	15,305.1	17,468.7	20,685.4	24,660.8	36,239.6	42,225.9	49,357.8

Asset Quality

Y/E March	FY20	FY21	FY22	FY23	FY24E	FY25E	FY26E
GNPA	126.5	150.9	161.4	180.2	321.3	328.5	379.5
NNPA	35.4	45.5	44.1	43.7	79.7	73.9	81.2
Slippages	175.6	160.4	268.6	245.4	329.3	408.8	461.6
GNPA Ratio	1.3	1.3	1.2	1.1	1.3	1.1	1.1
NNPA Ratio	0.4	0.4	0.3	0.3	0.3	0.3	0.2
Slippage Ratio	1.9	1.5	2.1	1.7	1.6	1.5	1.5
Credit Cost	1.3	1.5	1.2	0.8	0.5	0.5	0.5
PCR (Excl Tech. write off)	72.0	69.8	72.7	75.8	75.2	77.5	78.6

E: MOFSL Estimates

Financials and valuations

Ratios

Y/E March	FY20	FY21	FY22	FY23	FY24E	FY25E	FY26E
Yield & Cost Ratios (%)							
Avg. Yield-Earning Assets	9.0	8.1	7.4	8.0	8.3	8.5	8.5
Avg. Yield on loans	10.1	8.9	7.9	8.6	8.9	9.1	9.0
Avg. Yield on Invt	6.1	5.6	5.8	6.5	6.8	6.9	6.9
Avg. Cost-Int. Bear. Liab.	5.0	4.1	3.5	3.9	5.2	5.2	5.0
Avg. Cost of Deposits	4.9	4.0	3.4	3.6	4.8	4.9	4.7
Interest Spread	4.0	4.0	3.9	4.1	3.1	3.3	3.5
Net Interest Margin	4.2	4.1	3.9	4.1	3.4	3.6	3.7

Capitalisation Ratios (%)

CAR	18.3	18.5	18.7	19.3	18.5	17.6	16.9
Tier I	17.0	17.3	17.7	17.1	17.0	16.4	15.8
Tier II	1.2	1.2	1.0	2.1	1.4	1.2	1.0
CET-1		16.9	16.7	16.4			

Business and Efficiency Ratios (%)

Loans/Deposit	86.6	84.9	87.8	85.0	105.8	103.4	101.3
CASA Ratio	42.2	46.1	48.2	44.4	36.2	37.3	38.3
Cost/Assets	2.0	1.9	1.8	1.9	1.7	1.7	1.7
Cost/Total Income	38.6	36.3	36.9	40.4	41.0	39.5	38.5
Cost/Core Income	39.7	37.3	38.4	41.8	42.6	41.2	40.2
Int. Expense/Int. Income	51.1	46.3	43.6	46.3	57.6	56.4	55.1
Fee Income/Total Income	24.1	20.9	22.9	23.9	24.8	23.8	23.5
Non Int. Inc./Total Income	29.3	28.0	29.1	26.4	27.9	27.2	26.9
Empl. Cost/Total Expense	31.0	31.7	32.1	32.6	31.4	31.7	31.9
Business per Employee (INR m)	197.7	205.5	206.8	201.1	239.5	237.3	233.7
Profit per Employee (INR m)	2.5	2.6	2.6	2.5	3.0	3.0	3.0
Investment/Deposit Ratio	34.1	33.2	29.2	27.5	31.0	30.4	29.5
G-Sec/Investment Ratio	81.2	79.3	80.5	84.6	84.6	84.6	84.6

Valuation

RoE	16.4	16.6	16.7	17.0	14.6	15.8	16.7
RoA	1.9	1.9	1.9	1.9	1.8	1.9	1.9
RoRWA	2.6	2.8	2.8	2.9	2.7	2.7	2.7
Book Value (INR)	312	370	433	502	570	646	741
Growth (%)	13.8	18.5	17.2	16.0	13.6	13.4	14.7
Price-BV (x)	5.4	4.5	3.9	3.3	2.9	2.6	2.3
Adjusted BV (INR)	300	357	420	490	556	631	724
Price-ABV (x)	5.6	4.7	4.0	3.4	3.0	2.7	2.3
EPS (INR)	48.0	56.6	66.8	79.3	79.8	96.2	115.8
Growth (%)	21.2	17.8	18.1	18.6	0.6	20.6	20.4
Price-Earnings (x)	34.9	29.6	25.1	21.2	21.0	17.4	14.5
Dividend Per Sh (INR)	11.9	6.5	15.5	19.0	19.0	20.0	21.0
Dividend Yield (%)	0.7	0.4	0.9	1.1	1.1	1.2	1.3

E: MOFSL Estimates

Investment in securities market are subject to market risks. Read all the related documents carefully before investing

Explanation of Investment Rating	
Investment Rating	Expected return (over 12-month)
BUY	>=15%
SELL	< - 10%
NEUTRAL	< - 10 % to 15%
UNDER REVIEW	Rating may undergo a change
NOT RATED	We have forward looking estimates for the stock but we refrain from assigning recommendation

*In case the recommendation given by the Research Analyst is inconsistent with the investment rating legend for a continuous period of 30 days, the Research Analyst shall be within following 30 days take appropriate measures to make the recommendation consistent with the investment rating legend.

Disclosures

The following Disclosures are being made in compliance with the SEBI Research Analyst Regulations 2014 (herein after referred to as the Regulations).

Motilal Oswal Financial Services Ltd. (MOFSL) is a SEBI Registered Research Analyst having registration no. INH000000412. MOFSL, the Research Entity (RE) as defined in the Regulations, is engaged in the business of providing Stock broking services, Depository participant services & distribution of various financial products. MOFSL is a listed public company, the details in respect of which are available on www.motilaloswal.com. MOFSL (erstwhile Motilal Oswal Securities Limited - MOSL) is registered with the Securities & Exchange Board of India (SEBI) and is a registered Trading Member with National Stock Exchange of India Ltd. (NSE) and Bombay Stock Exchange Limited (BSE), Multi Commodity Exchange of India Limited (MCX) and National Commodity & Derivatives Exchange Limited (NCDEX) for its stock broking activities & is Depository participant with Central Depository Services Limited (CDSL) National Securities Depository Limited (NSDL), NERL, COMRIS and CCRL and is member of Association of Mutual Funds of India (AMFI) for distribution of financial products and Insurance Regulatory & Development Authority of India (IRDA) as Corporate Agent for insurance products. Details of associate entities of Motilal Oswal Financial Services Limited are available on the website at <http://onlinereports.motilaloswal.com/Dormant/documents/List%20of%20Associate%20companies.pdf>

MOFSL and its associate company(ies), their directors and Research Analyst and their relatives may; (a) from time to time, have a long or short position in, act as principal in, and buy or sell the securities or derivatives thereof of companies mentioned herein. (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 company(ies) discussed herein or act as an advisor or lender/borrower to such company(ies) or may have any other potential conflict of interests with respect to any recommendation and other related information and opinions.; however the same shall have no bearing whatsoever on the specific recommendations made by the analyst(s), as the recommendations made by the analyst(s) are completely independent of the views of the associates of MOFSL even though there might exist an inherent conflict of interest in some of the stocks mentioned in the research report.

MOFSL and / or its affiliates do and seek to do business including investment banking with companies covered in its research reports. As a result, the recipients of this report should be aware that MOFSL may have a potential conflict of interest that may affect the objectivity of this report. Compensation of Research Analysts is not based on any specific merchant banking, investment banking or brokerage service transactions. Details of pending Enquiry Proceedings of Motilal Oswal Financial Services Limited are available on the website at <https://galaxy.motilaloswal.com/ResearchAnalyst/PublishViewLitigation.aspx>

A graph of daily closing prices of securities is available at www.nseindia.com, www.bseindia.com. Research Analyst views on Subject Company may vary based on Fundamental research and Technical Research. Proprietary trading desk of MOFSL or its associates maintains arm's length distance with Research Team as all the activities are segregated from MOFSL research activity and therefore it can have an independent view with regards to Subject Company for which Research Team have expressed their views.

Regional Disclosures (outside India)

This report is not directed or intended for distribution to or use by any person or entity resident in a state, country or any jurisdiction, where such distribution, publication, availability or use would be contrary to law, regulation or which would subject MOFSL & its group companies to registration or licensing requirements within such jurisdictions.

For Hong Kong:

This report is distributed in Hong Kong by Motilal Oswal capital Markets (Hong Kong) Private Limited, a licensed corporation (CE AYY-301) licensed and regulated by the Hong Kong Securities and Futures Commission (SFC) pursuant to the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong) "SFO". As per SEBI (Research Analyst Regulations) 2014 Motilal Oswal Securities (SEBI Reg. No. INH000000412) has an agreement with Motilal Oswal capital Markets (Hong Kong) Private Limited for distribution of research report in Hong Kong. This report is intended for distribution only to "Professional Investors" as defined in Part I of Schedule 1 to SFO. Any investment or investment activity to which this document relates is only available to professional investor and will be engaged only with professional investors." Nothing here is an offer or solicitation of these securities, products and services in any jurisdiction where their offer or sale is not qualified or exempt from registration. The Indian Analyst(s) who compile this report is/are not located in Hong Kong & are not conducting Research Analysis in Hong Kong.

For U.S.

Motilal Oswal Financial Services Limited (MOFSL) is not a registered broker - dealer under the U.S. Securities Exchange Act of 1934, as amended (the "1934 act") and under applicable state laws in the United States. In addition MOFSL is not a registered investment adviser under the U.S. Investment Advisers Act of 1940, as amended (the "Advisers Act" and together with the 1934 Act, the "Acts"), and under applicable state laws in the United States. Accordingly, in the absence of specific exemption under the Acts, any brokerage and investment services provided by MOFSL, including the products and services described herein are not available to or intended for U.S. persons. This report is intended for distribution only to "Major Institutional Investors" as defined by Rule 15a-6(b)(4) of the Exchange Act and interpretations thereof by SEC (henceforth referred to as "major institutional investors"). This document must not be acted on or relied on by persons who are not major institutional investors. Any investment or investment activity to which this document relates is only available to major institutional investors and will be engaged in only with major institutional investors. In reliance on the exemption from registration provided by Rule 15a-6 of the U.S. Securities Exchange Act of 1934, as amended (the "Exchange Act") and interpretations thereof by the U.S. Securities and Exchange Commission ("SEC") in order to conduct business with Institutional Investors based in the U.S., MOFSL has entered into a chaperoning agreement with a U.S. registered broker-dealer, Motilal Oswal Securities International Private Limited. ("MOSIPL"). Any business interaction pursuant to this report will have to be executed within the provisions of this chaperoning agreement.

The Research Analysts contributing to the report may not be registered/qualified as research analyst with FINRA. Such research analyst may not be associated persons of the U.S. registered broker-dealer, MOSIPL, and therefore, may not be subject to NASD rule 2711 and NYSE Rule 472 restrictions on communication with a subject company, public appearances and trading securities held by a research analyst account.

For Singapore

In Singapore, this report is being distributed by Motilal Oswal Capital Markets Singapore Pte Ltd ("MOCMSPL") (Co. Reg. NO. 201129401Z) which is a holder of a capital markets services license and an exempt financial adviser in Singapore. As per the approved agreement under Paragraph 9 of Third Schedule of Securities and Futures Act (CAP 289) and Paragraph 11 of First Schedule of Financial Advisers Act (CAP 110) provided to MOCMSPL by Monetary Authority of Singapore. Persons in Singapore should contact MOCMSPL in respect of any matter arising from, or in connection with this report/publication/communication. This report is distributed solely to persons who qualify as "Institutional Investors", of which some of whom may consist of "accredited" institutional investors as defined in section 4A(1) of the Securities and Futures Act, Chapter 289 of Singapore ("the SFA"). Accordingly, if a Singapore person is not or ceases to be such an institutional investor, such Singapore Person must immediately discontinue any use of this Report and inform MOCMSPL.

Specific Disclosures

- 1 MOFSL, Research Analyst and/or his relatives does not have financial interest in the subject company, as they do not have equity holdings in the subject company.
- 2 MOFSL, Research Analyst and/or his relatives do not have actual/beneficial ownership of 1% or more securities in the subject company
- 3 MOFSL, Research Analyst and/or his relatives have not received compensation/other benefits from the subject company in the past 12 months
- 4 MOFSL, Research Analyst and/or his relatives do not have material conflict of interest in the subject company at the time of publication of research report
- 5 Research Analyst has not served as director/officer/employee in the subject company
- 6 MOFSL has not acted as a manager or co-manager of public offering of securities of the subject company in past 12 months
- 7 MOFSL has not received compensation for investment banking/ merchant banking/brokerage services from the subject company in the past 12 months
- 8 MOFSL has not received compensation for other than investment banking/merchant banking/brokerage services from the subject company in the past 12 months
- 9 MOFSL has not received any compensation or other benefits from third party in connection with the research report
- 10 MOFSL has not engaged in market making activity for the subject company

The associates of MOFSL may have:

- financial interest in the subject company
- actual/beneficial ownership of 1% or more securities in the subject company at the end of the month immediately preceding the date of publication of the Research Report or date of the public appearance.
- received compensation/other benefits from the subject company in the past 12 months
- any other potential conflict of interests with respect to any recommendation and other related information and opinions.; however the same shall have no bearing whatsoever on the specific recommendations made by the analyst(s), as the recommendations made by the analyst(s) are completely independent of the views of the associates of MOFSL even though there might exist an inherent conflict of interest in some of the stocks mentioned in the research report.
- acted as a manager or co-manager of public offering of securities of the subject company in past 12 months
- 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 company(ies) discussed herein or act as an advisor or lender/borrower to such company(ies)
- received compensation from the subject company in the past 12 months for investment banking / merchant banking / brokerage services or from other than said services.
- Served subject company as its clients during twelve months preceding the date of distribution of the research report.

The associates of MOFSL has not received any compensation or other benefits from third party in connection with the research report

Above disclosures include beneficial holdings lying in demat account of MOFSL which are opened for proprietary investments only. While calculating beneficial holdings, it does not consider demat accounts which are opened in name of MOFSL for other purposes (i.e holding client securities, collaterals, error trades etc.). MOFSL also earns DP income from clients which are not considered in above disclosures.

Analyst Certification

The views expressed in this research report accurately reflect the personal views of the analyst(s) about the subject securities or issues, and no part of the compensation of the research analyst(s) was, is, or will be directly or indirectly related to the specific recommendations and views expressed by research analyst(s) in this report.

Terms & Conditions:

This report has been prepared by MOFSL and is meant for sole use by the recipient and not for circulation. The report and information contained herein is strictly confidential and may not be altered in any way, transmitted to, copied or distributed, in part or in whole, to any other person or to the media or reproduced in any form, without prior written consent of MOFSL. The report is based on the facts, figures and information that are considered true, correct, reliable and accurate. The intent of this report is not recommendatory in nature. The information is obtained from publicly available media or other sources believed to be reliable. Such information has not been independently verified and no guaranty, representation of warranty, express or implied, is made as to its accuracy, completeness or correctness. All such information and opinions are subject to change without notice. The report is prepared solely for informational purpose and does not constitute an offer document or solicitation of offer to buy or sell or subscribe for securities or other financial instruments for the clients. Though disseminated to all the customers simultaneously, not all customers may receive this report at the same time. MOFSL will not treat recipients as customers by virtue of their receiving this report.

Disclaimer:

The report and information contained herein is strictly confidential and meant solely for the selected recipient and may not be altered in any way, transmitted to, copied or distributed, in part or in whole, to any other person or to the media or reproduced in any form, without prior written consent. This report and information herein is solely for informational purpose and may not be used or considered as an offer document or solicitation of offer to buy or sell or subscribe for securities or other financial instruments. Nothing in this report constitutes investment, legal, accounting and tax advice or a representation that any investment or strategy is suitable or appropriate to your specific circumstances. The securities discussed and opinions expressed in this report may not be suitable for all investors, who must make their own investment decisions, based on their own investment objectives, financial positions and needs of specific recipient. This may not be taken in substitution for the exercise of independent judgment by any recipient. Each recipient of this document should make such investigations as it deems necessary to arrive at an independent evaluation of an investment in the securities of companies referred to in this document (including the merits and risks involved), and should consult its own advisors to determine the merits and risks of such an investment. The investment discussed or views expressed may not be suitable for all investors. Certain transactions -including those involving futures, options, another derivative products as well as non-investment grade securities - involve substantial risk and are not suitable for all investors. No representation or warranty, express or implied, is made as to the accuracy, completeness or fairness of the information and opinions contained in this document. The Disclosures of Interest Statement incorporated in this document is provided solely to enhance the transparency and should not be treated as endorsement of the views expressed in the report. This information is subject to change without any prior notice. The Company reserves the right to make modifications and alternations to this statement as may be required from time to time without any prior approval. MOFSL, its associates, their directors and the employees may from time to time, effect or have effected an own account transaction in, or deal as principal or agent in or for the securities mentioned in this document. They may perform or seek to perform investment banking or other services for, or solicit investment banking or other business from, any company referred to in this report. Each of these entities functions as a separate, distinct and independent of each other. The recipient should take this into account before interpreting the document. This report has been prepared on the basis of information that is already available in publicly accessible media or developed through analysis of MOFSL. The views expressed are those of the analyst, and the Company may or may not subscribe to all the views expressed therein. This document is being supplied to you solely for your information and may not be reproduced, redistributed or passed on, directly or indirectly, to any other person or published, copied, in whole or in part, for any purpose. This report is not directed or intended for distribution to, or use by, any person or entity who is a citizen or resident of or located in any locality, state, country or other jurisdiction, where such distribution, publication, availability or use would be contrary to law, regulation or which would subject MOFSL to any registration or licensing requirement within such jurisdiction. The securities described herein may or may not be eligible for sale in all jurisdictions or to certain category of investors. Persons in whose possession this document may come are required to inform themselves of and to observe such restriction. Neither the Firm, nor its directors, employees, agents or representatives shall be liable for any damages whether direct or indirect, incidental, special or consequential including lost revenue or lost profits that may arise from or in connection with the use of the information. The person accessing this information specifically agrees to exempt MOFSL or any of its affiliates or employees from, any and all responsibility/liability arising from such misuse and agrees not to hold MOFSL or any of its affiliates or employees responsible for any such misuse and further agrees to hold MOFSL or any of its affiliates or employees free and harmless from all losses, costs, damages, expenses that may be suffered by the person accessing this information due to any errors and delays.

This report is meant for the clients of Motilal Oswal only.

Investment in securities market are subject to market risks. Read all the related documents carefully before investing.

Registration granted by SEBI and certification from NISM in no way guarantee performance of the intermediary or provide any assurance of returns to investors.

Registered Office Address: Motilal Oswal Tower, Rahimtullah Sayani Road, Opposite Parel ST Depot, Prabhadevi, Mumbai-400025; Tel No.: 022 - 71934200 / 71934263; www.motilaloswal.com.

Correspondence Address: Palm Spring Centre, 2nd Floor, Palm Court Complex, New Link Road, Malad (West), Mumbai- 400 064. Tel No: 022 71881000. Details of Compliance Officer: Neeraj Agarwal,

Email Id: na@motilaloswal.com, Contact No.:022-40548085.

Grievance Redressal Cell:

Contact Person	Contact No.	Email ID
Ms. Hemangi Date	022 40548000 / 022 67490600	query@motilaloswal.com
Ms. Kumud Upadhyay	022 40548082	servicehead@motilaloswal.com
Mr. Ajay Menon	022 40548083	am@motilaloswal.com

Registration details of group entities.: Motilal Oswal Financial Services Ltd. (MOFSL): INZ000158836 (BSE/NSE/MCX/NCDEX); CDSL and NSDL: IN-DP-16-2015; Research Analyst: INH000000412 . AMFI: ARN : 146822. IRDA Corporate Agent – CA0579. Motilal Oswal Financial Services Ltd. is a distributor of Mutual Funds, PMS, Fixed Deposit, Insurance, Bond, NCDs and IPO products.

Customer having any query/feedback/ clarification may write to query@motilaloswal.com. In case of grievances for any of the services rendered by Motilal Oswal Financial Services Limited (MOFSL) write to grievances@motilaloswal.com, for DP to dp grievances@motilaloswal.com.