

Estimate change	↔
TP change	↔
Rating change	↔

Bloomberg	HDFCB IN
Equity Shares (m)	15360
M.Cap.(INRb)/(USDb)	15402.9 / 175.1
52-Week Range (INR)	1018 / 810
1, 6, 12 Rel. Per (%)	2/-3/16
12M Avg Val (INR M)	22077

Financials & Valuations (INR b)

Y/E	FY25	FY26E	FY27E
NII	1,227	1,295	1,492
OP	1,001	1,197	1,270
NP	673	751	837
NIM (%)	3.5	3.3	3.5
EPS (INR)	44.0	49.1	54.7
EPS Gr. (%)	9.9	11.5	11.5
BV/Sh. (INR)	328	361	405
ABV/Sh. (INR)	314	345	387

Ratios

RoA (%)	1.8	1.8	1.8
RoE (%)	14.5	14.3	14.3

Valuations

P/E(X)	22.7	20.4	18.3
P/E(X)*	19.6	17.6	15.8
P/BV (X)	3.1	2.8	2.5
P/ABV (X)*	2.8	2.5	2.2

* adjusted for subs

Shareholding pattern (%)

As On	Sep-25	Jun-25	Sep-24
Promoter	0.0	0.0	0.0
DII	31.4	31.1	30.6
FII	55.3	55.7	55.0
Others	13.3	13.2	14.4

FII Includes depository receipts

CMP: INR1,003 **TP: INR1,175 (+17%)** **Buy**

Steady quarter; margin decline controlled at 8bp QoQ

Asset quality remains robust

- HDFC Bank (HDFCB) reported 2QFY26 profit at INR186.4b, up 11% YoY (11% beat), led by healthy NII and robust other income.
- NII grew 5% YoY to INR315.5b (in line). Margins on total assets declined 8bp QoQ to 3.27% (est. 3.24%).
- Other income stood at INR143.5b (16% beat, 25% YoY growth), led by treasury gains of INR23.9b (INR2.9b in 2QFY25).
- Provisions grew 29.6% YoY to INR35b (8% higher than MOFSLe). The bank has made additional contingent provisions of INR15b and general provisions of INR7b in 2QFY26.
- Advances book grew 10% YoY/4.5% QoQ to INR27.5t. Deposits grew 12.1% YoY/1% QoQ to INR28t. CASA ratio stood at 33.9%, while CD ratio increased to ~98%.
- Fresh slippages stood at INR74b (INR63b ex-agri). GNPA/NNPA ratios improved by 16bp/5bp QoQ to 1.24%/0.42%. PCR was broadly stable at 66.6%.
- **We fine-tune our earnings estimates for FY27 and expect HDFCB to deliver FY27E RoA/RoE of 1.84%/14.3%. Reiterate BUY with a TP of INR1,175 (2.7x FY27E ABV + INR137 for subs).**

Growth outlook turning stronger; Core credit cost well in control

- Profit grew 11% YoY to INR186.4b (11% beat). NII rose 5% YoY to INR315.5b (in line). Margins on total assets declined 8bp QoQ to 3.27%.
- Other income stood at INR143.5b (16% beat, 25% YoY growth), led by treasury gains of INR23.9b (INR2.9b in 2QFY25).
- Opex grew 6% YoY to INR179.8b (in line). C/I ratio for the quarter stood at 39.2%. PPOP was INR279.2b (13% YoY growth, 10% beat), while provisioning expenses stood at INR35b (est.: INR32.3b).
- Loan book grew by a healthy 10% YoY/4.5% QoQ. Agri grew 7% QoQ, while corporate grew 4.7% QoQ. Business banking grew 4.1% QoQ. Deposits rose 12.1% YoY/1.4% QoQ. CASA ratio stood at 33.9%, while CD ratio increased to ~98%. The bank aims to grow advances higher than system in FY27.
- Fresh slippages stood at INR74b (INR63b ex-agri). GNPA/NNPA ratios improved by 16bp/5bp QoQ to 1.24%/0.42%. PCR declined 24bp QoQ to 66.6%.
- Recoveries increased to INR68b (vs. INR42b in 1QFY26) as there was a 10bp benefit due to an NPA, which was upgraded in 2Q. Credit cost stood at 51bp.
- **Subsidiary performance: HDB Financial** reported loan growth of 13% YoY/1.9% QoQ to INR1114b, while PAT stood at INR5.8b. GS3 assets stood at 2.81%, while CAR was 21.8%. **HDFC Securities:** Revenue grew 23% YoY to INR7b, while PAT rose 33% YoY to INR2.1b.

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Highlights from the management commentary

- Loan growth is expected to grow faster than system growth in FY27. LDR will come below 90% mark in the medium term.
- The bank tends to have a slightly longer duration, especially on the retail side, and therefore, tailwinds on costs would last a little longer.
- In gold loan, yields have been pretty rich given that it is a fully collateralized product. HDFCB has been growing this in a steady manner and will continue that but will remain cautious.
- It is now selling home loan products from wider distribution than it used to do before the merger. HDFCB has also brought down the turnaround time.

Valuation and view: Reiterate BUY with a TP of INR1,175

HDFCB posted a steady quarter with an earnings beat, aided by healthy NII and robust treasury gains. NIMs moderated 8bp QoQ and are expected to pick up going forward. Loan growth has started gaining traction, which led the CD ratio to increase to 98%; however, management expects this to reduce below 90% in the medium term. Slippages moderated, while recoveries were healthy, enabling a decline in core credit cost. HDFCB made additional contingency provisions of INR15b and maintained its floating provisions of INR214b, taking the total such provisions to INR381b (1.4% of loans). The gradual retirement of high-cost borrowings, along with an improvement in operating leverage and the provision buffer, will support return ratios over the coming years. **We fine-tune our earnings estimates for FY27 and estimate HDFCB to deliver FY27E RoA/RoE of 1.84%/14.3%. Reiterate BUY with a TP of INR1,175 (2.7x FY27E ABV + INR137 for subs).**

Quarterly performance

(INR b)

	FY25				FY26E				FY25	FY26E	FY26E	V/s our
	1Q	2Q	3Q	4Q	1Q	2QE	3QE	4QE			2QE	Est (%)
Net Interest Income	298.4	301.1	306.5	320.7	314.4	315.5	326.3	338.6	1,226.7	1,294.8	308.2	2.4%
% Change (Y-o-Y)	26.4	10.0	7.7	10.3	5.4	4.8	6.4	5.6	13.0	5.6	2.3	
Other Income	106.7	114.8	114.5	120.3	217.3	143.5	132.2	136.7	456.3	629.7	124.1	15.6%
Total Income	405.1	416.0	421.1	440.9	531.7	459.0	458.5	475.3	1,683.0	1,924.5	432.3	6.2%
Operating Expenses	166.2	168.9	171.1	175.6	174.3	179.8	184.1	189.5	681.7	727.8	178.3	0.8%
Operating Profit	238.8	247.1	250.0	265.4	357.3	279.2	274.4	285.8	1,001.3	1,196.8	254.0	10.0%
% Change (Y-o-Y)	27.2	8.9	5.7	-9.4	49.6	13.0	9.8	7.7	6.1	19.5	2.8	
Provisions	26.0	27.0	31.5	31.9	144.4	35.0	33.1	36.1	116.5	248.5	32.3	8.2%
Profit before Tax	212.8	220.1	218.5	233.4	212.9	244.2	241.3	249.7	884.8	948.2	221.6	10.2%
Tax	51.1	51.8	51.1	57.3	31.4	57.8	58.6	49.4	211.3	197.2	54.3	
Net Profit	161.7	168.2	167.4	176.2	181.6	186.4	182.7	200.3	673.5	751.0	167.3	11.4%
% Change (Y-o-Y)	35.3	5.3	2.2	6.7	12.2	10.8	9.2	13.7	10.7	11.5	-0.5	
Operating Parameters												
Deposit	23,791	25,001	25,638	27,147	27,641	28,018	29,765	31,111	27,147	31,111	28,420	
Loan	24,635	24,951	25,182	26,196	26,284	27,464	27,834	28,973	26,196	28,973	26,882	
Deposit Growth (%)	24.4	15.1	15.8	14.1	16.2	12.1	16.1	14.6	14.1	14.6	13.7	
Loan Growth (%)	52.5	7.0	3.0	5.4	6.7	10.1	10.5	10.6	5.4	10.6	7.7	
Asset Quality												
Gross NPA (%)	1.3	1.4	1.4	1.3	1.4	1.2	1.2	1.2	1.3	1.2	1.4	
Net NPA (%)	0.4	0.4	0.5	0.4	0.5	0.4	0.4	0.4	0.4	0.4	0.5	
PCR (%)	71.2	69.9	67.8	67.9	66.9	66.6	66.9	67.0	67.9	67.0	67.8	

E: MOFSL Estimates

Quarterly snapshot

Profit and Loss (INR b)	FY25				FY26		Change (%)	
	1Q	2Q	3Q	4Q	1Q	2Q	YoY	QoQ
Interest Income	730.3	740.2	760.1	774.6	774.7	766.9	3.6	-1.0
Interest Expenses	432.0	439.0	453.5	453.9	460.3	451.4	2.8	-1.9
Net Interest Income	298.4	301.1	306.5	320.7	314.4	315.5	4.8	0.4
Other Income	106.7	114.8	114.5	120.3	217.3	143.5	25.0	-34.0
Trading profits	2.2	2.9	0.7	4.0	101.0	24.0	727.6	-76.2
Total Income	405.1	416.0	421.1	440.9	531.7	459.0	10.3	-13.7
Operating Expenses	166.2	168.9	171.1	175.6	174.3	179.8	6.4	3.1
Employee	58.5	59.9	59.5	61.2	61.6	64.6	8.0	4.9
Others	107.7	109.1	111.6	114.4	112.8	115.2	5.6	2.1
Operating Profits	238.8	247.1	250.0	265.4	357.3	279.2	13.0	-21.9
Core Operating Profits	236.6	244.2	249.3	261.4	256.3	255.2	4.5	-0.4
Provisions	26.0	27.0	31.5	31.9	144.4	35.0	29.6	-75.8
PBT	212.8	220.1	218.5	233.4	212.9	244.2	11.0	14.7
Taxes	51.1	51.8	51.1	57.3	31.4	57.8	11.5	84.3
PAT	161.7	168.2	167.4	176.2	181.6	186.4	10.8	2.7
Balance Sheet (INR t)								
Loans	24.6	25.0	25.2	26.2	26.3	27.5	10.1	4.5
Advances inc IBPC	25.7	26.3	26.8	14.0	27.8	28.7	8.9	3.1
Advances exc IBPC	24.9	25.2	25.4	12.2	26.5	27.7	9.9	4.4
Deposits	23.8	25.0	25.6	27.1	27.6	28.0	12.1	1.4
CASA Deposits	8.6	8.8	8.7	9.4	9.4	9.5	7.4	1.3
- Savings	6.0	6.1	6.1	6.3	6.4	6.5	7.3	2.1
- Current	2.7	2.8	2.7	3.1	3.0	3.0	7.6	-0.5
Loan mix (%)								
Retail	50.8	50.9	50.9	50.4	50.5	49.9	-96	-63
-Home loan	30.6	30.5	19.1	19.4	30.3	29.9	-63	-44
-Personal loan	7.2	7.2	4.0	4.3	7.2	7.2	-1	-6
Small and mid banking	18.3	18.6	19.1	19.4	19.8	19.9	137	8
Agriculture	3.9	4.1	4.0	4.3	4.1	4.3	20	16
Wholesale	27.0	26.5	26.1	25.9	25.5	25.8	-61	39
Asset Quality (INR b)								
GNPA	330.3	342.5	360.2	352.2	370.4	342.9	0.1	-7.4
NNPA	95.1	103.1	115.9	113.2	122.8	114.5	11.0	-6.8
Slippages	79.0	78.0	88.0	75.0	90.0	74.0	-5.1	-17.8
Asset Quality Ratios (%)								
GNPA	1.33	1.36	1.42	1.33	1.40	1.24	-12	-16
NNPA	0.39	0.41	0.46	0.43	0.47	0.42	1	-5
PCR (Calc.)	71.2	69.9	67.8	67.9	66.9	66.6	-329	-24
Slippage ratio	1.5	1.3	1.4	1.2	1.4	1.1	-16	-28
Business Ratios (%)								
CASA (Reported)	36.0	35.3	34.0	34.8	33.9	33.9	-143	-2
Loan/Deposit	103.5	99.8	98.2	96.5	95.1	98.0	-178	293
Other income/Total Income	26.3	27.6	27.2	27.3	40.9	31.3	366	-961
Cost to Income	41.0	40.6	40.6	39.8	32.8	39.2	-144	638
Cost to Assets	2.2	1.9	1.9	1.9	1.9	1.9	-3	2
Tax Rate	24.0	23.6	23.4	24.5	14.7	23.7	11	894
Capitalisation Ratios (%)								
Tier-1	17.3	17.8	18.0	17.7	17.8	17.9	10	10
- CET 1 (incl profit)	16.8	17.3	17.5	17.2	17.4	17.5	20	10
CAR	19.3	19.8	20.0	19.6	19.9	20.0	20	10
RWA / Total Assets	69.0	67.0	67.0	68.0	69.0	70.0	300	100
LCR	123.3	127.7	125.3	119.0	123.8	120.0	-767	-378
Profitability Ratios (%)								
Yield on loans	11.5	9.8	9.7	9.5	9.5	9.0	-80	-41
Yield on funds	10.9	9.4	9.4	9.3	9.3	9.0	-47	-28
Cost of funds	4.9	4.9	4.9	4.9	4.8	4.6	-30	-20
Margins	3.47	3.46	3.43	3.54	3.35	3.27	-19	-8
Other Details								
Branches	8,851	9,092	9,143	9,455	9,499	9,545	453	46
Employees (K)	213.1	206.8	210.2	214.5	218.8	220.3	13.6	1.5

Source: MOFSL, company



Highlights from the management commentary

Opening remarks by MD and CEO Mr. Sashidhar Jagdishan

- HDFCB has accelerated loan growth with growth pickup across segments.
- Market share gain in deposits can be seen. CD ratio has increased to 98% as of 2QFY26.
- NIM compressed by 8bp. In the next 6-12 months, there will be deposit repricing, which will have some effect on NIMs.
- The bank continues to invest in technology not just for the core platform but also for creating a platform like GenAI to reengineer the bank's processes.
- Positive bias on NIMs in the medium to long term.

Yields, cost, and margins

- Yield on assets came down by 50bp vs. Dec'24 level. Cost of fund fell by 18-19bp and this will help in NIM gains.
- The bank tends to have a slightly longer duration, especially on the retail side, and therefore, the tailwind on the cost side would be a little longer.
- It has operated within RoA of ~1.85-1.95% in the last eight quarters, though the cost of fund changes this trajectory.

Deposits

- LDR will come in below the 90% mark in the medium term.
- HCFCB has seen lower growth in non-retail deposits, but retail deposit growth has been healthy.
- There has been an element of disciplined pricing. The bank has been comfortable on its deposit growth.
- It caters to all deposit needs, offering products comparable to those of larger peers.
- The bank emphasizes building liability relationships and expanding its branch network to grow its customer base, which should boost deposits and liabilities.

Loans

- Loan growth is expected to grow faster than system growth in FY27.
- In unsecured book, the bank will not ease its underwriting and will look to grow in segments, where it is comfortable and which support the economy.
- On volume growth, the bank did a lot of correction in processes last year. The bank has started increasing its market share.
- Over the next 18-24 months, the bank will increase sales of mortgage products but will not do anything to only gain market share.
- In gold loan, yields have been rich given that it is a fully collateralized product. The bank has been growing this in a steady manner and will continue that but will remain cautious.
- Card issuance and spends have been growing faster than industry trends, but card balances have not grown much as the bank has not participated in card spends at the start of festivities.
- The bank added ~1.5m new cards in the quarter. It has been increasing credit lines for revolver.

- Fair amount of positivity has come back in MSME segment and credit demand is growing. The bank is seeing an opportunity in this segment and is expected to continue to do well.

Others

- When the bank realized that the economic outlook was changing after the merger, it decided to bring down the CD ratio much faster than at the time envisaged during the merger.
- In home loan, which has far-reaching impact than short-term consumption product, HDFCB tries to sell products from a wider distribution than it used to do before the merger. It has also reduced the turnaround time.
- There is a savings account attached to each home loan product it gives. The bank has seen upsell in products, like credit card and consumer durable products that go well with the home loan customer.
- Credit card penetration is more than 14% and consumer durable penetration is in mid-13%. In broking, penetration is ~14%.
- Fair amount of positive bias is seen in financial metrics in 3-4 years.

Asset quality

- GNPA/NNPA ratios improved by 16bp/5bp QoQ to 1.24%/0.42%. PCR declined 24bp QoQ to 66.6%.
- Recoveries have a one-off 10bp impact from an NPA that was upgraded.
- The bank has made ~INR16b of contingent provisions and ~INR6b of general provisions.
- HDFCB chose to slow down in FY25 and now it is on an upward trajectory. Its ECL advantage will get nullified, but the bank will wait and watch for final guidelines.
- There was ~60-70bp of capital utilization before the merger. Normally when the bank raises capital, it has enough capital for 3-4 years.
- The bank feels comfortable if the ECL guidelines come, as it has made healthy provisions.

Subsidiaries

- HDB Financial reported loan growth of 13% YoY/1.9% QoQ to INR1114b, while PAT stood at INR5.8b. GS3 assets stood at 2.81%, while CAR was 21.8%.
- HDFC Securities: Revenue grew 23% YoY to INR7b, while PAT rose 33% YoY to INR2.1b.

Story in charts

Exhibit 1: Loans/deposits grew 10%/12% YoY in 2QFY26

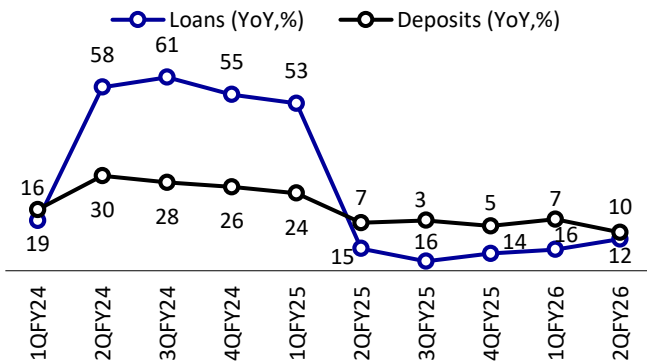


Exhibit 2: The mix of retail loans stood at 50% during 2Q

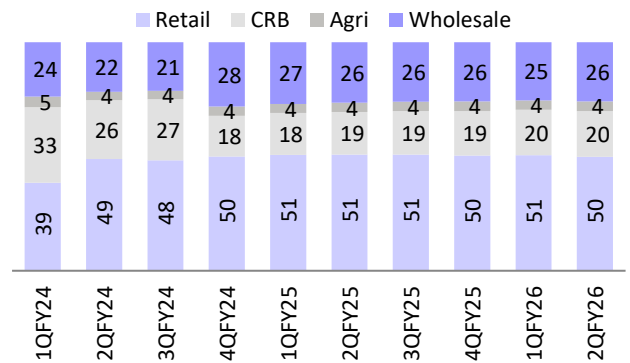


Exhibit 3: NIM moderated 8bp QoQ; CASA at 33.9%

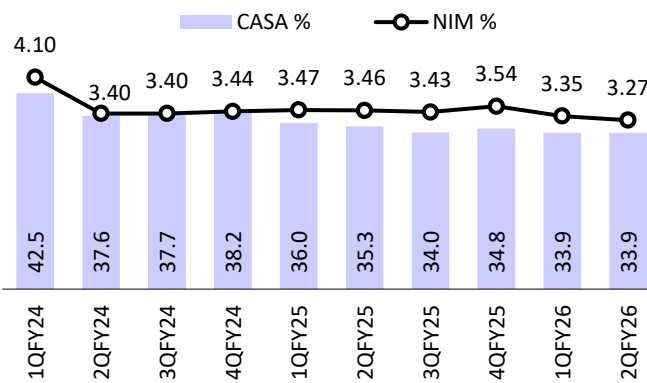


Exhibit 4: The bank added 46 branches in 2QFY26

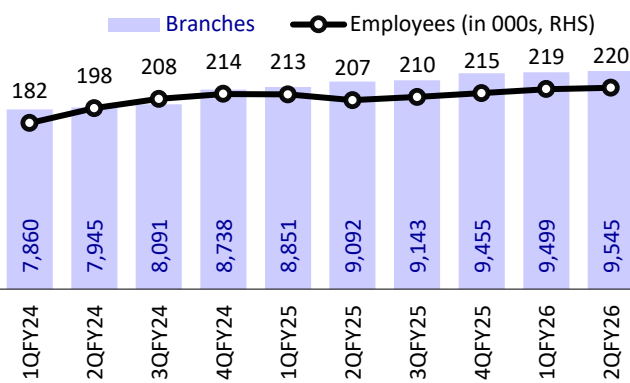


Exhibit 5: C/I ratio stood controlled at 39.2% in 2QFY26

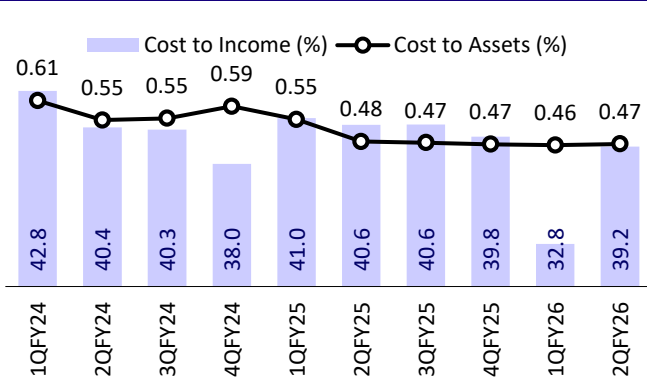


Exhibit 6: C/D ratio increased to 98%; LCR at 120%

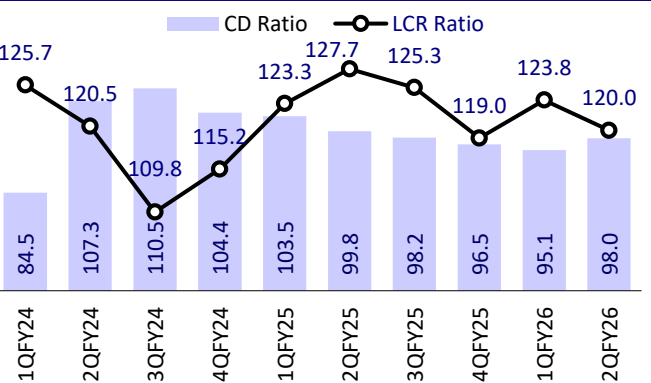


Exhibit 7: The slippage ratio moderated to 1.13%

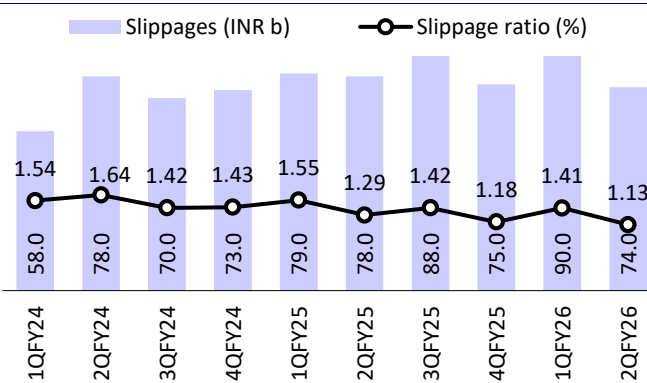
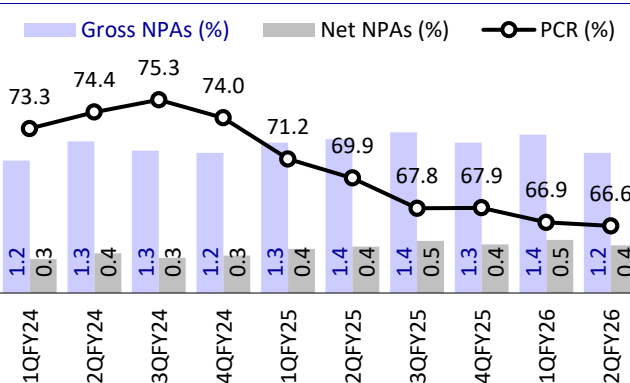


Exhibit 8: GNPA/NNPA ratios improved by 16bp/5bp QoQ



Source: MOFSL, Company

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Subsidiary performance and consolidated snapshot

Exhibit 9: HDB Financials' loans grew 13% YoY...

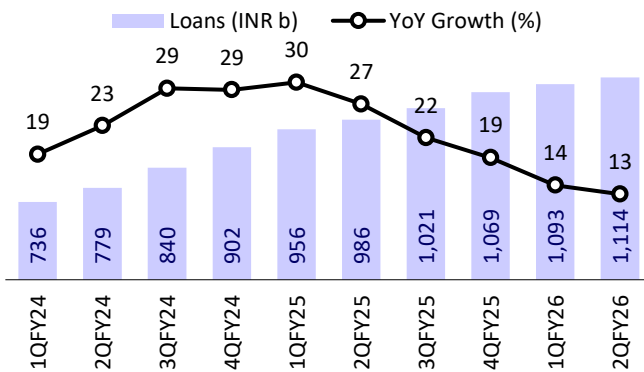


Exhibit 10: ...while PAT declined 2% YoY

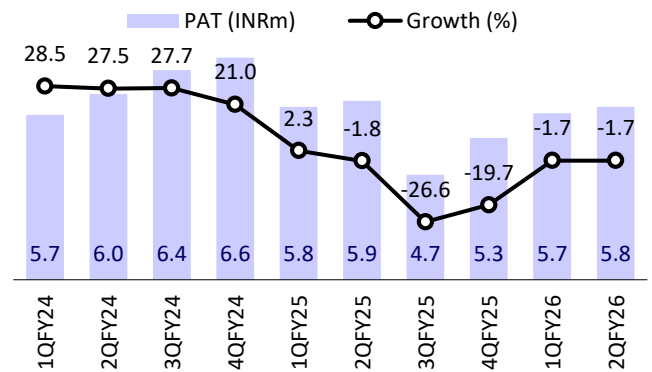


Exhibit 11: HDFC Life's NBP margin stood at 24%

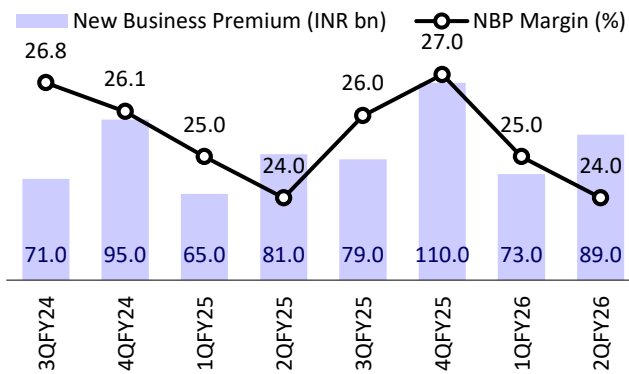


Exhibit 12: HDFC Life's AUM stood stable at INR3.6t

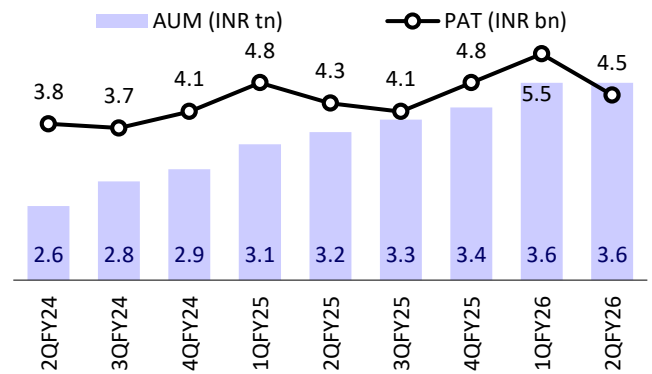


Exhibit 13: HDFC AMC: PAT stood at INR7.2b in 2QFY26

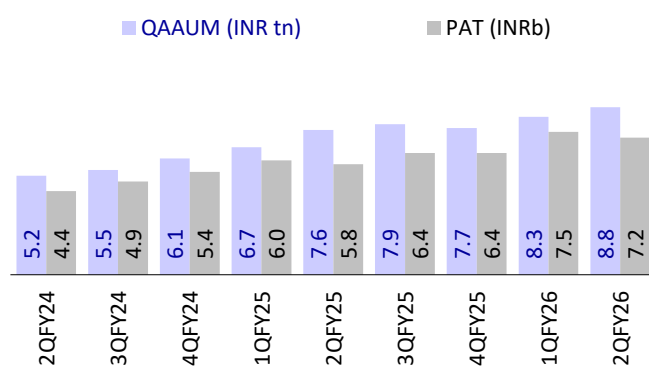


Exhibit 14: HDFC Sec: PAT dipped 34% YoY to INR2.1b

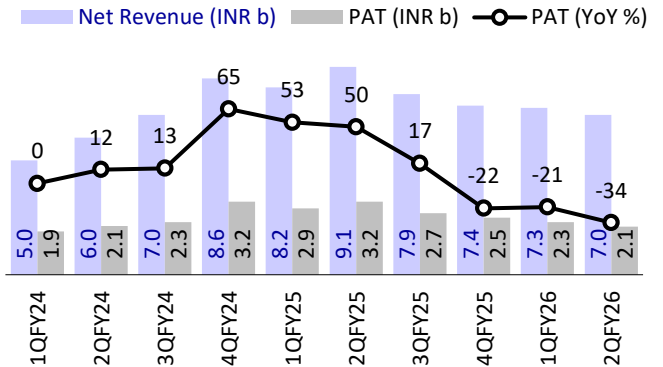


Exhibit 15: HDFC Ergo's PAT stood at INR1.8b

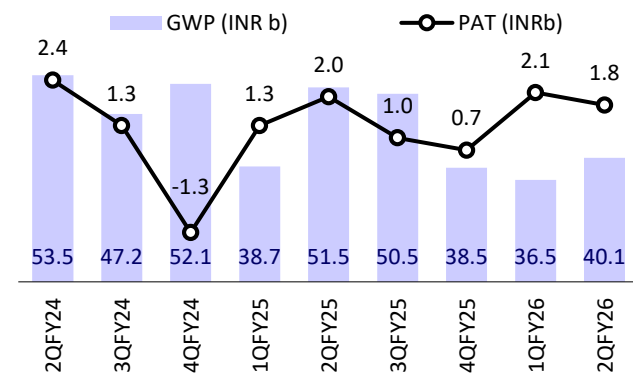


Exhibit 16: HDFC Bank's consol. PAT overview

INR b	2QFY25	1QFY26	2QFY26	YoY (%)	QoQ (%)
Stand Bank	168.2	181.6	186.4	11%	3%
HDB Financials	5.9	5.7	5.8	-2%	2%
HDFC Life	4.3	5.5	4.5	5%	-18%
HDFC AMC	5.8	7.5	7.2	24%	-4%
HDFC Securities	3.2	2.3	2.1	-34%	-9%
HDFC Ergo	2.0	2.1	1.8	-10%	-14%
Reported Total	189.4	204.7	207.8	9.7%	1.5%

Source: MOFSL, Company

Source: MOFSL, Company

Valuation and view: Reiterate BUY with a TP of INR1,175

- HDFCB posted a steady quarter with an earnings beat, aided by healthy NII and robust treasury gains. NIMs moderated 8bp QoQ and are expected to pick up going forward. Loan growth has started gaining traction, which led the CD ratio to increase to 98%; however, management expects this to reduce below 90% in the medium term.
- Slippages moderated, while recoveries stood healthy, enabling a decline in core credit costs. HDFCB made additional contingency provisions of INR15b and maintained its floating provisions of INR214b to take the total stock of such provisions to INR381b (1.4% of loans). The gradual retirement of high-cost borrowings, along with an improvement in operating leverage and the provision buffer, will support return ratios over the coming years.
- **We fine-tune our earnings estimates for FY27 and estimate HDFCB to deliver FY27E RoA/RoE of 1.84%/14.3%. Reiterate BUY with a TP of INR1,175 (2.7x FY27E ABV + INR137 for subs).**

Exhibit 17: Changes to our estimates

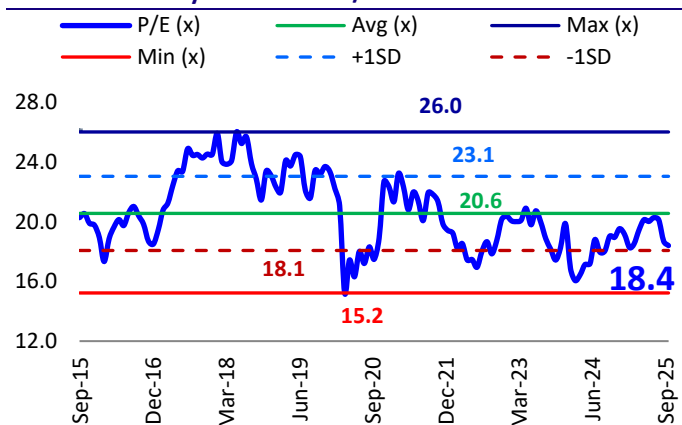
INR b	Old Estimates			New Estimates			Change (%/bps)		
	FY26	FY27	FY28	FY26	FY27	FY28	FY26	FY27	FY28
Net Interest Income	1,304.8	1,502.3	1,720.2	1,294.8	1,491.5	1,761.4	-0.8	-0.7	2.4
Other Income	602.3	572.2	646.6	629.7	598.2	676.0	4.5	4.5	4.5
Total Income	1,907.2	2,074.5	2,366.8	1,924.5	2,089.8	2,437.4	0.9	0.7	3.0
Operating Expenses	733.8	807.7	896.9	727.8	819.3	927.5	-0.8	1.4	3.4
Operating Profits	1,173.3	1,266.8	1,469.9	1,196.8	1,270.5	1,509.9	2.0	0.3	2.7
Provisions	246.9	165.8	194.1	248.5	161.8	197.8	0.7	-2.4	1.9
PBT	926.4	1,101.1	1,275.9	948.2	1,108.7	1,312.1	2.3	0.7	2.8
Tax	205.7	269.8	312.6	197.2	271.6	321.5	-4.1	0.7	2.8
PAT	720.8	831.3	963.3	751.0	837.1	990.6	4.2	0.7	2.8
Loans	28,737	32,186	36,402	28,973	32,594	37,027	0.8	1.3	1.7
Deposits	31,111	35,715	40,965	31,111	35,777	41,144	0.0	0.2	0.4
Margins (%)	3.4	3.5	3.6	3.3	3.5	3.6	-4	-5	5
Credit Cost (%)	0.89	0.53	0.55	0.89	0.51	0.55	0	-2	0
RoA (%)	1.76	1.83	1.88	1.83	1.84	1.93	7	1	5
RoE (%)	13.7	14.3	14.7	14.3	14.3	15.0	53	2	30
EPS, INR	47	54	63	49	55	65	4.2	0.7	2.8
BV, INR	359	402	455	361	405	459	0.6	0.6	0.9
ABV, INR	343	385	436	345	387	440	0.6	0.5	0.9

E: MOFSL Estimates

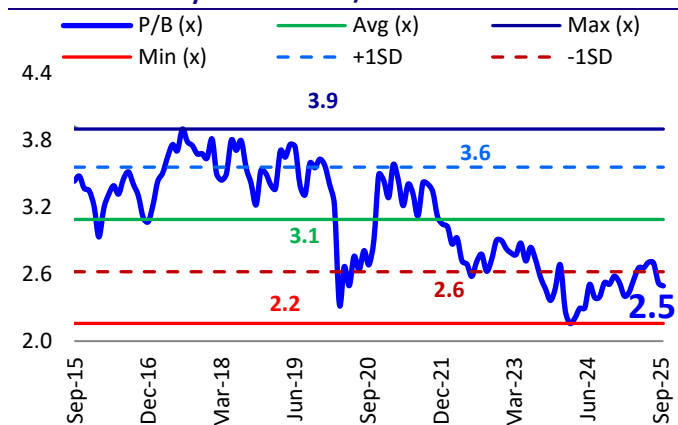
Exhibit 18: SoTP table for HDFCB

	Stake (%)	Proportionate		Per Share INR	% of Total	Rationale
		Value INRb	Value USD b			
HDFC Bank		15,879.6	190.2	1,038	88.3	❖ 2.6x FY27E ABV
HDB Financial Ser	74.2	523.2	6.3	34	2.9	❖ 2.9x FY27E Net worth
HDFC Securities	94.5	333.7	4.0	22	1.9	❖ 18x FY27E PAT
HDFC Life Insurance	50.3	899.3	10.8	59	5.0	❖ 2.4x FY27E EV
HDFC Ergo General Insurance	50.3	146.7	1.8	10	0.8	❖ 25x FY27E PAT
HDFC AMC	52.5	704.1	8.4	46	3.9	❖ 40x FY27E PAT
Total Value of Subs		2,607.1	31.2	172	14.6	
Less: 20% holding Disc		521.4	6.2	34	2.9	
Value of Subs (Post Holding Disc)		2,085.7	25.0	137	11.7	
Target Price		17,965.3	215.2	1,175		

Source: Company, MOFSL

Exhibit 19: One-year forward P/E ratio


Source: MOFSL, Company

Exhibit 20: One-year forward P/B ratio


Source: MOFSL, Company

Exhibit 21: DuPont Analysis – FY27 RoA estimated at 1.89%

Y/E March	FY23	FY24	FY25	FY26E	FY27E	FY28E
Interest Income	7.13	7.58	7.98	7.59	7.52	7.48
Interest Expense	3.30	4.40	4.72	4.44	4.25	4.05
Net Interest Income	3.83	3.19	3.26	3.15	3.27	3.44
- Core Fee Income	1.24	0.98	1.03	0.99	0.77	0.78
- Trading and others	0.13	0.46	0.18	0.54	0.54	0.54
Non Interest income	1.38	1.45	1.21	1.53	1.31	1.32
Total Income	5.21	4.63	4.47	4.68	4.58	4.75
Operating Expenses	2.10	1.86	1.81	1.77	1.80	1.81
- Employee cost	0.68	0.65	0.63	0.62	0.63	0.64
- Others	1.42	1.21	1.18	1.15	1.16	1.17
Operating Profits	3.10	2.77	2.66	2.91	2.79	2.94
Core operating Profits	2.97	2.31	2.48	2.37	2.25	2.41
Provisions	0.53	0.69	0.31	0.60	0.35	0.39
PBT	2.58	2.08	2.35	2.31	2.43	2.56
Tax	0.63	0.30	0.56	0.48	0.60	0.63
RoA	1.94	1.79	1.79	1.83	1.84	1.93
Leverage (x)	8.7	8.1	8.0	7.8	7.8	7.8
RoE	16.9	14.5	14.3	14.3	14.3	15.0

Source: Company, MOFSL

Financials and valuations

Income Statement						(INRb)
Y/E March (INR b)	FY23	FY24	FY25	FY26E	FY27E	FY28E
Interest Income	1,615.9	2,583.4	3,005.2	3,117.4	3,428.9	3,837.7
Interest Expense	747.4	1,498.1	1,778.5	1,822.6	1,937.4	2,076.4
Net Interest Income	868.4	1,085.3	1,226.7	1,294.8	1,491.5	1,761.4
- growth (%)	20.6	25.0	13.0	5.6	15.2	18.1
Non Interest Income	312.1	492.4	456.3	629.7	598.2	676.0
Total Income	1,180.6	1,577.7	1,683.0	1,924.5	2,089.8	2,437.4
- growth (%)	16.3	33.6	6.7	14.3	8.6	16.6
Operating Expenses	476.5	633.9	681.7	727.8	819.3	927.5
Pre Provision Profits	704.0	943.9	1,001.3	1,196.8	1,270.5	1,509.9
- growth (%)	9.9	34.1	6.1	19.5	6.2	18.8
Core PPOP	663.2	903.9	952.1	1,117.4	1,180.6	1,407.3
Growth (%)	10.2	36.3	5.3	17.4	5.7	19.2
Provisions	119.2	234.9	116.5	248.5	161.8	197.8
PBT	584.9	709.0	884.8	948.2	1,108.7	1,312.1
Tax	143.8	100.8	211.3	197.2	271.6	321.5
Tax Rate (%)	24.6	14.2	23.9	20.8	24.5	24.5
PAT	441.1	608.1	673.5	751.0	837.1	990.6
Growth (%)	19.3	37.9	10.7	11.5	11.5	18.3

Balance Sheet						
Y/E March (INR b)	FY23	FY24	FY25	FY26E	FY27E	FY28E
Equity Share Capital	11.2	15.2	15.3	15.3	15.3	15.3
Reserves & Surplus	2,796.4	4,394.9	5,006.6	5,502.6	6,180.2	7,011.2
Net Worth	2,807.6	4,410.1	5,021.9	5,517.9	6,195.5	7,026.5
Deposits	18,833.9	23,797.9	27,147.1	31,110.6	35,777.2	41,143.8
Growth (%)	20.8	26.4	14.1	14.6	15.0	15.0
of which CASA Dep	8,359.9	9,087.6	9,445.6	10,422.1	12,486.3	14,976.3
Growth (%)	11.3	8.7	3.9	10.3	19.8	19.9
Borrowings	2,067.7	6,621.5	5,479.3	4,698.0	4,287.5	4,008.9
Other Liabilities & Prov.	957.2	1,354.4	1,461.3	1,709.7	1,932.0	2,183.1
Total Liabilities	24,665.8	36,196.2	39,139.4	43,036.3	48,192.2	54,362.4
Current Assets	1,937.7	2,191.5	2,395.7	2,363.4	2,524.1	2,709.2
Investments	5,175.0	7,044.1	8,401.0	9,266.3	10,378.3	11,727.4
Growth (%)	13.5	36.1	19.3	10.3	12.0	13.0
Loans	16,005.9	24,848.6	26,196.1	28,972.9	32,594.5	37,027.3
Growth (%)	16.9	55.2	5.4	10.6	12.5	13.6
Fixed Assets	80.2	114.0	136.6	160.0	172.8	186.7
Other Assets	1,467.1	1,998.0	2,010.0	2,273.7	2,522.5	2,711.8
Total Assets	24,665.8	36,196.2	39,139.4	43,036.3	48,192.2	54,362.4

Asset Quality						
Y/E March	FY23	FY24	FY25	FY26E	FY27E	FY28E
GNPA (INR b)	180.2	311.7	352.2	362.1	441.8	441.8
NNPA (INR b)	43.7	80.9	113.2	119.5	137.4	137.4
Slippages (INR b)	245.4	402.6	319.8	358.6	431.0	487.4
GNPA Ratio (%)	1.1	1.2	1.3	1.2	1.3	1.3
NNPA Ratio (%)	0.3	0.3	0.4	0.4	0.4	0.4
Slippage Ratio (%)	1.7	2.0	1.3	1.3	1.4	1.4
Credit Cost (%)	0.8	1.2	0.5	0.9	0.5	0.6
PCR (Excl Tech. write off) (%)	75.8	74.0	67.9	67.0	68.9	68.9

Source: Company, MOFSL

Financials and valuations

Ratios

Y/E March (INR b)	FY23	FY24	FY25	FY26E	FY27E	FY28E
Yield & Cost Ratios (%)						
Avg. Yield-Earning Assets	8.0	8.4	8.9	8.4	8.3	8.3
Avg. Yield on loans	8.6	8.8	9.3	8.8	8.8	8.8
Avg. Yield on Inv't	6.5	6.8	7.1	6.9	6.8	6.8
Avg. Cost-Int. Bear. Liab.	3.9	5.3	5.6	5.3	5.1	5.1
Avg. Cost of Deposits	3.6	4.7	4.9	4.9	4.8	4.8
Interest Spread	4.1	3.2	3.2	3.0	3.2	3.2
Net Interest Margin	4.1	3.4	3.5	3.3	3.48	3.5
Capitalisation Ratios (%)						
CAR	19.3	18.8	19.6	20.7	20.4	20.4
Tier I	17.1	16.8	17.7	18.2	18.2	18.2
- CET-1	16.4	16.3	17.2	18.1	18.3	18.4
Tier II	2.1	2.0	1.9	2.4	2.2	2.2
Business Ratios (%)						
Loans/Deposit	85.0	104.4	96.5	93.1	91.1	90.0
CASA Ratio	44.4	38.2	34.8	33.5	34.9	36.4
Cost/Assets	1.9	1.8	1.7	1.7	1.7	1.7
Cost/Total Income	40.4	40.2	40.5	37.8	39.2	38.1
Cost/Core Income	41.8	41.2	41.7	39.4	41.0	39.7
Staff Cost/Total Expense	32.6	35.1	35.1	35.1	35.3	35.2
Int. Expense/Int.Income	46.3	58.0	59.2	58.5	56.5	54.1
Fee Income/Total Income	23.9	21.2	23.1	21.2	16.8	16.5
Other Inc./Total Income	26.4	31.2	27.1	32.7	28.6	27.7
Efficiency Ratios (INRm)						
Employee per branch (in nos)	22.1	24.4	22.7	24.4	24.2	24.0
Staff cost per employee (INR m)	0.9	1.0	1.1	0.9	1.0	1.0
CASA per branch (INR m)	1,069	1,040	999	942	999	1,061
Deposits per branch (INR m)	2,408	2,723	2,871	2,813	2,863	2,914
Bus. per Employee (INR m)	201	228	249	222	226	231
Profit per Employee (INR m)	2.5	2.8	3.1	2.8	2.8	2.9

Valuation

RoE	16.9	14.5	14.5	14.3	14.3	15.0
RoA	1.9	1.8	1.8	1.8	1.8	1.9
RoRWA	2.9	1.7	1.5	2.7	2.7	2.8
Book Value (INR)	252	290	328	361	405	459
Growth (%)	16.0	15.4	13.1	9.9	12.3	13.4
Price-BV (x)	4.0	3.4	3.1	2.8	2.5	2.2
Adjusted BV (INR)	245	278	314	345	387	440
Price-ABV (x)	4.1	3.6	3.2	2.9	2.6	2.3
EPS (INR)	39.6	40.0	44.0	49.1	54.7	64.7
Growth (%)	18.6	1.0	9.9	11.5	11.5	18.3
Price-Earnings (x)	25.2	25.0	22.7	20.4	18.3	15.5
Price-Earnings (x) - Adj. Subs	21.8	21.6	19.6	17.6	15.8	13.3
Dividend Per Sh (INR)	9.5	5.5	9.7	10.4	10.4	10.4
Dividend Yield (%)	0.9	0.6	1.0	1.0	1.0	1.0

Source: Company, MOFSL

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SELL	< - 10%
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