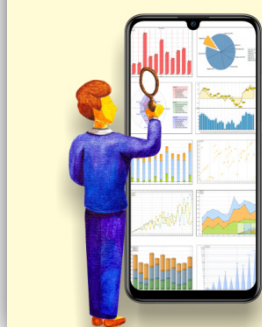


# Financials: Banks and Insurance

## Result Preview



Motilal Oswal values your support in the Asiamoney Brokers Poll 2023 for India Research, Sales, Corporate Access and Trading team. We [request your ballot](#).



### 1QFY24 earnings estimate (INR b)

PAT (INR b)	1Q FY24E	YoY (%)	QoQ (%)
<b>Private Banks</b>			
AUBANK	3.9	43.8	-9.3
AXSB	59.7	44.6	-10.0
BANDHAN	8.3	-7.0	2.0
DCBB	1.3	31.6	-10.1
EQUITAS	1.8	81.1	-7.5
FB	8.4	40.3	-6.6
HDFCB	110.4	20.0	-8.4
ICICIBC	95.0	37.6	4.2
IDFCFB	7.2	52.5	-9.9
IIB	21.8	33.5	6.6
KMB	30.2	45.7	-13.7
RBK	2.6	29.3	-4.1
<b>Private Total</b>	<b>350.4</b>	<b>32.0</b>	<b>-5.0</b>
<b>PSU Banks</b>			
BOB	41.4	91.1	-13.2
CBK	31.1	53.6	-2.2
INBK	16.2	33.2	11.7
PNB	14.9	381.8	28.3
SBIN	137.6	126.7	-17.6
UNBK	20.8	33.4	-25.3
<b>PSU Total</b>	<b>261.9</b>	<b>96.3</b>	<b>-12.8</b>
<b>Banks Total</b>	<b>612.3</b>	<b>53.5</b>	<b>-8.5</b>
<b>Other Financials</b>			
SBICARD	6.1	-3.5	1.4
Paytm	-3.1	NA	NA
<b>Life Insurance</b>			
HDFCLIFE	4.1	13.6	14.1
IPRULIFE	1.9	18.7	-21.3
SBI LIFE	3.0	14.5	-61.3
MAXF	1.0	8.5	47.4
<b>Life Total</b>	<b>9.9</b>	<b>14.3</b>	<b>-30.9</b>

## FY24 earnings to start on a healthy note; trend to moderate going further

### Asset quality remains steady; margin trajectory set to reverse

- **Credit growth to remain steady; estimate 13% growth in FY24:** We expect systemic loan growth to remain healthy in 1QFY24, with healthy credit growth of 15.4% YoY in Jun'23, driven by continued traction in the Retail and SME segments. The Corporate segment has remained sluggish, dragging down overall loan growth. Home, Vehicle, Unsecured, and Small Business segments continue to do well, while demand for CV remains healthy. The Credit card business is seeing strong momentum, with robust growth in both spends and the number of cards. **We estimate systemic loan growth of 13% in FY24.**
- **Deposit accretion remains healthy; rising CoD to hurt margins:** Deposit accretion has been healthy during the quarter, partly aided by the discontinuance of the INR2k currency note and an improved real rate of return as TD rates are broadly unchanged. Hence, the gap vs. credit growth has moderated further. The rise in the cost of deposits will lead to margin moderation for several banks, though some banks may report stable margins in 1QFY24. **Margins are likely to see pressure mainly from 2QFY24 onward, in our view.**
- **Slippages and credit cost to remain under control:** We estimate slippages to remain under control, which, along with recoveries, should aid the ongoing improvement in asset quality. Restructured and ECLGS books are likely to moderate gradually, while low SMA book will keep credit costs in check.
- **Estimate banking sector earnings to grow ~54%/23% YoY in 1QFY24/FY24:** We estimate our banking coverage universe to deliver ~54% YoY growth in PAT in 1QFY24 and sustain PPOP growth at ~35% YoY. In 1QFY24, we expect private/PSU banks to report earnings growth of ~32%/~96% YoY. **We estimate MOSL Banking Universe earnings to grow ~23%/19% YoY over FY24/FY25.**

### Private Banks – PAT to grow ~32% YoY in 1QFY24

- **We estimate private banks to report PPOP growth of ~31% YoY (flat QoQ) and PAT growth of ~32% YoY (-4.8% QoQ) in 1QFY24.** Earnings should remain steady, aided by healthy business growth and benign credit costs, but margin pressure and elevated opex may affect the overall growth trajectory.
- **Margins may moderate for select banks,** due to the rising cost of deposits and stagnating yields. However, healthy loan growth will continue to aid NII. **We estimate NII growth of ~28% YoY (3.7% QoQ) in 1QFY24,** with ICICIBC at ~36%, KMB at ~32%, AXSB at ~31%, HDFCB at ~26%, and IIB at 18% YoY.
- **Slippages are likely to remain under control** across segments, except for BANDHAN (due to residual recognition from the SMA pool). Overall, we believe asset quality should continue to improve in 1QFY24, while the growth rate and performance of unsecured loans will be key factors to watch out for.

### PSBs – Earnings momentum to remain robust

- Earnings growth is likely to remain robust, aided by controlled credit costs, though margins can show a downside bias on rising funding costs. **PSBs are**

likely to deliver NII/PPoP growth of 27%/40% YoY and PAT growth of ~96% YoY (-12.8% QoQ) in 1QFY24E.

- **Opex** is likely to remain elevated as banks provide for wage revisions. **Treasury performance** should remain healthy due to a moderation in bond yields and a recovery in capital markets.
- **Loan growth** may remain modest after strong growth in FY23. Most PSBs are already guiding for moderation in loan growth in FY24.
- **Asset quality** improvement is likely to continue, while healthy PCR and a sharp decline in SMA/stressed asset pool will keep credit costs in check.

#### Small Finance Banks – Expect healthy performance

- We expect **AUBANK** to report a stable performance, as benign provisions should offset a slight margin decline. Advances may grow by a healthy 5.1% QoQ. We estimate 1QFY24 PAT to grow ~44% YoY to INR3.9b (29% CAGR in FY23-25E).
- **EQUITASB** is likely to report another robust quarter, with PPoP/PAT growth of 21%/81% YoY and ~33% YoY growth in advances (5.4% QoQ).

#### Life Insurers: Premium growth muted; VNB margins steady, barring MAXF

- We expect premium growth to remain muted after a robust 4QFY23. Demand for Annuity, Non-PAR and Credit Life segments is likely to fare relatively better, while Protection is witnessing a gradual recovery. The growth outlook, after the implementation of budgetary changes especially in the Non-ULIP segment, would be a key monitorable.
- **Premium growth:** We expect HDFCLIFE/SBILIFE/MAXF to post APE growth of 15%/8%/8% YoY in 1QFY24, while IPRU is likely to post a 9% YoY decline in APE.
- **VNB growth:** We estimate VNB growth of ~8% YoY for SBILIFE, 28% for HDFCLIFE and 17% for MAXF. We estimate IPRU's VNB to decline by 5% YoY in 1QFY24.

#### Payments & Fintech: Revenue growth to remain steady

- **SBICARDS:** The momentum in Credit Card spends and new account sourcing is likely to remain healthy. Margins may remain broadly stable after a sharp fall, aided by rising mix of EMI loans even as funding costs may continue to inch up. The credit cost may stay elevated, keeping earnings flat on a sequential basis.
- **Paytm:** We estimate 1QFY24 GMV to grow 35% YoY to INR4t, while the value of loans disbursed is likely to grow 170% YoY/19% QoQ to INR150b.
- We expect revenue from operations to grow 43% YoY to INR24b, while contribution profit is estimated to grow 82% YoY to INR13.2b (contribution margin of ~55%). We estimate EBITDA before ESOP cost to come in at INR1.15b.

#### Other monitorables

- **The performance of the restructured and ECLGS books:** Commentaries on slippages (especially for MSME), the performance of the restructured book and provisioning guidance will be in focus.
- **Outlook on unsecured loan growth and margins:** Watch out for commentaries on the growth outlook for unsecured loans and margin amid rising deposit costs.
- **Deposit traction** is another key monitorable amid liquidity tightening and the rise in funding costs/bulk deposits mix to meet demand.
- **Technological spends and elevated opex:** The outlook on technology-related spends and investments in the business could affect normalization in opex.
- **Fee income traction and treasury performance:** The traction in fee income and treasury performance due to the moderation in bond yields are key focus areas.

## Top picks – HDFCB, ICICIBC, BOB and SBILIFE

### HDFCB: Financial snapshot (INR b)

Y/E March	FY23	FY24E	FY25E
NII	868	1,042	1,233
OP	704	838	1,005
NP	441	524	629
NIM (%)	4.1	4.2	4.2
EPS (INR)	79.3	93.9	112.7
EPS Gr. (%)	18.6	18.5	20.0
BV/Sh. (INR)	502	586	688
ABV/Sh. (INR)	489	570	670
<b>Ratios</b>			
RoE (%)	17.0	17.3	17.7
RoA (%)	1.9	2.0	2.0
<b>Valuations</b>			
P/E(X)	21.8	18.4	15.3
P/BV (X)	3.4	2.9	2.5
P/ABV (X)*	3.5	3.0	2.6

\*Adjusted for investment in subs

### ICICIBC: Financial snapshot (INR b)

Y/E March	FY23	FY24E	FY25E
NII	621	732	843
OP	491	563	647
NP	319	385	441
NIM (%)	4.6	4.7	4.6
EPS (INR)	45.8	55.1	63.2
EPS Gr (%)	36.0	20.3	14.8
ABV/Sh (INR)	268	314	368
Cons. BV/Sh (INR)	304	356	419
<b>Ratios</b>			
RoE (%)	17.5	18.0	17.8
RoA (%)	2.1	2.2	2.2
<b>Valuations</b>			
P/BV (x) (Cons)	3.1	2.6	2.3
P/ABV (x)*	2.9	2.5	2.1
P/E (x)	17.0	14.1	12.3

\*Adjusted for investment in subs

### HDFCB (Buy)

- HDFCB has been getting bigger and agile for the past few years. Its merger with HDFC Ltd has further strengthened the bank's balance sheet and made the loan book more diversified. The bank is constantly looking to make its balance sheet granular by increasing the mix of retail loans and improving its PCR. We expect continued improvement in operating metrics over the next few years as the bank comes back to the pre-merge level of profitability.
- Despite a decline in the CASA ratio from 48% in 4QFY22 to 44% in 4QFY23, HDFCB has one of the leading CASA ratios in the banking space, with stellar deposit growth and an overall liability base of INR18.8t. The bank earlier reported commendable deposit accretion of INR1.5t in 4QFY23.
- HDFCB will continue to add branches (1,400-1,500 branches every year) and invest in digital infrastructure, which will further support growth over the long term. Hence, we expect the C/I ratio to remain sticky in the near term (~40% in FY24). The bank has an ambitious C/I target of 30% over the next 10 years.
- We estimate HDFCB to deliver FY25 RoA/RoE of 2.0%/17.7%. HDFC subsidiaries are getting preference in terms of business volumes as compared to peers. Adjusted for subsidiaries, the standalone bank trades at 2.6x FY25E ABV.

### ICICIBC (Buy)

- ICICIBC has reported strong growth and profitability for the past few years while increasing PCR to ~84% as of 4QFY23 – the highest in the industry. The bank carries Covid-related provisions of INR131b (~1.3% of loans).
- Slippages have moderated over the past few quarters and are likely to remain under control. ICICIBC is well-cushioned with higher provisions on its balance sheet and does not expect to utilize these provisions in the near term.
- Margins have peaked out in 4QFY23 (at ~4.9%), and the re-pricing of liabilities and SA deposits churning into TD would keep funding costs elevated and exert pressure on margins. With ~70% of book being floating in nature, most of the asset re-pricing has happened and loan yields might stagnate going further.
- The bank is becoming a growth leader in the SME and Retail segments, aided by continued investments in technology and partnerships with new ecosystem players. We expect a 18% loan CAGR over FY23-25 for the bank.
- ICICIBC has room for re-rating as it continues to deliver solid return ratios and sustainable growth, led by its focus on core operating performance. We estimate RoA/RoE of 2.2%/17.8% in FY25. Adjusted for subsidiaries, the standalone bank trades at 2.1x FY25E ABV.

**BOB: Financial snapshot (INR b)**

Y/E March	FY23	FY24E	FY25E
NII	413.6	473.9	523.3
OP	268.6	313.4	359.5
NP	141.1	174.8	205.2
NIM (%)	3.2	3.2	3.1
EPS (INR)	27.3	33.8	39.6
EPS Gr. (%)	94.0	23.9	17.4
BV/Sh. (INR)	183	211	245
ABV/Sh. (INR)	165	194	226
<b>Ratios</b>			
RoE (%)	15.3	16.6	16.9
RoA (%)	1.0	1.1	1.2
<b>Valuations</b>			
P/E(X)	7.4	6.0	5.1
P/BV (X)	1.1	1.0	0.8
P/ABV (X)	1.2	1.0	0.9

**SBILIFE: Financial snapshot (INR b)**

Y/E March	FY23	FY24E	FY25E
Net Premium	665.8	791.4	947.3
Sh. PAT	17.2	19.1	21.9
NBP gr-unwtd.(%)	16.2	17.7	20.0
NBP gr. – APE (%)	18.4	14.3	22.5
Premium gr. (%)	14.6	18.6	19.7
VNB margin. (%)	30.1	30.0	30.6
RoEV (%)	16.2	22.4	21.5
Total AUM (INR t)	3.1	3.6	4.3
VNB	50.7	57.6	72.0
EV per share	460	563	684
<b>Valuations</b>			
P/EV (x)	2.8	2.3	1.9
P/EVOP (x)	14.2	12.9	10.7

**BOB (Buy)**

- BOB reported a strong performance in FY23, with the earnings trajectory improving successively over the quarters. 4QFY23 PPoP grew 43% YoY, aided by higher other income and lower provisions.
- The bank has reported a strong improvement in asset quality, aided by improved underwriting and higher collection efficiencies. Fresh slippages have moderated sharply, while PCR has improved to 77%. This, coupled with declining restructured book (1.5% of loans) and a low SMA book (32bp of loans), should drive a sustainable reduction in credit costs to ~70bp in FY24.
- Retail book growth is anticipated to be 1.5 times than that of the total loan growth and will gain share in overall loan mix. This, along with a pick-up in the SME and Corporate books, should support loan growth and sustain it higher vs. peers.
- With a moderation in margins due to the rising cost of deposits, and a majority of the floating rate book being already re-priced, we expect NII to moderate. However, a healthy CASA mix in the 42-44% range will limit the decline.
- We estimate FY25 RoA/RoE of 1.2%/16.9%. The stock trades at attractive valuations of 0.9x FY25E ABV.

**SBILIFE (Buy)**

- SBILIFE has witnessed healthy traction in premium growth across segments, with healthy 17% YoY growth in Individual WRP and 22% YoY growth in Group WRP in FY23. Both the agency and banca channels are contributing to growth. We estimate an 18% APE CAGR over FY23-25, driven by continued momentum in Non-PAR and Protection products.
- The share of ULIP is likely to pick up, aided by a recovery in capital markets. Trends in Protection and Non-PAR segments are likely to remain healthy. This will continue to keep margins buoyant.
- Persistency ratios are likely to remain healthy across cohorts. The cost ratios are also likely to remain in control, thanks to a revival in business growth and operating leverage kicking in.
- We estimate a 19% VNB CAGR over FY23-25E and operating RoEV of ~21.4% by FY25, while VNB margins should improve to ~31%. SBILIFE currently trades at 1.9x FY25E EV.

Exhibit 1: 1QFY24 earnings estimates

		NII (INR m)			Operating profit (INR m)			Net profit (INR m)		
		Rating	Jun'23	Variance YoY (%)	Variance QoQ (%)	Jun'23	Variance YoY (%)	Variance QoQ (%)	Jun'23	Variance YoY (%)
Financials										
AU Small Finance	Neutral	12,504	28.1	3.1	5,575	41.5	-2.4	3,852	43.8	-9.3
Axis Bank*	Buy	1,22,595	30.6	4.4	88,483	50.3	-3.5	59,648	44.6	-10.0
Bandhan Bank	Neutral	26,281	4.5	6.3	18,459	1.4	2.8	8,246	-7.0	2.0
DCB Bank	Neutral	4,946	32.3	1.8	2,222	33.7	-8.9	1,278	31.6	-10.1
Equitas Small Finance	Buy	7,418	27.8	4.9	3,256	21.4	-15.7	1,757	81.1	-7.5
Federal Bank	Buy	19,641	22.4	2.9	13,078	34.4	-2.0	8,428	40.3	-6.6
HDFC Bank	Buy	2,45,497	26.0	5.1	1,87,585	22.1	0.7	1,10,375	20.0	-8.4
ICICI Bank	Buy	1,80,035	36.3	1.9	1,38,646	34.5	0.3	95,039	37.6	4.2
IDFC First Bank	Buy	36,876	34.0	2.5	14,917	58.0	-4.3	7,234	52.5	-9.9
IndusInd Bank	Buy	48,834	18.4	4.6	38,981	13.6	3.7	21,781	33.5	6.6
Kotak Mahindra Bank	Neutral	61,886	31.8	1.4	42,197	51.6	-9.2	30,167	45.7	-13.7
RBL Bank	Neutral	12,425	20.9	2.6	6,175	16.7	4.0	2,600	29.3	-4.1
Banks – Private		7,78,938	28.3	3.7	5,59,572	30.5	-1.0	3,50,406	32.0	-5.0
Bank of Baroda	Buy	1,13,141	28.0	-1.8	70,931	56.7	-12.1	41,443	91.1	-13.2
Canara Bank	Buy	84,246	24.2	-2.2	70,102	6.1	-3.3	31,050	53.6	-2.2
Indian Bank	Buy	55,993	23.5	1.7	42,030	17.9	4.7	16,165	33.2	11.7
Punjab National Bank	Neutral	94,395	25.1	-0.6	63,910	18.8	8.9	14,862	381.8	28.3
State Bank of India	Buy	4,12,513	32.2	2.1	2,30,964	81.1	-6.2	1,37,575	126.7	-17.6
Union Bank	Buy	83,525	10.2	1.2	59,254	8.8	-13.2	20,793	33.4	-25.3
Banks – PSU		8,43,813	26.9	0.7	5,37,191	40.3	-5.2	2,61,888	96.3	-12.8
Total Banks		16,22,751	27.6	2.1	10,96,762	35.2	-3.1	6,12,294	53.5	-8.5
HDFC Life Insurance	Neutral	1,20,973	20.4	-38.4	6,504	27.5	-57.0	4,091	13.6	14.1
ICICI Prudential Life	Buy	69,375	-4.5	-46.6	4,487	188.2	-57.5	1,848	18.7	-21.3
SBI Life Insurance	Buy	1,40,584	23.9	-29.8	9,536	8.4	-33.8	3,009	14.5	-61.3
Max Financial	Neutral	44,599	8.7	-51.3	2,494	17.1	-67.6	987	8.5	47.4
Life Insurance		3,75,531	14.6	-39.2	23,020	30.9	-51.8	9,935	14.3	-30.9
SBI Cards	Buy	12,223	13.3	4.9	14,368	11.3	0.5	6051	-3.5	1.4
Paytm	Buy	24,098	43.4	3.2	1,149	LP	-51.0	-3,129	NA	NA

Note: For Life Insurance, sales represent gross premium, PPOp represents VNB, and PAT represents shareholder's profit

For Paytm: NII represents Revenue from operations and PPOp represents Adjusted EBITDA

Exhibit 2: Loan growth healthy at 15.4%

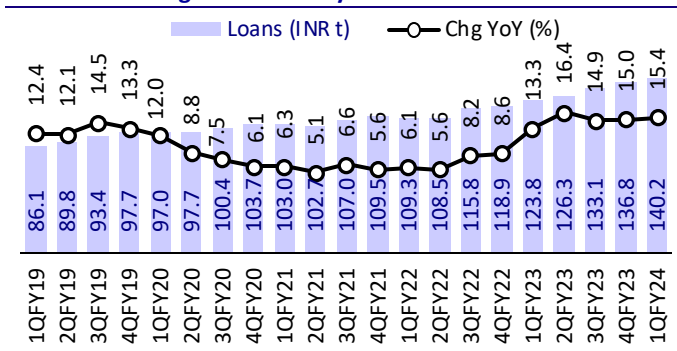


Exhibit 3: Deposit growth inches up to 12.1%

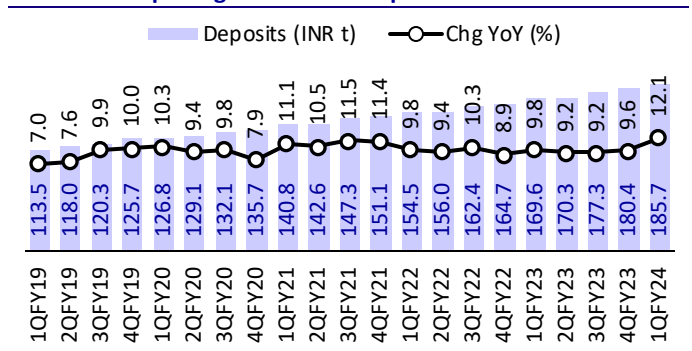
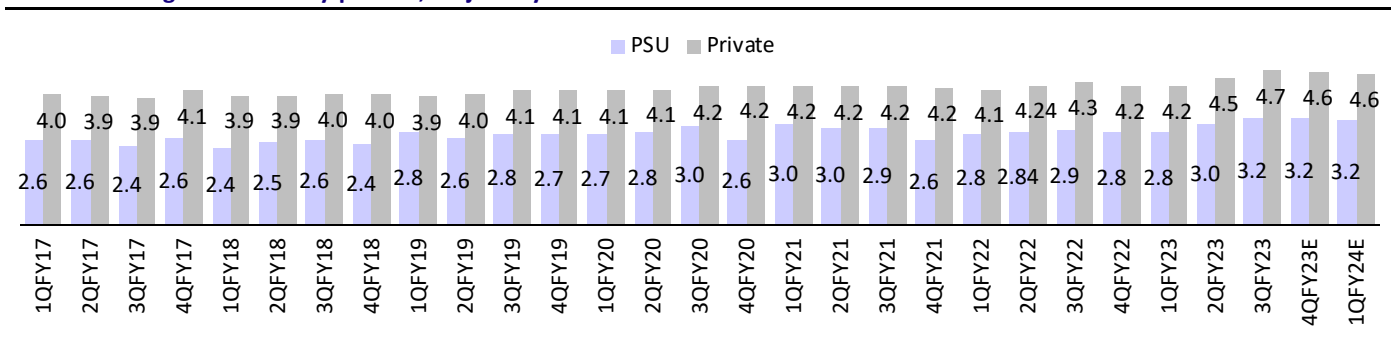


Exhibit 4: Margins have likely peaked; trajectory set to reverse



**Exhibit 5: Earnings progression on track; broadly maintain estimates**

INR b	Old Estimates		Revised Estimates		% Change	
	FY24E	FY25E	FY24E	FY25E	FY24E	FY25E
<b>Private Banks</b>						
AXSB	259.6	305.3	258.4	310.8	-0.4	1.8
BANDHAN	42.4	51.1	40.5	48.5	-4.5	-5.1
DCBB	5.6	7.1	5.6	6.8	0.6	-4.0
HDFCB	526.5	629.7	524.1	629.0	-0.5	-0.1
ICICIBC	375.4	435.6	384.6	441.4	2.5	1.3
IDFCFB	32.4	41.9	32.1	41.7	-0.8	-0.6
IIB	94.9	120.6	95.2	118.9	0.3	-1.4
KMB	127.4	140.8	124.2	140.2	-2.4	-0.4
FB	35.4	41.8	35.8	42.4	1.0	1.4
RBK	11.2	14.2	11.7	14.7	4.7	4.1
AUBANK	17.7	23.5	17.6	23.8	-0.7	1.1
EQUITASB	8.0	10.4	8.1	10.5	1.2	0.5
<b>Total Pvt</b>	<b>1,536.3</b>	<b>1,821.8</b>	<b>1,537.9</b>	<b>1,828.7</b>	<b>0.1</b>	<b>0.4</b>
<b>YoY growth</b>	<b>20.2%</b>	<b>18.6%</b>	<b>20.8%</b>	<b>18.9%</b>		
<b>PSU Banks</b>						
BOB	170.8	197.3	174.8	205.2	2.4	4.0
CBK	137.4	167.5	131.9	156.5	-4.0	-6.6
INBK	72.8	88.7	67.8	85.3	-6.8	-3.8
PNB	68.6	95.5	70.0	98.5	2.0	3.2
SBIN	602.5	661.8	593.3	688.7	-1.5	4.1
UNBK	105.6	133.0	103.5	135.1	-2.0	1.6
<b>Total PSU</b>	<b>1,157.7</b>	<b>1,343.7</b>	<b>1,141.3</b>	<b>1,369.2</b>	<b>-1.4</b>	<b>1.9</b>
<b>YoY growth</b>	<b>30.5%</b>	<b>16.1%</b>	<b>25.2%</b>	<b>20.0%</b>		
<b>Total Banks</b>	<b>2,694.0</b>	<b>3,165.5</b>	<b>2,679.2</b>	<b>3,197.9</b>	<b>-0.5</b>	<b>1.0</b>
<b>YoY growth</b>	<b>24.4%</b>	<b>22.6%</b>	<b>22.6%</b>	<b>19.4%</b>		
SBI Cards	27.9	37.2	26.7	37.7	-4.3	1.1
Paytm	-7.2	2.1	-7.6	2.6	NA	22.9
<b>Life Insurance</b>						
HDFCLIFE	16.2	19.1	16.2	19.1	0.0	0.0
ICICIPRULIFE	10.0	12.0	9.4	10.6	-6.5	-12.1
SBILIFE	20.0	23.1	19.1	21.9	-4.3	-5.3
MAXF	6.4	7.4	6.1	7.1	-4.6	-4.3

Source: MOFSL, Company

**Exhibit 6: Snapshot of additional provision buffers as of 4QFY23**

As on 4QFY23	Loans (INR b)	COVID/contingent provisions	Floating/additional provisions	Total provisions	As a percentage of loans (%)
AXSB*	8,453	50.1	69.2	119.3	1.4
DCBB	344	0.5	-	0.5	0.2
HDFCB**	16,006	97.0	14.5	111.5	0.7
ICICIBC	10,196	131.0	-	131.0	1.3
IIB***	2,899	19.0	-	19.0	0.7
KMB	3,199	3.9	-	3.9	0.1
AUBANK	584	0.9	-	0.9	0.2

\*AXSB holds total provisions of INR116.3b, including standard and additional, other than NPA

\*\*Floating provisions for HDFCB stands at INR14.51b

\*\*\*For IIB, floating provisions (INR0.7b) are included in the PCR

Source: MOFSL, Company

Large banks continue to carry additional provision buffers

Restructured book remains under control for large banks, but it is relatively higher for mid-sized banks

**Exhibit 7: Snapshot of restructured book across banks**

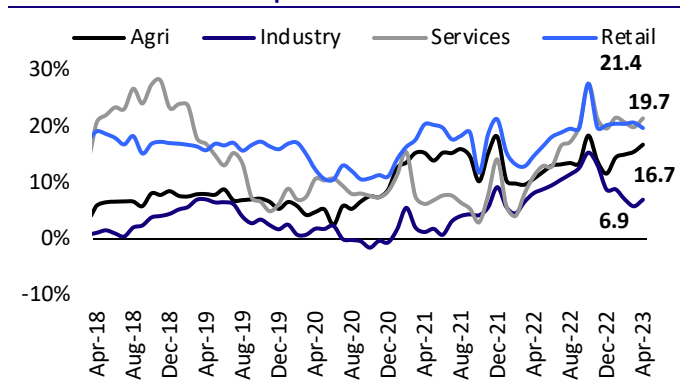
INR b	Restructured book (%)						
	Absolute	Dec'21	Mar'22	Jun'22	Sep'22	Dec'22	Mar'23
AXSB	20.5	0.63	0.52	0.45	0.38	0.30	0.22
BANDHAN	NA	8.22	6.54	6.42	0.20	NA	NA
DCBB	15.5	6.81	6.42	6.09	5.45	4.94	4.51
HDFCB	50.0	1.40	1.14	0.76	0.53	0.42	0.31
ICICIBC	45.1	1.19	1.00	0.80	0.70	0.50	0.40
IIB	24.4	3.30	2.60	2.10	1.50	1.25	0.84
KMB	7.2	0.54	0.44	0.39	0.34	0.25	0.22
FB	28.3	2.45	2.44	2.22	2.03	1.81	1.62
RBK	8.5	3.44	3.27	2.89	2.21	1.67	1.21
AUBANK	7.0	3.10	2.50	2.10	1.70	1.40	1.20
BOB	NA	2.65	2.44	2.46	2.12	1.87	1.50
SBIN	243.02	1.20	1.13	1.02	0.93	0.85	0.80
INBK	112.8	5.09	4.73	4.17	3.90	3.37	2.51
PNB	NA	2.76	2.36	1.98	1.80	1.54	1.32
UNBK	178.3	3.32	2.99	2.92	2.60	2.38	2.20
BOI	84.2	2.97	2.63	2.35	2.08	1.92	1.73
CBK	NA	2.78	2.77	2.41	2.09	1.75	0.00

Source: MOFSL, Company

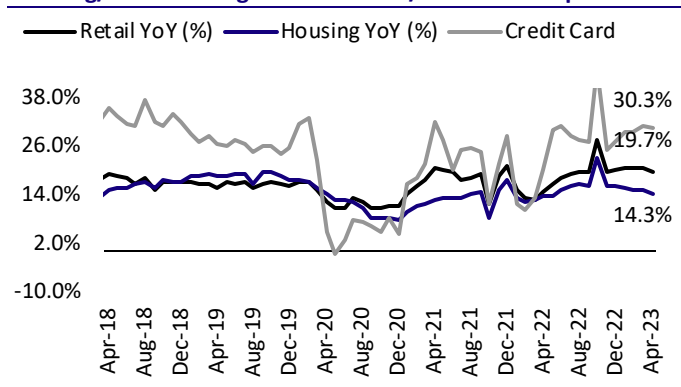
**Exhibit 8: SMA book across banks as of 4QFY23**

SMA (bp of loans)	SMA 0	SMA 1	SMA 2
BOB	NA	32bp	
BOI	NA	25bp	16bp
CBK	37bp	19bp	23bp
INBK	NA	40bp	14bp
PNB	NA	NA	1bp
SBIN	NA	8bp	2bp
UNBK	19bp	40bp	7bp
BANDHAN	103bp	71bp	130bp
KMB	NA	NA	6bp

Source: MOFSL, Company

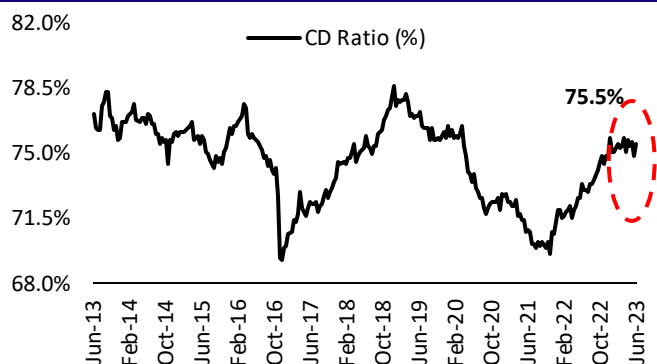
**Exhibit 9: Retail loan growth healthy at 19.7% YoY; Retail mix at 32.0% in Apr'23**

Source: MOFSL, RBI

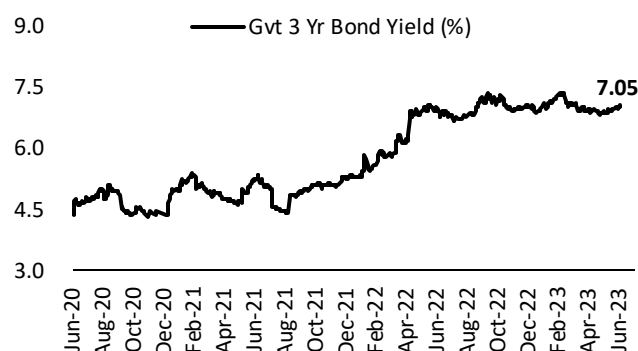
**Exhibit 10: Credit Card growth robust at ~30% YoY; Housing/Retail loan growth at ~14%/20% YoY in Apr'23**

Source: MOFSL, RBI

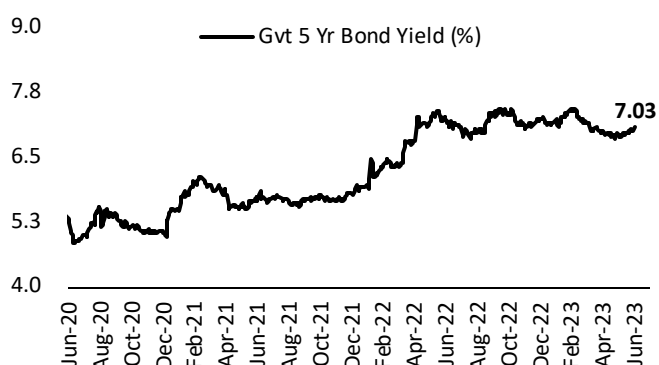


**Exhibit 11: CD ratio stands at 75.5% as of 16<sup>th</sup> Jun'23**

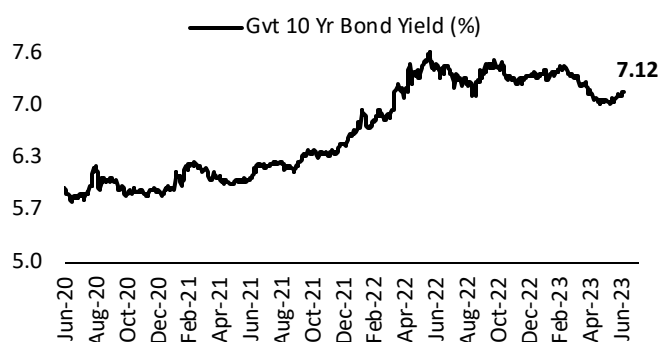
Source: MOFSL, RBI

**Exhibit 12: Three-year G-Sec yield remains in a narrow range**

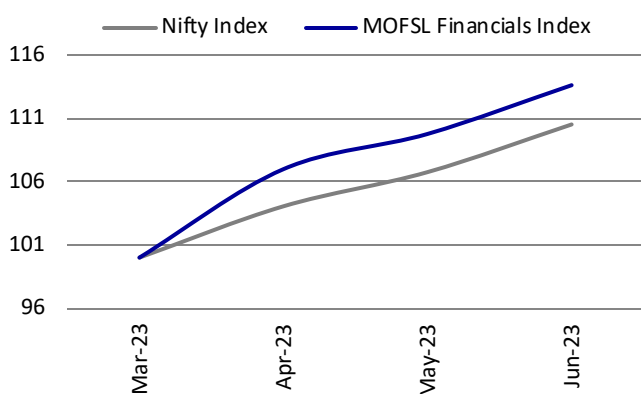
Source: MOFSL, BBG

**Exhibit 13: Five-year G-Sec yield declines 9bp in 1QFY24**

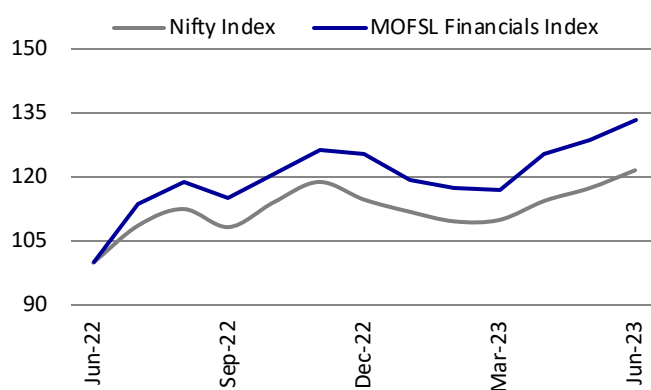
Source: MOFSL, BBG

**Exhibit 14: 10-year G-Sec yield declines 20bp in 1QFY24**

Source: MOFSL, BBG

**Exhibit 15: Relative performance – three months (%)**

Source: MOFSL, Company

**Exhibit 16: One-year relative performance (%)**

Source: MOFSL, Company



## Exhibit 17: Valuation summary

CMP			EPS (INR)			P/E (x)			P/B (x)			RoE (%)		
Company	(INR)	Rating	FY23	FY24E	FY25E	FY23	FY24E	FY25E	FY23	FY24E	FY25E	FY23	FY24E	FY25E
Financials														
Banks-Private														
ICICIB	934	Buy	45.8	53.7	62.4	17.6	14.6	12.1	2.8	2.4	2.0	17.5	17.6	17.6
HDFCB	1,702	Buy	79.3	94.4	112.8	20.4	17.1	14.1	3.2	2.7	2.3	17.0	17.3	17.7
AXSB	988	Buy	71.4	83.7	99.3	12.6	10.7	9.1	2.2	1.8	1.5	18.2	18.4	18.1
BANDHAN	242	Neutral	13.6	26.4	31.7	17.8	9.2	7.6	2.0	1.8	1.5	11.9	20.4	21.2
KMB	1,847	Neutral	55.1	62.5	70.6	26.0	21.8	18.2	3.4	2.8	2.3	14.1	14.3	13.8
IIB	1,375	Buy	96.0	122.3	155.4	14.3	11.2	8.8	1.9	1.7	1.4	14.5	16.1	17.6
FB	126	Buy	14.3	16.7	19.8	8.8	7.5	6.4	1.2	1.1	0.9	14.9	15.4	15.8
DCBB	122	Neutral	14.9	18.1	22.2	8.2	6.8	5.5	0.9	0.8	0.7	11.4	12.3	13.4
IDFCFB	79	Buy	3.8	4.9	6.3	20.9	16.2	12.5	2.0	1.8	1.6	10.4	11.9	13.5
EQUITASB	90	Buy	4.9	7.3	9.4	18.6	12.4	9.6	1.9	1.7	1.5	12.2	14.7	16.7
AUBANK	754	Neutral	22.0	26.6	35.3	34.2	28.3	21.4	4.6	4.0	3.3	15.5	15.0	16.9
RBK	182	Neutral	14.7	18.6	23.6	12.4	9.8	7.7	0.8	0.8	0.7	6.7	8.0	9.5
SBICARD	847	Buy	23.9	29.5	39.4	35.4	28.7	21.5	8.2	6.5	5.1	25.7	25.1	26.4
Banks-PSU														
SBIN	573	Buy	56.3	66.5	77.2	6.5	5.5	4.8	1.0	0.9	0.8	18.1	18.1	17.7
PNB	52	Neutral	2.3	6.2	8.7	22.7	8.3	6.0	0.6	0.6	0.5	2.6	6.8	8.9
BOB	190	Buy	27.3	33.0	38.1	7.0	5.8	5.0	1.0	0.9	0.8	15.3	16.2	16.4
CBK	302	Buy	58.5	75.7	92.3	5.2	4.0	3.3	0.8	0.7	0.6	15.2	17.2	17.8
UNBK	72	Buy	12.3	15.5	19.5	5.9	4.7	3.7	0.7	0.6	0.5	12.1	13.7	15.7
INBK	293	Buy	42.4	58.4	71.2	6.9	5.0	4.1	0.8	0.7	0.6	13.3	16.2	17.1
Insurance														
HDFCLIFE	651	Neutral	6.3	7.5	8.9	103.0	86.7	73.2	3.5	3.0	2.5	19.9	19.5	19.1
IPRULIFE	572	Buy	5.6	6.9	8.3	101.5	82.5	68.6	2.3	1.9	1.6	12.7	18.7	18.5
SBILIFE	1,307	Buy	17.2	20.0	23.1	76.0	65.4	56.6	2.8	2.3	1.9	16.2	22.6	21.6
MAXF	811	Neutral	10.4	14.8	17.2	77.8	54.6	47.3	2.2	1.8	1.5	14.7	22.1	20.8
LICI	632	Buy	57.5	25.2	29.0	11.0	25.1	21.8	0.7	0.6	0.6	7.5	12.1	11.2
Others														
Paytm	868	Buy	-28.0	-11.2	3.2	-31.0	-77.6	272.2	4.2	4.3	4.3	-13.1	-5.8	2.0

The tables below provide a snapshot of actual and estimated numbers for companies under the MOFSL Coverage Universe. Highlighted columns indicate the quarter/financial year under review.

## AU Small Finance Bank

**Neutral**
**CMP: INR754 | TP: INR830 (+10%)**
**EPS CHANGE (%): FY24|25: -0.7|1.1**

- Expect margins to compress slightly
- Business growth is likely to remain healthy, with bank looking to deploy additional liquidity during the quarter
- CoF and C/I ratios are expected to remain elevated
- Asset quality outlook and movement in rest. loans remain the key monitorables

### Quarterly performance

**(INR m)**

	FY23				FY24E				FY23	FY24E
	1Q	2Q	3Q	4Q	1QE	2QE	3QE	4QE		
Net Interest Income	9,760	10,833	11,527	12,132	12,504	12,872	13,345	13,818	44,253	52,539
% Change (Y-o-Y)	34.8	43.8	40.5	29.5	28.1	18.8	15.8	13.9	36.8	18.7
Other Income	1,592	2,474	2,949	3,331	2,779	3,178	3,687	4,114	10,345	13,758
Total Income	11,352	13,307	14,476	15,463	15,284	16,050	17,032	17,932	54,597	66,298
Operating Expenses	7,411	8,319	8,919	9,753	9,709	10,122	10,452	11,031	34,403	41,314
Operating Profit	3,941	4,988	5,557	5,709	5,575	5,928	6,580	6,901	20,195	24,984
% Change (Y-o-Y)	-18.2	27.1	21.2	18.4	41.5	18.9	18.4	20.9	11.3	23.7
Provisions	384	430	326	409	459	459	440	555	1,548	1,912
Profit before Tax	3,557	4,558	5,231	5,300	5,116	5,469	6,140	6,346	18,646	23,072
Tax	878	1,132	1,302	1,054	1,264	1,378	1,486	1,317	4,367	5,445
Net Profit	2,679	3,426	3,928	4,246	3,852	4,091	4,654	5,029	14,279	17,627
% Change (Y-o-Y)	31.8	23.0	30.1	22.7	43.8	19.4	18.5	18.4	26.4	23.4
<b>Operating Parameters</b>										
Deposit (INR b)	546.3	583.4	611.0	693.6	726.1	756.8	805.5	874.0	693.6	874.0
Loan (INR b)	486.5	517.4	556.0	584.2	613.8	641.7	686.0	748.5	584.2	748.5
Deposit Growth (%)	47.6	49.4	38.0	31.9	32.9	29.7	31.8	26.0	31.9	26.0
Loan Growth (%)	43.3	44.4	38.4	26.7	26.2	24.0	23.4	28.1	26.7	28.1
<b>Asset Quality</b>										
GNPA (%)	2.0	1.9	1.8	1.7	1.6	1.6	1.6	1.5	1.7	1.5
NNPA (%)	0.6	0.6	0.5	0.4	0.4	0.4	0.4	0.4	0.4	0.4
PCR (%)	71.7	71.1	72.1	75.0	75.3	75.1	75.4	75.3	75.0	75.3

## Axis Bank

**Buy**
**CMP: INR988 | TP: INR1,150 (+16%)**
**EPS CHANGE (%): FY24|25: -2.0|-2.8**

- Expect credit cost to remain under control
- Margin to be under pressure
- Cost ratios are expected to be elevated
- Expect business growth to remain healthy

### Quarterly Performance

**(INR b)**

	FY23				FY24E				FY23	FY24E
	1Q	2Q	3Q	4Q	1QE	2QE	3QE	4QE		
Net Interest Income	93.8	103.6	114.6	117.4	122.6	125.1	129.2	131.8	429.5	508.7
% Change (Y-o-Y)	20.9	31.1	32.4	33.1	30.6	20.8	12.8	12.2	29.6	18.4
Other Income	30.0	39.4	46.7	49.0	43.4	47.3	49.2	53.1	165.0	193.1
Total Income	123.8	143.0	161.2	166.4	166.0	172.4	178.4	184.8	594.5	701.8
Operating Expenses	65.0	65.9	68.5	74.7	77.6	78.3	79.1	81.5	274.0	316.5
Operating Profit	58.9	77.2	92.8	91.7	88.5	94.1	99.3	103.3	320.5	385.2
% Change (Y-o-Y)	-4.8	30.2	50.6	41.8	50.3	22.0	7.0	12.7	29.5	20.2
Provisions	3.6	5.5	14.4	3.1	8.7	9.9	10.3	10.7	26.5	39.7
Profit before Tax	55.3	71.7	78.4	88.6	79.7	84.2	89.0	92.6	294.0	345.5
Tax	14.0	18.4	19.9	22.4	20.1	21.2	22.4	23.3	74.6	87.1
Net Profits	41.3	53.3	58.5	66.3	59.6	63.0	66.6	69.2	219.3	258.4
% Change (Y-o-Y)	91.0	70.1	61.9	60.9	44.6	18.2	13.7	4.5	68.4	17.8
<b>Operating Parameters</b>										
Deposit (INR t)	8.0	8.1	8.5	9.5	9.7	10.0	10.4	10.9	9.5	10.9
Loan (INR t)	7.0	7.3	7.6	8.5	8.7	9.0	9.4	9.9	8.5	9.9
Deposit Growth (%)	12.6	10.1	9.9	15.2	21.0	22.9	22.0	15.0	15.2	15.0
Loan Growth (%)	14.0	17.6	14.6	19.4	24.8	22.7	23.0	17.5	19.4	17.5
<b>Asset Quality</b>										
Gross NPA (%)	2.8	2.5	2.4	2.0	2.1	2.1	2.0	1.9	2.0	1.9
Net NPA (%)	0.6	0.5	0.5	0.4	0.4	0.4	0.4	0.4	0.4	0.4
PCR (%)	77.3	79.9	80.8	80.9	80.5	80.3	80.1	79.4	80.9	79.4

**Bandhan Bank****Neutral****CMP: INR242 | TP: INR265 (+9%)****EPS CHANGE (%): FY24|25: -4.6|-5.2**

- Expect NIM to remain in a narrow range
- Expect business growth to remain muted on sequential basis
- Expect asset quality and credit cost to improve
- Cost ratios expected to remain under control

**Quarterly performance****(INR b)**

Y/E March	FY23E				FY24E				FY23	FY24E
	1Q	2Q	3Q	4Q	1QE	2QE	3QE	4QE		
Net Interest Income	25.1	21.9	20.8	24.7	26.3	26.8	28.3	30.4	92.6	111.8
% Change (YoY)	18.9	13.3	-2.1	-2.7	4.5	22.4	36.0	23.1	6.3	20.8
Other Income	3.3	4.8	10.3	6.3	5.5	6.4	7.2	8.3	24.7	27.4
Total Income	28.4	26.7	31.1	31.0	31.8	33.3	35.5	38.7	117.3	139.2
Operating Expenses	10.2	11.2	11.9	13.1	13.3	13.9	14.5	15.7	46.4	57.3
Operating Profit	18.2	15.5	19.2	18.0	18.5	19.4	21.0	23.1	70.9	81.9
% Change (YoY)	-7.0	-2.0	-1.4	-28.8	1.4	25.0	9.1	28.5	-11.5	15.5
Provisions	6.4	12.8	15.4	7.3	7.4	7.3	7.2	6.3	42.0	28.3
Profit Before Tax	11.8	2.7	3.8	10.6	11.0	12.1	13.8	16.8	28.9	53.6
Tax	2.9	0.6	0.9	2.5	2.8	3.0	3.5	3.8	7.0	13.1
Net Profit	8.9	2.1	2.9	8.1	8.2	9.0	10.3	12.9	21.9	40.5
% Change (YoY)	137.6	NM	-66.2	-57.5	-7.0	330.8	254.9	59.8	NM	84.5

**Operating Parameters**

Deposits (INR b)	931	994	1,023	1,081	1,085	1,160	1,240	1,308	1,081	1,308
Loans (INR b)	909	902	921	1,048	1,060	1,111	1,174	1,258	1,048	1,258
Deposit Growth (%)	20.3	21.3	21.0	12.2	16.6	16.8	21.2	21.0	12.2	21.0
Loan Growth (%)	21.6	21.1	14.7	11.5	16.7	23.1	27.5	20.1	11.5	20.1

**Asset Quality**

Gross NPA (%)	7.3	7.2	7.2	4.9	4.7	4.3	3.9	3.4	4.9	3.4
Net NPA (%)	1.9	1.9	1.9	1.2	1.2	1.0	0.9	0.8	1.2	0.8
PCR (%)	74.9	75.5	75.4	76.8	76.4	76.5	76.3	76.5	76.8	76.5

**Bank of Baroda****Buy****CMP: INR190 | TP: INR240 (+26%)****EPS CHANGE (%): FY24|25: 2.4|+4.0**

- Expect earnings and business growth to remain healthy
- Growth in personal loan book likely to remain robust
- Expect asset quality to improve further; credit cost is likely to remain in control
- Loan growth and margin trajectory to be key monitorables

**Quarterly performance****(INR b)**

	FY23				FY24E				FY23	FY24E
	1Q	2Q	3Q	4Q	1QE	2QE	3QE	4QE		
Net Interest Income	88.4	101.7	108.2	115.2	113.1	116.4	120.1	124.4	413.6	473.9
% Change (YoY)	12.0	34.5	26.5	33.8	28.0	14.4	11.0	7.9	26.8	14.6
Other Income	11.8	18.3	35.5	34.7	24.1	26.9	32.5	36.8	100.3	120.3
Total Income	100.2	120.0	143.7	149.9	137.2	143.3	152.6	161.2	513.8	594.3
Operating Expenses	54.9	59.7	61.4	69.2	66.3	68.2	69.9	76.4	245.2	280.8
Operating Profit	45.3	60.3	82.3	80.7	70.9	75.1	82.6	84.8	268.6	313.4
% Change (YoY)	-19.2	6.4	50.1	43.3	56.7	24.5	0.4	5.0	20.0	16.7
Provisions	16.8	16.3	24.0	14.2	15.5	17.7	20.3	20.4	71.4	73.9
Profit before Tax	28.4	44.0	58.3	66.5	55.4	57.3	62.4	64.4	197.3	239.5
Tax	6.7	10.9	19.8	18.8	14.0	14.4	15.7	20.5	56.2	64.7
Net Profit	21.7	33.1	38.5	47.8	41.4	42.9	46.7	43.8	141.1	174.8
% Change (YoY)	79.4	58.7	75.4	168.5	91.1	29.4	21.1	-8.2	94.0	23.9

**Operating Parameters**

Deposit (INR b)	10,327	10,902	11,495	12,037	12,272	12,585	13,054	13,602	12,037	13,602
Loan (INR b)	7,996	8,366	8,907	9,410	9,615	9,888	10,297	10,774	9,410	10,774
Deposit Growth (%)	10.9	13.6	17.5	15.1	18.8	15.4	13.6	13.0	15.1	13.0
Loan Growth (%)	19.6	20.6	21.7	21.1	20.2	18.2	15.6	14.5	21.1	14.5

**Asset Quality**

Gross NPA (%)	6.3	5.3	4.5	3.8	3.7	3.5	3.3	3.1	3.8	3.1
Net NPA (%)	1.6	1.2	1.0	0.9	0.8	0.8	0.7	0.7	0.9	0.7
PCR (%)	75.9	79.1	78.8	77.2	77.8	78.2	78.5	78.3	76.7	78.3

**Canara Bank****Buy****CMP: INR302 | TP: INR400 (+33%)****EPS CHANGE (%): FY24|25: -4.0|-6.6**

- Expect business growth to remain steady
- Expect cost ratios to remain elevated while margins to remain broadly stable
- Asset quality and credit cost expected to improve

**Quarterly Performance****(INR b)**

	FY23				FY24E				FY23	FY24E
	1Q	2Q	3Q	4Q	1QE	2QE	3QE	4QE		
<b>Net Interest Income</b>	<b>67.8</b>	<b>74.3</b>	<b>86.0</b>	<b>86.2</b>	<b>84.2</b>	<b>86.7</b>	<b>89.2</b>	<b>91.8</b>	<b>314.4</b>	<b>351.9</b>
% Change (Y-o-Y)	10.2	18.5	23.8	23.0	24.2	16.6	3.7	6.5	19.1	11.9
<b>Other Income</b>	<b>51.8</b>	<b>48.3</b>	<b>39.9</b>	<b>47.8</b>	<b>45.3</b>	<b>48.1</b>	<b>50.9</b>	<b>54.5</b>	<b>187.6</b>	<b>198.9</b>
<b>Total Income</b>	<b>119.6</b>	<b>122.6</b>	<b>125.9</b>	<b>133.9</b>	<b>129.6</b>	<b>134.8</b>	<b>140.1</b>	<b>146.3</b>	<b>502.0</b>	<b>550.8</b>
<b>Operating Expenses</b>	<b>53.5</b>	<b>53.5</b>	<b>56.3</b>	<b>61.4</b>	<b>59.5</b>	<b>62.3</b>	<b>65.1</b>	<b>68.4</b>	<b>224.8</b>	<b>255.3</b>
<b>Operating Profit</b>	<b>66.1</b>	<b>69.1</b>	<b>69.5</b>	<b>72.5</b>	<b>70.1</b>	<b>72.5</b>	<b>75.0</b>	<b>77.8</b>	<b>277.2</b>	<b>295.4</b>
% Change (Y-o-Y)	20.5	23.2	19.8	16.9	6.1	5.0	7.8	7.3	13.4	6.6
<b>Other Provisions</b>	<b>36.9</b>	<b>36.4</b>	<b>31.2</b>	<b>30.9</b>	<b>28.4</b>	<b>29.6</b>	<b>30.8</b>	<b>29.6</b>	<b>135.4</b>	<b>118.4</b>
<b>Exceptional Item (Exp)</b>	<b>NA</b>	<b>NA</b>	<b>NA</b>	<b>NA</b>	<b>NA</b>	<b>NA</b>	<b>NA</b>	<b>NA</b>	<b>NA</b>	<b>NA</b>
<b>Profit before Tax</b>	<b>29.2</b>	<b>32.7</b>	<b>38.3</b>	<b>41.6</b>	<b>41.7</b>	<b>42.9</b>	<b>44.2</b>	<b>48.2</b>	<b>141.7</b>	<b>177.0</b>
<b>Tax</b>	<b>8.9</b>	<b>7.4</b>	<b>9.5</b>	<b>9.8</b>	<b>10.6</b>	<b>10.9</b>	<b>11.3</b>	<b>12.3</b>	<b>35.7</b>	<b>45.1</b>
<b>Net Profit</b>	<b>20.2</b>	<b>25.3</b>	<b>28.8</b>	<b>31.7</b>	<b>31.1</b>	<b>32.0</b>	<b>32.9</b>	<b>35.9</b>	<b>106.0</b>	<b>131.9</b>
% Change (Y-o-Y)	71.7	89.5	91.8	90.5	53.6	26.6	14.2	13.2	86.7	24.4
<b>Operating Parameters</b>										
Deposit (INRb)	11,181	11,340	11,635	11,792	11,951	12,217	12,503	12,853	11,792	12,853
Loan ( (INRb)	7,469	7,885	8,164	8,307	8,450	8,689	8,956	9,262	8,307	9,262
Deposit Growth (%)	9.4	9.8	11.5	8.5	6.9	7.7	7.5	9.0	8.5	9.0
Loan Growth (%)	15.2	21.4	18.0	18.1	13.1	10.2	9.7	11.5	18.1	11.5
<b>Asset Quality</b>										
Gross NPA (%)	7.0	6.4	5.9	5.4	5.2	4.9	4.6	4.4	5.4	4.4
Net NPA (%)	2.5	2.2	2.0	1.7	1.6	1.5	1.4	1.3	1.7	1.3
PCR (%)	66.2	67.1	68.1	68.9	69.8	71.0	71.4	71.1	68.8	71.1

**DCB Bank****Neutral****CMP: INR122 | TP: INR125 (2.3%)****EPS CHANGE (%): FY24|25: 0.6|-4.0**

- Expect loan book to witness a steady traction
- Asset quality to witness continued improvement
- Credit costs to remain broadly stable
- NIM outlook and C/I ratio to be closely monitored

**Quarterly performance****(INR m)**

	FY23				FY24E				FY23	FY24E
	1Q	2Q	3Q	4Q	1QE	2QE	3QE	4QE		
<b>Net Interest Income</b>	<b>3,740</b>	<b>4,111</b>	<b>4,460</b>	<b>4,860</b>	<b>4,946</b>	<b>5,069</b>	<b>5,214</b>	<b>5,379</b>	<b>17,170</b>	<b>20,608</b>
% Change (Y-o-Y)	21.1	27.2	29.3	27.7	32.3	23.3	16.9	10.7	26.5	20.0
<b>Other Income</b>	<b>924</b>	<b>992</b>	<b>954</b>	<b>1,223</b>	<b>1,102</b>	<b>1,164</b>	<b>1,207</b>	<b>1,317</b>	<b>4,094</b>	<b>4,790</b>
<b>Total Income</b>	<b>4,664</b>	<b>5,103</b>	<b>5,414</b>	<b>6,083</b>	<b>6,048</b>	<b>6,233</b>	<b>6,421</b>	<b>6,696</b>	<b>21,264</b>	<b>25,398</b>
<b>Operating Expenses</b>	<b>3,002</b>	<b>3,278</b>	<b>3,473</b>	<b>3,643</b>	<b>3,826</b>	<b>3,905</b>	<b>3,968</b>	<b>4,110</b>	<b>13,397</b>	<b>15,808</b>
<b>Operating Profit</b>	<b>1,661</b>	<b>1,826</b>	<b>1,941</b>	<b>2,439</b>	<b>2,222</b>	<b>2,329</b>	<b>2,453</b>	<b>2,586</b>	<b>7,867</b>	<b>9,590</b>
% Change (Y-o-Y)	-17.8	4.2	-2.4	10.5	33.7	27.6	26.4	6.0	-1.3	21.9
<b>Provisions</b>	<b>350</b>	<b>310</b>	<b>407</b>	<b>525</b>	<b>499</b>	<b>509</b>	<b>519</b>	<b>509</b>	<b>1,787</b>	<b>2,037</b>
<b>Profit before Tax</b>	<b>1,311</b>	<b>1,516</b>	<b>1,534</b>	<b>1,915</b>	<b>1,723</b>	<b>1,820</b>	<b>1,934</b>	<b>2,076</b>	<b>6,080</b>	<b>7,553</b>
<b>Tax</b>	<b>340</b>	<b>392</b>	<b>396</b>	<b>493</b>	<b>445</b>	<b>469</b>	<b>499</b>	<b>536</b>	<b>1,424</b>	<b>1,949</b>
<b>Net Profit</b>	<b>971</b>	<b>1,124</b>	<b>1,139</b>	<b>1,422</b>	<b>1,278</b>	<b>1,350</b>	<b>1,435</b>	<b>1,541</b>	<b>4,656</b>	<b>5,604</b>
% Change (Y-o-Y)	187.8	73.0	51.1	25.4	31.6	20.2	26.0	8.3	61.9	20.4
<b>Operating Parameters</b>										
Deposit (INRb)	350.8	369.6	395.1	412.4	427.2	445.8	460.6	486.6	412.4	486.6
Loan (INRb)	298.1	312.9	329.7	343.8	356.5	372.4	385.2	407.4	343.8	407.4
Deposit Growth (%)	14.6	16.3	22.6	18.9	21.8	20.6	16.6	18.0	18.9	18.0
Loan Growth (%)	17.9	17.9	20.6	18.2	19.6	19.0	16.8	18.5	18.2	18.5
<b>Asset Quality</b>										
Gross NPA (%)	4.2	3.9	3.6	3.2	3.1	2.9	2.8	2.6	3.2	2.6
Net NPA (%)	1.8	1.5	1.4	1.0	1.0	0.9	0.9	0.8	1.0	0.8
PCR (%)	57.8	61.3	63.0	68.2	68.5	69.0	69.3	69.9	68.2	69.9

## Equitas Small Finance Bank

**Buy**
**CMP: INR90 | TP: INR105 (+16%)**
**EPS CHANGE (%): FY24|25: +1.5|+1.1**

- NIMs to be broadly stable with a downward bias
- Cost ratios likely to stay elevated
- Expect further improvement in asset quality ratios
- Deposit traction and rise in deposit cost to be monitored

### Quarterly performance

**(INR m)**

Y/E March	FY23				FY24E				FY23	FY24E
	1Q	2Q	3Q	4Q	1QE	2QE	3QE	4QE		
Net Interest Income	5,806	6,097	6,475	7,070	7,418	7,769	8,121	8,660	25,447	31,968
% Change (YoY)	25.9	26.0	19.7	28.0	27.8	27.4	25.4	22.5	24.8	25.6
Other Income	1,332	1,450	1,526	2,387	1,665	1,823	1,952	2,126	6,696	7,566
Total Income	7,138	7,547	8,001	9,456	9,082	9,593	10,073	10,786	32,143	39,535
Operating Expenses	4,456	5,124	5,210	5,593	5,826	6,050	6,324	6,698	20,383	24,898
Operating Profit	2,682	2,423	2,791	3,864	3,256	3,543	3,749	4,089	11,760	14,636
% Change (YoY)	63.1	21.8	24.2	36.1	21.4	46.2	34.3	5.8	34.9	24.5
Provisions	1,416	901	499	1,256	907	938	964	1,018	4,072	3,827
Profit before Tax	1,266	1,522	2,292	2,608	2,349	2,605	2,785	3,070	7,688	10,809
Tax	296	358	591	707	592	656	702	771	1,952	2,721
Net Profit	970	1,164	1,701	1,900	1,757	1,949	2,083	2,300	5,736	8,089
% Change (YoY)	713.4	182.6	57.4	59.0	81.1	67.4	22.4	21.0	104.3	41.0
<b>Operating Parameters</b>										
AUM (INR b)	217	228	249	279	293	304	324	348	274	348
Deposits (INR b)	204	217	234	254	267	279	299	325	254	325
Loans (INR b)	205	218	233	258	272	284	303	328	258	328
AUM Growth (%)	22	20	27	35	35	34	30	25	33	27
Deposit Growth (%)	19	20	31	34	31	29	28	28	34	28
Loan Growth (%)	22	22	27	33	33	30	30	27	33	27
<b>Asset Quality</b>										
Gross NPA (%)	4.1	3.9	3.6	2.8	2.6	2.4	2.2	1.9	2.8	1.9
Net NPA (%)	2.2	2.0	1.8	1.2	1.1	1.0	0.8	0.7	1.2	0.7
PCR (%)	48.5	50.5	50.8	56.9	58.7	60.2	61.4	62.6	56.9	62.6

## Federal Bank

**Buy**
**CMP: INR126 | TP: INR155 (+23%)**
**EPS CHANGE (%): FY24|25: +1.0|+1.4**

- Credit growth remains healthy, driven by robust growth from new businesses and fintech partnerships
- CAR ratios to moderate further
- Expect costs of funds to increase; margin commentary in focus going ahead
- Asset quality and loans under restructuring are key monitorables

### Quarterly performance

**(INR b)**

	FY23				FY24E				FY23	FY24E
	1Q	2Q	3Q	4Q	1QE	2QE	3QE	4QE		
Net Interest Income	16.0	17.6	19.6	19.1	19.6	20.2	20.9	21.8	72.3	82.5
% Change (YoY)	13.1	19.1	27.1	25.2	22.4	14.8	6.7	14.1	21.3	14.1
Other Income	4.5	6.1	5.3	7.3	5.7	6.7	7.1	7.8	23.3	27.3
Total Income	20.6	23.7	24.9	26.4	25.4	26.9	27.9	29.6	95.6	109.8
Operating Expenses	10.8	11.6	12.2	13.1	12.3	12.9	13.9	14.8	47.7	53.9
Operating Profit	9.7	12.1	12.7	13.3	13.1	13.9	14.1	14.8	47.9	55.9
% Change (YoY)	-14.1	32.9	39.4	67.2	34.4	15.0	10.6	10.8	27.6	16.6
Provisions	1.7	2.7	2.0	1.2	1.8	2.1	2.0	1.9	7.5	7.9
Profit before Tax	8.1	9.4	10.8	12.2	11.3	11.8	12.0	12.9	40.4	48.0
Tax	2.1	2.4	2.7	3.2	2.8	3.0	3.0	3.4	10.3	12.2
Net Profit	6.0	7.0	8.0	9.0	8.4	8.8	9.0	9.5	30.1	35.8
% Change (YoY)	63.5	52.9	54.0	67.0	40.3	25.3	12.1	5.5	59.3	18.8
<b>Operating Parameters</b>										
Deposit (INR b)	1,834	1,891	2,014	2,134	2,225	2,247	2,342	2,475	2,134	2,475
Loan (INR b)	1,517	1,612	1,682	1,744	1,837	1,848	1,936	2,058	1,744	2,058
Deposit Growth (%)	8.2	10.0	14.8	17.4	21.4	18.8	16.3	16.0	17.4	16.0
Loan Growth (%)	16.9	20.0	19.5	20.4	21.1	14.6	15.1	18.0	20.4	18.0
<b>Asset Quality</b>										
Gross NPA (%)	2.7	2.5	2.4	2.4	2.3	2.3	2.2	2.1	2.4	2.1
Net NPA (%)	0.9	0.8	0.7	0.7	0.7	0.7	0.7	0.6	0.7	0.6
PCR (%)	65.8	68.7	70.4	71.2	71.0	71.2	71.0	70.7	71.2	70.7

**HDFC Bank****Buy****CMP: INR1,702 | TP: INR2,000 (+18%)****EPS CHANGE (%): FY24|25: -0.5|-0.1**

- Expect business growth to see continuous traction, led by healthy growth across segments
- Margins likely to stay stable; deposit traction to be in focus
- Asset quality to remain stable, though agri segment may report higher slippages
- Business growth and earnings trajectory post-merger with HDFC are key monitorables

**Quarterly performance****(INR b)**

	FY23				FY24E				FY23	FY24E
	1Q	2Q	3Q	4Q	1QE	2QE	3QE	4QE		
<b>Net Interest Income</b>	<b>194.8</b>	<b>210.2</b>	<b>229.9</b>	<b>233.5</b>	<b>245.5</b>	<b>254.4</b>	<b>265.8</b>	<b>276.8</b>	<b>868.4</b>	<b>1,042.5</b>
% Change (Y-o-Y)	14.5	18.9	24.6	23.7	26.0	21.0	15.6	18.5	20.6	20.0
Other Income	63.9	76.0	85.0	87.3	79.7	86.2	94.1	102.1	312.1	362.1
<b>Total Income</b>	<b>258.7</b>	<b>286.2</b>	<b>314.9</b>	<b>320.8</b>	<b>325.2</b>	<b>340.5</b>	<b>360.0</b>	<b>378.9</b>	<b>1,180.6</b>	<b>1,404.5</b>
Operating Expenses	105.0	112.2	124.6	134.6	137.6	140.4	142.7	145.5	476.5	566.1
<b>Operating Profit</b>	<b>153.7</b>	<b>173.9</b>	<b>190.2</b>	<b>186.2</b>	<b>187.6</b>	<b>200.1</b>	<b>217.3</b>	<b>233.4</b>	<b>704.0</b>	<b>838.4</b>
% Change (Y-o-Y)	1.5	10.0	13.4	13.8	22.1	15.1	14.2	25.3	9.9	19.1
Provisions	31.9	32.4	28.1	26.9	40.4	33.0	24.4	45.6	119.2	143.3
<b>Profit before Tax</b>	<b>121.8</b>	<b>141.5</b>	<b>162.2</b>	<b>159.4</b>	<b>147.2</b>	<b>167.2</b>	<b>192.9</b>	<b>187.8</b>	<b>584.9</b>	<b>695.1</b>
Tax	29.8	35.5	39.6	38.9	36.8	41.8	48.2	44.2	143.8	171.0
<b>Net Profit</b>	<b>92.0</b>	<b>106.1</b>	<b>122.6</b>	<b>120.5</b>	<b>110.4</b>	<b>125.4</b>	<b>144.7</b>	<b>143.6</b>	<b>441.1</b>	<b>524.1</b>
% Change (Y-o-Y)	19.0	20.1	18.5	19.8	20.0	18.2	18.0	19.2	19.3	18.8
<b>Operating Parameters</b>										
Deposit	16,048	16,734	17,332	18,834	19,342	20,020	20,970	22,224	18,834	22,224
Loan	13,951	14,799	15,068	16,006	16,438	17,014	17,821	18,887	16,006	18,887
Deposit Growth (%)	19.2	19.0	19.9	20.8	20.5	19.6	21.0	18.0	20.8	18.0
Loan Growth (%)	21.6	23.4	19.5	16.9	17.8	15.0	18.3	18.0	16.9	18.0
<b>Asset Quality</b>										
Gross NPA (%)	1.3	1.2	1.2	1.1	1.1	1.1	1.1	1.1	1.1	1.1
Net NPA (%)	0.4	0.3	0.3	0.3	0.3	0.3	0.3	0.3	0.3	0.3
PCR (%)	72.9	73.3	73.2	75.8	72.5	72.0	72.5	76.5	75.8	76.5

**ICICI Bank****Buy****CMP: INR934 | TP: INR1,150 (+23%)****EPS CHANGE (%): FY24|25: 2.5|1.3**

- Expect loan growth to remain healthy, led by Retail and SME segments
- Expect credit costs to remain under control, supported by adequate contingency buffers
- Margin trajectory is likely to reverse
- Traction in opex, deposit growth to be key monitorable

**Quarterly performance****(INR b)**

	FY23				FY24E				FY23	FY24E
	1Q	2Q	3Q	4Q	1QE	2QE	3QE	4QE		
<b>Net Interest Income</b>	<b>132.1</b>	<b>147.9</b>	<b>164.6</b>	<b>176.7</b>	<b>180.0</b>	<b>181.1</b>	<b>184.4</b>	<b>186.3</b>	<b>621.3</b>	<b>731.8</b>
% Change (YoY)	20.8	26.5	34.6	40.2	36.3	22.5	12.0	5.4	30.9	17.8
Other Income	46.7	50.5	50.2	50.9	52.2	56.3	59.6	60.9	198.3	229.1
<b>Total Income</b>	<b>178.8</b>	<b>198.4</b>	<b>214.9</b>	<b>227.5</b>	<b>232.3</b>	<b>237.5</b>	<b>244.0</b>	<b>247.2</b>	<b>819.6</b>	<b>960.9</b>
Operating Expenses	75.7	81.6	82.2	89.3	93.6	96.8	100.8	107.2	328.7	398.4
<b>Operating Profit</b>	<b>103.1</b>	<b>116.8</b>	<b>132.7</b>	<b>138.3</b>	<b>138.6</b>	<b>140.7</b>	<b>143.2</b>	<b>140.0</b>	<b>490.9</b>	<b>562.5</b>
% Change (YoY)	15.9	17.8	30.8	34.3	34.5	20.4	7.9	1.3	25.1	14.6
Provisions	11.4	16.4	22.6	16.2	12.4	13.5	15.0	10.9	66.7	51.8
<b>Profit before Tax</b>	<b>91.7</b>	<b>100.4</b>	<b>110.1</b>	<b>122.1</b>	<b>126.2</b>	<b>127.2</b>	<b>128.2</b>	<b>129.1</b>	<b>424.2</b>	<b>510.7</b>
Tax	22.6	24.8	27.0	30.8	31.2	31.4	31.7	31.9	105.2	126.2
<b>Net Profit</b>	<b>69.0</b>	<b>75.6</b>	<b>83.1</b>	<b>91.2</b>	<b>95.0</b>	<b>95.8</b>	<b>96.5</b>	<b>97.2</b>	<b>319.0</b>	<b>384.6</b>
% Change (YoY)	49.6	37.1	34.2	30.0	37.6	26.7	16.1	6.6	36.7	20.6
<b>Operating Parameters</b>										
Deposit	10,503	10,900	11,220	11,808	12,186	12,470	13,036	13,698	11,808	13,698
Loan	8,956	9,386	9,740	10,196	10,582	10,839	11,371	12,032	10,196	12,032
Deposit Growth (%)	13.4	11.5	10.3	10.9	16.0	14.4	16.2	16.0	10.9	16.0
Loan Growth (%)	21.3	22.7	19.7	18.7	18.1	15.5	16.7	18.0	18.7	18.0
<b>Asset Quality</b>										
Gross NPA (%)	3.4	3.2	3.1	2.8	2.9	2.8	2.7	2.5	3.0	2.5
Net NPA (%)	0.7	0.6	0.6	0.5	0.5	0.5	0.5	0.4	0.5	0.4
PCR (%)	79.9	81.3	82.6	83.5	83.3	83.2	83.1	83.4	83.5	83.4

**IDFC First Bank****Buy****CMP: INR79 | TP: INR85 (7%)****EPS CHANGE (%): FY24|25: -0.8|-0.6**

- Expect healthy loan growth, led by healthy trends in Retail and Commercial Finance
- Asset quality to remain healthy, with credit cost being in control
- Traction in deposit growth and cost of funds in focus
- Margins to remain broadly stable with a downward bias

**Quarterly performance****(INR b)**

	FY23				FY24E				FY23	FY24E
	1Q	2Q	3Q	4Q	1QE	2QE	3QE	4QE		
<b>Net Interest Income</b>	<b>27.5</b>	<b>30.0</b>	<b>32.9</b>	<b>36.0</b>	<b>36.9</b>	<b>38.6</b>	<b>41.5</b>	<b>44.0</b>	<b>126.4</b>	<b>161.0</b>
% Change (Y-o-Y)	25.9	32.1	27.3	34.7	34.0	28.7	26.5	22.2	30.2	27.4
Other Income	8.6	10.6	11.5	14.0	12.7	13.3	14.0	14.9	44.7	54.9
<b>Total Income</b>	<b>36.1</b>	<b>40.6</b>	<b>44.4</b>	<b>49.9</b>	<b>49.6</b>	<b>51.9</b>	<b>55.6</b>	<b>58.9</b>	<b>171.0</b>	<b>216.0</b>
Operating Expenses	26.6	28.9	31.8	34.4	34.7	36.4	38.6	40.6	121.7	150.2
<b>Operating Profit</b>	<b>9.4</b>	<b>11.7</b>	<b>12.6</b>	<b>15.6</b>	<b>14.9</b>	<b>15.6</b>	<b>16.9</b>	<b>18.3</b>	<b>49.3</b>	<b>65.7</b>
% Change (Y-o-Y)	-5.1	68.7	63.8	88.6	58.0	33.4	34.4	17.3	50.2	33.3
Provisions	3.1	4.2	4.5	4.8	5.2	5.4	5.9	6.1	16.6	22.7
<b>Profit before Tax</b>	<b>6.4</b>	<b>7.4</b>	<b>8.1</b>	<b>10.8</b>	<b>9.7</b>	<b>10.1</b>	<b>11.0</b>	<b>12.2</b>	<b>32.7</b>	<b>43.0</b>
Tax	1.6	1.9	2.1	2.7	2.5	2.6	2.8	3.1	8.3	10.9
<b>Net Profit</b>	<b>4.7</b>	<b>5.6</b>	<b>6.0</b>	<b>8.0</b>	<b>7.2</b>	<b>7.6</b>	<b>8.2</b>	<b>9.1</b>	<b>24.4</b>	<b>32.1</b>
% Change (Y-o-Y)	NM	266.1	115.1	134.2	52.5	36.1	35.7	13.4	NM	31.7
<b>Operating Parameters</b>										
Deposit (INRb)	1,133	1,234	1,330	1,446	1,523	1,637	1,780	1,924	1,446	1,924
Deposit Growth (%)	24.1	36.8	43.4	36.9	34.3	32.6	33.8	33.0	36.9	33.0
Loan (INRb)	1,326	1,402	1,471	1,518	1,585	1,676	1,794	1,913	1,518	1,913
Loan Growth (%)	22.0	37.1	26.4	28.8	19.6	19.5	22.0	26.0	28.8	26.0
<b>Asset Quality</b>										
Gross NPA (%)	3.4	3.2	3.0	2.5	2.5	2.4	2.4	2.4	2.6	2.5
Net NPA (%)	1.3	1.1	1.0	0.9	0.8	0.8	0.8	0.8	0.9	0.8
PCR (%)	62.0	66.3	66.0	66.4	67.3	68.0	68.4	68.9	66.4	68.9

**IndusInd Bank****Buy****CMP: INR1,375 | TP: INR1,550 (+13%)****EPS CHANGE (%): FY24|25: 0.3|-1.4**

- Expect loan growth to remain healthy; deposit traction would be closely monitored
- Expect asset quality and slippages to improve further given normalisation in MFI and CV business
- Expect margin to be broadly stable
- Credit cost to witness a gradual moderation as PCR remains healthy

**Quarterly performance****(INR b)**

	FY23				FY24E				FY23	FY24E
	1Q	2Q	3Q	4Q	1QE	2QE	3QE	4QE		
<b>Net Interest Income</b>	<b>41.3</b>	<b>43.0</b>	<b>45.0</b>	<b>46.7</b>	<b>48.8</b>	<b>51.0</b>	<b>53.7</b>	<b>56.1</b>	<b>175.9</b>	<b>209.6</b>
% Change (YoY)	15.8	17.6	18.5	17.2	18.4	18.6	19.4	20.1	17.3	19.1
Other Income	19.3	20.1	20.8	21.5	21.8	22.6	24.0	25.7	81.7	94.0
<b>Total Income</b>	<b>60.6</b>	<b>63.1</b>	<b>65.7</b>	<b>68.2</b>	<b>70.6</b>	<b>73.6</b>	<b>77.6</b>	<b>81.7</b>	<b>257.6</b>	<b>303.6</b>
Operating Expenses	26.3	27.7	28.9	30.7	31.7	33.0	34.1	36.0	113.5	134.7
<b>Operating Profit</b>	<b>34.3</b>	<b>35.4</b>	<b>36.9</b>	<b>37.6</b>	<b>39.0</b>	<b>40.6</b>	<b>43.5</b>	<b>45.8</b>	<b>144.2</b>	<b>168.9</b>
% Change (YoY)	9.9	10.0	11.3	11.2	13.6	14.5	18.1	21.8	10.6	17.1
Provisions	12.5	11.4	10.6	10.3	9.9	10.0	11.0	10.7	44.9	41.6
<b>Profit before Tax</b>	<b>21.8</b>	<b>24.0</b>	<b>26.2</b>	<b>27.3</b>	<b>29.1</b>	<b>30.6</b>	<b>32.5</b>	<b>35.0</b>	<b>99.3</b>	<b>127.2</b>
Tax	5.5	6.0	6.6	6.8	7.3	7.7	8.2	8.8	24.9	32.1
<b>Net Profit</b>	<b>16.3</b>	<b>18.1</b>	<b>19.6</b>	<b>20.4</b>	<b>21.8</b>	<b>22.9</b>	<b>24.3</b>	<b>26.2</b>	<b>74.4</b>	<b>95.2</b>
% Change (YoY)	60.5	57.4	58.2	45.9	33.5	26.8	23.8	28.2	54.9	27.9
<b>Operating Parameters</b>										
Deposit (INRb)	3,031	3,155	3,253	3,361	3,487	3,607	3,761	3,933	3,361	3,933
Loan (INRb)	2,480	2,601	2,728	2,899	3,027	3,149	3,305	3,479	2,899	3,479
Deposit Growth (%)	13.4	14.6	14.3	14.6	15.0	14.3	15.6	17.0	14.6	17.0
Loan Growth (%)	17.7	17.8	19.3	21.3	22.1	21.0	21.2	20.0	21.3	20.0
<b>Asset Quality</b>										
Gross NPA (%)	2.4	2.1	2.1	2.0	1.9	1.9	1.8	1.8	2.0	1.8
Net NPA (%)	0.7	0.6	0.6	0.6	0.6	0.5	0.5	0.5	0.6	0.5
PCR (%)	72.0	71.5	70.6	70.6	71.0	71.3	71.8	72.5	70.6	72.5



## Indian Bank

Buy

CMP: INR293 | TP: INR360 (+23%)

EPS CHANGE (%): FY24|25: -6.8|-3.8

- Expect loan growth to remain healthy
- Expect margin to remain broadly stable; traction in deposits and opex increase are key monitorables
- Earnings growth to remain on track
- Asset quality ratios to improve and credit costs to witness a gradual moderation

## Quarterly performance

(INR b)

Y/E March	FY23				FY24E				FY23	FY24E
	1Q	2Q	3Q	4Q	1QE	2QE	3QE	4QE		
Net Interest Income	45.3	46.8	55.0	55.1	56.0	56.9	58.1	58.9	202.3	229.8
% Change (YoY)	13.5	14.7	25.1	29.5	23.5	21.5	5.6	6.9	20.9	13.6
Other Income	16.0	18.3	17.2	19.9	18.8	19.4	20.4	21.4	71.4	80.0
Total Income	61.4	65.1	72.2	75.0	74.8	76.4	78.5	80.2	273.7	309.8
Operating Expenses	25.7	28.8	31.5	34.9	32.8	33.4	34.3	36.4	121.0	136.8
Operating Profit	35.6	36.3	40.6	40.2	42.0	42.9	44.2	43.9	152.7	173.0
% Change (YoY)	4.3	10.8	23.5	46.7	17.9	18.3	8.8	9.2	20.1	13.3
Provisions	22.2	20.6	25.2	25.6	20.4	20.6	21.2	20.1	93.6	82.3
Profit before Tax	13.5	15.7	15.5	14.5	21.6	22.3	22.9	23.8	59.1	90.7
Tax	1.3	3.5	1.5	0.1	5.4	5.6	5.8	6.0	6.3	22.8
Net Profit	12.1	12.3	14.0	14.5	16.2	16.7	17.2	17.8	52.8	67.8
% Change (YoY)	2.7	12.5	102.4	47.0	33.2	36.4	22.9	22.8	33.9	28.4
Operating Parameters										
Deposits (INR b)	5,843	5,889	5,971	6,212	6,282	6,375	6,514	6,678	6,212	6,678
Loans (INR b)	4,018	4,121	4,361	4,493	4,564	4,660	4,803	4,969	4,493	4,969
Deposit Growth (%)	8.2	6.8	6.1	4.6	7.5	8.3	9.1	7.5	4.6	7.5
Loan Growth (%)	10.3	15.0	16.9	15.4	13.6	13.1	10.1	10.6	15.4	10.6
Asset Quality										
Gross NPA (%)	8.1	7.3	6.5	6.0	5.8	5.5	5.3	5.0	6.0	5.0
Net NPA (%)	2.1	1.5	1.0	0.9	0.9	0.9	0.8	0.8	0.9	0.8
PCR (%)	75.5	80.7	85.5	85.7	85.0	84.6	85.0	85.5	85.7	85.5

## Kotak Mahindra Bank

Neutral

CMP: INR1,847 | TP: INR2,050 (+11%)

EPS CHANGE (%): FY24|25: -1.8|-0.3

- Expect steady traction in loan and deposit growth
- Expect liability growth to remain healthy; margins to moderate to 5.6%.
- Unsecured loan mix likely to maintain an uptrend
- Slippages and credit cost to remain in control

## Quarterly performance

(INR b)

Y/E March	FY23				FY24E				FY23	FY24E
	1Q	2Q	3Q	4Q	1QE	2QE	3QE	4QE		
Net Interest Income	47.0	51.0	56.5	61.0	61.9	63.2	64.2	65.5	215.5	254.7
% Change (Y-o-Y)	19.2	26.8	30.4	35.0	31.8	23.9	13.5	7.3	28.1	18.2
Other Income	12.4	19.5	19.5	21.9	18.9	20.0	21.2	22.1	70.8	82.2
Total Income	59.4	70.5	76.0	82.9	80.8	83.1	85.4	87.6	286.3	336.8
Operating Expenses	31.6	34.9	37.5	36.4	38.6	39.7	41.8	42.0	137.9	162.1
Operating Profit	27.8	35.7	38.5	46.5	42.2	43.4	43.5	45.6	148.5	174.7
% Change (Y-o-Y)	-3.7	14.3	42.5	39.1	51.6	21.7	13.1	-2.0	23.2	17.7
Provisions	0.2	1.4	1.5	1.5	2.2	2.4	2.5	2.8	4.6	9.9
Profit before Tax	27.6	34.3	37.0	45.0	40.0	41.0	41.0	42.7	143.9	164.8
Tax	6.9	8.5	9.1	10.0	9.8	10.1	10.1	10.5	34.5	40.5
Net Profit	20.7	25.8	27.9	35.0	30.2	30.9	30.9	32.2	109.4	124.2
% Change (Y-o-Y)	26.1	27.0	31.0	26.3	45.7	19.8	10.8	-7.8	27.6	13.6
Deposits (INRb)	3,165	3,252	3,447	3,631	3,756	3,839	4,018	4,226	3,631	4,226
Loans (INRb)	2,802	2,940	3,107	3,199	3,311	3,395	3,562	3,758	3,199	3,758
Deposit growth (%)	10.4	11.5	12.9	16.5	18.7	18.1	16.6	16.4	16.5	16.4
Loan growth (%)	28.8	25.1	22.9	17.9	18.2	15.5	14.6	17.5	17.9	17.5
Asset Quality										
Gross NPA (%)	2.2	2.1	1.9	1.8	1.7	1.7	1.6	1.5	1.8	1.5
Net NPA (%)	0.6	0.6	0.4	0.4	0.4	0.3	0.3	0.3	0.4	0.3
PCR (%)	72.6	73.7	77.6	79.3	79.8	80.3	80.7	81.4	79.3	81.4

**Punjab National Bank****Neutral****CMP: INR52 | TP: INR55 (+6%)****EPS CHANGE (%): FY24|25: +2.0|3.2**

- Expect loan growth to remain modest; rise in opex to be monitored
- Expect asset quality to witness an improvement
- Margins likely to moderate slightly
- Pace of reduction in Net NPA and RoA recovery remains the key monitorable

**Quarterly Performance****(INRb)**

Y/E March	FY23				FY24E				FY23	FY24E
	1Q	2Q	3Q	4Q	1QE	2QE	3QE	4QE		
Net Interest Income	75.4	82.7	91.8	95.0	94.4	96.8	100.7	103.1	344.9	395.0
% Change (YoY)	4.3	30.2	17.6	30.0	25.1	17.0	9.7	8.5	20.2	14.5
Other Income	25.4	28.5	33.4	34.2	34.4	33.1	35.6	37.7	121.4	140.9
Total Income	100.8	111.2	125.2	129.2	128.8	129.9	136.3	140.8	466.3	535.8
Operating Expenses	47.0	55.5	68.0	70.5	64.9	65.1	68.1	72.1	241.1	270.2
Operating Profit	53.8	55.7	57.2	58.7	63.9	64.7	68.3	68.7	225.3	265.6
% Change (YoY)	-15.9	38.4	12.6	11.4	18.8	16.3	19.4	17.1	8.5	17.9
Other Provisions	47.9	49.1	47.1	38.3	41.0	39.5	40.3	37.1	182.4	157.9
Profit before Tax	5.9	6.6	10.0	20.4	22.9	25.3	28.0	31.6	42.9	107.7
Tax	2.8	2.5	3.7	8.8	8.0	8.8	9.8	11.1	17.8	37.7
Net Profit	3.1	4.1	6.3	11.6	14.9	16.4	18.2	20.5	25.1	70.0
% Change (YoY)	-69.9	-62.8	-44.2	474.9	381.8	299.5	189.4	77.2	-27.5	179.3
<b>Operating Parameters</b>										
Deposits	11,367	11,935	12,104	12,812	12,956	13,148	13,436	13,773	12,812	13,773
Loans	7,426	7,734	8,004	8,308	8,445	8,628	8,902	9,222	8,308	9,222
Deposit Growth (%)	3.6	7.0	7.4	11.8	14.0	10.2	11.0	7.5	11.8	7.5
Loan Growth (%)	12.3	14.9	15.5	14.1	13.7	11.6	11.2	11.0	14.1	11.0
<b>Asset Quality</b>										
Gross NPA (%)	11.3	10.5	9.8	8.7	8.3	7.8	7.2	6.7	8.7	6.7
Net NPA (%)	4.3	3.8	3.3	2.7	2.5	2.3	2.1	1.9	2.8	1.9
PCR (%)	64.8	66.3	68.5	70.8	71.2	71.6	72.4	73.0	69.6	73.0

**RBL Bank****Neutral****CMP: INR182 | TP: INR190 (+4%)****EPS CHANGE (%): FY24|25: 4.7 |4.1**

- Margin likely to remain broadly stable
- Loan growth is likely to remain healthy, supported by new products
- Expect a gradual improvement in asset quality
- Credit cost outlook for FY24/25 will be a key monitorable

**Quarterly performance****(INR m)**

	FY23				FY24E				FY23	FY24E
	1Q	2Q	3Q	4Q	1QE	2QE	3QE	4QE		
Net Interest Income	10,277	10,644	11,482	12,112	12,425	12,929	13,511	14,121	44,515	52,986
% Change (Y-o-Y)	6.0	16.3	13.6	7.1	20.9	21.5	17.7	16.6	10.5	19.0
Other Income	6,136	5,833	6,184	6,741	7,018	7,229	7,741	8,133	24,894	30,122
Total Income	16,413	16,477	17,666	18,853	19,444	20,158	21,253	22,254	69,409	83,108
Operating Expenses	11,122	11,354	11,994	12,915	13,269	13,604	14,276	14,836	47,384	55,985
Operating Profit	5,291	5,124	5,672	5,938	6,175	6,553	6,977	7,418	22,025	27,123
% Change (Y-o-Y)	-30.9	-25.9	-10.1	-9.7	16.7	27.9	23.0	24.9	-19.8	23.1
Provisions	2,530	2,415	2,927	2,347	2,699	2,871	3,078	2,836	10,219	11,484
Profit before Tax	2,761	2,709	2,745	3,591	3,476	3,683	3,899	4,581	11,805	15,639
Tax	750	693	655	880	876	928	983	1,150	2,978	3,936
Net Profit	2,012	2,016	2,090	2,711	2,600	2,755	2,916	3,431	8,827	11,703
% Change (Y-o-Y)	NM	NM	33.9	37.0	29.3	36.7	39.6	26.6	NM	32.6
<b>Operating Parameters</b>										
Deposit (INRb)	792.2	794.0	817.5	848.9	876.0	896.4	937.1	984.7	848.9	984.7
Loan (INRb)	602.7	629.4	666.8	702.1	725.3	742.6	777.4	817.9	702.1	817.9
Deposit Growth (%)	6.4	5.0	11.0	7.4	10.6	12.9	14.6	16.0	7.4	16.0
Loan Growth (%)	6.6	12.4	14.7	17.0	20.3	18.0	16.6	16.5	17.0	16.5
<b>Asset Quality</b>										
Gross NPA (%)	4.1	3.8	3.6	3.4	3.2	3.1	2.9	2.7	3.4	2.7
Net NPA (%)	1.2	1.3	1.2	1.1	1.0	1.0	0.9	0.9	1.1	0.9
PCR (%)	72.5	67.8	68.0	68.1	68.4	68.6	68.5	68.9	68.1	68.9

## State Bank of India

Buy

CMP: INR573 | TP: INR700 (+22%)

EPS CHANGE (%): FY24|25: -1.0|+3.0

- Earnings growth is likely to stay strong, supported by healthy treasury gains vs. losses last year
- Asset quality to improve further supported by low stressed asset pool
- Expect credit costs to remain in control
- Expect margins to remain stable; opex and increase in deposit costs to be key monitorables

## Quarterly performance

(INR b)

Y/E March	FY23				FY24E				FY23	FY24E
	1Q	2Q	3Q	4Q	1QE	2QE	3QE	4QE		
Net Interest Income	312.0	351.8	380.7	403.9	412.5	418.8	425.1	430.6	1,448.4	1,687.0
% Change (YoY)	12.9	12.8	24.1	29.5	32.2	19.0	11.7	6.6	20.0	16.5
Other Income	23.1	88.7	114.7	139.6	91.0	92.3	93.9	132.9	366.2	410.1
Total Income	335.1	440.6	495.4	543.5	503.6	511.1	519.0	563.5	1,814.6	2,097.1
Operating Expenses	207.6	229.4	243.2	297.3	272.6	277.1	280.4	287.1	977.4	1,117.2
Operating Profit	127.5	211.2	252.2	246.2	231.0	234.0	238.6	276.4	837.1	979.9
% Change (YoY)	-32.8	16.8	36.2	24.9	81.1	10.8	-5.4	12.2	11.2	17.1
Provisions	43.9	30.4	57.6	33.2	44.5	46.4	48.3	46.4	165.1	185.6
Profit before Tax	83.6	180.8	194.6	213.1	186.4	187.6	190.3	230.0	672.1	794.3
Tax Provisions	22.9	48.2	52.5	46.1	48.8	48.8	49.1	54.2	169.7	201.0
Net Profit	60.7	132.6	142.1	166.9	137.6	138.8	141.2	175.7	502.3	593.3
% Change (YoY)	-6.7	73.9	68.5	83.2	126.7	4.7	-0.6	5.3	58.6	18.1
Operating Parameters										
Deposits (INR t)	40.5	41.9	42.1	44.2	45.2	45.7	47.0	48.5	44.2	48.5
Loans (INR t)	28.2	29.5	30.6	32.0	32.7	33.4	34.6	36.1	32.0	36.1
Deposit Growth (%)	8.7	10.0	9.5	9.2	11.8	9.1	11.5	9.6	9.2	9.6
Loan Growth (%)	15.8	20.8	18.6	17.0	16.2	13.2	13.2	12.7	17.0	12.7
Asset Quality										
Gross NPA (%)	3.9	3.5	3.1	2.8	2.7	2.6	2.4	2.3	2.8	2.3
Net NPA (%)	1.0	0.8	0.8	0.7	0.6	0.6	0.6	0.5	0.7	0.5
PCR (%)	75.1	77.9	76.1	76.4	77.0	77.2	77.4	78.1	76.2	78.1

## Union Bank of India

Buy

CMP: INR72 | TP: INR95 (+31%)

EPS CHANGE (%): FY24|25: -2.0|+1.6

- Expect steady traction in loan growth
- Margins likely to remain range-bound after a decline in last quarter
- SMA and restructuring books are key monitorables
- Expect steady improvement in asset quality

## Quarterly performance

(INR b)

	FY23				FY24E				FY23	FY24E
	1Q	2Q	3Q	4Q	1QE	2QE	3QE	4QE		
Net Interest Income	75.8	83.1	86.3	82.5	83.5	86.0	91.3	94.5	327.7	355.4
% Change (YoY)	8.1	21.6	20.3	21.9	10.2	3.6	5.9	14.6	17.9	8.5
Other Income	28.2	32.8	32.7	52.7	33.0	37.8	39.6	46.9	146.3	157.3
Total Income	104.0	115.8	119.0	135.2	116.6	123.8	131.0	141.4	474.0	512.7
Operating Expenses	49.5	50.0	52.8	67.0	57.3	59.0	61.4	65.1	219.3	242.8
Operating Profit	54.5	65.8	66.2	68.2	59.3	64.8	69.6	76.3	254.7	269.9
% Change (YoY)	5.1	8.3	29.8	23.6	8.8	-1.5	5.1	11.9	16.4	6.0
Provisions	32.8	40.8	30.4	29.4	29.5	29.9	31.6	31.0	133.3	122.1
Profit before Tax	21.7	25.0	35.8	38.9	29.7	34.8	37.9	45.3	121.4	147.8
Tax	6.1	6.5	13.4	11.1	8.9	10.5	11.4	13.6	37.0	44.3
Net Profit	15.6	18.5	22.4	27.8	20.8	24.4	26.5	31.7	84.3	103.5
% Change (YoY)	32.0	21.1	106.8	93.3	33.4	32.0	18.3	14.0	61.2	22.7
Operating Parameters										
Deposit (INR b)	9,928	10,433	10,650	11,177	11,311	11,490	11,758	12,071	11,177	12,071
Loan (INR b)	6,764	7,275	7,564	7,618	7,744	7,912	8,163	8,456	7,618	8,456
Deposit Growth (%)	9.3	14.1	13.6	8.3	13.9	10.1	10.4	8.0	8.3	8.0
Loan Growth (%)	15.7	25.2	22.6	15.3	14.5	8.8	7.9	11.0	15.3	11.0
Asset Quality										
Gross NPA (%)	10.2	8.5	7.9	7.5	7.2	6.8	6.3	5.9	7.5	5.9
Net NPA (%)	3.3	2.6	2.1	1.7	1.6	1.5	1.4	1.3	1.7	1.3
PCR (%)	69.9	70.6	74.6	78.8	79.0	78.4	78.5	78.1	78.8	78.1

## SBI Cards and Payment Services

Buy

CMP: INR847 | TP: INR930 (+10%)

EPS CHANGE (%): FY24|25: -4.3|1.1

- Margins are likely to remain broadly stable
- Asset quality ratios are likely to be stable, though credit cost may remain elevated
- Spends growth to remain strong; traction in new account sourcing to be healthy
- Revolver mix and margin outlook remain key monitorables

## Quarterly performance

(INR b)

	FY23				FY24E				FY23	FY24E
	1Q	2Q	3Q	4Q	1QE	2QE	3QE	4QE		
Net Interest Income	10.8	11.2	11.4	11.7	12.2	12.8	13.7	15.1	45.1	53.8
% Change (Y-o-Y)	16.7	21.5	14.9	16.7	13.3	14.3	20.0	29.9	18.8	19.5
Other Income	18.8	19.7	20.5	22.4	22.1	23.7	24.8	26.7	81.4	97.4
Total Income	29.5	30.9	31.9	34.1	34.4	36.4	38.6	41.9	126.4	151.2
Operating Expenses	16.6	18.3	19.7	19.8	20.0	21.1	22.7	25.2	74.5	88.9
Operating Profit	12.9	12.5	12.2	14.3	14.4	15.4	15.9	16.7	51.9	62.3
% Change (Y-o-Y)	22.5	18.3	6.4	22.0	11.3	22.7	30.6	16.9	17.2	20.1
Provisions	4.5	5.5	5.3	6.3	6.2	6.8	6.7	6.7	21.6	26.5
Profit before Tax	8.4	7.1	6.8	8.0	8.1	8.6	9.1	10.0	30.3	35.9
Tax	2.1	1.8	1.7	2.0	2.1	2.2	2.3	2.6	7.7	9.1
Net Profit	6.3	5.3	5.1	6.0	6.1	6.4	6.8	7.5	22.6	26.7
% Change (Y-o-Y)	105.8	52.4	32.1	2.7	-3.5	21.7	33.8	25.2	39.7	18.3
Operating Parameters										
Loan (INRb)	320.8	365.0	373.5	393.6	413.4	437.7	475.2	503.8	393.6	503.8
Loan Growth (%)	39.2	43.7	33.6	30.4	314.2	211.6	165.3	120.9	30.4	28.0
Asset Quality										
Gross NPA (%)	2.2	2.1	2.2	2.4	2.3	2.3	2.3	2.2	2.4	2.2
Net NPA (%)	0.8	0.8	0.8	0.9	0.8	0.8	0.8	0.8	0.9	0.8
PCR (%)	65.1	64.0	64.2	63.6	64.5	65.2	65.5	65.8	63.6	65.8

## Paytm

Buy

CMP: INR868 | TP: INR1050 (+21%)

EPS CHANGE (%): FY24|25: -0.6|0.7

- Expect operating profitability to increase, driven by improvement in contribution margin & operating leverage
- Approvals for PPBL & PPSL to further boost confidence in operations
- Expect steady growth in loan disbursements and GMV
- Expect the number of subscription payment devices to sustain the current run rate

## Quarterly Performance

(INR b)

	FY23				FY24E				FY23	FY24E
	1Q	2Q	3Q	4Q	1QE	2QE	3QE	4QE		
Payment Services to Consumers	5.2	5.5	5.1	5.2	5.4	5.9	6.4	7.5	21.1	25.2
Payment Services to Merchants	5.6	6.2	6.4	9.2	7.7	8.4	9.1	10.8	27.4	36.0
Financial Services and Others	2.7	3.5	4.5	4.8	6.8	7.5	8.1	9.6	15.4	32.0
Payment and Financial Services	13.5	15.4	16.4	19.4	20.1	22.0	23.9	28.2	63.8	93.2
% Change (Y-o-Y)	95.7	82.4	47.1	59.1	48.8	43.5	45.7	45.1	65.5	45.9
Commerce and Cloud Services	3.3	3.8	4.2	3.9	4.0	4.6	5.1	5.1	15.2	18.8
Revenue from Operations	16.8	19.1	20.6	23.4	24.1	26.6	29.0	33.3	79.9	113.0
% Change (Y-o-Y)	88.7	76.2	41.7	51.5	43.4	39.1	40.6	42.7	60.6	41.5
Direct Expenses	9.5	10.7	10.2	10.5	10.9	12.2	13.0	14.7	40.9	50.8
Contribution Profit	7.3	8.4	10.5	12.8	13.2	14.4	16.0	18.6	39.0	62.3
% Change (Y-o-Y)	197.4	223.4	131.0	138.1	82.0	71.3	52.4	45.2	160.3	59.7
Adjusted EBITDA	-2.7	-1.7	0.3	2.3	1.1	2.0	2.6	4.8	-1.8	10.6
EBITDA	-6.3	-5.4	-3.3	-1.3	-2.5	-1.6	-1.0	1.1	-16.3	-4.0
PAT	-6.4	-5.7	-3.9	-1.7	-3.1	-2.4	-1.8	-0.2	-17.8	-7.6
% Change (Y-o-Y)	68.5	20.4	-49.6	-78.1	-51.5	-58.6	-53.0	-86.2	-25.9	-57.4
Operating Parameters										
GMV (INRt)	3.0	3.2	3.5	3.6	4.0	4.3	4.7	4.83	13.2	17.8
Disbursements (INR b)	55.5	73.1	99.6	125.5	150.0	171.0	196.6	225.5	353.8	743.0
GMV Growth (%)	101.5	62.6	38.4	39.8	35.0	34.5	37.2	33.4	55.2	35.0
Disbursements Growth (%)	778.8	481.8	356.6	253.3	170.0	133.8	97.4	79.6	364.2	110.0
Contribution Margin	43.3	44.0	50.8	55.0	54.9	54.2	55.0	56.0	48.8	55.1
Adjusted EBITDA Margin (%)	-16.3	-8.7	1.5	10.0	4.8	7.7	9.1	14.4	-2.2	9.4
EBITDA Margin (%)	-37.7	-28.1	-16.0	-5.5	-10.4	-6.0	-3.5	3.4	-20.4	-3.5

## INSURANCE

## HDFC Life

Neutral

CMP: INR651 | TP: INR630 (-3%)

EPS CHANGE (%): FY24|25: 2.0|4.0

- New business premium to see healthy growth, driven by Annuity/Non-PAR segments and retail protection
- Credit life to see healthy traction as disbursement momentum across lending institutions remains strong
- Expect VNB growth to remain healthy and margins to expand on YoY basis
- Improvement in persistency ratio and commentary on growth outlook are key monitorables

## Quarterly performance (INR b)

Policy holder's A/c (INR b)	FY23				FY24E				FY23	FY24E
	1Q	2Q	3Q	4Q	1QE	2QE	3QE	4QE		
First year premium	17.1	24.2	27.2	44.7	19.7	29.4	33.2	45.4	113.2	127.7
Growth (%)	32.9	16.6	28.8	73.5	15.1	21.2	21.8	1.7	40.6	12.7
Renewal premium	51.0	69.1	71.9	92.5	63.9	82.3	93.1	118.6	284.5	357.9
Growth (%)	31.1	37.2	29.7	26.1	25.4	19.2	29.5	28.2	30.4	25.8
Single premium	32.4	39.5	46.6	59.0	37.4	46.9	53.0	66.6	177.6	203.9
Growth (%)	30.6	-12.5	1.5	31.1	15.3	18.7	13.7	12.8	10.3	14.8
Gross premium inc.	100.5	132.8	145.8	196.3	121.0	158.6	179.3	230.7	575.3	689.5
Growth (%)	31.3	14.2	18.9	36.1	20.4	19.4	23.0	17.5	25.2	19.8
PAT	3.6	3.3	3.2	3.6	4.1	3.9	3.9	4.3	13.6	16.2
Growth (%)	19.1	19.0	15.2	0.3	13.6	18.2	24.3	19.7	12.6	18.8
Key metrics (INRb)										
New business APE	19.0	30.1	32.6	51.6	23.4	34.1	38.5	52.1	133.4	148.0
Growth (%)	22.0	18.0	25.5	69.3	22.9	13.1	18.1	0.9	38.0	11.0
VNB	5.1	7.8	8.8	15.1	6.5	9.5	10.8	15.4	36.7	42.2
Growth (%)	25.0	14.7	26.1	68.8	27.5	22.5	23.6	1.6	37.4	14.9
AUM (INR b)	2,001	2,249	2,338	2,388	2,532	2,652	2,747	2,867	2,388	2,867
Growth (%)	10.4	17.6	20.1	17.0	26.5	17.9	17.5	20.1	17.0	20.1
Key Ratios (%)										
VNB Margins (%)	26.8	25.8	26.8	29.3	27.8	28.0	28.1	29.5	27.6	28.5
Solvency ratio (%)	178.0	210.0	209.0	203.0	205.0	201.0	200.0	195.7	203.3	195.7

## ICICI Prudential Life

Buy

CMP: INR572 | TP: INR600 (5%)

EPS CHANGE (%): FY24|25: -0.2|-0.4

- Expect increase in agent recruitments and the strong pace of new partnership additions to continue
- Expect VNB margins to remain healthy; watch for commentary about growth outlook by new CEO
- The expense ratio to remain elevated in coming quarters
- Expect growth in the Non-Linked Savings business to remain healthy and a recovery in the Protection business

## Quarterly performance (INR b)

Policy holder's A/c (INR b)	FY23				FY24E				FY23	FY24E
	1Q	2Q	3Q	4Q	1QE	2QE	3QE	4QE		
First year premium	10.4	14.4	13.8	26.3	10.7	17.8	19.9	22.8	64.9	71.2
Growth (%)	18.0	-7.2	-10.9	32.9	2.8	23.2	44.6	-13.5	8.9	9.6
Renewal premium	38.9	56.4	57.5	72.3	39.5	60.9	68.2	75.1	225.2	243.7
Growth (%)	-5.9	1.3	5.7	6.3	1.4	8.0	18.6	3.8	2.6	8.2
Single premium	23.3	28.1	26.5	31.3	19.2	29.7	33.2	36.5	109.2	118.6
Growth (%)	25.9	16.8	12.6	6.9	-17.6	5.6	25.4	16.8	14.5	8.6
Gross premium income	72.6	99.0	97.8	129.9	69.4	108.4	121.4	134.4	399.3	433.5
Growth (%)	5.7	3.8	4.7	10.9	-4.5	9.5	24.1	3.4	6.6	8.6
PAT	1.6	2.0	2.2	2.3	1.8	2.2	2.5	2.7	8.1	9.4
Growth (%)	NM	-55.1	-29.0	27.2	18.7	12.4	14.9	16.2	7.5	15.4
Key metrics (INRb)										
New Business APE	15.2	20.0	18.2	33.0	13.8	20.8	22.0	38.1	86.4	94.7
Growth (%)	24.7	1.1	-5.5	26.5	-8.9%	3.8%	20.7%	15.4%	11.7	9.6
VNB	4.7	6.2	6.2	10.6	4.5	6.8	7.2	12.5	27.6	30.9
Growth (%)	31.6	20.6	20.0	36.1	-4.7%	9.0%	16.4%	18.3%	27.7	11.9
AUM	2,301	2,443	2,519	2,512	2,650	2,764	2,891	3,046	2,512	3,046
Growth (%)	3.1	3.0	6.0	4.4	15.2%	13.2%	14.8%	21.3%	4.4	21.3
Key Ratios (%)										
VNB Margins (%)	31.0	31.1	33.9	32.0	32.4	32.6	32.7	33.2	32.0	32.7
Solvency ratio (%)	204	201	212	209	208	205	210	205	209	205

**Max Financial****Neutral****CMP: INR811 | TP: INR800 (-1%)****EPS CHANGE (%): FY24|25: -0.2|+12.3**

- Premium growth to remain modest; watch for commentary on revival and growth
- Expect VNB growth to remain modest; margins to see sharp seasonal moderation at ~23%
- Expect the proprietary channel to exhibit healthy trends, while banca channel to show recovery

**Quarterly performance (INR b)**

Policy holder's A/c (INR b)	FY23				FY24E				FY23	FY24E
	1Q	2Q	3Q	4Q	1QE	2QE	3QE	4QE		
First Year premium	9.2	11.1	14.6	24.1	10.3	15.2	17.2	23.5	59.0	66.1
Growth (%)	14.2	-9.3	-5.5	38.3	11.7	36.6	18.0	-2.6	10.9	12.1
Renewal premium	26.2	39.1	40.2	58.3	31.2	43.3	49.0	64.8	163.8	188.3
Growth (%)	16.7	12.9	17.5	8.4	19.2	10.8	21.7	11.1	12.9	14.9
Single premium	5.7	7.8	8.0	9.1	6.9	7.7	8.7	10.1	30.6	33.3
Growth (%)	30.1	21.3	26.9	4.0	21.4	-1.8	7.7	11.3	18.3	8.9
Gross premium income	41.0	58.0	62.8	91.5	44.6	66.2	74.8	102.1	253.4	287.7
Growth (%)	17.8	8.8	12.2	14.4	8.7	14.1	19.0	11.6	13.1	13.5
PAT	0.9	0.5	2.9	0.7	1.0	0.9	1.7	2.2	4.5	5.8
Growth (%)	18.2	-25.4	155.7	-56.5	8.5	75.9	-41.6	221.6	16.2	28.8

**Key metrics (INRb)**

New Business APE	10.1	11.9	15.1	25.4	10.9	16.0	18.1	24.5	62.5	69.5
Growth (%)	15.3	-7.2	-5.2	38.2	8.4	34.2	19.6	-3.5	12.0	11.2
VNB	2.1	3.7	5.9	7.7	2.5	4.9	5.3	8.0	19.5	20.7
Growth (%)	23.8	-0.3	49.7	31.4	17.1	30.7	-10.5	4.4	27.6	6.3
AUM (INRb)	1,071	1,134	1,184	1,229	1,295	1,352	1,409	1,474	1,229	1,474
Growth (%)	14.3	13.3	15.5	14.3	20.9	19.3	19.0	20.0	14.3	20.0

**Key Ratios (%)**

VNB Margins (%)	21.1	31.3	39.3	30.3	22.8	30.5	29.4	32.8	31.2	29.8
Solvency ratio (%)	196.0	196.0	200.0	190.0	188.0	195.0	191.0	184.6	189.7	184.6

**SBI Life****Buy****CMP: INR1,307 | TP: INR1,500 (+15%)****EPS CHANGE (%): FY24|25: -0.2|-0.3**

- Growth in New business premium to remain modest
- Expect margin to remain healthy at ~31%, while VNB growth to remain soft
- Cost leadership to continue
- Expect protection mix to improve and Non-PAR to remain healthy; growth commentary to be key

**Quarterly performance (INR b)**

Policy holder's A/c (INRb)	FY23				FY24E				FY23	FY24E
	1Q	2Q	3Q	4Q	1QE	2QE	3QE	4QE		
First year premium	25.7	34.8	50.6	40.9	27.1	38.5	51.0	58.3	152.0	174.8
Growth (%)	83	-4	24	6	5	10	1	43	17	15
Renewal premium	57.6	91.2	109.1	119.4	71.8	99.0	128.7	150.3	377.3	449.9
Growth (%)	14	17	13	10	25	8	18	26	13	19
Single premium	30.2	40.2	33.7	39.9	41.7	38.2	45.0	48.7	143.9	173.4
Growth (%)	56	20	-24	42	38	-5	33	22	15	21
Gross premium income	113.5	166.2	193.3	200.1	140.6	175.6	224.7	257.3	673.2	798.1
Growth (%)	35	13	6	14	24	6	16	29	15	19
PAT	2.6	3.8	3.0	7.8	3.0	4.3	3.5	8.3	17.2	19.1
Growth (%)	18	53	-16	16	14	15	17	6	14	11

**Key metrics (INRb)**

New Business APE	29.0	39.3	54.3	45.5	31.3	42.3	55.5	63.2	168.1	192.2
Growth (%)	79.0	-1.0	18.8	10.2	7.8	7.6	2.2	38.8	18.4	14.3
VNB	8.8	12.4	15.1	14.4	9.5	13.1	17.5	17.4	50.7	57.6
Growth (%)	131.6	24.0	31.3	23.1	8.4	6.0	16.1	20.9	37.0	13.7
AUM	2,624	2,826	3,000	3,073	3,233	3,346	3,470	3,612	3,073	3,612
Growth (%)	13.3	15.7	16.8	14.9	23.2	18.4	15.7	17.5	14.9	17.5

**Key Ratios (%)**

VNB margins (%)	30.4	31.6	27.8	31.6	30.5	31.1	31.6	32.8	30.1	30.0
Solvency ratio (%)	221.0	219.0	225.0	215.0	221.0	217.0	223.0	212.3	215.0	212.3

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

NOTES



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

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