

# HDFC Bank | BUY

## NIM pressures persist

HDFC Bank's 3QFY24 core-PPOP at INR 222bn (2.4% QoQ), missed our estimates (of Rs233bn) as NIMs (3.4%) remained flat QoQ at the relatively suppressed levels seen in 2QFY24. This, despite a) the impact of ICRR (which was a drag on NIMs in 2Q), excess liquidity build-up due to merger management not being there and b) LCR run down from 121% to 110% during the quarter. We estimate core margins could have declined by >20bps QoQ for HDFC Bank which was a disappointment. PAT stood at INR 164bn (2.5% QoQ, ahead of our estimates of INR 152bn) which was aided lower effective tax rate during the quarter. Management alluded to continued competitive pressures on deposit growth given tight liquidity. Over the medium term, Mgmt. believes greater contribution of retail assets in the overall asset mix should aid margins to normalize to higher levels. PPOP at Rs236.7bn (+4% QoQ) was aided by trading gains of Rs14.7bn. Cost-income ratio stood at 40.3% (flattish QoQ) with opex growing by 28% YoY. Core credit costs stood at 50bps and HDFC Bank created contingent provisions of Rs12bn pertaining to investments in AIF (based on RBI's new norms). Asset quality remained largely stable (slippage ratio at 1.4%) during the quarter. Given continued systemic tightness in liquidity and HDFC Bank's high ask rate w.r.t to deposit accretion (LDR>100% and LCR already down to 110%), we believe improvement in HDFC Bank's NIMs will need a fine balancing act and improvement will be only be gradual. While acknowledging the near-term pressures, we believe HDFC Bank remains well-placed to deliver healthy growth with relatively lower risk. We maintain BUY with a target price of INR 210 valuing core HDFC Bank at 2.4x FY26E P/BV and subsidiaries valued at INR 210.

- **NIMs remain soft; LCR reduction aids NII:** HDFC Bank reported a core PPOP of INR 222bn on the back of continued NIM pressure – NIMs on avg total assets -25bps QoQ to 3.40%. Mgmt. expects to achieve maintain NIMs around 3.7% over the medium term by a) pushing for retail loan growth b) ramping up deposit growth by bringing down high cost borrowings. HDFC Bank's NII growth remained healthy (+4% QoQ) and was aided by LCR rundown (at 110% vs 121% QoQ). Other income (+4% QoQ) was supported by trading gains of INR 14.7bn (vs INR 10.4bn QoQ).
- **Core-PPOP growth modest; opex ratios could improve in FY25:** Core-PPOP growth stood at a modest 2.4% QoQ given continued opex momentum. However, this is likely to slowdown over FY25. Mgmt. has also revised its target for branch expansion to c.1000 for FY24 from 1500 previously (270 added YTD24).
- **Growth vs NIMs a key question; valuations are in favour:** Net advances outpaced deposit growth with it growing at 4.9% QoQ vs. deposits growing rather slow at +1.9% QoQ. Loan growth was led by wholesale loans growing at 6.5% QoQ while retail grew at 3.3% QoQ. Wholesale growth was led by emerging corporate and business banking whereas growth in retail was driven by home loan and payment products. Mgmt. highlighted that they plan to accelerate on retail loans going forwards to maintain margins by focusing on high yield loans. In the last few quarters, unsecured loans grew at a calibrated pace with sanguine asset quality thus giving bank an opportunity to grow in this space.



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### Recommendation and Price Target

Current Reco.	BUY
Previous Reco.	BUY
Current Price Target (12M)	2,010
Upside/(Downside)	19.7%
Previous Price Target	2010
Change	0%

### Key Data – HDFCB IN

Current Market Price	INR1,679
Market cap (bn)	INR12,748.9/US\$153.5
Free Float	93%
Shares in issue (mn)	5,512.8
Diluted share (mn)	
3-mon avg daily val (mn)	INR25,143.2/US\$302.7
52-week range	1,758/1,460
Sensex/Nifty	73,129/22,032
INR/US\$	83.1

### Price Performance

%	1M	6M	12M
Absolute	1.4	2.1	5.9
Relative*	-0.9	-7.8	-13.0

\* To the BSE Sensex

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Please see Appendix I at the end of this report for Important Disclosures and Disclaimers and Research Analyst Certification.

### Financial Summary

	(INR mn)				
Y/E March	FY22A	FY23A	FY24E	FY25E	FY26E
Net Profit	369,614	441,087	595,368	721,847	850,357
Net Profit (YoY) (%)	18.8%	19.3%	35.0%	21.2%	17.8%
Assets (YoY) (%)	18.4%	19.2%	47.8%	19.6%	18.0%
ROA (%)	1.9%	1.9%	1.9%	1.8%	1.8%
ROE (%)	16.7%	17.0%	16.7%	15.6%	16.1%
EPS	66.7	79.1	79.5	96.4	113.5
EPS (YoY) (%)	18.1%	18.6%	0.6%	21.2%	17.8%
<b>PE (x)</b>	<b>25.2</b>	<b>21.2</b>	<b>21.1</b>	<b>17.4</b>	<b>14.8</b>
BV	433	502	578	656	751
BV (YoY) (%)	17.2%	16.0%	15.1%	13.6%	14.4%
<b>P/BV (x)</b>	<b>3.88</b>	<b>3.34</b>	<b>2.91</b>	<b>2.56</b>	<b>2.24</b>

Source: Company data, JM Financial. Note: Valuations as of 16/Jan/2024

Management alluded to continued competitive pressures on deposit growth given tight liquidity. Acquisition of deposits remains a key focus area for the bank and it plans to leverage branch banking to source deposits by reducing share of high cost deposits/borrowings.

- **Improved asset quality:** GNPLs/NNPLs at 1.26%/0.31% (-9bps/-3bps QoQ) with sequential improvement on account of lower gross slippages at 1.4% (vs 1.7% QoQ). Slippages were at INR 70bn; recoveries/upgrades stood at INR 45bn while write-offs stood at INR 31bn. Credit costs (71bps vs 50bps QoQ) were higher led by contingent provisions of INR 12.2bn made against investments in AIF while core credit costs stood at 50bps. We build in avg. credit costs of 0.72% over FY24-26E.
- **Subsidiaries:** HDB Financial saw healthy disbursements growth of +40% YoY with its loan book now at INR 840bn (+8% QoQ/+29% YoY). Its GS-3 improved to 2.25% (-13bps QoQ) and it reported an ROA of 3.1% for 3Q24. HDFC Life's APE and VNB grew by 5% and 7% sequentially resulting in VNB margins of 26.8% for 3Q24. It reported an EV of INR 452bn as of Dec'23 with operating RoEVs at 17.5%. HDFC AMC's QAAUM increased to INR 5.5trn with its market share at 11.2%. Equity AUM share improved to 61% (+300bps QoQ) and PAT grew by 33% YoY. HDFC ERGO's GWP increased by 19% YoY to INR 47.2bn with net profit of INR 1.3bn (+6% YoY). HDFC Securities reported a net revenue of INR 7.0bn (+38% YoY) and net profit of INR 2.3bn (+13% YoY).
- **Valuation and view:** While acknowledging the near-term pressures, we believe HDFC Bank remains well-placed to deliver healthy growth with relatively lower risk. We maintain BUY with a target price of INR 210 valuing core HDFC Bank at 2.4x FY26E P/BV and subsidiaries valued at INR 210.

## Key trends: 3QFY24

## Exhibit 1. HDFC Bank: Result Summary

Earnings Table (Rs. mn.)	3Q23	2Q24	3Q24	YoY (%)	QoQ (%)
<b>NII</b>	<b>229,878</b>	<b>273,852</b>	<b>284,713</b>	<b>23.9%</b>	<b>4.0%</b>
Fee based Income	60,526	69,360	69,400	14.7%	0.1%
Forex Income	10,741	12,210	12,100	12.7%	-0.9%
Trading Profits	2,614	10,410	14,700	462.4%	41.2%
Other Misc Income	2,079	15,098	15,170	629.7%	0.5%
<b>Non-Interest income</b>	<b>75,960</b>	<b>107,078</b>	<b>111,370</b>	<b>46.6%</b>	<b>4.0%</b>
<b>Total Income</b>	<b>305,838</b>	<b>380,931</b>	<b>396,084</b>	<b>29.5%</b>	<b>4.0%</b>
Employee Cost	41,262	51,702	53,518	29.7%	3.5%
Other Operating Expenses	83,374	102,290	106,093	27.3%	3.7%
Total Operating Expenses	124,636	153,992	159,611	28.1%	3.6%
<b>Operating Profit</b>	<b>181,202</b>	<b>226,939</b>	<b>236,473</b>	<b>30.5%</b>	<b>4.2%</b>
Loan Loss Provisions	28,064	29,038	42,166	50.2%	45.2%
<b>Total Provisions</b>	<b>28,064</b>	<b>29,038</b>	<b>42,166</b>	<b>50.2%</b>	<b>45.2%</b>
PBT	153,138	197,901	194,307	26.9%	-1.8%
Tax	39,581	38,139	30,581	-22.7%	-19.8%
<b>Reported Profit</b>	<b>113,557</b>	<b>159,761</b>	<b>163,725</b>	<b>44.2%</b>	<b>2.5%</b>
<b>Balance sheet (Rs. bn.)</b>					
Deposits	17,332	21,729	22,140	27.7%	1.9%
Net Advances	15,068	23,312	24,461	62.3%	4.9%
<b>Total Assets</b>	<b>22,953</b>	<b>34,163</b>	<b>34,926</b>	<b>52.2%</b>	<b>2.2%</b>
Low-cost Deposits (%)	44.0%	37.6%	37.7%	-6.3%	0.1%
Loan-Deposit ratio (%)	86.9%	107.3%	110.5%	23.5%	3.2%
<b>Key Ratios</b>					
<b>Credit Quality</b>					
Gross NPAs (Rs. mn.)	187,639	315,779	310,117	65.3%	-1.8%
Net NPAs (Rs. mn.)	50,243	80,728	76,641	52.5%	-5.1%
Gross NPA (%)	1.23%	1.34%	1.26%	0.02%	-0.09%
Net NPA (%)	0.33%	0.35%	0.31%	-0.02%	-0.03%
Loan Loss Provisions (%)	0.81%	0.61%	0.85%	0.04%	0.24%
Coverage Ratio (%)	73.22%	74.4%	75.3%	2.1%	0.9%
<b>Capital Adequacy</b>					
Tier I (%)	17.20%	17.80%	16.80%	-0.4%	-1.0%
CAR (%)	19.40%	19.54%	18.40%	-1.0%	-1.1%
<b>Du-pont Analysis</b>					
NII / Assets (%)	4.07%	3.28%	3.30%	-0.77%	0.01%
Non-Interest Inc. / Assets (%)	1.34%	1.28%	1.29%	-0.05%	0.01%
Operating Cost / Assets (%)	2.20%	1.85%	1.85%	-0.36%	0.00%
Operating Profits / Assets (%)	3.20%	2.72%	2.74%	-0.47%	0.02%
Provisions / Assets (%)	0.50%	0.35%	0.49%	-0.01%	0.14%
<b>ROA (%)</b>	<b>2.01%</b>	<b>1.92%</b>	<b>1.90%</b>	<b>-0.11%</b>	<b>-0.02%</b>

Source: Company, JM Financial; 2Q24 and 3Q24 numbers not comparable due to merger

**Exhibit 2. HDFC Bank : Gross loan mix**

Gross Loan Mix (INR bn)	3Q23	2Q24	3Q24	YoY (%)	QoQ (%)
Personal loans	1,646	1,787	1,815	10.2%	1.6%
Auto	1,124	1,255	1,280	13.8%	2.0%
Home Loans	976	7,171	7,433	661.6%	3.7%
Payment Products	833	909	971	16.5%	6.8%
LAP	724	0	0	-100.0%	#DIV/0!
Two wheeler	98	110	113	15.8%	3.1%
Gold loans	100	126	131	30.5%	3.9%
Other retail	411	445	446	8.5%	0.2%
<b>Retail - Total</b>	<b>5,913</b>	<b>11,802</b>	<b>12,189</b>	<b>106.1%</b>	<b>3.3%</b>
Comm and Rural Banking (ex - Agri)	5,177	6,339	6,800	31.4%	7.3%
Agri	709	905	930	31.1%	2.8%
Corporate and other wholesale	3,923	4,281	4,363	11.2%	1.9%
IBPC/BRDS	-516	-810	-578	12.0%	-28.6%
eHDFC non individual	NA	1,028	989	#DIV/0!	-3.8%
<b>Total Loans (Gross)</b>	<b>15,205</b>	<b>23,546</b>	<b>24,693</b>	<b>62.4%</b>	<b>4.9%</b>
Personal loans	10.8%	7.9%	7.7%	-3.2%	-0.3%
Auto	7.4%	5.6%	5.4%	-2.0%	-0.2%
Home Loans	6.4%	31.8%	31.4%	24.9%	-0.5%
Payment Products	5.5%	4.0%	4.1%	-1.4%	0.1%
LAP	4.8%	0.0%	0.0%	-4.8%	0.0%
Two wheeler	0.6%	0.5%	0.5%	-0.2%	0.0%
Gold loans	0.7%	0.6%	0.6%	-0.1%	0.0%
Other retail	2.7%	2.0%	1.9%	-0.8%	-0.1%
<b>Retail - Total</b>	<b>38.9%</b>	<b>52.4%</b>	<b>51.4%</b>	<b>12.5%</b>	<b>-1.0%</b>
Comm and Rural Banking (ex - Agri)	34.0%	28.2%	28.7%	-5.4%	0.5%
Agri	4.7%	4.0%	3.9%	-0.7%	-0.1%
Corporate and other wholesale	25.8%	19.0%	18.4%	-7.4%	-0.6%
IBPC/BRDS	-3.4%	-3.6%	-2.4%	1.0%	1.2%
eHDFC non individual	NA	4.6%	4.2%	4.2%	-0.4%
<b>Total Loans (Gross)</b>	<b>100.0%</b>	<b>100.0%</b>	<b>100.0%</b>		

Source: Company, JM Financial; 1Q23 and 2Q23 numbers are after meg=rger

**Exhibit 3. HDFC Bank: Fee income split**

Fee Income Composition (INR mn)	3Q23	2Q24	3Q24	YoY (%)	QoQ (%)
Fees and commissions	58,029	62,903	69,360	19.5%	10.3%
Forex and derivatives	10,820	13,090	12,210	12.8%	-6.7%
Trading gains/losses	-3,870	5,520	10,410	-369.0%	88.6%
Miscellaneous inc	10,977	10,786	15,098	37.5%	40.0%
<b>Total</b>	<b>75,956</b>	<b>92,299</b>	<b>1,07,078</b>	<b>41.0%</b>	<b>16.0%</b>
Fees and commissions	76.4%	68.2%	64.8%	-11.6%	-3.4%
Forex and derivatives	14.2%	14.2%	11.4%	-2.8%	-2.8%
Trading gains/losses	-5.1%	6.0%	9.7%	14.8%	3.7%
Miscellaneous inc	14.5%	11.7%	14.1%	-0.4%	2.4%
<b>Total</b>	<b>100.0%</b>	<b>100.0%</b>	<b>100.0%</b>		

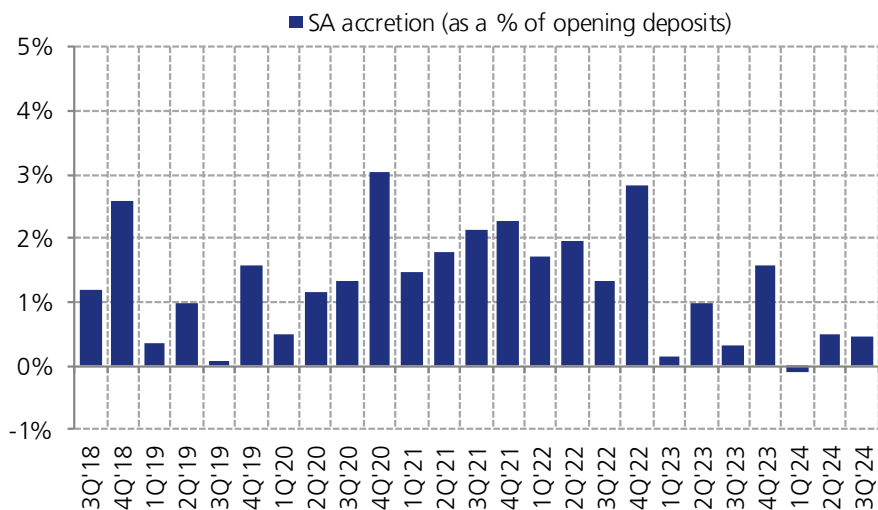
Source: Company, JM Financial; 2Q24 numbers not comparable due to merger

**Exhibit 4. HDFC Bank: Deposit composition**

Fee Income Composition (Rs mn)	3Q23	2Q24	3Q24	YoY (%)	QoQ (%)
Fees and commissions	60,526	69,360	69,400	14.7%	0.1%
Forex and derivatives	10,741	12,210	12,100	12.7%	-0.9%
Trading gains/losses	2,614	10,410	14,700	462.4%	41.2%
Miscellaneous inc	2,079	15,098	15,170	629.7%	0.5%
<b>Total</b>	<b>75,960</b>	<b>107,078</b>	<b>111,370</b>	<b>46.6%</b>	<b>4.0%</b>
Fees and commissions	79.7%	64.8%	62.3%	-17.4%	-2.5%
Forex and derivatives	14.1%	11.4%	10.9%	-3.3%	-0.5%
Trading gains/losses	3.4%	9.7%	13.2%	9.8%	3.5%
Miscellaneous inc	2.7%	14.1%	13.6%	10.9%	-0.5%

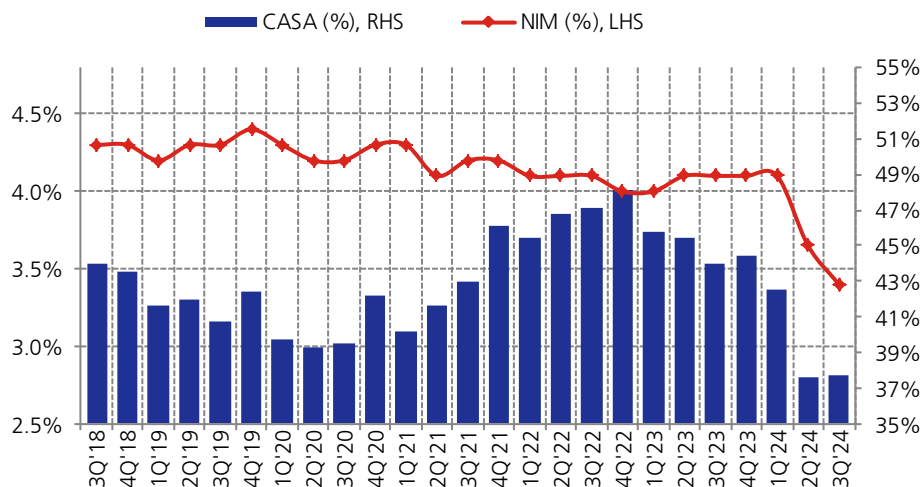
Source: Company, JM Financial; 2Q24 numbers not comparable due to merger

Exhibit 5. HDFC Bank: SA accretion (%)



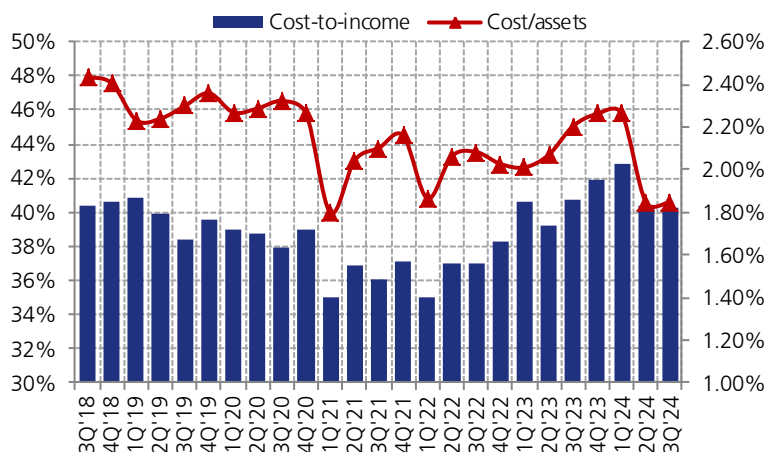
Source: Company, JM Financial

Exhibit 6. HDFC Bank: Trends for CASA and NIM



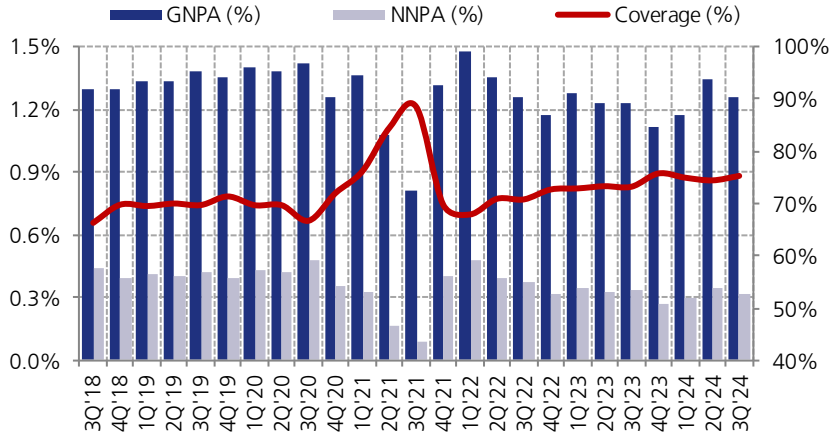
Source: Company, JM Financial

Exhibit 7. HDFC Bank: Trends in cost ratios



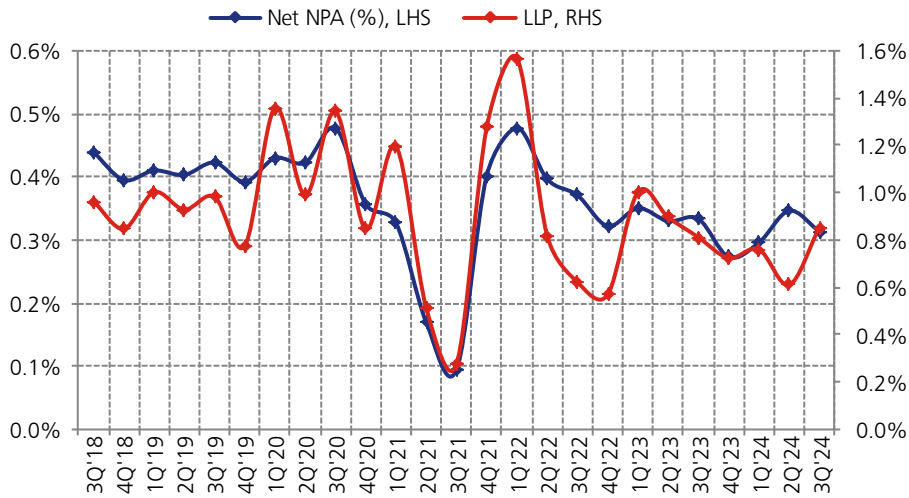
Source: Company, JM Financial

Exhibit 8. HDFC Bank: Trends in asset quality



Source: Company, JM Financial

Exhibit 9. HDFC Bank: Net NPA and LLP trends



Source: Company, JM Financial

## Valuations

We value HDFC Bank using 2-stage Gordon Growth model. Our assumptions and target price are given below.

### Exhibit 10. HDFC Bank: Valuation Summary

Initial no of years	10
Growth rate for the first 10 years (%)	14%
Payout ratio for the first 10 years (%)	20%
Perpetual growth rate (%)	5%
Perpetual payout ratio (%)	72%
K1	2.16
K2	11.47
Fully adjusted FY26E BVPS (INR) - merged	751
Target P/BV (x)	2.4x
<b>Fair value (rounded off)</b>	<b>1802</b>

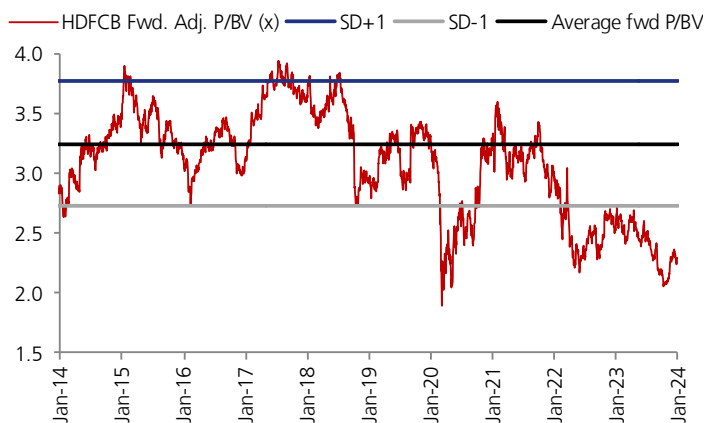
Source: Company, JM Financial

### Exhibit 11. SOTP

HDFC Bank SOTP	Holding (%)	Valuation Methodology	Value per Share	Contribution to TP (%)
HDFC Bank - Parent	100.00%	2.4x fwd FY26E BV	1,802	90%
HDFC Life	50.37%	Mcap post 20% holdco discount	71	4%
HDFC AMC	52.55%	Mcap post 20% holdco discount	41	2%
HDFC Ergo	50.48%	Based on HDFC Bank's 4.99% purchase in Jun21	26	1%
HDB Financial Services	94.74%	2.25x FY26E BV	53	3%
HDFC Securities	95.39%	20x FY26E EPS	30	1%
Less: Cost of investments			-12	-1%
<b>Total (INR)</b>			<b>2010</b>	<b>100%</b>

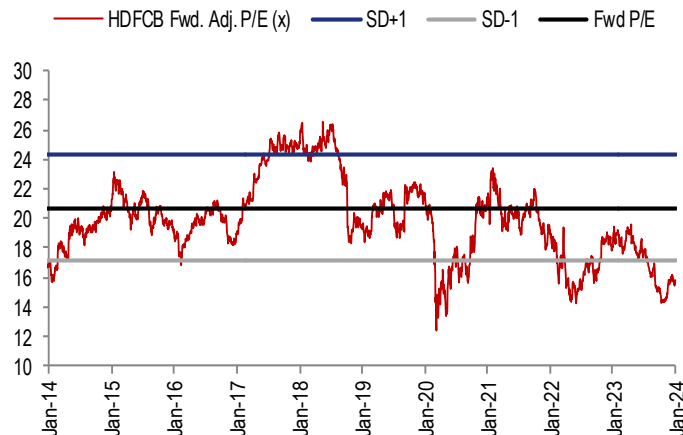
Source: Company, JM Financial

### Exhibit 12. HDFC Bank: One year forward P/BV (x)



Source: Company, JM Financial

### Exhibit 13. HDFC Bank: One year forward P/E (x)



Source: Company, JM Financial

## Financial Tables (Standalone)

Profit & Loss						(INR mn)
Y/E March	FY22A	FY23A	FY24E	FY25E	FY26E	
Net Interest Income	720,096	868,422	1,085,294	1,460,346	1,705,562	
Profit on Investments	22,826	-11,312	10,000	10,000	10,500	
Exchange Income	39,079	40,819	54,289	64,603	74,940	
Fee & Other Income	233,193	282,641	353,462	403,059	470,161	
<b>Non-Interest Income</b>	<b>295,099</b>	<b>312,148</b>	<b>417,750</b>	<b>477,663</b>	<b>555,601</b>	
<b>Total Income</b>	<b>1,015,195</b>	<b>1,180,570</b>	<b>1,503,044</b>	<b>1,938,009</b>	<b>2,261,163</b>	
Operating Expenses	374,422	476,521	617,278	766,442	896,409	
<b>Pre-provisioning Profits</b>	<b>640,773</b>	<b>704,050</b>	<b>885,766</b>	<b>1,171,567</b>	<b>1,364,755</b>	
Loan-Loss Provisions	113,772	122,060	135,040	212,009	233,850	
Provisions on Investments	-145	41	0	0	0	
Others Provisions	36,991	-2,904	-2,904	-2,904	-2,904	
<b>Total Provisions</b>	<b>150,618</b>	<b>119,197</b>	<b>132,135</b>	<b>209,105</b>	<b>230,946</b>	
<b>PBT</b>	<b>490,155</b>	<b>584,853</b>	<b>753,631</b>	<b>962,462</b>	<b>1,133,809</b>	
Tax	120,541	143,766	158,262	240,616	283,452	
<b>PAT (Pre-Extraordinaries)</b>	<b>369,614</b>	<b>441,087</b>	<b>595,368</b>	<b>721,847</b>	<b>850,357</b>	
Extra ordinaries (Net of Tax)	0	0	0	0	0	
<b>Reported Profits</b>	<b>369,614</b>	<b>441,087</b>	<b>595,368</b>	<b>721,847</b>	<b>850,357</b>	
Dividend paid	86,045	106,015	127,325	134,815	142,304	
<b>Retained Profits</b>	<b>283,568</b>	<b>335,072</b>	<b>468,043</b>	<b>587,032</b>	<b>708,052</b>	

Source: Company, JM Financial

Key Ratios					
Y/E March	FY22A	FY23A	FY24E	FY25E	FY26E
<b>Growth (YoY) (%)</b>					
Deposits	16.8%	20.8%	26.0%	22.0%	20.0%
Advances	20.8%	16.9%	56.8%	17.0%	16.0%
Total Assets	18.4%	19.2%	47.8%	19.6%	18.0%
NII	11.0%	20.6%	25.0%	34.6%	16.8%
Non-interest Income	17.1%	5.8%	33.8%	14.3%	16.3%
Operating Expenses	14.4%	27.3%	29.5%	24.2%	17.0%
Operating Profits	11.7%	9.9%	25.8%	32.3%	16.5%
Core Operating profit	15.5%	15.8%	22.4%	32.6%	16.6%
Provisions	-4.1%	-20.9%	10.9%	58.3%	10.4%
Reported PAT	18.8%	19.3%	35.0%	21.2%	17.8%
<b>Yields / Margins (%)</b>					
Interest Spread	3.49%	3.64%	3.25%	3.40%	3.48%
NIM	3.92%	4.05%	3.77%	3.89%	3.86%
<b>Profitability (%)</b>					
Non-IR to Income	29.1%	26.4%	27.8%	24.6%	24.6%
Cost to Income	36.9%	40.4%	41.1%	39.5%	39.6%
ROA	1.94%	1.95%	1.95%	1.80%	1.79%
ROE	16.7%	17.0%	16.7%	15.6%	16.1%
<b>Assets Quality (%)</b>					
Slippages	2.38%	1.80%	1.90%	1.50%	1.50%
Gross NPA	1.17%	1.12%	1.07%	1.18%	1.18%
Net NPAs	0.32%	0.27%	0.28%	0.30%	0.30%
Provision Coverage	72.7%	75.8%	74.0%	75.0%	75.0%
Specific LLP	0.81%	0.79%	0.54%	0.72%	0.68%
Net NPAs / Networth	1.8%	1.6%	1.6%	1.8%	1.8%
<b>Capital Adequacy (%)</b>					
Tier I	17.87%	17.13%	18.10%	17.23%	16.73%
CAR	18.90%	19.26%	19.58%	18.51%	17.86%

Source: Company, JM Financial

Balance Sheet						(INR mn)
Y/E March	FY22A	FY23A	FY24E	FY25E	FY26E	
Equity Capital	5,546	5,580	7,490	7,490	7,490	
Reserves & Surplus	2,395,384	2,796,410	4,320,236	4,907,268	5,615,321	
Deposits	15,592,174	18,833,946	23,733,700	28,955,114	34,746,137	
Borrowings	1,848,172	2,067,656	6,896,495	8,020,853	9,181,792	
Other Liabilities	844,075	957,222	1,489,296	1,697,797	1,901,533	
<b>Total Liabilities</b>	<b>20,685,351</b>	<b>24,660,815</b>	<b>36,447,216</b>	<b>43,588,522</b>	<b>51,452,272</b>	
Investments	4,555,357	5,170,014	6,724,185	8,223,810	9,814,946	
Net Advances	13,688,209	16,005,859	25,097,300	29,363,841	34,062,056	
Cash & Equivalents	1,523,269	1,937,651	2,646,852	3,104,050	3,693,830	
Fixed Assets	60,837	80,165	156,744	161,278	174,938	
Other Assets	857,678	1,467,125	1,822,135	2,735,544	3,706,503	
<b>Total Assets</b>	<b>20,685,351</b>	<b>24,660,815</b>	<b>36,447,216</b>	<b>43,588,522</b>	<b>51,452,272</b>	

Source: Company, JM Financial

Dupont Analysis					
Y/E March	FY22A	FY23A	FY24E	FY25E	FY26E
NII / Assets	3.77%	3.83%	3.55%	3.65%	3.59%
Other Income / Assets	1.55%	1.38%	1.37%	1.19%	1.17%
Total Income / Assets	5.32%	5.21%	4.92%	4.84%	4.76%
Cost / Assets	1.96%	2.10%	2.02%	1.92%	1.89%
PBP / Assets	3.36%	3.11%	2.90%	2.93%	2.87%
Provisions / Assets	0.79%	0.53%	0.43%	0.52%	0.49%
PBT / Assets	2.57%	2.58%	2.47%	2.41%	2.39%
Tax rate	24.6%	24.6%	21.0%	25.0%	25.0%
ROA	1.94%	1.95%	1.95%	1.80%	1.79%
RoRWAs	2.98%	3.00%	3.03%	2.80%	2.78%
Leverage	8.6	8.8	8.4	8.9	9.2
ROE	16.7%	17.0%	16.7%	15.6%	16.1%

Source: Company, JM Financial

Valuations					
Y/E March	FY22A	FY23A	FY24E	FY25E	FY26E
Shares in Issue	5,545.5	5,579.7	7,489.7	7,489.7	7,489.7
EPS (INR)	66.7	79.1	79.5	96.4	113.5
EPS (YoY) (%)	18.1%	18.6%	0.6%	21.2%	17.8%
PER (x)	25.2	21.2	21.1	17.4	14.8
BV (INR)	433	502	578	656	751
BV (YoY) (%)	17.2%	16.0%	15.1%	13.6%	14.4%
ABV (INR)	433	502	578	656	751
ABV (YoY) (%)	17.2%	16.0%	15.1%	13.6%	14.4%
P/BV (x)	3.88	3.34	2.91	2.56	2.24
P/ABV (x)	3.88	3.34	2.91	2.56	2.24
DPS (INR)	15.5	19.0	17.0	18.0	19.0
Div. yield (%)	0.9%	1.1%	1.0%	1.1%	1.1%

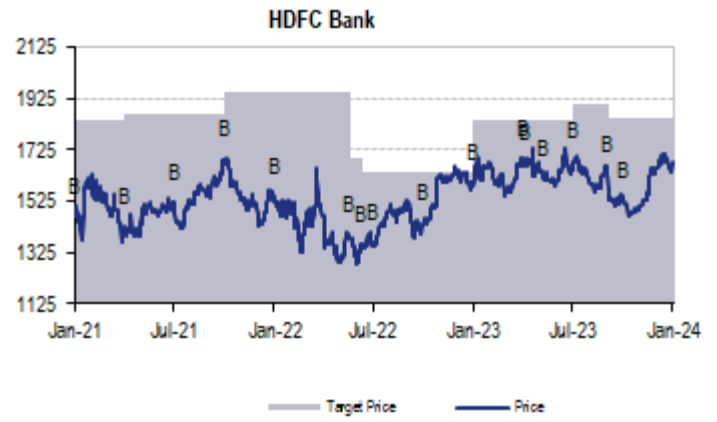
Source: Company, JM Financial



History of Recommendation and Target Price

Date	Recommendation	Target Price	% Chg.
25-Aug-20	Buy	1,240	
18-Oct-20	Buy	1,440	16.1
4-Dec-20	Buy	1,440	0.0
11-Jan-21	Buy	1,840	27.8
16-Jan-21	Buy	1,840	0.0
18-Apr-21	Buy	1,860	1.1
18-Jul-21	Buy	1,860	0.0
17-Oct-21	Buy	1,950	4.8
16-Jan-22	Buy	1,950	0.0
1-Jun-22	Buy	1,690	-13.3
24-Jun-22	Buy	1,640	-3.0
17-Jul-22	Buy	1,640	0.0
16-Oct-22	Buy	1,640	0.0
14-Jan-23	Buy	1,840	12.2
15-Apr-23	Buy	1,840	0.0
21-Apr-23	Buy	1,840	0.0
24-May-23	Buy	1,840	0.0
17-Jul-23	Buy	1,900	3.3
19-Sep-23	Buy	1,850	-2.6
16-Oct-23	Buy	1,850	0.0

Recommendation History



## APPENDIX I

## JM Financial Institutional Securities Limited

Corporate Identity Number: U67100MH2017PLC296081

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Rating	Meaning
Buy	Total expected returns of more than 10% for stocks with market capitalisation in excess of INR 200 billion and REITs* and more than 15% for all other stocks, over the next twelve months. Total expected return includes dividend yields.
Hold	Price expected to move in the range of 10% downside to 10% upside from the current market price for stocks with market capitalisation in excess of INR 200 billion and REITs* and in the range of 10% downside to 15% upside from the current market price for all other stocks, over the next twelve months.
Sell	Price expected to move downwards by more than 10% from the current market price over the next twelve months.

\* REITs refers to Real Estate Investment Trusts.

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