

State Bank of India | BUY

Steady Quarter

SBIN reported a steady quarter with in-line NII of INR 395bn (+1.5% QoQ, +12% YoY) as domestic NIMs remained largely stable at 3.43% (-4bps QoQ). International NIMs was also down -5bps QoQ at 2.19%. Higher opex from revision in wage provisions led to a PPOP of INR 194bn (-23% QoQ, -8% YoY, -4.3% JMFe). Lower provisions (0.23% credit costs) due to write-back of provisions worth INR 8.2bn resulted in PAT beat of +9.7% at INR 143bn (+8% YoY, -15% QoQ). Loan growth was healthy (+3.4% QoQ, +13% YoY) at INR 33.5trln and deposits growth was also strong (+3.5% QoQ, 12% YoY) at INR 47trln. Loan growth was well-rounded across sectors and management maintained its growth guidance of 14% going ahead. Asset quality improved sequentially with GNPL of 2.55% (-21bps QoQ) and NNPLs of 0.64% (-7bps QoQ). PCR for the bank remains strong at 75.4%. Mgmt expects CET1 to reach ~11% by Mar'24 (from current levels of 9.9%) driven by strong profitability in FY24E. We believe delivery of growth on guided lines, sustenance of NIMs near current levels and controlled asset quality parameters aiding controlled credit costs should lead to strong profitability going ahead. We build in RoA/ RoE of 1.0%/17.5% for FY25E. We value the core banking business at 1.2x FY25E P/BV and we arrive at our SoTP-based target price of INR 710. Maintain BUY.

- Healthy loan growth:** SBIN reported a healthy loan growth of +13% YoY driven by growth across all the segments: retail and SME grew at +16% YoY and +23% YoY respectively while corporate and Agri grew at +11% YoY and +15%YoY. Retail loan growth was driven by Auto loans, other P segment loans and Xpress credit (+18% YoY, +20% YoY and +22% YoY resp.). Management maintains a loan growth guidance of 14% going ahead. Deposit growth was at +3.5% QoQ led by a) +5.3% QoQ growth in time deposits, and b) +1.1% QoQ growth in domestic CASA deposits. CASA ratio stands at 41.9% (-100bps QoQ). We build in 14% credit growth and 11% deposits growth over FY24-25E.
- Higher employee costs offset by lower provisions:** NII stood at INR 395bn (+1.5% QoQ, +12% YoY). Higher opex (+20% QoQ, +35%YoY) led by revision in employee wage provisions from earlier 10% to 14% and rise in other opex resulted in the decline in PPOP at INR 194bn (-23% QoQ, -8% YoY). Mgmt. guided that there would be additional provisions of INR 4bn per month for this revision in employee wages. Core PPOP de-grew -16% YoY. Lower LLP charge of 23bps (vs 35bps QoQ) on account of write back of INR 8.2bn (from sale of loans to ARC) led to a beat in PAT at 143bn (+8% YoY and -15% QoQ). Domestic NIMs declined to 3.43% (-4bps QoQ) and management indicated that SBI is in a position to hold NIMs at current levels for remaining quarter with 3-5bps maximum compression due to increase in cost of deposits. International NIMs were down -5bps QoQ.
- Asset quality remains intact:** Slippages remain under control at INR 41bn (vs INR 79bn QoQ) which coupled with recoveries and upgrades (INR 40bn) and write-offs (INR44bn) led to asset quality improvement with GNPL/NNPL of 2.55%/0.64% (-21bps/-7bps QoQ). Restructuring pool improved to 0.62% (vs 0.7% QoQ). SMA 1 and 2 also improved to 0.12% (vs 0.22% QoQ and 0.29% YoY). Provision costs were low at 0.23% (vs 0.35% QoQ) and SBI continues to hold healthy provision cover of 75.4% against NPAs which



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Recommendation and Price Target

| | |
|----------------------------|-------|
| Current Reco. | BUY |
| Previous Reco. | BUY |
| Current Price Target (12M) | 710 |
| Upside/(Downside) | 18.3% |
| Previous Price Target | 710 |
| Change | 0.0% |

Key Data – SBIN IN

| | |
|--------------------------|----------------------|
| Current Market Price | INR578 |
| Market cap (bn) | INR5,354.8/US\$64.3 |
| Free Float | 33% |
| Shares in issue (mn) | 8,924.6 |
| Diluted share (mn) | |
| 3-mon avg daily val (mn) | INR9,918.6/US\$119.1 |
| 52-week range | 636/499 |
| Sensex/Nifty | 64,364/19,231 |
| INR/US\$ | 83.3 |

Price Performance

| % | 1M | 6M | 12M |
|-----------|-----|------|------|
| Absolute | 2.3 | 3.4 | 1.0 |
| Relative* | 4.9 | -1.9 | -4.3 |

* To the BSE Sensex

Financial Summary

| | (INR mn) | | | | |
|----------------------|-------------|-------------|-------------|-------------|-------------|
| Y/E March | FY21A | FY22A | FY23A | FY24E | FY25E |
| Net Profit | 2,04,104 | 3,16,760 | 5,02,325 | 5,77,644 | 6,50,872 |
| Net Profit (YoY) (%) | 40.9% | 55.2% | 58.6% | 15.0% | 12.7% |
| Assets (YoY) (%) | 14.8% | 10.1% | 10.6% | 11.6% | 10.8% |
| ROA (%) | 0.5% | 0.7% | 1.0% | 1.0% | 1.0% |
| ROE (%) | 9.3% | 13.0% | 18.1% | 17.9% | 17.5% |
| EPS | 22.9 | 35.5 | 56.3 | 64.7 | 72.9 |
| EPS (YoY) (%) | 40.9% | 55.2% | 58.6% | 15.0% | 12.7% |
| PE (x) | 26.2 | 16.9 | 10.7 | 9.3 | 8.2 |
| BV | 258 | 288 | 336 | 388 | 446 |
| BV (YoY) (%) | 10.6% | 11.5% | 16.8% | 15.4% | 15.0% |
| P/BV (x) | 2.33 | 2.09 | 1.79 | 1.55 | 1.34 |

Source: Company data, JM Financial. Note: Valuations as of 04/Nov/2023

JM Financial Institutional Securities Limited

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S&P Capital IQ, FactSet and Visible Alpha

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should shield against future credit costs. We expect asset quality to remain robust and build in credit costs of 0.47% over FY24-25E.

- **Valuation and view:** SBI's core fundamentals continue to be stable while delivery on the growth front along with sustained margins and controlled credit costs should drive re-rating of the stock. Mgmt expects CET1 to reach ~11% by Mar'24 (from current levels of 9.9%) driven by strong profitability in FY24E. We value SBIN's core banking business at 1.2x FY25E BVPS to arrive at our SoTP-based target price of INR 710. Maintain BUY.

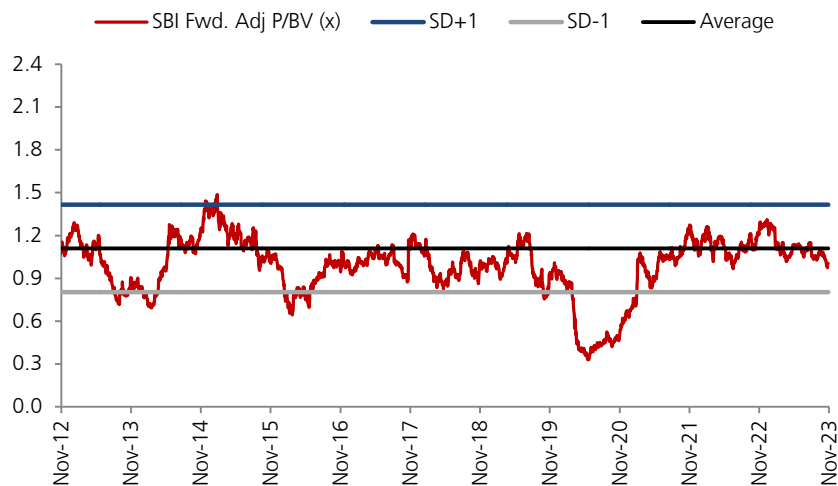
Valuation Summary

Exhibit 1. SBI : SOTP valuation summary

| SBI Bank SOTP | Holding (%) | Valuation Methodology | Value per Share | Contribution to TP (%) |
|----------------------------------|---------------|---|-----------------|------------------------|
| SBI Bank - Parent | 100.0% | 1.2x FY25E BVPS | 534 | 75% |
| Non-Bank Subs | | | 196 | 28% |
| SBI Life | 55.4% | Based on market cap less 20% hold-co discount | 66 | 9% |
| SBI General | 70.0% | Based on recent transaction less 20% | 17 | 2% |
| SBI MF | 62.6% | 27x FY25E EPS | 33 | 5% |
| UTI MF | 10.0% | Based on market cap | 1 | 0% |
| SBI Caps | 100.0% | 12x FY23EPS | 10 | 1% |
| SBI DFHI | 72.2% | 1x book value | 1 | 0% |
| SBI Cards | 68.9% | Based on market cap less 20% holdco discount | 44 | 6% |
| NSE | 7.6% | Based on Past Deals | 13 | 2% |
| Yes Bank | 26.1% | Based on market cap | 11 | 2% |
| Less: Cost of Investments | | | -22 | -3% |
| Total (INR) – rounded off | | | 710 | 100% |

Source: Company, JM Financial

Exhibit 2. SBIN (banking business): One year fwd price to book (x)



Source: Company, JM Financial

SBIN - 2QFY24 Trends

Exhibit 3. SBI 2Q24: Result Summary (standalone)

| Earnings Table (INR bn.) | 2Q'23 | 1Q'24 | 2Q'24 | YoY (%) | QoQ (%) |
|---|---------------|---------------|---------------|---------|---------|
| NII | 351.8 | 389.0 | 395.0 | 12.3 | 1.5 |
| Fee based Income | 59.4 | 66.3 | 65.4 | 10.0 | -1.3 |
| FX Revenue | 4.1 | 2.9 | 3.0 | -26.6 | 4.2 |
| Trading Profits | 4.6 | 38.5 | 20.2 | 342.2 | -47.5 |
| Others & misc. Income | 20.7 | 13.1 | 19.4 | -6.5 | 48.3 |
| Non-Interest income | 88.7 | 120.6 | 107.9 | 21.6 | -10.6 |
| Total Income | 440.6 | 509.7 | 502.9 | 14.1 | -1.3 |
| Employee Cost | 128.7 | 166.0 | 189.3 | 47.1 | 14.0 |
| Other Operating Expenses | 100.7 | 90.7 | 119.5 | 18.6 | 31.7 |
| Total Operating Expenses | 229.4 | 256.7 | 308.7 | 34.6 | 20.3 |
| Operating Profit | 211.2 | 253.0 | 194.2 | -8.1 | -23.2 |
| Loan Loss Provisions | 20.1 | 26.5 | 18.2 | -9.7 | -31.6 |
| Standard Asset Provisions | 1.3 | -4.3 | -7.2 | -676.0 | 66.3 |
| Provisions on Investments | 0.1 | 0.1 | 0.0 | -120.0 | -107.1 |
| Other Provisions | 9.0 | 2.7 | -9.8 | -209.0 | -464.6 |
| Total Provisions | 30.4 | 25.0 | 1.2 | -96.2 | -95.4 |
| PBT | 180.8 | 228.0 | 193.0 | 6.7 | -15.3 |
| Tax | 48.2 | 59.1 | 49.7 | 3.2 | -15.9 |
| Reported Profit (excl. extra-ordinaries) | 132.6 | 168.8 | 143.3 | 8.0 | -15.1 |
| Balance sheet (INR bn.) | | | | | |
| Deposits | 41,903 | 45,312 | 46,892 | 11.9 | 3.5 |
| Net Advances | 29,513 | 32,350 | 33,452 | 13.3 | 3.4 |
| Total Assets | 51,998 | 55,431 | 58,263 | 12.0 | 5.1 |
| Low-cost Deposits (%) | 44.6 | 42.9 | 41.9 | -2.8 | -1.0 |
| Loan-Deposit ratio (%) | 70.4 | 71.4 | 71.3 | 0.9 | -0.1 |
| Key Ratios | | | | | |
| Credit Quality | | | | | |
| Gross NPAs (INR bn.) | 1,068.0 | 913.3 | 869.7 | -18.6 | -4.8 |
| Net NPAs (INR bn.) | 235.7 | 230.0 | 213.5 | -9.4 | -7.1 |
| Gross NPA (%) | 3.52 | 2.76 | 2.55 | -1.0 | -0.21 |
| Net NPA (%) | 0.80 | 0.71 | 0.64 | -0.2 | -0.07 |
| Loan Loss Provisions (%) | 0.32 | 0.29 | 0.14 | -0.2 | -0.2 |
| Coverage Ratio (%) | 77.93 | 74.82 | 75.45 | -2.5 | 0.6 |
| Cost / Income ratio (%) | 52.06 | 50.37 | 61.39 | 9.3 | 11.0 |
| Capital Adequacy | | | | | |
| Tier I (%) | 11.12 | 11.97 | 11.78 | 0.7 | -0.2 |
| CAR (%) | 13.51 | 14.56 | 14.28 | 0.8 | -0.3 |
| Du-pont Analysis | | | | | |
| NII / Assets (%) | 2.75 | 2.81 | 2.78 | 0.0 | 0.0 |
| Non-Interest Inc. / Assets (%) | 0.69 | 0.87 | 0.76 | 0.1 | -0.1 |
| Operating Cost / Assets (%) | 1.79 | 1.86 | 2.17 | 0.4 | 0.3 |
| Operating Profits / Assets (%) | 1.65 | 1.83 | 1.37 | -0.3 | -0.5 |
| Provisions / Assets (%) | 0.24 | 0.18 | 0.01 | -0.2 | -0.2 |
| ROA (%) | 1.04 | 1.22 | 1.01 | 0.0 | -0.2 |

Source: Company, JM Financial

Exhibit 4. SBIN 2Q24: Result Summary (consolidated)

| Earnings Table (INR bn.) | 2Q'23 | 1Q'24 | 2Q'24 | YoY (%) | QoQ (%) |
|----------------------------------|---------------|---------------|---------------|----------------|----------------|
| NII | 392.3 | 434.2 | 444.4 | 13.3 | 2.4 |
| Non-Interest income | 303.2 | 308.7 | 368.7 | 21.6 | 19.4 |
| Total Income | 695.5 | 742.9 | 813.0 | 16.9 | 9.4 |
| Employee Cost | 139.7 | 178.1 | 202.3 | 44.8 | 13.6 |
| Other Operating Expenses | 318.1 | 281.7 | 383.7 | 20.6 | 36.2 |
| Total Operating Expenses | 457.8 | 459.8 | 586.0 | 28.0 | 27.4 |
| Operating Profit | 237.7 | 283.1 | 227.0 | -4.5 | -19.8 |
| Loan Loss Provisions | 24.2 | 32.2 | 24.6 | 1.6 | -23.8 |
| Total Provisions | 34.3 | 31.0 | 7.7 | -77.6 | -75.2 |
| PBT | 203.4 | 252.1 | 219.4 | 7.8 | -13.0 |
| Tax | 53.3 | 64.7 | 55.5 | 4.3 | -14.2 |
| PAT (Pre-Extraordinaries) | 150.2 | 187.4 | 163.8 | 9.1 | -12.6 |
| Adj. for Minority and associates | -2.7 | -2.0 | -2.8 | 6.9 | 42.4 |
| Reported Profit | 147.5 | 185.4 | 161.0 | 9.1 | -13.1 |
| Balance sheet (INR bn) | | | | | |
| Deposits | 42,303 | 45,784 | 47,366 | 12.0 | 3.5 |
| Net Advances | 30,153 | 33,058 | 34,182 | 13.4 | 3.4 |
| Total Assets | 56,017 | 60,073 | 63,171 | 12.8 | 5.2 |
| Loan-Deposit ratio (%) | 71.3 | 72.2 | 72.2 | 0.9 | 0.0 |
| Key Ratios | | | | | |
| Credit Quality | | | | | |
| Gross NPAs (INR bn.) | 1,077.9 | 923.9 | 881.4 | -18.2 | -4.6 |
| Net NPAs (INR bn.) | 237.5 | 230.4 | 214.3 | -9.8 | -7.0 |
| Gross NPA (%) | 3.5 | 2.7 | 2.5 | -0.9 | -0.2 |
| Net NPA (%) | 0.8 | 0.7 | 0.6 | -0.2 | -0.1 |
| Loan Loss Provisions (%) | 0.5 | 0.4 | 0.1 | -0.4 | -0.3 |
| Coverage Ratio (%) | 78.0 | 75.1 | 75.7 | -2.3 | 0.6 |
| Cost / Income ratio (%) | 65.8 | 61.9 | 72.1 | 6.3 | 10.2 |
| Capital Adequacy | | | | | |
| Tier I (%) | 11.3 | 12.2 | 12.0 | 0.6 | -0.2 |
| CAR (%) | 13.7 | 14.7 | 14.4 | 0.7 | -0.3 |
| Du-pont Analysis | | | | | |
| NII / Assets (%) | 2.9 | 2.9 | 2.9 | 0.0 | 0.0 |
| Non-Interest Inc. / Assets (%) | 2.2 | 2.1 | 2.4 | 0.2 | 0.3 |
| Operating Cost / Assets (%) | 3.3 | 3.1 | 3.8 | 0.5 | 0.7 |
| Operating Profits / Assets (%) | 1.7 | 1.9 | 1.5 | -0.3 | -0.4 |
| Provisions / Assets (%) | 0.2 | 0.2 | 0.0 | -0.2 | -0.2 |
| ROA (%) | 1.1 | 1.2 | 1.0 | 0.0 | -0.2 |

Source: Company, JM Financial

Exhibit 5. SBIN 2Q24: Gross loan mix (banking business)

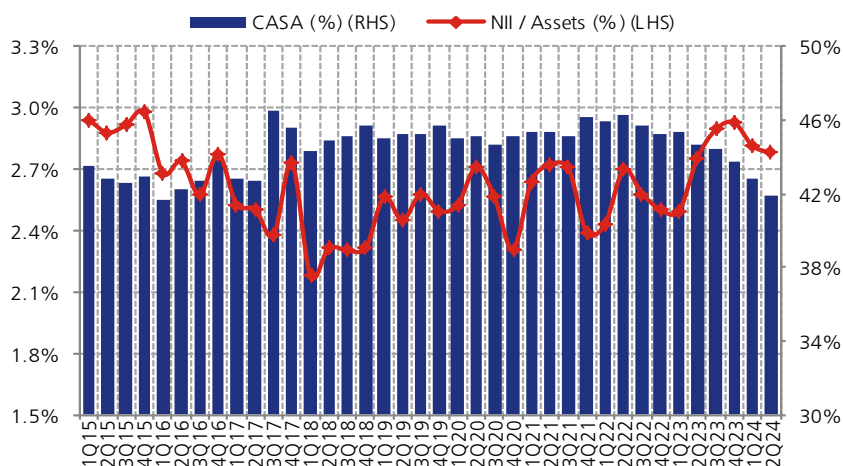
| Loan Book Composition (INR bn) | 2Q'23 | 1Q'24 | 2Q'24 | YoY (%) | QoQ (%) |
|--------------------------------|---------------|---------------|---------------|--------------|-------------|
| Corporate (Large + Mid+ SME) | 12,339 | 13,521 | 13,667 | 10.8% | 1.1% |
| Agriculture | 2,386 | 2,641 | 2,739 | 14.8% | 3.7% |
| Retail credit | 10,749 | 12,043 | 12,434 | 15.7% | 3.3% |
| Home loans | 5,943 | 6,525 | 6,723 | 13.1% | 3.0% |
| Auto loans | 872 | 1,009 | 1,049 | 20.2% | 4.0% |
| Residual retail loans | 3,934 | 4,509 | 4,663 | 18.5% | 3.4% |
| International | 4,877 | 4,833 | 5,272 | 8.1% | 9.1% |
| Total Advances | 30,351 | 33,037 | 34,113 | 12.4% | 3.3% |
| Mix-Domestic (%) | | | | | |
| Corporate (Large + Mid+ SME) | 40.7% | 40.9% | 40.1% | -0.6% | -0.9% |
| Agriculture | 7.9% | 8.0% | 8.0% | 0.2% | 0.0% |
| Retail credit | 35.4% | 36.5% | 36.5% | 1.0% | 0.0% |
| Home loans | 19.6% | 19.8% | 19.7% | 0.1% | 0.0% |
| Auto loans | 2.9% | 3.1% | 3.1% | 0.2% | 0.0% |
| Residual retail loans | 13.0% | 13.6% | 13.7% | 0.7% | 0.0% |
| International | 16.1% | 14.6% | 15.5% | -0.6% | 0.8% |
| Total | 100% | 100% | 100% | | |

Source: Company, JM Financial

Exhibit 6. SBIN 2Q24: Deposit mix (banking business)

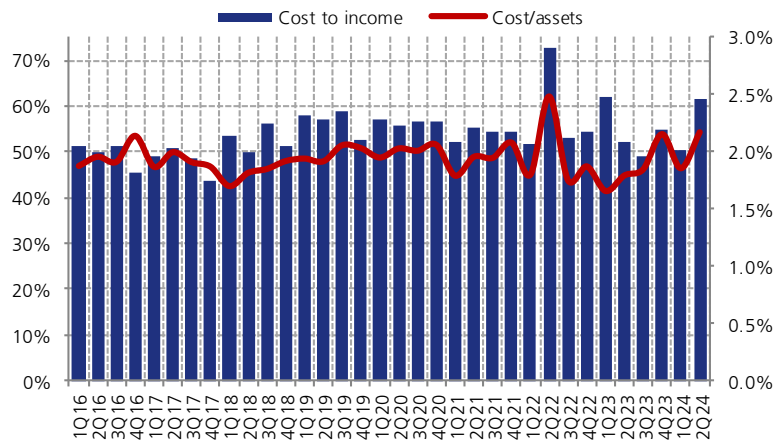
| Deposits Composition (INR bn) | 2Q'23 | 1Q'24 | 2Q'24 | YoY (%) | QoQ (%) |
|-------------------------------|---------------|---------------|---------------|--------------|--------------|
| Savings Deposits - domestic | 15,652 | 16,078 | 16,330 | 4.3% | 1.6% |
| Current Deposits - domestic | 2,326 | 2,582 | 2,530 | 8.8% | -2.0% |
| CASA Deposits | 17,978 | 18,661 | 18,860 | 4.9% | 1.1% |
| Time Deposits - Domestic | 22,303 | 24,862 | 26,173 | 17.4% | 5.3% |
| Total Deposits - Domestic | 40,280 | 43,522 | 45,033 | 11.8% | 3.5% |
| Total Deposits | 41,903 | 45,312 | 46,892 | 11.9% | 3.5% |
| Mix (%) | | | | | |
| Savings Deposits - domestic | 38.9% | 36.9% | 36.3% | -2.6% | -0.7% |
| Current Deposits - domestic | 5.8% | 5.9% | 5.6% | -0.2% | -0.3% |
| CASA (% domestic) | 44.6% | 42.9% | 41.9% | -2.8% | -1.0% |
| Time Deposits - Domestic | 55.4% | 57.1% | 58.1% | 2.8% | 1.0% |
| Total Deposits - Domestic | 96.1% | 96.0% | 96.0% | -0.1% | 0.0% |
| Total Deposits | 100% | 100% | 100% | | |

Source: JM Financial, Company

Exhibit 7. SBIN 2Q24: Trends for CASA and NII / Assets

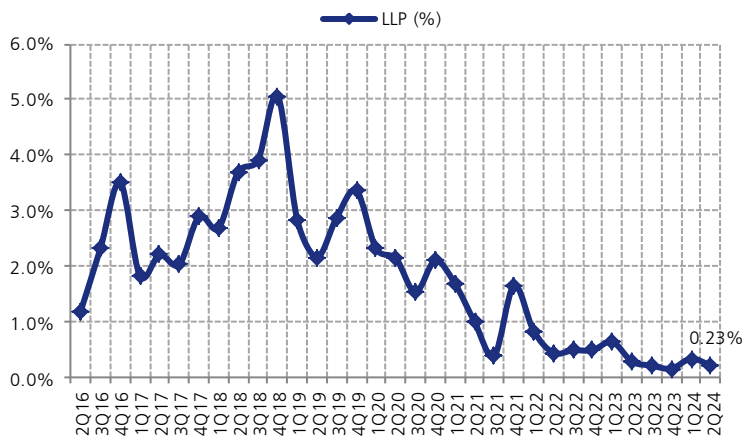
Source: Company, JM Financial

Exhibit 8. SBIN 2Q24: Trends in cost ratios



Source: Company, JM Financial, 2Q22 impacted by one-time employee pension liability revision impact

Exhibit 9. SBIN 1Q24: Trend in specific credit costs



Source: Company, JM Financial

Financial Tables (Standalone)

| Profit & Loss | | | | | | (INR bn) |
|----------------------------------|--------------|--------------|--------------|--------------|--------------|----------|
| Y/E March | FY21A | FY22A | FY23A | FY24E | FY25E | |
| Net Interest Income | 1,107 | 1,207 | 1,448 | 1,632 | 1,853 | |
| Profit on Investments | 45 | 32 | -14 | 25 | 35 | |
| Exchange Income | 24 | 35 | 53 | 48 | 55 | |
| Fee & Other Income | 351 | 339 | 327 | 345 | 382 | |
| Non-Interest Income | 420 | 406 | 366 | 418 | 472 | |
| Total Income | 1,527 | 1,613 | 1,815 | 2,050 | 2,325 | |
| Operating Expenses | 827 | 934 | 977 | 1,115 | 1,252 | |
| Pre-provisioning Profits | 700 | 679 | 837 | 935 | 1,073 | |
| Loan-Loss Provisions | 310 | 188 | 148 | 154 | 194 | |
| Provisions on Investments | 30 | 34 | 15 | 5 | 5 | |
| Others Provisions | 100 | 22 | 2 | 3 | 3 | |
| Total Provisions | 440 | 245 | 165 | 162 | 202 | |
| PBT | 260 | 434 | 672 | 773 | 871 | |
| Tax | 71 | 117 | 170 | 195 | 220 | |
| PAT (Pre-Extraordinaries) | 189 | 317 | 502 | 578 | 651 | |
| Extra ordinaries (Net of Tax) | 15 | 0 | 0 | 0 | 0 | |
| Reported Profits | 204 | 317 | 502 | 578 | 651 | |
| Dividend paid | 36 | 63 | 101 | 116 | 130 | |
| Retained Profits | 168 | 253 | 401 | 462 | 521 | |

Source: Company, JM Financial

| Key Ratios | | | | | |
|-----------------------------|--------|--------|--------|--------|--------|
| Y/E March | FY21A | FY22A | FY23A | FY24E | FY25E |
| Growth (YoY) (%) | | | | | |
| Deposits | 13.6% | 10.1% | 9.2% | 12.0% | 11.0% |
| Advances | 5.3% | 11.6% | 17.0% | 14.0% | 14.0% |
| Total Assets | 14.8% | 10.1% | 10.6% | 11.6% | 10.8% |
| Nil | 12.9% | 9.0% | 20.0% | 12.7% | 13.6% |
| Non-interest Income | 7.6% | -3.3% | -9.7% | 14.2% | 12.9% |
| Operating Expenses | 9.9% | 13.0% | 4.7% | 14.0% | 12.3% |
| Operating Profits | 13.1% | -3.1% | 23.3% | 11.7% | 14.8% |
| Core Operating profit | 10.0% | -1.3% | 31.6% | 7.0% | 14.1% |
| Provisions | 2.2% | -44.4% | -32.5% | -1.7% | 24.8% |
| Reported PAT | 40.9% | 55.2% | 58.6% | 15.0% | 12.7% |
| Yields / Margins (%) | | | | | |
| Interest Spread | 2.79% | 2.68% | 2.87% | 2.86% | 2.84% |
| NIM | 2.85% | 2.76% | 2.99% | 3.02% | 3.05% |
| Profitability (%) | | | | | |
| Non-IR to Income | 27.5% | 25.2% | 20.2% | 20.4% | 20.3% |
| Cost to Income | 54.1% | 57.9% | 53.9% | 54.4% | 53.8% |
| ROA | 0.48% | 0.67% | 0.96% | 0.99% | 1.01% |
| ROE | 9.3% | 13.0% | 18.1% | 17.9% | 17.5% |
| Assets Quality (%) | | | | | |
| Slippages | 1.26% | 1.04% | 0.68% | 0.80% | 0.80% |
| Gross NPA | 4.98% | 3.98% | 2.78% | 2.30% | 2.02% |
| Net NPAs | 1.50% | 1.02% | 0.67% | 0.56% | 0.49% |
| Provision Coverage | 70.9% | 75.0% | 76.4% | 76.0% | 76.0% |
| Specific LLP | 1.14% | 0.54% | 0.31% | 0.35% | 0.39% |
| Net NPAs / Networth | 16.0% | 10.9% | 7.2% | 5.9% | 5.1% |
| Capital Adequacy (%) | | | | | |
| Tier I | 11.44% | 11.42% | 12.06% | 12.14% | 12.28% |
| CAR | 13.74% | 13.83% | 14.68% | 14.50% | 14.43% |

Source: Company, JM Financial

| Balance Sheet | | | | | | (INR bn) |
|--------------------------|---------------|---------------|---------------|---------------|---------------|----------|
| Y/E March | FY21A | FY22A | FY23A | FY24E | FY25E | |
| Equity Capital | 9 | 9 | 9 | 9 | 9 | |
| Reserves & Surplus | 2,294 | 2,558 | 2,990 | 3,452 | 3,972 | |
| Deposits | 36,813 | 40,515 | 44,238 | 49,546 | 54,996 | |
| Borrowings | 4,173 | 4,260 | 4,931 | 5,379 | 5,869 | |
| Other Liabilities | 1,820 | 2,299 | 2,725 | 2,861 | 3,004 | |
| Total Liabilities | 45,109 | 49,642 | 54,892 | 61,247 | 67,851 | |
| Investments | 13,517 | 14,814 | 15,704 | 16,541 | 18,040 | |
| Net Advances | 24,495 | 27,340 | 31,993 | 36,472 | 41,578 | |
| Cash & Equivalents | 3,430 | 3,946 | 3,079 | 4,270 | 4,720 | |
| Fixed Assets | 148 | 143 | 146 | 273 | 302 | |
| Other Assets | 3,518 | 3,399 | 3,971 | 3,691 | 3,211 | |
| Total Assets | 45,109 | 49,642 | 54,892 | 61,247 | 67,851 | |

Source: Company, JM Financial

| Dupont Analysis | | | | | |
|-----------------------|-------|-------|-------|-------|-------|
| Y/E March | FY21A | FY22A | FY23A | FY24E | FY25E |
| Nil / Assets | 2.62% | 2.55% | 2.77% | 2.81% | 2.87% |
| Other Income / Assets | 0.99% | 0.86% | 0.70% | 0.72% | 0.73% |
| Total Income / Assets | 3.62% | 3.40% | 3.47% | 3.53% | 3.60% |
| Cost / Assets | 1.96% | 1.97% | 1.87% | 1.92% | 1.94% |
| PBP / Assets | 1.66% | 1.43% | 1.60% | 1.61% | 1.66% |
| Provisions / Assets | 1.04% | 0.52% | 0.32% | 0.28% | 0.31% |
| PBT / Assets | 0.62% | 0.92% | 1.29% | 1.33% | 1.35% |
| Tax rate | 27.4% | 27.1% | 25.3% | 25.3% | 25.3% |
| ROA | 0.48% | 0.67% | 0.96% | 0.99% | 1.01% |
| RoRWAs | 0.94% | 1.34% | 1.91% | 1.94% | 1.93% |
| Leverage | 19.6 | 19.3 | 18.3 | 17.7 | 17.0 |
| ROE | 9.3% | 13.0% | 18.1% | 17.9% | 17.5% |

Source: Company, JM Financial

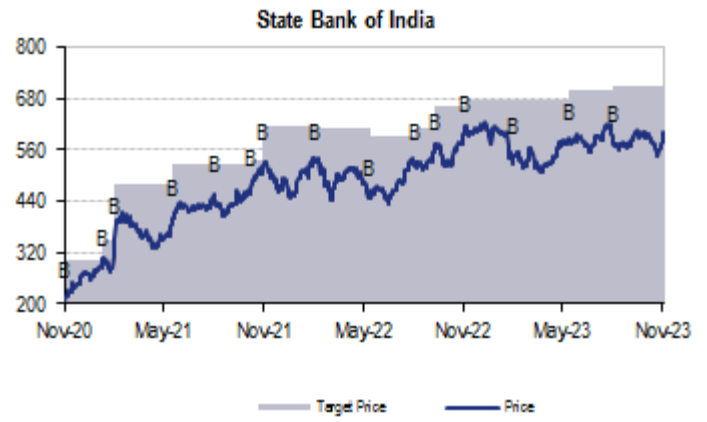
| Valuations | | | | | |
|-----------------|-------|-------|-------|-------|-------|
| Y/E March | FY21A | FY22A | FY23A | FY24E | FY25E |
| Shares in Issue | 8.9 | 8.9 | 8.9 | 8.9 | 8.9 |
| EPS (INR) | 22.9 | 35.5 | 56.3 | 64.7 | 72.9 |
| EPS (YoY) (%) | 40.9% | 55.2% | 58.6% | 15.0% | 12.7% |
| PER (x) | 26.2 | 16.9 | 10.7 | 9.3 | 8.2 |
| BV (INR) | 258 | 288 | 336 | 388 | 446 |
| BV (YoY) (%) | 10.6% | 11.5% | 16.8% | 15.4% | 15.0% |
| ABV (INR) | 252 | 288 | 336 | 388 | 446 |
| ABV (YoY) (%) | 11.9% | 14.1% | 16.8% | 15.4% | 15.0% |
| P/BV (x) | 2.33 | 2.09 | 1.79 | 1.55 | 1.34 |
| P/ABV (x) | 2.38 | 2.09 | 1.79 | 1.55 | 1.34 |
| DPS (INR) | 4.0 | 7.1 | 11.3 | 12.9 | 14.6 |
| Div. yield (%) | 0.7% | 1.2% | 1.9% | 2.2% | 2.4% |

Source: Company, JM Financial

History of Recommendation and Target Price

| Date | Recommendation | Target Price | % Chg. |
|-----------|----------------|--------------|--------|
| 13-Apr-20 | Hold | 220 | |
| 31-May-20 | Buy | 220 | 0.0 |
| 5-Jun-20 | Buy | 220 | 0.0 |
| 2-Aug-20 | Buy | 230 | 4.5 |
| 27-Aug-20 | Buy | 300 | 30.4 |
| 4-Nov-20 | Buy | 300 | 0.0 |
| 11-Jan-21 | Buy | 350 | 16.7 |
| 4-Feb-21 | Buy | 480 | 37.1 |
| 21-May-21 | Buy | 525 | 9.4 |
| 4-Aug-21 | Buy | 525 | 0.0 |
| 11-Oct-21 | Buy | 535 | 1.9 |
| 3-Nov-21 | Buy | 615 | 15.0 |
| 5-Feb-22 | Buy | 610 | -0.8 |
| 15-May-22 | Buy | 590 | -3.3 |
| 7-Aug-22 | Buy | 610 | 3.4 |
| 11-Sep-22 | Buy | 660 | 8.2 |
| 6-Nov-22 | Buy | 675 | 2.3 |
| 3-Feb-23 | Buy | 675 | 0.0 |
| 18-May-23 | Buy | 700 | 3.7 |
| 6-Aug-23 | Buy | 710 | 1.4 |

Recommendation History



APPENDIX I

JM Financial Institutional Securities Limited

Corporate Identity Number: U67100MH2017PLC296081

Member of BSE Ltd. and National Stock Exchange of India Ltd.

SEBI Registration Nos.: Stock Broker - INZ000163434, Research Analyst - INH000000610

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Grievance officer: Mr. Sahil Salastekar | Tel: +91 22 6224 1073 | Email: instcompliance@jmfl.com

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| Definition of ratings | |
|-----------------------|---|
| 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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