

October 17, 2024

RESULT REPORT Q2 FY25 | Sector: Banks

# Axis Bank Ltd

## Poor half year should not make us lose sight of the long-term

### Our view – AXSB will build on RoA going forward and beyond FY25

**Asset Quality** – Gross slippage remained slightly elevated compared with FY24, while management made material excess provisions: Gross NPA additions amounted to Rs 44.43bn for 2QFY25, translating to an annualized slippage ratio of 1.8% for the quarter. Gross slippage ratio had amounted to 1.9% during 1QFY25 whereas the gross slippage ratio for FY24 had amounted to 1.6%. For the quarter, the retail segment contributed as much as Rs 40.73bn to gross slippages, with the bank citing stress in the unsecured segments. Recoveries and upgrades improved to Rs 20.69bn for 2QFY25 compared with Rs 15.03bn in 1QFY25 as accounts whose recovery was delayed in 1Q were recovered in 2Q. Provisions were Rs 22.04bn, up by 8.1% QoQ and 170.6% YoY, translating to calculated all-inclusive annualised credit cost of 89bps. Additional contingency provisions made in the quarter were Rs 5.20bn and these are purely prudential and do not reflect the management’s view of stress on the balance sheet.

**Net Interest Margin** – Margin declined 6 bps sequentially but 5 bps was attributable to one-offs: NIM was at 3.99%, down -6bps QoQ and -12bps YoY. Sequential decline in NIM was driven by the absence of interest on income tax refund, which had amounted to Rs 2.2bn in 1Q. While management did not provide NIM guidance, it stated that it would be able to manage the rate cut cycle over the course of a full year.

**Balance sheet growth** – Sequential loan growth was sluggish but management guided for improvement in the second half: The advances for the bank stood at Rs 10,000 bn, up by 2.0% QoQ and 11.4% YoY. The bank expects loan growth to improve in 3Q and 4Q. The bank is operating its CD ratio within a range paying due heed to the regulator’s view but is comfortable with its CD ratio. In the long-term, the bank can grow 300-400 bps higher than the industry.

We reiterate BUY rating on AXSB with a revised price target of Rs 1475: We value the standalone bank at 1.8x FY26 P/BV for an FY25/26/27E RoE profile of 15.4%/15.9%/15.5%. We assign a value of Rs 166 per share to the subsidiaries, on SOTP.

(See Comprehensive con call takeaways on page 2 for significant incremental colour.)

### Other Highlights (See “Our View” above for elaboration and insight)

- **Opex control:** Total cost to income ratio was at 47.0% down by -47/-326bps QoQ/YoY and the Cost to assets was at 2.6% up/down by 8/-9bps QoQ/YoY.
- **Fee income:** Core fee income to average assets was at 1.5%, up/down 7bps/-2bps QoQ/YoY.

### Exhibit 1: Result table

(Rs mn)	Q2 FY25	Q1 FY25	% qoq	Q2 FY24	% yoy
Total Interest Income	304,199	300,607	1.2	266,262	14.2
Interest Expense	(169,367)	(166,125)	2.0	(143,116)	18.3
Net Interest Income	134,832	134,482	0.3	123,146	9.5
Fee Income	55,080	52,040	5.8	49,630	11.0
Non-fee Income	12,139	5,795	109.5	711	1,607.7
Total Non-Interest Income	67,219	57,835	16.2	50,341	33.5
Total Income	202,051	192,317	5.1	173,486	16.5
Employee Expense	(31,172)	(31,295)	(0.4)	(26,098)	19.4
Non-employee Opex	(63,754)	(59,960)	6.3	(61,070)	4.4
Total Operating expenses	(94,926)	(91,255)	4.0	(87,168)	8.9
PPOP	107,125	101,062	6.0	86,319	24.1
Provisions	(22,041)	(20,393)	8.1	(8,146)	170.6
PBT	85,084	80,670	5.5	78,173	8.8
Tax	(15,908)	(20,323)	(21.7)	(19,537)	(18.6)
PAT	69,176	60,346	14.6	58,636	18.0

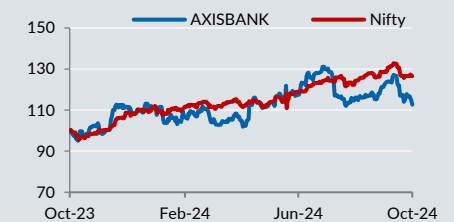
Source: Company, YES Sec-Research

Recommendation	: BUY
Current price	: Rs 1,132
Target price	: Rs 1,475
Potential return	: +30%

### Stock data (as on October 17, 2024)

Nifty	24,750
52 Week h/l (Rs)	1340 / 951
Market cap (Rs/USD mn)	3567498 / 42459
Outstanding Shares (mn)	3,094
6m Avg t/o (Rs mn):	11,711
Div yield (%):	0.1
Bloomberg code:	AXSB IN
NSE code:	AXISBANK

### Stock performance



	1M	3M	1Y
Absolute return	-8.1%	-13.2%	12.3%

### Shareholding pattern (As of Sep'24 end)

Promoter	7.9%
FII+DII	85.0%
Others	7.1%

### Δ in stance

(1-Yr)	New	Old
Rating	BUY	BUY
Target Price	1475	1575

### Financial Summary

(Rs mn)	FY25E	FY26E	FY27E
NII	547,618	630,303	730,589
PPOP	420,164	495,867	577,081
Net Profit	252,276	304,118	354,270
Growth (%)	1.5	20.5	16.5
EPS (Rs)	81.7	98.5	112.5
BVPS (Rs)	570	668	799
P/E (x)	11.8	9.8	8.6
P/BV (x)	1.7	1.4	1.2
ROE (%)	15.4	15.9	15.5
ROA (%)	1.6	1.7	1.7
Tier-1 (%)	14.2	14.2	15.0

### Δ in earnings estimates

Rs.	FY25E	FY26E	FY27E
EPS (New)	81.7	98.5	112.5
EPS (Old)	87.4	105.2	121.8
% change	-6.5%	-6.4%	-7.6%

### SHIVAJI THAPLIYAL

Head of Research (Overall)  
& Lead Sector Research Analyst  
shivaji.thapliyal@ysil.in



SIDDHARTH RAJPUROHIT, Analyst  
SURAJ SINGHANIA, Associate

## COMPREHENSIVE CON-CALL TAKEAWAYS

### Asset quality

- **Slippages**
  - Gross NPA additions amounted to Rs 44.43bn for 2QFY25, translating to an annualized slippage ratio of 1.78% for the quarter. (Gross NPA additions had amounted to Rs 47.93bn during 1QFY25.)
  - **Linked accounts**
    - 33% of slippages are linked accounts which were standard when classified or upgraded during the quarter.
  - **Segmental split**
    - Retail – Rs 40.73bn. Retail slippages had amounted to Rs 42.29bn in 1QFY25.
    - CBG – Rs 2.64bn
    - Wholesale – Rs 1.06bn
  - **Guidance**
    - The bank would not like to call a peak or tough for slippages.
  - **Unsecured segments**
    - The bank is seeing stress in general across unsecured segments.
    - The bank has taken corrective action with regard to unsecured segments and expects these actions to bear fruit.
- **Recoveries and upgrades**
  - Recoveries and upgrades amounted to Rs 20.69bn for 2QFY25, implying net NPA addition of Rs 23.74bn for the quarter.
  - The recoveries have been strong on the wholesale side.
  - Recoveries from written off accounts have risen 67% QoQ.
  - As stated earlier, there was a timing issue with recoveries in 1Q, whose correction played out during 2Q.
- **Provisions**
  - **P&L provisions**
    - Provisions were Rs 22.04bn, up by 8.1% QoQ and 170.6% YoY, translating to calculated all-inclusive annualised credit cost of 89bps.
    - **Credit cost**
      - Specific loan loss provisions for Q2FY25 were Rs14.41bn.
      - Reported net credit cost amounted to 54 bps for the quarter (presumably based only on specific provisions).
      - **Contingent provisions**
        - Additional contingency provisions made in the quarter were Rs 5.20bn and these are purely prudential and do not reflect the management's view of stress on the balance sheet.
        - The Rs 5.2bn prudential provision was made since there was a Rs 5.5bn tax writeback that created room for doing so.
    - **Balance sheet provisions**
      - PCR amounted to 77%, down by 100bps QoQ.
      - Standard asset provisions amounted to 1.2% of loan book.
      - All standard and specific provisions taken together provides 153% coverage on GNPA book.
      - **Breakup of cumulative non-NPA provisions of Rs 118.15bn**
        - ECL – Rs 50.12bn
        - Restructured book – Rs 4.66bn
        - Standard asset – Rs 19.12bn
        - Weak assets and other – Rs 44.25bn

(Con call takeaways continue on the next page)

## ▪ Restructured book

- The fund based outstanding of standard restructured loans implemented under resolution framework for COVID-19 stood at Rs 13.2bn or 0.13% of the gross customer assets.

## ▪ NPA ratios

- GNPA ratio stands at 1.44%, down -10bps QoQ and -29bps YoY while NNPA ratio stands at 0.34%, flat QoQ but down -2bps YoY.

## Net interest margin

### ▪ NIM for the quarter

- NIM was at 3.99%, down -6bps QoQ and -12bps YoY.
- NIM was down sequentially largely to miniscule interest on income tax refund in 2Q as against Rs 2.2bn in 1Q.

### ▪ RIDF book

- The RIDF book has declined Rs 104.48bn YoY and forms 1.21% of total assets as against 2.14% as of September 2023.

### ▪ LCR Ratio

- The LCR ratio was at 115% in 2QFY25.

### ▪ Cost of deposits

- The cost of deposits has remained flat QoQ at 5.08%.
- Most of the back book has repriced, especially given that most of the deposits have a duration of 6 months to 1 year.
- As long as the market remains disciplined, cost of deposits would remain under control.
- In a scenario where rate cuts are in the offing, the bank does not see deposit rates moving up.

### ▪ Guidance

- While in a rate cut scenario, assets will reprice lower faster than liabilities, management urged that the margin not be reviewed on a QoQ basis.
- Over an entire fiscal year, the bank has been able to manage interest rate movement well.
- Structural improvements in the balance sheet would hold the bank in good stead.

## Capital adequacy

### ▪ CET1 ratio is 14.12%.

- The bank has net accreted 38 bps of capital ratio, net of consumption in 1HFY25, of which 6 bps was in 2Q.

## Advances growth

- The advances for the bank stood at Rs 10,000bn, up by 2% QoQ and 11.4% YoY.

### ▪ Segmental outcomes

- Retail and CBG advances comprise 71% of total advances, up 243bps YoY.
- Retail loans grew 15% YoY and 2% QoQ.
- Small Business Banking (SBB) grew 23% YoY and 6% QoQ.
- Mid-corporate book grew 18% YoY and 5% QoQ.

(Con call takeaways continue on the next page)

- **Near-term guidance**
  - The bank expects loan growth to improve in 3Q and 4Q.
  - The bank will optimize for segments, depending on where it is seeing signs of stress.
- **Loan to deposit ratio**
  - The bank is operating its CD ratio within a range paying due heed to the regulator's view.
  - The bank is comfortable with its CD ratio, which it has delivered as of the quarter end.
- **Structural long-term guidance**
  - The bank can grow 300-400 bps higher than the industry.
  - This is lower than the 400-600 bps excess that used to be guided for earlier.

## Deposits accretion

- The deposits were at Rs 10,867bn, up by 2.3% QoQ and 13.7% YoY.
- The CA, SA and TD average balances have grown 13%, 1% and 21%, respectively, on YoY basis.
- **Deposits strategy**
  - Deposits growth has been 200 bps higher than the industry.
  - The strategy is to focus on micro markets, on NTB customer growth and on premiumization.
- **Outflow rates**
  - Outflow rates are down QoQ since the bank has re-aligned itself where it was previously indulging in a divergent practice.

## Fee income

- Fee income has grown 6% QoQ and 11% YoY.
- 92% of the fee income is granular in nature.
- Retail fees grew 11% YoY and 5% QoQ; and constituted 70% of the Bank's total fee income.
- The wholesale fees together grew 11% YoY and 9% QoQ.
- Fee to assets improved 5bps QoQ.

## Operating expenses

- **Total opex**
  - Total Opex, at Rs. 94.93bn, is up 4% QoQ and 8.9% YoY.
  - Consequently, cost/income ratio came in at 47%, down by -47bps QoQ and -326bps YoY.
  - QoQ increase in Operating expenses is largely attributable to cards business and BAU expenses.
  - **Cost to assets**
    - Cost to assets was 2.52% for the quarter, down -2 bps QoQ.
  - **Guidance**
    - The bank had guided that the pace of opex growth would moderate and they have delivered that in 1Q and 2Q.
- **Staff opex**
  - The staff opex is down by -0.4% QoQ but up by 19.4% YoY

(Con call takeaways continue on the next page)

- **Employee addition**
  - 4,000 plus employees were added YoY.
  - Productivity gains have kept the rise in employee base in check.
- **Non-staff opex**
  - Non-staff opex is up by 6.3% QoQ and 4.4% YoY.
  - **Branch expansion**
    - 150 branches were opened during the quarter and 200 branches in 1HFY25.
    - About 500 branches were opened last year.
    - This year too, the bank is looking to add a similar number, focused on a micro-market approach.

## **Tax Aspect**

- The company had a favorable ITAT order which led to a tax write back of Rs 5.50bn in 2QFY25.

## **Return ratios**

- Consolidated RoA and RoE amounted to 1.92% and 18.1%, respectively.

## Exhibit 2: Key quarterly balance sheet / business data

(Rs mn)	Q2 FY25	Q1 FY25	% qoq	Q2 FY24	% yoy	Q2 FY25*	chg qoq*	chg yoy*
Advances	9,999,792	9,800,920	2.0	8,973,470	11.4	100.0	0bps	0bps
Large/Mid-corporate	2,907,900	2,909,640	(0.1)	2,827,660	2.8	29.1	-61bps	-243bps
SME	1,104,740	1,040,150	6.2	948,450	16.5	11.0	43bps	48bps
Retail	5,987,150	5,851,120	2.3	5,197,360	15.2	59.9	17bps	195bps
Home Loans	1,677,060	1,653,530	1.4	1,591,730	5.4	16.8	-10bps	-97bps
Rural Lending	896,910	885,080	1.3	746,630	20.1	9.0	-6bps	65bps
Auto Loans	587,080	588,270	(0.2)	555,770	5.6	5.9	-13bps	-32bps
Personal Loan	754,440	736,200	2.5	611,680	23.3	7.5	3bps	73bps
Credit Card	437,350	425,260	2.8	358,480	22.0	4.4	3bps	38bps
LAP	671,690	650,510	3.3	538,500	24.7	6.7	8bps	72bps
SBB	618,910	583,910	6.0	502,920	23.1	6.2	23bps	58bps
Others	343,710	328,360	4.7	291,650	17.9	3.4	9bps	19bps
Total Deposits	10,867,440	10,624,840	2.3	9,555,564	13.7	100.0	0bps	0bps
CA	1,425,200	1,495,690	(4.7)	1,315,530	8.3	13.1	-96bps	-65bps
SA	2,985,330	2,949,100	1.2	2,923,130	2.1	27.5	-29bps	-312bps
Term	6,456,910	6,180,050	4.5	5,316,904	21.4	59.4	125bps	377bps
Investments	3,488,552	3,168,510	10.1	2,956,907	18.0	NA	NA	NA
Investments/(Invest.+ Net Adv.) (%)	25.9	24.4	143bps	24.8	108bps	NA	NA	NA
Borrowings	1,898,112	1,898,980	(0.0)	1,852,424	2.5	NA	NA	NA
Borrowings/(Borr. + Deposits) (%)	14.9	15.2	-29bps	16.2	-137bps	NA	NA	NA

Source: Company, YES Sec – Research, \*Share in total and change in share

## Exhibit 3: Key quarterly ratios

(%)	Q2 FY25	Q1 FY25	chg qoq	Q2 FY24	chg yoy
Net Interest Margin	3.99	4.05	-6bps	4.11	-12bps
Cost of funds	5.45	5.44	1bps	5.17	28bps
CASA	40.6	41.8	-125bps	44.4	-377bps
Loan to Deposit ratio	92.0	92.2	-23bps	93.9	-189bps
Non-interest income/Total income	33.3	30.1	320bps	29.0	425bps
Fee Income/Avg. Total Assets	1.5	1.4	7bps	1.5	-2bps
Cost to Income	47.0	47.5	-47bps	50.2	-326bps
Opex/Avg. Total Assets	2.6	2.5	8bps	2.6	-9bps
Credit Cost	0.9	0.8	5bps	0.4	52bps
RoE	17.6	16.3	132bps	18.3	-72bps
RoA	1.8	1.7	19bps	1.8	8bps
Capital Adequacy ratio	16.6	16.7	-4bps	16.6	5bps
Tier I Capital Ratio	14.5	14.5	2bps	13.8	74bps
Annualised Slippage Ratio	1.8	2.0	-19bps	1.5	29bps
Provision Coverage	94.0	94.0	0bps	94.0	0bps
Gross NPA	1.4	1.5	-10bps	1.7	-29bps
Net NPA	0.3	0.3	0bps	0.4	-2bps

Source: Company, YES Sec – Research

## Exhibit 4: Quarterly Actuals Vs Estimates

Q2FY25 (Rs. mn)	Actuals	Estimates	Diff, %
Net Interest Income	134,832	137,512	(1.9)
Pre-Prov. Operating Profit	107,125	103,676	3.3
Profit After Tax	69,176	67,104	3.1

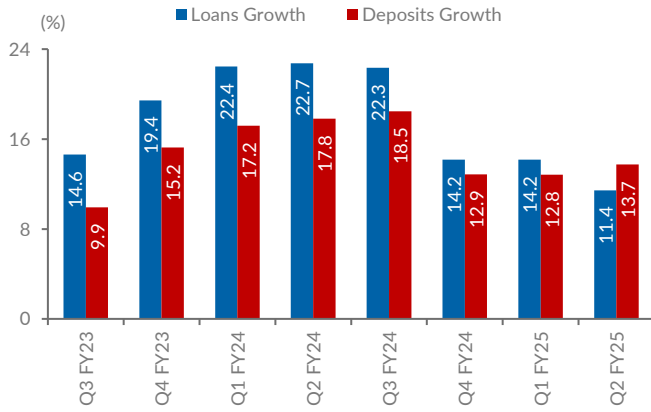
Source: Company, YES Sec – Research

## Exhibit 5: Non-Interest Income Break-up

(Rs mn)	Q2 FY25	Q1 FY25	% qoq	Q2 FY24	% yoy
Total Fee Income (A)	55,070	52,030	5.8	49,620	11.0
Retail Banking fees	38,760	37,060	4.6	34,940	10.9
Corporate & Commercial Banking fee	16,310	14,970	9.0	14,680	11.1
Total Other Income (B)	12,140	5,800	109.3	720	1,586.1
Trading Income	11,110	4,070	173.0	(1,010)	(1,200.0)
Miscellaneous Income	1,030	1,730	(40.5)	1,730	(40.5)
<b>Total Non-Interest Income (A+B)</b>	<b>67,210</b>	<b>57,830</b>	<b>16.2</b>	<b>50,340</b>	<b>33.5</b>

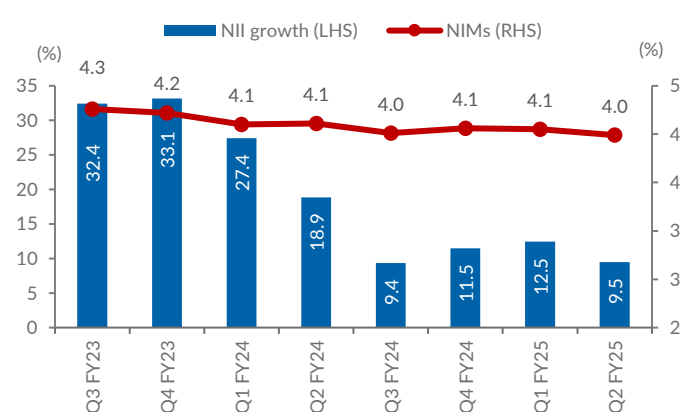
Source: Company, YES Sec - Research

**Exhibit 6: Loans and Deposits growth (YoY %)**



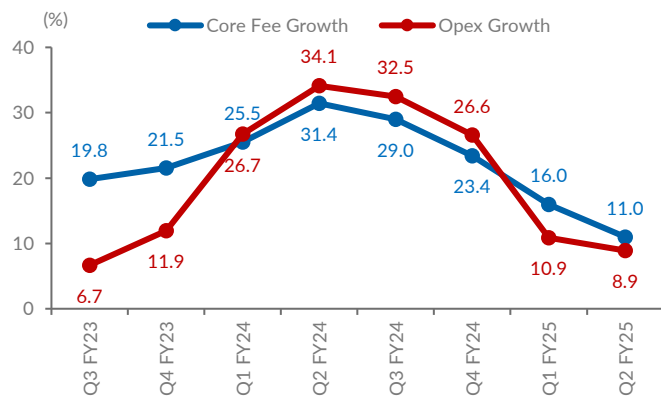
Source: Company, YES Sec - Research

**Exhibit 7: NII growth (YoY %) and NIM**



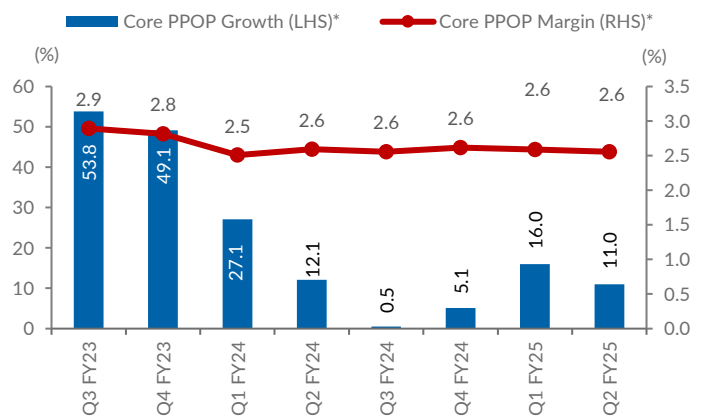
Source: Company, YES Sec - Research

**Exhibit 8: Core Fee and Opex growth (YoY %)**



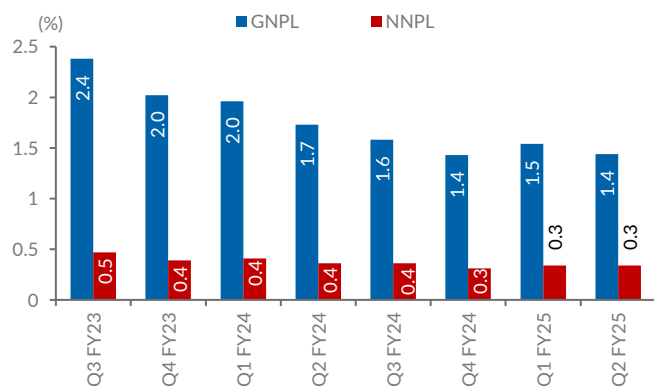
Source: Company, YES Sec - Research

**Exhibit 9: Core PPOP growth (YoY %) and Core PPOP margin**



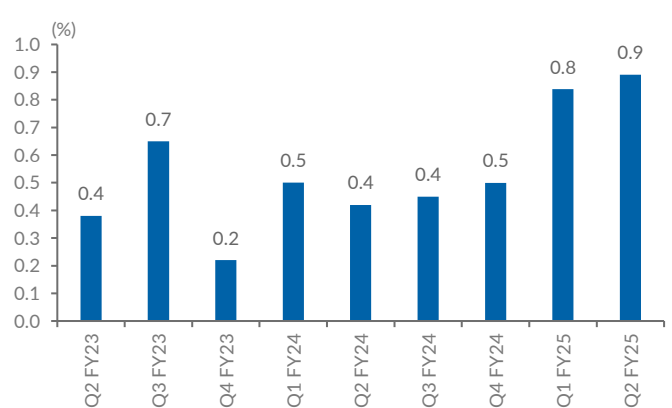
Source: Company, YES Sec - Research, \* Core PPOP is derived by adjusting PPOP for gain/loss on sale of investments and misc. income

**Exhibit 10: Gross NPA and Net NPA (%)**



Source: Company, YES Sec - Research

**Exhibit 11: Credit Cost (%)**



Source: Company, YES Sec - Research



**Exhibit 12: 1-year rolling P/BV band**



Source: Company, YES Sec – Research, N.B. Valuations in this chart are not adjusted / netted out for subsidiaries' value

**Exhibit 13: 1-yr rolling P/BV vis-a-vis the mean and standard deviations**



Source: Company, YES Sec – Research, N.B. Valuations in this chart are not adjusted / netted out for subsidiaries' value

## ANNUAL FINANCIALS

### Exhibit 14: Balance sheet

Y/e 31 Mar (Rs mn)	FY23	FY24	FY25E	FY26E	FY27E
Total cash & equivalents	1,064,108	1,144,544	1,308,633	1,504,928	1,600,240
Investments	2,888,148	3,315,272	3,721,994	4,235,962	4,855,199
Advances	8,453,028	9,650,684	10,905,273	12,541,064	14,547,634
Fixed assets	47,339	56,846	62,530	68,783	75,662
Other assets	720,632	604,740	665,214	731,735	804,909
<b>Total assets</b>	<b>13,173,255</b>	<b>14,772,086</b>	<b>16,663,644</b>	<b>19,082,472</b>	<b>21,883,643</b>
Net worth	1,254,167	1,510,616	1,759,805	2,060,837	2,516,902
Deposits	9,469,452	10,686,414	12,191,921	14,154,870	16,562,754
Borrowings	1,863,000	1,968,118	2,159,352	2,387,427	2,410,743
Other liabilities	586,636	606,939	552,565	479,339	393,244
<b>Total liabilities incl. Equity</b>	<b>13,173,255</b>	<b>14,772,086</b>	<b>16,663,644</b>	<b>19,082,472</b>	<b>21,883,643</b>

Source: Company, YES Sec – Research

### Exhibit 15: Income statement

Y/e 31 Mar (Rs mn)	FY23	FY24	FY25E	FY26E	FY27E
Interest income	851,638	1,093,686	1,225,997	1,408,214	1,620,772
Interest expense	(422,180)	(594,741)	(678,379)	(777,911)	(890,182)
<b>Net interest income</b>	<b>429,457</b>	<b>498,945</b>	<b>547,618</b>	<b>630,303</b>	<b>730,589</b>
Non-interest income	161,434	224,420	266,441	303,561	350,204
<b>Total income</b>	<b>590,892</b>	<b>723,364</b>	<b>814,059</b>	<b>933,864</b>	<b>1,080,793</b>
Operating expenses	(268,087)	(352,133)	(393,894)	(437,997)	(503,712)
<b>PPoP</b>	<b>322,804</b>	<b>371,232</b>	<b>420,164</b>	<b>495,867</b>	<b>577,081</b>
Provisions	(28,848)	(40,631)	(82,897)	(89,293)	(103,457)
Exceptional Item	(124,898)	0	0	0	0
<b>Profit before tax</b>	<b>169,058</b>	<b>330,601</b>	<b>337,268</b>	<b>406,575</b>	<b>473,623</b>
Taxes	(73,262)	(81,986)	(84,991)	(102,457)	(119,353)
<b>Net profit</b>	<b>95,797</b>	<b>248,614</b>	<b>252,276</b>	<b>304,118</b>	<b>354,270</b>

Source: Company, YES Sec – Research

## Exhibit 16: Du Pont Analysis (RoA tree)

Y/e 31 Mar (Rs mn)	FY23	FY24	FY25E	FY26E	FY27E
Interest income	6.8	7.8	7.8	7.9	7.9
Interest expense	-3.4	-4.3	-4.3	-4.4	-4.3
<b>Net interest income</b>	<b>3.4</b>	<b>3.6</b>	<b>3.5</b>	<b>3.5</b>	<b>3.6</b>
Non-interest income	1.3	1.6	1.7	1.7	1.7
<b>Total income</b>	<b>4.7</b>	<b>5.2</b>	<b>5.2</b>	<b>5.2</b>	<b>5.3</b>
Operating expenses	-2.2	-2.5	-2.5	-2.5	-2.5
<b>PPoP</b>	<b>2.6</b>	<b>2.7</b>	<b>2.7</b>	<b>2.8</b>	<b>2.8</b>
Provisions	-0.2	-0.3	-0.5	-0.5	-0.5
<b>Profit before tax</b>	<b>1.4</b>	<b>2.4</b>	<b>2.1</b>	<b>2.3</b>	<b>2.3</b>
Taxes	-0.6	-0.6	-0.5	-0.6	-0.6
<b>Net profit</b>	<b>0.8</b>	<b>1.8</b>	<b>1.6</b>	<b>1.7</b>	<b>1.7</b>

Source: Company, YES Sec – Research

## Exhibit 17: Sum of the Parts (SOTP) - Subsidiaries

Subsidiary	Market Cap / Assigned value (Rs mn)	Valuation metric	Metric value (Rs mn)	Trailing multiple	Stake (%)	Stake value (Rs mn)	Per share (Rs)
Axis AMC	312,338	AUM	3,123,385	10.0%	75.0%	234,254	75.9
Max Life	462,903	EV	220,430	2.1x	19.0%	88,044	28.5
Axis Capital	21,340	PAT	1,524	14.0x	100.0%	21,340	6.9
Axis Bank UK	5,197	BV	4,725	1.1x	100.0%	5,197	1.7
Axis Finance	122,059	BV	40,686	3.0x	100.0%	122,059	39.5
Axis Securities	40,490	BV	13,497	3.0x	100.0%	40,490	13.1
<b>Value of Subsidiaries</b>						<b>511,385</b>	<b>165.7</b>

Source: Company, YES Sec – Research

## Exhibit 18: Change in annual estimates

Y/e 31 Mar (Rs mn)	Revised Estimate			Earlier Estimate			% Revision		
	FY25E	FY26E	FY27E	FY25E	FY26E	FY27E	FY25E	FY26E	FY27E
Net Interest Income	547,618	630,303	730,589	576,413	671,632	773,845	(5.0)	(6.2)	(5.6)
Pre-Prov. Operating Profit	420,164	495,867	577,081	448,873	537,222	620,372	(6.4)	(7.7)	(7.0)
Profit after tax	252,276	304,118	354,270	280,536	337,831	389,816	(10.1)	(10.0)	(9.1)

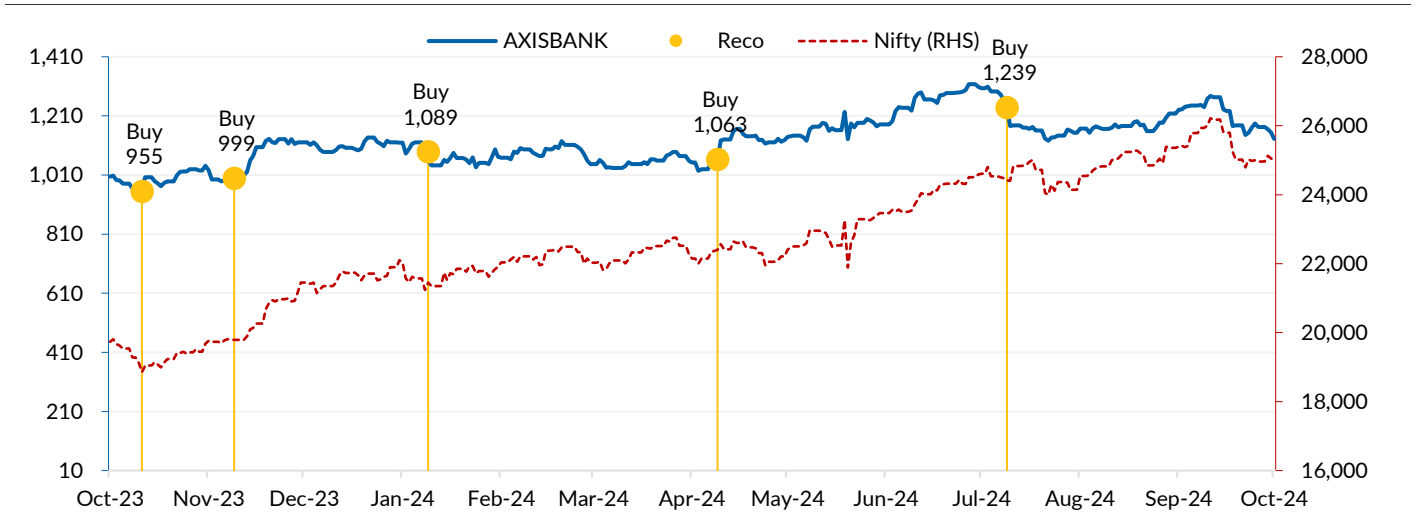
Source: Company, YES Sec – Research

## Exhibit 19: Ratio analysis

Y/e 31 Mar	FY23	FY24	FY25E	FY26E	FY27E
<b>Growth matrix (%)</b>					
Net interest income	29.6	16.2	9.8	15.1	15.9
PPoP	30.5	15.0	13.2	18.0	16.4
Net profit	-26.5	159.5	1.5	20.5	16.5
Loans	19.4	14.2	13.0	15.0	16.0
Deposits	15.2	12.9	14.1	16.1	17.0
<b>Profitability Ratios (%)</b>					
Net interest margin	4.0	4.1	3.9	4.0	4.0
Return on Average Equity	8.0	18.0	15.4	15.9	15.5
Return on Average Assets	0.8	1.8	1.6	1.7	1.7
<b>Per share figures (Rs)</b>					
EPS	31.1	80.5	81.7	98.5	112.5
BVPS	408	489	570	668	799
ABVPS	396	479	548	634	754
<b>Valuation multiples</b>					
P/E	31	12	11.8	9.8	8.6
P/BV	2.4	2.0	1.7	1.4	1.2
P/ABV	2.4	2.0	1.8	1.5	1.3
<b>NIM internals (%)</b>					
Yield on loans	8.3	9.6	9.5	9.6	9.6
Cost of deposits	3.6	4.5	4.8	4.9	4.8
Loan-deposit ratio	89.3	90.3	89.4	88.6	87.8
CASA ratio	47.2	43.0	43.0	43.3	43.5
<b>Opex control (%)</b>					
Cost/Income ratio	45.4	48.7	48.4	46.9	46.6
Cost to average assets	2.2	2.5	2.5	2.5	2.5
<b>Capital adequacy (%)</b>					
Tier 1 capital ratio	14.6	14.2	14.2	14.2	15.0
<b>Asset quality (%)</b>					
Slippage ratio	1.9	1.6	1.6	1.6	1.6
Gross NPL ratio	2.2	1.5	1.8	1.9	1.9
Credit cost	0.4	0.4	0.8	0.7	0.7
Net NPL ratio	0.4	0.3	0.6	0.8	1.0

Source: Company, YES Sec - Research; Valuations are the implied value of standalone entity net of subsidiaries

## Recommendation Tracker



## STANDARD DISCLAIMER:

**YES Securities (India) Limited, Registered Address:** 2<sup>nd</sup> Floor, North Side, YES BANK House, Off Western Express Highway, Santacruz East, Mumbai - 400055. Maharashtra, India | **Correspondence Add:** 7<sup>th</sup> Floor, Urmi Estate Tower A, Ganpatrao Kadam Marg, Opp. Peninsula Business Park, Lower Parel (West), Mumbai - 400 013, Maharashtra, India. | Website: [www.yesinvest.in](http://www.yesinvest.in) | Email: [customer.service@ysil.in](mailto:customer.service@ysil.in)

**Registration Nos.:** CIN: U74992MH2013PLC240971 | SEBI Registration No.: NSE, BSE, MCX & NCDEX : INZ000185632 | Member Code: BSE - 6538, NSE - 14914, MCX - 56355 & NCDEX - 1289 | CDSL & NSDL: IN-DP-653-2021 | RESEARCH ANALYST: INH000002376 | INVESTMENT ADVISER: INA000007331 | Sponsor and Investment Manager to YSL Alternates Alpha Plus Fund (Cat III AIF) and YES Wealth Maximiser AIF (Cat III AIF) SEBI Registration No.: IN/AIF3/20- 21/0818 | AMFI ARN Code - 94338

**Details of Compliance Officer:** Aditya Goenka | Email: [compliance@ysil.in](mailto:compliance@ysil.in) / Contact No.: 022-65078127 | **Grievances Redressal Cell:** [customer.service@ysil.in](mailto:customer.service@ysil.in) / [igc@ysil.in](mailto:igc@ysil.in)

**Standard Disclaimer:** Investment in securities market are subject to market risks; read all the related documents carefully before investing. Above representation provides an overview related to our past performance neither does it provide any guarantee of future performance, nor we are ensuring any guaranteed returns. Actual Client returns may vary depending upon time premium, volatility Index, intrinsic value of the script, open interest, other geopolitical conditions and choice of the customer to execute the recommendation in full or part. All recommendations are published under Research Analyst License of YES Securities (India) Limited (YSIL); execution of the recommendation is at complete discretion of customer without any intervention by the research publisher.

Contents which are exclusively for Non-Broking Products/Services e.g. Mutual Fund, Mutual Fund-SIP, Research reports, Insurance, etc. where the YSIL is just a distributor. These are not Exchange traded product and the YSIL is just acting as distributor. Kindly note that all disputes with respect to the distribution activity, would not have access to Exchange investor redressal forum or Arbitration mechanism.

YSIL is a wholly owned subsidiary of YES Bank Limited. Savings, Current, PIS and Demat Account are offered by YES Bank Limited. Please note Brokerage would not exceed the SEBI prescribed limit. YSIL also acts in the capacity of distributor for Products such as IPOs, Mutual Funds, Mutual Fund-SIPs, NCD/Bonds, etc., All disputes with respect to the distribution activity, would not have access to Exchange investor redressal forum or Arbitration mechanism.

Margin Trading Funding (MTF) is an exchange approved product offered to YSIL trading account holders, as per the regulation and guideline of SEBI Circular: CIR/MRD/DP/54/2017 dated June 13, 2017. For product specification, T&C, rights and obligations statement issued by the YSIL visit [https://yesinvest.in/standard\\_documents\\_policies](https://yesinvest.in/standard_documents_policies)

## DISCLAIMER

Investments in securities market are subject to market risks, read all the related documents carefully before investing.

The information and opinions in this report have been prepared by YSIL and are subject to change without any notice. The report and information contained herein are strictly confidential and meant solely for the intended recipient and may not be altered in any way, transmitted to, copied or redistributed, in part or in whole, to any other person or to the media or reproduced in any form, without prior written consent of YSIL.

The information and opinions contained in the research report have been compiled or arrived at from sources believed to be reliable and have not been independently verified and no guarantee, representation of warranty, express or implied, is made as to their accuracy, completeness, authenticity or validity. No information or opinions expressed constitute an offer, or an invitation to make an offer, to buy or sell any securities or any derivative instruments related to such securities. Investments in securities are subject to market risk. The value and return on investment may vary because of changes in interest rates, foreign exchange rates or any other reason. Investors should note that Price of each of the securities or value may rise or fall and, accordingly, investors may even receive amounts which are less than originally invested. The investor is advised to take into consideration all risk factors including their own financial condition, suitability to risk return profile and the like, and take independent professional and/or tax advice before investing. Opinions expressed are our current opinions as of the date appearing on this report. Investor should understand that statements regarding future prospects may not materialize and are of general nature which may not be specifically suitable to any particular investor. Past performance may not necessarily be an indicator of future performance. Actual results may differ materially from those set forth in projections. Registration granted by SEBI and certification from NISM in no way guarantee performance of the intermediary or provide any assurance of returns to investors. YES Securities (India) Limited conforms with the rules and regulations enumerated in the Securities and Exchange Board of India (Research Analysts) Regulations, 2014 as amended from time to time.

Technical analysis reports focus on studying the price movement and trading turnover charts of securities or its derivatives, as opposed to focussing on a company's fundamentals and opinions, as such, may not match with reports published on a company's fundamentals.

YSIL, its research analysts, directors, officers, employees and associates accept no liabilities for any loss or damage of any kind arising out of the use of this report. This report is not directed or intended for distribution to, or use by, any person or entity who is a citizen or resident of or located in any locality, state, country or other jurisdiction, where such distribution, publication, availability or use would be contrary to law, regulation or which would subject YSIL and associates to any registration or licensing requirement within such jurisdiction. The securities described herein may or may not be eligible for sale in all jurisdictions or to certain category of investors. Persons in whose possession this document may come are required to inform themselves of and to observe such restriction.

YES Securities (India) Limited distributes research and engages in other approved or allowable activities with respect to U.S. Institutional Investors through Rule 15a-6 under the Securities Exchange Act of 1934 (the "Exchange Act")<sup>[1]</sup> and regulations under an exclusive chaperone arrangement with Brasil Plural Securities LLC. The views and sentiments expressed in this research report and any findings thereof accurately reflect YES Securities (India) Limited analyst's truthful views about the subject securities and or issuers discussed herein. YES Securities (India) Limited is not registered as a broker-dealer under the Securities Exchange Act of 1934, as amended (the "Exchange Act") and is not a member of the Securities Investor Protection Corporation ("SIPC"). Brasil Plural Securities LLC is registered as a broker-dealer under the Exchange Act and is a member of SIPC. For questions or additional information, please contact Gil Aikins (gil.aikins@brasilplural.com) or call +1 212 388 5600.

This research report is the product of YES Securities (India) Limited. YES Securities (India) Limited is the employer of the research analyst(s), the authors of this research report. YES Securities (India) Limited is the concerned representatives (employees) of YES Securities (India) Limited, are responsible for the content of this research report including but not limited to any material conflict of interest of YES Securities (India) Limited in relation to the issuer(s) or securities as listed in this research report. This YES Securities (India) Limited research report is distributed in the United States through Brasil Plural Securities LLC (BPS). The research analyst(s) preparing the research report is/are resident outside the United States (U.S.) and is/ are not associated persons of any U.S. regulated broker-dealer and therefore the analyst(s) is/are not subject to supervision by a U.S. broker-dealer, and is/are not required to satisfy the regulatory licensing requirements of FINRA or required to otherwise comply with U.S. rules or regulations regarding, among other things, communications with a subject company, public appearances and trading securities held by a research analyst account. As per SEC Rule 15a-6, the U.S. broker-dealer must accompany any third party research report it distributes with, or provide a web address that directs a recipient to, disclosure of any material conflict of interest that can reasonably be expected to have influenced the choice of a third-party research report provider or the subject company of a third-party research.

FINRA Rules 2241 and 2242, which govern the conduct of research analysts and the content of equity and debt research reports, respectively, apply to all research distributed by a FINRA member firm, including research prepared by a foreign broker-dealer under Rule 15a-6.

- Research reports prepared by a foreign broker-dealer and distributed by a U.S. broker-dealer are deemed to be third party research reports, as reports produced by a person other than a FINRA member.
- Prior to distributing any third party research, a U.S. broker-dealer must assure that such report contains the required disclosures under FINRA Rule 2241(h) or 2242(g)(3), as applicable.

This report is intended for distribution by YES Securities (India) Limited only to "Major Institutional Investors" as defined by Rule 15a-6(b)(4) of the U.S. Securities and Exchange Act, 1934 (the Exchange Act) and interpretations thereof by U.S. Securities and Exchange Commission (SEC) in reliance on Rule 15a-6(a)(2). As per Rule 15a-6(b)(4) of the Exchange Act, 1934, "Major U.S. institutional investor" means a U.S. institutional investor with assets, or assets under management, in excess of US\$100 million, or a registered investment adviser with assets under management in excess of US\$100 million. If the recipient of this report is not a Major Institutional Investor as specified above, then it should not act upon this report and return the same to the sender. Further, this report may not be copied, duplicated and/or transmitted onward to any U.S. person or entity. Transactions in securities discussed in this research report should be effected through Brasil Plural Securities LLC (BPS) or another U.S. registered broker dealer/Entity as informed by YES Securities (India) Limited from time to time.

---

<sup>[1]</sup> Rule 15a-6 under the Securities Exchange Act of 1934 provides conditional exemptions from broker-dealer registration for foreign broker-dealers that engage in certain specified activities involving U.S. investors. These activities include:

- (a) Effecting unsolicited securities transactions;
- (b) Providing research reports to major U.S. institutional investors, and effecting transactions in the subject securities with or for those investors;
- (c) Soliciting and effecting transactions with or for U.S. institutional investors or major U.S. institutional investors through a "chaperoning broker-dealer"; and
- (d) Soliciting and effecting transactions with or for registered broker-dealers, banks<sup>3</sup> acting in a broker or dealer capacity, certain international organizations, foreign persons temporarily present in the U.S., U.S. citizens resident abroad, and foreign branches and agencies of U.S. persons.

In adopting Rule 15a-6, the SEC sought "to facilitate access to foreign markets by U.S. institutional investors through foreign broker-dealers and the research that they provide, consistent with maintaining the safeguards afforded by broker-dealer registration." [Rule 15a-6 Adopting Release at 54 FR 30013; see also Registration Requirements for Foreign Broker-Dealers, Exchange Act Release No. 25801 (June 14, 1988), 53 FR 23645 (June 23, 1988)].

## DISCLOSURE OF INTEREST

Name of the Research Analyst : Shivaji Thapliyal, Siddharth Rajpurohit, Suraj Singhania

The analyst hereby certifies that opinion expressed in this research report accurately reflect his or her personal opinion about the subject securities and no part of his or her compensation was, is or will be directly or indirectly related to the specific recommendation and opinion expressed in this research report.

Sr. No.	Particulars	Yes/No
1	Research Analyst or his/her relative's or YSIL's financial interest in the subject company(ies)	No
2	Research Analyst or his/her relative or YSIL's actual/beneficial ownership of 1% or more securities of the subject company(ies) at the end of the month immediately preceding the date of publication of the research report	No
3	Research Analyst or his/her relative or YSIL has any other material conflict of interest at the time of publication of the research report	No
4	Research Analyst has served as an officer, director or employee of the subject company(ies)	No
5	YSIL has received any compensation from the subject company in the past twelve months	No
6	YSIL has received any compensation for investment banking or merchant banking or brokerage services from the subject company in the past twelve months	No
7	YSIL has received any compensation for products or services other than investment banking or merchant banking or brokerage services from the subject company in the past twelve months	No
8	YSIL has received any compensation or other benefits from the subject company or third party in connection with the research report	No
9	YSIL has managed or co-managed public offering of securities for the subject company in the past twelve months	No
10	Research Analyst or YSIL has been engaged in market making activity for the subject company(ies)	No

Since YSIL and its associates are engaged in various businesses in the financial services industry, they may have financial interest or may have received compensation for investment banking or merchant banking or brokerage services or for any other product or services of whatsoever nature from the subject company(ies) in the past twelve months or associates of YSIL may have managed or co-managed public offering of securities in the past twelve months of the subject company(ies) whose securities are discussed herein.

Associates of YSIL may have actual/beneficial ownership of 1% or more and/or other material conflict of interest in the securities discussed herein.

## RECOMMENDATION PARAMETERS FOR FUNDAMENTAL REPORTS

Analysts assign ratings to the stocks according to the expected upside/downside relative to the current market price and the estimated target price. Depending on the expected returns, the recommendations are categorized as mentioned below. The performance horizon is 12 to 18 months unless specified and the target price is defined as the analysts' valuation for a stock. No benchmark is applicable to the ratings mentioned in this report.

**BUY:** Upside greater than 20% over 12 months

**ADD:** Upside between 10% to 20% over 12 months

**NEUTRAL:** Upside between 0% to 10% over 12 months

**REDUCE:** Downside between 0% to -10% over 12 months

**SELL:** Downside greater than -10% over 12 months

**NOT RATED / UNDER REVIEW**

Lead Analyst signature

Analyst signature

Associate signature

## ABOUT YES SECURITIES (INDIA) LIMITED

YES Securities (India) Limited ("YSIL") is a wholly owned subsidiary of YES BANK LIMITED. YSIL is a Securities and Exchange Board of India (SEBI) registered Stock broker holding membership of National Stock Exchange (NSE), Bombay Stock Exchange (BSE), Multi Commodity Exchange (MCX) & National Commodity & Derivatives Exchange (NCDEX). YSIL is also a SEBI-registered Category I Merchant Banker, Investment Adviser and Research Analyst. YSIL is also a Sponsor and Investment Manager of Alternate Investment Fund - Category III (YSIL Alternates) and AMFI registered Mutual Fund Distributor. The Company is also a registered Depository Participant with CDSL and NSDL. YSIL offers, inter alia, trading/investment in equity and other financial products along with various value added services. We hereby declare that there are no disciplinary actions taken against YSIL by SEBI/Stock Exchanges.