

## Soft quarter, earnings cut for some imminent

In Q3, we expect the Banking sector to post weaker earnings with softer undertones. The earnings will likely be characterized by: a) softer loan growth (modest system loan growth) and similar deposit growth, b) NIM pressure with sustained funding cost strain and interest income reversal, c) higher slippages in unsecured, MFI and KCC loans (seasonal) and d) subdued recovery trends (shrinking pool), which means net slippages may rise for some. In a nutshell, credit costs may move toward normalization.

Expect variable earnings for private banks, with earnings cuts likely for some private players (having higher MFI and unsecured book), while PSU banks may report a steady quarter. While we expect earnings to be resilient for most frontline private banks, we see softer earnings for a few private banks, making an earnings cut imminent for FY25. For Q3, we favor ICICI Bank, State Bank of India and Karur Vysya Bank, and expect a soft quarter for IndusInd Bank and AU Small Finance Bank (AUBANK IN).

**Expect soft growth in Q3; NIM pressure may sustain:** Overall system growth for banks has come off materially (system loan growth sub-12%, per latest print). This with sustained liquidity challenges and strained deposit growth will feed into sticky funding cost and continued NIM pressure. We expect a lower CASA ratio for most banks. And would monitor CD ratios – private banks in 85-90% range and PSU banks in 70-75% – and LCR ratio, which will impact deposits.

We see NIM impact from three counts: 1) continued repricing on the back of deposit book (albeit not incrementally material) and sticky incremental deposit cost, 2) higher interest income reversal (higher slippages) and 3) the impact of penal interest (for a few). We expect NIM pressure to sustain. In this context, commentary on turning rate tables and consequent NIM impact would dominate the discussion.

**Asset quality – Monitor the impact and commentary on unsecured and MFI segments:** Expect overall pressure on asset quality with higher slippages in MFI, unsecured, and KCC segments. MFI slippages could throw in negative surprises even on raised street estimates. Thus, monitor MFI slippages and related management commentary. Add to this, Q3 may be characterized by softer recovery trends (as the pipeline has shrunk), which may lead to rising credit costs. A few banks have sold off MFI stress pool, which may lead to some P&L management, which could render some respite.

**Earnings cut imminent for some players:** Based on our earnings expectations for Q3, we find earnings cut imminent for some private banks. Within Elara Banking universe, expect PSU banks to report better earnings than private players, led by lower credit cost, lower NIM impact and normalizing opex.

Within Elara Banking universe, we prune FY25E/26E earnings estimates for IndusInd Bank (by ~24%/8%), for AUBANK (by ~5%/4%) and for Bandhan Bank (by ~12%/5%), respectively. So, factoring in the above and more near-term uncertainty, we cut target multiples for **IndusInd Bank** to 1.3x (from 1.5x), to arrive at a pared TP of INR 1,320 (from INR 1,600) – **Maintain BUY**.

We cut target multiple for AUBANK to 2.3x (from 2.5x), to arrive at a TP of INR 650 (from INR 680) – We **upgrade AUBANK to BUY from Accumulate** (given that the stock has corrected >20% in the past three months; elongated pain could pose a risk to the call).

We also pare target multiple for **Bandhan Bank** to 1.1x (from 1.2x), to arrive at a pared TP of INR 200 (from INR 220) – **Maintain BUY**. Risk reward is sharply tilted towards frontline private banks with strong earnings resilience and reasonable valuation. The valuations of mid-tier private banks show that valuations are rather full, and a re-rating hereon may be slow. Within the PSU basket, we continue to prefer SBI as a top pick.

### Price performance

(%)	3M	6M	12M
Nifty	(8.4)	(1.5)	8.8
HDFC Bank	2.4	5.3	3.7
Federal Bank	1.7	12.8	28.1
AU Small Finance Bank	(24.5)	(16.8)	(29.0)
IndusInd Bank	(33.7)	(34.4)	(40.0)
Axis Bank	(13.6)	(15.9)	(3.4)
ICICI Bank	0.7	6.8	28.6
Kotak Mahindra Bank	(3.7)	(0.9)	(6.4)
Bandhan Bank	(20.0)	(21.9)	(34.1)
Punjab National Bank	(4.1)	(16.6)	7.3
State Bank of India	0.9	(6.4)	23.8
Bank of Baroda	(2.9)	(12.7)	4.1
City Union Bank	5.1	3.5	16.0
Karur Vysya Bank	1.2	5.0	28.6
DCB Bank	(1.4)	(12.3)	(8.9)

Source: Bloomberg

### Prakhar Agarwal

Banking & Financials  
+91 22 6164 8502  
prakhar.agarwal@elaracapital.com

Associate  
Kartik Solanki  
Palak Shah



**Exhibit 1: Elara Banking universe – Changes in target price and rating**

Bank (BBG code)	Market cap (INR bn)	CMP (INR)	Upside/ (downside) (%)	TP (INR)		Rating		Rationale
				Revised	Old	Revised	Old	
IIB	748	960	37.0	1,320	1,600	Buy	Buy	The pain in the MFI book has been much sharper feeding into earnings cut. That said, the stock has already corrected >25% in the past two months. While near-term pain persists (softer earnings and management overhang), we see favourable risk reward in the long term. Even assigning 1.3x P/BV for RoA/RoE potential of 1.7%/13-14% for FY27 renders fair upside. Maintain BUY.
AUBANK	416	559	16.0	650	680	Buy	Accumulate	The challenges in MFI and credit card book would render softer near-term earnings. That said, outlook may improve materially from Q1FY26. The correction of >20% in three months renders risk reward favorable. Thus, we <b>upgrade to BUY</b> .
BANDHAN	256	159	26.0	200	220	Buy	Buy	The challenges in MFI book will again percolate into earnings cut for FY25. The stock will see some near-term vulnerability. But valuations at 0.9x FY26E P/BV render risk reward favourable. Maintain BUY.

Source: Company, Elara Securities Estimate

**Exhibit 2: Change in annual estimates**

Particulars (INR mn)	Revised estimates			Previous estimates			Change (%)		
	FY25E	FY26E	FY27E	FY25E	FY26E	FY27E	FY25E	FY26E	FY27E
<b>IIB</b>									
NII	214,453	243,812	280,913	226,947	260,731	300,387	(5.5)	(6.5)	(6.5)
PPOP	152,935	177,429	205,572	165,429	191,224	221,518	(7.6)	(7.2)	(7.2)
PAT	63,950	96,824	113,029	84,587	105,455	122,140	(24.4)	(8.2)	(7.5)
<b>AUBANK</b>									
NII	80,817	100,277	121,077	81,959	102,709	124,089	(1.4)	(2.4)	(2.4)
PPOP	41,970	52,424	63,722	41,626	53,258	64,780	0.8	(1.6)	(1.6)
PAT	19,608	27,327	34,555	20,534	28,479	35,061	(4.5)	(4.0)	(1.4)
<b>BANDHAN</b>									
NII	112,947	131,262	151,003	115,621	133,941	153,395	(2.3)	(2.0)	(1.6)
PPOP	72,598	82,782	95,912	78,474	86,277	99,637	(7.5)	(4.1)	(3.7)
PAT	34,196	41,977	48,066	39,275	44,129	50,287	(12.9)	(4.9)	(4.4)

Source: Company, Elara Securities Estimate

**Exhibit 3: NIM pressure to continue, while credit cost to normalize**

(INR mn)	Q3FY23	Q4FY23	Q1FY24	Q2FY24	Q3FY24	Q4FY24	Q1FY25	Q2FY25	Q3FY25E
NII	1,262,071	1,324,360	1,318,368	1,373,146	1,407,067	1,458,050	1,475,756	1,492,132	1,524,078
Other income	430,707	463,130	455,288	464,277	469,560	648,103	487,924	583,714	529,463
Net revenue	1,692,778	1,787,490	1,773,656	1,837,423	1,876,627	2,106,153	1,963,680	2,075,846	2,053,541
Opex	758,749	850,722	830,897	912,529	928,990	979,431	912,259	950,764	956,856
PPoP	934,029	936,767	942,759	924,894	947,637	1,126,722	1,051,421	1,125,082	1,096,685
Provisions	229,948	157,520	160,963	123,779	201,719	232,398	145,611	171,806	185,748
PBT	704,081	779,248	781,796	801,115	745,918	894,324	905,810	953,276	910,937
PAT	519,705	589,293	578,570	606,748	568,902	716,994	663,255	715,060	675,961
<b>YoY (%)</b>									
NII	25.6	29.2	25.3	18.3	11.5	10.1	11.9	8.7	8.3
Other income	19.3	17.8	84.3	29.1	9.0	39.9	7.2	25.7	12.8
Net revenue	23.9	26.0	36.5	20.9	10.9	17.8	10.7	13.0	9.4
Opex	18.1	27.9	27.4	28.7	22.4	15.1	9.8	4.2	3.0
PPoP	29.1	24.4	45.8	14.1	1.5	20.3	11.5	21.6	15.7
Provisions	3.9	(31.2)	(10.7)	(32.1)	(12.3)	47.5	(9.5)	38.8	(7.9)
PBT	40.2	48.7	67.6	27.5	5.9	14.8	15.9	19.0	22.1
PAT	39.2	48.3	66.5	29.8	9.5	21.7	14.6	17.9	18.8
<b>QoQ (%)</b>									
NII	8.8	4.9	(0.5)	4.2	2.5	3.6	1.2	1.1	2.1
Other income	19.8	7.5	(1.7)	2.0	1.1	38.0	(24.7)	19.6	(9.3)
Net revenue	11.4	5.6	(0.8)	3.6	2.1	12.2	(6.8)	5.7	(1.1)
Opex	7.0	12.1	(2.3)	9.8	1.8	5.4	(6.9)	4.2	0.6
PPoP	15.2	0.3	0.6	(1.9)	2.5	18.9	(6.7)	7.0	(2.5)
Provisions	26.1	(31.5)	2.2	(23.1)	63.0	15.2	(37.3)	18.0	8.1
PBT	12.1	10.7	0.3	2.5	(6.9)	19.9	1.3	5.2	(4.4)
PAT	11.2	13.4	(1.8)	4.9	(6.2)	26.0	(7.5)	7.8	(5.5)

Source: Company, Elara Securities Estimate

**Exhibit 4: Softer growth and lower NIMs to impact core profitability**

(INR mn)	NII					PpoP					PAT				
	Q3FY25E	Q3FY24	YoY (%)	Q2FY25	QoQ (%)	Q3FY25E	Q3FY24	YoY (%)	Q2FY25	QoQ (%)	Q3FY25E	Q3FY24	YoY (%)	Q2FY25	QoQ (%)
AXSB	137,098	125,322	9.4	134,832	1.7	103,453	91,412	13.2	107,125	(3.4)	62,364	60,711	2.7	69,176	(9.8)
ICICI	205,459	186,786	10.0	200,480	2.5	169,960	147,236	15.4	167,232	1.6	114,460	102,715	11.4	117,459	(2.6)
HDFCB	308,876	284,713	8.5	301,139	2.6	253,727	236,473	7.3	247,057	2.7	167,458	163,725	2.3	168,209	(0.4)
KMB	71,755	65,535	9.5	70,196	2.2	51,973	45,662	13.8	50,993	1.9	33,286	30,050	10.8	33,437	(0.5)
IIB	52,804	52,956	(0.3)	53,473	(1.3)	35,597	40,023	(11.1)	35,918	(0.9)	10,923	22,979	(52.5)	13,255	(17.6)
<b>Large pvt. banks</b>	<b>775,991</b>	<b>715,312</b>	<b>8.5</b>	<b>760,119</b>	<b>2.1</b>	<b>614,711</b>	<b>560,807</b>	<b>9.6</b>	<b>608,324</b>	<b>1.0</b>	<b>388,492</b>	<b>380,181</b>	<b>2.2</b>	<b>401,536</b>	<b>(3.2)</b>
BANDHAN	28,919	25,254	14.5	29,483	(1.9)	17,407	16,553	5.2	18,551	(6.2)	6,665	7,327	(9.0)	9,374	(28.9)
AUBANK	19,824	13,249	49.6	19,744	0.4	11,014	6,571	67.6	11,318	(2.7)	4,997	3,752	33.2	5,712	(12.5)
FB	23,744	21,234	11.8	23,672	0.3	15,263	14,373	6.2	15,654	(2.5)	10,006	10,067	(0.6)	10,567	(5.3)
KVB	10,816	10,013	8.0	10,600	2.0	7,667	6,759	13.4	8,162	(6.1)	4,545	4,116	10.4	4,736	(4.0)
DCBB	5,278	4,740	11.4	5,092	3.7	2,380	2,115	12.5	2,551	(6.7)	1,448	1,266	14.4	1,555	(6.9)
CUBK	5,892	5,159	14.2	5,825	1.1	4,011	3,640	10.2	4,282	(6.3)	2,653	2,530	4.8	2,852	(7.0)
<b>Mid-sized banks</b>	<b>94,473</b>	<b>79,648</b>	<b>18.6</b>	<b>94,415</b>	<b>0.1</b>	<b>57,742</b>	<b>50,012</b>	<b>15.5</b>	<b>60,518</b>	<b>(4.6)</b>	<b>30,315</b>	<b>29,059</b>	<b>4.3</b>	<b>34,796</b>	<b>(12.9)</b>
SBIN	425,193	398,157	6.8	416,195	2.2	274,413	203,361	34.9	292,937	(6.3)	166,181	91,640	81.3	183,314	(9.3)
BoB	118,197	111,013	6.5	116,221	1.7	80,207	70,151	14.3	94,770	(15.4)	47,881	45,793	4.6	52,379	(8.6)
PNB	110,211	102,928	7.1	105,167	4.8	69,613	63,307	10.0	68,533	1.6	43,092	22,228	93.9	43,035	0.1
<b>PSUs</b>	<b>653,602</b>	<b>612,099</b>	<b>6.8</b>	<b>637,583</b>	<b>2.5</b>	<b>424,233</b>	<b>336,819</b>	<b>26.0</b>	<b>456,241</b>	<b>(7.0)</b>	<b>257,154</b>	<b>159,661</b>	<b>61.1</b>	<b>278,728</b>	<b>(7.7)</b>
<b>Total</b>	<b>1,524,066</b>	<b>1,407,058</b>	<b>8.3</b>	<b>1,492,117</b>	<b>2.1</b>	<b>1,096,685</b>	<b>947,637</b>	<b>15.7</b>	<b>1,125,082</b>	<b>(2.5)</b>	<b>675,961</b>	<b>568,902</b>	<b>18.8</b>	<b>715,060</b>	<b>(5.5)</b>

Source: Company, Elara Securities Estimate

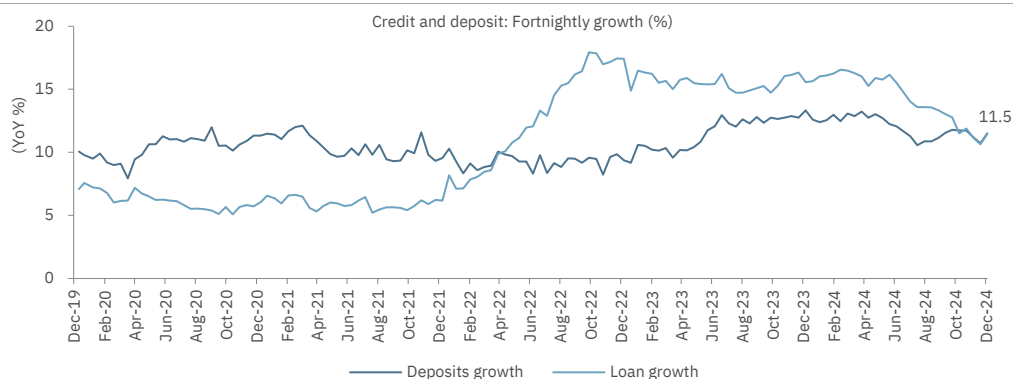
**Credit growth softening while converging with deposit growth**

The recent RBI report on the banking system states a credit growth of 11.5% YoY – lower than our estimates (on YTD basis). Considering various segments, the growth has softened across segments, with growth for Retail loans at sub-15% YoY, for Services at sub-14% YoY, for Agriculture at 15.5% YoY, and for Industry at sub-8% YoY, remaining elusive.

Industry growth remained soft at sub-10% YoY, with most of the growth supported by micro and medium segments even as growth for large industries remained muted. We remain watchful of this development as the corporate capex cycle is yet to pick pace. We expect large industry credit growth to improve once the private capex cycle picks up, which seems still some time away.

Retail growth momentum has softened from +20% levels to sub-15% now, as an aftereffect of RBI regulations on unsecured loans. While growth at the margin has come down in the unsecured segment, growth in some other segments viz., gold loans was sharp at >50% YoY (but on a lower base).

**Exhibit 5: Credit growth softer at sub-12%, converging with deposit growth**



Source: RBI, Elara Securities Research

## Exhibit 6: Growth softens across segments

Sectoral credit	(INR bn)									Share (%)		MoM growth (%)	
	Apr-24	May-24	Jun-24	Jul-24	Aug-24	Sep-24	Oct-24	Nov-24	Jun-24	Nov-24	Jun-24	Nov-24	
<b>Non-food credit</b>	<b>164,762</b>	<b>167,412</b>	<b>168,469</b>	<b>168,148</b>	<b>169,208</b>	<b>171,054</b>	<b>172,196</b>	<b>174,579</b>	<b>100.0</b>	<b>100.0</b>	<b>0.6</b>	<b>1.4</b>	
<b>Agriculture</b>	<b>21,140</b>	<b>21,390</b>	<b>21,596</b>	<b>21,560</b>	<b>21,606</b>	<b>21,673</b>	<b>22,053</b>	<b>22,235</b>	<b>12.8</b>	<b>12.7</b>	<b>1.0</b>	<b>0.8</b>	
<b>Industry</b>	<b>36,571</b>	<b>37,032</b>	<b>37,282</b>	<b>37,221</b>	<b>37,562</b>	<b>38,016</b>	<b>37,743</b>	<b>38,131</b>	<b>22.1</b>	<b>21.8</b>	<b>0.7</b>	<b>1.0</b>	
- Micro & Small	7,330	7,364	7,316	7,299	7,437	7,508	7,498	7,573	4.3	4.3	(0.6)	1.0	
- Medium	3,094	3,134	3,163	3,173	3,247	3,344	3,358	3,405	1.9	2.0	0.9	1.4	
- Large	26,147	26,534	26,802	26,749	26,877	27,164	26,886	27,153	15.9	15.6	1.0	1.0	
<b>Services</b>	<b>45,936</b>	<b>46,813</b>	<b>47,071</b>	<b>46,046</b>	<b>46,436</b>	<b>47,370</b>	<b>47,849</b>	<b>48,539</b>	<b>27.9</b>	<b>27.8</b>	<b>0.5</b>	<b>1.4</b>	
-Wholesale trade (other than food procurement)	5,376	5,560	5,576	5,451	5,533	5,672	5,712	5,685	3.3	3.3	0.3	-0.5	
-Commercial real estate	4,463	4,791	4,833	4,845	4,948	4,973	5,077	5,149	2.9	2.9	0.9	1.4	
-NBFCs	15,547	15,681	15,555	15,289	15,222	15,290	15,367	15,753	9.2	9.0	(0.8)	2.5	
<b>Retail credit</b>	<b>53,629</b>	<b>54,566</b>	<b>54,861</b>	<b>55,298</b>	<b>55,555</b>	<b>55,967</b>	<b>56,475</b>	<b>57,349</b>	<b>32.6</b>	<b>32.8</b>	<b>0.5</b>	<b>1.5</b>	
-Mortgages	27,441	27,866	27,986	28,101	28,332	28,455	28,718	29,087	16.6	16.7	0.4	1.3	
-Vehicle loans	5,940	6,023	6,038	6,186	6,108	6,172	6,164	6,056	3.6	3.5	0.3	-1.8	
-Credit card	2,596	2,680	2,730	2,756	2,766	2,718	2,814	2,890	1.6	1.7	1.9	2.7	
-Other retail	13,904	14,046	14,049	14,155	14,125	14,270	14,330	14,712	8.3	8.4	0.0	2.7	

Source: RBI, Elara Securities Research

## Exhibit 7: Elara Banking universe – We expect moderation in credit growth

(INR mn)	Loan book (INR bn)					QoQ (%)					YoY (%)				
	Q3FY24	Q4FY24	Q1FY25	Q2FY25	Q3FY25E	Q3FY24	Q4FY24	Q1FY25	Q2FY25	Q3FY25E	Q3FY24	Q4FY24	Q1FY25	Q2FY25	Q3FY25E
HDFCB	24,461	24,849	24,635	24,951	25,450	4.9	1.6	(0.9)	1.3	2.0	62.3	55.2	52.5	7.0	4.0
ICICIBC	11,538	11,844	12,232	12,772	13,219	3.9	2.7	3.3	4.4	3.5	18.5	16.2	15.7	15.0	14.6
AXSB	9,323	9,651	9,801	10,000	10,267	3.9	3.5	1.6	2.0	2.7	22.3	14.2	14.2	11.4	10.1
KMB	3,596	3,761	3,900	3,995	4,151	3.2	4.6	3.7	2.5	3.9	15.7	17.6	18.7	14.7	15.4
IIB	3,271	3,433	3,479	3,572	3,614	3.7	5.0	1.3	2.7	1.2	19.9	18.4	15.5	13.2	10.5
<b>Large pvt. banks</b>	<b>52,188</b>	<b>53,537</b>	<b>54,046</b>	<b>55,290</b>	<b>56,702</b>	<b>4.3</b>	<b>2.6</b>	<b>1.0</b>	<b>2.3</b>	<b>2.6</b>	<b>36.4</b>	<b>31.4</b>	<b>29.9</b>	<b>10.5</b>	<b>8.6</b>
BANDHAN	1,159	1,247	1,256	1,307	1,326	7.7	7.6	0.7	4.0	1.5	18.6	14.3	21.8	21.4	14.4
AUBANK	667	732	897	948	991	4.0	9.6	22.5	5.8	4.5	20.0	25.2	42.6	47.8	48.5
FB	1,992	2,094	2,208	2,303	2,314	3.3	5.1	5.4	4.3	0.5	18.4	20.0	20.3	19.4	16.2
KVB	727	744	777	803	820	3.2	2.4	4.4	3.3	2.1	17.1	16.0	16.1	14.0	12.8
DCBB	390	409	422	445	463	4.5	5.1	3.1	5.4	4.1	18.2	19.0	18.9	19.3	18.9
CUBK	440	465	465	487	492	0.8	5.6	0.1	4.7	1.0	2.3	5.7	9.8	11.5	11.8
<b>Mid-sized banks</b>	<b>5,375</b>	<b>5,691</b>	<b>6,025</b>	<b>6,293</b>	<b>6,406</b>	<b>4.2</b>	<b>5.9</b>	<b>5.9</b>	<b>4.4</b>	<b>1.8</b>	<b>17.0</b>	<b>17.5</b>	<b>21.9</b>	<b>21.9</b>	<b>19.2</b>
SBIN	35,195	37,040	37,491	38,574	40,040	5.2	5.2	1.2	2.9	3.8	15.1	15.8	15.9	15.3	13.8
BoB	10,241	10,658	10,479	11,212	11,481	2.6	4.1	(1.7)	7.0	2.4	15.0	13.3	8.8	12.3	12.1
PNB	9,164	9,344	9,840	10,196	10,461	3.0	2.0	5.3	3.6	2.6	14.5	12.5	13.9	14.6	14.1
<b>PSUs</b>	<b>54,601</b>	<b>57,042</b>	<b>57,811</b>	<b>59,982</b>	<b>61,982</b>	<b>4.3</b>	<b>4.5</b>	<b>1.3</b>	<b>3.8</b>	<b>3.3</b>	<b>15.0</b>	<b>14.7</b>	<b>14.2</b>	<b>14.6</b>	<b>13.5</b>
<b>Total</b>	<b>112,164</b>	<b>116,270</b>	<b>117,882</b>	<b>121,565</b>	<b>125,090</b>	<b>4.3</b>	<b>3.7</b>	<b>1.4</b>	<b>3.1</b>	<b>2.9</b>	<b>24.1</b>	<b>22.0</b>	<b>21.3</b>	<b>13.1</b>	<b>11.5</b>

Source: Company, Elara Securities Estimate

**Credit-deposit growth gap converges**

The RBI has pointed towards softer credit accretion (per most-recent print) – Credit growth of 11.5% YoY converging with deposit growth (at 11.5% YoY).

As regards credit growth, there are a few aspects to monitor: CD ratio, nudge by the regulator as regards CD and deposit growth (key challenges). Credit growth may remain soft, as has been seen in earlier instances. Given that the RBI has raised concerns about the high CD ratios, PSU banks may be better off than private banks as the former operate at 70-75% levels compared with 85-90% for the latter.

The LCR has decreased for most banks, indicating limited levers for the banks. With private banks' LCR in the range of 110-130%, these have limited headroom for allocation of surplus liquidity compared with PSU banks with higher LCR for utilization to support margin. While there are some banks that can utilize excess SLR, an uptick in deposit growth will be a key monitorable in the near term, in our view.

**Exhibit 8: Credit-deposit growth gap converges**

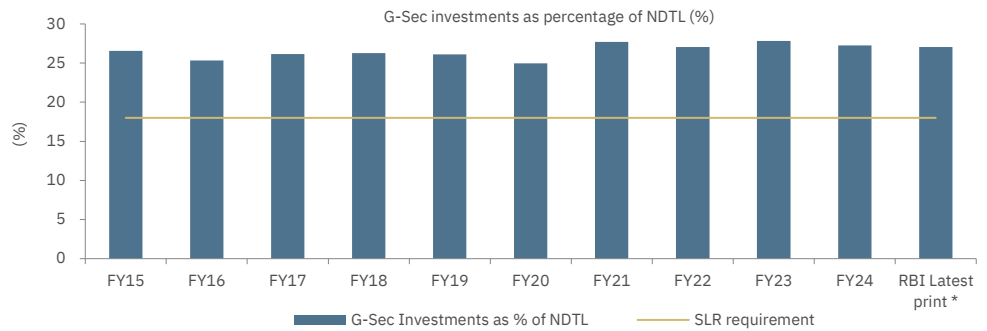
FY (INR bn)	Deposits	Credit	Deposits YoY (%)	Credit YoY (%)
FY14	77,394	60,131		
FY15	85,856	65,647	10.9	9.2
FY16	93,787	72,777	9.2	10.9
FY17	108,052	78,819	15.2	8.3
FY18	114,750	86,507	6.2	9.8
FY19	125,726	97,674	9.6	12.9
FY20	135,710	103,719	7.9	6.2
FY21	151,132	109,516	11.4	5.6
FY22	164,653	118,913	8.9	8.6
FY23	180,439	136,752	9.6	15.0
FY24	203,670	159,015	12.9	16.3
RBI latest print *	220,677	175,877	11.5	11.5

Note: \*as on 13-Dec-24, Source: RBI, Elara Securities Research

**Exhibit 9: Incremental CD ratio falls below 80%**

	CD ratio (%)	Incremental CD ratio (%)
FY14	77.7	
FY15	76.5	65.2
FY16	77.6	89.9
FY17	72.9	42.4
FY18	75.4	114.8
FY19	77.7	101.7
FY20	76.4	60.5
FY21	72.5	37.6
FY22	72.2	69.5
FY23	75.8	113.0
FY24	78.1	95.8
RBI latest print *	79.7	79.4

Note: \*as on 13-Dec-24, Source: RBI, Elara Securities Research

**Exhibit 10: Excess systemic SLR offers banks some leeway, as we monitor incremental funding gap**

Note: \*As on 13-Dec-24, Source: RBI, Elara Securities Research

**Exhibit 11: High liquidity buffers for PSU banks; LCR of large private banks in 110-130% range**

Coverage (Q2FY25)	LCR ratio (%)	Retail deposits as per LCR (%)	CD ratio (%)
HDFCB*	127.7	58.6	99.4
ICICIBC	120.7	57.1	84.9
AXSB	114.9	56.6	91.9
KMB	135.9	54.9	86.5
IIB	118.1	42.1	85.4
BANDHAN	150.6	52.6	91.7
AUBANK	111.9	52.4	86.0
FB	127.8	70.5	85.5
KVB	208.6	63.1	83.0
DCBB	120.7	61.2	81.0
CUBK	116.4	67.0	84.2
SBI	130.0	67.4	77.4
BoB	120.6	65.5	83.1
PNB	129.2	60.7	70.2

Note: \*Includes merger impact; Source: Company, Elara Securities Research

**Exhibit 12: Deposit growth, a challenge**

(INR mn)	Deposits (INR bn)					QoQ (%)					YoY (%)				
	Q3FY24	Q4FY24	Q1FY25	Q2FY25	Q3FY25E	Q3FY24	Q4FY24	Q1FY25	Q2FY25	Q3FY25E	Q3FY24	Q4FY24	Q1FY25	Q2FY25	Q3FY25E
HDFCB	22,140	23,798	23,791	25,001	25,601	1.9	7.5	(0.0)	5.1	2.4	27.7	26.4	24.4	15.1	15.6
ICICIBC	13,323	14,128	14,261	14,978	15,577	2.9	6.0	0.9	5.0	4.0	18.7	19.6	15.1	15.7	16.9
AXSB	10,049	10,686	10,625	10,867	11,172	5.2	6.3	(0.6)	2.3	2.8	18.5	12.9	12.8	13.7	11.2
KMB	4,086	4,490	4,474	4,615	4,799	1.9	9.9	(0.3)	3.1	4.0	18.6	23.6	15.8	15.1	17.4
IIB	3,688	3,848	3,985	4,127	4,230	2.6	4.3	3.6	3.6	2.5	13.4	14.4	14.8	14.8	14.7
<b>Large pvt. banks</b>	<b>53,286</b>	<b>56,950</b>	<b>57,136</b>	<b>59,587</b>	<b>61,378</b>	<b>2.8</b>	<b>6.9</b>	<b>0.3</b>	<b>4.3</b>	<b>3.0</b>	<b>21.8</b>	<b>20.9</b>	<b>18.4</b>	<b>15.0</b>	<b>15.2</b>
BANDHAN	1,174	1,352	1,332	1,425	1,446	4.8	15.1	(1.5)	7.0	1.5	14.8	25.1	22.8	27.2	23.2
AUBANK	801	872	973	1,097	1,152	5.8	8.8	11.6	12.7	5.0	31.1	25.7	40.4	44.8	43.8
FB	2,396	2,525	2,661	2,691	2,706	2.9	5.4	5.4	1.1	0.6	19.0	18.3	19.6	15.6	13.0
KVB	857	891	923	958	988	3.1	4.0	3.6	3.8	3.1	12.5	16.3	14.4	15.4	15.4
DCBB	471	494	517	545	572	3.6	4.7	4.7	5.5	4.8	19.3	19.7	20.2	19.9	21.3
CUBK	527	557	549	574	585	0.0	5.6	(1.4)	4.6	1.9	5.5	6.2	6.2	8.8	10.9
<b>Mid-sized banks</b>	<b>6,226</b>	<b>6,690</b>	<b>6,955</b>	<b>7,290</b>	<b>7,449</b>	<b>3.4</b>	<b>7.5</b>	<b>3.9</b>	<b>4.8</b>	<b>2.2</b>	<b>17.4</b>	<b>19.2</b>	<b>20.8</b>	<b>21.1</b>	<b>19.6</b>
SBIN	47,622	49,161	49,017	51,173	51,736	1.6	3.2	(0.3)	4.4	1.1	13.0	11.1	8.2	9.1	8.6
BoB	12,453	13,270	13,070	13,635	13,816	(0.3)	6.6	(1.5)	4.3	1.3	8.3	10.2	8.9	9.1	10.9
PNB	13,235	13,697	14,082	14,583	14,904	1.0	3.5	2.8	3.6	2.2	9.3	6.9	8.5	11.3	12.6
<b>PSUs</b>	<b>73,310</b>	<b>76,127</b>	<b>76,170</b>	<b>79,391</b>	<b>80,456</b>	<b>1.1</b>	<b>3.8</b>	<b>0.1</b>	<b>4.2</b>	<b>1.3</b>	<b>11.5</b>	<b>10.2</b>	<b>8.4</b>	<b>9.5</b>	<b>9.7</b>
<b>Total</b>	<b>132,823</b>	<b>139,768</b>	<b>140,261</b>	<b>146,269</b>	<b>149,283</b>	<b>1.9</b>	<b>5.2</b>	<b>0.4</b>	<b>4.3</b>	<b>2.1</b>	<b>15.7</b>	<b>14.7</b>	<b>12.8</b>	<b>12.2</b>	<b>12.4</b>

Source: Company, Elara Securities Estimate

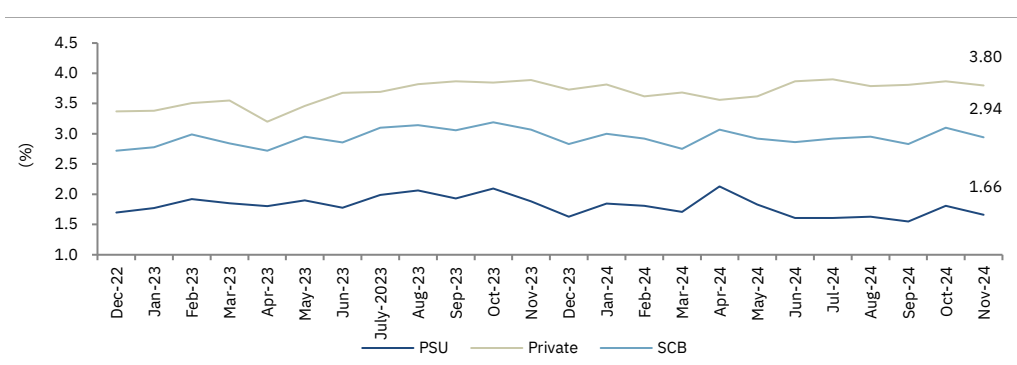
**Growth-NIM conundrum – Strain to sustain**

The latest print by the RBI does indicate further decline in incremental spread. Delving deeper, the impact seems to stem more from the funding cost rise than pressure on lending yield.

Given the liquidity position, funding cost remains a challenge for most lenders. In terms of the recent rate changes, large banks, Axis Bank, IndusInd Bank and Canara Bank have raised rates in the 1-3-year bucket in December also, the impact of which may be visible in the ensuing months. The persistent rise in deposit rates indicates a strain on deposit mobilization and funding cost challenges may persist in the near term.

Given higher competition, we see the growth-NIM conundrum continuing. With the change in composition of the book – +84% of the floating rate book linked with EBLR for private banks (versus sub-50% three years ago), the turning rate tables, and consequent impact become more relevant. In this context, the proportion of the floating book linked to EBLR is lower for PSU banks at sub-41%, which may benefit during the onset of the new rate cycle.

**Exhibit 13: Incremental spread has declined**



Source: RBI, Elara Securities Research

**Exhibit 14: PSU banks have raised MCLR rates, cushioning the impact**

MCLR rates (%)	One-year tenure						
	Dec'23	Mar'24	Nov'24	Dec'24	MoM (bps)	YTD (bps)	YoY (bps)
<b>Large private banks</b>							
HDFC Bank	9.20	9.30	9.45	9.45	-	15	25
ICICI Bank	9.00	9.10	9.10	9.10	-	-	10
Axis Bank	9.25	9.30	9.35	9.45	10	15	20
Kotak Mahindra Bank	9.35	9.45	9.55	9.55	-	10	20
IndusInd Bank	10.35	10.40	10.55	10.55	-	15	20
<b>Other private banks</b>							
Bandhan Bank	11.27	11.36	11.80	11.90	10	54	63
Federal Bank	9.60	9.70	9.80	9.80	-	10	20
IDFC First Bank	10.25	10.40	10.45	10.50	5	10	25
RBL Bank	10.20	10.30	10.55	10.45	(10)	15	25
Yes Bank	10.50	10.60	10.60	10.60	-	-	10
Karur Vysya Bank	9.85	10.00	10.00	10.00	-	-	15
DCB Bank	10.81	10.57	10.63	10.60	(3)	3	(21)
City Union Bank	8.25	8.35	9.00	9.00	-	65	75
<b>Small finance banks</b>							
AU Small Finance Bank	11.85	11.90	12.45	12.50	5	60	65
<b>Public sector banks</b>							
State Bank of India	8.65	8.65	9.00	9.00	-	35	35
Bank of Baroda	8.75	8.80	9.00	9.00	-	20	25
Punjab National Bank	8.65	8.80	8.95	9.00	5	20	35
Canara Bank	8.80	8.90	9.05	9.10	5	20	30

Source: RBI, Elara Securities Research

Exhibit 15: Retail – TD hikes (1–3-year bucket) – Frontline banks have raised rates in the recent months

Banks	BBG code	Retail term deposits – Max (1-3 year) (%)					Wholesale term deposits – Max (up to 1 year) (%)				
		Dec'23	Nov'24	Dec'24	MoM (bps)	YoY (bps)	Dec'23	Nov'24	Dec'24	MoM (bps)	YoY (bps)
<b>Large private banks</b>											
HDFC Bank	HDFCB	7.00	7.35	7.35	-	35	6.75	6.75	6.85	10	10
ICICI Bank	ICICIBC	7.00	7.25	7.25	-	25	6.85	7.00	7.00	-	15
Axis Bank	AXSB	6.90	7.20	7.25	5	35	6.85	6.85	6.85	-	-
Kotak Mahindra Bank	KMB	7.18	7.40	7.40	-	23	7.00	7.00	7.00	-	-
IndusInd Bank	IIB	7.25	7.75	7.99	24	74	7.10	7.25	7.25	-	15
<b>Other private banks</b>											
Bandhan Bank	BANDHAN	7.25	7.25	7.25	-	-	7.90	7.90	7.50	(40)	(40)
Federal Bank	FB	7.30	7.40	7.40	-	10	7.80	7.65	7.65	-	(15)
IDFC First Bank	IDFCB	7.25	7.75	7.90	15	65	7.40	7.80	7.85	5	45
RBL Bank	RBL	7.80	8.10	8.00	(10)	20	NA	7.80	7.80	-	NA
Yes Bank	YES	7.50	7.50	7.50	-	-	7.50	7.70	7.70	-	20
Karur Vysya Bank	KVB	7.00	7.00	7.00	-	-	7.25	7.25	7.25	-	-
DCB Bank	DCBB	7.58	8.05	8.05	-	48	6.75	6.75	7.40	65	NA
City Union Bank	CUBK	6.75	7.25	7.25	-	50	7.10	-	-	-	NA
<b>Small finance banks</b>											
AU Small Finance Bank	AUSFB	7.63	8.00	8.00	-	38	NA	NA	NA	NA	NA
<b>Public sector banks</b>											
State Bank of India	SBIN	6.90	7.00	7.00	-	10	6.75	6.75	6.75	-	-
Bank of Baroda	BOB	6.75	7.15	7.15	-	40	7.25	7.45	7.45	-	20
Punjab National Bank	PNB	6.90	7.25	7.25	-	35	7.00	7.00	7.50	50	50
Canara Bank	CBK	6.85	7.25	7.30	5	NA	7.40	7.65	7.65	-	NA

Source: Company, Elara Securities Research

Exhibit 16: Higher proportion of EBLR loans for private banks could impact turning rate tables

Month	SCB (%)			
	Base rate	MCLR	EBLR	Others
Dec-20	8.1	65.4	24.6	1.9
Mar-21	6.4	62.3	29.5	1.8
Jun-21	6.2	58.9	33.1	1.8
Sep-21	5.9	56.5	35.8	1.8
Dec-21	5.4	53.6	39.3	1.7
Mar-22	4.8	48.7	44.0	2.5
Jun-22	4.3	46.5	46.9	2.3
Sep-22	3.8	46.5	47.6	2.1
Dec-22	3.4	46.1	48.3	2.2
Mar-23	3.1	45.4	49.6	1.9
Jun-23	2.9	44.8	50.2	2.1
Sep-23	2.5	40.1	55.5	1.9
Dec-23	2.4	38.8	56.9	1.9
Mar-24	2.2	39.2	56.6	2.0
Jun-24	1.8	38.6	57.5	2.1

Source: RBI, Elara Securities Research



**Exhibit 17: NIM pressure to sustain in the near term**

NIMs	Q3FY23	Q4FY23	Q1FY24	Q2FY24	Q3FY24	Q4FY24	Q1FY25	Q2FY25	Q3FY25E
HDFCB	4.10	4.10	4.10	3.40	3.40	3.44	3.47	3.46	3.45
ICICIBC	4.65	4.90	4.78	4.53	4.43	4.40	4.36	4.27	4.24
AXSB	4.26	4.22	4.10	4.11	4.01	4.06	4.05	3.99	3.95
KMB	4.48	4.48	4.48	4.48	4.48	4.48	4.48	4.48	4.43
IIB	4.27	4.28	4.29	4.29	4.29	4.26	4.25	4.08	3.93
BANDHAN	6.50	7.30	7.30	7.20	7.20	7.60	7.60	7.40	7.20
AUBANK	6.20	6.10	5.70	5.50	5.50	5.10	6.00	6.10	6.02
FB	3.27	3.22	2.90	3.12	2.96	3.20	2.97	2.91	2.88
KVB	4.32	4.37	4.19	4.07	4.32	4.19	4.13	4.11	4.06
DCBB	4.02	4.18	3.83	3.69	3.48	3.62	3.39	3.27	3.21
CUBK	3.88	3.65	3.67	3.74	3.50	3.66	3.54	3.67	3.64
SBI	3.50	3.60	3.33	3.29	3.22	3.30	3.22	3.14	3.13
BoB	3.37	3.53	3.27	3.07	3.10	3.27	3.18	3.10	3.07
PNB	3.16	3.24	3.08	3.11	3.15	3.10	3.07	2.92	2.95

Source: Company, Elara Securities Estimate

**Exhibit 18: Softer growth and NIM strain to feed into lower NII growth**

(INR mn)	NII (INR mn)					QoQ (%)					YoY (%)				
	Q3FY24	Q4FY24	Q1FY25	Q2FY25	Q3FY25E	Q3FY24	Q4FY24	Q1FY25	Q2FY25	Q3FY25E	Q3FY24	Q4FY24	Q1FY25	Q2FY25	Q3FY25E
HDFCB	284,713	290,768	298,371	301,139	308,876	4.0	2.1	2.6	0.9	2.6	23.9	24.5	26.4	10.0	8.5
ICICIBC	186,786	190,928	195,529	200,480	205,459	2.0	2.2	2.4	2.5	2.5	13.4	8.1	7.3	9.5	10.0
AXSB	125,322	130,890	134,482	134,832	137,098	1.8	4.4	2.7	0.3	1.7	9.4	11.5	12.5	9.5	9.4
KMB	65,535	69,094	68,424	70,196	71,755	4.1	5.4	(1.0)	2.6	2.2	15.9	13.2	9.8	11.5	9.5
IIB	52,956	53,764	54,076	53,473	52,804	4.3	1.5	0.6	(1.1)	(1.3)	17.8	15.1	11.1	5.3	(0.3)
<b>Large pvt. banks</b>	<b>715,312</b>	<b>735,444</b>	<b>750,882</b>	<b>760,119</b>	<b>775,991</b>	<b>3.1</b>	<b>2.8</b>	<b>2.1</b>	<b>1.2</b>	<b>2.1</b>	<b>17.1</b>	<b>15.8</b>	<b>15.7</b>	<b>9.6</b>	<b>8.5</b>
BANDHAN	25,254	28,663	30,050	29,483	28,919	3.4	13.5	4.8	(1.9)	(1.9)	21.4	16.0	20.7	20.7	14.5
AUBANK	13,249	13,370	19,206	19,744	19,824	6.1	0.9	43.6	2.8	0.4	14.9	10.2	54.1	58.1	49.6
FB	21,234	21,951	22,920	23,672	23,744	3.3	3.4	4.4	3.3	0.3	8.5	15.0	19.5	15.1	11.8
KVB	10012.9	9954.6	10243.5	10599.5	10815.89276	9.4	(0.6)	2.9	3.5	2.0	12.6	11.5	14.2	15.8	8.0
DCBB	4739.9	5074.8	4965.8	5091.6	5277.92368	(0.4)	7.1	(2.1)	2.5	3.7	6.3	4.4	5.5	7.0	11.4
CUBK	5159.26	5465.746	5451.699	5824.857	5891.574506	(4.2)	5.9	(0.3)	6.8	1.1	(7.2)	6.3	4.3	8.2	14.2
<b>Mid-sized banks</b>	<b>79,648</b>	<b>84,479</b>	<b>92,837</b>	<b>94,415</b>	<b>94,473</b>	<b>3.7</b>	<b>6.1</b>	<b>9.9</b>	<b>1.7</b>	<b>0.1</b>	<b>12.5</b>	<b>12.8</b>	<b>23.0</b>	<b>23.0</b>	<b>18.6</b>
SBIN	398,157	416,552	411,255	416,195	425,193	0.8	4.6	(1.3)	1.2	2.2	4.6	3.1	5.7	5.4	6.8
BoB	111,013	117,928	116,001	116,221	118,197	2.5	6.2	(1.6)	0.2	1.7	2.6	2.3	5.5	7.3	6.5
PNB	102,928	103,631	104,763	105,167	110,211	3.7	0.7	1.1	0.4	4.8	12.1	9.1	10.2	6.0	7.1
<b>PSUs</b>	<b>612,099</b>	<b>638,111</b>	<b>632,018</b>	<b>637,583</b>	<b>653,602</b>	<b>1.6</b>	<b>4.2</b>	<b>(1.0)</b>	<b>0.9</b>	<b>2.5</b>	<b>5.4</b>	<b>3.9</b>	<b>6.4</b>	<b>5.8</b>	<b>6.8</b>

Source: Company, Elara Securities Estimate

**PSU banks to have earnings cushion from lower opex**

In FY24, PSU banks witnessed a high-cost structure as the banks absorbed the impact of a hike in pension and wages. With the impact largely borne, FY25 will mark lower opex, which will cushion any impact on earnings. Meanwhile, we see the opex to be rather sticky for private banks as these continue to invest in franchise and digital resilience, with limited scope for improvement. For Q3, we generally see higher business momentum for some retail product segments, which entails some rise in opex (on QoQ basis) and this trend will likely sustain.

## Exhibit 19: Cost-to-income ratio – Not much room available for private peers

(%)	Cost-to-income ratio (%)					Cost-to-asset (%)				
	Q3FY24	Q4FY24	Q1FY25	Q2FY25	Q3FY25E	Q3FY24	Q4FY24	Q1FY25	Q2FY25	Q3FY25E
HDFCB	40.3	38.0	41.0	40.6	40.4	1.8	2.0	1.9	1.8	1.8
ICICIBC	40.6	39.2	39.7	38.6	38.7	2.3	2.1	2.2	2.1	2.1
AXSB	49.5	46.9	47.5	47.0	48.1	2.6	2.5	2.5	2.5	2.5
KMB	48.4	44.8	46.2	47.5	47.6	3.1	2.9	3.0	3.0	2.9
IIB	48.0	48.9	50.0	52.3	53.0	3.0	3.0	3.0	2.9	2.9
BANDHAN	46.1	48.4	45.1	47.6	49.6	3.6	3.9	3.7	3.8	3.8
AUBANK	63.0	64.9	59.9	56.7	57.6	4.4	4.5	4.7	4.3	4.1
FB	51.9	62.3	53.2	53.0	53.9	2.1	2.4	2.1	2.1	2.1
KVB	50.3	46.6	47.2	46.7	48.8	2.7	2.9	2.4	2.5	2.5
DCBB	64.6	63.7	67.9	64.3	66.2	2.6	2.6	2.7	2.7	2.6
CUBK	48.6	51.3	49.3	47.1	48.9	2.0	2.1	2.1	2.2	2.1
SBIN	60.3	51.3	49.4	48.5	50.5	2.1	2.0	1.7	1.7	1.7
BoB	49.6	49.3	49.2	43.6	48.0	1.8	2.0	1.8	1.8	1.8
PNB	51.2	56.1	53.3	54.6	51.7	1.7	2.1	1.9	2.0	1.7

Source: Company, Elara Securities Estimate

## Exhibit 20: Opex – Sticky for private banks

(INR mn)	Opex (INR mn)					QoQ (%)					YoY (%)				
	Q3FY24	Q4FY24	Q1FY25	Q2FY25	Q3FY25E	Q3FY24	Q4FY24	Q1FY25	Q2FY25	Q3FY25E	Q3FY24	Q4FY24	Q1FY25	Q2FY25	Q3FY25E
HDFCB	159,611	179,688	166,206	168,909	172,287	3.6	12.6	(7.5)	1.6	2.0	28.1	33.5	18.2	9.7	7.9
ICICIBC	100,520	97,028	105,300	105,015	107,115	2.0	(3.5)	8.5	(0.3)	2.0	22.3	8.7	10.6	6.6	6.6
AXSB	89,457	93,191	91,255	94,926	95,875	2.6	4.2	(2.1)	4.0	1.0	30.6	24.8	10.9	8.9	7.2
KMB	42,843	44,261	45,173	46,046	47,232	7.1	3.3	2.1	1.9	2.6	14.2	21.5	13.9	15.1	10.2
IIB	36,893	38,498	39,222	39,394	40,182	6.1	4.4	1.9	0.4	2.0	27.6	25.5	20.8	13.3	8.9
<b>Large pvt. banks</b>	<b>429,324</b>	<b>452,667</b>	<b>447,156</b>	<b>454,289</b>	<b>462,691</b>	<b>3.6</b>	<b>5.4</b>	<b>(1.2)</b>	<b>1.6</b>	<b>1.8</b>	<b>25.6</b>	<b>23.8</b>	<b>14.6</b>	<b>9.6</b>	<b>7.8</b>
BANDHAN	14,152	17,219	15,917	16,879	17,112	1.1	21.7	(7.6)	6.0	1.4	18.8	31.9	21.2	20.5	20.9
AUBANK	11,175	12,285	14,781	14,806	14,945	8.8	9.9	20.3	0.2	0.9	25.3	26.0	45.6	44.2	33.7
FB	15,486	18,386	17,063	17,658	17,835	5.9	18.7	(7.2)	3.5	1.0	27.3	40.5	26.5	20.7	15.2
KVB	6,832	7,574	6,669	7,157	7,300	10.8	10.9	(12.0)	7.3	2.0	32.0	36.6	14.6	16.1	6.9
DCBB	3,862	4,100	4,342	4,587	4,655	3.7	6.1	5.9	5.6	1.5	11.2	12.5	17.7	23.1	20.5
CUBK	3,448	3,700	3,638	3,806	3,844	3.3	7.3	(1.7)	4.6	1.0	21.9	26.6	21.4	14.0	11.5
<b>Mid-sized banks</b>	<b>54,954</b>	<b>63,264</b>	<b>62,409</b>	<b>64,893</b>	<b>65,691</b>	<b>5.4</b>	<b>15.1</b>	<b>(1.4)</b>	<b>4.0</b>	<b>1.2</b>	<b>23.6</b>	<b>31.8</b>	<b>26.6</b>	<b>24.5</b>	<b>19.5</b>
SBIN	309,386	302,769	258,387	275,964	280,002	0.2	(2.1)	(14.7)	6.8	1.5	27.2	1.8	0.7	(10.6)	(9.5)
BoB	68,967	78,782	69,261	73,265	73,997	(1.2)	14.2	(12.1)	5.8	1.0	12.4	13.9	6.6	4.9	7.3
PNB	66,359	81,950	75,046	82,355	74,475	(1.5)	23.5	(8.4)	9.7	(9.6)	(2.4)	16.2	7.7	22.3	12.2
<b>PSUs</b>	<b>444,712</b>	<b>463,501</b>	<b>402,694</b>	<b>431,583</b>	<b>428,474</b>	<b>(0.3)</b>	<b>4.2</b>	<b>(13.1)</b>	<b>7.2</b>	<b>(0.7)</b>	<b>19.4</b>	<b>6.1</b>	<b>2.9</b>	<b>(3.2)</b>	<b>(3.7)</b>

Source: Company, Elara Securities Estimate

**Asset quality – Watch for impact and commentary on unsecured and MFI segments**

Expect the overall asset quality outcome to be volatile, with challenges in microfinance, unsecured loans and agri slippages (rise given a seasonally soft quarter). We believe MFI slippages could throw in negative surprises even on raised street estimates and thus, monitor MFI slippages and related management commentary. Add to this, Q3 may be characterized by softer recovery trends (as the pipeline has shrunk), which may lead to rising credit costs. A few banks have sold off MFI stress pool, which may lead to some P&L management, which could render some respite.

**Exhibit 21: Slippages may show volatility, recovery and write-offs may cushion impact on GNPLs**

(%)	GNPLs (%)					NNPLs (%)					PCR (%)				
	Q3FY24	Q4FY24	Q1FY25	Q2FY25	Q3FY25E	Q3FY24	Q4FY24	Q1FY25	Q2FY25	Q3FY25E	Q3FY24	Q4FY24	Q1FY25	Q2FY25	Q3FY25E
HDFCB	1.3	1.2	1.3	1.4	1.4	0.3	0.3	0.4	0.4	0.4	75.8	73.4	70.7	69.6	69.8
ICICIBC	2.3	2.2	2.2	2.0	2.0	0.4	0.4	0.4	0.4	0.4	80.9	80.6	80.0	78.7	77.6
AXSB	1.6	1.4	1.5	1.4	1.5	0.4	0.3	0.3	0.3	0.4	77.2	78.3	77.9	76.4	75.7
KMB	1.7	1.4	1.4	1.5	1.6	0.3	0.3	0.4	0.4	0.4	80.3	75.5	74.8	71.1	70.2
IIB	1.9	1.9	2.0	2.1	2.3	0.6	0.6	0.6	0.6	0.7	70.3	70.3	70.3	69.7	68.2
AUBANK	2.0	1.7	1.8	2.0	2.2	0.7	0.6	0.6	0.8	0.9	65.7	67.1	64.6	62.1	61.1
FB	2.3	2.1	2.1	2.1	2.2	0.6	0.6	0.6	0.6	0.7	72.1	71.8	71.6	72.7	69.5
KVB	1.6	1.4	1.3	1.1	0.9	0.4	0.4	0.4	0.3	0.3	73.4	71.4	71.2	74.5	69.8
DCBB	3.4	3.2	3.3	3.3	3.3	1.2	1.1	1.2	1.2	1.2	64.4	65.6	64.6	64.4	64.2
CUBK	4.5	4.0	3.9	3.5	3.3	2.2	2.0	1.9	1.6	1.5	51.0	50.6	51.8	54.2	56.2
SBIN	2.4	2.2	2.2	2.1	2.0	0.6	0.6	0.6	0.5	0.5	73.6	74.6	74.2	75.1	75.2
BoB	3.1	2.9	2.9	2.5	2.4	0.7	0.7	0.7	0.6	0.6	77.3	76.7	76.0	76.0	74.5
PNB	6.2	5.7	5.0	4.5	4.4	1.0	0.7	0.6	0.5	0.5	84.6	87.3	88.0	89.7	89.2!

Source: Company, Elara Securities Estimate

**Exhibit 22: Credit cost to move towards longer-term average**

Credit cost (%)	Q4FY23	Q1FY24	Q2FY24	Q3FY24	Q4FY24	Q1FY25	Q2FY25	Q3FY25E
HDFCB	0.69	0.71	0.59	0.71	2.19	0.42	0.44	0.48
ICICIBC	0.65	0.50	0.21	0.37	0.25	0.44	0.39	0.52
AXSB	0.15	0.51	0.38	0.46	0.50	0.86	0.90	0.94
KMB	0.20	0.48	0.46	0.69	0.30	0.64	0.71	0.74
IIB	2.84	1.52	2.47	1.72	1.52	1.72	2.61	2.34
BANDHAN	2.84	2.27	2.41	2.45	5.90	1.67	1.89	2.58
AUBANK	0.28	0.21	0.71	0.96	0.75	1.55	1.60	1.80
FB	0.27	0.35	0.09	0.19	-0.19	0.27	0.28	0.33
KVB	1.86	0.97	0.74	0.84	1.60	0.70	0.91	0.79
DCBB	0.62	0.43	0.44	0.43	0.24	0.27	0.42	0.39
CUBK	1.46	1.41	0.52	0.42	0.28	0.34	0.59	0.54
SBIN	0.42	0.31	0.01	0.91	0.18	0.37	0.47	0.52
BoB	0.62	0.82	0.88	0.26	0.50	0.38	0.86	0.54
PNB	1.84	1.84	1.55	1.20	0.68	0.53	0.11	0.15

Source: Company, Elara Securities Estimate

Exhibit 23: Elara Banking Universe – Q3FY25E projections

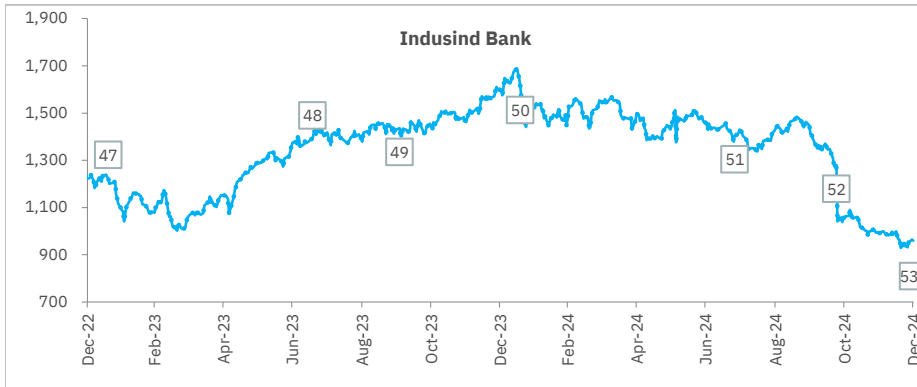
Banks	Particulars	Q3FY24	Q2FY25	Q3FY25E	% YoY	% QoQ	Remarks - Q3FY25E
HDFC Bank	NII (INR mn)	284,713	301,139	308,876	8.5	2.6	<ul style="list-style-type: none"> <li>Expect loan growth momentum to be softer. The bank as per some media articles, seems to have sold down portfolio, which will impact loan growth. The key to watch will be deposit traction and the composition in the form of 'retail and others'.</li> <li>Expect broadly steady NIMs, but the interplay within LDR, LCR and NIMs will be the key monitorable.</li> <li>Asset quality may see another steady print, reflected in curtailed slippages, Q3 should see higher slippages QoQ given KCC quarter.</li> <li>Expect commentary on growth outcomes and NIMs to dominate the discussions.</li> </ul>
	Non-interest income	111,370	114,827	117,138	5.2	2.0	
	- Treasury income	14,700	2,900	3,000	(79.6)	3.4	
	Opex (INR mn)	159,611	168,909	172,287	7.9	2.0	
	PPoP (INR mn)	236,473	247,057	253,727	7.3	2.7	
	Core PPoP	221,773	244,157	250,727	13.1	2.7	
	Provisions (INR mn)	42,166	27,005	29,941	(29.0)	10.9	
	PAT (INR mn)	163,725	168,209	167,458	2.3	(0.4)	
	Loans (INR bn)	24,461	24,951	25,450	4.0	2.0	
	Deposits (INR bn)	22,140	25,001	25,601	15.6	2.4	
	Margin (%)	3.4	3.5	3.5	5bps	-1bps	
	Credit cost (%)	0.7	0.4	0.5	-23bps	4bps	
ICICI Bank	NII (INR mn)	186,786	200,480	205,459	10.0	2.5	<ul style="list-style-type: none"> <li>Yet another steady quarter, with steady loan growth and deposit growth. The drift towards higher retail TD growth may push CASA ratio down, in turn impacting deposit cost as well.</li> <li>Expect 3-4bps NIM decline QoQ, largely getting impacted from funding cost feeding into softer NII growth. Some benefits on opex might help PPoP growth.</li> <li>Slippages are likely to rise QoQ given KCC quarter. This with steady recovery would feed into slightly higher NPLs and slightly higher credit cost.</li> </ul>
	Non-interest income	60,971	71,767	71,616	17.5	(0.2)	
	- Treasury income	1,230	6,800	6,000	387.8	(11.8)	
	Opex (INR mn)	100,520	105,015	107,115	6.6	2.0	
	PPoP (INR mn)	147,236	167,232	169,960	15.4	1.6	
	Core PPoP	146,006	160,432	163,960	12.3	2.2	
	Provisions (INR mn)	10,494	12,331	17,000	62.0	37.9	
	PAT (INR mn)	102,715	117,459	114,460	11.4	(2.6)	
	Loans (INR bn)	11,538	12,772	13,219	14.6	3.5	
	Deposits (INR bn)	13,323	14,978	15,577	16.9	4.0	
	Margin (%)	4.4	4.3	4.3	-16bps	0bps	
	GNPA (%)	2.3	2.0	2.0	-33bps	0bps	
Credit cost (%)	0.4	0.4	0.5	15bps	13bps		
Axis Bank	NII (INR mn)	125,322	134,832	137,098	9.4	1.7	<ul style="list-style-type: none"> <li>Expect a softer QoQ growth in loan book, broadly in-line with industry trends. NIM continues to be a key monitorable. Expect a 3-4bps drop as funding cost rises.</li> <li>Opex trend would stabilise, which will support core PPoP growth.</li> <li>Expect asset quality to be a key monitorable. Credit cost is likely to move towards longer-term averages.</li> <li>Watch for management commentary as regards progress on cost normalization, outlook on PPoP growth and credit cost outcomes.</li> </ul>
	Non-interest income	55,548	67,219	62,231	12.0	(7.4)	
	- Treasury income	2,910	11,110	5,000	71.8	(55.0)	
	Opex (INR mn)	89,457	94,926	95,875	7.2	1.0	
	PPoP (INR mn)	91,412	107,125	103,453	13.2	(3.4)	
	Core PPoP	88,502	96,015	98,453	11.2	2.5	
	Provisions (INR mn)	10,283	22,041	23,500	128.5	6.6	
	PAT (INR mn)	60,711	69,176	62,364	2.7	(9.8)	
	Loans (INR bn)	9,323	10,000	10,267	10.1	2.7	
	Deposits (INR bn)	10,049	10,867	11,172	11.2	2.8	
	Margin (%)	4.0	4.0	4.0	-6bps	-4bps	
	GNPA (%)	1.6	1.4	1.5	-8bps	6bps	
Credit cost (%)	0.5	0.9	0.9	48bps	4bps		
Kotak Mahindra Bank	NII (INR mn)	65,535	70,196	71,755	9.5	2.2	<ul style="list-style-type: none"> <li>Expect positive surprise on loan growth. However, expect another quarter of NIM decline (likely to be higher than peers).</li> <li>The bank may end up seeing a volatile quarter on asset quality with variance at play in MFI and unsecured portfolio. We will watch for related commentary.</li> <li>Monitor management commentary on tech spends and correspondence with the RBI, sustained growth, transition and unsecured portfolio.</li> </ul>
	Non-interest income	22,970	26,842	27,451	19.5	2.3	
	Opex (INR mn)	42,843	46,046	47,232	10.2	2.6	
	PPoP (INR mn)	45,662	50,993	51,973	13.8	1.9	
	Core PPoP	47,342	50,083	50,973	7.7	1.8	
	Provisions (INR mn)	5,791	6,604	7,491	29.3	13.4	
	PAT (INR mn)	30,050	33,437	33,286	10.8	(0.5)	
	Loans (INR bn)	3,596	3,995	4,151	15.4	3.9	
	Deposits (INR bn)	4,086	4,615	4,799	17.4	4.0	
	Margin (%)	4.5	4.5	4.4	-5bps	-5bps	
	Credit cost (%)	0.7	0.7	0.7	4bps	3bps	
	State Bank of India	NII (INR mn)	398,157	416,195	425,193	6.8	
Non-interest income		114,589	152,706	129,222	12.8	(15.4)	
- Treasury income		25,050	46,410	30,000	19.8	(35.4)	
Opex (INR mn)		309,386	275,964	280,002	(9.5)	1.5	
PPoP (INR mn)		203,361	292,937	274,413	34.9	(6.3)	
Core PPoP		178,311	246,527	244,413	37.1	(0.9)	
Provisions (INR mn)		77,879	45,057	50,147	(35.6)	11.3	

Banks	Particulars	Q3FY24	Q2FY25	Q3FY25E	% YoY	% QoQ	Remarks - Q3FY25E
	PAT (INR mn)	91,640	183,314	166,181	81.3	(9.3)	
	Loans (INR bn)	35,195	38,574	40,040	13.8	3.8	
	Deposits (INR bn)	47,622	51,173	51,736	8.6	1.1	
	Margin (%)	3.2	3.1	3.2	-7bps	1bps	
	GNPA (%)	2.4	2.1	2.0	-37bps	-8bps	
	Credit cost (%)	0.9	0.5	0.5	-39bps	5bps	
IndusInd Bank	NII (INR mn)	52,956	53,473	52,804	(0.3)	(1.3)	<ul style="list-style-type: none"> <li>We expect vulnerabilities to reflect in asset quality with some pressure points expected in the MFI portfolio.</li> <li>We expect lower growth outcomes (much below trends), which with lower NIMs (impact of interest income reversal) will impact NII growth. That said, Q3 might be characterised by asset quality outcomes. We expect credit cost to rise and be elevated.</li> <li>We expect management commentary on growth outlook, deposit mobilisation and credit cost normalisation to dominate discussions.</li> </ul>
	Non-interest income	23,959	21,839	22,975	(4.1)	5.2	
	- Treasury income	2,309	600	800	(65.4)	33.3	
	Opex (INR mn)	36,893	39,394	40,182	8.9	2.0	
	PPoP (INR mn)	40,023	35,918	35,597	(11.1)	(0.9)	
	Core PPoP	37,714	35,318	34,797	(7.7)	(1.5)	
	Provisions (INR mn)	9,342	18,201	21,000	124.8	15.4	
	PAT (INR mn)	22,979	13,255	10,923	(52.5)	(17.6)	
	Loans (INR bn)	3,271	3,572	3,614	10.5	1.2	
	Deposits (INR bn)	3,688	4,127	4,230	14.7	2.5	
	Margin (%)	4.3	4.1	3.9	-36bps	-15bps	
Credit cost (%)	1.7	2.6	2.3	62bps	-27bps		
AU Bank	NII (INR mn)	13,249	19,744	19,824	49.6	0.4	<ul style="list-style-type: none"> <li>We expect steady traction in loan book (combined basis), but deposit growth will be the key monitorable.</li> <li>The asset quality outcomes on credit cards and MFI portfolio will be key monitorables. We expect credit cost to rise and thus, further trajectory will be key in a bid to maintain full-year RoA guidance.</li> <li>Monitor management commentary on: 1) continued growth momentum, 2) deposit traction, 3) cost and 4) credit cost.</li> </ul>
	Non-interest income	4,497	6,380	6,134	36.4	(3.8)	
	Opex (INR mn)	11,175	14,806	14,945	33.7	0.9	
	PPoP (INR mn)	6,571	11,318	11,014	67.6	(2.7)	
	Provisions (INR mn)	1,589	3,730	4,336	172.8	16.2	
	PAT (INR mn)	3,752	5,712	4,997	33.2	(12.5)	
	Loans (INR bn)	667	948	991	48.5	4.5	
	Deposits (INR bn)	801	1,097	1,152	43.8	5.0	
	Margin (%)	5.5	6.1	5.7	20bps	-40bps	
Bandhan Bank	NII (INR mn)	25,254	29,483	28,919	14.5	(1.9)	<ul style="list-style-type: none"> <li>We expect MFI growth to still be lagging (decline), which will feed into softer AUM growth. Given the mix tilt towards secured assets and rising deposit cost, we are likely to see a decline in NIMs.</li> <li>Expect vulnerability on asset quality to sustain and expect higher credit cost</li> <li>Watch for management commentary on microfinance portfolio and return outcome expectations.</li> </ul>
	Non-interest income	5,452	5,947	5,600	2.7	(5.8)	
	Opex (INR mn)	14,152	16,879	17,112	20.9	1.4	
	PPoP (INR mn)	16,553	18,551	17,407	5.2	(6.2)	
	Provisions (INR mn)	6,840	6,062	8,500	24.3	40.2	
	PAT (INR mn)	7,327	9,374	6,665	(9.0)	(28.9)	
	Loans (INR bn)	1,159	1,307	1,326	14.4	1.5	
	Deposits (INR bn)	1,174	1,425	1,446	23.2	1.5	
	GNPA (%)	7.0	4.7	6.8	-22bps	212bps	
	Credit cost (%)	2.4	1.9	2.6	14bps	69bps	
Federal Bank	NII (INR mn)	21,234	23,672	23,744	11.8	0.3	<ul style="list-style-type: none"> <li>We expect softer business momentum with muted QoQ loan growth and deposit growth. This with lower NIMs (down 3-4bps QoQ) will impact NII.</li> <li>Asset quality is likely to be steady with no lumpy slippages and with no major one-off impacts. In FY24, we saw slippages from a corporate account, and recovery of that is a key monitorable.</li> <li>The bank will have gain from stake sale in Equirus which we have not factored into our estimates as yet.</li> <li>Watch for management commentary on: 1) deposit-side challenges, 2) growth momentum, and 3) ROA trajectory.</li> </ul>
	Non-interest income	8,626	9,640	9,353	8.4	(3.0)	
	Opex (INR mn)	15,486	17,658	17,835	15.2	1.0	
	PPoP (INR mn)	14,373	15,654	15,263	6.2	(2.5)	
	Core PPoP	12,163	13,854	14,763	21.4	6.6	
	Provisions (INR mn)	912	1,584	1,900	108.3	20.0	
	PAT (INR mn)	10,067	10,567	10,006	(0.6)	(5.3)	
	Loans (INR bn)	1,992	2,303	2,314	16.2	0.5	
	Deposits (INR bn)	2,396	2,691	2,706	13.0	0.6	
	Margin (%)	3.0	2.9	2.9	-8bps	-3bps	
	Credit cost (%)	2.3	2.1	2.2	-14bps	6bps	
BOB	NII (INR mn)	111,013	116,221	118,197	6.5	1.7	<ul style="list-style-type: none"> <li>Loan growth traction will be steady as per guidance, but deposit growth may be slightly lower.</li> <li>NIM will moderate – Expect 3-5bps QoQ drop.</li> <li>We expect curtailed slippages (ex-of agri slippages), which with steady recovery and upgrade will likely help GNPLs.</li> <li>Watch for management commentary on: 1) ROE trajectory, 2) asset quality trends, and 3) continued business momentum.</li> </ul>
	Non-interest income	28,105	51,814	36,007	28.1	(30.5)	
	- Treasury income	3,300	5,500	5,000	51.5	(9.1)	
	Opex (INR mn)	68,967	73,265	73,997	7.3	1.0	
	PPoP (INR mn)	70,151	94,770	80,207	14.3	(15.4)	
	Core PPoP	66,851	89,270	75,207	12.5	(15.8)	
	Provisions (INR mn)	6,663	23,357	15,416	131.4	(34.0)	
	PAT (INR mn)	45,793	52,379	47,881	4.6	(8.6)	
	Loans (INR bn)	10,241	11,212	11,481	12.1	2.4	

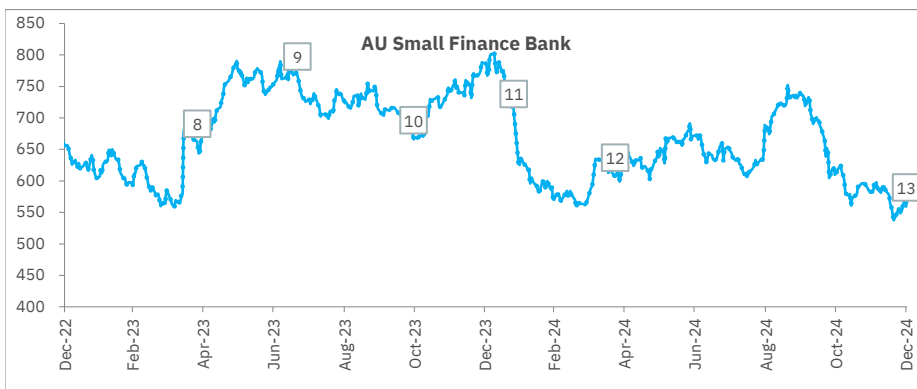
Banks	Particulars	Q3FY24	Q2FY25	Q3FY25E	% YoY	% QoQ	Remarks - Q3FY25E
	Deposits (INR bn)	12,453	13,635	13,816	10.9	1.3	
	Margin (%)	3.1	3.1	3.1	-3bps	-3bps	
	GNPA (%)	3.1	2.5	2.4	-69bps	-11bps	
	Credit cost (%)	0.3	0.9	0.5	28bps	-32bps	
<b>KVB</b>	NII (INR mn)	10,013	10,600	10,816	8.0	2.0	<ul style="list-style-type: none"> <li>As reported in provisional business updates, business momentum has been as estimated.</li> <li>We expect steady operating performance this quarter, which will result in strong core metrics growth. The key will be NIM outcomes and momentum therein.</li> <li>Watch for management commentary on: 1) ROE trajectory, 2) asset quality trends, and 3) continued business momentum.</li> </ul>
	Non-interest income	3,578	4,720	4,151	16.0	(12.1)	
	Opex (INR mn)	6,832	7,157	7,300	6.9	2.0	
	PPoP (INR mn)	6,759	8,162	7,667	13.4	(6.1)	
	Provisions (INR mn)	1,497	1,798	1,593	6.4	(11.4)	
	PAT (INR mn)	4,116	4,736	4,545	10.4	(4.0)	
	Loans (INR bn)	727	803	820	12.8	2.1	
	Deposits (INR bn)	857	958	988	15.4	3.1	
	Margin (%)	4.3	4.1	4.1	-26bps	-5bps	
	GNPA (%)	1.6	1.1	0.9	-65bps	-17bps	
	Credit cost (%)	0.8	0.9	0.8	-5bps	-13bps	
	<b>DCBB</b>	NII (INR mn)	4,740	5,092	5,278	11.4	
Non-interest income		1,237	2,046	1,757	42.0	(14.1)	
Opex (INR mn)		3,862	4,587	4,655	20.5	1.5	
PPoP (INR mn)		2,115	2,551	2,380	12.5	(6.7)	
Provisions (INR mn)		410	456	445	8.5	(2.5)	
PAT (INR mn)		1,266	1,555	1,448	14.4	(6.9)	
Loans (INR bn)		390	445	463	18.9	4.1	
Deposits (INR bn)		471	545	572	21.3	4.8	
Margin (%)		3.5	3.3	3.2	-27bps	-6bps	
GNPA (%)		3.4	3.3	3.3	-15bps	-1bps	
Credit cost (%)		0.4	0.4	0.4	-4bps	-3bps	
<b>CUBK</b>		NII (INR mn)	5,159	5,825	5,892	14.2	1.1
	Non-interest income	1,929	2,263	1,964	1.8	(13.2)	
	- Treasury income	242	248	150	(38.0)	(39.5)	
	Opex (INR mn)	3,448	3,806	3,844	11.5	1.0	
	PPoP (INR mn)	3,640	4,282	4,011	10.2	(6.3)	
	Core PPoP	3,398	4,034	3,861	13.6	(4.3)	
	Provisions (INR mn)	460	700	657	42.8	(6.2)	
	PAT (INR mn)	2,530	2,852	2,653	4.8	(7.0)	
	Loans (INR bn)	440	487	492	11.8	1.0	
	Deposits (INR bn)	527	574	585	10.9	1.9	
	Margin (%)	3.5	3.7	3.6	14bps	-3bps	
	GNPA (%)	4.5	3.5	3.3	-114bps	-21bps	
Credit cost (%)	0.4	0.6	0.5	12bps	-5bps		

Source: Company, Elara Securities Estimate

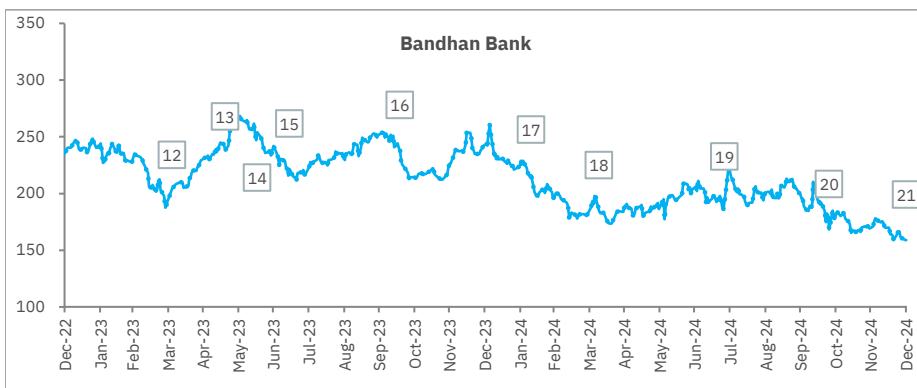
## Coverage History



Date	Rating	Target Price	Closing Price
47 18-Jan-2023	Buy	INR 1,545	INR 1,223
48 18-Jul-2023	Buy	INR 1,646	INR 1,390
49 3-Oct-2023	Buy	INR 1,738	INR 1,435
50 18-Jan-2024	Buy	INR 1,890	INR 1,613
51 26-Jul-2024	Buy	INR 1,770	INR 1,404
52 24-Oct-2024	Buy	INR 1,600	INR 1,280
53 31-Dec-2024	Buy	INR 1,320	INR 960



Date	Rating	Target Price	Closing Price
8 25-Apr-2023	Accumulate	INR 695	INR 660
9 22-Jul-2023	Reduce	INR 730	INR 767
10 30-Oct-2023	Reduce	INR 645	INR 666
11 25-Jan-2024	Reduce	INR 680	INR 708
12 24-Apr-2024	Accumulate	INR 680	INR 619
13 31-Dec-2024	Buy	INR 650	INR 559



Date	Rating	Target Price	Closing Price
13 19-May-2023	Buy	INR 285	INR 238
14 16-Jun-2023	Accumulate	INR 285	INR 254
15 14-Jul-2023	Accumulate	INR 260	INR 222
16 18-Oct-2023	Accumulate	INR 256	INR 238
17 9-Feb-2024	Accumulate	INR 250	INR 216
18 8-Apr-2024	Reduce	INR 173	INR 185
19 26-Jul-2024	Accumulate	INR 220	INR 193
20 25-Oct-2024	Buy	INR 220	INR 168
21 31-Dec-2024	Buy	INR 200	INR 159

### Guide to Research Rating

<b>BUY</b>	Absolute Return >+20%
<b>ACCUMULATE</b>	Absolute Return +5% to +20%
<b>REDUCE</b>	Absolute Return -5% to +5%
<b>SELL</b>	Absolute Return < -5%

## Disclosures & Confidentiality for non U.S. Investors

The Note is based on our estimates and is being provided to you (herein referred to as the "Recipient") only for information purposes. The sole purpose of this Note is to provide preliminary information on the business activities of the company and the projected financial statements in order to assist the recipient in understanding / evaluating the Proposal. Nothing in this document should be construed as an advice to buy or sell or solicitation to buy or sell the securities of companies referred to in this document. Each recipient of this document should make such investigations as it deems necessary to arrive at an independent evaluation of an investment in the securities of companies referred to in this document (including the merits and risks involved) and should consult its own advisors to determine the merits and risks of such an investment. Nevertheless, Elara Securities (India) Private Limited or any of its affiliates is committed to provide independent and transparent recommendation to its client and would be happy to provide any information in response to specific client queries. Elara Securities (India) Private Limited or any of its affiliates have not independently verified all the information given in this Note and expressly disclaim all liability for any errors and/or omissions, representations or warranties, expressed or implied as contained in this Note. The user assumes the entire risk of any use made of this information. Elara Securities (India) Private Limited or any of its affiliates, their directors and the employees may from time to time, effect or have effected an own account transaction in or deal as principal or agent in or for the securities mentioned in this document. They may perform or seek to perform investment banking or other services for or solicit investment banking or other business from any company referred to in this Note. Each of these entities functions as a separate, distinct and independent of each other. This Note is strictly confidential and is being furnished to you solely for your information. This Note should not be reproduced or redistributed or passed on directly or indirectly in any form to any other person or published, copied, in whole or in part, for any purpose. This Note 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 Elara Securities (India) Private Limited or any of its affiliates to any registration or licensing requirements within such jurisdiction. The distribution of this document in certain jurisdictions may be restricted by law, and persons in whose possession this document comes, should inform themselves about and observe, any such restrictions. Upon request, the Recipient will promptly return all material received from the company and/or the Advisors without retaining any copies thereof. The Information given in this document is as of the date of this report and there can be no assurance that future results or events will be consistent with this information. This Information is subject to change without any prior notice. Elara Securities (India) Private Limited or any of its affiliates reserves the right to make modifications and alterations to this statement as may be required from time to time. However, Elara Securities (India) Private Limited is under no obligation to update or keep the information current. Neither Elara Securities (India) Private Limited nor any of its affiliates, group companies, directors, employees, agents or representatives shall be liable for any damages whether direct, indirect, special or consequential including lost revenue or lost profits that may arise from or in connection with the use of the information. This Note should not be deemed an indication of the state of affairs of the company nor shall it constitute an indication that there has been no change in the business or state of affairs of the company since the date of publication of this Note. The disclosures of interest statements incorporated in this document are provided solely to enhance the transparency and should not be treated as endorsement of the views expressed in the report. Elara Securities (India) Private Limited generally prohibits its analysts, persons reporting to analysts and their family members from maintaining a financial interest in the securities or derivatives of any companies that the analysts cover. The analyst for this report certifies that all of the views expressed in this report accurately reflect his or her personal views about the subject company or companies and its or their securities, and no part of his or her compensation was, is or will be, directly or indirectly related to specific recommendations or views expressed in this report.

Any clarifications / queries on the proposal as well as any future communication regarding the proposal should be addressed to Elara Securities (India) Private Limited. It is important to note that any dispute with respect to this research report, would not have access to stock exchange investor redressal forum or arbitration mechanism.

Elara Securities (India) Private Limited was incorporated in July 2007 as a subsidiary of Elara Capital (India) Private Limited.

Elara Securities (India) Private Limited is a SEBI registered Stock Broker in the Capital Market and Futures & Options Segments of National Stock Exchange of India Limited [NSE], in the Capital Market Segment of BSE Limited [BSE] and a Depository Participant registered with Central Depository Services (India) Limited [CDSL].

Elara Securities (India) Private Limited's business, amongst other things, is to undertake all associated activities relating to its broking business.

The activities of Elara Securities (India) Private Limited were neither suspended nor has it defaulted with any stock exchange authority with whom it is registered in last five years. However, during the routine course of inspection and based on observations, the exchanges have issued advise letters or levied minor penalties on Elara Securities (India) Private Limited for minor operational deviations in certain cases. Elara Securities (India) Private Limited has not been debarred from doing business by any Stock Exchange / SEBI or any other authorities; nor has the certificate of registration been cancelled by SEBI at any point of time.

Elara Securities (India) Private Limited offers research services primarily to institutional investors and their employees, directors, fund managers, advisors who are registered or proposed to be registered.

Details of Associates of Elara Securities (India) Private Limited are available on group company website [www.elaracapital.com](http://www.elaracapital.com)

Elara Securities (India) Private Limited is maintaining arms-length relationship with its associate entities.

Research Analyst or his/her relative(s) may have financial interest in the subject company. Elara Securities (India) Private Limited does not have any financial interest in the subject company, whereas its associate entities may have financial interest. Research Analyst or his/her relative does not have actual/beneficial ownership of 1% or more securities of the subject company at the end of the month immediately preceding the date of publication of Research Report. Elara Securities (India) Private Limited does not have actual/beneficial ownership of 1% or more securities of the subject company at the end of the month immediately preceding the date of publication of Research Report. Associate entities of Elara Securities (India) Private Limited may have actual/beneficial ownership of 1% or more securities of the subject company at the end of the month immediately preceding the date of publication of Research Report. Research Analyst or his/her relative or Elara Securities (India) Private Limited or its associate entities does not have any other material conflict of interest at the time of publication of the Research Report.

Research Analyst or his/her relative(s) has not served as an officer, director or employee of the subject company.

Research analyst or Elara Securities (India) Private Limited have not received any compensation from the subject company in the past twelve months. Associate entities of Elara Securities (India) Private Limited may have received compensation from the subject company in the past twelve months. Research analyst or Elara Securities (India) Private Limited or its associate entities have not managed or co-managed public offering of securities for the subject company in the past twelve months. Research analyst or Elara Securities (India) Private Limited or its associates have not received any compensation for investment banking or merchant banking or brokerage services from the subject company in the past twelve months. Research analyst or Elara Securities (India) Private Limited or its associate entities may have received any compensation for products or services other than investment banking or merchant banking or brokerage services from the subject company or third party in connection with the Research Report in the past twelve months.

## Disclaimer & Standard warning

Registration granted by SEBI and certification from NISM in no way guarantee performance of the intermediary or provide any assurance of returns to investors.

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

## Disclaimer for non U.S. Investors

The information contained in this note is of a general nature and is not intended to address the circumstances of any particular individual or entity. Although we endeavor to provide accurate and timely information, there can be no guarantee that such information is accurate as of the date it is received or that it will continue to be accurate in the future. No one should act on such information without appropriate professional advice after a thorough examination of the particular situation.

## Disclaimer for U.S. Investors

This material is based upon information that we consider to be reliable, but Elara Capital Inc. does not warrant its completeness, accuracy or adequacy and it should not be relied upon as such.

This material is not intended as an offer or solicitation for the purchase or sale of any security or other financial instrument. Securities, financial instruments or strategies mentioned herein may not be suitable for all investors. Any opinions expressed herein are given in good faith, are subject to change without notice, and are only correct as of the stated date of their issue. Prices, values or income from any securities or investments mentioned in this report may fall against the interests of the investor and the investor may get back less than the amount invested. Where an investment is described as being likely to yield income, please note that the amount of income that the investor will receive from such an investment may fluctuate. Where an investment or security is denominated in a different currency to the investor's currency of reference, changes in rates of exchange may have an adverse effect on the value, price or income of or from that investment to the investor. The information contained in this report does not constitute advice on the tax consequences of making any particular investment decision. This material does not take into account your particular investment objectives, financial situations or needs and is not intended as a recommendation of particular securities, financial instruments or strategies to you. Before acting on any recommendation in this material, you should consider whether it is suitable for your particular circumstances and, if necessary, seek professional advice.

Certain statements in this report, including any financial projections, may constitute "forward-looking statements." These "forward-looking statements" are not guarantees of future performance and are based on numerous current assumptions that are subject to significant uncertainties and contingencies. Actual future performance could differ materially from these "forward-looking statements" and financial information.



## India

**Elara Securities (India) Private Limited**  
One International Center, Tower 3,  
21st Floor, Senapati Bapat Marg,  
Elphinstone Road (West)  
Mumbai – 400 013, India  
Tel : +91 22 6164 8500

## Europe

**Elara Capital Plc.**  
6th Floor, The Grove,  
248A Marylebone Road,  
London, NW1 6JZ,  
United Kingdom  
Tel : +44 20 7486 9733

## USA

**Elara Securities Inc.**  
230 Park Avenue, Suite 2415,  
New York, NY 10169, USA  
Tel: +1 212 430 5870  
Fax: +1 212 208 2501

## Asia / Pacific

**Elara Capital (Asia) Pte.Ltd.**  
One Marina Boulevard,  
Level 20,  
Singapore 018989  
Tel : +65 6978 4047



### Managing Director

**Harendra Kumar** | harendra.kumar@elaracapital.com | +91 22 6164 8571



### Head of Research

**Dr Bino Pathiparampil** | bino.pathiparampil@elaracapital.com | +91 22 6164 8572

## Sales Team



### India

**Hitesh Danak** - hitesh.danak@elaracapital.com - +91 22 6164 8543  
**Ashok Agarwal** - ashok.agarwal@elaracapital.com - +91 22 6164 8558



### India, APAC & Australia

**Sudhanshu Rajpal** - sudhanshu.rajpal@elaracapital.com - +91 22 6164 8508  
**Joshua Saldanha** - joshua.saldanha@elaracapital.com - +91 22 6164 8541  
**Shraddha Shrikhande** - shraddha.shrikhande@elaracapital.com - +91 22 6164 8567



### India & UK

**Prashin Lalvani** - prashin.lalvani@elaracapital.com - +91 22 6164 8544



### India & US

**Karan Rathod** - karan.rathod@elaracapital.com - +91 22 6164 8570



### Corporate Access, Conference & Events

**Anita Nazareth** - anita.nazareth@elaracapital.com - +91 22 6164 8520  
**Tina D'souza** - tina.dsouza@elaracapital.com - +91 22 6164 8595

Access our reports on Bloomberg: Type **RESP ESEC <GO>**

Also available on **Thomson & Reuters**

#### Elara Securities (India) Private Limited

Registered Office Address: One International Center, Tower 3, 21st Floor, Senapati Bapat Marg, Elphinstone Road (West) Mumbai – 400 013, India Tel : +91 22 6164 8500  
CIN: U74992MH2007PTC172297 | SEBI Research Analyst Registration No.: INH000000933  
Member of BSE Limited and National Stock Exchange of India Limited | SEBI REGN. NO.: INZ 000 238236  
Member of Central Depository Services (India) Limited | SEBI REGN. NO.: IN-DP-370-2018  
Investor Grievance Email ID: [investor.grievances@elaracapital.com](mailto:investor.grievances@elaracapital.com) - Tel. +91 22 6164 8509  
Compliance Officer: Mr. Anand Rao - Email ID: [anand.rao@elaracapital.com](mailto:anand.rao@elaracapital.com) - Tel. +91 22 6164 8509