

**BUY**

TP: Rs 2,520 | ▲ 15%

**KOTAK MAHINDRA  
BANK**

| Banking

| 05 May 2025

## Healthy business growth; asset quality improving

- **Healthy credit growth driven by secured segments; deposits growth led by healthy growth in CASA deposits**
- **PAT miss our estimates by 3% due to higher provisions; asset quality improved on lower slippages and higher w/offs**
- **Maintain BUY with revised TP of Rs 2,520 (vs Rs 2,074), set at 2.4x FY27E ABV**

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**Steady performance with healthy business growth:** KMB witnessed healthy business performance despite a tough competitive environment with improving asset quality. Gross advances grew by 3% QoQ (13% YoY), led by consumer (+5% QoQ), commercial (+2% QoQ) and SME (+6% QoQ) while the corporate declined 4% QoQ. Within consumer segment, the PL, BL and consumer durables saw a high growth of 17% QoQ, post the removal of RBI's embargo in Feb'25. However, its high-yielding credit cards declined 5% QoQ. The bank reduced share of unsecured retail advances (including retail microcredit) to 10.5% as of Mar'25 from 11.8% (Mar'24). Further, the retail microcredit declined 19% QoQ. Deposits grew 5% QoQ, led by healthy growth in CASA deposits (+7% QoQ) to 43% of total deposits. We expect the bank to report credit/deposit growth at CAGR of 16%/17% over FY25-FY27E.

**PAT miss our estimates by 3% on higher provisions:** KMB reported PAT of Rs 35.5bn (+7% QoQ) but was 3% lower than our estimates largely due to higher provision expenses (+15% QoQ). NIMs improved to 4.97% (+4bps QoQ) in Q4FY25, supported by saving account rate cuts and higher average CA balances, which offset its rise in cost of funds (CoF) to 5.09% (+3bps QoQ) on higher borrowings (+2.1x QoQ). However, NIMs declined to 4.96% in FY25 vs 5.32% in FY24, due to CoF and the falling share of high-yielding retail unsecured loans. C/I ratio was 47.7% vs 47.2% in Q3FY25. Return ratios remain healthy with RoA/ RoE of 2.7%/15.2% (2.4%/13.1% excluding gain on KGI divestment) in FY25.

**Asset quality improved on lower slippages and higher w/offs:** Asset quality improved with the absolute level of GNPA's declining 2.1% QoQ to Rs 61.3bn in Q4FY25, supported by lower slippages (-10% QoQ) and higher w/offs (+32% QoQ). GNPA ratio improved to 1.42% (-8bps QoQ) with PCR at 78% vs 73% in Q3FY25.

**Maintain BUY:** With the removal of RBI's embargo, KMB's business growth is expected to improve (given its cross-sell opportunities) and support NIMs. We estimate the bank to deliver RoA/RoE at 2.3-2.5%/13.8-14.5% over FY26E- FY27E and raise our SOTP-based TP to Rs 2,520 (vs Rs 2,074) set at 2.4x FY27E ABV using the Gordon Growth Model. This includes Rs 723/sh as the value of subsidiaries.

## Key changes

Target	Rating
▲	◀ ▶

Ticker/Price	KMB IN/Rs 2,185
Market cap	US\$ 51.4bn
Free float	74%
3M ADV	US\$ 111.5mn
52wk high/low	Rs 2,302/Rs 1,544
Promoter/FPI/DII	26%/33%/29%

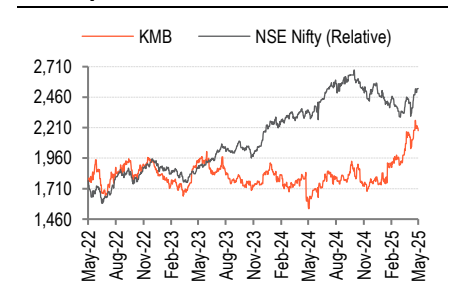
Source: NSE | Price as of 2 May 2025

## Key financials

Y/E 31 Mar	FY25A	FY26E	FY27E
NII (Rs mn)	2,83,418	3,19,164	3,76,323
NII growth (%)	9.0	12.6	17.9
Adj. net profit (Rs mn)	1,64,501	1,73,397	2,10,661
EPS (Rs)	82.8	87.2	106.0
Consensus EPS (Rs)	78.5	78.5	90.2
P/E (x)	26.4	25.1	20.6
P/BV (x)	3.7	3.2	2.8
ROA (%)	2.0	2.3	2.5
ROE (%)	12.1	13.8	14.5

Source: Company, Bloomberg, BOBCAPS Research

## Stock performance



Source: NSE



**Fig 1 – Quarterly snapshot: Income statement**

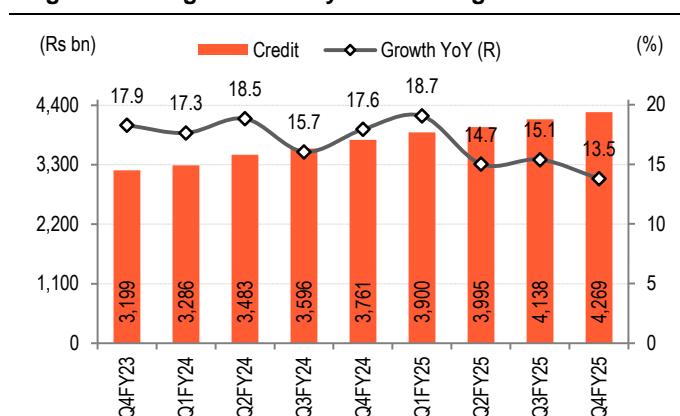
(Rs mn)	Q4FY24	Q1FY25	Q2FY25	Q3FY25	Q4FY25	QoQ(%)	YoY (%)
<b>Income Statement</b>							
Interest Income	94,736	97,793	1,01,327	1,03,490	1,04,852	1.3	10.7
Income on investments	24,664	25,922	27,719	27,215	27,434	0.8	11.2
Int. on bal. with RBI & inter-bank funds & Others	3,671	3,747	3,116	3,572	3,012	(15.7)	(17.9)
<b>Interest income</b>	<b>1,23,071</b>	<b>1,27,461</b>	<b>1,32,163</b>	<b>1,34,276</b>	<b>1,35,298</b>	<b>0.8</b>	<b>9.9</b>
Interest expense	53,977	59,038	61,967	62,313	62,462	0.2	15.7
<b>Net interest income</b>	<b>69,094</b>	<b>68,424</b>	<b>70,196</b>	<b>71,963</b>	<b>72,836</b>	<b>1.2</b>	<b>5.4</b>
Growth YoY (%)	13.2	9.8	11.5	9.8	5.4	-	-
<b>Non-interest income</b>	<b>29,783</b>	<b>29,290</b>	<b>26,842</b>	<b>26,228</b>	<b>31,825</b>	<b>21.3</b>	<b>6.9</b>
Growth YoY (%)	36.2	9.2	16.0	14.2	6.9	-	-
<b>Total income</b>	<b>98,876</b>	<b>97,714</b>	<b>97,038</b>	<b>98,191</b>	<b>1,04,660</b>	<b>6.6</b>	<b>5.8</b>
Growth YoY (%)	19.3	9.6	12.7	10.9	5.8	-	-
Staff expenses	18,264	18,705	19,514	19,525	21,063	7.9	15.3
Other operating expenses	25,997	26,468	26,532	26,856	28,876	7.5	11.1
<b>Operating expenses</b>	<b>44,261</b>	<b>45,173</b>	<b>46,046</b>	<b>46,380</b>	<b>49,938</b>	<b>7.7</b>	<b>12.8</b>
<b>Pre-Provisioning Profit (PPoP)</b>	<b>54,616</b>	<b>52,541</b>	<b>50,993</b>	<b>51,810</b>	<b>54,722</b>	<b>(1.4)</b>	<b>10.6</b>
Growth YoY (%)	17.5	6.2	10.6	13.5	0.2	-	-
Provisions	2,637	5,785	6,604	7,941	9,094	14.5	244.8
Growth YoY (%)	78.7	58.8	80.2	37.1	244.8	-	-
Exceptional Item	-	-	-	-	-		
<b>PBT</b>	<b>51,978</b>	<b>46,756</b>	<b>44,389</b>	<b>43,869</b>	<b>45,628</b>	<b>4.0</b>	<b>(12.2)</b>
Tax	10,645	19,457	10,951	10,821	10,111	(6.6)	(5.0)
<b>PAT</b>	<b>41,333</b>	<b>27,299</b>	<b>33,437</b>	<b>33,048</b>	<b>35,517</b>	<b>7.5</b>	<b>(14.1)</b>
Growth YoY (%)	18.2	(20.9)	4.8	10.0	(14.1)	-	-
<b>Per Share</b>							
FV (Rs)	5	5	5	5	5		
EPS (Rs)	21	31	17	17	18	7.4	(13.3)
Book Value (Rs)	487	535	557	578	590	2.1	21.2

Source: Company, BOBCAPS Research

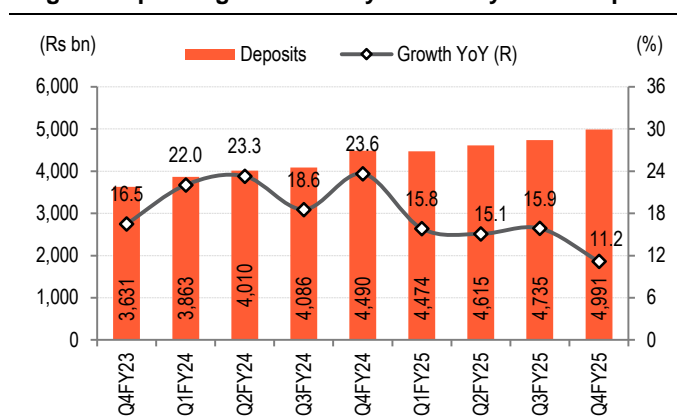
**Fig 2 – Quarterly snapshot: Balance sheet & other metrics**

(Rs mn)	Q4FY24	Q1FY25	Q2FY25	Q3FY25	Q4FY25	QoQ(%)	YoY (%)
<b>Deposits</b>	<b>44,89,538</b>	<b>44,74,180</b>	<b>46,14,542</b>	<b>47,34,970</b>	<b>49,90,551</b>	<b>5.4</b>	<b>11.2</b>
Growth YoY (%)	23.6	15.8	15.1	15.9	11.2	-	-
<b>Advances</b>	<b>37,60,753</b>	<b>38,99,570</b>	<b>39,95,216</b>	<b>41,38,390</b>	<b>42,69,092</b>	<b>3.2</b>	<b>13.5</b>
Growth YoY (%)	17.6	18.7	14.7	15.1	13.5	-	-
Investment	15,54,038	16,25,780	17,55,320	16,38,190	18,19,075	11.0	17.1
Equity	9,67,188	10,63,080	11,07,498	11,48,700	11,72,399	2.1	21.2
Assets	60,03,571	60,49,480	62,32,084	63,70,030	69,36,242	8.9	15.5
Growth YoY (%)	22.6	17.9	16.9	16.3	15.5	-	-
<b>Yield (%)</b>							
Yield on Funds	8.81	8.69	8.83	8.76	8.37	(39bps)	(44bps)
Cost of Funds	4.74	4.95	5.14	5.06	4.78	(28bps)	5bps
Spread	4.08	3.74	3.69	3.70	3.58	(11bps)	(49bps)
<b>Net Interest Margin (calc.)</b>	<b>4.95</b>	<b>4.66</b>	<b>4.69</b>	<b>4.69</b>	<b>4.51</b>	<b>(19bps)</b>	<b>(44bps)</b>
<b>Ratios (%)</b>							
Other Income / Net Income	30.1	30.0	27.7	26.7	30.4	370bps	29bps
Cost to Income ratio	44.8	46.2	47.5	47.2	47.7	48bps	295bps
CASA ratio	45.5	43.4	43.6	42.3	43.0	64bps	(254bps)
C/D ratio	83.8	87.2	86.6	87.4	85.5	(186bps)	178bps
Investment to Assets	25.9	26.9	28.2	25.7	26.2	51bps	34bps
<b>Assets Quality</b>							
GNPA	52,748	54,772	60,332	62,660	61,340	(2.1)	16.3
NNPA	12,706	13,763	17,238	16,810	13,430	(20.1)	5.7
Provision	40,042	41,008	43,093	45,850	47,910	4.5	19.6
GNPA (%)	1.39	1.39	1.49	1.50	1.42	(8bps)	3bps
NNPA (%)	0.34	0.35	0.43	0.41	0.31	(10bps)	(3bps)
Provision Coverage Ratio (%)	75.91	74.87	71.43	73.17	78.00	483bps	209bps
<b>Others</b>							
Branches	1,948	1,965	2,013	2,068	2,148	80	200
ATMs	3,291	3,279	3,329	3,420	3,295	(125)	4

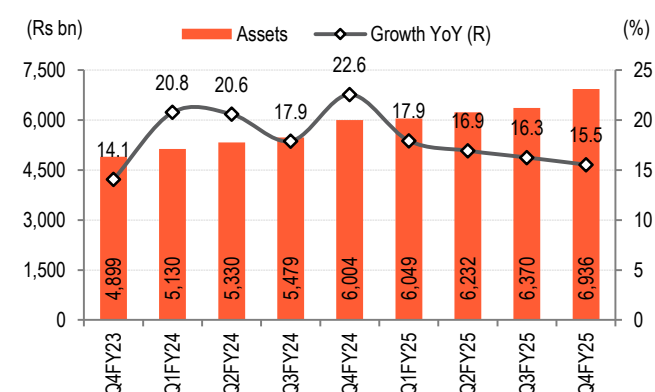
Source: Company, BOBCAPS Research

**Fig 3 – Credit growth led by secured segments**

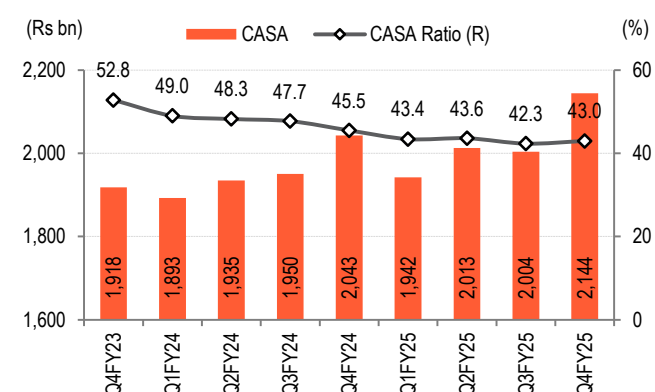
Source: Company, BOBCAPS Research

**Fig 4 – Deposits growth mainly backed by CASA deposits**

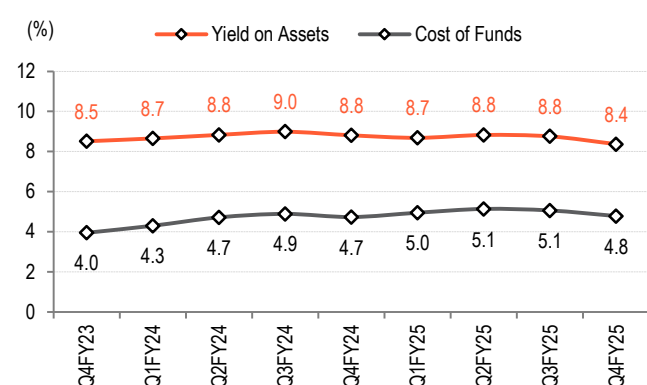
Source: Company, BOBCAPS Research | TDs: Term Deposits

**Fig 5 – Asset base growing steadily**

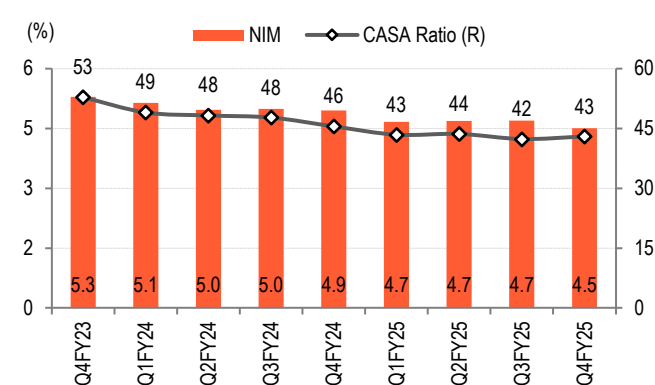
Source: Company, BOBCAPS Research

**Fig 6 – CASA ratio improved marginally on QoQ basis**

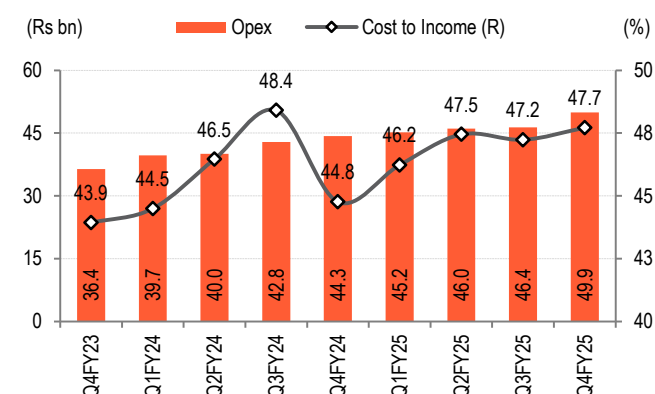
Source: Company, BOBCAPS Research

**Fig 7 – Yield falls due to decline in unsecured segments**

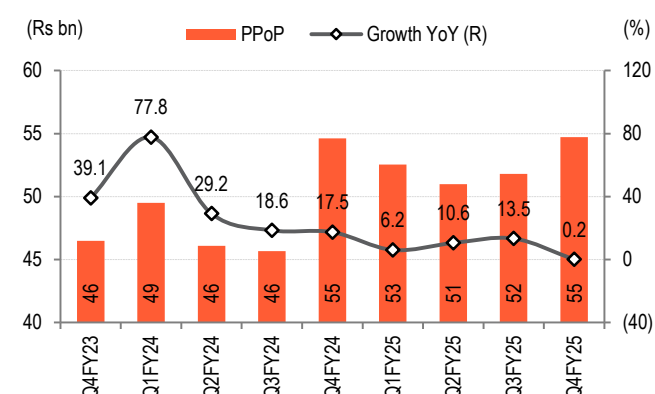
Source: Company, BOBCAPS Research

**Fig 8 – NIMs to face pressure in FY26**

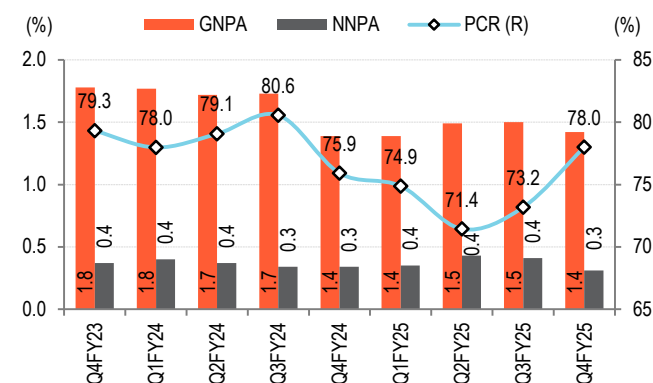
Source: Company, BOBCAPS Research

**Fig 9 – C/I ratio increased; likely to remain elevated**

Source: Company, BOBCAPS Research

**Fig 10 – PPOP growth moderates YoY**

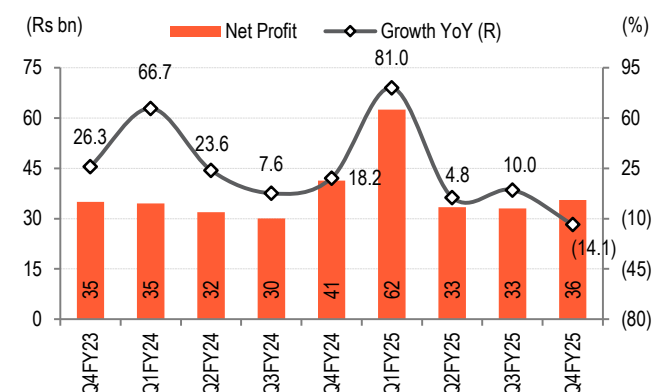
Source: Company, BOBCAPS Research

**Fig 11 – Asset quality improved with PCR at 78%**

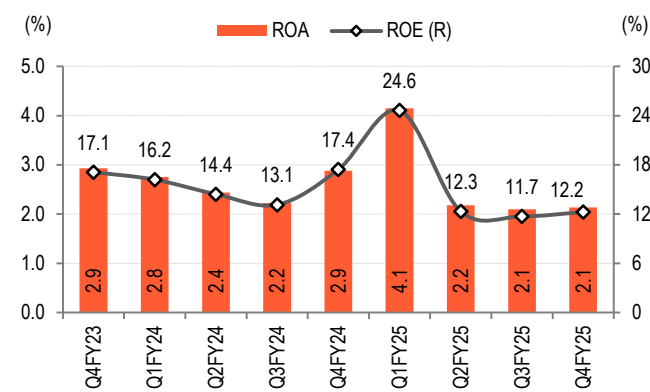
Source: Company, BOBCAPS Research

**Fig 12 – Credit cost elevated QoQ**

Source: Company, BOBCAPS Research

**Fig 13 – PAT declined YoY due to higher provisions**

Source: Company, BOBCAPS Research

**Fig 14 – Return ratios remain steady**

Source: Company, BOBCAPS Research

## Earnings call highlights

### Asset quality and growth

- Management plans to grow advances at 1.5-2.0x times of the nominal GDP growth.
- Slippages stood at Rs 14.9bn (1.5% annualised) in Q4FY25 vs Rs 16.6bn (1.7% annualised) in Q3FY25.
- Management stated that slippages in the PL segment are falling. Slippages for credit cards are at similar levels while the same for MFI remain elevated. Secured book continues to have negligible delinquencies.

### Subsidiaries

- Kotak Securities:** PAT came in at Rs 3.5bn, down 22% YoY vs Rs 4.5bn in Q3FY25 and Rs 3.8bn in Q4FY24. Market share increased to 12% vs 11.5% in Q3FY25 vs 11.4% in Q4FY24.
- Kotak AMC:** AAUM was up 27% YoY to Rs 4.9tn. Equity AAUM grew 29% YoY to Rs 3.1tn, with a 7.1% market share.
- Kotak Prime:** PAT stood at Rs 3bn vs Rs 2.2bn in Q3FY25. NNPA was at 1.0% flat sequentially vs 0.8% in Q4FY24.

**Fig 15 – Loan book distribution**

(Rs mn)	Q2FY24	Q3FY24	Q4FY24	Q1FY25	Q2FY25	Q3FY25	Q4FY25
Corporate Banking	8,18,440	8,42,460	8,73,100	9,35,810	9,28,640	9,66,490	9,27,790
SME	2,45,690	2,58,160	2,72,470	2,81,860	3,21,740	3,37,380	3,57,540
Commercial Vehicles	3,10,460	3,37,510	3,68,330	3,79,410	3,90,640	4,07,560	4,30,080
Agriculture Finance	2,70,310	2,75,120	2,78,500	2,73,240	2,69,650	2,75,640	2,80,590
Tractor finance	1,43,760	1,51,560	1,58,020	1,58,000	1,61,910	1,70,000	1,78,150
Home loans & LAP	9,91,000	10,22,340	10,67,260	11,08,500	11,67,150	12,17,000	12,70,250
Consumer Bank WC (Secured)	3,30,950	3,37,900	3,59,970	3,75,910	4,00,020	4,16,870	4,27,970
PL, BL and Consumer Durables	1,78,620	1,93,100	2,00,490	2,03,170	2,08,680	2,12,980	2,48,180
Credit Cards	1,25,970	1,38,820	1,45,050	1,46,440	1,44,460	1,41,170	1,34,200
Others	75,050	82,570	94,270	93,550	1,00,430	1,06,520	1,21,440
Micro Finance	79,870	85,100	99,830	1,03,680	97,760	82,250	66,970
<b>Loan</b>	<b>35,70,120</b>	<b>37,24,640</b>	<b>39,17,290</b>	<b>40,59,570</b>	<b>41,91,080</b>	<b>43,33,860</b>	<b>44,43,160</b>
Credit substitutes	2,34,000	2,82,950	3,15,950	2,98,700	3,09,560	2,60,500	3,35,390
<b>Total customer assets</b>	<b>38,04,120</b>	<b>40,07,590</b>	<b>42,33,240</b>	<b>43,58,270</b>	<b>45,00,640</b>	<b>45,94,360</b>	<b>47,78,550</b>

Source: Company, BOBCAPS Research

**Fig 16 – Loan book distribution (%)**

Segment (%)	Q2FY24	Q3FY24	Q4FY24	Q1FY25	Q2FY25	Q3FY25	Q4FY25
Corporate Banking	21.5	21.0	20.6	21.5	20.6	21.0	19.4
SME	6.5	6.4	6.4	6.5	7.1	7.3	7.5
Commercial Vehicles	8.2	8.4	8.7	8.7	8.7	8.9	9.0
Agriculture Finance	7.1	6.9	6.6	6.3	6.0	6.0	5.9
Tractor finance	3.8	3.8	3.7	3.6	3.6	3.7	3.7
Home loans & LAP	26.1	25.5	25.2	25.4	25.9	26.5	26.6
Consumer Bank WC (Secured)	8.7	8.4	8.5	8.6	8.9	9.1	9.0
PL, BL and Consumer Durables	4.7	4.8	4.7	4.7	4.6	4.6	5.2
Credit Cards	3.3	3.5	3.4	3.4	3.2	3.1	2.8
Others	2.0	2.1	2.2	2.1	2.2	2.3	2.5
Micro Finance	2.1	2.1	2.4	2.4	2.2	1.8	1.4
<b>Loan</b>	<b>93.8</b>	<b>92.9</b>	<b>92.5</b>	<b>93.1</b>	<b>93.1</b>	<b>94.3</b>	<b>93.0</b>
Credit substitutes	6.2	7.1	7.5	6.9	6.9	5.7	7.0
<b>Total customer assets</b>	<b>100.0</b>	<b>100.0</b>	<b>100.0</b>	<b>100.0</b>	<b>100.0</b>	<b>100.0</b>	<b>100.0</b>

Source: Company, BOBCAPS Research

**Fig 17 – Loan book growth YoY**

Segment (%)	Q2FY24	Q3FY24	Q4FY24	Q1FY25	Q2FY25	Q3FY25	Q4FY25
Corporate Banking	17.7	20.4	20.6	20.6	13.5	14.7	6.3
SME	16.0	11.5	23.0	20.9	31.0	30.7	31.2
Commercial Vehicles	26.2	30.7	32.6	33.0	25.8	20.8	16.8
Agriculture Finance	8.1	5.3	1.1	3.1	(0.2)	0.2	0.8
Tractor finance	19.7	16.7	13.6	13.5	12.6	12.2	12.7
Home loans & LAP	15.4	14.7	15.1	16.5	17.8	19.0	19.0
Consumer Bank WC (Secured)	20.8	16.8	18.6	25.7	20.9	23.4	18.9
PL, BL and Consumer Durables	35.3	32.8	27.1	21.7	16.8	10.3	23.8
Credit Cards	59.4	51.6	43.8	28.9	14.7	1.7	(7.5)
Others	50.1	48.1	43.2	31.3	33.8	29.0	28.8
Micro Finance	79.8	59.4	60.4	48.9	22.4	(3.3)	(32.9)
<b>Loan</b>	<b>20.6</b>	<b>19.9</b>	<b>20.3</b>	<b>20.5</b>	<b>17.4</b>	<b>16.4</b>	<b>13.4</b>
Credit substitutes	(14.3)	(1.0)	16.5	18.7	32.3	(7.9)	6.2
<b>Total customer assets</b>	<b>17.6</b>	<b>18.1</b>	<b>20.0</b>	<b>20.3</b>	<b>18.3</b>	<b>14.6</b>	<b>12.9</b>

Source: Company, BOBCAPS Research

**Fig 18 – Loan book growth QoQ**

Segment (%)	Q2FY24	Q3FY24	Q4FY24	Q1FY25	Q2FY25	Q3FY25	Q4FY25
Corporate Banking	5.5	2.9	3.6	7.2	(0.8)	4.1	(4.0)
SME	5.4	5.1	5.5	3.4	14.1	4.9	6.0
Commercial Vehicles	8.8	8.7	9.1	3.0	3.0	4.3	5.5
Agriculture Finance	2.0	1.8	1.2	(1.9)	(1.3)	2.2	1.8
Tractor finance	3.3	5.4	4.3	(0.0)	2.5	5.0	4.8
Home loans & LAP	4.2	3.2	4.4	3.9	5.3	4.3	4.4
Consumer Bank WC (Secured)	10.7	2.1	6.5	4.4	6.4	4.2	2.7
PL, BL and Consumer Durables	7.0	8.1	3.8	1.3	2.7	2.1	16.5
Credit Cards	10.9	10.2	4.5	1.0	(1.4)	(2.3)	(4.9)
Others	5.3	10.0	14.2	(0.8)	7.4	6.1	14.0
Micro Finance	14.7	6.5	17.3	3.9	(5.7)	(15.9)	(18.6)
<b>Loan</b>	<b>5.9</b>	<b>4.3</b>	<b>5.2</b>	<b>3.6</b>	<b>3.2</b>	<b>3.4</b>	<b>2.5</b>
Credit substitutes	(7.0)	20.9	11.7	(5.5)	3.6	(15.8)	28.7
<b>Total customer assets</b>	<b>5.0</b>	<b>5.3</b>	<b>5.6</b>	<b>3.0</b>	<b>3.3</b>	<b>2.1</b>	<b>4.0</b>

Source: Company, BOBCAPS Research

## Valuation methodology

With removal of RBI's embargo, KMB's business growth is expected to improve given its cross-sell opportunities and support NIMs as well. KMB is well capitalised with CAR at 22.2% (CET1 at 21.1%) as of Q4FY25 to fund future business growth. We estimate the bank to deliver RoA/RoE at 2.3-2.5%/13.8-14.5% over FY26E- FY27E and raise our SOTP-based TP to Rs 2,520 (vs Rs 2,074) set at 2.4x FY27E ABV using the Gordon Growth Model. This includes Rs 723/sh as the value of subsidiaries.

**Fig 19 – Key operational assumptions**

(%)	FY24A	FY25A	FY26E	FY27E
Advances Growth	17.6	13.5	15.5	16.6
Net Interest Income Growth	20.6	9.0	12.6	17.9
PPoP Growth	31.9	7.2	18.2	20.4
PAT Growth	26.0	19.4	5.4	21.5
NIM	4.9	4.5	4.4	4.5
GNPA	1.4	1.4	1.3	1.3
CAR	20.6	22.2	20.3	19.6

Source: Company, BOBCAPS Research

**Fig 20 – SOTP valuation summary**

Business	Valuation	Holdings (%)	Value (Rs/sh)
Kotak Bank	2.4x FY27E ABV	100	1,797
Kotak Life	2.3x FY27E EV	100	269
Kotak Prime	1.8x FY27E BV	100	136
Kotak AMC	5% FY27 AAUM	100	171
Kotak Securities	15x FY27 PAT	100	186
Others		100	89
Holding Co. Discount	15%		(128)
<b>Total</b>			<b>2,520</b>

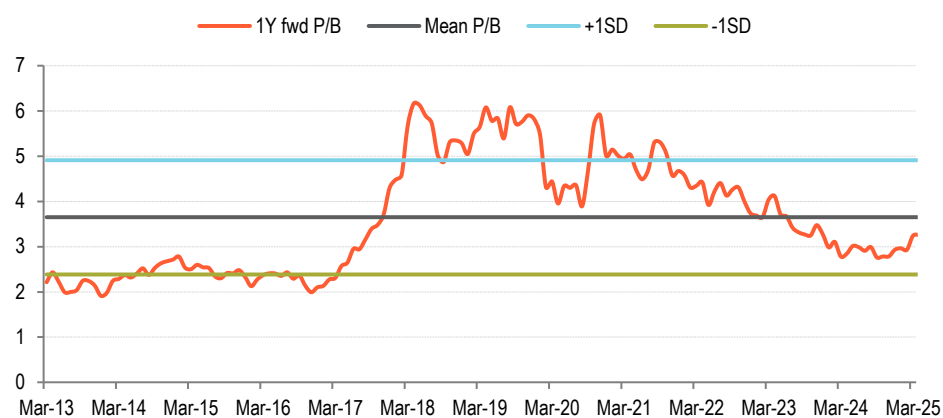
Source: Company, BOBCAPS Research

**Fig 21 – Valuation assumptions**

Gordon growth model	(%)
Return on Equity (RoE)	14.6
Cost of Equity (Ke)	11.4
Growth (Period 1)	13.2
Growth (Long Term)	7.0
Initial High Growth Period (years)	10.0
Dividend Payout (Period 1)	10.0
Dividend Payout (Long Term)	52.0
Factor 1	1.1
Factor 2	15.2
Justified P/BV	2.4

Source: BOBCAPS Research



**Fig 22 – PB Band chart**

Source: Company, BOBCAPS Research

## Key risks

Key downside risks to our estimates:

- Reversal in credit cycle, which can lead to higher-than-anticipated deterioration in asset quality and thus, weaker profitability owing to higher provisions
- Inability to manage CoF that may drag the bank's NIMs as well as the overall profitability.

## Glossary

Glossary of Abbreviations			
<b>AFS</b>	Available For Sale	<b>ICRR</b>	Incremental Cash Reserve Ratio
<b>AUCA</b>	Advance Under Collection Account	<b>LAP</b>	Loans against Property
<b>ARC</b>	Asset Reconstruction Company	<b>LCR</b>	Liquidity Coverage Ratio
<b>BRDS</b>	Bills Rediscounting Scheme	<b>MCLR</b>	Marginal Cost of Funds-based Lending Rate
<b>CASA</b>	Current Account and Savings Account	<b>MTM</b>	Mark to Market
<b>CAR</b>	Capital Adequacy Ratio	<b>NII</b>	Net Interest Income
<b>CET1</b>	Common Equity Tier 1	<b>NIM</b>	Net Interest Margin
<b>CD</b>	Credit-Deposit Ratio	<b>NNPA</b>	Net Non-Performing Assets
<b>C/I</b>	Cost-Income Ratio	<b>PCR</b>	Provision Coverage Ratio
<b>CRB</b>	Commercial and Rural Banking	<b>PPOP</b>	Pre-Provision Operating Profit
<b>EBLR</b>	External Benchmark-based Lending Rate	<b>PSU</b>	Public Sector Unit
<b>ECL</b>	Expected Credit Loss	<b>RWA</b>	Risk-weighted Assets
<b>GNPA</b>	Gross Non-Performing Assets	<b>SLR</b>	Statutory Liquidity Ratio
<b>HFT</b>	Held for Trading	<b>SMA</b>	Special Mention Account
<b>IBPC</b>	Interbank Participation Certificate	<b>SME</b>	Small and Medium-sized Enterprises

## Financials

### Income Statement

Y/E 31 Mar (Rs mn)	FY23A	FY24A	FY25A	FY26E	FY27E
Net interest income	2,15,519	2,59,932	2,83,418	3,19,164	3,76,323
NII growth (%)	28.1	20.6	9.0	12.6	17.9
Non-interest income	70,831	1,02,731	1,14,185	1,49,199	1,83,073
Total income	2,86,350	3,62,663	3,97,603	4,68,362	5,59,396
Operating expenses	1,37,870	1,66,788	1,87,537	2,19,993	2,60,246
PPOP	1,48,480	1,95,875	2,10,066	2,48,370	2,99,149
PPOP growth (%)	23.2	31.9	7.2	18.2	20.4
Provisions	4,570	15,737	29,424	18,400	19,758
PBT	1,43,910	1,80,137	2,15,841	2,29,970	2,79,391
Tax	34,517	42,321	51,340	56,573	68,730
Reported net profit	1,09,393	1,37,816	1,64,501	1,73,397	2,10,661
Adjustments	0	0	0	0	0
Adjusted net profit	1,09,393	1,37,816	1,64,501	1,73,397	2,10,661

### Balance Sheet

Y/E 31 Mar (Rs mn)	FY23A	FY24A	FY25A	FY26E	FY27E
Equity capital	14,933	9,940	9,941	9,940	9,940
Reserves & surplus	8,20,270	9,57,248	11,62,458	13,35,855	15,46,516
Net worth	8,35,202	9,67,188	11,72,399	13,45,795	15,56,456
Deposits	36,30,961	44,89,537	49,90,551	58,13,992	67,96,557
Borrowings	2,34,163	2,83,681	4,84,428	5,42,559	6,13,092
Other liab. & provisions	1,98,299	2,63,164	2,88,865	2,81,272	1,59,924
Total liab. & equities	48,98,625	60,03,570	69,36,243	79,83,618	91,26,029
Cash & bank balance	3,25,423	5,27,884	6,57,792	7,34,709	7,81,854
Investments	12,14,037	15,54,038	18,19,075	21,17,844	23,74,669
Advances	31,98,612	37,60,753	42,69,092	49,30,801	57,49,314
Fixed & Other assets	1,60,552	1,60,896	1,90,284	2,00,264	2,20,191
Total assets	48,98,625	60,03,570	69,36,242	79,83,618	91,26,029
Deposit growth (%)	16.5	23.6	11.2	16.5	16.9
Advances growth (%)	17.9	17.6	13.5	15.5	16.6

### Per Share

Y/E 31 Mar (Rs)	FY23A	FY24A	FY25A	FY26E	FY27E
EPS	55.1	69.3	82.8	87.2	106.0
Dividend per share	1.5	2.0	2.5	3.1	8.5
Book value per share	417.9	486.5	589.8	677.0	783.0

### Valuations Ratios

Y/E 31 Mar (x)	FY23A	FY24A	FY25A	FY26E	FY27E
P/E	39.7	31.5	26.4	25.1	20.6
P/BV	5.2	4.5	3.7	3.2	2.8
Dividend yield (%)	0.1	0.1	0.1	0.1	0.4

### DuPont Analysis

Y/E 31 Mar (%)	FY23A	FY24A	FY25A	FY26E	FY27E
Net interest income	5.2	4.8	4.4	4.3	4.4
Non-interest income	1.7	1.9	1.8	2.0	2.1
Operating expenses	3.1	3.1	2.9	2.9	3.0
Pre-provisioning profit	3.8	3.6	3.2	3.3	3.5
Provisions	0.1	0.3	0.5	0.2	0.2
PBT	3.7	3.3	2.8	3.1	3.3
Tax	0.8	0.8	0.8	0.8	0.8
ROA	2.8	2.5	2.0	2.3	2.5
Leverage (x)	0.1	0.1	0.1	0.1	0.1
ROE	17.8	15.3	12.1	13.8	14.5

### Ratio Analysis

Y/E 31 Mar	FY23A	FY24A	FY25A	FY26E	FY27E
<b>YoY growth (%)</b>					
Net interest income	28.1	20.6	9.0	12.6	17.9
Pre-provisioning profit	23.2	31.9	7.2	18.2	20.4
EPS	50.5	25.9	19.4	5.4	21.5
<b>Profitability &amp; Return ratios (%)</b>					
Net interest margin	4.9	4.9	4.5	4.4	4.5
Fees / Avg. assets	0.4	0.5	0.4	0.5	0.5
Cost-Income	48.1	46.0	47.2	47.0	46.5
ROE	17.8	15.3	12.1	13.8	14.5
ROA	2.8	2.5	2.0	2.3	2.5
<b>Asset quality (%)</b>					
GNPA	1.8	1.4	1.4	1.4	1.3
NNPA	0.4	0.3	0.3	0.3	0.3
Slippage ratio	1.5	1.6	1.7	1.6	1.5
Credit cost	0.2	0.5	0.7	0.4	0.4
Provision coverage	79.0	75.7	77.9	77.8	77.8
<b>Ratios (%)</b>					
Credit-Deposit	88.1	83.8	85.5	84.8	84.6
Investment-Deposit	33.4	34.6	36.5	36.4	34.9
CAR	21.8	20.6	22.2	20.3	19.6
Tier-1	20.8	19.3	21.1	19.0	18.5

Source: Company, BOBCAPS Research

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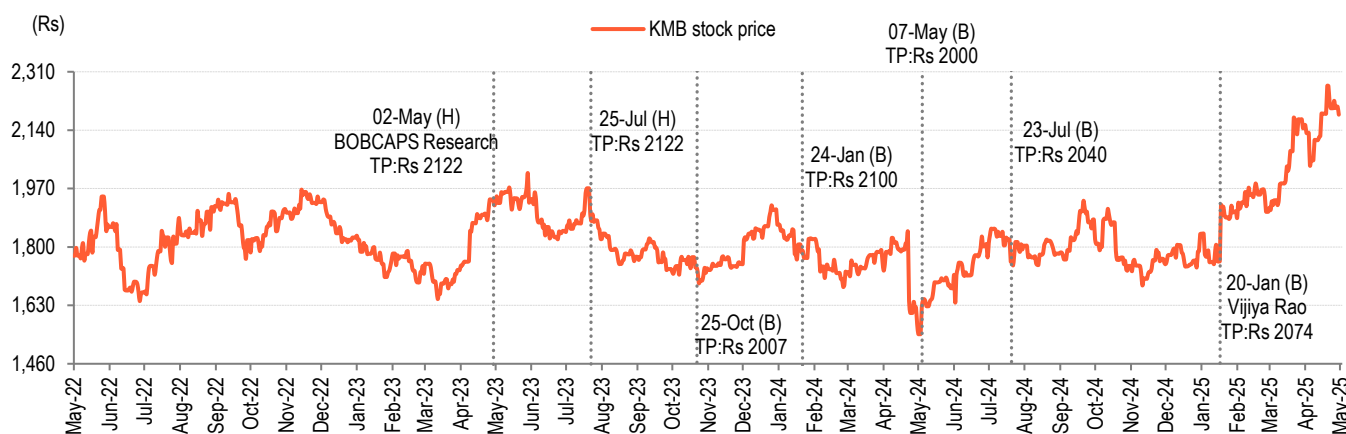
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**Note:** Recommendation structure changed with effect from 21 June 2021

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