

Axis Bank continues to report weak credit growth, which has now slipped to 9% YoY; this, along with margin contraction (of 6bps QoQ) and higher retail slippages (net at Rs29bn vs Rs22bn in 2Q) led to elevated provisions. However, operational cost too is on the decline QoQ, containing the earnings miss at 4% to Rs63bn/RoA@1.7%. Credit growth moderation was mainly driven by slowdown in the bank’s retail book (incl unsecured loans and corporate book), which is likely to stay soft amid liquidity and asset quality challenges. The mgmt believes unsecured loan stress will remain elevated near term, but seasonal stress in the agri portfolio should ease QoQ. Building in the slower credit growth and higher LLP, partly offset by moderating opex, we cut earnings by 3-9% over FY25-27E. The stock has seen sharp correction recently and trades at relatively lower valuations of 1.3x Dec-26E ABV for a bank still delivering healthy 1.7% RoA/14-16% RoE. Thus, we retain BUY, and cut our TP to Rs1,300 (from Rs1,400), valuing the SA bank at 1.7x Dec-26E ABV and subs at Rs110/sh.

Axis Bank: Financial Snapshot (Standalone)

| Y/E Mar (Rs mn) | FY23 | FY24 | FY25E | FY26E | FY27E |
|----------------------|--------|---------|---------|---------|---------|
| Net profit | 95,797 | 248,614 | 259,420 | 279,019 | 318,480 |
| Loan growth (%) | 19.4 | 14.2 | 7.5 | 9.8 | 14.0 |
| NII growth (%) | 29.6 | 16.2 | 8.9 | 5.2 | 10.7 |
| NIM (%) | 3.7 | 3.8 | 3.8 | 3.7 | 3.7 |
| PPOP growth (%) | 30.5 | 15.0 | 13.6 | 7.3 | 13.7 |
| Adj. EPS (INR) | 31.2 | 80.5 | 83.8 | 90.1 | 102.9 |
| Adj. EPS growth (%) | -26.6 | 159.0 | 4.1 | 7.6 | 14.1 |
| Adj. BV (INR) | 390.7 | 472.1 | 555.9 | 642.0 | 740.6 |
| Adj. BVPS growth (%) | 10.2 | 20.8 | 17.8 | 15.5 | 15.4 |
| RoA (%) | 0.8 | 1.8 | 1.7 | 1.7 | 1.7 |
| RoE (%) | 8.0 | 18.0 | 15.8 | 14.6 | 14.4 |
| P/E (x) | 13.0 | 11.5 | 11.1 | 10.3 | 9.0 |
| P/ABV (x) | 2.3 | 1.9 | 1.6 | 1.4 | 1.2 |

Source: Company, Emkay Research

Credit growth, margin slip further

Axis Bank continues to report sluggish growth, well below the system’s, at 9% YoY/1.5% QoQ, due to a marked slowdown in its retail book, including unsecured loans and corporate book. However, SME book growth remains relatively higher at 15% YoY. Deposits growth too moderated further to 9% YoY/1% QoQ, with LDR at around 92.6% and CASA cannibalization continues, leading to fall in CASA ratio to 39.5%. NIM too slipped, by 6bps QoQ to 3.93%, including 3bps QoQ contribution from interest reversal on NPAs and 3bps due to higher LCR (up by 400bps QoQ to 119%). Axis Bank believes FY25 credit growth will be anchored by deposit growth/LDR, which is still a challenge. Thus, we cut our FY25 credit growth estimates further, to 7% from 12% earlier.

Slippages inch-up, but higher write-offs contain the NPAs

Gross slippages inched up QoQ to Rs54bn/2.3% of loans, while the bank continued to pursue an aggressive write-off policy leading to slight increase in GNPA ratio to 1.46%. Though corporate net slippages remain in the negative zone, retail net slippages inched up QoQ to Rs29bn vs Rs22bn in 2Q, which could be partly due to seasonally higher agri slippages and continued elevated unsecured retail slippages, including Cards, PL, and MFI loans. The bank’s specific PCR has moderated further to 76%, but the bank carries contingent provision buffer of Rs50bn/0.55% of loans. The bank claims that its CET 1 ratio (14.6%), including the contingent provision buffer, would be comfortable at 15%.

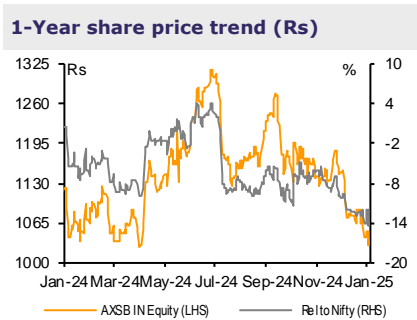
We retain BUY, and trim our TP to Rs1,300

Factoring in the slower credit growth and higher LLP, partly offset by moderating operational cost, we trim our earnings estimates by 3-9% over FY25-27. However, we retain BUY and cut our TP to Rs1,300 (from Rs1,400 earlier), now valuing the standalone bank at 1.7x Dec-26E ABV and subsidiaries at Rs110 per share. **Key risks:** Macro-dislocation and more than expected stress in unsecured loans leading to slower-than-expected growth/higher NPAs, and KMP attrition.

| | |
|-------------------------|--------------|
| Target Price – 12M | Dec-25 |
| Change in TP (%) | (7.1) |
| Current Reco. | BUY |
| Previous Reco. | BUY |
| Upside/(Downside) (%) | 25.2 |
| CMP (16-Jan-25) (Rs) | 1,038.0 |

| Stock Data | Ticker |
|-----------------------------|-----------|
| 52-week High (Rs) | 1,340 |
| 52-week Low (Rs) | 996 |
| Shares outstanding (mn) | 3,095.3 |
| Market-cap (Rs bn) | 3,213 |
| Market-cap (USD mn) | 37,122 |
| Net-debt, FY25E (Rs mn) | NA |
| ADTV-3M (mn shares) | 8 |
| ADTV-3M (Rs mn) | 9,478.8 |
| ADTV-3M (USD mn) | 109.5 |
| Free float (%) | 90.0 |
| Nifty-50 | 23,312 |
| INR/USD | 86.6 |
| Shareholding, Dec-24 | |
| Promoters (%) | 7.9 |
| FPIs/MFs (%) | 45.5/36.0 |

| Price Performance | | | |
|-------------------|-------|--------|--------|
| (%) | 1M | 3M | 12M |
| Absolute | (9.8) | (10.0) | (7.2) |
| Rel. to Nifty | (4.6) | (3.6) | (12.3) |



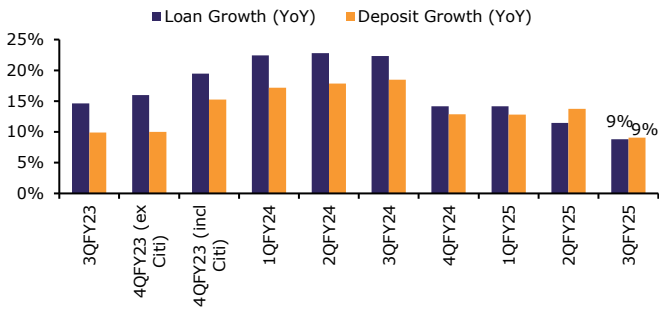
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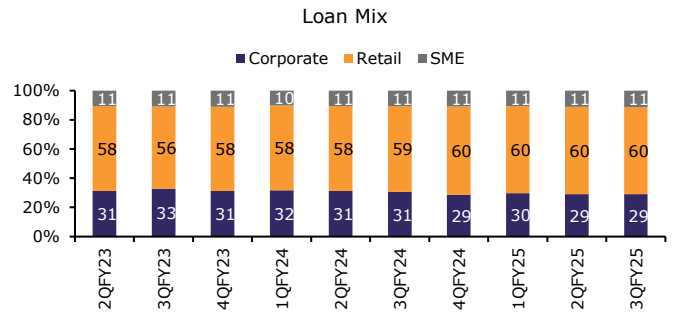
Story in Charts

Exhibit 1: Growth slips below the system level...



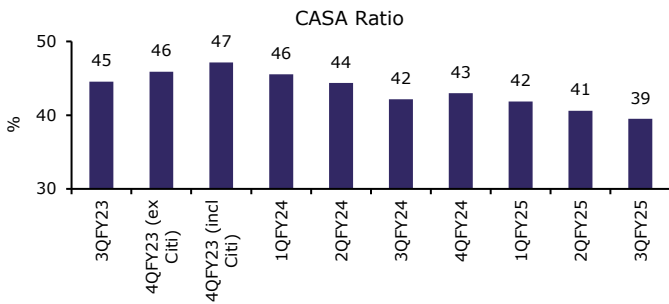
Source: Company, Emkay Research

Exhibit 2: ...mainly due to slower growth in the retail and corporate book



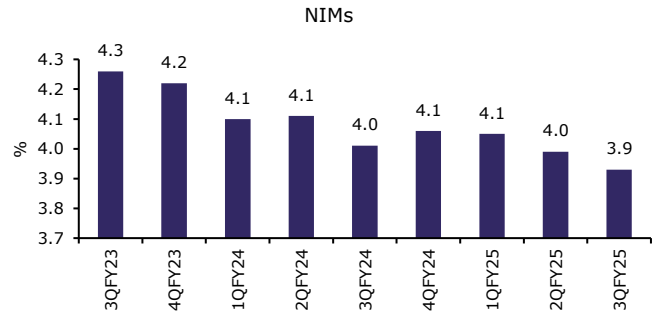
Source: Company, Emkay Research

Exhibit 3: CASA ratio slips below 40% due to cannibalization...



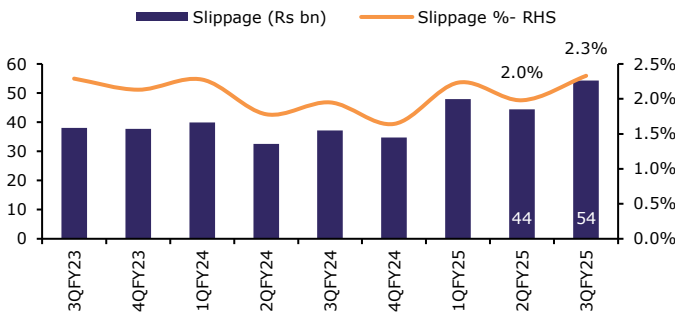
Source: Company, Emkay Research

Exhibit 4: ...which, coupled with interest reversal on NPAs and LCR impact, led to slight contraction in NIMs



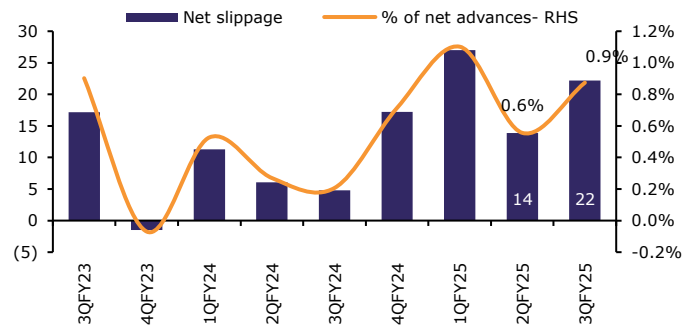
Source: Company, Emkay Research

Exhibit 5: Slippages remained elevated due to seasonal stress in agri and unsecured retail loans



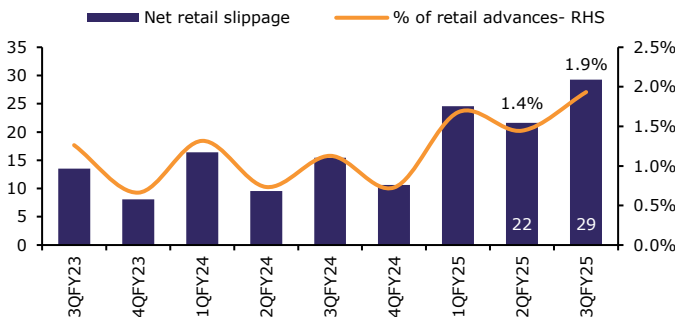
Source: Company, Emkay Research

Exhibit 6: ...which, coupled with lower recoveries, led to higher net slippages



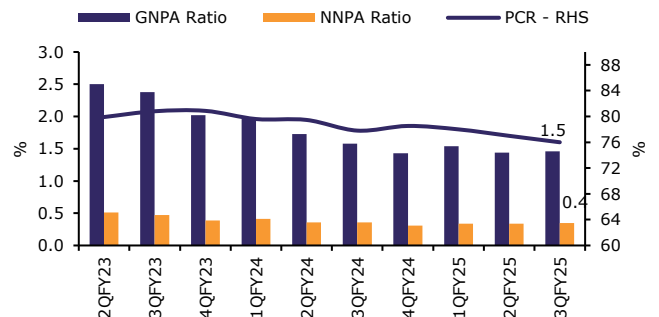
Source: Company, Emkay Research

Exhibit 7: Net slippages are largely attributable to the higher net retail slippages



Source: Company, Emkay Research

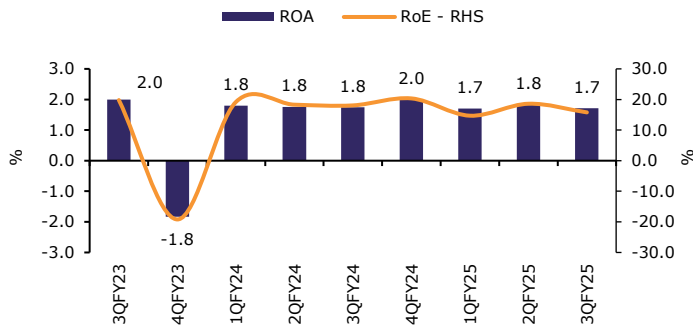
Exhibit 8: GNPA ratio remained largely range-bound, but lower PCR led to uptick in NNPA ratio to 0.4%



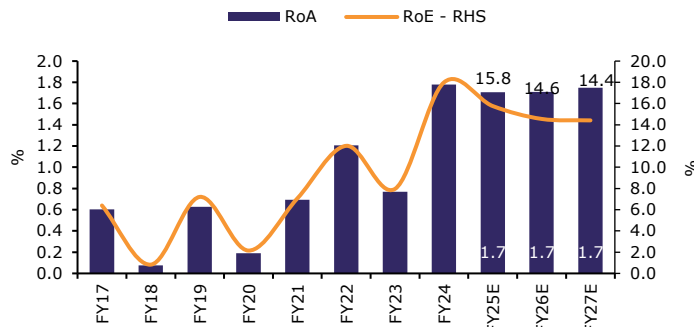
Source: Company, Emkay Research

Exhibit 9: The bank has reported a rather soft RoA owing to higher LLP and lower total income

Exhibit 10: We expect the bank to report RoA of around 1.7%

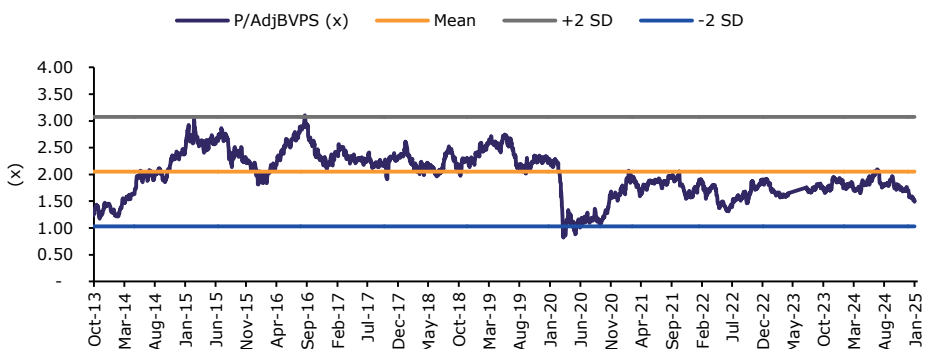


Source: Company, Emkay Research



Source: Company, Emkay Research

Exhibit 11: Axis Bank continues to trade at lower valuations



Source: Bloomberg, Emkay Research

Exhibit 12: Actuals vs Estimates (Q3FY25)

| (Rs mn) | Actuals | Estimates | | Variation | | Comments |
|------------|---------|-----------|-----------|-----------|-----------|---|
| | | Emkay | Consensus | Emkay | Consensus | |
| Net income | 195,781 | 202,926 | 200,392 | -4% | -2% | Decline in NIM, coupled with lower other income, led to decline in net income |
| PPOP | 105,339 | 105,552 | 103,744 | 0% | 2% | Lower net income and improvement in opex led to a stable PPOP |
| PAT | 63,038 | 65,401 | 63,808 | -4% | -1% | Stable PPOP and elevated provisions led to a miss on PAT |

Source: Company, Emkay Research

Exhibit 13: Quarterly Summary

| (Rs mn) | 3QFY24 | 4QFY24 | 1QFY25 | 2QFY25 | 3QFY25 | YoY (%) | QoQ (%) | FY24A | FY25E | YoY (%) |
|---------------------------|---------|---------|---------|---------|---------|---------|---------|-----------|-----------|---------|
| Interest Earned | 279,611 | 292,245 | 300,607 | 304,199 | 309,539 | 11 | 2 | 1,093,686 | 1,231,595 | 13 |
| Interest Exp | 154,290 | 161,355 | 166,125 | 169,367 | 173,481 | 12 | 2 | 594,741 | 688,147 | 16 |
| Net Interest Income | 125,322 | 130,890 | 134,482 | 134,832 | 136,059 | 9 | 1 | 498,945 | 543,448 | 9 |
| Global NIMs (reported) | 4.01 | 4.06 | 4.05 | 3.99 | 3.93 | -8bps | -6bps | 3.77 | 3.76 | -2bps |
| Non-interest Income | 55,548 | 67,658 | 57,835 | 67,219 | 59,722 | 8 | -11 | 224,420 | 249,097 | 11 |
| Operating Expenses | 89,457 | 93,191 | 91,255 | 94,926 | 90,442 | 1 | -5 | 352,132 | 370,799 | 5 |
| Pre Provisioning Profit | 91,412 | 105,357 | 101,062 | 107,125 | 105,339 | 15 | -2 | 371,233 | 421,745 | 14 |
| Provision & Contingencies | 10,283 | 11,853 | 20,393 | 22,041 | 21,556 | 110 | -2 | 40,631 | 83,432 | 105 |
| PBT | 81,129 | 93,504 | 80,669 | 85,084 | 83,782 | 3 | -2 | 330,602 | 338,314 | 2 |
| Income Tax Expense (Gain) | 20,418 | 22,207 | 20,323 | 15,908 | 20,745 | 2 | 30 | 81,987 | 78,893 | -4 |
| Net Profit/(Loss) | 60,711 | 71,297 | 60,346 | 69,176 | 63,038 | 4 | -9 | 248,614 | 259,420 | 4 |
| Gross NPA (%) | 1.58 | 1.43 | 1.54 | 1.44 | 1.46 | -12bps | 2bps | 1.47 | 1.52 | 5bps |
| Net NPA (%) | 0.36 | 0.31 | 0.34 | 0.34 | 0.35 | -1bps | 1bps | 0.34 | 0.38 | 5bps |
| Deposits (Rs bn) | 10,049 | 10,686 | 10,625 | 10,867 | 10,959 | 9 | 1 | 10,686 | 11,343 | 6 |
| Net Advances (Rs bn) | 9,323 | 9,651 | 9,801 | 10,000 | 10,146 | 9 | 1 | 9,651 | 10,374 | 7 |

Source: Company, Emkay Research

Exhibit 14: Revision in estimates

| Y/E Mar (Rs mn) | FY25E | | | FY26E | | | FY27E | | |
|-----------------|---------|---------|--------|---------|---------|--------|-----------|---------|--------|
| | Earlier | Revised | Change | Earlier | Revised | Change | Earlier | Revised | Change |
| Net income | 813,856 | 792,544 | -2.6% | 916,156 | 857,799 | -6.4% | 1,065,467 | 964,431 | -9.5% |
| PPOP | 431,235 | 421,745 | -2.2% | 484,249 | 452,477 | -6.6% | 571,871 | 514,431 | -10.0% |
| PAT | 267,272 | 259,420 | -2.9% | 299,001 | 279,019 | -6.7% | 348,605 | 318,480 | -8.6% |
| EPS (Rs) | 86.4 | 83.8 | -3.0% | 96.7 | 90.1 | -6.7% | 112.7 | 102.9 | -8.7% |
| BV (Rs) | 578.2 | 575.3 | -0.5% | 673.1 | 663.7 | -1.4% | 783.4 | 764.2 | -2.5% |

Source: Company, Emkay Research

Exhibit 15: Key Assumptions

| (%) | FY24 | FY25E | FY26E | FY27E |
|----------------|------|-------|-------|-------|
| Loan Growth | 14.2 | 7.5 | 9.8 | 14.0 |
| Deposit Growth | 12.9 | 6.1 | 10.6 | 15.1 |
| NIM | 3.8 | 3.8 | 3.7 | 3.7 |
| GNPA | 1.5 | 1.5 | 1.7 | 1.7 |
| Credit Cost | 0.4 | 0.8 | 0.8 | 0.7 |

Source: Emkay Research

Exhibit 16: Key Ratios and Trends

| | 3QFY23 | 4QFY23 | 1QFY24 | 2QFY24 | 3QFY24 | 4QFY24 | 1QFY25 | 2QFY25 | 3QFY25 |
|---|--------|--------|--------|--------|--------|--------|--------|--------|--------|
| Loans (Rs bn) | 7,621 | 8,453 | 8,585 | 8,973 | 9,323 | 9,651 | 9,801 | 10,000 | 10,146 |
| Growth YoY (%) | 14.6 | 19.4 | 22.4 | 22.8 | 22.3 | 14.2 | 14.2 | 11.4 | 8.8 |
| Composition (%) | | | | | | | | | |
| - Corporate | 32.9 | 31.4 | 31.8 | 31.4 | 30.6 | 28.7 | 29.7 | 29.1 | 29.0 |
| - SME/BB | 10.8 | 11.0 | 10.2 | 10.7 | 10.7 | 10.8 | 10.6 | 11.0 | 11.2 |
| - Retail | 56.3 | 57.7 | 58.0 | 57.9 | 58.7 | 60.4 | 59.7 | 59.9 | 59.7 |
| Liability Profile (%) | | | | | | | | | |
| CASA | 44.5 | 47.2 | 45.5 | 44.4 | 42.1 | 43.0 | 41.8 | 40.6 | 39.5 |
| CA | 14.9 | 15.7 | 14.2 | 13.8 | 13.2 | 14.7 | 14.1 | 13.1 | 13.1 |
| SA | 29.6 | 31.4 | 31.4 | 30.6 | 28.9 | 28.3 | 27.8 | 27.5 | 26.4 |
| NIM (%) | 4.3 | 4.2 | 4.1 | 4.1 | 4.0 | 4.1 | 4.1 | 4.0 | 3.9 |
| NIM - Domestic (%) | 4.4 | 4.4 | 4.2 | 4.2 | 4.1 | 4.2 | 4.1 | 4.1 | 4.1 |
| Asset Quality | | | | | | | | | |
| GNPA (%) | 2.6 | 2.2 | 2.1 | 1.8 | 1.7 | 1.5 | 1.6 | 1.5 | 1.5 |
| NNPA (%) | 0.5 | 0.4 | 0.4 | 0.4 | 0.4 | 0.3 | 0.3 | 0.3 | 0.4 |
| PCR - Specific (%) | 80.8 | 80.9 | 79.6 | 79.5 | 77.8 | 78.5 | 78.0 | 77.0 | 76.0 |
| Slippages (Rs bn) | 38.1 | 37.7 | 39.9 | 32.5 | 37.2 | 34.7 | 47.9 | 44.4 | 54.3 |
| Slippages (%) | 2.3 | 2.1 | 2.3 | 1.8 | 1.9 | 1.6 | 2.2 | 2.0 | 2.3 |
| Capital Adequacy | | | | | | | | | |
| CAR (%) | 19.5 | 17.6 | 17.7 | 17.8 | 16.6 | 16.6 | 16.7 | 16.6 | 17.0 |
| Tier I (%) | 16.2 | 14.6 | 14.9 | 15.1 | 14.2 | 14.2 | 14.1 | 14.5 | 15.0 |
| ROE Decomposition (on total assets; %) | | | | | | | | | |
| NII | 3.9 | 3.8 | 3.9 | 3.9 | 3.8 | 3.7 | 3.9 | 3.8 | 3.7 |
| Other Income (Ex Treasury) | 1.5 | 1.5 | 1.5 | 1.6 | 1.6 | 1.6 | 1.6 | 1.6 | 1.5 |
| Treasury | 0.1 | 0.0 | 0.2 | (0.0) | 0.1 | 0.3 | 0.1 | 0.3 | 0.1 |
| Net income | 5.5 | 5.3 | 5.6 | 5.5 | 5.5 | 5.7 | 5.6 | 5.7 | 5.4 |
| Opex | 2.3 | 2.4 | 2.7 | 2.8 | 2.7 | 2.7 | 2.6 | 2.7 | 2.5 |
| PPOP | 3.2 | 2.9 | 2.9 | 2.7 | 2.8 | 3.0 | 2.9 | 3.0 | 2.9 |
| Provisions | 0.5 | 0.1 | 0.3 | 0.3 | 0.3 | 0.3 | 0.6 | 0.6 | 0.6 |
| PBT | 2.7 | 2.8 | 2.5 | 2.5 | 2.5 | 2.7 | 2.3 | 2.4 | 2.3 |
| Tax | 0.7 | 0.7 | 0.6 | 0.6 | 0.6 | 0.6 | 0.6 | 0.4 | 0.6 |
| ROA | 2.0 | (1.8) | 1.9 | 1.9 | 1.9 | 2.0 | 1.7 | 1.9 | 1.7 |
| Leverage (x) | 9.7 | 10.4 | 9.8 | 9.6 | 9.5 | 10.1 | 9.6 | 9.4 | 9.3 |
| ROE | 19.4 | (19.0) | 18.5 | 17.9 | 17.7 | 20.6 | 16.6 | 18.3 | 16.0 |

Source: Company, Emkay Research

Axis Bank: Standalone Financials and Valuations

| Profit & Loss | | | | | |
|----------------------------|----------------|----------------|----------------|----------------|----------------|
| Y/E Mar (Rs mn) | FY23 | FY24 | FY25E | FY26E | FY27E |
| Interest Income | 851,638 | 1,093,686 | 1,231,595 | 1,270,871 | 1,355,575 |
| Interest Expense | 422,180 | 594,741 | 688,147 | 699,015 | 722,299 |
| Net interest income | 429,457 | 498,945 | 543,448 | 571,856 | 633,276 |
| NII growth (%) | 29.6 | 16.2 | 8.9 | 5.2 | 10.7 |
| Other income | 165,009 | 224,420 | 249,097 | 285,943 | 331,156 |
| Total Income | 594,466 | 723,365 | 792,544 | 857,799 | 964,431 |
| Operating expenses | 271,662 | 352,132 | 370,799 | 405,322 | 450,001 |
| PPOP | 322,805 | 371,233 | 421,745 | 452,477 | 514,431 |
| PPOP growth (%) | 30.5 | 15.0 | 13.6 | 7.3 | 13.7 |
| Core PPOP | 325,555 | 353,272 | 401,957 | 428,713 | 488,311 |
| Provisions & contingencies | 28,848 | 40,631 | 83,432 | 80,903 | 88,115 |
| PBT | 293,957 | 330,602 | 338,314 | 371,574 | 426,316 |
| Extraordinary items | 124,898 | 0 | 0 | 0 | 0 |
| Tax expense | 73,262 | 81,987 | 78,893 | 92,555 | 107,836 |
| Minority interest | 0 | 0 | 0 | 0 | 0 |
| Income from JV/Associates | 0 | 0 | 0 | 0 | 0 |
| Reported PAT | 95,797 | 248,614 | 259,420 | 279,019 | 318,480 |
| PAT growth (%) | 69.4 | 12.7 | 4.3 | 7.6 | 14.1 |
| Adjusted PAT | 220,695 | 248,614 | 259,420 | 279,019 | 318,480 |
| Diluted EPS (INR) | 31.1 | 80.5 | 83.8 | 90.1 | 102.9 |
| Diluted EPS growth (%) | (-26.6) | 159.0 | 4.0 | 7.6 | 14.1 |
| DPS (INR) | 1.0 | 1.0 | 1.4 | 1.8 | 2.4 |
| Dividend payout (%) | 1.4 | 1.2 | 1.7 | 2.0 | 2.3 |
| Effective tax rate (%) | 24.9 | 24.8 | 23.3 | 24.9 | 25.3 |
| Net interest margins (%) | 3.7 | 3.8 | 3.8 | 3.7 | 3.7 |
| Cost-income ratio (%) | 45.7 | 48.7 | 46.8 | 47.3 | 46.7 |
| Shares outstanding (mn) | 3,076.9 | 3,086.6 | 3,095.2 | 3,095.2 | 3,095.2 |

Source: Company, Emkay Research

| Asset quality and other metrics | | | | | |
|---------------------------------|-----------|-----------|-----------|-----------|-----------|
| Y/E Mar (Rs mn) | FY23 | FY24 | FY25E | FY26E | FY27E |
| Asset quality | | | | | |
| Gross NPLs | 170,190.2 | 143,449.7 | 159,232.4 | 196,632.2 | 228,214.3 |
| Net NPLs | 34,390.4 | 32,474.7 | 39,808.1 | 49,158.0 | 57,053.6 |
| GNPA ratio (%) | 2.0 | 1.5 | 1.5 | 1.7 | 1.7 |
| NNPA ratio (%) | 0.4 | 0.3 | 0.4 | 0.4 | 0.4 |
| Provision coverage (%) | 79.8 | 77.4 | 75.0 | 75.0 | 75.0 |
| Gross slippages | 142,535.8 | 144,046.4 | 197,283.1 | 207,776.9 | 210,547.3 |
| Gross slippage ratio (%) | 1.7 | 1.5 | 1.9 | 1.8 | 1.6 |
| LLP ratio (%) | 0.4 | 0.4 | 0.8 | 0.8 | 0.7 |
| NNPA to networth (%) | 2.6 | 2.1 | 2.1 | 2.3 | 2.3 |
| Capital adequacy | | | | | |
| Total CAR (%) | 17.6 | 16.6 | 17.4 | 18.2 | 18.1 |
| Tier-1 (%) | 14.6 | 14.2 | 15.5 | 16.4 | 16.4 |
| CET-1 (%) | 14.1 | 14.1 | 15.4 | 16.3 | 16.4 |
| RWA-to-Total Assets (%) | 68.3 | 74.0 | 74.0 | 75.2 | 77.6 |
| Miscellaneous | | | | | |
| Total income growth (%) | 23.1 | 29.7 | 12.3 | 5.1 | 8.3 |
| Opex growth (%) | 15.1 | 29.6 | 5.3 | 9.3 | 11.0 |
| Core PPOP growth (%) | 39.3 | 8.5 | 13.8 | 6.7 | 13.9 |
| PPOP margin (%) | 31.8 | 28.2 | 28.5 | 29.1 | 30.5 |
| PAT/PPOP (%) | 68.4 | 67.0 | 61.5 | 61.7 | 61.9 |
| LLP-to-Core PPOP (%) | 8.9 | 11.5 | 20.8 | 18.9 | 18.0 |
| Yield on advances (%) | 8.4 | 9.7 | 9.8 | 9.3 | 9.0 |
| Cost of funds (%) | 3.9 | 4.9 | 5.3 | 5.0 | 4.6 |

Source: Company, Emkay Research

| Balance Sheet | | | | | |
|---------------------------------------|-------------------|-------------------|-------------------|-------------------|-------------------|
| Y/E Mar (Rs mn) | FY23 | FY24 | FY25E | FY26E | FY27E |
| Share capital | 6,154 | 6,173 | 6,190 | 6,190 | 6,190 |
| Reserves & surplus | 1,248,013 | 1,504,443 | 1,774,530 | 2,047,978 | 2,359,030 |
| Net worth | 1,254,167 | 1,510,616 | 1,780,720 | 2,054,168 | 2,365,220 |
| Deposits | 9,469,452 | 10,686,414 | 11,343,087 | 12,541,489 | 14,436,294 |
| Borrowings | 1,863,000 | 2,203,768 | 1,968,833 | 1,890,144 | 1,816,377 |
| Interest bearing liab. | 11,332,452 | 12,890,181 | 13,311,920 | 14,431,633 | 16,252,671 |
| Other liabilities & prov. | 586,636 | 371,289 | 512,000 | 572,568 | 727,328 |
| Total liabilities & equity | 13,173,255 | 14,772,086 | 15,604,641 | 17,058,369 | 19,345,220 |
| Net advances | 8,453,028 | 9,650,684 | 10,374,359 | 11,395,687 | 12,988,043 |
| Investments | 2,888,148 | 3,315,272 | 3,599,545 | 3,820,845 | 4,204,555 |
| Cash, other balances | 1,064,108 | 1,144,544 | 931,834 | 1,039,078 | 1,202,698 |
| Interest earning assets | 12,405,285 | 14,110,500 | 14,905,738 | 16,255,610 | 18,395,296 |
| Fixed assets | 47,339 | 56,846 | 102,662 | 114,332 | 127,367 |
| Other assets | 720,632 | 604,740 | 596,240 | 688,427 | 822,557 |
| Total assets | 13,173,255 | 14,772,086 | 15,604,641 | 17,058,369 | 19,345,220 |
| BVPS (INR) | 399.1 | 479.9 | 565.6 | 653.9 | 754.4 |
| Adj. BVPS (INR) | 390.7 | 472.1 | 555.9 | 642.0 | 740.6 |
| Gross advances | 8,588,828 | 9,761,659 | 10,493,783 | 11,543,162 | 13,159,204 |
| Credit to deposit (%) | 89.3 | 90.3 | 91.5 | 90.9 | 90.0 |
| CASA ratio (%) | 47.2 | 43.0 | 39.3 | 39.6 | 40.7 |
| Cost of deposits (%) | 3.6 | 4.5 | 5.2 | 5.0 | 4.6 |
| Loans-to-Assets (%) | 64.2 | 65.3 | 66.5 | 66.8 | 67.1 |
| Net advances growth (%) | 19.4 | 14.2 | 7.5 | 9.8 | 14.0 |
| Deposit growth (%) | 15.2 | 12.9 | 6.1 | 10.6 | 15.1 |
| Book value growth (%) | 9.0 | 20.3 | 17.8 | 15.6 | 15.4 |

Source: Company, Emkay Research

| Valuations and key Ratios | | | | | |
|-----------------------------|------------|-------------|-------------|-------------|-------------|
| Y/E Mar | FY23 | FY24 | FY25E | FY26E | FY27E |
| P/E (x) | 13.0 | 11.5 | 11.1 | 10.3 | 9.0 |
| P/B (x) | 2.3 | 1.9 | 1.6 | 1.4 | 1.2 |
| P/ABV (x) | 2.3 | 1.9 | 1.6 | 1.4 | 1.2 |
| P/PPOP (x) | 9.8 | 8.6 | 7.6 | 7.0 | 6.2 |
| Dividend yield (%) | 0.1 | 0.1 | 0.1 | 0.2 | 0.2 |
| Dupont-RoE split (%) | | | | | |
| NII/avg assets | 3.4 | 3.6 | 3.6 | 3.5 | 3.5 |
| Other income | 1.3 | 1.6 | 1.6 | 1.8 | 1.8 |
| Fee income | 1.3 | 1.5 | 1.5 | 1.6 | 1.7 |
| Opex | 2.2 | 2.5 | 2.4 | 2.5 | 2.5 |
| PPOP | 2.6 | 2.7 | 2.8 | 2.8 | 2.8 |
| Core PPOP | 2.6 | 2.5 | 2.6 | 2.6 | 2.7 |
| Provisions | 0.2 | 0.3 | 0.5 | 0.5 | 0.5 |
| Tax expense | 0.6 | 0.6 | 0.5 | 0.6 | 0.6 |
| RoA (%) | 0.8 | 1.8 | 1.7 | 1.7 | 1.7 |
| Leverage ratio (x) | 10.4 | 10.1 | 9.2 | 8.5 | 8.2 |
| RoE (%) | 8.0 | 18.0 | 15.8 | 14.6 | 14.4 |

| Quarterly data | | | | | |
|----------------|---------|---------|---------|---------|---------|
| Rs mn, Y/E Mar | Q3FY24 | Q4FY24 | Q1FY25 | Q2FY25 | Q3FY25 |
| NII | 125,322 | 130,890 | 134,482 | 134,832 | 136,059 |
| NIM(%) | 4.0 | 4.1 | 4.1 | 4.0 | 3.9 |
| PPOP | 91,412 | 105,357 | 101,062 | 107,125 | 105,339 |
| PAT | 60,711 | 71,297 | 60,346 | 69,176 | 63,038 |
| EPS (Rs) | 19.71 | 23.15 | 19.59 | 22.46 | 20.47 |

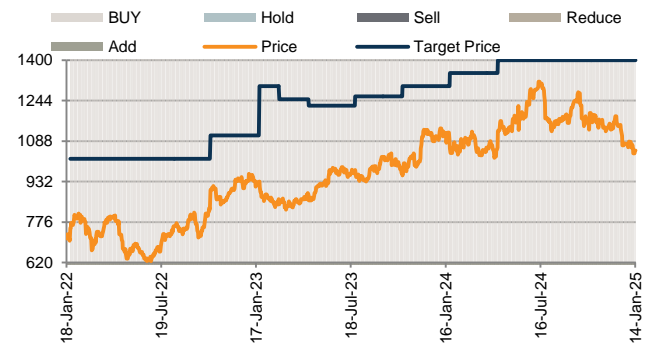
Source: Company, Emkay Research

RECOMMENDATION HISTORY - DETAILS

| Date | Closing Price (INR) | TP (INR) | Rating | Analyst |
|-----------|---------------------|----------|--------|------------|
| 18-Oct-24 | 1,197 | 1,400 | Buy | Anand Dama |
| 25-Jul-24 | 1,176 | 1,400 | Buy | Anand Dama |
| 25-Apr-24 | 1,127 | 1,400 | Buy | Anand Dama |
| 24-Jan-24 | 1,059 | 1,350 | Buy | Anand Dama |
| 30-Nov-23 | 1,074 | 1,300 | Buy | Anand Dama |
| 24-Nov-23 | 1,009 | 1,300 | Buy | Anand Dama |
| 25-Oct-23 | 955 | 1,300 | Buy | Anand Dama |
| 26-Jul-23 | 977 | 1,260 | Buy | Anand Dama |
| 28-Apr-23 | 860 | 1,225 | Buy | Anand Dama |
| 09-Mar-23 | 868 | 1,250 | Buy | Anand Dama |
| 02-Mar-23 | 845 | 1,250 | Buy | Anand Dama |
| 23-Jan-23 | 933 | 1,300 | Buy | Anand Dama |
| 25-Nov-22 | 888 | 1,110 | Buy | Anand Dama |
| 21-Oct-22 | 900 | 1,110 | Buy | Anand Dama |
| 25-Jul-22 | 727 | 1,020 | Buy | Anand Dama |
| 29-Apr-22 | 729 | 1,020 | Buy | Anand Dama |
| 31-Mar-22 | 761 | 1,020 | Buy | Anand Dama |
| 25-Jan-22 | 752 | 1,020 | Buy | Anand Dama |

Source: Company, Emkay Research

RECOMMENDATION HISTORY - TREND



Source: Company, Bloomberg, Emkay Research

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|---------------|---|
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| ADD | 5-15% upside |
| REDUCE | 5% upside to 15% downside |
| SELL | <15% downside |

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