

# Financials: Banks

## Result Preview



### Earnings growth to remain steady; NIM contraction to ease

Asset quality robust, but remain watchful on credit cost in FY25

- **Credit growth healthy; unsecured loan growth to moderate:** Systemic credit growth remains robust at 16.5% for the fortnight ending 8th Mar'24, and we anticipate this trend to be mirrored across our coverage universe. This healthy growth is fueled by sustained momentum in retail and business banking, along with a gradual recovery in the corporate sector. While the SME segment continues its steady expansion, the real estate sector is experiencing strong growth, supported by favorable industry trends. We expect this positive momentum to continue, with home loans driving growth within the retail segment, accompanied by strong performances in vehicle finance and small business loans. However, we anticipate some moderation in the unsecured segment due to tightening measures by the RBI.
- **Deposit growth gaining traction; NIM compression to moderate:** While credit growth has been robust, deposit growth too has gathered pace on the back of aggressive competition, a push for deposits, and competitive TD rates offered by banks. As a result, the gap between credit and deposits has narrowed to ~3.4% in Mar'24. The CD ratio stays elevated at 80% as most banks will see healthy credit volumes amid the seasonally strong fourth quarter. Among the banks under our coverage, we will watch out for deposit growth for HDFCB and AXSB. We expect ICICIBC, AXISB and KMB to see a 7-11bp moderation in NIM, while we expect flat NIMs for HDFCB, RBK, SBIN, IIB and UNBK. AUSFB is expected to see a substantial moderation in NIMs.
- **Lower bounce rates, healthy credit ratio suggest favorable asset quality outcomes:** The bounce rate has decreased to 19% and stays benign vs. pre-Covid levels, indicating strong asset quality outcomes and a lack of visible stress in the near term. The credit ratio also remained healthy at 1.79x in 2HFY24 but moderated from 1.91x in 1HFY24, thus providing an optimistic outlook for corporate credit quality. Consequently, we anticipate slippages to remain manageable, with upgrades/recoveries and resolutions in certain corporate/SME segments enabling a continued decline in the GNPA ratio. We estimate that credit costs will stay below their normalized run rate, with the release of certain AIF provisions further supporting this lower rate. Moreover, most banks have a minimal restructured book, and the SMA book too remains low, contributing to an improvement in overall credit costs.
- **We estimate our banking coverage universe earnings to grow ~13%/28%/18% YoY (9%/26%/18% excluding HDFCB) in 4QFY24/FY24/FY25:** For 4QFY24, we estimate NII for our banking coverage universe to grow ~7.4% YoY/2.9% QoQ (excluding HDFCB), while controlled opex and modest treasury gains (amid moderation in bond yields) will enable 1.6% YoY/5.5% QoQ growth in PPoP (excluding HDFCB). For 4QFY24, we estimate earnings growth of 12% YoY for PSU banks and 14% for private banks (6% excluding HDFCB). **We estimate MOFSL Banking Universe earnings to grow 28% (~26% excluding HDFCB) in FY24, 18% in FY25, and 17% YoY in FY26.**

#### 4QFY24 earnings estimate (INR b)

PAT (INR b)	4Q FY24E	YoY (%)	QoQ (%)
<b>Private Banks</b>			
AUBANK	3.8	-9.5	2.4
AXSB	63.5	-4.1	4.6
BANDHAN	8.5	5.3	16.2
DCBB	1.3	-7.5	4.0
EQUITAS	2.1	11.1	4.5
FB	9.0	-0.6	-10.9
HDFCB	156.5	29.9	-4.4
ICICIBC	106.3	16.5	3.5
IDFCFB	7.5	-6.5	4.8
IIB	24.2	18.2	5.0
KMB	34.2	-2.2	13.8
RBK	3.4	23.7	43.9
<b>Private Total</b>	<b>420.3</b>	<b>14.0</b>	<b>1.5</b>
<b>PSU Banks</b>			
BOB	48.2	0.8	5.2
CBK	37.3	17.6	2.1
INBK	22.0	51.7	3.6
PNB	28.6	146.5	28.5
SBIN	161.3	-3.4	76.0
UNBK	38.7	39.1	7.8
<b>PSU Total</b>	<b>336.0</b>	<b>11.9</b>	<b>32.6</b>
<b>Banks Total</b>	<b>756.3</b>	<b>13.0</b>	<b>13.3</b>
SBICARD	5.6	-5.5	2.7
Paytm	-4.7	NA	NA

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### Private Banks – 4QFY24 PAT to grow ~6% YoY (excluding HDFCB)

- For our private bank coverage universe (excluding HDFCB), we estimate PPoP growth of 6% YoY/2% QoQ and PAT growth of 6% YoY/5.3% QoQ in 4QFY24. 4Q earnings growth should be supported by robust business growth, normalized opex and controlled credit cost (which offsets continued NIM compression). However, we expect the pace of NIM squeeze to moderate vs. 3Q/2Q levels.
- We estimate 4QFY24 NII growth of 15.4% YoY (11% YoY excluding HDFCB), with IDFCFB at ~25%, HDFCB at ~25%, RBL at ~19%, IIB at ~18%, KMB at ~10%, ICICIBC at ~9%, and AXSB at ~8% YoY.
- Opex is likely to follow a normalized trend as banks continue with their investments in branches and technology, while the pace of employee hiring also remains healthy. The moderation in bond yield is expected to aid other income.
- Slippages are likely to remain under control, which should drive continued improvement in asset quality ratios. This, coupled with healthy recoveries from NCLT resolutions and a pick-up in the sale of NPA accounts to ARC, should improve asset quality ratios.

### PSBs – Controlled opex, stable NIMs and benign credit cost to aid earnings

- We estimate PSBs to report healthy earnings growth of 12% YoY/33% QoQ amid stable margins, decent growth, controlled opex, moderate treasury gains and benign credit cost. We, thus, estimate PSBs to report 5% YoY growth in NII, 1% YoY decline in PPoP, and 11.9% YoY growth in PAT.
- Opex is expected to decrease from the 3Q levels, primarily due to wage-related provisions made in 3Q. These provisions were largely accounted for in 3Q and partially in 4Q, particularly for SBIN and FB. Treasury performance is likely to stay robust, supported by a decline in bond yields and buoyant capital markets.
- The ongoing improvement in asset quality is expected to continue, with controlled slippages, complemented by robust recoveries, upgrades, and sales to the NARCL, which will enhance asset quality ratios. Healthy PCR and a significant reduction in the SMA pool bode well for credit costs.

### SFBs – Mixed performance; NIM moderation to continue

- We estimate AUBANK's 4Q PAT to decline 10% YoY to INR3.84b (+2.4% QoQ) as opex ratios remain elevated (C/I ratio at ~63% in FY24). Its NIMs are expected to remain under pressure and may fall by ~25bp to 5.25% after flat NIMs in 3Q. We remain watchful on asset quality as the bank has seen an uptick in credit cost due to faster normalization of slippage run rate and low recoveries.
- EQUITASB is likely to report a mixed quarter, with PPoP likely to decline 5% YoY amid lower other income and PAT likely to grow 11% YoY due to controlled credit cost. Advances may grow ~21% YoY (~7% QoQ), though AUM growth will be faster. We estimate NIMs to moderate by another 11bp QoQ to 8.26%.

### Payments/Fintech: Macro uncertainty, regulatory actions to dent earnings

- **SBICARDS:** The momentum in credit card spending is expected to moderate in 4Q amid lower corporate spending. New account sourcing should remain stable in 4Q. NIM is expected to moderate amid a lower revolver mix at 23% and a rise in funding cost, particularly as banks pass on the impact of increased risk-

weights. Asset quality could remain under pressure, keeping credit costs high. We, thus, estimate earnings to decline 6% YoY (+3% QoQ).

- **PAYTM:** We estimate a 23% YoY decline in GMV in 4QFY24, amounting to INR3.9t. Additionally, the value of disbursed loans is expected to plunge 67% QoQ, as the company has suspended postpaid loans due to RBI concerns and put merchant loans on hold pending data on QR transition. Revenue from operations is projected to decrease by 21% YoY to INR18.3b, while contribution profit is estimated to decline by 15% YoY to INR10.9b, with a contribution margin of ~60%. Adj. EBITDA loss is estimated to be at INR0.5b. We have factored in UPI incentive in our estimates during 4Q.

#### Other monitorables

- **RBI regulations tightening:** While the system's overall growth remains robust, regulators have identified various issues in certain companies. Consequently, there will be increased scrutiny on overall growth of the financial sector as attention shifts toward effectively managing compliance and fostering growth. We remain watchful on regulatory actions demanding increased vigilance and compliance from all entities involved.
- **Deposit progression remains a critical business metric:** Given an elevated CD ratio. As a result, banks will continue to make efforts to mobilize deposits to improve their CD ratios.
- **Opex and wage provisions:** Ongoing investments in technology and branch expansion or business growth initiatives are likely to impact the opex run rate. It will be crucial to evaluate any gaps in residual wage and pension provisioning to assess earnings growth.
- **Fee income traction and treasury performance:** Another significant focus area lies in monitoring the traction in fee income and treasury performance, particularly amid buoyant capital markets and a moderation in bond yields.

## Top picks – ICICIBC, IIB and SBIN

### ICICIBC: Financial snapshot (INR b)

Y/E March	FY23	FY24E	FY25E
NII	621	744	845
OP	491	578	662
NP	319	408	455
NIM (%)	4.7	4.8	4.6
EPS (INR)	45.8	58.4	65.2
EPS Gr (%)	36.0	27.6	11.6
ABV/Sh (INR)	267	317	373
Cons. BV/Sh (INR)	306	365	435
<b>Ratios</b>			
RoE (%)	17.5	19.0	18.1
RoA (%)	2.1	2.4	2.2
<b>Valuations</b>			
P/BV (x) (Cons)	3.5	3.0	2.5
P/ABV (x)	3.3	2.8	2.4
P/E (x)	19.1	15.0	13.4

### ICICIBC (Buy)

- ICICIBC has consistently demonstrated strong growth and profitability over the past few years. The bank boasts a healthy PCR of 82% as of 3QFY24. Moreover, it has set aside Covid-related provisions of INR131b (1.1% of total loans).
- Slippages have been effectively managed and have been decreasing for the past few quarters, which is expected to continue. ICICIBC is well-prepared with ample provisions on its balance sheet (higher than industry standards) and does not foresee an immediate need to utilize these provisions.
- Despite reaching peak margins in 4QFY23, the bank faces potential challenges such as the repricing of liabilities and the risk of CASA cannibalization, which could lead to an increase in funding costs and, consequently, margin pressure. With 70% of its loan book comprising floating-rate products and much of the repricing already completed, yields are expected to remain stable.
- ICICIBC is transitioning into a growth leader in the SME and Retail segments, supported by ongoing investments in technology and strategic partnerships with new ecosystem players. We estimate an 18% CAGR in loans over FY24-26.
- The bank has potential for re-rating, driven by its consistent delivery of strong return ratios and sustained growth, attributed to its focus on enhancing core operating performance. We estimate RoA/RoE of 2.2%/17.8% in FY26. Adjusted for subsidiaries, the standalone bank currently trades at 2.0x FY26E ABV.

### IIB: Financial snapshot (INR b)

Y/E MARCH	FY23	FY24E	FY25E
NII	175.9	207.3	241.0
OP	144.2	159.4	184.6
NP	74.4	90.4	107.3
NIM (%)	4.1	4.3	4.3
EPS (INR)	96.0	116.6	138.4
EPS Gr. (%)	54.7	21.4	18.7
BV/Sh. (INR)	707	808	930
ABV/Sh. (INR)	691	791	913
<b>Ratios</b>			
RoE (%)	14.5	15.4	16.0
RoA (%)	1.7	1.9	1.9
<b>Valuations</b>			
P/E (X)	16.1	13.3	11.2
P/BV (X)	2.2	1.9	1.7
P/ABV (X)	2.2	2.0	1.7

### IIB (Buy)

- After witnessing slower growth of 10-12% over FY20-22, IIB has seen a growth revival since then, with broad-based growth in both corporate and retail loans. The bank's advances have gained momentum, with strong 19-22% YoY growth in the past four quarters; Corporate growth stood at 15%+ and Retail growth was strong at 24% YoY in 3Q. We believe a healthy economic outlook and stable demand from corporates should help IIB sustain growth momentum.
- The bank has seen a gradual improvement in its asset quality, led by moderation in slippages, particularly from the MFI/Corporate segments, leading to a GNPA of 1.9% and healthy PCR of ~71% as on 3QFY24. IIB had contingent provisions amounting to INR13b (40bp of advances) as on 3QFY24.
- IIB's average CoD stands at 6.4%, which is higher than that of its peers, but the bank's ability to sustain its retail deposit base with steady optimization in deposit rates will be crucial for margin improvement. Its CASA ratio stood at 38.5% and retail deposits form 42% of total deposits; these metrics should improve as IIB continues to ramp up by tapping other customer segments.
- IIB has maintained its market share of ~2% of net systemic advances, backed by its leadership position in vehicle finance and MFI, which formed 26% and 11% of its advances, respectively, as on 3QFY24. The bank has guided for 18-23% in PC-6 (FY23-26), which we believe is fairly achievable amid a healthy demand environment. We expect healthy growth of 17%+ for FY24-26.
- We thus estimate RoA/RoE of 2.0%/16.7% in FY26. The stock currently trades at an attractive valuation of 1.5x FY26E ABV.

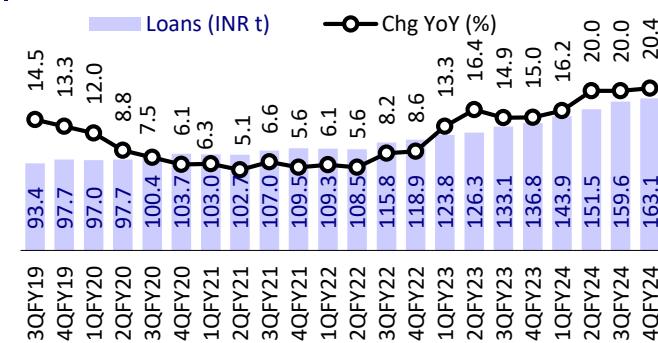
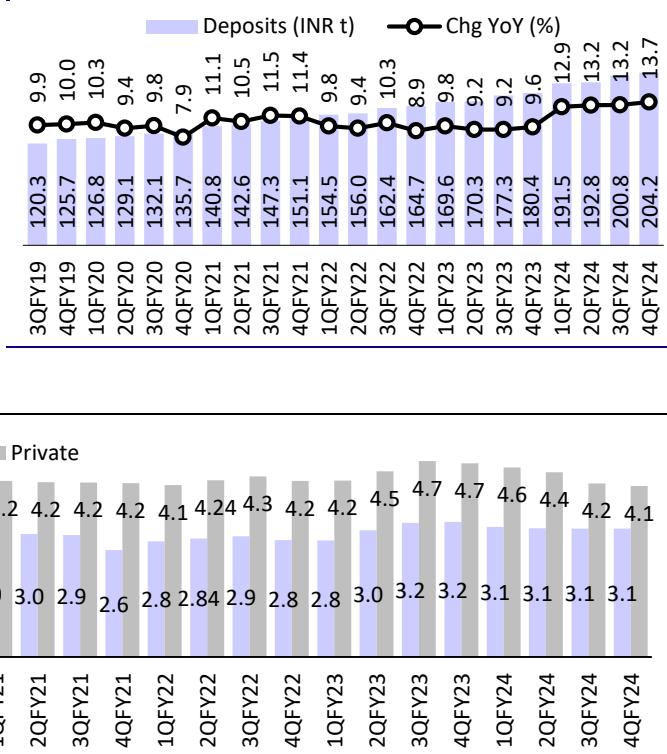
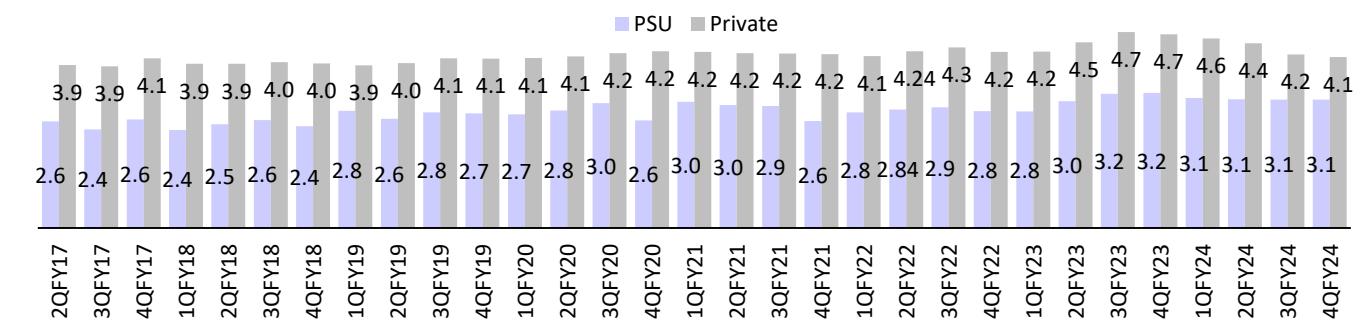
SBI: Financial snapshot (INR b)			
Y/E March	FY23	FY24E	FY25E
NII	1,448	1,597	1,745
OP	837	880	1,100
NP	502	565	705
NIM (%)	3.2	3.1	3.1
EPS (INR)	56.3	63.3	79.0
EPS Gr. (%)	58.6	12.5	24.8
ABV (INR)	311	362	427
Cons. BV (INR)	385	453	540
<b>Ratios</b>			
RoE (%)	18.1	17.6	18.9
RoA (%)	1.0	1.0	1.1
<b>Valuations</b>			
P/BV (x) (Cons.)	2.0	1.7	1.4
P/ABV (x)	1.7	1.5	1.2
P/E (x)	9.4	8.3	6.7

**SBI (Buy)**

- SBI delivered steady 17%/15.1% YoY loan growth in FY23/9MFY24 (vs. 9% CAGR over FY18-22) while focusing on building a granular and high-quality loan portfolio. It has been witnessing a healthy pick-up in corporate loan growth amid improved demand and healthy utilization.
- SBIN has been steadily growing its deposit base, up 13% YoY to INR47.6t in 9MFY24. Despite higher rates being offered by competition, the management does not foresee any challenges in garnering deposits, even at such a large base.
- Asset quality has remained well under control, with constant moderations in GNPA/NNPA ratios and overall stress pool. The bank witnessed a 72bp/13bp YoY decline in GNPA/NNPA to 2.42%/0.64% in 3QFY24.
- With the cost of deposits largely peaked out, the deposit repricing is almost at the fag end in 4QFY24 and should be largely offset by some degree of MCLR repricing. SBIN increased TD rates by 25-50bp in Dec'23 in the short-tenure buckets, which is not expected to notably impact costs; we have incorporated a slight moderation of 5bp in NIM in 4QFY24.
- The opex run rate has been high as SBIN made additional provisions in 3QFY24 for a 17% wage hike settlement. The bank has thus made total wage provisions of INR127.2b, and expects residual wage-related provisions of INR54b in 4QFY24. Additionally, the bank provided INR71b in 3Q for differential pension and DA neutralization. The bank guides for a lower wage bill of INR660b in FY25 vs. INR770b in FY24. As a result, we expect the cost ratio to moderate notably in FY25 to 52% and further to ~51% by FY26 from 58% in FY24.
- We estimate FY26 RoA/RoE of 1.1%/18.4%. The stock currently trades at decent valuations of 1.1x FY26E ABV.

**Exhibit 1: Summary of 4QFY24 earnings estimates**

Rating	NII (INR m)			Operating profit (INR m)			Net profit (INR m)			
	Mar'24	Variance YoY (%)	Variance QoQ (%)	Mar'24	Variance YoY (%)	Variance QoQ (%)	Mar'24	Variance YoY (%)	Variance QoQ (%)	
<b>Financials</b>										
AU Small Finance	Buy	13,720	13.1	3.6	6,697	17.3	1.9	3,842	-9.5	2.4
Axis Bank	Neutral	1,27,193	8.3	1.5	92,158	0.5	0.8	63,525	-4.1	4.6
Bandhan Bank	Neutral	26,673	7.9	5.6	18,067	0.6	9.1	8,514	5.3	16.2
DCB Bank	Neutral	4,885	0.5	3.1	2,289	-6.1	8.2	1,316	-7.5	4.0
Equitas Small Finance	Buy	7,962	12.6	1.4	3,680	-4.8	2.1	2,111	11.1	4.5
Federal Bank	Buy	21,999	15.2	3.6	13,227	-0.9	-8.0	8,975	-0.6	-10.9
HDFC Bank	Buy	2,91,442	24.8	2.4	2,42,589	30.3	2.6	1,56,538	29.9	-4.4
ICICI Bank	Buy	1,91,778	8.6	2.7	1,47,187	6.5	0.0	1,06,290	16.5	3.5
IDFC First Bank	Neutral	44,872	24.8	4.7	16,545	6.1	5.9	7,502	-6.5	4.8
IndusInd Bank	Buy	54,883	17.5	3.6	41,611	10.7	2.9	24,156	18.2	5.0
Kotak Mahindra Bank	Neutral	66,999	9.8	2.2	50,291	8.2	10.1	34,197	-2.2	13.8
RBL Bank	Neutral	16,140	18.9	4.4	8,157	37.4	6.6	3,354	23.7	43.9
<b>Banks – Private</b>		<b>8,68,546</b>	<b>15.4</b>	<b>2.7</b>	<b>6,42,499</b>	<b>13.7</b>	<b>2.4</b>	<b>4,20,319</b>	<b>14.0</b>	<b>1.5</b>
<b>Banks – Private (Ex of HDFCB)</b>		<b>5,77,104</b>	<b>11</b>	<b>3</b>	<b>3,99,910</b>	<b>6</b>	<b>2</b>	<b>2,63,781</b>	<b>6.2</b>	<b>5.3</b>
Bank of Baroda	Buy	1,13,946	-1.1	2.6	75,234	-6.8	7.2	48,156	0.8	5.2
Canara Bank	Buy	93,875	8.9	-0.3	70,425	-2.9	3.5	37,344	17.6	2.1
Indian Bank	Buy	59,465	8.0	2.3	42,018	4.6	2.6	21,961	51.7	3.6
Punjab National Bank	Neutral	1,04,546	10.1	1.6	70,996	21.0	12.1	28,563	146.5	28.5
State Bank of India	Buy	4,14,605	2.6	4.1	2,29,106	-6.9	12.7	1,61,277	-3.4	76.0
Union Bank	Buy	94,413	14.4	3.0	72,262	5.9	-0.7	38,694	39.1	7.8
<b>Banks – PSU</b>		<b>8,80,849</b>	<b>5.1</b>	<b>2.9</b>	<b>5,60,040</b>	<b>-1.1</b>	<b>8.0</b>	<b>3,35,996</b>	<b>11.9</b>	<b>32.6</b>
<b>Total Banks</b>		<b>17,49,395</b>	<b>10.0</b>	<b>2.8</b>	<b>12,02,539</b>	<b>6.3</b>	<b>4.9</b>	<b>7,56,315</b>	<b>13.0</b>	<b>13.3</b>
<b>Total Banks (Ex of HDFCB)</b>		<b>14,57,953</b>	<b>7</b>	<b>3</b>	<b>9,59,950</b>	<b>2</b>	<b>6</b>	<b>5,99,777</b>	<b>9.3</b>	<b>19.1</b>
Paytm	Neutral	18,338	-21.5	-35.7	-463	LP	-121.0	-4,693	NA	NA
SBI Cards	Neutral	14,485	24.3	4.4	17,001	18.9	4.9	5,637	-5.5	2.7

**Exhibit 2: Loan growth healthy at 20.4% (including HDFC)****Exhibit 3: Deposit growth inches up to 13.7%****Exhibit 4: Margins expected to compress further**

## Exhibit 5: Earnings progression on track

INRb	Old Estimates			Revised Estimates			% Change		
	FY24E	FY25E	FY26E	FY24E	FY25E	FY26E	FY24E	FY25E	FY26E
<b>Private Banks</b>									
AXSB	241.2	277.4	331.0	240.8	267.2	317.0	-0.1%	-3.7%	-4.2%
BANDHAN	32.6	41.5	49.8	30.3	37.1	43.6	-7.2%	-10.7%	-12.5%
DCBB	5.2	6.1	7.2	5.1	6.1	7.4	-1.2%	0.4%	2.0%
HDFCB	605.8	730.8	879.8	599.5	693.4	812.7	-1.0%	-5.1%	-7.6%
ICICIBC	406.7	460.8	538.3	408.1	455.4	523.6	0.3%	-1.2%	-2.7%
IDFCFB	30.3	39.7	52.1	29.8	38.6	53.3	-1.6%	-2.8%	2.3%
IIB	90.0	109.0	132.3	90.4	107.3	130.1	0.5%	-1.5%	-1.6%
KMB	131.0	148.0	171.3	130.7	145.1	169.7	-0.2%	-2.0%	-0.9%
FB	37.9	44.7	52.5	37.4	44.0	52.9	-1.5%	-1.4%	0.6%
RBK	11.4	15.5	20.9	11.5	15.4	20.9	0.9%	-0.7%	0.1%
AUBANK	15.5	20.8	28.6	15.5	20.5	28.2	-0.1%	-1.5%	-1.4%
EQUITASB	8.1	9.5	12.3	8.0	9.4	12.4	-0.8%	-1.6%	0.3%
<b>Total Pvt</b>	<b>1,615.7</b>	<b>1,903.8</b>	<b>2,276.2</b>	<b>1,607.2</b>	<b>1,839.5</b>	<b>2,171.7</b>	<b>-0.5%</b>	<b>-3.4%</b>	<b>-4.6%</b>
<b>YoY growth</b>	<b>26.9%</b>	<b>17.8%</b>	<b>19.6%</b>	<b>26.2%</b>	<b>14.5%</b>	<b>18.1%</b>			
<b>Total Pvt ( Ex of HDFCB)</b>	<b>1,009.9</b>	<b>1,173.0</b>	<b>1,396.4</b>	<b>1,007.6</b>	<b>1,146.0</b>	<b>1,359.1</b>	<b>-0.2%</b>	<b>-2.3%</b>	<b>-2.7%</b>
<b>YoY growth</b>	<b>21.4%</b>	<b>16.1%</b>	<b>19.0%</b>	<b>21.1%</b>	<b>13.7%</b>	<b>18.6%</b>			
<b>PSU Banks</b>									
BOB	179.0	203.3	229.0	177.2	200.2	226.7	-1.0%	-1.5%	-1.0%
CBK	144.0	170.8	197.5	145.3	166.0	187.5	0.9%	-2.8%	-5.1%
INBK	80.0	95.5	111.3	80.1	95.1	111.2	0.2%	-0.5%	0.0%
PNB	81.2	122.0	155.3	80.9	125.0	164.3	-0.4%	2.5%	5.8%
SBIN	559.7	721.1	829.0	565.1	705.0	799.4	1.0%	-2.2%	-3.6%
UNBK	140.4	165.1	185.4	142.1	162.1	184.5	1.2%	-1.8%	-0.5%
<b>Total PSU</b>	<b>1,184.3</b>	<b>1,477.9</b>	<b>1,707.6</b>	<b>1,190.7</b>	<b>1,453.5</b>	<b>1,673.6</b>	<b>0.5%</b>	<b>-1.7%</b>	<b>-2.0%</b>
<b>YoY growth</b>	<b>29.9%</b>	<b>24.8%</b>	<b>15.5%</b>	<b>30.6%</b>	<b>22.1%</b>	<b>15.1%</b>			
<b>Total Banks</b>	<b>2,800.1</b>	<b>3,381.7</b>	<b>3,983.7</b>	<b>2,797.8</b>	<b>3,292.9</b>	<b>3,845.3</b>	<b>-0.1%</b>	<b>-2.6%</b>	<b>-3.5%</b>
<b>YoY growth</b>	<b>28.2%</b>	<b>20.8%</b>	<b>17.8%</b>	<b>28.1%</b>	<b>17.7%</b>	<b>16.8%</b>			
<b>Total Banks ( Ex of HDFCB)</b>	<b>2,194.3</b>	<b>2,650.9</b>	<b>3,103.9</b>	<b>2,198.3</b>	<b>2,599.5</b>	<b>3,032.7</b>	<b>0.2%</b>	<b>-1.9%</b>	<b>-2.3%</b>
<b>YoY growth</b>	<b>25.8%</b>	<b>20.8%</b>	<b>17.1%</b>	<b>26.1%</b>	<b>18.3%</b>	<b>16.7%</b>			
SBI Cards	23.8	32.1	43.7	23.1	32.3	43.6	-2.8%	0.4%	-0.3%
Paytm	-11.4	-14.1	0.0	-13.3	-9.8	5.7	NA	NA	

## Exhibit 6: Snapshot of additional provision buffers as of 3QFY24

Large banks continue to carry additional provision buffers

As on 3QFY24	Loans (INR b)	COVID/contingent provisions	Floating/additional provisions	Total provisions	As a percentage of loans (%)
AXSB*	9,323	50.1	69.7	119.8	1.3
HDFCB	24,461	139	15	154	0.6
ICICIBC	11,538	131	-	131	1.1
IIB	3,271	13	-	13	0.4
KMB	3,596	2.9	-	2.9	0.1
AUBANK	667	0.05	0.4	0.5	0.1

\*AXSB holds total provisions of INR119.8b, including standard and additional, other than NPA

Source: MOFSL, Company

## Exhibit 7: Snapshot of AIF provision as of 3QFY24

As on 3QFY24	AIF Provisions (INR b)
ICICI Bank	6.3
KMB	1.9
RBL Bank	1.2
Axis bank	1.8
SBIN	2.4
BOB	0.5
DCB	0.5

Source: MOFSL, Company

Restructured book remains under control for private banks, but it is relatively higher for public sector banks

#### Exhibit 8: Snapshot of restructured book across banks

INR b	Restructured book									
	Absolute	Dec'21	Mar'22	Jun'22	Sep'22	Dec'22	Mar'23	Jun'23	Sep'23	Dec'23
AXSB	16.41	0.63	0.52	0.45	0.38	0.3	0.22	0.21	0.2	0.18
BANDHAN	NA	8.22	5.2	2.35	0.2	NA	NA	NA	NA	NA
DCBB	11.59	6.81	6.42	6.1	5.45	4.94	4.51	3.97	3.4	3
HDFCB	51.287	1.4	1.14	0.76	0.53	0.42	0.31	NA	0.22	NA
ICICIBC	33.18	1.19	1	0.8	0.7	0.5	0.4	NA	0.32	0.29
IIB	15.699	3.3	2.6	2.1	1.5	1.25	0.84	0.66	0.54	0.48
KMB	4.59	0.54	0.44	0.39	0.34	0.25	0.22	0.19	0.15	0.13
FB	22	2.45	2.44	2.22	2.03	1.81	1.62	1.4	1.3	1.1
RBK	5.037	3.44	3.27	2.9	2.21	1.67	1.21	1.05	0.89	0.63
AUBANK	4.672	3.1	2.5	2.1	1.7	1.4	1.2	1	0.8	0.7
BOB	99	2.65	2.44	2.46	2.12	1.87	1.5	1.31	NA	1
SBIN	188.8	1.2	1.13	1	0.93	0.85	0.8	0.69	0.62	0.54
INBK	94.36	5.09	4.73	4.2	3.9	3.37	2.51	2.19	2.12	1.93
PNB	97.2	2.76	2.36	2	1.8	1.54	1.32	NA	NA	1.06
UNBK	140.71	3.32	2.99	2.92	2.6	2.38	2.2	2	1.71	1.57
CBK	NA	2.78	2.77	2.41	2.09	1.75	NA	NA	NA	NA

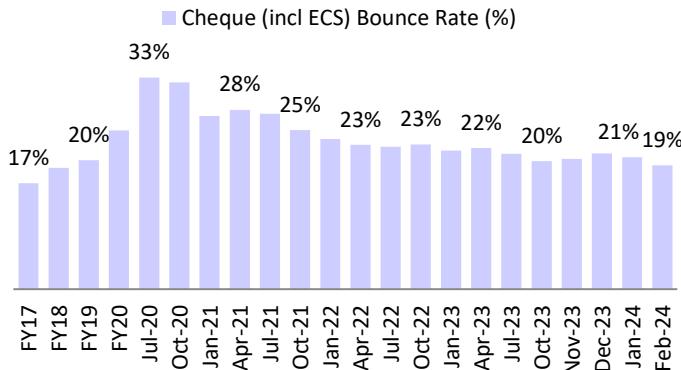
Source: MOFSL, Company

#### Exhibit 9: SMA book across banks as of 3QFY24

SMA (bp of loans)	SMA 0	SMA 1	SMA 2
BOB	NA	24bp	
BOI	NA	16bp	18bp
CBK	17bp	15bp	48bp
INBK	NA	36bp	20bp
PNB	NA	NA	14bp
SBIN	NA	10bp	10bp
UNBK	32bp	9bp	18bp
BANDHAN	140bp	100bp	90bp
KMB	NA	NA	6bp

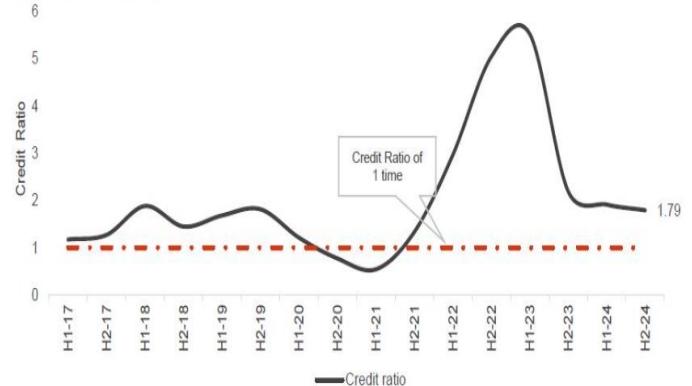
Source: MOFSL, Company

#### Exhibit 10: Cheque Bounce rate reduces to 19%; lower than pre-Covid levels



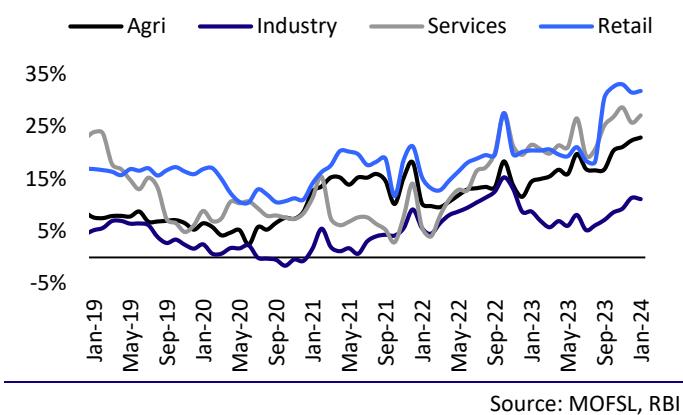
Source: MOFSL, NPCI

#### Exhibit 11: Credit ratio moderated to 1.79x in 2HFY24, showcasing favorable asset quality outcomes

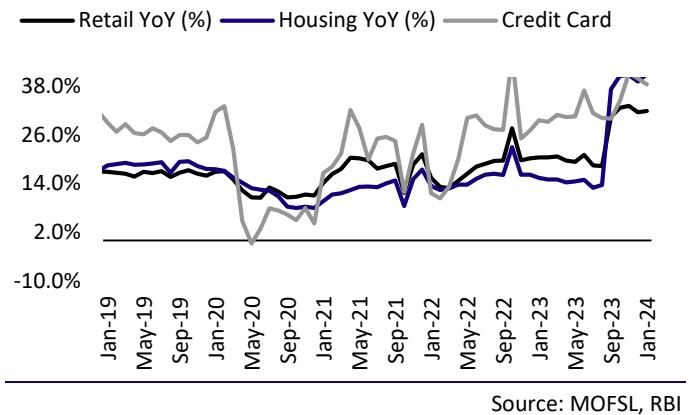


Source: MOFSL, CRISIL

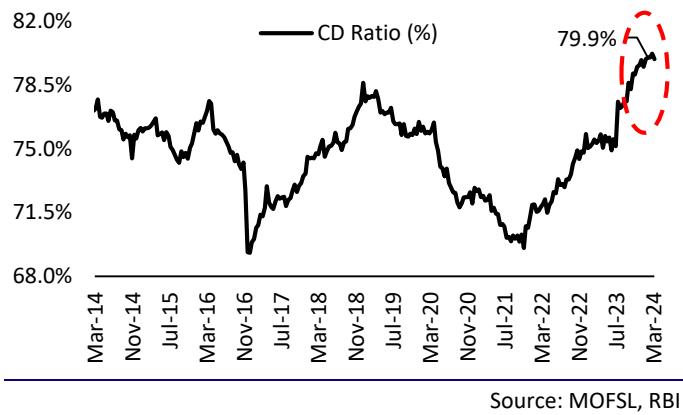
**Exhibit 12: Retail loan growth healthy at 31.8% YoY; Retail mix at 34.1% in Jan'24**



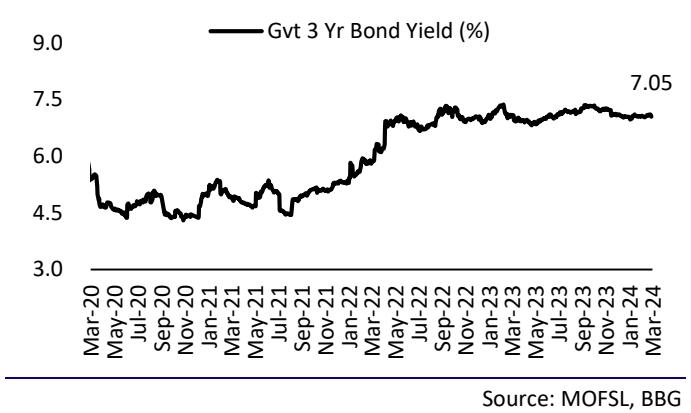
**Exhibit 13: Credit Card grew at ~38.4% YoY; Housing/Retail loan growth at ~40.9%/31.8% YoY in Nov'23**



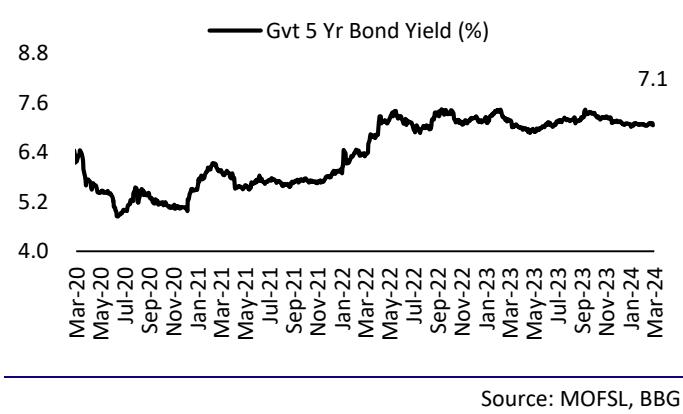
**Exhibit 14: CD ratio stands at 79.9% as of Mar'24**



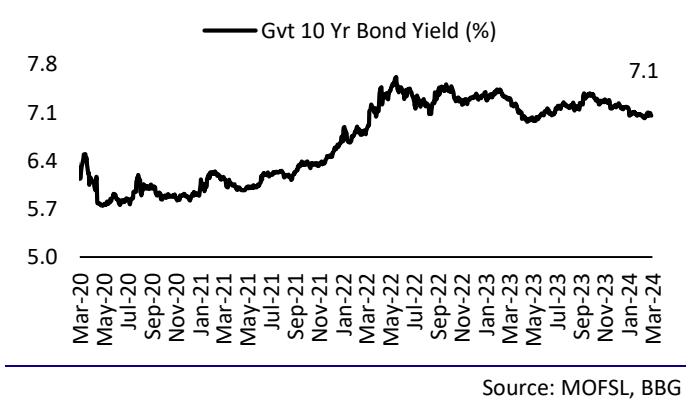
**Exhibit 15: Three-year G-Sec yield remains in a narrow range**

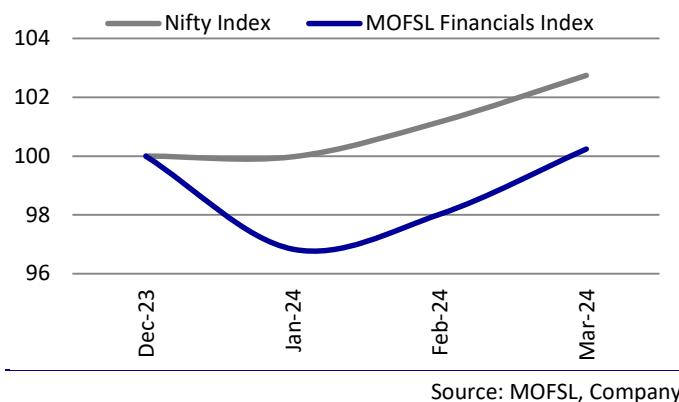


**Exhibit 16: Five-year G-Sec yield declined 7bp in Mar'24**

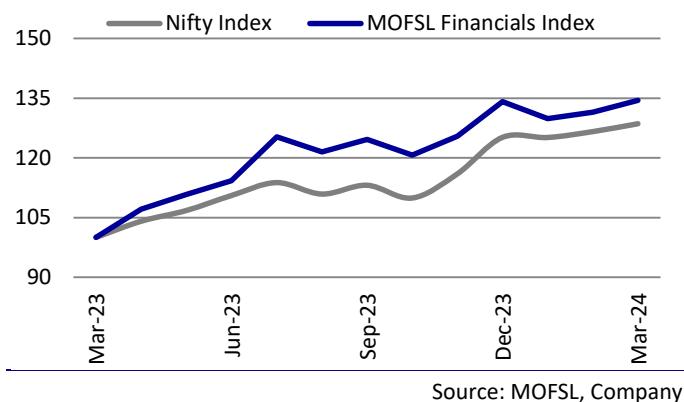


**Exhibit 17: 10-year G-Sec yield stood at 7.1% in Mar'24**



**Exhibit 18: Relative performance – three months (%)**

Source: MOFSL, Company

**Exhibit 19: One-year relative performance (%)**

Source: MOFSL, Company

**Exhibit 20: Valuation summary**

Company	CMP		EPS (INR)			P/E (x)			P/B (x)			RoE (%)		
	(INR)	Rating	FY24E	FY25E	FY26E	FY24E	FY25E	FY26E	FY24E	FY25E	FY26E	FY24E	FY25E	FY26E
<b>Financials</b>														
<b>Banks-Private</b>														
ICICIBC	1,077	Buy	58.4	65.2	75.0	14.9	13.4	11.6	2.6	2.2	1.9	19.0	18.1	17.8
HDFCB	1,483	Buy	78.9	91.3	107.0	16.0	13.8	11.8	2.2	2.0	1.7	14.5	15.1	15.6
AXSB	1,063	Neutral	78.2	86.6	102.8	12.3	11.1	9.4	2.0	1.7	1.5	17.7	16.8	17.1
BANDHAN	191	Neutral	18.8	23.0	27.0	10.1	8.3	7.0	1.4	1.3	1.1	14.7	16.1	16.9
KMB	1,732	Neutral	65.9	74.5	86.2	17.6	15.5	13.4	2.4	2.1	1.8	14.6	14.1	14.4
IIB	1,543	Buy	116.6	138.4	167.7	13.2	11.2	9.2	1.9	1.7	1.4	15.4	16.0	16.7
FB	155	Buy	16.5	18.2	21.9	9.4	8.5	7.1	1.3	1.1	1.0	14.9	14.3	15.1
DCBB	127	Neutral	16.4	19.6	23.7	7.7	6.5	5.4	0.8	0.7	0.7	11.4	12.3	13.3
IDFCFB	78	Neutral	4.4	5.7	7.9	17.6	13.8	10.0	1.7	1.5	1.3	10.3	11.4	13.8
EQUITASB	97	Buy	7.2	8.3	10.9	13.5	11.7	8.9	1.9	1.7	1.4	14.6	15.1	17.3
AUBANK	605	Buy	23.2	29.1	37.9	26.1	20.8	16.0	3.3	2.7	2.3	13.4	14.2	15.5
RBK	252	Neutral	19.2	25.6	34.9	13.2	9.9	7.2	1.0	1.0	0.9	8.2	10.2	12.9
<b>Banks-PSU</b>														
SBIN	771	Buy	62.7	80.8	92.9	8.4	6.6	5.7	1.3	1.1	1.0	17.6	18.9	18.4
PNB	135	Neutral	7.3	11.4	14.9	18.4	11.9	9.1	1.4	1.3	1.1	8.4	11.8	13.8
BOB	274	Buy	34.2	38.7	43.8	8.0	7.1	6.3	1.3	1.1	1.0	17.8	17.3	16.9
CBK	606	Buy	80.1	91.5	103.3	7.6	6.6	5.9	1.3	1.1	0.9	19.9	19.0	18.0
UNBK	157	Buy	19.9	21.9	24.9	7.9	7.2	6.3	1.3	1.1	1.0	17.7	17.1	17.0
INBK	529	Buy	61.8	70.6	82.6	8.6	7.5	6.4	1.3	1.1	1.0	16.9	16.7	16.9
<b>Fintech and payments</b>														
Paytm	411	Neutral	-26.1	-18.9	4.2	-15.7	-21.8	96.8	2.1	2.2	2.2	-13.1	-10.3	-7.8
SBICARD	695	Neutral	24.4	34.1	46.1	28.5	20.4	15.1	5.5	4.4	3.5	21.2	24.1	25.8

The tables below provide a snapshot of actual and estimated numbers for companies under the MOFSL Coverage Universe. Highlighted columns indicate the quarter/financial year under review.

## AU Small Finance Bank

Buy

CMP: INR605 | TP: INR720 (+19%)

EPS CHANGE (%): FY24|FY25: -0.1|-1.5

- Expect margins to compress
- Merger to help AUBANK diversify its lending portfolio and increase its geographical footprint
- CoF and C/I ratios are expected to remain elevated
- Asset quality ratios expected to remain stable

### Quarterly Performance

(INR m)

	FY23				FY24E				FY23	FY24E
	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4QE		
<b>Net Interest Income</b>	<b>9,760</b>	<b>10,833</b>	<b>11,527</b>	<b>12,132</b>	<b>12,462</b>	<b>12,490</b>	<b>13,249</b>	<b>13,720</b>	<b>44,253</b>	<b>51,921</b>
% Change (Y-o-Y)	34.8	43.8	40.5	29.5	27.7	15.3	14.9	13.1	36.8	17.3
Other Income	1,592	2,474	2,949	3,331	3,151	4,255	4,497	4,752	10,345	16,655
<b>Total Income</b>	<b>11,352</b>	<b>13,307</b>	<b>14,476</b>	<b>15,463</b>	<b>15,613</b>	<b>16,744</b>	<b>17,746</b>	<b>18,472</b>	<b>54,597</b>	<b>68,576</b>
Operating Expenses	7,411	8,319	8,919	9,753	10,153	10,267	11,175	11,776	34,403	43,370
<b>Operating Profit</b>	<b>3,941</b>	<b>4,988</b>	<b>5,557</b>	<b>5,709</b>	<b>5,461</b>	<b>6,477</b>	<b>6,571</b>	<b>6,697</b>	<b>20,195</b>	<b>25,205</b>
% Change (Y-o-Y)	-18.2	27.1	21.2	18.4	38.6	29.9	18.2	17.3	11.3	24.8
Provisions	384	430	326	409	330	1,143	1,589	1,637	1,548	4,699
<b>Profit before Tax</b>	<b>3,557</b>	<b>4,558</b>	<b>5,231</b>	<b>5,300</b>	<b>5,131</b>	<b>5,334</b>	<b>4,981</b>	<b>5,060</b>	<b>18,646</b>	<b>20,506</b>
Tax	878	1,132	1,302	1,054	1,262	1,315	1,229	1,218	4,367	5,024
<b>Net Profit</b>	<b>2,679</b>	<b>3,426</b>	<b>3,928</b>	<b>4,246</b>	<b>3,869</b>	<b>4,018</b>	<b>3,752</b>	<b>3,842</b>	<b>14,279</b>	<b>15,482</b>
% Change (Y-o-Y)	31.8	23.0	30.1	22.7	44.4	17.3	-4.5	-9.5	26.4	8.4

### Operating Parameters

Deposit (INR b)	546.3	583.4	611.0	693.6	693.2	757.4	801.2	871.8	693.6	871.8
Loan (INR b)	486.5	517.4	556.0	584.2	628.6	641.7	667.4	727.5	584.2	727.5
Deposit Growth (%)	47.6	49.4	38.0	31.9	26.9	29.8	31.1	25.7	31.9	25.7
Loan Growth (%)	43.3	44.4	38.4	26.7	29.2	24.0	20.0	24.5	26.7	24.5

### Asset Quality

GNPA (%)	2.0	1.9	1.8	1.7	1.8	1.9	2.0	2.0	1.7	2.0
NNPA (%)	0.6	0.6	0.5	0.4	0.6	0.6	0.7	0.7	0.5	0.7
PCR (%)	71.7	71.1	72.1	75.0	69.0	69.1	66.0	64.7	70.8	64.7

## Axis Bank

Neutral

CMP: INR1063 | TP: INR1,175 (+10%)

EPS CHANGE (%): FY24|FY25: -0.1|-3.7

- Expect CD ratio to remain elevated
- Expect margin to moderate in 4Q
- Cost ratios to remain elevated
- Expect business growth to remain healthy

### Quarterly Performance

(INR m)

	FY23				FY24E				FY23	FY24E
	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4QE		
<b>Net Interest Income</b>	<b>93.8</b>	<b>103.6</b>	<b>114.6</b>	<b>117.4</b>	<b>119.6</b>	<b>123.1</b>	<b>125.3</b>	<b>127.2</b>	<b>429.5</b>	<b>495.2</b>
% Change (Y-o-Y)	20.9	31.1	32.4	33.1	27.4	18.9	9.4	8.3	29.6	15.3
Other Income	30.0	39.4	46.7	49.0	50.9	50.3	55.5	57.7	165.0	214.5
<b>Total Income</b>	<b>123.8</b>	<b>143.0</b>	<b>161.2</b>	<b>166.4</b>	<b>170.5</b>	<b>173.5</b>	<b>180.9</b>	<b>184.9</b>	<b>594.5</b>	<b>709.8</b>
Operating Expenses	65.0	65.9	68.5	74.7	82.3	87.2	89.5	92.8	273.0	351.7
<b>Operating Profit</b>	<b>58.9</b>	<b>77.2</b>	<b>92.8</b>	<b>91.7</b>	<b>88.1</b>	<b>86.3</b>	<b>91.4</b>	<b>92.2</b>	<b>321.4</b>	<b>358.0</b>
% Change (Y-o-Y)	-4.8	30.2	50.6	41.8	49.7	11.9	-1.5	0.5	29.9	11.4
Provisions	3.6	5.5	14.4	3.1	10.3	8.1	10.3	7.3	28.8	36.1
<b>Profit before Tax</b>	<b>55.3</b>	<b>71.7</b>	<b>78.4</b>	<b>88.6</b>	<b>77.8</b>	<b>78.2</b>	<b>81.1</b>	<b>84.9</b>	<b>292.6</b>	<b>322.0</b>
Tax	14.0	18.4	19.9	22.4	19.8	19.5	20.4	21.4	73.3	81.1
<b>Net Profits</b>	<b>41.3</b>	<b>53.3</b>	<b>58.5</b>	<b>66.3</b>	<b>58.0</b>	<b>58.6</b>	<b>60.7</b>	<b>63.5</b>	<b>219.3</b>	<b>240.8</b>
% Change (Y-o-Y)	91.0	70.1	61.9	60.9	40.5	10.0	3.7	-4.1	68.4	9.8

### Operating Parameters

Deposit (INR t)	8.0	8.1	8.5	9.5	9.4	9.6	10.0	10.8	9.5	10.8
Loan (INR t)	7.0	7.3	7.6	8.5	8.6	9.0	9.3	9.8	8.5	9.8
Deposit Growth (%)	12.6	10.1	9.9	15.2	17.2	17.9	18.5	13.8	15.2	13.8
Loan Growth (%)	14.0	17.6	14.6	19.4	22.4	22.8	22.3	15.6	19.4	15.6
<b>Asset Quality</b>	<b>2.8</b>	<b>2.5</b>	<b>2.4</b>	<b>2.0</b>	<b>2.0</b>	<b>1.7</b>	<b>1.6</b>	<b>1.6</b>	<b>2.2</b>	<b>1.6</b>
Gross NPA (%)	0.6	0.5	0.5	0.4	0.4	0.4	0.4	0.4	0.4	0.4
Net NPA (%)	77.3	79.9	80.8	80.9	79.6	79.5	77.8	77.0	80.0	77.0

**Bandhan Bank****Neutral****CMP: INR191 | TP: INR225 (+18%)****EPS CHANGE (%): FY24 | FY25: -7.2 | -10.8**

- Expect NIM moderation to continue
- Expect asset quality to improve and credit cost to be under control

- Expect business growth to pick up amid seasonal pick-up
- Cost ratios expected to remain elevated

**Quarterly Performance****(INR b)**

Y/E March	FY23				FY24E				FY23	FY24E
	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4QE		
<b>Net Interest Income</b>	<b>25.1</b>	<b>21.9</b>	<b>20.8</b>	<b>24.7</b>	<b>24.9</b>	<b>24.4</b>	<b>25.3</b>	<b>26.7</b>	<b>92.6</b>	<b>101.3</b>
% Change (YoY)	18.9	13.3	-2.1	-2.7	-0.9	11.4	21.4	7.9	6.3	9.4
Other Income	3.3	4.8	10.3	6.3	3.9	5.4	5.5	6.8	24.7	21.5
<b>Total Income</b>	<b>28.4</b>	<b>26.7</b>	<b>31.1</b>	<b>31.0</b>	<b>28.8</b>	<b>29.8</b>	<b>30.7</b>	<b>33.4</b>	<b>117.3</b>	<b>122.7</b>
Operating Expenses	10.2	11.2	11.9	13.1	13.1	14.0	14.2	15.4	46.4	56.7
<b>Operating Profit</b>	<b>18.2</b>	<b>15.5</b>	<b>19.2</b>	<b>18.0</b>	<b>15.6</b>	<b>15.8</b>	<b>16.6</b>	<b>18.1</b>	<b>70.9</b>	<b>66.1</b>
% Change (YoY)	-7.0	-2.0	-1.4	-28.8	-14.2	2.0	-13.9	0.6	-11.5	-6.8
Provisions	6.4	12.8	15.4	7.3	6.0	6.4	6.8	6.6	42.0	25.8
<b>Profit Before Tax</b>	<b>11.8</b>	<b>2.7</b>	<b>3.8</b>	<b>10.6</b>	<b>9.6</b>	<b>9.5</b>	<b>9.7</b>	<b>11.5</b>	<b>28.9</b>	<b>40.2</b>
Tax	2.9	0.6	0.9	2.5	2.4	2.3	2.4	2.9	7.0	10.0
<b>Net Profit</b>	<b>8.9</b>	<b>2.1</b>	<b>2.9</b>	<b>8.1</b>	<b>7.2</b>	<b>7.2</b>	<b>7.3</b>	<b>8.5</b>	<b>21.9</b>	<b>30.3</b>
% Change (YoY)	137.6	NM	-66.2	-57.5	-18.7	244.6	152.2	5.3	NM	37.9
<b>Operating Parameters</b>										
Deposits (INR b)	931	994	1,023	1,081	1,085	1,121	1,174	1,262	1,081	1,262
Loans (INR b)	909	902	921	1,048	982	1,020	1,102	1,203	1,048	1,203
Deposit Growth (%)	20.3	21.3	21.0	12.2	16.6	12.8	14.8	16.8	12.2	16.8
Loan Growth (%)	21.6	21.1	14.7	11.5	8.0	13.1	19.6	14.8	11.5	14.8
<b>Asset Quality</b>										
Gross NPA (%)	7.3	7.2	7.2	4.9	6.8	7.3	7.0	6.1	4.9	6.1
Net NPA (%)	1.9	1.9	1.9	1.2	2.2	2.3	2.2	1.9	1.2	1.9
PCR (%)	74.9	75.5	75.4	76.8	69.2	70.0	70.0	70.5	76.8	70.5

E: MOFSL Estimates

**Bank of Baroda****Buy****CMP: INR274 | TP: INR310 (+13%)****EPS CHANGE (%): FY24 | FY25: -1.0 | -1.5**

- Expect earnings and business growth to remain healthy
- Expect asset quality to improve further; credit cost is likely to remain in control

- Margins expected to moderate slightly
- Loan growth development and opex to be key monitorables

**Quarterly Performance****(INR b)**

	FY23				FY24E				FY23	FY24E
	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4QE		
<b>Net Interest Income</b>	<b>88.4</b>	<b>101.7</b>	<b>108.2</b>	<b>115.2</b>	<b>110.0</b>	<b>108.3</b>	<b>111.0</b>	<b>113.9</b>	<b>413.6</b>	<b>443.2</b>
% Change (YoY)	12.0	34.5	26.5	33.8	24.4	6.4	2.6	-1.1	26.8	7.2
Other Income	11.8	18.3	35.5	34.7	33.2	41.7	28.1	34.3	100.3	137.4
<b>Total Income</b>	<b>100.2</b>	<b>120.0</b>	<b>143.7</b>	<b>149.9</b>	<b>143.2</b>	<b>150.0</b>	<b>139.1</b>	<b>148.3</b>	<b>513.8</b>	<b>580.6</b>
Operating Expenses	54.9	59.7	61.4	69.2	64.9	69.8	69.0	73.0	245.2	276.8
<b>Operating Profit</b>	<b>45.3</b>	<b>60.3</b>	<b>82.3</b>	<b>80.7</b>	<b>78.2</b>	<b>80.2</b>	<b>70.2</b>	<b>75.2</b>	<b>268.6</b>	<b>303.8</b>
% Change (YoY)	-19.2	6.4	50.1	43.3	72.8	33.0	-14.8	-6.8	20.0	13.1
Provisions	16.8	16.3	24.0	14.2	19.5	21.6	6.7	9.7	71.4	57.4
<b>Profit before Tax</b>	<b>28.4</b>	<b>44.0</b>	<b>58.3</b>	<b>66.5</b>	<b>58.8</b>	<b>58.6</b>	<b>63.5</b>	<b>65.6</b>	<b>197.3</b>	<b>246.4</b>
Tax	6.7	10.9	19.8	18.8	18.1	16.1	17.7	17.4	56.2	69.2
<b>Net Profit</b>	<b>21.7</b>	<b>33.1</b>	<b>38.5</b>	<b>47.8</b>	<b>40.7</b>	<b>42.5</b>	<b>45.8</b>	<b>48.2</b>	<b>141.1</b>	<b>177.2</b>
% Change (YoY)	79.4	58.7	75.4	168.5	87.7	28.4	18.9	0.8	94.0	25.6
<b>Operating Parameters</b>										
Deposit (INR b)	10,327	10,902	11,495	12,037	11,999	12,496	12,453	13,108	12,037	13,108
Loan (INR b)	7,996	8,366	8,907	9,410	9,635	9,980	10,241	10,680	9,410	10,680
Deposit Growth (%)	10.9	13.6	17.5	15.1	16.2	14.6	8.3	8.9	15.1	8.9
Loan Growth (%)	19.6	20.6	21.7	21.1	20.5	19.3	15.0	13.5	21.1	13.5
<b>Asset Quality</b>										
Gross NPA (%)	6.3	5.3	4.5	3.8	3.5	3.3	3.1	2.9	3.8	2.9
Net NPA (%)	1.6	1.2	1.0	0.9	0.8	0.8	0.7	0.6	0.9	0.6
PCR (%)	75.9	79.1	78.8	77.2	78.5	77.6	77.7	78.3	76.7	78.3

## Canara Bank

Buy

CMP: INR606 | TP: INR650 (+7%)

EPS CHANGE (%): FY24 | FY25: 0.9 | -2.8

- Expect operating expenses and margins to remain broadly stable
- Asset quality and credit cost expected to improve
- Advances and deposit growth to be a key monitorable

## Quarterly Performance

(INR b)

	FY23				FY24E				FY23	FY24E
	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4QE		
<b>Net Interest Income</b>	<b>67.8</b>	<b>74.3</b>	<b>86.0</b>	<b>86.2</b>	<b>86.7</b>	<b>89.0</b>	<b>94.2</b>	<b>93.9</b>	<b>314.4</b>	<b>363.7</b>
% Change (Y-o-Y)	10.2	18.5	23.8	23.0	27.7	19.8	9.5	8.9	19.1	15.7
Other Income	51.8	48.3	39.9	47.8	48.2	46.3	43.0	45.6	187.6	183.1
<b>Total Income</b>	<b>119.6</b>	<b>122.6</b>	<b>125.9</b>	<b>133.9</b>	<b>134.8</b>	<b>135.4</b>	<b>137.1</b>	<b>139.5</b>	<b>502.0</b>	<b>546.9</b>
Operating Expenses	53.5	53.5	56.3	61.4	58.8	59.2	69.1	69.1	224.8	256.2
<b>Operating Profit</b>	<b>66.1</b>	<b>69.1</b>	<b>69.5</b>	<b>72.5</b>	<b>76.0</b>	<b>76.2</b>	<b>68.1</b>	<b>70.4</b>	<b>277.2</b>	<b>290.7</b>
% Change (Y-o-Y)	20.5	23.2	19.8	16.9	15.1	10.3	-2.1	-2.9	13.4	4.9
Other Provisions	36.9	36.4	31.2	30.9	27.2	26.1	19.0	22.3	135.4	94.6
<b>Profit before Tax</b>	<b>29.2</b>	<b>32.7</b>	<b>38.3</b>	<b>41.6</b>	<b>48.9</b>	<b>50.1</b>	<b>49.1</b>	<b>48.1</b>	<b>141.7</b>	<b>196.1</b>
Tax	8.9	7.4	9.5	9.8	13.5	14.0	12.5	10.8	35.7	50.8
<b>Net Profit</b>	<b>20.2</b>	<b>25.3</b>	<b>28.8</b>	<b>31.7</b>	<b>35.3</b>	<b>36.1</b>	<b>36.6</b>	<b>37.3</b>	<b>106.0</b>	<b>145.3</b>
% Change (Y-o-Y)	71.7	89.5	91.8	90.5	74.8	42.8	26.9	17.6	86.7	37.0
<b>Operating Parameters</b>										
Deposit (INR b)	11,181	11,340	11,635	11,792	11,925	12,322	12,629	12,818	11,792	12,818
Loan (INR b)	7,469	7,885	8,164	8,307	8,551	8,923	9,206	9,370	8,307	9,370
Deposit Growth (%)	9.4	9.8	11.5	8.5	6.6	8.7	8.5	8.7	8.5	8.7
Loan Growth (%)	15.2	21.4	18.0	18.1	14.5	13.2	12.8	12.8	18.1	12.8
<b>Asset Quality</b>										
Gross NPA (%)	7.0	6.4	5.9	5.4	5.2	4.8	4.4	4.1	5.4	4.1
Net NPA (%)	2.5	2.2	2.0	1.7	1.6	1.4	1.3	1.2	1.7	1.2
PCR (%)	66.2	67.1	68.1	68.9	70.6	71.4	70.8	71.3	68.8	71.3

E: MOFSL Estimates

## DCB Bank

Neutral

CMP: INR127 | TP: INR145 (14%)

EPS CHANGE (%): FY24 | FY25: -1.2 | 0.4

- Expect loan book growth to be healthy
- Provisions to remain under control, while potential reversal of AIF provisions can further support lower credit cost
- Asset quality expected to remain broadly stable
- Margin trajectory to be closely monitored

## Quarterly Performance

(INR m)

	FY23				FY24E				FY23	FY24E
	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4QE		
<b>Net Interest Income</b>	<b>3,740</b>	<b>4,111</b>	<b>4,460</b>	<b>4,860</b>	<b>4,707</b>	<b>4,757</b>	<b>4,740</b>	<b>4,885</b>	<b>17,170</b>	<b>19,090</b>
% Change (Y-o-Y)	21.1	27.2	29.3	27.7	25.9	15.7	6.3	0.5	26.5	11.2
Other Income	924	992	954	1,223	1,069	1,074	1,237	1,369	4,094	4,749
<b>Total Income</b>	<b>4,664</b>	<b>5,103</b>	<b>5,414</b>	<b>6,083</b>	<b>5,777</b>	<b>5,831</b>	<b>5,977</b>	<b>6,254</b>	<b>21,264</b>	<b>23,838</b>
Operating Expenses	3,002	3,278	3,473	3,643	3,690	3,725	3,862	3,965	13,397	15,242
<b>Operating Profit</b>	<b>1,661</b>	<b>1,826</b>	<b>1,941</b>	<b>2,439</b>	<b>2,087</b>	<b>2,105</b>	<b>2,115</b>	<b>2,289</b>	<b>7,867</b>	<b>8,596</b>
% Change (Y-o-Y)	-17.8	4.2	-2.4	10.5	25.6	15.3	9.0	-6.1	-1.3	9.3
Provisions	350	310	407	525	377	397	410	513	1,787	1,697
<b>Profit before Tax</b>	<b>1,311</b>	<b>1,516</b>	<b>1,534</b>	<b>1,915</b>	<b>1,709</b>	<b>1,708</b>	<b>1,705</b>	<b>1,776</b>	<b>6,080</b>	<b>6,899</b>
Tax	340	392	396	493	440	441	439	460	1,424	1,780
<b>Net Profit</b>	<b>971</b>	<b>1,124</b>	<b>1,139</b>	<b>1,422</b>	<b>1,269</b>	<b>1,268</b>	<b>1,266</b>	<b>1,316</b>	<b>4,656</b>	<b>5,119</b>
% Change (Y-o-Y)	187.8	73.0	51.1	25.4	30.7	12.9	11.2	-7.5	61.9	10.0
<b>Operating Parameters</b>										
Deposit (INR b)	350.8	369.6	395.1	412.4	430.1	455.0	471.2	491.2	412.4	491.2
Loan (INR b)	298.1	312.9	329.7	343.8	354.7	372.8	389.5	407.1	343.8	407.1
Deposit Growth (%)	14.6	16.3	22.6	18.9	22.6	23.1	19.3	19.1	18.9	19.1
Loan Growth (%)	17.9	17.9	20.6	18.2	19.0	19.1	18.2	18.4	18.2	18.4
<b>Asset Quality</b>										
Gross NPA (%)	4.2	3.9	3.6	3.2	3.3	3.4	3.4	3.4	3.2	3.4
Net NPA (%)	1.8	1.5	1.4	1.0	1.2	1.3	1.2	1.2	1.0	1.2
PCR (%)	57.8	61.3	63.0	68.2	64.1	62.8	65.1	65.3	68.2	65.3

E: MOFSL Estimates

**Equitas Small Finance Bank****Buy****CMP: INR97 | TP: INR125 (+29%)****EPS CHANGE (%): FY24 | FY25: -0.8 | -1.6**

- Expect NIMs to further moderate
- Expect asset quality ratios to remain stable

- Cost ratios estimated to remain elevated
- Deposit traction and trend in CASA ratio to be the key monitorables

**Quarterly Performance****INRm**

Y/E March	FY23								FY24E	
	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4QE	FY23	FY24E
<b>Net Interest Income</b>	<b>5,806</b>	<b>6,097</b>	<b>6,475</b>	<b>7,070</b>	<b>7,431</b>	<b>7,656</b>	<b>7,851</b>	<b>7,962</b>	<b>25,447</b>	<b>30,901</b>
% Change (YoY)	25.9	26.0	19.7	28.0	28.0	25.6	21.3	12.6	24.8	21.4
Other Income	1,332	1,450	1,526	2,387	1,714	1,814	2,055	2,279	6,696	7,861
<b>Total Income</b>	<b>7,138</b>	<b>7,547</b>	<b>8,001</b>	<b>9,456</b>	<b>9,145</b>	<b>9,470</b>	<b>9,906</b>	<b>10,241</b>	<b>32,143</b>	<b>38,762</b>
Operating Expenses	4,456	5,124	5,210	5,593	6,024	6,168	6,303	6,561	20,383	25,056
<b>Operating Profit</b>	<b>2,682</b>	<b>2,423</b>	<b>2,791</b>	<b>3,864</b>	<b>3,121</b>	<b>3,302</b>	<b>3,603</b>	<b>3,680</b>	<b>11,760</b>	<b>13,706</b>
% Change (YoY)	63.1	21.8	24.2	36.1	16.4	36.3	29.1	-4.8	34.9	16.5
Provisions	1,416	901	499	1,256	601	632	844	906	4,072	2,982
<b>Profit before Tax</b>	<b>1,266</b>	<b>1,522</b>	<b>2,292</b>	<b>2,608</b>	<b>2,521</b>	<b>2,670</b>	<b>2,759</b>	<b>2,774</b>	<b>7,688</b>	<b>10,724</b>
Tax	296	358	591	707	609	689	739	663	1,952	2,699
<b>Net Profit</b>	<b>970</b>	<b>1,164</b>	<b>1,701</b>	<b>1,900</b>	<b>1,912</b>	<b>1,982</b>	<b>2,020</b>	<b>2,111</b>	<b>5,736</b>	<b>8,025</b>
% Change (YoY)	713.4	182.6	57.4	59.0	97.1	70.2	18.7	11.1	104.3	39.9
<b>Operating Parameters</b>										
AUM (INR b)	217	228	249	279	296	312	328	337	279	337
Deposits (INR b)	204	217	234	254	277	308	324	345	254	345
Loans (INR b)	205	218	233	258	275	288	292	312	258	312
AUM Growth (%)	22	20	27	35	36	37	32	21	35	21
Deposit Growth (%)	19	20	31	34	36	42	38	36	34	36
Loan Growth (%)	22	22	27	33	34	32	25	21	33	21
<b>Asset Quality</b>										
Gross NPA (%)	4.1	3.9	3.6	2.8	2.8	2.3	2.5	2.4	2.8	2.4
Net NPA (%)	2.2	2.0	1.8	1.2	1.2	1.0	1.1	1.1	1.2	1.1
PCR (%)	48.5	50.5	50.8	56.9	57.8	57.7	56.0	56.5	56.9	56.5

**Federal Bank****Buy****CMP: INR155 | TP: INR175 (+13%)****EPS CHANGE (%): FY24 | FY25: -1.5 | -1.4**

- Credit growth to remain healthy
- Expect cost ratios to remain elevated; margin expected to remain flat
- Deposits growth and traction in CASA to be a key monitorable
- Asset quality metrics to remain broadly stable

**Quarterly Performance****(INR b)**

	FY23								FY24E	
	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4QE	FY23	FY24E
<b>Net Interest Income</b>	<b>16.0</b>	<b>17.6</b>	<b>19.6</b>	<b>19.1</b>	<b>19.2</b>	<b>20.6</b>	<b>21.2</b>	<b>22.0</b>	<b>72.3</b>	<b>83.0</b>
% Change (YoY)	13.1	19.1	27.1	25.2	19.6	16.7	8.5	15.2	21.3	14.7
Other Income	4.5	6.1	5.3	7.3	7.3	7.3	8.6	8.5	23.3	31.8
<b>Total Income</b>	<b>20.6</b>	<b>23.7</b>	<b>24.9</b>	<b>26.4</b>	<b>26.5</b>	<b>27.9</b>	<b>29.9</b>	<b>30.5</b>	<b>95.6</b>	<b>114.8</b>
Operating Expenses	10.8	11.6	12.2	13.1	13.5	14.6	15.5	17.3	47.7	60.7
<b>Operating Profit</b>	<b>9.7</b>	<b>12.1</b>	<b>12.7</b>	<b>13.3</b>	<b>13.0</b>	<b>13.2</b>	<b>14.4</b>	<b>13.2</b>	<b>47.9</b>	<b>54.1</b>
% Change (YoY)	-14.1	32.9	39.4	67.2	33.8	9.3	12.8	-0.9	27.6	12.9
Provisions	1.7	2.7	2.0	1.2	1.6	0.4	0.9	1.1	11.4	4.0
<b>Profit before Tax</b>	<b>8.1</b>	<b>9.4</b>	<b>10.8</b>	<b>12.2</b>	<b>11.5</b>	<b>12.8</b>	<b>13.5</b>	<b>12.1</b>	<b>36.6</b>	<b>50.1</b>
Tax	2.1	2.4	2.7	3.2	2.9	3.3	3.4	3.1	6.5	12.7
<b>Net Profit</b>	<b>6.0</b>	<b>7.0</b>	<b>8.0</b>	<b>9.0</b>	<b>8.5</b>	<b>9.5</b>	<b>10.1</b>	<b>9.0</b>	<b>30.1</b>	<b>37.4</b>
% Change (YoY)	63.5	52.9	54.0	67.0	42.1	35.5	25.3	-0.6	59.3	24.1
<b>Operating Parameters</b>										
Deposit (INR b)	1,834	1,891	2,014	2,134	2,225	2,329	2,396	2,526	2,134	2,526
Loan (INR b)	1,517	1,612	1,682	1,744	1,835	1,928	1,992	2,093	1,744	2,093
Deposit Growth (%)	8.2	10.0	14.8	17.4	21.3	23.1	19.0	18.4	17.4	18.4
Loan Growth (%)	16.9	20.0	19.5	20.4	21.0	19.6	18.4	20.0	20.4	20.0
<b>Asset Quality</b>										
Gross NPA (%)	2.7	2.5	2.4	2.4	2.4	2.3	2.3	2.2	2.4	2.2
Net NPA (%)	0.9	0.8	0.7	0.7	0.7	0.6	0.6	0.6	0.8	0.6
PCR (%)	65.8	68.7	70.4	71.2	71.3	72.3	72.3	72.1	68.4	72.1

**HDFC Bank****Buy****CMP: INR1,483 | TP: INR1,950 (+32%)****EPS CHANGE (%): FY24 | FY25: -1.0 | -5.1**

- Deposit traction expected to remain healthy
- Asset quality for the merged entity expected to remain broadly stable

- Margins likely to remain broadly stable
- Guidance for business growth and earnings trajectory to be key monitorable

**Quarterly Performance****(INR b)**

	FY23				FY24				FY23	FY24E
	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4QE		
<b>Net Interest Income</b>	<b>194.8</b>	<b>210.2</b>	<b>229.9</b>	<b>233.5</b>	<b>236.0</b>	<b>273.9</b>	<b>284.7</b>	<b>291.4</b>	<b>868.4</b>	<b>1,086.0</b>
% Change (Y-o-Y)	14.5	18.9	24.6	23.7	21.1	30.3	23.9	24.8	20.6	25.1
Other Income	63.9	76.0	85.0	87.3	92.3	107.1	111.4	120.0	312.1	430.8
<b>Total Income</b>	<b>258.7</b>	<b>286.2</b>	<b>314.9</b>	<b>320.8</b>	<b>328.3</b>	<b>380.9</b>	<b>396.1</b>	<b>411.5</b>	<b>1,180.6</b>	<b>1,516.8</b>
Operating Expenses	105.0	112.2	124.6	134.6	140.6	154.0	159.6	168.9	476.5	623.0
<b>Operating Profit</b>	<b>153.7</b>	<b>173.9</b>	<b>190.2</b>	<b>186.2</b>	<b>187.7</b>	<b>226.9</b>	<b>236.5</b>	<b>242.6</b>	<b>704.0</b>	<b>893.7</b>
% Change (Y-o-Y)	1.5	10.0	13.4	13.8	22.2	30.5	24.3	30.3	9.9	26.9
Provisions	31.9	32.4	28.1	26.9	28.6	29.0	42.2	35.0	119.2	134.8
<b>Profit before Tax</b>	<b>121.8</b>	<b>141.5</b>	<b>162.2</b>	<b>159.4</b>	<b>159.1</b>	<b>197.9</b>	<b>194.3</b>	<b>207.6</b>	<b>584.9</b>	<b>758.9</b>
Tax	29.8	35.5	39.6	38.9	39.6	38.1	30.6	51.0	143.8	159.4
<b>Net Profit</b>	<b>92.0</b>	<b>106.1</b>	<b>122.6</b>	<b>120.5</b>	<b>119.5</b>	<b>159.8</b>	<b>163.7</b>	<b>156.5</b>	<b>441.1</b>	<b>599.5</b>
% Change (Y-o-Y)	19.0	20.1	18.5	19.8	30.0	50.6	33.5	29.9	19.3	35.9

**Operating Parameters**

Deposit	16,048	16,734	17,332	18,834	19,131	21,729	22,140	23,800	18,834	23,800
Loan	13,951	14,799	15,068	16,006	16,157	23,312	24,461	24,852	16,006	24,852
Deposit Growth (%)	19.2	19.0	19.9	20.8	19.2	29.8	27.7	26.4	20.8	26.4
Loan Growth (%)	21.6	23.4	19.5	16.9	15.8	57.5	62.3	55.3	16.9	55.3

**Asset Quality**

Gross NPA (%)	1.3	1.2	1.2	1.1	1.2	1.3	1.3	1.2	1.1	1.2
Net NPA (%)	0.4	0.3	0.3	0.3	0.3	0.4	0.3	0.3	0.3	0.3
PCR (%)	72.9	73.3	73.2	75.8	74.9	74.4	75.3	75.2	75.8	75.2

E: MOFSL Estimates; \* Reported on total assets; # Cal. on interest earning assets Note – we are not reflecting one-off gains from Credila stake

**ICICI Bank****Buy****CMP: INR1077 | TP: INR1,250 (+16%)****EPS CHANGE (%): FY24 | FY25: 0.3 | -1.2**

- Expect loan growth to remain healthy, led by Retail and SME segments
- Potential reversal in AIF provisions to aid credit cost improvement

- Expect credit costs to moderate; adequate contingency buffers to add comfort
- Margin and deposit traction to be the key monitorable

**Quarterly Performance****(INR b)**

	FY23				FY24E				FY23	FY24E
	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4QE		
<b>Net Interest Income</b>	<b>132.1</b>	<b>147.9</b>	<b>164.6</b>	<b>176.7</b>	<b>182.3</b>	<b>183.1</b>	<b>186.8</b>	<b>191.8</b>	<b>621.3</b>	<b>743.9</b>
% Change (YoY)	20.8	26.5	34.6	40.2	38.0	23.8	13.4	8.6	30.9	19.7
Other Income	46.7	50.5	50.2	50.9	54.4	57.8	61.0	61.9	198.3	235.0
<b>Total Income</b>	<b>178.8</b>	<b>198.4</b>	<b>214.9</b>	<b>227.5</b>	<b>236.6</b>	<b>240.8</b>	<b>247.8</b>	<b>253.7</b>	<b>819.6</b>	<b>978.9</b>
Operating Expenses	75.7	81.6	82.2	89.3	95.2	98.6	100.5	106.5	328.7	400.8
<b>Operating Profit</b>	<b>103.1</b>	<b>116.8</b>	<b>132.7</b>	<b>138.3</b>	<b>141.4</b>	<b>142.3</b>	<b>147.2</b>	<b>147.2</b>	<b>490.9</b>	<b>578.1</b>
% Change (YoY)	15.9	17.8	30.8	34.3	37.2	21.8	10.9	6.5	25.1	17.8
Provisions	11.4	16.4	22.6	16.2	12.9	5.8	10.5	6.2	66.7	35.4
<b>Profit before Tax</b>	<b>91.7</b>	<b>100.4</b>	<b>110.1</b>	<b>122.1</b>	<b>128.5</b>	<b>136.5</b>	<b>136.7</b>	<b>141.0</b>	<b>424.2</b>	<b>542.7</b>
Tax	22.6	24.8	27.0	30.8	32.0	33.9	34.0	34.7	105.2	134.6
<b>Net Profit</b>	<b>69.0</b>	<b>75.6</b>	<b>83.1</b>	<b>91.2</b>	<b>96.5</b>	<b>102.6</b>	<b>102.7</b>	<b>106.3</b>	<b>319.0</b>	<b>408.1</b>
% Change (YoY)	49.6	37.1	34.2	30.0	39.7	35.8	23.6	16.5	36.7	27.9

**Operating Parameters**

Deposit	10,503	10,900	11,220	11,808	12,387	12,947	13,323	13,863	11,808	13,863
Loan	8,956	9,386	9,740	10,196	10,576	11,105	11,538	12,011	10,196	12,011
Deposit Growth (%)	13.4	11.5	10.3	10.9	17.9	18.8	18.7	17.4	10.9	17.4
Loan Growth (%)	21.3	22.7	19.7	18.7	18.1	18.3	18.5	17.8	18.7	17.8

**Asset Quality**

Gross NPA (%)	3.4	3.2	3.1	2.8	2.8	2.5	2.3	2.3	2.9	2.3
Net NPA (%)	0.7	0.6	0.6	0.5	0.5	0.4	0.4	0.4	0.5	0.4
PCR (%)	79.9	81.3	82.6	83.5	83.1	83.1	81.3	82.0	82.8	82.0

**IDFC First Bank****Neutral****CMP: INR78 | TP: INR85 (8%)****EPS CHANGE (%): FY24 | FY25: -6.3 | -5.0**

- Expect loan traction to remain healthy, aided by Retail
- Credit cost expected to moderate from 3Q levels

- Asset quality to remain broadly stable
- Traction in deposit growth and movement in cost ratios to be in focus

**Quarterly Performance****(INR b)**

	FY23				FY24E				FY23	FY24E
	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4QE		
<b>Net Interest Income</b>	<b>27.5</b>	<b>30.0</b>	<b>32.9</b>	<b>36.0</b>	<b>37.5</b>	<b>39.5</b>	<b>42.9</b>	<b>44.9</b>	<b>126.4</b>	<b>164.7</b>
% Change (Y-o-Y)	25.9	32.1	27.3	34.7	36.1	31.6	30.5	24.8	30.2	30.3
Other Income	8.6	10.6	11.5	14.0	14.1	14.3	15.2	16.3	44.7	59.9
<b>Total Income</b>	<b>36.1</b>	<b>40.6</b>	<b>44.4</b>	<b>49.9</b>	<b>51.6</b>	<b>53.8</b>	<b>58.0</b>	<b>61.1</b>	<b>171.0</b>	<b>224.5</b>
Operating Expenses	26.6	28.9	31.8	34.4	36.6	38.7	42.4	44.6	121.7	162.3
<b>Operating Profit</b>	<b>9.4</b>	<b>11.7</b>	<b>12.6</b>	<b>15.6</b>	<b>15.0</b>	<b>15.1</b>	<b>15.6</b>	<b>16.5</b>	<b>49.3</b>	<b>62.3</b>
% Change (Y-o-Y)	-5.1	68.7	63.8	88.6	59.0	29.2	23.9	6.1	50.2	26.3
Provisions	3.1	4.2	4.5	4.8	4.8	5.3	6.5	6.2	16.6	22.8
<b>Profit before Tax</b>	<b>6.4</b>	<b>7.4</b>	<b>8.1</b>	<b>10.8</b>	<b>10.2</b>	<b>9.8</b>	<b>9.1</b>	<b>10.3</b>	<b>32.7</b>	<b>39.4</b>
Tax	1.6	1.9	2.1	2.7	2.6	2.3	1.9	2.8	8.3	9.6
<b>Net Profit</b>	<b>4.7</b>	<b>5.6</b>	<b>6.0</b>	<b>8.0</b>	<b>7.7</b>	<b>7.5</b>	<b>7.2</b>	<b>7.5</b>	<b>24.4</b>	<b>29.8</b>
% Change (Y-o-Y)	NM	266.1	115.1	134.2	61.3	35.2	18.4	-6.5	NM	22.4
<b>Operating Parameters</b>										
Deposit (INR b)	1,133	1,234	1,330	1,446	1,544	1,712	1,825	1,921	1,446	1,921
Deposit Growth (%)	24.1	36.8	43.4	36.9	36.2	38.7	37.2	32.8	36.9	32.8
Loan (INR b)	1,326	1,402	1,457	1,564	1,674	1,781	1,855	1,925	1,518	1,925
Loan Growth (%)	22.0	37.1	25.2	26.0	26.3	27.0	27.3	23.1	28.8	26.8
<b>Asset Quality</b>										
Gross NPA (%)	3.4	3.2	3.0	2.5	2.2	2.1	2.0	2.0	2.6	2.0
Net NPA (%)	1.3	1.1	1.0	0.9	0.7	0.7	0.7	0.6	0.9	0.6
PCR (%)	62.0	66.3	66.0	66.4	68.1	68.2	66.9	68.5	66.4	68.5

E: MOFSL Estimates

**IndusInd Bank****Buy****CMP: INR1,543 | TP: INR1,900 (+23%).****EPS CHANGE (%): FY24 | FY25: 0.5 | -1.5**

- Expect loan growth to remain healthy; deposit traction would be closely monitored
- Expect margins to be stable
- Expect asset quality to remain broadly stable
- Credit cost to remain under control

**Quarterly Performance****(INR b)**

	FY23				FY24E				FY23	FY24E
	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4QE		
<b>Net Interest Income</b>	<b>41.3</b>	<b>43.0</b>	<b>45.0</b>	<b>46.7</b>	<b>48.7</b>	<b>50.8</b>	<b>53.0</b>	<b>54.9</b>	<b>175.9</b>	<b>207.3</b>
% Change (YoY)	15.8	17.6	18.5	17.2	18.0	18.0	17.8	17.5	17.3	17.8
Other Income	19.3	20.1	20.8	21.5	22.1	22.8	24.0	24.5	81.7	93.3
<b>Total Income</b>	<b>60.6</b>	<b>63.1</b>	<b>65.7</b>	<b>68.2</b>	<b>70.8</b>	<b>73.6</b>	<b>76.9</b>	<b>79.3</b>	<b>257.6</b>	<b>300.6</b>
Operating Expenses	26.3	27.7	28.9	30.7	32.5	34.5	36.5	37.7	113.5	141.2
<b>Operating Profit</b>	<b>34.3</b>	<b>35.4</b>	<b>36.9</b>	<b>37.6</b>	<b>38.3</b>	<b>39.1</b>	<b>40.4</b>	<b>41.6</b>	<b>144.2</b>	<b>159.4</b>
% Change (YoY)	9.9	10.0	11.3	11.2	11.7	10.3	9.7	10.7	10.6	10.6
Provisions	12.5	11.4	10.6	10.3	9.9	9.7	9.7	9.3	44.9	38.7
<b>Profit before Tax</b>	<b>21.8</b>	<b>24.0</b>	<b>26.2</b>	<b>27.3</b>	<b>28.4</b>	<b>29.3</b>	<b>30.7</b>	<b>32.3</b>	<b>99.3</b>	<b>120.7</b>
Tax	5.5	6.0	6.6	6.8	7.2	7.3	7.7	8.1	24.9	30.3
<b>Net Profit</b>	<b>16.3</b>	<b>18.1</b>	<b>19.6</b>	<b>20.4</b>	<b>21.2</b>	<b>22.0</b>	<b>23.0</b>	<b>24.2</b>	<b>74.4</b>	<b>90.4</b>
% Change (YoY)	60.5	57.4	58.2	45.9	30.3	22.0	17.2	18.2	54.9	21.5
<b>Operating Parameters</b>										
Deposit (INR b)	3,031	3,155	3,253	3,361	3,470	3,595	3,688	3,825	3,361	3,825
Loan (INR b)	2,480	2,601	2,728	2,899	3,013	3,155	3,271	3,407	2,899	3,407
Deposit Growth (%)	13.4	14.6	14.3	14.6	14.5	13.9	13.4	13.8	14.6	13.8
Loan Growth (%)	17.7	17.8	19.3	21.3	21.5	21.3	19.9	17.5	21.3	17.5
<b>Asset Quality</b>										
Gross NPA (%)	2.4	2.1	2.1	2.0	1.9	1.9	1.9	1.9	2.0	1.9
Net NPA (%)	0.7	0.6	0.6	0.6	0.6	0.6	0.6	0.5	0.6	0.5
PCR (%)	72.0	71.5	70.6	70.6	70.6	70.6	70.6	71.2	69.4	71.2

## Indian Bank

Buy

CMP: INR529 | TP: INR600 (+13%)

EPS CHANGE (%): FY24 | FY25: 0.2 | -0.5

- Expect loan growth to remain healthy
- Margin to remain broadly stable

- Earnings growth to remain on track
- Expect asset quality ratios to improve

## Quarterly Performance

(INR b)

Y/E March	FY23				FY24E				FY23	FY24E
	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4QE		
<b>Net Interest Income</b>	<b>45.3</b>	<b>46.8</b>	<b>55.0</b>	<b>55.1</b>	<b>57.0</b>	<b>57.4</b>	<b>58.1</b>	<b>59.5</b>	<b>202.3</b>	<b>232.0</b>
% Change (YoY)	13.5	14.7	25.1	29.5	25.8	22.5	5.7	8.0	20.9	14.7
Other Income	16.0	18.3	17.2	19.9	17.1	19.9	19.0	20.7	71.4	76.8
<b>Total Income</b>	<b>61.4</b>	<b>65.1</b>	<b>72.2</b>	<b>75.0</b>	<b>74.1</b>	<b>77.3</b>	<b>77.2</b>	<b>80.2</b>	<b>273.7</b>	<b>308.8</b>
Operating Expenses	25.7	28.8	31.5	34.9	32.8	34.3	36.2	38.2	121.0	141.5
<b>Operating Profit</b>	<b>35.6</b>	<b>36.3</b>	<b>40.6</b>	<b>40.2</b>	<b>41.3</b>	<b>43.0</b>	<b>41.0</b>	<b>42.0</b>	<b>152.7</b>	<b>167.4</b>
% Change (YoY)	4.3	10.8	23.5	46.7	16.0	18.6	0.9	4.6	20.1	9.6
Provisions	22.2	20.6	25.2	25.6	17.4	15.5	13.5	13.6	93.6	60.0
<b>Profit before Tax</b>	<b>13.5</b>	<b>15.7</b>	<b>15.5</b>	<b>14.5</b>	<b>23.9</b>	<b>27.5</b>	<b>27.5</b>	<b>28.5</b>	<b>59.1</b>	<b>107.4</b>
Tax	1.3	3.5	1.5	0.1	6.9	7.6	6.3	6.5	6.3	27.3
<b>Net Profit</b>	<b>12.1</b>	<b>12.3</b>	<b>14.0</b>	<b>14.5</b>	<b>17.1</b>	<b>19.9</b>	<b>21.2</b>	<b>22.0</b>	<b>52.8</b>	<b>80.1</b>
% Change (YoY)	2.7	12.5	102.4	47.0	40.8	62.2	51.8	51.7	33.9	51.7

## Operating Parameters

Deposits (INR b)	5,843	5,889	5,971	6,212	6,296	6,408	6,542	6,771	6,212	6,771
Loans (INR b)	4,018	4,121	4,361	4,493	4,577	4,706	4,896	5,050	4,493	5,050

## Asset Quality

Gross NPA (%)	8.1	7.3	6.5	6.0	5.5	5.0	4.5	4.2	6.0	4.2
Net NPA (%)	2.1	1.5	1.0	0.9	0.7	0.6	0.5	0.5	0.9	0.5
PCR (%)	75.5	80.7	85.5	85.7	87.8	88.5	88.7	88.9	85.7	88.9

E: MOFSL Estimates

## Kotak Mahindra Bank

Neutral

CMP: INR1,732 | TP: INR2,000 (+16%)

EPS CHANGE (%): FY24 | FY25: -3.5 | -4.5

- Expect steady traction in loan growth
- Margins to compress further
- Expect liability growth to remain healthy
- Asset quality to remain in control

## Quarterly Performance

(INR b)

Y/E March	FY23				FY24E				FY23	FY24E
	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4QE		
<b>Net Interest Income</b>	<b>47.0</b>	<b>51.0</b>	<b>56.5</b>	<b>61.0</b>	<b>62.3</b>	<b>63.0</b>	<b>65.5</b>	<b>67.0</b>	<b>215.5</b>	<b>257.8</b>
% Change (Y-o-Y)	19.2	26.8	30.4	35.0	32.7	23.5	15.9	9.8	28.1	19.6
Other Income	12.4	18.3	19.5	21.9	26.8	23.1	23.0	25.5	70.8	98.5
<b>Total Income</b>	<b>59.4</b>	<b>69.3</b>	<b>76.0</b>	<b>82.9</b>	<b>89.2</b>	<b>86.1</b>	<b>88.5</b>	<b>92.5</b>	<b>286.3</b>	<b>356.3</b>
Operating Expenses	31.6	33.6	37.5	36.4	39.7	40.0	42.8	42.2	137.9	164.7
<b>Operating Profit</b>	<b>27.8</b>	<b>35.7</b>	<b>38.5</b>	<b>46.5</b>	<b>49.5</b>	<b>46.1</b>	<b>45.7</b>	<b>50.3</b>	<b>148.5</b>	<b>191.5</b>
% Change (Y-o-Y)	-3.7	14.3	42.5	39.1	77.8	29.2	18.6	8.2	23.2	29.0
Provisions	0.2	1.4	1.5	1.5	3.6	3.7	5.8	4.9	4.6	18.0
<b>Profit before Tax</b>	<b>27.6</b>	<b>34.3</b>	<b>37.0</b>	<b>45.0</b>	<b>45.9</b>	<b>42.4</b>	<b>39.9</b>	<b>45.4</b>	<b>143.9</b>	<b>173.5</b>
Tax	6.9	8.5	9.1	10.0	11.3	10.5	9.8	11.2	34.5	42.9
<b>Net Profit</b>	<b>20.7</b>	<b>25.8</b>	<b>27.9</b>	<b>35.0</b>	<b>34.5</b>	<b>31.9</b>	<b>30.1</b>	<b>34.2</b>	<b>109.4</b>	<b>130.7</b>
% Change (Y-o-Y)	26.1	27.0	31.0	26.3	66.7	23.6	7.6	-2.2	27.6	19.5
Deposits (INRb)	3,165	3,252	3,447	3,631	3,863	4,010	4,086	4,234	3,631	4,234
Loans (INRb)	2,802	2,940	3,107	3,199	3,286	3,483	3,596	3,726	3,199	3,726
Deposit growth (%)	10.4	11.5	12.9	16.5	22.0	23.3	18.6	16.6	16.5	16.6
Loan growth (%)	28.8	25.1	22.9	17.9	17.3	18.5	15.7	16.5	17.9	16.5

## Asset Quality

Gross NPA (%)	2.24	2.08	1.90	1.78	1.77	1.72	1.73	1.69	1.78	1.69
Net NPA (%)	0.62	0.55	0.43	0.37	0.40	0.37	0.34	0.33	0.37	0.33
PCR (%)	72.6	73.7	77.6	79.3	78.0	79.1	80.6	80.7	79.3	80.7

E: MOFSL Estimates

**Punjab National Bank****Neutral****CMP: INR135 | TP: INR120 (-11%)****EPS CHANGE (%): FY24 | FY25: -0.4 | 2.5**

- Expect business growth to remain healthy
- Expect asset quality to improve
- Opex to remain under control as wage provisions already made
- Margins and RoA trajectory to remain the key monitorable

**Quarterly Performance****(INRb)**

Y/E March	FY23				FY24E				FY23	FY24E
	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4QE		
<b>Net Interest Income</b>	<b>75.4</b>	<b>82.7</b>	<b>91.8</b>	<b>95.0</b>	<b>95.0</b>	<b>99.2</b>	<b>102.9</b>	<b>104.5</b>	<b>344.9</b>	<b>401.7</b>
% Change (YoY)	4.3	30.2	17.6	30.0	26.0	20.0	12.1	10.1	20.2	16.5
Other Income	25.4	28.5	33.4	34.2	34.3	30.3	26.7	35.5	121.4	126.9
<b>Total Income</b>	<b>100.8</b>	<b>111.2</b>	<b>125.2</b>	<b>129.2</b>	<b>129.4</b>	<b>129.5</b>	<b>129.7</b>	<b>140.1</b>	<b>466.3</b>	<b>528.6</b>
Operating Expenses	47.0	55.5	68.0	70.5	69.7	67.3	66.4	69.1	241.1	272.5
<b>Operating Profit</b>	<b>53.8</b>	<b>55.7</b>	<b>57.2</b>	<b>58.7</b>	<b>59.7</b>	<b>62.2</b>	<b>63.3</b>	<b>71.0</b>	<b>225.3</b>	<b>256.1</b>
% Change (YoY)	-15.9	38.4	12.6	11.4	10.9	11.7	10.8	21.0	8.5	13.7
Provisions	47.9	49.1	47.1	38.3	39.7	34.4	27.4	28.2	182.4	129.7
<b>Profit before Tax</b>	<b>5.9</b>	<b>6.6</b>	<b>10.0</b>	<b>20.4</b>	<b>20.0</b>	<b>27.7</b>	<b>35.9</b>	<b>42.8</b>	<b>42.9</b>	<b>126.4</b>
Tax	2.8	2.5	3.7	8.8	7.5	10.2	13.7	14.2	17.8	45.5
<b>Net Profit</b>	<b>3.1</b>	<b>4.1</b>	<b>6.3</b>	<b>11.6</b>	<b>12.6</b>	<b>17.6</b>	<b>22.2</b>	<b>28.6</b>	<b>25.1</b>	<b>80.9</b>
% Change (YoY)	-69.9	-62.8	-44.2	474.9	307.0	327.0	253.5	146.5	-27.5	222.7
<b>Operating Parameters</b>										
Deposits	11,367	11,935	12,104	12,812	12,979	13,099	13,235	13,606	12,812	13,606
Loans	7,426	7,734	8,004	8,308	8,637	8,899	9,164	9,438	8,308	9,438
Deposit Growth (%)	3.6	7.0	7.4	11.8	14.2	9.8	9.3	6.2	11.8	6.2
Loan Growth (%)	12.3	14.9	15.5	14.1	16.3	15.1	14.5	13.6	14.1	13.6
<b>Asset Quality</b>										
Gross NPA (%)	11.3	10.5	9.8	8.7	7.7	7.0	6.2	5.8	8.7	5.8
Net NPA (%)	4.3	3.8	3.3	2.7	2.0	1.5	1.0	0.8	2.8	0.8
PCR (%)	64.8	66.3	68.5	70.8	75.8	80.0	85.4	86.3	69.6	86.3

E: MOFSL Estimates

**RBL Bank****Neutral****CMP: INR252 | TP: INR270 (7%)****EPS CHANGE (%): FY24 | FY25: 0.9 | -0.7**

- Expect earnings to improve, driven by lower provisions
- Loan growth is likely to remain healthy, supported by new products
- Expect asset quality ratios to remain broadly stable
- Margin and credit cost outlook will be the key monitorables

**Quarterly Performance**

	FY23				FY24E				FY23	FY24E
	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4QE		
<b>Net Interest Income</b>	<b>11,890</b>	<b>11,743</b>	<b>12,770</b>	<b>13,570</b>	<b>14,222</b>	<b>14,750</b>	<b>15,459</b>	<b>16,140</b>	<b>49,973</b>	<b>60,570</b>
% Change (Y-o-Y)	22.6	28.3	26.4	19.9	19.6	25.6	21.1	18.9	24.1	21.2
Other Income	6,136	5,833	6,184	6,741	6,854	7,044	7,776	8,199	24,894	29,873
<b>Total Income</b>	<b>18,026</b>	<b>17,576</b>	<b>18,954</b>	<b>20,311</b>	<b>21,076</b>	<b>21,794</b>	<b>23,234</b>	<b>24,339</b>	<b>74,867</b>	<b>90,444</b>
Operating Expenses	12,735	12,453	13,282	14,373	14,601	14,484	15,582	16,182	52,843	60,850
<b>Operating Profit</b>	<b>5,291</b>	<b>5,124</b>	<b>5,672</b>	<b>5,938</b>	<b>6,475</b>	<b>7,310</b>	<b>7,652</b>	<b>8,157</b>	<b>22,025</b>	<b>29,594</b>
% Change (Y-o-Y)	-30.9	-25.9	-10.1	-9.7	22.4	42.7	34.9	37.4	-19.8	34.4
Provisions	2,530	2,415	2,927	2,347	2,662	6,404	4,581	3,725	10,219	17,372
<b>Profit before Tax</b>	<b>2,761</b>	<b>2,709</b>	<b>2,745</b>	<b>3,591</b>	<b>3,813</b>	<b>906</b>	<b>3,071</b>	<b>4,432</b>	<b>11,805</b>	<b>12,222</b>
Tax	750	693	655	880	932	-2,035	740	1,078	2,978	716
<b>Net Profit</b>	<b>2,012</b>	<b>2,016</b>	<b>2,090</b>	<b>2,711</b>	<b>2,881</b>	<b>2,941</b>	<b>2,331</b>	<b>3,354</b>	<b>8,827</b>	<b>11,507</b>
% Change (Y-o-Y)	NM	NM	33.9	37	43.2	45.9	11.5	23.7	NM	30.4

**Operating Parameters**

Deposit (INR b)	792.2	794	817.5	848.9	856.4	897.8	927.5	1,035.00	848.9	1,035.00
Loan (INR b)	602.7	629.4	666.8	702.1	730.9	763.2	799.5	839.5	702.1	839.5
Deposit Growth (%)	6.4	5	11	7.4	8.1	13.1	13.5	21.9	7.4	21.9
Loan Growth (%)	6.6	12.4	14.7	17	21.3	21.3	19.9	19.6	17	19.6

**Asset Quality**

Gross NPA (%)	4.1	3.8	3.6	3.4	3.2	3.1	3.1	3	3.4	3
Net NPA (%)	1.2	1.3	1.2	1.1	1	0.8	0.8	0.8	1.1	0.8
PCR (%)	72.5	67.8	68	68.1	69.6	75.6	75.1	73.6	68.1	73.6

E: MOFSL Estimates

**State Bank of India****Buy****CMP: INR771 | TP: INR860 (+12%)****EPS CHANGE (%): FY24 | FY25: 1.0 | -2.2**

- Opex to remain under control and earnings to improve as wage provisions already made in 3QFY24
- Expect business growth to remain healthy
- Asset quality to remain broadly stable
- Margin to be broadly stable with slight downward bias

**Quarterly Performance****(INR b)**

Y/E March	FY23				FY24E				FY23	FY24E
	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4QE		
<b>Net Interest Income</b>	<b>312.0</b>	<b>351.8</b>	<b>380.7</b>	<b>403.9</b>	<b>389.0</b>	<b>395.0</b>	<b>398.2</b>	<b>414.6</b>	<b>1,448.4</b>	<b>1,596.8</b>
% Change (YoY)	12.9	12.8	24.1	29.5	24.7	12.3	4.6	2.6	20.0	10.2
Other Income	23.1	88.7	114.7	139.6	120.6	107.9	114.6	145.7	366.2	488.8
<b>Total Income</b>	<b>335.1</b>	<b>440.6</b>	<b>495.4</b>	<b>543.5</b>	<b>509.7</b>	<b>502.9</b>	<b>512.7</b>	<b>560.3</b>	<b>1,814.6</b>	<b>2,085.6</b>
Operating Expenses	207.6	229.4	243.2	297.3	256.7	308.7	309.4	331.2	977.4	1,206.0
<b>Operating Profit</b>	<b>127.5</b>	<b>211.2</b>	<b>252.2</b>	<b>246.2</b>	<b>253.0</b>	<b>194.2</b>	<b>203.4</b>	<b>229.1</b>	<b>837.1</b>	<b>879.6</b>
% Change (YoY)	-32.8	16.8	36.2	24.9	98.4	-8.1	-19.4	-6.9	11.2	5.1
Provisions	43.9	30.4	57.6	33.2	25.0	1.2	6.9	18.1	165.1	51.1
Exceptional items (exp)	0.0	0.0	0.0	0.0	0.0	0.0	71.0	0.0		71.0
<b>Profit before Tax</b>	<b>83.6</b>	<b>180.8</b>	<b>194.6</b>	<b>213.1</b>	<b>228.0</b>	<b>193.0</b>	<b>125.5</b>	<b>211.0</b>	<b>672.1</b>	<b>757.5</b>
Tax Provisions	22.9	48.2	52.5	46.1	59.1	49.7	33.8	49.7	169.7	192.4
<b>Net Profit</b>	<b>60.7</b>	<b>132.6</b>	<b>142.1</b>	<b>166.9</b>	<b>168.8</b>	<b>143.3</b>	<b>91.6</b>	<b>161.3</b>	<b>502.3</b>	<b>565.1</b>
% Change (YoY)	-6.7	73.9	68.5	83.2	178.2	8.0	-35.5	-3.4	58.6	12.5
Adj. Net profit	60.7	132.6	142.1	166.9	168.8	143.3	144.0	161.3	502.3	617.4
<b>Operating Parameters</b>										
Deposits (INR t)	40.5	41.9	42.1	44.2	45.3	46.9	47.6	49.0	44.2	49.0
Loans (INR t)	28.2	29.5	30.6	32.0	32.4	33.5	35.2	36.5	32.0	36.5
Deposit Growth (%)	8.7	10.0	9.5	9.2	12.0	11.9	13.0	10.8	9.2	10.8
Loan Growth (%)	15.8	20.8	18.6	17.0	14.9	13.3	15.1	14.1	17.0	14.1
<b>Asset Quality</b>										
Gross NPA (%)	3.9	3.5	3.1	2.8	2.8	2.6	2.4	2.3	2.8	2.3
Net NPA (%)	1.0	0.8	0.8	0.7	0.7	0.6	0.6	0.6	0.7	0.6
PCR (%)	75.1	77.9	76.1	76.4	74.8	75.4	74.2	74.4	76.2	74.4

E: MOFSL Estimates

**Union Bank of India****Buy****CMP: INR157 | TP: INR175 (+11%)****EPS CHANGE (%): FY24 | FY25: 1.2 | -1.8**

- Expect steady business growth in 4Q
- SMA and restructuring books are key monitorables
- Margins expected to remain broadly stable
- Expect steady improvement in asset quality

**Quarterly Performance****(INR b)**

	FY23				FY24E				FY23	FY24E
	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4QE		
<b>Net Interest Income</b>	<b>75.8</b>	<b>83.1</b>	<b>86.3</b>	<b>82.5</b>	<b>88.4</b>	<b>91.3</b>	<b>91.7</b>	<b>94.4</b>	<b>327.7</b>	<b>365.8</b>
% Change (YoY)	8.1	21.6	20.3	21.9	16.6	9.9	6.3	14.4	17.9	11.6
Other Income	28.2	32.8	32.7	52.7	39.0	37.0	37.7	39.2	146.3	152.9
<b>Total Income</b>	<b>104.0</b>	<b>115.8</b>	<b>119.0</b>	<b>135.2</b>	<b>127.4</b>	<b>128.2</b>	<b>129.4</b>	<b>133.6</b>	<b>474.0</b>	<b>518.7</b>
Operating Expenses	49.5	50.0	52.8	67.0	55.6	56.0	56.6	61.3	219.3	229.6
<b>Operating Profit</b>	<b>54.5</b>	<b>65.8</b>	<b>66.2</b>	<b>68.2</b>	<b>71.8</b>	<b>72.2</b>	<b>72.8</b>	<b>72.3</b>	<b>254.7</b>	<b>289.0</b>
% Change (YoY)	5.1	8.3	29.8	23.6	31.8	9.8	9.9	5.9	16.4	13.5
Provisions	32.8	40.8	30.4	29.4	20.1	17.7	17.5	18.6	133.3	73.8
<b>Profit before Tax</b>	<b>21.7</b>	<b>25.0</b>	<b>35.8</b>	<b>38.9</b>	<b>51.7</b>	<b>54.5</b>	<b>55.3</b>	<b>53.7</b>	<b>121.4</b>	<b>215.3</b>
Tax	6.1	6.5	13.4	11.1	19.4	19.4	19.4	15.0	37.0	73.2
<b>Net Profit</b>	<b>15.6</b>	<b>18.5</b>	<b>22.4</b>	<b>27.8</b>	<b>32.4</b>	<b>35.1</b>	<b>35.9</b>	<b>38.7</b>	<b>84.3</b>	<b>142.1</b>
% Change (YoY)	32.0	21.1	106.8	93.3	107.7	90.0	59.9	39.1	61.2	68.5
<b>Operating Parameters</b>										
Deposit (INR b)	9,928	10,433	10,650	11,177	11,281	11,376	11,725	12,071	11,177	12,071
Loan (INR b)	6,764	7,275	7,564	7,618	7,705	8,036	8,621	8,731	7,618	8,731
Deposit Growth (%)	9.3	14.1	13.6	8.3	13.6	9.0	10.1	8.0	8.3	8.0
Loan Growth (%)	15.7	25.2	22.6	15.3	13.9	10.5	14.0	14.6	15.3	14.6
<b>Asset Quality</b>										
Gross NPA (%)	10.2	8.5	7.9	7.5	7.3	6.4	4.8	4.6	7.5	4.6
Net NPA (%)	3.3	2.6	2.1	1.7	1.6	1.3	1.1	1.0	1.8	1.0
PCR (%)	69.9	70.6	74.6	78.8	79.8	80.7	78.4	79.0	78.1	79.0

## SBI Cards and Payment Services

Neutral

CMP: INR695 | TP: INR850 (+22%)

EPS CHANGE (%): FY24 | FY25: -2.8 | 0.4

- Cost ratios to remain under control
- Spending growth to moderate amid lower corporate spending

- Asset quality ratios are likely to deteriorate further
- Sticky revolver mix and margin outlook remain key monitorables

### Quarterly Performance

(INR b)

	FY23				FY24				FY23	FY24E
	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4QE		
<b>Net Interest Income</b>	<b>10.8</b>	<b>11.2</b>	<b>11.4</b>	<b>11.7</b>	<b>12.3</b>	<b>13.0</b>	<b>13.9</b>	<b>14.5</b>	<b>44.0</b>	<b>53.7</b>
% Change (Y-o-Y)	16.7	21.5	14.9	16.7	14.3	16.1	21.2	24.3	16.0	21.9
Other Income	18.8	19.7	20.5	22.4	22.4	23.2	26.6	26.6	82.4	98.8
<b>Total Income</b>	<b>29.5</b>	<b>30.9</b>	<b>31.9</b>	<b>34.1</b>	<b>34.8</b>	<b>36.2</b>	<b>40.5</b>	<b>41.1</b>	<b>126.4</b>	<b>152.5</b>
Operating Expenses	16.6	18.3	19.7	19.8	19.6	20.7	24.3	24.1	74.5	88.6
<b>Operating Profit</b>	<b>12.9</b>	<b>12.5</b>	<b>12.2</b>	<b>14.3</b>	<b>15.2</b>	<b>15.5</b>	<b>16.2</b>	<b>17.0</b>	<b>51.9</b>	<b>63.9</b>
% Change (Y-o-Y)	22.5	18.3	6.4	22.0	17.3	23.9	33.1	18.9	17.2	23.1
Provisions	4.5	5.5	5.3	6.3	7.2	7.4	8.8	9.4	21.6	32.9
<b>Profit before Tax</b>	<b>8.4</b>	<b>7.1</b>	<b>6.8</b>	<b>8.0</b>	<b>8.0</b>	<b>8.1</b>	<b>7.4</b>	<b>7.6</b>	<b>30.3</b>	<b>31.0</b>
Tax	2.1	1.8	1.7	2.0	2.0	2.1	1.9	1.9	7.7	7.9
<b>Net Profit</b>	<b>6.3</b>	<b>5.3</b>	<b>5.1</b>	<b>6.0</b>	<b>5.9</b>	<b>6.0</b>	<b>5.5</b>	<b>5.6</b>	<b>22.6</b>	<b>23.1</b>
% Change (Y-o-Y)	105.8	52.4	32.1	2.7	-5.4	14.7	7.8	-5.5	39.7	2.2

### Operating Parameters

Loan (INRb)	320.8	365.0	373.5	393.6	418.1	435.6	471.6	501.5	393.6	501.5
Loan Growth (%)	39.2	43.7	33.6	30.4	30.3	19.3	26.3	27.4	30.4	27.4

### Asset Quality

Gross NPA (%)	2.2	2.1	2.2	2.4	2.4	2.4	2.6	2.8	2.4	2.7
Net NPA (%)	0.8	0.8	0.8	0.9	0.9	0.9	1.0	1.0	0.9	1.0
PCR (%)	65.1	64.0	64.2	63.6	63.8	64.1	64.1	64.7	63.6	64.7

E: MOFSL Estimates; \* Reported on total assets; # Cal. on interest earning assets

## Paytm

Neutral

CMP: INR411 | TP: INR475 (+16%)

Adj EBITDA CHANGE (%): FY24 | FY25: NA | NA

- Expect operating profitability to decline due to RBI's ban on PPBL
- Expect decline in disbursements and GMV
- Expect decline in growth in total revenue
- Any further impact of RBI notification to be a key monitorable

### Quarterly Performance

(INR b)

	FY23				FY24E				FY23	FY24E
	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4QE		
Payment Services to Consumers	5.2	5.5	5.1	5.2	5.5	5.8	6.0	3.8	21.1	21.1
Payment Services to Merchants	5.6	6.2	6.4	9.2	8.4	9.2	10.8	6.6	27.4	35.1
Financial Services and Others	2.7	3.5	4.5	4.8	5.2	5.7	6.1	1.1	15.4	18.1
<b>Payment and Financial Services</b>	<b>13.5</b>	<b>15.2</b>	<b>16.0</b>	<b>19.2</b>	<b>19.2</b>	<b>20.7</b>	<b>22.9</b>	<b>13.8</b>	<b>63.8</b>	<b>76.5</b>
% Change (Y-o-Y)	95.4	80.6	43.2	58.6	42.4	36.1	43.0	-28.2	65.5	19.8
<b>Commerce and Cloud Services</b>	<b>3.3</b>	<b>3.8</b>	<b>4.2</b>	<b>3.9</b>	<b>4.1</b>	<b>4.2</b>	<b>5.1</b>	<b>4.3</b>	<b>15.2</b>	<b>17.7</b>
% Change (Y-o-Y)	64.8	54.6	23.8	22.7	22.0	12.5	22.4	8.6	37.6	16.4
<b>Revenue from Operations</b>	<b>16.8</b>	<b>19.1</b>	<b>20.6</b>	<b>23.4</b>	<b>23.4</b>	<b>25.2</b>	<b>28.5</b>	<b>18.3</b>	<b>79.9</b>	<b>95.5</b>
% Change (Y-o-Y)	88.7	76.2	41.7	51.5	39.3	31.6	38.2	-21.5	60.6	19.5
Direct Expenses	9.5	10.7	10.2	10.5	10.4	10.9	13.3	7.4	40.9	42.0
<b>Contribution Profit</b>	<b>7.3</b>	<b>8.4</b>	<b>10.5</b>	<b>12.8</b>	<b>13.0</b>	<b>14.3</b>	<b>15.2</b>	<b>10.9</b>	<b>39.0</b>	<b>53.4</b>
% Change (Y-o-Y)	197.4	223.4	131.0	138.1	79.3	69.2	45.1	-14.8	160.4	37.0
Indirect Expenses	10.0	10.1	10.2	10.5	12.2	12.7	13.0	11.4	40.8	49.3
<b>Adjusted EBITDA</b>	<b>-2.7</b>	<b>-1.7</b>	<b>0.3</b>	<b>2.3</b>	<b>0.8</b>	<b>1.5</b>	<b>2.2</b>	<b>-0.5</b>	<b>-1.8</b>	<b>4.1</b>
<b>EBITDA</b>	<b>-6.3</b>	<b>-5.4</b>	<b>-3.3</b>	<b>-1.3</b>	<b>-2.9</b>	<b>-2.3</b>	<b>-1.6</b>	<b>-4.3</b>	<b>-16.3</b>	<b>-11.1</b>
<b>PAT</b>	<b>-6.4</b>	<b>-5.7</b>	<b>-3.9</b>	<b>-1.7</b>	<b>-3.6</b>	<b>-2.9</b>	<b>-2.2</b>	<b>-4.7</b>	<b>-17.8</b>	<b>-13.3</b>
% Change (Y-o-Y)	68.5	20.4	-49.6	-77.9	-44.5	-48.9	-43.9	178.7	-25.9	-24.9

### Operating Parameters

GMV (INRt)	3.0	3.2	3.5	3.6	4.1	4.5	5.1	3.9	13.2	17.6
Disbursements (INR b)	55.5	73.1	99.6	125.5	148.5	162.1	155.4	50.6	353.8	516.5
GMV Growth (%)	101.5	62.6	38.4	39.8	36.8	41.5	47.4	8.6	55.2	33.0
Disbursements Growth (%)	778.8	481.8	356.6	253.3	167.3	121.7	56.0	-59.7	364.2	46.0

### Asset Quality

Contribution Margin	43.3	44.0	50.8	55.0	55.7	56.6	53.3	59.6	48.8	56.0
Adjusted EBITDA Margin (%)	-16.3	-8.7	1.5	10.0	3.6	6.1	7.7	-2.5	-2.2	4.3
EBITDA Margin (%)	-37.7	-28.1	-16.0	-5.5	-12.5	-9.2	-5.5	-23.6	-20.4	-11.7

E: MOFSL Estimates, Note - We have factored in UPI incentive in our estimates during 4Q

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