BFSI Thematic Report

Thematic Report

04th October 2024

SECTOR OVERVIEW

View and Valuation:

- The Indian banking sector is currently feeling the effects of the recent interest rate cut by the US Federal Reserve. While the substantial reduction in US rates may create pressure for the RBI to adjust its rates, we anticipate that the RBI will maintain a neutral stance in its upcoming October 2024 meeting, bolstered by the ongoing resilience of the Indian economy. However, given the prevailing macroeconomic uncertainties, the RBI may need to reassess its position in the longer term to ensure economic stability.
- Repo-linked loans are directly influenced by changes in the Reserve Bank of India's (RBI) repo rate, and this linkage can lead to margin compression for banks when the repo rate is reduced. Large private sector banks, such as HDFC Bank and Axis Bank, which have around ~55% of their loan portfolios tied to the repo rate or external benchmarks, are more vulnerable to margin pressure in the short term if the RBI cuts rates.
- On the other hand, smaller private banks like IndusInd Bank and Bandhan Bank, which have a higher proportion of fixed-rate loans, will be less affected by changes in the repo rate. IndusInd Bank has ~50.0% of its loans, respectively, in fixed-rate categories, further reducing its exposure to repo rate volatility. SBIN has ~36.0% of its loan portfolio linked to the Marginal Cost of Funds-based Lending Rate (MCLR), which adjusts more gradually compared to repo-linked loans. This higher share of MCLR-linked loans reduces SBI's sensitivity to short-term rate cuts, providing a buffer against immediate margin contraction.
- Effectively managing the cost of funds becomes critical in these circumstances. Introducing innovative deposit products, such as long-term fixed deposits or high-yield savings accounts, not only attracts new deposits but also plays a crucial role in managing interest costs. This strategic approach is pivotal for banks to uphold their competitive position in the market.
- Notably, banks like Kotak Mahindra Bank, SBI, and IndusInd Bank have established robust liability franchises through strategies that leverage their strengths. Their focus on cultivating low-cost liability franchises, diversifying funding sources, expanding branch networks, and offering innovative products has been instrumental in enhancing deposit mobilization.
- We believe the non-lending financial services, such as life insurance companies, are in a better position than traditional lending businesses when interest rates are cut. This is because of their stable revenue streams, flexibility in product offerings, lower sensitivity to rate changes, and effective risk management strategies.
- For instance, insurers are often shielded from the immediate impacts of rate cuts due to the long-term nature of life insurance policies with fixed premiums. This allows them to effectively manage their liabilities while earning investment income on their reserves.
- Life insurers invest in various assets, including equities and alternative investments, which may perform well in a low-interest-rate environment. This flexibility enables them to pursue higher returns compared to the fixed-income focus of many banks during rate cuts. These advantages allow life insurers to navigate economic fluctuations more effectively than banks, which face margin pressures and competitive challenges.
- Insurers are adapting to changing consumer preferences and improving their distribution strategies to take advantage of the untapped market potential in India's life insurance sector. The mix of non-participating, annuities and protection segments are gaining importance in India's life insurance market as consumers seek guaranteed returns and financial security.
- The assured nature of non-participating and annuity products not only promises long-term sustainability but also fortifies insurers against economic downturns, aligning with customers' heightened emphasis on security over growth.
- The strategic shift towards high-margin products like non-participating policies represents a compelling opportunity for life insurers to enhance profitability and foster robust business growth.
- We believe life insurance companies are one-of-a-kind bets on structural growth with minimal balance-sheet risk.

We remain positive on the following companies:

- **IndusInd Bank:** IndusInd Bank (IIB) presents a compelling investment opportunity due to its diversified loan portfolio focused on high-yield segments like vehicle finance and microfinance, alongside strong liquidity and risk management practices. The bank's PC-6 strategy (FY24–FY26E) prioritizes growth, granularity, and governance through key initiatives such as retail deposit expansion, portfolio diversification, and digital transformation. With a focus on retailization, secured loans, and underpenetrated markets, IndusInd Bank is well-positioned for long-term growth.
- **Kotak Mahindra Bank:** Kotak Mahindra Bank (KMB) has a strong capital base, consistently high capital adequacy ratios, and access to low-cost funds through its retail and CASA franchise, which help mitigate margin pressures. Its well-diversified revenue model, spanning wealth management, insurance, and investment banking, strengthen its financial muscle, while its focus on MSME and SME segments drives future growth.
- **State Bank of India:** SBIN offers strong potential due to its dominant market share in deposits (22.55%) and advances (19.06%) as of FY24, extensive geographic reach, and diversified loan portfolio. The bank's robust balance sheet allows it to withstand interest rate fluctuations, while its operational efficiencies have led to enhanced profitability and lower cost-to-income ratios. With improving asset quality, a healthy provisioning buffer, and consistent growth in return ratios (RoE of 21.0% and RoA of 1.1% in Q1FY25), SBIN is well-positioned to capitalize on emerging credit opportunities and sustain its leadership.

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BFSI

SECTOR OVERVIEW
View and Valuation:

- **Poonawalla Fincorp:** PFL's diversified portfolio across personal loans, MSME loans, and secured lending positions makes it well-suited to thrive in an uncertain economic landscape. The ambitious plan to expand AUM significantly, alongside new product launches such as consumer durable loans and co-branded credit cards, is expected to drive growth. PFL's focus on high-quality assets has resulted in improved asset quality metrics and a lower risk of default, with Net NPAs projected to remain stable.
- **HDFC Life:** HDFCLIFE is positioned as the leading life insurer in India, supported by strong brand equity, strategic partnerships, and an extensive distribution network. The company's focus on product innovation, especially in tier 2 and tier 3 markets, is driving growth, with these regions accounting for a significant share of its business. HDFCLIFE is optimistic about the long-term potential of the annuity segment and continues to enhance its presence through new product launches and strategic collaborations.
- **SBI Life Insurance:** SBILIFE is well-positioned to capitalize on shifting consumer preferences toward long-term savings and safer investments due to potential liquidity issues in banks. With the backing of SBIN, India's largest bank, and its extensive distribution network, particularly in Tier 2 and Tier 3 cities, SBILIFE enjoys a significant competitive advantage.

Our picks	1-year return	CMP (in INR)	Target price (in INR)	Upside (%)	Rating	Price/Book Value FY26E
IndusInd Bank Ltd	(1.0%)	1,388	1,785	28.6	BUY	1.4
Kotak Mahindra Bank Ltd	5.6%	1,823	2,070	13.6	ACCUMULATE	2.9
State Bank of India Ltd	35.5%	794	1,010	27.2	BUY	1.5
Poonawalla Fincorp Ltd	4.4%	393	455	15.7	BUY	2.9
HDFC Life Insurance Co. Ltd*	12.3%	702	845	20.4	BUY	2.2
SBI Life Insurance Co. Ltd*	42.1%	1,806	2,160	19.6	BUY	2.1

*Source: Deven Choksey Research, Closing as of 03rd October 2024. *Life Insurance multiple based on Price to Embedded Value*

IndusInd Bank Ltd

CMP	Target	Potential Upside	Market Cap (INR Mn)	Recommendation	Sector
INR 1,388*	INR 1,785	28.6%	INR 10,83,463	BUY	Bank

Key Aspects of our conviction:

- IndusInd Bank has a well-diversified loan book and focuses on high-yield segments such as vehicle finance and microfinance, which is expected to help mitigate margin compression.
- The bank embarked on the Planning Cycle 6 (PC-6) strategy for the FY24 to FY26E period. The PC-6 strategy remains pivoted on and strongly committed to Growth, Granularity, & Governance (i.e. 3G), focusing on key themes driving PC-6 strategy: Continuing the retailization journey, Diversifying domains, Scaling Sub-scale businesses, Accelerating digital 2.0, and Imbibing ESG into all its businesses.
- **IIB stands out as a resilient investment opportunity due to a) its diversified loan portfolio and focus on high-yield segments; b) strong liquidity and deposit mobilization strategies; c) robust risk management and operational efficiency; and d) potential for long-term growth in underpenetrated markets. We maintain a BUY rating with a target price of INR 1,785 at an Adj. P/B multiple of 1.75x on FY26E Adjusted Book Value.**

MARKET DATA

Shares outs (Mn)	779
Mkt Cap (INR Mn)	10,83,463
52 Wk H/L (INR)	1,695/ 1,329
Volume Avg (3m K)	3,669
Face Value (INR)	2
Bloomberg Code	IIB IN

SHARE PRICE PERFORMANCE

MARKET INFO

SENSEX	82,497
NIFTY	25,250

SHARE HOLDING PATTERN (%)

Particulars	Jun-24	Mar-24	Dec-23
Promoters	16.4	16.4	16.5
FIIs	38.4	40.2	42.5
DIIs	30.2	28.6	26.6
Others	15.0	14.8	14.4
Total	100.0	100.0	100.0

*Based on previous closing
Note: All the market data is as of previous closing

Retail deposits witnessing higher accretion:

- IIB has made significant progress towards building a robust retail deposit franchise. Retail deposit growth has been a bright spot, with a CAGR of 20.0% since the interest rate cycle changed.
- IIB is among the few banks seeing an increase in its absolute savings account book, mainly driven by continued focus on customer acquisitions and new launches.
- Retailisation of liabilities remains a cornerstone of IIB's strategy. Its balanced approach to traditional investments and new initiatives is expected to support its growth ambitions.
- With a focus on retailization, the bank aims to achieve the upper end of the retail deposit share at 45.0–50.0% over the next couple of years. Continued investment in physical and digital distribution and the maturity of branches will aid the bank's realization drive going forward.

Diversification to remain the key for growth:

- IIB continues to scale up its PC-6 initiatives by diversifying through the launch and scale-up of new initiatives.
- The bank will continue to build on its leadership position across vehicle categories while diversifying its portfolio with a scale-up of used vehicles & affordable housing. It aims to transition from microfinance to micro-banking and become the banker of choice for rural India.
- The bank is working on expanding its current sub-scale businesses, which is one of PC-6's focus areas. For instance, by introducing the Home Loan product, it aims to double the share of mortgage-backed loans. The bank is concentrating on increasing its consumer assets while improving the balance with a higher proportion of secured loans through the expansion of home loans.
- IIB will continue to focus on MSME as one of its growth engines, with tighter onboarding norms. It has established a robust early warning signal framework, enabling the bank to use timely triggers to ensure healthy asset quality.
- The bank continues to progress in building its corporate bank franchise, which is focused on selective areas of competitive advantage with a granular risk profile. It has been guiding the growth of its loan book in the range of 18.0–23.0% over FY23–26E by scaling up the existing businesses and new initiatives.

Further acceleration of digital platform on cards:

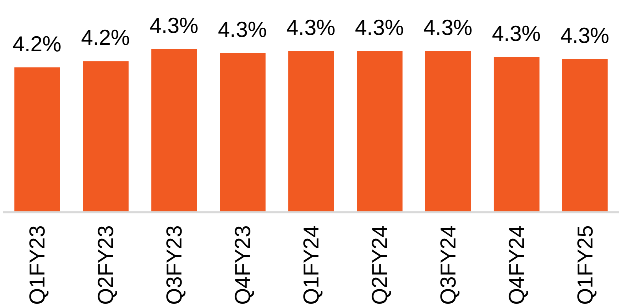
- The Bank has undertaken several digital initiatives across all its lines of business and recorded strong growth in key metrics. To achieve this goal, the bank has actively implemented multiple digitalization initiatives across its asset products.
- Since the launch of INDIE (a digital initiative), IIB has acquired more than 0.8 Mn customers on the platform and close to 4 Mn installed base. IIB plans to keep expanding the product suite on INDIE, and the migration of existing clients desirous of moving to INDIE as a platform will also start soon.
- IIB believes that in the next three years, a big part of its business will come from digital channels adopted by individual individuals as well as small and medium-sized companies.

IndusInd Bank Ltd

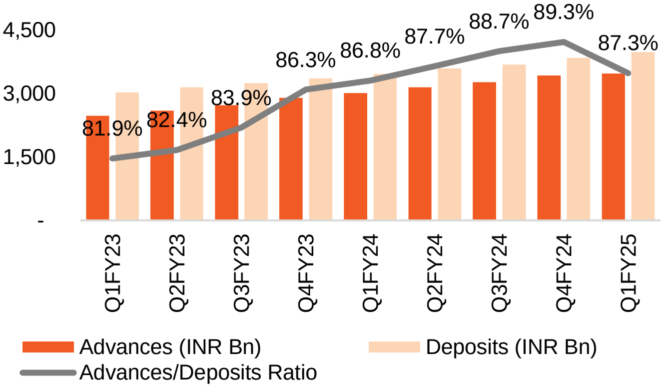
Outlook & Valuation:

IIB has shown resilience in past economic cycles and its diversified business model positions it well to weather potential headwinds from macroeconomic changes. The bank's focus on underpenetrated sectors such as rural and semi-urban markets presents opportunities for sustainable credit growth. Additionally, its exposure to sectors like vehicle financing could benefit from higher consumer spending in a low-rate environment. IIB will continue to focus on scaling up the select segments such as home loans and tractor financing to attain its growth aspiration and improve the secured loans mix in the coming quarters. Retail deposits have continued to gain strong momentum, reflecting positively on the bank's performance on the deposit side. IIB has been proactively aligning loan growth with deposit growth, prioritizing diversification and granularity in its approach. Although asset quality faced pressure due to seasonal and election-related factors in Q1FY25, IIB remains confident and foresees credit costs in the range of 110-130 bps in FY25E. We expect NII/ PPOP/ PAT to grow at a CAGR of 15.4%/ 13.9%/ 14.2% over FY24-26E. We expect the ROE/ROA to remain stable at 14.3%/ 1.7% in FY26E. IndusInd Bank shares are currently trading at a P/ Adj.BV multiple of 1.6x/ 1.4x on FY25E/ FY26E adjusted book value. **We assign a P/B multiple of 1.75x to the FY26E adj. BVPS of INR 1,019.9 per share and maintain our target price to INR 1,785 per share (unchanged), an upside of 28.6% over the CMP. Accordingly, we maintain our rating on the shares of IndusInd Bank at "BUY."**

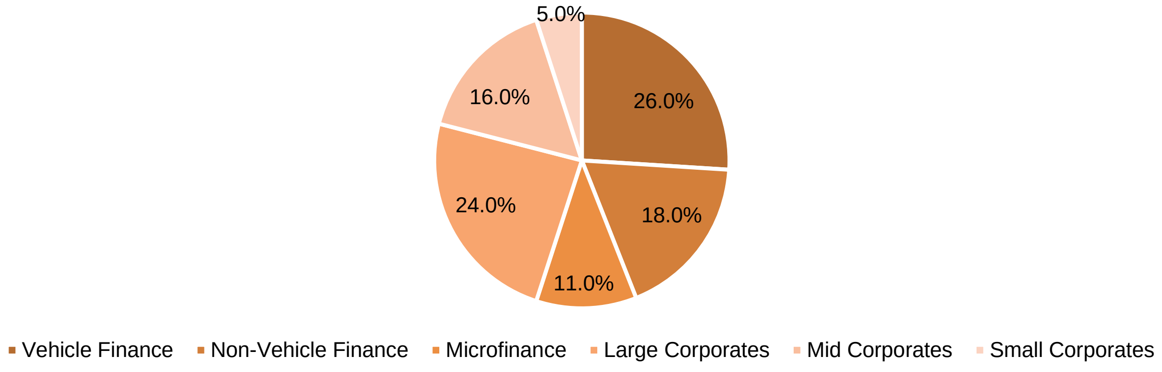
Holding on to its NIMs despite higher cost of funds



Advances/Deposits ratio (in INR Mn): Deposits outperforming credit growth



Well Diversified Loan Book Mix: As of June 30, 2024



Key Financials:

Particulars (INR Mn)	FY22	FY23	FY24	FY25E	FY26E
NII	150,008	175,921	206,159	233,359	274,494
PPOP	130,349	144,190	158,641	175,505	205,735
PAT	48,050	74,435	89,773	99,285	117,110
EPS (INR / Share)	62.1	96.0	115.3	127.5	150.4
ABVPS (INR / Share)	600.0	686.2	785.5	895.1	1,019.9
NIM (%)	4.7%	5.0%	4.8%	4.6%	4.6%
Advances Growth YoY (%)	12.4%	21.3%	18.4%	16.0%	18.1%

Source: Company, DevenChoksey Research

IndusInd Bank Ltd

Financials:

INR Mn	FY22	FY23	FY24	FY25E	FY26E
Interest Income	308,224	363,679	457,482	536,045	631,508
Interest Expense	158,216	187,758	251,323	302,686	357,014
Net Interest Income	**150,008**	**175,921**	**206,159**	**233,359**	**274,494**
Non-interest income	73,448	81,728	93,958	106,370	122,737
Operating income	**223,456**	**257,649**	**300,117**	**339,729**	**397,231**
Operating Expense	93,107	113,459	141,476	164,224	191,496
PPOP	**130,349**	**144,190**	**158,641**	**175,505**	**205,735**
Provisions	66,021	44,868	38,849	43,050	49,588
PBT	**64,328**	**99,322**	**119,792**	**132,455**	**156,146**
Tax Expense	16,278	24,887	30,019	33,171	39,037
PAT	**48,050**	**74,435**	**89,773**	**99,285**	**117,110**
Diluted EPS (INR)	62.1	96.0	115.3	127.5	150.4

INR Mn	FY22	FY23	FY24	FY25E	FY26E
Source of Funds					
Share capital	7,747	7,759	7,783	7,790	7,790
Reserves & Surplus	472,357	541,844	623,257	713,030	812,315
Net worth	480,103	549,603	631,041	720,820	820,105
ESOP	161	443	1,035	1,035	1,035
Borrowings	473,232	490,112	476,114	495,759	557,763
Deposits	2,933,495	3,361,202	3,845,857	4,506,897	5,312,033
Other liabilities & provisions	132,683	177,006	196,893	191,862	197,577
Total Equity & Liabilities	**4,019,674**	**4,578,366**	**5,150,940**	**5,916,372**	**6,888,513**
Uses of Funds					
Balances w/ banks & others	685,847	138,019	185,605	225,345	265,602
Investments	709,299	830,757	1,064,865	1,216,862	1,434,249
Loans & advances	2,390,515	2,899,237	3,432,983	3,982,455	4,705,098
Fixed assets	19,288	20,789	23,240	26,726	30,735
Other assets	214,725	259,816	260,778	262,173	266,908
Total Assets	**4,019,674**	**4,578,366**	**5,150,940**	**5,916,372**	**6,888,513**

Key Ratio	FY22	FY23	FY24	FY25E	FY26E
Growth Rates					
Advances (%)	12.4%	21.3%	18.4%	16.0%	18.1%
Deposits (%)	14.5%	14.6%	14.4%	17.2%	17.9%
Total assets (%)	10.7%	13.9%	12.5%	14.9%	16.4%
NII (%)	10.9%	17.3%	17.2%	13.2%	17.6%
Pre-provisioning profit (%)	11.2%	10.6%	10.0%	10.6%	17.2%
PAT (%)	69.4%	54.9%	20.6%	10.6%	18.0%
B/S Ratios					
Credit/Deposit (%)	81.5%	86.3%	89.3%	88.4%	88.6%
CASA (%)	42.7%	40.1%	37.9%	37.0%	37.5%
Advances/Total assets (%)	59.5%	63.3%	66.6%	67.3%	68.3%
Leverage - Total Assets to Equity	8.37	8.33	8.16	8.21	8.40
Operating efficiency					
Cost/income (%)	41.7%	44.0%	47.1%	48.3%	48.2%
Opex/total assets (%)	2.3%	2.5%	2.7%	2.8%	2.8%
Opex/total interest earning assets	3.1%	3.3%	3.4%	3.4%	3.7%
Profitability					
NIM (%)	4.7%	5.0%	4.8%	4.6%	4.6%
RoA (%)	1.2%	1.6%	1.7%	1.7%	1.7%
RoE (%)	10.0%	13.5%	14.2%	13.8%	14.3%
Asset quality					
Gross NPA (%)	2.3%	2.0%	1.9%	2.0%	1.9%
Net NPA (%)	0.6%	0.6%	0.6%	0.6%	0.6%
PCR (%)	72.3%	70.6%	70.6%	71.0%	71.5%
Slippage (%)	4.8%	0.6%	0.5%	0.7%	0.6%
Credit cost (%)	2.2%	1.3%	0.9%	0.9%	0.9%
Per share data / Valuation					
EPS (INR)	62.0	95.9	115.3	127.5	150.4
BVPS (INR)	619.8	708.3	810.8	925.6	1,053.1
ABVPS (INR)	600.0	686.2	785.5	895.1	1,019.9
P/E (x)	20.0	14.9	13.5	10.9	9.2
P/BV (x)	1.9	2.0	1.9	1.5	1.3
P/ABV (x)	2.0	2.1	2.0	1.6	1.4

Source: Company, DevenChoksey Research

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Kotak Mahindra Ltd

CMP	Target	Potential Upside	Market Cap (INR Mn)	Recommendation	Sector
INR 1,823*	**INR 2,070**	**13.6%**	**INR 36,27,524**	**ACCUMULATE**	**Bank**

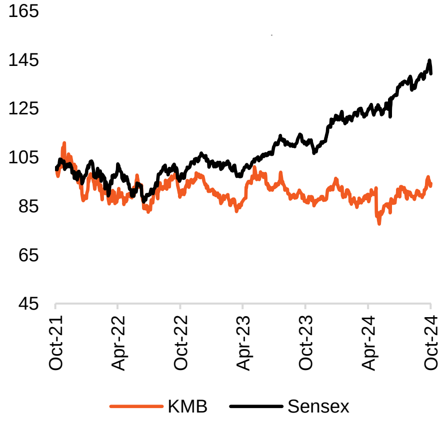
Key Aspects of our conviction:

- Kotak Mahindra Bank has a strong capital base and consistently maintains high capital adequacy ratios, which positions it well to weather any volatility or risks in the economy.
- With strong retail and CASA (Current Account Savings Account) franchise, KMB has access to low-cost funds, enabling it to mitigate some of the margin pressures.
- KMB has a well-diversified revenue model, with a significant portion coming from fee-based activities, including wealth management, insurance, asset management, and investment banking. Its ability to cross-sell financial products to its existing customers also strengthens its revenue base.
- **We revise our target price to INR 2,070 (earlier INR 1,935 per share) considering a P/ABV multiple of 3.0x, taking into account its robust liability franchise in comparison to its peers and a diversified loan portfolio that can withstand margin risks. As a result, we are affirming our "ACCUMULATE" rating on Kotak Mahindra Bank shares.**

MARKET DATA

Shares outs (Mn)	1,988
Mkt Cap (INR Mn)	36,27,524
52 Wk H/L (INR)	1,942/ 1,544
Volume Avg (3m K)	4,722
Face Value (INR)	5
Bloomberg Code	KMB IN

SHARE PRICE PERFORMANCE



MARKET INFO

SENSEX	82,497
NIFTY	25,250

SHARE HOLDING PATTERN (%)

Particulars	Jun-24	Mar-24	Dec-23
Promoters	25.9	25.9	25.9
FIIs	33.2	37.6	39.7
DIIs	27.7	23.4	21.4
Others	13.2	13.1	13.0
Total	100.0	100.0	100.0

*Based on previous closing
Note: All the market data is as of previous closing

Multiple avenues of growth in coming quarters:

- As of June 30, 2024, Kotak continued to see a strong credit growth uptick of 18.7% YoY and 3.7% QoQ despite the RBI ban, which led to muted growth in personal loans.
- KMB is also focused on the MSME segment, emphasising improving penetration in this segment. The bank continues to focus on identifying opportunities in the SME segment to leverage its structuring and advisory capabilities to identify better-yielding assets without a commensurate increase in risk.
- In line with the larger strategy, 'transforming for scale', the wholesale bank has identified a medium to long-term strategy with increasing market share and profitable and sensible growth. Focused on increased product holding, transaction banking and capturing a large share of the non-risk income and thus focused on higher ROE.
- Regarding the ban, KMB has made significant advancements across all areas through the dedicated efforts of its technology teams. In collaboration with the RBI, the bank has devised a thorough plan and deployed its internal team with resources from Accenture, Infosys, Oracle, and Cisco to drive unwavering execution. With RBI's approval, the bank has engaged GT Bharat as its external auditor, and their work has already begun. KMB maintains close collaboration with the RBI, ensuring they are continually apprised of all progress.
- KMB has launched a micro-market strategy on segment-specific offerings in the Top 25 cities, and this will help the bank shore up deposits as the bank gets into the next few quarters. While term deposits continue to grow well, CASA and ActivMoney will be significant focused areas as the bank enters the next quarter.

Healthy capital position:

- The bank has been maintaining a strong capital position throughout different cycles. In FY24, the bank's capital adequacy continues to be healthy, with overall CRAR at 20.55% (CET-1 ratio 19.25%) as compared to 21.80% (CET-1 ratio 20.64%) in FY23.
- The Kotak Group's capital position is expected to remain strong, driven by its steady internal cash accrual, which will continue to support growth initiatives over the medium term.

Well-diversified business model:

- The Kotak Group is a prominent conglomerate that provides a wide range of financial services. Its business approach is integrative and broad, encompassing banking, finance, asset management, life and general insurance, stock broking, investment banking, wealth management, and asset reconstruction.
- Kotak's subsidiaries have been adding significant value and improving market share. On a consolidated basis, the ROE for Kotak Group stood at 15.1% in FY24, against 14.4% in FY23.
- With the help of the bank's large customer base, the subsidiaries get an edge on cross-selling opportunities and are seeing market share gains.

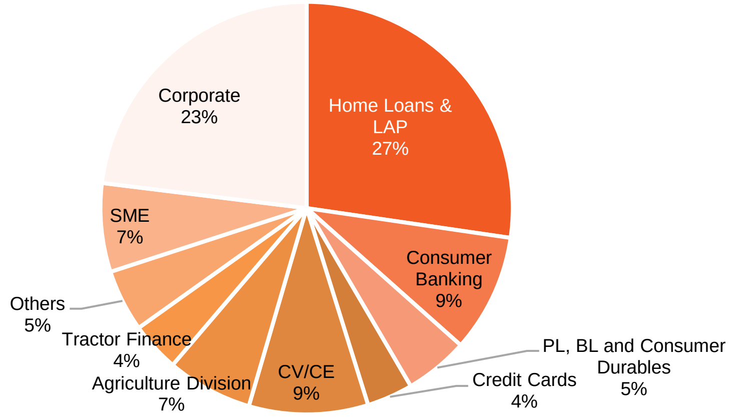
Kotak Mahindra Bank Ltd

Outlook & Valuation:

Kotak Mahindra Bank has a diverse business model, including retail banking, corporate banking, asset management, and insurance. This diversity allows the bank to manage risk effectively. The bank also benefits from experienced leadership and strong governance, which have consistently driven profitability and high returns on equity. KMB has actively promoted its CASA products, offering attractive features and benefits that attract higher low-cost deposits and positively impact its deposit base. The bank's valuation has historically traded at a premium compared to its peers due to its strong operational efficiency. Despite higher valuations, its consistent performance and growth trajectory justify the premium for long-term investors. We have factored a CAGR of 16.8% in advances and 9.1% in profits over FY24–26E, respectively, and a stable RoA of 2.2% over the next two years.

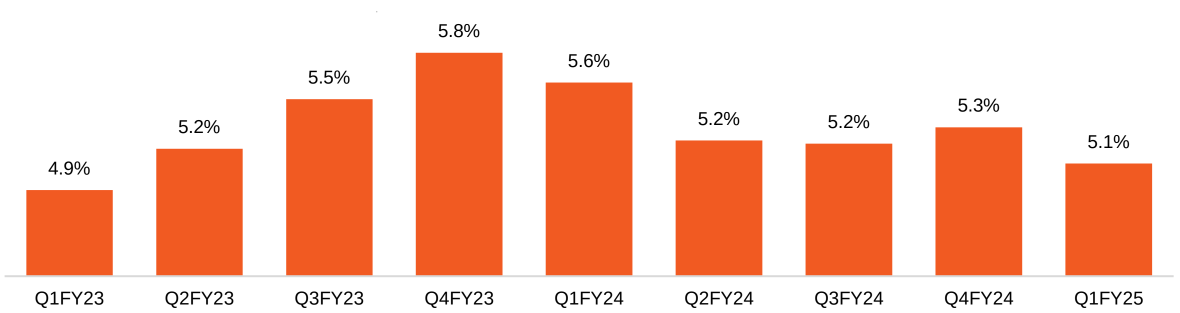
We revise our target price to INR 2,070 per share (INR 1,935). We value the bank at 3.0x FY26E P/ABV on an ABV of INR 630.2 per share and assign the subsidiaries a value of INR 281 per share using SOTP valuation. The target price implies an upside of 13.6% over the CMP. Accordingly, we maintain our rating on the shares of Kotak Mahindra Bank at "ACCUMULATE."

AUM as of June 30, 2024



Source: Company, DevenChoksey Research

NIMs better than the peers despite increase in cost of funds



Source: Company, DevenChoksey Research

Key Financials:

Particulars (INR Mn)	FY22	FY23	FY24	FY25E	FY26E
NII	168,179	215,519	259,932	294,571	341,552
PPOP	120,509	148,480	195,875	213,977	250,442
PAT	85,727	109,393	137,816	142,281	164,413
EPS (INR / Share)	43.2	55.1	69.4	85.4	82.8
ABVPS (INR / Share)	357.2	414.1	479.7	549.8	630.2
NIM (%)	4.6%	5.1%	5.1%	4.8%	4.8%
Advances Growth YoY (%)	21.3%	17.9%	17.6%	16.8%	17.5%

Source: Company, DevenChoksey Research

Kotak Mahindra Bank Ltd

Financials:

INR Mn	FY22	FY23	FY24	FY25E	FY26E
Interest Income	270,388	342,509	457,989	542,756	633,062
Interest Expense	102,209	126,989	198,057	248,185	291,510
Net Interest Income	**168,179**	**215,519**	**259,932**	**294,571**	**341,552**
Non-interest income	59,859	70,831	102,731	113,004	126,565
Operating income	228,038	286,350	362,663	407,575	468,117
Operating Expense	107,530	137,870	166,789	193,598	217,674
PPOP	**120,509**	**148,480**	**195,875**	**213,977**	**250,442**
Provisions	6,896	4,570	15,737	24,269	31,226
PBT	113,613	143,910	180,137	189,708	219,217
Tax Expense	27,886	34,517	42,321	47,427	54,804
PAT	**85,727**	**109,393**	**137,816**	**142,281**	**164,413**
Exceptional Income	0	0	0	27,300	0
Net Profit	**85,727**	**109,393**	**137,816**	**169,581**	**164,413**
Diluted EPS (INR)	43.2	55.1	69.4	85.4	82.8

INR Mn	FY22	FY23	FY24	FY25E	FY26E
Source of Funds					
Share capital	14,923	14,933	9,940	9,940	9,940
Reserves & Surplus	709,955	820,270	957,248	1,097,938	1,260,761
Net worth	724,878	835,203	967,188	1,107,878	1,270,700
Borrowings	259,671	234,163	283,681	312,049	343,254
Deposits	3,116,841	3,630,961	4,489,538	5,207,864	6,119,240
Other liabilities & provisions	192,894	198,299	263,165	254,288	274,503
Total Equity & Liabilities	**4,294,284**	**4,898,625**	**6,003,571**	**6,882,079**	**8,007,697**
Uses of Funds					
Cash	160,262	199,656	362,520	302,056	354,916
Balances w/ banks & others	268,977	125,768	165,364	130,197	152,981
Investments	1,005,802	1,214,037	1,554,038	1,874,831	2,141,734
Loans & advances	2,712,536	3,198,612	3,760,753	4,392,559	5,161,257
Fixed assets	16,437	19,203	21,553	22,191	23,745
Other assets	130,269	141,349	139,343	160,245	173,064
Total Assets	**4,294,284**	**4,898,625**	**6,003,571**	**6,882,079**	**8,007,697**

Key Ratio	FY22	FY23	FY24	FY25E	FY26E
Growth Rates					
Advances (%)	21.3%	17.9%	17.6%	16.8%	17.5%
Deposits (%)	11.3%	16.5%	23.6%	16.0%	17.5%
Total assets (%)	12.0%	14.1%	22.6%	14.6%	16.4%
NII (%)	9.6%	28.1%	20.6%	13.3%	15.9%
Pre-provisioning profit (%)	-1.3%	23.2%	31.9%	9.2%	17.0%
PAT (%)	23.1%	27.6%	26.0%	3.2%	15.6%
B/S Ratios					
Credit/Deposit (%)	87.0%	88.1%	83.8%	84.3%	84.3%
CASA (%)	62.5%	52.8%	45.5%	42.5%	43.0%
Advances/Total assets (%)	63.2%	65.3%	62.6%	63.8%	64.5%
Leverage - Total Assets to Equity	5.9	5.9	6.2	6.2	6.3
Operating efficiency					
Cost/income (%)	47.2%	48.1%	46.0%	47.5%	46.5%
Opex/total assets (%)	2.7%	2.9%	2.9%	2.9%	2.8%
Opex/total interest earning assets	2.9%	3.2%	3.2%	3.2%	3.1%
Profitability					
NIM (%)	4.6%	5.1%	5.1%	4.8%	4.8%
RoA (%)	2.1%	2.4%	2.5%	2.2%	2.2%
RoE (%)	12.6%	14.0%	15.3%	13.7%	13.8%
Asset quality					
Gross NPA (%)	2.3%	1.8%	1.4%	1.4%	1.4%
Net NPA (%)	0.6%	0.4%	0.3%	0.3%	0.3%
PCR (%)	73.2%	79.3%	75.9%	76.9%	75.9%
Slippage (%)	2.0%	1.5%	1.6%	0.9%	0.9%
Credit cost (%)	0.3%	0.3%	0.3%	0.3%	0.3%
Per share data / Valuation					
EPS (INR)	43.2	55.1	69.4	85.4	82.8
BVPS (INR)	365.9	420.1	486.1	556.9	638.8
ABVPS (INR)	357.2	414.1	479.7	549.8	630.2
P/E (x)	40.5	31.5	25.8	25.5	22.0
P/BV (x)	4.8	4.1	3.7	3.3	2.9
P/ABV (x)	4.9	4.2	3.7	3.3	2.9

Source: Company, DevenChoksey Research

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State Bank of India Ltd

CMP	Target	Potential Upside	Market Cap (INR Mn)	Recommendation	Sector
INR 794*	INR 1,010	27.2%	INR 70,77,218	BUY	Bank

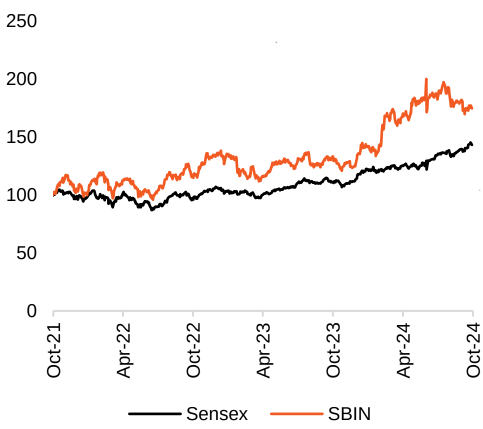
Key Aspects of our conviction:

- SBIN commands a significant market share in both deposits and advances. Its substantial balance sheet enables it to better absorb fluctuations in the interest rate environment compared to its competitors.
- The credit growth of SBIN closely follows the overall economic growth, and its diverse loan portfolio positions it to seize credit opportunities across multiple sectors.
- SBIN has demonstrated impressive operational efficiencies, resulting in a reduced cost-to-income ratio and significantly enhanced profitability compared to its public and private sector counterparts. This strategic focus on efficiency is especially crucial in a low-rate environment, where margins face heightened pressure.
- **We assign a P/ABV multiple of 1.5x to the adj. book value of FY26E and retain our target price of INR 1,010 per share (unchanged), with an upside of 27.2%. We maintain our "BUY" rating on the shares of SBIN.**

MARKET DATA

Shares outs (Mn)	8,925
Mkt Cap (INR Mn)	70,77,218
52 Wk H/L (INR)	912/ 543
Volume Avg (3m K)	15,198
Face Value (INR)	1.0
Bloomberg Code	SBIN IN

SHARE PRICE PERFORMANCE



MARKET INFO

SENSEX	82,497
NIFTY	25,250

SHARE HOLDING PATTERN (%)

Particulars	Jun-24	Mar-24	Dec-23
Promoters	57.5	57.5	57.5
FIIs	11.2	11.1	10.9
DIIs	23.6	24.0	24.2
Others	7.7	7.4	7.4
Total	100.0	100	100

*Based on previous closing
Note: All the market data is as of previous closing

Well-positioned to maintain its market leadership:

- SBIN, being the largest financial institution in the country, leverages its extensive geographic reach and diversified product portfolio. This strategic positioning enables the bank to maintain a dominant market share across multiple business segments. The bank's market share stood at 22.55% in Deposits and 19.06% in Advances in FY24.
- The bank remains optimistic about sustaining its credit growth in FY25E in the 14.0-15.0% range in FY25E. The corporate loan pipeline of INR 4.6 Tn and sustained uptick in the retail segment led by home and auto loans in FY25E. Anticipating a surge in capital expenditure driven by government and private spending in the upcoming quarters, SBIN is well-positioned to capitalize on this favourable economic climate.
- SBIN will explore lending opportunities in emerging sectors, such as those identified under the PLI scheme, along with renewable energy and electric mobility, as part of its strategy to diversify its loan portfolio.
- The bank holds a 26.3% market share in the Savings Account market, up from 20.2% in 2004 (22.3% in 2014). SBIN has continuously increased its market presence through significant efforts.
- SBIN has undertaken a massive outreach programme for the deposit mobilisation.

Stable Asset quality with sufficient provisioning buffer against any macro-uncertainties:

- SBIN has been improving its asset quality, with a reduction in gross non-performing assets (NPAs) over the past few years. The bank's proactive risk management strategies and better underwriting practices can mitigate the potential impact of a lower interest rate environment.
- Additionally, SBIN's diversified loan portfolio, spanning corporate, retail, and agricultural loans, reduces concentration risk and cushions the impact of lower interest rates on any specific segment.
- The gross NPA ratio was 2.21%, an improvement of 55 bps YoY (+3 bps QoQ), while the net NPA ratio remained stable QoQ at 0.57% as of June 30, 2024 (as against 0.71% as of June 30, 2023).
- SBIN holds sufficient additional provisions of INR 50,780 Mn against the restructured accounts. The bank will maintain its credit cost ratio below 1.0% in FY25E.

Healthy profitability driving improvement in return ratios:

- SBIN continued its positive trend in terms of return ratios, achieving a 21.0% Return on Equity (RoE) and a 1.1% Return on Assets (RoA) on an annualized basis in Q1FY25. ROA has continuously improved from FY19 onwards, primarily led by the surge in overall profitability.
- As of June 30, 2024, the capital adequacy ratio, including Q1FY25 profits, stood at 14.38%, with CET-1 at 10.8%. SBIN's capital position remains healthy for future growth opportunities, and the bank is prepared to raise additional capital if needed.

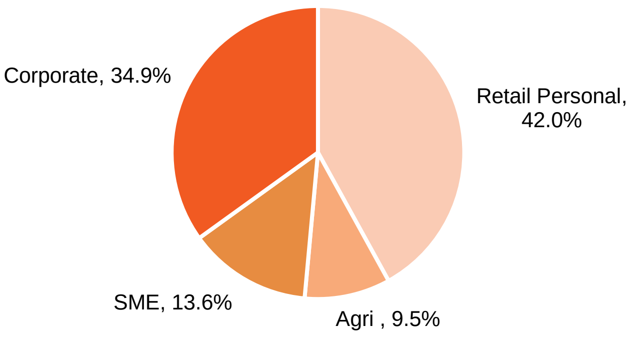
State Bank of India Ltd

Outlook & Valuation:

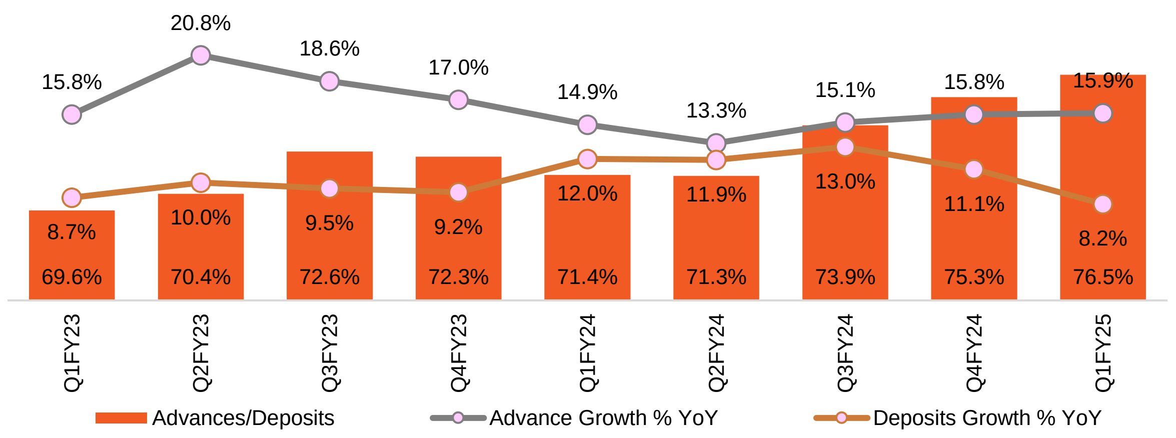
SBIN remains optimistic about sustaining its credit growth in FY25E in the 14.0-15.0% range in FY25E. The corporate loan pipeline of INR 4.6 Tn and sustained uptick in the retail segment led by home and auto loans in FY25E. NIMs are expected to remain range-bound at the current levels with 10 bps +/- deviation. In FY25E, SBIN plans to open 600 branches nationwide to capitalize on business opportunities in growing areas, such as large residential townships. Additionally, the bank is exploring new products, like a combined recurring deposit and SIP, to attract depositors seeking innovative investment options.

We have factored a CAGR of 13.8% in net profit growth while advances are expected to grow 13.7% CAGR over FY24-26E. With a robust financial performance and favorable market conditions, SBIN is well-positioned for future growth, likely leading to a higher valuation and multiple re-ratings. We value the bank at 1.5x FY26E P/ABV on an ABV of INR 520.6 per share and assign the subsidiaries a value of INR 231 per share. We revise our target price to INR 1,010 per share (earlier INR 975), with an upside of 27.2%. We maintain our "BUY" rating on the shares of SBIN.

Domestic Advances mix as of June 30, 2024 (as a % of the book)



Credit growth continues to outpace deposits



Source: Company, DevenChoksey Research

Key Financials:

Particulars (INR Mn)	FY22	FY23	FY24	FY25E	FY26E
NII	1,207,076	1,448,405	1,598,758	1,739,493	1,986,761
PPOP	752,924	837,130	937,972	1,096,580	1,269,028
PAT	316,760	502,325	610,766	702,052	791,190
EPS (INR / Share)	35.5	56.3	68.4	78.7	88.7
ABVPS (INR / Share)	282.5	343.0	399.1	452.2	520.6
NIM (%)	2.9%	3.1%	3.0%	2.9%	3.0%
Advances Growth YoY (%)	11.6%	17.0%	15.8%	14.0%	13.5%

Source: Company, DevenChoksey Research

State Bank of India Ltd

Financials:

INR Mn	FY 22	FY 23	FY 24	FY 25E	FY 26E
Interest Income	2,754,573	3,321,031	4,151,307	4,666,918	5,230,620
Interest Expense	1,547,497	1,872,626	2,552,548	2,927,424	3,243,859
Net Interest Income	**1,207,076**	**1,448,405**	**1,598,758**	**1,739,493**	**1,986,761**
Non-interest income	405,639	366,156	516,822	618,744	742,332
Operating income	1,612,715	1,814,561	2,115,580	2,358,238	2,729,093
Operating Expense	859,791	977,431	1,177,608	1,261,657	1,460,065
PPOP	**752,924**	**837,130**	**937,972**	**1,096,580**	**1,269,028**
Provisions	244,521	165,073	49,142	160,512	214,108
PBT	508,402	672,056	888,830	936,069	1,054,920
Exceptional costs	74,184	0	71,000	0	0
Tax Expense	117,459	169,732	207,063	234,017	263,730
PAT	**316,760**	**502,325**	**610,766**	**702,052**	**791,190**
Diluted EPS (INR)	35.5	56.3	68.4	78.7	88.7

INR Mn	FY 22	FY 23	FY 24	FY 25E	FY 26E
Source of Funds					
Share capital	8,925	8,925	8,925	8,925	8,925
Reserves & Surplus	2,791,956	3,267,160	3,763,541	4,243,687	4,876,639
Net worth	2,800,881	3,276,085	3,772,465	4,252,612	4,885,563
Borrowings	4,260,434	4,931,352	5,975,609	6,561,770	7,166,110
Deposits	40,515,341	44,237,778	49,160,768	54,681,417	59,717,587
Other liabilities & provisions	2,299,319	2,724,572	2,888,097	2,969,194	4,611,101
Total Equity & Liabilities	**49,875,974**	**55,169,785**	**61,796,939**	**68,464,992**	**76,380,362**
Uses of Funds					
Cash & Balance with RBI	1,366,931	2,470,876	2,251,417	2,375,245	2,517,760
Other Bank and Call Money	2,578,592	608,120	856,603	820,221	895,764
Net investments	14,814,455	15,703,662	16,713,397	17,771,461	19,408,216
Loans & advances	27,339,666	31,992,693	37,039,709	42,225,268	47,925,679
Fixed assets	377,082	423,818	426,173	447,481	469,855
Other assets	3,399,249	3,970,616	4,509,642	4,825,317	5,163,089
Total Assets	**49,875,974**	**55,169,785**	**61,796,939**	**68,464,992**	**76,380,362**

Source: Company, DevenChoksey Research

Key Ratio	FY22	FY23	FY24	FY25E	FY26E
Growth Rates					
Advances (%)	11.6%	17.0%	15.8%	14.0%	13.5%
Deposits (%)	10.1%	9.2%	11.1%	11.2%	9.2%
Total assets (%)	10.0%	10.6%	12.0%	10.8%	11.6%
NII (%)	9.0%	20.0%	10.4%	8.8%	14.2%
Pre-provisioning profit (%)	7.5%	11.2%	12.0%	16.9%	15.7%
PAT (%)	55.2%	58.6%	21.6%	14.9%	12.7%
B/S Ratios					
Credit/Deposit (%)	67.5%	72.3%	75.3%	77.2%	80.3%
CASA (%)	43.8%	42.1%	39.5%	40.2%	40.8%
Advances/Total assets (%)	54.8%	58.0%	59.9%	61.7%	62.7%
Leverage - Total Assets to Equity	17.81	16.84	16.38	16.10	15.63
Operating efficiency					
Cost/income (%)	53.3%	53.9%	55.7%	53.5%	53.5%
Opex/total assets (%)	1.7%	1.8%	1.9%	1.8%	1.9%
Opex/total interest earning assets	2.0%	1.9%	2.1%	2.0%	2.1%
Profitability					
NIM (%)	2.9%	3.1%	3.0%	2.9%	3.0%
RoA (%)	0.7%	1.0%	1.0%	1.1%	1.1%
RoE (%)	11.9%	16.5%	17.3%	17.5%	17.3%
Asset quality					
Gross NPA (%)	4.3%	2.8%	2.2%	2.2%	2.2%
Net NPA (%)	1.2%	0.7%	0.6%	0.5%	0.5%
PCR (%)	71.0%	76.4%	75.0%	77.0%	77.5%
Slippage (%)	1.0%	0.7%	0.2%	0.6%	0.6%
Credit cost (%)	0.6%	0.3%	0.1%	0.3%	0.3%
Per share data / Valuation					
EPS (INR)	35.5	56.3	68.4	78.7	88.7
BVPS (INR)	313.8	367.1	422.7	476.5	547.4
ABVPS (INR)	282.5	343.0	399.1	452.2	520.6
P/E (x)	13.9	9.3	11.0	10.1	9.0
P/BV (x)	1.6	1.4	1.8	1.7	1.5
P/ABV (x)	1.7	1.5	1.9	1.8	1.5

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Poonawalla Fincorp Ltd

CMP	Target	Potential Upside	Market Cap (INR Mn)	Recommendation	Sector
INR 393*	INR 455	15.7%	INR 3,07,208	BUY	NBFC

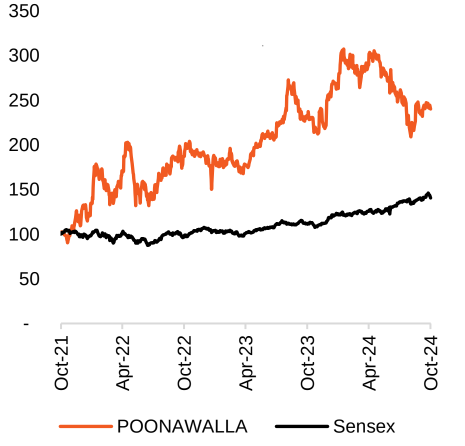
Key Aspects of our conviction:

- Poonawalla Fincorp's portfolio diversification across personal loans, MSME loans, and other secured lending products provides resilience in an uncertain economic environment, as it can tap into various credit demand channels.
- An expanding Credit-to-Deposit ratio signals that banks will likely grapple with liquidity strain due to heightened credit demand and sluggish deposit growth. In this scenario, non-banking financial companies (NBFCs) like Poonawalla Fincorp, which rely less on deposits and more on diverse funding sources such as market borrowings and securitization, are poised to step in and fill the gap by extending credit where banks might exercise greater caution.
- **With the backing of the Poonawalla Group, the NBFC boasts substantial brand equity and financial support, empowering it to navigate through interest rate cycles adeptly. The group's unwavering focus on growth, profitability, and upholding asset quality unequivocally ensures long-term value creation for investors. We maintain a BUY rating with a target price of INR 455 at an Adj. P/B multiple of 3.3x on FY26E Adjusted Book Value.**

MARKET DATA

Shares outs (Mn)	775
Mkt Cap (INR Mn)	3,07,208
52 Wk H/L (INR)	520/ 336
Volume Avg (3m K)	2,931
Face Value (INR)	2.0
Bloomberg Code	POONAWAL

SHARE PRICE PERFORMANCE



MARKET INFO

SENSEX	82,497
NIFTY	25,250

SHARE HOLDING PATTERN (%)

Particulars	Jun-24	Mar-24	Dec-23
Promoters	62.1	62.1	62.1
FIIs	7.9	7.8	7.8
DIIs	6.8	5.8	5.6
Others	23.3	24.3	24.6
Total	100.0	100.0	100.0

*Based on previous closing
Note: All the market data is as of previous closing

New product launches to drive growth in coming quarters:

- As of June 30, 2024, AUM reported a 51.7% YoY/ 7.9% QoQ growth to INR 269,720 Mn. This growth was well-diversified across its portfolio. Disbursements for the quarter stood at INR 74,000 Mn, a growth of 4.8% YoY.
- In the AUM mix, MSME finance constituted 35.0%, followed by personal and consumer finance at 28.0%, and loans against property and pre-owned cars at 17.0% and 14.0%, respectively. The secured to unsecured book stood at 49.0% to 51.0% as of June 30, 2024. PFL is committed to maintaining a balanced ratio of approximately 50-50 between the secured and unsecured books.
- PFL plans to foster the growth of its product line in FY25E by introducing new offerings, including consumer durable loans, Prime personal loans, shopkeeper loans, and financing for used commercial vehicles.
- To suit the contemporary requirements of the target segment, it will be adding new products, such as EMI and Co-branded Credit Cards, to its diversified basket of products in the coming quarters. These products will be driven with complete transparency in product features. PFL has broadened its financial offerings by launching innovative products, including a co-branded credit card with IndusInd Bank and an EMI card.
- The NBFC has set an ambitious goal of increasing its AUM by 5-6 times over the next 5-6 years through expanding its product lines and phygital model, supported by broadening the horizons for its existing products.

Continuous focus on improving Asset quality:

- GNPA and NNPA continued to see improvement at 0.67% and 0.32%, respectively, compared to 1.16% and 0.59% as of March 31, 2024 (vs. 1.42% and 0.76% a year ago).
- The NBFC had a substantial rundown in its discontinued/ legacy book. PFL has shifted its focus towards high-quality assets that have a lower risk of default. This has resulted in a more diversified portfolio that is less vulnerable to market fluctuations.
- PFL expects Net NPAs to remain in the range of 0.5%- 0.9% in the medium-to-long term, led by a robust risk mechanism.

Adopted a Direct & Digital led distribution model to achieve operating leverage:

- PFL has adopted a Direct Digital Program (DDP) led distribution model for its core business segments. This DDP distribution model has accelerated disbursement and expanded its customer base, thereby lowering the cost of customer acquisition.
- PFL's strategy involves a shift towards a more digital-centric approach while rationalizing its branch network.
- The decrease in the number of branches is part of its strategy to rationalize its physical presence and place a greater emphasis on its digital footprint, which will help in improving its operating efficiencies by reducing the overhead costs associated with maintaining the physical branches.

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Poonawalla Fincorp Ltd

Outlook & Valuation:

The NBFC will focus on launching and expanding its product portfolio to drive healthy growth in the coming years. We believe PFL will continue to deliver NIMs above 9.0% in FY25E/ FY26E on the back of optimization of its borrowing mix, resulting in a stable cost of funds. Furthermore, PFL's investments in manpower and digital infrastructure are poised to elevate operational expenses in the upcoming quarters, but the resultant boost in productivity will effectively offset these costs. We continue to be positive on POONAWAL's long-term business outlook, backed by a) realignment of products and distribution mix, b) strong digital footprint, c) improving operating leverage, d) adequate capital and provision buffer, and e) industry tailwinds led by multiple factors.

The stock is currently trading at P/ABV multiples of 3.3x/ 2.9x based on FY25E/FY26E ABVPS. We assign P/ABV multiple of 3.3x to FY26E ABVPS of INR 137.5 per share and maintain our target price to INR 455/share (unchanged). This implies an upside of 15.7% over the CMP and accordingly, we retain our "BUY" rating on PFL.

Key Financial ratios	FY22	FY23	FY24	FY25E	FY26E
Return ratios					
Avg. Net worth (INR in Mn)	38,283	60,696	72,706	86,977	100,334
Avg Assets (INR in Mn)	115,758	154,157	210,290	291,076	397,002
Leverage (x)	3.0	2.5	2.9	3.3	4.0
Reported PAT (INR in Mn)	2,932	5,849	20,560	13,212	17,144
RoA	2.5%	3.8%	9.8%	4.5%	4.3%
RoE	7.7%	9.6%	28.3%	15.2%	17.1%
Efficiency ratios					
Cost to income ratio	57.2%	57.5%	36.8%	34.1%	29.9%
Opex/Average assets (%)	5.2%	5.3%	3.8%	3.4%	2.8%
Growth ratios					
NII	7.6%	28.7%	59.5%	31.7%	32.4%
PPOP	-17.0%	32.6%	131.2%	35.6%	39.3%
PAT	-150.7%	92.3%	264.7%	-35.7%	29.8%
Loan book	11.4%	37.2%	10.1%	40.7%	33.4%

Source: Company, DevenChoksey Research

Key Financials:

Particulars (INR Mn)	FY22	FY23	FY24	FY25E	FY26E
NII	9,493	12,217	19,490	25,666	33,988
PPOP	4,532	6,008	13,894	18,837	26,246
PAT	2,932	5,637	20,560	13,212	17,144
Adjusted PAT	2,932	5,637	8,348	13,212	17,144
Adj EPS (INR)	4.1	7.6	10.9	17.0	22.1
ABVPS (INR)	72.8	82.1	103.8	118.4	137.5
Advances Growth	11.4%	37.2%	40.7%	33.4%	35.3%

Source: Company, DevenChoksey Research

Poonawalla Fincorp Ltd

Financials:

INR Mn	FY22	FY23	FY24	FY25E	FY26E
Interest Income	14,586	18,169	29,041	42,603	58,863
Interest Expense	5,093	5,953	9,551	16,937	24,875
Net Interest Income	**9,493**	**12,217**	**19,490**	**25,666**	**33,988**
Non-interest income	1,085	1,931	2,478	2,924	3,450
Operating income	10,578	14,148	21,967	28,590	37,438
Operating Expense	6,046	8,139	8,074	9,753	11,192
PPOP	**4,532**	**6,008**	**13,894**	**18,837**	**26,246**
Provisions	686	-1,445	720	1,220	3,388
PBT	3,846	7,454	13,173	17,616	22,858
Tax Expense	914	1,816	4,826	4,404	5,715
Exceptional Item	-	-	12,212	-	-
PAT	**2,932**	**5,637**	**20,560**	**13,212**	**17,144**
Adjusted PAT	**2,932**	**5,637**	**8,348**	**13,212**	**17,144**
Diluted EPS (INR)	4.1	7.6	26.8	17.0	22.1
Adjusted EPS	4.1	7.6	10.9	17.0	22.1

INR Mn	FY22	FY23	FY24	FY25E	FY26E
Source of Funds					
Share capital	1,530	1,536	1,541	1,541	1,541
Reserves & Surplus	55,615	62,711	79,623	91,250	106,336
Networth	**57,145**	**64,247**	**81,164**	**92,791**	**107,877**
Borrowings	67,734	112,092	152,157	241,721	336,761
Other liabilities & provisions	3,217	3,880	7,041	7,278	7,575
Total Equity & Liabilities	**128,097**	**180,218**	**240,362**	**341,790**	**452,214**
Uses of Funds					
Cash & bank balances	5,372	6,574	2,685	2,188	3,324
Deferred Tax Assetes	2,038	459	1,634	1,634	1,634
Net investments	8,197	3,109	8,783	9,222	9,407
Loans & advances	106,784	152,295	220,464	321,900	430,953
Fixed assets	1,748	2,117	1,944	1,994	2,044
Other assets	3,959	15,665	4,851	4,851	4,851
Total Assets	**128,097**	**180,218**	**240,362**	**341,790**	**452,214**

Key Ratio	FY22	FY23	FY24	FY25E	FY26E
Growth Rates					
AUM (%)	11.4%	37.2%	40.7%	33.4%	35.3%
Borrowings (%)	-14.8%	65.5%	35.7%	58.9%	39.3%
Total assets (%)	23.9%	40.7%	33.4%	42.2%	32.3%
NII (%)	7.6%	28.7%	59.5%	31.7%	32.4%
Pre-provisioning profit (%)	-17.0%	32.6%	131.2%	35.6%	39.3%
PAT (%)	-150.7%	92.3%	264.7%	-35.7%	29.8%
B/S Ratios					
Credit/Borrowings (%)	157.7%	135.9%	144.9%	133.2%	128.0%
Advances/Total assets (%)	83.4%	84.5%	91.7%	94.2%	95.3%
Leverage - Total Assets to Equity	2.2	2.8	3.0	3.7	4.2
Operating efficiency					
Cost/income (%)	57.2%	57.5%	36.8%	34.1%	29.9%
Opex/total assets (%)	5.2%	5.3%	3.8%	3.4%	2.8%
Opex/total interest earning assets	5.7%	5.3%	1.4%	1.3%	1.2%
Profitability					
NIM (%)	9.9%	9.4%	10.8%	9.5%	9.0%
RoA (%)	2.5%	3.8%	9.8%	4.5%	4.3%
RoE (%)	7.7%	9.6%	28.3%	15.2%	17.1%
Asset quality					
Gross NPA (%)	3.3%	1.4%	1.2%	0.7%	0.6%
Net NPA (%)	1.3%	0.8%	0.6%	0.3%	0.3%
PCR (%)	61.2%	46.4%	49.3%	52.6%	51.8%
Credit cost (%)	0.7%	-1.1%	0.6%	0.5%	0.9%
Per share data / Valuation					
EPS (INR)	4.1	7.6	26.8	17.0	22.1
BVPS (INR)	74.7	83.7	105.6	119.7	139.2
ABVPS (INR)	72.8	82.1	103.8	118.4	137.5
P/E (x)	66.5	38.3	17.4	23.1	17.8
P/BV (x)	3.6	3.5	4.4	3.3	2.8
P/ABV (x)	3.7	3.6	4.5	3.3	2.9
Profitability					
Return on Capital	2.6%	3.7%	10.0%	4.7%	4.4%
Return on Equity	7.7%	9.6%	28.3%	15.2%	17.1%

Source: Company, DevenChoksey Research

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HDFC Life Insurance Company Ltd

CMP	Target	Potential Upside	Market Cap (INR Mn)	Recommendation	Sector
INR 702*	INR 845	20.4%	INR 15,17,316	BUY	Life Insurance

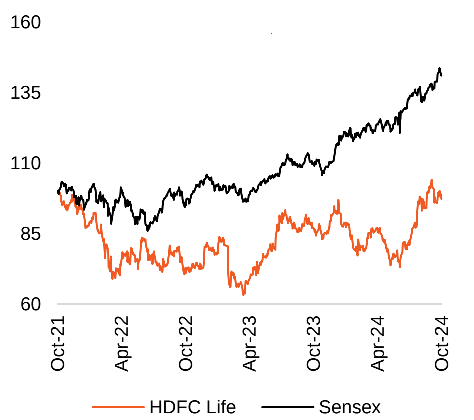
Key Aspects of our conviction:

- HDFC Life is the most valuable life insurer due to its strong brand equity, alliances, distribution network, and overall performance. Product innovation and a well-balanced portfolio help the company build a brand. HDFCLIFE remains optimistic about the growth potential of the annuity segment in India, considering its nascent stage and the long-term opportunity remains promising.
- As a strategy to offset the loss of high-ticket business, HDFCLIFE plans to continue focusing on tier 2 and tier 3 geographies, foster its lower ticket business, and strengthen its counter share at HDFC Bank. HDFCLIFE's counter share in HDFC Bank continues to be healthy, reaching 66.0% in Q1FY25, up from 56.5% in Q4FY24. The Tier 2 and Tier 3 markets have been seeing robust growth for HDFCLIFE, and the company is optimistic that the higher ticket-size products would likewise experience a revival in their contribution in the upcoming quarters, creating a positive topline growth trigger.
- **We maintain our BUY rating on the stock with a target price of INR 845 per share (earlier INR 765), assigning a multiple of 2.7x.**

MARKET DATA

Shares outs (Mn)	2,151
Mkt Cap (INR Mn)	15,17,316
52 Wk H/L (INR)	761/ 511
Volume Avg (3m K)	4,591
Face Value (INR)	10
Bloomberg Code	HDFCLIFE : IN

SHARE PRICE PERFORMANCE



MARKET INFO

SENSEX	82,497
NIFTY	25,250

SHARE HOLDING PATTERN (%)

Particulars	Jun-24	Mar-24	Dec-23
Promoters	50.4	50.4	50.4
FIIs	26.6	30.0	31.3
DIIs	11.2	7.9	6.6
Others	11.8	11.7	11.8
Total	100.0	100.0	100.0

*Based on previous closing
Note: All the market data is as of previous closing

New product launches and improving presence in tier 2 & 3 cities to drive premium growth in coming quarters:

- HDFCLIFE has witnessed a growth resurgence in tier-1 markets in recent quarters, whilst maintaining strong growth in tier-2/3 geographies. Tier-2 & 3 markets continue to account for 2/3rd of its business in terms of APE and 3/4th of its business in terms of number of policies sold.
- HDFCLIFE is advancing its expansion efforts in GIFT City through its subsidiary in Dubai and is already seeing encouraging results in the NRI segment.
- The company continues to forge strategic partnerships and recently partnered with Upstox, Fino Payments Bank, and Peerless Financial Services. These collaborations will enable the company to reach new customer segments, expand into new markets, and strengthen its presence.
- HDFCLIFE's continued introduction of newer variants within the Click2Achieve umbrella has resonated well with customers—the latest variant garnered INR 1,000 Mn of new business in merely 16 days.
- HDFCLIFE's focus remains on building a sustainable and profitable business in the credit life segment. The Company is prepared to temporarily step away if a segment or a partnership becomes unviable.
- HDFCLIFE continues to be ranked among the market leaders in both the credit protection and retail protection segments and is committed to maintaining sustainable and profitable growth in the overall protection segment.
- The annuity business in India is still in its early stages, presenting significant long-term growth potential.
- Despite intense competition and aggressive pricing by some peers, the Company continues to adopt a calibrated growth strategy that focuses on enhancing its product offerings, while maintaining pricing discipline.

Well-established and diverse distribution network:

- HDFCLIFE has one of the largest bancassurance partnership amongst the private players. The company has been reducing its contribution in bancassurance and diversifying the distribution channels with focus on expanding the direct channel to grow the protection segment.
- The bancassurance and agency channels aid in selling the investment products focused on wealth creation. We are optimistic about the company's future prospects, as it is poised to benefit from various factors such as merger synergies, enhanced agency channel productivity, and strengthened banca partnerships. These drivers are expected to contribute to the business growth in FY25E.
- HDFCLIFE is expanding its agency network by enhancing its capacity for future growth. This includes expanding its footprint, recruiting top talent, and investing in technology and capability development to improve productivity.

Limited impact of the new surrender value norms on the VNB margins:

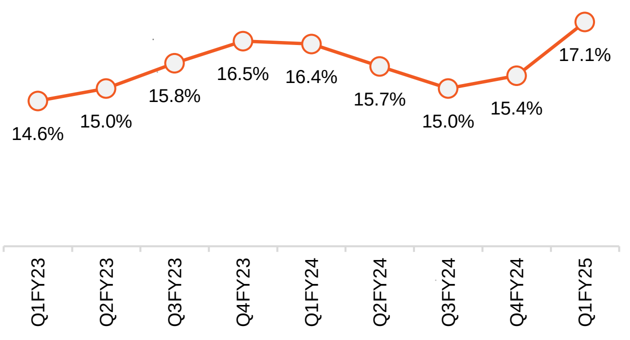
- HDFCLIFE anticipates a gross impact of approximately 100 bps on the Company's new business margin due to higher surrender value payable on early exits. Impact for HDFCLIFE is limited due to its balanced approach to business.

HDFC Life Insurance Company Ltd

Outlook & Valuation:

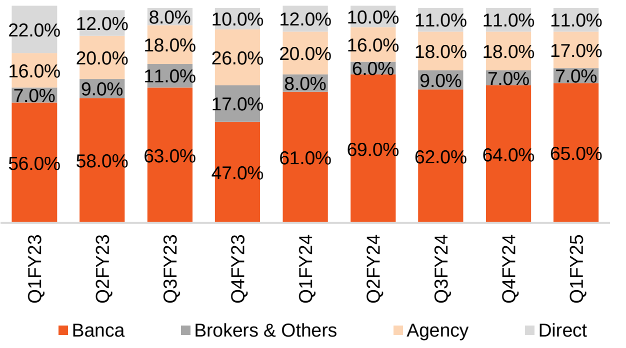
HDFCLIFE experienced substantial growth in the ULIP and Non-Par segments in terms of premium in Q1FY25. The company reaffirmed its guidance of outperforming the industry APE growth in FY25E. It is anticipated that the APE industry will grow between 13.0% and 15.0%, and HDFLIFE is confident in achieving a growth of approximately 15.0% in APE in FY25E. HDFCLIFE has prioritized product innovation and expanding its distribution capabilities that drive growth and profitability. HDFC Life aims to enhance its presence in tier 2 and 3 cities to drive growth while strengthening its partnership with HDFC Bank to expand its geographical coverage. We have factored in 17.1% CAGR growth in net premiums, 16.9% in VNB, 14.4% in Net Profit and 13.8% in EV over FY24-26E. The company anticipates that the new surrender value rule will have minimal impact on the VNB margins. Any impact will be mitigated by the restructuring of its distributors' pay-outs. **We assign a 2.7x P/EV on FY26E EVPS of INR 312.8 and VNB multiple of 22.5x to HDFC Life to arrive at the weighted average Target Price at INR 845 per share (earlier INR 765) (50:50 weights on the P/EV and appraisal value methodology), implying a 20.4% upside potential over CMP. We maintain our BUY rating on the shares of HDFC Life Insurance Company Ltd.**

Individual WRP market share(%): Market share continues to show improvement post the merger



Source: Company, DevenChoksey Research

Channel mix on Individual APE basis (%):
Banca mix improvement led by the increase in the HDFC Bank counter share



Source: Company, DevenChoksey Research

EV Calculation (INR Mn)	FY22	FY23	FY24	FY25E	FY26E
Opening EV	266,200	329,600	395,300	474,710	565,340
Unwind	23,000	26,200	32,400	38,926	46,358
VNB (or NBAP)	**26,800**	**36,740**	**35,010**	**42,203**	**50,939**
Operating variance	-5,700	400	1,500	1,500	1,500
EV Operating Profit (EVOP)	**44,100**	**63,340**	**68,910**	**82,630**	**98,797**
Non-operating variance	-500	-15,900	13,500	7,500	7,500
EV Profit	**43,600**	**47,440**	**82,410**	**90,130**	**106,297**
Net capital injection	27,100	16,700	-3,300	500	500
Closing EV	**329,600**	**395,240**	**474,710**	**565,340**	**672,137**

Source: Company, DevenChoksey Research

Key Financials:

Particulars (INR Mn)	FY22	FY23	FY24	FY25E	FY26E
GWP	459,628	575,334	630,765	743,615	875,286
PAT	12,077	13,601	15,689	17,988	21,104
EPS (INR)	5.9	6.4	7.3	8.4	9.8
NBP-APE	96,644	131,001	129,629	159,258	188,665
VNB	26,800	36,740	35,010	42,203	50,939
VNB Margin (%)	27.1%	27.6%	26.3%	26.5%	27.0%
EVPS (INR)	163.4	195.8	234.9	267.6	312.8

Source: Company, DevenChoksey Research

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HDFC Life Insurance Companies Ltd

Financials:

Revenue Account (INR Mn)	FY22	FY23	FY24	FY25E	FY26E
Gross premiums	459,628	575,334	630,765	743,615	875,286
Reinsurance ceded	5,664	7,694	11,173	11,154	15,755
Net premiums	**453,965**	**567,640**	**619,592**	**732,460**	**859,530**
Net income from investments	199,978	139,414	388,151	458,984	544,528
Total income	**653,943**	**707,055**	**1,007,743**	**1,191,445**	**1,404,059**
Commission expenses	19,403	28,281	52,563	62,921	74,896
Operating expenses	56,125	84,374	69,011	80,601	93,852
Service tax on linked charges	1,520	4,635	3,183	5,106	5,966
Operating profit	**576,894**	**589,765**	**882,986**	**1,042,817**	**1,229,344**
Benefits paid (net)	318,638	388,723	396,965	453,605	538,301
Change in reserves	246,815	185,862	484,194	573,500	671,250
Surplus / (Deficit) Before tax	**11,442**	**15,180**	**1,827**	**15,712**	**19,793**
Provision For Tax & Others	1,845	1,591	-5,924	1,885	2,375
Surplus / (Deficit) After tax	**9,597**	**13,589**	**7,751**	**13,827**	**17,418**

Profit & Loss Account (INR Mn)	FY22	FY23	FY24	FY25E	FY26E
Transfer from Technical account	10,093	14,689	7,991	13,327	16,168
Income from investments & other income	7,894	7,829	10,152	9,000	10,000
Total income	17,987	22,518	18,143	22,327	26,168
Total expenses	6,186	9,794	2,505	4,065	4,743
PBT	**11,801**	**12,724**	**15,638**	**18,262**	**21,425**
Provision for tax	-276	-877	-50	274	321
PAT	**12,077**	**13,601**	**15,689**	**17,988**	**21,104**

Particulars (INR Mn)	FY22	FY23	FY24	FY25E	FY26E
First year premiums	80,544	113,239	111,108	138,885	166,662
Single premiums	161,005	177,612	185,205	203,726	220,024
New business premium (NBP)	**241,548**	**290,852**	**296,314**	**342,611**	**386,686**
NBP growth (%)	20.1%	20.4%	1.9%	15.6%	12.9%
Renewal premiums	**218,080**	**284,483**	**334,451**	**401,003**	**488,599**
Renewal premiums growth (%)	18.0%	30.4%	17.6%	19.9%	21.8%
Total premiums	**459,628**	**575,334**	**630,765**	**743,615**	**875,286**
Total premium growth (%)	19.1%	25.2%	9.6%	17.9%	17.7%
NBP - APE	**96,644**	**131,001**	**129,629**	**159,258**	**188,665**
NBP - APE growth (%)	18.1%	35.5%	-1.0%	22.9%	18.5%

Particulars (INR Mn)	FY22	FY23	FY24	FY25E	FY26E
Sources of funds					
Share capital	21,126	21,494	21,509	21,509	21,509
Share application money	33	32	0	0	0
Reserves and surplus	132,852	108,146	120,503	135,491	153,595
Fair value change account - net	848	197	4,505	4,505	4,505
Shareholders' fund	**154,859**	**129,868**	**146,517**	**161,506**	**179,609**
Fair value change account - net	21,697	19,759	60,257	74,344	91,723
Policy liabilities	1,043,425	1,442,196	1,762,988	2,172,902	2,678,643
Provision for linked liabilities	564,484	595,034	636,170	784,888	968,372
Credit/[debit] fair value change account	200,706	158,802	284,975	351,594	433,787
Discontinued due to non-payment of premium	41,026	38,179	34,271	42,278	52,156
Sub-Total	**1,871,337**	**2,253,969**	**2,778,661**	**3,426,006**	**4,224,681**
Funds for future Appropriations	9,409	12,354	12,115	12,615	13,865
Total Sources of Funds	**2,035,605**	**2,396,192**	**2,937,293**	**3,600,126**	**4,418,155**
Application of Funds					
Investments					
- Shareholders'	**152,379**	**131,319**	**148,819**	**171,142**	**196,813**
- Policyholders'	1,083,110	1,464,485	1,817,966	2,272,457	2,829,209
Asset held to cover linked liabilities	806,215	792,015	955,416	1,136,945	1,364,334
Loans	6,428	15,853	18,972	22,767	28,458
Fixed assets - net block	3,427	3,802	4,158	5,000	6,000
Net current assets	-15,954	-11,283	-8,038	-8,184	-6,660
Total Applications of Funds	**2,035,605**	**2,396,192**	**2,937,293**	**3,600,126**	**4,418,155**

Source: Company, DevenChoksey Research

SBI Life Insurance Company Ltd

CMP	Target	Potential Upside	Market Cap (INR Mn)	Recommendation	Sector
INR 1,806*	INR 2,160	19.6%	INR 18,15,186	BUY	Life Insurance

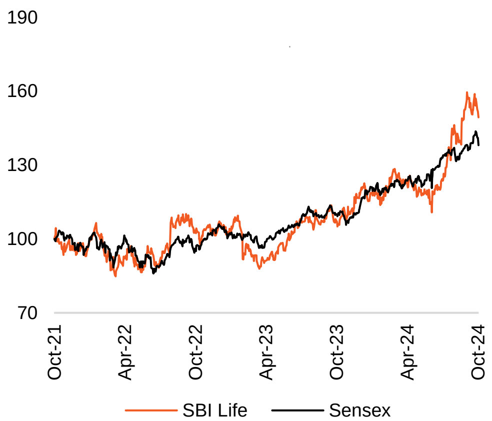
Key Aspects of our conviction:

- The widening gap between credit and deposit growth indicates that banks might face liquidity issues and struggle to attract deposits. In such a scenario, life insurance products offer long-term savings and guaranteed returns (such as annuities) and become more attractive to retail investors seeking safer alternatives. SBI Life, leveraging its strong bancassurance channel with SBI Bank, can capitalize on this shift in consumer behavior.
- SBI Life benefits from the backing of SBI, India's largest bank, which gives it unparalleled access to potential customers. Its vast distribution network and deep reach into Tier 2 and Tier 3 cities give it a significant advantage over competitors, which may have a strong urban presence but not as extensive rural penetration.
- **We raise our target price to INR 2,160 per share (earlier INR 1,985), assigning a multiple of 2.5x (earlier 2.3x) for its FY26E embedded value. This is based on our expectation of strong APE growth and continued cost leadership. Accordingly, we maintain our "BUY" rating.**

MARKET DATA

Shares outs (Mn)	1,002
Mkt Cap (INR Mn)	18,15,186
52 Wk H/L (INR)	1,936/ 1,264
Volume Avg (3m K)	1,448
Face Value (INR)	10
Bloomberg Code	SBILIFE IN

SHARE PRICE PERFORMANCE



MARKET INFO

SENSEX	82,497
NIFTY	25,250

SHARE HOLDING PATTERN (%)

Particulars	Jun-24	Mar-24	Dec-23
Promoters	55.4	55.4	55.4
FIIs	24.7	25.2	25.9
DIIs	15.9	15.4	14.6
Others	4.0	4.0	4.1
Total	100.0	100.0	100.0

*Based on previous closing
Note: All the market data is as of previous closing

Product mix well poised to meet the industry opportunities led by its strong market positioning:

- During FY24, SBI Life Insurance has continued to focus on growing its business in a sustainable manner. The company has achieved this by offering a varied range of products in its portfolio, aligning the product mix with evolving customer demands.
- SBI Life's balanced mix of unit-linked, traditional, and protection products positions it well compared to peers who might be more dependent on a single product line, making it less vulnerable to market shocks.
- To improve the protection business, SBILIFE has gone into a huddle with its leading Banca partner, SBI and depending on the data analytics of SBI on its database, the Company is going to offer a product very soon on the digital platform of the State Bank of India that is YONO. This will be a more straightforward product with a three-click kind of issuance based on the data analytics and pre-approved assured type of sum with very competitive rates. Being on the digital platform, the journey will be straightforward for the customer, the rates will be very competitive, and thus, an excellent response from this particular product is expected.
- The ability to simultaneously drive product innovation, optimize distribution channels, and maintain operational efficiency are all positive indicators of SBI Life's strong execution capabilities. These factors have positioned the company well to capitalize on the growing life insurance market in India in a profitable and sustainable manner.

Strong Bancassurance partnerships to deepening its penetration:

- The company has been actively adding new Banca partnerships to strengthen its customer base further and improve its insurance market penetration.
- SBI Life's strong bancassurance partnership with State Bank of India provides a significant competitive advantage in terms of access to a vast customer base. Leveraging this channel will be a key growth driver.
- Recognizing the vast untapped potential in semi-urban and rural India, SBI Life has been actively expanding its reach in these geographies.
- The company is leveraging its bancassurance partnerships, as well as its agency network, to increase penetration in these underserved markets.
- In terms of distribution mix, the bancassurance business accounted for 59.3% of the overall APE as of June 30, 2024, at INR 21.6 Bn, registering a growth of 9.1% YoY. SBI branch productivity on individual APE terms stood at INR 3.5 Mn for Q1FY25, registering a growth of 14.0%.
- SBILIFE has reiterated its guidance of growing its APE in the 18.0-20.0% YoY range for FY25E with bancassurance growth of 15.0-16.0% YoY.

Better Cost Efficiency:

- Compared to peers, SBI Life has consistently reported better cost ratios. Its cost efficiency, measured by the cost-to-premium ratio, is among the best in the industry. This allows the company to offer more competitive premiums, driving higher market share.

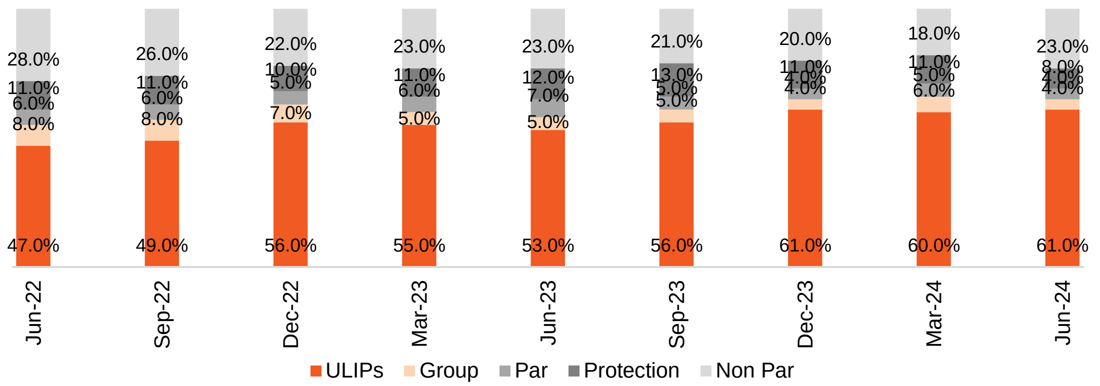
SBI Life Insurance Company Ltd

Outlook & Valuation:

SBILIFE remains focused on striking an optimum balance among various distribution channels, and it expects to grow by leveraging these multiple drivers and further strengthening its distribution network. SBILIFE expects its VNB margin to see improvement on the back of the product mix. Regarding the commission expense, the Company has not been participating in competitive prices and doesn't expect any change in the current structure. SBILIFE is the lowest-cost operator, and, because of its product mix at SBILIFE, the Company will be the least affected By the new surrender value norm. Thus, it remains focused on maintaining its low-cost advantage. The current valuation continued to be relatively attractive compared to its peers.

We apply a 2.5x P/EV on FY26E EVPS of INR 865.6 and a VNB multiple of 16.6x to arrive at a weighted average TP of INR 2,160 per share (earlier INR 1,985) for SBI Life (50:50 weights on the P-EV and appraisal value methodology); implying a potential upside of 19.6% from the CMP. Accordingly, we maintain our "BUY“ rating on the shares of SBILIFE.

Product mix (%) (on APE basis): ULIP mix increases



Source: Company, DevenChoksey Research

EV Calculation (INR Mn)	FY22	FY23	FY24	FY25E	FY26E
Opening EV	333,900	396,300	460,400	582,500	710,854
Unwind	27,300	34,100	38,100	48,348	59,001
VNB (or NBAP)	**37,020**	**50,700**	**55,500**	**65,007**	**78,226**
Operating variance	4,600	5,800	6,900	7,500	10,000
EV Operating Profit (EVOP)	**68,920**	**90,600**	**100,500**	**120,854**	**147,227**
Non-operating variance	-4,500	-24,200	23,900	10,000	10,000
EV Profit	**64,420**	**66,400**	**124,400**	**130,854**	**157,227**
Net capital injection	-2,020	-2,300	-2,300	-2,500	-2,500
Closing EV	**396,300**	**460,400**	**582,500**	**710,854**	**865,581**

Source: Company, DevenChoksey Research

Key Financials:

Particulars (INR Mn)	FY22	FY23	FY24	FY25E	FY26E
GWP	587,596	673,156	814,306	969,291	1,140,322
PAT	15,060	17,206	18,938	27,819	34,830
EPS (INR)	15.1	17.2	18.9	27.8	34.8
NBP-APE	143,000	168,100	195,520	232,167	274,476
VNB	37,020	50,700	55,500	65,007	78,226
VNB Margin (%)	25.9%	30.1%	28.1%	28.0%	28.5%
EVPS (INR)	396.3	460.4	582.5	710.8	865.6

Source: Company, DevenChoksey Research

SBI Life Insurance Companies Ltd

Financials:

Revenue Account (INR Mn)	FY22	FY23	FY24	FY25E	FY26E
Gross premiums	587,596	673,156	814,306	969,291	1,140,322
Reinsurance ceded	3,273	7,346	8,435	9,693	11,403
Net premiums	**584,323**	**665,810**	**805,871**	**959,598**	**1,128,918**
Net income from investments	235,680	132,601	503,666	259,555	301,178
Total income	**830,272**	**815,985**	**1,326,314**	**1,219,153**	**1,430,096**
Commission expenses	20,841	29,360	31,051	41,195	48,464
Operating expenses	30,487	35,360	41,321	56,219	66,139
Service tax on linked charges	7,725	8,194	9,476	12,368	12,368
Operating profit	**771,220**	**743,071**	**1,244,466**	**1,109,371**	**1,303,126**
Benefits paid (net)	313,398	302,875	431,074	518,183	609,616
Change in reserves	0	0	0	0	0
Surplus / (Deficit) Before tax	437,619	410,031	784,313	549,250	641,500
Provision For Tax & Others	1,365	1,603	1,164	2,936	3,641
Surplus / (Deficit) After tax	**18,838**	**28,562**	**27,915**	**39,002**	**48,369**

Profit & Loss Account (INR Mn)	FY22	FY23	FY24	FY25E	FY26E
Transfer from Technical account	17,324	27,072	25,977	38,002	47,369
Income from investments & other income	9,884	7,953	10,341	14,565	17,606
Total income	27,208	35,024	36,317	52,567	64,975
Total expenses	11,601	17,440	16,896	24,181	29,434
PBT	**15,608**	**17,584**	**19,421**	**28,386**	**35,541**
Provision for tax	548	379	483	568	711
PAT	**15,060**	**17,206**	**18,938**	**27,819**	**34,830**

Particulars (INR Mn)	FY22	FY23	FY24	FY25E	FY26E
First year premiums	129,415	151,971	174,757	206,214	243,332
Single premiums	125,158	143,915	207,626	259,532	311,439
New business premium (NBP)	**254,574**	**295,886**	**382,383**	**465,746**	**554,771**
NBP growth (%)	23%	16%	29%	22%	19%
Renewal premiums	**333,023**	**377,270**	**431,923**	**503,545**	**585,551**
Renewal premiums growth (%)	12%	13%	14%	17%	16%
Total premiums	**587,596**	**673,156**	**814,306**	**969,291**	**1,140,322**
Total premium growth (%)	17%	15%	21%	19%	18%
NBP - APE	**143,000**	**168,100**	**195,520**	**232,167**	**274,476**
NBP - APE growth (%)	25.8%	17.6%	16.3%	18.7%	18.2%

Particulars (INR Mn)	FY22	FY23	FY24	FY25E	FY26E
Sources of funds					
Share capital	10,004	10,009	10,015	10,015	10,015
Share application money	0	0	0	0	0
Reserves and surplus	104,181	119,237	135,900	141,464	148,430
Fair value change account - net	2,039	929	3,169	2,000	2,000
Shareholders' fund	**116,223**	**130,175**	**149,086**	**153,479**	**160,445**
Fair value change account - net	32,069	20,389	47,191	60,148	76,661
Policy liabilities	1,097,590	1,301,319	1,558,085	1,807,379	2,096,559
Provision for linked liabilities	1,174,871	1,407,214	1,667,408	1,967,541	2,262,672
Credit/[debit] fair value change account	169,659	128,712	378,338	482,214	614,609
Discontinued due to non-payment of premium	81,723	96,630	114,357	145,754	185,772
Sub-Total	**2,555,913**	**2,954,263**	**3,765,379**	**4,463,035**	**5,236,275**
Funds for future Appropriations	9,936	11,427	13,366	13,366	13,366
Total Sources of Funds	**2,682,072**	**3,095,866**	**3,927,830**	**4,629,880**	**5,410,085**
Application of Funds					
Shareholders'	100,758	112,087	130,364	153,829	181,518
Policyholders'	1,121,307	1,298,702	1,565,436	1,909,832	2,329,995
Asset held to cover linked liabilities	1,426,253	1,632,555	2,160,103	2,484,118	2,794,633
Loans	3,627	3,889	3,888	5,500	5,500
Fixed assets - net block	5,268	5,215	5,570	5,820	6,070
Net current assets	24,860	43,417	62,470	70,780	92,369
Total Applications of Funds	**2,682,072**	**3,095,866**	**3,927,830**	**4,629,880**	**5,410,085**

Source: Company, DevenChoksey Research

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