

**Price:** 1,348

**Recommendation:** Buy

**Industry:** Private Sector Bank

**Sector:** Financial Services

**Report Date:** 31-Mar-2025

ICICI Bank's recent earnings call highlighted strategic initiatives for growth and efficiency, focusing on a 360-degree customer-centric approach. The bank is enhancing technology with platforms like DigiEase and iLens to improve operations and customer experience. Loan portfolio growth is strong, supported by a solid capital position. Looking ahead, ICICI Bank plans to invest in technology and brand building to drive market share growth while managing credit risk vigilantly.

| Sales              |           | Profit & Loss              |           | Profitability Matrix    |            |
|--------------------|-----------|----------------------------|-----------|-------------------------|------------|
| Current Year       | 158781 Cr | Operating Profit (Year)    | 112985 Cr | Operating Profit Margin | 71.2 %     |
| Previous Year      | 109231 Cr | Operating Profit (Quarter) | 29521 Cr  | EBITDA Margin           | 78.55 %    |
| Current Quarter    | 41300 Cr  | PAT (Year)                 | 40878 Cr  | Net Profit Margin       | 28.6 %     |
| Previous Quarter   | 40537 Cr  | PAT (Quarter)              | 11792 Cr  | EPS                     | 64.3       |
| Revenue (QYoY)     | 36695 Cr  |                            |           |                         |            |
| Valuation Matrix   |           | Growth (YoY)               |           | Growth (QoQ)            |            |
| Trailing P/E       | 21.0      | Sales Growth               | 16.8 %    | Sales Growth            | 1.88 %     |
| PEG Ratio          | 0.32      | PAT Growth                 | 28.32 %   | Sales Growth QYoY       | 12.55 %    |
| EV/EBITDA          | 18.6      | EPS Growth                 | 10.48 %   | PAT Growth              | 0.39 %     |
| P/B                | 3.53      | Dividend Yield             | 0.74      | PAT Growth QYoY         | 14.8 %     |
| Capital Allocation |           | Holdings                   |           | Leverage                |            |
| RoE                | 18.6 %    | Promoter                   | 0.00 %    | Debt/Equity             | 6.11       |
| RoA                | 2.37 %    | FII                        | 45.7 %    | Debt                    | 1648041 Cr |
| RoCE               | 7.51 %    | DII                        | 45.0 %    | Market Cap              | 952733 Cr  |
| RoIC               | 7.51 %    | Public                     | 9.08 %    | Enterprise value        | 2600774 Cr |
|                    |           | No of Shares               | 707 Cr    | Cash Equivalents        | 0.00 Cr    |

source : Company filings

## Company's Overview Based on Recent Concall and Performance:

ICICI Bank's recent earnings call highlighted several strategic initiatives and business strategies aimed at sustaining growth and enhancing operational efficiency. The bank emphasized its commitment to a 360-degree customer-centric approach, focusing on opportunities across ecosystems and micromarkets. This strategy is underpinned by principles such as "Return of Capital," "Fair to Customer, Fair to Bank," and "One Bank, One Team." The bank's focus on maintaining a strong balance sheet with prudent provisioning and healthy capital levels remains a priority. The bank's net interest income increased by 9.1% year-on-year, reaching 203.71 billion Rupees, while the net interest margin was 4.25% for the quarter.

In terms of new initiatives, ICICI Bank is enhancing its technology infrastructure to streamline operations and improve customer experience. The introduction of DigiEase, a digital platform for business banking, aims to simplify the customer onboarding process by integrating multiple digital services into a single workflow. Additionally, the iLens retail lending platform is being continuously upgraded, now incorporating retail credit cards alongside mortgages and personal loans. These technological advancements are expected to bolster operational efficiency and customer satisfaction. The bank's operating expenses increased by 5.0% year-on-year, with technology expenses accounting for about 10.5% of total operating expenses.

The bank's diversification efforts are evident in its loan portfolio growth across various segments. The domestic loan portfolio grew by 15.1% year-on-year, with the retail loan portfolio increasing by 10.5% and the business banking portfolio by 31.9%. The bank's focus on risk-calibrated profitable growth is supported by a strong capital position, with a CET-1 ratio of 15.93% and a total capital adequacy ratio of 16.60%. The bank's provisioning coverage on non-performing loans was 78.2%, reflecting a robust approach to managing credit risk. The bank's consolidated profit after tax grew by 16.6% year-on-year, reaching 128.83 billion Rupees.

Looking ahead, ICICI Bank sees significant opportunities for growth, driven by its extensive franchise and collaboration within the organization. The bank plans to continue investing in technology, people, distribution, and brand building to enhance delivery systems and simplify processes. The bank's focus on customer 360-degree solutions is expected to drive market share growth across key segments. While the bank's asset quality remains stable, with a net NPA ratio of 0.42%, it acknowledges the need for ongoing vigilance in managing credit risk. The bank's strategic initiatives and strong financial performance position it well for future growth, though it must remain attentive to potential challenges in the global and domestic economic environment.

ICICIBANK Daily Closing One Year Price Chart



| Name            | Mar Cap (Rs. Cr.) | P/E   | ROE    | Sales(G) QoQ | Sales(G) QYoY | PAT(G) QoQ | PAT(G) QYoY |
|-----------------|-------------------|-------|--------|--------------|---------------|------------|-------------|
| ICICI Bank      | 952733.28         | 21.03 | 18.62% | 1.88%        | 12.55%        | 0.40%      | 14.81%      |
| IDBI Bank       | 83546.16          | 11.59 | 11.77% | 5.03%        | 19.40%        | 4.69%      | 29.14%      |
| Yes Bank        | 52925.75          | 24.40 | 3.11%  | 1.24%        | 12.08%        | 9.32%      | 155.32%     |
| IndusInd Bank   | 50626.85          | 7.01  | 15.25% | 0.90%        | 10.62%        | 5.72%      | -39.02%     |
| Kotak Mah. Bank | 431682.98         | 21.96 | 15.06% | 1.26%        | 14.75%        | -6.80%     | 10.23%      |

| Aspect               | Commentary   |
|----------------------|--|
| Revenue              | The company shows a robust revenue increase, with a significant year-over-year growth. This indicates strong market demand and effective sales strategies. The quarter-over-quarter growth, though modest, suggests consistent performance. The revenue figures reflect the company's ability to maintain its market position and capitalize on growth opportunities.                      |
| Profit & Loss        | The profit and loss statement reveals a healthy operating profit margin, indicating efficient cost management. The net profit margin is strong, reflecting effective revenue conversion into profit. The year-over-year growth in profit after tax underscores the company's ability to enhance profitability through strategic initiatives and operational efficiencies.                  |
| Profitability Matrix | The profitability matrix highlights a high operating profit margin, suggesting strong operational efficiency. The EBITDA margin further supports this, indicating effective cost control. The net profit margin is commendable, reflecting the company's ability to convert revenue into profit efficiently. The EPS growth is a positive indicator of shareholder value enhancement.      |
| Valuation Matrix     | The valuation matrix shows a reasonable trailing P/E ratio, suggesting the stock is fairly valued relative to earnings. The PEG ratio indicates growth at a reasonable price, while the EV/EBITDA ratio suggests the company is valued appropriately in terms of earnings before interest, taxes, depreciation, and amortization. The P/B ratio reflects a solid asset base.               |
| Growth (YoY)         | Year-over-year growth metrics indicate strong performance, with significant sales and profit after tax growth. The EPS growth further highlights the company's ability to enhance shareholder value. The dividend yield, though modest, provides an additional return to shareholders. Overall, the company demonstrates robust growth across key financial metrics.                       |
| Growth (QoQ)         | Quarter-over-quarter growth metrics show steady performance, with modest sales and profit after tax growth. The sales growth QYoQ indicates consistent market demand, while the PAT growth QYoQ reflects effective cost management and operational efficiency. These metrics suggest the company is maintaining its growth trajectory effectively.   |
| Capital Allocation   | The capital allocation metrics reveal a strong return on equity, indicating effective use of shareholder funds. The return on assets and return on capital employed suggest efficient asset utilization and capital management. The return on invested capital reflects the company's ability to generate returns from its investments, supporting long-term growth.                       |
| Holdings             | The holdings structure shows a balanced distribution, with significant foreign institutional investor and domestic institutional investor presence. The absence of promoter holdings suggests a diversified ownership structure. The public holding is modest, indicating limited retail investor participation. The number of shares reflects the company's market presence.              |
| Leverage             | The leverage metrics indicate a high debt-to-equity ratio, suggesting significant reliance on debt financing. The total debt level is substantial, reflecting the company's capital structure strategy. The market capitalization and enterprise value highlight the company's market position and overall valuation. The absence of cash equivalents suggests limited liquidity reserves. |

**Analyst viewpoint:** ICICI Bank has demonstrated impressive short to mid-term growth potential, driven by robust financial metrics and strategic capital allocation. With a quarter-over-quarter sales growth of 1.88% and a net profit after tax increase of 0.39%, the bank continues to capitalize on consistent market demand and operational efficiencies. Valuation metrics such as a trailing P/E of 21.0 and a healthy return on equity of 18.6% reflect the bank's ability to generate returns effectively. Peer comparison indicates a competitive edge in the industry, with significant domestic loan portfolio growth and technological investments enhancing customer experience through platforms like DigiEase and iLens. These innovations not only streamline operations but also position the bank favorably for capturing increased market share.

ICICI Bank's strategic initiatives, highlighted in the recent conference call, emphasize a 360-degree customer-centric approach and strong provisioning against credit risks, supporting future market expansion. The bank's focus on strengthening its balance sheet and investing in branding and technology provides a solid foundation for sustained growth. Despite these positive indicators, investors should be mindful of the high debt-to-equity ratio, which implies a reliance on debt financing. Nevertheless, with its strong capital position and ongoing commitment to enhancing operational efficiencies, ICICI Bank remains a promising investment in the financial services sector for the near future.

Please read detailed disclosure on next page.





