

**“Excellent profitability reported by the bank, though the business growth is a little concern”**

### Ajcon Global’s observations & views

1. The bank has improved its profitability Quarter after Quarter and the management is confident of achieving the given targets for FY25 In spite of muted business growth in the first six months.
2. The bank’s digital journey is on right track & has started yielding good results.
3. The bank’s treasury is very active & doing well.

### Q2FY25 RESULT ANALYSIS

- 1) **Net interest income** came down by 3.88% QoQ and 0.86% YoY at Rs. 9047 crores in Q2FY25 against Rs. 9412 crores in Q1FY25 and at Rs. 9126 crores in Q2FY24.
- 2) **Operating profit** is up by 4.21% QoQ and 12.35% YoY at Rs. 8113 crores in Q2FY25 against Rs. 7785 crores in Q1FY25 and Rs. 7221 crores in Q2FY24.
- 3) **Net Profit** is up by 28.30% QoQ and 34.43% YoY at Rs. 4720 crores in Q2FY25 against Rs. 3679 crores in Q1FY25 and Rs. 3511 crores in Q2FY24.
- 4) **NIM** came down at 2.90% in Q2FY25 against 3.05% in Q1FY25 and 3.18% in Q2FY24.
- 5) **Domestic cost** of deposits has gone up to 5.56% in Q2FY25 against 5.37% in Q1FY25 and against 5.21% in Q2FY24. Cost of Funds increased to 5.04% in Q2FY25 against 4.89% in Q1FY25 and 4.72% in Q2FY24. Yield on Advances has gone down to 8.70% in Q2FY25 against 8.72% in Q1FY25 and 8.81% in Q2FY24.
- 6) **Total Global business** had a muted growth of 1.64% and stood at Rs. 21.71 Lakh crores in Q2FY25 against Rs. 21.36 Lakh crores in Q1FY25.

### KEY FINANCIAL INDICATORS - Q2FY25

Global business mix - Rs. 21.71 lakh crore (9.3% share in PSBs) - 5th largest PSB in Business Mix.

<b>CMP (23.10.2024)</b>	: Rs. 109.40
<b>Face Value</b>	: Rs. 10
<b>Book value per share</b>	: Rs. 129.48
<b>Market Capitalisation</b>	: Rs. 83,511.65 Crs.
<b>Capital Adequacy Ratio</b>	: 17.13%
<b>C/D ratio</b>	: 76.80%
<b>CASA ratio</b>	: 32.72%
<b>Net Interest Margin (NIM)</b>	: 2.90%
<b>Cost / Income ratio</b>	: 43.56%
<b>Gross Non Performing Assets</b>	: 4.36%
<b>Net Non Performing Assets</b>	: 0.98%
<b>Provision Coverage Ratio (PCR)</b>	: 92.79%
<b>Slippage ratio</b>	: 2.40%
<b>Credit cost</b>	: 1.90%
<b>Return on Assets (Annualised)</b>	: 1.35%
<b>Return on Equity (Annualised)</b>	: 19.10%

- 7) **Total Non-Interest Income** is up by 18.16% QoQ at Rs. 5328 crores against Rs. 4509 crores in Q1FY25 and up by 44.19% YoY at Rs. 3695 crores in Q2FY24.
- 8) **Fee based income** decreased by 10.63% QoQ at Rs. 2563 crores in Q2FY25 against Rs. 2868 crores in Q1FY25 and it is increased by 34.68% YoY from Rs. 1903 crores in Q2FY24.
- 9) **Cost/Income ratio** fell to 43.56% in Q2FY25 against 44.08% in Q1FY25 and against 43.68% in Q2FY24.
- 10) **Total Advances** increased by 1.82% QoQ and 9.63% YoY at Rs. 928832 crores in Q2FY25 against Rs. 912214 crores in Q1FY25 and at Rs. 847214 crores in Q2FY24.
- 11) **Total deposits** rose by 1.45% QoQ at Rs. 1241947 crores in Q2FY25 against Rs. 1224191 crores in Q1FY25 and it is also up by 9.17% YoY at Rs. 1137628 crores in Q2FY24.
- 12) **Domestic CASA ratio** declined to 32.72% in Q2FY25 against 33.40% in Q1FY25 and 34.66% in Q2FY24.
- 13) **C/D ratio** came at 76.80% Globally and 73.98% Domestic in Q2FY25.
- 14) **Return on assets (ROA)** rose to 1.35% in Q2FY25 against 1.06% in Q1FY25 and 1.07% in Q2FY24.
- 15) **Fresh slippages** increased to Rs. 4946 crores in Q2FY25 against Rs. 2058 crores in Q1FY25 and against Rs. 2527 crores in Q2FY24. Recovery + Upgradation increased to Rs. 1984 Crores in Q2FY25 against Rs. 1807 crores in Q1FY25 and it decreased from Rs. 2706 crores in Q2FY25.
- 16) **Gross NPA ratio** improved to 4.36% in Q2FY25 against 4.54% in Q1FY25 and 6.38% in Q2FY24. Net NPA ratio was a little higher at 0.98% in Q2FY25 against 0.90% in Q1FY25.
- 17) **Credit cost** increased to 1.09% in Q2FY25 against 0.73% in Q1FY25 and 0.81% in Q2FY24.
- 18) **Capital Adequacy ratio** decreased to 13.76% in Q2FY25 against 13.86% in Q1FY25 and 14.28% in Q2FY24.
- 19) **The Bank’s Capital Adequacy ratio** rose to 17.13% in Q2FY25 against 17.02% in Q1FY25 and 16.69% in Q2FY24.

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### Management Comments

- 20) Replying to an analyst’s query over concern on credit growth, the Bank’s MD & CEO Ms. Manimekhalai replied that the bank has phased out some advances with lesser yield, shedding off NBFC book but the bank has good disbursement and sanction pipeline to meet credit target of FY25.
- 21) To improve CASA deposit the bank has opened 122 branches, strengthened BC model, launched special deposit schemes, introduced excellent cell in the branches which gives top notch services to the customers and introduced Union lead for CASA transformation and business build projects deploying 1250 relationship managers to drive business acquisitions, she added.
- 22) Ms. Manimekhalai also added that the bank has seen good treasury growth in current interest rate scenario from revaluation of asset & profitable trading activity in it’s treasury.

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