

ICICI Bank (ICICIBC IN)

Rating: BUY | CMP: Rs383 | TP: Rs462

July 26, 2020

Q1FY21 Result Update

☑ Change in Estimates | ☑ Target | ■ Reco

Change in Estimates

	Current		Previous	
	FY22E	FY23E	FY22E	FY23E
Rating	BUY		BUY	
Target Price	462		436	
NII (Rs. m)	4,44,865	5,16,192	4,31,427	5,03,823
% Chng.	3.1	2.5		
Op. Profit (Rs. m)	3,72,083	4,25,180	3,19,229	3,73,016
% Chng.	16.6	14.0		
EPS (Rs.)	26.9	33.6	23.6	31.8
% Chng.	14.3	5.7		

Key Financials - Standalone

Y/e Mar	FY20	FY21E	FY22E	FY23E
NII (Rs bn)	333	387	445	516
Op. Profit (Rs bn)	281	339	372	425
PAT (Rs bn)	79	125	174	217
EPS (Rs.)	12.3	19.4	26.9	33.6
Gr. (%)	135.0	57.8	39.0	24.7
DPS (Rs.)	1.0	-	2.4	3.2
Yield (%)	0.3	-	0.6	0.8
NIM (%)	3.5	3.6	3.6	3.7
RoAE (%)	7.1	10.2	12.7	14.1
RoAA (%)	0.8	1.1	1.3	1.4
P/BV (x)	2.2	2.0	1.7	1.5
P/ABV (x)	2.6	2.3	2.0	1.7
PE (x)	31.2	19.7	14.2	11.4
CAR (%)	16.1	17.3	18.2	18.8

Key Data

ICBK.BO | ICICIBC IN

52-W High / Low	Rs.552 / Rs.268
Sensex / Nifty	38,129 / 11,194
Market Cap	Rs.2,477bn / \$ 33,103m
Shares Outstanding	6,476m
3M Avg. Daily Value	Rs.32066.8m

Shareholding Pattern (%)

Promoter's	-
Foreign	42.96
Domestic Institution	45.76
Public & Others	11.28
Promoter Pledge (Rs bn)	-

Stock Performance (%)

	1M	6M	12M
Absolute	9.9	(28.4)	(6.4)
Relative	0.5	(21.8)	(7.1)

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Sturdy display of performance

Quick Pointers:

- Moratorium book comes down to 17.5% v/s 30% in April end
- Reported NIMs came off by 18bps QoQ to 3.69% on high liquidity from strong deposit flow of 21% YoY.

ICICIBC's PAT of Rs25.9bn (PL: Rs31.9bn) saw a marginal miss on back much higher prudent COVID impact provisions of Rs55.0bn. Core PPOP grew by 15% YoY on back of strong 20% YoY NII growth & lower other opex offsetting a weak fee income. Slight disappointment was on NIMs which declined by 18bps QoQ to 3.69% owing to strong flow of deposits (21% YoY/4% QoQ was best amongst banks) creating large liquidity position. Moratorium book which has been focus point to track asset quality & collection was down to 17.5% of loans v/s 30% in Apr'20 end and has Rs83.0bn of COVID provisions or 1.42% of domestic loans. Strong liability base, strong capital levels (raising more equity ahead), steady asset quality with strong PCR of 78% remains a strong focal point, while real asset quality hits, if any, only will be visible from Sep'20 end. We retain BUY with revised TP of Rs462 (from Rs436) based on 1.8x FY22 ABV.

- **Decent core operating performance:** Core PPOP grew by 15% YoY with strong NII growth of 20% YoY, although fee income was quite weak with de-growth of 30% YoY/42% QoQ but much lower decline of 15% YoY/30% QoQ in other opex offset some of the weakness. NII growth was supported from investment income which grew 15% QoQ mainly led by good spreads in PTCs, LTRO deployment & corporate NCDs, while interest expenses were slightly higher as flow of deposits have been quite strong impacting NIMs by 18bps QoQ to 3.69% and could continue the same in Q2FY21 as well.
- **Moratorium book comes off; asset quality has been on expected lines:** Bank's moratorium book came off to 17.5% of domestic loans v/s 30% in Apr'20 end. Extended moratorium has been on approval basis, hence ending moratorium at Jun'20 end entailed collection of installments of which 80-85% have paid, while rest still have overdue which may increase moratorium a couple of percentage points higher. Bank made a adhoc Rs55.0bn COVID contingency provisions (utilized partly Rs30bn of stake sale gains from Subs) taking COVID related standard asset provisioning to Rs83.0bn (1.4% of domestic loans) which looks quite adequate for now, but can be further moved up ahead and hence we keep our credit cost at ~150bps (apart from these adhoc provisions) with slippage rate of 200bps in FY21/FY22.
- **Cautious loan book growth; strong liabilities display:** Loans grew by 6.5% YoY with slower corporate loan growth of 5% YoY, while managed to keep retail growth at 12% YoY/-1% QoQ compared to slower rate sequentially for other private banks. Corporate growth was lending through in LTROs (investments), while pick up in retail has been only from Jun'20 onwards. **On liabilities**, Average CASA was up 14% YoY, while term deposits saw a strong 27% YoY/9% QoQ growth leading to deposit growth of 21% YoY and showcasing a solid liability franchise, but currently not benefitting the bank.

Exhibit 1: Stake sale income utilized to accelerate prudent Provisioning

P & L (Rs mn)	Q1FY21	Q1FY20	YoY gr. (%)	Q4FY20	QoQ gr. (%)
Interest income	1,99,244	1,79,801	10.8	1,91,887	3.8
Interest expense	1,06,446	1,02,426	3.9	1,02,618	3.7
Net interest income (NII)	92,798	77,374	19.9	89,269	4.0
- Treasury income	37,630	1,790	2,002.2	2,420	1,455.0
Other income	61,426	34,254	79.3	42,550	44.4
Total income	1,54,224	1,11,629	38.2	1,31,819	17.0
Operating expenses	46,459	48,744	(4.7)	57,918	(19.8)
-Staff expenses	21,661	19,533	10.9	22,345	(3.1)
-Other expenses	24,798	29,211	(15.1)	35,573	(30.3)
Operating profit	1,07,765	62,885	71.4	73,901	45.8
Core operating profit	70,135	61,095	14.8	71,481	(1.9)
Total provisions	75,940	34,957	117.2	59,674	27.3
Profit before tax	31,825	27,927	14.0	14,227	123.7
Tax	5,834	8,847	(34.1)	2,013	189.8
Profit after tax	25,992	19,080	36.2	12,214	112.8
Balance Sheet (Rs m)					
Deposits	80,16,223	66,07,318	21.3	77,09,690	4.0
Advances	63,12,146	59,24,154	6.5	64,52,900	(2.2)
Profitability ratios					
NIM	3.7	3.6	8	3.9	(18)
RoAA	1.0	0.8	14	0.5	46
RoAE	8.9	7.0	190	4.2	470
Asset Quality					
Gross NPA (Rs m)	4,03,862	4,57,631	(11.7)	4,14,092	(2.5)
Net NPA (Rs m)	86,747	1,18,565	(26.8)	1,01,139	(14.2)
Gross NPL ratio	5.5	6.5	(103)	5.5	(7)
Net NPL ratio	1.2	1.8	(54)	1.4	(18)
Coverage ratio (calc.)	78.5	74.1	443	75.6	294
Business & Other Ratios					
CASA mix	42.5	45.2	(270)	45.1	(260)
CASA mix - Average	41.0	43.4	(240)	42.3	(130)
Cost-income ratio	30.1	43.7	(1,354)	43.9	(1,381)
Non int. inc / total income	39.8	30.7	914	32.3	755
Credit deposit ratio	78.7	89.7	(1,092)	83.7	(496)
CAR	16.3	16.2	13	16.1	21
Tier-I	14.9	14.6	33	14.7	21

Source: Company, PL

NII grew well at 20% YoY supported by muted interest expenses

Other income grew 79% YoY on stake sale income of ~Rs30bn but fee income saw adverse growth

Other expenses were lower on lower biz. volumes, lower admin and lower infra expenses

Provisions include Rs 55.5n COVID-19 provision

Advances growth led by retail, slow in corporate & de-growth in overseas book. Deposits growth was strong.

Margins increased by 8bps YoY of adversely affected by higher liquidity maintained

Asset quality improved with low slippages of Rs11.6bn and book under moratorium at 17.5%

CASA mix has come off on being outpaced by growth in Term deposits

Bank's Tier-I remains strong at 14.9% with CET-I at 13.6%

Key Q1FY21 Concall Highlights

Business growth and outlook

- **Liabilities:** The growth in term deposits continues to outpace CASA growth. Bank re-iterates that granularized CASA deposits remains a focus area.
- **Advances-**
 - Growth in Overall book remains **supported by Retail** book growth which in turn has been well supported mainly from Unsecured book. Bank has reviewed customer selection and underwriting norms. Originations have been adversely impacted by the ongoing pandemic though disbursements across retail products have increased in June v/s April, May with incremental sourcing to existing customers of the Bank.
 - **Corporate** portfolio's concentration risk and credit ratings improvement are being focused on
 - **CV** book's 60% is from long vintage customers who are well seasoned with business cycles. **Auto loans** disbursements levels in June were 65% of pre-covid levels with 87% of the portfolio comprising of new vehicles.
 - 70% of **Mortgage** customers have a liability relation with the Bank and LTV for **Home Loans/LAP** is 65%/55% respectively
 - **CC & Personal loan** book's 80%-85% customers are salaried with 75% employed with well rated MNCs and Govt entities and 97% of those who have availed moratorium continue to get salary credits.
 - **SME-** Under ECL, Bank has sanctioned Rs50bn to ~19,000 borrowers and Rs38bn has been disbursed. 85% of the **Business Banking** portfolio had a collateral cover of 100%+
- **COVID-19:** 17.5% of book was under moratorium with Rs 55.5bn provisions for made for COVID-19 in the 1Q21 to completely cushion balance sheet from pandemic related uncertainties. About 90% of the portfolio under moratorium at June'20 end comprises loans that were also under moratorium at end-May and for phase-2 Bank mostly adopted opt-in policy instead of opt-out policy. Specifically, CV and Builder loan portfolios saw higher share in Moratorium. Bank expects that moratorium might increase to 20% as there are a few customers who aren't repaying (2% of book). The bank has said the COVID-19 impact on it remains highly uncertain and has cited three factors to watch going ahead: **(i)** the extent of the ongoing spread of COVID-19 **(ii)** the effectiveness of current and future steps taken by governments and central banks to mitigate the economic impact, steps taken by the bank and, **(iii)** the time it takes for economic activities to return to pre-pandemic levels

Margins/Fees

- NIM were affected by higher liquidity with the Bank due to strong deposit inflows and limited credit demand due to the lockdown
- Fee income declined due to lower borrowing and investment activity by customers and lower consumer spends

- Lower business volumes, admin expenses and infra expenses though partly offset by IT-expenses led to lower other expenses
- Average Debit Card spends in June were higher by 60% compared to the average for April and May and average Credit Card spends in June were higher by 79% compared to the average for April and May

Asset Quality

- Slippages reduced significantly to Rs11.6bn on moratorium imposed. BB & Below book came in at Rs171.1bn with exposure as a % of net advances rising to 2.71% v/s 2.58% QoQ. Downgrades were similar to Q4FY20, viz mainly from telecom, power and construction books.
- Delinquency levels have almost reached the low pre-covid levels and collection efficiency has reached 80% of pre-covid levels.

Others

- Capital Raise-** Objective is to support competitiveness amongst peers and help support medium term growth
- Bank is not looking at any mergers, acquisitions, there is no proposal for strategic stake sale in insurance arm though Bank will dilute about 4% in ICICI securities in FY21

Exhibit 2: Loan split and growth trends

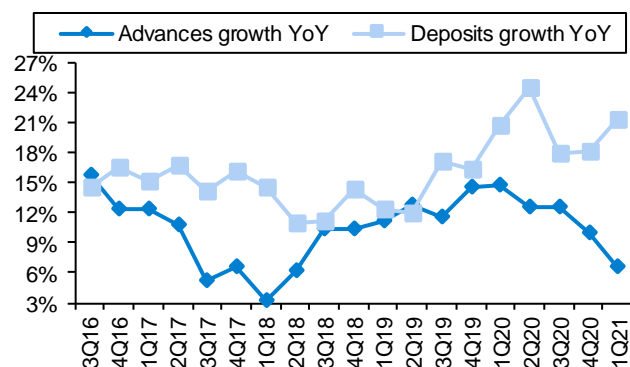
Loan Book Details	Q1FY21	Q1FY20	YoY gr. (%)	Q4FY20	QoQ gr. (%)
Total Loan Book	63,12,146	59,24,154	6.5	64,52,900	(2.2)
Domestic Loan book	58,41,876	53,27,754	9.6	59,13,230	(1.2)
Retail Loan book	40,45,760	36,35,960	11.3	40,80,030	(0.8)
Domestic Corporate book	15,87,540	15,14,810	4.8	16,04,700	(1.1)
SME	2,08,570	1,76,980	17.8	2,28,510	(8.7)
International Loan book	4,70,270	5,96,400	(21.1)	5,39,670	(12.9)
Retail Loan book break-up					
Home Loans	20,11,110	18,39,300	9.3	20,02,240	0.4
Vehicle loans	5,75,320	5,60,580	2.6	5,83,310	(1.4)
Personal Loans & CC	5,87,090	4,81,360	22.0	6,09,420	(3.7)
Business Banking	2,58,720	1,93,450	33.7	2,65,630	(2.6)
Rural	5,71,770	5,00,330	14.3	5,68,500	0.6
Composition of Loan Book					
Domestic Loan book	93%	90%	262	92%	91
Retail Loan book	69%	68%	101	69%	26
Domestic Corporate book	27%	28%	(126)	27%	4
SME	4%	3%	25	4%	(29)
International Loan book	7%	10%	(262)	8%	(91)
Retail Loan book break-up					
Home Loans	50%	51%	(88)	49%	63
Vehicle loans	14%	15%	(120)	14%	(8)
Personal Loans & CC	15%	13%	127	15%	(43)
Business Banking	6%	5%	107	7%	(12)
Rural	14%	14%	37	14%	20

Source: Company, PL

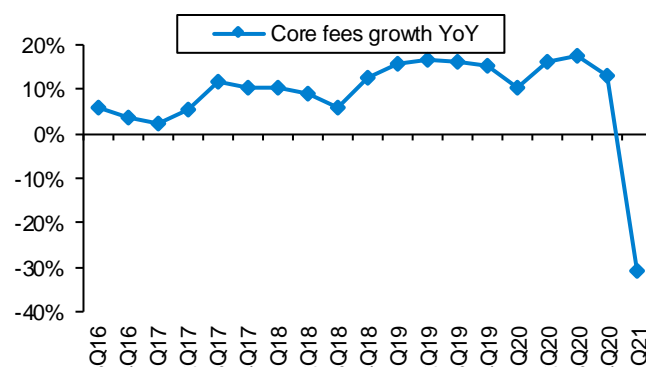
Domestic loans grew supported by strong growth in retail book; while the consolidation in overseas book continues

Unsecured retail book growth remains strong; Home loan portfolio saw growth at 9% YoY and Biz Banking book continues to benefit from a lower base

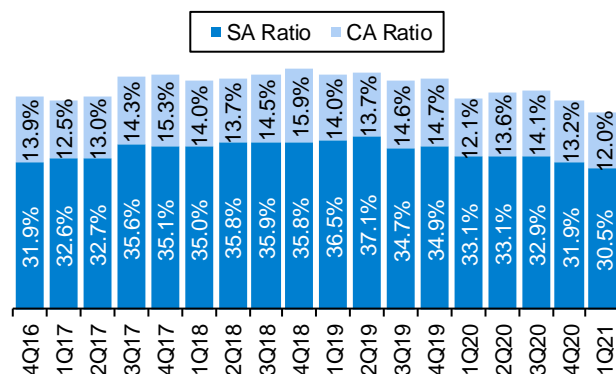
Retail loans continues to improve its share mainly from growth in unsecured lending

Exhibit 3: Deposit growth strong, Loan growth slows


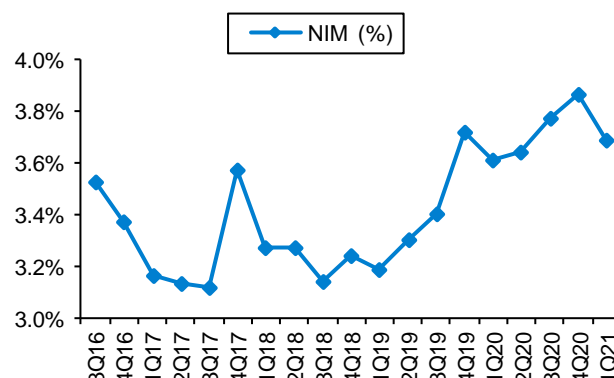
Source: Company, PL

Exhibit 4: Core fees significantly impacted by COVID-19


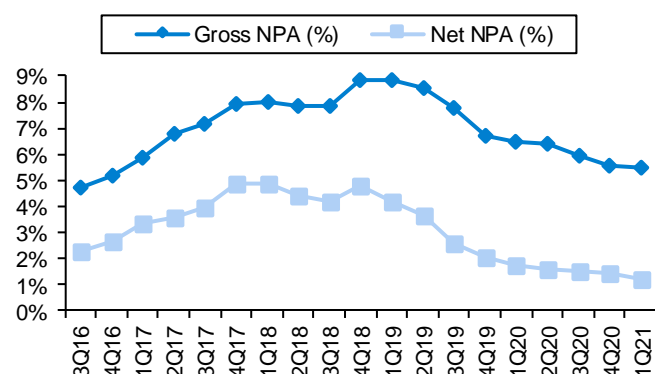
Source: Company, PL

Exhibit 5: CASA continues to come off on strong TDs growth


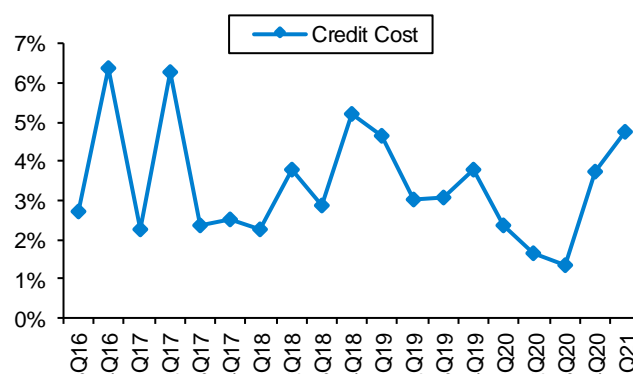
Source: Company, PL

Exhibit 6: NIMs impacted by higher liquidity and low credit demand


Source: Company, PL

Exhibit 7: NPA Ratios continue to improve with lower slippages


Source: Company, PL

Exhibit 8: Credit cost increase on back of COVID related provisioning


Source: Company, PL

Exhibit 9: Stressed watch list has been range-bound

Particulars (Rs Million)	Q1FY20	Q2FY20	Q3FY20	Q4FY20	Q1FY21
Gross Restructured Loans	1,510	2,240	1,960	1,800	1,680
Non Fund O/s to restructured loans	910	910	910		
Non Fund O/s to non-performing loans	36,270	33,710	39,190	50,630	48,290
Other loans under RBI scheme not included above	18,240				
Non fund O/s to borrowers where S4A has been implemented	15,750				
Borrowers with o/s >Rs1.0bn	71,890	85,910	98,720	81,310	85,290
Borrowers with o/s <Rs1.0bn	42,970	38,880	34,160	32,940	35,840
Total	153,550	160,740	174,030	166,680	171,100
Movement in BB & Below Book					
Slippage to NPA	12,680	11,590	24,730	17,260	1,710
Upgrades to investment grade & O/s reduction	16,180	9,800	6,300	12,970	8,600
Downgrades from investment grade	7,160	20,720	26,660	22,880	14,730
BB & Below at end of period	153,550	160,740	174,030	166,680	171,100
% of Net Advances	2.6%	2.6%	2.7%	2.6%	2.7%

GNPA %	6.5%	6.4%	6.0%	6.0%	5.5%
NNPA %	1.8%	1.6%	1.5%	1.5%	1.2%
Net Stressed Assets %	4.3%	4.2%	4.4%	4.2%	4.1%

Source: Company, PL

Overall watch list remains steady around 2.7% of net advances

Exhibit 10: Slippages come significantly lower

Asset Quality Break-up	4Q18	1Q19	2Q19	3Q19	4Q19	1Q20	2Q20	3Q20	4Q20	1Q21
Fresh Slippages	157,370	40,360	31,170	20,910	35,470	27,790	24,820	43,630	53,060	11,600
- Retail		11,200	7,600	10,710	8,230	15,110	13,230	18,900	12,940	6,020
- Non retail (corporate/SME)		29,160	23,570	10,200	27,240	12,680	11,590	24,730	40,120	5,580
- Slippage from Restructured	3,270	820	540	690	-	1,860				
- Slippages below Investment grade	117,760	3,030	8,280	9,510	18,770	9,770	3,730	7,070	17,260	1,710
- In existing NPA on Re depreciation		10,000	13,040	(7200)	-	-	3,490	800	4,680	
Recovery & Upgrades	42,340	20,360	10,060	19,160	15,220	9,310	12,630	40,880	18,830	7,570
Write-offs & Sale of NPA	34,792	25,980	10,870	30,730	73,248	23,766	13,433	24,599	54,677	14,259

Source: Company, PL

Exhibit 11: RoE tree decomposition – Better NIMs, lowering credit cost should help improve return ratios in next two years

RoA decomposition	FY15	FY16	FY17	FY18	FY19	FY20	FY21E	FY22E
Net interest income	3.1	3.1	2.9	2.8	2.9	3.2	3.3	3.4
Treasury income	0.6	0.9	1.3	0.9	0.3	0.3	0.5	0.3
Other Inc. from operations	1.4	1.4	1.3	1.2	1.2	1.3	1.0	1.1
Total income	5.0	5.3	5.5	4.9	4.5	4.8	4.8	4.8
Employee expenses	0.8	0.7	0.8	0.7	0.7	0.8	0.8	0.8
Other operating expenses	1.1	1.1	1.2	1.2	1.2	1.3	1.1	1.2
Operating profit	3.2	3.5	3.5	3.0	2.5	2.7	2.9	2.8
Tax	0.6	1.7	2.0	2.1	2.1	1.4	1.5	1.0
Loan loss provisions	0.7	0.4	0.2	0.1	0.0	0.6	0.3	0.5
RoAA	1.8	1.4	1.3	0.8	0.4	0.8	1.1	1.3
RoAE	14.5	11.4	10.3	6.6	3.2	7.1	10.2	12.7

Source: Company, PL

Exhibit 12: Change in estimates – We incorporate stake sale gains, higher covid provisions, lower opex and adjust fees

Rs (mn)	Old		Revised		% change	
	FY21E	FY22E	FY21E	FY22E	FY21E	FY22E
Net interest income	3,71,092	4,31,427	3,87,019	4,44,865	4.3	3.1
Operating profit	2,76,733	3,19,229	3,39,204	3,72,083	22.6	16.6
Net profit	1,08,916	1,52,463	1,25,400	1,74,340	15.1	14.3
Loan Growth (%)	8.7	11.5	8.5	12.3	(0.2)	0.8
Credit Cost (bps)	180.0	140.0	150.0	160.0	(30.0)	20.0
EPS, Rs.	16.8	23.6	19.4	26.9	15.1	14.3
ABVPS, Rs.	165.3	185.1	168.4	191.0	1.9	3.2
Price target, Rs.	436		462		6.1	
Recommendation	BUY		BUY			

Source: Company, PL

Exhibit 13: We revise upwards our TP to Rs462 (from Rs436) based on 1.8x Mar-22 ABV and SOTP of Rs113

PT calculation and upside	
Terminal Growth	5.0%
Market-risk Premium	7.2%
Risk-free Rate	6.5%
Adjusted Beta	1.05
Cost of Equity	14.0%
Fair price - P/ABV	350
Target P/ABV	1.8
Target P/E	13.0
Value of subs/other businesses	113
Price target (Rs)	462
Current price, Rs	383
Upside (%)	22%

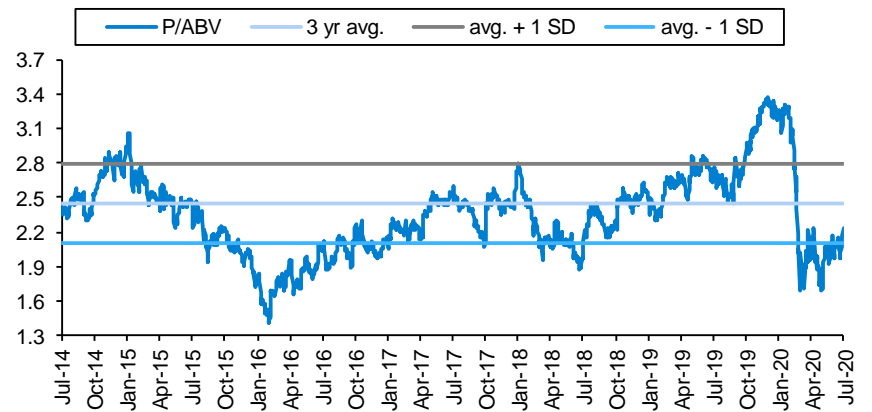
Source: Company, PL

Exhibit 14: Bank continues to drive valuation for consolidated entity

Value per share (Rs)	Holding (%)	Multiple	Basis	Mar-FY22E
ICICI Standalone	100	1.8x		326
Subsidiaries / Others				
ICICI Bank UK	100	0.5x	BV	1
ICICI Bank Canada	100	0.5x	BV	1
Life insurance	51	1.9x EV & 16x NBV	IEV	41
General insurance	52		M.Cap	43
Asset management	51	7.0%	AUM	19
Private equity	100	10	PAT	2
Primary dealer	100	10x	PAT	2
Investment banking	79	12x	PAT	1
Home finance	100	1.2x	ABV	2
Total subsidiaries' value				113
% contribution of Subsidiaries				24
Total fair value per share				462

Source: Company, PL

Exhibit 15: ICICIBC One year forward P/ABV trends



Source: Company, PL

Income Statement (Rs. m)

Y/e Mar	FY20	FY21E	FY22E	FY23E
Int. Earned from Adv.	5,75,511	6,00,636	6,61,162	7,51,663
Int. Earned from invt.	1,46,732	1,96,855	2,51,919	2,99,833
Others	25,740	32,209	29,135	27,756
Total Interest Income	7,47,983	8,29,700	9,42,215	10,79,252
Interest Expenses	4,15,313	4,42,681	4,97,350	5,63,060
Net Interest Income	3,32,671	3,87,019	4,44,865	5,16,192
Growth(%)	23.1	16.3	14.9	16.0
Non Interest Income	1,64,486	1,77,645	1,86,527	2,05,180
Net Total Income	4,97,157	5,64,664	6,31,392	7,21,372
Growth(%)	17.1	10.4	12.1	13.8
Employee Expenses	82,712	93,465	1,06,550	1,21,467
Other Expenses	1,23,946	1,21,467	1,40,902	1,62,037
Operating Expenses	2,16,144	2,25,460	2,59,310	2,96,192
Operating Profit	2,81,013	3,39,204	3,72,083	4,25,180
Growth(%)	19.9	20.7	9.7	14.3
NPA Provision	88,144	1,00,665	1,18,196	1,08,573
Total Provisions	1,40,532	1,74,204	1,36,489	1,31,330
PBT	1,40,480	1,65,000	2,35,594	2,93,850
Tax Provision	61,172	39,600	61,254	76,401
Effective tax rate (%)	43.5	24.0	26.0	26.0
PAT	79,308	1,25,400	1,74,340	2,17,449
Growth(%)	135.8	58.1	39.0	24.7

Balance Sheet (Rs. m)

Y/e Mar	FY20	FY21E	FY22E	FY23E
Face value	2	2	2	2
No. of equity shares	6,474	6,474	6,474	6,474
Equity	12,948	12,948	12,948	12,948
Networth	11,65,009	12,90,409	14,49,212	16,45,945
Growth(%)	7.5	10.8	12.3	13.6
Adj. Networth to NNPA's	99,233	94,920	1,06,643	1,11,719
Deposits	77,09,690	90,97,434	1,03,71,075	1,20,30,447
Growth(%)	18.1	18.0	14.0	16.0
CASA Deposits	34,78,185	41,39,333	47,70,694	56,30,249
% of total deposits	45.1	45.5	46.0	46.8
Total Liabilities	1,09,83,617	1,24,71,351	1,40,52,068	1,59,78,783
Net Advances	64,52,900	69,69,132	78,05,427	88,98,187
Growth(%)	10.0	8.0	12.0	14.0
Investments	24,95,315	34,03,910	42,36,272	48,91,340
Total Assets	1,09,83,651	1,24,71,351	1,40,52,068	1,59,78,783
Growth (%)	13.9	13.5	12.7	13.7

Asset Quality

Y/e Mar	FY20	FY21E	FY22E	FY23E
Gross NPAs (Rs m)	4,08,291	4,21,197	4,49,971	4,53,756
Net NPAs (Rs m)	99,233	94,920	1,06,643	1,11,719
Gr. NPAs to Gross Adv.(%)	6.3	6.0	5.8	5.1
Net NPAs to Net Adv. (%)	1.5	1.4	1.4	1.3
NPA Coverage %	75.7	77.5	76.3	75.4

Profitability (%)

Y/e Mar	FY20	FY21E	FY22E	FY23E
NIM	3.5	3.6	3.6	3.7
RoAA	0.8	1.1	1.3	1.4
RoAE	7.1	10.2	12.7	14.1
Tier I	14.7	16.1	17.1	17.9
CRAR	16.1	17.3	18.2	18.8

Source: Company Data, PL Research

Quarterly Financials (Rs. m)

Y/e Mar	Q2FY20	Q3FY20	Q4FY20	Q1FY21
Interest Income	1,85,653	1,90,643	1,91,887	1,99,244
Interest Expenses	1,05,079	1,05,190	1,02,618	1,06,446
Net Interest Income	80,574	85,453	89,269	92,798
YoY growth (%)	20.9	11.8	6.1	3.9
CEB	34,780	35,960	35,980	21,040
Treasury	-	-	-	-
Non Interest Income	41,942	45,740	42,550	61,426
Total Income	2,27,595	2,36,383	2,34,437	2,60,670
Employee Expenses	21,413	19,421	22,345	21,661
Other expenses	32,362	36,286	35,573	24,798
Operating Expenses	53,776	55,707	57,918	46,459
Operating Profit	68,741	75,486	73,901	1,07,765
YoY growth (%)	30.9	22.8	18.6	71.4
Core Operating Profits	65,331	70,176	71,481	70,135
NPA Provision	-	-	-	-
Others Provisions	25,069	20,832	59,674	75,940
Total Provisions	25,069	20,832	59,674	75,940
Profit Before Tax	43,672	54,654	14,227	31,825
Tax	37,123	13,190	2,013	5,834
PAT	6,550	41,465	12,214	25,992
YoY growth (%)	(27.9)	158.4	26.0	36.2
Deposits	69,62,730	71,63,451	77,09,690	80,16,223
YoY growth (%)	24.6	18.1	18.1	21.3
Advances	61,33,587	63,56,543	64,52,900	63,12,146
YoY growth (%)	12.6	12.6	10.0	6.5

Key Ratios

Y/e Mar	FY20	FY21E	FY22E	FY23E
CMP (Rs)	383	383	383	383
EPS (Rs)	12.3	19.4	26.9	33.6
Book Value (Rs)	175	195	219	249
Adj. BV (70%)(Rs)	149	168	191	220
P/E (x)	31.2	19.7	14.2	11.4
P/BV (x)	2.2	2.0	1.7	1.5
P/ABV (x)	2.6	2.3	2.0	1.7
DPS (Rs)	1.0	-	2.4	3.2
Dividend Payout Ratio (%)	8.1	-	8.9	9.5
Dividend Yield (%)	0.3	-	0.6	0.8

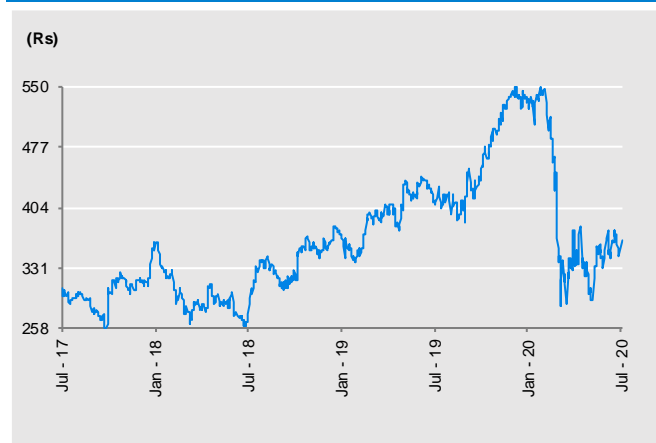
Efficiency

Y/e Mar	FY20	FY21E	FY22E	FY23E
Cost-Income Ratio (%)	43.5	39.9	41.1	41.1
C-D Ratio (%)	83.7	76.6	75.3	74.0
Business per Emp. (Rs m)	143	160	179	205
Profit per Emp. (Rs lacs)	8	13	17	21
Business per Branch (Rs m)	2,660	2,988	3,347	3,815
Profit per Branch (Rs m)	15	23	32	40

Du-Pont

Y/e Mar	FY20	FY21E	FY22E	FY23E
NII	3.23	3.30	3.35	3.44
Total Income	4.82	4.81	4.76	4.80
Operating Expenses	2.10	1.92	1.96	1.97
PPoP	2.72	2.89	2.81	2.83
Total provisions	1.36	1.49	1.03	0.87
RoAA	0.77	1.07	1.31	1.45
RoAE	7.05	10.21	12.73	14.05

Source: Company Data, PL Research

Price Chart

Recommendation History

No.	Date	Rating	TP (Rs.)	Share Price (Rs.)
1	08-Jul-20	BUY	436	369
2	10-May-20	BUY	436	338
3	14-Apr-20	BUY	509	331
4	25-Jan-20	BUY	612	534
5	03-Jan-20	BUY	605	538
6	04-Dec-19	BUY	605	511
7	26-Oct-19	BUY	541	469
8	03-Oct-19	BUY	518	427
9	27-Jul-19	BUY	484	416

Analyst Coverage Universe

Sr. No.	Company Name	Rating	TP (Rs)	Share Price (Rs)
1	Axis Bank	Hold	480	446
2	Bank of Baroda	BUY	83	53
3	Federal Bank	BUY	67	50
4	HDFC Bank	BUY	1,265	1,098
5	HDFC Life Insurance Company	Reduce	522	627
6	ICICI Bank	BUY	436	369
7	ICICI Prudential Life Insurance Company	Reduce	402	443
8	IDFC First Bank	Sell	21	28
9	IndusInd Bank	BUY	720	553
10	Kotak Mahindra Bank	Accumulate	1,343	1,353
11	Max Financial Services	Hold	518	546
12	Punjab National Bank	BUY	40	37
13	SBI Life Insurance Company	Hold	880	888
14	South Indian Bank	BUY	11	8
15	State Bank of India	BUY	254	192

PL's Recommendation Nomenclature (Absolute Performance)

Buy	: > 15%
Accumulate	: 5% to 15%
Hold	: +5% to -5%
Reduce	: -5% to -15%
Sell	: < -15%
Not Rated (NR)	: No specific call on the stock
Under Review (UR)	: Rating likely to change shortly

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