

May 8, 2022

## Q4FY22 Result Update

Change in Estimates |  Target |  Reco

### Change in Estimates

	Current		Previous	
	FY23E	FY24E	FY23E	FY24E
Rating	BUY		BUY	
Target Price	135		135	
NII (Rs. m)	67,440	77,984	67,711	79,633
% Chng.	(0.4)	(2.1)		
Op. Profit (Rs. m)	41,047	48,959	42,874	51,637
% Chng.	(4.3)	(5.2)		
EPS (Rs.)	10.3	12.7	10.2	13.0
% Chng.	1.2	(2.4)		

### Key Financials - Standalone

Y/e Mar	FY21	FY22	FY23E	FY24E
NII (Rs m)	55,337	59,620	67,440	77,984
Op. Profit (Rs m)	37,869	37,579	41,047	48,959
PAT (Rs m)	15,903	18,898	21,726	26,918
EPS (Rs.)	8.0	9.0	10.3	12.7
Gr. (%)	2.9	12.8	14.7	23.6
DPS (Rs.)	-	0.9	0.8	0.8
Yield (%)	-	1.0	0.8	0.8
NIM (%)	3.2	3.2	3.2	3.3
RoAE (%)	10.4	10.8	11.2	12.9
RoAA (%)	0.8	0.9	0.9	1.0
P/BV (x)	1.1	1.0	1.0	0.9
P/ABV (x)	1.2	1.1	1.0	1.0
PE (x)	11.4	10.1	8.8	7.2
CAR (%)	14.6	15.8	15.3	14.9

### Key Data

### FED.BO | FB IN

52-W High / Low	Rs.108 / Rs.77
Sensex / Nifty	54,836 / 16,411
Market Cap	Rs.192bn/ \$ 2,491m
Shares Outstanding	2,103m
3M Avg. Daily Value	Rs.1756.81m

### Shareholding Pattern (%)

Promoter's	-
Foreign	26.01
Domestic Institution	43.25
Public & Others	30.74
Promoter Pledge (Rs bn)	-

### Stock Performance (%)

	1M	6M	12M
Absolute	(8.3)	(9.9)	15.9
Relative	(0.3)	(1.3)	3.5

### Gaurav Jani

gauravjani@plindia.com | 91-22-66322235

### Palak Shah

palakshah@plindia.com | 91-22-66322257

## NIM and opex to normalize; growth to pick up

### Quick Pointers:

- Miss on PPOp led by lower NIM and higher opex; asset quality improves.
- Credit growth for FY23 is guided at 15%+ with NIM too normalizing.

**Federal Bank (FB) reported a mixed quarter as PPOp was lower led by NIM and opex miss although asset quality improved leading to lower provisions. Hence earnings at Rs5.4bn (PLe: Rs5.5bn) were largely in-line. Loan growth was a bit soft at 10% YoY led by slower accretion in CoB, BuB and CIB although housing growth was strong. FB is targeting a +15% credit growth in FY23E. Although, NIM was a miss led by agri slippages, it is expected to normalise to 3.25-3.30% as 47% of loans are EBLR linked. Opex is expected to normalise in FY23 and cost to income is guided to reach below 50% by FY24. Asset quality further improved indicating solid underwriting capability. We remain optimistic on FB due to strong credit quality and balance sheet franchise. There is no material change in our FY23/FY24E earnings estimates. Maintain multiple at 1.4x FY24 ABV with TP at Rs135. Retain BUY.**

- PPOp was lower led by NII/opex miss; PAT in-line due to lower provisions:** NII was a miss at Rs15.3bn (est. Rs15.9bn) led by NIM driven by lower yields. Loan growth at 9.9% YoY was in-line. While other income was lower by 6% at Rs4.6bn primarily led by lower treasury, fee income grew well by 19% YoY. Opex was tad higher at Rs11.9bn mainly led by higher employee costs. Led by NII miss and higher opex, PPOp was lesser at Rs7.9bn (PLe Rs9.4bn). Asset quality improved with GNPA/NNPA being lower at 2.8%/0.96% (PLe 2.9%/1.01%) led by strong recoveries. Hence, provisions declined sharply by 65% QoQ to Rs.0.75bn (PLe Rs2bn). PAT came at Rs5.4bn (est. Rs5.5bn).
- Loan growth to pick up in FY23E; margins to mean revert:** Sequential loan growth was largely driven by retail, CoB and BuB. Retail growth was mainly attributable to housing (+5.7% QoQ) although corporate accretion was soft. Management has guided for loan growth of +15% in FY23 with focus on BuB, CoB, gold loans, credit cards and CV. On liabilities, the bank aspires to improve CASA ratio further by 100bps from ~37% now. Margins were a miss for the quarter largely led by slippages in agriculture (impact of ~5bps) and higher growth in housing. NIM for FY23 is guided to revert back to ~3.25% which could be achievable as 47% of portfolio is EBLR linked while 40% of the could mature in FY23 implying a slight positive ALM mismatch which could be beneficial.
- Opex saw a blip; asset quality further improves:** Opex increased by 7.5% QoQ, led by expensing of Rs1.54bn due to pension revision liability and higher sourcing cost led by volumes and digital initiatives. FB expects employee cost of Rs5.0-5.5bn per quarter in FY23 (average Rs5.8bn in FY22) since rising interest rates would lower pension provisions. Cost to income is targeted to reach below 50% by FY24. Gross slippages were a bit higher at Rs4.0bn (PLe Rs3.7bn) mainly led by agri although net slippages were negative owing to strong recoveries of Rs4.2bn. Hence GNPA reduced QoQ while the OTR pool too declined sequentially from 2.6% to 2.4%.

**Exhibit 1: Slower NII & treasury income lead to PAT miss.**

*NII growth was slow at 7% led by fall in yields.*

*Fee income was strong, however treasury declined sharply.*

*Opex was elevated led by one-time family pension expense of Rs. 1.4bn*

*Overall provisioning came off led by strong asset quality metrics*

*Loan growth was decent at 9.9% Yoy, deposits growth was slow.*

*NIM have compressed as yield come off sharply .*

*Asset quality metrics strong led by better recoveries and higher write offs.*

*CASA moves up to 37%, endeavor to take it to 39%*

P&L Statement (Rs m)	Q4FY22	Q4FY21	YoY gr. (%)	Q3FY22	QoQ gr. (%)
Interest Income	34,832	33,663	3.5	34,426	1.2
Interest Expended	19,580	19,460	0.6	19,037	2.9
<b>Net interest income (NII)</b>	<b>15,252</b>	<b>14,204</b>	<b>7.4</b>	<b>15,389</b>	<b>(0.9)</b>
-Treasury income	120	590	(79.7)	720	(83.3)
Other income	4,650	4,654	(0.1)	4,842	(4.0)
<b>Total income</b>	<b>19,902</b>	<b>18,858</b>	<b>5.5</b>	<b>20,231</b>	<b>(1.6)</b>
Operating expenses	11,920	10,007	19.1	11,088	7.5
-Staff expenses	6,373	5,252	21.3	5,831	9.3
-Other expenses	5,548	4,754	16.7	5,257	5.5
<b>Operating profit</b>	<b>7,982</b>	<b>8,851</b>	<b>(9.8)</b>	<b>9,143</b>	<b>(12.7)</b>
<b>Core Operating Profit</b>	<b>7,862</b>	<b>8,261</b>	<b>(4.8)</b>	<b>8,423</b>	<b>(6.7)</b>
Total provisions	752	2,423	(69.0)	2,140	(64.8)
<b>Profit before tax</b>	<b>7,230</b>	<b>6,428</b>	<b>12.5</b>	<b>7,003</b>	<b>3.2</b>
Tax	1,824	1,650	10.6	1,786	2.2
<b>Profit after tax</b>	<b>5,405</b>	<b>4,778</b>	<b>13.1</b>	<b>5,217</b>	<b>3.6</b>
<b>Balance Sheet (Rs m)</b>					
Deposits	1,817,006	1,726,445	5.2	1,754,320	3.6
Advances	1,449,283	1,318,786	9.9	1,407,430	3.0
<b>Ratios (%)</b>					
<b>NIM</b>	<b>3.2</b>	<b>3.2</b>	<b>(7)</b>	<b>3.3</b>	<b>(11)</b>
RoaA	25.2	25.7	(43)	25.5	(27)
RoaE	12.4	12.5	(9)	12.3	7
<b>Asset Quality</b>					
Gross NPL (Rs m)	41,367	46,024	(10.1)	44,013	(6.0)
Net NPL (Rs m)	13,926	15,693	(11.3)	14,712	(5.3)
<b>Gross NPL ratio</b>	<b>2.80</b>	<b>3.41</b>	<b>(61.01)</b>	<b>3.06</b>	<b>(26)</b>
<b>Net NPL ratio</b>	<b>0.96</b>	<b>1.19</b>	<b>(22.90)</b>	<b>1.05</b>	<b>(8)</b>
Coverage ratio (Calc)	66.3	65.9	43	66.6	(24)
<b>Business &amp; Other Ratios</b>					
Low-cost deposit mix	36.9	33.8	313	36.7	26
Cost-income ratio	59.9	53.1	683	54.8	509
Non int. inc / total income	23.4	24.7	(131)	23.9	(57)
Credit deposit ratio	79.8	76.4	337	80.2	(46)
CAR	15.8	14.6	115	14.4	140
Tier-I	14.4	13.8	58	13.5	91

Source: Company, PL

## Q4FY22 Concall Highlights

### Assets & Liabilities – Commentary & build-up

- Environment was better during the quarter and it resulted in reaching ROA of +1% which the management has endeavored. For FY23, management has guided for an overall growth of +15%, with focus on growth in Business Banking, Commercial Banking, Gold Loans, Credit Cards and Commercial Vehicle. While aspirations to find MFI portfolio continues.
- Business Banking and Commercial Banking segment was dampened by pricing pressure, hence the growth during the quarter was slow at 4% sequentially, however management remains confident of delivering 15% growth in FY23 in this segment.
- Bank has been gaining share in mid and large corporate segment. Gold loan picked up in Q4 and expect the trend to continue.
- Of the loan book, EBLR – 46%, MCLR 18%, Fixed 27%
- ECLGS portfolio outstanding was about Rs.43bn and slippages have been lower than industry in this portfolio.
- CASA moved up to 36.94% on the back of growth in CA. Through Fintech partnerships bank guides for ~25% incremental growth on liability side and about 40-50% in some lending products.

### NIMs/Yields

- Margins are majorly dependent on Business Mix and Credit quality of assets. For Q4FY22, bank reported NIM of 3.16% which was mainly due to yield compression and impact of Agri portfolio of about 4-5bps. For FY23, management expects margin to expand by 7-8bps and exit year at 3.25%
- Management reiterates stance of ROA moving towards 1.10% by NIM expansion (7-8bps), credit costs and digital performance by end of FY23.

### Opex/Branches/Fee income

- Opex increased 19%YoY/7.5% QoQ, mainly due to sourcing cost on account of volumes, digital initiatives and the pension and annuity cost, thus C/I continue to be elevated at ~60%. Management endeavors to the same normalize to near 50% in FY23 and below 50% by FY24.
- Branch expansion would be 5% every year, it takes about 18 months for branch to break-even while for Fintech partnerships its lower.

### Asset Quality

- As on March 31, 2022, restructured book stood at 2.73%, slippage rate has come down.
- Management guides for normalized Credit Cost of 45bps for the whole year.

**Exhibit 2: Agri drives growth, Auto loans witnesses' traction**

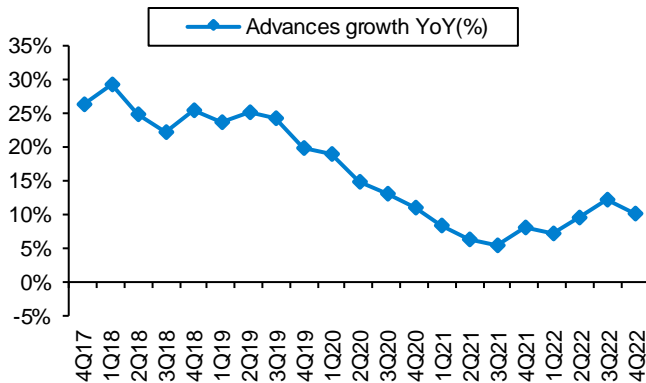
Advances break-up (Rs m)	Q4FY22	Q4FY21	YoY gr. (%)	Q3FY22	QoQ gr. (%)
<b>Advances</b>					
Retail	475,930	448,660	6.1	455,410	4.5
SME	286,750	252,060	13.8	274,430	4.5
Agriculture	192,380	160,410	19.9	184,310	4.4
Corporate	521,330	487,620	6.9	522,230	(0.2)
<b>Total</b>	<b>1,476,390</b>	<b>1,348,750</b>	<b>9.5</b>	<b>1,436,380</b>	<b>2.8</b>
<b>Retail Loans break-up</b>					
Housing	229,290	200,200	14.5	216,850	5.7
LAP	84,530	78,520	7.7	82,630	2.3
Auto	42,290	36,030	17.4	40,350	4.8
Personal	17,510	18,090	(3.2)	17,460	0.3
Others	102,310	116,260	(12.0)	98,120	4.3

Source: Company, PL

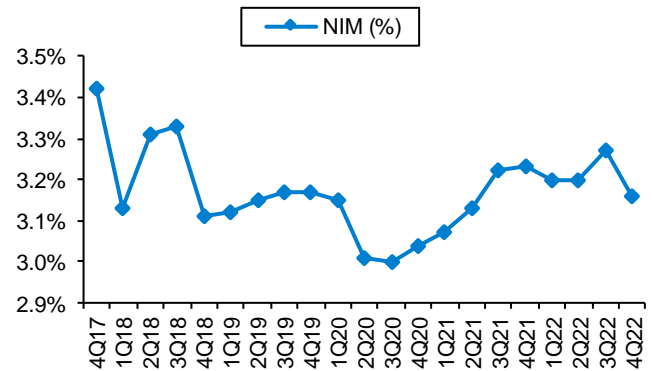
Pricing pressure in corporates keeps growth muted

Agri growth continues to be strong

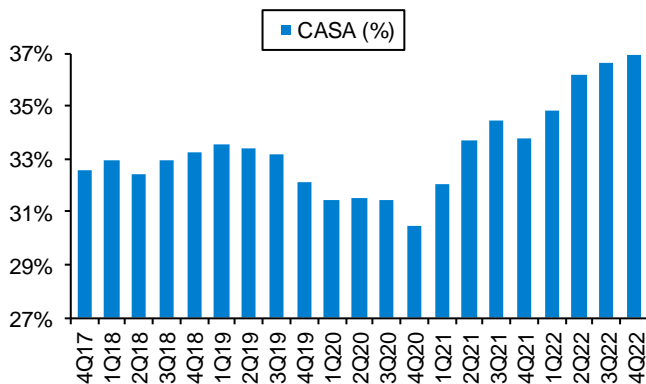
Most retail segments demand scenario has been strong but cautious stance maintained in Personal Loans

**Exhibit 3: Loan growth tepid, growth from few segments**


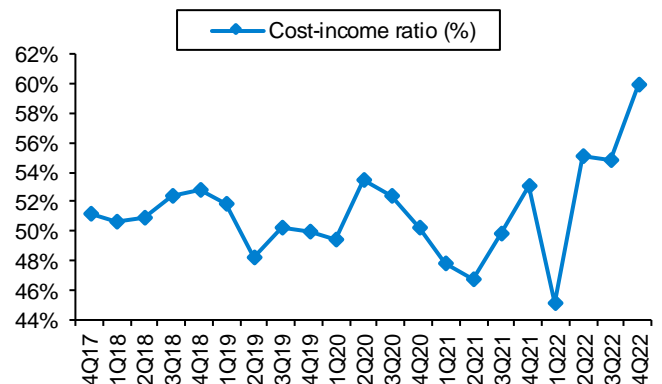
Source: Company, PL

**Exhibit 4: NIM compresses with decline in yields**


Source: Company, PL

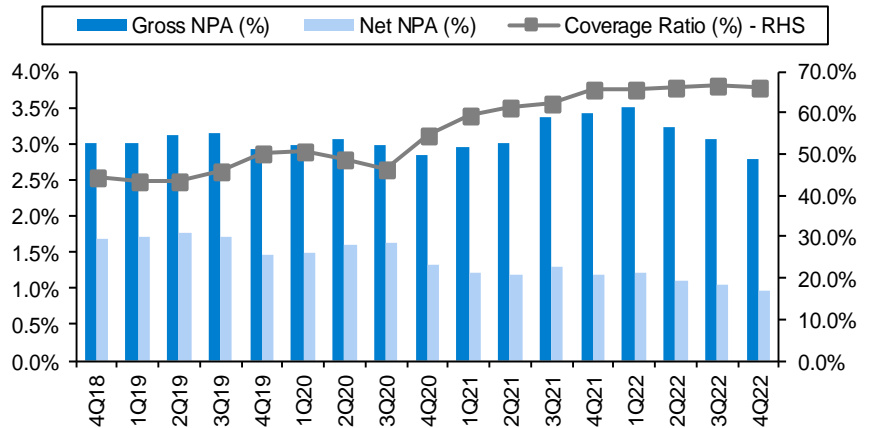
**Exhibit 5: CASA accretions remain steady**


Source: Company, PL

**Exhibit 6: C/I shot up on one-time employee expense**


Source: Company, PL

**Exhibit 7: Slippages increase, although bank maintain PCR at 65%**



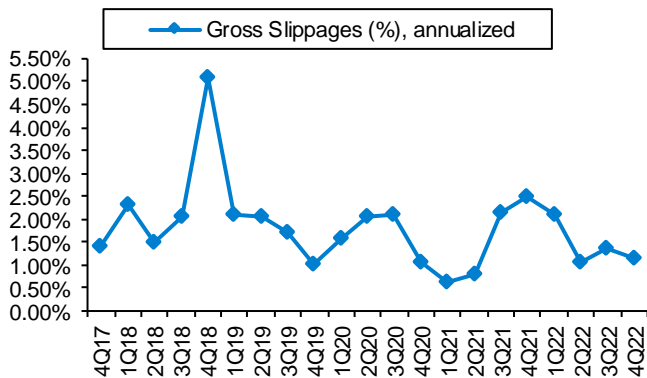
Source: Company, PL

**Exhibit 8: Fresh slippages see spike mainly from SME/Agri**

Movement of NPL	Q4FY22	Q4FY21	YoY gr. (%)	Q3FY22	QoQ gr. (%)
Opening	44,007	43,226	1.8	44,463	(1.0)
Additions	3,990	7,840	(49.1)	4,530	(11.9)
Reduction	6,630	5,042	31.5	4,980	33.1
<b>Closing</b>	<b>41,367</b>	<b>46,024</b>	<b>(10.1)</b>	<b>44,013</b>	<b>(6.0)</b>
<b>Slippages (%)</b>	<b>1.15</b>	<b>2.47</b>	<b>(131)</b>	<b>1.36</b>	<b>(21)</b>
<b>Segmental fresh slippages:</b>					
Retail	860	3,010	(71.4)	950	(9.5)
Agri	1,470	890	65.2	1,030	42.7
SME	1,240	2,080	(40.4)	1,940	(36.1)
Corporate	-	-	NA	500	NA
<b>Retail (% annualized)</b>	<b>3.23</b>	<b>1.47</b>	<b>176</b>	<b>1.33</b>	<b>190</b>
<b>Agri (% annualized)</b>	<b>1.97</b>	<b>1.72</b>	<b>25</b>	<b>2.90</b>	<b>(92)</b>
<b>SME (% annualized)</b>	<b>0.58</b>	<b>1.49</b>	<b>(92)</b>	<b>0.93</b>	<b>(36)</b>
<b>Corporate (% annualized)</b>	<b>0.10</b>	<b>0.98</b>	<b>(88)</b>	<b>0.45</b>	<b>(36)</b>

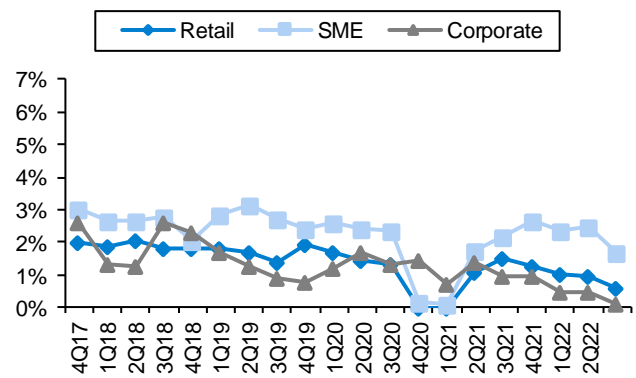
Source: Company, PL

**Exhibit 9: Slippages were high (adjusted to pro-forma)**



Source: Company, PL

**Exhibit 10: SME sees higher slippages**



Source: Company, PL

**Exhibit 11: Return ratios are on track to see mid-tier levels**

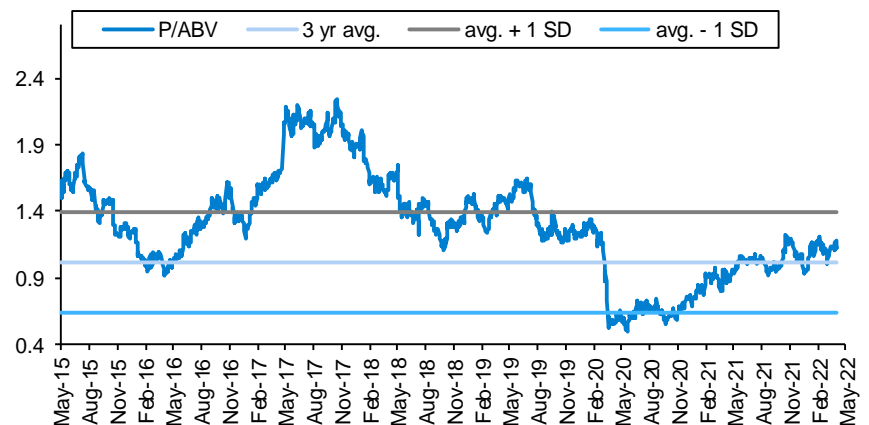
Du-pont Analysis	FY16	FY17	FY18	FY19	FY20	FY21	FY22E	FY23E	FY24E
<b>NII/Assets</b>	<b>2.8</b>	<b>2.9</b>	<b>2.8</b>	<b>2.8</b>	<b>2.7</b>	<b>2.9</b>	<b>2.8</b>	<b>2.9</b>	<b>3.0</b>
Other inc./Assets	0.9	1.0	0.9	0.9	1.1	1.0	1.0	0.9	0.9
<b>Net revenues/Assets</b>	<b>3.7</b>	<b>3.9</b>	<b>3.7</b>	<b>3.7</b>	<b>3.9</b>	<b>3.9</b>	<b>3.8</b>	<b>3.8</b>	<b>3.9</b>
Opex/Assets	2.1	2.1	1.9	1.9	2.0	1.9	2.0	2.0	2.0
Provisions/Assets	0.8	0.6	0.7	0.6	0.7	0.9	0.6	0.5	0.5
Taxes/Assets	0.3	0.5	0.4	0.4	0.3	0.3	0.3	0.3	0.3
<b>ROA (%)</b>	<b>0.5</b>	<b>0.8</b>	<b>0.7</b>	<b>0.8</b>	<b>0.9</b>	<b>0.8</b>	<b>0.9</b>	<b>0.9</b>	<b>1.0</b>
<b>ROE (%)</b>	<b>5.9</b>	<b>9.8</b>	<b>8.3</b>	<b>9.8</b>	<b>11.1</b>	<b>10.4</b>	<b>10.8</b>	<b>11.2</b>	<b>12.9</b>

Source: Company, PL

**Exhibit 12: We marginally tinker our estimates on loan growth & NII front**

Earnings Estimates Changes (Rs mn)	Earlier		Revised		% Change	
	FY23E	FY24E	FY23E	FY24E	FY23E	FY24E
Net interest income	67,711	79,633	67,440	77,984	(0.4)	(2.1)
Operating profit	42,874	51,637	41,047	48,959	(4.3)	(5.2)
Net profit	21,462	27,553	21,726	26,918	1.2	(2.3)
Loan Growth (%)	14.3	15.3	15.0	15.0	5.1	(0.3)
Credit Cost (bps)	98.6	105.4	77.0	72.4	(21.9)	(33.0)
EPS (Rs)	10.2	13.0	10.3	12.7	1.2	(2.4)
ABVPS (Rs)	87.3	95.2	87.1	94.7	(0.2)	(0.5)
<b>Price target (Rs)</b>	<b>135</b>		<b>135</b>		-	
<b>Recommendation</b>	<b>BUY</b>		<b>BUY</b>			

Source: Company, PL

**Exhibit 13: Federal Bank One-year forward P/ABV chart**


Source: Company, PL

**Income Statement (Rs. m)**

Y/e Mar	FY21	FY22	FY23E	FY24E
Int. Earned from Adv.	107,951	108,298	126,197	152,657
Int. Earned from invt.	23,489	23,387	26,308	29,661
Others	2,457	2,721	2,380	2,429
<b>Total Interest Income</b>	<b>137,579</b>	<b>136,608</b>	<b>158,713</b>	<b>188,522</b>
Interest Expenses	82,242	76,988	91,273	110,538
<b>Net Interest Income</b>	<b>55,337</b>	<b>59,620</b>	<b>67,440</b>	<b>77,984</b>
<i>Growth(%)</i>	19.0	7.7	13.1	15.6
Non Interest Income	19,449	20,891	20,414	23,271
<b>Net Total Income</b>	<b>74,786</b>	<b>80,511</b>	<b>87,855</b>	<b>101,255</b>
<i>Growth(%)</i>	3.7	0.3	13.7	18.2
Employee Expenses	20,342	23,206	25,345	28,414
Other Expenses	15,530	19,727	21,463	23,882
Operating Expenses	36,917	42,932	46,808	52,296
<b>Operating Profit</b>	<b>37,869</b>	<b>37,579</b>	<b>41,047</b>	<b>48,959</b>
<i>Growth(%)</i>	18.2	(0.8)	9.2	19.3
NPA Provision	15,157	12,032	10,620	11,590
Total Provisions	16,496	12,218	12,002	12,972
<b>PBT</b>	<b>21,373</b>	<b>25,361</b>	<b>29,045</b>	<b>35,987</b>
Tax Provision	5,470	6,463	7,319	9,069
<i>Effective tax rate (%)</i>	25.6	25.5	25.2	25.2
<b>PAT</b>	<b>15,903</b>	<b>18,898</b>	<b>21,726</b>	<b>26,918</b>
<i>Growth(%)</i>	3.1	18.8	15.0	23.9

**Balance Sheet (Rs. m)**

Y/e Mar	FY21	FY22	FY23E	FY24E
Face value	2	2	2	2
No. of equity shares	1,996	2,103	2,108	2,113
Equity	3,992	4,205	4,216	4,226
Networth	161,236	187,938	198,975	216,934
<i>Growth(%)</i>	11.1	16.6	5.9	9.0
Adj. Networth to NNPA's	15,693	13,926	15,337	16,878
Deposits	1,726,445	1,817,006	2,049,138	2,364,686
<i>Growth(%)</i>	13.4	5.2	12.8	15.4
CASA Deposits	587,126	671,220	737,690	874,934
<i>% of total deposits</i>	34.0	36.9	36.0	37.0
<b>Total Liabilities</b>	<b>2,013,674</b>	<b>2,209,463</b>	<b>2,441,430</b>	<b>2,776,073</b>
Net Advances	1,318,786	1,449,283	1,666,691	1,916,800
<i>Growth(%)</i>	7.9	9.9	15.0	15.0
Investments	371,862	391,795	430,319	496,584
<b>Total Assets</b>	<b>2,013,674</b>	<b>2,209,463</b>	<b>2,441,430</b>	<b>2,776,073</b>
<i>Growth (%)</i>	11.5	9.7	10.5	13.7

**Asset Quality**

Y/e Mar	FY21	FY22	FY23E	FY24E
Gross NPAs (Rs m)	46,024	41,368	44,062	47,200
Net NPAs (Rs m)	15,693	13,926	15,337	16,878
<i>Gr. NPAs to Gross Adv.(%)</i>	3.4	2.8	2.6	2.4
<i>Net NPAs to Net Adv. (%)</i>	1.2	1.0	0.9	0.9
<i>NPA Coverage %</i>	65.9	66.3	65.2	64.2

**Profitability (%)**

Y/e Mar	FY21	FY22	FY23E	FY24E
NIM	3.2	3.2	3.2	3.3
RoAA	0.8	0.9	0.9	1.0
RoAE	10.4	10.8	11.2	12.9
Tier I	13.8	14.4	14.1	13.7
CRAR	14.6	15.8	15.3	14.9

*Source: Company Data, PL Research*
**Quarterly Financials (Rs. m)**

Y/e Mar	Q1FY22	Q2FY22	Q3FY22	Q4FY22
Interest Income	33,557	33,793	34,426	34,832
Interest Expenses	19,373	18,998	19,037	19,580
<b>Net Interest Income</b>	<b>14,184</b>	<b>14,794</b>	<b>15,389</b>	<b>15,252</b>
<i>YoY growth (%)</i>	9.4	7.2	7.1	7.4
CEB	2,140	3,230	3,620	3,850
Treasury	-	-	-	-
Non Interest Income	6,502	4,444	4,842	4,650
<b>Total Income</b>	<b>40,059</b>	<b>38,236</b>	<b>39,268</b>	<b>39,482</b>
Employee Expenses	5,283	5,719	5,831	6,373
Other expenses	4,051	4,871	5,257	5,548
Operating Expenses	9,334	10,590	11,088	11,920
<b>Operating Profit</b>	<b>11,352</b>	<b>8,648</b>	<b>9,143</b>	<b>7,982</b>
<i>YoY growth (%)</i>	21.8	(14.1)	(5.0)	(9.8)
Core Operating Profits	8,772	7,938	8,423	7,862
NPA Provision	2	1,400	-	-
Others Provisions	6,418	2,453	2,140	752
Total Provisions	6,418	2,453	2,140	752
<b>Profit Before Tax</b>	<b>4,934</b>	<b>6,195</b>	<b>7,003</b>	<b>7,230</b>
Tax	1,261	1,592	1,786	1,824
<b>PAT</b>	<b>3,673</b>	<b>4,603</b>	<b>5,217</b>	<b>5,405</b>
<i>YoY growth (%)</i>	(8.4)	49.6	29.1	13.1
<b>Deposits</b>	<b>1,693,930</b>	<b>1,719,948</b>	<b>1,754,320</b>	<b>1,817,006</b>
<i>YoY growth (%)</i>	9.3	9.7	8.5	5.2
<b>Advances</b>	<b>1,297,650</b>	<b>1,344,046</b>	<b>1,407,430</b>	<b>1,449,283</b>
<i>YoY growth (%)</i>	7.0	9.4	12.1	9.9

**Key Ratios**

Y/e Mar	FY21	FY22	FY23E	FY24E
CMP (Rs)	91	91	91	91
EPS (Rs)	8.0	9.0	10.3	12.7
Book Value (Rs)	81	89	94	103
Adj. BV (Rs)	73	83	87	95
P/E (x)	11.4	10.1	8.8	7.2
P/BV (x)	1.1	1.0	1.0	0.9
P/ABV (x)	1.2	1.1	1.0	1.0
DPS (Rs)	-	0.9	0.8	0.8
<i>Dividend Payout Ratio (%)</i>	-	-	-	-
<i>Dividend Yield (%)</i>	-	1.0	0.8	0.8

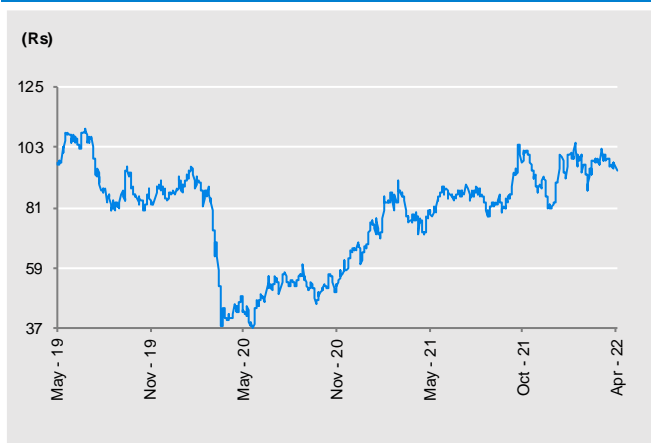
**Efficiency**

Y/e Mar	FY21	FY22	FY23E	FY24E
<i>Cost-Income Ratio (%)</i>	49.4	53.3	53.3	51.6
<i>C-D Ratio (%)</i>	76.4	79.8	81.3	81.1
Business per Emp. (Rs m)	-	-	-	-
Profit per Emp. (Rs lacs)	-	-	-	-
Business per Branch (Rs m)	-	-	-	-
Profit per Branch (Rs m)	-	-	-	-

**Du-Pont**

Y/e Mar	FY21	FY22	FY23E	FY24E
NII	2.90	2.94	3.02	3.10
Total Income	3.92	3.91	3.97	4.03
Operating Expenses	1.93	1.89	1.91	1.90
PPoP	1.98	2.01	2.05	2.12
Total provisions	0.86	0.76	0.66	0.67
RoAA	0.80	0.90	1.02	1.46
RoAE	10.41	11.38	12.36	12.98

*Source: Company Data, PL Research*

**Price Chart**
**Recommendation History**


No.	Date	Rating	TP (Rs.)	Share Price (Rs.)
1	09-Apr-22	BUY	135	100
2	12-Jan-22	Accumulate	97	96
3	06-Oct-21	Accumulate	97	84
4	24-Jul-21	Accumulate	97	85
5	06-Jul-21	Accumulate	93	87
6	18-May-21	Accumulate	90	82

**Analyst Coverage Universe**

Sr. No.	Company Name	Rating	TP (Rs)	Share Price (Rs)
1	AAVAS Financiers	BUY	3,500	2,485
2	Axis Bank	BUY	940	780
3	Bank of Baroda	BUY	150	120
4	Can Fin Homes	BUY	800	642
5	City Union Bank	BUY	180	140
6	DCB Bank	BUY	120	86
7	Federal Bank	BUY	135	100
8	HDFC	BUY	2,900	2,264
9	HDFC Bank	BUY	1,740	1,465
10	ICICI Bank	BUY	950	748
11	IDFC First Bank	UR	-	42
12	IndusInd Bank	BUY	1,297	979
13	Kotak Mahindra Bank	Accumulate	1,925	1,776
14	LIC Housing Finance	Accumulate	420	393
15	Punjab National Bank	BUY	50	38
16	State Bank of India	BUY	610	516

**PL's Recommendation Nomenclature (Absolute Performance)**

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





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### **Prabhudas Lilladher Pvt. Ltd.**

**3rd Floor, Sadhana House, 570, P. B. Marg, Worli, Mumbai-400 018, India | Tel: (91 22) 6632 2222 Fax: (91 22) 6632 2209**

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