

October 15, 2022

## Q2FY23 Result Update

☑ Change in Estimates | ☑ Target | ■ Reco

### Change in Estimates

	Current		Previous	
	FY24E	FY25E	FY24E	FY25E
Rating	BUY		BUY	
Target Price	165		135	
NII (Rs. m)	81,886	96,680	78,229	89,567
% Chng.	4.7	7.9		
Op. Profit (Rs. m)	51,632	62,794	49,166	56,960
% Chng.	5.0	10.2		
EPS (Rs.)	14.5	17.6	12.8	15.7
% Chng.	12.9	12.6		

### Key Financials - Standalone

Y/e Mar	FY22	FY23E	FY24E	FY25E
NII (Rs m)	59,620	70,322	81,886	96,680
Op. Profit (Rs m)	37,579	44,586	51,632	62,794
PAT (Rs m)	18,898	26,235	30,666	37,370
EPS (Rs.)	9.0	12.4	14.5	17.6
Gr. (%)	12.8	38.4	16.6	21.6
DPS (Rs.)	0.7	0.9	1.2	1.2
Yield (%)	0.5	0.7	0.9	0.9
NIM (%)	3.2	3.3	3.3	3.3
RoAE (%)	10.8	13.2	13.8	15.2
RoAA (%)	0.9	1.1	1.1	1.1
P/BV (x)	1.5	1.3	1.2	1.1
P/ABV (x)	1.6	1.4	1.3	1.1
PE (x)	14.5	10.5	9.0	7.4
CAR (%)	15.8	14.8	14.4	14.0

### Key Data

### FED.BO | FB IN

52-W High / Low	Rs.132 / Rs.79
Sensex / Nifty	57,920 / 17,186
Market Cap	Rs.275bn/ \$ 3,339m
Shares Outstanding	2,110m
3M Avg. Daily Value	Rs.1897.67m

### Shareholding Pattern (%)

Promoter's	-
Foreign	26.00
Domestic Institution	43.00
Public & Others	31.00
Promoter Pledge (Rs bn)	-

### Stock Performance (%)

	1M	6M	12M
Absolute	8.0	31.7	40.0
Relative	12.5	32.7	48.2

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## Federal Bank (FB IN)

Rating: BUY | CMP: Rs130 | TP: Rs165

### Strongest quarter; structural re-rating imminent

#### Quick Pointers:

- Core earnings beat led by better NIM, fees, lower slippages and higher PCR.
- Robust income profile to propel earnings; raise FY23/24 PAT by 16%/13%.

**FB reported its strongest quarter with beat on all fronts. NII grew by 19% YoY, in tandem with loan growth (+20% YoY) as NIM was at multi-quarter high of 3.6%. Loan growth was broad based with corporate/SME outpacing retail. Competitive intensity in wholesale lending in reducing while private capex demand is improving. FY23 loan growth guidance is 18-20% while NIM target is raised by 5-10bps to 3.3%. Fees were healthier while opex was controlled and cost-income is expected to reduce. Credit quality remains resilient with OTR pool performing well. We raise FY23/24 PAT by 16%/13% each and over FY22-25 earnings could see a 25% CAGR. FB warrants a re-rating owing to consistent boost in core profitability. Rolling forward to Sep'24 ABV we raise multiple from 1.4x to 1.5x and raise TP from Rs135 to Rs165. Reiterate BUY.**

- NII/core PPoP beat, higher provisions shored up PCR:** NII was a beat at Rs17.7bn (est. Rs17.2bn) led by better NIM as loan growth was in-line. NIM was 3.6% (PLe 3.5%) as yield increase was more than cost of funds (in-line). Loans/deposits grew by 20%/10% YoY. Other income was stronger at Rs6.1bn (PLe Rs4.6bn) mainly led by fees. Opex was a tad higher at Rs11.6bn largely due to other opex. Core PPoP was a beat at Rs11.5bn (PLe Rs10.2bn). Asset quality was stable QoQ led by lower slippages and stronger recoveries while NNPA ratio declined owing to increase in PCR by 286bps to ~69%. Hence, provisions rose sharply QoQ to Rs2.7bn (PLe Rs2.0bn). GNPA/NNPA was 2.46%/0.78% (-23/-15bps QoQ). PAT was Rs7.0bn (PLe Rs6.1bn).
- Broad-based loan growth:** Loan growth was 6.3% QoQ and all segments saw healthy accretion with corporate, SME and retail growing by 7%/6%/5% QoQ. Robust corporate growth largely emanated from WC (mainly private sector). Private capex demand has been enhancing. Intense competition in wholesale lending that existed a year ago has reduced and pricing is normalizing. Higher yielding segments of PL/CC, gold, BuB and CV/CE may contribute 25% to incremental credit flow. FY23 loan growth is guided at 18-20% and target is to outgrow the system by 25% over medium term. Slower deposit accretion is an industry phenomenon, however with balanced pricing, borrowings and excess liquidity, credit requirement would be met. For FY23, deposit growth could be in early teens. Fintech contributes 10-12% to incremental deposit growth.
- NIM trending upwards; significant comfort on opex and asset quality:** NIM guidance for FY23 has been raised from 3.20-3.25% to 3.3% led by better loan mix and growth. On opex, decline in employee cost was led by lower pension provisions and FB expects cost-income (C/I) to reduce by ~200bps in FY23 over FY22. Plan is to add 30-40 branches per annum. The bank expects C/I to settle near 49% in FY24. Slippages were controlled at Rs3.9bn (PLe Rs5.0bn) while recoveries were healthy at Rs3.3bn. OTR pool was steady at 2% with coverage of ~20%. By FY23 end 70% of OTR would be out of moratorium.

**Exhibit 1: Strong quarter led by strong core earnings**

P&L Statement (Rs m)	Q2FY23	Q2FY22	YoY gr. (%)	Q1FY23	QoQ gr. (%)
Interest Income	40,208	33,793	19.0	36,289	10.8
Interest Expended	22,590	18,998	18.9	20,244	11.6
<b>Net interest income (NII)</b>	<b>17,618</b>	<b>14,794</b>	<b>19.1</b>	<b>16,045</b>	<b>9.8</b>
-Treasury income	700	710	(1.4)	120	NA
Other income	6,095	4,444	37.2	4,526	34.7
<b>Total income</b>	<b>23,714</b>	<b>19,238</b>	<b>23.3</b>	<b>20,571</b>	<b>15.3</b>
Operating expenses	11,591	10,590	9.5	10,838	7.0
-Staff expenses	5,156	5,719	(9.8)	4,993	3.3
-Other expenses	6,435	4,871	32.1	5,844	10.1
<b>Operating profit</b>	<b>12,122</b>	<b>8,648</b>	<b>40.2</b>	<b>9,734</b>	<b>24.5</b>
<b>Core Operating Profit</b>	<b>12,002</b>	<b>7,938</b>	<b>51.2</b>	<b>9,614</b>	<b>24.8</b>
Total provisions	2,679	2,453	9.2	1,667	60.7
<b>Profit before tax</b>	<b>9,444</b>	<b>6,195</b>	<b>52.5</b>	<b>8,067</b>	<b>17.1</b>
Tax	2,407	1,592	51.2	2,060	16.8
<b>Profit after tax</b>	<b>7,037</b>	<b>4,603</b>	<b>52.9</b>	<b>6,007</b>	<b>17.2</b>
<b>Balance Sheet (Rs m)</b>					
Deposits	1,891,457	1,719,948	10.0	1,833,550	3.2
Advances	1,612,403	1,344,046	20.0	1,516,890	6.3
<b>Ratios (%) – Calc.</b>					
<b>NIM</b>	<b>3.6</b>	<b>3.3</b>	<b>29</b>	<b>3.4</b>	<b>35</b>
RoaA	1.3	0.9	34	1.1	14
RoaE	15.0	11.2	385	13.4	163
<b>Asset Quality</b>					
Gross NPL (Rs m)	40,311	44,458	(9.3)	41,553	(3.0)
Net NPL (Rs m)	12,624	15,024	(16.0)	14,203	(11.1)
<b>Gross NPL ratio</b>	<b>2.46</b>	<b>3.24</b>	<b>(77.9)</b>	<b>2.69</b>	<b>(23)</b>
<b>Net NPL ratio</b>	<b>0.78</b>	<b>1.12</b>	<b>(33.5)</b>	<b>0.94</b>	<b>(15)</b>
Coverage ratio (Calc)	68.7	66.2	247.9	65.8	286
<b>Business &amp; Other Ratios</b>					
Low-cost deposit mix	36.4	36.2	25	36.8	(42)
Cost-income ratio	48.9	55.0	(617)	52.7	(380)
Non int. inc / total income	25.7	23.1	261	22.0	370
Credit deposit ratio	85.2	78.1	710	82.7	252
CAR	13.8	15.0	(113)	14.6	(73)
Tier-I	12.6	14.1	(147)	13.3	(69)

Source: Company, PL

NII growth was strong at 19% YoY led by loan growth and better yields.

Fee income was steady sequentially, treasury income was strong.

Opex mainly increased led by volume related growth

Overall provisioning climbed as PCR was bulked up.

Loan growth was strong at 20% YoY, deposits growth was decent at 10% YoY.

NIM improved marginally as yields went up faster.

Asset quality metrics improved led by lower slippages.

CASA has been steady at 36.4%

## Q2FY23 Concall Highlights

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

- With credit growth being strong, resulted in ROA being maintained of +1.2%. For FY23, management has guided for an overall growth of +18%, with focus on growth in Business Banking, Commercial Banking, Personal Loans, Credit Cards and Commercial Vehicle/Construction Equipment.
- Corporate credit growth is mainly on account of working capital loans, capex demand is starting to see an uptick and is currently from private sector. Demand continues to be there from all sectors.
- Bank's focus segments Credit Cards, Personal Loans, Gold Loans, Business Banking, CV/CE have seen good traction and is expected to contribute materially in bank's incremental loan growth ~25% up from 20%, however overall contribution to loan book would remain small.
- Of the loan book, repo linked – 50%, MCLR 15% and fixed is 25%.
- Slower deposit growth is an industry phenomenon, however with balanced pricing of deposits and opportunistic borrowings, credit growth requirement would be met. For FY23, Deposit growth would be in early teens while credit growth would be in late teens. Fintech would contribute 10-12% in incremental growth on the liability side.
- NR deposit – Currently market share in remittance is there, however the same is yet to translate into deposit growth

### NIMs/Yields

- For Q2FY23, bank reported NIM of 3.30% which was mainly due to yields going up faster than cost of funds. Sequential cost of lending has gone up by 36bps. For FY23, management expects margin to be in the range of 3.27-3.30% led by better loan growth, controlled slippages and rate hikes.
- Management guides for ROA to move upwards of 1.15% by NIM expansion and controlled credit costs.

### Opex/Branches/Fee income

- Retiree benefits of ~7500 employees is in defined contribution and only 3900 employees under defined benefit plan leading to lower requirement of retirement provision, hence employee expenses may remain in current range.
- Branch expansion – Bank added 25 branches in H1FY23 and plans to add 30-40 branches during the year.
- C/I – In Q2FY23, C/I improved owing to better income. Management expects C/I to settle in the range 48%-49% in FY24.
- Other income improved due to loan processing fee from corporates, Gains on treasury income, write back of provisioning on MTM for treasury and forex income led by hedging for corporates.

## Asset Quality

- Slippages for H1FY23 are Rs.8.5bn, for H2FY23, management guides of Rs.9-10bn (incl. of slippages from the restructured pool).
- As on Sept 30, 2022, restructured book stood at 2.4% and ~Rs6bn would be out of moratorium in H2FY23. By FY23 end 70% of the book would be out of moratorium. Bank has created excess provisioning on restructured assets of Rs.1.4bn, O/s Provisions on restructured assets is Rs.6.5bn.
- For FY23, management expects credit costs to be 50-55bps and PCR would be maintained at 67.5%

## Others

- Bank has enabling provisioning of Rs.12bn for fund raise, however the same would be done in FY24.

**Exhibit 2: Broad-based loan growth across segments**

Advances break-up (Rs m)	Q2FY23	Q2FY22	YoY gr. (%)	Q1FY23	QoQ gr. (%)
<b>Advances</b>					
Retail	524,389	442,640	18.5	498,720	5.1
SME	298,574	263,080	13.5	281,480	6.1
Agriculture	210,907	178,800	18.0	199,880	5.5
CV/CE	16,420	10,040	63.5	14,250	15.2
Corporate	589,289	488,510	20.6	549,600	7.2
<b>Total</b>	<b>1,639,578</b>	<b>1,383,070</b>	<b>18.5</b>	<b>1,543,930</b>	<b>6.2</b>
<b>Retail Loans break-up</b>					
Housing	244,880	208,240	17.6	236,440	3.6
LAP	91,760	79,730	15.1	87,620	4.7
Auto	48,500	38,400	26.3	44,480	9.0
Personal	18,320	17,360	5.5	17,270	6.1
Gold	52,600	41,060	28.1	51,670	1.8
Others	68,330	58,180	17.4	61,240	11.6

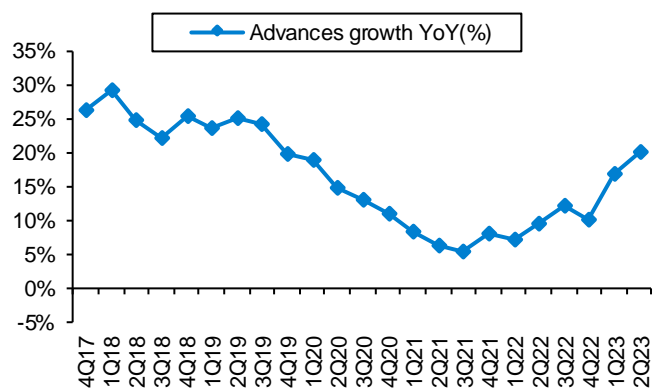
Source: Company, PL

Agri growth continues to be strong

Corporate credit was strong at ~21% YoY

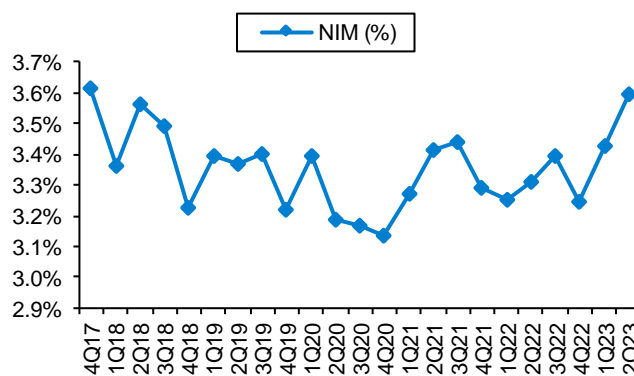
Most retail segments demand scenario has been strong with focus on Credit Cards and Personal Loans.

**Exhibit 3: Loan growth improves to +15%YoY, across seg.**

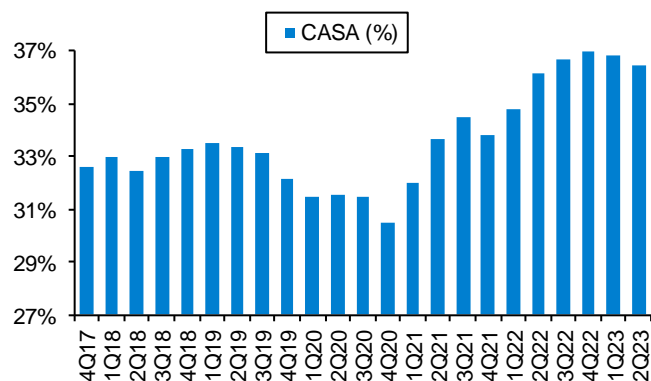


Source: Company, PL

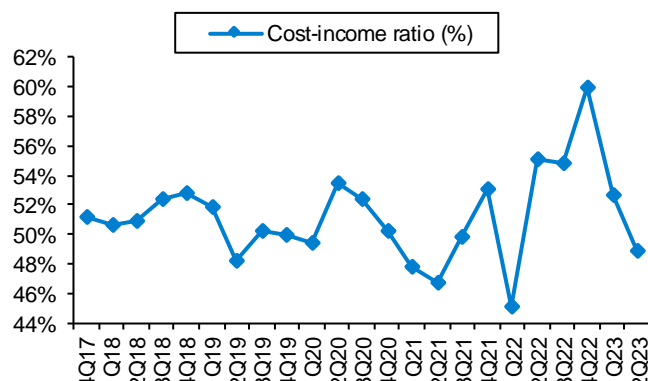
**Exhibit 4: NIM improves as yields raise faster than CoF**



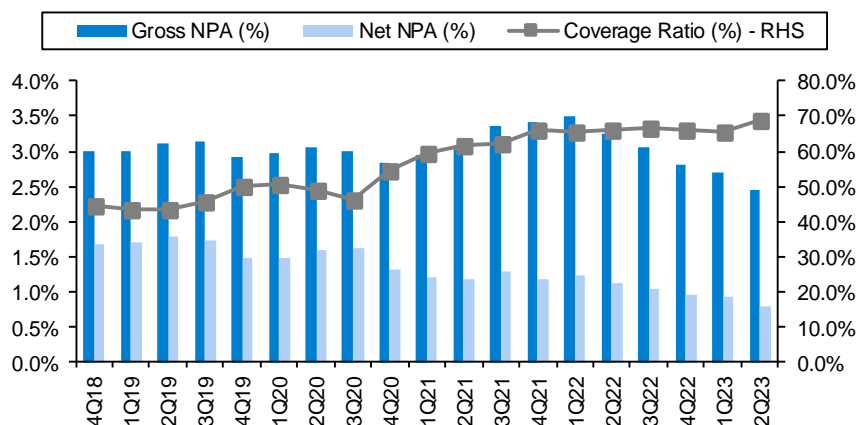
Source: Company, PL

**Exhibit 5: CASA accretion remains steady**


Source: Company, PL

**Exhibit 6: C/I decline due to lower employee expense**


Source: Company, PL

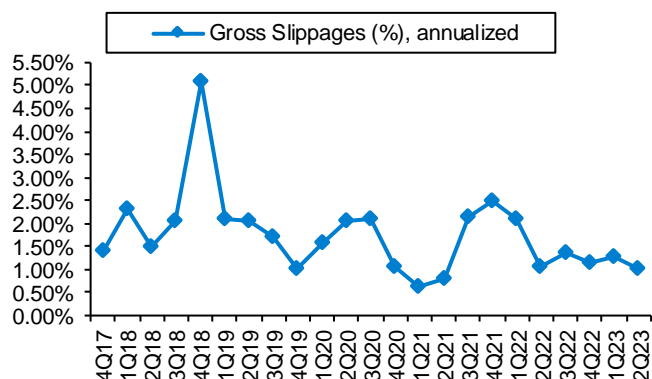
**Exhibit 7: Slippages come off, PCR increased to +67%**


Source: Company, PL

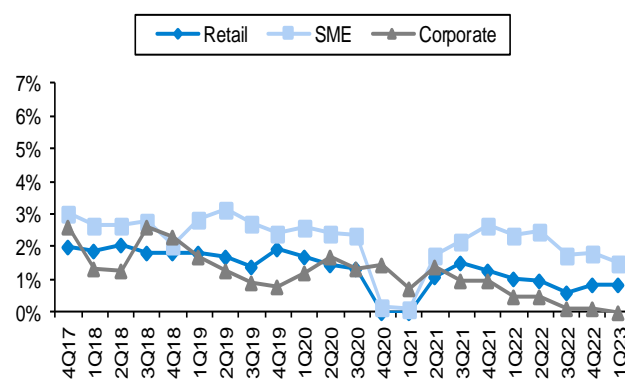
**Exhibit 8: Fresh slippages see spike mainly from Retail/SME**

Movement of NPL	Q2FY23	Q2FY22	YoY gr. (%)	Q1FY23	QoQ gr. (%)
Opening	41,551	46,494	(10.6)	41,363	0.5
Additions	3,900	3,390	15.0	4,630	(15.8)
Reduction	5,140	5,426	(5.3)	4,440	15.8
<b>Closing</b>	<b>40,311</b>	<b>44,458</b>	<b>(9.3)</b>	<b>41,553</b>	<b>(3.0)</b>
<b>Slippages (%)</b>	<b>1.18</b>	<b>1.03</b>	<b>15</b>	<b>1.28</b>	<b>(9)</b>
<b>Segmental fresh slippages:</b>					
Retail	1,230	850	44.7	2,040	(39.7)
Agri	980	980	-	890	10.1
SME	1,540	1,370	12.4	1,510	2.0
Corporate	-	-	NA	-	NA
<b>Retail (% annualized)</b>	<b>1.09</b>	<b>1.38</b>	<b>(29)</b>	<b>1.11</b>	<b>(2)</b>
<b>Agri (% annualized)</b>	<b>1.71</b>	<b>3.26</b>	<b>(155)</b>	<b>1.84</b>	<b>(13)</b>
<b>SME (% annualized)</b>	<b>0.85</b>	<b>1.01</b>	<b>(16)</b>	<b>0.82</b>	<b>3</b>
<b>Corporate (% annualized)</b>	<b>-</b>	<b>0.49</b>	<b>(49)</b>	<b>0.10</b>	<b>(10)</b>

Source: Company, PL

**Exhibit 9: Overall slippages remain controlled**


Source: Company, PL

**Exhibit 10: Slippages higher sequentially in SME**


Source: Company, PL

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

Du-pont Analysis	FY17	FY18	FY19	FY20	FY21	FY22	FY23E	FY24E	FY25E
<b>NII/Assets</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>2.9</b>	<b>2.9</b>
Other inc./Assets	1.0	0.9	0.9	1.1	1.0	1.0	0.9	0.9	0.9
<b>Net revenues/Assets</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>3.8</b>	<b>3.8</b>
Opex/Assets	2.1	1.9	1.9	2.0	1.9	2.0	2.0	2.0	1.9
Provisions/Assets	0.6	0.7	0.6	0.7	0.9	0.6	0.4	0.4	0.4
Taxes/Assets	0.5	0.4	0.4	0.3	0.3	0.3	0.4	0.4	0.4
<b>ROA (%)</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>1.1</b>	<b>1.1</b>	<b>1.1</b>
<b>ROE (%)</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>13.2</b>	<b>13.8</b>	<b>15.2</b>

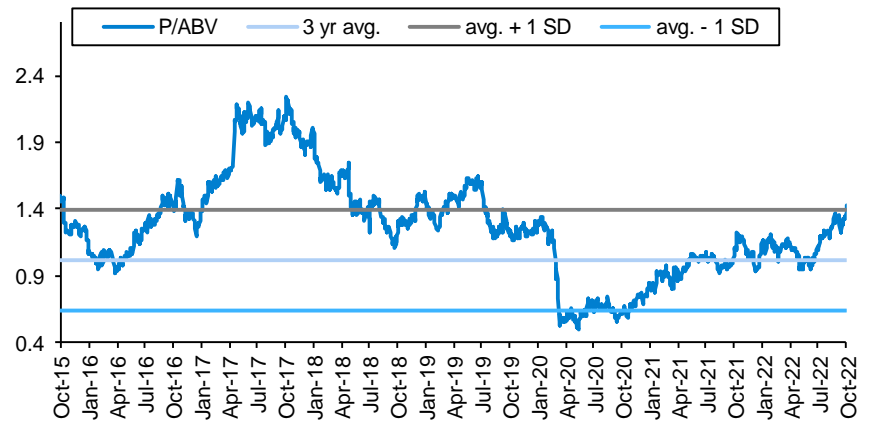
Source: Company, PL

**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	68,731	78,229	70,322	81,886	2.3	4.7
Operating profit	42,305	49,166	44,586	51,632	5.4	5.0
Net profit	22,605	27,146	26,235	30,666	16.1	13.0
Loan Growth (%)	15.0	15.0	21.0	18.3	40.5	22.1
Credit Cost (bps)	77.6	71.9	58.3	55.5	(24.8)	(22.7)
EPS (Rs)	10.7	12.8	12.4	14.5	16.0	12.9
ABVPS (Rs)	89.9	98.0	93.7	102.7	4.2	4.8
<b>Price target (Rs)</b>	<b>135</b>		<b>165</b>		<b>22.2</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	FY22	FY23E	FY24E	FY25E
Int. Earned from Adv.	1,08,298	1,36,357	1,78,460	2,19,179
Int. Earned from invt.	23,387	26,934	35,623	44,915
Others	2,721	2,883	2,555	2,654
Total Interest Income	1,36,608	1,68,114	2,19,034	2,69,600
Interest Expenses	76,988	97,792	1,37,148	1,72,920
<b>Net Interest Income</b>	<b>59,620</b>	<b>70,322</b>	<b>81,886</b>	<b>96,680</b>
Growth(%)	7.7	18.0	16.4	18.1
Non Interest Income	20,891	21,521	24,984	29,218
Net Total Income	80,510	91,843	1,06,870	1,25,898
Growth(%)	0.2	20.4	28.7	22.5
Employee Expenses	23,206	21,194	25,143	28,725
Other Expenses	18,497	26,063	30,095	34,379
Operating Expenses	42,932	47,257	55,238	63,103
<b>Operating Profit</b>	<b>37,579</b>	<b>44,586</b>	<b>51,632</b>	<b>62,794</b>
Growth(%)	(1.1)	18.6	15.8	21.6
NPA Provision	6,111	7,711	9,000	11,200
Total Provisions	12,218	9,345	10,634	12,834
<b>PBT</b>	<b>25,361</b>	<b>35,241</b>	<b>40,997</b>	<b>49,960</b>
Tax Provision	6,463	9,006	10,331	12,590
Effective tax rate (%)	25.5	25.6	25.2	25.2
<b>PAT</b>	<b>18,898</b>	<b>26,235</b>	<b>30,666</b>	<b>37,370</b>
Growth(%)	18.8	38.8	16.9	21.9

**Balance Sheet (Rs. m)**

Y/e Mar	FY22	FY23E	FY24E	FY25E
Face value	2	2	2	2
No. of equity shares	2,103	2,110	2,115	2,120
Equity	4,205	4,219	4,230	4,240
Networth	1,87,939	2,10,679	2,32,451	2,60,363
Growth(%)	16.6	12.1	10.3	12.0
Adj. Networth to NNPA's	13,926	12,978	15,242	17,034
Deposits	18,17,006	20,53,404	24,44,511	28,58,318
Growth(%)	5.2	13.0	19.0	16.9
CASA Deposits	6,74,710	7,39,225	8,80,024	10,28,994
% of total deposits	37.1	36.0	36.0	36.0
<b>Total Liabilities</b>	<b>22,09,463</b>	<b>25,94,900</b>	<b>30,46,344</b>	<b>35,22,008</b>
Net Advances	14,49,283	17,54,045	20,75,576	24,29,645
Growth(%)	9.9	21.0	18.3	17.1
Investments	3,91,795	4,47,642	5,37,792	6,28,830
<b>Total Assets</b>	<b>22,09,463</b>	<b>25,94,900</b>	<b>30,46,344</b>	<b>35,22,008</b>
Growth (%)	9.7	17.4	17.4	15.6

**Asset Quality**

Y/e Mar	FY22	FY23E	FY24E	FY25E
Gross NPAs (Rs m)	41,367	40,917	46,596	51,686
Net NPAs (Rs m)	13,926	12,978	15,242	17,034
Gr. NPAs to Gross Adv.(%)	2.8	2.3	2.2	2.1
Net NPAs to Net Adv. (%)	1.0	0.7	0.7	0.7
NPA Coverage %	66.3	68.3	67.3	67.0

**Profitability (%)**

Y/e Mar	FY22	FY23E	FY24E	FY25E
NIM	3.2	3.3	3.3	3.3
RoAA	0.9	1.1	1.1	1.1
RoAE	10.8	13.2	13.8	15.2
Tier I	14.4	13.6	13.2	12.8
CRAR	15.8	14.8	14.4	14.0

Source: Company Data, PL Research

**Quarterly Financials (Rs. m)**

Y/e Mar	Q3FY22	Q4FY22	Q1FY23	Q2FY23
Interest Income	34,426	34,832	36,289	40,208
Interest Expenses	19,037	19,580	20,244	22,590
<b>Net Interest Income</b>	<b>15,389</b>	<b>15,252</b>	<b>16,045</b>	<b>17,618</b>
YoY growth (%)	7.1	7.4	13.1	19.1
CEB	3,620	3,850	3,780	4,460
Treasury	-	-	-	-
Non Interest Income	4,842	4,650	4,526	6,095
<b>Total Income</b>	<b>39,268</b>	<b>39,482</b>	<b>40,815</b>	<b>46,303</b>
Employee Expenses	5,831	6,373	4,993	5,156
Other expenses	5,257	5,548	5,844	6,435
Operating Expenses	11,088	11,920	10,838	11,591
<b>Operating Profit</b>	<b>9,143</b>	<b>7,982</b>	<b>9,734</b>	<b>12,122</b>
YoY growth (%)	(5.0)	(9.8)	(14.3)	40.2
Core Operating Profits	8,423	7,862	9,614	11,422
NPA Provision	-	-	-	-
Others Provisions	2,140	752	1,667	2,679
Total Provisions	2,140	752	1,667	2,679
<b>Profit Before Tax</b>	<b>7,003</b>	<b>7,230</b>	<b>8,067</b>	<b>9,444</b>
Tax	1,786	1,824	2,060	2,407
<b>PAT</b>	<b>5,217</b>	<b>5,405</b>	<b>6,007</b>	<b>7,037</b>
YoY growth (%)	29.1	13.1	63.5	52.9
<b>Deposits</b>	<b>17,54,320</b>	<b>18,17,006</b>	<b>18,33,550</b>	<b>18,91,457</b>
YoY growth (%)	8.5	5.2	8.2	10.0
<b>Advances</b>	<b>14,07,430</b>	<b>14,49,283</b>	<b>15,16,890</b>	<b>16,12,403</b>
YoY growth (%)	12.1	9.9	16.9	20.0

**Key Ratios**

Y/e Mar	FY22	FY23E	FY24E	FY25E
CMP (Rs)	130	130	130	130
EPS (Rs)	9.0	12.4	14.5	17.6
Book Value (Rs)	89	100	110	123
Adj. BV (Rs)	83	94	103	115
P/E (x)	14.5	10.5	9.0	7.4
P/BV (x)	1.5	1.3	1.2	1.1
P/ABV (x)	1.6	1.4	1.3	1.1
DPS (Rs)	0.7	0.9	1.2	1.2
Dividend Payout Ratio (%)	-	-	-	-
Dividend Yield (%)	0.5	0.7	0.9	0.9

**Efficiency**

Y/e Mar	FY22	FY23E	FY24E	FY25E
Cost-Income Ratio (%)	53.3	51.5	51.7	50.1
C-D Ratio (%)	79.8	85.4	84.9	85.0
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	FY22	FY23E	FY24E	FY25E
NII	2.94	3.02	3.10	-
Total Income	3.91	3.97	4.03	-
Operating Expenses	1.89	1.91	1.90	-
PPoP	2.01	2.05	2.12	-
Total provisions	0.76	0.66	0.67	-
RoAA	0.90	1.02	-	-
RoAE	11.38	12.36	12.98	-

Source: Company Data, PL Research



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


No.	Date	Rating	TP (Rs.)	Share Price (Rs.)
1	05-Oct-22	BUY	135	121
2	16-Jul-22	BUY	135	99
3	08-Jul-22	BUY	135	97
4	08-May-22	BUY	135	91
5	09-Apr-22	BUY	135	100
6	12-Jan-22	Accumulate	97	96

**Analyst Coverage Universe**

Sr. No.	CompanyName	Rating	TP (Rs)	Share Price (Rs)
1	AAVAS Financiers	Hold	2,300	2,197
2	Axis Bank	BUY	940	743
3	Bank of Baroda	Accumulate	130	133
4	Can Fin Homes	BUY	675	497
5	City Union Bank	BUY	190	173
6	DCB Bank	BUY	120	103
7	Federal Bank	BUY	135	121
8	HDFC	BUY	2,900	2,349
9	HDFC Bank	BUY	1,800	1,454
10	ICICI Bank	BUY	950	868
11	IDFC First Bank	UR	-	53
12	IndusInd Bank	BUY	1,300	1,217
13	Kotak Mahindra Bank	Accumulate	1,950	1,823
14	LIC Housing Finance	BUY	450	418
15	Punjab National Bank	BUY	50	36
16	State Bank of India	BUY	650	533

**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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