

April 28, 2023

## Q4FY23 Result Update

Change in Estimates |  Target |  Reco

### Change in Estimates

	Current		Previous	
	FY24E	FY25E	FY24E	FY25E
Rating	BUY		BUY	
Target Price	1,140		1,100	
NII (Rs. m)	4,76,802	5,50,782	4,88,972	5,47,736
% Chng.	(2.5)	0.6		
Op. Profit (Rs. m)	3,46,595	4,00,882	3,52,276	4,10,681
% Chng.	(1.6)	(2.4)		
EPS (Rs.)	68.8	80.4	70.2	82.5
% Chng.	(2.0)	(2.5)		

### Key Financials - Standalone

Y/e Mar	FY22	FY23	FY24E	FY25E
NII (Rs m)	3,31,322	4,29,458	4,76,802	5,50,782
Op. Profit (Rs m)	2,47,420	3,20,483	3,46,595	4,00,882
PAT (Rs m)	1,30,255	2,20,695	2,12,028	2,48,269
EPS (Rs.)	42.4	71.7	68.8	80.4
Gr. (%)	97.3	69.0	(4.1)	16.9
DPS (Rs.)	-	6.5	7.6	8.8
Yield (%)	-	0.7	0.9	1.0
NIM (%)	3.6	3.9	3.8	3.8
RoAE (%)	12.0	18.4	15.7	15.9
RoAA (%)	1.2	1.8	1.5	1.5
P/BV (x)	2.4	2.2	1.9	1.6
P/ABV (x)	2.5	2.2	1.9	1.7
PE (x)	20.8	12.3	12.8	11.0
CAR (%)	18.5	17.6	16.6	16.6

### Key Data

AXBK.BO | AXSB IN

52-W High / Low	Rs.970 / Rs.618
Sensex / Nifty	60,649 / 17,915
Market Cap	Rs.2,712bn/ \$3,140m
Shares Outstanding	3,077m
3M Avg. Daily Value	Rs.10741.58m

### Shareholding Pattern (%)

Promoter's	8.16
Foreign	49.05
Domestic Institution	32.00
Public & Others	10.79
Promoter Pledge (Rs bn)	-

### Stock Performance (%)

	1M	6M	12M
Absolute	5.8	(3.7)	15.1
Relative	0.5	(5.1)	7.8

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## Margins should normalize in the next quarter

### Quick Pointers:

- Slight miss on core PPOP but lower provisions drive profitability.
- Citi acquisition drags NIM; opex to increase due to higher branch additions.

**Axis Bank (AXSB) saw a mixed quarter; core PPOP at Rs90.8bn missed PLe by 1.8% due to lower NII, although core PAT beat PLe by 16% as provisions dropped sharply QoQ led by improving asset quality. NIM declined by 10bps QoQ due to back-ended growth and higher LCR. However, NIM compression in FY24E could be lower for AXSB as (1) RIDF share declined YoY from 3.5% to 2.3% and (2) share of higher yielding products has increased. Ex-Citi, loan growth was strong at 7% QoQ, mainly led by retail/SME. Deposit outflow reduced by 550bps YoY and for Q4FY23 deposit accretion was healthy at 7% QoQ, due to CASA growth of 9.9%. Bank suggested that pace of branch expansion would increase and achieving a 2% opex to assets could take longer. Hence, we increase opex for FY24/25 by average 4% and lower PAT by 2.3%. Rolling forward to Mar'25 ABV, we slightly tweak our multiple to 2.2x from 2.3x but raise TP to Rs1,140 from Rs1,100. Retain 'BUY'.**

- Slight miss on core PPOP; lower provisions led to core PAT beat:** NII was lower at Rs117.4bn (PLe Rs124bn), mainly due to a miss on NIM as loan growth was ahead at 19.4% YoY (PLe 16.9%) while deposit accretion was 15.3% YoY. Adjusted for one-time items in Q3 & Q4FY23, NIM at 4.35% missed PLe by ~10bps. Other income was higher at Rs49bn (PLe Rs48bn) due to fees of Rs46.8bn (PLe Rs44.3bn). Opex was better at Rs74.7bn (PLe Rs77.6bn) due to lower employee cost. As a result, core PPOP at Rs90.8bn missed PLe by 1.8%. Asset quality improved; GNPA/NNPA at 2.08%/0.41% reduced by 7bps each QoQ, while PCR was steady QoQ at 81%. Provisions were much lower at Rs3bn (PLe Rs15.4bn) due to which core PAT beat PLe by 16% at Rs67bn. Exceptional item of Rs125bn was on account of Citi business acquisition.
- Credit growth ex-CITI was 7% QoQ/14% YoY:** Citi loans totaled to Rs260bn of which CC was Rs88bn, HL-Rs68bn, LAP-Rs28bn and other retail Rs75bn. Excluding Citi portfolio, loans grew 7% QoQ and 57% of the credit flow was attributable to retail (+7.5% QoQ) while SME and corporate grew by 12.8% and 5.8% QoQ. Corporate growth was broad based, led by iron and steel, CRE, infra, roads and NBFCs; demand from private capex is robust. Bank expects system credit growth to be softer in FY24 between 12-13%, while guidance to grow 400-600bps above the industry was maintained. Ex-Citi, deposit growth was healthy at 7% QoQ with healthy CASA accretion (+9.9%). Focus is on accretion of granular deposits and outflow of deposits reduced 550bps YoY.
- Levers in place to protect NIM; opex guidance raised:** While NIM decline QoQ was partly led by loan growth being back-ended, there was a 6bps drag due to higher LCR of 129% (normal 121%) owing to Citi acquisition. Bank would like to maintain margins and levers to sustain current NIM are (1) RIDF reduction YoY from 3.5% to 2.3% and (2) shift to higher yielding products. Incremental opex was attributable to volume (28%), technology (34%), BAU (22%) and integration (16%). To expand reach, branch expansion pace would increase in FY24/25. Hence, achieving a target of 2% opex to assets by FY25E, could be delayed. We increase opex costs for FY24/25 by average 4%.

**Exhibit 1: Lower NII lead to slight miss on core PPOP of 1.8%**

NII growth was slow at 2.5% QoQ due to lower NIMs due to focus on loan growth.

Led by better fee income, other income was better at 15.9% YoY/4.9% QoQ

Other expenses lower due to employee expenses.

Provisions were lower at Rs3bn

Loan growth driven by retail (21.9% YoY/13.6% QoQ) & SME segments (12.8% QoQ/23.3% YoY).

NIM includes 3bps impact on account of income tax refund.

Asset quality shows consistent improvement with PCR steady at ~81%

CASA mix improved to 47.2% on account of Citi business acquisition

Financial Statement (Rs m)	Q4FY23	Q4FY22	YoY gr. (%)	Q3FY23	QoQ gr. (%)
Interest Income	2,39,698	1,77,762	34.8	2,22,264	7.8
Interest Expenses	1,22,276	89,571	36.5	1,07,671	13.6
<b>Net interest income (NII)</b>	<b>1,17,422</b>	<b>88,191</b>	<b>33.1</b>	<b>1,14,593</b>	<b>2.5</b>
-Treasury Income	830	2,310	(64.1)	4,280	(80.6)
Other income	48,953	42,233	15.9	46,654	4.9
<b>Total income</b>	<b>1,66,375</b>	<b>1,30,425</b>	<b>27.6</b>	<b>1,61,248</b>	<b>3.2</b>
Operating expenses	74,699	65,765	13.6	68,473	9.1
-Staff expenses	21,636	18,865	14.7	22,811	(5.1)
-Other expenses	53,063	46,900	13.1	45,662	16.2
<b>Operating profit</b>	<b>91,676</b>	<b>64,660</b>	<b>41.8</b>	<b>92,775</b>	<b>(1.2)</b>
<b>Core operating profit</b>	<b>90,846</b>	<b>62,350</b>	<b>45.7</b>	<b>88,495</b>	<b>2.7</b>
Total provisions	3,058	9,872	(69.0)	14,377	(78.7)
<b>Profit before tax</b>	<b>88,618</b>	<b>54,788</b>	<b>61.7</b>	<b>78,398</b>	<b>13.0</b>
Tax	21,004	13,610	54.3	19,867	5.7
<b>Profit after tax</b>	<b>67,614</b>	<b>41,178</b>	<b>64.2</b>	<b>58,531</b>	<b>15.5</b>
<b>Balance sheet (Rs m)</b>					
Deposits	94,69,452	82,17,209	15.2	84,81,733	11.6
Advances	84,53,028	70,76,960	19.4	76,20,755	10.9
<b>Ratios (%)</b>					
<b>Profitability ratios</b>					
<b>NIM</b>	<b>4.3</b>	<b>3.8</b>	<b>51</b>	<b>4.5</b>	<b>(18)</b>
RoaA	2.2	1.5	65	2.0	17
RoaE	22.5	15.2	729	19.4	312
<b>Asset Quality</b>					
Gross NPL	1,86,042	2,18,223	(14.7)	1,99,610	(6.8)
Net NPL	35,589	55,122	(35.4)	38,301	(7.1)
<b>Gross NPL ratio</b>	<b>2.1</b>	<b>2.8</b>	<b>(74)</b>	<b>2.5</b>	<b>(37)</b>
<b>Net NPL ratio</b>	<b>0.4</b>	<b>0.7</b>	<b>(32)</b>	<b>0.5</b>	<b>(8)</b>
<b>Coverage ratio (Calc)</b>	<b>80.9</b>	<b>74.7</b>	<b>613</b>	<b>80.8</b>	<b>6</b>
<b>Business &amp; Other Ratios</b>					
Low-cost deposit mix	47.2	45.0	216	44.6	256
Cost-income ratio	44.9	50.4	(553)	42.5	243
Non int. inc / total income	29.4	32.4	(296)	28.9	49
Credit deposit ratio	89.3	86.1	314	89.8	(58)
CAR	17.6	18.5	(90)	17.6	4
Tier-I	14.6	16.3	(177)	14.2	33

Source: Company, PL

**Exhibit 2: Loan growth at 10.9% QoQ/19.4% YoY led by retail and SME**

Segmental Mix (Rs m)	Q4FY23	Q4FY22	YoY gr. (%)	Q3FY23	QoQ gr. (%)
Large & mid-corporate	<b>26,50,090</b>	23,25,820	13.9	<b>25,05,720</b>	5.8
SME Advances	9,27,230	7,52,230	23.3	8,21,900	12.8
Retail	48,75,710	39,98,910	21.9	42,93,130	13.6
- Housing Loans	20,81,480	18,56,050	12.1	19,18,570	8.5
- Personal loans	5,45,610	4,52,420	20.6	5,06,880	7.6
- Auto loans	5,22,780	4,44,210	17.7	4,68,340	11.6

Source: Company, PL

## Key Q4FY23 Concall Highlights

### Assets/Liabilities

- **Mgmt. guided higher than Industry credit & deposit growth by 400-600bps.** Bank expects credit growth to slowdown in FY24 to 12-13%, while deposit growth too would be in-line. However, growth opportunities in India are immense despite overhang of global macros, inflation and liquidity.
- For FY23, bank has been PSL compliant, which helped in reducing RIDF exposure to 2.3% vs 3.5% in FY22.
- **Broad-based corporate book growth of 13.9% YoY/5.8% QoQ** led by Iron & steel, CRE, infra, roads and NBFCs. Demand from private capex is quite robust. However, corporate cash flows are strong and hence companies are relying on their delivered balance sheet.
- **Deposit grew by 11.6% QoQ/15.2% YoY** mainly due to Citi business acquisition and strong flows because of transaction banking which led to CASA of 47%, a trend reverse from the industry. There has been a reduction in outflow of deposits by 550bps YoY, which increases lendable deposits.
- **On Citi acquisition, bank has on-boarded 3,200 employees** and have been implementing the 20+ synergies. 1600 salary customers of Citi have also been on-boarded. Deposits from Citi business have grown by 4% since Jan'23.
- Average LCR was at 129% vs historical quarterly average of 121%, higher LCR was maintained due to payment for Citi business of Rs120bn and partly because bank had better cash flows and some flow due to transaction banking business; management expects the same to normalize over 2 quarters.

### Opex/NIMs

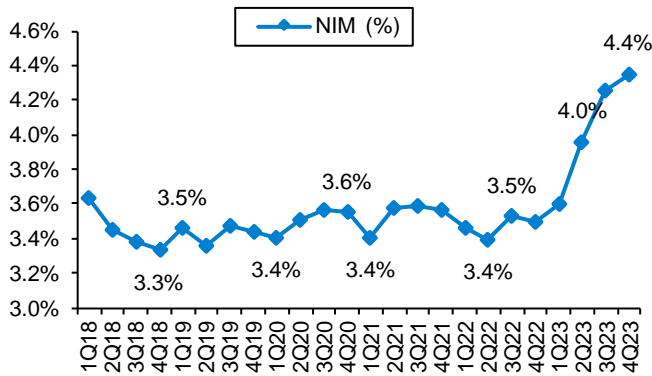
- **NIMs increased by 786bps YoY/9bps QoQ.** Sequential improvement has been majorly on account of spread uptick of 4bps driven by 1) BS mix from investments to loans (86% as on Mar'23 2) retail & CBG comprising of 69% of the total loan book and 3) shedding of RIDF bonds (declining from 3.5% to 2.3% YoY of total assets). NIM included an impact of 6bps on account of higher LCR, and 3bps impact of income tax refund of Rs0.85bn.
- Management believes scope for improvement in margin exists with change in product mix skewed towards retail and commercial banking. Also, bank has 40bps cushion over structural NIM and would endeavor to maintain the same.
- **Yields saw an impact of 6bps** because of higher LCR being maintained at 129% for Q4FY23 vs an historical quarterly average of 121%. Cost of funds to see an uptick in Q1FY24.
- Incremental opex was led by volume linked (28%), technology (34%), BAU (22%) and integration expenses (16%). **Tech expenses are at 8.7% of total expenses.** Integration expenses of Rs15bn would occur over 18 months.
- **Employee expenses decline 5% QoQ** largely due to a true up provision for variable pay accrued in previous quarters, however the same would not be required in the current year.

- **Cost/Income stood at 44.9%** which was majorly attributed large part to lower trading income and integration expenses. Integration expenses are in the normal course of business and would continue to operate. Lower credit costs have provided headroom for elevated cost levels. Management continues to guide for Cost/Assets of 2%, however the same would be protracted.
- **500 branches would be added in FY24**, expansion strategy is not aggressive compared to peers due to higher thrust on digital banking.

### Asset Quality

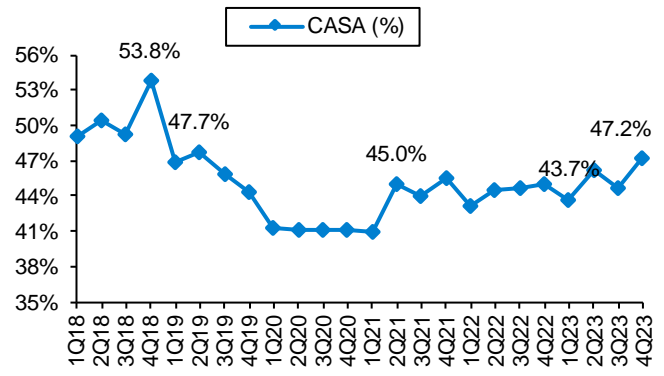
- **Restructured book at Rs. 20.5bn& BB and below rated book at Rs55bn:** Fund based restructuring is Rs20.5bn or 0.22% of loans. Segmental break up was 0.08% in wholesale book and 0.39% in Retail. Bank holds provisions of 22% against this book. BB & below rated book stood at Rs55bn declining gradually. 17% of BB & below book is rated better by atleast 1 rating agency.
- **Bank saw Rs33.7bn of slippages**, of which Rs.4bn were from Citi business. Write off was higher at Rs24bn.
- **Covid Provisions have not been invoked or utilized so far** and management expects the same to be carried forward. As on March 31, 2023 total provision carried by the bank are Rs111.6bn. Non-NPA provisions were 1.42% of standard assets.

Exhibit 3: NIM expands 9bps QoQ led by better spreads



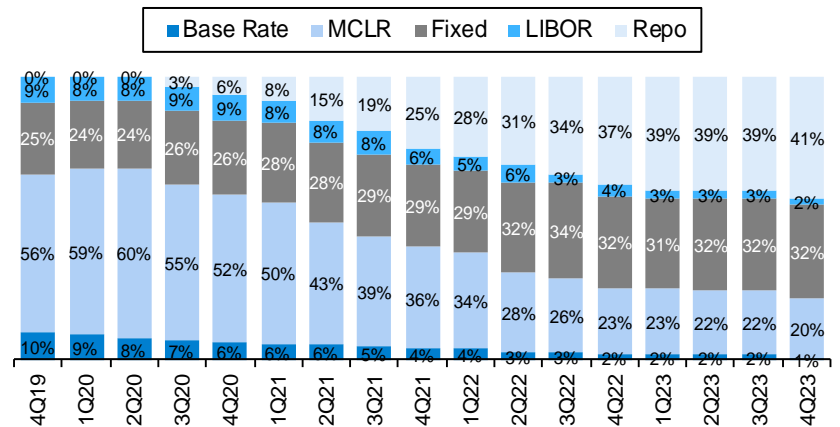
Source: Company, PL

Exhibit 4: CASA improved to 47.2% due to Citi acquisition



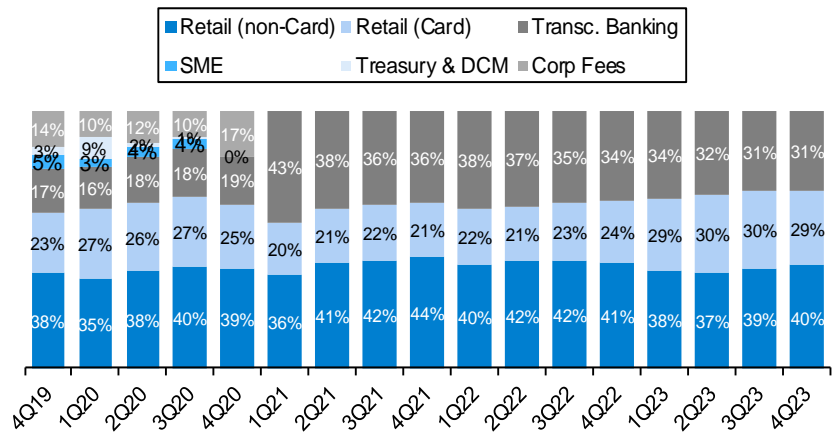
Source: Company, PL

**Exhibit 5: Floating loan rate share slightly lower at 68%**



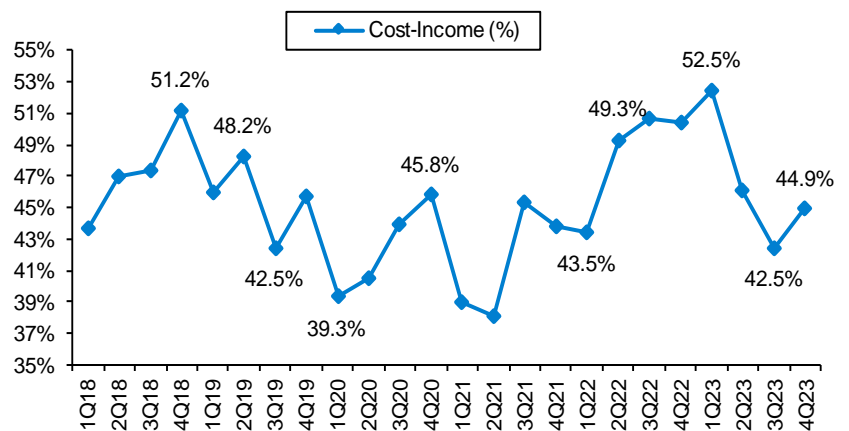
Source: Company, PL

**Exhibit 6: Retail fees constitute 69% majorly from cards and payments (43%)**



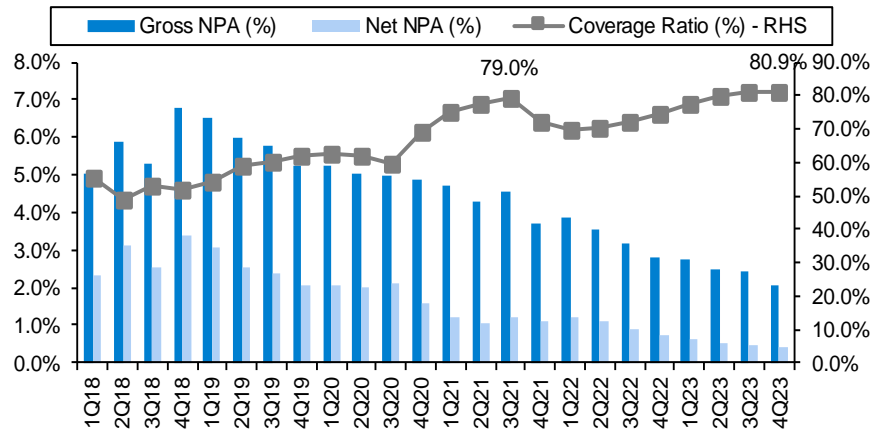
Source: Company Data, PL Research

**Exhibit 7: C/I inches to 44.9% due to citi business acquisition**



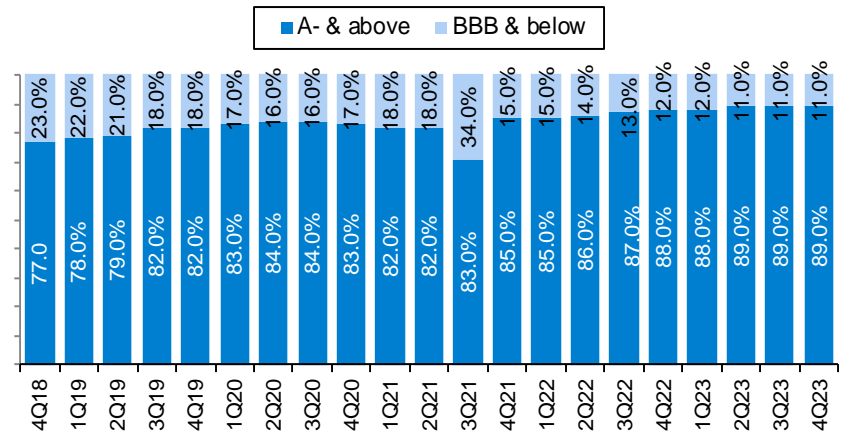
Source: Company, PL

**Exhibit 8: Asset quality consistently improves, PCR increased to 80.9%**



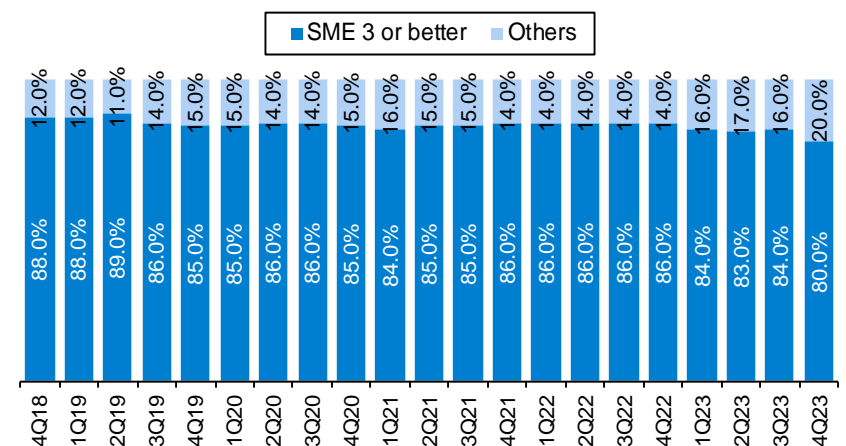
Source: Company, PL

**Exhibit 9: Corporate book rating book mix steady at 89:11**



Source: Company, PL Note – BB book clubbed with BBB from Q4FY20

**Exhibit 10: SME rating mix deteriorates to 80:20**



Source: Company, PL

**Exhibit 11: Annualised slippages decrease to 1.9% while write off was higher, overall stress book well managed <1%**

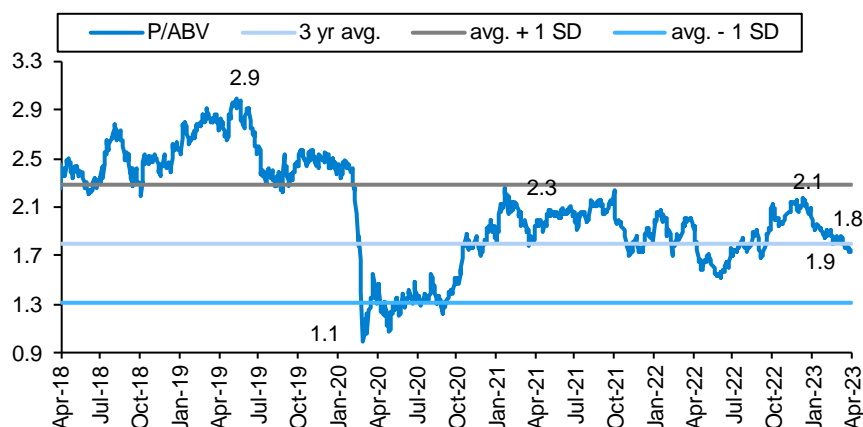
Stressed Loans (Rs Mn)	1Q20	2Q20	3Q20	4Q20	1Q21	2Q21	3Q21	4Q21	1Q22	2Q22	3Q22	4Q22	1Q23	2Q23	3Q23	4Q23
<b>Gross slippages</b>	<b>47,980</b>	<b>49,830</b>	<b>62,140</b>	<b>39,200</b>	<b>22,180</b>	<b>17,510</b>	<b>79,930</b>	<b>52,850</b>	<b>65,180</b>	<b>54,640</b>	<b>41,470</b>	<b>39,810</b>	<b>36,840</b>	<b>33,830</b>	<b>38,070</b>	<b>33,750</b>
Recoveries+ Up gradations	21,770	22,130	24,220	24,890	6,080	20,260	21,650	34,620	25,430	25,080	17,070	37,630	29,570	28,260	20,880	26,990
Write-offs	30,050	31,040	27,900	12,700	22,840	18,120	42,570	55,530	33,410	47,570	32,880	16,960	15,130	17,000	16,520	24,290
Annualized Slippages (%)	3.88%	4.03%	5.02%	3.17%	1.55%	1.23%	5.60%	3.70%	4.24%	3.56%	2.70%	2.59%	2.08%	1.91%	2.15%	1.91%
BB & Below book	75,040	62,910	51,280	65,280	64,200	91,180	87,220	74,430	80,420	66,970	64,960	57,780	48,580	49,390	44,510	34,780
NFB O/s to BB & Below exposures	25,000	22,000	36,700	39,060	37,210	49,280	47,960	45,740	44,240	44,390	43,240	27,800	25,190	22,610	18,940	13,710
Investments O/s in BB & Below rating		17,580	9,850	5,620	6,120	8,080	6,200	6,660	6,350	6,100	6,700	8,260	7,960	7,870	7,310	6,730
<b>Total BB &amp; below book</b>	<b>100,040</b>	<b>102,490</b>	<b>97,830</b>	<b>109,960</b>	<b>107,530</b>	<b>148,540</b>	<b>141,380</b>	<b>126,830</b>	<b>131,010</b>	<b>117,460</b>	<b>114,900</b>	<b>93,840</b>	<b>81,730</b>	<b>79,870</b>	<b>70,760</b>	<b>55,220</b>
% of customer assets	1.7%	1.8%	1.7%	1.9%	1.7%	2.3%	2.2%	1.9%	1.9%	1.7%	1.6%	1.3%	1.2%	1.1%	0.9%	0.8%
Provisions held				75,872	80,648	114,376	106,035	91,318	91,707	82,222	82,728	70,380	62,932	63,896	57,316	44,728
<b>Total Restructured Dispensation</b>							<b>27,090</b>	<b>18,480</b>	<b>21,920</b>	<b>43,420</b>	<b>46,430</b>	<b>40,290</b>	<b>34,020</b>	<b>29,960</b>	<b>24,820</b>	<b>20,470</b>
% of loans							0.4%	0.3%	0.3%	0.7%	0.7%	0.6%	0.5%	0.4%	0.3%	0.2%

Source: Company, PL

**Exhibit 12: Return ratios to < 16%, due to elevated costs**

RoA decomposition	FY20	FY21	FY22	FY23	FY24E	FY25E
<b>Net interest income</b>	2.9	3.1	3.1	3.4	3.4	3.4
Other Inc. from operations	1.8	1.6	1.4	1.3	1.4	1.4
<b>Total income</b>	4.7	4.6	4.5	4.8	4.8	4.8
Employee expenses	0.6	0.6	0.7	0.7	0.7	0.7
Other operating expenses	1.4	1.3	1.5	1.5	1.6	1.6
<b>Operating profit</b>	2.7	2.7	2.3	2.6	2.5	2.5
Tax	0.4	0.2	0.4	0.6	0.5	0.5
Loan loss provisions	2.2	1.8	0.7	0.2	0.4	0.4
<b>RoAA</b>	<b>0.2</b>	<b>0.7</b>	<b>1.2</b>	<b>1.8</b>	<b>1.5</b>	<b>1.5</b>
<b>RoAE</b>	<b>2.1</b>	<b>7.1</b>	<b>12.0</b>	<b>18.4</b>	<b>15.7</b>	<b>15.9</b>

Source: Company, PL

**Exhibit 13: One-year forward P/ABV trades at 1.8x**


Source: Company, PL

**Income Statement (Rs. m)**

Y/e Mar	FY22	FY23	FY24E	FY25E
Int. Earned from Adv.	4,96,166	6,45,538	8,32,685	10,01,555
Int. Earned from invt.	1,46,189	1,81,787	2,21,754	2,64,558
Others	16,132	15,322	17,618	20,164
<b>Total Interest Income</b>	<b>6,73,768</b>	<b>8,51,638</b>	<b>10,85,283</b>	<b>12,97,359</b>
Interest Expenses	3,42,446	4,22,180	6,08,480	7,46,576
<b>Net Interest Income</b>	<b>3,31,322</b>	<b>4,29,458</b>	<b>4,76,802</b>	<b>5,50,782</b>
<i>Growth(%)</i>	13.3	29.6	11.0	15.5
Non Interest Income	1,52,205	1,65,009	1,96,303	2,22,552
<b>Net Total Income</b>	<b>4,83,528</b>	<b>5,94,466</b>	<b>6,73,106</b>	<b>7,73,334</b>
<i>Growth(%)</i>	5.2	23.1	26.1	18.6
Employee Expenses	76,126	87,974	1,03,893	1,16,615
Other Expenses	1,49,898	1,86,009	2,22,618	2,55,836
Operating Expenses	2,36,108	2,73,983	3,26,511	3,72,451
<b>Operating Profit</b>	<b>2,47,420</b>	<b>3,20,483</b>	<b>3,46,595</b>	<b>4,00,882</b>
<i>Growth(%)</i>	(3.7)	29.5	8.1	15.7
NPA Provision	47,974	36,613	30,837	32,889
Total Provisions	73,595	26,526	63,134	68,972
<b>PBT</b>	<b>1,73,826</b>	<b>2,93,957</b>	<b>2,83,460</b>	<b>3,31,910</b>
Tax Provision	43,571	73,262	71,432	83,641
<i>Effective tax rate (%)</i>	25.1	24.9	25.2	25.2
<b>PAT</b>	<b>1,30,255</b>	<b>2,20,695</b>	<b>2,12,028</b>	<b>2,48,269</b>
<i>Growth(%)</i>	97.7	69.4	(3.9)	17.1

**Balance Sheet (Rs. m)**

Y/e Mar	FY22	FY23	FY24E	FY25E
Face value	2	2	2	2
No. of equity shares	3,070	3,077	3,082	3,088
Equity	6,139	6,154	6,163	6,175
Networth	11,50,255	12,54,167	14,51,138	16,72,110
<i>Growth(%)</i>	13.2	9.0	15.7	15.2
Adj. Networth to NNPA's	55,122	35,589	38,250	43,062
Deposits	82,19,716	94,69,452	1,09,82,656	1,27,45,053
<i>Growth(%)</i>	17.8	15.2	16.0	16.0
CASA Deposits	36,97,554	44,65,360	50,19,054	57,51,283
<i>% of total deposits</i>	45.0	47.2	45.7	45.1
<b>Total Liabilities</b>	<b>1,17,54,288</b>	<b>1,31,73,255</b>	<b>1,50,26,999</b>	<b>1,72,11,930</b>
Net Advances	70,79,466	84,53,028	98,07,614	1,13,89,326
<i>Growth(%)</i>	13.5	19.4	16.0	16.1
Investments	27,55,972	28,88,148	33,58,443	36,96,437
<b>Total Assets</b>	<b>1,17,54,287</b>	<b>1,31,73,255</b>	<b>1,50,26,999</b>	<b>1,72,11,930</b>
<i>Growth (%)</i>	18.0	12.1	14.1	14.5

**Asset Quality**

Y/e Mar	FY22	FY23	FY24E	FY25E
Gross NPAs (Rs m)	2,18,223	1,86,042	1,88,514	2,04,814
Net NPAs (Rs m)	55,122	35,589	38,250	43,062
<i>Gr. NPAs to Gross Adv.(%)</i>	2.8	2.2	2.0	2.0
<i>Net NPAs to Net Adv. (%)</i>	0.7	0.4	0.4	0.4
<i>NPA Coverage %</i>	74.7	80.9	79.7	79.0

**Profitability (%)**

Y/e Mar	FY22	FY23	FY24E	FY25E
NIM	3.6	3.9	3.8	3.8
RoAA	1.2	1.8	1.5	1.5
RoAE	12.0	18.4	15.7	15.9
Tier I	16.3	14.6	14.6	14.7
CRAR	18.5	17.6	16.6	16.6

Source: Company Data, PL Research

**Quarterly Financials (Rs. m)**

Y/e Mar	Q1FY23	Q2FY23	Q3FY23	Q4FY23
Interest Income	1,87,287	2,02,389	2,22,264	2,39,698
Interest Expenses	93,446	98,787	1,07,671	1,22,276
<b>Net Interest Income</b>	<b>93,840</b>	<b>1,03,603</b>	<b>1,14,593</b>	<b>1,17,422</b>
<i>YoY growth (%)</i>	20.9	31.1	32.4	33.1
CEB	35,760	38,620	41,010	46,760
Treasury	-	-	-	-
Non Interest Income	29,990	39,412	46,654	48,953
<b>Total Income</b>	<b>2,17,276</b>	<b>2,41,801</b>	<b>2,68,919</b>	<b>2,88,651</b>
Employee Expenses	21,861	21,667	22,811	21,636
Other expenses	43,099	44,186	45,662	53,063
Operating Expenses	64,960	65,852	68,473	74,699
<b>Operating Profit</b>	<b>58,870</b>	<b>77,162</b>	<b>92,775</b>	<b>91,676</b>
<i>YoY growth (%)</i>	(8.2)	30.2	50.6	41.8
Core Operating Profits	65,540	78,022	88,495	90,846
NPA Provision	7,770	7,510	13,410	-
Others Provisions	3,594	5,498	14,377	3,058
Total Provisions	3,594	5,498	14,377	3,058
<b>Profit Before Tax</b>	<b>55,276</b>	<b>71,664</b>	<b>78,398</b>	<b>88,618</b>
Tax	14,024	18,367	19,867	21,004
<b>PAT</b>	<b>41,253</b>	<b>53,298</b>	<b>58,531</b>	<b>67,614</b>
<i>YoY growth (%)</i>	91.0	71.1	61.9	64.2
<b>Deposits</b>	<b>80,35,717</b>	<b>81,08,067</b>	<b>84,81,733</b>	<b>94,69,452</b>
<i>YoY growth (%)</i>	12.6	10.1	9.9	15.2
<b>Advances</b>	<b>70,11,299</b>	<b>73,08,748</b>	<b>76,20,755</b>	<b>84,53,028</b>
<i>YoY growth (%)</i>	14.0	17.6	14.6	19.4

**Key Ratios**

Y/e Mar	FY22	FY23	FY24E	FY25E
CMP (Rs)	881	881	881	881
EPS (Rs)	42.4	71.7	68.8	80.4
Book Value (Rs)	375	408	471	542
Adj. BV (Rs)	357	396	458	526
P/E (x)	20.8	12.3	12.8	11.0
P/BV (x)	2.4	2.2	1.9	1.6
P/ABV (x)	2.5	2.2	1.9	1.7
DPS (Rs)	-	6.5	7.6	8.8
<i>Dividend Payout Ratio (%)</i>	-	9.0	11.0	11.0
<i>Dividend Yield (%)</i>	-	0.7	0.9	1.0

**Efficiency**

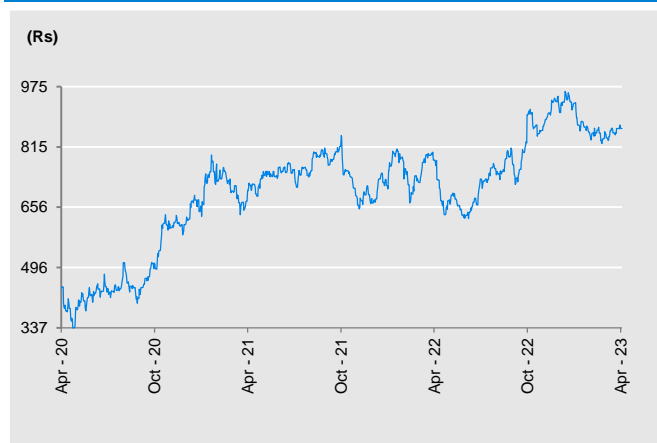
Y/e Mar	FY22	FY23	FY24E	FY25E
<i>Cost-Income Ratio (%)</i>	48.8	46.1	48.5	48.2
<i>C-D Ratio (%)</i>	86.1	89.3	89.3	89.4
Business per Emp. (Rs m)	178	195	206	222
Profit per Emp. (Rs lacs)	15	24	21	23
Business per Branch (Rs m)	3,215	3,655	3,848	4,159
Profit per Branch (Rs m)	27	45	39	43

**Du-Pont**

Y/e Mar	FY22	FY23	FY24E	FY25E
NII	3.06	3.45	3.38	3.42
Total Income	4.47	4.77	4.77	4.80
Operating Expenses	2.18	2.20	2.32	2.31
PPoP	2.29	2.57	2.46	2.49
Total provisions	0.68	0.21	0.45	0.43
RoAA	1.20	1.77	1.50	1.54
RoAE	11.45	18.85	15.79	15.97

Source: Company Data, PL Research



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


No.	Date	Rating	TP (Rs.)	Share Price (Rs.)
1	11-Apr-23	BUY	1,100	846
2	02-Mar-23	BUY	1,100	865
3	24-Jan-23	BUY	1,100	933
4	05-Jan-23	BUY	1,100	949
5	25-Nov-22	BUY	1,100	888
6	21-Oct-22	BUY	1,080	826
7	05-Oct-22	BUY	940	743
8	26-Jul-22	BUY	940	727
9	08-Jul-22	BUY	940	658
10	29-Apr-22	BUY	940	780

**Analyst Coverage Universe**

Sr. No.	Company Name	Rating	TP (Rs)	Share Price (Rs)
1	AAVAS Financiers	Accumulate	2,200	1,675
2	Axis Bank	BUY	1,100	846
3	Bank of Baroda	BUY	220	166
4	Can Fin Homes	BUY	700	581
5	City Union Bank	BUY	190	160
6	DCB Bank	BUY	150	114
7	Federal Bank	BUY	175	127
8	HDFC	BUY	3,000	2,722
9	HDFC Asset Management Company	BUY	2,100	1,766
10	HDFC Bank	BUY	1,925	1,672
11	ICICI Bank	BUY	1,130	886
12	IDFC First Bank	UR	-	54
13	IndusInd Bank	BUY	1,530	1,102
14	Kotak Mahindra Bank	BUY	2,100	1,757
15	LIC Housing Finance	Accumulate	410	333
16	Punjab National Bank	UR	-	47
17	State Bank of India	BUY	730	526
18	UTI Asset Management Company	BUY	830	666

**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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