

**IndusInd
Bank**



SHINING STAR SERIES

Investment Thesis

- ⇒ Strong Positioning Due to Healthy Capitalization and Prudent Risk Management
- ⇒ Stable Margin Profile Amidst Elevated Cost of Funds
- ⇒ Well-diversified Loan Book Encompassing a Range of Consumer and Corporate Products
- ⇒ Stable Asset Quality with Conservative Provisioning
- ⇒ Key Operational Metrics Remain Strong Amid Elevated Expenses

Company Background

Established in 1994 by the Hinduja Group in collaboration with members of the Indian diaspora, IndusInd Bank stands as a prominent financial services brand in India. Renowned for its comprehensive banking solutions, the bank serves approximately 38 million customers nationwide, comprising individuals, large corporations, various government entities, and Public Sector Undertakings (PSUs). IndusInd Bank's extensive banking network comprises 2,728 branches and banking outlets, complemented by 2,939 ATMs strategically located across India. This extensive reach extends to 153,000 villages, while representative offices in London, Dubai, and Abu Dhabi further enhance its global presence. The bank boasts a well-distributed branch network across urban (25%), semi-urban (22%), rural (23%), and Metro (30%) regions, ensuring accessibility and inclusivity across diverse demographics. IndusInd Bank offers a diverse array of products and services tailored to both individual and corporate clients, including microfinance, personal loans, personal and commercial vehicle loans, credit cards, and SME loans. An emphasis on robust digital platforms underscores the bank's commitment to enhancing customer engagement and experiences. Through a suite of digital solutions, IndusInd Bank continues to drive innovation and convenience across all customer segments, solidifying its position as a preferred banking partner in India's dynamic financial landscape.

Key Ratios

Particulars (%)	FY19	FY20	FY21	FY22	FY23	FY24E	FY25E	FY26E
Cost-to-Income	44.19%	43.33%	41.62%	42.68%	44.30%	44.90%	43.80%	43.00%
Yields on Advances	11.26%	11.97%	11.84%	11.56%	11.68%	11.60%	11.60%	11.45%
Cost of Deposits	6.58%	6.51%	5.38%	4.78%	5.32%	5.40%	5.72%	5.80%
NIMs	3.80%	4.14%	4.17%	4.11%	4.27%	4.40%	4.35%	4.25%
RoA	1.39%	1.54%	1.03%	1.28%	1.81%	1.90%	1.90%	1.80%
RoE	13.25%	14.53%	7.33%	10.20%	14.53%	15.40%	16.10%	15.80%

Source: Company Reports, BP Equities Research

Stock Rating

BUY	HOLD	SELL
> 15%	-5% to 15%	< -5%

Sector Outlook

Positive

Stock

CMP (Rs.)	1,542
Target Price (Rs.)	1,950
BSE code	532187
NSE Symbol	INDUSINDBK
Bloomberg	IIB IN
Reuters	INBK.BO

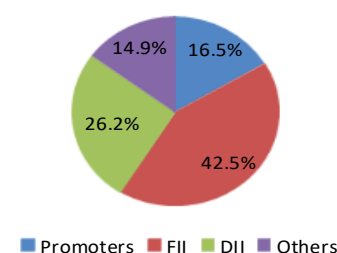
Key Data

Nifty	22,356
52 Week H/L (Rs.)	1,695/990
O/s Shares (Mn)	777
Market Cap (Rs. Bn)	1,200
Face Value (Rs.)	10

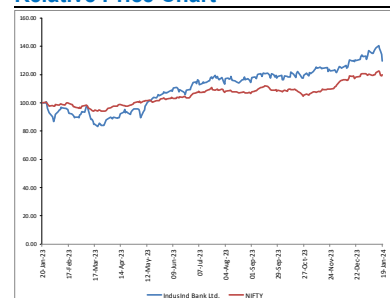
Average volume

3 months	37,38,870
6 months	32,77,750
1 year	34,97,130

Share Holding Pattern (%)



Relative Price Chart



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IndusInd Bank Ltd.

Investment Rationale

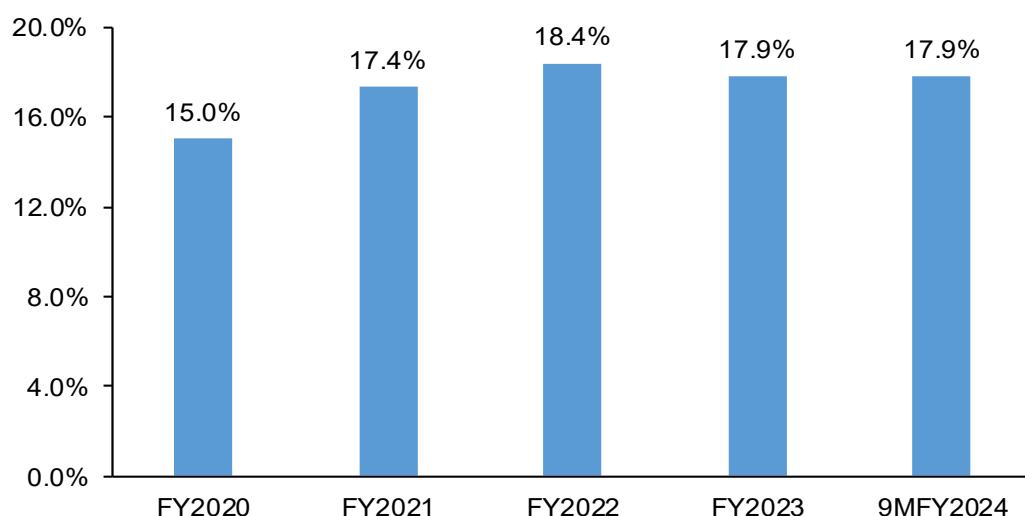
Strong Positioning Due to Healthy Capitalization and Prudent Risk Management

IndusInd Bank demonstrates robust capitalization metrics, with its Common Equity Tier 1 (CET1), Tier 1, and overall Capital Adequacy Ratio (CAR) standing strong at 16.07%, 16.47%, and 17.86% respectively as of December 31, 2023. Notably, the bank's promoters' willingness to infuse Rs. 11,000 crores by increasing their stake from 15% to 26% (subject to approval of the RBI), provides a significant reassurance on the capital front. The bank's strategic shift towards lending to corporate clients rated A and above has notably enhanced its capitalization profile, reflecting positively on its risk-weighted assets. Despite industry liquidity constraints, IndusInd Bank has adeptly mobilized retail deposits, notably accumulating around Rs. 8,200 crores in Q3FY24, marking its most substantial quarterly accretion in the current upward interest rate cycle, driven by a comprehensive marketing campaign. Furthermore, the bank's liquidity management is commendable, as the bank's short-term asset funding (excess of short-term assets over short-term liabilities) was in surplus of about 6% of the total assets in FY23. The bank carries excess statutory liquidity qualifying securities and reverse repo, together totalling about Rs. 47,000 crores, and cash and balances with banks of about Rs. 56,800 crores in FY23, significantly higher than the cash reserve ratio. This liquidity strength enables the bank to effectively support robust credit demand, particularly in segments like vehicle finance and microfinance, maintaining a stable Credit-Deposit (CD) ratio within the 80-90% range. With consistent profitability and a positive growth trajectory, IndusInd Bank anticipates relying on internal accruals to sustain operations without the need for additional capital infusion for the foreseeable 6-8 quarters. Despite regulatory changes affecting the capital adequacy ratios of other private banks, IndusInd Bank has managed to maintain its Capital-to-Risk (Weighted) Assets Ratio (CRAR) above statutory limits, showcasing its resilient risk management practices and regulatory compliance. This stands in contrast to its peers in the private banking sector, such as Axis Bank Ltd. (121bps decline), ICICI Bank Ltd. (146bps decline), Kotak Mahindra Bank Ltd. (50bps decline), and Federal Bank Ltd. (48bps decline), which have witnessed sequential declines in their CRAR. IndusInd Bank's ability to withstand such changes reflects its prudent risk management strategies and underscores its stability within the competitive banking landscape.

“The bank's liquidity management is commendable, as the bank's short-term asset funding (excess of short-term assets over short-term liabilities) was in surplus of about 6% of the total assets in FY23”

Well capitalized growth over the period

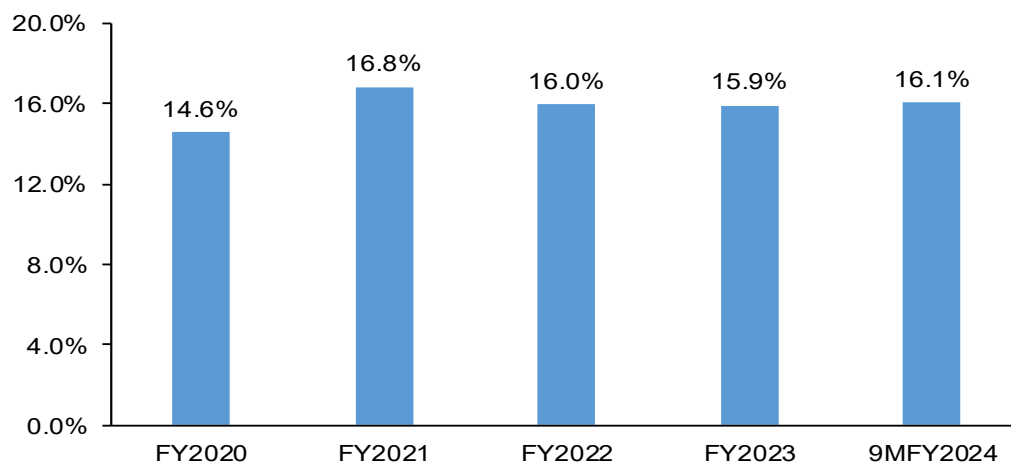
CRAR Ratio (%)



Source: Company Reports, BP Equities Research

Robust usage of capital amidst additional provisioning of unsecured loans

CET1 Ratio (%)



Source: Company Reports, BP Equities Research

Stable Margin Profile Amidst Elevated Cost of Funds

IndusInd Bank has demonstrated a commendable ability to maintain a stable margin profile despite facing pressure from elevated costs of funds. This resilience in margins highlights the bank's effective management of the interest rate environment and funding sources. Notably, the bank's Net Interest Margins (NIMs) have remained stable for the third consecutive time, primarily attributed to higher yields on advances. In the context of the broader banking sector, where NIMs have moderated in Q3FY24, IndusInd Bank stands out with a 2bps improvement on a YoY basis. This resilience can be attributed to the bank's strategic focus on higher-yielding consumer banking segments, including business banking, vehicle finance, Microfinance Institutions (MFI), and personal loans. These segments have driven credit flow, contributing to the maintenance of NIMs despite challenges in the operating environment. IndusInd Bank is well-positioned to maintain its margins due to its strategic lending focus on segments with higher yields compared to other banks. With 26% of its loan book dedicated to vehicle finance, the bank benefits from the strong link between this segment and the country's economic growth. Yields on vehicle finance advances tend to be higher than typical corporate or mortgage loans, providing a favourable margin outlook for IndusInd Bank. Additionally, the bank's allocation of 11% of its loan book to microfinance further contributes to its ability to sustain margins. Microfinance loans typically yield around 19-20%, significantly higher than rates offered by other private sector banks. This segment serves as a lucrative avenue for the bank to generate favourable margins and bolster its overall profitability. Moreover, IndusInd Bank's portfolio includes personal and consumer loans, such as credit cards, which also offer higher yields. These products cater to diverse customer segments and contribute to the bank's revenue streams through their attractive interest rates and fee structures. Overall, IndusInd Bank's strategic focus on lending to segments with higher yields positions it favourably to maintain margins amidst evolving market dynamics. By leveraging the profitability potential of these segments, the bank can sustain its financial performance and drive value for its stakeholders in the long term. Furthermore, the bank's shift towards emphasizing the high-yielding small corporate book has also played a role in offsetting the shrinkage observed in the wholesale book. This diversification strategy has helped the bank mitigate the impact of any adverse developments in specific segments, ensuring a balanced and sustainable margin profile over time. Overall, IndusInd Bank's ability to sustain stable NIMs amidst evolving market dynamics underscores its prudent business approach, effective risk management practices, and focus on optimizing profitability across diverse lending segments. This resilience positions the bank favorably within the competitive banking landscape, reinforcing investor confidence in its ability to navigate challenges and deliver sustainable long-term value. The Net Interest Margin (NIM) of 4.29% remained stable QoQ, primarily driven by moderate growth in the cost of deposits of 9bps, offset by a 15bps increase in yield on advances. The uptick in yield on advances was propelled by changes in the loan mix favouring retail assets. The management's guidance suggests that margins are expected to remain steady within the range of 4.2% to 4.3%.

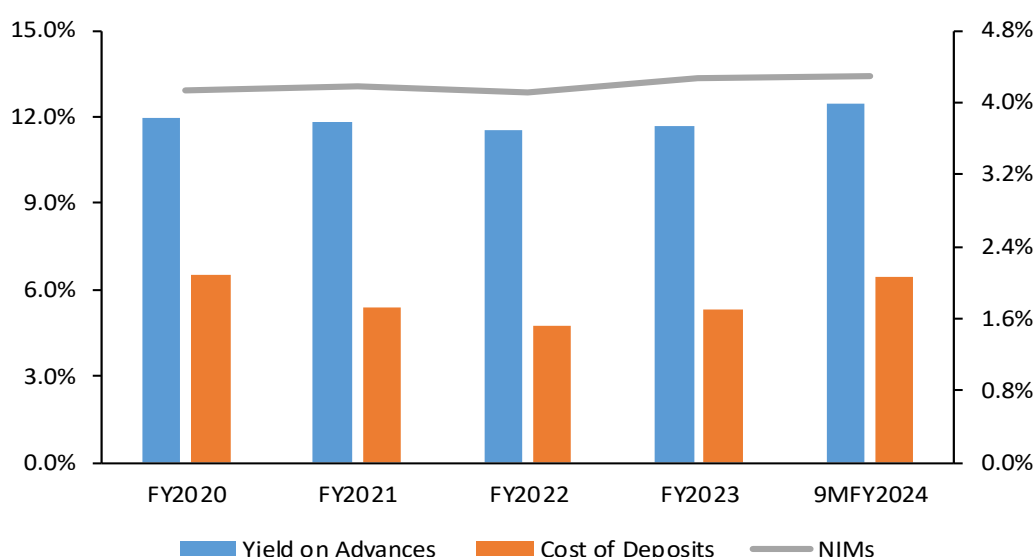
“IndusInd Bank is well-positioned to maintain its margins due to its strategic lending focus on segments with higher yields compared to other banks”

IndusInd Bank Ltd.

This stability indicates the bank's proactive measures to manage the interest rate environment and funding costs effectively. Overall, the stable NIM amidst shifting dynamics underscores the bank's strategic focus on optimizing its asset-liability mix and aligning its lending strategies with evolving market trends. This commitment to maintaining stable margins reflects positively on the bank's prudent risk management practices and its ability to navigate the complexities of the financial landscape. Going forward, we believe IndusInd Bank will likely employ robust ALM practices to match the maturities and interest rate sensitivities of its assets and liabilities. By carefully managing the duration and composition of its balance sheet, the bank will be able to minimize interest rate risks and preserve margins. In addition, the bank may adopt risk-based pricing strategies to price its products and services in line with the underlying credit and liquidity risks. This will allow the bank to capture adequate risk premiums and maintain healthy margins while managing funding costs.

“The Net Interest Margin (NIM) of 4.29% remained stable QoQ, primarily driven by moderate growth in the cost of deposits of 9bps, offset by a 15bps increase in yield on advances”

Margins have improved as yields increased at a faster pace than the Cost of Funds



Source: Company Reports, BP Equities Research

Well-diversified Loan Book Encompassing a Range of Consumer and Corporate Products

IndusInd Bank emerges as an attractive investment proposition, propelled by its diverse portfolio and strategic growth endeavors. Boasting a well-diversified loan book encompassing both consumer and corporate segments, the bank showcases astute risk management practices and a commitment to fostering balanced growth strategies. Noteworthy is the robust expansion in retail and Microfinance Institution (MFI) loans, driving a substantial 20% YoY and 5% QoQ growth in the loan portfolio. Particularly impressive is the stellar performance of its vehicle finance division, which achieved unprecedented disbursements and sustained growth, emblematic of strategic market positioning and adaptability to changing consumer trends. The bank's credit card and home loan segments have also witnessed significant growth, underlining its ability to seize market opportunities while maintaining stability in unsecured loan shares. Moreover, IndusInd Bank's emphasis on microfinance and corporate banking, coupled with a marked increase in high-quality corporate clientele, underscores its dedication to sustainable growth and robust asset quality management. The vehicle finance division's remarkable achievements, including a 7% QoQ growth and a notable 15% YoY surge in disbursements, totaling Rs. 38,380 crores for the 9MFY24 period, underscore its adeptness in capitalizing on favourable market conditions and evolving consumer preferences. The bank's prudent approach is further evidenced by the stable share of unsecured loans, remaining around 5-5.5%. In microfinance, the bank witnessed a commendable 20% YoY growth, reflecting its resilience and adaptability. Despite a minor reduction in average loan outstanding per customer in Q3FY24, the decline in net slippages to 0.55% from 1.24% along with collection efficiency reaching an impressive 98.3% showcases effective risk mitigation strategies.

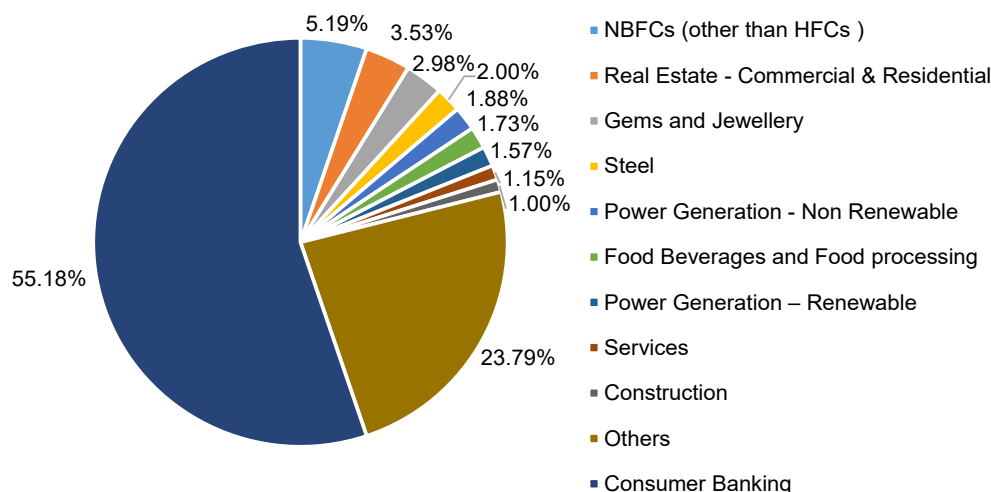
“Boasting a well-diversified loan book encompassing both consumer and corporate segments, the bank showcases astute risk management practices and a commitment to fostering balanced growth strategies”

IndusInd Bank Ltd.

In corporate banking, a focused 15% YoY growth, a notable increase in small and mid-size corporate segments, alongside a rise in A and above-rated customers to 77% compared to 74% a year earlier showcases the bank's commitment to nurturing relationships and fostering sustainable growth. Going forward, IndusInd Bank faces challenges in segments like Medium and Heavy Commercial Vehicles (MHCV), Light Commercial Vehicles (LCV), and tractors, which are experiencing sluggish demand and are not anticipated to improve in the near future. To mitigate these challenges, the bank is shifting its focus towards used Commercial Vehicles (CV) and auto loans, aiming to sustain growth in its vehicle loan book by 20%. To achieve this growth target, the bank plans to increase disbursements by 5-7% from current rates. This strategic shift reflects the bank's adaptability and proactive approach to navigating market dynamics and sustaining growth amidst challenging conditions in specific vehicle segments. By diversifying its lending focus and optimizing its loan portfolio mix, IndusInd Bank aims to maintain its growth trajectory while mitigating risks associated with slower-moving segments in the automotive industry. In conclusion, IndusInd Bank's comprehensive performance across various business segments positions it favourably in the competitive landscape, promising investors a compelling opportunity for long-term value creation and stability.

Diversifying its lending focus and optimizing loan portfolio mix

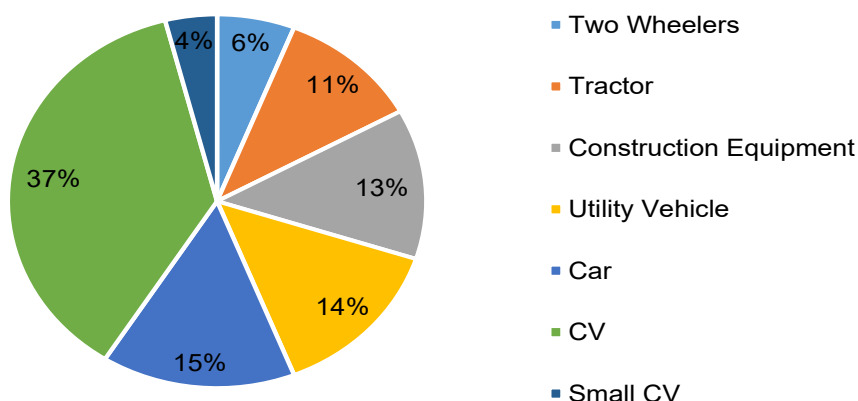
Sector-wise Loan Mix (% of Total Loans) - 9MFY24



Source: Company Reports, BP Equities Research

Granular portfolio across vehicle categories

Diversified Vehicle Loan Book across Vehicle Categories (%) - 9MFY24



Source: Company Reports, BP Equities Research

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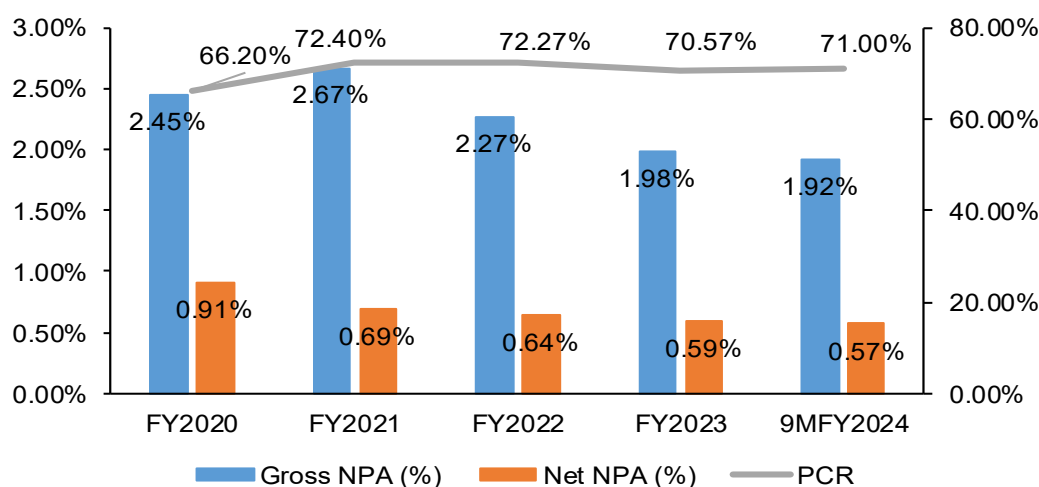
Stable Asset Quality with Conservative Provisioning

IndusInd Bank has demonstrated stable asset quality with conservative provisioning practices, maintaining resilience amidst evolving market conditions. The Gross Non-Performing Assets (GNPA) and Net Non-Performing Assets (NNPA) remained steady at 1.92% and 0.57% respectively, compared to the previous quarter. The Provision Coverage Ratio (PCR) remained unchanged at 71%, reflecting prudent provisioning for potential credit losses. Annualized provisions to loans for Q3 decreased to 119bps compared to 156bps a year ago, indicating improved asset quality were impacted sequentially by the vehicle finance segment but are normalizing. The restructured book decreased to 0.48% from 0.54% a quarter ago, with most of the reduction attributed to upgrades and recoveries. Net Security Receipts reduced to 37bps from 39bps in the previous quarter, with additional provisions of Rs. 165 crores towards the SR book during the quarter. While concerns persist in the MFI portfolio with high fresh slippages, the bank's proactive measures, including maintaining 2.3% loan-related provisions, provide a cushion against adverse impacts on the Profit and Loss statement. Retail slippages improved compared to the previous quarter, but corporate net slippages increased, primarily driven by one significant account. In the vehicle finance segment, gross slippages increased slightly due to adverse weather conditions, while MFI net slippages improved. Looking ahead, the bank anticipates slippages to be within the range of Rs. 1,100 crores to Rs. 1,200 crores. The restructuring book decreased, indicating the effectiveness of upgrades and recoveries. IndusInd Bank's reported credit cost of 120bps (annualized) for the quarter aligns closely with its previously guided range of 110-130 basis points for FY24E and plans to increase contingent provisions by Rs. 300 crores in FY24. Although the Special Mention Accounts (SMA1+2) book decreased, the Net Special Mention Accounts (SR) increased slightly, with total slippages showing an uptick. However, the bank witnessed higher recoveries and upgrades, maintaining stability in GNPA and NNPA at 1.92% and 0.57%, respectively. This approach demonstrates the bank's prudent risk management practices and its focus on fortifying its financial position for potential challenges ahead. By rebuilding provision buffers, IndusInd Bank aims to enhance its resilience and preparedness to navigate uncertainties in the operating environment, ensuring sustained long-term stability and growth. In summary, IndusInd Bank's robust provisioning practices, coupled with its proactive approach to managing asset quality, position it well to navigate challenges and sustain stability in the face of evolving market dynamics.

“The bank witnessed higher recoveries and upgrades, maintaining stability in GNPA and NNPA at 1.92% and 0.57%, respectively.”

Stable asset quality through adherence to conservative provisioning standards

Non Performing Assets



Source: Company Reports, BP Equities Research

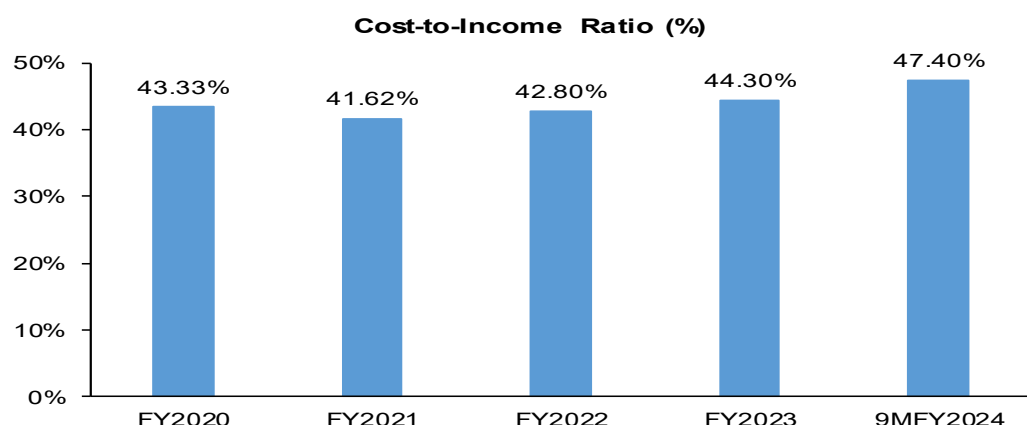
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Key Operational Metrics Remain Strong Amid Elevated Expenses

Despite facing higher operating expenses, IndusInd Bank has demonstrated stability in operational metrics, showcasing resilience and operational efficiency. The bank's Net Interest Income (NII) experienced commendable growth, rising 18% YoY and 4% QoQ, supported by a stable Net Interest Margin (NIM). The growth trajectory was further bolstered by a healthy increase in non-fee income, contributing 17% to net revenue in 9MFY24. However, the uptick in net revenue was offset by elevated operating expenses, which are expected to persist into FY25 before stabilizing within the 41-43% range. Despite deviating from the guidance by utilizing Rs. 220 crores of contingency provision, IndusInd Bank reported a robust net profit of Rs. 2,298 crores, marking a 17% YoY increase and a 5% QoQ growth. Impressively, the Return on Assets (RoA) and Return on Equity (RoE) stood at 1.9% and 15.5%, respectively, highlighting the bank's effective capital utilization and strong performance. IndusInd Bank's ability to maintain stable operational metrics amidst challenges reflects its adaptability and resilience in navigating dynamic market conditions. Leveraging its operational strengths and strategic initiatives, the bank aims to sustain profitability and drive long-term value for stakeholders. During the quarter, IndusInd Bank expanded its network by adding 97 branches, bringing the total count to 2,728 branches. The bank remains committed to further expansion, with plans to add approximately 1,000 branches over the next three years. Additionally, the bank focused on scaling initiatives targeting the Affluent and Non-Resident Indian (NRI) segments, witnessing significant growth in deposits and Assets Under Management (AUM) from these segments. Furthermore, IndusInd Bank witnessed notable growth in other income, driven by robust performance of its granular retail businesses. The bank continues to invest in human capital, physical and digital infrastructure, and marketing initiatives, resulting in a 6% QoQ growth in operating expenses. Despite increased expenditure, the bank maintained a steady Pre-Provision Operating Profit (PPOP) margin to loans ratio at 5.2%. Notably, Profit After Tax (PAT) rose 5% QoQ and an impressive 17% YoY, reaching Rs. 2,301 crores. IndusInd Bank's focus on enhancing the capabilities and upskilling of its Micro, Small, and Medium Enterprises (MSME) branches has begun yielding positive results, with improvements in downstream metrics. The bank remains committed to leveraging MSME as a key growth engine, supported by a robust Early Warning Signal framework to maintain healthy asset quality. IndusInd Bank's Digital Business model has made significant strides, with a notable percentage of savings accounts, term deposits, personal loans, and credit cards being acquired digitally. These initiatives underscore the bank's dedication to providing seamless and accessible banking experiences in today's digital age, enhancing operational efficiency and meeting evolving customer needs. The trajectory of the cost-to-income ratio provides valuable insight into IndusInd Bank's operational efficiency and financial stability. Currently, the ratio stands at 38% to 40% in the first quarter, demonstrating the bank's efforts to manage costs relative to its income. Over subsequent quarters, there has been a gradual reduction, with the ratio stabilizing at 45% in the third quarter. Looking ahead, IndusInd Bank aims to achieve further stabilization by the third year, targeting a cost-to-income ratio within the range of 41% to 43%. This trajectory suggests a disciplined approach to cost management and operational optimization, which is crucial for sustainable growth and enhanced shareholder value. As the bank progresses towards its target range, it is expected to improve the overall operational efficiency and profitability, positioning itself favourably in the competitive banking landscape.

“IndusInd Bank's focus on enhancing the capabilities and upskilling of its Micro, Small, and Medium Enterprises (MSME) branches has begun yielding positive results, with improvements in downstream metrics”

Cost-to-Income ratio and Opex to stabilize going forward



Source: Company Reports, BP Equities Research

Q3FY24 Concall Highlights

Economic Context:

- ⇒ Indian economy demonstrated robust growth in Q2FY24, with GDP expanding 7.6% YoY. The RBI raised its FY24 growth forecast to 7%, indicating a favourable economic environment for the bank.

Margin Management:

- ⇒ IndusInd Bank aims to maintain margins between 4.2% and 4.3%, influenced by the balance sheet mix.
- ⇒ Margins are expected to remain stable despite market-driven rates and deposit competition.

Slippages and Asset Quality:

- ⇒ Corporate slippages included upgrades and recoveries, with expected normalization in subsequent quarters.
- ⇒ Retail slippages were noted in LAP and merchant acquiring business, with temporary stress in vehicle finance.
- ⇒ Plans to enhance contingency provisions to improve credit cost guidance.

Granularization Journey:

- ⇒ Focus on diversifying the deposit base and reducing dependency on large deposits remains a strategic priority.

Competitiveness in Liability Market:

- ⇒ Aim to remain competitive in the liability market by offering deposit rates slightly higher than larger players.

Margin Stability:

- ⇒ Intent to maintain NIM within the 4.2% to 4.3% range, with a potential margin uptick expected in the second half of the next fiscal year.

Business Strategy:

- ⇒ Commitment to the granularization journey and emphasis on competitiveness in the liability market.
- ⇒ Insights into loan growth, capital management, and strategies related to NBFCs and credit cards.

Future Outlook:

- ⇒ Focus on sustaining growth momentum in areas like vehicle finance, microfinance, and credit cards.
- ⇒ Discussion on disbursement targets for the next quarter and fiscal year, with strategies to manage asset quality.

Peers Comparison

Banks	Market Capitalization (Rs. in crores)	Net Interest Income (Rs. in crores)	NIMs	EPS	Book Value	P/E	P/BV
IndusInd Bank	1,19,995	20,236	4.40%	100.43	752.00	15.35	2.05
Peers							
HDFC Bank	10,91,073	28,470	3.40%	86.4	576.00	16.68	2.50
ICICI Bank	7,63,581	55,213	4.57%	57.40	323.40	18.95	3.36
Axis Bank	3,39,994	36,805	4.01%	76.10	464.00	14.48	2.37
Kotak Mahindra Bank	3,41,520	19,084	5.22%	87.80	627.00	19.57	2.74

Source: Company Reports, BP Equities Research

Note: The above data is based on 9MFY24

Valuation & Outlook

The GDP growth rate of India, standing at 8.4%, underscores a robust expansion in the economy. Furthermore, if the RBI approves the increase in the promoter stake in IndusInd Bank from 15% to 26%, it signifies a significant investment of Rs. 11,000 crores at the prevailing market price. Looking ahead, we believe that we are nearing the peak of the interest rate cycle. In this context, IndusInd Bank, with the highest share of high-yielding and fixed-rate loans, is poised to benefit the most when the interest rate cut cycle commences, likely in H2FY25. This positioning makes IndusInd Bank an attractive investment option for those seeking exposure to India's strong economic growth. We strongly recommend IndusInd Bank as a highly leveraged proxy for India's robust economic growth. The willingness of promoters to increase their stake from 15% to 26%, pending RBI approval, offers significant comfort to investors. The bank is currently available at a very attractive valuation of 1.4 times the FY26 estimated book value of Rs 1,080 and a P/E ratio of just 9.1 times on FY26 estimated EPS of Rs. 170, with an earning CAGR of 21%. The resulting PEG ratio is just 0.4 times, with the ROA expected to touch 2% by FY26. Additionally, the ROA/Price-to-Book ratio is very compelling compared to its peers, with the ROE projected to reach 17% while maintaining a price-to-book value of just 1.4 times, making it exceptionally appealing among its counterparts. Furthermore, the management has indicated that as the scale of operations expands and technology investments grow at a slower pace from here onwards, there is potential for Opex-led ROA leverage as operating leverage comes into play. **On the valuation front, the bank is valued at 1.4 times the estimated book value for the FY26E. This valuation methodology suggests a target price of Rs. 1,950, representing a potential upside of 26.5% from the current market price. This target price is set with a 12-month investment horizon in mind.**

“IndusInd Bank is a highly leveraged proxy for India's robust economic growth”

Key Risks

- ⇒ IndusInd Bank faces the risk of experiencing slippages that exceed expectations. Slippages, particularly in the corporate and retail segments, could negatively impact the bank's asset quality and lead to higher provisioning requirements. Factors such as economic downturns, adverse market conditions, or unexpected events affecting borrowers' ability to repay loans could contribute to increased slippages.
- ⇒ Another key risk for IndusInd Bank is a potential slowdown in deposit growth. A decrease in deposit inflows or a failure to attract new deposits could limit the bank's ability to fund its lending activities and maintain liquidity. Factors such as changes in market interest rates, competition from other financial institutions, or shifts in customer preferences could contribute to a slowdown in deposit growth for the bank. This could impact its ability to sustain lending operations and support overall business growth.



Operating Performance

Particulars (Rs. in crores)	FY19	FY20	FY21	FY22	FY23	FY24E	FY25E	FY26E
Interest Earned	22,261	28,783	29,000	30,822	36,368	43,500	51,200	53,450
Interest Expended	13,415	16,724	15,472	15,822	18,776	23,264	25,789	27,800
Net Interest Income	8,846	12,059	13,528	15,001	17,592	20,236	25,411	25,650
Other Income	5,647	6,953	6,501	7,345	8,173	9,236	10,796	11,237
Total Income	14,493	19,011	20,029	22,346	25,765	29,472	36,207	36,887
Operating Expenditure	6,405	8,183	8,157	9,311	11,346	13,278	15,768	16,124
Provisions and Contingencies	3,108	4,652	7,943	6,602	4,487	4,134	4,523	5,169
Profit before Tax	4,981	6,177	3,929	6,433	9,932	12,060	15,916	15,594
Taxes	1,679	1,719	999	1,628	2,489	4,273	5,250	3,719
Profit after Tax	3,301	4,458	2,930	4,805	7,443	7,787	10,666	11,875
Earnings per share	54.90	63.75	38.75	59.57	96.00	100.43	137.57	170.00

Source: Company Reports, BP Equities Research

Advances and Deposits

Particulars (Rs. in crores)	FY19	FY20	FY21	FY22	FY23	FY24E	FY25E	FY26E
Advances	1,86,394	2,06,783	2,12,595	2,39,052	2,89,924	3,42,110	4,03,670	4,66,354
Deposits	1,94,868	2,02,040	2,56,205	2,93,681	3,36,438	3,53,407	4,48,143	5,21,078
CASA	84,070	81,557	1,06,791	1,25,333	1,34,728	1,44,361	1,78,453	2,14,589
CASA ratio (%)	43.10%	40.40%	41.70%	43.00%	40.00%	40.80%	39.82%	41.18%

Source: Company Reports, BP Equities Research

Asset Quality

Particulars	FY19	FY20	FY21	FY22	FY23	FY24E	FY25E	FY26E
Gross Non Performing Assets (GNPA) (Rs. in crores)	3,947	5,147	5,795	5,517	5,826	6,671	7,670	9,374
Net Non Performing Assets (NNPA) (Rs. in crores)	2,248	1,887	1,477	1,530	1,715	2,827	3,406	4,325
GNPA (%)	2.10%	2.45%	2.67%	2.70%	1.98%	1.95%	1.90%	2.01%
NNPA (%)	1.21%	0.91%	0.69%	0.64%	0.59%	0.80%	0.76%	0.83%
PCR (%)	43.04%	63.34%	75.00%	72.27%	70.57%	70.30%	70.20%	69.30%

Source: Company Reports, BP Equities Research

Advances Breakdown

Particulars (Rs. in crores)	FY19	FY20	FY21	FY22	FY23	FY24E	FY25E	FY26E
Corporate	1,13,710	91,334	91,018	1,09,463	1,34,150	1,50,528	1,77,615	2,00,532
Retail	72,684	91,217	26,383	30,612	1,23,559	1,53,949	1,83,670	2,14,523
MFI	0	24,232	95,194	98,977	32,215	37,632	42,386	51,299

Source: Company Reports, BP Equities Research



Financial Snapshot

Particulars (Rs. in crores)	FY19	FY20	FY21	FY22	FY23	FY24E	FY25E	FY26E
Net Interest Income	8,846	12,059	13,528	15,001	17,592	20,236	25,411	25,650
Y-o-Y growth		36.32%	12.18%	10.89%	17.27%	15.03%	25.57%	0.94%
Profit after Tax	3,301	4,458	2,930	4,805	7,443	7,787	10,666	11,875
Y-o-Y growth		35.05%	-34.28%	63.99%	54.91%	4.61%	36.98%	11.33%
Earnings per share	54.90	63.75	38.75	59.57	96.00	100.43	137.57	153.16
Y-o-Y growth		16.12%	-39.22%	53.73%	61.15%	4.62%	36.98%	11.33%
Book Value (Rs. per share)	437.38	495.57	546.41	611.29	698.61	752.00	867.00	1,085.00
Price to Earnings	27.87	24.00	39.48	25.68	15.94	15.35	11.21	9.07
Price to Book Value	3.50	3.09	2.80	2.50	2.19	2.05	1.78	1.42
RoE (%)	13.25%	14.53%	7.33%	10.20%	14.53%	15.40%	16.10%	15.80%
RoA (%)	1.39%	1.54%	1.03%	1.28%	1.81%	1.90%	1.90%	2.00%
GNPA (%)	2.10%	2.45%	2.67%	2.70%	1.98%	1.95%	1.90%	2.01%
NNPA (%)	1.21%	0.91%	0.69%	0.64%	0.59%	0.80%	0.76%	0.83%
CRAR (%)	14.16%	15.04%	17.38%	18.42%	17.86%	17.53%	17.48%	16.90%

Source: Company Reports, BP Equities Research

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