

SELL

TP: Rs 694 | ▼ 10%

INDUSIND BANK

| Banking

| 22 May 2025

Accounting irregularities erode credibility and profitability

- **Weak internal controls and delayed disclosures dent investors' confidence**
- **Asset quality adversely affected due to incorrect classification of MFI slippages; profitability impacted on accounting irregularities**
- **Downgrade to SELL from HOLD with revised TP of Rs 694 (earlier Rs 870), valued at 0.7x FY27E ABV**

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Weak internal controls and delayed disclosures dent investors' confidence: A series of negative events such as derivative accounting discrepancy (Rs 19.6bn), inflated interest income (Rs 6.7bn) and fee income (Rs 1.7bn) on the MFI portfolio during 9MFY25, and unsubstantiated balances in other assets (Rs 6.0bn), raises concerns regarding IIB's internal controls and risk management practices. In addition, there were a few other instances of incorrect accounting that impacted profitability. Joint auditors have filed for suspected offense involving fraud. Moreover, this negatively impacts investors' confidence on the reported financials.

Asset quality adversely affected on incorrect classification of MFI slippages: GNPA ratio was up 3.13% in Q4FY25 vs 2.25% in Q3FY25, led by higher slippages in the MFI book (GNPA at 13.18% vs 7.05% in Q3FY25). The higher MFI slippages were due to the bank reporting misclassification of microfinance loans as standard assets of Rs 18.9bn, which were recognised as slippage during Q4FY25 and had an adverse PnL impact of Rs 19.7bn. Credit cost was at 2.7% vs 2.0% in Q3FY25, despite utilisation of contingency buffer to the tune of Rs 13.3bn. Management opined that MFI slippages are expected to remain elevated in FY26, given the elections in few states, but are likely to improve from 2HFY26.

Profitability impacted due to accounting irregularities: IIB reported a negative PPoP of Rs 4.9bn and net loss of Rs 23.3bn. This was largely due to several accounting lapses and discrepancies. As a result, NIMs contracted 168bps QoQ to 2.25% in Q4FY25, mainly on rectification of inflated interest income and interest reversals. Management stated that NIMs, ex-one-offs, would have been 3.47% with PPoP of Rs 30.6bn. Loan growth was marginal at 0.5% YoY, given the bank's conservative liquidity management in Q4FY25.

Downgrade to SELL; weak earnings visibility and management uncertainty: IIB witnessed senior management exits in Apr'25. We expect muted loan growth at 8.7% CAGR in FY25-27E with lower return metrics vs previous performance. Downgrade to SELL from HOLD with TP of Rs 694 (earlier Rs 870), valuing it at 0.7x.

Key changes

Target	Rating
▼	▼

Ticker/Price	IIB IN/Rs 770
Market cap	US\$ 7.0bn
Free float	84%
3M ADV	US\$ 146.6mn
52wk high/low	Rs 1,550/Rs 606
Promoter/FPI/DII	16%/30%/36%

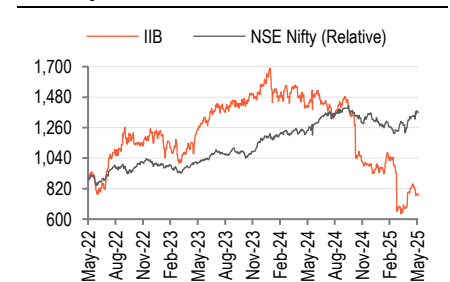
Source: NSE | Price as of 21 May 2025

Key financials

Y/E 31 Mar	FY25A	FY26E	FY27E
NII (Rs mn)	1,90,313	2,18,729	2,47,692
NII growth (%)	(7.7)	14.9	13.2
Adj. net profit (Rs mn)	25,754	69,813	78,231
EPS (Rs)	33.1	89.6	100.4
Consensus EPS (Rs)	66.9	96.7	118.1
P/E (x)	23.3	8.6	7.7
P/BV (x)	0.9	0.8	0.8
ROA (%)	0.5	1.2	1.3
ROE (%)	4.0	10.3	10.5

Source: Company, Bloomberg, BOBCAPS Research

Stock performance



Source: NSE



Fig 1 – Quarterly snapshot: Income statement

(Rs mn)	Q4FY24	Q1FY25	Q2FY25	Q3FY25	Q4FY25	YoY (%)	QoQ (%)
Income Statement							
Interest Income	1,02,088	1,03,520	1,04,061	1,04,932	83,398	(18.3)	(20.5)
Income on investments	16,531	18,023	18,570	20,057	19,980	20.9	(0.4)
Int. on bal. with RBI & inter-bank funds & Others	3,367	3,925	4,231	3,018	2,961	(12.1)	(1.9)
Interest income	1,21,985	1,25,468	1,26,863	1,28,008	1,06,338	(12.8)	(16.9)
Interest expense	68,221	71,391	73,390	75,727	75,855	11.2	0.2
Net interest income	53,765	54,076	53,473	52,281	30,483	(43.3)	(41.7)
Growth YoY (%)	15.1	11.1	5.3	(1.3)	(43.3)		
Non-interest income	25,081	24,416	21,850	23,550	7,088	(71.7)	(69.9)
Growth YoY (%)	16.5	10.5	(4.2)	(1.7)	(71.7)		
Total income	78,846	78,492	75,322	75,831	37,572	(52.3)	(50.5)
Growth YoY (%)	15.6	10.9	2.4	(1.4)	(52.3)		
Staff expenses	14,102	14,384	15,049	14,828	16,017	13.6	8.0
Other operating expenses	23,928	24,590	24,275	24,997	26,464	10.6	5.9
Operating expenses	38,030	38,974	39,324	39,825	42,480	11.7	6.7
Pre-Provisioning Profit (PPoP)	40,815	39,518	35,998	36,007	(4,909)	(112.0)	(113.6)
Growth YoY (%)	8.6	3.1	(7.9)	(10.9)	(112.0)		
Provisions	9,502	10,498	18,201	17,436	25,221	165.4	44.6
Growth YoY (%)	(7.7)	5.9	86.9	79.9	165.4		
PBT	31,313	29,020	17,797	18,570	(30,130)	(196.2)	(262.2)
Tax	7,822	7,312	4,485	4,547	(6,840)	(187.4)	(250.4)
PAT	23,491	21,707	13,313	14,024	(23,289)	(199.1)	(266.1)
Growth YoY (%)	15.0	2.2	(39.5)	(39.1)	(199.1)		
Per Share							
FV (Rs)	10	10	10	10	10	0.0	0.0
EPS (Rs)	30	28	17	18	(30)	(199.0)	(266.0)
Book Value (Rs)	726	752	732	747	712	(1.9)	(4.7)

Source: Company, BOBCAPS Research

Fig 2 – Quarterly snapshot: Balance sheet & other metrics

(Rs mn)	Q4FY24	Q1FY25	Q2FY25	Q3FY25	Q4FY25	YoY (%)	QoQ (%)
Deposits	38,45,857	39,85,130	41,23,968	40,94,380	41,08,623	6.8	0.3
Growth YoY (%)	14.4	14.8	14.7	11.0	6.8		
Advances	34,32,983	34,78,980	35,71,586	36,68,890	34,50,186	0.5	(6.0)
Growth YoY (%)	18.4	15.5	13.2	12.2	0.5		
Investment	10,64,865	10,10,240	11,13,147	11,88,510	11,44,567	7.5	(3.7)
Equity	6,39,859	6,63,570	6,64,806	6,78,850	6,56,147	2.5	(3.3)
Assets	51,50,940	53,01,650	54,34,065	54,94,990	55,41,071	7.6	0.8
Growth YoY (%)	12.5	13.5	13.7	12.4	7.6	(493bps)	(483bps)
Yield (%)							
Yield on Funds	10.30	10.15	9.98	9.93	8.21	(209bps)	(171bps)
Cost of Funds	6.49	6.53	6.53	6.61	6.57	8bps	(4bps)
Spread	3.81	3.62	3.46	3.32	1.64	(217bps)	(167bps)
Net Interest Margin (Cal)	4.54	4.38	4.21	4.05	2.35	(219bps)	(170bps)
Ratios (%)							
Other Income / Net Income	31.8	31.1	29.0	31.1	18.9	(1,294bps)	(1,219bps)
Cost to Income ratio	48.2	49.7	52.2	52.5	113.1	6,483bps	6,055bps
CASA ratio	37.9	36.7	35.9	34.9	32.8	(507bps)	(208bps)
C/D ratio	89.3	87.3	86.6	89.6	84.0	(529bps)	(563bps)
Investment to Assets	20.7	19.1	20.5	21.6	20.7	(2bps)	(97bps)
Assets Quality							
GNPA	66,934	71,268	76,385	83,753	1,10,460	65.0	31.9
NNPA	19,689	20,955	22,820	24,958	32,870	66.9	31.7
Provision	47,245	50,313	53,565	58,795	77,590	64.2	32.0
GNPA (%)	1.92	2.02	2.11	2.25	3.13	121bps	88bps
NNPA (%)	0.57	0.60	0.64	0.68	0.95	38bps	27bps
Provision (%)	70.58	70.60	70.12	70.20	70.24	(34bps)	4bps
Others (nos)							
Branches	6,604	6,692	6,786	6,836	6,877	273	41
ATMs	2,956	2,988	3,011	2,993	3,027	71	34

Source: Company, BOBCAPS Research

Earnings Call Highlights

Operating performance

- NII came in at Rs 30.5bn, down 43% YoY (-42% QoQ). This was primarily on account of the bank's strategy to conserve liquidity in Q4FY25, which resulted in muted advances growth.
- Operating expenses were contained that grew 12% YoY and 7% QoQ.
- Net losses were Rs 23.3bn in Q4FY25 vs net profit of Rs 14.0bn in Q3FY25. This was primarily because of several accounting irregularities and weak internal controls.

Asset quality

- IIB's gross slippages during Q4FY25 stood at Rs 50.1bn vs Rs 22.0bn in Q3FY25, mainly driven by higher delinquencies in the MFI book.
- GNPA/NNPA stood at 3.13%/0.95% up by 88bps/27bps QoQ, respectively. Provision coverage on loans is 70.2%.
- Restructured book declined to 12bps from 18bps in Q3 of loans, largely due to upgrades and recoveries.
- Stress in MFI, tractors & two-wheelers was seen in Q4.

Loan book

- Loans grew 0.5%YoY in Q4FY25 supported by vehicle loans up 8%YoY (growth moderated due to slowdown in tractors), but offset by corporate loans down 6%YoY.
- With degrowth in corporate book, the mix of retail to corporates increased to 58:42 vs 54:46 in Q3FY25.

Deposits

- Deposits grew 6.8% YoY and remained flat QoQ. As per LCR, retail deposits grew 9% YoY, contributing to 45.1% of the overall deposits vs 44.1% in Q4FY24.
- CASA declined to 32.8% down 208bps QoQ and 507bps YoY, on account of slower growth in current accounts.

Margins

- Reported NIM declined QoQ at 2.25% vs 3.93% in Q3, largely driven by a decline in yield on advances by 276bps. IIB's strategy to conserve liquidity in Q4FY25 led to parking the fund in lower-yielding assets resulting in lower yields coupled with interest reversals.

Microfinance

- MFI loan book outstanding was at Rs 309bn vs Rs 325.6bn in Q3, declining 21% YoY, on account of slowdown in disbursements. Management remains cautious in lending to this segment.
- Gross NPA% of MFI portfolio is 13.2% vs 7.05% in Q3.

- Management expects slippages to remain elevated in this segment in FY26.

Vehicle finance

- Vehicle finance grew 8% YoY and 2% QoQ to Rs 955.95bn vs Rs 935.86bn in Q3.
- Stress from vehicle finance is mainly due to two-wheelers and tractors with GNPA of 9.2% and 3.3% respectively.

Other points

- No SMA 1 or SMA 2 accounts in gems & jewellery portfolio; loan growth remains subdued due to weak industry demand.

Accounting irregularities and reclassifications

- IIB undertook an internal financial review and identified several accounting discrepancies that were rectified during Q4FY25. Key adjustments include:
 - Interest payments of Rs 999.7mn on certain borrowing instruments were not recognised in the earlier years.
 - Provision of Rs 1,332.5mn made for balances under 'Other Assets' deemed irrecoverable.
 - Prior period adjustments involving: Operating expenses: Rs 2,060.0mn & Income: Rs 1,267.5mn.
- The bank also reassessed P&L classifications for regulatory compliance, leading to the following reclassifications for FY25:
 - Rs 7,608.2mn moved from 'Interest Income' to 'Other Income'.
 - Rs 1,579.0mn moved from 'Provisions (Other than Tax) & Contingencies' to 'Other Operating Expenses'.

Fig 3 – Actuals vs Estimates

(Rs mn)	Q4FY25A	Q4FY25E	Actual vs. Estimates (%)
Loan	34,50,186	36,04,632	(4.3)
Deposits	41,08,623	39,61,232	3.7
Assets	55,41,071	55,00,840	0.7
NII	30,483	35,775	(14.8)
PPOP	(4,909)	13,149	(137.3)
Provision	25,221	12,547	101.0
PAT	(23,289)	451	(5268.6)

Source: Company, BOBCAPS Research

Fig 4 – Portfolio mix (Absolute)

(Rs mn)	Q4FY24	Q1FY25	Q2FY25	Q3FY25	Q4FY25	Chg (YoY %)	Chg (QoQ %)
Large Corporates	8,40,270	8,50,450	9,07,060	9,26,740	7,67,020	(8.7)	(17.2)
Mid Corporates	5,01,010	5,42,320	5,66,500	5,77,980	4,99,130	(0.4)	(13.6)
Small Corporates	1,79,250	1,79,960	1,87,620	1,97,640	1,68,480	(6.0)	(14.8)
Corporate and Commercial Banking	15,20,530	15,72,730	16,61,180	17,02,360	14,34,630	(5.6)	(15.7)
Commercial Vehicle Loans	3,32,390	3,38,340	3,41,830	3,48,190	3,56,790	7.3	2.5
Small CV	40,180	40,600	40,910	42,130	43,110	7.3	2.3
Two-Wheeler Loans	51,030	50,400	49,140	52,910	53,300	4.4	0.7
Car Loans	2,56,580	2,66,290	2,74,380	2,87,880	2,96,310	15.5	2.9
Tractor	89,550	85,720	81,560	79,770	76,910	(14.1)	(3.6)
Equipment Financing	1,14,220	1,16,830	1,18,370	1,24,980	1,29,530	13.4	3.6
Vehicle Finance	8,83,950	8,98,180	9,06,190	9,35,860	9,55,950	8.1	2.1
Credit Card	1,07,310	1,07,860	1,09,320	1,09,410	1,10,850	3.3	1.3
LAP	1,08,110	1,11,690	1,14,010	1,19,860	1,23,870	14.6	3.3
BBG	1,67,320	1,66,830	1,74,990	1,77,690	1,82,320	9.0	2.6
Other (BL, PL, GL, AHL, Others)	2,53,840	2,51,230	2,78,670	2,98,070	3,33,480	31.4	11.9
Microfinance (incl. BHAFIN)	3,91,920	3,70,460	3,27,230	3,25,640	3,09,090	(21.1)	(5.1)
Non- Vehicle Finance	10,28,500	10,08,070	10,04,220	10,30,670	10,59,610	3.0	2.8
Consumer Finance	19,12,450	19,06,250	19,10,410	19,66,530	20,15,560	5.4	2.5
Total	34,32,980	34,78,980	35,71,590	36,68,890	34,50,190	0.5	(6.0)

Source: Company, BOBCAPS Research

Fig 5 – Portfolio mix (% share)

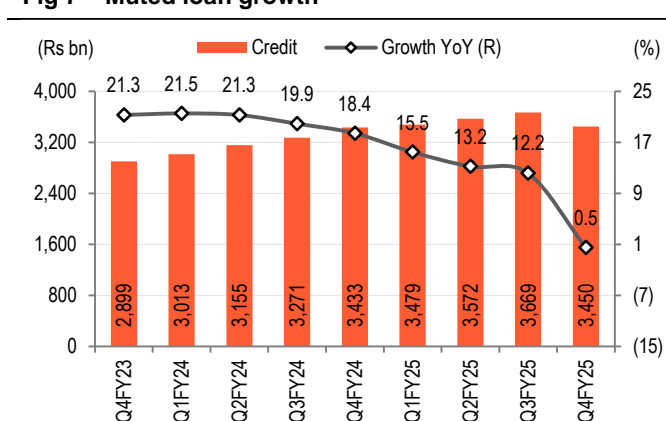
Segment (%)	Q4FY24	Q1FY25	Q2FY25	Q3FY25	Q4FY25	Chg (YoY %)	Chg (QoQ %)
Large Corporates	24.5	24.4	25.4	25.3	22.2	(225bps)	(303bps)
Mid Corporates	14.6	15.6	15.9	15.8	14.5	(13bps)	(129bps)
Small Corporates	5.2	5.2	5.3	5.4	4.9	(34bps)	(50bps)
Corporate and Commercial Banking	44.3	45.2	46.5	46.4	41.6	(271bps)	(482bps)
Commercial Vehicle Loans	9.7	9.7	9.6	9.5	10.3	66bps	85bps
Utility Vehicle Loans	0.0	0.0	0.0	0.0	0.0	0bps	0bps
Small CV	1.2	1.2	1.1	1.1	1.2	8bps	10bps
Two-Wheeler Loans	1.5	1.4	1.4	1.4	1.5	6bps	10bps
Car Loans	7.5	7.7	7.7	7.8	8.6	111bps	74bps
Tractor	2.6	2.5	2.3	2.2	2.2	(38bps)	5bps
Equipment Financing	3.3	3.4	3.3	3.4	3.8	43bps	35bps
Vehicle Finance	25.7	25.8	25.4	25.5	27.7	196bps	220bps
Credit Card	3.1	3.1	3.1	3.0	3.2	9bps	23bps
LAP	3.1	3.2	3.2	3.3	3.6	44bps	32bps
BBG	4.9	4.8	4.9	4.8	5.3	41bps	44bps
Other (BL, PL, GL, AHL, Others)	7.4	7.2	7.8	8.1	9.7	227bps	154bps
Microfinance (incl. BHAFIN)	11.4	10.6	9.2	8.9	9.0	(246bps)	8bps
Non-Vehicle Finance	30.0	29.0	28.1	28.1	30.7	75bps	262bps
Consumer Finance	55.7	54.8	53.5	53.6	58.4	271bps	482bps
Total Loan	100.0	100.0	100.0	100.0	100.0		

Source: Company, BOBCAPS Research

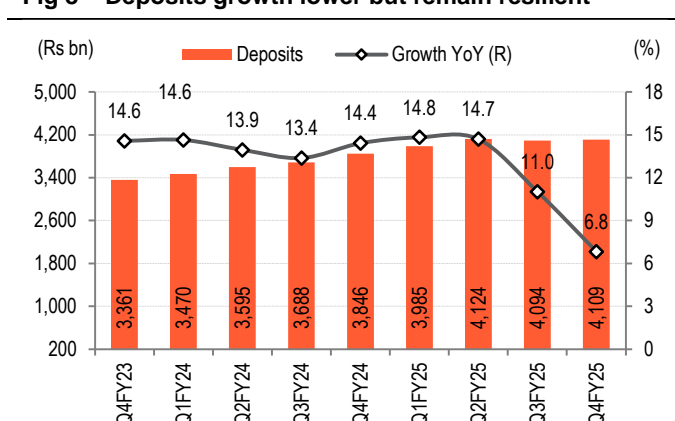
Fig 6 – Yield profile

(Rs mn)	Q4FY24	Q1FY25	Q2FY25	Q3FY25	Q4FY25	Chg (YoY %)	Chg (QoQ %)
Corporate and Commercial Banking	15,20,530	15,72,730	16,61,180	17,02,360	14,34,630	(5.6)	(15.7)
% of Loan	44.3	45.2	46.5	46.4	41.6	(271bps)	(482bps)
Yield (%)	9.0	9.0	8.9	8.8	8.1	(94bps)	(73bps)
Consumer Finance	19,12,450	19,06,250	19,10,410	19,66,530	20,15,560	5.4	2.5
% of Loan	55.7	54.8	53.5	53.6	58.4	271bps	482bps
Yield (%)	15.5	15.4	15.1	14.9	10.5	(493bps)	(437bps)
Total Loan	34,32,980	34,78,980	35,71,590	36,68,890	34,50,190	0.5	(6.0)
Yield (%)	12.7	12.6	12.3	12.2	9.5	(321bps)	(276bps)

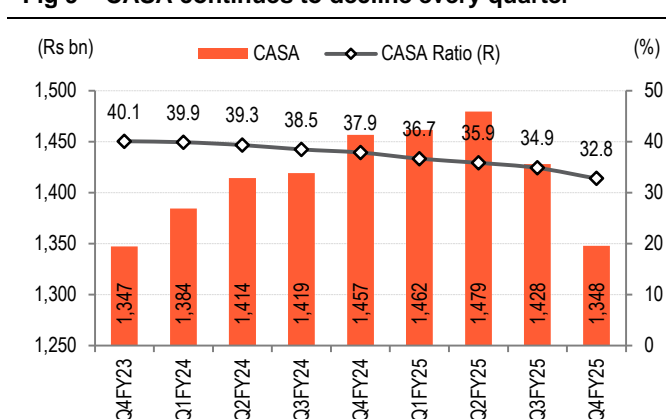
Source: Company, BOBCAPS Research

Fig 7 – Muted loan growth


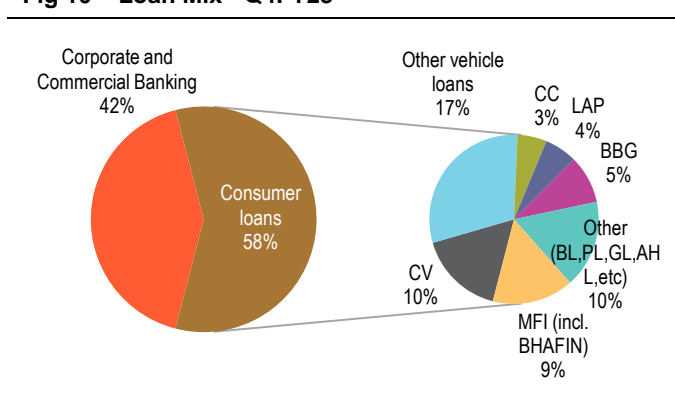
Source: Company, BOBCAPS Research

Fig 8 – Deposits growth lower but remain resilient


Source: Company, BOBCAPS Research

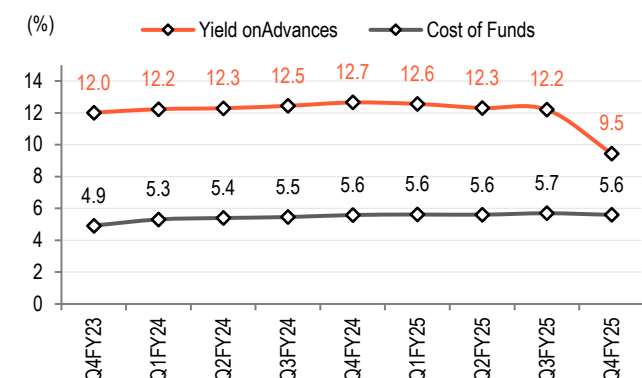
Fig 9 – CASA continues to decline every quarter


Source: Company, BOBCAPS Research

Fig 10 – Loan Mix - Q4FY25


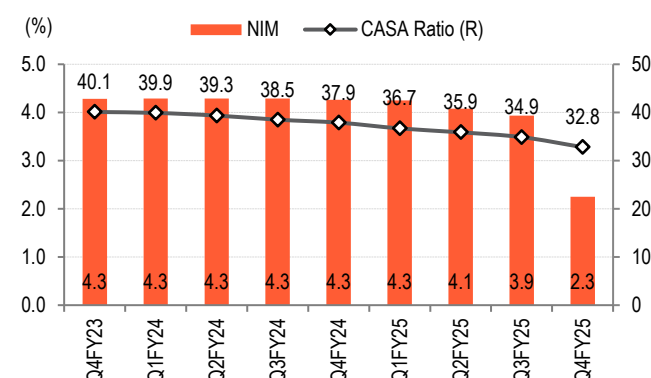
Source: Company, BOBCAPS Research

Fig 11 – Declining yields & stable CoF



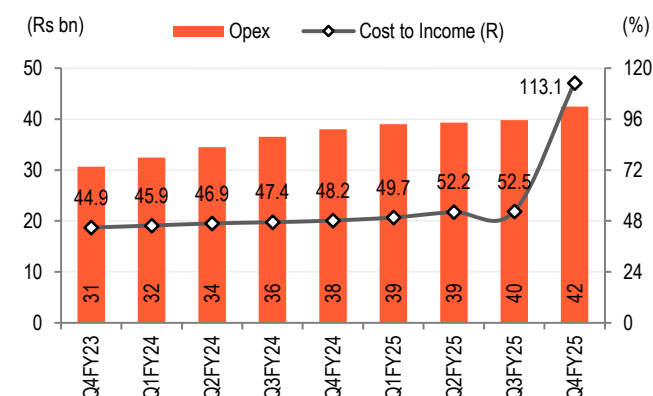
Source: Company, BOBCAPS Research

Fig 12 – Reported NIM slipped to 2.25%



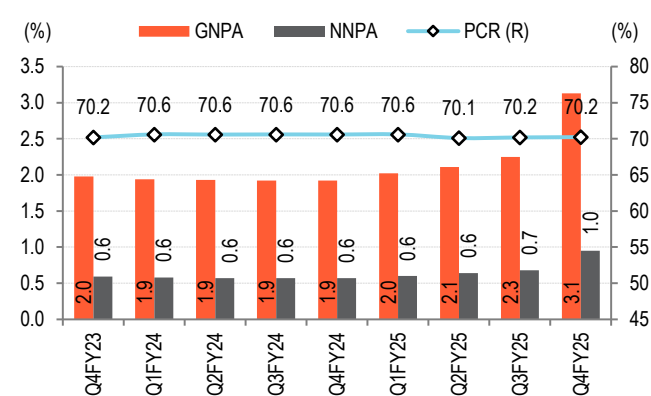
Source: Company, BOBCAPS Research

Fig 13 – C/I to increased due to accounting one-offs



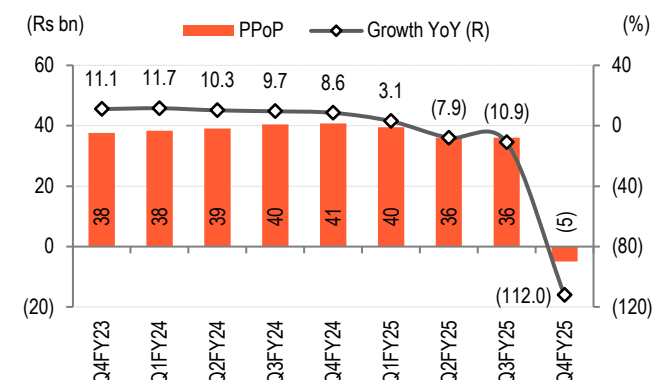
Source: Company, BOBCAPS Research

Fig 14 – Asset quality deteriorated



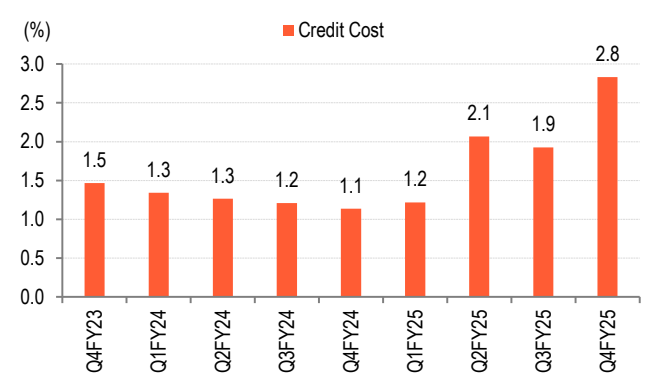
Source: Company, BOBCAPS Research

Fig 15 – Lower top line led to decline in PPOP



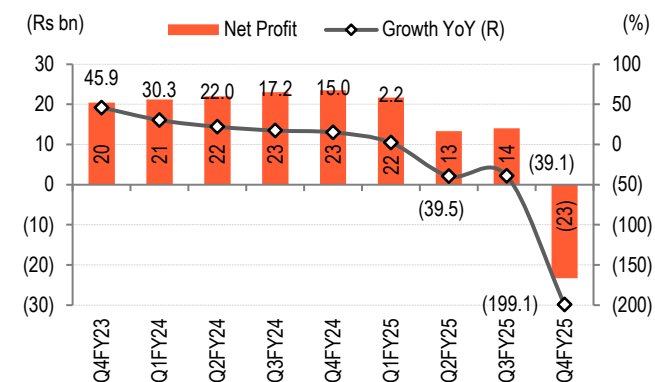
Source: Company, BOBCAPS Research

Fig 16 – Credit cost remains elevated



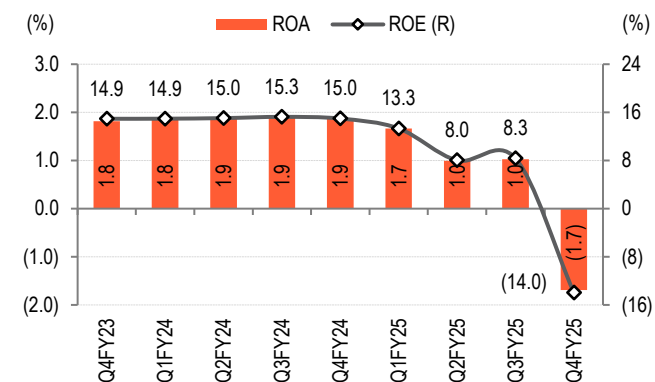
Source: Company, BOBCAPS Research

Fig 17 – Net loss due to several accounting discrepancy



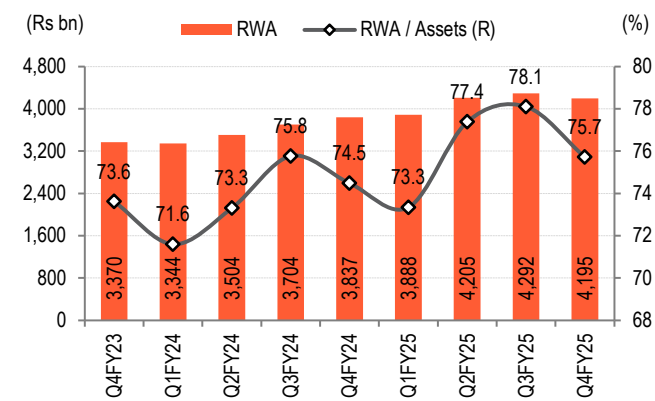
Source: Company, BOBCAPS Research

Fig 18 – Return ratios to improve gradually



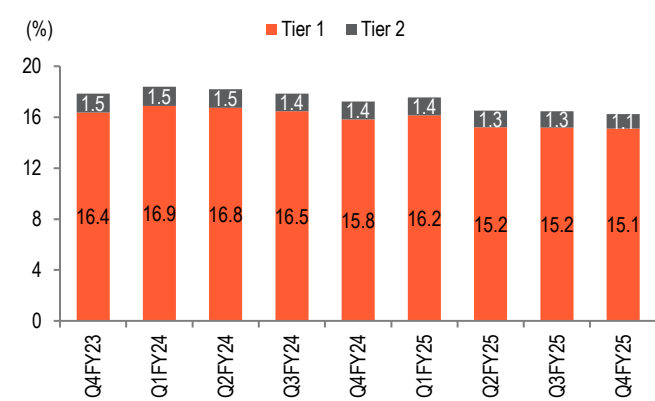
Source: Company, BOBCAPS Research

Fig 19 – RWA/Assets ratio decreased on account of lower market risk



Source: Company, BOBCAPS Research

Fig 20 – Still well capitalised with CAR at 16.2%



Source: Company, BOBCAPS Research

Valuation Methodology

We expect loan growth to stay below the industry average at 8.7% CAGR in FY25-27E with lower return metrics vs previous performance. With RBI's approval, IIB is presently managed by a committee of executives till a permanent CEO is appointed, resulting in management uncertainty. Management stated that RBI asked the bank to submit proposals for the approval of the new CEO's appointment by June 2025. IIB's weak internal controls & systems and accounting lapses dent investors' confidence in financial statements. We downgrade the stock to SELL from HOLD with revised TP of Rs 694 (earlier Rs 870), valuing it at 0.7x FY27E ABV.

Fig 21 – Key valuation assumptions

Components of Gordon growth model	Assumptions (%)
Cost of equity (%)	14.0
Blended ROE (%)	11.9
Initial high growth period (yrs)	10.0
Payout ratio of high-growth phase (%)	20.0
Long-term growth (%)	6
Long-term dividend payout ratio (%)	50
Justified P/BV (x)	0.7

Source: BOBCAPS Research

Fig 22 – Key operational assumptions

(%)	FY24A	FY25	FY26E	FY27E
Advances growth	18.4	0.5	8.0	9.5
NII growth	17.2	(7.7)	14.9	13.2
PPoP growth	10.0	(32.8)	38.5	10.9
PAT growth	20.6	(71.3)	171.1	12.1
NIM	4.1	3.6	3.8	4.0
GNPA	1.9	3.1	2.9	2.4
CAR	17.2	16.2	15.9	15.4

Source: Company, BOBCAPS Research

Key risks

Key upside risks to our estimates are:

- higher business growth than expected resulting in improved return metrics
- faster improvement in asset quality cycle than expected

Glossary

Glossary of Abbreviations			
AUCA	Advance Under Collection Account	LCR	Liquidity Coverage Ratio
ARC	Asset Reconstruction Company	MCLR	Marginal Cost of Funds-based Lending Rate
BRDS	Bills Rediscounting Scheme	MFI	Micro Finance Institutions
CASA	Current Account and Savings Account	MHCV	Medium and Heavy Commercial Vehicle
CAR	Capital Adequacy Ratio	MTM	Mark to Market
CCB	Corporate & Commercial Banking	NII	Net Interest Income
CET1	Common Equity Tier 1	NIM	Net Interest Margin
CD	Credit-Deposit Ratio	NNPA	Net Non-Performing Assets
CFD	Consumer Finance Division	PCR	Provision Coverage Ratio
C/I	Cost-Income Ratio	PPOP	Pre-Provision Operating Profit
CoF	Cost of Funds	PSU	Public Sector Unit
CRB	Commercial and Rural Banking	RWA	Risk-weighted Assets
DPD	Days Past Due	SLR	Statutory Liquidity Ratio
EBLR	External Benchmark-based Lending Rate	SMA	Special Mention Account
ECL	Expected Credit Loss	SME	Small and Medium-sized Enterprises
GNPA	Gross Non-Performing Assets	SR	Security Receipts
IBPC	Interbank Participation Certificate		

Financials

Income Statement

Y/E 31 Mar (Rs mn)	FY23A	FY24A	FY25A	FY26E	FY27E
Net interest income	1,75,921	2,06,159	1,90,313	2,18,729	2,47,692
NII growth (%)	17.3	17.2	(7.7)	14.9	13.2
Non-interest income	81,728	93,958	76,904	1,03,547	1,09,206
Total income	2,57,649	3,00,117	2,67,218	3,22,275	3,56,898
Operating expenses	1,13,459	1,41,476	1,60,604	1,74,618	1,93,201
PPOP	1,44,190	1,58,641	1,06,614	1,47,657	1,63,697
PPOP growth (%)	10.6	10.0	(32.8)	38.5	10.9
Provisions	44,868	38,849	71,357	53,823	58,548
PBT	99,322	1,19,792	35,258	93,834	1,05,149
Tax	24,891	30,022	9,503	24,022	26,918
Reported net profit	74,431	89,770	25,754	69,813	78,231
Adjustments	0	0	0	0	0
Adjusted net profit	74,431	89,770	25,754	69,813	78,231

Balance Sheet

Y/E 31 Mar (Rs mn)	FY23A	FY24A	FY25A	FY26E	FY27E
Equity capital	7,759	7,783	7,790	7,790	7,790
Reserves & surplus	5,42,287	6,24,292	6,40,566	7,03,398	7,73,805
Net worth	5,50,046	6,32,076	6,48,356	7,11,188	7,81,595
Deposits	33,61,202	38,45,857	41,08,623	44,57,856	49,03,641
Borrowings	4,90,112	4,76,114	5,37,036	4,94,073	5,01,484
Other liab. & provisions	1,77,006	1,96,893	2,47,057	2,37,432	1,83,102
Total liab. & equities	45,78,366	51,50,940	55,41,071	59,00,548	63,69,822
Cash & bank balance	5,67,768	3,69,074	5,93,755	5,48,255	6,17,859
Investments	8,30,757	10,64,865	11,44,567	12,47,686	12,68,739
Advances	28,99,237	34,32,983	34,50,186	37,26,201	40,80,190
Fixed & Other assets	2,80,605	2,84,018	3,52,563	3,78,406	4,03,034
Total assets	45,78,366	51,50,940	55,41,071	59,00,548	63,69,822
Deposit growth (%)	14.6	14.4	6.8	8.5	10.0
Advances growth (%)	21.3	18.4	0.5	8.0	9.5

Per Share

Y/E 31 Mar (Rs)	FY23A	FY24A	FY25A	FY26E	FY27E
EPS	96.0	115.5	33.1	89.6	100.4
Dividend per share	14.0	0.0	0.0	9.0	10.0
Book value per share	708.9	812.1	832.3	912.9	1,003.3

Valuations Ratios

Y/E 31 Mar (x)	FY23A	FY24A	FY25A	FY26E	FY27E
P/E	8.0	6.7	23.3	8.6	7.7
P/BV	1.1	0.9	0.9	0.8	0.8
Dividend yield (%)	1.8	0.0	0.0	1.2	1.3

DuPont Analysis

Y/E 31 Mar (%)	FY23A	FY24A	FY25A	FY26E	FY27E
Net interest income	4.1	4.2	3.6	3.8	4.0
Non-interest income	1.9	1.9	1.4	1.8	1.8
Operating expenses	2.6	2.9	3.0	3.1	3.1
Pre-provisioning profit	3.4	3.3	2.0	2.6	2.7
Provisions	1.0	0.8	1.3	0.9	1.0
PBT	2.3	2.5	0.7	1.6	1.7
Tax	0.6	0.6	0.2	0.4	0.4
ROA	1.7	1.8	0.5	1.2	1.3
Leverage (x)	8.3	8.2	8.4	8.4	8.2
ROE	14.4	15.2	4.0	10.3	10.5

Ratio Analysis

Y/E 31 Mar	FY23A	FY24A	FY25A	FY26E	FY27E
YoY growth (%)					
Net interest income	17.3	17.2	(7.7)	14.9	13.2
Pre-provisioning profit	10.6	10.0	(32.8)	38.5	10.9
EPS	56.7	20.3	(71.4)	171.0	12.1
Profitability & Return ratios (%)					
Net interest margin	4.4	4.5	3.8	4.1	4.3
Fees / Avg. assets	0.3	0.3	0.4	0.4	0.4
Cost-Income	44.0	47.1	60.1	54.2	54.1
ROE	14.4	15.2	4.0	10.3	10.5
ROA	1.7	1.8	0.5	1.2	1.3
Asset quality (%)					
GNPA	2.0	1.9	3.1	2.9	2.4
NNPA	0.6	0.6	1.0	0.8	0.7
Slippage ratio	2.9	2.1	3.1	2.2	1.7
Credit cost	1.7	1.2	2.1	1.5	1.5
Provision coverage	70.0	70.0	69.3	71.2	71.3
Ratios (%)					
Credit-Deposit	86.3	89.3	84.0	83.6	83.2
Investment-Deposit	24.7	27.7	27.9	28.0	25.9
CAR	17.9	17.2	16.2	15.9	15.4
Tier-1	16.4	15.8	15.1	14.9	14.5

Source: Company, BOBCAPS Research

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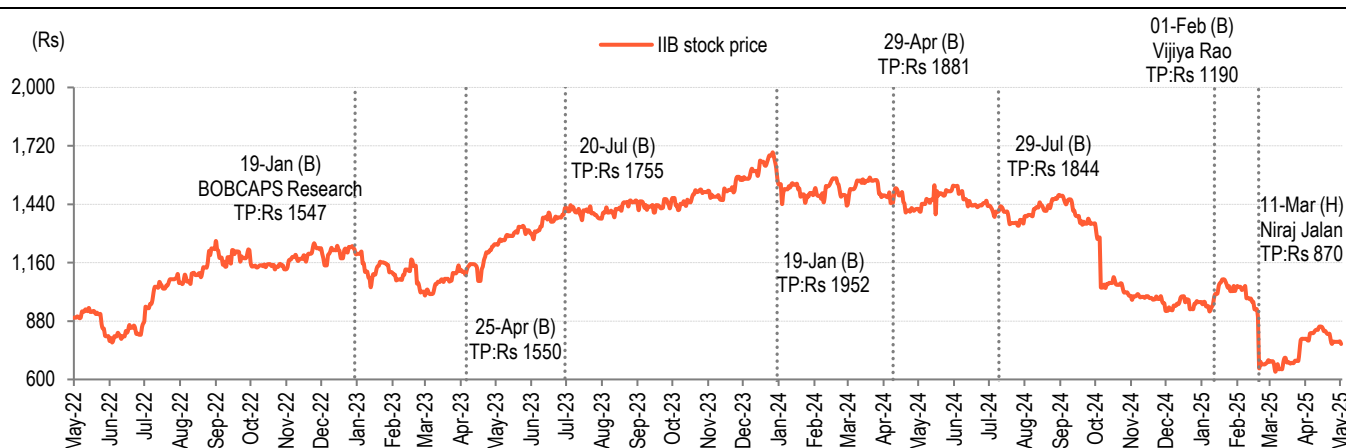
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Note: Recommendation structure changed with effect from 21 June 2021

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