

BUY IndusInd Bank

ASIAMONEY BROKERS POLL - 2023

Emkay Research

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Healthy growth, steady margins; retain BUY

BFSI - Banks ▶ Result Update ▶ July 18, 2023

TARGET PRICE (Rs): 1,800

IndusInd Bank (IIB) reported largely in-line PAT at Rs21.2bn (up 30% YoY)/RoA at 1.8%, led by healthy credit growth/NII and lower LLP, as the bank continued to utilize the contingent buffer of up to Rs2bn during 1Q; the buffer now stands at Rs17bn/0.6% of loans. Amid decelerating margins across banks (ex-HDFCB), IIB retained NIM at ~4.3% in 1Q. Going ahead, Bank targets accelerating its retailization strategy, which should keep margins/core-profitability healthy. Asset quality too is on the mend which, coupled with healthy PCR/contingent buffer, should lead to moderation in LLP and thus drive-up RoA/RoE to 1.8-1.9%/16-18% over FY24-26E.

We believe that concerns around the MD's shorter-tenure are largely behind, while stock performance will hereon track the improving growth (>20%), asset quality and RoA/RoE trajectory. Despite the recent run-up in the stock, IIB is trading at reasonable valuations — 1.6x its FY25E ABV. We value the stock at 2x Jun-25E ABV and revise the TP to Rs1,800/share (vs Rs1,600). We retain BUY on the stock.

IndusInd Bank: Financial Snapshot (Standalone)

| Y/E Mar (Rs mn) | FY22 | FY23 | FY24E | FY25E | FY26E |
|----------------------|--------|--------|--------|---------|---------|
| Net profit | 46,111 | 74,431 | 90,887 | 111,270 | 140,150 |
| Loan growth (%) | 12.4 | 21.3 | 20.2 | 23.2 | 23.0 |
| NII growth (%) | 10.9 | 17.3 | 17.2 | 16.4 | 22.7 |
| NIM (%) | 4.2 | 4.4 | 4.4 | 4.3 | 4.3 |
| PPOP growth (%) | 9.5 | 12.3 | 14.6 | 17.5 | 26.1 |
| Adj. EPS (Rs) | 59.5 | 95.9 | 117.1 | 143.4 | 180.6 |
| Adj. EPS growth (%) | 62.3 | 61.2 | 22.1 | 22.4 | 26.0 |
| Adj. BV (INR) | 584.8 | 647.4 | 739.2 | 852.0 | 995.4 |
| Adj. BVPS growth (%) | 8.6 | 10.7 | 14.2 | 15.3 | 16.8 |
| RoA (%) | 1.2 | 1.7 | 1.8 | 1.9 | 1.9 |
| RoE (%) | 10.2 | 14.6 | 15.6 | 16.7 | 18.1 |
| P/E (x) | 23.4 | 14.5 | 11.9 | 9.7 | 7.7 |
| P/ABV (x) | 2.4 | 2.1 | 1.9 | 1.6 | 1.4 |

Source: Company, Emkay Research

Healthy growth, steady margins; focus on retailisation of assets/liability to continue

Overall credit growth was strong at 22% YoY/4% QoQ, mainly due to broad-based growth in the retail, SME/BB and corporate segments. Within Retail, the vehicle financing portfolio logged healthy growth, while the MFI book declined due to seasonal factors. Despite the 30bps QoQ rise in CoF, the bank managed to report steady margin at ~4.3% vs the dipping trend seen in other banks (ex-HDFCB). Management retains its broad growth guidance range of 18-23% for FY24 and plans focusing on retailization of assets/liability, which should help sustain healthy margin/core-profitability. Within Retail, the bank would look at expanding the share of the secured portfolio via mortgages including affordable housing.

Asset quality holds up well, after a slip up in 4Q

Fresh slippages moderated from 4Q to Rs13.8bn/2.2% of loans which, coupled with a higher w-off, led to a slight decline in the GNPA ratio to 1.9%. The restructured pool has moderated to 0.7% from 0.8% in 4Q, while the bank estimates the RSA pool to wind up in 1HFY24. IIB has further utilized the contingency provision of Rs2bn (Rs2.9bn in 4Q), with the outstanding now at Rs17bn/0.6% of loans, including provisions on the Vodafone FB exposure. With asset quality on the mend and Bank carrying healthy specific PCR/contingent buffer, we expect LLP to moderate to 1.4% in FY24E and so support RoA.

We retain BUY

We believe concerns around the MD's shorter-tenure are largely behind, while the stock performance will hereon track the improving growth (>20%), asset quality and RoA/RoE trajectory (1.8-1.9%/16-18% over FY24-26E). Despite the recent run-up in the stock, IIB is trading at reasonable valuations of 1.6x its FY25E ABV. We value the stock at 2x Jun-25E ABV and revise the TP to Rs1,800/share (vs Rs1,600). The bank is well capitalized, but promoters are keen to infuse capital and increase stake from the current 15% to 26%, at an opportune time; this should be BV-accretive. **Key Risk:** Slower than expected credit growth/asset quality deterioration, on weak macros.

| | |
|-------------------------|-------------|
| Target Price – 12M | Jun-24 |
| Change in TP (%) | 12.5 |
| Current Reco. | BUY |
| Previous Reco. | BUY |
| Upside/(Downside) (%) | 29.5 |
| CMP (18-Jul-23) (Rs) | 1,390.3 |

| Stock Data | Ticker |
|-----------------------------|-----------|
| 52-week High (Rs) | 1,414 |
| 52-week Low (Rs) | 816 |
| Shares outstanding (mn) | 776.0 |
| Market-cap (Rs bn) | 1,079 |
| Market-cap (USD mn) | 13,152 |
| Net-debt, FY24E (Rs mn) | NA |
| ADTV-3M (mn shares) | 4 |
| ADTV-3M (Rs mn) | 4,456.5 |
| ADTV-3M (USD mn) | 54.3 |
| Free float (%) | 84.0 |
| Nifty-50 | 19,749 |
| INR/USD | 82.0 |
| Shareholding, Jun-23 | |
| Promoters (%) | 14.0 |
| FPIs/MFs (%) | 35.9/22.7 |

Price Performance

| (%) | 1M | 3M | 12M |
|---------------|-----|------|------|
| Absolute | 5.8 | 21.2 | 63.4 |
| Rel. to Nifty | 0.9 | 8.4 | 34.6 |

1-Year share price trend (Rs)**Anand Dama**

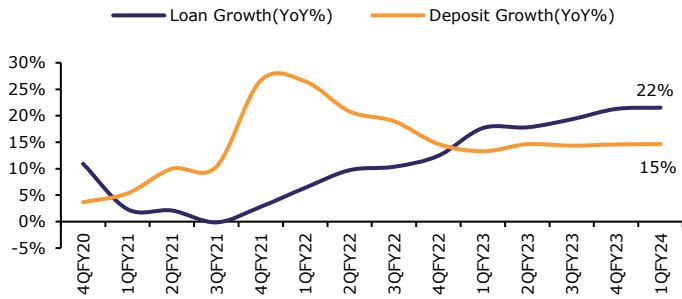
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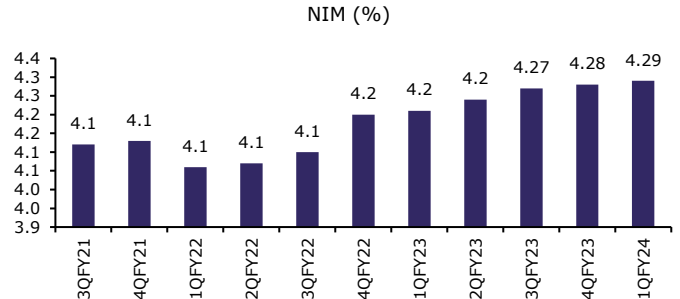
Story in Charts

Exhibit 1: Credit growth improved to 21%; Bank guides for credit growth of 18-23% in FY24



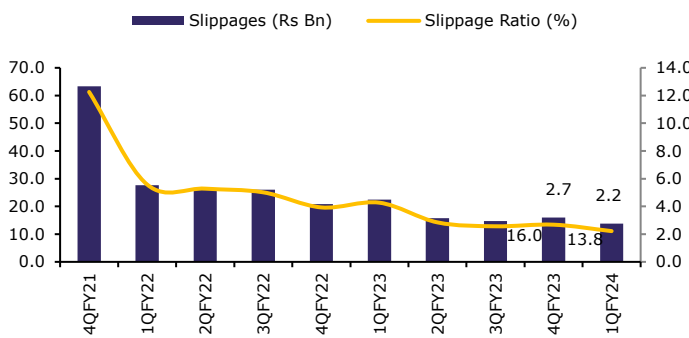
Source: Company, Emkay Research

Exhibit 2: Margins remain flattish in 1Q, supported by repricing on the asset front as well as active management of liability



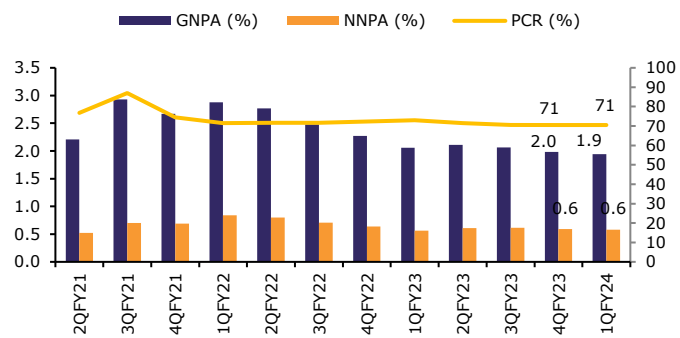
Source: Company, Emkay Research

Exhibit 3: Gross slippages moderated due to reduction in slippages from the MFI portfolio, while VF saw some increase...



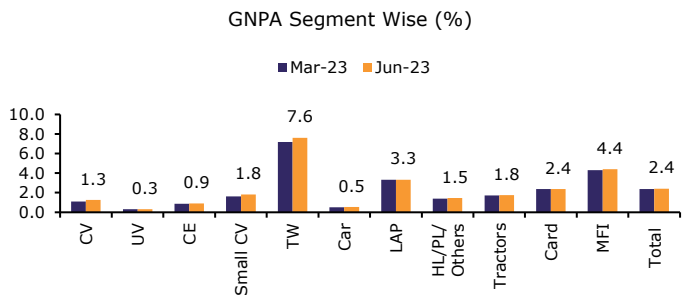
Source: Company, Emkay Research

Exhibit 4: ...but better recoveries/growth led to moderation in GNPA ratio



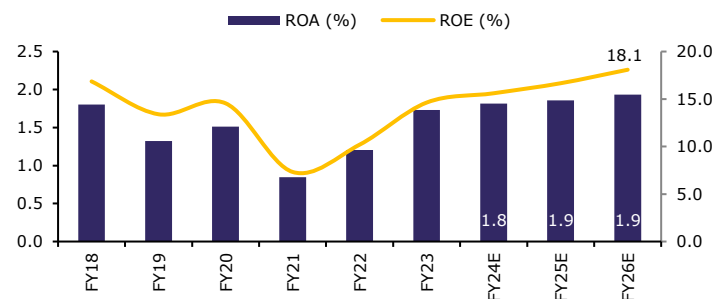
Source: Company, Emkay Research

Exhibit 5: Stress increase among the VF and LAP portfolios, while cards and MFI remain moderate



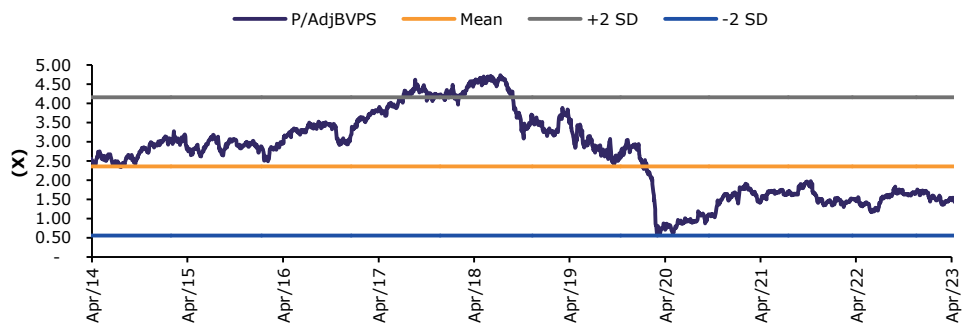
Source: Company, Emkay Research

Exhibit 6: Accelerating growth and lower LLP to drive up return ratios



Source: Company, Emkay Research

Exhibit 7: The stock currently trades at 1.7x – One-year forward ABV



Source: Bloomberg, Emkay Research

Exhibit 8: Actual vs. Estimates (Q1FY23)

| (Rs mn) | Actuals | Estimates | | Variation | | Comments |
|------------|---------|-----------|-----------|-----------|-----------|---|
| | | Emkay | Consensus | Emkay | Consensus | |
| Net income | 70,769 | 70,603 | 67,782 | 0% | 4% | Flattish margins and in-line other income led in-line numbers |
| PPOP | 38,315 | 38,163 | 38,862 | 0% | -1% | Largely in-line opex led to an in-line PPOP |
| PAT | 21,244 | 21,076 | 20,804 | 1% | 2% | In-line provisions led to largely in-line PAT |

Source: Company, Emkay Research

Exhibit 9: Quarterly Summary

| (Rs mn) | 1QFY23 | 2QFY23 | 3QFY23 | 4QFY23 | 1QFY24 | YoY (%) | QoQ (%) | FY23A | FY24E | YoY (%) |
|---------------------------|--------|--------|--------|---------|---------|---------|---------|---------|---------|---------|
| Interest Earned | 81,818 | 87,080 | 94,574 | 100,207 | 107,297 | 31 | 7 | 363,679 | 455,383 | 25 |
| Interest Exp | 40,565 | 44,060 | 49,621 | 53,513 | 58,625 | 45 | 10 | 187,758 | 249,251 | 33 |
| Net Interest Income | 41,253 | 43,021 | 44,954 | 46,695 | 48,671 | 18 | 4 | 175,921 | 206,132 | 17 |
| Global NIMs (reported) | 4.21 | 4.24 | 4.27 | 4.28 | 4.29 | 8bps | 1bps | 4.37 | 4.41 | 3bps |
| Non-interest Income | 19,315 | 20,112 | 20,765 | 21,536 | 22,098 | 14 | 3 | 81,728 | 95,078 | 16 |
| Operating Expenses | 26,261 | 27,689 | 28,854 | 30,656 | 32,455 | 24 | 6 | 113,459 | 135,959 | 20 |
| Pre Provisioning Profit | 34,307 | 35,444 | 36,864 | 37,575 | 38,315 | 12 | 2 | 144,190 | 165,251 | 15 |
| Provision & Contingencies | 12,510 | 11,411 | 10,647 | 10,301 | 9,916 | -21 | -4 | 44,868 | 43,745 | -3 |
| PBT | 21,797 | 24,033 | 26,217 | 27,275 | 28,399 | 30 | 4 | 99,321 | 121,506 | 22 |
| Income Tax Expense | 5,487 | 5,981 | 6,582 | 6,841 | 7,155 | 30 | 5 | 24,891 | 30,620 | 23 |
| Net Profit/(Loss) | 16,310 | 18,052 | 19,635 | 20,434 | 21,244 | 30 | 4 | 74,431 | 90,887 | 22 |
| Gross NPA (%) | 2.35 | 2.11 | 2.06 | 1.98 | 1.94 | -41bps | -4bps | 1.98 | 1.81 | -17bps |
| Net NPA (%) | 0.67 | 0.61 | 0.62 | 0.59 | 0.58 | -9bps | -1bps | 0.59 | 0.55 | -4bps |
| Deposits (Rs in bn) | 3,027 | 3,155 | 3,253 | 3,361 | 3,470 | 15 | 3 | 3,361 | 4,001 | 19 |
| Net Advances (Rs in bn) | 2,480 | 2,601 | 2,728 | 2,899 | 3,013 | 22 | 4 | 2,899 | 3,484 | 20 |

Source: Company, Emkay Research

Exhibit 10: Revision in estimates

| Y/E Mar (Rs mn) | FY24E | | | FY25E | | | FY26E | | |
|-----------------|---------|---------|--------|---------|---------|--------|---------|---------|--------|
| | Earlier | Revised | Change | Earlier | Revised | Change | Earlier | Revised | Change |
| Net income | 299,290 | 301,209 | 0.6% | 352,671 | 353,964 | 0.4% | 430,428 | 432,768 | 0.5% |
| PPOP | 164,985 | 165,251 | 0.2% | 194,840 | 194,152 | -0.4% | 244,801 | 244,764 | 0.0% |
| PAT | 89,192 | 90,887 | 1.9% | 111,784 | 111,270 | -0.5% | 139,804 | 140,150 | 0.2% |
| EPS (Rs) | 115.0 | 117.1 | 1.9% | 144.1 | 143.4 | -0.5% | 180.2 | 180.6 | 0.2% |
| BV (Rs) | 754.7 | 756.7 | 0.3% | 869.7 | 871.1 | 0.2% | 1016.5 | 1018.3 | 0.2% |

Source: Company, Emkay Research

Exhibit 11: Key assumptions

| | FY23A | FY24E | FY25E | FY26E |
|--------------------|-------|-------|-------|-------|
| Loan Growth (%) | 21.3 | 20.2 | 23.2 | 23.0 |
| Deposit Growth (%) | 14.5 | 19.0 | 23.1 | 22.5 |
| NIM (%) | 4.4 | 4.4 | 4.3 | 4.3 |
| GNPA (%) | 2.0 | 1.8 | 1.6 | 1.6 |
| Credit Cost (%) | 1.8 | 1.4 | 1.2 | 1.2 |

Source: Emkay Research

Exhibit 12: Key ratios and trends

| | 1QFY22 | 2QFY22 | 3QFY22 | 4QFY22 | 1QFY23 | 2QFY23 | 3QFY23 | 4QFY23 | 1QFY24 |
|------------------------------|--------|--------|--------|--------|--------|--------|--------|--------|--------|
| Loans (Rs bn) | 2,107 | 2,208 | 2,286 | 2,391 | 2,480 | 2,601 | 2,728 | 2,899 | 3,013 |
| growth YoY (%) | 6.4 | 9.7 | 10.4 | 12.4 | 17.7 | 17.8 | 19.3 | 21.3 | 21.5 |
| growth QoQ (%) | (0.9) | 4.8 | 3.5 | 4.6 | 3.7 | 4.9 | 4.9 | 6.3 | 3.9 |
| Composition (%) | | | | | | | | | |
| - Large Corporate | 21.2 | 22.8 | 23.5 | 25.2 | 25.1 | 26.4 | 26.1 | 25.6 | 25.6 |
| - SME/Business Banking | 28.0 | 27.0 | 27.6 | 25.6 | 25.9 | 25.2 | 25.2 | 25.4 | 25.6 |
| - Retail | 50.8 | 50.1 | 48.9 | 49.2 | 48.9 | 48.4 | 48.7 | 49.0 | 48.8 |
| Liability Profile | | | | | | | | | |
| Deposits (Rs bn) | 2,672 | 2,753 | 2,845 | 2,933 | 3,027 | 3,155 | 3,253 | 3,361 | 3,470 |
| growth YoY (%) | 26.5 | 20.8 | 19.0 | 14.6 | 13.3 | 14.6 | 14.3 | 14.6 | 14.6 |
| growth QoQ (%) | 4.4 | 3.0 | 3.3 | 3.1 | 3.2 | 4.2 | 3.1 | 3.3 | 3.3 |
| CASA (%) | 42.0 | 42.1 | 42.1 | 42.7 | 43.1 | 42.3 | 41.9 | 40.1 | 39.9 |
| CA (%) | 12.1 | 11.8 | 11.7 | 12.4 | 11.6 | 14.0 | 15.4 | 15.1 | 14.2 |
| SA (%) | 29.9 | 30.3 | 30.4 | 30.3 | 31.5 | 28.3 | 26.6 | 25.0 | 25.7 |
| No. of Branches | 2,015 | 2,015 | 2,103 | 2,265 | 2,286 | 2,320 | 2,384 | 2,606 | 2,606 |
| Yield on Advances (%) | 11.75 | 11.66 | 11.36 | 11.29 | 11.39 | 11.51 | 11.75 | 12.02 | 12.24 |
| Cost of Deposits (%) | 4.97 | 4.85 | 4.66 | 4.60 | 4.79 | 5.10 | 5.47 | 5.81 | 6.12 |
| NIM (%) | 4.06 | 4.07 | 4.10 | 4.20 | 4.21 | 4.24 | 4.27 | 4.28 | 4.29 |
| Asset Quality | | | | | | | | | |
| GNPA (%) | 2.9 | 2.8 | 2.5 | 2.3 | 2.4 | 2.1 | 2.1 | 2.0 | 2.0 |
| NNPA (%) | 0.8 | 0.8 | 0.7 | 0.6 | 0.7 | 0.6 | 0.6 | 0.6 | 0.6 |
| PCR (%) | 71.6 | 71.6 | 71.7 | 72.3 | 72.0 | 71.5 | 70.6 | 70.6 | 70.6 |
| Slippages (Rs mn) | 27,620 | 26,580 | 25,980 | 20,880 | 22,500 | 15,720 | 14,670 | 16,030 | 13,760 |
| Corporate (Rs mn) | 4,210 | 2,520 | 560 | 3,460 | 6,020 | 1,790 | 1,190 | 2,640 | 430 |
| Consumer (Rs mn) | 23,420 | 24,060 | 25,420 | 17,420 | 16,480 | 13,930 | 13,480 | 13,390 | 13,330 |
| Slippages (%) | 5.6 | 5.3 | 5.0 | 3.9 | 4.3 | 2.8 | 2.6 | 2.7 | 2.2 |
| CAR (%) | 17.6 | 17.4 | 18.1 | 18.4 | 18.1 | 18.0 | 18.0 | 17.9 | 18.4 |
| Tier I (%) | 16.9 | 16.7 | 16.4 | 16.8 | 16.6 | 16.4 | 16.5 | 16.4 | 16.9 |
| ROE Decomposition (%) | | | | | | | | | |
| NII | 3.9 | 3.9 | 3.9 | 4.0 | 4.1 | 4.1 | 4.1 | 4.1 | 4.2 |
| Other Income | 1.4 | 1.6 | 1.6 | 1.7 | 1.8 | 1.8 | 1.8 | 1.8 | 1.8 |
| Opex | 2.4 | 2.4 | 2.4 | 2.5 | 2.6 | 2.6 | 2.7 | 2.7 | 2.8 |
| PPOP | 3.5 | 3.4 | 3.4 | 3.4 | 3.4 | 3.4 | 3.4 | 3.3 | 3.3 |
| Provisioning Cost | 2.0 | 1.8 | 1.7 | 1.5 | 1.2 | 1.1 | 1.0 | 0.9 | 0.9 |
| PBT | 1.5 | 1.6 | 1.7 | 1.9 | 2.1 | 2.3 | 2.4 | 2.4 | 2.5 |
| Tax | 0.4 | 0.4 | 0.4 | 0.5 | 0.5 | 0.6 | 0.6 | 0.6 | 0.6 |
| ROA | 1.1 | 1.2 | 1.3 | 1.4 | 1.6 | 1.7 | 1.8 | 1.8 | 1.8 |
| Leverage (x) | 8.4 | 8.4 | 8.4 | 8.4 | 8.3 | 8.3 | 8.4 | 8.4 | 8.2 |
| ROE | 9.2 | 10.2 | 10.8 | 11.8 | 13.4 | 14.4 | 15.1 | 15.2 | 15.2 |

Source: Company, Emkay Research

IndusInd Bank: Standalone Financials and Valuations

Profit & Loss

| Y/E Mar (Rs mn) | FY22 | FY23 | FY24E | FY25E | FY26E |
|----------------------------|----------------|----------------|----------------|----------------|----------------|
| Interest Income | 308,224 | 363,679 | 455,383 | 536,973 | 646,231 |
| Interest Expense | 158,216 | 187,758 | 249,251 | 296,946 | 351,832 |
| Net interest income | 150,008 | 175,921 | 206,132 | 240,028 | 294,398 |
| NII growth (%) | 10.9 | 17.3 | 17.2 | 16.4 | 22.7 |
| Other income | 73,970 | 81,728 | 95,078 | 113,937 | 138,370 |
| Total Income | 223,979 | 257,649 | 301,209 | 353,964 | 432,768 |
| Operating expenses | 95,593 | 113,459 | 135,959 | 159,812 | 188,004 |
| PPOP | 128,386 | 144,190 | 165,251 | 194,152 | 244,764 |
| PPOP growth (%) | 9.5 | 12.3 | 14.6 | 17.5 | 26.1 |
| Core PPOP | 122,454 | 140,631 | 160,802 | 188,146 | 239,362 |
| Provisions & contingencies | 66,650 | 44,868 | 43,745 | 45,395 | 57,397 |
| PBT | 61,736 | 99,321 | 121,506 | 148,757 | 187,367 |
| Extraordinary items | 0 | 0 | 0 | 0 | 0 |
| Tax expense | 15,625 | 24,891 | 30,620 | 37,487 | 47,216 |
| Minority interest | 0 | 0 | 0 | 0 | 0 |
| Income from JV/Associates | 0 | 0 | 0 | 0 | 0 |
| Reported PAT | 46,111 | 74,431 | 90,887 | 111,270 | 140,150 |
| PAT growth (%) | 62.6 | 61.4 | 22.1 | 22.4 | 26.0 |
| Adjusted PAT | 46,111 | 74,431 | 90,887 | 111,270 | 140,150 |
| Diluted EPS (Rs) | 62.0 | 95.8 | 117.0 | 143.3 | 180.4 |
| Diluted EPS growth (%) | 55.1 | 54.7 | 22.1 | 22.4 | 26.0 |
| DPS (Rs) | 8.5 | 15.0 | 18.0 | 22.5 | 25.0 |
| Dividend payout (%) | 14.3 | 15.6 | 15.4 | 15.7 | 13.8 |
| Effective tax rate (%) | 25.3 | 25.1 | 25.2 | 25.2 | 25.2 |
| Net interest margins (%) | 4.2 | 4.4 | 4.4 | 4.3 | 4.3 |
| Cost-income ratio (%) | 42.7 | 44.0 | 45.1 | 45.1 | 43.4 |
| Shares outstanding (mn) | 774.7 | 775.9 | 776.0 | 776.0 | 776.0 |

Source: Company, Emkay Research

Asset quality and other metrics

| Y/E Mar (Rs mn) | FY22 | FY23 | FY24E | FY25E | FY26E |
|--------------------------|-----------|----------|----------|----------|----------|
| Asset quality | | | | | |
| Gross NPLs | 55,171.5 | 58,271.5 | 63,917.0 | 69,819.3 | 83,431.6 |
| Net NPLs | 15,298.3 | 17,152.2 | 19,175.1 | 20,945.8 | 25,029.5 |
| GNPA ratio (%) | 2.3 | 2.0 | 1.8 | 1.6 | 1.6 |
| NNPA ratio (%) | 0.6 | 0.6 | 0.6 | 0.5 | 0.5 |
| Provision coverage (%) | 72.3 | 70.6 | 70.0 | 70.0 | 70.0 |
| Gross slippages | 101,028.7 | 68,920.0 | 70,568.4 | 73,779.3 | 90,748.5 |
| Gross slippage ratio (%) | 4.2 | 2.3 | 2.0 | 1.7 | 1.7 |
| LLP ratio (%) | 2.7 | 1.8 | 1.4 | 1.2 | 1.2 |
| NNPA to networth (%) | 3.0 | 2.9 | 2.9 | 2.7 | 2.8 |
| Capital adequacy | | | | | |
| Total CAR (%) | 18.4 | 17.9 | 17.1 | 16.4 | 15.7 |
| Tier-1 (%) | 16.8 | 16.4 | 15.8 | 15.2 | 14.6 |
| CET-1 (%) | 16.8 | 16.4 | 15.8 | 15.2 | 14.6 |
| RWA-to-Total Assets (%) | 73.4 | 78.4 | 79.5 | 79.5 | 79.6 |
| Miscellaneous | | | | | |
| Total income growth (%) | 7.5 | 16.5 | 23.6 | 18.2 | 20.5 |
| Opex growth (%) | 14.3 | 18.7 | 19.8 | 17.5 | 17.6 |
| Core PPOP growth (%) | 19.6 | 14.8 | 14.3 | 17.0 | 27.2 |
| PPOP margin (%) | 3.4 | 3.4 | 3.3 | 3.2 | 3.4 |
| PAT/PPOP (%) | 35.9 | 51.6 | 55.0 | 57.3 | 57.3 |
| LLP-to-Core PPOP (%) | 54.4 | 31.9 | 27.2 | 24.1 | 24.0 |
| Yield on advances (%) | 11.2 | 11.4 | 12.0 | 11.8 | 11.6 |
| Cost of funds (%) | 4.9 | 5.2 | 5.9 | 5.9 | 5.8 |

Source: Company, Emkay Research

Balance Sheet

| Y/E Mar (Rs mn) | FY22 | FY23 | FY24E | FY25E | FY26E |
|---------------------------------------|------------------|------------------|------------------|------------------|------------------|
| Share capital | 7,747 | 7,759 | 7,760 | 7,760 | 7,760 |
| Reserves & surplus | 469,065 | 542,287 | 619,064 | 712,740 | 833,359 |
| Net worth | 476,812 | 550,046 | 626,824 | 720,500 | 841,119 |
| Deposits | 2,936,813 | 3,361,202 | 4,001,196 | 4,924,122 | 6,030,351 |
| Borrowings | 473,232 | 490,112 | 535,034 | 584,147 | 663,234 |
| Interest bearing liab. | 3,410,046 | 3,851,314 | 4,536,230 | 5,508,270 | 6,693,585 |
| Other liabilities & prov. | 132,889 | 177,006 | 266,452 | 311,886 | 412,564 |
| Total liabilities & equity | 4,019,746 | 4,578,366 | 5,429,505 | 6,540,656 | 7,947,268 |
| Net advances | 2,390,515 | 2,899,237 | 3,483,678 | 4,291,083 | 5,279,744 |
| Investments | 709,708 | 830,757 | 972,376 | 1,129,141 | 1,377,368 |
| Cash, other balances | 682,745 | 567,768 | 635,072 | 716,075 | 803,230 |
| Interest earning assets | 3,782,968 | 4,297,761 | 5,091,126 | 6,136,299 | 7,460,342 |
| Fixed assets | 18,487 | 20,789 | 23,284 | 26,078 | 29,207 |
| Other assets | 218,291 | 259,816 | 315,095 | 378,278 | 457,718 |
| Total assets | 4,019,746 | 4,578,366 | 5,429,505 | 6,540,656 | 7,947,268 |
| BVPS (Rs) | 599.3 | 663.0 | 756.7 | 871.1 | 1,018.3 |
| Adj. BVPS (INR) | 584.8 | 647.4 | 739.2 | 852.0 | 995.4 |
| Gross advances | 2,430,389 | 2,940,350 | 3,528,420 | 4,339,956 | 5,338,146 |
| Credit to deposit (%) | 81.4 | 86.3 | 87.1 | 87.1 | 87.6 |
| CASA ratio (%) | 42.8 | 40.1 | 38.1 | 38.1 | 38.4 |
| Cost of deposits (%) | 4.5 | 4.9 | 5.8 | 5.8 | 5.6 |
| Loans-to-Assets (%) | 59.5 | 63.3 | 64.2 | 65.6 | 66.4 |
| Net advances growth (%) | 12.4 | 21.3 | 20.2 | 23.2 | 23.0 |
| Deposit growth (%) | 14.6 | 14.5 | 19.0 | 23.1 | 22.5 |
| Book value growth (%) | 8.4 | 10.6 | 14.1 | 15.1 | 16.9 |

Source: Company, Emkay Research

Valuations and key Ratios

| Y/E Mar | FY22 | FY23 | FY24E | FY25E | FY26E |
|-----------------------------|-------------|-------------|-------------|-------------|-------------|
| P/E (x) | 23.4 | 14.5 | 11.9 | 9.7 | 7.7 |
| P/B (x) | 2.4 | 2.1 | 1.9 | 1.6 | 1.4 |
| P/ABV (x) | 2.4 | 2.1 | 1.9 | 1.6 | 1.4 |
| P/PPOP (x) | 8.4 | 7.5 | 6.5 | 5.6 | 4.4 |
| Dividend yield (%) | 0.6 | 1.1 | 1.3 | 1.6 | 1.8 |
| DuPont-RoE split (%) | | | | | |
| NII/avg assets | 3.9 | 4.1 | 4.1 | 4.0 | 4.1 |
| Other income | 1.9 | 1.9 | 1.9 | 1.9 | 1.9 |
| Fee income | 1.2 | 1.2 | 1.3 | 1.3 | 1.4 |
| Opex | 2.5 | 2.6 | 2.7 | 2.7 | 2.6 |
| PPOP | 3.4 | 3.4 | 3.3 | 3.2 | 3.4 |
| Core PPOP | 3.2 | 3.3 | 3.2 | 3.1 | 3.3 |
| Provisions | 1.7 | 1.0 | 0.9 | 0.8 | 0.8 |
| Tax expense | 0.4 | 0.6 | 0.6 | 0.6 | 0.7 |
| RoA (%) | 1.2 | 1.7 | 1.8 | 1.9 | 1.9 |
| Leverage ratio (x) | 8.5 | 8.4 | 8.6 | 9.0 | 9.3 |
| RoE (%) | 10.2 | 14.6 | 15.6 | 16.7 | 18.1 |

Quarterly data

| Rs mn, Y/E Mar | Q1FY23 | Q2FY23 | Q3FY23 | Q4FY23 | Q1FY24 |
|----------------|--------|--------|--------|--------|--------|
| NII | 41,253 | 43,021 | 44,954 | 46,695 | 48,671 |
| NIM (%) | 4.2 | 4.2 | 4.3 | 4.3 | 4.3 |
| PPOP | 34,307 | 35,444 | 36,864 | 37,575 | 38,315 |
| PAT | 16,310 | 18,052 | 19,635 | 20,434 | 21,244 |
| EPS (Rs) | 21.05 | 23.29 | 25.34 | 26.34 | 27.38 |

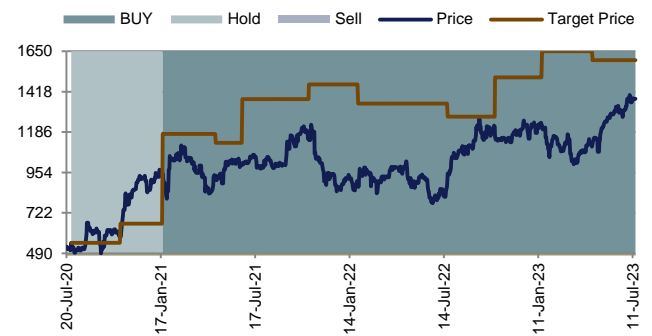
Source: Company, Emkay Research

RECOMMENDATION HISTORY - DETAILS

| Date | CMP (INR) | TP (INR) | Rating | Analyst |
|-----------|-----------|----------|--------|------------|
| 25-Apr-23 | 1,122 | 1,600 | Buy | Anand Dama |
| 09-Mar-23 | 1,170 | 1,650 | Buy | Anand Dama |
| 18-Jan-23 | 1,223 | 1,650 | Buy | Anand Dama |
| 20-Oct-22 | 1,160 | 1,500 | Buy | Anand Dama |
| 04-Oct-22 | 1,219 | 1,275 | Buy | Anand Dama |
| 28-Jul-22 | 1,018 | 1,275 | Buy | Anand Dama |
| 21-Jul-22 | 948 | 1,275 | Buy | Anand Dama |
| 01-May-22 | 979 | 1,350 | Buy | Anand Dama |
| 30-Jan-22 | 904 | 1,350 | Buy | Anand Dama |
| 07-Nov-21 | 1,189 | 1,460 | Buy | Anand Dama |
| 28-Oct-21 | 1,176 | 1,460 | Buy | Anand Dama |
| 05-Oct-21 | 1,169 | 1,375 | Buy | Anand Dama |
| 28-Jul-21 | 993 | 1,375 | Buy | Anand Dama |
| 22-Jun-21 | 1,000 | 1,375 | Buy | Anand Dama |
| 02-May-21 | 935 | 1,125 | Buy | Anand Dama |
| 30-Jan-21 | 846 | 1,175 | Buy | Anand Dama |
| 20-Jan-21 | 948 | 1,175 | Buy | Anand Dama |
| 31-Oct-20 | 586 | 660 | Hold | Anand Dama |
| 29-Sep-20 | 536 | 550 | Hold | Anand Dama |
| 29-Jul-20 | 551 | 550 | Hold | Anand Dama |

Source: Company, Emkay Research

RECOMMENDATION HISTORY - TREND



Source: Bloomberg, Company, Emkay Research

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