

17 May 2025

India | Equity Research | Results Update

## South Indian Bank

### Banking

#### Sustains 1% RoA with improved slippages; strong other income utilised towards NNPA reduction

South Indian Bank (SIB) reported better-than-expected Q4FY25 PAT of INR 3.4bn (up 19% YoY; 8% beat), driven by other income. It sustained ~1% RoA for seventh consecutive quarter with FY25 RoA at 1.06%. While NII growth was weak (flattish YoY; in line), the bank reported strong other income (mainly recovery from TWO; INR 1.8bn) which was partly offset by rise in provisioning (bulky write-offs, yet stable PCR) and improvement in NNPA (down 33bps QoQ to <1%). Gross slippages improved QoQ to ~1% annualised. SMA 2 loans also improved to 0.3%. Reported MSME growth remains negative, though core MSME book, adjusted for w-offs, saw minor uptick QoQ. The bank has delivered ~10% YoY growth in FY25 and guides for >12% YoY growth in FY26, led by MSME and retail. CET 1 stands strong at 17.98%.

#### Maintain BUY with TP revised to INR 37

We appreciate SIB's prudent stance to use the hefty one-off TWO recovery (government backed SR from legacy NPA) towards improving NNPA (now <1%). We estimate SIB to deliver 11-12% loan CAGR for FY26/27E with mix moving away from low-yielding corporate loans to core MSME. We estimate ~15bps NIM compression YoY and expect moderation in TWO recovery going ahead. Overall, we see the bank delivering ~90bps RoA for FY26E and ~95bps RoA for FY27E. Valuations at ~0.7/0.6x FY26/27E ABV and ~6.3/5.1x FY26/27 EPS appear attractive with improving growth traction and comfortable asset quality. Maintain **BUY** with TP revised to INR 37 (INR 34 earlier), valuing the stock at ~0.8x FY27E ABV (~0.75x earlier). Key risks: Higher-than-expected delinquencies and slower traction in MSME. We would also monitor progress in gold loans (~19% share) amidst the changing regulatory environment.

#### Improved outlook on growth; core MSME sees minor uptick

Overall loan growth remained reasonable at ~10% YoY and ~1.5% QoQ. MSME had witnessed a sequential improvement last quarter after many quarters of drawdowns. However, it witnessed a decline in growth of ~4% (down 17% YoY) in Q4FY25. Importantly, core MSME book (adjusted for w-offs) saw minor 1.5% QoQ uptick. Non-core MSME book declined INR 7bn due to unattractive yields.

### Financial Summary

Y/E March	FY24A	FY25A	FY26E	FY27E
NII (INR bn)	33.3	34.9	36.3	43.5
Op. profit (INR bn)	18.7	22.7	20.4	24.5
Net Profit (INR bn)	10.7	13.0	11.5	14.1
EPS (INR)	5.1	5.0	4.4	5.4
EPS % change YoY	37.7	-2.3	-11.7	22.2
ABV (INR)	29.6	35.3	39.6	44.6
P/BV (x)	0.9	0.7	0.7	0.6
P/ABV (x)	0.9	0.8	0.7	0.6
Return on Assets (%)	1.0	1.1	0.9	1.0
Return on Equity (%)	14.5	14.3	11.2	12.3

#### Jai Prakash Mundhra

jai.mundhra@icicisecurities.com  
+91 22 6807 7572

#### Hardik Shah

hardik.shah@icicisecurities.com

#### Market Data

Market Cap (INR)	72bn
Market Cap (USD)	843mn
Bloomberg Code	SIB IN
Reuters Code	SIBK.BO
52-week Range (INR)	29 / 22
Free Float (%)	99.0
ADTV-3M (mn) (USD)	4.0

Price Performance (%)	3m	6m	12m
Absolute	14.2	22.8	(0.4)
Relative to Sensex	5.8	16.6	(12.1)

ESG Score	2023	2024	Change
ESG score	NA	NA	NA
Environment	NA	NA	NA
Social	NA	NA	NA
Governance	NA	NA	NA

Note - Score ranges from 0 - 100 with a higher score indicating higher ESG disclosures.

Source: SES ESG, I-sec research

Earnings Revisions (%)	FY26E	FY27E
PAT	(4)	(2)

#### Previous Reports

23-01-2025: [Q3FY25 results review](#)

04-04-2025: [Quarterly results preview](#)

Corporate book witnessed reasonable growth of ~13% YoY and ~4% QoQ. Retail continued to witness strong momentum, growing 27% YoY; however, QoQ growth was a tad soft at 1%. Mortgage growth was robust at ~9% QoQ (up ~100% YoY) albeit on a low base. Amidst uncertain macros, growth in credit card (down 15% YoY) and PL (down 2% YoY) remains soft.

We are still perplexed by huge disbursement (INR 400bn QoQ) and yet miniscule rise in overall loans QoQ. The bank has earlier explained that majority of disbursements pertain to high-quality short-term corporate loans.

SIB delivered ~10% YoY loan growth for FY25. It expects improving loan growth trends going ahead and guides for >12% YoY growth, led by MSME and retail. We broadly maintain our growth estimates at ~11/12% YoY for FY26/27, respectively.

### **Reported NIM broadly stable but calculated NIM down; loan mix to partly cushion NIM going ahead**

Deposit growth remained soft at 5% YoY (up 2% QoQ). CASA grew 3% YoY while term deposits grew 7% YoY. CASA ratio declined YoY but improved marginally QoQ to 31.4%. Cost of deposits increased 16bps QoQ to 5.58%. Yield on advances remained stable at 9.02%. Reported NIM increased 2bps QoQ to 3.21%, aided by yields on investments (up ~40bps QoQ). However, calculated NIM declined 7bps QoQ. NII was flattish both QoQ and YoY.

We estimate NIM to decline ~15bps YoY due to moderating rate environment, partly cushioned by changing loan mix and healthy deposits franchise. We see similar bounce in FY27E, as MSME growth starts to outpace overall growth.

### **Huge TWO recovery drives other income; opex contained**

Non-interest income growth was robust at 65% YoY and 40% QoQ to INR 5.7bn. Core fee income growth was soft at 2% YoY. However, the bank saw huge TWO recovery (INR 1.77bn; of which INR 1.2bn seems from government backed SR) driving strong growth in overall other income. There is some restatement of other income and opex, based on revised agreement with credit card partner. Opex growth remains contained and declined 4% YoY (up 1% QoQ). We model in opex growth to rise to 11/14% YoY. We also model in decline in TWO recovery, and thus, build flattish overall other income for FY26E.

### **Slippages / net NPA improve; provisions jump on higher write-offs**

Gross slippages improved to INR 2.1bn (1.4% of loans) vs INR 2.97bn (~1%) QoQ. Among segments, business loans accounted for INR 0.63bn (~2% annualised) while retail contributed INR 1bn (1.8%). Agri slippages came in at INR 0.43bn (~1.1%) while corporate slippages were NIL.

The bank saw massive INR 9bn of write offs, leading to sharp 25% QoQ decline in GNPA. GNPA ratio improved 110bps QoQ to 3.2%. Net NPA ratio improved 33bps QoQ to 0.92%. PCR remained stable at ~72% while PCR including TWO increased to 85%.

Massive write off with stable PCR resulted in higher credit costs at ~1.1% annualised vs 0.3% QoQ. Restructured advances declined to 37bps vs 48bps QoQ. SMA 2 loans declined to 0.3% of overall loans vs 0.6% QoQ and 0.7% YoY. The bank has received government-backed SR (INR 1.2bn; accounted in TWO recovery) on account of legacy NPA. The new book is now 81% of overall loans and has strong asset quality with GNPA of ~0.46%. Importantly, slippages from new book reduced sharply to INR 0.78bn (vs INR 1.26bn QoQ), arising majorly out of retail loans.

We model in gross slippages at ~1.4% for FY26/27E, similar to FY25 and slight rise in net slippages. We model in credit costs at ~60/65bps for FY26/27E, respectively.

## Q4FY25 concall takeaways

### Advances

- The bank delivered ~10% YoY growth in FY25. It is confident of showing higher growth going ahead as systems are working very well. It guides for >12% YoY for FY26, driven by MSME and retail loans.
- Corporate growth would be opportunistic and can be calibrated along with rise in core MSME growth.
- On reported basis, MSME book growth has declined YoY as well as QoQ. However, adjusted for w-offs (INR 5.46 bn), core MSME book has seen ~1.5% QoQ uptick. Customer onboarding has increased significantly in MSME loans, which should lead to improved growth going ahead.
- However, non-core (other piece in MSME) which is low yielding LC backed / bills for collection book, has de-grown by INR 7bn as the yields offered were not lucrative.
- On RBIs most recent draft gold loan circular, SIB needs further clarity. If the circular is implemented as it is, there could be a substantial impact on banks' operations. Bank has given its representation to the RBI.
- 90% of personal loans are given to existing SA customers.
- Volumes in LAP will increase in next couple of years as base is very low.

### Deposits

- Deposit growth guidance is above 10% YoY for FY26. In FY25, SIB focused more on asset side. It will focus on liabilities and wealth products in FY26.
- Differential between SA and TD rates was high, which led to weak CASA mobilisation. Now that the cycle has turned, CASA growth may be better in FY26.
- CASA growth was soft at ~3% YoY. Within CA, one bulky exposure had seen drawdown, which impacted overall growth. It does not intend to tap into CD market.

### NIM, yields and CoF

- There is no guidance on NIM as the same is dependent on interest rate cycle. Nonetheless, NIM could remain under pressure in the beginning of the year.
- Book breakup by benchmark- fixed rate book- 44%, EBLR- 42% and rest is MCLR and other benchmarks.
- The bank delivered >1% RoA for FY25. Despite NIM weakness, the bank guides for FY26 RoA to be in the neighborhood of ~1%.

### Asset quality

- SIB did INR 9bn worth of technical write offs during the quarter. However, there is no change in the write-off policy of the bank.
- Bank does not do collateral-based lending except in case of gold loans. It uses cashflow analysis for all other products.

### Others

- Recoveries from TWO amounted to ~INR 1.77bn during the quarter.
- There is some reclassification in other fee and opex.
- The bank has added disclosures around branch value, added – same store sales. It captures the life-time value addition of the new product sales / incremental balances in existing accounts basis historical trends. There is sharp >50% rise in this metrics, suggesting strong value addition.
- The revenue addition has not commensurate with branch value addition as revenue is for the quarter while value addition is NPV of new product sales / incremental balances in existing accounts.

## Q3FY25 concall takeaways

### Advances

- Home loans and auto loans are key focus areas. Housing disbursements grew 112% YoY and auto disbursements grew 67% QoQ.
- Overall advance growth target remains at 10-12%.

### Gold loan growth and impact of RBI circular

- Overall growth in gold loans has moderated. RBI circular may have some adverse growth impact in near term. As of now, the bank is not clear on the implications and the discussions are underway.
- It has added IIFL and Fedfina for gold loans origination. The origination from third party should rise, however, in-house origination may be slower as the bank may need to fine-tune product / processes.
- Gold loan book (including pool) LTV is 70.6% and average ticket size is INR 0.18mn.

### MSME product

- The bank is seeing healthy traction in recently launched (Apr'24) MSME product. The product is fully digital and uses multiple external sources (accounts aggregator, GST portal, CIBIL) for origination and underwriting.
- The product is sold through branches to optimise costs. The facilities include overdraft (no competition with NBFCs) with over 10% yields and the bank can disburse the loans within 1 hour. As of now, o/s is INR 4bn.
- The bank had also launched fully automated, fully digital LAP in Sept'24. Its yield is >10%.

### Deposits

- Bulk deposits have declined on both YoY and QoQ basis, leading to soft deposit growth.
- SIB has deliberately kept deposit rate at a level which leads to 8-10% growth. It needed to shed bulk deposits which had high cost. The bank had advantage on LDR, which is now shrinking. It is reasonably confident that deposit growth can match advance growth and LDR will remain around the current range.
- NRI deposit portfolio is behaving well and the share now stands at ~30%. Bank feels there is headroom to increase this by another 2%.

### Asset quality

- No signs of distress in auto loans. Retail slippages are mainly coming from unsecured book.
- Credit cost was muted in Q3. No risk of this number moving dramatically in near term as relatively higher stress products like PL and CC have very limited exposure.
- Old book NPA accretion is trending downwards. The bank is hopeful that the trend should sustain. Slippages from old book improved to INR 1.6bn vs INR 2.18bn QoQ.
- Under ECL, the bank does not expect much impact on provisions as new book is behaving well and recoveries are also strong.
- Corporate slippages have no common thread. One customer was in automobile trade and another was in commodity business. No stress on corporate front.
- Credit card does not have an FLDG as of now.

**NIM and other income**

- Housing loans are largely linked to repo rate, which has an inherent risk of rate cuts. Bank is trying to contain repo-linked book to manage downside risks.
- Bank has linked corporate book to T-bill, which has had an unfavorable outcome till now.
- SIB directionally wants to move to higher yields. Strategy is to grow retail and MSME businesses which are high yielding and it wants to reduce low-yielding book.
- CoF increase has led to NIM decline. Bank has one of the lowest funding costs in the industry.
- While home loan disbursements are low, they may have higher yields than short term high quality corporate loans.

**Opex**

- Bank is trying to improve productivity, which has worked well so far as it had no increase in staff expenses on YoY basis, despite employee exits. Most departures are at lower level in the bank and these were customer-facing employees. Now customer-facing workforce has declined to 78% vs 79% earlier.
- In Q4FY25, opex may be at current levels. However, beyond that leverage benefit is limited, and hence, SIB will have to focus on increasing revenue line.
- Its medium-term target is to improve cost to income by 1000bps over the next 3 years. Most of its costs are fixed in nature and less controllable. The bank would aim to improve the income.

**Exhibit 1: Q4FY25 result review**

	Q4FY24	Q4FY25	YoY (%)	Q3FY25	QoQ (%)
<b>Financial Highlights (INR mn)</b>					
Interest Earned	22,747	23,734	4.3	23,707	0.1
Interest Expended	14,000	15,051	7.5	15,015	0.2
<b>Net Interest Income</b>	<b>8,747</b>	<b>8,683</b>	<b>(0.7)</b>	<b>8,693</b>	<b>(0.1)</b>
Other Income	3,460	5,330	54.0	4,092	30.3
Total Income	26,207	29,065	10.9	27,800	4.6
<b>Total Net Income</b>	<b>12,207</b>	<b>14,014</b>	<b>14.8</b>	<b>12,785</b>	<b>9.6</b>
Staff Expenses	4,127	3,978	(3.6)	4,149	(4.1)
Other operating expenses	3,745	3,202	(14.5)	3,347	(4.3)
<b>Operating Profit</b>	<b>4,335</b>	<b>6,833</b>	<b>57.6</b>	<b>5,288</b>	<b>29.2</b>
Provision & Contingencies	406	2,242	451.9	660	239.5
Provision for tax	1,054	1,169	11.0	1,209	(3.3)
<b>Net Profit</b>	<b>2,876</b>	<b>3,422</b>	<b>19.0</b>	<b>3,419</b>	<b>0.1</b>
<b>Other Highlights (INR bn)</b>					
Advances	781	857	9.8	844	1.5
Deposits	1,019	1,075	5.5	1,054	2.0
Gross NPA	36.2	28.0	(22.7)	37.4	(25.0)
Gross NPA (%)	4.50	3.20	-130 bps	4.30	-110 bps
Net NPA	11.3	7.9	(30.3)	10.6	(25.1)
Net NPA (%)	1.46	0.92	-54 bps	1.25	-33 bps
Provision Coverage (%)	68.7	71.8	310 bps	71.7	4 bps

Source: Company data, I-Sec research

**Exhibit 2: Reported NIM improves QoQ**

(%)	Q3FY24	Q4FY24	Q1FY25	Q2FY25	Q3FY25	Q4FY25	YoY chg	QoQ chg
Yield on advances	9.28	9.34	9.19	9.06	9.01	9.02	-32 bps	1 bps
Yield on funds	7.53	7.78	7.85	7.68	7.64	7.83	5 bps	19 bps
Cost of deposits	5.18	5.33	5.40	5.35	5.42	5.58	25 bps	16 bps
Cost of funds	4.71	4.79	4.91	4.80	4.84	4.96	17 bps	12 bps
NIMs - Quarterly	3.19	3.38	3.26	3.24	3.19	3.21	-17 bps	2 bps

Source: Company data, I-Sec research

**Exhibit 3: GNPA improves sharply**

(%)	Q3FY24	Q4FY24	Q1FY25	Q2FY25	Q3FY25	Q4FY25	YoY chg	QoQ chg
Gross NPA	4.74	4.50	4.50	4.40	4.30	3.20	-130 bps	-110 bps
Net NPA	1.61	1.46	1.44	1.31	1.25	0.92	-54 bps	-33 bps
Coverage ratio	67.1	68.7	69.0	71.2	71.7	71.8	310 bps	4 bps

Source: Company data, I-Sec research

**Exhibit 4: Movement of NPA**

(INR mn)	Q3FY24	Q4FY24	Q1FY25	Q2FY25	Q3FY25	Q4FY25	YoY chg	QoQ chg
GNPA (Opening Balance)	37,139	36,824	36,203	37,199	37,313	37,356	1.4%	0.1%
Fresh Additions	2,670	2,840	3,460	3,210	2,970	2,130	-25.0%	-28.3%
Write-off	560	200	390	600	669	8,000	3900.0%	1096.0%
Total Reductions	2,985	3,461	2,465	3,096	2,928	11,487	231.9%	292.4%
GNPA (Closing Balance)	36,824	36,203	37,199	37,313	37,356	27,998	-22.7%	-25.0%

Source: Company data, I-Sec research

**Exhibit 5: Net SRs at 0.14% of loans**

	Q3FY24	Q4FY24	Q1FY25	Q2FY25	Q3FY25	Q4FY25	YoY chg	QoQ chg
Restructured portfolio (INR mn)	8,940	7,720	6,640	4,760	4,040	3,170	-58.9%	-21.5%
As a % of loan-book	1.19	0.99	0.83	0.58	0.48	0.37	-62.6%	-11 bps
Security receipts (INR mn)	936	900	412	0	0	1,193	32.6%	NA
As a % of loan-book	0.12	0.12	0.05	0	0	0.14	20.8%	NA

Source: Company data, I-Sec research



### Exhibit 6: Steadily expanding outside Kerala

Loan book by geography (%)	Q3FY24	Q4FY24	Q1FY25	Q2FY25	Q3FY25	Q4FY25	YoY chg	QoQ chg
Kerala	36.0	35.0	34.0	33.0	30.0	30.0	-500 bps	0 bps
South India (Ex-Kerala)	34.0	34.0	33.0	33.0	34.0	33.0	-100 bps	-100 bps
Rest of India	30.0	31.0	33.0	34.0	36.0	37.0	600 bps	100 bps
<b>Total</b>	<b>100</b>	<b>100</b>	<b>100</b>	<b>100</b>	<b>100</b>	<b>100</b>		

Source: Company data, I-Sec research

### Exhibit 7: Loan mix

(INR mn)	Q3FY24	Q4FY24	Q1FY25	Q2FY25	Q3FY25	Q4FY25	YoY chg	QoQ chg
Corporate	2,98,920	3,20,840	3,39,840	3,39,610	3,49,560	3,61,980	12.8%	3.6%
Retail	1,75,150	1,76,390	1,91,880	2,13,530	2,21,430	2,24,050	27.0%	1.2%
MSME	1,54,240	1,53,370	1,30,780	1,29,140	1,30,420	1,26,860	-17.3%	-2.7%
Agriculture	1,48,550	1,53,660	1,63,300	1,64,860	1,68,250	1,62,900	6.0%	-3.2%
<b>Gross Advances</b>	<b>7,76,860</b>	<b>8,04,260</b>	<b>8,25,800</b>	<b>8,47,140</b>	<b>8,69,660</b>	<b>8,75,790</b>	<b>8.9%</b>	<b>0.7%</b>
<b>(% of total)</b>								
Corporate	38.5	39.9	41.2	40.1	40.2	41.3	144 bps	114 bps
Retail	22.5	21.9	23.2	25.2	25.5	25.6	365 bps	12 bps
MSME	19.9	19.1	15.8	15.2	15.0	14.5	-458 bps	-51 bps
Agriculture	19.1	19.1	19.8	19.5	19.3	18.6	-51 bps	-75 bps
<b>Gross Advances</b>	<b>100</b>	<b>100</b>	<b>100</b>	<b>100</b>	<b>100</b>	<b>100</b>		

Source: Company data, I-Sec research

Please note that there has been some re-classification between Corporate and MSME beginning FY24 and thus figures may not be comparable

### Exhibit 8: Retail loan mix

(INR mn)	Q3FY24	Q4FY24	Q1FY25	Q2FY25	Q3FY25	Q4FY25	YoY chg	QoQ chg
Housing	50,794	51,153	51,808	70,720	81,950	78,770	54.0%	-3.9%
Gold	33,279	29,986	30,701	23,253	26,572	31,367	1.1%	18.0%
Mortgage Loans	19,267	19,403	32,620	35,910	35,030	38,140	96.6%	8.9%
Business Loans	15,764	15,875	17,269	18,280	19,380	19,870	25.2%	2.5%
Vehicle Loans	42,036	45,861	46,051	43,779	5,648	4,372	-38.0%	-22.6%
Personal Loans	21,018	22,931	23,026	22,970	22,490	22,405	-2.3%	-0.4%
Credit Card	14,012	15,875	17,269	15,930	14,860	13,443	-15.3%	-9.5%
Others	14,012	14,111	13,432	14,947	15,500	15,684	11.1%	1.2%
<b>Total retail loans</b>	<b>1,75,150</b>	<b>1,76,390</b>	<b>1,91,880</b>	<b>2,06,888</b>	<b>2,21,430</b>	<b>2,24,050</b>	<b>26.3%</b>	<b>1.2%</b>
<b>(% of total)</b>								
Housing	29.0	29.0	27.0	34.2	37.0	35.2	633 bps	-185 bps
Gold	19.0	17.0	16.0	11.2	12.0	14.0	-349 bps	200 bps
Mortgage Loans	11.0	11.0	17.0	17.4	15.8	17.0	609 bps	120 bps
Business Loans	9.0	9.0	9.0	8.8	8.8	8.9	-8 bps	12 bps
Vehicle Loans	24.0	26.0	24.0	21.2	2.6	2.0	-203 bps	-60 bps
Personal Loans	12.0	12.9	12.0	10.8	10.2	10.0	-292 bps	-16 bps
Credit Card	8.0	8.9	9.0	7.5	6.7	6.0	-295 bps	-71 bps
Others	8.0	8.0	7.0	7.2	7.0	7.0	-95 bps	0 bps
<b>Total</b>	<b>100</b>	<b>100</b>	<b>100</b>	<b>100</b>	<b>100</b>	<b>100</b>		

Source: Company data, I-Sec research

### Exhibit 9: Shareholding pattern

%	Sep'24	Dec'24	Mar'25
Promoters	0.0	0.0	0.0
Institutional investors	16.7	18.7	22.4
MFs and other	2.3	3.8	8.3
Banks/ FIs	0.2	0.7	0.9
Insurance Cos.	2.8	2.8	1.2
FIs	11.5	11.5	12.0
Others	83.3	81.3	77.6

Source: Bloomberg, I-Sec research

### Exhibit 10: Price chart



Source: Bloomberg, I-Sec research

## Financial Summary

### Exhibit 11: Profit & Loss

(INR mn, year ending March)

	FY24A	FY25A	FY26E	FY27E
Interest income	86,128	94,133	99,764	1,13,668
Interest expense	52,808	59,277	63,438	70,161
<b>Net interest income</b>	<b>33,321</b>	<b>34,856</b>	<b>36,326</b>	<b>43,507</b>
Non-interest income	15,155	18,134	17,765	19,265
<b>Operating income</b>	<b>48,476</b>	<b>52,991</b>	<b>54,091</b>	<b>62,772</b>
Operating expense	29,799	30,290	33,679	38,264
Staff expense	16,929	16,527	17,902	20,187
<b>Operating profit</b>	<b>18,677</b>	<b>22,701</b>	<b>20,412</b>	<b>24,508</b>
<b>Core operating profit</b>	<b>15,501</b>	<b>20,356</b>	<b>17,912</b>	<b>22,008</b>
Provisions & Contingencies	3,389	5,132	5,023	5,708
<b>Pre-tax profit</b>	<b>15,288</b>	<b>17,569</b>	<b>15,389</b>	<b>18,800</b>
Tax (current + deferred)	4,587	4,540	3,878	4,738
<b>Net Profit</b>	<b>10,701</b>	<b>13,029</b>	<b>11,511</b>	<b>14,062</b>
<b>Adjusted net profit</b>	<b>10,701</b>	<b>13,029</b>	<b>11,511</b>	<b>14,062</b>

Source Company data, I-Sec research

### Exhibit 12: Balance sheet

(INR mn, year ending March)

	FY24A	FY25A	FY26E	FY27E
Cash and balance with RBI/Banks	1,00,222	1,22,601	96,907	1,08,616
Investments	2,39,770	2,17,772	2,72,461	3,03,747
Advances	7,80,606	8,56,821	9,56,240	10,74,484
Fixed assets	9,665	10,183	11,718	13,124
Other assets	43,865	39,175	48,503	58,980
<b>Total assets</b>	<b>11,74,128</b>	<b>12,46,551</b>	<b>13,85,828</b>	<b>15,58,951</b>
Deposits	10,19,203	10,75,256	12,02,151	13,54,748
Borrowings	39,121	43,005	40,244	37,760
Other liabilities and provisions	27,569	27,291	32,074	42,429
Share capital	2,616	2,616	2,616	2,616
Reserve & surplus	85,620	98,383	1,08,743	1,21,399
<b>Total equity &amp; liabilities</b>	<b>11,74,128</b>	<b>12,46,551</b>	<b>13,85,828</b>	<b>15,58,951</b>
% Growth	9.0	6.2	11.2	12.5

Source Company data, I-Sec research

### Exhibit 13: Key ratios

(Year ending March)

	FY24A	FY25A	FY26E	FY27E
<b>No. of shares and per share data</b>				
No. of shares (mn)	2,616	2,616	2,616	2,616
Adjusted EPS	5.1	5.0	4.4	5.4
Book Value per share	32.4	37.3	41.3	46.1
Adjusted BVPS	29.6	35.3	39.6	44.6
<b>Valuation ratio</b>				
PER (x)	5.4	5.5	6.3	5.1
Price/ Book (x)	0.9	0.7	0.7	0.6
Price/ Adjusted book (x)	0.9	0.8	0.7	0.6
Dividend Yield (%)	1.4	1.5	1.6	1.9
<b>Profitability ratios (%)</b>				
Yield on advances	9.3	9.2	8.8	9.0
Yields on Assets	7.7	7.8	7.6	7.7
Cost of deposits	5.1	5.3	5.2	5.1
Cost of funds	4.7	4.9	4.8	4.8
NIMs	3.2	3.0	2.9	3.1
Cost/Income	61.5	57.2	62.3	61.0
<b>Dupont Analysis (as % of Avg Assets)</b>				
Interest Income	7.7	7.8	7.6	7.7
Interest expended	4.7	4.9	4.8	4.8
<b>Net Interest Income</b>	<b>3.0</b>	<b>2.9</b>	<b>2.8</b>	<b>3.0</b>
Non-interest income	1.3	1.5	1.3	1.3
Trading gains	0.3	0.2	0.2	0.2
Fee income	1.1	1.3	1.2	1.1
<b>Total Income</b>	<b>4.3</b>	<b>4.4</b>	<b>4.1</b>	<b>4.3</b>
<b>Total Cost</b>	<b>2.6</b>	<b>2.5</b>	<b>2.6</b>	<b>2.6</b>
Staff costs	1.5	1.4	1.4	1.4
Non-staff costs	1.1	1.1	1.2	1.2
<b>Operating Profit</b>	<b>1.7</b>	<b>1.9</b>	<b>1.6</b>	<b>1.7</b>
Core Operating Profit	1.4	1.7	1.4	1.5
Non-tax Provisions	0.3	0.4	0.4	0.4
<b>PBT</b>	<b>1.4</b>	<b>1.5</b>	<b>1.2</b>	<b>1.3</b>
Tax Provisions	0.4	0.4	0.3	0.3
<b>Return on Assets (%)</b>	<b>1.0</b>	<b>1.1</b>	<b>0.9</b>	<b>1.0</b>
Leverage (x)	15.2	13.3	12.8	12.9
<b>Return on Equity (%)</b>	<b>14.5</b>	<b>14.3</b>	<b>11.2</b>	<b>12.3</b>
<b>Asset quality ratios (%)</b>				
Gross NPA	4.5	3.2	2.4	2.0
Net NPA	1.5	0.9	0.7	0.6
PCR	68.7	71.8	72.0	72.0
Gross Slippages	2.0	1.5	1.5	1.5
LLP / Avg loans	0.5	0.0	0.6	0.6
Total provisions / Avg loans	0.5	0.6	0.6	0.6
Net NPA / Networth	12.9	7.8	6.0	4.9
<b>Capitalisation ratios (%)</b>				
Core Equity Tier 1	16.7	18.0	17.3	16.5
Tier 1 cap. adequacy	17.7	18.0	17.3	16.5
Total cap. adequacy	19.9	19.3	18.5	17.5

Source Company data, I-Sec research



This report may be distributed in Singapore by ICICI Securities, Inc. (Singapore branch). Any recipients of this report in Singapore should contact ICICI Securities, Inc. (Singapore branch) in respect of any matters arising from, or in connection with, this report. The contact details of ICICI Securities, Inc. (Singapore branch) are as follows: Address: 10 Collyer Quay, #40-92 Ocean Financial Tower, Singapore - 049315, Tel: +65 6232 2451 and email: navneet\_babbar@icicisecuritiesinc.com, Rishi\_agrawal@icicisecuritiesinc.com and Kadambari\_balachandran@icicisecuritiesinc.com.

"In case of eligible investors based in Japan, charges for brokerage services on execution of transactions do not in substance constitute charge for research reports and no charges are levied for providing research reports to such investors."

New I-Sec investment ratings (all ratings based on absolute return; All ratings and target price refers to 12-month performance horizon, unless mentioned otherwise)  
**BUY: >15% return; ADD: 5% to 15% return; HOLD: Negative 5% to Positive 5% return; REDUCE: Negative 5% to Negative 15% return; SELL: < negative 15% return**

## ANALYST CERTIFICATION

I/We, Jai Prakash Mundhra, MBA; Hardik Shah, CA; authors and the names subscribed to this report, hereby certify that all of the views expressed in this research report accurately reflect our views about the subject issuer(s) or securities. We also certify that no part of our compensation was, is, or will be directly or indirectly related to the specific recommendation(s) or view(s) in this report. Analysts are not registered as research analysts by FINRA and are not associated persons of the ICICI Securities Inc. It is also confirmed that above mentioned Analysts of this report have not received any compensation from the companies mentioned in the report in the preceding twelve months and do not serve as an officer, director or employee of the companies mentioned in the report.

### Terms & conditions and other disclosures:

ICICI Securities Limited (ICICI Securities) is a full-service, integrated investment banking and is, inter alia, engaged in the business of stock brokering and distribution of financial products. Registered Office Address: ICICI Venture House, Appasaheb Marathe Marg, Prabhadevi, Mumbai - 400 025. CIN: L67120MH1995PLC086241, Tel: (91 22) 6807 7100. ICICI Securities is Sebi registered stock broker, merchant banker, investment adviser, portfolio manager, Research Analyst and Alternative Investment Fund. ICICI Securities is registered with Insurance Regulatory Development Authority of India Limited (IRDAI) as a composite corporate agent and with PFRDA as a Point of Presence. ICICI Securities Limited Research Analyst SEBI Registration Number – INH000000990. ICICI Securities Limited SEBI Registration is INZ000183631 for stock broker. ICICI Securities AIF Trust's SEBI Registration number is IN/AIF3/23-24/1292 ICICI Securities is a subsidiary of ICICI Bank which is India's largest private sector bank and has its various subsidiaries engaged in businesses of housing finance, asset management, life insurance, general insurance, venture capital fund management, etc. ("associates"), the details in respect of which are available on [www.icicibank.com](http://www.icicibank.com).

ICICI Securities is one of the leading merchant bankers/ underwriters of securities and participate in virtually all securities trading markets in India. We and our associates might have investment banking and other business relationship with a significant percentage of companies covered by our Investment Research Department. ICICI Securities and its analysts, persons reporting to analysts and their relatives are generally prohibited from maintaining a financial interest in the securities or derivatives of any companies that the analysts cover.

Recommendation in reports based on technical and derivative analysis centre on studying charts of a stock's price movement, outstanding positions, trading volume etc as opposed to focusing on a company's fundamentals and, as such, may not match with the recommendation in fundamental reports. Investors may visit [icidirect.com](http://icidirect.com) to view the Fundamental and Technical Research Reports.

Our proprietary trading and investment businesses may make investment decisions that are inconsistent with the recommendations expressed herein.

ICICI Securities Limited has two independent equity research groups: Institutional Research and Retail Research. This report has been prepared by the Institutional Research.

The views and opinions expressed in this document may or may not match or may be contrary with the views, estimates, rating, and target price of the Retail Research.

The information and opinions in this report have been prepared by ICICI Securities and are subject to change without any notice. The report and information contained herein is strictly confidential and meant solely for the selected recipient and may not be altered in any way, transmitted to, copied or distributed, in part or in whole, to any other person or to the media or reproduced in any form, without prior written consent of ICICI Securities. While we would endeavour to update the information herein on a reasonable basis, ICICI Securities is under no obligation to update or keep the information current. Also, there may be regulatory, compliance or other reasons that may prevent ICICI Securities from doing so. Non-rated securities indicate that rating on a particular security has been suspended temporarily and such suspension is in compliance with applicable regulations and/or ICICI Securities policies, in circumstances where ICICI Securities might be acting in an advisory capacity to this company, or in certain other circumstances. This report is based on information obtained from public sources and sources believed to be reliable, but no independent verification has been made nor is its accuracy or completeness guaranteed. This report and information herein is solely for informational purpose and shall not be used or considered as an offer document or solicitation of offer to buy or sell or subscribe for securities or other financial instruments. Though disseminated to all the customers simultaneously, not all customers may receive this report at the same time. ICICI Securities will not treat recipients as customers by virtue of their receiving this report. Nothing in this report constitutes investment, legal, accounting and tax advice or a representation that any investment or strategy is suitable or appropriate to your specific circumstances. The securities discussed and opinions expressed in this report may not be suitable for all investors, who must make their own investment decisions, based on their own investment objectives, financial positions and needs of specific recipient. This may not be taken in substitution for the exercise of independent judgment by any recipient. The recipient should independently evaluate the investment risks. The value and return on investment may vary because of changes in interest rates, foreign exchange rates or any other reason. ICICI Securities accepts no liabilities whatsoever for any loss or damage of any kind arising out of the use of this report. Past performance is not necessarily a guide to future performance. Investors are advised to see Risk Disclosure Document to understand the risks associated before investing in the securities markets. Actual results may differ materially from those set forth in projections. Forward-looking statements are not predictions and may be subject to change without notice.

ICICI Securities or its associates might have managed or co-managed public offering of securities for the subject company or might have been mandated by the subject company for any other assignment in the past twelve months.

ICICI Securities or its associates might have received any compensation from the companies mentioned in the report during the period preceding twelve months from the date of this report for services in respect of managing or co-managing public offerings, corporate finance, investment banking or merchant banking, brokerage services or other advisory service in a merger or specific transaction.

ICICI Securities or its associates might have received any compensation for products or services other than investment banking or merchant banking or brokerage services from the companies mentioned in the report in the past twelve months.

ICICI Securities encourages independence in research report preparation and strives to minimize conflict in preparation of research report. ICICI Securities or its associates or its analysts did not receive any compensation or other benefits from the companies mentioned in the report or third party in connection with preparation of the research report. Accordingly, neither ICICI Securities nor Research Analysts and their relatives have any material conflict of interest at the time of publication of this report.

Compensation of our Research Analysts is not based on any specific merchant banking, investment banking or brokerage service transactions.

ICICI Securities or its subsidiaries collectively or Research Analysts or their relatives do not own 1% or more of the equity securities of the Company mentioned in the report as of the last day of the month preceding the publication of the research report.

Since associates of ICICI Securities and ICICI Securities as a entity are engaged in various financial service businesses, they might have financial interests or actual/ beneficial ownership of one percent or more or other material conflict of interest in various companies including the subject company/companies mentioned in this report.

ICICI Securities may have issued other reports that are inconsistent with and reach different conclusion from the information presented in this report.

Neither the Research Analysts nor ICICI Securities have been engaged in market making activity for the companies mentioned in the report.

We submit that no material disciplinary action has been taken on ICICI Securities by any Regulatory Authority impacting Equity Research Analysis activities.

This report is not directed or intended for distribution to, or use by, any person or entity who is a citizen or resident of or located in any locality, state, country or other jurisdiction, where such distribution, publication, availability or use would be contrary to law, regulation or which would subject ICICI Securities and affiliates to any registration or licensing requirement within such jurisdiction. The securities described herein may or may not be eligible for sale in all jurisdictions or to certain category of investors. Persons in whose possession this document may come are required to inform themselves of and to observe such restriction.

This report has not been prepared by ICICI Securities, Inc. However, ICICI Securities, Inc. has reviewed the report and, in so far as it includes current or historical information, it is believed to be reliable, although its accuracy and completeness cannot be guaranteed.

---

Investment in securities market are subject to market risks. Read all the related documents carefully before investing.

Registration granted by SEBI and certification from NISM in no way guarantee performance of the intermediary or provide any assurance of returns to investors. None of the research recommendations promise or guarantee any assured, minimum or risk free return to the investors.

ICICI Securities Limited has not used any Artificial Intelligence tools for preparation of this Research Report.

Name of the Compliance officer (Research Analyst): Mr. Atul Agrawal, Contact number: 022-40701000, **E-mail Address** : [complianceofficer@icicisecurities.com](mailto:complianceofficer@icicisecurities.com)

For any queries or grievances: [Mr. Bhavesh Soni](#) Email address: [headservicequality@icicidirect.com](mailto:headservicequality@icicidirect.com) Contact Number: 18601231122

---