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Rating Information	
Price (Rs)	1,661
Target Price (Rs)	1,960
Target Date	31-Mar-20
Target Set On	29-Nov-18
Implied yrs of growth (ERE)	20
Fair Value (ERE)	1,960
Fair Value (DDM)	NA
Ind Benchmark	BANKEX
Model Portfolio Position	

Stock Information	
Market Cap (Rs mn)	999,263
Free Float (%)	83.3%
52 Wk H/L (Rs)	2038/1333.15
Avg Daily Volume (1yr)	1,598,566.9
Avg Daily Value (Rs mn)	2,828.3
Equity Cap (Rs Mn)	6,017.7
Face Value (Rs)	10.0
Bloomberg Code	IIB IN

Ownership	Recent	3M	12M %
Promoters	16.7%	0.0%	0.0%
DII	10.2%	-0.4%	-3.9%
FII	52.2%	-0.4%	3.9%
Public	20.9%	0.8%	0.0%

Price %	1M%	3M%	12M%
Absolute	17.5%	-12.9%	-0.7%
Vs Industry	10.2%	-7.1%	-3.8%
YES Bank	-11.5%	-56.1%	-48.7%
HDFC Bank	10.6%	2.5%	13.8%

Standalone Quarterly EPS forecast				
Rs/Share	1Q	2Q	3Q	4Q
EPS (18A)	14.0	14.7	15.6	15.9
EPS (19E)	17.3	15.3	14.3	21.6

# IndusInd Bank

Management Meet Note : Est. (↓), Target (↑), Rating(↔)

Regular Coverage

Business prospects healthy, IL&FS-related provisions likely in 2H – maintain LONG

Absolute :LONG

Relative : OverWeight

14.0% ATR in 16 months

BFSI

We recently met with the IIB management, and key takeaways were: (a) IIB remains comfortable with loan growth of 25-30%. (b) The bank is not eyeing portfolio buyouts at present. (c) Pricing power has improved across segments. (d) Excluding IL&FS exposure, asset quality remains steady. (e) 2HFY19 provisions would remain elevated as IIB looks to prudentially set aside provisions towards its IL&FS exposure. With competition easing from NBFCs and peer banks like YES, we think IIB is well-placed to capture quality growth (CET: 13.9%). We therefore raise our FY19E NII/loan growth estimates by 3%/2.2% while building in additional provisions of Rs 7bn/Rs 5bn for FY19E/FY20E. Retain LONG with a revised Mar'20 TP of Rs 1,960 (Rs 1,875 earlier) set at 3.4x FY21 ABV vs. 3.2x earlier as we change our cost of equity estimate to 13.6% from 13.9% previously.

**Comfortable with loan growth of 25-30%, not aggressive on buyouts:** IIB is looking at loan growth of 25-30% mainly through direct sourcing, and is not aggressively pursuing portfolio buyouts from NBFCs. As IIB has a presence in all large and mid-sized cities, its market coverage in corporate credit stands at a high of 85-90%. For corporate loans, IIB has a wallet plan approach with a target RAROC of ~13%. Of late, pricing power has improved for banks across products. IIB had cautiously slowed down lending in the LAP segment due to aggressive market pricing, but will now look at growth in this segment.

**Provisions towards IL&FS to be set aside in 2HFY19:** Based on IIB's assessment of expected credit losses from its IL&FS exposure, IIB will make requisite provisions in 2HFY19. The bank has some unutilized DSRA on the exposure. IIB has also filed a caveat against the NCLAT order to stay a NCLT order denying a three-month moratorium to IL&FS. As IIB has the first right of 100% repayment from the rights issue or 50% from liquidity support, it can see good recoveries if any resolution plan entails infusion of equity by existing shareholders. However, this hinges on how the resolution plan shapes up; we therefore build in ~85% LGD on Rs 20bn of IIB's exposure at the parent level.

**View:** As non-food credit growth has inched up to 15.6% yoy, IIB is set to be a key beneficiary given that NBFCs and select private peers likely go slow on incremental business growth. With banks like HDFCB, ICICIBC, AXSB and SBIN likely to have good penetration in most large corporate accounts, we believe IIB can further increase its wallet share in such accounts despite having 75bps-100bps higher MCLR rates. Maintain LONG.

**Key risks:** Increase in slippages and a slowdown in retail loan demand, especially from CV/vehicle segments.

## Estimate Revision

(Rs mn)	Forecasts		% Change	
	FY19E	FY20E	FY19E	FY20E
NII	105,759	126,970	3.2%	1.3%
Other Inc.	57,239	69,831	0.0%	0.0%
Provisions	25,153	24,704	22.9%	18.1%
PAT	43,125	55,702	-5.3%	-5.4%
Advances	2,000,360	2,480,447	2.2%	2.2%
ABV	428	495	0.6%	-0.7%

## Standalone Financials

Rs. mn	YE Mar	FY18A	FY19E	FY20E	FY21E
NII	74,974	105,759	126,970	153,765	
Other Income	47,501	57,239	69,831	85,194	
Total Income	122,476	162,997	196,801	238,959	
Operating Expense	55,914	72,300	87,437	105,783	
PPOP	66,561	90,697	109,364	133,176	
Provisions	11,754	25,153	24,704	24,606	
PAT	36,060	43,125	55,702	71,433	
Adj PAT	36,060	43,125	55,702	71,433	
Loan & Advances	1,449,537	2,000,360	2,480,447	3,075,754	
Deposits	1,516,392	2,092,621	2,657,628	3,375,188	
Net Worth	238,416	333,357	379,123	440,560	
NIM	4.0%	4.3%	3.9%	3.8%	
Prov/Avg Loans	0.9%	1.5%	1.1%	0.9%	
Rs Per Share	FY18A	FY19E	FY20E	FY21E	
EPS	60.2	65.7	78.1	99.5	
Book Value	391.2	463.4	524.7	607.2	
Adjusted BVPS	378.8	428.0	494.7	568.3	
P/ABV (x)	3.9	3.4	3.0	2.6	
DPS	7.5	10.0	12.5	12.5	
P/E (x)	24.3	22.3	18.8	14.7	
ROE (%)	16.5%	15.3%	15.8%	17.6%	
RoA (%)	1.8%	1.7%	1.7%	1.7%	

\*(FY19E includes impact of BHAFIN merger)

**ROE-ROA Tree Analysis**

(Rs mn)	FY17A	FY18A	FY19E	FY20E	FY21E
Yield on Loans and Advances	11.4%	10.6%	11.6%	11.5%	11.5%
Yield on Investments	7.0%	7.1%	7.1%	7.1%	7.1%
Cost of Funds	6.3%	5.8%	6.3%	6.3%	6.3%
Advances (A)	1,130,805	1,449,537	2,000,360	2,480,447	3,075,754
Investments (B)	367,021	500,767	618,898	692,384	896,852
Cash and Balances with RBI (C)	77,487	109,624	128,916	162,023	203,730
Balances with Bank (D)	108,795	22,535	110,868	236,554	297,446
Interest Earning Assets (A+B+C+D)	1,684,109	2,082,463	2,859,042	3,571,409	4,473,781
Average Interest Earning Assets	1,504,982	1,883,286	2,470,752	3,215,226	4,022,595
NII/Avg Int Earning Assets	4.0%	4.0%	4.3%	3.9%	3.8%
Non Int Inc/Avg Int Earning Assets	2.8%	2.5%	2.3%	2.2%	2.1%
Total Income/Avg Int Earning Assets	6.8%	6.5%	6.6%	6.1%	5.9%
Op. Costs/AvgInt Earning Assets	3.2%	3.0%	2.9%	2.7%	2.6%
PPI/AvgInt Earning Assets	3.6%	3.5%	3.7%	3.4%	3.3%
Provisions/AvgInt Earning Assets	0.7%	0.6%	1.0%	0.8%	0.6%
Taxes/AvgInt Earning Assets	1.0%	1.0%	0.9%	0.9%	0.9%
Return on AvgInt Earning Assets	1.9%	1.9%	1.7%	1.7%	1.8%
Extraordinary item	0.0%	0.0%	0.0%	0.0%	0.0%
Adj Return on AvgInt Earning Assets	1.9%	1.9%	1.7%	1.7%	1.8%
Productivity (AvgInt Earning Asset/Avg. TA)	93.6%	94.1%	94.6%	95.4%	96.0%
Return on Average Total Assets	1.8%	1.8%	1.7%	1.7%	1.7%
Leverage (Average TA/Average Equity)	8.6	9.1	9.3	9.6	10.3
Return on Average Equity	15.3%	16.5%	15.3%	15.8%	17.6%

Source: Company, Equirus Securities

## Company Snapshot

### How we differ from Consensus

	-	Equirus	Consensus	% Diff	Comment
EPS	FY19E	65.7	70.6	-6.8%	Our consensus builds in merger with Bharat Finance
	FY20E	78.1	91.8	-14.9%	
NII + Other Inc	FY19E	162,997	152,248	7.1%	
	FY20E	196,801	189,699	3.7%	
PAT	FY19E	43,125	44,449	-3.0%	
	FY20E	55,702	58,029	-4.0%	

**Our Key Investment arguments:** Well-capitalized to support strong loan growth, steady asset quality.

Key Assumptions	FY17A	FY18A	FY19E	FY20E	FY21E
Net Interest Income (Rs mn)	60,626	74,974	105,759	126,970	153,765
Net interest margin (%)	4.0%	4.0%	4.3%	3.9%	3.8%
Other Income (Rs mn)	41,715	47,501	57,239	69,831	85,194
Total Income (Rs mn)	102,341	122,476	162,997	196,801	238,959
Operating Expense (Rs mn)	47,831	55,914	72,300	87,437	105,783
Cost to Income Ratio (%)	46.7%	45.7%	44.4%	44.4%	44.3%
Credit Cost (%)	1.1%	0.9%	1.5%	1.1%	0.9%
PAT (Rs mn)	28,679	36,060	43,125	55,702	71,433
Advances Growth (%)	27.9%	28.2%	38.0%	24.0%	24.0%
Deposits Growth (%)	36.1%	19.8%	38.0%	27.0%	27.0%

**Key Risks:** An increase in slippages and a slowdown in retail loan demand, especially from CV/vehicle segments, pace of transmission of rising CoF, corporate asset quality

Comparable valuation		Mkt Cap Rs. Mn.	Price Target	Target Date	P/E			P/B			ABVP			RoE			Div Yield		
Company	Reco.				CMP	FY18A	FY19E	FY20E	FY18A	FY19E	FY20E	FY18A	FY19E	FY20E	FY18A	FY19E	FY20E	FY18A	FY19E
Indusind Bank	LONG	1,661	999,263	1,960	Mar-20	27.6x	25.3x	21.3x	4.4x	3.9x	3.4x	428.0	16.5%	15.3%	15.8%	0.5%	0.6%	0.8%	
Yes Bank	LONG	160	370,953	350	Sep-19	8.7x	7.7x	6.2x	1.5x	1.3x	1.1x	119.2	17.7%	17.7%	18.3%	1.7%	1.7%	1.7%	
HDFC Bank	LONG	2,131	5,793	2,340	Sep-19	31.4x	27.1x	23.2x	5.6x	4.2x	3.7x	512.2	17.9%	16.5%	15.8%	0.6%	0.7%	0.8%	

**Key Triggers:** Declining interest rates, healthy loangrowth and CASA.

Sensitivity to Key Variables	% Change	% Impact on EPS
Net Interest Income	10%	16.2%
Provisioning Costs	10%	18.5%
Loans & Advances Growth	10%	2.8%

### ERoE Valuations & Assumptions

Rf	Ke	Term. Growth	RoE in Terminal Yr
7.8 %	13.6%	5.0 %	18.3 %

	FY19E	FY20-23E	FY24-28E	FY29-38E
PAT Growth	19.6%	16.4%	16.8%	16.8%
Dividend Payout (%)	18.3%	15.0%	15.0%	15.0%
BV growth	17.9%	12.2%	13.3%	15.0%
RoE (%)	15.3%	17.4%	18.3%	18.3%

	1	5	10	20
Years of strong growth				
Valuation as on date (Rs)	638	917	1,152	1,733
Valuation as of 31 <sup>st</sup> Mar'20	725	1,042	1,309	1,960

Our Mar'20TP of Rs 1,960 implies 20 years of high growth on ERoE, assuming cost of equity of 13.6% and average RoE of 18.3%.

### Company Description:

IIB was promoted by a group of NRIs, including SP Hinduja in 1994. Ashok Leyland Finance was merged with IIB in 2004. IIB caters to both consumer and corporate customers. In the consumer segment, it offers vehicle financing, equipment financing, home loans, LAP, credit cards and other banking services. In the corporate segment, it provides services in investment banking, transaction banking, capital markets, and working capital financing.



Standalone Quarterly Earnings Forecast and Key Drivers

(mn)	1Q18A	2Q18A	3Q18A	4Q18A	1Q19A	2Q19A	3Q19E	4Q19E	1Q20E	2Q20E	3Q20E	4Q20E	FY18A	FY19E	FY20E	FY21E
Interest Income	41,355	42,084	42,868	46,501	50,682	54,381	58,543	80,772	72,332	75,755	78,868	80,640	172,807	244,377	307,594	381,789
Interest Expense	23,615	23,874	23,920	26,425	29,457	32,348	34,243	42,571	41,970	44,165	46,836	47,653	97,833	138,619	180,624	228,024
Net Interest Income	17,741	18,210	18,948	20,076	21,224	22,033	24,301	38,201	30,361	31,590	32,032	32,987	74,974	105,759	126,970	153,765
Non Interest Income	11,673	11,876	11,868	12,085	13,016	13,170	13,529	17,520	16,921	17,710	18,498	16,702	47,501	57,239	69,831	85,194
Total Income	29,413	30,086	30,816	32,161	34,240	35,203	37,829	55,721	47,282	49,300	50,530	49,688	122,476	162,997	196,801	238,959
Operating and Other Expenses	13,528	13,751	14,169	14,467	15,129	15,281	16,213	25,677	21,872	22,728	23,249	19,588	103,745	128,215	159,738	193,220
Staff Cost	4,222	4,450	4,600	4,535	4,620	4,582	4,765	10,962	7,893	8,051	8,131	5,841	17,807	24,930	29,916	35,899
Other Operating Expenses	9,306	9,300	9,569	9,932	10,509	10,699	11,448	14,714	13,979	14,678	15,118	13,748	38,108	47,371	57,522	69,884
Pre-Provision Income	15,885	16,335	16,647	17,694	19,111	19,922	21,616	30,044	25,411	26,572	27,281	30,100	66,561	90,697	109,364	133,176
Provisions and Write-offs	3,100	2,938	2,362	3,356	3,500	5,903	7,377	8,373	4,521	5,157	6,486	8,540	11,754	25,153	24,704	24,606
PBT	12,786	13,398	14,285	14,338	15,611	14,019	14,239	21,671	20,890	21,414	20,795	21,560	54,807	65,544	84,660	108,570
TAX	4,420	4,597	4,923	4,808	5,254	4,819	4,870	7,476	7,146	7,325	7,113	7,375	18,747	22,420	28,958	37,137
Extraordinary	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
PAT	8,365	8,801	9,362	9,531	10,357	9,200	9,368	14,195	13,745	14,089	13,682	14,185	36,060	43,125	55,702	71,433
EPS (Annualized)	14.0	14.7	15.6	15.9	17.3	15.3	14.3	21.6	21.0	21.5	20.9	21.6	60.2	65.7	78.1	99.5
<b>Key Drivers</b>																
YoA	11.5%	11.3%	11.0%	11.1%	11.2%	11.4%	11.5%	14.0%	11.6%	11.5%	11.5%	11.4%	10.6%	11.6%	11.5%	11.5%
YoI	7.4%	7.3%	6.8%	6.9%	6.7%	0.0%	7.1%	8.8%	7.0%	7.0%	7.0%	6.9%	7.1%	7.1%	7.1%	7.1%
CoF	5.3%	5.1%	5.0%	5.1%	5.4%	5.6%	6.2%	7.0%	6.4%	6.4%	6.4%	6.1%	5.8%	6.3%	6.3%	6.3%
NIM	4.0%	4.0%	4.0%	4.0%	3.9%	3.8%	4.1%	5.7%	4.1%	4.1%	3.9%	3.8%	4.0%	4.3%	3.9%	3.8%
C/I Ratio	46%	46%	46%	45%	44%	43%	43%	46%	46%	46%	46%	39%	46%	44%	44%	44%
CD Ratio	87.1%	87.1%	88.0%	95.6%	94.8%	97.0%	97.0%	95.6%	96.5%	96.0%	94.3%	93.3%	95.6%	95.6%	93.3%	91.1%
Non-Interest Income/ Total Income	39.7%	39.5%	38.5%	37.6%	38.0%	37.4%	35.8%	31.4%	35.8%	35.9%	36.6%	33.6%	38.8%	35.1%	35.5%	35.7%
ROA	1.86%	1.90%	1.96%	1.86%	1.91%	1.59%	1.46%	2.01%	1.78%	1.74%	1.61%	1.57%	1.80%	1.65%	1.65%	1.70%
ROE	16.2%	16.5%	17.0%	16.6%	17.3%	14.9%	14.5%	19.0%	16.1%	15.8%	14.8%	15.0%	16.5%	15.3%	15.8%	17.6%
<b>Sequential Growth (%)</b>																
NII	6.4%	2.6%	4.1%	6.0%	5.7%	3.8%	10.3%	57.2%	-20.5%	4.0%	1.4%	3.0%				
TI	2.2%	2.3%	2.4%	4.4%	6.5%	2.8%	7.5%	47.3%	-15.1%	4.3%	2.5%	-1.7%				
PPI	1.0%	2.8%	1.9%	6.3%	8.0%	4.2%	8.5%	39.0%	-15.4%	4.6%	2.7%	10.3%				
Provisions and Write-offs	-27.9%	-5.2%	-19.6%	42.1%	4.3%	68.6%	25.0%	13.5%	-46.0%	14.1%	25.8%	31.7%				
PAT	11.3%	5.2%	6.4%	1.8%	8.7%	-11.2%	1.8%	51.5%	-3.2%	2.5%	-2.9%	3.7%				
EPS	11.0%	5.2%	6.3%	1.7%	8.6%	-11.2%	-6.8%	51.5%	-3.2%	2.5%	-2.9%	3.7%				
Advances	2.9%	5.8%	4.4%	12.8%	3.9%	8.3%	7.0%	14.6%	6.0%	5.5%	5.0%	5.6%				
Deposits	5.6%	5.8%	3.3%	3.8%	4.8%	5.9%	7.0%	16.3%	5.0%	6.0%	7.0%	6.6%				
Total Business	4.4%	5.8%	3.8%	8.0%	4.4%	7.1%	7.0%	15.4%	5.5%	5.8%	6.0%	6.1%				
<b>Yearly Growth (%)</b>																
NII	30.8%	24.7%	20.0%	20.4%	19.6%	21.0%	28.2%	90.3%	43.1%	43.4%	31.8%	-13.6%	23.7%	41.1%	20.1%	21.1%
TI	26.3%	23.8%	18.7%	11.7%	16.4%	17.0%	22.8%	73.3%	38.1%	40.0%	33.6%	-10.8%	19.7%	33.1%	20.7%	21.4%
PPI	28.8%	27.5%	22.1%	12.5%	20.3%	22.0%	29.8%	69.8%	33.0%	33.4%	26.2%	0.2%	22.1%	36.3%	20.6%	21.8%
Provisions and Write-offs	34.5%	37.3%	8.9%	-22.0%	12.9%	100.9%	212.4%	149.5%	29.2%	-12.6%	-12.1%	2.0%	7.7%	114.0%	-1.8%	-0.4%
PAT	26.5%	25.0%	24.7%	26.8%	23.8%	4.5%	0.1%	48.9%	32.7%	53.2%	46.0%	-0.1%	25.7%	19.6%	29.2%	28.2%
EPS	25.8%	24.5%	24.3%	26.1%	23.4%	4.5%	0.1%	48.9%	32.7%	40.2%	46.0%	-0.1%	25.2%	9.2%	18.7%	27.5%
Advances	24.3%	24.5%	25.1%	28.2%	29.4%	32.4%	35.8%	38.0%	40.7%	37.1%	34.6%	24.0%	28.2%	38.0%	24.0%	24.0%
Deposits	31.4%	25.9%	22.5%	19.8%	18.8%	18.9%	23.2%	38.0%	38.3%	38.5%	38.5%	27.0%	19.8%	38.0%	27.0%	27.0%
Total Business	28.0%	25.3%	23.7%	23.8%	23.8%	25.2%	29.1%	38.0%	39.5%	37.8%	36.5%	25.5%	23.8%	38.0%	25.5%	25.6%

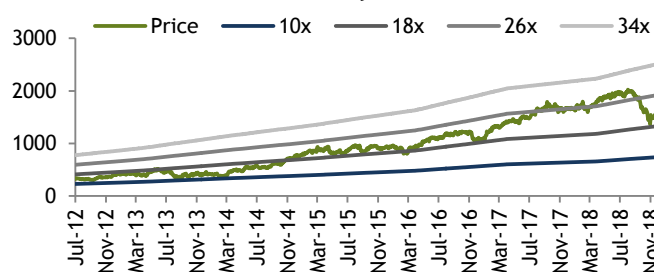
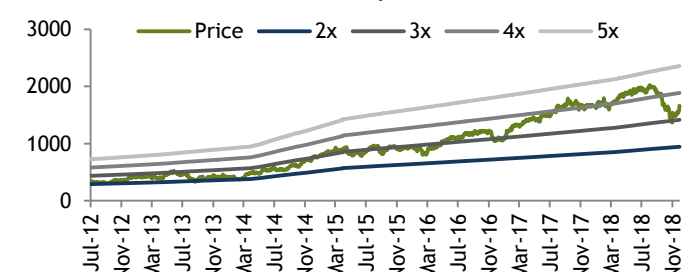
\*4QFY19E quarterly estimates are inaccurate to the extent that our annual projections include impact of BHAFIN merger while quarterly financials for 1QFY19-3QFY19E are of un-merged IIB and 4QFY19E is the balancing figure.

**Standalone Financials**

P&L (Rs mn)	FY18A	FY19E	FY20E	FY21E
Interest Income	172,807	244,377	307,594	381,789
Interest Expense	97,833	138,619	180,624	228,024
Net Interest Income	74,974	105,759	126,970	153,765
% Growth	23.7%	41.1%	20.1%	21.1%
Treasury Income	3,638	1,400	1,100	1,100
Other Inc.	43,863	55,839	68,731	84,094
Total Income	122,476	162,997	196,801	238,959
Employees Expenses	17,807	24,930	29,916	35,899
Other Op. Expenses	38,108	47,371	57,522	69,884
<b>Operating Profit</b>	<b>66,561</b>	<b>90,697</b>	<b>109,364</b>	<b>133,176</b>
% Growth	22.1%	36.3%	20.6%	21.8%
Tax	18,747	22,420	28,958	37,137
Total Provisions	11,754	25,153	24,704	24,606
<b>Net Profit</b>	<b>36,060</b>	<b>43,125</b>	<b>55,702</b>	<b>71,433</b>
% Growth	25.7%	19.6%	29.2%	28.2%
<b>Earnings Ratios</b>				
Int Inc. / Avg. assets	8.6%	9.4%	9.1%	9.1%
Int Exp./ Avg. assets	4.9%	5.3%	5.4%	5.4%
NIM (%)	4.0%	4.3%	3.9%	3.8%
Int. exp/ Int earned	56.6%	56.7%	58.7%	59.7%
Oth. Inc./ Tot. Inc.	38.8%	35.1%	35.5%	35.7%
Staff exp/Total exp	31.8%	34.5%	34.2%	33.9%
Cost/ Income Ratio	45.7%	44.4%	44.4%	44.3%
Prov/Op Profit	17.7%	27.7%	22.6%	18.5%
Total prov./Avg loan	0.9%	1.5%	1.1%	0.9%

Balance Sheet (Rs mn)	FY18A	FY19E	FY20E	FY21E
Capital	6,002	7,116	7,156	7,196
Reserves and Surplus	232,414	326,241	371,967	433,364
Deposits	1,516,392	2,092,621	2,657,628	3,375,188
Borrowings	382,891	485,701	582,841	699,409
Other Liabilities	78,563	94,275	113,130	135,756
<b>Total liabilities</b>	<b>2,216,262</b>	<b>3,005,953</b>	<b>3,732,722</b>	<b>4,650,913</b>
Cash & Bal with RBI	109,624	128,916	162,023	203,730
Bal. with bank	22,535	110,868	236,554	297,446
Investments	500,767	618,898	692,384	896,852
Advances	1,449,537	2,000,360	2,480,447	3,075,754
Fixed Assets	13,388	14,459	15,615	16,864
Other Assets	120,412	132,453	145,698	160,268
<b>Total assets</b>	<b>2,216,262</b>	<b>3,005,953</b>	<b>3,732,722</b>	<b>4,650,913</b>
% Growth	24.1%	35.6%	24.2%	24.6%
<b>Key assumptions</b>				
<b>Deposits</b>				
Avg deposit growth (%)	19.8%	38.0%	27.0%	27.0%
Avg cost of deposits	5.8%	6.3%	6.3%	6.3%
<b>Advances</b>				
Avg. advances growth	28.2%	38.0%	24.0%	24.0%
Avg yield on advances	10.6%	11.6%	11.5%	11.5%
<b>Investments</b>				
Avg. investment gr	36.4%	23.6%	11.9%	29.5%
Avg. Yol	7.1%	7.1%	7.1%	7.1%
Dividend Yield	0.5%	0.7%	0.9%	0.9%

Particulars	FY18A	FY19E	FY20E	FY21E
<b>Asset Quality</b>				
Gross NPA (Rsmn)	17,049	45,874	42,781	50,228
Gross NPA (%)	1.2%	2.3%	1.7%	1.6%
Net NPA (Rsmn)	7,457	25,175	21,497	28,003
Net NPA (%)	0.5%	1.3%	0.9%	0.9%
% coverage of NPA	56.3%	45.1%	49.8%	44.2%
Delinquencies (%)	2.6%	2.7%	1.5%	1.5%
<b>Business Ratios</b>				
Credit / Deposit(%)	95.6%	95.6%	93.3%	91.1%
Investment/ Deposit	33.0%	29.6%	26.1%	26.6%
CASA (%)	44.0%	45.5%	45.5%	45.5%
RoA (%)	1.8%	1.7%	1.7%	1.7%
RoE (%)	16.5%	15.3%	15.8%	17.6%
RoRWA (%)	2.3%	2.2%	2.2%	2.3%
<b>CAR</b>				
RWA (Rs. Bn)	1,732	2,258	2,800	3,472
Tier I (%)	14.6%	15.7%	14.7%	13.9%
Tier II (%)	0.5%	0.3%	0.3%	0.2%
Total CAR (%)	15.0%	16.1%	14.9%	14.1%
<b>Per Share Data</b>				
BVPS, Rs	391.2	463.4	524.7	607.2
Adj. BVPS, Rs.	378.8	428.0	494.7	568.3
Price/ Adj. BV	3.9	3.4	3.0	2.6
EPS, Rs.	60.2	65.7	78.1	99.5
P/E Ratio	24.3	22.3	18.8	14.7

**Valuation Chart -1 yr forward P/E**

**Valuation Chart -1 yr forward P/B**


**Historical Standalone Financials**

P&L (Rs mn)	FY15A	FY16A	FY17A	FY18A	B/S (RsMn)	FY15A	FY16A	FY17A	FY18A	Particulars	FY15A	FY16A	FY17A	FY18A
Interest Income	96,920	118,717	144,057	172,807	Capital	5,295	5,950	5,981	6,002	Asset Quality				
Interest Expense	62,717	73,552	83,431	97,833	Reserves and Surplus	101,151	171,010	200,480	232,414	Gross NPA (Rsmn)	5,629	7,768	10,549	17,049
Net Interest Income	34,203	45,166	60,626	74,974	Deposits	741,344	930,003	1,265,722	1,516,392	Gross NPA (%)	0.8%	0.9%	0.9%	1.2%
% Growth	18.3%	32.1%	34.2%	23.7%	Borrowings	206,181	249,959	224,537	382,891	Net NPA (Rsmn)	2,105	3,218	4,389	7,457
Treasury Income	1,177	1,453	2,769	3,638	Other Liabilities	63,904	72,048	89,764	78,563	Net NPA (%)	0.3%	0.4%	0.4%	0.5%
Other Inc	24,303	31,517	38,946	43,863	Total Liabilities	1,117,874	1,428,970	1,786,484	2,216,262	% coverage of NPA	62.6%	58.6%	58.4%	56.3%
Total Income	59,683	78,135	102,341	122,476	Cash Bal with RBI	40,351	45,210	77,487	109,624	Delinquencies (%)	1.4%	1.1%	1.4%	2.6%
Employees Expenses	9,805	12,361	15,210	17,807	Bal. with bank	67,440	55,908	108,795	22,535	<b>Business Ratios</b>				
Other Op. Expenses	18,896	24,360	32,620	38,108	Investments	228,783	340,543	367,021	500,767	Credit / Deposit(%)	92.8%	95.1%	89.3%	95.6%
Operating Profit	30,982	41,414	54,510	66,561	Advances	687,882	884,193	1,130,805	1,449,537	Investment/ Deposit	30.9%	36.6%	29.0%	33.0%
% Growth	19.3%	33.7%	31.6%	22.1%	Fixed Assets	11,576	12,553	13,352	13,388	CASA (%)	34.1%	35.2%	36.9%	44.0%
Tax	9,155	11,828	14,918	18,747	Other Assets	81,841	90,561	89,023	120,412	RoA (%)	1.8%	1.8%	1.8%	1.8%
Total Provisions	3,891	6,722	10,913	11,754	Total assets	1,117,874	1,428,970	1,786,484	2,216,262	RoE (%)	19.0%	16.6%	15.3%	16.5%
Net Profit	17,937	22,865	28,679	36,060	% Growth	28.5%	27.8%	25.0%	24.1%	Adjusted RoE (%)	2.3%	2.2%	2.2%	2.3%
% Growth	27.4%	27.5%	25.4%	25.7%	<b>Key assumptions</b>					CAR				
<b>Earnings Ratios</b>					<b>Deposits</b>					RWA (Rs. Bn)	889	1,163	1,435	1,732
IntInc/Avg. assets	9.7%	9.3%	9.0%	8.6%	Avg deposit growth	22.5%	25.4%	36.1%	19.8%	Tier I (%)	11.2%	14.9%	14.7%	14.6%
Index/Avg assets	6.3%	5.8%	5.2%	4.9%	Avg cost of deposits	7.7%	6.8%	6.3%	5.8%	Tier II (%)	0.9%	0.6%	0.6%	0.5%
NIM	3.7%	3.8%	4.0%	4.0%	<b>Advances</b>					Total CAR (%)	12.1%	15.5%	15.3%	15.0%
Int. exp/Int earning	64.7%	62.0%	57.9%	56.6%	Avgadv growth (%)	24.8%	28.5%	27.9%	28.2%	<b>Per Share Data</b>				
OthInc/Tot. Inc.	42.7%	42.2%	40.8%	38.8%	Avg yield on adv (%)	12.5%	11.8%	11.4%	10.6%	BVPS, Rs	193.7	291.0	338.9	391.2
Staff exp/Total exp	34.2%	33.7%	31.8%	31.8%	<b>Investments</b>					Adj. BVPS, Rs.	189.7	285.6	331.6	378.8
Cost/Inc Ratio	48.1%	47.0%	46.7%	45.7%	Avg invest growth (%)	6.1%	48.8%	7.8%	36.4%	Price/ ABV	7.7	5.1	4.4	3.9
Prov/Op Profit	12.6%	16.2%	20.0%	17.7%	Avg yld on invest (%)	7.2%	7.3%	7.0%	7.1%	EPS, Rs.	34.0	40.7	48.1	60.2
Total prov/Avg. loan	0.6%	0.9%	1.1%	0.9%	Dividend Yield	0.3%	0.3%	0.4%	0.5%	<b>P/E Ratio</b>	43.1	36.0	30.5	24.3



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