Narnolia
Advance Strategy · Simple Solutions

# INDUSINDBK

**BUY**

## Indusind Bank

11-Jan-17

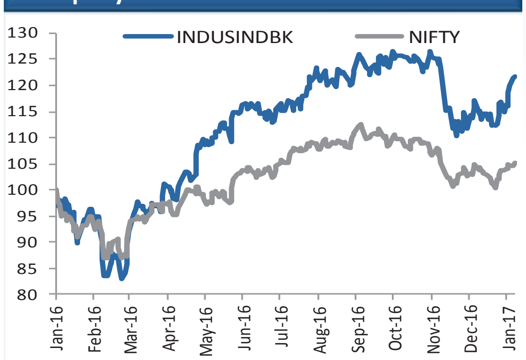
| Result Update | |
|---|---|
| CMP | 1161 |
| Target Price | 1400 |
| Previous Target Price | 1400 |
| Upside | 21% |
| Change from Previous | 0% |

| Market Data | |
|---|---|
| BSE Code | 532187 |
| NSE Symbol | INDUSINDBK |
| 52wk Range H/L | 1255/799 |
| Mkt Capital (Rs Cr) | 69444 |
| Av. Volume (,000) | 89 |
| Nifty | 8288 |

| Stock Performance | 1Month | 1Year | YTD |
|---|---|---|---|
| Absolute | 8.5 | 25.4 | 6.9 |
| Rel.to Nifty | 7.2 | 15.9 | 5.6 |

| Share Holding Pattern-% | 3QFY17 | 2QFY17 | 1QFY17 |
|---|---|---|---|
| Promoters | 16.7 | 16.7 | 16.7 |
| Public | 83.3 | 83.3 | 83.3 |
| Others | | | |
| Total | 100.0 | 100.0 | 100.0 |

**Company Vs NIFTY**

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### Profitability remains Intact, Defying the Expectation

Indusind Bank posted the strong set of 3Q FY17 results. NII grew by 35% YoY (better than the industry expectation) backed by healthy loan growth as well as improvement in NIM. Other Income grew by 21%. C/I ratio was well within control to 47.5% with only 20 bps increase YoY. Operating Profit remained healthy with 29% YoY growth. PAT grew by 29% YoY to Rs 751 Cr. NIM improved by 9 bps YoY to 4%, it remained flat QoQ. Sequentially assets quality saw marginal deterioration with GNPA at 94bps against 90bps. NNPA increased by 2bps to 0.39%.

Advances increased by 25% YoY backed by growth in both consumer as well as corporate portfolio. Deposits Increased by 38% YoY, whereas CASA Increased by 46% YoY. CASA ratio increased by 50 bps QoQ to 37%.

### Advances growth remained healthy, CASA Spiked

Advances grew by a healthy pace of 25% YoY despite the busy quarter (on liability side) backed by both Consumer Finance and Corporate Bank division. Both the segment registered the 25% growth YoY. Overall vehicle finance grew by 20% YoY and Non Vehicle consumer portfolio grew by 38% YoY. Under Vehicle Finance, CV grew by 10%, SCV picked up to 18% and car loan grew by 22%. Equipment financing grew by 28% YoY, Credit card business grew by 51% YoY, LAP growth remained intact at 35% YoY. Management highlighted that the IIB has gained the market share in overall vehicle financing except in 2 wheeler segment which remained flat QoQ. In respect of 2 wheeler business, management sees demonetization as opportunity for the IIB. Going forward management intends to shift the portfolio towards CFD as it generates higher yields in comparison to CBD.

Deposits grew by 38% YoY mainly due to demonetization effect. However growth was only 6% QoQ due to one off IPO deposits in 2Q FY17 got redeem in 3Q FY17. CASA grew by 46% YoY which led the CASA ratio to 37%(against our expectation of 38%+). SA increased by 56% and CA increased by 35% YoY. Management highlighted that the increase in CASA can be attributed equally to both- customer acquisition as well as demonetization. However it will be interesting to watch that how much of the deposits remain in the IIB as it will be further driver for the cost of fund.

### Operating Profit Remain Healthy.

Operating profit of the Indusind bank has shown a healthy growth of 29% YoY backed by strong NII and other income growth of 35% and 21% respectively. Other income growth was supported by 22% YoY growth in fee income. Fee from investment banking grew by 41% YoY but remain flat sequentially. Loan processing fees grew by 5% YoY. Distribution fee income grew by 44% YoY. C/I ratio increased marginally to 47.5% from 47.3% a year back due to 29% growth in operating expenses. Bank opened 40 new branches this quarter which led the total branches to 1075 and has the target of 1200 in FY17.

## Demonetization led huge decline in Cost of Fund.

NIM has improved by 9bps YoY to 4% but remain flat QoQ. Improvement in NIM was backed by decline in cost of fund. Cost of fund declined by 53bps YoY to 5.27%. Cost of deposits fall by 80 bps YoY to 6.35% as on 3Q FY17. This 80 bps fall in cost of deposits was the highest in last 18 quarters. Decline in cost of deposits was the result of spike in CASA ratio due to demonetization. Overall Yield of IIB declined by 44bps to 9.27%. Yield on advances declined by 34 bps YoY to 11.73%. Yield on consumer finance division declined by 53 YoY bps whereas corporate portfolio saw as decline of 22 bps YoY in its Yield. However sequentially yield on CFD decline marginally by 4 bps. Most of the CFD book is on fixed rate. In the declining interest rate scenario, Yields will further taper but with the strategy of management to shift to portfolio mix towards high yield CFD and decline in cost of fund will maintain the NIMs at current level.

## Assets Qaulity remains largely stable

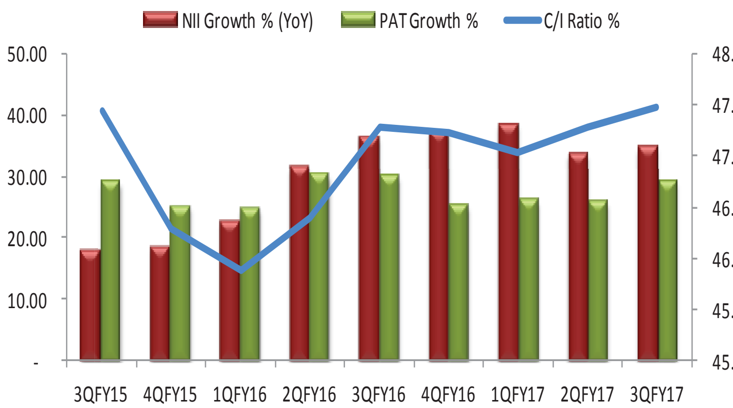
Assets Quality of IIB saw marginal increase in its GNPA to 0.94% against 0.90% as on 2Q FY17. NNPA increased by 2 bps to 0.39%. Slippages were Rs 281 Cr, increased by 8% QoQ. However slippages in CFD improved to Rs 170 Cr against Rs 188 Cr on 2Q FY17. GNPA in vehicle segment improved except in Car segment. LAP also saw 10bps increase in GNPA. Management highlighted that delinquencies and slippages in the consumer bank have actually improved over the quarter because repayments came in faster before December 30.Bank also saw delinquent clients as well as written-off clients end with paying up. Restructured assets declined to 41 bps against 44 bps on 2Q FY17. The decline was due to slip of 2 small accounts into NPA. PCR remained flat at 59%. Credit cost was 15 bps for the quarter and it was 45 bps for 9 months. Management expects the credit cost to restrict to 60bps in FY17.

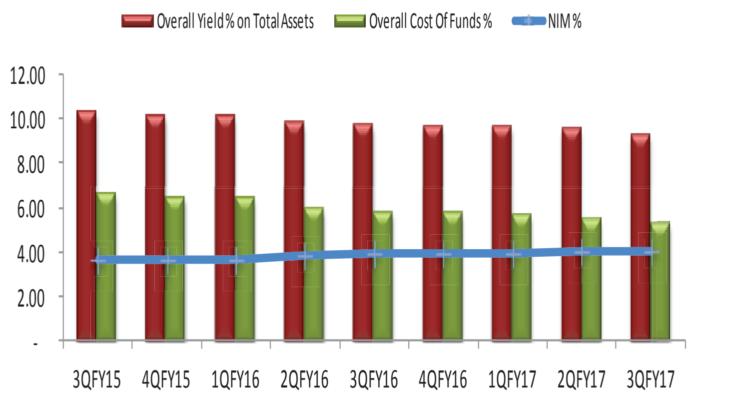
**Quarterly Performance** (Rs in Crore)

| *Financials* | 3QFY15 | 4QFY15 | 1QFY16 | 2QFY16 | 3QFY16 | 4QFY16 | 1QFY17 | 2QFY17 | 3QFY17 | YoY % | QoQ% |
|---|---|---|---|---|---|---|---|---|---|---|---|
| *Interest Inc.* | 2437 | 2579 | 2724 | 2798 | 2928 | 3132 | 3292 | 3469 | 3699 | **26%** | **7%** |
| *Interest Exp.* | 1576 | 1654 | 1743 | 1703 | 1754 | 1863 | 1935 | 2009 | 2121 | **21%** | **6%** |
| *NII* | 861 | 925 | 981 | 1094 | 1173 | 1268 | 1356 | 1460 | 1578 | **35%** | **8%** |
| *Other Income* | 611 | 658 | 724 | 784 | 839 | 913 | 973 | 970 | 1017 | **21%** | **5%** |
| *Total Income* | 1472 | 1584 | 1705 | 1878 | 2012 | 2181 | 2329 | 2431 | 2595 | **29%** | **7%** |
| *Ope Exp.* | 698 | 733 | 782 | 871 | 951 | 1030 | 1096 | 1149 | 1232 | **29%** | **7%** |
| *PPP* | 774 | 851 | 923 | 1007 | 1061 | 1151 | 1234 | 1282 | 1363 | **28%** | **6%** |
| *Provisions* | 98 | 107 | 123 | 158 | 177 | 214 | 230 | 214 | 217 | **22%** | **1%** |
| *PBT* | 676 | 743 | 799 | 848 | 884 | 938 | 1003 | 1068 | 1146 | **30%** | **7%** |
| *Tax* | 229 | 248 | 274 | 288 | 303 | 317 | 342 | 364 | 396 | **31%** | **9%** |
| *Net Profit* | 447 | 495 | 525 | 560 | 581 | 620 | 661 | 704 | 751 | **29%** | **7%** |

| *Financials* | 3QFY15 | 4QFY15 | 1QFY16 | 2QFY16 | 3QFY16 | 4QFY16 | 1QFY17 | 2QFY17 | 3QFY17 | YoY(+/-) | QoQ(+/-) |
|---|---|---|---|---|---|---|---|---|---|---|---|
| *NII Growth % (YoY)* | 18.0 | 18.4 | 22.5 | 31.3 | 36.2 | 37.1 | 38.3 | 33.4 | 34.5 | | |
| *Other Inc./Net Inc. %* | 41.5 | 41.6 | 42.5 | 41.7 | 41.7 | 41.9 | 41.8 | 39.9 | 39.2 | **(2.51)** | **(0.74)** |
| *C/I Ratio %* | 47.4 | 46.3 | 45.9 | 46.4 | 47.3 | 47.2 | 47.0 | 47.3 | 47.5 | **0.19** | **0.19** |
| *Empl. Cost/ Tot. Exp. %* | 36.6 | 36.2 | 34.8 | 34.5 | 34.3 | 32.7 | 32.6 | 32.7 | 32.0 | **(2.35)** | **(0.72)** |
| *Other Exp/Tot. Exp.%* | 63.4 | 63.8 | 65.2 | 65.5 | 65.7 | 67.3 | 67.4 | 67.3 | 68.0 | **2.35** | **0.72** |
| *PPP Growth % (YoY)* | (22.3) | (10.9) | 11.7 | 116.0 | 80.7 | 98.9 | 86.9 | 35.3 | 22.5 | | |
| *Provision/PPP %* | 12.7 | 12.6 | 13.4 | 15.7 | 16.7 | 18.6 | 18.7 | 16.7 | 15.9 | **(0.78)** | **(0.78)** |
| *Tax %* | 33.8 | 33.3 | 34.3 | 34.0 | 34.3 | 33.8 | 34.1 | 34.0 | 34.5 | **0.26** | **0.48** |
| *PAT Growth %* | 28.9 | 25.1 | 24.7 | 30.2 | 29.9 | 25.3 | 26.0 | 25.8 | 29.2 | | |
| *RoE %* | 18.3 | 19.8 | 20.4 | 16.7 | 14.1 | 14.6 | 15.1 | 15.4 | 15.7 | **1.67** | **0.34** |
| *RoA %* | 1.9 | 1.9 | 1.9 | 1.9 | 1.9 | 1.9 | 1.9 | 1.9 | 1.9 | **(0.04)** | **(0.05)** |

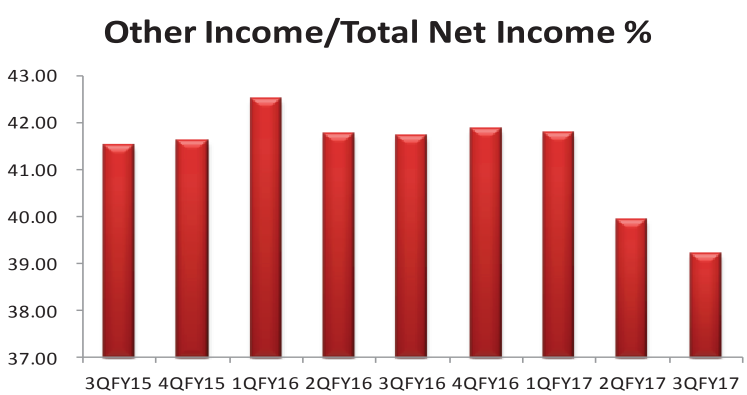
| Margins Performance | 3QFY15 | 4QFY15 | 1QFY16 | 2QFY16 | 3QFY16 | 4QFY16 | 1QFY17 | 2QFY17 | 3QFY17 | YoY(+/-) | QoQ(+/-) |
|---|---|---|---|---|---|---|---|---|---|---|---|
| *Yield % on Advances* | 13.0 | 12.8 | 12.7 | 12.4 | 12.1 | 12.0 | 12.1 | 11.9 | 11.7 | **(0.34)** | **(0.13)** |
| *Yield % on Corporate Bank* | 10.9 | 10.6 | 10.4 | 10.1 | 10.0 | 10.1 | 10.2 | 9.9 | 9.8 | **(0.22)** | **(0.16)** |
| *Yield % on Consumer Finance* | 15.8 | 15.8 | 15.7 | 15.4 | 15.1 | 14.9 | 14.6 | 14.6 | 14.5 | **(0.53)** | **(0.04)** |
| *Overall Yield % on Total Assets* | 10.3 | 10.1 | 10.1 | 9.8 | 9.7 | 9.7 | 9.6 | 9.5 | 9.3 | **(0.44)** | **(0.24)** |
| *Cost of Deposits %* | 7.8 | 7.7 | 7.6 | 7.4 | 7.2 | 7.1 | 6.9 | 6.6 | 6.4 | **(0.80)** | **(0.25)** |
| *Overall Cost Of Funds %* | 6.6 | 6.5 | 6.4 | 5.9 | 5.8 | 5.7 | 5.7 | 5.5 | 5.3 | **(0.53)** | **(0.24)** |
| *NIM %* | 3.7 | 3.7 | 3.7 | 3.9 | 3.9 | 3.9 | 4.0 | 4.0 | 4.0 | **0.09** | **-** |

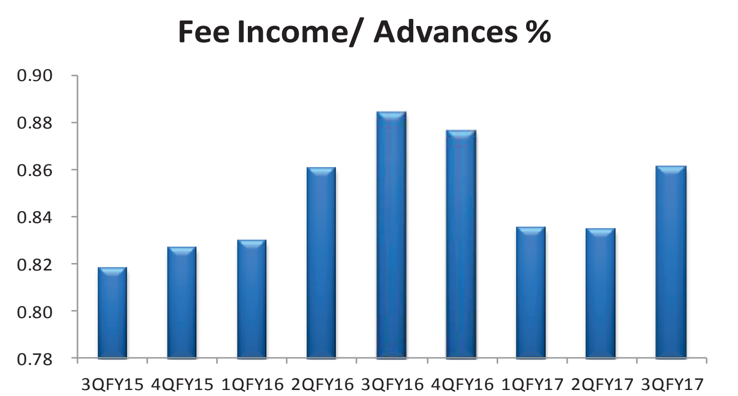



(Rs in Crore)

| Other Income Break Up | 3QFY15 | 4QFY15 | 1QFY16 | 2QFY16 | 3QFY16 | 4QFY16 | 1QFY17 | 2QFY17 | 3QFY17 | YoY % | QoQ% |
|---|---|---|---|---|---|---|---|---|---|---|---|
| *Trade and Remittances* | 62 | 80 | 56 | 84 | 85 | 97 | 109 | 103 | 106 | ***25%*** | ***4%*** |
| *Foreign Exchange Income* | 169 | 110 | 159 | 170 | 170 | 140 | 151 | 156 | 179 | ***5%*** | ***15%*** |
| *Distribution Fees* | 98 | 127 | 107 | 119 | 126 | 138 | 137 | 156 | 181 | ***44%*** | ***16%*** |
| *General Banking Fees* | 42 | 45 | 49 | 41 | 46 | 48 | 56 | 49 | 64 | ***38%*** | ***29%*** |
| *Loan Processing fees* | 91 | 111 | 104 | 145 | 185 | 228 | 215 | 201 | 195 | ***5%*** | ***-3%*** |
| *Investment Banking* | 59 | 96 | 123 | 114 | 113 | 122 | 114 | 161 | 160 | ***41%*** | ***-1%*** |
| ***Total Fee-Based Income*** | **522** | **569** | **599** | **673** | **726** | **774** | **782** | **826** | **885** | ***22%*** | ***7%*** |
| *Securities/MM/FX* | 88 | 90 | 125 | 110 | 113 | 139 | 191 | 145 | 132 | ***17%*** | ***-9%*** |
| ***Total Other Income*** | **611** | **658** | **724** | **784** | **839** | **913** | **973** | **970** | **1017** | ***21%*** | ***5%*** |



## Outlook & Valuation:

Among the mid size private bank, Indusind bank remains one of the consistent performers in growth and profitability parameter. Superior loan book growth, diversified fee income profile and low credit cost are the key drivers of the bank. We expect the IIB to maintain 25%+ loan growth in near to mid-term backed by revival in economic environment and declining interest rate. We expect the consumer loan demand to pick up with improving vehicle financing and card business giving the boost. Spike in CASA ratio and focus on consumer finance segment will help to maintain the NIM at 4%. With healthy capitalization of Tier 1 at 14.7% **we expect the RoA of 1.9%+, RoE of 16%-17% and maintain BUY with our previous target price of Rs 1400.**

## Concall Highlights:

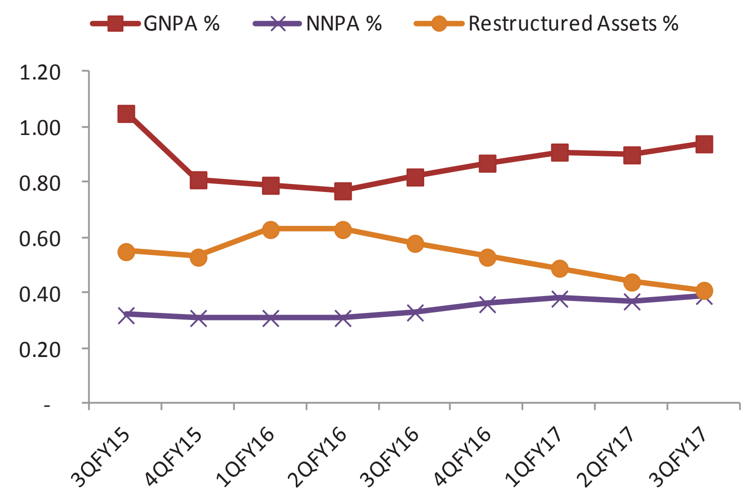
>> Biggest challenge of Q3 was Balance sheet management.
>> Mortgage loan will become more attractive due to rate cut.
>> Bond book will do well as the rate goes down. But the issue lies in the reinvestment risk in the book of banks.
>> Credit cost is well within the guidance. May come up slightly better than the guidance of 60 Bps of full year.
>> Security Receipts is Rs 223 Cr.
>> 2 small accounts slipped from restructured book.
>> RWA to total assets declined to 79% from 83% previous quarter. Quality of book has improved.
>> Assets quality in vehicle book has improved except for Car.
>> CASA increased can be attributed 50% to demonetization effect and 50% for the customer accquisition.
>> Gained market share in vehicle finance in all segment except in 2 wheeler segment.
>> LAP was slow in the month of Nov, but the business came back in Dec.
>> MFI book is flat QoQ with Rs 3000 Cr. MFI loan book target is Rs 10000 Cr in 3 years.

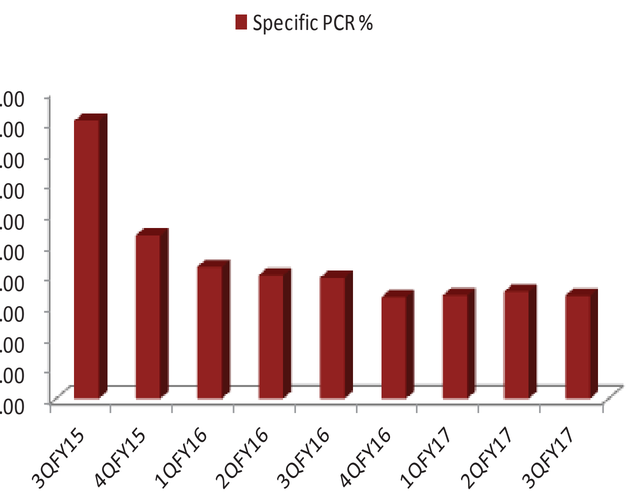
**Assets Quality** (Rs in Crore)

| | 3QFY15 | 4QFY15 | 1QFY16 | 2QFY16 | 3QFY16 | 4QFY16 | 1QFY17 | 2QFY17 | 3QFY17 | YoY(+/-) | QoQ(+/-) |
|---|---|---|---|---|---|---|---|---|---|---|---|
| *GNPA (Rs)* | 673 | 563 | 570 | 602 | 681 | 777 | 861 | 899 | 971 | ***43%*** | ***8%*** |
| *GNPA %* | 1.05 | 0.81 | 0.79 | 0.77 | 0.82 | 0.87 | 0.91 | 0.90 | 0.94 | ***0.12*** | ***0.04*** |
| *NNPA (Rs)* | 202 | 210 | 225 | 241 | 273 | 322 | 356 | 369 | 401 | ***47%*** | ***9%*** |
| *NNPA %* | 0.32 | 0.31 | 0.31 | 0.31 | 0.33 | 0.36 | 0.38 | 0.37 | 0.39 | ***0.06*** | ***0.02*** |
| *Slippages (Rs)* | 161 | 449 | 133 | 189 | 252 | 274 | 253 | 261 | 281 | ***12%*** | ***8%*** |
| *Restructured Assets %* | 0.55 | 0.53 | 0.63 | 0.63 | 0.58 | 0.53 | 0.49 | 0.44 | 0.41 | ***-0.17*** | ***-0.03*** |
| *Total Stress Assets (Rs)* | 353 | 368 | 455 | 493 | 482 | 473 | 464 | 440 | 424 | ***-12%*** | ***-4%*** |
| *Specific PCR %* | 70.1 | 62.6 | 60.6 | 60.0 | 59.9 | 58.6 | 58.7 | 59.0 | 58.7 | ***-1.16*** | ***-0.25*** |

**GNPA Composition – Consumer Finance %**

| | 3QFY15 | 4QFY15 | 1QFY16 | 2QFY16 | 3QFY16 | 4QFY16 | 1QFY17 | 2QFY17 | 3QFY17 | YoY(+/-) | QoQ(+/-) |
|---|---|---|---|---|---|---|---|---|---|---|---|
| *Commercial Vehicle* | 1.44 | 1.27 | 1.18 | 1.10 | 1.05 | 1.00 | 1.08 | 1.07 | 1.02 | ***-0.03*** | ***-0.05*** |
| *Utility* | 0.97 | 1.08 | 1.06 | 1.03 | 1.00 | 1.21 | 1.27 | 1.17 | 1.07 | ***0.07*** | ***-0.10*** |
| *Construction Equipment* | 1.64 | 1.44 | 1.46 | 1.57 | 1.45 | 1.26 | 1.39 | 1.40 | 1.24 | ***-0.21*** | ***-0.16*** |
| *Small CV* | 0.90 | 0.92 | 1.04 | 0.84 | 0.81 | 0.98 | 1.05 | 0.97 | 0.83 | ***0.02*** | ***-0.14*** |
| *TW* | 2.36 | 2.53 | 2.65 | 2.83 | 2.95 | 3.02 | 3.15 | 3.62 | 3.60 | ***0.65*** | ***-0.02*** |
| *Cars* | 0.48 | 0.56 | 0.58 | 0.41 | 0.39 | 0.50 | 0.49 | 0.49 | 0.75 | ***0.36*** | ***0.26*** |
| *LAP/HL/PL* | 0.32 | 0.33 | 0.48 | 0.41 | 0.57 | 0.65 | 0.68 | 0.71 | 0.81 | ***0.24*** | ***0.10*** |
| *Tractor* | - | - | - | - | - | - | 0.24 | 0.49 | 0.28 | ***N/A*** | ***-0.21*** |
| *Cards* | 1.53 | 1.24 | 1.32 | 1.35 | 1.48 | 1.45 | 1.73 | 1.68 | 1.62 | ***0.14*** | ***-0.06*** |
| *Total* | 1.22 | 1.15 | 1.14 | 1.09 | 1.08 | 1.08 | 1.14 | 1.17 | 1.16 | ***0.08*** | ***-0.01*** |

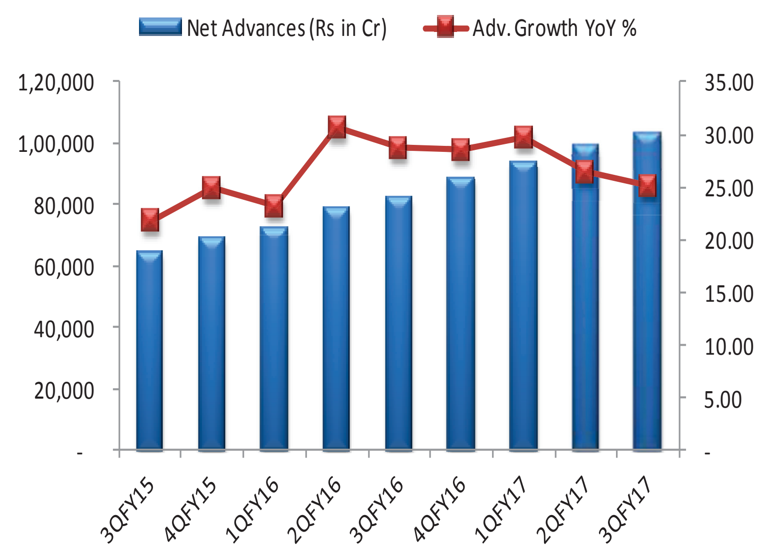


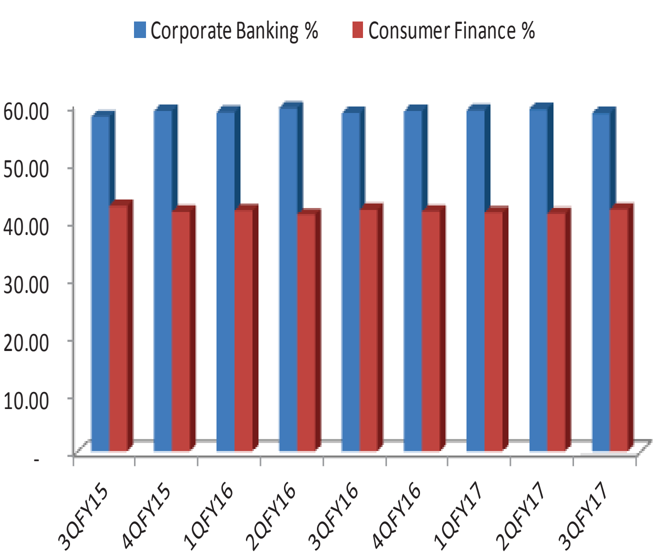




**Advances** (Rs in Crore)

| | 3QFY15 | 4QFY15 | 1QFY16 | 2QFY16 | 3QFY16 | 4QFY16 | 1QFY17 | 2QFY17 | 3QFY17 |
|---|---|---|---|---|---|---|---|---|---|
| Net Advances (Rs in Cr) | 63,847 | 68,788 | 72,243 | 78,294 | 82,167 | 88,419 | 93,678 | 98,949 | 102,770 |
| *Adv. Growth YoY %* | *21.69* | *24.84* | *23.15* | *30.64* | *28.69* | *28.54* | *29.67* | *26.38* | *25.07* |
| *>> Growth QoQ %* | *6.53* | *7.74* | *5.02* | *8.38* | *4.95* | *7.61* | *5.95* | *5.63* | *3.86* |

| **Sectoral Breakup %** | 3QFY15 | 4QFY15 | 1QFY16 | 2QFY16 | 3QFY16 | 4QFY16 | 1QFY17 | 2QFY17 | 3QFY17 |
|---|---|---|---|---|---|---|---|---|---|
| *Corporate Banking%* | 57.7 | 58.7 | 58.5 | 59.2 | 58.3 | 58.7 | 58.8 | 59.0 | 58.3 |
| *Consumer Finance%* | 42.3 | 41.3 | 41.5 | 40.8 | 41.7 | 41.3 | 41.2 | 41.0 | 41.7 |



## Consumer Finance Book Break Up

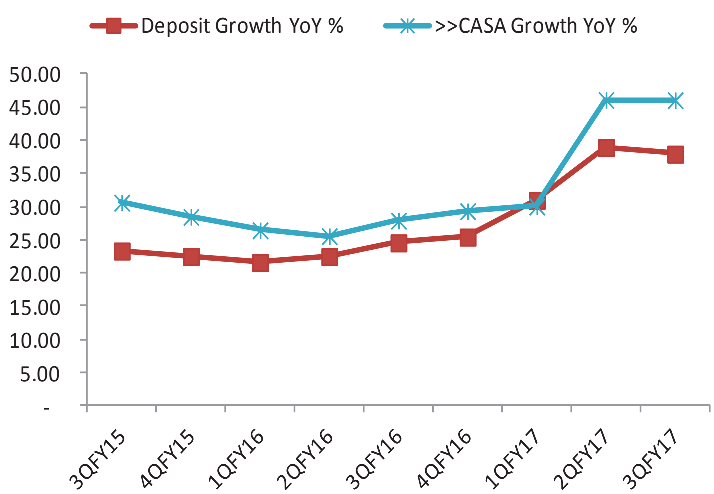
(Rs in Crore)

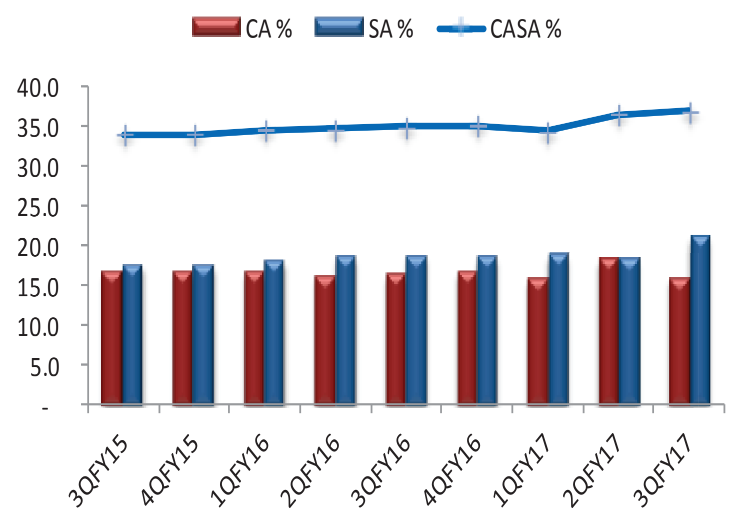
| | 1QFY16 | 2QFY16 | 3QFY16 | 4QFY16 | 1QFY17 | 2QFY17 | 3QFY17 | YoY(+/-) | QoQ(+/-) |
|---|---|---|---|---|---|---|---|---|---|
| *Comm. Vehicle Loans* | 11,405 | 12,360 | 13,204 | 14,101 | 13,847 | 14,208 | 14,569 | **10%** | **3%** |
| *>>Tractor* | - | - | - | - | 1,229 | 1,460 | 1,764 | **N/A** | **21%** |
| *Utility Vehicle Loans* | 2,043 | 2,037 | 2,041 | 2,058 | 2,097 | 2,157 | 2,237 | **10%** | **4%** |
| *Small CV* | 1,860 | 1,938 | 2,019 | 2,045 | 2,133 | 2,274 | 2,381 | **18%** | **5%** |
| *Two Wheeler Loans* | 2,829 | 2,857 | 3,034 | 3,045 | 3,076 | 3,134 | 3,323 | **10%** | **6%** |
| *Car Loans* | 3,293 | 3,539 | 3,754 | 3,917 | 4,076 | 4,324 | 4,570 | **22%** | **6%** |
| *Equipment Financing* | 2,827 | 2,861 | 3,036 | 3,244 | 3,435 | 3,597 | 3,875 | **28%** | **8%** |
| *Credit Card* | 786 | 885 | 1,008 | 1,204 | 1,258 | 1,408 | 1,519 | **51%** | **8%** |
| *Loan Against Property* | 4,032 | 4,331 | 4,759 | 5,248 | 5,585 | 5,872 | 6,429 | **35%** | **9%** |
| *Others-BL,PL,GL,etc* | 932 | 1,147 | 1,393 | 1,687 | 1,855 | 2,124 | 2,198 | **58%** | **3%** |

## DEPOSITS

(Rs in Crore)

| | 3QFY15 | 4QFY15 | 1QFY16 | 2QFY16 | 3QFY16 | 4QFY16 | 1QFY17 | 2QFY17 | 3QFY17 |
|---|---|---|---|---|---|---|---|---|---|
| **Deposits (Rs in Cr)** | **69,376** | **74,134** | **77,693** | **80,841** | **86,423** | **93,000** | **101,768** | **112,313** | **119,218** |
| *>> Growth YoY %* | *23.3* | *22.5* | *21.6* | *22.5* | *24.6* | *25.4* | *31.0* | *38.9* | *37.9* |
| *>> Growth QoQ %* | *5.1* | *6.9* | *4.8* | *4.1* | *6.9* | *7.6* | *9.4* | *10.4* | *6.1* |
| **CASA (Rs)** | **23,634** | **25,300** | **26,945** | **28,085** | **30,232** | **32,724** | **35,043** | **41,034** | **44,162** |
| *>>CASA Growth YoY %* | *30.6* | *28.5* | *26.5* | *25.6* | *27.9* | *29.3* | *30.1* | *46.1* | *46.1* |
| *>> Growth QoQ %* | *5.7* | *7.0* | *6.5* | *4.2* | *7.6* | *8.2* | *7.1* | *17.1* | *7.6* |
| **CASA %** | **34.1** | **34.1** | **34.7** | **34.7** | **35.0** | **35.2** | **34.4** | **36.5** | **37.0** |
| *CA %* | *16.5* | *16.7* | *16.6* | *16.1* | *16.3* | *16.6* | *15.7* | *18.2* | *15.9* |
| *SA %* | *17.6* | *17.5* | *18.0* | *18.6* | *18.7* | *18.5* | *18.8* | *18.3* | *21.1* |
| **Credit Deposit Ratio** | **92.0** | **92.8** | **93.0** | **96.8** | **95.1** | **95.1** | **92.1** | **88.1** | **86.2** |



## Financials Snap Shot

**INCOME STATEMENT** (Rs in Crore)

| | FY14 | FY15 | FY16 | FY17E |
|---|---|---|---|---|
| Int./disc. on advances / bills | 6,627 | 7,717 | 9,245 | 11,643 |
| Income on Investments | 1,477 | 1,680 | 1,781 | 2,201 |
| Int. on bal.with RBI | 149 | 277 | 409 | 341 |
| Others | 1 | 17 | 147 | 137 |
| Total Interest Income | 8,254 | 9,692 | 11,581 | 14,323 |
| Total Interest expended | 5,363 | 6,272 | 7,064 | 8,470 |
| Net Interest Income | 2,891 | 3,420 | 4,517 | 5,853 |
| Other Income | 1,891 | 2,404 | 3,297 | 4,184 |
| Total Income | 4,781 | 5,824 | 7,814 | 10,036 |
| Total Operating Expenses | 2,185 | 2,726 | 3,672 | 4,809 |
| Pre Provisioning Profit | 2,596 | 3,098 | 4,141 | 5,228 |
| Provisions and Contingencies | 468 | 389 | 672 | 803 |
| Profit Before Tax | 2,128 | 2,709 | 3,469 | 4,425 |
| Tax | 720 | 915 | 1,183 | 1,497 |
| PAT | 1,408 | 1,794 | 2,286 | 2,928 |

**BALANCE SHEET** (Rs in Crore)

| | FY14 | FY15 | FY16 | FY17E |
|---|---|---|---|---|
| Capital | 526 | 529 | 595 | 595 |
| Reserves & Surplus | 8517 | 10115 | 17101 | 19625 |
| Deposits | 60502 | 74134 | 93000 | 116341 |
| Borrowings | 14762 | 20618 | 22156 | 25179 |
| Other Liabilities & Provisions | 2719 | 3719 | 7205 | 8758 |
| **Total Capital & Liabilities** | **87026** | **109116** | **140057** | **170498** |
| | | | | |
| Cash & Balances with RBI | 4414 | 4035 | 4521 | 7161 |
| Bal. with Bank&Money at Call | 2356 | 6744 | 5591 | 6112 |
| Investments | 21563 | 22878 | 31214 | 35368 |
| Advances | 55102 | 68788 | 88419 | 110524 |
| Fixed Assets | 1016 | 1158 | 1255 | 1386 |
| Other Assets | 2575 | 5513 | 9057 | 9947 |
| **Total Assets** | **87026** | **109116** | **140057** | **170498** |

**RATIOS**

| Business Ratios | FY14 | FY15 | FY16 | FY17E |
|---|---|---|---|---|
| Credit-Deposit(%) | 91.1 | 92.8 | 95.1 | 95.0 |
| CASA % | 32.5 | 34.1 | 35.2 | 35.5 |
| **Efficiency Ratios** | | | | |
| Emp. Cost as a % of Total Inco. (%) | 16.9 | 16.8 | 15.8 | 15.9 |
| Other Exp./Total Inco. (%) | 28.8 | 30.0 | 31.2 | 32.0 |
| Cost Income Ratio (%) | 45.7 | 46.8 | 47.0 | 47.9 |
| **Spread Analysis As Calculated** | | | | |
| Yield on Advances (%) | 13.6 | 13.2 | 12.3 | 12.2 |
| Yield on Investments (%) | 7.9 | 8.0 | 7.3 | 7.1 |
| **Yield on Earning Assets (%)** | **11.5** | **11.2** | **10.7** | **10.6** |
| Cost of Deposits (%) | 8.2 | 7.9 | 7.3 | 6.9 |
| Cost of Fund (%) | 8.1 | 7.8 | 7.0 | 6.7 |
| Interest Spread (%) | 3.5 | 3.5 | 3.8 | 4.0 |
| **NIM (%)** | 4.0 | 4.0 | 4.2 | 4.3 |
| **Profitability Ratio** | | | | |
| RoE % | 17.5 | 19.0 | 16.6 | 16.2 |
| RoA % | 1.8 | 1.8 | 1.8 | 1.9 |
| Int. Expended / Int. Earned (%) | 65.0 | 64.7 | 61.0 | 59.1 |
| Provisions/PPP (%) | 18.0 | 12.6 | 16.2 | 15.4 |
| Other Income/Net Income (%) | 39.5 | 41.3 | 42.2 | 41.7 |
| Tax Rate (%) | 33.8 | 33.8 | 34.1 | 33.8 |
| **Asset Quality Ratio** | | | | |
| GNPA (%) | 1.12 | 0.81 | 0.87 | 0.96 |
| GNPA(Rs) | 621 | 563 | 777 | |
| NNPA (%) | 0.33 | 0.31 | 0.36 | 0.41 |
| NNPA (Rs) | 184 | 210 | 322 | |
| PCR (%) | 70 | 63 | 59 | 59.0 |
| Os. Std. Restr. Assets (%) | 0.33 | 0.53 | 0.53 | 0.40 |
| | | | | |
| **Capital Adequacy Ratio** | | | | |
| Capital Adequacy Ratio (%) | 13.8 | 12.1 | 15.5 | 15.3 |
| Tier I Capital (%) | 12.7 | 11.2 | 14.9 | 14.6 |
| Tier II Capital (%) | 1.1 | 0.9 | 0.6 | 0.7 |