

**Result Update**

CMP	1161
Target Price	1400
Previous Target Price	1400
Upside	21%
Change from Previous	0%

**Market Data**

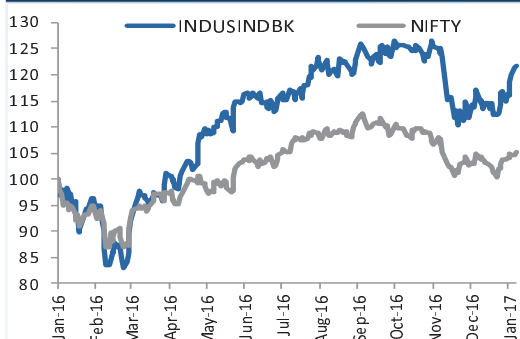
BSE Code	532187
NSE Symbol	INDUSINDBK
52wk Range H/L	1255/799
Mkt Capital (Rs Cr)	69444
Av. Volume (,000)	89
Nifty	8288

**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**

**DEEPAK KUMAR**

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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.