

Bloomberg Code	IIB IN
No of share O/S (in Cr.)	77.34
Market Cap (Rs. In Cr.)	72,306.44
Face Value (in Rs.)	10.00
Dividend Yield (%)	0.53
52 Wk High/Low	1,119/330
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Shareholding (%)	
Promoters	16.55
Institutional	69.02
Public	14.43
Total	100.00

**Key Highlights:**

IndusInd Bank Ltd reported net interest income (NII) of INR 3,535 cr, a growth of 9.4% YoY and 3.8% QoQ, aided by reduced cost of funds and improved yields across segments. Cost of funds declined by 20 bps on a sequential basis and stood at 4.54% for the quarter, whereas yields improved by 11 bps to 11.78%. NIM for the quarter declined by 12 bps from 4.25% to 4.13% YoY on the back of impact of higher liquidity maintained by the bank. Fee income witnessed a healthy growth of 8.5% YoY on the back of strong growth of 130% YoY in General Banking Fees.

Operating profit (before Prov & Cont) witnessed sequential growth of 3%, to INR 3,062 cr aided by improved NII and growth in Fee Income. PAT stood at INR 876 cr (up by 190.2% YoY) on account of lower provisions. Total provisions for the quarter stood at Rs. 1,866 cr, which include Standard asset provision of INR 1,009 cr towards other heads than those related to COVID-19. The bank holds 100% provisions against its unsecured and microfinance stress book.

**Performance Highlights:**

Advances grew by 2.6% QoQ and 2.8% on a YoY basis and stood at INR 2,12,595 cr, mainly aided by improved disbursements in the vehicle segment. The corporate book remained flat YoY to INR 91,018 cr on the backs of the bank's focus on shifting its mix in favor of retail and granularized lending to highly rated corporates only. With bulk of realignment in corporate book being done, the bank expects growth in this segment in the coming period. Advances growth was led by growth in vehicle finance, which showed improved disbursements of 30% YoY and 8% QoQ. Deposits grew by 26.7% YoY and 7% QoQ, aided by growth in retail LCR and Affluent and NRI segments. CASA ratio improved to 41.7% as against 40.4% in Q4FY20.

Increase in Provision Coverage Ratio (PCR), as a result of prudential provisioning to 75% has led to strengthening of the balance sheet. Net NPA stood at 0.69%. Gross NPA stood at 2.67% as against proforma GNPA of 2.9% in the previous quarter.

IndusInd Bank's Capital Adequacy Ratio improved to 17.38% with Tier 1 CAR at 16.83% aided by promoter's contribution of INR 2,021 cr at INR 1,709 per share, as a result of conversion of promoter's warrants.

**Con-call Highlights:**

- Backed by deposit growth, LCR of the bank at the end of the quarter stood at 145% and the bank is carrying excess liquidity of ~ INR 40,000 cr currently.
- The bank's overall collection efficiency improved to 98% during the quarter as against 97.1% in December 2020.
- Reported restructured book of the bank stood at 1.8% of the total book as on 31<sup>st</sup> March 2021, of which 65% pertains to vehicle, 17% from non-vehicle and balance 18% from the corporate banking segment.
- Within the corporate segment, slippages included technical slippages of INR 19 bn, of which ~INR 16 bn of slippages were upgraded during the quarter on account of restructuring. Further, the remaining amount is expected to be upgraded in Q1FY22.
- Within vehicle finance, CV book bounced back strongly with 54% YoY disbursements growth. Bank has reached pre-COVID levels in this book. On the other hand, bank will remain cautious in 2W and 3W book as business is disrupted in this segment on account of the 2<sup>nd</sup> wave of the pandemic.

**Valuation:**

At the CMP of INR 934.95, the stock is trading at FY23E forward P/Adj BV of 1.7X (FY23 Adj BVPS of INR 553.9 ).

## Financial Summary

NII grew by 9.4% YoY to Rs. 3,535 cr as a result of improved yields and lower cost of funds.

NIMs declined on a YoY basis to 4.13% mainly on account of excess liquidity maintained by the bank.

Provisions during the quarter include INR 1,600 cr towards the impact of COVID.

PAT showed a healthy growth of 190.2% on a YoY basis to INR 876 cr due to lower provisioning and improved operating profits.

Year ending Mar (Rs Cr)	Q4Y21	Q4FY20	YoY (%)	Q3Y21	QoQ (%)	FY20	FY21	YoY (%)
<b>Total Income</b>	9,199	9,159	0.4	8,947	2.8	35,734	35,558	-0.5
- Interest Income	7,419	7,387	0.4	7,242	2.5	28,783	29,000	0.8
- Other Income	1,780	1,772	0.5	1,705	4.4	6,951	6,559	-5.6
- Fee Income	1,508	1,390	8.5	1,389	8.6	5,786	4,679	-19.1
<b>- Fee Income as % of TI</b>	<b>16.4</b>	<b>15.2</b>		<b>15.5</b>		<b>16.2</b>	<b>13.2</b>	
Interest Expense	3,885	4,155	-6.5	3,835	1.3	16,724	15,472	-7.5
Net Interest Income (NII)	3,535	3,231	9.4	3,406	3.8	12,059	13,528	12.2
<b>Net Interest Margin (NIM, %)</b>	<b>4.13</b>	<b>4.25</b>		<b>4.12</b>		<b>4.14</b>	<b>4.17</b>	
Operating Expenses	2,253	2,167	4.0	2,138	5.4	8,237	8,360	1.5
<b>Opex to Total Income (%)</b>	<b>24.5</b>	<b>23.7</b>		<b>23.9</b>		<b>23.1</b>	<b>23.5</b>	
PPoP	3,062	2,836	7.9	2,973	3.0	10,773	11,727	8.9
<b>Cost to Income Ratio (%)</b>	<b>42.4</b>	<b>43.3</b>		<b>41.8</b>		<b>43.3</b>	<b>41.6</b>	
Provisions & Contingencies	1,866	2,440	-23.5	1,854	0.7	4,652	7,943	70.7
PBT	1,196	396	202.1	1,120	6.8	6,121	3,784	-38.2
<b>Tax Rate (%)</b>	<b>26.8</b>	<b>23.7</b>		<b>23.8</b>		<b>27.8</b>	<b>25.0</b>	
PAT	876	302	190.2	853	2.7	4,418	2,836	-35.8
Loan Book	2,12,595	206,783	2.8	2,07,128	2.6	206,783	212,595	2.8
- Corporate	91,018	91,334	-0.3	88,482	2.9	91,334	91,018	-0.3
<b>- Share of Corporate (%)</b>	<b>42.8</b>	<b>44.2</b>		<b>42.7</b>		<b>44.2</b>	<b>42.8</b>	
- Retail	1,21,577	1,15,449	5.3	1,18,646	2.5	1,15,449	1,21,577	5.3
<b>- Share of Retail (%)</b>	<b>57.2</b>	<b>55.8</b>		<b>57.3</b>		<b>55.8</b>	<b>57.2</b>	
Deposits	2,55,870	2,02,027	26.7	2,39,135	7.0	2,02,027	2,55,870	26.7
- Term Deposits	1,49,079	1,20,457	23.8	1,42,489	4.6	1,20,457	1,49,079	
<b>- Share of Term Deposit (%)</b>	<b>58.3</b>	<b>59.6</b>		<b>59.6</b>		<b>59.6</b>	<b>58.3</b>	
- CASA	1,06,791	81,570	30.9	96,646	10.5	81,570	1,06,791	
<b>- Share of CASA (%)</b>	<b>41.7</b>	<b>40.4</b>		<b>40.4</b>		<b>40.4</b>	<b>41.7</b>	
* CA deposit	35,725	28,440	25.6	32,313	10.6	28,440	35,725	
<b>* Share of CA Deposit (%)</b>	<b>14.0</b>	<b>14.1</b>		<b>13.5</b>		<b>14.1</b>	<b>14.0</b>	
*SA deposit	71,066	53,130	33.8	64,333	10.5	53,130	71,066	
<b>*Share of SA Deposit (%)</b>	<b>27.8</b>	<b>26.3</b>		<b>26.9</b>		<b>26.3</b>	<b>27.8</b>	

## Financial Summary

GNPA stood at 2.67% as against proforma GNPA of 2.9% in Q3FY21.

CAR improved to 17.38% on account of conversion of promoter warrants.

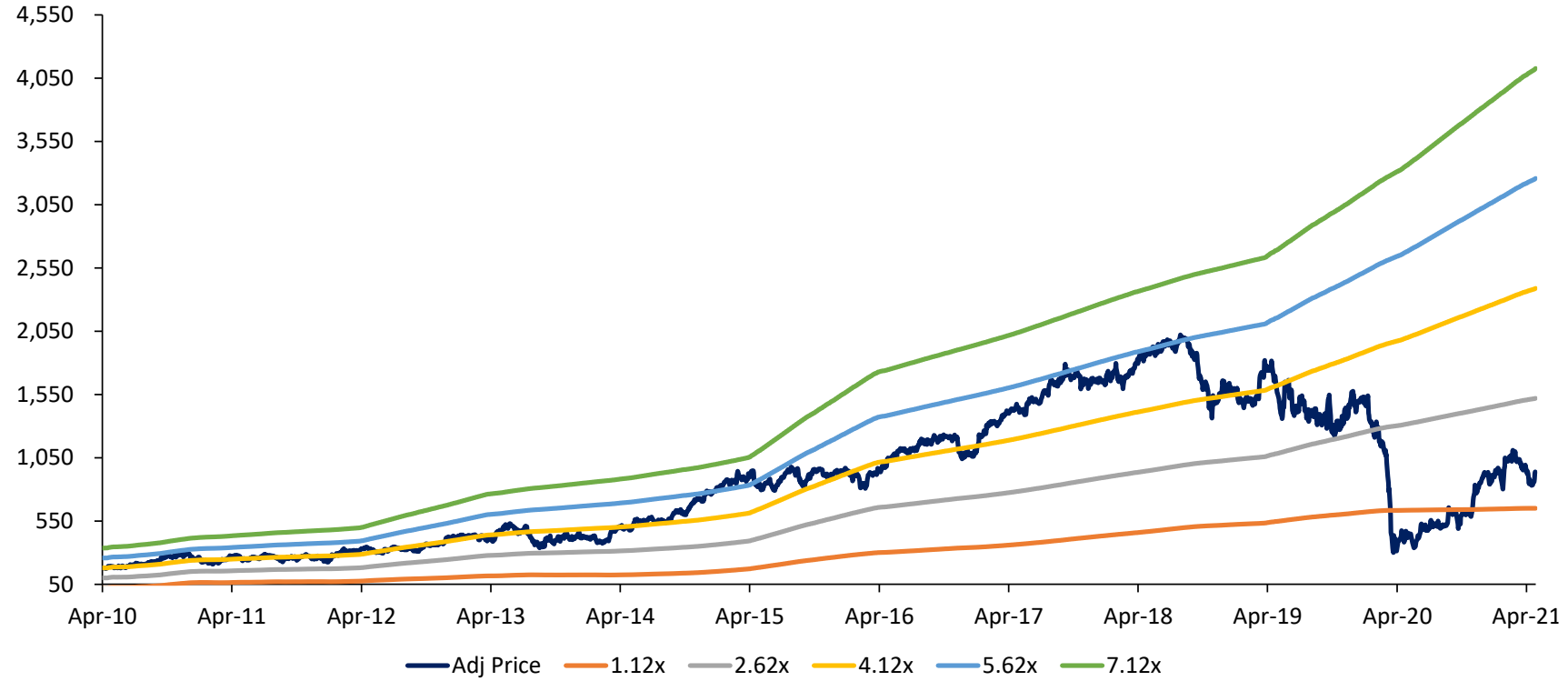
On account of prudential provisioning, the PCR of the bank improved from 63.34% in FY20 to 75% in FY21.

The bank opened 100 new branches during the quarter. Going ahead, the bank plans to open ~200 branches in FY22.

Year ending Mar (Rs Cr)	Q4FY21	Q4FY20	YoY (%)	Q3FY21	QoQ (%)	FY20	FY21	YoY (%)
<b>Stressed Assets</b>								
<b>Slippages</b>								
GNPA	5,795	5,147	12.6	3,651	58.7	5147	5,795	12.6
GNPA (%)	2.67	2.45		1.74		2.45	2.67	
<b>SMA 1</b>								
<b>SMA 1 %</b>								
<b>SMA 2</b>								
<b>SMA 2 %</b>								
<b>SMA 3</b>								
<b>SMA 3 %</b>								
PCR %	75.00	63.34		87.28		63.34	75.00	
NNPA	1,477	1,887	-21.7	464	218.1	1887	1477	-21.7
NNPA %	0.69	0.91		0.22		0.91	0.69	
CAR (%)	17.38	15.04		16.34		15.04	17.38	
Tier I Capital (%)	16.83	14.57		15.62		14.57	16.83	
Tier II Capital (%)	0.55	0.47		0.72		0.47	0.55	
RoA						1.56	0.93	
RoE						14.67	7.55	
No of branches	2,015	1,911	5.4	1,915	5.2	1911	2,015	5.4
Adj P/BV (x)						1.10	1.20	
P/E (x)						8.64	9.20	

# 1 year forward P/BV band chart

### 1 year forward P/B band chart



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