

BUY (NO CHANGE)

Current Price (Rs)	: 587
Target Price (Rs)	: 700 (650)
Potential Upside	: 19%

Market Data

No. of shares	: 1,347 mn
Free Float	: 26.2%
Market Cap (USD)	: 9,448 mn
52-week High/ Low (Rs)	: 633/ 339
Avg. Daily Volume (6M)	: 2.50 mn
Avg. Daily Value (6M;USD)	: 16.20 mn
Bloomberg Code	: INBK IB
Promoters Holding	: 73.8%
FII / DII	: 5% / 16%

Price Performance

(%)	1M	3M	12M
Absolute	7.7	5.0	70.4
Relative	4.3	(5.3)	48.5

Source: Bloomberg

IB's Q1FY25 PAT at Rs 24 bn (+41% YoY/7% QoQ) was ~6/5% above our/consensus estimates. NII at Rs 61.8 bn (+8/3% QoQ) was slower than loan growth (+14% YoY/+1% QoQ). NIM was flat QoQ at 3.44%. Opex (+9% YoY/-10% QoQ) declined QoQ, as the bank had made Rs 3.8 bn of provisions for retirals in Q4. C/I was at 44.3% vs 48/44.2% in Q4FY24/Q1FY24. Total provision at Rs 12.6 bn declined ~28% YoY, flat QoQ. Credit cost was 1.0% vs 1.5% in Q1FY24 (flat QoQ). We raise FY25/26E net profit by 2/4% and lift TP to Rs 700 (from Rs 650). The stock trades at 1.1x FY26E P/adj. B. Maintain **BUY**.

Loan growth driven by retail, agri., and overseas; domestic LDR at 76.8%

Loan growth (14% YoY/1% QoQ) was led by the retail (14% YoY/1% QoQ), agri. (18% YoY/2% QoQ), and overseas (+27% YoY/3% QoQ) segments. Growth in corporate (9% YoY/1% QoQ) and MSME (6% YoY/-1% QoQ) was muted. In retail, home loans (+13% YoY/4% QoQ) and auto loans (+55% YoY/8% QoQ) showed robust growth in Q1FY25. Domestic LDR was at 76.8% vs 75.3% in Q4FY24. Deposit growth was led by strong growth in term deposits (+10% YoY/1.8% QoQ) and overseas deposits (+39% YoY/+4% QoQ). CASA deposits declined 5% QoQ due to 12/4% QoQ decline in CA/SA deposits. Domestic CASA deposit was 40.6% vs 42.3/41.4% in Q4FY24/Q1FY24.

NIM flat QoQ, C/I ratio moderates to 44.3% in Q1FY25

NIM at 3.44% was flat QoQ (-12 bps YoY). Cost of funds declined 1 bp QoQ to 5.12, while yield on advances declined 12 bps QoQ to 8.69%. NPA recovery in the interest income was Rs 1.4 bn in Q1FY25 vs Rs 1.8 bn/1.6 bn in Q4FY24/Q1FY24. Domestic NIM improved 1 bps QoQ to 3.53% (-8 bps YoY). Opex declined in Q1 (+9% YoY/-10% QoQ) on QoQ decline in employee expenses (-13% QoQ) and other expenses (-4% QoQ). The bank indicated that C/I can gradually improve further over the medium term.

Slippages increase QoQ, PCR at 90% vs 89.5% in Q4FY24

Slippages were at Rs 19.6 bn (+54% QoQ), or at 1.7% of loans vs 1.1% in Q4FY24. Of the total slippages, IB recovered ~Rs 3 bn after Jun'24. The slippages were driven by retail (+3.3x QoQ), MSME (+41% QoQ), and agri. (+18% QoQ). The bank attributed the increase in slippages to seasonality, the heat wave, and the national elections. Recoveries/upgrades were Rs 12.9 bn vs Rs 9 bn in Q4FY24 and net slippages were 0.6% vs 0.3% QoQ. GNPA/NNPA declined 18 bps/4 bps QoQ to 3.77/0.39%. Credit cost was 1.0% vs 1.0/1.5% in Q4FY24/Q1FY24. The total SMA1 and 2 was flat QoQ at 0.47% vs 0.48% in Q4.

Financial summary (Standalone)

Y/E March	FY23	FY24	FY25E	FY26E	FY27E
Operating profit (Rs bn)	152.7	168.4	185.0	207.4	236.1
PAT (Rs bn)	52.8	80.6	99.6	104.3	113.7
EPS (Rs)	42.4	59.9	74.0	77.4	84.4
EPS chg (%)	33.9	41.2	23.6	4.7	9.0
Previous EPS (Rs)	-	-	72.3	74.1	81.5
Adj BV (Rs)	360.8	421.1	489.7	551.8	617.0
PE (x)	14	10	8	8	7
P/ABV (x)	1.6	1.4	1.2	1.1	1.0
RoE (%)	11.5	15.2	16.0	14.8	14.4
RoA (%)	0.8	1.1	1.2	1.1	1.1
Net NPA (%)	0.9	0.4	0.1	0.1	0.1

Source: Company, Axis Capital

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Exhibit 1: Q1FY25 results snapshot

(Rs bn)	Q1FY24	Q4FY24	Q1FY25	YoY	QoQ	Axis Cap Est	Actual vs. Axis Cap Est
Income Statement							
Net Interest Income	57.0	60.2	61.8	8.3%	2.7%	62.3	-0.8%
Interest Income	130.5	146.2	150.4	15.2%	2.8%		
Interest Expense	73.5	86.1	88.6	20.6%	2.9%		
Non-Interest Income	17.1	22.6	19.1	11.5%	-15.8%	17.7	7.6%
Fee Income	6.7	9.7	7.9	17.4%	-18.8%		
Profit on sale of investments	4.6	1.9	2.6	-43.5%	35.8%		
Other Non-Interest Income	5.7	11.0	8.6	48.9%	-22.2%		
Total Operating Income	74.1	82.8	80.8	9.0%	-2.3%	80.0	1.0%
Total Operating Expenses	32.8	39.7	35.8	9.3%	-9.8%	36.7	-2.4%
Employee Expenses	21.2	26.3	23.0	8.6%	-12.6%		
Other Expenses	11.6	13.4	12.8	10.4%	-4.4%		
Pre-Provision Operating Profit (PPOP)	41.3	43.0	45.0	8.9%	4.6%	43.3	4.0%
Provisions	17.4	12.5	12.6	-27.7%	0.9%	13.0	-3.0%
Profit Before Tax (PBT)	23.9	30.6	32.4	35.5%	6.1%	30.3	7.0%
Tax	6.9	8.1	8.4	22.6%	3.6%		
Profit After Tax (PAT)	17.1	22.5	24.0	40.6%	7.0%	22.7	5.7%
Core PPOP*	31.0	30.1	33.8	9.3%	12.3%		
Balance Sheet							
Shareholders' Funds	497	584	608	22.4%	4.1%		
Total Deposits	6,215	6,880	6,812	9.6%	-1.0%		
Domestic Deposits	6,020	6,618	6,540	8.7%	-1.2%		
CASA Deposits	2,494	2,800	2,652	6.3%	-5.3%		
Current Account Deposits	322	386	340	5.5%	-12.0%		
Savings Account Deposits	2,172	2,414	2,313	6.5%	-4.2%		
Term Deposits	3,525	3,818	3,888	10.3%	1.8%		
Overseas Deposits	196	262	272	38.7%	3.7%		
Borrowings	200	231	328	63.9%	41.7%		
Net Loans	4,564	5,149	5,208	14.1%	1.2%		
Domestic Loans	4,506	4,982	5,026	12%	1%		
RAM Credit	2,764	3,099	3,133	13%	1%		
Retail	932	1,047	1,061	14%	1%		
Agriculture & Allied	1,047	1,211	1,238	18%	2%		
MSME	785	841	834	6%	-1%		
Corporate & others	1,742	1,882	1,893	9%	1%		
International Loans	288	356	365	27%	3%		
Total Investments	1,888	2,126	2,115	12.0%	-0.5%		
Total Assets	7,106	7,926	7,966	12.1%	0.5%		

Source: Company, Axis Capital; * PPOP less treasury and other non-interest income

Exhibit 2: Key ratios

	Q1FY22	Q2FY22	Q3FY22	Q4FY22	Q1FY23	Q2FY23	Q3FY23	Q4FY23	Q1FY24	Q2FY24	Q3FY24	Q4FY24	Q1FY25
CASA ratio	41.4%	41.4%	42.2%	42.3%	41.3%	41.6%	41.2%	42.8%	41.4%	41.4%	41.1%	42.3%	40.6%
LDR	67.0%	65.0%	66.1%	65.6%	68.1%	70.0%	71.2%	72.3%	73.4%	73.4%	74.5%	74.8%	76.5%
Yield on IEA	6.9%	6.8%	7.1%	6.8%	6.9%	7.1%	7.6%	7.6%	8.0%	8.2%	8.2%	8.1%	8.1%
Cost of IBL	4.0%	3.8%	3.8%	3.7%	3.7%	4.0%	4.1%	4.3%	4.6%	4.9%	5.0%	4.9%	5.0%
NIM - reported**	2.85%	2.89%	3.03%	2.87%	3.10%	3.18%	3.67%	3.56%	3.56%	3.46%	3.41%	3.44%	3.44%
Fees / Avg. assets	0.3%	0.4%	0.4%	0.5%	0.4%	0.4%	0.4%	0.5%	0.4%	0.5%	0.5%	0.5%	0.4%
Cost / Income	41.3%	45.9%	44.8%	53.0%	41.9%	44.3%	43.7%	46.5%	44.2%	44.4%	46.9%	48.0%	44.3%
Cost / Avg. Assets	1.6%	1.8%	1.7%	1.9%	1.6%	1.8%	1.9%	2.0%	1.9%	1.9%	2.0%	2.1%	1.9%
RoA*	0.79%	0.71%	0.44%	0.61%	0.76%	0.75%	0.84%	0.84%	0.99%	1.13%	1.17%	1.20%	1.28%
RoE*	15.1%	11.1%	6.9%	9.6%	11.5%	11.1%	12.3%	12.6%	14.5%	16.3%	16.7%	16.9%	17.4%
Leverage (x)	19.1	15.6	15.7	15.8	15.2	14.9	14.7	15.1	14.5	14.4	14.2	14.1	13.6
RoRWA	1.6%	1.5%	0.9%	1.3%	1.6%	1.6%	1.8%	1.8%	2.1%	2.4%	2.4%	2.5%	2.6%
CET 1 ratio	11.6%	11.7%	11.4%	12.5%	12.5%	12.3%	12.0%	12.9%	12.3%	12.1%	12.4%	13.5%	13.4%
Tier 1 capital ratio	12.2%	12.3%	12.0%	13.2%	13.2%	12.9%	12.6%	13.5%	12.9%	12.6%	12.9%	14.0%	13.9%
Total capital ratio	15.9%	15.9%	15.5%	16.5%	16.5%	16.2%	15.7%	16.5%	15.8%	15.5%	15.6%	16.4%	16.5%

Source: Company, Axis Capital; LDR: Loan-to-Deposit Ratio, IEA: Interest Earning Assets, IBL: Interest Bearing Liabilities, NIM: Net Interest Margin, *calculated; ** Domestic NIM till Q1FY23.

Conference call takeaways

Loans and deposits

- In retail, ~70% is housing loan. The bank has opened seven new retail processing centers.
- In international books, the bank will focus on syndicated loans (buyer's credit).
- The bank already has 27 mid-corporate branches and is adding two more mid-corporate branches. It also has ~650 gold loan branches.
- Of the total book, ~61% is MCLR-linked, of which ~80% is linked with one-year MCLR.
- The bank has its own underwriting systems for MSMEs, based on GST returns, cash flow, CMR, and ITR.
- The bank has excess SLR of Rs 440 bn.
- The new LCR norms might have 4-5% impact on the current LCR.

Asset quality and provisions

- Recovery in the AUCA accounts was Rs 5 bn in Q1FY25 vs Rs 1.8 bn in Q1FY24.
- Slippages were largely due to seasonality in Q1 and the elections and the heat wave, as the bank was not able to collect.

Miscellaneous

- Bad debts recovery under non-interest income was Rs 5.1 bn.
- Interest income was lower due to lower recoveries recognized in the interest income (MOI recovery) and due to penal charges booked under other income (~Rs 0.4 bn).
- The yield on investment will remain at the current level.
- The bank has received Rs 6.3 bn of PSLC income in Q1FY25. It will amortize the same over four quarters.

Exhibit 3: Product-wise advances

(Rs bn)	Q1'22	Q2'22	Q3'22	Q4'22	Q1'23	Q2'23	Q3'23	Q4'23	Q1'24	Q2'24	Q3'24	Q4'24	Q1'25	YoY	QoQ
Domestic Gross advances	3,777	3,745	3,851	3,957	3,994	4,115	4,242	4,439	4,506	4,587	4,744	4,982	5,026	12%	1%
RAM Credit	2,187	2,265	2,337	2,427	2,442	2,553	2,628	2,727	2,764	2,859	2,968	3,099	3,133	13%	1%
Retail	708	734	756	804	807	837	872	911	932	954	993	1,047	1,061	14%	1%
Home Loan (Incl. Mortgage loans)	481	496	511	539	534	553	573	598	607	623	643	664	689	13%	4%
Auto Loan	35	36	39	42	43	46	50	54	56	63	73	80	86	55%	8%
Personal Loan	41	46	49	53	54	58	66	78	82	87	86	86	82	0.2%	-4%
Jewel Loan Non-Priority	39	45	42	48	55	53	52	52	54	54	56	54	60	10%	11%
Other Retail Loan	112	110	115	123	120	126	131	129	132	127	133	164	144	9%	-12%
Agriculture & Allied	803	829	853	881	905	952	982	1,019	1,047	1,104	1,144	1,211	1,238	18%	2%
Crop Loans	645	662	681	691	706	722	740	779	803	847	868	925	944	17%	2%
Investment Credit	75	74	77	92	106	113	119	120	115	125	128	131	128	11%	-3%
Agri allied	27	28	30	32	32	31	33	36	37	45	53	58	59	58%	1%
Infrastructure & Ancillary	55	64	64	66	61	87	90	85	91	88	96	96	108	18%	12%
MSME	676	703	728	742	731	764	774	797	785	801	832	841	834	6%	-1%
Micro	286	292	290	306	307	316	335	433	435	358	457	475	495	14%	4%
Small	299	311	333	322	309	331	319	260	245	331	274	259	235	-4%	-9%
Medium	92	100	105	113	115	117	119	103	105	112	101	107	104	-1%	-3%
Corporate & others	1,590	1,480	1,514	1,530	1,551	1,562	1,614	1,712	1,742	1,728	1,775	1,882	1,893	9%	1%
Overseas advances	119	112	153	199	258	264	275	297	288	336	354	356	365	27%	3%
Global Gross Advances	3,896	3,857	4,004	4,156	4,252	4,379	4,517	4,736	4,794	4,923	5,098	5,338	5,391	12%	1%

Source: Company, Axis Capital

Exhibit 4: Loan-mix

(%)	Q1'22	Q2'22	Q3'22	Q4'22	Q1'23	Q2'23	Q3'23	Q4'23	Q1'24	Q2'24	Q3'24	Q4'24	Q1'25
Domestic Gross advances	96.9%	97.1%	96.2%	95.2%	93.9%	94.0%	93.9%	93.7%	94.0%	93.2%	93.0%	93.3%	93.2%
RAM Credit	56.1%	58.7%	58.4%	58.4%	57.4%	58.3%	58.2%	57.6%	57.7%	58.1%	58.2%	58.1%	58.1%
Retail	18.2%	19.0%	18.9%	19.4%	19.0%	19.1%	19.3%	19.2%	19.4%	19.4%	19.5%	19.6%	19.7%
<i>Home Loan (Inc. Mortgage loans)</i>	<i>12.3%</i>	<i>12.9%</i>	<i>12.8%</i>	<i>13.0%</i>	<i>12.6%</i>	<i>12.6%</i>	<i>12.7%</i>	<i>12.6%</i>	<i>12.7%</i>	<i>12.7%</i>	<i>12.6%</i>	<i>12.4%</i>	<i>12.8%</i>
<i>Auto Loan</i>	<i>0.9%</i>	<i>0.9%</i>	<i>1.0%</i>	<i>1.0%</i>	<i>1.0%</i>	<i>1.1%</i>	<i>1.1%</i>	<i>1.1%</i>	<i>1.2%</i>	<i>1.3%</i>	<i>1.4%</i>	<i>1.5%</i>	<i>1.6%</i>
<i>Personal Loan</i>	<i>1.1%</i>	<i>1.2%</i>	<i>1.2%</i>	<i>1.3%</i>	<i>1.3%</i>	<i>1.3%</i>	<i>1.5%</i>	<i>1.6%</i>	<i>1.7%</i>	<i>1.8%</i>	<i>1.7%</i>	<i>1.6%</i>	<i>1.5%</i>
<i>Jewel Loan Non-Priority</i>	<i>1.0%</i>	<i>1.2%</i>	<i>1.1%</i>	<i>1.2%</i>	<i>1.3%</i>	<i>1.2%</i>	<i>1.1%</i>	<i>1.1%</i>	<i>1.1%</i>	<i>1.1%</i>	<i>1.1%</i>	<i>1.0%</i>	<i>1.1%</i>
<i>Other Retail Loan</i>	<i>2.9%</i>	<i>2.9%</i>	<i>2.9%</i>	<i>3.0%</i>	<i>2.8%</i>	<i>2.9%</i>	<i>2.9%</i>	<i>2.7%</i>	<i>2.8%</i>	<i>2.6%</i>	<i>2.6%</i>	<i>3.1%</i>	<i>2.7%</i>
Agriculture & Allied	20.6%	21.5%	21.3%	21.2%	21.3%	21.7%	21.7%	21.5%	21.8%	22.4%	22.4%	22.7%	23.0%
<i>Crop Loans</i>	<i>16.6%</i>	<i>17.2%</i>	<i>17.0%</i>	<i>16.6%</i>	<i>16.6%</i>	<i>16.5%</i>	<i>16.4%</i>	<i>16.4%</i>	<i>16.8%</i>	<i>17.2%</i>	<i>17.0%</i>	<i>17.3%</i>	<i>17.5%</i>
<i>Investment Credit</i>	<i>1.9%</i>	<i>1.9%</i>	<i>1.9%</i>	<i>2.2%</i>	<i>2.5%</i>	<i>2.6%</i>	<i>2.6%</i>	<i>2.5%</i>	<i>2.4%</i>	<i>2.5%</i>	<i>2.5%</i>	<i>2.5%</i>	<i>2.4%</i>
<i>Agri allied</i>	<i>0.7%</i>	<i>0.7%</i>	<i>0.8%</i>	<i>0.8%</i>	<i>0.8%</i>	<i>0.7%</i>	<i>0.7%</i>	<i>0.8%</i>	<i>0.8%</i>	<i>0.9%</i>	<i>1.0%</i>	<i>1.1%</i>	<i>1.1%</i>
<i>Infrastructure & Ancillary</i>	<i>1.4%</i>	<i>1.7%</i>	<i>1.6%</i>	<i>1.6%</i>	<i>1.4%</i>	<i>2.0%</i>	<i>2.0%</i>	<i>1.8%</i>	<i>1.9%</i>	<i>1.8%</i>	<i>1.9%</i>	<i>1.8%</i>	<i>2.0%</i>
MSME	17.4%	18.2%	18.2%	17.8%	17.2%	17.4%	17.1%	16.8%	16.4%	16.3%	16.3%	15.8%	15.5%
<i>Micro</i>	<i>7.3%</i>	<i>7.6%</i>	<i>7.2%</i>	<i>7.4%</i>	<i>7.2%</i>	<i>7.2%</i>	<i>7.4%</i>	<i>9.1%</i>	<i>9.1%</i>	<i>7.3%</i>	<i>9.0%</i>	<i>8.9%</i>	<i>9.2%</i>
<i>Small</i>	<i>7.7%</i>	<i>8.1%</i>	<i>8.3%</i>	<i>7.7%</i>	<i>7.3%</i>	<i>7.5%</i>	<i>7.1%</i>	<i>5.5%</i>	<i>5.1%</i>	<i>6.7%</i>	<i>5.4%</i>	<i>4.9%</i>	<i>4.4%</i>
<i>Medium</i>	<i>2.3%</i>	<i>2.6%</i>	<i>2.6%</i>	<i>2.7%</i>	<i>2.7%</i>	<i>2.7%</i>	<i>2.6%</i>	<i>2.2%</i>	<i>2.2%</i>	<i>2.3%</i>	<i>2.0%</i>	<i>2.0%</i>	<i>1.9%</i>
Corporate & others	40.8%	38.4%	37.8%	36.8%	36.5%	35.7%	35.7%	36.2%	36.3%	35.1%	34.8%	35.3%	35.1%
Overseas advances	3.1%	2.9%	3.8%	4.8%	6.1%	6.0%	6.1%	6.3%	6.0%	6.8%	7.0%	6.7%	6.8%
Global Gross Advances	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%

Source: Company, Axis Capital

Exhibit 5: External rating-wise advance-mix

External Rating*	Q4FY22	Q1FY23	Q2FY23	Q3FY23	Q4FY23	Q1FY24	Q2FY24	Q3FY24	Q4FY24	Q1FY25
Rated Exposure										
AAA	13%	12%	13%	14%	15%	17%	15%	14%	15%	15%
AA	23%	23%	24%	25%	24%	25%	25%	26%	26%	27%
A	21%	22%	21%	21%	23%	22%	23%	23%	23%	24%
BBB	14%	14%	15%	15%	13%	12%	12%	12%	11%	12%
Total BBB and above	71%	72%	73%	75%	75%	74%	75%	75%	76%	78%
BB and below	12%	10%	11%	10%	9%	9%	8%	9%	9%	8%
Of which,										
PSU accounts (More than Rs 1 bn)	4%	2%	2%	2%	2%	2%	2%	2%	2%	1%
Corporates (More than Rs 1 bn)	4%	4%	4%	4%	3%	3%	3%	4%	4%	3%
Others (Less than Rs 1bn)	5%	4%	4%	4%	4%	4%	3%	3%	3%	3%
Total Rated Exposure (A)	83%	82%	84%	85%	84%	83%	83%	84%	84%	86%
Unrated Exposure										
PSU with Govt Guarantee	11%	10%	10%	9%	9%	11%	10%	10%	10%	10%
PSU without Govt Guarantee	4%	5%	3%	3%	4%	4%	3%	3%	4%	2%
Others	2%	2%	3%	3%	3%	3%	3%	3%	2%	2%
Total Unrated Exposure (B)	17%	18%	16%	15%	16%	17%	17%	16%	16%	14%
Total (A+B)	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%

Source: Company, Axis Capital; Note: *For more than Rs 100 mn, for CRE/MSME > Rs250 mn.

Exhibit 6: Sector-wise deployment of domestic advances

(Rs bn)	Q4'22	Q1'23	Q2'23	Q3'23	Q4'23	Q1'24	Q2'24	Q3'24	Q4'24	Q1'25	YoY	QoQ
Infrastructure	585	582	570	558	549	559	560	587	613	579	4%	-6%
of which												
Power	185	186	186	192	203	196	196	211	220	206	5%	-6%
Port and Road Project	90	90	91	91	85	88	91	85	87	91	4%	4%
Other infrastructure	310	307	293	275	261	275	273	291	306	282	2%	-8%
Basic Metal	80	93	93	100	97	96	99	102	99	110	15%	12%
Textiles	72	70	75	74	76	79	80	82	84	84	6%	0%
Petroleum and Coal Products	81	61	74	61	99	67	67	63	92	74	10%	-19%
All Engineering	52	51	54	54	56	58	64	71	72	74	29%	3%
Food Processing	90	89	86	87	92	97	95	103	102	101	4%	0%
Trade	228	225	204	215	224	255	239	262	248	247	-3%	0%
Commercial Real Estate	70	71	89	112	140	161	164	173	180	172	7%	-4%
Home Loans/Auto Loans/Other Retail	804	807	837	872	911	932	954	993	1,047	1,061	14%	1%
Agriculture	881	905	952	982	1,019	1,047	1,104	1,144	1,211	1,238	18%	2%
NBFC	511	536	583	603	664	651	567	540	552	568	-13%	3%
Others (Other Industries/Sectors)	502	504	498	524	512	503	595	625	683	716	42%	5%
Total Domestic Advances	3,957	3,994	4,115	4,242	4,439	4,506	4,587	4,744	4,982	5,026	12%	1%

Source: Company, Axis Capital

Exhibit 7: Sector-wise deployment of domestic advance-mix

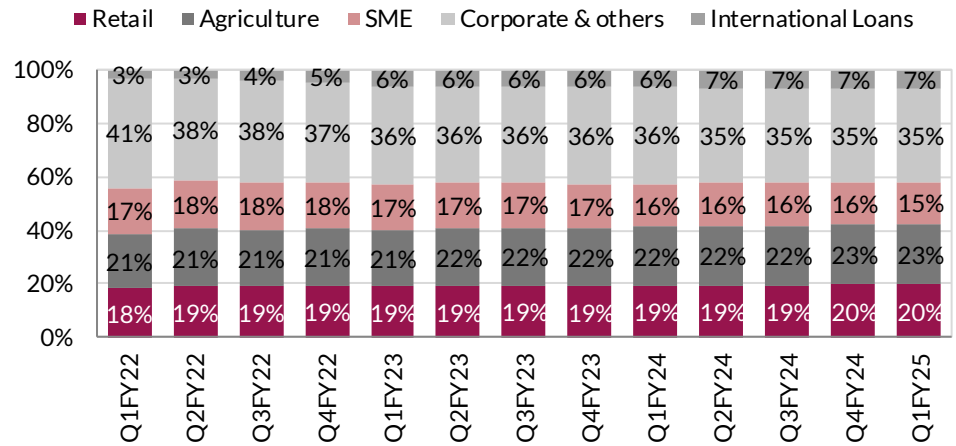
	Q4'22	Q1'23	Q2'23	Q3'23	Q4'23	Q1'24	Q2'24	Q3'24	Q4'24	Q1'25
Infrastructure	15%	15%	14%	13%	12%	12%	12%	12%	12%	12%
of which										
Power	5%	5%	5%	5%	5%	4%	4%	4%	4%	4%
Port and Road Project	2%	2%	2%	2%	2%	2%	2%	2%	2%	2%
Other infrastructure	8%	8%	7%	6%	6%	6%	6%	6%	6%	6%
Basic Metal	2%	2%	2%	2%	2%	2%	2%	2%	2%	2%
Textiles	2%	2%	2%	2%	2%	2%	2%	2%	2%	2%
Petroleum and Coal Products	2%	2%	2%	1%	2%	1%	1%	1%	2%	1%
All Engineering	1%	1%	1%	1%	1%	1%	1%	1%	1%	1%
Food Processing	2%	2%	2%	2%	2%	2%	2%	2%	2%	2%
Trade	6%	6%	5%	5%	5%	6%	5%	6%	5%	5%
Commercial Real Estate	2%	2%	2%	3%	3%	4%	4%	4%	4%	3%
Home Loans/Auto Loans/Other Retail	20%	20%	20%	21%	21%	21%	21%	21%	21%	21%
Agriculture	22%	23%	23%	23%	23%	23%	24%	24%	24%	25%
NBFC	13%	13%	14%	14%	15%	14%	12%	11%	11%	11%
Others (Other Industries/Sectors)	13%	13%	12%	12%	12%	11%	13%	13%	14%	14%
Total Domestic Advances	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%

Source: Company, Axis Capital

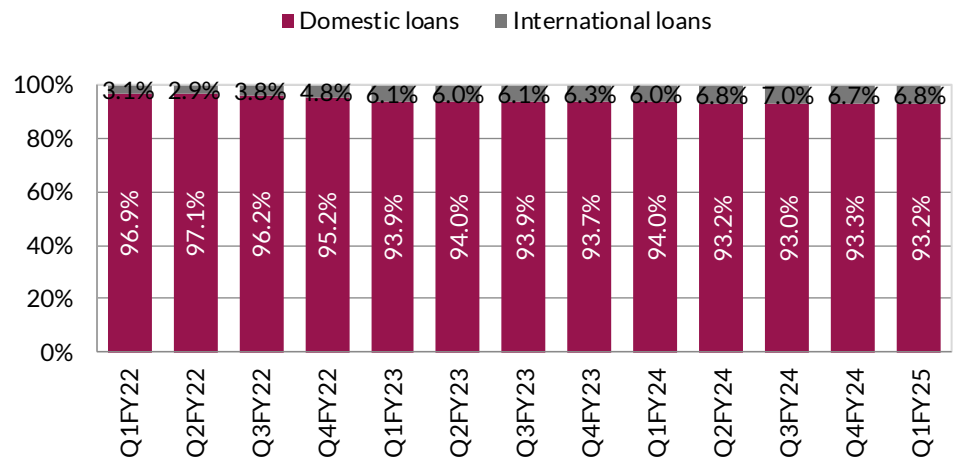
Exhibit 8: Break-up of fee income

	Q1FY24	Q4FY24	Q1FY25	YoY	QoQ
Transaction fees	1,700	1,960	1,830	8%	-7%
Loan processing charges	1,370	2,190	1,430	4%	-35%
Commission on Government business	180	270	170	-6%	-37%
Commission on LC/BG	960	1,160	890	-7%	-23%
Cross selling	240	460	320	33%	-30%
Income from PFMS operations	60	120	10	-83%	-92%
Rent on Lockers	400	410	400	0%	-2%
Misc fee Income	1,800	3,130	2,830	57%	-10%
Total Fee income	6,710	9,700	7,880	17%	-19%

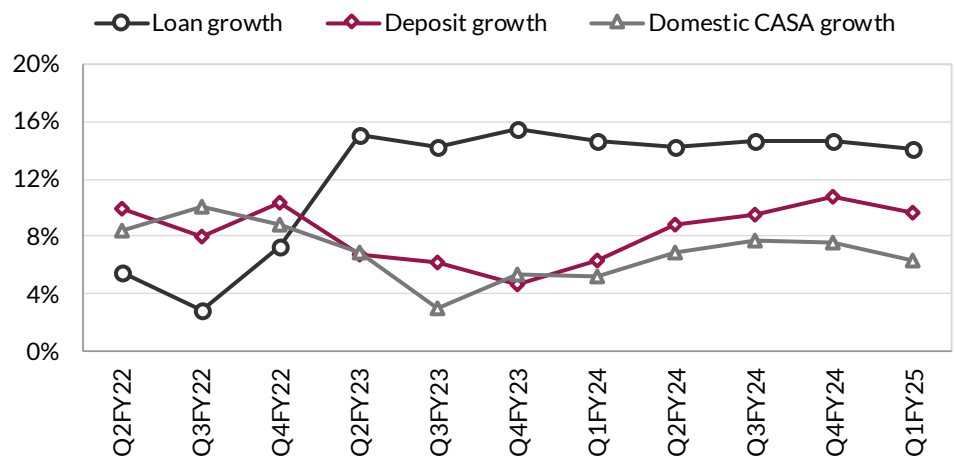
Source: Company, Axis Capital

Exhibit 9: Trends in loan-mix


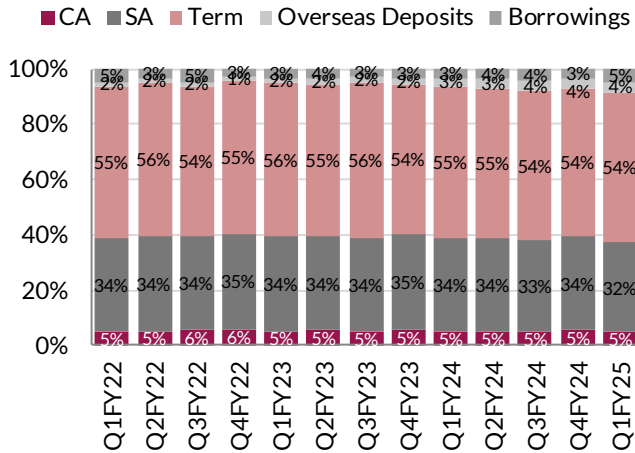
Source: Company, Axis Capital

Exhibit 10: Trends in domestic and international loan-mix


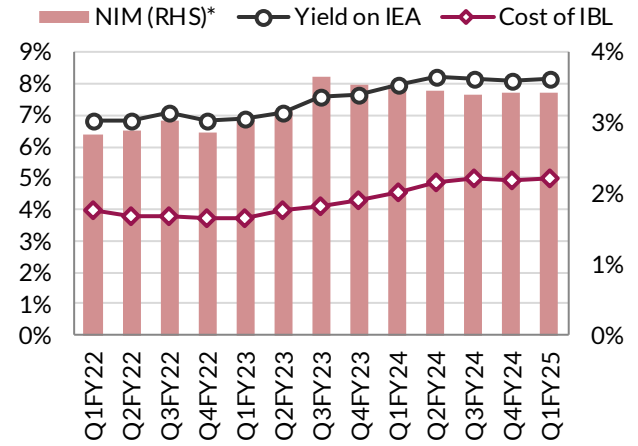
Source: Company, Axis Capital

Exhibit 11: Trends in loans, deposits, and CASA growth


Source: Company, Axis Capital

Exhibit 12: Liability-mix


Source: Company, Axis Capital

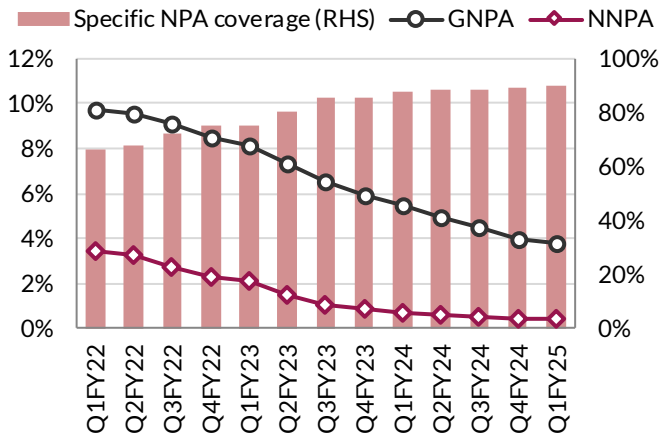
Exhibit 13: NIM was flat QoQ at 3.44%


Source: Company, Axis Capital; Note* Domestic NIM till Q1FY23.

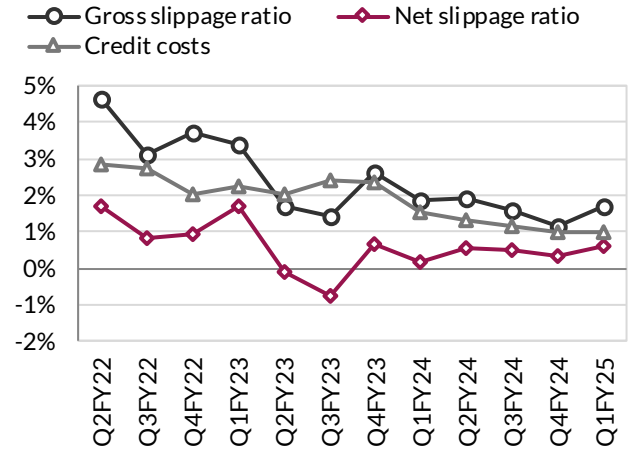
Exhibit 14: Asset quality

(Rs bn)	Q1FY22	Q2FY22	Q3FY22	Q4FY22	Q1FY23	Q2FY23	Q3FY23	Q4FY23	Q1FY24	Q2FY24	Q3FY24	Q4FY24	Q1FY25
Gross NPA	9.69%	9.56%	9.13%	8.47%	8.13%	7.30%	6.53%	5.95%	5.47%	4.97%	4.47%	3.95%	3.77%
Net NPA	3.47%	3.26%	2.72%	2.27%	2.12%	1.50%	1.00%	0.90%	0.70%	0.60%	0.53%	0.43%	0.39%
Specific NPA coverage	66.5%	68.1%	72.2%	74.9%	75.5%	80.7%	85.5%	85.7%	87.8%	88.5%	88.7%	89.5%	90.0%
Gross Slippage Ratio	5.0%	4.7%	3.1%	3.7%	3.4%	1.7%	1.4%	2.6%	1.9%	1.9%	1.6%	1.1%	1.7%
Recovery & Upgrade Ratio	19.5%	22.2%	19.3%	23.2%	15.2%	17.6%	23.4%	22.0%	20.9%	18.7%	16.4%	14.2%	20.6%
Net Slippage Ratio	2.4%	1.7%	0.8%	0.9%	1.7%	-0.1%	-0.8%	0.7%	0.2%	0.6%	0.5%	0.3%	0.6%
Write-off Ratio	23.7%	20.1%	10.4%	20.2%	20.8%	26.6%	21.0%	22.2%	26.8%	30.6%	32.0%	32.4%	23.5%
Credit costs (Total prov. / Avg. Loans)	2.8%	2.8%	2.7%	2.0%	2.3%	2.0%	2.4%	2.3%	1.5%	1.3%	1.1%	1.0%	1.0%
Gross Slippages	44.1	39.5	28.1	33.7	30.9	15.4	13.1	25.7	18.5	19.8	16.7	12.7	19.6
Upgrades & Recoveries	23.0	25.3	20.5	25.1	15.8	16.5	20.2	19.0	16.7	14.2	11.4	9.0	12.9
Net slippages before write offs	21.1	14.2	7.5	8.6	15.1	-1.1	-7.1	6.7	1.9	5.7	5.2	3.7	6.7
Write offs	28.0	23.0	11.0	21.8	21.5	25.0	18.2	19.2	21.4	23.1	22.3	20.5	14.7
Gross NPA - Closing	377.6	368.9	365.4	352.1	345.7	319.6	294.3	281.8	262.3	244.9	227.9	211.1	203.0
Provisions	251.1	251.4	263.8	263.7	261.0	257.8	251.6	241.4	230.3	216.6	202.1	188.8	182.8
Net NPA	126.5	117.5	101.5	88.5	84.7	61.7	42.7	40.4	32.0	28.3	25.8	22.2	20.3

Source: Company, Axis Capital

Exhibit 15: Reduction in GNPA, coverage ratio higher


Source: Company, Axis Capital

Exhibit 16: Slippage and credit cost


Source: Company, Axis Capital

Exhibit 17: Segment-wise break-up of slippages

(Rs mn)	Q1FY22	Q2FY22	Q3FY22	Q4FY22	Q1FY23	Q2FY23	Q3FY23	Q4FY23	Q1FY24	Q2FY24	Q3FY24	Q4FY24	Q1FY25
RAM	35,630	18,790	17,770	23,250	21,080	15,300	11,670	25,520	15,270	14,060	12,960	12,780	19,280
Retail	7,120	1,500	6,010	4,770	5,270	1,460	2,940	5,010	4,330	2,350	2,930	1,260	4,220
Agriculture	3,790	9,830	2,800	4,170	2,640	9,830	1,970	7,080	3,190	7,200	5,920	5,080	5,970
MSME	24,720	7,460	8,960	14,310	13,170	4,010	6,760	13,430	7,750	4,510	4,110	6,440	9,090
Corporate	6,410	20,730	9,550	9,730	7,770	(590)	250	140	2,270	5,700	1,330	(400)	0
Total	42,040	39,520	27,320	32,980	28,850	14,710	11,920	25,660	17,530	19,760	14,290	12,380	19,280

Source: Company, Axis Capital

Exhibit 18: Sector-wise GNPA

	Q1FY22	Q2FY22	Q3FY22	Q4FY22	Q1FY23	Q2FY23	Q3FY23	Q4FY23	Q1FY24	Q2FY24	Q3FY24	Q4FY24	Q1FY25
Retail	5.0%	4.3%	4.6%	4.4%	4.6%	4.3%	3.7%	3.5%	3.3%	2.8%	2.3%	2.0%	2.1%
Home Loan	3.6%	3.0%	3.1%	3.0%	3.2%	3.1%	2.7%	2.9%	2.9%	2.7%	2.0%	1.7%	1.7%
Education Loan	22.9%	21.4%	25.6%	26.2%	26.8%	24.9%	20.5%	19.9%	19.9%	13.4%	13.5%	12.9%	13.0%
Vehicle Loan	7.1%	6.1%	5.8%	5.7%	6.0%	5.4%	4.9%	4.5%	2.8%	2.5%	1.7%	1.5%	1.5%
Agriculture	11.3%	11.4%	10.7%	10.1%	9.7%	9.7%	9.0%	8.8%	8.4%	8.2%	8.0%	7.0%	7.1%
MSME	15.7%	14.6%	13.9%	14.4%	15.2%	14.3%	13.5%	13.5%	13.6%	12.1%	10.8%	10.2%	9.7%
Corporate & Overseas	8.5%	8.8%	8.3%	7.0%	6.1%	4.5%	3.7%	2.7%	1.8%	1.5%	1.1%	0.9%	0.6%
Total	9.7%	9.6%	9.1%	8.5%	8.1%	7.3%	6.5%	6.0%	5.5%	5.0%	4.5%	4.0%	3.8%
Priority	14.6%	14.9%	14.4%	14.2%	13.3%	19.6%	15.3%	13.5%	12.4%	11.9%	10.7%	9.7%	8.9%

Source: Company, Axis Capital

Exhibit 19: Collection efficiency trends

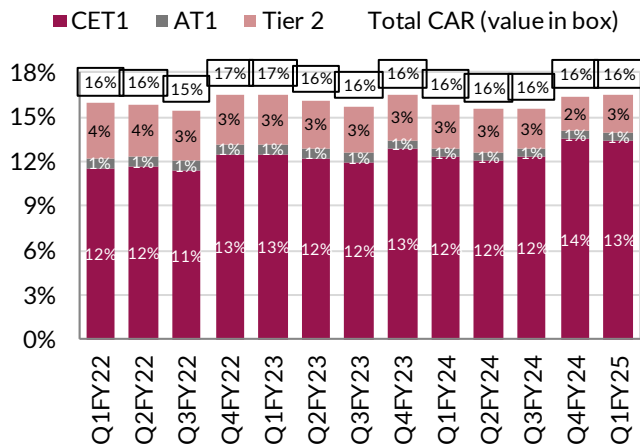
Sector	Mar'21	Mar'22	Jun'22	Sep'22	Dec'22	Mar'23	Jun'23	Sep'23	Dec'23	Mar'24	Jun'24
Retail	92%	95%	96%	94%	94%	94%	94%	94%	94%	95%	96%
Agriculture	90%	90%	90%	90%	91%	92%	90%	90%	91%	92%	91%
MSME	95%	95%	90%	91%	95%	95%	94%	94%	93%	94%	92%
Corporate	99%	99%	99%	99%	99%	99%	99%	99%	99%	99%	99%
Overall Collection	95%	95%	94%	95%	95%	95%	95%	95%	95%	96%	95%

Source: Company, Axis Capital

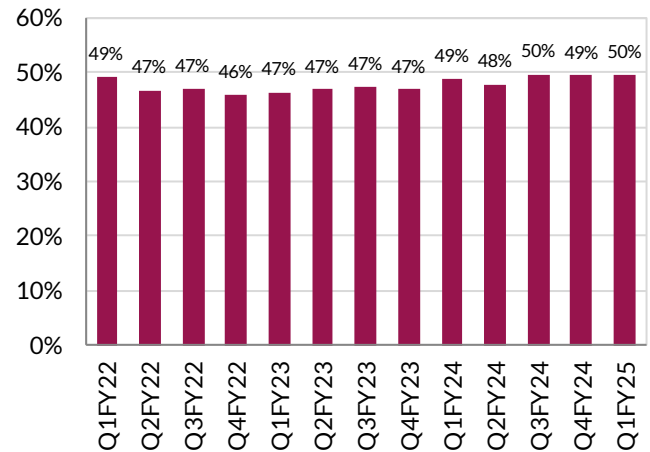
Exhibit 20: Trends in SMA[^]

	Q3FY22	Q4FY22	Q1FY23	Q2FY23	Q3FY23	Q4FY23	Q1FY24	Q2FY24	Q3FY24	Q4FY24	Q1FY25
SMA: Outstanding (%)											
SMA 1	0.77%	0.75%	0.40%	0.28%	0.40%	0.40%	0.45%	0.39%	0.36%	0.38%	0.26%
SMA 2	0.15%	0.19%	0.21%	0.22%	0.37%	0.14%	0.25%	0.25%	0.20%	0.10%	0.21%
Total	0.92%	0.93%	0.61%	0.50%	0.77%	0.54%	0.70%	0.64%	0.56%	0.48%	0.47%
SMA: % to respective sector std. advances											
Retail	0.21%	0.32%	0.13%	0.12%	0.28%	0.19%	0.33%	0.27%	0.26%	0.20%	0.18%
Agriculture	0.51%	0.60%	0.41%	0.30%	0.50%	0.33%	0.46%	0.32%	0.36%	0.27%	0.31%
MSME	3.44%	3.58%	2.78%	2.42%	3.31%	2.70%	3.28%	2.90%	2.49%	2.11%	2.04%
Corporate & Others	0.42%	0.34%	0.13%	0.05%	0.19%	0.04%	0.10%	0.19%	0.12%	0.15%	0.16%
TOTAL	0.92%	0.93%	0.61%	0.50%	0.77%	0.54%	0.70%	0.64%	0.56%	0.48%	0.47%

Source: Company, Axis Capital; Note: ^ Rs 50mn and above.

Exhibit 21: Capital adequacy remains healthy, CET 1 at ~13.4%


Source: Company, Axis Capital

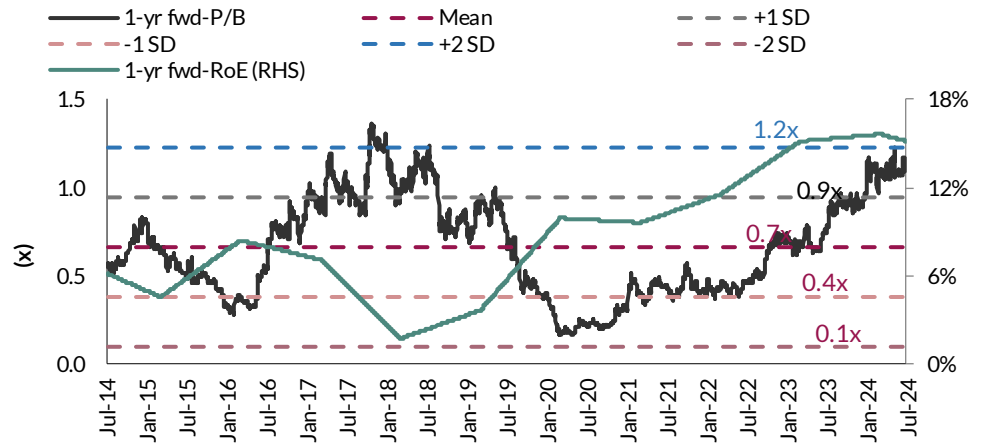
Exhibit 22: RWA density


Source: Company, Axis Capital

Exhibit 23: Du-Pont analysis (% of average assets)

	FY15	FY16	FY17	FY18	FY19	FY20	FY21	FY22	FY23	FY24	FY25E	FY26E	FY27E
Net Interest Income	2.3%	2.2%	2.4%	2.7%	2.6%	2.6%	3.4%	2.6%	2.9%	3.1%	3.1%	3.0%	2.9%
Interest Income	8.3%	8.2%	7.6%	7.3%	7.2%	7.3%	8.4%	6.0%	6.5%	7.4%	7.5%	7.4%	7.4%
Interest Expense	6.0%	6.0%	5.2%	4.6%	4.6%	4.7%	5.0%	3.4%	3.6%	4.3%	4.4%	4.5%	4.5%
Non-Interest Income	0.7%	0.9%	1.0%	1.0%	0.7%	1.1%	1.2%	1.1%	1.0%	1.0%	0.9%	0.9%	0.8%
Fee Income	0.1%	0.1%	0.1%	0.1%	0.1%	0.1%	0.5%	0.4%	0.4%	0.4%	0.5%	0.5%	0.4%
Profit on sale of investments	0.1%	0.2%	0.4%	0.3%	0.1%	0.3%	0.4%	0.2%	0.0%	0.2%	0.1%	0.1%	0.1%
Other Non-Interest Income	0.5%	0.6%	0.5%	0.6%	0.5%	0.7%	0.3%	0.5%	0.6%	0.4%	0.3%	0.3%	0.3%
Total Operating Income	3.1%	3.1%	3.5%	3.7%	3.3%	3.7%	4.6%	3.7%	4.0%	4.1%	4.0%	3.9%	3.7%
Total Operating Expenses	1.5%	1.6%	1.6%	1.6%	1.5%	1.5%	2.2%	1.7%	1.8%	1.9%	1.8%	1.7%	1.6%
Employee Expenses	0.9%	1.0%	0.9%	0.9%	0.8%	0.8%	1.4%	1.0%	1.1%	1.2%	1.1%	1.0%	1.0%
Other Expenses	0.6%	0.6%	0.6%	0.7%	0.7%	0.7%	0.9%	0.7%	0.7%	0.7%	0.7%	0.6%	0.6%
Pre-Provision Operating Profit (PPOP)	1.6%	1.5%	1.9%	2.1%	1.8%	2.2%	2.4%	2.0%	2.2%	2.2%	2.2%	2.2%	2.2%
Provisions	0.8%	1.0%	1.1%	1.7%	1.7%	1.7%	1.7%	1.5%	1.4%	0.8%	0.7%	0.8%	0.8%
Profit Before Tax (PBT)	0.8%	0.5%	0.8%	0.5%	0.1%	0.5%	0.6%	0.5%	0.9%	1.5%	1.5%	1.4%	1.4%
Tax	0.2%	0.1%	0.2%	-0.1%	0.0%	0.2%	0.0%	-0.1%	0.1%	0.4%	0.4%	0.4%	0.3%
RoA	0.5%	0.4%	0.7%	0.5%	0.1%	0.3%	0.6%	0.6%	0.8%	1.1%	1.2%	1.1%	1.0%
Leverage	13.1x	12.6x	12.6x	13.2x	14.1x	14.2x	15.4x	15.8x	15.1x	14.1x	13.5x	13.5x	13.7x
RoE	6.9%	4.5%	8.4%	7.1%	1.7%	3.6%	9.9%	9.6%	11.5%	15.2%	15.6%	14.2%	14.0%
RORWA	0.9%	0.6%	1.1%	0.9%	0.2%	0.5%	1.3%	1.3%	1.6%	2.2%	2.3%	2.1%	2.0%

Source: Company, Axis Capital

Exhibit 24: 1-year-forward core P/B vs RoE


Source: Bloomberg, Company, Axis Capital

Financial summary (Standalone)

Profit & Loss (Rs bn)

Y/E March	FY23	FY24	FY25E	FY26E	FY27E
Interest earned	449	556	627	703	790
Interest expended	(247)	(323)	(371)	(420)	(474)
Net interest income	202	233	255	283	316
Non interest income	71	79	80	86	92
<i>o/w Fee income</i>	<i>30</i>	<i>33</i>	<i>37</i>	<i>43</i>	<i>48</i>
Net income	274	311	336	368	408
Operating expenses	(121)	(143)	(151)	(161)	(172)
Staff expenses	(75)	(93)	(96)	(101)	(106)
Other operating expenses	(46)	(50)	(54)	(60)	(66)
Operating profit	153	168	185	207	236
Provisions & contingencies	(94)	(59)	(52)	(68)	(84)
<i>o/w NPA provisions</i>	<i>(65)</i>	<i>(37)</i>	<i>(36)</i>	<i>(56)</i>	<i>(63)</i>
Pre-tax profit	59	110	133	139	152
Tax expense	(6)	(29)	(33)	(35)	(38)
Profit after tax	53	81	100	104	114
Adj. PAT	53	81	100	104	114

Balance Sheet (Rs bn)

Y/E March	FY23	FY24	FY25E	FY26E	FY27E
Total assets	7,105	7,926	8,815	9,935	11,205
Cash & Balances with RBI	501	421	454	502	557
Investments	1,860	2,126	2,232	2,410	2,603
Advances	4,493	5,149	5,825	6,595	7,475
Fixed assets	75	75	77	78	80
Other assets	176	156	228	349	491
Total liabilities	7,105	7,926	8,815	9,935	11,205
Equity capital	12	13	13	13	13
Reserves & surplus	467	570	650	733	824
Networth	480	584	663	746	837
Deposits	6,212	6,880	7,595	8,584	9,710
<i>o/w CASA deposits</i>	<i>2,602</i>	<i>2,800</i>	<i>2,940</i>	<i>3,214</i>	<i>3,514</i>
Borrowings	221	231	301	316	332
Other liabilities & prov.	193	231	256	289	326

Source: Company, Axis Capital

Key Ratios

Y/E March	FY23	FY24	FY25E	FY26E	FY27E
EPS (Rs)	42.4	59.9	74.0	77.4	84.4
BV (Rs)	385.2	433.5	492.2	554.2	621.7
Adj. BV (Rs.)	360.8	421.1	489.7	551.8	617.0
DPS (Rs.)	8.6	12.0	14.8	15.5	16.9
Dividend payout (%)	20.3	20.0	20.0	20.0	20.0
Yield on Int. Earning Assets	7.3	8.1	8.2	8.1	8.2
Cost of Int. Bearing Liabilities	4.0	4.8	5.0	5.0	5.0
Spreads	3.3	3.2	3.1	3.2	3.2
Net interest margin	3.4	3.5	3.4	3.4	3.4
Gross NPAs	5.9	4.0	2.7	2.3	2.1
Net NPAs	0.9	0.4	0.1	0.1	0.1
Provisioning coverage	85.7	89.5	97.3	97.3	94.8
Credit cost	2.2	1.2	0.9	1.1	1.2
Gross Slippages ratio	1.8	1.5	1.3	1.5	1.5
CET 1	12.9	13.5	15.2	15.0	14.7
Tier-I	13.5	14.0	15.7	15.4	15.1
CAR	16.5	16.4	18.0	17.4	16.9
ROA	0.8	1.1	1.2	1.1	1.1
ROE	11.5	15.2	16.0	14.8	14.4
Cost to income	44.2	45.9	44.9	43.7	42.2
Cost to avg. assets	1.8	1.9	1.8	1.7	1.6
CASA (Domestic)	42.8	42.3	40.5	39.3	38.1
Effective tax rate	10.7	26.4	25.0	25.0	25.0
GROWTH (%)					
Net interest income	20.9	15.1	9.7	10.7	11.9
Operating expenses	10.7	18.2	5.4	6.8	6.9
Operating profit	20.1	10.3	9.8	12.1	13.8
Profit after tax	33.9	52.7	23.6	4.7	9.0
Advances	15.4	14.6	13.1	13.2	13.3
Deposits	4.6	10.8	10.4	13.0	13.1
Total assets	5.8	11.6	11.2	12.7	12.8
BVPS	9.8	12.5	13.5	12.6	12.2

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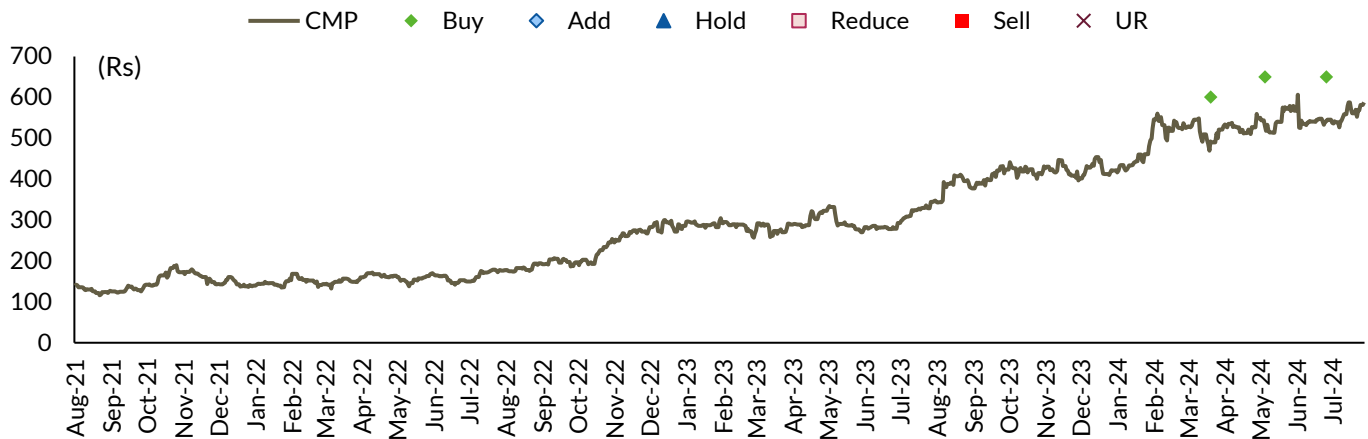
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Ratings	Expected absolute returns over 12 months
BUY	More than 15%
ADD	Between 5% to 15%
REDUCE	Between 5% to -10 %
SELL	More than -10%

Indian Bank (INBA.NS, INBK IB) Price and Recommendation History



Date	Target Price	Reco	Date	Target Price	Reco	Date	Target Price	Reco	Date	Target Price	Reco
21-Mar-24	600	Buy									
06-May-24	650	Buy									
27-Jun-24	650	Buy									

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