

Research Report

IDBI Bank Limited



दोस्ती जो प्रगति को दे गति
FRIENDSHIP THAT POWERS PROGRESS



Prepared By-

SAHIL SHARMA

EQUITY RESEARCH ANALYST

About

IDBI Bank Ltd. (IDBI Bank) is a provider commercial and wholesale banking services. It offers a range of personal, corporate, Micro, Small, and Medium Enterprises (MSME), Agri, and non-resident Indian (NRI) banking services. Under Personal Banking, the bank provides accounts, lockers, deposits, loans, cards, online banking, and investment services. Through Corporate Banking, IDBI Bank offers cash management, treasury, trade finance, foreign currency, syndication, and advisory solutions. MSME banking portfolio comprises financing, cards, and Mudra loans. Agri banking offerings include allied activities, indirect agriculture financing, and term loans.

Sector-wise breakup-

- Industry - 34%
- Personal loans - 34%
- Services - 16%
- Agriculture - 12%
- Others - 4%

Synopsis of Financials

- The bank has reported a PAT of 828 Crores which is the highest in its quarterly amount recorded in its history.
- The PBT is at 1437 Crores, operation profit of 2208 Crores. NII of 2738 and the NIM has come at 4.37. Overall, the ROA for the quarter is 1.09 on annualized basis and if you take the half yearly, it is about 1.03%.
- The ROE is above 15.2%.

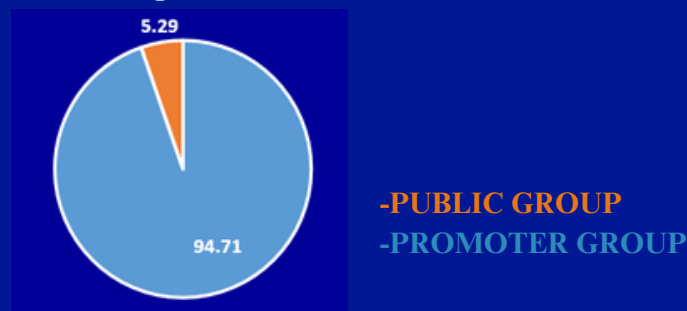
Stock data (as 2nd September 2024)

Nifty Price	: 25,278.70
52 week High (in Rs.)	: 108
52 week Low (in Rs.)	: 59.5
Market Cap. (in Crore)	: 1,01,965
NSE Code	: <u>IDBI</u>

Stock data



Shareholding Pattern (March 2024)



Financial Summary

Particulars	March 2024	March 2023	March 2022
Sales	26,446	20,592	18,316
Sales Growth %	12,226	9,130	9,122
Expenses	9,233	10,232	9,975
Operating Profit	4,986	1,229	-781
OPM %	19%	6%	-4%
Net Profit	5,814	3,728	2,557
EPS in Rs	5.38	3.45	2.36

Quarterly Results



Particular	Dec-22	Mar-23	Jun-23	Sep-23	Dec-23	Mar-24	Jun-24
Revenue	5,230	5,729	6,864	6,038	6,549	6,995	6,670
Interest	2,304	2,445	2,861	2,966	3,102	3,298	3,428
Expenses	2,563	3,167	3,067	1,701	2,444	2,565	1,553
Financing Profit	363	118	936	1,372	1,003	1,132	1,688
Financing Margin %	7%	2%	14%	23%	15%	16%	25%
Other Income	923	1,404	907	1,025	1,031	961	857
Depreciation	0	0	0	0	0	0	0
Profit before tax	1,286	1,521	1,843	2,397	2,034	2,093	2,546
Tax %	27%	21%	33%	42%	27%	21%	32%
Net Profit	950	1,223	1,234	1,393	1,515	1,672	1,739

Source: Screener

Key Ratios

क्रम. सं. / No.	विवरण / Particulars	31 मार्च 2024 / March 31, 2024	31 मार्च 2023 / March 31, 2023
1	कार्यशील निधियों के प्रतिशत के रूप में ब्याज आय [§] Interest income as a percentage to working funds [§]	7.73%	6.76%
2	कार्यशील निधियों के प्रतिशत के रूप में गैर-ब्याज आय Non-interest income as a percentage to working funds	1.06%	1.44%
3	जमाओं की लागत / Cost of Deposits	4.30%	3.50%
4	निवल ब्याज मार्जिन [^] / Net Interest Margin [^]	4.93%	4.52%
5	कार्यशील निधियों के प्रतिशत के रूप में परिचालन लाभ [§] Operating profit as a percentage to working funds [§]	2.81%	2.87%
6	आस्तियों पर प्रतिलाभ [@] / Return on assets [@]	1.65%	1.20%
7	प्रति कर्मचारी व्यवसाय (जमा और अग्रिम) [#] [₹ करोड़] Business (Deposits plus advances) per employee [#] [₹ crore]	23.50	22.31
8	प्रति कर्मचारी लाभ [₹ करोड़] / Profit per employee [₹ crore]	0.30	0.20

Source: Annual Report

Yearly Results

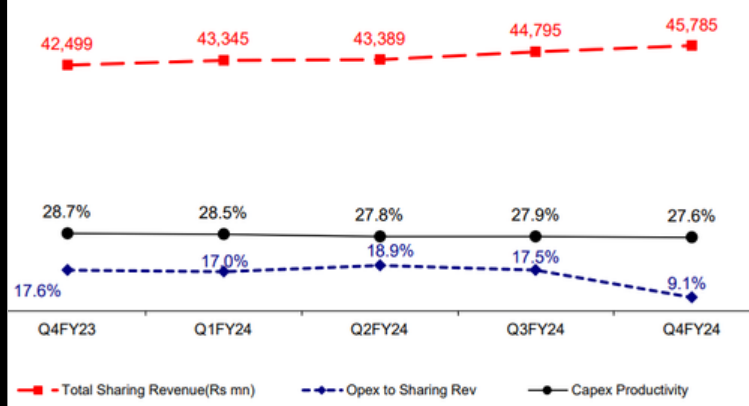
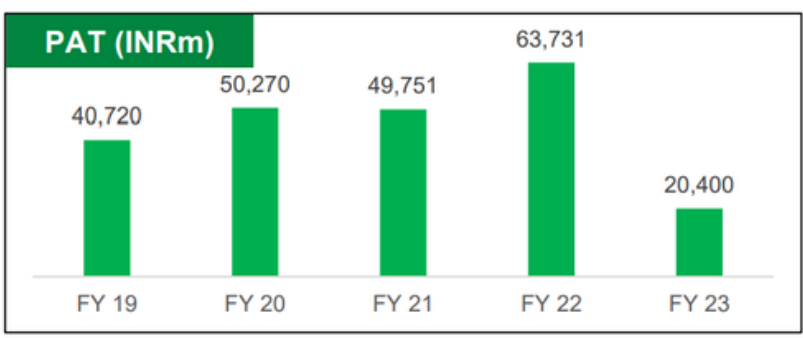
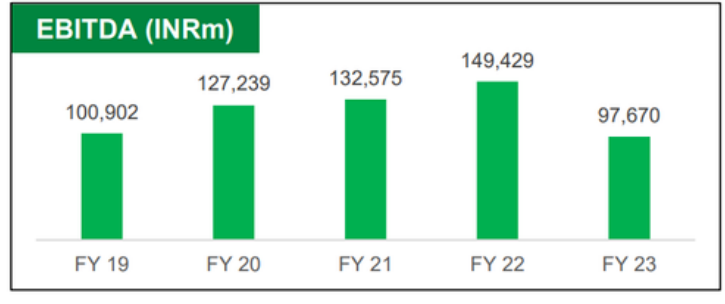
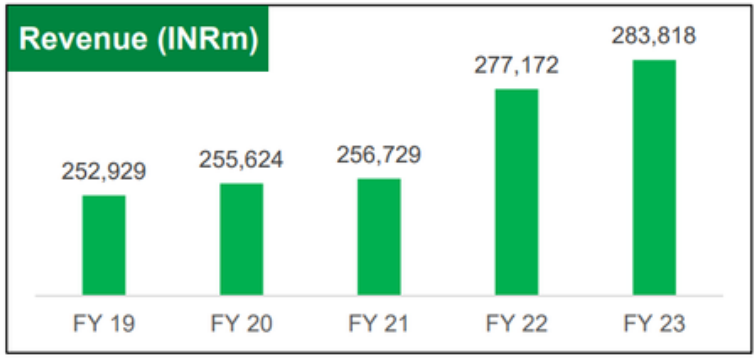
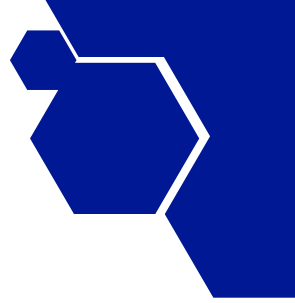
Particulars	March 2024	March 2023	March 2022
Equity Capital	10,752	10,752	10,752
Reserves	40,321	35,567	31,819
Borrowings	2,94,448	2,67,951	2,47,195
Other Liabilities	18,750	17,227	12,773
Total Liabilities	3,64,272	3,31,498	3,02,540
Fixed Assets	9,435	9,303	9,587
CWIP	108	477	400
Investments	1,15,719	1,00,409	83,475
Other Assets	2,39,011	2,21,309	2,09,078
Total Assets	3,64,272	3,31,498	3,02,540

Synopsis Quater Results

Con-Call Q1 FY'24: Key Highlights

- The ROE is above 15.2%. Cost to income continues to be well under control 42.29 and capital is comfortable at tier one of 17 and total CRAR of about 19.5 without taking the half yearly profit into account.
- Total RWA has gone up about 4000 Crores, 1,57,840 Crores. It is mainly on the back of growth in advance. Cost of deposit stands at 3.44 and cost of funds at 3.72 more or less in line with Q2 and a marginal increase year-on-year.
- CASA is slightly higher at 56%. The deposits have grown to 2,30,000 Crores. Net NPA stands at 1.15. GNPA has come down due to recovery as well as technical write off that is about 16.5% and PCR has marginally improved to 97.8. Again we have put this PAT growth of 828 Crores is a growth of 46% Yo-Y and 10% sequentially.
- PBT is growth of 86% Y-o-Y and 32% Q-o-Q. The gap between PBT and PAT is mainly because of what MD mentioned that we have done so amount of additional provisioning conservatively.
- Operating profit at 2208 Crores is a growth of 64% Y-o-Y and 8% Q-o-Q sequentially. NII has grown by almost 48% and 10% sequentially.
- NIM at 4.37% has improved by 1.35% year on year and 35 basis points quarter on quarter. The cost to income as a result is well under control. There is a reduction of 1.15% sequentially. Now the CASA continues to be high at 56%.
- The retail to corporate as we had guided earlier that it will remain in the range and continues to be in that range.
- Overall, we can expect that the retail to corporate will remain within a range of plus or minus 62 to 68 for retail and the balance coming from corporate. Net advances growth is 17% year on year and 6% sequentially

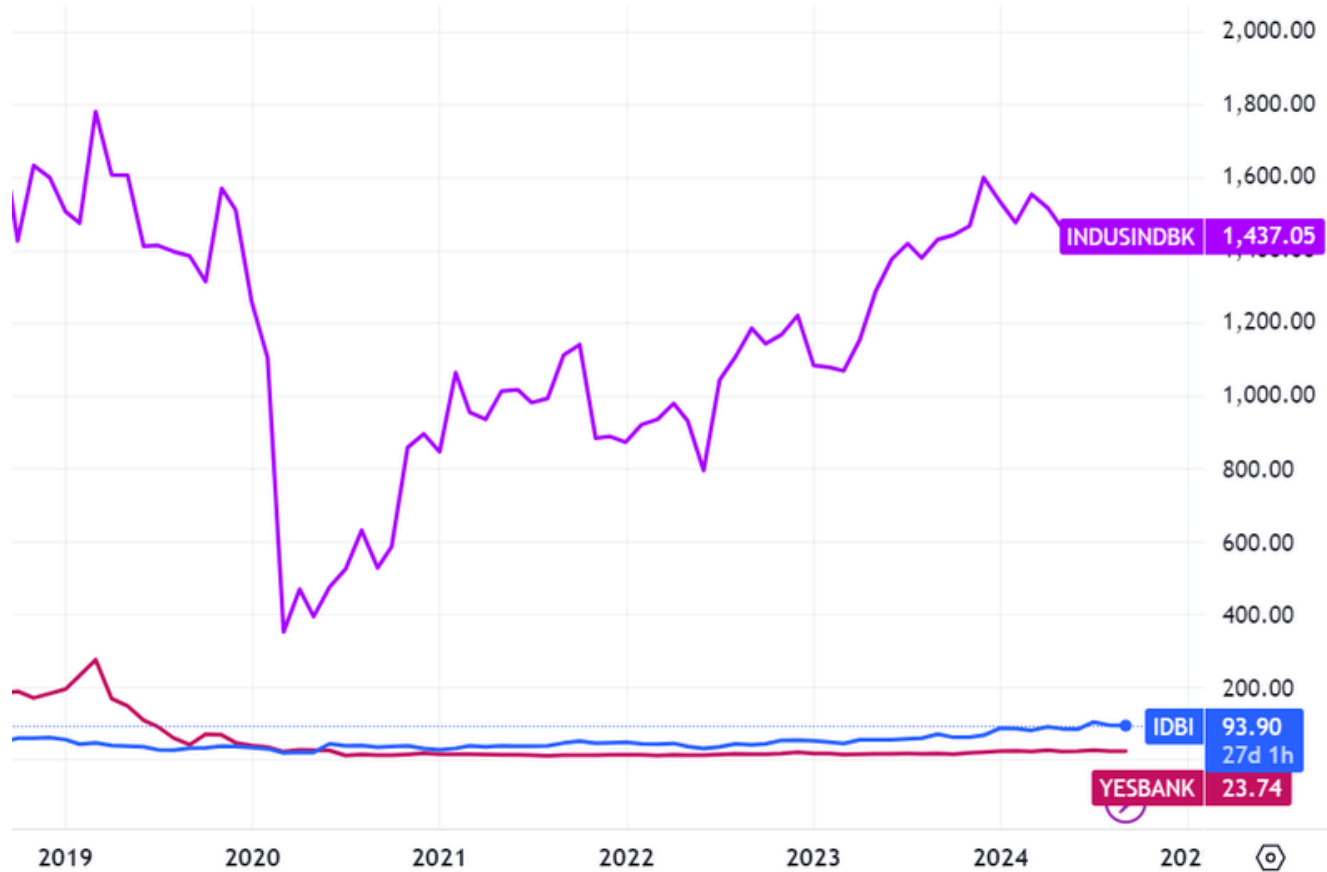
Revenue Highlights



Peer Comparison



Peer Stock Performance (5Y) Indexed



Source: Trading View

Peer Financial Performance

S.No.	Name	CMP Rs.	P/E	Mar Cap Rs.Cr.	Div Yld %	NP Qtr Rs.Cr.	Qtr Profit Var %	Sales Qtr Rs.Cr.	Qtr Sales Var %	ROCE %
1.	HDFC Bank	1626.95	18.23	1242633.39	1.20	17188.05	33.18	81546.20	59.37	7.67
2.	ICICI Bank	1229.95	19.10	865564.59	0.81	12462.81	9.96	44581.65	20.15	7.60
3.	Axis Bank	1188.65	13.75	367481.39	0.08	6467.13	5.67	31158.52	18.72	7.06
4.	Kotak Mah. Bank	1781.55	18.92	354193.41	0.11	7448.16	10.35	15836.79	23.06	7.86
5.	IndusInd Bank	1448.60	12.57	112821.12	1.15	2152.16	1.34	12546.77	16.94	7.93
6.	IDBI Bank	94.78	16.20	101965.07	1.58	1739.15	41.09	6669.84	-2.82	6.23
7.	Yes Bank	23.87	51.42	74807.00	0.00	516.00	48.84	7725.41	19.86	5.83

Source: Screener

Final Outlook



IDBI: BUY | LTP: 94.8

The banking sector is experiencing a substantial shift towards digital services, with predictions that digital payments will account for 65% of transactions by 2026. The fintech ecosystem in India is expected to grow to approximately \$150 billion by 2025

IDBI Bank registered an all-time high net profit of ` 5,634 crore in FY 2023-24 while registering an annualised growth of 55% over the previous year.

On the business front, the Bank's total business improved to ` 4.66 lakh crore in FY 2023-24, registering an annualised growth of 12% over ` 4.18 lakh crore in FY 2022-23. On the asset front, net advances stood at ` 1.89 lakh crore, registering a growth of 16% (y-o-y). The Bank's retail net advances portfolio grew by 17% (y-o-y) to ` 1.33 lakh crore and the Structured Retail Assets (SRA) portfolio stood at ` 83,882 crore, registering a growth of 11% (y-o-y) in FY 2023-24.

On the liability front, the Bank's deposit base increased by 9% (y-o-y) to ` 2.78 lakh crore with CASA deposits registering a growth of 3% (y-o-y) to ` 1.40 lakh crore. However, it saw a marginal dip in the CASA ratio to 50.43% in FY 2023-24 from 53.02% in FY 2022-23. Net Interest Income (NII) registered a growth of 24% (y-o-y) to ` 14,186 crore, Operating Profit increased by 10% (y-o-y) to ` 9,592 crore Profit Before Tax (PBT) increased by 56% (y-o-y) to ` 8,195 crore and consequently led to a 55% surge in its Net Profit to ` 5,634 crore for FY 2023-24

Overall, bank has been showing great signs of profitability since the last 4 years and its price movement has large upside potentials, even in the short term due to its current momentum. GoI and LIC's strategic divestment is bound to bring more efficiency into the play, however a downside is that IDBI would lose a big financier like LIC.