




# Accumulate

Sector: Banking

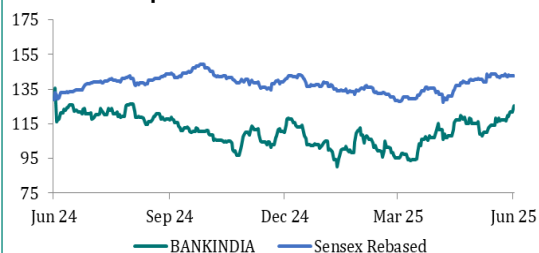
03<sup>rd</sup> June, 2025

Key Changes						Target 	Rating 	Earnings 	Target	Rs. 139
Stock Type	Bloomberg Code	Sensex	NSE Code	BSE Code	Time Frame				<b>CMP</b>	<b>Rs. 125</b>
Mid Cap	BOI:IN	81,374	BANKINDIA	532149	12 Months				<b>Return</b>	<b>+11%</b>

Data as of: 02-06-2025

Company Data			
Market Cap (Rs. cr)			57,705
52 Week High — Low (Rs.)			137 - 90
Outstanding Shares (cr)			455.3
Free Float (%)			26.6
Dividend Yield (%)			5.4
6m average volume (cr.)			1.1
Beta			1.1
Face value (Rs. )			10.0
Shareholding (%)	Q2FY25	Q3FY25	Q4FY25
Promoters	73.4	73.4	73.4
FII's	3.2	2.9	3.9
MFs/Insti	16.3	16.4	15.9
Public	6.8	7.0	6.5
Others	0.3	0.3	0.3
Total	100.0	100.0	100.0
Promoter Pledge	Nil	Nil	Nil
Price Performance	3 Month	6 Month	1 Year
Absolute Return	15.3%	13.5%	-9.3%
Absolute Sensex	8.5%	3.3%	8.4%
Relative Return	6.8%	10.2%	-17.7%

\*over or under performance to benchmark index



Y.E March (cr)	FY25A	FY26E	FY27E
Net Interest Income	24,394	28,293	32,656
<i>Growth (%)</i>	<i>5.8</i>	<i>16.0</i>	<i>15.4</i>
<i>NIM (%)</i>	<i>2.9</i>	<i>3.0</i>	<i>3.2</i>
Pre-Provision Profit	16,412	18,542	21,061
Net Profit	9,219	10,445	12,019
<i>Growth (%)</i>	<i>45.9</i>	<i>13.3</i>	<i>15.1</i>
Adj. EPS	20.3	22.9	26.4
<i>Growth (%)</i>	<i>35.9</i>	<i>13.3</i>	<i>15.1</i>
BVPS	172.6	191.5	213.4
P/E	5.3	5.1	4.4
P/B	0.6	0.6	0.5
<i>RoE (%)</i>	<i>12.5</i>	<i>12.6</i>	<i>13.0</i>
<i>RoA (%)</i>	<i>0.9</i>	<i>1.0</i>	<i>1.0</i>

## Digital initiatives lift lending efficiency

**Bank of India (BOI) has a strong presence in the domestic market through 5,306 branches. It also has an international presence, with 22 branches in 18 countries.**

- In Q4FY25, BOI's standalone interest income increased 13.4% YoY to Rs. 18,323cr due to higher interest income on advances and investments.
- Interest expenses rose 19.9% YoY to Rs. 12,260cr owing to higher cost of deposits at 4.98%. However, net interest income (NII) grew 2.1% YoY to Rs. 6,063cr, due to a higher interest income base.
- Net interest margin (NIM) declined to 2.61% in Q4FY25 from 2.92% in Q4FY24 owing to a lower yield on advances and a higher cost of funds.
- Pre-provision operating profit increased 37.3% YoY to Rs. 4,885cr, led by a 21.4% YoY increase in total income to Rs. 21,751cr.
- Profit after tax increased 82.5% YoY to Rs. 2,626cr, due to a decline in provisions by 26.7% YoY to Rs. 1,338cr.
- As of March 31, 2025, BOI's asset quality improved with the gross non-performing asset (GNPA) ratio declining to 3.27% from 4.98% in Q4FY24 and the net non-performing assets (NNPA) ratio reducing to 0.82% from 1.22% in Q4FY24. The provision coverage ratio (PCR) increased to 92.39% from 90.59% in Q4FY24, while the slippage ratio fell to 1.36% from 1.58% in Q4FY24 and credit cost to 0.76% from 0.78% in Q4FY24.

## Outlook & Valuation

The bank performed strongly due to improved asset quality and robust deposit mobilisation, driven by an enhanced digitalisation journey and focused customer acquisition efforts. We expect strategic initiatives like expanding high-margin emerging corporate lending, launching targeted retail schemes, and investing in technology and cybersecurity to support operational stability. Moreover, continued focus on recoveries, cost efficiency and customer engagement should aid future growth. Therefore, **we upgrade our rating to Accumulate on the stock with a rolled-forward target price of Rs. 139, based on 0.65x FY27E BVPS.**

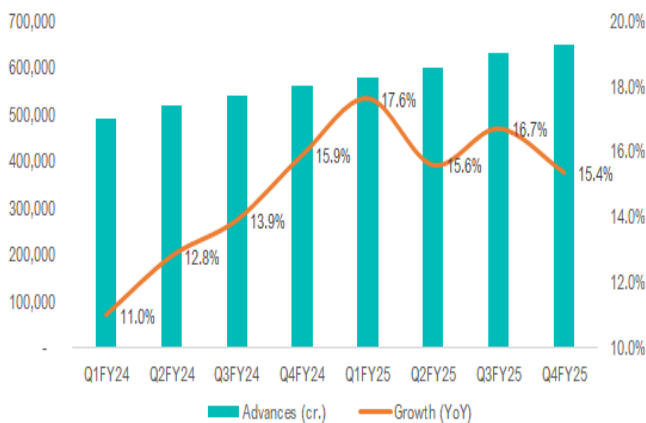
## Quarterly Finance Standalone

Rs.cr	Q4FY25	Q4FY24	YoY Growth (%)	Q3FY25	QoQ Growth (%)	FY25	FY24	YoY Growth (%)
Net Interest Income	6,063	5,936	2.1	6,070	-0.1	24,394	23,053	5.8
Total Income	21,751	17,913	21.4	19,957	9.0	79,820	66,804	19.5
Total Expenditure	16,866	14,356	17.5	16,254	3.8	63,408	52,736	20.2
Pre-Provision Profit	4,885	3,557	37.3	3,703	31.9	16,412	14,069	16.7
PBT	3,547	1,731	104.9	3,399	4.4	12,434	10,099	23.1
Rep. PAT	2,626	1,439	82.5	2,517	4.3	9,219	6,318	45.9
Adj PAT	2,626	1,439	82.5	2,517	4.3	9,219	6,318	45.9
Adj EPS (Rs.)	5.8	3.2	82.6	5.5	4.3	20.3	14.9	35.9

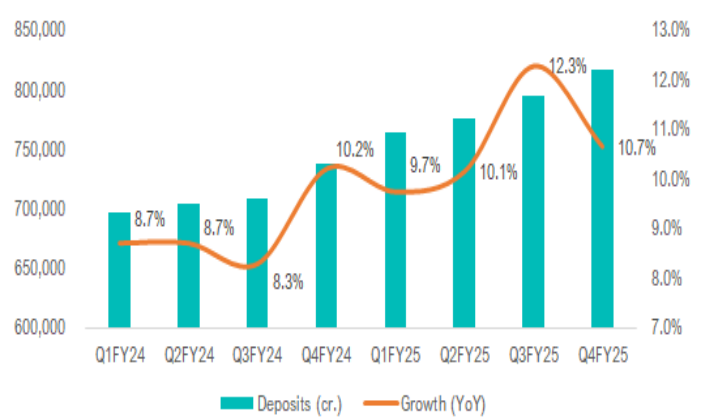
## Key Concall Highlights

- Growth in advances was strong, with total gross domestic advances rising 14.45% YoY to Rs. 5,63,550cr. Agricultural loans increased to 16.30% YoY, micro, small and medium enterprises (MSME) loans by 18.39%, and retail by 19.93% YoY reverse annuity mortgage loans (RAM) by 18.37% YoY and corporates and others by 9.59% YoY.
- The CASA ratio declined from 43.21% in FY24 to 40.28%, indicating a 293bps drop despite 3.9% YoY growth in the absolute CASA balance to Rs. 2,80,283cr.
- Rs. 2,000cr has been budgeted for IT and cybersecurity investment in FY26 to expand digital capabilities and defense against cyber threats.
- The bank built a Rs. 80,000cr digital loan book, comprising Rs. 27,000cr in retail, Rs. 39,000cr in agriculture, and Rs. 13,000cr in MSME loans, enabling scale through digital lending.
- Bank launched the Star Digital Business loan, enabling MSMEs to access loan up to Rs. 1cr digitally, using Goods and services Tax turnover for eligibility, simplifying disbursement and underwriting.

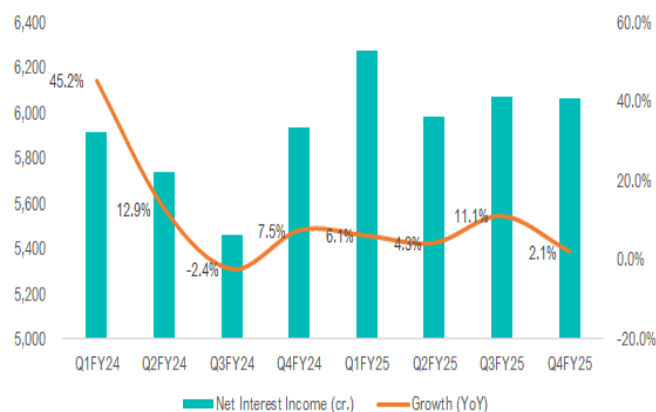
## Advances



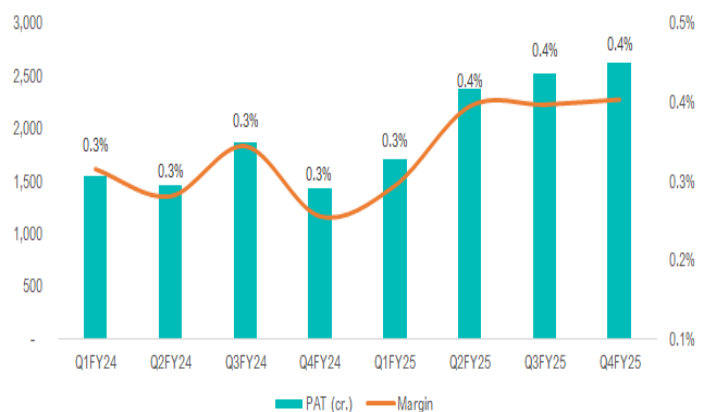
## Deposits



## Net Interest Income



## PAT



## Change in Estimates

Year / Rs cr	Old estimates		New estimates		Change (%)	
	FY26E	FY27E	FY26E	FY27E	FY26E	FY27E
Net Interest Income	28,234	-	28,293	32,656	0.2	-
Net Interest Margin	3.1	-	3.0	3.2	-10bps	-
Pre-Provision Profit	16,480	-	18,542	21,061	12.5	-
Net Profit	7,376	-	10,445	12,019	41.6	-
EPS	16.2	-	22.9	26.4	41.6	-



## Standalone Financials

### Profit & Loss

Y.E March (Rs. cr)	FY23A	FY24A	FY25A	FY26E	FY27E
Interest Income	47,648	60,709	70,826	81,249	90,681
Interest Expense	27,373	37,657	46,432	52,956	58,025
<b>Net Interest Income</b>	<b>20,275</b>	<b>23,053</b>	<b>24,394</b>	<b>28,293</b>	<b>32,656</b>
% Change	44.2	13.7	5.8	16.0	15.4
Non-Interest Income	7,100	6,095	8,994	9,084	9,174
Net Income	27,375	29,148	33,388	37,376	41,831
<b>Total Income</b>	<b>54,748</b>	<b>66,804</b>	<b>79,820</b>	<b>90,333</b>	<b>99,856</b>
Operating Ex- penses	13,982	15,079	16,975	18,834	20,770
<b>Total Expenditure</b>	<b>41,355</b>	<b>52,736</b>	<b>63,408</b>	<b>71,791</b>	<b>78,795</b>
<b>Pre-Provisioning Profit</b>	<b>13,393</b>	<b>14,069</b>	<b>16,412</b>	<b>18,542</b>	<b>21,061</b>
Provisions	7,163	3,970	3,978	4,453	4,849
<b>Profit Before Tax</b>	<b>6,229</b>	<b>10,099</b>	<b>12,434</b>	<b>14,089</b>	<b>16,212</b>
Tax	2,206	3,781	3,215	3,643	4,192
Tax Rate (%)	35.4	37.4	25.9	25.9	25.9
<b>Net Profit</b>	<b>4,023</b>	<b>6,318</b>	<b>9,219</b>	<b>10,445</b>	<b>12,019</b>
% Change	18.2	57.0	45.9	13.3	15.1
Adj.	-	-	-	-	-
<b>Adj. Net Profit</b>	<b>4,023</b>	<b>6,318</b>	<b>9,219</b>	<b>10,445</b>	<b>12,019</b>
No. of Shares (cr)	410.4	455.3	455.3	455.3	455.3
<b>Adj. EPS (Rs.)</b>	<b>9.4</b>	<b>14.9</b>	<b>20.3</b>	<b>22.9</b>	<b>26.4</b>
% Change	12.7	59.4	35.9	13.3	15.1
DPS	2.0	2.8	4.1	4.6	5.3

### Balance Sheet

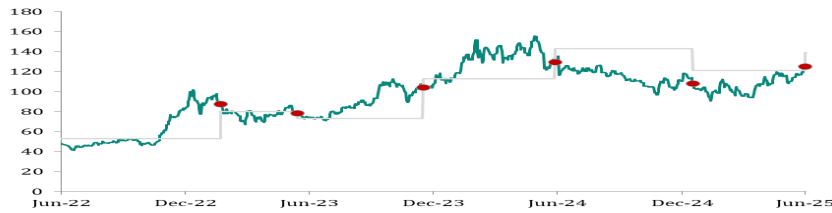
Y.E March (Rs. cr)	FY23A	FY24A	FY25A	FY26E	FY27E
Cash & Balances	84,395	82,937	100,281	107,305	116,302
Investments	204,398	227,144	259,112	283,727	310,682
<b>Advances</b>	<b>485,900</b>	<b>563,145</b>	<b>649,657</b>	<b>708,126</b>	<b>770,441</b>
Fixed Assets	9,961	10,226	11,939	12,536	13,162
Other Assets	30,902	29,145	21,593	20,514	19,488
<b>Total Assets</b>	<b>815,556</b>	<b>912,598</b>	<b>1,042,582</b>	<b>1,132,208</b>	<b>1,230,076</b>
Capital	4,104	4,553	4,553	4,553	4,553
Reserves & Surplus	54,866	64,327	74,048	82,650	92,580
<b>Deposits</b>	<b>669,586</b>	<b>737,920</b>	<b>816,541</b>	<b>885,948</b>	<b>961,253</b>
Borrowings	64,979	80,924	123,856	135,004	147,154
Other Liabilities	22,020	24,873	23,583	24,054	24,535
<b>Total Liabilities</b>	<b>815,556</b>	<b>912,598</b>	<b>1,042,582</b>	<b>1,132,208</b>	<b>1,230,076</b>
BVPS	143.7	151.3	172.6	191.5	213.4
Adj. BVPS	124.1	136.3	160.9	179.1	201.5
% Change	12.5	9.8	18.1	11.3	12.5

### Ratios

Y.E March	FY23A	FY24A	FY25A	FY26E	FY27E
<b>Valuation</b>					
P/E (x)	7.6	9.9	5.3	5.1	4.4
P/BV (x)	0.5	0.9	0.6	0.6	0.5
Div. Yield (%)	2.7	2.0	3.8	3.9	4.5
<b>Profitability &amp; Return (%)</b>					
Yield on Advances	7.4	8.2	8.3	8.4	8.5
Cost of Deposits	3.9	4.8	5.3	5.4	5.5
Spread	3.4	3.3	3.0	3.0	3.1
NIM (calculated)	3.2	3.1	2.9	3.0	3.2
ROE	7.1	9.9	12.5	12.6	13.0
ROA	0.5	0.7	0.9	1.0	1.0
<b>Capital Adequacy (%)</b>					
CAR	16.3	17.0	17.8	18.1	18.3
Tier I	14.4	14.9	15.5	15.7	16.0
Tier II	1.9	2.0	2.3	2.3	2.3
<b>Asset Quality (%)</b>					
GNPA	7.3	5.6	4.0	3.9	3.8
NNPA	1.7	1.2	0.8	0.8	0.7
<b>Operating Ratios (%)</b>					
Credit/Deposit	72.6	76.3	79.6	79.9	80.1
Cost/Income	51.1	51.7	50.8	50.4	49.7
CASA	37.7	36.6	34.3	34.6	34.9



## Recommendation Summary - (last 3 years)



Dates	Rating	Target
15-Nov-21	HOLD	66
31-May-22	HOLD	53
23-Jan-23	REDUCE	80
15-May-23	REDUCE	73
17-Nov-23	HOLD	113
29-May-24	HOLD	143
18-Dec-24	HOLD	121
03-Jun-25	ACCUMULATE	139

## Investment Rating Criteria

Ratings	Large caps	Midcaps	Small Caps
Buy	Upside is above 10%	Upside is above 15%	Upside is above 20%
Accumulate	-	Upside is between 10%-15%	Upside is between 10%-20%
Hold	Upside is between 0% - 10%	Upside is between 0%-10%	Upside is between 0%-10%
Reduce/sell	Downside is more than 0%	Downside is more than 0%	Downside is more than 0%

### Not rated/Neutral

#### Definition:

**Buy:** Acquire at Current Market Price -CMP, with the target mentioned in the research note; **Accumulate:** Partial buying or to accumulate as CMP dips in the future; **Hold:** Hold the stock with the expected target mentioned in the note.; **Reduce:** Reduce your exposure to the stock due to limited upside.; **Sell:** Exit from the stock; **Not rated/Neutral:** The analyst has no investment opinion on the stock.

#### Symbols definition:

▲ Upgrade

● No Change

▼ Downgrade

To satisfy regulatory requirements, we attribute 'Accumulate' as Buy and 'Reduce' as Sell.

The recommendations are based on 12 month horizon, unless otherwise specified. The investment ratings are on absolute positive/negative return basis. It is possible that due to volatile price fluctuation in the near to medium term, there could be a temporary mismatch to rating. For reasons of valuations/ return/lack of clarity/event we may revisit rating at appropriate time. Please note that the stock always carries the risk of being upgraded to BUY or downgraded to a HOLD, REDUCE or SELL.

Not rated/Neutral- The analyst has no investment opinion on the stock under review.

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