

Estimate change



TP change



Rating change



CMP: INR537

TP: INR625 (+16%)

Buy

Performance in line; earnings outlook remains healthy

Asset quality improves further

- Indian Bank (INBK) reported a PAT of INR22.5b in 4QFY24 (up 55% YoY/6% QoQ; in line) led by a healthy other income. NII growth was healthy at 9.2% YoY (in line). Margin improved 3bp QoQ to 3.52% during the quarter.
- Gross loan growth was healthy at 13% YoY/5% QoQ, while deposits rose 11% YoY/5% QoQ. Consequently, the C/D ratio was largely flat at 74.8%. Management continues to focus on profitable growth.
- Fresh slippages moderated to INR12.7b (1.1%). Healthy recoveries/upgrades and higher write-offs, along with healthy growth, resulted in a 52bp/10bp QoQ decline in GNPA/NNPA to 4.0%/0.4%. SMA book stood at 0.5% of loans during the quarter.
- We raise our earnings estimates by 7% each for FY25/26 and expect the bank to deliver an RoA/RoE of 1.3%/17.7%. **Reiterate BUY with a revised TP of INR625 (premised on 1.1x FY26E ABV).**

Revenue growth steady; NIM improves 3bp QoQ

- PAT growth was healthy at 55% YoY/6% QoQ to reach INR22.5b (in line), led by healthy other income and controlled provisions.
- NII growth was healthy at 9% YoY/ 3.5% QoQ to reach INR60b (in line). NIM improved 3bp QoQ to 3.52% as funding costs remained in control.
- Other income surged 13.5% YoY/19% QoQ amid a healthy recovery from write-off accounts, while fee income too was healthy at INR9.7b (+6% YoY/+14% QoQ) supported by strong treasury gains.
- Opex grew 14% YoY/10% QoQ, as the bank provided for extra wage-related provisioning on retirement and pension benefits. As a result, C/I ratio inched up to 48.0% from 46.9% in 3QFY24. INBK guides for a decline in C/I ratio to 44% during FY25.
- Gross advances grew 13% YoY (up 5% QoQ) to ~INR5.3t, led by broad-based growth across Retail, Agri, and corporate segments. Within Retail, housing and vehicle maintained a strong growth momentum, supporting the overall yields.
- Deposit growth too was robust at 11% YoY/5% QoQ, fueled by faster growth in CASA deposits (up 7.5% YoY/ 8% QoQ). CASA mix, thus, improved 1.1% QoQ to 40.8% for the quarter.
- GNPA/NNPA ratios declined 52bp/10bp QoQ to 4.0%/0.4%, amid controlled slippages (zero slippages in corporate), while recoveries and write-offs continue to be healthy. Specific PCR continues to be strong at ~89.5%.
- SMA 1/SMA 2 book stood at 0.47% in 4QFY24 vs. 0.56% in 3QFY24. The total restructured portfolio declined to 1.7% of loans (vs. ~1.9% in 3QFY24).

Bloomberg	INBK IN
Equity Shares (m)	1245
M.Cap.(INRb)/(USDb)	716.3 / 8.6
52-Week Range (INR)	574 / 267
1, 6, 12 Rel. Per (%)	0/11/36
12M Avg Val (INR M)	1039

Financials & Valuations (INR b)

Y/E March	FY24	FY25E	FY26E
NII	232.7	260.2	291.6
OP	168.4	193.9	217.5
NP	80.6	101.9	119.2
NIM (%)	3.2	3.2	3.2
EPS (INR)	62.2	75.6	88.5
EPS Gr. (%)	46.7	21.6	17.0
BV/Sh. (INR)	409	480	558
ABV/Sh. (INR)	395	468	545

Ratios

RoE (%)	17.1	17.8	17.7
RoA (%)	1.1	1.2	1.3

Valuations

P/E(X)	8.6	7.1	6.1
P/BV (X)	1.3	1.1	1.0
P/ABV (X)	1.4	1.1	1.0

Shareholding pattern (%)

As On	Mar-24	Dec-23	Mar-23
Promoter	73.8	73.8	79.9
DII	17.0	15.8	11.6
FII	5.3	5.9	4.2
Others	3.9	4.4	4.4

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Investors are advised to refer through important disclosures made at the last page of the Research Report.

Motilal Oswal research is available on www.motilalosal.com/Institutional-Equities, Bloomberg, Thomson Reuters, Factset and S&P Capital.

Highlights from the management commentary

- Guidance for credit growth stands at 12-13% YoY. The bank will move towards RAM advances, which will have better yields and lower risks.
- Management guides for 3.4%-3.5% (+/- 10-15bp) of NIM. The bank will try to obtain the benefit of the MCLR repricing.
- O/s standard asset provision stood at INR79b (includes all provisions).
- C/I ratio was 48% in 4QFY24, and INBK is working on bringing the C/I ratio down to below 44%.

Valuation and view

INBK reported a steady quarter with healthy but in-line earnings led by robust fee income and controlled provisions. Loan growth remained strong and largely broad based (with healthy growth across all business segments, particularly in Retail, Agri, and Corporate segments), while deposit growth also gained pace. INBK has gradually raised its MCLR-linked loans, which should provide cushion to its margins, particularly as the rate cycle turns. Management has guided healthy margins at 3.4-3.5% for FY25. The bank expects this growth trend to remain steady and it will continue to focus on profitable growth. Asset quality ratios improved further as the bank maintained the best-in-class coverage ratio, which, along with a low SMA book, provided comfort on incremental credit costs. We raise our earnings estimates by 7% each for FY25/26 due to healthy margins, contained opex, and provisions as well as expect the bank to deliver an RoA/RoE of 1.3%/17.7%. **Reiterate BUY with a revised TP of INR625 (premised on 1.1x FY26E ABV).**

Quarterly performance**(INR b)**

Y/E March	FY23				FY24				FY23	FY24	FY24E	v/s our
	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4Q				
Net Interest Income	45.3	46.8	55.0	55.1	57.0	57.4	58.1	60.2	202.3	232.7	59.5	1%
% Change (YoY)	13.5	14.7	25.1	29.5	25.8	22.5	5.7	9.2	20.9	15.1	8.0	
Other Income	16.0	18.3	17.2	19.9	17.1	19.9	19.0	22.6	71.4	78.7	20.7	9%
Total Income	61.4	65.1	72.2	75.0	74.1	77.3	77.2	82.8	273.7	311.4	80.2	3%
Operating Expenses	25.7	28.8	31.5	34.9	32.8	34.3	36.2	39.7	121.0	143.0	38.2	4%
Operating Profit	35.6	36.3	40.6	40.2	41.3	43.0	41.0	43.0	152.7	168.4	42.0	2%
% Change (YoY)	4.3	10.8	23.5	46.7	16.0	18.6	0.9	7.2	20.1	10.3	4.6	
Provisions	22.2	20.6	25.2	25.6	17.4	15.5	13.5	12.5	93.6	58.9	13.6	-8%
Profit before Tax	13.5	15.7	15.5	14.5	23.9	27.5	27.5	30.6	59.1	109.5	28.5	7%
Tax	1.3	3.5	1.5	0.1	6.9	7.6	6.3	8.1	6.3	28.9	6.5	
Net Profit	12.1	12.3	14.0	14.5	17.1	19.9	21.2	22.5	52.8	80.6	22.0	2%
% Change (YoY)	2.7	12.5	102.4	47.0	40.8	62.2	51.8	55.3	33.9	52.7	51.7	
Operating Parameters												
Deposits (INR b)	5,843	5,889	5,971	6,212	6,312	6,408	6,542	6,880	6,212	6,880	6,890	0%
Loans (INR b)	4,018	4,121	4,361	4,493	4,591	4,706	4,896	5,149	4,493	5,149	5,126	0%
Deposit Growth (%)	8.2	6.8	6.1	4.6	8.0	8.8	9.6	10.8	4.6	10.8	10.9	
Loan Growth (%)	10.3	15.0	16.9	15.4	14.3	14.2	12.3	14.6	15.4	14.6	14.1	
Asset Quality												
Gross NPA (%)	8.1	7.3	6.5	6.0	5.5	5.0	4.5	4.0	6.0	4.0	4.2	
Net NPA (%)	2.1	1.5	1.0	0.9	0.7	0.6	0.5	0.4	0.9	0.4	0.5	
PCR (%)	75.5	80.7	85.5	85.7	87.8	88.5	88.7	89.5	85.7	89.5	88.9	

E: MOFSL Estimates

Quarterly snapshot

	FY23				FY24				Change (%)	
	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4Q	YoY	QoQ
Profit and Loss (INR m)										
Net Interest Income	45.3	46.8	55.0	55.1	57.0	57.4	58.1	60.2	6	1
Other Income	16.0	18.3	17.2	19.9	17.1	19.9	19.0	22.6	11	-5
Trading profits	-1.3	1.4	2.0	0.8	4.6	3.2	3.3	1.9	63	2
Forex Income	3.6	3.1	2.9	0.5	2.0	0.9	0.8	0.8	-71	-5
Recoveries	7.5	6.5	5.2	9.5	3.8	7.8	6.4	10.2	23	-18
Core Fees	6.3	7.2	7.0	9.1	6.7	8.1	8.5	9.7	21	6
Total Income	61.4	65.1	72.2	75.0	74.1	77.3	77.2	82.8	7	0
Operating Expenses	25.7	28.8	31.5	34.9	32.8	34.3	36.2	39.7	15	5
Employee	15.4	17.8	19.9	22.2	21.2	21.8	23.4	26.3	17	7
Others	10.3	11.1	11.6	12.7	11.6	12.5	12.8	13.4	10	2
Operating Profits	35.6	36.3	40.6	40.2	41.3	43.0	41.0	43.0	1	-5
Core Operating Profits	37.0	34.9	38.6	39.3	36.7	39.8	37.7	41.1	-2	-5
Provisions	22.2	20.6	25.2	25.6	17.4	15.5	13.5	12.5	-46	-13
PBT	13.5	15.7	15.5	14.5	23.9	27.5	27.5	30.6	78	0
Taxes	1.3	3.5	1.5	0.1	6.9	7.6	6.3	8.1	319	-18
PAT	12.1	12.3	14.0	14.5	17.1	19.9	21.2	22.5	52	7
Balance Sheet (INR b)										
Deposits	5,842.5	5,888.6	5,971.1	6,211.7	6,311.9	6,408.0	6,541.5	6,880.0	10	2
Loans	4,018.1	4,120.7	4,360.7	4,493.0	4,591.4	4,706.3	4,895.9	5,148.9	12	4
Loan mix (INR b)										
Agri Advances	905.1	952.1	982.2	1,019.4	1,047.1	1,104.0	1,144.2	1,210.6	16.5	3.6
MSME Advances	730.8	763.9	773.7	796.6	785.1	801.2	831.7	841.2	7.5	3.8
Large Industry	1,551.1	1,562.4	1,613.5	1,712.4	1,742.0	1,727.9	1,775.1	1,882.4	10.0	2.7
Retail Loans	806.7	836.6	872.2	910.9	932.2	953.7	992.5	1,047.4	13.8	4.1
Loan mix (%)										
Agri Advances	22.7	23.1	23.2	23.0	23.2	24.1	24.1	24.3	97	5
MSME Advances	18.3	18.6	18.2	17.9	17.4	17.5	17.5	16.9	-71	7
Large Industry	38.8	38.0	38.0	38.6	38.7	37.7	37.4	37.8	-62	-25
Retail Loans	20.2	20.3	20.6	20.5	20.7	20.8	20.9	21.0	36	13
Asset Quality (INRb)										
GNPA	345.7	319.6	294.8	281.8	262.3	244.9	227.9	211.1	-23	-7
NNPA	84.7	61.7	42.7	40.4	32.0	28.3	25.8	22.2	-40	-9
Slippages	30.9	24.6	13.1	25.7	18.5	19.8	16.7	12.7	27	-16
Ratios										
	FY23				FY24				Change (bps)	
Asset Quality Ratios (%)	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4Q	YoY	QoQ
GNPA	8.1	7.3	6.5	6.0	5.5	5.0	4.5	4.0	-206	-50
NNPA	2.1	1.5	1.0	0.9	0.7	0.6	0.5	0.4	-47	-7
PCR (Cal.)	75.5	80.7	85.5	85.7	87.8	88.5	88.7	89.5	317	22
PCR (Inc. TWO)	88.1	91.1	93.6	93.8	95.1	95.6	95.9	96.3	231	26
Credit Cost	2.1	2.1	1.5	1.0	0.9	0.8	0.8	0.7	-67	-5
Business Ratios (%)										
Other income/Total Income	26.1	28.1	23.8	26.6	23.1	25.8	24.6	27.3	86	-113
Cost to Income	41.9	44.3	43.7	46.5	44.2	44.4	46.9	48.0	319	254
Tax Rate	9.8	22.0	9.7	0.4	28.6	27.8	22.9	26.5	1,317	-490
CASA	40.7	40.9	40.4	42.0	40.3	40.1	39.7	40.8	-73	-44
Cost to Assets	1.7	1.8	2.2	2.0	2.2	1.9	2.3	2.1	14	37
Loan/Deposit	68.8	70.0	73.0	72.3	72.7	73.4	74.8	74.8	181	140
Profitability Ratios (%)										
Yield on loans	7.2	7.5	8.2	8.2	8.5	8.8	8.8	8.8	59	3
Yield On Investments	6.3	6.9	6.5	6.6	6.7	6.8	6.8	6.9	28	3
Cost of Funds	3.8	4.1	4.3	4.4	4.8	5.0	5.1	5.1	83	12
Margins	3.1	3.2	3.7	3.6	3.6	3.5	3.5	3.5	-25	-3
ROA	0.7	0.7	0.8	0.8	1.0	1.1	1.1	1.2	31	5
Other Details										
Branches	5,721	5,728	5,770	5,787	5,798	5,823	5,835	5,847	65	12
ATM	4,824	4,825	4,969	4,929	4,804	4,866	4,899	4,937	-70	33



Highlights from the management commentary

With respect to Balance sheet and P&L

- The business grew 12% YoY and deposits rose 11% YoY, while advances grew 13% YoY. CASA rose 8% YoY and TD increased 13% YoY.
- RAM advances grew 14% YoY, retail grew 15% YoY, Agri rose 19% YoY, MSME grew 6% YoY, and corporate increased 10% YoY.
- Reduction in GoI holding from 79.86% (Mar'23) to 73.84% as INBK raised INR40b as capital via QIP in FY24.
- Margin improved 3bp QoQ to 3.52% due to increase in yield on advances by 3bp. Management guides for 3.4%-3.5% (+/- 10-15bp) of NIM.
- RAM advance to total advance grew to 62%, remaining 37% is corporate book.
- During FY23-24, INBK has set up a wholly owned operations support subsidiary in the name of "INDBANK GLOBAL SUPPORT SERVICES LIMITED" with registered office in the State of Tamil Nadu.
- It has reversed INR2.3b of excess provision to the profit and loss account on account of sale of stressed loans.
- The Bank has repaid Tier 2 Bonds of INR10b through exercise of Call Option.
- LCR stood at ~132-133% as of Mar'24.
- Provisions of 5% on project under construction will be made on the amount actually disbursed and not front loaded on the whole amount that is sanctioned and disbursed in phases.
- INBK has an incremental C/D ratio of ~90% in FY24 and currently the CD ratio is ~77-78%. It has INR440b of excess SLR currently.
- In other infra, city gas is a new area where the construction is going on; smart metering is another area where new developments are taking place; data center, solar panel manufacturing are new and upcoming areas where the bank is giving loan and the margins are slightly better.
- C/I ratio was 48% in 4QFY24, and INBK is working on bringing the C/I ratio down to below 44%.
- Of the INR10.2b employee benefit, INBK has made ~INR3.88b provision for ex-gratia. It has provided this the first time as settlement was signed only in this quarter.
- CRAR stood at 16.44%. ~60bp reduction was in tier-2 as INBK paid the subordinated bond.
- INBK has raised capital of INR40b, which has an impact of 100bp and also an impact of ~57bp due to the RBI guideline.
- Of the total book, ~60% is MCLR-linked, 34% is repo-linked, and the remaining % is fixed loans.
- CASA growth is not in line with the total deposit growth, though the bank's endeavor is to maintain CASA at more than 40%.
- In NARCL, INBK has transferred ~6 accounts having book balance of INR30b, in 4-5 accounts bids have been received and in 5 accounts it is under process.
- Of the total INR600-650m of exposures to infra, ports and roads, not all the exposures are project under implementation; some are in shape of working capital as well, while some projects have already been completed. Hence, the bank does not expect much impact from the RBI regulation on provisions for project finance.

- Investment has grown 14%, investment yield has increased to 6.88% in 4QFY24. Holding yield for AFS book is 7.28% and the HTM book is 7.06%.

Asset quality

- O/S standard asset provision stood at INR79b (includes all provisions).
- The bank guides for recoveries to be at INR70b-80b next year.
- Slippage of INR6.4b is coming mainly from MSME, INR5b from Agri that includes KCC and other agri and SHG and ~INR1b from retail.
- Credit costs have come down substantially to 0.73% in 4QFY24 and is expected to come down going forward as well, as net NPA has also come down.
- Recovery from NCLT is INR18.2b for FY24, sale to ARC is INR4.64b, other cash recovery is INR30.7b, and INR10.78b is for upgradation.
- INBK has a written-off pool of INR390b.
- It has recovered INR88b in FY24 as against the guidance of INR80b.
- INR28.6b from AUC book recovered in FY24. MOI recovery is actually interest recovery, and will go to interest income.
- The asset quality may continue to improve with NNPA already at lower levels.
- MSME and corporate recoveries are from NCLT, OTS, ARC sale. The bank expects the recoveries to be ahead of the overall slippages.

Digitization Initiatives

- INBK has launched 78 digital journeys, of which 34 are digital lending journeys and 19 other digital process portals were launched during FY24.
- Total digital business increased more than 14x from INR56b to INR812b during FY24.
- INBK is planning on 27 digital journeys during this financial year, out of that 10 digital journeys are planned in 1QFY25.
- It has created government and Fintech partnerships for the purpose of CASA and has been providing various solutions to government departments as well as the institution like SNS solution, API banking, DBT platform, solution to municipal corporation, solution for religious institution, SaaS collection portal, etc.
- In FY24, INBK did almost INR80b of business through digital journey. In FY25, it is planning to cross INR1t.
- Bank is going to launch a new mobile app, i.e. omni channel, where a journey started on one channel can be completed on another channel.
- Almost INR3b spent on the cyber-SOC and on transmission, the expense is ~INR5-6b every year. Going forward, INBK has committed to more than INR7b to INR8b spending in the next 3-4 years.

Guidance

- Guidance for credit growth stands at 12-13% YoY. Credit growth will be broad based across all the sectors. The bank will move towards RAM advances, which will have better yields and lower risks.
- Management guides for 3.4%-3.5% (+/- 10-15bp) of NIM. The bank will try to obtain the benefit of the MCLR repricing.
- C/I ratio was 48% in 4QFY24, and INBK is working on bringing the C/I ratio down to below 44%.
- The bank guides for recoveries to be at INR70b-80b next year.

Story in charts

Exhibit 1: Loan book up ~15% YoY (up 5% QoQ)

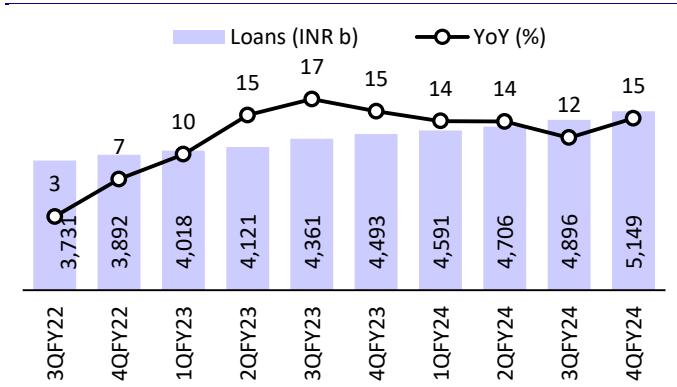


Exhibit 2: Deposits grew ~11% YoY (up 5% QoQ)

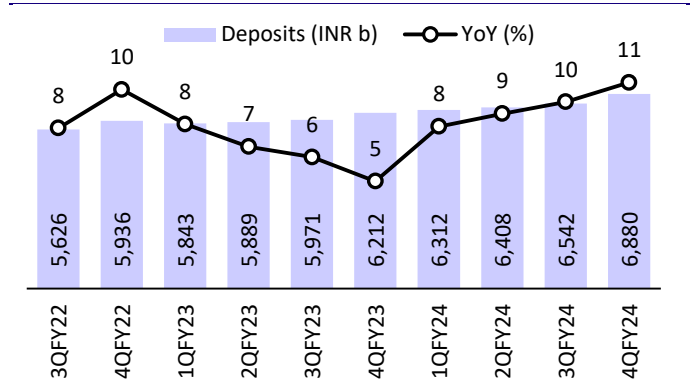


Exhibit 3: CASA ratio improved 110bp QoQ to 40.8%

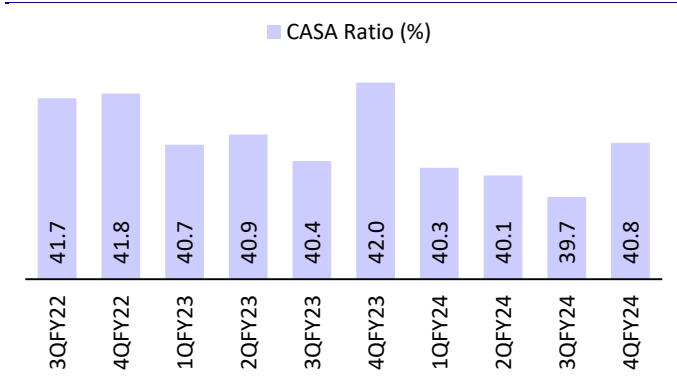


Exhibit 4: NIMs improved 3bp QoQ to 3.52%

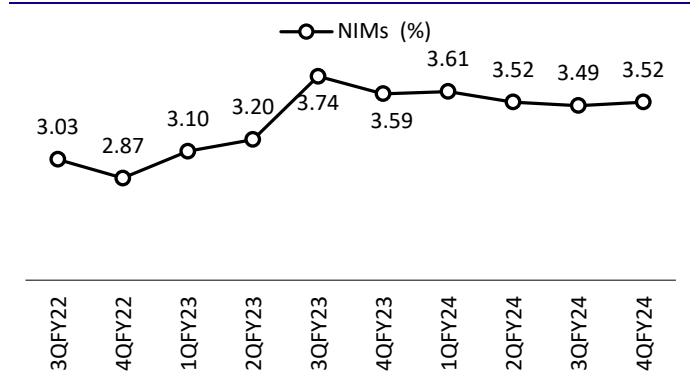


Exhibit 5: C/I ratio stood at 48% in 4QFY24

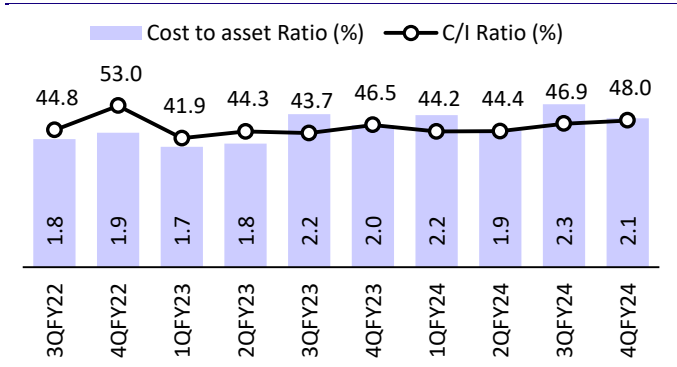


Exhibit 6: O/s loan mix: RAM constituted 62% of total loans

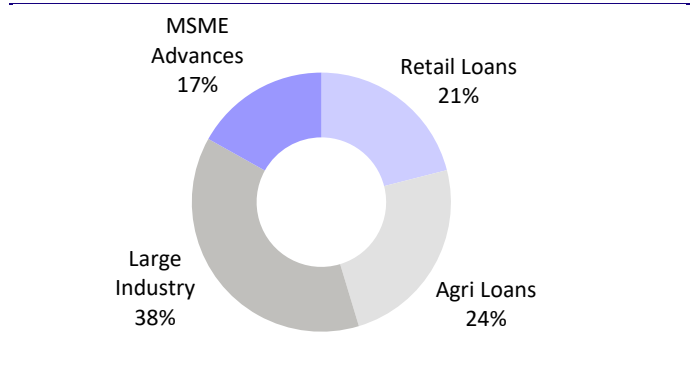


Exhibit 7: Slippages moderated 24% QoQ to INR12.7b

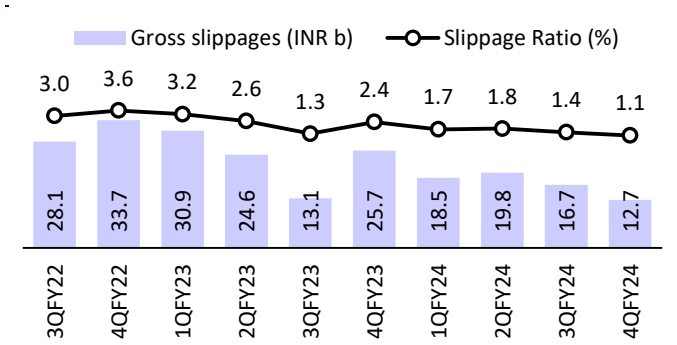
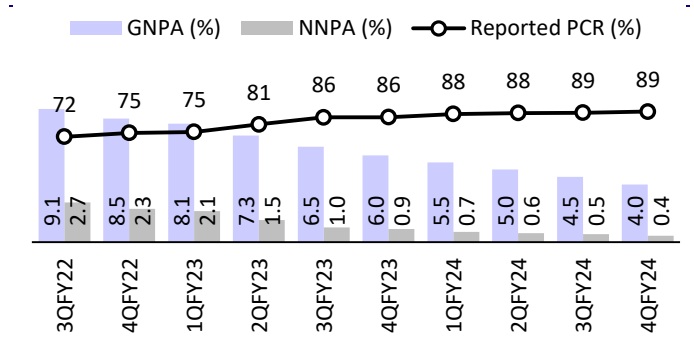


Exhibit 8: GNPA/NNPA ratios improved 52bp/10bp QoQ



Source: MOFSL, Company

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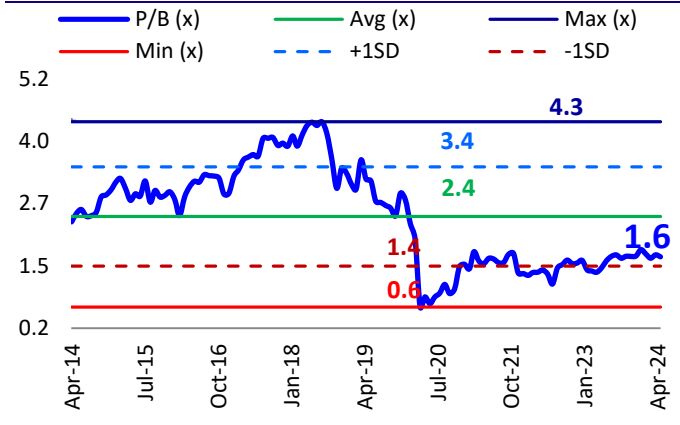
Valuation and view: Maintain BUY with a TP of INR625

- INBK reported a steady quarter with healthy but in-line earnings led by robust fee income and controlled provisions. Loan growth remained strong and largely broad based (with healthy growth across all business segments, particularly in Retail, Agri, and Corporate segments), while deposit growth also gained pace.
- INBK has gradually raised its MCLR-linked loans, which should provide cushion to its margins, particularly as the rate cycle turns. Management has guided healthy margins at 3.4-3.5% for FY25.
- The bank expects this growth trend to remain steady and it will continue to focus on profitable growth. Asset quality ratios improved further as the bank maintained the best-in-class coverage ratio, which, along with a low SMA book, provided comfort on incremental credit costs.
- We raise our earnings estimates by 7% each for FY25/26 due to healthy margins, contained opex, and provisions as well as expect the bank to deliver an RoA/RoE of 1.3%/17.7%. **Reiterate BUY with a revised TP of INR625 (premised on 1.1x FY26E ABV).**

Exhibit 9: Changes to our estimates

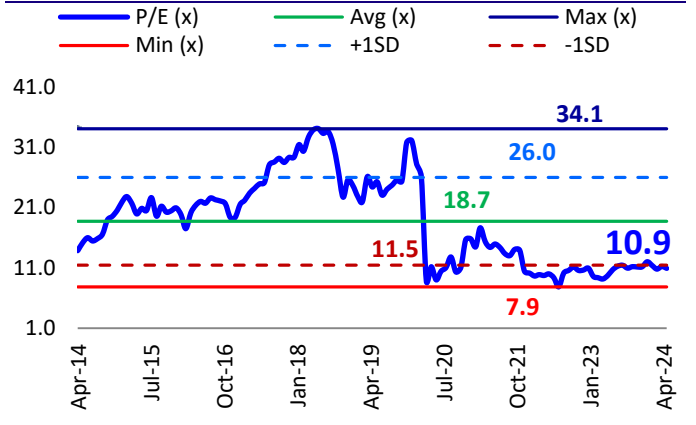
INR B	Old est.		Rev est		Change(%/bps)	
	FY25	FY26	FY25	FY26	FY25	FY26
Net Interest Income	247.7	276.6	260.2	291.6	5.1	5.4
Other Income	86.8	97.2	88.9	99.6	2.4	2.4
Total Income	334.5	373.8	349.1	391.2	4.4	4.6
Operating Expenses	156.5	174.2	155.2	173.7	-0.9	-0.3
Operating Profit	177.9	199.6	193.9	217.5	9.0	9.0
Provisions	50.8	50.9	57.7	58.2	13.6	14.3
PBT	127.1	148.7	136.2	159.3	7.1	7.1
Tax	32.0	37.5	34.3	40.1	7.1	7.1
PAT	95.1	111.2	101.9	119.2	7.1	7.1
Loans	5,681	6,363	5,782	6,505	1.8	2.2
Deposits	7,414	8,140	7,678	8,561	3.6	5.2
Margins (%)	3.1	3.2	3.2	3.2	0.07	0.04
Credit Cost (%)	0.9	0.8	1.0	0.9	11.0	10.0
RoA (%)	1.2	1.2	1.2	1.3	0.06	0.04
RoE (%)	16.7	16.9	17.8	17.7	1.14	0.86
EPS	70.6	82.6	75.6	88.5	7.1	7.1
BV	473.3	545.9	479.7	558.2	1.4	2.3
ABV	459.3	530.5	467.5	544.9	1.8	2.7

Exhibit 10: One-year forward P/B ratio



Source: MOFSL, Company

Exhibit 11: One-year forward P/E ratio



Source: MOFSL, Company

DuPont Analysis: We estimate return ratios to improve gradually

	FY21	FY22	FY23	FY24	FY25E	FY26E
Interest Income	6.57	6.00	6.50	7.40	7.62	7.55
Interest Expense	3.94	3.42	3.58	4.30	4.52	4.44
Net Interest Income	2.63	2.58	2.93	3.10	3.10	3.11
Other Income	0.95	1.07	1.03	1.05	1.06	1.06
Total Income	3.58	3.65	3.96	4.14	4.16	4.17
Operating Expenses	1.74	1.69	1.75	1.90	1.85	1.85
Employees	1.07	1.03	1.09	1.19	1.15	1.15
Others	0.67	0.65	0.66	0.71	0.70	0.70
Operating Profits	1.84	1.96	2.21	2.24	2.31	2.32
Core operating Profits	1.56	1.77	2.17	2.19	2.26	2.26
Provisions	1.35	1.47	1.35	0.78	0.69	0.62
PBT	0.49	0.49	0.86	1.46	1.62	1.70
Tax	-0.02	-0.11	0.09	0.38	0.41	0.43
RoA	0.50	0.61	0.76	1.07	1.21	1.27
Leverage (x)	19.4	18.5	17.4	16.0	14.7	14.0
RoE	9.8	11.2	13.3	17.1	17.8	17.7

Financials and valuations

Income Statement						(INRb)
Y/E March	FY21	FY22	FY23	FY24	FY25E	FY26E
Interest Income	391.1	388.6	449.4	556.1	640.0	708.6
Interest Expense	234.4	221.3	247.2	323.4	379.8	417.0
Net Interest Income	156.7	167.3	202.3	232.7	260.2	291.6
Growth (%)	106.0	6.8	20.9	15.1	11.8	12.1
Non-Interest Income	56.5	69.2	71.4	78.7	88.9	99.6
Total Income	213.2	236.4	273.7	311.4	349.1	391.2
Growth (%)	95.2	10.9	15.8	13.8	12.1	12.1
Operating Expenses	103.5	109.3	121.0	143.0	155.2	173.7
PPoP	109.7	127.2	152.7	168.4	193.9	217.5
Growth (%)	68.8	16.0	20.1	10.3	15.1	12.2
Core PPoP	92.7	114.3	149.8	164.9	189.7	212.4
Growth (%)	65.0	23.3	31.0	10.1	15.0	12.0
Provisions	80.6	95.1	93.6	58.9	57.7	58.2
PBT	29.1	32.0	59.1	109.5	136.2	159.3
Tax	-1.0	-7.4	6.3	28.9	34.3	40.1
Tax Rate (%)	-3.4	-23.1	10.7	26.4	25.2	25.2
PAT	30.0	39.4	52.8	80.6	101.9	119.2
Growth (%)	298.8	31.3	33.9	52.7	26.3	17.0
Balance Sheet						
Y/E March	FY21	FY22	FY23	FY24	FY25E	FY26E
Share Capital	11	12	12	13	13	13
Equity Share Capital	11.3	12.5	12.5	13.5	13.5	13.5
Preference Share Capital	0.0	0.0	0.0	0.0	0.0	0.0
Reserves & Surplus	372.8	424.6	467.3	570.4	666.2	771.9
Net Worth	384.1	437.1	479.7	583.9	679.7	785.4
Deposits	5,380.7	5,936.2	6,211.7	6,880.0	7,678.1	8,561.1
Growth (%)	106.8	10.3	4.6	10.8	11.6	11.5
- CASA Dep	2,275.9	2,479.3	2,608.1	2,917.1	3,178.7	3,578.5
Growth (%)	152.4	8.9	5.2	11.8	9.0	12.6
Borrowings	247.3	172.1	220.7	231.3	245.4	263.4
Other Liabilities & Prov.	222.1	171.3	192.9	231.0	258.7	292.3
Total Liabilities	6,234.3	6,716.7	7,105.0	7,926.2	8,861.9	9,902.2
Current Assets	514.6	799.2	501.3	421.1	475.4	517.1
Investments	1,765.4	1,745.6	1,859.9	2,125.5	2,348.7	2,614.1
Growth (%)	117.3	-1.1	6.5	14.3	10.5	11.3
Loans	3,626.7	3,891.9	4,493.0	5,148.9	5,782.2	6,505.0
Growth (%)	83.3	7.3	15.4	14.6	12.3	12.5
Fixed Assets	73.8	76.8	74.6	75.2	81.2	87.7
Other Assets	253.8	203.2	176.2	155.5	174.4	178.3
Total Assets	6,234.3	6,716.7	7,105.0	7,926.2	8,861.9	9,902.2
Asset Quality	FY21	FY22	FY23	FY24	FY25E	FY26E
GNPA (INR m)	384.6	352.1	281.8	211.1	187.5	182.2
NNPA (INR m)	122.7	88.5	40.4	22.2	19.4	21.0
GNPA Ratio	9.9	8.5	6.0	4.0	3.2	2.7
NNPA Ratio	3.4	2.3	0.9	0.4	0.3	0.3
Slippage Ratio	3.4	2.7	1.7	1.6	1.5	1.5
Credit Cost	2.3	2.5	2.2	1.2	1.0	0.9
PCR (Excl Tech. write off)	68.1	74.9	85.7	89.5	89.6	88.5

E: MOFSL Estimates

Financials and valuations

Ratios

Y/E March	FY21	FY20	FY23	FY24	FY25E	FY26E
Yield and Cost Ratios (%)						
Avg. Yield- on Earning Assets	6.9	6.3	6.8	7.6	7.9	7.8
Avg. Yield on loans	7.8	7.2	7.6	8.4	8.8	8.6
Avg. Yield on Investments	6.6	6.3	6.5	6.8	6.9	7.0
Avg. Cost of Int. Bear. Liab.	4.3	3.8	3.9	4.8	5.1	5.0
Avg. Cost of Deposits	4.3	3.7	3.8	5.0	5.1	5.0
Interest Spread	2.6	2.5	2.8	2.9	2.8	2.8
Net Interest Margin	2.8	2.7	3.0	3.2	3.2	3.2

Capitalisation Ratios (%)

CAR	16.0	16.8	16.5	16.4	16.2	16.0
CET-1	11.3	12.5	12.9			
<i>Tier I</i>	12.3	13.5	13.5	14.0	14.1	14.2
<i>Tier II</i>	3.8	3.4	3.0	2.4	2.1	1.7

Business and Efficiency Ratios (%)

Loans/Deposit Ratio	67.4	65.6	72.3	74.8	75.3	76.0
CASA Ratio	42.3	41.8	42.0	42.4	41.4	41.8
Cost/Assets	1.7	1.6	1.7	1.8	1.8	1.8
Cost/Total Income	48.6	46.2	44.2	45.9	44.5	44.4
Cost/Core income	52.7	48.9	44.7	46.4	45.0	45.0
Int. Expense/Int. Income	59.9	56.9	55.0	58.2	59.3	58.8
Fee Income/Total Income	18.6	23.8	25.0	24.1	24.3	24.2
Non Int. Inc./Total Income	26.5	29.2	26.1	25.3	25.5	25.5
Empl. Cost/Total Expense	61.6	61.3	62.2	62.6	62.3	62.4
Business per Employee (INR m)	216.4	246.9	262.5	289.2	317.2	348.1
Profit per Employee (INR m)	0.7	1.0	1.3	1.9	2.4	2.8
Investment/Deposit Ratio	32.8	29.4	29.9	30.9	30.6	30.5
G-Sec/Investment Ratio	90.6	81.4	90.5	90.5	90.5	90.5

Profitability Ratios and Valuation

RoE	9.8	11.2	13.3	17.1	17.8	17.7
RoA	0.5	0.6	0.8	1.1	1.2	1.3
RoRWA	1.0	1.3	1.6	2.1	2.3	2.3
Book Value (INR)	312	324	358	409	480	558
Growth (%)	-7.1	3.7	10.7	14.0	17.4	16.4
Price-BV (x)	1.7	1.7	1.5	1.3	1.1	1.0
Adjusted BV (INR)	234	272	334	395	468	545
Price-ABV (x)	2.3	2.0	1.6	1.4	1.1	1.0
EPS (INR)	26.6	33.2	42.4	62.2	75.6	88.5
Growth (%)	92.3	24.9	27.7	46.7	21.6	17.0
Price-Earnings (x)	20.2	16.2	12.7	8.6	7.1	6.1
Dividend Per Share (INR)	2.0	6.5	8.6	7.7	9.0	10.0
Dividend Yield (%)	0.4	1.2	1.6	1.4	1.7	1.9

E: MOFSL Estimates

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