

Estimate change	↔
TP change	↔
Rating change	↔

CMP: INR545 TP: INR670 (+23%) Buy

Steady quarter; asset quality continues to improve

Controlled opex and lower provisions led to earnings beat

- Indian Bank (INBK) reported 3QFY25 PAT of INR28.5b (up 34.6% YoY/ 5.4% QoQ, 10% beat), driven by lower provisions and controlled opex.
- NII grew 10.3% YoY (in line) to INR64.1b. NIM expanded 6bp QoQ to 3.45%.
- Net advances grew 10.7% YoY/1.7% QoQ, while deposits grew 7.4% YoY/1.3% QoQ. Consequently, the C/D ratio increased 30bp QoQ to 77.2%. The CASA ratio moderated to 38.3%.
- Fresh slippages declined to INR10.2b vs. INR13.8b in 2QFY25. GNPA/NNPA ratios continued to improve by 22bp/6bp QoQ to 3.26%/0.21%. PCR increased to 93.8%.
- We fine tune our earnings estimates and expect the bank to deliver RoA/RoE of 1.2%/17.3%. **Reiterate BUY with a TP of INR670 (1.2x Sep'26E ABV).**

Deposits growth modest; NIMs expanded 6bp QoQ

- PAT growth was healthy at 34.6% YoY/5.4% QoQ to INR28.5b (10% beat), led by lower provisions and controlled opex. In 9MFY25, earnings grew 37% YoY to INR51.1b (4QFY25E at INR27.1b, implying 21% YoY growth).
- NII grew 10.3% YoY (in line) to INR64.1b. NIMs expanded 6bp QoQ to 3.45%. The management guides for NIMs of ~3.4-3.5%.
- Other income grew 13.2% YoY (down 11% QoQ) to INR21.5b (in line), resulting in 11% YoY growth in total revenue (in line). Treasury income stood at INR2.6b vs. INR3.3b in 2QFY25.
- Opex grew 5.5% YoY (down 1.8% QoQ, 3% lower than MOFSLe). As a result, the C/I ratio declined 56bp QoQ to 44.6%. PPOp grew ~16% YoY (5% beat) to INR47.5b in 3QFY25.
- Gross advances grew 9.7% YoY (up 1.6% QoQ) to ~INR5.6t, led by Retail (4.4% QoQ). Within Retail, vehicle loans maintained healthy growth trends. Deposit growth was modest at 7.4% YoY (1.3% QoQ). The CASA ratio moderated 54bp QoQ to 38.3%, while the C/D ratio increased 30bp QoQ to 77.2%.
- Fresh slippages declined to INR10.2b vs. INR13.8b in 2QFY25. GNPA/NNPA ratios continued to improve by 22bp/6bp QoQ to 3.26%/0.21%. PCR increased to 93.8%.
- SMA book increased to 1.37% of loans during the quarter and the bank suggested that the SMA issues have been resolved now and no further slippages into SMA are expected. The restructured portfolio declined to 1.23% of loans (vs. ~1.34% in 2QFY25).

Bloomberg	INBK IN
Equity Shares (m)	1347
M.Cap.(INRb)/(USDb)	733.8 / 8.5
52-Week Range (INR)	633 / 456
1, 6, 12 Rel. Per (%)	2/-1/7
12M Avg Val (INR M)	1139

Financials & Valuations (INR b)

Y/E March	FY24	FY25E	FY26E
NII	232.7	253.8	269.0
OP	168.4	187.8	199.4
NP	80.6	106.7	113.1
NIM (%)	3.2	3.2	3.1
EPS (INR)	62.2	79.3	84.0
EPS Gr. (%)	46.7	27.4	6.0
BV/Sh. (INR)	409	473	539
ABV/Sh. (INR)	396	464	529

Ratios

RoA (%)	1.1	1.3	1.3
RoE (%)	17.1	18.8	17.3

Valuations

P/E(X)	8.8	6.9	6.5
P/BV (X)	1.3	1.2	1.0
P/ABV (X)	1.4	1.2	1.0

Shareholding pattern (%)

As On	Dec-24	Sep-24	Dec-23
Promoter	73.8	73.8	73.8
DII	17.6	17.4	15.8
FII	4.8	5.0	5.9
Others	3.7	3.8	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

- Loan book composition: 56% linked to MCLR, 39% to EBLR, and 4.74% is fixed-rate.
- The bank applies a flat 10% provision on SMA-2 accounts and a 25% provision on restructured loans.
- The impact of new LCR norms is estimated to be around 8-10%. Even with a 10% impact, the bank remains comfortable with its LCR position.
- Its recovery target is ~INR70b, with INR58b already recovered.

Valuation and view

INBK reported healthy earnings in 3QFY25, led by lower provisions and controlled opex. Global NIMs too expanded 6bp QoQ. However, business growth was modest, which led to a slight increase in the CD ratio. However, the CASA ratio saw a slight moderation. The management expects margins at ~3.4-3.5% and the growth trend to remain steady. The bank will continue to focus on profitable growth. Asset quality ratios have improved, with a best-in-class coverage ratio and lower slippages, which provide comfort on incremental credit costs. The SMA issues have also been resolved, and no further slippages into SMA are expected. We fine tune our earnings estimates and expect the bank to deliver RoA/RoE of 1.2%/17.3%. **Reiterate BUY with a TP of INR670 (1.2x Sep'26E ABV).**

Quarterly performance**(INR b)**

Y/E March	FY24				FY25E				FY24	FY25E	FY25E	v/s our
	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4QE				
Net Interest Income	57.0	57.4	58.1	60.2	61.8	61.9	64.1	66.0	232.7	253.8	63.4	1%
% Change (YoY)	25.8	22.5	5.7	9.2	8.3	7.9	10.3	9.7	15.1	9.1	9.1	
Other Income	17.1	19.9	19.0	22.6	19.1	24.2	21.5	24.1	78.7	88.9	21.5	0%
Total Income	74.1	77.3	77.2	82.8	80.8	86.2	85.7	90.1	311.4	342.7	84.9	1%
Operating Expenses	32.8	34.3	36.2	39.7	35.8	38.9	38.2	42.1	143.0	155.0	39.5	-3%
Operating Profit	41.3	43.0	41.0	43.0	45.0	47.3	47.5	48.0	168.4	187.8	45.4	5%
% Change (YoY)	16.0	18.6	0.9	7.2	8.9	9.9	15.9	11.4	10.3	11.5	10.8	
Provisions	17.4	15.5	13.5	12.5	12.6	11.0	10.6	10.3	58.9	44.5	10.9	-3%
Profit before Tax	23.9	27.5	27.5	30.6	32.4	36.3	36.9	37.7	109.5	143.3	34.5	7%
Tax	6.9	7.6	6.3	8.1	8.4	9.2	8.4	10.5	28.9	36.5	8.7	
Net Profit	17.1	19.9	21.2	22.5	24.0	27.1	28.5	27.1	80.6	106.7	25.8	10%
% Change (YoY)	40.8	62.2	51.8	55.3	40.6	36.2	34.6	20.7	52.7	32.4	21.8	
Operating Parameters												
Deposits (INR b)	6,215	6,408	6,542	6,880	6,812	6,931	7,023	7,382	6,880	7,382	7,181	-2%
Loans (INR b)	4,564	4,706	4,896	5,149	5,208	5,329	5,421	5,695	5,149	5,695	5,487	-1%
Deposit Growth (%)	6.4	8.8	9.6	10.8	9.6	8.2	7.4	7.3	10.8	7.3	9.8	
Loan Growth (%)	13.6	14.2	12.3	14.6	14.1	13.2	10.7	10.6	14.6	10.6	12.1	
Asset Quality												
Gross NPA (%)	5.5	5.0	4.5	4.0	3.8	3.5	3.3	3.1	4.0	3.1	3.3	
Net NPA (%)	0.7	0.6	0.5	0.4	0.4	0.3	0.2	0.2	0.4	0.2	0.3	
PCR (%)	87.8	88.5	88.7	89.5	90.0	92.5	93.8	93.1	89.5	93.1	92.0	

E: MOFSL Estimates

Quarterly snapshot

	FY24				FY25			Change (%)	
	1Q	2Q	3Q	4Q	1Q	2Q	3Q	YoY	QoQ
Profit and Loss (INRm)									
Net Interest Income	57.0	57.4	58.1	60.2	61.8	61.9	64.1	10	4
Other Income	17.1	19.9	19.0	22.6	19.1	24.2	21.5	13	-11
Core Fees	6.7	8.1	8.5	9.7	7.9	8.9	9.3	9	4
Trading profits	4.6	3.2	3.3	1.9	2.6	3.3	2.6	-21	-22
Total Income	74.1	77.3	77.2	82.8	80.8	86.2	85.7	11	-1
Operating Expenses	32.8	34.3	36.2	39.7	35.8	38.9	38.2	6	-2
Employee	21.2	21.8	23.4	26.3	23.0	24.6	24.2	3	-2
Others	11.6	12.5	12.8	13.4	12.8	14.2	14.0	9	-2
Operating Profits	41.3	43.0	41.0	43.0	45.0	47.3	47.5	16	0
Core Operating Profits	36.7	39.8	37.7	41.1	42.4	44.0	44.9	19	2
Provisions	17.4	15.5	13.5	12.5	12.6	11.0	10.6	-22	-4
PBT	23.9	27.5	27.5	30.6	32.4	36.3	36.9	34	2
Taxes	6.9	7.6	6.3	8.1	8.4	9.2	8.4	33	-9
PAT	17.1	19.9	21.2	22.5	24.0	27.1	28.5	35	5
Balance Sheet (INRb)									
Loans	4,564	4,706	4,896	5,149	5,208	5,329	5,421	11	2
Deposits	6,215	6,408	6,542	6,880	6,812	6,931	7,023	7	1
CASA Deposits	2,502	2,570	2,595	2,805	2,659	2,694	2,691	4	0
-Savings	2,174	2,236	2,257	2,415	2,314	2,332	2,335	3	0
-Current	329	334	338	390	345	362	356	5	-2
Loan mix (%)									
Agri Advances	23.2	24.1	24.1	24.3	24.6	25.0	25.0	84	-3
MSME Advances	17.4	17.5	17.5	16.9	16.6	16.9	17.3	-23	41
Large Industry	38.7	37.7	37.4	37.8	37.7	36.7	35.7	-177	-102
Retail Loans	20.7	20.8	20.9	21.0	21.1	21.4	22.1	116	65
Asset Quality (INRb)									
GNPA	262.3	244.9	227.9	211.1	203.0	191.5	182.1	-20	-5
NNPA	32.0	28.3	25.8	22.2	20.3	14.5	11.3	-56	-22
Slippages	18.5	19.8	16.7	12.7	19.6	13.8	10.2	-39	-27
Asset Quality Ratios (%)									
GNPA	5.5	5.0	4.5	4.0	3.8	3.5	3.3	-121	-22
NNPA	0.7	0.6	0.5	0.4	0.4	0.3	0.2	-32	-6
PCR (Cal.)	87.8	88.5	88.7	89.5	90.0	92.5	93.8	513	136
PCR (Inc. TWO)	95.1	95.6	95.9	96.3	96.7	97.6	98.1	219	49
Credit Cost	0.9	0.8	0.8	0.7	0.7	0.7	0.5	-31	-19
Business Ratios (%)									
CASA	40.3	40.1	39.7	40.8	39.0	38.9	38.3	-135	-54
Loan/Deposit	73.4	73.4	74.8	74.8	76.5	76.9	77.2	235	30
Other income/Total Income	23.1	25.8	24.6	27.3	23.6	28.1	25.1	48	-299
Cost to Income	44.2	44.4	46.9	48.0	44.3	45.1	44.6	-234	-56
Cost to Assets	2.0	1.9	2.3	2.1	1.9	2.0	2.1	-25	6
Tax Rate	28.6	27.8	22.9	26.5	25.9	25.4	22.7	-17	-272
Capitalisation Ratios (%)									
CAR	15.8	15.5	15.6	16.4	16.5	16.6	15.9	34	-63
Tier-1	12.9	12.6	12.9	14.0	13.9	14.0	13.8	89	-24
- CET 1	12.3	12.1	12.4	13.5	13.4	13.5	13.3	91	-24
Tier-2	2.9	2.9	2.7	2.4	2.5	2.5	2.2	-55	-39
LCR	136.3	129.1	132.9	135.0	121.6	120.5	116.0	-1692	-453
Profitability Ratios (%)									
Yield on loans	8.5	8.8	8.8	8.8	8.7	8.8	8.9	14	15
Yield On Investments	6.7	6.8	6.8	6.9	7.2	7.2	7.1	32	-5
Cost of Funds	4.8	5.0	5.1	5.1	5.1	5.2	5.3	18	5
Margins	3.6	3.5	3.5	3.5	3.5	3.5	3.6	8	8
ROA	1.0	1.1	1.1	1.2	1.2	1.3	1.4	28	6
ROE	17.9	19.9	19.9	19.1	19.8	21.0	21.0	-806	-843
Other Details									
Branches	5,798	5,823	5,835	5,847	5,846	5,856	5,877	42	21
ATM	4,804	4,866	4,899	4,937	5,093	5,217	5,224	325	7



Highlights from the management commentary

Opening remarks

- Total business grew by 8.33%, with deposits increasing 7.34% YoY. CASA share was steady at 40%.
- Retail deposits rose by 9%, while advances grew by 9.6% YoY. RAM segment expanded by 12.8%, with Retail at 16.16% YoY and MSME at 8.43% YoY. RAM now constitutes 64.35% of the portfolio.
- Net profit increased by 34.57% YoY, while operating profit grew 15.9% YoY. NII rose 10.32% YoY.
- NIMs stood at 3.45%, up 4bp QoQ, while RoE was at 21%.
- C/I ratio improved to 44.56%.
- PCR was maintained at 93.81%.
- CoD rose by 5bp QoQ, while yields increased by 15bp QoQ.
- GNPA declined by 121bp YoY and 22bp QoQ, while NNPA decreased by 32bp YoY and 6bp QoQ. The bank's overall PCR stood at 98.1%.
- Three major accounts entered the SMA category, with one now in SMA-0 and the others out of the SMA pool.
- Digital migration increased to 92%, with mobile banking transactions growing by 8% YoY.
- The bank launched 39 new digital journeys this quarter and opened 8.9 million accounts through digital channels.
- Digital vehicle and gold loan offerings have been integrated into the retail segment.
- The bank onboarded 138 fintech partners in 3Q, with various ongoing digital initiatives.
- The partnership with Rupeek has been discontinued, and there are no outstanding exposures. Additionally, the bank has ceased co-lending operations.

Advances and deposits

- RAM segment witnessed strong growth in the last quarter. The bank has a corporate pipeline of INR400b.
- New CEO is targeting a higher growth rate of 14% and is confident of achieving it.
- Deposit growth could have been higher, but the bank chose to run down wholesale deposits. While bulk deposits could have boosted growth, the bank opted against it.
- No expectations of a rate cut on deposits.
- Credit growth remains healthy in the RAM segment, with the bank confident of achieving growth of INR400-450b.
- Loan book composition: 56% linked to MCLR, 39% to EBLR, and 4.74% is fixed-rate.
- The total gold loan portfolio stands at INR900b, with agricultural loans comprising 78% of it.
- Corporate loan growth was 8%, with 3Q expected to drive further expansion.
- The bank reduced bulk deposits due to unattractive reinvestment rates. Additionally, INR100b was raised for investments amid slowing deposit growth.
- Demand recovery is expected in the textile sector.

- INR179.3b of credit remains unutilized.
- The bank's PSL book stands at INR1.9t, with portions allocated for refinancing and repayment, ensuring continued growth.
- The bank will wait for a complete end-to-end solution before expanding its co-lending operations.
- Overseas loan book is growing at 7-10% and is expected to maintain this pace.
- Treasury income is expected to improve in 4Q.

Yields, costs and margins

- The bank remains cautious about margins, ensuring a balanced approach between advances and growth.
- MCLR rates have not increased despite the rise in the CoF. The bank calculates MCLR based on the RBI-defined formula.

Investments

- Treasury income for the quarter was INR2.8b, but an MTM charge of INR240m was incurred.
- Trading profits are expected in the next quarter, with no MTM charges anticipated.

Asset quality

- Over the past 3-4 months, three accounts were in the SMA category, but currently, only one remains in SMA-0. This account is also expected to become regular soon.
- The bank has a strong TWO portfolio of INR400b, which is expected to support better recoveries in the future.
- Three SMA accounts are older exposures that faced issues over the past six months. However, these issues have now been resolved, and no further slippages into SMA are expected.
- The bank focuses on investment credit and selectively engages in KCC lending, mitigating risks of seasonal slippages.
- Standard asset provisions are being made continuously.
- The bank applies a flat 10% provision on SMA-2 accounts and a 25% provision on restructured loans.
- Provisions are made on a prudent basis to ensure financial stability.
- Borrowing costs have increased, with the bank raising INR100b through infrastructure bonds. Funds raised in 2Q impacted financials in 3Q.
- The bank does not rely solely on standard provisions but makes additional provisions for accounts showing signs of stress.
- SMA exposure currently stands at INR25.4b, a significant reduction from INR76.8b in 3QFY25.
- There are no SMA accounts in the MSME loan book.

LCR guidelines

- LCR at the end of the quarter stood at 116%, while the current LCR is at 125%.
- The impact of new LCR norms is estimated to be around 8-10%. Even with a 10% impact, the bank remains comfortable with its LCR position.
- The bank is still in the process of assessing the full impact of the new LCR norms.

Guidance

- Deposit growth projected at 8-10% YoY.
- Advances growth expected at 11-13% YoY, with higher demand already visible in 4Q.
- CASA ratio to be maintained at 40%, though it remains a challenge.
- LDR expected to reach 80% (currently at 79%).
- Recovery target is ~INR70b, with INR58b already recovered.
- NIM guidance of 3.4-3.5%, with progress on track.
- RoE expected in the range of 19-20%, currently at 21%.
- Credit cost estimated at 0.77%, compared to the actual 0.47%.

Story in charts

Exhibit 1: Loan book up ~10.7% YoY (up 1.7% QoQ)

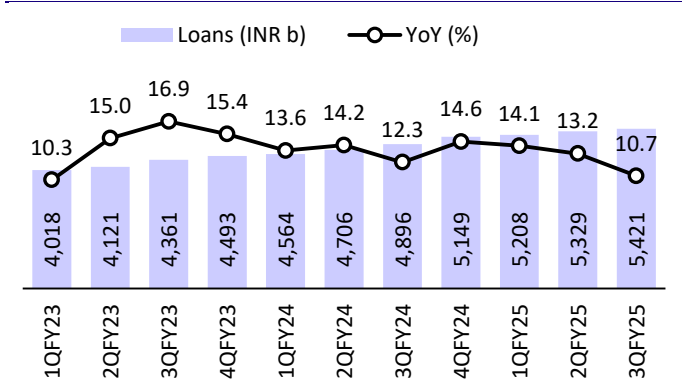


Exhibit 2: Deposits grew ~7.4% YoY (up 1.3% QoQ)

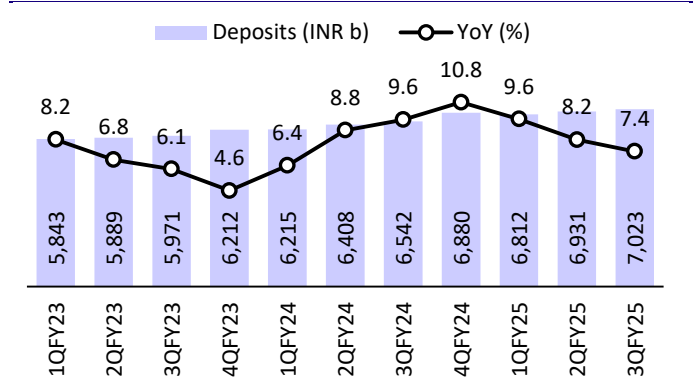


Exhibit 3: NIMs expanded 8bp QoQ to 3.57%

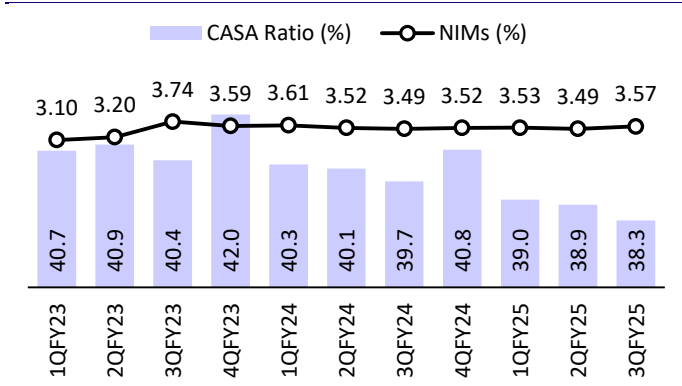


Exhibit 4: Yields increased to 8.9%/CoD at 5.2%

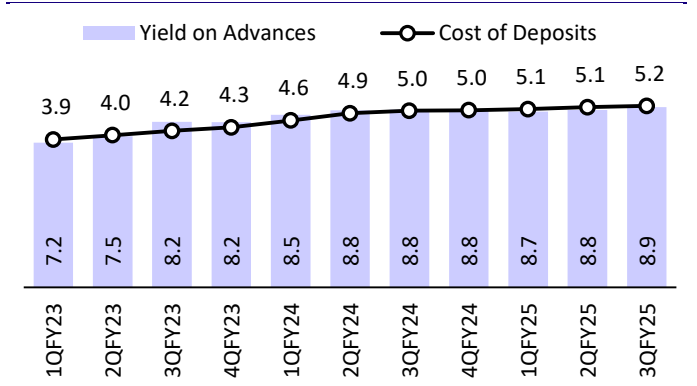


Exhibit 5: C/I ratio moderated 56bp QoQ to 44.6%

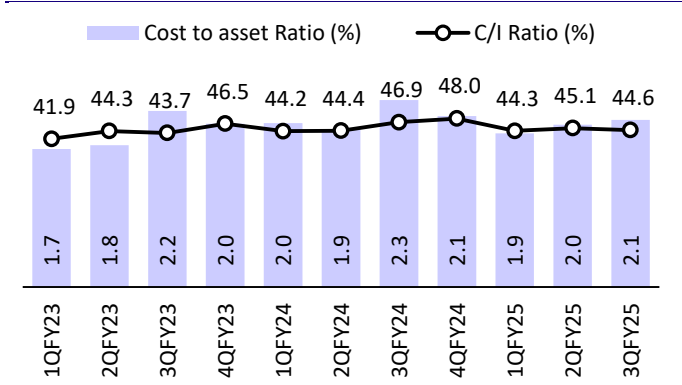


Exhibit 6: CD ratio increased to 77.2%; LCR at 116%

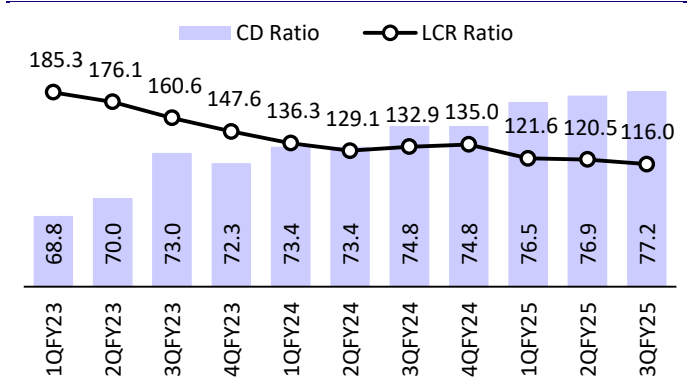


Exhibit 7: Slippages moderated to INR10.2b in 3QFY25

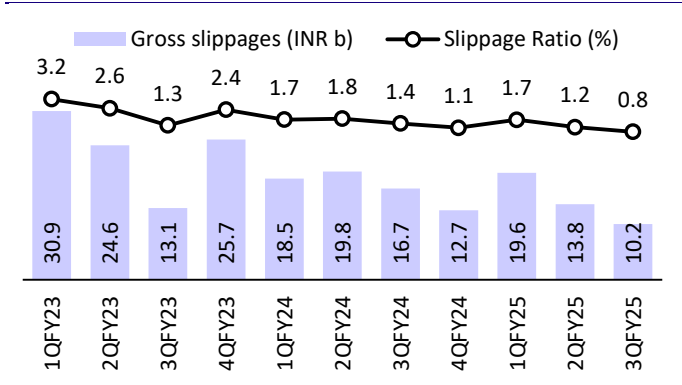
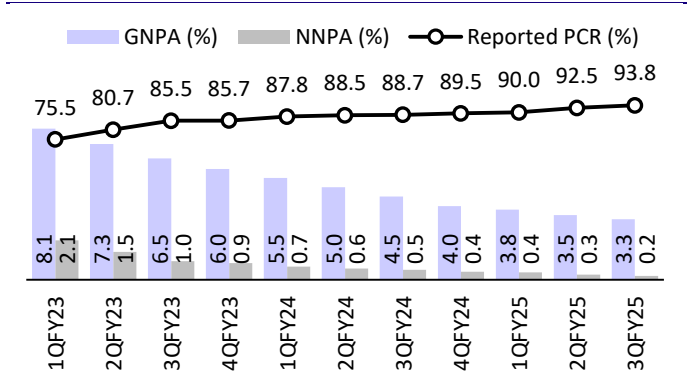


Exhibit 8: GNPA/NNPA ratios improved 22bp/6bp QoQ



Source: MOFSL, Company

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Valuation and view: Maintain BUY with a TP of INR670

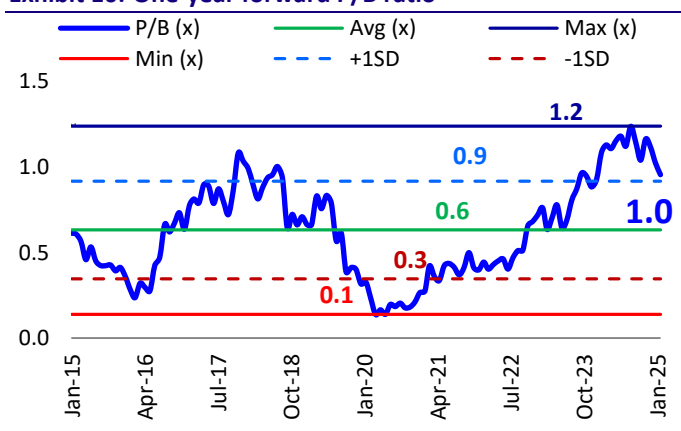
- INBK reported healthy earnings in 3QFY25, led by lower provisions and controlled opex. Global NIMs too expanded 6bp QoQ. However, business growth was modest, which led to a slight increase in the CD ratio. The CASA ratio saw a slight moderation. The management expects margins at ~3.4-3.5% and the growth trend to remain steady.
- The bank will continue to focus on profitable growth. Asset quality ratios have improved, with a best-in-class coverage ratio and lower slippages, which provide comfort on incremental credit costs. The SMA issues have also been resolved, and no further slippages into SMA are expected.
- We fine tune our earnings estimates and expect the bank to deliver RoA/RoE of 1.2%/17.3%. **Reiterate BUY with a TP of INR670 (1.2x Sep'26E ABV).**

Exhibit 9: Changes in our earnings estimates

INR B	Old est.			Rev est			Change(%/bp)		
	FY25	FY26	FY27	FY25	FY26	FY27	FY25	FY26	FY27
Net Interest Income	251.9	270.0	296.3	253.8	269.0	294.6	0.8	-0.4	-0.6
Other Income	88.9	99.6	110.5	88.9	99.6	110.5	0.0	0.0	0.0
Total Income	340.8	369.5	406.8	342.7	368.6	405.1	0.6	-0.3	-0.4
Operating Expenses	156.8	171.7	188.7	155.0	169.2	185.3	-1.2	-1.5	-1.8
Operating Profit	184.0	197.8	218.1	187.8	199.4	219.8	2.1	0.8	0.8
Provisions	45.4	48.2	53.9	44.5	48.1	53.6	-1.9	-0.1	-0.4
PBT	138.6	149.7	164.2	143.3	151.2	166.2	3.4	1.0	1.2
Tax	35.3	37.7	41.4	36.5	38.1	41.9	3.4	1.0	1.2
PAT	103.3	112.0	122.9	106.7	113.1	124.3	3.4	1.0	1.2
Loans	5,669	6,281	6,941	5,695	6,276	6,909	0.5	-0.1	-0.5
Deposits	7,458	8,152	8,950	7,382	8,054	8,827	-1.0	-1.2	-1.4
Margins (%)	3.1	3.1	3.1	3.2	3.1	3.1	0.0	0.0	0.0
Credit Cost (%)	0.8	0.8	0.8	0.8	0.8	0.8	-2.0	0.0	0.0
RoA (%)	1.2	1.2	1.2	1.29	1.25	1.25	0.0	0.0	0.0
RoE (%)	18.3	17.2	16.6	18.8	17.3	16.6	0.6	0.1	0.1
EPS	76.7	83.1	91.2	79.3	84.0	92.3	3.4	1.0	1.2
BV	470.5	535.6	605.6	473.1	539.1	610.2	0.5	0.6	0.7
ABV	460.5	524.4	593.4	464.5	529.1	599.2	0.9	0.9	1.0

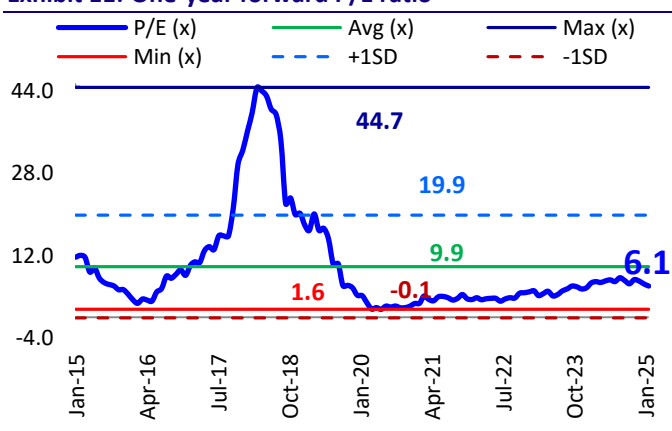
Source: MOFSL, Company

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

Y/E March (%)	FY22	FY23	FY24	FY25E	FY26E	FY27E
Interest Income	6.00	6.50	7.40	7.67	7.57	7.44
Interest Expense	3.42	3.58	4.30	4.60	4.60	4.48
Net Interest Income	2.58	2.93	3.10	3.07	2.97	2.96
Fee income	0.87	0.99	0.87	0.88	0.89	0.88
Trading and others	0.20	0.04	0.17	0.19	0.21	0.23
Other Income	1.07	1.03	1.05	1.07	1.10	1.11
Total Income	3.65	3.96	4.14	4.14	4.07	4.07
Operating Expenses	1.69	1.75	1.90	1.87	1.87	1.86
Employees	1.03	1.09	1.23	1.20	1.19	1.19
Others	0.65	0.66	0.67	0.67	0.68	0.67
Operating Profits	1.96	2.21	2.24	2.27	2.20	2.21
Core operating Profits	1.77	2.17	2.07	2.08	2.00	1.98
Provisions	1.47	1.35	0.78	0.54	0.53	0.54
PBT	0.49	0.86	1.46	1.73	1.67	1.67
Tax	-0.11	0.09	0.38	0.44	0.42	0.42
RoA	0.61	0.76	1.07	1.29	1.25	1.25
Leverage (x)	18.5	17.4	15.9	14.6	13.8	13.3
RoE	11.2	13.3	17.1	18.8	17.3	16.6

Source: MOFSL, Company

Financials and valuations

Income Statement							(INRb)
Y/E March	FY22	FY23	FY24	FY25E	FY26E	FY27E	
Interest Income	388.6	449.4	556.1	634.4	685.0	740.7	
Interest Expense	221.3	247.2	323.4	380.5	416.0	446.1	
Net Interest Income	167.3	202.3	232.7	253.8	269.0	294.6	
- growth (%)	6.8	20.9	15.1	9.1	6.0	9.5	
Non-Interest Income	69.2	71.4	78.7	88.9	99.6	110.5	
Total Income	236.4	273.7	311.4	342.7	368.6	405.1	
- growth (%)	10.9	15.8	13.8	10.1	7.5	9.9	
Operating Expenses	109.3	121.0	143.0	155.0	169.2	185.3	
PPoP	127.2	152.7	168.4	187.8	199.4	219.8	
- growth (%)	16.0	20.1	10.3	11.5	6.2	10.3	
Core PPoP	114.3	149.8	155.3	172.1	180.5	197.2	
- growth (%)	23.3	31.0	3.7	10.8	4.9	9.2	
Provisions	95.1	93.6	58.9	44.5	48.1	53.6	
PBT	32.0	59.1	109.5	143.3	151.2	166.2	
Tax	-7.4	6.3	28.9	36.5	38.1	41.9	
Tax Rate (%)	-23.1	10.7	26.4	25.5	25.2	25.2	
PAT	39.4	52.8	80.6	106.7	113.1	124.3	
- growth (%)	31.3	33.9	52.7	32.4	6.0	9.9	
Balance Sheet							
Y/E March	FY22	FY23	FY24	FY25E	FY26E	FY27E	
Share Capital	12	12	13	13	13	13	
Equity Share Capital	12.5	12.5	13.5	13.5	13.5	13.5	
Reserves & Surplus	424.6	467.3	570.4	656.6	745.5	841.2	
Net Worth	437.1	479.7	583.9	670.1	759.0	854.7	
Deposits	5,936.2	6,211.7	6,880.0	7,382.2	8,054.0	8,827.2	
- growth (%)	10.3	4.6	10.8	7.3	9.1	9.6	
- CASA Dep	2,479.3	2,608.1	2,804.9	2,908.6	3,229.7	3,575.0	
- growth (%)	8.9	5.2	7.5	3.7	11.0	10.7	
Borrowings	172.1	220.7	231.3	334.1	391.2	440.8	
Other Liabilities & Prov.	171.3	192.9	231.0	235.6	271.0	311.6	
Total Liabilities	6,716.7	7,105.0	7,926.2	8,622.0	9,475.2	10,434.3	
Current Assets	799.2	501.3	421.1	409.0	451.0	503.3	
Investments	1,745.6	1,859.9	2,125.5	2,274.3	2,467.7	2,714.4	
- growth (%)	-1.1	6.5	14.3	7.0	8.5	10.0	
Loans	3,891.9	4,493.0	5,148.9	5,694.7	6,275.5	6,909.4	
- growth (%)	7.3	15.4	14.6	10.6	10.2	10.1	
Fixed Assets	76.8	74.6	75.2	77.4	81.3	86.2	
Other Assets	203.2	176.2	155.5	166.6	199.7	221.1	
Total Assets	6,716.7	7,105.0	7,926.2	8,622.0	9,475.2	10,434.3	
Asset Quality							
FY22	FY23	FY24	FY25E	FY26E	FY27E		
GNPA (INR b)	352.1	281.8	211.1	181.9	186.4	194.7	
NNPA (INR b)	88.5	40.4	22.2	12.6	15.1	16.5	
GNPA Ratio (%)	8.5	6.0	4.0	3.1	2.9	2.7	
NNPA Ratio (%)	2.3	0.9	0.4	0.2	0.2	0.2	
Slippage Ratio(%)	2.7	1.7	1.4	1.0	1.2	1.2	
Credit Cost (%)	2.5	2.2	1.2	0.8	0.8	0.8	
PCR (Excl Tech. write off)	74.9	85.7	89.5	93.1	91.9	91.5	

E: MOFSL Estimates

Financials and valuations

Ratios

Y/E March	FY20	FY23	FY24	FY25E	FY26E	FY27E
Yield and Cost Ratios (%)						
Avg. Yield- on Earning Assets	6.3	6.8	7.6	7.9	7.8	7.7
Avg. Yield on loans	7.2	7.6	8.4	8.8	8.6	8.4
Avg. Yield on Investments	6.3	6.5	6.8	6.9	6.9	6.8
Avg. Cost of Int. Bear. Liab.	3.8	3.9	4.8	5.1	5.1	5.0
Avg. Cost of Deposits	3.7	3.8	4.7	5.2	5.2	5.1
Interest Spread	2.5	2.8	2.9	2.8	2.6	2.6
Net Interest Margin	2.7	3.0	3.2	3.2	3.1	3.1

Capitalisation Ratios (%)

CAR	16.8	16.5	16.4	17.6	17.5	17.2
Tier I	13.5	13.5	14.0	15.4	15.5	15.5
- CET-1	12.5	12.9	13.5	14.8	14.9	14.9
Tier II	3.4	3.0	2.4	2.3	2.0	1.7

Business Ratios (%)

Loans/Deposit Ratio	65.6	72.3	74.8	77.1	77.9	78.3
CASA Ratio	41.8	42.0	40.8	39.4	40.1	40.5
Cost/Assets	1.6	1.7	1.8	1.8	1.8	1.8
Cost/Total Income	46.2	44.2	45.9	45.2	45.9	45.7
Cost/Core income	48.9	44.7	47.9	47.4	48.4	48.4
Int. Expense/Int.Income	56.9	55.0	58.2	60.0	60.7	60.2
Fee Income/Total Income	23.8	25.0	21.1	21.4	21.9	21.7
Non Int. Inc./Total Income	29.2	26.1	25.3	25.9	27.0	27.3
Empl. Cost/Total Expense	61.3	62.2	64.8	64.0	63.9	63.8

Efficiency Ratios (INRm)

Employee per branch (in nos)	6.9	7.0	6.9	6.9	6.9	6.9
Staff cost per employee (INR m)	1.7	1.8	2.3	2.4	2.6	2.8
CASA per branch (INRm)	432.3	450.7	479.4	487.4	530.6	575.8
Deposits per branch (INRm)	1,035.1	1,073.4	1,175.9	1,237.0	1,323.1	1,421.7
Business per Employee (INR m)	246.9	262.5	298.8	318.5	342.2	368.4
Profit per Employee (INR m)	1.0	1.3	2.0	2.6	2.7	2.9

Profitability Ratios and Valuation

RoE	11.2	13.3	17.1	18.8	17.3	16.6
RoA	0.6	0.8	1.1	1.3	1.3	1.2
RoRWA	1.3	1.6	2.2	2.6	2.5	2.4
Book Value (INR)	324	358	409	473	539	610
- growth (%)	3.7	10.7	14.2	15.6	14.0	13.2
Price-BV (x)	1.7	1.5	1.3	1.2	1.0	0.9
Adjusted BV (INR)	272	334	396	464	529	599
Price-ABV (x)	2.0	1.6	1.4	1.2	1.0	0.9
EPS (INR)	33.2	42.4	62.2	79.3	84.0	92.3
- growth (%)	24.9	27.7	46.7	27.4	6.0	9.9
Price-Earnings (x)	16.4	12.9	8.8	6.9	6.5	5.9
Dividend Per Share (INR)	6.5	8.6	12.0	15.2	18.0	21.2
Dividend Yield (%)	1.2	1.6	2.2	2.8	3.3	3.9

E: MOFSL Estimates

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Registration details of group entities.: Motilal Oswal Financial Services Ltd. (MOFSL): INZ000158836 (BSE/NSE/MCX/NCDEX); CDSL and NSDL: IN-DP-16-2015; Research Analyst: INH000000412 . AMFI: ARN : 146822. IRDA Corporate Agent – CA0579. Motilal Oswal Financial Services Ltd. is a distributor of Mutual Funds, PMS, Fixed Deposit, Insurance, Bond, NCDs and IPO products.

Customer having any query/feedback/ clarification may write to query@motilaloswal.com. In case of grievances for any of the services rendered by Motilal Oswal Financial Services Limited (MOFSL) write to grievances@motilaloswal.com, for DP to dpgrievances@motilaloswal.com.