

Estimate change

TP change

Rating change



Bloomberg	INBK IN
Equity Shares (m)	1,245
M.Cap.(INRb)/(USD\$b)	171.4 / 2.2
52-Week Range (INR)	195 / 115
1, 6, 12 Rel. Per (%)	-8/-6/-2
12M Avg Val (INR M)	624

#### Financials & Valuations (INR b)

Y/E March	FY22	FY23E	FY24E
NII	167.3	184.2	207.3
OP	127.2	137.1	156.3
NP	39.4	49.1	60.2
NIM (%)	2.7	2.8	2.9
EPS (INR)	33.2	39.4	48.4
EPS Gr. (%)	24.9	18.7	22.6
BV/Sh. (INR)	325.5	358.0	397.0
ABV/Sh. (INR)	274.1	315.5	357.8

#### Ratios

RoE (%)	11.2	12.3	13.6
RoA (%)	0.6	0.7	0.8

#### Valuations

P/E(X)	4.2	3.5	2.9
P/BV (X)	0.4	0.4	0.3
P/ABV (X)	0.5	0.4	0.4

#### Shareholding pattern (%)

As On	Mar-22	Dec-21	Mar-21
Promoter	79.9	79.9	88.1
DII	11.1	10.6	4.4
FII	1.7	1.9	1.0
Others	7.3	7.7	6.6

FII Includes depository receipts

**CMP: INR138**

**TP: INR185 (+34%)**

**Buy**

## Business momentum healthy; asset quality improves

### The restructured portfolio remains elevated

- INBK reported a steady 4QFY22, with net profit up QoQ, aided by lower provisions and tax reversal, even as it provided for the entire pension liability. NIM moderated, while business growth showed a healthy traction.
- Asset quality ratios improved. However, slippages and restructured book at ~4.7% of loans remains elevated. The bank carries 90% PCR on a Retail account, where it has an exposure of INR8.5b, which slipped in 4QFY22.
- We cut our FY23/FY24 PAT estimate by ~6% each as we revise our credit cost and tax assumptions. We estimate a FY24 RoA/RoE of 0.8%/13.6%. We **maintain our Buy rating.**

### Upfronting of pension cost drags PPOP; NIM moderates by 16bp QoQ

- INBK reported a 4QFY22 PAT of INR9.8b (-42% YoY; MOSLe: INR7.6b), led by lower provisions (-23% QoQ) and tax reversal of INR1.6b. In **FY22, PAT grew 31% YoY to INR39.4b**. NII grew 28% YoY (-3% QoQ) to INR42.6b (5% miss), even as loans rose ~4% QoQ. NIM declined by 16bp QoQ to 2.87%.
- Core fee income grew a strong 23% YoY to INR8.1b. Total other income, though, stood flat at INR15.7b, led by lower treasury income of INR840m (v/s INR2.9b in 4QFY21).
- OPEX rose 22% YoY due to a 39% growth in employee expenses, as the bank provided for the entire pension liability of INR4.65b. PPOP grew 15% YoY to INR27.4b (19% miss) and the C/I ratio increased to 53%.
- On the business front, loan growth stood at 7% YoY (up ~4% QoQ) to ~INR3.9t, led by healthy growth in the Retail (+15% YoY) and Agri (+12% YoY) portfolio. The Corporate book declined by 5% YoY (+1% QoQ). Deposits grew ~10% YoY and 6% QoQ, led by an 8% QoQ growth in current account deposits. Thus, the CASA mix increased by 10bp QoQ to 41.8%.
- On the asset quality front, slippages stood elevated at INR33.7b (~3.7% annualized). This was attributable to Corporate slippages of INR9.7b and higher MSME slippages of INR14.3b. However, healthy recoveries, upgrades, and write-offs supported asset quality, with GNPA/NNPA ratio improving 66bp/45bp QoQ to 8.5%/2.3%. PCR improved by ~270bp QoQ to ~75%.
- The SMA 1/2 book (over INR50m) stood at 0.93%. The total restructured portfolio was elevated at 4.7% of loans (v/s ~5.1% in 3QFY22). Collection efficiency improved to 95% in Mar'22.

### Highlights from the management commentary

- Loan growth is expected to remain at 8-10% in FY23.
- About 44% of the loan book are linked to the repo rate.
- Slippages were higher, driven by Corporate slippages of INR9.73b. It includes one big Retail exposure of INR8.51b (~90% PCR), which slipped in 4QFY22.

**Valuation and view**

INBK reported a steady 4QFY22, with net profit up QoQ, supported by lower provisions and tax reversal, even as the bank provided for the entire pension liability. NIM moderated, while business growth showed a healthy traction, led by Retail and Agri loans. The bank expects loan growth to improve, led by the Retail, Agri, and MSME (RAM) segment. Asset quality improved. However, elevated slippages and a higher restructured book (~4.7% of loans) keep us watchful on asset quality. We cut our FY23/FY24 estimate by ~6% each and estimate credit costs to stay at 2%/1.7%. We expect the bank to deliver a FY24 RoA/RoE at 0.8%/13.6%. **We maintain our Buy rating, with a reduced TP of INR185 per share (0.5x FY24E ABV).**

**Quarterly performance****(INR m)**

Y/E March	FY21				FY22				FY21	FY22	FY22E	Var.
	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4Q				
<b>Net Interest Income</b>	<b>38.7</b>	<b>41.4</b>	<b>43.1</b>	<b>33.3</b>	<b>39.9</b>	<b>40.8</b>	<b>44.0</b>	<b>42.6</b>	<b>156.7</b>	<b>167.3</b>	<b>45.2</b>	<b>-6%</b>
Change (YoY %)	117.0	122.4	120.6	66.5	3.1	-1.5	1.9	27.6	106.0	6.8	35.5	
Other Income	13.3	15.6	11.4	15.8	18.2	19.7	15.6	15.7	60.8	69.2	15.9	-1%
<b>Total Income</b>	<b>52.0</b>	<b>57.0</b>	<b>54.6</b>	<b>49.2</b>	<b>58.1</b>	<b>60.5</b>	<b>59.5</b>	<b>58.3</b>	<b>217.5</b>	<b>236.4</b>	<b>61.0</b>	<b>-5%</b>
Operating Expenses	24.5	27.6	26.1	25.3	24.0	27.7	26.6	30.9	103.5	109.3	27.2	13%
<b>Operating Profit</b>	<b>27.5</b>	<b>29.4</b>	<b>28.5</b>	<b>23.9</b>	<b>34.2</b>	<b>32.8</b>	<b>32.9</b>	<b>27.4</b>	<b>114.0</b>	<b>127.2</b>	<b>33.8</b>	<b>-19%</b>
Change (YoY %)	100.4	95.9	48.3	40.1	24.1	11.3	15.5	14.8	75.4	11.6	32.7	
Other Provisions	21.4	22.3	20.6	15.9	25.6	25.5	24.9	19.1	84.9	95.1	25.0	-23%
<b>Profit before Tax</b>	<b>6.1</b>	<b>7.1</b>	<b>7.8</b>	<b>8.0</b>	<b>8.6</b>	<b>7.3</b>	<b>7.9</b>	<b>8.2</b>	<b>29.1</b>	<b>32.0</b>	<b>8.8</b>	<b>-7%</b>
Tax	2.4	3.0	2.7	-9.1	-3.2	-3.6	1.1	-1.6	-1.0	-7.4	1.2	
<b>Net Profit</b>	<b>3.7</b>	<b>4.1</b>	<b>5.1</b>	<b>17.1</b>	<b>11.8</b>	<b>10.9</b>	<b>6.9</b>	<b>9.8</b>	<b>30.0</b>	<b>39.4</b>	<b>7.6</b>	<b>30%</b>
Change (YoY %)	1.1	15.0	108.1	NM	220.0	164.2	34.1	-42.4	298.8	31.3	-55.6	
<b>Operating Parameters</b>												
Deposits (INR b)	4,891	5,020	5,212	5,381	5,401	5,515	5,626	5,936	5,381	5,936	5,736	3%
Loans (INR b)	3,395	3,397	3,628	3,627	3,644	3,604	3,738	3,892	3,640	3,892	3,859	1%
Deposit Growth (%)	102.6	98.3	102.3	106.8	10.4	9.9	7.9	10.3	106.8	10.3	6.6	
Loan Growth (%)	91.2	81.8	95.9	83.3	7.3	6.1	3.0	7.3	83.9	6.9	6.0	
<b>Asset Quality</b>												
Gross NPA (%)	10.9	9.9	9.0	9.9	9.7	9.6	9.1	8.5	9.9	8.5	8.7	-26
Net NPA (%)	3.8	3.0	2.4	3.4	3.5	3.3	2.7	2.3	3.4	2.3	2.5	-21
PCR (%)	68.1	72.2	75.8	68.1	66.5	68.1	72.2	74.9	68.1	74.9	73.4	146

E: MOFSL estimates

## Quarterly snapshot

Profit & Loss (INR b)	FY20				FY21				FY22				Change (%)	
	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4Q	YoY	QoQ
<b>Net Interest Income</b>	<b>17.9</b>	<b>18.6</b>	<b>19.6</b>	<b>20.0</b>	<b>38.7</b>	<b>41.4</b>	<b>43.1</b>	<b>33.3</b>	<b>39.9</b>	<b>40.8</b>	<b>44.0</b>	<b>42.6</b>	<b>28</b>	<b>-3</b>
<b>Other Income</b>	<b>6.9</b>	<b>7.4</b>	<b>10.4</b>	<b>8.4</b>	<b>13.3</b>	<b>15.6</b>	<b>11.4</b>	<b>15.8</b>	<b>18.2</b>	<b>19.7</b>	<b>15.6</b>	<b>15.7</b>	<b>-1</b>	<b>1</b>
Trading profit	2.0	2.5	2.4	1.9	6.3	5.8	1.5	2.9	5.6	4.0	2.5	0.8	-71	-66
Forex Income	0.5	0.5	0.5	0.5	0.5	0.8	1.1	1.7	1.5	1.2	1.5	2.7	66	85
Recoveries	1.6	1.3	4.0	1.8	2.0	2.3	2.8	4.7	6.4	8.5	5.0	4.0	-14	-19
Core Fees	2.8	3.0	3.5	4.3	4.5	6.7	6.0	6.6	4.7	6.1	6.7	8.1	23	22
<b>Total Income</b>	<b>24.8</b>	<b>26.0</b>	<b>29.9</b>	<b>28.4</b>	<b>52.0</b>	<b>57.0</b>	<b>54.6</b>	<b>49.2</b>	<b>58.1</b>	<b>60.5</b>	<b>59.5</b>	<b>58.3</b>	<b>19</b>	<b>-2</b>
<b>Operating Expenses</b>	<b>11.1</b>	<b>11.0</b>	<b>10.8</b>	<b>11.4</b>	<b>24.5</b>	<b>27.6</b>	<b>26.1</b>	<b>25.3</b>	<b>24.0</b>	<b>27.7</b>	<b>26.6</b>	<b>30.9</b>	<b>22</b>	<b>16</b>
Employee	6.7	5.9	5.9	6.2	16.5	17.5	15.7	14.0	14.7	17.1	15.7	19.5	39	24
Others	4.4	5.1	4.8	5.2	7.9	10.1	10.4	11.3	9.3	10.6	11.0	11.4	1	4
<b>Operating Profit</b>	<b>13.7</b>	<b>15.0</b>	<b>19.2</b>	<b>17.0</b>	<b>27.5</b>	<b>29.4</b>	<b>28.5</b>	<b>23.9</b>	<b>34.2</b>	<b>32.8</b>	<b>32.9</b>	<b>27.4</b>	<b>15</b>	<b>-17</b>
<b>Core Operating Profit</b>	<b>11.7</b>	<b>12.5</b>	<b>16.8</b>	<b>15.2</b>	<b>21.2</b>	<b>23.6</b>	<b>26.9</b>	<b>20.9</b>	<b>28.6</b>	<b>28.8</b>	<b>30.4</b>	<b>26.5</b>	<b>27</b>	<b>-13</b>
<b>Provisions</b>	<b>7.9</b>	<b>9.1</b>	<b>15.3</b>	<b>18.9</b>	<b>21.4</b>	<b>22.3</b>	<b>20.6</b>	<b>15.9</b>	<b>25.6</b>	<b>25.5</b>	<b>24.9</b>	<b>19.1</b>	<b>20</b>	<b>-23</b>
NPA provisions	4.8	7.2	17.0	14.3	18.3	18.8	7.4	28.7	17.5	22.2	24.4	20.5	-29	-16
<b>PBT</b>	<b>5.8</b>	<b>5.9</b>	<b>3.9</b>	<b>-1.9</b>	<b>6.1</b>	<b>7.1</b>	<b>7.8</b>	<b>8.0</b>	<b>8.6</b>	<b>7.3</b>	<b>7.9</b>	<b>8.2</b>	<b>3</b>	<b>4</b>
Taxes	2.1	2.3	1.4	0.3	2.4	3.0	2.7	-9.1	-3.2	-3.6	1.1	-1.6	-82	-253
<b>PAT</b>	<b>3.7</b>	<b>3.6</b>	<b>2.5</b>	<b>-2.2</b>	<b>3.7</b>	<b>4.1</b>	<b>5.1</b>	<b>17.1</b>	<b>11.8</b>	<b>10.9</b>	<b>6.9</b>	<b>9.8</b>	<b>-42</b>	<b>43</b>
<b>Balance Sheet (INR b)</b>														
Deposits	2,415	2,532	2,576	2,602	4,891	5,020	5,212	5,381	5,401	5,515	5,626	5,936	10	6
Loans	1,776	1,868	1,852	1,979	3,395	3,397	3,628	3,627	3,644	3,604	3,738	3,892	7	4
<b>Asset Quality (INR b)</b>														
<b>GNPA</b>	135.1	139.8	138.6	141.5	399.7	362.0	352.4	384.6	377.6	368.9	365.4	352.1	-8	-4
<b>NNPA</b>	68.2	66.1	64.9	61.8	127.5	100.5	85.4	122.7	126.5	117.5	101.5	88.5	-28	-13
Slippages	10.8	7.8	22.1	12.6	6.1	3.2	2.0	83.1	44.1	39.5	28.1	33.7	-59	20
<b>Ratios (%)</b>														
<b>Asset Quality Ratios</b>														
<b>GNPA</b>	7.3	7.2	7.2	6.9	10.9	9.9	9.0	9.9	9.7	9.6	9.1	8.5	-138	-66
<b>NNPA</b>	3.8	3.5	3.5	3.1	3.8	3.0	2.4	3.4	3.5	3.3	2.7	2.3	-110	-45
<b>PCR (Cal.)</b>	49.5	52.7	53.2	56.3	68.1	72.2	75.8	68.1	66.5	68.1	72.2	74.9	678	266
<b>PCR (Inc. TWO)</b>	66.3	68.1	70.8	73.1	80.5	84.4	86.5	82.1	82.0	83.3	85.5	87.4	526	189
<b>Credit Cost</b>	1.1	1.6	3.8	3.0	2.8	2.9	1.1	4.1	2.0	2.5	2.6	2.2	-192	-47
<b>Business Ratios</b>														
<b>Fees-to-Total Income</b>	19.8	18.8	26.7	23.0	13.4	17.2	18.1	26.2	21.7	26.0	22.0	25.5	-70	351
<b>Cost-to-Core Income</b>	48.5	46.7	39.0	43.0	53.6	53.9	49.2	54.7	45.6	49.1	46.7	53.8	-90	713
<b>Tax Rate</b>	36.9	39.5	36.5	-15.4	39.9	42.0	34.5	-114.7	-37.8	-49.5	13.2	-19.5	9,522	-3,272
<b>CASA</b>	34.2	34.7	34.5	35.4	41.5	41.9	40.9	42.3	40.9	40.9	41.7	41.8	-53	10
<b>Loan/Deposit</b>	73.5	73.8	71.9	76.0	69.4	67.7	69.6	67.4	67.5	65.4	66.4	65.6	-184	-88
<b>Profitability Ratios</b>														
<b>Yield on loans</b>	8.4	8.6	8.4	8.4	7.6	7.8	7.6	6.3	7.1	7.0	7.2	7.0	73	-19
<b>Yield on Investments</b>	8.3	8.2	8.1	7.6	6.7	6.6	6.5	6.4	6.2	6.1	6.2	6.4	2	24
<b>Cost of Deposits</b>	5.4	5.5	5.4	5.2	4.8	4.6	4.3	4.1	4.1	3.9	3.9	3.9	-17	3
<b>Margin</b>	2.9	2.9	2.9	3.0	2.8	3.1	3.1	2.3	2.9	2.9	3.0	2.9	53	-16
<b>RoA</b>	0.5	0.5	0.3	-0.3	0.3	0.3	0.4	1.1	0.8	0.7	0.4	0.6	-47	19

## Highlights from the management commentary

## P&amp;L and Balance Sheet related

- Credit growth is being driven by the RAM segment, which is likely to remain healthy going forward.
- Loan growth is expected to remain at 8-10% in FY23.
- About 44% of the loan book are linked to the repo rate.
- The bank has sanctioned Corporate loans worth ~INR260b in 4QFY22, of which it has disbursed ~INR80b.



- Margin was impacted due to interest reversals in 4Q and a lesser number of days in the quarter gone by v/s 3QFY22.
- Margin in FY23 is likely to remain similar to FY22 as a higher mix of floating rate loans and CASA mix will support margin in a rising interest rate scenario.
- Going forward, the cost of provisioning is expected to moderate.
- Treasury performance: The bank is protected till yields of 7.4%. It does not have any MTM provisions as of now.
- DTA stands ~INR34b. Thus, the tax expense is likely to remain lower for FY23 as well.
- The duration of the AFS portfolio has fallen to ~2.1% as of now from ~2.5 in Mar'22.

### Asset quality

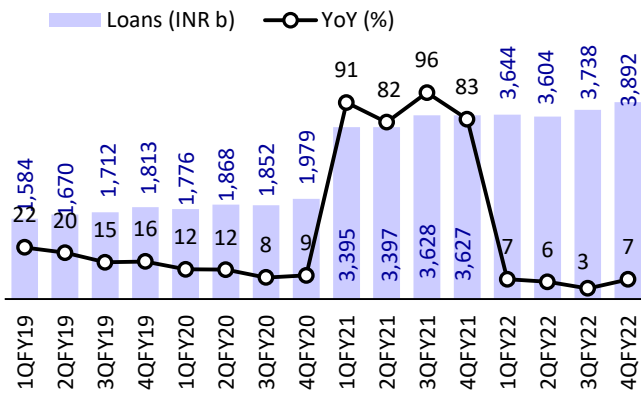
- Slippages were higher, driven by Corporate slippages of INR9.73b. It includes one big Retail exposure of INR8.51b (~90% PCR), which slipped in 4QFY22.
- Total COVID-related restructuring book stands at INR180b (4.43% of total loans).
- The bank expects a healthy chunk of MSME slippages to recover in subsequent quarters.
- Around two-to-three big accounts are expected to see a recovery in the subsequent quarters, which will keep the recovery momentum healthy.
- **Breakup in MSME slippages** stands at INR6b/INR8b in SME/MSME. Of the MSME slippages, ~INR3.64b were from the restructured book.
- Total ECLGS disbursements stand at INR105.96b, of which the current outstanding stands at INR89.83b.
- SR book stands at INR32.11b, which is 100% provided for.

### Exhibit 1: DuPont Analysis: Expect return ratios to remain modest

	FY18	FY19	FY20	FY21	FY22	FY23E	FY24E
Interest Income	7.27	7.20	7.26	8.36	5.99	6.52	6.71
Interest Expense	4.61	4.57	4.68	5.01	3.41	3.89	3.99
<b>Net Interest Income</b>	<b>2.66</b>	<b>2.63</b>	<b>2.58</b>	<b>3.35</b>	<b>2.58</b>	<b>2.64</b>	<b>2.73</b>
Fee income	0.74	0.64	0.83	0.85	0.86	0.82	0.87
Trading and others	0.28	0.07	0.30	0.45	0.20	0.21	0.21
<b>Other Income</b>	<b>1.02</b>	<b>0.71</b>	<b>1.12</b>	<b>1.30</b>	<b>1.07</b>	<b>1.03</b>	<b>1.08</b>
<b>Total Income</b>	<b>3.68</b>	<b>3.34</b>	<b>3.70</b>	<b>4.65</b>	<b>3.64</b>	<b>3.67</b>	<b>3.81</b>
<b>Operating Expenses</b>	<b>1.56</b>	<b>1.51</b>	<b>1.50</b>	<b>2.21</b>	<b>1.68</b>	<b>1.70</b>	<b>1.75</b>
Employees	0.89	0.83	0.84	1.36	1.03	1.03	1.05
Others	0.67	0.67	0.66	0.85	0.65	0.67	0.70
<b>Operating Profit</b>	<b>2.12</b>	<b>1.83</b>	<b>2.20</b>	<b>2.44</b>	<b>1.96</b>	<b>1.96</b>	<b>2.06</b>
<b>Provisions</b>	<b>1.67</b>	<b>1.73</b>	<b>1.74</b>	<b>1.82</b>	<b>1.47</b>	<b>1.18</b>	<b>1.01</b>
NPA	1.47	1.36	1.47	1.56	1.47	1.16	0.99
Others	0.19	0.37	0.27	0.25	0.00	0.02	0.02
<b>PBT</b>	<b>0.46</b>	<b>0.11</b>	<b>0.47</b>	<b>0.62</b>	<b>0.49</b>	<b>0.78</b>	<b>1.04</b>
Tax	-0.08	-0.01	0.21	-0.02	-0.11	0.08	0.25
<b>RoA</b>	<b>0.53</b>	<b>0.12</b>	<b>0.26</b>	<b>0.64</b>	<b>0.61</b>	<b>0.70</b>	<b>0.79</b>
Leverage (x)	15.5	16.6	16.7	18.1	18.4	17.5	17.1
<b>RoE</b>	<b>8.3</b>	<b>2.0</b>	<b>4.3</b>	<b>11.6</b>	<b>11.2</b>	<b>12.3</b>	<b>13.6</b>

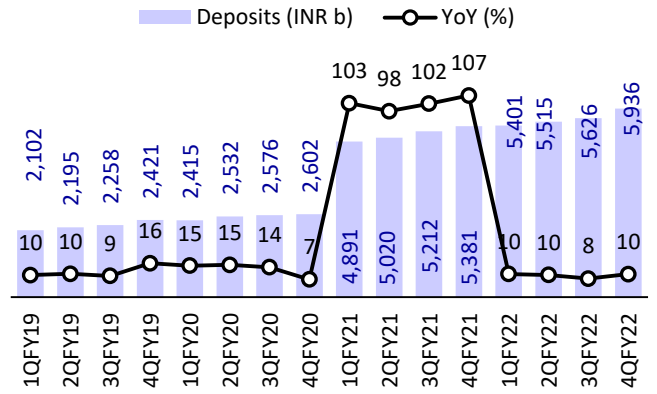
## Story in charts

**Exhibit 1: Loan book up ~7% YoY and 4% QoQ**



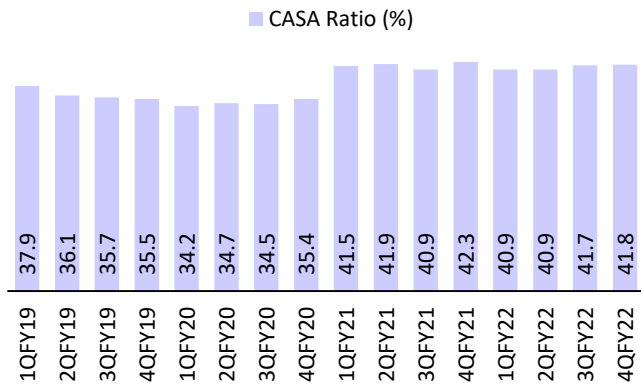
Merged numbers from 1QFY21 onwards. Also, growth trends over 1QFY21-4QFY21 not comparable Source: MOFSL, Company

**Exhibit 2: Deposit growth up 10% YoY and 6% QoQ**



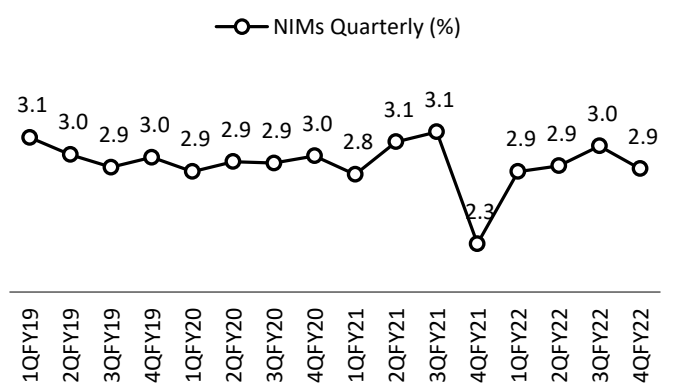
Merged numbers from 1QFY21 onwards. Also, growth trends over 1QFY21-4QFY21 not comparable Source: MOFSL, Company

**Exhibit 3: CASA ratio stands at 41.8%**



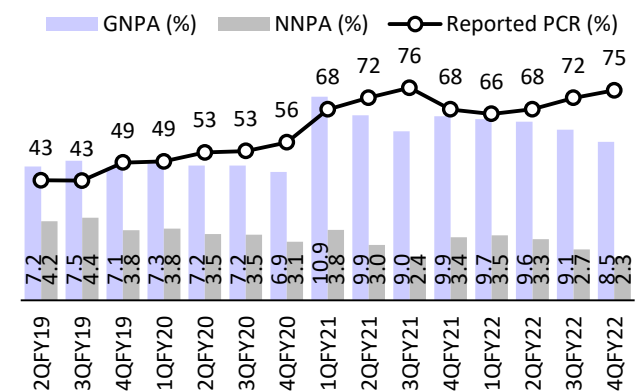
Source: MOFSL, Company

**Exhibit 4: NIM moderates by 16bp QoQ to 2.87%**



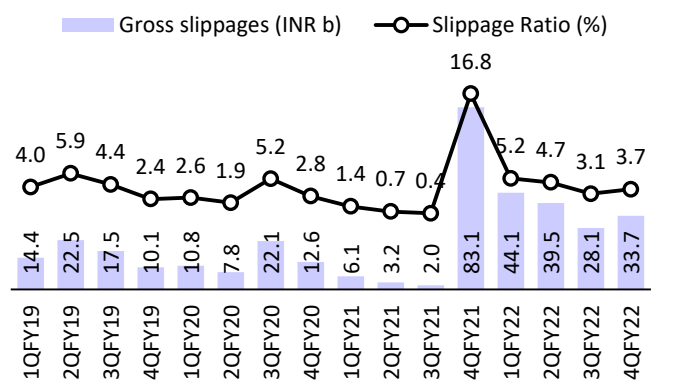
Source: MOFSL, Company

**Exhibit 5: GNPA/NNPA ratio improves by 66bp/45bp QoQ**



Source: MOFSL, Company

**Exhibit 6: Slippage trend over the quarters**



Source: MOFSL, Company

## Financials and valuations

Income Statement							(INR b)
Y/E March	FY18	FY19	FY20	FY21	FY22	FY23E	FY24E
Interest Income	171.1	191.8	214.0	391.1	388.6	455.8	510.3
Interest Expense	108.5	121.7	138.0	234.4	221.3	271.5	303.0
<b>Net Interest Income</b>	<b>62.6</b>	<b>70.2</b>	<b>76.1</b>	<b>156.7</b>	<b>167.3</b>	<b>184.2</b>	<b>207.3</b>
Growth (%)	21.7	12.0	8.4	106.0	6.8	10.1	12.5
Non-Interest Income	24.1	18.8	33.1	60.8	69.2	71.9	82.0
<b>Total Income</b>	<b>86.7</b>	<b>89.0</b>	<b>109.2</b>	<b>217.5</b>	<b>236.4</b>	<b>256.2</b>	<b>289.3</b>
Growth (%)	17.8	2.7	22.7	99.2	8.7	8.3	12.9
Operating Expenses	36.7	40.2	44.2	103.5	109.3	119.1	133.0
<b>Pre Provision Profit</b>	<b>50.0</b>	<b>48.8</b>	<b>65.0</b>	<b>114.0</b>	<b>127.2</b>	<b>137.1</b>	<b>156.3</b>
Growth (%)	25.0	-2.4	33.1	75.4	11.6	7.8	14.1
<b>Core PPOP</b>	<b>43.4</b>	<b>47.1</b>	<b>56.2</b>	<b>92.7</b>	<b>114.0</b>	<b>122.6</b>	<b>140.4</b>
Growth (%)	38.7	8.4	19.4	65.0	23.0	7.5	14.5
Provisions (excl. tax)	39.2	46.0	51.3	84.9	95.1	82.5	77.1
<b>PBT</b>	<b>10.8</b>	<b>2.8</b>	<b>13.7</b>	<b>29.1</b>	<b>32.0</b>	<b>54.6</b>	<b>79.3</b>
Tax	-1.8	-0.4	6.2	-1.0	-7.4	5.5	19.0
Tax Rate (%)	-17.0	-13.3	45.1	-3.4	-23.1	10.0	24.0
<b>PAT</b>	<b>12.6</b>	<b>3.2</b>	<b>7.5</b>	<b>30.0</b>	<b>39.4</b>	<b>49.1</b>	<b>60.2</b>
Growth (%)	-10.4	-74.4	134.0	298.8	31.3	24.5	22.6
Balance Sheet							
Y/E March	FY18	FY19	FY20	FY21	FY22	FY23E	FY24E
Equity Share Capital	4.8	4.8	6.1	11.3	12.5	12.5	12.5
Reserves and Surplus	179.7	189.1	214.8	372.8	424.6	465.1	513.7
<b>Net Worth</b>	<b>184.5</b>	<b>193.9</b>	<b>220.9</b>	<b>384.1</b>	<b>437.1</b>	<b>477.5</b>	<b>526.1</b>
<b>Deposits</b>	<b>2,082.9</b>	<b>2,420.8</b>	<b>2,602.3</b>	<b>5,380.7</b>	<b>5,936.2</b>	<b>6,411.1</b>	<b>7,052.2</b>
Growth (%)	14.1	16.2	7.5	106.8	10.3	8.0	10.0
<b>of which CASA Deposits</b>	<b>769.7</b>	<b>840.2</b>	<b>901.6</b>	<b>2,275.9</b>	<b>2,479.3</b>	<b>2,705.5</b>	<b>2,997.2</b>
Growth (%)	13.7	9.2	7.3	152.4	8.9	9.1	10.8
Borrowings	197.6	121.4	208.3	261.7	171.4	188.9	173.7
Other Liabilities and Prov.	62.1	64.6	63.2	233.5	172.0	180.6	189.6
<b>Total Liabilities</b>	<b>2,527.2</b>	<b>2,800.7</b>	<b>3,094.7</b>	<b>6,260.1</b>	<b>6,716.7</b>	<b>7,258.1</b>	<b>7,941.6</b>
Current Assets	129.3	200.2	139.2	540.6	799.2	726.0	708.1
<b>Investments</b>	<b>714.0</b>	<b>649.9</b>	<b>812.4</b>	<b>1,765.4</b>	<b>1,745.6</b>	<b>1,920.1</b>	<b>2,131.4</b>
Growth (%)	5.7	-9.0	25.0	117.3	-1.1	10.0	11.0
<b>Loans</b>	<b>1,565.7</b>	<b>1,812.6</b>	<b>1,978.9</b>	<b>3,640.1</b>	<b>3,891.9</b>	<b>4,222.7</b>	<b>4,644.9</b>
Growth (%)	22.6	15.8	9.2	83.9	6.9	8.5	10.0
Fixed Assets	34.2	39.6	39.0	73.8	76.8	84.5	93.0
Other Assets	84.0	98.3	125.2	240.2	203.2	304.7	364.2
<b>Total Assets</b>	<b>2,527.2</b>	<b>2,800.7</b>	<b>3,094.7</b>	<b>6,260.1</b>	<b>6,716.7</b>	<b>7,258.1</b>	<b>7,941.6</b>
Asset Quality							
Y/E March	FY18	FY19	FY20	FY21	FY22	FY23E	FY24E
GNPA (INR m)	119.9	133.5	141.5	384.6	352.1	327.3	307.2
NNPA (INR m)	59.6	67.9	61.8	122.7	88.5	72.2	66.0
GNPA Ratio	7.4	7.1	6.9	9.9	8.5	7.3	6.3
NNPA Ratio	3.8	3.7	3.1	3.4	2.3	1.7	1.4
Slippage Ratio	3.5	3.8	2.8	2.7	2.7	2.6	2.5
Credit Cost	2.4	2.1	2.3	2.1	2.5	2.0	1.7
PCR (Excl. Tech. write off)	50.3	49.1	56.3	68.1	74.9	77.9	78.5

## Financials and valuations

### Ratios

Y/E March	FY18	FY19	FY20	FY21	FY22	FY23E	FY24E
<b>Yield and Cost Ratios (%)</b>							
<b>Avg. Yield on Earning Assets</b>	<b>7.7</b>	<b>7.6</b>	<b>7.7</b>	<b>6.9</b>	<b>6.3</b>	<b>6.9</b>	<b>7.1</b>
Avg. Yield on loans	8.3	8.3	8.4	7.8	7.2	8.2	8.3
Avg. Yield on Investments	7.4	7.5	7.3	6.6	6.3	6.5	6.7
<b>Avg. Cost of Int. Bear. Liab.</b>	<b>5.1</b>	<b>5.0</b>	<b>5.2</b>	<b>4.3</b>	<b>3.8</b>	<b>4.3</b>	<b>4.4</b>
Avg. Cost of Deposits	5.2	5.0	5.2	4.3	4.2	4.3	4.4
<b>Interest Spread</b>	<b>2.5</b>	<b>2.5</b>	<b>2.5</b>	<b>2.6</b>	<b>2.5</b>	<b>2.6</b>	<b>2.7</b>
<b>Net Interest Margin</b>	<b>2.8</b>	<b>2.8</b>	<b>2.7</b>	<b>2.8</b>	<b>2.7</b>	<b>2.8</b>	<b>2.9</b>

### Capitalisation Ratios (%)

CAR	12.8	13.5	14.6	16.0	16.5	16.1	15.7
Tier I	11.5	11.5	12.5	12.3	13.2	13.1	12.9
Tier II	1.2	1.9	2.0	3.8	3.4	3.0	2.7

### Business and Efficiency Ratios (%)

Loans/Deposit Ratio	75.2	74.9	76.0	67.7	65.6	65.9	65.9
CASA Ratio	37.0	34.7	34.6	42.3	41.8	42.2	42.5
Cost/Assets	1.5	1.4	1.4	1.7	1.6	1.6	1.7
Cost/Total Income	42.3	45.2	40.5	47.6	46.2	46.5	46.0
Cost/Core income	45.8	46.1	44.0	52.7	48.9	49.3	48.6
Int. Expense/Int. Income	63.4	63.4	64.5	59.9	56.9	59.6	59.4
Fee Income/Total Income	20.1	19.2	22.3	18.2	23.7	22.4	22.8
Non-Int. Inc./Total Income	27.8	21.2	30.3	28.0	29.2	28.1	28.3
Emp. Cost/Total Expense	57.3	55.3	55.9	61.6	61.3	60.7	59.8
Investment/Deposit Ratio	34.3	26.8	31.2	32.8	29.4	30.0	30.2

RoE	8.3	2.0	4.3	9.8	11.2	12.3	13.6
RoA	0.5	0.1	0.3	0.5	0.6	0.7	0.8
RoRWA	0.8	0.2	0.5	1.0	1.3	1.4	1.6
Book Value (INR)	354.1	368.2	335.8	312.1	325.5	358.0	397.0
Growth (%)	8.5	4.0	-8.8	-7.1	4.3	10.0	10.9
<b>Price-to-BV (x)</b>	<b>0.4</b>	<b>0.4</b>	<b>0.4</b>	<b>0.4</b>	<b>0.4</b>	<b>0.4</b>	<b>0.3</b>
Adjusted BV (INR)	265.4	267.4	263.1	234.1	274.1	315.5	357.8
<b>Price-to-ABV (x)</b>	<b>0.5</b>	<b>0.5</b>	<b>0.5</b>	<b>0.6</b>	<b>0.5</b>	<b>0.4</b>	<b>0.4</b>
EPS (INR)	26.2	6.7	13.8	26.6	33.2	39.4	48.4
Growth (%)	-10.4	-74.4	106.4	92.3	24.9	18.7	22.6
<b>Price-to-Earnings (x)</b>	<b>5.3</b>	<b>20.6</b>	<b>10.0</b>	<b>5.2</b>	<b>4.2</b>	<b>3.5</b>	<b>2.9</b>

NOTES



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SELL	< - 10%
NEUTRAL	< - 10 % to 15%
UNDER REVIEW	Rating may undergo a change
NOT RATED	We have forward looking estimates for the stock but we refrain from assigning recommendation

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