

Indian Bank

Estimate change	↔
TP change	↔
Rating change	↔

Bloomberg	INBK IN
Equity Shares (m)	1347
M.Cap.(INRb)/(USD\$)	751.7 / 8.9
52-Week Range (INR)	633 / 474
1, 6, 12 Rel. Per (%)	1/-5/-6
12M Avg Val (INR M)	1017

Financials & Valuations (INR b)

Y/E March	FY25	FY26E	FY27E
NII	251.8	263.8	293.6
OP	190.0	200.3	225.3
NP	109.2	113.7	127.0
NIM (%)	3.1	3.0	3.0
EPS (INR)	81.1	84.4	94.3
EPS Gr. (%)	30.3	4.1	11.7
BV/Sh. (INR)	490	541	614
ABV/Sh. (INR)	482	533	605

Ratios

RoA (%)	1.3	1.2	1.3
RoE (%)	18.9	17.0	16.9

Valuations

P/E(X)	6.9	6.6	5.9
P/BV (X)	1.1	1.0	0.9
P/ABV (X)	1.2	1.0	0.9

Shareholding pattern (%)

As On	Mar-25	Dec-24	Mar-24
Promoter	73.8	73.8	73.8
DII	17.8	17.6	17.0
FII	4.7	4.8	5.3
Others	3.7	3.7	3.9

CMP: INR558 TP: INR670 (+20%) Buy

A mixed quarter; slight earnings beat amid NIM pressure

Asset quality ratios improve, while slippages mount sequentially

- Indian Bank (INBK) reported a 4QFY25 PAT of INR29.6b (up 31.6% YoY/ 3.6% QoQ; 4% beat), driven by lower provisions and higher other income.
- NII grew 6.2% YoY/flat QoQ (in line) at INR63.9b. NIM dipped 8bp QoQ to 3.37% during the quarter.
- Net advances grew 10.9% YoY/5.3% QoQ, while deposits grew 7.1% YoY/5.0% QoQ. Consequently, the C/D ratio increased 28bp QoQ to 77.5%. CASA ratio stood flat at 38.4%.
- Fresh slippages increased to INR14.3b vs. INR10.2b in 3QFY25, amid higher Agri and MSME slippages. GNPA/NNPA ratios, though, continued to improve by 17bp/2bp QoQ to 3.09%/0.19%. PCR stood flat at 93.9%.
- We tweak our earnings estimates and anticipate the bank to deliver an FY27E RoA/RoE of 1.3%/16.9%. **Reiterate BUY with a TP of INR670 (premised on 1.1x FY27E ABV).**

Business growth healthy; NIM outlook revised downwards

- INBK's PAT growth was healthy at 32% YoY/3.6% QoQ to INR29.6b, led by lower provisions and higher other income. FY25 PAT stood at INR109b (up 35% YoY); the bank expects FY26E growth to be 4% YoY at INR113.7b.
- NII grew 6.2% YoY/ flat QoQ (in line) to INR63.9b. NIM dipped 8bp QoQ to 3.37%. The bank expects NIM to be in the range of 3.15-3.30% in FY26.
- Other income grew 21.1% YoY/27.4% QoQ to INR27.4b amid higher recovery from bad debt and healthy fee income. Treasury income stood at INR1.9b vs INR2.6b in 3QFY25.
- Opex grew 3.5% YoY (up 7.8% QoQ, inline). As a result, the C/I ratio increased 48bp QoQ to 45%. PPop grew 16.6% YoY/ 5.7% QoQ (4% beat) to INR50.2b in 4QFY25.
- Advances growth was healthy at 10.9% YoY/ 5.3% QoQ to ~INR5.7t, led by broad-based growth across segments. Retail loans grew 13.7% YoY/3.7% QoQ. Within Retail, housing grew 3.3% QoQ, and VF rose 7.2% QoQ. The Corporate segment grew 5.3% QoQ, while MSME increased 4.6% QoQ.
- Deposits growth stood healthy at 5.0% QoQ (up 7.1% YoY), led by CASA deposits (up 5.1% QoQ). CASA ratio (domestic) improved by 16bp QoQ to 40.2%. C/D ratio increased by 28bp QoQ to 77.5%.
- Fresh slippages increased to INR14.3b vs INR10.2b in 3QFY25. However, better recovery, write-offs, and healthy loan growth led to a 17bp/2bp QoQ reduction in GNPA/NNPA ratios to 3.09%/0.19%. PCR stood flat at 93.9%.
- SMA-1 book rose 59.4% QoQ, as two large accounts entered into SMA-1, but management does not expect these accounts to slip into NPA. The overall SMA pool was down 35.5% QoQ. The restructured portfolio dipped to INR48.8b/0.85% of loans (vs. 1.23% in 3QFY25 and 1.34% in 2QFY25).

Nitin Aggarwal - Research Analyst (Nitin.Aggarwal@MotilalOswal.com)

Research Analyst: Dixit Sankharva (Dixit.sankharva@motilaloswal.com) | **Disha Singhal** (Disha.Singhal@MotilalOswal.com)

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

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

Highlights from the management commentary

- **Guidance for FY26:** Deposit growth: 8-10%; CASA ratio: 40%; Credit growth: 10-12%; NIM: 3.15-3.30%; and ROA: 1.20%.
- Two large accounts entered SMA-1, but management does not expect these accounts to slip into NPA.
- Recovery from Bhushan Power (outstanding exposure of INR26b with recovery of INR12.5b as per the resolution plan). Management believes that scrapping the IRP plan should be a net positive, as the enterprise value of the company is likely to have improved—compared to the earlier 60% haircut the banks were facing. The asset is operational, and significant capacity has been added over the past 3–4 years; hence, it shall be positive for the bank.

Valuation and view

INBK reported healthy earnings in 4QFY25, fueled by other income, controlled provisions, and opex. Business growth rebounded after the sluggish growth in 3Q, while the CD ratio inched up. NIM contracted 8bp, while the outlook for NIM has been revised slightly downwards. Management expects margins to be in the range of 3.15-3.3%, while the growth outlook continues to remain healthy. The bank has a focus on profitable growth and guides for a healthy asset quality outlook. The asset quality ratio improved with INBK maintaining the best-in-class coverage ratio and lower slippages, which provides comfort on incremental credit costs. SMA-1 has seen an increase; however, the bank does not anticipate any slippages from these accounts. We tweak our estimates and expect the bank to deliver an F27E RoA/RoE of 1.3%/16.9%. **Reiterate BUY with a TP of INR670 (based on 1.1x FY'27E ABV).**

Quarterly performance

(INR b)											
Y/E March	FY24				FY25				FY25	FY26E	FY25E v/s our
	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4Q			4QE Est
Net Interest Income	57.0	57.4	58.1	60.2	61.8	61.9	64.1	63.9	251.8	263.8	65.4 -2%
% Change (YoY)	25.8	22.5	5.7	9.2	8.3	7.9	10.3	6.2	8.2	4.8	8.8
Other Income	17.1	19.9	19.0	22.6	19.1	24.2	21.5	27.4	92.2	104.2	24.1 14%
Total Income	74.1	77.3	77.2	82.8	80.8	86.2	85.7	91.3	344.0	368.0	89.5 2%
Operating Expenses	32.8	34.3	36.2	39.7	35.8	38.9	38.2	41.1	154.0	167.7	41.5 -1%
Operating Profit	41.3	43.0	41.0	43.0	45.0	47.3	47.5	50.2	190.0	200.3	48.0 4%
% Change (YoY)	16.0	18.6	0.9	7.2	8.9	9.9	15.9	16.6	12.8	5.4	11.6
Provisions	17.4	15.5	13.5	12.5	12.6	11.0	10.6	7.9	42.1	48.4	9.1 -12%
Profit before Tax	23.9	27.5	27.5	30.6	32.4	36.3	36.9	42.2	147.9	151.9	39.0 8%
Tax	6.9	7.6	6.3	8.1	8.4	9.2	8.4	12.7	38.7	38.3	10.4
Net Profit	17.1	19.9	21.2	22.5	24.0	27.1	28.5	29.6	109.2	113.7	28.5 4%
% Change (YoY)	40.8	62.2	51.8	55.3	40.6	36.2	34.6	31.6	35.4	4.1	27.1
Operating Parameters											
Deposits (INR b)	6,215	6,408	6,542	6,880	6,812	6,931	7,023	7,372	7,372	7,998	7,370 0%
Loans (INR b)	4,564	4,706	4,896	5,149	5,208	5,329	5,421	5,711	5,711	6,310	5,711 0%
Deposit Growth (%)	6.4	8.8	9.6	10.8	9.6	8.2	7.4	7.1	7.1	8.5	7.1
Loan Growth (%)	13.6	14.2	12.3	14.6	14.1	13.2	10.7	10.9	10.9	10.5	10.9
Asset Quality											
Gross NPA (%)	5.5	5.0	4.5	4.0	3.8	3.5	3.3	3.1	3.1	2.8	3.1
Net NPA (%)	0.7	0.6	0.5	0.4	0.4	0.3	0.2	0.2	0.2	0.2	0.2
PCR (%)	87.8	88.5	88.7	89.5	90.0	92.5	93.8	93.9	93.7	93.2	93.8

Quarterly snapshot

	FY24				FY25				Change (%)	
	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4Q	YoY	QoQ
Profit and Loss (INRm)										
Net Interest Income	57.0	57.4	58.1	60.2	61.8	61.9	64.1	63.9	6	0
Other Income	17.1	19.9	19.0	22.6	19.1	24.2	21.5	27.4	21	27
Core Fees	6.7	8.1	8.5	9.7	7.9	8.9	9.3	9.2	-5	-1
Trading profits	4.6	3.2	3.3	1.9	2.6	3.3	2.6	1.9	-1	-26
Total Income	74.1	77.3	77.2	82.8	80.8	86.2	85.7	91.3	10	7
Operating Expenses	32.8	34.3	36.2	39.7	35.8	38.9	38.2	41.1	4	8
Employee	21.2	21.8	23.4	26.3	23.0	24.6	24.2	27.0	3	12
Others	11.6	12.5	12.8	13.4	12.8	14.2	14.0	14.1	5	1
Operating Profits	41.3	43.0	41.0	43.0	45.0	47.3	47.5	50.2	17	6
Core Operating Profits	36.7	39.8	37.7	41.1	42.4	44.0	44.9	48.3	17	7
Provisions	17.4	15.5	13.5	12.5	12.6	11.0	10.6	7.9	-36	-25
PBT	23.9	27.5	27.5	30.6	32.4	36.3	36.9	42.2	38	14
Taxes	6.9	7.6	6.3	8.1	8.4	9.2	8.4	12.7	56	51
PAT	17.1	19.9	21.2	22.5	24.0	27.1	28.5	29.6	32	4
Balance Sheet (INRb)										
Loans	4,564	4,706	4,896	5,149	5,208	5,329	5,421	5,711	11	5
Deposits	6,215	6,408	6,542	6,880	6,812	6,931	7,023	7,372	7	5
CASA Deposits	2,502	2,570	2,595	2,805	2,659	2,694	2,691	2,829	1	5
-Savings	2,174	2,236	2,257	2,415	2,314	2,332	2,335	2,432	1	4
-Current	329	334	338	390	345	362	356	396	2	11
Loan mix (%)										
Agri Advances	23.2	24.1	24.1	24.3	24.6	25.0	25.0	25.2	89	23
MSME Advances	17.4	17.5	17.5	16.9	16.6	16.9	17.3	17.2	35	-7
Large Industry	38.7	37.7	37.4	37.8	37.7	36.7	35.7	35.8	-202	12
Retail Loans	20.7	20.8	20.9	21.0	21.1	21.4	22.1	21.8	78	-28
Asset Quality (INRb)										
GNPA	262.3	244.9	227.9	211.1	203.0	191.5	182.1	181.8	-14	0
NNPA	32.0	28.3	25.8	22.2	20.3	14.5	11.3	11.1	-50	-2
Slippages	18.5	19.8	16.7	12.7	19.6	13.8	10.2	14.3	13	41
Asset Quality Ratios (%)										
GNPA	5.5	5.0	4.5	4.0	3.8	3.5	3.3	3.1	-86	-17
NNPA	0.7	0.6	0.5	0.4	0.4	0.3	0.2	0.2	-24	-2
PCR (Cal.)	87.8	88.5	88.7	89.5	90.0	92.5	93.8	93.9	443	9
PCR (Inc. TWO)	95.1	95.6	95.9	96.3	96.7	97.6	98.1	98.1	176	1
Credit Cost	0.9	0.8	0.8	0.7	0.7	0.7	0.5	0.8	6	34
Business Ratios (%)										
CASA	40.3	40.1	39.7	40.8	39.0	38.9	38.3	38.4	-240	5
Loan/Deposit	73.4	73.4	74.8	74.8	76.5	76.9	77.2	77.5	263	28
Other income/Total Income	23.1	25.8	24.6	27.3	23.6	28.1	25.1	30.0	271	491
Cost to Income	44.2	44.4	46.9	48.0	44.3	45.1	44.6	45.0	-295	48
Cost to Assets	2.0	1.9	2.3	2.1	1.9	2.0	2.1	2.0	-14	-9
Tax Rate	28.6	27.8	22.9	26.5	25.9	25.4	22.7	30.0	352	731
Capitalisation Ratios (%)										
CAR	15.8	15.5	15.6	16.4	16.5	16.6	15.9	17.9	150	202
Tier-1	12.9	12.6	12.9	14.0	13.9	14.0	13.8	15.9	182	208
- CET 1	12.3	12.1	12.4	13.5	13.4	13.5	13.3	15.4	184	209
Tier-2	2.9	2.9	2.7	2.4	2.5	2.5	2.2	2.1	-32	-6
LCR	136.3	129.1	132.9	135.0	121.6	120.5	123.1	17.9	-11,707	-10,515
Profitability Ratios (%)										
Yield on loans	8.5	8.8	8.8	8.8	8.7	8.8	8.9	8.6	-17	-28
Yield On Investments	6.7	6.8	6.8	6.9	7.2	7.2	7.1	7.2	35	11
Cost of Funds	4.8	5.0	5.1	5.1	5.1	5.2	5.3	5.2	8	-6
Margins	3.6	3.5	3.5	3.5	3.5	3.5	3.6	3.5	-4	-9
ROA	1.0	1.1	1.1	1.2	1.2	1.3	1.4	1.4	22	-2
ROE	17.9	19.9	19.9	19.1	19.8	21.0	21.0	21.0	-806	-843
Other Details										
Branches	5,798	5,823	5,835	5,847	5,846	5,856	5,877	5,901	54	24
ATM	4,804	4,866	4,899	4,937	5,093	5,217	5,224	5,268	331	44



Highlights from the management commentary

Opening remarks

- The bank delivered a strong performance both quarterly and annually.
- Crossed INR 13t in total business and INR 100b in PAT for FY25 for the first time.
- ROE remained flat at 21.01% for 4QFY25 and 20.76% for the full year of FY25.
- The C/I ratio stood at 45% for 4QFY25.
- Digital adoption has been a key area of focus, with significant investments made in the past 2–3 years.
- The bank has increased capacity-building efforts for leadership and middle management, particularly in credit and forex.
- Customer service improvement is a priority, with a new next-gen call center and onboarding of new CRM vendors.
- Plans are underway to launch the bank's own UPI app.
- Management is confident of achieving FY26 guidance.
- The recovery strategy relies on small borrowers, which delivered the highest recovery in FY25.
- The bank anticipates further rate cuts, given inflation remains under control.
- Recovery is more than slippages since FY22.

Advances & deposits

- Deposits stood at INR 7.4t with 7.1%YoY and QoQ 5.0% growth.
- CASA ratio maintained at a strong 40.2%, though management acknowledged that maintaining >40% is challenging in a competitive market.
- Advance growth fell short of FY25 guidance due to competitive pricing; growth in FY26 was targeted at 10–12%, with 9% growth in corporate advances.
- The MSME segment grew by 12% YoY, a significant increase from its usual 5–6% growth.
- Opened 55 lakh new savings accounts during FY25.
- The average balance in new accounts increased to INR 30,000.
- Planning branch expansion in western India due to strong response from recent openings.
- The bank is enhancing cross-sell capabilities via resource acquisition centers.
- CASA ratio above 40% remains challenging amid high competition.
- Lending to NBFCs will continue but selectively, only to entities with good track records.
- Advance growth target for FY25 was missed due to pricing competition.

P&L related

- Other income showed strong sequential growth of 27.4% and YoY growth of 21.2%; treasury profits will be booked as required, with expectations of further gains from forex trading.
- ROA moderation is because of increasing assets and can be seen to 1.20% in FY26.

Yield, Cost & Margin

- Net Interest Income saw a marginal sequential decline, attributed to two repo rate cuts.

- The yield on advances declined 28bp, with an impact from EBLR pass-through (40% of the book is EBLR-linked). About 50bp has already been passed on.
- Immediate rate cut pass-through to the loan book is being executed.
- NIM is expected to moderate to 3.15%–3.30% in FY26.

Asset quality

- SMA book declined significantly from INR 76.8b to INR 49.5b; total SMA book at INR 459.2b (6% of loans) as of Mar 2025. The SMA ratio fell to 0.86%.
- Two large accounts entered SMA-1, but the bank does not expect them to slip into NPA.
- Credit cost rose to 0.815% from 0.47% in Q3FY25, due to one major slippage in the non-fund-based book.
- The slippage ratio increased in 4Q due to higher Agri as well as MSME slippages.
- PCR improved by 1bp QoQ to 98.10%.
- Gross NPA guidance remains <3%; Net NPA will be maintained at current levels.
- Recoveries in FY25 stood maximum portion from small borrower accounts.
- Recovery from Bhushan Power of INR 26b outstanding; only 40% (INR 12.5b) recovery expected under IRP earlier. However, management believes that scrapping the IRP plan should be a net positive, as the enterprise value of the company is likely to have improved—compared to the earlier 60% haircut the bank was facing. The asset is operational, and significant capacity has been added over the past 3–4 years; hence, it shall be positive for the bank.

Others

- CAR remains strong at >17%; management believes current capital is more than adequate but retained for potential opportunities.
- If the draft gold loan guidelines are implemented “as-is”, the bank expects an adverse impact on gold loan growth and margins.

Guidance for FY26

- Deposit Growth: 8–10%
- Credit Growth: 10–12% overall; 9% in corporate
- CASA Ratio: 40%
- LDR: 80%
- NIM: 3.15–3.30%
- GNPA: <3% & NNPA: Maintain at current levels
- Credit Cost: <1%
- Slippage Ratio: <1%
- Recovery Target: INR 55b–65b
- Assets Under Collection book: INR 20b
- ROA: 1.20%
- Cost-to-Income Ratio: Maintain at 45%
- Technology Spend: INR 13b–14b annually (over the next few years)

Story in charts

Exhibit 1: Loan book up ~10.9% YoY (up 5.3% QoQ)

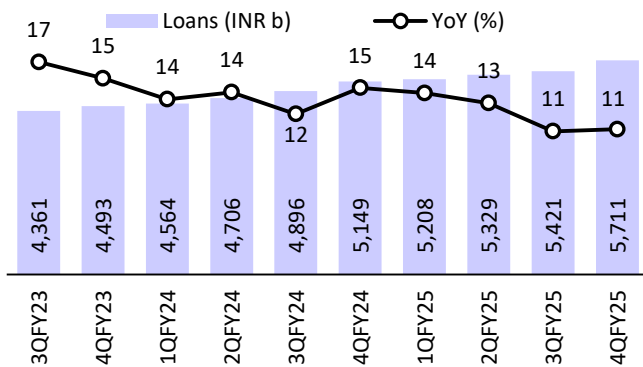


Exhibit 2: Deposits grew ~7.1% YoY (up 5.0% QoQ)

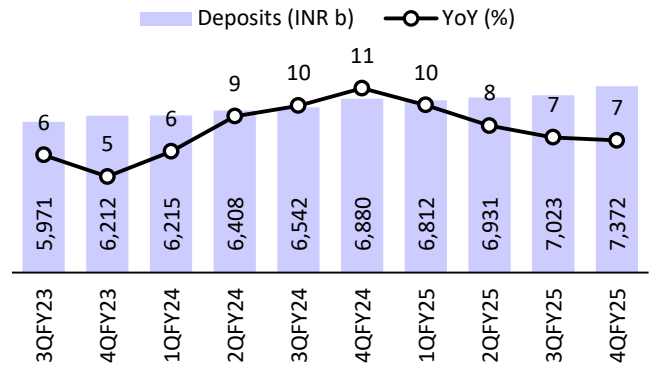


Exhibit 3: Domestic NIM dipped 9bp QoQ to 3.48%

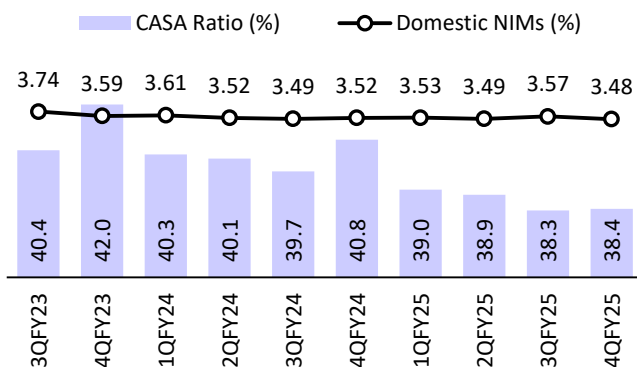


Exhibit 4: Yields declined to 8.6%/CoD at 5.1%

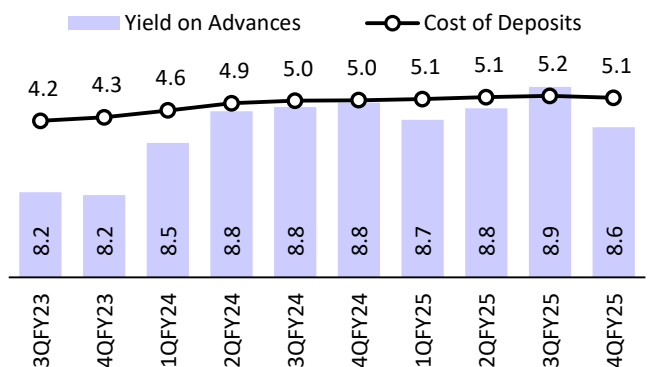


Exhibit 5: C/I ratio increased 48bp QoQ to 45%

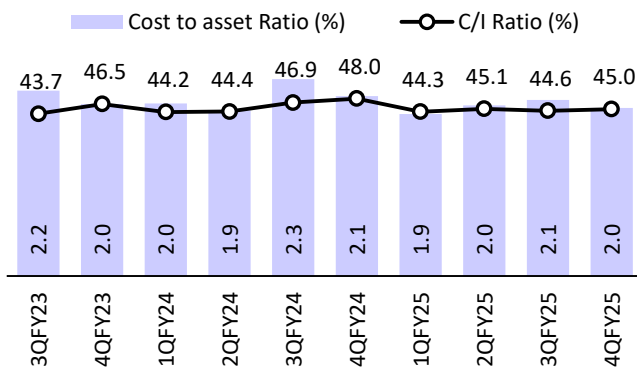


Exhibit 6: CD ratio increased to 77.5%

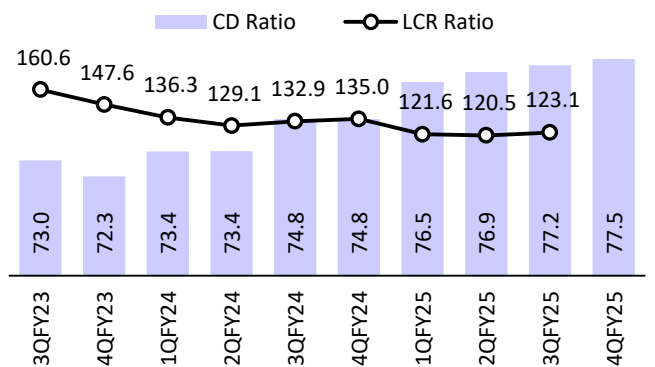


Exhibit 7: Slippages increased to INR14.3b in 4QFY25

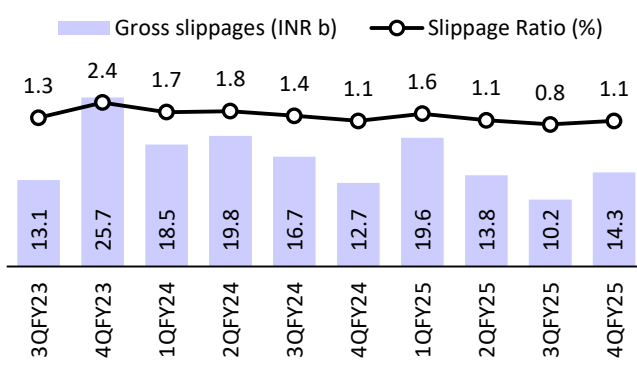
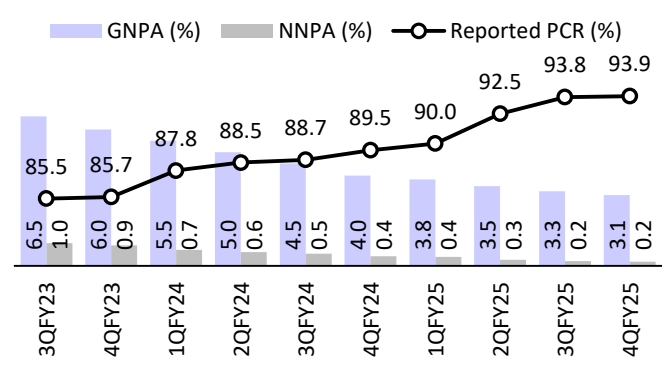


Exhibit 8: GNPA/NNPA ratios improved 17bp/2bp QoQ



Source: MOFSL, Company

Source: MOFSL, Company

Valuation and view: Reiterate BUY with a TP of INR670

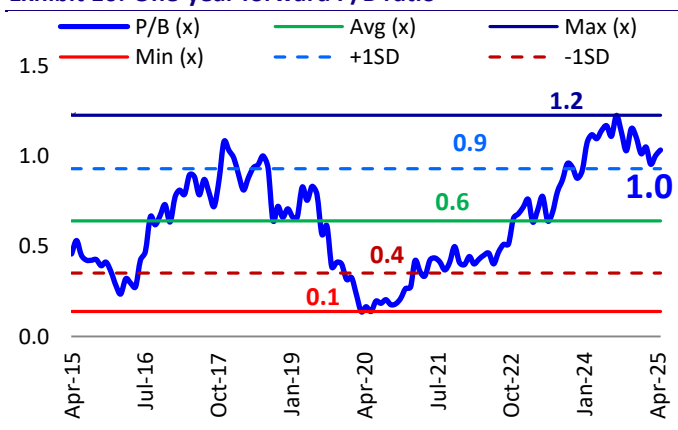
- INBK reported healthy earnings in 4QFY25, fueled by other income, controlled provisions, and opex. Business growth rebounded after the sluggish growth in 3Q, while the CD ratio inched up.
- NIM contracted 8bp, while the outlook for NIM has been revised slightly downwards. Management expects margins to be in the range of 3.15-3.3%, while the growth outlook continues to remain healthy. The bank has a focus on profitable growth and guides for a healthy asset quality outlook.
- The asset quality ratio improved with INBK maintaining the best-in-class coverage ratio and lower slippages, which provides comfort on incremental credit costs. SMA-1 has seen an increase; however, the bank does not anticipate any slippages from these accounts.
- We tweak our estimates and expect the bank to deliver an F27E RoA/RoE of 1.3%/16.9%. **Reiterate BUY with a TP of INR670 (based on 1.1x FY'27E ABV).**

Exhibit 9: Changes to our earnings estimates

INR b	Old est.			Rev est			Change(%/bps)		
	FY25	FY26	FY27	FY25	FY26	FY27	FY25	FY26	FY27
Net Interest Income	253.3	265.5	293.1	251.8	263.8	293.6	-0.6	-0.6	0.2
Other Income	88.9	100.5	111.5	92.2	104.2	114.6	3.8	3.8	2.8
Total Income	342.2	365.9	404.6	344.0	368.0	408.3	0.5	0.6	0.9
Operating Expenses	154.3	168.0	183.3	154.0	167.7	182.9	-0.2	-0.2	-0.2
Operating Profit	187.8	197.9	221.4	190.0	200.3	225.3	1.1	1.2	1.8
Provisions	43.2	47.4	54.8	42.1	48.4	55.6	-2.6	2.1	1.4
PBT	144.6	150.5	166.6	147.9	151.9	169.7	2.3	1.0	1.9
Tax	36.4	37.9	42.0	38.7	38.3	42.8	6.2	1.0	1.9
PAT	108.2	112.6	124.6	109.2	113.7	127.0	0.9	1.0	1.9
Loans	5,674	6,259	6,891	5,711	6,310	6,992	0.6	0.8	1.5
Deposits	7,368	8,017	8,770	7,372	7,998	8,718	0.0	-0.2	-0.6
Margins (%)	3.2	3.0	3.0	3.1	3.0	3.0	0.0	-0.1	0.0
Credit Cost (%)	0.8	0.8	0.8	0.8	0.8	0.8	1.6	1.0	0.0
RoA (%)	1.3	1.2	1.3	1.31	1.25	1.28	0.0	0.0	0.0
RoE (%)	19.0	17.2	16.7	18.9	17.0	16.9	-0.2	-0.1	0.2
EPS	80.3	83.6	92.5	81.1	84.4	94.3	0.9	1.0	1.9
BV	474.1	539.7	611.0	490.2	541.3	614.3	3.4	0.3	0.5
ABV	466.3	530.0	599.8	482.2	532.6	604.8	3.4	0.5	0.8

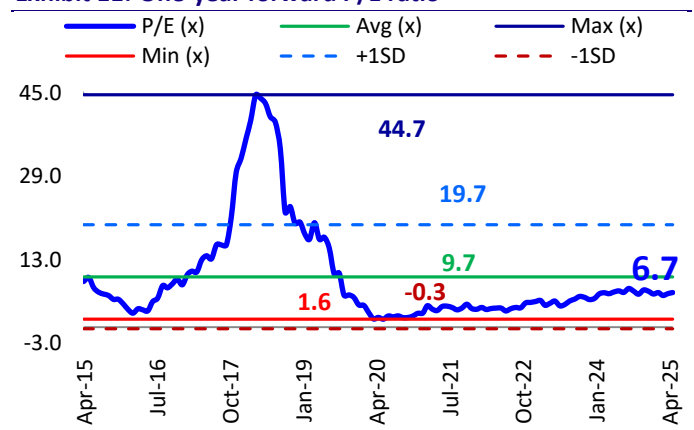
Source: MOFSL, Company

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 RoA to sustain at 1.3% over FY27E

Y/E March (%)	FY22	FY23	FY24	FY25	FY26E	FY27E
Interest Income	6.00	6.50	7.40	7.44	7.46	7.41
Interest Expense	3.42	3.58	4.30	4.42	4.56	4.45
Net Interest Income	2.58	2.93	3.10	3.02	2.90	2.96
Fee income	0.87	0.99	0.87	0.92	0.94	0.93
Trading and others	0.20	0.04	0.17	0.19	0.21	0.23
Other Income	1.07	1.03	1.05	1.11	1.15	1.16
Total Income	3.65	3.96	4.14	4.13	4.05	4.12
Operating Expenses	1.69	1.75	1.90	1.85	1.84	1.85
Employees	1.03	1.09	1.23	1.19	1.18	1.19
Others	0.65	0.66	0.67	0.66	0.66	0.66
Operating Profits	1.96	2.21	2.24	2.28	2.20	2.27
Core operating Profits	1.77	2.17	2.07	2.09	2.00	2.05
Provisions	1.47	1.35	0.78	0.51	0.53	0.56
PBT	0.49	0.86	1.46	1.78	1.67	1.71
Tax	-0.11	0.09	0.38	0.46	0.42	0.43
RoA	0.61	0.76	1.07	1.31	1.25	1.28
Leverage (x)	18.5	17.4	15.9	14.4	13.6	13.2
RoE	11.2	13.3	17.1	18.9	17.0	16.9

Source: MOFSL, Company

Financials and valuations

Income Statement					(INRb)	
Y/E March	FY22	FY23	FY24	FY25	FY26E	FY27E
Interest Income	388.6	449.4	556.1	620.0	678.9	734.9
Interest Expense	221.3	247.2	323.4	368.3	415.1	441.3
Net Interest Income	167.3	202.3	232.7	251.8	263.8	293.6
- growth (%)	6.8	20.9	15.1	8.2	4.8	11.3
Non-Interest Income	69.2	71.4	78.7	92.2	104.2	114.6
Total Income	236.4	273.7	311.4	344.0	368.0	408.3
- growth (%)	10.9	15.8	13.8	10.5	7.0	10.9
Operating Expenses	109.3	121.0	143.0	154.0	167.7	182.9
PPoP	127.2	152.7	168.4	190.0	200.3	225.3
- growth (%)	16.0	20.1	10.3	12.8	5.4	12.5
Core PPoP	114.3	149.8	155.3	174.3	181.5	202.7
- growth (%)	23.3	31.0	3.7	12.2	4.1	11.7
Provisions	95.1	93.6	58.9	42.1	48.4	55.6
PBT	32.0	59.1	109.5	147.9	151.9	169.7
Tax	-7.4	6.3	28.9	38.7	38.3	42.8
Tax Rate (%)	-23.1	10.7	26.4	26.2	25.2	25.2
PAT	39.4	52.8	80.6	109.2	113.7	127.0
- growth (%)	31.3	33.9	52.7	35.4	4.1	11.7

Balance Sheet

Y/E March	FY22	FY23	FY24	FY25	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	679.6	748.5	846.9
Net Worth	437.1	479.7	583.9	693.1	762.0	860.4
Deposits	5,936.2	6,211.7	6,880.0	7,371.5	7,998.1	8,717.9
- growth (%)	10.3	4.6	10.8	7.1	8.5	9.0
- CASA Dep	2,479.3	2,608.1	2,804.9	2,904.4	3,207.2	3,530.8
- growth (%)	8.9	5.2	7.5	3.5	10.4	10.1
Borrowings	172.1	220.7	231.3	415.1	403.0	454.2
Other Liabilities & Prov.	171.3	192.9	231.0	254.4	292.6	336.4
Total Liabilities	6,716.7	7,105.0	7,926.2	8,734.1	9,455.7	10,368.9
Current Assets	799.2	501.3	421.1	548.7	495.7	498.0
Investments	1,745.6	1,859.9	2,125.5	2,253.0	2,419.8	2,637.5
- growth (%)	-1.1	6.5	14.3	6.0	7.4	9.0
Loans	3,891.9	4,493.0	5,148.9	5,710.7	6,310.3	6,991.9
- growth (%)	7.3	15.4	14.6	10.9	10.5	10.8
Fixed Assets	76.8	74.6	75.2	88.3	92.7	98.2
Other Assets	203.2	176.2	155.5	133.4	137.2	143.2
Total Assets	6,716.7	7,105.0	7,926.2	8,734.1	9,455.7	10,368.9

Asset Quality	FY22	FY23	FY24	FY25	FY26E	FY27E
GNPA (INR b)	352.1	281.8	211.1	181.8	183.0	193.3
NNPA (INR b)	88.5	40.4	22.2	11.5	12.5	13.9
GNPA Ratio (%)	8.5	6.0	4.0	3.1	2.8	2.7
NNPA Ratio (%)	2.3	0.9	0.4	0.2	0.2	0.2
Slippage Ratio (%)	2.7	1.7	1.4	1.1	1.1	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	93.7	93.2	92.8

E: MOFSL Estimates

Financials and valuations

Ratios

Y/E March	FY22	FY23	FY24	FY25	FY26E	FY27E
Yield and Cost Ratios (%)						
Avg. Yield- on Earning Assets	6.3	6.8	7.6	7.7	7.7	7.6
Avg. Yield on loans	7.2	7.6	8.4	8.3	8.5	8.4
Avg. Yield on Investments	6.3	6.5	6.8	7.0	6.8	6.8
Avg. Cost of Int. Bear. Liab.	3.8	3.9	4.8	4.9	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	2.7	2.5	2.6
Net Interest Margin	2.7	3.0	3.2	3.1	3.0	3.0

Capitalisation Ratios (%)

CAR	16.8	16.5	16.4	16.1	16.3	16.1
Tier I	13.5	13.5	14.0	14.2	14.6	14.6
- CET-1	12.5	12.9	13.5	13.7	14.0	14.1
Tier II	3.4	3.0	2.4	1.9	1.7	1.5

Business Ratios (%)

Loans/Deposit Ratio	65.6	72.3	74.8	77.5	78.9	80.2
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	44.8	45.6	44.8
Cost/Core income	48.9	44.7	47.9	46.9	48.0	47.4
Int. Expense/Int.Income	56.9	55.0	58.2	59.4	61.1	60.0
Fee Income/Total Income	23.8	25.0	21.1	22.3	23.2	22.5
Non Int. Inc./Total Income	29.2	26.1	25.3	26.8	28.3	28.1
Empl. Cost/Total Expense	61.3	62.2	64.8	64.2	64.2	64.4

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	486.7	526.9	568.6
Deposits per branch (INRm)	1,035.1	1,073.4	1,175.9	1,235.2	1,313.9	1,404.1
Business per Employee (INR m)	246.9	262.5	298.8	318.6	341.7	367.8
Profit per Employee (INR m)	1.0	1.3	2.0	2.7	2.7	3.0

Profitability Ratios and Valuation

RoE	11.2	13.3	17.1	18.9	17.0	16.9
RoA	0.6	0.8	1.1	1.3	1.2	1.3
RoRWA	1.3	1.6	2.0	2.4	2.3	2.3
Book Value (INR)	324	358	409	490	541	614
- growth (%)	3.7	10.7	14.2	19.8	10.4	13.5
Price-BV (x)	1.7	1.6	1.4	1.1	1.0	0.9
Adjusted BV (INR)	272	334	396	482	533	605
Price-ABV (x)	2.1	1.7	1.4	1.2	1.0	0.9
EPS (INR)	33.2	42.4	62.2	81.1	84.4	94.3
- growth (%)	24.9	27.7	46.7	30.3	4.1	11.7
Price-Earnings (x)	16.8	13.2	9.0	6.9	6.6	5.9
Dividend Per Share (INR)	6.5	8.6	12.0	15.2	18.0	21.2
Dividend Yield (%)	1.2	1.5	2.2	2.7	3.2	3.8

E: MOFSL Estimates

Investment in securities market are subject to market risks. Read all the related documents carefully before investing.

Explanation of Investment Rating	
Investment Rating	Expected return (over 12-month)
BUY	>=15%
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

*In case the recommendation given by the Research Analyst is inconsistent with the investment rating legend for a continuous period of 30 days, the Research Analyst shall be within following 30 days take appropriate measures to make the recommendation consistent with the investment rating legend.

Disclosures

The following Disclosures are being made in compliance with the SEBI Research Analyst Regulations 2014 (herein after referred to as the Regulations).

Motilal Oswal Financial Services Ltd. (MOFSL) is a SEBI Registered Research Analyst having registration no. INH000000412. MOFSL, the Research Entity (RE) as defined in the Regulations, is engaged in the business of providing Stock broking services, Depository participant services & distribution of various financial products. MOFSL is a listed public company, the details in respect of which are available on www.motilaloswal.com. MOFSL (erstwhile Motilal Oswal Securities Limited - MOSL) is registered with the Securities & Exchange Board of India (SEBI) and is a registered Trading Member with National Stock Exchange of India Ltd. (NSE) and Bombay Stock Exchange Limited (BSE), Multi Commodity Exchange of India Limited (MCX) and National Commodity & Derivatives Exchange Limited (NCDEX) for its stock broking activities & is Depository participant with Central Depository Services Limited (CDSL), National Securities Depository Limited (NSDL), NERL, COMRIS and CCRL and is member of Association of Mutual Funds of India (AMFI) for distribution of financial products and Insurance Regulatory & Development Authority of India (IRDA) as Corporate Agent for insurance products. Details of associate entities of Motilal Oswal Financial Services Limited are available on the website at <http://online.reports.motilaloswal.com/Dormant/documents/List%20of%20Associate%20companies.pdf>

MOFSL and its associate company(ies), their directors and Research Analyst and their relatives may; (a) from time to time, have a long or short position in, act as principal in, and buy or sell the securities or derivatives thereof of companies mentioned herein. (b) be engaged in any other transaction involving such securities and earn brokerage or other compensation or act as a market maker in the financial instruments of the company(ies) discussed herein or act as an advisor or lender/borrower to such company(ies) or may have any other potential conflict of interests with respect to any recommendation and other related information and opinions.; however the same shall have no bearing whatsoever on the specific recommendations made by the analyst(s), as the recommendations made by the analyst(s) are completely independent of the views of the associates of MOFSL even though there might exist an inherent conflict of interest in some of the stocks mentioned in the research report.

MOFSL and / or its affiliates do and seek to do business including investment banking with companies covered in its research reports. As a result, the recipients of this report should be aware that MOFSL may have a potential conflict of interest that may affect the objectivity of this report. Compensation of Research Analysts is not based on any specific merchant banking, investment banking or brokerage service transactions. Details of pending Enquiry Proceedings of Motilal Oswal Financial Services Limited are available on the website at <https://galaxy.motilaloswal.com/ResearchAnalyst/PublishViewLitigation.aspx>

A graph of daily closing prices of securities is available at www.nseindia.com, www.bseindia.com. Research Analyst views on Subject Company may vary based on Fundamental research and Technical Research. Proprietary trading desk of MOFSL or its associates maintains arm's length distance with Research Team as all the activities are segregated from MOFSL research activity and therefore it can have an independent view with regards to Subject Company for which Research Team have expressed their views.

Regional Disclosures (outside India)

This report is not directed or intended for distribution to or use by any person or entity resident in a state, country or any jurisdiction, where such distribution, publication, availability or use would be contrary to law, regulation or which would subject MOFSL & its group companies to registration or licensing requirements within such jurisdictions.

For Hong Kong:

This report is distributed in Hong Kong by Motilal Oswal capital Markets (Hong Kong) Private Limited, a licensed corporation (CE AYY-301) licensed and regulated by the Hong Kong Securities and Futures Commission (SFC) pursuant to the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong) "SFO". As per SEBI (Research Analyst Regulations) 2014 Motilal Oswal Securities (SEBI Reg. No. INH000000412) has an agreement with Motilal Oswal capital Markets (Hong Kong) Private Limited for distribution of research report in Hong Kong. This report is intended for distribution only to "Professional Investors" as defined in Part I of Schedule 1 to SFO. Any investment or investment activity to which this document relates is only available to professional investor and will be engaged only with professional investors." Nothing here is an offer or solicitation of these securities, products and services in any jurisdiction where their offer or sale is not qualified or exempt from registration. The Indian Analyst(s) who compile this report is/are not located in Hong Kong & are not conducting Research Analysis in Hong Kong.

For U.S.

Motilal Oswal Financial Services Limited (MOFSL) is not a registered broker - dealer under the U.S. Securities Exchange Act of 1934, as amended (the "1934 act") and under applicable state laws in the United States. In addition MOFSL is not a registered investment adviser under the U.S. Investment Advisers Act of 1940, as amended (the "Advisers Act" and together with the 1934 Act, the "Acts"), and under applicable state laws in the United States. Accordingly, in the absence of specific exemption under the Acts, any brokerage and investment services provided by MOFSL, including the products and services described herein are not available to or intended for U.S. persons. This report is intended for distribution only to "Major Institutional Investors" as defined by Rule 15a-6(b)(4) of the Exchange Act and interpretations thereof by SEC (henceforth referred to as "major institutional investors"). This document must not be acted on or relied on by persons who are not major institutional investors. Any investment or investment activity to which this document relates is only available to major institutional investors and will be engaged in only with major institutional investors. In reliance on the exemption from registration provided by Rule 15a-6 of the U.S. Securities Exchange Act of 1934, as amended (the "Exchange Act") and interpretations thereof by the U.S. Securities and Exchange Commission ("SEC") in order to conduct business with Institutional Investors based in the U.S., MOFSL has entered into a chaperoning agreement with a U.S. registered broker-dealer, Motilal Oswal Securities International Private Limited. ("MOSIPL"). Any business interaction pursuant to this report will have to be executed within the provisions of this chaperoning agreement.

The Research Analysts contributing to the report may not be registered /qualified as research analyst with FINRA. Such research analyst may not be associated persons of the U.S. registered broker-dealer, MOSIPL, and therefore, may not be subject to NASD rule 2711 and NYSE Rule 472 restrictions on communication with a subject company, public appearances and trading securities held by a research analyst account.

For Singapore

In Singapore, this report is being distributed by Motilal Oswal Capital Markets (Singapore) Pte. Ltd. ("MOCMSPL") (UEN 201129401Z), which is a holder of a capital markets services license and an exempt financial adviser in Singapore. This report is distributed solely to persons who (a) qualify as "institutional investors" as defined in section 4A(1)(c) of the Securities and Futures Act of Singapore ("SFA") or (b) are considered "accredited investors" as defined in section 2(1) of the Financial Advisers Regulations of Singapore read with section 4A(1)(a) of the SFA. Accordingly, if a recipient is neither an "institutional investor" nor an "accredited investor", they must immediately discontinue any use of this Report and inform MOCMSPL.

In respect of any matter arising from or in connection with the research you could contact the following representatives of MOCMSPL. In case of grievances for any of the services rendered by MOCMSPL write to grievances@motilaloswal.com.

Nainesh Rajani

Email: nainesh.rajani@motilaloswal.com

Contact: (+65) 8328 0276

Specific Disclosures

- Research Analyst and/or his/her relatives do not have a financial interest in the subject company(ies), as they do not have equity holdings in the subject company(ies).
MOFSL has financial interest in the subject company(ies) at the end of the week immediately preceding the date of publication of the Research Report: Yes.
Nature of Financial interest is holding equity shares or derivatives of the subject company
- Research Analyst and/or his/her relatives do not have actual/beneficial ownership of 1% or more securities in the subject company(ies) at the end of the month immediately preceding the date of publication of Research Report.
MOFSL has actual/beneficial ownership of 1% or more securities of the subject company(ies) at the end of the month immediately preceding the date of publication of Research Report: No
- Research Analyst and/or his/her relatives have not received compensation/other benefits from the subject company(ies) in the past 12 months.
MOFSL may have received compensation from the subject company(ies) in the past 12 months.
- Research Analyst and/or his/her relatives do not have material conflict of interest in the subject company at the time of publication of research report.
MOFSL does not have material conflict of interest in the subject company at the time of publication of research report.
- Research Analyst has not served as an officer, director or employee of subject company(ies).
- MOFSL has not acted as a manager or co-manager of public offering of securities of the subject company in past 12 months.

7. MOFSL has not received compensation for investment banking /merchant banking/brokerage services from the subject company(ies) in the past 12 months.
8. MOFSL may have received any compensation for products or services other than investment banking or merchant banking or brokerage services from the subject company(ies) in the past 12 months.
9. MOFSL may have received compensation or other benefits from the subject company(ies) or third party in connection with the research report.
10. MOFSL has not engaged in market making activity for the subject company.

The associates of MOFSL may have:

- financial interest in the subject company
- actual/beneficial ownership of 1% or more securities in the subject company at the end of the month immediately preceding the date of publication of the Research Report or date of the public appearance.
- received compensation/other benefits from the subject company in the past 12 months
- any other potential conflict of interests with respect to any recommendation and other related information and opinions.; however the same shall have no bearing whatsoever on the specific recommendations made by the analyst(s), as the recommendations made by the analyst(s) are completely independent of the views of the associates of MOFSL even though there might exist an inherent conflict of interest in some of the stocks mentioned in the research report.
- acted as a manager or co-manager of public offering of securities of the subject company in past 12 months
- be engaged in any other transaction involving such securities and earn brokerage or other compensation or act as a market maker in the financial instruments of the company(ies) discussed herein or act as an advisor or lender/borrower to such company(ies)
- received compensation from the subject company in the past 12 months for investment banking / merchant banking / brokerage services or from other than said services.
- Served subject company as its clients during twelve months preceding the date of distribution of the research report.

The associates of MOFSL has not received any compensation or other benefits from third party in connection with the research report

Above disclosures include beneficial holdings lying in demat account of MOFSL which are opened for proprietary investments only. While calculating beneficial holdings, It does not consider demat accounts which are opened in name of MOFSL for other purposes (i.e holding client securities, collaterals, error trades etc.). MOFSL also earns DP income from clients which are not considered in above disclosures.

Analyst Certification

The views expressed in this research report accurately reflect the personal views of the analyst(s) about the subject securities or issues, and no part of the compensation of the research analyst(s) was, is, or will be directly or indirectly related to the specific recommendations and views expressed by research analyst(s) in this report.

Terms & Conditions:

This report has been prepared by MOFSL and is meant for sole use by the recipient and not for circulation. The report and information contained herein is strictly confidential and may not be altered in any way, transmitted to, copied or distributed, in part or in whole, to any other person or to the media or reproduced in any form, without prior written consent of MOFSL. The report is based on the facts, figures and information that are considered true, correct, reliable and accurate. The intent of this report is not recommendatory in nature. The information is obtained from publicly available media or other sources believed to be reliable. Such information has not been independently verified and no guaranty, representation of warranty, express or implied, is made as to its accuracy, completeness or correctness. All such information and opinions are subject to change without notice. The report is prepared solely for informational purpose and does not constitute an offer document or solicitation of offer to buy or sell or subscribe for securities or other financial instruments for the clients. Though disseminated to all the customers simultaneously, not all customers may receive this report at the same time. MOFSL will not treat recipients as customers by virtue of their receiving this report.

Disclaimer:

The report and information contained herein is strictly confidential and meant solely for the selected recipient and may not be altered in any way, transmitted to, copied or distributed, in part or in whole, to any other person or to the media or reproduced in any form, without prior written consent. This report and information herein is solely for informational purpose and may not be used or considered as an offer document or solicitation of offer to buy or sell or subscribe for securities or other financial instruments. Nothing in this report constitutes investment, legal, accounting and tax advice or a representation that any investment or strategy is suitable or appropriate to your specific circumstances. The securities discussed and opinions expressed in this report may not be suitable for all investors, who must make their own investment decisions, based on their own investment objectives, financial positions and needs of specific recipient. This may not be taken in substitution for the exercise of independent judgment by any recipient. Each recipient of this document should make such investigations as it deems necessary to arrive at an independent evaluation of an investment in the securities of companies referred to in this document (including the merits and risks involved), and should consult its own advisors to determine the merits and risks of such an investment. The investment discussed or views expressed may not be suitable for all investors. Certain transactions -including those involving futures, options, another derivative products as well as non-investment grade securities - involve substantial risk and are not suitable for all investors. No representation or warranty, express or implied, is made as to the accuracy, completeness or fairness of the information and opinions contained in this document. The Disclosures of Interest Statement incorporated in this document is provided solely to enhance the transparency and should not be treated as endorsement of the views expressed in the report. This information is subject to change without any prior notice. The Company reserves the right to make modifications and alternations to this statement as may be required from time to time without any prior approval. MOFSL, its associates, their directors and the employees may from time to time, effect or have effected an own account transaction in, or deal as principal or agent in or for the securities mentioned in this document. They may perform or seek to perform investment banking or other services for, or solicit investment banking or other business from, any company referred to in this report. Each of these entities functions as a separate, distinct and independent of each other. The recipient should take this into account before interpreting the document. This report has been prepared on the basis of information that is already available in publicly accessible media or developed through analysis of MOFSL. The views expressed are those of the analyst, and the Company may or may not subscribe to all the views expressed therein. This document is being supplied to you solely for your information and may not be reproduced, redistributed or passed on, directly or indirectly, to any other person or published, copied, in whole or in part, for any purpose. This report is not directed or intended for distribution to, or use by, any person or entity who is a citizen or resident of or located in any locality, state, country or other jurisdiction, where such distribution, publication, availability or use would be contrary to law, regulation or which would subject MOFSL to any registration or licensing requirement within such jurisdiction. The securities described herein may or may not be eligible for sale in all jurisdictions or to certain category of investors. Persons in whose possession this document may come are required to inform themselves of and to observe such restriction. Neither the Firm, not its directors, employees, agents or representatives shall be liable for any damages whether direct or indirect, incidental, special or consequential including lost revenue or lost profits that may arise from or in connection with the use of the information. The person accessing this information specifically agrees to exempt MOFSL or any of its affiliates or employees from, any and all responsibility/liability arising from such misuse and agrees not to hold MOFSL or any of its affiliates or employees responsible for any such misuse and further agrees to hold MOFSL or any of its affiliates or employees free and harmless from all losses, costs, damages, expenses that may be suffered by the person accessing this information due to any errors and delays.

This report is meant for the clients of Motilal Oswal only.

Investment in securities market are subject to market risks. Read all the related documents carefully before investing.

Registration granted by SEBI and certification from NISM in no way guarantee performance of the intermediary or provide any assurance of returns to investors.

Registered Office Address: Motilal Oswal Tower, Rahimtullah Sayani Road, Opposite Parel ST Depot, Prabhadevi, Mumbai-400025; Tel No.: 022 - 71934200 / 71934263;

www.motilaloswal.com. Correspondence Address: Palm Spring Centre, 2nd Floor, Palm Court Complex, New Link Road, Malad (West), Mumbai- 400 064. Tel No: 022 71881000. Details of Compliance Officer: Neeraj Agarwal, Email Id: na@motilaloswal.com, Contact No.:022-40548085.

Grievance Redressal Cell:

Contact Person	Contact No.	Email ID
Ms. Hemangi Date	022 40548000 / 022 67490600	query@motilaloswal.com
Ms. Kumud Upadhyay	022 40548082	servicehead@motilaloswal.com
Mr. Ajay Menon	022 40548083	am@motilaloswal.com

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.