

# Indian Bank

Estimate change



TP change



Rating change



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Bloomberg	INBK IN
Equity Shares (m)	1245
M.Cap.(INRb)/(USD\$)	408.9 / 5
52-Week Range (INR)	338 / 171
1, 6, 12 Rel. Per (%)	13/5/69
12M Avg Val (INR M)	548

## Financials & Valuations (INR b)

Y/E March	FY23	FY24E	FY25E
NII	202.3	233.1	252.5
OP	152.7	177.0	192.1
NP	52.8	74.1	90.6
NIM (%)	3.0	3.3	3.2
EPS (INR)	42.4	59.5	72.7
EPS Gr. (%)	27.7	40.3	22.2
BV/Sh. (INR)	358	410	472
ABV/Sh. (INR)	334	388	452

## Ratios

RoE (%)	13.3	16.4	17.4
RoA (%)	0.8	1.0	1.1

## Valuations

P/E(X)	7.7	5.5	4.5
P/BV (X)	0.9	0.8	0.7
P/ABV (X)	1.0	0.8	0.7

## Shareholding pattern (%)

As On	Jun-23	Mar-23	Jun-22
Promoter	79.9	79.9	79.9
DII	11.6	11.6	11.7
FII	4.0	4.2	2.1
Others	4.6	4.4	6.4

FII Includes depository receipts

**CMP: INR328**

**TP: INR380 (+16%)**

**Buy**

## Earnings outlook steady; asset quality improves

### PCR improves 216bp QoQ to ~88%

- Indian Bank (INBK) reported a PAT of INR17.1b (up 41% YoY; 6% beat), driven by lower provisions (15% lower than MOFSLe). NII grew 26% YoY (in line) to INR57b. Margins increased 2bp QoQ to 3.61%.
- GNPA/NNPA ratio improved 48bp/20bp QoQ to 5.5%/0.7%, supported by a decline in slippages to ~INR18.5b (~1.8% annualized). However, SMA book stands at 0.7% of loans.
- We raise our FY24E/25E earnings estimate by 9%/6% and we expect FY25 RoA/RoE to reach 1.1%/17.4%. We reiterate our **BUY** rating on the stock.

### Revenue growth steady; lower provisions aid earnings

- Indian Bank (INBK) reported a PAT of INR17.1b (up 41% YoY; 6% beat), supported by healthy NII growth and lower provisions.
- NII grew 26% YoY (up 3.5% QoQ) to INR57b (in line), aided by 2bp QoQ increase in margins to 3.61%.
- 'Other income' grew 7% YoY to INR17b. This was due to a decline in fee income to 6.7b (down 27% QoQ) and also due to lower recovery of bad debts of INR1.8b in 1QFY24 vs. INR8.6b in 4QFY23. Treasury income stood higher at INR4.6b in 1QFY24 vs. 0.8b in 4QFY23.
- Opex grew 27% YoY (down 6% QoQ), led by a 5% QoQ decrease in employee expenses. Consequently, PPOp rose 16% YoY (up 3% QoQ) to INR41.3b (in line). Thus, the C/I ratio moderated to 44.2% in 1QFY24 from 46.5% in 4QFY23. Provisions declined 32% QoQ to INR17.4b (15% lower than MOFSLe).
- Advances grew 14% YoY (up 1.6% QoQ) to ~INR4.6t, led by healthy growth in Retail (up 2.3% QoQ), Corporate (up 2% QoQ), and Agri Advances (up 2.7% QoQ). Deposits increased ~8% YoY and 1% QoQ, while CASA deposits declined 4% QoQ. CASA ratio thus moderated 173bp QoQ to ~40.3%.
- Asset quality improved, led by a decline in slippages to INR18.5b (~1.8% annualized). GNPA/NNPA ratio thus improved 48bp/20bp QoQ to 5.5%/0.7%. PCR stood steady at ~87.8%.
- SMA 1/ SMA 2 book stood at 0.7% in 1QFY24 vs. 0.5% in 4QFY23. Total restructured portfolio though stands at 2.3% of loans (vs. ~2.5% in 4QFY23).

### Highlights from the management commentary

- The bank has guided a deposit growth of 8-10% for FY24 and expects advances to grow at 10%-12%.
- GNPA/NNPA ratio improved 48bp/20bp QoQ to 5.5%/0.7% and the bank had guided for below 5%/0.9% by the end of FY24.
- C/I ratio as of 1QFY24 stands at 44% and the management aims to maintain it at this level, even with the ongoing expansion of branches.
- COD grew 27bp QoQ to 4.6% and despite that the bank maintained its NIM at 3.6% as on 1QFY24.

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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.motilaloswal.com/Institutional-Equities](http://www.motilaloswal.com/Institutional-Equities), Bloomberg, Thomson Reuters, Factset and S&P Capital.

**Valuation and view**

INBK reported a healthy performance with in line earnings, supported by margin expansion and healthy loan growth, particularly in the Retail, Agri, and Corporate segments. The bank expects the growth trend to remain healthy going ahead. Asset quality improved with reduction in slippages and healthy recovery/upgrades. Deposit growth was modest and CASA witnessed a moderation. Although the Restructured witnessed some moderation, it remains elevated. Additionally, the increase in the SMA book has prompted us to keep a close watch on the asset quality closely. **We increase our earnings estimate for FY24/25 by 9%/6% and estimate FY25 RoA/RoE at 1.1%/17.4% and reiterate our BUY rating with a revised TP of INR380 (0.8x FY25E ABV).**

**Quarterly performance****(INR b)**

Y/E March	FY23				FY24E				FY23	FY24E	FY24E	v/s our
	1Q	2Q	3Q	4Q	1Q	2QE	3QE	4QE			1QE	Est
<b>Net Interest Income</b>	<b>45.3</b>	<b>46.8</b>	<b>55.0</b>	<b>55.1</b>	<b>57.0</b>	<b>57.7</b>	<b>58.9</b>	<b>59.5</b>	<b>202.3</b>	<b>233.1</b>	<b>56.0</b>	<b>2%</b>
% Change (YoY)	13.5	14.7	25.1	29.5	25.8	23.3	7.1	8.0	20.9	15.3	23.5	
Other Income	16.0	18.3	17.2	19.9	17.1	19.6	20.6	23.4	71.4	80.7	18.8	-9%
<b>Total Income</b>	<b>61.4</b>	<b>65.1</b>	<b>72.2</b>	<b>75.0</b>	<b>74.1</b>	<b>77.3</b>	<b>79.5</b>	<b>82.9</b>	<b>273.7</b>	<b>313.9</b>	<b>74.8</b>	<b>-1%</b>
Operating Expenses	25.7	28.8	31.5	34.9	32.8	33.4	34.3	36.3	121.0	136.8	32.8	0%
<b>Operating Profit</b>	<b>35.6</b>	<b>36.3</b>	<b>40.6</b>	<b>40.2</b>	<b>41.3</b>	<b>43.9</b>	<b>45.2</b>	<b>46.6</b>	<b>152.7</b>	<b>177.0</b>	<b>42.0</b>	<b>-2%</b>
% Change (YoY)	4.3	10.8	23.5	46.7	16.0	21.0	11.3	15.9	20.1	15.9	17.9	
Provisions	22.2	20.6	25.2	25.6	17.4	19.5	20.1	20.9	93.6	77.9	20.4	-15%
<b>Profit before Tax</b>	<b>13.5</b>	<b>15.7</b>	<b>15.5</b>	<b>14.5</b>	<b>23.9</b>	<b>24.4</b>	<b>25.1</b>	<b>25.6</b>	<b>59.1</b>	<b>99.1</b>	<b>21.6</b>	<b>11%</b>
Tax	1.3	3.5	1.5	0.1	6.9	6.2	6.3	5.6	6.3	25.0	5.4	
<b>Net Profit</b>	<b>12.1</b>	<b>12.3</b>	<b>14.0</b>	<b>14.5</b>	<b>17.1</b>	<b>18.3</b>	<b>18.8</b>	<b>20.0</b>	<b>52.8</b>	<b>74.1</b>	<b>16.2</b>	<b>6%</b>
% Change (YoY)	2.7	12.5	102.4	47.0	40.8	49.2	34.4	38.1	33.9	40.3	33.2	
<b>Operating Parameters</b>												
Deposits (INR b)	5,843	5,889	5,971	6,212	6,291	6,396	6,555	6,740	6,212	6,740	6,282	0%
Loans (INR b)	4,018	4,121	4,361	4,493	4,568	4,669	4,820	4,996	4,493	4,996	4,564	0%
<b>Asset Quality</b>												
Gross NPA (%)	8.1	7.3	6.5	6.0	5.5	5.2	4.9	4.8	6.0	4.8	5.8	
Net NPA (%)	2.1	1.5	1.0	0.9	0.7	0.7	0.7	0.7	0.9	0.7	0.9	
PCR (%)	75.5	80.7	85.5	85.7	87.8	87.4	86.8	85.8	85.7	85.8	85.0	

E: MOFSL Estimates

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## Quarterly snapshot

	FY22				FY23				FY24	Change (%)	
	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4Q	1Q	YoY	QoQ
<b>Profit and Loss (INRm)</b>											
Net Interest Income	39.9	40.8	44.0	42.6	45.3	46.8	55.0	55.1	57.0	26	4
Other Income	18.2	19.7	15.6	15.7	16.0	18.3	17.2	19.9	17.1	7	-14
Trading profits	5.6	4.0	2.5	0.8	-1.3	1.4	2.0	0.8	4.6	-454	466
Forex Income	1.5	1.2	1.5	2.7	3.6	3.1	2.9	0.5	2.0	-45	330
Recoveries	6.4	8.5	5.0	4.0	7.5	6.5	5.2	9.5	3.8	-50	-60
Core Fees	4.7	6.1	6.7	8.1	6.3	7.2	7.0	9.1	6.7	7	-27
Total Income	58.1	60.5	59.5	58.3	61.4	65.1	72.2	75.0	74.1	21	-1
Operating Expenses	24.0	27.7	26.6	30.9	25.7	28.8	31.5	34.9	32.8	27	-6
Employee	14.7	17.1	15.7	19.5	15.4	17.8	19.9	22.2	21.2	38	-5
Others	9.3	10.6	11.0	11.4	10.3	11.1	11.6	12.7	11.6	12	-8
Operating Profits	34.2	32.8	32.9	27.4	35.6	36.3	40.6	40.2	41.3	16	3
Core Operating Profits	28.6	28.8	30.4	26.5	37.0	34.9	38.6	39.3	36.7	-1	-7
Provisions	25.6	25.5	24.9	19.1	22.2	20.6	25.2	25.6	17.4	-22	-32
NPA provisions	17.5	22.2	24.4	20.5	20.0	20.0	14.7	10.4	9.3	-54	-11
PBT	8.6	7.3	7.9	8.2	13.5	15.7	15.5	14.5	23.9	78	65
Taxes	-3.2	-3.6	1.1	-1.6	1.3	3.5	1.5	0.1	6.9	419	12,852
PAT	11.8	10.9	6.9	9.8	12.1	12.3	14.0	14.5	17.1	41	18
<b>Balance Sheet (INRb)</b>											
Deposits	5,400.8	5,514.7	5,625.8	5,936.2	5,842.5	5,888.6	5,971.1	6,211.7	6,290.9	8	1
Loans	3,643.7	3,583.7	3,730.6	3,891.9	4,018.1	4,120.7	4,360.7	4,493.0	4,568.4	14	2
<b>Asset Quality (INRb)</b>											
GNPA	377.6	368.9	365.4	352.1	345.7	319.6	294.8	281.8	262.3	-24	-7
NNPA	126.5	117.5	101.5	88.5	84.7	61.7	42.7	40.4	32.0	-62	-21
Slippages	44.1	39.5	28.1	33.7	30.9	24.6	13.1	25.7	18.5	-40	-28
<b>Ratios</b>											
	FY22				FY23				FY24	Change (bps)	
Asset Quality Ratios (%)	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4Q	1Q	YoY	QoQ
GNPA	9.7	9.6	9.1	8.5	8.1	7.3	6.5	6.0	5.5	-266	-48
NNPA	3.5	3.3	2.7	2.3	2.1	1.5	1.0	0.9	0.7	-142	-20
PCR (Cal.)	66.5	68.1	72.2	74.9	75.5	80.7	85.5	85.7	87.8	1,231	216
PCR (Inc. TWO)	82.0	83.3	85.5	87.4	88.1	91.1	93.6	93.8	95.1	702	128
Credit Cost	2.0	2.5	2.7	2.2	2.1	2.1	1.5	1.0	0.9	-122	-13
<b>Business Ratios (%)</b>											
Fees to Total Income	21.7	26.0	22.0	25.5	28.3	25.9	21.0	25.5	16.8	-1,147	-868
Cost to Core Income	45.6	49.1	46.7	53.8	41.1	45.3	45.0	47.0	47.2	612	19
Tax Rate	-37.8	-49.5	13.2	-19.5	9.8	22.0	9.7	0.4	28.6	1,881	2,826
CASA	40.9	40.9	41.7	41.8	40.7	40.9	40.4	42.0	40.3	-47	-173
Loan/Deposit	67.5	65.0	66.3	65.6	68.8	70.0	73.0	72.3	72.6	385	29
<b>Profitability Ratios (%)</b>											
Yield on loans	7.1	7.0	7.2	7.0	7.2	7.5	8.2	8.2	8.5	137	36
Yield On Investments	6.2	6.1	6.2	6.4	6.3	6.9	6.5	6.6	6.7	40	10
Cost of Deposits	4.1	3.9	3.9	3.9	3.9	4.0	4.2	4.3	4.6	75	27
Margins	2.9	2.9	3.0	2.9	3.1	3.2	3.7	3.6	3.6	51	2
ROA	0.8	0.7	0.4	0.6	0.7	0.7	0.8	0.8	1.0	22	13



## Highlights from the management commentary

### P&L and balance sheet related

- RAM book grew 13% YoY, out of which, Retail book grew 16% YoY and Agri book grew 16% YoY and MSME book grew 7% YoY.
- Corporate book grew 12% YoY to INR174b in 1QFY24.
- Total Advances grew 13% YoY and including write-offs, advances grew 15%-16% YoY.
- The bank has guided deposit growth of 8%-10% for FY24 and expects advances to grow at 10%-12% YoY.
- RAM: Corporate mix stands steady at 61:39 as on 1QFY24.
- The bank has extended gold loan lending facilities to 1,800 to 2,000 branches, resulting in a 4% QoQ growth to INR54b.
- COD grew 27bp QoQ to 4.6% and despite that the bank maintained its NIM at 3.6% as on 1QFY24.
- The bank has a INR350b excess SLR as on 1QFY24, while LCR for the bank stands at 131%.
- The bank is working on mobilizing granular retail deposits to fund the loan growth and wants to maintain its CD ratio at ~77%~78%.
- The bank has recently ventured into several businesses, including NRI services and remittance business. Additionally, it has established various strategic partnerships, and the benefits of these initiatives are expected to accrue in the next 12 months.
- The bank added 11 branches during the quarter, taking the tally to 5,798 branches as on 1QFY24.
- The C/I ratio as on 1QFY24 stands at 44% and aims to maintain it at this level, even with the ongoing expansion of the branches.
- CASA ratio moderated by 173bp QoQ to 40.3%, due to growth in TD and moderation in CASA deposits.
- Fee income grew 7% YoY to INR6.7b in 1QFY24.
- The bank has undertaken various digital initiatives during the quarter and generated E-business worth INR92b, out of which, RAM advances amounted to INR67.3b and deposits to INR24.5b.
- Capital Adequacy Ratio for the bank stood at 15.8%, while CET 1 ratio stood at 12.3% in 1QFY24.

### Asset quality

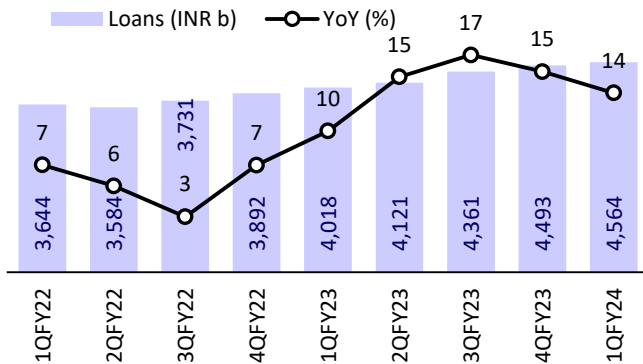
- GNPA/NNPA ratio improved 48bp/20bp QoQ to 5.5%/0.7% and the bank had guided for below 5%/0.9% by the end of FY24.
- PCR improved 216bp to 87.8% in 1QFY24.
- Fresh slippages declined 28% QoQ to INR18.5b, while recoveries were flat QoQ at INR38b, thereby reporting a net slippages of (INR20b).
- Slippages Breakup: INR4.3b in retail advances, INR3.2b in Agri, INR7.8b in MSME book, and INR2.3b in the corporate book.
- Covid restructured book has moderated to 2.3% of total advances from 2.5% in 4QFY23.
- The bank expects the credit cost to moderate further going forward.

**DuPont Analysis: We expect return ratios to improve gradually**

	<b>FY18</b>	<b>FY19</b>	<b>FY20</b>	<b>FY21</b>	<b>FY22</b>	<b>FY23</b>	<b>FY24E</b>	<b>FY25E</b>
Interest Income	7.27	7.20	7.26	6.57	6.00	6.50	7.22	7.25
Interest Expense	4.61	4.57	4.68	3.94	3.42	3.58	4.09	4.15
<b>Net Interest Income</b>	<b>2.66</b>	<b>2.63</b>	<b>2.58</b>	<b>2.63</b>	<b>2.58</b>	<b>2.93</b>	<b>3.14</b>	<b>3.10</b>
Fee income	0.74	0.64	0.83	0.66	0.87	0.99	1.04	1.04
Trading and others	0.28	0.07	0.30	0.28	0.20	0.04	0.05	0.05
<b>Other Income</b>	<b>1.02</b>	<b>0.71</b>	<b>1.12</b>	<b>0.95</b>	<b>1.07</b>	<b>1.03</b>	<b>1.09</b>	<b>1.09</b>
<b>Total Income</b>	<b>3.68</b>	<b>3.34</b>	<b>3.70</b>	<b>3.58</b>	<b>3.65</b>	<b>3.96</b>	<b>4.22</b>	<b>4.19</b>
<b>Operating Expenses</b>	<b>1.56</b>	<b>1.51</b>	<b>1.50</b>	<b>1.74</b>	<b>1.69</b>	<b>1.75</b>	<b>1.84</b>	<b>1.83</b>
Employees	0.89	0.83	0.84	1.07	1.03	1.09	1.16	1.16
Others	0.67	0.67	0.66	0.67	0.65	0.66	0.68	0.67
<b>Operating Profits</b>	<b>2.12</b>	<b>1.83</b>	<b>2.20</b>	<b>1.84</b>	<b>1.96</b>	<b>2.21</b>	<b>2.38</b>	<b>2.36</b>
<b>Provisions</b>	<b>1.67</b>	<b>1.73</b>	<b>1.74</b>	<b>1.35</b>	<b>1.47</b>	<b>1.35</b>	<b>1.05</b>	<b>0.87</b>
NPA	1.47	1.36	1.47	1.23	1.30	0.94	1.02	0.84
Others	0.19	0.37	0.27	0.12	0.16	0.41	0.03	0.03
<b>PBT</b>	<b>0.46</b>	<b>0.11</b>	<b>0.47</b>	<b>0.49</b>	<b>0.49</b>	<b>0.86</b>	<b>1.33</b>	<b>1.49</b>
Tax	-0.08	-0.01	0.21	-0.02	-0.11	0.09	0.34	0.37
<b>RoA</b>	<b>0.53</b>	<b>0.12</b>	<b>0.26</b>	<b>0.50</b>	<b>0.61</b>	<b>0.76</b>	<b>1.00</b>	<b>1.11</b>
Leverage (x)	15.5	16.6	16.7	19.4	18.5	17.4	16.5	15.6
<b>RoE</b>	<b>8.3</b>	<b>2.0</b>	<b>4.3</b>	<b>9.8</b>	<b>11.2</b>	<b>13.3</b>	<b>16.4</b>	<b>17.4</b>

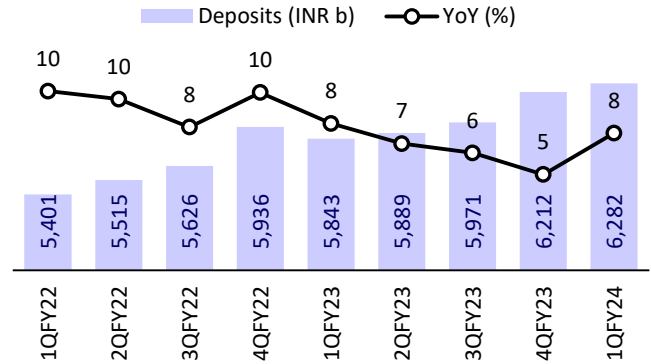
## Story in charts

**Exhibit 1: Loan book up ~14% YoY (up 2% QoQ)**



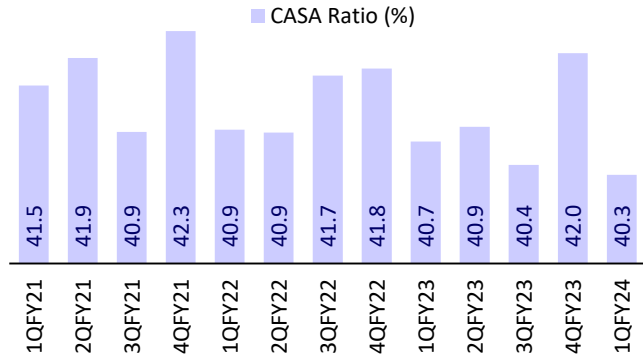
Source: MOFSL, Company

**Exhibit 2: Deposit growth at ~8% YoY (up 1.1% QoQ)**



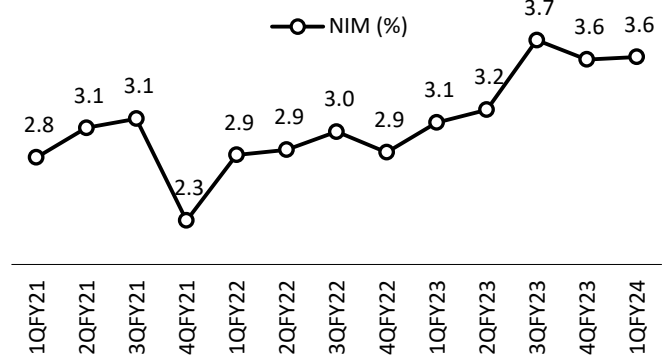
Source: MOFSL, Company

**Exhibit 3: CASA ratio moderated 173bp QoQ to 40.3%**



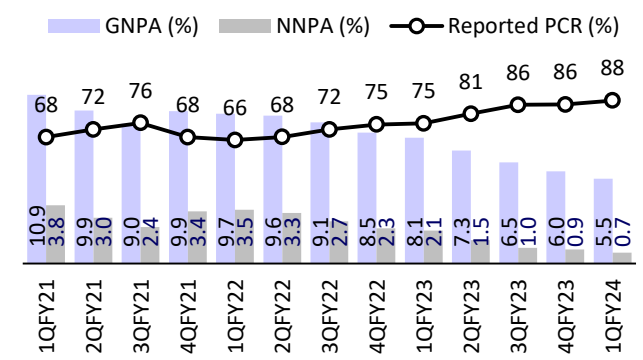
Source: MOFSL, Company

**Exhibit 4: NIMs improved 2bp QoQ to 3.61%**



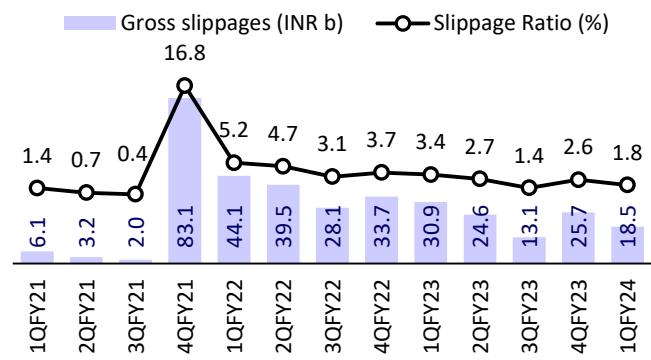
Source: MOFSL, Company

**Exhibit 5: GNPA/NNPA ratio improves 48bp/20bp QoQ**



Source: MOFSL, Company

**Exhibit 6: Slippages declined 28% QoQ to INR18.5b**



Source: MOFSL, Company

## Financials and valuations

Income Statement							(INRb)	
Y/E March	FY18	FY19	FY20	FY21	FY22	FY23	FY24E	FY25E
Interest Income	171.1	191.8	214.0	391.1	388.6	449.4	536.9	590.6
Interest Expense	108.5	121.7	138.0	234.4	221.3	247.2	303.8	338.0
<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>202.3</b>	<b>233.1</b>	<b>252.5</b>
Growth (%)	21.7	12.0	8.4	106.0	6.8	20.9	15.3	8.3
Non Interest Income	24.1	18.8	33.1	56.5	69.2	71.4	80.7	88.8
<b>Total Income</b>	<b>86.7</b>	<b>89.0</b>	<b>109.2</b>	<b>213.2</b>	<b>236.4</b>	<b>273.7</b>	<b>313.9</b>	<b>341.3</b>
Growth (%)	17.8	2.7	22.7	95.2	10.9	15.8	14.7	8.7
Operating Expenses	36.7	40.2	44.2	103.5	109.3	121.0	136.8	149.2
<b>Pre Provision Profits</b>	<b>50.0</b>	<b>48.8</b>	<b>65.0</b>	<b>109.7</b>	<b>127.2</b>	<b>152.7</b>	<b>177.0</b>	<b>192.1</b>
Growth (%)	25.0	-2.4	33.1	68.8	16.0	20.1	15.9	8.5
<b>Core PPOp</b>	<b>43.4</b>	<b>47.1</b>	<b>56.2</b>	<b>92.7</b>	<b>114.3</b>	<b>149.8</b>	<b>173.5</b>	<b>187.9</b>
Growth (%)	38.7	8.4	19.4	65.0	23.3	31.0	15.8	8.3
Provisions (excl tax)	39.2	46.0	51.3	80.6	95.1	93.6	77.9	71.0
<b>PBT</b>	<b>10.8</b>	<b>2.8</b>	<b>13.7</b>	<b>29.1</b>	<b>32.0</b>	<b>59.1</b>	<b>99.1</b>	<b>121.1</b>
Tax	-1.8	-0.4	6.2	-1.0	-7.4	6.3	25.0	30.5
Tax Rate (%)	-17.0	-13.3	45.1	-3.4	-23.1	10.7	25.2	25.2
<b>PAT</b>	<b>12.6</b>	<b>3.2</b>	<b>7.5</b>	<b>30.0</b>	<b>39.4</b>	<b>52.8</b>	<b>74.1</b>	<b>90.6</b>
Growth (%)	-10.4	-74.4	134.0	298.8	31.3	33.9	40.3	22.2
Balance Sheet								
Y/E March	FY18	FY19	FY20	FY21	FY22	FY23	FY24E	FY25E
Equity Share Capital	4.8	4.8	6.1	11.3	12.5	12.5	12.5	12.5
Reserves & Surplus	179.7	189.1	214.8	372.8	424.6	467.3	531.4	609.6
<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>479.7</b>	<b>543.9</b>	<b>622.0</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>6,211.7</b>	<b>6,739.6</b>	<b>7,366.4</b>
Growth (%)	14.1	16.2	7.5	106.8	10.3	4.6	8.5	9.3
<b>of which CASA Dep</b>	<b>769.7</b>	<b>840.2</b>	<b>901.6</b>	<b>2,275.9</b>	<b>2,479.3</b>	<b>2,608.1</b>	<b>2,729.6</b>	<b>2,968.7</b>
Growth (%)	13.7	9.2	7.3	152.4	8.9	5.2	4.7	8.8
Borrowings	197.6	121.4	208.3	247.3	172.1	220.7	268.9	300.7
Other Liabilities & Prov.	62.1	64.6	63.2	222.1	171.3	192.9	212.2	233.4
<b>Total Liabilities</b>	<b>2,527.2</b>	<b>2,800.7</b>	<b>3,094.7</b>	<b>6,234.3</b>	<b>6,716.7</b>	<b>7,105.0</b>	<b>7,764.6</b>	<b>8,522.6</b>
Current Assets	129.3	200.2	139.2	514.6	799.2	501.3	480.1	498.4
<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>1,859.9</b>	<b>1,995.7</b>	<b>2,149.3</b>
Growth (%)	5.7	-9.0	25.0	117.3	-1.1	6.5	7.3	7.7
<b>Loans</b>	<b>1,565.7</b>	<b>1,812.6</b>	<b>1,978.9</b>	<b>3,626.7</b>	<b>3,891.9</b>	<b>4,493.0</b>	<b>4,996.2</b>	<b>5,570.7</b>
Growth (%)	22.6	15.8	9.2	83.3	7.3	15.4	11.2	11.5
Fixed Assets	34.2	39.6	39.0	73.8	76.8	74.6	80.6	87.0
Other Assets	84.0	98.3	125.2	253.8	203.2	176.2	212.1	217.1
<b>Total Assets</b>	<b>2,527.2</b>	<b>2,800.7</b>	<b>3,094.7</b>	<b>6,234.3</b>	<b>6,716.7</b>	<b>7,105.0</b>	<b>7,764.6</b>	<b>8,522.6</b>
Asset Quality								
Y/E March	FY18	FY19	FY20	FY21	FY22	FY23	FY24E	FY25E
GNPA (INR m)	119.9	133.5	141.5	384.6	352.1	281.8	252.7	239.6
NNPA (INR m)	59.6	67.9	61.8	122.7	88.5	40.4	35.8	32.1
GNPA Ratio	7.4	7.1	6.9	9.9	8.5	6.0	4.8	4.1
NNPA Ratio	3.8	3.7	3.1	3.4	2.3	0.9	0.7	0.6
Slippage Ratio	3.5	3.8	2.8	3.4	2.7	1.7	2.0	2.0
Credit Cost	2.4	2.1	2.7	2.3	2.5	2.2	1.6	1.3
PCR (Excl Tech. write off)	50.3	49.1	56.3	68.1	74.9	85.7	85.8	86.6

E: MOFSL Estimates

## Financials and valuations

### Ratios

Y/E March	FY18	FY19	FY20	FY21	FY20	FY23	FY24E	FY25E
<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>6.8</b>	<b>7.5</b>	<b>7.5</b>
Avg. Yield on loans	8.3	8.3	8.4	7.8	7.2	7.6	8.4	8.3
Avg. Yield on Investments	7.4	7.5	7.3	6.6	6.3	6.5	6.8	6.9
<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>3.9</b>	<b>4.5</b>	<b>4.6</b>
Avg. Cost of Deposits	5.2	5.0	5.2	4.3	3.7	3.8	4.6	4.7
<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>2.8</b>	<b>3.0</b>	<b>2.9</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>3.0</b>	<b>3.3</b>	<b>3.2</b>

### Capitalization Ratios (%)

CAR	12.8	13.5	14.6	16.0	16.8	16.5	16.4	16.4
Tier I	11.5	11.5	12.5	12.3	13.5	13.5	13.7	14.0
Tier II	1.2	1.9	2.0	3.8	3.4	3.0	2.7	2.4

### Business and Efficiency Ratios (%)

Loans/Deposit Ratio	75.2	74.9	76.0	67.4	65.6	72.3	74.1	75.6
CASA Ratio	37.0	34.7	34.6	42.3	41.8	42.0	40.5	40.3
Cost/Assets	1.5	1.4	1.4	1.7	1.6	1.7	1.8	1.8
Cost/Total Income	42.3	45.2	40.5	48.6	46.2	44.2	43.6	43.7
Cost/Core income	45.8	46.1	44.0	52.7	48.9	44.7	44.1	44.3
Int. Expense/Int.Income	63.4	63.4	64.5	59.9	56.9	55.0	56.6	57.2
Fee Income/Total Income	20.1	19.2	22.3	18.6	23.8	25.0	24.6	24.8
Non Int. Inc./Total Income	27.8	21.2	30.3	26.5	29.2	26.1	25.7	26.0
Empl. Cost/Total Expense	57.3	55.3	55.9	61.6	61.3	62.2	63.3	63.2
Investment/Deposit Ratio	34.3	26.8	31.2	32.8	29.4	29.9	29.6	29.2

### Profitability Ratios and Valuation

RoE	8.3	2.0	4.3	9.8	11.2	13.3	16.4	17.4
RoA	0.5	0.1	0.3	0.5	0.6	0.8	1.0	1.1
RoRWA	0.8	0.2	0.5	1.0	1.3	1.6	2.0	2.1
Book Value (INR)	354	368	336	312	324	358	410	472
Growth (%)	8.5	4.0	-8.8	-7.1	3.7	10.7	14.4	15.3
<b>Price-BV (x)</b>	<b>0.9</b>	<b>0.9</b>	<b>1.0</b>	<b>1.0</b>	<b>1.0</b>	<b>0.9</b>	<b>0.8</b>	<b>0.7</b>
Adjusted BV (INR)	265	267	263	234	272	334	388	452
<b>Price-ABV (x)</b>	<b>1.2</b>	<b>1.2</b>	<b>1.2</b>	<b>1.4</b>	<b>1.2</b>	<b>1.0</b>	<b>0.8</b>	<b>0.7</b>
EPS (INR)	26.2	6.7	13.8	26.6	33.2	42.4	59.5	72.7
Growth (%)	-10.4	-74.4	106.4	92.3	24.9	27.7	40.3	22.2
<b>Price-Earnings (x)</b>	<b>12.5</b>	<b>48.8</b>	<b>23.6</b>	<b>12.3</b>	<b>9.8</b>	<b>7.7</b>	<b>5.5</b>	<b>4.5</b>
Dividend Per Share (INR)	0.0	0.0	0.0	2.0	6.5	8.6	8.0	10.0
<b>Dividend Yield (%)</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.6</b>	<b>2.0</b>	<b>2.6</b>	<b>2.4</b>	<b>3.1</b>

E: MOFSL Estimates

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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.