

Punjab National Bank

Estimate change	↔
TP change	↔
Rating change	↔

Bloomberg	PNB IN
Equity Shares (m)	11493
M.Cap.(INRb)/(USDb)	1306.7 / 14.9
52-Week Range (INR)	118 / 85
1, 6, 12 Rel. Per (%)	0/6/7
12M Avg Val (INR M)	2747

Financials & Valuations (INR b)

Y/E March	FY25	FY26E	FY27E
NII	427.8	438.1	510.7
OP	268.3	287.8	339.1
NP	166.3	165.7	217.6
NIM (%)	2.7	2.4	2.6
EPS (INR)	14.8	14.4	18.9
EPS Gr. (%)	97.4	-2.5	31.4
BV/Sh. (INR)	107	119	134
ABV/Sh. (INR)	101	113	128

Ratios

RoA (%)	1.0	0.9	1.0
RoE (%)	15.3	13.2	15.4

Valuations

P/E(X)	7.7	7.9	6.0
P/BV (X)	1.1	1.0	0.9
P/ABV (X)	1.1	1.0	0.9

Shareholding pattern (%)

As On	Jun-25	Mar-25	Jun-24
Promoter	70.1	70.1	73.2
DII	15.1	14.7	10.8
FII	5.5	5.7	5.5
Others	9.3	9.5	10.6

FII Includes depository receipts

CMP: INR114

TP: INR135 (+19%)

Buy

In-line earnings; lower opex offsets other income

Margin contracted 10bp QoQ

- Punjab National Bank (PNB) reported 2QFY26 PAT of INR49b (14% YoY growth, in line) amid lower-than-expected opex, partly offset by lower other income and higher-than-expected provisions.
- NII remained broadly flat YoY/declined 1% QoQ to INR104.7b (inline), while NIMs contracted 10bp QoQ to 2.6%.
- Other income declined 5% YoY and 18% QoQ to INR43.4b (11% miss). Total revenue, thus, declined 2% YoY/7% QoQ to INR148.1b (4% miss).
- Loan book grew 11% YoY (4% QoQ), while deposits grew 11% YoY (2% QoQ). As a result, the CD ratio increased to 70.1%.
- Slippages stood at INR19.6b vs INR18.9b in 1QFY26. GNPA/NNPA ratios improved 33bp/2bp to 3.45%/0.36%. PCR ratio stood at 90%.
- We fine-tune our earnings estimates and expect RoA/RoE at 1.03%/15.4% in FY27E. Reiterate BUY with a TP of INR135 (1.0x FY27E ABV).

Advances growth healthy; asset quality improves further

- PNB reported a PAT of INR49b (14% YoY growth, in line).
- NII remained broadly flat YoY/ down 1% QoQ to INR104.7b (in line), while NIMs declined 10bp QoQ to 2.6%. Management expects NIMs to remain at ~2.8-2.9% in FY26.
- Other income declined 5% YoY and 18% QoQ to INR43.4b (11% miss). Treasury income stood at INR16b in 2QFY26.
- Opex declined 8% YoY/ 13% QoQ to INR75.8b (10% lower than MOFSLe), led by cost optimization. C/I ratio moderated 400bp QoQ to 51.2%.
- PPop, thus, grew 5% YoY/2% QoQ to INR72.3b (4% beat). Provisions increased 123% YoY/ 99% QoQ to INR6.4b (11% higher than MOFSLe).
- Loan book grew 11.2% YoY (3.8% QoQ) to INR11.3t, led by better growth in MSME advances (5.8% QoQ). Retail grew 3.8% QoQ and corporate grew 3% QoQ. The bank expects credit growth of ~11-12% in FY26.
- Deposits grew 10.9% YoY/1.7% QoQ to INR16.2t. CASA ratio stood at 37.3% (up 30bp QoQ). CD ratio increased to 70.1%.
- On the asset quality front, slippages stood at INR19.6b vs INR18.9b in 1QFY26. GNPA/NNPA ratios improved 33bp/2bp to 3.45%/0.36%. PCR ratio stood at 90%. SMA-2 (above INR50m) stood at 0.17% of loans vs 0.15% in 1QFY26.

Highlights from the management commentary

- Guidance has been maintained to keep the slippage rate at <1%.
- RoA – The bank aims for 1.1% of RoA in 3Q and 4Q. Gross NPA ratio shall be below 3%. Net NPA ratio is expected at 0.35%.
- On a conservative basis, 5bp improvement will occur in 3Q and 10bp improvement in 4Q in NIMs (on the minimum side).

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.

- Under the ECL draft framework, Stage-1 carries the same provision as a standard asset. Stage 3 poses no challenge, as the bank has a PCR of 96%. Stage 2 is expected to have some impact, translating to ~75-80bp effect on CRAR.
- Other provision has seen some increase as there was an ILFS account that has seen reduction from NPA provision and moved to the other provision account. This account will see a reversal in 3Q and 4Q.

Valuation and view: Reiterate BUY with a TP of INR135

PNB reported an in-line quarter, as lower opex has been offset by lower other income and higher provisions. NIMs contracted 10bp QoQ, though the bank expects improvement from 3Q onwards. Business growth remained healthy, with management guiding for 11-12% growth for FY26. Asset quality showed an improvement, with annualized slippage ratio maintained at 0.7%, against the bank's guidance of 1%. The SMA-2 book (with loans over INR50m) remains steady at 0.17% of domestic loans. We fine-tune our earnings estimates and expect RoA/RoE at 1.03%/15.4% in FY27. **Reiterate BUY with a TP of INR135 (1.0x FY27E ABV).**

Quarterly performance

Y/E March									(INR b)			
	FY25				FY26E				FY25	FY26E	FY26E	V/s our
	1Q	2Q	3Q	4Q	1Q	2Q	3QE	4QE			2QE	Est
Net Interest Income	104.8	105.2	110.3	107.6	105.8	104.7	110.0	117.7	427.8	438.1	105.4	-1%
% Change (YoY)	10.2	6.0	7.2	3.8	1.0	-0.5	-0.3	9.4	6.7	2.4	0.2	
Other Income	36.1	45.7	34.1	47.2	52.7	43.4	43.9	50.8	163.1	190.8	48.9	-11%
Total Income	140.9	150.9	144.4	154.7	158.5	148.1	153.9	168.5	590.9	628.9	154.3	-4%
Operating Expenses	75.0	82.4	78.2	87.0	87.6	75.8	83.2	94.4	322.6	341.1	84.7	-10%
Operating Profit	65.8	68.5	66.2	67.8	70.8	72.3	70.6	74.1	268.3	287.8	69.6	4%
% Change (YoY)	10.3	10.2	4.6	5.6	7.6	5.5	6.7	9.4	7.6	7.3	1.5	
Provisions	13.1	2.9	-2.9	3.6	3.2	6.4	5.2	5.7	16.7	20.6	5.8	11%
Profit before Tax	52.7	65.7	69.1	64.2	67.6	65.8	65.4	68.4	251.6	267.2	63.8	3%
Tax	20.2	22.6	24.0	18.5	50.8	16.8	15.7	18.2	85.3	101.5	16.0	5%
Net Profit	32.5	43.0	45.1	45.7	16.8	49.0	49.7	50.2	166.3	165.7	47.9	2%
% Change (YoY)	159.0	145.1	102.8	51.7	-48.5	13.9	10.2	9.9	101.7	-0.4	11.2	
Operating Parameters												
Deposits	14,082	14,583	15,297	15,666	15,894	16,171	16,613	17,327	15,666	17,327	16,321	
Loans	9,840	10,196	10,700	10,775	10,920	11,338	11,644	12,046	10,775	12,046	11,227	
Deposit Growth (%)	8.5	11.3	15.6	14.4	12.9	10.9	8.6	10.6	14.4	10.6	11.9	
Loan Growth (%)	13.9	14.6	16.8	15.3	11.0	11.2	8.8	11.8	15.3	11.8	10.1	
Asset Quality												
Gross NPA (%)	5.0	4.5	4.1	4.0	3.8	3.5	3.2	3.0	4.0	3.0	3.6	
Net NPA (%)	0.6	0.5	0.4	0.4	0.4	0.4	0.3	0.3	0.4	0.3	0.4	
PCR (%)	88.4	90.2	90.2	90.3	90.3	90.0	90.5	91.0	90.3	91.0	90.4	

E: MOFSL Estimates

Quarterly snapshot

	FY25				FY26		Change (%)	
	1Q	2Q	3Q	4Q	1Q	2Q	YoY	QoQ
Profit and Loss, INRb								
Net Interest Income	104.8	105.2	110.3	107.6	105.8	104.7	0	-1
Other Income	36.1	45.7	34.1	47.2	52.7	43.4	-5	-18
Trading profits	5.8	14.9	9.3	9.2	16.1	16.1	8	0
Total Income	140.9	150.9	144.4	154.7	158.5	148.1	-2	-7
Operating Expenses	75.0	82.4	78.2	87.0	87.6	75.8	-8	-13
Employee	45.5	57.5	52.6	57.9	51.6	47.5	-17	-8
Others	29.5	24.9	25.6	29.0	36.0	28.4	14	-21
Operating Profits	65.8	68.5	66.2	67.8	70.8	72.3	5	2
Core Operating Profits	60.0	53.6	56.9	58.6	54.7	56.1	5	3
Provisions	13.1	2.9	-2.9	3.6	3.2	6.4	123	99
Others	1.3	1.2	-4.1	-0.5	3.3	19.5	1,512	491
PBT	52.7	65.7	69.1	64.2	67.6	65.8	0	-3
Taxes	20.2	22.6	24.0	18.5	50.8	16.8	-26	-67
PAT	32.5	43.0	45.1	45.7	16.8	49.0	14	193
Balance Sheet, INRb								
Loans	9,840	10,196	10,700	10,775	10,920	11,338	11	4
Deposits	14,082	14,583	15,297	15,666	15,894	16,171	11	2
CASA Deposits	5,491	5,567	5,622	5,735	5,686	5,832	5	3
-Savings	4,844	4,886	4,921	4,984	4,980	5,090	4	2
-Current	647	681	700	751	707	742	9	5
Loan Mix (%)								
Retail	23.8	24.7	24.8	24.3	24.3	24.4	-38	5
Agri	17.1	16.1	16.5	16.9	16.6	16.5	36	-12
Corporate	44.5	44.2	43.7	43.5	43.4	43.2	-107	-26
MSME	14.5	14.9	15.0	15.3	15.7	16.0	109	33
Asset Quality, INRb								
GNPA	513	476	454	441	427	403	-15	-5
NNPA	59	47	44	43	41	40	-14	-3
Slippages	18	22	18	30	19	20	-10	4
Asset Quality Ratios (%)								
	1Q	2Q	3Q	4Q	1Q	2Q	YoY(bp)	QoQ(bp)
GNPA	5.0	4.5	4.1	4.0	3.8	3.5	-103	-33
NNPA	0.6	0.5	0.4	0.4	0.4	0.4	-10	-2
PCR (Cal.)	88.4	90.2	90.2	90.3	90.3	90.0	-16	-30
PCR (Incl. TWO)	95.9	96.7	96.8	96.8	96.9	96.9	24	3
Credit Cost	0.6	0.1	-0.1	0.1	0.1	0.2	12	11
Business Ratios (%)								
CASA	40.1	39.3	38.1	38.0	37.0	37.3	-202	30
Loan/Deposit	69.9	69.9	69.9	68.8	68.7	70.1	20	141
Fees to Total Income	21.5	20.4	17.2	24.6	23.1	18.4	-199	-468
Cost to Total Income	53.3	54.6			55.3	51.2	-338	-411
Cost to Total Assets	0.5	0.5			0.5	0.5	0	2
Tax Rate	38.3	34.5	34.7	28.8	75.2	25.5	-893	-4,970
Capitalisation Ratios (%)								
Tier-1	13.0	13.6	12.5	14.1	14.6	14.4	78	-21
- CET 1	11.0	11.6	10.7	12.3	13.0	12.8	116	-20
CAR	15.8	16.4	15.4	17.0	17.5	17.2	83	-31
LCR	134.8	129.2	136.6	133.0	133.0	NA	NA	NA
RWA to Total Assets	0.5	0.5	0.5	0.5	0.5	0.5	0	-1
Profitability Ratios (%)								
Yield on loans	8.3	8.3	8.4	8.4	8.1	7.9	-41	-24
Yield on Funds	7.2	7.1	7.1	7.2	7.0	6.8	-24	-20
Cost of Deposits	5.1	5.2	5.2	5.4	5.3	5.2	0	-15
Cost of Funds	4.5	4.6	4.6	4.8	4.7	4.6	1	-12
Margins	3.07	2.92	2.93	2.81	2.70	2.60	-32	-10
Other Details								
Branches	10,150	10,159	10,168	10,189	10,209	10,288	129	79
ATM	12,080	12,040	12,034	11,822	11,240	11,187	-853	-53



Highlights from the management commentary

Opening remarks

- The global gross business grew 10.6%; global deposits grew 10.9%; global advances grew at 10.1%.
- CD ratio is comfortable at ~72%, and the bank is now focusing on garnering low cost deposits.
- The bank is enhancing its RAM share to improve the yield on advances.
- It expects 3Q NIMs to expand, aided by a reduction in CoF as well as a CRR cut benefit.
- Efficiency ratio is improving consistently, with both RoA and RoE witnessing continuous improvement.
- GNPA has improved to 3.55%, and the bank is on track to achieve FY26 guidance of below 3%.
- Slippage ratio for 2Q is 0.71% and is showing improvement. Recovery has been more than that of slippages. As a result, credit costs have turned negative due to the pullback.
- CRAR is at 17.19% and CET-1 is at 12.75%.
- The bank is in the process of launching metal cards, as the bank is now emphasizing a full product suite.

Business

- Retail advances grew 18%, while corporate grew 7.9% YoY and 3% QoQ. The bank aims for 11-12% of credit growth.
- It expects healthy disbursements in the corporate segment with a focus on having a credit growth of 11-12% YoY.
- RAM share grew to 55%, and this will increase to 57-58%. The long-term growth is expected to reach 60%.
- Total loan sanction was at 1.78t, and all those disbursement will happen in a phased manner. The bank expects good corporate loan growth in 3Q and 4Q.
- GST impact will also lead to a healthy growth in the RAM segment, with 1-2% growth expected.
- The bank has good proposals in the steel and renewable sectors.
- The RAM segment's growth was over 15%, and the corporate growth was lower, but 2Q saw an improvement of 3% QoQ.
- Infra, tele, roads, ports, and data centers are segments where the bank has some proposals. These are mainly private sector capex.
- The bank remains relatively inactive in the unsecured loan segment and the PL portfolio, where lending is primarily linked to customers holding a salary account with the bank.

Cost, margins, and other highlights

- RoA was muted, the DTA calculation reversal is expected, and there is a gap of 10%. Since the bank has moved to the new tax regime, the RoA will be on the better side of 1% and above.
- Treasury profit – 1Q and 2Q have been maintained. 3Q will depend on the bonds movement. The bank will be receiving a INR15b of treasury profit every quarter going ahead

- Q1 and Q2 had some challenges due to the rate cut. CoD has already been on the downside. From 3Q and 4Q onwards, NIMs will see an improvement.
- On a conservative basis, 5bp improvement will occur in 3Q and 10bp improvement in 4Q (on the minimum side).
- Around 60% of TDs have already been repriced, and the remaining 30-40% will occur in 3Q and early part of 4Q. As a result, there will be some improvement in NIMs.
- Opex has been a positive surprise, as the bank has closely monitored and optimized various expenses, resulting in a reduction in operating costs.

Others

- Canara HSBC life IPO led to a profit of INR9b.

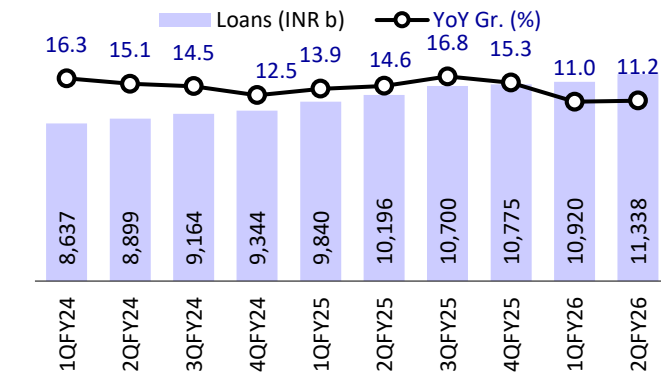
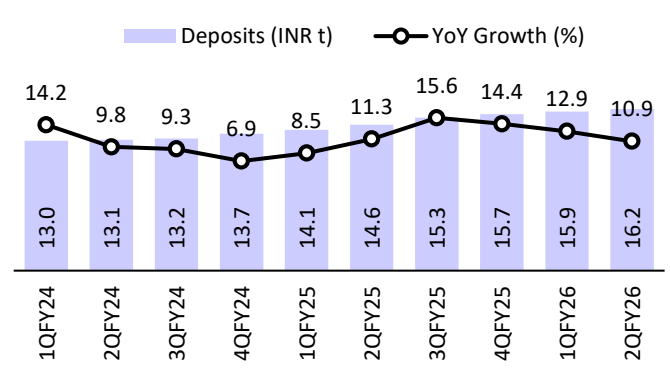
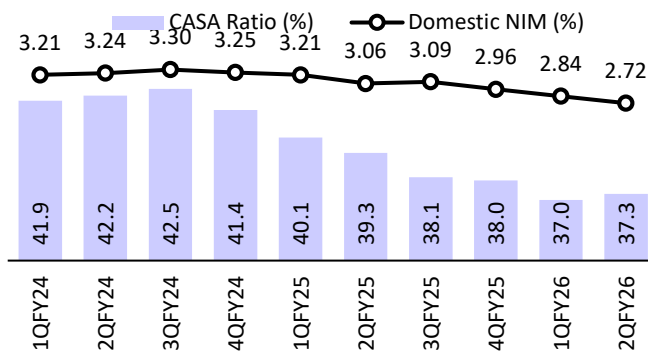
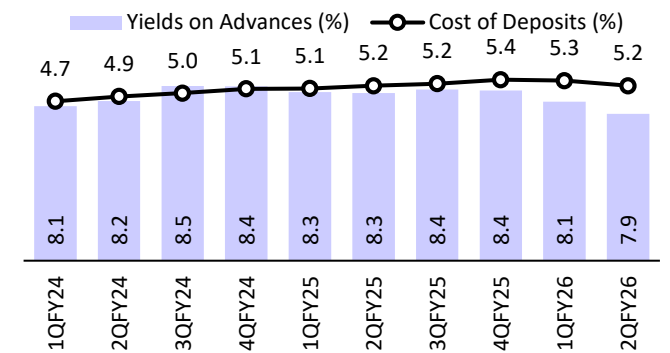
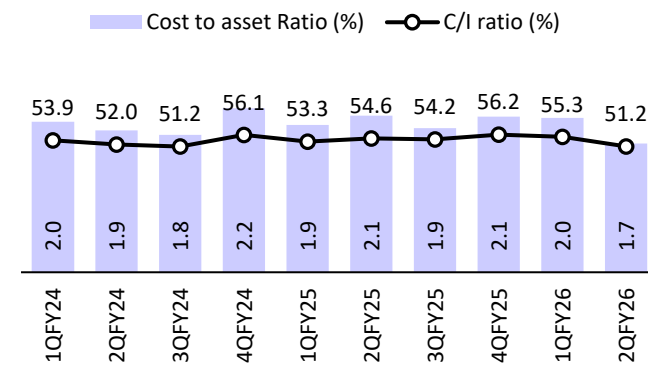
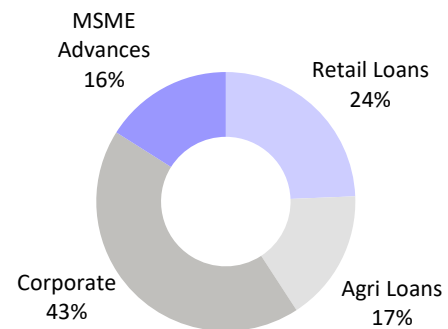
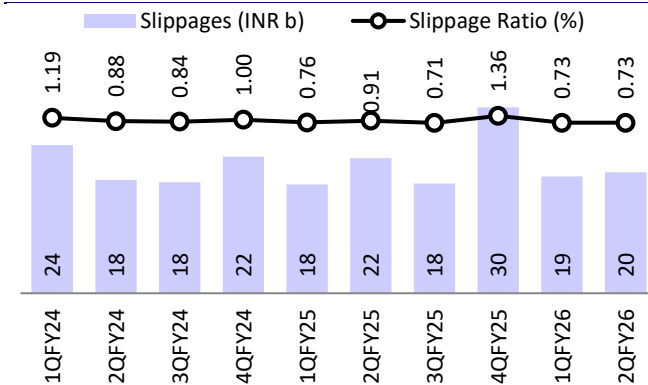
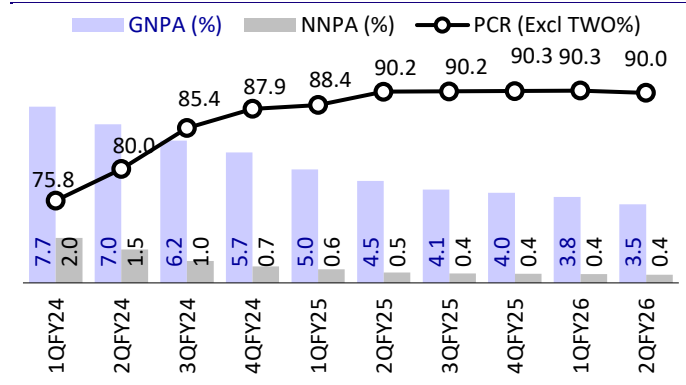
Asset quality

- TWO recovery was seen at INR39.2b, which has been muted. But the bank has guided for yearly recovery of INR160b for the entire year.
- Total SMA book is at 5.54%.
- ILFS account has been upgraded, and this account release will happen in 3Q and 4Q.
- Slippage are fully under control, and the annualized slippage ratio is 0.7%, which is below the guidance of 1%.
- ECL – The final framework is draft. Stage -1 carries the same provision as a standard asset. Stage 3 poses no challenge, as the PCR stands at 96%. Stage 2 will see some impact. 75-80bp of the impact will be seen in CRAR due to ECL.
- NPA provision – The bank has 96% PCR, and whenever there is recovery other than TWO, there will be a writeback of provision. The bank had made some provision as it holds a good PCR.
- AS-15 provision – The bank will not have provision in 3Q and 4Q. If the same govt. yield persists, the bank will not need any AS-15 provision.
- Other provision saw some increase – There was ILFS one account that saw a reduction from NPA provision and moved to the other provision account. This account will see a reversal in recovery in 3Q and 4Q.
- The account that was moved NPA to standard asset stands at INR12b (ILFS account). The bank has also improved its PCR level and, thus, the credit cost has reversed.
- None of the account in the corporate side has been on the SMA-0.

Guidance for FY26

- Guidance has been maintained at <1% of the slippage ratio.
- On a conservative basis, 5bp improvement will occur in 3Q and 10bp improvement in 4Q (on the minimum side).
- 75-80bp of impact will be seen into CRAR due to ECL.
- RoA – The bank aims for 1.1% of RoA in 3Q and 4Q.
- Credit growth guidance maintained at 11-12%.
- NIMs shall be at 2.8-2.9%.
- Gross NPA ratio shall be below 3%.
- Net NPA ratio shall be at 0.35%.
- Total recovery is expected at INR160b.

Story in charts

Exhibit 1: Loan book grew 11% YoY (3.8% QoQ) to INR11.3t

Exhibit 2: Deposits grew 10.9% YoY (up 1.7% QoQ)

Exhibit 3: Domestic NIM moderated 12bp QoQ to 2.72%

Exhibit 4: Yields declined 24bp QoQ; CoD declined 15bp QoQ

Exhibit 5: C/I ratio moderated to 51.2% in 2QFY26

Exhibit 6: O/s loan mix: RAM constituted ~57% of total loans

Exhibit 7: Slippage ratio stood controlled at 0.73%

Exhibit 8: GNPA/NNPA ratios improved 33bp/2bp QoQ


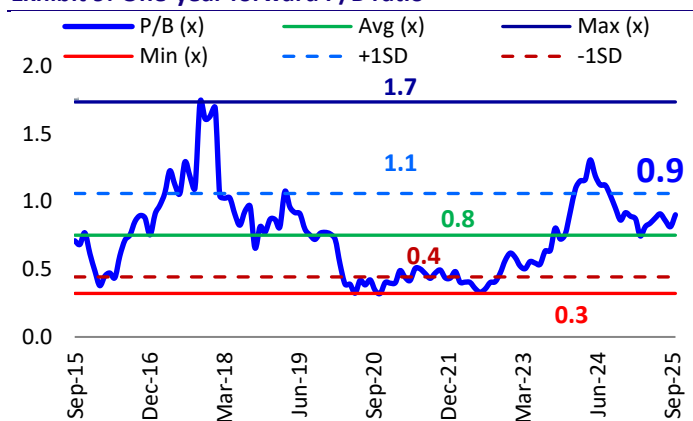
Source: MOFSL, Company

Source: MOFSL, Company

Valuation and view: Reiterate Buy with TP of INR135

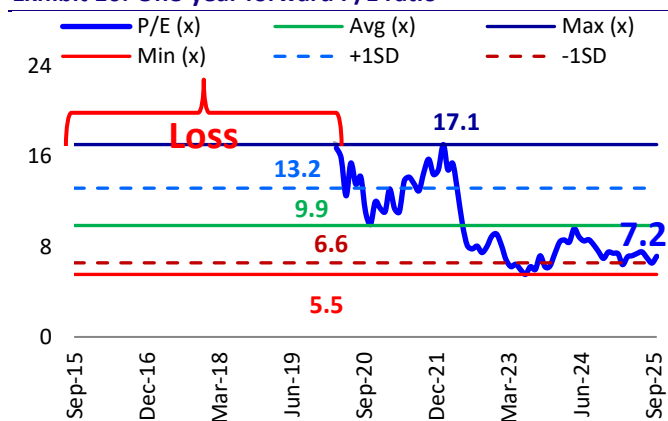
- PNB reported an in-line quarter, as lower opex has been offset by lower other income and higher provisions. NIMs contracted 10bp QoQ, though the bank expects improvement from 3Q onwards. Business growth remained healthy, with management guiding for 11-12% growth for FY26. Asset quality showed an improvement, with annualized slippage ratio maintained at 0.7%, against the bank's guidance of 1%. The SMA-2 book (with loans over INR50m) remains steady at 0.17% of domestic loans. We fine-tune our earnings estimates and expect RoA/RoE at 1.03%/15.4% in FY27. **Reiterate BUY with a TP of INR135 (1.0x FY27E ABV).**

Exhibit 9: One-year forward P/B ratio



Source: MOFSL, Company

Exhibit 10: One-year forward P/E ratio



Source: MOFSL, Company

Exhibit 11: DuPont Analysis – Return ratios to improve gradually

Annual DuPont	FY23	FY24	FY25	FY26E	FY27E	FY28E
Interest Income	6.13	7.07	7.20	6.92	6.85	6.83
Interest Expense	3.65	4.42	4.67	4.62	4.42	4.30
Net Interest Income	2.48	2.65	2.53	2.30	2.43	2.52
Other Income	0.87	0.89	0.97	1.00	0.94	0.93
Total Income	3.36	3.54	3.50	3.30	3.37	3.46
Operating Expenses	1.74	1.89	1.91	1.79	1.76	1.73
Employees	1.07	1.22	1.26	1.19	1.17	1.15
Others	0.67	0.66	0.65	0.60	0.59	0.58
Operating Profits	1.62	1.65	1.59	1.51	1.61	1.73
Core operating Profits	1.70	1.60	1.36	1.46	1.56	1.67
Provisions	1.31	0.78	0.10	0.11	0.23	0.27
PBT	0.31	0.87	1.49	1.40	1.39	1.45
Tax	0.13	0.33	0.50	0.53	0.35	0.37
RoA	0.18	0.55	0.98	0.87	1.03	1.09
Leverage (x)	15.44	15.95	15.56	15.14	14.88	14.61
RoE	2.79	8.70	15.31	13.16	15.39	15.86

Source: MOFSL, Company

Financials and valuations

Income Statement

(INR b)

Y/E March	FY23	FY24	FY25	FY26E	FY27E	FY28E
Interest Income	851.4	1,069.0	1,217.6	1,318.9	1,441.3	1,594.6
Interest Expense	506.5	668.2	789.8	880.8	930.6	1,004.9
Net Interest Income	344.9	400.8	427.8	438.1	510.7	589.8
- Growth (%)	20.2	16.2	6.7	2.4	16.6	15.5
Non Interest Income	121.4	133.8	163.1	190.8	198.5	218.3
Total Income	466.3	534.7	590.9	628.9	709.2	808.1
- Growth (%)	13.7	14.7	10.5	6.4	12.8	13.9
Operating Expenses	241.1	285.4	322.6	341.1	370.0	404.2
Pre Provision Profits	225.3	249.3	268.3	287.8	339.1	403.9
- Growth (%)	8.5	10.7	7.6	7.3	17.8	19.1
Core PPOp	236.7	242.4	229.1	278.0	327.4	389.8
- Growth (%)	32.8	2.4	-5.5	21.4	17.7	19.1
Provisions (excl tax)	182.4	117.4	16.7	20.6	47.4	64.1
PBT	42.9	131.9	251.6	267.2	291.7	339.8
Tax	17.8	49.5	85.3	101.5	74.1	86.3
Tax Rate (%)	41.5	37.5	33.9	38.0	25.4	25.4
PAT	25.1	82.4	166.3	165.7	217.6	253.5
- Growth (%)	-27.5	228.8	101.7	-0.4	31.4	16.5

Balance Sheet

Y/E March	FY23	FY24	FY25	FY26E	FY27E	FY28E
Share Capital	22	22	23	23	23	23
Equity Share Capital	22.0	22.0	23.0	23.0	23.0	23.0
Reserves & Surplus	976.5	1,042.7	1,250.6	1,387.9	1,561.1	1,756.8
Net Worth	998.6	1,064.8	1,273.6	1,410.9	1,584.1	1,779.8
Deposits	12,811.6	13,697.1	15,666.2	17,326.9	19,232.8	21,386.9
- Growth (%)	11.8	6.9	14.4	10.6	11.0	11.2
of which CASA Dep	5,380.2	5,525.0	5,735.4	6,307.0	7,308.5	8,512.0
- Growth (%)	0.8	2.7	3.8	10.0	15.9	16.5
Borrowings	512.9	504.3	837.8	751.2	778.8	809.0
Other Liabilities & Prov.	295.2	352.2	404.1	464.7	534.4	614.6
Total Liabilities	14,618.3	15,618.4	18,181.7	19,953.7	22,130.1	24,590.3
Current Assets	1,551.1	1,291.0	1,487.2	1,446.2	1,570.9	1,731.3
Investments	3,960.0	4,203.2	4,973.1	5,420.7	5,930.2	6,505.5
- Growth (%)	6.4	6.1	18.3	9.0	9.4	9.7
Loans	8,308.3	9,344.3	10,774.7	12,046.2	13,515.8	15,178.2
- Growth (%)	14.1	12.5	15.3	11.8	12.2	12.3
Fixed Assets	120.5	123.2	130.5	138.4	146.7	155.5
Other Assets	678.4	656.6	816.1	902.2	966.5	1,019.8
Total Assets	14,618.3	15,618.4	18,181.7	19,953.7	22,130.1	24,590.3

Asset Quality	FY23	FY24	FY25	FY26E	FY27E	FY28E
GNPA	773.3	563.4	440.8	376.0	372.2	385.4
NNPA	225.9	68.0	42.9	33.9	36.4	39.1
Slippages	160.3	58.3	67.6	102.7	127.8	143.5
GNPA Ratio	8.7	5.7	4.0	3.0	2.7	2.5
NNPA Ratio	2.7	0.7	0.4	0.3	0.3	0.3
Slippage Ratio	2.1	0.7	0.7	0.9	1.0	1.0
Credit Cost	2.34	1.33	0.17	0.15	0.33	0.40
PCR (Excl Tech. write off)	70.8	87.9	90.3	91.0	90.2	89.9

E: MOFSL Estimates

Financials and valuations

Ratios

Y/E March	FY23	FY24	FY25	FY26E	FY27E	FY28E
Yield and Cost Ratios (%)						
Avg. Yield- on Earning Assets	6.5	7.5	7.6	7.3	7.2	7.2
Avg. Yield on loans	7.4	8.6	8.6	8.3	8.1	8.1
Avg. Yield on Investments	6.7	6.9	6.8	6.8	6.7	6.6
Avg. Cost of Int. Bear. Liab.	4.0	4.9	5.1	5.1	4.9	4.8
Avg. Cost of Deposits	3.9	4.7	5.0	4.9	4.7	4.6
Interest Spread	2.5	2.6	2.4	2.2	2.3	2.4
Net Interest Margin	2.6	2.8	2.7	2.4	2.6	2.7

Capitalisation Ratios (%)

CAR	15.5	16.0	17.1	16.1	16.0	16.0
Tier I	12.7	13.2	14.1	13.0	13.3	13.6
CET-1	11.2	11.1	12.4	10.8	11.1	11.3
Tier II	2.8	2.8	3.0	3.1	2.7	2.4

Business Ratios (%)

Loans/Deposit Ratio	64.8	68.2	68.8	69.5	70.3	71.0
CASA Ratio	42.0	40.3	36.6	36.4	38.0	39.8
Cost/Assets	1.6	1.8	1.8	1.7	1.7	1.6
Cost/Total Income	51.7	53.4	54.6	54.2	52.2	50.0
Cost/Core income	2.0	-4.5	-0.8	-3.7	-3.3	-3.0
Int. Expense/Int.Income	59.5	62.5	64.9	66.8	64.6	63.0
Fee Income/Total Income	28.5	23.7	21.0	28.8	26.3	25.3
Non Int. Inc./Total Income	26.0	25.0	27.6	30.3	28.0	27.0
Empl. Cost/Total Expense	61.4	64.8	66.2	66.4	66.7	66.6

Efficiency Ratios (INRm)

Employee per branch (in nos)	10.3	10.1	10.1	10.1	10.1	10.1
Staff cost per employee	1.4	1.8	2.1	2.1	2.3	2.4
CASA per branch	534.0	545.1	562.9	598.6	680.1	776.6
Deposits per branch	1,271.5	1,351.3	1,537.6	1,644.6	1,789.7	1,951.2
Business per Employee	202.8	225.1	257.3	275.9	301.6	330.2
Profit per Employee	0.2	0.8	1.6	1.6	2.0	2.3

Valuation ratios

RoE	2.8	8.7	15.3	13.2	15.4	15.9
RoA	0.2	0.5	1.0	0.9	1.0	1.1
RoRWA	0.4	1.2	2.1	1.9	2.2	2.3
Book Value (INR)	86	93	107	119	134	151
- Growth (%)	3.9	7.0	15.4	11.2	12.7	12.7
Price-BV (x)	1.3	1.2	1.1	1.0	0.9	0.8
Adjusted BV (INR)	68	84	101	113	128	144
Price-ABV (x)	1.7	1.4	1.1	1.0	0.9	0.8
EPS (INR)	2.3	7.5	14.8	14.4	18.9	22.1
Price-Earnings (x)	50.1	15.2	7.7	7.9	6.0	5.2
Dividend Per Share (INR)	0.7	1.5	2.9	3.0	3.9	5.1
Dividend Yield (%)	0.6	1.3	2.5	2.6	3.4	4.4

E: MOFSL Estimates

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

NOTES

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 and BSE enlistment no. 5028. 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 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 and is a member of Association of Portfolio Managers in India (APMI) for distribution of PMS products. Details of associate entities of Motilal Oswal Financial Services Ltd. are available on the website at <http://online.reports.motilaloswal.com/Dormant/documents/Associate%20Details.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/Publish/ViewLitigation.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: No.
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.
- MOFSL has not received compensation for investment banking /merchant banking/brokerage services from the subject company(ies) in the past 12 months.
- 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.
- MOFSL may have received compensation or other benefits from the subject company(ies) or third party in connection with the research report.
- 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, nor 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, enlistment as RA with Exchange 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
Mr. Neeraj Agarwal	022 40548085	na@motilaloswal.com
Mr. Siddhartha Khemka	022 50362452	po.research@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, BSE enlistment no. 5028 : AMFI: ARN : 146822. IRDA Corporate Agent – CA0579, APMI: APRN00233. 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 dp.grievances@motilaloswal.com.