

IndusInd Bank

Estimate change	↔
TP change	↑
Rating change	↔

Bloomberg	IIB IN
Equity Shares (m)	779
M.Cap.(INRb)/(USD\$)	695.3 / 7.6
52-Week Range (INR)	1087 / 605
1, 6, 12 Rel. Per (%)	9/6/-16
12M Avg Val (INR M)	6062

Financials & Valuations (INR b)

Y/E MARCH	FY25	FY26E	FY27E
NII	190.3	179.0	194.7
OP	106.6	91.3	98.8
NP	25.8	4.8	33.9
NIM (%)	3.6	3.3	3.4
EPS (INR)	33.1	6.2	43.5
EPS Gr. (%)	-71.4	-81.3	603.2
BV/Sh. (INR)	830	827	860
ABV/Sh. (INR)	800	799	832

Ratios

RoA (%)	0.5	0.1	0.6
RoE (%)	4.0	0.7	5.2

Valuations

P/E (X)	27.2	145.3	20.7
P/BV (X)	1.1	1.1	1.0
P/ABV (X)	1.1	1.1	1.1

Shareholding Pattern (%)

As On	Dec-25	Sep-25	Dec-24
Promoter	15.1	15.1	15.1
DII	33.7	30.5	39.7
FII	34.8	37.4	30.3
Others	16.4	17.1	15.0

FII includes depository receipts

CMP: INR892 **TP: INR930 (+4%)** **Neutral**

Earnings in line; operating performance to recover gradually

Adj NIMs expand 3bp QoQ

- IndusInd Bank (IIB) reported 3QFY26 PAT of INR1.3b (in line with our estimate of INR1.3b profit) amid better NII, offset by accelerated provisions.
- NII declined 13% YoY (up 3.5% QoQ) to INR45.6b (6% beat). Adj NIMs expanded 3bp QoQ to 3.35% (refund on IT aided reported NIMs by 20bp QoQ to 3.52%).
- Other income declined 27.5% YoY (up 3.4 % QoQ, in line). Opex stood flat YoY/ QoQ to INR39.9b (the bank has recognized an impact of INR2.3b for the new labor codes).
- Loan book declined 2.6% QoQ (down 13.5% YoY), while deposits grew 1.1% QoQ (down 3.8% YoY).
- Fresh slippages were flat QoQ at INR25.6b in 3QFY26. GNPA ratio improved 4bp QoQ to 3.56%, while NNPA ratio remained flat at 1.04%. PCR stood flat at 71.5%.
- **We largely maintain our earnings estimate for FY27/28E and project IIB's RoA/RoE at 0.6%/5.2% for FY27. Reiterate Neutral with a TP of INR930 (premised on 1.0x Sep'27E ABV).**

Business growth muted; PCR ratio stable

- IIB reported 3QFY26 PAT of ~INR1.3b (vs our estimate of INR1.3b profit) amid better NII, while provisions continue to stay elevated.
- NII stood better than estimates at INR45.6b (6% beat). Adj NIMs expanded marginally 3bp QoQ to 3.35% (while interest on IT refund aided reported NIMs by 20bp QoQ to 3.52%).
- Other income grew 3.4% QoQ (down 27.5% YoY) to INR17b (in line) amid flat treasury income. Opex stood flat YoY/QoQ at INR39.9b (INR2.3b pertaining to the new labor code impact). C/I ratio, thus, declined to 63.8% vs 66.2%. PPOp stood at INR22.7b (23% higher than MOFSLe).
- Provisions stood higher than our estimate at INR20.9b (down 20% QoQ/ up 20% YoY), as higher slippages and aggressive provisions in the MFI pool continue for the bank.
- The loan book declined 13.5% YoY and 2.6% QoQ to INR3.2t, driven by a run-down in the corporate book (down 40% YoY/9% QoQ), and in Inst & Govt banking (down 26% YoY and 8% QoQ), while retail declined 4% YoY/0.9% QoQ. Within retail, VF grew 2.7% YoY/2.1% QoQ, and consumer banking stood flat QoQ.
- Deposits book grew 1% QoQ (down 4% YoY), as the bank has de-bulked its large bulk deposits. CASA book stood largely flat QoQ (down 16.6% YoY). As a result, the CASA book declined marginally to 30.2%.
- Fresh slippages were largely flat QoQ at INR25.6b vs INR25.4b in 2QFY26, amid elevated slippages in MFI. Asset quality ratios improved marginally, with GNPA ratio reducing 4bp QoQ to 3.56% and NNPA remaining flat QoQ at 1.04%. PCR stood flat at 71.5%.

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

- The bank aims to achieve a 1% ROA over the medium term, led by lower cost-to-assets, better productivity, and reduced funding costs through diversification. Management stated it is too early to define a timeline, as a three-year plan is still being developed.
- The bank aims for ~1.5% fee to avg assets over a period of time.
- Gross slippages: VF – INR6.94b, Corporate – INR640m, Other Retail – INR6.97b, MFI – INR10.83b.
- SMA levels improved to 26bp (vs. 33 bps YoY), while net SR declined to 17bp (vs. 31bp YoY).

Valuation and view

IIB reported a largely in-line PAT, while provisions remained elevated due to continued slippages in the MFI segment. Other income was broadly in line, with treasury income remaining flat, while opex stayed largely stable. Adjusted NIMs expanded 3bp QoQ, while reported NIMs expanded 20bp QoQ, supported by interest income from IT refunds. Business growth remained modest, driven by the continued de-bulking of corporate advances as well as bulk deposits. Deposit growth was, therefore, marginal at ~1% QoQ, leading to a decline in the CD ratio to 80.6%. Slippages continued to remain elevated, primarily due to higher stress in the MFI segment. The bank expects loan growth to broadly align with industry growth by the exit quarter of FY27, with growth likely to outpace the industry in FY28. **We largely maintain our earnings estimate for FY27/28E and project IIB's RoA/RoE at 0.6%/5.2% for FY27. Reiterate Neutral with a TP of INR930 (premised on 1.0x Sep'27E ABV).**

Quarterly performance

(INR b)

	FY25				FY26E				FY25	FY26E	FY26E	V/S our
	1Q	2Q	3Q	4Q	1Q	2Q	3QA	4QE			3QE	Est
Net Interest Income	54.1	53.5	52.3	30.5	46.4	44.1	45.6	42.9	190.3	179.0	42.9	6%
% Change (YoY)	11.1	5.3	-1.3	-43.3	-14.2	-17.5	-12.7	40.6	-7.7	-6.0	-18.0	
Other Income	24.4	21.8	23.6	7.1	21.6	16.5	17.1	18.3	76.9	73.4	17.1	0%
Total Income	78.5	75.3	75.8	37.6	68.0	60.6	62.7	61.1	267.2	252.4	59.9	5%
Operating Expenses	39.0	39.3	39.8	42.5	42.3	40.1	40.0	38.7	160.6	161.1	41.4	-3%
Operating Profit	39.5	36.0	36.0	-4.9	25.7	20.5	22.7	22.4	106.6	91.3	18.5	23%
% Change (YoY)	3.1	-7.9	-10.9	-112.0	-35.0	-43.1	-37.0	-556.8	-32.8	-14.4	-48.6	
Provisions	10.5	18.2	17.4	25.2	17.6	26.3	21.0	20.0	71.4	84.8	16.8	25%
Profit before Tax	29.0	17.8	18.6	-30.1	8.1	-5.8	1.7	2.5	35.3	6.4	1.8	-1%
Tax	7.3	4.5	4.5	-6.8	2.0	-1.5	0.5	0.6	9.5	1.6	0.4	4%
Net Profit	21.7	13.3	14.0	-23.3	6.0	-4.4	1.3	1.9	25.8	4.8	1.3	-2%
% Change (YoY)	2.2	-39.5	-39.1	NA	-72.2	NA	-90.9	NA	-71.3	-81.3	-90.6	
Operating Parameters												
Deposit (INR b)	3,985	4,124	4,094	4,109	3,971	3,896	3,938	4,018	4,109	4,018	3,825	
Loan (INR b)	3,479	3,572	3,669	3,450	3,337	3,259	3,175	3,278	3,450	3,278	3,185	
Deposit Growth (%)	14.8	14.7	11.0	6.8	-0.3	-5.5	-3.8	-2.2	6.8	-2.2	-6.6	
Loan Growth (%)	15.5	13.2	12.2	0.5	-4.1	-8.8	-13.5	-5.0	0.5	-5.0	-13.2	
Asset Quality												
Gross NPA (%)	2.0	2.1	2.3	3.1	3.6	3.6	3.6	3.4	3.1	3.4	3.3	
Net NPA (%)	0.6	0.6	0.7	1.0	1.1	1.0	1.0	0.9	1.0	0.9	1.0	
PCR (%)	70.6	70.1	70.2	70.2	70.2	71.8	71.5	72.6	69.6	72.6	69.0	

E: MOFSL Estimates

Quarterly snapshot

INR b	FY25				FY26			Variation (%)	
Profit and Loss	1Q	2Q	3Q	4Q	1Q	2Q	3Q	YoY	QoQ
Net Interest Income	54.1	53.5	52.3	30.5	46.4	44.1	45.6	-13	3
Other Income	24.4	21.8	23.6	7.1	21.6	16.5	17.1	-28	3
Trading profits	0.9	0.6	2.3	3.6	6.3	1.1	1.4	-41	26
Total Income	78.5	75.3	75.8	37.6	68.0	60.6	62.7	-17	3
Operating Expenses	39.0	39.3	39.8	42.5	42.3	40.1	40.0	0	0
Employee	14.4	15.0	14.8	16.0	18.1	16.6	19.0	28	14
Others	24.6	24.3	25.0	26.5	24.2	23.5	20.9	-16	-11
Operating Profits	39.5	36.0	36.0	-4.9	25.7	20.5	22.7	-37	11
Core PPOp	38.6	35.4	33.7	-8.5	19.4	19.4	21.3	-37	10
Provisions	10.5	18.2	17.4	25.2	17.6	26.3	21.0	20	-20
PBT	29.0	17.8	18.6	-30.1	8.1	-5.8	1.7	-91	-130
Taxes	7.3	4.5	4.5	-6.8	2.0	-1.5	0.5	-90	-131
PAT	21.7	13.3	14.0	-23.3	6.0	-4.4	1.3	-91	-129
Balance Sheet (INR b)									
Loans	3,479	3,572	3,669	3,450	3,337	3,259	3,175	-13	-3
- CCBG Advances	1,531	1,607	1,724	1,587	1,335	1,304	0	-100	-100
- CFD Advances	1,948	1,964	1,945	1,863	2,002	1,955	0	-100	-100
Deposits	3,985	4,124	4,094	4,109	3,971	3,896	3,938	-4	1
CASA Deposits	1,461	1,479	1,428	1,348	1,250	1,198	1,191	-17	-1
- Savings	977	953	969	940	911	879	877	-10	0
- Current	485	526	459	408	339	319	314	-32	-2
Loan mix (%)									
Consumer	54.8	53.5	53.6	58.4	60.3	59.8	8.8	-4,480	-5,097
- of which Vehicle	25.8	25.4	25.5	27.7	28.9	29.5	0.0	-2,551	-2,952
- of which Unsecured	21.0	20.0	19.1	20.5	20.8	19.1	3.2	-1,589	-1,586
- of which MFI	10.6	9.2	8.9	9.0	8.5	6.5	5.6	-331	-98
- others	-2.6	-1.1	0.1	1.2	2.1	4.6	0.0	-9	-460
Corporate & Commercial	45.2	46.5	46.4	41.6	39.7	40.2	0.0	-4,640	-4,024
Asset Quality (INR b)									
GNPA	71.27	76.39	83.75	110.46	124.81	120.58	116.05	39	-4
NNPA	20.95	22.82	24.96	32.87	37.22	33.99	33.04	32	-3
Slippages	15.4	18.0	22.0	50.1	25.7	25.4	25.6	16	1
Asset Quality Ratios (%)									
GNPA	2.0	2.1	2.3	3.1	3.6	3.6	3.6	131	-4
NNPA	0.6	0.6	0.7	1.0	1.1	1.0	1.0	36	0
PCR (Cal.)	70.6	70.1	70.2	70.2	70.2	71.8	71.5	133	-28
Slippage	1.9	2.1	2.5	5.8	3.0	3.0	3.0	46	2
Business Ratios (%)									
CASA	36.7	35.9	34.9	32.8	31.5	30.7	30.2	-464	-50
Loan/Deposit	87.3	86.6	89.6	84.0	84.0	83.6	80.6	-898	-301
Other income/Total Income	31.1	29.0	31.1	18.9	31.7	27.2	27.2	-382	-1
Cost to Income	49.7	52.2	52.5	113.1	62.2	66.2	63.8	1,128	-242
Cost to Assets	3.1	3.1	3.1	3.2	3.2	3.0	3.0	-9	-2
Tax Rate	25.2	25.2	24.5	22.7	25.2	25.2	26.4	192	125
Capitalisation Ratios (%)									
CAR	17.6	16.5	16.5	16.2	16.6	17.1	16.9	48	-16
Tier 1	16.2	15.2	15.2	15.1	15.5	15.9	15.7	56	-14
- CET 1	16.2	15.2	15.2	15.1	15.5	15.9	15.7	56	-14
RWA / Total Assets	73.3	77.4	78.1	75.7	76.0	75.5	76.0	-210	50
LCR	122.0	118.0	118.0	118.0	141.0	132.0	122.0	400	-1,000
Profitability Ratios (%)									
Yield on loans	12.6	12.3	12.2	9.5	11.6	11.2	11.1	-113	-15
Yield on funds	9.9	9.7	9.6	7.9	9.2	8.8	8.8	-85	3
Cost of deposits	6.5	6.6	6.6	6.5	6.4	6.2	6.1	-49	-14
Cost of funds	5.6	5.6	5.7	5.6	5.7	5.4	5.3	-44	-17
Margins	4.25	4.08	3.93	2.25	3.46	3.32	3.52	-41	20
Other details									
Branches	3,013	3,040	3,063	3,081	3,110	3,116	3,120	57	4
ATMs	2,988	3,011	2,993	3,027	3,052	3,054	3,063	70	9



Highlights from the management commentary

Opening remarks

- The bank has exited inefficient assets and liabilities. Deposits increased ~1% QoQ, despite a deliberate reduction in bulk deposits.
- VF disbursements remained strong during the quarter.
- Slippages remained elevated, similar to the previous quarter; however, incremental stress formation is moderating.
- Cost of funds declined, supported by a reduction in bulk deposits, with the CD ratio down 3% QoQ and borrowings lower by 13% QoQ.
- Average deposits declined 1% QoQ, driven by lower bulk deposits.
- NIMs expanded 20bp QoQ, aided by a 17bp benefit from IT refunds. Adjusted NIM stood at 3.35%, supported by term deposit repricing.
- Operating expenses included a one-off impact of INR2.29b.
- Slippages remained range-bound; SMA-1 and SMA-2 improved to 17bp from 26bp QoQ.

Retail

- KCC and other rural loan portfolios remained stable on a QoQ basis.
- Certain rural products have achieved scale.
- Home loans witnessed a strong momentum, growing 10% QoQ. Personal loans grew 12% YoY, while credit cards declined 6% YoY.
- The bank has rationalized credit card spending to improve portfolio quality.

MFI business

- BFIL is led by Mr. Tapobradh Chaudhary. The bank has tightened MFI norms this year.
- The bank is aiming for normalized collections in the MFI segment.
- It has revived micro banking disbursements.
- Disbursements were towards high and better profile customers. The CGFMU cover will be at 38% for the bank.

SME banking

- There is a large segment in this book. Mr. Ramaswamy has joined the bank and is a veteran with two decades of experience.
- The portfolio has a robust scope in the years to grow.

Vehicle segment

- The segment saw robust growth amid GST changes. VF disbursements increased 26% QoQ; as a result, the loan book grew 2% QoQ.
- The bank saw broad-based disbursements in the VF book.

Corporate

- Mr. Ganesh has joined the wholesale banking department. The bank has revised its coverage model.
- The bank has started rationalizing exposures; as a result, the book declined in 3Q.
- Asset quality is healthy.

- Gems and Jewel does not have an SMA book, and the asset quality continues to perform well.

Loans and deposits related

- Management aims for loan growth to align with industry growth by the end of FY27.
- MFI remains a strategically important business. As the industry evolves, the SMF category may face challenges but continues to qualify under PSL norms.
- CGFMU coverage is currently ~38%, with an intent to scale it up to 100% over time, which should mitigate MFI-related headwinds.
- FY26–27 growth is expected to be in line with the market; FY27–28 is expected to see market share gains, and FY28–29 is expected to be a phase of dominance in the bank's core expertise areas.
- In Vehicle Finance, the bank currently holds ~7.5% market share, with an aim to increase it to ~9%.
- Deposit mobilization remains the key determinant of growth.
- The SMF portfolio has declined over the past 2–3 quarters, while MFI disbursements have increased since Oct'25. The full benefit of higher disbursements is expected in 4Q, as disbursements outpace repayments.

Margins, yields, costs, and RoA

- RoA improvement is a medium-term (three-year) journey, with a targeted RoA of ~1%.
- Cost-to-assets remains elevated; however, there is scope for operating leverage as asset growth improves. Management expects this normalization over a three-year period.
- A significant part of RoA improvement will be driven by lower credit costs. As MFI share reduces, overall credit costs are expected to moderate, providing upside across segments.

Other income and opex

- The bank has already absorbed INR2.3b related to revised employee labor norms.
- Management is focused on reducing the opex ratio, given the available operating leverage.

Asset quality related

- Net NPA stood at 1.04%. The bank continues to follow a consistent provisioning and write-off strategy.
- Gross slippages have remained stable; the bank writes off 100% of eligible accounts, which has led to a decline in PCR.
- SMA exposure in the MFI book stands at ~2.4%.
- NNPA trajectory will depend on slippage trends; with slippages moderating, credit costs are expected to decline.
- The bank will continue to follow a conservative provisioning approach.
- ECL guidelines are awaited; the estimated impact is ~1.5–1.7% of the loan book.
- VF slippages are expected to be lower by ~20bp in the next financial year compared to the current year.

- In the MFI segment, the bank writes off accounts 365 days post-NPA recognition.
- Exposure to the Adani Group has declined over the past two years.

Others

- The bank is currently focused on the liability side. Growth capital is not required as of now, and the bank has sufficient capital for the next 12-18 months.
- There will be a small impact from changes in LCR due to the new norms.

Story in charts

Exhibit 1: Loans/deposits dipped 13.5%/3.8% YoY

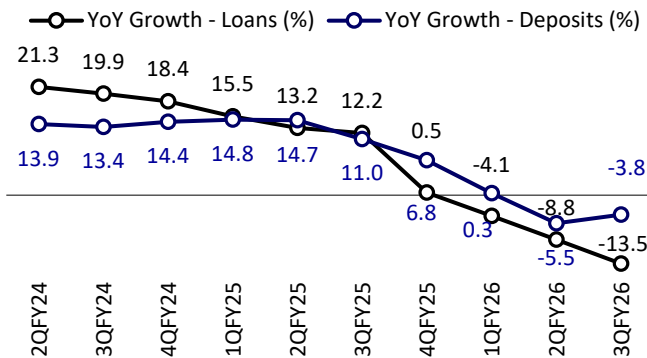


Exhibit 2: Retail mix stood at 51%, wholesale mix at 35%

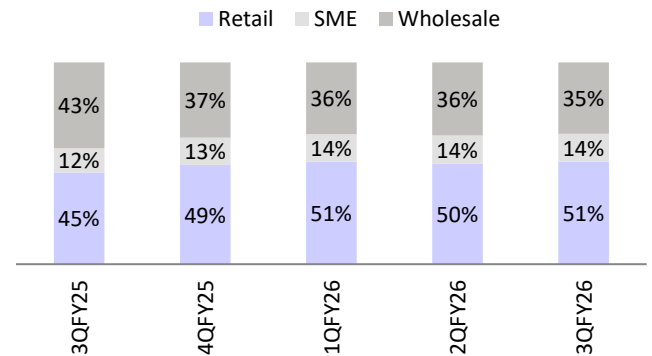


Exhibit 3: Adj NIMs stood at 3.35% (reported NIMs at 3.52%)

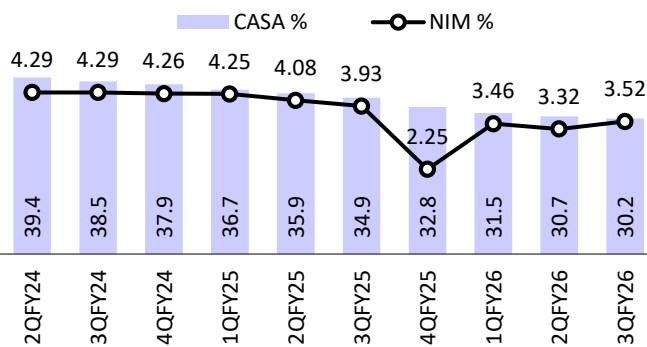


Exhibit 4: YoA declined to 11.1%; CoF stood at 5.3%

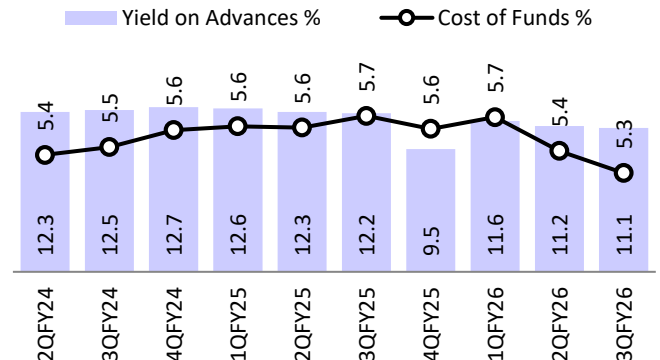


Exhibit 5: C/I ratio declined to 63.8%; C/A stood at 2.98%

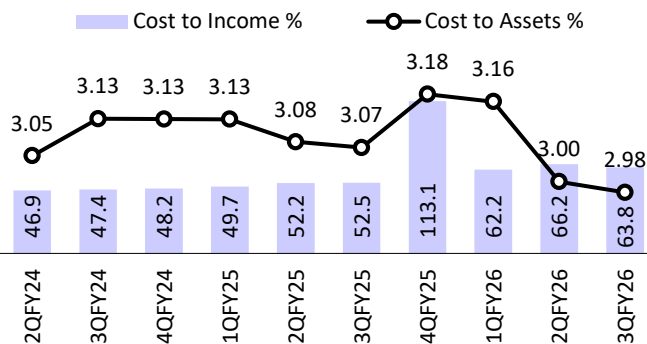


Exhibit 6: CD ratio declined to 80.6%; LCR ratio at 122%

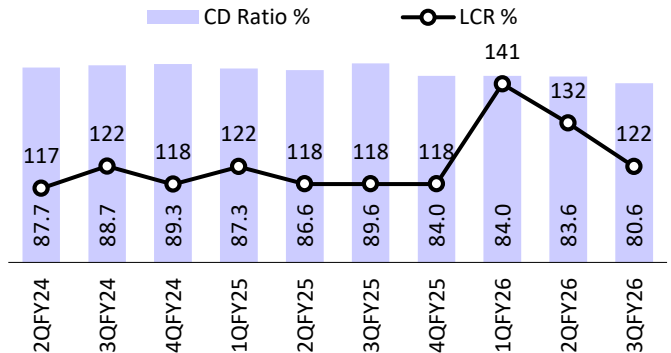


Exhibit 7: Slippage ratio stood at 2.99%

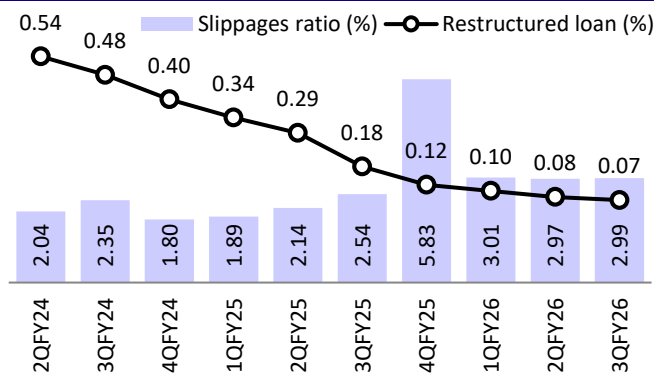
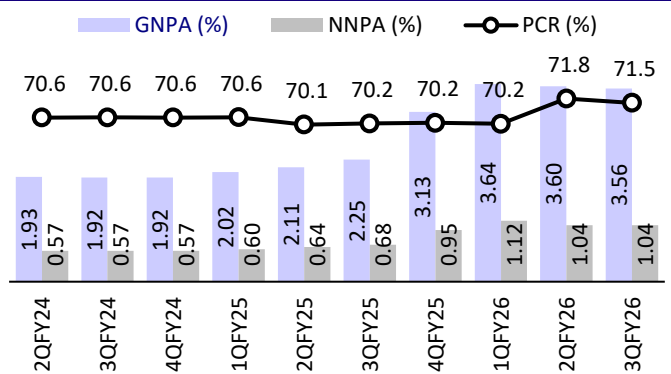


Exhibit 8: GNPA/NNPA ratios improved to 3.56%/1.04%



Source: MOFSL, Company

Source: MOFSL, Company

Valuation and view: Reiterate Neutral with a TP of INR930

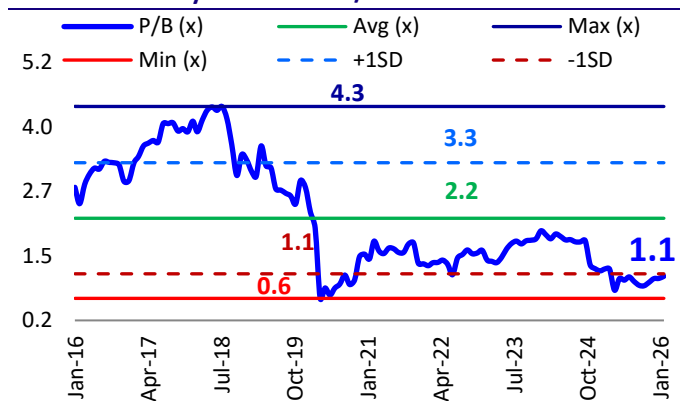
- IIB reported a largely in-line PAT, while provisions remained elevated due to continued slippages in the MFI segment. Other income was broadly in line, with treasury income remaining flat, while opex stayed largely stable.
- Adjusted NIMs expanded 3bp QoQ, while reported NIMs expanded by 20bp QoQ, supported by interest income from IT refunds.
- Business growth remained modest, driven by the continued de-bulking of corporate advances as well as bulk deposits. Deposit growth was, therefore, marginal at ~1% QoQ, leading to an 80.6% decline in the CD ratio.
- Slippages continued to remain elevated, primarily due to higher stress in the MFI segment. The bank expects loan growth to broadly align with industry growth by the exit quarter of FY27, with growth likely to outpace the industry in FY28.
- **We largely maintain our earnings estimate for FY27/28E and project IIB's RoA/RoE at 0.6%/5.2% for FY27. Reiterate Neutral with a TP of INR930 (premised on 1.0x Sep'27E ABV).**

Exhibit 9: Revisions to our earnings estimates

INRb	Old Estimates			New Estimates			Change (%/bps)		
	FY26	FY27	FY28	FY26	FY27	FY28	FY26	FY27	FY28
Net Interest Income	175.3	194.5	226.8	179.0	194.7	226.4	2.1	0.1	(0.1)
Other Income	73.1	82.6	94.1	73.4	82.3	93.8	0.5	(0.4)	(0.4)
Total Income	248.3	277.0	320.9	252.4	277.0	320.2	1.7	(0.0)	(0.2)
Operating Expenses	166.4	184.1	206.6	161.1	178.2	200.8	(3.2)	(3.2)	(2.8)
Operating Profits	81.9	93.0	114.3	91.3	98.8	119.5	11.4	6.3	4.5
Provisions	74.2	47.4	45.6	84.8	53.6	50.5	14.4	13.1	10.7
PBT	7.7	45.6	68.7	6.4	45.2	69.0	(17.0)	(0.8)	0.4
Tax	1.9	11.4	17.2	1.6	11.3	17.3	(17.0)	(0.8)	0.4
PAT	5.8	34.1	51.5	4.8	33.9	51.7	(17.0)	(0.8)	0.4
Loans	3,329.4	3,738.9	4,232.5	3,277.7	3,680.8	4,177.7	(1.6)	(1.6)	(1.3)
Deposits	3,985.4	4,403.8	4,949.9	4,018.2	4,460.2	5,040.1	0.8	1.3	1.8
Margins (%)	3.18	3.38	3.54	3.28	3.44	3.58	10.2	6.9	4.4
Credit Cost (%)	2.2	1.3	1.1	2.5	1.5	1.2	34.0	20.0	14.0
RoA (%)	0.11	0.59	0.80	0.09	0.60	0.82	(1.7)	0.6	1.4
RoE (%)	0.9	5.2	7.4	0.7	5.2	7.5	(15.2)	(3.4)	4.2
BV	827.8	861.6	916.7	826.5	860.0	915.3	(0.2)	(0.2)	(0.1)
ABV	799.4	831.3	884.4	798.7	831.6	885.3	(0.1)	0.0	0.1
EPS	7.4	43.8	66.1	6.2	43.5	66.3	(17.0)	(0.8)	0.4

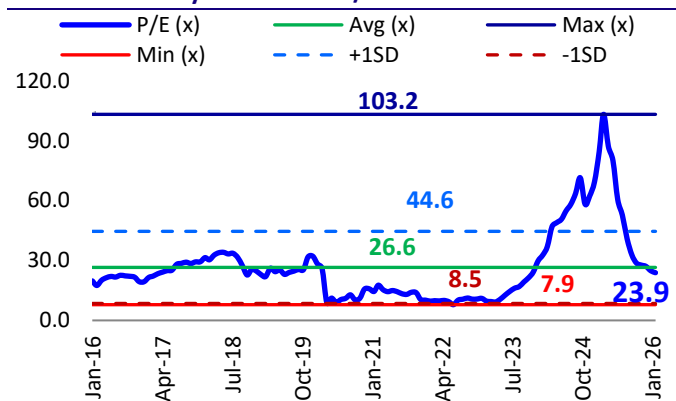
Source: MOFSL, Company

Exhibit 10: One-year forward P/B ratio



Source: MOFSL, Company

Exhibit 11: One-year forward P/E ratio



Source: MOFSL, Company

Exhibit 12: DuPont Analysis – we estimate an RoA/RoE at 0.6%/5.2% for FY27

Y/E March (%)	FY23	FY24	FY25	FY26E	FY27E	FY28E
Interest Income	8.46	9.40	9.10	8.47	8.37	8.38
Interest Expense	4.37	5.17	5.54	5.19	4.92	4.79
Net Interest Income	4.09	4.24	3.56	3.28	3.44	3.58
Core Fee Income	1.89	1.85	1.34	1.25	1.35	1.37
Trading and others	0.02	0.08	0.10	0.10	0.11	0.11
Non Interest income	1.90	1.93	1.44	1.35	1.46	1.48
Total Income	5.99	6.17	5.00	4.63	4.90	5.07
Operating Expenses	2.64	2.91	3.00	2.95	3.15	3.18
- Employee cost	0.97	1.10	1.13	1.30	1.41	1.44
- Others	1.67	1.80	1.88	1.65	1.74	1.74
Operating Profit	3.35	3.26	1.99	1.67	1.75	1.89
Core operating Profits	3.34	3.18	1.90	1.57	1.64	1.78
Provisions	1.04	0.80	1.33	1.56	0.95	0.80
NPA	0.90	0.63	1.34	1.57	0.92	0.77
Others	0.14	0.16	0.00	-0.01	0.02	0.03
PBT	2.31	2.46	0.66	0.12	0.80	1.09
Tax	0.58	0.62	0.18	0.03	0.20	0.27
RoA	1.73	1.85	0.48	0.09	0.60	0.82
Leverage (x)	8.4	8.3	8.4	8.5	8.6	9.2
RoE	14.5	15.3	4.0	0.7	5.2	7.5

Source: MOFSL, Company

Financials and valuations

Income Statement						(INRb)
Y/E March	FY23	FY24	FY25	FY26E	FY27E	FY28E
Net Interest Income	175.9	206.2	190.3	179.0	194.7	226.4
-growth (%)	17.3	17.2	-7.7	-6.0	8.8	16.3
Non Interest Income	81.7	94.0	76.9	73.4	82.3	93.8
Total Income	257.6	300.1	267.2	252.4	277.0	320.2
-growth (%)	15.3	16.5	-11.0	-5.5	9.7	15.6
Operating Expenses	113.5	141.5	160.6	161.1	178.2	200.8
Pre Provision Profits	144.2	158.6	106.6	91.3	98.8	119.5
-growth (%)	10.6	10.0	-32.8	-14.4	8.2	20.9
Core PPop	143.5	154.6	101.4	85.9	92.6	112.3
-growth (%)	15.4	7.7	-34.4	-15.3	7.8	21.3
Provisions	44.9	38.8	71.4	84.8	53.6	50.5
PBT	99.3	119.8	35.3	6.4	45.2	69.0
Tax	24.9	30.0	9.5	1.6	11.3	17.3
Tax Rate (%)	25.1	25.1	27.0	25.1	25.1	25.1
PAT	74.4	89.8	25.8	4.8	33.9	51.7
-growth (%)	54.9	20.6	-71.3	-81.3	603.2	52.7

Balance Sheet						
Y/E March	FY23	FY24	FY25	FY26E	FY27E	FY28E
Equity Share Capital	7.8	7.8	7.8	7.8	7.8	7.8
Reserves & Surplus	541.8	623.3	639.1	637.7	663.8	706.9
Net Worth	549.6	631.0	646.9	645.5	671.6	714.7
Deposits	3,361.2	3,845.9	4,108.6	4,018.2	4,460.2	5,040.1
-growth (%)	14.6	14.4	6.8	-2.2	11.0	13.0
- CASA Dep	1,347.3	1,456.7	1,347.9	1,354.1	1,529.9	1,784.2
-growth (%)	7.5	8.1	-7.5	0.5	13.0	16.6
Borrowings	490.1	476.1	537.0	415.8	470.2	536.6
Other Liabilities & Prov.	177.0	196.9	247.1	286.6	338.2	402.4
Total Liabilities	4,578.4	5,150.9	5,541.1	5,366.1	5,940.2	6,693.7
Current Assets	567.8	369.1	593.8	452.3	493.0	552.1
Investments	830.8	1,064.9	1,144.6	1,224.7	1,310.4	1,441.5
-growth (%)	17.1	28.2	7.5	7.0	7.0	10.0
Loans	2,899.2	3,433.0	3,450.2	3,277.7	3,680.8	4,177.7
-growth (%)	21.3	18.4	0.5	-5.0	12.3	13.5
Fixed Assets	20.8	23.2	25.0	26.2	28.3	30.6
Other Assets	259.8	260.8	327.6	385.3	427.6	491.9
Total Assets	4,578.4	5,150.9	5,541.1	5,366.1	5,940.2	6,693.7

Asset Quality						
GNPA	58.3	66.9	110.5	113.3	119.8	128.4
NNPA	17.8	20.4	33.6	31.0	31.7	33.4
Slippage	68.9	60.3	105.5	102.3	83.5	86.4
GNPA Ratio (%)	2.0	1.9	3.1	3.4	3.2	3.0
NNPA Ratio (%)	0.6	0.6	1.0	0.9	0.9	0.8
Slippage Ratio (%)	2.61	1.91	3.06	3.04	2.40	2.20
Credit Cost (%)	1.70	1.23	2.07	2.54	1.50	1.24
PCR (Excl Technical write off) (%)	69.4	69.5	69.6	72.6	73.6	74.0

E: MOFSL Estimates

Financials and valuations

Ratios

Y/E March	FY23	FY24	FY25	FY26E	FY27E	FY28E
Yield and Cost Ratios (%)						
Avg. Yield-Earning Assets	9.0	10.0	9.7	9.1	9.1	9.1
Avg. Yield on loans	11.3	12.0	11.5	11.0	10.9	10.9
Avg. Yield on Investments	6.0	5.8	6.2	6.6	7.0	6.9
Avg. Cost-Int. Bear. Liab.	5.2	6.1	6.6	6.2	5.9	5.8
Avg. Cost of Deposits	5.0	6.0	6.4	6.0	5.7	5.5
Interest Spread	4.0	4.0	3.3	3.1	3.3	3.5
Net Interest Margin	5.0	4.8	4.1	3.9	4.0	4.2

Capitalisation Ratios (%)

CAR	17.9	17.2	16.2	17.5	16.5	15.7
Tier I	16.4	15.8	15.1	15.9	15.0	14.4
-CET-1	15.9	15.8	15.1	15.9	15.0	14.4
Tier II	1.5	1.4	1.1	1.6	1.5	1.4

Business Ratios (%)

Loans/Deposit Ratio	86.3	89.3	84.0	81.6	82.5	82.9
CASA Ratio	40.1	37.9	32.8	33.7	34.3	35.4
Cost/Assets	2.5	2.7	2.9	3.0	3.0	3.0
Cost/Total Income	44.0	47.1	60.1	63.8	64.3	62.7
Cost/Core Income	44.1	47.8	61.3	65.2	65.8	64.1
Int. Expense/Int.Income	51.6	54.9	60.9	61.3	58.8	57.2
Fee Income/Total Income	31.5	29.9	26.8	27.0	27.5	27.1
Non Int. Inc./Total Income	31.7	31.3	28.8	29.1	29.7	29.3
Empl. Cost/Total Expense	36.8	38.0	37.5	44.1	44.7	45.2

Efficiency Ratios (INRm)

Employee per branch (in nos)	14.7	15.3	14.6	17	17	17
Staff cost per employee	1.1	1.2	1.3	1.3	1.3	1.4
CASA per branch	517	488	437	409	432	468
Deposits per branch	1,290	1,289	1,334	1,213	1,259	1,323
Business per Employee	164.0	159.5	168.1	132.8	135.9	140.5
Profit per Employee	1.9	2.0	0.6	0.1	0.6	0.8

Profitability Ratios and Valuations

RoA	1.7	1.8	0.5	0.1	0.6	0.8
RoE	14.5	15.3	4.0	0.7	5.2	7.5
RoRWA	2.2	2.3	0.6	0.1	0.8	1.0
Book Value (INR)	707	810	830	827	860	915
-growth	14.4	14.6	2.5	-0.4	4.0	6.4
Price-BV (x)	1.3	1.1	1.1	1.1	1.0	1.0
Adjusted BV (INR)	691	792	800	799	832	885
Price-ABV (x)	1.3	1.1	1.1	1.1	1.1	1.0
EPS (INR)	96.0	115.5	33.1	6.2	43.5	66.3
-growth	54.7	20.3	-71.4	-81.3	603.2	52.7
Price-Earnings (x)	9.4	7.8	27.2	145.3	20.7	13.5
Dividend Per Share (INR)	8.5	14.0	16.5	8.0	10.0	11.0
Dividend Yield	0.9	1.6	1.8	0.9	1.1	1.2

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. 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).

6. 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/NCDX); 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.