

IndusInd Bank

Estimate change



TP change



Rating change



Bloomberg	IIB IN
Equity Shares (m)	779
M.Cap.(INRb)/(USDb)	624.8 / 7.2
52-Week Range (INR)	1499 / 605
1, 6, 12 Rel. Per (%)	-3/-22/-42
12M Avg Val (INR M)	7017

Financials & Valuations (INR b)

Y/E MARCH	FY25	FY26E	FY27E
NII	190.3	181.8	210.1
OP	106.6	98.4	115.4
NP	25.8	31.6	44.5
NIM (%)	3.6	3.2	3.4
EPS (INR)	33.1	40.6	57.1
EPS Gr. (%)	-71.4	22.7	40.8
BV/Sh. (INR)	830	865	912
ABV/Sh. (INR)	801	837	885

Ratios

RoA (%)	0.5	0.6	0.7
RoE (%)	4.0	4.8	6.4

Valuations

P/E (X)	24.1	19.7	14.0
P/BV (X)	1.0	0.9	0.9
P/ABV (X)	1.0	1.0	0.9

Shareholding Pattern (%)

As On	Jun-25	Mar-25	Jun-24
Promoter	15.1	15.1	15.1
DII	32.0	35.0	27.8
FII	36.8	32.8	43.2
Others	16.2	17.1	13.9

FII includes depository receipts

CMP: INR802

TP: INR830 (+3%)

Neutral

Operating metrics regaining stability after 4Q reset

Asset quality deteriorates; Adjusted NIM declines 12bp QoQ

- IndusInd Bank (IIB) reported a 1QFY26 PAT of ~INR6b (72% YoY decline, 6% beat) led by better NII. Due to several one-offs in 4QFY25, the bank reported a loss; however, it has now returned to profitability.
- NII declined 14% YoY to INR46.4b (12% beat), as reported NIMs stood at 3.46% (down 79bp YoY/ and up 121bp QoQ). Adjusted for one-offs, NIM contracted by 12bp QoQ.
- IIB's other income declined 12% YoY (up 204% QoQ) to INR21.6b (11% miss). Operating expenses were up 8.5% YoY/flat QoQ at INR42.3b (in line). The C/I ratio stood at 62.2% for the quarter.
- Loan book declined 3.3% QoQ (down 4.1% YoY), while deposits also declined 3.3% QoQ (flat YoY). The CD ratio thus stood at 84%.
- Fresh slippages were INR25.7b vs. INR50b in 4QFY25 (due to one-offs) and INR15.4b in 1QFY25. Asset quality deteriorated, with the GNPA/NNPA ratio rising 51bp/17bp QoQ to 3.64%/1.12%. The PCR stood stable at 70.2%.
- **We marginally raise our earnings estimates by 2.6%/2.3% for FY26/FY27 and project IIB's RoA/RoE at 0.7%/6.4% for FY27. Reiterate NEUTRAL with a TP of INR830 (premised on 0.9x FY27E BV).**

Business growth muted; retail mix rises to 60%

- IIB returned to profitability in 1QFY26, with a PAT of INR6b (72% YoY decline, 6% beat). NII declined 14% YoY to INR46.4b (12% beat). Adjusted for one-offs, NIM contracted 12bp QoQ. The bank delivered 11bp of positive impact on NIM due to the one-offs from interest reversal on IT refund and interest recovery in one account.
- Other income dipped 12% YoY to INR21.6b (11% miss) amid lower fee income. Treasury income stood at INR6.3b vs INR3.6b in 4QFY25. Operating expenses were up 8.5% YoY/flat QoQ at INR42.3b (in line). The C/I ratio stood at 62.2%. The PPOP thus stood at INR25.7b (35% YoY decline; 13% above MOFSLe).
- On the business front, IIB's loans declined 4% YoY (down 3.3% QoQ), due to a sharp drop in the corporate and commercial books (down 16% YoY/7.7% QoQ), as the bank has run down certain corporate assets. Meanwhile, the consumer book remained flat QoQ, despite the MFI book declining 8% QoQ. Within the consumer business, the VF business grew 7.3% YoY/0.8% QoQ, while the cards business remained flat sequentially.
- Deposits declined 3.3% QoQ (flat YoY), while the CASA book declined 14.5% YoY/ 7.3% QoQ. IIB's CASA ratio declined 133bp QoQ to 31.5%. Retail deposits as per LCR increased to 46% for the quarter.
- Fresh slippages stood elevated at INR25.7b vs INR50b in 4QFY25 (due to one-offs) and INR15.4b in 1QFY25. Asset quality deteriorated, with the GNPA/NNPA ratio rising 51bp/17bp QoQ to 3.64% / 1.12%. The PCR stood stable at 70.2%. During the quarter, IIB's restructured book declined 2bp QoQ to 0.10%.

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 Board is focused on five key priorities: 1) The profitability-first approach (reduced deposit rates), 2) stringent cost management (implemented by all business units), working on containing opex to single digits, 3) heightened focus on recoveries, 4) building the One IndusInd franchise, and 5) effective engagement with stakeholders.
- IIB exited bulk and CD funding, resulting in higher retail and granular deposits.
- Bank book mix: Fixed stood at 55-58%, EBLR at 27%, and MCLR at 13%.
- MFI will take six months to stabilize and has come down to INR9b of slippages, although it is still elevated. Other slippages, ex-MFI, were quite stable.

Valuation and view

IIB returned to profitability in 1QFY26 after reporting a loss in previous quarters due to several one-offs. Other income was hit by lower fee income, but treasury gains and NII led to a slight beat on earnings. Adj. NIM contracted 12bp QoQ.. The advances book declined as the bank strategically reduced its corporate lending. Management expects vehicle finance demand to remain subdued. Deposit growth remained muted as the bank exited bulk and CD funding, though the CD ratio remained comfortable at 84%. The asset quality deteriorated primarily due to MFI, and management expects it to take six months to stabilize. **We slightly raise our earnings estimates by 2.6%/2.3% for FY26/27 as the bank is focusing on containing costs and is adopting a profitability-first approach. We estimate an RoA/RoE of 0.7%/6.4% for FY27. Reiterate NEUTRAL with a TP of INR830 (premised on 0.9x FY27E BV). The appointment of a new CEO and the pace of business recovery will be the key near-term monitorables.**

Quarterly performance

(INR b)

	FY25				FY26E				FY25	FY26E	FY26E	V/S our
	1Q	2Q	3Q	4Q	1Q	2QE	3QE	4QE			1QE	Est
Net Interest Income	54.1	53.5	52.3	30.5	46.4	43.1	45.9	46.4	190.3	181.8	41.6	12%
% Change (YoY)	11.1	5.3	-1.3	-43.3	-14.2	-19.4	-12.2	52.2	-7.7	-4.5	-23.1	
Other Income	24.4	21.8	23.6	7.1	21.6	22.1	22.7	26.0	76.9	92.3	24.2	-11%
Total Income	78.5	75.3	75.8	37.6	68.0	65.2	68.6	72.4	267.2	274.1	65.8	3%
Operating Expenses	39.0	39.3	39.8	42.5	42.3	43.6	44.1	45.7	160.6	175.7	43.1	-2%
Operating Profit	39.5	36.0	36.0	-4.9	25.7	21.6	24.5	26.6	106.6	98.4	22.7	13%
% Change (YoY)	3.1	-7.9	-10.9	-112.0	-35.0	-40.0	-32.0	-642.5	-32.8	-7.7	-42.5	
Provisions	10.5	18.2	17.4	25.2	17.6	13.5	13.4	11.7	71.4	56.2	15.1	17%
Profit before Tax	29.0	17.8	18.6	-30.1	8.1	8.1	11.1	14.9	35.3	42.2	7.6	6%
Tax	7.3	4.5	4.5	-6.8	2.0	2.0	2.8	3.7	9.5	10.6	1.9	6%
Net Profit	21.7	13.3	14.0	-23.3	6.0	6.1	8.3	11.2	25.8	31.6	5.7	6%
% Change (YoY)	2.2	-39.5	-39.1	-199.1	-72.2	-54.4	-40.7	-148.0	-71.3	22.7	-73.7	
Operating Parameters												
Deposit (INR b)	3,985	4,124	4,094	4,109	3,971	4,135	4,256	4,376	4,109	4,376	4,002	
Loan (INR b)	3,479	3,572	3,669	3,450	3,337	3,486	3,583	3,692	3,450	3,692	3,354	
Deposit Growth (%)	14.8	14.7	11.0	6.8	-0.3	0.3	3.9	6.5	6.8	6.5	0.4	
Loan Growth (%)	15.5	13.2	12.2	0.5	-4.1	-2.4	-2.3	7.0	0.5	7.0	-3.6	
Asset Quality												
Gross NPA (%)	2.0	2.1	2.3	3.1	3.6	3.7	3.8	2.8	3.1	2.8	3.4	
Net NPA (%)	0.6	0.6	0.7	1.0	1.1	1.1	1.1	0.8	1.0	0.8	1.0	
PCR (%)	70.6	70.1	70.2	70.2	70.2	70.8	71.2	71.0	70.2	71.0	70.5	

E: MOFSL Estimates

Quarterly snapshot

INR b	FY25				FY26	Variation (%)	
Profit and Loss	1Q	2Q	3Q	4Q	1Q	YoY	QoQ
Net Interest Income	54.1	53.5	52.3	30.5	46.4	-14	52
Other Income	24.4	21.8	23.6	7.1	21.6	-12	204
Trading profits	0.9	0.6	2.3	3.6	6.3	572	72
Total Income	78.5	75.3	75.8	37.6	68.0	-13	81
Operating Expenses	39.0	39.3	39.8	42.5	42.3	9	0
Employee	14.4	15.0	14.8	16.0	18.1	26	13
Others	24.6	24.3	25.0	26.5	24.2	-1	-8
Operating Profits	39.5	36.0	36.0	-4.9	25.7	-35	-623
Core PPOp	38.6	35.4	33.7	-8.5	19.4	-50	-327
Provisions	10.5	18.2	17.4	25.2	17.6	68	-30
PBT	29.0	17.8	18.6	-30.1	8.1	-72	-127
Taxes	7.3	4.5	4.5	-6.8	2.0	-72	-130
PAT	21.7	13.3	14.0	-23.3	6.0	-72	-126
Balance Sheet (INR b)							
Loans	3,479	3,572	3,669	3,450	3,337	-4	-3
- CCBG Advances	1,566	1,679	1,688	1,449	1,335	-15	-8
- CFD Advances	1,913	1,893	1,981	2,001	2,002	5	0
Deposits	3,985	4,124	4,094	4,109	3,971	0	-3
CASA Deposits	1,461	1,479	1,428	1,348	1,250	-14	-7
- Savings	977	953	969	940	911	-7	-3
- Current	485	526	459	408	339	-30	-17
Loan mix (%)							
Consumer	54.8	53.5	53.6	58.4	60.3	552	190
- of which Vehicle	25.8	25.4	25.5	27.7	28.9	306	117
- of which Unsecured	10.3	10.9	10.2	11.6	12.3	198	73
- of which MFI	10.6	9.2	8.9	9.0	8.5	-214	-45
- others	8.0	8.1	9.0	10.2	10.6	262	45
Corporate & Commercial	45.2	46.5	46.4	41.6	39.7	-552	-190
Asset Quality (INR b)							
GNPA	71.27	76.39	83.75	110.46	124.81	75	13
NNPA	20.95	22.82	24.96	32.87	37.22	78	13
Slippages	15.4	18.0	22.0	50.1	25.7	67	-49
Asset Quality Ratios (%)							
	1Q	2Q	3Q	4Q	1Q	YoY (Bp)	QoQ (Bp)
GNPA	2.0	2.1	2.3	3.1	3.6	162	51
NNPA	0.6	0.6	0.7	1.0	1.1	52	17
PCR (Cal.)	70.6	70.1	70.2	70.2	70.2	-42	-6
Slippage	1.9	2.1	2.5	5.8	3.0	112	-281
Business Ratios (%)							
CASA	36.7	35.9	34.9	32.8	31.5	-519	-133
Loan/Deposit	87.3	86.6	89.6	84.0	84.0	-328	5
Other income/Total Income	31.1	29.0	31.1	18.9	31.7	63	1,287
Cost to Income	49.7	52.2	52.5	113.1	62.2	1,257	-5,084
Cost to Assets	3.1	3.1	3.1	3.2	3.2	4	-2
Tax Rate	25.2	25.2	24.5	22.7	25.2	-2	248
Capitalisation Ratios (%)							
CAR	17.6	16.5	16.5	16.2	16.6	-92	39
Tier 1	16.2	15.2	15.2	15.1	15.5	-67	38
- CET 1	16.2	15.2	15.2	15.1	15.5	-67	38
RWA / Total Assets	73.3	77.4	78.1	75.7	76.0	261	24
LCR	122.0	118.0	118.0	118.0	141.0	1,900	2,300
Profitability Ratios (%)							
Yield on loans	12.6	12.3	12.2	9.5	11.6	-95	217
Yield on funds	9.9	9.7	9.6	7.9	9.2	-72	130
Cost of deposits	6.5	6.6	6.6	6.5	6.4	-9	-6
Cost of funds	5.6	5.6	5.7	5.6	5.7	7	9
Margins	4.25	4.08	3.93	2.25	3.46	-79	121
Other details							
Branches	3,013	3,040	3,063	3,081	3,110	97	29
ATMs	2,988	3,011	2,993	3,027	3,052	64	25



Highlights from the management commentary

Opening remarks

- The board and management have invested significant time in addressing treasury, legacy, and accounting concerns.
- Internal treasury transactions have been discontinued.
- A Project Management Office has been established to resolve operational gaps.
- 1QFY26 results were reported cleanly, with no legacy irregularities carried forward.
- The CEO appointment process has progressed significantly.
- No change in the CEO nomination process; both internal and external candidates are being considered.
- The management team is robust, operating under a strong governance framework.
- The Board is focused on five key priorities: 1) The profitability-first approach (reduced deposit rates), 2) stringent cost management (implemented by all business units), working on containing opex to single digits, 3) heightened focus on recoveries, 4) building the One IndusInd franchise, and 5) effective engagement with stakeholders.
- Vehicle Finance and Consumer Finance disbursements remained stable; MFI disbursements were calibrated.
- Corporate lending was moderated but is now gaining momentum.
- The bank has exited bulk and CD funding, resulting in higher retail and granular deposits.
- 1Q had no one-offs. CET-1 improved to 15.48%, supported by efficient capital use.
- Financial performance remains below potential, but business recovery is on track with steady momentum.
- C/I ratio was elevated due to surplus liquidity; cost efficiency is a key focus area.
- MFI slippages remained high but showed early signs of stabilization.
- Gross slippages: VF – INR7.43b, Corporate – INR2.45b, Other Retail – INR6.92b, MFI – INR8.88b.
- CEO succession is progressing well; confident of a strong leadership pipeline.
- SMA1+2 stood at 14bps; Net Security Receipts at 22bps; Restructured book at 10bps of total loans.

Retail

- Other retail assets grew 18% YoY.
- SME book grew 8% YoY, scale of home loans continues with 113% YoY growth.
- LAP book 12% YoY.
- Market share in credit cards stood at 4.8% as per the latest data.
- Credit cost remains elevated but stable.
- The bank is focused on secured retail assets.

MFI business

- MFI book was down 6% QoQ and 16% YoY.
- IIB took a cautious stance in the MFI business in 1Q, including KYC checks. These measures hurt disbursements in 1Q.

- Management expects slippages to stabilize from 3Q and 4Q.
- The bank continues to remain cautious with the asset quality trend as well.

Vehicle segment

- VF grew 7% YoY and 1% QoQ. Disbursements were steady on a YoY basis. 1H is a weak quarter, but 2H is expected to be better.
- Tractor loans declined amid a tight underwriting process.
- Expect slippages to be range-bound in this business.
- Have not sold any NPAs to ARCs.
- The restructuring book is now at INR850m.
- VF demand is expected to remain muted; however, IIB expects better monsoon and government incentives to boost the subdued demand.

Corporate

- Corporate disbursements were muted. With liquidity issues now resolved, the bank is expecting disbursements to resume in this segment.
- Gems and Jewels have strong asset quality with no SMA1, and 2 accounts.
- Corporate slippages are expected to improve going ahead.
- Restructured book reduced to INR1320m.

Deposits

- Deposits acquisition improved in 1Q, although it has not reached ahead of the March disclosure.
- The share of retail deposits stood at 46.5%.
- The bank has exited the unhealthy wholesale deposits. As a result, deposits dipped 3% QoQ.
- The bank has taken a rate action of 200bp on SA deposits. There is further scope to cut both the SA as well as TD rates.
- The bank has let go of some of the CDs raised in March.
- IIB has an average LCR of 141%.

Loans and deposits related

- CDs are still there and have a maturity of six months. CDs are slightly elevated and aspire to bring this down.
- The bank is combining the affluent as well as NR deposits for better client offerings.
- The bank's ambition is to show improvement on a QoQ basis in terms of business growth.
- The bank has done INR65b in BFIL, and the last quarter was INR75b. The bank is in a wait-and-watch situation as many states are going through elections.
- Bank book mix - Fixed is at 55-58%, EBLR – 27%, MCLR – 13%.
- The bank is letting go of unprofitable accounts in retail. The focus is on the retail deposits to make it more stable and sustainable.
- SA cuts are yet to be fully implemented into the cost of deposits.
- IIB has INR480b of surplus liquidity and is optimizing its balance sheet by exiting low-margin corporate loans and focusing on retail.

Margins, yields, cost

- The bank has a one-off interest reversal on the tax refund. Interest recovery on one account. Both of these have resulted in 11bp of positive impact on NIM.
- Last quarter, SA cuts are still left to accrue in the profits. There are another 40-50bp of SA cuts too possible.
- Corporate yields have been down 20bp as the bulk of EBLR repricing has already happened.
- Over a term of 3-6 months, the repricing should have been largely done on the EBLR side.

Asset quality-related

- MFI will take six months to stabilize and has come down to INR9b of slippages, although it is still elevated. There were changes related to the MFI guidelines as well as state-related changes.
- Other slippages, ex-MFI, were quite stable. GNPA and NNPA write-offs have not been taken into consideration as of now.
- Slippages in the CV will be better than last year.
- The bank has operated at 50-60bp of NNPA. If the bank had enough profit pool, the bank would have operated in this range.
- The book that was written 6 to 9 months ago also had some stress showing up in these loans.

Other income and opex

- Fee income this quarter was hit by lower disbursements. But there are no one-offs in the fee income.
- Expect fee income to go up from 2Q and better from the 2H onwards.
- Fee to assets is down at 1.1%. 1Q is a seasonally weak quarter.
- There were some restatements in terms of the employee expenses. There was an accounting change of INR1.14b in the employee expenses, and it will stay at this level from hereon.
- Given the environment is muted, the disbursements in the VF will come down as a result, and the opex shall be lower.
- Slower growth and investment in tech, which has already happened, shall lead to slower opex growth in the coming quarters.

Others

- The bank continues to seek shareholder approval at each AGM for enabling resolutions.
- There are no fresh developments regarding an increase in promoter shareholding.
- BFIL, a subsidiary, reported a loss this quarter, leading to consolidated profits being lower than standalone profits.
- The CEO appointment process is on track, pending regulatory approval. The bank is evaluating both internal and external candidates to fill leadership gaps, with several key roles expected to be filled soon.

Story in charts

Exhibit 1: Loans/deposits dipped 4.1%/0.3% YoY

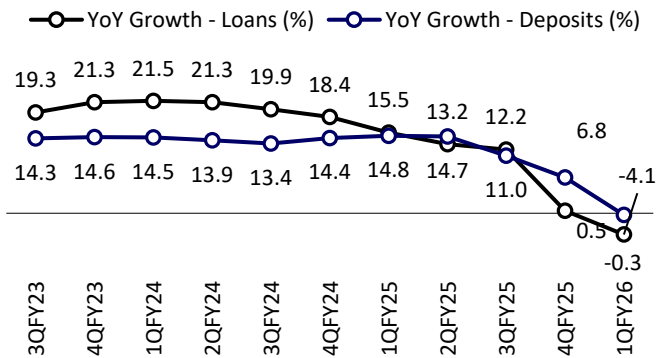


Exhibit 2: CFD mix stood at 60%, while CCB stood at 40%

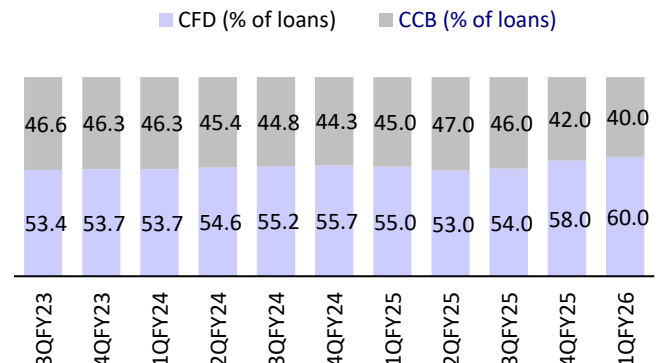


Exhibit 3: NIM stood at 3.46%; CASA ratio declined to 31.5%

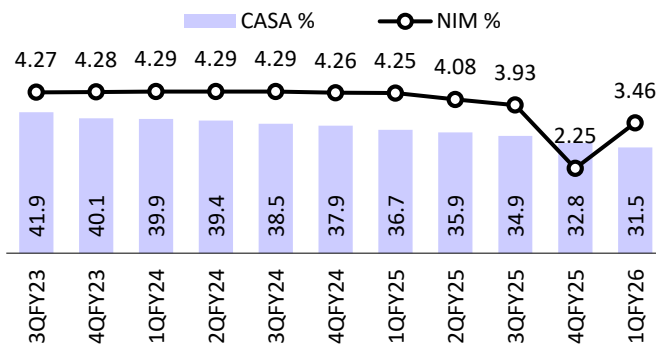


Exhibit 4: YoA increased to 11.6%; CoF stood at 5.7%

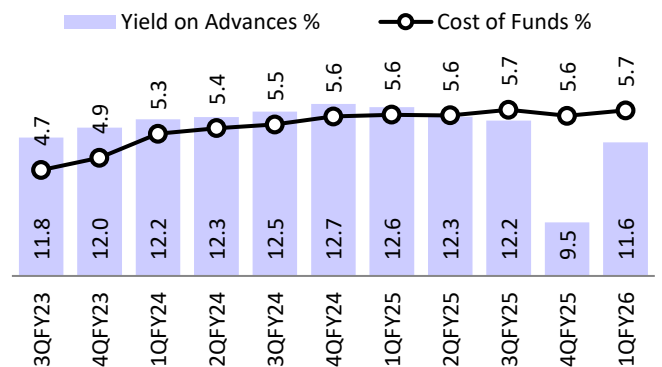


Exhibit 5: C/I ratio stood at 62.2%; C/A stood at 3.16%

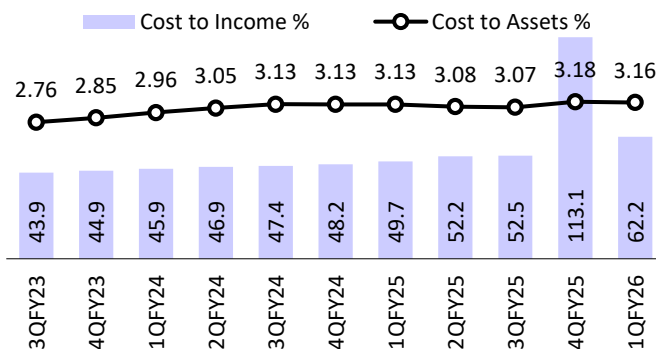


Exhibit 6: CD ratio comfortable at 84%; LCR ratio increased to 141%

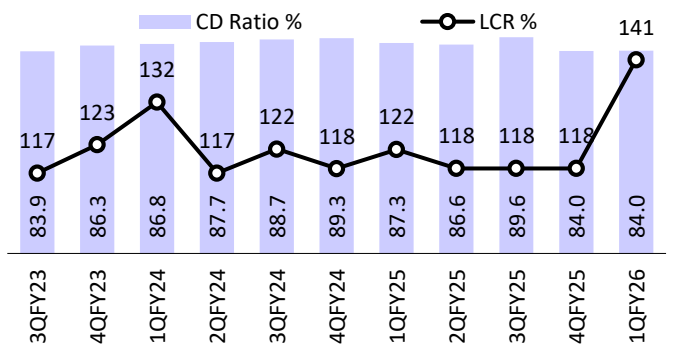


Exhibit 7: Slippage ratio elevated at 3.01%

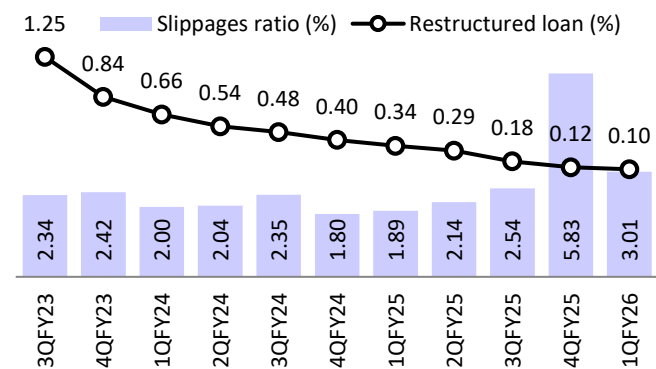
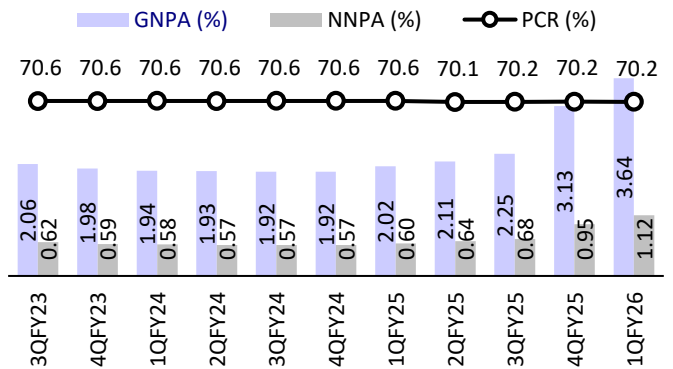


Exhibit 8: GNPA/NNPA ratios increased to 3.64%/1.12%



Source: MOFSL, Company

Source: MOFSL, Company

Valuation and view: Reiterate NEUTRAL with TP of INR830

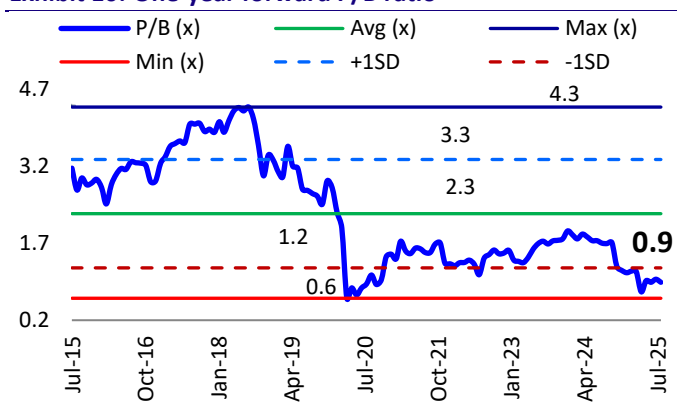
- IIB returned to profitability in 1QFY26 after reporting a loss in previous quarters due to several one-offs. Other income was hit by lower fee income, but treasury gains and NII led to a slight beat on earnings. Adj. NIM contracted 12bp QoQ.. The advances book declined as the bank strategically reduced its corporate lending. Management expects vehicle finance demand to remain subdued. Deposit growth remained muted as the bank exited bulk and CD funding, though the CD ratio remained comfortable at 84%. The asset quality deteriorated primarily due to MFI, and management expects it to take six months to stabilize.
- We slightly raise our earnings estimates by 2.6%/2.3% for FY26/27 as the bank is focusing on containing costs and is adopting a profitability-first approach. We estimate an RoA/RoE of 0.7%/6.4% for FY27. Reiterate NEUTRAL with a TP of INR830 (premised on 0.9x FY27E BV). The appointment of a new CEO and the pace of business recovery will be the key near-term monitorables.**

Exhibit 9: Revisions to our earnings estimates

INRb	Old Estimates		New Estimates		Change (%/bps)	
	FY26	FY27	FY26	FY27	FY26	FY27
Net Interest Income	180.0	207.9	181.8	210.1	1.0	1.0
Other Income	93.1	104.2	92.3	103.3	(0.8)	(0.9)
Total Income	273.1	312.2	274.1	313.3	0.4	0.4
Operating Expenses	175.7	198.1	175.7	197.9	(0.0)	(0.1)
Operating Profits	97.3	114.0	98.4	115.4	1.1	1.2
Provisions	56.2	55.9	56.2	55.9	-	-
PBT	41.1	58.1	42.2	59.4	2.6	2.3
Tax	10.3	14.6	10.6	14.9	2.6	2.3
PAT	30.8	43.5	31.6	44.5	2.6	2.3
Loans	3,691.7	4,097.8	3,691.7	4,097.8	-	-
Deposits	4,375.7	4,835.1	4,375.7	4,835.1	-	-
Margins (%)	3.14	3.34	3.17	3.37	3.1	3.3
Credit Cost (%)	1.6	1.4	1.6	1.4	-	-
RoA (%)	0.54	0.70	0.55	0.72	1.4	1.6
RoE (%)	4.7	6.3	4.8	6.4	12.0	13.6
BV	863.7	909.5	864.7	911.8	0.1	0.3
ABV	836.0	883.0	837.1	885.4	0.1	0.3
EPS	39.5	55.8	40.6	57.1	2.6	2.3

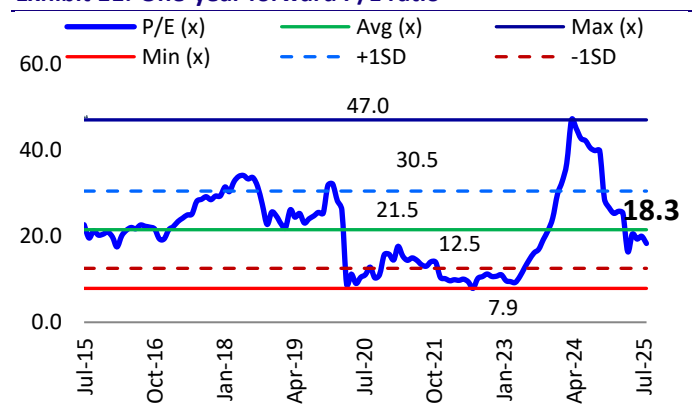
Source: MOFSL, Company

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 0.7%/6.4% for FY27

Y/E March (%)	FY23	FY24	FY25	FY26E	FY27E	FY28E
Interest Income	8.46	9.40	9.10	8.47	8.53	8.49
Interest Expense	4.37	5.17	5.54	5.29	5.15	4.97
Net Interest Income	4.09	4.24	3.56	3.17	3.37	3.52
Core Fee Income	1.89	1.85	1.35	1.52	1.56	1.59
Trading and others	0.02	0.08	0.09	0.09	0.10	0.10
Non-Interest income	1.90	1.93	1.44	1.61	1.66	1.70
Total Income	5.99	6.17	5.00	4.78	5.03	5.22
Operating Expenses	2.64	2.91	3.00	3.07	3.18	3.24
- Employee cost	0.97	1.10	1.13	1.15	1.19	1.21
- Others	1.67	1.80	1.88	1.92	1.99	2.03
Operating Profit	3.35	3.26	1.99	1.72	1.85	1.98
Core operating Profits	3.34	3.18	1.91	1.62	1.75	1.88
Provisions	1.04	0.80	1.33	0.98	0.90	0.71
NPA	0.90	0.63	1.33	0.97	0.88	0.68
Others	0.14	0.16	0.00	0.01	0.02	0.03
PBT	2.31	2.46	0.66	0.74	0.95	1.28
Tax	0.58	0.62	0.18	0.18	0.24	0.32
RoA	1.73	1.85	0.48	0.55	0.72	0.96
Leverage (x)	8.4	8.3	8.4	8.7	9.0	9.4
RoE	14.5	15.3	4.0	4.8	6.4	9.0

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	181.8	210.1	244.3
-growth (%)	17.3	17.2	-7.7	-4.5	15.5	16.3
Non-Interest Income	81.7	94.0	76.9	92.3	103.3	117.7
Total Income	257.6	300.1	267.2	274.1	313.3	362.0
-growth (%)	15.3	16.5	-11.0	2.6	14.3	15.5
Operating Expenses	113.5	141.5	160.6	175.7	197.9	224.4
Pre Provision Profits	144.2	158.6	106.6	98.4	115.4	137.6
-growth (%)	10.6	10.0	-32.8	-7.7	17.3	19.3
Core PPOp	143.5	154.6	101.9	93.0	109.2	130.5
-growth (%)	15.4	7.7	-34.1	-8.8	17.4	19.5
Provisions	44.9	38.8	71.4	56.2	55.9	49.0
PBT	99.3	119.8	35.3	42.2	59.4	88.6
Tax	24.9	30.0	9.5	10.6	14.9	22.2
Tax Rate (%)	25.1	25.1	27.0	25.1	25.1	25.1
PAT	74.4	89.8	25.8	31.6	44.5	66.3
-growth (%)	54.9	20.6	-71.3	22.7	40.8	49.0

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	667.5	704.2	762.0
Net Worth	549.6	631.0	646.9	675.3	712.0	769.8
Deposits	3,361.2	3,845.9	4,108.6	4,375.7	4,835.1	5,434.7
-growth (%)	14.6	14.4	6.8	6.5	10.5	12.4
- CASA Dep	1,347.3	1,456.7	1,347.9	1,474.6	1,658.4	1,923.9
-growth (%)	7.5	8.1	-7.5	9.4	12.5	16.0
Borrowings	490.1	476.1	537.0	580.3	652.5	746.2
Other Liabilities & Prov.	177.0	196.9	247.1	286.6	332.4	385.6
Total Liabilities	4,578.4	5,150.9	5,541.1	5,917.9	6,532.1	7,336.3
Current Assets	567.8	369.1	593.8	535.3	537.8	574.8
Investments	830.8	1,064.9	1,144.6	1,259.0	1,397.5	1,551.2
-growth (%)	17.1	28.2	7.5	10.0	11.0	11.0
Loans	2,899.2	3,433.0	3,450.2	3,691.7	4,097.8	4,634.6
-growth (%)	21.3	18.4	0.5	7.0	11.0	13.1
Fixed Assets	20.8	23.2	25.0	27.0	29.5	31.9
Other Assets	259.8	260.8	327.6	404.9	469.5	543.7
Total Assets	4,578.4	5,150.9	5,541.1	5,917.9	6,532.1	7,336.3

Asset Quality						
GNPA	58.3	66.9	110.5	106.2	102.7	96.8
NNPA	17.8	20.4	32.9	30.8	29.5	30.9
Slippage	68.9	60.3	105.5	78.6	74.0	74.2
GNPA Ratio (%)	2.0	1.9	3.1	2.8	2.5	2.1
NNPA Ratio (%)	0.6	0.6	1.0	0.8	0.7	0.7
Slippage Ratio (%)	2.61	1.91	3.06	2.20	1.90	1.70
Credit Cost (%)	1.70	1.23	2.07	1.55	1.40	1.08
PCR (Excl Technical write off) (%)	69.4	69.5	70.2	71.0	71.3	68.0

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	9.2	9.2
Avg. Yield on loans	11.3	12.0	11.5	11.0	11.1	11.0
Avg. Yield on Investments	6.0	5.8	6.2	6.6	6.9	6.7
Avg. Cost-Int. Bear. Liab.	5.2	6.1	6.6	6.3	6.1	5.9
Avg. Cost of Deposits	5.0	6.0	6.2	6.1	5.8	5.6
Interest Spread	4.0	4.0	3.5	3.0	3.4	3.6
Net Interest Margin	5.0	4.8	4.1	3.7	3.9	4.1

Capitalisation Ratios (%)

CAR	17.9	17.2	16.9	16.2	15.0	14.1
Tier I	16.4	15.8	15.1	14.5	13.4	12.6
-CET-1	15.9	15.8	15.1	14.5	13.4	12.6
Tier II	1.5	1.4	1.8	1.7	1.6	1.5

Business Ratios (%)

Loans/Deposit Ratio	86.3	89.3	84.0	84.4	84.8	85.3
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	3.1
Cost/Total Income	44.0	47.1	60.1	64.1	63.2	62.0
Cost/Core Income	44.1	47.8	61.2	65.4	64.5	63.2
Int. Expense/Int.Income	51.6	54.9	60.9	62.5	60.4	58.5
Fee Income/Total Income	31.5	29.9	27.0	31.7	31.0	30.5
Non Int. Inc./Total Income	31.7	31.3	28.8	33.7	33.0	32.5
Empl. Cost/Total Expense	36.8	38.0	37.5	37.4	37.4	37.3

Efficiency Ratios (INRm)

Employee per branch (in nos)	14.7	15.3	16.0	16	17	17
Staff cost per employee	1.1	1.2	1.2	1.2	1.2	1.3
CASA per branch	517	488	426	438	460	497
Deposits per branch	1,290	1,289	1,299	1,299	1,341	1,403
Business per Employee	164.0	159.5	149.2	146.8	149.1	153.5
Profit per Employee	1.9	2.0	0.5	0.6	0.7	1.0

Profitability Ratios and Valuations

RoA	1.7	1.8	0.5	0.6	0.7	1.0
RoE	14.5	15.3	4.0	4.8	6.4	9.0
RoRWA	2.2	2.3	0.7	0.8	1.0	1.3
Book Value (INR)	707	810	830	865	912	986
-growth	14.4	14.6	2.5	4.2	5.5	8.1
Price-BV (x)	1.1	1.0	1.0	0.9	0.9	0.8
Adjusted BV (INR)	691	792	801	837	885	958
Price-ABV (x)	1.2	1.0	1.0	1.0	0.9	0.8
EPS (INR)	96.0	115.5	33.1	40.6	57.1	85.2
-growth	54.7	20.3	-71.4	22.7	40.8	49.0
Price-Earnings (x)	8.3	6.9	24.1	19.7	14.0	9.4
Dividend Per Share (INR)	8.5	14.0	10.0	8.0	10.0	11.0
Dividend Yield	1.1	1.7	1.3	1.0	1.3	1.4

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. 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://onlinereports.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/MCK/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.