

January 29, 2025

RESULT REPORT Q3 FY25 | Sector: Banks

# Indian Bank Ltd

Initiated as BUY in March 2022, INBK multiplies more than 3.5x but still has material upside

## Our view – Consistently flagged as a top pick and remains so

**Asset Quality** – Slippages decline materially on sequential basis to levels not seen since years: Gross NPA additions amounted to Rs 10.16bn for 3QFY25 (Rs 13.84bn during 2QFY25), translating to calculated annualized slippage ratio of 0.7% for the quarter. Recoveries and upgrades amounted to Rs 8.23bn for 3QFY25. AUCA recovery amounted to Rs. 8.81bn for 3QFY25, taking the 9M AUCA recovery to Rs 21bn compared with a full year target of Rs 20bn. Provisions were Rs 10.59bn, down by -3.6% QoQ and -21.5% YoY, translating to a calculated annualised credit cost of 79bps. The reported credit cost was 47bps for 3Q based on NPA provisions alone, indicating continued standard asset provisioning.

**Net Interest Margin** - Margin expanded on sequential basis, while management maintained guidance: The whole bank NIM was at 3.45%, up 6bps QoQ and 4bps YoY. Yield on advances was at 8.92%, up by 15bps QoQ and 14bps YoY. The cost of deposits was at 5.18%, up by 5bps QoQ and 19bps YoY. The NIM guidance has been maintained at 3.4-3.5%.

**Balance sheet growth** – Loan growth was reasonable with management reiterating guidance: Advances are up 1.6% QoQ and 9.7% YoY. Management maintains the loan growth guidance of 11-13% for FY25. There is no challenge on RAM lending and the total loan pipeline is Rs 600bn, including a corporate loan pipeline worth Rs 400bn. Total deposits were at Rs 7,023 bn, up by 1.3% QoQ and 7.4% YoY. The bulk deposit book has de-grown from Rs 1.08 trn to Rs 1.01 trn over the quarter. Raising infra bonds worth Rs 10bn has allowed the bank some freedom on the deposit front.

**We maintain 'BUY' rating on INBK with a revised price target of Rs 725:** We initiated INBK with BUY, in our [report released in March 2022](#), and as only our 3<sup>rd</sup> PSB pick, as our thumbs up to the PSU bank theme. Since then, INBK has returned 254%. We value the bank at 1.3x FY26 P/BV for an FY25/26/27E RoE profile of 16.9/16.7/17.1%.

*(See Comprehensive con call takeaways on page 2 for significant incremental colour.)*

## Other Highlights (See "Our View" above for elaboration and insight)

- **Opex control:** Total cost to income ratio at 44.6% was down by -56/-234bps QoQ/YoY and the Cost to assets was at 1.9% down by -7/-6bps QoQ/YoY
- **Fee income:** Core fee income to average assets was at 0.5%, up 1bp QoQ but flat YoY.

## Exhibit 1: Result table

(Rs mn)	Q3 FY25	Q2 FY25	% qoq	Q3 FY24	% yoy
Total Interest Income	157,595	153,476	2.7	141,976	11.0
Interest Expense	(93,447)	(91,534)	2.1	(83,834)	11.5
<b>Net Interest Income</b>	<b>64,147</b>	<b>61,942</b>	<b>3.6</b>	<b>58,142</b>	<b>10.3</b>
Fee Income	9,310	8,910	4.5	8,520	9.3
Non-fee Income	12,216	15,311	(20.2)	10,496	16.4
<b>Total Non-Interest Income</b>	<b>21,526</b>	<b>24,221</b>	<b>(11.1)</b>	<b>19,016</b>	<b>13.2</b>
<b>Total Income</b>	<b>85,673</b>	<b>86,163</b>	<b>(0.6)</b>	<b>77,158</b>	<b>11.0</b>
Employee Expense	(24,171)	(24,644)	(1.9)	(23,358)	3.5
Non-employee Opex	(14,007)	(14,234)	(1.6)	(12,829)	9.2
<b>Total Operating expenses</b>	<b>(38,179)</b>	<b>(38,878)</b>	<b>(1.8)</b>	<b>(36,186)</b>	<b>5.5</b>
PPOP	47,494	47,285	0.4	40,972	15.9
Provisions	(10,591)	(10,992)	(3.6)	(13,494)	(21.5)
<b>PBT</b>	<b>36,903</b>	<b>36,294</b>	<b>1.7</b>	<b>27,478</b>	<b>34.3</b>
Tax	(8,379)	(9,229)	(9.2)	(6,285)	33.3
<b>PAT</b>	<b>28,524</b>	<b>27,064</b>	<b>5.4</b>	<b>21,194</b>	<b>34.6</b>

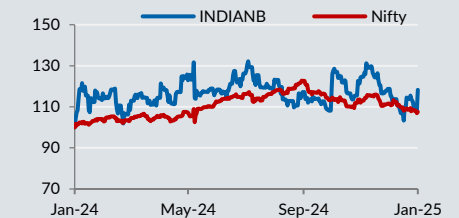
Source: Company, YES Sec-Research

Recommendation	: BUY
Current price	: Rs 545
Target price	: Rs 725
Potential return	: +33%

## Stock data (as on January 29, 2025)

Nifty	23,163
52 Week h/l (Rs)	633 / 456
Market cap (Rs/USD mn)	671529 / 7761
Outstanding Shares (mn)	1,347
6m Avg t/o (Rs mn):	1,022
Div yield (%):	2.5
Bloomberg code:	INBK IN
NSE code:	INDIANB

## Stock performance



	1M	3M	1Y
Absolute return	-0.4%	-6.2%	13.4%

## Shareholding pattern (As of Dec'24 end)

Promoter	73.8%
FII+DII	22.4%
Others	3.7%

## Δ in stance

(1-Yr)	New	Old
Rating	BUY	BUY
Target Price	725	700

## Financial Summary

(Rs mn)	FY25E	FY26E	FY27E
NII	258,301	290,564	327,378
PPOP	194,299	224,887	260,091
Net Profit	106,058	119,611	140,046
Growth (%)	31.5	12.8	17.1
EPS (Rs)	78.7	88.8	104.0
BVPS (Rs)	496	568	651
P/E (x)	6.9	6.1	5.2
P/BV (x)	1.1	1.0	0.8
ROE (%)	16.9	16.7	17.1
ROA (%)	1.3	1.3	1.3
Tier-1 (%)	14.1	14.0	14.0

## Δ in earnings estimates

Rs.	FY25E	FY26E	FY27E
EPS (New)	78.7	88.8	104.0
EPS (Old)	77.1	88.5	101.3
% change	2.1%	0.3%	2.6%

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## COMPREHENSIVE CON-CALL TAKEAWAYS

### Asset quality

- **Slippages**
  - Gross NPA additions amounted to Rs 10.16bn for 3QFY25, translating to an annualized slippage ratio of 0.7% for the quarter. (Gross NPA additions had amounted to Rs 13.84bn during 2QFY25.)
  - **Agri slippages**
    - Agri slippages are sequentially lower for the bank in contrast with some other banks in the system.
    - The bank is focused on investment credit and does KCC selectively.
  - **Microfinance**
    - The microfinance book is worth Rs 12.44bn with nil SMA.
- **Recoveries and upgrades**
  - Recoveries and upgrades amounted to Rs 8.23bn for 3QFY25, implying net NPA addition of Rs 1.93bn for the quarter.
  - Total recoveries (including Live and TWO accounts) were Rs 19.11bn in 3Q.
  - **AUCA recovery**
    - AUCA recovery amounted to Rs. 8.81bn for 3QFY25. AUC Recovery was Rs. 7.33bn in 2QFY25 and Rs. 11.51bn in 3QFY24.
    - The bank has executed an AUCA recovery of Rs 21bn and total recovery including AUCA recovery amounted to Rs 58bn in 9MFY25.
    - **Guidance**
      - For FY25, the bank initially had a target of Rs 20bn for AUCA recovery and Rs 70bn for total recovery including AUCA recovery.
      - Good recoveries from the AUCA / technically written off book will continue on the back of the large outstanding book worth Rs 400bn.
- **Provisions**
  - Provisions were Rs 10.59bn, down by -3.6% QoQ and -21.5% YoY, translating to a calculated annualised credit cost of 79bps.
  - The reported credit cost was at 47bps for 3Q and 61bps for 9M (presumably specific credit cost only).
  - **Outstanding provisions**
    - The PCR is 98.09%, up 49bps YoY.
    - The bank was holding Rs 80bn worth of standard asset provisions as of March 2024.
    - The bank has added Rs 5.5bn more such standard asset provisions in 9M.
    - The bank makes a flat provision of 10% on SMA2 accounts.
    - The bank has a provision cover of 25% on its restructured book.
- **SMA position**
  - The SMA 1 and 2 book together amount to 137 bps of advances, up by 47bps QoQ.
  - The Increase in SMA 1 & 2 book was largely due to 3 big accounts, of which 2 accounts have now moved out of SMA and 1 account is now in SMA 0 and the total SMA 1 & 2 book is now below Rs 30bn.
  - SMA book has come down from Rs 76.77bn to Rs 25.43bn.
- **NPA ratios**
  - GNPA ratio stands at 3.26%, down -22bps QoQ and -121bps YoY while NNPA ratio stands at 0.21%, down -6bps QoQ and -32bps YoY.

(Con call takeaways continue on the next page)

## Loan growth

- **Overall Growth**
  - Advances are up 1.6% QoQ and 9.7% YoY.
  - RAM advances are up 12.8% YoY.
  - **Retail credit**
    - Retail credit is up 15.8% YoY.
    - **Retail segments**
      - Home loans are up 12.1% YoY.
      - Jewel loans are up 54% YoY.
      - Auto loans are up 48% YoY.
  - **Agri loans**
    - Agri loans are up 13.5% YoY.
    - **Crop loans**
      - Crop loans are up 13% YoY.
  - **MSME loans**
    - MSME loans are up 8.2% YoY.
  - **Corporate credit**
    - Corporate loans are up 4.5% YoY.
- **Loan growth guidance**
  - Management maintains the loan growth guidance of 11-13% for FY25.
  - **Fourth quarter outlook**
    - The loan demand will be high in 4Q, which is seasonally strong.
    - The corporate lending pipeline in various stages amounts to Rs 400bn.
    - There is no challenge on RAM lending and the total pipeline is Rs 600bn, including the aforementioned corporate loan pipeline.
    - The bank is targeting Rs 400bn disbursement in 4Q.
- **Gold loans**
  - The total gold loan book is Rs 900bn, of which Rs 780bn is agri loans.
  - **Gold co-lending**
    - The bank has stopped co-lending with Rupeek and run down that book.
- **Corporate loans**
  - The slow corporate loan growth of about 5% YoY in 3Q is an aberration.
- **Overseas book**
  - The overseas book has been growing at 7-10%, which will continue.

## Deposit growth

- **Deposit growth outcomes**
  - Total deposits were at Rs 7,023 bn, up by 1.3% QoQ and 7.4% YoY.
  - Domestic deposits are up 1.1% QoQ and 6.7% YoY.
  - Retail term deposits were up by 9% YoY.
  - **CASA**
    - CASA deposits are down -0.1% QoQ but up 3.7% YoY.
    - Domestic CASA ratio was at 40.0%, down -47bps QoQ.
- **Reason for slower deposit growth**
  - **Bulk deposit de-growth**
    - Deposits growth could have been faster but the bank has de-grown the bulk deposit book.
    - The bulk deposit book has de-grown from Rs 1.08 trn to Rs 1.01 trn over the quarter.

(Con call takeaways continue on the next page)

- Deposit growth is a choice for the bank.
- **Borrowings**
  - The bank has raised Rs 50bn in infra bonds in 3Q at 7.12%.
  - The bank had also raised Rs 50bn in 2Q.
  - Raising bonds has allowed the bank some freedom on the deposit front.
- **CASA guidance**
  - The management has reiterated intention to maintain CASA ratio at 40% but the same will be challenging.
- **Deposit guidance**
  - Deposits to grow by 8-10%.

## Net interest margin

- **NIM for the quarter**
  - NIM (Global) was at 3.45%, up by 6 bps QoQ and 4 bps YoY.
  - NIM (Domestic) was at 3.57%, up by 8bps QoQ and 8bps YoY.
- **Yield on Advances**
  - Yield on advances was at 8.92%, up by 15bps QoQ and 14bps YoY.
- **Cost of Deposits**
  - The cost of deposits was at 5.18%, up by 5bps QoQ and 19bps YoY.
- **Loan to Deposit Ratio**
  - The domestic loan to deposit ratio was at 79.6%.
- **Margin guidance**
  - The NIM guidance has been maintained at 3.4-3.5%.
  - Improved corporate loan growth will not dilute margin as the bank will be cautious.
  - The bank has been cautious with making externally benchmarked corporate loans.
- **LCR aspects**
  - The LCR was 116% as of December and stands at 125% as of now.
  - The LCR usually remains in excess of 120% and averages 125%.
  - The new LCR norms are expected to negatively impact LCR by 8-10%.
  - The resulting LCR post new norms of about 115% is comfortable for the bank.
- **Loan mix by rate category**
  - MCLR – 56.7%
  - EBLR – 37.0%
  - Fixed rate – 4.7%

## Treasury profit

- The treasury profit for the quarter amounted to Rs 2.83bn despite a negative MTM charge of Rs 0.24bn.
- Next quarter, the profit may be similar.

## Operating expenses

- **Total opex**
  - Total Opex at Rs. 38.18bn, is down by -1.8% QoQ but up by 5.5% YoY.

(Con call takeaways continue on the next page)

- Cost to Income ratio came in at 44.6%, down by -56bps QoQ and -234bps YoY.
- **Guidance**
  - The cost to income ratio guidance for FY25 is around 44%.
- **Staff opex**
  - The staff opex is down by -1.9% QoQ but up by 3.5% YoY.
- **Other opex**
  - Other opex is down by -1.6% QoQ but up by 9.2% YoY.
  - **Tech Spends**
    - The IT spends are around 9-10% of the Opex.
    - The bank is spending Rs 12bn on digital initiatives annually, which will continue.
    - The intention is for tech spends to be 9-10% of opex.
- **IndBank Global Services (IGSSL)**
  - Indian Bank has established this subsidiary recently, which has garnered Rs 17.65bn worth of business during the quarter.
  - Management intends to use IGSSL as a marketing arm.

## Other Income

- **Fee Income**
  - Fee income is up 4.4% QoQ and 9.2% YoY.
- **PSLC Income**
  - The PSLC income was Rs 2.06bn, up by 13% QoQ and 23% YoY

## Return Ratios

- The RoA was at 1.39%, up 28bps YoY.
- The RoE was at 21.0%, up by 108bps YoY.
- **Guidance**
  - The prior guidance has been to maintain RoA around 1.20% and RoE around 19-20%.

## Capital Adequacy

- As of December, the CET 1 and total capital adequacy ratio was at 13.27% and 15.92% respectively.

## Exhibit 2: Key quarterly balance sheet / business data

(Rs mn)	Q3FY25	Q2FY25	% qoq	Q3FY24	% yoy	Q3FY25*	chg QoQ*	chg YoY*
Global Gross Advances	5,591,990	5,506,440	1.6	5,098,000	9.7	100.0	0bps	0bps
Overseas Gross Advances	389,750	373,260	4.4	354,450	10.0	7.0	19bps	2bps
Domestic Gross Advances	5,202,240	5,133,180	1.3	4,743,550	9.7	93.0	-19bps	-2bps
Corporate Loans	1,854,850	1,882,680	(1.5)	1,775,100	4.5	33.2	-102bps	-165bps
MSME	900,050	867,290	3.8	831,720	8.2	16.1	34bps	-22bps
Agri	1,298,400	1,282,720	1.2	1,144,220	13.5	23.2	-8bps	77bps
Retail Loans	1,148,940	1,100,490	4.4	992,510	15.8	20.5	56bps	108bps
Home Loan	721,180	708,150	1.8	643,430	12.1	12.9	4bps	28bps
Auto Loan	107,620	95,260	13.0	72,910	47.6	1.9	19bps	49bps
Personal Loan	74,390	79,600	(6.5)	86,480	(14.0)	1.3	-12bps	-37bps
Jewel Loan Non Priority	86,460	65,360	32.3	56,260	53.7	1.5	36bps	44bps
Others	159,290	152,120	4.7	133,430	19.4	2.8	9bps	23bps
Total Deposits	7,022,820	6,931,155	1.3	6,541,540	7.4	100.0	0bps	0bps
CA	355,990	361,580	(1.5)	338,140	5.3	5.1	-15bps	-10bps
SA	2,335,340	2,332,010	0.1	2,256,980	3.5	33.3	-39bps	-125bps
Term	4,331,490	4,237,565	2.2	3,946,420	9.8	61.7	54bps	135bps
RWA	4,021,540	3,965,160	1.4	3,801,910	5.8	NA	NA	NA

Source: Company, YES Sec - Research, \*Share in total and change in share

## Exhibit 3: Key quarterly ratios

(%)	Q3 FY25	Q2 FY25	chg qoq	Q3 FY24	chg yoy
Net interest margin-Global	3.45	3.39	6bps	3.41	4bps
Net interest margin-Domestic	3.57	3.49	8bps	3.49	8bps
Yield on advances	8.92	8.77	15bps	8.78	14bps
Cost of deposits	5.18	5.13	5bps	4.99	19bps
Loan to Deposit ratio	77.2	76.9	30bps	74.8	235bps
Non-interest income/Total income	25.1	28.1	-299bps	24.6	48bps
Fee Income to Avg. Total Assets	0.5	0.4	1bps	0.5	0bps
Cost to Income	44.6	45.1	-56bps	46.9	-234bps
Opex to Avg. Total Assets	1.9	1.9	-7bps	1.9	-6bps
Credit Cost	0.8	0.8	-5bps	1.1	-34bps
RoE	21.0	21.0	-4bps	19.9	108bps
RoA	1.4	1.3	6bps	1.1	28bps
Capital adequacy ratio	15.9	16.6	-63bps	15.6	34bps
Common equity tier 1	13.3	13.5	-24bps	12.4	91bps
Tier I capital ratio	13.8	14.0	-24bps	12.9	89bps
Annualised Slippage Ratio	0.7	1.0	-28bps	1.3	-60bps
Provision Coverage	93.8	92.5	136bps	88.7	513bps
Gross NPA	3.3	3.5	-22bps	4.5	-121bps
Net NPA	0.2	0.3	-6bps	0.5	-32bps

Source: Company, YES Sec - Research, \* Annualised Gross NPA Addition Ratio

## Exhibit 4: Quarterly Actuals Vs Estimates

Q3FY25 (Rs. mn)	Actuals	Estimates	Diff, %
Net Interest Income	64,147	63,491	1.0
Pre-Prov. Operating Profit	47,494	45,067	5.4
Profit After Tax	28,524	24,360	17.1

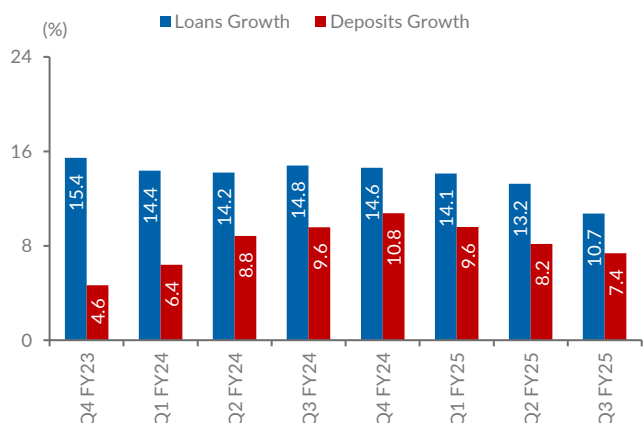
Source: Company, YES Sec - Research

## Exhibit 5: Non-Interest Income Break-up

(Rs mn)	Q3FY25	Q2FY25	% qoq	Q3FY24	% yoy
Total Fee Income (A)	9,310	8,910	4.5	8,520	9.3
Transaction fees	2,330	2,530	(7.9)	1,840	26.6
Loan processing charges	1,990	1,710	16.4	1,900	4.7
Commission on Govt. business	300	280	7.1	200	50.0
Commission on LC/BG	920	820	12.2	1,150	(20.0)
Cross Selling	480	450	6.7	520	(7.7)
Income from PFMS operations	50	80	(37.5)	160	(68.8)
Rent on Lockers	440	360	22.2	430	2.3
Misc fee Income	2,800	2,680	4.5	2,320	20.7
Total Other Income (B)	12,216	15,311	(20.2)	10,496	16.4
Forex Income	740	570	29.8	840	(11.9)
Treasury Income	2,590	3,320	(22.0)	3,280	(21.0)
Bad Debts Recovered	5,480	7,320	(25.1)	4,180	31.1
PSLC Commission	2,060	1,820	13.2	1,670	23.4
Others	1,346	2,281	(41.0)	526	155.6
<b>Total Non-Interest Income (A+B)</b>	<b>21,526</b>	<b>24,221</b>	<b>(11.1)</b>	<b>19,016</b>	<b>13.2</b>

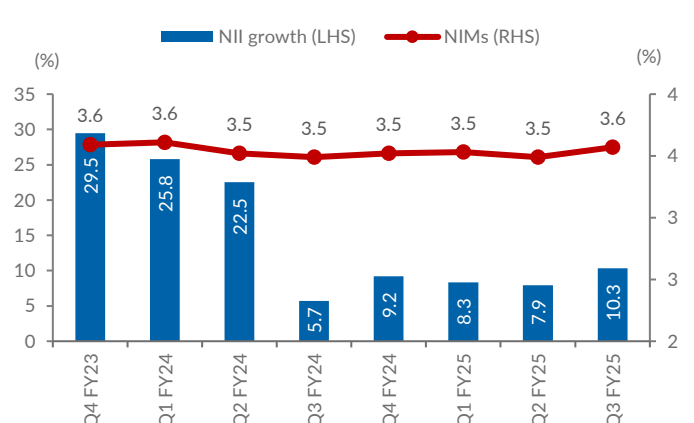
Source: Company, YES Sec – Research

**Exhibit 6: Loans and Deposits growth (YoY %)**



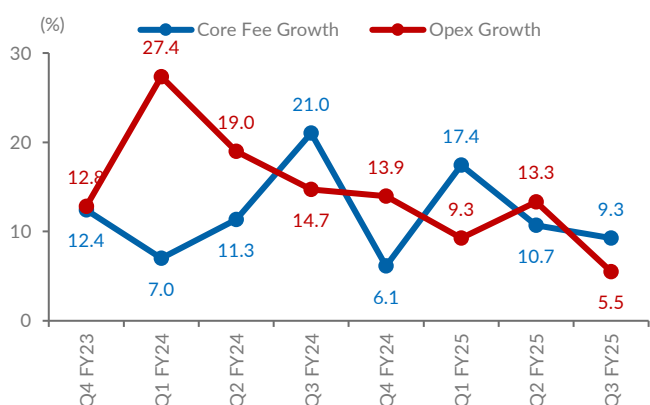
Source: Company, YES Sec - Research

**Exhibit 7: NII growth (YoY %) and NIM (%)**



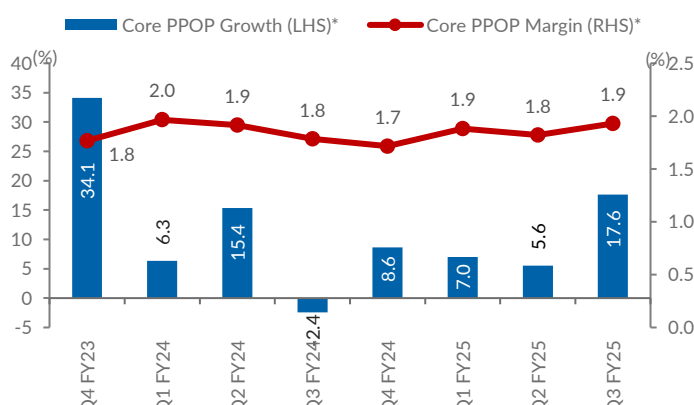
Source: Company, YES Sec - Research

**Exhibit 8: Core Fee and Opex growth (YoY %)**



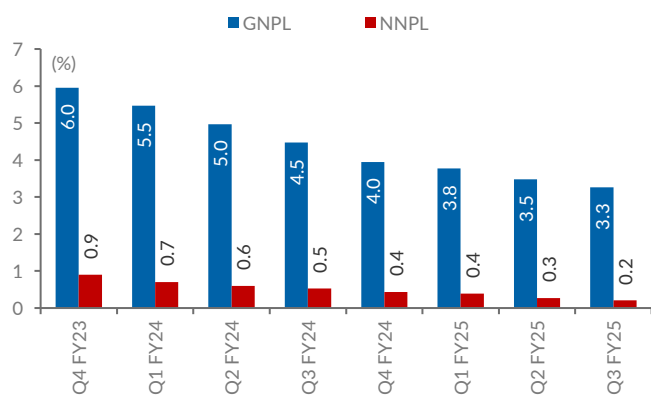
Source: Company, YES Sec - Research

**Exhibit 9: Core PPOP growth (YoY %) and Core PPOP margin (%)**



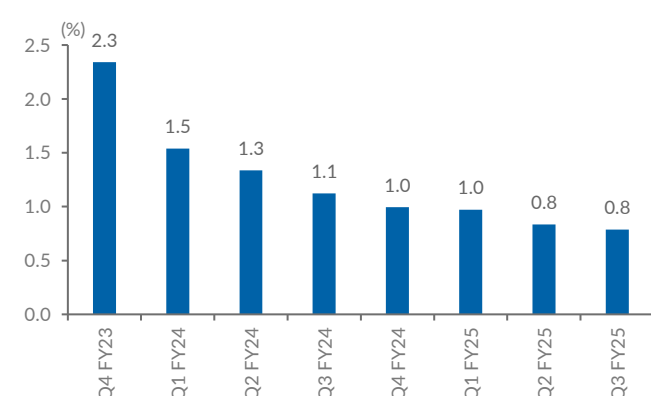
Source: Company, YES Sec - Research, \* Core PPOP is derived by adjusting PPOP for gain/loss on sale of investments and misc. income

**Exhibit 10: Gross NPA and Net NPA (%)**



Source: Company, YES Sec - Research

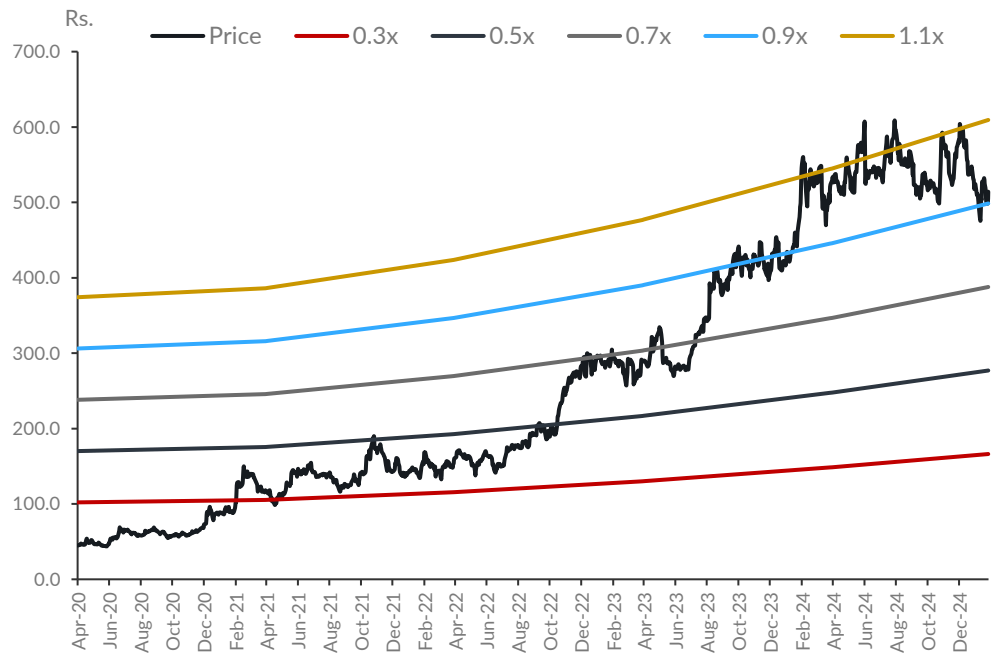
**Exhibit 11: Provisions/Average Advances (%)**



Source: Company, YES Sec - Research



**Exhibit 12: 1-year rolling P/BV band**



Source: Company, YES Sec - Research

**Exhibit 13: 1-yr rolling P/BV vis-a-vis the mean and standard deviations**



Source: Company, YES Sec - Research

## ANNUAL FINANCIALS

### Exhibit 14: Balance sheet

Y/e 31 Mar (Rs mn)	FY23	FY24	FY25E	FY26E	FY27E
Total cash & equivalents	501,326	421,091	571,527	608,105	681,077
Investments	1,859,883	2,125,545	2,380,610	2,666,283	2,986,237
Advances	4,492,967	5,148,891	5,715,269	6,401,101	7,169,233
Fixed assets	74,590	75,155	82,670	90,937	100,031
Other assets	176,241	155,510	163,285	171,449	180,022
<b>Total assets</b>	<b>7,105,007</b>	<b>7,926,191</b>	<b>8,913,361</b>	<b>9,937,876</b>	<b>11,116,600</b>
Net worth	479,728	583,881	668,728	764,417	876,453
Deposits	6,211,658	6,880,000	7,499,200	8,399,104	9,406,997
Borrowings	220,730	231,315	259,073	290,161	324,981
Other liabilities	192,892	230,995	486,361	484,193	508,170
<b>Total liabilities incl. Equity</b>	<b>7,105,007</b>	<b>7,926,191</b>	<b>8,913,361</b>	<b>9,937,876</b>	<b>11,116,600</b>

Source: Company, YES Sec – Research

### Exhibit 15: Income statement

Y/e 31 Mar (Rs mn)	FY23	FY24	FY25E	FY26E	FY27E
Interest income	449,422	556,148	629,278	700,392	786,103
Interest expense	(247,168)	(323,415)	(370,976)	(409,827)	(458,725)
<b>Net interest income</b>	<b>202,255</b>	<b>232,733</b>	<b>258,301</b>	<b>290,564</b>	<b>327,378</b>
Non-interest income	71,431	78,667	88,759	99,235	111,143
<b>Total income</b>	<b>273,685</b>	<b>311,400</b>	<b>347,060</b>	<b>389,799</b>	<b>438,521</b>
Operating expenses	(120,979)	(143,005)	(152,761)	(164,912)	(178,430)
<b>PPoP</b>	<b>152,706</b>	<b>168,395</b>	<b>194,299</b>	<b>224,887</b>	<b>260,091</b>
Provisions	(93,562)	(58,884)	(50,977)	(63,250)	(70,840)
<b>Profit before tax</b>	<b>59,144</b>	<b>109,511</b>	<b>143,322</b>	<b>161,637</b>	<b>189,251</b>
Taxes	(6,327)	(28,882)	(37,264)	(42,026)	(49,205)
<b>Net profit</b>	<b>52,817</b>	<b>80,629</b>	<b>106,058</b>	<b>119,611</b>	<b>140,046</b>

Source: Company, YES Sec – Research

## Exhibit 16: Du Pont Analysis (RoA tree)

Y/e 31 Mar (%)	FY23	FY24	FY25E	FY26E	FY27E
Interest income	6.5	7.4	7.5	7.4	7.5
Interest expense	-3.6	-4.3	-4.4	-4.3	-4.4
<b>Net interest income</b>	<b>2.9</b>	<b>3.1</b>	<b>3.1</b>	<b>3.1</b>	<b>3.1</b>
Non-interest income	1.0	1.0	1.1	1.1	1.1
<b>Total income</b>	<b>4.0</b>	<b>4.1</b>	<b>4.1</b>	<b>4.1</b>	<b>4.2</b>
Operating expenses	-1.8	-1.9	-1.8	-1.7	-1.7
<b>PPoP</b>	<b>2.2</b>	<b>2.2</b>	<b>2.3</b>	<b>2.4</b>	<b>2.5</b>
Provisions	-1.4	-0.8	-0.6	-0.7	-0.7
<b>Profit before tax</b>	<b>0.9</b>	<b>1.5</b>	<b>1.7</b>	<b>1.7</b>	<b>1.8</b>
Taxes	-0.1	-0.4	-0.4	-0.4	-0.5
<b>Net profit</b>	<b>0.8</b>	<b>1.1</b>	<b>1.3</b>	<b>1.3</b>	<b>1.3</b>

Source: Company, YES Sec – Research

## Exhibit 17: Change in annual estimates

Y/e 31 Mar (Rs mn)	Revised Estimate			Earlier Estimate			% Revision		
	FY25E	FY26E	FY27E	FY25E	FY26E	FY27E	FY25E	FY26E	FY27E
Net Interest Income	258,301	290,564	327,378	269,586	304,290	339,328	(4.2)	(4.5)	(3.5)
Pre-Prov. Operating Profit	194,299	224,887	260,091	213,561	243,217	276,363	(9.0)	(7.5)	(5.9)
<b>Profit after tax</b>	<b>106,058</b>	<b>119,611</b>	<b>140,046</b>	<b>103,862</b>	<b>119,243</b>	<b>136,483</b>	<b>2.1</b>	<b>0.3</b>	<b>2.6</b>

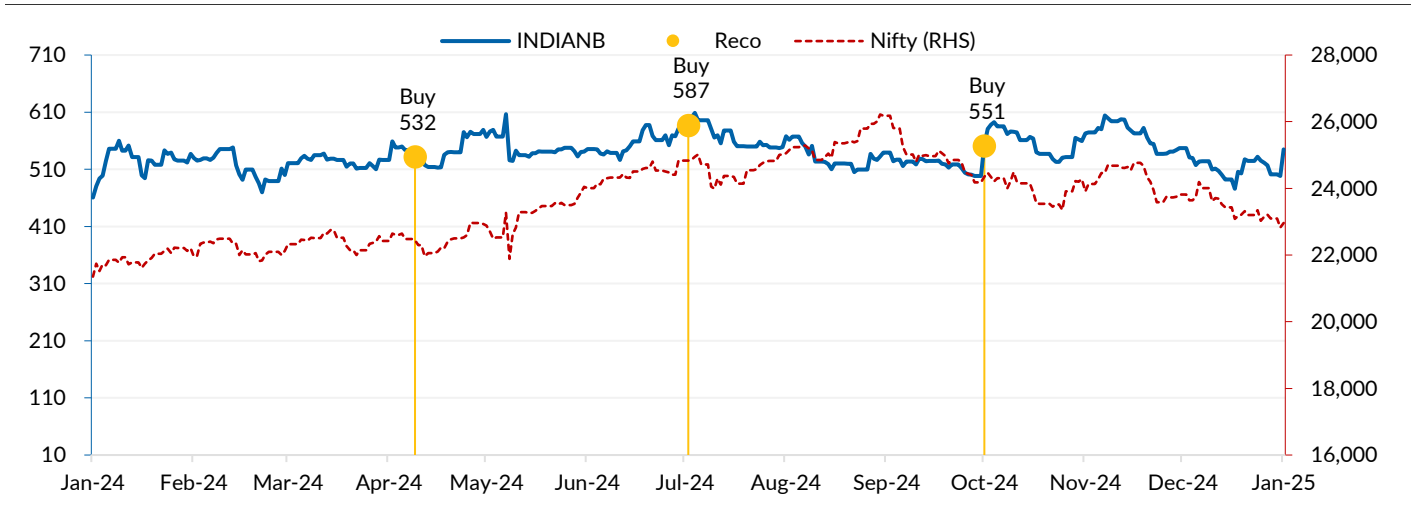
Source: Company, YES Sec – Research

## Exhibit 18: Ratio analysis

Y/e 31 Mar	FY23	FY24	FY25E	FY26E	FY27E
<b>Growth matrix (%)</b>					
Net interest income	20.9	15.1	11.0	12.5	12.7
PPoP	20.1	10.3	15.4	15.7	15.7
Net profit	33.9	52.7	31.5	12.8	17.1
Loans	15.4	14.6	11.0	12.0	12.0
Deposits	4.6	10.8	9.0	12.0	12.0
<b>Profitability Ratios (%)</b>					
Net interest margin	3.4	3.5	3.4	3.4	3.5
Return on Average Equity	11.5	15.2	16.9	16.7	17.1
Return on Average Assets	0.8	1.1	1.3	1.3	1.3
<b>Per share figures (Rs)</b>					
EPS	42.4	59.9	78.7	88.8	104.0
BVPS	385	433	496	568	651
ABVPS	353	417	494	565	647
<b>Valuation multiples</b>					
P/E	12.8	9.1	6.9	6.1	5.2
P/BV	1.4	1.3	1.1	1.0	0.8
P/ABV	1.5	1.3	1.1	1.0	0.8
<b>NIM internals (%)</b>					
Yield on loans	7.6	8.4	8.5	8.4	8.5
Cost of deposits	3.8	4.7	4.9	4.9	4.9
Loan-deposit ratio	72.3	74.8	76.2	76.2	76.2
CASA ratio	42.0	40.8	40.9	41.1	41.1
<b>Opex control (%)</b>					
Cost/Income ratio	44.2	45.9	44.0	42.3	40.7
Cost to average assets	1.8	1.9	1.8	1.7	1.7
<b>Capital adequacy (%)</b>					
Tier 1 capital ratio	13.5	14.0	14.1	14.0	14.0
<b>Asset quality (%)</b>					
Slippage ratio	1.7	1.4	1.0	1.2	1.2
Gross NPL ratio	6.0	4.0	3.2	3.1	3.0
Credit cost	1.6	0.8	0.8	0.9	0.9
Net NPL ratio	0.9	0.4	0.0	0.1	0.1

Source: Company, YES Sec - Research

## Recommendation Tracker



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