

Bandhan Bank

Estimate change



TP change



Rating change



Bloomberg	BANDHAN IN
Equity Shares (m)	1611
M.Cap.(INRb)/(USDb)	301.3 / 3.5
52-Week Range (INR)	222 / 128
1, 6, 12 Rel. Per (%)	3/16/-5
12M Avg Val (INR M)	2226

Financials & Valuations (INR b)

Y/E March	FY25	FY26E	FY27E
NII	114.9	118.6	135.3
OP	73.9	70.9	81.9
NP	27.5	26.4	36.7
NIM (%)	6.7	6.2	6.2
EPS (INR)	17.0	16.4	22.8
EPS Gr. (%)	23.1	-3.9	39.1
BV/Sh. (INR)	153	155	172
ABV/Sh. (INR)	145	147	163

Ratios

RoA (%)	1.5	1.3	1.6
RoE (%)	11.9	10.6	13.9

Valuations

P/E(X)	10.9	11.3	8.1
P/BV (X)	1.2	1.2	1.1
P/ABV (X)	1.3	1.3	1.1

Shareholding pattern (%)

As On	Mar-25	Dec-24	Mar-24
Promoter	40.0	40.0	40.0
DII	16.4	15.5	12.5
FII	22.7	23.2	31.2
Others	20.9	21.3	16.3

FII Includes depository receipts

CMP: INR187

TP: INR185 (-1%)

Neutral

NII, PPOP in line; high provisions drag down earnings

Margins contract 27bp QoQ

- Bandhan Bank (BANDHAN) reported 1QFY26 PAT at INR3.72b (down 65% YoY, up 17% QoQ), 19% miss due to higher-than-expected provisions.
- NII stood flat QoQ at INR27.6b (down 8% YoY, in line). Margins declined 27bp QoQ to 6.4% (in line).
- Other income grew 38% YoY/3.8% QoQ to INR7.3b (17% miss). Opex declined 4% QoQ to INR18.1b (5% lower than est.).
- Advances declined 2.6% QoQ (up 5.7% YoY), while deposits grew 2.3% QoQ (up 16.1% YoY). CASA mix moderated 400bp QoQ to 27.1%. CD ratio eased to 83% from 87% in 4QFY25.
- GNPA/NNPA ratios increased 25bp/8bp QoQ to 4.96%/1.36%. Fresh slippages declined 11% QoQ to INR15.5b. PCR stood flat at 73.7%.
- We cut our earnings estimates by 9%/7% for FY26/FY27 and expect FY27E RoA/RoE of 1.6%/13.9%. Reiterate Neutral with a TP of INR185 (1.1x FY27E ABV).

Business growth muted; asset quality remains under pressure

- BANDHAN reported 1QFY26 PAT at INR3.72b (down 65% YoY, up 17% QoQ), 19% miss due to higher-than-expected provisions.
- NII stood flat QoQ at INR27.6b (down 8% YoY, in line). Margins declined 27bp QoQ to 6.4%.
- Other income grew 38% YoY/3.8% QoQ to INR7.3b (17% miss). Total revenue thus remained flat sequentially at INR34.8b. Opex declined 4% QoQ (up 14% YoY) to INR18.1b (5% lower than est.). PPOP grew 6.2% QoQ (down 14% YoY) to INR16.7b (in line).
- Gross advances grew 6.4% YoY/down 2.5% QoQ. EEB book declined 15% YoY (down 6.6% QoQ), whereas non-micro credit book rose 27% YoY (flat QoQ). Mix of EEB moderated to 40%.
- Deposits grew 2.3% QoQ (up 16.1% YoY). CASA mix moderated 400bp QoQ to 27.1%.
- Slippages declined 11% QoQ, though were high at INR15.5b (vs. INR17.5b in 4QFY25). GNPA ratio increased 25bp QoQ to 4.96%, while NNPA too rose 8bp QoQ to 1.36%. PCR stood at 73.7%. SMA book increased 50bp QoQ to 3.8%.

Highlights from the management commentary

- **NIMs declined to 6.4%, dragged down by loan re-pricing, impact of interest reversals and shift in asset mix in favor of secured loans.** NIM contraction was partially offset by CoF (which improved by 19bp QoQ).
- 2H growth will be better for EEB portfolio, and the bank aims to close the year with 5-8% growth in EEB portfolio. Overall portfolio will grow at 15-17% over the next few years.
- The new book will have NPA of 3.5% vs. 5% in the existing book (prior-period originated). There is a temporary impact on NPA due to the new guardrails.
- 2Q's credit cost will be better than that of 1Q, and overall credit cost will improve further in 2H.

Nitin Aggarwal - Research Analyst (Nitin.Aggarwal@MotilalOswal.com)

Research Analyst: Dixit Sankharva (Dixit.sankharva@MotilalOswal.com) | Disha Singhal (Disha.Singhal@MotilalOswal.com)

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Motilal Oswal research is available on www.motilaloswal.com/Institutional-Equities, Bloomberg, Thomson Reuters, Factset and S&P Capital.

Valuation and view

BANDHAN reported a broadly in-line quarter, with a miss in net earnings due to higher-than-expected provisions. Margins contracted on expected lines due to rate cuts and will face more impact in the next quarter. Loan growth was suppressed as MFI book declined, with the segment mix reducing to 40%. Deposit growth was higher than advances growth, though CASA ratio moderated further. Asset quality continues to deteriorate; however, slippages saw a slight decline sequentially. NIM is expected to stabilize in 2H as 50% of book is fixed, while slippages are also expected to recede, which will enable improvement in earnings trajectory. **We cut our earnings estimates by 9%/7% for FY26/FY27 and estimate FY27E RoA/RoE of 1.6%/13.9%. Reiterate Neutral with a TP of INR185 (1.1x FY27E ABV).**

Quarterly performance

Y/E March	FY25				FY26E				FY25	FY26E	FY26E	(INR b) V/S our
	1Q	2Q	3Q	4Q	1Q	2QE	3QE	4QE			1QE	Est
Net Interest Income	30.1	29.5	28.3	27.6	27.6	27.6	30.0	33.4	114.9	118.6	27.2	2%
% Change (YoY)	20.7	20.7	12.1	-3.9	-8.2	-6.3	6.0	21.1	11.3	3.2	-9.6	
Other Income	5.3	5.9	11.0	7.0	7.3	6.7	7.4	9.5	29.7	30.9	8.7	-17%
Total Income	35.3	35.4	39.3	34.6	34.8	34.4	37.4	42.8	144.6	149.4	35.9	-3%
Operating Expenses	15.9	16.9	19.0	18.8	18.1	19.2	20.0	21.1	70.7	78.6	19.0	-5%
Operating Profit	19.4	18.6	20.2	15.7	16.7	15.1	17.4	21.7	73.9	70.9	16.8	-1%
% Change (YoY)	24.2	17.2	22.1	-14.5	-14.0	-18.5	-14.0	38.2	11.3	-4.1	-13.3	
Provisions	5.2	6.1	13.8	12.6	11.5	10.2	7.9	6.3	37.7	35.9	10.7	7%
Profit Before Tax	14.2	12.5	6.5	3.1	5.2	4.9	9.5	15.4	36.2	35.0	6.1	-15%
Tax	3.5	3.1	2.2	-0.1	1.5	1.0	2.4	3.6	8.8	8.6	1.5	-3%
Net Profit	10.6	9.4	4.3	3.2	3.7	3.9	7.0	11.8	27.5	26.4	4.6	-19%
% Change (YoY)	47.5	30.0	-41.8	482.0	-65.0	-58.6	64.9	270.0	23.1	-3.9	-57.0	
Operating Parameters												
Deposits (INR b)	1,332	1,425	1,410	1,512	1,547	1,579	1,639	1,716	1,512	1,716	1,544	0%
Loans (INR b)	1,216	1,261	1,274	1,320	1,285	1,374	1,429	1,495	1,320	1,495	1,336	-4%
Deposit Growth (%)	22.8	27.2	20.1	11.8	16.1	10.8	16.2	13.5	11.8	13.5	15.9	
Loan Growth (%)	23.8	23.6	15.6	9.0	5.7	9.0	12.2	13.3	9.0	13.3	9.9	
Asset Quality												
Gross NPA (%)	4.2	4.7	4.7	4.7	5.0	4.8	4.7	4.7	4.7	4.7	4.7	
Net NPA (%)	1.2	1.3	1.3	1.3	1.4	1.3	1.3	1.3	1.3	1.3	1.3	
PCR (%)	73.7	73.5	73.5	73.7	73.7	73.3	73.8	73.8	73.8	73.8	73.0	

E: MOFSL Estimates

Quarterly snapshot

Profit and Loss, INRb	FY25				FY26	Change (%)	
	1Q	2Q	3Q	4Q	1Q	YoY	QoQ
Interest Income	55.36	55.00	54.79	54.34	54.76	-1	1
Interest Expenses	25.31	25.52	26.48	26.78	27.18	7	2
Net Interest Income	30.05	29.48	28.30	27.56	27.57	-8	0
Other Income	5.28	5.95	10.96	7.00	7.26	38	4
Total Income	35.33	35.43	39.26	34.56	34.83	-1	1
Operating Expenses	15.92	16.88	19.05	18.84	18.15	14	-4
Employee	10.05	10.44	12.27	10.84	11.24	12	4
Others	5.86	6.44	6.77	8.00	6.91	18	-14
Operating Profits	19.41	18.55	20.21	15.71	16.68	-14	6
Core Operating Profits	19.41	18.55	20.21	15.71	16.68	-14	6
Provisions	5.23	6.06	13.76	12.60	11.47	119	-9
PBT	14.18	12.49	6.45	3.11	5.21	-63	68
Taxes	3.54	3.11	2.19	-0.07	1.50	-58	NA
PAT	10.63	9.37	4.26	3.18	3.72	-65	17
Balance Sheet, INRb							
Loans	1,216	1,261	1,274	1,320	1,285	6	-3
- Retail	62	72	85	110	110	77	0
- Commercial Banking	281	311	332	363	371	32	2
Deposits	1,332	1,425	1,410	1,512	1,547	16	2
CASA Deposits	445	473	447	474	419	-6	-12
- Current	62	64	61	81	65	5	-20
- Saving	383	409	386	394	354	-8	-10
Loan Mix (%)							
Micro Loans	49.3	45.4	42.5	41.3	39.5	-976	-175
Non Micro Loans	50.7	54.6	57.5	58.7	60.5	976	175
- SME Loans	22.6	24.2	24.7	23.4	24.4	189	100
- Small Enterprise	11.3	12.7	14.1	26.5	27.7	1,642	120
- NBFC MFI's	11.0	12.0	12.1	NA	NA	NA	NA
Asset Quality, INRb							
GNPA	53	61	62	64	66	25	3
NNPA	14	16	16	17	17	25	3
Asset Quality Ratios						YoY (bp)	QoQ (bp)
GNPA (%)	4.2	4.7	4.7	4.7	5.0	73	25
NNPA (%)	1.2	1.3	1.3	1.3	1.4	21	8
PCR (Calc, %)	73.7	73.5	73.5	73.7	73.7	-1	-3
SMA Movement (EEB) (%)							
SMA 0	0.9	1.5	1.4	1.5	1.9	100	40
SMA 1	0.7	0.9	1.2	0.9	1.0	30	10
SMA 2	0.7	0.9	1.2	0.9	0.9	20	0
Business Ratios (%)							
CASA (%)	33.4	33.2	31.7	31.4	27.1	-631	-431
Loan/Deposit	91.3	88.5	90.3	87.3	83.1	-819	-420
Cost to Core Income	45.1	47.6	48.5	54.5	52.1	704	-243
Cost to Assets	3.7	3.8	4.1	3.9	3.8	16	-10
Tax Rate	25.0	24.9	33.9	-2.2	28.7	368	3,083
Capitalisation Ratios (%)							
Tier-1	14.1	13.6	13.7	17.9	18.3	420	40
- CET 1	14.1	13.6	13.7			-1,410	0
CAR	15.0	14.3	14.4	18.7	19.4	440	70
LCR	166.0	151.0	146.5	162.8	0.0	NA	NA
Profitability Ratios (%)							
Yield	13.9	13.7	13.3	13.1	12.7	-120	-40
Cost of Funds	7.0	7.0	7.1	7.2	7.0	0	-20
Margins	7.60	7.40	6.90	6.70	6.40	-120.00	-30.00
Other Details							
Branches	1,700	1,703	1,703	1,715	1,750	50	35
ATM	438	438	438	438	438	0	0



Highlights from the management commentary

Opening remarks

- The Indian economy continues to exhibit strong fundamentals. The RBI expects Real GDP growth of 6.5%, while it has offered many monetary benefits to the system (like repo cuts and CRR cuts).
- 1QFY26 is not comparable to 1QFY25 given the changes in the MFI guardrails. Further challenges are expected in the MFI till 2Q.
- Recent regulatory and monetary inventions and PSL have been constructive for the sector.
- Loan growth was muted due to modest performance in EEB.
- Increase in secured loans in terms of loans mix is enhancing stability in the balance sheet.
- Strong CRAR and liquidity should provide robust foundation for the bank.
- The bank's gross advances grew 6% YoY, while its liability profile would continue to perform better. Retail deposits grew 30%+ YoY.
- CASA deposits account for 27% of total deposits for the bank.
- Secured book grew at a healthy rate and asset quality remains a top priority.
- The bank took INR10.47b of technical write-offs.
- CAR stands at 19.4% and Tier at 18.6%, providing headroom for future growth.
- Bandhan will focus on prudent risk management.
- It has enabled 4,400 branches to offer retail deposits. Enabling granular retail mobilization.
- The bank has reduced interest rates in both SA and TD over 1QFY26.
- Launched specialized products like Elite products to attract HNI customers.
- Bandhan is diversifying into new retail loans while expanding to new partnerships.
- Advances – Gross advances grew 6.4% YoY (down 2.5% QoQ), due to a 7% contraction in EEB portfolio. EEB declined due to controls in the book.
- Non-EEB book is now 52% (grew 27% YoY, led by retail, wholesale as well as housing).
- Growth in retail was led by housing, auto and gold loans.
- West Bengal forms 22.8% of total loans — the highest state exposure.
- Healthy growth in advances outpaces deposit growth, and focus remains on retail deposits.
- Retail TD demonstrated strong momentum, growing 34% YoY.
- CASA declined amid 1Q seasonality. CASA was also impacted by SA rate cuts and has shifted to TDs.
- Top 5 states account for 66% of total deposits. West Bengal forms 40% of the total deposits.
- Collection efficiency declined amid changes in policy norms during holidays.
- The bank has taken INR10.5b of write-offs, of which INR9.52b were due to MFI book.
- DPD pool stood at INR20.26b (3.3% of the advances). SMA-1 remained stable, while SMA-0 increased (due to changes in installment demand on the holidays).
- NIMs declined to 6.4% (driven by increased proportion of secured loans). Decline in NIMs was partially offset by CoF (which improved by 19bp QoQ).

Advances and deposits

- Disbursals in 1Q were down due to the seasonality and the implementation of new guardrails. No one is onboarding 60 DPD customers, and a maximum of three loans per customer allowed.
- 16-18% of customers have not been given loans by any of the players. Tamil Nadu and Karnataka are the new geographies. UP and Gujarat too are seeing problems in growing the book.
- Bandhan+3 loan book will come down to below 3% in the next 2 to 3 months. 90% of the portfolio is Bandhan+2. 70% of the portfolio is Bandhan+1 and nearly 59% of the book is only Bandhan.
- Disbursals will grow 10-15% YoY from 3QFY26 onward.
- The qualifying criteria have changed, and now MFIs can do 40% of non-micro lending, which can lead to aggressive lending in individual loans.
- Growth in Karnataka and Tamil Nadu is challenging amid heightened competition and also being new in these geographies.
- 2H growth will be better for the EBB portfolio and the bank aims to close the year with 5-8% growth. Overall portfolio will grow 15-17% over the next years.

Cost, margins and provisions

- There has been no hike in yields or processing fee.
- NIMs will moderate. 1Q had 25bp impact and 2Q will see 75bp impact.
- The bank has approx. 50% of the book as fixed; hence, NIM impact will be limited, but will see contraction.
- As the secured book portion increases, NIMs will see a decline.
- In 2H, slippages will stabilize, which will limit NIM compression.
- Cuts in SA rates and TD rates have led to a 19bp decline in CoF.
- The bank will get the full benefits of TD rate cuts expected until Mar'26. Some bit of the impact will also play out in 3Q also.

Asset quality

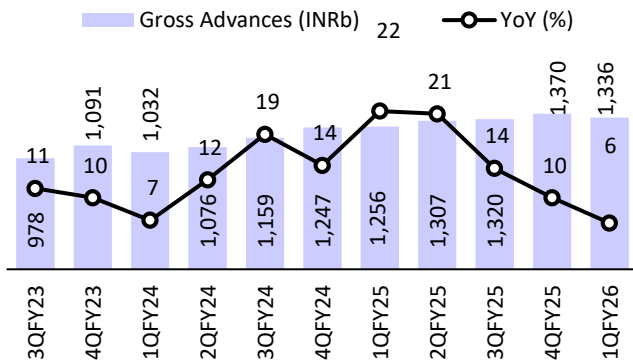
- The new book onboarded will have NPA of 3.5% vs. 5% for the existing book. There is a temporary impact on NPA due to new guardrails.
- SMA-0 increased due to holidays on demand.
- SMA-1 and SMA-2 are largely stable. More upcoming holidays will lead to more SMA-0 in the near term but will be recoverable.
- Unsecured retail is showing little stress and the little upside left in terms of the risk.
- A large portion of the housing book is largely secured.
- EEB side – SMA-0 was slightly elevated but the recovery was good. The bank is raising demand on holidays, but not for collection.
- Due to some holidays, 1/6th of the portfolio can become SMA-0 and looks large, but there is no concern as the book is recoverable.
- For the holiday changes, the bank has been trying to make changes like raising demand a day before holiday as well as introduction of QR code during the holiday.

Guidance

- Bandhan+3 loan book will come down to below 3% in the next 2 to 3 months.
- Disbursals will step up like 10-15% YoY from 3QFY26 onwards, it will be like a more step-up growth.
- 2H growth will be better for the EBB portfolio and aim to close at 5 to 8% of the EEB portfolio. Overall portfolio will grow at 15-17% over the next years.
- NIMs will get moderated, 1Q had an impact of 25bp and next quarter will see an impact of the 75bp.
- NIMs shall stabilize in 2H as the slippages will stabilize which will limit the sharp compression in NIMs.
- Bank will get a full benefit of this year TD rate cuts till next march. Some bit of the impact will also play in 3Q also.
- The new book onboarded will have a NPA of 3.5%, rather than 5% of the current NPA. There is a temporary impact in NPA due to the new guardrails.
- 2Q's credit cost will be better than 1Q. Overall credit cost will better than current and the bank will be maintaining this guidance.

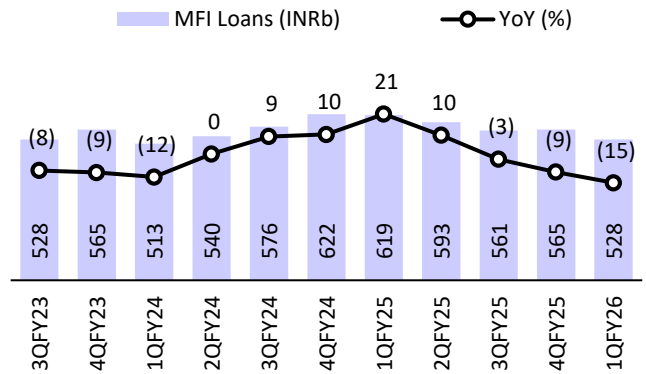
Story in charts

Exhibit 1: AUM grew 6% YoY (down 2.5% QoQ) to INR1.34t



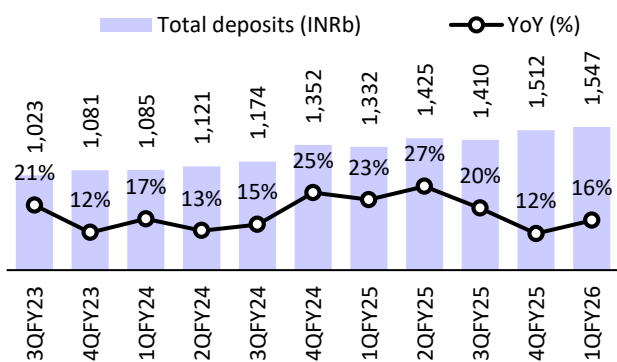
Source: MOFSL, Company

Exhibit 2: MFI loans declined 15% YoY to INR528b



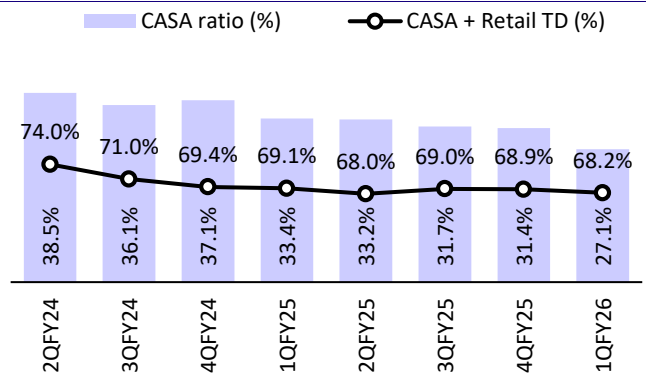
Source: MOFSL, Company

Exhibit 3: Deposits grew 16% YoY/2.3% QoQ to INR1.55t



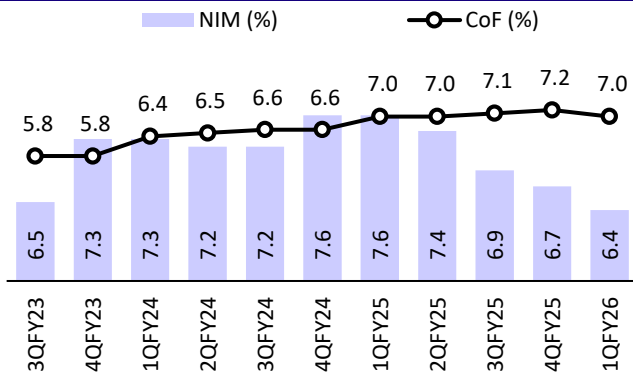
Source: MOFSL, Company

Exhibit 4: CASA+ Retail TD mix stood at 68.2%



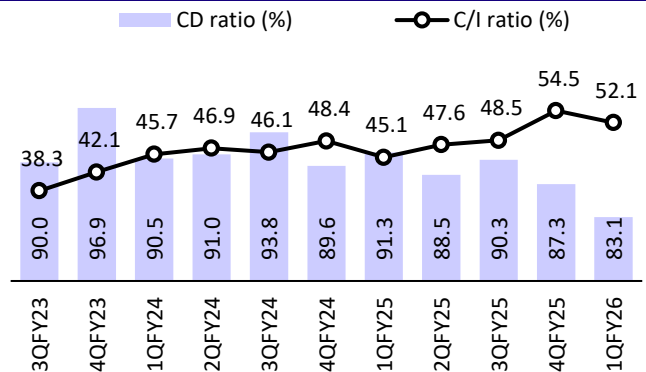
Source: MOFSL, Company

Exhibit 5: Margin moderated 27bp QoQ to 6.4%



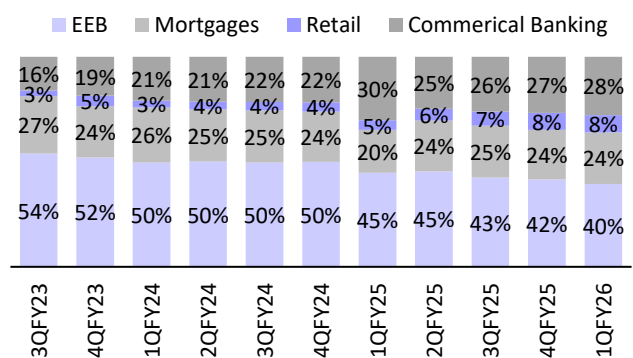
Source: MOFSL, Company

Exhibit 6: CI ratio moderated to 52.1%; CD ratio at 83.1%



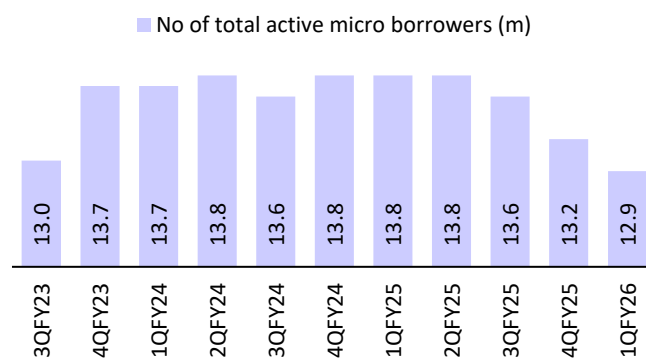
Source: MOFSL, Company

Exhibit 7: Trend in portfolio mix (%)



Source: MOFSL, Company

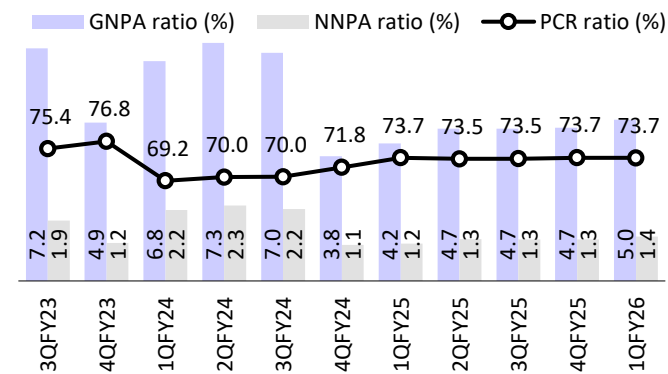
Exhibit 8: Active MFI borrower base stood at 12.9m



Source: MOFSL, Company

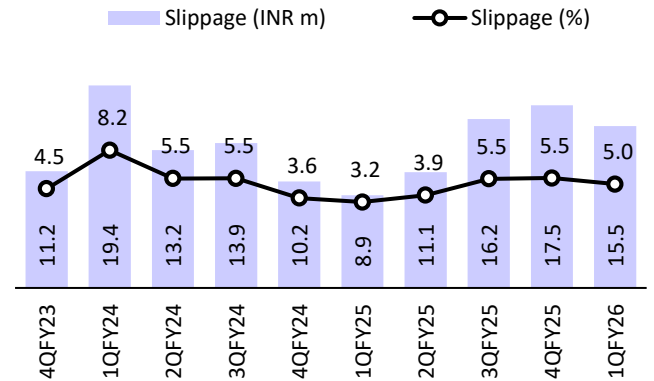
Story in charts – Asset Quality

Exhibit 9: GNPA/NNPA ratios increased to 5.0%/1.4%



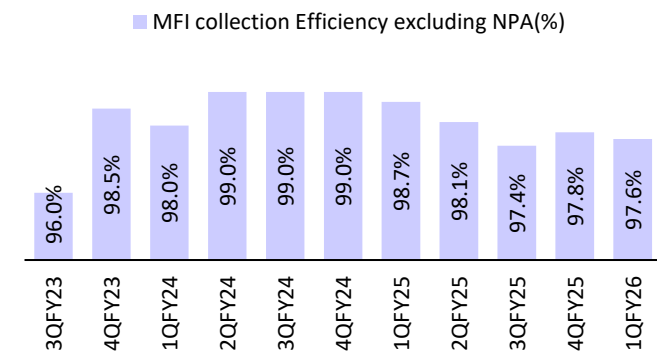
Source: MOFSL, Company

Exhibit 10: Slippages moderated slightly to 5% in 1QFY26



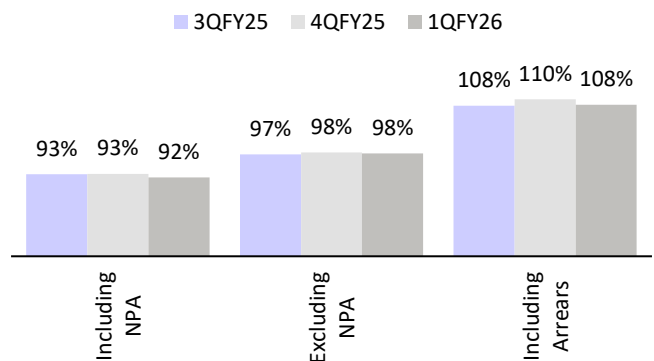
Source: MOFSL, Company

Exhibit 11: MFI CE (%), excluding NPA, stood at 97.6%



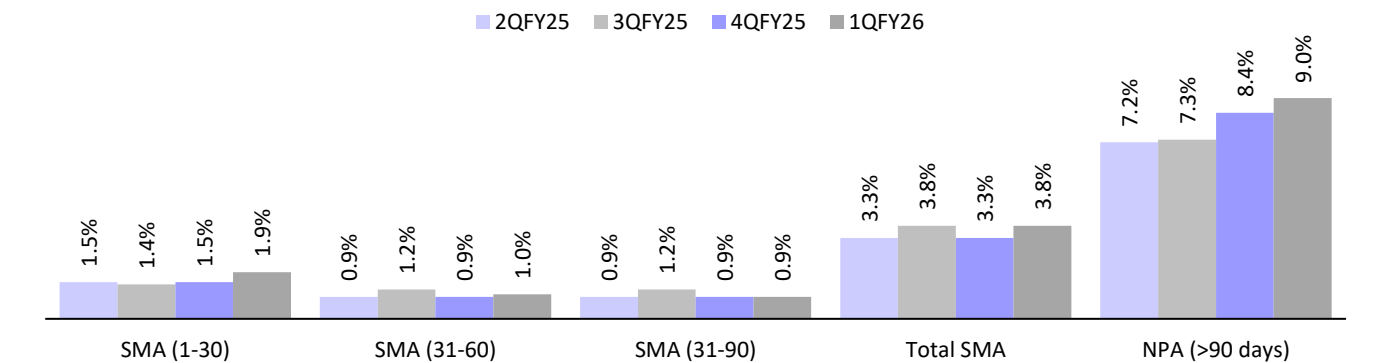
Source: MOFSL, Company

Exhibit 12: Trend in MFI collection efficiency



Source: MOFSL, Company

Exhibit 13: Asset quality trends across buckets in the MFI portfolio



Source: MOFSL, Company

Valuation and view

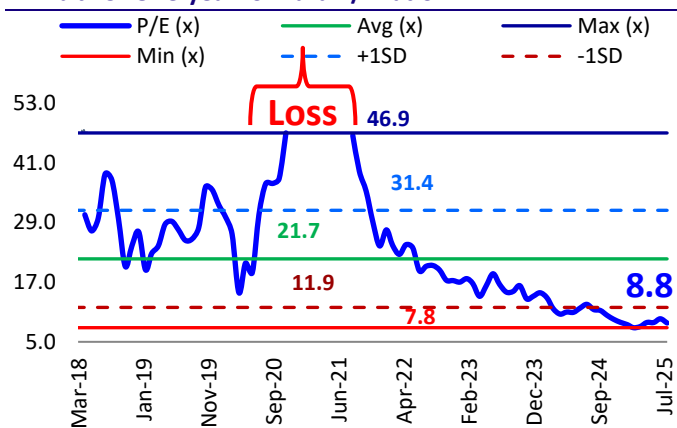
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- Asset quality continues to deteriorate; however, slippages saw a slight decline sequentially. NIM is expected to stabilize in 2H as 50% of book is fixed, while slippages are also expected to recede, which will enable improvement in earnings trajectory.
- **We cut our earnings estimates by 9%/7% for FY26/FY27 and estimate FY27E RoA/RoE of 1.6%/13.9%. Reiterate Neutral with a TP of INR185 (1.1x FY27E ABV).**

Exhibit 14: Changes in our earnings estimates

INR b	Old Estimates		New Estimates		Change (%/bps)	
	FY26	FY27	FY26	FY27	FY26	FY27
Net Interest Income	119.6	136.5	118.6	135.3	-0.9	-0.9
Other Income	31.7	36.2	30.9	34.9	-2.8	-3.7
Total Income	151.4	172.7	149.4	170.1	-1.3	-1.5
Operating Expenses	79.3	90.0	78.6	88.3	-0.9	-1.9
Operating Profit	72.1	82.7	70.9	81.9	-1.7	-1.0
Provisions	33.5	30.3	35.9	33.2	7.3	9.8
PBT	38.6	52.5	35.0	48.6	-9.4	-7.3
PAT	29.1	39.6	26.4	36.7	-9.4	-7.3
Loans	1,484	1,694	1,495	1,732	0.8	2.2
Deposits	1,725	1,998	1,716	1,981	-0.5	-0.9
Credit Cost (%)	2.3	1.9	2.5	2.0	0.2	0.2
RoA (%)	1.44	1.72	1.30	1.60	-0.1	-0.1
RoE (%)	11.7	14.8	10.6	13.9	-1.0	-0.9
EPS	18.1	24.6	16.4	22.8	-9.4	-7.3
BV	157.0	175.6	155.3	172.1	-1.1	-2.0
ABV	149.5	167.2	147.1	162.9	-1.6	-2.6

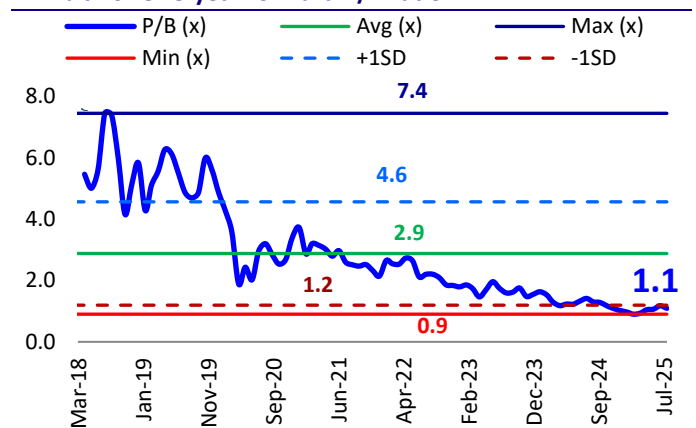
Source: MOFSL, Company

Exhibit 15: One-year forward P/E ratio



Source: MOFSL, Company

Exhibit 16: One-year forward P/B ratio



Source: MOFSL, Company

Exhibit 17: DuPont Analysis: Return ratios to improve gradually

	FY22	FY23	FY24	FY25	FY26E	FY27E	FY28E
Net Interest Income	6.9	6.3	6.2	6.2	5.9	5.9	5.9
Other Income	2.2	1.7	1.3	1.6	1.5	1.5	1.5
Total Income	9.1	8.0	7.5	7.8	7.4	7.4	7.4
Operating Expenses	2.8	3.1	3.5	3.8	3.9	3.8	3.8
Employee cost	1.7	1.8	2.1	2.3	2.3	2.3	2.3
Others	1.1	1.3	1.4	1.5	1.5	1.5	1.5
Operating Profits	6.3	4.8	4.0	4.0	3.5	3.6	3.6
Core operating Profits	6.1	4.8	3.9	3.9	3.4	3.5	3.5
Provisions	6.2	2.8	2.2	2.0	1.8	1.4	1.4
PBT	0.1	2.0	1.8	2.0	1.7	2.1	2.2
Tax	0.0	0.5	0.4	0.5	0.4	0.5	0.5
RoA	0.1	1.5	1.3	1.5	1.3	1.6	1.7
Leverage (x)	7.3	8.0	8.1	8.0	8.2	8.7	9.0
RoE	0.7	11.9	10.8	11.9	10.6	13.9	15.0

Source: MOFSL, Company

Financials and valuations

Income Statement						(INR b)
Y/E March	FY23	FY24	FY25	FY26E	FY27E	FY28E
Interest Income	159.0	188.7	219.5	241.9	271.7	309.9
Interest Expense	66.5	85.4	104.6	123.3	136.4	154.4
Net Interest Income	92.6	103.3	114.9	118.6	135.3	155.5
- growth (%)	6.3	11.5	11.3	3.2	14.1	15.0
Non-Interest Income	24.7	21.6	29.7	30.9	34.9	40.1
Total Income	117.3	124.9	144.6	149.4	170.1	195.6
- growth (%)	1.7	6.5	15.7	3.4	13.9	15.0
Operating Expenses	46.4	58.5	70.7	78.6	88.3	100.2
Pre Provision Profits	70.9	66.4	73.9	70.9	81.9	95.4
- growth (%)	-11.5	-6.4	11.3	-4.1	15.5	16.6
Core PPOp	70.2	65.0	72.3	68.9	79.5	92.6
- growth (%)	-9.3	-7.3	11.1	-4.6	15.3	16.5
Provisions	42.0	37.0	37.7	35.9	33.2	36.7
PBT	28.9	29.4	36.2	35.0	48.6	58.7
Tax	7.0	7.1	8.8	8.6	11.9	14.4
Tax Rate (%)	24.1	24.2	24.2	24.5	24.5	24.5
PAT	21.9	22.3	27.5	26.4	36.7	44.3
- growth (%)	1,644.6	1.6	23.1	-3.9	39.1	20.7

Balance Sheet

Y/E March	FY23	FY24	FY25	FY26E	FY27E	FY28E
Equity Share Capital	16.1	16.1	16.1	16.1	16.1	16.1
Reserves & Surplus	179.6	199.5	229.9	234.1	261.1	295.7
Net Worth	195.7	215.7	246.1	250.2	277.2	311.8
Deposits	1,080.6	1,352.0	1,512.1	1,716.3	1,980.6	2,297.5
- growth (%)	12.2	25.1	11.8	13.5	15.4	16.0
- CASA Dep	424.5	501.5	474.8	537.2	621.9	721.4
- growth (%)	5.9	18.1	-5.3	13.1	15.8	16.0
Borrowings	247.1	163.7	111.4	120.3	132.3	148.2
Other Liabilities & Prov.	36.8	46.6	45.2	51.1	59.3	68.7
Total Liabilities	1,560.3	1,778.0	1,914.8	2,137.8	2,449.4	2,826.2
Current Assets	82.5	161.7	95.7	99.4	112.2	130.0
Investments	323.7	292.9	407.1	447.8	509.6	588.6
- growth (%)	11.3	-9.5	39.0	10.0	13.8	15.5
Loans	1,047.6	1,211.4	1,319.9	1,495.4	1,731.7	2,015.7
- growth (%)	11.5	15.6	9.0	13.3	15.8	16.4
Fixed Assets	8.5	11.7	11.8	12.5	13.5	14.9
Other Assets	98.1	100.7	80.3	82.6	82.3	77.1
Total Assets	1,560.4	1,778.4	1,914.8	2,137.8	2,449.4	2,826.2

Asset Quality	FY23	FY24	FY25	FY26E	FY27E	FY28E
GNPA	53.0	47.8	64.0	72.1	81.0	89.0
NNPA	12.3	13.5	16.7	18.9	21.1	22.2
Slippages	96.6	56.8	50.6	46.5	43.6	46.8
GNPA Ratio	4.9	3.8	4.7	4.7	4.5	4.3
NNPA Ratio	1.2	1.1	1.3	1.3	1.2	1.1
Slippage Ratio	9.7	5.0	4.0	3.3	2.7	2.5
Credit Cost	4.2	3.3	3.0	2.5	2.0	1.9
PCR (Excl Tech. write off)	76.8	71.8	73.8	73.8	73.9	75.0

E: MOFSL Estimates

Financials and valuations

Ratios

Y/E March	FY23	FY24	FY25	FY26E	FY27E	FY28E
Spread Analysis (%)						
Avg. Yield- on Earning Assets	11.8	12.3	12.8	12.7	12.5	12.3
Avg. Yield on loans	13.9	14.6	16.1	14.9	14.7	14.4
Avg. Yield on Investments	6.2	6.6	6.8	6.7	6.6	6.5
Avg. Cost of Int. Bear. Liab.	5.6	6.4	7.1	7.5	7.3	7.1
Avg. Cost of Deposits	4.9	6.0	6.6	6.5	6.3	6.2
Interest Spread	6.2	5.9	5.7	5.2	5.2	5.2
Net Interest Margin	6.9	6.7	6.7	6.2	6.2	6.2
Capitalisation Ratios (%)						
CAR	19.8	18.3	18.1	17.2	16.4	15.7
Tier I	18.7	17.2	17.1	16.3	15.6	15.1
-CET-1	18.7	17.2	16.6	16.0	15.6	15.6
Tier II	1.1	1.1	1.0	0.9	0.7	0.6
Business Ratios (%)						
Loans/Deposit Ratio	96.9	89.6	87.3	87.1	87.4	87.7
CASA Ratio	39.3	37.1	31.4	31.3	31.4	31.4
Cost/Assets	3.0	3.3	3.7	3.7	3.6	3.5
Cost/Total Income	39.5	46.8	48.9	52.6	51.9	51.2
Cost/Core income	39.8	47.4	49.4	53.3	52.6	52.0
Int. Expense/Int.Income	41.8	45.3	47.6	51.0	50.2	49.8
Fee Income/Total Income	20.4	16.2	19.4	19.3	19.1	19.1
Other income/Total Income	21.0	17.3	20.5	20.6	20.5	20.5
Empl. Cost/Total Expense	58.6	60.6	60.6	60.6	60.4	60.1
Efficiency Ratios (INRm)						
Employee per branch (in nos)	49.4	44.6	43.8	44.2	44.6	45.0
Staff cost per employee	0.4	0.5	0.6	0.6	0.6	0.6
CASA per branch	300.9	295.0	276.9	292.7	316.7	343.4
Deposits per branch	765.9	795.3	881.7	935.3	1,008.7	1,093.5
Business per Employee	30.5	33.8	37.7	39.6	42.4	45.6
Profit per Employee	0.3	0.3	0.4	0.3	0.4	0.5

Profitability Ratios and Valuation

RoA	1.49	1.34	1.49	1.30	1.60	1.68
RoE	11.9	10.8	11.9	10.6	13.9	15.0
RoRWA	2.3	2.0	2.2	1.9	2.3	2.4
Book Value (INR)	122	134	153	155	172	194
- growth (%)	12.6	10.2	14.1	1.7	10.8	12.5
Price-BV (x)	1.5	1.4	1.2	1.2	1.1	1.0
Adjusted BV (INR)	116	128	145	147	163	184
Price-ABV (x)	1.6	1.4	1.3	1.3	1.1	1.0
EPS (INR)	13.6	13.8	17.0	16.4	22.8	27.5
- growth (%)	1,644.5	1.6	23.1	-3.9	39.1	20.7
Price-Earnings (x)	13.6	13.4	10.9	11.3	8.1	6.7
Dividend Per Share (INR)	0.0	1.5	6.0	6.0	6.0	6.0
Dividend Yield (%)	0.0	0.8	3.2	3.2	3.2	3.2

E: MOFSL Estimates

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Nainesh Rajani

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Contact Person	Contact No.	Email ID
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Ms. Kumud Upadhyay	022 40548082	servicehead@motilaloswal.com
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