motilal oswal
Financial Services

21 July 2026
1QFY27 Results Update | Sector: Financials

Bandhan Bank

Estimate change	↓
TP change	↔
Rating change	↓

Bloomberg	BANDHAN IN
Equity Shares (m)	1611
M.Cap.(INRb)/(USDb)	336.4 / 3.5
52-Week Range (INR)	221 / 134
1, 6, 12 Rel. Per (%)	0/55/18
12M Avg Val (INR M)	1725

Financials & Valuations (INR b)

Y/E March	FY26	FY27E	FY28E
NII	108.3	118.8	139.9
OP	58.6	60.4	75.6
NP	12.2	23.3	34.9
NIM (%)	5.8	5.6	5.8
EPS (INR)	7.6	14.5	21.6
EPS Gr. (%)	-55.4	90.3	49.7
BV/Sh. (INR)	157	165	181
ABV/Sh. (INR)	150	159	175
Ratios			
RoA (%)	0.6	1.0	1.4
RoE (%)	4.9	9.0	12.5
Valuations			
P/E(X)	27.4	14.4	9.6
P/BV (X)	1.3	1.3	1.1
P/ABV (X)	1.4	1.3	1.2

Shareholding pattern (%)

As On	Mar-26	Dec-25	Mar-25
Promoter	39.0	39.7	40.0
DII	22.4	18.8	16.4
FII	22.1	22.3	22.7
Others	16.6	19.1	20.9

FII includes depository receipts

CMP: INR209 TP: INR225 (+8%) Downgrade to Neutral

NII, PPoP in line; cuts FY27 exit-RoA guidance by 40bp

Controlled provisions drive earnings beat

- Bandhan Bank (BANDHAN) reported a 1QFY27 PAT of INR5.0b (up 35% YoY, down 6% QoQ; 9% beat) led by lower-than-expected provisioning.
- NII grew 6% YoY to INR29.2b (in line). The NIM was flat QoQ at 6.2% with some moderation in CoF (down 10bp QoQ), while yields remained flat.
- Net advances grew by 18.0% YoY (up 1.1% QoQ), led by 27% YoY growth in the non-EEB book. Deposits grew 6.6% YoY/dipped 0.9% QoQ as management chose to reduce bulk deposits. CD ratio increased to 92%.
- Fresh slippages increased to INR10.8b from INR10.3b in 4QFY26. GNPA ratio improved 12bp QoQ to 3.15%, while NNPA improved 4bp QoQ to 0.93%. The PCR ratio was stable at 71.1%.
- **RoA guidance of 1.6-1.8% by the exit of 4QFY27 has been cut to 1.2%-1.4% on the back of uncertain global macros and higher competitive intensity in deposit pricing, a combination of which is expected to have an adverse impact of 30bp on NIMs and 10bp on opex.**
- **We cut our FY27/FY28 earnings estimates by ~14%/6% and expect BANDHAN to deliver an RoA of 1.0%/1.4% in FY27/FY28. We downgrade the stock to Neutral while retaining our TP of INR225 (premised on 1.3x Mar'28E ABV).**

Margins flat QoQ; cost of funds likely to increase

- The bank's 1Q PAT stood at INR5.0b (up 35% YoY, down 6% QoQ, 9% beat), driven by lower-than-expected provisioning.
- NII grew to INR29.2b (4.5% QoQ) as NIMs remained flat QoQ at 6.2%, aided by a 10bp decline in CoF and flat yields on advances. Management expects NIM to be under pressure going forward on account of elevated deposit pricing translating to higher CoF.
- Other income was down 22% QoQ/17% QoQ to INR6.0b (in-line), owing to softer treasury income and relatively lower business growth.
- Opex rose 1.9% QoQ to INR21.7b (in line), owing to one non-recurring cost of INR0.6b of gratuity provisioning, coupled with higher IT and annual employee increment-related costs. The C/I ratio rose to 61.5%.
- Gross advances grew 16% YoY/0.8% QoQ to INR1.56t. The non-EEB book grew 27% YoY/2.6% QoQ and now constitutes 66% of advances. The EEB book declined 2.4% QoQ, with management expected to remain calibrated in the near term owing to an uncertain external environment.
- Deposits grew 7% YoY/down 0.9% QoQ to INR1.65t, with CASA ratio improving 9bp QoQ to 29.4%, as strong SA growth was offset by weaker growth in CA. CASA + Retail deposits now form 74% of total deposits.
- GNPA ratio improved 12bp QoQ to 3.15%, while NNPA improved to 0.93%. PCR stood at 71.1%. Fresh slippages rose marginally to INR10.8b, with seasonality in 1Q, more holidays in the month of Apr'26, and state elections. The credit costs declined to 1.8% from 2.0% in 4QFY26.

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Key highlights from the management commentary

- RoA guidance of 1.6-1.8% by the exit of 4QFY27 has been cut to 1.2-1.4% on the back of uncertain global macros and higher competitive intensity in deposit pricing, a combination of which is expected to have an adverse impact of 30bp on NIMs and 10bp on opex.
- Management guided credit growth of 14% YoY, with the EEB book likely to grow between 5% and 10% YoY and the Non-EEB book at more than 20% YoY.
- A 10-20bp improvement in other income is expected on the back of scaling the wholesale business with new sources of revenue like FX, LC, trade finance, etc.
- NIM is expected to remain under pressure due to rising cost of funds. Credit cost guidance has been maintained at 1.6-1.8%.

Valuation and view

- Bandhan reported a steady quarter, led by a gradual improvement in credit costs to 1.8% (vs. 2.0% in 4Q). Business momentum was relatively soft, with growth largely led by the non-EEB portfolio. Management expects loan growth to remain at 14% YoY, with EEB book growth expected to be between 5% and 10%. NIM is flat at 6.2%, and it is guided to remain under pressure owing to higher deposit pricing. On asset quality, management expects the recovery run rate to remain healthy, with slippages being contained, and it has guided credit costs of ~1.6-1.8% in FY27. Management has cut its RoA guidance to 1.2-1.4% for the 4QFY27 exit, expecting adverse pressure on NIMs and opex owing to uncertain external factors and higher competitive intensity on deposits.
- **We cut our FY27/FY28 earnings estimates by ~14%/6% and expect BANDHAN to deliver an RoA of 1.0%/1.4% in FY27/FY28. We downgrade the stock to Neutral while retaining our TP of INR225 (premised on 1.3x Mar'28E ABV).**

Quarterly performance (INR b)

Y/E March (INR b)	FY26				FY27E				FY26	FY27E	FY27E	V/S our
	1Q	2Q	3Q	4Q	1QA	2Q	3Q	4Q			1QE	Est
Net Interest Income	**27.6**	**25.9**	**26.9**	**28.0**	**29.2**	**28.7**	**29.7**	**31.1**	**108.3**	**118.8**	**28.9**	**1%**
% Change (YoY)	-8.2	-12.2	-5.0	1.4	5.9	11.1	10.5	11.4	-5.8	9.7	5.0	
Other Income	7.3	5.5	6.9	7.7	6.0	6.5	7.8	8.4	27.3	28.7	6.0	0%
Total Income	**34.8**	**31.3**	**33.8**	**35.7**	**35.2**	**35.3**	**37.4**	**39.5**	**135.6**	**147.5**	**35.0**	**1%**
Operating Expenses	18.1	18.2	19.3	21.3	21.7	21.3	21.8	22.3	77.0	87.1	21.5	1%
Operating Profit	**16.7**	**13.1**	**14.5**	**14.4**	**13.6**	**13.9**	**15.7**	**17.2**	**58.6**	**60.4**	**13.5**	**1%**
% Change (YoY)	-14.0	-29.4	-28.5	-8.3	-18.6	6.4	8.4	19.1	-20.6	2.9	-19.4	
Provisions	11.5	11.5	11.5	6.8	6.8	7.2	7.9	7.4	41.3	29.4	7.3	-6%
Profit Before Tax	**5.2**	**1.6**	**2.9**	**7.6**	**6.8**	**6.7**	**7.7**	**9.7**	**17.3**	**30.9**	**6.2**	**10%**
Tax	1.5	0.5	0.8	2.3	1.7	1.7	1.9	2.3	5.1	7.6	1.6	12%
Net Profit	**3.7**	**1.1**	**2.1**	**5.3**	**5.0**	**5.1**	**5.8**	**7.4**	**12.2**	**23.3**	**4.6**	**9%**
% Change (YoY)	-65.0	-88.1	-51.8	68.0	34.9	352.6	182.3	38.7	-55.4	90.3	23.9	
Operating Parameters												
Deposits (INR b)	1,547	1,581	1,567	1,663	1,649	1,763	1,822	1,900	1,663	1,900	1,708	-3%
Loans (INR b)	1,285	1,346	1,411	1,501	1,517	1,592	1,655	1,717	1,501	1,717	1,544	-2%
Deposit Growth (%)	16.1	10.9	11.1	10.0	6.6	11.5	16.2	14.2	10.0	14.2	10.4	
Loan Growth (%)	5.7	6.8	10.8	13.7	18.0	18.3	17.3	14.4	13.7	14.4	20.2	
Asset Quality												
Gross NPA (%)	5.0	5.0	3.3	3.3	3.2	3.0	2.8	2.7	3.3	2.7	3.1	
Net NPA (%)	1.4	1.4	1.0	1.0	0.9	0.9	0.8	0.8	1.0	0.8	0.9	
PCR (%)	73.7	73.7	70.8	71.1	71.1	71.7	71.3	71.5	71.0	71.5	71.5	

E: MOFSL Estimates

Quarterly Snapshot

Profit and Loss, INRb	FY26				FY27	Change (%)	
	1Q	2Q	3Q	4QE	1Q	YoY	QoQ
Interest Income	**54.8**	**53.5**	**54.3**	**54.3**	**56.3**	**3**	**4**
Interest Expenses	**27.2**	**27.7**	**27.4**	**26.3**	**27.1**	**0**	**3**
Net Interest Income	**27.6**	**25.9**	**26.9**	**28.0**	**29.2**	**6**	**4**
Other Income	7.3	5.5	6.9	7.7	6.0	**-17**	**-22**
Total Income	**34.8**	**31.3**	**33.8**	**35.7**	**35.2**	**1**	**-1**
Operating Expenses	**18.1**	**18.2**	**19.3**	**21.3**	**21.7**	**19**	**2**
Employee	11.2	10.8	11.3	11.6	13.6	21	17
Others	6.9	7.5	8.0	9.7	8.1	17	-16
Operating Profits	**16.7**	**13.1**	**14.5**	**14.4**	**13.6**	**-19**	**-6**
Core Operating Profits	**14.2**	**12.9**	**14.2**	**14.3**	**13.3**	**-6**	**-7**
Provisions	**11.5**	**11.5**	**11.5**	**6.8**	**6.8**	**-40**	**1**
PBT	**5.2**	**1.6**	**2.9**	**7.6**	**6.8**	**30**	**-12**
Taxes	1.5	0.5	0.8	2.3	1.7	16	-24
PAT	**3.7**	**1.1**	**2.1**	**5.3**	**5.0**	**35**	**-6**
Balance Sheet, INRb							
Loans	1,285.10	1,346	1,411	1,501	1,517	18	1
- Retail	110.20	124	138	161	161	46	0
- Commercial Banking	370.50	408	456	485	513	38	6
Deposits	1,546.70	1,581	1,567	1,663	1,649	7	-1
CASA Deposits	418.60	442	427	488	485	16	-1
- Current	64.70	77	80	115	89	37	-23
- Saving	353.90	365	347	373	396	12	6
Loan Mix (%)							
Micro Loans	39.52	36.9	34.5	35.0	33.8	-568	-111
Non Micro Loans	60.48	63.1	65.5	65.0	66.2	568	111
- Wholesale Banking	24.44	23.6	23.2	22.6	22.2	-224	-35
- Housing Finance	27.73	29.1	31.4	31.4	33.0	524	155
- Other Retail Loans	8.31	8.9	9.5	10.4	10.3	204	-8
Asset Quality, INRb							
GNPA	66.23	70	48	50	49	-26	-3
NNPA	17.44	18	14	15	14	-19	-3
Asset Quality Ratios						**YoY (bp)**	**QoQ (bp)**
GNPA (%)	4.96	5.0	3.3	3.3	3.2	-181	-12
NNPA (%)	1.36	1.4	1.0	1.0	0.9	-43	-4
PCR (Calc, %)	73.66	73.7	70.8	71.1	71.1	-259	1
SMA Movement (EEB) (%)							
SMA 0	1.90	3.1	2.7	1.5	1.8	-10	30
SMA 1	1.00	1.0	1.1	0.8	0.9	-10	10
SMA 2	0.90	0.7	0.8	0.8	0.8	-10	0
Business Ratios (%)							
CASA (%)	27.06	28.0	27.3	29.3	29.4	234	9
Loan/Deposit	83.09	85.1	90.0	90.2	92.0	890	175
Cost to Core Income	56.14	58.6	57.7	59.7	61.9	574	219
Cost to Assets	3.83	3.7	3.9	4.0	4.1	31	11
Tax Rate	28.67	29.1	29.2	30.1	25.7	-294	-436
Capitalisation Ratios (%)							
Tier-1	18.30	17.4	16.5	17.3	17.5	-80	20
CAR	19.10	18.2	17.3	18.0	18.2	-90	20
LCR	200.10	168.3	161.1	136.3	140.0	-6,010	366
Profitability Ratios (%)							
Yield	12.70	12.1	11.9	12.0	12.0	-70	0
Cost of Funds	7.00	6.9	6.7	6.5	6.4	-60	-10
Margins	6.40	5.80	5.90	6.20	6.20	-20.00	0.00
Other Details							
Branches	1,750.00	1,754	1,831	1,955	1,988	238	33
ATM	438.00	438	438	438	438	0	0

CONFERENCE CALL

Highlights from the management commentary

Guidance

- RoA guidance of 1.6-1.8% by exit of 4QFY27 cut to 1.2%-1.4% largely owing to uncertain external factors.
- 40 bps cut in RoA guidance factoring in adverse impact of 30bp on NIM and 10bp on opex.
- To keep EEB book at 33-35%, overall mix to grow at 5-10% YoY, based on external environment.
- 10-20bps improvement in other income expected on the back of scaling the wholesale business and new sources of revenue like FX, LC, trade finance, etc.
- Credit cost guidance maintained at 1.6-1.8%.
- Will be challenging to maintain the NIMs at current levels of 6.2%.
- Credit growth guidance at 14% YoY, EEB book growth at 5-10% YoY, and Non-EEB book growth at 20%+ YoY.
- Opex-to-asset ratio guidance at 4.2%. After FY28, the bank should start witnessing further efficiencies to come through.

Opening remarks by management

- In 1QFY27, demonstrated significantly better resilience compared to previous years, despite being a seasonally weak quarter.
- Moderation in EEB book was considerably lower compared to previous 1Qs.
- Taking a conscious decision to reduce high-cost bulk deposits.
- Focus on strengthening CASA, improving operational efficiency and customer engagement, and maintaining robust asset quality.
- The external environment has become uncertain owing to global uncertainty, a less predictable monsoon, and rising tech and operational costs.
- Impact of higher funding cost is visible despite a flat rate environment.
- Tech expenses have increased owing to uncertain global macros and disrupted supply chain.
- Until now, the Indian economy is doing well; there could be higher operational costs, but it may not translate into delinquencies.

Loans and deposits

- Will remain the leader in the MFI space. However, will remain more watchful. Can grow up to 10% YoY if the situation improves.
- The Non-EEB book grew by 27% YoY and now contributes 2/3rd of the overall loan book.
- Retail assets grew 45% YoY, led by CV, CE and auto loans.
- Revamping of the housing segment into three different verticals impacted the growth in the housing segment.
- Implemented new RBI circular in the gold loans segment has impacted initial sourcing in Apr and May’26; now sourcing is back to normal.
- Bulk deposits declined by 13% YoY, reducing to 26% of total deposits v/s 32% a year ago.
- Quality of bulk deposit book remains strong with 86% being non-callable.
- Liquidity is comfortable with LCR at 140% and C/D ratio of 92%.

- Growth in deposits was driven by strong momentum in Retail TD and CASA. Retail deposits grew by 16% YoY.
- CASA ratio improved to 29.4%, taking the share of retail + CASA to 74% of total deposits.
- Mobilized INR0.3bn in FCNR (B) deposits.

Opex and other income

- Decline in non-interest income YoY owing to higher treasury income in 1QFY26.
- Third-party distribution recorded 47% YoY growth.
- Aim to get more wallet share in the wholesale banking business, which currently has muted RoAs.
- Opex higher because of an increase in IT costs and higher annual employee-related expenses.
- INR0.6b additional one-time gratuity provision owing to new wage bill.
- Tech cost has increased by 65% owing to external factors.
- 40% of MFI book is PSL compliant. Post 1Q should be comfortable with PSL compliance.
- IT cost is 9% of total opex, and the endeavor is to remain within the 10% range.
- Leveraging of investments will not happen immediately since the last 2-3 years' major costs were on CBS, and now costs will be towards LOS and partly on CRM.
- Not all secured book is sourced from DSA. Focusing on cross-sell of retail assets via branch channel.

Yields and margins

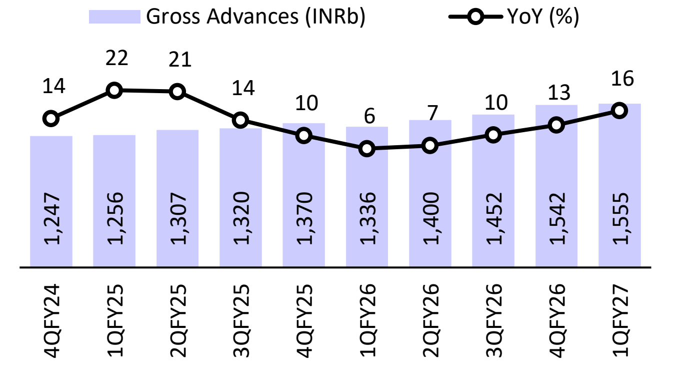
- Received some benefit of Dec-25 rate cut in 1Q, which shall not be available going forward.
- Higher competitive intensity in deposit pricing, because of which NIMs could get impacted.
- Yields for EEB book hiked from Feb-26 by 100bps.
- Might have to raise interest rates on deposits in certain buckets going forward
- Aim to offset pressure on NIM by an increase in other income from wholesale income (LC, FX and trade finance, etc).
- Cost of SA already up 20bps.

Asset quality

- Total slippages were INR10.8b, of which EEB was INR 6.0b.
- The Collection efficiency excluding NPA remained healthy at 98.5% despite 1Q being a seasonally weak quarter.
- SMA 0 increased, primarily because of multiple holidays in April and the impact of elections.
- Sale of housing NPA of INR 2.9b during the quarter.
- Credit cost moderated to 1.8% v/s 2.0% in 4Q. Credit cost of EEB book came down to 3.3% in 1Q.
- INR 1.2b of ARC-related cash recovery during the quarter.
- Recoveries shall remain robust, and asset quality is expected to improve further from hereon.

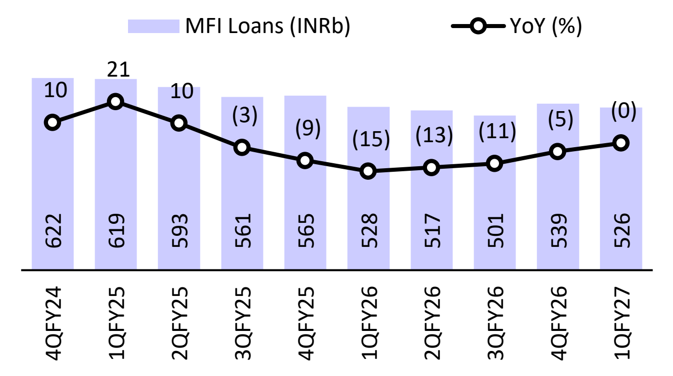
Story in charts

Exhibit 1: AUM grew 16% YoY (up 0.8% QoQ) to INR1.56t



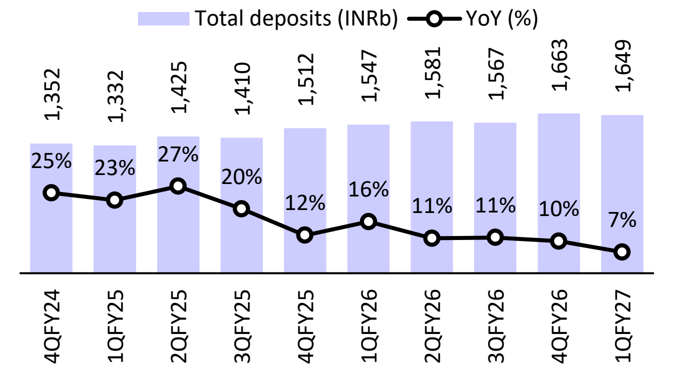
Source: MOFSL, Company

Exhibit 2: MFI loans were flat YoY at INR526b



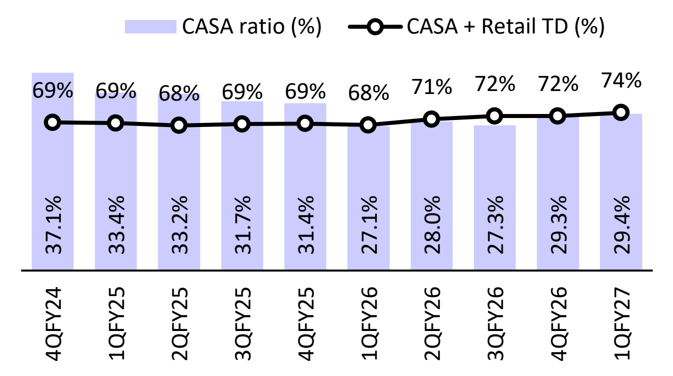
Source: MOFSL, Company

Exhibit 3: Deposits up 7% YoY/down 0.9% QoQ to INR1.65t



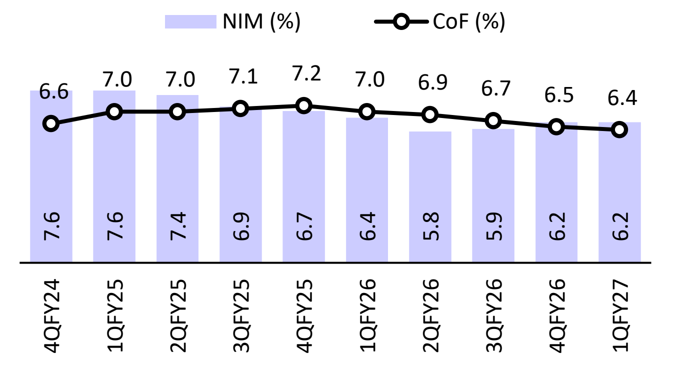
Source: MOFSL, Company

Exhibit 4: CASA+ Retail TD mix stood at 74%



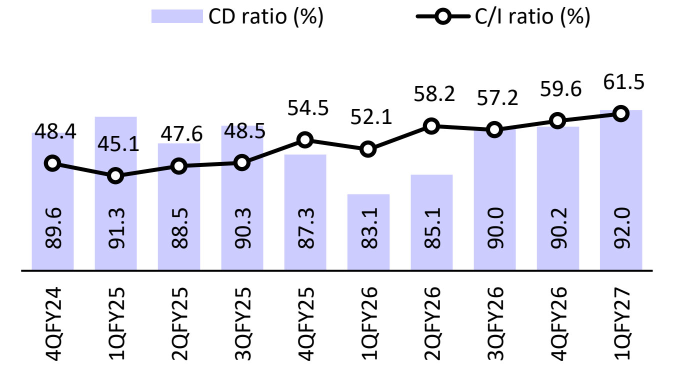
Source: MOFSL, Company

Exhibit 5: Margins were flat QoQ at 6.2%



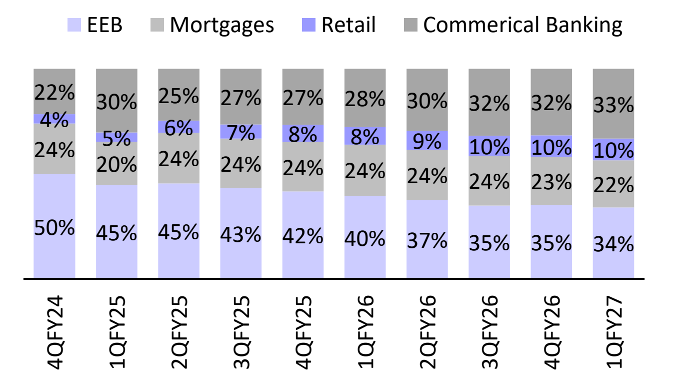
Source: MOFSL, Company

Exhibit 6: CI ratio rose to 61.5%; CD ratio rose to 92%



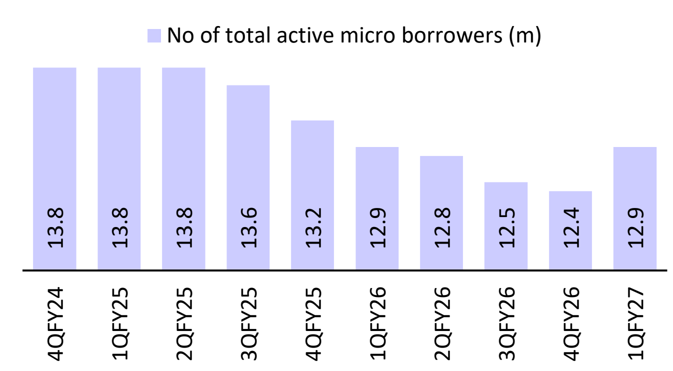
Source: MOFSL, Company

Exhibit 7: Trend in the portfolio mix (%)



Source: MOFSL, Company

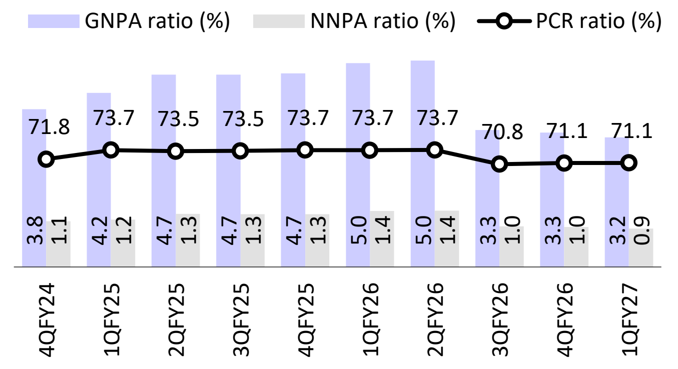
Exhibit 8: Active MFI borrower base



Source: MOFSL, Company

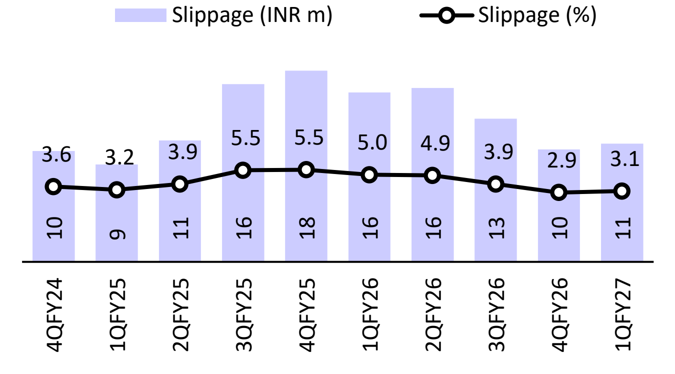
Story in charts – Asset Quality

Exhibit 9: GNPA/NNPA ratios decreased to 3.15%/0.93%



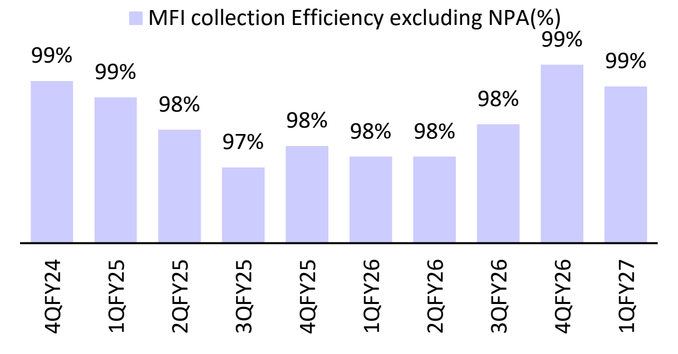
Source: MOFSL, Company

Exhibit 10: Slippages increased to INR10.8b in 1QFY27



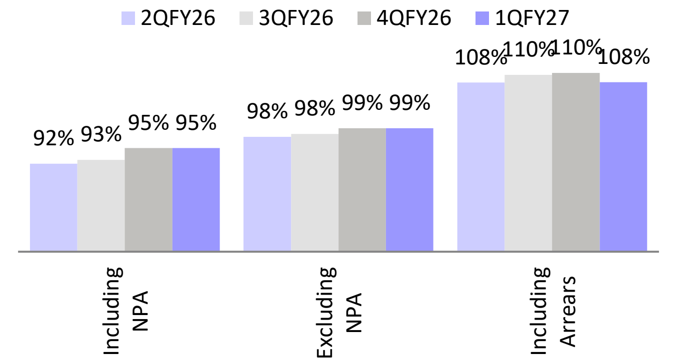
Source: MOFSL, Company

Exhibit 11: MFI CE (%), excluding NPA, stood at 99.3%



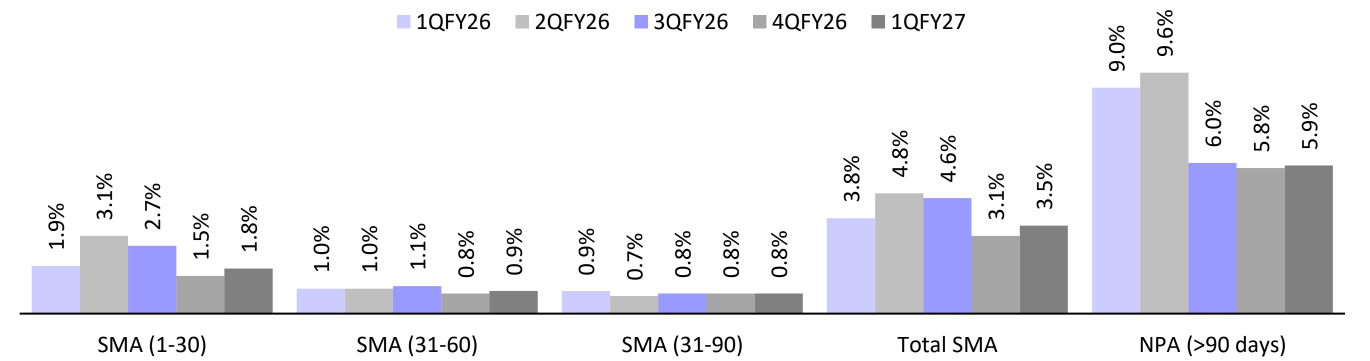
Source: MOFSL, Company

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

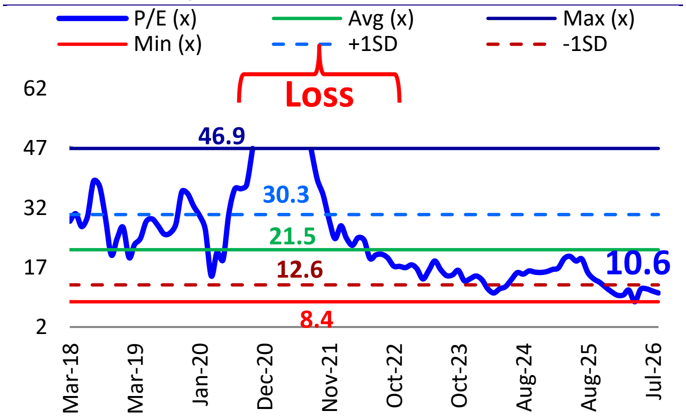
- Bandhan reported a steady quarter, led by a gradual improvement in credit costs to 1.8% (vs. 2.0% in 4Q).
- Business momentum was relatively soft, with growth largely led by the non-EEB portfolio. Management expects loan growth to remain at 14% YoY, with EEB book growth expected to be between 5% and 10%.
- NIM is flat at 6.2%, and it is guided to remain under pressure owing to higher deposit pricing. On asset quality, management expects the recovery run rate to remain healthy, with slippages being contained, and it has guided credit costs of ~1.6-1.8% in FY27.
- Management has cut its RoA guidance to 1.2-1.4% for the 4QFY27 exit, expecting adverse pressure on NIMs and opex owing to uncertain external factors and higher competitive intensity on deposits.
- **We cut our FY27/FY28 earnings estimates by ~14%/6% and expect BANDHAN to deliver an RoA of 1.0%/1.4% in FY27/FY28. We downgrade the stock to Neutral while retaining our TP of INR225 (premised on 1.3x Mar'28E ABV).**

Exhibit 14: Changes to our earnings estimates

(INR b)	Old Estimates		New Estimates		Change (%/bps)	
	FY27	FY28	FY27	FY28	FY27	FY28
Net Interest Income	**124.6**	**145.3**	**118.8**	**139.9**	**-4.7**	**-3.7**
Other Income	28.7	33.0	28.7	33.0	0.0	0.0
Total Income	**153.3**	**178.3**	**147.5**	**172.9**	**-3.8**	**-3.0**
Operating Expenses	87.1	98.5	87.1	97.3	0.0	-1.2
Operating Profit	**66.2**	**79.8**	**60.4**	**75.6**	**-8.8**	**-5.3**
Provisions	30.0	30.4	29.4	29.3	-2.0	-3.5
PBT	**36.2**	**49.4**	**30.9**	**46.3**	**-14.5**	**-6.4**
PAT	**27.2**	**37.2**	**23.3**	**34.9**	**-14.5**	**-6.4**
Loans	1,729	2,018	1,717	1,994	-0.7	-1.2
Deposits	1,900	2,213	1,900	2,209	0.0	-0.2
Margins (%)	5.9	5.9	5.6	5.8	-26.0	-17.8
Credit Cost (%)	1.8	1.6	1.8	1.6	0.0	-1.0
RoA (%)	**1.21**	**1.45**	**1.04**	**1.36**	**-17.5**	**-8.8**
RoE (%)	**10.4**	**13.1**	**9.0**	**12.5**	**-144.2**	**-60.7**
EPS	16.9	23.1	14.5	21.6	-14.5	-6.4
BV	**167.7**	**184.8**	**165.2**	**180.9**	**-1.5**	**-2.1**
ABV	161.9	178.0	159.4	174.5	-1.5	-2.0

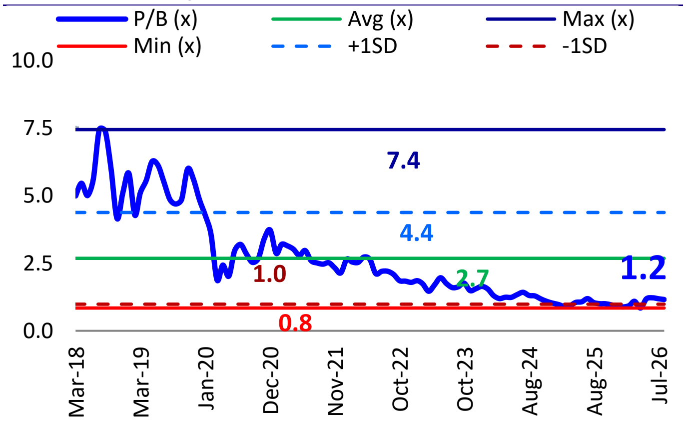
Source: MOFSL, Company

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 – RoA expected to recover to 1.36% by FY28

	FY23	FY24	FY25	FY26	FY27E	FY28E
Interest Income	10.8	11.3	11.9	10.8	11.2	11.2
Interest Expense	4.5	5.1	5.7	5.4	5.9	5.8
Net Interest Income	**6.28**	**6.19**	**6.22**	**5.38**	**5.29**	**5.45**
Fee income	1.62	1.22	1.53	1.26	1.17	1.18
Trading and others	0.05	0.08	0.07	0.10	0.10	0.11
Other Income	1.67	1.30	1.61	1.36	1.28	1.29
Total Income	**7.95**	**7.49**	**7.83**	**6.74**	**6.57**	**6.73**
Operating Expenses	**3.14**	**3.50**	**3.83**	**3.82**	**3.88**	**3.79**
Employee cost	1.84	2.12	2.36	2.32	2.41	2.36
Others	1.30	1.38	1.47	1.51	1.47	1.43
Operating Profits	**4.81**	**3.98**	**4.00**	**2.91**	**2.69**	**2.94**
Core operating Profits	**4.76**	**3.90**	**3.93**	**2.82**	**2.58**	**2.84**
Provisions	**2.85**	**2.21**	**2.04**	**2.05**	**1.31**	**1.14**
PBT	**1.96**	**1.77**	**1.96**	**0.86**	**1.38**	**1.80**
Tax	0.47	0.43	0.48	0.25	0.34	0.45
RoA	**1.49**	**1.34**	**1.49**	**0.61**	**1.04**	**1.36**
Leverage (x)	7.98	8.12	8.04	8.11	8.66	9.21
RoE	**11.88**	**10.87**	**11.96**	**4.93**	**8.98**	**12.51**

Source: MOFSL, Company

Financials and valuations

Income Statement (INR b)

Y/E March	FY23	FY24	FY25	FY26	FY27E	FY28E
Interest Income	159.0	188.7	219.5	216.9	252.1	288.9
Interest Expense	66.5	85.4	104.6	108.6	133.3	149.0
Net Interest Income	**92.6**	**103.3**	**114.9**	**108.3**	**118.8**	**139.9**
- growth (%)	6.3	11.5	11.3	-5.8	9.7	17.8
Non-Interest Income	24.7	21.7	29.7	27.3	28.7	33.0
Total Income	**117.3**	**125.0**	**144.6**	**135.6**	**147.5**	**172.9**
- growth (%)	1.7	6.6	15.7	-6.2	8.7	17.2
Operating Expenses	46.4	58.5	70.7	77.0	87.1	97.3
Pre-Provision Profits	**70.9**	**66.5**	**73.9**	**58.6**	**60.4**	**75.6**
- growth (%)	-11.5	-6.3	11.2	-20.6	2.9	25.3
Core PPoP	**70.2**	**65.1**	**72.5**	**56.7**	**58.0**	**72.8**
- growth (%)	-9.3	-7.2	11.4	-21.8	2.3	25.5
Provisions	42.0	37.0	37.7	41.3	29.4	29.3
PBT	**28.9**	**29.5**	**36.2**	**17.3**	**30.9**	**46.3**
Tax	7.0	7.1	8.8	5.1	7.6	11.4
Tax Rate (%)	24.1	24.2	24.2	29.4	24.7	24.7
PAT	**21.9**	**22.4**	**27.5**	**12.2**	**23.3**	**34.9**
- growth (%)	1,644.6	1.9	22.8	-55.4	90.3	49.7

Balance Sheet

Y/E March	FY23	FY24	FY25	FY26	FY27E	FY28E
Equity Share Capital	16.1	16.1	16.1	16.1	16.1	16.1
Reserves & Surplus	179.6	199.5	227.5	236.5	250.1	275.3
Net Worth	**195.7**	**215.7**	**243.6**	**252.6**	**266.2**	**291.4**
Deposits	**1,080.6**	**1,352.0**	**1,512.1**	**1,663.4**	**1,899.7**	**2,209.3**
- growth (%)	12.2	25.1	11.8	10.0	14.2	16.3
- CASA Dep	**424.5**	**501.5**	**474.4**	**520.7**	**581.3**	**684.9**
- growth (%)	5.9	18.1	-5.4	9.8	11.6	17.8
Borrowings	247.1	163.7	111.4	143.0	158.8	187.3
Other Liabilities & Prov.	36.8	46.6	45.2	49.0	56.9	67.7
Total Liabilities	**1,560.3**	**1,778.0**	**1,912.3**	**2,108.1**	**2,381.5**	**2,755.7**
Current Assets	82.5	161.7	95.7	139.5	115.1	131.6
Investments	323.7	292.9	407.1	386.7	446.2	516.3
- growth (%)	11.3	-9.5	39.0	-5.0	15.4	15.7
Loans	**1,047.6**	**1,211.4**	**1,319.9**	**1,501.0**	**1,717.2**	**1,993.7**
- growth (%)	11.5	15.6	9.0	13.7	14.4	16.1
Fixed Assets	8.5	11.7	11.8	14.0	15.1	16.6
Other Assets	98.1	100.7	80.3	70.0	87.8	97.5
Total Assets	**1,560.4**	**1,778.4**	**1,914.8**	**2,111.2**	**2,381.5**	**2,755.7**

Asset Quality	FY23	FY24	FY25	FY26	FY27E	FY28E
GNPA	53.0	47.8	64.4	50.3	47.0	50.1
NNPA	12.3	13.5	16.9	14.6	13.4	14.7
Slippages	96.6	56.8	53.8	54.8	43.4	46.4
GNPA Ratio	4.9	3.8	4.7	3.3	2.7	2.5
NNPA Ratio	1.2	1.1	1.3	1.0	0.8	0.7
Slippage Ratio	9.7	5.0	4.3	3.5	2.7	2.5
Credit Cost	4.2	3.3	3.0	3.2	1.8	1.6
PCR (Excl Tech. write off)	76.8	71.8	73.7	71.0	71.5	70.8

E: MOFSL Estimates

Financials and valuations

Ratios

Y/E March	FY23	FY24	FY25	FY26	FY27E	FY28E
Spread Analysis (%)						
Avg. Yield- on Earning Assets	**11.8**	**12.3**	**12.8**	**11.5**	**12.0**	**11.9**
Avg. Yield on loans	13.9	14.6	15.3	14.2	13.7	13.6
Avg. Yield on Investments	6.2	6.6	6.3	6.6	6.6	6.6
Avg. Cost of Int. Bear. Liab.	**5.6**	**6.4**	**7.1**	**6.7**	**7.3**	**7.0**
Avg. Cost of Deposits	4.9	6.0	6.5	6.4	6.3	6.1
Interest Spread	**6.2**	**5.9**	**5.7**	**4.9**	**4.7**	**4.9**
Net Interest Margin	**6.9**	**6.7**	**6.7**	**5.8**	**5.6**	**5.8**
Capitalisation Ratios (%)						
CAR	19.8	18.3	19.1	17.3	16.0	14.9
Tier I	*18.7*	*17.2*	*18.3*	*16.5*	*15.3*	*14.3*
-CET-1	18.7	*17.2*	*18.3*	*16.0*	*15.6*	*15.6*
Tier II	*1.1*	*1.1*	*0.8*	*0.8*	*0.7*	*0.6*
Business Ratios (%)						
Loans/Deposit Ratio	96.9	89.6	87.3	90.2	90.4	90.2
CASA Ratio	39.3	37.1	31.4	31.3	30.6	31.0
Cost/Assets	3.0	3.3	3.7	3.6	3.7	3.5
Cost/Total Income	39.5	46.8	48.9	56.8	59.1	56.3
Cost/Core income	39.8	47.3	49.4	57.6	60.0	57.2
Int. Expense/Int.Income	41.8	45.3	47.6	50.1	52.9	51.6
Fee Income/Total Income	20.4	16.3	19.6	18.7	17.9	17.5
Other income/Total Income	21.0	17.4	20.5	20.2	19.5	19.1
Empl. Cost/Total Expense	58.6	60.6	61.7	60.6	62.1	62.3
Efficiency Ratios (INRm)						
Employee per branch (in nos)	49.4	44.6	43.8	38.6	38.9	39.3
Staff cost per employee	0.4	0.5	0.6	0.6	0.7	0.7
CASA per branch	300.9	295.0	276.6	266.3	277.9	306.0
Deposits per branch	765.9	795.3	881.7	850.9	908.1	987.1
Business per Employee	30.5	33.8	37.7	42.0	44.4	47.8
Profit per Employee	0.3	0.3	0.4	0.2	0.3	0.4
Profitability Ratios and Valuation						
RoA	1.49	1.34	1.49	0.61	1.04	1.36
RoE	11.9	10.9	12.0	4.9	9.0	12.5
RoRWA	2.3	1.8	1.9	0.9	1.5	1.9
Book Value (INR)	122	134	151	157	165	181
- growth (%)	12.6	10.2	13.0	3.7	5.4	9.5
Price-BV (x)	**1.7**	**1.6**	**1.4**	**1.3**	**1.3**	**1.1**
Adjusted BV (INR)	116	128	144	150	159	175
Price-ABV (x)	**1.8**	**1.6**	**1.4**	**1.4**	**1.3**	**1.2**
EPS (INR)	13.6	13.9	17.0	7.6	14.5	21.6
- growth (%)	1,644.5	1.9	22.8	-55.4	90.3	49.7
Price-Earnings (x)	**15.3**	**15.0**	**12.2**	**27.4**	**14.4**	**9.6**
Dividend Per Share (INR)	0.0	1.5	1.5	6.0	6.0	6.0
Dividend Yield (%)	**0.0**	**0.7**	**0.7**	**2.9**	**2.9**	**2.9**

E: MOFSL Estimates

N O T E S

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SELL	< - 10%
NEUTRAL	< - 10 % to 15%
UNDER REVIEW	Rating may undergo a change
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