

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.

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									(INR b)			
	FY25				FY26E				FY25	FY26E	FY26E	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

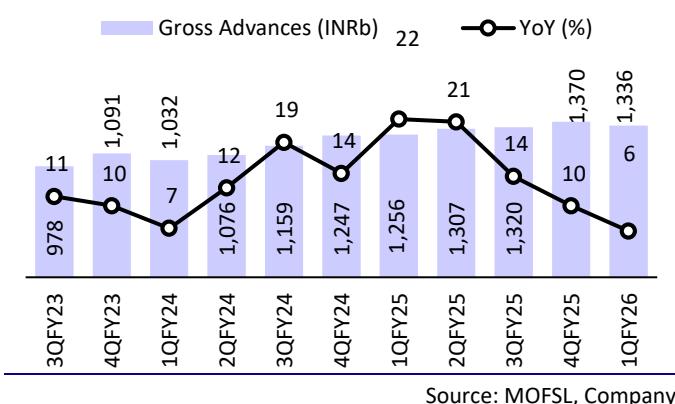
- The new book onboarded will have NPA of 3.5% vs. 5% for the existing book. There is a temporary impact on NPA due to new guardrails.
- SMA-0 increased due to holidays on demand.
- SMA-1 and SMA-2 are largely stable. More upcoming holidays will lead to more SMA-0 in the near term but will be recoverable.
- 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.

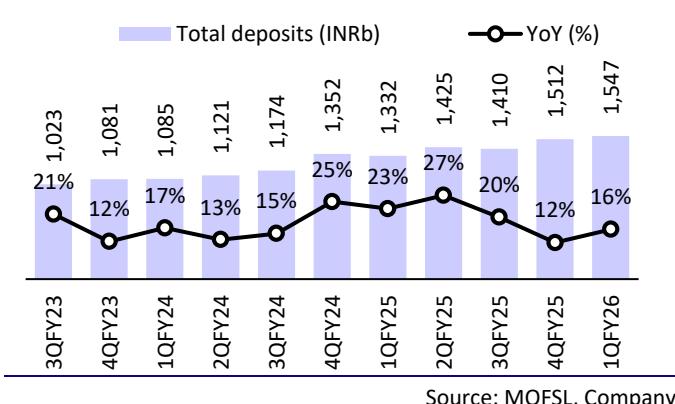
Story in charts

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



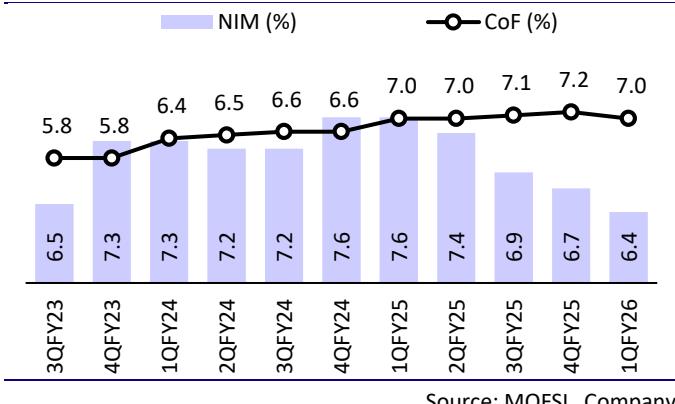
Source: MOFSL, Company

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



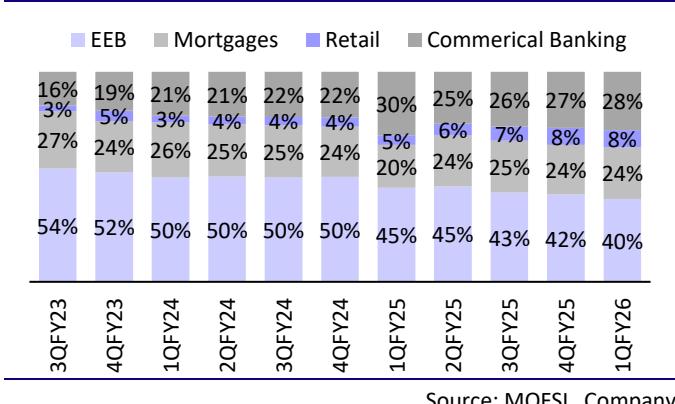
Source: MOFSL, Company

Exhibit 5: Margin moderated 27bp QoQ to 6.4%



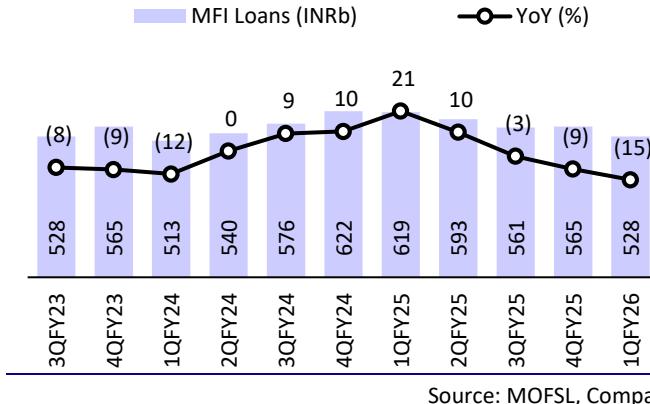
Source: MOFSL, Company

Exhibit 7: Trend in portfolio mix (%)



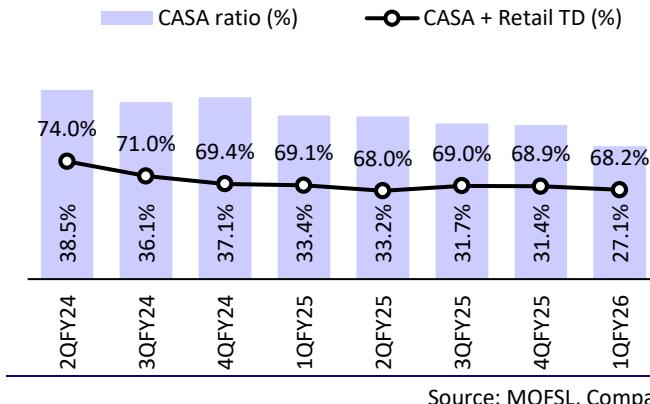
Source: MOFSL, Company

Exhibit 2: MFI loans declined 15% YoY to INR528b



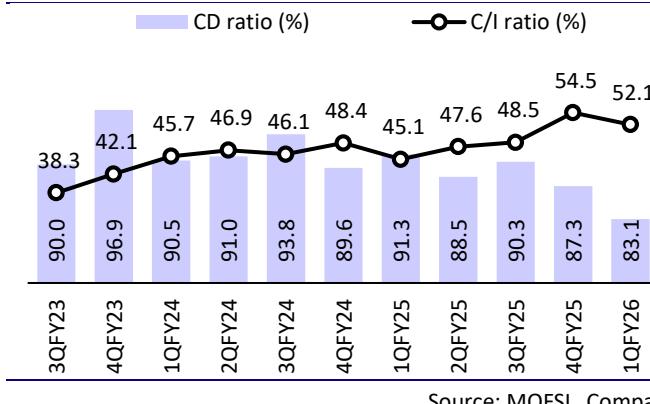
Source: MOFSL, Company

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



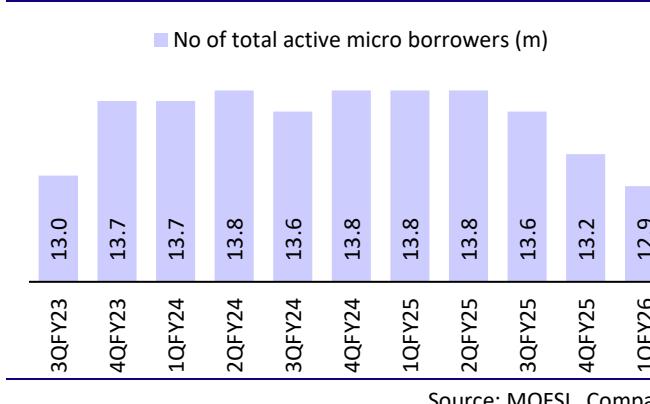
Source: MOFSL, Company

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

Story in charts – Asset Quality

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

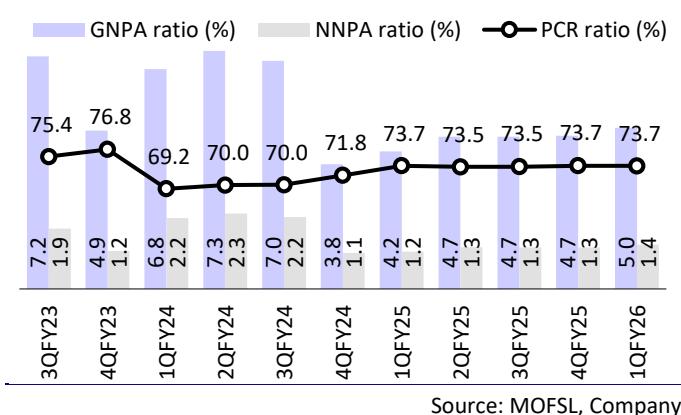


Exhibit 10: Slippages moderated slightly to 5% in 1QFY26

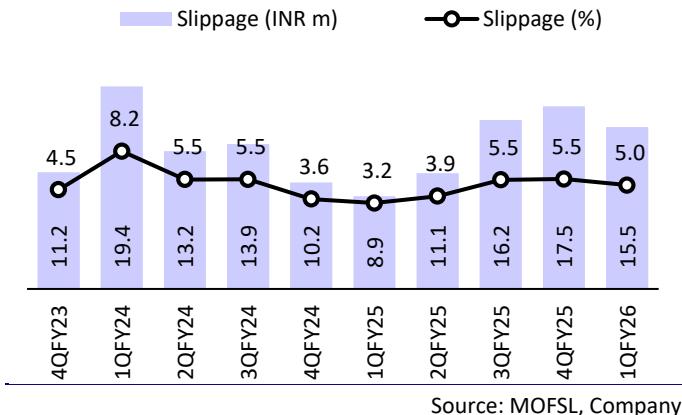


Exhibit 11: MFI CE (%), excluding NPA, stood at 97.6%

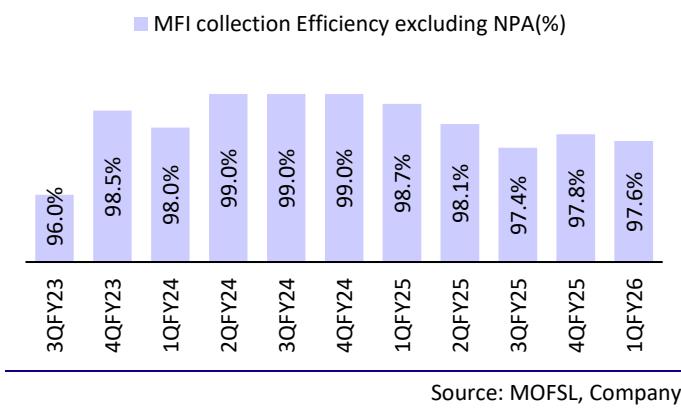


Exhibit 12: Trend in MFI collection efficiency

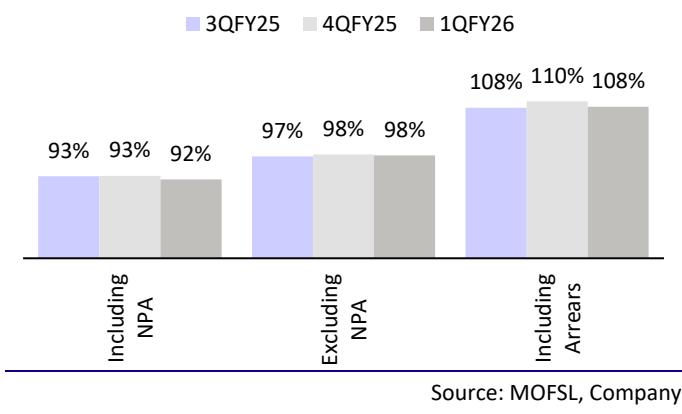
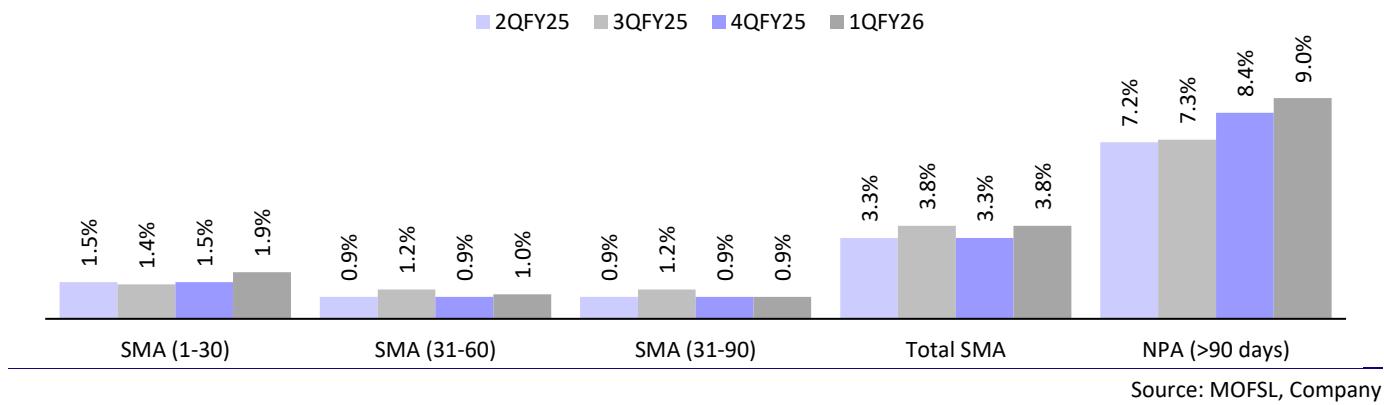


Exhibit 13: Asset quality trends across buckets in the MFI portfolio



Valuation and view

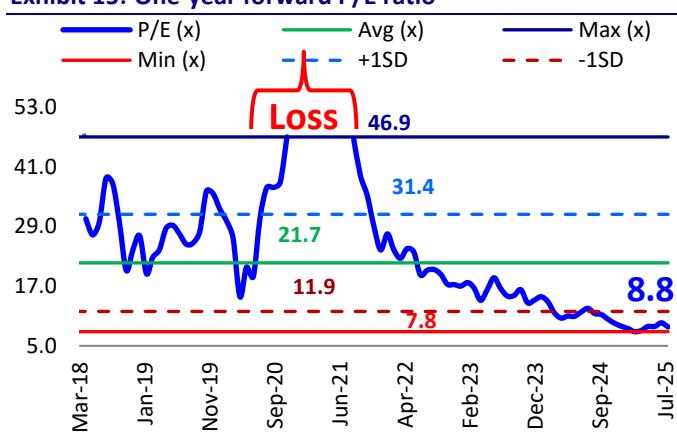
- BANDHAN reported a broadly in-line quarter, with a miss in net earnings due to higher-than-expected provisions. Margins contracted on expected lines due to rate cuts and will face more impact in the next quarter. Loan growth was suppressed as MFI book declined, with the segment mix reducing to 40%. 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).**

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

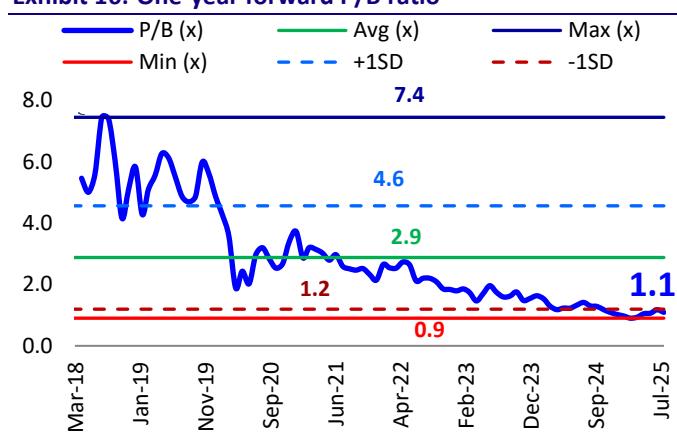
Source: MOFSL, Company

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

Investment in securities market are subject to market risks. Read all the related documents carefully before investing

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/Lis%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 2011129401Z), 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

1. 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
2. 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
3. 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.
4. 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.
5. 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 alterations 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, nor its directors, employees, agents or representatives shall be liable for any damages whether direct or indirect, incidental, special or consequential including lost revenue or lost profits that may arise from or in connection with the use of the information. The person accessing this information specifically agrees to exempt MOFSL or any of its affiliates or employees from, any and all responsibility/liability arising from such misuse and agrees not to hold MOFSL or any of its affiliates or employees responsible for any such misuse and further agrees to hold MOFSL or any of its affiliates or employees free and harmless from all losses, costs, damages, expenses that may be suffered by the person accessing this information due to any errors and delays.

This report is meant for the clients of Motilal Oswal only.

Investment in securities market are subject to market risks. Read all the related documents carefully before investing.

Registration granted by SEBI and certification from NISM in no way guarantee performance of the intermediary or provide any assurance of returns to investors.

Registered Office Address: Motilal Oswal Tower, Rahimtullah Sayani Road, Opposite Parel ST Depot, Prabhadevi, Mumbai-400025; Tel No.: 022 - 71934200 / 71934263; www.motilaloswal.com. Correspondence Address: Palm Spring Centre, 2nd Floor, Palm Court Complex, New Link Road, Malad (West), Mumbai- 400 064. Tel No: 022 71881000. Details of Compliance Officer: Neeraj Agarwal, Email Id: na@motilaloswal.com, Contact No.:022-40548085.

Grievance Redressal Cell:

Contact Person	Contact No.	Email ID
Ms. Hemangi Date	022 40548000 / 022 67490600	query@motilaloswal.com
Ms. Kumud Upadhyay	022 40548082	servicehead@motilaloswal.com
Mr. Ajay Menon	022 40548083	am@motilaloswal.com

Registration details of group entities.: Motilal Oswal Financial Services Ltd. (MOFSL): INZ000158836 (BSE/NSE/MCX/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 dpgrivances@motilaloswal.com.