

## Financials: Banks

### Result Preview



#### 1QFY26 earnings estimates (INR b)

PAT	1Q FY26E	YoY (%)	QoQ (%)
<b>Private Banks</b>			
AUBANK	5.5	10.1	9.8
AXSB	59.7	-1.0	-16.1
BANDHAN	4.6	-57.0	43.8
DCBB	1.7	31.3	-2.6
EQUITAS	0.2	-14.7	-47.8
FB	9.2	-8.8	-10.7
HDFCB	171.3	5.9	0.0
ICICI BC	120.0	8.5	-5.0
IDFCB	2.5	-63.7	-18.8
IIB	5.7	NA	NA
KMB	34.8	-1.1	-2.0
RBK	1.4	-62.0	105.7
<b>Private Total</b>	<b>416.7</b>	<b>-2.5</b>	<b>2.8</b>
<b>PSU Banks</b>			
BOB	41.7	-6.4	-17.3
CBK	41.4	6.1	-17.2
INBK	28.4	18.1	-4.0
PNB	41.4	27.5	-9.3
SBIN	170.1	-0.1	-8.8
UNBK	40.8	10.9	-18.1
<b>PSU Total</b>	<b>363.9</b>	<b>4.8</b>	<b>-11.7</b>
<b>Banks Total</b>	<b>780.6</b>	<b>0.8</b>	<b>-4.5</b>
SBICARD	5.7	-3.4	7.5
PAYTM	0.0	NA	NA

### Margin pressure to weigh on earnings

#### Loan growth muted; treasury remains the key profitability driver

- **Credit growth remains muted; expect recovery in 2HFY26:** Systemic credit growth slowed to ~9.6% as of 13th Jun'25 amid demand moderation in the retail segment and a cautious growth strategy followed by banks in unsecured loans. With moderation in loan growth, the incremental CD ratio has eased to 74%, though the outstanding CD ratio remains elevated at ~79%. We expect credit growth to sustain at 11.5% YoY in FY26, led by a recovery in 2HFY26.
- **Deposit growth stable at 10.4% in Jun'25; funding cost to ease gradually:** System deposit growth was stable at 10.4% in Jun'25, although banks continue to face challenges in mobilizing low-cost CASA deposits. With a sharp decline in policy rates, banks are reducing both SA and TD rates. SA rates have declined by 25-100bp since Apr'25 and TD rates have fallen by 20-100bp in the past two months. We expect muted deposit growth in 1QFY26, as the seasonal flow of 4Q unwinds. Deposit costs should begin to ease gradually as liability repricing happens.
- **NIMs to decline sharply during 1H; expect trends to improve from 2H onward:** With a reduction in benchmark rates, we estimate lending yields to compress across banks, while the moderation in funding costs happens with a lag even as most banks have reduced SA/TD rates. Banking sector NIMs are thus expected to remain under pressure in 1HFY26, with some variation across banks depending upon the quantum of repo-linked loans and the transmission timelines. **Thus, we expect double-digit NIM decline for all banks under our coverage in 1QFY26E.** However, a phased reduction in deposit rates and a 100bp CRR cut, effective from Sep'25, will enhance liquidity and bring some relief to margins.
- **Asset quality broadly stable; unsecured retail (MFI) to witness continued stress:** Asset quality trends remain stable for large lenders; however, unsecured retail (MFI) continues to witness elevated stress levels. We thus expect the credit cost differential to persist. Large private/PSU banks should continue to report controlled credit costs, while mid-size lenders with higher exposure to Retail/MFI segments are expected to report elevated provisioning levels, mainly during 1H.
- **Estimate 11.1% PAT CAGR over FY25-27E:** We estimate NII for our banking coverage universe to report a muted growth at 1.7% YoY (down 0.6% QoQ). PPop is expected to decline by 2.4% QoQ (up 3.3% YoY). We estimate private banks' PAT to decline 2.5% YoY (up 2.8% QoQ) and PSU banks to report PAT growth of 4.8% YoY (down 11.7% QoQ). For our coverage universe, we estimate PAT to stay broadly flat YoY (down 4.5% QoQ). Overall, we estimate an 11% CAGR in earnings over FY25-27E.

#### Private Banks: Earnings to decline 2.5% YoY (9% YoY PAT growth in FY26E)

- **For the private banks under our coverage,** we estimate PPop to grow 4.2% YoY/ 3.8% QoQ and PAT to decline 2.5% YoY (up 2.8% QoQ). We estimate ~15% CAGR in earnings over FY25-27E for private banks.

- **Estimate NII to grow 3.1% YoY/flat QoQ in 1QFY26:** Among large private banks under our coverage, HDFCB's NII growth is estimated at 6.9% YoY (flat QoQ), ICICI at 7.0% YoY (down 1.3% QoQ), Axis at 1.5% YoY (down 1.2% QoQ), KMB at 5.6% YoY (down 0.8% QoQ), and Federal at 0.2% YoY (down 3.4% QoQ).
- **Overall slippages are expected to inch up amid agri seasonality,** especially for large private banks. Bureau data indicates that there are signs of easing in early stress and that peak slippages are likely behind, though unsecured retail NPA should remain elevated. We expect credit costs to rise marginally over the year.

#### PSU Banks: PAT growth to moderate sharply to 4.8% YoY

- **We estimate PSU banks to report a modest PAT growth of 4.8% YoY (down 11.7% QoQ)** amid a decline in NIMs, normalized opex, and higher provisions QoQ due to the benefits of the one-time reversal in provisions on SRs reported in 4Q.
- NII is likely to remain flat YoY (down 1.8% QoQ) owing to a decline in NIMs. We estimate PSU banks to report a 6% CAGR in PAT over FY25-27E.
- **Opex is likely to be under control** and should follow a normalized trajectory for PSU banks. **Treasury performance is likely to be better** QoQ amid a sharp decline in G-sec yields.
- **Asset quality outlook stable:** We expect stable asset quality trends for PSU banks, aided by controlled slippages and robust PCR.

#### Small Finance Banks: NIMs to fall further; asset quality stress continues

- **AUBANK's** PAT is likely to improve by 9.8% QoQ (10.1% YoY) to INR5.5b, aided by a decline in credit costs (down 23% QoQ) as the bank improved PCR during 4Q. NII is expected to grow by 1.9% QoQ (up 11.1% YoY), while NIMs are estimated to decline ~28bp QoQ. Delinquencies in MFI+Cards portfolio are likely to remain elevated, keeping credit cost at higher levels.
- **EQUITASB** is estimated to report another muted quarter, with PAT likely to decline by 15% YoY (down ~48% QoQ), dragged down by higher provisions and 25bp QoQ decline in margins to 6.88%. Business growth is likely to remain modest at 17.6% YoY/3.0% QoQ.

#### Payments/Fintech: SBI Cards – Credit cost to stay elevated | Paytm – PAT nearing breakeven

- **SBICARDS:** Retail spending is likely to see a modest growth, while some pickup in corporate spending is expected. NIMs are likely to improve on the back of rate cuts. Asset quality stress is likely to persist, driving up credit costs. We thus estimate PAT to grow 7.5% QoQ (down 3.4% YoY).
- **PAYTM:** We estimate 3% QoQ growth in GMV to INR5.3t in 1QFY26. Revenue from operations is likely to remain flat QoQ (up 26% YoY) at INR18.96b, while contribution profit is expected to decline marginally (largely due to UPI incentives in 4QFY25) to INR10.5b. Contribution margin is expected to improve to 55.6%. We expect the company to report marginal profits during 1Q.

## Top picks – ICICIB, HDFCB and SBI

### ICICIB: Financial snapshot (INR b)

Y/E March	FY25	FY26E	FY27E
NII	812	879	1,043
OP	673	741	893
NP	472	507	606
NIM (%)	4.5	4.3	4.4
EPS (INR)	66.8	71.2	85.1
EPS Gr (%)	14.4	6.6	19.5
ABV/Sh (INR)	387	429	504
Cons. BV/Sh (INR)	427	506	598
<b>Ratios</b>			
RoA (%)	2.4	2.2	2.3
RoE (%)	18.0	16.7	17.5
<b>Valuations</b>			
P/BV (x) (Cons)	3.3	2.8	2.4
P/ABV (x)*	3.0	2.7	2.3
P/E (x)	21.4	20.0	16.8
Adj P/E (x)*	17.4	16.3	13.6

\*Adj for Investment in Subs

### HDFCB: Financial snapshot (INR b)

Y/E March	FY25	FY26E	FY27E
NII	1,227	1,340	1,560
OP	1,001	1,103	1,299
NP	673	730	857
NIM (%)	3.5	3.5	3.7
EPS (INR)	88.7	96.1	112.8
EPS Gr. (%)	10.7	8.4	17.4
BV/Sh. (INR)	660	723	815
ABV/Sh. (INR)	630	690	778
<b>Ratios</b>			
RoA (%)	1.8	1.8	1.9
RoE (%)	14.3	13.9	14.7
<b>Valuations</b>			
P/E(X)	22.4	20.7	17.6
P/E(X)*	18.9	17.5	14.9
P/BV (X)	3.0	2.7	2.4
P/ABV (X)*	2.7	2.4	2.2

\*Adj for Investment in Subs

### ICICIB (BUY)

- ICICIB has sustained strong momentum, delivering ~16% CAGR in loans over FY22-25, led by Retail, SME, and strong growth in the BB segment.
- Asset quality remains robust, with GNPA/NNPA at 1.67%/0.39% and PCR at ~77%. A healthy contingency buffer of INR131b (~1% of loans) provides cushion amid cyclical risks. While unsecured loans (~13.3% of loans) show elevated stress, slippages have moderated and credit costs are expected to remain contained at ~40-50bp over FY26-27E.
- NIMs surprised positively, rising 16bp QoQ to 4.41% in 4QFY25, supported by higher yields and the absence of KCC reversals. While margins may face near-term pressure due to rate cuts, the bank expects relative stability in NIMs.
- Deposits grew 14% YoY, with strong growth in CA deposits. CASA ratio improved to 41.8% (Q-end), though average CASA stayed flat at 38.4%. The bank's digital and branch-led strategy continues to drive deposit franchise. We expect a 14% CAGR in deposits over FY25-27E.
- ICICIB is set for top performance, with robust loan growth, solid asset quality, and leading returns, with estimated RoA/RoE of 2.3%/17.5% by FY27E. The standalone bank trades at 2.3x FY27E ABV, adjusted for subsidiaries.

### HDFCB (BUY)

- HDFCB continues to navigate post-merger adjustments with a focus on liability management and a calibrated reduction in its CD ratio, which improved to 96.5% in 4QFY25. Deposit growth remained strong at 14% YoY, outpacing loan growth (5.4% YoY), aided by network expansion and a digital-first strategy.
- Loan growth was led by Retail and Commercial & Rural Banking, which together form over 78% of the book. We estimate a CAGR of ~11%/15% in loans/deposits over FY25-27. The share of retail loans stood at ~49.6% in 4QFY25.
- NIM improved 11bp QoQ to 3.54% (adj NIMs at 3.46%) in 4QFY25 and is expected to reach 3.7% by FY27E, driven by asset repricing and a shift toward higher-yielding segments.
- Asset quality remained stable, with GNPA/NNPA at 1.33%/0.43% and PCR at ~68%. Credit costs are projected to remain around 50bp.
- Operationally, the cost-to-income ratio improved to 39.8%, aided by scale benefits and improved efficiency. The bank continues to invest in tech and talent to drive productivity gains.
- With margin normalization, improved asset quality, and strategic rebalancing, HDFCB is well-positioned to deliver RoA/RoE of 1.9%/14.7% by FY27E. It currently trades at 2.2x FY27E ABV, adjusting for subsidiaries.

**SBI: Financial snapshot (INR b)**

Y/E March	FY25	FY26E	FY27E
NII	1,670	1,752	1,982
OP	1,106	1,108	1,268
NP	709	698	776
NIM (%)	2.9	2.8	2.9
EPS (INR)	79.4	78.2	86.9
EPS Gr. (%)	16.1	-1.6	11.1
ABV (INR)	437	498	566
Cons. BV (INR)	529	602	699

**Ratios**

RoA (%)	1.1	1.0	1.0
RoE (%)	18.6	15.8	15.6

**Valuations**

P/BV (x) (Cons.)	1.5	1.3	1.2
P/ABV (x)*	1.3	1.1	1.0
P/E (x)	9.3	9.2	8.0
P/E (x)*	7.1	7.2	6.5

\*Adj for Investment in Subs

**SBI (BUY)**

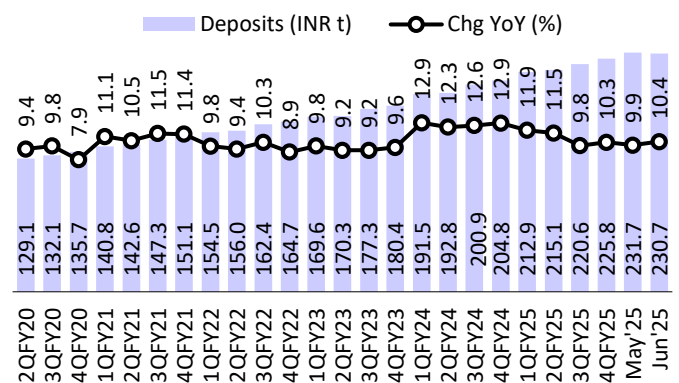
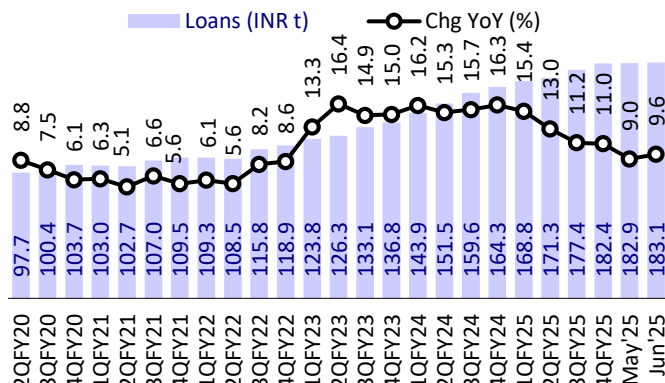
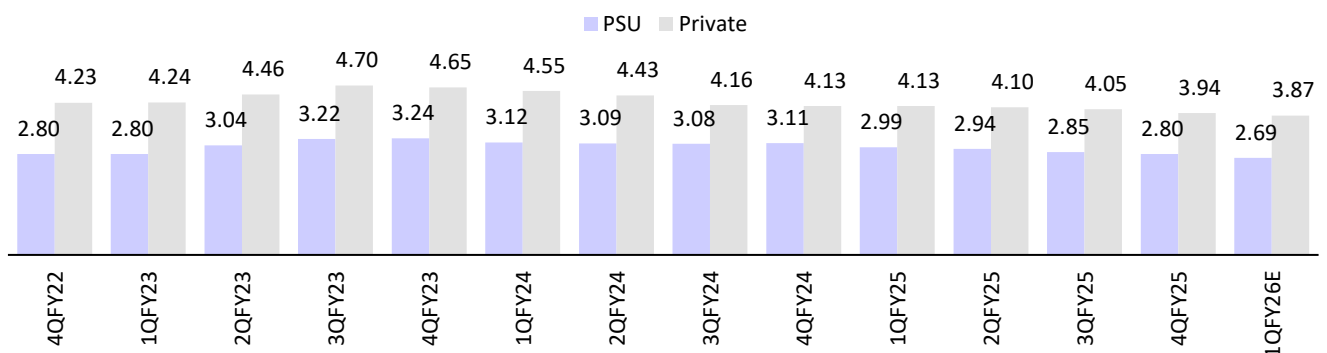
- SBIN posted healthy 12.4% YoY loan growth in FY25, led by Retail (11.4%), SME (16.9%), and Corporate (9%). Retail loans now account for ~36% of the portfolio.
- With a robust INR3.4t credit pipeline and a conservative CD ratio of 69.7%, the bank is well-placed to deliver 12-13% credit growth over FY26-27E, ahead of systemic trends.
- Asset quality improved, with GNPA/NNPA at 1.82%/0.47% and PCR at 74.4% (92.1% including write-offs). The restructured book remains low at 0.31% of loans. Credit costs were benign at 38bp in FY25 and are expected to remain in the 40-50bp range, supporting a healthy asset quality outlook.
- Deposits rose 9.5% YoY with a CASA ratio of ~40%. SBIN maintains a dominant 24% market share and targets ~10% deposit CAGR over FY25-27, aided by a focus on granular retail liabilities.
- NIMs stood stable at 3.0%, backed by a ~35% MCLR-linked book. Though some margin pressure is expected in a falling rate cycle, improved yield management should help maintain NIMs near current levels.
- Digital leadership via YONO (88m users) and operational efficiencies are driving down the C/I ratio, which is expected to improve to ~52.5% by FY27E.
- SBIN remains well-positioned for sustainable growth, underpinned by strong credit expansion and controlled asset quality risks. We estimate 5% earnings CAGR over FY25-27E, with RoA/RoE expected at 1.0%/15.6% by FY27E. The standalone bank currently trades at 1.0x FY27E ABV.

**Exhibit 1: Banks: Summary of 1QFY26 earnings estimates**

		NII (INR m)			Operating profit (INR m)			Net profit (INR m)		
		Jun'25	YoY (%)	QoQ (%)	Jun'25	YoY (%)	QoQ (%)	Jun'25	YoY (%)	QoQ (%)
Rating										
Financials										
AU Small Finance	Buy	21,345	11.1	1.9	12,300	29.2	-4.8	5,531	10.1	9.8
Axis Bank	Neutral	1,36,472	1.5	-1.2	1,06,373	5.3	-1.1	59,722	-1.0	-16.1
Bandhan Bank	Neutral	27,153	-9.6	-1.5	16,827	-13.3	7.1	4,571	-57.0	43.8
DCB Bank	Buy	5,720	15.2	2.5	3,075	49.7	0.7	1,724	31.3	-2.6
Equitas Small Finance	Buy	8,102	1.1	-2.3	3,046	-10.5	-2.1	220	-14.7	-47.8
Federal Bank	Buy	22,972	0.2	-3.4	14,478	-3.5	-1.2	9,202	-8.8	-10.7
HDFC Bank	Buy	3,18,961	6.9	0.0	2,61,122	9.3	0.0	1,71,269	5.9	0.0
ICICI Bank	Buy	2,09,235	7.0	-1.3	1,77,283	10.6	0.4	1,20,038	8.5	-5.0
IDFC First Bank	Neutral	49,095	4.6	0.0	18,493	-1.8	2.1	2,468	-63.7	-18.8
IndusInd Bank	Neutral	41,567	-23.1	36.4	22,705	NA	NA	5,719	NA	NA
Kotak Mahindra Bank	Buy	72,258	5.6	-0.8	53,715	2.2	-1.8	34,792	-1.1	-2.0
RBL Bank	Buy	14,848	-12.7	-5.0	7,605	-11.5	-11.7	1,413	-62.0	105.7
Banks – Private		9,27,728	3.1	0.5	6,97,023	4.2	3.8	4,16,669	-2.5	2.8
Bank of Baroda	Neutral	1,07,886	-7.0	-2.1	71,345	-0.4	-12.3	41,744	-6.4	-17.3
Canara Bank	Buy	91,448	-0.2	-3.1	79,021	3.8	-4.6	41,444	6.1	-17.2
Indian Bank	Buy	64,200	3.9	0.5	50,633	12.5	0.9	28,392	18.1	-4.0
Punjab National Bank	Buy	1,05,856	1.0	-1.6	66,913	1.7	-1.2	41,441	27.5	-9.3
State Bank of India	Buy	4,20,417	2.2	-1.7	2,72,278	2.9	-13.0	1,70,101	-0.1	-8.8
Union Bank	Buy	92,751	-1.5	-2.5	74,375	-4.5	-3.4	40,808	10.9	-18.1
Banks – PSU		8,82,558	0.3	-1.8	6,14,566	2.3	-8.5	3,63,930	4.8	-11.7
Total Banks		18,10,285	1.7	-0.6	13,11,589	3.3	-2.4	7,80,599	0.8	-4.5
SBI Cards	Neutral	16,706	13.1	3.1	20,922	10.1	6.5	5,744	-3.4	7.5
PAYTM	Neutral	18,962	26.3	-0.8	275	NA	NA	24	NA	NA

**Exhibit 2: We cut our aggregate banks' earnings estimates by ~3.2% for FY26E; FY27E earnings broadly unchanged**

INR b	Old Estimates		Revised Estimates		Introduced	% Change	
	FY26E	FY27E	FY26E	FY27E	FY28E	FY26E	FY27E
<b>Private Banks</b>							
AXSB	280.5	330.5	273	338.1	412.2	-2.7	2.3
BANDHAN	31.9	38.6	29.1	39.6	48.3	-8.6	2.6
DCBB	7.6	9.8	7.8	10.4	15	2.8	6.2
HDFCB	734.7	855.1	729.8	857.1	992	-0.7	0.2
ICICIBC	519.6	609.3	507	606.1	741.5	-2.4	-0.5
IDFCFB	27.7	49.7	24.3	47.8	66.3	-12.2	-3.8
IIB	34.5	44.4	30.8	43.5	63.1	-10.7	-2
KMB	152.3	178.2	153.3	180.4	215.6	0.6	1.2
FB	43.9	54.9	41.5	52.4	68.4	-5.5	-4.6
RBK	13.7	21.5	10.6	18.8	25.1	-23	-12.5
AUBANK	27.5	37.1	26.7	37.5	47.9	-3	1.1
EQUITASB	4.5	10.1	3.6	8.9	13	-20.5	-11.9
<b>Total Pvt</b>	<b>1,878.40</b>	<b>2,239.30</b>	<b>1,837.50</b>	<b>2,240.50</b>	<b>2,708.30</b>	<b>-2.2</b>	<b>0.1</b>
<b>- YoY growth (%)</b>	<b>11.1</b>	<b>19.2</b>	<b>8.6</b>	<b>21.9</b>	<b>20.9</b>		
<b>PSU Banks</b>							
BOB	204.2	225.6	184.2	233.4	292.6	-9.8	3.5
CBK	178.5	197.5	169.1	190.7	223.2	-5.2	-3.5
INBK	113.7	127	111.8	123.5	137.4	-1.7	-2.7
PNB	194.5	223.5	176.5	211.9	250	-9.2	-5.2
SBIN	711.2	796.1	697.8	775.5	891.4	-1.9	-2.6
UNBK	184.9	197.4	178.7	193.7	223.1	-3.4	-1.9
<b>Total PSU</b>	<b>1,587.00</b>	<b>1,767.00</b>	<b>1,518.20</b>	<b>1,728.70</b>	<b>2,017.70</b>	<b>-4.3</b>	<b>-2.2</b>
<b>- YoY growth (%)</b>	<b>3.7</b>	<b>11.3</b>	<b>-0.8</b>	<b>13.9</b>	<b>16.7</b>	<b>3.7</b>	
<b>Total Banks</b>	<b>3,465.50</b>	<b>4,006.40</b>	<b>3,355.70</b>	<b>3,969.20</b>	<b>4,726.00</b>	<b>-3.2</b>	<b>-0.9</b>
<b>- YoY growth (%)</b>	<b>7.6</b>	<b>15.6</b>	<b>4.2</b>	<b>18.3</b>	<b>19.1</b>		

**Exhibit 3: Loan growth has decelerated to 9.6% in Jun'25**
**Exhibit 4: Deposit growth broadly stable at 10.4%**

**Exhibit 5: Estimate NIMs to decline in double digits amid rate cuts**


Source: MOFSL, Company



**Exhibit 6: NIMs to see a double-digit decline across all banks in our coverage universe**

NIM (%)	2Q24	3Q24	4Q24	1Q25	2Q25	3Q25	4Q25	1Q26E
AXSB	4.11	4.01	4.06	4.05	3.99	3.93	3.97	3.83
HDFCB	3.40	3.40	3.44	3.47	3.46	3.43	3.54	3.38
ICICIBC	4.53	4.43	4.40	4.36	4.27	4.25	4.41	4.27
IDFCFB	6.32	6.42	6.35	6.22	6.18	6.04	5.95	5.73
IIB	4.29	4.29	4.26	4.25	4.08	3.93	3.47	3.22
KMB	5.22	5.22	5.28	5.02	4.91	4.93	4.97	4.79
FB	3.22	3.19	3.21	3.16	3.12	3.11	3.12	2.96
BoB	3.07	3.10	3.27	3.18	3.10	2.94	2.86	2.72
CBK	3.00	3.03	3.07	2.90	2.86	2.71	2.73	2.60
PNB	3.11	3.15	3.10	3.07	2.92	2.93	2.81	2.68
SBIN	3.29	3.22	3.30	3.22	3.14	3.01	3.00	2.88
UNBK	3.18	3.08	3.09	3.05	2.90	2.91	2.87	2.72
INBK	3.52	3.49	3.52	3.53	3.49	3.57	3.48	3.33
AUBANK	5.50	5.50	5.10	6.00	6.05	5.90	5.80	5.55
RBK	5.54	5.52	5.45	5.67	5.04	4.90	4.89	4.52
BANDHAN	7.20	7.20	7.60	7.60	7.40	6.90	6.70	6.43
DCBB	3.69	3.48	3.62	3.39	3.27	3.30	3.29	3.18

**Exhibit 7: Trend in margin movement alongside the change in repo rate (bp)**

NIM change QoQ	1Q23	2Q23	3Q23	4Q23	1Q24	2Q24	3Q24	4Q24	1Q25	2Q25	3Q25	4Q25
AXSB	11	36	30	-4	-12	1	-10	5	-1	-6	-6	4
HDFCB	-	10	-	-	-	-70	-	4	3	-1	-3	11
ICICIBC	1	30	34	25	-12	-25	-10	-3	-4	-9	-2	16
IDFCFB	-38	9	38	5	-8	-1	10	-7	-13	-4	-14	-9
IIB	1	3	3	1	1	-	-	-3	-1	-17	-15	-46
KMB	14	23	32	28	-18	-35	-	6	-26	-11	2	4
FB	6	13	20	-19	-16	2	-3	2	-5	-4	-1	1
BoB	-6	31	4	16	-26	-20	3	17	-9	-8	-16	-8
CBK	-15	8	19	2	-2	-5	3	4	-17	-4	-15	2
PNB	3	21	16	8	-16	3	4	-5	-3	-15	1	-12
SBIN	-10	30	18	10	-27	-4	-7	8	-8	-8	-13	-1
UNBK	25	15	6	-23	15	5	-10	1	-4	-15	1	-4
INBK	23	10	54	-15	2	-9	-3	3	1	-4	8	-9
AUBANK	-40	30	-	-10	-38	-22	-	-40	90	5	-15	-10
RBK	-	-2	25	35	-9	1	-2	-7	22	-63	-14	-1
BANDHAN	-70	-100	-50	80	-	-10	-	40	-	-20	-50	-20
DCBB	-32	27	14	16	-35	-14	-21	14	-23	-12	3	-1
REPO RATE	90	100	35	25	-	-	-	-	-	-	-	-25

**Exhibit 8: Trend in lending yield alongside the change in repo rate (bp)**

Yield change QoQ	1Q23	2Q23	3Q23	4Q23	1Q24	2Q24	3Q24	4Q24	1Q25	2Q25	3Q25	4Q25
AXSB	54	58	56	-15	90	12	12	-24	0	-9	-10	-32
HDFCB	34	46	64	-12	50	130	9	-10	13	-167	-19	-19
ICICIBC	-19	51	50	62	11	-5	-2	9	-8	-7	-8	21
IDFCFB	21	136	7	11	22	31	40	-34	-2	-51	7	-59
IIB	10	12	24	27	22	6	15	21	-9	-26	-10	-276
KMB	65	58	46	39	37	-10	19	-10	-0	-5	-14	-26
FB	2	35	49	35	8	14	2	11	-5	-8	4	-8
BoB	-23	64	56	69	-7	3	8	24	-20	-7	-13	-14
CBK	-19	21	21	25	73	13	4	11	-5	11	2	4
PNB	-15	42	32	67	15	10	30	-1	-11	-2	7	-2
SBIN	-15	23	21	23	68	8	2	9	-8	4	1	4
UNBK	16	51	19	19	40	38	-6	12	-15	-2	8	-6
INBK	16	32	71	-2	36	22	3	3	-12	8	15	-28
AUBANK	76	55	-25	-38	-3	-12	-39	-25	258	28	5	-77
RBK	13	-14	57	76	33	16	-3	12	5	-63	-24	-30
BANDHAN	-40	-90	-	70	60	-	10	40	10	-20	-40	-20
DCBB	-35	16	18	68	-12	1	-12	27	-21	-11	5	10
REPO RATE	90	100	35	25	-	-	-	-	-	-	-	-25

Source: MOFSL, Company

**Exhibit 9: Changes in SA rates since Apr'25 for major banks (%)**

Name of Bank	Slabs	Apr-25	Jun-25	Difference
HDFC Bank	< 50 Lakhs	3.00	2.50	-0.50
	50 lakhs & above	3.50	2.50	-1.00
Axis Bank	< 50 Lakhs	3.00	2.50	-0.50
	50 lakhs to 2000 crore	3.50	2.50	-1.00
	2000 crore & above	7.03	6.00	-1.03
DCB Bank	< 10 lakhs	4.75	4.50	-0.25
	10 lakhs to < 1 crore	7.75	6.00	-1.75
	1 crore to < 10 crore	8.00	7.50	-0.50
ICICI Bank	< 10 crore and above	8.00	7.25	-0.75
	< 50 Lakhs	3.00	2.50	-0.50
	50 lakhs or more	3.50	2.50	-1.00
Indusind Bank	< 10 lakhs	5.00	3.00	-2.00
	10 lakhs to < 1 crore	7.00	4.00	-3.00
	1 crore & above	7.00	5.00	-2.00
KMB	< 50 Lakhs	3.00	2.75	-0.25
	50 lakhs or more	3.50	2.75	-0.75
SBI	< 10 crore	2.70	2.50	-0.20
	10 crore or more	3.00	2.50	-0.50
PNB	< 10 Lakhs	2.70	2.50	-0.20
	10 lakhs to < 100 crore	2.75	2.50	-0.25
	100 crore & above	3.00	2.70	-0.30
BOB	< 50 lakhs	2.75	2.70	-0.05
	50 lakhs to < 100 crore	3.00	3.00	0.00
	100 crore to < 1000 crore	4.10	4.00	-0.10
	1000 crore and above	4.50	4.25	-0.25
Indian Bank	< 10 lakhs	2.75	2.75	0.00
	10 lakhs to < 200 crore	2.80	2.80	0.00
	200 crore & above	2.90	2.90	0.00
RBL Bank	< 10 lakhs	5.50	5.00	-0.50
	10 lakhs to < 3 crore	7.50	6.75	-0.75
	3 crore to < 200 crore	6.00	6.00	0.00
	200 crore & above	7.33	6.05	-1.28
Federal Bank	< 5 crore	3.50	2.50	-1.00
	5 crore to < 50 crore	5.25	4.75	-0.50
	50 crore to < 150 crore	6.90	6.25	-0.65
	150 crore & above	3.00	2.50	-0.50
AU SFB	< 10 lakhs	5.00	4.00	-1.00
	10 lakhs to < 25 lakhs	7.00	6.50	-0.50
	25 lakhs to < 25 crore	7.25	6.75	-0.50
IDFC First Bank	< 5 lakhs	3.00	3.00	0.00
	5 lakhs to < 10 crores	7.25	7.00	-0.25
	10 crores to < 200 crores	7.25	6.50	-0.75
	more than 200 crores	3.50	3.50	0.00
Bandhan Bank	< 10 lakhs	5.00	5.00	0.00
	10 lakhs to < 5 crore	7.00	6.00	-1.00
	5 crore to < 250 crore	7.00	6.50	-0.50
	more than 250 crore	8.15	7.00	-1.15
Equitas SFB	< 10 lakhs	5.00	5.00	0.00
	10 lakhs to < 1 crore	7.25	7.00	-0.25
	1 crore to < 25 crore	7.50	7.25	-0.25
	more than 25 crore	7.80	7.50	-0.30

Source: MOFSL, Company

Most of the banks have cut their savings rates in the range of 25-100bp across buckets

TD rates have declined by 20bp to 100bp for most banks across varying maturities

**Exhibit 10: Change in TD rates since Apr'25 across banks (%)**

Name of Bank	Slabs	Apr-25	Jun-25	Difference
HDFC Bank	0 to < 90 days	4.50	4.25	-0.25
	90 days to < 1 year	6.00	5.75	-0.25
	1 year to < 5 years	7.40	6.60	-0.80
	more than 5 year	7.00	6.15	-0.85
Axis Bank	0 to < 90 days	4.75	4.50	-0.25
	90 days to < 1 year	6.00	5.75	-0.25
	1 year to < 5 years	7.25	6.60	-0.65
	more than 5 year	7.00	6.50	-0.50
DCB Bank	0 to < 90 days	4.00	4.50	0.50
	90 days to < 1 year	7.10	6.50	-0.60
	1 year to < 5 years	8.00	7.40	-0.60
	more than 5 year	7.65	7.00	-0.65
ICICI Bank	0 to < 90 days	4.50	4.00	-0.50
	90 days to < 1 year	6.00	5.75	-0.25
	1 year to < 5 years	7.25	6.60	-0.65
	more than 5 year	6.90	6.60	-0.30
Indusind Bank	0 to < 90 days	4.75	4.75	0.00
	90 days to < 1 year	6.50	6.50	0.00
	1 year to < 5 years	7.75	7.00	-0.75
	more than 5 year	7.00	6.50	-0.50
KMB	0 to < 90 days	3.50	3.50	0.00
	90 days to < 1 year	7.00	6.00	-1.00
	1 year to < 5 years	7.40	6.60	-0.80
	more than 5 year	6.20	6.25	0.05
SBI	0 to < 90 days	5.50	5.05	-0.45
	90 days to < 1 year	6.50	6.05	-0.45
	1 year to < 5 years	7.00	6.45	-0.55
	more than 5 year	6.50	6.05	-0.45
PNB	0 to < 90 days	4.50	4.50	0.00
	90 days to < 1 year	6.80	6.00	-0.80
	1 year to < 5 years	7.25	6.70	-0.55
	more than 5 year	6.50	6.00	-0.50
BOB	0 to < 90 days	5.50	5.00	-0.50
	90 days to < 1 year	6.50	6.00	-0.50
	1 year to < 5 years	7.30	6.50	-0.80
	more than 5 year	6.50	6.00	-0.50
Union Bank	0 to < 90 days	4.50	4.40	-0.10
	90 days to < 1 year	6.35	6.15	-0.20
	1 year to < 5 years	7.30	6.85	-0.45
	more than 5 year	6.50	6.40	-0.10
Indian Bank	0 to < 90 days	3.25	3.25	0.00
	90 days to < 1 year	4.75	4.75	0.00
	1 year to < 5 years	7.15	6.90	-0.25
	more than 5 year	6.25	6.00	-0.25
RBL Bank	0 to < 90 days	4.50	4.50	0.00
	90 days to < 1 year	6.05	6.05	0.00
	1 year to < 5 years	8.00	7.30	-0.70
	more than 5 year	7.00	7.00	0.00
AU Small finance Bank	0 to < 90 days	5.50	5.00	-0.50
	90 days to < 1 year	7.25	6.50	-0.75
	1 year to < 5 years	8.00	7.25	-0.75
	more than 5 year	7.25	6.75	-0.50
Bandhan Bank	0 to < 90 days	4.50	4.50	0.00
	90 days to < 1 year	4.50	4.50	0.00
	1 year to < 5 years	8.05	7.75	-0.30
	more than 5 year	5.85	5.85	0.00
Equitas Small Finance Bank	0 to < 90 days	5.50	5.50	0.00
	90 days to < 1 year	7.20	7.00	-0.20
	1 year to < 5 years	8.05	7.80	-0.25
	more than 5 year	7.25	7.25	0.00

Source: MOFSL, Company



Large banks continue to carry healthy contingency buffers; IndusInd utilized its contingency buffer in 4QFY25

**Exhibit 11: Snapshot of additional provision buffers as of 4QFY25**

As on 4QFY25	Loans (INR b)	COVID/contingent provisions	Floating/additional provisions	Total provisions	As a percentage of loans (%)
AXSB	10,408	120		120	1.2
HDFCB	26,196	135	124	259	1.0
ICICIBC	13,418	131	-	131	1.0
IIB	3,450	-	-	-	-
AUBANK	1,071	0.2	0.4	0.6	0.1

Source: MOFSL, Company

**Exhibit 12: AXSB, FB, KMB, ICICIBC, and HDFCB have higher EBLR/Repo-linked loans; PSBs have higher linkage to MCLR (%)**

Loans Mix (%) - 4QFY25	MCLR	EBLR	Repo Linked	Others (Fixed, base rate, foreign currency-floating)
AUBANK	30		7	63
AXSB	9	4	57	30
CBK	56	44		0
FB	9		51	40
HDFCB*	25		45	30
ICICIBC	15	1	53	31
INBK*	57		37	5
KMB**	13	60		27
PNB	31	15	44	11
RBL	9		46	45
SBIN	35		29	36
BOB	47		35	18
Equitas*			20	80

\*as on 1QFY25 \*\*as on 4QFY24; Source: MOFSL, Company

**Exhibit 13: Restructured book across banks has moderated significantly over past few quarters (INR b)**

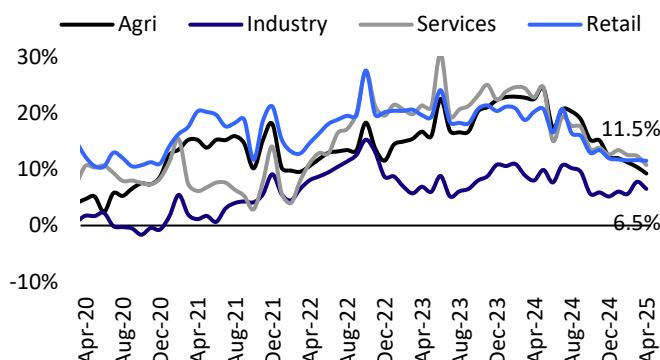
INR b	Restructured book									
	Absolute	Mar'23	Jun'23	Sep'23	Dec'23	Mar'24	Jun'24	Sep'24	Dec'24	Mar'25
AXSB	12.1	0.22	0.21	0.20	0.18	0.16	0.14	0.13	0.12	0.12
BANDHAN	NA	NA	NA	NA	NA	NA	NA	NA	NA	NA
DCBB	8.2	4.51	3.97	3.40	3.00	2.62	2.34	2.07	1.81	1.60
HDFCB	NA	0.31	NA	0.22	NA	NA	NA	NA	NA	NA
ICICIBC	19.6	0.40	NA	0.32	0.29	0.26	0.22	0.20	0.16	0.15
IIB	4.1	0.84	0.66	0.54	0.48	0.40	0.34	0.29	0.18	0.12
KMB	2.0	0.22	0.19	0.15	0.13	0.10	0.08	0.06	0.05	0.05
FB	14.3	1.62	1.40	1.30	1.10	0.97	0.83	0.71	0.68	0.61
RBK	2.7	1.21	1.05	0.89	0.63	0.51	0.44	0.38	0.32	0.29
AUBANK	3.2	1.20	1.00	0.80	0.70	0.60	0.40	0.40	0.30	0.30
BOB	NA	1.5	1.31	NA	1.0	NA	NA	NA	NA	NA
SBIN	129.2	0.8	0.69	0.62	0.54	0.47	0.38	0.38	0.34	0.31
INBK	48.8	2.51	2.19	2.12	1.93	1.67	1.51	1.34	1.23	0.85
PNB	NA	1.32	NA	NA	NA	NA	NA	NA	NA	NA
UNBK	89.3	2.20	2.00	1.71	1.57	1.48	1.30	1.21	1.08	0.91
CBK	NA	NA	NA	NA	NA	NA	NA	NA	NA	NA

Source: MOFSL, Company

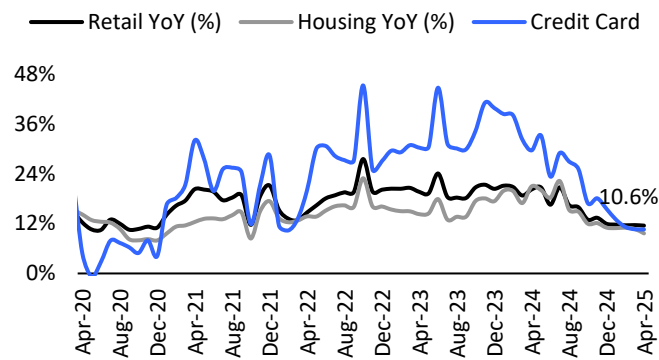
**Exhibit 14: SMA mix across banks as of 4QFY25**

SMA (bp of loans)	SMA 0	SMA 1	SMA 2
BOB	NA	33bp	
CBK	26bp	39bp	30bp
INBK	NA	75bp	12bp
PNB	NA	NA	2bp
SBIN	NA	5bp	3bp
UNBK	8bp	20bp	13bp
BANDHAN	150bp	90bp	90bp
KMB	NA	NA	3bp

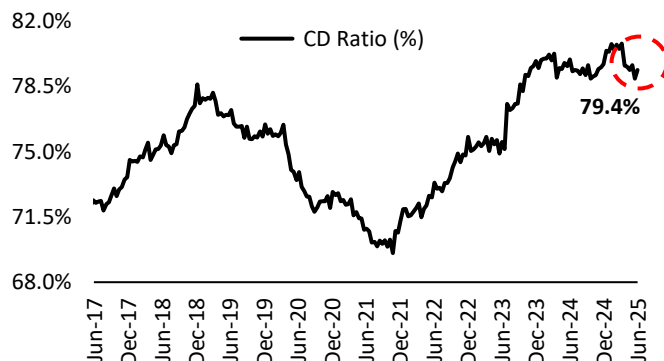
Source: MOFSL, Company

**Exhibit 15: Retail loan growth stood at 11.5% YoY; retail loan mix has increased to ~35%**


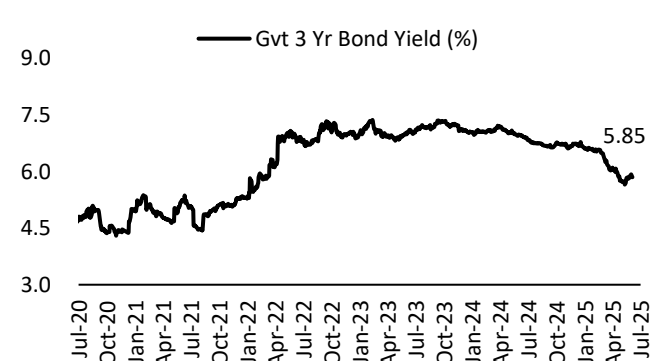
Source: MOFSL, RBI

**Exhibit 16: Credit cards' growth decelerated to 11% YoY; Housing loan growth moderated to 10% YoY in Apr'25**


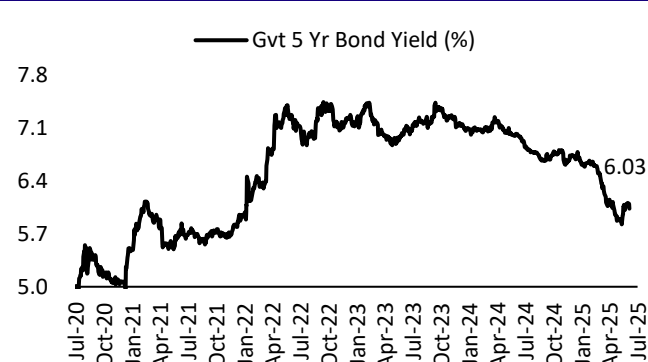
Source: MOFSL, RBI

**Exhibit 17: CD ratio eased slightly to 79.4% in Jun'25**


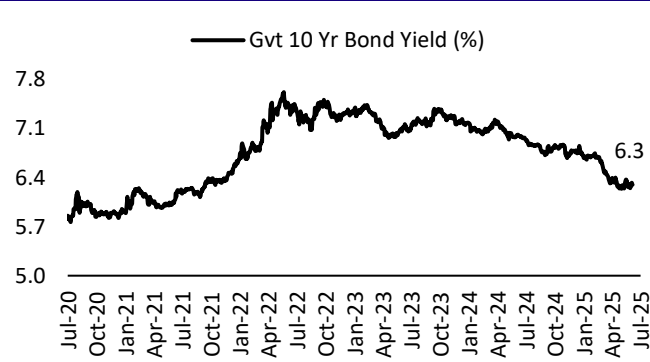
Source: MOFSL, RBI

**Exhibit 18: 3-year G-Sec yield moderated to 5.85% in Jul'25**


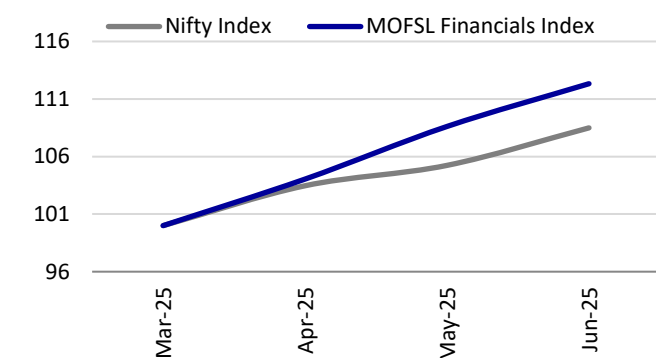
Source: MOFSL, BBG

**Exhibit 19: Five-year G-Sec yield stood at 6.03% in Jul'25**


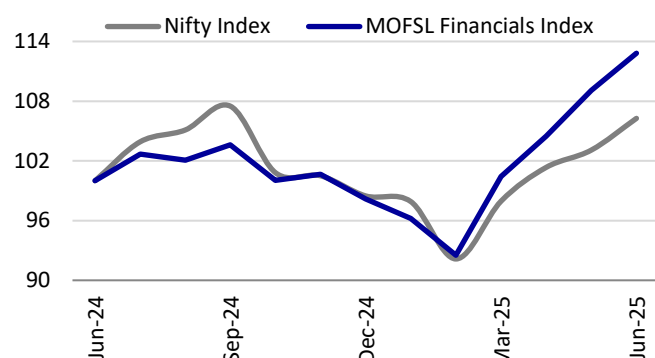
Source: MOFSL, BBG

**Exhibit 20: 10-year G-Sec yield has eased to 6.3% in Jul'25**


Source: MOFSL, BBG

**Exhibit 21: Relative performance – three months (%)**


Source: MOFSL, Company

**Exhibit 22: One-year relative performance (%)**


Source: MOFSL, Company

**Exhibit 23: Valuation summary**

Company	CMP (INR)	Rating	EPS (INR)			P/E (x)			P/B (x)			RoE (%)		
			FY25E	FY26E	FY27E	FY25E	FY26E	FY27E	FY25E	FY26E	FY27E	FY25E	FY26E	FY27E
Financials														
Banks-Private														
ICICIBC	1,432	Buy	66.8	72.2	84.9	17.5	16.2	13.7	3.5	3.2	2.7	18.0	16.9	17.4
HDFCB	2,012	Buy	88.7	95.6	112.0	19.2	17.8	15.2	3.0	2.8	2.5	14.3	13.8	14.6
AXSB	1,173	Neutral	85.3	84.6	103.4	12.3	12.4	10.1	2.0	1.8	1.5	15.9	13.6	14.3
BANDHAN	187	Neutral	17.0	19.7	23.9	11.0	9.5	7.8	1.2	1.2	1.1	11.9	12.7	14.2
KMB	2,184	Buy	69.0	75.9	88.8	20.4	18.6	15.9	3.7	3.5	3.1	12.8	12.5	13.2
IIB	879	Neutral	33.1	43.8	59.4	26.6	20.1	14.8	1.1	1.0	1.0	4.0	5.2	6.7
FB	219	Buy	16.6	17.4	22.0	13.1	12.6	9.9	1.6	1.5	1.3	13.0	12.1	13.7
DCBB	147	Buy	19.6	23.8	30.7	7.5	6.2	4.8	0.8	0.8	0.7	12.1	13.1	15.0
IDFCFB	77	Neutral	2.1	3.4	5.7	36.5	22.8	13.4	1.5	1.4	1.3	4.4	6.3	9.9
EQUITASB	69	Buy	1.3	3.9	8.8	53.6	17.7	7.9	1.3	1.3	1.1	2.4	7.3	15.1
AUBANK	836	Buy	29.8	36.4	49.4	28.1	23.0	16.9	3.7	3.3	2.8	14.3	15.0	17.7
RBK	260	Buy	11.5	21.9	35.2	22.6	11.8	7.4	1.0	1.0	0.9	4.6	8.4	12.6
Banks-PSU														
SBIN	820	Buy	79.4	79.7	89.2	7.2	7.2	6.4	1.7	1.5	1.3	18.6	16.1	15.9
PNB	113	Buy	14.8	16.7	19.3	7.6	6.8	5.9	1.1	0.9	0.8	15.3	15.1	15.3
BOB	247	Neutral	37.8	38.6	42.6	6.5	6.4	5.8	1.0	0.9	0.8	16.7	15.1	15.1
CBK	115	Buy	18.8	19.4	21.6	6.1	5.9	5.3	1.1	1.0	0.9	19.9	17.9	17.9
UNBK	155	Buy	23.6	24.0	25.7	6.6	6.4	6.0	1.1	1.0	0.8	18.1	16.1	15.2
INBK	650	Buy	81.1	83.3	93.6	8.0	7.8	6.9	1.3	1.2	1.1	18.9	16.8	16.8
Fintech and payments														
SBICARD	932	Neutral	20.2	32.9	45.1	46.2	28.3	20.7	6.4	5.3	4.3	14.8	20.6	23.0
PAYTM*	930	Neutral	-10.4	1.5	13.7	NA	620.2	68.0	8.6	7.3	6.1	-4.7	0.6	6.0

\*For Paytm, P/sales is there instead of P/BV

The tables below provide a snapshot of actual and estimated numbers for companies under the MOFSL Coverage Universe. Highlighted columns indicate the quarter/financial year under review.

## AU Small Finance Bank

Buy

CMP: INR836 | TP: INR775 (-7%)

EPS CHANGE (%): FY26|27: -3.1|0.9

- Expect margins to see moderation
- Expect business growth to remain healthy
- Cost ratios to remain elevated
- Asset quality ratios to remain stable

### Quarterly Performance

	FY25				FY26E				FY25	(INR b) FY26E
	1Q	2Q	3Q	4Q	1QE	2QE	3QE	4QE		
Net Interest Income	19.2	19.7	20.2	20.9	21.3	21.9	23.3	24.9	80.1	91.3
% Change (Y-o-Y)	54.1	58.1	52.7	56.6	11.1	10.8	15.1	18.7	55.4	14.0
Other Income	5.1	6.4	6.2	7.6	7.3	7.1	7.6	8.6	25.3	30.6
Total Income	24.3	26.1	26.4	28.5	28.6	29.0	30.9	33.4	105.4	121.9
Operating Expenses	14.8	14.8	14.4	15.6	16.3	17.0	18.1	19.2	59.6	70.7
Operating Profit	9.5	11.3	12.0	12.9	12.3	12.0	12.8	14.2	45.8	51.3
% Change (Y-o-Y)	74.3	80.0	83.4	94.6	29.2	5.7	6.2	9.9	87.9	11.9
Provisions	2.8	3.7	5.0	6.4	4.9	4.3	3.6	3.1	17.9	15.8
Profit before Tax	6.7	7.6	7.0	6.6	7.4	7.7	9.2	11.1	27.9	35.5
Tax	1.7	1.9	1.7	1.5	1.9	1.9	2.3	2.6	6.8	8.8
Net Profit	5.0	5.7	5.3	5.0	5.5	5.8	6.9	8.5	21.1	26.7
% Change (Y-o-Y)	29.9	42.1	40.8	35.9	10.1	0.7	30.5	68.7	37.2	26.7
Operating Parameters										
Deposit (INR b)	972.9	1,096.9	1,122.6	1,242.7	1,283.0	1,358.0	1,433.0	1,531.0	1,242.7	1,531.0
Loan (INR b)	896.5	948.4	995.6	1,070.9	1,102.2	1,167.7	1,230.7	1,331.2	1,070.9	1,331.2
Deposit Growth (%)	40.4	44.8	40.1	42.5	31.9	23.8	27.6	23.2	42.5	23.2
Loan Growth (%)	42.6	47.8	49.2	46.4	22.9	23.1	23.6	24.3	46.4	24.3
Asset Quality										
GNPA (%)	1.8	2.0	2.3	2.3	2.3	2.3	2.3	2.3	2.3	2.3
NNPA (%)	0.6	0.8	0.9	0.7	0.8	0.7	0.7	0.6	0.7	0.6
PCR (%)	65.1	62.8	61.2	68.1	68.3	69.4	70.2	71.4	68.0	71.4

E: MOFSL Estimates

## Axis Bank

Neutral

CMP: INR1,173 | TP: INR1,300 (+11%)

EPS CHANGE (%): FY26|27: -3.0|1.9

- Expect margins to remain under pressure
- Credit cost expected to remain high
- Expect cost ratios to remain under control
- Slippages expected to remain elevated due to stringent provisioning policies

### Quarterly Performance

	FY25				FY26E				FY25	(INR b) FY26E
	1Q	2Q	3Q	4Q	1QE	2QE	3QE	4QE		
Net Interest Income	134.5	134.8	136.1	138.1	136.5	137.6	146.8	161.6	543.5	582.4
% Change (Y-o-Y)	12.5	9.5	8.6	5.5	1.5	2.0	7.9	17.0	8.9	7.2
Other Income	57.8	67.2	59.7	67.8	66.8	71.5	73.5	78.7	252.6	290.5
Total Income	192.3	202.1	195.8	205.9	203.3	209.0	220.2	240.3	796.0	872.8
Operating Expenses	91.3	94.9	90.4	98.4	96.9	100.6	103.1	110.0	375.0	410.6
Operating Profit	101.1	107.1	105.3	107.5	106.4	108.4	117.2	130.3	421.0	462.2
% Change (Y-o-Y)	14.7	24.1	15.2	2.1	5.3	1.2	11.2	21.2	13.4	9.8
Provisions	20.4	22.0	21.6	13.6	26.5	25.6	23.2	22.9	77.6	98.3
Profit before Tax	80.7	85.1	83.8	93.9	79.8	82.8	94.0	107.4	343.5	364.0
Tax	20.3	15.9	20.7	22.8	20.1	20.9	23.7	26.3	79.7	91.0
Net Profits	60.3	69.2	63.0	71.2	59.7	61.9	70.3	81.0	263.7	273.0
% Change (Y-o-Y)	4.1	18.0	3.8	-0.2	-1.0	-10.5	11.5	13.9	6.1	3.5
Operating Parameters										
Deposit (INR t)	10.6	10.9	11.0	11.7	12.0	12.3	12.6	13.1	11.7	13.1
Loan (INR t)	9.8	10.0	10.1	10.4	10.6	10.9	11.2	11.6	10.4	11.6
Deposit Growth (%)	12.8	13.7	9.1	9.8	12.5	12.9	15.0	11.5	9.8	11.5
Loan Growth (%)	14.2	11.4	8.8	7.8	7.8	8.8	10.0	11.0	7.8	11.0
Asset Quality										
Gross NPA (%)	1.5	1.4	1.5	1.3	1.4	1.4	1.5	1.4	1.4	1.4
Net NPA (%)	0.3	0.3	0.4	0.3	0.4	0.4	0.4	0.3	0.4	0.3
PCR (%)	78.1	76.6	76.2	74.6	75.1	75.3	75.4	75.5	74.5	75.5

## Bandhan Bank

Neutral

CMP: INR187 | TP: INR170 (-9%)

EPS CHANGE (%): FY26|27: -8.7|2.7

- Expect NIM to witness a decline
- Expect loan growth to remain modest
- Asset quality likely to remain stable
- Cost ratios are likely to stay elevated

### Quarterly Performance

Y/E March	FY25				FY26E				FY25	FY26E
	1Q	2Q	3Q	4Q	1QE	2QE	3QE	4QE		
Net Interest Income	30.1	29.5	28.3	27.6	27.2	28.6	30.0	33.9	114.9	119.6
% Change (YoY)	20.7	20.7	12.1	-3.9	-9.6	-3.0	6.1	22.8	11.3	4.1
Other Income	5.3	5.9	11.0	7.0	8.7	7.4	7.5	8.1	29.7	31.7
Total Income	35.3	35.4	39.3	34.6	35.9	36.0	37.5	42.0	144.6	151.4
Operating Expenses	15.9	16.9	19.0	18.8	19.0	19.4	20.1	20.8	70.7	79.3
Operating Profit	19.4	18.6	20.2	15.7	16.8	16.6	17.5	21.2	73.9	72.1
% Change (YoY)	24.2	17.2	22.1	-14.5	-13.3	-10.7	-13.5	35.0	11.3	-2.4
Provisions	5.2	6.1	13.8	12.6	10.7	9.0	7.7	6.1	37.7	33.5
Profit Before Tax	14.2	12.5	6.5	3.1	6.1	7.5	9.8	15.1	36.2	38.6
Tax	3.5	3.1	2.2	-0.1	1.5	1.7	2.5	3.7	8.8	9.5
Net Profit	10.6	9.4	4.3	3.2	4.6	5.8	7.3	11.4	27.5	29.1
% Change (YoY)	47.5	30.0	-41.8	482.0	-57.0	-37.7	71.1	259.8	23.1	6.2
<b>Operating Parameters</b>										
Deposits (INR b)	1,332	1,425	1,410	1,512	1,544	1,582	1,644	1,725	1,512	1,725
Loans (INR b)	1,216	1,261	1,274	1,320	1,336	1,371	1,421	1,484	1,320	1,484
Deposit Growth (%)	22.8	27.2	20.1	11.8	15.9	11.0	16.6	14.1	11.8	14.1
Loan Growth (%)	23.8	23.6	15.6	9.0	9.9	8.7	11.6	12.4	9.0	12.4
<b>Asset Quality</b>										
Gross NPA (%)	4.2	4.7	4.7	4.7	4.7	4.7	4.6	4.5	4.7	4.5
Net NPA (%)	1.2	1.3	1.3	1.3	1.3	1.3	1.2	1.2	1.3	1.2
PCR (%)	73.7	73.5	73.5	73.7	73.0	73.3	73.8	74.9	73.8	74.9

E: MOFSL Estimates

## Bank of Baroda

Neutral

CMP: INR247 | TP: INR250 (+1%)

EPS CHANGE (%): FY26|27: -9.8|3.4

- Expect cost ratios to remain under control
- Margins to see a moderation
- Expect asset quality to improve
- Business growth to be a key monitorable

### Quarterly Performance

	FY25				FY26E				FY25	FY26E
	1Q	2Q	3Q	4Q	1QE	2QE	3QE	4QE		
Net Interest Income	116.0	116.2	114.2	110.2	107.9	109.7	118.6	133.6	456.6	469.8
% Change (YoY)	5.5	7.3	2.8	-6.6	-7.0	-5.6	3.9	21.3	2.1	2.9
Other Income	24.9	51.8	37.7	52.1	40.0	37.8	41.9	48.4	166.5	168.1
Total Income	140.9	168.0	151.9	162.3	147.9	147.5	160.5	182.0	623.1	637.9
Operating Expenses	69.3	73.3	75.2	81.0	76.6	79.0	81.4	86.0	298.7	323.0
Operating Profit	71.6	94.8	76.6	81.3	71.3	68.5	79.1	96.0	324.3	314.9
% Change (YoY)	-8.5	18.2	9.3	0.3	-0.4	-27.8	3.1	18.1	4.7	-2.9
Provisions	10.1	23.4	10.8	15.5	15.5	14.1	17.2	20.4	59.8	67.3
Profit before Tax	61.5	71.4	65.8	65.8	55.8	54.3	61.9	75.6	264.5	247.6
Tax	16.9	19.0	17.4	15.3	14.1	13.7	15.6	20.0	68.7	63.4
Net Profit	44.6	52.4	48.4	50.5	41.7	40.6	46.3	55.5	195.8	184.2
% Change (YoY)	9.5	23.2	5.6	3.3	-6.4	-22.4	-4.3	10.0	10.1	-5.9
<b>Operating Parameters</b>										
Deposit (INR b)	13,070	13,635	13,925	14,720	14,631	15,486	15,967	16,502	14,720	16,502
Loan (INR b)	10,479	11,212	11,513	12,096	12,175	12,746	13,154	13,608	12,096	13,608
Deposit Growth (%)	8.9	9.1	11.8	10.9	11.9	13.6	14.7	12.1	10.3	12.1
Loan Growth (%)	8.8	12.3	12.4	13.5	16.2	13.7	14.3	12.5	13.5	12.5
<b>Asset Quality</b>										
Gross NPA (%)	2.9	2.5	2.4	2.3	2.3	2.2	2.1	2.0	2.3	2.0
Net NPA (%)	0.7	0.6	0.6	0.6	0.5	0.5	0.5	0.6	0.6	0.6
PCR (%)	76.6	76.3	76.0	74.9	76.9	77.0	77.1	70.5	73.1	70.5

E: MOFSL Estimates

## Canara Bank

**Buy**

**CMP: INR115 | TP: INR120 (+4%)**

**EPS CHANGE (%): FY26|27: -5.3|-3.5**

- Expect margins to see moderation
- Advances and deposit growth to be modest
- Asset quality likely to remain stable
- Expect cost to remain broadly under control

### Quarterly Performance

	FY25				FY26E				FY25	FY26E
	1Q	2Q	3Q	4Q	1QE	2QE	3QE	4QE		
<b>Net Interest Income</b>	<b>91.7</b>	<b>93.2</b>	<b>91.5</b>	<b>94.4</b>	<b>91.4</b>	<b>93.3</b>	<b>98.5</b>	<b>106.4</b>	<b>370.7</b>	<b>389.7</b>
% Change (Y-o-Y)	5.8	4.6	-2.9	-1.4	-0.2	0.2	7.7	12.7	1.4	5.1
Other Income	53.2	49.8	58.0	63.5	58.8	55.1	56.7	62.8	224.5	233.5
<b>Total Income</b>	<b>144.9</b>	<b>143.0</b>	<b>149.5</b>	<b>157.9</b>	<b>150.3</b>	<b>148.4</b>	<b>155.3</b>	<b>169.2</b>	<b>595.2</b>	<b>623.2</b>
Operating Expenses	68.7	66.4	71.1	75.1	71.3	72.2	74.3	80.5	281.3	298.2
<b>Operating Profit</b>	<b>76.2</b>	<b>76.5</b>	<b>78.4</b>	<b>82.8</b>	<b>79.0</b>	<b>76.3</b>	<b>81.0</b>	<b>88.7</b>	<b>313.9</b>	<b>325.0</b>
% Change (Y-o-Y)	0.2	0.5	15.2	12.1	3.8	-0.4	3.4	7.1	6.7	3.5
Other Provisions	22.8	22.5	24.0	18.3	23.4	24.1	24.7	26.1	87.6	98.3
<b>Profit before Tax</b>	<b>53.3</b>	<b>54.0</b>	<b>54.4</b>	<b>64.5</b>	<b>55.6</b>	<b>52.2</b>	<b>56.3</b>	<b>62.6</b>	<b>226.3</b>	<b>226.7</b>
Tax	14.3	13.9	13.3	14.5	14.2	13.3	14.4	15.7	56.0	57.6
<b>Net Profit</b>	<b>39.1</b>	<b>40.1</b>	<b>41.0</b>	<b>50.0</b>	<b>41.4</b>	<b>38.9</b>	<b>42.0</b>	<b>46.9</b>	<b>170.3</b>	<b>169.1</b>
% Change (Y-o-Y)	10.5	11.3	12.3	33.1	6.1	-3.2	2.3	-6.3	17.0	-0.7
<b>Operating Parameters</b>										
Deposit (INR b)	13,352	13,473	13,695	14,569	14,768	15,165	15,510	15,895	14,569	15,895
Loan ( (INR b)	9,464	9,840	10,237	10,492	10,659	10,970	11,305	11,688	10,492	11,688
Deposit Growth (%)	12.0	9.3	8.4	11.0	10.6	12.6	13.3	9.1	11.0	9.1
Loan Growth (%)	10.7	10.3	11.2	12.6	12.6	11.5	10.4	11.4	12.6	11.4
<b>Asset Quality</b>										
Gross NPA (%)	4.1	3.7	3.3	2.9	2.9	2.8	2.8	2.7	2.9	2.7
Net NPA (%)	1.2	1.0	0.9	0.7	0.7	0.7	0.7	0.6	0.7	0.6
PCR (%)	71.0	74.1	74.1	76.7	76.4	76.5	76.3	76.5	76.6	76.5

E: MOFSL Estimates

## DCB Bank

**Buy**

**CMP: INR147 | TP: INR175 (+19%)**

**EPS CHANGE (%): FY26|27: 2.7|6.7**

- Expect business growth to remain healthy
- Asset quality to remain under control
- Expect cost ratios to remain elevated
- Margins to decline due to repo rate cuts

### Quarterly Performance

	FY25				FY26E				FY25	FY26E
	1Q	2Q	3Q	4Q	1QE	2QE	3QE	4QE		
<b>Net Interest Income</b>	<b>4.97</b>	<b>5.09</b>	<b>5.43</b>	<b>5.58</b>	<b>5.72</b>	<b>6.13</b>	<b>6.36</b>	<b>6.82</b>	<b>21.07</b>	<b>25.03</b>
% Change (Y-o-Y)	5.49	7.03	14.53	9.95	15.19	20.46	17.13	22.27	9.27	18.84
Other Income	1.43	2.05	1.84	2.19	2.27	2.22	2.30	2.37	7.51	9.16
<b>Total Income</b>	<b>6.40</b>	<b>7.14</b>	<b>7.27</b>	<b>7.77</b>	<b>7.99</b>	<b>8.35</b>	<b>8.66</b>	<b>9.19</b>	<b>28.57</b>	<b>34.19</b>
Operating Expenses	4.34	4.59	4.56	4.71	4.92	5.08	5.18	5.39	18.20	20.57
<b>Operating Profit</b>	<b>2.05</b>	<b>2.55</b>	<b>2.71</b>	<b>3.05</b>	<b>3.08</b>	<b>3.27</b>	<b>3.47</b>	<b>3.81</b>	<b>10.37</b>	<b>13.62</b>
% Change (Y-o-Y)	(1.58)	21.19	28.18	30.66	49.75	28.14	28.14	24.59	19.96	31.37
Provisions	0.28	0.46	0.67	0.67	0.75	0.72	0.79	0.83	2.08	3.09
<b>Profit before Tax</b>	<b>1.77</b>	<b>2.10</b>	<b>2.04</b>	<b>2.38</b>	<b>2.32</b>	<b>2.55</b>	<b>2.69</b>	<b>2.97</b>	<b>8.29</b>	<b>10.53</b>
Tax	0.46	0.54	0.52	0.61	0.60	0.62	0.71	0.80	2.13	2.72
<b>Net Profit</b>	<b>1.31</b>	<b>1.55</b>	<b>1.51</b>	<b>1.77</b>	<b>1.72</b>	<b>1.93</b>	<b>1.98</b>	<b>2.18</b>	<b>6.15</b>	<b>7.81</b>
% Change (Y-o-Y)	3.5	22.6	19.6	13.8	31.3	24.0	31.0	23.0	14.8	26.98
<b>Operating Parameters</b>										
Deposit (INR b)	516.9	545.3	566.8	600.3	623.1	656.0	686.4	727.0	600.3	727.0
Loan (INR b)	421.8	444.7	477.8	510.5	529.9	558.1	584.1	618.7	510.5	618.7
Deposit Growth (%)	20.2	19.9	20.3	21.6	20.5	20.3	21.1	21.1	21.6	21.1
Loan Growth (%)	18.9	19.3	22.7	24.7	25.6	25.5	22.2	21.2	24.7	21.2
<b>Asset Quality</b>										
Gross NPA (%)	3.33	3.29	3.11	2.99	2.97	2.91	2.86	2.78	2.99	2.78
Net NPA (%)	1.18	1.17	1.18	1.12	1.10	1.06	1.03	0.97	1.12	0.97
PCR (%)	65.2	65.2	62.9	63.2	63.6	64.3	64.8	65.5	63.2	65.5

E: MOFSL Estimates



## Equitas Small Finance Bank

Buy

CMP: INR69 | TP: INR80 (+15%)

EPS CHANGE (%): FY26|27: -21.3|-12.3

- Expect margins to decline
- Expect credit cost and cost ratios to remain elevated
- Asset quality likely to slightly improve
- Business momentum will be a key monitorable

### Quarterly Performance

Y/E March	FY25				FY26E				INRb	
	1Q	2Q	3Q	4Q	1QE	2QE	3QE	4QE	FY25	FY26E
Interest Income	15.0	15.5	16.1	16.4	16.9	17.2	18.3	19.6	63.1	72.0
Interest Expense	7.0	7.5	7.9	8.1	8.8	9.0	9.5	9.8	30.6	37.2
<b>Net Interest Income</b>	<b>8.0</b>	<b>8.0</b>	<b>8.2</b>	<b>8.3</b>	<b>8.1</b>	<b>8.2</b>	<b>8.7</b>	<b>9.7</b>	<b>32.5</b>	<b>34.8</b>
% Change (YoY)	7.9	4.8	4.2	5.5	1.1	2.5	6.8	17.3	5.6	7.0
Other Income	2.1	2.4	2.4	2.3	2.6	2.5	2.6	2.7	9.1	10.5
<b>Total Income</b>	<b>10.1</b>	<b>10.4</b>	<b>10.6</b>	<b>10.5</b>	<b>10.7</b>	<b>10.8</b>	<b>11.4</b>	<b>12.5</b>	<b>41.6</b>	<b>45.3</b>
Operating Expenses	6.7	6.9	7.2	7.4	7.7	7.8	8.1	8.3	28.3	31.9
<b>Operating Profit</b>	<b>3.4</b>	<b>3.5</b>	<b>3.3</b>	<b>3.1</b>	<b>3.0</b>	<b>2.9</b>	<b>3.3</b>	<b>4.1</b>	<b>13.3</b>	<b>13.4</b>
% Change (YoY)	9.1	5.9	-7.6	-16.9	-10.5	-15.7	-1.6	32.1	-3.1	0.3
Provisions	3.0	3.3	2.4	2.6	2.8	2.2	1.9	1.7	11.4	8.6
<b>Profit before Tax</b>	<b>0.4</b>	<b>0.2</b>	<b>0.9</b>	<b>0.5</b>	<b>0.3</b>	<b>0.7</b>	<b>1.4</b>	<b>2.4</b>	<b>2.0</b>	<b>4.8</b>
Tax	0.1	0.1	0.2	0.1	0.1	0.2	0.3	0.6	0.5	1.2
<b>Net Profit</b>	<b>0.3</b>	<b>0.1</b>	<b>0.7</b>	<b>0.4</b>	<b>0.2</b>	<b>0.5</b>	<b>1.0</b>	<b>1.8</b>	<b>1.5</b>	<b>3.6</b>
% Change (YoY)	-86.5	-93.5	-67.2	-79.7	-14.7	313.4	56.2	325.2	-81.6	143.3
<b>Operating Parameters</b>										
AUM	349	361	373	380	349	361	446	478	402	478
Deposits	375	399	407	431	444	464	487	512	431	512
Loans	319	340	354	362	373	390	409	431	362	431
AUM Growth (%)	17.8	15.4	13.9	10.6	0.0	0.0	19.6	25.8	16.9	19.0
Deposit Growth (%)	35.4	29.2	25.8	19.3	18.3	16.4	19.5	18.7	19.3	18.7
Loan Growth (%)	16.0	18.1	21.1	16.9	16.9	14.7	15.5	19.0	16.9	19.0
<b>Asset Quality</b>										
Gross NPA (%)	2.73	2.95	2.97	2.89	2.78	2.75	2.71	2.64	2.89	2.64
Net NPA (%)	0.83	0.97	0.96	0.98	0.90	0.88	0.87	0.84	0.98	0.84
PCR (%)	70.3	67.7	68.3	66.8	68.2	68.6	68.4	68.8	66.8	68.8

E: MOFSL Estimates

## Federal Bank

Buy

CMP: INR219 | TP: INR250 (+14%)

EPS CHANGE (%): 26|27: -5.5|-4.5

- Expect cost ratios to remain broadly under control
- Margins to remain under pressure
- Business momentum to be a key monitorable
- Asset quality ratios to remain stable

### Quarterly Performance

	FY25				FY26E				(INR b)	
	1Q	2Q	3Q	4Q	1QE	2QE	3QE	4QE	FY25	FY26E
<b>Net Interest Income</b>	<b>22.9</b>	<b>23.7</b>	<b>24.3</b>	<b>23.8</b>	<b>23.0</b>	<b>23.5</b>	<b>25.5</b>	<b>29.2</b>	<b>94.7</b>	<b>101.2</b>
% Change (YoY)	19.5	15.1	14.5	8.3	0.2	-0.8	4.9	23.0	14.2	6.9
Other Income	9.2	9.6	9.2	10.1	10.9	11.3	11.1	11.6	38.0	44.9
<b>Total Income</b>	<b>32.1</b>	<b>33.3</b>	<b>33.5</b>	<b>33.8</b>	<b>33.9</b>	<b>34.7</b>	<b>36.6</b>	<b>40.8</b>	<b>132.7</b>	<b>146.1</b>
Operating Expenses	17.1	17.7	17.8	19.2	19.4	19.8	20.2	21.2	71.7	80.7
<b>Operating Profit</b>	<b>15.0</b>	<b>15.7</b>	<b>15.7</b>	<b>14.7</b>	<b>14.5</b>	<b>15.0</b>	<b>16.3</b>	<b>19.6</b>	<b>61.0</b>	<b>65.4</b>
% Change (YoY)	15.2	18.2	9.2	32.0	-3.5	-4.3	4.1	33.8	17.9	7.2
Provisions	1.4	1.6	2.9	1.4	2.2	2.4	2.6	2.7	7.3	9.8
<b>Profit before Tax</b>	<b>13.6</b>	<b>14.1</b>	<b>12.8</b>	<b>13.3</b>	<b>12.3</b>	<b>12.6</b>	<b>13.8</b>	<b>16.9</b>	<b>53.7</b>	<b>55.6</b>
Tax	3.5	3.5	3.2	3.0	3.1	3.2	3.5	4.3	13.2	14.1
<b>Net Profit</b>	<b>10.1</b>	<b>10.6</b>	<b>9.6</b>	<b>10.3</b>	<b>9.2</b>	<b>9.4</b>	<b>10.3</b>	<b>12.6</b>	<b>40.5</b>	<b>41.5</b>
% Change (YoY)	18.2	10.8	-5.1	13.7	-8.8	-10.7	7.8	21.9	8.9	2.4
<b>Operating Parameters</b>										
Deposit (INR b)	2,661	2,691	2,664	2,836	2,891	2,972	3,089	3,225	2,836	3,225
Loan (INR b)	2,208	2,303	2,304	2,348	2,379	2,469	2,573	2,694	2,348	2,694
Deposit Growth (%)	19.6	15.6	11.2	12.3	8.7	10.5	16.0	13.7	12.3	13.7
Loan Growth (%)	20.3	19.4	15.7	12.1	7.8	7.2	11.7	14.7	12.1	14.7
<b>Asset Quality</b>										
Gross NPA (%)	2.1	2.1	2.0	1.8	1.8	1.8	1.8	1.7	1.8	1.7
Net NPA (%)	0.6	0.6	0.5	0.4	0.4	0.4	0.4	0.4	0.4	0.4
PCR (%)	71.9	72.9	75.2	76.2	76.4	76.3	76.2	76.6	76.2	76.6

E: MOFSL Estimates

## HDFC Bank

Buy

CMP: INR2,012 | TP: INR2,300 (+14%)

EPS CHANGE (%): FY26|27: -0.7|0.2

- Expect cost ratios to remain under control
- Asset quality is likely to remain stable

- Expect margins to witness moderation
- Expect CD ratio to reduce; guidance for credit growth a key monitorable

### Quarterly Performance

	FY25E				FY26E				FY25	FY26E
	1Q	2Q	3Q	4Q	1QE	2QE	3QE	4QE		
Net Interest Income	298.4	301.1	306.5	320.7	319.0	323.7	337.6	359.4	1,226.7	1,339.6
% Change (Y-o-Y)	26.4	10.0	7.7	10.3	6.9	7.5	10.1	12.1	13.0	9.2
Other Income	106.7	114.8	114.5	120.3	121.6	125.7	130.9	139.2	456.3	517.5
Total Income	405.1	416.0	421.1	440.9	440.6	449.4	468.5	498.6	1,683.0	1,857.1
Operating Expenses	166.2	168.9	171.1	175.6	179.4	182.6	190.8	201.2	681.7	754.0
Operating Profit	238.8	247.1	250.0	265.4	261.1	266.8	277.7	297.5	1,001.3	1,103.1
% Change (Y-o-Y)	27.2	8.9	5.7	-9.4	9.3	8.0	11.1	12.1	6.1	10.2
Provisions	26.0	27.0	31.5	31.9	33.7	34.8	35.5	36.3	116.5	140.3
Profit before Tax	212.8	220.1	218.5	233.4	227.4	232.0	242.3	261.1	884.8	962.8
Tax	51.1	51.8	51.1	57.3	56.2	56.8	58.9	61.1	211.3	233.0
Net Profit	161.7	168.2	167.4	176.2	171.3	175.2	183.4	200.0	673.5	729.8
% Change (Y-o-Y)	35.3	5.3	2.2	6.7	5.9	4.1	9.6	13.5	10.7	8.4
Operating Parameters										
Deposit	23,791	25,001	25,638	27,147	27,794	28,810	29,712	31,029	27,147	31,029
Loan	24,635	24,951	25,182	26,196	26,725	27,228	27,757	28,842	26,196	28,842
Deposit Growth (%)	24.4	15.1	15.8	14.1	16.8	15.2	15.9	14.3	14.1	14.3
Loan Growth (%)	52.5	7.0	3.0	5.4	8.5	9.1	10.2	10.1	5.4	10.1
Asset Quality										
Gross NPA (%)	1.3	1.4	1.4	1.3	1.3	1.3	1.4	1.4	1.4	1.4
Net NPA (%)	0.4	0.4	0.5	0.4	0.4	0.4	0.4	0.4	0.4	0.4
PCR (%)	71.2	69.9	67.8	67.9	68.4	68.8	69.4	70.2	67.8	70.2

E: MOFSL Estimates

## ICICI Bank

Buy

CMP: INR1432 | TP: INR1,650 (+15%)

EPS CHANGE (%): FY26|27: -2.4|-0.5

- Margins to witness decline due to rate cuts
- Credit cost to be a key monitorable

- Expect asset quality to remain stable
- Cost ratios to remain under control

### Quarterly Performance

(INR b)

	FY25				FY26E				FY25	FY26E
	1Q	2Q	3Q	4Q	1QE	2QE	3QE	4QE		
Net Interest Income	195.5	200.5	203.7	211.9	209.2	210.2	223.3	236.4	811.6	879.1
% Change (YoY)	7.3	9.5	9.1	11.0	7.0	4.8	9.6	11.5	9.2	8.3
Other Income	70.0	71.8	70.7	72.6	80.8	79.0	82.3	85.8	285.1	327.8
Total Income	265.5	272.2	274.4	284.5	290.0	289.2	305.6	322.2	1,096.7	1,207.0
Operating Expenses	105.3	105.0	105.5	107.9	112.7	114.6	117.1	121.4	423.7	465.8
Operating Profit	160.2	167.2	168.9	176.6	177.3	174.6	188.5	200.8	673.0	741.1
% Change (YoY)	13.3	17.5	14.7	17.5	10.6	4.4	11.6	13.7	15.8	10.1
Provisions	13.3	12.3	12.3	8.9	17.9	15.8	18.3	14.9	46.8	66.9
Profit before Tax	146.9	154.9	156.6	167.7	159.4	158.8	170.1	185.8	626.2	674.2
Tax	36.3	37.4	38.7	41.4	39.4	39.2	42.0	46.6	153.9	167.2
Net Profit	110.6	117.5	117.9	126.3	120.0	119.6	128.1	139.3	472.3	507.0
% Change (YoY)	14.6	14.5	14.8	18.0	8.5	1.8	8.6	10.3	15.5	7.4
Operating Parameters										
Deposit	14,261	14,978	15,203	16,103	15,978	16,887	17,340	18,165	16,103	18,165
Loan	12,232	12,772	13,144	13,418	13,684	14,311	14,828	15,403	13,418	15,403
Deposit Growth (%)	15.1	15.7	14.1	14.0	12.0	12.7	14.1	12.8	14.0	12.8
Loan Growth (%)	15.7	15.0	13.9	13.3	11.9	12.0	12.8	14.8	13.3	14.8
Asset Quality										
Gross NPA (%)	2.2	2.0	2.0	1.7	1.7	1.6	1.6	1.6	1.8	1.6
Net NPA (%)	0.4	0.4	0.4	0.4	0.4	0.4	0.4	0.4	0.4	0.4
PCR (%)	80.2	79.0	78.7	76.9	76.5	76.8	76.2	77.1	76.9	77.1

E: MOFSL Estimates

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## IDFC First Bank

**Neutral**

**CMP: INR77 | TP: INR80 (+4%)**

**EPS CHANGE (%): FY26|27: -12.4|-3.9**

- Cost ratios likely to remain elevated
- Business growth to be a key monitorable
- Asset quality ratio to remain broadly stable
- Margins expected to see a decline

### Quarterly Performance

(INR b)

	FY25				FY26E				FY25	FY26E
	1Q	2Q	3Q	4Q	1QE	2QE	3QE	4QE		
Net Interest Income	46.9	47.9	49.0	49.1	49.1	50.9	56.4	63.8	192.9	220.2
% Change (Y-o-Y)	25.4	21.2	14.4	9.8	4.6	6.2	15.0	30.1	17.3	14.1
Other Income	16.2	17.3	17.8	19.0	18.6	19.9	20.6	21.5	70.2	80.6
Total Income	63.1	65.2	66.8	68.0	67.7	70.8	76.9	85.4	263.1	300.8
Operating Expenses	44.3	45.5	49.2	49.9	49.2	51.5	54.9	57.1	189.0	212.7
Operating Profit	18.8	19.6	17.6	18.1	18.5	19.3	22.0	28.2	74.1	88.0
% Change (Y-o-Y)	25.5	29.9	12.6	8.9	-1.8	-1.7	25.3	55.8	18.9	18.7
Provisions	9.9	17.3	13.4	14.5	15.2	14.6	13.1	13.4	55.1	56.3
Profit before Tax	8.9	2.3	4.2	3.6	3.3	4.7	9.0	14.8	19.0	31.7
Tax	2.1	0.3	0.8	0.6	0.8	1.2	2.2	3.2	3.8	7.4
Net Profit	6.8	2.0	3.4	3.0	2.5	3.5	6.8	11.6	15.2	24.3
% Change (Y-o-Y)	-11.0	-73.3	-52.6	-58.0	-63.7	73.3	99.0	281.9	-48.4	59.5
<b>Operating Parameters</b>										
Deposit (INR b)	2,097	2,236	2,369	2,521	2,618	2,755	2,905	3,078	2,521	3,078
Deposit Growth (%)	35.8	30.6	29.8	25.7	24.9	23.2	22.6	22.1	25.7	22.1
Loan (INR b)	2,026	2,151	2,231	2,331	2,422	2,529	2,676	2,853	2,331	2,809
Loan Growth (%)	21.0	20.7	20.3	19.8	19.6	17.6	19.9	22.4	19.8	20.5
<b>Asset Quality</b>										
Gross NPA (%)	1.9	1.9	1.9	1.9	1.9	1.9	1.9	1.8	1.9	1.9
Net NPA (%)	0.6	0.5	0.5	0.5	0.5	0.5	0.5	0.5	0.5	0.5
PCR (%)	69.4	75.3	73.6	72.3	72.6	72.8	73.1	73.0	72.3	73.0

E: MOFSL Estimates

## IndusInd Bank

**Neutral**

**CMP: INR879 | TP: INR650 (-26%)**

**EPS CHANGE (%): FY26|27: -10.6|-2.1**

- Expect business growth to remain modest
- Expect margins to remain under pressure
- Expect asset quality to deteriorate further
- Credit costs trend will be monitored

### Quarterly Performance

(INR b)

	FY25				FY26E				FY25	FY26E
	1Q	2Q	3Q	4Q	1QE	2QE	3QE	4QE		
Net Interest Income	54.1	53.5	52.3	30.5	41.6	42.7	45.4	50.3	190.3	180.0
% Change (YoY)	11.1	5.3	-1.3	-43.3	-23.1	-20.2	-13.1	65.1	-7.7	-5.4
Other Income	24.4	21.8	23.6	7.1	24.2	22.2	22.9	23.7	76.9	93.1
Total Income	78.5	75.3	75.8	37.6	65.8	64.9	68.3	74.0	267.2	273.1
Operating Expenses	39.0	39.3	39.8	42.5	43.1	43.6	44.1	45.0	160.6	175.7
Operating Profit	39.5	36.0	36.0	-4.9	22.7	21.3	24.2	29.1	106.6	97.3
% Change (YoY)	3.1	-7.9	-10.9	-112.0	-42.5	-40.7	-32.7	-691.9	-32.8	-8.7
Provisions	10.5	18.2	17.4	25.2	15.1	13.5	13.4	14.3	71.4	56.2
Profit before Tax	29.0	17.8	18.6	-30.1	7.6	7.9	10.8	14.8	35.3	41.1
Tax	7.3	4.5	4.5	-6.8	1.9	2.0	2.7	3.7	9.5	10.3
Net Profit	21.7	13.3	14.0	-23.3	5.7	5.9	8.1	11.1	25.8	30.8
% Change (YoY)	2.2	-39.5	-39.1	-199.1	-73.7	-55.9	-42.1	-147.6	-71.3	19.6
<b>Operating Parameters</b>										
Deposit (INR b)	3,985	4,124	4,094	4,109	4,002	4,135	4,256	4,376	4,109	4,376
Loan (INR b)	3,479	3,572	3,669	3,450	3,354	3,486	3,583	3,692	3,450	3,692
Deposit Growth (%)	14.8	14.7	11.0	6.8	0.4	0.3	3.9	6.5	6.8	6.5
Loan Growth (%)	15.5	13.2	12.2	0.5	-3.6	-2.4	-2.3	7.0	0.5	7.0
<b>Asset Quality</b>										
Gross NPA (%)	2.0	2.1	2.3	3.1	3.4	3.5	3.6	2.8	3.1	2.8
Net NPA (%)	0.6	0.6	0.7	1.0	1.0	1.0	1.1	0.8	1.0	0.8
PCR (%)	70.6	70.1	70.2	70.2	70.5	70.8	71.2	71.0	70.2	71.0

E: MOFSL Estimates

## Indian Bank

**Buy**

**CMP: INR650 | TP: INR700 (+8%)**

**EPS CHANGE (%): FY26|27: -1.6|-2.7**

- Expect cost ratios to remain broadly under control
- Earnings business growth to remain modest
- Expect NIMs to witness a decline
- Expect asset quality ratios to remain stable

### Quarterly Performance

Y/E March	FY25				FY26E				(INR b)	
	1Q	2Q	3Q	4Q	1QE	2QE	3QE	4QE	FY25	FY26E
Net Interest Income	61.8	61.9	64.1	63.9	64.2	65.1	66.7	69.1	251.8	265.1
% Change (YoY)	8.3	7.9	10.3	6.2	3.9	5.2	4.0	8.1	8.2	5.3
Other Income	19.1	24.2	21.5	27.4	25.3	22.7	24.2	26.5	92.2	98.7
Total Income	80.8	86.2	85.7	91.3	89.5	87.8	90.9	95.6	344.0	363.8
Operating Expenses	35.8	38.9	38.2	41.1	38.8	39.8	41.2	46.1	154.0	165.9
Operating Profit	45.0	47.3	47.5	50.2	50.6	48.0	49.7	49.5	190.0	197.8
% Change (YoY)	8.9	9.9	15.9	16.6	12.5	1.5	4.7	-1.4	12.8	4.1
Provisions	12.6	11.0	10.6	7.9	12.7	11.7	12.6	11.4	42.1	48.4
Profit before Tax	32.4	36.3	36.9	42.2	38.0	36.3	37.1	38.1	147.9	149.5
Tax	8.4	9.2	8.4	12.7	9.6	9.2	9.3	9.6	38.7	37.7
Net Profit	24.0	27.1	28.5	29.6	28.4	27.2	27.7	28.5	109.2	111.8
% Change (YoY)	40.6	36.2	34.6	31.6	18.1	0.5	-2.7	-3.7	35.4	2.4
<b>Operating Parameters</b>										
Deposits (INR b)	6,812	6,931	7,023	7,372	7,484	7,628	7,791	7,998	7,372	7,998
Loans (INR b)	5,208	5,329	5,421	5,711	5,819	5,957	6,112	6,310	5,711	6,310
Deposit Growth (%)	9.6	8.2	7.4	7.1	9.9	10.1	10.9	8.5	7.1	8.5
Loan Growth (%)	14.1	13.2	10.7	10.9	11.7	11.8	12.8	10.5	10.9	10.5
<b>Asset Quality</b>										
Gross NPA (%)	3.8	3.5	3.3	3.1	3.1	3.0	3.0	2.8	4.0	2.8
Net NPA (%)	0.4	0.3	0.2	0.2	0.2	0.2	0.2	0.2	0.4	0.2
PCR (%)	90.0	92.5	93.8	93.9	93.1	92.8	93.0	93.2	89.5	93.2

E: MOFSL Estimates

## Kotak Mahindra Bank

**Buy**

**CMP: INR2,184 | TP: INR2,500 (+14%)**

**EPS CHANGE (%): FY26|27: 0.7|1.2**

- Expect cost ratios to remain under control
- Asset quality to deteriorate slightly
- Margins to remain under pressure
- Business growth to be healthy; guidance will be a key monitorable

### Quarterly Performance

Y/E March	FY25				FY26E				(INR b)	
	1Q	2Q	3Q	4Q	1QE	2QE	3QE	4QE	FY25	FY26E
Net Interest Income	68.4	70.2	72.0	72.8	72.3	74.3	80.2	89.5	283.4	316.2
% Change (Y-o-Y)	9.8	11.5	9.8	5.4	5.6	5.8	11.4	22.9	9.0	11.6
Other Income	29.3	26.8	26.2	31.8	32.7	31.8	32.0	34.8	114.2	131.2
Total Income	97.7	97.0	98.2	104.7	104.9	106.0	112.2	124.3	397.6	447.4
Operating Expenses	45.2	46.0	46.4	49.9	51.2	52.3	53.8	56.1	187.5	213.4
Operating Profit	52.5	51.0	51.8	54.7	53.7	53.8	58.4	68.1	210.1	234.0
% Change (Y-o-Y)	6.2	10.6	13.5	0.2	2.2	5.4	12.7	24.5	7.2	11.4
Provisions	5.8	6.6	7.9	9.1	7.6	7.7	8.0	8.6	29.4	31.8
Profit before Tax	46.8	44.4	43.9	45.6	46.1	46.1	50.4	59.6	180.6	202.2
Tax	11.6	11.0	10.8	10.1	11.4	11.3	12.4	13.8	43.4	48.9
Net Profit	35.2	33.4	33.0	35.5	34.8	34.8	38.0	45.7	137.2	153.3
% Change (Y-o-Y)	2.0	4.8	10.0	-14.1	-1.1	4.0	15.0	28.7	-0.4	11.7
Exceptional item	27.3				0.0				27.3	0.0
PAT including exceptionals	62.5	33.4	33.0	35.5	34.8	34.8	38.0	45.7	164.5	153.3
% Change (Y-o-Y)	2.0	4.8	10.0	-14.1	-1.1	4.0	15.0	28.7	19.4	-6.8
Deposits (INRb)	4,474	4,615	4,735	4,991	5,115	5,266	5,445	5,679	4,991	5,679
Loans (INRb)	3,900	3,995	4,138	4,269	4,382	4,521	4,699	4,931	4,269	4,931
Deposit growth (%)	15.8	15.1	15.9	11.2	14.3	14.1	15.0	13.8	11.2	13.8
Loan growth (%)	18.7	14.7	15.1	13.5	12.4	13.1	13.6	15.5	13.5	15.5
<b>Asset Quality</b>										
Gross NPA (%)	1.39	1.49	1.50	1.42	1.44	1.45	1.45	1.45	1.42	1.45
Net NPA (%)	0.35	0.43	0.41	0.31	0.33	0.33	0.33	0.33	0.31	0.33
PCR (%)	74.9	71.4	73.2	78.1	77.6	77.4	77.2	77.4	78.1	77.4

E: MOFSL Estimates

## Punjab National Bank

Buy

CMP: INR113 | TP: INR125 (+11%)

EPS CHANGE (%): FY26|27: -9.3|-5.1

- Expect margins to see some moderation
- Expect asset quality to improve; credit cost to remain contained
- Cost ratios to remain broadly stable
- Business growth trajectory to remain the key monitorable

### Quarterly Performance

(INRb)

Y/E March	FY25				FY26E				FY25	FY26E
	1Q	2Q	3Q	4Q	1QE	2QE	3QE	4QE		
Net Interest Income	104.8	105.2	110.3	107.6	105.9	108.1	114.9	123.5	427.8	452.4
% Change (YoY)	10.2	6.0	7.2	3.8	1.0	2.8	4.2	14.8	6.7	5.7
Other Income	36.1	45.7	34.1	47.2	43.6	41.6	44.5	49.7	163.1	179.4
Total Income	140.9	150.9	144.4	154.7	149.5	149.7	159.4	173.2	590.9	631.8
Operating Expenses	75.0	82.4	78.2	87.0	82.5	85.0	87.1	93.7	322.6	348.3
Operating Profit	65.8	68.5	66.2	67.8	66.9	64.8	72.3	79.5	268.3	283.5
% Change (YoY)	10.3	10.2	4.6	5.6	1.7	-5.5	9.3	17.3	7.6	5.7
Provisions	13.1	2.9	-2.9	3.6	9.4	9.2	9.9	9.8	16.7	38.3
Profit before Tax	52.7	65.7	69.1	64.2	57.6	55.5	62.4	69.7	251.6	245.2
Tax	20.2	22.6	24.0	18.5	16.1	15.5	17.5	19.5	85.3	68.6
Net Profit	32.5	43.0	45.1	45.7	41.4	40.0	44.9	50.2	166.3	176.5
% Change (YoY)	159.0	145.1	102.8	51.7	27.5	-7.1	-0.3	9.9	101.7	6.1
Operating Parameters										
Deposits	14,082	14,583	15,297	15,666	15,985	16,427	16,905	17,437	15,666	17,437
Loans	9,840	10,196	10,700	10,775	11,019	11,359	11,725	12,132	10,775	12,132
Deposit Growth (%)	8.5	11.3	15.6	14.4	13.5	12.6	10.5	11.3	14.4	11.3
Loan Growth (%)	13.9	14.6	16.8	15.3	12.0	11.4	9.6	12.6	15.3	12.6
Asset Quality										
Gross NPA (%)	5.0	4.5	4.1	4.0	3.7	3.5	3.2	3.0	4.0	3.0
Net NPA (%)	0.6	0.5	0.4	0.4	0.4	0.3	0.3	0.3	0.4	0.3
PCR (%)	88.4	90.2	90.2	90.3	90.2	90.5	90.6	90.3	90.3	90.3

E: MOFSL Estimates

## RBL Bank

Buy

CMP: INR251 | TP: INR250

EPS CHANGE (%): FY26|27: -22.7|-12.7

- Earnings impacted by lower NII and higher credit cost
- Cost ratios likely to remain elevated
- Expect asset quality ratios to remain under pressure
- Margin to witness major decline

### Quarterly Performance

(INR b)

	FY25				FY26E				FY25	FY26E
INRb	1Q	2Q	3Q	4Q	1QE	2QE	3QE	4QE		
Net Interest Income	17.0	16.1	15.9	15.6	14.8	15.8	17.3	18.9	64.6	66.9
% Change (Y-o-Y)	19.5	9.5	2.5	-2.3	-12.7	-2.3	9.3	21.1	7.0	3.5
Other Income	8.1	9.3	10.7	10.0	10.1	9.9	10.9	11.3	38.1	42.2
Total Income	25.1	25.4	26.6	25.6	25.0	25.7	28.2	30.2	102.7	109.1
Operating Expenses	16.5	16.3	16.6	17.0	17.4	17.8	18.3	18.9	66.4	72.4
Operating Profit	8.6	9.1	10.0	8.6	7.6	7.9	9.9	11.4	36.3	36.7
% Change (Y-o-Y)	32.7	24.5	30.2	-2.9	-11.5	-13.5	-1.0	31.9	19.7	1.2
Provisions	3.7	6.2	11.9	7.9	5.7	5.6	5.5	5.9	29.6	22.7
Profit before Tax	4.9	2.9	-1.9	0.8	1.9	2.3	4.3	5.5	6.7	14.0
Tax	1.2	0.7	-2.2	0.1	0.5	0.6	1.1	1.3	-0.3	3.5
Net Profit	3.7	2.2	0.3	0.7	1.4	1.7	3.2	4.2	7.0	10.6
% Change (Y-o-Y)	29.0	-24.3	-86.0	-80.5	-62.0	-22.2	892.5	507.0	-40.5	51.7
Operating Parameters										
Deposit	1,013.5	1,079.6	1,067.5	1,109.4	1,133.6	1,157.8	1,194.8	1,255.9	1,109.4	1,255.9
Loan	867.0	878.8	904.1	926.2	949.0	971.9	1,006.9	1,053.1	926.2	1,053.1
Deposit Growth (%)	18.4	20.2	15.1	7.2	11.8	7.2	11.9	13.2	7.2	13.2
Loan Growth (%)	18.6	15.1	13.1	10.3	9.5	10.6	11.4	13.7	10.3	13.7
Asset Quality										
Gross NPA (%)	2.7	2.9	2.9	2.6	2.7	2.6	2.7	2.8	2.6	2.8
Net NPA (%)	0.7	0.8	0.5	0.3	0.3	0.3	0.3	0.4	0.3	0.4
PCR (%)	73.1	73.0	82.2	89.0	88.4	88.1	87.8	87.6	89.0	87.6

E: MOFSL Estimates

## State Bank of India

Buy

CMP: INR820 | TP: INR925 (+13%)

EPS CHANGE (%): 26|27: -1.9|-2.6

- Expect cost ratios to remain under control
- Asset quality expected to improve
- Business growth trajectory to be a key monitorable
- Margin expected to see moderation

### Quarterly Performance

(INRb)

Y/E March	FY25				FY26E				FY25	FY26E
	1Q	2Q	3Q	4Q	1QE	2QE	3QE	4QE		
Net Interest Income	411.3	416.2	414.5	427.7	420.4	423.9	443.2	464.2	1,669.7	1,751.7
% Change (YoY)	5.7	5.4	4.1	2.7	2.2	1.9	6.9	8.5	4.4	4.9
Other Income	111.6	152.7	110.4	242.1	152.7	133.4	148.2	207.2	616.8	641.5
Total Income	522.9	568.9	524.9	669.8	573.1	557.4	591.4	671.4	2,286.5	2,393.2
Operating Expenses	258.4	276.0	289.4	357.0	300.8	308.5	315.0	361.2	1,109.7	1,285.5
Operating Profit	264.5	292.9	235.5	312.9	272.3	248.8	276.4	310.2	1,176.8	1,107.7
% Change (YoY)	4.6	50.9	15.8	8.8	2.9	-15.1	17.4	-0.9	27.5	0.2
Provisions	34.5	45.1	9.1	64.4	43.0	38.3	40.6	51.5	153.1	173.5
Exceptional items (exp)	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Profit before Tax	230.0	247.9	226.4	248.4	229.2	210.5	235.8	258.6	1,023.7	934.2
Tax Provisions	59.6	64.6	57.5	62.0	59.1	54.3	60.8	62.1	243.7	236.3
Net Profit	170.4	183.3	168.9	186.4	170.1	156.2	175.0	196.6	780.0	697.8
% Change (YoY)	0.9	27.9	84.3	-9.9	-0.1	-14.8	3.6	5.4	27.7	-10.5
Adj. Net profit	170.4	183.3	168.9	186.4	170.1	156.2	175.0	196.6	664.6	
Operating Parameters										
Deposits (INR t)	49.0	51.2	52.3	53.8	54.6	55.9	57.3	59.1	53.8	59.1
Loans (INR t)	37.5	38.6	40.0	41.6	42.4	43.6	44.8	46.5	41.6	46.5
Deposit Growth (%)	8.2	9.1	9.8	9.5	11.4	9.3	9.5	9.8	9.5	9.8
Loan Growth (%)	15.9	15.3	13.8	12.4	13.0	13.0	11.9	11.7	12.4	11.7
Asset Quality										
Gross NPA (%)	2.2	2.1	2.1	1.8	1.8	1.8	1.7	1.7	1.8	1.7
Net NPA (%)	0.6	0.5	0.5	0.5	0.5	0.5	0.4	0.4	0.5	0.4
PCR (%)	74.4	75.7	74.7	74.4	74.5	74.7	74.8	75.6	74.2	75.6

E: MOFSL Estimates

## Union Bank of India

Buy

CMP: INR152 | TP: INR155 (+2%)

EPS CHANGE (%): FY26|27: -3.4|-1.9

- Expect cost ratios to remain broadly under control
- Margins expected to see a decline
- Business growth momentum to be the key monitorable
- Expect improvement in asset quality

### Quarterly Performance

(INR b)

	FY25				FY26E				FY25	FY26E
	1Q	2Q	3Q	4Q	1QE	2QE	3QE	4QE		
Net Interest Income	94.1	90.5	92.4	95.1	92.8	93.9	97.4	102.6	372.1	386.6
% Change (YoY)	6.5	-0.9	0.8	0.8	-1.5	3.8	5.4	7.8	1.8	3.9
Other Income	45.1	53.3	44.2	55.6	47.0	44.7	47.6	54.9	198.1	194.2
Total Income	139.2	143.8	136.6	150.7	139.7	138.6	145.0	157.5	570.3	580.8
Operating Expenses	61.4	62.6	61.7	73.7	65.4	65.9	65.6	76.6	259.4	273.5
Operating Profit	77.9	81.1	74.9	77.0	74.4	72.7	79.3	80.9	310.9	307.3
% Change (YoY)	8.4	12.4	2.9	17.9	-4.5	-10.4	5.9	5.1	10.2	-1.2
Provisions	27.6	17.1	16.0	15.4	16.1	13.7	17.0	21.6	76.1	68.4
Profit before Tax	50.3	64.0	58.9	61.6	58.3	59.0	62.3	59.3	234.8	238.9
Tax	13.5	16.8	12.9	11.7	17.5	17.7	18.7	6.3	54.9	60.2
Net Profit	36.8	47.2	46.0	49.8	40.8	41.3	43.6	53.0	179.9	178.7
% Change (YoY)	13.7	34.4	28.2	50.6	10.9	-12.5	-5.3	6.3	31.8	-0.6
Operating Parameters										
Deposit (INR b)	12,242	12,419	12,166	13,097	13,382	13,576	13,884	14,237	13,097	14,237
Loan (INR b)	8,787	8,971	9,202	9,535	9,783	9,952	10,219	10,527	9,535	10,527
Deposit Growth (%)	8.5	9.2	3.8	7.2	9.3	9.3	14.1	8.7	7.2	8.7
Loan Growth (%)	14.0	11.6	6.7	9.5	11.3	10.9	11.1	10.4	9.5	10.4
Asset Quality										
Gross NPA (%)	4.5	4.4	3.9	3.6	3.5	3.4	3.3	3.2	3.6	3.2
Net NPA (%)	0.9	1.0	0.8	0.6	0.6	0.6	0.6	0.6	0.6	0.6
PCR (%)	80.9	78.4	79.3	83.1	82.7	82.5	82.3	83.0	83.1	83.0

E: MOFSL Estimates



## SBI Cards and Payment Services

**Neutral**
**CMP: INR932 | TP: INR975 (+5%)**
**EPS CHANGE (%): FY26|27: -7.0|-7.5**

- Cost ratios expected to remain stable
- Spending growth to remain stable

- Asset quality to see slight pressure
- Revolver mix/margin outlook are key monitorables

### Quarterly Performance

**(INR b)**

	FY25				FY26E				FY25	FY26E
	1Q	2Q	3Q	4Q	1QE	2QE	3QE	4QE		
<b>Net Interest Income</b>	<b>14.8</b>	<b>15.0</b>	<b>15.7</b>	<b>16.2</b>	<b>16.7</b>	<b>17.1</b>	<b>17.6</b>	<b>18.2</b>	<b>59.8</b>	<b>69.6</b>
% Change (Y-o-Y)	19.7	15.8	13.2	14.5	13.1	14.0	12.1	12.2	16.1	16.4
Other Income	22.4	22.7	23.7	24.2	26.0	26.4	27.7	26.5	94.8	106.6
<b>Total Income</b>	<b>37.2</b>	<b>37.7</b>	<b>39.4</b>	<b>40.4</b>	<b>42.7</b>	<b>43.5</b>	<b>45.3</b>	<b>44.7</b>	<b>154.6</b>	<b>176.2</b>
Operating Expenses	18.2	20.1	21.1	20.7	21.8	22.4	23.0	22.6	80.1	89.7
<b>Operating Profit</b>	<b>19.0</b>	<b>17.6</b>	<b>18.3</b>	<b>19.6</b>	<b>20.9</b>	<b>21.2</b>	<b>22.3</b>	<b>22.1</b>	<b>74.5</b>	<b>86.5</b>
% Change (Y-o-Y)	25.4	13.3	13.0	7.2	10.1	20.5	21.7	12.6	14.3	16.1
Provisions	11.0	12.1	13.1	12.5	13.2	13.1	12.3	11.5	48.7	50.0
<b>Profit before Tax</b>	<b>8.0</b>	<b>5.5</b>	<b>5.2</b>	<b>7.2</b>	<b>7.7</b>	<b>8.1</b>	<b>10.0</b>	<b>10.6</b>	<b>25.8</b>	<b>36.4</b>
Tax	2.0	1.4	1.3	1.8	2.0	2.1	2.6	2.7	6.6	9.3
<b>Net Profit</b>	<b>5.9</b>	<b>4.0</b>	<b>3.8</b>	<b>5.3</b>	<b>5.7</b>	<b>6.1</b>	<b>7.5</b>	<b>7.9</b>	<b>19.2</b>	<b>27.2</b>
% Change (Y-o-Y)	0.2	-32.9	-30.2	-19.4	-3.4	49.7	94.5	47.9	-20.2	41.4
<b>Operating Parameters</b>										
Loan (INRb)	508.1	536.0	528.1	539.3	556.8	573.0	585.9	604.1	539.3	604.1
Loan Growth (%)	21.5	23.0	12.0	9.9	9.6	6.9	11.0	12.0	9.9	12.0
Borrowings (INRb)	408.7	432.2	439.1	449.5	450.2	461.7	473.7	490.4	430.7	490.4
Borrowing Growth (%)	24.0	26.8	15.5	12.7	10.2	6.8	7.9	9.1	8.0	13.9
<b>Asset Quality</b>										
Gross NPA (%)	3.1	3.3	3.2	3.1	3.2	3.1	3.1	3.0	3.1	3.0
Net NPA (%)	1.1	1.2	1.2	1.5	1.4	1.4	1.3	1.3	1.5	1.3
PCR (%)	64.4	64.4	64.4	53.5	55.5	56.4	57.6	57.5	53.5	57.5

## Paytm

**Neutral**
**CMP: INR 930 | TP: INR1000 (+8%)**
**Revenue from Ops. CHANGE (%): FY26|27: -1.5|-19.0**

- Expect profitability to improve
- Expect disbursements and GMV to increase sequentially

- Expect total revenue growth to improve
- UPI incentive and EBITDA guidance to be a key monitorable

### Quarterly Performance

**(INR b)**

	FY25				FY26E				FY25	FY26E
	1Q	2Q	3Q	4Q	1QE	2QE	3QE	4QE		
Payment Services to Consumers	0.8	0.9	0.9	1.0	1.0	1.1	1.2	1.4	4.0	4.7
Payment Services to Merchants	8.0	8.6	9.1	9.5	8.9	9.3	10.3	11.4	34.8	39.9
Financial Services and Others	2.8	3.8	5.0	5.5	5.7	5.8	5.9	6.0	17.0	23.4
<b>Payment and Financial Services</b>	<b>11.6</b>	<b>13.2</b>	<b>15.1</b>	<b>15.9</b>	<b>15.6</b>	<b>16.2</b>	<b>17.4</b>	<b>18.8</b>	<b>55.8</b>	<b>68.0</b>
% Change (Y-o-Y)	-39.3	-36.2	-34.2	-14.4	34.2	22.8	15.4	18.3	-31.3	21.9
<b>Commerce and Cloud Services</b>	<b>3.2</b>	<b>3.0</b>	<b>2.7</b>	<b>2.7</b>	<b>2.9</b>	<b>3.3</b>	<b>3.5</b>	<b>3.8</b>	<b>11.6</b>	<b>13.4</b>
% Change (Y-o-Y)	-20.7	-28.8	-48.1	-32.4	-10.4	8.1	31.8	41.4	-33.4	16.0
<b>Revenue from Operations</b>	<b>15.0</b>	<b>16.6</b>	<b>18.3</b>	<b>19.1</b>	<b>19.0</b>	<b>20.0</b>	<b>21.4</b>	<b>23.1</b>	<b>69.0</b>	<b>83.4</b>
% Change (Y-o-Y)	-35.9	-34.1	-35.9	-15.7	26.3	20.2	17.0	20.9	-30.8	20.9
Direct Expenses	7.5	7.7	8.7	8.4	8.4	8.8	9.3	10.2	32.2	36.7
<b>Contribution Profit</b>	<b>7.5</b>	<b>8.9</b>	<b>9.6</b>	<b>10.7</b>	<b>10.5</b>	<b>11.2</b>	<b>12.1</b>	<b>12.9</b>	<b>36.8</b>	<b>46.7</b>
% Change (Y-o-Y)	-42.1	-37.3	-36.9	-16.7	39.6	25.0	26.0	20.4	-33.6	27.0
Indirect Expenses	13.0	10.8	10.0	9.9	10.3	10.7	11.4	11.9	43.7	44.3
<b>Adjusted EBITDA</b>	<b>-5.5</b>	<b>-1.9</b>	<b>-0.4</b>	<b>0.8</b>	<b>0.3</b>	<b>0.4</b>	<b>0.7</b>	<b>1.0</b>	<b>-6.9</b>	<b>2.4</b>
<b>EBITDA</b>	<b>-7.9</b>	<b>-4.0</b>	<b>-2.2</b>	<b>-0.9</b>	<b>-0.7</b>	<b>-0.5</b>	<b>-0.3</b>	<b>0.1</b>	<b>-15.1</b>	<b>-1.4</b>
<b>PAT</b>	<b>-8.4</b>	<b>-4.2</b>	<b>-2.1</b>	<b>-0.2</b>	<b>0.02</b>	<b>0.2</b>	<b>0.5</b>	<b>1.2</b>	<b>-6.6</b>	<b>1.9</b>
% Change (Y-o-Y)	134.7	45.5	-5.5	-96.1	-100.3	-103.7	-126.1	-650.9	-53.0	-128.8
<b>Adj. PAT</b>	<b>-8.4</b>	<b>9.3</b>	<b>-2.1</b>	<b>-5.4</b>	<b>0.02</b>	<b>0.2</b>	<b>0.5</b>	<b>1.2</b>		
<b>Operating Parameters</b>										
GMV (INRt)	4.3	4.5	5.0	5.1	5.3	5.5	5.9	5.9	18.8	22.6
Disbursements (INR b)	50.1	52.8	55.8	57.4	62.5	69.1	76.7	87.8	216.2	296.2
GMV Growth (%)	5.2	-0.7	-1.2	8.7	23.3	23.4	17.1	16.6	3.0	20.0
Disbursements Growth (%)	-66.3	-67.4	-64.1	-1.1	24.9	30.9	37.5	53.1	-58.7	37.0
<b>Profitability</b>										
Contribution Margin (%)	50.3	53.9	52.5	56.1	55.6	56.0	56.5	55.9	53.3	56.0
Adjusted EBITDA Margin (%)	-36.4	-11.2	-2.2	4.2	1.5	2.2	3.3	4.5	-10.0	2.9
EBITDA Margin (%)	-52.8	-24.3	-12.2	-4.6	-3.6	-2.6	-1.2	0.3	-21.8	-1.6

E: MOFSL Estimates

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## NOTES

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SELL	< - 10%
NEUTRAL	< - 10 % to 15%
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