

Financials: Banks

Result Preview



2QFY25 earnings estimates (INR b)

PAT (INR b)	2Q FY25E	YoY (%)	QoQ (%)
Private Banks			
AUBANK	4.9	22.6	-2.0
AXSB	66.3	13.0	9.8
BANDHAN	8.8	21.4	-17.7
DCBB	1.4	6.5	2.8
EQUITAS	1.8	-9.3	598.0
FB	10.0	5.3	-0.5
HDFCB	163.5	2.4	1.1
ICICIB	109.1	6.3	-1.4
IDFCB	5.7	-24.2	-16.3
IIB	20.7	-6.2	-4.9
KMB	35.2	10.4	0.1
RBK	2.5	-14.2	-32.1
Private Total	429.9	5.0	0.6
PSU Banks			
BOB	46.0	8.3	3.3
CBK	38.0	5.4	-2.7
INBK	25.4	28.0	5.9
PNB	34.6	97.1	6.5
SBIN	164.1	14.5	-3.7
UNBK	37.0	5.5	0.7
PSU Total	345.2	17.2	-0.6
Banks Total	775.1	10.1	0.0
SBICARD	5.9	7.4	-0.8
Paytm	-6.6	NA	NA

Earnings growth modest; asset quality trend to be divergent

Margins to exhibit a slight negative bias

- System growth showing moderation; estimate 12.5% credit growth for FY25:** Systemic credit growth has declined to 14.2% from 16.4% in FY24, mainly driven by slower deposit growth and an elevated CD ratio. Several banks, especially PVBs, have reduced their credit growth guidance, while PSBs have largely maintained their guidance. Further, continued moderation in unsecured retail and slower corporate credit off-take will further impact credit growth in the banking system. While the gap between deposits and credit growth has narrowed from the peak of 8.8% in Nov'22 to 2.3% as of Sep'24, the high incremental LDR and regulatory watch on both LDR and LCR will drive further moderation in loan growth. We thus estimate the CD growth gap to reduce to <100bp over FY25 while estimating credit growth to slow down to 12.5% over FY25.
- Deposit growth at 11.9% in Sep'24; margin bias slightly negative:** Deposit growth has hovered in a narrow range of 11-13% over the past 14 months and is up 2.8% YTD. The systemic CD ratio remains elevated at 79.6%, and most banks have seen their CD rise over the past year. Among the banks under our coverage, we closely monitor the deposit growth trajectory for HDFCB and AXSB amid their higher CD ratios of 103.5% and 92.2%, respectively, in 1QFY25. We observe that deposit competitiveness shows no signs of ebbing, which should keep the deposit rate and CoF elevated. Consequently, these should keep NIMs under pressure, while the reversal in rate cycle should further lead to yield pressure. We believe PSBs will be better capable of maintaining their margins, aided by their higher mix of MCLR rate books.
- Asset quality stable for PSUs and large Pvt. banks; MFI and unsecured loans to experience rising stress:** Credit quality in this cycle has been robust for most banks, leading to controlled provisioning expenses and thus a healthy RoA. However, we believe that the unsecured loans will continue to see the deterioration in 2QFY25. Banks with higher exposure to the MFI and unsecured loans may thus see slower growth and higher credit costs in 2Q. Hence, we would closely monitor the asset quality outlook over the medium term. We factor in a modest rise in provisioning expenses as the recovery from the existing NPA/TWO pools moderates, while credit costs normalize gradually after being extremely benign over the recent period.
- Earnings for our banking coverage universe to clock ~13.6% CAGR over FY24-26E:** We estimate NII for our banking coverage universe to grow ~8.6% YoY in 2QFY25, while controlled opex to result in PPoP of 13.2% YoY/ 0.9% QoQ. For 2QFY25, we thus estimate Private/PSU banks to report earnings growth of 4.1%/17.2% YoY. **We also estimate the earnings of the MOFSL Banking Universe to grow 10.1%/13.2%/13.9% YoY over 2QFY25/FY25/FY26.** Hence, we estimate the **banking sector's earnings to post a 13.6% CAGR over FY24-26.**

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Private banks: PAT to grow ~5% YoY in 2QFY25

- **For our private bank coverage universe**, we estimate a PPOP growth of 12% YoY/ 1% QoQ and a PAT growth of 5% YoY/0.6% QoQ in 2QFY25. We also estimate a 12.4% CAGR in earnings over FY24-26.
- We estimate NII to grow 11.3% YoY in 2QFY25. Specifically, we project Bandhan's growth at 23.8% YoY, IDFC Bank at 22.6% YoY, Federal Bank at 15.8% YoY, RBL Bank at 13.2% YoY, Axis Bank at 10.7% YoY, and Kotak Mahindra Bank at 10.4% YoY.
- Opex is likely to follow a normalized trend as the banks continue with their investments in branches and technology, while the pace of employee hiring has moderated. Other income is anticipated to be healthy following a decline in bond yields.
- **Slippages broadly remain under control**, which should drive stability/further improvement in asset quality ratios. However, we remain cautious amid rising delinquencies in unsecured lending and MFI, which could result in some rise in credit costs in the unsecured segments, primarily MFI.

PSBs: PAT to dip marginally QoQ amid flat NIMs and mild rise in LLP

- We estimate PSBs to report moderate earnings growth of 17.2% YoY/ a decline of 0.6% QoQ in 2QFY25. NII growth is also likely to remain moderate at ~6% YoY as margins maintain a marginal downward bias. Accordingly, we estimate PSBs' earnings to clock a 15% CAGR over FY24-26.
- **Opex to be under control** as wage-related provisions are largely accounted for in FY24. Thus, we expect a normal opex trajectory in FY25. **Treasury performance is likely to remain healthy**, led by a decline in bond yields and buoyant capital markets. We also expect an improvement in CET-1 for select PSBs, backed by the revised investment regulations.
- Expect asset quality to remain broadly stable amid an improving borrower profile and a low SMA pool, keeping slippages under control. However, with rising delinquencies in unsecured lending, **the outlook for asset quality** will be closely monitored over the coming quarters. Besides, the ECL provisioning requirement for the next fiscal may also act as an overhang on sector performance.

SFBs: Mixed performance; asset quality to be keenly monitored

- We estimate **AUBANK's 2QFY25 PAT** to grow 22.6% YoY to INR4.9b (-2% QoQ), as the bank has completed its merger with Fincare SFB. Its NII is expected to grow 58% YoY (including Fincare), while NIM is projected to witness a marginal decline. Expect asset quality to remain broadly stable with marginal impact from the MFI segment and card business.
- **EQUITASB** is likely to report a modest quarter, with PAT expected to dip 9% YoY amid higher provisions and opex. Business growth is likely to be healthy, and we estimate advances to grow at ~17% YoY (+~5.5% QoQ). We further estimate its NIM to moderate 7bp QoQ to 7.9%.

Payments/Fintech: Earnings trajectory to remain modest

- **SBICARDS:** We expect corporate spending to pick up; however, retail spending is likely to remain healthy. NIM is anticipated to be broadly stable, while credit costs would remain elevated due to continued asset quality pressure. We, thus, estimate earnings to de-grow 2.2% YoY (down 0.8% QoQ).
- **PAYTM:** We estimate a 7% QoQ growth (flat YoY) in GMV in 1QFY25, amounting to INR4.6t. Revenue from its operations is projected to increase 8% QoQ (down 36% YoY) to INR16.2b, while contribution profit is estimated to increase 13% QoQ (down 40% YoY) to INR8.5b for 2QFY25. The contribution margin is likely to be ~53%. Adj. operating loss is estimated to be INR3.1b in 2QFY25.

Top picks – ICICIBC, HDFCB, FB, and AU SFB

ICICIBC: Financial snapshot (INR b)

Y/E March	FY24	FY25E	FY26E
NII	743	817	933
OP	581	653	755
NP	409	447	505
NIM (%)	4.7	4.4	4.3
EPS (INR)	58.4	63.6	72.0
EPS Gr (%)	27.5	9.0	13.1
ABV/Sh (INR)	315	368	430
Cons. BV/Sh (INR)	363	439	514

Ratios

RoE (%)	18.9	17.6	17.2
RoA (%)	2.4	2.2	2.2

Valuations

P/BV (x) (Cons)	3.5	2.9	2.4
P/ABV (x)	3.3	2.8	2.4
P/E (x)	21.5	19.8	17.5
Adj P/E (x)*	17.5	16.1	14.2

*Adj for Investment in Subs

HDFCB: Financial snapshot (INR b)

Y/E	FY24	FY25E	FY26E
NII	1,085	1,237	1,375
OP	944	1,017	1,146
NP	608	678	765
NIM (%)	3.4	3.5	3.5
EPS (INR)	80.0	89.3	100.7
EPS Gr. (%)	1.0	11.5	12.8
BV/Sh. (INR)	580	649	728
ABV/Sh. (INR)	555	622	698

Ratios

RoE (%)	14.6	14.5	14.6
RoA (%)	1.8	1.8	1.8

Valuations

P/E(X)	21.0	18.8	16.7
P/E(X)*	17.8	16.0	14.2
P/BV (X)	2.9	2.6	2.3
P/ABV (X)	2.6	2.3	2.0

*Adj for Investment in Subs

ICICIBC (BUY)

- ICICIBC has been a consistent performer, aided by strong growth and profitability over the past few years. The bank has achieved impressive growth, exceeding system credit growth at ~17% CAGR over FY22 to FY24. This has been driven by retail, BB, and SME.
- Slippages have been well under control amid its strong underwriting practices, while a healthy provisions buffer on its balance sheet and additional contingency provisions of INR131b/1.1% of loans provide a comfort to protect RoAs even during the ECL transmission.
- Over the past five quarters, the bank's margins have corrected 54bp to 4.36% (down from the peak of 4.9%). The pace of NIM compression has decreased significantly. Management expects NIMs to be rangebound with a slight downward bias in the near term amid elevated TD rates, while the repricing of the TDs appears to be largely behind.
- ICICIBC has consistently outpaced system credit growth, driven by healthy growth in retail, BB, and SME segments. The bank has laid a special emphasis on the diversified and granular portfolio growth. It has reported 17% CAGR in portfolio during FY22-24.
- The bank is well positioned to deliver superior performance characterized by healthy loan growth, strong asset quality, and industry-leading return ratios. We estimate its RoA/RoE at 2.2%/17.2% in FY26. Adjusted for its subsidiaries, the standalone bank currently trades at 2.4x FY26E ABV.

HDFCB (BUY)

- HDFCB remains committed to sustainable growth, focusing on expanding its physical and digital infrastructure. Despite short-term softness due to constraints on the CD ratio, the bank expects improved asset mix and gradual replacement of high-cost borrowings to aid margin recovery.
- The Retail, and CRB portfolios have shown robust traction, with these segments now contributing 81% of the total mix. The bank's CRB segment alone saw 28% YoY growth in FY24. HDFCB expects to maintain this growth momentum, achieving a loan CAGR of ~10% and deposit CAGR of ~15% over FY24-27.
- The merger with HDFC led to inherited high-cost deposits, which the bank is systematically replacing with lower-cost options. Although the CASA mix has dropped to 36% in 1QFY25, the focus remains on increasing deposit inflows through enhanced customer engagement and cross-selling.
- NIM is expected to recover gradually, and we estimate NIM to stabilize at 3.5-3.6% by FY26 as the mix of high-yielding retail assets grows and high-cost borrowings are replaced. Asset quality remains stable post-merger, with a strong provision buffer offering comfort amid potential credit challenges.
- HDFC Bank anticipates steady profitability, with an estimated RoA/RoE of 1.8%/14.6% by FY26, driven by improved operating leverage, margin recovery, and disciplined credit growth management. Adjusted for its subsidiaries, the standalone bank currently trades at 2.3x FY26E ABV.

FB: Financial snapshot (INR b)

Y/E Mar	FY24	FY25E	FY26E
NII	82.9	96.8	117.5
OP	51.7	61.5	77.1
NP	37.2	41.2	49.8
NIM (%)	3.3	3.2	3.3
EPS (INR)	16.3	16.9	20.5
EPS Gr. (%)	14.5	3.5	20.9
BV/Sh. (INR)	119	134	152
ABV/Sh. (INR)	113	127	143

Ratios

ROE (%)	14.7	13.4	14.3
ROA (%)	1.3	1.2	1.3

Valuations

P/E(X)	11.8	11.4	9.4
P/BV (X)	1.6	1.4	1.3
P/ABV (X)	1.7	1.5	1.3

AU SFB: Financial snapshot (INR b)

Y/E March	FY24	FY25E	FY26E
NII	51.6	80.5	101.2
PPoP	24.4	40.6	51.8
PAT	15.3	21.6	28.8
NIM (%)	5.2	6.2	6.0
EPS (INR)	23.0	30.6	38.8
EPS Gr. (%)	4.3	33.4	26.5
BV/Sh. (INR)	187	223	261
ABV/Sh. (INR)	183	218	254

Ratios

RoE (%)	13.1	14.9	16.0
RoA (%)	1.5	1.7	1.7

Valuations

P/E(X)	31.9	23.9	18.9
P/BV (X)	3.9	3.3	2.8
P/ABV (X)	4.0	3.4	2.9

Federal Bank (BUY)

- FB has maintained its trajectory of sustainable growth, leveraging data analytics, and fintech partnerships to drive product distribution and enhance its digital capabilities. The bank is optimistic about expanding its customer base and loan portfolio through these strategies, despite facing regulatory challenges.
- FB posted robust loan growth across segments, particularly in high-yielding products. FB's advances are estimated to grow at an 18% CAGR over FY25-27, supported by an improving risk profile and strict underwriting practices.
- The bank's deposit base has grown in tandem with its advances, recording an 18% YoY growth in FY24, driven by strong TD inflows. CASA deposits are expected to recover gradually with an estimated CASA ratio of 32% by FY27. FB's collaboration with fintech firms remains critical for deposit growth, allowing the bank to cross-sell and optimize its deposit franchise.
- While FB's NIM compressed to 3.16% in 1QFY25 due to rising funding costs, its shift towards higher-margin products should support margin recovery. FB expects NIM to stabilize at ~3.4% by FY27, alongside improvements in its C/I ratio, estimated to moderate to 50% by FY27 from the current 54.5%.
- Asset quality remains a key strength for FB, with GNPA/NNPA ratios improving to 2.1%/0.7% in FY24. The bank's strong underwriting and recovery processes ensure controlled slippages, positioning it for a further reduction in GNPA to 1.9% by FY27. Credit costs to remain stable at 30-40bp over the next few years.
- We believe that FB is well placed to deliver RoA expansion, led by controlled credit costs and a rise in the mix of high-yielding segments. We estimate FY26 RoA/RoE of 1.3%/14.3%. The stock currently trades at a valuation of 1.3x FY26E ABV.

AU SFB (BUY)

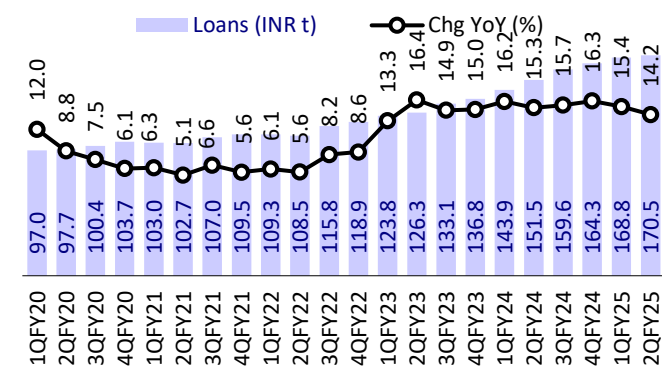
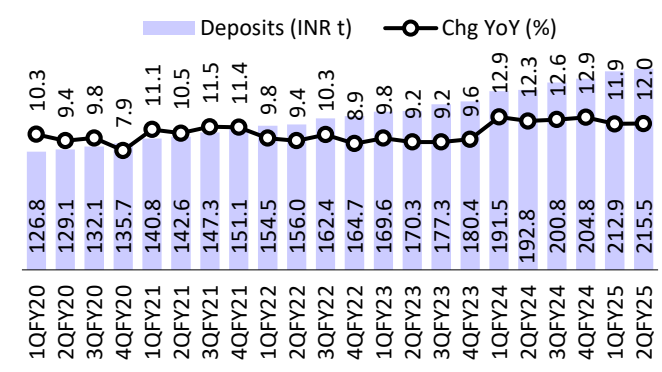
- AUBANK is positioned to maintain strong growth, capitalizing on the synergies from its recent merger with Fincare SFB. The merger has broadened the bank's geographical footprint and diversified its product offerings, particularly in high-yield segments such as MFI and SBL. AUBANK's loan book is estimated to grow at a 24% CAGR over FY25-FY27.
- AUBANK has made significant strides in mobilizing deposits, retiring high-cost bulk deposits, and focusing on granular retail deposits. The bank targets a 25% growth in deposits for FY25, with a CD ratio expected to stabilize at ~90%.
- Despite an increase in NIM to 6.0% post-merger, the margin is expected to remain under pressure due to rising funding costs. However, improvements in disbursement yields and potential reductions in borrowing rates are expected to drive margin recovery over FY25-FY27, stabilizing NIM at 6.0-6.2%.
- Asset quality remains under control with a projected GNPA/NNPA ratio of 1.9%/0.6% by FY27, while credit costs are expected to remain stable at 1.2% over the same period. The bank's focus on tight underwriting, efficient collections, and contingency buffers for the MFI ensures resilient asset quality.
- Operational leverage is likely to improve gradually as the bank integrates its merged operations. C/I ratio is expected to remain elevated at ~62% in FY25, and will moderate to ~60% by FY27 as the bank realizes synergies from the merger.
- With an estimated RoA of 1.7% by FY26, AU Bank is expected to maintain a strong profitability benefitting from the merger synergies. While the asset quality outcome too is expected to stay healthy. The stock currently trades at a valuation of 2.9x FY26E ABV.

Exhibit 1: Earnings estimates – 2QFY25

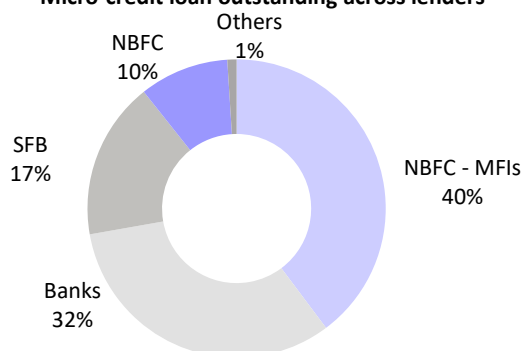
	Rating	NII (INR m)			Operating profit (INR m)			Net profit (INR m)		
		Sep'24	YoY (%)	QoQ (%)	Sep'24	YoY (%)	QoQ (%)	Sep'24	YoY (%)	QoQ (%)
Financials										
AU Small Finance	Buy	19,732	58.0	2.7	10,025	54.8	1.5	4,926	22.6	-2.0
Axis Bank	Neutral	1,36,268	10.7	1.3	1,02,422	18.7	1.3	66,276	13.0	9.8
Bandhan Bank	Neutral	30,254	23.8	0.7	18,679	18.0	-3.8	8,756	21.4	-17.7
DCB Bank	Buy	5,203	9.4	4.8	2,238	6.3	9.0	1,351	6.5	2.8
Equitas Small Finance	Buy	8,232	7.5	2.7	3,502	6.0	2.9	1,798	-9.3	598.0
Federal Bank	Buy	23,808	15.8	3.9	14,672	10.8	-2.2	10,041	5.3	-0.5
HDFC Bank	Buy	2,98,121	8.9	-0.1	2,43,722	7.4	2.0	1,63,547	2.4	1.1
ICICI Bank	Buy	1,99,285	8.9	1.9	1,58,325	11.3	-1.2	1,09,080	6.3	-1.4
IDFC First Bank	Neutral	48,425	22.6	3.1	19,371	28.3	2.9	5,696	-24.2	-16.3
IndusInd Bank	Buy	54,522	7.4	0.8	40,145	2.7	1.6	20,652	-6.2	-4.9
Kotak Mahindra Bank	Neutral	69,524	10.4	1.6	53,164	15.3	1.2	35,227	10.4	0.1
RBL Bank	Neutral	16,690	13.2	-1.8	8,394	14.8	-2.3	2,522	-14.2	-32.1
Banks – Private		9,10,064	11.3	1.1	6,74,658	11.7	0.8	4,29,872	5.0	0.6
Bank of Baroda	Buy	1,15,260	6.4	-0.6	75,071	-6.4	4.8	46,039	8.3	3.3
Canara Bank	Buy	92,048	3.4	0.4	72,809	-4.4	-4.4	37,992	5.4	-2.7
Indian Bank	Buy	62,386	8.7	1.0	45,963	6.8	2.1	25,441	28.0	5.9
Punjab National Bank	Neutral	1,08,995	9.8	4.0	71,570	15.1	8.7	34,615	97.1	6.5
State Bank of India	Buy	4,16,034	5.3	1.2	2,67,850	37.9	1.3	1,64,057	14.5	-3.7
Union Bank	Buy	95,485	4.6	1.4	75,539	4.6	-3.0	37,039	5.5	0.7
Banks – PSU		8,90,208	5.9	1.2	6,08,803	15.3	1.3	3,45,183	17.2	-0.6
Total Banks		18,00,271	8.6	1.2	12,83,461	13.4	1.0	7,75,056	10.1	0.0
SBI Cards	Neutral	14,900	14.9	0.9	19,362	24.8	1.9	5,896	7.4	-0.8
Paytm	Neutral	16,155	-35.9	7.6	-3,074	LP	-43.7	-6,603	NA	NA

Exhibit 2: Our sector's earnings estimates remain broadly unchanged; estimate 16% CAGR over FY25-27

INR b	Old Estimates		Revised Estimates		Introduced	% Change	
	FY25E	FY26E	FY25E	FY26E	FY27E	FY25E	FY26E
Private Banks							
AXSB	264.3	305.5	263.9	304.4	357.6	-0.20	-0.40
BANDHAN	42.3	48.8	39.3	46	54.2	-7.10	-5.70
DCBB	6.1	7.5	6	7.6	9.3	-0.70	0.50
HDFCB	680.4	779	678.2	764.8	873.2	-0.30	-1.80
ICICIBC	450	514.8	446.8	505.4	599.6	-0.70	-1.80
IDFCFB	31.7	45.2	29.9	42.2	57.5	-5.80	-6.80
IIB	94.3	115.5	88.6	109.3	136.8	-6.00	-5.40
KMB	148	170.8	142.5	164.9	204.5	-3.70	-3.50
FB	42.5	50.5	41.2	49.8	60.3	-3.00	-1.30
RBK	14.3	18.9	12.7	17.9	25.3	-11.00	-5.40
AUBANK	21.4	28.1	21.6	28.8	37.7	1.10	2.70
EQUITASB	6.4	10.1	6.4	10.2	15	0.00	0.50
Total Pvt	1,801.70	2,094.80	1,777.10	2,051.20	2,431.00	-1.40	-2.10
- YoY growth	11.00%	16.30%	9.50%	15.40%	18.50%		
PSU Banks							
BOB	195.5	210.2	194.7	213.9	236	-0.40	1.80
CBK	165	189	161.4	175.8	194.9	-2.20	-7.00
INBK	101.8	115.2	102.2	112.2	126.5	0.40	-2.60
PNB	140.9	169.1	143.6	168.5	197.2	1.90	-0.40
SBIN	713.2	802.6	698.1	782.7	894.8	-2.10	-2.50
UNBK	158.3	179	156.2	179.2	205.5	-1.30	0.20
Total PSU	1,474.70	1,665.10	1,456.20	1,632.30	1,854.80	-1.30	-2.00
- YoY growth	19.50%	12.90%	18.00%	12.10%	13.60%		
Total Banks	3,276.30	3,759.90	3,233.40	3,683.50	4,285.90	-1.30	-2.00
- YoY growth	14.70%	14.80%	13.20%	13.90%	16.40%		
SBI Cards	26.7	35.8	26.2	35.3	47	-1.70	-1.40

Exhibit 3: Loan growth stood at 14.2%**Exhibit 4: Deposit growth stood at 12.0%****Exhibit 5: MFI industry: Mix of bank loans stood at ~32%; MFI industry size at INR4.2t**

Banks have reduced their micro credit loan exposure from 40% in FY22 to 32% in FY24

Micro-credit loan outstanding across lenders

Source: MOFSL,

Company

Exhibit 6: Personal loan growth has moderated across banks...

Personal Loan Growth (%)	1QFY25	1QFY24	1QFY23
HDFC Bank	5.2	19.5	22.8
ICICI Bank	24.9	38.6	38.2
Axis Bank	29.4	21.0	9.2
Kotak	21.7	42.5	78.5
SBI	11.2	19.8	32.4
BoB	39.2	82.9	147.1

Source: MOFSL, Company

Exhibit 7: ...so has the growth in credit cards

Credit Card Growth (%)	1QFY25	1QFY24	1QFY23
HDFC Bank	14.3	12.8	27.0
ICICI Bank	31.3	45.4	63.3
Axis Bank	22.4	92.5	9.0
Kotak	28.9	66.6	77.2
SBI Cards	21.5	30.3	39.2

Source: MOFSL, Company

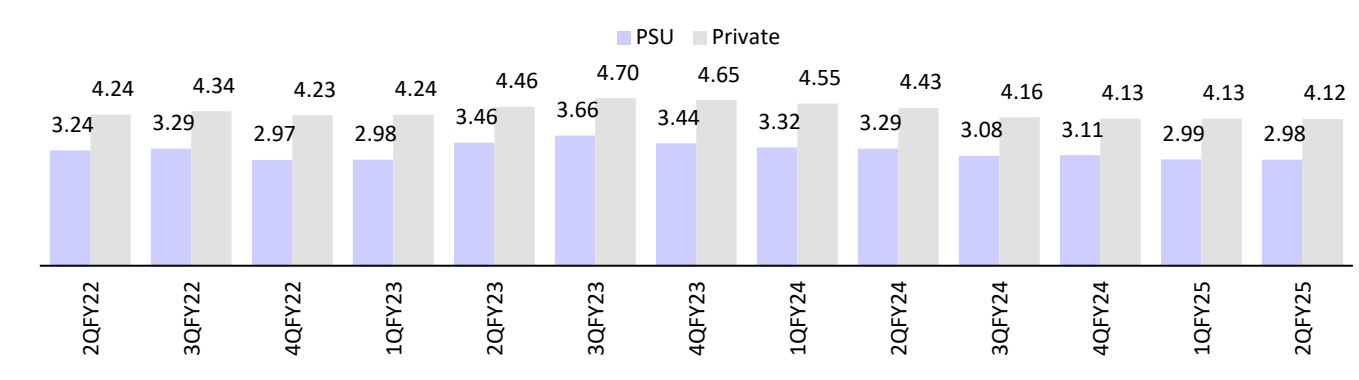
Exhibit 8: Estimate NIMs to exhibit a slight downward bias

Exhibit 9: Snapshot of additional provision buffers as of 1QFY25

Large banks continue to carry additional provision buffers

As on 1QFY25	Loans (INR b)	COVID/contingent provisions	Floating/additional provisions	Total provisions	As a percentage of loans (%)
AXSB*	9,801	50.1	66.9	117	1.2
HDFCB	24,635	145	124	269	1.1
ICICIBC	12,231	131	-	131	1.1
IIB	3,479	10	-	10	0.3
AUBANK	896	0.2	0.4	0.6	0.1

*AXSB holds total provisions of INR117b, including standard and additional, other than NPA

Source: MOFSL, Company

Exhibit 10: PSBs have a sizeable mix of MCLR-linked loans as of 1QFY25 (%)

Loans Mix (%) - 1QFY25	MCLR	EBLR	Repo Linked	Others (Fixed, base rate, foreign currency-floating)
AXSB	13	4	50	33
ICICIBC	17	2	50	31
RBL	7	35		58
FB	11	52		37
CBK	51	38		10
INBK	60		34	6
PNB	33	10	40	17
SBIN	36	27		37

Source: MOFSL, Company

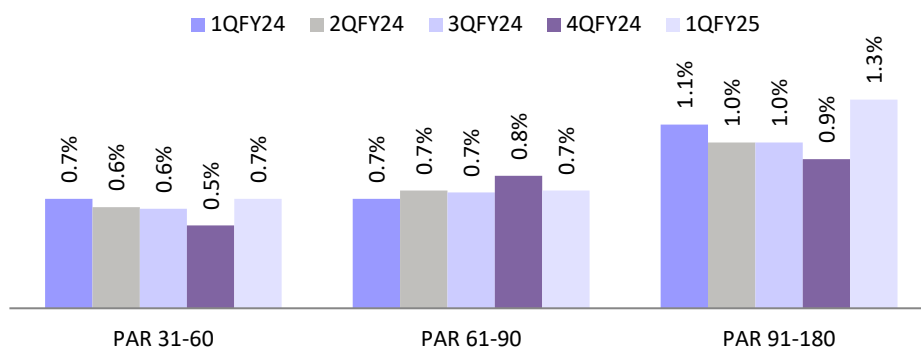
Exhibit 11: Snapshot of restructured books across banks

INR b	Restructured book									
	Absolute	Jun'22	Sep'22	Dec'22	Mar'23	Jun'23	Sep'23	Dec'23	Mar'24	Jun'24
AXSB	14.1	0.45	0.38	0.3	0.22	0.21	0.2	0.18	0.16	0.14
BANDHAN	NA	2.35	0.2	NA	NA	NA	NA	NA	NA	NA
DCBB	9.9	6.1	5.45	4.94	4.51	3.97	3.4	3	2.62	2.34
HDFCB	NA	0.76	0.53	0.42	0.31	NA	0.22	NA	NA	NA
ICICIBC	27.4	0.8	0.7	0.5	0.4	NA	0.32	0.29	0.26	0.22
IIB	11.8	2.1	1.5	1.25	0.84	0.66	0.54	0.48	0.40	0.34
KMB	3.2	0.39	0.34	0.25	0.22	0.19	0.15	0.13	0.10	0.08
FB	18.3	2.22	2.03	1.81	1.62	1.4	1.3	1.1	0.97	0.83
RBK	3.8	2.9	2.21	1.67	1.21	1.05	0.89	0.63	0.51	0.44
AUBANK	3.6	2.1	1.7	1.4	1.2	1	0.8	0.7	0.60	0.40
BOB	NA	2.46	2.12	1.87	1.5	1.31	NA	1	NA	NA
SBIN	160.2	1	0.93	0.85	0.8	0.69	0.62	0.54	0.47	0.43
INBK	78.8	4.2	3.9	3.37	2.51	2.19	2.12	1.93	1.67	1.51
PNB	NA	2	1.8	1.54	1.32	NA	NA	NA	NA	NA
UNBK	118.6	2.92	2.6	2.38	2.2	2	1.71	1.57	1.48	1.30
CBK	NA	2.41	2.09	1.75	NA	NA	NA	NA	NA	NA

Source: MOFSL, Company

Exhibit 12: Trend in MFI delinquencies of banks

Banks have seen stress in MFI sector in 1QFY25, which increased to 1.3% from 0.9% in 4QFY24 (PAR 91-180).



Source: MFIN

Exhibit 13: SMA books across banks as of 1QFY25

SMA (bp of loans)	SMA 0	SMA 1	SMA 2
BOB	NA	18bp	
CBK	62bp	9bp	42bp
INBK	NA	26bp	21bp
PNB	NA	NA	16bp
SBIN	NA	7bp	5bp
UNBK	60bp	3bp	16bp
BANDHAN	90bp	70bp	70bp
KMB	NA	NA	6bp

Source: MOFSL, Company

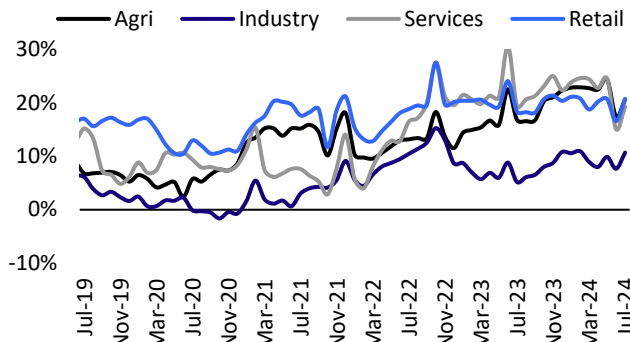
Exhibit 14: AFS + general reserve accretion across key private banks & PSBs during 1QFY25

Among private banks, KMB saw the maximum increase in net worth by 3%, led by a reserve accretion of INR29b.

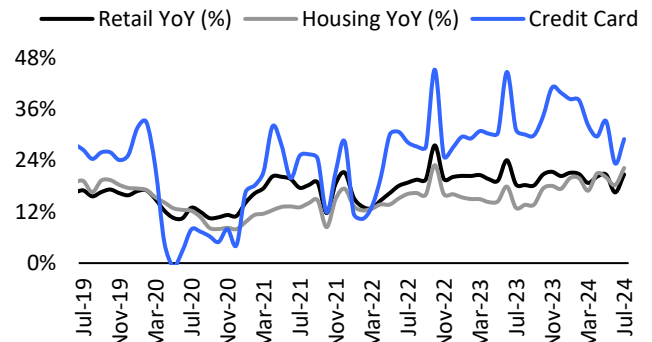
Punjab Sind Bank and Central Bank reported a decline in general reserves due to a change in valuation methodology related to the treatment of zero coupon bonds.

	AFS Reserve Accretion (INR b)	% of FY24 NW	% of total invest-ments	General Reserve Accretion (INR b)	% of FY24 NW	% of total invest-ments	NW Accretion (INR b)	% of FY24 NW	% of total invest-ments
HDFCB	NA	NA	NA	1.3	0.0%	0.0%	1.3	0.0%	0.0%
ICICIBC	20.6	0.9%	0.4%	11.6	0.5%	0.2%	32.1	1.3%	0.7%
AXSB	0.0	0.0%	0.0%	14.6	1.0%	0.5%	14.6	1.0%	0.5%
KMB	NA	NA	NA	NA	NA	NA	29.1	3.0%	1.8%
IIB	NA	NA	0.0%	1.7	0.3%	0.2%	1.7	0.3%	0.2%
FB	NA	NA	NA	NA	NA	NA	3.4	1.2%	0.5%
BANDHAN	0.7	0.3%	0.2%	0.3	0.2%	0.1%	1.1	0.5%	0.3%
SBIN	38.7	1.0%	0.2%	-13.3	-0.4%	-0.1%	25.4	0.7%	0.2%
BOB	NA	NA	NA	NA	NA	NA	30.2	2.7%	0.8%
CBK	0.6	0.1%	0.0%	17.5	2.0%	0.5%	18.1	2.1%	0.5%
UNBK	0.2	0.0%	0.0%	17.0	1.8%	0.5%	17.2	1.8%	0.5%
INBK	2.1	0.4%	0.1%	-2.1	-0.4%	-0.1%	0.0	0.0%	0.0%
PNB	0.3	0.0%	0.0%	21.0	2.0%	0.5%	21.3	2.0%	0.5%
BOM	2.0	0.9%	0.3%	NA	NA	NA	2.0	0.9%	0.3%
CBOI	2.5	0.8%	0.2%	-12.4	-3.8%	-0.9%	-10.0	-3.1%	-0.7%
UCO	0.4	0.1%	0.0%	7.5	2.7%	0.4%	7.9	2.9%	0.4%
IOB	0.2	0.1%	0.0%	NA	NA	NA	0.2	0.1%	0.0%
PJSB	0.2	0.2%	0.0%	-42.5	-37.3%	-9.5%	-42.3	-37.1%	-9.5%
BOI	NA	NA	NA	NA	NA	NA	1.3	0.2%	0.1%
IDBI	4.0	0.8%	0.3%	10.9	2.0%	0.9%	14.9	2.8%	1.3%

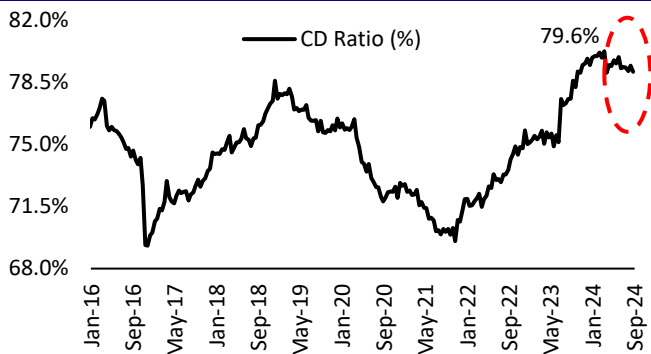
Source: MOFSL, Company

Exhibit 15: Personal loan growth healthy at 20.8% YoY; personal loan mix at 33% in Jul'24 (ex-HDFC Ltd)

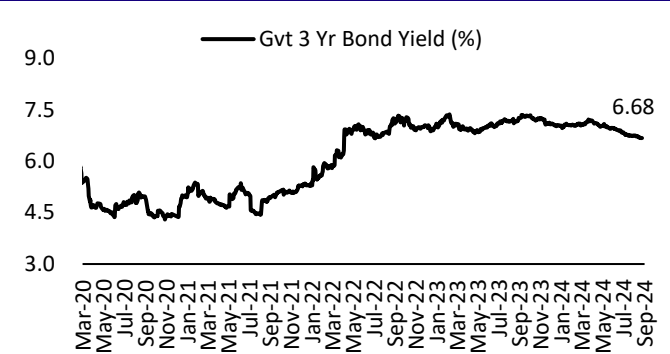
Source: MOFSL, RBI

Exhibit 16: Credit cards grew ~29% YoY; Housing/Retail loan growth at ~22.3%/20.8% YoY (ex-HDFC Ltd) in Jul'24

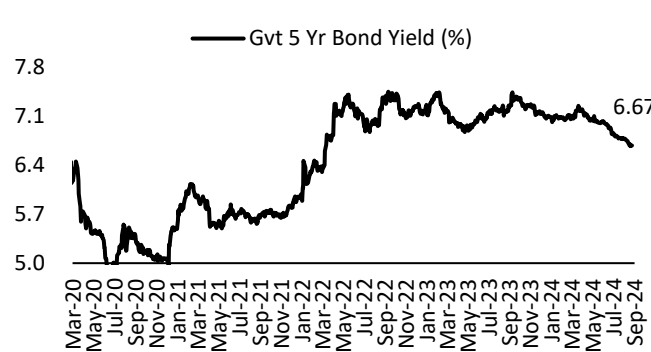
Source: MOFSL, RBI

Exhibit 17: CD ratio stood at 79.6% as of Sep'24

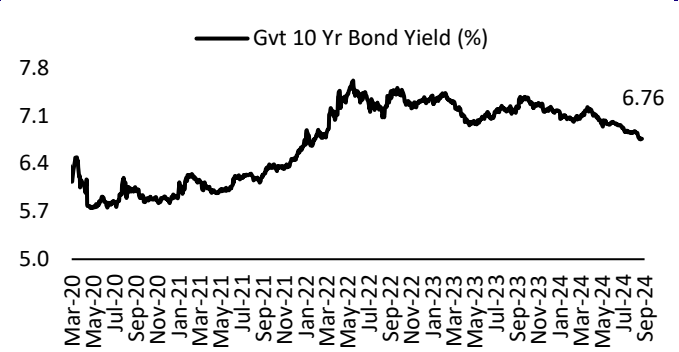
Source: MOFSL, RBI

Exhibit 18: Three-year G-Sec yield stood at 6.68% in Sep'24

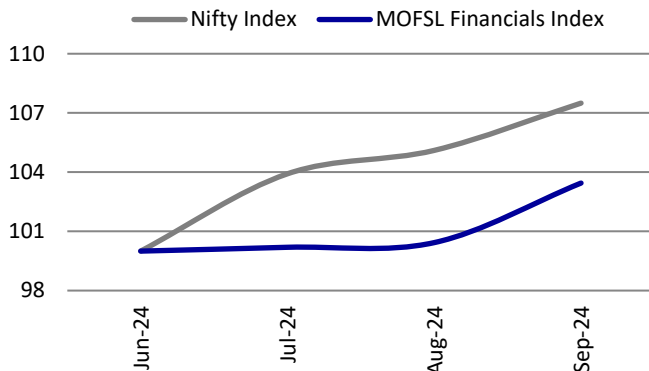
Source: MOFSL, BBG

Exhibit 19: Five-year G-Sec yield moderated to 6.67%

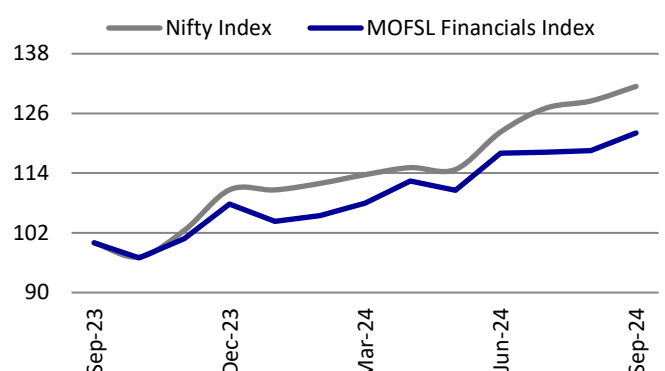
Source: MOFSL, BBG

Exhibit 20: 10-year G-Sec yield stood at 6.76% in Sep'24

Source: MOFSL, BBG

Exhibit 21: Relative performance — three-months (%)

Source: Bloomberg, MOFSL

Exhibit 22: Relative performance — one-year (%)

Source: Bloomberg, MOFSL

Exhibit 23: Valuation summary

Company	CMP		EPS (INR)			P/E (x)			P/B (x)			RoE (%)		
	(INR)	Rating	FY24	FY25E	FY26E	FY24	FY25E	FY26E	FY24	FY25E	FY26E	FY24	FY25E	FY26E
Financials														
Banks-Private														
ICICIBC	1,307	Buy	58.4	64.1	73.2	18.4	16.7	14.7	3.2	2.7	2.4	18.9	17.7	17.3
HDFCB	1,753	Buy	80.0	89.6	102.5	18.7	16.7	14.6	2.6	2.3	2.0	14.6	14.6	14.9
AXSB	1,272	Neutral	80.7	85.6	98.3	14.4	13.6	11.9	2.4	2.1	1.8	18.0	16.3	16.2
BANDHAN	203	Neutral	13.8	26.3	30.3	14.7	7.7	6.7	1.5	1.4	1.2	10.8	18.6	18.9
KMB	1,873	Neutral	69.4	75.1	86.6	18.7	17.3	15.0	2.7	2.3	2.0	15.3	14.2	14.3
IIB	1,462	Buy	115.5	122.4	151.1	12.7	12.0	9.7	1.8	1.6	1.4	15.3	14.2	15.4
FB	194	Buy	16.3	17.4	20.7	11.8	11.1	9.3	1.6	1.4	1.3	14.7	13.7	14.5
DCBB	123	Buy	17.1	19.5	24.0	7.2	6.3	5.1	0.8	0.7	0.6	11.9	12.1	13.3
IDFCFB	74	Neutral	4.3	4.5	6.4	17.2	16.5	11.6	1.6	1.5	1.3	10.2	9.4	12.0
EQUITASB	78	Buy	7.1	5.6	8.9	11.0	14.0	8.8	1.5	1.4	1.2	14.4	10.3	14.7
AUBANK	731	Buy	23.0	30.3	37.7	31.8	24.1	19.4	3.9	3.3	2.8	13.1	14.7	15.6
RBK	208	Neutral	19.3	23.6	31.3	10.8	8.8	6.6	0.8	0.8	0.7	8.2	9.3	11.5
Banks-PSU														
SBIN	803	Buy	68.4	79.9	89.9	8.3	7.1	6.3	1.4	1.2	1.0	18.8	18.8	18.2
PNB	109	Neutral	7.5	12.8	15.4	14.6	8.5	7.1	1.2	1.1	0.9	8.7	13.6	14.5
BOB	249	Buy	34.4	37.5	42.6	7.3	6.6	5.9	1.2	1.0	0.9	17.8	16.9	16.8
CBK	113	Buy	16.0	18.2	20.8	7.0	6.2	5.4	1.3	1.1	0.9	20.2	19.5	19.3
UNBK	123	Buy	18.9	20.7	23.4	6.5	5.9	5.3	1.0	0.9	0.8	16.7	16.2	16.1
INBK	539	Buy	62.2	75.6	85.5	8.7	7.1	6.3	1.3	1.1	1.0	17.1	18.0	17.7
Fintech and payments														
Paytm	672	Neutral	-22.4	-33.2	-13.8	-30.1	-20.3	-48.6	3.2	3.6	3.8	-13.1	-10.8	-16.6
SBICARD	787	Neutral	25.4	27.6	37.2	31.0	28.5	21.2	6.2	5.2	4.2	22.0	19.8	22.1

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: INR731 | TP: INR830 (+14%)
EPS CHANGE (%): FY25 | FY26: -1.7 | -2.0

- Expect margins to see slight moderation
- Expect business growth to remain healthy post-merger
- CoF and C/I ratios are expected to remain elevated
- Asset quality ratios to remain broadly stable

Quarterly Performance

	FY24				FY25E				(INR b)	
	1Q	2Q	3Q	4Q	1Q	2QE	3QE	4QE	FY24	FY25E
Net Interest Income	12.5	12.5	13.2	13.4	19.2	19.7	20.4	21.2	51.6	80.5
% Change (Y-o-Y)	27.7	15.3	14.9	10.2	54.1	58.0	53.8	58.7	16.5	56.2
Other Income	3.2	4.3	4.5	5.6	5.5	6.1	6.4	7.4	17.5	25.3
Total Income	15.6	16.7	17.7	18.9	24.7	25.8	26.8	28.6	69.0	105.9
Operating Expenses	10.2	10.3	11.2	12.3	14.8	15.8	16.7	18.0	44.6	65.2
Operating Profit	5.5	6.5	6.6	6.6	9.9	10.0	10.1	10.6	24.4	40.6
% Change (Y-o-Y)	38.6	29.9	18.2	16.3	80.9	54.8	53.9	59.9	20.7	66.7
Provisions	0.3	1.1	1.6	1.3	3.2	3.5	2.9	2.4	4.4	12.0
Exceptional item	-	-	-	0.8	-	-	-	-	-	-
Profit before Tax	5.1	5.3	5.0	4.5	6.7	6.6	7.2	8.2	20.0	28.7
Tax	1.3	1.3	1.2	0.8	1.7	1.6	1.8	1.9	4.6	7.0
Net Profit	3.9	4.0	3.8	3.7	5.0	4.9	5.4	6.3	15.3	21.6
% Change (Y-o-Y)	44.4	17.3	(4.5)	(12.7)	29.9	22.6	44.0	69.4	7.5	41.0
Operating Parameters										
Deposit (INR b)	693.2	757.4	801.2	871.8	972.9	1,067.2	1,110.6	1,181.9	871.8	1,181.9
Loan (INR b)	628.6	641.7	667.4	731.6	896.5	941.2	987.8	1,064.3	731.6	1,064.3
Deposit Growth (%)	26.9	29.8	31.1	25.7	40.4	40.9	38.6	35.6	25.7	35.6
Loan Growth (%)	29.2	24.0	20.0	25.2	42.6	46.7	48.0	45.5	25.2	45.5
Asset Quality										
GNPA (%)	1.8	1.9	2.0	1.7	1.8	1.8	1.9	1.9	1.7	1.9
NNPA (%)	0.6	0.6	0.7	0.6	0.6	0.6	0.7	0.6	0.5	0.6
PCR (%)	69.0	69.1	66.0	67.6	65.1	65.4	65.8	66.7	64.3	66.7

E: MOFSL Estimates

Axis Bank

Neutral
CMP: INR1272 | TP: INR1,225 (-4%)
EPS CHANGE (%): FY25 | FY26: -0.2 | -0.4

- Expect CD ratio to remain elevated
- Expect margin to moderate in 2Q
- Cost ratios to remain elevated
- Asset quality ratios to be keenly monitored

Quarterly Performance

	FY24				FY25E				(INR b)	
	1Q	2Q	3Q	4Q	1Q	2QE	3QE	4QE	FY24	FY25E
Net Interest Income	119.6	123.1	125.3	130.9	134.5	136.3	139.3	141.9	498.9	551.9
% Change (Y-o-Y)	27.4	18.9	9.4	11.5	12.5	10.7	11.1	8.4	16.2	10.6
Other Income	50.9	50.3	55.5	67.7	57.8	60.7	62.9	72.1	224.4	253.6
Total Income	170.5	173.5	180.9	198.5	192.3	197.0	202.1	214.0	723.4	805.4
Operating Expenses	82.3	87.2	89.5	93.2	91.3	94.6	97.2	101.5	352.1	384.5
Operating Profit	88.1	86.3	91.4	105.4	101.1	102.4	105.0	112.4	371.2	420.9
% Change (Y-o-Y)	49.7	11.9	-1.5	14.9	14.7	18.7	14.9	6.7	16.8	13.4
Provisions	10.3	8.1	10.3	11.9	20.4	13.8	15.9	19.0	40.6	69.1
Profit before Tax	77.8	78.2	81.1	93.5	80.7	88.6	89.1	93.4	330.6	351.8
Tax	19.8	19.5	20.4	22.2	20.3	22.3	22.5	22.9	82.0	88.0
Net Profits	58.0	58.6	60.7	71.3	60.3	66.3	66.6	70.6	248.6	263.9
% Change (Y-o-Y)	40.5	10.0	3.7	7.6	4.1	13.0	9.8	-1.0	15.2	6.1
Operating Parameters										
Deposit (INR t)	9.4	9.6	10.0	10.7	10.6	11.1	11.6	12.1	10.7	12.1
Loan (INR t)	8.6	9.0	9.3	9.7	9.8	10.1	10.4	10.8	9.7	10.8
Deposit Growth (%)	17.2	17.9	18.5	12.9	12.8	15.8	15.0	13.6	12.9	13.6
Loan Growth (%)	22.4	22.8	22.3	14.2	14.2	12.1	11.6	12.0	14.2	12.0
Asset Quality										
Gross NPA (%)	2.0	1.7	1.6	1.4	1.5	1.6	1.7	1.6	1.5	1.6
Net NPA (%)	0.4	0.4	0.4	0.3	0.3	0.4	0.4	0.4	0.3	0.4
PCR (%)	79.6	79.5	77.8	78.5	78.1	78.3	78.0	75.1	78.5	75.1

E: MOFSL Estimates

Bandhan Bank**Neutral****CMP: INR203 | TP: INR220 (+8%)****EPS CHANGE (%): FY25 | FY26: -7.1 | -5.7**

- Expect NIM moderation to continue
- Asset quality to be a key monitorable

- Expect business growth to remain healthy
- Cost ratios likely to remain elevated

Quarterly Performance**(INR b)**

Y/E March	FY24				FY25E				FY24	FY25E
	1Q	2Q	3Q	4Q	1Q	2QE	3QE	4QE		
Net Interest Income	24.9	24.4	25.3	28.7	30.1	30.3	31.4	32.8	103.3	124.5
% Change (YoY)	-0.9	11.4	21.4	16.0	20.7	23.8	24.2	14.5	11.5	20.6
Other Income	3.9	5.4	5.5	6.9	5.3	5.6	6.1	7.8	21.6	24.7
Total Income	28.8	29.8	30.7	35.6	35.3	35.8	37.5	40.6	124.9	149.2
Operating Expenses	13.1	14.0	14.2	17.2	15.9	17.1	17.6	19.5	58.5	70.2
Operating Profit	15.6	15.8	16.6	18.4	19.4	18.7	19.9	21.0	66.4	79.0
% Change (YoY)	-14.2	2.0	-13.9	2.4	24.2	18.0	19.9	14.5	-6.4	19.0
Provisions	6.0	6.4	6.8	17.7	5.2	7.0	7.7	7.0	37.0	26.9
Profit Before Tax	9.6	9.5	9.7	0.6	14.2	11.7	12.2	14.0	29.4	52.1
Tax	2.4	2.3	2.4	0.1	3.5	2.9	3.1	3.2	7.1	12.8
Net Profit	7.2	7.2	7.3	0.5	10.6	8.8	9.1	10.8	22.3	39.3
% Change (YoY)	-18.7	244.6	152.2	-93.2	47.5	21.4	24.3	1,878.5	1.6	76.3
Operating Parameters										
Deposits (INR b)	1,085	1,121	1,174	1,352	1,332	1,397	1,495	1,590	1,352	1,590
Loans (INR b)	982	1,020	1,102	1,211	1,216	1,252	1,328	1,406	1,211	1,406
Deposit Growth (%)	16.6	12.8	14.8	25.1	22.8	24.7	27.3	17.6	25.1	17.6
Loan Growth (%)	8.0	13.1	19.6	15.6	23.8	22.7	20.6	16.1	15.6	16.1
Asset Quality										
Gross NPA (%)	6.8	7.3	7.0	3.8	4.2	4.3	4.2	4.1	3.8	4.1
Net NPA (%)	2.2	2.3	2.2	1.1	1.2	1.2	1.1	0.9	1.1	0.9
PCR (%)	69.2	70.0	70.0	71.8	73.7	73.9	74.2	78.1	71.8	78.1

E: MOFSL Estimates

- -

Bank of Baroda**Buy****CMP: INR249 | TP: INR290 (+16%)****EPS CHANGE (%): FY25 | FY26: 0.2 | -4.6**

- Expect cost ratios to remain under control
- Expect asset quality to improve further; credit costs are likely to remain in control

- Margins likely to moderate slightly
- Business growth to be the key monitorable

Quarterly Performance**(INR b)**

	FY24				FY25E				FY24	FY25E
	1Q	2Q	3Q	4Q	1Q	2QE	3QE	4QE		
Net Interest Income	110.0	108.3	111.0	117.9	116.0	115.3	118.0	122.6	447.2	471.9
% Change (YoY)	24.4	6.4	2.6	2.3	5.5	6.4	6.3	4.0	8.1	5.5
Other Income	33.2	41.7	28.1	41.9	24.9	30.3	37.2	45.4	145.0	137.7
Total Income	143.2	150.0	139.1	159.8	140.9	145.6	155.2	168.0	592.2	609.6
Operating Expenses	64.9	69.8	69.0	78.8	69.3	70.5	71.5	76.0	282.5	287.2
Operating Profit	78.2	80.2	70.2	81.1	71.6	75.1	83.7	92.0	309.7	322.4
% Change (YoY)	72.8	33.0	-14.8	0.4	-8.5	-6.4	19.3	13.5	15.3	4.1
Provisions	19.5	21.6	6.7	13.0	10.1	13.5	16.6	21.2	60.8	61.5
Profit before Tax	58.8	58.6	63.5	68.0	61.5	61.5	67.1	70.8	248.9	260.9
Tax	18.1	16.1	17.7	19.2	16.9	15.5	16.9	16.9	71.0	66.3
Net Profit	40.7	42.5	45.8	48.9	44.6	46.0	50.2	53.9	177.9	194.7
% Change (YoY)	87.7	28.4	18.9	2.3	9.5	8.3	9.6	10.2	26.1	9.4
Operating Parameters										
Deposit (INR b)	11,999	12,496	12,453	13,270	13,070	13,497	14,074	14,610	13,270	14,610
Loan (INR b)	9,635	9,980	10,241	10,658	10,479	10,853	11,348	11,809	10,658	11,809
Deposit Growth (%)	16.2	14.6	8.3	10.2	8.9	8.0	13.0	10.1	10.2	10.1
Loan Growth (%)	20.5	19.3	15.0	13.3	8.8	8.8	10.8	10.8	13.3	10.8
Asset Quality										
Gross NPA (%)	3.5	3.3	3.1	2.9	2.9	2.8	2.6	2.6	2.9	2.6
Net NPA (%)	0.8	0.8	0.7	0.7	0.7	0.7	0.6	0.6	0.7	0.6
PCR (%)	78.5	77.6	77.7	77.3	76.6	76.8	76.5	75.9	76.2	75.9

E: MOFSL Estimates

Canara Bank**Buy****CMP: INR113 | TP: INR133 (+18%)****EPS CHANGE (%): FY25 | FY26: -2.2 | -7.0**

■ Expect margins to see slight compression

■ Advances and deposit growth to be the key monitorables

■ Asset quality anticipated to improve

Quarterly Performance**(INR b)**

	FY24				FY25E				FY24	FY25E
	1Q	2Q	3Q	4Q	1Q	2QE	3QE	4QE		
Net Interest Income	86.7	89.0	94.2	95.8	91.7	92.0	96.2	99.7	365.7	379.6
% Change (Y-o-Y)	27.7	19.8	9.5	11.2	5.8	3.4	2.2	4.1	16.3	3.8
Other Income	48.2	46.3	43.0	52.2	53.2	50.1	51.2	57.9	189.7	212.4
Total Income	134.8	135.4	137.1	148.0	144.9	142.2	147.4	157.6	555.3	592.1
Operating Expenses	58.8	59.2	69.1	74.1	68.7	69.4	70.2	72.6	261.2	280.9
Operating Profit	76.0	76.2	68.1	73.9	76.2	72.8	77.2	85.0	294.1	311.2
% Change (Y-o-Y)	15.1	10.3	-2.1	1.9	0.2	-4.4	13.4	15.1	6.1	5.8
Other Provisions	27.2	26.1	19.0	24.8	22.8	21.8	23.7	26.5	97.1	94.8
Profit before Tax	48.9	50.1	49.1	49.1	53.3	51.0	53.5	58.5	197.0	216.4
Tax	13.5	14.0	12.5	11.5	14.3	13.0	13.6	14.0	51.5	55.0
Net Profit	35.3	36.1	36.6	37.6	39.1	38.0	39.8	44.5	145.5	161.4
% Change (Y-o-Y)	74.8	42.8	26.9	18.3	10.5	5.4	9.0	18.5	37.3	10.9
Operating Parameters										
Deposit (INR b)	11,925	12,322	12,629	13,124	13,352	13,710	14,084	14,370	13,124	14,370
Loan (INR b)	8,551	8,923	9,206	9,316	9,464	9,765	10,084	10,313	9,316	10,313
Deposit Growth (%)	6.6	8.7	8.5	11.3	12.0	11.3	11.5	9.5	11.3	9.5
Loan Growth (%)	14.5	13.2	12.8	12.2	10.7	9.4	9.5	10.7	12.2	10.7
Asset Quality										
Gross NPA (%)	5.2	4.8	4.4	4.2	4.1	4.0	3.8	3.6	4.2	3.6
Net NPA (%)	1.6	1.4	1.3	1.3	1.2	1.2	1.1	1.1	1.3	1.1
PCR (%)	70.6	71.4	70.8	70.9	71.0	71.4	71.8	71.9	70.8	71.9

E: MOFSL Estimates

DCB Bank**Buy****CMP: INR121 | TP: INR175 (44%)****EPS CHANGE (%): FY25 | FY26: -0.7 | 0.5**

■ Expect business growth to be healthy

■ Asset quality likely to remain broadly stable

■ Expect opex to remain under control

■ Margin trajectory to be closely monitored

Quarterly Performance**(INR b)**

	FY24				FY25E				FY24	FY25E
	1Q	2Q	3Q	4Q	1Q	2QE	3QE	4QE		
Net Interest Income	4.7	4.8	4.7	5.1	5.0	5.2	5.7	6.1	19.3	22.0
% Change (Y-o-Y)	25.9	15.7	6.3	4.4	5.5	9.4	19.5	20.6	12.3	13.9
Other Income	1.1	1.1	1.2	1.4	1.4	1.4	1.5	1.6	4.7	5.9
Total Income	5.8	5.8	6.0	6.4	6.4	6.6	7.1	7.7	24.0	27.9
Operating Expenses	3.7	3.7	3.9	4.1	4.3	4.4	4.5	4.6	15.4	17.8
Operating Profit	2.1	2.1	2.1	2.3	2.1	2.2	2.7	3.1	8.6	10.0
% Change (Y-o-Y)	25.6	15.3	9.0	(4.2)	(1.6)	6.3	27.0	31.2	9.9	16.2
Provisions	0.4	0.4	0.4	0.2	0.3	0.4	0.5	0.7	1.4	1.9
Profit before Tax	1.7	1.7	1.7	2.1	1.8	1.8	2.2	2.4	7.2	8.1
Tax	0.4	0.4	0.4	0.5	0.5	0.5	0.6	0.6	1.9	2.1
Net Profit	1.3	1.3	1.3	1.6	1.3	1.4	1.6	1.8	5.4	6.0
% Change (Y-o-Y)	30.7	12.9	11.2	9.5	3.5	6.5	26.4	14.4	15.1	12.8
Operating Parameters										
Deposit (INR b)	430.1	455.0	471.2	493.5	516.9	540.4	563.9	587.3	493.5	587.3
Loan (INR b)	354.7	372.8	389.5	409.2	421.8	448.1	467.6	487.0	409.2	487.0
Deposit Growth (%)	22.6	23.1	19.3	19.7	20.2	18.8	19.7	19.0	19.7	19.0
Loan Growth (%)	19.0	19.1	18.2	19.0	18.9	20.2	20.0	19.0	19.0	19.0
Asset Quality										
Gross NPA (%)	3.3	3.4	3.4	3.2	3.3	3.3	3.2	3.0	3.2	3.0
Net NPA (%)	1.2	1.3	1.2	1.1	1.2	1.2	1.2	1.1	1.1	1.1
PCR (%)	64.1	62.8	65.1	66.4	65.2	64.7	64.0	64.4	66.4	64.4

E: MOFSL Estimates

Equitas Small Finance Bank

Buy
CMP: INR78 | TP: INR100 (+27%)
EPS CHANGE (%): FY25|FY26: 0.0|0.5

- Expect NIM to slightly moderate
- Cost ratios likely to remain elevated
- Asset quality to be keenly monitored
- Deposit traction and trend in CASA ratio to be the key monitorables

Quarterly Performance

Y/E March	FY24				FY25E				INRb	
	1Q	2Q	3Q	4Q	1Q	2QE	3QE	4QE	FY24	FY25E
Interest Income	12.5	13.6	14.3	14.4	15.0	15.9	17.1	18.2	54.9	66.2
Interest Expense	5.1	5.9	6.4	6.6	7.0	7.7	8.3	8.7	24.1	31.7
Net Interest Income	7.4	7.7	7.9	7.9	8.0	8.2	8.8	9.4	30.8	34.5
% Change (YoY)	28.0	25.6	21.3	11.2	7.9	7.5	12.2	19.9	21.0	12.0
Other Income	1.7	1.8	2.1	2.4	2.1	2.2	2.4	2.7	8.0	9.4
Total Income	9.1	9.5	9.9	10.3	10.1	10.4	11.2	12.2	38.8	43.9
Operating Expenses	6.0	6.2	6.3	6.5	6.7	6.9	7.4	7.9	25.0	28.9
Operating Profit	3.1	3.3	3.6	3.7	3.4	3.5	3.8	4.3	13.8	15.0
% Change (YoY)	16.4	36.3	29.1	-3.0	9.1	6.0	6.0	14.4	17.1	9.0
Provisions	0.6	0.6	0.8	1.1	3.0	1.1	1.1	1.2	3.1	6.5
Profit before Tax	2.5	2.7	2.8	2.7	0.4	2.4	2.7	3.1	10.6	8.6
Tax	0.6	0.7	0.7	0.6	0.1	0.6	0.7	0.8	2.6	2.2
Net Profit	1.9	2.0	2.0	2.1	0.3	1.8	2.0	2.3	8.0	6.4
% Change (YoY)	97.1	70.2	18.7	9.3	-86.5	-9.3	-0.2	12.1	39.3	-19.9
Operating Parameters										
AUM	296	312	328	343	352	374	398	419	343	419
Deposits	277	308	324	361	375	389	417	441	361	441
Loans	275	288	292	310	319	337	359	378	310	378
AUM Growth (%)	36	37	32	23	19	20	21	22	23	22
Deposit Growth (%)	36	42	38	42	35	26	29	22	42	22
Loan Growth (%)	34	32	25	20	16	17	23	22	20	22
Asset Quality										
Gross NPA (%)	2.8	2.3	2.5	2.6	2.7	2.8	2.7	2.7	2.6	2.7
Net NPA (%)	1.2	1.0	1.1	1.2	0.8	0.8	0.8	0.8	1.2	0.8
PCR (%)	57.8	57.7	56.0	56.1	70.3	70.8	71.4	71.1	56.1	71.1

E: MOFSL Estimates

Federal Bank

Buy
CMP: INR194 | TP: INR230 (+19%)
EPS CHANGE (%): FY25|FY26: -3.0|-1.3

- Credit growth to remain healthy
- Margins to remain broadly stable
- Expect cost ratios to remain under control
- Asset quality metrics to remain broadly stable too

Quarterly Performance

	FY24				FY25E				(INR b)	
	1Q	2Q	3Q	4Q	1Q	2QE	3QE	4QE	FY24	FY25E
Net Interest Income	19.2	20.6	21.2	22.0	22.9	23.8	24.6	25.4	82.9	96.8
% Change (YoY)	19.6	16.7	8.5	15.0	19.5	15.8	16.1	15.7	14.7	16.7
Other Income	7.3	7.3	8.6	7.5	9.2	8.5	9.6	8.8	30.8	36.0
Total Income	26.5	27.9	29.9	29.5	32.1	32.3	34.2	34.2	113.7	132.8
Operating Expenses	13.5	14.6	15.5	18.4	17.1	17.6	18.1	18.5	62.0	71.3
Operating Profit	13.0	13.2	14.4	11.1	15.0	14.7	16.1	15.7	51.7	61.5
% Change (YoY)	33.8	9.3	12.8	-16.8	15.2	10.8	12.2	41.7	7.9	18.9
Provisions	1.6	0.4	0.9	-0.9	1.4	1.2	1.8	1.8	2.0	6.2
Profit before Tax	11.5	12.8	13.5	12.0	13.6	13.4	14.4	14.0	49.8	55.3
Tax	2.9	3.3	3.4	3.0	3.5	3.4	3.6	3.6	12.6	14.1
Net Profit	8.5	9.5	10.1	9.1	10.1	10.0	10.7	10.3	37.2	41.2
% Change (YoY)	42.1	35.5	25.3	0.4	18.2	5.3	6.7	13.9	23.6	10.7
Operating Parameters										
Deposit (INR b)	2,225	2,329	2,396	2,525	2,661	2,764	2,842	2,960	2,525	2,960
Loan (INR b)	1,835	1,928	1,992	2,094	2,208	2,296	2,362	2,460	2,094	2,460
Deposit Growth (%)	21.3	23.1	19.0	18.3	19.6	18.7	18.6	17.2	18.3	17.2
Loan Growth (%)	21.0	19.6	18.4	20.0	20.3	19.1	18.6	17.5	20.0	17.5
Asset Quality										
Gross NPA (%)	2.4	2.3	2.3	2.1	2.1	2.1	2.1	2.0	2.1	2.0
Net NPA (%)	0.7	0.6	0.6	0.6	0.6	0.6	0.6	0.6	0.7	0.6
PCR (%)	71.3	72.3	72.3	72.3	71.9	71.8	71.4	71.0	69.6	71.0

E: MOFSL Estimates

HDFC Bank**Buy****CMP: INR1,753 | TP: INR2,000 (+14%)****EPS CHANGE (%): FY25 | FY26: -0.3 | -1.8**

- Expect cost ratios to remain under control
- Margins to remain broadly stable, will have a positive bias
- Asset quality is likely to remain broadly stable
- Guidance for business growth and earnings trajectory to be the key monitorables

Quarterly Performance**(INR b)**

	FY24				FY25E				FY24	FY25E
	1Q	2Q	3Q	4Q	1QE	2QE	3QE	4QE		
Net Interest Income	236.0	273.9	284.7	290.8	298.4	298.1	313.0	327.6	1,085.3	1,237.0
% Change (Y-o-Y)	21.1	30.3	23.9	24.5	26.4	8.9	9.9	12.7	25.0	14.0
Other Income	92.3	107.1	111.4	181.7	106.7	114.6	121.3	135.0	492.4	477.6
Total Income	328.3	380.9	396.1	472.4	405.1	412.8	434.3	462.6	1,577.7	1,714.7
Operating Expenses	140.6	154.0	159.6	179.7	166.2	169.0	176.6	184.2	633.9	698.1
Operating Profit	187.7	226.9	236.5	292.7	238.8	243.7	257.7	278.3	943.9	1,016.6
% Change (Y-o-Y)	22.2	30.5	24.3	57.2	27.2	7.4	9.0	-4.9	34.1	7.7
Provisions	28.6	29.0	42.2	135.1	26.0	25.7	33.1	33.5	234.9	118.3
Profit before Tax	159.1	197.9	194.3	157.6	212.8	218.1	224.5	244.8	709.0	898.3
Tax	39.6	38.1	30.6	-7.5	51.1	54.5	55.2	59.2	100.8	220.1
Net Profit	119.5	159.8	163.7	165.1	161.7	163.5	169.3	185.6	608.1	678.2
% Change (Y-o-Y)	30.0	50.6	33.5	37.1	35.3	2.4	3.4	12.4	37.9	11.5
Operating Parameters										
Deposit	19,131	21,729	22,140	23,798	23,791	24,695	25,765	27,249	23,798	27,249
Loan	16,157	23,312	24,461	24,849	24,635	25,144	25,905	26,961	24,849	26,961
Deposit Growth (%)	19.2	29.8	27.7	26.4	24.4	13.7	16.4	14.5	26.4	14.5
Loan Growth (%)	15.8	57.5	62.3	55.2	52.5	7.9	5.9	8.5	55.2	8.5
Asset Quality										
Gross NPA (%)	1.2	1.3	1.3	1.2	1.3	1.3	1.3	1.2	1.2	1.2
Net NPA (%)	0.3	0.4	0.3	0.3	0.4	0.4	0.4	0.3	0.3	0.3
PCR (%)	74.9	74.4	75.3	74.0	71.2	71.5	71.7	74.3	74.0	74.3

E: MOFSL Estimates

ICICI Bank**Buy****CMP: INR1307 | TP: INR1,400 (+7%)****EPS CHANGE (%): FY25 | FY26: -0.7 | -1.8**

- Expect deposit growth to remain in-line with credit growth
- Expect cost ratios to remain elevated
- Margins expected to moderate slightly
- Asset quality to be the key monitorable

Quarterly Performance**(INR b)**

	FY24				FY25E				FY24	FY25E
	1Q	2Q	3Q	4Q	1Q	2QE	3QE	4QE		
Net Interest Income	182.3	183.1	186.8	190.9	195.5	199.3	208.3	213.7	743.1	816.7
% Change (YoY)	38.0	23.8	13.4	8.1	7.3	8.9	11.5	11.9	19.6	9.9
Other Income	54.4	57.8	61.0	56.5	70.0	66.9	67.4	66.5	229.6	270.9
Total Income	236.6	240.8	247.8	247.4	265.5	266.2	275.7	280.2	972.6	1,087.6
Operating Expenses	95.2	98.6	100.5	97.0	105.3	107.9	110.5	111.3	391.3	434.9
Operating Profit	141.4	142.3	147.2	150.4	160.2	158.3	165.2	168.9	581.3	652.7
% Change (YoY)	37.2	21.8	10.9	8.8	13.3	11.3	12.2	12.3	18.4	12.3
Provisions	12.9	5.8	10.5	7.2	13.3	13.5	16.0	15.8	36.4	58.5
Profit before Tax	128.5	136.5	136.7	143.2	146.9	144.9	149.3	153.1	544.9	594.1
Tax	32.0	33.9	34.0	36.1	36.3	35.8	36.9	38.4	136.0	147.3
Net Profit	96.5	102.6	102.7	107.1	110.6	109.1	112.4	114.7	408.9	446.8
% Change (YoY)	39.7	35.8	23.6	17.4	14.6	6.3	9.4	7.1	28.2	9.3
Operating Parameters										
Deposit	12,387	12,947	13,323	14,128	14,261	14,838	15,681	16,346	14,128	16,346
Loan	10,576	11,105	11,538	11,844	12,232	12,723	13,310	13,798	11,844	13,798
Deposit Growth (%)	17.9	18.8	18.7	19.6	15.1	14.6	17.7	15.7	19.6	15.7
Loan Growth (%)	18.1	18.3	18.5	16.2	15.7	14.6	15.4	16.5	16.2	16.5
Asset Quality										
Gross NPA (%)	2.8	2.5	2.3	2.2	2.2	2.3	2.2	2.1	2.3	2.1
Net NPA (%)	0.5	0.4	0.4	0.4	0.4	0.5	0.5	0.4	0.5	0.4
PCR (%)	83.1	83.1	81.3	80.8	80.2	79.8	79.5	79.4	80.3	79.4

E: MOFSL Estimates

IDFC First Bank

Neutral

CMP: INR74 | TP: INR83 (12%)

EPS CHANGE (%): FY25 | FY26: -3.9 | -4.5

- Expect business growth to remain healthy
- Cost ratios likely to remain elevated

- GNPA ratio to deteriorate slightly
- Traction in deposit growth and margins to be in focus

Quarterly Performance

(INR b)

	FY24E				FY25E				FY24	FY25E
	1Q	2Q	3Q	4Q	1Q	2QE	3QE	4QE		
Net Interest Income	37.5	39.5	42.9	44.7	46.9	48.4	51.1	53.3	164.5	199.8
% Change (Y-o-Y)	36.1	31.6	30.5	24.2	25.4	22.6	19.3	19.2	30.2	21.4
Other Income	14.1	14.3	15.2	16.4	16.2	16.9	17.8	19.3	60.0	70.2
Total Income	51.6	53.8	58.0	61.1	63.1	65.3	69.0	72.6	224.5	270.0
Operating Expenses	36.6	38.7	42.4	44.5	44.3	45.9	48.2	50.5	162.2	188.9
Operating Profit	15.0	15.1	15.6	16.6	18.8	19.4	20.8	22.1	62.4	81.1
% Change (Y-o-Y)	59.0	29.2	23.9	6.8	25.5	28.3	33.1	32.7	26.5	30.0
Provisions	4.8	5.3	6.5	7.2	9.9	11.8	10.3	9.2	23.8	41.1
Profit before Tax	10.2	9.8	9.1	9.4	8.9	7.6	10.5	12.9	38.6	39.9
Tax	2.6	2.3	1.9	2.2	2.1	1.9	2.7	3.4	9.0	10.0
Net Profit	7.7	7.5	7.2	7.2	6.8	5.7	7.8	9.6	29.6	29.9
% Change (Y-o-Y)	61.3	35.2	18.4	-9.8	-11.0	-24.2	9.6	31.9	21.3	1.1
Operating Parameters										
Deposit (INR b)	1,544	1,712	1,825	2,006	2,097	2,222	2,385	2,547	2,006	2,547
Deposit Growth (%)	36.2	38.7	37.2	38.7	35.8	29.8	30.6	27.0	38.7	27.0
Loan (INR b)	1,674	1,781	1,855	1,946	2,026	2,121	2,254	2,406	1,946	2,362
Loan Growth (%)	26.3	27.0	27.3	24.4	21.0	19.1	21.5	23.7	28.2	21.4
Asset Quality										
Gross NPA (%)	2.2	2.1	2.0	1.9	1.9	2.0	2.0	1.9	1.9	2.0
Net NPA (%)	0.7	0.7	0.7	0.6	0.6	0.6	0.6	0.6	0.6	0.6
PCR (%)	68.1	68.2	66.9	68.8	69.4	69.6	69.9	70.5	68.8	70.5

E: MOFSL Estimates

IndusInd Bank

Buy

CMP: INR1,462 | TP: INR1,700 (+16%).

EPS CHANGE (%): FY25 | FY26: -6.0 | -5.4

- Expect business growth to remain healthy
- Expect margins to slightly moderate

- Expect asset quality to remain broadly stable
- Credit costs and opex to be monitored

Quarterly Performance

(INR b)

	FY24				FY25E				FY24	FY25E
	1Q	2Q	3Q	4Q	1Q	2QE	3QE	4QE		
Net Interest Income	48.7	50.8	53.0	53.8	54.1	54.5	55.8	58.2	206.2	222.5
% Change (YoY)	18.0	18.0	17.8	15.1	11.1	7.4	5.3	8.2	17.2	7.9
Other Income	22.1	22.8	24.0	25.1	24.4	25.3	26.6	28.3	94.0	104.7
Total Income	70.8	73.6	76.9	78.8	78.5	79.9	82.4	86.5	300.1	327.2
Operating Expenses	32.5	34.5	36.5	38.0	39.0	39.7	40.9	42.1	141.5	161.7
Operating Profit	38.3	39.1	40.4	40.8	39.5	40.1	41.4	44.4	158.6	165.5
% Change (YoY)	11.7	10.3	9.7	8.6	3.1	2.7	2.5	8.7	10.0	4.3
Provisions	9.9	9.7	9.7	9.5	10.5	12.5	12.2	11.9	38.8	47.1
Profit before Tax	28.4	29.3	30.7	31.3	29.0	27.6	29.2	32.5	119.8	118.3
Tax	7.2	7.3	7.7	7.8	7.3	7.0	7.4	8.1	30.0	29.7
Net Profit	21.2	22.0	23.0	23.5	21.7	20.7	21.9	24.4	89.8	88.6
% Change (YoY)	30.3	22.0	17.2	15.0	2.2	-6.2	-5.0	3.9	20.6	-1.3
Operating Parameters										
Deposit (INR b)	3,470	3,595	3,688	3,846	3,985	4,110	4,266	4,446	3,846	4,446
Loan (INR b)	3,013	3,155	3,271	3,433	3,479	3,645	3,808	3,969	3,433	3,969
Deposit Growth (%)	14.5	13.9	13.4	14.4	14.8	14.3	15.7	15.6	14.4	15.6
Loan Growth (%)	21.5	21.3	19.9	18.4	15.5	15.5	16.4	15.6	18.4	15.6
Asset Quality										
Gross NPA (%)	1.9	1.9	1.9	1.9	2.0	2.0	2.1	2.0	1.9	2.0
Net NPA (%)	0.6	0.6	0.6	0.6	0.6	0.6	0.6	0.6	0.6	0.6
PCR (%)	70.6	70.6	70.6	70.6	70.6	70.8	71.0	71.3	69.5	71.3

E: MOFSL Estimates

Indian Bank

Buy

CMP: INR539 | TP: INR670 (+24%)

EPS CHANGE (%): FY25|FY26: 0.4|-2.6

- Expect cost ratios to remain under control
- Margin to moderate slightly

- Earnings growth to remain on track
- Expect asset quality ratios to improve

Quarterly Performance

(INR b)

Y/E March	FY24				FY25E				FY24	FY25E
	1Q	2Q	3Q	4Q	1Q	2QE	3QE	4QE		
Net Interest Income	57.0	57.4	58.1	60.2	61.8	62.4	63.9	65.8	232.7	253.9
% Change (YoY)	25.8	22.5	5.7	9.2	8.3	8.7	9.9	9.4	15.1	9.1
Other Income	17.1	19.9	19.0	22.6	19.1	20.6	21.6	24.5	78.7	85.7
Total Income	74.1	77.3	77.2	82.8	80.8	83.0	85.5	90.3	311.4	339.6
Operating Expenses	32.8	34.3	36.2	39.7	35.8	37.0	38.7	43.1	143.0	154.6
Operating Profit	41.3	43.0	41.0	43.0	45.0	46.0	46.9	47.2	168.4	185.1
% Change (YoY)	16.0	18.6	0.9	7.2	8.9	6.8	14.4	9.7	10.3	9.9
Provisions	17.4	15.5	13.5	12.5	12.6	12.0	11.8	12.0	58.9	48.4
Profit before Tax	23.9	27.5	27.5	30.6	32.4	34.0	35.1	35.2	109.5	136.7
Tax	6.9	7.6	6.3	8.1	8.4	8.6	8.8	8.6	28.9	34.4
Net Profit	17.1	19.9	21.2	22.5	24.0	25.4	26.2	26.5	80.6	102.2
% Change (YoY)	40.8	62.2	51.8	55.3	40.6	28.0	23.8	18.1	52.7	26.8
Operating Parameters										
Deposits (INR b)	6,215	6,408	6,542	6,880	6,812	7,050	7,274	7,485	6,880	7,485
Loans (INR b)	4,564	4,706	4,896	5,149	5,208	5,336	5,517	5,715	5,149	5,715
Deposit Growth (%)	6.4	8.8	9.6	10.8	9.6	10.0	11.2	8.8	10.8	8.8
Loan Growth (%)	13.6	14.2	12.3	14.6	14.1	13.4	12.7	11.0	14.6	11.0
Asset Quality										
Gross NPA (%)	5.5	5.0	4.5	4.0	3.8	3.6	3.5	3.2	4.0	3.2
Net NPA (%)	0.7	0.6	0.5	0.4	0.4	0.4	0.4	0.4	0.4	0.4
PCR (%)	87.8	88.5	88.7	89.5	90.0	89.6	89.8	88.7	89.5	88.7

E: MOFSL Estimates

Kotak Mahindra Bank

Neutral

CMP: INR1,873 | TP: INR1,800 (-4%)

EPS CHANGE (%): FY25|FY26: -3.7|-3.5

- Expect cost ratios to remain elevated
- Margins to compress further

- Asset quality to remain broadly stable
- Business growth will be a key monitorable

Quarterly Performance

(INR b)

Y/E March	FY24				FY25E				FY24	FY25E
	1Q	2Q	3Q	4Q	1Q	2QE	3QE	4QE		
Net Interest Income	62.3	63.0	65.5	69.1	68.4	69.5	71.0	71.8	259.9	280.8
% Change (Y-o-Y)	32.7	23.5	15.9	13.2	9.8	10.4	8.4	3.9	20.6	8.0
Other Income	26.8	23.1	23.0	29.8	29.3	30.3	30.9	32.7	102.7	123.3
Total Income	89.2	86.1	88.5	98.9	97.7	99.9	102.0	104.5	362.7	404.1
Operating Expenses	39.7	40.0	42.8	44.3	45.2	46.7	49.2	51.1	166.8	192.1
Operating Profit	49.5	46.1	45.7	54.6	52.5	53.2	52.8	53.4	195.9	211.9
% Change (Y-o-Y)	77.8	29.2	18.6	17.5	6.2	15.3	15.6	-2.2	31.9	8.2
Provisions	3.6	3.7	5.8	2.6	5.8	6.4	5.5	5.3	15.7	23.0
Profit before Tax	45.9	42.4	39.9	52.0	46.8	46.7	47.3	48.2	180.1	188.9
Tax	11.3	10.5	9.8	10.6	11.6	11.5	11.6	11.8	42.3	46.5
Net Profit	34.5	31.9	30.1	41.3	35.2	35.2	35.6	36.4	137.8	142.5
% Change (Y-o-Y)	66.7	23.6	7.6	18.2	2.0	10.4	18.6	-12.0	26.0	3.4
Exceptional item					27.3					27.3
PAT including exceptional	34.5	31.9	30.1	41.3	62.5	35.2	35.6	36.4	137.8	169.8
% Change (Y-o-Y)	66.7	23.6	7.6	18.2	2.0	10.4	18.6	-12.0	26.0	23.2
Deposits (INRb)	3,863	4,010	4,086	4,490	4,474	4,651	4,880	5,109	4,490	5,109
Loans (INRb)	3,286	3,483	3,596	3,761	3,900	4,024	4,149	4,332	3,761	4,332
Deposit growth (%)	22.0	23.3	18.6	23.6	15.8	16.0	19.4	13.8	23.6	13.8
Loan growth (%)	17.3	18.5	15.7	17.6	18.7	15.5	15.4	15.2	17.6	15.2
Asset Quality										
Gross NPA (%)	1.77	1.72	1.73	1.39	1.39	1.38	1.37	1.35	1.39	1.35
Net NPA (%)	0.40	0.37	0.34	0.34	0.35	0.36	0.35	0.31	0.34	0.31
PCR (%)	78.0	79.1	80.6	75.9	74.9	74.4	74.6	77.0	75.9	77.0

E: MOFSL Estimates

Punjab National Bank**Neutral****CMP: INR109 | TP: INR135 (+24%)****EPS CHANGE (%): FY25|FY26: 1.9|-0.4**

- Expect margins to compress further
- Expect asset quality to improve

- Opex to remain under control
- Business growth/RoA trajectory to remain the key monitorables

Quarterly Performance**(INRb)**

Y/E March	FY24				FY25E				FY24	FY25E
	1Q	2Q	3Q	4Q	1Q	2QE	3QE	4QE		
Net Interest Income	95.0	99.2	102.9	103.6	104.8	109.0	110.6	112.7	400.8	437.0
% Change (YoY)	26.0	20.0	12.1	9.1	10.2	9.8	7.4	8.8	16.2	9.0
Other Income	34.3	30.3	26.7	42.5	36.1	34.5	37.5	41.9	133.8	149.9
Total Income	129.4	129.5	129.7	146.1	140.9	143.5	148.0	154.6	534.7	586.9
Operating Expenses	69.7	67.3	66.4	82.0	75.0	71.9	74.3	78.3	285.4	299.6
Operating Profit	59.7	62.2	63.3	64.2	65.8	71.6	73.7	76.2	249.3	287.3
% Change (YoY)	10.9	11.7	10.8	9.4	10.3	15.1	16.5	18.8	10.7	15.3
Provisions	39.7	34.4	27.4	15.9	13.1	16.6	15.4	14.2	117.4	59.4
Profit before Tax	20.0	27.7	35.9	48.3	52.7	54.9	58.3	62.0	131.9	228.0
Tax	7.5	10.2	13.7	18.2	20.2	20.3	21.6	22.3	49.5	84.3
Net Profit	12.6	17.6	22.2	30.1	32.5	34.6	36.7	39.8	82.4	143.6
% Change (YoY)	307.0	327.0	253.5	159.8	159.0	97.1	65.3	32.1	228.8	74.2
Operating Parameters										
Deposits	12,979	13,099	13,235	13,697	14,082	14,337	14,594	14,861	13,697	14,861
Loans	8,637	8,899	9,164	9,344	9,840	10,066	10,270	10,438	9,344	10,438
Deposit Growth (%)	14.2	9.8	9.3	6.9	8.5	9.5	10.3	8.5	6.9	8.5
Loan Growth (%)	16.3	15.1	14.5	12.5	13.9	13.1	12.1	11.7	12.5	11.7
Asset Quality										
Gross NPA (%)	7.7	7.0	6.2	5.7	5.0	4.6	4.2	4.0	5.7	4.0
Net NPA (%)	2.0	1.5	1.0	0.7	0.6	0.5	0.5	0.5	0.7	0.5
PCR (%)	75.8	80.0	85.4	87.9	88.4	88.5	88.3	88.7	87.9	88.7

E: MOFSL Estimates

RBL Bank**Neutral****CMP: INR203 | TP: INR250 (23%)****EPS CHANGE (%): FY25|FY26: -11|-5.4**

- Expect earnings to moderate led by higher provisions
- Cost ratios likely to remain elevated

- Expect asset quality ratios to deteriorate
- Margin and credit cost outlook to be the key monitorables

Quarterly Performance**(INR b)**

	FY24				FY25E				FY24	FY25E
	1Q	2Q	3Q	4Q	1Q	2QE	3QE	4QE		
Net Interest Income	14.2	14.7	15.5	16.0	17.0	16.7	17.4	18.5	60.4	69.5
% Change (Y-o-Y)	19.6	25.6	21.1	17.9	19.5	13.2	12.5	15.4	20.9	15.1
Other Income	6.9	7.0	7.8	8.8	8.1	8.5	9.2	10.1	30.4	35.9
Total Income	21.1	21.8	23.2	24.8	25.1	25.2	26.6	28.6	90.9	105.4
Operating Expenses	14.6	14.5	15.6	15.9	16.5	16.8	17.5	18.1	60.6	68.9
Operating Profit	6.5	7.3	7.7	8.9	8.6	8.4	9.1	10.5	30.3	36.6
% Change (Y-o-Y)	22.4	42.7	34.9	49.4	32.7	14.8	18.7	18.4	37.6	20.7
Provisions	2.7	6.4	4.6	4.1	3.7	5.0	5.3	5.7	17.7	19.7
Profit before Tax	3.8	0.9	3.1	4.7	4.9	3.4	3.8	4.8	12.6	16.9
Tax	0.9	-2.0	0.7	1.2	1.2	0.8	0.9	1.2	0.9	4.2
Net Profit	2.9	2.9	2.3	3.5	3.7	2.5	2.8	3.7	11.7	12.7
% Change (Y-o-Y)	43.2	45.9	11.5	30.1	29.0	-14.2	20.8	3.6	32.3	8.8
Operating Parameters										
Deposit	856.4	897.8	927.5	1,034.9	1,013.5	1,068.5	1,126.6	1,204.7	1,034.9	1,204.7
Loan	730.9	763.2	799.5	839.9	867.0	889.8	948.7	991.0	839.9	991.0
Deposit Growth (%)	8.1	13.1	13.5	21.9	18.4	19.0	21.5	16.4	21.9	16.4
Loan Growth (%)	21.3	21.3	19.9	19.6	18.6	16.6	18.7	18.0	19.6	18.0
Asset Quality										
Gross NPA (%)	3.2	3.1	3.1	2.7	2.7	2.8	2.8	2.9	2.7	2.9
Net NPA (%)	1.0	0.8	0.8	0.7	0.7	0.8	0.8	0.8	0.7	0.8
PCR (%)	69.6	75.6	75.1	72.7	73.1	72.2	71.6	72.4	72.7	72.4

E: MOFSL Estimates

State Bank of India

Buy

CMP: INR803 | TP: INR1015 (+26%)

EPS CHANGE (%): FY25 | FY26: -2.1 | -2.5

- Earnings to moderate led by higher provisions
- Asset quality expected to improve further
- Expect cost ratios to remain under control
- Margin to witness a slight compression

Quarterly Performance

(INR b)

Y/E March	FY24				FY25E				FY24	FY25E
	1Q	2Q	3Q	4Q	1Q	2QE	3QE	4QE		
Net Interest Income	389.0	395.0	398.2	416.6	411.3	416.0	433.1	444.7	1,598.8	1,705.1
% Change (YoY)	24.7	12.3	4.6	3.1	5.7	5.3	8.8	6.8	10.4	6.6
Other Income	120.6	107.9	114.6	173.7	111.6	119.9	129.0	177.0	516.8	537.5
Total Income	509.7	502.9	512.7	590.2	522.9	535.9	562.1	621.7	2,115.6	2,242.6
Operating Expenses	256.7	308.7	309.4	302.8	258.4	268.0	286.1	318.4	1,248.6	1,131.0
Operating Profit	253.0	194.2	203.4	287.5	264.5	267.8	275.9	303.3	867.0	1,111.6
% Change (YoY)	98.4	-8.1	-19.4	16.8	4.6	37.9	35.7	5.5	3.6	28.2
Provisions	25.0	1.2	6.9	16.1	34.5	46.7	49.6	46.3	49.1	177.1
Exceptional items (exp)	0.0	0.0	71.0	0.0	0.0	0.0	0.0	0.0	71.0	0.0
Profit before Tax	228.0	193.0	125.5	271.4	230.0	221.1	226.4	257.0	746.8	934.5
Tax Provisions	59.1	49.7	33.8	64.4	59.6	57.0	58.4	61.3	207.1	236.4
Net Profit	168.8	143.3	91.6	207.0	170.4	164.1	168.0	195.7	539.8	698.1
% Change (YoY)	178.2	8.0	-35.5	24.0	0.9	14.5	83.3	-5.5	7.5	29.3
Adj. Net profit	168.8	143.3	144.0	207.0	170.4	164.1	168.0	195.7	610.8	
Operating Parameters										
Deposits (INR t)	45.3	46.9	47.6	49.2	49.0	51.0	52.3	53.9	49.2	53.9
Loans (INR t)	32.4	33.5	35.2	37.0	37.5	38.8	40.2	41.8	37.0	41.8
Deposit Growth (%)	12.0	11.9	13.0	11.1	8.2	8.7	9.9	9.6	11.1	9.6
Loan Growth (%)	14.9	13.3	15.1	15.8	15.9	16.1	14.3	12.8	15.8	12.8
Asset Quality										
Gross NPA (%)	2.76	2.55	2.42	2.24	2.21	2.16	2.11	2.07	2.24	2.07
Net NPA (%)	0.71	0.64	0.64	0.57	0.57	0.55	0.54	0.54	0.57	0.54
PCR (%)	74.8	75.4	74.2	75.0	74.4	74.8	74.6	74.5	74.8	74.5

E: MOFSL Estimates

Union Bank of India

Buy

CMP: INR123 | TP: INR165 (+34%)

EPS CHANGE (%): FY25 | FY26: -1.3 | 0.2

- Expect cost ratios to remain under control
- Margins anticipated to compress slightly
- SMA and restructuring books are the key monitorables
- Expect steady improvement in asset quality

Quarterly Performance

(INR b)

	FY24				FY25E				FY24	FY25E
	1Q	2Q	3Q	4Q	1Q	2QE	3QE	4QE		
Net Interest Income	88.4	91.3	91.7	94.4	94.1	95.5	98.6	101.7	365.7	389.9
% Change (YoY)	16.6	9.9	6.3	14.4	6.5	4.6	7.6	7.8	11.6	6.6
Other Income	39.0	37.0	37.7	47.1	45.1	41.5	42.4	46.2	160.8	175.3
Total Income	127.4	128.2	129.4	141.4	139.2	137.0	141.0	147.9	526.5	565.2
Operating Expenses	55.6	56.0	56.6	76.1	61.4	61.5	62.8	68.5	244.4	254.1
Operating Profit	71.8	72.2	72.8	65.3	77.9	75.5	78.3	79.5	282.1	311.1
% Change (YoY)	31.8	9.8	9.9	-4.3	8.4	4.6	7.6	21.6	10.8	10.3
Provisions	20.1	17.7	17.5	12.6	27.6	22.6	23.7	23.2	67.8	97.1
Profit before Tax	51.7	54.5	55.3	52.7	50.3	52.9	54.6	56.2	214.3	214.0
Tax	19.4	19.4	19.4	19.6	13.5	15.9	16.4	12.0	77.8	57.8
Net Profit	32.4	35.1	35.9	33.1	36.8	37.0	38.2	44.2	136.5	156.2
% Change (YoY)	107.7	90.0	59.9	19.0	13.7	5.5	6.4	33.5	61.8	14.5
Operating Parameters										
Deposit (INR b)	11,281	11,376	11,725	12,215	12,242	12,545	12,875	13,315	12,215	13,315
Loan (INR b)	7,705	8,036	8,621	8,708	8,787	8,995	9,282	9,666	8,708	9,666
Deposit Growth (%)	13.6	9.0	10.1	9.3	8.5	10.3	9.8	9.0	9.3	9.0
Loan Growth (%)	13.9	10.5	14.0	14.3	14.0	11.9	7.7	11.0	14.3	11.0
Asset Quality										
Gross NPA (%)	7.3	6.4	4.8	4.8	4.5	3.8	3.6	3.7	4.8	3.7
Net NPA (%)	1.6	1.3	1.1	1.0	0.9	0.8	0.7	0.7	1.1	0.7
PCR (%)	79.8	80.7	78.4	79.1	80.9	80.2	80.4	81.9	78.4	81.9

E: MOFSL Estimates

SBI Cards and Payment Services

Neutral

CMP: INR787 | TP: INR850 (+8%)

EPS CHANGE (%): FY25|FY26: -1.7|-1.4

- Cost ratios expected to remain elevated
- Spending growth to remain in control

- Asset quality ratios likely to deteriorate further
- Revolver mix/margin outlook remain the key monitorables

Quarterly Performance

(INR b)

	FY24				FY25E				FY24	FY25E
	1Q	2Q	3Q	4Q	1Q	2QE	3QE	4QE		
Net Interest Income	12.3	13.0	13.9	14.1	14.8	14.9	16.2	16.8	51.5	62.6
% Change (Y-o-Y)	14.3	16.1	21.2	21.4	19.7	14.9	16.5	18.7	17.0	21.6
Other Income	22.4	23.2	26.6	23.4	22.4	23.2	27.2	26.6	97.4	99.5
Total Income	34.8	36.2	40.5	37.5	37.2	38.1	43.4	43.4	148.9	162.1
Operating Expenses	19.6	20.7	24.3	19.2	18.2	18.8	23.4	22.0	83.7	82.4
Operating Profit	15.2	15.5	16.2	18.3	19.0	19.4	20.0	21.4	65.2	79.7
% Change (Y-o-Y)	17.3	23.9	33.1	28.2	25.4	24.8	23.2	16.8	25.6	22.3
Provisions	7.2	7.4	8.8	9.4	11.0	11.4	11.4	10.7	32.9	44.5
Profit before Tax	8.0	8.1	7.4	8.9	8.0	7.9	8.6	10.7	32.3	35.2
Tax	2.0	2.1	1.9	2.3	2.0	2.0	2.2	2.7	8.2	9.0
Net Profit	5.9	6.0	5.5	6.6	5.9	5.9	6.4	8.0	24.1	26.2
% Change (Y-o-Y)	-5.4	14.7	7.8	11.0	0.2	-2.2	16.5	20.4	6.6	8.9
Operating Parameters										
Loan (INRb)	418.1	435.6	471.6	490.8	508.1	531.8	559.8	584.0	490.8	584.0
Loan Growth (%)	30.3	19.3	26.3	24.7	21.5	22.1	18.7	19.0	24.7	19.0
Borrowings (INRb)	329.6	340.8	380.1	398.9	408.7	433.6	457.3	477.8	398.9	477.8
Borrowing Growth (%)	32.9	20.9	29.3	28.2	24.0	27.2	20.3	19.8	28.2	19.8
Asset Quality										
Gross NPA (%)	2.4	2.4	2.6	2.8	3.1	3.5	3.5	3.6	2.8	3.6
Net NPA (%)	0.9	0.9	1.0	1.0	1.1	1.2	1.2	1.2	1.0	1.2
PCR (%)	63.8	64.1	64.1	64.9	64.4	64.7	65.8	67.4	64.9	67.4

Paytm

Neutral

CMP: INR672 | TP: INR650 (-3%)

Adj EBITDA CHANGE (%): FY25|FY26: NA|NA

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

- Expect total revenue growth to improve
- Any further impact of the RBI notification to be a key monitorable

Quarterly Performance

(INR b)

	FY24				FY25E				FY24	FY25E
	1Q	2Q	3Q	4Q	1Q	2QE	3QE	4QE		
Payment Services to Consumers	5.5	5.8	6.0	4.4	0.8	1.3	1.7	2.5	21.7	6.3
Payment Services to Merchants	8.4	9.2	10.8	11.2	8.0	7.6	9.9	11.2	39.6	36.8
Financial Services and Others	5.2	5.7	6.1	3.0	2.8	3.0	3.9	4.1	20.0	13.8
Payment and Financial Services	19.2	20.7	22.9	18.6	11.6	12.0	15.6	17.7	81.3	56.9
Commerce and Cloud Services	4.1	4.2	5.1	4.0	3.2	3.9	4.4	4.4	17.4	15.9
Revenue from Operations	23.4	25.2	28.5	22.7	15.0	16.2	20.3	22.6	99.8	74.1
Direct Expenses	10.4	10.9	13.3	9.8	7.5	7.7	8.7	8.8	44.4	32.6
Contribution Profit	13.0	14.3	15.2	12.9	7.5	8.5	11.6	13.8	55.4	41.4
% Change (Y-o-Y)	79.3	69.2	45.1	0.4	-42.1	-40.4	-23.6	7.0	42.0	-25.2
Adjusted EBITDA	0.8	1.5	2.2	1.0	-5.5	-3.1	0.1	3.2	5.6	-5.2
EBITDA	-2.9	-2.3	-1.6	-2.2	-7.9	-5.5	-2.4	0.5	-9.1	-15.3
PAT	-3.6	-2.9	-2.2	-5.5	-8.4	-6.6	-3.6	0.1	-14.2	-18.5
% Change (Y-o-Y)	-44.5	-49.9	-43.9	227.1	134.7	130.9	62.9	-100.9	-19.9	30.3
Adj. PAT	-3.6	-2.9	-2.2	-3.2	-8.4	-6.6	-3.6	0.1		
Operating Parameters										
GMV (INRt)	4.1	4.5	5.1	4.7	4.3	4.6	4.9	5.5	18.3	19.2
Disbursements (INR b)	148.5	162.1	155.4	58.0	50.1	60.1	78.1	99.7	523.7	288.0
GMV Growth (%)	36.8	41.5	47.4	29.6	5.2	1.3	-4.4	17.7	38.4	5.0
Profitability										
Contribution Margin (%)	55.7	56.6	53.3	56.8	50.3	52.6	57.2	61.1	55.5	56.0
Adjusted EBITDA Margin (%)	3.6	6.1	7.7	4.5	-36.4	-19.0	0.7	14.0	5.6	-7.1
EBITDA Margin (%)	-12.5	-9.2	-5.5	-9.9	-52.8	-34.1	-11.7	2.1	-9.1	-20.7

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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

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