BFSI - Q2FY25 Earnings Preview

DOLAT CAPITAL
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Weak quarter; Margins bottoming

Earnings in Q2FY26 will be impacted by continued moderation in NIM, sluggish growth, and muted treasury gains (which had been a savior in Q1 for several banks). Credit costs are expected to remain benign for the larger banking sector, barring some pockets with MFI exposure. Sequential NIM decline should be lower than in Q1, and margins are expected to bottom out in Q2, aided by re-pricing of term deposits and CRR cuts, which should help NIM in the subsequent quarters.

NII is expected to be flattish YoY for coverage banks, while PPoP to decline by 3% YoY (-14% QoQ) as treasury gains are muted (unlike Q1). Core PPoP to remain flattish YoY/QoQ. PAT is expected to decline by 5% YoY as credit costs normalize at slightly higher levels across large banks. We do not anticipate any significant stress from bank MSME portfolios as exposure is mainly towards >5mn ticket size, though the segment remains an area of watch.

We expect a slight slowdown in growth for affordable housing financiers (5% QoQ/20% YoY), with sequentially higher spreads (by 10-20 bps) and continued normalization in credit costs. Early delinquency trends, however, should improve QoQ. For gold financiers, GL growth is expected to be strong at 10% QoQ as higher gold price, healthy new customer acquisitions, and slowdown in unsecured credit aid growth. We expect some yield moderation, which should be offset by improved operating leverage. However, non-gold portfolio mix will continue to moderate, with elevated stress levels across most segments.

Margins to bottom out in Q2; weak treasury gains further impact PPoP

We build in 5-15 bps lower NIM QoQ across most banks as re-pricing of EBLR-linked loans for the last 50 bps of repo cut impact yields. Sequential NIM decline will, however, be lower vs Q1 as SA rate cuts and re-pricing of bulk deposits limit the impact. Margins should bottom out in Q2, as H2 NIMs benefit from re-pricing of term deposits and CRR cuts. With a sequential rise in G-sec yields 5-10 yr tenors by ~30 bps, we expect muted treasury gains to further impact operating profits, even as core operating profits are steady.

Loan growth improves QoQ but remains sluggish

Loan growth is expected to moderate to 10% YoY (2.5-3% QoQ) for coverage banks led by a slowdown in retail unsecured credit, increased corporate borrowing through the bond market, and muted private capex. Focus on NIM protection amidst a declining rate environment should also limit near-term growth in corporate loans. Domestic advances growth was muted at 1.7% so far in Q1FY26 (till 5-Sep-25), vs 2.1% for the same period last year. Sequential deposit growth (till 5-Sep-25) at 1% was not very different from that seen for the same period last year (1.2%).

AQ trends are not concerning; Credit cost normalization is underway

Credit costs may remain higher than normal in some pockets esp. where we have MFI exposure but should remain benign for the larger banking sector, as exposure to the segment is miniscule. Slippages across unsecured portfolios (CC/PL/MFI) have peaked, though they are yet to normalize. We do not anticipate any significant stress from MSME loans for banks as exposure is mainly towards >5mn ticket size, though the segment remains an area of watch. Slippage and credit costs also benefit from the receding impact of Q1's agri-related seasonality.

Top Picks: **KMB, ICICIB, CUBK, Aptus**

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Quarterly Estimates

(Rs bn)	Net Interest Income					Pre-provision profit				
	Q2FY26E	Q2FY25	YoY (%)	Q1FY26	QoQ (%)	Q2FY26E	Q2FY25	YoY (%)	Q1FY26	QoQ (%)
AXSB	130	135	(3.4)	136	(3.9)	105	107	(2.4)	115	(9.2)
BOB	113	116	(3.0)	114	(1.4)	75	95	(20.8)	82	(8.8)
CBK	90	93	(3.0)	90	0.3	80	77	4.9	86	(6.2)
CUBK	6	6	7.3	6	(0.1)	4	4	3.2	5	(2.0)
CSBBANK	4	4	9.2	4	6.0	2	2	13.6	2	3.8
DCBB	6	5	13.2	6	(0.7)	3	3	20.3	3	(6.1)
FB	23	24	(0.9)	23	0.4	15	16	(2.4)	16	(1.8)
HDFCB	315	301	4.8	314	0.3	266	247	7.7	357	(25.5)
ICICIBC	211	200	5.3	216	(2.5)	174	167	4.0	187	(7.3)
INBK	63	62	1.9	64	(0.7)	44	47	(6.8)	48	(7.6)
KMB	70	70	0.4	73	(2.9)	51	51	0.7	56	(7.7)
RBL	15	16	(5.7)	15	2.8	7	9	(23.9)	7	(1.5)
SBIN	408	416	(1.9)	411	(0.6)	262	293	(10.5)	305	(14.2)
Aggregate	**1,456**	**1,449**	**0.5**	**1,472**	**(1.0)**	**1,090**	**1,118**	**(2.5)**	**1,269**	**(14.2)**
PSBs	**674**	**688**	**(1.9)**	**679**	**(0.6)**	**462**	**512**	**(9.8)**	**521**	**(11.4)**
Private	**782**	**761**	**2.7**	**793**	**(1.4)**	**628**	**606**	**3.6**	**748**	**(16.1)**

Source: Company, Dolat Capital

(Rs bn)	Profit After Tax					Advances				
	Q2FY26E	Q2FY25	YoY (%)	Q1FY26	QoQ (%)	Q2FY26E	Q2FY25	YoY (%)	Q1FY26	QoQ (%)
AXSB	60	69	(14.0)	58	2.5	10,809	10,000	8.1	10,597	2.0
BOB	43	52	(18.5)	45	(6.0)	12,222	11,212	9.0	11,866	3.0
CBK	43	40	7.7	48	(9.0)	11,058	9,840	12.4	10,736	3.0
CUBK	3	3	2.4	3	(4.5)	549	478	14.9	533	3.0
CSBBANK	1.4	1.4	3.3	1.2	21.6	345	266	29.7	326	6.0
DCBB	1.7	1.6	10.9	1.6	9.4	538	445	20.9	512	5.0
FB	9	11	(16.9)	9	1.9	2,484	2,303	7.9	2,412	3.0
HDFCB	178	168	5.8	182	(2.0)	27,073	24,951	8.5	26,284	3.0
ICICIBC	118	117	0.7	128	(7.4)	14,119	12,772	10.5	13,642	3.5
INBK	28	27	3.0	30	(6.2)	5,987	5,329	12.3	5,841	2.5
KMB	32	33	(5.7)	33	(3.9)	4,582	3,995	14.7	4,448	3.0
RBL	2.2	2	1.0	2.0	12.2	982	879	11.7	944	4.0
SBIN	158	183	(14.0)	192	(17.7)	43,221	38,574	12.0	41,962	3.0
Aggregate	**676**	**710**	**(4.8)**	**731**	**(7.5)**	**133,968**	**121,045**	**10.7**	**130,103**	**3.0**
PSBs	**271**	**303**	**(10.4)**	**314**	**(13.6)**	**72,488**	**64,956**	**11.6**	**70,405**	**3.0**
Private	**404**	**407**	**(0.6)**	**417**	**(2.9)**	**61,481**	**56,089**	**9.6**	**59,698**	**3.0**

Source: Company, Dolat Capital

Housing Finance

(Rs mn)	Net Interest Income					Pre-provision profit				
	Q2FY26E	Q2FY25	YoY (%)	Q1FY26	QoQ (%)	Q2FY26E	Q2FY25	YoY (%)	Q1FY26	QoQ (%)
HOME FIRST	2,157	1,566	37.7	1,941	11.1	1,868	1,261	48.2	1,682	11.1
AAVAS	2,913	2,418	20.5	2,776	5.0	2,157	1,948	10.7	1,904	13.3
APTUS	3,246	2,772	17.1	3,091	5.0	3,018	2,462	22.6	2,961	1.9
Aggregate	**8,316**	**6,756**	**23.1**	**7,808**	**6.5**	**7,043**	**5,672**	**24.2**	**6,547**	**7.6**

(Rs mn)	Profit After Tax					Advances				
	Q2FY26E	Q2FY25	YoY (%)	Q1FY26	QoQ (%)	Q2FY26E	Q2FY25	YoY (%)	Q1FY26	QoQ (%)
HOME FIRST	1,255	922	36.1	1,189	5.6	119,818	94,465	26.8	112,505	6.5
AAVAS	1,591	1,479	7.5	1,392	14.2	166,907	147,146	13.4	162,273	2.9
APTUS	2,232	1,820	22.7	2,193	1.8	114,461	94,813	20.7	109,010	5.0
Aggregate	**5,078**	**4,221**	**20.3**	**4,774**	**6.4**	**401,186**	**336,424**	**19.3**	**383,788**	**4.5**

Source: Company, Dolat Capital

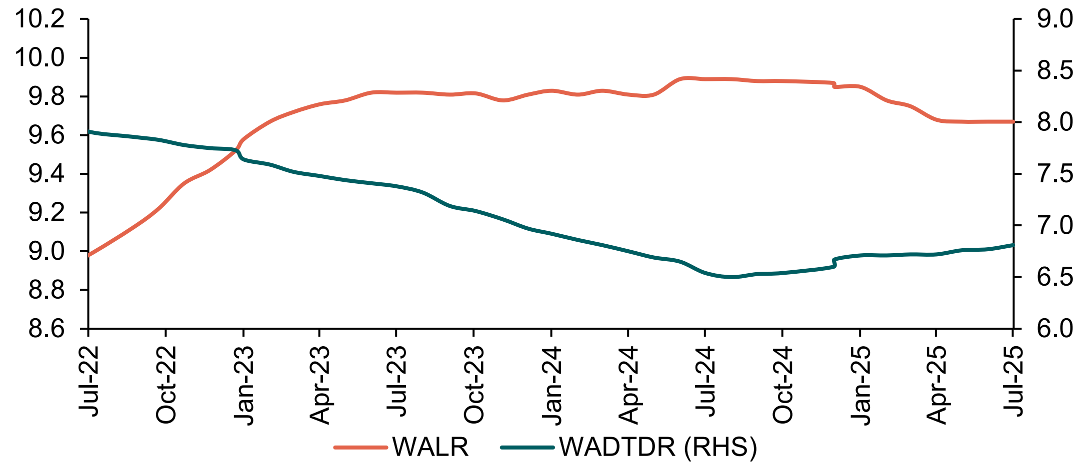
Gold Finance

(Rs mn)	Net Interest Income					Pre-provision profit				
	Q2FY26E	Q2FY25	YoY (%)	Q1FY26	QoQ (%)	Q2FY26E	Q2FY25	YoY (%)	Q1FY26	QoQ (%)
Manappuram	10,961	11,355	(3.5)	11,044	(0.8)	5,968	6,933	(13.9)	5,974	(0.1)
Muthoot	34,426	25,180	36.7	34,732	(0.9)	27,129	19,150	41.7	27,887	(2.7)
Aggregate	**45,387**	**36,536**	**24.2**	**45,776**	**(0.8)**	**33,097**	**26,082**	**26.9**	**33,861**	**(2.3)**

(Rs mn)	Profit After Tax					Advances				
	Q2FY26E	Q2FY25	YoY (%)	Q1FY26	QoQ (%)	Q2FY26E	Q2FY25	YoY (%)	Q1FY26	QoQ (%)
Manappuram	3,967	4,749	(16.5)	3,921	1.2	375,283	321,987	16.6	350,732	7.0
Muthoot	19,102	12,511	52.7	20,463	(6.7)	1,313,858	904,914	45.2	1,194,416	10.0
Aggregate	**23,069**	**17,261**	**33.6**	**24,384**	**(5.4)**	**1,689,140**	**1,226,902**	**37.7**	**1,545,148**	**9.3**

Source: Company, Dolat Capital

Exhibit 1: NIM pressures to continue as deposits re-price with a lag



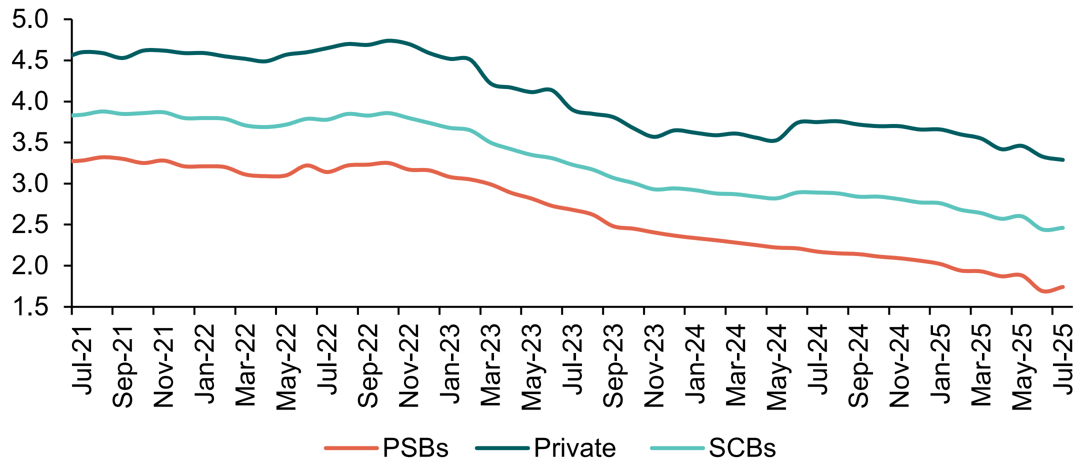
Source: Dolat Capital, RBI

Exhibit 2: NIM to decline sharply for banks with high EBLR mix (based on reset period)

Bank Name	MCLR Share (%)	EBLR Share in advances (%)	EBLR Reset Date
HDFC Bank	~10	60%, of which ~15% is linked to T-bills	Monthly/3 months
Bank of Baroda	48	35	Immediate reset
City Union Bank	22	48	Monthly
CSB Bank	20	17	NA
Federal Bank	9	48	Immediate reset
ICICI Bank	15	53	3 months
Indian Bank	52	41	Immediate reset
Kotak Mahindra Bank	13	57	3 months
State Bank of India	31	30	Immediate reset
Canara Bank	45	41	Immediate reset
DCB Bank	NA	NA	3 months
Axis Bank	9	63	Quarter end
RBL Bank	5	41	3 months
IndusInd	NA	40% floating	NA

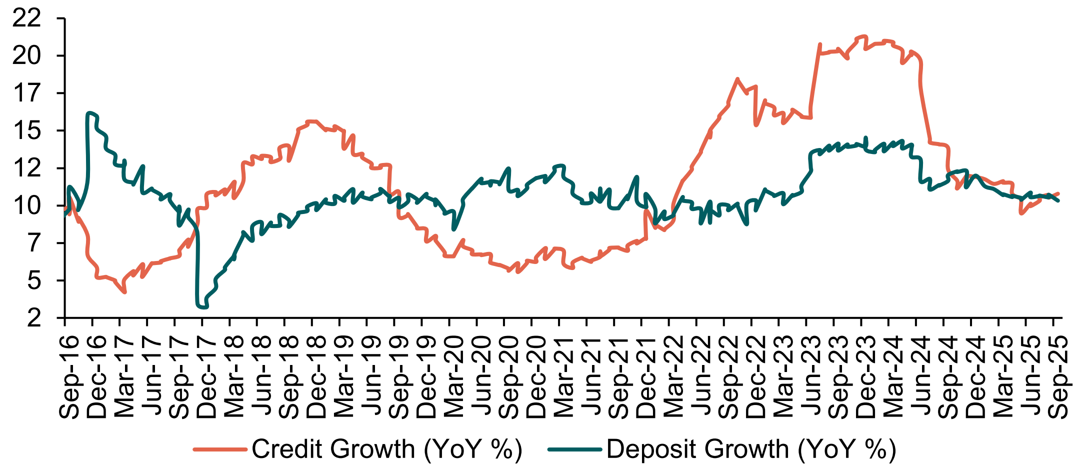
Source: Dolat Capital, Company

Exhibit 3: Spread compression continues, higher for PSBs vs private (%)



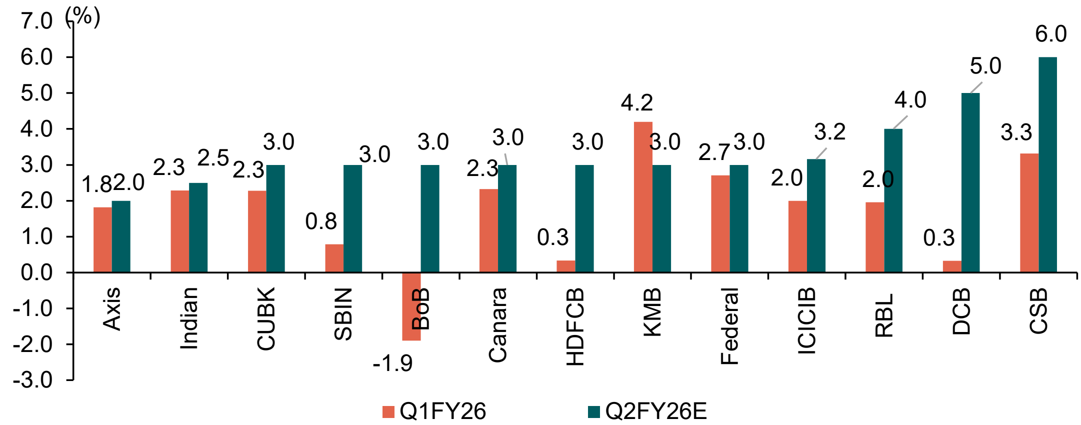
Source: Dolat Capital, RBI

Exhibit 4: Loan growth has slowed down, converging with deposit growth



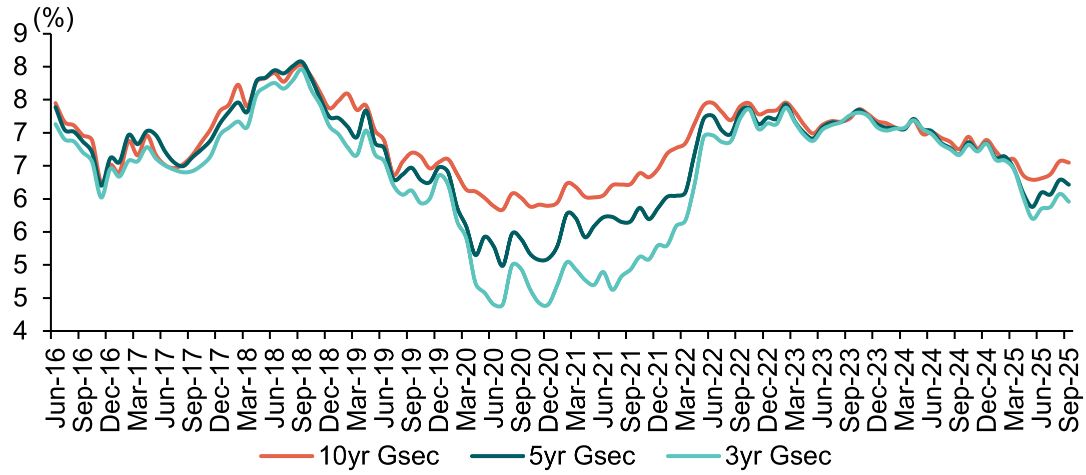
Source: Dolat Capital, RBI

Exhibit 5: Sequential growth to improve across banks



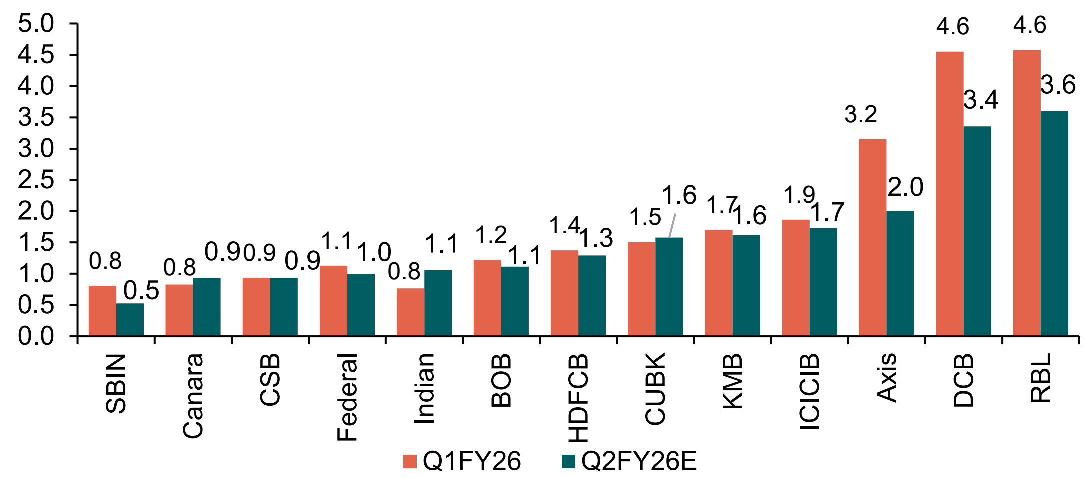
Source: Company, Dolat Capital

Exhibit 6: Rise in g-sec yields to limit treasury gains in Q2



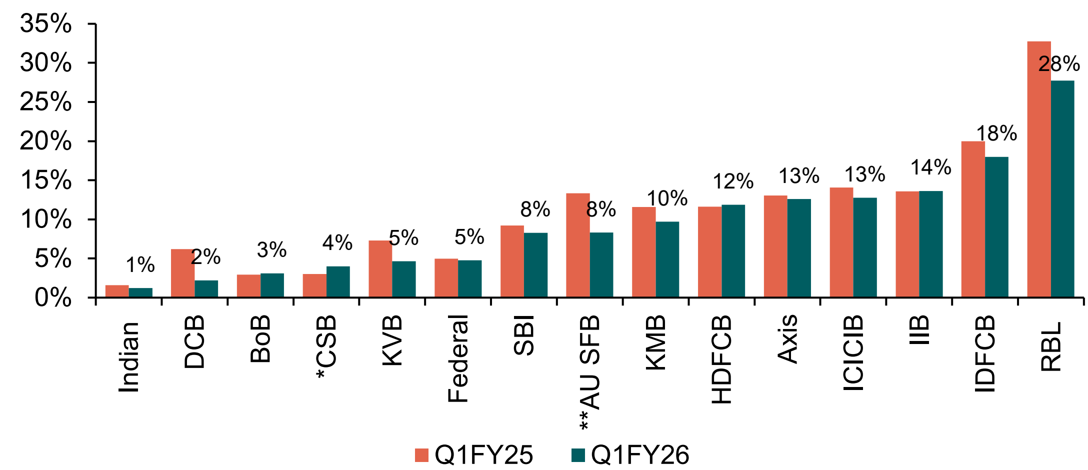
Source: Dolat Capital, RBI

Exhibit 7: Slippages to improve QoQ



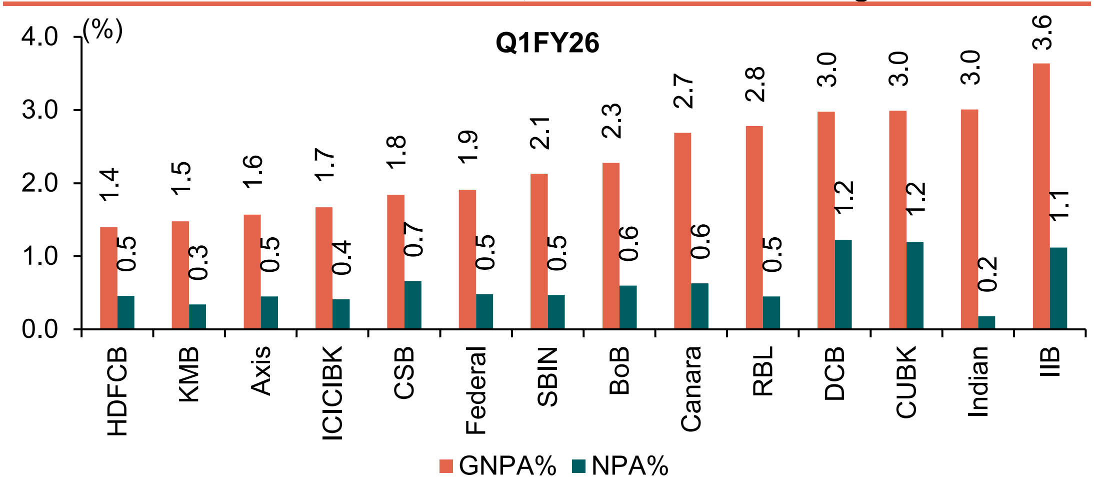
Source: Company, Dolat Capital

Exhibit 8: Unsecured share moderates, impacting yield and growth for banks



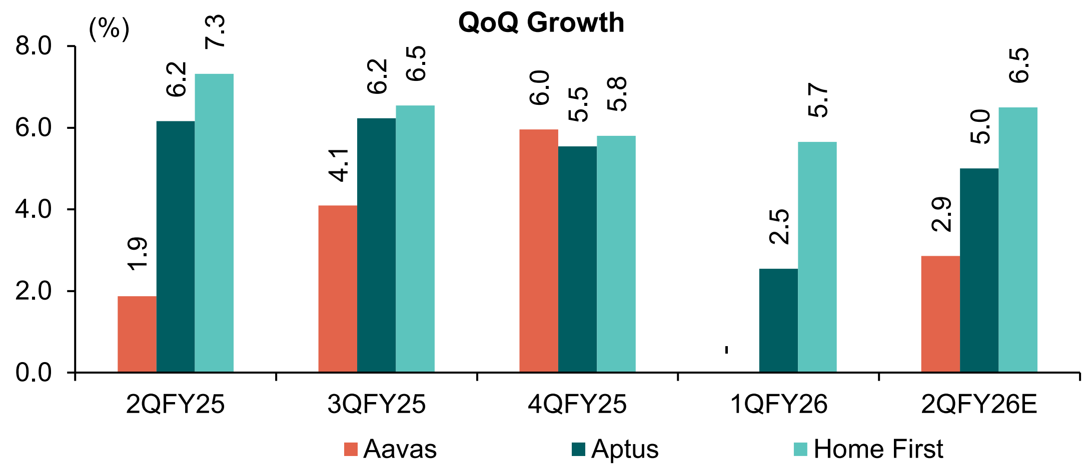
*Source: Company, Dolat Capital, **AU data reflects merger with Fincare SFB*

Exhibit 9: With a reduced GNPA base, credit costs are starting to normalize



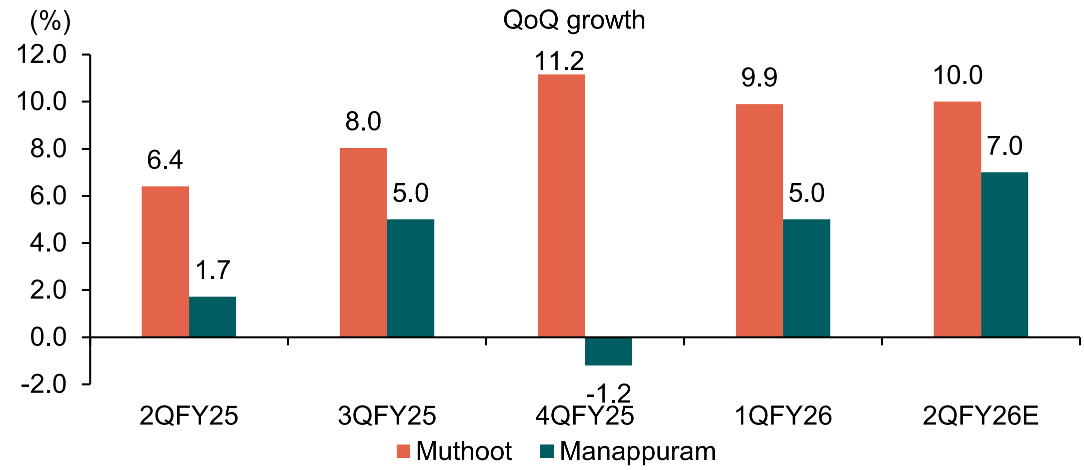
Source: Company, Dolat Capital

Exhibit 10: HFCs growth slows down, but remains healthy



Source: Company, Dolat Capital

Exhibit 11: Strong growth across gold financiers (standalone book)



Source: Company, Dolat Capital

Quarterly Estimates

(Rs mn)	Q2FY26E	Q1FY26	QoQ (%)	Q2FY25	YoY (%)	Comments
Axis Bank						
Net Interest Income	130,312	135,598	(3.9)	134,832	(3.4)	Advances to grow at 3% QoQ/ 9% YoY. NIM is to moderate by 15 bps QoQ as 75 bps of repo cut impact plays out on EBLR linked book, partly offset by lower interest reversals and SA rate cut benefits. Build in credit costs of 100 bps and slippages of 2%. RoA to be at 1.5%.
Pre-provision profit	104,568	115,152	(9.2)	107,125	(2.4)	
PAT	59,514	58,061	2.5	69,176	(14.0)	
EPS	19.2	18.7	2.5	22.4	(14.3)	
Bank of Baroda						
Net Interest Income	112,722	114,348	(1.4)	116,221	(3.0)	We build in loan growth of 3% QoQ and 9% YoY. NIM to moderate slightly QoQ to 2.87% (-4 bps) as faster re-pricing of bulk deposits and SA rate cuts aid NIM despite the EBLR re-pricing impact. PL slippages remain an area of watch. We build credit costs of 55 bps, slippages at 1.1%, and RoA of ~1% for the quarter.
Pre-provision profit	75,101	82,365	(8.8)	94,770	(20.8)	
PAT	42,703	45,414	(6.0)	52,379	(18.5)	
EPS	8.3	8.8	(6.0)	10.1	(18.5)	
Canara Bank						
Net Interest Income	90,320	90,088	0.3	93,152	(3.0)	Advances to grow at 3% QoQ/ 12% YoY. NIM is to moderate by 5 bps QoQ as repo cut impact plays out on EBLR linked book, partly offset by SA rate cut benefits and re-pricing of bulk deposits. We build-in slippages of sub 1%, credit costs of 85 bps, and RoA of ~1%.
Pre-provision profit	80,273	85,536	(6.2)	76,538	4.9	
PAT	43,223	47,520	(9.0)	40,145	7.7	
EPS	4.8	5.2	(9.1)	4.4	7.6	
City Union Bank						
Net Interest Income	6,248	6,253	(0.1)	5,825	7.3	NIM to be lower by 10 bps QoQ at 3.45% as EBLR loan re-pricing impacts yields. Advances to grow at 3% QoQ/ 15% YoY. RoA at 1.4-1.5% will benefit from lower credit costs as optimal PCR at 61% and controlled slippage ratio at 1.6% (with negative net slippage) aid 55 bps of credit costs.
Pre-provision profit	4,417	4,509	(2.0)	4,282	3.2	
PAT	2,921	3,059	(4.5)	2,852	2.4	
EPS	3.9	4.1	(4.5)	3.8	2.5	
CSB Bank						
Net Interest Income	4,011	3,784	6.0	3,675	9.2	We expect loan growth of 7% QoQ /31% YoY, with 10% QoQ growth in the gold book. Build in higher NIM QoQ at 3.65% as lower interest reversals and higher GL share aid yields. We build in credit cost of 40 bps (as MSME recoveries flow in), slippage ratio of 1.1%, and RoA of ~1.2%.
Pre-provision profit	2,275	2,193	3.8	2,004	13.6	
PAT	1,429	1,175	21.6	1,384	3.3	
EPS	8.2	6.8	20.1	8.0	2.9	

Source: Company, Dolat Capital

Rs mn)	Q2FY26E	Q1FY26	QoQ (%)	Q2FY25	YoY (%)	Comments
DCB Bank						
Net Interest Income	5,763	5,804	(0.7)	5,092	13.2	NIM to moderate by 8-10 bps QoQ to ~3.1%, as re-pricing of EBLR linked loans impacts yields. Advances to grow at 5% QoQ/ 21% YoY, partly driven by inorganic route. Slippage ratio is expected at ~3.5%, with credit cost at 55 bps and RoA of 0.85-0.9%. Slippages from MFI and DA portfolio is a monitorable.
Pre-provision profit	3,069	3,269	(6.1)	2,551	20.3	
PAT	1,724	1,575	9.4	1,555	10.9	
EPS	5.5	5.0	9.4	5.0	10.6	
Federal Bank						
Net Interest Income	23,463	23,368	0.4	23,672	(0.9)	Loan growth to be muted at 2-3% QoQ/8% YoY. Margin decline to be lower at 3-4 bps to 2.9% as part of last 50 bps of rate cut impact is factored and benefit of 25 bps SA rate cute plays out. We build in seasonally higher other income, even as treasury income is muted. Higher credit cost at 55 bps should limit RoA to ~1%.
Pre-provision profit	15,282	15,563	(1.8)	15,654	(2.4)	
PAT	8,782	8,618	1.9	10,567	(16.9)	
EPS	3.6	3.5	1.9	4.3	(17.0)	
HDFC Bank						
Net Interest Income	315,460	314,380	0.3	301,139	4.8	Expect loan growth to improve to 9% YoY/3% QoQ, with healthy deposit growth at 6% QoQ. NIM to moderate by 4-5 bps QoQ, as residual repricing of EBLR linked loans impact yields, partly offset by SA rate cut benefit and maturity of e-HDFC borrowings. We build-in credit costs of 50 bps and RoA at ~1.8%.
Pre-provision profit	266,163	357,340	(25.5)	247,057	7.7	
PAT	177,966	181,558	(2.0)	168,210	5.8	
EPS	23.2	23.7	(2.1)	22.1	5.0	
ICICI Bank						
Net Interest Income	211,023	216,345	(2.5)	200,480	5.3	Advances to grow at 3.5% QoQ/ 11% YoY. Core NIM will be lower by 15 bps QoQ at 4.1%, impacted by EBLR loan re-pricing which is partly offset by benefit from SA rate cut of 25 bps. We build slippage and credit cost of 1.7% and ~50 bps respectively, with RoA at ~2.25%.
Pre-provision profit	173,852	187,458	(7.3)	167,232	4.0	
PAT	118,288	127,682	(7.4)	117,459	0.7	
EPS	16.6	17.9	(7.4)	16.7	(0.5)	
Indian Bank						
Net Interest Income	63,134	63,589	(0.7)	61,942	1.9	Reported advances to grow by 2.5% QoQ and 12% YoY. NIM to moderate by 5-7 bps QoQ to 3.15% impacted by EBLR loan re-pricing which is partly offset by benefit from SA rate cuts. Robust NIM relative to peers and contained credit costs at 55 bps to aid RoAs of 1.2%. Build in a slippage ratio of 1%.
Pre-provision profit	44,077	47,703	(7.6)	47,285	(6.8)	
PAT	27,888	29,728	(6.2)	27,064	3.0	
EPS	20.7	22.1	(6.2)	20.1	3.1	

Source: Company, Dolat Capital

Rs mn)	Q2FY26E	Q1FY26	QoQ (%)	Q2FY25	YoY (%)	Comments
DCB Bank						
Net Interest Income	5,763	5,804	(0.7)	5,092	13.2	Expect loan growth of 3% QoQ and 15% YoY. Sequential NIM moderation to be lower at 5 bps as SA rate cut benefits and lower interest reversals largely offset the impact of last 50 bps of EBLR loan re-pricing. Build in slippages and credit costs of 1.6%/85 bps, with RoA at 1.9%.
Pre-provision profit	3,069	3,269	(6.1)	2,551	20.3	
PAT	1,724	1,575	9.4	1,555	10.9	
EPS	5.5	5.0	9.4	5.0	10.6	
Federal Bank						
Net Interest Income	23,463	23,368	0.4	23,672	(0.9)	Loan growth to be muted at 2-3% QoQ/8% YoY. Margin decline to be lower at 3-4 bps to 2.9% as part of last 50 bps of rate cut impact is factored and benefit of 25 bps SA rate cute plays out. We build in seasonally higher other income, even as treasury income is muted. Higher credit cost at 55 bps should limit RoA to ~1%.
Pre-provision profit	15,282	15,563	(1.8)	15,654	(2.4)	
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EPS	3.6	3.5	1.9	4.3	(17.0)	
HDFC Bank						
Net Interest Income	315,460	314,380	0.3	301,139	4.8	Expect loan growth to improve to 9% YoY/3% QoQ, with healthy deposit growth at 6% QoQ. NIM to moderate by 4-5 bps QoQ, as residual repricing of EBLR linked loans impact yields, partly offset by SA rate cut benefit and maturity of e-HDFC borrowings. We build-in credit costs of 50 bps and RoA at ~1.8%.
Pre-provision profit	266,163	357,340	(25.5)	247,057	7.7	
PAT	177,966	181,558	(2.0)	168,210	5.8	
EPS	23.2	23.7	(2.1)	22.1	5.0	
ICICI Bank						
Net Interest Income	211,023	216,345	(2.5)	200,480	5.3	Advances to grow at 3.5% QoQ/ 11% YoY. Core NIM will be lower by 15 bps QoQ at 4.1%, impacted by EBLR loan re-pricing which is partly offset by benefit from SA rate cut of 25 bps. We build slippage and credit cost of 1.7% and ~50 bps respectively, with RoA at ~2.25%.
Pre-provision profit	173,852	187,458	(7.3)	167,232	4.0	
PAT	118,288	127,682	(7.4)	117,459	0.7	
EPS	16.6	17.9	(7.4)	16.7	(0.5)	
Indian Bank						
Net Interest Income	63,134	63,589	(0.7)	61,942	1.9	Reported advances to grow by 2.5% QoQ and 12% YoY. NIM to moderate by 5-7 bps QoQ to 3.15% impacted by EBLR loan re-pricing which is partly offset by benefit from SA rate cuts. Robust NIM relative to peers and contained credit costs at 55 bps to aid RoAs of 1.2%. Build in a slippage ratio of 1%.
Pre-provision profit	44,077	47,703	(7.6)	47,285	(6.8)	
PAT	27,888	29,728	(6.2)	27,064	3.0	
EPS	20.7	22.1	(6.2)	20.1	3.1	

Source: Company, Dolat Capital

(Rs mn)	Q2FY26E	Q1FY26	QoQ (%)	Q2FY25	YoY (%)	Comments
Kotak Mahindra Bank						
Net Interest Income	70,477	72,593	(2.9)	70,196	0.4	Expect loan growth of 3% QoQ and 15% YoY. Sequential NIM moderation to be lower at 5 bps as SA rate cut benefits and lower interest reversals largely offset the impact of last 50 bps of EBLR loan re-pricing. Build in slippages and credit costs of 1.6%/85 bps, with RoA at 1.9%.
Pre-provision profit	51,370	55,637	(7.7)	50,993	0.7	
PAT	31,547	32,817	(3.9)	33,437	(5.7)	
EPS	15.9	16.5	(3.9)	16.8	(5.7)	
RBL Bank						
Net Interest Income	15,222	14,807	2.8	16,150	(5.7)	Advances to grow at 4% QoQ/12% YoY. NIM to be stable QoQ at 4.5% as benefit from SA rate cuts and, lower interest reversals, and higher share of fixed rate loans aid margins. Credit costs to moderate to ~160 bps, with slippage at 3.5-4%, and RoA at 0.6%. Delinquency trends from secured retail portfolios is a monitorable.
Pre-provision profit	6,922	7,030	(1.5)	9,099	(23.9)	
PAT	2,248	2,003	12.2	2,225	1.0	
EPS	3.7	3.3	12.2	3.7	0.6	
State Bank of India						
Net Interest Income	408,244	410,725	(0.6)	416,195	(1.9)	Expect advances to grow at 11% YoY and 3% QoQ. We build NIM moderation of 5 bps, as repo-rate cut impact on EBLR loans have been upfronted and SA rate cut benefit aids NIM. Slippage ratio to be contained at 0.5%, with credit costs of 50 bps and RoA at 0.95%.
Pre-provision profit	262,138	305,445	(14.2)	292,937	(10.5)	
PAT	157,636	191,604	(17.7)	183,314	(14.0)	
EPS	17.7	21.5	(17.7)	20.5	(14.0)	

Source: Company, Dolat Capital

Affordable Housing Finance

(Rs mn)	Q2FY26E	Q1FY26	QoQ (%)	Q2FY25	YoY (%)	Comments
Aptus Value Housing						
Net Interest Income	3,246	3,091	5.0	2,772	17.1	Advances to grow at 21% YoY and 5% QoQ, with healthy sequential pickup in Q2 disbursements. Spreads to be stable to slightly higher QoQ as CoFs decline. Delinquency trends to improve QoQ, with credit cost of 40 bps and RoA of 7.5%. Higher than expected gains from DA transactions could aid superior profitability.
Pre-provision profit	3,018	2,961	1.9	2,462	22.6	
PAT	2,232	2,193	1.8	1,820	22.7	
EPS	4.5	4.4	1.8	3.6	22.7	
Aavas Financier						
Net Interest Income	2,913	2,776	5.0	2,418	20.5	AUM to grow by 4% QoQ and 17% YoY. We build slightly higher spreads QoQ at 5.2% driven by reduced CoF (EBLR benefits). While accelerated branch expansion will drive up opex, this should be offset by higher DA income. Build in credit cost of ~25 bps and RoAs of 3.3%.
Pre-provision profit	2,157	1,904	13.3	1,948	10.7	
PAT	1,591	1,392	14.2	1,479	7.5	
EPS	20.1	17.6	14.2	18.7	7.5	
Home First Finance						
Net Interest Income	2,157	1,941	11.1	1,566	37.7	AUM expected to grow at a 27% YoY and 6-7% QoQ. Spreads should improve QoQ by 20 bps to 5.2% as CoF moderates. With opex/assets at ~2.7% and credit costs at 45 bps, we build in RoAs of ~3.6%. Recent QIP of Rs12.5bn will lead to lower RoE at 13% but aid RoA and NIM due to reduced leverage.
Pre-provision profit	1,868	1,682	11.1	1,261	48.2	
PAT	1,255	1,189	5.6	922	36.1	
EPS	12.2	11.6	5.6	10.3	18.2	

Source: Company, Dolat Capital

Gold Finance

(Rs mn)	Q2FY26E	Q1FY26	QoQ (%)	Q2FY25	YoY (%)	Comments
Manappuram Finance*						
Net Interest Income	10,961	11,044	(0.8)	11,355	(3.5)	Standalone book to grow at 7% QoQ/17% YoY driven by robust growth in gold portfolio 10% QoQ, even as non-gold portfolios de-grow. Yield to moderate further in GL book as the NBFC focusses on volumes, impacting profits. Lower CoF and reduced credit costs will however provide some respite on spreads and RoA (3.8%). We factor in 60 bps of credit costs for standalone book. Improved MFI collections to aid Asirvad's profitability metrics.
Pre-provision profit	5,968	5,974	(0.1)	6,933	(13.9)	
PAT	3,967	3,921	1.2	4,749	(16.5)	
EPS	4.7	4.6	1.2	5.6	(16.5)	
Muthoot Finance*						
Net Interest Income	34,426	34,732	(0.9)	25,180	36.7	Gold book to grow at 10% QoQ and 45% YoY aided by sustained demand and continued traction gold prices. Yields to moderate (ex of any recoveries), partly offset by improved CoF. We build in credit costs is 45-50 bps. In the absense of strong ARC/NPA recoveries, PAT to decline QoQ, but profits remain healthy with RoA/RoE at 5.4%/25%. Improved collections to aid MFI AQ trends.
Pre-provision profit	27,129	27,887	(2.7)	19,150	41.7	
PAT	19,102	20,463	(6.7)	12,511	52.7	
EPS	47.6	51.0	(6.7)	31.2	52.7	

Source: Company, Dolat Capital

Valuation Summary

Banks	CMP*	TP	Rating	P/ABV (x)			P/E (x)		
	(Rs)	(Rs)		FY25	FY26E	FY27E	FY25	FY26E	FY27E
Axis Bank	1,160	1,250	ACC	2.5	2.1	1.8	14.4	13.6	13.4
Bank of Baroda	260	275	ACC	1.3	1.1	1.0	7.6	6.9	6.9
Canara Bank	124	125	ACC	1.7	1.3	1.1	7.7	6.6	6.4
CSB Bank	370	390	REDUCE	1.8	1.5	1.4	11.3	10.8	10.0
City Union Bank	212	250	BUY	2.1	1.8	1.6	15.5	14.0	12.6
DCB bank	128	145	REDUCE	0.9	0.8	0.8	7.5	6.5	5.5
Federal bank	194	210	ACC	1.7	1.5	1.3	12.7	11.8	11.7
HDFC Bank	965	2,230	ACC	1.8	1.6	1.4	12.1	11.0	9.8
ICICI Bank	1,372	1,730	BUY	4.4	3.6	3.2	23.6	20.7	19.7
Indian Bank	737	775	BUY	2.0	1.6	1.4	12.3	9.1	8.7
Kotak Mah Bank	2,063	2,600	BUY	4.5	3.7	3.3	29.8	24.9	28.3
RBL Bank	275	240	SELL	1.2	1.1	1.0	14.2	24.0	13.4
State Bank of India	864	950	BUY	2.5	2.1	1.8	12.6	10.8	11.6
Aptus Value Housing	325	460	BUY	4.3	3.8	3.2	26.5	21.6	17.2
Home First Finance	1,234	1,340	REDUCE	5.2	4.4	3.0	35.7	29.1	25.3
Aavas Financiers	1,634	2,000	ACC	3.4	3.0	2.6	26.4	22.5	18.5
Manappuram Finance	286	240	REDUCE	2.3	2.1	1.8	14.6	13.6	14.2
Muthoot Finance	3,144	2,760	ACC	5.2	5.0	3.8	31.2	24.3	19.5

*Source: Company, Dolat Capital; *Price as of 1st Oct 2025*

Valuation Summary (…contd)

Banks	RoE (%)			RoA (%)		
	FY25E	FY26E	FY27E	FY25E	FY26E	FY27E
Axis Bank	16.0	14.0	14.5	1.7	1.6	1.7
Bank of Baroda	15.7	13.4	12.8	1.2	1.0	1.0
Canara Bank	18.2	16.3	14.4	1.1	1.0	0.9
CSB Bank	14.3	13.3	14.7	1.4	1.2	1.4
City Union Bank	12.6	12.4	12.9	1.5	1.5	1.5
DCB bank	11.4	12.3	14.1	0.9	0.9	1.0
Federal bank	13.0	11.6	13.5	1.2	1.1	1.3
HDFC Bank	14.4	14.4	15.1	1.8	1.8	1.9
ICICI Bank	17.9	16.0	15.4	2.4	2.2	2.2
Indian Bank	17.9	16.3	15.0	1.3	1.2	1.2
Kotak Mahindra Bank	15.4	11.7	12.6	2.5	2.0	2.1
RBL Bank	4.6	7.8	10.5	0.5	0.8	1.0
State Bank of India	17.4	14.3	13.4	1.1	1.0	0.9
Aptus Value Housing	18.6	20.2	21.0	7.4	7.5	7.2
Home First Finance	16.5	14.9	14.4	3.5	3.6	3.6
Aavas Financiers	14.1	14.9	16.1	3.3	3.4	3.5
Manappuram Finance	16.1	16.2	16.9	4.8	3.9	4.3
Muthoot Finance	19.7	20.9	20.2	5.0	5.1	5.2

Source: Company, Dolat Capital

Dolat Rating Matrix

Total Return Expectation (12 Months)

Buy	**> 20%**
Accumulate	**10 to 20%**
Reduce	**0 to 10%**
Sell	**< 0%**

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