

Go Digit General Insurance

Motor loss ratio remains elevated

GODIGIT reported in-line NEP/PAT growth (+4%/+18% YoY); although earnings were supported by higher TP reserve releases, which were partly offset by higher OD loss ratio. CoR was elevated at 110.7%, led by upfronting of acquisition costs on the Motor long-term policies, higher loss ratios across all segments except Motor TP, and lower NWP on account of decline in the RI and lower risk retention in motor OD segment. GODIGIT continues to strengthen its market positioning in the Motor segment (+34bps YoY% for 9MFY26) and gained >50bps share in commercial segments. Given elevated loss ratios in the OD segment (1/4th of the overall NEP), we hack our FY26E/27E/FY28E earnings estimates by -18/-9%/-4% to factor in higher claims ratio and lower retention and revise COR to 110.6%/108.3%/107.4%. We factor in 10%/33% CAGR in NEP/PAT during FY25-28E and maintain ADD with a revised TP of INR350 (implying 36.1x Sep-27E EPS), while remaining cautious on higher OD loss ratios and rising regulatory scrutiny around EOM compliance.

- **Motor loss ratio pangs continues:** GODIGIT continued to report higher loss ratio in the OD segment (Q3FY26: 75.6%; Q3FY25: 69.0%), management highlighted higher share of renewals and higher loss ratio of private cars as a major concern, though price hikes have been taken in Q4FY26 to minimize the impact. Thus, we have increased our loss ratio estimates to reflect the higher loss experience in the OD segment.
- **Changing stance in motor OD risk retention and decline of RI:** Contrary to their earlier views of 100% risk retention in the motor segment, the management ceded a portion of electric-2W portfolio to safeguard itself from the tail risk, leading to lower retention on the motor portfolio. Further, RI inward on the government health business declined to INR0.4bn (Q3FY25: INR2.5bn). Both these factors contribute to lower NWP and hence higher combined ratio. Due to lower RI acceptance (low-cost business), GODIGIT's EOM is likely to breach the regulatory threshold of 30%, leading to concerns on possible regulatory actions.
- **Investment income sustainable; loss ratios to present P&L volatility:** Unlike peers where capital gains form a large portion of investment income, we find GODIGIT's investment income more sustainable (minimal dependence on capital gains). However, higher loss ratios in the motor segment (two-thirds of NEP) are likely to pose elevated volatility to the P&L outcomes.

Financial summary

(INR bn)	3QFY26	3QFY25	YoY%	Q2FY26	FY25	FY26E	FY27E	FY28E
Net written premium	21.5	22.4	(4.2)	21.1	82.3	85.0	96.7	109.3
Net earned premium	21.6	20.8	3.6	20.9	80.5	83.6	94.6	106.2
PAT	1.4	1.2	18.2	1.2	4.2	5.7	7.7	10.1
EPS	1.6	1.4	18.2	1.3	4.6	6.1	8.4	11.0
COR (%)	110.7	108.1	260bps	111.4	109.3	110.6	108.3	107.4
ROE Annualized (%)					10.5	11.4	13.6	15.1
P/E (x)					70.6	53.1	38.8	29.6

Source: Company, HSIE Research

Change in estimates

(INR bn)	FY26E			FY27E			FY28E		
	Revised	Old	Change %	Revised	Old	Change %	Revised	Old	Change %
Net written premium	85.0	92.2	-7.8	96.7	105.4	(8.3)	109.3	117.6	(7.0)
Net earned premium	83.6	90.5	-7.7	94.6	101.5	-6.8	106.2	113.9	-6.7
COR (%)	110.6	107.9	269bps	108.3	106.1	225bps	107.4	105.9	149bps
PAT	5.7	6.9	(17.7)	7.7	8.5	(8.5)	10.1	10.6	(4.2)

Source: Company, HSIE Research

ADD

CMP (as on 22 Jan 2026) INR 325

Target Price INR 350

NIFTY 25,290

KEY CHANGES	OLD	NEW
Rating	ADD	ADD
Price Target	INR 365	INR 350
	FY26E	FY27E
EPS%	-17.7%	-8.5%

KEY STOCK DATA

Bloomberg code	GODIGIT IN
No. of Shares (mn)	924
MCap (INR bn) / (\$ mn)	300/3,278
6m avg traded value (INR mn)	230
52 Week high / low	INR 381/265

STOCK PERFORMANCE (%)

	3M	6M	12M
Absolute (%)	(8.2)	(8.3)	13.5
Relative (%)	(5.7)	(8.5)	5.8

SHAREHOLDING PATTERN (%)

	Sep-25	Dec-25
Promoters	73.1	73.0
FIs & Local MFs	14.1	14.3
FPIs	8.5	8.3
Public & Others	4.3	4.4
Pledged Shares	Nil	Nil

Source : BSE

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Bandhan Bank

Elevated stress sustains, long road to credibility

Bandhan Bank's (BANDHAN) Q3FY26 earnings missed estimates on account of higher-than-expected credit costs (3.4% annualized), led by continued stress in the micro-banking portfolio. Deposit growth was muted (11% YoY/ -0.9% QoQ), while CASA ratio slipped further to 27.3% (-70bps QoQ), owing to soft traction in savings accounts. While the slippages in the MFI segment are improving gradually, the credit costs remain significantly elevated, contrary to industry trends wherein significant reduction in stress is visible. BANDHAN continues to guide for a shift in its loan mix toward secured loans, improving the quality of its deposit franchise and further tightening its underwriting/compliance practices. We believe the path to regain regulatory credibility and achieve portfolio stability is likely to be protracted. We cut our FY26E/FY27E/FY28E earnings by ~42%/13%/8% each, factoring in elevated credit costs and relatively limited margin reflation; we maintain **REDUCE** with a revised TP of INR130 (implied 0.8x Sep-27 ABVPS).

- **Asset quality remains a concern:** GNPA/NNPA came down to 3.3%/1.0% (Sep-25: 5.0%/1.4%) on the back of NPA sale (INR32bn) and sale of written-off book (INR37bn). EEB portfolio slippages (INR9.4bn vs Q2FY26: INR10.9bn), although improved, continued to be elevated, keeping the overall credit cost elevated for 9MFY26 at 3.5%. We raise our average credit costs to 270bps during FY26E-27E vs 240bps earlier.
- **Soft loan growth; gradual NIM improvement:** Loan growth of ~11% YoY/~5% QoQ was driven by retail (57% YoY) and commercial banking segments (33% YoY), offset by continued de-growth in the EEB book. We build in a 13% loan CAGR during FY25-27E against management guidance of 15-17%. Change in portfolio mix toward secured loans and the repo cut impact is likely to erode NIMs by 70bps from the highs of 7.0% in FY25 to 6.3% in FY27-FY28E (factoring in deposit re-pricing benefit in FY27).
- **Essential to regain stakeholder confidence:** Steady state RoAs are likely to stay muted, owing to gradual stress reduction in the MFI portfolio, rising mix of secured lending, and elevated opex intensity toward improving compliance practices. We argue that portfolio stability and predictability are crucial to BANDHAN regaining stakeholder credibility.

Financial summary

(INR bn)	Q3FY26	Q3FY25	YoY (%)	Q2FY25	QoQ (%)	FY25	FY26E	FY27E	FY28E
NII	26.9	28.3	-5.0%	25.9	3.9%	114.9	110.4	130.2	146.2
PPOP	14.5	20.2	-28.5%	13.1	10.3%	73.9	61.7	74.4	83.0
PAT	2.1	4.3	-51.8%	1.1	83.8%	27.5	12.5	27.5	33.9
EPS (INR)	1.3	2.7	-51.7%	0.7	85.5%	17.0	7.8	17.1	21.0
ROAE (%)						11.9	5.0	10.4	11.6
ROAA (%)						1.5	0.6	1.2	1.4
ABVPS (INR)						142.2	147.8	162.4	180.9
P/ABV (x)						1.0	1.0	0.9	0.8
P/E (x)						8.4	18.4	8.4	6.8

Change in estimates

(INR bn)	FY26E			FY27E			FY28E		
	New	Old	Δ	New	Old	Δ	New	Old	Δ
Net advances	1,465	1,478	-0.9%	1,667	1,691	-1.4%	1,904	1,939	-1.8%
NIM (%)	6.0	6.3	-31 bps	6.3	6.8	-42 bps	6.3	6.7	-38 bps
NII	110.4	116.9	-5.5%	130.2	140.7	-7.5%	146.2	157.6	-7.2%
PPOP	61.7	68.1	-9.5%	74.4	82.1	-9.5%	83.0	89.4	-7.2%
PAT	12.5	21.8	-42.4%	27.5	31.6	-12.9%	33.9	36.9	-8.0%
Adj. BVPS (INR)	147.8	149.0	-0.8%	162.4	166.8	-2.6%	180.9	187.0	-3.3%

Source: Company, HSIE Research

REDUCE

CMP (as on 22 Jan 2026)	INR 142
Target Price	INR 130
NIFTY	25,290

KEY CHANGES	OLD	NEW
Rating	REDUCE	REDUCE
Price Target	INR 145	INR 130
	FY26E	FY27E
EPS %	-42.4%	-12.9%

KEY STOCK DATA

Bloomberg code	BANDHAN IN
No. of Shares (mn)	1,611
MCap (INR bn) / (\$ mn)	229/2,505
6m avg traded value (INR mn)	1,135
52 Week high / low	INR 192/128

STOCK PERFORMANCE (%)

	3M	6M	12M
Absolute (%)	(14.2)	(21.3)	(6.0)
Relative (%)	(11.7)	(21.4)	(13.7)

SHAREHOLDING PATTERN (%)

	Sep-25	Dec-25
Promoters	40.3	39.7
FIs & Local MFs	17.9	18.8
FPIs	23.4	22.3
Public & Others	18.4	19.1
Pledged Shares	0.0	0.0

Source : BSE

Pledged shares as % of total shares

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