BUY

Federal Bank

Marching on the charted path

BFSI - Banks ▸ Result Update ▸ **July 19, 2026** | **CMP (Rs): 349 | TP (Rs): 400**

Federal Bank (FB) reported a strong PAT of Rs 11.8bn (1.2% of ROA) driven by higher-than-expected NII and lower provisions, partly offset by lower other income. Loan growth remained healthy at 15% yoy, largely led by commercial and corporate segments, with the management re-engaging in corporate lending and increasing the mid-market mix to support yields. Deposit growth improved to 11.4% yoy, while CASA ratio was stable at 32.2%, with CASA growth expected to improve through healthy CA accretion and growth in higher-value SA. NIM expanded to 3.3%, driven by a 21bps decline in COF following deposit repricing, with further benefits expected in 2Q. NPAs are at an all-time low with PCR of 87%, while the one-time ECL transition impact is estimated at 1.5–2.0% of NW. The management expects mid-teens plus growth with a clear focus on better-yielding loans, and 5–6bps quarterly NIM improvement (not linearly). We like the new MD's approach, entailing calibrated growth while focusing on delivering healthy and sustainable RAROC led by margin/fee uptick—a long unresolved conundrum for the bank—leading to a further re-rating. We expect ROA to improve to 1.3-1.5% over FY27-29E. We retain BUY while raising our TP by 14% to Rs400 (from Rs350) rolling forward on 1.8x Jun-28E ABV and subs value of Rs20.

Healthy credit growth with focus on better-yielding loans to support margin

FB's credit growth stayed healthy at 15.0% yoy/4.9% qoq, led by commercial and corporate segments. The management has re-engaged in corporate lending where pricing is attractive and meets underwriting standards, while raising exposure to higher-yielding mid-market corporates. Within retail, gold, CV, LAP, and cards saw steady traction, while PL/MFI turned positive. NIM expanded to 3.3% on a 21bps fall in COF as deposit repricing played out, with residual benefits in 2Q and ~2bps from an interest tax refund. The bank guides 5–6bps quarterly NIM improvement over the next 3–4 quarters (not linearly) and expects mid-teen-plus loan growth, with scope to exceed guidance.

Asset quality continues to improve

Gross slippages improved further to Rs4.1bn (0.7% of loans); this, coupled with higher recoveries and write-offs, drove a 10bps improvement in the GNPA ratio to 1.5%. The bank has not witnessed any significant stress in the CV segment, with exposure primarily to medium-sized fleet operators (5–10 trucks). While comfortable with current portfolio quality, it continues to monitor the segment closely. The one-time ECL transition impact is expected to be limited to ~1.5–2.0% of NW.

Federal Bank remains one of our preferred picks among SMID banks

We like the new MD's approach—, entailing calibrated growth while focusing on delivering healthy and sustainable RAROC led by margin/fee uptick—a long unresolved conundrum for the bank, leading to further re-rating. We retain BUY on FB, while revising up our TP to Rs400, valuing the SA bank at 1.8x Jun-28E ABV and subs at Rs20. Key risks: Slower-than-expected growth/margins/fees and fresh NPA risks in the SME portfolio due to the West-Asia conflict.

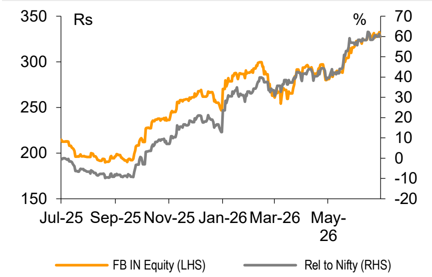
Target Price – 12M	Jun-27
Change in TP (%)	**14.3**
Current Reco.	BUY
Previous Reco.	BUY
Upside/(Downside) (%)	14.6

Stock Data	**FB IN**
52-week High (Rs)	351
52-week Low (Rs)	185
Shares outstanding (mn)	2,467.9
Market-cap (Rs bn)	861
Market-cap (USD mn)	8,946
Net-debt, FY27E (Rs mn)	NA
ADTV-3M (mn shares)	11.4
ADTV-3M (Rs mn)	3,616.4
ADTV-3M (USD mn)	37.6
Free float (%)	99.5
Nifty-50	24,334.3
INR/USD	96.3
Shareholding,Mar-26	
Promoters (%)	0.0
FPIs/MFs (%)	25.8/49.9

Price Performance

(%)	**1M**	**3M**	**12M**
Absolute	8.1	18.8	64.2
Rel. to Nifty	7.0	18.9	69.4

1-Year share price trend (Rs)



Federal Bank: Financial Snapshot (Standalone)

Y/E Mar (Rs mn)	**FY25**	**FY26**	**FY27E**	**FY28E**	**FY29E**
Net profit	40,519	41,173	53,909	68,206	86,989
Loan growth (%)	12.1	12.7	17.1	20.1	22.0
NII growth (%)	14.2	12.6	16.8	20.3	24.1
NIM (%)	3.1	3.1	3.2	3.2	3.3
PPOP growth (%)	17.9	18.1	21.9	23.4	26.7
Adj. EPS (Rs)	16.5	16.7	21.9	24.9	31.8
Adj. EPS growth (%)	8.0	1.3	30.9	13.9	27.5
Adj. BV (INR)	131.7	155.4	175.6	198.0	227.5
Adj. BVPS growth (%)	15.1	18.0	13.0	12.8	14.9
RoA (%)	1.2	1.1	1.3	1.4	1.5
RoE (%)	13.1	11.5	13.1	13.8	14.8
P/E (x)	21.5	19.9	19.7	15.0	13.2
P/ABV (x)	2.9	2.5	2.1	1.9	1.7

Source: Company, Emkay Research

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Key takeaways from the concall

Loans and deposits

- The management reiterated its guidance of mid-teen-plus loan growth, while indicating the potential to outperform the guided range if current trends continue.
- Corporate and Institutional Banking growth is driven by a calibrated increase in lending, and the bank has re-engaged in corporate lending where pricing is attractive and counterparty credit quality meets its underwriting thresholds.
- The management expects corporate growth to normalize, with the long-term growth rate remaining closer to the current ~16% yoy level. Within the corporate portfolio, the bank is increasing its exposure to the mid-market segment, while reducing the relative share of lower-yielding large corporate exposures. Further, the management expects the high-yielding businesses to continue outpacing corporate lending, thereby supporting the ongoing shift in asset mix and improving portfolio yields.
- The bank reiterated that 75–80% of new corporate customer acquisitions are now from the mid-market segment, which carries better yields than large corporate lending. As the mid-market share increases, the management expects even the traditionally lower-yielding corporate portfolio to generate higher yields over time.
- In the home loan segment, the bank remains focused on deepening relationships with existing customers, offering competitive pricing to those maintaining multiple banking relationships. For new customers, competitive home loan rates are offered selectively, primarily when customers transfer their primary banking relationship and adopt at least three products, reinforcing the bank's relationship-led growth strategy.
- The high-yielding MFI segment has been stable, with limited growth yoy. A revival in the MFI segment could provide additional support to portfolio yields and asset-side returns.
- In gold loans, LTV is stable at ~60%, providing adequate comfort on portfolio risk levels. The bank does not anticipate any sharp correction in gold prices over the coming year. Further, it regularly revises its per-gram gold valuation based on prevailing market prices and the 30-day weighted average price, ensuring appropriate calibration. Additional buffers are incorporated during periods of higher gold price volatility, providing further risk protection.
- On the lending side, the portfolio mix continues to evolve as planned. Most of the bank's identified growth segments are performing well, although the management acknowledged that execution in a few segments (auto and business loans) could improve and expects to address these areas over the coming quarters.
- In the business loan segment, the company focused on strengthening risk metrics and cleaning up the portfolio to establish a stronger base before pursuing growth.
- The auto finance segment has grown at a faster pace industry-wide, while the growth was relatively muted due to internal organizational restructuring. However, the organizational changes are now stabilizing, and the bank expects improved execution and better quality of outcomes going forward.
- The bank is progressing with the acquisition of Standard Chartered India's credit card portfolio and expects to complete the integration by the end of CY26. The acquisition is expected to accelerate its credit card franchise, particularly in the higher-yielding organic non-co-branded card segment.
- The bank has also tapped the FCNR (B) deposit mobilization opportunity, with the required infrastructure in place and the product has already launched. Initial customer response has been encouraging and the management expects this to support liability growth.
- The bank is also arranging funding lines with offshore banks to facilitate overseas funding for its customers. The management expects to capture a meaningful share of these inflows over the coming quarter.

- The management expects CASA momentum to improve over the remainder of FY27, as the seasonal weakness witnessed in 1Q normalizes and growth in transaction banking and channel businesses supports CA accretion. The bank maintained its CASA guidance.
- CA acquisition has strengthened significantly, with the bank now opening nearly twice as many CAs as a year ago. The bank is also witnessing strong growth in higher-value SA, improving deposit quality.
- The bank has significantly reduced its reliance on wholesale deposits over the past year. Going forward, easing liquidity conditions and potential moderation in system rates could create opportunities to re-access wholesale deposits, while the ECB window provides an additional funding avenue.

NIMs

- The company acknowledges that improved liquidity and lower wholesale rates could potentially lead to a reduction in asset-side lending rates, including wholesale and housing loans.
- The bank's COF declined 21bps as large part of deposit repricing has played out and some minor benefits remain which will play out in 2Q.
- The management clarified that the sequential decline in the COD was effectively ~11bps, after adjusting for the year-end impact of cash certificates recorded in 4Q, rather than the reported 22bps decline. An interest tax refund provided an additional ~2bps benefit to margins during the quarter. YOA declined by ~3bps sequentially, reflecting the impact of the interest rate environment. Overall, these factors resulted in NIM expansion in 2Q.
- The yields within the corporate portfolio have continued to improve, contributing to the overall expansion in NIM.
- The bank reiterates its guidance of a 5–6bps quarterly improvement in NIM over the next 3–4 quarters. The management highlighted that margin improvement may not be linear, with some quarters outperforming and others being relatively weak, but the overall trajectory remains intact.

Asset quality

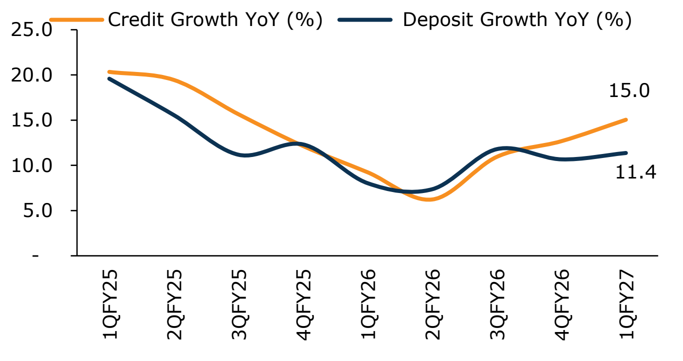
- The management expects the one-time transition impact from the ECL framework to be limited at ~1.5–2.0% of net worth and on an ongoing basis, the bank does not expect any material impact on profitability.
- The bank has not witnessed any significant or meaningful stress in the CV segment so far. It primarily operates in the medium-sized fleet operator segment (typically 5–10 truck operators) and has limited exposure to single-truck operators and smaller segments. The bank remains comfortable with the current portfolio quality, and it is closely monitoring the segment given potential viability challenges for operators.

Others

- The bank's average LCR stood at 117% in 2Q, aligning with its targeted operating range of 115–120%.

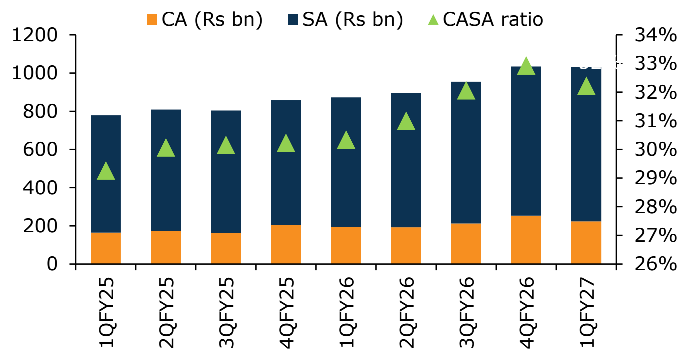
Story in charts

Exhibit 1: Credit growth healthy, while deposit growth improves yoy



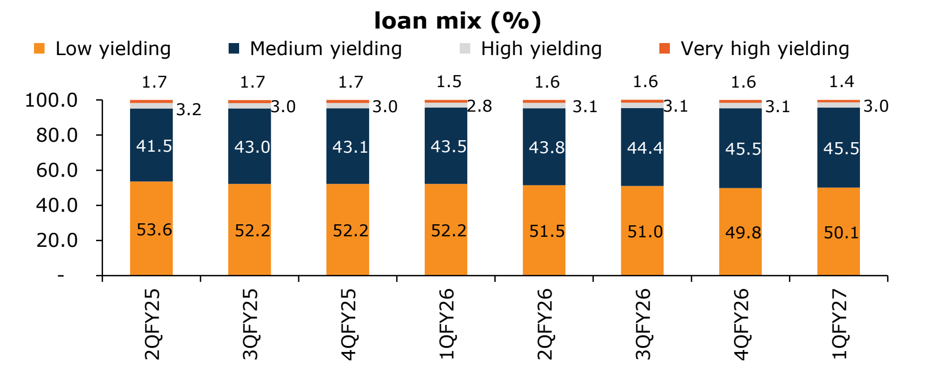
Source: Company, Emkay Research

Exhibit 2: CASA growth remains steady, leading to a stable CASA ratio qoq



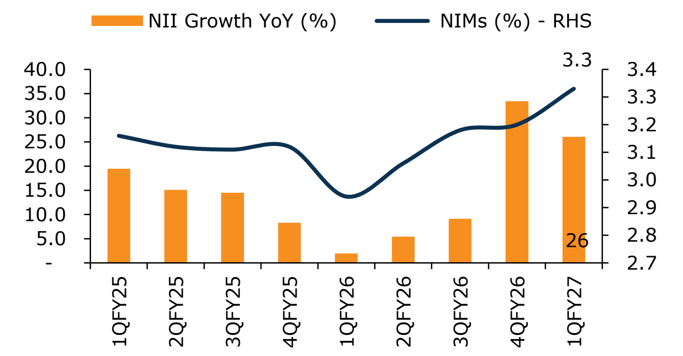
Source: Company, Emkay Research

Exhibit 3: FB is delivering well on its stated strategy of changing the loan portfolio mix toward medium-to-high yielding assets



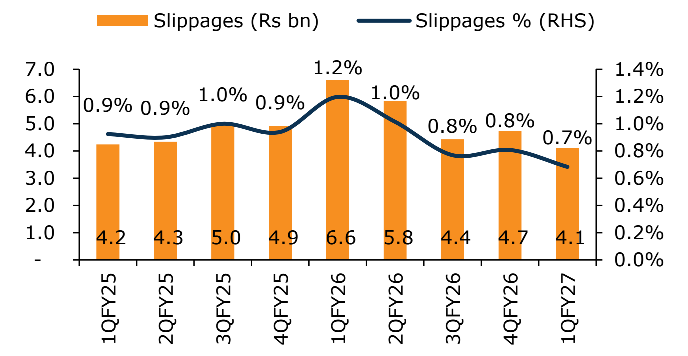
Source: Company, Emkay Research

Exhibit 4: NIM expanded qoq led by a fall in COF due to deposit repricing



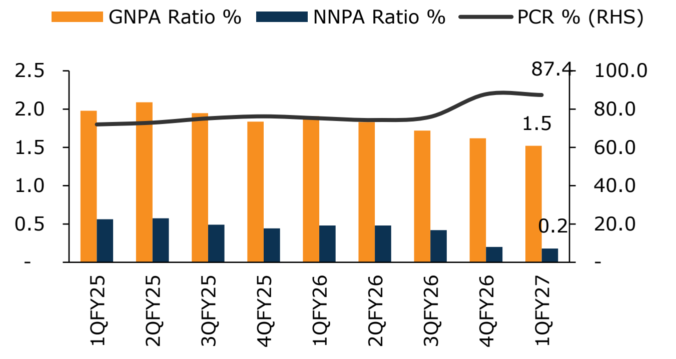
Source: Company, Emkay Research

Exhibit 5: Slippages declined qoq…



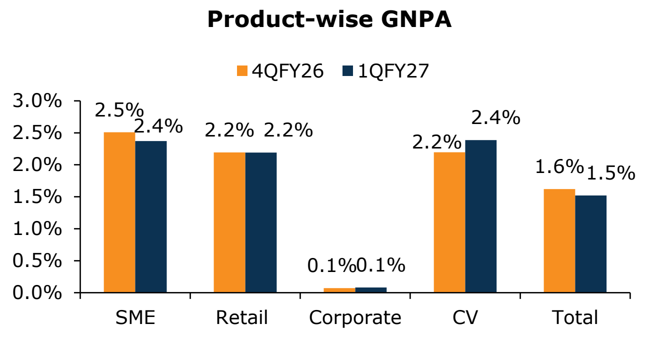
Source: Company, Emkay Research

Exhibit 6: ...which, coupled with higher recoveries and write-offs, led to an all-time low GNPA ratio



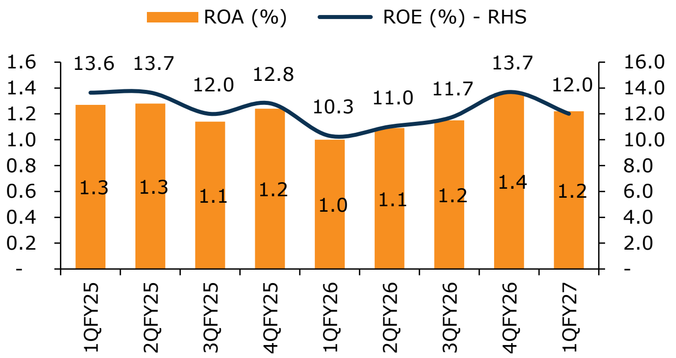
Source: Company, Emkay Research

Exhibit 7: GNPA improved across segments qoq (excluding CV segment)



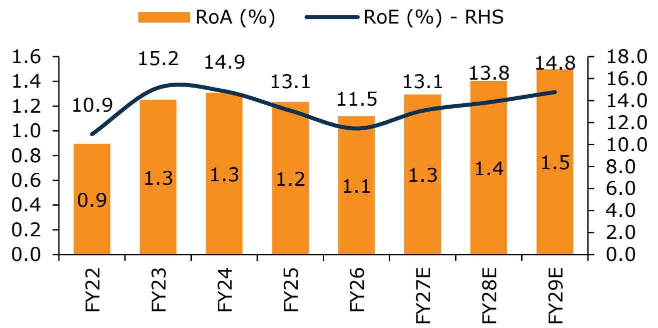
Source: Company, Emkay Research

Exhibit 8: Higher NII and lower provisions, partly offset by muted other income, led to lower ROA



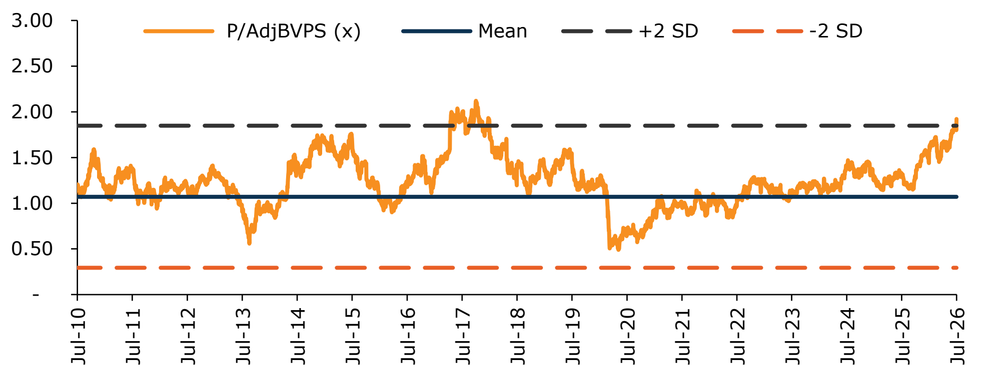
Source: Company, Emkay Research

Exhibit 9: We expect ROA and ROE to improve owing to better growth, margins, fees, and contained LLP over FY27-29E



Source: Company, Emkay Research

Exhibit 10: The stock currently trades at 1.9x 1YF ABV



Source: Bloomberg, Emkay Research

Exhibit 11: Actuals vs Estimates (1QFY27)

(Rs mn)	Actuals	Estimates		Variation		Comments
		Emkay	Consensus	Emkay	Consensus	
Net income	39,943	40,122	38,083	0%	5%	Strong NII was partly offset by lower other income, leading to in-line NII.
PPOP	18,973	19,832	19,606	-4%	-3%	Lower other income led to a PPOP miss.
PAT	11,769	11,992	11,858	-2%	-1%	Lower PPoP partly offset by lower provisions led to PAT miss.

Source: Company, Emkay Research

Exhibit 12: Quarterly summary

(Rs mn)	1QFY26	2QFY26	3QFY26	4QFY26	1QFY27	yoy (%)	qoq (%)	FY26	FY27E	yoy (%)
Interest earned	66,866	67,422	68,675	73,991	72,383	8.3	-2.2	276,954	302,970	9.4
Interest expenses	43,498	42,469	42,148	42,265	42,924	-1.3	1.6	170,380	178,447	4.7
Net interest income	23,368	24,952	26,527	31,726	29,459	26.1	-7.1	106,574	124,523	16.8
Global NIMs (reported)	2.9	3.1	3.2	3.2	3.3	39bps	13bps	3.1	3.2	10bps
Non-interest income	11,130	10,822	11,003	11,450	10,484	-5.8	-8.4	44,404	49,778	12.1
Operating expenses	18,935	19,332	20,237	20,412	20,969	10.7	2.7	78,916	86,488	9.6
Pre-provisioning profit	15,563	16,442	17,293	22,764	18,973	21.9	-16.7	72,062	87,813	21.9
Provision and contingencies	4,002	3,631	3,324	7,410	3,177	-20.6	-57.1	18,367	15,741	-14.3
PBT	11,561	12,811	13,970	15,354	15,796	36.6	2.9	53,695	72,071	34.2
Income tax expense (gain)	2,944	3,258	3,557	2,763	4,027	36.8	45.8	12,522	18,162	45.0
Net profit/(loss)	8,618	9,553	10,412	12,591	11,769	36.6	-6.5	41,173	53,909	30.9
Gross NPA (%)	1.9	1.8	1.7	1.6	1.5	-39bps	-10bps	1.6	1.5	-12bps
Net NPA (%)	0.5	0.5	0.4	0.2	0.2	-30bps	-2bps	0.2	0.2	0bps
Deposits (Rs bn)	2,874	2,889	2,978	3,139	3,201	11.4	2.0	3,139	3,625	15.5
Net Advances (Rs bn)	2,412	2,447	2,556	2,646	2,775	15.0	4.9	2,646	3,099	17.1

Source: Company, Emkay Research

Exhibit 13: Revision in estimates

Y/E Mar (Rs mn)	FY27E			FY28E			FY29E		
	Earlier	Revised	Change	Earlier	Revised	Change	Earlier	Revised	Change
Net income	171,309	174,301	1.7%	205,921	208,428	1.2%	253,603	255,362	0.7%
PPOP	85,676	87,813	2.5%	109,858	108,353	-1.4%	143,622	137,250	-4.4%
PAT	52,660	53,909	2.4%	68,538	68,206	-0.5%	90,457	86,989	-3.8%
EPS (Rs)	21.4	21.9	2.4%	25.0	24.9	-0.5%	33.0	31.8	-3.8%
BV (Rs)	177.0	177.5	0.3%	199.6	200.2	0.3%	230.4	230.1	-0.1%

Source: Emkay Research

Exhibit 14: Key assumptions

(%)	FY26	FY27E	FY28E	FY29E
Loan growth	12.7	17.1	20.1	22.0
Deposit growth	10.7	15.5	20.0	20.9
NIM	3.1	3.2	3.2	3.3
GNPA	1.6	1.5	1.4	1.4
Credit cost	0.7	0.5	0.5	0.5

Source: Emkay Research

Exhibit 15: Key ratios and trends

(Rs mn)	1QFY25	2QFY25	3QFY25	4QFY25	1QFY26	2QFY26	3QFY26	4QFY26	1QFY27
Loans	**2,208,070**	**2,303,122**	**2,303,700**	**2,348,364**	**2,412,040**	**2,446,571**	**2,555,690**	**2,645,944**	**2,774,980**
Growth yoy (%)	**20.3**	**19.4**	**15.7**	**12.1**	**9.2**	**6.2**	**10.9**	**12.7**	**15.0**
Growth qoq (%)	**5.4**	**4.3**	**0.0**	**1.9**	**2.7**	**1.4**	**4.5**	**3.5**	**4.9**
Composition (%)									
- Corporate	35.3	36.8	37.1	36.8	35.7	36.0	36.7	35.6	35.4
- SME/BB	16.9	17.3	17.7	21.4	18.1	18.7	18.8	18.7	18.0
- Retail (including agri)	32.6	32.5	32.8	32.6	31.6	31.6	30.0	29.4	27.4
Liability profile and margin									
Deposit	**2,660,650**	**2,691,066**	**2,663,750**	**2,836,475**	**2,874,360**	**2,889,196**	**2,977,960**	**3,139,094**	**3,201,180**
Growth yoy (%)	**19.6**	**15.6**	**11.2**	**12.3**	**8.0**	**7.4**	**11.8**	**10.7**	**11.4**
Growth qoq (%)	**5.4**	**1.1**	**(1.0)**	**6.5**	**1.3**	**0.5**	**3.1**	**5.4**	**2.0**
CASA (%)	29.3	30.1	30.2	30.2	30.3	31.0	32.1	32.9	32.2
CA (%)	6.2	6.5	6.1	7.2	6.7	6.7	7.1	8.1	7.0
SA (%)	23.1	23.6	24.1	23.0	23.6	24.4	24.9	24.9	25.3
Branches (no of)	1,518	1,533	1,550	1,589	1,591	1,595	1,601	1,640	1,650
Asset quality (%)									
GNPA	2.1	2.1	1.9	1.8	1.9	1.8	1.7	1.6	1.5
NNPA	0.6	0.6	0.5	0.4	0.5	0.5	0.4	0.2	0.2
PCR	72.0	72.9	75.2	76.2	75.2	74.3	76.0	87.8	87.4
Slippages	4,240	4,340	4,980	4,920	6,610	5,840	4,430	4,740	4,120
Annualized slippages	0.9	0.9	1.0	0.9	1.2	1.0	0.8	0.8	0.7
Stress assets (Rest + NNPA)	1.4	1.3	1.2	1.1	1.0	1.0	0.9	0.6	0.6
Capital adequacy (%)									
CAR	15.6	15.2	15.2	16.4	16.0	15.7	15.2	17.3	17.0
Tier I	14.2	13.8	13.8	15.0	14.7	14.4	13.9	15.9	15.9
ROE decomposition (%)									
NII	2.9	2.9	2.9	2.8	2.7	2.8	2.9	3.4	3.0
Other income	0.8	0.9	0.9	1.1	1.1	1.1	1.1	1.2	1.1
Treasury	0.3	0.2	0.2	0.1	0.1	0.1	0.1	0.0	0.0
Net income	4.0	4.0	4.0	3.9	3.9	4.0	4.2	4.6	4.1
Opex	2.1	2.1	2.1	2.2	2.2	2.2	2.2	2.2	2.1
PPOP	**1.9**	**1.9**	**1.9**	**1.7**	**1.8**	**1.9**	**1.9**	**2.4**	**1.9**
Provisions	0.2	0.2	0.4	0.2	0.4	0.3	0.3	0.8	0.3
PBT	1.7	1.7	1.5	1.5	1.3	1.5	1.6	1.6	1.7
Tax	0.4	0.4	0.4	0.3	0.3	0.4	0.4	0.3	0.4
ROA	**1.3**	**1.3**	**1.1**	**1.2**	**1.0**	**1.1**	**1.2**	**1.3**	**1.3**
ROE	**13.5**	**13.5**	**11.3**	**12.4**	**10.4**	**11.7**	**12.1**	**13.3**	**12.4**

Source: Company, Emkay Research

Federal Bank: Standalone Financials and Valuations

Profit & Loss

Y/E Mar (Rs mn)	FY25	FY26	FY27E	FY28E	FY29E
Interest Income	263,653	276,954	302,970	345,552	408,589
Interest Expense	168,973	170,380	178,447	195,776	222,745
Net interest income	**94,680**	**106,574**	**124,523**	**149,776**	**185,845**
NII growth (%)	14.2	12.6	16.8	20.3	24.1
Other income	38,012	44,404	49,778	58,652	69,517
Total Income	**132,692**	**150,978**	**174,301**	**208,428**	**255,362**
Operating expenses	71,681	78,916	86,488	100,075	118,111
PPOP	**61,011**	**72,062**	**87,813**	**108,353**	**137,250**
PPOP growth (%)	17.9	18.1	21.9	23.4	26.7
Core PPOP	**56,974**	**68,282**	**84,222**	**104,942**	**134,009**
Provisions & contingencies	7,331	18,367	15,741	17,169	20,955
PBT	**53,681**	**53,695**	**72,071**	**91,185**	**116,295**
Extraordinary items	0	0	0	0	0
Tax expense	13,162	12,522	18,162	22,979	29,306
Minority interest	0	0	0	0	0
Income from JV/Associates	-	-	-	-	-
Reported PAT	**40,519**	**41,173**	**53,909**	**68,206**	**86,989**
PAT growth (%)	8.9	1.6	30.9	26.5	27.5
Adjusted PAT	**40,519**	**41,173**	**53,909**	**68,206**	**86,989**
Diluted EPS (Rs)	**16.5**	**16.7**	**21.9**	**24.9**	**31.8**
Diluted EPS growth (%)	8.0	1.3	30.9	13.9	27.5
DPS (Rs)	**1.2**	**1.2**	**1.8**	**2.2**	**2.8**
Dividend payout (%)	**7.3**	**7.2**	**8.2**	**8.8**	**8.8**
Effective tax rate (%)	24.5	23.3	25.2	25.2	25.2
Net interest margins (%)	3.1	3.1	3.2	3.2	3.3
Cost-income ratio (%)	54.0	52.3	49.6	48.0	46.3
Shares outstanding (mn)	2,455.8	2,464.3	2,464.3	2,737.2	2,737.2

Source: Company, Emkay Research

Balance Sheet

Y/E Mar (Rs mn)	FY25	FY26	FY27E	FY28E	FY29E
Share capital	4,912	4,929	4,929	5,474	5,474
Reserves & surplus	326,348	382,122	432,444	542,491	624,353
Net worth	**331,259**	**387,051**	**437,373**	**547,966**	**629,827**
Deposits	2,836,475	3,139,094	3,625,025	4,350,494	5,261,658
Borrowings	237,263	211,591	192,127	183,368	175,047
Interest bearing liab.	**3,073,738**	**3,350,685**	**3,817,152**	**4,533,862**	**5,436,705**
Other liabilities & prov.	**85,051**	**137,479**	**203,432**	**194,536**	**272,299**
Total liabilities & equity	**3,490,048**	**3,875,215**	**4,457,957**	**5,276,364**	**6,338,832**
Net advances	2,348,364	2,645,944	3,099,494	3,723,684	4,543,341
Investments	662,456	766,762	876,826	1,034,571	1,231,709
Cash, other balances	308,592	257,276	267,201	290,167	320,766
Interest earning assets	**3,319,412**	**3,669,982**	**4,243,521**	**5,048,423**	**6,095,815**
Fixed assets	14,783	14,725	15,190	16,454	18,045
Other assets	155,853	190,508	199,246	211,488	224,971
Total assets	**3,490,048**	**3,875,215**	**4,457,957**	**5,276,364**	**6,338,832**
BVPS (Rs)	134.9	157.0	177.5	200.2	230.1
Adj. BVPS (INR)	131.7	155.4	175.6	198.0	227.5
Gross advances	2,381,716	2,684,004	3,140,285	3,768,342	4,597,377
Credit to deposit (%)	82.8	84.3	85.5	85.6	86.3
CASA ratio (%)	30.5	32.9	34.4	36.0	37.6
Cost of deposits (%)	5.7	5.5	5.1	4.8	4.5
Loans-to-Assets (%)	67.3	68.3	69.5	70.6	71.7
Net advances growth (%)	12.1	12.7	17.1	20.1	22.0
Deposit growth (%)	12.3	10.7	15.5	20.0	20.9
Book value growth (%)	14.1	16.4	13.0	12.8	14.9

Source: Company, Emkay Research

Asset quality and other metrics

Y/E Mar (Rs mn)	FY25	FY26	FY27E	FY28E	FY29E
Asset quality					
Gross NPLs	43,755	43,353	46,886	52,538	63,572
Net NPLs	10,404	5,293	6,095	7,881	9,536
GNPA ratio (%)	1.8	1.6	1.5	1.4	1.4
NNPA ratio (%)	0.4	0.2	0.2	0.2	0.2
Provision coverage (%)	76.2	88.7	87.0	85.0	85.0
Gross slippages	18,471	21,620	23,552	28,263	36,779
Gross slippage ratio (%)	0.9	0.9	0.8	0.8	0.8
LLP ratio (%)	0.3	0.7	0.5	0.5	0.5
NNPA to networth (%)	3.0	1.3	1.3	1.4	1.5
Capital adequacy					
Total CAR (%)	16.4	17.2	17.1	17.1	16.9
Tier-1 (%)	15.0	15.9	15.9	16.2	16.1
CET-1 (%)	15.0	15.9	15.9	16.2	16.1
RWA-to-Total Assets (%)	60.2	59.6	59.0	60.0	60.0
Miscellaneous					
Total income growth (%)	19.4	6.5	9.8	14.6	18.3
Opex growth (%)	15.6	10.1	9.6	15.7	18.0
Core PPOP growth (%)	16.3	19.8	23.3	24.6	27.7
PPOP margin (%)	20.2	22.4	24.9	26.8	28.7
PAT/PPOP (%)	66.4	57.1	61.4	62.9	63.4
LLP-to-Core PPOP (%)	12.9	26.9	18.7	16.4	15.6
Yield on advances (%)	9.5	8.7	8.4	8.1	8.0
Cost of funds (%)	5.8	5.3	5.0	4.7	4.5

Source: Company, Emkay Research

Valuations and key Ratios

Y/E Mar	FY25	FY26	FY27E	FY28E	FY29E
P/E (x)	21.5	19.9	19.7	15.0	13.2
P/B (x)	2.8	2.4	2.1	1.9	1.6
P/ABV (x)	2.9	2.5	2.1	1.9	1.7
P/PPOP (x)	14.1	12.0	9.8	7.9	6.3
Dividend yield (%)	0.3	0.3	0.5	0.6	0.8
DuPont-RoE split (%)					
NII/avg assets	2.9	2.9	3.0	3.1	3.2
Other income	1.2	1.2	1.2	1.2	1.2
Fee income	1.0	1.0	1.0	1.1	1.1
Opex	2.2	2.1	2.1	2.1	2.0
PPOP	**1.9**	**2.0**	**2.1**	**2.2**	**2.4**
Core PPOP	1.7	1.9	2.0	2.2	2.3
Provisions	0.2	0.5	0.4	0.4	0.4
Tax expense	0.4	0.3	0.4	0.5	0.5
RoA (%)	**1.2**	**1.1**	**1.3**	**1.4**	**1.5**
Leverage ratio (x)	10.6	10.3	10.1	9.9	9.9
RoE (%)	**13.1**	**11.5**	**13.1**	**13.8**	**14.8**

Quarterly data

Rs mn	Q1FY26	Q2FY26	Q3FY26	Q4FY26	Q1FY27
NII	23,368	24,952	26,527	31,726	29,459
NIM (%)	2.9	3.1	3.2	3.2	3.3
PPOP	15,563	16,442	17,293	22,764	18,973
PAT	8,618	9,553	10,412	12,591	11,769
EPS (Rs)	33.1	33.1	15.5	16.9	20.4

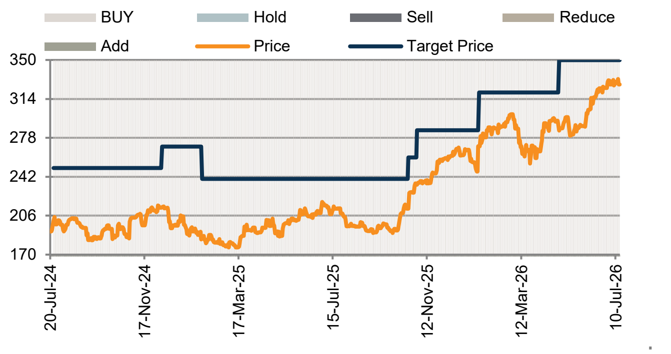
Source: Company, Emkay Research

RECOMMENDATION HISTORY - DETAILS

Date	Closing Price (Rs)	TP (Rs)	Rating	Analyst
10-Jul-26	330	350	Buy	Avinash Singh
29-Apr-26	285	350	Buy	Anand Dama
17-Jan-26	270	320	Buy	Anand Dama
30-Oct-25	235	285	Buy	Anand Dama
19-Oct-25	212	260	Buy	Anand Dama
03-Aug-25	196	240	Buy	Anand Dama
01-Jun-25	202	240	Buy	Anand Dama
01-May-25	197	240	Buy	Anand Dama
09-Apr-25	190	240	Buy	Anand Dama
23-Feb-25	180	240	Buy	Anand Dama
29-Jan-25	186	240	Buy	Anand Dama
09-Dec-24	214	270	Buy	Anand Dama
29-Oct-24	201	250	Buy	Anand Dama
24-Jul-24	201	250	Buy	Anand Dama

Source: Company, Emkay Research

RECOMMENDATION HISTORY - TREND



Source: Company, Bloomberg, Emkay Research

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REDUCE	5% upside to 15% downside
SELL	>15% downside

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