17 July 2026

1QFY27 Results Update | Sector: Financials

Federal Bank

Estimate change	↑
TP change	↑
Rating change	↔

Bloomberg	FB IN
Equity Shares (m)	2462
M.Cap.(INRb)/(USDb)	861.3 / 8.9
52-Week Range (INR)	351 / 185
1, 6, 12 Rel. Per (%)	7/34/67
12M Avg Val (INR M)	2614

Financials & Valuations (INR b)

Y/E Mar	FY26	FY27E	FY28E
NII	106.6	127.0	154.3
OP	72.1	85.0	107.0
NP	41.2	52.6	65.5
NIM (%)	3.2	3.3	3.5
EPS (INR)	16.7	20.2	23.9
EPS Gr. (%)	1.0	20.8	18.4
BV/Sh. (INR)	157	176	198
ABV/Sh. (INR)	151	170	192
Ratios			
ROA (%)	1.1	1.3	1.3
ROE (%)	11.4	12.1	12.8
Valuations			
P/E(X)	20.8	17.2	14.5
P/BV (X)	2.2	2.0	1.8
P/ABV (X)	2.3	2.0	1.8

Shareholding Pattern (%)

As of	Mar-26	Dec-25	Mar-25
Promoter	0.0	0.0	0.0
DII	49.9	50.6	48.6
FII	26.8	25.7	27.0
Others	23.3	23.7	24.4

CMP: INR349 TP: INR400 (+15%) Buy

Strong quarter; earnings momentum on a roll

Adj NIM improves 13bp QoQ

- Federal Bank (FB) reported 1QFY27 PAT of INR11.8b (up 37% YoY/down 7% QoQ, 3% beat), led by healthy NII beat and lower-than-expected provisions.
- NII grew 26% YoY to INR29.5b (5% beat). Adjusted NIMs improved 13bp QoQ to 3.33%.
- Advances grew 15% YoY/5% QoQ, led by SME, gold and corporate segments. Deposits grew by 11% YoY/2% QoQ, with CASA deposits flat QoQ. As a result, CASA mix declined by 71bp QoQ to 32.2%.
- Provisions decreased by 21% YoY/57% QoQ to INR3.2b. Slippages fell 15% QoQ to INR4.12b. GNPA/NNPA ratios improved 10bp/2bp QoQ to 1.52%/ 0.18%. PCR improved 39bp QoQ to ~88.2%.
- We raise our PAT estimates by ~4.6%/1.8% for FY27/FY28, factoring in NIM expansion, steady fee, and healthy loan growth outlook. We estimate FB to deliver FY27E RoA/RoE of 1.25%/12.1%. **Reiterate BUY with a TP of INR400 (based on 2.0x FY28E ABV).**

Advances growth healthy at 5% QoQ; slippages decline 15% QoQ

- FB reported 1Q earnings of INR11.8b (up 37% YoY/down 7% QoQ, 3% beat) amid healthy NII beat and lower-than-expected provisions.
- NII grew by a healthy 26% YoY to INR29.5b (down 7% QoQ due to interest on IT refund in 4QFY26). Adj NIMs improved by 13bp QoQ to 3.33%, led by 21bp QoQ reduction in CoF to 5.25% even as loan yield declined 4bp QoQ to 8.73%.
- Other income declined by 6% YoY/8% QoQ to INR10.5b (10% miss) amid muted treasury income of INR220m vs. INR2.65b in 1QFY26.
- Opex grew by 11% YoY/3% QoQ (in line). C/I ratio thus stood at 52.5%. The bank expects the C/I ratio to be range-bound in the near term. PPoP increased by 22% YoY/fell 17% QoQ to INR18.9b (in line).
- On the business front, advances grew by a healthy 15% YoY/5% QoQ to INR2.77t, driven by robust growth in SME (17% YoY/4% QoQ), gold (33% YoY/ 8% QoQ) and corporate (14% YoY/4% QoQ). Retail book grew by 1.9% YoY (flat QoQ), with HL declining by 2% QoQ, whereas PL and CC grew by a healthy 4% and 10% QoQ, respectively.
- Deposits grew by 11% YoY/2% QoQ, led by 3% QoQ growth in TD. CASA ratio declined by 71bp QoQ to 32.2% amid flat QoQ growth in CASA deposits.
- Provisions declined by 21% YoY/57% QoQ to INR3.2b (bank had created floating provisions, benefitting from IT refund in 4QFY26).
- Slippages declined to INR4.12b (INR4.83b in 4QFY26), leading to 10bp/2bp QoQ improvement in GNPA/NNPA ratios to 1.52%/0.18%.

Key highlights from the management commentary

- Credit cost stood at 41bp in 1QFY27 (below guidance). The bank expects credit costs to remain toward the lower end of the guided 50-60bp range.
- The bank has guided for 5bp QoQ improvement in NIMs for every quarter, though this is not expected to be linear improvement over the quarters.

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- Corporate loan growth remained strong in 1Q amid favourable short-term opportunities. The bank continued to witness healthy growth in its chosen segments, with an improved asset mix and stable yields.
- Gold loan LTV remains around 60%. The bank does not expect gold prices to fall sharply from the current levels and believes the medium-term growth trajectory for gold loans remains healthy.

Valuation and view: Reiterate BUY with TP of INR400

FB reported a strong quarter, supported by healthy NII growth, robust NIM expansion and lower credit costs. Adj NIMs expanded 13bp QoQ, aided by a reduction in CoF. Loan growth remained healthy, led by SME, gold loan and corporate segments, and the bank guided for loan growth at the higher end of the mid-teen range. The focus on select yield-accretive segments is expected to improve the product mix, which should continue to support NIMs going forward. Deposit growth stood at 11% YoY, driven by TD mobilization. CASA deposits remained largely flat QoQ due to seasonal factors. Asset quality improved with both GNPA and NNPA ratios declining further. We estimate credit cost to remain contained at ~50-55bp over FY27-28E. **We raise our PAT estimates by ~4.6%/1.8% for FY27/FY28 and estimate FB to deliver FY27E RoA/RoE of 1.25%/12.1%. Reiterate BUY with a TP of INR400 (based on 2.0x FY28E ABV).**

Quarterly performance **(INR b)**

	FY26				FY27E				FY26	FY27E	FY27E	V/s our
	1Q	2Q	3Q	4Q	1QA	2QE	3QE	4QE			1QE	Est
Net Interest Income	**23.4**	**25.0**	**26.5**	**31.7**	**29.5**	**30.7**	**32.4**	**34.4**	**106.6**	**127.0**	**28.1**	**5.0%**
% Change (YoY)	2.0	5.4	9.1	33.4	26.1	23.0	22.0	8.5	12.6	19.1	20.1	
Other Income	11.1	10.8	11.0	11.4	10.5	11.8	12.7	13.4	44.4	48.4	11.6	-10%
Total Income	**34.5**	**35.8**	**37.5**	**43.2**	**39.9**	**42.5**	**45.1**	**47.9**	**151.0**	**175.4**	**39.7**	**1%**
Operating Expenses	18.9	19.3	20.2	20.4	21.0	22.0	23.0	24.5	78.9	90.4	20.8	1%
Operating Profit	**15.6**	**16.4**	**17.3**	**22.8**	**19.0**	**20.5**	**22.1**	**23.4**	**72.1**	**85.0**	**18.9**	**0%**
% Change (YoY)	3.7	5.0	10.2	55.3	21.9	24.9	27.8	2.6	18.1	17.9	21.5	
Provisions	4.0	3.6	3.3	7.4	3.2	3.5	3.9	4.2	18.4	14.8	3.7	-14%
Profit before Tax	**11.6**	**12.8**	**14.0**	**15.4**	**15.8**	**17.1**	**18.2**	**19.1**	**53.7**	**70.2**	**15.2**	**4%**
Tax	2.9	3.3	3.6	2.8	4.0	4.3	4.6	4.7	12.5	17.6	3.8	5%
Net Profit	**8.6**	**9.6**	**10.4**	**12.6**	**11.8**	**12.8**	**13.6**	**14.4**	**41.2**	**52.6**	**11.4**	**3%**
% Change (YoY)	-14.6	-9.6	9.0	22.2	36.6	33.6	30.7	14.7	1.6	27.7	32.1	
Operating Parameters												
Deposit (INR b)	2,874	2,889	2,978	3,139	3,201	3,374	3,504	3,660	3,139	3,660	3,238	
Loan (INR b)	2,412	2,447	2,556	2,646	2,775	2,845	2,955	3,088	2,646	3,088	2,727	
Deposit Growth (%)	8.0	7.4	11.8	10.7	11.4	16.8	17.7	16.6	10.7	16.6	12.7	
Loan Growth (%)	9.2	6.2	10.9	12.7	15.0	16.3	15.6	16.7	12.7	16.7	13.1	
Asset Quality												
Gross NPA (%)	1.9	1.8	1.7	1.6	1.5	1.5	1.5	1.4	1.6	1.4	1.6	
Net NPA (%)	0.5	0.5	0.4	0.2	0.2	0.2	0.2	0.2	0.2	0.2	0.2	
PCR (%)	75.2	74.3	76.0	87.8	88.2	87.8	87.5	87.7	87.8	87.7	87.5	

E: MOFSL Estimates

Quarterly Summary

(INR b)	FY26				FY27	Change (%)	
Profit and Loss	**1Q**	**2Q**	**3Q**	**4Q**	**1Q**	**YoY**	**QoQ**
Interest Income	66.9	67.4	68.7	74.0	72.4	8.3	-2
Advances	53.2	53.8	54.7	55.3	57.6	8.1	4
Investment	11.3	11.7	12.1	12.5	13.4	18.0	7
Others	2.3	1.9	1.8	6.2	1.4	-37.7	-77
Interest Expense	43.5	42.5	42.1	42.3	42.9	-1.3	2
Net Interest Income	**23.4**	**25.0**	**26.5**	**31.7**	**29.5**	**26.1**	**-7.1**
Other Income	11.1	10.8	11.0	11.4	10.5	-5.8	-8.4
Total Income	**34.5**	**35.8**	**37.5**	**43.2**	**39.9**	**15.8**	**-7.5**
Operating Expenses	18.9	19.3	20.2	20.4	21.0	10.7	2.7
Operating Profits	**15.6**	**16.4**	**17.3**	**22.8**	**19.0**	**21.9**	**-16.7**
Core Operating Profits	**12.9**	**15.3**	**16.0**	**22.8**	**18.8**	**45.2**	**-17.6**
Provisions	4.0	3.6	3.3	7.4	3.2	**-20.6**	**-57.1**
NPA provisions	3.8	3.1	2.9	7.5	2.7	-28.5	-63.6
PBT	**11.6**	**12.8**	**14.0**	**15.4**	**15.8**	**36.6**	**2.9**
Taxes	2.9	3.3	3.6	2.8	4.0	36.8	45.8
PAT	**8.6**	**9.6**	**10.4**	**12.6**	**11.8**	**36.6**	**-6.5**
Balance sheet (INR b)							
Loans	**2,412**	**2,447**	**2,556**	**2,646**	**2,775**	**15.0**	**4.9**
Deposits	**2,874**	**2,889**	**2,978**	**3,139**	**3,201**	**11.4**	**2.0**
CASA Deposits	**872**	**896**	**955**	**1,034**	**1,032**	**18.3**	**-0.2**
-Savings	193	192	213	253	223	15.7	-12.0
-Current	680	704	742	781	809	19.0	3.6
Loan mix (%)							
Retail	27.6	27.0	25.9	25.5	24.8	-279.7	-69
SME	17.6	18.0	18.1	18.1	18.2	3.4	0.1
Agriculture	3.1	3.1	3.0	2.9	2.9	-8.9	-2.7
Corporate	35.6	35.6	36.2	35.6	35.8	0.7	0.7
Gold	12.7	12.9	13.4	14.3	14.9	17.3	4.4
CV/CE	2.0	2.0	2.0	2.1	2.1	6.8	-2.0
MFI	1.5	1.4	1.4	1.4	1.4	-7.7	-5.3
Asset Quality (INR m)							
GNPA	46.7	45.3	44.5	43.4	42.8	-8.3	-1.2
NNPA	11.6	11.7	10.7	5.3	5.1	-56.3	-4.4
Slippages	6.6	5.8	4.4	4.8	4.1	-37.7	-14.7
Asset Quality Ratios (%)	**1Q**	**2Q**	**3Q**	**4Q**	**1Q**	**YoY (Bp)**	**QoQ (Bp)**
GNPA	1.91	1.83	1.72	1.62	1.52	-39	-10
NNPA	0.48	0.48	0.42	0.20	0.18	-30	-2
PCR (Exc TWO)	75	74	76	88	88	1,297	39
Slippage Ratio	1.1	1.0	0.7	0.8	0.6	-51	-14
Credit Cost	0.7	0.6	0.5	1.2	0.4	-24	-78
Business Ratios (%)							
CASA	30.4	31.0	32.1	32.9	32.2	188	-71
Loan/Deposit	83.9	84.7	85.8	84.3	86.7	277	240
Cost to Income	54.9	54.0	53.9	47.3	52.5	-239	522
Tax Rate	25.5	25.4	25.5	18.0	25.5	3	750
Capitalisation Ratios (%)							
Tier I	14.7	14.4	13.9	15.9	15.9	120	-4
- CET 1	14.7	14.4	13.9	15.9	15.9	120	-4
CAR	16.0	15.7	15.2	17.3	17.0	94	-28
RWA / Total Assets	61.2	61.9	62.1	59.6	61.4	25	178
LCR	132.5	129.9	123.9	119.9	NA	NA	NA
Profitability Ratios (%)							
Yield on loans	9.2	9.0	8.9	8.8	8.7	-44	-4
Yield on Funds	8.7	8.7	8.5	8.9	8.5	-24	-45
Cost of Funds	5.9	5.6	5.5	5.5	5.3	-60	-21
Cost of Deposits	5.8	5.6	5.5	5.4	5.2	-57	-22
Margins	2.94	3.06	3.18	3.74	3.33	39	-41
Others							
Branches	1,591	1,595	1,601	1,640	1,650	59	10
ATMs	2,094	2,082	2,094	2,112	2,135	41	23

CONFERENCE CALL

Highlights from the management commentary

Opening Remarks

- 1QFY27 was one of the strongest first quarters for the bank in recent years.
- Quarter was challenging from a treasury perspective; however, excluding treasury, overall performance remained positive.
- The bank's focus on improving the CASA mix remains unchanged. CA balances were impacted by seasonal factors during the quarter.
- FB highlighted three key developments: the appointment of the new Chairman, the ongoing acquisition of the Standard Chartered portfolio, and the receipt of S&P credit ratings, which will facilitate global borrowings and diversify the funding profile.
- It has launched its FCNR product. Unlike 2013, it now has a GIFT City RBU in place, enabling it to offer leverage products and engage with foreign banks.
- A significant portion of deposit repricing has already been completed, with only a small balance remaining in 2QFY27.
- FB expects CA balances to improve after the seasonally weak 1Q, with no change in its CASA guidance.
- Commercial Banking continues to be the fastest-growing business segment.
- Granular Retail delivered healthy growth, led by gold loans (+33% YoY), which remain a key focus area. LAP also continued to be a priority segment, registering 21% YoY growth.
- Business Banking grew 7% YoY, with the bank focusing on improving yields.
- Fee income declined QoQ due to the seasonally strong performance in 4Q.
- GNPA improved by 39bp YoY to 1.52%, while NNPA declined to a record low.
- Slippage trends continued to improve, with the slippage ratio witnessing a steady decline.
- On the ECL transition, the one-time impact is estimated at 1.5-2.0% of net worth and is not expected to have any material impact on the P&L.

Loans and deposits

- FCNR(B) deposits: FB expects to secure its fair share of business. The availability of leverage products should support customer acquisition this time.
- CASA deposits increased by 18-23% YoY. The bank continues to focus on both CA and SA mobilization, while branch KPIs have been realigned toward liabilities as part of a medium-term strategy.
- Corporate loan growth remained strong in 1Q amid favourable short-term opportunities. At the same time, the bank continued to witness healthy growth in its focus segments, with an improved asset mix and stable yields.
- Portfolio mix continues to shift towards the mid-market segment, with nearly 70-80% of new customer onboarding coming from this segment.
- Home Loans, the bank remains focused on competitive pricing while leveraging cross-selling opportunities across other banking products.
- Loan growth guidance remains unchanged, with a positive bias. Bank continues to guide for loan growth at the higher end of the mid-teen range.
- Gold Loan LTV remains around 60%. Bank does not expect gold prices to fall sharply from current levels and believes the medium-term growth trajectory for Gold Loans remains intact.
- Auto Loans and Business Loans remain key growth areas, with a particular focus on expanding the small business portfolio.

- FCNR(B) deposits have no positive correlation with existing customer deposits, and there has been no cannibalization of the existing deposit base.
- Commercial Vehicle financing: The bank primarily operates in the mid-fleet operator segment rather than the single-fleet operator segment, where it has not observed any significant changes.

Yields, cost and margins

- NIMs are driven by both the liability franchise and the advances portfolio. FB remains focused on improving CASA while continuing to optimize the asset mix through chosen business segments.
- Cost of deposits declined 22bp QoQ, while the adjusted cost of deposits fell 11bp QoQ. The bank indicated that there is limited scope for further reduction from current levels.
- Going forward, NIM performance will be supported by improvements in CASA as well as the evolving asset mix.
- Yield on advances declined 4bp QoQ. FB indicated that yields should not be viewed in isolation, as higher-yielding segments such as MFI have remained stable and continue to offer growth opportunities.
- Deposit repricing during 4Q had an 11bp impact.
- FCNR leverage deposits do not necessarily lower the cost of deposits but increase lending opportunities on the asset side, thereby supporting RoA improvement.
- The bank has guided for 5bp QoQ improvement in NIMs for every quarter, and is not expected to be linear improvement over the next quarter.

Other income and opex

- Processing fee income varies with loan disbursement volumes. Since disbursements were lower in 1QFY27 compared to the seasonally stronger 4QFY26, processing fee income was correspondingly lower.

Asset Quality

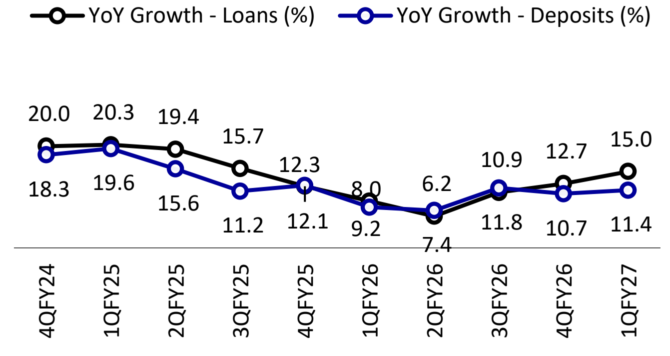
- Asset quality remains well under control, with slippages continuing to moderate.
- Credit cost stood at 41bp in 1QFY27, below guidance. The bank expects credit costs to remain toward the lower end of the guided 50-60bp range.
- The bank extends ECLGS support only in cases where customers face temporary liquidity issues and the underlying stress is short term.

Miscellaneous

- Average LCR stood at 117%, and the bank intends to maintain it around the current level.
- The senior management team is largely in place, although a few key positions, including the Head of IT, are yet to be filled.

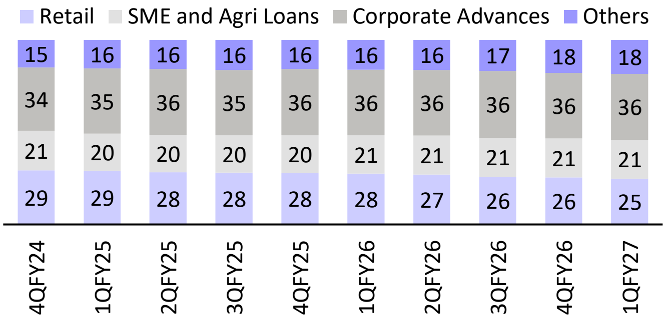
Story in charts

Exhibit 1: Advances/deposits grew 15%/11.4% YoY



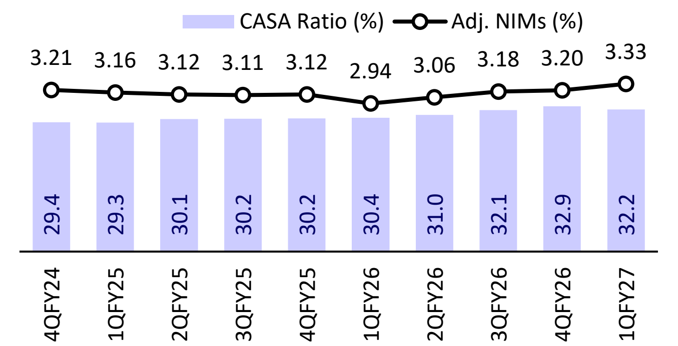
Sources: MOFSL, Company

Exhibit 2: Retail book mix declined to 25%; corp at 36%



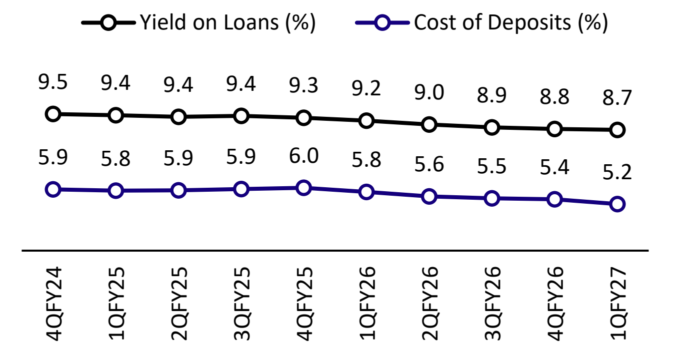
Sources: MOFSL, Company

Exhibit 3: NIM expanded to 3.33%; CASA declined to 32.2%



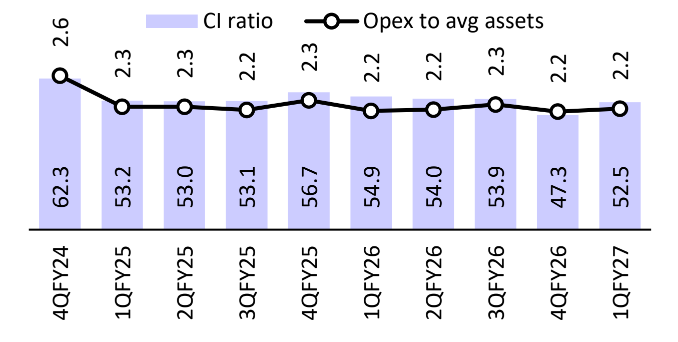
Sources: MOFSL, Company

Exhibit 4: YoA declined 4bp QoQ; CoD dipped 22bp QoQ



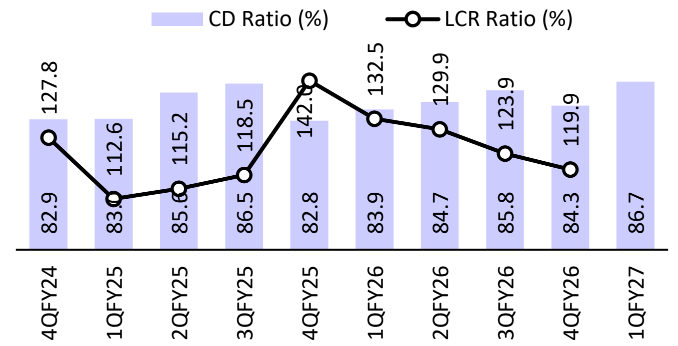
Sources: MOFSL, Company

Exhibit 5: C/I ratio increased to 52.5% in 1QFY27



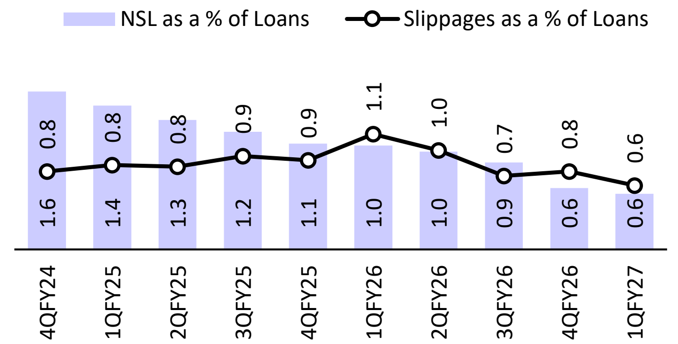
Sources: MOFSL, Company

Exhibit 6: C/D ratio increased to 86.7%



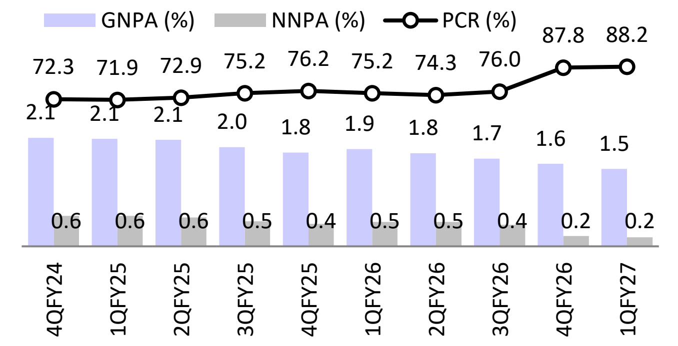
Sources: MOFSL, Company

Exhibit 7: Net stressed loan (NSL) as % of loans stood at 0.6%, while slippages ratio declined to 0.6%



Sources: MOFSL, Company

Exhibit 8: GNPA/NNPA ratios declined to 1.52%/0.18%; calculated PCR at ~88.2%



Sources: MOFSL, Company

Valuation and view: Reiterate BUY with a TP of INR400

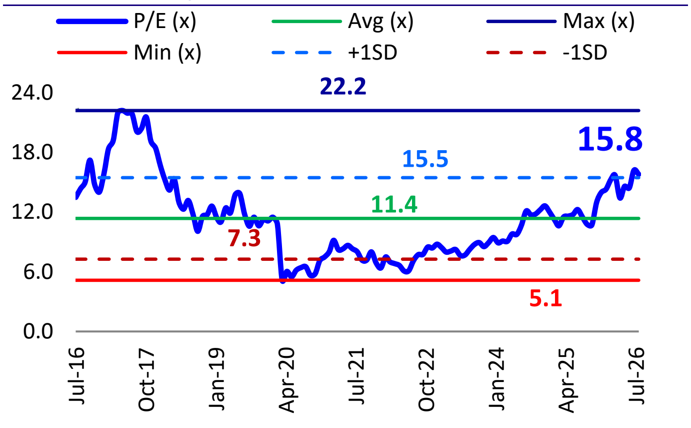
- FB reported a strong quarter, supported by healthy NII growth, robust NIM expansion and lower credit costs. Adj NIMs expanded 13bp QoQ, aided by reduction in CoF.
- Loan growth remained healthy, led by SME, gold loan and corporate segments. The bank guided for loan growth at the higher end of the mid-teen range. The focus on select yield-accretive segments is expected to improve the product mix, which should continue to support NIMs going forward.
- Deposit growth stood at 11% YoY, driven by TD mobilization. CASA deposits remained largely flat QoQ due to seasonal factors. Asset quality improved with both GNPA and NNPA ratios declining further.
- We estimate credit cost to remain contained at ~50-55bp over FY27-28E. **We raise our PAT estimates by ~4.6%/1.8% for FY27/FY28 and estimate FB to deliver FY27E RoA/RoE of 1.25%/12.1%. Reiterate BUY with a TP of INR400 (based on 2.0x FY28E ABV).**

Exhibit 9: Changes to our estimates

(INR b)	Old Estimates		Revised Estimates		Change (%)/bps	
	FY27	FY28	FY27	FY28	FY27	FY28
Net Interest Income	120.9	146.8	127.0	154.3	5.0	5.1
Other Income	50.2	57.4	48.4	56.1	-3.5	-2.2
Total Income	**171.1**	**204.2**	**175.4**	**210.5**	**2.5**	**3.1**
Operating Expenses	88.5	99.5	90.4	103.4	2.2	3.9
Operating Profits	**82.6**	**104.7**	**85.0**	**107.0**	**2.8**	**2.2**
Provisions	15.6	18.8	14.8	19.6	-5.1	4.1
PBT	**67.1**	**85.9**	**70.2**	**87.5**	**4.6**	**1.8**
Tax	16.8	21.6	17.6	22.0	4.6	1.8
PAT	**50.2**	**64.3**	**52.6**	**65.5**	**4.6**	**1.8**
Loans	3,075	3,579	3,088	3,597	0.4	0.5
Deposits	3,660	4,217	3,660	4,217	0.0	0.0
Margins (%)	3.20	3.35	3.35	3.50	15	16
Credit Cost (%)	0.50	0.52	0.47	0.54	-3	2
RoA (%)	**1.20**	**1.32**	**1.25**	**1.35**	**6**	**2**
RoE (%)	**11.6**	**12.6**	**12.1**	**12.8**	**51**	**16**
EPS	19.3	23.5	20.2	23.9	4.6	1.8
BV	175.2	197.0	176.1	198.3	0.5	0.7
ABV	169.3	189.2	170.3	191.8	0.6	1.4

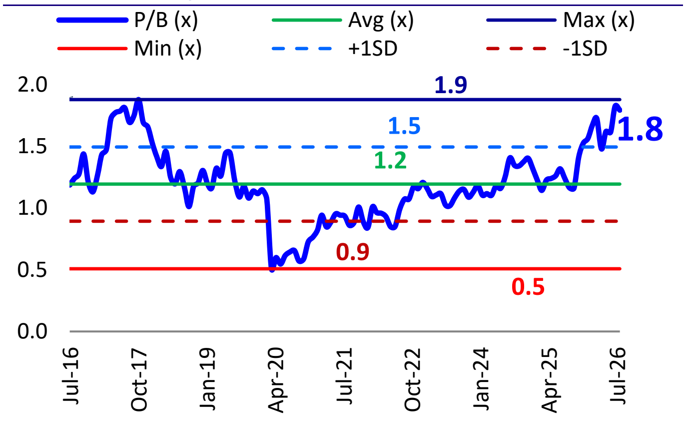
Sources: MOFSL, Company

Exhibit 10: One-year forward P/E ratio



Source: MOFSL, Company

Exhibit 11: One-year forward P/B ratio



Source: MOFSL, Company

Exhibit 12: DuPont analysis: Expect return ratios to improve gradually

Y/E March	FY23	FY24	FY25	FY26	FY27E	FY28E
Interest Income	6.98	7.80	8.02	7.52	7.51	7.59
Interest Expense	3.98	4.89	5.14	4.63	4.48	4.42
Net Interest Income	**3.01**	**2.92**	**2.88**	**2.89**	**3.03**	**3.17**
Core Fee Income	0.96	0.99	1.03	1.09	1.03	1.02
Trading and others	0.01	0.10	0.12	0.12	0.13	0.13
Non-Interest income	0.97	1.08	1.16	1.21	1.15	1.16
Total Income	**3.97**	**4.00**	**4.04**	**4.10**	**4.18**	**4.33**
Operating Expenses	**1.98**	**2.18**	**2.18**	**2.14**	**2.16**	**2.13**
-Employee cost	0.90	1.00	0.94	0.96	0.95	0.93
-Others	1.08	1.18	1.24	1.19	1.21	1.19
Operating Profits	**1.99**	**1.82**	**1.86**	**1.96**	**2.03**	**2.20**
Core Operating Profits	**1.98**	**1.72**	**1.73**	**1.84**	**1.90**	**2.07**
Provisions	0.31	0.07	0.22	0.50	0.35	0.40
PBT	**1.68**	**1.75**	**1.63**	**1.46**	**1.67**	**1.80**
Tax	0.43	0.44	0.40	0.34	0.42	0.45
RoA	**1.25**	**1.31**	**1.23**	**1.12**	**1.25**	**1.35**
Leverage (x)	11.94	11.24	10.51	10.21	9.65	9.49
RoE	**14.94**	**14.71**	**12.96**	**11.42**	**12.10**	**12.79**

Sources: MOFSL, Company

Financials and valuations

Income Statement

Y/E March	FY23	FY24	FY25	FY26	FY27E	FY28E
						(INRb)
Interest Income	168.0	221.9	263.7	277.0	314.8	369.1
Interest Expense	95.7	138.9	169.0	170.4	187.8	214.8
Net Interest Income	**72.3**	**82.9**	**94.7**	**106.6**	**127.0**	**154.3**
-growth (%)	21.3	14.7	14.2	12.6	19.1	21.5
Non-Interest Income	23.3	30.8	38.0	44.4	48.4	56.1
Total Income	**95.6**	**113.7**	**132.7**	**151.0**	**175.4**	**210.5**
-growth (%)	18.8	18.9	16.7	13.8	16.2	20.0
Operating Expenses	47.7	62.0	71.7	78.9	90.4	103.4
Pre-Provision Profits	**47.9**	**51.7**	**61.0**	**72.1**	**85.0**	**107.0**
-growth (%)	27.6	7.9	17.9	18.1	17.9	26.0
Provisions (excl tax)	7.5	2.0	7.3	18.4	14.8	19.6
PBT	**40.4**	**49.8**	**53.7**	**53.7**	**70.2**	**87.5**
Tax	10.3	12.6	13.2	12.5	17.6	22.0
Tax Rate (%)	25.6	25.3	24.5	23.3	25.1	25.1
PAT	**30.1**	**37.2**	**40.5**	**41.2**	**52.6**	**65.5**
-growth (%)	59.3	23.6	8.9	1.6	27.7	24.6

Balance Sheet

Y/E March	FY23	FY24	FY25	FY26	FY27E	FY28E
Share Capital	**4.2**	**4.9**	**4.9**	**4.9**	**5.5**	**5.5**
Equity Share Capital	4.2	4.9	4.9	4.9	5.5	5.5
Reserves & Surplus	210.8	286.1	329.3	382.1	476.5	537.3
Net Worth	**215.1**	**290.9**	**334.2**	**387.1**	**481.9**	**542.8**
Deposits	**2,133.9**	**2,525.3**	**2,836.5**	**3,139.1**	**3,660.2**	**4,216.5**
-growth (%)	17.4	18.3	12.3	10.7	16.6	15.2
- CASA Dep	**701.2**	**746.5**	**863.8**	**1,035.9**	**1,251.8**	**1,496.9**
-growth (%)	3.9	6.5	15.7	19.9	20.8	19.6
Borrowings	193.2	180.3	237.3	211.6	206.4	251.8
Other Liabilities & Prov.	61.3	86.6	82.1	137.5	162.2	199.5
Total Liabilities	**2,603.4**	**3,083.1**	**3,490.0**	**3,875.2**	**4,510.8**	**5,210.7**
Current Assets	176.9	189.6	308.6	257.3	299.7	321.7
Investments	489.8	608.6	662.5	766.8	886.4	1,016.7
-growth (%)	25.0	24.2	8.9	15.7	15.6	14.7
Loans	**1,744.5**	**2,094.0**	**2,348.4**	**2,645.9**	**3,087.8**	**3,597.3**
-growth (%)	20.4	20.0	12.1	12.7	16.7	16.5
Fixed Assets	9.3	10.2	14.8	14.7	18.4	20.9
Other Assets	182.9	180.7	155.9	190.5	218.6	254.1
Total Assets	**2,603.4**	**3,083.1**	**3,490.0**	**3,875.2**	**4,510.8**	**5,210.7**

Asset Quality

GNPA	41.8	45.3	43.8	43.4	44.9	49.4
NNPA	13.2	13.8	11.5	5.3	5.5	5.7
Slippages	17.2	17.4	18.5	21.7	25.8	31.4
GNPA Ratio (%)	2.4	2.1	1.8	1.6	1.4	1.4
NNPA Ratio (%)	0.8	0.7	0.5	0.2	0.2	0.2
Slippage Ratio (%)	1.1	0.9	0.8	1.0	0.9	0.9
Credit Cost (%)	0.5	0.1	0.3	0.5	0.5	0.5
PCR (Excl Tech. write off) (%)	68.4	69.6	73.8	87.8	87.7	88.4

E: MOFSL Estimates

Financials and valuations

Ratios

Y/E March	FY23	FY24	FY25	FY26	FY27E	FY28E
Yield and Cost Ratios (%)						
Avg. Yield-Earning Assets	**8.0**	**8.8**	**8.9**	**8.4**	**8.3**	**8.4**
Avg. Yield on loans	8.4	9.2	9.5	8.7	8.8	8.9
Avg. Yield on Investments	6.5	6.9	7.3	6.9	6.7	6.7
Avg. Cost-Int. Bear. Liab.	**4.5**	**5.5**	**5.8**	**5.3**	**5.2**	**5.2**
Avg. Cost of Deposits	4.4	5.5	5.7	5.2	5.1	5.1
Avg. Cost of Borrowings	5.5	6.4	7.1	5.5	6.5	6.6
Interest Spread	**3.6**	**3.2**	**3.1**	**3.1**	**3.1**	**3.2**
Net Interest Margin	**3.5**	**3.3**	**3.2**	**3.2**	**3.35**	**3.50**
Capitalization Ratios (%)						
CAR	14.8	16.5	16.8	16.9	18.3	17.4
Tier I	13.0	14.8	15.3	15.5	17.1	16.4
-CET-1	13.0	14.8	15.3	15.5	17.1	16.4
Tier II	1.8	1.6	1.5	1.4	1.2	1.0
Business Ratios (%)						
Loans/Deposit Ratio	81.8	82.9	82.8	84.3	84.4	85.3
CASA Ratio	32.9	29.6	30.5	33.0	34.2	35.5
Cost/Assets	1.8	2.0	2.1	2.0	2.0	2.0
Cost/Total Income	49.9	54.5	54.0	52.3	51.5	49.1
Cost/Core Income	50.0	55.9	55.7	53.9	53.2	50.7
Int. Expense/Int.Income	57.0	62.6	64.1	61.5	59.7	58.2
Fee Income/Net Income	24.1	24.7	25.6	26.5	24.6	23.6
Non Int. Inc./Net Income	24.4	27.1	28.6	29.4	27.6	26.7
Empl. Cost/Op. Exps.	45.6	45.6	43.1	44.7	44.0	43.9
Efficiency Ratios (INRm)						
Employee/branch (in nos)	9.8	10.1	10.1	10.3	10.2	10.1
Staff cost/employee	1.6	1.9	1.9	2.1	2.2	2.4
CASA per branch	511.1	496.3	543.6	631.6	720.1	812.3
Deposits per branch	1,555.3	1,679.1	1,785.1	1,914.1	2,105.5	2,288.2
Business per Employee	288.2	303.7	321.8	342.0	379.9	419.0
PAT per Employee	2.2	2.4	2.5	2.4	3.0	3.5

Valuation

Valuation	FY23	FY24	FY25	FY26	FY27E	FY28E
RoE	14.9	14.7	13.0	11.4	12.1	12.8
RoA	1.3	1.3	1.2	1.1	1.25	1.35
RoRWA	1.9	1.9	1.9	1.7	1.8	2.0
Book Value (INR)	102	119	136	157	176	198
-growth (%)	13.7	17.6	13.9	15.4	12.1	12.6
Price-BV (x)	**3.4**	**2.9**	**2.6**	**2.2**	**2.0**	**1.8**
Adjusted BV (INR)	94.1	112.8	129.2	151.4	170.3	191.8
Price-ABV (x)	**3.7**	**3.1**	**2.7**	**2.3**	**2.0**	**1.8**
EPS (INR)	14.3	16.3	16.6	16.7	20.2	23.9
-growth (%)	54.8	14.5	1.3	1.0	20.8	18.4
Price-Earnings (x)	**24.4**	**21.3**	**21.0**	**20.8**	**17.2**	**14.5**
Dividend Per Share (INR)	1.8	1.0	1.2	1.6	1.5	1.7
Dividend Yield (%)	**0.5**	**0.3**	**0.3**	**0.5**	**0.4**	**0.5**

E: MOFSL Estimates

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SELL	< - 10%
NEUTRAL	< - 10 % to 15%
UNDER REVIEW	Rating may undergo a change
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