

October 24, 2025

Event Update

☑ Change in Estimates | ☑ Target | ■ Reco

Change in Estimates

	Current		Previous	
	FY27E	FY28E	FY27E	FY28E
Rating	BUY		BUY	
Target Price	250		235	
NII (Rs. m)	1,18,671	1,37,115	1,17,720	1,34,564
% Chng.	0.8	1.9		
Op. Profit (Rs. m)	78,799	92,192	77,848	89,641
% Chng.	1.2	2.8		
EPS (Rs.)	19.7	20.8	19.4	22.3
% Chng.	1.5	(6.9)		

Key Financials - Standalone

Y/e Mar	FY25	FY26E	FY27E	FY28E
NII (Rs m)	94,680	1,00,772	1,18,671	1,37,115
Op. Profit (Rs m)	61,011	66,279	78,799	92,192
PAT (Rs m)	40,519	39,313	48,345	56,846
EPS (Rs.)	16.5	16.0	19.7	20.8
Gr. (%)	8.0	(3.1)	23.0	5.8
DPS (Rs.)	1.2	1.3	1.7	1.9
Yield (%)	0.5	0.6	0.7	0.8
NIM (%)	3.0	2.9	3.1	3.1
RoAE (%)	13.0	11.2	12.1	11.9
RoAA (%)	1.2	1.1	1.2	1.2
P/BV (x)	1.7	1.5	1.3	1.2
P/ABV (x)	1.7	1.6	1.3	1.2
PE (x)	13.8	14.2	11.6	10.9
CAR (%)	16.4	16.4	16.7	17.9

Key Data

FED.BO | FB IN

52-W High / Low	Rs.232 / Rs.173
Sensex / Nifty	84,212 / 25,795
Market Cap	Rs.559bn/ \$ 6,364m
Shares Outstanding	2,459m
3M Avg. Daily Value	Rs.1678.7m

Shareholding Pattern (%)

Promoter's	-
Foreign	25.54
Domestic Institution	49.71
Public & Others	24.75
Promoter Pledge (Rs bn)	-

Stock Performance (%)

	1M	6M	12M
Absolute	17.5	12.6	20.4
Relative	14.0	6.7	14.5

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Blackstone invests 10% equity post-money

Board approved preferential issue of up to 272.97mn warrants at Rs227 p.s. to Asia II Topco XIII Pte. Ltd. i.e. Blackstone for Rs61.97bn. 25% of the amount i.e. Rs15.49bn would be payable at time of subscription post RBI and shareholder approval while remaining 75% will be payable within 18 months of allotment. This suggests a pre/post money dilution of 11.1%/10.0% at a valuation on Sep'27 ABV of 1.3x (normal 1.2x) indicating that the raise is BV accretive. CET-1 may increase by 200-250bps to 17.0-17.5%. Accretion to FY27/28 ABV would be 4.1/2.7% while ROE might fall by 11/63bps to 12.1%/11.9%; EPS for FY28 may be 7% lower. NIM for FY27/28E increases 2/3bps to 3.10/3.13%. Capital raise is a positive since it would strengthen the balance sheet and support growth. Also, it gives FB leeway to plan for an inorganic acquisition. Due to a stronger balance sheet and increase in ABV, we increase multiple slightly to 1.4x from 1.3x on Sep'27 ABV and raise TP to Rs250 from Rs235. Retain 'BUY'.

- **Contours of the transaction:** Board has approved preferential issue of up to 272.97mn warrants each carrying a right to subscribe to 1 equity share (FV Rs2) at a price of Rs227 (hence premium of Rs225) to Asia II Topco XIII Pte. Ltd. i.e. Blackstone for cash consideration of Rs61.97bn. 25% of total amount i.e. Rs15.49bn would be payable at the time of subscription post RBI and shareholder approval while remaining 75% will be payable within 18 months of allotment. The warrants shall be convertible in one or more tranches. Subject to shareholder approval, the Board has approved the right to nominate 1 (one) retiring non-executive director on the Board upon exercise of all the warrants and subject to the investor holding at least 5% of capital.
- **Raise at existing valuation of 1.3x; CET-1 at ~17.5% to match larger peers:** Preferential issue is 272.97mn warrants while paid-up capital as at Sep'25 was 2,459mn shares. This suggests a pre/post money dilution of 11.1%/10.0%. Capital raise would strengthen the balance sheet; as at Sep'25, RWA was Rs2.2trn while including profits for H1FY26, CET-1 was ~15%. Total raise of Rs61.97bn may increase CET-1 by ~15% and shore up CET-1 ratio by 200-250bps to 17.0-17.5%. This would make CET-1 comparable to peers like ICICIB (16.3%), HDFCB (17.5%) and AXSB (14.4%), CUB (22%) and KVB (17%).
- **Capital raise positive for the bank:** Prior to this week, normalized CMP was Rs210 suggesting valuation of 1.2x on Sep'27 ABV. Our FY27/28E ABV was Rs163/184 suggesting a pre-money valuation of 1.4/1.2x. Transaction price of Rs227 would translate to higher post-money valuation of 1.3x indicating that this raise would be BV accretive. On a post-money basis, assuming money is invested in 2 separate tranches i.e. 25% in Q1FY27 and 75% in H1FY28, accretion to FY27/28E ABV would be 4.1% and 2.7%. Due to capital raise, NIM for FY27/28E increases 2/3bps to 3.10/3.13%.
- **Share issue to support future balance sheet growth:** FB is currently in a consolidation phase as targeted change in asset-liability mix is in progress. While increasing the CET-1 and strengthening the balance sheet, this capital raise would support the bank in the upcoming phase of growth. Also, it gives FB leeway to plan for an inorganic acquisition.


Income Statement (Rs. m)

Y/e Mar	FY25	FY26E	FY27E	FY28E
Int. Earned from Adv.	2,10,166	2,16,476	2,32,589	2,61,366
Int. Earned from invt.	45,418	47,032	49,937	56,576
Others	3,638	3,216	3,475	3,762
Total Interest Income	2,63,653	2,71,681	2,90,054	3,25,629
Interest Expenses	1,68,973	1,70,909	1,71,384	1,88,514
Net Interest Income	94,680	1,00,772	1,18,671	1,37,115
Growth(%)	14.2	6.4	17.8	15.5
Non Interest Income	38,012	44,196	48,966	55,467
Net Total Income	1,32,692	1,44,968	1,67,636	1,92,582
Growth(%)	19.4	4.7	7.3	12.4
Employee Expenses	30,883	32,810	36,549	41,020
Other Expenses	38,126	45,880	52,289	59,370
Operating Expenses	71,681	78,690	88,838	1,00,390
Operating Profit	61,011	66,279	78,799	92,192
Growth(%)	17.9	8.6	18.9	17.0
NPA Provision	8,041	12,479	12,400	14,156
Total Provisions	7,331	13,527	13,905	15,889
PBT	53,681	52,752	64,893	76,303
Tax Provision	13,162	13,439	16,548	19,457
Effective tax rate (%)	24.5	25.5	25.5	25.5
PAT	40,519	39,313	48,345	56,846
Growth(%)	8.9	(3.0)	23.0	17.6

Balance Sheet (Rs. m)

Y/e Mar	FY25	FY26E	FY27E	FY28E
Face value	2	2	2	2
No. of equity shares	2,456	2,459	2,459	2,732
Equity	4,912	4,919	4,919	5,465
Networth	3,34,206	3,70,125	4,29,852	5,28,056
Growth(%)	14.9	10.7	16.1	22.8
Adj. Networth to NNPA's	10,404	11,106	11,495	12,313
Deposits	28,36,475	30,83,605	34,96,094	39,87,215
Growth(%)	12.3	8.7	13.4	14.0
CASA Deposits	8,63,778	9,84,181	11,64,580	13,80,008
% of total deposits	30.5	31.9	33.3	34.6
Total Liabilities	34,90,048	37,95,105	42,85,622	49,31,141
Net Advances	23,48,364	26,05,647	29,71,680	33,89,133
Growth(%)	12.1	11.0	14.0	14.0
Investments	6,62,456	7,50,805	8,21,491	9,89,061
Total Assets	34,90,048	37,95,105	42,85,622	49,31,141
Growth (%)	13.2	8.7	12.9	15.1

Asset Quality

Y/e Mar	FY25	FY26E	FY27E	FY28E
Gross NPAs (Rs m)	43,755	44,421	45,976	49,248
Net NPAs (Rs m)	10,404	11,106	11,495	12,313
Gr. NPAs to Gross Adv.(%)	1.8	1.7	1.5	1.4
Net NPAs to Net Adv. (%)	0.4	0.4	0.4	0.4
NPA Coverage %	76.2	75.0	75.0	75.0

Profitability (%)

Y/e Mar	FY25	FY26E	FY27E	FY28E
NIM	3.0	2.9	3.1	3.1
RoAA	1.2	1.1	1.2	1.2
RoAE	13.0	11.2	12.1	11.9
Tier I	15.0	14.9	15.2	16.4
CRAR	16.4	16.4	16.7	17.9

Source: Company Data, PL Research

Quarterly Financials (Rs. m)

Y/e Mar	Q3FY25	Q4FY25	Q1FY26	Q2FY26
Interest Income	68,087	66,484	66,866	67,422
Interest Expenses	43,774	42,709	43,498	42,469
Net Interest Income	24,313	23,774	23,368	24,952
YoY growth (%)	14.5	8.3	2.0	5.4
CEB	7,560	8,000	7,860	8,860
Treasury	-	-	-	-
Non Interest Income	9,162	10,060	11,130	10,822
Total Income	77,249	76,543	77,996	78,243
Employee Expenses	7,832	7,838	7,976	8,034
Other expenses	9,949	11,342	10,959	11,298
Operating Expenses	17,781	19,180	18,935	19,332
Operating Profit	15,695	14,654	15,563	16,442
YoY growth (%)	9.2	32.0	3.7	5.0
Core Operating Profits	14,695	14,194	14,293	15,312
NPA Provision	-	-	-	-
Others Provisions	2,923	1,381	4,002	3,631
Total Provisions	2,923	1,381	4,002	3,631
Profit Before Tax	12,771	13,273	11,561	12,811
Tax	3,217	2,971	2,944	3,258
PAT	9,554	10,302	8,618	9,553
YoY growth (%)	(5.1)	13.7	(14.6)	(9.6)
Deposits	26,63,750	28,36,475	28,74,360	28,89,196
YoY growth (%)	11.2	12.3	8.0	7.4
Advances	23,03,700	23,48,364	24,12,040	24,46,571
YoY growth (%)	15.7	12.1	9.2	6.2

Key Ratios

Y/e Mar	FY25	FY26E	FY27E	FY28E
CMP (Rs)	227	227	227	227
EPS (Rs)	16.5	16.0	19.7	20.8
Book Value (Rs)	136	150	175	193
Adj. BV (Rs)	132	146	170	189
P/E (x)	13.8	14.2	11.6	10.9
P/BV (x)	1.7	1.5	1.3	1.2
P/ABV (x)	1.7	1.6	1.3	1.2
DPS (Rs)	1.2	1.3	1.7	1.9
Dividend Payout Ratio (%)	-	-	-	-
Dividend Yield (%)	0.5	0.6	0.7	0.8

Efficiency

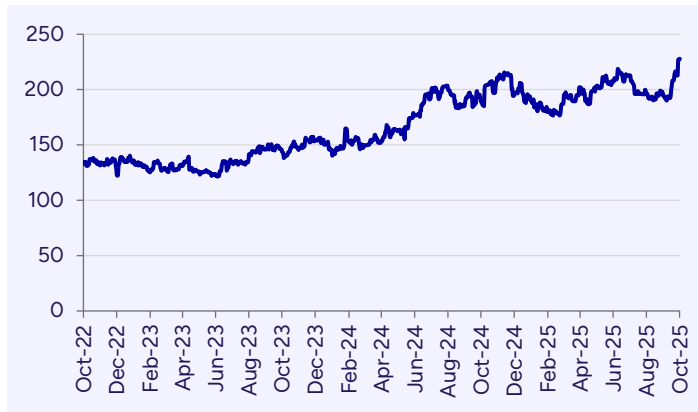
Y/e Mar	FY25	FY26E	FY27E	FY28E
Cost-Income Ratio (%)	54.0	54.3	53.0	52.1
C-D Ratio (%)	82.8	84.5	85.0	85.0
Business per Emp. (Rs m)	322	334	361	392
Profit per Emp. (Rs lacs)	25	23	27	30
Business per Branch (Rs m)	3,257	3,362	3,609	3,899
Profit per Branch (Rs m)	25	23	27	30

Du-Pont

Y/e Mar	FY25	FY26E	FY27E	FY28E
NII	2.88	2.77	2.94	2.98
Total Income	4.04	3.98	4.15	4.18
Operating Expenses	2.18	2.16	2.20	2.18
PPoP	1.86	1.82	1.95	2.00
Total provisions	0.22	0.37	0.34	0.34
RoAA	1.23	1.08	1.20	1.23
RoAE	12.96	11.16	12.09	11.87

Source: Company Data, PL Research

Price Chart



Recommendation History

No.	Date	Rating	TP (Rs.)	Share Price (Rs.)
1	19-Oct-25	BUY	235	213
2	07-Oct-25	BUY	220	199
3	02-Aug-25	BUY	220	196
4	07-Jul-25	BUY	220	215
5	23-Jun-25	BUY	220	208
6	02-May-25	BUY	220	197
7	08-Apr-25	BUY	210	191
8	24-Feb-25	BUY	210	180
9	28-Jan-25	BUY	210	184
10	08-Jan-25	BUY	220	197

Analyst Coverage Universe

Sr. No.	CompanyName	Rating	TP (Rs)	Share Price (Rs)
1	AAVAS Financiers	Accumulate	1,925	1,672
2	Axis Bank	BUY	1,425	1,170
3	Bank of Baroda	BUY	270	262
4	Can Fin Homes	BUY	950	838
5	City Union Bank	BUY	245	219
6	DCB Bank	BUY	155	132
7	Federal Bank	BUY	235	213
8	HDFC Asset Management Company	BUY	6,175	5,764
9	HDFC Bank	BUY	1,150	1,003
10	ICICI Bank	BUY	1,800	1,437
11	IndusInd Bank	Hold	840	751
12	Kotak Mahindra Bank	BUY	2,350	2,127
13	LIC Housing Finance	BUY	725	567
14	Nippon Life India Asset Management	BUY	900	875
15	State Bank of India	BUY	960	865
16	Union Bank of India	BUY	150	139
17	UTI Asset Management Company	Accumulate	1,400	1,339

PL's Recommendation Nomenclature (Absolute Performance)

Buy	: > 15%
Accumulate	: 5% to 15%
Hold	: +5% to -5%
Reduce	: -5% to -15%
Sell	: < -15%
Not Rated (NR)	: No specific call on the stock
Under Review (UR)	: Rating likely to change shortly

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