

**Federal Bank (FB) reported improvement in credit growth at ~13% YoY, though below system levels, as it remains focused on profitability and kept corporate growth contained compared to peers. Core margins were largely stable at 3.2%, while reported margins increased to 3.7% due to one-off interest on an IT refund. The bank utilized these one-off gains to accelerate its PCR to 88% (made an adhoc provision of Rs4.6bn to build ECL buffer) and still delivered a healthy PAT of Rs12.6bn and RoA of 1.4% (1.2% adj for one-off IT refund interest). The bank plans to accelerate growth with a clear focus on better yielding loans to improve margins and increase fees through stronger traction in transaction banking and retail lending. Based on current assessment, the bank does not see any meaningful risk to asset quality or NRI deposit flows from the West Asia conflict, though it remains vigilant. Recently, FB issued convertible share warrants to Blackstone for a 9.99% stake, with overall capital infusion expected to the tune of Rs62bn over 18M. Factoring in growth acceleration, steady improvement in margins, and contained credit costs, we expect RoA to improve to 1.3-1.6% over FY27-29E from a low of 1.1% in FY26E, which, coupled with credible management, should support a stock re-rating. We retain BUY while raising our TP by 9% to Rs350 (rolling forward on 1.6x FY28E ABV and subs value of Rs20) from Rs320.**

#### Calibrated credit expansion with clear focus on margins

FB's credit growth improved further to 12.7% YoY/3.5% QoQ, though remained below system levels as the bank avoided corporate book expansion, unlike peers, to protect margins. Select retail segments like gold, CV, and LAP are witnessing steady acceleration. Deposit growth remained moderate at 11% YoY, while NRI deposits grew strongly at 12.4% YoY/7% QoQ, which could be partly due to seasonality and some preponement amid the West-Asia conflict. Core margins were largely stable QoQ at 3.2%, despite rate cuts mainly due to a better portfolio mix, while they stood at 3.7% including one-off interest on IT refund.

#### Steady improvement in asset quality, with ECL provision buffer build-up

Gross slippages were range-bound at Rs4.7bn (0.8% of loans), however, higher recoveries and write-offs drove a 10bps improvement in the GNPA ratio to 1.6%. Separately, the bank recently made additional provisions (Rs4.6bn) absorbing one-off income from IT refund, to build its ECL buffer rather than toward the West Asia conflict. Based on current assessment, the bank does not see any meaningful risk to asset quality or NRI deposit flows from the West Asia conflict, though it remains vigilant. The bank maintains its credit cost guidance of ~55-60bps.

#### 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 Rs350, valuing the SA bank at 1.6x FY28E 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	Mar-27
Change in TP (%)	9.4
Current Reco.	BUY
Previous Reco.	BUY
Upside/(Downside) (%)	22.8

Stock Data	FB IN
52-week High (Rs)	302
52-week Low (Rs)	183
Shares outstanding (mn)	2,463.6
Market-cap (Rs bn)	702
Market-cap (USD mn)	7,396
Net-debt, FY27E (Rs mn)	NA
ADTV-3M (mn shares)	9.5
ADTV-3M (Rs mn)	2,398.6
ADTV-3M (USD mn)	25.3
Free float (%)	99.5
Nifty-50	24,177.7
INR/USD	94.8

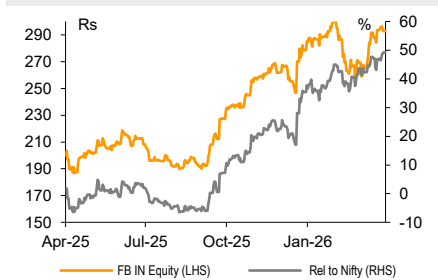
#### Shareholding, Mar-26

Promoters (%)	0.0
FPIs/MFs (%)	25.8/49.9

#### Price Performance

(%)	1M	3M	12M
Absolute	5.7	(1.0)	40.0
Rel. to Nifty	(0.2)	4.1	40.9

#### 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	52,660	68,538	90,457
Loan growth (%)	12.1	12.7	17.2	20.2	22.1
NII growth (%)	14.2	12.6	13.5	21.2	24.3
NIM (%)	3.1	3.1	3.1	3.2	3.3
PPOP growth (%)	17.9	18.1	18.9	28.2	30.7
Adj. EPS (Rs)	16.5	16.7	21.4	25.0	33.0
Adj. EPS growth (%)	8.0	1.3	27.9	17.2	32.0
Adj. BV (INR)	131.7	155.4	174.5	196.7	226.2
Adj. BVPS growth (%)	15.1	18.0	12.3	12.7	15.0
RoA (%)	1.2	1.1	1.3	1.4	1.6
RoE (%)	13.1	11.5	12.8	14.0	15.4
P/E (x)	17.3	16.1	15.9	12.4	10.6
P/ABV (x)	2.3	2.0	1.7	1.5	1.3

Source: Company, Emkay Research

#### Anand Dama

anand.dama@emkayglobal.com  
+91-22-66242480

#### Nikhil Vaishnav

nikhil.vaishnav@emkayglobal.com  
+91-22-66242485

#### Aman Mehta

aman.mehta@emkayglobal.com  
+91-22-66121275

## Key takeaways from the concall

### Outlook on loans, deposits, and NIM

- The bank's key focus segments delivered strong momentum, with products such as gold loans and LAP posting healthy growth during the quarter. The bank remains focused on profitable growth in these chosen segments and expects stronger traction going forward, supported by ample market opportunities.
- Growth strategy remains unchanged, with continued focus on expanding LAP, gradually building the MFI portfolio as initiated last quarter, and scaling the cards business. Overall, the bank remains committed to growing both secured and unsecured segments as planned.
- Gold loans comprise slightly below 14% of the portfolio, with no fixed upper cap currently, as it remains well within the bank's risk appetite. The bank may reassess the segment if the share approaches 20%.
- The management follows a conservative gold loan underwriting approach, valuing collateral at the lower of the previous day's gold price or the average price over the last 30 working days. During periods of heightened volatility, the bank further reduces permissible LTV levels and increases margins to protect the portfolio. As a result of these prudent measures, the current portfolio LTV remains below 54%.
- The bank remains selective on home loans due to current risk-return dynamics, noting that pricing in the market does not justify aggressive growth at present. The bank remains open to scaling up home loans in the future if pricing and spreads become more favorable.
- Within corporate banking, the focus is shifting toward mid-market clients rather than large corporates, which is helping improve yields, with over 75% of recent new credit business coming from this segment.
- The bank sees stronger opportunity in corporate banking to deepen wallet share through cross-sell of trade, FX, CMS, and current account products, which is reflected in improving self-funding ratios.
- Going forward, the bank aims to grow corporate banking in early double digits, with a stronger emphasis on cross-sell and profitability rather than aggressive balance sheet growth.
- Transactor growth remains strong, driven largely by credit cards issued to existing customers, leading to a rising transactor share, while the overall interest-earning book has also grown, though more on the transactor side.
- On the liabilities side, the bank undertook a calibrated restructuring of its deposit mix, focusing on improving quality and granularity through a sharper pivot toward retail deposits.
- The bank remains confident in growing its current account franchise independently through its own strategic initiatives. The management reiterated its CASA ratio target of 36%, while noting the ratio has already improved to 32.9%.
- The bank consciously reduced wholesale deposits amid elevated market rates and relied on low-cost deposits with minimal borrowings, strengthening the liability franchise and providing ample capacity to fund future growth.
- The management indicated that there is still scope for further deposit repricing, with benefits expected to continue through Q1FY27 and possibly into the early part of Q2.
- NIM expansion is being driven by multiple levers, including higher CASA, improved term deposit mix between retail and wholesale, and a shift in assets toward better-yielding segments.

This report is intended for Team White Marque Solutions ([team.emkay@whitemarqueresolutions.com](mailto:team.emkay@whitemarqueresolutions.com))

## Asset quality

- The bank reiterated its credit cost guidance of 55–60bps.
- On provisions, the bank clarified that there is no specific stressed portfolio or underlying concern for which the buffers have been created. Given the one-time gain, the bank has chosen to remain conservative by creating additional buffers, which it expects can be utilized during the upcoming ECL transition under the draft guidelines.
- Exposure to Middle East-based customer families on the asset side is limited, as this segment remains more liability-focused than lending-focused. The bank does not currently foresee any material stress unless there is a sharp rise in job losses or significant return migration to India. The management also noted that during the post-Covid disruption period, credit costs in this segment remained reasonably stable, providing comfort on asset quality.
- Based on current portfolio performance, there are no visible signs of stress, with slippages remaining low at 0.74% and SMA 1/2 levels also not indicating any emerging pressure.

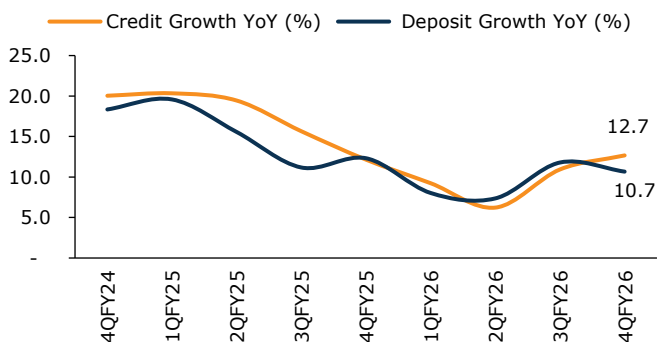
## Others

- The bank's focus remains on strengthening three key drivers: liability mix and cost optimization, asset-side mix improvement, and sustained fee income growth. While cost efficiency is an important lever, the guidance over the next 12–18 months prioritizes maintaining momentum in the first three areas rather than giving explicit cost targets.
- The management highlighted three key fee income growth drivers apart from regular banking fees: credit cards, wealth management, and trade and FX services. The bank has seen improving traction in trade and FX fees, while the credit card business is growing well and is expected to contribute more meaningfully going forward. Wealth management remains at an early stage, and the management believes these multiple levers provide ample scope to sustain fee income growth ahead.
- The bank added 39 branches in the last quarter and plans to open ~100 branches over the next year, supporting its liability strategy.
- Remittance flows currently remain elevated, and the management believes this trend is likely to stay stable unless there is a significant economic disruption or large-scale return migration from the UAE to India.
- LCR stands at 119% and the bank is comfortable with 115%-120%.

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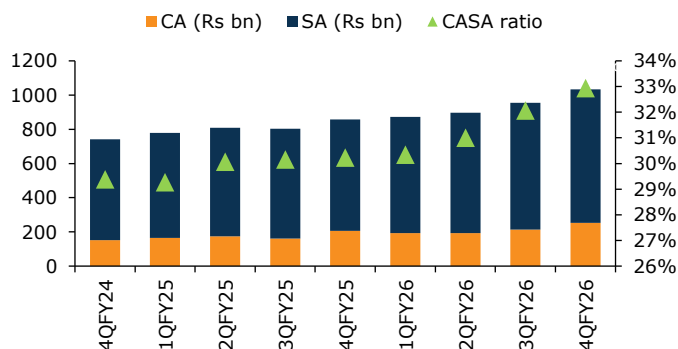
## Story in charts

**Exhibit 1: Credit growth improved further, though was below system levels as the bank avoided corporate book expansion, while deposit growth moderated YoY**



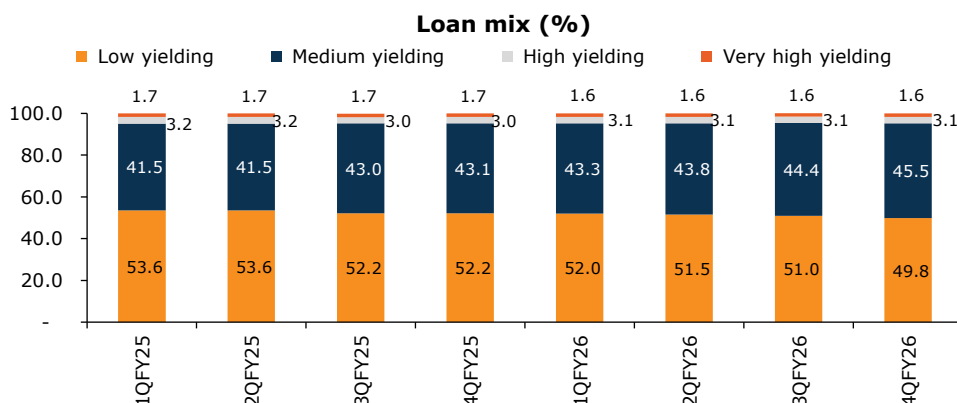
Source: Company, Emkay Research

**Exhibit 2: CASA growth remains strong, led to 87bps QoQ rise in the CASA ratio**



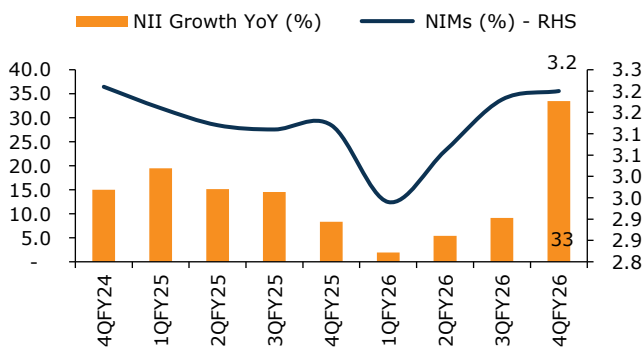
Source: Company, Emkay Research

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



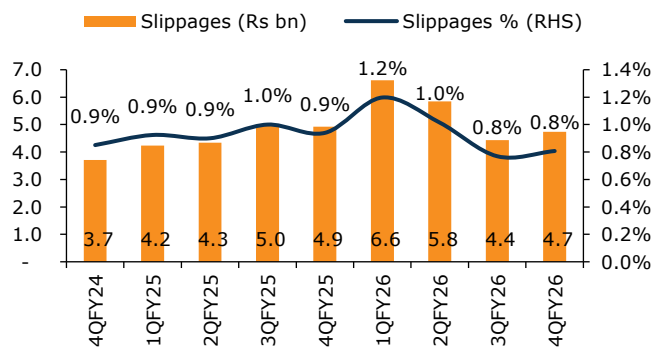
Source: Company, Emkay Research

**Exhibit 4: NIM is stable, driven by higher CASA, improved term deposit mix between retail and wholesale, and a shift in assets toward better-yielding segments**



Source: Company, Emkay Research

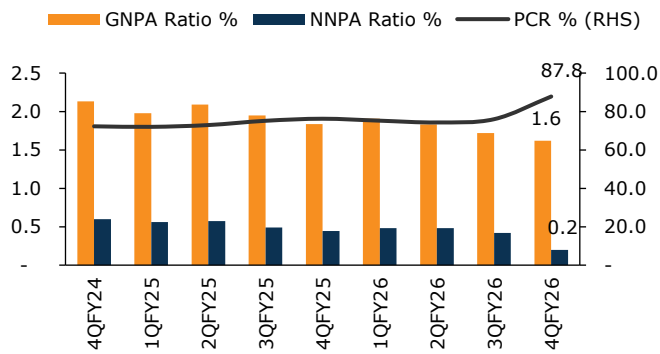
**Exhibit 5: Slippages marginally inched up QoQ, led by a rise in retail and SME segment slippages QoQ...**



Source: Company, Emkay Research

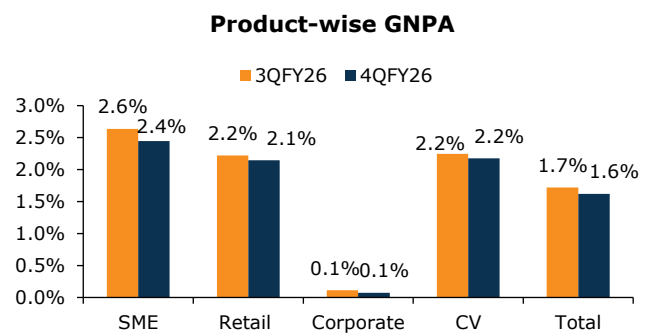
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**Exhibit 6: ...which, coupled with higher recoveries and write-offs, led to an improvement in the GNPA ratio, while higher specific PCR resulted in lower NNPA ratios**



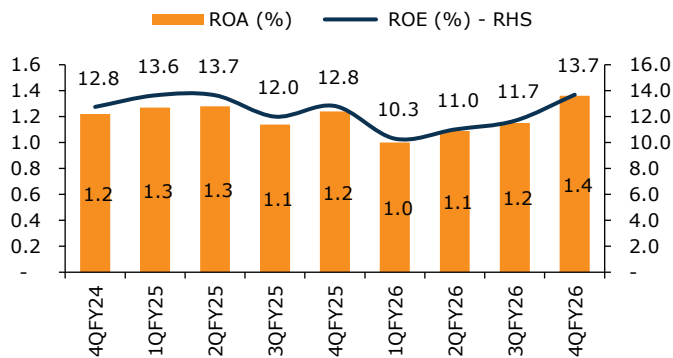
Source: Company, Emkay Research

**Exhibit 7: GNPA across segments improved QoQ, though there is scope for further improvement**



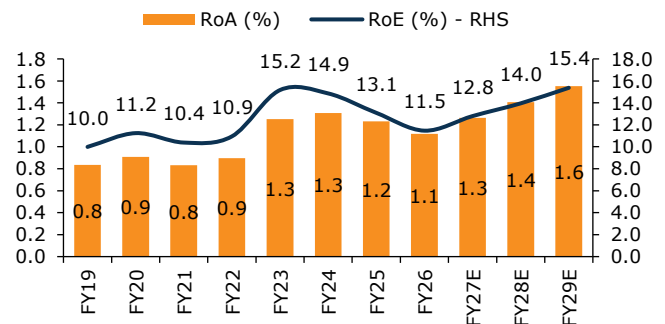
Source: Company, Emkay Research

**Exhibit 8: Higher NII and other income, along with contained opex, partly offset by higher provisions, led to improved RoA**



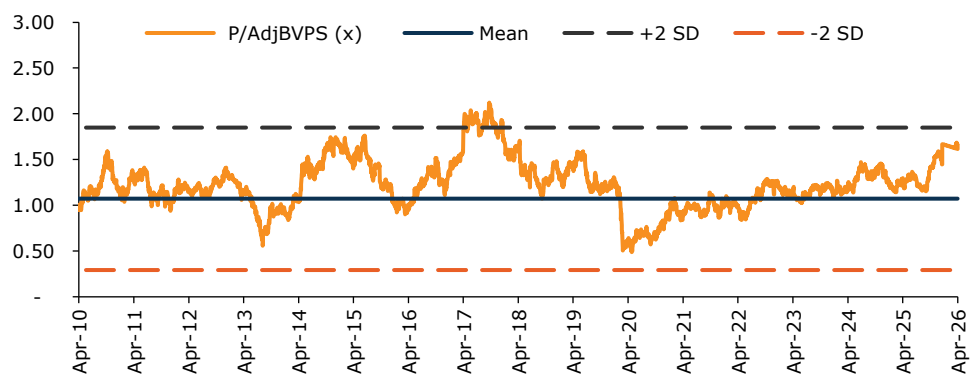
Source: Company, Emkay Research

**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 1.6x 1YF ABV**



Source: Bloomberg, Emkay Research

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**Exhibit 11: Actuals vs Estimates (Q4FY26)**

(Rs mn)	Actuals	Estimates		Variation		Comments
		Emkay	Consensus	Emkay	Consensus	
Net income	43,176	53,979	39,306	-20%	10%	Strong NII was partly offset by lower other income led to a miss.
PPOP	22,764	33,201	17,823	-31%	28%	Lower net income led to a PPOP miss.
PAT	12,591	14,065	12,446	-10%	1%	Lower PPOP partly offset by lower provisions led to PAT miss.

Source: Company, Emkay Research

**Exhibit 12: Quarterly summary**

(Rs mn)	4QFY25	1QFY26	2QFY26	3QFY26	4QFY26	YoY (%)	QoQ (%)	FY26	FY27E	YoY (%)
Interest earned	66,484	66,866	67,422	68,675	73,991	11.3	7.7	276,954	300,489	8.5
Interest expenses	42,709	43,498	42,469	42,148	42,265	-1.0	0.3	170,380	179,524	5.4
Net interest income	23,774	23,368	24,952	26,527	31,726	33.4	19.6	106,574	120,965	13.5
Global NIMs (reported)	3.12	2.94	3.06	3.18	3.20	8bps	2bps	3.06	3.06	0bps
Non-interest income	10,060	11,130	10,822	11,003	11,450	13.8	4.1	44,404	50,344	13.4
Operating expenses	19,180	18,935	19,332	20,237	20,412	6.4	0.9	78,916	85,633	8.5
Pre-provisioning profit	14,654	15,563	16,442	17,293	22,764	55.3	31.6	72,062	85,676	18.9
Provision and contingencies	1,381	4,002	3,631	3,324	7,410	436.6	122.9	18,367	15,275	-16.8
PBT	13,273	11,561	12,811	13,970	15,354	15.7	9.9	53,695	70,402	31.1
Income tax expense (gain)	2,971	2,944	3,258	3,557	2,763	-7.0	-22.3	12,522	17,741	41.7
Net profit/(loss)	10,302	8,618	9,553	10,412	12,591	22.2	20.9	41,173	52,660	27.9
Gross NPA (%)	1.84	1.91	1.83	1.72	1.62	-22bps	-10bps	1.62	1.49	-12bps
Net NPA (%)	0.44	0.48	0.48	0.42	0.20	-24bps	-22bps	0.20	0.26	6bps
Deposits (Rs bn)	2,836	2,874	2,889	2,978	3,139	10.7	5.4	3,139	3,622	15.4
Net Advances (Rs bn)	2,348	2,412	2,447	2,556	2,646	12.7	3.5	2,646	3,101	17.2

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	176,820	171,309	-3.1%	216,007	205,921	-4.7%	NA	253,603	NA
PPOP	87,856	85,676	-2.5%	114,092	109,858	-3.7%	NA	143,622	NA
PAT	54,836	52,660	-4.0%	71,596	68,538	-4.3%	NA	90,457	NA
EPS (Rs)	20.1	21.4	6.5%	26.2	25.0	-4.4%	NA	33.0	NA
BV (Rs)	177.2	177.0	-0.1%	201.6	199.6	-1.0%	NA	230.4	NA

Source: Emkay Research

**Exhibit 14: Key assumptions**

(%)	FY26	FY27E	FY28E	FY29E
Loan growth	12.7	17.2	20.2	22.1
Deposit growth	10.7	15.4	20.0	20.9
NIM	3.1	3.1	3.2	3.3
GNPA	1.6	1.5	1.4	1.3
Credit cost	0.7	0.5	0.5	0.6

Source: Emkay Research

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## Exhibit 15: Key ratios and trends

(Rs mn)	4QFY24	1QFY25	2QFY25	3QFY25	4QFY25	1QFY26	2QFY26	3QFY26	4QFY26
<b>Loans</b>	<b>2,094,033</b>	<b>2,208,070</b>	<b>2,303,122</b>	<b>2,303,700</b>	<b>2,348,364</b>	<b>2,412,040</b>	<b>2,446,571</b>	<b>2,555,690</b>	<b>2,645,944</b>
<b>Growth YoY (%)</b>	<b>20.0</b>	<b>20.3</b>	<b>19.4</b>	<b>15.7</b>	<b>12.1</b>	<b>9.2</b>	<b>6.2</b>	<b>10.9</b>	<b>12.7</b>
<b>Growth QoQ (%)</b>	<b>5.1</b>	<b>5.4</b>	<b>4.3</b>	<b>0.0</b>	<b>1.9</b>	<b>2.7</b>	<b>1.4</b>	<b>4.5</b>	<b>3.5</b>
<b>Composition (%)</b>									
- Corporate	34.6	35.3	36.8	37.1	36.8	35.7	36.0	36.7	35.6
- SME/BB	18.1	16.9	17.3	17.7	21.4	18.1	18.7	18.8	18.7
- Retail (including agri)	44.9	32.6	32.5	32.8	32.6	31.6	31.6	30.0	29.4
<b>Liability profile and margin</b>									
<b>Deposit</b>	<b>2,525,340</b>	<b>2,660,650</b>	<b>2,691,066</b>	<b>2,663,750</b>	<b>2,836,475</b>	<b>2,874,360</b>	<b>2,889,196</b>	<b>2,977,960</b>	<b>3,139,094</b>
<b>Growth YoY (%)</b>	<b>18.3</b>	<b>19.6</b>	<b>15.6</b>	<b>11.2</b>	<b>12.3</b>	<b>8.0</b>	<b>7.4</b>	<b>11.8</b>	<b>10.7</b>
<b>Growth QoQ (%)</b>	<b>5.4</b>	<b>5.4</b>	<b>1.1</b>	<b>(1.0)</b>	<b>6.5</b>	<b>1.3</b>	<b>0.5</b>	<b>3.1</b>	<b>5.4</b>
CASA (%)	29.4	29.3	30.1	30.2	30.2	30.3	31.0	32.1	32.9
CA (%)	6.0	6.2	6.5	6.1	7.2	6.7	6.7	7.1	8.1
SA (%)	23.3	23.1	23.6	24.1	23.0	23.6	24.4	24.9	24.9
Branches (no of)	1,504	1,518	1,533	1,550	1,589	1,591	1,595	1,601	1,640
<b>Asset quality (%)</b>									
GNPA	2.1	2.1	2.1	1.9	1.8	1.9	1.8	1.7	1.6
NNPA	0.6	0.6	0.6	0.5	0.4	0.5	0.5	0.4	0.2
PCR	72.3	72.0	72.9	75.2	76.2	75.2	74.3	76.0	87.8
Slippages	3,710	4,240	4,340	4,980	4,920	6,610	5,840	4,430	4,740
Annualized slippages	0.9	0.9	0.9	1.0	0.9	1.2	1.0	0.8	0.8
Stress assets (Rest + NNPA)	1.4	1.4	1.3	1.2	1.1	1.0	1.0	0.9	0.6
<b>Capital adequacy (%)</b>									
CAR	16.1	15.6	15.2	15.2	16.4	16.0	15.7	15.2	17.3
Tier I	14.6	14.2	13.8	13.8	15.0	14.7	14.4	13.9	15.9
<b>ROE decomposition (%)</b>									
NII	2.9	2.9	2.9	2.9	2.8	2.7	2.8	2.9	3.4
Other income	0.8	0.8	0.9	0.9	1.1	1.1	1.1	1.1	1.2
Treasury	0.2	0.3	0.2	0.2	0.1	0.1	0.1	0.1	0.0
Net income	3.9	4.0	4.0	4.0	3.9	3.9	4.0	4.2	4.6
Opex	2.4	2.1	2.1	2.1	2.2	2.2	2.2	2.2	2.2
<b>PPOP</b>	<b>1.5</b>	<b>1.9</b>	<b>1.9</b>	<b>1.9</b>	<b>1.7</b>	<b>1.8</b>	<b>1.9</b>	<b>1.9</b>	<b>2.4</b>
Provisions	(0.1)	0.2	0.2	0.4	0.2	0.4	0.3	0.3	0.8
PBT	1.6	1.7	1.7	1.5	1.5	1.3	1.5	1.6	1.6
Tax	0.4	0.4	0.4	0.4	0.3	0.3	0.4	0.4	0.3
<b>ROA</b>	<b>1.2</b>	<b>1.3</b>	<b>1.3</b>	<b>1.1</b>	<b>1.2</b>	<b>1.0</b>	<b>1.1</b>	<b>1.2</b>	<b>1.3</b>
<b>ROE</b>	<b>12.3</b>	<b>13.5</b>	<b>13.5</b>	<b>11.3</b>	<b>12.4</b>	<b>10.4</b>	<b>11.7</b>	<b>12.1</b>	<b>13.3</b>

Source: Company, Emkay Research

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## Federal Bank: Standalone Financials and Valuations

Profit & Loss					
Y/E Mar (Rs mn)	FY25	FY26	FY27E	FY28E	FY29E
Interest Income	263,653	276,954	300,489	343,288	405,731
Interest Expense	168,973	170,380	179,524	196,618	223,474
<b>Net interest income</b>	<b>94,680</b>	<b>106,574</b>	<b>120,965</b>	<b>146,670</b>	<b>182,257</b>
NII growth (%)	14.2	12.6	13.5	21.2	24.3
Other income	38,012	44,404	50,344	59,250	71,346
<b>Total Income</b>	<b>132,692</b>	<b>150,978</b>	<b>171,309</b>	<b>205,921</b>	<b>253,603</b>
Operating expenses	71,681	78,916	85,633	96,063	109,981
<b>PPOP</b>	<b>61,011</b>	<b>72,062</b>	<b>85,676</b>	<b>109,858</b>	<b>143,622</b>
PPOP growth (%)	17.9	18.1	18.9	28.2	30.7
<b>Core PPOP</b>	<b>56,974</b>	<b>68,282</b>	<b>82,085</b>	<b>106,447</b>	<b>140,381</b>
Provisions & contingencies	7,331	18,367	15,275	18,229	22,689
<b>PBT</b>	<b>53,681</b>	<b>53,695</b>	<b>70,402</b>	<b>91,629</b>	<b>120,932</b>
Extraordinary items	0	0	0	0	0
Tax expense	13,162	12,522	17,741	23,090	30,475
Minority interest	0	0	0	0	0
Income from JV/Associates	-	-	-	-	-
<b>Reported PAT</b>	<b>40,519</b>	<b>41,173</b>	<b>52,660</b>	<b>68,538</b>	<b>90,457</b>
PAT growth (%)	8.9	1.6	27.9	30.2	32.0
<b>Adjusted PAT</b>	<b>40,519</b>	<b>41,173</b>	<b>52,660</b>	<b>68,538</b>	<b>90,457</b>
<b>Diluted EPS (Rs)</b>	<b>16.5</b>	<b>16.7</b>	<b>21.4</b>	<b>25.0</b>	<b>33.0</b>
Diluted EPS growth (%)	8.0	1.3	27.9	17.2	32.0
<b>DPS (Rs)</b>	<b>1.2</b>	<b>1.2</b>	<b>1.8</b>	<b>2.2</b>	<b>2.8</b>
<b>Dividend payout (%)</b>	<b>7.3</b>	<b>7.2</b>	<b>8.4</b>	<b>8.8</b>	<b>8.5</b>
Effective tax rate (%)	24.5	23.3	25.2	25.2	25.2
Net interest margins (%)	3.1	3.1	3.1	3.2	3.3
Cost-income ratio (%)	54.0	52.3	50.0	46.7	43.4
Shares outstanding (mn)	2,455.8	2,464.3	2,464.3	2,737.2	2,737.2

Source: Company, Emkay Research

Asset quality and other metrics					
Y/E Mar (Rs mn)	FY25	FY26	FY27E	FY28E	FY29E
<b>Asset quality</b>					
Gross NPLs	43,755	43,353	46,886	52,538	61,158
Net NPLs	10,404	5,293	7,971	10,508	15,290
GNPA ratio (%)	1.8	1.6	1.5	1.4	1.3
NNPA ratio (%)	0.4	0.2	0.3	0.3	0.3
Provision coverage (%)	76.2	88.7	83.0	80.0	75.0
Gross slippages	18,471	21,620	23,552	28,263	34,480
Gross slippage ratio (%)	0.9	0.9	0.8	0.8	0.8
LLP ratio (%)	0.3	0.7	0.5	0.5	0.6
NNPA to networth (%)	3.0	1.3	1.8	1.9	2.3
<b>Capital adequacy</b>					
Total CAR (%)	16.4	17.2	15.9	17.0	16.3
Tier-1 (%)	15.0	15.9	14.8	16.1	15.5
CET-1 (%)	15.0	15.9	14.8	16.1	15.5
RWA-to-Total Assets (%)	60.2	59.6	63.0	62.0	62.0
<b>Miscellaneous</b>					
Total income growth (%)	19.4	6.5	9.2	14.7	18.5
Opex growth (%)	15.6	10.1	8.5	12.2	14.5
Core PPOP growth (%)	16.3	19.8	20.2	29.7	31.9
PPOP margin (%)	20.2	22.4	24.4	27.3	30.1
PAT/PPOP (%)	66.4	57.1	61.5	62.4	63.0
LLP-to-Core PPOP (%)	12.9	26.9	18.6	17.1	16.2
Yield on advances (%)	9.5	8.7	8.3	8.1	8.0
Cost of funds (%)	5.8	5.3	5.0	4.7	4.5

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	431,195	540,924	625,279
<b>Net worth</b>	<b>331,259</b>	<b>387,051</b>	<b>436,124</b>	<b>546,399</b>	<b>630,753</b>
Deposits	2,836,475	3,139,094	3,622,491	4,347,327	5,257,540
Borrowings	237,263	211,591	182,395	174,248	166,502
<b>Interest bearing liab.</b>	<b>3,073,738</b>	<b>3,350,685</b>	<b>3,804,886</b>	<b>4,521,575</b>	<b>5,424,042</b>
<b>Other liabilities &amp; prov.</b>	<b>85,051</b>	<b>137,479</b>	<b>220,389</b>	<b>220,897</b>	<b>308,060</b>
<b>Total liabilities &amp; equity</b>	<b>3,490,048</b>	<b>3,875,215</b>	<b>4,461,399</b>	<b>5,288,871</b>	<b>6,362,856</b>
Net advances	2,348,364	2,645,944	3,101,370	3,726,311	4,551,508
Investments	662,456	766,762	879,360	1,040,595	1,242,670
Cash, other balances	308,592	257,276	266,342	293,902	325,443
<b>Interest earning assets</b>	<b>3,319,412</b>	<b>3,669,982</b>	<b>4,247,072</b>	<b>5,060,809</b>	<b>6,119,620</b>
Fixed assets	14,783	14,725	15,030	16,454	18,045
Other assets	155,853	190,508	199,297	211,608	225,191
<b>Total assets</b>	<b>3,490,048</b>	<b>3,875,215</b>	<b>4,461,399</b>	<b>5,288,871</b>	<b>6,362,856</b>
BVPS (Rs)	134.9	157.0	177.0	199.6	230.4
Adj. BVPS (INR)	131.7	155.4	174.5	196.7	226.2
Gross advances	2,381,716	2,684,004	3,140,285	3,768,342	4,597,377
Credit to deposit (%)	82.8	84.3	85.6	85.7	86.6
CASA ratio (%)	30.5	32.9	34.3	36.0	37.5
Cost of deposits (%)	5.7	5.5	5.1	4.8	4.5
Loans-to-Assets (%)	67.3	68.3	69.5	70.5	71.5
Net advances growth (%)	12.1	12.7	17.2	20.2	22.1
Deposit growth (%)	12.3	10.7	15.4	20.0	20.9
Book value growth (%)	14.1	16.4	12.7	12.8	15.4

Source: Company, Emkay Research

Valuations and key Ratios					
Y/E Mar	FY25	FY26	FY27E	FY28E	FY29E
P/E (x)	17.3	16.1	15.9	12.4	10.6
P/B (x)	2.2	2.0	1.7	1.5	1.3
P/ABV (x)	2.3	2.0	1.7	1.5	1.3
P/PPOP (x)	11.5	9.7	8.2	6.4	4.9
Dividend yield (%)	0.4	0.4	0.6	0.8	1.0
<b>DuPont-RoE split (%)</b>					
NII/avg assets	2.9	2.9	2.9	3.0	3.1
Other income	1.2	1.2	1.2	1.2	1.2
Fee income	1.0	1.0	1.1	1.1	1.1
Opex	2.2	2.1	2.1	2.0	1.9
<b>PPOP</b>	<b>1.9</b>	<b>2.0</b>	<b>2.1</b>	<b>2.3</b>	<b>2.5</b>
Core PPOP	1.7	1.9	2.0	2.2	2.4
Provisions	0.2	0.5	0.4	0.4	0.4
Tax expense	0.4	0.3	0.4	0.5	0.5
<b>RoA (%)</b>	<b>1.2</b>	<b>1.1</b>	<b>1.3</b>	<b>1.4</b>	<b>1.6</b>
Leverage ratio (x)	10.6	10.3	10.1	9.9	9.9
<b>RoE (%)</b>	<b>13.1</b>	<b>11.5</b>	<b>12.8</b>	<b>14.0</b>	<b>15.4</b>

Quarterly data					
Rs mn	Q4FY25	Q1FY26	Q2FY26	Q3FY26	Q4FY26
NII	23,774	23,368	24,952	26,527	31,726
NIM (%)	3.1	2.9	3.1	3.2	3.2
PPOP	14,654	15,563	16,442	17,293	22,764
PAT	10,302	8,618	9,553	10,412	12,591
EPS (Rs)	17.0	14.1	15.4	16.8	20.4

Source: Company, Emkay Research

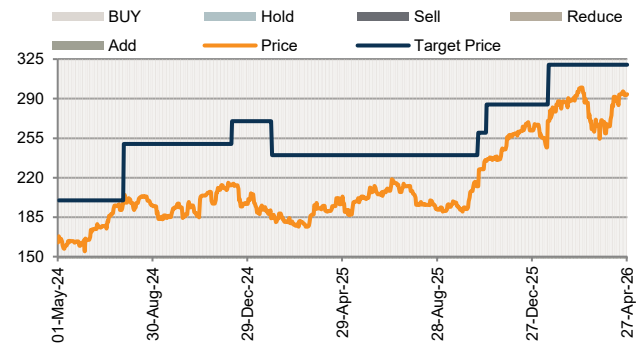
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## RECOMMENDATION HISTORY - DETAILS

Date	Closing Price (Rs)	TP (Rs)	Rating	Analyst
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
02-May-24	168	200	Buy	Anand Dama

Source: Company, Emkay Research

## RECOMMENDATION HISTORY - TREND



Source: Company, Bloomberg, Emkay Research

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<b>REDUCE</b>	5% upside to 15% downside
<b>SELL</b>	>15% downside

**Emkay Global Financial Services Ltd.**

CIN - L67120MH1995PLC084899

7th Floor, The Ruby, Senapati Bapat Marg, Dadar - West, Mumbai - 400028. India

Tel: +91 22 66121212 Fax: +91 22 66121299 Web: www.emkayglobal.com

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