

Equitas SFB reported 2Q PAT of ~Rs2.2bn/ROA of 1.3%, around 12% above estimates driven by higher other income (~11% above estimates) and lower provisions (~30% below estimates). Loan growth remained strong at 28% yoy, led by MFI (+87% yoy) and non-MFI (+24% yoy), with FY27 guidance of >25%. Deposits grew 19% yoy, while \$110mn of FCNR(B) mobilization took the total book to ~\$138mn. NIM declined by 55bps qoq to 6.7% due to surplus liquidity and higher funding costs; Management expects excess liquidity to be largely deployed in 3QFY27, supporting NIM recovery to 6.87-6.89% by 4QFY27. While GNPA improved to 2.3%, slippages remained elevated at 5.1% of loans, and 1-90 DPD increased qoq across MFI (1.5%), non-MFI (8.3%), and the overall portfolio (7.4%). Exposure to drought-affected regions in MH and KTK is limited to 2.9% of advances, while exposure to borrowers with 3+ lenders declined to Rs820mn. Management raised FY27 ROA guidance to ~1.35% from 1.2-1.25%. Meanwhile, MD & CEO P N Vasudevan's resignation, citing personal and social initiatives, may help address the perceived conflict-of-interest overhang linked to his daughter's co-promoter role at an NBFC; however, the succession remains an overhang, with Management expecting to identify a successor within a month. We expect the bank to deliver ROA of 1.2-1.4% over FY27-29E. We maintain ADD on the stock, while cutting our TP by ~13% to Rs65 from Rs75, valuing the bank at 0.9x Sep-28E ABV.

#### Strong growth continues, with margins set to improve

Equitas reported strong growth, with AUM and gross advances rising 30% and 29% yoy, respectively, led by broad-based loan growth and 24% yoy in non-MFI loans. Management raised FY27 credit growth guidance to ~25% from ~20% and ROA guidance to ~1.35% from 1.20-1.25%. NIM declined by 55bps qoq to 6.69% in 2QFY27 due to excess liquidity and higher interest costs; deployment of surplus liquidity is expected to lift NIM by 18-20bps to ~6.87-6.89% by 4QFY27, despite a further 8-10bps rise in cost of funds in 3QFY27. Management targets ~7% NIM over the next 1-2 years.

#### Asset Quality mixed; elevated slippages and delinquencies a concern

Asset quality was mixed, with GNPA improving by 13bps qoq to 2.3%, while slippages remained elevated at 5.1% of loans. Early delinquencies rose across MFI (~1.5%), non-MFI (8.3%), and overall advances (7.4%), despite healthy collection efficiency of ~99.6%. Drought-affected regions account for 2.9% of advances, with no material collection stress, while exposure to MFI borrowers with 3+ lenders declined to Rs820mn, with 50% provisioning.

#### We maintain ADD on Equitas

We expect the bank to deliver 1.2-1.4% ROA over FY27-29E, up from 0.2% in FY26E. We maintain ADD on the stock, while cutting our TP by ~13% to Rs65 from Rs75, valuing the bank at 0.9x Sep-28E ABV.

|                       |        |
|-----------------------|--------|
| Target Price – 12M    | Sep-27 |
| Change in TP (%)      | (13.3) |
| Current Reco.         | ADD    |
| Previous Reco.        | ADD    |
| Upside/(Downside) (%) | 25.0   |

| Stock Data              | EQUITASB IN |
|-------------------------|-------------|
| 52-week High (Rs)       | 84          |
| 52-week Low (Rs)        | 51          |
| Shares outstanding (mn) | 1,144.1     |
| Market-cap (Rs bn)      | 60          |
| Market-cap (USD mn)     | 626         |
| Net-debt, FY27E (Rs mn) | NA          |
| ADTV-3M (mn shares)     | 3.7         |
| ADTV-3M (Rs mn)         | 161.9       |
| ADTV-3M (USD mn)        | 1.7         |
| Free float (%)          | 99.6        |
| Nifty-50                | 22,936.8    |
| INR/USD                 | 95.3        |

#### Shareholding, Sep-26

|               |           |
|---------------|-----------|
| Promoters (%) | 0.0       |
| FPIs/MFs (%)  | 15.8/52.2 |

#### Price Performance

| (%)           | 1M     | 3M     | 12M    |
|---------------|--------|--------|--------|
| Absolute      | (22.3) | (28.7) | (13.3) |
| Rel. to Nifty | (23.1) | (24.7) | (1.5)  |

#### 1-Year share price trend (Rs)



#### Equitas Small Finance Bank: Financial Snapshot (Standalone)

| Y/E Mar (Rs mn)      | FY25   | FY26   | FY27E | FY28E  | FY29E  |
|----------------------|--------|--------|-------|--------|--------|
| Net profit           | 1,471  | 1,031  | 8,194 | 10,926 | 14,372 |
| Loan growth (%)      | 16.9   | 18.1   | 25.4  | 25.2   | 25.2   |
| NII growth (%)       | 5.6    | 4.3    | 26.5  | 24.3   | 25.1   |
| NIM (%)              | 6.9    | 6.2    | 6.5   | 6.5    | 6.6    |
| PPOP growth (%)      | (3.1)  | (5.2)  | 38.6  | 28.6   | 28.3   |
| Adj. EPS (Rs)        | 1.3    | 0.9    | 7.2   | 9.5    | 12.6   |
| Adj. EPS growth (%)  | (81.8) | (30.1) | 693.4 | 33.2   | 31.5   |
| Adj. BV (INR)        | 51.0   | 51.7   | 57.4  | 65.4   | 76.2   |
| Adj. BVPS growth (%) | 1.6    | 1.3    | 11.0  | 14.0   | 16.6   |
| RoA (%)              | 0.3    | 0.2    | 1.2   | 1.3    | 1.4    |
| RoE (%)              | 2.4    | 1.7    | 12.6  | 14.9   | 17.0   |
| P/E (x)              | 40.3   | 57.7   | 7.3   | 5.5    | 4.1    |
| P/ABV (x)            | 1.0    | 1.0    | 0.9   | 0.8    | 0.7    |

Source: Company, Emkay Research

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## Earnings call highlights

### Outlook on loans, deposits, and NIM

- The bank has revised its FY27 ROA guidance upward to ~1.35% from the earlier 1.20–1.25%, supported by gradual NIM recovery, lower credit costs, and a declining cost-to-assets ratio.
- Bank expects to achieve ~1.5% ROA as early as FY28 and deliver average ROA of ~1.5% over the next four years, subject to normal economic and credit-cost fluctuations.
- Bank has achieved growth with minimal network expansion, with only three asset branches added versus 2QFY26, reflecting improved productivity and deeper distribution through the existing network
- The bank has expanded gold-loan capabilities to ~60 asset branches, with sourcing coverage extended to ~90 additional branches.
- The bank has mobilized \$110mn under the RBI's FCNR(B) scheme, improving the total FCNR(B) book to ~\$138mn, despite limited leveraging opportunities.
- The bank has Rs125bn in bulk deposits, 92% (ie ~Rs115bn) was stated to be non-callable. FCNR(B) deposits were distributed across 3, 4, and 5-year buckets, at 20%, 30% and 50%, respectively.
- Management expects most excess liquidity to be deployed in 3QFY27, with the full recovery benefit reflected by 4QFY27. NIM is expected to improve by 18–20bps to ~6.87–6.89% by 4QFY27, with a sustainable ~7% targeted over the next 1–2 years.
- NIM fell by 55bps qoq to 6.69%, driven by surplus liquidity and higher interest expenses; Management expects the drag to moderate as excess liquidity is deployed.

### Asset quality

- Equitas began reducing exposure to the heavy commercial vehicle (HCV) segment in 1QFY27 and shifted focus toward better-quality borrowers.
- The bank highlighted that limited stress persists among LFO customers linked to the cement segment in Rajasthan, while no material stress was observed in the South or Maharashtra.
- Overall 1–90 DPD stood at 7.42%, while non-MFI 1–90 DPD was 8.31%. Including Rs12.35bn of loans transferred through DA/PTC transactions, the ratios would have been lower at 7.24%/8.08%, respectively.
- Non-MFI early delinquencies continued to improve, while bank-level stress was broadly stable after adjusting for securitization.
- MFI 1–90 DPD, including direct assignment, stood at 1.48%, with the reported increase partly attributable to a denominator effect as the DA portfolio runs down.
- Delinquent MFI clients increased marginally from 25,200 in June to 25,776 in September. Collection efficiency remained healthy at 99.6%.
- MFI exposure to drought-affected regions in Maharashtra and Karnataka accounts for only 2.9% of total advances.
- Management reported no material deterioration in collections during Sep–Oct, despite localized political intervention in some Maharashtra districts.
- Karnataka collection efficiency improved In October versus that in September. Tamil Nadu, which contributes ~42% of the book, has witnessed largely normal northeast monsoon conditions so far.
- The bank's exposure to borrowers with more than three lenders declined to ~Rs820mn from Rs880mn previously. It maintains 50% provisioning, implying a provision of ~Rs410mn versus Rs440mn earlier and a potential release of ~Rs30mn, subject to actual provisioning movements.

- Management highlighted its specialized underwriting and collection capabilities in underserved customer segments as a key competitive moat, supporting the ability to serve higher-risk borrowers while maintaining adjusted credit costs at ~1.12% in 2QFY27.
- MFI asset quality: The reported ratio increased marginally, primarily due to the denominator effect as the direct-assignment portfolio declined. MFI delinquent clients increased only modestly, from 25,200 in June to 25,776 in September.
- The ARC sale generated Rs225mn of net income, recognized under 'other income'. 2QFY27 gross slippage was 2.64% for MFI and 1.21% for non-MFI.

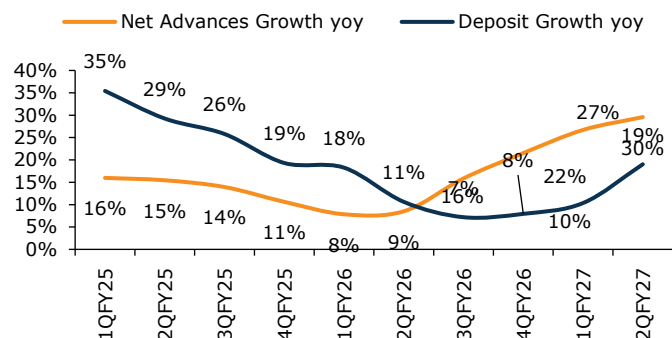
### Others

- The bank raised Rs5bn through 10-year Tier-2 bonds in Sep-26, with a put option after 5 years. The Tier-2 capital ratio improved from 3.43% to 4.57%, increasing overall capital adequacy to 20.92%.
- Asset-led sourcing through liability branches is being expanded from 20 to 50 branches, while digital sourcing initiatives and third-party product distribution continue to support franchise growth.
- Management explicitly clarified that the decision was not prompted by any regulatory nudge. The outgoing MD & CEO expects normal communication with senior management and the second line of leadership to ensure a smooth transition, emphasizing that institutional continuity matters beyond individual leadership.
- Search agencies have been contacted and the Nomination and Remuneration Committee (NRC) has initiated the process. Management expects to identify a successor within one month, potentially earlier.

This report is intended for Team White Marquee Solutions (team.emkay@whitemarquesolutions)

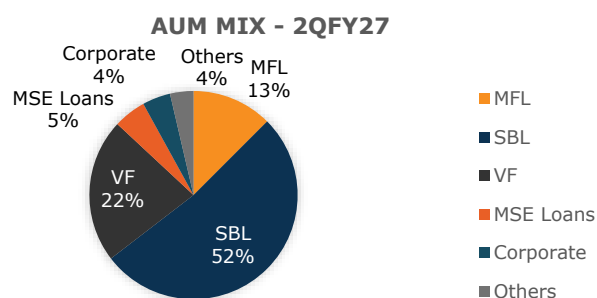
## Story in charts

**Exhibit 1: Credit growth is broad-based and deposit growth strong due to FCNR and stable CASA**



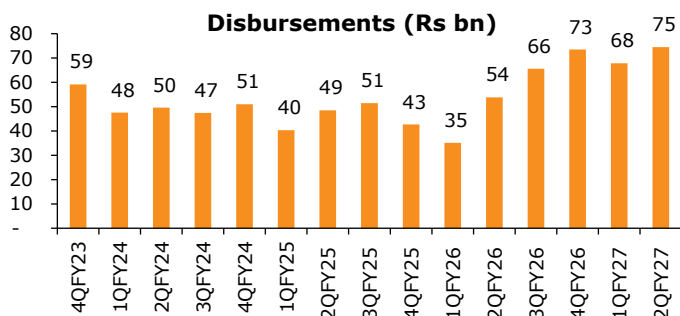
Source: Company, Emkay Research

**Exhibit 2: The bank maintains a well-diversified loan portfolio, away from MFI**



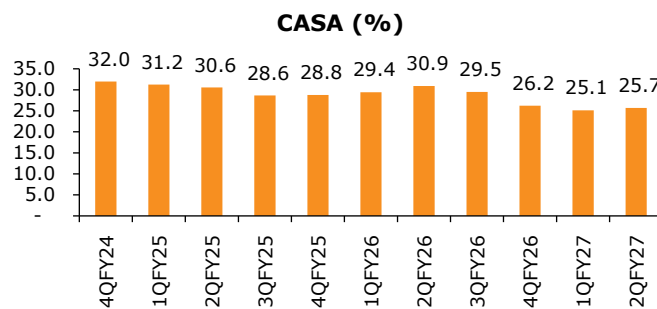
Source: Company, Emkay Research

**Exhibit 3: Disbursements continue to improve, led by an uptick in both MFI and non-MFI segments**



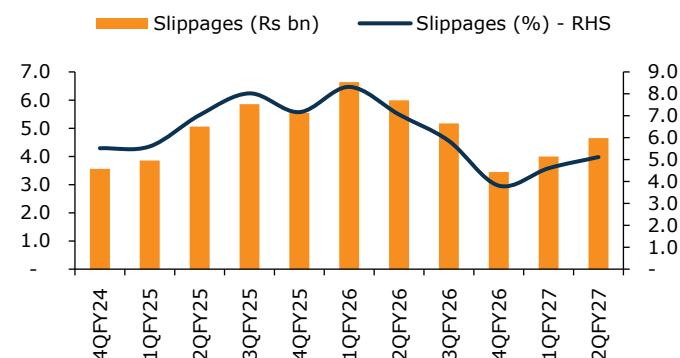
Source: Company, Emkay Research

**Exhibit 4: CASA ratio stable qoq...**



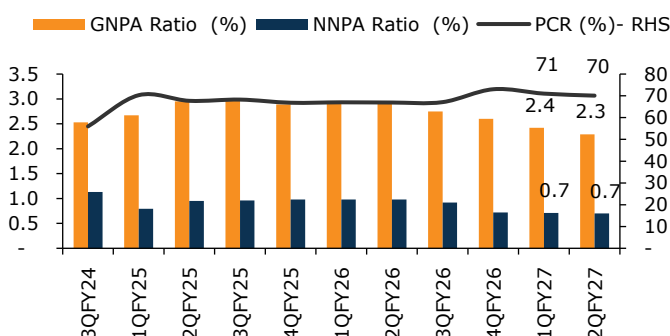
Source: Company, Emkay Research

**Exhibit 5: ...with slippages elevated**

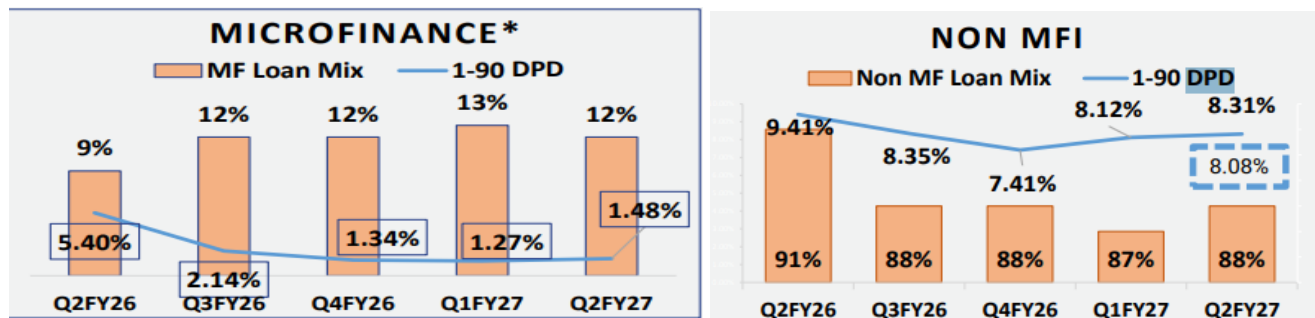


Source: Company, Emkay Research

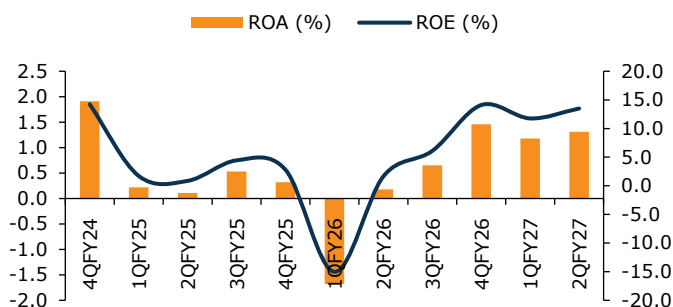
**Exhibit 6: Lower write-offs drive credit cost improvement; GNPA ratio sustained below 3%**



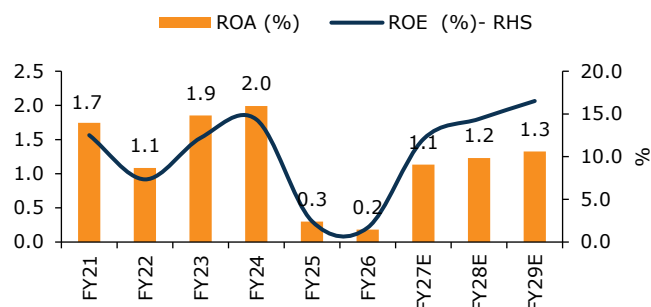
Source: Company, Emkay Research

**Exhibit 7: DPD trends in the bank's MFI and non-MFI book rise qoq**

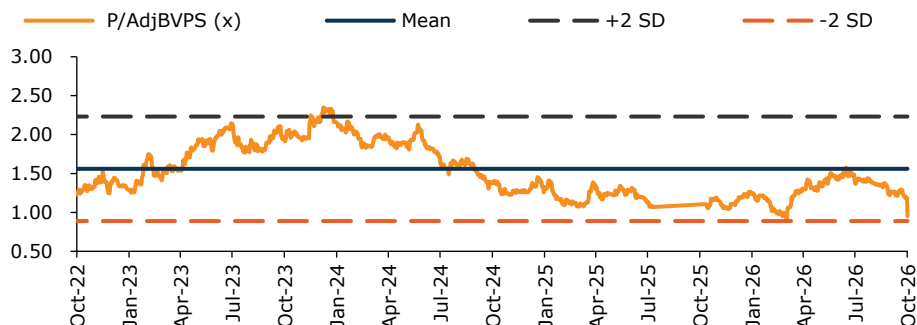
Source: Company, Emkay Research

**Exhibit 8: Higher NII and other income, coupled with lower provisions, drove an uptick in ROA**

Source: Company, Emkay Research

**Exhibit 9: We expect ROA to improve sharply, led by improving NII, other income, and lower LLP**

Source: Company, Emkay Research

**Exhibit 10: The stock currently trades at ~1.x 1YF ABV near its mean valuation**

Source: Bloomberg, Emkay Research

**Exhibit 11: Actuals vs Estimates (2QFY27)**

| (Rs mn)    | Actuals | Estimates |           | Variation |           | Comments                           |
|------------|---------|-----------|-----------|-----------|-----------|------------------------------------|
|            |         | Emkay     | Consensus | Emkay     | Consensus |                                    |
| Net income | 13,172  | 13,336    | 12,653    | -1%       | 4%        | NII miss is due to higher COF      |
| PPOP       | 4,024   | 4,249     | 4,131     | -5%       | -3%       | Lower NII led to a miss in PPOP    |
| PAT        | 2,180   | 1,949     | 1,904     | 12%       | 15%       | Lower provisions led to a PAT beat |

Source: Emkay Research

**Exhibit 12: Quarterly summary**

| (Rs mn)                     | 2QFY26 | 3QFY26 | 4QFY26 | 1QFY27 | 2QFY27 | yoy (%) | qoq (%) | FY26   | FY27E  | yoy (%) |
|-----------------------------|--------|--------|--------|--------|--------|---------|---------|--------|--------|---------|
| Interest earned             | 16,173 | 16,917 | 18,363 | 19,603 | 20,660 | 28      | 5       | 67,942 | 84,163 | 24      |
| Interest expenses           | 8,437  | 8,401  | 8,562  | 9,308  | 10,403 | 23      | 12      | 34,031 | 41,259 | 21      |
| Net interest income         | 7,737  | 8,516  | 9,801  | 10,295 | 10,257 | 33      | 0       | 33,912 | 42,904 | 27      |
| Global NIMs (reported)      | 6.3    | 6.7    | 7.3    | 7.2    | 6.7    | 40bps   | -55bps  | 6.2    | 6.5    | 26bps   |
| Non-interest income         | 2,289  | 2,895  | 2,635  | 2,551  | 2,915  | 27      | 14      | 10,735 | 11,206 | 4       |
| Operating expenses          | 7,621  | 8,339  | 8,411  | 8,800  | 9,149  | 20      | 4       | 31,997 | 36,581 | 14      |
| Pre-provisioning profit     | 2,406  | 3,072  | 4,025  | 4,047  | 4,024  | 67      | -1      | 12,650 | 17,529 | 39      |
| Provision and contingencies | 2,070  | 1,935  | 1,241  | 1,607  | 1,150  | -44     | -28     | 11,368 | 6,579  | -42     |
| PBT                         | 335    | 1,137  | 2,783  | 2,440  | 2,874  | 757     | 18      | 1,281  | 10,950 | 755     |
| Income tax expense (Gain)   | 94     | 237    | 657    | 605    | 693    | 637     | 15      | 250    | 2,756  | 1,000   |
| Net Profit/(Loss)           | 241    | 900    | 2,127  | 1,835  | 2,180  | 803     | 19      | 1,031  | 8,194  | 695     |
| Gross NPA (%)               | 2.9    | 2.8    | 2.6    | 2.4    | 2.3    | -63bps  | -13bps  | 2.6    | 2.3    | -30bps  |
| Net NPA (%)                 | 1.0    | 0.9    | 0.7    | 0.7    | 0.7    | -28bps  | -1bps   | 0.7    | 0.7    | -1bps   |
| Deposits (Rs bn)            | 441    | 437    | 465    | 490    | 525    | 19      | 7       | 465    | 588    | 26      |
| Net advances (Rs bn)        | 371    | 406    | 436    | 455    | 475    | 28      | 4       | 428    | 536    | 25      |

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      | 54,009  | 54,110  | 0.2%   | 63,512  | 65,738  | 3.5%   | 77,200  | 80,477  | 4.2%   |
| PPOP            | 17,460  | 17,529  | 0.4%   | 21,651  | 22,540  | 4.1%   | 28,549  | 28,917  | 1.3%   |
| PAT             | 7,792   | 8,194   | 5.2%   | 10,329  | 10,926  | 5.8%   | 14,392  | 14,372  | -0.1%  |
| EPS (Rs)        | 6.8     | 7.2     | 5.0%   | 9.1     | 9.5     | 5.5%   | 12.6    | 12.6    | -0.4%  |
| BV (Rs)         | 60      | 60      | 0.4%   | 67      | 68      | 1.1%   | 79      | 79      | 0.8%   |

Source: Emkay Research

**Exhibit 14: Key assumptions**

| (%)            | FY26 | FY27E | FY28E | FY29E |
|----------------|------|-------|-------|-------|
| Loan growth    | 18.1 | 25.4  | 25.2  | 25.2  |
| Deposit growth | 7.9  | 26.4  | 26.0  | 26.1  |
| NIM            | 6.2  | 6.5   | 6.5   | 6.6   |
| GNPA           | 2.6  | 2.3   | 2.1   | 1.9   |
| Credit cost    | 2.6  | 1.3   | 1.3   | 1.3   |

Source: Emkay Research

This report is intended for Team White Marque Solutions (team.emkay@whitemarqueresolutions)

## Exhibit 15: Key ratios and trends

|                              | 2QFY25     | 3QFY25     | 4QFY25     | 1QFY26       | 2QFY26     | 3QFY26     | 4QFY26      | 1QFY27      | 2QFY27      |
|------------------------------|------------|------------|------------|--------------|------------|------------|-------------|-------------|-------------|
| <b>Loans (Rs bn)</b>         | <b>340</b> | <b>354</b> | <b>362</b> | <b>347</b>   | <b>364</b> | <b>398</b> | <b>428</b>  | <b>447</b>  | <b>468</b>  |
| -Growth % (yoy)              | 18.1       | 21.1       | 16.9       | 8.8          | 7.0        | 12.6       | 18.1        | 28.8        | 28.6        |
| -Growth % (qoq)              | 6.4        | 4.2        | 2.3        | -4.1         | 4.6        | 9.6        | 7.3         | 4.6         | 4.5         |
| <b>Liability profile</b>     |            |            |            |              |            |            |             |             |             |
| <b>Deposit (Rs bn)</b>       | <b>399</b> | <b>407</b> | <b>431</b> | <b>444</b>   | <b>441</b> | <b>437</b> | <b>465</b>  | <b>490</b>  | <b>525</b>  |
| -Growth % (yoy)              | 29.2       | 25.8       | 19.3       | 18.3         | 10.6       | 7.2        | 7.9         | 10.4        | 19.0        |
| -Growth % (qoq)              | 6.2        | 2.2        | 5.8        | 3.0          | -0.6       | -1.0       | 6.6         | 5.2         | 7.2         |
| <b>Asset quality (%)</b>     |            |            |            |              |            |            |             |             |             |
| GNPA                         | 3.0        | 3.0        | 2.9        | 2.9          | 2.9        | 2.8        | 2.6         | 2.4         | 2.3         |
| NNPA                         | 1.0        | 1.0        | 1.0        | 1.0          | 1.0        | 0.9        | 0.7         | 0.7         | 0.7         |
| PCR                          | 67.7       | 68.3       | 66.8       | 67.0         | 66.9       | 67.1       | 73.0        | 71.0        | 70.1        |
| Slippages (Rs mn)            | 5,058      | 5,858      | 5,547      | 6,639        | 5,990      | 5,176      | 3,449       | 4,000       | 4,649       |
| Slippages - annualized (%)   | 7.0        | 8.0        | 7.2        | 8.3          | 7.1        | 5.9        | 3.8         | 4.6         | 5.1         |
| <b>ROE decomposition (%)</b> |            |            |            |              |            |            |             |             |             |
| <b>NII</b>                   | <b>6.8</b> | <b>6.6</b> | <b>6.4</b> | <b>5.9</b>   | <b>5.7</b> | <b>6.1</b> | <b>6.7</b>  | <b>6.6</b>  | <b>6.2</b>  |
| Other income                 | 2.0        | 1.9        | 1.7        | 2.2          | 1.7        | 2.1        | 1.8         | 1.6         | 1.8         |
| Opex                         | 5.8        | 5.8        | 5.7        | 5.7          | 5.6        | 6.0        | 5.8         | 5.6         | 5.5         |
| <b>PPOP</b>                  | <b>2.9</b> | <b>2.7</b> | <b>2.4</b> | <b>2.4</b>   | <b>1.8</b> | <b>2.2</b> | <b>2.8</b>  | <b>2.6</b>  | <b>2.4</b>  |
| Provisioning cost            | 2.8        | 2.0        | 2.0        | 4.6          | 1.5        | 1.4        | 0.9         | 1.0         | 0.7         |
| <b>PBT</b>                   | <b>0.2</b> | <b>0.7</b> | <b>0.4</b> | <b>-2.2</b>  | <b>0.2</b> | <b>0.8</b> | <b>1.9</b>  | <b>1.6</b>  | <b>1.7</b>  |
| Tax                          | 0.1        | 0.2        | 0.1        | -0.6         | 0.1        | 0.2        | 0.5         | 0.4         | 0.4         |
| <b>ROA</b>                   | <b>0.1</b> | <b>0.5</b> | <b>0.3</b> | <b>(1.7)</b> | <b>0.2</b> | <b>0.6</b> | <b>1.5</b>  | <b>1.2</b>  | <b>1.3</b>  |
| Leverage (x)                 | 8.0        | 8.3        | 8.5        | 9.1          | 9.3        | 9.4        | 9.5         | 9.8         | 10.1        |
| <b>ROE</b>                   | <b>0.9</b> | <b>4.4</b> | <b>2.8</b> | <b>-15.3</b> | <b>1.6</b> | <b>6.1</b> | <b>13.9</b> | <b>11.5</b> | <b>13.3</b> |

Source: Emkay Research

This report is intended for Team White Marque Solutions (team.emkay@whitemarquesolutions)

Equitas Small Finance Bank: Standalone Financials and Valuations

| Profit & Loss              |         |         |         |         |         |
|----------------------------|---------|---------|---------|---------|---------|
| Y/E Mar (Rs mn)            | FY25    | FY26    | FY27E   | FY28E   | FY29E   |
| Interest Income            | 63,118  | 67,942  | 84,163  | 102,921 | 126,322 |
| Interest Expense           | 30,601  | 34,031  | 41,259  | 49,598  | 59,601  |
| Net interest income        | 32,517  | 33,912  | 42,904  | 53,323  | 66,721  |
| NII growth (%)             | 5.6     | 4.3     | 26.5    | 24.3    | 25.1    |
| Other income               | 9,115   | 10,735  | 11,206  | 12,415  | 13,756  |
| Total Income               | 41,632  | 44,647  | 54,110  | 65,738  | 80,477  |
| Operating expenses         | 28,288  | 31,997  | 36,581  | 43,198  | 51,560  |
| PPOP                       | 13,343  | 12,650  | 17,529  | 22,540  | 28,917  |
| PPOP growth (%)            | (3.1)   | (5.2)   | 38.6    | 28.6    | 28.3    |
| Core PPOP                  | 11,928  | 10,850  | 16,269  | 21,218  | 27,528  |
| Provisions & contingencies | 11,354  | 11,368  | 6,579   | 7,940   | 9,710   |
| PBT                        | 1,989   | 1,281   | 10,950  | 14,600  | 19,207  |
| Extraordinary items        | 0       | 0       | 0       | 0       | 0       |
| Tax expense                | 518     | 250     | 2,756   | 3,675   | 4,834   |
| Minority interest          | 0       | 0       | 0       | 0       | 0       |
| Income from JV/Associates  | -       | -       | -       | -       | -       |
| Reported PAT               | 1,471   | 1,031   | 8,194   | 10,926  | 14,372  |
| PAT growth (%)             | (81.6)  | (29.9)  | 694.9   | 33.3    | 31.5    |
| Adjusted PAT               | 1,471   | 1,031   | 8,194   | 10,926  | 14,372  |
| Diluted EPS (Rs)           | 1.3     | 0.9     | 7.2     | 9.5     | 12.6    |
| Diluted EPS growth (%)     | (81.8)  | (30.1)  | 693.4   | 33.2    | 31.5    |
| DPS (Rs)                   | 1.0     | 0.5     | 0.9     | 1.2     | 1.4     |
| Dividend payout (%)        | 77.5    | 55.3    | 12.6    | 12.6    | 11.1    |
| Effective tax rate (%)     | 26.0    | 19.5    | 25.2    | 25.2    | 25.2    |
| Net interest margins (%)   | 6.9     | 6.2     | 6.5     | 6.5     | 6.6     |
| Cost-income ratio (%)      | 67.9    | 71.7    | 67.6    | 65.7    | 64.1    |
| Shares outstanding (mn)    | 1,139.9 | 1,141.0 | 1,144.1 | 1,144.1 | 1,144.1 |

Source: Company, Emkay Research

| Asset quality and other metrics |        |        |        |        |        |
|---------------------------------|--------|--------|--------|--------|--------|
| Y/E Mar (Rs mn)                 | FY25   | FY26   | FY27E  | FY28E  | FY29E  |
| Asset quality                   |        |        |        |        |        |
| Gross NPLs                      | 10,677 | 11,348 | 12,563 | 14,062 | 15,764 |
| Net NPLs                        | 3,448  | 3,061  | 3,769  | 4,218  | 4,729  |
| GNPA ratio (%)                  | 2.9    | 2.6    | 2.3    | 2.1    | 1.9    |
| NNPA ratio (%)                  | 1.0    | 0.7    | 0.7    | 0.6    | 0.6    |
| Provision coverage (%)          | 67.7   | 73.0   | 70.0   | 70.0   | 70.0   |
| Gross slippages                 | 20,316 | 21,254 | 16,343 | 14,981 | 17,023 |
| Gross slippage ratio (%)        | 5.5    | 4.9    | 3.0    | 2.2    | 2.0    |
| LLP ratio (%)                   | 2.8    | 2.6    | 1.3    | 1.3    | 1.3    |
| NNPA to networth (%)            | 5.6    | 4.9    | 5.4    | 5.2    | 5.0    |
| Capital adequacy                |        |        |        |        |        |
| Total CAR (%)                   | 20.6   | 20.3   | 21.2   | 20.4   | 19.8   |
| Tier-1 (%)                      | 17.8   | 16.7   | 16.4   | 15.6   | 15.1   |
| CET-1 (%)                       | 17.8   | 16.7   | 16.4   | 15.6   | 15.1   |
| RWA-to-Total Assets (%)         | 55.9   | 52.8   | 48.0   | 48.0   | 48.0   |
| Miscellaneous                   |        |        |        |        |        |
| Total income growth (%)         | 14.9   | 8.9    | 21.2   | 20.9   | 21.5   |
| Opex growth (%)                 | 13.1   | 13.1   | 14.3   | 18.1   | 19.4   |
| Core PPOP growth (%)            | (6.3)  | (9.0)  | 49.9   | 30.4   | 29.7   |
| PPOP margin (%)                 | 18.5   | 16.1   | 18.4   | 19.5   | 20.6   |
| PAT/PPOP (%)                    | 11.0   | 8.1    | 46.7   | 48.5   | 49.7   |
| LLP-to-Core PPOP (%)            | 95.2   | 104.8  | 40.4   | 37.4   | 35.3   |
| Yield on advances (%)           | 16.7   | 15.2   | 15.6   | 15.3   | 15.2   |
| Cost of funds (%)               | 7.4    | 7.0    | 6.9    | 6.6    | 6.4    |

Source: Company, Emkay Research

| Balance Sheet              |         |         |         |         |           |
|----------------------------|---------|---------|---------|---------|-----------|
| Y/E Mar (Rs mn)            | FY25    | FY26    | FY27E   | FY28E   | FY29E     |
| Share capital              | 11,399  | 11,410  | 11,441  | 11,441  | 11,441    |
| Reserves & surplus         | 49,327  | 49,838  | 57,002  | 66,555  | 79,325    |
| Net worth                  | 60,725  | 61,248  | 68,443  | 77,996  | 90,766    |
| Deposits                   | 431,067 | 465,331 | 588,379 | 741,257 | 934,765   |
| Borrowings                 | 21,370  | 57,726  | 80,816  | 84,857  | 89,100    |
| Interest bearing liab.     | 452,437 | 523,056 | 669,194 | 826,115 | 1,023,866 |
| Other liabilities & prov.  | 15,194  | 21,799  | 32,032  | 32,247  | 27,075    |
| Total liabilities & equity | 528,356 | 606,104 | 769,669 | 936,358 | 1,141,707 |
| Net advances               | 362,089 | 427,513 | 535,956 | 671,095 | 840,138   |
| Investments                | 92,887  | 101,488 | 133,912 | 163,450 | 200,568   |
| Cash, other balances       | 55,363  | 56,663  | 73,611  | 74,350  | 71,671    |
| Interest earning assets    | 510,339 | 585,664 | 743,479 | 908,896 | 1,112,377 |
| Fixed assets               | 6,957   | 7,153   | 10,188  | 10,737  | 11,324    |
| Other assets               | 11,061  | 13,287  | 16,002  | 16,725  | 18,006    |
| Total assets               | 528,356 | 606,104 | 769,669 | 936,358 | 1,141,707 |
| BVPS (Rs)                  | 53.3    | 53.7    | 59.8    | 68.2    | 79.3      |
| Adj. BVPS (INR)            | 51.0    | 51.7    | 57.4    | 65.4    | 76.2      |
| Gross advances             | 369,318 | 435,801 | 544,751 | 680,938 | 851,173   |
| Credit to deposit (%)      | 84.0    | 91.9    | 91.1    | 90.5    | 89.9      |
| CASA ratio (%)             | 28.8    | 26.2    | 25.3    | 26.5    | 27.7      |
| Cost of deposits (%)       | 7.3     | 6.9     | 6.7     | 6.4     | 6.2       |
| Loans-to-Assets (%)        | 68.5    | 70.5    | 69.6    | 71.7    | 73.6      |
| Net advances growth (%)    | 16.9    | 18.1    | 25.4    | 25.2    | 25.2      |
| Deposit growth (%)         | 19.3    | 7.9     | 26.4    | 26.0    | 26.1      |
| Book value growth (%)      | 1.3     | 0.8     | 11.4    | 14.0    | 16.4      |

Source: Company, Emkay Research

| Valuations and key Ratios |      |      |       |       |       |
|---------------------------|------|------|-------|-------|-------|
| Y/E Mar                   | FY25 | FY26 | FY27E | FY28E | FY29E |
| P/E (x)                   | 40.3 | 57.7 | 7.3   | 5.5   | 4.1   |
| P/B (x)                   | 1.0  | 1.0  | 0.9   | 0.8   | 0.7   |
| P/ABV (x)                 | 1.0  | 1.0  | 0.9   | 0.8   | 0.7   |
| P/PPOP (x)                | 4.5  | 4.7  | 3.4   | 2.6   | 2.1   |
| Dividend yield (%)        | 1.9  | 1.0  | 1.7   | 2.3   | 2.7   |
| DuPont-RoE split (%)      |      |      |       |       |       |
| NII/avg assets            | 6.6  | 6.0  | 6.2   | 6.3   | 6.4   |
| Other income              | 1.9  | 1.9  | 1.6   | 1.5   | 1.3   |
| Fee income                | 1.6  | 1.6  | 1.4   | 1.3   | 1.2   |
| Opex                      | 5.8  | 5.6  | 5.3   | 5.1   | 5.0   |
| PPOP                      | 2.7  | 2.2  | 2.5   | 2.6   | 2.8   |
| Core PPOP                 | 2.4  | 1.9  | 2.4   | 2.5   | 2.6   |
| Provisions                | 2.3  | 2.0  | 1.0   | 0.9   | 0.9   |
| Tax expense               | 0.1  | 0.0  | 0.4   | 0.4   | 0.5   |
| RoA (%)                   | 0.3  | 0.2  | 1.2   | 1.3   | 1.4   |
| Leverage ratio (x)        | 8.2  | 9.3  | 10.6  | 11.7  | 12.3  |
| RoE (%)                   | 2.4  | 1.7  | 12.6  | 14.9  | 17.0  |

| Quarterly data |        |        |        |        |        |
|----------------|--------|--------|--------|--------|--------|
| Rs mn, Y/E Mar | Q2FY26 | Q3FY26 | Q4FY26 | 1QFY26 | 2QFY26 |
| NII            | 7,737  | 8,516  | 9,801  | 10,295 | 10,257 |
| NIM (%)        | 6.3    | 6.7    | 7.3    | 7.1    | 6.7    |
| PPOP           | 2,406  | 3,072  | 4,025  | 4,047  | 4,024  |
| PAT            | 241    | 900    | 2,127  | 1,835  | 2,180  |
| EPS (Rs)       | 0.2    | 0.8    | 1.9    | 1.6    | 1.9    |

Source: Company, Emkay Research

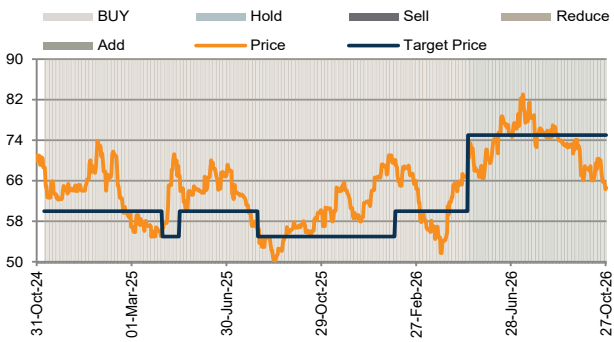
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RECOMMENDATION HISTORY - DETAILS

| Date      | Closing Price (Rs) | TP (Rs) | Rating | Analyst       |
|-----------|--------------------|---------|--------|---------------|
| 08-Oct-26 | 66                 | 75      | Add    | Avinash Singh |
| 10-Jul-26 | 82                 | 75      | Add    | Avinash Singh |
| 12-Jun-26 | 76                 | 75      | Add    | Seshadri Sen  |
| 04-May-26 | 71                 | 75      | Add    | Anand Dama    |
| 31-Jan-26 | 70                 | 60      | Reduce | Anand Dama    |
| 02-Nov-25 | 57                 | 55      | Reduce | Anand Dama    |
| 09-Aug-25 | 56                 | 55      | Reduce | Anand Dama    |
| 07-Jul-25 | 64                 | 60      | Reduce | Anand Dama    |
| 01-May-25 | 67                 | 60      | Reduce | Anand Dama    |
| 09-Apr-25 | 57                 | 55      | Reduce | Anand Dama    |
| 01-Feb-25 | 67                 | 60      | Reduce | Anand Dama    |
| 09-Nov-24 | 69                 | 60      | Reduce | Anand Dama    |

Source: Company, Emkay Research

RECOMMENDATION HISTORY - TREND



Source: Company, Bloomberg, Emkay Research

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

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