

Federal Bank (FB IN)

Q2FY27 Result Update

October 17, 2026

☒ Estimate Change | ☐ Target | ☐ Reco.

Change in Estimates

	Current		Previous	
	FY28E	FY29E	FY28E	FY29E
Rating	BUY		BUY	
Target Price	400		400	
NII (INR. mn)	158,445	185,375	149,033	173,711
% Chng.	6.3	6.7		
Op. Profit (INR mn)	108,173	127,079	104,154	122,349
% Chng.	3.9	3.9		
EPS (INR)	24.8	29.4	23.9	28.2
% Chng.	3.8	4.3		

Key Data

FED.BO | FB IN

BSE Code	500469
NSE Code	FEDERALBNK
52-W High / Low	INR 371 / INR 211
Face Value	2
Sensex / Nifty	74,729 / 23,146
Market Cap	INR 833 bn / \$ 8,772 mn
Shares Outstanding	2471.8 mn
3M Avg. Daily Value	INR 2,172.57 mn

Shareholding Pattern (%)

Promoters	-
FIs	27.71
Mutual Funds	37.69
Domestic Institutions	11.59
Public & Others	23.01
Promoters Pledge (INR bn)	-

Stock Performance (%)

	1M	3M	6M	12M
Absolute	(1.4)	3.2	18.5	57.1
Relative	(1.9)	6.6	23.7	75.5

Key Financials - Standalone

Y/e Mar	FY26	FY27E	FY28E	FY29E
NII (INR mn)	102,014	129,024	158,445	185,375
NIM (%)	2.9	3.2	3.3	3.4
Core PPOP (INR mn)	64,715	82,710	103,323	122,229
PAT (INR mn)	41,173	57,608	67,969	80,605
Core PAT (INR mn)	37,203	51,087	64,356	76,992
EPS (INR)	16.7	23.3	24.8	29.4
Gr. (%)	1.3	39.4	6.3	18.6
DPS (INR)	1.2	1.7	2.0	2.3
Yield (%)	0.5	0.5	0.6	0.7
RoAE (%)	11.4	13.9	13.7	13.7
Core RoAE (%)	10.9	12.9	13.4	13.5
RoAA (%)	1.1	1.4	1.4	1.4
Core RoAA (%)	1.0	1.2	1.3	1.3
P/BV (x)	1.5	1.9	1.7	1.5
P/ABV (x)	1.5	1.9	1.7	1.5
PE (x)	13.7	14.5	13.7	11.5
CAR (%)	17.2	17.4	18.7	18.5

Core revenue profile continues to improve

Quick Pointers

- Core PPOP miss; higher NII/fees offset by rise in opex
- Asset-liability mix continues to change favourably
- We upgrade core PAT for FY27/28E by avg. 3%

FB saw a decent quarter due to core revenue beat; higher NII/fees were offset by opex drag leading to 2.8% miss in core PPOP. Loan growth adjusted for FCNR was healthy at ~4% QoQ, mainly led by mid/high yielding loans viz. BuB/CoB/gold/LAP/unsecured, which on a combined basis grew by ~7% QoQ. Over past 6 quarters share of mid/high yielding segments has consistently improved from 37% to 41% while avg. CASA share has enhanced by 330bps to 31%. NIM may surprise positively in upcoming quarters led by (1) credit flow shifting towards higher yielding loans (2) increasing CASA share (3) normalization of FCNR impact and (4) repo hike of 25bps. We keep multiple at 1.8x on Sep'28 ABV and maintain TP at INR400. Retain 'BUY'.

Slight miss on core PPOP; NII/ fees beat offset by higher opex: NII was 3% higher at INR31.5bn (PLe INR30.7bn) due to better loan growth and NIM (calc.) that was 3.38% (PLe 3.34%); reported NIM was stable QoQ at 3.32%. Loan/deposit growth at 22%/18.6% YoY were higher (PLe 18.5%/16%). Other income was more at INR14.9bn (PLe INR12.1bn) due to higher fees and treasury gains. Opex at INR24bn was 12.6% above PLe led by higher staff cost and other opex. Core PPOP at INR19.9bn was 2.8% below PLe; PPOP was INR22.3bn. Asset quality was steady; GNPA was lower at 1.32% (PLe 1.44%) due to lesser slippage and higher write-offs. Provisions as expected were INR3.4bn. Core PAT was 4.6% below PLe at INR12.1bn; PAT was INR13.9bn.

Incremental loan mix changing favorably: Credit growth was higher at 7.5% QoQ (PLe 4.5%) due to retail (10.4%), commercial (7%) & corporate (4.9%). Within retail, BuB, LAP and gold saw healthy traction (+7.5/11.0/6.7% QoQ). FB aims to maintain gold loan pricing better than NBFCs. Agri/MFI growth was softer as the bank remains cautious of EL-Nino risk and West-Asia crisis. FCNR(B) deposit accretion was INR149.2bn with leveraged portion at INR94.4bn. Share of focused mid/high yielding segments in credit (adjusted for FCNR) has consistently risen from 37.4% in Q1FY26 to 41.4% in Q2FY27 while avg. CASA share increased from 27.7% to 31% over the same period. Credit growth guidance of mid-teens remains intact. We factor loan growth of 22/16% for FY27/28E.

NIM expected to improve further; fee growth was organic: Excluding the FCNR impact NIM increased QoQ with further likely improvement in Q3FY27 due to normalization in liability/asset base, while interest rate cycle may provide additional cushion. Fees growth of 22% QoQ to INR11.7bn was organic. Opex grew 15.3% QoQ led by (i) ESOP impact of INR327mn, (ii) changes in actuarial assumptions and (iii) branch & staff additions.

Quarter Summary

Y/e Mar	Q2'27E	Q2'27A	% Var.	Q2'26A	YoY gr. (%)
NII (INR mn)	30,677	31,534	2.8	24,952	26.4
Margin (%)	3.3	3.4	4 bps	3.0	34 bps
Core PPOP (INR mn)	20,449	19,869	(2.8)	15,320	29.7
Core PAT (INR mn)	12,690	12,106	(4.6)	8,716	38.9

Source: Company, PL

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Q2FY27 Conference Call Highlights

Balance sheet

- Advances grew by 7.5% QoQ (+21.9% YoY) to INR 3trn; growth was calibrated with healthy momentum across chosen mid yielding segments. Credit growth guidance of mid-teens remains intact, as focus remains on the high yielding granular assets that improve the risk-adjusted return profile of the book.
- Commercial banking segment continued strong growth trajectory with 7% QoQ growth. BuB witnessed healthy growth of 7.5% QoQ as FB started pursuing growth due to justified risk adjusted returns.
- Gold loans grew by 6.7% QoQ to INR442bn. FB aims to maintaining its gold loan pricing better than NBFCs with repo rate hike might drive increase in gold loan rates. Bank has launched new gold loan product provided for income generating business which yields higher rates than other gold loans.
- LAP witnessed strong growth of 11.1% QoQ with good traction in the segment since last 3 quarters. 45% of the loan book is priced to repo rate while 22% against MCLR and 33% being fixed. Management avoided pursuing higher growth in Agri and MFI book considering the impact of EL Nino and geopolitical stress.
- FCNR(B) deposits of INR149.2bn were mobilised. Leverage against these deposits were cautiously kept lower at INR94.4bn considering pricing economics, granularity, ALM, tenor and deployment opportunities. Management remains focused on building the wealth business.
- CASA grew by 6.4% QoQ to INR1.1trn with CASA ratio at 32%. CASA growth was faster than overall deposit growth indicating an improving deposit mix and a higher share of low-cost deposits.
- CA balances grew by 15.2% QoQ as traction in accounts resumed with march seasonality washed off. FB's average CASA crossed INR1trn in Q2FY27.
- Bank expects competition for deposits to intensify once the liquidity situation normalizes. Average LCR stood at 119.8% during the quarter, within the bank's targeted operating range of 110-120%

Profit & loss

- NIM (reported) declined by 1bp QoQ to 3.2% which was primarily led by FCNR led leveraging. Management indicated that yields have been bottomed out in Q1FY27 with 5-6bps improvement expected per quarter due to liability & asset mix actions, while evolving interest rate cycle may provide additional support, as repo-linked book will get repriced ahead of deposits.
- CoF declined from 5.25% in Q1FY27 to 5.21% in Q2FY27 with management highlighting that pace of decline in CoF has moderated.
- Fee income rose to INR11.2bn, with fees/assets reaching a record 1.11%, driven mainly by the organic granular high-yielding portfolio, while contribution from FCNR book was minimal.
- FB saw healthy treasury gains of INR23.8bn during Q2FY27 which was led by (i) gains from IPO activities and sale of specific investments (ii) encashment of SRs and (iii) recovery of previous quarter losses.
- Opex during the quarter amounted to INR24.2bn (+15.3% QoQ) driven by (i) one-time ESOP impact of INR327mn due to change in methodology (from intrinsic value method to fair value method) for stock options granted to non-material risk takers (ii) impact due to changes in actuarial assumptions (iii) addition of new staff channel (iv) transaction cost on FCNR loans and (v) branch additions and tech investments.

- C/I trajectory is intact as it improved 42bps QoQ to 52%, with continued focus on brand additions and tech investments. RoA could improve by 3-4bps per quarter.
- Management indicated bancassurance revenue would get impacted due to IRDAI regulations; however, extent of impact still remains under assessment with clarity awaited by Q3FY27. Management is evaluating changes in product mix or strategies to enhance insurance volumes to offset such impact.

Asset quality

- GNPA improved to 1.32%, down 20bps QoQ/ 51 bps YoY. NNPA continues to be the best in class in the industry at 0.17%.
- Management highlighted that no impact on asset quality was witnessed due to EL Nino as well as west-asia crisis. However, it remains watchful and hence growth in agri/SME was softened during Q2FY27.
- Guidance on the one-time ECL impact remains unchanged at ~1.5-2% of net worth, though HTM hardening may lead to incremental impact on the investment book.

Exhibit 1: Quarterly Estimates

(INR mn)	Q1FY27	YoY gr. (%)	Q2FY27	YoY gr. (%)	Q3FY27E	YoY gr. (%)	Q4FY27E	YoY gr. (%)
NII	29,459	26.1	31,534	26.4	33,381	25.8	34,650	27.5
Core PPOP	18,750	31.3	19,869	29.7	22,217	38.6	23,285	28.8
NIM (%)	3.3	41.6bps	3.4	33.8bps	3.4	29.0bps	3.4	31.5bps
Core PAT	11,603	51.4	12,106	38.9	13,824	46.0	14,608	28.7

Source: Company, PL

Exhibit 2: Slight miss on core PPop; NII/ fees beat offset by higher opex

P&L Statement (Rs m)	Q2FY27	Q2FY26	YoY gr. (%)	Q2FY27E	% Var.	Q1FY27	QoQ gr. (%)
Interest Income	77,210	67,422	14.5	74,613	3.5	72,383	6.7
Interest Expended	45,676	42,469	7.6	43,936	4.0	42,924	6.4
Net interest income (NII)	31,534	24,952	26.4	30,677	2.8	29,459	7.0
Other income	14,904	10,822	37.7	12,105	23.1	10,484	42.2
-Fee income	11,680	8,860	31.8	10,345	12.9	9,570	22.0
-Other non-interest income	3,224	1,962	64.4	1,760	83.2	914	252.9
Total income	46,438	35,774	29.8	42,783	8.5	39,943	16.3
Operating expenses	24,185	19,332	25.1	21,474	12.6	20,969	15.3
-Staff expenses	10,491	8,034	30.6	8,664	21.1	9,217	13.8
-Other expenses	13,694	11,298	21.2	12,810	6.9	11,753	16.5
Operating profit	22,254	16,442	35.3	21,309	4.4	18,973	17.3
Core Operating Profit	19,869	15,320	29.7	20,449	-2.8	18,750	6.0
Total provisions	3,422	3,631	-5.8	3,415	0.2	3,177	7.7
Profit before tax	18,832	12,811	47.0	17,893	5.2	15,796	19.2
Tax	4,971	3,258	52.6	4,563	8.9	4,027	23.4
Profit after tax	13,861	9,553	45.1	13,330	4.0	11,769	17.8
Balance Sheet (INRm)							
Deposits	34,26,936	28,89,196	18.6	33,52,432	2.2	32,01,180	7.1
Advances	29,82,256	24,46,571	21.9	28,99,854	2.8	27,74,980	7.5
Ratios (%)							
NIM – Calc.	3.4	3.0	33.8 bps	3.3	4.2 bps	3.3	6.8 bps
RoA – Calc.	1.4	1.1	31.1 bps	1.4	3.3 bps	1.3	15.5 bps
RoE – Calc.	14.5	11.5	304.8 bps	13.7	84.6 bps	12.6	189.7 bps
Asset Quality							
Gross NPL (INR mn)	39,896	45,320	-12.0	42,290	-5.7	42,823	-6.8
Net NPL (INRm)	4,922	11,652	- 57.8	5,286	-6.9	5,061	-2.7
Gross NPL ratio	1.32	1.83	-50.5 bps	1.4	-11.8 bps	1.52	-20.0 bps
Net NPL ratio	0.17	0.48	-31.1 bps	0.2	-1.7 bps	0.18	-1.7 bps
Coverage ratio (Calc)	87.7	74.3	1,337.2 bps	87.5	16.3 bps	88.2	-52.0 bps
Business & Other Ratios							
			<i>Change in bps</i>		<i>Change in bps</i>		<i>Change in bps</i>
Low-cost deposit mix	32.0	31.0	103.2			32.2	-18.5
Cost-income ratio	52.1	54.0	-196.1	50.2	188.6	52.5	-42.0
Non int. inc / total income	32.1	30.3	184.5	28.3	380.0	26.2	584.8
Credit deposit ratio	87.0	84.7	234.4	86.5	52.4	86.7	33.8
CAR	16.8	15.7	113.0			17.0	-13.0
Tier-I	15.8	14.4	139.0			15.9	-13.0

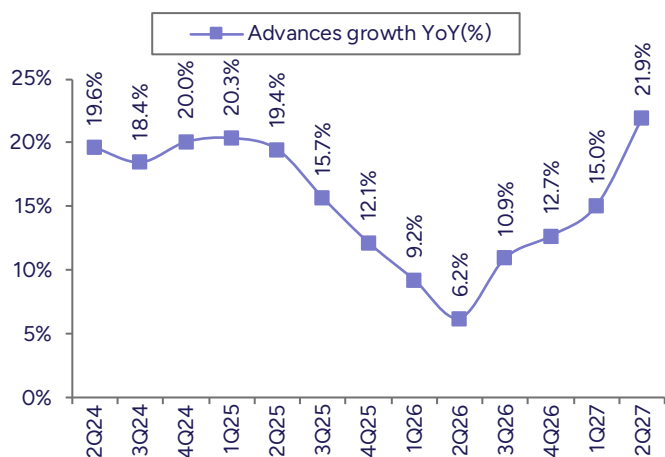
Source: Company, PL

Exhibit 3: Gross loan growth of 8% QoQ was mainly led by retail (10.4%), commercial (7%) & corporate (4.9%)

Advances break-up (INR mn)	Q2FY27	Q2FY26	YoY gr. (%)	Q1FY27	QoQ gr. (%)
Gross Advances	30,08,750	25,08,570	19.9	27,84,660	8.0
Corporate	10,46,660	8,93,120	17.2	9,97,610	4.9
Commercial	3,27,800	2,61,290	25.5	3,06,380	7.0
Retail	16,34,290	13,54,170	20.7	14,80,660	10.4
BuB	2,14,190	1,90,580	12.4	1,99,290	7.5
Housing	3,52,330	3,56,930	-1.3	3,52,920	-0.2
LAP	94,000	71,100	32.2	84,620	11.1
Auto	87,770	84,970	3.3	87,590	0.2
Gold	4,42,420	3,22,640	37.1	4,14,760	6.7
Agri	80,650	78,400	2.9	79,810	1.1
CV/CE	60,810	49,950	21.7	58,260	4.4
MFI	39,080	36,610	6.7	37,560	4.0
Others	2,63,040	1,63,000	61.4	1,65,850	58.6

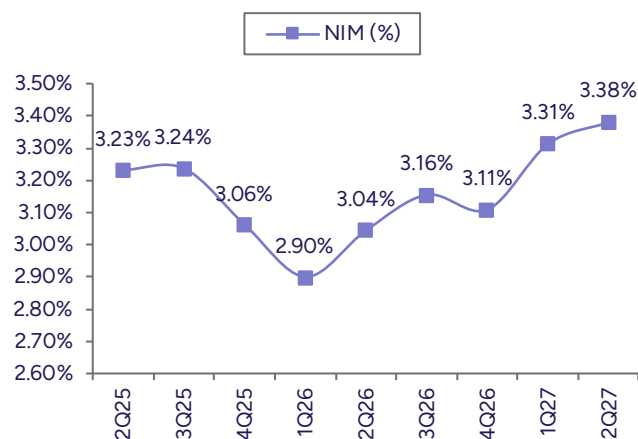
Source: Company, PL

Exhibit 4: Loan growth was higher at 21.9%YoY led by FCNR(B) loans



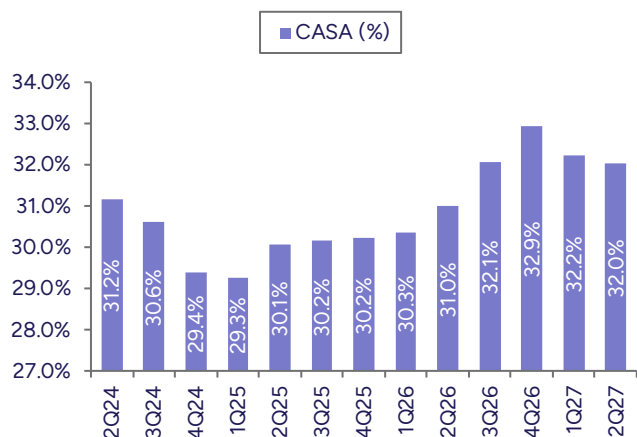
Source: Company, PL

Exhibit 5: NIM (cal.) increased from 3.31% to 3.38%



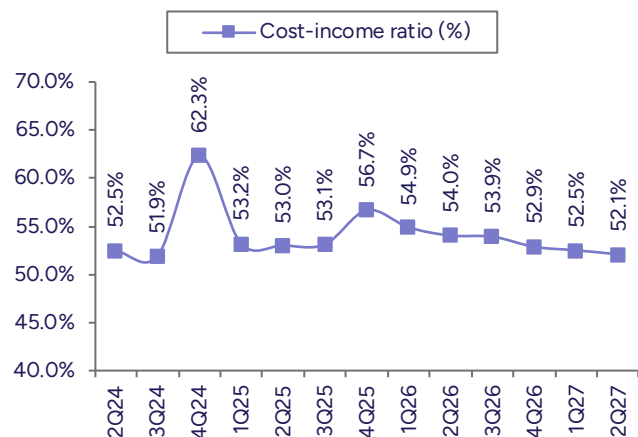
Source: Company, PL

Exhibit 6: CASA ratio decreased to 32.0%



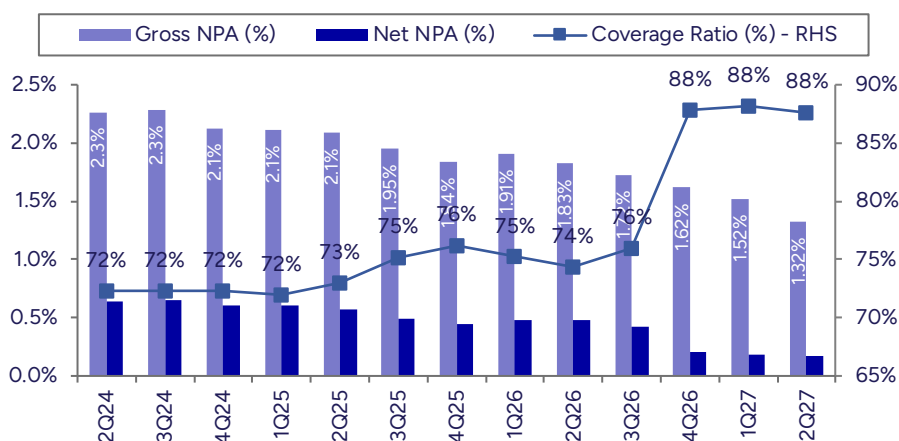
Source: Company, PL

Exhibit 7: C/I improved by ~40bps QoQ to 52.1%



Source: Company, PL

Exhibit 8: GNPA improved QoQ to 1.32% led by higher write-offs; PCR stable at 88%



Source: Company, PL

Exhibit 9: Slippages increased QoQ in agri and SME segment, offset by retail and corporate

Movement of NPL	Q2FY27	Q2FY26	YoY gr. (%)	Q1FY27	QoQ gr. (%)
Opening	42,829	46,700	-8.3	43,359	-1.2
Additions	4,260	5,840	-27.1	4,120	3.4
Reduction	7,180	7,220	-0.6	4,650	54.4
Closing	39,909	45,320	-12.0	42,829	-6.8
Slippages (%)	0.64	0.99	-35.1	0.62	2.1

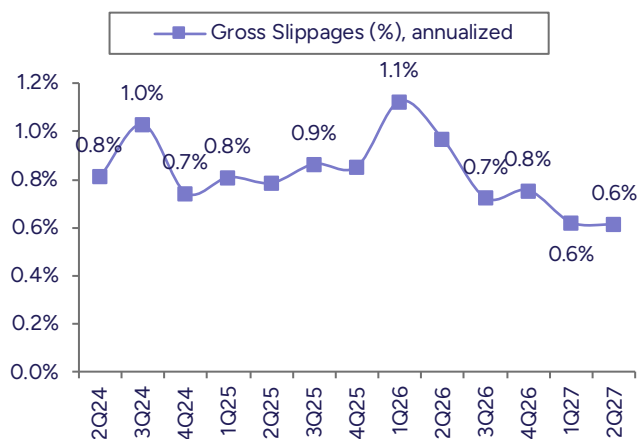
Segmental fresh slippages:

Retail	1,830	2,300	-20.4	1,960	-6.6
Agri	1,490	1,950	-23.6	1,220	22.1
SME	880	1,540	-42.9	750	17.3
Corporate	0	230	-100.0	160	-100.0

Retail (% annualized)	1.10	1.47	-36.9	0.90	19.6
SME (% annualized)	0.66	1.26	-60.1	0.56	9.3

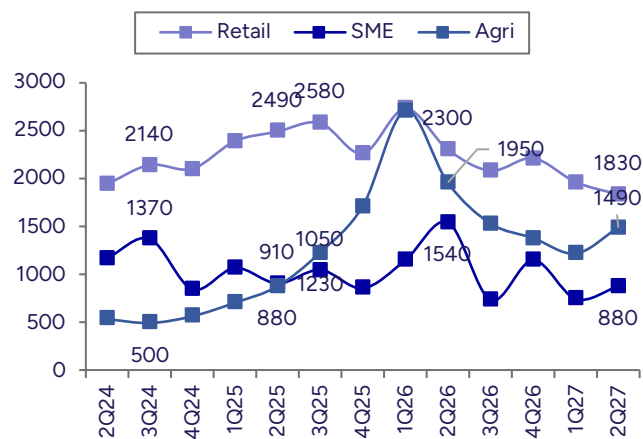
Source: Company, PL

Exhibit 10: Slippages were stable QoQ at 0.6%



Source: Company, PL

Exhibit 11: Slippages increased QoQ in agri and SME segment



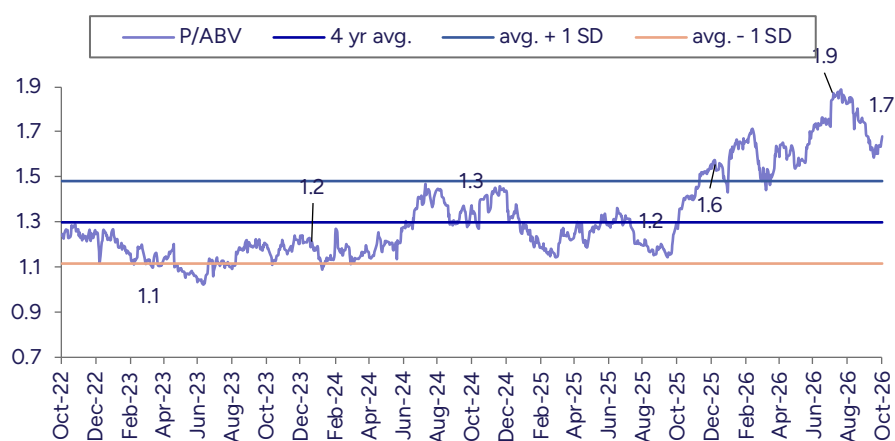
Source: Company, PL

Exhibit 12: Return ratios to be around 13.5-14%

DuPont Analysis	FY22	FY23	FY24	FY25	FY26	FY27E	FY28E	FY29E
NII/Assets	2.8	3.0	2.9	2.9	2.8	3.0	3.2	3.2
Other inc./Assets	1.0	1.0	1.1	1.2	1.2	1.3	1.1	1.0
Net revenues/Assets	3.8	4.0	4.0	4.0	4.0	4.3	4.3	4.3
Opex/Assets	2.0	2.0	2.2	2.2	2.1	2.2	2.1	2.0
Provisions/Assets	0.6	0.3	0.1	0.2	0.5	0.3	0.3	0.3
Taxes/Assets	0.3	0.4	0.4	0.4	0.3	0.5	0.5	0.5
ROA (%)	0.9	1.3	1.3	1.2	1.1	1.4	1.4	1.4
ROE (%)	10.8	14.9	14.7	13.0	11.4	13.9	13.7	13.7

Source: Company, PL

Exhibit 13: One-year forward P/ABV trades at 1.6x



Source: Company, PL

Quarterly Financials

Y/e Mar	Q3FY25	Q4FY25	Q1FY26	Q2FY26	Q3FY26	Q4FY26	Q1FY27	Q2FY27
Income Statement (INR m)								
Interest earned	68,087	66,484	66,866	67,422	68,675	69,431	72,383	77,210
Interest expended	43,774	42,709	43,498	42,469	42,148	42,265	42,924	45,676
Net Interest Income	24,313	23,774	23,368	24,952	26,527	27,166	29,459	31,534
Other income	9,162	10,060	11,130	10,822	11,003	11,450	10,484	14,904
Fees	7,560	8,000	7,860	8,860	8,960	9,910	9,570	11,680
Total Income	33,475	33,834	34,498	35,774	37,530	38,616	39,943	46,438
Operating Expenses	17,781	19,180	18,935	19,332	20,237	20,412	20,969	24,185
Employees	7,832	7,838	7,976	8,034	8,487	7,757	9,217	10,491
Others	9,949	11,342	10,959	11,298	11,750	12,655	11,753	13,694
Operating profit	15,695	14,654	15,563	16,442	17,293	22,764	18,973	22,254
Core PPOp	14,693	14,185	14,283	15,320	16,030	18,085	18,750	19,869
Provisions	2,923	1,381	4,002	3,631	3,324	7,410	3,177	3,422
Profit before tax	12,771	13,273	11,561	12,811	13,970	15,354	15,796	18,832
Taxes	3,217	2,971	2,944	3,258	3,557	2,763	4,027	4,971
Net Profit	9,554	10,302	8,618	9,553	10,412	12,591	11,769	13,861
Core PAT	8,805	9,938	7,664	8,716	9,471	11,352	11,603	12,106
Balance Sheet (INR m)								
Share capital	4,910	4,912	4,910	4,919	4,920	4,929	4,940	4,945
Reserves & surplus	318,430	329,295	339,280	345,635	355,910	382,122	395,720	407,270
Deposits	2,663,750	2,836,475	2,874,360	2,889,196	2,977,960	3,139,094	3,201,180	3,426,936
Borrowings	286,900	237,263	197,760	179,675	163,310	211,591	181,660	246,321
Other liabilities	125,050	82,104	116,660	141,377	164,810	137,479	150,260	183,794
Total liabilities	3,399,040	3,490,048	3,532,970	3,560,802	3,666,910	3,875,215	3,933,760	4,269,265
Cash & bank	261,720	308,592	256,560	228,620	221,050	257,276	180,340	256,818
Investments	664,410	662,456	685,010	703,469	718,890	766,762	801,030	840,453
Advances	2,303,700	2,348,364	2,412,040	2,446,571	2,555,690	2,645,944	2,774,980	2,982,256
Fixed assets	14,630	14,783	14,630	14,532	14,680	14,725	14,650	14,700
Other assets	154,590	155,853	164,740	167,610	156,600	190,508	162,760	175,038
Total assets	3,399,050	3,490,048	3,532,980	3,560,802	3,666,910	3,875,215	3,933,760	4,269,265
Balance sheet ratios (%)								
Loan growth	-	1.9	2.7	1.4	4.5	3.5	4.9	7.5
Deposit growth	(1.0)	6.5	1.3	0.5	3.1	5.4	2.0	7.1
LDR	86.5	82.8	83.9	84.7	85.8	84.3	86.7	87.0
CASA	30.2	30.2	30.3	31.0	32.1	32.9	32.2	32.0
Capital Adequacy (%)								
CET-1	13.8	15.0	14.7	14.4	13.9	15.9	15.9	15.8
Tier-2	1.4	1.4	1.3	1.3	1.3	1.3	1.1	1.1
CRAR	15.2	16.4	16.0	15.7	15.2	17.3	17.0	16.8
Profitability ratios (%)								
Yield on assets	9.1	8.6	8.3	8.2	8.2	7.9	8.1	8.3
Cost of funds	6.3	5.9	5.8	5.7	5.5	5.3	5.3	5.4
NIM	3.2	3.1	2.9	3.0	3.2	3.1	3.3	3.4
Fees/Assets	1.0	1.0	0.9	1.0	1.0	1.1	1.0	1.2
Cost/Income	53.1	56.7	54.9	54.0	53.9	52.9	52.5	52.1
Opex/avg assets	2.2	2.3	2.2	2.2	2.3	2.2	2.2	2.5
RoA	1.2	1.3	1.0	1.1	1.2	1.4	1.3	1.4
Core RoA	1.0	1.1	0.9	1.0	1.0	1.2	1.2	1.1
RoE	12.6	13.2	10.6	11.5	12.2	14.0	12.6	14.5
Core RoE	10.9	11.9	8.9	9.9	10.5	11.7	11.6	11.7
EPS (INR)	3.9	4.2	3.5	3.9	4.2	5.1	4.8	5.6
BVPS (INR)	131.7	136.1	140.2	142.5	146.7	157.1	162.2	166.7
ABVPS (INR)	-	-	-	-	-	-	-	-
Asset quality ratios (%)								
GNPA	2.0	1.8	1.9	1.8	1.7	1.6	1.5	1.3
NNPA	0.5	0.4	0.5	0.5	0.4	0.2	0.2	0.2
Provision coverage	75.2	76.2	75.2	74.3	76.0	87.8	88.2	87.7
Provision costs	0.5	0.2	0.7	0.6	0.5	1.2	0.5	0.5
Slippage	1.0	0.9	1.1	1.0	0.8	0.8	0.6	0.6
NNPA/Equity	3.5	3.1	3.4	3.3	3.0	1.4	1.3	1.2

Source: Company, PL

Financials

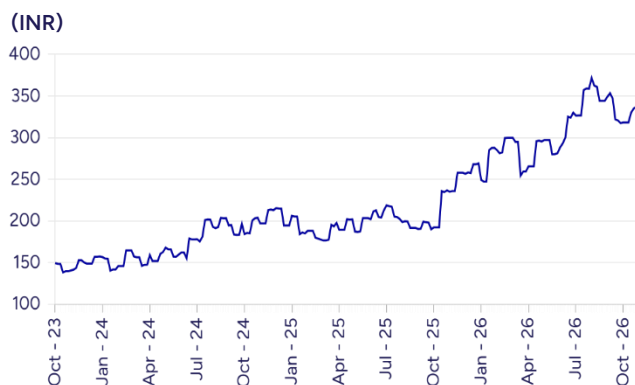
Y/e Mar	FY26	FY27E	FY28E	FY29E
Income Statement (INR m)				
Interest earned	272,394	314,560	379,053	442,915
Interest expended	170,380	185,536	220,608	257,540
Net Interest Income	102,014	129,024	158,445	185,375
Other income	44,404	55,162	53,730	59,502
Fees	33,234	39,484	40,655	45,430
Net Total Income	146,418	184,186	212,176	244,876
Operating Expenses	78,916	92,697	104,002	117,797
Employees	32,254	40,355	45,542	51,079
Others	46,662	52,342	58,461	66,718
Operating profit	67,502	91,489	108,173	127,079
Core PPOP	64,715	82,710	103,323	122,229
Provisions	18,367	13,937	16,940	18,884
Profit before tax	53,695	77,551	91,234	108,195
Taxes	12,522	19,943	23,265	27,590
Net Profit	41,173	57,608	67,969	80,605
Core PAT	37,203	51,087	64,356	76,992
Growth Ratios (%)				
Loans	12.7	22.0	16.0	16.0
Deposits	10.7	17.7	14.9	14.9
NII	7.7	26.5	22.8	17.0
Fees	18.8	18.8	3.0	11.7
Opex	10.1	17.5	12.2	13.3
Core PPOP	17.8	27.8	24.9	18.3
Provisions	150.5	(24.1)	21.5	11.5
Core PAT	3.6	37.3	26.0	19.6
Profitability Ratios (%)				
Yield on IEA	7.8	7.8	7.9	8.0
Cost of funds	5.3	5.1	5.2	5.2
NIM	2.9	3.2	3.3	3.4
Cost/Income	53.9	50.3	49.0	48.1
Provision cost	0.7	0.5	0.5	0.5
Tax rate	23.3	25.7	25.5	25.5
Core RoA	1.0	1.2	1.3	1.3
Core RoE	10.9	12.9	13.4	13.5
Du-pont (%)				
Interest income	7.4	7.4	7.6	7.7
Interest expenses	4.6	4.4	4.4	4.5
NII	2.8	3.0	3.2	3.2
Other income	1.2	1.3	1.1	1.0
Fees/avg assets	1.1	1.0	0.9	0.9
Total income	4.0	4.3	4.3	4.3
Opex/avg assets	2.1	2.2	2.1	2.0
Staff cost	0.9	0.9	0.9	0.9
Other opex	1.3	1.2	1.2	1.2
PPOP	1.8	2.2	2.2	2.2
Core PPOP/avg assets	1.9	2.1	2.1	2.4
Provisions	0.5	0.3	0.3	0.3
PBT	1.3	1.8	1.8	1.9
Tax	0.3	0.5	0.5	0.5
RoA	1.0	1.4	1.4	1.4
RoE	11.4	13.9	13.7	13.7

Source: Company, PL

Y/e Mar	FY26	FY27E	FY28E	FY29E
Balance Sheet (INR m)				
Equity	387,051	442,033	551,584	626,752
Share capital	4,929	4,945	5,491	5,491
Deposits	3,139,094	3,693,162	4,244,187	4,877,827
Borrowings	211,591	291,166	308,372	381,871
Other Liabilities	137,479	198,791	232,558	272,060
Total liabilities	3,875,215	4,625,152	5,336,701	6,158,510
Cash with RBI	155,662	178,240	200,611	225,789
Balance with banks	101,614	94,218	106,043	119,353
Investments	766,762	923,291	1,061,047	1,219,457
Advances	2,645,944	3,228,710	3,744,392	4,342,437
Fixed assets	14,725	14,996	15,605	16,238
Other assets	190,508	185,697	209,004	235,236
Total assets	3,875,215	4,625,152	5,336,701	6,158,510
Balance sheet ratios (%)				
LDR	84.3	87.4	88.2	89.0
CASA	33.3	32.6	33.6	34.7
Inv/NDTL	22.0	22.1	22.2	22.0
Borr/NDTL	6.1	7.0	6.4	6.9
Assets/equity (x)	10.0	10.5	9.7	9.8
RWA/Loans	87.4	80.9	80.2	79.5
RWA/Total assets	59.6	56.5	56.3	56.1
Capital ratios (%)				
CRAR	17.2	17.4	18.7	18.5
CET-1	15.9	16.1	17.4	17.2
AT-1	-	-	-	-
Tier-2	1.3	1.3	1.3	1.3
Asset quality ratios (%)				
GNPA (INR mn)	43,353	36,852	34,325	33,902
NNPA (INR mn)	5,293	4,423	4,120	4,069
GNPA	1.6	1.1	0.9	0.8
NNPA	0.2	0.1	0.1	0.1
PCR	87.8	88.0	88.0	88.0
Slippage	0.9	0.7	0.6	0.6
NNPA / Equity	1.4	1.0	0.7	0.6
Per share (INR)				
EPS	16.7	23.3	24.8	29.4
DPS	1.2	1.7	2.0	2.3
BVPS	157.0	178.7	200.9	228.3
ABVPS	154.9	177.0	199.4	226.8
Valuation (x)				
Price (INR)	229.4	338.0	338.0	338.0
P/E	13.7	14.5	13.7	11.5
P/BV	1.5	1.9	1.7	1.5
P/ABV	1.5	1.9	1.7	1.5

Source: Company, PL

Price Chart



Recommendation History

No.	Date	Rating	TP (INR)	Share Price (INR)
1	07-Oct-26	BUY	400	320
2	12-Aug-26	BUY	400	357
3	18-Jul-26	Accumulate	345	349
4	07-Jul-26	Accumulate	300	332
5	30-Apr-26	Accumulate	300	285
6	10-Apr-26	BUY	275	283
7	19-Feb-26	BUY	275	291
8	17-Jan-26	BUY	275	270
9	08-Jan-26	BUY	250	259
10	24-Oct-25	BUY	250	227

Analyst Coverage Universe

Sr. No.	Company Name	Rating	TP (INR)	Share Price (INR)
1	Aditya Birla Sun Life AMC	BUY	1200	1010
2	Axis Bank	BUY	1550	1248
3	Bank of Baroda	Accumulate	280	233
4	Canara Bank	BUY	160	125
5	Canara Robeco Asset Management Company	HOLD	285	225
6	City Union Bank	BUY	250	224
7	DCB Bank	BUY	215	201
8	Federal Bank	BUY	400	320
9	HDFC Asset Management Company	BUY	2850	2352
10	HDFC Bank	BUY	950	711
11	ICICI Bank	BUY	1850	1343
12	ICICI Prudential Asset Management Company	BUY	3420	2969
13	Indian Bank	BUY	1000	835
14	IndusInd Bank	Accumulate	1150	906
15	Karur Vysya Bank	BUY	380	346
16	Kotak Mahindra Bank	BUY	500	432
17	Nippon Life India Asset Management	BUY	1250	1074
18	Prudent Corporate Advisory Services	Accumulate	3175	3200
19	State Bank of India	BUY	1200	959
20	Union Bank of India	Accumulate	190	168
21	UTI Asset Management Company	HOLD	975	888

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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