

1. VERDICT & BUSINESS QUALITY SNAPSHOT

The punchline. Read this first — it frames everything below.

Result: Beat (Strategic/Capital) / Financials (Miss - per prior context) **One-line:** While Q3 earnings were marred by cyclical MFI stress, the ₹7,500 Cr capital raise from Warburg Pincus and ADIA at a premium to book value is a "thesis-saving" event that eliminates insolvency risk and provides the dry powder needed to outlast the credit cycle.

Dimension	This Quarter	Signal / Evidence	Sentiment
Beat/Miss vs Guidance / Prior Quarter	Strong Beat (Strategic)	₹7,500 Cr fundraise at ₹60/share (1.16x P/BV) vs ₹51.64 BVPS.	□
Earnings Quality	High (Core driven)	BVPS accretive raise (+2.3%); 94% of the bank remains profitable despite MFI pain.	□
Guidance Confidence	Strong	Capital Adequacy (CET-1) jumps 280 bps, providing 3-4 years of growth runway.	□
Management Credibility	Strong	Ability to attract Tier-1 global PE (Warburg) and Sovereign Wealth (ADIA) during a stress period.	□
Business Quality Signal	Improving	Massive shift from "capital-constrained" to "growth-ready"; liabilities remain robust.	□
Key Q&A Exchange	N/A — PPT ONLY	Investor Presentation highlights capital for growth and BVPS accretion.	□
The Street's Primary Anxiety	Capital Erosion from MFI	Mgmt response: Raise ₹7,500 Cr to buffer CET-1 to a superior 16.5%.	□
Capital Cycle Stage	Investment (Growth Capital)	Raising equity to fund the next 4-5 years of 20%+ loan growth.	□
Margin / Return Ratio Trajectory	Improving (Long-term)	280 bps capital boost reduces "frequent fundraising" drag on ROE.	□
Pricing Power	Expanding	Raising capital at a premium to market price/BVPS indicates strong institutional demand.	□
FCF Conversion & Quality	Strong	Post-raise Net Worth increases by ~20% in a single transaction.	□
Competitive Moat Signals	Widening	Institutional backing from ADIA/Warburg provides a "valuation floor" and reputational moat.	□
Balance Sheet Strength	Strong	Post-money CET-1 at 16.5% is now among the highest in the private banking peer group.	□
Working Capital Efficiency	Improving	Incremental CD ratio of 76.4% (prior context) supported by higher equity base.	□
Mgmt Guidance Track Record	Reliable	Delivered on the promise of strengthening the capital base to support "Guidance 2.0."	□
Key Vulnerability / Red Flag	Equity Dilution	14.58% dilution to existing shareholders, though accretive to Book Value.	□
Management Tone	Confident	Focused on "strong and profitable growth" and reducing fundraising frequency.	□
Sentiment: □Positive			

Key Takeaways (Positives & Negatives): * **Positives:** The ₹7,500 Cr fundraise is a masterstroke in timing, occurring just as MFI stress peaked. By securing ADIA and Warburg Pincus at ₹60/share, the bank has achieved a 2.3% BVPS accretion (₹52.85 post-raise) while boosting CET-1 from a mediocre 13.7% to a fortress-like 16.5%. This provides the necessary buffer to absorb any further MFI volatility without breaching regulatory norms. * **Negatives:** The transaction involves a significant ~14.6% equity dilution (post-conversion of CCPS), which will weigh on EPS in the near term until the capital is deployed into high-yielding assets. The thesis remains hostage to MFI normalization in FY26. * **Street Concern:** The primary fear was that the MFI credit cost (8% for 9M FY25) would force a "distress" capital raise. Management's response—securing blue-chip investors at a premium—effectively kills the "liquidity/capital trap" narrative. * **Watchpoint:** Execution on the "13% Opex

growth" target for FY26 (prior context); now that capital is no longer a constraint, the focus shifts entirely to operating leverage.

2. BUSINESS PERFORMANCE

2A. KEY METRICS

Concall not available — Mgmt Commentary column reflects insights from the investor presentation and prior context.

Metric	Current Qtr (Dec-24)	YoY Change	QoQ Change	Trend	Mgmt Commentary
NII Growth (%)	14.4%	↓	↓	□	Moderated by MFI de-growth and wholesale mix (Prior Context).
NIM (AUM basis %)	6.04%	↓	↓	↓	14 bps compression QoQ; 6bps from MFI book reduction (Prior Context).
Cost of Funds %	6.49%	↑	↑	□	3 bps QoQ rise; Cost of Deposits remains stable at 6.38%.
Cost of Deposits %	6.38%	→	→	□	Stable for 3 quarters despite industry deposit wars (Prior Context).
CASA Ratio (period end %)	47.7%	↑	↓	□	Strong liability engine; retail deposits grew 29.6% YoY.
CASA Ratio (avg %)	46.9%	↑	↑	□	Daily average basis shows higher quality than period-end (Prior Context).
Credit-Deposit Ratio %	95.7%	↓	↓	□	Improved from 107% in Mar-23; incremental CD ratio is 76.4%.
Loans Growth (% YoY)	22.0%	↓	→	□	Driven by Mortgages, Vehicles, and Business Banking.
Deposits Growth (% YoY)	29.8%	↓	→	□	Reached ₹2,36,878 Cr; significantly outpacing loan growth.
GNPA %	1.94%	↓	↑	□	Ex-MFI GNPA is 1.81%, showing core asset quality strength.
NNPA %	0.52%	↓	→	□	Remained low despite MFI slippages (Prior Context).
Slippage Ratio %	3.86%	↑	↑	□	Driven by MFI; gross slippages at ₹2,192 Cr.
Credit Cost (% funded assets)	2.3%	↑	↓	□	Excl. MFI, credit cost is 1.8%; Mgmt expects MFI peak in Q4 FY25.
Collection Efficiency %	99.5%	→	→	□	Ex-MFI stable; MFI CE recovered to 98.6% in Dec-24.
Capital Adequacy (Total) %	18.9% (Post-Raise)	↑	↑	□	Pre-raise 16.1%; boosted by ₹7,500 Cr equity infusion.
CET-1 Ratio %	16.5% (Post-Raise)	↑	↑	□	Pre-raise 13.7%; significantly exceeds 12.5% guidance.
PAT (₹Cr)	339	↓ 53%	↑ 68%	□	Impacted by ₹315 Cr MFI contingency buffer (Prior Context).
Fee Income Growth %	19.6%	↓	↑	□	Granular retail focus; 92% from retail products.

2B. SEGMENT BREAKDOWN

Segment	Loans (₹ Cr)	YoY Growth	GNPA	Trend	vs Co. Avg	Key Development
Home Loan	26,295	24.5%	0.74%	□	Outperform	Anchor for PSL; 28% of total book mortgage-backed.
Vehicle Loans	25,209	38.5%	1.75%	□	Outperform	Strong momentum in 2-wheelers; SMA stable.
Credit Card	6,918	39.9%	1.91%	□	In-line	PPOP break-even reached; asset quality improving.
Micro-Finance (MFI)	10,997	-19.3%	4.45%	□	Underperf.	Deliberate de-growth to manage credit stress.
Business Banking	9,049	35.1%	1.17%	□	In-line	High-quality working capital financing.
Corporate Loans	39,389	28.9%	1.13%	□	In-line	Zero new NPAs in corporate book post-merger.
Infrastructure	2,546	-15.0%	25.0%	□	Legacy	Down to 1.1% of total book; legacy runoff continues.

3. MANAGEMENT OUTLOOK & EXECUTION TRACKER

Dimension	Category	Management Target / Claim	Required Run-Rate / Mathematical Feasibility	Historical Delivery (Last Q)	Risk Flag
Guidance	Capital Adequacy	Target CET-1 of 16.5% post-raise.	Achieved via ₹7,500 Cr raise; requires no further equity for ~4 years.	Delivered	Low
Guidance	BVPS Growth	Increase BVPS by 2.3% to ₹52.85.	Instant realization upon conversion of CCPS at ₹60/share.	Delivered	Low
Guidance	ROA / ROE	1.9-2.0% ROA and 17-18% ROE by FY29.	High Risk. Needs ~60% PAT CAGR from depressed FY25 base.	Delayed	High
Guidance	Credit Cost	Peak MFI stress in Q4 FY25; tapering in FY26.	Requires recovery in collection efficiency to 99%+.	Met (Ex-MFI)	Medium
Strategy	Fundraising	"Reduce need for frequent fundraising."	280 bps buffer allows for ₹50k-₹60k Cr incremental loan growth.	Delivered	Low
Strategy	Competitive Position	"Strong and profitable growth" post-raise.	Requires NIM stabilization as MFI book bottoming out.	On Track	Medium
Strategy	Institutional Mix	Currant Sea (9.48%) and ADIA (5.10%).	Formalizes long-term institutional backing.	New	Low
Balance	Bond Run-off	Retire ₹6,682 Cr of high-cost legacy bonds by FY26.	₹1,855 Cr maturing in Q4 FY25 will boost NIM by ~8 bps.	On Track	Low

(PPT_ONLY: populated from presentation targets. Linked Q# column: N/A — no concall.)

4. ANALYST Q&A

Section not applicable — investor presentation only. No concall conducted or available.

5. WHAT CHANGED vs PRIOR QUARTER

What Changed	Prior Quarter (Q3 FY25 Earnings)	This Quarter (Post-Fundraise Announcement)	Direction
CET-1 Ratio	13.7%	16.5%	↑
Total Capital Adequacy	16.1%	18.9%	↑
Book Value Per Share	₹51.64	₹52.85	↑
Equity Capital Base	Existing Shareholding	+₹7,500 Cr Fresh Capital	↑
Institutional Shareholding	Fragmented PE/Public	Warburg Pincus (9.48%) & ADIA (5.10%) anchored	↑
Funding Risk	High (due to MFI credit cost concerns)	Negligible (fortified balance sheet)	↑
Growth Potential	Constrained by capital consumption	Unlocked for FY26-28 expansion	↑
Valuation Floor	Volatile	Anchored by deal price of ₹60/share	↑

- **BVPS Accretion:** Unlike most "growth" raises that happen at a discount to market, this raise at ₹60 is significantly above the December-24 BVPS of ₹51.64, leading to a 2.3% increase in value for existing shareholders despite the dilution.
- **Safety Margin:** The 280 bps jump in CET-1 essentially creates a "fortress balance sheet," allowing the bank to absorb roughly ₹6,000 Cr of additional credit losses before returning to its prior (already adequate) capital levels. This effectively de-risks the MFI stress cycle.
- **Strategic Validation:** The entry of ADIA (Sovereign Wealth) and the re-upping by Warburg Pincus (long-time financial services specialist) acts as a powerful external audit of the bank's underlying asset quality and the "Vaidyanathan" execution model.
- **Thesis Status:** The long-term compounding thesis (ROA expansion via operating leverage) is **REINFORCED**. While FY25 remains a "lost year" for earnings, the structural risk of a capital shortfall has been eliminated. The path to 17-18% ROE now has a firmer foundation.