

19 April 2025

India | Equity Research | Company Update

IDFC FIRST Bank

Banking

Large potential capital buffer, likely RoA revival and inexpensive valuations to aid re-rating

We upgrade IDFC First Bank (IDFCFB) to **BUY** with a revised TP of INR 75, as the large proposed capital infusion (INR 75bn) improves visibility on superior loan growth/operating leverage (without any material dilution in book value) topped with inexpensive valuations. The announced preferential infusion to Warburg and ADIA should boost the bank's CET1 by ~280bps, catapulting its pro forma CET1 to ~16.5%. With a meaty share of fixed rate loans, at 60–65% of overall, ~32% share of wholesale TD/borrowings and an additional ~30% share of high-rate savings in overall funding, IDFCFB seems well placed on NIM and could surprise positively. MFI slippages have been elevated and could rise further in the near term, but the share itself is receding (now down to 4.8% vs. 7.2% YoY). Ex-MFI, gross slippages have been stable (though elevated) and are a key monitorable; but improved disclosures and contained SMA figures along with an improving overall asset quality environment provide reasonable comfort.

Upgrade to BUY: Strong capital buffer, likely RoA revival (off low base) and inexpensive valuations

The stock has de-rated in the last few months amid pressure on RoAs (down to <0.5% from >1% earlier) and asset quality. However, we believe current RoAs (~0.4% in Q3FY25 and ~0.5% in FY25E) seem to have broadly bottomed out – benefitting from operating leverage and easing credit costs. Valuations at ~1x FY27E ABV suggest limited downside; separately, strong potential capital infusion (pro forma CET1 at ~16.5%) shall enhance the bank's buffer and improve visibility on superior growth/operating leverage. We see healthy re-rating as RoAs accelerate to ~1% by exit FY26E and >1% for FY27E. We have not incorporated the capital infusion yet, as this is subject to regulatory approvals, but highlight no material change in ABV for FY26E/FY27E. We raise our target multiple to ~1.2x FY27E ABV (vs. ~1.1x) due to the potentially enhanced capital buffer and likely RoA revival (off low base) and arrive at a revised TP of INR 75 (INR 68 earlier). Upgrade to **BUY**. **Key risks:** Slower-than-expected operating leverage and higher-than-expected slippages.

Announces large INR 75bn capital infusion via CCPS

IDFCFB has approved the preferential issue of equity capital amounting to INR 75bn to Currant Sea investment (affiliate of Warburg Pincus LLC) and Platinum Invictus (wholly-owned subsidiary of ADIA). The issue involves ~INR 1.25bn compulsory convertible cumulative preference share (CCPS) at INR 60 apiece, subject to shareholder and regulatory approval. Currant Sea is entitled to nominate one non-retiring non-executive director on the board. The conversion would be at the earlier of either: 1) the option of the allottee; or 2) automatically, within 15 business days from the date on which the 45 trading days' average of the daily volume weighted price of the stock reaches at least the subscription price; and in any event, no later than five business days prior to expiry of 18 months from the date of allotment.

Financial Summary

Y/E March	FY24A	FY25E	FY26E	FY27E
NII (INR bn)	164.5	194.7	223.6	272.3
Op. profit (INR bn)	62.4	75.8	92.2	126.4
Net Profit (INR bn)	29.6	17.5	33.4	54.7
EPS (INR)	4.2	2.4	4.6	7.5
EPS % change YoY	13.6	(42.8)	91.0	63.5
ABV (INR)	44.3	50.0	54.5	61.5
P/BV (x)	1.4	1.2	1.1	1.0
P/ABV (x)	1.4	1.3	1.2	1.0
Return on Assets (%)	1.1	0.5	0.9	1.2
Return on Equity (%)	10.2	5.0	8.5	12.5

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Market Data

Market Cap (INR)	461bn
Market Cap (USD)	5,402mn
Bloomberg Code	IDFCFB IN
Reuters Code	IDFB BO
52-week Range (INR)	86 /52
Free Float (%)	84.0
ADTV-3M (mn) (USD)	26.6

Price Performance (%)	3m	6m	12m
Absolute	0.7	(12.2)	(23.8)
Relative to Sensex	(1.8)	(9.2)	(31.5)

ESG Score	2022	2023	Change
ESG score	65.9	77.6	11.7
Environment	58.0	62.3	4.3
Social	43.3	74.0	30.7
Governance	83.2	86.9	3.7

Note - Score ranges from 0 - 100 with a higher score indicating higher ESG disclosures.

Source: SES ESG, I-sec research

Previous Reports

27-10-2024: [Q3FY25 results review](#)

27-10-2024: [Q2FY25 results review](#)

Pro forma CET1 at ~16.5%, up 280bps; ~15% dilution but no material change in pro-forma BVPS

As against the INR 20–30bn ticket size of capital infusions in the last five years, the recent announcement of an INR 75bn infusion is a sizeable jump. We calculate that it would add ~280bps of CET 1 and pro forma CET1 would be ~16.5%. This should provide sufficient headroom for the bank to sustain superior growth for the next two years, if not more. The post-money dilution would be ~15%. However, as the conversion price (INR 60) is similar to FY27E ABV, there is no material change in the estimated ABV.

Relatively well placed on NIM amidst easing rate cycle

In the current rate easing cycle, IDFCB appears relatively well placed on NIM performance with lower share of EBLR linked loans and sizeable share of wholesale term deposits and borrowings.

We estimate the share of fixed rate book at ~60–65% of the overall loans for the bank, which should help in contained reduction in loan yields going ahead. Despite stable cost of funds in the last two quarters, the bank has seen pressure on yields/NIM due to a sizeable reduction in the share of high-yielding MFI loans to 4.8% in Q3FY25 vs. 7.2% YoY. While the share of its MFI book may still slip for the next 2–3 quarters, the drag on NIM is likely to reduce ahead. The share of stressed Karnataka state in the MFI portfolio appears manageable at ~9%.

On the funding side, IDFCB has maintained steady cost of funds (at 6.49%) and cost of deposits (6.4%) for the last 2–3 quarters. In the overall external funding, as of Q3FY25, the bank has ~15% share of wholesale term deposits including CDs and ~16% share of borrowings. Importantly, the bank has cut its savings rate dramatically by 225bps in balances between INR 0.5mn to INR 1mn in Feb'25. The bank still offers superior savings rate at 7.25% for balances between INR 1mn to INR 1bn.

As highlighted in our recent report [\(link\)](#), we believe that banks such as IDFCB have sizeable room to cut savings rate while still maintaining a superior rate offering. We have not factored in any further cut in savings rate, but flag that the receding drag from MFI loans and potential cut in savings rate along with higher share of fixed rate loans offers upside risk to our NIM estimates.

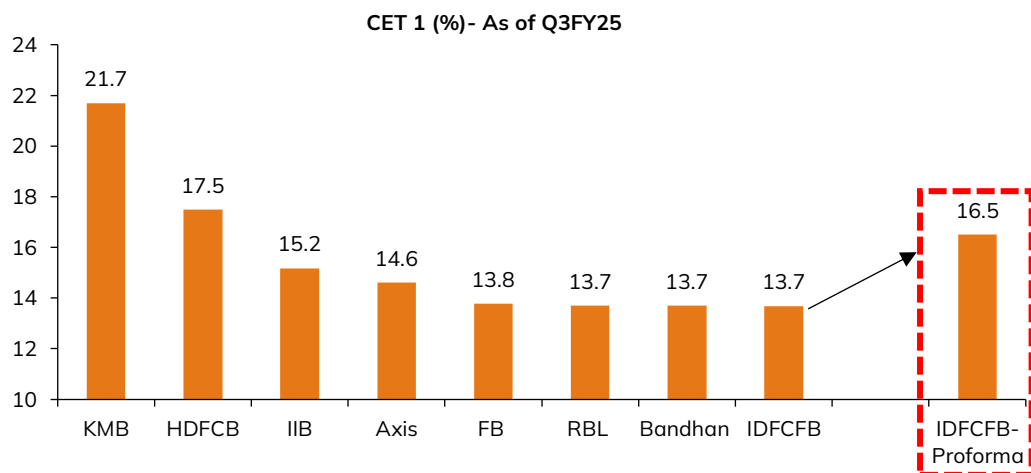
Asset quality key monitorable, but improved disclosures and contained SMA provide comfort

Gross slippages have risen from <3% annualised to 3.7% in Q2FY25 and further to Q3FY25, primarily led by stress in MFI portfolio. Slippages in MFI portfolio jumped to ~9% annualised in Q2FY25 and further to ~16% annualized in Q3FY25, partly exacerbated by a declining loan book. The SMA book in MFI has been rising and we expect the slippages to rise further QoQ in Q4FY25. Importantly, the bank has been taking corrective measures by calibrating growth, de-risking its portfolio and hiking CGFMU cover. The MFI book has declined ~19% YoY and its share has been reduced to 4.8% of overall loans vs. 7.2% YoY. In parallel, IDFCB has adopted conservative provisioning policy, wherein it provides 75% on 90DPD and 100% on 120DPD. The bank carries contingent provisions on MFI stress (INR 3.2bn), as of Q3FY25.

SMA levels on products other than MFI are stable and under control. Retail, rural and MSME book SMA stands at a mere 0.82% as of Q3FY25, improving vs. 0.85% QoQ. The bank has enhanced asset quality disclosures and is not witnessing stress in other retail products. SMA levels in cards has in fact come off to 1.32% vs. 1.69% QoQ. Personal loans SMA is also stable at 1.05% vs. 1.08% QoQ. 30DPD share in both credit card and personal loans appear to be trending better than industry. While we are monitoring non-MFI asset quality closely, improved disclosures and contained SMA figures along with an improving overall asset quality environment provide reasonable comfort.

Story in charts

Exhibit 1: Proposed capital infusion of INR 75bn should catapult CET to ~16.5% and help sustain strong >20% CAGR in loan without persistent dilution



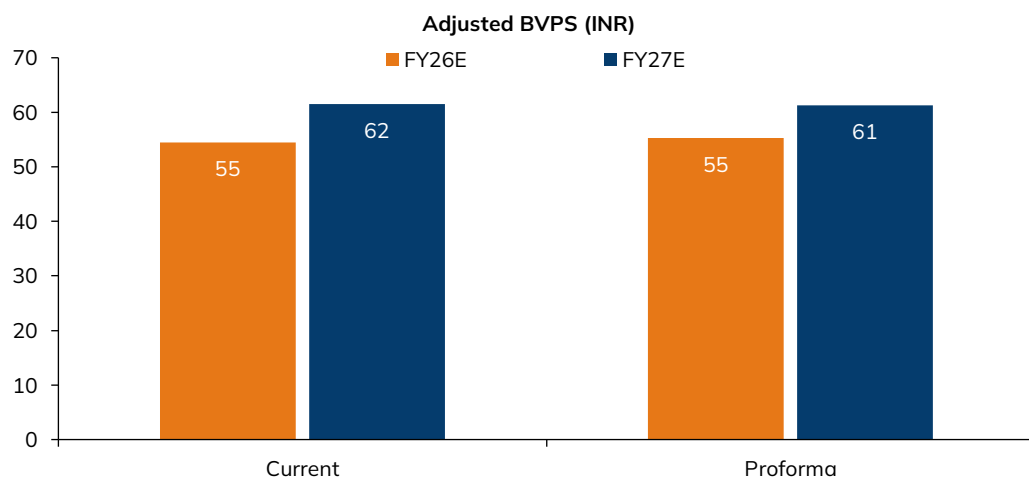
Source: Company data, I-Sec research

Exhibit 2: Proposed capital infusion is ~2.5x of the earlier infusions and entails ~15% dilution

Fiscal Year	Mode	Capital Raise (INR bn)	Price	Premium	Face Value	Dilution (post money)
FY21	Pref	20.0	23	13	10	15%
FY22	QIP	30.0	57	47	10	8%
FY23	Pref	22.0	58	48	10	6%
FY24	QIP	30.0	90	80	10	5%
FY25	Pref	32.0	81	71	10	5%
FY26	Pref	75.0	60	50	10	15%

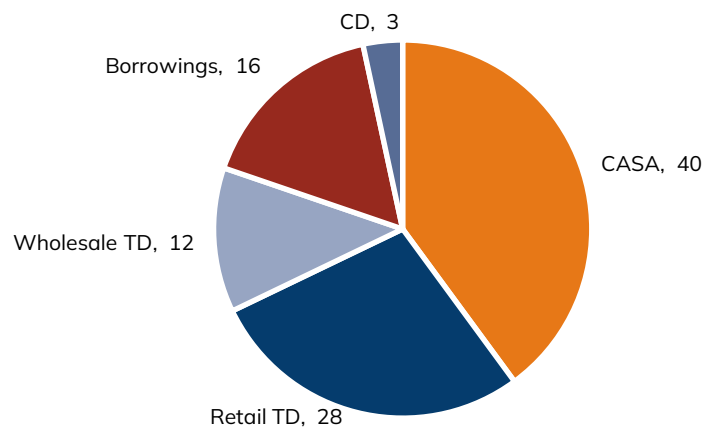
Source: Company data, I-Sec research

Exhibit 3: As capital infusion is similar to FY27 estimated ABV, there is no material difference between estimated and proforma FY27 ABV



Source: Company data, I-Sec research

Exhibit 4: Bank has ~30% of the total funding from wholesale TD, certificate of deposits and borrowings. High-rate SA is additional ~30%



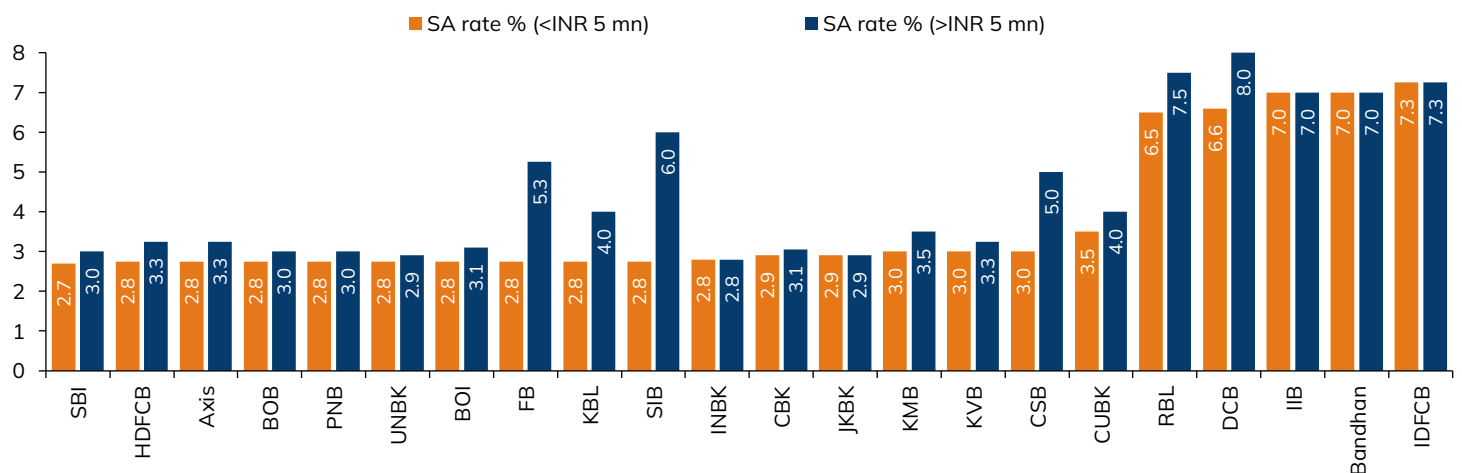
Source: Company data, I-Sec research

Exhibit 5: The bank has cut SA rate in one bucket by 225bps recently. We highlight that it has huge scope to rationalize the card rate further

Current SA rate (%)	Jan-25	Feb-25	Mar-25	Apr-25
Upto INR 0.1mn	3.00	3.00	3.00	3.00
INR 0.1mn - INR 0.5mn	3.00	3.00	3.00	3.00
INR 0.5mn - INR 1mn	7.25	5.00	5.00	5.00
INR 1mn - INR 5mn	7.25	7.25	7.25	7.25
INR 5mn - INR 10mn	7.25	7.25	7.25	7.25
INR 10mn - INR100 mn	7.25	7.25	7.25	7.25
INR 100mn - INR500 mn	7.25	7.25	7.25	7.25
INR 500mn - INR 1bn	7.25	7.25	7.25	7.25
INR 1bn - INR 2bn	4.50	4.50	4.50	4.50
Above INR 2bn	3.50	3.50	3.50	3.50

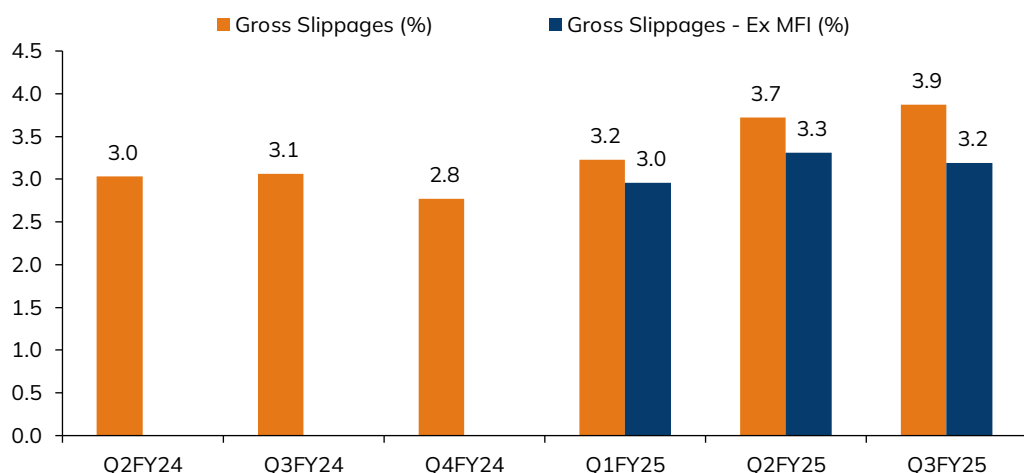
Source: Company data, I-Sec research

Exhibit 6: We reckon mid-private banks such as IDFCB, Bandhan, IIB, RBL etc. have higher scope to cut savings rate while still maintaining superior offering



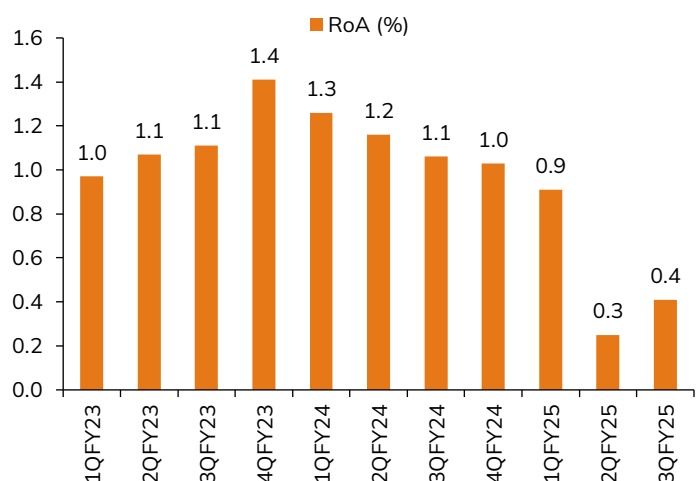
Source: I-Sec research, Company data

Exhibit 7: Gross slippages (ex-MFI) have been broadly stable while MFI share has been declining (already down to <5% vs >7% YoY)



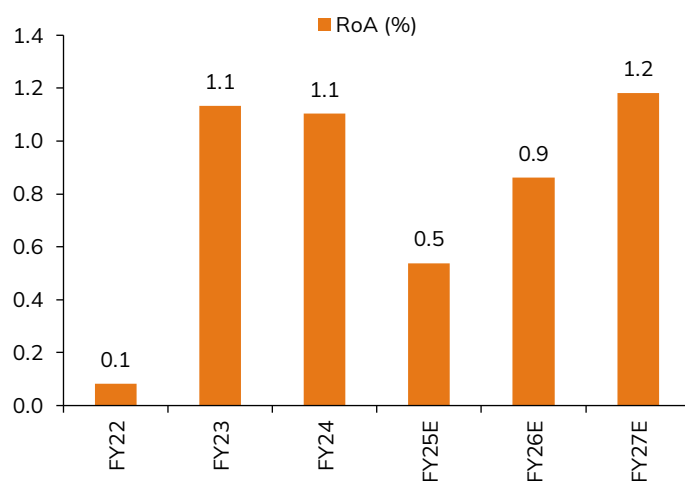
Source: I-Sec research, Company data

Exhibit 8: RoA have declined sharply from >1% to 0.3-0.4% recently due to adverse condition in MFI loans



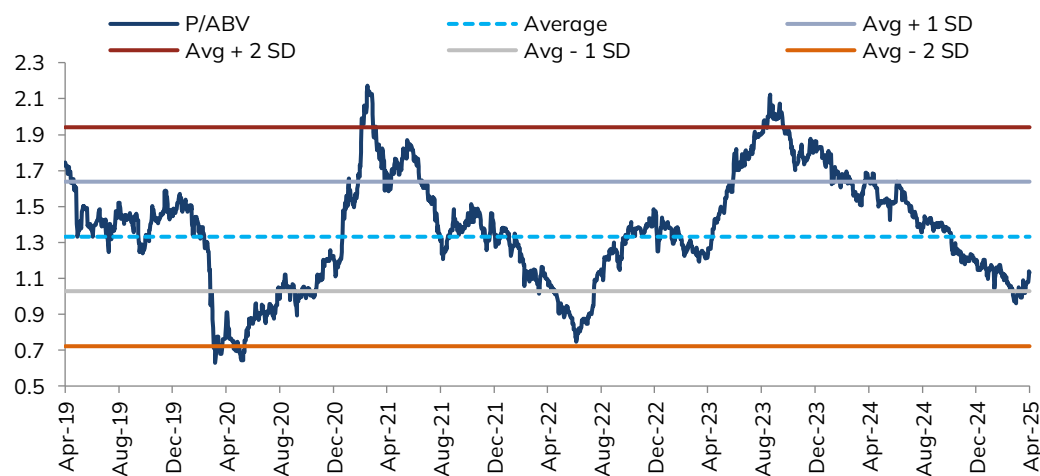
Source: Company data, I-Sec research

Exhibit 9: We estimate RoAs to bottom-out in FY25 and inch-up towards ~1% exit FY26 and >1% for FY27



Source: Company data, I-Sec research

Exhibit 10: Valuations at ~1.1x FY26 ABV and ~1x FY27 ABV are attractive as RoAs seem to have bottomed-out and bank has increased capital buffer



Source: Company data, I-Sec research

Q3FY25 conference call highlights

Broad guidance for FY26

- Loan growth: 20%; deposit growth: 22–24%
- Income growth could moderate to 14–14.5% YoY but would also contain opex to 13% YoY
- Credit costs for current year (FY25) may see marginal uptick vs. earlier estimated
- All products, except MFI, are exhibiting stable trends on GNPA and SMA 1+2

Mirco finance

- MFI slippages came in at INR 4.37bn vs. INR 2.94bn
- MFI provisioning is conservative. It provides 75% on 90dpd and 100% by 120dpd.
- SMA 1+2 for MFI stood at 4.56% vs. 2.54% QoQ.
- Bank has consciously slowed down disbursements in MFI and incremental disbursements have CGFMU cover
- CGFMU claims will likely start from FY27; the bank can potentially recoup up to 70% of the losses
- No other products are sold to MFI customers
- Contingent provisions for MFI SMA1+2 loans remain intact. PCR on MFI GNPA+SMA1+2 is strong at 70%
- Collection efficiency in MFI has been rising and has reached 98.6% for the month of Dec'24 vs. 94.1% in Oct'24. As of now, the bank estimates that MFI stress should be peaking in Q4FY25 and should improve thereafter
- IDFCB would follow tighter guardrails in-line with industry standards. The bank has been following its own updated customer scorecard which gives them comfort
- The bank is closely monitoring the recent development in Karnataka. It could be too early to comment on the implications. MFI exposure in Karnataka is ~9%
- MFI growth shall be subdued in the near term. In the next 1–2 years, MFI book's share would reduce to ~4% (vs. 4.8% of funded assets, as of Q3FY25). Most of that would be insured.

Asset quality

- Restructured book reduced to 0.2% of funded assets. ~80% PCR on this book
- Bank has not utilised any contingent provisions
- 2.3% credit cost for the quarter. Ex-MFI, credit cost was 1.8% (stable QoQ)
- Except MFI, there are 25 products. All of them are behaving well
- PL and CC, both are behaving well. Credit card credit cost is marginally lower than last quarter and the declining trend should continue

Deposits

- 30%/32% YoY growth in retail deposits/CASA balances
- LCR is at 114%
- INR 10bn worth high-cost borrowings repaid

- Customers of assets products such as consumer loans do not contribute meaningfully to liabilities

NIM, other income and opex

- Opex grew by 8% QoQ. Heightened activity due to festive season led to its spike
- The bank expects opex growth to moderate from its current 18% YoY to 13% level through multiple initiatives and transformation projects
- Operating leverage is playing out in a lot of businesses and opex growth should be lower than business growth
- Retail liabilities business is showing improving trends on profitability. The losses for 9MFY25 were 1.3% annualised of avg. retail deposits (calculated as fee income generated minus the interest expended). This number was 1.7% in FY24
- Cost to income for 9M in retail liabilities stood at 178%
- For cards, cost to income has reached 100% in 9MFY25). Cards business is near breakeven
- For FY26, the bank expects loan growth to be 20% YoY and deposits growth at 23–24% YoY. However, soft MFI growth would result in overall income growth of 14–14.5% YoY
- Has done a lot of front-loading of investments
- Branch addition of 75–100 annually, going ahead
- H2FY26 onwards, the bank should see an upward trajectory in profitability

Q2FY25 Conference call highlights

Asset Quality

- Gross slippages were INR 20.3 bn (vs Rs 16.6bn QoQ). Net slippages were INR 13.9 bn vs Rs 11.3bn QoQ. Recovery and upgrades came in at INR 6.38 bn.
- 40% of net slippages can be attributed to MFI.
- The stressed telecom funded exposure is zero. Non-funded exposure is miniscule.
- Restructured standard loans is 23 bps or Rs5.1bn. RSA is predominantly mortgages. Bank has 19% PCR here.
- O/s contingent provisions are Rs 3.15bn.

Credit costs

- Provisions during the quarter were INR 17.32 bn. Of this, INR 5.68 bn worth of provisions were because of MFI (~INR 3.15 bn) and one legacy toll road account (~INR 2.50 bn).
- Credit costs excluding MFI (usual and prudent) provisioning and toll a/c, were 1.8% for the quarter.
- The bank has revised credit costs guidance upwards to 2.25% for FY25. This subsumes prudent provisioning on MFI as well as toll NPA (~10bps impact).
- The bank has conservative provisioning policy (vs peers) on MFI. It provides 80% on 90dpd and 100% on 120dpd. With the contingent provisions, 99% of the MFI SMA1+2 is provided now.

MFI business

- The bank has been slowing down in MFI disbursement in the recent quarters.
- O/s MFI book has declined to Rs 125bn (5.6% of overall loans) vs Rs 132bn (6.3%) QoQ.
- There is rising stress in MFI. SMA 1+2 book has risen to 2.54% vs 1.71% QoQ.
- The bank has prudently provided Rs 3.15bn towards MFI exposure. This covers 99% of the MFI SMA 1+2.
- Bank has already started CGFMU insurance for MFI book in January 2024, when it sensed rising stress. As of now, 50% of the book is insured. By FY25, 75% of the book should be insured. The bank pays 1.6% of the amount as premium.
- The bank has conservative provisioning policy (vs peers) on MFI. It provides 80% on 90dpd and 100% on 120dpd. With the contingent provisions, 99% of the MFI SMA1+2 is provided now.
- MFI credit costs were 7-7.5% in 2QFY25 vs 4.5-5% in 1QFY25. For 1HFY25, MFI credit costs were ~6%. On absolute basis, MFI provisions were ~INR 4 bn in 2QFY25, in addition to INR 3.15 bn contingency provisions. This number was ~INR 1.2-1.5 bn in 1QFY25. Bank hinted at full year provisions of INR 10-11 bn against MFI.

Credit card business

- The bank maintains healthy but prudent growth outlook for credit cards.
- Bank hinted that it has attracted customers which are possibly higher income (vs industry) with liability relationship which has given better than industry asset quality outcomes.
- SMA in credit cards - 1.69% vs 1.88% in Jun-24 and 1.74% in Mar-24. There is no deterioration in the card business. Credit costs in cards were stable QoQ.
- Credit card 30dpd has improved in Q2 for the bank vs broadly rising trajectory (till Q1) at the system level, as per bureau data.
- 90dpd data shows that the bank has consistently outperformed industry.

Legacy toll account provisions

- The bank has now provided 100% on legacy toll NPA. Maharashtra state government has announced toll waivers for entry points in Mumbai, which significantly impacted the cash flow.
- The account was already NPA. However, the bank was seeing collections. The exposure had come down to Rs 5 bn (vs Rs 11 bn at one point of time). The bank had 42% PCR earlier and now has provided additional ~INR 2.5 bn, in order to reach 100% PCR.
- Bank would get recovery whenever state government compensates the operator.

Other business

- The bank has shared product wise SMA 1+2 for the first time.
- SMA-1+2 in Retail, Rural and MSME portfolio excluding MFI, improved from 0.95% as of Q1FY25 to 0.87% as of Q2FY25.
- SMA 1+2 trends are stable for Mortgage, Vehicle, MSME, Consumer durable, credit card and Personal loans.

Capital

- The bank has effected higher risk weights on MFI loans. This had 21 bps impact on CET 1.
- There would be INR 6.18 bn worth of net-worth accretion post the merger. This would be reflected in Q3FY25. There is reduction in o/s share count as well.
- Including H1FY25 PAT and merger effect, CET 1 would be 14.08% vs reported at 13.84%
- The bank is not looking to raise capital in the near term.

Business and NIM

- Comfortable with current growth run-rate of 20-22% YoY. Has not loosened any credit filters.
- Non infra corporate loans grew 20% YoY. Earlier was slow on corporate book but now is comfortable with this level of growth.
- Cost of funds stood at 6.46%. Excluding high cost legacy borrowing, cost of funds was 6.37% in the quarter. Cost of funds should see some benefits as legacy borrowing are paid-off.
- NIM was stable QoQ at 6.18% vs 6.22% QoQ.

Exhibit 11: Q3FY25 result review

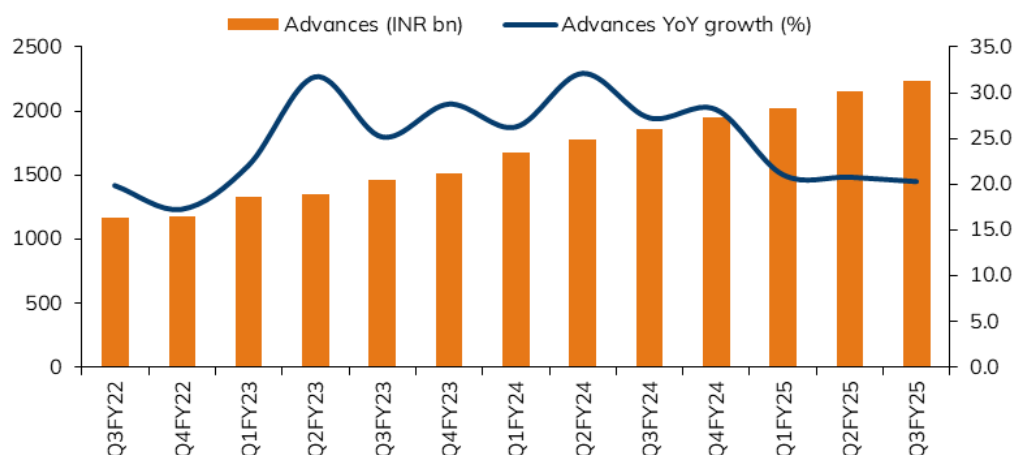
	Q3FY24	Q3FY25	YoY (%)	Q2FY25	QoQ (%)
Financial Highlights (INR mn)					
Interest Earned	78,794	93,430	18.6	89,569	4.3
Interest Expended	35,928	44,410	23.6	41,691	6.5
Net Interest Income	42,866	49,021	14.4	47,879	2.4
Other Income	15,166	17,799	17.4	17,273	3.0
Total Income	93,960	1,11,229	18.4	1,06,842	4.1
Total Net Income	58,031	66,819	15.1	65,152	2.6
Staff Expenses	12,217	14,203	16.3	14,241	(0.3)
Other operating expenses	30,190	35,026	16.0	31,292	11.9
Operating Profit	15,625	17,589	12.6	19,619	(10.3)
Provision & Contingencies	6,548	13,379	104.3	17,319	(22.8)
Provision for tax	1,920	816	(57.5)	292	179.2
Reported Profit	7,157	3,394	(52.6)	2,007	69.1
Other Highlights (INR bn)					
Loans	1,855	2,231	20.3	2,151	3.7
Deposits	1,825	2,369	29.8	2,236	5.9
Gross NPA	38	44.0	16.5	42.0	4.9
Gross NPA (%)	2.0	1.9	-10 bps	1.9	2 bps
Net NPA	13	11.6	-7.1	10.4	12.0
Net NPA (%)	0.7	0.5	-22 bps	0.5	-2 bps
Provision Coverage (%)	66.9	73.6	671 bps	75.3	-168 bps

Source: Company data, I-Sec research

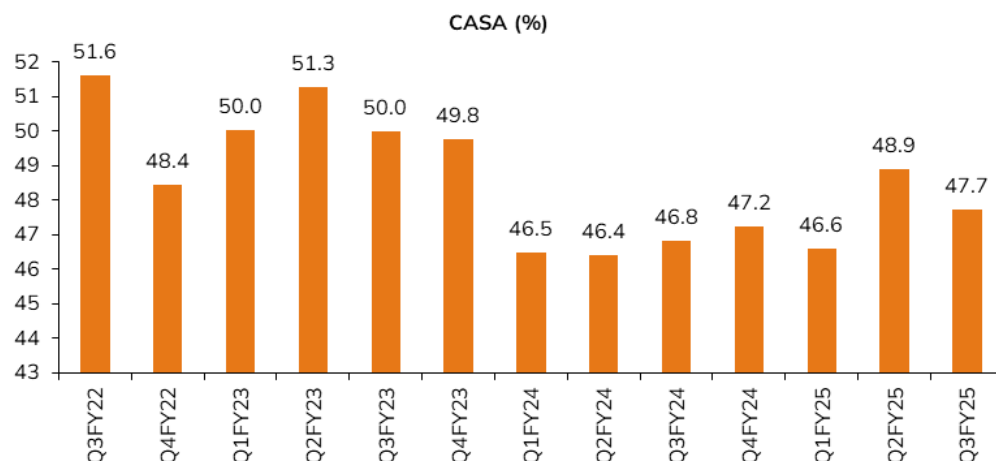
Exhibit 12: Total funded assets mix

(INR mn)	Q3FY24	Q2FY25	Q3FY25	YoY %	QoQ %	Mix (%)
Consumer finance (Personal finance)	11,13,970	13,07,040	13,49,500	21%	3%	58%
Home loan	2,11,260	2,54,940	2,62,950	24%	3%	11%
LAP	2,18,340	2,60,220	2,57,820	18%	-1%	11%
Wheels	1,82,060	2,36,550	2,52,090	38%	7%	11%
Consumer Loans	2,66,240	2,82,930	2,93,450	10%	4%	13%
Digital, Gold and others	1,86,610	2,09,080	2,14,010	15%	2%	9%
Credit Card	49,460	63,320	69,180	40%	9%	3%
Rural Finance	2,39,550	2,59,340	2,52,340	5%	-3%	11%
SME & corporate finance (Business finance)	5,11,290	6,33,210	6,83,450	34%	8%	30%
Corporate	2,81,520	3,51,910	3,93,890	40%	12%	17%
CV/CE	51,150	68,970	72,660	42%	5%	3%
Business Banking	66,990	83,580	90,490	35%	8%	4%
Others	1,11,630	1,28,750	1,26,410	13%	-2%	5%
Infrastructure	29,940	26,540	25,460	-15%	-4%	1%
Total Funded Assets	18,94,750	22,26,130	23,10,750	22%	4%	100%

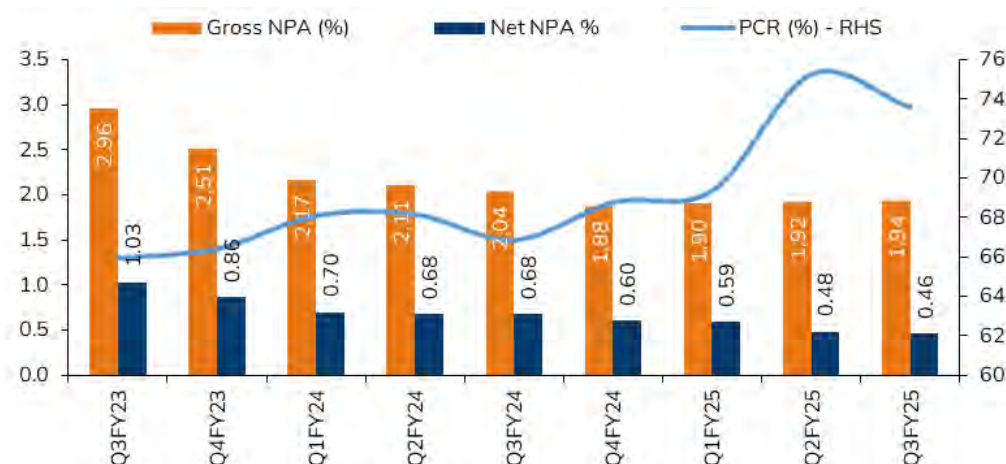
Source: Company data, I-Sec research

Exhibit 13: Advances growing at a steady pace

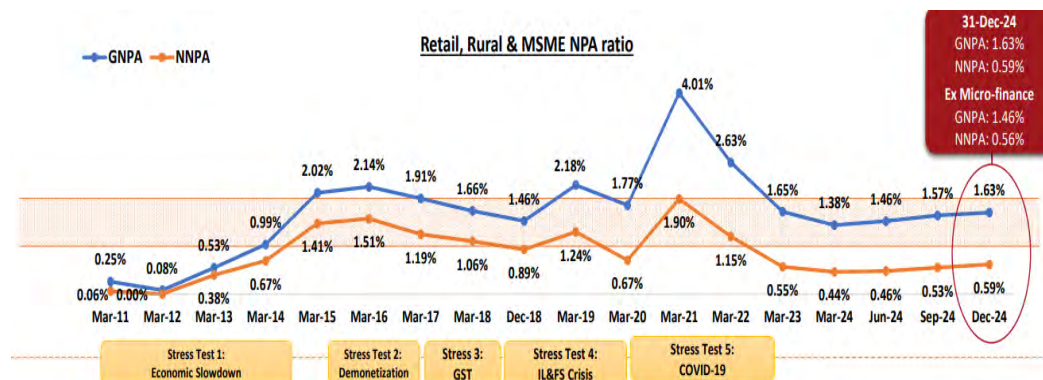
Source: Company data, I-Sec research

Exhibit 14: CASA ratio remains strong

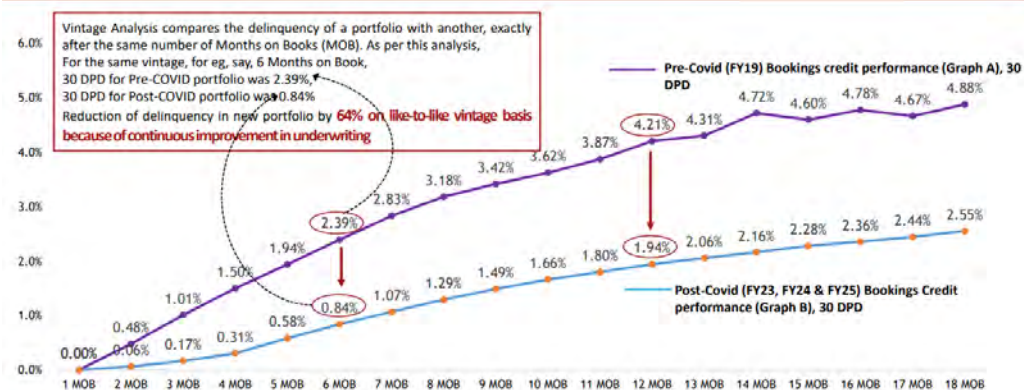
Source: Company data, I-Sec research

Exhibit 15: Gross NPA and NNPA largely flattish QoQ

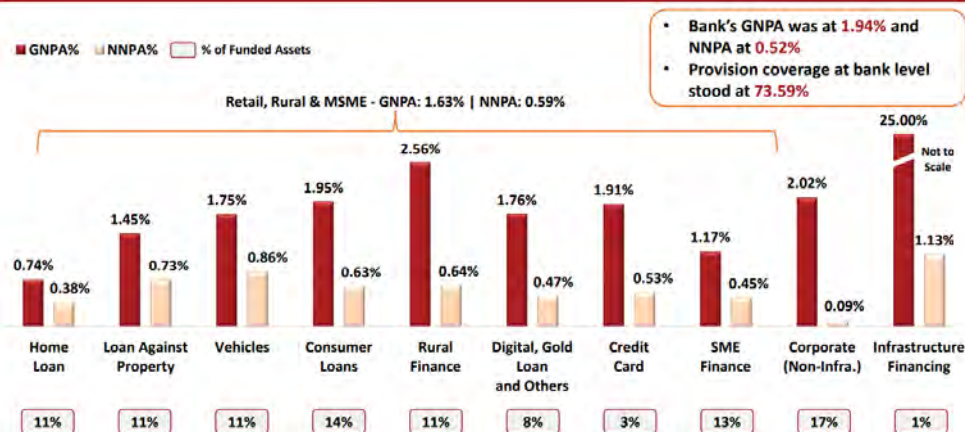
Source: Company data, I-Sec research

Exhibit 16: The bank has maintained comfortable retail asset quality, GNPA of ~2% and NNPA ~1% for 14 years across cycles

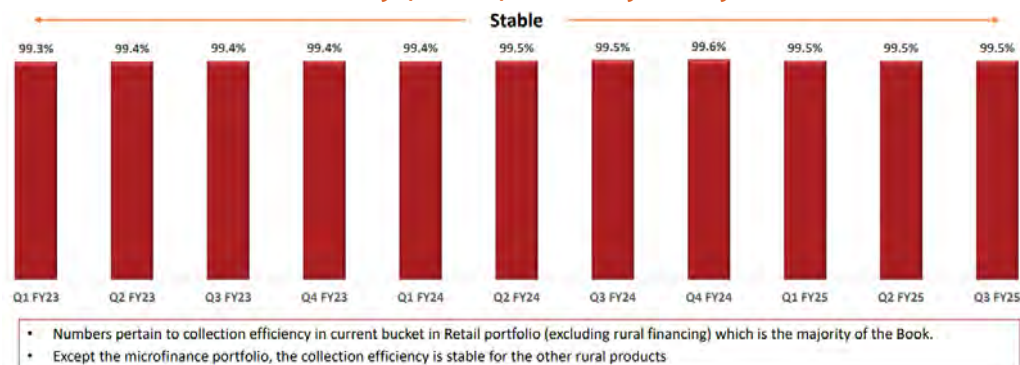
Source: Company data, I-Sec research

Exhibit 17: Vintage analysis – retail, rural and SME book, 30 DPD (excluding JLG)


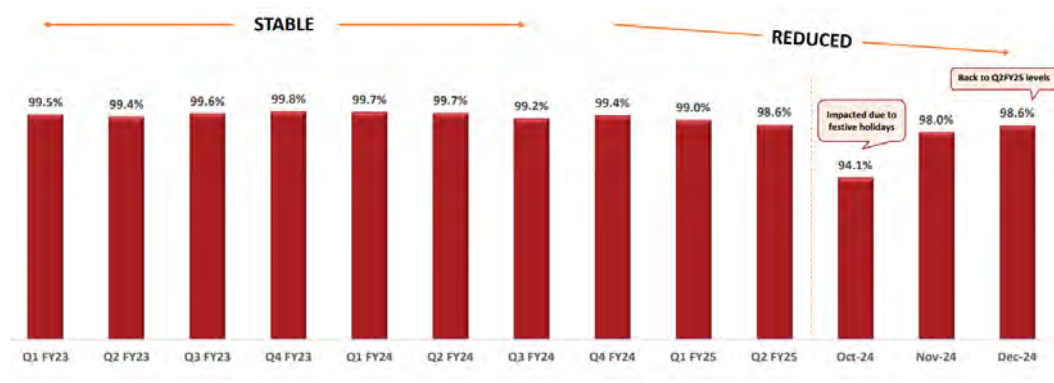
Source: Company data, I-Sec research

Exhibit 18: Product-wise GNPA and NNPA


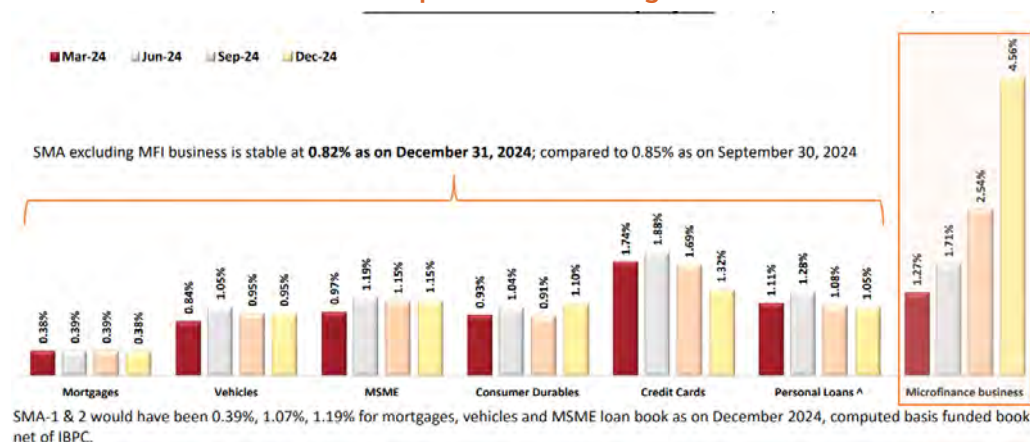
Source: Company data, I-Sec research

Exhibit 19: Collection efficiency (ex-MFI) is broadly steady


Source: Company data, I-Sec research

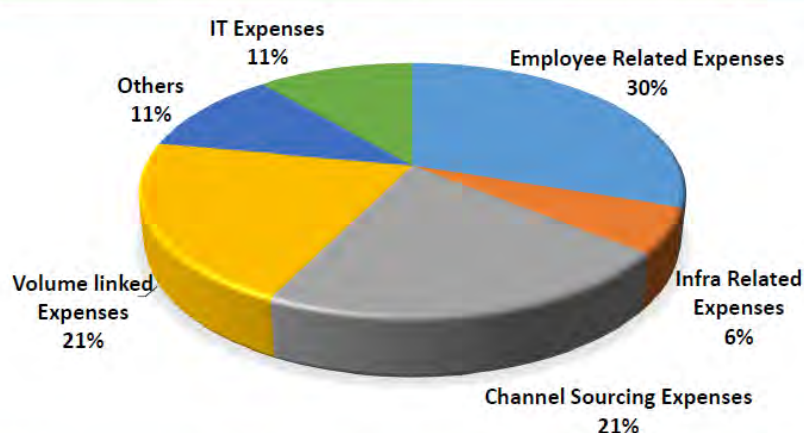
Exhibit 20: MFI collection efficiency improved in Dec'24


Source: Company data, I-Sec research

Exhibit 21: SMA stable for most products excluding MFI


SMA-1 & 2 would have been 0.39%, 1.07%, 1.19% for mortgages, vehicles and MSME loan book as on December 2024, computed basis funded book net of IBPC.

Source: Company data, I-Sec research

Exhibit 22: Composition of opex
Composition of Operating Expenditure (9M-FY25)


YoY Growth %	Q3-FY24	Q4-FY24	Q1-FY25	Q2-FY25	Q3-FY25	9M-FY25
Customer Deposits	42.8%	41.6%	37.8%	32.4%	28.8%	28.8%
Funded Assets	24.5%	25.1%	22.0%	21.5%	22.0%	22.0%
Employee Cost	28.2%	27.6%	16.0%	19.7%	16.2%	17.3%
Non-Employee Cost	35.7%	30.2%	23.5%	16.8%	16.0%	18.6%
Total Cost	33.5%	29.4%	21.1%	17.7%	16.1%	18.2%

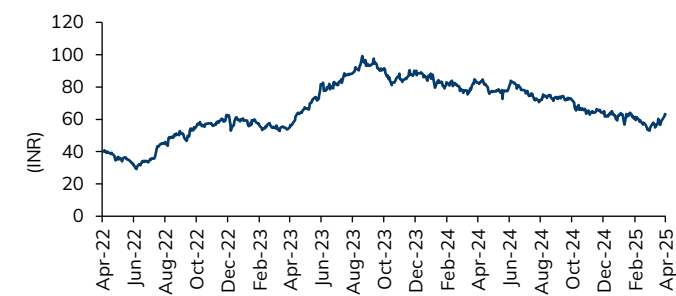
Source: Company data, I-Sec research

Exhibit 23: Shareholding pattern

%	Oct'24	Dec'24	Mar'24
Promoters	0.0	0.0	0.0
Institutional investors	43.5	43.3	45.0
MFs and other	5.0	4.6	7.6
FIs/ Banks	0.6	0.7	0.3
Insurance Cos.	10.6	10.9	11.4
FIIIs	27.3	27.1	25.7
Others	56.5	56.7	55.0

Source: Bloomberg, I-Sec research

Exhibit 24: Price chart



Source: Bloomberg, I-Sec research

Financial Summary

Exhibit 25: Profit & Loss

(INR mn, year ending March)

	FY24A	FY25E	FY26E	FY27E
Interest income	3,03,225	3,66,770	4,28,852	5,16,134
Interest expense	1,38,717	1,72,075	2,05,266	2,43,823
Net interest income	1,64,508	1,94,695	2,23,586	2,72,311
Non-interest income	60,020	70,570	83,360	98,673
Operating income	2,24,527	2,65,265	3,06,947	3,70,984
Operating expense	1,62,158	1,89,422	2,14,710	2,44,616
Staff expense	48,925	57,243	63,539	70,529
Operating profit	62,370	75,843	92,237	1,26,368
Core operating profit	60,343	72,343	87,737	1,21,868
Provisions & Contingencies	23,817	52,647	47,525	53,257
Pre-tax profit	38,553	23,196	44,711	73,111
Tax (current + deferred)	8,988	5,683	11,267	18,424
Net Profit	29,565	17,513	33,444	54,687
Adjusted net profit	29,565	17,513	33,444	54,687

Source Company data, I-Sec research

Exhibit 26: Balance sheet

(INR mn, year ending March)

	FY24A	FY25E	FY26E	FY27E
Cash and balance with RBI/Banks	1,24,802	1,95,211	2,32,713	2,78,511
Investments	7,47,104	8,47,235	9,64,325	11,22,569
Advances	19,45,924	23,36,149	28,27,844	34,22,681
Fixed assets	26,194	29,858	33,976	38,586
Other assets	1,17,127	1,34,452	1,54,527	1,78,617
Total assets	29,61,151	35,42,906	42,13,385	50,40,963
Deposits	20,05,763	25,22,000	31,12,378	38,29,734
Borrowings	5,09,356	4,81,248	4,67,821	4,55,044
Other liabilities and provisions	1,24,419	1,63,820	2,23,904	2,92,217
Share capital	70,699	73,200	73,200	73,200
Reserve & surplus	2,50,914	3,02,638	3,36,082	3,90,769
Total equity & liabilities	29,61,151	35,42,906	42,13,385	50,40,963
% Growth	23.4	19.6	18.9	19.6

Source Company data, I-Sec research

Exhibit 27: Key ratios

(Year ending March)

	FY24A	FY25E	FY26E	FY27E
No. of shares and per share data				
No. of shares (mn)	7,070	7,320	7,320	7,320
Adjusted EPS	4.2	2.4	4.6	7.5
Book Value per share	45	51	56	63
Adjusted BVPS	44	50	55	62
Valuation ratio				
PER (x)	15.1	26.3	13.8	8.4
Price/ Book (x)	1.4	1.2	1.1	1.0
Price/ Adjusted book (x)	1.4	1.3	1.2	1.0
Dividend Yield (%)	-	-	-	-
Profitability ratios (%)				
Yield on advances	15.0	14.5	14.1	14.1
Yields on Assets	11.3	11.3	11.1	11.2
Cost of deposits	5.9	5.9	5.8	5.7
Cost of funds	5.2	5.3	5.3	5.3
NIMs	6.5	6.3	6.1	6.2
Cost/Income	72.2	71.4	70.0	65.9
Dupont Analysis (as % of Avg Assets)				
Interest Income	11.3	11.3	11.1	11.2
Interest expended	5.2	5.3	5.3	5.3
Net Interest Income	6.1	6.0	5.8	5.9
Non-interest income	2.2	2.2	2.1	2.1
Trading gains	0.1	0.1	0.1	0.1
Fee income	2.2	2.1	2.0	2.0
Total Income	8.4	8.2	7.9	8.0
Total Cost	6.1	5.8	5.5	5.3
Staff costs	1.8	1.8	1.6	1.5
Non-staff costs	4.2	4.1	3.9	3.8
Operating Profit	2.3	2.3	2.4	2.7
Core Operating Profit	2.3	2.2	2.3	2.6
Non-tax Provisions	0.9	1.6	1.2	1.2
PBT	1.4	0.7	1.2	1.6
Tax Provisions	0.3	0.2	0.3	0.4
Return on Assets (%)	1.1	0.5	0.9	1.2
Leverage (x)	9.3	9.3	9.9	10.6
Return on Equity (%)	10.2	5.0	8.5	12.5
Asset quality ratios (%)				
Gross NPA	1.9	2.0	1.9	2.3
Net NPA	0.6	0.6	0.5	0.5
PCR	68.8	73.0	75.0	77.0
Gross Slippages	3.5	4.3	3.3	3.2
LLP / Avg loans	1.5	2.3	1.8	1.7
Total provisions / Avg loans	1.4	2.5	1.8	1.7
Net NPA / Networth	3.6	3.5	3.4	3.9
Capitalisation ratios (%)				
Core Equity Tier 1	13.3	13.2	12.1	11.5
Tier 1 cap. adequacy	13.4	13.2	12.1	11.5
Total cap. adequacy	16.1	16.0	15.0	14.4

Source Company data, I-Sec research

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