BUY (Maintain)

CMP: **INR 71** Target Price: **INR 80** ▲ 13%

ICICI Securities

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27 July 2025

India | Equity Research | Results Update

IDFC FIRST Bank

Banking

Strong growth on loans/CASA sustains; marginal rise in SMA 1+2

IDFC First Bank (IDFCFB) reported broadly in-line set of numbers with Q1FY26 PAT of INR 4.6bn and RoA rising to ~50bps. Higher-than-expected slippages and credit costs were offset by strong treasury gains. Unlike peers, IDFCFB has, so far, strategically chosen to not cut its savings rate materially and is relying more on TD cuts (gradual impact) to offset yield pressure. The strategy aids in very strong CASA growth (~30% YoY; otherwise muted at systemic level), increases franchise value and adds optionality in the medium term. On the flip side, the impact on NIM (down 24bps) is bit steeper, and the recovery, too, could be gradual. Opex growth was well contained; bank remains confident of containing this growth at 11–12% YoY for FY26. Slippages rose QoQ, led by seasonality, elevated MFI and one wholesale exposure. PCR was stable QoQ.

Marginal rise in SMA 1+2; maintain BUY with unchanged TP

Importantly, there is sharp decline in MFI SMA pool, suggesting an improving slippages trajectory ahead. Ex-MFI, there is a marginal rise in SMA 1+2 for most of the products, though there is no spike. We model credit costs at ~2.1% and ~1.9% for FY27. We see pressure on near-term NIM but see exit-FY26E RoA at ~1%. We cut our PAT estimates but believe that RoA has bottomed out in FY25 and should rise to >1% for FY27E. Loan growth is likely to remain superior at ~20% with strong growth in CASA. The bank expects INR 75bn capital infusion to happen in Q2FY26. Maintain **BUY** with an unchanged TP of INR 80, valuing the stock at ~1.3x FY27E ABV. Key risk is higher-than-expected slippages impacting return ratios.

CASA growth strong at 30% YoY; NIM shrinks ~25bps QoQ

IDFCFB continues to report strong deposit growth – latest reading at 26% YoY and 5% QoQ. CASA growth was strong at 30% YoY (up 7.58% QoQ), defying general weakness at the systemic level. CASA ratio improved to ~48% vs. 46.9% QoQ. Despite strong CASA, CoD remained stable QoQ at 6.37%. NIM declined 24bps QoQ to 5.71% as yields came under pressure. NII growth was muted at 5% YoY (flat QoQ). Unlike peers, IDFCB has not cut savings rate materially. The bank has focused more on cutting retail TD, which would have a gradual impact on the CoF. NIM is expected to remain under pressure in Q2FY26, before improving to ~5.8-5.85% by Q4FY26, as per the management.

Financial Summary

Y/E March	FY24A	FY25A	FY26E	FY27E
NII (INR bn)	164.5	192.9	210.7	267.0
Op. profit (INR bn)	62.4	74.1	87.5	124.7
Net Profit (INR bn)	29.6	15.2	27.4	51.1
EPS (INR)	4.2	2.1	3.7	7.0
EPS % change YoY	13.6	(50.2)	79.9	86.3
ABV (INR)	44.3	50.7	53.8	59.8
P/BV (x)	1.6	1.4	1.3	1.1
P/ABV (x)	1.6	1.4	1.3	1.2
Return on Assets (%)	1.1	0.5	0.7	1.1
Return on Equity (%)	10.2	4.3	7.0	11.9

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Market Data

Market Cap (INR)	519bn
Market Cap (USD)	5,993mn
Bloomberg Code	IDFCFB IN
Reuters Code	IDFB BO
52-week Range (INR)	79 /52
Free Float (%)	90.0
ADTV-3M (mn) (USD)	26.7

Price Performance (%)	3m	6m	12m
Absolute	7.0	13.5	(5.3)
Relative to Sensex	4.2	6.6	(7.1)

ESG Score	2023	2024	Change
ESG score	**77.6**	**79.6**	**(2.0)**
Environment	62.3	67.0	(4.7)
Social	74.0	75.8	(1.8)
Governance	86.9	88.5	(1.6)

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

Source: SES ESG, I-sec research

Earnings Revisions (%)	FY26E	FY27E
EPS	(13)	(5)

Previous Reports

02-07-2025: Banking Q1FY26 Preview

28-04-2025: Q4FY25 results review

Loan growth strong and steady at >20% led by business finance and retail; MFI continues to rundown

IDFCFB sustained strong and steady loan growth of 21% YoY (up 5% QoQ), led by business finance, which grew 38% YoY (up 8% QoQ). Within business finance, wholesale loans grew 39% YoY (up 11% QoQ). Retail finance growth was healthy at 17% YoY (4% QoQ). Within retail, mortgages, which forms ~23% of overall loans, grew at a healthy pace of 17% YoY (4% QoQ) led by LAP, which grew 24% YoY (8% QoQ). Home loans, however, saw a deceleration to ~11% YoY after reporting 20%+ YoY growth in the last four quarters. Vehicle loans and consumer loans reported strong growth of 24% and 15% YoY, respectively.

~82% of total growth during the quarter was contributed primarily by mortgage loans, Vehicle loans, MSME loans and wholesale loans. New businesses viz. education loans, credit cards and gold loans, which were launched in last 3-4 years, reported strong growth of 38%, 36% and 83% YoY, respectively, on a low base.

Rural finance was soft, reporting 2% YoY deceleration (down 3% QoQ), dragged continued rundown in MFI loans (down 37% YoY/13% QoQ). MFI book now stands at INR 83.5 bn (~3% of loans) and management expects MFI to stabilize at ~INR 75 bn.

Opex growth under control at ~11% YoY; likely to remain contained

Fee income growth was reasonable at ~9% YoY. Other income, however, witnessed strong growth of 37% YoY/17% QoQ aided by treasury income (INR 4.95bn). Operating expenses growth was contained at 11% YoY (down 1% QoQ). Staff cost increased 12% YoY but was down 2% QoQ. Other opex growth was also under control at 11% YoY (down 1% QoQ). Cost to income ratio improved to 68.7% vs. 73.4% QoQ. The bank remains confident of keeping opex growth at 11-12% YoY; driving operating leverage. PPOP growth was strong at 19% YoY and 24% QoQ. Core PPOP grew ~8% QoQ but declined ~6% YoY.

CET 1 at 12.8%; capital raise on track

Bank remains well capitalised with CET 1 of 12.8% and CRAR at 15%. Including the recently announced INR 75bn capital raise, CET1 and CRAR would be 15.38% and 17.6%. The bank reassured that capital raise is on track and should be consummated within Q2FY26.

Overall slippages rise led by elevated MFI and seasonality

Gross slippages increased 14% QoQ to INR 24.9 bn. Slippage ratio increased to 4.1% vs. 3.7% QoQ. During the current quarter, MFI slippages saw an improvement to INR 5.14bn vs. INR 5.72bn QoQ. Non-MFI slippages, however, increased to INR 19.72bn (3.4% annualised vs. 2.9% QoQ) and included one ATM service exposure (INR 1.08bn). Recovery and upgrades declined to INR 4.87bn vs. INR 6.55bn QoQ as Q1 is generally a soft quarter for recoveries. Net slippages, hence, increased to 3.2% vs. 2.6% QoQ. Headline GNPA ratio was up 10bps QoQ to 1.97%. Net NPA was largely stable at 0.55% vs. 0.53% QoQ. PCR remained stable sequentially at 72.4%.

MFI stress seems to have peaked with decline in SMA 1+2

MFI stress seems to have peaked out and is now on an improving trajectory. SMA 1+2 in MFI has dropped substantially to 2.6% vs. 5.1% QoQ. This is despite sharp decline in MFI book. On an absolute basis, SMA 1+2 declined to INR 2.2bn vs INR 4.88bn QoQ. SMA 0 has also declined to INR 0.95bn vs. INR 1.52bn QoQ, suggesting limited fresh stress formation. Further, the bank has been taking CGFMU insurance for incremental disbursements from Jan'24. As of Q1FY26, ~72% of the MFI book is insured under CGFMU. The bank continues to carry INR 3.15bn as contingent provisions, which is broadly similar to overall SMA pool of MFI.

Overall SMA1+2 show marginal rise but no spike

SMA1+2 for overall retail, rural and MSME portfolio (excluding MFI) was broadly stable at 94bps vs. 87bps QoQ and 91bps YoY. SMA1+2 ratio has risen marginally for mortgage, vehicle and MSME by 5-10bps. It has increased 23bps for credit card and 2bps for consumer loans. The bank mentioned no material difference in credit costs for MSME segment vs others.

Credit cost (excluding MFI and one legacy infra toll account) stood at 2% in Q1FY26 as compared to 1.8% in FY25. The rise in credit costs is primarily due to seasonality, as per the management. The bank guides for FY26 credit costs of 2-2.05%.

We appreciate the detailed disclosures on product-wise SMA and Net NPA by the bank. We are monitoring product level delinquencies specially in vehicle and MSME though highlight superior track record on credit card portfolio by the bank. We estimate credit costs at the higher end of the guidance.

Q1FY26 earnings call takeaways

Capital

- INR 75bn worth of capital raise is on track. The bank expects capital infusion in Q2FY26. As of now, there is no risk of the deal to not going through.

Asset Quality

- Slippages are higher QoQ and include elevated slippages in MFI book and one ATM service provided company (INR 1.08bn).
- Ex-MFI and wholesale exposure, slippages are also higher QoQ, mainly due to seasonality, as per the bank.
- Excluding microfinance and one legacy infrastructure toll account, credit cost for the overall loan book of the bank was ~2% in Q1FY26, compared to ~1.8% in FY25, increase was primarily on account of seasonality.
- Credit cost guidance for FY26 is ~2.05%.
- No contingency provisions were utilised. Balance remains stable at INR 3.15bn.
- Bank expects provisions on MFI to come down significantly in next quarter.
- The bank has given detailed disclosures on asset quality. There is no material spike in stress levels in any products. There is no material change in MSME stress. In unsecured MSME there is some marginal stress, but it is not material enough to call out separately.

Business

- Bank will continue to grow MFI once issues are resolved. MFI book may bottom out around INR 75 bn (INR 83.5bn in Q1FY26).
- CASA growth was strong at 30% YoY. No break-up of CA and SA given.

NIM, CoD and Yields

- Ex MFI, NII grew by ~12% YoY. Total net revenue ex-MFI (NII, fee and other income) also grew ~12% YoY.
- Repo rate cut, decline in MFI, reduction in investment yield and accelerated growth in wholesale book led to decline in NIM. 2Q NIM would also be impacted because of repo rate cuts.
- Q2FY26 should see further pressure on NIM as full impact of June cut would come through. The reduction in TD rates would be visible in H2FY26, given the maturity pattern. The bank expects Q4FY26 NIM should revert to ~5.80-5.85% (Q4FY25 was 5.95%).
- Yield transmission - Rate resets for repo linked book happens once a quarter.
- Bank has cut FD rates sharply, instead of going for reduction in SA, as it wanted a structural change for next few years. Peak TD rates have been cut by ~115bps to ~6.5%. The TD are now priced at 15bps over the leading banks.

Opex and other income

- Cost to income has gone up, excluding trading gains. Cost is easing but income was also down because of NIM pressure, which led to sticky cost to income ratio.
- Opex shall continue to moderate. Opex growth aspiration is to keep at 11-12% for FY26.

Q4FY25 earnings call takeaways

Asset quality

- Restructured book at 18bps of funded assets.
- Ex-MFI, SMA 1 + 2 proportion was stable at 87bps vs 82bps QoQ. MFI SMA increased due to reduced loan base. In value terms, there is a decline QoQ in MFI SMA. MFI SMA 0 has come down 45% QoQ.
- MFI collection efficiency improved to 99.2% in Mar'25. Ex- Karnataka CE at 99.4%. Apr'25 collection efficiency has broadly held up.
- Credit costs have peaked and should start moderating. It would release the contingent provisions once it sees full normalisation. Current stock at ~INR 3.15bn.
- FY26 reported credit cost was 2.46% and included high credit cost on MFI and toll exposure. Ex-MFI and toll exposure, credit cost was 1.76% for FY25. For FY26, the bank guides for ~1.9% credit cost.
- MFI PCR at 72% on GNPA + SMA book. MFI credit cost for FY25 was 10.5%.
- SMA 1+2 uptick in consumer loans to 1.07% vs 99bps (rise of 7bps) is normal BAU and there is nothing alarming.

Advances

- Advances growth guidance of ~20% YoY remains intact.
- MFI share should further come down from 4% currently to 3-3.5% in FY26 as MFI growth would be lower than overall growth.

NIM and deposits

- CA share at 7-8% of customer deposits and SA is the rest. CA growth was 21-22% YoY.
- 61% of the book is fixed. Of the balance 39%, 30% book is linked to repo rate.
- Bank aspires to bring down its FD rates broadly in line with large banks (there is ~70bps differential currently).
- Blended cost of SA was 5.9% in Q4FY25. It would improve further as full impact of Feb'25 rate cut is yet to come. Bank will look to further reduce its SA rates going ahead.
- Incremental CD ratio at 76% for FY25.
- Term deposits average maturity would be 13-15 months.

LCR and NIM

- LCR at 117% vs 114% QoQ.
- The bank would endeavour to maintain LCR at ~115% levels. It expects adverse impact of 1-2% on LCR as it has the higher proportion of retail deposits.
- Moderation of 9bps QoQ in NIM to 5.95%, due to MFI advances decline in growth.
- The bank expects 2 more rate cuts in this cycle. It would cushion the yields by cutting term deposits rates. It has cut savings rate in Feb'25 in initial bucket and INR 0.5-1mn bucket to 5% (vs 7.25%). It would look to cut savings rate starting with higher bucket (for example INR 1bn).

- NIM guidance for FY26 stands at 5.85%, which is 10bps lower than Q4FY25.
- Bank will aspire to achieve 1% RoA by Q4FY26.

Opex and other income

- Opex growth will moderate to 12-13% vs ~16% in FY25. Every segment will see operating leverage benefit. Credit cards business will be a major contributor.
- Fee growth to be around 14-15% in FY26.
- Bank achieved operational breakeven in credit card business in FY25. By FY28-29, credit card business will start making good profits.
- FY27 cost to income guidance remains unchanged at 65%.

Capital and dividend

- CET 1 stands at 13.17%.
- The bank has announced INR 0.25 dividend per share for FY25.
- Post the proposed capital raise, proforma CET 1 would be 15.89%.

Exhibit 1: Q1FY26 result review

	Q1FY25	Q1FY26	YoY (%)	Q4FY25	QoQ (%)
Financial Highlights (INR mn)					
Interest Earned	87,886	96,421	9.7	94,129	2.4
Interest Expended	40,937	47,091	15.0	45,058	4.5
Net Interest Income	**46,949**	**49,331**	**5.1**	**49,072**	**0.5**
Other Income	16,192	22,268	37.5	18,954	17.5
Total Income	1,04,078	1,18,690	14.0	1,13,084	5.0
Total Net Income	**63,141**	**71,599**	**13.4**	**68,026**	**5.3**
Staff Expenses	13,374	14,956	11.8	15,282	(2.1)
Other operating expenses	30,943	34,249	10.7	34,628	(1.1)
Operating Profit	**18,825**	**22,394**	**19.0**	**18,116**	**23.6**
Provision & Contingencies	9,944	16,591	66.8	14,505	14.4
Provision for tax	2,074	1,177	(43.3)	571	106.2
Reported Profit	**6,807**	**4,626**	**(32.0)**	**3,041**	**52.1**
Other Highlights (INR bn)					
Loans	2,026	2,437	20.3	2,331	4.5
Deposits	2,097	2,650	26.4	2,521	5.1
Gross NPA	39	48.7	24.7	44.3	9.8
Gross NPA (%)	1.9	2.0	7 bps	1.9	10 bps
Net NPA	12	13.5	12.6	12.3	9.4
Net NPA (%)	0.6	0.6	-4 bps	0.5	2 bps
Provision Coverage (%)	69.4	72.3	296 bps	72.3	9 bps

Source: Company data, I-Sec research

Exhibit 2: Despite pressure on NII and credit costs, RoA rises off low base, aided by treasury

RoA Tree (%)	4QFY24	1QFY25	2QFY25	3QFY25	4QFY25	1QFY26
Interest Income	11.6	11.7	11.4	11.4	11.1	10.9
Interest Expense	5.3	5.4	5.3	5.4	5.3	5.3
NII	**6.3**	**6.2**	**6.1**	**6.0**	**5.8**	**5.6**
Non-interest income	2.3	2.1	2.2	2.2	2.2	2.5
- Fee income	2.3	2.1	2.1	2.1	2.0	2.0
- Trading gains	0.0	0.0	0.1	0.0	0.2	0.6
Net Revenue	8.6	8.4	8.3	8.1	8.0	8.1
Opex	6.3	5.9	5.8	6.0	5.9	5.6
Reported PPoP	**2.3**	**2.5**	**2.5**	**2.1**	**2.1**	**2.5**
Core PPoP	2.3	2.5	2.4	2.1	1.9	2.0
Provisioning	1.0	1.3	2.2	1.6	1.7	1.9
PBT	1.3	1.2	0.3	0.5	0.4	0.7
Tax	0.3	0.3	0.0	0.1	0.1	0.1
ROAs	**1.0**	**0.9**	**0.3**	**0.4**	**0.4**	**0.5**
Leverage	8.9	9.2	8.9	8.8	9.0	9.2
RoEs	**9.1**	**8.3**	**2.3**	**3.6**	**3.2**	**4.8**

Source: I-Sec research, Company data

Exhibit 3: Product-wise SMA 1+2 (%)

SMA 1+2 (%)	Q4FY24	Q1FY25	Q2FY25	Q3FY25	Q4FY25	Q1FY26
Mortgages	0.38	0.39	0.39	0.38	0.45	0.49
Vehicles	0.84	1.05	0.95	0.95	0.94	1.05
MSME	0.97	1.19	1.15	1.15	1.07	1.16
Consumer Loans	0.93	1.18	0.91	1.10	1.07	1.09
Credit Cards	1.74	1.88	1.69	1.32	1.53	1.76
Personal Loans	1.11	1.28	1.08	1.05	NA	NA
MFI	1.27	1.71	2.54	4.56	5.10	2.64

Source: Company data, I-Sec research

Exhibit 4: Total funded assets mix

(INR mn)	Q1FY25	Q4FY25	Q1FY26	YoY %	QoQ %	Mix (%)
Consumer finance (Personal finance)	**12,55,900**	**14,14,060**	**14,75,030**	**17%**	**4%**	**58%**
Home loan	2,46,580	2,71,910	2,72,360	10%	0%	11%
LAP	2,47,290	2,83,770	3,05,690	24%	8%	12%
Wheels	2,18,240	2,63,030	2,70,200	24%	3%	11%
Consumer Loans	2,78,280	2,96,740	3,18,830	15%	7%	12%
Digital, Gold and others	2,06,130	2,23,440	2,27,200	10%	2%	9%
Credit Card	59,380	75,170	80,750	36%	7%	3%
Rural Finance	**2,45,180**	**2,47,570**	**2,39,220**	**-2%**	**-3%**	**9%**
SME & corporate finance (Business finance)	**5,92,520**	**7,57,630**	**8,18,090**	**38%**	**8%**	**32%**
Corporate	3,55,640	4,43,580	4,92,790	39%	11%	19%
CV/CE	66,740	75,250	83,170	25%	11%	3%
Business Banking	75,900	97,570	1,01,400	34%	4%	4%
Others	94,240	1,41,230	1,40,730	49%	0%	6%
Infrastructure	**27,660**	**23,480**	**24,320**	**-12%**	**4%**	**1%**
Total Funded Assets	**21,21,260**	**24,42,740**	**25,56,660**	**21%**	**5%**	**100%**

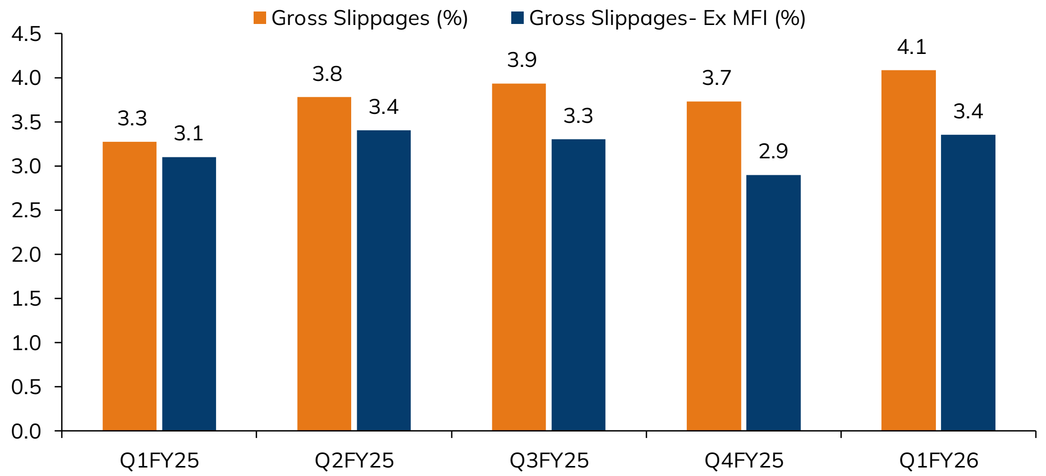
Source: Company data, I-Sec research

Exhibit 5: IDFCFB has scope to rationalise the SA rate though so far, has focused more on TD rate to offset yield pressure.

Current SA rate (%)	Mar-25	Apr-25	June-25	July-25
Upto INR 0.1 mn	3.00	3.00	3.00	3.00
INR 0.1 mn - INR 0.5 mn	3.00	3.00	3.00	3.00
INR 0.5 mn - INR 1 mn	5.00	5.00	7.00	7.00
INR 1 mn - INR 5 mn	7.25	7.25	7.00	7.00
INR 5 mn - INR 10 mn	7.25	7.25	7.00	7.00
INR 10 mn - INR 100 mn	7.25	7.25	7.00	7.00
INR 100 mn - INR 250 mn	7.25	7.25	6.50	6.50
INR 250 mn - INR 500 mn	7.25	7.25	6.00	6.00
INR 500 mn - INR 1 bn	7.25	7.25	6.00	6.00
INR 1 bn - INR 2 bn	4.50	4.50	4.50	4.50
Above INR 2 bn	3.50	3.50	3.50	3.50

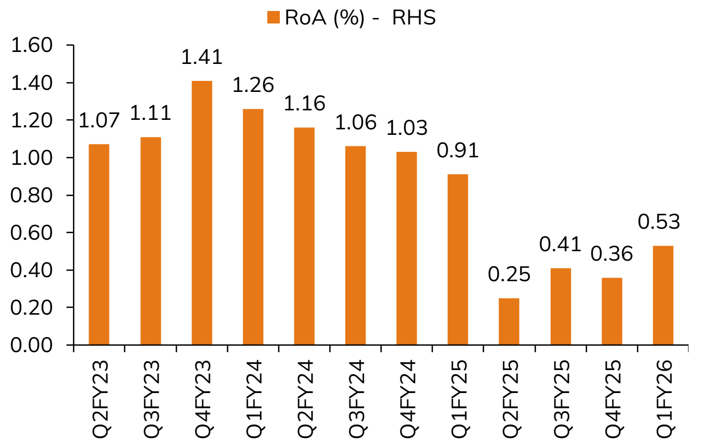
Source: Company data, I-Sec research

Exhibit 6: Gross slippages (ex-MFI) have risen QoQ



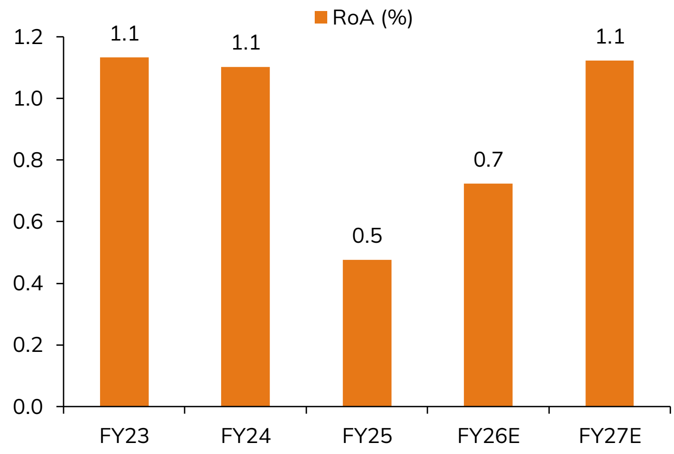
Source: I-Sec research, Company data

Exhibit 7: RoA has risen from low levels



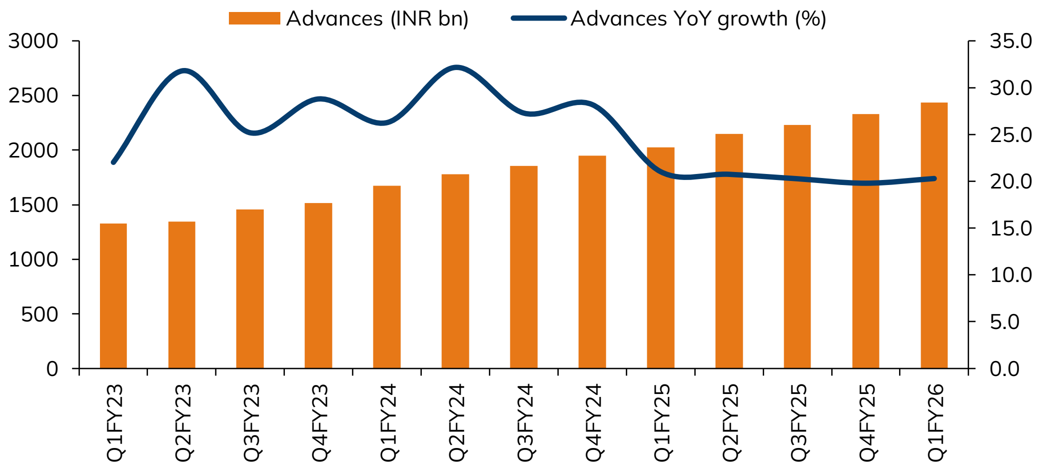
Source: Company data, I-Sec research

Exhibit 8: RoA seems to have bottomed-out in FY25 and should inch-up to ~1% by exit FY26 and >1% for FY27E



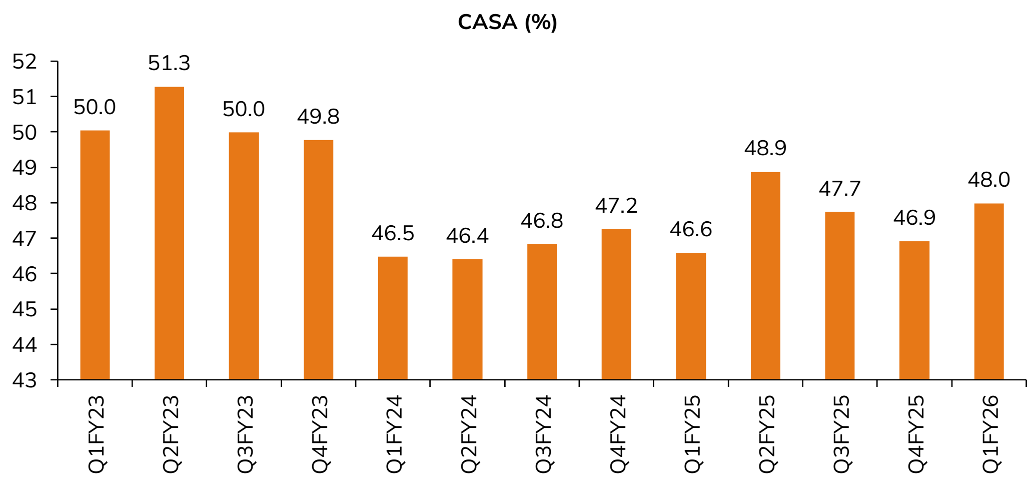
Source: Company data, I-Sec research

Exhibit 9: Advances growing at steady pace



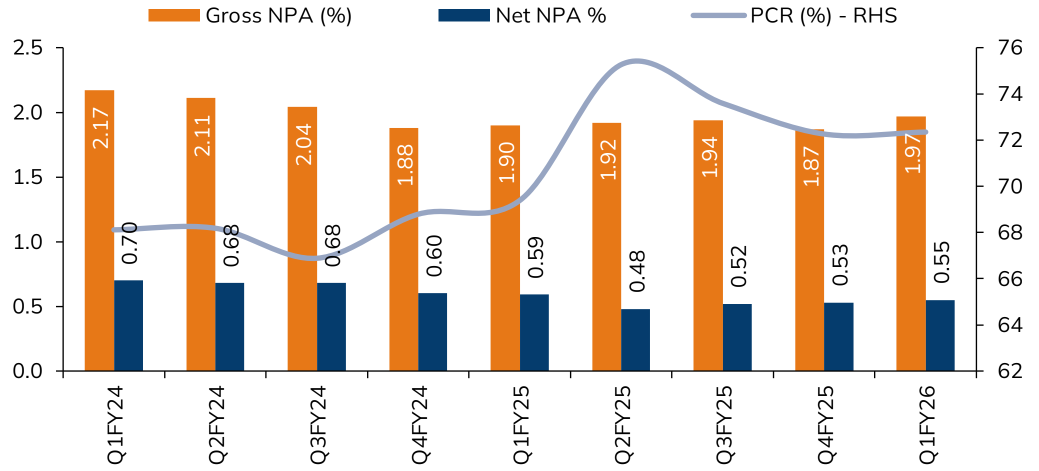
Source: Company data, I-Sec research

Exhibit 10: CASA ratio remains strong



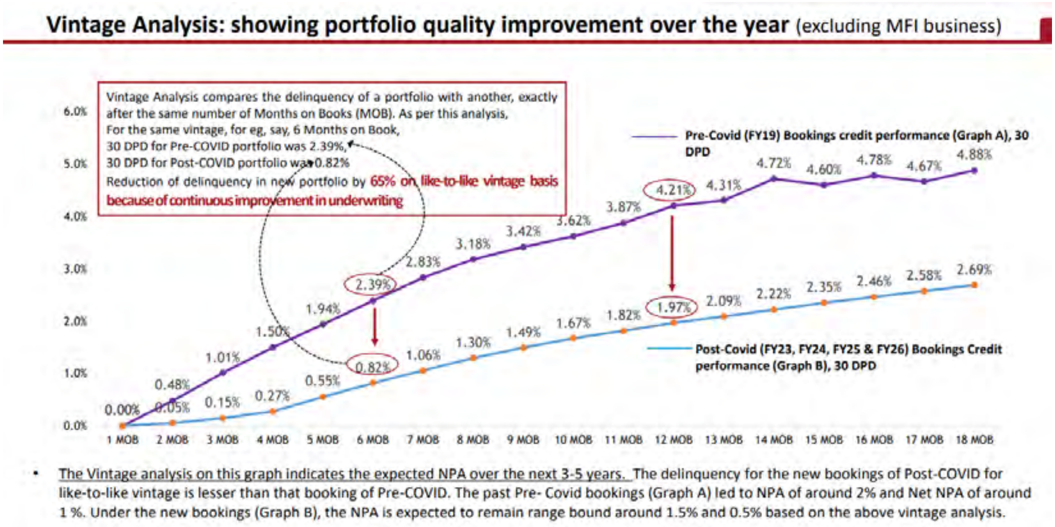
Source: Company data, I-Sec research

Exhibit 11: Gross NPA remains broadly stable



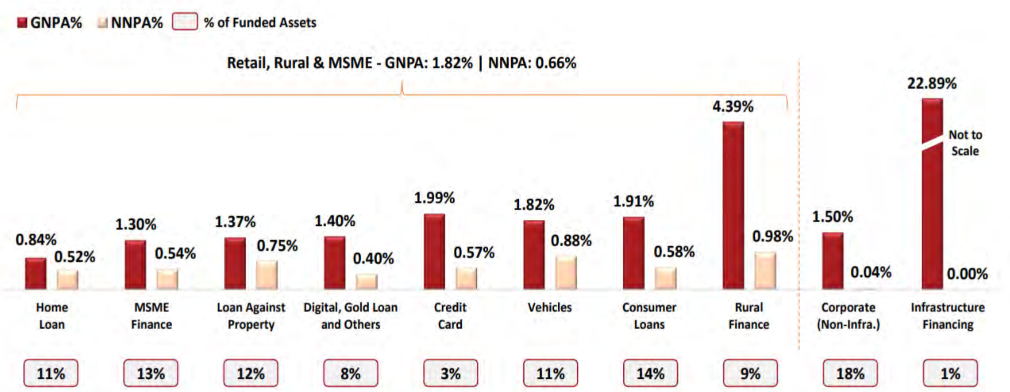
Source: Company data, I-Sec research

Exhibit 12: Vintage analysis – retail, rural and SME book, 30 DPD (excluding JLG)



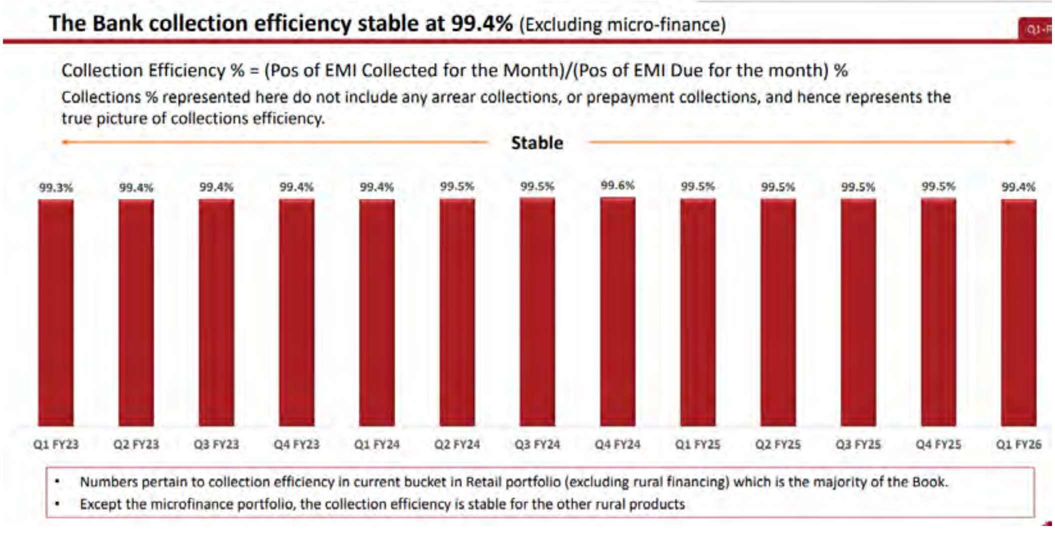
Source: Company data, I-Sec research

Exhibit 13: Product-wise GNPA and NNPA



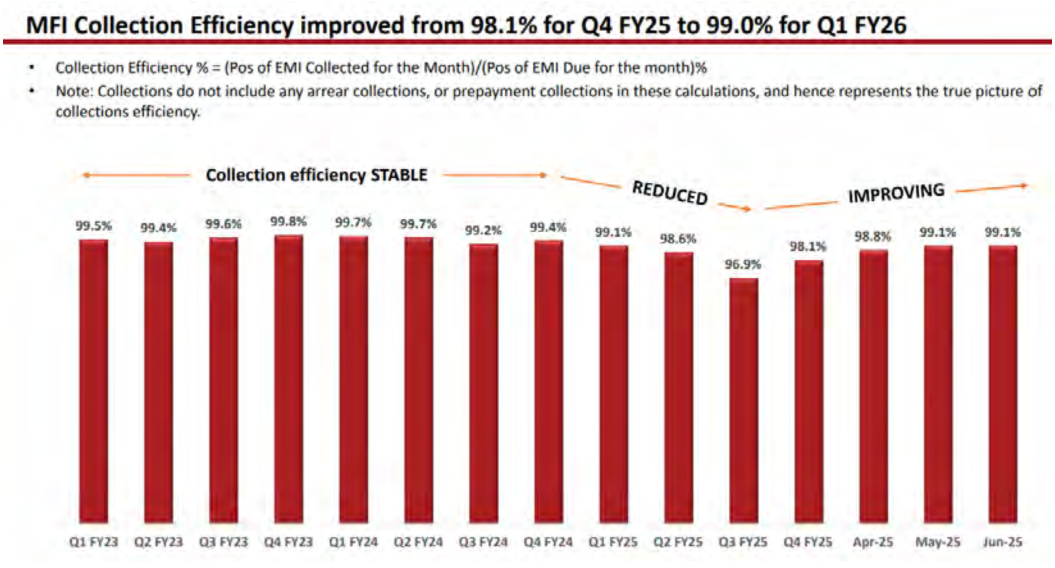
Source: Company data, I-Sec research

Exhibit 14: Collection efficiency (ex-MFI) is broadly steady



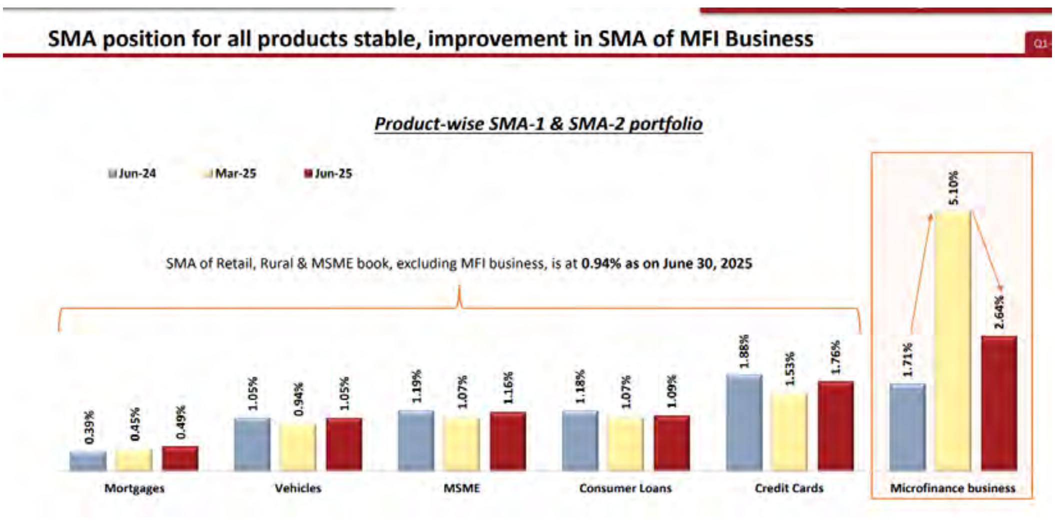
Source: Company data, I-Sec research

Exhibit 15: MFI collection efficiency improved in Jun'25



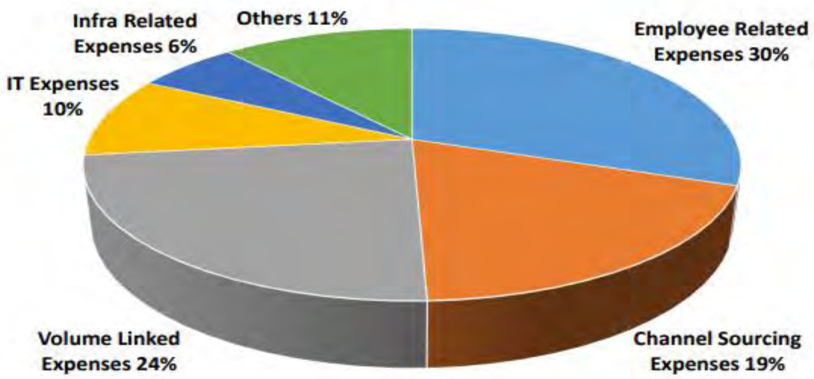
Source: Company data, I-Sec research

Exhibit 16: SMA stable for most products excluding MFI



Source: Company data, I-Sec research

Exhibit 17: Composition of opex



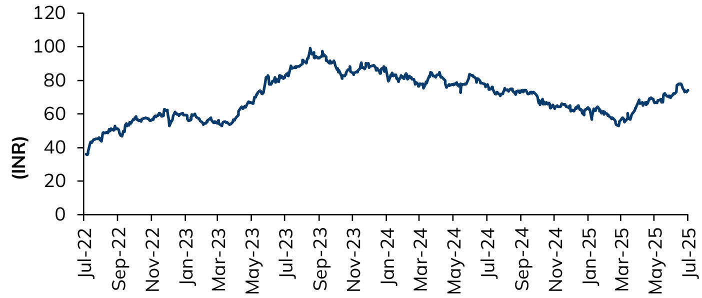
Source: Company data, I-Sec research

Shareholding pattern

%	Dec'24	Mar'24	Jun'24
Promoters	0.0	0.0	0.0
Institutional investors	43.3	45.0	46.8
MFs and other	4.6	7.6	11.0
FIs/ Banks	0.7	0.3	0.1
Insurance Cos.	10.9	11.4	12.0
FIIs	27.1	25.7	23.8
Others	56.7	55.0	53.2

Source: Bloomberg, I-Sec research

Price chart



Source: Bloomberg, I-Sec research

Financial Summary

Exhibit 18: Profit & Loss

(INR mn, year ending March)

	FY24A	FY25A	FY26E	FY27E
Interest income	3,03,225	3,65,015	4,06,417	4,95,011
Interest expense	1,38,717	1,72,095	1,95,759	2,28,031
Net interest income	**1,64,508**	**1,92,920**	**2,10,658**	**2,66,980**
Non-interest income	60,020	70,217	87,324	97,023
Operating income	**2,24,527**	**2,63,137**	**2,97,982**	**3,64,003**
Operating expense	1,62,158	1,88,988	2,10,511	2,39,307
Staff expense	48,925	57,099	62,809	70,346
Operating profit	**62,370**	**74,149**	**87,471**	**1,24,695**
Core operating profit	**60,343**	**70,984**	**78,471**	**1,19,695**
Provisions & Contingencies	23,817	55,147	51,853	56,555
Pre-tax profit	**38,553**	**19,001**	**35,618**	**68,140**
Tax (current + deferred)	8,988	3,753	8,192	17,035
Net Profit	**29,565**	**15,249**	**27,426**	**51,105**
Adjusted net profit	**29,565**	**15,249**	**27,426**	**51,105**

Source Company data, I-Sec research

Exhibit 19: Balance sheet

(INR mn, year ending March)

	FY24A	FY25A	FY26E	FY27E
Cash and balance with RBI/Banks	1,24,802	1,50,974	2,28,223	2,74,355
Investments	7,47,104	8,07,155	9,30,946	10,73,361
Advances	19,45,924	23,31,125	28,19,153	34,00,225
Fixed assets	26,194	26,626	30,364	34,570
Other assets	1,17,127	1,22,306	1,41,067	1,62,705
Total assets	**29,61,151**	**34,38,187**	**41,49,752**	**49,45,216**
Deposits	20,05,763	25,20,653	31,32,756	38,53,289
Borrowings	5,09,356	3,89,748	3,78,363	3,67,564
Other liabilities and provisions	1,24,419	1,47,006	2,32,625	2,69,811
Share capital	70,699	73,221	73,221	73,221
Reserve & surplus	2,50,914	3,07,559	3,32,788	3,81,330
Total equity & liabilities	**29,61,151**	**34,38,187**	**41,49,752**	**49,45,216**
% Growth	23.4	16.1	20.7	19.2

Source Company data, I-Sec research

Exhibit 20: Key ratios

(Year ending March)

	FY24A	FY25A	FY26E	FY27E
No. of shares and per share data				
No. of shares (mn)	7,070	7,322	7,322	7,322
Adjusted EPS	4.2	2.1	3.7	7.0
Book Value per share	45	52	55	62
Adjusted BVPS	44	51	54	60
Valuation ratio				
PER (x)	16.9	33.9	18.9	10.1
Price/ Book (x)	1.6	1.4	1.3	1.1
Price/ Adjusted book (x)	1.6	1.4	1.3	1.2
Dividend Yield (%)	-	0.4	0.4	0.5
Profitability ratios (%)				
Yield on advances	15.0	14.4	13.3	13.6
Yields on Assets	11.3	11.4	10.7	10.9
Cost of deposits	5.9	6.2	5.9	5.8
Cost of funds	5.2	5.4	5.2	5.0
NIMs	6.5	6.3	5.8	6.1
Cost/Income	72.2	71.8	70.6	65.7
Dupont Analysis (as % of Avg Assets)				
Interest Income	11.3	11.4	10.7	10.9
Interest expended	5.2	5.4	5.2	5.0
Net Interest Income	**6.1**	**6.0**	**5.6**	**5.9**
Non-interest income	2.2	2.2	2.3	2.1
Trading gains	0.1	0.1	0.2	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**	**5.9**	**5.5**	**5.3**
Staff costs	1.8	1.8	1.7	1.5
Non-staff costs	4.2	4.1	3.9	3.7
Operating Profit	**2.3**	**2.3**	**2.3**	**2.7**
Core Operating Profit	2.3	2.2	2.1	2.6
Non-tax Provisions	0.9	1.7	1.4	1.2
PBT	**1.4**	**0.6**	**0.9**	**1.5**
Tax Provisions	0.3	0.1	0.2	0.4
Return on Assets (%)	**1.1**	**0.5**	**0.7**	**1.1**
Leverage (x)	9.3	9.1	9.6	10.6
Return on Equity (%)	**10.2**	**4.3**	**7.0**	**11.9**
Asset quality ratios (%)				
Gross NPA	1.9	1.9	2.0	2.4
Net NPA	0.6	0.5	0.6	0.6
PCR	68.8	72.3	71.0	73.0
Gross Slippages	3.5	4.1	3.6	3.3
LLP / Avg loans	1.5	2.5	2.0	1.8
Total provisions / Avg loans	1.4	2.6	2.0	1.8
Net NPA / Networth	3.6	3.2	4.1	4.9
Capitalisation ratios (%)				
Core Equity Tier 1	13.3	13.2	12.0	11.4
Tier 1 cap. adequacy	13.4	13.2	12.0	11.4
Total cap. adequacy	16.1	15.5	14.5	13.9

Source Company data, I-Sec research

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