

RoA recovery to pick up pace in H2FY26 as stress eases

BFSI - Banks ▶ Result Update ▶ July 27, 2025

CMP (Rs): 71 | TP (Rs): 80

Despite sharp margin contraction and higher provisions, IDFCB reported broadly in-line PAT at Rs4.6bn and RoA at 0.5%, mainly due to higher treasury gains and contained opex. Credit and deposit growth remained strong at 20% YoY/4.5% QoQ and 26% YoY/5% QoQ, respectively, with CASA improving to 48%, in contrast with the declining trend observed for peers. The NIM fell by 24bps QoQ to 5.7% and may dip further in Q2; it is likely to improve from H2FY26 on sharper TD rate cuts and capital support. While MFI slippages declined QoQ, higher non-MFI retail slippages and one lumpy corporate account (AGS Transact) led to higher gross slippages at Rs24.9bn/4.9% of loans; the GNPA ratio rose by 10bps to 2%. The MFI SMA pool eased to 2.6% (vs 5.1% in Q4FY25) and is expected to improve further. The management allayed concerns around capital infusion from Warburg Pincus and hopes to secure long-term growth capital soon. We cut FY26E/27E PAT by 14%/9%, factoring in margin pressure and elevated LLP, partly offset by lower opex. We expect RoA to improve to ~0.7–1.3% over FY26–28E, from 0.5% in FY25. Thus, we retain ADD with an unchanged TP of Rs80 (rolling forward on 1.2x Jun-27E ABV).

Healthy business growth, though margin down sharply

IDFCB posted healthy credit growth at 20% YoY/4.5% QoQ, led by strong momentum in wholesale, MSME, LAP, and vehicle loans; meanwhile, MFI continued to decline QoQ (now, 3.3% of the overall book). NIM slipped by 24bps QoQ to 5.7%, largely due to repo rate cuts, portfolio mix shift (a decline in the MFI book and a ramp-up in the wholesale book), interest reversal on NPAs, and decline in investment yields. NIM is expected to dip slightly in Q2FY26 due to the lagged impact of the recent repo rate cuts; NIM shall improve from H2FY26, aided by deposit repricing (especially sharp TD rate cuts) and expected capital infusion. The bank expects the cost-income ratio to improve to ~65% by FY27, from ~69% now, supported by margin recovery and better RoA in card business.

Higher retail stress, lumpy corporate accounts led to higher NPA formation

While MFI slippages declined QoQ to Rs5bn/6.3% of MFI loans, non-MFI retail slippages and a lumpy corporate account led to higher gross slippages at Rs19.7bn (incl Rs1.1bn of AGS Transact – which is fully provided for). This pushed the GNPA ratio up by 10bps QoQ to 2% of loans, though NNPA remained sticky at ~0.5% due to higher write-offs, with PCR at ~72.4%. The MFI SMA pool improved to 2.6% (vs 5.1% in Q4FY25), and the bank continues to hold Rs3.2bn in contingency provisions on the overall SMA book. FY26 credit cost is guided at ~2–2.25 vs 2.5% in FY25.

Retain ADD

We recognize near-term margin/asset quality stress; however, from 2H, we expect improvement, thereby leading to RoA recovery over FY26–28E to 0.7–1.2%, from 0.5% in FY25. Thus, we retain ADD with an unchanged TP of Rs80 (rolling forward on 1.2x Jun-27E ABV). **Key risks:** Delay in asset quality, opex improvement, and capital infusion.

| | |
|-----------------------|--------|
| Target Price – 12M | Jun-26 |
| Change in TP (%) | - |
| Current Reco. | ADD |
| Previous Reco. | ADD |
| Upside/(Downside) (%) | 12.7 |

| Stock Data | IDFCB IN |
|-------------------------|----------|
| 52-week High (Rs) | 79 |
| 52-week Low (Rs) | 52 |
| Shares outstanding (mn) | 7,335.0 |
| Market-cap (Rs bn) | 519 |
| Market-cap (USD mn) | 5,994 |
| Net-debt, FY26E (Rs mn) | NA |
| ADTV-3M (mn shares) | 38 |
| ADTV-3M (Rs mn) | 2,312.0 |
| ADTV-3M (USD mn) | 26.7 |
| Free float (%) | 84.4 |
| Nifty-50 | 24,837.0 |
| INR/USD | 86.5 |

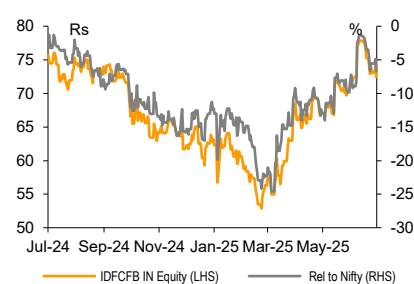
Shareholding, Mar-25

| | |
|---------------|-----------|
| Promoters (%) | 0.0 |
| FPIs/MFs (%) | 25.7/19.3 |

Price Performance

| (%) | 1M | 3M | 12M |
|---------------|-------|-----|-------|
| Absolute | (1.9) | 7.0 | (5.3) |
| Rel. to Nifty | (0.3) | 3.6 | (6.9) |

1-Year share price trend (Rs)



IDFC First Bank: Financial Snapshot (Standalone)

| Y/E Mar (Rs mn) | FY24 | FY25 | FY26E | FY27E | FY28E |
|----------------------|--------|--------|--------|--------|--------|
| Net profit | 29,565 | 15,248 | 25,642 | 46,758 | 71,183 |
| Loan growth (%) | 28.2 | 19.8 | 20.0 | 22.0 | 23.0 |
| NII growth (%) | 30.2 | 17.3 | 10.6 | 20.8 | 25.2 |
| NIM (%) | 6.5 | 6.3 | 5.9 | 5.9 | 6.0 |
| PPOP growth (%) | 26.5 | 18.9 | 19.9 | 32.8 | 32.4 |
| Adj. EPS (Rs) | 4.2 | 2.1 | 3.0 | 5.5 | 8.4 |
| Adj. EPS growth (%) | 13.6 | (50.2) | 45.4 | 82.3 | 52.2 |
| Adj. BV (INR) | 44.3 | 50.7 | 55.4 | 60.1 | 68.1 |
| Adj. BVPS growth (%) | 18.4 | 14.7 | 9.1 | 8.6 | 13.2 |
| RoA (%) | 1.1 | 0.5 | 0.7 | 1.0 | 1.3 |
| RoE (%) | 10.2 | 4.3 | 6.0 | 9.3 | 12.8 |
| P/E (x) | 16.9 | 34.0 | 23.4 | 12.8 | 8.4 |
| P/ABV (x) | 1.6 | 1.4 | 1.3 | 1.2 | 1.0 |

Source: Company, Emkay Research

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Key Concall takeaways

Outlook on loans, deposits, and NIM

- The bank posted healthy credit growth at 20% YoY/4.5% QoQ, led by strong momentum in wholesale, MSME, LAP, and vehicle loans; MFI loans, meanwhile, continued to decline QoQ (now at 3.3% of the overall book).
- Retail deposits have increased to 80% of total deposits (vs 79% in Q4FY25), significantly stabilizing the deposit side.
- The bank's CA stands at 7–8% and SA at 40%.
- Rs26bn of legacy borrowings were repaid in Q1, with the remaining Rs22bn set to mature in FY26. This shall lead to a further reduction in CoF and aid margin improvement.
- NIMs are expected to dip slightly in Q2FY26 due to lagged impact of the recent repo rate cuts, but shall improve from H2FY26, aided by deposit repricing (especially, the sharp TD rate cut) and expected capital infusion.
- The bank has issued ~3.8mn credit cards till date, with a portfolio size of ~Rs81bn; it has achieved operational break-even within four years of launch.
- There is a continued de-growth in the MFI portfolio, with its share of the overall loan book declining to 3.3% by Jun-25, from 6.6% in Mar-24.

Asset quality

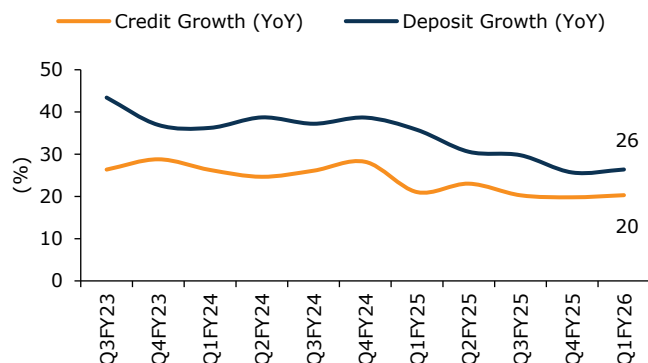
- MFI collection efficiency improved to 99% (vs 98.1% in Q4).
- The bank did not witness any notable stress or slowdown in the MSME portfolio.
- While MFI slippages declined QoQ, higher non-MFI retail slippages and one lumpy corporate account (AGS Transact) led to higher gross slippages at Rs24.9bn/4.9% of loans; the GNPA ratio inched up by 10bps to 2%. The MFI SMA pool eased to 2.6% (vs 5.1% in Q4FY25) and is expected to improve further.
- The incremental disbursements in MFI are insured by CGFMU. Insurance coverage of the outstanding MFI portfolio reached 72% as of Jun-25.
- In FY26, credit cost is expected to decline to 2-2.25% vs ~2.5% in FY25.

Others

- Opex is projected to grow at 11–12% in FY26.
- Opex YoY growth has moderated for the sixth consecutive quarter. The bank targets reducing its cost-to-income to 65% by FY27, from the current 69%.
- CRAR for Q1FY26 was at 15%, with CET-I ratio at 12.80%. Including the announced capital raise of Rs75bn and on conversion to equity, CRAR and CET-1 ratio would be 17.60% and 15.38%, respectively.

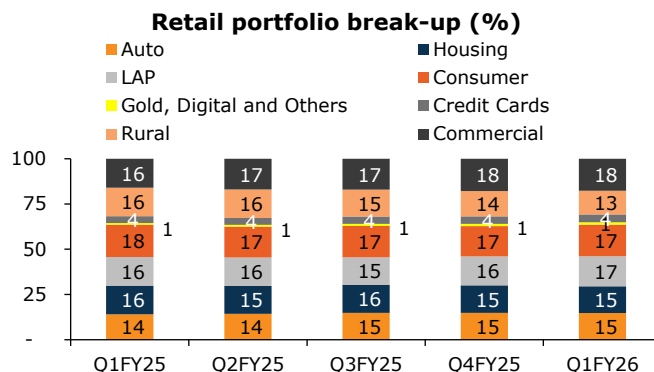
Story in Charts

Exhibit 1: Credit growth as well as deposit growth were strong



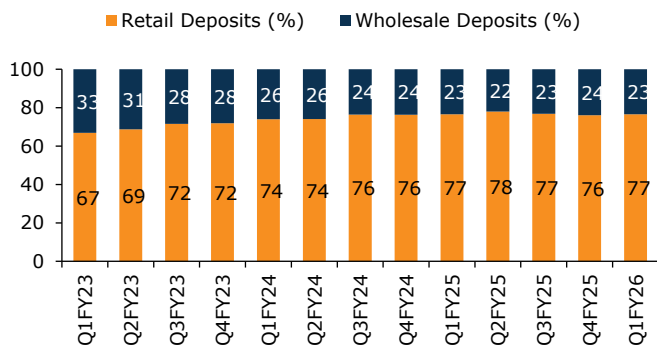
Source: Company, Emkay Research

Exhibit 2: A well-diversified loan book, with a stronger retail book



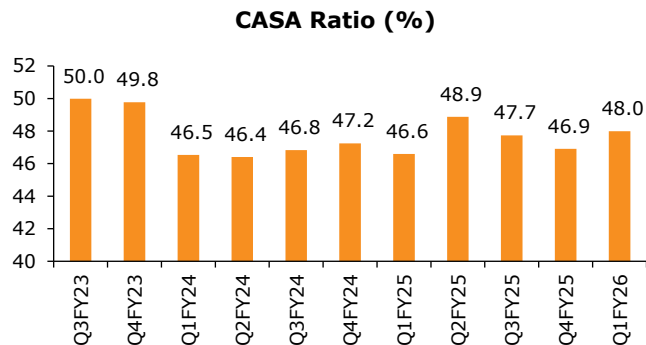
Source: Company, Emkay Research

Exhibit 3: Retail deposits continue to accelerate, improving the granularity of the book



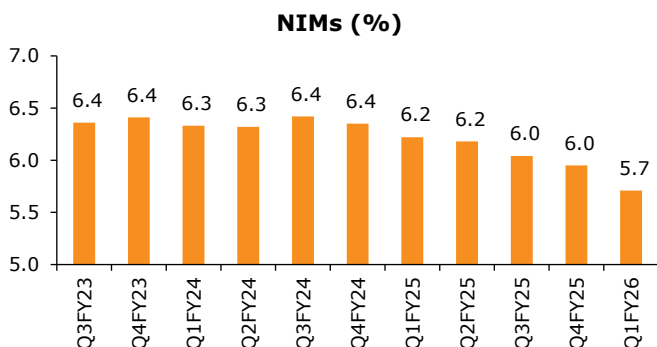
Source: Company, Emkay Research

Exhibit 4: CASA ratio too improves, in contrast with the declining trend observed for peers



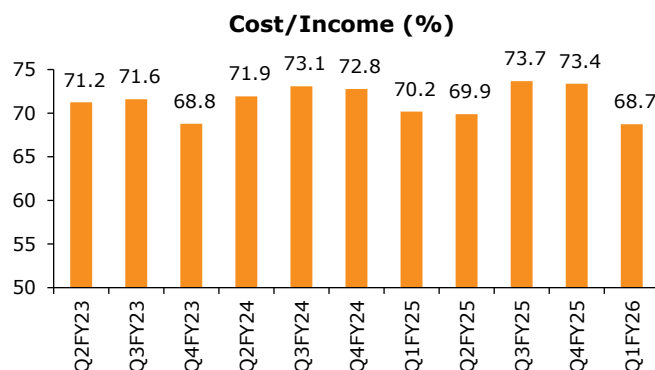
Source: Company, Emkay Research

Exhibit 5: NIMs fell due to repo rate cut, softer loan yield, interest reversal on NPAs, and lower investment yields



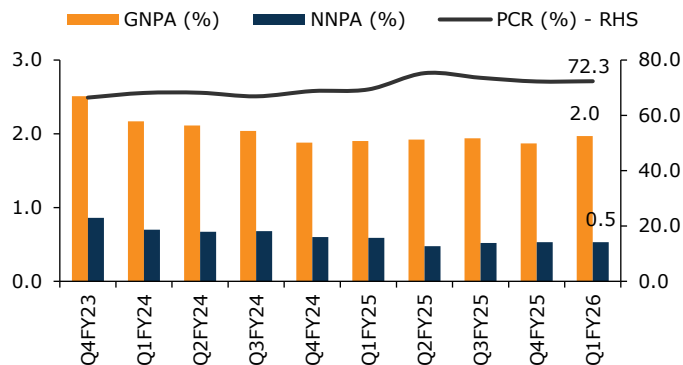
Source: Company, Emkay Research

Exhibit 6: Opex remains elevated QoQ, but to improve gradually



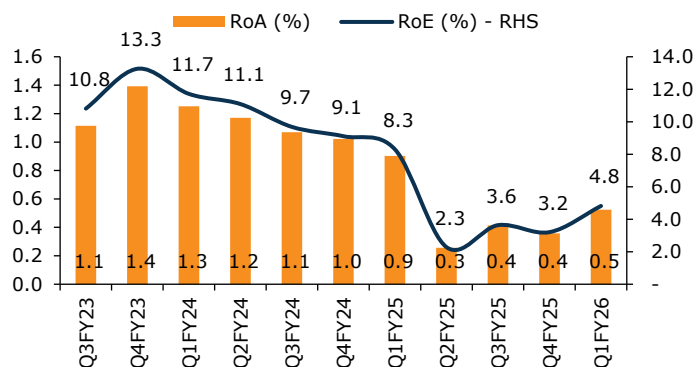
Source: Company, Emkay Research

Exhibit 7: Higher non-MFI slippages (incl one lumpy corporate account) led to a slight rise in the GNPA ratio, with NNPA remaining sticky



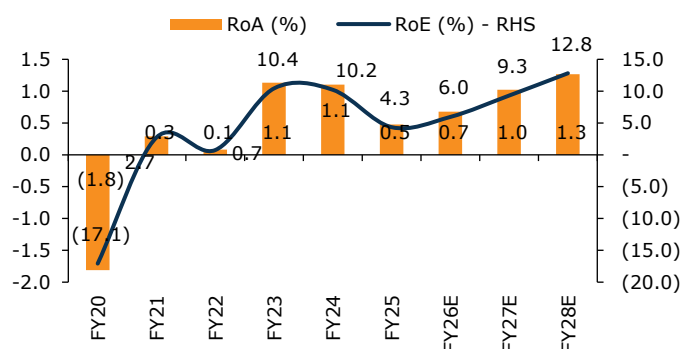
Source: Company, Emkay Research

Exhibit 8: Higher treasury gains and contained opex helped in slight RoA recovery



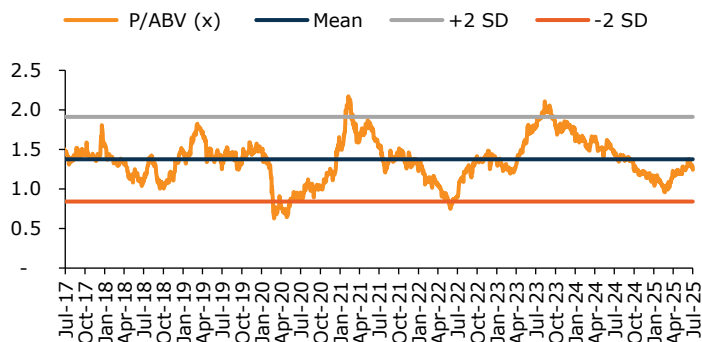
Source: Company, Emkay Research

Exhibit 9: RoA set to improve, as asset quality stress eases gradually



Source: Emkay Research

Exhibit 10: The stock is currently trading at 1.2x its 1YF ABV



Source: Bloomberg, Emkay Research

Exhibit 11: Actuals vs Estimates (Q1FY26)

| (Rs mn) | Actuals | Estimates | | Variation | | Comments |
|------------|---------|-----------|-----------|-----------|-----------|--|
| | | Emkay | Consensus | Emkay | Consensus | |
| Net income | 71,599 | 70,481 | 66,991 | 2% | 7% | Higher treasury income led to higher net income. |
| PPOP | 22,394 | 19,693 | 18,814 | 14% | 19% | Higher net income and contained opex led to PPOP beat. |
| PAT | 4,626 | 4,707 | 3,842 | -2% | 20% | PPOP beat offset by higher LLP which led to a slight PAT miss. |

Source: Emkay Research

Exhibit 12: Quarterly Summary

| (Rs mn) | Q1FY25 | Q2FY25 | Q3FY25 | Q4FY25 | Q1FY26 | YoY (%) | QoQ (%) | FY25 | FY26E | YoY (%) |
|---------------------------|--------|--------|--------|--------|--------|---------|---------|---------|---------|---------|
| Interest Earned | 87,885 | 89,569 | 93,430 | 94,129 | 96,421 | 10 | 2 | 365,014 | 404,907 | 10.9 |
| Interest Expenses | 40,937 | 41,691 | 44,410 | 45,058 | 47,091 | 15 | 5 | 172,095 | 191,495 | 11.3 |
| Net Interest Income | 46,948 | 47,879 | 49,021 | 49,072 | 49,331 | 5 | 1 | 192,919 | 213,411 | 10.6 |
| Global NIMs (reported) | 6.22 | 6.18 | 6.04 | 5.95 | 5.71 | -40bps | -9bps | 6.34 | 5.90 | -44bps |
| Non-interest Income | 16,192 | 17,273 | 17,799 | 18,954 | 22,268 | 38 | 17 | 70,217 | 85,987 | 22.5 |
| Operating Expenses | 44,316 | 45,533 | 49,230 | 49,910 | 49,205 | 11 | (1) | 188,988 | 210,512 | 11.4 |
| Pre Provisioning Profit | 18,824 | 19,619 | 17,589 | 18,116 | 22,394 | 19 | 24 | 74,148 | 88,886 | 19.9 |
| Provision & Contingencies | 9,944 | 17,319 | 13,379 | 14,505 | 16,591 | 67 | 14 | 55,147 | 55,584 | 0.8 |
| PBT | 8,880 | 2,299 | 4,210 | 3,611 | 5,803 | (35) | 61 | 19,000 | 33,302 | 75.3 |
| Income Tax Expense (Gain) | 2,074 | 292 | 816 | 571 | 1,177 | (43) | 106 | 3,753 | 7,659 | 104.1 |
| Net Profit/(Loss) | 6,806 | 2,007 | 3,394 | 3,041 | 4,626 | (32) | 52 | 15,248 | 25,642 | 68.2 |
| Gross NPA (%) | 1.90 | 1.92 | 1.94 | 1.87 | 1.97 | -1bps | -7bps | 1.88 | 1.90 | 3bps |
| Net NPA (%) | 0.59 | 0.48 | 0.52 | 0.53 | 0.53 | -7bps | 1bps | 0.53 | 0.56 | 3bps |
| Deposits (Rs bn) | 2,097 | 2,236 | 2,369 | 2,521 | 2,650 | 26 | 5 | 2,521 | 3,185 | 26.4 |
| Net Advances (Rs bn) | 2,026 | 2,151 | 2,231 | 2,331 | 2,437 | 20 | 5 | 2,331 | 2,797 | 20.0 |

Source: Company, Emkay Research

Exhibit 13: Revision in estimates

| Y/E Mar (Rs mn) | FY26E | | | FY27E | | | FY28E | | |
|-----------------|---------|---------|--------|---------|---------|--------|---------|---------|--------|
| | Earlier | Revised | Change | Earlier | Revised | Change | Earlier | Revised | Change |
| NII | 227,035 | 213,411 | -6.0% | 275,594 | 257,763 | -6.5% | 336,195 | 322,649 | -4.0% |
| PPOP | 93,403 | 88,886 | -4.8% | 123,300 | 118,072 | -4.2% | 161,317 | 156,349 | -3.1% |
| PAT | 29,875 | 25,642 | -14.2% | 51,180 | 46,758 | -8.6% | 69,724 | 71,183 | 2.1% |
| EPS (Rs) | 3.5 | 3.0 | -14.3% | 6.1 | 5.5 | -8.8% | 8.2 | 8.4 | 1.9% |
| BV (Rs) | 57.1 | 56.7 | -0.6% | 62.6 | 61.8 | -1.2% | 70.1 | 69.3 | -1.0% |

Source: Emkay Research

Exhibit 14: Key Assumptions

| (%) | FY25 | FY26E | FY27E | FY28E |
|----------------|------|-------|-------|-------|
| Loan Growth | 19.8 | 20.0 | 22.0 | 23.0 |
| Deposit Growth | 25.7 | 26.4 | 27.6 | 28.3 |
| NIM | 6.3 | 5.9 | 5.9 | 6.0 |
| GNPA | 1.9 | 1.9 | 1.9 | 1.9 |
| Credit Cost | 2.2 | 2.1 | 1.8 | 1.6 |

Source: Emkay Research

Exhibit 15: Key Ratios and Trends

| Particulars | Q1FY24 | Q2FY24 | Q3FY24 | Q4FY24 | Q1FY25 | Q2FY25 | Q3FY25 | Q4FY25 | Q1FY26 |
|-------------------------------------|------------------|------------------|------------------|------------------|------------------|------------------|------------------|------------------|------------------|
| Loans (Rs mn) | 1,673,740 | 1,748,138 | 1,855,030 | 1,945,924 | 2,025,681 | 2,150,613 | 2,231,039 | 2,331,125 | 2,436,789 |
| Growth YoY (%) | 26.3 | 24.7 | 26.1 | 28.2 | 21.0 | 23.0 | 20.3 | 19.8 | 20.3 |
| Growth QoQ (%) | 10.3 | 4.4 | 6.1 | 4.9 | 4.1 | 6.2 | 3.7 | 4.5 | 4.5 |
| Composition (%) | | | | | | | | | |
| - Corporate | 18.3 | 18.7 | 16.8 | 17.0 | 16.9 | 17.6 | 18.8 | 19.0 | 21.2 |
| - SME/BB | 12.9 | 13.2 | 12.4 | 12.8 | 12.3 | 13.1 | 13.0 | 13.6 | 13.3 |
| - Retail (incl agri) | 68.8 | 72.9 | 73.0 | 73.5 | 74.1 | 72.8 | 71.8 | 71.3 | 70.3 |
| Liability Profile and Margin | | | | | | | | | |
| CASA (%) | 46.5 | 46.4 | 46.8 | 47.2 | 46.6 | 48.9 | 47.7 | 46.9 | 48.0 |
| Asset Quality (%) | | | | | | | | | |
| GNPA (%) | 2.2 | 2.1 | 2.0 | 1.9 | 1.9 | 1.9 | 1.9 | 1.9 | 2.0 |
| NNPA (%) | 0.7 | 0.7 | 0.7 | 0.6 | 0.6 | 0.5 | 0.5 | 0.5 | 0.5 |
| PCR (%) | 68.1 | 68.2 | 66.9 | 68.8 | 69.4 | 75.3 | 73.6 | 72.3 | 72.3 |
| Restructured (%) | 0.5 | 0.4 | 0.4 | 0.3 | 0.3 | 0.2 | 0.2 | 0.2 | 0.2 |
| Capital Adequacy | | | | | | | | | |
| CAR (%) | 17.0 | 16.5 | 16.7 | 16.1 | 17.2 | 16.6 | 16.1 | 15.5 | 15.0 |
| Tier I (%) | 13.7 | 13.5 | 14.0 | 13.4 | 13.3 | 13.8 | 13.7 | 13.2 | 12.8 |
| ROE Decomposition (%) | | | | | | | | | |
| NII | 6.1 | 6.2 | 6.4 | 6.3 | 6.2 | 6.1 | 6.0 | 5.8 | 5.6 |
| Other Income | 2.2 | 2.1 | 2.2 | 2.3 | 2.1 | 2.1 | 2.1 | 2.0 | 2.0 |
| Treasury | 0.1 | 0.1 | 0.1 | 0.0 | 0.0 | 0.1 | 0.0 | 0.2 | 0.6 |
| Net income | 8.4 | 8.4 | 8.7 | 8.6 | 8.4 | 8.3 | 8.1 | 8.0 | 8.1 |
| Opex | 6.0 | 6.0 | 6.3 | 6.3 | 5.9 | 5.8 | 6.0 | 5.9 | 5.6 |
| PPOP | 2.5 | 2.4 | 2.3 | 2.3 | 2.5 | 2.5 | 2.1 | 2.1 | 2.5 |
| Provisions | 0.8 | 0.8 | 1.0 | 1.0 | 1.3 | 2.2 | 1.6 | 1.7 | 1.9 |
| PBT | 1.7 | 1.5 | 1.4 | 1.3 | 1.2 | 0.3 | 0.5 | 0.4 | 0.7 |
| Tax | 0.4 | 0.4 | 0.3 | 0.3 | 0.3 | 0.0 | 0.1 | 0.1 | 0.1 |
| ROA | 1.3 | 1.2 | 1.1 | 1.0 | 0.9 | 0.3 | 0.4 | 0.4 | 0.5 |
| ROE | 11.7 | 11.1 | 9.7 | 9.1 | 8.3 | 2.3 | 3.6 | 3.2 | 4.8 |

Source: Company, Emkay Research

IDFC First Bank: Standalone Financials and Valuations

| Profit & Loss | | | | | |
|----------------------------|---------|---------|---------|---------|---------|
| Y/E Mar (Rs mn) | FY24 | FY25 | FY26E | FY27E | FY28E |
| Interest Income | 303,225 | 365,014 | 404,907 | 476,273 | 572,252 |
| Interest Expense | 138,717 | 172,095 | 191,495 | 218,510 | 249,603 |
| Net interest income | 164,508 | 192,919 | 213,411 | 257,763 | 322,649 |
| NII growth (%) | 30.2 | 17.3 | 10.6 | 20.8 | 25.2 |
| Other income | 60,020 | 70,217 | 85,987 | 100,403 | 118,764 |
| Total Income | 224,528 | 263,136 | 299,398 | 358,166 | 441,413 |
| Operating expenses | 162,158 | 188,988 | 210,512 | 240,094 | 285,064 |
| PPOP | 62,370 | 74,148 | 88,886 | 118,072 | 156,349 |
| PPOP growth (%) | 26.5 | 18.9 | 19.9 | 32.8 | 32.4 |
| Core PPOP | 60,315 | 70,688 | 82,312 | 112,156 | 151,024 |
| Provisions & contingencies | 23,817 | 55,147 | 55,584 | 55,562 | 61,185 |
| PBT | 38,553 | 19,000 | 33,302 | 62,510 | 95,165 |
| Extraordinary items | 0 | 0 | 0 | 0 | 0 |
| Tax expense | 8,988 | 3,753 | 7,659 | 15,753 | 23,981 |
| Minority interest | 0 | 0 | 0 | 0 | 0 |
| Income from JV/Associates | - | - | - | - | - |
| Reported PAT | 29,565 | 15,248 | 25,642 | 46,758 | 71,183 |
| PAT growth (%) | 21.3 | (48.4) | 68.2 | 82.3 | 52.2 |
| Adjusted PAT | 29,565 | 15,248 | 25,642 | 46,758 | 71,183 |
| Diluted EPS (Rs) | 4.2 | 2.1 | 3.0 | 5.5 | 8.4 |
| Diluted EPS growth (%) | 13.6 | (50.2) | 45.4 | 82.3 | 52.2 |
| DPS (Rs) | 0.0 | 0.3 | 0.4 | 0.5 | 0.8 |
| Dividend payout (%) | 0.0 | 12.0 | 11.6 | 9.1 | 9.5 |
| Effective tax rate (%) | 23.3 | 19.8 | 23.0 | 25.2 | 25.2 |
| Net interest margins (%) | 6.5 | 6.3 | 5.9 | 5.9 | 6.0 |
| Cost-income ratio (%) | 72.2 | 71.8 | 70.3 | 67.0 | 64.6 |
| Shares outstanding (mn) | 7,069.9 | 7,322.1 | 8,470.7 | 8,470.7 | 8,470.7 |

Source: Company, Emkay Research

| Asset quality and other metrics | | | | | |
|---------------------------------|--------|--------|--------|--------|--------|
| Y/E Mar (Rs mn) | FY24 | FY25 | FY26E | FY27E | FY28E |
| Asset quality | | | | | |
| Gross NPLs | 37,184 | 44,332 | 54,002 | 65,246 | 79,608 |
| Net NPLs | 11,605 | 12,299 | 15,661 | 19,574 | 23,882 |
| GNPA ratio (%) | 1.9 | 1.9 | 1.9 | 1.9 | 1.9 |
| NNPA ratio (%) | 0.6 | 0.5 | 0.6 | 0.6 | 0.6 |
| Provision coverage (%) | 68.8 | 72.3 | 71.0 | 70.0 | 70.0 |
| Gross slippages | 39,270 | 80,550 | 87,909 | 86,492 | 95,746 |
| Gross slippage ratio (%) | 2.0 | 3.4 | 3.1 | 2.5 | 2.3 |
| LLP ratio (%) | 1.5 | 2.2 | 2.1 | 1.8 | 1.6 |
| NNPA to networth (%) | 3.5 | 3.2 | 3.2 | 3.6 | 4.0 |
| Capital adequacy | | | | | |
| Total CAR (%) | 16.1 | 15.5 | 16.4 | 14.6 | 13.4 |
| Tier-1 (%) | 13.4 | 13.2 | 14.4 | 12.9 | 11.9 |
| CET-1 (%) | 13.4 | 13.2 | 14.4 | 12.9 | 11.9 |
| RWA-to-Total Assets (%) | 78.2 | 80.4 | 78.0 | 78.0 | 77.0 |
| Miscellaneous | | | | | |
| Total income growth (%) | 33.6 | 19.8 | 12.8 | 17.5 | 19.8 |
| Opex growth (%) | 33.2 | 16.5 | 11.4 | 14.1 | 18.7 |
| Core PPOP growth (%) | 31.0 | 17.2 | 16.4 | 36.3 | 34.7 |
| PPOP margin (%) | 17.2 | 17.0 | 18.1 | 20.5 | 22.6 |
| PAT/PPOP (%) | 47.4 | 20.6 | 28.8 | 39.6 | 45.5 |
| LLP-to-Core PPOP (%) | 39.5 | 78.0 | 67.5 | 49.5 | 40.5 |
| Yield on advances (%) | 15.1 | 14.5 | 13.4 | 13.0 | 12.8 |
| Cost of funds (%) | 6.1 | 6.3 | 5.9 | 5.5 | 5.0 |

Source: Company, Emkay Research

| Balance Sheet | | | | | |
|----------------------------|-----------|-----------|-----------|-----------|-----------|
| Y/E Mar (Rs mn) | FY24 | FY25 | FY26E | FY27E | FY28E |
| Share capital | 70,699 | 73,221 | 84,707 | 84,707 | 84,707 |
| Reserves & surplus | 250,914 | 307,559 | 395,873 | 439,165 | 502,725 |
| Net worth | 321,613 | 380,780 | 480,580 | 523,872 | 587,432 |
| Deposits | 2,005,763 | 2,520,653 | 3,185,208 | 4,063,258 | 5,211,510 |
| Borrowings | 509,356 | 389,748 | 368,063 | 348,892 | 322,041 |
| Interest bearing liab. | 2,515,119 | 2,910,401 | 3,553,271 | 4,412,149 | 5,533,550 |
| Other liabilities & prov. | 124,419 | 147,006 | 91,646 | 96,049 | 94,730 |
| Total liabilities & equity | 2,961,151 | 3,438,187 | 4,125,496 | 5,032,071 | 6,215,712 |
| Net advances | 1,945,924 | 2,331,125 | 2,797,448 | 3,413,991 | 4,199,661 |
| Investments | 747,084 | 807,155 | 986,337 | 1,216,510 | 1,516,585 |
| Cash, other balances | 124,802 | 150,974 | 186,547 | 228,544 | 302,039 |
| Interest earning assets | 2,817,809 | 3,289,254 | 3,970,332 | 4,859,045 | 6,018,284 |
| Fixed assets | 26,194 | 26,627 | 26,181 | 32,527 | 40,460 |
| Other assets | 117,147 | 122,306 | 128,984 | 140,499 | 156,967 |
| Total assets | 2,961,151 | 3,438,187 | 4,125,496 | 5,032,071 | 6,215,712 |
| BVPS (Rs) | 45.5 | 52.0 | 56.7 | 61.8 | 69.3 |
| Adj. BVPS (INR) | 44.3 | 50.7 | 55.4 | 60.1 | 68.1 |
| Gross advances | 1,971,503 | 2,363,158 | 2,835,790 | 3,459,663 | 4,255,386 |
| Credit to deposit (%) | 97.0 | 92.5 | 87.8 | 84.0 | 80.6 |
| CASA ratio (%) | 47.2 | 46.9 | 47.5 | 48.9 | 51.0 |
| Cost of deposits (%) | 5.9 | 6.2 | 5.7 | 5.2 | 4.8 |
| Loans-to-Assets (%) | 65.7 | 67.8 | 67.8 | 67.8 | 67.6 |
| Net advances growth (%) | 28.2 | 19.8 | 20.0 | 22.0 | 23.0 |
| Deposit growth (%) | 38.7 | 25.7 | 26.4 | 27.6 | 28.3 |
| Book value growth (%) | 17.0 | 14.3 | 9.1 | 9.0 | 12.1 |

Source: Company, Emkay Research

| Valuations and key Ratios | | | | | |
|---------------------------|--------|--------|--------|--------|--------|
| Y/E Mar | FY24 | FY25 | FY26E | FY27E | FY28E |
| P/E (x) | 16.9 | 34.0 | 23.4 | 12.8 | 8.4 |
| P/B (x) | 1.6 | 1.4 | 1.2 | 1.1 | 1.0 |
| P/ABV (x) | 1.6 | 1.4 | 1.3 | 1.2 | 1.0 |
| P/PPOP (x) | 8.3 | 7.0 | 5.8 | 4.4 | 3.3 |
| Dividend yield (%) | 0.0 | 0.4 | 0.5 | 0.7 | 1.1 |
| DuPont-RoE split (%) | | | | | |
| NII/avg assets | 6.1 | 6.0 | 5.6 | 5.6 | 5.7 |
| Other income | 2.2 | 2.2 | 2.3 | 2.2 | 2.1 |
| Fee income | 2.1 | 2.1 | 2.1 | 2.1 | 2.0 |
| Opex | 6.1 | 5.9 | 5.6 | 5.2 | 5.1 |
| PPOP | 2.3 | 2.3 | 2.4 | 2.6 | 2.8 |
| Core PPOP | 2.3 | 2.2 | 2.2 | 2.4 | 2.7 |
| Provisions | 0.9 | 1.7 | 1.5 | 1.2 | 1.1 |
| Tax expense | 0.3 | 0.1 | 0.2 | 0.3 | 0.4 |
| RoA (%) | 1.1 | 0.5 | 0.7 | 1.0 | 1.3 |
| Leverage ratio (x) | 9.3 | 9.1 | 8.8 | 9.1 | 10.1 |
| RoE (%) | 10.2 | 4.3 | 6.0 | 9.3 | 12.8 |
| Quarterly data | | | | | |
| Rs mn | Q1FY25 | Q2FY25 | Q3FY25 | Q4FY25 | Q1FY26 |
| NII | 46,948 | 47,879 | 49,021 | 49,072 | 49,331 |
| NIM (%) | 6.2 | 6.2 | 6.0 | 6.0 | 5.7 |
| PPOP | 18,824 | 19,619 | 17,589 | 18,116 | 22,394 |
| PAT | 6,806 | 2,007 | 3,394 | 3,041 | 4,626 |
| EPS (Rs) | 1.0 | 0.3 | 0.5 | 0.4 | 0.6 |

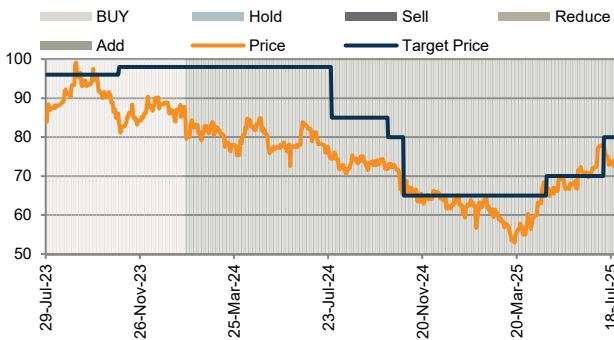
Source: Company, Emkay Research

RECOMMENDATION HISTORY - DETAILS

| Date | Closing Price (INR) | TP (INR) | Rating | Analyst |
|-----------|---------------------|----------|--------|------------|
| 09-Jul-25 | 77 | 80 | Add | Anand Dama |
| 27-Apr-25 | 66 | 70 | Add | Anand Dama |
| 09-Apr-25 | 59 | 65 | Add | Anand Dama |
| 26-Jan-25 | 62 | 65 | Add | Anand Dama |
| 27-Oct-24 | 66 | 65 | Add | Anand Dama |
| 07-Oct-24 | 72 | 80 | Add | Anand Dama |
| 27-Jul-24 | 74 | 85 | Add | Anand Dama |
| 28-Apr-24 | 85 | 98 | Add | Anand Dama |
| 22-Jan-24 | 88 | 98 | Add | Anand Dama |
| 30-Nov-23 | 85 | 98 | Buy | Anand Dama |
| 30-Oct-23 | 83 | 98 | Buy | Anand Dama |
| 30-Jul-23 | 84 | 96 | Buy | Anand Dama |

Source: Company, Emkay Research

RECOMMENDATION HISTORY - TREND



Source: Company, Bloomberg, Emkay Research

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|---------------|---|
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| ADD | 5-15% upside |
| REDUCE | 5% upside to 15% downside |
| SELL | >15% downside |

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