

### Desired return profile elusive in medium term

IDFC First Bank has yet again delivered a strong performance in terms of advances and deposits, successfully attracting and retaining low-cost deposits better than its peers. However, the key challenges for the bank have been higher operating expenses or elevated credit cost, which we expect to improve only by FY27 and beyond. However, the bank's ambitious RoE target continues to remain elusive, with Q4FY25 marking another setback. After peaking at over RoE of 13% in Q4FY23, quarterly RoE (calc.) print stood at 3.1% in Q4FY25, implying that FY25 RoE has fallen short of an already subdued FY24 number. As a result, we have marginally pruned our estimates for FY26, with the bank now expected to achieve RoE above the cost of equity only beyond FY27. In light of the weaker macroeconomic outlook and delays in meeting return targets, we maintain our REDUCE rating. We have revised our target price to Rs59 (previously Rs61), applying a 1x multiple to FY27E ABV.

#### Higher operating expenses impact profitability

IDFC First Bank reported NII of Rs47bn (~10% YoY, +0.1% QoQ), below our expectation of Rs52bn. Operating expenses came in higher at Rs50bn (+12% YoY, +1.8% QoQ), marginally below our estimate of Rs51bn, leading to CTI print of 73.6% (vs. 73.7% in Q3FY25 and our expectation of 72.7%). Non-interest income outperformed at Rs19.9bn (+15% YoY, +6.5% QoQ), PPOP inched up marginally at Rs17.9bn (+2% QoQ). Credit cost was higher at Rs14.5bn while PAT stood at Rs2.9bn (-59% YoY, -13% QoQ), below our estimate of Rs4.5bn.

#### Strong growth in net advances and deposits even in a tough macro environment

IDFC First Bank reported robust growth in its loan and deposit portfolios. Net advances expanded by 20% YoY, driven by a 21.3% YoY increase in Retail, Rural and MSME loans. On the deposit front, customer deposits grew by ~25% YoY, with retail deposits contributing 79%, ensuring a stable funding base. CASA deposits saw an impressive 24.8% YoY growth, maintaining a strong CASA ratio at 46.9%.

#### Asset quality continues to drag return profile

IDFC First Bank's annualized credit cost for Q4FY25 stood at 2.5% of AUM, driven by elevated MFI provisions while ex-MFI credit cost remained stable at 1.73%. The bank has not utilised MFI provision buffers of Rs315cr its carries during the quarter. Gross NPA increased marginally by 8bps QoQ to 1.87%, and net NPA rose by 7bps QoQ to 0.52%, with ex-MFI GNPA and NNPA remaining stable at 1.40% (improved by 6bps QoQ) and 0.56%, respectively. PCR declined to 72.36%, down 130bps QoQ. Total slippages reached Rs21.75bn (3.8%), with Rs4.37bn attributed to the MFI segment. Slippages fell by Rs0.17bn vs Q3FY25. The gross slippage for MFI increased to Rs572cr in Q4FY25 from Rs437cr in Q3FY25.

#### Desired return profile gets delayed to beyond FY27

IDFC First Bank has demonstrated a strong performance in growing advances and deposits, particularly excelling in attracting low-cost deposits and outpacing its peers. However, the bank continues to face challenges in managing high operating expenses and elevated credit cost, particularly in MFI. These factors are likely to delay the achievement of desired return profile until FY27 or later. Given this outlook, we maintain our conservative stance on the bank's valuation. We maintain our target multiple at 1.0x FY27 ABV. We have revised our target price to Rs59 (Rs61 previously). We believe that despite the positive momentum in deposits and advances, the delay in attaining sustainable returns justifies maintaining the REDUCE rating.

### Financial and valuation summary

YE Mar (Rs mn)	4QFY25A	4QFY24A	YoY (%)	3QFY25A	QoQ (%)	FY25A	FY26E	FY27E
NII	49,076	44,705	9.8	49,025	0.1	1,92,938	2,38,052	2,98,406
PPoP	17,948	16,707	7.4	17,601	2.0	71,191	91,864	1,19,625
Provisions	14,505	7,223	100.8	13,379	8.4	55,147	50,003	59,528
Net profit	2,956	7,319	(59.6)	3,402	(13.1)	12,305	31,396	45,073
Loan growth (%)	19.8	28.2	(29.8)	20.3	(2.3)	19.8	20.0	24.0
NIM (%)	6.1	6.7	(8.4)	6.3	(3.7)	6.5	6.6	6.8
Cost/income (%)	73.6	72.7	1.3	73.7	(0.1)	72.6	71.1	69.7
GNPA (%)	1.9	1.9	(0.5)	1.9	(3.6)	1.8	2.5	2.1
RoA (%)	0.4	1.1	(66.2)	0.4	(17.6)	0.4	0.8	0.9
RoE (%)	3.4	10.1	(66.7)	3.9	(14.4)	3.5	7.2	8.8
P/ABV (x)	0.0	0.0	0.0	0.0	0.0	1.3	1.2	1.1

Source: Company, Centrum Broking

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### Result Update

India | BFSI

27 April, 2025

### REDUCE

Price: Rs66

Target Price: Rs59

Forecast return: -11%

Institutional Research

#### Market Data

Bloomberg:	IDFCFB IN
52 week H/L:	86/52
Market cap:	Rs483.9bn
Shares Outstanding:	7322.4mn
Free float:	85.8%
Avg. daily vol. 3mth:	4,44,16,040
Source: Bloomberg	

#### Changes in the report

Rating:	Unchanged
Target price:	Rs59; Changed by 3.2%
ABV:	FY26E:Rs54.3 FY27E; Rs59.7
Source: Centrum Broking	

#### Shareholding pattern

	Mar-25	Dec-24	Sep-24	Jun-24
Promoter	0.0	0.0	35.4	37.4
FII's	25.7	27.1	19.6	21.0
DII's	28.5	25.3	15.2	11.6
Public/other	45.8	47.6	29.8	30.0

Source: BSE

#### Centrum estimates vs Actual results

YE Mar (Rs mn)	Centrum Q4FY25	Actual Q4FY25	Variance (%)
NII	52,499	49,076	-6.5
PPOP	19,491	17,948	-7.9
Provision	13,430	14,505	8.0
PAT	4,534	2,956	-34.8

Source: Bloomberg, Centrum Broking



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## Thesis Snapshot

### Estimate revision

YE Mar (Rs bn)	FY26E New	FY26E Old	% chg	FY27E New	FY27E Old	% chg
NII	238.1	236.4	0.7	298.4	310.1	-3.8
PPoP	91.9	93.3	-1.6	119.6	135.2	-11.5
PAT	31.4	32.5	-3.3	45.0	55.3	-18.5

Source: Centrum Broking

### IDFC First Bank versus NIFTY Midcap 100

	1m	6m	1 year
IDFCB IN	15.2	0.9	(20.8)
NIFTY Midcap 100	3.1	(3.1)	6.7

Source: Bloomberg, NSE

### Key assumptions

Y/E Mar	FY26E	FY27E
AUM Growth	19.7	19.8
NII Growth	23.4	25.4
Other Inc./Asset	2.1	2.0
Opex/Assets	5.8	5.7
Provision Cost/Avg. AUM	1.9	1.9

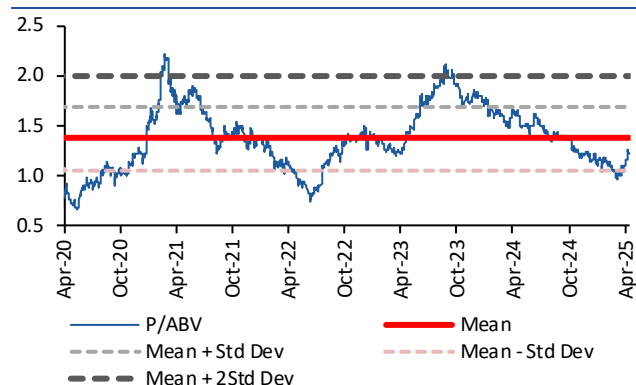
Source: Centrum Broking

### Valuations

In light of the weaker macroeconomic outlook and delays in meeting return targets, we maintain our REDUCE rating. We have revised our target price to Rs59 (previously Rs61), applying a 1x multiple to FY27E ABV.

Valuations	Rs/share
ABV/Share FY27E	59.0
Multiple (x)	1.0
Target Price (Rs)	59
Downside to CMP	-11%

### P/ABV mean and standard deviation



Source: Bloomberg, Centrum Broking

### Peer comparison

Company	EPS (Rs)				BVPS (Rs)				RoAA (%)				RoAE (%)			
	FY24A	FY25A	FY26E	FY27E	FY24A	FY25A	FY26E	FY27E	FY24A	FY25A	FY26E	FY27E	FY24A	FY25A	FY26E	FY27E
City Union Bank	13.6	15.1	16.6	18.8	113.4	124.8	139.6	156.5	1.5	1.5	1.5	1.5	12.8	12.6	12.4	12.4
Federal Bank	7.4	10.7	15.1	10.6	119.4	135.4	153.5	173.6	1.3	1.3	1.3	1.2	14.7	13.3	13.5	13.2
Bandhan Bank	20.8	11.8	21.3	25.7	245.2	257.8	276.6	299.8	1.0	0.5	0.8	0.9	8.9	4.7	8.0	8.9
RBL BANK	20.8	11.8	21.3	25.7	245.2	257.8	276.6	299.8	1.0	0.5	0.8	0.9	8.9	4.7	8.0	8.9
Average	15.7	12.4	18.6	20.2	180.8	194.0	211.6	232.4	1.2	1.0	1.1	1.1	11.3	8.8	10.5	10.9
IDFCBK	4.2	1.7	3.7	5.3	45.6	52.1	56.9	62.2	1.1	0.4	0.8	0.9	10.1	3.5	7.2	8.8

Company	Mcap (Rs bn)	P/E (x)				P/BV (x)			
		FY24A	FY25A	FY26E	FY27E	FY24A	FY25A	FY26E	FY27E
City Union Bank	1,31,440	12.7	11.7	10.7	9.5	1.5	1.4	1.3	1.1
Federal Bank	4,82,570	12.8	11.6	10.1	9.1	1.3	1.2	1.0	0.9
Bandhan Bank	2,66,540	10.9	8.7	7.5	6.3	1.1	1.1	1.0	0.9
RBL BANK	1,14,360	9.0	15.9	8.8	7.3	0.8	0.7	0.7	0.7
Average		11.4	12.0	9.3	8.1	1.2	1.1	1.0	0.9
IDFCBK	599,530	15.9	39.3	18.0	12.6	1.4	1.3	1.2	1.1

Source: Company, Centrum Broking; Peers: Bloomberg estimates

**Exhibit 1: Key conference call takeaways and metrics**

Centrum Quarterly Monitor	Q3FY25	Q4FY25	Our Comments
<b>Margins and Profitability</b>	<ul style="list-style-type: none"> <li>Credit costs, excluding MFI, remain stable at ~1.8%, while elevated MFI credit costs are expected to normalize by FY26.</li> <li>The bank targets a RoA of ~2% by FY27 with a reduction in the CTI ratio to ~65%.</li> </ul>	<ul style="list-style-type: none"> <li>The bank targets a RoA of ~2% by FY27 with a reduction in the CTI ratio to ~65%.</li> <li>Target to reach mid teen (15%) RoEs in next 4-5years</li> </ul>	<ul style="list-style-type: none"> <li>We have factored higher credit cost in our numbers – 2.4% which we maintain.</li> </ul>
<b>Asset quality</b>	<ul style="list-style-type: none"> <li>MFI stress persists, with SMA-1 &amp; SMA-2 rising to 4.56% in Q3FY25, but recovery is expected in FY26.</li> <li>Ex-MFI SMA levels show improvement, reflecting strong collection and underwriting practices.</li> </ul>	<ul style="list-style-type: none"> <li>The gross slippages for MFI business increased from Rs437cr in 3QFY25 to Rs572cr in 4QFY25; slippages excluding microfinance business was lower by ~Rs150cr on a QoQ basis.</li> </ul>	<ul style="list-style-type: none"> <li>In terms of asset quality, we have factored in ~3.6% slippage for FY26 going ahead.</li> </ul>
<b>Outlook and guidance</b>	<ul style="list-style-type: none"> <li>Loan and deposit growth are projected at ~20% and ~24% for FY26, respectively, with MFI recovery anticipated by FY26.</li> <li>Focus remains on scaling retail deposits and leveraging technology to improve cost efficiency.</li> </ul>	<ul style="list-style-type: none"> <li>Loan and deposit growth are projected at ~20% and ~22% for FY26, respectively, with MFI recovery anticipated by FY26.</li> </ul>	<ul style="list-style-type: none"> <li>We have marginally pruned our estimates for FY26, with the bank now expected to achieve RoE above the cost of equity only by FY27.</li> </ul>

Source: Centrum Broking, Company

## Earnings concall KTAs

### Opening remarks:

### Guidance for FY26

- Loan book - +20%.
- Deposits - +22%.
- FY26 NIMs to be down by 10bps vs. 4QFY25.
- Opex growth - ~12-13%. Improvement in CTI to 65% by FY27.
- CASA to be maintained at current levels.
- Credit cost – 2.46% in FY25 will come down 1.9%.
- Target to reach mid teen (15%) RoEs in next 4-5years.

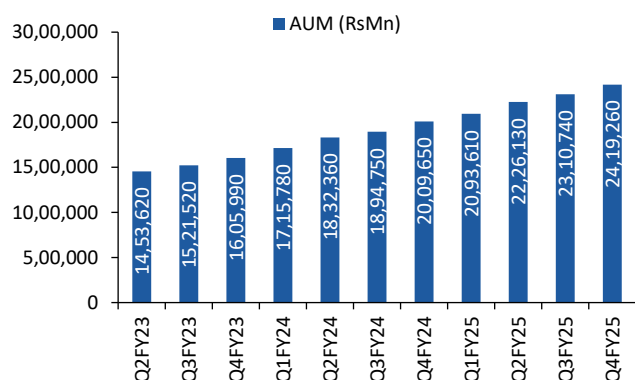
### Asset quality and margins

- The gross slippages for MFI business increased from Rs437cr in 3QFY25 to Rs572cr in 4QFY25; slippages excluding microfinance business was lower by ~Rs150cr on a QoQ basis.
- SMA-1 & SMA-2 portfolio as % of Retail, Rural & MSME Loan Book (Excluding MFI) is stable.
- Recent MFIN guardrails are already implemented at the Bank.
- Combined, SMA 1 & SMA 2 and GNPA – PCR 72% - MFI.
- SMA 0 – Rs275cr to 152cr in 4QFY25 on QoQ - MFI.
- SMA 1 & 2 – Rs501cr to 488cr in 4QFY25 on QoQ - MFI.
- Credit cost for MFI – 10.5%.
- April CE MFI – continues to be robust like March, 2025.
- Loan book mix - Fixed – 61%; Floating – 39%.

## Others

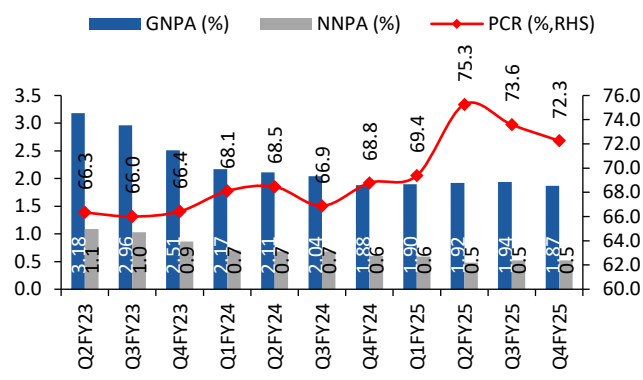
- CDR – 94%.
- Credit Card business has achieved break even in FY25 (within 4 years of launch).
- Post conversion into equity and proposed dividend, the CRAR would be 18.20% and Tier-I will be 15.89%, if calculated on March 31, 2025 numbers.
- SA rates reduced in Feb and more expected soon.
- On TD rates by (may be 70bps) also on anvil.
- Current SA rates – 5.9% and expected to be 5.7% rate after change.
- LCR – small adverse impact of LCR guidelines due to higher share of retail share.
- CCPS – VWAP for 45days above Rs60 and gets converted. 8% interest cost till then.
- CA and SA mix – CA ~8% and ~39% SA.

**Exhibit 2: AUM growth trend**



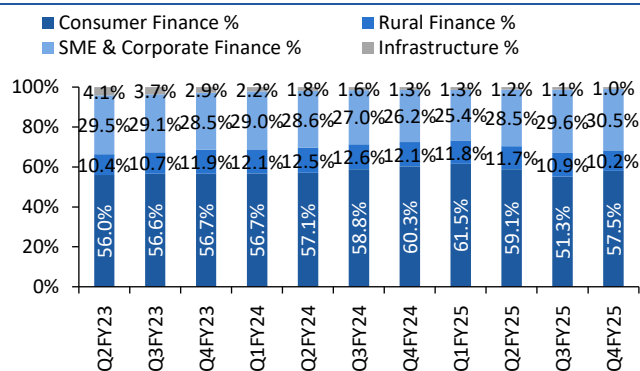
Source: Company Data, Centrum Broking

**Exhibit 3: GNPA and NNPA trend**



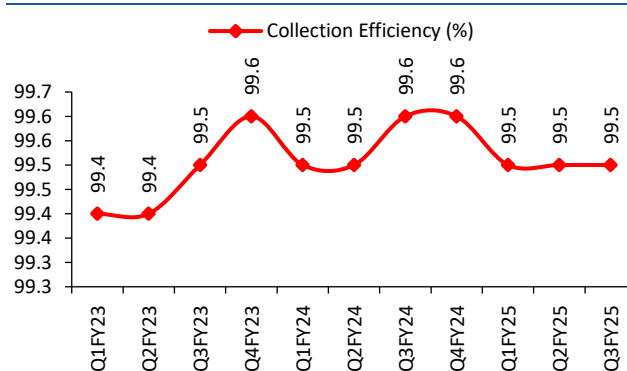
Source: Company Data, Centrum Broking

**Exhibit 4: Advances trend**



Source: Company, Centrum Broking

**Exhibit 5: Collection efficiency trend**



Source: Company, Centrum Broking

**Exhibit 6: Quarterly financial Snapshot**

Income statement	Q2FY23	Q3FY23	Q4FY23	Q1FY24	Q2FY24	Q3FY24	Q4FY24	Q1FY25	Q2FY25	Q3FY25	Q4FY25
Interest earned	54,698	59,119	64,244	68,689	73,563	78,795	82,205	87,887	89,570	93,430	94,129
Interest expended	24,673	26,259	28,271	31,224	34,056	35,924	37,500	40,933	41,687	44,405	45,053
<b>Net Interest Income</b>	<b>30,025</b>	<b>32,860</b>	<b>35,974</b>	<b>37,465</b>	<b>39,507</b>	<b>42,872</b>	<b>44,705</b>	<b>46,954</b>	<b>47,883</b>	<b>49,025</b>	<b>49,076</b>
Other income	10,614	11,524	13,978	13,636	14,095	15,166	16,420	15,740	17,273	17,799	18,955
<b>Total Income</b>	<b>40,639</b>	<b>44,384</b>	<b>49,952</b>	<b>51,101</b>	<b>53,602</b>	<b>58,037</b>	<b>61,125</b>	<b>62,694</b>	<b>65,156</b>	<b>66,824</b>	<b>68,031</b>
<b>Operating Expenses</b>	<b>28,795</b>	<b>31,615</b>	<b>34,184</b>	<b>36,377</b>	<b>38,490</b>	<b>42,192</b>	<b>44,418</b>	<b>44,225</b>	<b>45,386</b>	<b>49,223</b>	<b>50,083</b>
Employees	10,447	10,880	11,897	13,331	13,773	14,046	15,187	15,342	16,170	16,144	17,363
Others	18,349	20,735	22,286	23,046	24,717	28,146	29,232	28,883	29,216	33,079	32,720
<b>Operating profit</b>	<b>11,843</b>	<b>12,769</b>	<b>15,768</b>	<b>14,724</b>	<b>15,112</b>	<b>15,846</b>	<b>16,707</b>	<b>18,470</b>	<b>19,770</b>	<b>17,601</b>	<b>17,948</b>
Provisions	4,242	4,502	4,824	4,762	5,284	6,548	7,223	9,944	17,319	13,379	14,505
<b>Profit before tax</b>	<b>7,602</b>	<b>8,267</b>	<b>10,944</b>	<b>9,962</b>	<b>9,828</b>	<b>9,297</b>	<b>9,484</b>	<b>8,526</b>	<b>2,451</b>	<b>4,222</b>	<b>3,443</b>
Taxes	1,930	2,101	2,783	2,647	2,360	1,977	2,165	2,100	332	820	487
<b>Net Profit</b>	<b>5,672</b>	<b>6,166</b>	<b>8,161</b>	<b>7,315</b>	<b>7,469</b>	<b>7,321</b>	<b>7,319</b>	<b>6,426</b>	<b>2,120</b>	<b>3,402</b>	<b>2,956</b>
<b>Balance sheet</b>											
Shareholders' funds	2,21,528	2,26,980	2,58,476	2,65,310	2,77,637	3,14,510	3,22,736	3,35,176	3,69,761	3,78,871	3,81,558
Borrowings	5,66,430	5,44,060	5,72,121	5,57,410	5,31,655	4,51,090	5,09,357	5,18,736	4,63,515	4,63,984	3,89,838
Deposits	12,34,141	13,30,380	14,44,695	15,44,270	17,11,148	18,25,490	20,05,702	20,96,282	22,35,582	23,68,274	25,20,102
Other liabilities	1,06,069	1,12,320	1,23,529	1,22,510	1,26,763	1,16,290	1,24,303	1,18,932	1,36,659	1,48,439	1,47,589
<b>Total liabilities</b>	<b>21,28,168</b>	<b>22,13,740</b>	<b>23,98,821</b>	<b>24,89,500</b>	<b>26,47,203</b>	<b>27,07,380</b>	<b>29,62,098</b>	<b>30,69,126</b>	<b>32,05,517</b>	<b>33,59,568</b>	<b>34,39,087</b>
Cash&bank	1,48,505	1,23,190	1,37,787	1,32,070	1,30,498	1,14,330	1,24,812	1,69,794	1,45,828	1,58,510	1,50,991
Advances	13,47,619	14,71,090	15,17,945	16,73,740	17,48,138	18,55,030	19,45,924	20,25,681	21,50,613	22,31,039	23,31,125
Investments	5,03,762	5,10,160	6,09,133	5,62,690	6,29,224	6,03,960	7,45,001	7,34,139	7,61,180	8,08,228	8,05,052
Fixed assets	16,466	19,020	21,331	22,850	25,164	25,020	26,746	27,847	28,213	27,639	27,362
Other assets	1,11,815	90,280	1,12,625	98,150	1,14,179	1,09,040	1,19,616	1,11,665	1,19,683	1,34,152	1,24,557
<b>Total assets</b>	<b>21,28,168</b>	<b>22,13,740</b>	<b>23,98,821</b>	<b>24,89,500</b>	<b>26,47,203</b>	<b>27,07,380</b>	<b>29,62,098</b>	<b>30,69,126</b>	<b>32,05,517</b>	<b>33,59,568</b>	<b>34,39,087</b>
<b>Balance sheet(%)</b>											
Loan growth	22.0	31.8	26.4	28.8	26.3	29.7	26.1	28.2	21.0	23.0	19.8
Deposit growth	24.1	36.8	43.4	36.9	36.2	38.7	37.2	38.8	35.7	30.6	25.6
Loans/Deposits	116.9	109.2	110.6	105.1	108.4	102.2	101.6	97.0	96.6	96.2	92.5
Investment /Deposits	41.5	40.8	38.3	42.2	36.4	36.8	33.1	37.1	35.0	34.0	31.9
<b>Capital Adequacy</b>											
Tier-1	14.0	13.7	13.5	14.2	13.7	13.5	14.0	13.4	13.3	14.1	13.2
Tier-2	1.8	1.7	2.6	2.6	3.3	3.1	2.8	2.8	2.3	2.5	2.3
CRAR	15.8	15.4	16.1	16.8	17.0	16.5	16.7	16.1	15.6	16.6	15.5
<b>Profitability(%)</b>											
Yield on assets	10.8	11.4	11.7	11.9	11.9	12.1	12.5	12.2	12.4	12.1	11.7
Cost of funds	5.3	5.7	5.7	5.8	6.1	6.3	6.4	6.3	6.4	6.3	6.3
NIM	6.0	6.3	6.5	6.6	6.5	6.5	6.8	6.7	6.6	6.5	6.1
Other income/Assets	1.8	2.1	2.1	2.4	2.2	2.2	2.3	2.3	2.1	2.2	2.2
Cost/Income	73.4	70.9	71.2	68.4	71.2	71.8	72.7	72.7	70.5	69.7	73.6
Employees	26.5	25.7	24.5	23.8	26.1	25.7	24.2	24.8	24.5	24.8	25.5
Others	46.9	45.2	46.7	44.6	45.1	46.1	48.5	47.8	46.1	44.8	48.1
Cost/Assets	5.4	5.6	5.8	5.9	6.0	6.0	6.3	6.3	5.9	5.8	5.9
RoA	1.0	1.1	1.1	1.4	1.2	1.2	1.1	1.0	0.9	0.3	0.3
RoE	9.1	10.4	11.0	13.4	11.2	11.0	9.9	9.2	7.8	2.4	3.1
<b>Asset quality(%)</b>											
GNPA	3.36	3.18	2.96	2.51	2.17	2.11	2.04	1.88	1.9	1.92	1.87
NNPA	1.3	1.09	1.03	0.86	0.7	0.68	0.68	0.6	0.59	0.48	0.52
PCR	62.0	66.3	66.0	66.4	68.1	68.5	66.9	68.8	69.4	75.3	72.3
Credit Cost on gross AUM	0.9	1.2	1.2	1.2	1.1	1.2	1.4	1.5	1.9	3.2	2.5
Loan/Deposit	121.5	117.8	114.4	111.2	111.1	107.1	103.8	100.2	99.9	99.6	96.0

Source: Company, Centrum Broking

**Exhibit 7: ROAE Tree**

	FY18	FY19	FY20	FY21	FY22	FY23	FY24	FY25	FY26E	FY27E
Total Assets	12,63,820	16,70,989	14,91,586	16,30,715	19,01,457	23,98,821	29,62,098	34,39,087	43,05,848	53,42,980
Average total assets	11,92,232	14,67,405	15,81,287	15,61,150	17,66,086	21,50,139	26,80,459	32,00,593	38,72,468	48,24,414
Equity	1,52,741	1,81,994	1,54,035	1,78,997	2,10,821	2,58,476	3,22,736	3,81,558	4,87,954	5,33,027
Average Equity	1,49,757	1,67,367	1,68,014	1,66,516	1,94,909	2,34,648	2,90,606	3,52,147	4,34,756	5,10,490
Interest Income on term loans/ Average total assets	4.1%	5.3%	7.6%	8.1%	8.0%	8.9%	9.7%	9.6%	9.6%	9.6%
Income on investments/money with RBI/other banks / Average total assets	3.4%	2.7%	2.5%	2.0%	1.6%	1.6%	1.6%	1.7%	1.5%	1.5%
Non-Interest Income/ Average total assets	0.9%	0.6%	1.1%	1.4%	1.8%	2.0%	2.2%	2.2%	2.1%	2.0%
<b>Total Income/ Average total assets</b>	<b>8.4%</b>	<b>8.6%</b>	<b>11.2%</b>	<b>11.5%</b>	<b>11.4%</b>	<b>12.5%</b>	<b>13.5%</b>	<b>13.5%</b>	<b>13.1%</b>	<b>13.1%</b>
Interest on Deposits, borrowings and debt securities / Average total assets	6.0%	6.0%	6.5%	5.5%	4.2%	4.7%	5.17%	5.38%	5.03%	5.02%
<b>Net Interest Income / Average total assets</b>	<b>1.7%</b>	<b>2.2%</b>	<b>3.8%</b>	<b>4.7%</b>	<b>5.5%</b>	<b>5.9%</b>	<b>6.1%</b>	<b>6.0%</b>	<b>6.1%</b>	<b>6.2%</b>
<b>Net Total Income/ Average total assets</b>	<b>2.6%</b>	<b>2.8%</b>	<b>4.9%</b>	<b>6.1%</b>	<b>7.3%</b>	<b>7.9%</b>	<b>8.4%</b>	<b>8.2%</b>	<b>8.2%</b>	<b>8.2%</b>
Operating Expenses / Average total assets	1.5%	2.4%	3.6%	4.5%	5.4%	5.6%	6.0%	5.9%	5.8%	5.7%
<b>PPOP/Average total assets</b>	<b>1.1%</b>	<b>0.4%</b>	<b>1.2%</b>	<b>1.6%</b>	<b>1.9%</b>	<b>2.3%</b>	<b>2.3%</b>	<b>2.3%</b>	<b>2.4%</b>	<b>2.5%</b>
Provision Cost / Average total assets	0.1%	0.3%	0.4%	1.3%	1.8%	0.8%	0.9%	1.7%	1.3%	1.2%
<b>Profit before tax / Average total assets</b>	<b>1.0%</b>	<b>0.0%</b>	<b>0.8%</b>	<b>0.3%</b>	<b>0.1%</b>	<b>1.5%</b>	<b>1.4%</b>	<b>0.6%</b>	<b>1.1%</b>	<b>1.2%</b>
Tax expense/ Average total assets	0.2%	-0.9%	0.3%	0.0%	0.0%	0.4%	0.3%	0.1%	0.3%	0.3%
One-time adjustment/Average Total Assets	0.0%	1.7%	1.6%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
<b>RoAA (before Share of Associate)</b>	<b>0.8%</b>	<b>1.0%</b>	<b>0.5%</b>	<b>0.3%</b>	<b>0.1%</b>	<b>1.1%</b>	<b>1.1%</b>	<b>0.5%</b>	<b>0.8%</b>	<b>0.9%</b>
Leverage (Average total assets/average Equity or average Net-worth)	7.96	8.77	9.41	9.38	9.06	9.16	9.22	9.09	8.91	9.45
<b>RoAE</b>	<b>6.4%</b>	<b>8.4%</b>	<b>4.9%</b>	<b>2.9%</b>	<b>0.7%</b>	<b>10.1%</b>	<b>10.1%</b>	<b>4.2%</b>	<b>7.2%</b>	<b>8.8%</b>

Source: Company, Centrum Broking

P&L					
YE Mar (Rs mn)	FY23A	FY24A	FY25A	FY26E	FY27E
Interest earned	2,27,278	3,03,251	3,65,016	4,32,645	5,40,641
Interest expended	1,00,906	1,38,703	1,72,078	1,94,594	2,42,235
<b>Net Interest Income</b>	<b>1,26,372</b>	<b>1,64,548</b>	<b>1,92,938</b>	<b>2,38,052</b>	<b>2,98,406</b>
Other income	43,532	59,317	67,168	80,319	96,510
<b>Total Income</b>	<b>1,69,904</b>	<b>2,23,865</b>	<b>2,60,107</b>	<b>3,18,370</b>	<b>3,94,916</b>
<b>Operating Expenses</b>	<b>1,21,082</b>	<b>1,61,477</b>	<b>1,88,916</b>	<b>2,26,506</b>	<b>2,75,291</b>
Employees	42,786	56,337	65,018	79,630	97,985
Others	78,297	1,05,141	1,23,898	1,46,877	1,77,306
<b>PPoP</b>	<b>48,821</b>	<b>62,388</b>	<b>71,191</b>	<b>91,864</b>	<b>1,19,625</b>
Provisions	16,648	23,817	55,147	50,003	59,528
<b>Profit before tax</b>	<b>32,173</b>	<b>38,572</b>	<b>16,043</b>	<b>41,861</b>	<b>60,097</b>
Taxes	8,465	9,148	3,738	10,465	15,024
<b>Net Profit</b>	<b>23,708</b>	<b>29,424</b>	<b>12,305</b>	<b>31,396</b>	<b>45,073</b>

Ratios					
YE Mar	FY23A	FY24A	FY25A	FY26E	FY27E
<b>Growth (%)</b>					
Loans	28.8	28.2	19.8	20.0	24.0
Deposits	36.9	38.8	25.6	23.3	24.0
RWA growth	28.8	29.7	22.0	26.8	20.4
NII	30.2	30.2	17.3	23.4	25.4
Other income	(17.4)	11.6	13.3	11.8	7.6
Opex	290.6	277.4	17.0	19.9	21.5
PPoP	48.7	27.8	14.1	29.0	30.2
Provisions	(46.4)	43.1	131.6	(9.3)	19.0
Net profit	1,752.3	20.1	(58.2)	155.1	43.6
<b>Profitability (%)</b>					
Yield on assets	11.2	12.2	12.2	12.0	12.4
Cost of funds	5.6	6.1	6.3	5.9	5.8
NIM	6.3	6.6	6.5	6.6	6.8
Other income / Total inc.	25.6	26.5	25.8	25.2	24.4
Other inc. / avg assets	2.0	2.2	2.2	2.1	2.0
Cost/Income	71.3	72.1	72.6	71.1	69.7
Employee	46.1	25.2	25.0	25.0	24.8
Other	46.1	47.0	47.6	46.1	44.9
Opex/ Avg assets	5.6	6.0	5.9	5.8	5.7
Provisioning cost	1.2	1.4	2.6	2.0	1.9
Tax rate	26.3	23.7	23.3	25.0	25.0
RoE	10.4	10.1	3.5	7.2	8.8
RoA	1.1	1.1	0.4	0.8	0.9
RoRWA	1.6	1.5	0.5	1.0	1.2
<b>Du-pont (%)</b>					
Interest income	10.6	11.3	11.4	11.2	11.2
Interest expenses	4.7	5.2	5.4	5.0	5.0
<b>NII</b>	<b>5.9</b>	<b>6.1</b>	<b>6.0</b>	<b>6.1</b>	<b>6.2</b>
Other income	2.0	2.2	2.2	2.1	2.0
<b>Total income</b>	<b>7.9</b>	<b>8.4</b>	<b>8.2</b>	<b>8.2</b>	<b>8.2</b>
Operating expenses	5.6	6.0	5.9	5.8	5.7
Employee	2.0	2.1	2.0	2.1	2.0
Other	3.6	3.9	3.9	3.8	3.7
<b>PPOP</b>	<b>2.3</b>	<b>2.3</b>	<b>2.3</b>	<b>2.4</b>	<b>2.5</b>
Provisions	0.8	0.9	1.7	1.3	1.2
<b>PBT</b>	<b>1.5</b>	<b>1.4</b>	<b>0.6</b>	<b>1.1</b>	<b>1.2</b>
Tax	0.4	0.3	0.1	0.3	0.3
<b>RoA</b>	<b>1.1</b>	<b>1.1</b>	<b>0.4</b>	<b>0.8</b>	<b>0.9</b>

Source: Company, Centrum Broking

Balance sheet					
YE Mar (Rs mn)	FY23A	FY24A	FY25A	FY26E	FY27E
Share capital	66,552	71,289	74,708	87,208	87,208
Reserves & surplus	1,91,923	2,51,447	3,06,850	4,00,745	4,45,818
Deposits	14,44,695	20,05,702	25,20,102	31,08,167	38,54,127
Borrowings	5,72,121	5,09,356	3,89,838	5,91,440	7,96,522
Other Liabilities	1,23,529	1,24,305	1,47,589	1,18,288	1,59,304
<b>Total liabilities</b>	<b>23,98,821</b>	<b>29,62,098</b>	<b>34,39,088</b>	<b>43,05,848</b>	<b>53,42,980</b>
Cash balances with RBI	1,05,623	1,09,885	1,39,855	1,86,490	2,31,248
Balances with banks	32,164	14,927	11,136	40,406	50,104
Investments	6,09,133	7,45,001	8,05,052	10,25,695	12,71,862
Advances	15,17,945	19,45,924	23,31,125	27,97,350	34,68,715
Fixed Assets	21,331	26,746	27,362	36,938	49,867
Other Assets	1,12,625	1,19,616	1,24,557	2,18,968	2,71,186
<b>Total assets</b>	<b>23,98,821</b>	<b>29,62,098</b>	<b>34,39,088</b>	<b>43,05,848</b>	<b>53,42,980</b>

Ratios					
YE Mar (Rs mn)	FY23A	FY24A	FY25A	FY26E	FY27E
<b>Balance Sheet (%)</b>					
Loans / Deposits	105.1	97.0	92.5	90.0	90.0
Investments / Deposits	42.2	37.1	31.9	33.0	33.0
CASA	49.7	47.2	47.0	47.0	47.0
Assets/equity (x)	9.3	9.2	9.0	8.8	10.0
RWA / Total assets	72.9	76.5	80.4	81.4	79.0
<b>Capital ratios (%)</b>					
CET-1	14.2	13.8	13.2	13.4	12.2
Tier-1	14.2	13.8	13.2	13.4	12.2
Tier-2	2.6	2.7	2.3	1.8	1.5
CRAR	16.8	16.5	15.5	15.3	13.7
<b>Asset quality ratios (%)</b>					
GNPA (Rs mn)	38,845	37,180	44,330	71,578	73,451
NNPA (Rs mn)	13,041	11,605	11,620	22,790	20,966
GNPA	2.4	1.9	1.8	2.5	2.1
NNPA	0.9	0.6	0.5	0.8	0.6
PCR	66.4	68.8	73.8	68.2	71.5
Slippage	3.6	3.4	4.2	3.6	3.6
NNPA / Equity	5.0	3.6	3.0	4.7	3.9
<b>Per share</b>					
EPS	3.7	4.2	1.7	3.7	5.3
BVPS	39.1	45.6	52.1	56.9	62.2
ABVPS	37.1	44.0	50.5	54.3	59.7
<b>Valuation (x)</b>					
P/E	17.8	15.9	39.3	18.0	12.6
P/BV	1.7	1.4	1.3	1.2	1.1
P/ABV	1.8	1.5	1.3	1.2	1.1

Source: Company, Centrum Broking



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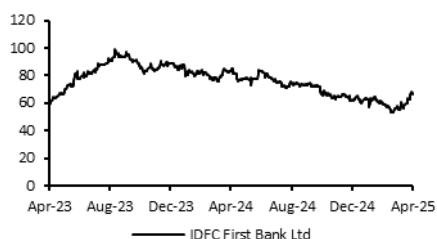
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#### IDFC First Bank Ltd



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Mutual Fund Distributor

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