

January 25, 2025

RESULT REPORT Q3 FY25 | Sector: Banks

IDFC First Bank Ltd

Initiated with cautionary report in March 2023, IDFCB reaches then price target

Our view – Valuation still precludes an upgrade, in our opinion

Asset Quality – Slippages rose on sequential basis from already elevated levels, with microfinance being the key reason: Gross NPA additions amounted to Rs 21.92bn for 3QFY25, translating to an annualized slippage ratio of 3.9% for the quarter. Of the QoQ incremental gross slippages of Rs 1.62bn in 3QFY25, Rs 1.43bn was contributed by the microfinance business. MFI slippages are expected to peak in 4QFY25 and trend lower from 1QFY26. Provisions were Rs 13.38bn, down by -22.8% QoQ but up by 104.3% YoY. The annualized credit cost was at 240bps, down -86bps QoQ. Excluding the micro-finance portfolio, the annualized credit cost for Q3FY25 was stable at 180bps. Again, excluding microfinance, the credit cost in 4QFY25 would be around 180-190bps.

Net Interest Margin – NIM declined materially on sequential basis due to multiple factors: NIM was at 6.04%, down -14bps QoQ and -38bps YoY. The breakdown of the 14 bps sequential decline was: (1) 6 bps due to lower microfinance lending (2) 5 bps due to higher wholesale lending and (3) 3 bps due to tighter liquidity driving higher cost of funds.

Balance sheet growth – Relatively high balance sheet growth outcomes continued like they have since long: Total gross advances grew by 22% YoY. Total customer deposits were up 28.8% YoY to Rs 2,273bn. Management stated that, in FY26, total advances are to grow by 18-20% and total deposits are to grow by 22-23%.

We maintain a less-than-bullish 'ADD' rating on IDFCB with a revised price target of Rs 70: We value the bank at 1.3x FY26 P/BV for an FY25/26/27E RoE profile of 4.5%/11.0/14.7%. We had initiated IDFCB with a cautionary [report dated March 2023](#) and reiterated our cautious stance in another [report dated April 2024](#).

(See Comprehensive con call takeaways on page 2 for significant incremental colour.)

Result Highlights (See "Our View" above for elaboration and insight)

- **Opex control:** Total cost to income ratio at 73.7% was up by 379/60bps QoQ/YoY and the Cost to assets was at 6.0% up/down by 19/-33bps QoQ/YoY
- **Fee income:** Core fee income to average assets was at 2.1%, up/down 7/-5bps QoQ/YoY.

Exhibit 1: Result table

Particulars (Rs mn)	Q3FY25	Q2FY25	% qoq	Q3FY24	% yoy
Total Interest Income	93,430	89,569	4.3	78,794	18.6
Interest Expense	(44,410)	(41,691)	6.5	(35,928)	23.6
Net Interest Income	49,021	47,879	2.4	42,866	14.4
Fee Income	17,570	16,220	8.3	14,690	19.6
Non-fee Income	229	1,053	(78.3)	476	(51.9)
Total Non-Interest Income	17,799	17,273	3.0	15,166	17.4
Total Income	66,819	65,152	2.6	58,031	15.1
Employee Expense	(14,203)	(14,241)	(0.3)	(12,217)	16.3
Non-employee Opex	(35,026)	(31,292)	11.9	(30,190)	16.0
Total Operating expenses	(49,230)	(45,533)	8.1	(42,407)	16.1
PPOP	17,589	19,619	(10.3)	15,625	12.6
Provisions	(13,379)	(17,319)	(22.8)	(6,548)	104.3
PBT	4,210	2,299	83.1	9,077	(53.6)
Tax	(816)	(292)	179.2	(1,920)	(57.5)
PAT	3,394	2,007	69.1	7,157	(52.6)

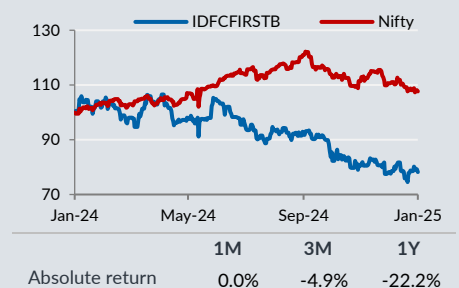
Source: Company, YES Sec-Research

Recommendation	: ADD
Current Price	: Rs 62
Target Price	: Rs 70
Potential Return	: +12%

Stock data (as on January 25, 2025)

Nifty	23,092
52 Week h/l (Rs)	86 / 59
Market cap (Rs/USD mn)	462011 / 5360
Outstanding Shares (mn)	7,321
6m Avg t/o (Rs mn):	2,403
Div yield (%):	-
Bloomberg code:	IDFCFB IN
NSE code:	IDFCFIRSTB

Stock performance



Shareholding pattern (As of Oct'24 end)

Promoter	0.0%
FII+DII	52.7%
Others	47.3%

Δ in stance

(1-Yr)	New	Old
Rating	ADD	ADD
Target Price	70	74

Financial Summary

(Rs mn)	FY25E	FY26E	FY27E
NII	194,491	233,395	283,642
PPOP	74,481	101,514	134,576
Net Profit	15,410	42,555	62,961
Growth (%)	-47.9	176.2	48.0
EPS (Rs)	2.1	5.8	8.6
BVPS (Rs)	51	55	62
P/E (x)	29.5	10.7	7.2
P/BV (x)	1.2	1.1	1.0
ROE (%)	4.4	11.0	14.7
ROA (%)	0.5	1.1	1.3
Tier-1 (%)	12.9	11.5	10.8

Δ in earnings estimates

Rs.	FY25E	FY26E	FY27E
EPS (New)	2.1	5.8	8.6
EPS (Old)	3.2	7.1	9.1
% change	-35.0%	-17.5%	-5.2%

SHIVAJI THAPLIYAL

Head of Research (Overall)
& Lead Sector Research Analyst

☎ +91 22 6992 2932



SIDDHARTH RAJPUROHIT, Analyst

SURAJ SINGHANIA, Associate

COMPREHENSIVE CON-CALL TAKEAWAYS

Asset quality

- **Slippages**
 - Gross NPA additions amounted to Rs 21.92bn for 3QFY25, translating to an annualized slippage ratio of 3.9% for the quarter. (Gross NPA additions had amounted to Rs 20.31bn during 2QFY25.)
 - Of the QoQ incremental gross slippages of Rs 1.62bn in 3QFY25, Rs 1.43bn was contributed by the microfinance business.
 - Gross slippage on the Retail, MSME, Agri and Corporate Loans, i.e the non-microfinance business was stable QoQ.
 - **Net Slippages**
 - The net slippages were at Rs 15.41bn in 3Q.
 - **MFI Slippages Guidance**
 - The MFI slippages are expected to peak in 4QFY25.
 - The MFI slippages are expected to trend lower from 1QFY26.
- **Provisions**
 - **P&L provisions**
 - Provisions were Rs 13.38bn, down by -22.8% QoQ but up by 104.3% YoY.
 - Provisions were driven by the higher slippages in in the Microfinance book.
 - The annualized credit cost was at 240bps, down -86bps QoQ.
 - The Bank has not utilized any micro-finance provision buffers in Q3FY25 during the quarter.
 - **Adjusted credit cost**
 - Excluding the micro-finance portfolio, the annualized credit cost for Q3FY25 was stable at 180bps.
 - **Credit cost guidance**
 - Excluding microfinance, the credit cost in 4QFY25 would be around 180-190bps.
 - **More on Microfinance**
 - The credit cost on microfinance book including contingency buffer has amounted to 8% in 9MFY25.
 - The company holds 70% coverage on the total NPA and SMA book.
 - **Insured book**
 - Incremental booking since January 2024 has been insured and hence, 58% of the book is insured.
 - **Recovery**
 - The recovery on the insured book will be around 70%.
 - **Provisioning Policy**
 - For microfinance, the bank provides 75% of the book on 90DPD and 100% of the Book on 120DPD.
- **GNPA ratio**
 - GNPA ratio stands at 1.94%, up 2bps QoQ but down -10bps YoY while NNPA ratio stands at 0.52%, up 4bps QoQ but down -16bps YoY.
 - Excluding micro-finance business, the GNPA was at 1.81% for 3QFY25 as compared to 1.88% for 2QFY25.
 - Gross NPA of the Retail, Rural and MSME Finance stood at 1.63% for 3QFY25 as compared to 1.45% for 3QFY24.

(Con call takeaways continue on the next page)

- **PCR**
 - Provision Coverage ratio was at 73.6%, down -168 bps QoQ.
- **SMA 1 and SMA 2**
 - SMA 1 + SMA 2 for overall Retail, Rural & MSME portfolio (including microfinance business) increased from 0.97% in 2QFY25 to 1.03% in 3QFY25.
 - SMA 1 + SMA 2 of Retail, Rural and MSME Book (excluding micro-finance) improved by 3 bps QoQ to 0.82% in 3Q.
 - The SMA 1 + SMA 2 in the micro-finance business increased to 4.56% in 3QFY25 from 2.54% in 2QFY25.
- **Collection efficiency**
 - Collection Efficiency (early bucket) in micro-finance book was at 98.6%.
- **Restructured book**
 - The standard restructured book was at 0.2% of the funded assets in 3Q Vs 0.22% in 2Q.
 - Around 97% of the standard restructured book is secured and the bank holds 18% provision on this book.
- **Credit cards asset quality**
 - The credit cards book is behaving well for the bank.
- **Recoveries and Upgrades**
 - Recoveries and upgrades for 3QFY25 were at Rs 6.51 bn as compared to Rs 6.38 bn in 2QFY25.

NII and NIM Aspects

- **Net Interest Income**
 - Net interest income has grown by 2.4% QoQ and 14.4% YoY.
 - **Guidance**
 - Net Interest income will grow around 14-14.5% in FY26.
- **NIM for the quarter**
 - NIM was at 6.04%, down -14bps QoQ and -38bps YoY.
 - **Reason for QoQ decline**
 - Around -6bps impact is due to lower MFI business.
 - Around -5bps impact is due to scaling up of the wholesale advances book.
 - Balance -2-3bps is due to higher cost of funds on account of tighter liquidity.
- **Cost of funds**
 - Cost of funds was at 6.49% for 3QFY25, up by 3bp QoQ.
 - Cost of deposits was at 6.38%, stable QoQ.
- **Loan to deposit ratio**
 - The loan to deposit ratio was around 95.7% as of December 2024.
 - The incremental loan to deposit ratio was around 76.5% for 9MFY25.
- **Legacy borrowings**
 - Legacy high-cost borrowing was at Rs 60.68bn as of December 2024, down by Rs 10.14bn in 3QFY25.
 - The legacy borrowing in 4QFY25 would come down by Rs 18.55bn.
- **LCR**
 - LCR was at 144% as at December end.

(Con call takeaways continue on the next page)

Loan growth

- **Overall growth outcome**
 - Total gross advances grew by 22% YoY.
- **Retail assets**
 - Total Retail assets were up 21% YoY.
 - Vehicle loans were up 38.5% YoY.
 - Consumer loans was up 10.2%.
 - **Credit cards**
 - 3.3mn cards were issued till date.
 - The credit card outstanding book was Rs 69.18bn, up 40% YoY.
 - Card spends rose 45% YoY in 9MFY25.
- **Rural assets**
 - Rural assets were up 5.3% YoY.
 - **Microfinance**
 - Microfinance loan have de-grown by -19% YoY.
 - The company does sell any other product to the MFI customers.
 - The company has not yet moved to the new MFI norms of 'number of lenders to an MFI customer', which will be effective from April 2025.
- **Wholesale assets**
 - The corporate loan book was up 28.9% YoY.
- **Guidance**
 - Advances are to grow by 18-20% in FY26.

Deposits growth

- Total customer deposits are up 28.8% YoY to Rs 2,273bn.
- **CASA deposits**
 - CASA ratio was at 47.7%, down by -114bps QoQ.
 - CASA deposits rose 32.3% YoY.
 - Savings accounts grew at 32.9% YoY and Current Accounts at 28.9% YoY.
- **Retail deposits**
 - Retail deposits share in total deposits were at 80%.
- **Guidance**
 - Total deposits are to grow by 22-23% in FY26.

Operating expenses

- **Total opex**
 - Total Opex, at Rs. 49.23 bn, is up 8.1% QoQ and 16.1% YoY.
 - Cost to income ratio came in at 73.7%, up by 379bps QoQ and 60bps YoY.
- **Staff expenses**
 - The staff opex is down by -0.3% QoQ but up by 16.3% YoY.
- **Non-staff expenses**
 - Other opex is up by 11.9% QoQ and 16.0% YoY.

(Con call takeaways continue on the next page)

- **Branch expansion**
 - 10 branches were added during the quarter, taking the total branch count to 971.
- **Credit Card Expenses**
 - The cost to income ratio was at 100% for this business in 9MFY25.
- **Guidance**
 - Credit card business will breakeven in FY26.
- **Guidance**
 - Total Opex is expected to grow around 13% in FY26.
 - The company is having around Rs 20bn expense every year on upgrading and expanding the branch infrastructure including incremental employee etc., which will normalize going forward.

Fee income

- Fee income has grown by 20% YoY in 3QFY25.
- 92% of the fee income is from retail banking operations.

Capital adequacy

- The Bank successfully completed merger with IDFC Ltd in October 2024 through which Rs. 6.18 bn of capital have been added to the net worth whereas, the outstanding share count has reduced by 166mn shares.
- Including profits for 9MFY25 and post the impact of merger, the Capital adequacy ratio was at 16.11% with CET 1 ratio of 13.68%.

RoA

- The RoA for the quarter was 0.41%, up 16bps QoQ.
- **Guidance**
 - The bank targets to reach 1.9-2.0% RoA by FY29.

Exhibit 2: Key quarterly balance sheet / business data

(Rs mn)	Q3FY25	Q2FY25	% qoq	Q3FY24	% yoy	Q3FY25*	chg qoq*	chg yoy*
Gross Advances	2,310,740	2,226,130	3.8	1,894,750	22.0	100.0	0bps	0bps
Consumer Finance	1,349,490	1,307,040	3.2	1,113,970	21.1	58.4	-31bps	-39bps
Home Loan	262,950	254,940	3.1	211,260	24.5	11.4	-7bps	23bps
Loan Against Property	257,820	260,220	(0.9)	218,340	18.1	11.2	-53bps	-37bps
Wheels	252,090	236,550	6.6	182,060	38.5	10.9	28bps	130bps
Consumer Loans	293,450	282,930	3.7	266,240	10.2	12.7	-1bps	-135bps
Education Loans	29,940	28,120	6.5	19,890	50.5	1.3	3bps	25bps
Credit Card	69,180	63,320	9.3	49,460	39.9	3.0	15bps	38bps
Gold Loan	18,960	16,040	18.2	7,750	144.6	0.8	10bps	41bps
Others	165,110	164,920	0.1	158,970	3.9	7.1	-26bps	-124bps
Rural Finance	252,340	259,340	(2.7)	239,550	5.3	10.9	-73bps	-172bps
Micro-Finance Loans	109,970	125,200	(12.2)	136,340	(19.3)	4.8	-87bps	-244bps
Others	142,370	134,140	6.1	103,210	37.9	6.2	14bps	71bps
SME & Corporate Finance	683,450	633,210	7.9	511,290	33.7	29.6	113bps	259bps
of which CV/CE Financing	72,660	68,970	5.4	51,150	42.1	3.1	5bps	44bps
of which Business Banking	90,490	83,580	8.3	66,990	35.1	3.9	16bps	38bps
of which Corporate Loans	393,890	351,910	11.9	281,520	39.9	17.0	124bps	219bps
Infrastructure	25,460	26,540	(4.1)	29,940	(15.0)	1.1	-9bps	-48bps
Total Deposits	2,368,778	2,236,067	5.9	1,825,490	29.8	100.0	0bps	0bps
CASA	1,130,780	1,092,920	3.5	854,920	32.3	47.7	-114bps	90bps
Term	1,237,998	1,143,147	8.3	970,570	27.6	52.3	114bps	-90bps
Investments	810,331	763,283	6.2	603,960	34.2	NA	NA	NA
Investments/(Invest.+Net Adv.), %	26.6	26.2	45bps	24.6	208bps	NA	NA	NA
Borrowings	463,900	463,444	0.1	451,090	2.8	NA	NA	NA
Borrowings/(Borr.+Dep.), %	16.4	17.2	-79bps	19.8	-344bps	NA	NA	NA
RWA	2,654,520	2,560,070	3.7	2,186,080	21.4	NA	NA	NA

Source: Company, YES Sec - Research, *Share in total and change in share

Exhibit 3: Key quarterly ratios

(%)	Q3FY25	Q2FY25	qoq	Q3FY24	yoy
Net interest margin	6.04	6.18	-14bps	6.42	-38bps
CASA	47.7	48.9	-114bps	46.8	90bps
Loan to Deposit ratio	94.2	96.2	-199bps	101.6	-743bps
Non-interest income/Total income	26.6	26.5	12bps	26.1	50bps
Fee Income to Avg. Total Assets	2.1	2.1	7bps	2.2	-5bps
Cost to Income	73.7	69.9	379bps	73.1	60bps
Opex to Avg. Total Assets	6.0	5.8	19bps	6.3	-33bps
Credit Cost	2.4	3.3	-86bps	1.4	96bps
RoE	3.6	2.3	135bps	9.7	-605bps
RoA	0.4	0.3	16bps	1.1	-65bps
Annualised Slippage Ratio*	3.9	3.8	11bps	3.1	89bps
Gross NPA	1.9	1.9	2bps	2.0	-10bps
Net NPA	0.5	0.5	4bps	0.7	-16bps
Provision Coverage	73.6	75.3	-168bps	66.9	671bps
Capital adequacy ratio	15.7	16.0	-36bps	16.7	-108bps
Tier I capital ratio	13.7	13.8	-16bps	14.0	-27bps

Source: Company, YES Sec - Research, * Annualised Gross NPA Addition Ratio

Exhibit 4: Quarterly Actuals Vs Estimates

Q3FY25 (Rs. mn)	Actuals	Estimates	Diff, %
Net Interest Income	49,021	49,783	(1.5)
Pre-Prov. Operating Profit	17,589	19,860	(11.4)
Profit After Tax	3,394	5,880	(42.3)

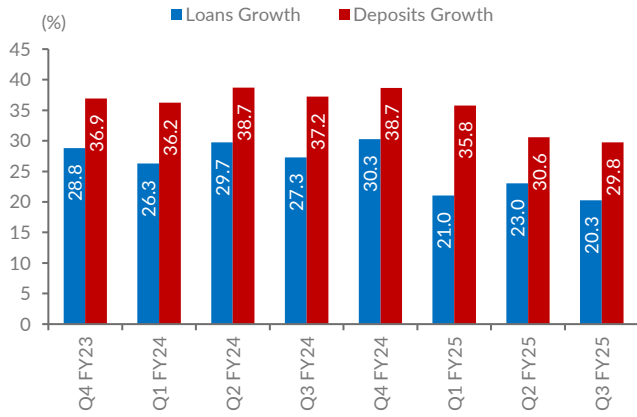
Source: Company, YES Sec - Research

Exhibit 5: Non-Interest Income Break-up

(Rs mn)	Q3FY25	Q2FY25	% qoq	Q3FY24	% yoy
Total Fee Income (A)	17,570	16,220	8.3	14,690	19.6
Loan Origination fees	5,447	5,028	8.3	5,123	6.3
Credit Card & Toll	3,514	3,082	14.0	2,918	20.4
Trade & Client Fx	1,581	1,460	8.3	904	74.8
Wealth Management & 3 rd Party Products	2,987	2,757	8.3	2,895	3.2
General Banking Fees	4,041	3,893	3.8	2,850	41.8
Total Other Income (B)	229	1,053	(78.3)	476	(51.9)
Treasury	230	1,050	(78.1)	480	(52.1)
Others	(2)	3	(150.0)	(5)	(66.7)
Total Non-Interest Income (A+B)	17,799	17,273	3.0	15,166	17.4

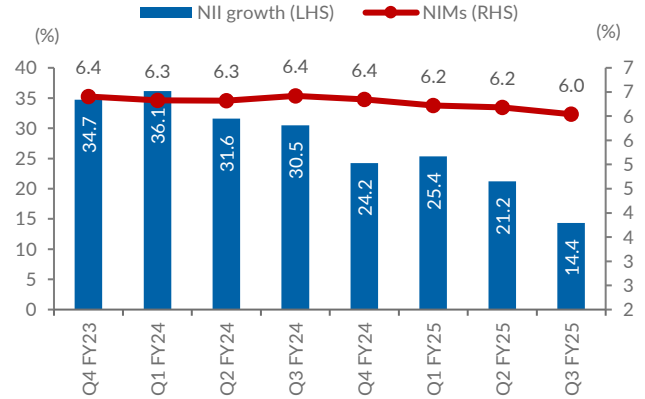
Source: Company, YES Sec – Research

Exhibit 6: Loans and Deposits growth (YoY %)



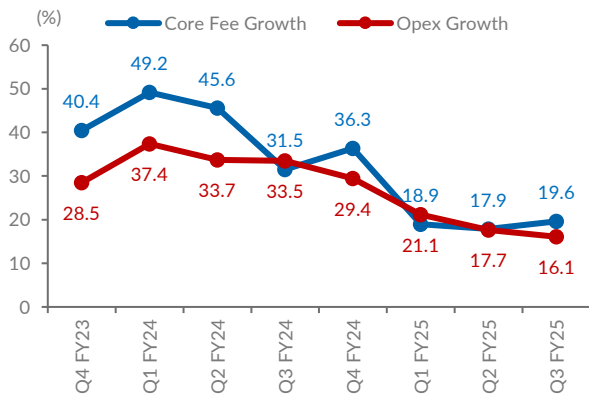
Source: Company, YES Sec - Research

Exhibit 7: NII growth (YoY %) and NIM



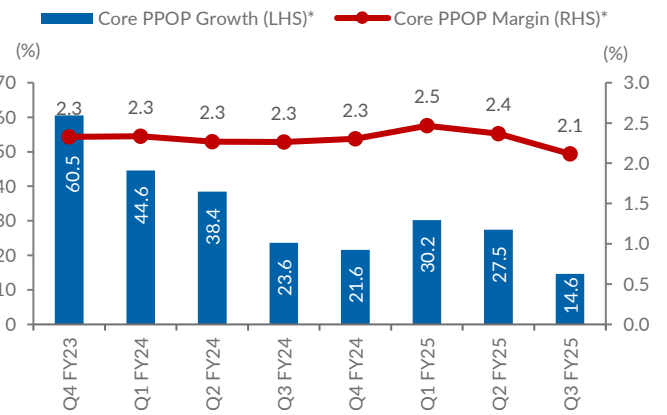
Source: Company, YES Sec - Research

Exhibit 8: Core Fee and Opex growth (YoY %)



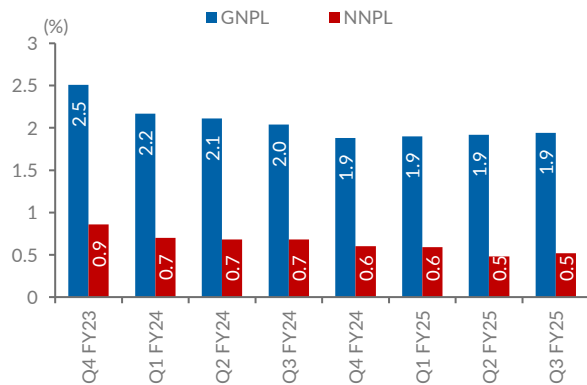
Source: Company, YES Sec - Research

Exhibit 9: Core PPOP growth (YoY %) and Core PPOP margin (%)



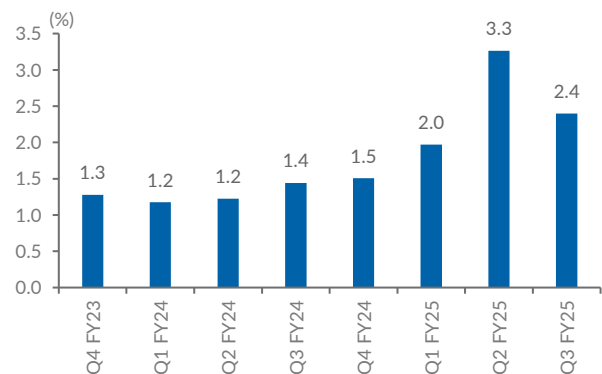
Source: Company, YES Sec - Research, * Core PPOP is derived by adjusting PPOP for gain/loss on sale of investments and misc. income

Exhibit 10: Gross NPA and Net NPA (%)



Source: Company, YES Sec - Research

Exhibit 11: Credit Cost (%)



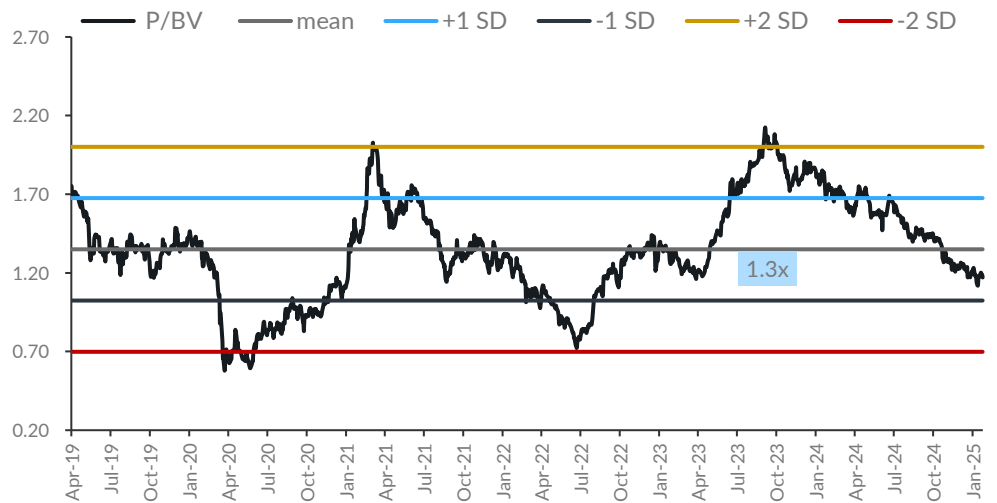
Source: Company, YES Sec - Research

Exhibit 12: 1-year rolling P/BV band



Source: Company, YES Sec - Research

Exhibit 13: 1-yr rolling P/BV vis-a-vis the mean and standard deviations



Source: Company, YES Sec - Research

ANNUAL FINANCIALS

Exhibit 14: Balance sheet

Y/e 31 Mar (Rs mn)	FY23	FY24	FY25E	FY26E	FY27E
Total cash & equivalents	138,980	124,802	186,809	224,170	269,004
Investments	611,236	747,104	911,467	1,075,531	1,269,126
Advances	1,517,945	1,945,924	2,335,108	2,802,130	3,362,556
Fixed assets	20,901	26,194	28,814	31,695	34,865
Other assets	110,355	117,127	134,696	154,900	178,136
Total assets	2,399,417	2,961,151	3,596,894	4,288,427	5,113,687
Net worth	257,212	321,613	371,138	401,130	454,647
Deposits	1,446,373	2,005,763	2,567,377	3,183,547	3,947,599
Borrowings	572,121	509,356	483,888	459,694	436,709
Other liabilities	123,711	124,419	174,491	244,056	274,733
Total liabilities incl. Equity	2,399,417	2,961,151	3,596,894	4,288,427	5,113,687

Source: Company, YES Sec – Research

Exhibit 15: Income statement

Y/e 31 Mar (Rs mn)	FY23	FY24	FY25E	FY26E	FY27E
Interest Income	227,275	303,225	368,604	438,394	524,980
Interest expense	(100,922)	(138,717)	(174,113)	(204,999)	(241,338)
Net interest income	126,353	164,508	194,491	233,395	283,642
Non-interest income	44,670	60,020	70,570	85,879	102,955
Total income	171,023	224,527	265,061	319,274	386,597
Operating expenses	(121,704)	(162,158)	(190,580)	(217,760)	(252,022)
PPoP	49,320	62,370	74,481	101,514	134,576
Provisions	(16,648)	(23,817)	(54,851)	(44,773)	(50,628)
Profit before tax	32,671	38,553	19,630	56,741	83,948
Taxes	(8,300)	(8,988)	(4,220)	(14,185)	(20,987)
Net profit	24,371	29,565	15,410	42,555	62,961

Source: Company, YES Sec – Research

Exhibit 16: Du Pont Analysis (RoA tree)

Y/e 31 Mar (%)	FY23	FY24	FY25E	FY26E	FY27E
Interest income	10.6	11.3	11.2	11.1	11.2
Interest expense	-4.7	-5.2	-5.3	-5.2	-5.1
Net interest income	5.9	6.1	5.9	5.9	6.0
Non-interest income	2.1	2.2	2.2	2.2	2.2
Total income	8.0	8.4	8.1	8.1	8.2
Operating expenses	-5.7	-6.1	-5.8	-5.5	-5.4
PPoP	2.3	2.3	2.3	2.6	2.9
Provisions	-0.8	-0.9	-1.7	-1.1	-1.1
Profit before tax	1.5	1.4	0.6	1.4	1.8
Taxes	-0.4	-0.3	-0.1	-0.4	-0.4
Net profit	1.1	1.1	0.5	1.1	1.3

Source: Company, YES Sec – Research

Exhibit 17: Change in annual estimates

Y/e 31 Mar (Rs mn)	Revised Estimate			Earlier Estimate			% Revision		
	FY25E	FY26E	FY27E	FY25E	FY26E	FY27E	FY25E	FY26E	FY27E
Net Interest Income	194,491	233,395	283,642	203,514	250,056	306,530	(4.4)	(6.7)	(7.5)
Pre-Prov. Operating Profit	74,481	101,514	134,576	81,353	107,350	135,411	(8.4)	(5.4)	(0.6)
Profit after tax	15,410	42,555	62,961	22,971	49,943	64,326	(32.9)	(14.8)	(2.1)

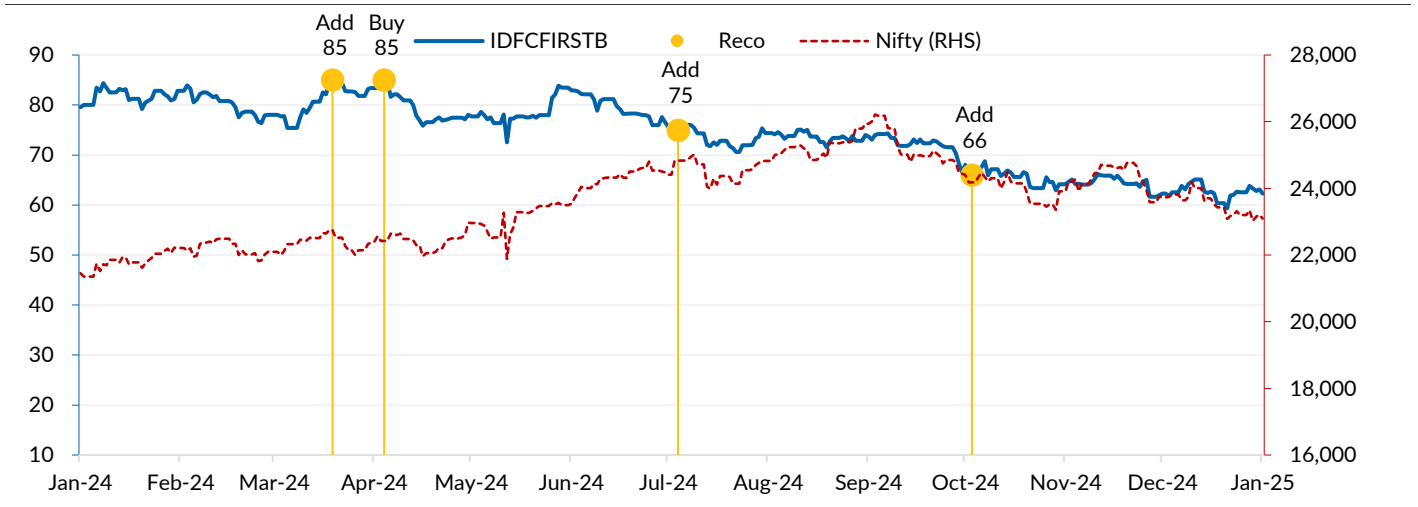
Source: Company, YES Sec – Research

Exhibit 18: Ratio analysis

Y/e 31 Mar	FY23	FY24	FY25E	FY26E	FY27E
Growth matrix (%)					
Net interest income	30.2	30.2	18.2	20.0	21.5
PPoP	50.2	26.5	19.4	36.3	32.6
Net profit	1575.1	21.3	-47.9	176.2	48.0
Loans	28.8	28.2	20.0	20.0	20.0
Deposits	36.9	38.7	28.0	24.0	24.0
Profitability Ratios (%)					
Net interest margin	6.2	6.6	6.1	6.1	6.2
Return on Average Equity	10.4	10.2	4.4	11.0	14.7
Return on Average Assets	1.1	1.1	0.5	1.1	1.3
Per share figures (Rs)					
EPS	3.7	4.2	2.1	5.8	8.6
BVPS	39	45	51	55	62
ABVPS	37	44	48	53	60
Valuation multiples					
P/E	16.9	14.9	29.5	10.7	7.2
P/BV	1.6	1.4	1.2	1.1	1.0
P/ABV	1.7	1.4	1.3	1.2	1.0
NIM internals (%)					
Yield on loans	14.2	15.0	15.0	14.8	14.8
Cost of deposits	5.0	5.9	6.1	5.9	6.0
Loan-deposit ratio	104.9	97.0	91.0	88.0	85.2
CASA ratio	49.8	47.2	46.5	46.0	46.0
Opex control (%)					
Cost/Income ratio	71.2	72.2	71.9	68.2	65.2
Cost to average assets	5.7	6.1	5.8	5.5	5.4
Capital adequacy (%)					
Tier 1 capital ratio	14.2	13.4	12.9	11.5	10.8
Asset quality (%)					
Slippage ratio	3.4	3.0	3.6	3.0	2.8
Gross NPL ratio	2.5	1.9	3.1	2.7	2.5
Credit cost	1.9	1.5	2.4	1.6	1.5
Net NPL ratio	0.9	0.6	0.7	0.6	0.5

Source: Company, YES Sec – Research

Recommendation Tracker



STANDARD DISCLAIMER:

YES Securities (India) Limited, Registered Address: 2nd Floor, North Side, YES BANK House, Off Western Express Highway, Santacruz East, Mumbai - 400055. Maharashtra, India | **Correspondence Add:** 7th Floor, Urmi Estate Tower A, Ganpatrao Kadam Marg, Opp. Peninsula Business Park, Lower Parel (West), Mumbai - 400 013, Maharashtra, India. | Website: www.yesinvest.in | Email: customer.service@ysil.in

Registration Nos.: CIN: U74992MH2013PLC240971 | SEBI Registration No.: NSE, BSE, MCX & NCDEX : INZ000185632 | Member Code: BSE - 6538, NSE - 14914, MCX - 56355 & NCDEX - 1289 | CDSL & NSDL: IN-DP-653-2021 | RESEARCH ANALYST: INH000002376 | INVESTMENT ADVISER: INA000007331 | Sponsor and Investment Manager to YSL Alternates Alpha Plus Fund (Cat III AIF) and YES Wealth Maximiser AIF (Cat III AIF) SEBI Registration No.: IN/AIF3/20- 21/0818 | AMFI ARN Code - 94338

Details of Compliance Officer: Aditya Goenka | Email: compliance@ysil.in / Contact No.: 022-65078127 | **Grievances Redressal Cell:** customer.service@ysil.in / igc@ysil.in

Standard Disclaimer: Investment in securities market are subject to market risks; read all the related documents carefully before investing. Above representation provides an overview related to our past performance neither does it provide any guarantee of future performance, nor we are ensuring any guaranteed returns. Actual Client returns may vary depending upon time premium, volatility Index, intrinsic value of the script, open interest, other geopolitical conditions and choice of the customer to execute the recommendation in full or part. All recommendations are published under Research Analyst License of YES Securities (India) Limited (YSIL); execution of the recommendation is at complete discretion of customer without any intervention by the research publisher.

Contents which are exclusively for Non-Broking Products/Services e.g. Mutual Fund, Mutual Fund-SIP, Research reports, Insurance, etc. where the YSIL is just a distributor. These are not Exchange traded product and the YSIL is just acting as distributor. Kindly note that all disputes with respect to the distribution activity, would not have access to Exchange investor redressal forum or Arbitration mechanism.

YSIL is a subsidiary of YES Bank Limited. Savings, Current, PIS and Demat Account are offered by YES Bank Limited. Please note Brokerage would not exceed the SEBI prescribed limit. YSIL also acts in the capacity of distributor for Products such as IPOs, Mutual Funds, Mutual Fund-SIPs, NCD/Bonds, etc., All disputes with respect to the distribution activity, would not have access to Exchange investor redressal forum or Arbitration mechanism.

Margin Trading Funding (MTF) is an exchange approved product offered to YSIL trading account holders, as per the regulation and guideline of SEBI Circular: CIR/MRD/DP/54/2017 dated June 13, 2017. For product specification, T&C, rights and obligations statement issued by the YSIL visit https://yesinvest.in/standard_documents_policies

DISCLAIMER

Investments in securities market are subject to market risks, read all the related documents carefully before investing.

The information and opinions in this report have been prepared by YSIL and are subject to change without any notice. The report and information contained herein are strictly confidential and meant solely for the intended recipient and may not be altered in any way, transmitted to, copied or redistributed, in part or in whole, to any other person or to the media or reproduced in any form, without prior written consent of YSIL.

The information and opinions contained in the research report have been compiled or arrived at from sources believed to be reliable and have not been independently verified and no guarantee, representation of warranty, express or implied, is made as to their accuracy, completeness, authenticity or validity. No information or opinions expressed constitute an offer, or an invitation to make an offer, to buy or sell any securities or any derivative instruments related to such securities. Investments in securities are subject to market risk. The value and return on investment may vary because of changes in interest rates, foreign exchange rates or any other reason. Investors should note that Price of each of the securities or value may rise or fall and, accordingly, investors may even receive amounts which are less than originally invested. The investor is advised to take into consideration all risk factors including their own financial condition, suitability to risk return profile and the like, and take independent professional and/or tax advice before investing. Opinions expressed are our current opinions as of the date appearing on this report. Investor should understand that statements regarding future prospects may not materialize and are of general nature which may not be specifically suitable to any particular investor. Past performance may not necessarily be an indicator of future performance. Actual results may differ materially from those set forth in projections. Registration granted by SEBI and certification from NISM in no way guarantee performance of the intermediary or provide any assurance of returns to investors. YES Securities (India) Limited conforms with the rules and regulations enumerated in the Securities and Exchange Board of India (Research Analysts) Regulations, 2014 as amended from time to time.

Technical analysis reports focus on studying the price movement and trading turnover charts of securities or its derivatives, as opposed to focussing on a company's fundamentals and opinions, as such, may not match with reports published on a company's fundamentals.

YSIL, its research analysts, directors, officers, employees and associates accept no liabilities for any loss or damage of any kind arising out of the use of this report. This report is not directed or intended for distribution to, or use by, any person or entity who is a citizen or resident of or located in any locality, state, country or other jurisdiction, where such distribution, publication, availability or use would be contrary to law, regulation or which would subject YSIL and associates to any registration or licensing requirement within such jurisdiction. The securities described herein may or may not be eligible for sale in all jurisdictions or to certain category of investors. Persons in whose possession this document may come are required to inform themselves of and to observe such restriction.

YES Securities (India) Limited distributes research and engages in other approved or allowable activities with respect to U.S. Institutional Investors through Rule 15a-6 under the Securities Exchange Act of 1934 (the "Exchange Act")^[1] and regulations under an exclusive chaperone arrangement with Brasil Plural Securities LLC. The views and sentiments expressed in this research report and any findings thereof accurately reflect YES Securities (India) Limited analyst's truthful views about the subject securities and or issuers discussed herein. YES Securities (India) Limited is not registered as a broker-dealer under the Securities Exchange Act of 1934, as amended (the "Exchange Act") and is not a member of the Securities Investor Protection Corporation ("SIPC"). Brasil Plural Securities LLC is registered as a broker-dealer under the Exchange Act and is a member of SIPC. For questions or additional information, please contact Gil Aikins (gil.aikins@brasilplural.com) or call +1 212 388 5600.

This research report is the product of YES Securities (India) Limited. YES Securities (India) Limited is the employer of the research analyst(s), the authors of this research report. YES Securities (India) Limited is the concerned representatives (employees) of YES Securities (India) Limited, are responsible for the content of this research report including but not limited to any material conflict of interest of YES Securities (India) Limited in relation to the issuer(s) or securities as listed in this research report. This YES Securities (India) Limited research report is distributed in the United States through Brasil Plural Securities LLC (BPS). The research analyst(s) preparing the research report is/are resident outside the United States (U.S.) and is/ are not associated persons of any U.S. regulated broker-dealer and therefore the analyst(s) is/are not subject to supervision by a U.S. broker-dealer, and is/are not required to satisfy the regulatory licensing requirements of FINRA or required to otherwise comply with U.S. rules or regulations regarding, among other things, communications with a subject company, public appearances and trading securities held by a research analyst account. As per SEC Rule 15a-6, the U.S. broker-dealer must accompany any third party research report it distributes with, or provide a web address that directs a recipient to, disclosure of any material conflict of interest that can reasonably be expected to have influenced the choice of a third-party research report provider or the subject company of a third-party research.

FINRA Rules 2241 and 2242, which govern the conduct of research analysts and the content of equity and debt research reports, respectively, apply to all research distributed by a FINRA member firm, including research prepared by a foreign broker-dealer under Rule 15a-6.

- Research reports prepared by a foreign broker-dealer and distributed by a U.S. broker-dealer are deemed to be third party research reports, as reports produced by a person other than a FINRA member.
- Prior to distributing any third party research, a U.S. broker-dealer must assure that such report contains the required disclosures under FINRA Rule 2241(h) or 2242(g)(3), as applicable.

This report is intended for distribution by YES Securities (India) Limited only to "Major Institutional Investors" as defined by Rule 15a-6(b)(4) of the U.S. Securities and Exchange Act, 1934 (the Exchange Act) and interpretations thereof by U.S. Securities and Exchange Commission (SEC) in reliance on Rule 15a-6(a)(2). As per Rule 15a-6(b)(4) of the Exchange Act, 1934, "Major U.S. institutional investor" means a U.S. institutional investor with assets, or assets under management, in excess of US\$100 million, or a registered investment adviser with assets under management in excess of US\$100 million. If the recipient of this report is not a Major Institutional Investor as specified above, then it should not act upon this report and return the same to the sender. Further, this report may not be copied, duplicated and/or transmitted onward to any U.S. person or entity. Transactions in securities discussed in this research report should be effected through Brasil Plural Securities LLC (BPS) or another U.S. registered broker dealer/Entity as informed by YES Securities (India) Limited from time to time.

^[1] Rule 15a-6 under the Securities Exchange Act of 1934 provides conditional exemptions from broker-dealer registration for foreign broker-dealers that engage in certain specified activities involving U.S. investors. These activities include:

- (a) Effecting unsolicited securities transactions;
- (b) Providing research reports to major U.S. institutional investors, and effecting transactions in the subject securities with or for those investors;
- (c) Soliciting and effecting transactions with or for U.S. institutional investors or major U.S. institutional investors through a "chaperoning broker-dealer"; and
- (d) Soliciting and effecting transactions with or for registered broker-dealers, banks³ acting in a broker or dealer capacity, certain international organizations, foreign persons temporarily present in the U.S., U.S. citizens resident abroad, and foreign branches and agencies of U.S. persons.

In adopting Rule 15a-6, the SEC sought "to facilitate access to foreign markets by U.S. institutional investors through foreign broker-dealers and the research that they provide, consistent with maintaining the safeguards afforded by broker-dealer registration." [Rule 15a-6 Adopting Release at 54 FR 30013; see also Registration Requirements for Foreign Broker-Dealers, Exchange Act Release No. 25801 (June 14, 1988), 53 FR 23645 (June 23, 1988)].

DISCLOSURE OF INTEREST

Name of the Research Analyst : Shivaji Thapliyal, Siddharth Rajpurohit, Suraj Singhania

The analyst hereby certifies that opinion expressed in this research report accurately reflect his or her personal opinion about the subject securities and no part of his or her compensation was, is or will be directly or indirectly related to the specific recommendation and opinion expressed in this research report.

Sr. No.	Particulars	Yes/No
1	Research Analyst or his/her relative's or YSIL's financial interest in the subject company(ies)	No
2	Research Analyst or his/her relative or YSIL's actual/beneficial ownership of 1% or more securities of the subject company(ies) at the end of the month immediately preceding the date of publication of the research report	No
3	Research Analyst or his/her relative or YSIL has any other material conflict of interest at the time of publication of the research report	No
4	Research Analyst has served as an officer, director or employee of the subject company(ies)	No
5	YSIL has received any compensation from the subject company in the past twelve months	No
6	YSIL has received any compensation for investment banking or merchant banking or brokerage services from the subject company in the past twelve months	No
7	YSIL has received any compensation for products or services other than investment banking or merchant banking or brokerage services from the subject company in the past twelve months	No
8	YSIL has received any compensation or other benefits from the subject company or third party in connection with the research report	No
9	YSIL has managed or co-managed public offering of securities for the subject company in the past twelve months	No
10	Research Analyst or YSIL has been engaged in market making activity for the subject company(ies)	No

Since YSIL and its associates are engaged in various businesses in the financial services industry, they may have financial interest or may have received compensation for investment banking or merchant banking or brokerage services or for any other product or services of whatsoever nature from the subject company(ies) in the past twelve months or associates of YSIL may have managed or co-managed public offering of securities in the past twelve months of the subject company(ies) whose securities are discussed herein.

Associates of YSIL may have actual/beneficial ownership of 1% or more and/or other material conflict of interest in the securities discussed herein.

RECOMMENDATION PARAMETERS FOR FUNDAMENTAL REPORTS

Analysts assign ratings to the stocks according to the expected upside/downside relative to the current market price and the estimated target price. Depending on the expected returns, the recommendations are categorized as mentioned below. The performance horizon is 12 to 18 months unless specified and the target price is defined as the analysts' valuation for a stock. No benchmark is applicable to the ratings mentioned in this report.

BUY: Upside greater than 20% over 12 months

ADD: Upside between 10% to 20% over 12 months

NEUTRAL: Upside between 0% to 10% over 12 months

REDUCE: Downside between 0% to -10% over 12 months

SELL: Downside greater than -10% over 12 months

NOT RATED / UNDER REVIEW

Lead Analyst signature

Analyst signature

Associate signature

ABOUT YES SECURITIES (INDIA) LIMITED

YES Securities (India) Limited ("YSIL") is a subsidiary of YES BANK LIMITED. YSIL is a Securities and Exchange Board of India (SEBI) registered Stock broker holding membership of National Stock Exchange (NSE), Bombay Stock Exchange (BSE), Multi Commodity Exchange (MCX) & National Commodity & Derivatives Exchange (NCDEX). YSIL is also a SEBI-registered Investment Adviser and Research Analyst. YSIL is also a Sponsor and Investment Manager of Alternate Investment Fund - Category III (YSL Alternates) and AMFI registered Mutual Fund Distributor. The Company is also a registered Depository Participant with CDSL and NSDL.