

**IDFCB reported ~73% earnings miss with PAT at Rs2bn/0.6% RoA, primarily due to higher contingent provisioning for MFI (Rs3.5bn), one-off Maharashtra toll account (Rs2.5bn), and some provisioning increase due to shoring up of specific PCR to 75% from 69% in 1Q. Excluding the additional provisions, the APAT would be Rs6.3bn. Credit growth was healthy at 23% YoY/6% QoQ, but margins contracted a bit due to softer loan yields/rising CoF. Despite higher delinquencies from MFI portfolio, the bank's GNPA ratio remained largely flat QoQ at 1.92% due to higher write-offs. MFI SMA pool has inched up QoQ to 2.5% of loans from 1.7% in 1Q, and could therefore keep NPAs elevated, but LLP should be contained due to consumption of contingent provisions. IDFCB completed its merger with IDFC Ltd in Oct-24, resulting in a capital accretion of Rs6.2bn. We cut our earnings estimates for FY25-27 by 10-34% factoring in higher LLP and so also RoA to remain range-bound at 0.9-1.1%. We retain ADD with a TP at Rs65 (1.1x Sep-26E ABV).**

| <b>IDFC First Bank: Financial Snapshot (Standalone)</b> |         |        |        |        |        |
|---|---------|--------|--------|--------|--------|
| Y/E Mar (Rs mn)   | FY23    | FY24   | FY25E  | FY26E  | FY27E  |
| Net profit  | 24,371  | 29,565 | 21,666 | 37,402 | 51,802 |
| Loan growth (%)   | 28.8    | 28.2   | 21.9   | 20.8   | 22.8   |
| NII growth (%)  | 30.2    | 30.2   | 19.8   | 20.3   | 21.1   |
| NIM (%)   | 6.3     | 6.5    | 6.4    | 6.3    | 6.3    |
| PPOP growth (%)   | 50.2    | 26.5   | 26.8   | 28.7   | 29.9   |
| Adj. EPS (Rs)   | 3.7     | 4.2    | 2.9    | 5.0    | 6.9    |
| Adj. EPS growth (%)                                     | 1,473.3 | 13.6   | (30.8) | 72.6   | 38.5   |
| Adj. BV (Rs)  | 37.4    | 44.3   | 50.6   | 54.6   | 60.3   |
| Adj. BVPS growth (%)                                    | 18.3    | 18.6   | 14.1   | 7.9    | 10.5   |
| RoA (%)   | 1.1     | 1.1    | 0.7    | 1.0    | 1.1    |
| RoE (%)   | 10.4    | 10.2   | 6.1    | 9.2    | 11.6   |
| P/E (x)   | 17.7    | 15.5   | 22.4   | 13.0   | 9.4    |
| P/ABV (x)   | 1.7     | 1.5    | 1.3    | 1.2    | 1.1    |

Source: Company, Emkay Research

**Healthy growth, but margins contract**

IDFCB posted relatively better credit growth at 23% YoY/6% QoQ on the back of some pick-up seen in the SME (13% QoQ)/corporate (10% QoQ) segment. Within retail - VF, HL, and consumer loans further drive business growth. Deposit growth too was healthy at 31% YoY/6.7% QoQ on account of strong traction seen in CASA (up 12% QoQ), leading to a 228bps QoQ improvement in CASA ratio to 48.9%, which led to some moderation in CoDs by 9bps to 6.4%. However, NIMs slipped QoQ by 4bps to 4.2%, primarily due to softer loan yields which were led by slight change in portfolio mix, interest reversal, and higher CoF. However, the opex was relatively stable with C/I ratio at 69% in 2Q (vs 70% in Q1). Management expects C/I ratio to fall to ~65% by FY27E, while for high-cost credit card business, the C/I ratio is expected come down to 75% by FY27E (vs 99% currently).

**Higher LLP due to contingent provisions on MFI, toll accounts**

Despite higher stress in the MFI-JLG book, GNPA ratio was relatively flat at 1.9% of loans due to higher write-offs. However, the bank created prudent provisions of Rs5.7bn including Rs3.2bn in the MFI business (due to persistent stress in MFI industry) and Rs2.5bn in one Maharashtra-based toll account (due to recent waiver of toll fees at Mumbai entry points). Ex-provision in MFI portfolio and without additional provision buffer created on the legacy toll account, the quarterly annualized credit cost for the loan book for Q2FY25 stood at 1.8%. Credit cost for FY25 is expected to be 225bps out of which ~40-45bps is for the MFI book, ~10-11bps for the toll account, and 170bps is for other segments.

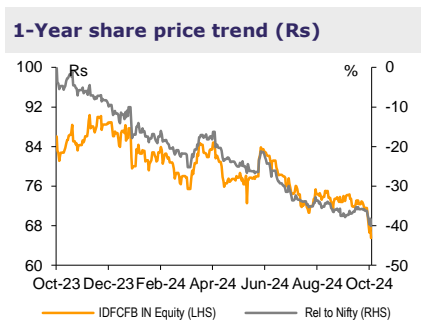
**Retain ADD, but reduce TP to Rs65**

Factoring in continued earning miss in 2Q and rising stress leading to higher LLP, we cut our earnings estimates for FY25-27 by 10-34% and expect RoA to remain contained around 0.9-1.1%. We retain ADD with reduced TP of Rs65 based on 1.1x Sep-26E ABV, from the earlier Rs85. Key risks: Macro slowdown further hurting growth/asset quality, delay in opex improvement, and KMP attrition.

|                         |               |
|-------------------------|---------------|
| Target Price - 12M      | Sep-25        |
| <b>Change in TP (%)</b> | <b>(18.8)</b> |
| Current Reco.           | ADD           |
| Previous Reco.          | ADD           |
| Upside/(Downside) (%)   | (0.8)         |
| CMP (25-Oct-24) (Rs)    | 65.5          |

| Stock Data                  | Ticker    |
|-----------------------------|-----------|
| 52-week High (Rs)           | 92        |
| 52-week Low (Rs)            | 65        |
| Shares outstanding (mn)     | 7,482.7   |
| Market-cap (Rs bn)          | 490       |
| Market-cap (USD mn)         | 5,832     |
| Net-debt, FY25E (Rs mn)     | NA        |
| ADTV-3M (mn shares)         | 33        |
| ADTV-3M (Rs mn)             | 2,413.6   |
| ADTV-3M (USD mn)            | 28.7      |
| Free float (%)              | 46.0      |
| Nifty-50                    | 24,181    |
| INR/USD                     | 84.1      |
| <b>Shareholding, Oct-24</b> |           |
| Promoters (%)               | -         |
| FPIs/MFs (%)                | 27.3/16.2 |

| <b>Price Performance</b> |        |        |        |
|--------------------------|--------|--------|--------|
| (%)                      | 1M     | 3M     | 12M    |
| Absolute                 | (10.3) | (12.2) | (24.8) |
| Rel. to Nifty            | (3.5)  | (11.4) | (40.5) |



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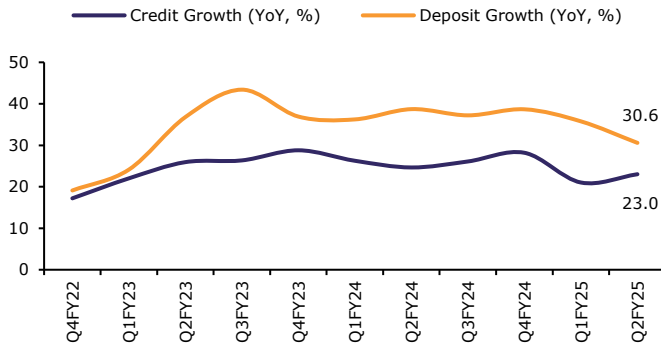
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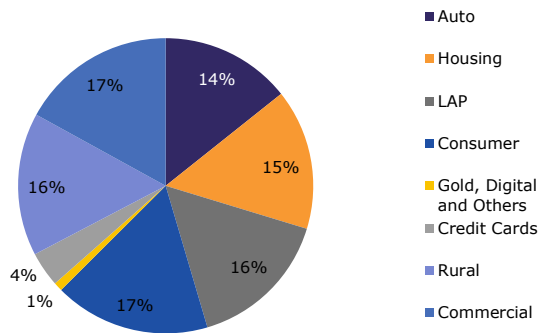
# Story in Charts

**Exhibit 1: Bank calibrates credit growth, but deposit growth remains strong**



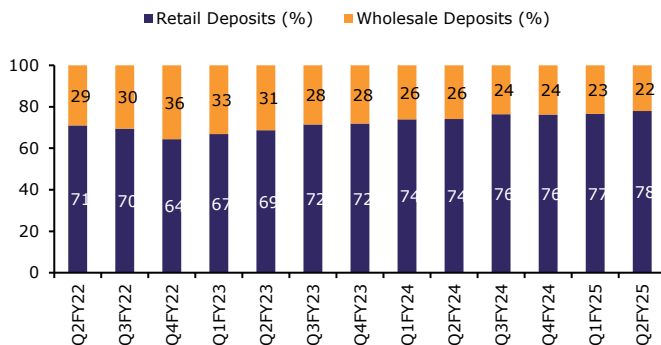
Source: Company, Emkay Research

**Exhibit 2: Well-diversified loan book with stronger retail book**



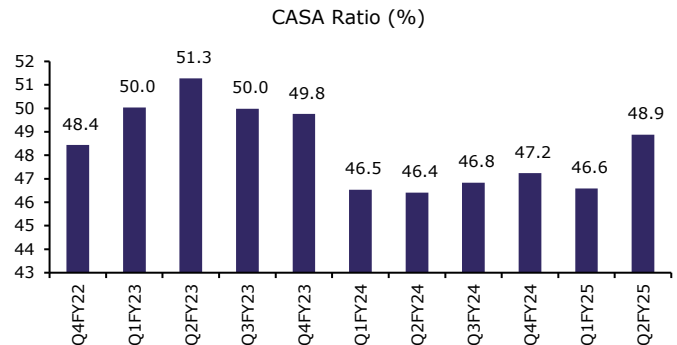
Source: Company, Emkay Research

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



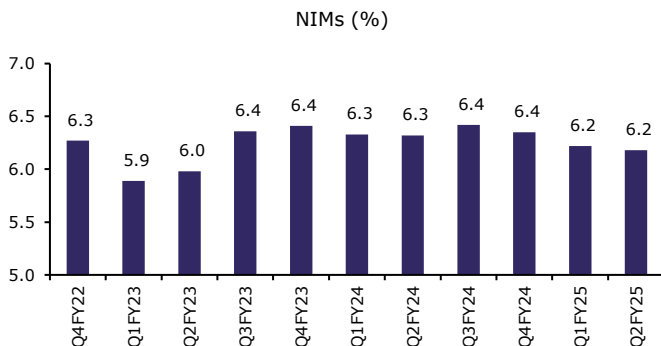
Source: Company, Emkay Research

**Exhibit 4: CASA ratio inches up QoQ**



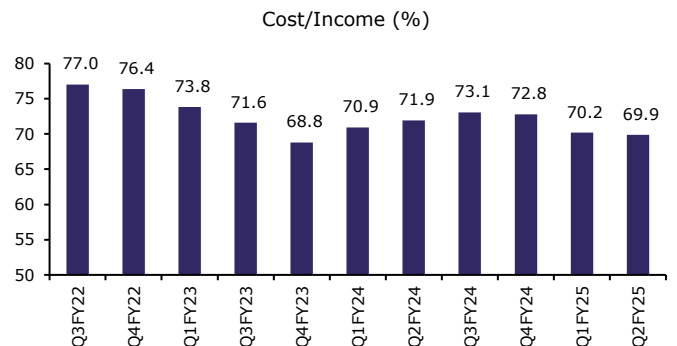
Source: Company, Emkay Research

**Exhibit 5: NIMs fall due to higher sequential increase in average investment book, softer loan yields, and rising CoF**



Source: Company, Emkay Research

**Exhibit 6: Cost pressure eases a tad during the quarter**



Source: Company, Emkay Research

Exhibit 7: IDFCB has showcased relatively better asset quality trends vs industry (ex-Kerala) in its Top 5 states (as per portfolio contribution)

### IDFC FIRST Bank has a relatively better / similar delinquency than industry

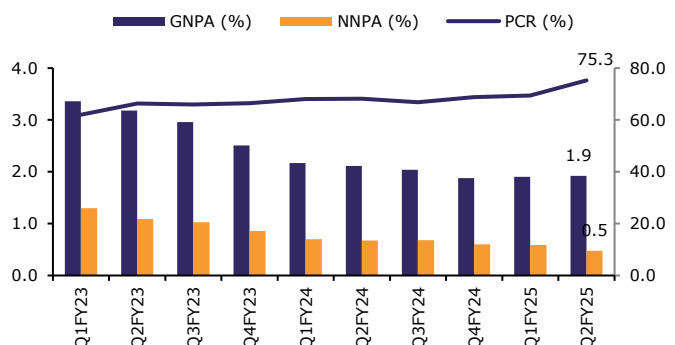
Comparative performance of Industry and IDFC FIRST Bank across the Top 15 states

| State                                      | IDFC FIRST Bank |              |             | Industry       |              |             |
|--|-----------------|--------------|-------------|----------------|--------------|-------------|
|  | IDFC POS        | % POS        | PAR 30+     | POS (Cr)       | % POS        | PAR 30+ %   |
| Tamil Nadu (TN)                            | 7661            | 60.8%        | 3.5%        | 56,031         | 13.0%        | 3.7%        |
| Karnataka (KA)                             | 1215            | 9.6%         | 1.7%        | 41,646         | 10.0%        | 1.7%        |
| Maharashtra (MH)                           | 709             | 5.6%         | 3.1%        | 31,902         | 8.0%         | 4.9%        |
| Kerala (KL)*                               | 684             | 5.4%         | 9.8%        | 12,975         | 3.0%         | 7.1%        |
| Bihar (BR)                                 | 456             | 3.6%         | 2.0%        | 63,395         | 15.0%        | 3.0%        |
| <b>Portfolio Contribution Top 5 States</b> | <b>10,725</b>   | <b>85.1%</b> | <b>3.6%</b> | <b>205,949</b> | <b>48.8%</b> | <b>3.5%</b> |

\*The Bank has reduced its microfinance exposure in Kerala by 30% on YoY basis

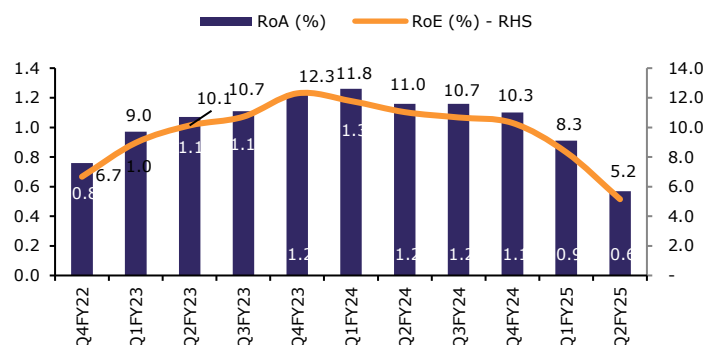
Source: Company

#### Exhibit 8: Higher slippages led to slight increase in GNPA



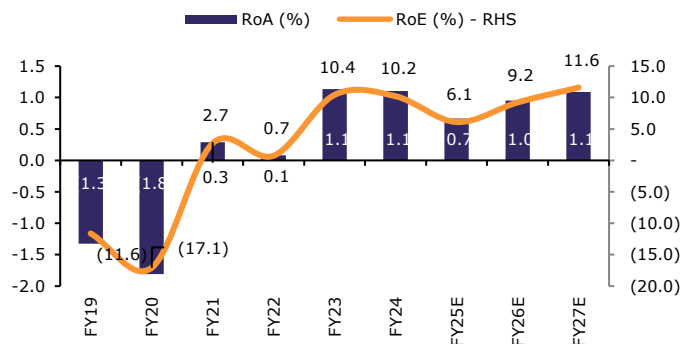
Source: Company, Emkay Research

#### Exhibit 9: Slower growth and higher LLP hurt earnings



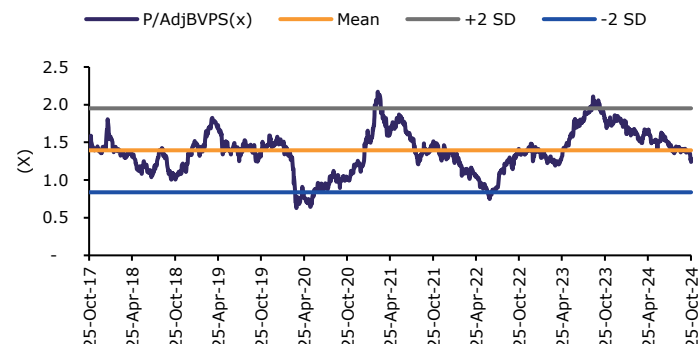
Source: Company, Emkay Research

#### Exhibit 10: Slower growth coupled with rising LLP to keep RoA expansion in check



Source: Company, Emkay Research

#### Exhibit 11: The stock is currently trading at 1.1x Sep-26E ABV



Source: Company, Emkay Research

**Exhibit 12: Revision in estimates**

| (Rs mn)    | Actuals | Estimates |           | Variation |           | Comments   |
|------------|---------|-----------|-----------|-----------|-----------|--|
|            |         | Emkay     | Consensus | Emkay     | Consensus |  |
| Net income | 65,152  | 66,347    | 66,050    | -2%       | -1%       | Lower other income and NII growth led to a slight miss |
| PPOP       | 19,619  | 19,853    | 19,676    | -1%       | 0%        | Higher staff expenses led to slight miss in PPOP       |
| PAT        | 2,007   | 7,537     | 6,922     | -73%      | -71%      | Higher LLP led to a major miss in PAT                  |

Source: Company, Emkay Research

**Exhibit 13: Quarterly Summary**

| (Rs mn)                   | Q2FY24 | Q3FY24 | Q4FY24 | Q1FY25 | Q2FY25 | YoY (%) | QoQ (%) | FY24A          | FY25E   | YoY (%) |
|---------------------------|--------|--------|--------|--------|--------|---------|---------|----------------|---------|---------|
| Interest Earned           | 73,562 | 78,794 | 82,192 | 87,885 | 89,569 | 22      | 2       | <b>303,225</b> | 371,367 | 22.5    |
| Interest Exp              | 34,060 | 35,928 | 37,503 | 40,937 | 41,691 | 22      | 2       | <b>138,718</b> | 174,272 | 25.6    |
| Net Interest Income       | 39,502 | 42,866 | 44,689 | 46,948 | 47,879 | 21      | 2       | <b>164,508</b> | 197,095 | 19.8    |
| Global NIMs (reported)    | 6.32   | 6.42   | 6.44   | 6.22   | 6.20   | -12bps  | -2bps   | <b>6.50</b>    | 6.35    | -15bps  |
| Non-interest Income       | 14,296 | 15,166 | 16,420 | 16,192 | 17,273 | 21      | 7       | <b>60,028</b>  | 70,122  | 16.8    |
| Operating Expenses        | 38,696 | 42,407 | 44,470 | 44,316 | 45,533 | 18      | 3       | <b>162,158</b> | 188,109 | 16.0    |
| Pre Provisioning Profit   | 15,103 | 15,625 | 16,639 | 18,824 | 19,619 | 30      | 4       | <b>62,378</b>  | 79,108  | 26.8    |
| Provision & Contingencies | 5,284  | 6,548  | 7,223  | 9,944  | 17,319 | 228     | 74      | <b>23,817</b>  | 50,970  | 114.0   |
| PBT                       | 9,819  | 9,077  | 9,416  | 8,880  | 2,299  | -77     | -74     | <b>38,561</b>  | 28,137  | -27.0   |
| Income Tax Expense (Gain) | 2,306  | 1,920  | 2,173  | 2,074  | 292    | -87     | -86     | <b>8,988</b>   | 6,472   | -28.0   |
| Net Profit/(Loss)         | 7,513  | 7,157  | 7,243  | 6,806  | 2,007  | -73     | -71     | <b>29,573</b>  | 21,666  | -26.7   |
| Gross NPA (%)             | 2.11   | 2.04   | 1.88   | 1.90   | 1.92   | -19bps  | 2bps    | <b>1.89</b>    | 1.97    | 8bps    |
| Net NPA (%)               | 0.67   | 0.68   | 0.60   | 0.59   | 0.48   | -20bps  | -11bps  | <b>0.60</b>    | 0.56    | -4bps   |
| Deposits (Rs bn)          | 1,712  | 1,825  | 2,006  | 2,097  | 2,236  | 31      | 7       | <b>2,006</b>   | 2,598   | 29.5    |
| Net Advances (Rs bn)      | 1,748  | 1,855  | 1,946  | 2,026  | 2,151  | 23      | 6       | 1,946          | 2,371   | 21.9    |

Source: Company, Emkay Research

**Exhibit 14: Revision in estimates**

| Y/E Mar (Rs mn) | FY25E   |         |        | FY26E   |         |        | FY27E   |         |        |
|-----------------|---------|---------|--------|---------|---------|--------|---------|---------|--------|
|                 | Earlier | Revised | Change | Earlier | Revised | Change | Earlier | Revised | Change |
| Net income      | 273,015 | 267,217 | -2.1%  | 331,766 | 323,511 | -2.5%  | 407,876 | 392,920 | -3.7%  |
| PPOP            | 83,607  | 79,108  | -5.4%  | 108,531 | 101,830 | -6.2%  | 145,368 | 132,275 | -9.0%  |
| PAT             | 32,815  | 21,666  | -34.0% | 41,571  | 37,402  | -10.0% | 57,787  | 51,802  | -10.4% |
| EPS (Rs)        | 4.5     | 2.9     | -35.5% | 5.7     | 5.0     | -12.1% | 7.9     | 6.9     | -12.4% |
| BV (Rs)         | 54.4    | 51.9    | -4.6%  | 59.7    | 56.5    | -5.4%  | 67.1    | 62.9    | -6.2%  |

Source: Company, Emkay Research

**Exhibit 15: Key Assumptions**

|                    | FY24A       | FY25E       | FY26E       | FY27E       |
|--------------------|-------------|-------------|-------------|-------------|
| Loan Growth (%)    | <b>28.2</b> | <b>28.2</b> | <b>21.9</b> | <b>20.8</b> |
| Deposit Growth (%) | 38.7        | 38.7        | 29.5        | 28.3        |
| NIM (%)            | 6.5         | 6.5         | 6.4         | 6.3         |
| GNPA (%)           | 1.9         | 1.9         | 2.0         | 2.2         |
| Credit Cost (%)    | 1.3         | 1.5         | 2.1         | 2.0         |

Source: Emkay Research

## Exhibit 16: Key Ratios and Trends

|                                       | Q2FY23           | Q3FY23           | Q4FY23           | Q1FY24           | Q2FY24           | Q3FY24           | Q4FY24           | Q1FY25           | Q2FY25           |
|---------------------------------------|------------------|------------------|------------------|------------------|------------------|------------------|------------------|------------------|------------------|
| <b>Loans (Rs mn)</b>                  | <b>1,402,390</b> | <b>1,471,090</b> | <b>1,517,945</b> | <b>1,673,740</b> | <b>1,748,138</b> | <b>1,855,030</b> | <b>1,945,924</b> | <b>2,025,681</b> | <b>2,150,613</b> |
| <b>Growth YoY (%)</b>                 | <b>25.9</b>      | <b>26.4</b>      | <b>28.8</b>      | <b>26.3</b>      | <b>24.7</b>      | <b>26.1</b>      | <b>28.2</b>      | <b>21.0</b>      | <b>23.0</b>      |
| <b>Growth QoQ (%)</b>                 | <b>5.8</b>       | <b>4.9</b>       | <b>3.2</b>       | <b>10.3</b>      | <b>4.4</b>       | <b>6.1</b>       | <b>4.9</b>       | <b>4.1</b>       | <b>6.2</b>       |
| <b>Composition (%)</b>                |                  |                  |                  |                  |                  |                  |                  |                  |                  |
| - Corporate                           | 21.2             | 20.3             | 19.0             | 18.3             | 18.7             | 16.8             | 17.0             | 16.9             | 17.6             |
| - SME/BB                              | 9.1              | 9.4              | 12.4             | 12.9             | 13.2             | 12.4             | 12.8             | 12.3             | 13.1             |
| - Retail (inc. agri)                  | 66.4             | 67.3             | 68.6             | 68.8             | 72.9             | 73.0             | 73.5             | 74.1             | 72.8             |
| <b>Liability Profile &amp; Margin</b> |                  |                  |                  |                  |                  |                  |                  |                  |                  |
| CASA (%)                              | 51.3             | 50.0             | 49.8             | 46.5             | 46.4             | 46.8             | 47.2             | 46.6             | 48.9             |
| <b>Asset Quality (%)</b>              |                  |                  |                  |                  |                  |                  |                  |                  |                  |
| GNPA (%)                              | 3.2              | 3.0              | 2.5              | 2.2              | 2.1              | 2.0              | 1.9              | 1.9              | 1.9              |
| NNPA (%)                              | 1.1              | 1.0              | 0.9              | 0.7              | 0.7              | 0.7              | 0.6              | 0.6              | 0.5              |
| PCR (%)                               | 66.3             | 66.0             | 66.4             | 68.1             | 68.2             | 66.9             | 68.8             | 69.4             | 75.3             |
| Restructured (%)                      | 1.0              | 0.9              | 0.6              | 0.5              | 0.4              | 0.4              | 0.3              | 0.3              | 0.2              |
| <b>Capital Adequacy</b>               |                  |                  |                  |                  |                  |                  |                  |                  |                  |
| CAR (%)                               | 15.4             | 16.1             | 16.8             | 17.0             | 16.5             | 16.7             | 16.1             | 17.2             | 16.6             |
| Tier I (%)                            | 13.7             | 13.5             | 14.2             | 13.7             | 13.5             | 14.0             | 13.4             | 13.3             | 13.8             |
| <b>ROE Decomposition (%)</b>          |                  |                  |                  |                  |                  |                  |                  |                  |                  |
| <b>NII</b>                            | <b>5.8</b>       | <b>6.1</b>       | <b>6.2</b>       | <b>6.1</b>       | <b>6.2</b>       | <b>6.4</b>       | <b>6.3</b>       | <b>6.2</b>       | <b>6.1</b>       |
| Other Income                          | 1.8              | 2.1              | 2.0              | 2.2              | 2.1              | 2.2              | 2.3              | 2.1              | 2.1              |
| Treasury                              | 0.2              | 0.1              | 0.4              | 0.1              | 0.1              | 0.1              | 0.0              | 0.0              | 0.1              |
| <b>Net income</b>                     | <b>7.9</b>       | <b>8.2</b>       | <b>8.7</b>       | <b>8.4</b>       | <b>8.4</b>       | <b>8.7</b>       | <b>8.6</b>       | <b>8.4</b>       | <b>8.3</b>       |
| Opex                                  | 5.6              | 5.9              | 6.0              | 6.0              | 6.0              | 6.3              | 6.3              | 5.9              | 5.8              |
| <b>PPOP</b>                           | <b>2.3</b>       | <b>2.3</b>       | <b>2.7</b>       | <b>2.5</b>       | <b>2.4</b>       | <b>2.3</b>       | <b>2.3</b>       | <b>2.5</b>       | <b>2.5</b>       |
| Provisions                            | 0.8              | 0.8              | 0.8              | 0.8              | 0.8              | 1.0              | 1.0              | 1.3              | 2.2              |
| <b>PBT</b>                            | <b>1.4</b>       | <b>1.5</b>       | <b>1.9</b>       | <b>1.7</b>       | <b>1.5</b>       | <b>1.4</b>       | <b>1.3</b>       | <b>1.2</b>       | <b>0.3</b>       |
| Tax                                   | 0.4              | 0.4              | 0.5              | 0.4              | 0.4              | 0.3              | 0.3              | 0.3              | 0.0              |
| <b>ROA</b>                            | <b>1.1</b>       | <b>1.1</b>       | <b>1.4</b>       | <b>1.3</b>       | <b>1.2</b>       | <b>1.1</b>       | <b>1.0</b>       | <b>0.9</b>       | <b>0.3</b>       |
| <b>ROE</b>                            | <b>10.2</b>      | <b>10.8</b>      | <b>13.3</b>      | <b>11.7</b>      | <b>11.1</b>      | <b>9.7</b>       | <b>9.1</b>       | <b>8.3</b>       | <b>2.3</b>       |

Source: Company, Emkay Research

## IDFC First Bank: Standalone Financials and Valuations

| Profit & Loss              |                |                |                |                |                |
|----------------------------|----------------|----------------|----------------|----------------|----------------|
| Y/E Mar (Rs mn)            | FY23           | FY24           | FY25E          | FY26E          | FY27E          |
| Interest Income            | 227,275        | 303,225        | 371,367        | 443,952        | 529,362        |
| Interest Expense           | 100,922        | 138,717        | 174,272        | 206,774        | 242,102        |
| <b>Net interest income</b> | <b>126,353</b> | <b>164,508</b> | <b>197,095</b> | <b>237,178</b> | <b>287,260</b> |
| NII growth (%)             | 30.2           | 30.2           | 19.8           | 20.3           | 21.1           |
| Other income               | 44,670         | 60,020         | 70,122         | 86,333         | 105,660        |
| <b>Total Income</b>        | <b>171,023</b> | <b>224,528</b> | <b>267,217</b> | <b>323,511</b> | <b>392,920</b> |
| Operating expenses         | 121,704        | 162,158        | 188,109        | 221,681        | 260,645        |
| <b>PPOP</b>                | <b>49,319</b>  | <b>62,370</b>  | <b>79,108</b>  | <b>101,830</b> | <b>132,275</b> |
| PPOP growth (%)            | 50.2           | 26.5           | 26.8           | 28.7           | 29.9           |
| <b>Core PPOP</b>           | <b>46,054</b>  | <b>60,315</b>  | <b>76,643</b>  | <b>98,872</b>  | <b>128,726</b> |
| Provisions & contingencies | 16,648         | 23,817         | 50,970         | 52,292         | 63,206         |
| <b>PBT</b>                 | <b>32,671</b>  | <b>38,553</b>  | <b>28,137</b>  | <b>49,538</b>  | <b>69,070</b>  |
| Extraordinary items        | 0              | 0              | 0              | 0              | 0              |
| Tax expense                | 8,300          | 8,988          | 6,472          | 12,137         | 17,267         |
| Minority interest          | 0              | 0              | 0              | 0              | 0              |
| Income from JV/Associates  | 0              | 0              | 0              | 0              | 0              |
| <b>Reported PAT</b>        | <b>24,371</b>  | <b>29,565</b>  | <b>21,666</b>  | <b>37,402</b>  | <b>51,802</b>  |
| PAT growth (%)             | 1,574.6        | 21.3           | (26.7)         | 72.6           | 38.5           |
| <b>Adjusted PAT</b>        | <b>24,371</b>  | <b>29,565</b>  | <b>21,666</b>  | <b>37,402</b>  | <b>51,802</b>  |
| <b>Diluted EPS (Rs)</b>    | <b>3.7</b>     | <b>4.1</b>     | <b>2.9</b>     | <b>5.0</b>     | <b>6.9</b>     |
| Diluted EPS growth (%)     | 1,492.2        | 13.3           | (30.7)         | 72.6           | 38.5           |
| <b>DPS (Rs)</b>            | <b>0.0</b>     | <b>0.0</b>     | <b>0.3</b>     | <b>0.4</b>     | <b>0.5</b>     |
| <b>Dividend payout (%)</b> | <b>0.0</b>     | <b>0.0</b>     | <b>10.4</b>    | <b>8.0</b>     | <b>7.2</b>     |
| Effective tax rate (%)     | 25.4           | 23.3           | 23.0           | 24.5           | 25.0           |
| Net interest margins (%)   | 6.3            | 6.5            | 6.4            | 6.3            | 6.3            |
| Cost-income ratio (%)      | 71.2           | 72.2           | 70.4           | 68.5           | 66.3           |
| Shares outstanding (mn)    | 6,618.1        | 7,128.8        | 7,482.7        | 7,482.7        | 7,482.7        |

Source: Company, Emkay Research

| Asset quality and other metrics |          |          |          |          |          |
|---------------------------------|----------|----------|----------|----------|----------|
| Y/E Mar (Rs mn)                 | FY23     | FY24     | FY25E    | FY26E    | FY27E    |
| <b>Asset quality</b>            |          |          |          |          |          |
| Gross NPLs                      | 38,844.5 | 37,183.6 | 47,285.6 | 64,893.1 | 88,608.7 |
| Net NPLs                        | 13,040.5 | 11,604.6 | 13,240.0 | 19,467.9 | 26,582.6 |
| GNPA ratio (%)                  | 2.5      | 1.9      | 2.0      | 2.2      | 2.5      |
| NNPA ratio (%)                  | 0.9      | 0.6      | 0.6      | 0.7      | 0.8      |
| Provision coverage (%)          | 66.4     | 68.8     | 72.0     | 70.0     | 70.0     |
| Gross slippages                 | 45,430.5 | 39,270.0 | 67,346.5 | 80,034.1 | 94,862.3 |
| Gross slippage ratio (%)        | 2.9      | 2.0      | 2.8      | 2.8      | 2.7      |
| LLP ratio (%)                   | 1.7      | 1.5      | 2.1      | 2.0      | 1.9      |
| NNPA to networth (%)            | 5.0      | 3.5      | 3.3      | 4.5      | 5.5      |
| <b>Capital adequacy</b>         |          |          |          |          |          |
| Total CAR (%)                   | 16.8     | 16.1     | 15.9     | 14.2     | 12.9     |
| Tier-1 (%)                      | 14.2     | 13.4     | 13.5     | 12.2     | 11.2     |
| CET-1 (%)                       | 14.2     | 13.4     | 13.5     | 12.2     | 11.2     |
| RWA-to-Total Assets (%)         | 72.8     | 78.2     | 78.0     | 78.0     | 78.0     |
| <b>Miscellaneous</b>            |          |          |          |          |          |
| Total income growth (%)         | 33.3     | 33.6     | 21.5     | 20.1     | 19.8     |
| Opex growth (%)                 | 26.2     | 33.2     | 16.0     | 17.8     | 17.6     |
| Core PPOP growth (%)            | 71.0     | 31.0     | 27.1     | 29.0     | 30.2     |
| PPOP margin (%)                 | 18.1     | 17.2     | 17.9     | 19.2     | 20.8     |
| PAT/PPOP (%)                    | 49.4     | 47.4     | 27.4     | 36.7     | 39.2     |
| LLP-to-Core PPOP (%)            | 36.1     | 39.5     | 66.5     | 52.9     | 49.1     |
| Yield on advances (%)           | 14.4     | 15.1     | 14.6     | 14.5     | 14.3     |
| Cost of funds (%)               | 5.6      | 6.1      | 6.2      | 6.0      | 5.7      |

Source: Company, Emkay Research

| Balance Sheet                         |                  |                  |                  |                  |                  |
|---------------------------------------|------------------|------------------|------------------|------------------|------------------|
| Y/E Mar (Rs mn)                       | FY23             | FY24             | FY25E            | FY26E            | FY27E            |
| Share capital                         | 66,181           | 71,288           | 74,827           | 74,827           | 74,827           |
| Reserves & surplus                    | 191,030          | 250,914          | 313,535          | 347,943          | 396,004          |
| <b>Net worth</b>                      | <b>257,212</b>   | <b>322,202</b>   | <b>388,362</b>   | <b>422,770</b>   | <b>470,831</b>   |
| Deposits                              | 1,446,373        | 2,005,763        | 2,598,329        | 3,333,215        | 4,265,297        |
| Borrowings                            | 402,935          | 368,103          | 338,655          | 304,789          | 259,071          |
| <b>Interest bearing liab.</b>         | <b>1,849,308</b> | <b>2,373,866</b> | <b>2,936,984</b> | <b>3,638,004</b> | <b>4,524,368</b> |
| <b>Other liabilities &amp; prov.</b>  | <b>292,897</b>   | <b>265,672</b>   | <b>238,585</b>   | <b>236,522</b>   | <b>238,564</b>   |
| <b>Total liabilities &amp; equity</b> | <b>2,399,417</b> | <b>2,961,150</b> | <b>3,563,931</b> | <b>4,297,296</b> | <b>5,233,763</b> |
| Net advances                          | 1,517,945        | 1,945,924        | 2,371,187        | 2,864,907        | 3,517,682        |
| Investments                           | 611,236          | 747,084          | 886,366          | 1,064,485        | 1,275,612        |
| Cash, other balances                  | 138,980          | 124,802          | 154,053          | 198,711          | 251,585          |
| <b>Interest earning assets</b>        | <b>2,268,160</b> | <b>2,817,809</b> | <b>3,411,606</b> | <b>4,128,102</b> | <b>5,044,879</b> |
| Fixed assets                          | 20,901           | 26,194           | 21,103           | 26,181           | 32,527           |
| Other assets                          | 110,355          | 117,147          | 131,221          | 143,013          | 156,356          |
| <b>Total assets</b>                   | <b>2,399,417</b> | <b>2,961,150</b> | <b>3,563,931</b> | <b>4,297,296</b> | <b>5,233,763</b> |
| BVPS (Rs)                             | 38.9             | 45.5             | 51.9             | 56.5             | 62.9             |
| Adj. BVPS (INR)                       | 37.4             | 44.3             | 50.6             | 54.6             | 60.3             |
| Gross advances                        | 1,543,749        | 1,971,503        | 2,405,233        | 2,910,332        | 3,579,708        |
| Credit to deposit (%)                 | 104.9            | 97.0             | 91.3             | 86.0             | 82.5             |
| CASA ratio (%)                        | 49.8             | 47.2             | 46.2             | 46.4             | 48.4             |
| Cost of deposits (%)                  | 5.0              | 5.9              | 6.2              | 6.0              | 5.7              |
| Loans-to-Assets (%)                   | 63.3             | 65.7             | 66.5             | 66.7             | 67.2             |
| Net advances growth (%)               | 28.8             | 28.2             | 21.9             | 20.8             | 22.8             |
| Deposit growth (%)                    | 36.9             | 38.7             | 29.5             | 28.3             | 28.0             |
| Book value growth (%)                 | 15.1             | 17.0             | 14.1             | 8.9              | 11.4             |

Source: Company, Emkay Research

| Valuations and key Ratios   |             |             |            |            |             |
|-----------------------------|-------------|-------------|------------|------------|-------------|
| Y/E Mar                     | FY23        | FY24        | FY25E      | FY26E      | FY27E       |
| P/E (x)                     | 17.8        | 15.5        | 22.4       | 13.0       | 9.4         |
| P/B (x)                     | 1.7         | 1.4         | 1.3        | 1.2        | 1.0         |
| P/ABV (x)                   | 1.7         | 1.5         | 1.3        | 1.2        | 1.1         |
| P/PPOP (x)                  | 8.7         | 7.4         | 6.1        | 4.8        | 3.7         |
| Dividend yield (%)          | 0.0         | 0.0         | 0.5        | 0.6        | 0.8         |
| <b>DuPont-RoE split (%)</b> |             |             |            |            |             |
| NII/avg assets              | 5.9         | 6.1         | 6.0        | 6.0        | 6.0         |
| Other income                | 2.1         | 2.2         | 2.1        | 2.2        | 2.2         |
| Fee income                  | 1.9         | 2.1         | 2.1        | 2.1        | 2.1         |
| Opex                        | 5.7         | 6.1         | 5.8        | 5.6        | 5.5         |
| <b>PPOP</b>                 | <b>2.3</b>  | <b>2.3</b>  | <b>2.4</b> | <b>2.6</b> | <b>2.8</b>  |
| Core PPOP                   | 2.1         | 2.3         | 2.3        | 2.5        | 2.7         |
| Provisions                  | 0.8         | 0.9         | 1.6        | 1.3        | 1.3         |
| Tax expense                 | 0.4         | 0.3         | 0.2        | 0.3        | 0.4         |
| <b>RoA (%)</b>              | <b>1.1</b>  | <b>1.1</b>  | <b>0.7</b> | <b>1.0</b> | <b>1.1</b>  |
| Leverage ratio (x)          | 9.2         | 9.3         | 9.2        | 9.7        | 10.7        |
| <b>RoE (%)</b>              | <b>10.4</b> | <b>10.2</b> | <b>6.1</b> | <b>9.2</b> | <b>11.6</b> |
| <b>Quarterly data</b>       |             |             |            |            |             |
| Rs mn, Y/E Mar              | Q2FY24      | Q3FY24      | Q4FY24     | Q1FY25     | Q2FY25      |
| NII                         | 39,502      | 42,866      | 44,689     | 46,948     | 47,879      |
| NIM(%)                      | 6.3         | 6.4         | 6.4        | 6.2        | 6.2         |
| PPOP                        | 15,103      | 15,625      | 16,639     | 18,824     | 19,619      |
| PAT                         | 7,513       | 7,157       | 7,243      | 6,806      | 2,007       |
| EPS (Rs)                    | 1.14        | 1.08        | 1.09       | 1.03       | 0.30        |

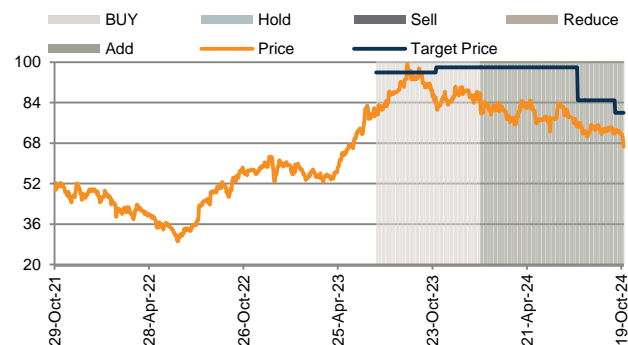
Source: Company, Emkay Research

**RECOMMENDATION HISTORY - DETAILS**

| Date      | Closing Price (INR) | TP (INR) | Rating | Analyst    |
|-----------|---------------------|----------|--------|------------|
| 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 |
| 07-Jul-23 | 80                  | 96       | Buy    | Anand Dama |

Source: Company, Emkay Research

**RECOMMENDATION HISTORY - TREND**



Source: Company, Bloomberg, Emkay Research



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

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