22 September 2026

Company Update | Sector: Financials

IDFC First Bank

BSE SENSEX	S&P CNX
74,529	23,329

CMP: INR85 TP: INR105 (+23%) Upgrade to BUY

Stock Info

Bloomberg	IDFCFB IN
Equity Shares (m)	8615
M.Cap.(INRb)/(USDb)	736.1 / 7.7
52-Week Range (INR)	89 / 58
1, 6, 12 Rel. Per (%)	2/35/28
12M Avg Val (INR M)	2444
Free float (%)	100.0

Financials Snapshot (INR b)

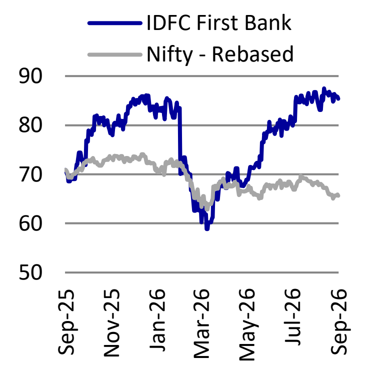
Y/E March	FY26	FY27E	FY28E
NII	212.2	254.0	308.4
OP	72.1	109.3	146.3
NP	16.4	44.7	63.1
NIM (%)	5.7	5.7	5.7
EPS (INR)	2.1	5.2	7.3
BV/Sh. (INR)	55	59	65
ABV/Sh. (INR)	53	56	62
Ratios			
RoA (%)	0.4	1.0	1.2
RoE (%)	3.9	9.2	11.9
Valuations			
P/E(X)	41.6	16.4	11.6
P/BV (X)	1.6	1.5	1.3
P/ABV (X)	1.6	1.5	1.4

Shareholding pattern (%)

As on	Jun-26	Mar-26	Jun-25
Promoter (%)	0.0	0.0	0.0
DII (%)	32.2	30.5	32.6
FII (%)	36.1	36.5	23.8
Others (%)	31.7	32.9	43.7

FII Includes depository receipts

Stock's performance (one-year)



Earnings set to gain pace; RoA to swing back to ~1.2%

FCNR (B) deposits to strengthen liability franchise

- IDFC First Bank (IDFCFB) has delivered strong balance sheet growth, with advances and deposits registering a CAGR of 21% and 26%, respectively, in the past three years. Deposit growth has outpaced loan growth as the liability franchise has scaled up, with the CD ratio declining significantly to 94% from 108% in FY23.
- The ~73% leverage provided on the USD3.57b FCNR (B) mobilization (11% of deposits) could likely compress full-year NIMs by ~7-12bp (Exhibit 8); however, the shift to progressive SA pricing alongside TD rate cuts should offset NIM impact.
- Despite the near-term NIM drag, FCNR (B) mobilization, which is estimated to add ~1.5-4.4% to incremental NII, coupled with improving opex intensity, should translate into an estimated ~4.1-6.8% boost to FY27E earnings.
- The bank has strengthened its internal controls and governance processes and has recently lowered its credit cost guidance, underscoring strong asset quality trends. We estimate GNPA/NNPA to moderate to 1.4%/0.4% by FY28E.
- We estimate 42% PPoP CAGR over FY26-28E and C/I ratio at ~69%/65% for FY27/28, translating into RoA/RoE of 1.2%/11.9% by FY28E. We upgrade our rating to BUY from Neutral with a TP of INR105 (based on 1.6x FY28E ABV).

Loan book to post 21% CAGR over FY26-28E

IDFCFB continues to pursue a granular and diversified asset mix, with net advances growth of 20.8% YoY in 1QFY27. Growth has been broad-based, with wholesale loans growing 30% YoY and retail loans growing 21.5% YoY, led by vehicle finance (~26% YoY), consumer loans (~26% YoY) and gold loans (~103% YoY), as the focus shifts toward higher-quality borrowers. The bank continues to selectively moderate MFI exposure while maintaining a diversified retail asset mix. Going forward, management expects further market-share gains, with improving traction in gold loans, consumer loans and vehicle finance. We estimate ~21% loan CAGR over FY26-28E, taking the loan book beyond INR3.4t by FY27E, supported by a diversified asset mix and disciplined growth.

Strong FCNR (B) mobilization to aid growth momentum

IDFCFB has built a strong and granular liability franchise, with retail deposits now accounting for 80% of customer deposits vs. 27% at merger, aided by a 51% CASA ratio. Management focuses on branch-led as well as digital mobilization of CASA and retail deposits, which grew 20% YoY. We estimate 25% CAGR in deposits over FY26-28E, especially with healthy FCNR (B) deposit mobilization of USD3.57b (11% of total deposits), comfortably funding loan growth. Importantly, stable deposit growth of 1.1% QoQ in 4QFY26 and 5.9% QoQ in 1QFY27 highlights the resilience of the liability franchise and continued customer confidence in the bank after the fraud incident.

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FCNR (B) flows to affect full-year NIMs by 7-12bp

The ~73% leverage provided on the USD3.57b FCNR (B) mobilization (~11% of deposits) could lower full-year NIMs by ~7-12bp (Exhibit 10), depending on the proportion of deployment and retirement of high-cost deposits. However, the bank has recently shifted from a flat SA rate system to a progressive SA rate and reduced peak TD rates by 15bp, which will help control funding costs. In the medium term, an improving asset mix toward higher-yielding, better-quality assets should support NIM stability. Overall, management expects NIM stabilization to be driven increasingly by franchise-led initiatives rather than short-term cost measures. IDFCFB has raised its NIM guidance by 5bp to 5.8% for FY27.

FCNR (B) mobilization: FY27E EPS may get a boost of 4-7%

Despite the near-term NIM drag, FCNR (B) mobilization could boost NII and EPS by 4-7% for full year FY27E. The magnitude of the benefit depends on the deployment mix. Full deployment of FCNR (B) deposits into higher-yielding assets offers the maximum upside of ~4.4% to NII and ~6.8% to EPS, while using a larger portion to retire higher-cost wholesale liabilities lowers the incremental earnings benefit. Conversely, full deployment leads to the maximum estimated NIM drag of ~12bp as balance sheet swells, highlighting the trade-off between absolute earnings accretion and margin dilution (Exhibit 8).

C/I moderation to be key driver for ROA

Management targets a ~350bp annual improvement in C/I ratio, with an ambition to bring it down to 60% over the next few years from ~71% (ex-trading) currently (long-term range 55-60%). Operating leverage is already emerging, with opex growth of 16.4% YoY trailing operating income growth (ex-trading) of 21.5% YoY. Retail-liability C/I is steadily declining as the deposit franchise scales up, with management targeting ~100% in the medium term (currently at 148%, 171% in FY25). We expect C/I to moderate to 69%/65% in FY27/28E, supporting ~42% PPoP CAGR over FY26-28E. Combined with normalizing credit costs, this should provide a strong operating leverage-led pathway for RoA expansion.

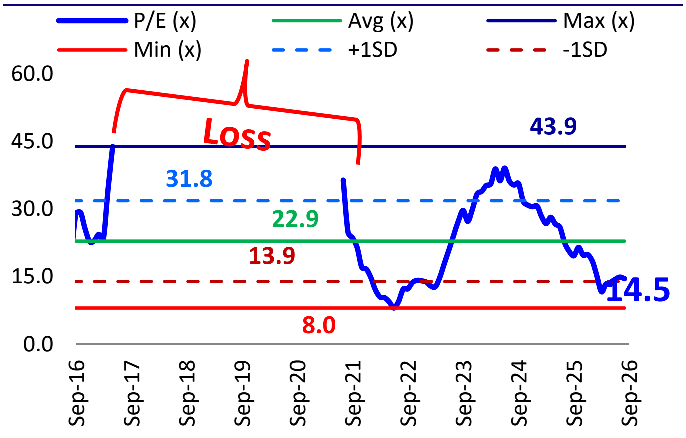
Earnings buoyancy to return as headwinds are largely behind

IDFCFB's reported earnings have been significantly constrained over the past two years by the twin impact of the MFI stress cycle and the deposit fraud incident, masking the underlying improvement in the core franchise. Elevated MFI provisions pushed credit costs to ~3% in FY25/FY26. With the MFI book now reduced to INR67b from INR133.4b in FY24 and the fraud-related impact fully recognized, the key earnings overhangs are steadily fading. Going forward, stable NIMs, ~21% loan growth, strong fee income traction and emerging operating leverage should drive a meaningful recovery in profitability. We believe IDFCFB is transitioning from a balance-sheet repair phase to a period of consistent earnings compounding.

Valuation and view: Upgrade to BUY with TP of INR105

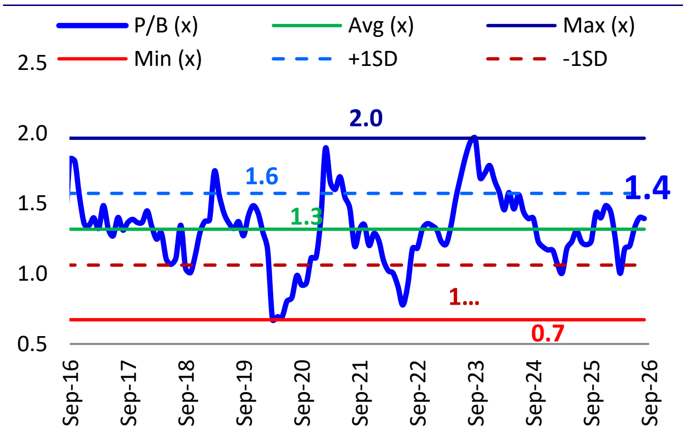
IDFCFB has made significant progress in strengthening its deposit franchise while sustaining robust loan growth and steadily de-risking the balance sheet. The bank is well positioned for a sustainable recovery in profitability, supported by healthy business growth, improvement in operating leverage and controlled credit cost. The bank has strengthened internal controls and governance processes and has lowered its credit cost guidance, underscoring strong asset quality trends. We estimate GNPA/NNPA to moderate to 1.4%/0.4% by FY28E. We estimate IDFCFB to deliver 42% PPoP CAGR over FY26-28E and C/I ratio to improve to ~69%/65% in FY27/28, translating into RoA/RoE of 1.2%/11.9% by FY28E. **We upgrade our rating to BUY from Neutral with a TP of INR105 (based on 1.6x FY28E ABV).**

Exhibit 1: One-year forward P/E



Source: MOFSL, Company

Exhibit 2: One-year forward P/B



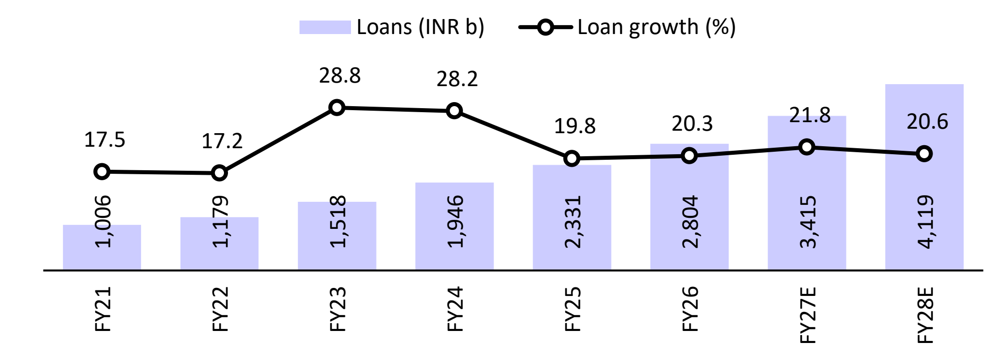
Source: MOFSL, Company

Healthy business momentum to continue; earnings buoyancy to return

- **Credit growth to remain healthy, granular and broad-based**: Advances grew 20.8% YoY in 1QFY27, with sustained momentum across segments. Wholesale loans grew 30% YoY, while retail advances grew 21.5% YoY, highlighting the bank's increasingly granular and diversified asset mix. Retail growth was led by VF and consumer loans (~26% YoY each), while gold loans surged ~103% YoY, with management focusing on higher-quality borrowers. The bank continues to selectively moderate MFI exposure while reallocating growth toward other retail segments. Management expects further market-share gains, particularly in gold loans, consumer loans and vehicle finance, providing multiple growth levers in the medium term. We estimate ~21% loan CAGR over FY26–28E, taking the loan book beyond INR3.4t by FY27E, supported by a diversified asset mix and disciplined growth.

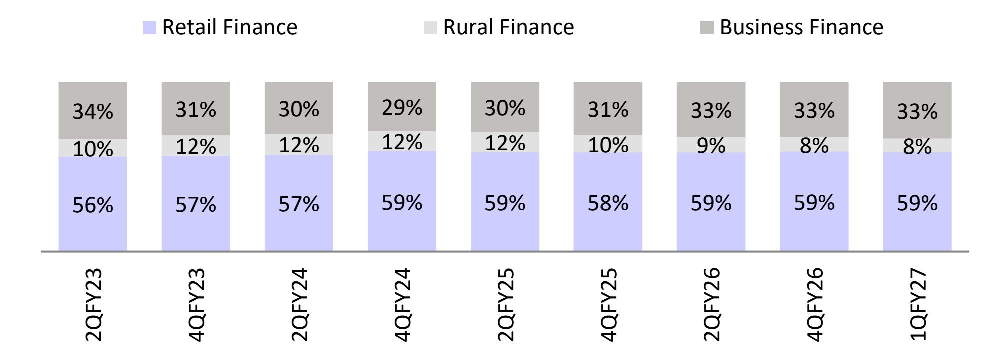
Growth to be broad-based and granular, with loan book crossing INR4.1t by FY28E

Exhibit 3: Estimate a healthy ~21% loan CAGR over FY26-28E



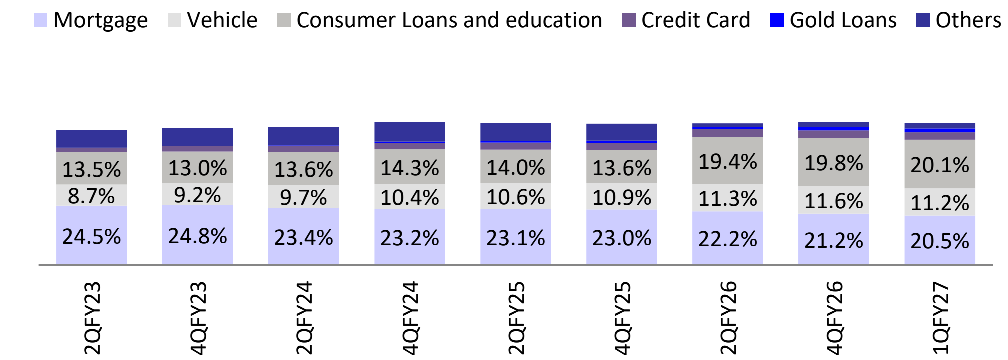
Source: MOFSL, Company

Exhibit 4: Retail Banking remains a key growth driver at 59% of the loan mix



Source: MOFSL, Company

Exhibit 5: Retail loan mix: VF/Gold/Consumer grew at 26%/26%/103% YoY

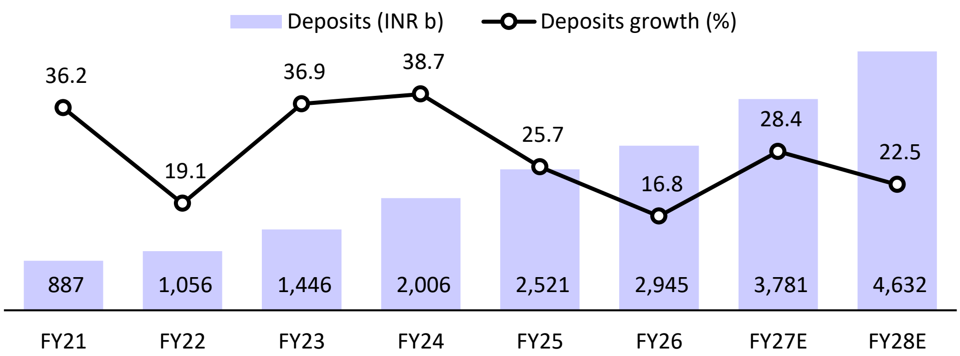


Source: MOFSL, Company, Note: Digital lending (part of Others) reclassified under Consumer Loans from 2QFY26

- **Resilient liability franchise; CD ratio to moderate to 89% by FY28E**: IDFCFB has steadily strengthened its granular liability franchise, with retail deposits now forming ~80% of customer deposits vs. ~27% at merger and CASA at a healthy 51%. Deposit growth remains robust at ~18% YoY, supported by branch-led and digital mobilization of deposits, while LCR retail deposits grew ~20% YoY. The strong FCNR (B) mobilization of USD3.57b (11% of total deposits) will boost the deposit mobilization further in the near term. We expect deposits to post ~25% CAGR over FY26–28E, bringing the CD ratio down to 89% by FY28E.

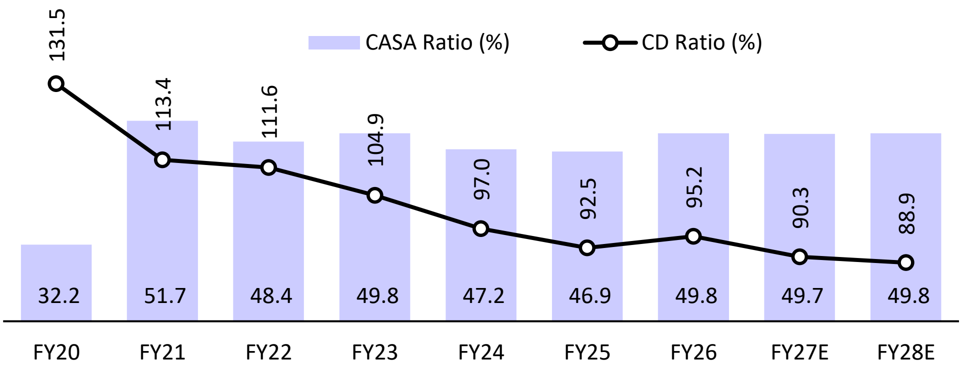
Deposit growth in FY27E to be boosted by USD3.57b (11% of deposits) of FCNR (B) deposit inflows

Exhibit 6: Deposit growth at ~25% CAGR over FY26-28E to outpace loan growth



Source: MOFSL, Company

Exhibit 7: CASA ratio expected to remain healthy, while CD ratio is expected to moderate

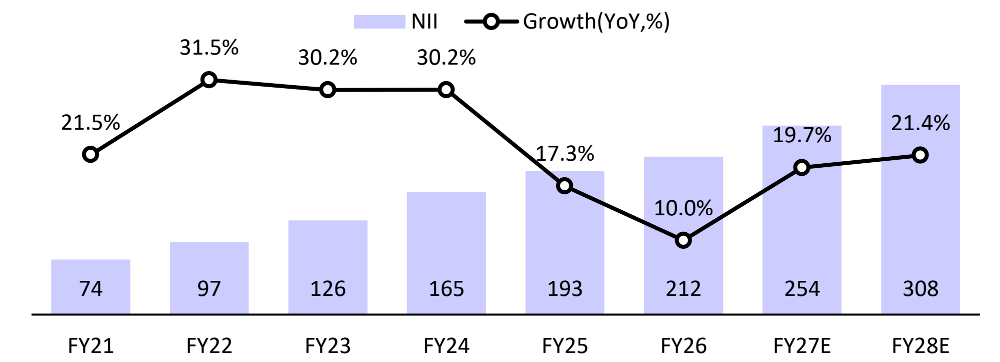


Source: MOFSL, Company

- **SA rate change to drive margin expansion:** The bank has recently shifted from a flat SA rate system to a progressive SA rate, which will reduce its funding cost and offset the impact of margin-dilutive FCNR (B) flows. The cost of funds has already moderated to 5.96%, while the 15bp TD rate cut and other repricing initiatives on SA revisions should provide further relief. Overall, NIM gain is expected to increasingly come from franchise-led funding and asset-mix initiatives rather than near-term cost optimization. IDFCFB reported adjusted NIM of 5.90% in 1QFY27, down 3bp QoQ, but raised its FY27 NIM guidance by 5bp to 5.8%.

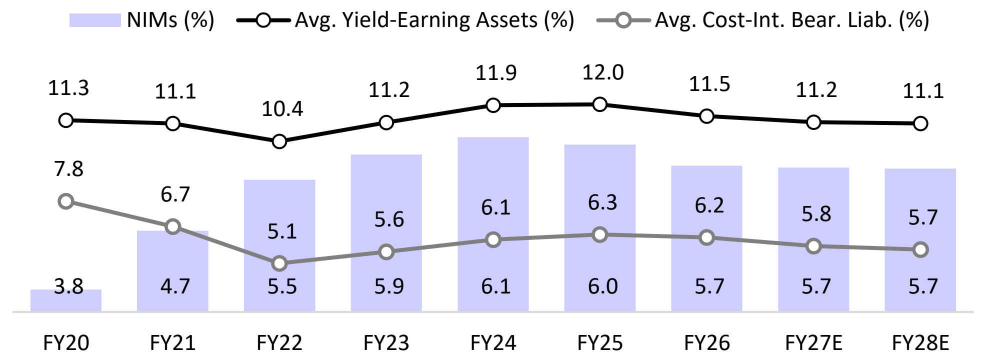
Exhibit 8: Estimate ~21% CAGR in NII over FY26-28E

NII growth is likely to recover to ~21% CAGR



Source: MOFSL, Company

Exhibit 9: NIMs are expected to stabilize at 5.7% by FY28E



Source: MOFSL, Company

- **NIM impact to range from 7bp to 12bp from FCNR(B) flows**: IDFCFB's USD3.57b FCNR (B) mobilization (~11% of deposits) with ~73% leverage could compress NIMs by 7bp to 12bp, depending on the proportion of deployment and retirement of high-cost liabilities.
- Despite the near-term NIM drag, FCNR (B) mobilization, which is estimated to add ~1.5-4.4% to incremental NII, coupled with improving opex intensity, should translate into an estimated ~4.1-6.8% boost to full year FY27E earnings, depending on deployment. Full deployment into higher-yielding assets offers maximum NII/EPS upside of ~4.4%/~6.8% but comes with the highest NIM drag of ~12bp, while retirement of high-cost liabilities lowers both the earnings uplift and margin dilution.

Exhibit 10: Estimated impact on NIMs, overall earnings due to FCNR(B) flows (INR m)

High-cost liabilities retired as a % of FCNR(B)	100%	50%	0%
FCNR (B) deployed (% of total mobilized)	**0%**	**50%**	**100%**
FCNR(B) Mobilised (INR m)	3,39,750	3,39,750	3,39,750
Leverage Provided (%)	73%	73%	73%
Leverage (INR m)	2,47,200	2,47,200	2,47,200
Spread on Leverage (%)	0.5%	0.5%	0.5%
FCNR(B) deposit rate (%)	6.75%	6.75%	6.75%
Processing cost+ Hedging cost on interest (%)	0.40%	0.40%	0.40%
Wholesale deposit rate (%)	7.50%	7.50%	7.50%
Deposits as on 1QFY27	3,118,919	3,118,919	3,118,919
High-cost liabilities deposits retired	339,750	169,875	-
Total Deposits – O/S	31,18,919	32,88,794	34,58,669
- FCNR (B) component deployed	-	1,69,875	3,39,750
Discount Factor	0.48	0.48	0.48
Yield on FCNR (B) mobilised (%)	14%	14%	14%
NII FY27E	254,047	254,047	254,047
Average total assets	4,471,618	4,471,618	4,471,618
FCNR backed lending:			
Interest income from lending of FCNR (B)	-	23,103	46,206
Less: Interest expense on FCNR (B)	24,292	24,292	24,292
Add: Interest expense saved on retirement of TD	25,481	12,741	-
Add: SLR/CRR benefit on retirement of high-cost deposits	5,422	2,711	-
Add: Spread Earned on Leverage	1,236	1,236	1,236
NII - incremental	7,848	15,499	23,150
Total NII after impact of day count remaining	257,835	261,528	265,221
NII increase (%) in FY27E	**1.5%**	**2.9%**	**4.4%**
Incremental Asset created	247,200	417,075	586,950
Total Average Asset - after FCNR (B) Mobilized	4,595,218	4,680,155	4,765,093
NIM after FCNR (B) impact	5.61%	5.59%	5.57%
- Calculated NIM	5.68%	5.68%	5.68%
Impact on NIM	**(7)**	**(9)**	**(12)**
Effective Tax rate	25.0%	25.0%	25.0%
PAT FY27E	44,658	44,658	44,658
Incremental C/I on FCNR (B) Deployment	55%	55%	55%
PAT after impact of FCNR (B)	47,253	47,841	48,429
PAT impact after Std provisioning on leveraged part	46,511	47,099	47,688
EPS impact (%)	**4.1%**	**5.5%**	**6.8%**

Note: Numbers in INR m, unless specified Source: MOFSL, Company

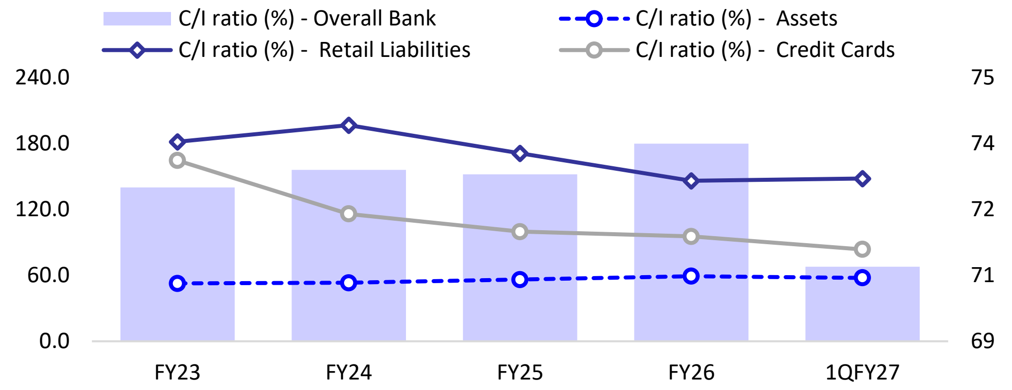
Exhibit 11: Assumptions for impact calculation from FCNR (B) deposit mobilization

Parameter	Assumption
Leverage on FCNR(B)	❖ Long-term borrowings from IBU
Spread on leveraged portion	❖ ~50bps
Processing & hedging cost on interest	❖ ~40bps
FCNR(B) deployment	❖ Assumed to be deployed within 30 days (i.e., 30th Sep'26)
Asset yield	❖ FCNR (B) deposits deployed at IDFC FIRST Bank's blended yield on advances
Wholesale liability retirement	❖ Sensitivity based on % of FCNR(B) used to retire high-cost liabilities
Effective Tax	❖ ~25%
Incremental operating cost	❖ Opex cost assumed on FCNR(B) deployment

Source: MOFSL, Company

- **Continuous improvement in cost-to-income ratios on liabilities**: Retail-liability C/I is steadily declining as the deposit franchise scales up, with management targeting ~100% (currently at 148%, 171% in FY25) in the medium term. Deposit growth is outpacing branch additions, improving per-branch productivity. This should eventually drive operating leverage gains, bringing retail liabilities closer to self-sustaining economics and supporting a structural decline in overall C/I, with efficiency gains increasingly narrowing the gap with peers.

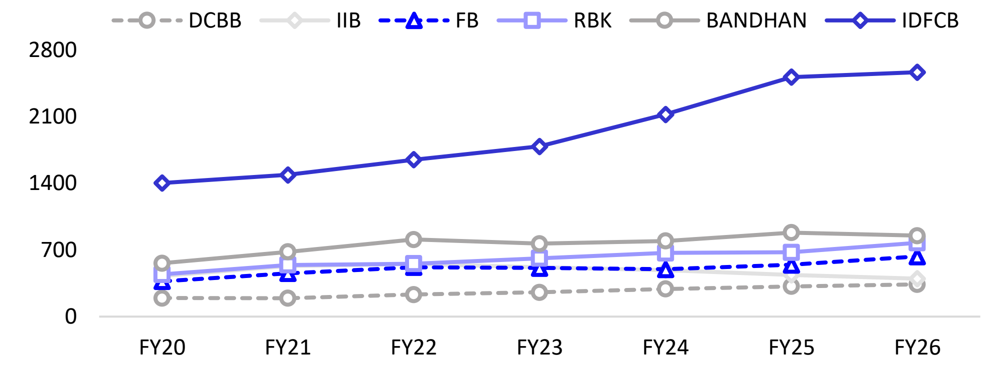
Exhibit 12: Operating leverage on the liabilities side continues to improve



Source: MOFSL, Company

Exhibit 13: Deposits per branch (INR m) is superior to peers and continue to improve

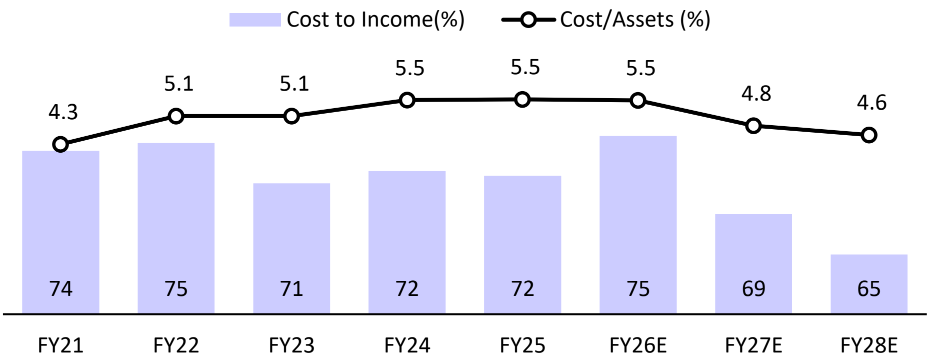
Deposits per branch at INR2567m showcase the productivity benefits of investments in the deposit franchise



Source: MOFSL, Company

- **C/I improvement to drive next leg of earnings:** The bank targets a ~350bp annual improvement in C/I ratio, with an ambition to bring it down to 60% over the medium term from ~71% (ex-trading) currently (long-term range 55-60%). Operating leverage is already emerging, with opex growth of 16.4% YoY trailing operating income growth (ex-trading) of 21.5% YoY. We expect C/I to moderate to 69%/65% in FY27/28E, supporting 42% PPoP CAGR over FY26-28E. Combined with normalizing credit costs, this should provide a strong operating leverage-led pathway for RoA expansion.

Exhibit 14: Expect cost-to-income and cost-to-assets to lower to 66%/4.6% by FY28E

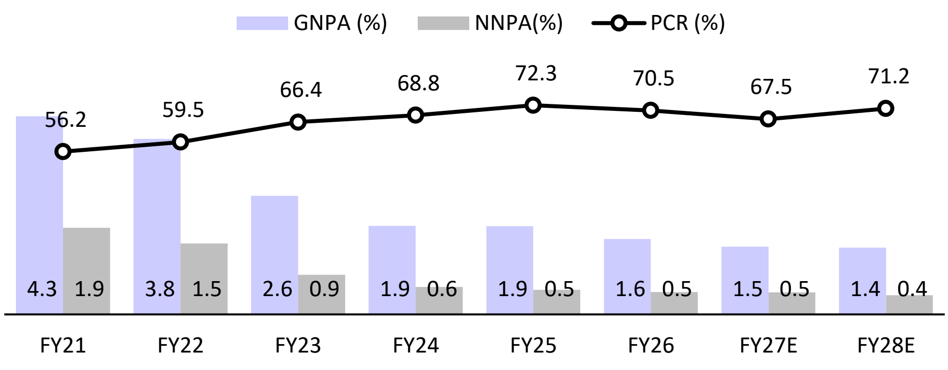


Source: MOFSL, Company

- **Earnings buoyancy to return with headwinds behind:** IDFCFB's earnings have been dampened over the past couple of years by the twin impact of the MFI stress cycle and the one-off Chandigarh fraud, masking the underlying improvement in its core franchise. Elevated MFI provisions pushed credit costs to ~3% in FY25/FY26. With the MFI book now having been reduced to INR67b from INR133.4b in FY24 and the fraud-related impact fully recognized, the key earnings overhangs are steadily fading. Going forward, stable NIM trajectory, ~21% loan growth, improving traction in fee-income, emerging operating leverage, and normalizing credit costs should drive a meaningful recovery in profitability. We believe IDFCFB is transitioning from a balance-sheet repair phase to a period of stable earnings compounding.

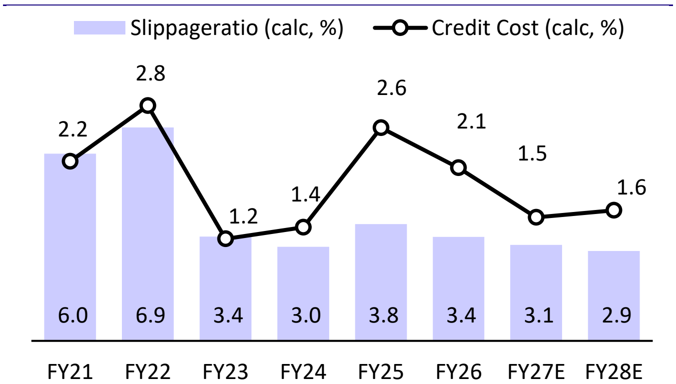
Exhibit 15: Asset quality to remain benign; GNPA/NNPA to remain at 1.4%/0.4% by FY28E

Asset quality is likely to remain healthy, with PCR of ~71% expected by FY28.



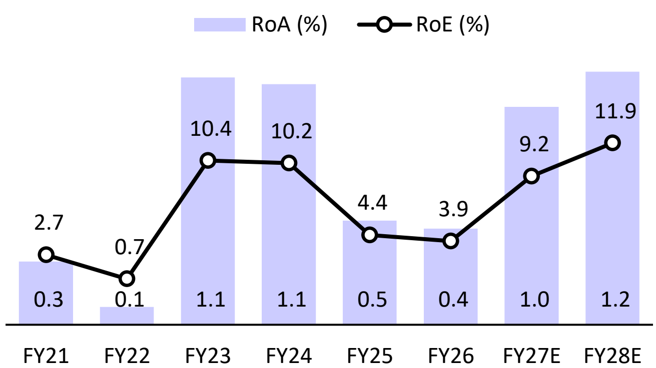
Source: MOFSL, Company

Exhibit 16: Slippages and credit cost to improve to 2.9% and 1.6% by FY28, respectively



Source: MOFSL, Company

Exhibit 17: IDFCFB on path to attain RoA/RoE of 1.2%/11.9% by FY28E



Source: MOFSL, Company

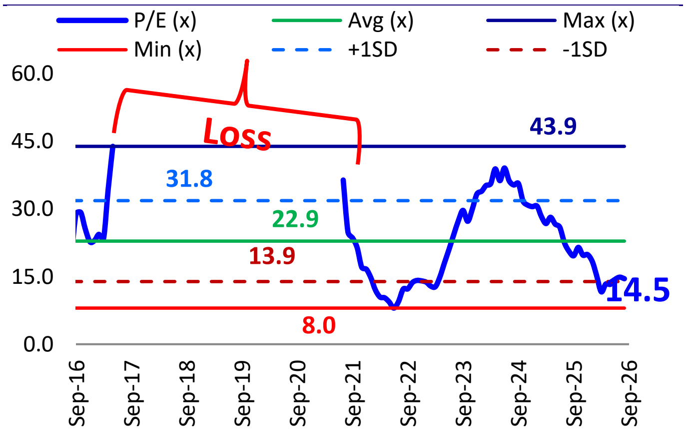
Valuation and view – Upgrade to BUY with TP of INR105

- IDFCFB has made significant progress in upgrading its deposit franchise while sustaining robust loan growth and steadily de-risking the balance sheet.
- With NIM guidance of ~5.8% for FY27, continued deposit momentum, improving operating efficiency and strong capital buffers, the bank is well positioned for a sustainable recovery in profitability.
- Operating leverage is already emerging, with opex growth of 16.4% YoY trailing operating income growth (ex-trading) of 21.5% YoY. We expect C/I to moderate to 69%/65% in FY27/28E, supporting ~42% PPoP CAGR over FY26–28E, translating into RoA/RoE of 1.2%/11.9% by FY28E.
- **We upgrade to BUY from Neutral with a TP of INR105, based on 1.6x FY28E ABV. Execution on C/I reduction, sustained asset-quality improvement, moderation in credit costs and stable NIMs remain the key upside catalysts.**

Exhibit 18: Changes to our estimates – Raise earnings est. by 2.6%/5.3% for FY27/FY28E

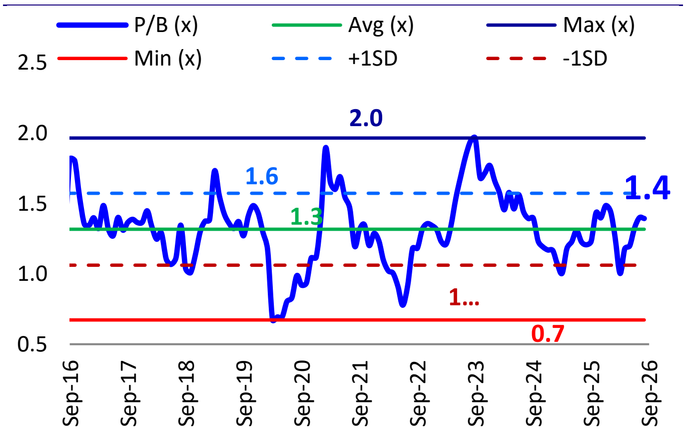
INR b	Old Est.		New Est.		Change (%/bps)	
	FY27	FY28	FY27	FY28	FY27	FY28
Net Interest Income	253.7	301.8	254.0	308.4	0.1	2.2
Other Income	92.1	108.7	93.7	110.6	1.7	1.7
Total Income	345.8	410.5	347.7	418.9	0.6	2.1
Operating Expenses	238.4	269.5	238.4	272.7	0.0	1.2
Operating Profits	107.4	141.0	109.3	146.3	1.8	3.7
Provisions	49.9	61.9	50.4	63.0	0.9	1.8
PBT	57.4	79.1	58.9	83.3	2.6	5.3
Tax	13.9	19.2	14.3	20.2	2.6	5.3
PAT	43.5	60.0	44.7	63.1	2.6	5.3
Loans	3,370	4,038	3,415	4,119	1.3	2.0
Deposits	3,631	4,448	3,781	4,632	4.1	4.1
Margins (%)	5.7	5.7	5.7	5.7	(5)	1
Credit Cost (%)	1.5	1.6	1.5	1.6	-	-
RoA (%)	0.98	1.12	1.00	1.16	1	4
RoE (%)	8.9	11.3	9.2	11.9	22	54
EPS	5.1	7.0	5.2	7.3	2.6	5.3
BV	58.6	64.4	58.7	64.9	0.2	0.8
ABV	56.3	62.0	56.4	62.4	0.1	0.7

Exhibit 19: One-year forward P/E



Source: MOFSL, Company

Exhibit 20: One-year forward P/B



Source: MOFSL, Company

Exhibit 21: DuPont Analysis – We expect RoA of 1.2% in FY28E

Y/E MARCH (%)	FY23	FY24	FY25	FY26	FY27E	FY28E
Interest Income	10.6	11.3	11.4	10.9	10.6	10.5
Interest Expense	4.7	5.2	5.4	5.2	4.9	4.8
Net Interest Income	**5.9**	**6.1**	**6.0**	**5.7**	**5.7**	**5.7**
Fee income	1.9	2.2	2.1	2.0	2.0	2.0
Trading and others	0.1	0.1	0.1	0.1	0.1	0.1
Non-Interest income	**2.1**	**2.2**	**2.2**	**2.1**	**2.1**	**2.0**
Total Income	**8.0**	**8.4**	**8.2**	**7.8**	**7.8**	**7.7**
Operating Expenses	**5.7**	**6.1**	**5.9**	**5.9**	**5.3**	**5.0**
Employee cost	1.7	1.8	1.8	1.7	1.6	1.5
Others	3.9	4.2	4.1	4.2	3.8	3.5
Operating Profit	**2.3**	**2.3**	**2.3**	**1.9**	**2.4**	**2.7**
Core Operating Profit	**2.1**	**2.3**	**2.2**	**1.8**	**2.4**	**2.6**
Provisions	**0.8**	**0.9**	**1.7**	**1.4**	**1.1**	**1.2**
PBT	**1.5**	**1.4**	**0.6**	**0.5**	**1.3**	**1.5**
Tax	0.4	0.3	0.1	0.1	0.3	0.4
RoA	**1.1**	**1.1**	**0.5**	**0.4**	**1.0**	**1.2**
Leverage (x)	9.2	9.3	9.1	8.7	9.2	10.2
RoE	**10.4**	**10.2**	**4.4**	**3.9**	**9.2**	**11.9**

Financials and valuations

Income Statement						(INR b)
Y/E March	**FY23**	**FY24**	**FY25**	**FY26**	**FY27E**	**FY28E**
Interest Income	227.3	303.2	365.0	405.5	473.0	572.3
Interest Expense	100.9	138.7	172.1	193.3	219.0	263.9
Net Interest Income	**126.4**	**164.5**	**192.9**	**212.2**	**254.0**	**308.4**
-growth (%)	30.2	30.2	17.3	10.0	19.7	21.4
Non-Interest Income	44.7	60.0	70.2	78.7	93.7	110.6
Total Income	**171.0**	**224.5**	**263.1**	**290.9**	**347.7**	**418.9**
-growth (%)	32.3	31.3	17.2	10.5	19.5	20.5
Operating Expenses	121.7	162.2	189.0	218.8	238.4	272.7
Pre-Provision Profits	**49.3**	**62.4**	**74.1**	**72.1**	**109.3**	**146.3**
-growth (%)	50.2	26.5	18.9	-2.7	51.6	33.8
Core PPoP	**46.1**	**60.3**	**71.0**	**67.8**	**105.3**	**142.4**
-growth (%)	68.6	30.8	17.6	-4.4	55.2	35.3
Provisions (excl tax)	16.6	23.8	55.1	53.8	50.4	63.0
PBT	**32.7**	**38.6**	**19.0**	**18.3**	**58.9**	**83.3**
Tax	8.3	9.0	3.8	2.0	14.3	20.2
Tax Rate (%)	25.4	23.3	19.7	10.7	24.2	24.2
PAT	**24.4**	**29.6**	**15.2**	**16.4**	**44.7**	**63.1**
-growth (%)	1,575.3	21.3	-48.4	7.3	172.9	41.4

Balance Sheet						
Y/E March	**FY23**	**FY24**	**FY25**	**FY26**	**FY27E**	**FY28E**
Equity Share Capital	66.2	70.7	73.2	86.0	86.0	86.0
Reserves & Surplus	190.7	250.3	306.1	384.6	419.3	472.5
Net Worth	**256.8**	**321.0**	**379.3**	**470.6**	**505.3**	**558.5**
Deposits	**1,446.4**	**2,005.8**	**2,520.7**	**2,944.7**	**3,781.1**	**4,631.8**
-growth (%)	36.9	38.7	25.7	16.8	28.4	22.5
-CASA Dep	**719.8**	**947.7**	**1,182.4**	**1,466.5**	**1,879.2**	**2,306.6**
-growth (%)	40.7	31.7	24.8	24.0	28.1	22.7
Borrowings	572.1	509.4	389.7	366.2	407.3	455.7
Other Liabilities & Prov.	123.7	124.4	147.0	213.3	251.7	297.0
Total Liabilities	**2,399.0**	**2,960.6**	**3,436.7**	**3,994.9**	**4,945.4**	**5,943.0**
Current Assets	139.0	124.8	151.0	127.6	196.9	239.1
Investments	**611.2**	**747.1**	**807.2**	**859.7**	**1,048.8**	**1,258.5**
-growth (%)	32.5	22.2	8.0	6.5	22.0	20.0
Loans	**1,517.9**	**1,945.9**	**2,331.1**	**2,803.9**	**3,415.2**	**4,118.7**
-growth (%)	28.8	28.2	19.8	20.3	21.8	20.6
Fixed Assets	20.9	26.2	26.6	25.6	37.0	41.4
Other Assets	110.4	117.1	122.3	181.0	247.7	285.3
Total Assets	**2,399.4**	**2,961.2**	**3,438.2**	**3,997.8**	**4,945.4**	**5,943.0**

Asset Quality	**FY23**	**FY24**	**FY25**	**FY26**	**FY27E**	**FY28E**
GNPA	38.8	37.2	44.3	45.6	49.9	59.3
NNPA	13.0	11.6	12.3	13.5	16.2	17.1
GNPA Ratio (%)	2.6	1.9	1.9	1.6	1.5	1.4
NNPA Ratio (%)	0.9	0.6	0.5	0.5	0.5	0.4
Slippage Ratio (%)	3.4	3.0	3.8	3.4	3.1	2.9
Credit Cost (%)	1.2	1.4	2.6	2.1	1.5	1.6
PCR (Excl Tech. write off) (%)	66.4	68.8	72.3	70.5	67.5	71.2

E: MOFSL Estimates

Financials and valuations

Ratios

Y/E March	FY23	FY24	FY25	FY26	FY27E	FY28E
Yield and Cost Ratios (%)						
Avg. Yield-Earning Assets	**11.2**	**11.9**	**12.0**	**11.5**	**11.2**	**11.1**
Avg. Yield on loans	14.2	15.0	14.4	13.3	13.1	13.1
Avg. Yield on Investments	6.1	6.1	6.9	7.2	6.7	6.8
Avg. Cost-Int. Bear. Liab.	**5.6**	**6.1**	**6.3**	**6.2**	**5.8**	**5.7**
Avg. Cost of Deposits	5.0	5.9	6.2	6.1	5.6	5.45
Interest Spread	**9.2**	**9.1**	**8.2**	**7.2**	**7.5**	**7.6**
Net Interest Margin	**5.9**	**6.1**	**6.0**	**5.7**	**5.7**	**5.7**
Capitalization Ratios (%)						
CAR	16.8	16.1	15.5	15.6	14.0	13.1
Tier I	14.2	13.4	13.2	13.7	12.5	11.7
-CET-1	14.2	13.4	13.2	13.7	12.5	11.7
Tier II	2.6	2.8	2.3	1.9	1.6	1.3
Business Ratios (%)						
Loans/Deposit Ratio	104.9	97.0	92.5	95.2	90.3	88.9
CASA Ratio	49.8	47.2	46.9	49.8	49.7	49.8
Cost/Assets	5.1	5.5	5.5	5.5	4.8	4.6
Cost/Total Income	71.2	72.2	71.8	75.2	68.6	65.1
Cost/Core Income	72.5	72.9	72.7	76.3	69.4	65.7
Int. Expense/Int. Income	44.4	45.7	47.1	47.7	46.3	46.1
Fee Income/Total Income	24.3	25.8	25.5	25.6	25.8	25.5
Non-Int. Inc./Total Income	26.1	26.7	26.7	27.1	26.9	26.4
Empl. Cost/Total Expense	30.7	30.2	30.2	28.3	29.3	29.2
Efficiency Ratios (INRm)						
CASA per branch	889.8	1,003.9	1,180.0	1,278.6	1,495.0	1,675.1
Employee per branch (in nos)	43.7	43.6	42.1	37.5	38.4	39.2
Staff exp per employee	1.1	1.2	1.4	1.4	1.4	1.5
Busi. per Empl.	83.8	96.1	115.0	133.5	149.2	162.0
NP per Empl.	0.7	0.7	0.4	0.4	0.9	1.2
Profitability Ratios and Valuation						
RoE	10.4	10.2	4.4	3.9	9.2	11.9
RoA	1.1	1.1	0.5	0.4	1.0	1.2
RoRWA	1.6	1.5	0.6	0.5	1.2	1.5
Book Value (INR)	39	45	52	55	59	65
-growth (%)	15.0	17.0	14.1	5.6	7.4	10.5
Price-BV (x)	**2.2**	**1.9**	**1.7**	**1.6**	**1.5**	**1.3**
Adjusted BV (INR)	37	44	50	53	56	62
Price-ABV (x)	**2.4**	**2.0**	**1.7**	**1.6**	**1.5**	**1.4**
EPS (INR)	3.8	4.3	2.1	2.1	5.2	7.3
-growth (%)	1,452.3	13.8	-50.9	-3.0	152.6	41.4
Price-Earnings (x)	**22.7**	**20.0**	**40.7**	**42.0**	**16.6**	**11.7**

E: MOFSL Estimates

N O T E S

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SELL	< - 10%
NEUTRAL	< - 10 % to 15%
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