

Estimate change



TP change



Rating change



Bloomberg	IDFCFB IN
Equity Shares (m)	7478
M.Cap.(INRb)/(USD\$)	557 / 6.7
52-Week Range (INR)	101 / 71
1, 6, 12 Rel. Per (%)	-14/-23/-38
12M Avg Val (INR M)	3773

Financial and Valuation (INR b)

Y/E March	FY24	FY25E	FY26E
NII	164.5	201.6	241.9
OP	62.4	81.4	105.0
NP	29.6	31.7	45.2
NIM (%)	6.1	6.1	6.1
EPS (INR)	4.3	4.5	6.4
BV/Sh. (INR)	45	50	57
ABV/Sh. (INR)	43	48	54

Ratios

RoE (%)	10.2	9.4	12.0
RoA (%)	1.1	1.0	1.1

Valuations

P/E(X)	17.2	16.6	11.6
P/BV (X)	1.6	1.5	1.3
P/ABV (X)	1.7	1.6	1.4

Shareholding pattern (%)

As On	Jun-24	Mar-24	Jun-23
Promoter	37.4	37.4	39.9
DII	11.7	10.5	11.7
FII	21.0	23.7	20.9
Others	30.0	28.4	27.5

CMP: INR74
TP: INR83 (+11%)
Neutral

Elevated credit cost drags down earnings

Cost-to-income ratio eases marginally

- IDFC First Bank (IDFCFB) reported a 1QFY25 PAT of INR6.8b (-11% YoY, in line) dragged down by elevated provisions.
- NII grew 25% YoY to INR46.9b (in line), while margin contracted 13bp QoQ to 6.22%.
- Opex grew 21% YoY to INR44.3b (5% better than MOFSLe). C/I ratio thus eased to 70.2%.
- Net advances rose 21% YoY/4.1% QoQ. Deposit growth was also healthy at 36% YoY/4.5% QoQ, with CASA mix moderating 60bp QoQ to 46.6%.
- We cut our earnings by 11%/5% for FY25E/26E, and estimate an FY26 RoA/RoE of 1.1%/12.0%. Reiterate Neutral with a revised TP of INR83 (premised on 1.5x FY26E ABV).**

NIM contracts 13bp QoQ; near-term asset quality stress to persist

- IDFCFB reported a 1QFY25 PAT of INR6.8b (-11% YoY, in line) dragged down by elevated provisions.
- NII grew 25% YoY to INR46.9b (in line), while margin contracted 13bp QoQ to 6.22% Provisions jumped 109% YoY to INR9.9bb (20% above MOFSLe).
- Other income grew 15% YoY to INR16.2b (4% miss). Opex grew 21% YoY to INR44.3b (5% better than MOSLe). C/I ratio thus eased to 70.2%. PPOp grew 25% YoY to INR18.8b (8% beat). Management expects a C/I ratio of ~65% by FY27.
- On the business front, gross advances grew 22% YoY/4.2% QoQ, led by 29% YoY growth in retail finance. Rural book rose 2.7% QoQ (+18.2% YoY). Within retail, growth was led by housing (+10.5% QoQ) and cards (+7.1% QoQ). The share of consumer & rural finance was ~72% as of 1QFY25.
- Deposit growth remained healthy at 36% YoY/4.5% QoQ, with CASA mix contracting 60bp QoQ to 46.6%. CD ratio moderated 40bp QoQ to 96.6%.
- GNPA ratio increased 2bp QoQ to 1.9%, while NNPA ratio improved 1bp QoQ to 0.59%. PCR ratio increased 59bp QoQ to 69.4%. SMA book increased to 1.01% led by elevated stress in the JLG portfolio. Restructured book declined to 0.26% of funded assets.
- Credit cost increased to ~2.2% in 1QFY25, affected by high delinquencies in the JLG portfolio due to the Chennai floods. Management expects the impact of the JLG portfolio to be rangebound, as the portfolio forms ~6% of total loans. At the overall bank level, IDFCFB expects an additional credit cost impact of ~18-20bp for FY25, and thus it raised the credit cost guidance to ~1.85% from 1.65% earlier.

Highlights from the management commentary

- Including profits for 1QFY25 and taking into account the fresh equity capital of INR32b raised in the first week of Jul'24, total CRAR stood at 17.21%, with CET-1 ratio at 14.67%. The bank further benefitted by ~14bp in CET-1 due to the new investment guidelines.

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Investors are advised to refer through important disclosures made at the last page of the Research Report.

Motilal Oswal research is available on www.motilaloswal.com/Institutional-Equities, Bloomberg, Thomson Reuters, Factset and S&P Capital.

- Credit cost is expected at ~1.85% (including JLG book), and without JLG, it is expected to be ~1.65% going forward.
- The C/I ratio of ~65% is expected in three years, as going forward, the pace of increase in branches will moderate.

Valuation and view: Reiterate Neutral with revised TP of INR83

IDFCFB reported a weak quarter (though in line), with elevated provisioning, while NIM contracted 13bp QoQ. Opex was lower than expected and this led to a slight improvement in the C/I ratio. On the business front, deposit traction continued to remain robust, while CASA mix moderated slightly and advances growth too remained healthy. We estimate the C/I ratio to moderate gradually to 67.7% by FY26E, while it may remain elevated in the near term, primarily due to the need to mobilize deposits at a healthy run rate. Credit cost increased sequentially due to elevated stress in the JLG portfolio. However, improvement in operating leverage, coupled with healthy loan growth and further replacement of high-cost borrowings will aid an improvement in underlying profitability. **We cut our earnings by 11%/5% for FY25E/26E, and estimate an FY26 RoA/RoE of 1.1%/12.0%. Reiterate Neutral with a revised TP of INR83 (premised on 1.5x FY26E ABV).**

Quarterly performance

	(INRb)											
	FY24E				FY25E				FY24	FY25E	FY25E	V/s
	1Q	2Q	3Q	4Q	1Q	2QE	3QE	4QE			1QE	Est
Net Interest Income	37.5	39.5	42.9	44.7	46.9	49.0	51.6	54.0	164.5	201.6	47.0	0%
% Change (Y-o-Y)	36.1	31.6	30.5	24.2	25.4	24.0	20.4	20.9	30.2	22.5	25.4	
Other Income	14.1	14.3	15.2	16.4	16.2	16.9	17.8	19.3	60.0	70.2	16.9	-4%
Total Income	51.6	53.8	58.0	61.1	63.1	65.8	69.4	73.4	224.5	271.8	63.9	-1%
Operating Expenses	36.6	38.7	42.4	44.5	44.3	46.7	48.6	50.9	162.2	190.4	46.5	-5%
Operating Profit	15.0	15.1	15.6	16.6	18.8	19.2	20.9	22.5	62.4	81.4	17.4	8%
% Change (Y-o-Y)	59.0	29.2	23.9	6.8	25.5	27.0	33.6	35.1	26.5	30.4	16.1	
Provisions	4.8	5.3	6.5	7.2	9.9	10.3	9.5	9.2	23.8	39.0	8.3	20%
Profit before Tax	10.2	9.8	9.1	9.4	8.9	8.9	11.3	13.3	38.6	42.4	9.1	-3%
Tax	2.6	2.3	1.9	2.2	2.1	2.3	2.9	3.4	9.0	10.6	2.3	-11%
Net Profit	7.7	7.5	7.2	7.2	6.8	6.6	8.5	9.9	29.6	31.7	6.8	0%
% Change (Y-o-Y)	61.3	35.2	18.4	-9.8	-11.0	-11.7	18.1	36.0	21.3	7.4	-11.0	
Operating Parameters												
Deposit (INR b)	1,544	1,712	1,825	2,006	2,097	2,230	2,399	2,567	2,006	2,567	2,120	-1%
Deposit Growth (%)	36.2	38.7	37.2	38.7	35.8	30.3	31.4	28.0	38.7	28.0	37.3	
Loan (INR b)	1,674	1,781	1,855	1,946	2,026	2,136	2,249	2,399	1,946	2,355	2,034	0%
Loan Growth (%)	26.3	27.0	27.3	24.4	21.0	19.9	21.2	23.3	28.2	21.0	21.5	
Asset Quality												
Gross NPA (%)	2.2	2.1	2.0	1.9	1.9	2.0	2.0	1.9	1.9	2.0	1.9	
Net NPA (%)	0.7	0.7	0.7	0.6	0.6	0.6	0.6	0.6	0.6	0.6	0.6	
PCR (%)	68.1	68.2	66.9	68.8	69.4	69.6	69.9	70.6	68.8	70.6	68.2	

Source: MOFSL, Company

Quarterly snapshot

Profit and Loss (INR b)	FY24				FY25	Change (%)	
	1Q	2Q	3Q	4Q	1Q	YoY	QoQ
Net Interest Income	37.5	39.5	42.9	44.7	46.9	25	5
Other Income	14.1	14.3	15.2	16.4	16.2	15	-1
Trading profits	0.7	0.5	0.5	0.3	0.2	-67	-25
Total Income	51.6	53.8	58.0	61.1	63.1	22	3
Operating Expenses	36.6	38.7	42.4	44.5	44.3	21	0
Employee	11.5	11.9	12.2	13.3	13.4	16	1
Others	25.1	26.8	30.2	31.2	30.9	23	-1
Operating Profits	15.0	15.1	15.6	16.6	18.8	25	13
Core Operating Profits	14.3	14.6	15.1	16.3	18.6	30	14
Provisions	4.8	5.3	6.5	7.2	9.9	109	38
PBT	10.2	9.8	9.1	9.4	8.9	-13	-6
Taxes	2.6	2.3	1.9	2.2	2.1	-20	-5
PAT	7.7	7.5	7.2	7.2	6.8	-11	-6
Balance Sheet							
Loans	1,674	1,781	1,855	1,946	2,026	21	4
Deposits	1,544	1,712	1,825	2,006	2,097	36	5
-CASA Deposits	718	795	855	948	977	36	3
Loan mix (%)							
Retail Finance	56.7	57.1	58.8	59.3	60.0	326	71
-Home loan	11.7	11.6	11.1	11.1	11.8	4	67
-Vehicle loan	9.5	9.7	9.6	10.4	10.4	89	6
-Consumer + education loan	13.8	13.6	15.1	14.3	14.4	67	17
-Credit card	2.3	2.3	2.6	2.8	2.8	57	8
Rural Finance	12.1	12.5	12.6	11.9	11.7	-38	-17
SME & Corporate Finance	29.0	28.6	27.0	27.4	27.0	-201	-45
Infrastructure	2.2	1.8	1.6	1.4	1.3	-87	-9
Asset Quality							
GNPA	36.0	37.5	37.8	37.2	39.0	8	5
NNPA	11.5	11.9	12.5	11.6	12.0	4	3
Asset quality ratios (%)							
	1Q	2Q	3Q	4Q	1Q	YoY (bp)	QoQ (bp)
GNPA	2.17	2.11	2.04	1.88	1.90	-27	2
NNPA	0.70	0.68	0.68	0.60	0.59	-11	-1
PCR (Exc TWO)	68.1	68.2	66.9	68.8	69.4	127	59
SMA 1&2	0.9	0.8	0.9	0.9	1.0	16	16
Credit Cost	1.3	1.3	1.6	1.6	2.2	88	50
Business ratios (%)							
CASA (Reported)	46.5	46.4	46.8	47.2	46.6	10	-60
Loan/Deposit	108.4	104.0	101.6	97.0	96.6	-1,177	-40
Other income/Total Income	27.4	26.6	26.1	26.9	25.6	-176	-123
Cost to Asset	1.6	1.6	1.7	1.7	0.0	-163	-166
Cost to Income	70.9	71.9	73.1	72.8	70.2	-73	-258
Tax Rate	25.3	23.5	21.2	23.1	23.4	-194	28
Capitalisation Ratios (%)							
Tier-1	13.7	13.5	14.0	13.4	13.3	-36	-2
-CET-1	13.7	13.5	14.0	13.4	13.3	-36	-2
CAR	17.0	16.5	16.7	16.1	15.9	-108	-23
RWA / Total Assets	75.2	75.0	80.7	78.2	78.3	310	7
LCR	125.6	121.6	119.9	114.0	118.0	-764	400
Profitability ratios (%)							
YoA	15.6	15.9	16.3	16.0	15.9	34	-2
YoF	13.6	13.9	14.2	13.6	14.1	44	47
CoF*	6.6	6.7	6.4	6.4	6.9	36	51
Margins	6.33	6.32	6.42	6.35	6.22	-11	-13
Other Details							
Branches	824	862	897	944	955	131	11

Source: MOFSL, Company



Highlights from the management commentary

Opening remarks by the management

- The bank's total deposit stood at ~INR2t. About 80% of total deposits have been retail in nature.
- Retail deposits grew 44% YoY; the bank reduced the rate in retail savings account to 3% for up to INR0.5m.
- CASA ratio stood at 46.6% vs 47% last quarter.
- Incremental CD ratio is 72.1% (from Jun'23 to Jun'24).
- It was able to meet its PSL requirement by generating its own organic PSLC.
- The bank transformed the liability profile in five years from wholesale to retail, to diversify the deposit base.
- It has a Google Play store rating of 4.9 currently.
- 92% of the fee income & other income is from retail banking operations, which is granular and sustainable.

With respect to costs, yields, and margins

- The bank has done massive digitalization across all business which are leading to increased income.
- C/I ratio of ~65% expected in three years as going forward the pace of increase in branches will come down.
- CoF increased 4bp; CoD was higher by 11bp due to the repricing effect on FD.
- The NIM drop was primary due to higher sequential increase in average investment book by 11.8% vs. 4.6% in average advances that impacted NIM by ~8bp.
- CoF would be ~6.36% if adjusted for legacy high-cost borrowings, which will be replaced by the bank's deposits at normal rate.
- The fee & other income as a % of total average assets was stable at 2.12% in 1QFY25.
- Opex is expected to grow by 20% YoY in FY25. Income to go up by 23-24% YoY expected in FY25.
- C/I ratio in credit card stood at 104.1% in 1QFY25, will reduce to ~75% with scale by FY27.
- The bank has given NIM guidance of 5.0%-5.5% for FY25.
- There is an NCLT hearing which is expected to be completed by 2Q.
- C/I ratio improvement to be coming from retail liabilities.
- The bank has opened 10 branches in current quarter and currently at 955 branches.
- The RoA/RoE stood at 0.91%/8.32% for 1QFY25.

With respect to loan and deposits

- Bank has broadly retained its CASA ratio sequentially, if it is excluding temporary inflow from one government account, which was called out last quarter.
- JLG outstanding portfolio was only 6.1% of the overall loan book.
- The expected impact of JLG portfolio is rangebound, and is likely to additionally impact credit cost at overall bank level by about 18-20bp for FY25.
- 94% of the book (non-JLG), the asset quality is steady and on expected lines, even factoring in the recent seasonal impacts.

- Bank has grown its customer deposits by 38% YoY driven by the retail deposits which was utilized for repayment of the legacy borrowings and for the growth of assets.
- Once the high-cost legacy borrowing gets repaid by FY26, the Bank will require the deposits only for growing the book and therefore bank expects deposit requirement to come down going forward.
- ~INR60b loan book is there in consumer durable business.
- LCR stood at ~118% for 1QFY25 and bank expects this to be >110% for FY25.
- Unsecured retail is 15% of the total book.
- CASA ratio stood at 46.6%. ~80% of the customer deposits is now retail deposits.

Asset quality

- GNPA has come down to 1.9%, NNPA is 0.59%. GNPA without infra is 1.6%, NNPA at 0.43%.
- Credit cost is expected at ~1.85% (including JLG book), and without JLG, it is expected to be ~1.65% going forward.
- Post-Jan'24, the bank has insured incremental JLG loans with credit guarantee from CGFMU. Bank pay 1% premium from CGFMU book. All the MFI are the JLG.
- Credit cost to start normalizing going forward.
- PCR after excluding infrastructure finance book was at 73.5% as on 1QFY25.
- ~0.26% of funded asset is restructured book. ~95% of restructured book is secured in nature and bank hold ~20% provisions on this.
- SMA book has gone up by 16bps in 1QFY25, SMA stood at 0.95% ex-JLG book.
- The significant and growing part of the book, i.e. the Retail, Rural and SME business financing business has low NPA levels because of high-quality underwriting, credit bureaus, technology, cash-flow based lending capabilities.
- Gross slippages of the bank stood at INR16.57b and net slippages of ~INR11.32b.
- Collection efficiency also remains stable at 99.5%. The bank is quite comfortable on their asset quality and slippages front.
- Early bucket Collection Efficiency in JLG has reduced from 99.7% in Jun-23 to 99.2% in Jun-24, down by 50 bps.
- Increase in credit cost is coming from JLG, due to heat wave, due to elections and some effect in collection efficiency can be seen.

With respect to capital and investment guideline

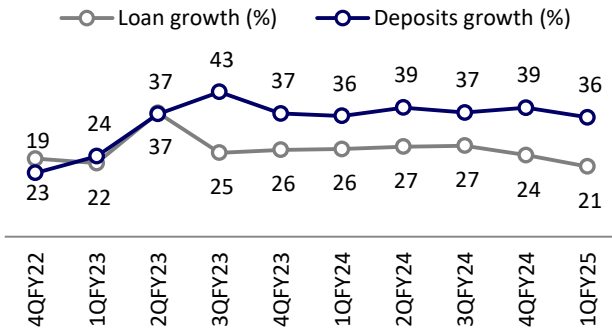
- Including profits for 1QFY25 and taking into account the fresh equity capital of INR32b raised in 1st week of July 2024, total CRAR as on 1QFY25 would have been 17.21% with CET-1 ratio at 14.67%.
- Benefit of ~14bp which is included in CET-1 can be seen due to new investment guidelines.

Guidance

- RoA expected at ~1.2% in next year and flat in current year.
- The bank has guided GNPA/NNPA ratio to be ~1.5%/0.4% by FY29.
- The bank expects a consistent balance sheet growth of ~20% with profit of INR120b-130b by FY29.
- In the next five years, the bank expects to open ~1,700-1,800 branches.
- CASA ratio is expected to be ~50% going forward.
- C/I ratio to be flattish for next quarter and is expected to go down from 3QFY25.

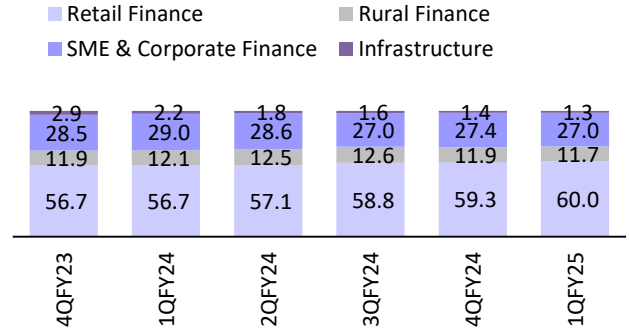
Story in charts

Exhibit 1: Loans/Deposits grew 21%/36% YoY



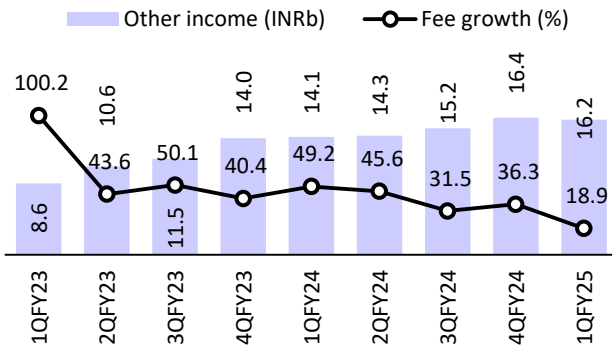
Source: MOFSL, Company

Exhibit 2: Consumer & Rural Finance formed ~72% of loans



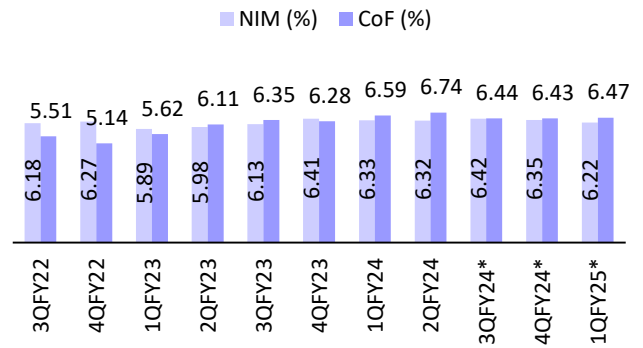
Source: MOFSL, Company

Exhibit 3: Fee income grew 18.9% YoY in 1QFY25



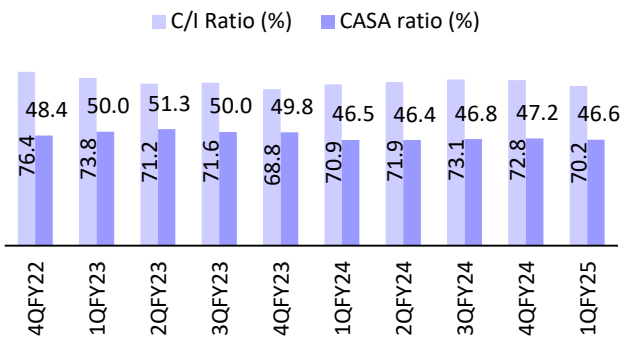
Source: MOFSL, Company

Exhibit 4: NIM moderated 13bp QoQ to 6.22%



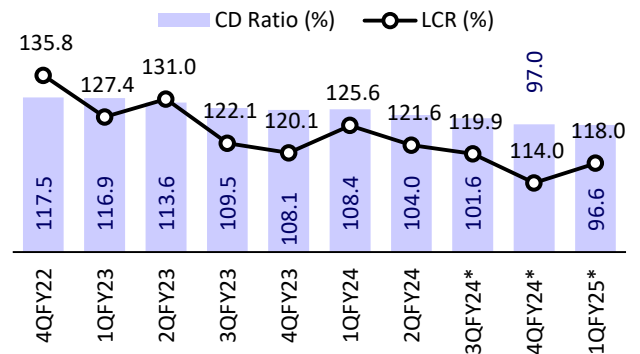
*cost of funds from 3QFY24 are on reported basis and NIM are gross of IBPC
Source: MOFSL, Company

Exhibit 5: C/I ratio moderated to 70.2%; CASA ratio at 46.6%



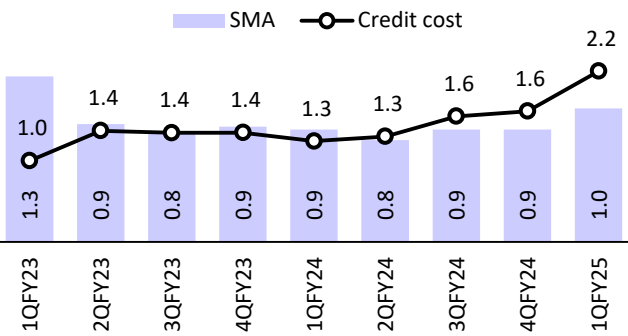
Source: MOFSL, Company

Exhibit 6: CD ratio stood at 96.6%; LCR at 118%



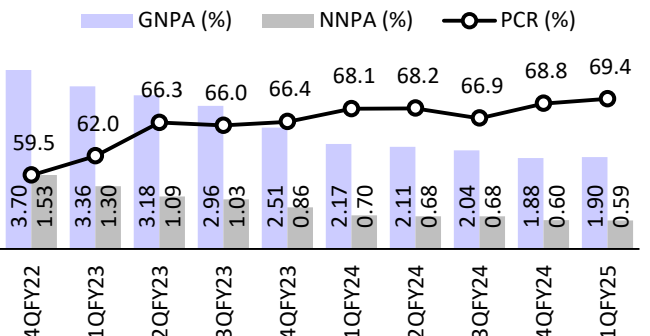
Source: MOFSL, Company

Exhibit 7: Credit cost stood elevated at 2.2%



Source: MOFSL, Company

Exhibit 8: GNPA/NNPA ratio stood at 1.9%/0.6%; PCR at 69%



Source: MOFSL, Company

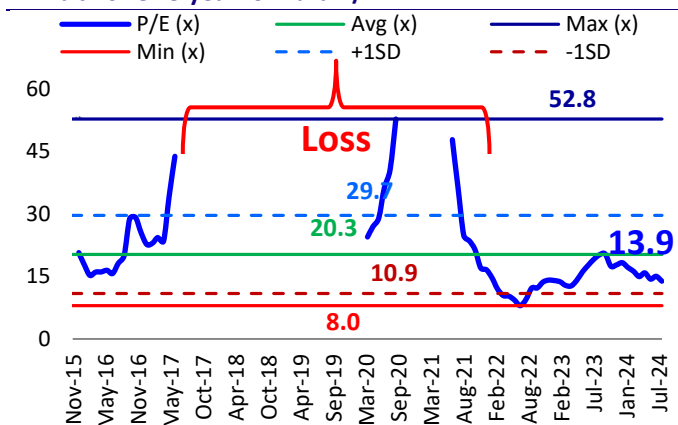
Valuation and view: Reiterate Neutral with a revised TP of INR83

- IDFCFB reported a weak quarter (though in line), with elevated provisioning, while NIM contracted 13bp QoQ. Opex was lower than expected and this led to a slight improvement in the C/I ratio. On the business front, deposit traction continued to remain robust, while CASA mix moderated slightly and advances growth too remained healthy.
- We estimate the C/I ratio to moderate gradually to 67.7% by FY26E, while it may remain elevated in the near term, primarily due to the need to mobilize deposits at a healthy run rate. Credit cost increased sequentially due to elevated stress in the JLG portfolio. However, improvement in operating leverage, coupled with healthy loan growth and further replacement of high-cost borrowings will aid an improvement in underlying profitability.
- **We cut our earnings by 11%/5% for FY25E/26E, and estimate an FY26 RoA/RoE of 1.1%/12.0%. Reiterate Neutral with a revised TP of INR83 (premised on 1.5x FY26E ABV).**

Exhibit 9: Changes to our estimates

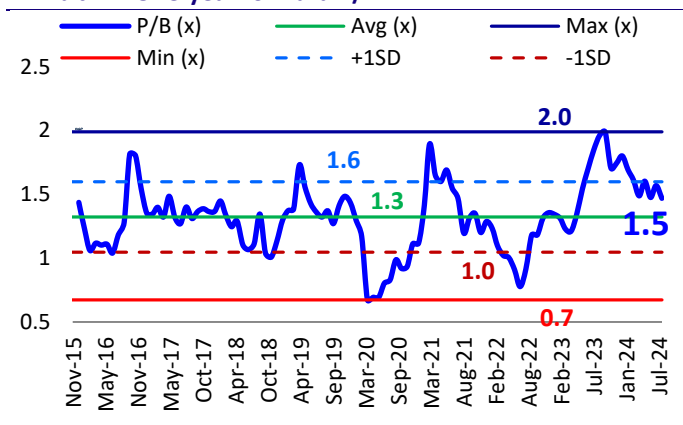
INR B	Old Est.		New Est.		Change (%/bps)	
	FY25	FY26	FY25	FY26	FY25	FY26
Net Interest Income	204.2	247.6	201.6	241.9	-1.3	-2.3
Other Income	73.2	89.3	70.2	82.9	-4.1	-7.2
Total Income	277.4	337.0	271.8	324.8	-2.0	-3.6
Operating Expenses	193.6	227.3	190.4	219.8	-1.6	-3.3
Operating Profits	83.9	109.7	81.4	105.0	-3.0	-4.3
Provisions	36.4	46.1	39.0	44.6	7.2	-3.3
PBT	47.5	63.6	42.4	60.4	-10.8	-5.0
Tax	11.9	16.0	10.6	15.2	-10.8	-5.0
PAT	35.6	47.6	31.7	45.2	-10.8	-5.0
Loans	2,393	2,920	2,355	2,873	-1.6	-1.6
Deposits	2,607	3,285	2,567	3,235	-1.5	-1.5
Margins (%)	6.18	6.12	6.1	6.1	(4)	(5)
Credit Cost (%)	1.65	1.68	1.8	1.7	15	(3)
RoA (%)	1.1	1.2	1.0	1.1	(11)	(4)
RoE (%)	10.5	12.5	9.4	12.0	(107)	(47)
EPS	5.0	6.7	4.5	6.4	-10.8	-5.0
BV	50.7	57.4	50.1	56.5	-1.1	-1.5
ABV	48.5	54.6	47.7	53.7	-1.6	-1.6

Exhibit 10: One-year forward P/E



Source: MOFSL, Company

Exhibit 11: One-year forward P/B



Source: MOFSL, Company

Exhibit 12: DuPont Analysis

Y/E MARCH	FY20	FY21	FY22	FY23	FY24	FY25E	FY26E
Interest Income	10.3	10.2	9.7	10.6	11.3	11.4	11.3
Interest Expense	6.5	5.5	4.2	4.7	5.2	5.2	5.2
Net Interest Income	3.8	4.7	5.5	5.9	6.1	6.1	6.1
Fee income	-1.4	-2.4	-1.3	0.6	1.1	1.3	1.4
Trading and others	2.5	3.8	3.1	1.5	1.1	0.9	0.7
Non-Interest income	1.1	1.4	1.8	2.1	2.2	2.1	2.1
Total Income	4.9	6.1	7.3	8.0	8.4	8.3	8.2
Operating Expenses	3.7	4.5	5.5	5.7	6.1	5.8	5.5
Employee cost	1.0	1.3	1.5	1.7	1.8	1.7	1.6
Others	2.7	3.3	3.9	3.9	4.3	4.1	3.9
Operating Profit	1.2	1.6	1.9	2.3	2.3	2.5	2.6
Core Operating Profit	-1.2	-2.2	-1.2	0.8	1.2	1.6	2.0
Provisions	2.7	1.3	1.8	0.8	0.9	1.2	1.1
PBT	-1.5	0.3	0.1	1.5	1.4	1.3	1.5
Tax	0.3	0.0	0.0	0.4	0.3	0.3	0.4
RoA	-1.8	0.3	0.1	1.1	1.1	1.0	1.1
Leverage (x)	9.4	9.4	9.1	9.2	9.3	9.7	10.6
RoE	-17.1	2.7	0.7	10.4	10.2	9.4	12.0

Financials and valuations

Income Statement							(INRb)	
Y/E March	FY20	FY21	FY22	FY23	FY24	FY25E	FY26E	
Interest Income	163.1	159.7	171.7	227.3	303.2	372.5	450.1	
Interest Expense	102.3	85.9	74.7	100.9	138.7	170.9	208.1	
Net Interest Income	60.8	73.8	97.1	126.4	164.5	201.6	241.9	
-growth (%)	89.9	21.5	31.5	30.2	30.2	22.5	20.0	
Non-Interest Income	17.2	22.1	32.2	44.7	60.0	70.2	82.9	
Total Income	78.0	95.9	129.3	171.0	224.5	271.8	324.8	
-growth (%)	92.5	23.0	34.8	32.3	31.3	21.0	19.5	
Operating Expenses	58.6	70.9	96.4	121.7	162.2	190.4	219.8	
Pre Provision Profits	19.4	25.0	32.8	49.3	62.4	81.4	105.0	
-growth (%)	-205.5	29.0	31.4	50.2	26.5	30.4	29.0	
Core PPP	15.5	19.0	27.4	46.1	59.3	78.5	102.3	
-growth (%)	-182.8	23.0	44.0	68.6	28.6	32.2	30.3	
Provisions (excl tax)	43.2	20.2	31.1	16.6	23.8	39.0	44.6	
PBT	-23.8	4.8	1.8	32.7	38.6	42.4	60.4	
Tax	4.9	0.2	0.3	8.3	9.0	10.6	15.2	
Tax Rate (%)	-20.4	4.9	16.9	25.4	23.3	25.1	25.1	
PAT	-28.6	4.5	1.5	24.4	29.6	31.7	45.2	
-growth (%)	NM	NM	-67.8	1,575.3	21.3	7.4	42.5	

Balance Sheet

Y/E March	FY20	FY21	FY22	FY23	FY24	FY25E	FY26E
Equity Share Capital	48.1	56.8	62.2	66.2	70.7	70.7	70.7
Reserves & Surplus	105.3	121.3	147.7	190.7	250.3	283.6	328.9
Net Worth	153.4	178.1	209.9	256.8	321.0	354.3	399.6
Deposits	651.1	886.9	1,056.3	1,446.4	2,005.8	2,567.4	3,234.9
-growth (%)	-7.6	36.2	19.1	36.9	38.7	28.0	26.0
-CASA Dep	209.4	459.0	511.7	719.8	936.7	1,191.3	1,520.4
-growth (%)	129.8	119.2	11.5	40.7	30.1	27.2	27.6
Borrowings	574.0	457.9	529.6	572.1	509.4	546.3	595.1
Other Liabilities & Prov.	113.5	108.6	105.8	123.7	124.4	130.6	139.8
Total Liabilities	1,492.0	1,631.4	1,901.7	2,399.0	2,960.6	3,598.7	4,369.4
Current Assets	41.9	58.3	157.6	139.0	124.8	183.7	222.1
Investments	454.0	454.1	461.4	611.2	747.1	904.0	1,093.8
-growth (%)	-22.4	0.0	1.6	32.5	22.2	21.0	21.0
Loans	856.0	1,005.5	1,178.6	1,517.9	1,945.9	2,354.6	2,872.6
-growth (%)	-0.8	17.5	17.2	28.8	28.2	21.0	22.0
Fixed Assets	10.4	12.7	13.6	20.9	26.2	32.8	40.7
Other Assets	129.7	100.9	90.6	110.4	117.1	123.6	140.1
Total Assets	1,492.0	1,631.4	1,901.8	2,399.4	2,961.2	3,598.7	4,369.4

Asset Quality	FY20	FY21	FY22	FY23	FY24	FY25E	FY26E
GNPA	22.8	43.0	44.7	38.8	37.2	46.7	55.5
NNPA	8.1	18.8	18.1	13.0	11.6	13.7	15.9
GNPA Ratio (%)	2.7	4.3	3.8	2.6	1.9	2.0	1.9
NNPA Ratio (%)	0.9	1.9	1.5	0.9	0.6	0.6	0.6
Slippage Ratio (%)	3.1	6.0	6.9	3.4	3.2	3.0	2.8
Credit Cost (%)	5.0	2.2	2.8	1.2	1.3	1.8	1.7
PCR (Excl Tech. write off) (%)	64.5	56.2	59.5	66.4	68.8	70.6	71.3

E: MOFSL Estimates

Financials and valuations

Ratios

Y/E March	FY20	FY21	FY22	FY23	FY24	FY25E	FY26E
Yield and Cost Ratios (%)							
Avg. Yield-Earning Assets	11.3	11.1	10.4	11.2	11.9	11.9	11.8
Avg. Yield on loans	14.0	13.6	13.0	14.2	15.0	14.6	14.5
Avg. Yield on Investments	7.6	6.8	5.8	6.1	6.1	6.9	6.9
Avg. Cost-Int. Bear. Liab.	7.8	6.7	5.1	5.6	6.1	6.1	6.0
Avg. Cost of Deposits	7.0	6.2	4.4	5.0	5.8	6.0	5.9
Interest Spread	7.1	7.4	8.6	9.2	9.1	8.7	8.7
Net Interest Margin	4.3	5.3	6.1	6.4	6.7	6.7	6.6

Capitalisation Ratios (%)

CAR	13.4	13.8	16.7	16.8	16.3	14.8	13.6
Tier I	13.3	13.3	14.9	14.2	13.5	12.3	11.5
Tier II	0.1	0.5	1.9	2.6	2.8	2.4	2.1

Business Ratios (%)

Loans/Deposit Ratio	131.5	113.4	111.6	104.9	97.0	91.7	88.8
CASA Ratio	32.2	51.7	48.4	49.8	46.7	46.4	47.0
Cost/Assets	3.9	4.3	5.1	5.1	5.5	5.3	5.0
Cost/Total Income	75.2	74.0	74.6	71.2	72.2	70.1	67.7
Cost/Core Income	79.1	78.9	77.9	72.5	73.2	70.8	68.3
Int. Expense/Int.Income	62.7	53.8	43.5	44.4	45.7	45.9	46.2
Fee Income/Total Income	17.1	16.8	20.7	24.3	25.4	24.8	24.7
Non Int. Inc./Total Income	22.1	23.1	24.9	26.1	26.7	25.8	25.5
Empl. Cost/Total Expense	26.1	27.9	28.0	30.7	29.3	29.2	29.1

Efficiency Ratios (INRm)

CASA per branch	451.3	770.1	798.3	889.8	1,561.2	1,985.4	2,534.0
Employee per branch (in nos)	43.6	40.6	43.4	43.7	67.8	74.5	83.5
Staff exp per employee	0.8	0.8	1.0	1.1	1.2	1.2	1.3
Busi. per Empl.	74.5	78.3	80.4	83.8	97.2	110.1	121.9
NP per Empl.	-1.4	0.2	0.1	0.7	0.7	0.7	0.9

Profitability Ratios and Valuation

RoE	-17.1	2.7	0.7	10.4	10.2	9.4	12.0
RoA	-1.8	0.3	0.1	1.1	1.1	1.0	1.1
RoRWA	-2.6	0.4	0.1	1.6	1.5	1.3	1.6
Book Value (INR)	32	31	34	39	45	50	57
-growth (%)	-16.0	-1.6	7.6	15.0	17.0	10.4	12.8
Price-BV (x)	2.3	2.4	2.2	1.9	1.6	1.5	1.3
Adjusted BV (INR)	30	28	31	37	43	48	54
Price-ABV (x)	2.5	2.7	2.4	2.0	1.7	1.6	1.4
EPS (INR)	-6.0	0.9	0.2	3.8	4.3	4.5	6.4
-growth (%)	NM	NM	-71.6	1,452.3	13.8	3.9	42.5
Price-Earnings (x)	NM	86.4	NM	19.6	17.2	16.6	11.6
Dividend Per Share (INR)	0.75	0.00	0.00	0.00	0.00	0.00	0.00
Dividend Yield (%)	1.0	0.0	0.0	0.0	0.0	0.0	0.0

E: MOSL Estimates

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